


# Blue Bird Corporation

**(Nasdaq: BLBD)**

## 2015 Fiscal Second Quarter Results

**Earnings Conference Call**

**May 19, 2015**

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# Agenda

- **Introductions & Forward-Looking Statements**
  - **Jeff Merten – Director, Investor Relations**
- **Business Overview**
  - **Phil Horlock – President & CEO**
- **Financial Results**
  - **Phil Tighe – CFO**
- **Closing and Q&A**




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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# Highlights

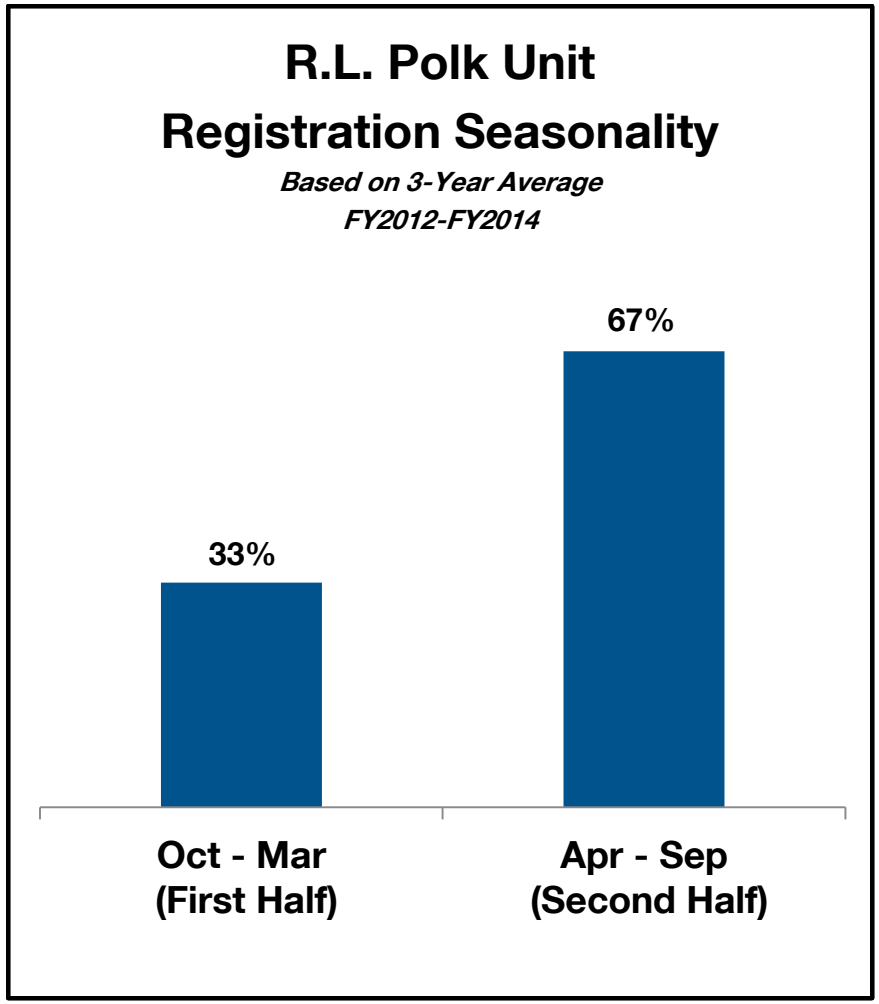
- Sold 2,093 buses in the Second Quarter and 3,917 buses in the First Half, with sales down 6% for the quarter but First Half up 4% over last year; delivered fourth consecutive year of growth in the First Half
- Posted solid Adjusted EBITDA of $10 million in Second Quarter and $18 million for First Half. The decline from FY2014 of $5 million and $7 million, respectively, reflects typical seasonal variations in mix and timing as well as added support to pursue growth opportunities and to operate as a public company
- North American school bus industry continues to track in line with our expectations for the year, growing at about 5% in fiscal 2015
- Continued momentum in propane-powered bus sales and incoming orders with significant demand from new customers; on track to deliver planned double-digit growth of propane-powered buses for the Full Year
- Continuing to innovate with first-to-market products:
  - Shorter wheelbase propane-powered bus for compact urban environments
  - First school bus OEM to offer electronic stability control safety feature
- Delivering strong growth at Micro Bird (non-consolidated JV) led by new Micro Bird T-Series
- Reaffirming Full Year guidance for net sales of $918-940 million and Adjusted EBITDA[1] of $72-75 million, supported by strong order book that addresses entire Third Quarter and beyond
- Projecting full year adjusted free cash flow of $35-40 million

