

BLUE BIRD®

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

BLUE BIRD CORPORATION (NASDAQ: BLBD)

Investor Presentation

June 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 25% 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

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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

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Industry Highlights

School buses are America's largest mass transit system

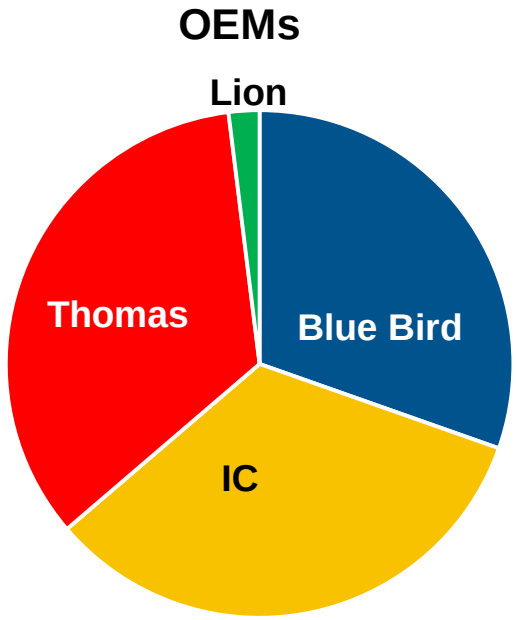
500k+

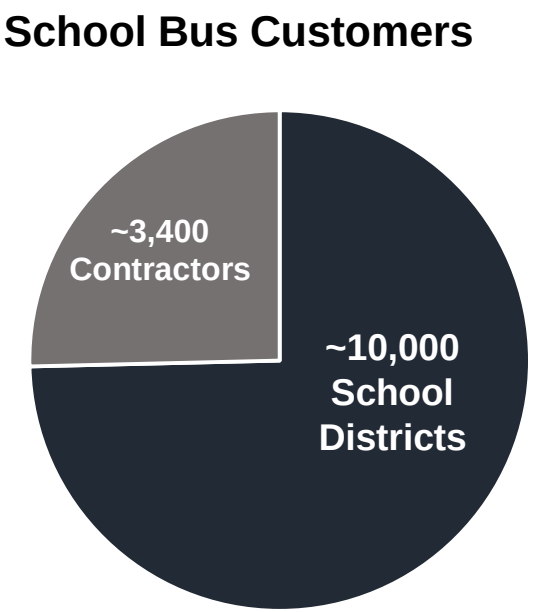
school buses in operation in the U.S. and Canada transporting

26 MILLION KIDS

to school on a daily basis







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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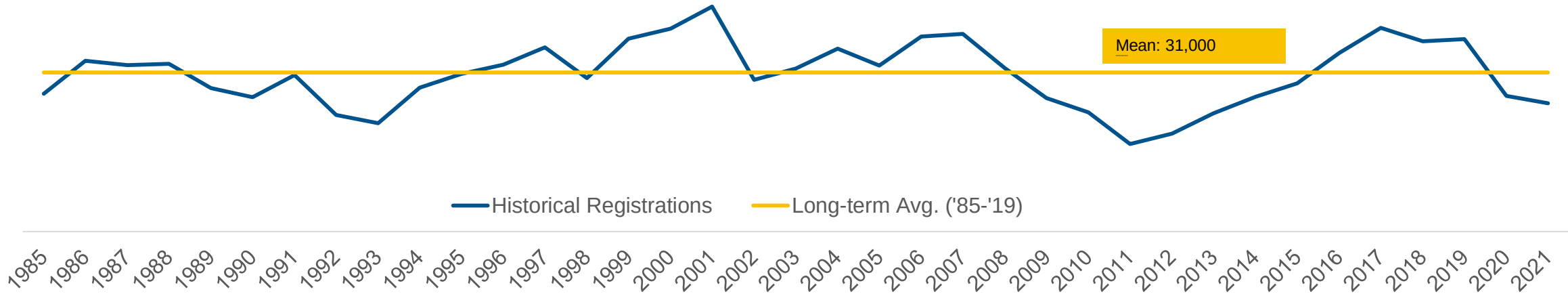
Type C & D School Bus Industry



- **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; core funding and demand is healthy at pre-pandemic order levels

