

Blue Bird Corporation

(Nasdaq: BLBD)

Fiscal 2015
Fourth Quarter & Full-Year Results

Earnings Conference Call
December 15, 2015

BLUE BIRD
A heritage of looking ahead.

Agenda

- Introductions & Forward-Looking Statements
  - Jeff Merten – Director, Investor Relations
- Business Overview
  - Phil Horlock – President & CEO
- Financial Results
  - Phil Tighe – CFO
- FY2016 Outlook & Wrap-Up
  - Phil Horlock – President & CEO
- Q&A
  - Group



This presentation includes forward-looking statements, including statements regarding full-year guidance and seasonality, that are subject to risks that could cause actual results to be materially different. Those risks include, among others, matters we have noted in our latest earnings release and filings with the SEC. Blue Bird disclaims any obligation to update information in this presentation. Additional information regarding forward-looking statements and the use of non-GAAP financial measures is presented in the Appendix to this presentation.



Phil Horlock
President & CEO

BUSINESS OVERVIEW

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FY2015 Summary

Great Year at Blue Bird!

- Became public and started trading as BLBD on Nasdaq on February 25
- Stock price outperformed peers and Russell 3000 Index
- Grew bus unit sales faster than the overall market
- Delivered solid top-line and bottom-line growth in line with guidance
- Increased propane-powered bus sales by 14%
- Initiated investment in major new powertrains and other product programs
- Continued to build on the strong support of our suppliers and dealers



Achieved guidance

FY2015 4Q Financial Results

($ millions)

	Fiscal Year 2015		
	4Q Actual	4Q Forecast (3Q Earnings Call)	Status vs. Forecast
Net Sales	$308	$306-328	Achieved
Adjusted EBITDA[1] (excluding ongoing public-company costs as specified in guidance)	$30	$29-32	Achieved
Free Cash Flow[2]	$53	$44-49	Exceeded

[1] Consistent with the information provided in our proxy statement filed on January 20, 2015, guidance for Adjusted EBITDA specifically excluded the ongoing incremental costs required to operate as a publicly-traded company. These ongoing public-company costs represented $1.0 million for the fourth quarter. See slide 37 for reconciliation from Net Income to Adjusted EBITDA (a non-GAAP measure)

[2] See slide 36 for Free Cash Flow reconciliation

Achieved or exceeded 4Q forecast provided in 3Q earnings call

FY2015 4Q Highlights

- Sold 3,468 buses in 4Q, up 13% from a year ago
  - Best 4Q volume since FY2008
- Total net sales revenue up 12% from 4Q 2014
  - Bus net sales revenue up 13%
  - Parts net sales revenue up 5%
- Adjusted EBITDA, including ongoing public-company expenses, was $29 million in 4Q, up $10 million or 53% versus last year[1]
- Achieved 4Q Free Cash Flow of $53 million[2]
- Voluntarily prepaid $25 million of debt in September
  - Outstanding debt of $188 million, down 18% versus prior year

Delivered strong 4Q results

[1] See slide 37 for reconciliation from Net Income to Adjusted EBITDA (a non-GAAP measure) [2] See slide 36 for Free Cash Flow reconciliation

Full-Year Financial Results vs. Guidance

($ millions)

Guidance	Fiscal Year 2015 Full Year Actual	Fiscal Year 2015 Full Year Guidance	Fiscal Year 2015 Status vs. Guidance
Net Sales	$919	$918-940	Achieved
Adj. EBITDA[1] (excluding ongoing public-company costs as specified in guidance)	$73	$72-75	Achieved
Adj. Free Cash Flow[2]	$45	$35-40	Exceeded

[1] Consistent with the information provided in our proxy statement filed on January 20, 2015, guidance for Adjusted EBITDA specifically excluded the ongoing incremental costs required to operate as a publicly-traded company. These ongoing public company costs represented $2.9 million for the Full Year. See slide 37 for reconciliation from Net Income to Adjusted EBITDA (a non-GAAP measure)

[2] Excludes cash paid for special compensation payment and business-combination expenses. See slide 36 for reconciliation of Free Cash Flow to Adjusted Free Cash Flow (a non-GAAP measure)

Achieved guidance for Net Sales and Adjusted EBITDA and exceeded Adjusted Free Cash Flow forecast

Full-Year Highlights

- School bus industry of ~29,900 units[1], up about 5% versus last year
  - Industry remains below the long-term average of ~30,500 units annually
- Blue Bird sold 10,378 buses in FY2015, up 8% from a year ago
  - Propane-powered bus unit sales up 14% versus last year
- Full Year net sales revenue of $919 million, up 7% from a year ago
  - Achieved guidance
  - Bus net sales revenue improved by 8%
  - Parts net sales revenue improved by 7%
- Adjusted EBITDA, including ongoing public company costs, was $70 million, up about $3 million over prior year

Solid growth in unit sales, revenue and profitability

[1] Based on preliminary R.L. Polk registrations

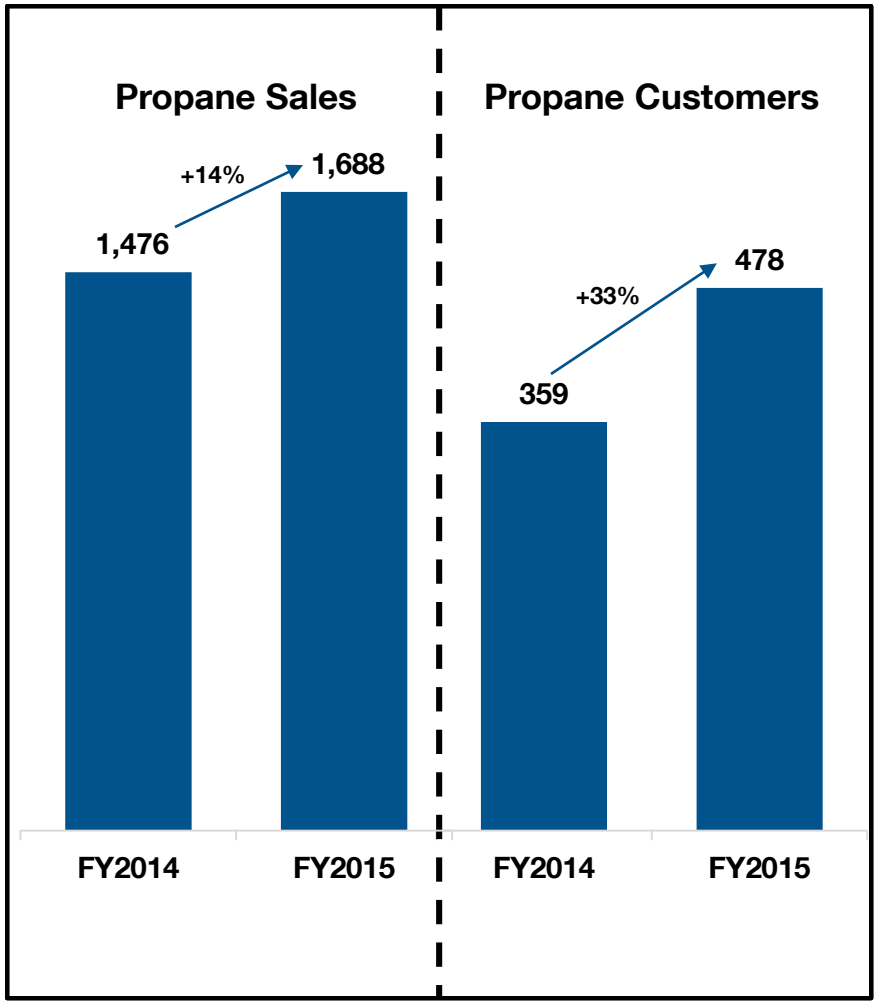
Full-Year Highlights (continued)

