Nasdaq: BLBD

Blue Bird Corporation

Investor Presentation

March 2021



BLUE BIRD®

BUILT TO TAKE ON TOMORROW.

Agenda

- Executive Summary
- School Bus Industry Overview
- Company & Product Highlights
- Outlook



Executive Summary

- Schools beginning to reopen; good news for bus orders
- Aging school bus fleet; >150,000 buses need replacing
- Leader in alternative power; #1 in electric & propane school buses
- ~50% of Blue Bird sales are non-diesel; <10-20% for competitors
- Government's commitment to electrification of 550,000 school buses in the US
- Proposed Clean Bus Program provides $2.5B annual funds over 8years, representing 12-15,000 electric buses annually
- Full range of chassis that can be offered to third parties, led by EV
- Reducing structural costs, increasing unit revenue and growing alt-power mix
- As schools reopen and industry rebounds, on track to achieve 10%+ EBITDA margin by FY2022/23



Well positioned for growth and to capitalize on expected surge in EV Demand



School Bus Industry Overview

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School Bus Industry Products



Type C Buses
(Conventional)
Seating Capacity: 36-83
Fuel Types: Diesel, Propane, CNG, Gasoline, Electric



Type D FE Buses
(Front Engine, Transit-Style)
Seating Capacity: 54-90
Fuel Type: Diesel



Type D RE Buses
(Rear Engine, Transit-Style)
Seating Capacity: 66-84
Fuel Types: Diesel, CNG, Electric



Type A Buses
Seating Capacity: 10-30
Fuel Types: Diesel, Propane, Gasoline, Electric (2018)

Blue Bird offers most expansive range, from 10 to 90 passengers with multiple body and engine choices

Industry Highlights

School buses are America's largest mass transit system

600k+

school buses in operation in the U.S. and Canada transporting

26 MILLION KIDS

to school on a daily basis



Attractive Industry Attributes

High barriers to entry

Highly specialized product
Complex state and customer requirements
Dealer and service network
Customer relationship driven business

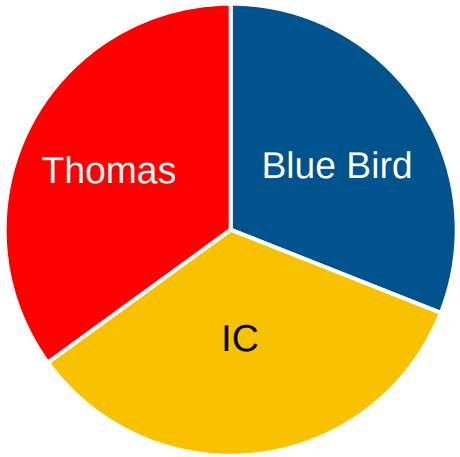
Demand Drivers

Population of school age children increasing
Increasing average age of existing fleet

