

Blue Bird Corporation

(Nasdaq: BLBD)

Fiscal 2016 Second Quarter Results

Earnings Conference Call

May 23, 2016

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
- **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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Our Winning Culture

Experience

- Highly skilled team with average tenure of ~14 years

Drive

- Seize opportunities and always strive to be better

Innovation

- A drive to win with relentless focus on product innovation

Customer Focus

- Easy to do business with and understand customer needs

BLUE BIRD

WHAT WE STAND FOR

We come to work every day with one common goal – to design, build, sell and service the world's finest school bus. That's what we do – no distractions, no competing priorities.

We are heirs to a rich legacy, one of listening to our customers, embracing their needs, and delivering innovations that lead the market.

We commit ourselves to four driving priorities – safety, quality, durability and serviceability. We embody the interest of every child that rides us, every driver that drives us, every service technician that services us and every district that buys us.

More than a business, this work is our heritage, and we have been at it since 1927 – that's purpose driven!



Continually raising the bar for school buses

2Q Highlights

2Q: +4% YOY



Net Sales Up

2Q: +20% YOY



Propane
Unit Sales Up

FYTD: +50% YOY



Quote
Volume Up



Full 3Q
Production Schedule



Successful Launch
of Second Shift

4 New Powertrains

- Ford Gasoline
- Ford CNG
- Cummins ISV
- Eaton Transmission

New Powertrain
Launches on Track



New CCO
Mark Terry

Net Sales: $960-985M

Adj. EBITDA: $72-75M

Free Cash Flow: $30-35M

Reaffirming
Full-Year Guidance

Continued progress in driving growth

2Q Financial Results Up from Prior Year

2Q Net Sales	1H Net Sales
$191.2 Million	$322.5 Million
Up $8.2 Million	Down $26.3 Million

2Q Bus Sales	1H Bus Sales
$176.9 Million	$295.4 Million
Up $7.7 Million	Down $25.8 Million

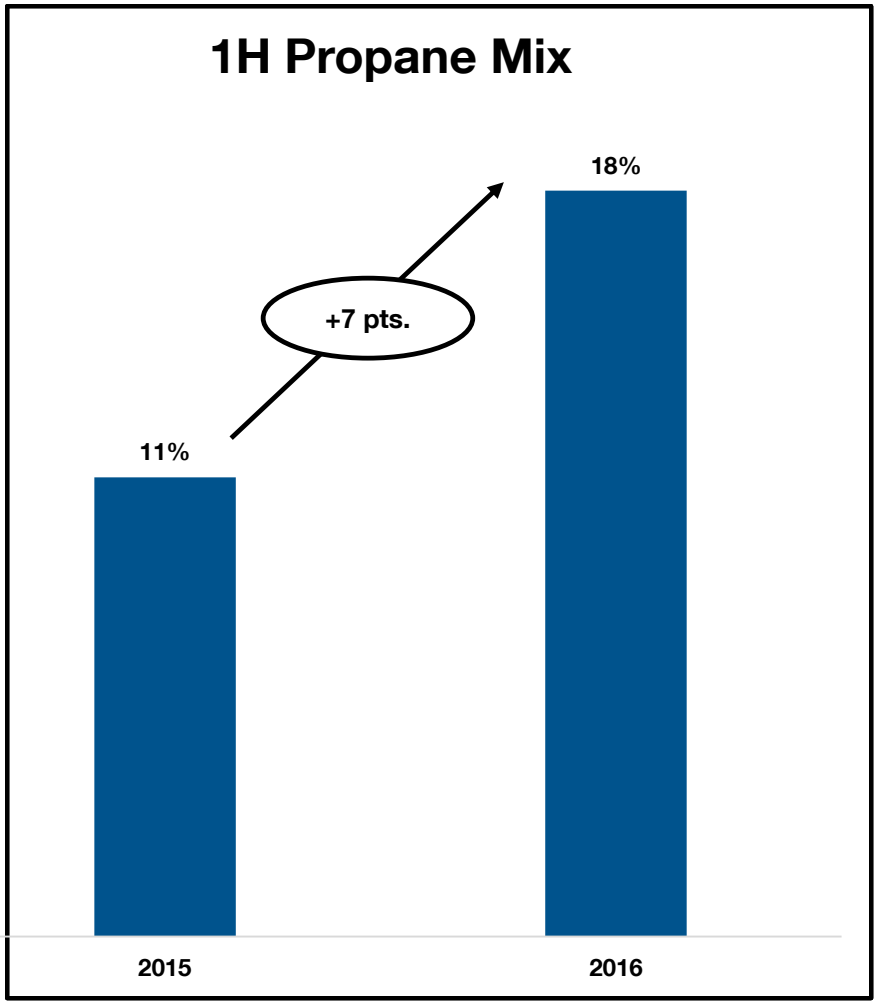
2Q Parts Sales	1H Parts Sales
$14.3 Million	$27.1 Million
Up $0.5 Million	Down $0.5 Million

