

BLUE BIRD®

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

BLUE BIRD CORPORATION (NASDAQ: BLBD)

Investor Presentation

May 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.

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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

- Investment Highlights
- School Bus Industry Overview
- Company & Product Highlights
- FY2023 Objectives
- Growth Runway



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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

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School Bus Industry Overview

Industry Highlights

School buses are America's largest mass transit system

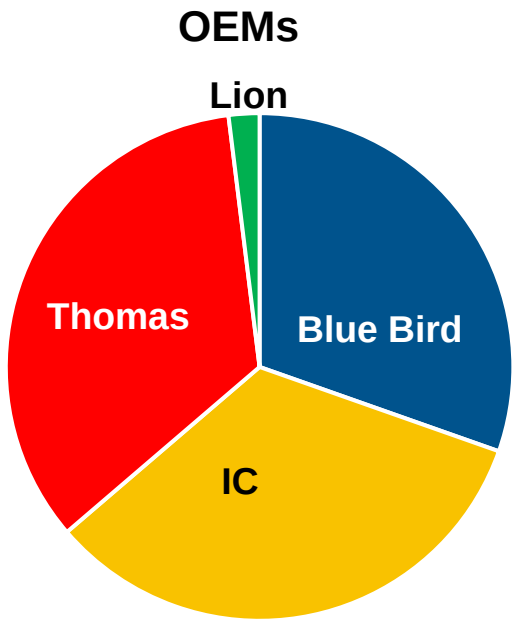
500k+

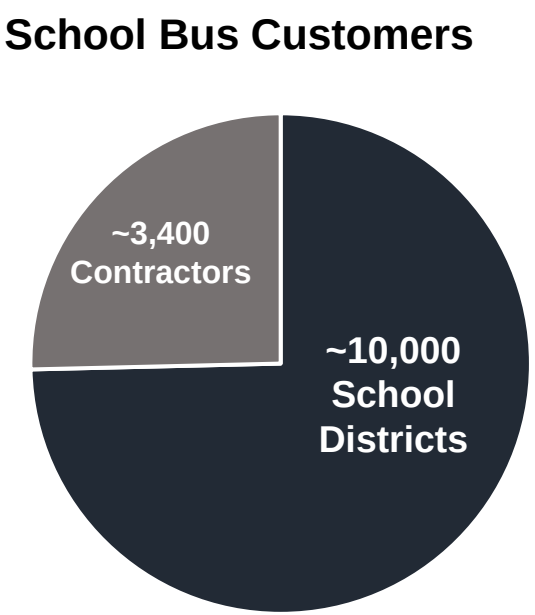
school buses in operation in the U.S. and Canada transporting

26 MILLION KIDS

to school on a daily basis







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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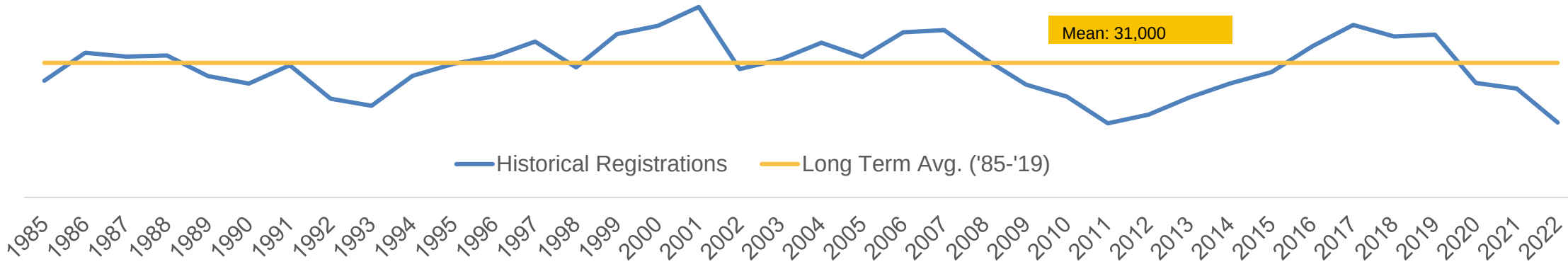
Type C & D School Bus Industry



- **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

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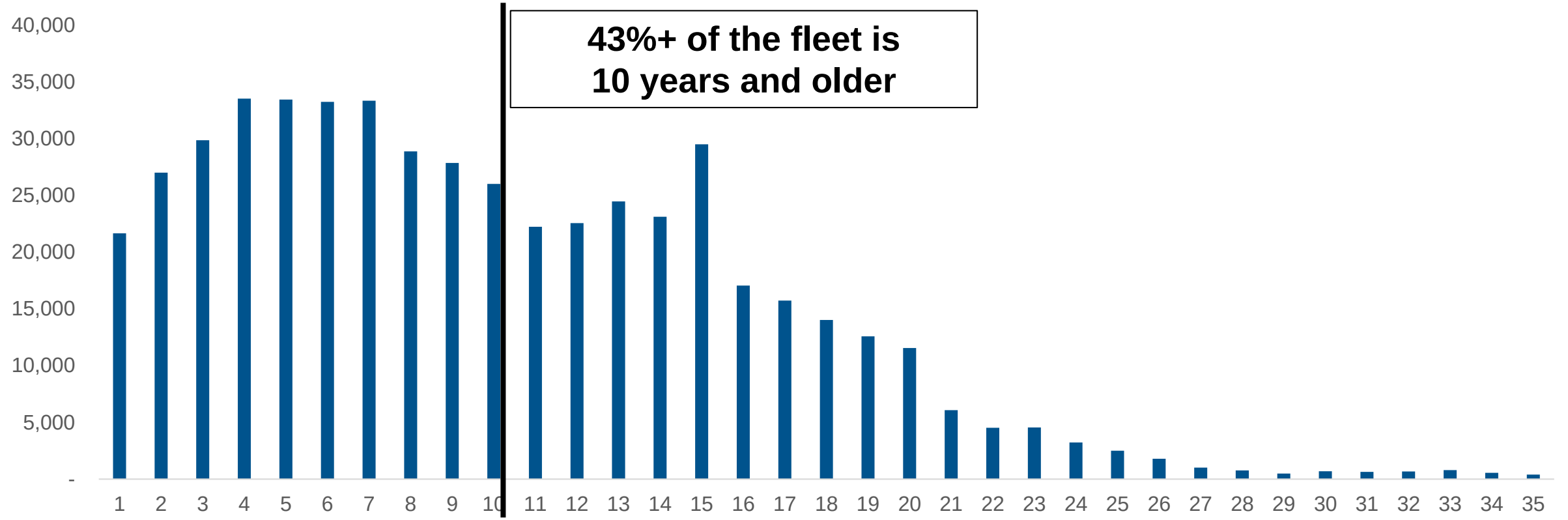
Source: R.L. Polk New Registrations, based on Type C/D school buses & non-school buses in US/CAN registered thru Dec. 2022

