

BLUE BIRD®

"A Leader in zero- and low-emission transportation"

BLUE BIRD CORPORATION (NASDAQ: BLBD)

Investor Presentation

March 2022

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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Agenda

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



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Executive Summary

- Schools have broadly reopened; good news for bus orders
- Aging school bus fleet
- Leader in alternative power; #1 in electric & propane school buses
- ~50% of Blue Bird sales are non-diesel; <10-20% for competitors
- $5B of infrastructure US Government's commitment to electrification of school buses
- Full range of chassis that can be offered to third parties, led by EV
- Reducing structural costs through lean transformation, scaling EV business and expanding the firm's Total Addressable Market (TAM)
- Major headwind is supply-chain robustness; but temporary
- Have priced more than 15% to offset rising commodity costs
- As industry rebounds and supply chain disruptions ease, on track to achieve 10%+ EBITDA margin



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

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School Bus Industry Overview

School Bus Industry Products



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



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



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



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

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Industry Highlights

School buses are America's largest mass transit system

500k+

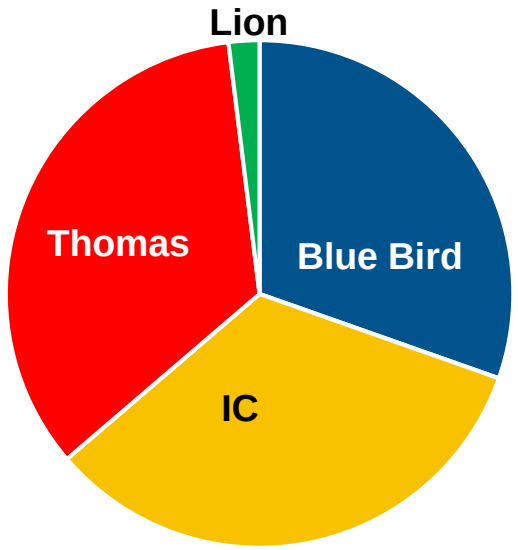
school buses in operation in the U.S. and Canada transporting

26 MILLION KIDS

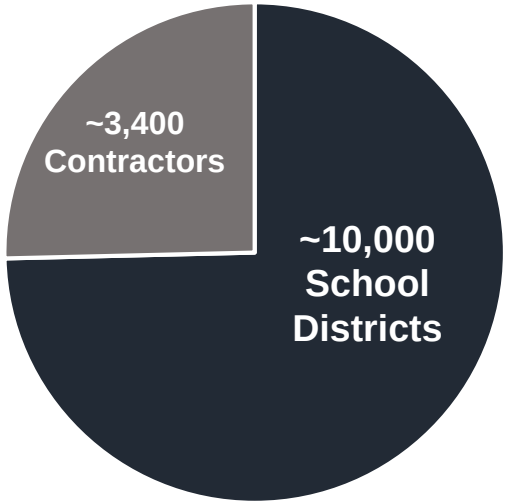
to school on a daily basis



OEMs



School Bus Customers



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 – Federal funding for clean school buses

Relatively Clear Funding Sources

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

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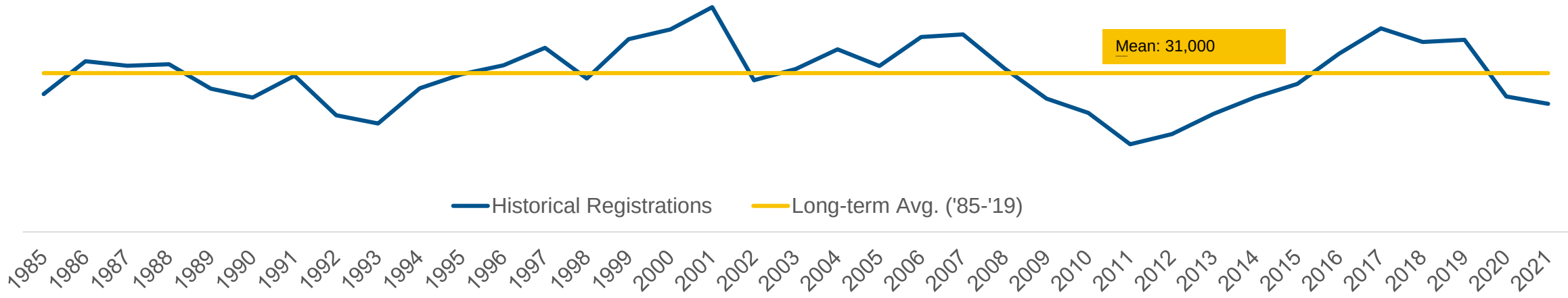
Type C & D School Bus Industry



