

BLUE BIRD®

BLUE BIRD CORPORATION (NASDAQ: BLBD)

FY2023 Third Quarter Results

Earnings Conference Call
August 9, 2023

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Agenda

Introductions & Forward-Looking Statements	**Mark Benfield** Executive Director, Investor Relations
Results and Highlights	**Phil Horlock** CEO
Financial Results	**Razvan Radulescu** CFO
Outlook	**Phil Horlock** CEO
Q&A	Group

This presentation includes forward-looking statements, including statements regarding full-year guidance and seasonality, that are subject to risks that could cause actual results to be materially different. Those risks include, among others, matters we have noted in our latest earnings release and filings with the SEC. Blue Bird disclaims any obligation to update information in this presentation. Additional information regarding the use of non-GAAP financial measures is presented in the Appendix to this presentation.

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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.” Additional information on the calculation of some of these terms is included in the Appendix.

Adjusted EBITDA is defined as net income or loss prior to discontinued operations income or loss, interest income, interest expense including the component of lease expense (which is presented as a single operating expense in selling, general and administrative expenses in our GAAP financial statements) that represents interest expense on lease liabilities, income taxes, depreciation and amortization including the component of lease expense (which is presented as a single operating expense in selling, general and administrative expenses in our GAAP financial statements) that represents amortization charges on right-to-use lease assets, and disposals, as adjusted to add back certain charges that we may record each year, such as stock-compensation expense, as well as non-recurring charges such as (i) significant product design changes; (ii) transaction related costs; (iii) discrete expenses related to major cost cutting initiatives; or (iv) costs directly attributed to the COVID-19 pandemic (3). We believe these expenses are not considered an indicator of ongoing company performance. We define Adjusted EBITDA margin as Adjusted EBITDA as a percentage of net sales.

Adjusted Net Income is net income or loss as adjusted to add back certain costs as mentioned above. Adjusted Diluted Earnings per Share represents Adjusted Net Income or loss available to common stockholders divided by diluted weighted average common shares outstanding (as if we had GAAP net income during the respective period). Adjusted Net Income and Adjusted Diluted Earnings per Share are calculated net of taxes.

Free cash flow represents net cash provided by/used in operating activities minus cash paid for fixed assets, Adjusted Free Cash Flow represents Free Cash Flow minus cash paid for (i) significant product design changes; (ii) transaction related costs; or (iii) discrete expenses related to major cost cutting initiatives.

There are limitations to using non-GAAP measures. Although Blue Bird believes that such measures may enhance an evaluation of Blue Bird’s operating performance and cash flows, (i) other companies in Blue Bird’s industry may define such measures differently than Blue Bird does and, as a result, they may not be comparable to similarly titled measures used by other companies in Blue Bird’s industry and (ii) such measures may exclude certain financial information that some may consider important in evaluating Blue Bird’s performance and cash flows.

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RESULTS & HIGHLIGHTS

Phil Horlock
CEO

Key Takeaways for the Fiscal Year 2023 Q3



Robust Market Demand & Backlog



Legacy-Priced Backlog is Behind Us



EV Backlog and Production Continues to Grow



Reinvesting in the Business – People, Processes, Facilities



Improved Operational Performance Led to Strong Q3 Results



Significantly Beat Q3 Guidance and Last Year's Results

Market continues to be strong, business turnaround is ahead of schedule, profit margins increasing

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FY2023 Q3 Financial Results and Ongoing Business Highlights

FINANCIAL HIGHLIGHTS

FY2023 Q3 Results

UNITS SOLD
2,137
411 vs.'22

NET SALES
$294M
$88M vs.'22

Adjusted EBITDA
$28M
$19M vs.'22

Adjusted FCF
$43M
$83M vs.'22

BUSINESS HIGHLIGHTS



Strong $750M+ Backlog of 5.2k Units[1]

Average Bus Selling Price +17% YoY



Parts Sales +23% YoY improvement



Alt. Power sales mix of 63%

EV bookings +147% YoY





~$180M of EV's in firm order Backlog[2]



Launched All-New Extended-Range Battery ~130 miles range



Britton Smith Appointed President

Raising FY Guidance

Revenue	+$10M
Adj. EBITDA	+$13M
Adj. FCF	+$50M

(at mid-point of range)

Strong Q3 results; raising FY2023 guidance

See appendix for additional detail regarding non-GAAP measures

1 as of 7/3/23 *2 as of 7/3/23*

Continuing Operational Improvements

Operational Performance

Significant Year-Over-Year Improvement

- ✓ Set-ups
- ✓ EV Throughput
- ✓ Plant Efficiency
- ✓ Hours per bus
- ✓ Overtime
- ✓ Setup-to-booking time



Another strong quarter –- business performance trending above historic financial benchmarks

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Reminder of Key Focus Areas in FY2023



Our People

- Wage and salary increase
- Paid vacation days added
- Working environment enhanced
- Span of control narrowed

NEW

- Suggestion/ideas program launched by We Care team
- Collective bargaining with USW

Lean Transformation

- Quality Leadership Teams trained and launched
- 6 Sigma, 5S, Kaizen, Kanban …
- Rapid quality-feedback process with dealers

NEW

- Cut setup to booking time
- Inventory reduced and shifted from warehouse to plant