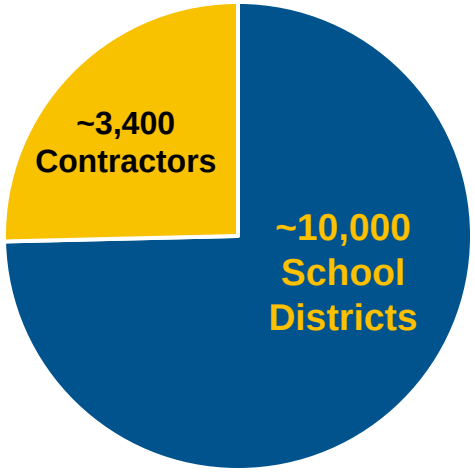
Relatively Clear Funding Sources

Property taxes are primary source of funding; volume tracks housing prices

OEMs

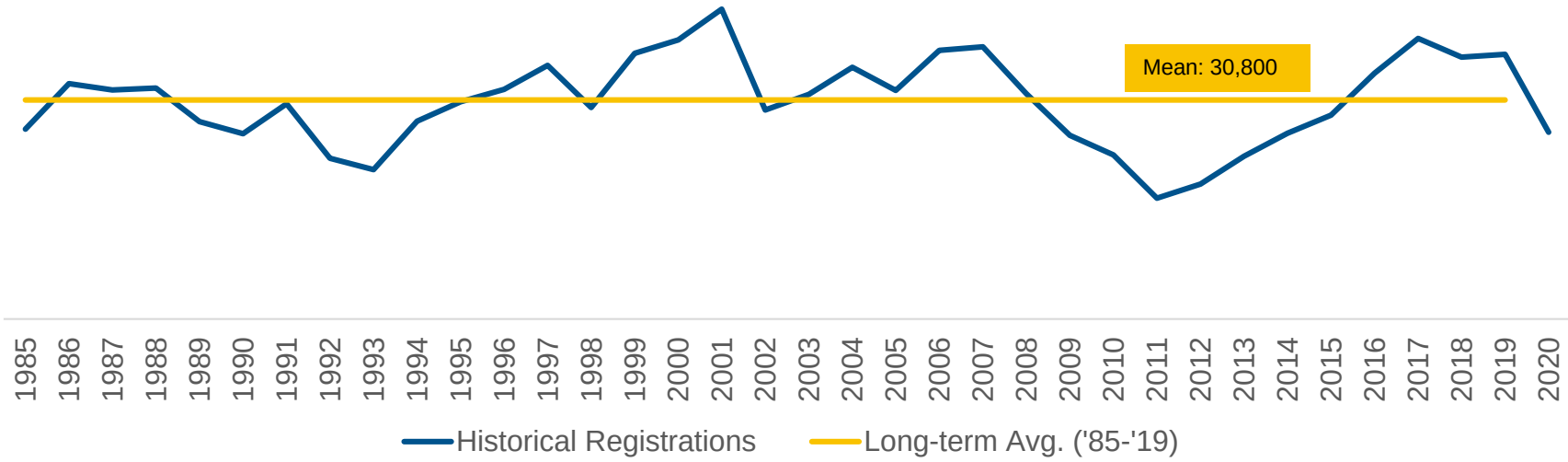


School Bus Customers



Safe and reliable transportation for over 26 million students each day

Type C & D School Bus Industry

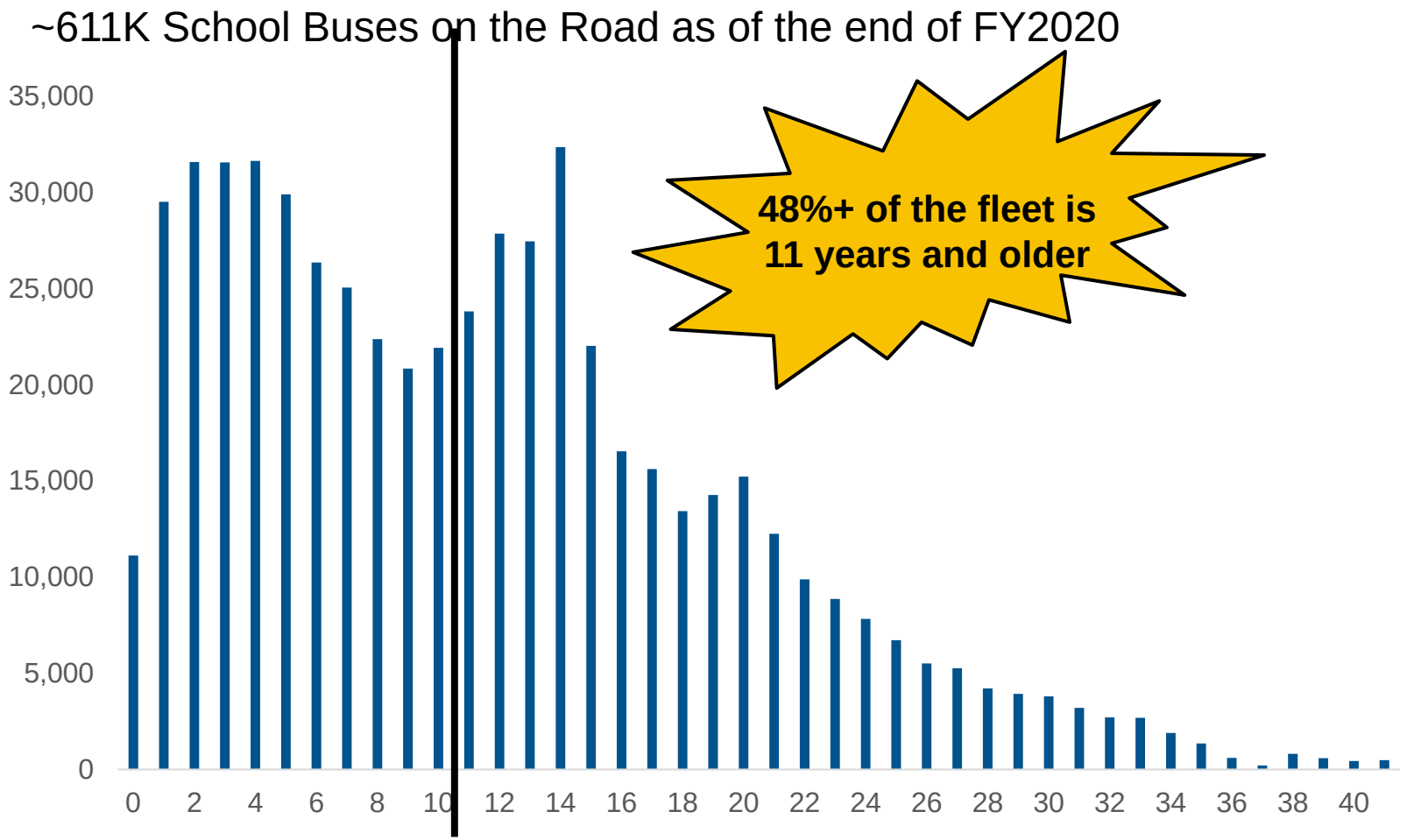


Source: R.L. Polk New Registrations, based on Type C/D school buses registered during BB fiscal year

- **Industry avg size (pre-COVID) is 31,000 new units annually based on Polk registrations**
- **Total fleet of school buses is ~611,000 units and average age is about 11 years**
- **Industry size is driven by:**
  1. ***Number of school age children***
  2. ***Age of existing fleet – most states set 15 years as a replacement target***
  3. ***Average ridership per bus***
  4. ***Funding – primarily from property tax***

FY2021 industry expected to be ~28k – 30k units due to COVID-19 impact on new bus orders

Fleet Age Profile Supports Industry Levels



~292K buses in service for more than 10 years supports high annual replacement volume. Additional funds and demand for alternative fuels further supports industry levels

Source: R.L. Polk Registrations, based on Type C/D school bus fleet at the end of BB fiscal year