- **Industry avg size (pre-COVID) is 31,000 new units annually based on Polk registrations**
- **Total fleet of school buses is ~510,000 units and average age is about 10 years**
- **Industry size is driven by:**
  - **Number of school age children**
  - **Age of existing fleet – most states set 15 years as a replacement target**
  - **Average ridership per bus**
  - **Funding – primarily from property tax**

FY2022 industry expected to be ~22k – 25k units as industry production capacity is constrained by supplier shortages

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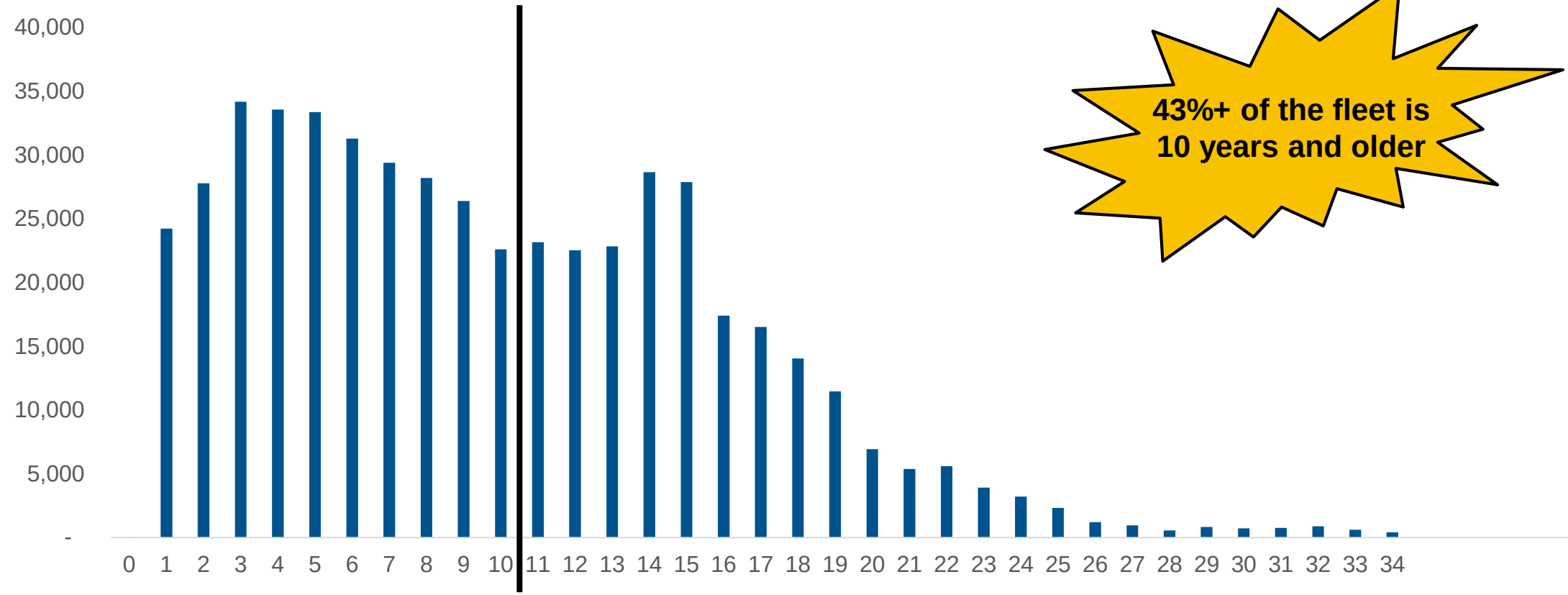
Source: R.L. Polk New Registrations, based on Type C/D school buses & non-school buses in US/CAN registered thru Dec. 2021

Fleet Age Profile Supports Industry Levels

~510K School Buses on the Road as of the end of FY2021



43%+ of the fleet is 10 years and older

~219K buses in service for more than 10 years supports high annual replacement volume