Expanding Our TAM



Scaling EV



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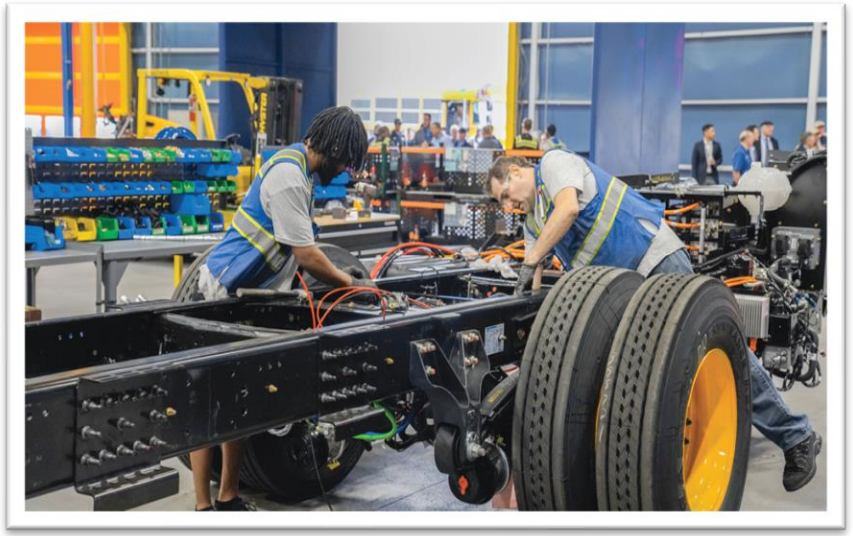
Increasing EV Throughput with New EV Build Up Center







- Increased production in Third Quarter from 2 EV's per day to 4 per day, on one shift
- Later this year, increasing production up to 6 EV's per day on one shift
- Opportunity to build 12 per day on two shifts
- New footprint will support expansion of throughput to 20 per day, as demand grows

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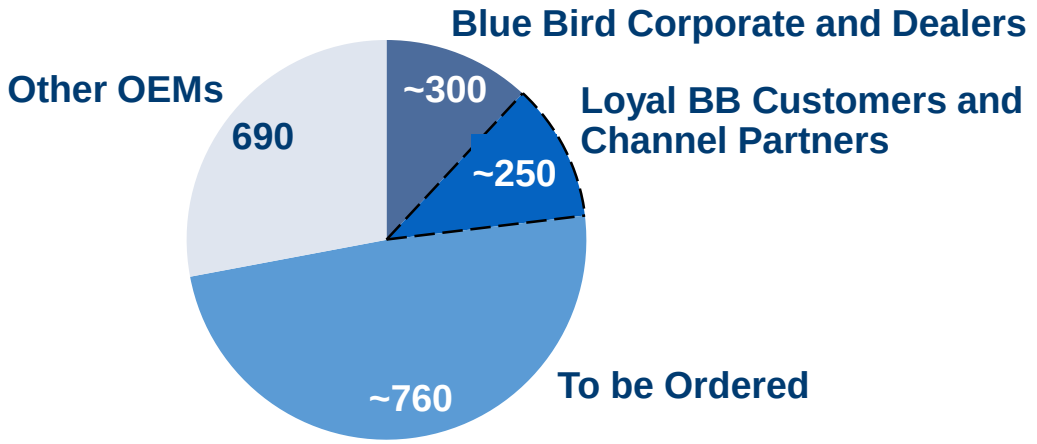
Scaling production capacity up to 20 EV school buses per day, as market develops

EPA Clean School Bus Rebate Program

Program Overview

- $5B funding over 5 years
- ~$1B released in 2022 (Phase I)
- ~2k buses to be ordered, from ~2.5k awards
- Some districts elected not to move forward
- ~$185M reallocated to future years

Phase I – 2022 Lottery Results



Phase I – Benefit to Blue Bird

- >$165M revenue
- >550 orders

Lifetime Benefit to Blue Bird

- $1B+ potential revenue for Blue Bird
- 3,000+ orders

Blue Bird on track for over 550 orders from 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 and evaluation criteria**
- **School district applicants: 15-50 bus orders**
- **Third party applicants (OEMs, bus distributors, or private school bus contractors): 25-100 bus orders**

Estimated to fund ~1,000 buses through 25-50 total awards

$600M Phase III Program expected to be announced later in 2023

Anticipating 250+ Blue Bird bus orders through Blue Bird, dealer and contractor channels