2Q Adj. EBITDA	1H Adj. EBITDA
$10.1 Million	$15.4 Million
Up $0.2 Million	Down $2.1 Million

On track toward full-year plan

Note: See appendix for Adjusted EBITDA reconciliations

Continued Propane Momentum



Propane Market Leadership

- 46% unit growth in First Half over 2015
- Number of customers growing
- 9x more propane-powered buses registered than other manufacturers[1]
- Blue Bird propane-powered Vision has the highest owner loyalty of any school bus in the market[1]

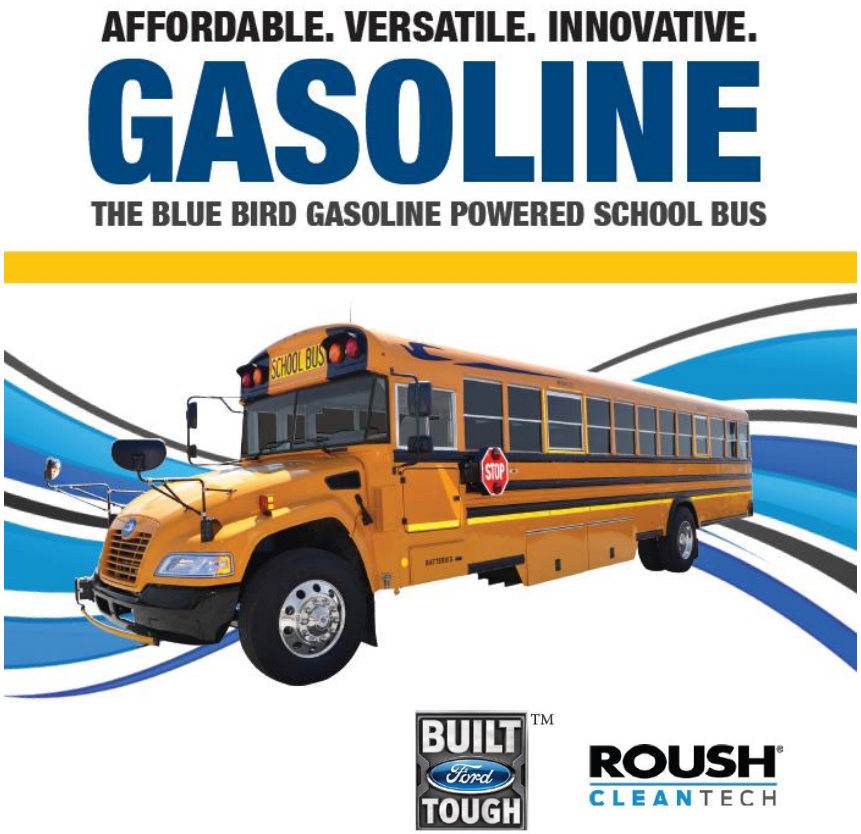
Propane Advantages

- Lowest total cost of ownership
- Proven durability & performance
- Environmentally friendly
- Domestically produced fuel
- Great cold weather starting performance
- U.S. government incentives

Propane growth is strong and market acceptance is growing

[1] Based on R.L. Polk data

Strong Interest in New Gasoline-Powered Bus



- Blue Bird is the only major manufacturer currently taking orders on Type C gasoline-powered school buses
- Lower acquisition cost than other fuel types
- Maintenance and service is simpler
- Strong cold-weather starting capability
- Utilizes Ford's modern and highly efficient 6.8L V10 gasoline engine
- 5-year/unlimited mileage warranty
- Blue Bird exclusive offering from Ford and ROUSH CleanTech
- Currently taking orders with strong interest
- Begins shipping in fiscal 4Q