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

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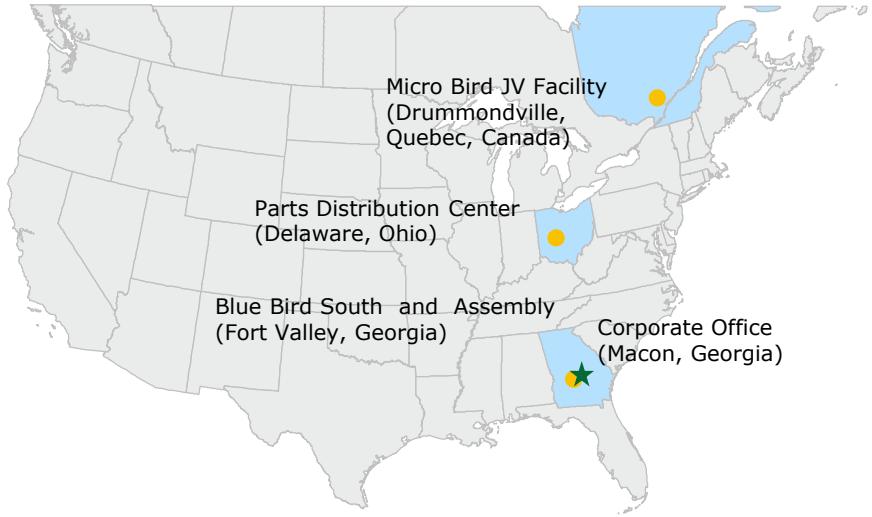
Source: R.L. Polk VIO, based on Type C/D school buses and non-school buses in US/CAN thru Dec. 2022

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

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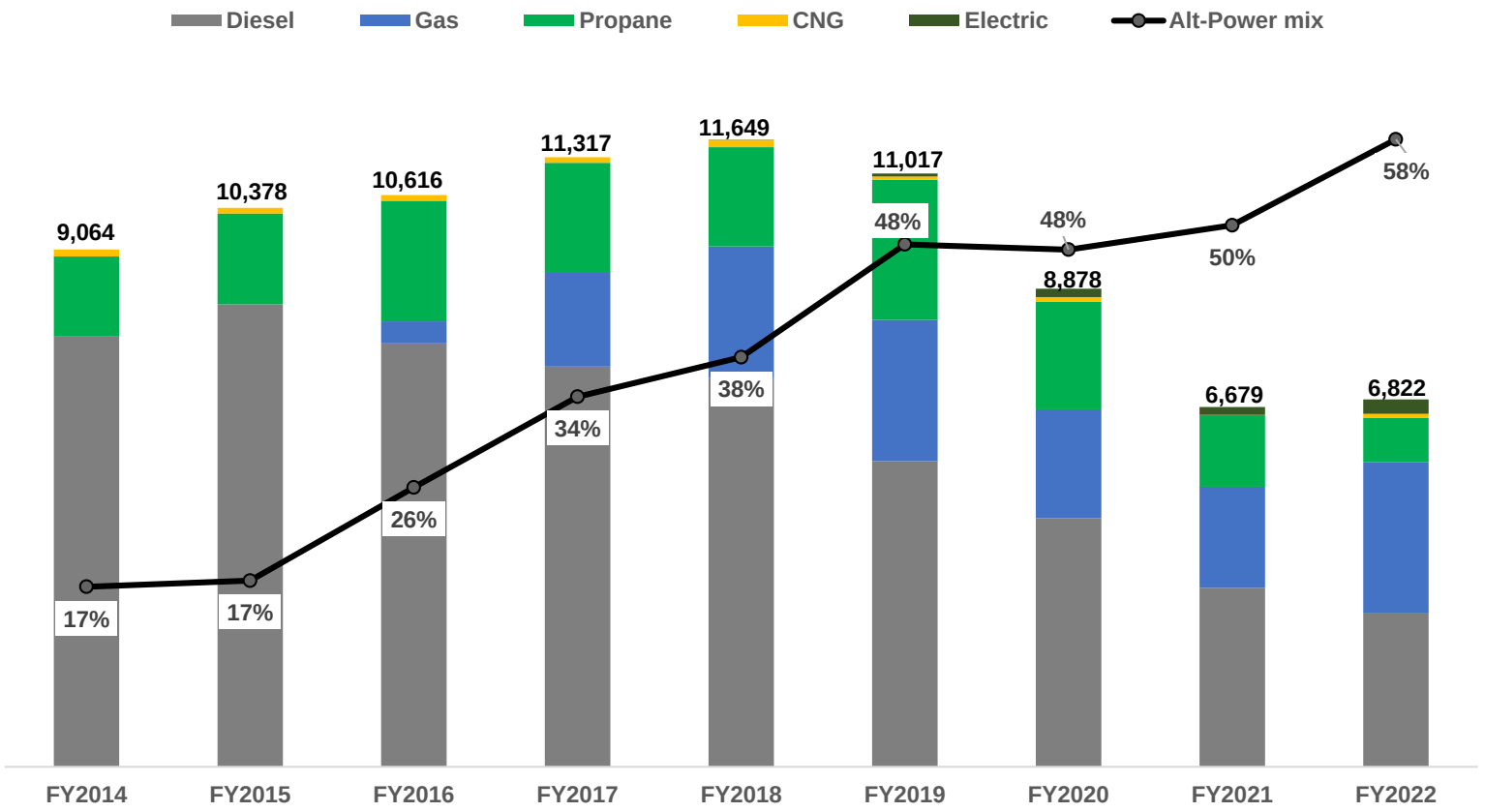
Proven Leadership in Clean Technologies