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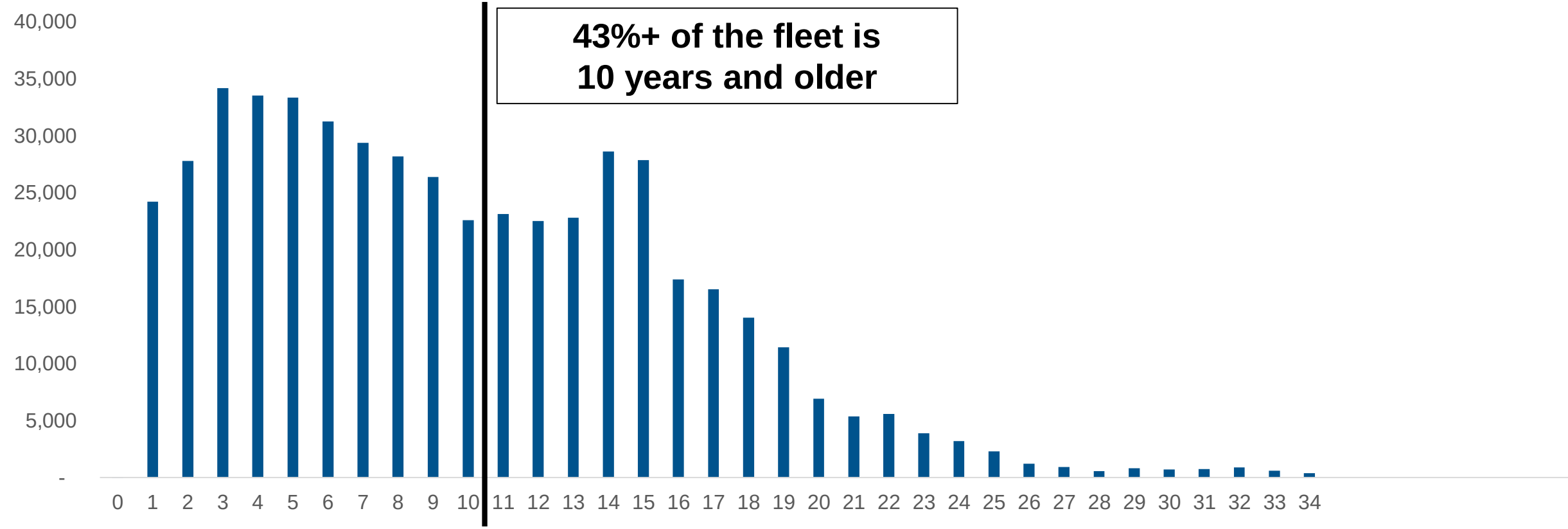
Source: R.L. Polk New Registrations, based on Type C/D school buses & non-school buses in US/CAN registered thru Dec. 2021

Fleet Age Profile Supports Industry Levels

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



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

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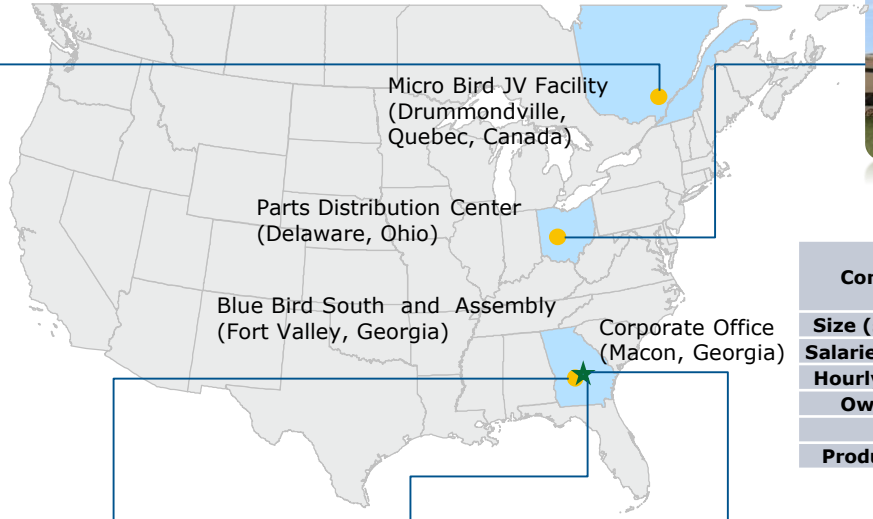
Source: R.L. Polk VIO, based on Type C/D school buses and non-school buses in US/CAN thru Dec. 2021

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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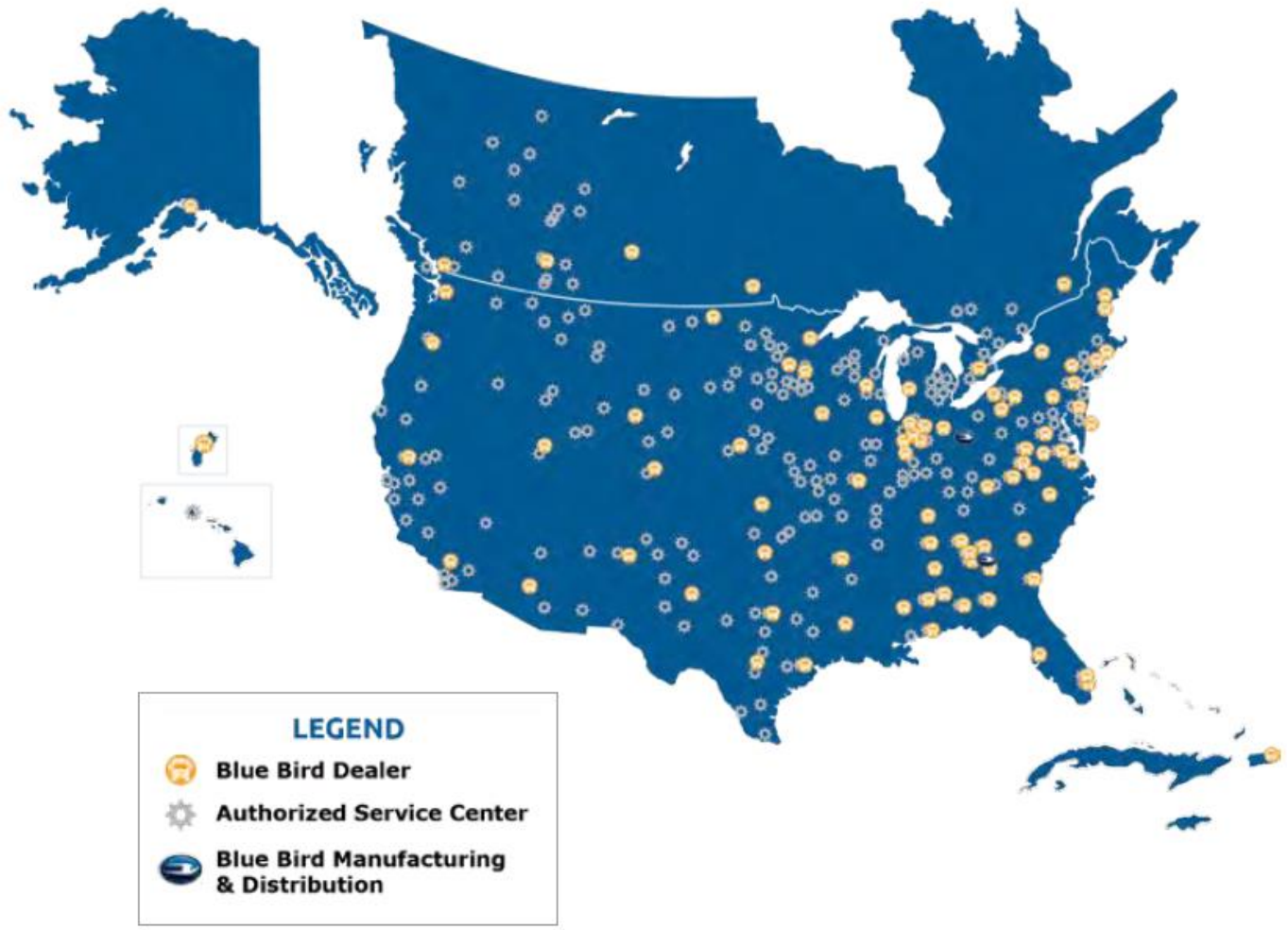
Our Exclusive Franchised Dealer Network