Great new choice for customers focused on acquisition price



Phil Tighe
CFO

FINANCIAL RESULTS & OUTLOOK

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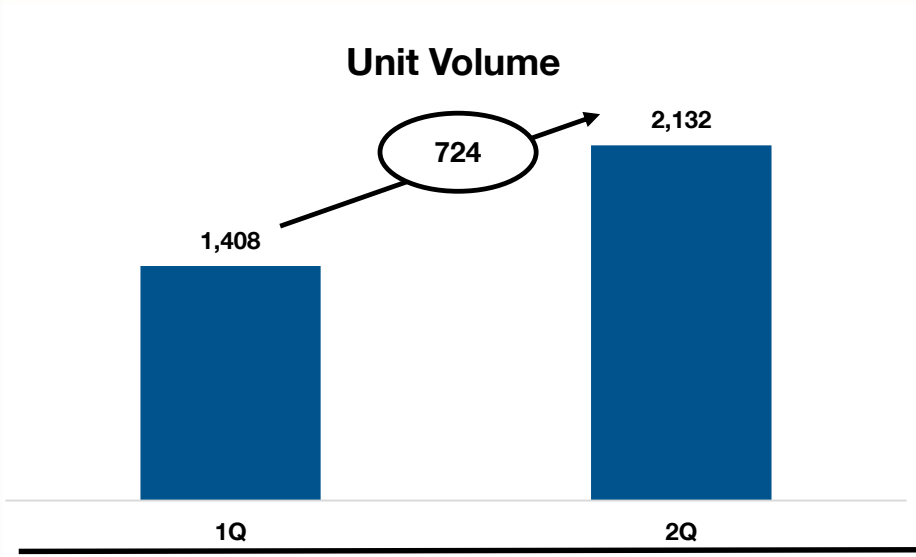
