Blue Bird Corporation (Nasdaq: BLBD)

Fiscal 2021
First Quarter Results

Earnings Conference Call
February 10, 2021



BLUE BIRD®
BUILT TO TAKE ON TOMORROW.

Agenda

- **Introductions & Forward-Looking Statements**
  - **Mark Benfield – Executive Director, Profitability & Investor Relations**
- **Business Overview**
  - **Phil Horlock – President & CEO**
- **Financial Results**
  - **Jeff Taylor – CFO**
- **Outlook and Guidance**
  - **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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Improving Business Structure and Increasing EV Focus

- Solid 1Q results in difficult environment with 40% of students on-line only
- Continuing to deliver structural/margin improvements
- Significant working capital improvement
- Continued alternative-power leadership; record 1Q mix
  - Leadership in propane and EV; all-new 7.3L engine launching in 2Q
- EV market and business outlook changing rapidly; excited by supportive comments from new Administration for electrification of school bus fleet
- Increasing focus on EV and sustainability in Blue Bird as we target ongoing leadership in low and zero emission school buses
- With the broadest range of alt-power chassis in the industry, Blue Bird is announcing its intention to provide chassis to Class 3-7 truck market
- Dealing with present difficulties, but optimistic outlook for 2H based on COVID vaccine deployment, as well as new administration (100 day plan, stimulus, COVID response, school reopening and EV support)

Well positioned as schools reopen and shift to zero-emissions accelerates

Solid 1Q FY2021 Results in Lowest Quarter

- **Achieved profitable results and strong cash flow performance in seasonally-low 1Q, despite COVID impact on in-classroom teaching**
  - **1,255 buses sold, down 205 units from last year**
  - **Total Net Sales of $130.4M, 15% below last year**
  - **Adjusted EBITDA of $5.8M, down $2.2M from last year**
  - **Adjusted Free Cash Flow of $(13.9)M was $76.9M better than 1Q FY2020**
- **Blue Bird delivered its operating commitments in line with plan and improved business structure**
  - **Achieved record alternative-powered bus mix for 1Q**
  - **Grew sales and order backlog of electric buses substantially**
  - **Increased resources and prioritized focus on EV business segment**
  - **Increased average selling price per bus**
  - **Continued to improve cost structure through transformational initiatives**
  - **Achieved significant manufacturing efficiency improvements**
  - **Reduced inventories substantially, driving liquidity to $121M at end 1Q**

Improved business structure and underlying margins, despite COVID

Significant Operating Achievements

Quality ↑
Costs ↓
Capacity ↑

Gross Margin ↑

Transformational Initiatives continue

Increased Bus ASP

+$2k

Bus Rev./Unit is up 2% from last year

Renewed Ford Exclusive Contract

BUILT Ford TOUGH™

10 Year Partnership with Blue Bird and ROUSH

New Ford 7.3L Engine



POWERED BY PROPANE | POWERED BY GASOLINE

BIC Propane and Gasoline in Blue Bird Vision

Record Alternative Power Mix for 1Q

46%

up 7 pts. from last year

TTM (12/31/20) Market Share Leader in EV

63%

EV market share increased 38 pts. from last year

Strong Interest in All-Electric Buses



107 units sold and in order backlog – 24% above last year

In 3 Years, More Than

400 Electric Buses

sold and ordered in Type A, C and D configurations

Well positioned for market recovery – costs down, ASP up, alternative-power leadership, EV growth outpacing all segments

