



BLUE BIRD[®]

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

**BLUE BIRD CORPORATION
(NASDAQ: BLBD)**

Investor Presentation

February 2023

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.



Important Disclaimers

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.



Agenda

Investment Highlights

School Bus Industry Overview

Company & Product Highlights

FY2023 Objectives

Growth Runway



Investment Highlights



Well positioned for growth given the backdrop of an aging school bus fleet



Primed to be a direct beneficiary of \$5B of infrastructure US Government's commitment to electrification of school buses



Leading market position in alternative power with a scaling EV business and an expected surge in EV Demand



Product portfolio further diversified through introduction of EV commercial chassis offering



Reducing structural costs through lean transformation leading to operational efficiencies



Price increases to offset rising commodity costs



10%+ EBITDA margin in a normalized operating environment



School Bus Industry Overview

Industry Highlights

School buses are America's largest mass transit system

500k+

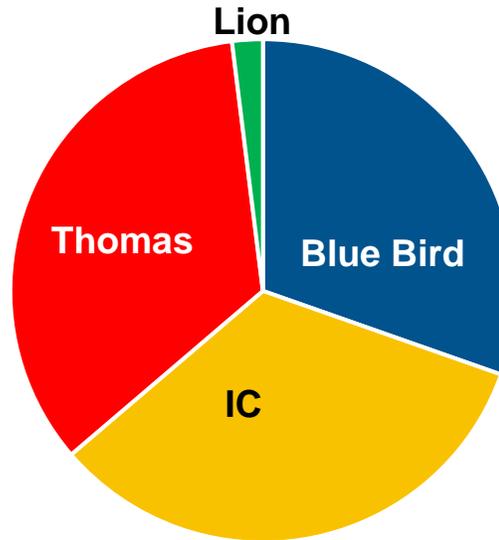
school buses in operation in the U.S. and Canada transporting

26 MILLION KIDS

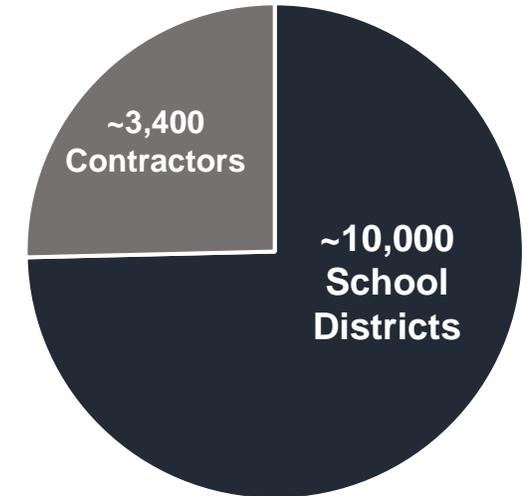
to school on a daily basis



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

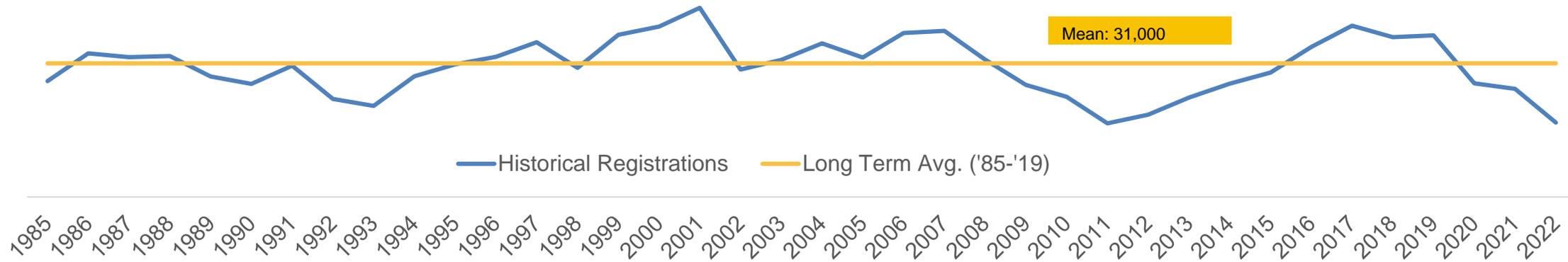
Relatively Clear Funding Sources

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 ~515,000 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