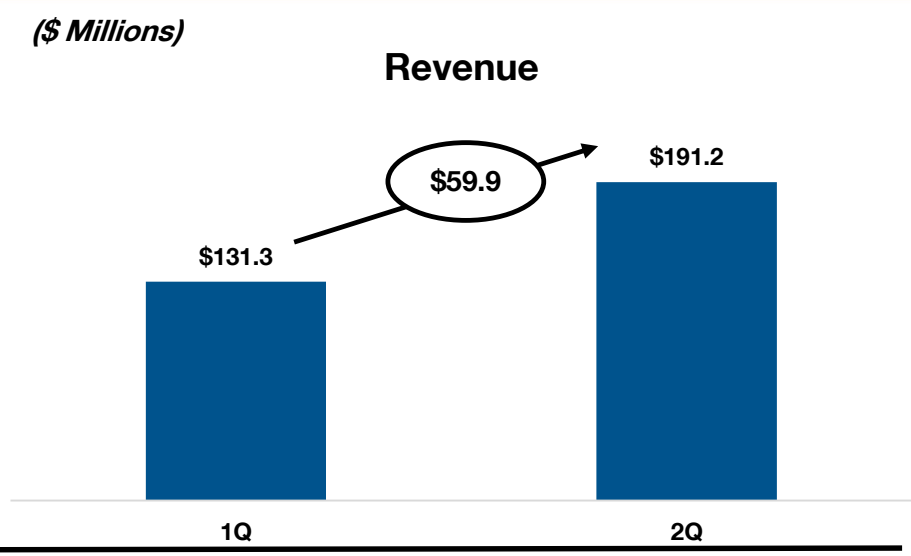
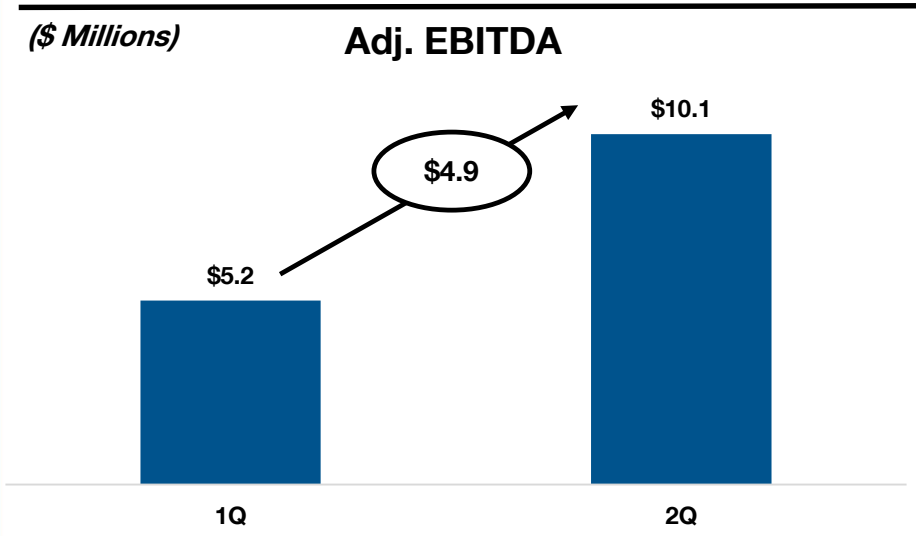
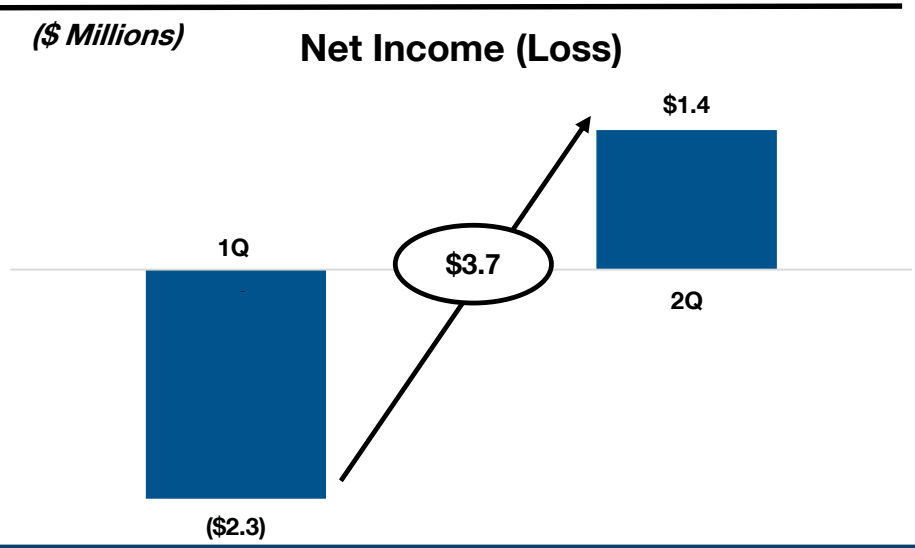
FY2016 is Ramping Up