- Net Income was $15 million and Adjusted Net Income was $28 million[1]
- Diluted EPS was $0.59 and Adjusted Diluted EPS was $1.11[1]
- Achieved Adjusted Free Cash Flow of $45 million[1]
- FY2015 investments in new products will support ongoing sales growth by enhancing customer value
  - Type C Vision gasoline-powered bus will set a new standard for the lowest acquisition cost in our product range and lower maintenance cost than diesel
  - Cummins ISV Diesel will be the lowest cost diesel in Blue Bird's product range
  - Type C Vision CNG-powered bus will provide a more affordable solution for CNG buyers
  - New feature-rich Eaton Procision Transmission will be offered as an option

Investing in the future

[1] See slide 38 for reconciliations from Net income to Adjusted Net Income, slide 39 for Diluted EPS to Adjusted Diluted EPS, and slide 36 for Free Cash Flow to Adjusted Free Cash Flow

Continued Propane Momentum



Propane Market Leadership

- 14% unit volume growth over prior year
- 33% increase in propane customers over prior year
- 6x more propane-powered buses registered than other manufacturers[1]
- Highest owner loyalty product in the market[2]

Propane Advantages

- Lowest total cost of ownership
- Proven durability & performance
- Environmentally friendly
- Domestically produced fuel
- Great cold weather starting performance
- Designed-in safety features

Exclusive Ford/ROUSH Relationships

- Offerings exclusive to Blue Bird
- Dedicated field support from ROUSH

Propane growth is strong and market acceptance is growing

[1] Based on preliminary FY2015 R.L. Polk registration data [2] Based on R.L. Polk data

New Products: Innovation Leadership

New Gasoline-Powered Vision



- Blue Bird is the only major manufacturer to offer a Type C gasoline-powered school bus
- Lower acquisition cost than other fuel types
- Maintenance and service is simpler for technicians
- Strong cold-weather starting capability
- Utilizes Ford's modern and highly efficient 6.8L V10 gasoline engine with a 5-year/unlimited mileage warranty
- Blue Bird exclusive offering from Ford and ROUSH CleanTech

Great new choice for customers focused on acquisition price

New Products: Innovation Leadership

New CNG-Powered Vision



- Lower acquisition cost than Type D CNG-powered school bus
- Lower fuel and maintenance cost than diesel with better emissions performance
- Utilizes Ford's modern and highly efficient 6.8L V10 engine with a 5-year/unlimited mileage warranty
- Blue Bird exclusive offering from Ford and ROUSH CleanTech

BUILT Ford TOUGH™ ROUSH CLEANTECH

Offers lower-priced CNG-powered school bus

New Products: Innovation Leadership

New V8 Diesel-Powered Vision

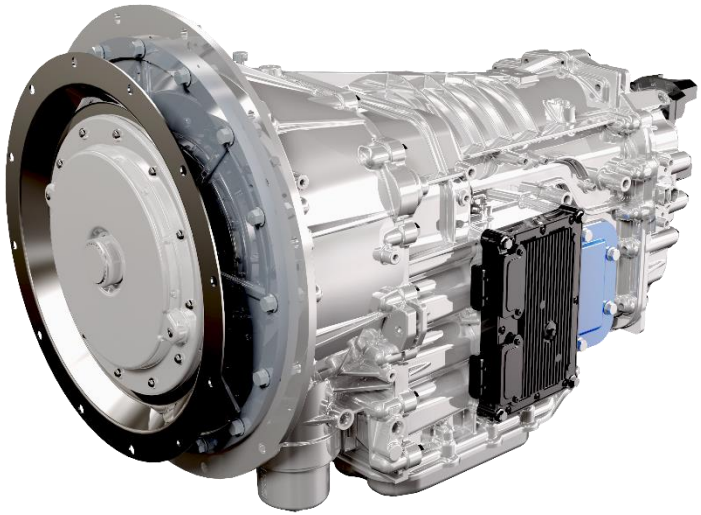


- Blue Bird is the only manufacturer to offer the Cummins ISV 5.0L V8 diesel in a school bus
- Lower acquisition cost than other diesel offerings
- Improved fuel economy in urban environments
- New standard for being the quietest diesel engine on the road
- Compact size will make service accessibility simple

Great new choice for customers focused on a value-priced diesel

New Products: Innovation Leadership

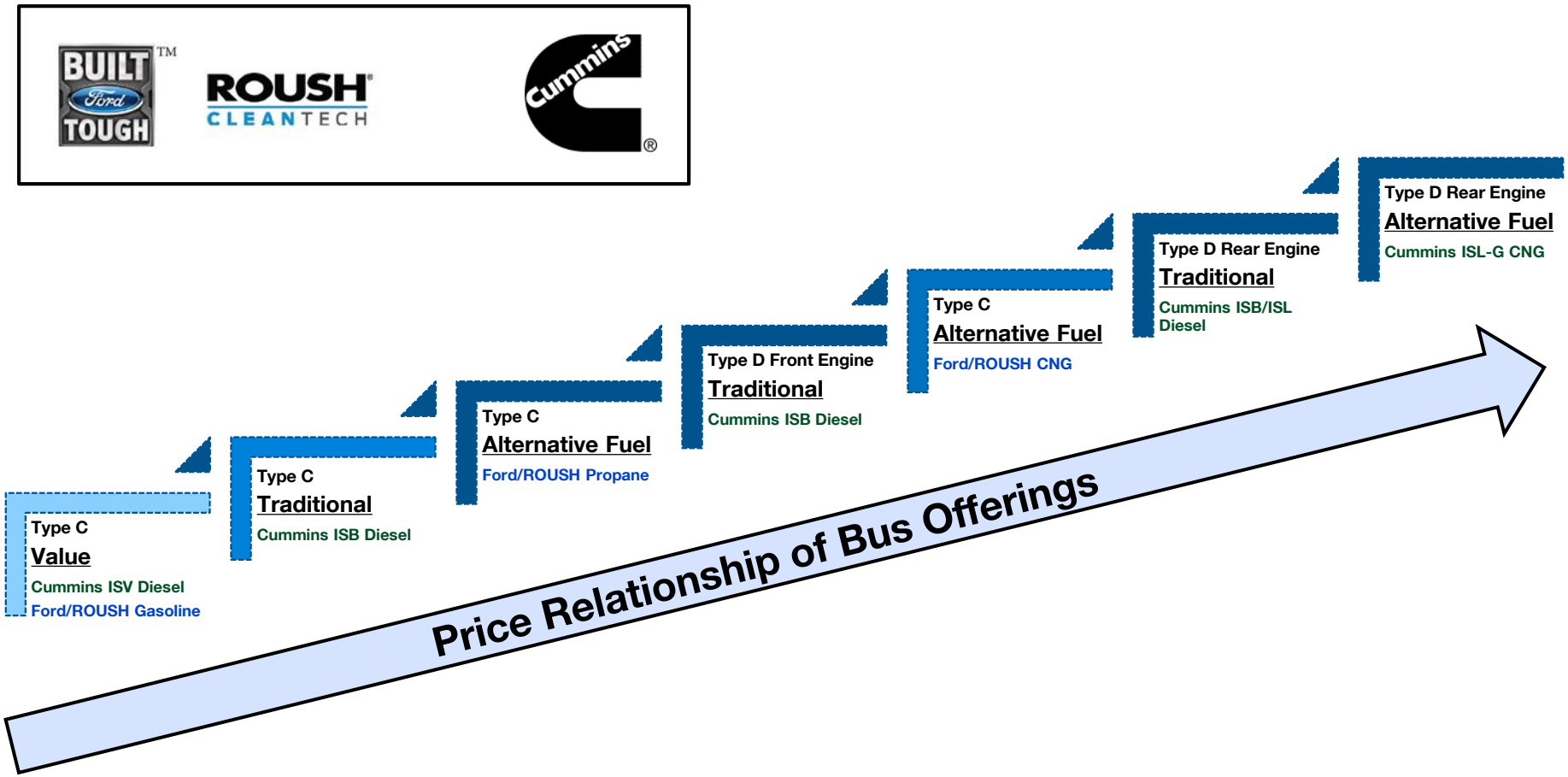
New Eaton Procision Transmission



- First dual-clutch, seven-speed automatic transmission available for school buses in North America
- Electronic shifting provides optimal fuel efficiency and smooth, continuous delivery of torque
- Efficiently accelerates and optimizes shift points to reach the highest gear as early as possible
- Features such as Creep Mode, Hill Helper and Tap-Down Shifting make bus easier to drive