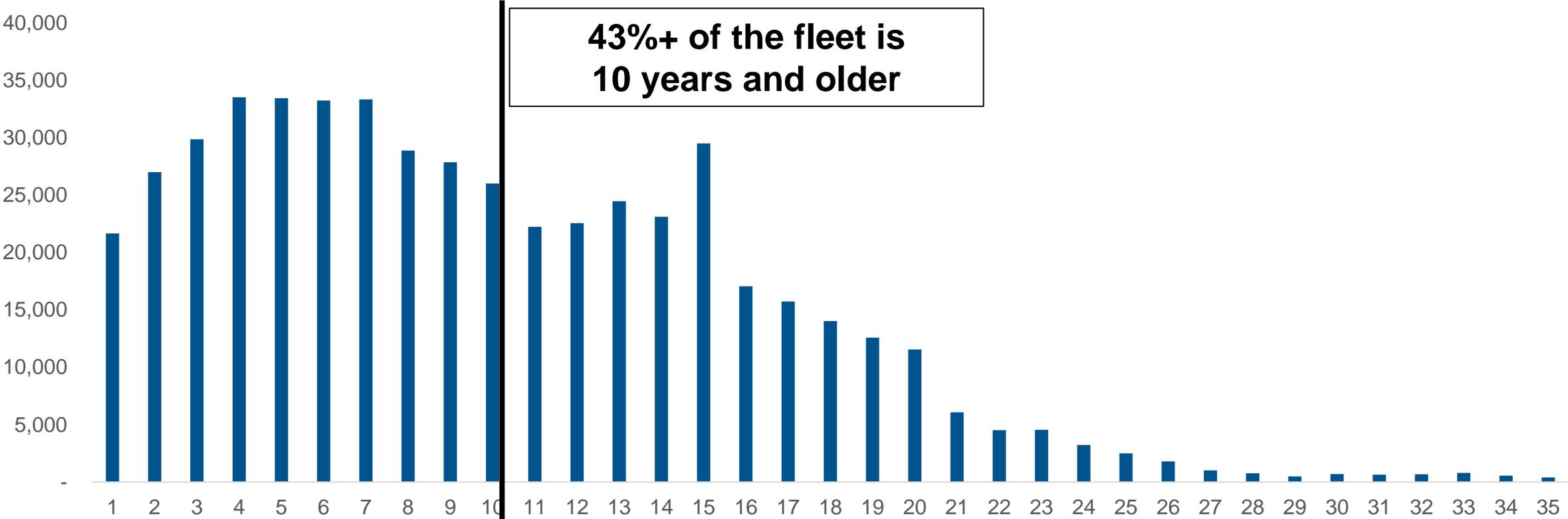
FY2023 industry expected to be ~27k units as industry production capacity is still constrained by supplier shortages; core funding and demand is healthy at pre-pandemic order levels



Source: R.L. Polk New Registrations, based on Type C/D school buses & non-school buses in US/CAN registered thru Dec. 2022

Fleet Age Profile Supports Industry Levels

~515K School Buses on the Road as of the end of CY2022



~221K buses in service for more than 10 years supports high annual replacement volume



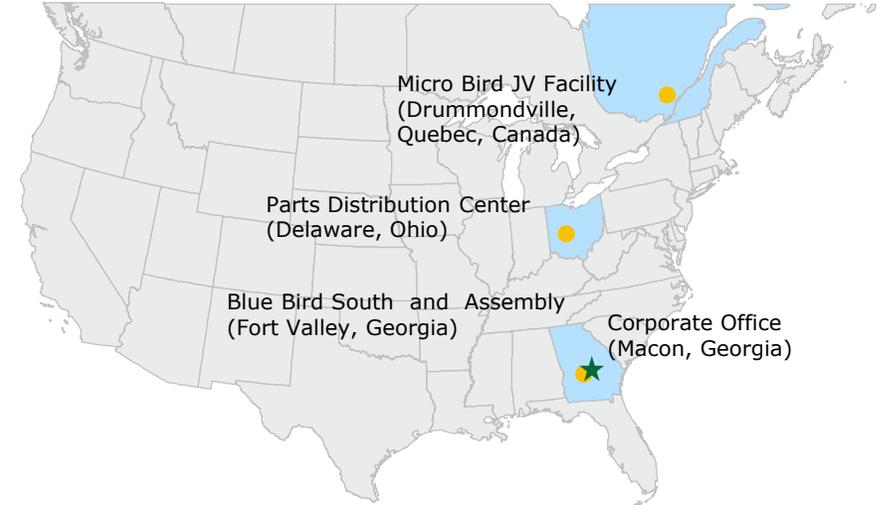
Source: R.L. Polk VIO, based on Type C/D school buses and non-school buses in US/CAN thru Dec. 2022

Company & Product Highlights

Introduction to Blue Bird

- Headquartered in Macon, Georgia
- Leader in alternative power; #1 in electric & propane school buses
- ~60% of Blue Bird sales are non-diesel; <10-20% for competitors
- Full range of chassis that can be offered to third parties, led by EV
- Manufacturing footprint strategically positioned to serve the entire U.S. market
- Dedicated dealer network with more than 50 dealers and more than 250 service centers