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FINANCIAL RESULTS

Razvan Radulescu
CFO

FY2023 Q3 and YTD Financial Results

FINANCIAL HIGHLIGHTS

FY2023 Q3 Results

UNITS SOLD
2,137
+411 vs.'22

NET SALES
$294M
+$88M vs.'22

Adjusted EBITDA
$28M
+$19M vs.'22

Adjusted FCF
$43M
+$83M vs.'22

FINANCIAL HIGHLIGHTS

FY2023 YTD Results

UNITS SOLD
6,398
+1,592 vs.'22

NET SALES
$830M
+$287M vs.'22

Adjusted EBITDA
$44M
+$42M vs.'22

Adjusted FCF
$86M
+$138M vs.'22

See appendix for additional detail regarding non-GAAP measures

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Q3 Income Statement

($ Millions)	FY2023	FY2022	B/(W)
Unit Volume	2,137	1,726	411
Unit Backlog	5,199	6,297	(1,098)
Net Revenue	$294.3	$206.1	$88.2
Bus Rev./Unit ($000's)	*$126.5*	*$108.1*	*$18.4*
Gross Margin	15.5%	10.5%	500 bps
Adj. Net Income[1]	$14.5	$(2.9)	$17.4
Adj. EBITDA[1]	$28.0	$8.8	$19.2
Adj. EBITDA Margin[1]	9.5%	4.3%	520 bps
Adj. Diluted EPS[1]	$0.44	$(0.09)	$0.53

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

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

Q3 Balance Sheet and Cash Flow

($ Millions)	FY2023	FY2022	B/(W)
Cash	$50.5	$26.5	$24.0
Debt	$(134.9)	$(213.6)	$78.7
Liquidity [1]	$134.2	$60.2	$74.0
Operating Cash Flow	$39.4	$(43.0)	$82.4
Adj. Free Cash Flow [2]	$42.8	$(40.2)	$83.0
Trade Working Capital*	$2.0	$(45.5)	$47.5

Strong Free Cash-Flow for FY23-Q3, driven by Operating Cash Flow and return to profitability

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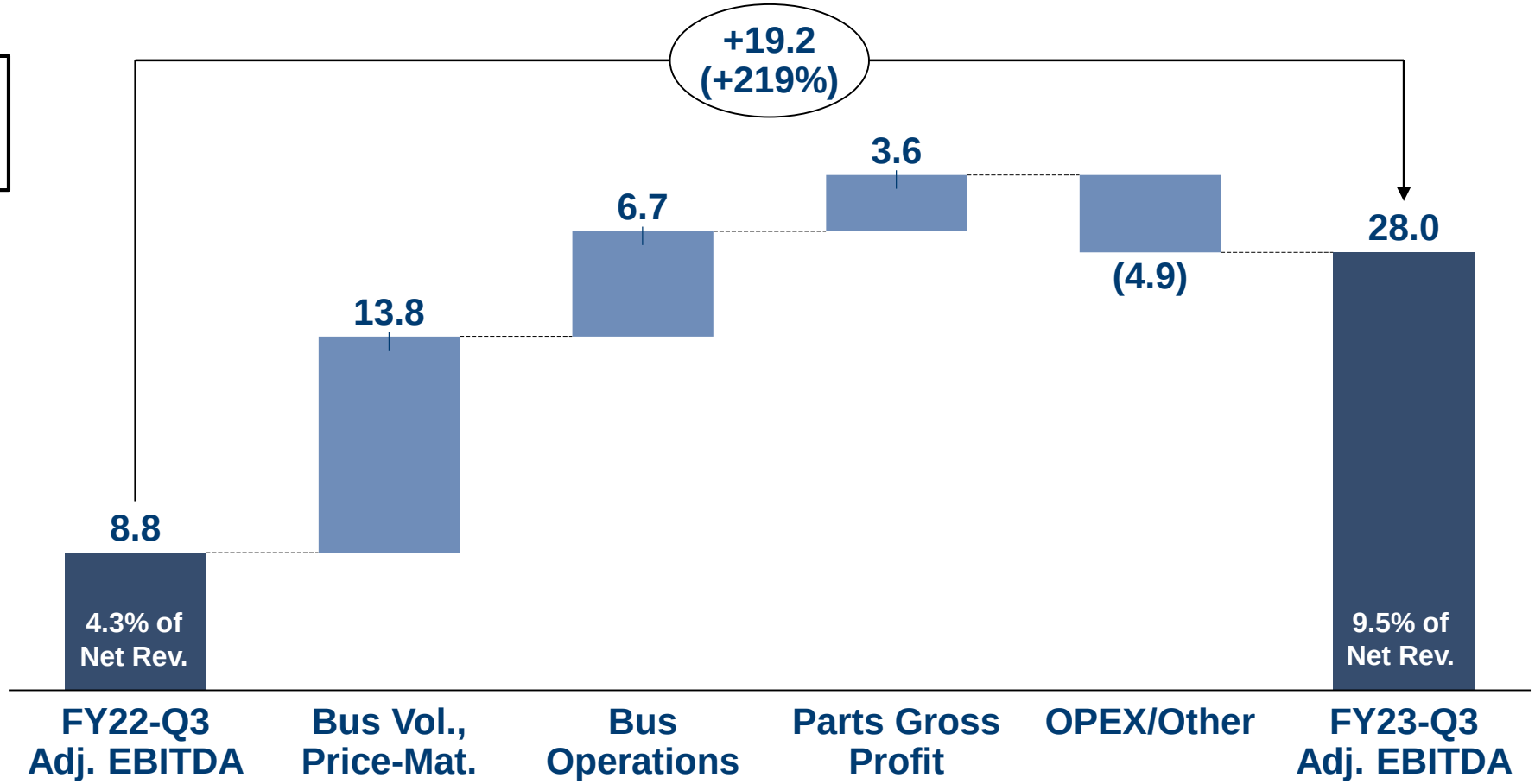
** Inventories, accounts receivable and accounts payable*