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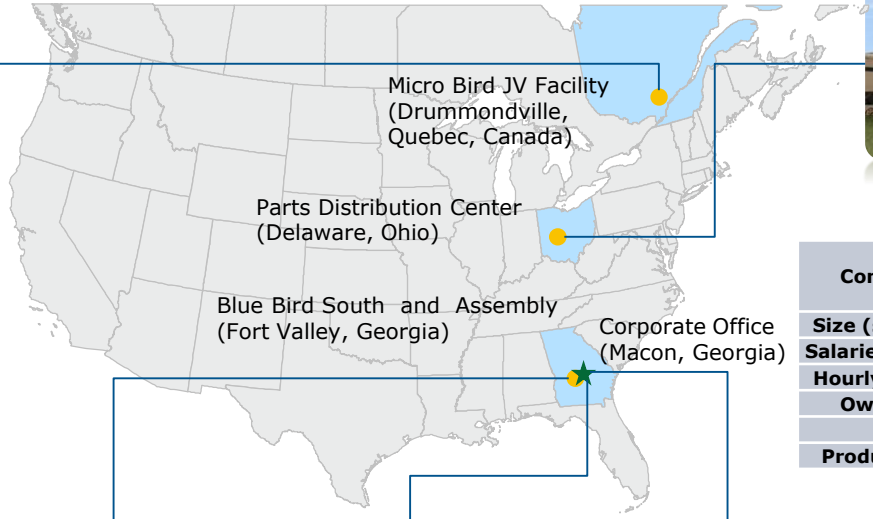
Source: R.L. Polk VIO, based on Type C/D school buses and non-school buses in US/CAN thru Dec. 2021

Company & Product Highlights

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)	200,000
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

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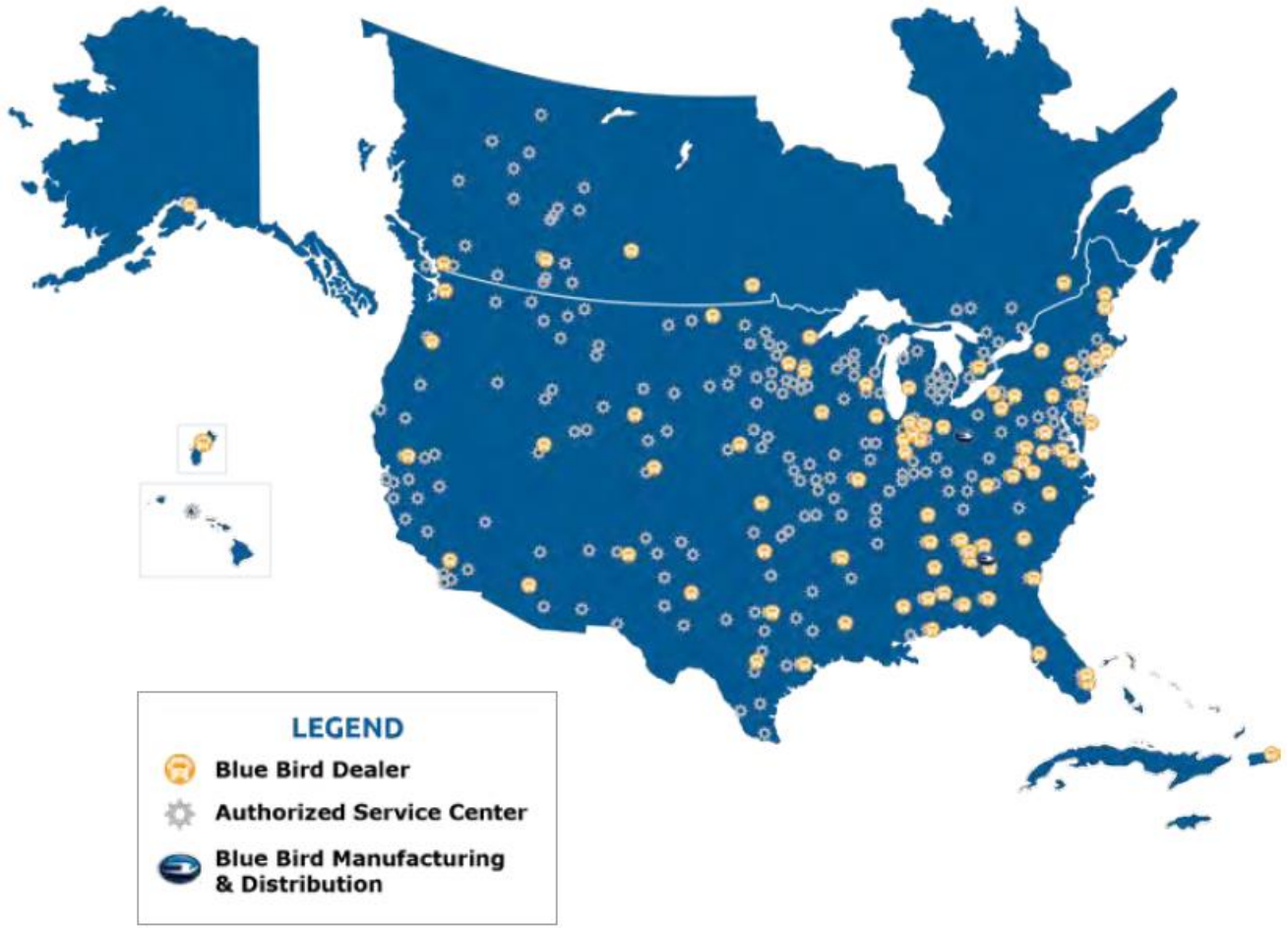
Our Exclusive Franchised Dealer Network