Alt-Power Leadership – Driving to Low & Zero Emissions

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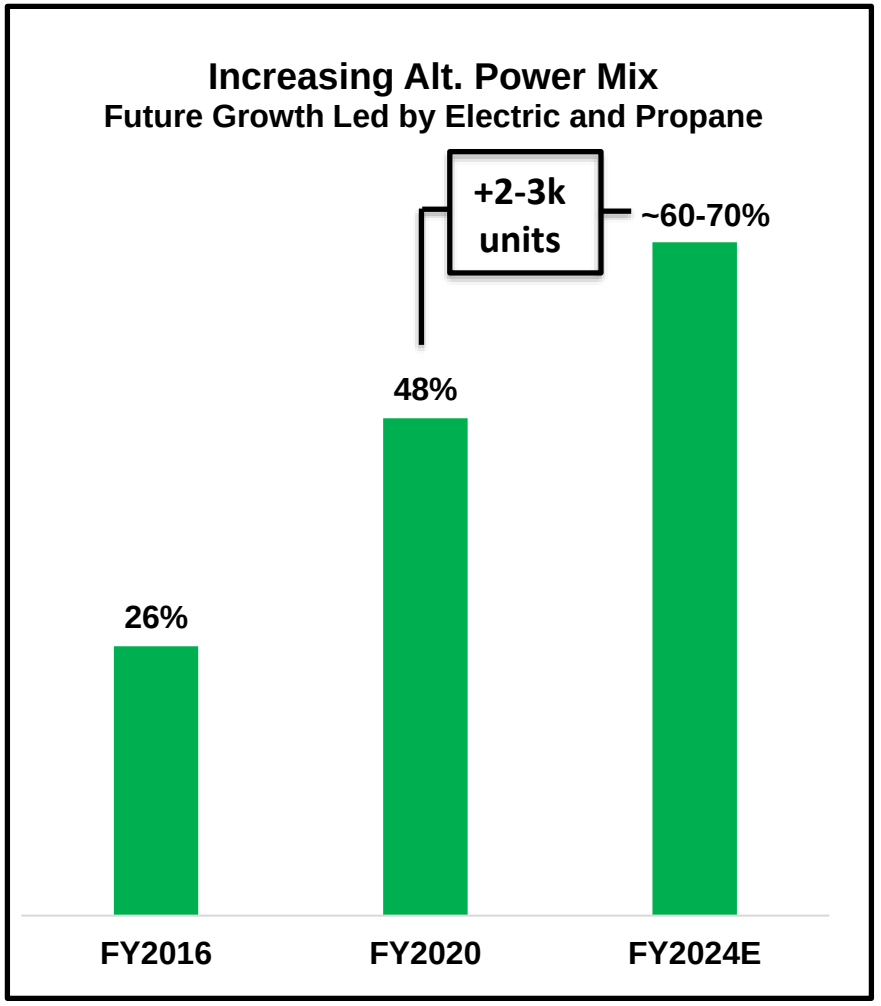
FY2021 YTD[1] Alternative-Power Bus Highlights

- 50% mix of sales and order backlog, up 5 pts
- 107 Electric buses sold or in backlog, up 24%
- 59 customers tried new Alt-Fuel option
- 36 conquest customers added

Significant Low- & Zero-Emissions Funding

- VW Mitigation Funds
  - Approximately $600M has been carved out for school buses; majority still to be spent
  - Only major OEM with all-electric and ultra-low NOx school buses available
- State Support; e.g., California Energy Commission
- $100M grant from Bezos Earth Fund to the World Research Institute (WRI)
  - Carve out for zero-emission emissions school buses
- Less than 20% of customers have purchased alternative-fuel powered buses

POWERED BY PROPANE | POWERED BY CNG | POWERED BY ELECTRICITY | POWERED BY GASOLINE



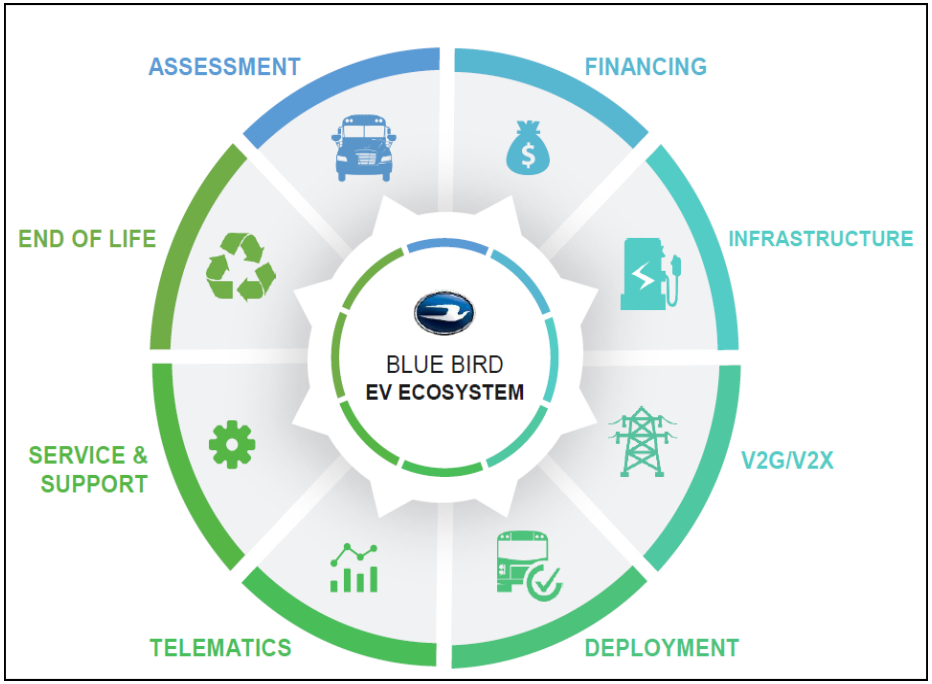
Undisputed leader in alternative fuels; significant growth planned