Highly efficient transmission that is loaded with features

Type C/D Bus Pricing Ladder



Product offerings that will appeal to broadest range of customers



Phil Tighe
CFO

FINANCIAL RESULTS

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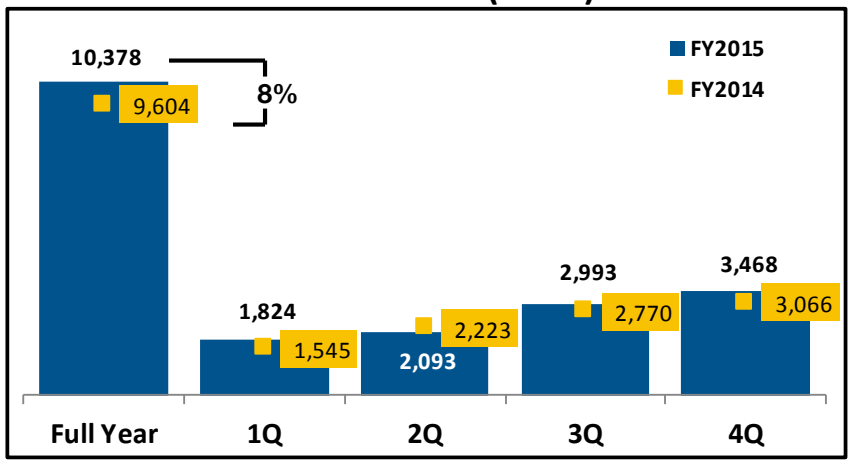
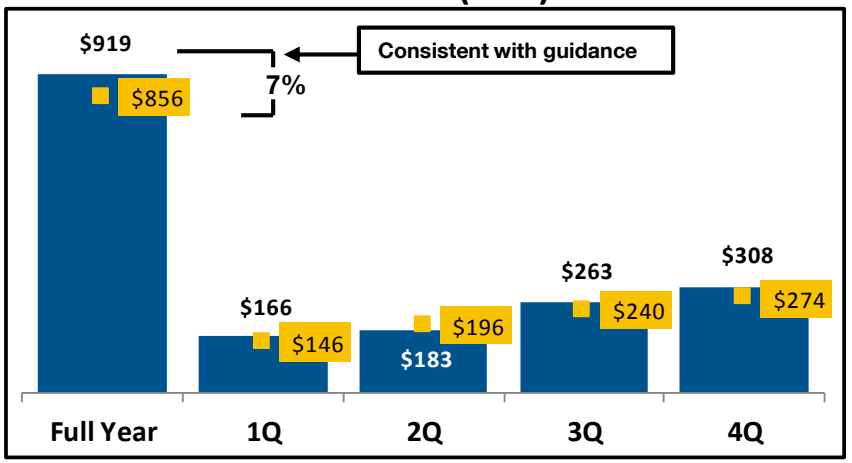
FY2015 Financial Summary

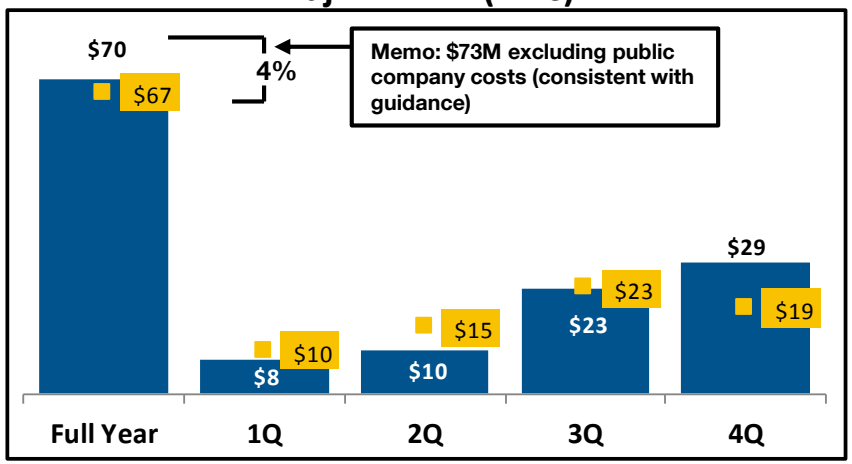
Sales Volume (Units)



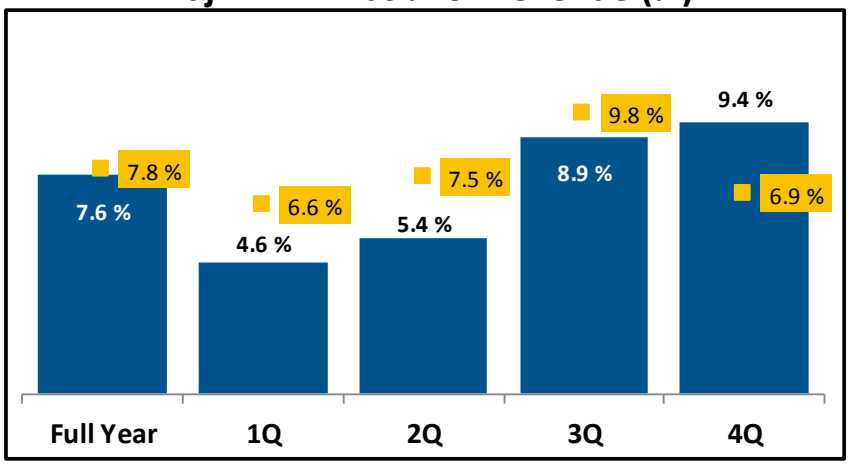
Revenue (Mils)



Adj. EBITDA (Mils)



Adj. EBITDA as % of Revenue (%)