[1]Consistent with the information provided in our proxy statement, guidance for Adjusted EBITDA specifically excludes the ongoing incremental costs required to operate as a publicly-traded company. These ongoing public company costs represented $0.6 million for the second quarter and $0.8 million for the first half of the fiscal year

**Reaffirming full-year guidance based on First Half results and strong Second Half outlook**

# School Bus Business is Highly Seasonal

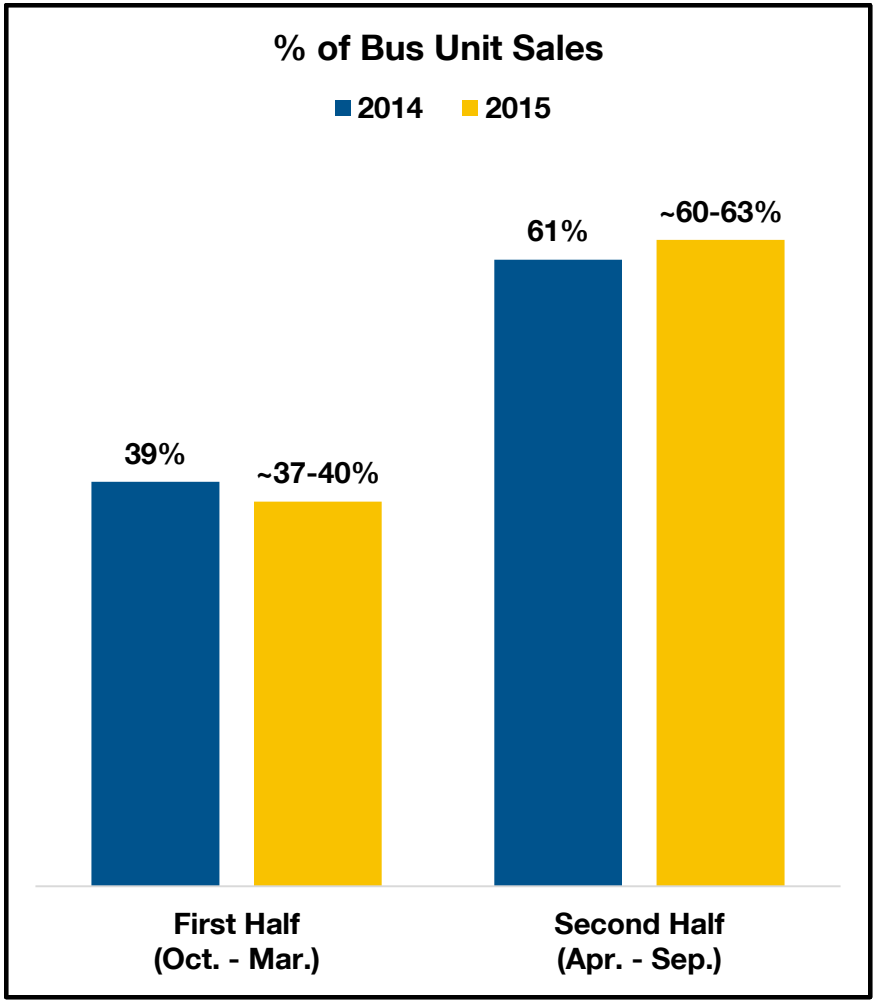
- Timing of sales influenced by school start
- Company sales influenced by registration pattern
- Customer order timing and mix varies from quarter to quarter each year
- Important to look at the business over the longer term




**Two-thirds of annual new school bus registrations in Second Half**

# Second Half Outlook Supports Guidance

- Third Quarter sales objective is fully supported by firm orders and our production plan
- Projected Third Quarter margins are higher than the First Half based on units already shipped and orders in hand
- Projected Fourth Quarter sales are currently tracking well against plan and support guidance




**Seasonality drives higher sales and earnings in Second Half**

# Propane Momentum Continues

- Tracking to achieve double-digit sales growth in 2015
- Strategic propane-powered bus wins
  - 150 units in Newtown, PA
  - 92 units in Grand Junction, CO
  - 86 units in Boston, MA
- Launched new short wheelbase propane-powered Vision
  - Specifically designed for compact urban environments
  - Developed based on request from Boston Public Schools
  - Now being offered in all markets
  - Blue Bird is the only school bus company offering this configuration