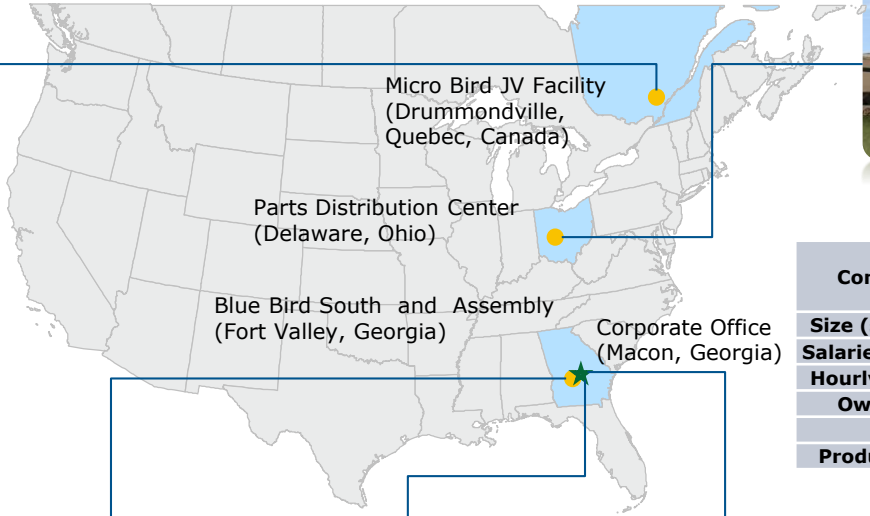


Company & Product Highlights

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Dedicated Manufacturing Footprint







	Micro Bird JV Facility (Drummondville, Quebec)
Commentary	Design, fabrication, and assembly of Micro Bird by Girardin Type A buses
Size (Square Feet)	100,000
Salaried Headcount	150
Hourly Headcount	375
Own / Lease	Lease
Labor	Unionized
Volume / Capacity	3.1K Units / 3.9K Units

	Parts Distribution Center (Delaware, Ohio)
Commentary	Electronically guided, houses and distributes parts for current and past models
Size (square feet)	200,000
Salaried Headcount	4
Hourly Headcount	26
Own / Lease	Lease
Labor	Non-Unionized
Product Breadth	32,000 SKUs







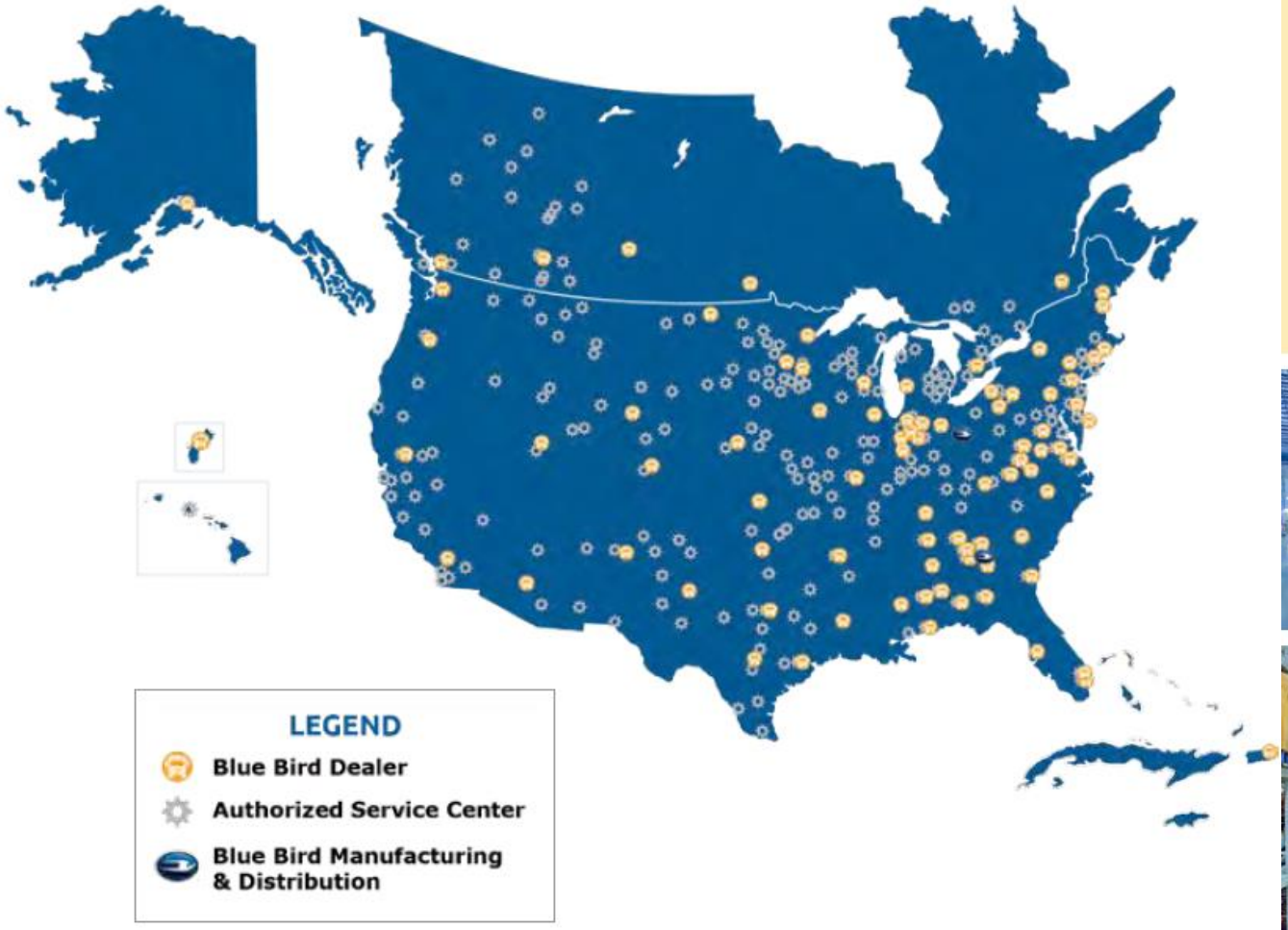
	Blue Bird South (Fort Valley, Georgia)
Commentary	Fabrication facility that manufactures parts for Type C/D vehicles assembled at HQ
Size (square feet)	340,000
Salaried Headcount	11
Hourly Headcount	305
Own / Lease	Own
Labor	Non-Unionized
Product Breadth	5,900 active SKUs