[1]Minimum liquidity covenant for FY23-Q3 of $30M *[2]See appendix for additional detail regarding non-GAAP measures*

FY2022-Q3 to FY2023-Q3 Adj. EBITDA Walk

($ Millions)

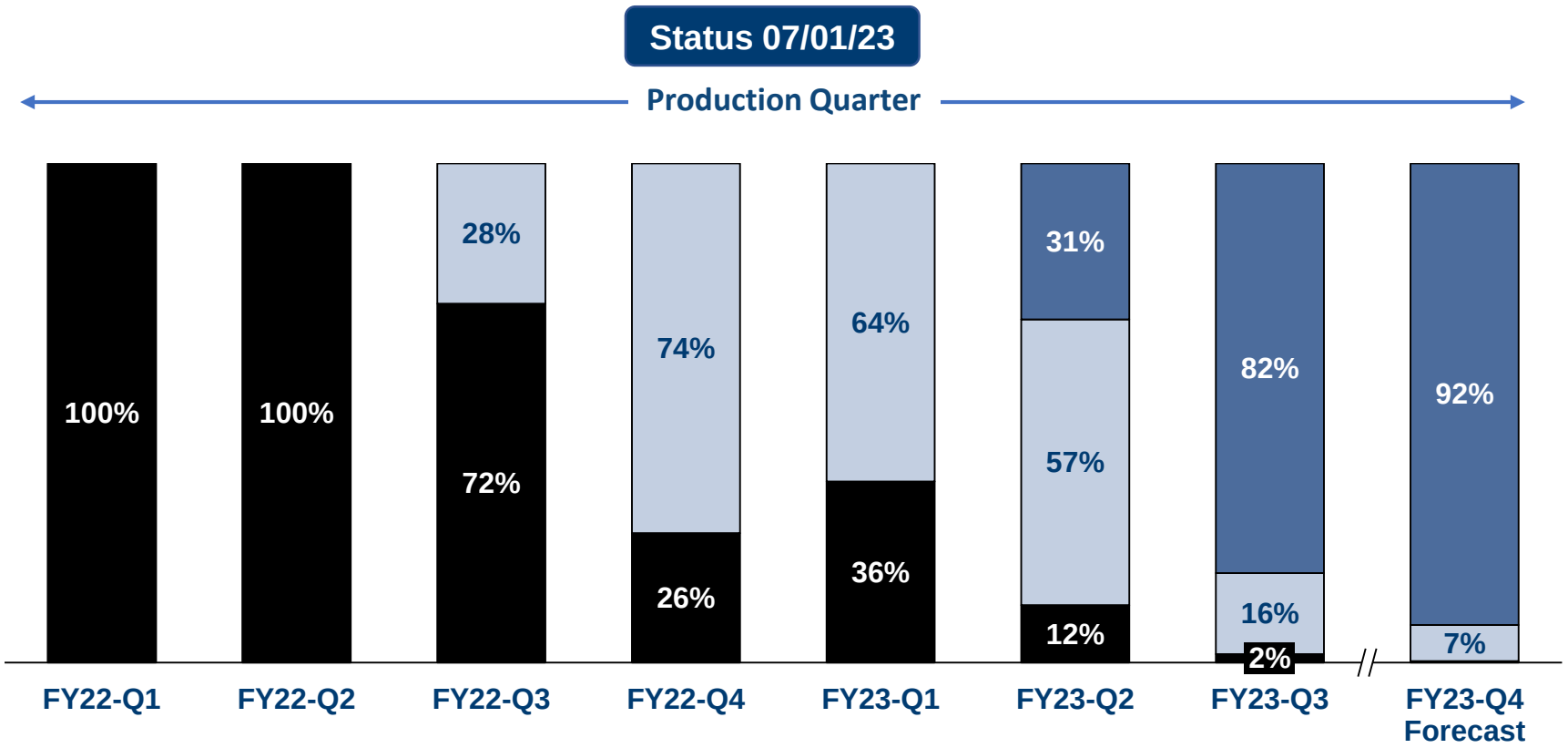
Q3 Unit Volume	
FY2022	1,726
FY2023	2,137
Delta	+411



Significant improvements in Pricing, Operations and Parts drove very strong FY23 Q3 results

See appendix for additional detail regarding non-GAAP measures

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



FY23 Orders to go
FY23 Backlog (20-25% pricing)
FY22 Newer Backlog (11-15% pricing)
FY21 Old Backlog (0-5% pricing)