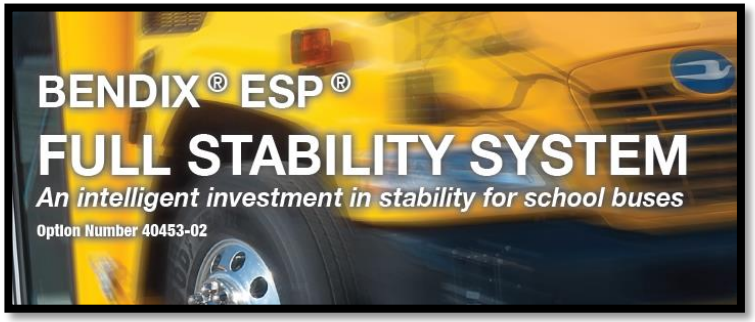


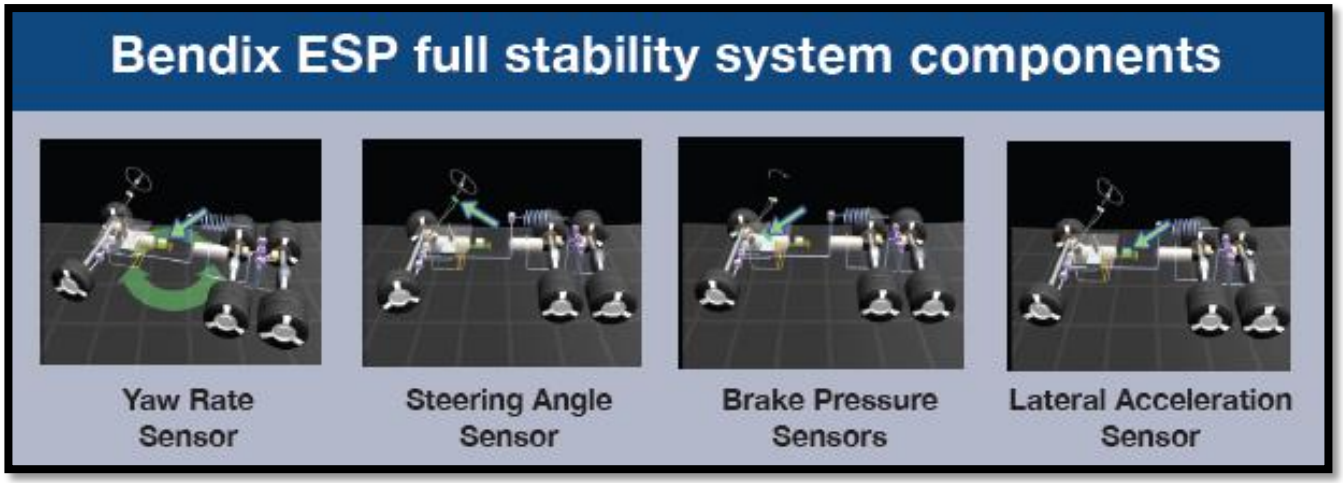

New Short Wheelbase Propane-Powered Vision

**First to market with short wheelbase propane-powered Type C bus**

# Safety Product Innovation Continues

- First to offer electronic stability control system on a school bus – Bendix ESP Full Stability System
- Proven technology that helps mitigate or possibly prevent loss of control and rollover conditions




**First to market with this innovative safety feature**

# New Micro Bird T-Series Starts Shipping

- Micro Bird (non-consolidated JV) is delivering strong sales and market share growth this year
- Led by the new Micro Bird T-Series, which started shipping in March
- First to market … Micro Bird is the only Type A bus manufacturer currently offering the all-new Ford Transit Chassis
- The T-Series delivers approximately 20% improvement in fuel economy over prior models




New Micro Bird T-Series

**Micro Bird is on track for a record sales year in 2015**

# Drive to Grow in Federal Government Sector

- **Recent bid results expected to lead to market share growth with the U.S. General Services Administration (GSA)**



**Positioned well for market share growth with federal government**




# Phil Tighe

## CFO

# FINANCIAL RESULTS

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# Financial Overview

## 2Q Bus Volume

**2,093**

Units

Down 130 Units

## 2Q Net Sales

**$183.0**

Million

Down $12.7 Million

## 2Q Adj. EBITDA

**$10.1**

Million

Down $(4.6) Million

## 1H Bus Volume

**3,917**

Units

Up 149 Units

## 1H Net Sales

**$348.9**

Million

Up $7.2 Million

## 1H Adj. EBITDA

**$17.5**

Million

Down $(6.8) Million

**Results reflect typical seasonal variations in order timing/customer mix and investing in growth**

Note: See slides 26 & 27 for additional detail regarding Adjusted EBITDA reconciliations

