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9B18M061

New Flyer Industries: innovation in Transit[[1]](#endnote-1)

Tyler Case and Brooke Dobni wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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In October 2017, business analysts confirmed the stock market success as well as the increasing revenue and profits of a market-leading company, New Flyer Industries Inc. (NFI).[[2]](#endnote-2) It had been over a year since NFI had successfully acquired Motor Coach Industries International Inc. (MCI), North America’s leading motor coach manufacturer and parts and service supplier.[[3]](#endnote-3) NFI’s performance since the acquisition had been impressive, and its reported earnings had surpassed expectations in recent quarters;[[4]](#endnote-4) however, after a record high price of CA$56.52[[5]](#endnote-5) only a few months before, the company’s stock price had become stagnant. What had the company done right to achieve market success? Had NFI reached the limits of its current strategy? A thorough analysis of the business and its environment were necessary to identify the way forward.

**ROUTE 1—HISTORy AVENUE**

John Coval founded NFI in 1930 in Winnipeg, Manitoba, as a five-person operation known as Western Auto and Truck Body Works Limited. In 1941, the company introduced the Western Flyer, the first intercity coach with the engine inside the coach body, allowing for extra seating. The company was re-named Western Flyer Coach Ltd. in 1945, and it entered the U.S. market in 1946 with the sale of sightseeing buses to Salt Lake Transportation Co. Through the mid-20th century, the firm continued to diversify both its client base and its product offerings.

In 1964, the company expanded into urban transit buses in anticipation of significant market growth. The firm’s history of innovation continued with the development of the first electric trolley coach in 1968. In 1971, the company was sold to an agency of the Manitoba government and re-named Flyer Industries Limited, and it began to develop and sell heavy-duty transit buses.

Jan Den Oudsten of Den Oudsten Bussen BV, Holland’s largest bus manufacturer, acquired Flyer Industries Limited on July 15, 1986, and changed the company name to New Flyer Industries. At this time, the company developed and introduced the first low-floor bus to the North American market, and it became an industry standard. In the 1990s, the company continued to innovate—introducing articulated buses, programmable electronics, and alternate power sources such as compressed natural gas (CNG), hydrogen fuel cells, and diesel–electric hybrids.[[6]](#endnote-6)

The firm changed ownership on multiple occasions in the early 2000s. NFI was acquired by KPS Special Situations Fund in 2002 and then by Harvest Partners and Lightyear Capital in 2004. In 2005, the firm delivered the first commercial gasoline–electric hybrid buses to the North American market. On August 19, 2005, NFI announced the closing of an initial public offering in Canada of 20,000 income deposit securities,[[7]](#endnote-7) becoming publicly traded on the Toronto Stock Exchange.[[8]](#endnote-8) Going public did not impede the company’s culture or innovation—by 2010, NFI had been named to the list of Canada’s Top 100 Employers for the sixth consecutive year, and it continued to deliver new buses throughout North America.[[9]](#endnote-9)

In 2012, NFI began a series of joint ventures and acquisitions that would re-shape the transit and long-distance bus industries. That year, the company announced a joint venture with Alexander Dennis Limited, the largest manufacturer of buses in the United Kingdom, to introduce the MiDi—a mid-sized, low-floor transit bus with an extended useful life. It was also in 2012 that the company delivered its first all-electric transit bus to the Chicago Transit Authority. In 2013, the firm publicized a $116 million strategic investment in NFI by Marcopolo SA. The modern firm began to take shape in 2013 with the acquisition of the Orion aftermarket parts assets of Daimler Buses North America Inc., and the acquisition of competing firm North American Bus Industries Inc. (NABI). The acquisition of NABI paved the way for NFI to introduce the New Flyer MiDi, North America’s first mid-sized transit bus, and further fortified the firm’s aftermarket parts network.[[10]](#endnote-10)