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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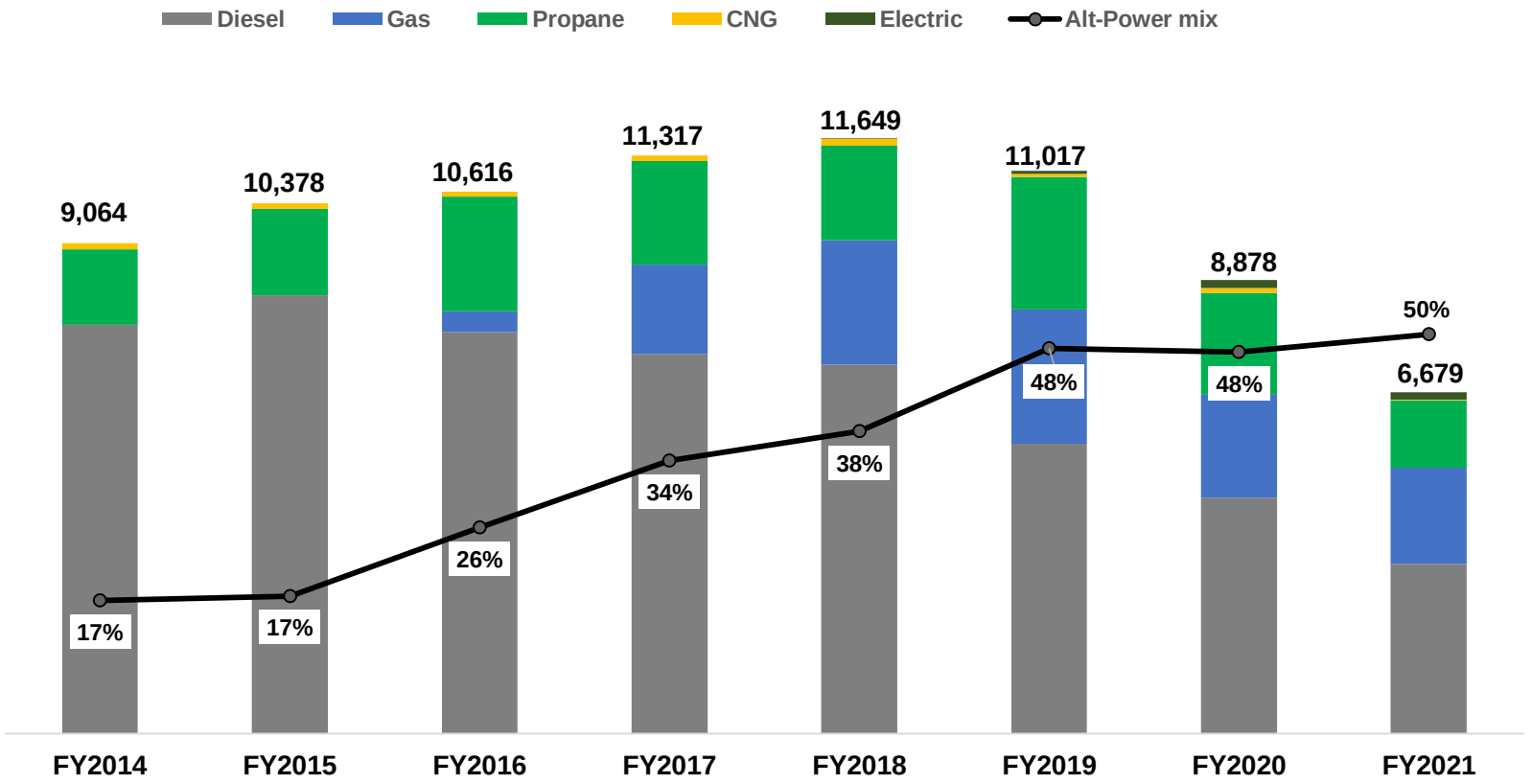
Proven Leadership in Clean Technologies