FY2024 Model Year price increase $2,500/bus

Newer backlog and increasingly improved pricing in place for remainder of FY23

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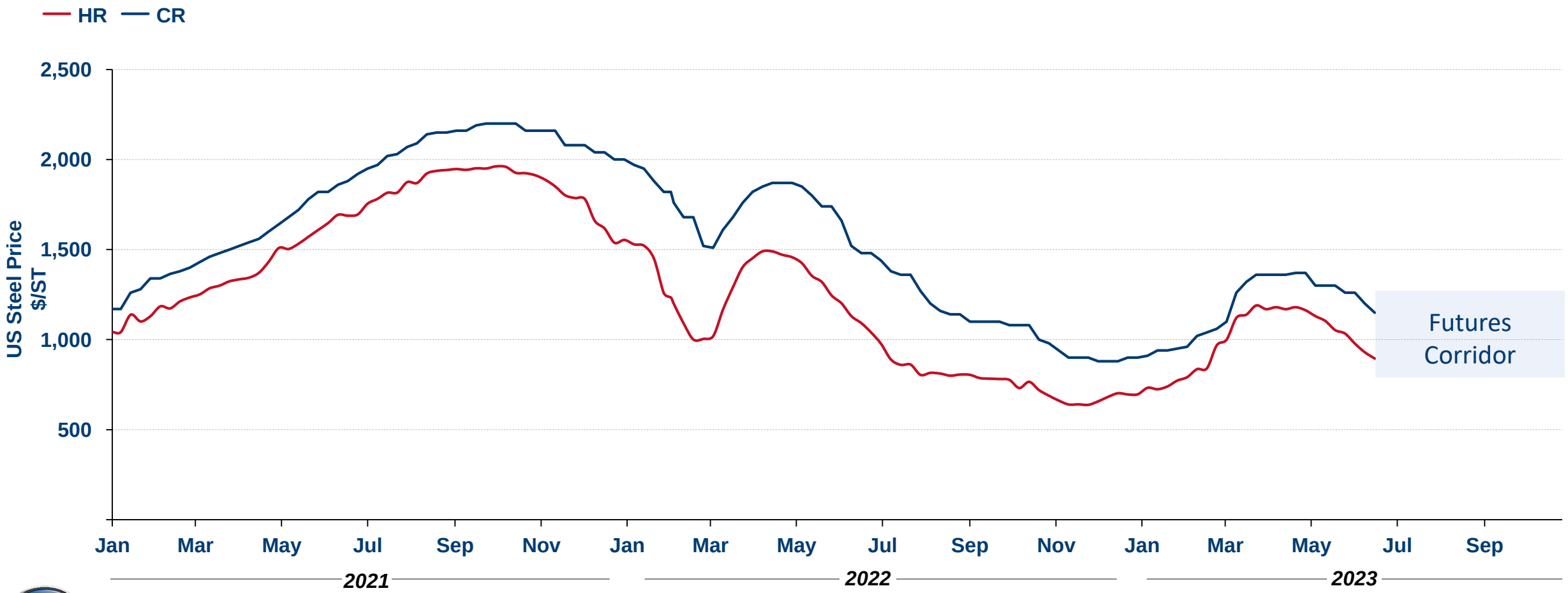
After increases in CY23-Q2, US spot steel prices declined in CY23-Q3, with futures suggesting relatively stable pricing over the summer

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



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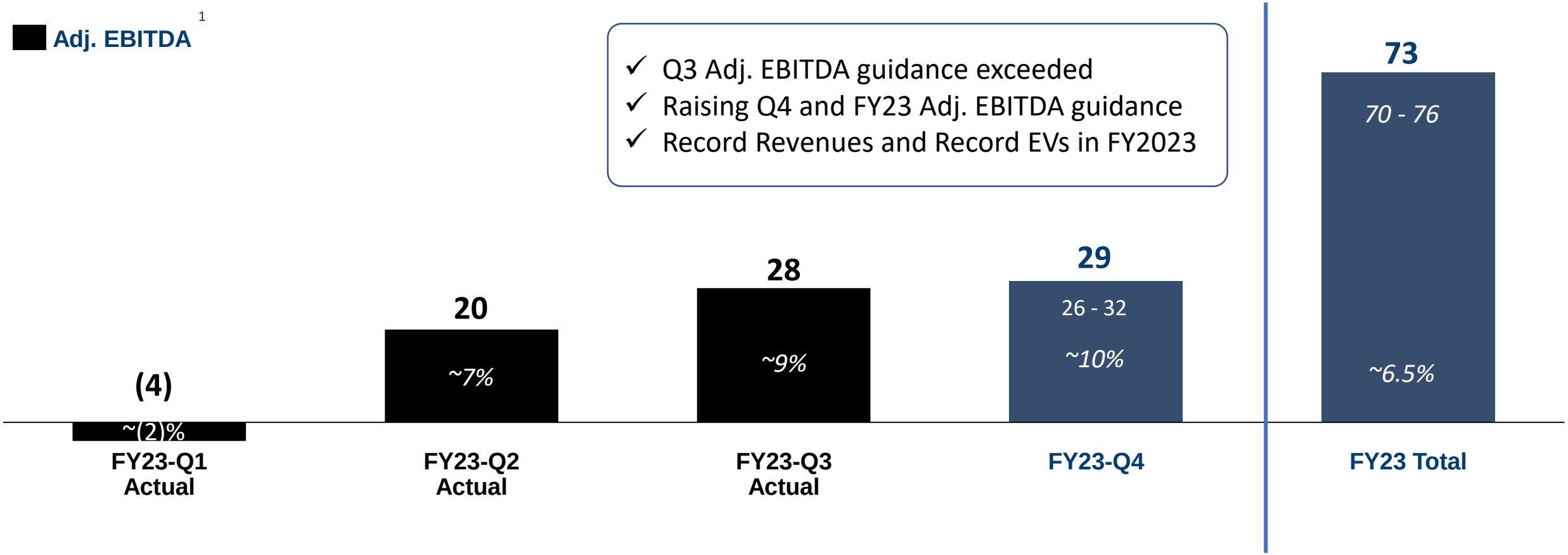
Sources: CME, AMM Fastmarkets

