

BLUE BIRD®

BLUE BIRD CORPORATION (NASDAQ: BLBD)

Fiscal 2021 Fourth Quarter and Full-Year Results

Earnings Conference Call
December 15, 2021

Agenda

Introductions & Forward-Looking Statements	**Mark Benfield** Executive Director, Profitability & Investor Relations
Business Overview	**Matthew Stevenson** President & CEO
Financial Results	**Razvan Radulescu** CFO
Outlook and Guidance	**Matthew Stevenson** 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.

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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
- Future impacts from the novel coronavirus pandemic known as "COVID-19," and any other pandemics, public health crises, or epidemics, on capital markets, manufacturing and supply chain abilities, consumer and customer demand, school system operations, workplace conditions, and any other unexpected impacts

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.

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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 or loss 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 or loss as adjusted to add back certain costs as mentioned above. Adjusted Diluted Earnings per Share represents Adjusted Net Income or loss available to common stockholders divided 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.

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BUSINESS OVERVIEW

Matthew Stevenson
President & CEO

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FY2021 Overview

Clear signs of market recovery	Supply chain headwinds	Commodity cost headwinds	Delayed production & strong orders
• Schools fully reopened in 2H21 • Pent-up demand	• Supplier / logistics disruptions • Parts shortages • Slowed production rate through 2H21	• Raw material cost increases pressured Q4 margins • Implemented price increases in July, August and October for a total of 11%	• More than 2k units delayed until FY2022 • Significant profit impact for FY2021 • No lost sales • Record backlog of ~$430M (4,200 units[1])

Demand recovering from Covid; short-term supply chain disruptions, with record backlog

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1 as of fiscal year end

FY2021 Accomplishments

Over
50%
of Sales were Alt. Power





#1 Type A School Bus Brand

6 Dealers Investing in New Facilities





20,000th Propane Bus

Record Backlog
4.2k Units[2]
(~$430M)





Plant Upgrades, Employee Engagement & New Talent



Over 550 Electric Bus Sold in FY21 or in Backlog[1]

New Partnerships, New Opportunities

NUVVE

Levo
POWERED BY NUVVE

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1 Incl. Micro Bird ~150 units *2 as of fiscal year end*

Solid Results Despite Supply Chain Headwinds

KEY FIGURES

	Q4		2021	
	UNITS SOLD	**NET** SALES	**UNITS** SOLD	**NET** SALES
	1,911	**$192M**	**6,679**	**$684M**
	(965) vs.'20	$(89)M vs.'20	(2,199) vs.'20	$(195)M vs.'20
	Adjusted EBITDA	**Adjusted** FCF	**Adjusted** EBITDA	**Adjusted** FCF
	$8M	**$(40)M**	**$34M**	**$(62)M**
	$(14)M vs.'20	$(121)M vs.'20	$(21)M vs.'20	$(61)M vs.'20

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Temporary supply chain disruptions concentrated in seasonally most robust quarter. See appendix for additional detail regarding non-GAAP measures



FINANCIAL RESULTS

Razvan Radulescu
CFO

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FY2021 Income Statement

($ Millions)	FY2021	FY2020	B/(W)
Unit Volume	6,679	8,878	(2,199)
Unit Backlog	4,236	1,180	3,056
Net Revenue	$684.0	$879.2	$(195.2)
Bus Rev./Unit ($000's)	*$93.6*	*$92.7*	*$0.9*
Gross Margin	10.5%	10.9%	(40) bps
Adj. Net Income[1]	$8.7	$22.1	$(13.5)
Adj. EBITDA[1]	$34.1	$54.7	$(20.6)
Adj. EBITDA Margin[1]	5.0%	6.2%	(120) bps
Adj. Diluted EPS[1]	$0.31	$0.82	$(0.51)