# Sales Overview

## 2Q Bus Sales

**$169.2**

Million

Down 8%

## 1H Bus Sales

**321.2**

Million

Up 1%



## 2Q Parts Sales

**$13.8**

Million

Up 9%

## 1H Parts Sales

**$27.6**

Million

Up 12%

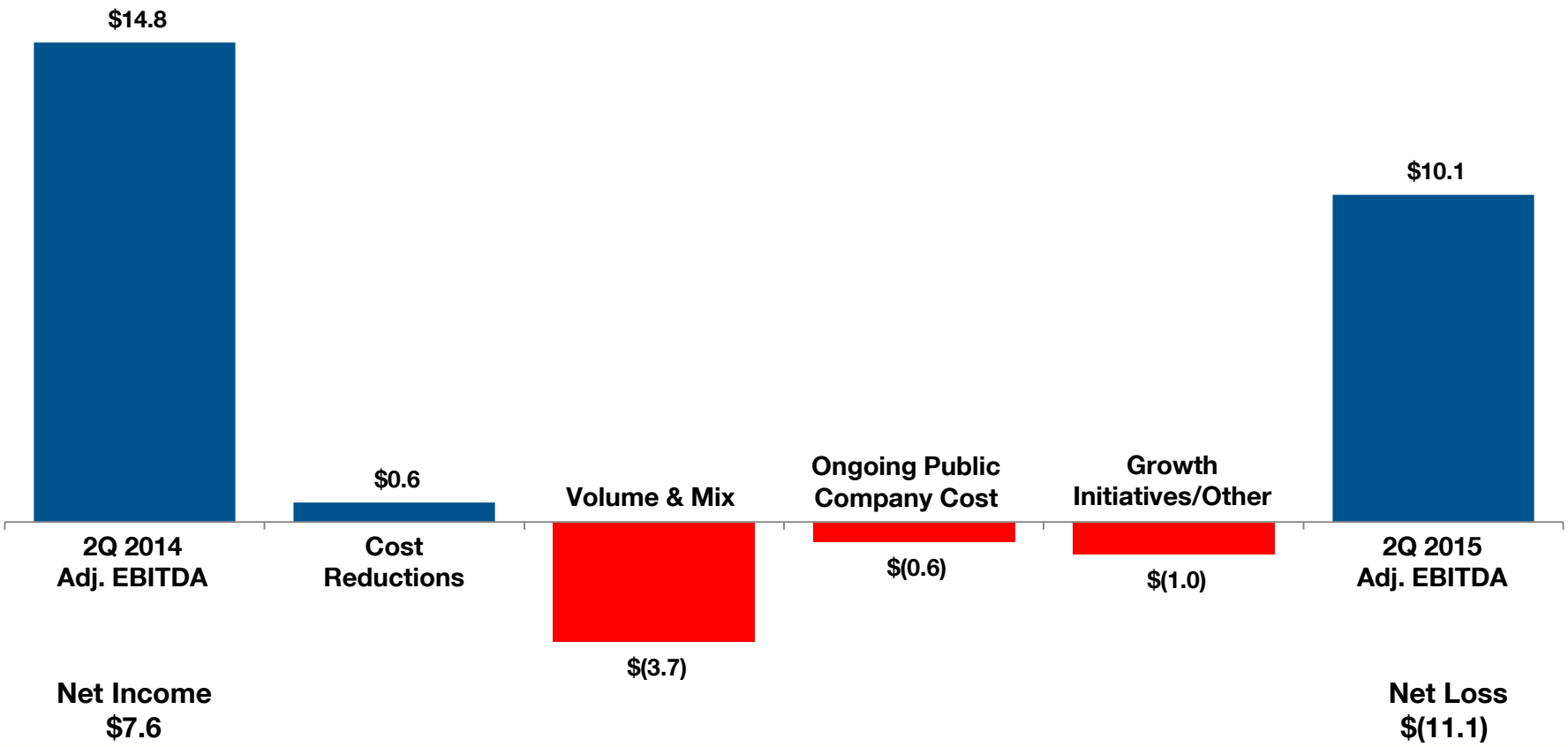
**Bus Sales down for the quarter but up for the half based on order timing**

**Parts growth driven by successful promotional activities**

Note: Percentages reflect year-over-year performance. Numbers have been rounded

# 2nd Quarter 2014 to 2015 Adj. EBITDA Walk

($ millions)




**Impacted by seasonal variations in order timing and mix as well as support for growth initiatives and ongoing public company requirements**

Note: See slide 26 for additional detail regarding Adjusted EBITDA reconciliations

# Free Cash Flow

| ($ millions) | Six Month Ended April 4, 2015 |
|---|---|
| Adjusted EBITDA[1] | $ 17.5 |
| Cash Paid for Interest (Net)[2] | (12.3) |
| Trade Working Capital[3] | (8.8) |
| CAPEX | (1.8) |
| Cash Taxes | (0.4) |
| Other | (11.1) |
| Adjusted Free Cash Flow | $ (16.9) |
| Cash Paid for Special Compensation Payment[4] | (13.8) |
| Cash Paid for Business Combination Expenses | (12.5) |
| Free Cash Flow | $ (43.2) |