50+
Dealers Worldwide

250+
Service Centers





- **Dedicated dealer network is key in the school bus market**
- **Relationship-based business with more than 10k school districts and more than 3k contractors**
- **Nearly all bus purchases are competitively bid**
- **More than 85% of Blue Bird dealers dedicated to bus sales and service**

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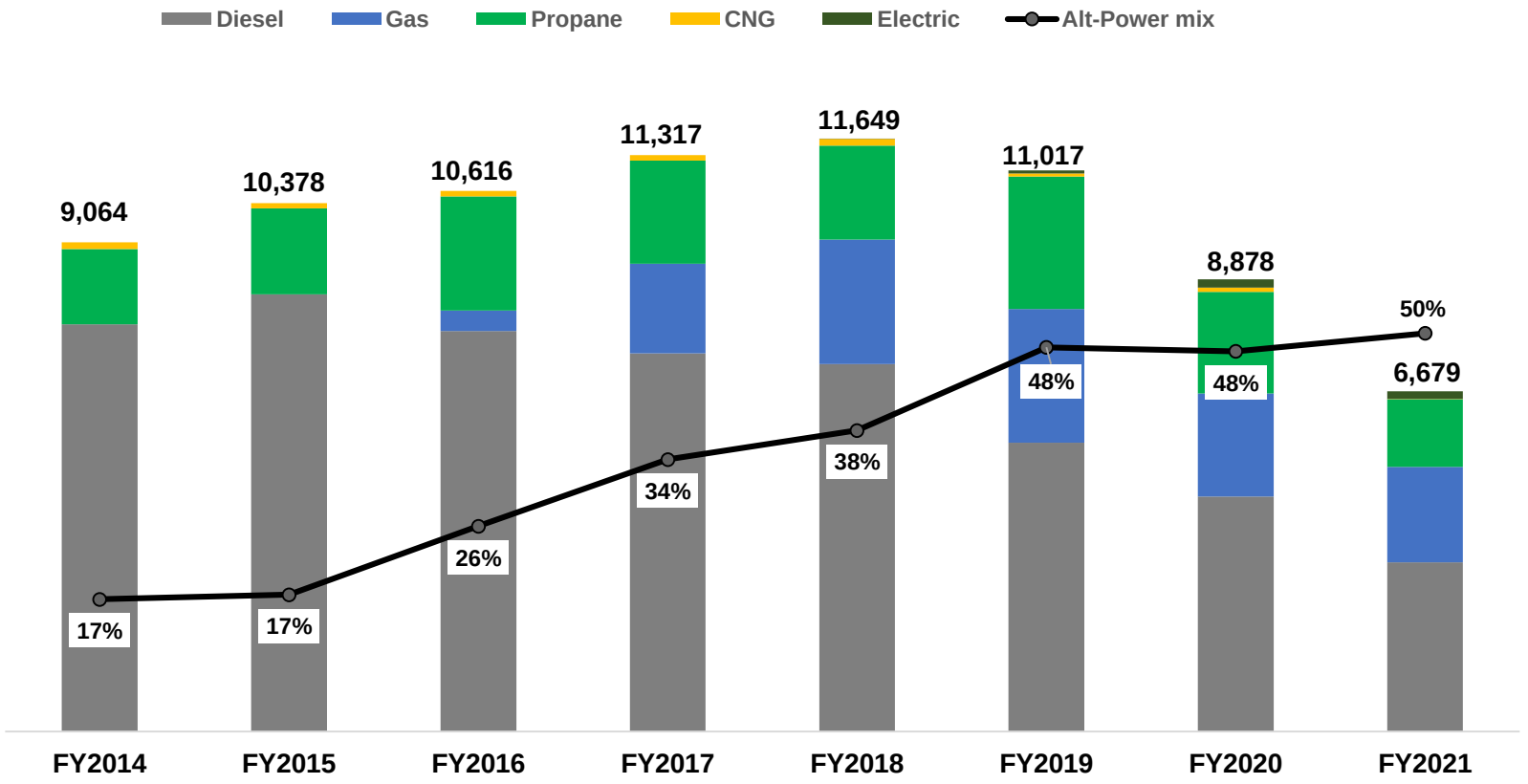
Proven Leadership in Clean Technologies