	Corporate Office (Macon, Georgia)
Commentary	New headquarters in 2nd Floor of Highridge Centre
Size (square feet)	50,000
Salaried Headcount	200
Hourly Headcount	0
Own / Lease	Lease
Labor	Non-Unionized

	Assembly (Fort Valley, Georgia)
Commentary	Centralized manufacturing, engineering, and support functions
Size (square feet)	900,000
Salaried Headcount	87
Hourly Headcount	1,631
Own / Lease	Own
Labor	Non-Unionized
Volume / Capacity	11.5K Units / 13K Units

Two production centers – Type C & D in Fort Valley, Georgia and Type A in Drummondville, Quebec. Parts warehouse in Ohio

Our Exclusive Franchised Dealer Network



50+
Dealers Worldwide

250+
Service Centers





More than 85% of Blue Bird dealers dedicated to bus sales and service

Transformational Initiatives Drive Down Cost

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FY2018

Phase 1

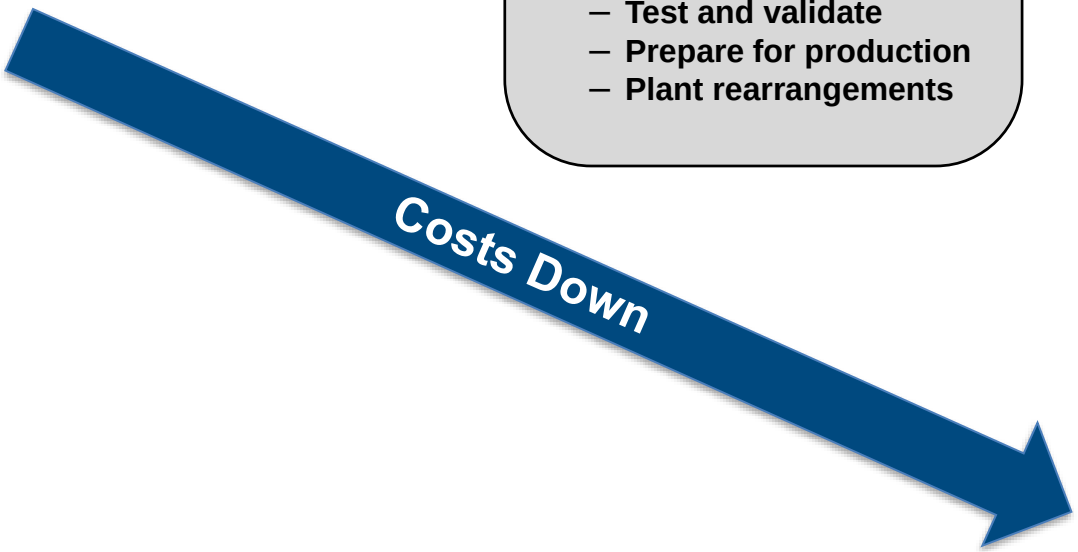
Purchased Material
- Commercial
- Sourcing