NFI later focused on developing zero-emission battery-electric and fuel cell propulsion systems for its bus platforms. The firm also continued its acquisitions with the 2015 purchase of MCI,[[11]](#endnote-11) North America’s leading provider of motor coach manufacturing, parts, and service, for US$455 million.[[12]](#endnote-12)

**THE wheels on the bus**

NFI had the broadest and most advanced product offering in the combined U.S. and Canadian heavy-duty transit bus and coach industries. The company produced four main transit bus and motor coach models in a variety of body lengths, propulsion systems, and applications. Transit buses were typically used for shorter-distance public transportation services, while motor coaches were often purchased by private tour and charter operators for long-haul situations and highway speeds.[[13]](#endnote-13)

**New Flyer Xcelsior/Xcelsior CHARGE**

The Xcelsior transit bus was a customer-centric vehicle that also reduced costs for operators. The bus was available with a wide range of propulsion systems, including clean-diesel, CNG, diesel–electric hybrid, electric trolley, and battery-electric configurations. It had a reduced curb weight, which improved fuel economy while maintaining safety and durability. Its operating costs were further reduced through; long-lasting, light-emitting diode (LED) headlights; low-maintenance brakes; easy engine access; and a focus on driver comfort and safety. Passengers benefited from the lowest entrance step-in height of any transit bus as well as improved ride quality, passenger room, visibility, and noise reduction.As with all NFI and MCI products, the buses could be customized and configured to meet a wide range of customer specifications.[[14]](#endnote-14)

**New Flyer MiDi**

The New Flyer MiDi was a medium-sized, low-floor transit bus available in 30-foot and 35-foot sizes. It was designed for accessibility and durability, with a steel body and aluminum structure. Designed by Alexander Dennis Limited, the New Flyer MiDi’s focus was on functional styling and manoeuvrability, as well as driver and passenger comfort.[[15]](#endnote-15) It was produced and sold in North America by NFI through a joint operation agreement.[[16]](#endnote-16)

**MCI D-Model and J-Model**

NFI’s acquisition of MCI in 2015 enabled it to enter the long-haul motor coach industry.[[17]](#endnote-17) MCI’s coaches were offered in various sizes, from 35 to 45 feet, with propulsion systems that included clean-diesel, CNG, and diesel–electric hybrid. Motor coaches tended to be more standardized than transit buses but could be customized to meet operator needs.[[18]](#endnote-18) MCI coaches ranged from entry-level models to those with top-tier amenities. The D series was the all-time best selling coach in the United States. MCI also offered pre-owned coaches, which could be refurbished to near-new condition and included a factory warranty, at a reduced purchase price.[[19]](#endnote-19)

**Setra S407 and S417**

Through MCI, NFI was also the exclusive U.S. and Canadian distributor of Daimler AG’s Setra luxury motor coaches.[[20]](#endnote-20) Setra models offered quality, comfort, and safety with German engineering and styling.[[21]](#endnote-21)

**Manufacturing, Parts, and Service**

NFI had been significantly upgrading its transit bus manufacturing facilities since 2009, making improvements to safety systems, paint, lighting, and waste and scrap removal. The company continued to upgrade the MCI facilities after the 2015 acquisition.[[22]](#endnote-22) In the annual information form NFI filed in 2017, it explained:

All of the company’s heavy-duty transit bus and motor coach manufacturing facilities have been registered to the ISO 9001 (quality) certification. New Flyer’s heavy-duty transit bus manufacturing facilities have also been registered to ISO 14001 (environmental) and OHSAS 18001 (safety) certifications. The company has been recognized for outstanding occupational health and safety management.[[23]](#endnote-23)

The company had four bus manufacturing locations: Winnipeg, Manitoba; St. Cloud, Minnesota; Anniston, Alabama; and Crookston, Minnesota. NFI also had two coach manufacturing facilities in Winnipeg, Manitoba, and Pembina, North Dakota.[[24]](#endnote-24)