- **Proven track record of leadership in new technologies; more than 50% of unit sales are non- diesel**
- **Leader in electric and propane-powered school buses; the future of school transportation**
- **$5B of Federal funding secured in the infrastructure bill for electric school buses will accelerate adoption**

Trusted lower-emission school bus brand with a proven track record in the school bus business

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FY2022 Objectives

FY2022 Objectives & Focus Areas



Our People



Lean Transformation



Expanding Our TAM



Scaling EV



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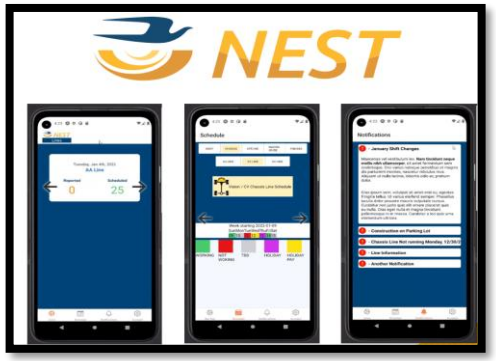
FY2022 Focus Areas

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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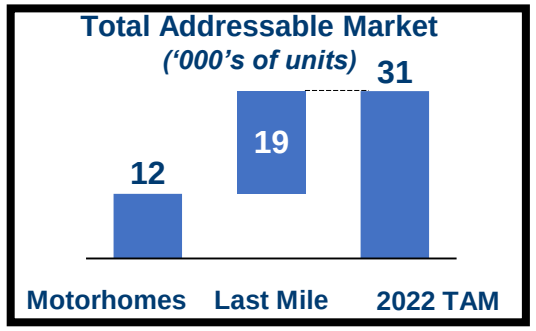
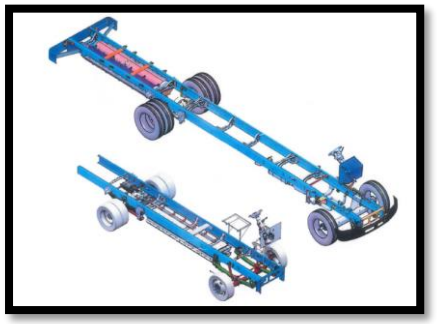
FY2022 Focus Areas

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



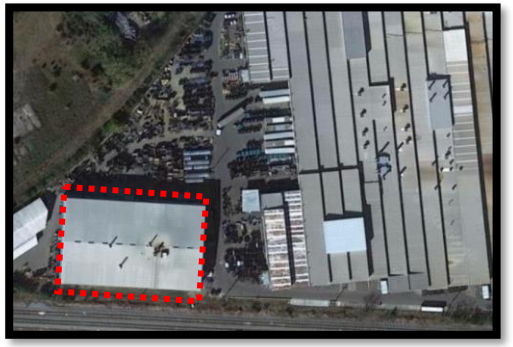




Scaling EV

- 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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Build Complete Ecosystem for EV School Bus Deployment