Dedicated Manufacturing Footprint



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

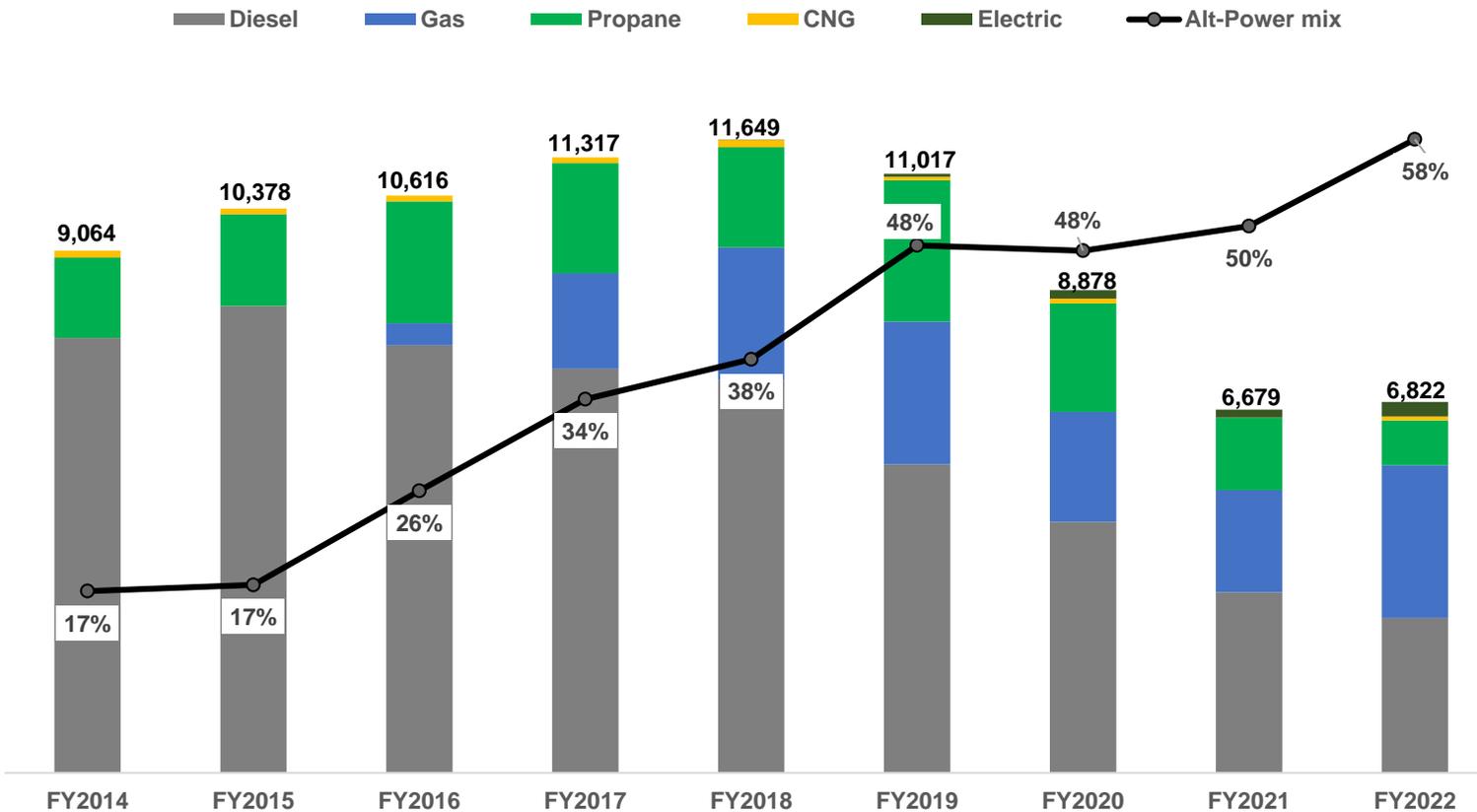


Type A Buses
Seating Capacity: 10-30
Fuel Types: Diesel, Propane, Gasoline, Electric (2018)

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



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
- Launched its Blue Bird Energy Services business to provide turnkey charging infrastructure solutions for electric school bus fleets

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



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EPA Clean School Bus Rebate Program

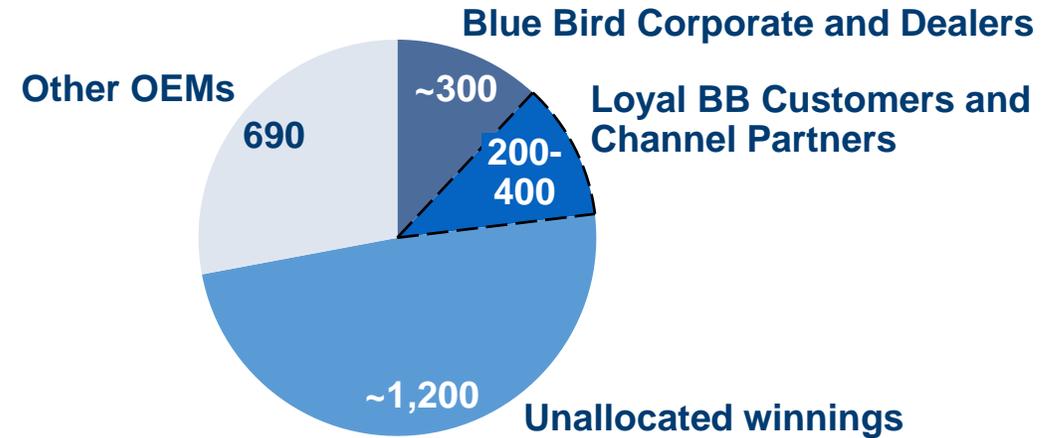
Program Overview

\$5B funding over 5 years

~\$1B released in 2022

2,468 Buses awarded at 391 School Districts

2022 Lottery Results



Short-term Impact for Blue Bird

~ \$200M revenue

Total of 500-700 orders

Long-term Impact for Blue Bird

During 5 year program, ~\$1B+ in potential revenue for Blue Bird



Next funding allocation expected to start in early 2023 as competitive grant program