- 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
- 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

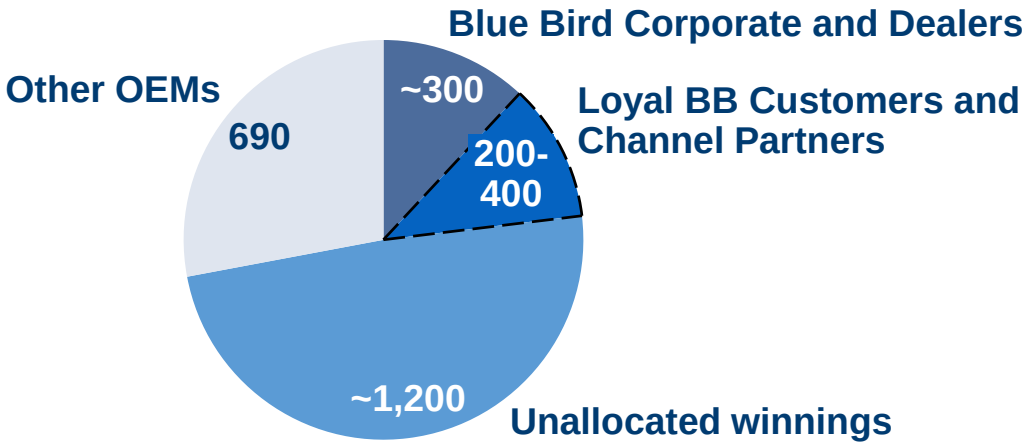
Program Overview

$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

We are on track for over 500+ orders from the Phase I of the program

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EPA Clean School Bus Grant Program - Phase II

Phase II - $400M Competitive Grant Program Timeline

Application period	Anticipated Selection	Anticipated Orders
May – Aug 2023	Nov 2023 – Jan 2024	Jan – Mar 2024

- Extensive project narrative
- Scored based on evaluation criteria

- School district applicants: 15-50 buses
- 3rd party applicants (OEMs, bus distributors, or private school bus contractors): 25 – 100 buses and must include at least 4 school districts

The $400M of funding is expected **to fund ~900 buses through a 25-50 total awards**

Blue Bird, Dealers, and Channel partners applications impacted expected to be 200+ bus orders

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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

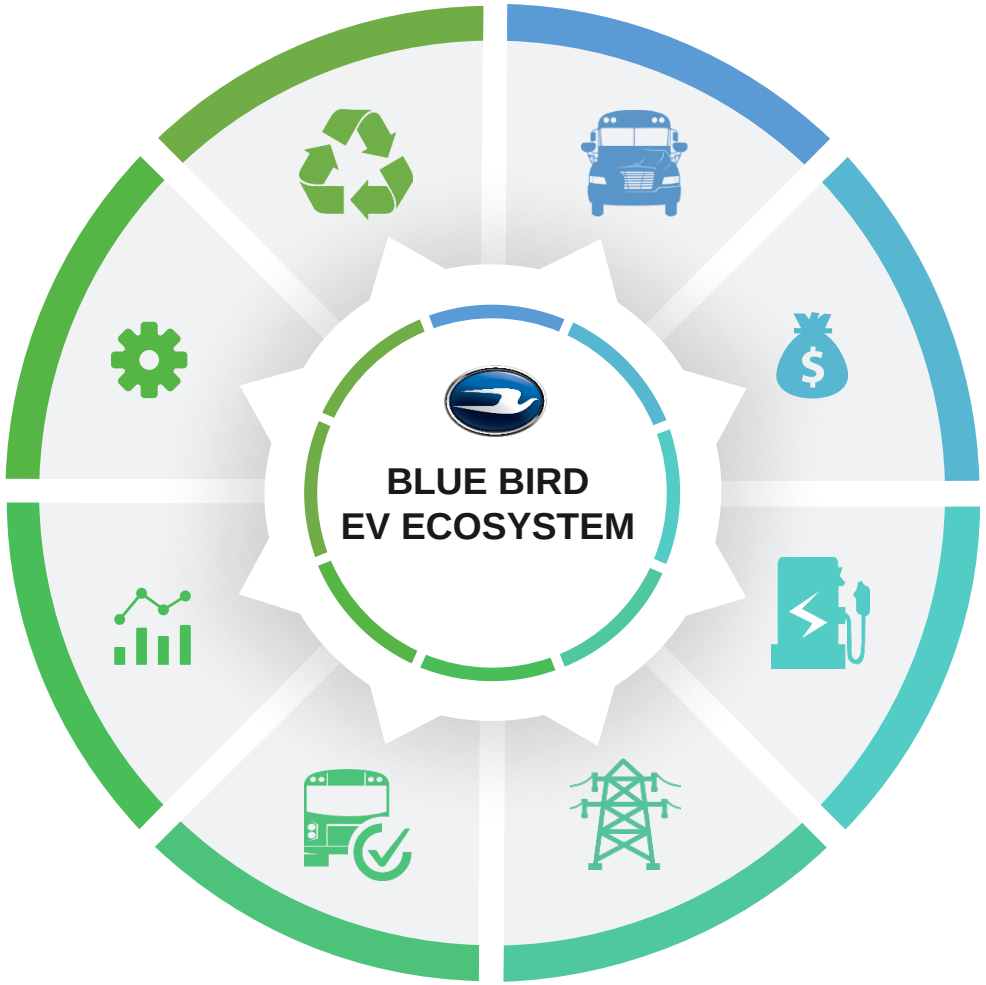
Connect with dealer and EV system provider to support and service bus throughout its lifetime

