

BLUE BIRD®

BLUE BIRD CORPORATION (NASDAQ: BLBD)

Fiscal 2022 First Quarter Results

Earnings Conference Call
February 9, 2021

Agenda

Introductions & Forward-Looking Statements	**Mark Benfield** Executive Director, Profitability & Investor Relations
Results and Highlights	**Matthew Stevenson** President & CEO
Financial Results	**Razvan Radulescu** CFO
Business Update	**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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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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RESULTS AND HIGHLIGHTS

Matthew Stevenson
President & CEO

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FY2022 1Q Overview

Market Demand is Strong

- Order intake at pre-Covid levels
- Pent-up demand, dealer inventories down 50%
- 1Q order intake 18% higher than prior year
- Record backlog of ~$500M (4,800 units[1])
- Adjusting our operations to support increase in production 2H22

Supply Chain Continues to be Disruptive

- Supplier allocation and shortages are still prevalent
- One supplier in particular caused a limitation to our production in Q1
- Multiple engineering projects to deviate and resource parts
- Covid absenteeism at supply base

Conscious of Inflationary Pressures

- Raw material cost increases and delayed production pressures 1H margins
- Implemented price increases in July, August and October 2021 for a total of 11%; additional 4% just announced for new orders received on/after March 1st

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

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1 as of fiscal quarter end

1QFY2022 Financial Results and Ongoing Business Highlights

FINANCIAL HIGHLIGHTS

First Quarter FY2022

UNITS SOLD
1,149
(106) vs.'21

NET SALES
$129M
$(1)M vs.'21

Adjusted EBITDA
$4M
$(2)M vs.'21

Adjusted FCF
$(34)M
$(20)M vs.'21

BUSINESS HIGHLIGHTS

Plant Upgrades & Employee Engagement





Reengaging the dealer network





280+ EV's in firm order Backlog[1]



Won Modesto City School EV Order of 30 units

Awarded
GSA EV Business

GSA



Record Backlog
4.8k Units[1] (~$500M)



Alt. Power mix of 56% in 1Q, up 10 pts.

Zūm

400 unit gas and CNG order secured



4% price increase announced

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See appendix for additional detail regarding non-GAAP measures

1 as of the end of 1Q



FINANCIAL RESULTS

Razvan Radulescu
CFO

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FY2022 1Q Income Statement

($ Millions)	FY2022	FY2021	B/(W)
Unit Volume	1,149	1,255	(106)
Unit Backlog	4,849	1,137	3,712
Net Revenue	$129.2	$130.4	$(1.2)
Bus Rev./Unit ($000's)	*$97.9*	*$93.9*	*$4.0*
Gross Margin	12.5%	11.1%	140 bps
Adj. Net Income[1]	$(2.0)	$0.1	$(2.1)
Adj. EBITDA[1]	$3.6	$5.8	$(2.2)
Adj. EBITDA Margin[1]	2.8%	4.4%	(165) bps
Adj. Diluted EPS[1]	$(0.07)	$--	$(0.07)

Supply chain shortages significantly impacted production volume

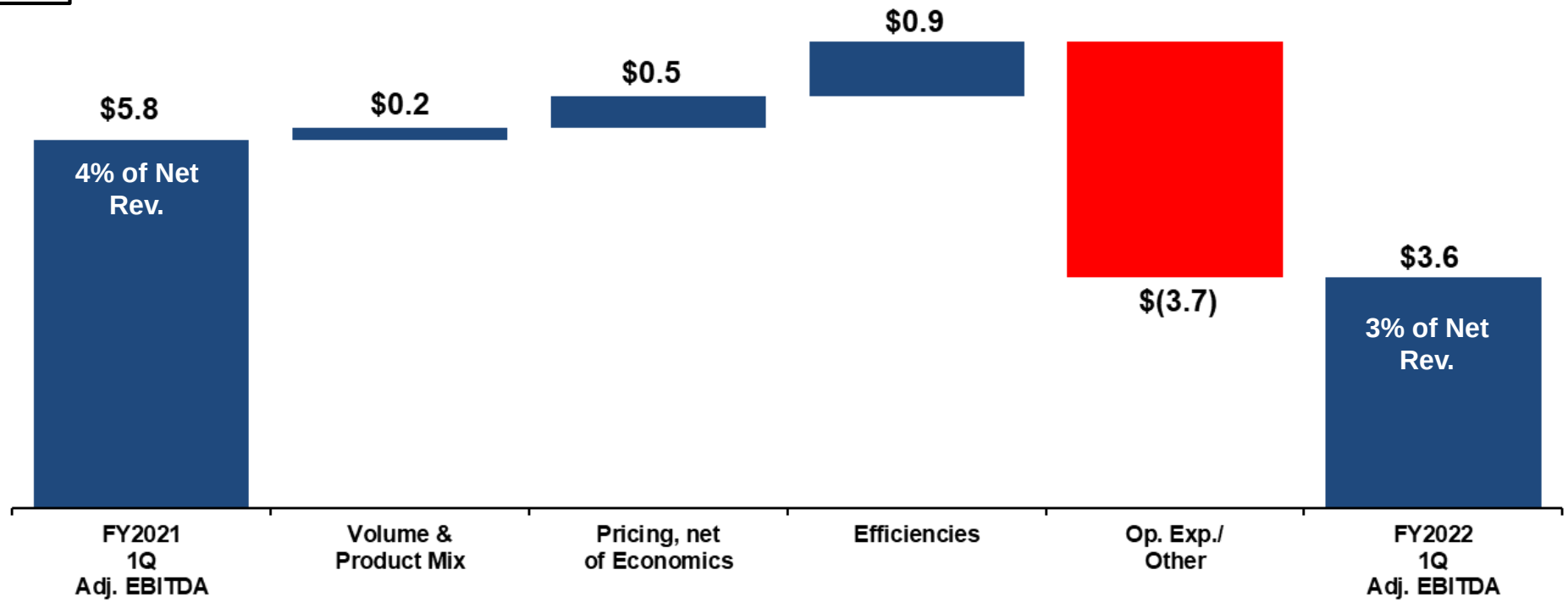
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[1]*See appendix for additional detail regarding non-GAAP measures*