FY2019

Phase 2

Purchased Material
- Commercial
- Sourcing
- Initial design

Build and Launch
New Paint Facility
- Test and validate
- Prepare for production
- Plant rearrangements



FY2020+

Phase 3

Purchased Material
- Commercial
- Sourcing
- Design

New Paint Facility
Fully Operational
- High first-time pass rate
- Greater capacity
- Less paint usage
- Lower labor cost
- Lower warranty expense

Plant Productivity
- Optimize time per station
- Labor efficiencies
- Break bottlenecks
- Design-for-manufacturing
- Improve quality/rework
- Material setup to line
- Single Shift Production

Despite COVID-19, cost initiatives are ongoing; new paint facility fully operational; other major productivity initiatives progressing to full implementation by FY2020+

Alt-Power Leadership – Driving to Low & Zero Emissions

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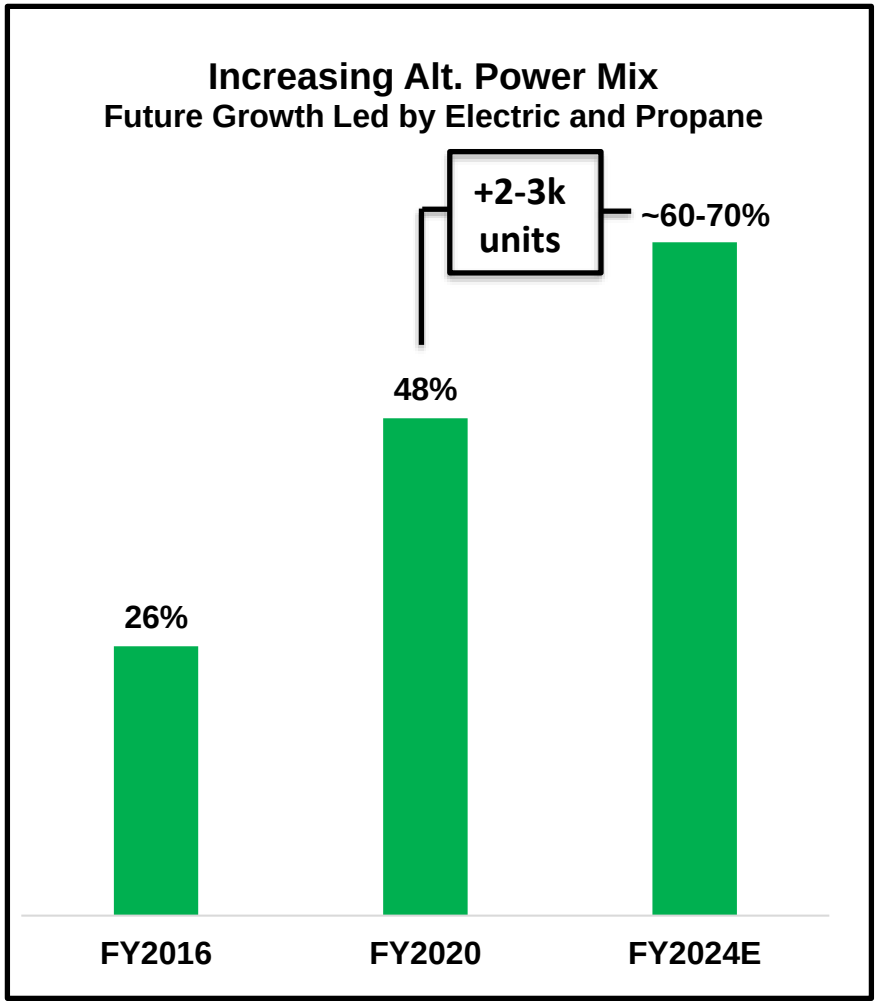
FY2021 YTD[1] Alternative-Power Bus Highlights