- **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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EPA 2022 Clean School Bus Rebate Program

$500M of $5B released in 2022

Expected Orders

Lottery Application Period
May-August 2022
(Up to 25 buses/applicant)

Lottery Winners Notified
October 2022

Payment to Winners
October 2022 – April 2023

EV 42% Share

- **Award amount for ZEV between $250k (non-priority) and $375k (priority) per unit, depending on status and vehicle class**
  - **All electric units get and incremental $15-20k per bus provided for Infrastructure funding**
  - **Expecting industry orders of 1,200-1,600 electric buses from Phase 1**

Propane 67 % Share

- **Propane received $15-25k per bus**

We will continue our leadership position in EV and are scaling significant resources to assist customers in securing funding

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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

- Leadership team transformation near completion
- Rolled out a comprehensive employee engagement survey and action plan
- Continuing upgrades in the manufacturing facility
- Improving the span of control and accountability in manufacturing



Britton Smith

SVP, EV and Chief Strategy Officer



Jim Nelles

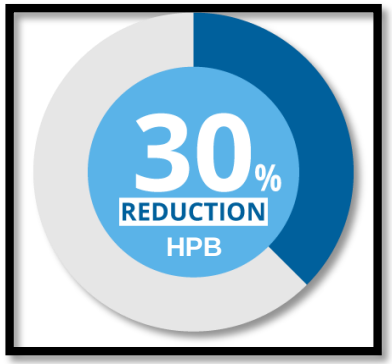
SVP, Supply Chain

Lean Transformation

- Revamped off-line process
- Reduced offline hours by ~40% and doubled throughput, eliminating a shift
- DPU's reduced by 45% vs 1Q
- Lean initiatives already reduced 15 hours out of standard
- See clear path to 30% reduction in hours per bus (HPB) by 2025







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FY2022 Focus Areas

Expanding Our TAM

- **Launched prototype EV commercial chassis at ACT Expo**
- **TAM over 30,000, effectively doubling Blue Bird's market**
- **Targeting Last Mile Delivery Stripped Chassis & High-end Motorhomes**
- **Expect sales in 2H of CY2023**

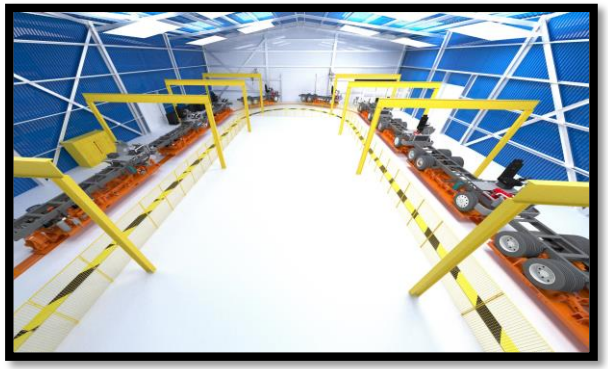




Scaling EV

- **Construction started on ~40,000 sq. ft. building for EV Chassis assembly to expand production to 12 per day by end of FY22, then to 20 per day through FY23 (or 4,000)**
- **To be a showcase of World Class Manufacturing (WCM)**
- **Longer term goal of increasing production to 6,000 units**





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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

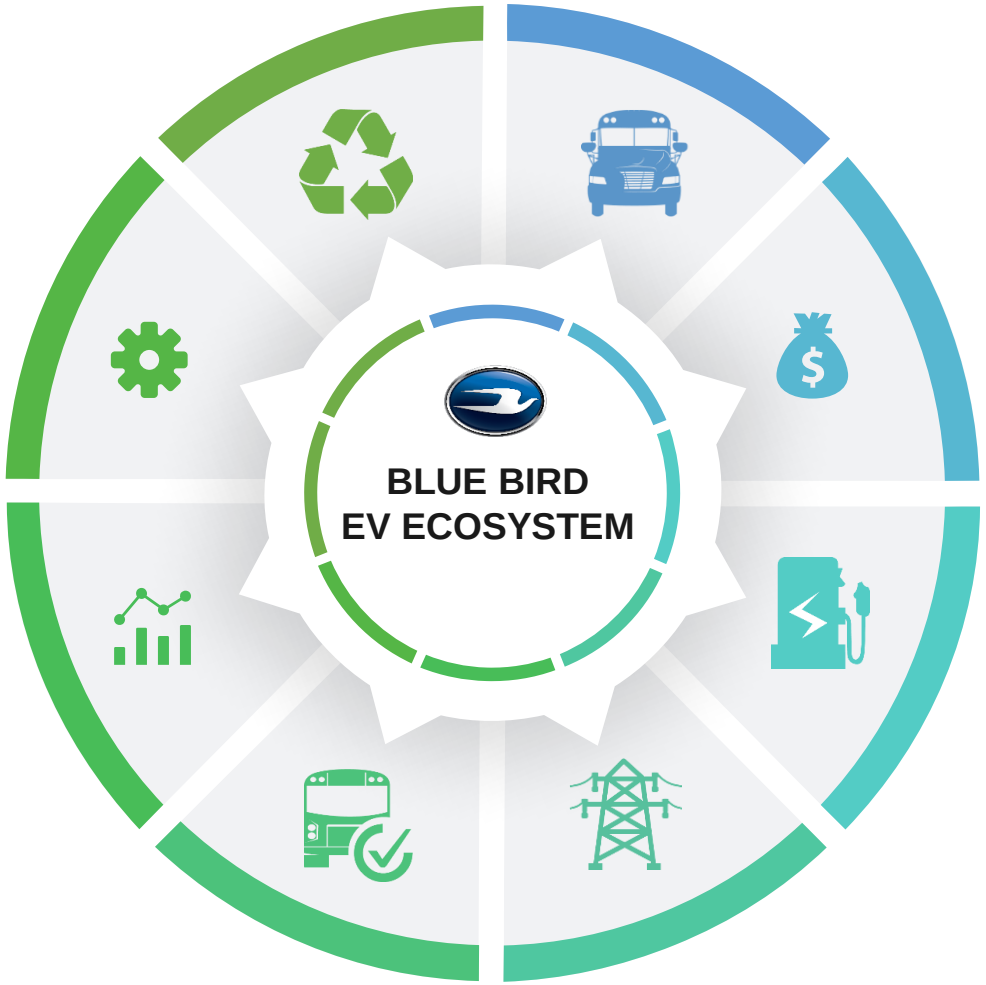
Connect with dealer and EV system provider to support and service bus throughout its lifetime