Build Complete Ecosystem for EV School Bus Deployment

END OF LIFE

Determine recycling program for used batteries after use

SERVICE & SUPPORT

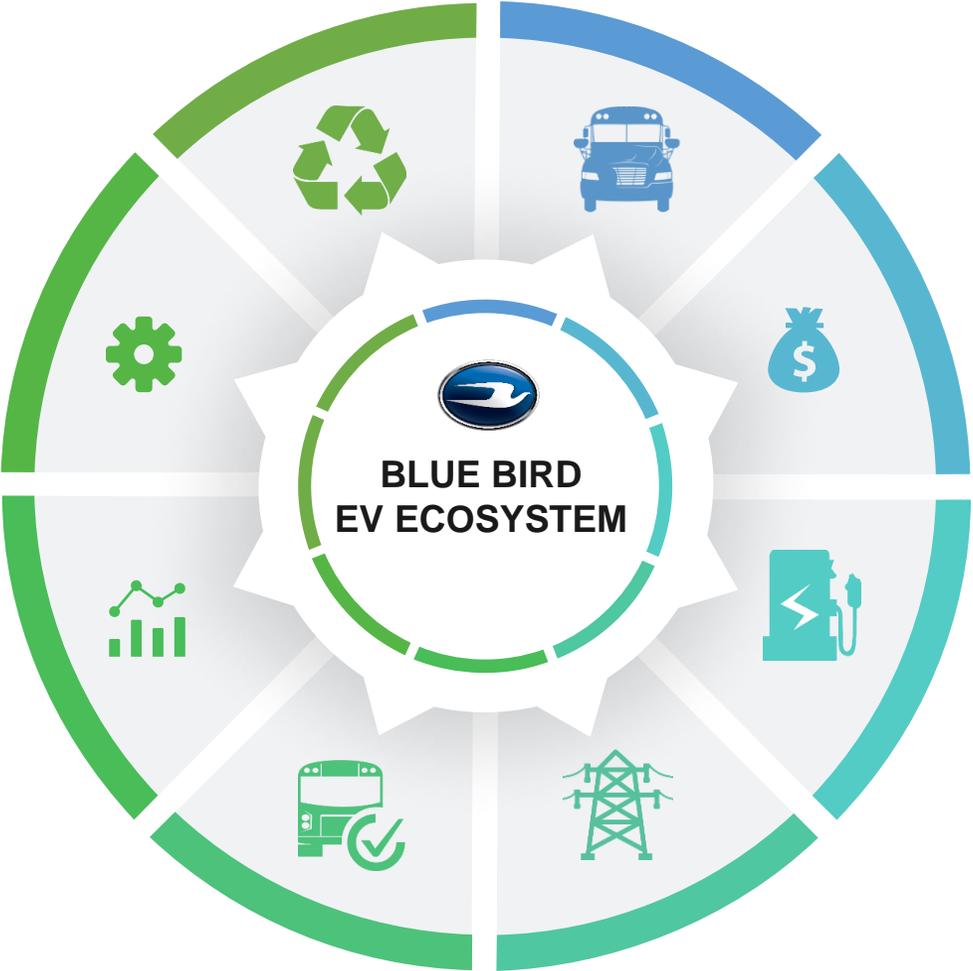
Connect with dealer and EV system provider to support and service bus throughout its lifetime