1 as of 2/8

Blue Bird's EV Plan – Focused on Growth

The EV Ecosystem

Electric Vehicles bring new opportunities and challenges for OEMs – carefully selected partnerships are key to leadership in total customer experience



Leadership in Electric School Bus

- Full line-up of Type A,C&D buses
- Selecting partners in the Ecosystem to fully support customers in all aspects of EV management
- Implementing plans that ensure BB products are always fully competitive or better
- Positioned to take advantage of new Federal and State EV incentives

Commercial Chassis

- New initiative to provide EV chassis to producers of commercial vehicles
- Opportunity to enter a rapidly growing segment with a proven OEM chassis and factory-installed electric powertrain
- Accumulating >2M miles annually in EV, within 1.5B annual miles for all BB buses

Focused on maintaining leadership in the Electric School Bus market and entering the rapidly emerging EV commercial market with our extensive range of chassis offerings. More details to come …

School Bus & Commercial Classifications

School Bus Classification	Commercial Classification
 **Type C Buses** (Conventional) Seating Capacity: 36-83 Fuel Types: Diesel, Propane, CNG, Gasoline, Electric	**Class 5, 6 & 7**
 **Type D RE/FE Buses** (Transit-Style) Seating Capacity: 54-90 Fuel Types: Diesel, CNG, Electric	**Class 6 & 7**
 **Type A Buses** Seating Capacity: 10-30 Fuel Types: Diesel, Propane, Gasoline, Electric	**Class 3 & 4**