Supply chain disruptions significantly impacted volume and EBITDA

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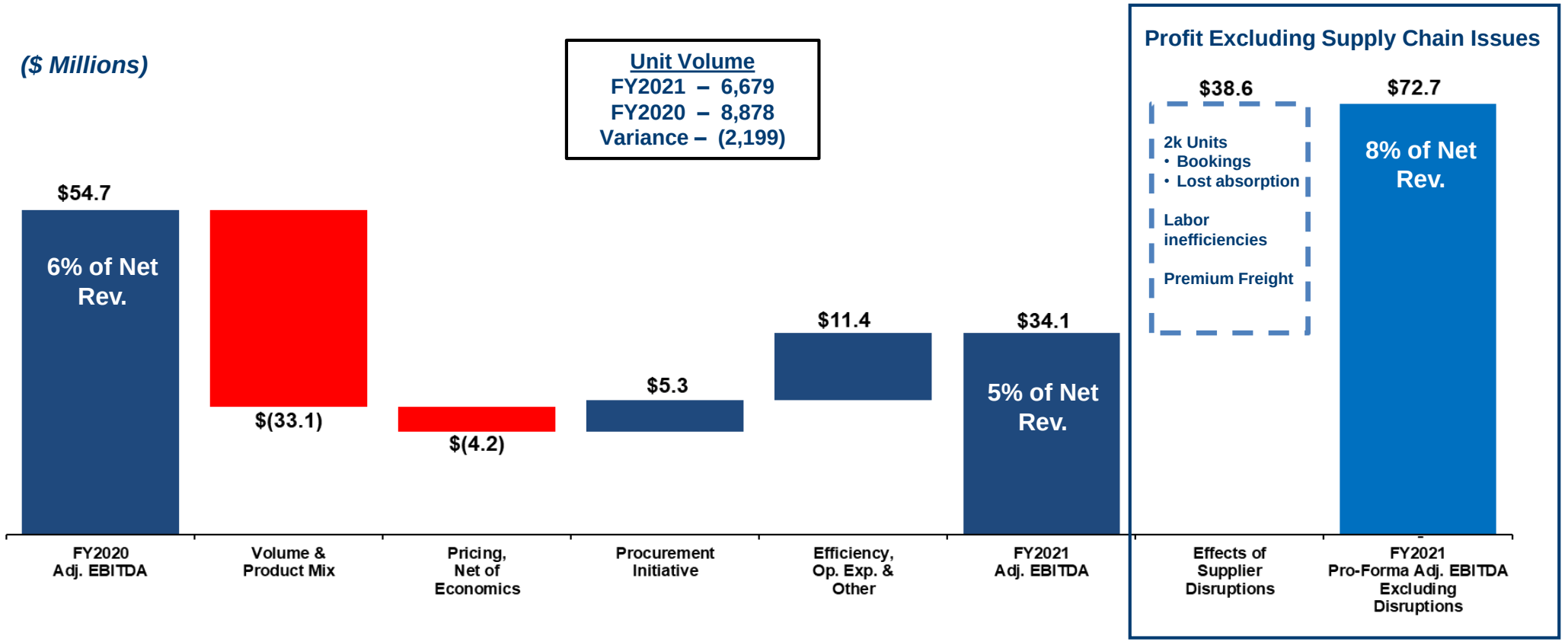
[1]*See appendix for additional detail regarding non-GAAP measures*

FY2020 to FY2021 Adj. EBITDA Walk



Global issues impacting parts supply, freight costs and manufacturing had a significant impact on FY2021 profits; all orders retained in backlog

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See appendix for additional detail regarding non-GAAP measures

Balance Sheet and Liquidity

($ Millions)	As of Oct 2, 2021
Debt	**$209.4**
Cash	**11.7**
Net Debt	**$197.7**
Net Debt / Adjusted EBITDA	**5.8x**
Net Leverage Ratio	**6.5x**
TTM EBITDA[1] versus a minimum required TTM EBITDA covenant of $27.5M	**$30.8**
Liquidity[2] versus a minimum required liquidity covenant level of $15M	**$60.4**