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



FY2023 Objectives

FY2023 Objectives & Focus Areas



Our People



Lean Transformation



Expanding Our TAM



Scaling EV



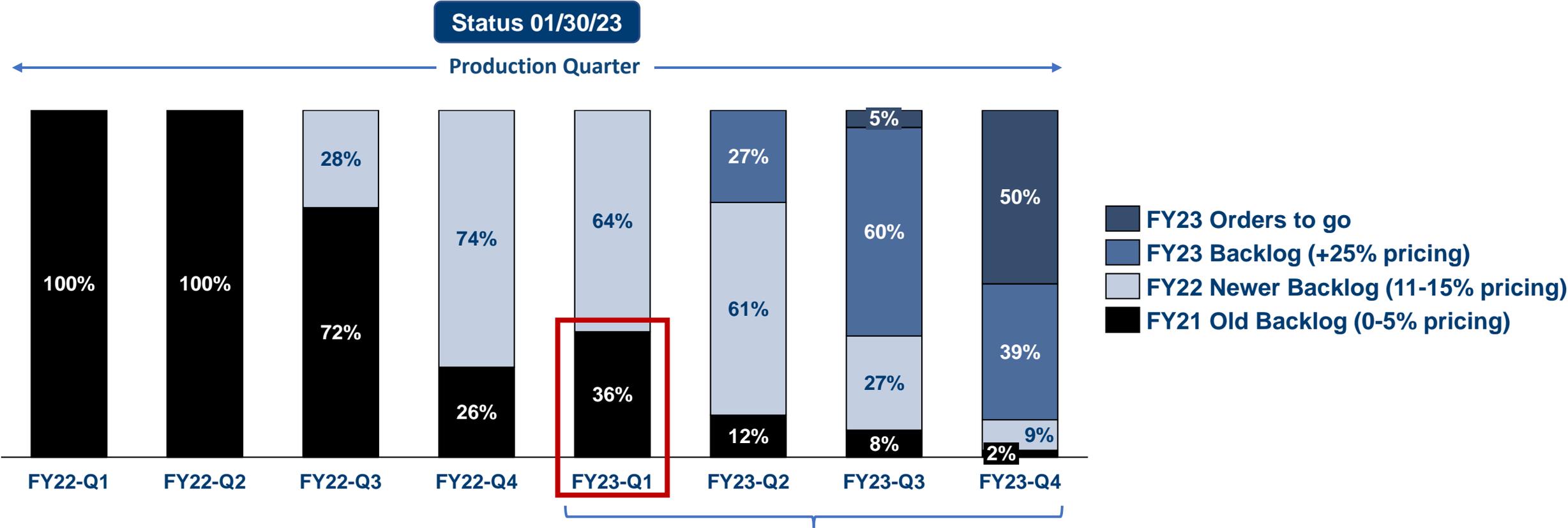
FY2023 Focus Areas



Focus Area	Completed	Future Levers
<h2>Our People</h2>	<ul style="list-style-type: none"> ✓ Leadership team transformation completed ✓ Rolled out a comprehensive employee engagement plan to improve employee satisfaction ✓ Improving the span of control and accountability in manufacturing 	<ul style="list-style-type: none"> ○ Continuing upgrades in the manufacturing facility
<h2>Lean Transformation</h2>	<ul style="list-style-type: none"> ✓ Revamped off-line and final finish processes ✓ Improved material flow ✓ DPU's reduced significantly and plant efficiency improving ✓ Lean initiatives already reduced 15+ hours out of standard 	<ul style="list-style-type: none"> ○ See clear path to 30% reduction in hours per bus (HPB) by 2025
<h2>Expanding Our TAM</h2>	<ul style="list-style-type: none"> ✓ Launched prototype EV commercial chassis at ACT Expo ✓ EV Commercial chassis TAM over 30,000, effectively doubling Blue Bird's market 	<ul style="list-style-type: none"> ○ Targeting Last Mile Delivery Stripped Chassis & High-end Motorhomes ○ Expect EV commercial chassis demo units in CY2023
<h2>Scaling EV</h2>	<ul style="list-style-type: none"> ✓ Construction continues on ~40,000 sq. ft. building for EV Chassis assembly to expand production to 12 per day by the end of 1H of 2023, then to 20 per day by the end of 2023 ✓ To be a showcase of World Class Manufacturing (WCM) 	<ul style="list-style-type: none"> ○ Longer term goal of increasing production to 5,000 EV units



Pricing is Taking Hold – Backlog Profile Improving

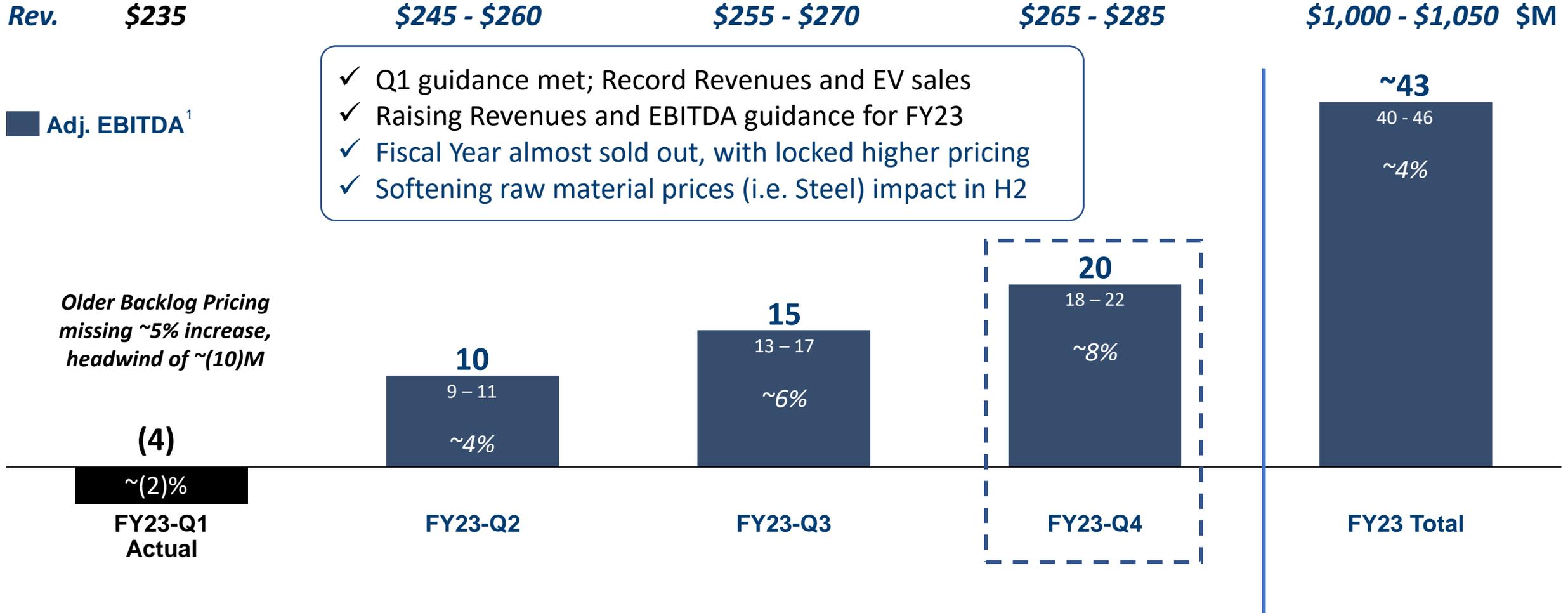


Production Schedule almost Full through Q4
(Some Q3/Q4 slots reserved for EV, T3 into FY24)



Newer backlog and increasingly improved pricing in place and locked in from FY23-Q2

Key Success Factors Already in Place for FY2023



Return to historical profitability in FY23, Q4 run-rate Adj. EBITDA of ~\$80M+ on ~\$1Bn Revenues

¹ See appendix for additional detail regarding non-GAAP measures

FY2023 Guidance Raised: Strong profitability in FY2023-H2

<i>\$ Millions</i>	FY2022 Actuals	FY2023 Initial Guidance	FY2023 Updated Guidance	B/(W) Vs. Prior Year
Net Revenue	\$800	\$900 – \$1,000	\$1,000 - \$1,050	\$200 - \$250
Adj. EBITDA¹	\$(15)	\$35 - \$45	\$40 - \$46	\$55 - \$61
Adj. Free Cash Flow¹	\$(23)	\$0 - \$10	\$5 - \$11	\$28 - \$34