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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Solid Growth Runway

Positive Long-Term Outlook

Continuing to deliver operational improvements

- Gross margin should expand with recent pricing initiatives as the backlog is consumed
- Total price increases of ~ 25% now effective on new orders
- Policies in place to ensure pricing aligns with the inflationary environment
- Supply chain uncertainty looks to be a risk through the balance of the fiscal year
- Taking actions across the business to improve operationally
- Lean Transformation initiatives starting to show positive benefits



Blue Bird Electric School Bus Sales Footprint

Leader in providing low-emission school buses

- Continuing to increase the mix of alt.-powered buses (non-diesel)
- ***$5B in US federal government funding for EV & cleaner emission buses***
- Many states announcing a push to all EV electric school bus future



Strong interest in the new electric commercial chassis

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

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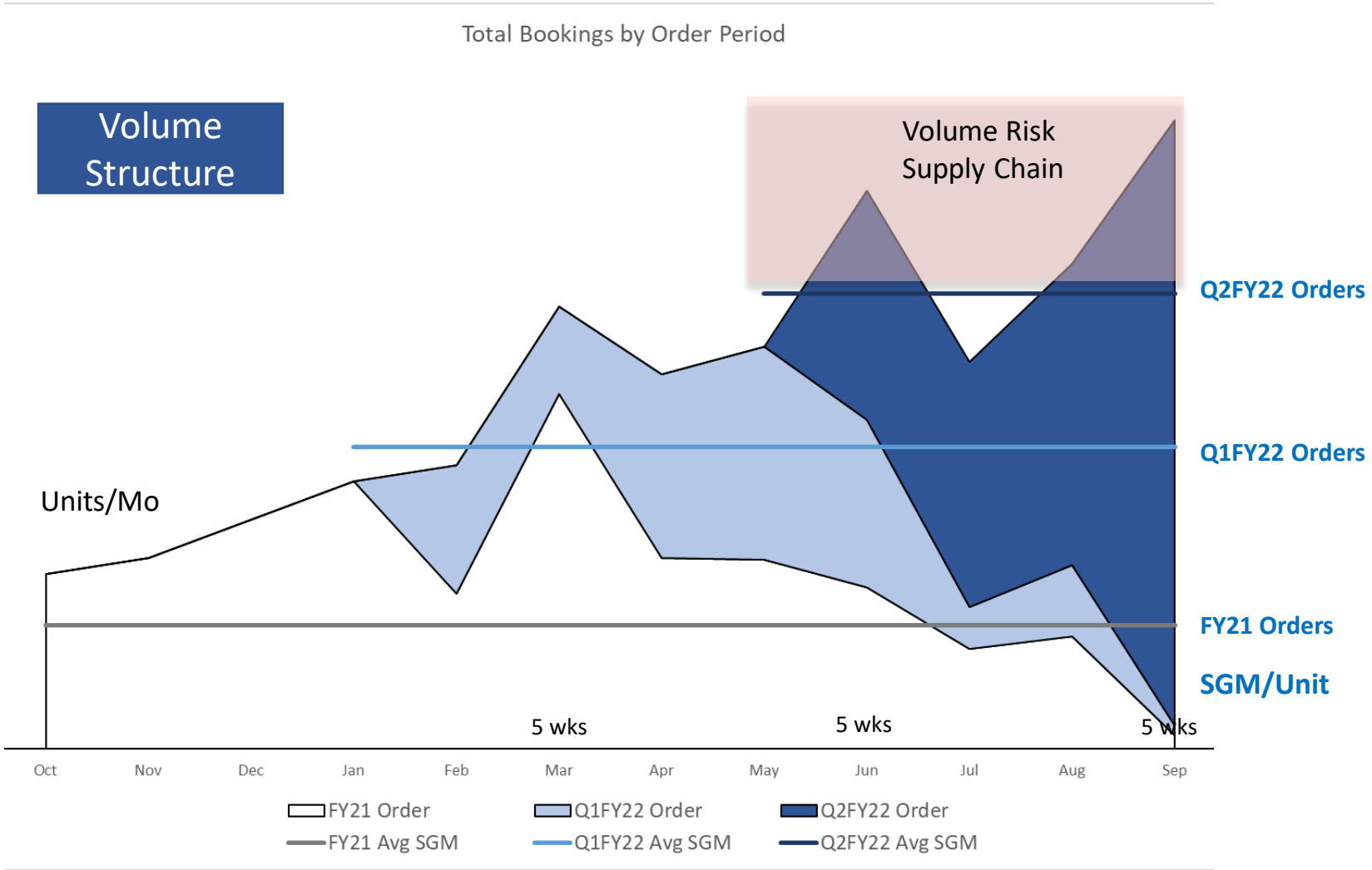
Half of the FY22 volumes comes from FY21 orders