[1]Reconciliation from net income to Adjusted EBITDA (a non-GAAP measure) is shown on slide 27 and reconciliation from net cash (used in)/provided by continuing operations to free cash flow is shown on slide 25

[2]Interest expense includes cash payments for three quarters due to required timing of payments

[3]Inventories, accounts receivable and accounts payable

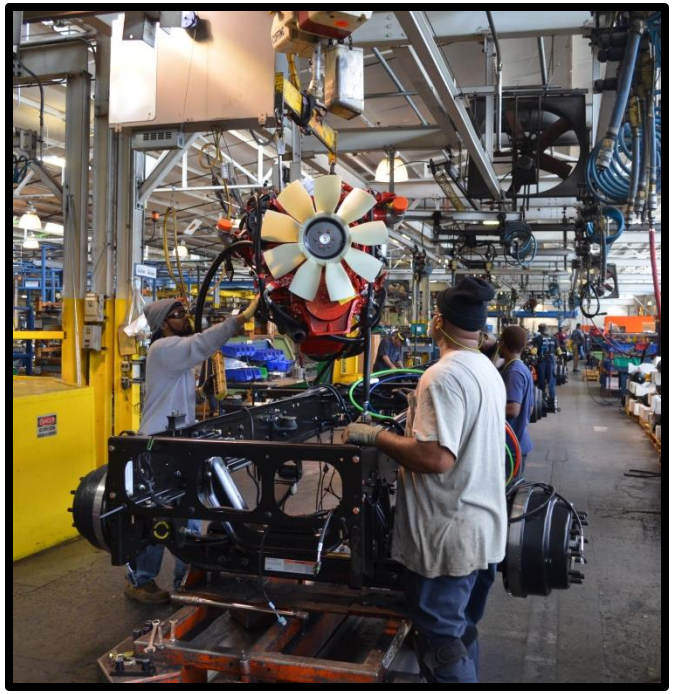
[4]Primarily funded by a $13.6 million capital contribution from our majority stockholder at the Business Combination

**Business combination and related expenses had a significant impact on Free Cash Flow in the First Half**

# Net Debt, Leverage & Liquidity

($ millions)

| | As of April 4, 2015 |
|---|---|
| Cash | $ 22.6 |
| Gross Debt | 218.3 |
| Net Debt | $ 195.7 |
| Total Debt / Adj. EBITDA (LTM) | 3.6x |
| Net Debt / Adj. EBITDA (LTM) | 3.3x |
| Liquidity[1] | $ 77.5 |



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

**Blue Bird's net debt ratio of 3.3 was substantially below the covenant of 4.75; liquidity was strong**




# Phil Horlock

## President & CEO

# CLOSING AND Q&A

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# Reaffirming Revenue & Adj. EBITDA Guidance

($ millions)

| Guidance | 1H Actual | 2H Forecast | Full Year Fiscal 2015 |
|---|---|---|---|
| Net Sales | $349 | $569-591 | $918-940 |
| Adjusted EBITDA[1] | $17 | $55-58 | $72-75 |
| | | | |
| Memo: Forecast Adj. Free Cash Flow[2] | $(17) | $52-57 | $35-40 |

[1]Consistent with the information provided in our proxy statement, guidance for Adjusted EBITDA specifically excludes the ongoing incremental costs required to operate as a publicly-traded company. These ongoing public company costs represented $0.6 million for the second quarter and $0.8 million for the first half of the fiscal year

[2]Excludes cash paid for special compensation and other business combination-related expenses

**On track to increase Adjusted EBITDA[1] by 7-12% in FY2015**

# Wrap Up

- On plan for total volume and propane bus sales, supported by order backlog and strong order pipeline.  Record sales outlook for Micro Bird
- Projecting continued double-digit percentage growth in Parts business
- Forecasting solid growth in vehicle margins in Second Half, fueled by favorable customer mix and higher propane bus sales
- Progressing numerous exciting product programs that will further differentiate Blue Bird
- Reaffirming fiscal 2015 guidance for Net Sales and Adjusted EBITDA and providing forecast for strong second half Free Cash Flow