4th Credit Amendment in Nov. 2021

- Provided for Credit Covenant relief through 1H of FY2023
- Additional $10M of revolver Commitment available
- New Pricing Levels
  - LIBOR Floor (75 bps) + 425 bps if NLR 4.5 to <5
  - LIBOR Floor (75 bps) + 525 bps if NLR > 5

Additionally, $200M form S-3 shelf registration filing in Nov. 2021

Prudent and fiscally responsible corporate governance provides flexibility for capital management

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

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FY2021 Balance Sheet and Cash Flow Summary

($ Millions)	FY2021	FY2020	B/(W)
Cash	$11.7	$44.5	$(32.8)
Debt	$209.4	$174.1	$(35.3)
Operating Cash Flow	$(54.2)	$3.5	$(57.7)
Adj. Free Cash Flow[1]	$(62.0)	$(0.9)	$(61.1)
Trade Working Capital*	$(56.9)	$(15.0)	$(41.9)

Free Cash Flow lower primarily due to higher inventory levels, driven by delayed production

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**** Inventories, accounts receivable and accounts payable***

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

Balanced Costing and Pricing Actions

Costing Actions

- Increase our direct-buy, Steel hedging program, and extend it to our key suppliers
- Engineer second or third source suppliers for key components, resource where needed
- Explore vertical integration options (make/buy)
- Reduce labor inefficiencies during supply disruptions
- Reduce fixed overhead (SG&A and Engineering) and CAPEX in 2022

2H-22



Pricing Actions

- Implemented ~11% price increase to recover known cost increases
- Monitor win/lose rate and adjust as needed
- Reduced quote guarantee from 90 to 60 days
- Watch raw materials development and adjust pricing as needed
- Implementing variable pricing (PPI based) inside 12 months, and keep a fixed price option