- FY23-Q1 with headwinds from old backlog pricing
- Improved volumes expected during Q2 and Q3, combined with increased margins (higher pricing and lower raw materials costs)
- Q3 and Q4 back to historical margins, driven by improved pricing and higher EV bus volumes

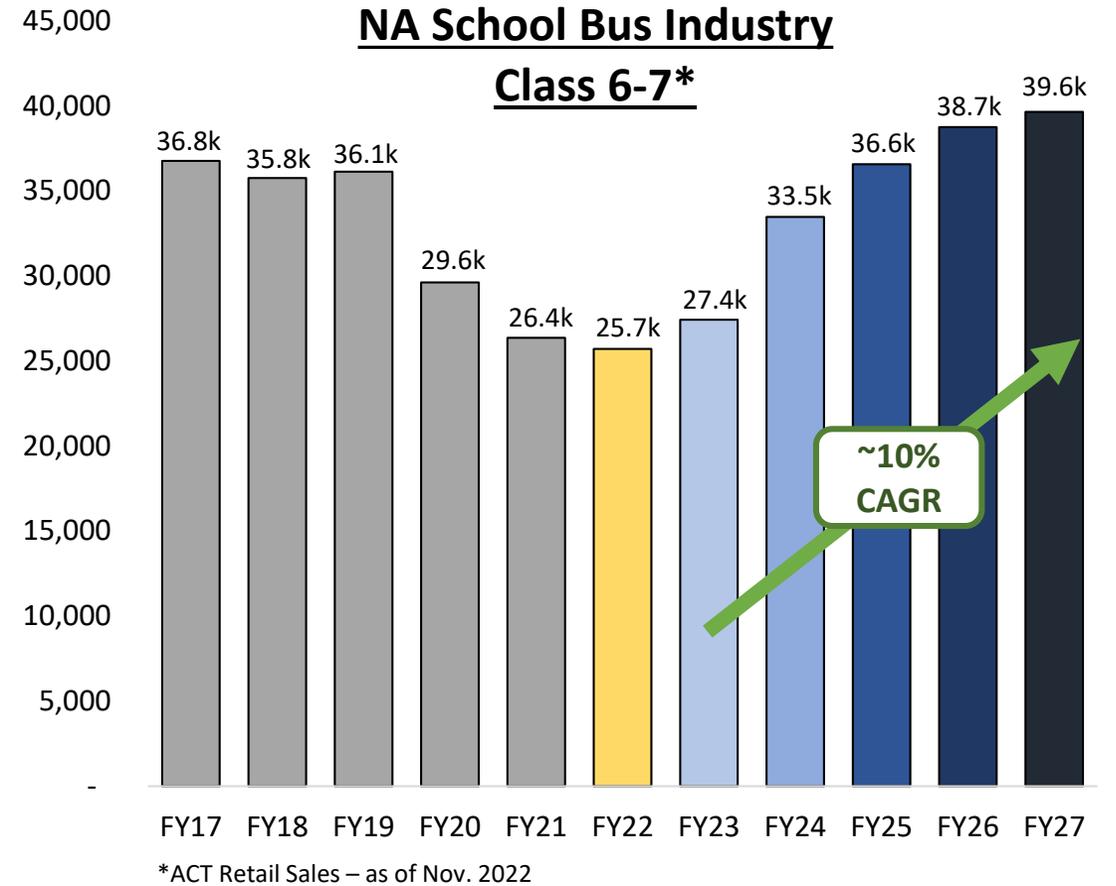


Return to historical profitability in FY23, Q4 run-rate Adj. EBITDA of ~\$80M+ on ~\$1Bn Revenues