- With every quarter, the SGM is slowly improving due to price increases taking hold, as we are working through the old backlog
- However, the current Ukraine situation created uncertainty on both costs and supply
- Raw materials and fuel costs shot back up, China lockdowns impact supply
- US inflation and gas prices at all time high create labor challenges
- Together with our Dealers, we are taking further pricing and backlog mix measures to combat the inflation

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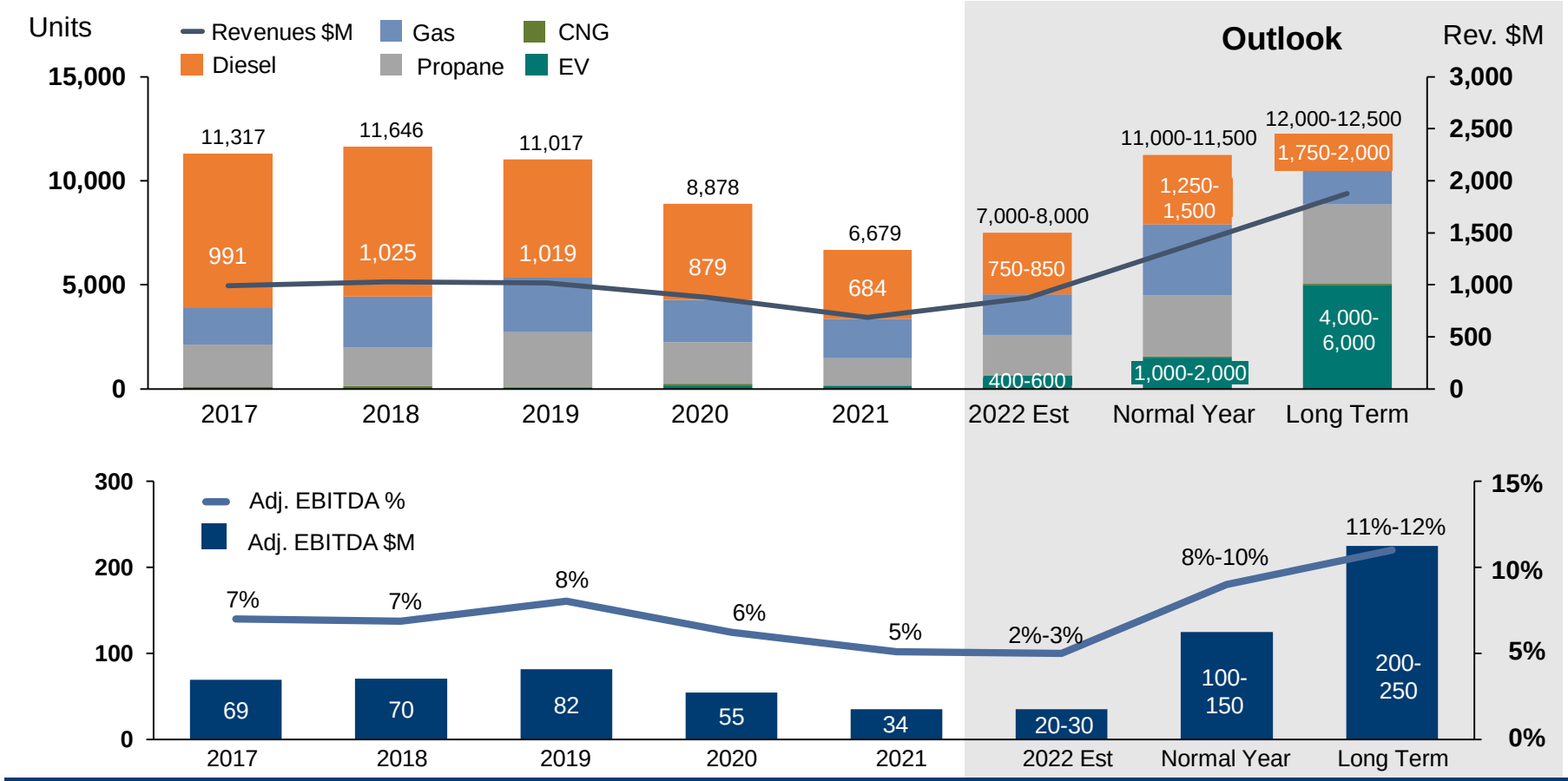
Long-Term Outlook Driven by Market Recovery, EV, and Lean Transformation



FY2022 Guidance

- Challenging 1H, with expected volume and margin recovery in 2H, Adj. EBITDA 2%-3%

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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2Q22 Financials