END OF LIFE

Determine recycling program for used batteries after use

SERVICE & SUPPORT

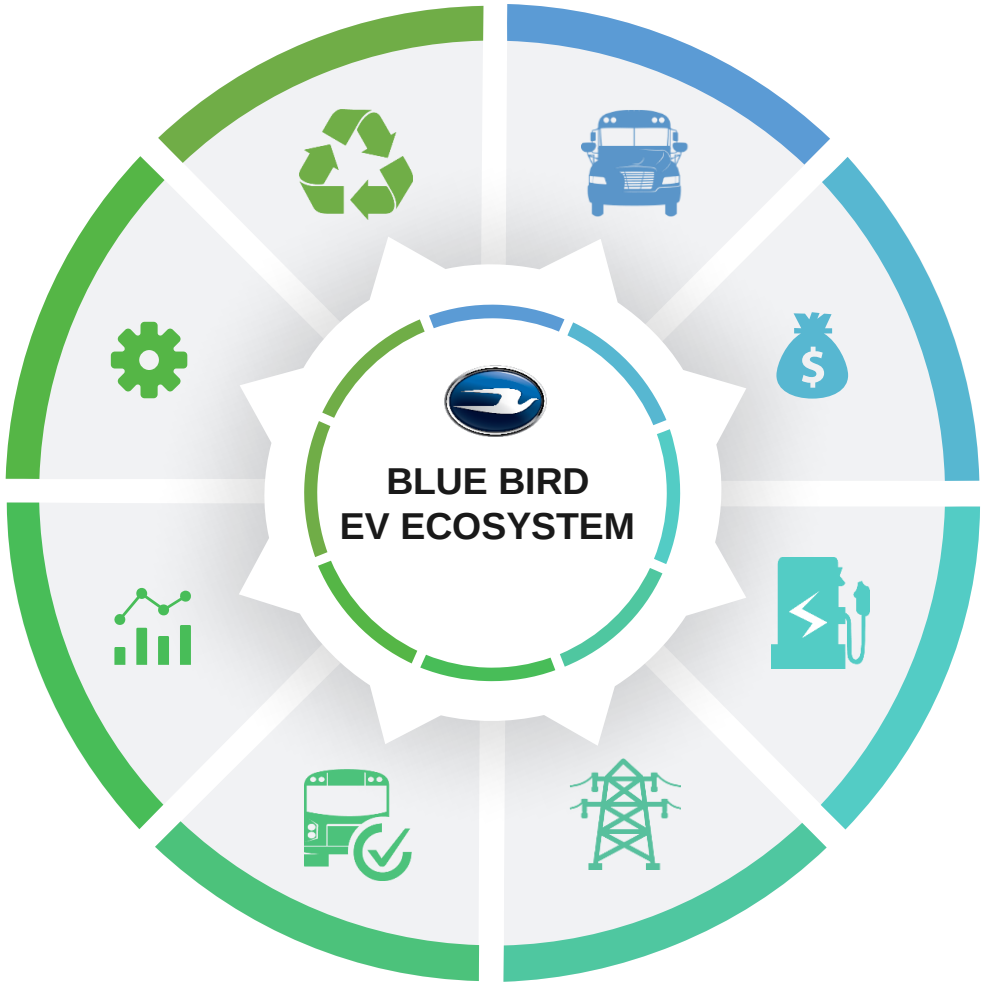
Connect with dealer and EV system provider to support and service bus throughout its lifetime

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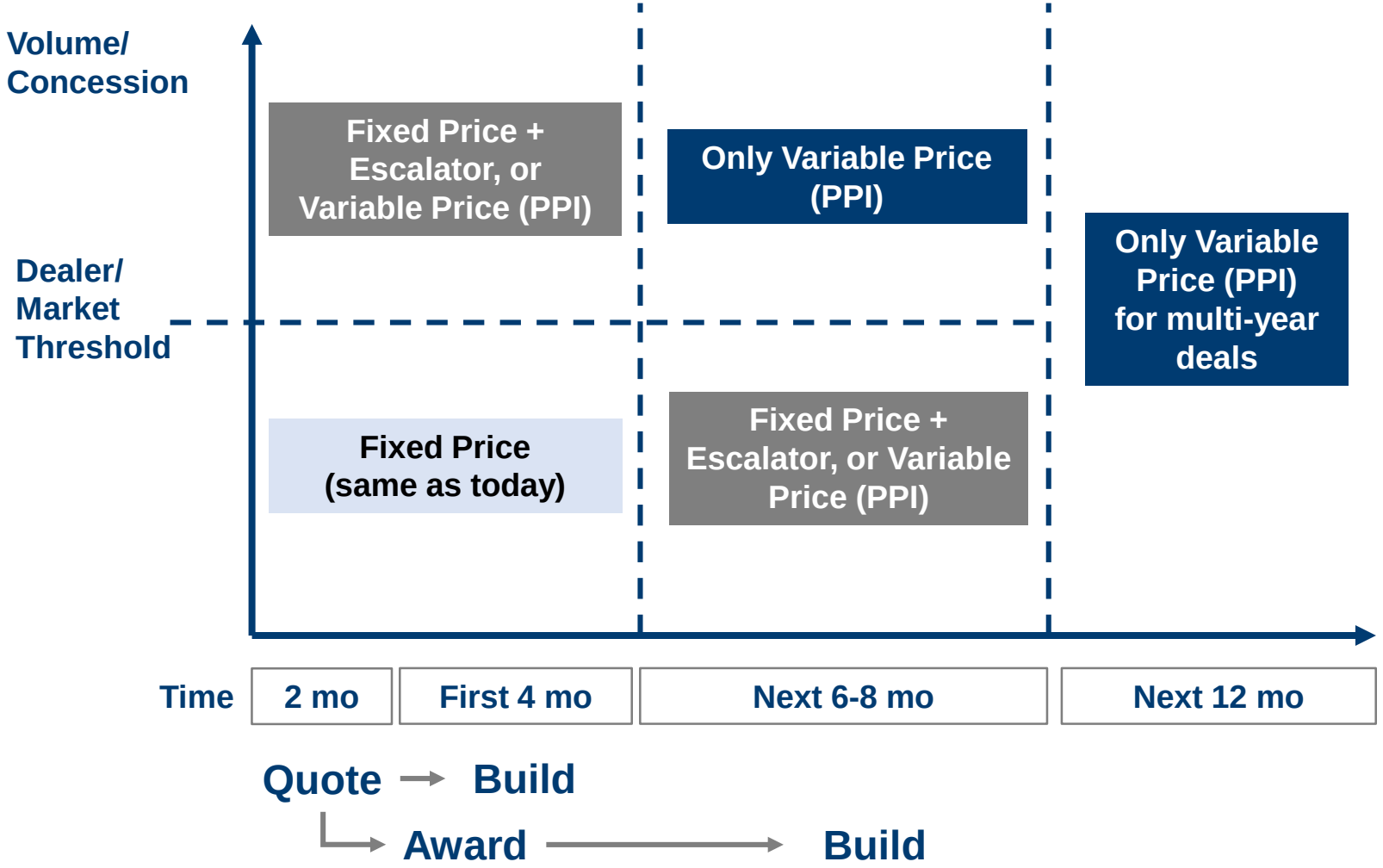
Implemented Variable Pricing (PPI*), Kept Fixed Price Option