Momentum is building over first quarter; supports full-year outlook

[1] See appendix for additional detail regarding Adjusted EBITDA reconciliations

2Q Results Exceed Prior Year

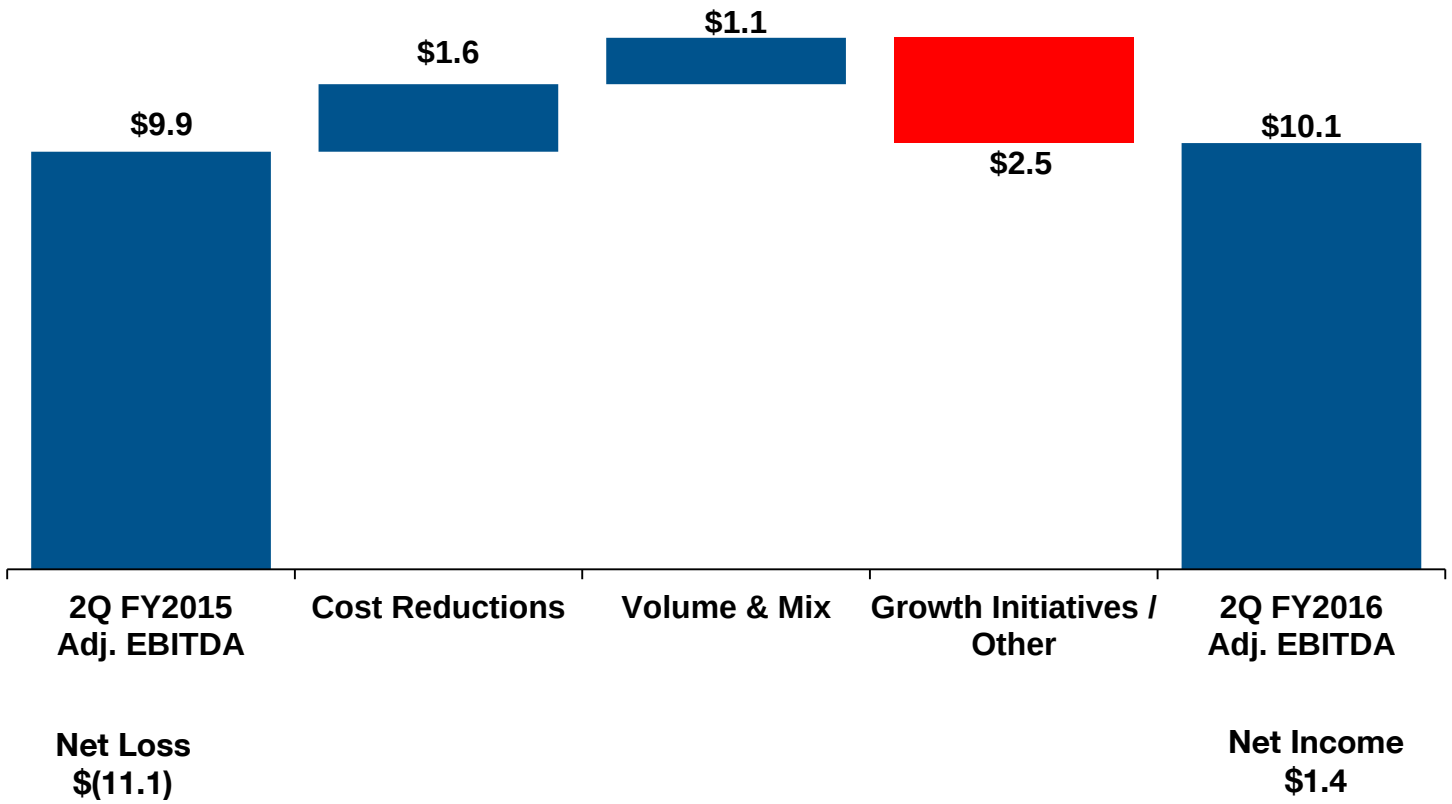
($ Millions except EPS)	2Q 2016	2Q 2015	B/(W)
Unit Volume	2,132	2,093	39 units
Revenue	$191.2	$183.0	$8.2
Gross Margin	13.1%	12.6%	0.5 pts.
Adj. EBITDA[1]	$10.1	$9.9	$0.2
EBITDA Margin	5.3%	5.4%	(0.1) pts.
Net Income (Loss)	$1.4	$(11.1)[2]	$12.5
EPS	$0.02	$(0.54)[2]	$0.56
Cash	$28.6	$22.6	$6.0
Debt	$182.7	$217.0	$34.3

Driving improvement in the business

[1] See appendix for additional detail regarding Adjusted EBITDA reconciliations [2] 2Q Net Loss and EPS in 2015 include $16.3 million in Business Combination and Special Comp. payments

2Q 2015 to 2016 Adj. EBITDA Walk

($ Millions)



Investing in growth initiatives that will drive future revenue increases

Note: See appendix for additional detail regarding Adjusted EBITDA reconciliations

2Q FY2016 Free Cash Flow

($ Millions)	2Q FY2016	2Q FY2015
Adjusted EBITDA[1]	$ 10.1	$ 9.9
Cash Paid for Interest (Net)	(3.6)	(4.0)
Trade Working Capital[2]	16.0	7.3
CAPEX	(2.3)	(1.0)
Cash Taxes	(0.6)	-
Other[3]	6.3	2.1
Adjusted Free Cash Flow	$ 25.9	$ 14.3
Cash Paid for Special Compensation Payment	-	(13.8)
Cash Paid for Business Combination Expenses	-	(11.9)
Free Cash Flow[4]	$ 25.9	$ (11.4)