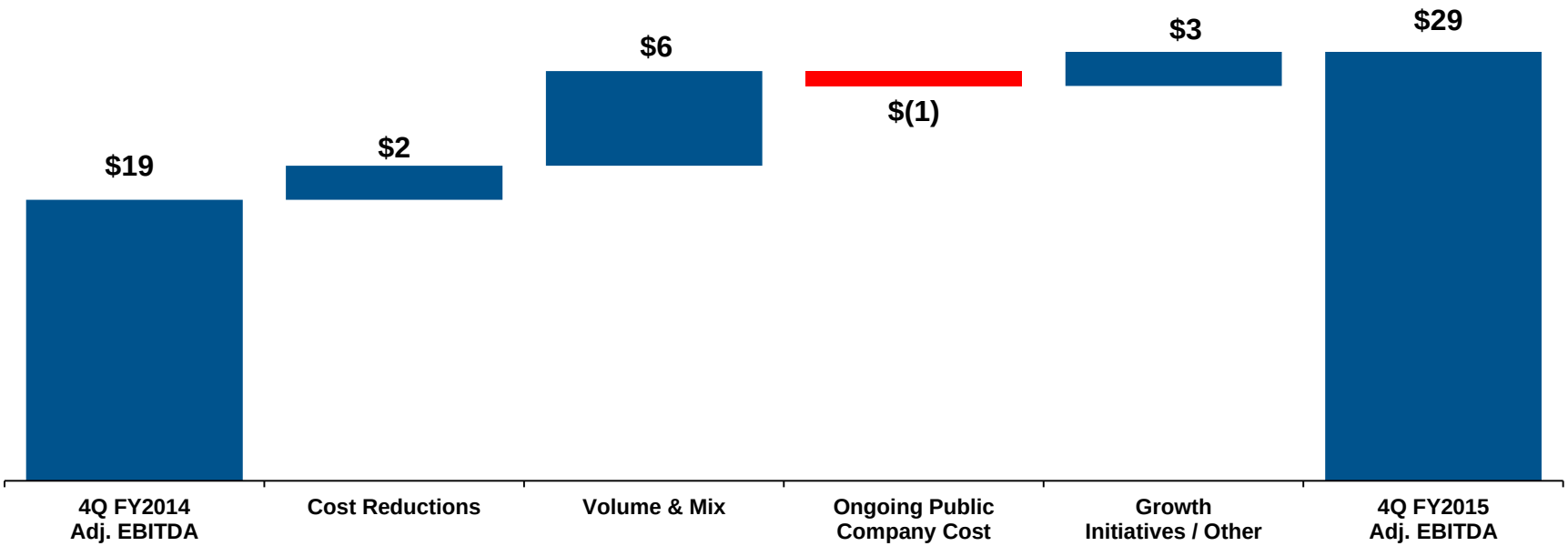


Growth of 4-8% in major categories

Note: See slide 37 for additional detail regarding Adjusted EBITDA reconciliations; numbers do not sum precisely due to rounding

4Q 2014 to 2015 Adj. EBITDA Walk

($ millions)



Net Loss
$(1)

Net Income
$16

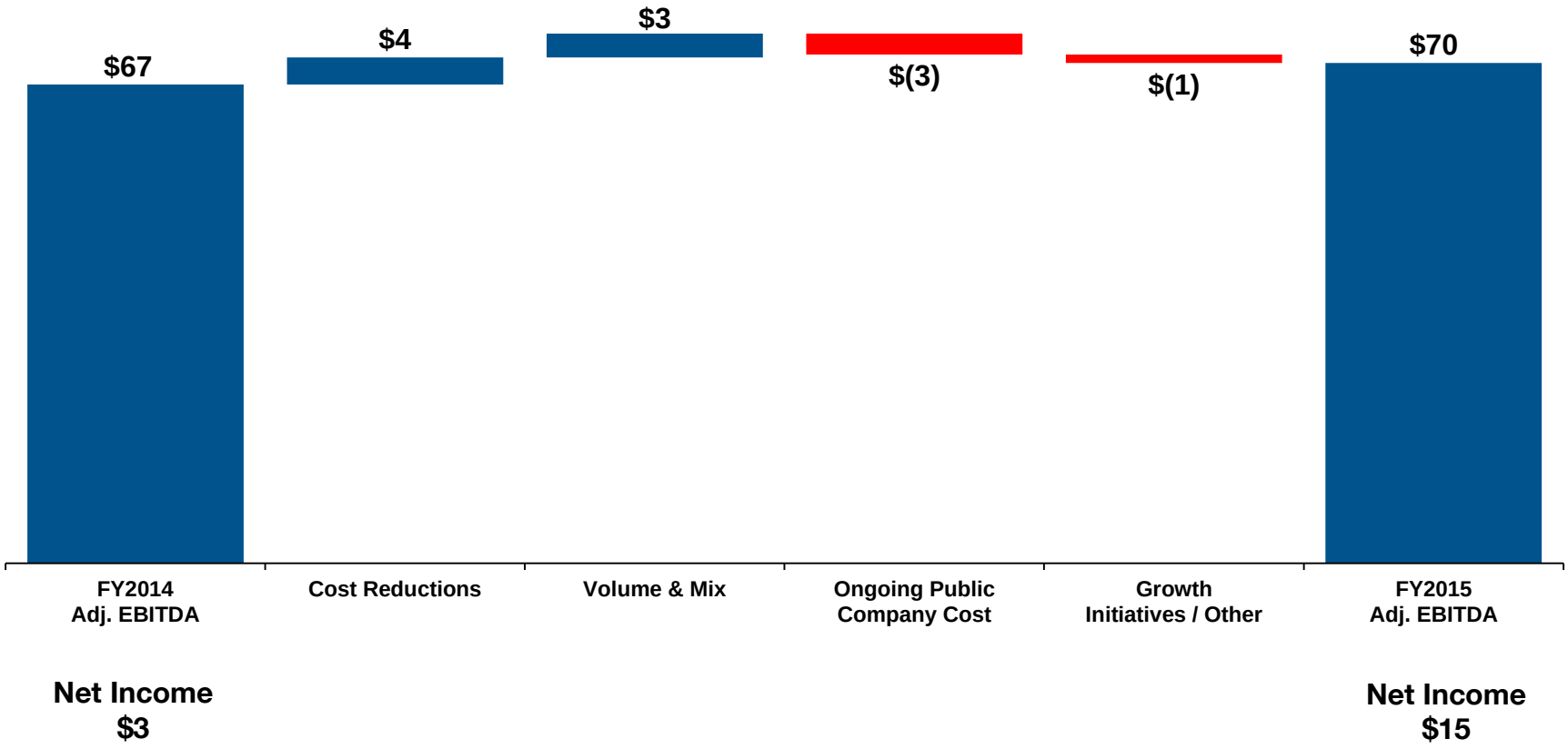
Achieved profit required to support guidance

Note: See page 37 for additional detail regarding Adjusted EBITDA reconciliations

2014 to 2015 Adj. EBITDA Walk

($ millions)