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*

Solid Growth Runway

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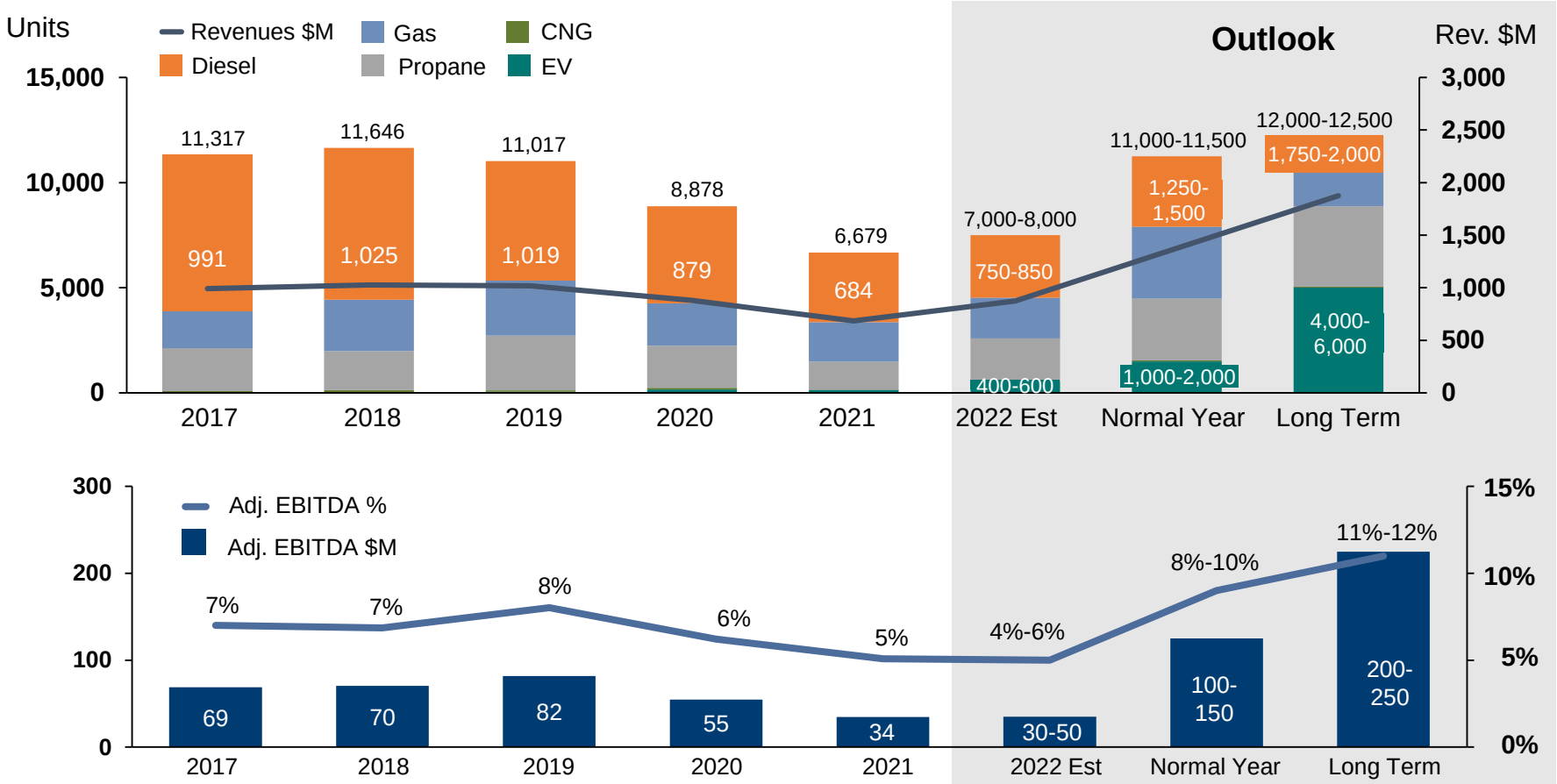
Long-Term Outlook Driven by Market Recovery, EV, and Lean Transformation