FY2022 2Q Income Statement

($ Millions)	FY2022	FY2021	B/(W)
Unit Volume	1,931	1,489	442
Unit Backlog	6,607	2,511	4,096
Net Revenue	$207.7	$164.7	$43.0
Bus Rev./Unit ($000's)	*$97.6*	*$100.9*	*$(3.3)*
Gross Margin	1.5%	11.2%	(970) bps
Adj. Net Income[1]	$(10.1)	$1.4	$(11.5)
Adj. EBITDA[1]	$(10.7)	$7.5	$(18.2)
Adj. EBITDA Margin[1]	(5.1)%	4.6%	(970) bps
Adj. Diluted EPS[1]	$(0.31)	$0.05	$(0.36)

Backlog margin compression and supply chain disruptions significantly impacted Q2 results, as expected

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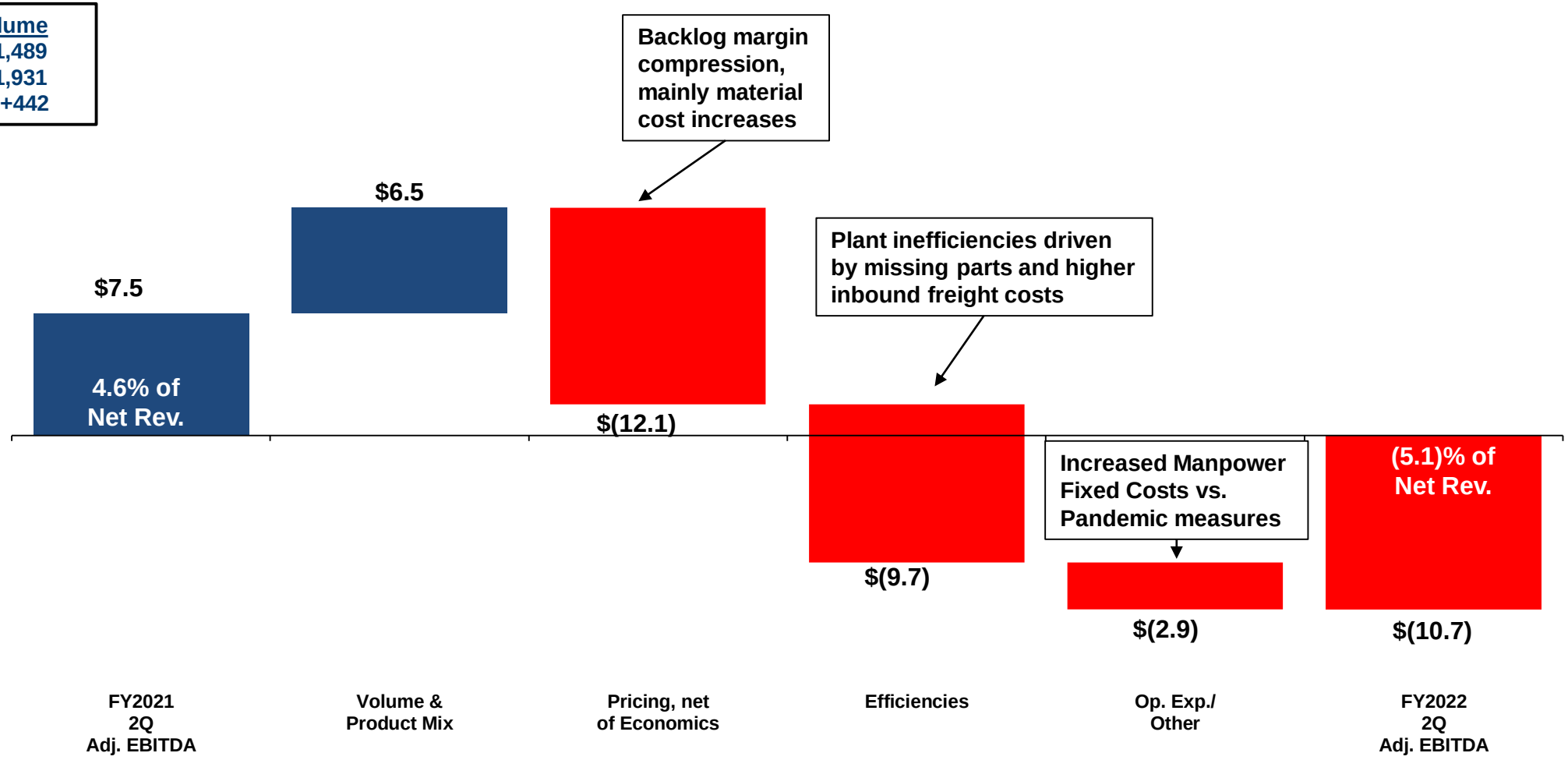
[1]*See appendix for additional detail regarding non-GAAP measures*

FY2021 Q2 to FY2022 Q2 Actuals Adj. EBITDA Walk

2Q Unit Volume	
FY2021	1,489
FY2022	1,931
Variance	+442

($ Millions)