Blue Bird can offer a full line of Class 3-7 commercial chassis



Jeff Taylor

CFO

FINANCIAL RESULTS

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1Q Results – Summary

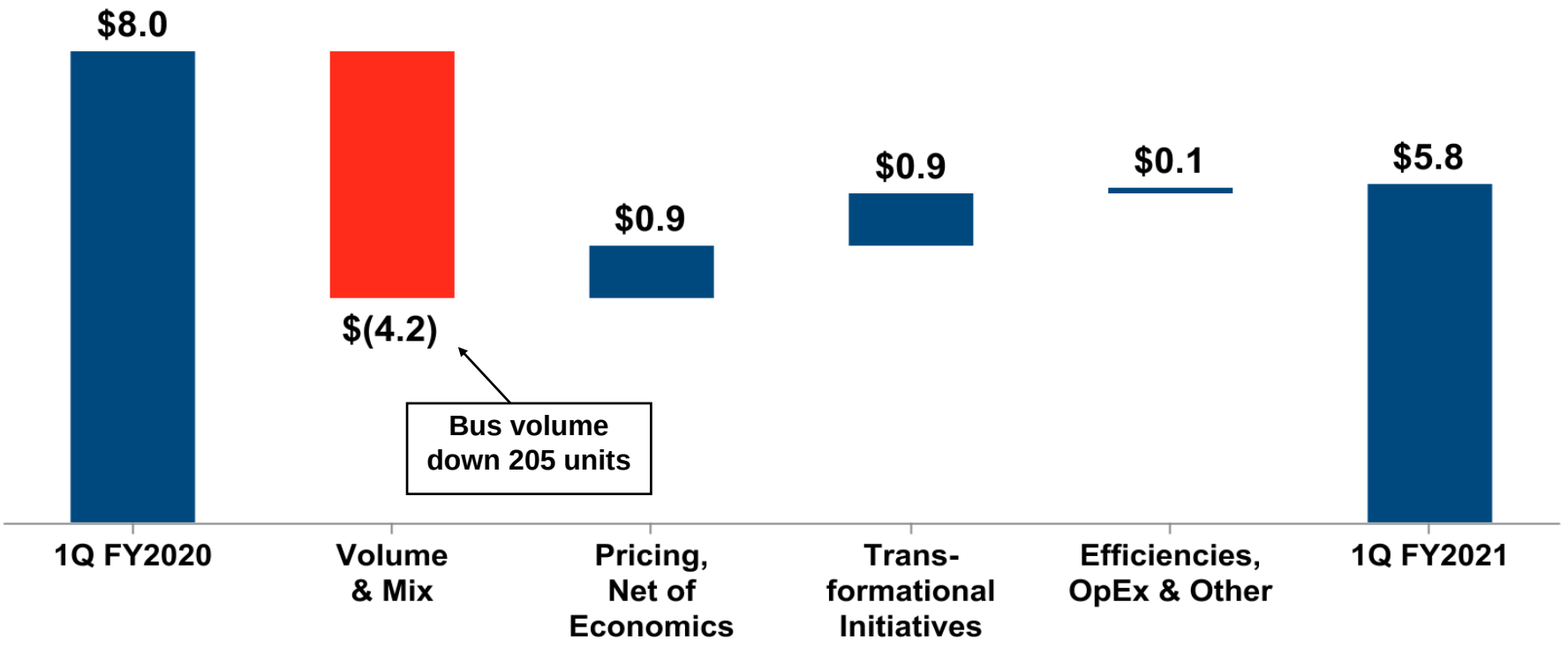
($ Millions unless noted)	1Q FY2021	1Q FY2020	B/(W)
Unit Volume	1,255	1,460	(205)
Net Revenue	$130.4	$153.2	$(22.8)
Bus Rev./Unit ($000's)	*$93.9*	*$92.3*	*$1.6*
Gross Margin	11.1%	13.9%	(280) bps.
SG&A	$14.7	$20.5	$5.8
Net Income	$(1.6)	$(0.4)	$(1.2)
Adj. Net Income[1]	$0.1	$2.0	$(2.0)
Adj. EBITDA[1]	$5.8	$8.0	$(2.2)
Adj. EBITDA Margin	4.4%	5.2%	(80) bps.
Diluted EPS ($'s)	$(0.06)	$(0.02)	$(0.04)
Adj. Diluted EPS[1] ($'s)	$—	$0.07	$(0.07)
Cash	$23.9	$7.7	$16.2
Debt	$171.0	$215.9	$44.9

COVID-19 impacted volume; Cost controls were successful; ASP improvement continued

[1] See appendix for additional detail regarding non-GAAP measures

1Q FY2020 to FY2021 Adj. EBITDA Walk

($ Millions)



1Q profit decline driven by lower sales (205 units), partially offset by improved pricing, transformational initiatives, higher efficiencies and cost initiatives

[1]See appendix for additional detail regarding Adjusted EBITDA

FY2021 Free Cash Flow

	1Q		
($ Millions)	FY2021	FY2020	B/(W)
Adjusted EBITDA	$ 5.8	$ 8.0	$ (2.2)
Cash Paid for Interest (Net)	(3.7)	(2.2)	(1.5)
Trade Working Capital[1]	(16.4)	(80.2)	63.8
CAPEX	(3.3)	(9.3)	6.0
Cash Taxes	—	—	—
Other[2]	3.7	(7.1)	10.8
Adjusted Free Cash Flow	$ (13.9)	$ (90.8)	$ 76.9
Operational Transformation Initiatives/Other	(0.1)	(1.1)	1.0
Product Redesign	(0.2)	(3.4)	3.2
Cash paid for restructuring charges	(0.5)	—	(0.5)
COVID-19	(0.2)	—	(0.2)
Free Cash Flow	$ (14.8)	$ (95.3)	$ 80.5

[1] Inventories, accounts receivable and accounts payable

[2] Accrued expenses and other receivables

Adj. Free Cash Flow for FY2021 was $(13.9)M or $76.9M better than FY2020 due to significantly improved TWC and lower CapEx