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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FY2023 Objectives

FY2023 Objectives & Focus Areas



Our People



Lean Transformation



Expanding Our TAM



Scaling EV



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FY2023 Focus Areas

Focus Area	Completed	Future Levers
Our People	✓ Leadership team transformation completed ✓ Rolled out a comprehensive employee engagement plan to improve employee satisfaction ✓ Improving the span of control and accountability in manufacturing	○ Continuing upgrades in the manufacturing facility
Lean Transformation	✓ 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	○ See clear path to 30% reduction in hours per bus (HPB) by 2025
Expanding Our TAM	✓ Launched prototype EV commercial chassis at ACT Expo ✓ EV Commercial chassis TAM over 30,000, effectively doubling Blue Bird's market	○ Targeting Last Mile Delivery Stripped Chassis & High-end Motorhomes ○ Expect EV commercial chassis demo units in CY2023
Scaling EV	✓ 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)	○ Longer term goal of increasing production to 5,000 EV units

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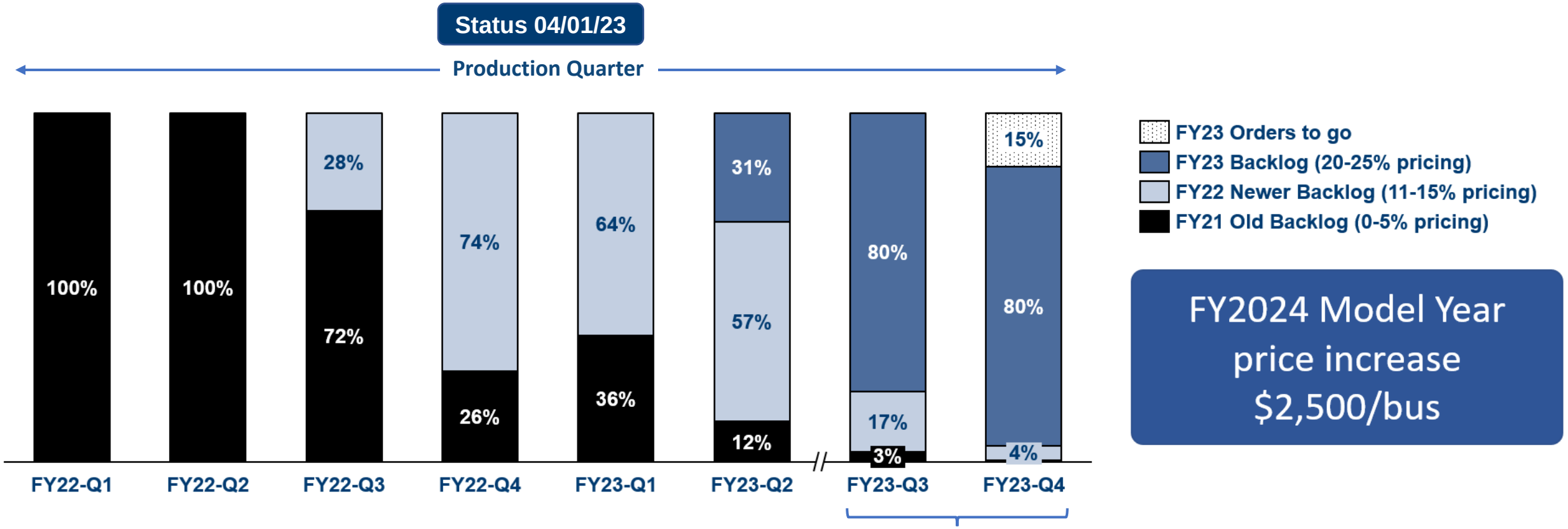
Legacy backlog units behind us, FY23-H2 back to normal margins



FY2024 Model Year price increase $2,500/bus

Production Schedule Almost Full through Q4
(Some Q4 slots reserved for EV; T3 into FY24)

Newer backlog and increasingly improved pricing in place and locked in for FY23-H2