Raising guidance for a strong finish in FY2023, driving $70M+

	FY23-Q1 Actual	FY23-Q2 Actual	FY23-Q3 Actual	FY23-Q4	FY23 Total
Rev.	*$235*	*$300*	*$294*	*$280 - $300*	*$1,110 - $1,130* $M



Turnaround completed and ahead of schedule; FY23 on track to be second best year ever for Blue Bird

[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	FY2023 Aug. Updated Guidance	*B/(W) Vs. Prior Year*
Net Revenue	$800	$900 – $1,000	$1,000 - $1,050	$1,085 - $1,135	$1,110 - $1,130	*$310 - $330*
Adj. EBITDA[1]	$(15)	$35 - $45	$40 - $46	$55 - $65	$70 - $76	*$85 - $91*
Adj. Free Cash Flow[1]	$(23)	$0 - $10	$5 - $11	$30 - $40	$70 - $80	*$93 - $103*

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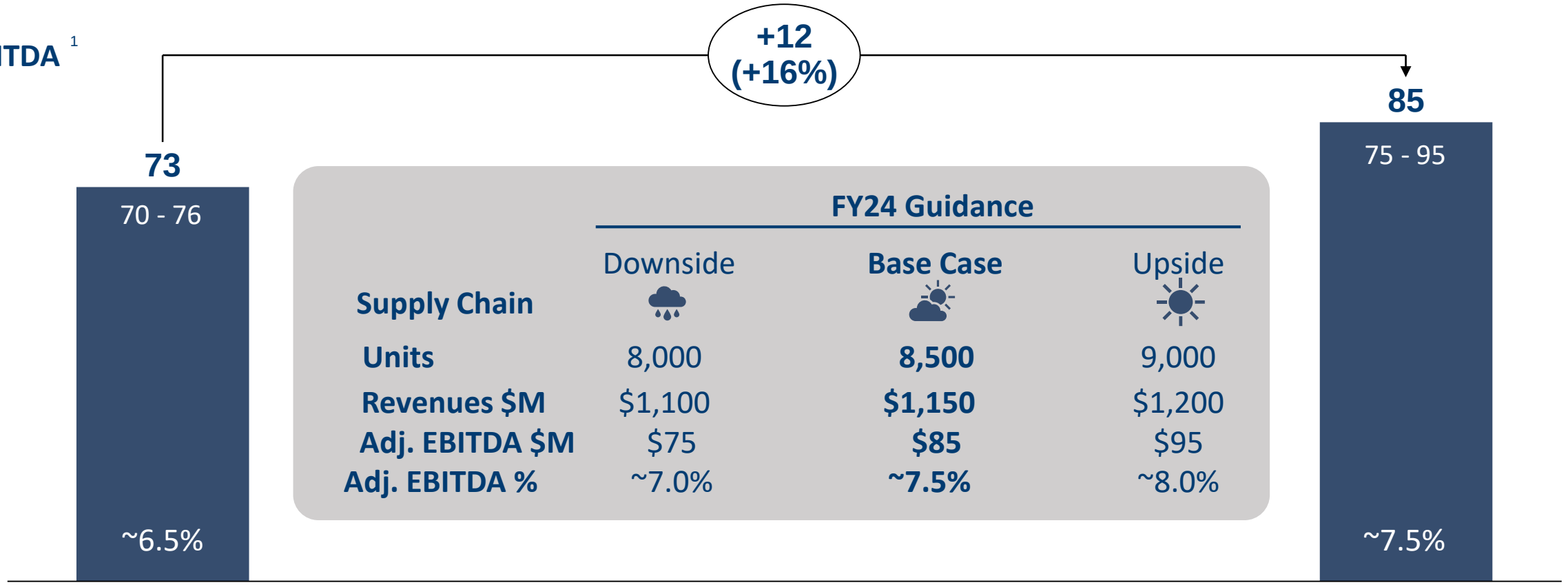
Turnaround completed and ahead of schedule; FY23 on track to be second best year ever for Blue Bird

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

FY24 Base Case Guidance shows improvement over FY23

Adj. EBITDA ($M) [1]



	FY24 Guidance		
Supply Chain	Downside	**Base Case**	Upside
Units	8,000	**8,500**	9,000
Revenues $M	$1,100	**$1,150**	$1,200
Adj. EBITDA $M	$75	**$85**	$95
Adj. EBITDA %	~7.0%	**~7.5%**	~8.0%

Rev. ($M)

$1,110 - $1,130

With the current Supply Chain environment, Blue Bird plans to deliver as a Base Case in FY24:

~$1.2B in Revenue and Adj. EBITDA of $85M / ~7.5%

$1,100 - $1,200

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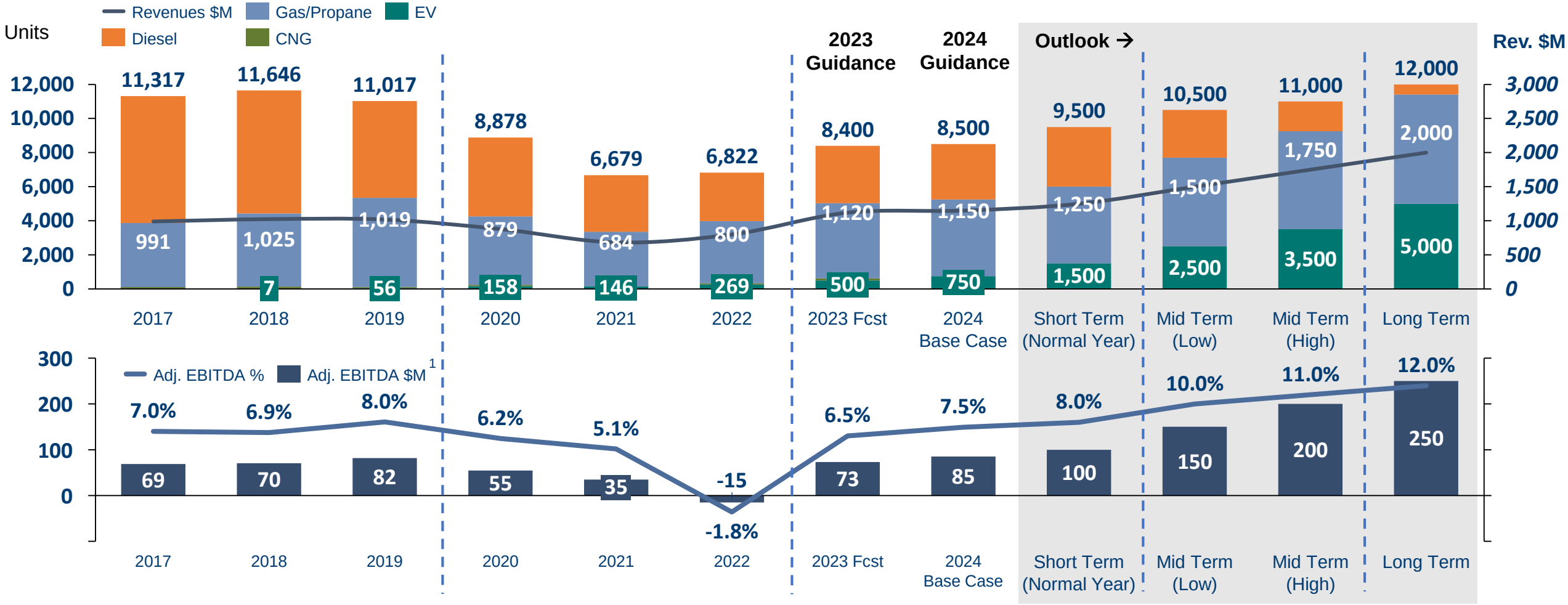
[1] See appendix for additional detail regarding non-GAAP measures

Long-term Outlook Driven by EV growth and Lean Transformation



Growth path towards 5,000 EV's, $2B Revenue and 12% Adj. EBITDA (~$250M)