While approximately 80 per cent of NFI’s revenue was derived from the sale of transit buses and motor coaches, its post-sale activities—including parts distribution, service, and training—accounted for the remaining 20 per cent of company revenue.[[25]](#endnote-25) Aftermarket parts and service were expected to be a significant source of revenues moving forward, given the increasing complexity of technologies, operators’ constrained operating budgets, and the high level of use of transit buses and coaches.[[26]](#endnote-26) Parts and service support also strengthened NFI’s relationships with its customers and helped differentiate the company from its competitors. NFI’s parts and service network was recognized as the industry leader:

The aftermarket parts team is recognized as a leader in its area, both in size, variety of parts and service quality. From its many parts distribution centers, the company distributes a wide assortment of service parts for a variety of models of heavy-duty transit buses and coaches, including products built by other manufacturers. Competitors in the aftermarket parts business include competing transit bus and coach manufacturers, bus and coach parts distributors and parts divisions of related industries (e.g., heavy-duty trucks). The company provides the following competitive advantages over its competition: widest original equipment product assortment, most distribution centers in North America, tremendous industry knowledge and the ability to cross reference products to create solutions for customers. The company distributes its own line of service parts under the New Flyer “Kinetik” brand for the heavy-duty transit bus industry and the MCI “Coach Guard” brand for the motor coach industry. The cost of aftermarket support is typically included in the customer’s transit bus or motor coach purchase contract, while parts are sold separately when required after the initial purchase.[[27]](#endnote-27)

The company had six bus parts distribution centres: two in Winnipeg, Manitoba; and one each in Delaware, Ohio; Fresno, California; Brampton, Ontario; and Louisville, Ohio. It also had two parts fabrication facilities in Winnipeg, Manitoba; one in Elkhart, Indiana; and one in Jamestown, New York. Its service centres were also widely dispersed, in Renton, Washington; Arnprior, Ontario; Blackwood, New Jersey; Dallas, Texas; Des Plaines, Illinois; Los Alamitos, California; Winter Garden, Florida; Montreal, Quebec; and Hayward, California.

**HOW THE WHEELS GO ROUND AND ROUND**

NFI was publicly traded on the Toronto Stock Exchange under the symbol NFI and was a constituent of Standard and Poor’s Toronto Stock Exchange (S&P/TSX) composite index. The firm’s business model was centred on its mission statement: “To deliver the best bus and coach value and support for life.”[[28]](#endnote-28) The company was led by president and chief executive officer (CEO) Paul Soubry, who joined NFI in 2009. Soubry had a strong sales, marketing, business development, and operations background and substantial experience in business transformations and lean operational practices. He had worked for 24 years with StandardAero, finally as president and CEO, before moving to NFI. Soubry was recognized as Canada’s 2016 CEO of the Year by the *Financial Post*.[[29]](#endnote-29)

The company’s business strategy had three main elements:

* to offer the best heavy-duty transit buses, motor coaches and services in Canada and the United States and to lead the market in innovation;
* to operate as a world-class manufacturer using LEAN manufacturing principles and deploying a Quality Roadmap; and
* to have an appropriate capital structure to diversify and grow the business.

NFI was competitively strong as a result of; the company’s leading market position; broad product portfolio; innovative leadership; employee focus; high-quality and diversified customer base; aftermarket parts and support capability; and experienced and committed management team.[[30]](#endnote-30) The company considered stakeholder perspectives when making decisions.