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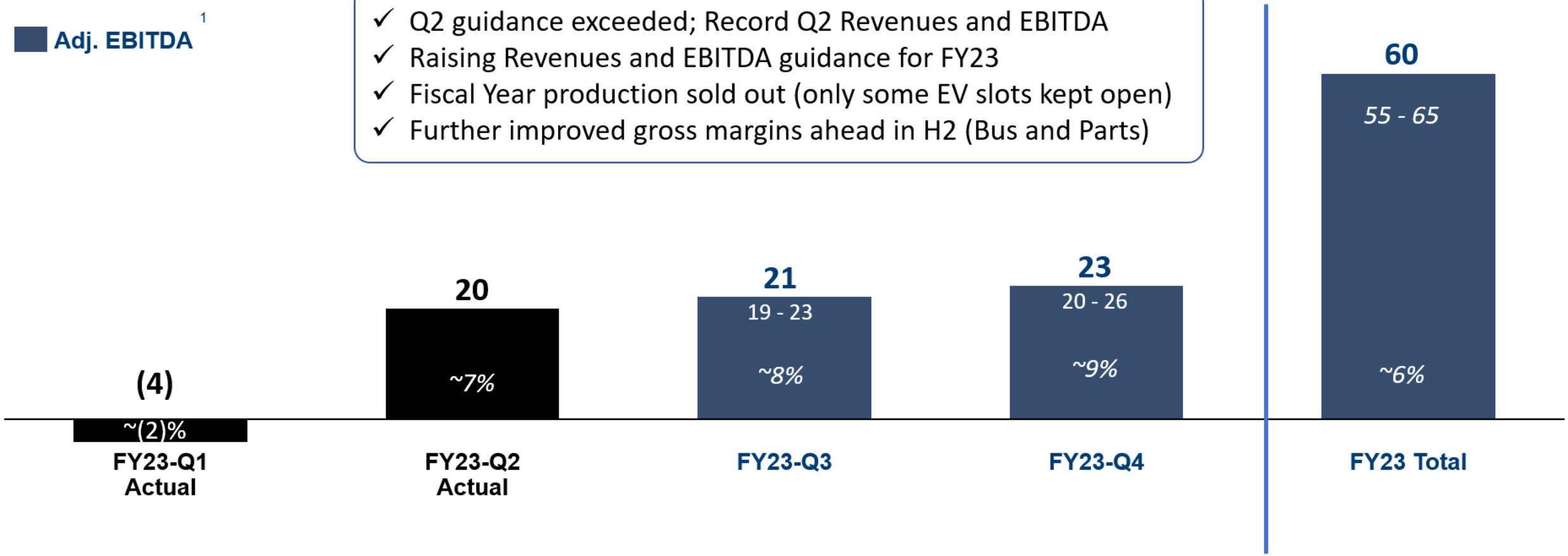
Key Success Factors Already in Place for FY2023-H2

Rev.	*$235*	*$300*	*$275 - $300*	*$275 - $300*	*$1,085 - $1,135* $M

- ✓ Q2 guidance exceeded; Record Q2 Revenues and EBITDA
- ✓ Raising Revenues and EBITDA guidance for FY23
- ✓ Fiscal Year production sold out (only some EV slots kept open)
- ✓ Further improved gross margins ahead in H2 (Bus and Parts)



Turnaround results ahead of schedule, current run-rate Adj. EBITDA of ~$80M on ~$1.1Bn Rev.

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

FY2023 Guidance Raised: Strong profitability in FY2023

$ Millions	FY2022 Actuals	FY2023 Initial Dec. Guidance	FY2023 Feb. Updated Guidance	FY2023 May Updated Guidance	*B/(W) Vs. Prior Year*
Net Revenue	$800	$900 – $1,000	$1,000 - $1,050	$1,085 - $1,135	*$285 - $335*
Adj. EBITDA[1]	$(15)	$35 - $45	$40 - $46	$55 - $65	*$70 - $80*
Adj. Free Cash Flow[1]	$(23)	$0 - $10	$5 - $11	$30 - $40	*$53 - $63*

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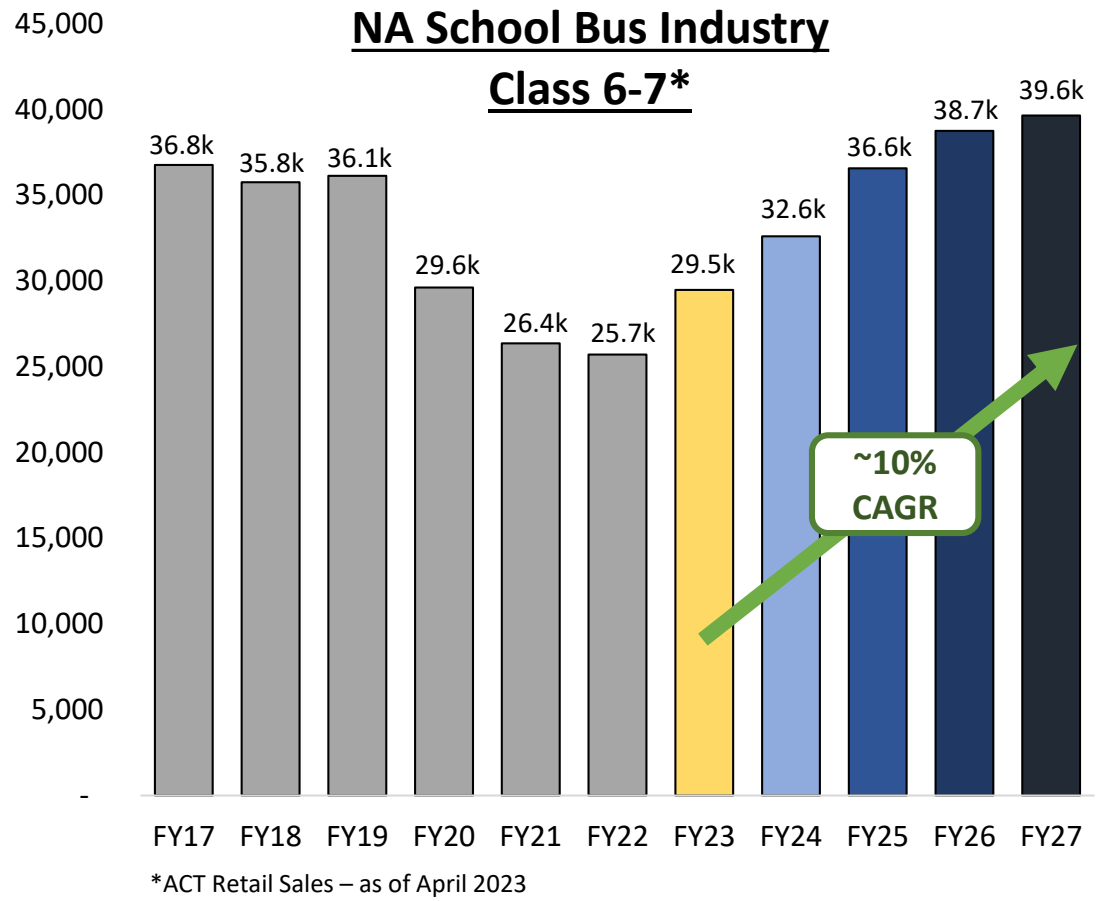
Turnaround results ahead of schedule, current run-rate Adj. EBITDA of ~$80M on ~$1.1Bn Rev.