[1] See appendix for additional detail regarding Adjusted EBITDA reconciliations
[2] Inventories, accounts receivable and accounts payable
[3] Bonus, accrued vacation, property taxes, GSA prepay, and other accrued expenses
[4] See appendix for free cash flow reconciliations

Free Cash Flow significantly improved over prior year

Net Debt, Leverage & Liquidity

($ Millions)	As of April 2, 2016
Debt	**$ 182.7**
Cash	**28.6**
Net Debt	**$154.1**
Net Debt / Adjusted EBITDA (LTM)	**2.3x**
Net Leverage Ratio **Compared with minimum bank Net Leverage Ratio covenant of 4.5x**	**2.3x**
Liquidity[1]	**$ 83.5**

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

Exceeding debt covenant; liquidity strong



Phil Horlock
President & CEO

CLOSING AND Q&A

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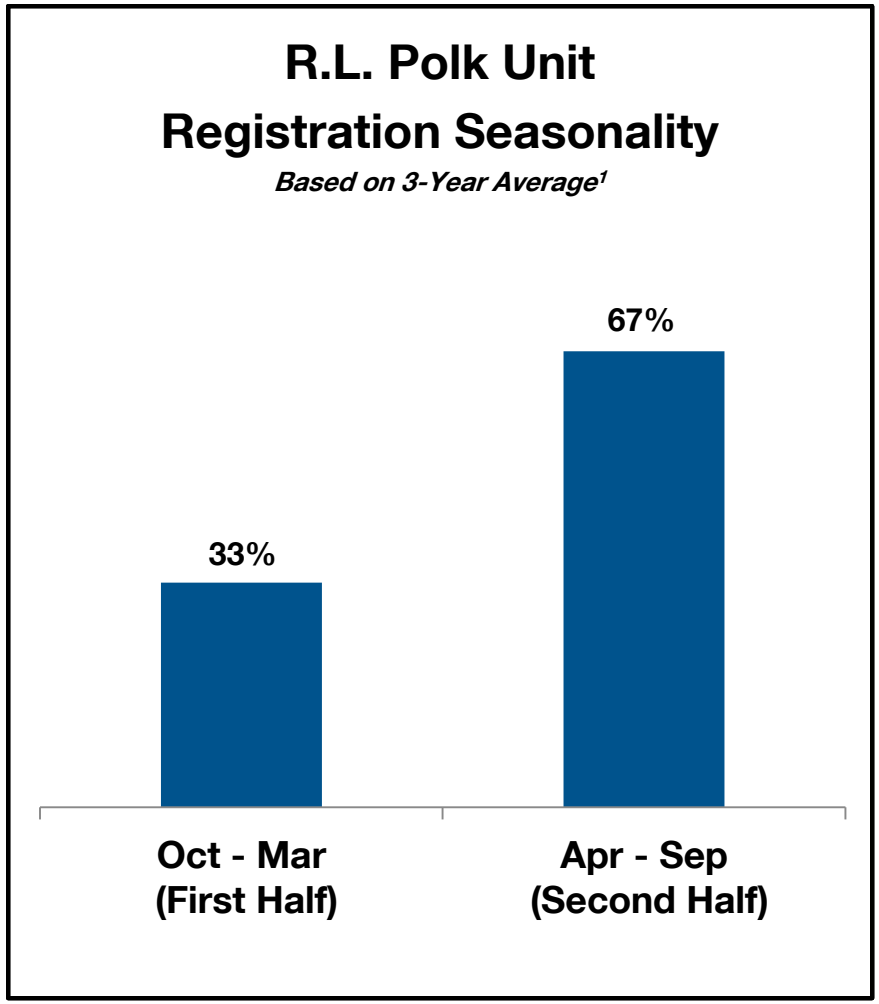
Our Production Plans Support Seasonality

- Higher Second Half registrations influenced by desired delivery just prior to school start
- New second shift enables more buses to be produced in “high season” with peak daily production capacity 50% higher than prior year
- Majority of sales and profits occur in Second Half of fiscal year
- Revenue seasonality more pronounced in FY2016
- Important to look at the business over the longer term