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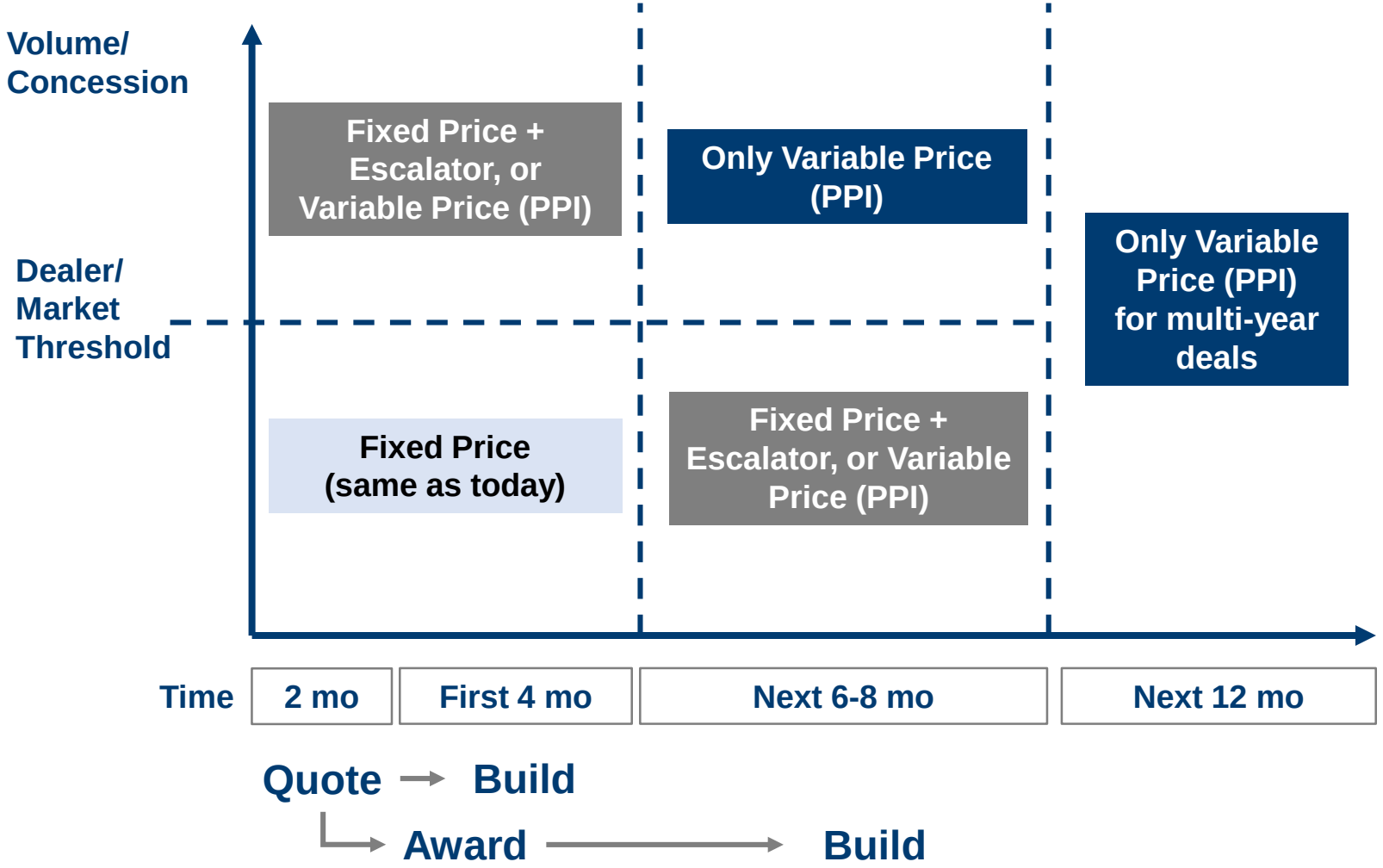
Implemented Variable Pricing (PPI*), Kept Fixed Price Option



New Variable Pricing Model

- The traditional school bus pricing model does not work in the current inflationary environment
- We are implementing a Variable Pricing Model, while still providing a fixed (higher) price option
- The Dealer / Customer can choose which model they prefer, based on their risk profile and flexibility
- This model reduces the margin compression risk for Blue Bird, provides customer flexibility, and ensures proper market dynamics

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**Producer Price Index by Commodity: Transportation Equipment: Truck and Bus Bodies WPU 1413*

FY2022 Guidance: First half significantly impacted by supply chain

$ Millions	FY2021	FY2022 Guidance	B/(W)
Net Revenue	$684	$750 - $850	$66- $166
Adj. EBITDA[1]	$34	$30 - $50	$(4) - $16
Adj. Free Cash Flow[1]	$(62)	$35 - $55	$97 - $117

- 1H FY2022 impacted supply chain disruptions, limiting the units sold
- Significant pricing exposure for 1H units due to traditional school bus selling cycle
- Planning prudently while operating aggressively, and anticipating supply relief in 2H

Anticipate stronger 2H of FY2022 as 11% price increase takes hold and supply chain issues ease

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



PRIORITIES AND OUTLOOK

Matthew Stevenson
President & CEO

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Blue Bird Leadership Team



Razvan Radulescu, CFO

Razvan has over 20 years of financial and operating experience at Daimler Trucks, where he held various roles of increasing responsibility in Finance and Procurement, including IT and compliance.

Most recently, Razvan served as General Manager of Procurement for Daimler Trucks North America, responsible for all production material and aftersales component purchases. Prior to that, between 2017-2020, Razvan was CFO of the Global Powertrain Daimler Truck Business Unit located in Stuttgart, Germany. From 2013 to 2017, Razvan was Controller for Freightliner Trucks, inside Daimler Trucks North America.