¹ See appendix for additional detail regarding non-GAAP measures

Positioned for Strong Recovery in FY2023 & Beyond

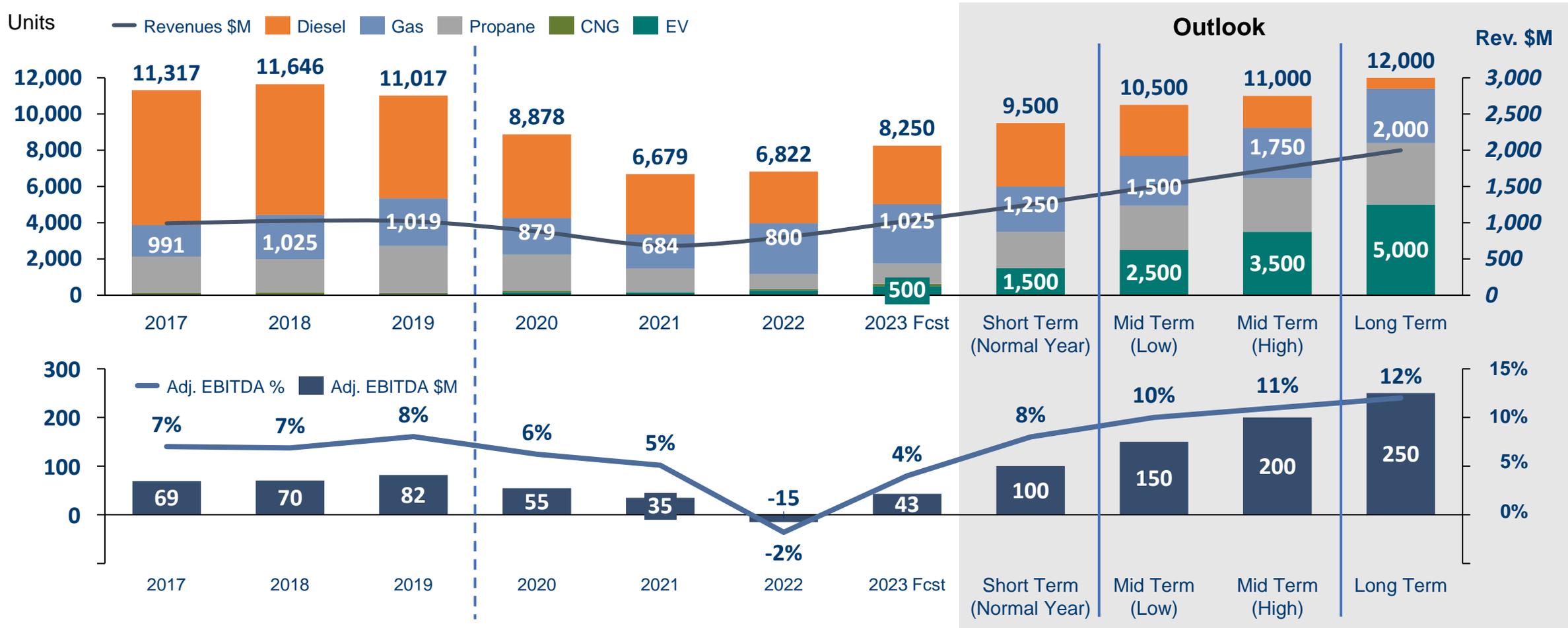
Bookings	↑ 20%+ = 8,250+ units
Revenue	↑ 25%+ = ~\$1 Billion
Parts Revenue	↑ 10%+ = \$84+ Million
EBITDA	↑ ~4x = ~\$43 million
EV Bookings	↑ 85%+ = 500+ units



The business is back on track and the outlook for our industry is incredibly strong

Solid Growth Runway

Long-term Outlook Driven by EV growth and Lean Transformation



Growth path towards 5,000 EVs, \$2Bn Revenues and 12% Adj. EBITDA (~\$250M)



Strong Outlook Ahead for Blue Bird / Investment Highlights

Countercyclical

Strong industry growth ahead with a backdrop of healthy funding and an aging school bus fleet

National Commitment

Beneficiary of \$5B US Government's commitment to the electrification of school buses

The Leader

Leading market position in alternative power and electric school buses

Expanding our TAM

Product portfolio further diversified through introduction of EV commercial chassis offering

Reducing Costs

Reducing structural costs through Lean transformation

Profitable Growth

Pricing aligned to market economics and external forces

10%+ Adjusted EBITDA margin in a normalized mid-term operating environment



Appendix

Income Statement

(\$ Millions)	FY2023-Q1	FY2022-Q1	B/(W)
Unit Volume	1,957	1,149	808
Unit Backlog	5,335	4,854	481
Net Revenue	\$235.7	\$129.2	\$106.5
<i>Bus Rev./Unit (\$000's)</i>	<i>\$109.0</i>	<i>\$97.9</i>	<i>\$11.1 / 10%</i>
Gross Margin	3.2%	12.5%	(930) bps
Adj. Net Income ¹	\$(9.8)	\$(2.0)	\$(7.8)
Adj. EBITDA ¹	\$(4.2)	\$3.6	\$(7.8)
Adj. EBITDA Margin ¹	(1.8)%	2.8%	(460) bps
Adj. Diluted EPS ¹	\$(0.30)	\$(0.07)	\$(0.23)



Significant improvement in operations, offset by higher costs and lower prices on legacy backlog units

¹See appendix for additional detail regarding non-GAAP measures

Balance Sheet and Cash Flow

(\$ Millions)	FY2023-Q1	FY2022-Q1	B/(W)
Cash	\$5.7	\$4.1	\$1.6
Debt	\$(149.1)	\$(165.3)	\$16.2
Liquidity ¹	\$84.4	\$92.8	\$(8.4)
Operating Cash Flow	\$19.9	\$(33.1)	\$53.0
Adj. Free Cash Flow ²	\$19.6	\$(34.1)	\$53.7
Trade Working Capital*	\$33.8	\$(24.0)	\$57.8

Positive Free Cash Flow for Q1, primarily due to Trade Working Capital



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* Inventories, accounts receivable and accounts payable