FY2021 to FY2022 Adj. EBITDA Walk

1Q Unit Volume
FY2022 –1,149
FY2021 – 1,255
Variance – (106)

($ Millions)



Positive Adj. EBITDA, despite difficult supply chain environment, and with restored pay and engineering expense

See appendix for additional detail regarding non-GAAP measures

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Balance Sheet and Liquidity

($ Millions)	As of Jan 1, 2022
Debt	**$165.3**
Cash	**4.1**
Net Debt	**$161.2**
Net Debt / Adjusted EBITDA	**5.0x**
Net Leverage Ratio	**5.74x**
TTM EBITDA[1] versus a minimum required TTM EBITDA covenant of $14.5M	**$28.0**
Liquidity[2] versus a minimum required liquidity covenant level of $10M	**$92.8**

Improving liquidity position bolstered by $75M investment by Coliseum Capital in December 2021

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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

FY2022 Balance Sheet and Cash Flow Summary

($ Millions)	1Q FY2022	1Q FY2021	B/(W)
Cash	$4.1	$23.9	$(19.8)
Debt	$165.3	$171.0	$5.7
Operating Cash Flow	$(33.1)	$(11.5)	$(21.6)
Adj. Free Cash Flow[1]	$(34.1)	$(13.9)	$(20.2)
Trade Working Capital*	$(24.0)	$(16.4)	$(7.6)

Free Cash Flow lower primarily due to trade working capital and accrued expenses

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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

- Executed steel hedge for all of 2022 planned production
- Engineering second or third source suppliers for key components
- Exploring vertical integration options (make/buy)
- Reducing the discretionary spending, while strategically investing for long-term success

2H-22



Pricing Actions

- Backlog margin recovery actions taken
- Reduced quote guarantee from 90 to 60 days
- Previously announced pricing (11%) well-received by customers
- Monitoring raw material costs and adjust pricing as needed; additional 4% just announced, effective 3/1 on new orders
- Implemented variable pricing (PPI based) inside 12 months, and keep a fixed price option

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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



BUSINESS UPDATE

Matthew Stevenson
President & CEO

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FY2022 Objectives & Focus Areas



Our People



Lean Transformation



Expanding Our TAM



Scaling EV



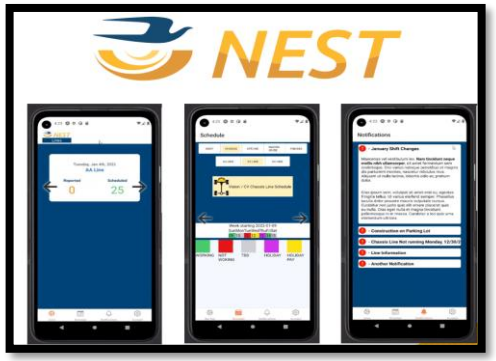
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FY2022 Focus Areas

Our People

- Lobby/Main cafeteria upgrades
- Break areas renovations
- App for employees with real time schedule and production information
- Employee councils







Lean Transformation

- Visual management & 5S
- Daily stand-ups SQCDP
- Focused on non-value added activities
- See clear path to 30% reduction in hours per bus by 2025