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

[1] Based on R.L. Polk FY2013-FY2015 registrations

Financial Guidance

Metric ($ Millions)	FY2016 Guidance
Net Sales	$960-985
Adj. EBITDA	$72-75
Free Cash Flow	$30-35



Reaffirming FY2016 Full-Year Guidance

Wrap-Up

- Solid second quarter result supports full-year plan
- Gross margin percentage up over prior year
- More volume shifts to Second Half supported by our new second shift
- Third quarter production schedule is full
- Strong propane bus progress with sales up 46% in First Half
- Great order momentum with new gasoline-powered Vision bus
- High level of quote activity supports our positive outlook for the year
- Reaffirming FY2016 Guidance for net sales, Adjusted EBITDA and free cash flow





Q&A

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Appendix

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Upcoming Investor Conferences

Dates	Conference	Location
June 1	Craig-Hallum Capital Investor Conference	Minneapolis
August 11-12	Jefferies Industrials Conference	New York
November 16-18	UBS Industrials & Transportation Conference	Key Biscayne

Free Cash Flow Reconciliations

Free cash flow

Management believes the non-GAAP measurement of free cash flow, defined as net cash provided by continuing operations less cash paid for fixed assets, fairly represents the Company's ability to generate surplus moneys that could fund activities not in the ordinary course of business. See "Key Measures We Use to Evaluate Our Performance". The following table sets forth the calculation of free cash flow:

(in thousands of dollars)	Three Months Ended January 2, 2016	Three Months Ended April 2, 2016	Six Months Ended April 2, 2016	Three Months Ended January 3, 2015	Three Months Ended April 4, 2015	Six Months Ended April 4, 2015
Net cash used in continuing operations	$ (41,548)	$ 28,210	$ (13,338)	$ (30,950)	$ (10,456)	$ (41,406)
Cash paid for fixed assets	(1,671)	(2,266)	(3,937)	(861)	(971)	(1,832)
Free cash flow	$ (43,219)	$ 25,944	$ (17,275)	$ (31,811)	$ (11,427)	$ (43,238)

2Q Adjusted EBITDA Reconciliation

The following table sets forth a reconciliation of net income (loss) to adjusted EBITDA for the second quarter of fiscal 2016 and the second quarter of fiscal 2015:

(in thousands of dollars)	Three Months Ended April 2, 2016	Three Months Ended April 4, 2015
Net income (loss)	$ 1,394	$ (11,095)
Loss from discontinued operations, net of tax	(15)	—
Income (loss) from continuing operations	$ 1,409	$ (11,095)
Interest expense	4,453	4,761
Interest income	(89)	(2)
Income tax expense	973	(4,084)
Depreciation and amortization	2,014	2,302
Public co. / one-time expenses	—	1,654
Special compensation payment	—	13,788
Business combination expenses	—	2,537
Stock-based compensation	1,309	55
Adjusted EBITDA	$ 10,069	$ 9,916
Adjusted EBITDA margin (percentage of net sales)	5.3%	5.4%

1H Adjusted EBITDA Reconciliation

The following table sets forth a reconciliation of net income to adjusted EBITDA for the six months ended April 2, 2016 and the six months ended April 4, 2015:

(in thousands of dollars)	Six Months Ended April 2, 2016	Six Months Ended April 4, 2015
Net loss	$ (943)	$ (11,723)
Loss from discontinued operations, net of tax	(33)	(4)
Loss from continuing operations	$ (910)	$ (11,719)
Interest expense	8,696	9,896
Interest income	(111)	(34)
Income tax (benefit) expense	1,182	(4,505)
Depreciation and amortization	4,008	4,565
Special compensation payment *	—	13,788
Public co. / one-time expenses	—	1,842
Business combination expenses	54	3,146
Loss on disposal of fixed assets	—	469
Stock-based compensation	2,447	55
Adjusted EBITDA	$ 15,366	$ 17,503
Adjusted EBITDA margin (percentage of net sales)	4.8%	5.0%

** The fiscal 2015 payment was primarily funded by a contribution from our majority shareholder in the Business Combination.*

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 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 may include 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.



END

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