Vijay Boova, Senior VP of Lean Transformation and Quality

Vijay has over 20 years of lean, quality and continuous process improvement experience. In operations/manufacturing, Vijay has held leadership roles with Daikin Manufacturing and Whirlpool Corporation.

Most recently, Vijay served as head of Daikin Manufacturing Company's Operations and New Production launch team. Prior to that, Vijay was head of Whirlpool Corporation's Production System function.

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Three Foundational Objectives



Take CARE of Employees

- Safety
- Employee Engagement
- Voluntary Attrition

DELIGHT Customers & Dealers

- Defects Per Unit
- 30-day Warranty
- On-time Delivery

DELIVER Profitable Growth

- EBITDA
- Free Cash Flow
- % of Alt Power

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FY2022 Focus Areas

Our People



Lean Transformation



Expanding Our TAM



Scaling EV



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Blue Bird Complete Ecosystem for EV School Bus Deployment

END OF LIFE

Determine recycling program for used batteries after use

SERVICE & SUPPORT

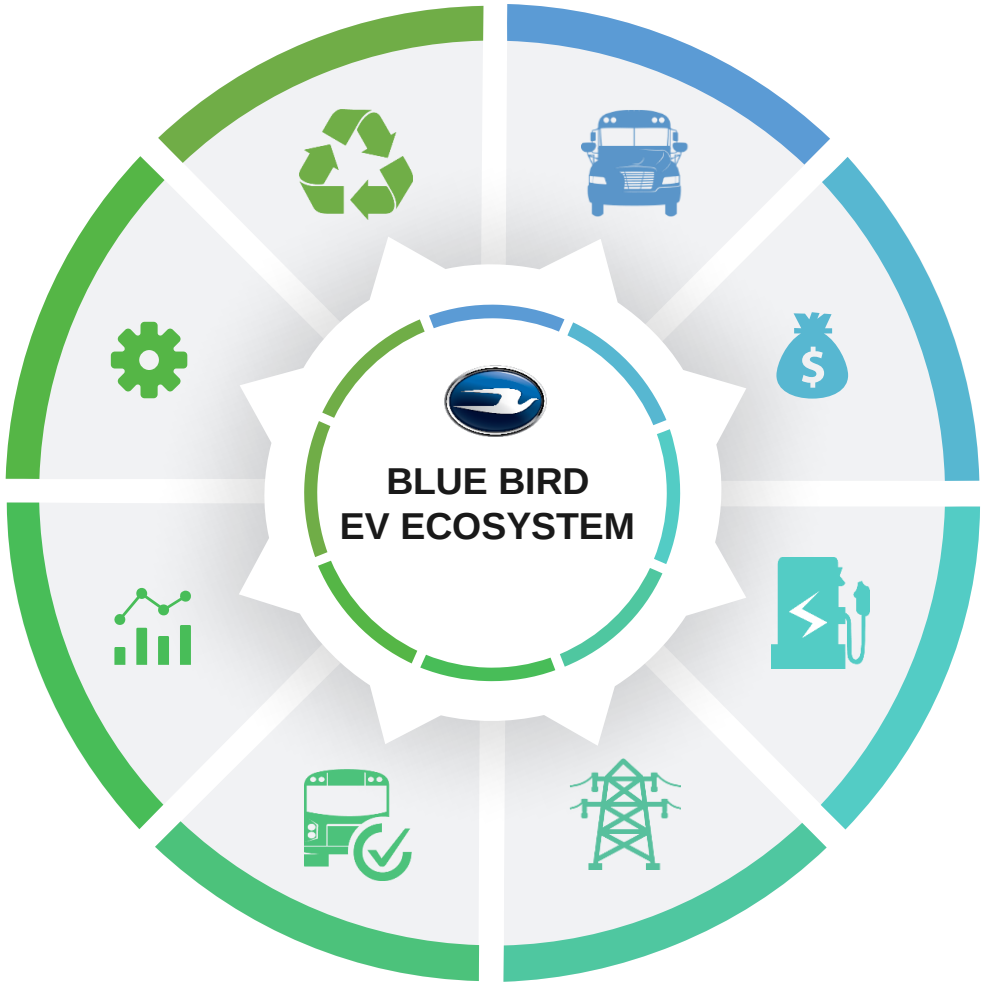
Connect with dealer and EV system provider to support and service bus throughout its lifetime