**Innovation**

NFI viewed quality and innovation improvements as keys to keeping the company ahead of the competition, and it continually sought new solutions to meet the needs of its customers. Many of NFI’s innovations became industry standards; known for breaking new ground with the first low-floor transit bus, on-board electronics, bus styling, hybrid drive systems and articulated transit buses, NFI was an innovation leader.[[31]](#endnote-31) The firm continued this product and market innovation by offering a zero-emission, battery-electric propulsion system based on the Xcelsior platform as well as the first ever zero-emission, 60-foot, battery-electric and fuel cell bus designed and built in North America.[[32]](#endnote-32) The company described the components of its innovation focus in its 2017 annual information form:

The company’s leadership in innovation is a result of its extensive in-house engineering capabilities that involve many disciplines, such as structural design, powertrain, hydraulic, electrical and HVAC systems. The company’s breadth of product offering and its demonstrated product development capability allow it to bid on almost any heavy-duty transit bus and motor coach contract in the United States and Canada.[[33]](#endnote-33)

To ensure designers and engineers at NFI were provided with the best tools to meet and exceed customer requirements, the company had a strong commitment to computer-aided design, manufacturing, and engineering software technologies as well as virtual product design. The firm implemented lean manufacturing methods and was committed to continuous improvement.[[34]](#endnote-34) NFI invested heavily in research and development, which was backed by a large, dedicated engineering group.[[35]](#endnote-35)

The importance of innovation was demonstrated by the company’s establishment of a new product development unit for developing and testing prototypes. When a product was successfully test-marketed with customers, the new concept was sent to the new product development unit, which aimed to implement product design concepts; fabricate, test, and certify prototypes; and develop solutions to any problems that might arise in order to ensure the best possible product was delivered to the market.[[36]](#endnote-36) The company further codified its commitment to innovation in October of 2017 with the unveiling of a US$4.1-million Vehicle Innovation Center in Anniston, Alabama.[[37]](#endnote-37)

**Culture**

The company maintained an employee focus and aimed to be a great place to work;it was recognized as one of Canada’s Top 100 Employers for attracting and retaining employees from 2006 to 2011. The company’s industry-leading practices included competitive compensation packages, unique training opportunities, employee involvement, benefit and retirement programs, and company events.[[38]](#endnote-38) As of January 1, 2017, the company had 5,100 employees with an average age of approximately 45 years and an average tenure with the company of approximately 11 years. Approximately half of the employees were unionized.[[39]](#endnote-39)

NFI’s core values were reflected in the principles, standards, and qualities that were desired in all employees:

* + Integrity: Adhere to our values and consistently deliver on our promises.
  + Dependability: Consistent behavior or performance that is deserving of trust.
  + Accountability: Willingness to accept responsibility and answer for our action.
  + Passionate: Strong interest and enthusiasm in achieving successful outcomes.
  + Responsive: Promptly and professionally reply to external and internal inquiries.
  + Decisive: Makes decisions supported by appropriate information and takes action.
  + Fair: Makes unbiased decisions and seeks to balance the interests of all stakeholders.
  + Ethical: Adheres to applicable laws and accepted standards of social or professional behavior.
  + Citizenship: Socially conscious member and willing participant in appropriate local, regional and industry initiatives.[[40]](#endnote-40)

The company promoted a safe and friendly working environment with a focus on training and communication. The training and education function—the New Flyer Institute—was dedicated to developing and maintaining partnerships with manufacturing programs and educational institutes to recognize and give credit for NFI certifications. The electronic employee communication tool, called iBus, provided employees with one-stop access to essential business links and company information, and employees were encouraged to present feedback through comprehensive employee surveys. The CEO and executive team also regularly engaged with company team members.[[41]](#endnote-41)

**the DRIVERS IN THE OTHER LANES**

**Transit Buses**

NFI was the leading manufacturer of heavy-duty transit buses in the United States and Canada in 2016; management estimated it had an approximate 44-per-cent market share.[[42]](#endnote-42) The competitive landscape for transit buses in the United States and Canada was dominated by three major competitors: NFI, Gillig LLC (Gillig), and Nova Bus Inc. (Nova Bus).[[43]](#endnote-43)

Gillig was the second-largest producer of transit buses in North America and had a 127-year history and a focus on service and quality. Gillig was privately owned, the company’s buses were highly regarded by the U.S. transit industry for being economical and reliable, and the firm had a solid reputation for being stable and financially secure. The company had recently expanded to a new manufacturing facility in Livermore, California.[[44]](#endnote-44) Nova Bus was a Canadian bus manufacturer headquartered in Saint-Eustache, Quebec; it had been owned by the Volvo Group since 2004. The company had returned to the U.S. market in 2009 with the opening of a new assembly plant in Plattsburgh, New York. Nova Bus had a strong presence in Canada and had secured some high-profile clients in the United States.[[45]](#endnote-45) Both Nova Bus and Gillig had introduced alternative propulsion systems in recent models.