# Q&A

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# Appendix

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# Income Statement

| (in thousands except for share data) | Three Months Ended April 04, 2015 | Three Months Ended March 29, 2014 | Six Months Ended April 04, 2015 | Six Months Ended March 29, 2014 |
|---|---|---|---|---|
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| **Net sales** | $ 183,018 | $ 195,672 | $ 348,851 | $ 341,665 |
| Cost of goods sold | 159,988 | 169,670 | 306,343 | 295,203 |
| Gross profit | $ 23,030 | $ 26,002 | $ 42,508 | $ 46,462 |
| **Operating expenses** | | | | |
| Selling, general and administrative expenses | 33,950 | 14,430 | 49,409 | 28,531 |
| Operating income (loss) | $ (10,920) | $ 11,572 | $ (6,901) | $ 17,931 |
| Interest expense | (4,761) | (248) | (9,896) | (524) |
| Interest income | 2 | 29 | 34 | 54 |
| Other income, net | 23 | 2 | 33 | 21 |
| Operating income (loss) before income taxes | $ (15,656) | $ 11,355 | $ (16,730) | $ 17,482 |
| Income tax (expense) benefit | 4,251 | (3,673) | 4,683 | (5,825) |
| Equity in net income (loss) of non-consolidated affiliate, net of tax $168, $(21), $178 and $20, respectively. | 310 | (48) | 328 | 46 |
| Income (loss) from continuing operations | $ (11,095) | $ 7,634 | $ (11,719) | $ 11,703 |
| Loss from discontinued operations, net of tax | — | (5) | (4) | (11) |
| Net (loss) income | $ (11,095) | $ 7,629 | $ (11,723) | $ 11,692 |
| Net (loss) income available to common stockholders | $ (11,095) | $ 7,629 | $ (11,723) | $ 11,692 |
| Defined benefit pension plan gain, net of tax $319, $245, $639, and $491, respectively | 594 | 456 | 1,187 | 911 |
| Comprehensive income (loss) | $ (10,501) | $ 8,085 | $ (10,536) | $ 12,603 |
| **Earnings (loss) per share:** | | | | |
| Weighted average shares outstanding, basic and diluted | 21,150,630 | 22,000,000 | 21,593,387 | 22,000,000 |
| Basic and diluted income (loss) per share from continuing operations | $ (0.52) | $ 0.35 | $ (0.54) | $ 0.53 |

# Balance Sheet

| (in thousands except for share data) | As of April 04, 2015 (unaudited) | As of September 27, 2014 (unaudited) |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash and cash equivalents | $ 22,618 | $ 61,137 |
| Accounts receivable, net | 13,048 | 21,215 |
| Inventories | 84,521 | 71,300 |
| Other current assets | 5,972 | 4,353 |
| Deferred tax asset | 2,990 | 6,057 |
| Total current assets | $ 129,149 | $ 164,062 |
| Property, plant and equipment, net | 27,606 | 29,949 |
| Goodwill | 18,825 | 18,825 |
| Intangible assets, net | 61,309 | 62,240 |
| Equity investment in affiliate | 10,377 | 9,871 |
| Deferred tax asset | 11,774 | 4,073 |
| Other assets | 2,616 | 2,913 |
| Total assets | $ 261,656 | $ 291,933 |
| **Liabilities and Stockholder's Deficit** | | |
| Current liabilities | | |
| Accounts payable | $ 87,704 | $ 94,294 |
| Accrued warranty costs—current portion | 6,410 | 6,594 |
| Accrued expenses | 20,480 | 37,319 |
| Deferred warranty income—current portion | 4,250 | 4,117 |
| Other current liabilities | 2,724 | 5,668 |
| Current portion of senior term debt | 11,750 | 11,750 |
| Total current liabilities | $ 133,318 | $ 159,742 |
| Long-term liabilities | | |
| Long-term term debt | $ 206,514 | $ 211,118 |
| Accrued warranty costs | 8,852 | 8,965 |
| Deferred warranty income | 8,090 | 7,886 |
| Other liabilities | 12,417 | 12,136 |
| Accrued pension liability | 38,058 | 40,881 |
| Total long-term liabilities | $ 273,931 | $ 280,986 |
| Guarantees, commitments and contingencies (Note 5) | | |
| Stockholders' deficit | | |
| Series A preferred stock , $.0001 par value, 10,000,000 shares authorized, 500,000 issued at April 04, 2015 and liquidation preference of $50,000 | $ 50,000 | $ — |
| Common stock, $0.0001 par value, 100,000,000 shares authorized, 20,692,794 and 22,000,000 issued and outstanding at April 04, 2015 and September 27, 2014, respectively. | 2 | 2 |
| Additional paid-in capital | 14,320 | — |
| Accumulated deficit | (164,534) | (102,229) |
| Accumulated other comprehensive loss | (45,381) | (46,568) |
| Total stockholders' deficit | $ (145,593) | $ (148,795) |
| Total liabilities and stockholders' deficit | $ 261,656 | $ 291,933 |