- 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





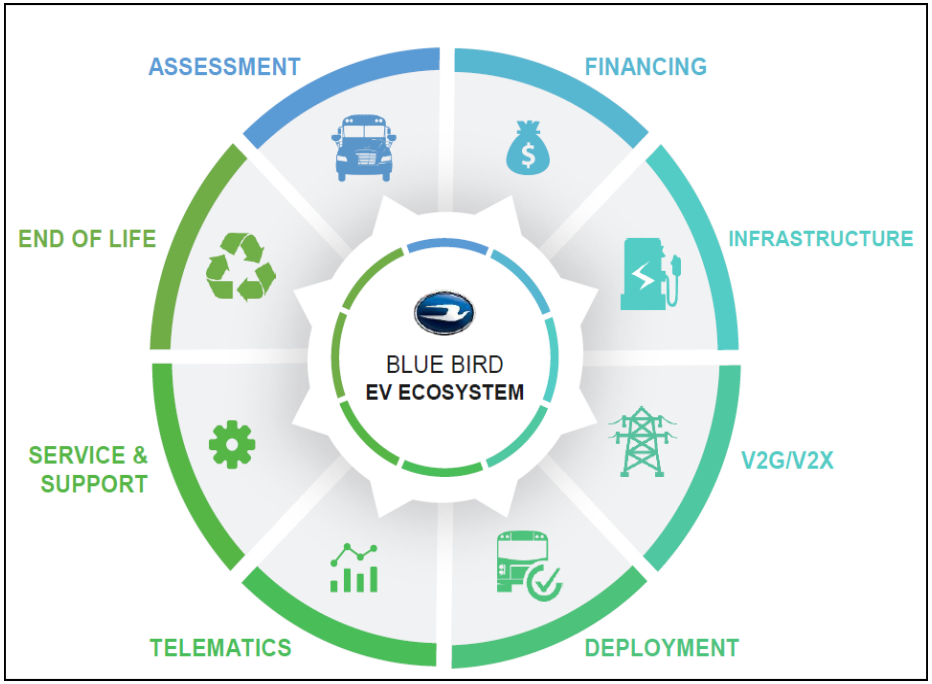
Undisputed leader in alternative fuels; significant growth planned

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 …

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)

- "Proposed "CLEAN Future Act" released by US House of Representatives in March 2021, with specific Clean Bus Program to electrify ~550,000 US school bus fleet:
  - $2.5 Billion Annually Authorized* for 8 years; run by EPA
  - Must be a 100% ZEV school bus (no fossil fuel heaters)
  - DoE to support V2G implementation
  - Buy America Provisions are included
  - Replaced School Buses must be scrapped (can't resell or use)
  - Grant covers up to "100% of EV bus cost over a diesel bus"

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

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



Outlook

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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