Other smaller bus manufacturers also existed; these included ElDorado National and Grande West Transportation Group. Newer entrants such as Proterra Inc. and the Chinese manufacturer BYD Company Ltd., a subsidiary of Berkshire Hathaway, were primarily focused on gaining market share with zero-emissions technology such as battery-electric vehicles.[[46]](#endnote-46)

**Coaches**

NFI also maintained a leading market position with the recent acquisition of MCI and held an estimated 38 per cent market share of the combined U.S and Canadian public and private coach market.[[47]](#endnote-47) MCI had two major competitors for motor coach customers in Prevost and Van Hool. Prevost was owned by the Volvo Group and was based in Quebec, Canada. The company competed directly with MCI in public and private motor coach sales and was a significant competitor, given its similar service network. Van Hool was based in Belgium and distributed its coaches through ABC Bus Companies Inc. Other smaller competitors included Temsa Global, of Turkey; Irizar Group, of Spain; CAIO, of Brazil; and BYD Company Ltd., but none of these competitors currently had significant motor coach sales.[[48]](#endnote-48)

**Barriers to Entry**

There were many significant barriers to new entrants, including the need for an established industry track record and the limited number of major customers. New entrants also needed to have significant capital and financial stability, a sophisticated supply network, a service and aftermarket parts support structure, and the ability to meet other regulatory requirements. In the United States and Canada, government regulations regarding local content, disability access, and other factors had a significant effect on the heavy-duty transit bus manufacturing industry. These barriers and regulations continued to affect the structure of the industry, the location of manufacturing facilities, the sourcing of parts and materials, and the sources of funding for bus purchases.[[49]](#endnote-49) Existing industry players were also monitoring overall public transportation ridership, which had grown significantly in certain regions but had declined somewhat in the United States overall.[[50]](#endnote-50)

**who Was waitng at the stop?**

Municipal and other local transit authorities were the principal purchasers of heavy-duty transit buses. Well-established U.S. federal funding programs existed to support fleet replacements, but local funding contributions were expected to comprise approximately 20 per cent of the purchase requirements.[[51]](#endnote-51) Price, engineering to customer specifications, product quality, on-time delivery, an established track record, strong customer relationships, and financial strength were key factors in winning manufacturing contracts in the heavy-duty transit bus industry. A growing trend based on concern for the environment supported both the expansion of public transit services and the introduction of new technologies that enhanced transit’s “green” potential. Sales activity throughout 2016 remained promising, as transit agencies sought to replace aging fleets, but competition for orders among bus manufacturers was significant, and pricing was the dominant evaluation criterion in public purchase agreements.[[52]](#endnote-52) Almost all of the largest transit authorities in the United States and Canada operated either NFI, Orion, or NABI buses. NFI had strong business relationships with approximately 400 transit authorities in Canada and the United States[[53]](#endnote-53) and delivered up to 6,000 heavy-duty buses annually in Canada and the United States (see Exhibit 1).