Memo: Adj. EBITDA excluding public company costs in line with Guidance: $73

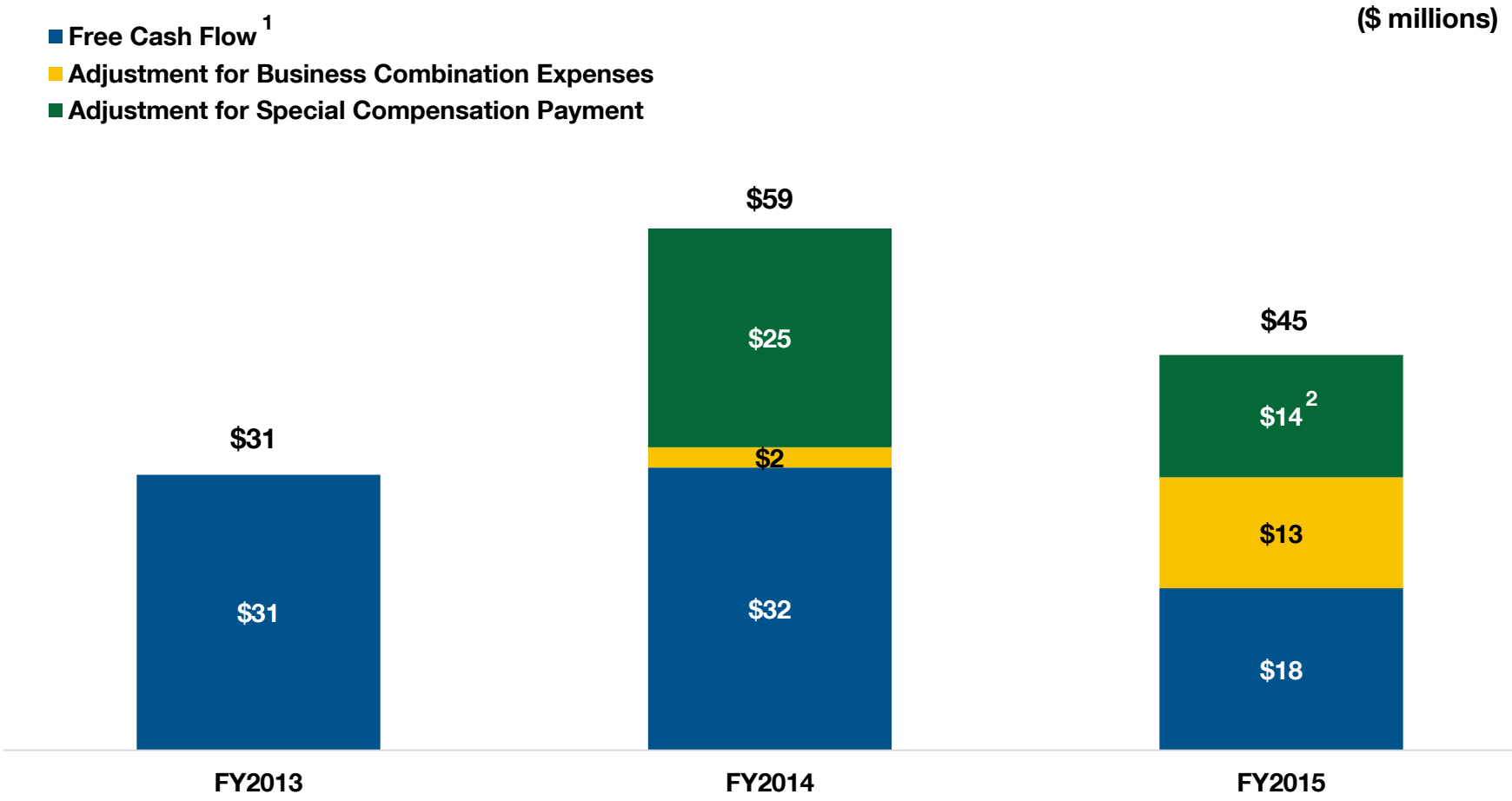


Achieved guidance adjusted for public company costs

Note: See page 37 for additional detail regarding Adjusted EBITDA reconciliations

Free Cash Flow History

($ millions)



Memo: Adj. EBITDA	$50	$67	$70

Generated $135 million in Adj. Free Cash Flow over the past 3 years

[1] See slide 36 for Free Cash Flow reconciliation [2] Primarily funded by a $14 million capital contribution from our majority stockholder at the Business Combination

Net Debt, Leverage & Liquidity

($ millions)	As of October 3, 2015
Debt	$ 188
Cash	53
Net Debt	$ 135
Net Debt / Adjusted EBITDA (LTM)	1.9x
Net Leverage Ratio (Blue Bird bank covenant calculation of 2.3x compared to minimum bank Net Leverage Ratio covenant of 4.5x)	2.3x
Liquidity[1]	$ 108

Exceeding debt covenant; liquidity strong

[1] Liquidity is defined as cash and cash equivalents plus availability on revolving line of credit



Phil Horlock
President & CEO

FY2016 Outlook & Wrap-Up

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FY2016 Outlook

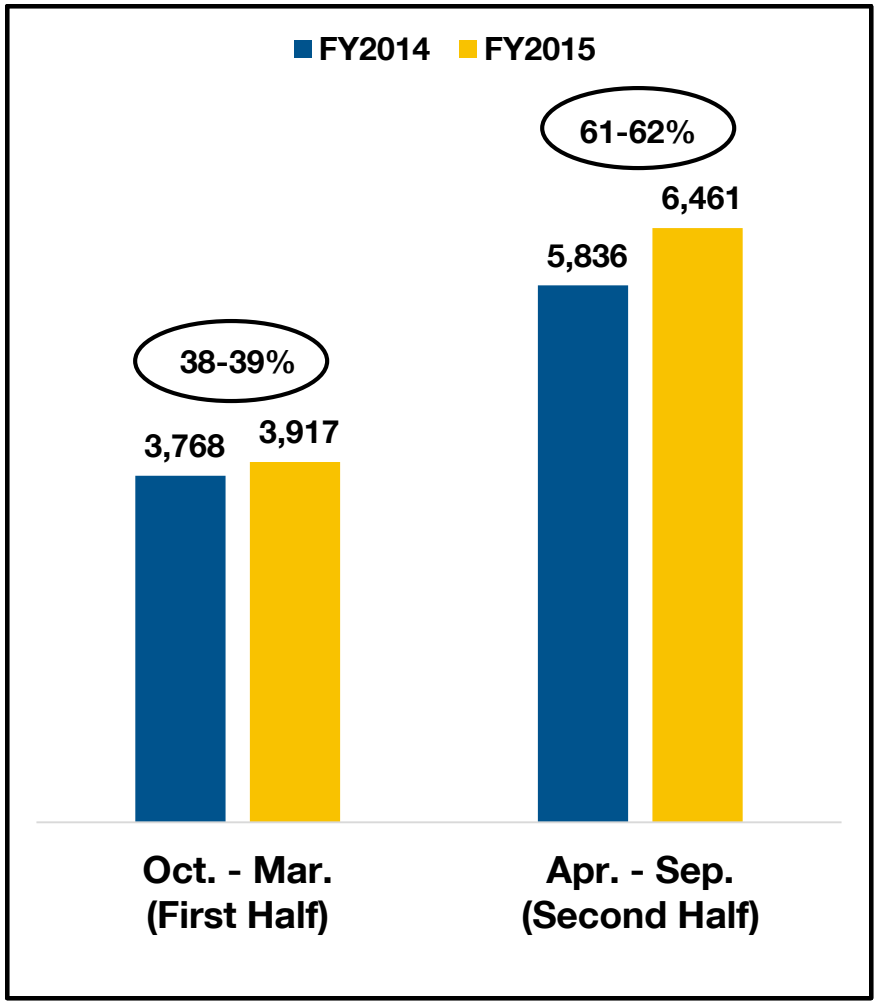
- **Industry outlook for new school buses is solid**
  - Projecting an overall school bus industry of 31,000 units, up ~4% versus last year
- **Blue Bird bus unit sales are projected to be up about 4-6%**
  - Driven by the ongoing growth in propane and the introduction of new products
- **Fiscal year-to-date school bus quote activity is up by more than 50% versus prior year[1]**
- **Conversion of quotes into firm orders is slower than last year resulting in:**
  - 1Q sales and Adjusted EBITDA will be lower than last year
  - First Half sales and Adjusted EBITDA will be approximately flat versus prior year
  - Launching a second shift to help meet higher production requirements and Second Half demand

Industry and Full-Year sales up; First Half flat

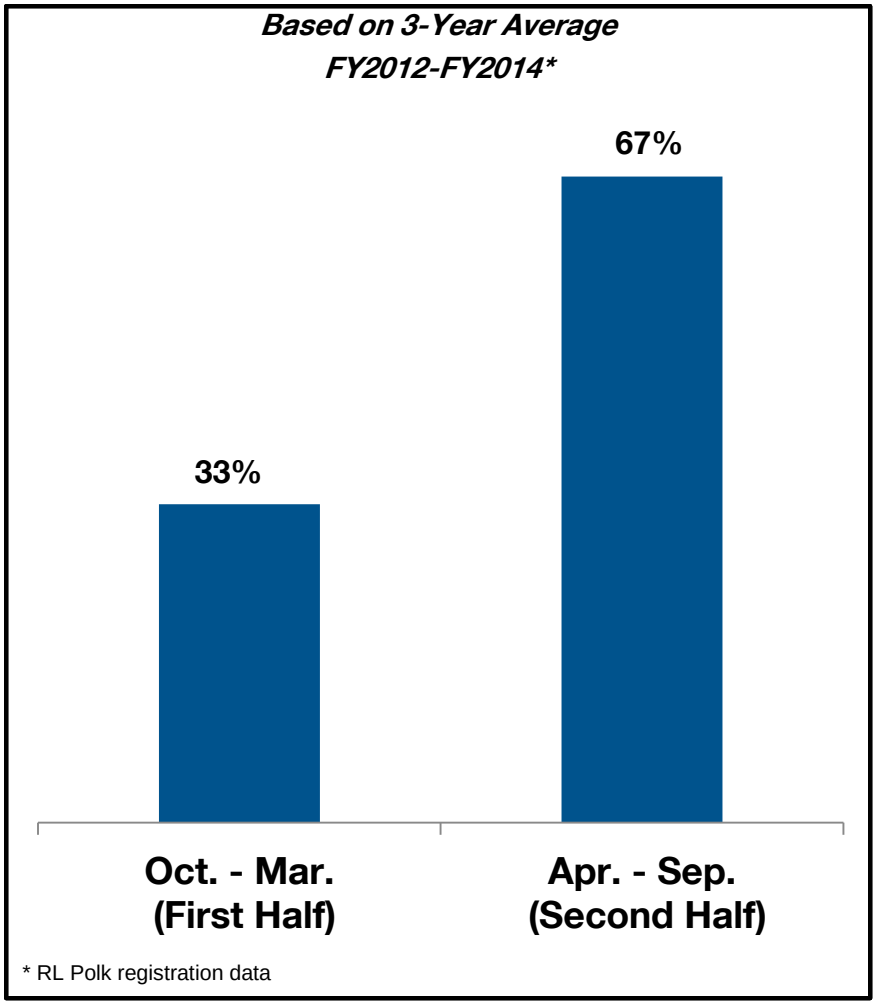
[1] Number of quotes that Blue Bird has issued for September 1, 2015 through December 10, 2015 compared with the same period last year