Net Debt, Leverage & Liquidity

($ Millions)	As of January 2, 2021
Debt	**$171.0**
Cash	**23.9**
Net Debt	**$147.1**
Net Debt / Adjusted EBITDA	**2.8x**
Net Leverage Ratio	**3.1x**
TTM EBITDA[1] versus a minimum required TTM EBITDA covenant of $24.5M	**$48.7**
Liquidity[2] versus a minimum required liquidity covenant level of $15M	**$121.2**

[1] TTM EBITDA as defined in our Credit Agreement dated as of December 12, 2016
[2] Liquidity is defined as cash and cash equivalents plus availability on revolving line of credit

Cash conservation measures in place and working



Phil Horlock
President & CEO

PRIORITIES AND OUTLOOK

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New Administration's Support for Schools and EV

- Calling on Congress to provide at least $130 billion in dedicated funding to K-12 schools, as well as $350 billion in flexible state and local aid that would help districts avoid lay-offs and close budget gaps. (1/21/21)

- "It should be a national priority to get our kids back into school and keep them in school," Biden said. "If Congress provides the funding, we need to protect students, educators and staff. If states and cities put strong public health measures in place that we all follow, then my team will work to see that the majority of our schools can be open by the end of my first 100 days." (12/8/20)

- "Build Back Better" plan … making all American-made buses zero-emission by 2030, starting with the school bus fleet, which would convert within five years. (Dec 2020)

- Buy America campaign … $400 billion procurement investment for American-made goods … should encourage US businesses to adopt electric vehicle fleets … and will include a proposal to "Convert all 500,000 school buses to battery power by the end of this decade." (Biden Campaign statement)

Specific focus on schools reopening and school bus fleet shifting to EV

Outlook: Well-Positioned for Schools Resuming

❖ Blue Bird Focus

- Executing margin-growth strategy – increase bus selling price, lower cost and increase mix of alternative-powered. New products and features planned
- Single shift operation launched smoothly, improving cost, efficiencies and quality; daily capacity increase in place for 2Q FY2021
- Prioritized EV leadership and growth, expanding beyond school buses into commercial chassis; organizing as unique and focused division within Blue Bird

❖ External Environment

- Return to "normal industry" requires increasing resumption of class-room teaching. Positive developments in the timing and availability of COVID vaccines and new Administration's 100 day goal to open schools increases optimism for 2H FY2021
- Demand fundamentals high with 25% of US/Canada fleet aged 15 years or older