# Consolidated Statement of Cash Flows

| (in thousands of dollars) | Six Months Ended April 04, 2015 (unaudited) | Six Months Ended March 29, 2014 (unaudited) |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net (loss) income | $ (11,723) | $ 11,692 |
| Loss from discontinued operations, net of tax | 4 | 11 |
| Adjustments to reconcile net (loss) income to net cash (used in)/provided by operating activities: | | |
| Depreciation and amortization | 4,565 | 4,980 |
| Amortization of debt costs | 1,547 | 50 |
| Stock-based compensation | 55 | — |
| Equity in net income of affiliate | (328) | (46) |
| Loss on disposal of fixed assets | 483 | 57 |
| Deferred taxes | (5,172) | 2,146 |
| Provision for bad debt | (31) | 1 |
| Amortization of deferred actuarial pension losses | 1,826 | 1,402 |
| Changes in assets and liabilities | | |
| Accounts receivable | 8,198 | 3,473 |
| Inventories | (13,221) | (30,565) |
| Other assets | (1,566) | 886 |
| Accounts payable | (3,807) | 23,390 |
| Accrued expenses, pension and other liabilities | (22,236) | (8,782) |
| **Total adjustments** | $ (29,687) | $ (3,008) |
| **Net cash (used in)/provided by continuing operations** | $ (41,406) | $ 8,695 |
| **Net cash used in discontinued operations** | (4) | (11) |
| **Total cash (used in)/provided by operating activities** | $ (41,410) | $ 8,684 |
| **Cash flows from investing activities** | | |
| Change in net investment in discounted leases | $ — | $ 166 |
| Cash paid for fixed assets | (1,832) | (2,230) |
| Proceeds from sale of assets | — | 23 |
| Restricted cash | — | 1,206 |
| **Total cash used in investing activities** | $ (1,832) | $ (835) |
| **Cash flows from financing activities** | | |
| Borrowings under the senior credit facility | $ 10,000 | $ 1,876 |
| Payments under the senior credit facility | (10,000) | (2,066) |
| Repayments under the senior term loan | (5,875) | (1,354) |
| Cash paid for capital leases | (80) | (440) |
| Cash paid for debt costs | (2,872) | — |
| Contribution from majority stockholder | 13,550 | — |
| Change in advances collateralized by discounted leases | — | (166) |
| **Total cash (used in)/provided by financing activities** | $ 4,723 | $ (2,150) |
| **Change in cash and cash equivalents** | (38,519) | 5,699 |
| **Cash and cash equivalents at beginning of period** | 61,137 | 46,594 |
| **Cash and cash equivalents at end of period** | $ 22,618 | $ 52,293 |
| **Supplemental disclosures of cash flow information** | | |
| Cash paid for interest | $ 12,310 | $ 399 |
| Cash received for interest | 35 | 27 |
| Cash paid for income taxes | 359 | 905 |
| Cash received for tax refund | — | 48 |
| **Non-cash investing and financing activity** | | |
| Capital lease acquisitions | — | 166 |
| Change in accounts payable for capital additions to property, plant and equipment | 58 | 450 |
| **Non-cash reverse merger activity** | | |
| Issuance of Common Stock | 25,000 | — |
| Issuance of Series A Preferred Stock | 50,000 | — |
| Shares assumed by legal acquirer | 39,905 | — |
| Repurchase of Common Stock from majority stockholder | 100,000 | — |
| Warrant exchange | 11,264 | — |

# Free Cash Flow Reconciliation

| (in thousands of dollars) | Six Months Ended April 04, 2015 | Six Months Ended March 29, 2014 |
|---|---|---|
| Net cash (used in)/provided by continuing operations | $ (41,406) | $ 8,695 |
| Cash paid for fixed assets | (1,832) | (2,230) |
| Free cash flow | $ (43,238) | $ 6,465 |

Note: See slide 15 for a reconciliation of free cash flow and adjusted free cash flow

# 2nd Quarter Adj. EBITDA Reconciliation

| (in thousands of dollars) | Three Months Ended April 04, 2015 | Three Months Ended March 29, 2014 |
|---|---|---|
| Net income (loss) | $ (11,095) | $ 7,629 |
| Income (loss) from discontinued operations, net of tax | — | (5) |
| Income (loss) from continuing operations | $ (11,095) | $ 7,634 |
| Interest expense | 4,761 | 248 |
| Interest income | (2) | (29) |
| Income tax (benefit) expense | (4,251) | 3,673 |
| Depreciation and amortization | 2,301 | 2,530 |
| Special compensation payment * | 13,788 | — |
| Management incentive compensation | — | 631 |
| Tax expense, non-consolidated affiliate | 168 | (21) |
| Business combination expenses | 4,402 | 95 |
| Stock based compensation | 55 | — |
| Adjusted EBITDA | $ 10,127 | $ 14,761 |
| Adjusted EBITDA margin (percentage of net sales) | 5.5% | 7.5% |