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

Positioned for Strong Recovery in FY2023 & Beyond

Bookings	22%+ = 8,350+ units
Revenue	37%+ = ~$1.1 Billion
Parts Revenue	15%+ = $88+ Million
Adj. EBITDA	5x = ~$60 million
EV Bookings	85%+ = 500+ units



*ACT Retail Sales – as of April 2023

The business is performing very well and the outlook for our industry is incredibly strong

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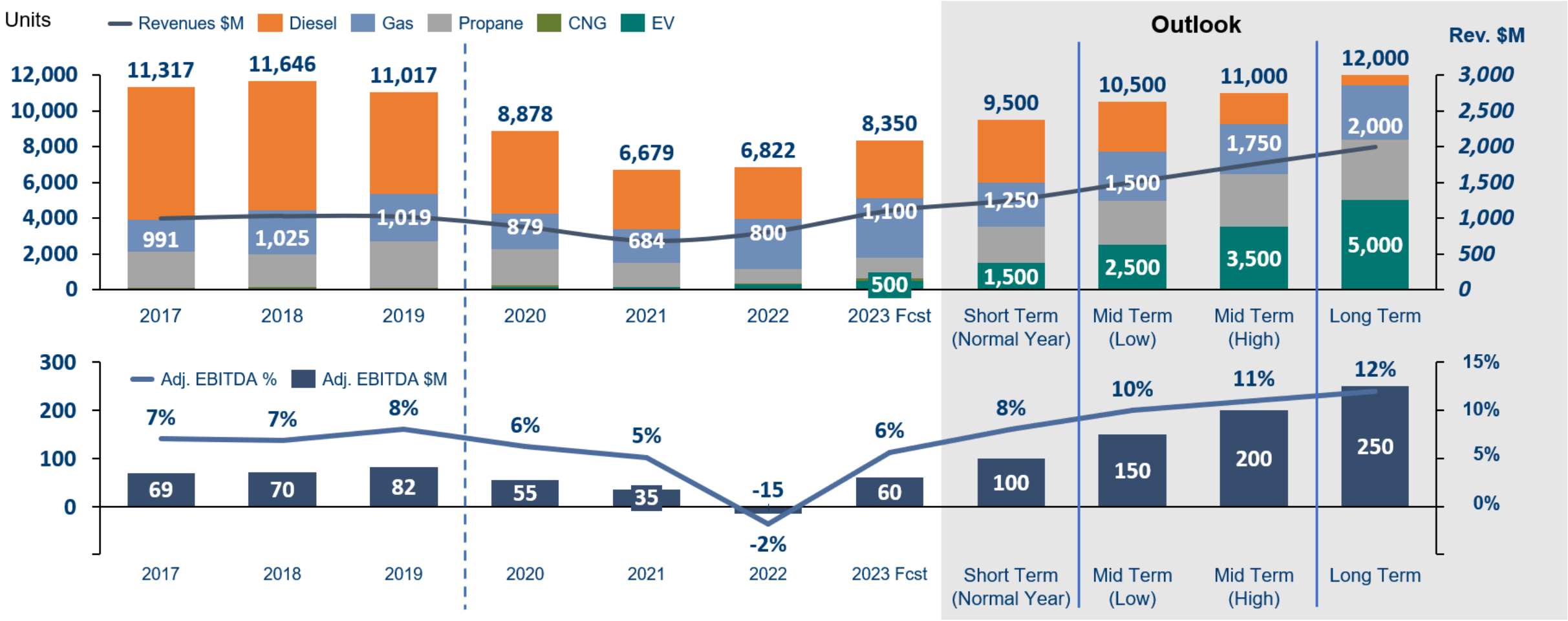
Solid Growth Runway

Long-term Outlook Driven by EV growth and Lean Transformation



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

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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 volatility**

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

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Appendix

Q2 Income Statement

($ Millions)	FY2023	FY2022	B/(W)
Unit Volume	2,304	1,931	373
Unit Backlog	5,783	6,607	(824)
Net Revenue	$299.8	$207.7	$92.1
Bus Rev./Unit ($000's)	*$118.7*	*$97.6*	*$21.1*
Gross Margin	11.9%	1.5%	10.4 pts.
Adj. Net Income[1]	$8.6	$(10.1)	$18.7
Adj. EBITDA[1]	$19.8	$(10.7)	$30.5
Adj. EBITDA Margin[1]	6.6%	(5.1)%	11.7 pts.
Adj. Diluted EPS[1]	$0.27	$(0.31)	$0.58

Significant turnaround in both top-line revenues and bottom-line results

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

Balance Sheet and Cash Flow

($ Millions)	FY2023-Q2	FY2022-Q2	B/(W)
Cash	$17.8	$14.9	$2.9
Debt	$(139.6)	$(156.9)	$17.3
Liquidity[1]	$101.5	$108.6	$(7.1)
Operating Cash Flow	$22.5	$21.7	$0.8
Adj. Free Cash Flow[2]	$23.4	$21.6	$1.8
Trade Working Capital*	$4.7	$31.2	$(26.5)