NFI differed from its competitors by having

the broadest and most diverse product offering in the industry, a strong reputation for quality and innovation and the largest production capacity and by being a leading provider of aftermarket parts and support. As a result, management believes that New Flyer is well positioned to continue to compete successfully and maintain its leading market share in the industry.[[54]](#endnote-54)

The principal purchasers of motor coaches were private tour and charter operators, intercity line-haul operators, private and public fleet operators, and municipal and other local transit agencies. Funding for public fleet operators followed the same pattern as for transit buses. New coach funding for private fleet operators was provided from the operators and funded by their cash flow and capital sources. A significant portion of private fleet operators chose to finance new coach purchases.[[55]](#endnote-55) They made their purchasing decisions based primarily on a strong service network and the products’ residual value. While public transit authorities purchased coaches in a manner very similar to that applying to transit buses, private customers had needs that were more diverse. MCI distinguished itself from the competition “primarily through its products and history of supporting customers and its products on the road. MCI products are known as reliable coaches with well-established residual values. Management believes that New Flyer’s ownership of MCI and its values and processes adds to the reliability of MCI’s products.”[[56]](#endnote-56)

In 2016, MCI delivered coaches to 14 of the top 25 motor coach operators in the industry.[[57]](#endnote-57)

**exact change Please**

The five-year financial trend for NFI had been very positive in a number of ways. Recent increases in both revenues and net income were linked to the 2015 acquisition of MCI. After its first full year of ownership of MCI, NFI had beat most analysts’ estimates, and early returns had been very positive. Cost synergies between the two companies were apparent but perhaps not yet fully exploited. The firm was also selling more higher-priced, lower-emission models and had completed some aftermarket overhaul work for large transit authorities. However, management was forecasting a lower growth rate in the aftermarket segment for 2017 since there had already been significant fleet replacements in recent years.[[58]](#endnote-58) NFI’s debt load was also minimal; it had been in decline as a result of strong cash flow generation (see Exhibits 2 and 3).

NFI had become “a best-in-class manufacturer,” which was reflected in the stock price, and had made rapid gains since mid-2015.[[59]](#endnote-59) However, after a strong run of market growth, the stock price had recently become somewhat stagnant, levelling out just above $50 per share (see Exhibit 4).[[60]](#endnote-60) To further complicate the financial picture, equities markets had been on a bullish run, reaching unprecedented market highs that were driven in part by low interest rates, low bond yields, corporate stock repurchasing, favourable exchange rates, and a strengthening global economy (see Exhibit 5).[[61]](#endnote-61)

**The Road Ahead**

The road ahead for NFI was open, if a bit uncertain. The company had been very successful and had become a market leader. It was both vertically integrated and diversified, and it maintained an industry-leading market share. Its acquisition of NABI in 2013 had transformed the North American transit bus industry into an oligopoly dominated by three main competitors.[[62]](#endnote-62) Further acquisitions were possible, although additional consolidation might attract regulatory scrutiny.

NFI’s most recent acquisition, of MCI, had diversified the company. The motor coach industry was similar in that there were three large competitors, but some smaller firms existed and might be ripe for acquisition. Diversification into other related industries, such as school or shuttle buses, for example, offered another potential opportunity moving forward, but this would move the company further away from its core. Global expansion beyond North America was also an ever-present option for the firm.

Oligopoly markets typically saw more price stability and higher margins, so perhaps the company could look internally, to refine its operations and focus on margins.[[63]](#endnote-63) After a series of acquisitions, the firm could attempt to capitalize on the company-wide synergies that existed but that had not yet been exploited.

Aftermarket parts sales and service comprised a significant and profitable share of business revenues. By further investing in this part of the business, NFI might better serve its customers. Furthermore, integration into parts manufacturing could help to control supply chain concerns such as cost, time, and delivery. A recent investment in a parts fabrication facility in Shepherdsville, Kentucky, indicated the relevance of this strategy.[[64]](#endnote-64)

Finally, the firm had a long history of innovation, and it could embrace future-oriented transit technologies such as autonomous driving, electric vehicles, and artificial intelligence, among others, as it moved forward. President and CEO Soubry was quoted as saying, “We’re not waiting for the future to happen, we’re making it happen.”[[65]](#endnote-65)

**which way to turn?**

NFI had a long history of success but was at a pivotal point moving forward. What critical strengths did the company maintain that were the key contributors to its success? What risks existed in the marketplace that could potentially affect the company going forward? Why had the stock price recently become stagnant? How could the company continue to grow in future? These were tough questions that would require thorough internal and external analysis, and the fast pace of the modern economy left little time for reflection.