TELEMATICS

Set up a solution to track bus performance, diagnostics and more

DEPLOYMENT

Build and deliver buses, as well as offer driver, safety and technician training services



ASSESSMENT

Determine what bus best fits the customer's needs based on terrain, climate and route planning

FINANCING

Identify financing through grants, tax breaks, subsidies or lending services

INFRASTRUCTURE

Assess infrastructure needs and connect to the right partners for energy sourcing and infrastructure installation

V2G/V2X

Create vehicle-to-grid plan with revenue potential and utility involvement

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Strong Partnerships Created to Deploy Our Ecosystem

Nuvve Announces First-of-its-Kind V2G Hub at Blue Bird Factory to Optimize Utilization of Electric Buses and Provide Capacity to the Grid

Nuvve plans to install up to 200 V2G DC fast charging stations to charge and discharge Blue Bird electric buses coming off the production line in Georgia.

Nuvve and Blue Bird Announce Plans to Expand Partnership and Utilize Levo's Fleet-as-a-Service Leasing Model

Expanded partnership utilizes Nuvve's vehicle-to-grid technology in Blue Bird electric buses to make electrification of student transportation more accessible and affordable.

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Positive Long-Term Outlook

Continuing to deliver structural / margin improvements

- Gross margin should expand as production volume returns
- Total price increases of ~ 11% effective starting in 2H-22
- Lean Transformation program started to improve efficiencies

Leader in providing low-emission school buses

- Strong mix of alt.-powered buses (non-diesel)
- Market leader in electric and propane school buses
- $5B in US federal government funding for vehicle electrification passed; potentially $5B additional coming (Reconciliation bill)
- Strong government EV support also in Canada

In discussions with both customers and EV-drivetrain suppliers for commercial chassis manufacturing

$5B for EV & Clean School Buses



Positioned for market recovery; leader in alt. power with growing EV order backlog