Given the uncertainty, we are maintaining our wide guidance range

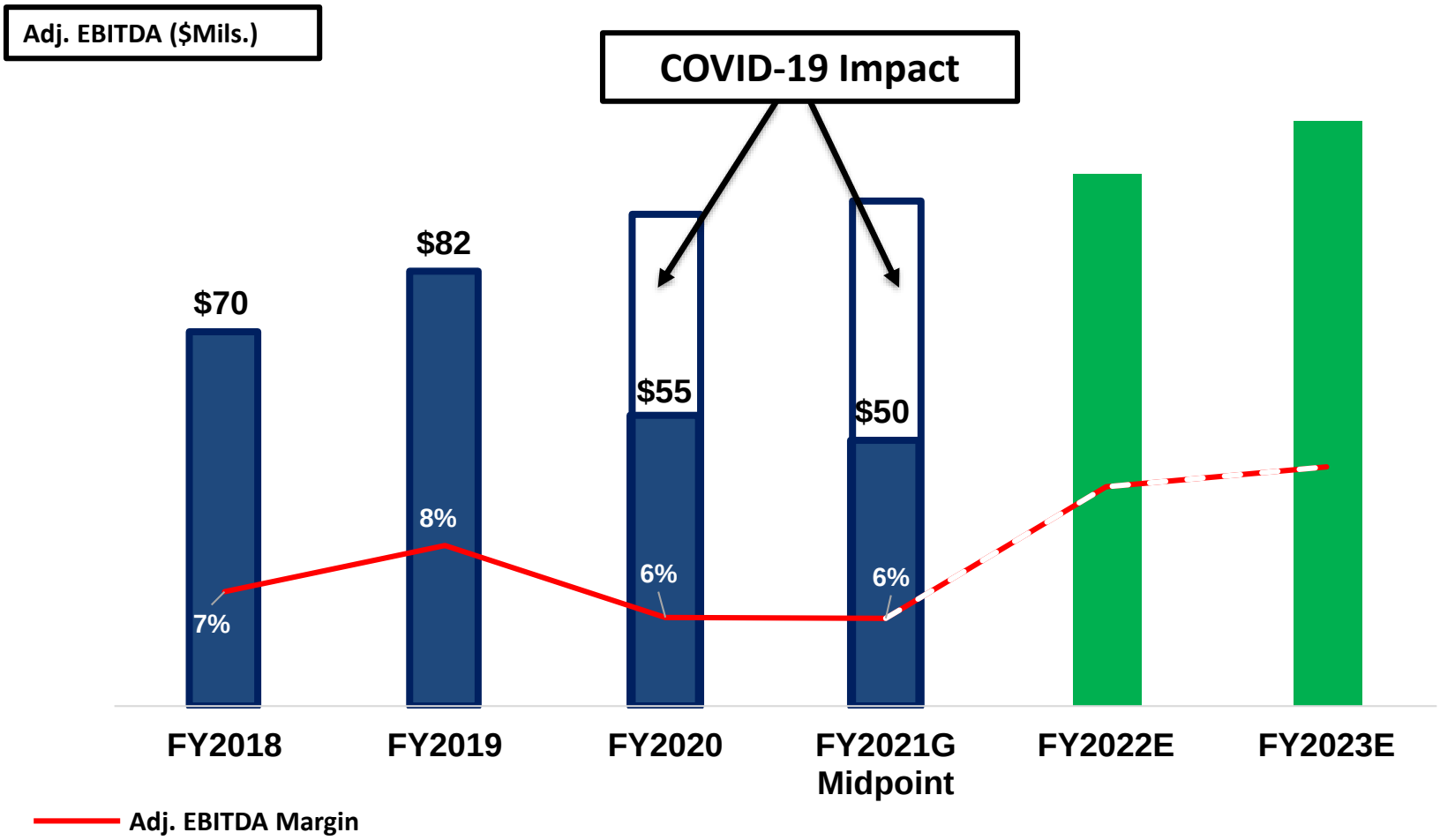
FY2021 Guidance: Planning Prudently, Operating Aggressively

$ Millions	FY2020	FY2021 Guidance	B/(W)
Net Revenue	$879	$750 - $975	$(129) - $96
Adj. EBITDA[1]	$55	$40 - $65	$(15) - $10
Adj. Free Cash Flow[1]	$(1)	$(5) - $20	$(4) - $21

- FY2021 Guidance uncertain; well positioned to capitalize on rebound
- Industry assumptions range from 26k to 30k
- Planning prudently while operating aggressively

We will narrow guidance as information develops around vaccine distribution, and, more importantly, plans for school start

EBITDA Margin Growth Back on Track in FY2022



Industry expected to rebound in FY2022 as schools resume.
Adj. EBITDA margin returns to growth glidepath in FY2022



Q&A

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Appendix

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Adj. EBITDA Reconciliation

Reconciliation of Net Loss to Adjusted EBITDA

(in thousands of dollars)	Three Months Ended January 2, 2021	Three Months Ended January 4, 2020
Net loss	$ (1,614)	$ (403)
Adjustments:		
Interest expense, net (1)	2,012	2,000
Income tax benefit	(521)	(326)
Depreciation, amortization, and disposals (2)	3,676	3,520
Operational transformation initiatives	55	1,114
Share-based compensation	724	1,093
Product redesign initiatives	186	1,010
Restructuring charges	494	—
Costs directly attributed to the COVID-19 pandemic (3)	170	—
Loss on debt modification	598	—
Other	—	6
Adjusted EBITDA	$ 5,780	$ 8,014
Adjusted EBITDA margin (percentage of net sales)	4.4 %	5.2 %

(1) Includes $0.1 million for both three-month fiscal periods, representing interest expense on lease liabilities, which are a component of lease expense and presented as a single operating expense in selling, general and administrative expenses on our Condensed Consolidated Statements of Operations.
(2) Includes $0.2 million for both three-month fiscal periods, representing amortization charges on right-to-use lease assets, which are a component of lease expense and presented as a single operating expense in selling, general and administrative expenses on our Condensed Consolidated Statements of Operations.
(3) Primarily costs incurred for third party cleaning services and personal protective equipment for our employees in response to the COVID-19 pandemic.