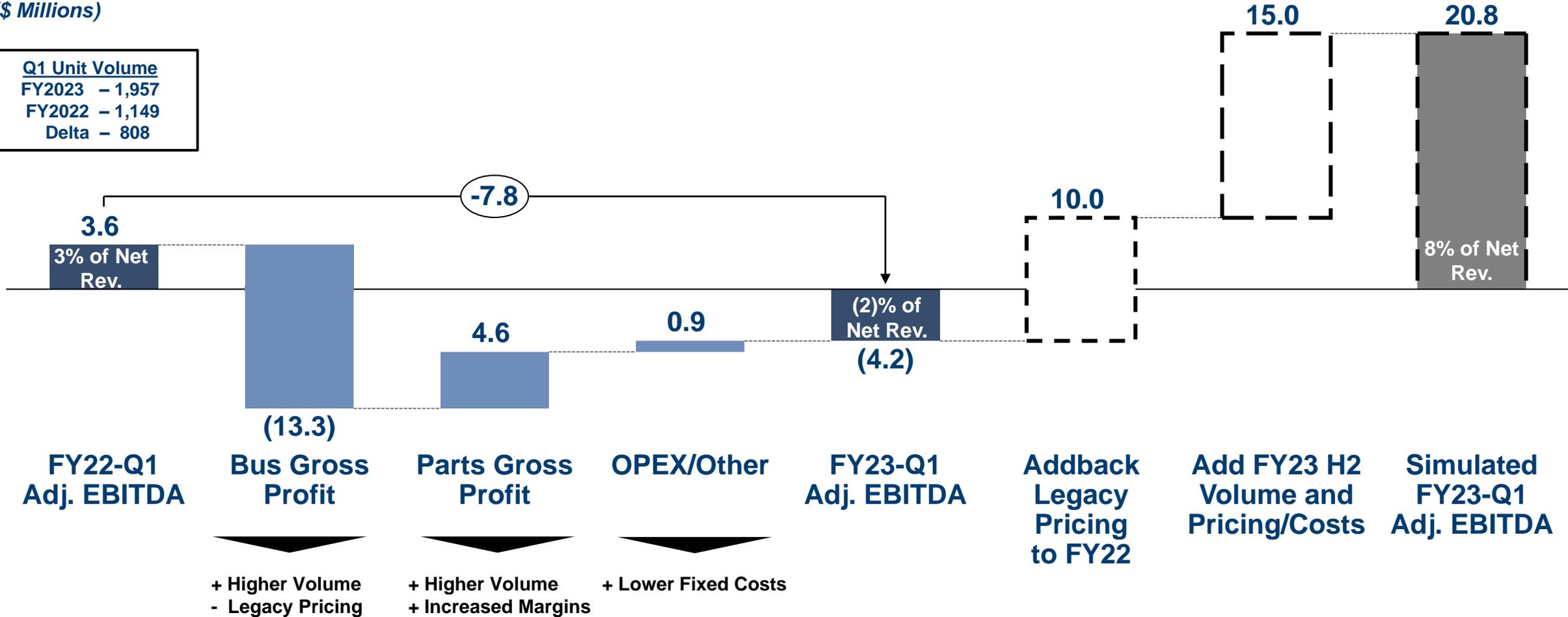
¹Minimum liquidity covenant for FY23-Q1 of \$30M

²See appendix for additional detail regarding non-GAAP measures

FY2022-Q1 to FY2023-Q1 Adj. EBITDA Walk

(\$ Millions)

Q1 Unit Volume
 FY2023 – 1,957
 FY2022 – 1,149
 Delta – 808



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FY23-Q1 is the last quarter with significant number of legacy old priced buses from 2021, with effect of ~\$(10)M

See appendix for additional detail regarding non-GAAP measures

Adj. EBITDA Reconciliation

Reconciliation of Net Income to Adjusted EBITDA

(in thousands of dollars)	Three Months Ended	
	December 31, 2022	January 1, 2022
Net loss	\$ (11,294)	\$ (4,082)
Adjustments:		
Interest expense, net (1)	4,289	3,157
Income tax benefit	(2,981)	(1,762)
Depreciation, amortization, and disposals (2)	3,815	3,523
Operational transformation initiatives	800	1
Share-based compensation expense	589	1,673
Product redesign initiatives	—	253
Restructuring charges	—	246
Costs directly attributed to the COVID-19 pandemic (3)	—	29
Loss on debt modification	537	561
Adjusted EBITDA	\$ (4,245)	\$ 3,599
Adjusted EBITDA Margin (percentage of net sales)	(1.8)%	2.8 %

(1) Includes \$0.1 million for both 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 \$0.4 million and \$0.2 million for the three months ended December 31, 2022 and January 1, 2022, respectively, representing amortization charges on right-of-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 represents costs incurred for third party cleaning services and personal protective equipment for our employees in response to the COVID-19 pandemic.



Free Cash Flow Reconciliation

Reconciliation of Free Cash Flow to Adjusted Free Cash Flow

(in thousands of dollars)	Three Months Ended	
	December 31, 2022	January 1, 2022
Net cash provided by (used in) operating activities	\$ 19,926	\$ (33,077)
Cash paid for fixed assets	(1,146)	(1,570)
Free cash flow	<u>\$ 18,780</u>	<u>\$ (34,647)</u>
Cash paid for product redesign initiatives	—	253
Cash paid for operational transformation initiatives / Other	800	1
Cash paid for restructuring charges	—	246
Cash paid for costs directly attributed to COVID-19	—	29
Adjusted free cash flow	<u>19,580</u>	<u>(34,118)</u>

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	
	December 31, 2022	January 1, 2022
Net loss	\$ (11,294)	\$ (4,082)
Adjustments, net of tax benefit or expense (1)		
Operational transformation initiatives	632	1
Product redesign initiatives	—	190
Share-based compensation expense	465	1,255
Restructuring charges	—	185
Costs directly attributed to the COVID-19 pandemic (2)	—	22
Loss on debt modification	424	421
Adjusted net (loss) income, non-GAAP	\$ (9,772)	\$ (2,010)

(1) Amounts are net of estimated statutory tax rates of 21% for the three months ended December 31, 2022, and 25% for the three months ended January 1, 2021.

(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	
	December 31, 2022	January 1, 2022
Diluted loss per share	\$ (0.35)	\$ (0.15)
One-time charge adjustments, net of tax benefit or expense	0.05	0.08
Adjusted diluted (loss) earnings per share, non-GAAP	\$ (0.30)	\$ (0.07)
Weighted average dilutive shares outstanding	32,243,213	28,395,912



End