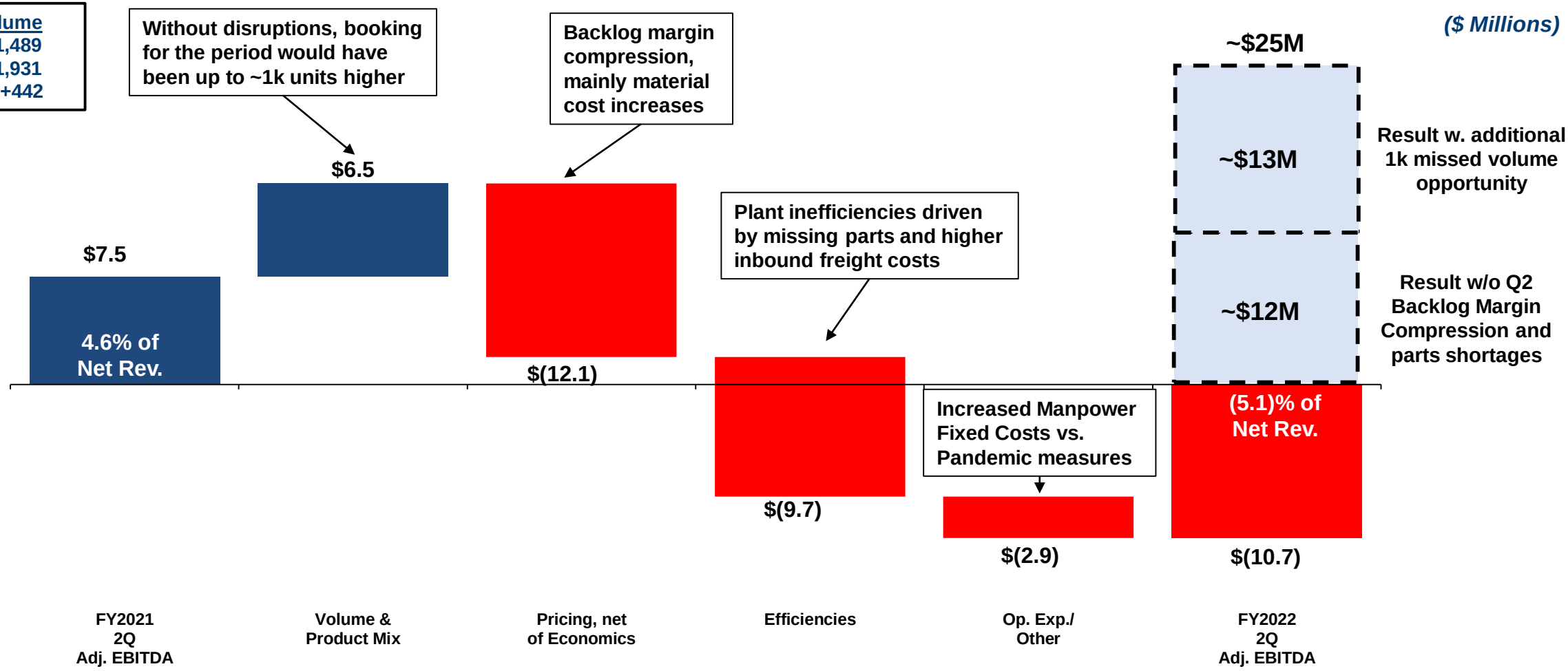
Backlog margin compression and supply chain disruptions significantly impacted Q2 results, as expected

See appendix for additional detail regarding non-GAAP measures

Normalized Q2 result w/o supply chain constraints at ~$25M

2Q Unit Volume	
FY2021	1,489
FY2022	1,931
Variance	+442

($ Millions)



Normalized quarterly production run-rate of ~3k units, w/o shortages, and with full pricing yields ~$25M

See appendix for additional detail regarding non-GAAP measures

Balance Sheet and Liquidity

($ Millions)	As of April 2, 2022
Debt[1]	**$156.9**
Cash[1]	**14.9**
Net Debt[1]	**$142.0**
Net Debt / Adjusted EBITDA[1]	**10.4x**
Net Leverage Ratio[2]	**12.4x**
TTM EBITDA[2] versus a minimum required TTM EBITDA covenant of $(4.5)M	**$12.3**
Liquidity[2] [3] versus a minimum required liquidity covenant level of $5.0M	**$108.6**

Strong liquidity also bolstered by $75M investment by Coliseum Capital in December 2021

1 Represents a reported amount or calculation based upon reported amounts
2 Represents an amount or calculation as defined in the Credit Agreement dated as of December 12, 2016
3 Liquidity is defined as cash and cash equivalents plus availability on our revolving line of credit

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Balance Sheet and Cash Flow Summary

($ Millions)	2Q FY2022	2Q FY2021	B/(W)
Cash	$14.9	$18.7	$(3.8)
Debt	$156.9	$168.8	$11.9
Operating Cash Flow	$21.7	$0.3	$21.4
Adj. Free Cash Flow[1]	$21.6	$(1.6)	$23.3
Trade Working Capital*	$31.2	$5.0	$26.3

Strong Free Cash Flow reported, primarily due to increased volumes and trade working capital

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** Inventories, accounts receivable and accounts payable*

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

Revising FY2022 Guidance

$ Millions	FY2021 Act.	Initial FY2022 Guidance	Revised FY2022 Guidance	B/(W) Vs. Prior Year
Net Revenue	$684	$750 - $850	$800 - $900	$116- $216
Adj. EBITDA[1]	$34	$30 - $50	$20 - $30	$(14) - $(4)
Adj. Free Cash Flow[1]	$(62)	$35 - $55	$15 - $25	$77 - $87

- 1H FY2022 Actuals impacted supply chain disruptions, limiting the units sold and creating inefficiencies
- Significant margin compression for 1H units due to traditional school bus selling cycle (old backlog)
- Continuous slow margin improvement expected through 2H, despite new headwinds from geopolitical and macroeconomic factors, higher commodities pricing and persistent supply chain challenges

Global issues, growing cost inflation and continued supply chain pressures delay 2H recovery

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

End