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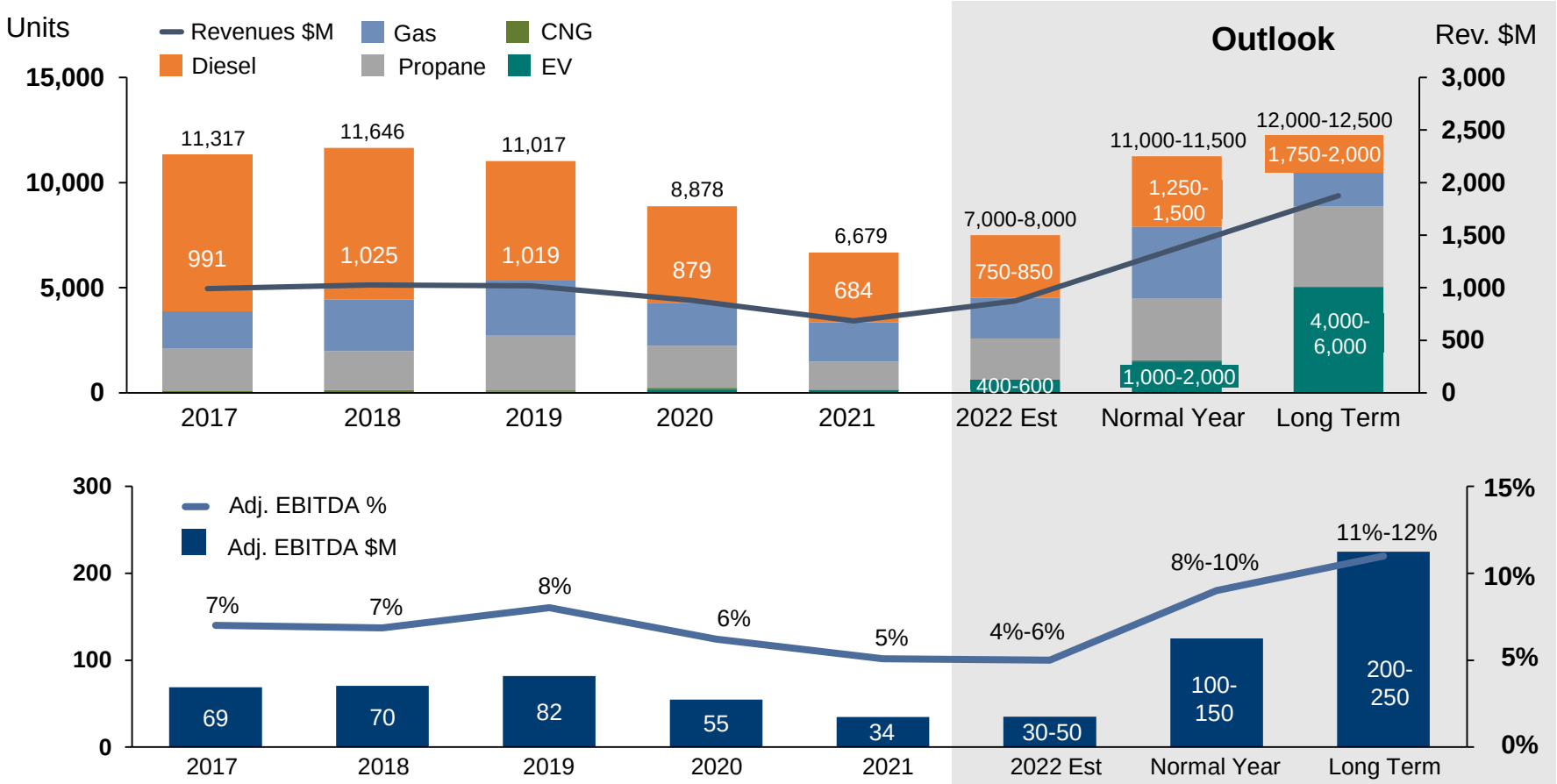
Long-Term Outlook Driven by Market Recovery, EV, and Lean Transformation



FY2022 Guidance

- Challenging 1H, with expected volume and margin recovery in 2H, Adj. EBITDA 4%-6%

Long Term Outlook

- Normal Year back to 11,000+ units and Adj. EBITDA 8%-10% once the supply chain normalizes
- Long Term potential towards $2Bn in Rev., with EV around 5,000 units and Adj. EBITDA 11%-12%

Growth path towards $2Bn Revenues and 12% Adj. EBITDA ($250M)

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New Capital to Drive Growth

Coliseum Capital Investment in BLBD

$75 Million Investment

- Provides proper balance sheet to react quickly to rapidly evolving EV opportunity
- Shares priced at $16/share
- One Board seat

Experienced BLBD Investors

- Previous Blue Bird Board Member (2015-2017)
- Anchor investor when BLBD became publicly traded (2015)
- Many years of bus-industry experience

"With a compelling backdrop of long-term industry fundamentals, we are pleased to rejoin the Blue Bird family as an anchor investor, providing the new team with both the runway and flexibility to strengthen and extend the company's leadership position in alternative power, particularly electric school buses."