Historical Seasonality

Blue Bird Bus Unit Sales



Industry New Bus Registrations

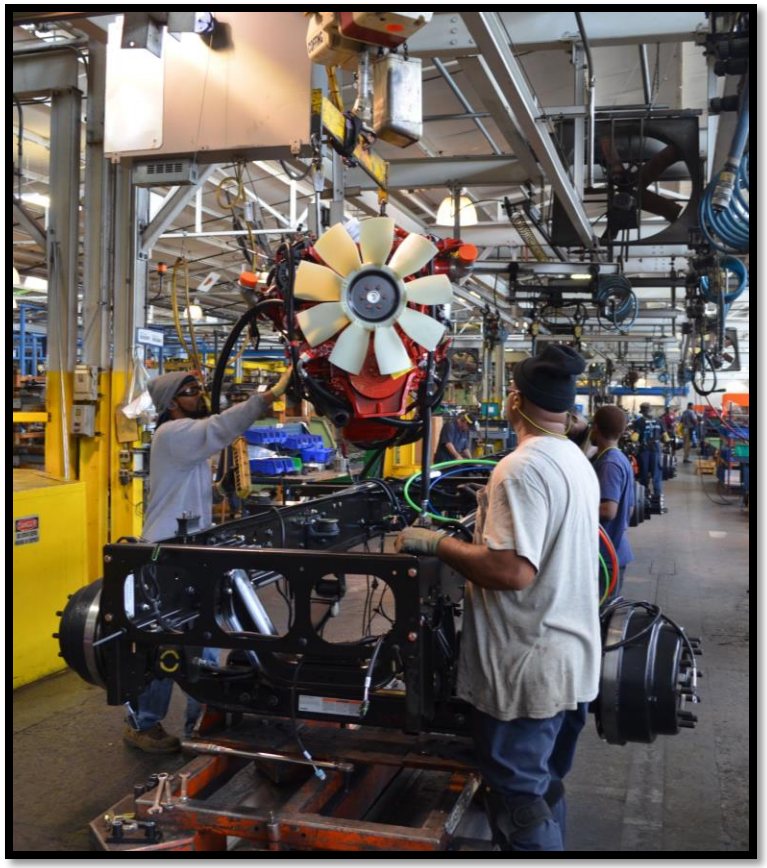


Lower sales in the First Half will continue

FY2016 Seasonality More Pronounced

- Blue Bird plans to begin ramping up a second-shift in late January to support unit volume growth
- Enables shipments to align more closely with natural customer demand patterns later in the year
- First Quarter unit volume will be lower as shipments move later in the year

Second Shift Impact



Second shift allows shipments to align more closely with demand

FY2016 Financial Guidance

($ millions)

Guidance	FY2015 Actual	FY2016 Guidance
Net Sales	$919	$960-985
Adjusted EBITDA[1] (including ongoing public company costs)	$70	$72-75
Adjusted Free Cash Flow[2]	$45	$30-35

[1] Adjusted EBITDA guidance for FY2016 includes ongoing public company costs, which were $2.9 million in FY2015

[2] Free Cash Flow was adjusted in FY2015 to exclude cash paid for special compensation and other business combination-related expenses; we expect Free Cash Flow for FY2016 to be impacted by higher capital expenditures and cash taxes than FY2015. No adjustments are included in the FY2016 Free Cash Flow guidance

Net Sales growth outpacing industry; Adj. EBITDA & Adj. Free Cash Flow impacted by investment in growth initiatives and new product

Wrap-Up

- Delivered on our FY2015 guidance targets in our first year as a public company
- Industry seasonality is intensifying
  - First Half unit volume is expected to be flat
  - Begin ramping up a second shift starting in late January to ensure we have capacity for higher demand in the Second Half
- Providing guidance for FY2016 that delivers continued growth
- Investing for the future in new product programs, capacity and debt reduction
  - Strong free cash flow supports this effort



Blue Bird will continue to deliver



Q&A

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Appendix

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Free Cash Flow

($ Millions)	Fiscal Year 2015 4Q	Fiscal Year 2015 Full Year
Adjusted EBITDA[1]	$ 29.0	$ 69.8
Cash Paid for Interest (Net)	(3.8)	(20.1)[2]
Trade Working Capital[3]	40.5	16.7
CAPEX	(1.8)	(5.2)
Cash Taxes	(6.8)	(7.1)
Other	(3.8)	(9.4)
Adjusted Free Cash Flow	$ 53.4	$ 44.6
Cash Paid for Special Compensation Payment	-	(13.8)[4]
Cash Paid for Business Combination Expenses	-	(12.5)
Free Cash Flow[5]	$ 53.4	$ 18.3

[1] Reconciliation from net income to Adjusted EBITDA (a non-GAAP measure) is shown on slide 36
[2] Interest expense includes cash payments for five quarters due to required timing of payments in FY2015
[3] Inventories, accounts receivable and accounts payable
[4] Primarily funded by a $13.6 million capital contribution from our majority stockholder at the Business Combination
[5] See slide 36 for Free Cash Flow reconciliation

Very strong Free Cash Flow in 4Q

Free Cash Flow

($ Millions)	Fiscal Years 2013	2014	2015
Adjusted EBITDA[1]	$ 50.2	$ 66.8	$ 69.8
Cash Paid for Interest (Net)	(0.8)	(1.5)	(20.1)[2]
Trade Working Capital[3]	(4.5)	1.7	16.7
CAPEX	(4.9)	(5.5)	(5.2)
Cash Taxes	(0.1)	(1.4)	(7.1)
Other	(8.7)	(1.1)	(9.4)
Adjusted Free Cash Flow	$ 31.0	$ 58.9	$ 44.6
Cash Paid for Special Compensation Payment	-	(24.7)	(13.8)[4]
Cash Paid for Business Combination Expenses	-	(2.3)	(12.5)
Free Cash Flow[5]	$ 31.0	$ 31.9	$ 18.3

[1] Reconciliation from net income to Adjusted EBITDA (a non-GAAP measure) is shown on slide 36
[2] Interest expense includes cash payments for five quarters due to required timing of payments in FY2015
[3] Inventories, accounts receivable and accounts payable
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[5] See slide 36 for Free Cash Flow reconciliation