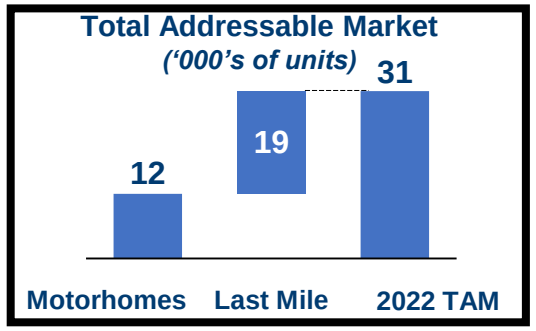


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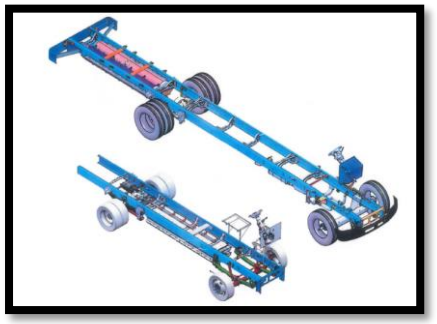
FY2022 Focus Areas

Expanding Our TAM

- TAM over 30,000, effectively doubling Blue Bird's market
- Targeting High-end Motorhome and Last Mile Delivery Stripped Chassis
- Minor modifications required to current school bus chassis
- Progressing on engineering and EV powertrain selection for last mile chassis



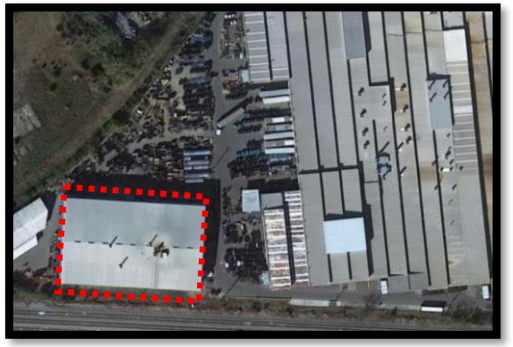




Scaling EV

- Preparing to grow our EV capacity to 4,000 annually by 2024
- Repurposing ~40,000 sq. ft. building in the SW corner of our campus for dedicated EV Chassis assembly to expand production to 12 per day by end of FY22.
- Longer term goal of increasing production another 2,000 beyond this







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Positive Long-Term Outlook

Continuing to deliver structural / margin improvements

- Gross margin should expand as production volume returns
- Supply chain shows some bright spots of improvement
- Total price increases of ~ 11% effective starting in 2H-FY2022
  - Additional 4% just announced; expected to primarily impact FY2023 margins
- Lean Transformation program starting to impact throughput

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 EV & cleaner emission buses***
- Strong government EV support also in Canada

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



Senator Raphael Warnock visiting Blue Bird assembly plant



Recently delivered Blue Bird Electric Type-C in Quebec

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

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Q&A

APPENDIX

Adj. EBITDA Reconciliation

Reconciliation of Net Income to Adjusted EBITDA

(in thousands of dollars)	Three Months Ended January 1, 2022	Three Months Ended January 2, 2021
Net income	$ (4,082)	$ (1,614)
Adjustments:		
Interest expense, net (1)	3,157	2,012
Income tax benefit	(1,762)	(521)
Depreciation, amortization, and disposals (2)	3,523	3,676
Operational transformation initiatives	1	55
Share-based compensation	1,673	724
Product redesign initiatives	253	186
Restructuring charges	246	494
Costs directly attributed to the COVID-19 pandemic (3)	29	170
Loss on debt modification	561	598
Other	—	—
Adjusted EBITDA	$ 3,599	$ 5,780
Adjusted EBITDA margin (percentage of net sales)	2.8 %	4.4 %

(1) Includes $(0.1) million for both three month fiscal periods and $(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 and $0.2 million and $0.2 million for the three month fiscal periods ended January 1, 2022 and January 2, 2021, 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 January 1, 2022	Three Months Ended January 2, 2021
Net cash used in operating activities	$ (33,077)	$ (11,497)
Cash paid for fixed assets	(1,570)	(3,317)
Free cash flow	$ (34,647)	$ (14,814)
Cash paid for product redesign initiatives	253	186
Cash paid for operational transformation initiatives / Other	1	55
Cash paid for restructuring charges	246	494
Cash paid for costs directly attributed to COVID-19	29	170
Adjusted free cash flow	$ (34,118)	$ (13,909)

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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 January 1, 2022	Three Months Ended January 2, 2021
Net income	$ (4,082)	$ (1,614)
Adjustments, net of tax benefit or expense (1)		
Operational transformation initiatives	1	41
Product redesign initiatives	190	140
Share-based compensation	1,255	543
Restructuring charges	185	371
Costs directly attributed to the COVID-19 pandemic (2)	22	128
Loss on debt modification	421	449
Other	—	—
Adjusted net income, non-GAAP	$ (2,010)	$ 56

(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.

	Three Months Ended January 1, 2022	Three Months Ended January 2, 2021
Diluted earnings per share	$ (0.15)	$ (0.06)
One-time charge adjustments, net of tax benefit or expense	0.08	0.06
Adjusted diluted earnings per share, non-GAAP	$ (0.07)	$ —
Weighted average dilutive shares outstanding	28,395,912	27,060,259

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