Adam Gray, Coliseum Capital

Q&A

APPENDIX

Adj. EBITDA Reconciliation

Reconciliation of Net Income to Adjusted EBITDA

(in thousands of dollars)	Three Months Ended		Fiscal Year Ended	
	October 2, 2021	October 3, 2020	October 2, 2021	October 3, 2020
Net (loss) income	$ (2,388)	$ 11,940	$ (289)	$ 12,185
Adjustments:				
Interest expense, net (1)	2,689	2,404	10,010	12,616
Income tax expense (benefit)	(2,079)	1,898	(1,191)	1,519
Depreciation, amortization, and disposals	3,524	3,881	13,642	15,096
Operational transformation initiatives	(33)	186	189	3,404
Share-based compensation	4,015	36	5,938	4,141
Product redesign initiatives	1,575	905	3,483	4,068
Restructuring charges	165	282	659	646
Costs directly attributed to the COVID-19 pandemic (3)	111	372	1,024	1,000
Loss on debt modification	—	—	598	—
Other	40	—	40	6
Adjusted EBITDA	$ 7,619	$ 21,904	$ 34,103	$ 54,681
Adjusted EBITDA margin (percentage of net sales)	4.0 %	7.8 %	5.0 %	6.2 %

(1) Includes $(0.1) million and $0.1 million for three month fiscal periods and $0.3 million and $0.4 million for the twelve month fiscal periods ended October 2, 2021 and October 3, 2020, respectively. The amounts represent 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 and $0.8 million and $0.7 million for the twelve month fiscal periods ended October 2, 2021 and October 3, 2020, respectively. The amounts represent 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.

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Free Cash Flow Reconciliation

Reconciliation of Free Cash Flow to Adjusted Free Cash Flow

(in thousands of dollars)	Three Months Ended		Fiscal Year Ended	
	October 2, 2021	October 3, 2020	October 2, 2021	October 3, 2020
Net cash (used in) provided by operating	$ (40,003)	$ 81,763	$ (54,241)	$ 3,459
Cash paid for fixed assets	(1,908)	(2,244)	(12,212)	(18,968)
Free cash flow	$ (41,911)	$ 79,519	$ (66,453)	$ (15,509)
Cash paid for product redesign initiatives	1,575	905	3,483	9,553
Cash paid for operational transformation initiatives / Other	(33)	186	(712)	3,404
Cash paid for restructuring charges	165	282	659	646
Cash paid for costs directly attributed to COVID-19	111	372	1,024	1,000
Adjusted free cash flow	(40,093)	81,264	(61,999)	(906)

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Adjusted EPS Reconciliation

Reconciliation of Net Income to Adjusted Net Income and of Diluted EPS to Adjusted Diluted EPS

(in thousands of dollars)	Three Months Ended		Fiscal Year Ended	
	October 2, 2021	October 3, 2020	October 2, 2021	October 3, 2020
Net (loss) income	$ (2,388)	$ 11,940	$ (289)	$ 12,185
Adjustments, net of tax benefit or expense (1)				
Operational transformation initiatives	(25)	140	142	2,553
Product redesign initiatives	1,181	679	2,612	3,051
Share-based compensation	3,011	27	4,454	3,106
Restructuring charges	124	212	494	485
Costs directly attributed to the COVID-19 pandemic (2)	83	279	768	750
Loss on debt modification	—	—	449	—
Other	30	—	30	5
Adjusted net income, non-GAAP	$ 2,017	$ 13,276	8,659	22,134

(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 in response to the COVID-19 pandemic.

Reconciliation of Diluted EPS to Adjusted Diluted EPS

	Three Months Ended		Fiscal Year Ended	
	October 2, 2021	October 3, 2020	October 2, 2021	October 3, 2020
Diluted (loss) earnings per share	$ (0.09)	$ 0.44	$ (0.01)	$ 0.45
One-time charge adjustments, net of tax benefit or expense	0.16	0.05	0.32	0.37
Adjusted diluted earnings per share, non-GAAP	$ 0.07	$ 0.49	$ 0.31	$ 0.82
Weighted average dilutive shares outstanding	27,590,649	27,145,335	27,509,396	27,086,555

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