Free Cash Flow Reconciliation

Reconciliation of Free Cash Flow to Adjusted Free Cash Flow

(in thousands of dollars)	Three Months Ended January 2, 2021	Three Months Ended January 4, 2020
Net cash provided by operating activities	$ (11,497)	$ (85,988)
Cash paid for fixed assets	(3,317)	(9,287)
Free cash flow	$ (14,814)	$ (95,275)
Cash paid for product redesign initiatives	186	3,380
Cash paid for operational transformation initiatives	55	1,114
Cash paid for restructuring charges	494	—
Cash paid for costs directly attributed to COVID-19	170	—
Adjusted free cash flow	$ (13,909)	$ (90,781)

Adjusted EPS Reconciliation

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Reconciliation of Net Loss to Adjusted Net Income

(in thousands of dollars)	Three Months Ended January 2, 2021	Three Months Ended January 4, 2020
Net loss	$ (1,614)	$ (403)
Adjustments, net of tax benefit or expense (1)		
Operational transformation initiatives	41	836
Product redesign initiatives	140	758
Share-based compensation	543	820
Restructuring charges	371	—
Costs directly attributed to the COVID-19 pandemic (2)	128	—
Loss on debt modification	449	—
Other	—	5
Adjusted net income, non-GAAP	$ 56	$ 2,014

(1) Amounts are net of estimated statutory tax rates of 25%.
(2) Primarily costs incurred for third party cleaning services and personal protective equipment for our employees.

Reconciliation of Diluted EPS to Adjusted Diluted EPS

	Three Months Ended		Three Months Ended	
	January 2, 2021	January 4, 2020	January 2, 2021	January 4, 2020
Diluted loss per share	$ (0.06)	$ (0.02)	$ (0.06)	$ (0.02)
One-time charge adjustments, net of tax benefit or expense	0.06	0.09	0.06	0.09
Adjusted diluted earnings per share, non-GAAP	$ —	$ 0.07	$ —	$ 0.07
Weighted average dilutive shares outstanding	27,060,259	26,936,709	27,060,259	26,936,709

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 (including tariffs) 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 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.

Forward-looking statements in this document also may include, but are not limited to, statements regarding the pricing of the share repurchase, the potential tender offer by Blue Bird for shares of its common stock, and the benefits and timing of any potential tender offer. Many risks, contingencies and uncertainties could cause actual results to differ materially from Blue Bird's forward-looking statements. Among these factors are the risk that Blue Bird may decide not to commence the tender offer, and that if Blue Bird does commence a tender offer, that the offer may not be completed.

Important Disclaimers

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Non-GAAP Financial Measures

This presentation may include the following non-GAAP financial measures: “Adjusted EBITDA,” "Adjusted EBITDA Margin," “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 discontinued operations income or loss, interest income, interest expense including the component of lease expense (which is presented as a single operating expense in selling, general and administrative expenses in our GAAP financial statements) that represents interest expense on lease liabilities, income taxes, depreciation and amortization including the component of lease expense (which is presented as a single operating expense in selling, general and administrative expenses in our GAAP financial statements) that represents amortization charges on right-to-use lease assets, and disposals, as adjusted to add back certain charges that we may record each year, such as stock-compensation expense, as well as non-recurring charges such as (i) significant product design changes; (ii) transaction related costs; (iii) discrete expenses related to major cost cutting initiatives; or (iv) costs directly attributed to the COVID-19 pandemic (3). We believe these expenses are not considered an indicator of ongoing company performance. We define Adjusted EBITDA margin as Adjusted EBITDA as a percentage of net sales.

Adjusted Net Income is net income as adjusted to add back certain costs as mentioned above. Adjusted Diluted Earnings per Share represents Adjusted Net Income available to common stockholders by diluted weighted average common shares outstanding (as if we had GAAP net income during the respective period). Adjusted Net Income and Adjusted Diluted Earnings per Share are calculated net of taxes.

Free cash flow represents net cash provided by/used in operating activities minus cash paid for fixed assets Adjusted Free Cash Flow represents Free Cash Flow minus cash paid for (i) significant product design changes; (ii) transaction related costs; or (iii) discrete expenses related to major cost cutting initiatives.

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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