Strong Free Cash-Flow for FY23-Q2, driven by Operating Cash Flow and return to profitability

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** Inventories, accounts receivable and accounts payable*

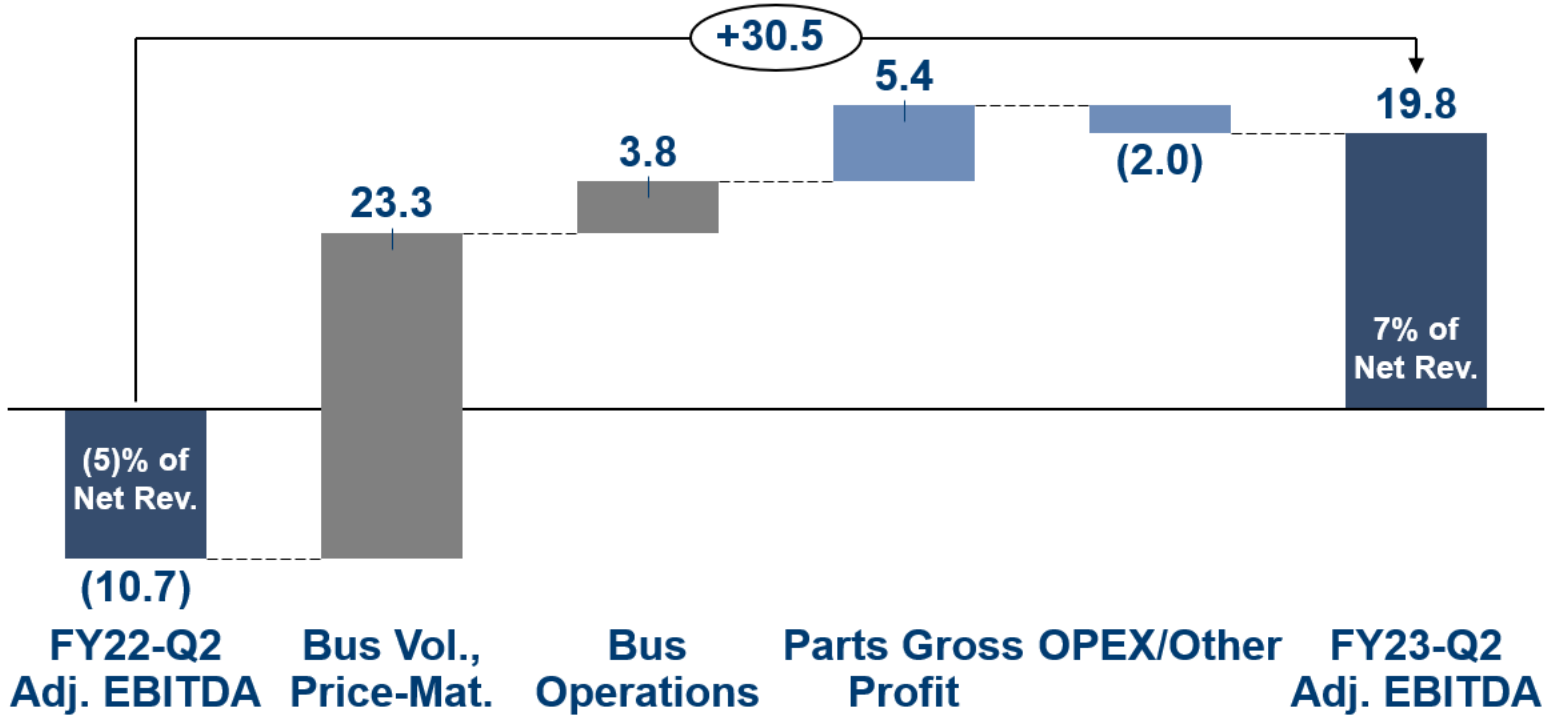
[1]Minimum liquidity covenant for FY23-Q2 of $30M

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

FY2022 Q2 to FY2023 Q2 Adj. EBITDA Walk

($ Millions)