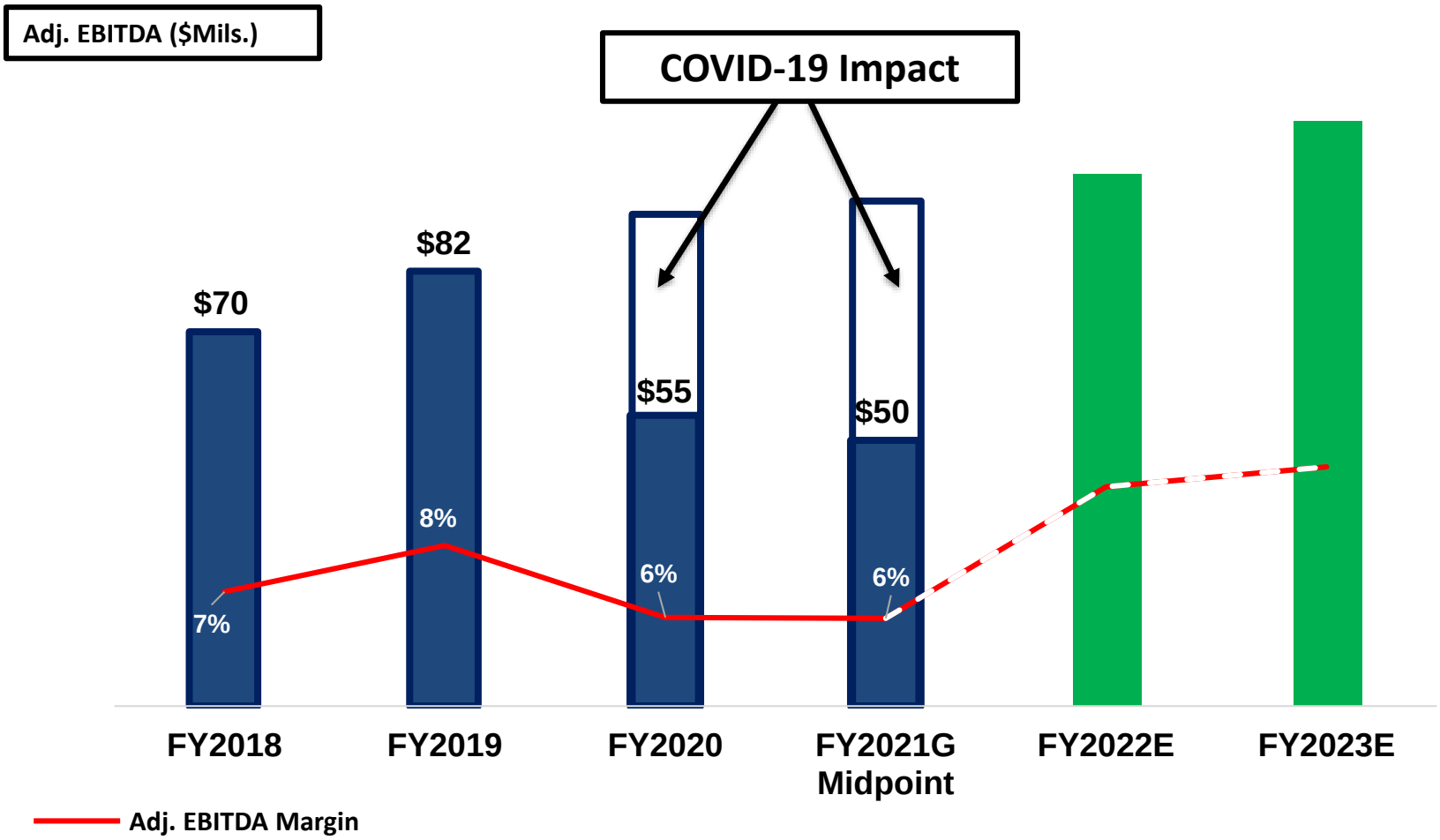
FY2021 Guidance: Planning Prudently, Operating Aggressively

$ 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

Conclusion – Exciting Outlook for Blue Bird

- Schools beginning to reopen; good news for bus orders
- Aging school bus fleet; >150,000 buses need replacing
- Leader in alternative power; #1 in electric & propane school buses
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THANK YOU!

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