Generated $135 million in Adj. Free Cash Flow over the past 3 years

Balance Sheet

BLUE BIRD CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(in thousands except for share data)	As of October 3, 2015	As of September 27, 2014
Assets		
Current assets		
Cash and cash equivalents	$ 52,861	$ 61,137
Accounts receivable, net	13,746	21,215
Inventories	49,180	71,300
Other current assets	3,960	4,353
Deferred tax asset	9,150	6,057
Total current assets	$ 128,897	$ 164,062
Property, plant and equipment, net	28,933	29,949
Goodwill	18,825	18,825
Intangible assets, net	60,378	62,240
Equity investment in affiliate	12,505	9,871
Deferred tax asset	15,466	4,073
Other assets	2,899	2,913
Total assets	$ 267,903	$ 291,933
Liabilities and Stockholders' Deficit		
Current liabilities		
Accounts payable	$ 79,333	$ 94,294
Accrued warranty costs	7,418	6,594
Accrued expenses	22,980	37,319
Deferred warranty income	4,862	4,117
Other current liabilities	7,072	5,668
Current portion of senior term debt	11,750	11,750
Total current liabilities	$ 133,415	$ 159,742
Long-term liabilities		
Long-term debt	$ 176,596	$ 211,118
Accrued warranty costs	10,243	8,965
Deferred warranty income	9,283	7,886
Other liabilities	13,169	12,136
Accrued pension liability	46,427	40,881
Total long-term liabilities	$ 255,718	$ 280,986
Guarantees, commitments and contingencies (Note 11)		
Stockholders' deficit		
Series A preferred stock, $.0001 par value, 10,000,000 shares authorized, 500,000 issued at October 3, 2015 and liquidation preference of $50,000	$ 50,000	$ —
Common stock, $0.0001 par value, 100,000,000 shares authorized, 20,874,882 and 22,000,000 issued and outstanding at October 3, 2015 and September 27, 2014, respectively.	2	2
Additional paid-in capital	15,887	—
Accumulated deficit	(135,345)	(102,229)
Accumulated other comprehensive loss	(51,774)	(46,568)
Total stockholders' deficit	$ (121,230)	$ (148,795)
Total liabilities and stockholders' deficit	$ 267,903	$ 291,933

Full-Year Income Statement

BLUE BIRD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME/(LOSS)

(in thousands except for share data)	For the fiscal year 2015	2014	2013
Net sales	$ 919,128	$ 855,735	$ 776,558
Cost of goods sold	798,733	746,362	684,109
Gross profit	$ 120,395	$ 109,373	$ 92,449
Operating expenses			
Selling, general and administrative expenses	84,561	91,445	65,332
Operating profit	$ 35,834	$ 17,928	$ 27,117
Interest expense	(19,078)	(6,156)	(2,371)
Interest income	113	102	214
Other income, net	—	72	96
Income before income taxes	$ 16,869	$ 11,946	$ 25,056
Income tax (expense) benefit	(4,442)	(10,441)	27,544
Equity in net income of non-consolidated affiliate	2,634	1,210	1,767
Income from continued operations	$ 15,061	$ 2,715	$ 54,367
(Loss) income from discontinued operations, net of tax	(129)	42	(159)
Net income	$ 14,932	$ 2,757	$ 54,208
Defined benefit pension plan (loss) gain, net of tax of $3,045, $2,326 and $5,709, respectively	(5,206)	(4,150)	10,196
Comprehensive income (loss)	$ 9,726	$ (1,393)	$ 64,404
Net income (from above)	$ 14,932	$ 2,757	$ 54,208
Preferred stock dividend	$ (2,247)	$ —	$ —
Net income available to common stockholders	$ 12,685	$ 2,757	$ 54,208
Earnings per share:			
Basic weighted average shares outstanding	21,182,885	22,000,000	22,000,000
Basic earnings per share	$ 0.60	$ 0.13	$ 2.46
Diluted weighted average shares outstanding	25,497,602	22,000,000	22,000,000
Diluted earnings per share	$ 0.59	$ 0.13	$ 2.46

4Q Income Statement

BLUE BIRD CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME/(LOS

(in thousands of dollars)	Three Months Ended October 3, 2015	Three Months Ended September 27, 2014
Total revenue	$ 307,624	$ 273,744
Gross profit	41,225	29,149
Operating profit	23,477	4,605
Income (loss) from continuing operation	16,097	(1,055)
Income (loss) from discontinued operations, net of tax	(125)	180
Net income (loss)	$ 15,972	$ (875)
Less: Preferred Stock dividend	1,008	—
Net income (loss) available to common stockholders - Basic EPS numerator	$ 14,964	$ (875)
Income (loss) per common share		
Basic	$ 0.72	$ (0.04)
Diluted	$ 0.63	$ (0.04)

Consolidated Statement of Cash Flows

BLUE BIRD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	For the fiscal year 2015	2014	2013
Cash flows from operating activities			
Net income	$ 14,932	$ 2,757	$ 54,208
Loss (income) from discontinued operations, net of tax	129	(42)	159
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	8,790	9,898	11,808
Debt amortization/ Non-cash interest expense	3,010	1,301	1,526
Share-based compensation	1,622	—	—
Equity in net income of affiliate	(2,634)	(1,210)	(1,767)
Loss (gain) on disposal of fixed assets	510	(67)	36
Deferred taxes	(8,626)	3,239	(27,611)
Recognition of uncertain tax position	—	6,390	—
Provision for bad debt	34	(9)	21
Amortization of deferred actuarial pension losses	3,567	2,804	4,233
Changes in assets and liabilities			
Accounts receivable	7,435	(7,713)	(4,178)
Inventories	22,120	(8,697)	(7,244)
Other assets	(137)	(1,415)	1,315
Accounts payable	(12,905)	18,080	6,889
Accrued expenses, pension and other liabilities	(14,352)	12,096	(3,414)
Total adjustments	$ 8,434	$ 34,697	$ (18,386)
Net cash provided by continuing operations	$ 23,495	$ 37,412	$ 35,981
Net cash used in discontinued operations	(129)	(568)	(661)
Total cash provided by operating activities	$ 23,366	$ 36,844	$ 35,320
Cash flows from investing activities			
Change in net investment in discounted leases	$ —	$ 778	$ 563
Cash paid for fixed assets	(5,190)	(5,535)	(4,945)
Proceeds from sale of assets	—	102	—
Restricted cash	—	1,206	—
Total cash used in investing activities	$ (5,190)	$ (3,449)	$ (4,382)
Cash flows from financing activities			
Net borrowings under the senior credit facility	$ —	$ (71)	$ 71
Borrowings under the senior term loan	—	235,000	12,988
Repayments under the senior term loan	(36,750)	(13,000)	(35,000)
Cash paid for capital leases	(142)	(535)	(907)
Cash paid for debt costs	(3,110)	(12,647)	(111)
Contribution from majority stockholder	13,550	—	—
Payment of dividend	—	(226,821)	—
Change in advances collateralized by discounted leases	—	(778)	(563)
Total cash used in financing activities	$ (26,452)	$ (18,852)	$ (23,522)
Change in cash and cash equivalents	(8,276)	14,543	7,416
Cash and cash equivalents at beginning of period	61,137	46,594	39,178
Cash and cash equivalents at end of period	$ 52,861	$ 61,137	$ 46,594

Cash Flow Reconciliations

The following table sets forth the reconciliations of both Free Cash Flow and Adjusted Free Cash Flow for fiscal years 2013, 2014 and 2015:

(in thousands of dollars)	2015	2014	2013	Memo: 4Q2015
Net cash provided by continuing operations	$ 23,495	$ 37,412	$ 35,981	$ 55,129
Cash paid for fixed assets	(5,190)	(5,535)	(4,945)	(1,763)
Free cash flow	$ 18,305	$ 31,877	$ 31,036	$ 53,366
Cash paid for special compensation payment	13,788[1]	24,679	-	-
Cash paid for business combination expenses	12,545	2,326	-	-
Adjusted free cash flow	$ 44,638	$ 58,882	$ 31,036	$ 53,366

[1]Primarily funded by a $13.6 million capital contribution from our majority stockholder at the Business Combination

Adjusted EBITDA Reconciliation

The following table sets forth a reconciliation of Net Income to Adjusted EBITDA for the three-month and years ended October 3, 2015 and September 27, 2014:

(in thousands of dollars)	Three Months Ended October 3, 2015	Three Months Ended September 27, 2014	Twelve Months Ended October 3, 2015	Twelve Months Ended September 27, 2014
Net income	$ 15,972	$ (875)	$ 14,932	$ 2,757
(Loss) income from discontinued operations, net of tax	(125)	180	(129)	42
Income from continuing operations	$ 16,097	$ (1,055)	$ 15,061	$ 2,715
Interest expense, net	4,531	4,888	18,965	6,054
Income tax expense	4,432	1,726	4,442	10,441
Depreciation and amortization	2,144	2,501	8,790	9,898
Special compensation payment	—	—	13,788	24,679
Management incentive compensation	—	1,384	—	3,271
Business combination expenses	316	9,153	5,318	9,326
Share-based compensation	1,148	—	1,635	—
Public company expenses	340	—	1,356	—
Other*	—	407	469	407
Adjusted EBITDA	$ 29,008	$ 19,004	$ 69,824	$ 66,791
Adjusted EBITDA margin (percentage of net sales)	9.4%	6.9%	7.6%	7.8%

*Fiscal year 2015 amount reflects a loss on disposal of fixed assets. Fiscal year 2014 amount reflects an immaterial out-of-period adjustment increasing cost of goods sold.

Net Income to Adjusted Net Income

The following table sets forth a reconciliation of GAAP Net Income to Non-GAAP Adjusted Net Income from Continuing Operations Available to Common Stockholders for the three-month and years-ended October 3, 2015 and September 27, 2014:

(in thousands of dollars)	Three Months Ended October 3, 2015	Three Months Ended September 27, 2014	Twelve Months Ended October 3, 2015	Twelve Months Ended September 27, 2014
Net income	$ 15,972	$ (875)	$ 14,932	$ 2,757
Less: Preferred stock dividend	(1,008)	—	(2,247)	—
Net income (loss) available to common stockholders	$ 14,964	$ (875)	$ 12,685	$ 2,757
Adjustments net of tax impact				
Special compensation payment	—	—	8,962	16,041
Management incentive compensation (a)	—	900	—	2,126
Discontinued operations	(125)	180	(129)	42
Business combination	205	5,950	3,457	6,062
Public company expenses	221	—	881	—
Loss on disposal of fixed assets	—	—	305	—
Total adjustments	$ 301	$ 7,030	$ 13,476	$ 24,271
Adjusted net income from continuing operations available to common stockholders	$ 15,265	$ 6,155	$ 26,161	$ 27,028
Adjusted net income from continuing operations available to common stockholders - Diluted EPS numerator	$ 16,273	$ 6,155	$ 28,408	$ 27,028

Note: Marginal tax rate of 35%

(a) Represents incentive compensation paid to officers in excess of a related accrual (typically recorded at 100% target level) due to over-performance relative to budget. This adjustment excludes the amount of the accrual above 200% of the target level.

Adjusted Non-GAAP Diluted EPS

The following table sets forth a reconciliation of GAAP Diluted EPS to Non-GAAP Adjusted Diluted EPS for the three-month and years ended October 3, 2015 and September 27, 2014:

	Three Months Ended October 3, 2015	Three Months Ended September 27, 2014	Twelve Months Ended October 3, 2015	Twelve Months Ended September 27, 2014
GAAP diluted earnings (loss) per share	$ 0.63	$ (0.04)	$ 0.59	$ 0.13
Add Preferred Stock dividend	*	—	*	—
Adjustments net of tax impact				
Special compensation payment	—	—	0.35	0.73
Management incentive compensation (a)	—	0.04	—	0.10
Discontinued operations	—	0.01	(0.01)	—
Business combination	0.01	0.27	0.14	0.28
Public company expenses	0.01	—	0.03	—
Loss on disposal of fixed assets	—	—	0.01	—
Adjusted non-GAAP diluted earnings per share	$ 0.65	$ 0.28	$ 1.11	$ 1.24
Shares used in computing adjusted diluted earnings per share	25,453,687	22,000,000	25,497,602	22,000,000

*Already included in the diluted earnings per share numerator in this period

(a) Represents incentive compensation paid to officers in excess of a related accrual (typically recorded at 100% target level) due to over-performance relative to budget. This adjustment excludes the amount of the accrual above 200% of the target level.

Segment Revenue and Gross Profit

Net Sales by Segment	2015	$ and % Increase (Decrease)		2014
Bus	$ 861,665	$ 59,828	7.5 %	$ 801,837
Parts	57,463	3,565	6.6 %	53,898
Total	$ 919,128	$ 63,393	7.4 %	$ 855,735

Gross Profit by Segment:	2015	$ and % Increase (Decrease)		2014
Bus	$ 99,341	$ 10,026	11.2 %	$ 89,315
Parts	21,054	996	5.0 %	20,058
Total	$ 120,395	$ 11,022	10.1 %	$ 109,373

Important Disclaimers

Forward Looking Statements

This presentation includes forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements relate to expectations for future financial performance, business strategies or expectations for our business. Specifically, forward-looking statements include statements in this press release regarding guidance, seasonality, product mix and gross profits and may include statements relating to:

- **Inherent limitations of internal controls impacting financial statements**
- **Growth opportunities**
- **Future profitability**
- **Ability to expand market share**
- **Customer demand for certain products**
- **Economic conditions that could affect fuel costs, commodity costs, industry size and financial conditions of our dealers and suppliers**
- **Labor or other constraints on the Company's ability to maintain a competitive cost structure**
- **Volatility in the tax base and other funding sources that support the purchase of buses by our end customers**
- **Lower or higher than anticipated market acceptance for our products**
- **Other statements preceded by, followed by or that include the words "estimate," "plan," "project," "forecast," "intend," "expect," "anticipate," "believe," "seek," "target" or similar expressions**

These forward-looking statements are based on information available as of the date of this presentation, and current expectations, forecasts and assumptions, and involve a number of judgments, risks and uncertainties. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. The factors described above, as well as risk factors described in reports filed with the SEC by Hennessy Capital Acquisition Corp. or Blue Bird Corporation (available at www.sec.gov), could cause our actual results to differ materially from estimates or expectations reflected in such forward-looking statements.

Important Disclaimers

Non-GAAP Financial Measures

This presentation includes the following non-GAAP financial measures: "Adjusted EBITDA," "Adjusted Net Income," "Adjusted Diluted Earnings per Share," "Free Cash Flow" and "Adjusted Free Cash Flow." Adjusted EBITDA is defined as net income prior to interest income, interest expense and other expense, net and income taxes, and depreciation and amortization, as adjusted to add back certain charges recorded each year, such as stock-compensation expense and transaction costs, as these expenses are not considered an indicator of ongoing company performance. Adjusted Net Income is defined as Net Income, as adjusted to add back certain transaction costs not considered an indicator of ongoing company performance. Adjusted Diluted Earnings per Share represents adjusted income (loss) from continuing operations divided by diluted weighted average common shares outstanding. Adjusted Net Income from continuing operations and Adjusted Diluted Earnings per Share are calculated net of taxes. Free cash flow represents net cash provided by continuing operations minus cash paid for fixed assets. Adjusted Free Cash Flow represents Free Cash Flow excluding cash paid for special compensation and other business combination expenses.

There are limitations to using non-GAAP measures. Although Blue Bird believes that such measures may enhance an evaluation of Blue Bird's operating performance and cash flows, (i) other companies in Blue Bird's industry may define such measures differently than Blue Bird does and, as a result, they may not be comparable to similarly titled measures used by other companies in Blue Bird's industry and (ii) such measures may exclude certain financial information that some may consider important in evaluating Blue Bird's performance and cash flows. This presentation includes schedules that reconcile Adjusted EBITDA, Adjusted Net Income and Adjusted Diluted Earnings per Share to GAAP measures.



END

BLUE BIRD

A heritage of looking ahead.