Q2 Unit Volume	
FY2022	1,931
FY2023	2,304
Delta	+373

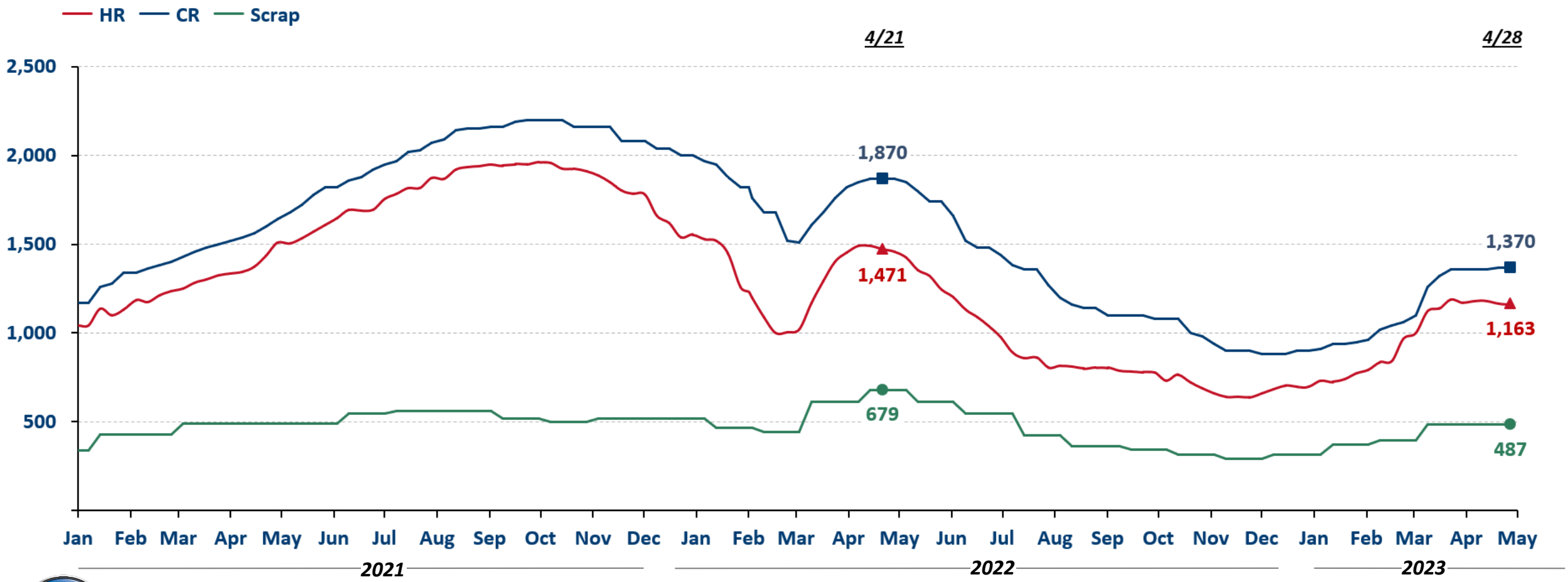


Significant improvements in Pricing, Operations and Parts business drove record FY23 Q2 results

See appendix for additional detail regarding non-GAAP measures

After dropping over the last year, steel prices are back up in Q1-2023

US Steel Spot Prices, USD/ST, Jan '21– Apr '23



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Sources: CME, AMM Fastmarkets

Adj. EBITDA Reconciliation

Reconciliation of Net Income (Loss) to Adjusted EBITDA

(in thousands of dollars)	Three Months Ended April 1, 2023	Three Months Ended April 2, 2022	Six Months Ended April 1, 2023	Six Months Ended April 2, 2022
Net income (loss)	$ 7,130	$ (12,147)	$ (4,164)	$ (16,229
Adjustments:				
Interest expense, net (1)	5,281	2,563	9,570	5,720
Income tax expense (benefit)	1,389	(7,415)	(1,592)	(9,177
Depreciation, amortization, and disposals (2)	4,181	3,622	7,996	7,145
Operational transformation initiatives	137	1,585	937	1,586
Share-based compensation expense	699	813	1,288	2,486
Product redesign initiatives	—	281	—	534
Loss on debt modification	—	—	537	561
Other	1,024	8	1,024	283
Adjusted EBITDA	$ 19,841	$ (10,690)	$ 15,596	$ (7,091
Adjusted EBITDA Margin (percentage of net sales)	6.6 %	(5.1)%	2.9 %	(2.1

(1) Includes $0.1 million for both three months ended April 1, 2023 and April 2, 2022, and $0.2 million and $0.1 million for six months ended April 1, 2023 and April 2, 2022, respectively, representing interest expense on operating lease liabilit which are a component of lease expense and presented as a single operating expense in selling, general and administrat expenses on our Condensed Consolidated Statements of Operations.

(2) Includes $0.4 million and $0.2 million for the three months ended April 1, 2023 and April 2, 2022, respectively, and $ million and $0.4 million for the six months ended April 1, 2023 and April 2, 2022, respectively representing amortizat charges on right-of-use lease assets, which are a component of lease expense and presented as a single operating expense

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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		Six Months Ended	
	April 1, 2023	April 2, 2022	April 1, 2023	April 2, 2022
Net cash provided by (used in) operating activities	$ 24,790	$ 21,667	$ 44,716	$ (11,410)
Cash paid for fixed assets	(2,594)	(1,908)	(3,740)	(3,478)
Free cash flow	$ 22,196	$ 19,759	$ 40,976	$ (14,888)
Cash paid for product redesign initiatives	—	281	—	534
Cash paid for operational transformation initiatives	137	1,585	937	1,586
Cash paid for other items	1,024	8	1,024	283
Adjusted free cash flow	23,357	21,633	42,937	(12,485)

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Adjusted EPS Reconciliation

Reconciliation of Net Income (Loss) to Adjusted Net Income (Loss)

(in thousands of dollars)	Three Months Ended		Six Months Ended	
	April 1, 2023	April 2, 2022	April 1, 2023	April 2, 2022
Net income (loss)	$ 7,130	$ (12,147)	$ (4,164)	$ (16,229)
Adjustments, net of tax benefit or expense (1)				
Operational transformation initiatives	108	1,189	740	1,190
Product redesign initiatives	—	211	—	401
Share-based compensation expense	552	610	1,018	1,865
Loss on debt modification	—	—	424	421
Other	809	6	809	212
Adjusted net income (loss), non-GAAP	$ 8,599	$ (10,131)	(1,173)	(12,140)

(1) Amounts are net of estimated tax rates of 21% for the three and six months ended April 1, 2023, and 25% for the three and six months ended April 2, 2022.

Reconciliation of Diluted EPS to Adjusted Diluted EPS

	Three Months Ended		Six Months Ended	
	April 1, 2023	April 2, 2022	April 1, 2023	April 2, 2022
Diluted earnings (loss) per share	$ 0.22	$ (0.38)	$ (0.13)	$ (0.54)
One-time charge adjustments, net of tax benefit or expense	0.05	0.07	0.09	0.14
Adjusted diluted earnings (loss) per share, non-GAAP	$ 0.27	$ (0.31)	$ (0.04)	$ (0.40)
Adjusted weighted average dilutive shares outstanding	32,322,163	32,311,549	32,276,095	30,317,464

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Investor Relations Contact Information

Mark Benfield

Mark.Benfield@Blue-Bird.com