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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APPENDIX

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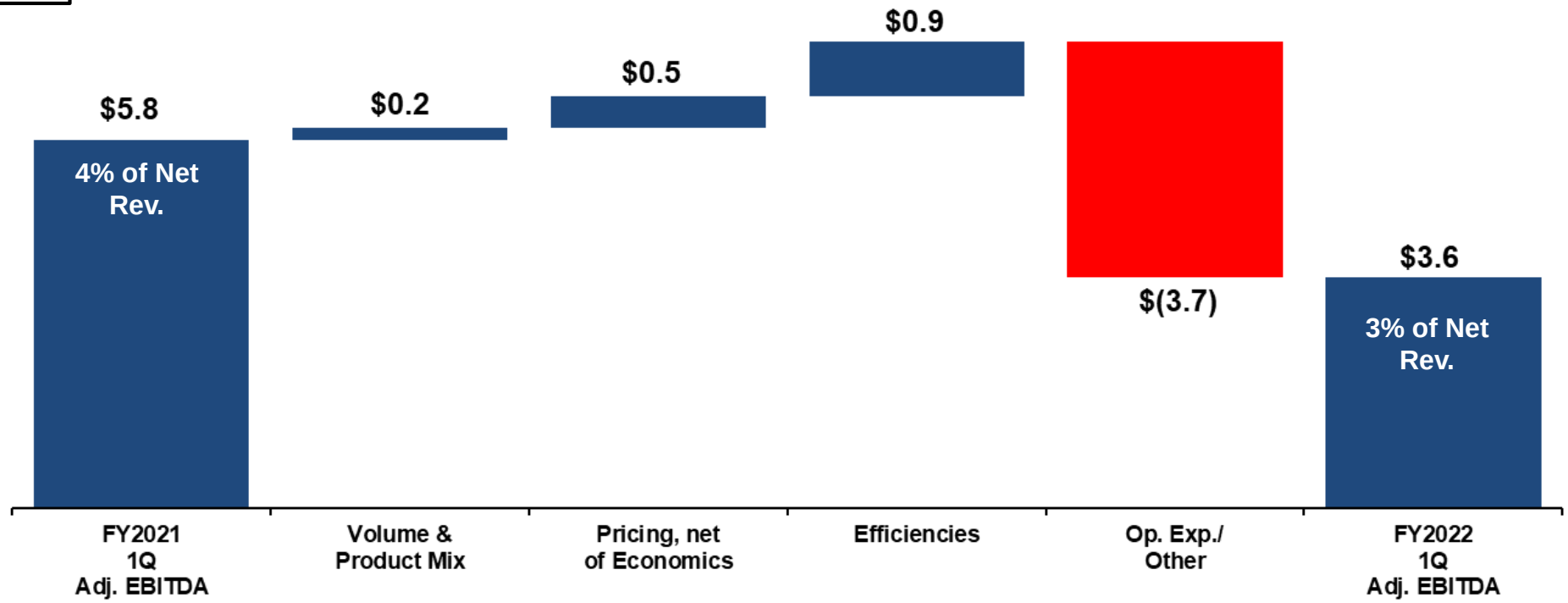
[1] See appendix for additional detail regarding non-GAAP measures

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

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 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*

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

Plan to offer a full line of Class 3-7 commercial chassis

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