# 1st Half Adj. EBITDA Reconciliation

| (in thousands of dollars) | Six Months Ended April 04, 2015 | Six Months Ended March 29, 2014 |
|---|---|---|
| Net income (loss) | $ (11,723) | $ 11,692 |
| Income (loss) from discontinued operations, net of tax | (4) | (11) |
| Income (loss) from continuing operations | $ (11,719) | $ 11,703 |
| Interest expense | 9,896 | 524 |
| Interest income | (34) | (54) |
| Income tax (benefit) expense | (4,683) | 5,825 |
| Depreciation and amortization | 4,565 | 4,980 |
| Special compensation payment * | 13,788 | — |
| Management incentive compensation | — | 1,262 |
| Tax expense, non-consolidated affiliate | 178 | 19 |
| Business combination expenses | 5,013 | 95 |
| Loss on disposal of fixed assets | 469 | — |
| Stock Based Compensation | 55 | — |
| Adjusted EBITDA | $ 17,528 | $ 24,354 |
| Adjusted EBITDA margin (percentage of net sales) | 5.0% | 7.1% |

# Adj. Net Income from Continuing Operations

| *(in thousands except for share data)* | Three Months Ended April 4, 2015 | Three Months Ended March, 2014 | Six Months Ended April 4, 2015 | Six Months Ended March, 2014 |
|---|---|---|---|---|
| Income (loss) from continuing operations | $ (11,095) | $ 7,634 | $ (11,719) | $ 11,703 |
| Adjustments net of tax impact | | | | |
| Special compensation payment | $ 8,962 | $ - | $ 8,962 | $ - |
| Management incentive compensation[1] | - | 410 | - | 820 |
| Business combination | 2,861 | 62 | 3,258 | 62 |
| Loss on disposal of fixed assets | - | - | 305 | - |
| Total adjustments | $ 11,823 | $ 472 | $ 12,525 | $ 882 |
| Adjusted income from continuing operations | $ 728 | $ 8,106 | $ 806 | $ 12,585 |
| | | | | |
| Weighted average basic common shares outstanding | 21,150,630 | 22,000,000 | 21,593,387 | 22,000,000 |
| Basic income (loss) per common share from continuing operations | $ (0.52) | $ 0.35 | $ (0.54) | $ 0.53 |
| Basic adjusted income per common share from continuing operations | $ 0.03 | $ 0.37 | $ 0.04 | $ 0.57 |
| Marginal tax rate | 35% | | | |

[1]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.

# 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 press release, 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**

**Adjusted EBITDA, Adjusted EBITDA margin and adjusted net income from continuing operations should not be considered as an alternative to net income (loss) as an indicator of Blue Bird's performance or as an alternative to any other measure prescribed by GAAP. There are limitations to using non-GAAP measures such as Adjusted EBITDA, Adjusted EBITDA margin and adjusted net income from continuing operations. Although Blue Bird believes that Adjusted EBITDA, Adjusted EBITDA margin and adjusted net income from continuing operations may enhance an evaluation of Blue Bird's operating performance based on recent revenue generation and product/overhead cost control because they exclude the impact of prior decisions made about investment and financing, (i) other companies in Blue Bird's industry may define Adjusted EBITDA, Adjusted EBITDA margin and adjusted net income from continuing operations 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) Adjusted EBITDA, Adjusted EBITDA margin and adjusted net income from continuing operations may exclude certain financial information that some may consider important in evaluating Blue Bird's performance.**

**Free cash flow and adjusted free cash flow are used in addition to and in conjunction with results presented in accordance with GAAP. Such non-GAAP measures should not be relied upon to the exclusion of GAAP financial measures. Free cash flow and adjusted free cash flow represent an additional way of viewing our liquidity that, when viewed with our GAAP results, provides a more complete understanding of factors and trends affecting our cash flows. Free cash flow is defined as net cash provided in continuing operation less cash paid for fixed assets. Adjusted free cash flow excludes special compensation and other business combination expenses. We use free cash flow, and ratios based on that measure, to conduct and evaluate our business because, although it is similar to cash flow from operations, we believe it is a more conservative measure of cash flows since purchases of fixed assets are a necessary component of ongoing operations. In limited circumstances in which proceeds from sales of fixed assets exceed purchases, free cash flow would exceed cash flow from operations. However, since we do not anticipate being a net seller of fixed assets, we expect free cash flow to be less than operating cash flows.**




# END

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