The authors would like to recognize the contributions of the following Edwards School of Business MBA students: Konrad Andres, Gina Diab, Christina Dolan, Michelle Glab, Josh Glew, Adam Grey, Rilla Johnson, Rob Kennedy, Courtney Schroeder, and Joel Weiss.

**EXHIBIT 1: Annual Heavy Bus and Motor coach deliveries in Canada and the United states, 2005–2016**

Source: Created by the authors using New Flyer Industries Inc. *Annual Information Form*, March 24, 2017, accessed July 28, 2017, https://www.newflyer.com/site-content/uploads/2017/09/2017-aif.pdf.

**EXHIBIT 2: Summary of Key Items from the Income Statement, 2012–2016 (in CA$ Millions)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2012** | **2013** | **2014** | **2015** | **2016** |
| Total Revenues | 865.0 | 1,240.0 | 1,600.0 | 1,970.0 | 3,010.0 |
| Cost Of Goods Sold | 791.2 | 1,110.0 | 1,450.0 | 1,720.0 | 2,480.0 |
| Gross Profit | 73.7 | 124.4 | 152.7 | 252.6 | 529.1 |
| Selling, General, & Administrative Expenses, Total | 43.1 | 70.4 | 89.8 | 123.7 | 247.0 |
| Operating Income | 31.4 | 54.0 | 62.9 | 128.9 | 282.1 |
| Interest Expense | 16.0 | 14.2 | 16.2 | 18.7 | 35.6 |
| EBIT, Including Unusual Items | 10.0 | 35.7 | 41.5 | 96.9 | 256.8 |
| Net Income | 9.3 | 27.6 | 29.5 | 69.0 | 165.5 |

Note: EBIT = earnings before interest and taxes

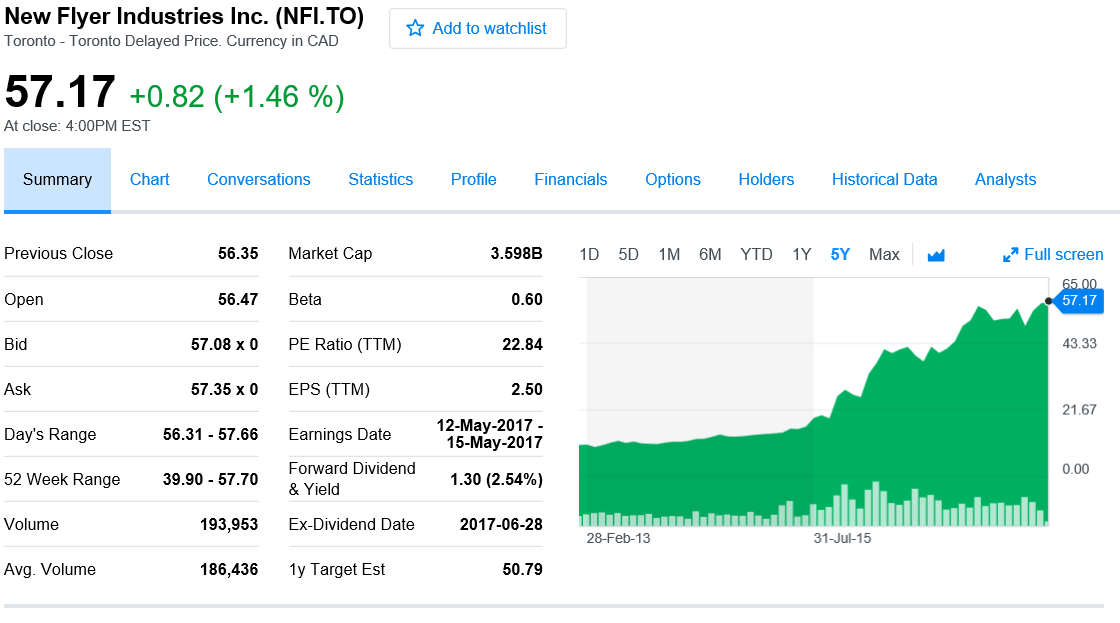
Source: Created by the authors using MarketWatch, “New Flyer Industries Inc.,” accessed September 22, 2017, www.marketwatch.com/investing/stock/nfi/financials.

**EXHIBIT 3: Summary of Key Items from the balance sheet, 2012–2016 (in CA$ Millions)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2012** | **2013** | **2014** | **2015** | **2016** |
| **Assets** | | | | | |
| Total Cash & Short-term Investments | 11.10 | 12.60 | 21.00 | 34.60 | 19.90 |
| Total Accounts Receivable | 113.00 | 244.70 | 246.60 | 447.00 | 504.80 |
| Inventories | 124.20 | 194.80 | 266.40 | 491.40 | 489.00 |
| Total Current Assets | 253.00 | 460.10 | 565.00 | 982.10 | 1,030.00 |
| Net Property, Plant, & Equipment | 41.80 | 68.90 | 73.90 | 183.90 | 176.50 |
| Intangible Assets | 526.30 | 604.40 | 630.60 | 1,280.00 | 1,200.00 |
| Total Assets | 893.40 | 1,210.00 | 1,320.00 | 2,460.00 | 2,440.00 |
| **Liabilities & Equity** | | | | | |
| Accounts Payable | 149.40 | 226.10 | 269.80 | 379.10 | 431.00 |
| Current Portion of Long-term Debt | 41.70 | 38.60 | 48.10 | 254.60 | 119.30 |
| Other Current Liabilities, Total | 31.61 | 90.17 | 91.90 | 89.00 | 110.70 |
| Total Current Liabilities | 229.40 | 355.30 | 416.90 | 752.50 | 666.00 |
| Long-term Debt | 183.10 | 216.90 | 240.30 | 760.30 | 651.30 |
| Deferred Taxes | 72.60 | 63.30 | 72.40 | 137.70 | 126.50 |
| Total Liabilities | 554.70 | 727.30 | 796.10 | 1,790.00 | 1,600.00 |
| Common Stock Par Value | 474.90 | 626.00 | 682.90 | 822.00 | 876.60 |
| Retained Earnings | −129.70 | −141.50 | −157.30 | −150.30 | −32.80 |
| Total Equity | 338.70 | 479.60 | 519.80 | 666.90 | 844.40 |
| Total Liabilities and Equity | 393.40 | 1,210.00 | 1,320.00 | 2,460.00 | 2,440.00 |

Source: Created by the authors using MarketWatch, “New Flyer Industries Inc.,” accessed September 22, 2017, www.marketwatch.com/investing/stock/nfi/financials.

**EXHIBIT 4: New Flyer Industries Inc. Stock PRICE, 2013–2018**

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Source: “New Flyer Industries Inc. (NFI.TO),” Yahoo! Finance, accessed January 17, 2018, https://ca.finance.yahoo.com/quote/NFI.TO?p=NFI.T.

**EXHIBIT 5: S&P/TSX Composite index, 1979–2018**

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Source: “S&P/TSX Composite Index (^GSPTSE),” Yahoo! Finance, accessed January 17, 2018, https://ca.finance.yahoo.com/quote/%5EGSPTSE?p=^GSPTSE.

ENDNOTES

1. This case has been written on the basis of published sources only. Consequently, the interpretation and perspectives presented in this case are not necessarily those of New Flyer Industries Inc. or any of its employees. [↑](#endnote-ref-1)
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