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

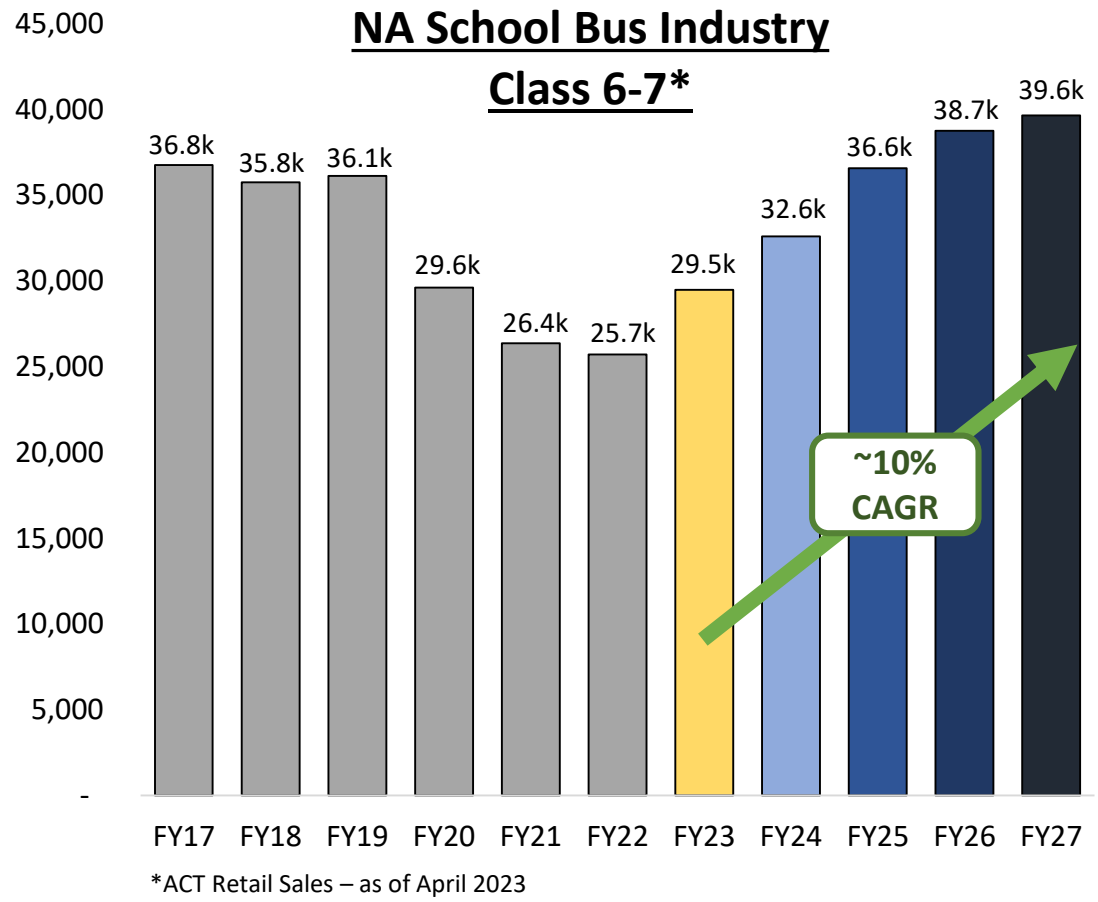


OUTLOOK

Phil Horlock
CEO

Positioned for Strong Recovery in FY2023 & Beyond

Bookings	23%+ = ~8,400 units
Revenue	40%+ = ~$1.1 Billion
Parts Revenue	20%+ = $92+ Million
Adj. EBITDA	$88M+ = ~$73 Million
EV Bookings	85%+ = 500+ units



*ACT Retail Sales – as of April 2023

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Substantial turnaround completed, business performing very well and industry outlook incredibly strong

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**

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EBITDA margins of 10% in 2-3 years and 12% in 4-5 years, in a normalized operating environment

Q&A

APPENDIX

Adj. EBITDA Reconciliation

Reconciliation of Net Income (Loss) to Adjusted EBITDA

(in thousands of dollars)	Three Months Ended		Nine Months Ended	
	July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022
Net income (loss)	$ 9,358	$ (6,435)	$ 5,194	$ (22,664)
Adjustments:				
Interest expense, net (1)	4,353	3,976	13,923	9,696
Income tax expense (benefit)	1,884	2,860	292	(6,317)
Depreciation, amortization, and disposals (2)	5,481	3,642	13,477	10,787
Operational transformation initiatives	196	4,065	1,133	5,651
Share-based compensation expense	941	667	2,229	3,153
Product redesign initiatives	—	15	—	549
Stockholder transaction costs	5,509	—	6,252	—
Loss on debt modification	—	—	537	561
Other	293	2	574	285
Adjusted EBITDA	$ 28,015	$ 8,792	$ 43,611	$ 1,701
Adjusted EBITDA Margin (percentage of net sales)	9.5 %	4.3 %	5.3 %	0.3 %

(1) Includes $0.1 million for both three months ended July 1, 2023 and July 2, 2022, and $0.3 million and $0.2 million for the nine months ended July 1, 2023 and July 2, 2022, respectively, representing interest expense on operating 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 $0.5 million and $0.2 million for the three months ended July 1, 2023 and July 2, 2022, respectively, and $1.3 million and $0.6 million for the nine months ended July 1, 2023 and July 2, 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.

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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		Nine Months Ended	
	July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022
Net cash provided by (used in) operating activities	$ 39,415	$ (43,041)	$ 84,131	$ (54,451)
Cash paid for fixed assets	(2,650)	(1,270)	(6,390)	(4,748)
Free cash flow	$ 36,765	$ (44,311)	$ 77,741	$ (59,199)
Cash paid for product redesign initiatives	—	15	—	549
Cash paid for operational transformation initiatives	196	4,065	1,133	5,651
Cash paid for other items	293	2	574	285
Adjusted free cash flow	42,763	(40,229)	85,700	(52,714)

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Adjusted EPS Reconciliation

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

(in thousands of dollars)	Three Months Ended		Nine Months Ended	
	July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022
Net income (loss)	$ 9,358	$ (6,435)	$ 5,194	$ (22,664)
Adjustments, net of tax benefit or expense (1)				
Operational transformation initiatives	145	3,049	838	4,238
Product redesign initiatives	—	11	—	412
Share-based compensation expense	696	500	1,649	2,365
Stockholder transaction costs	4,077	—	4,626	—
Loss on debt modification	—	—	397	421
Other	217	2	425	214
Adjusted net income (loss), non-GAAP	$ 14,493	$ (2,873)	13,129	(15,014)

(1) Amounts are net of estimated tax rates of 26% for the three and nine months ended July 1, 2023, and 25% for the three and nine months ended July 2, 2022.

Reconciliation of Diluted EPS to Adjusted Diluted EPS

	Three Months Ended		Nine Months Ended	
	July 1, 2023	July 2, 2022	July 1, 2023	July 2, 2022
Diluted earnings (loss) per share	$ 0.29	$ (0.20)	$ 0.16	$ (0.74)
One-time charge adjustments, net of tax benefit or expense	0.15	0.11	0.25	0.25
Adjusted diluted earnings (loss) per share, non-GAAP	$ 0.44	$ (0.09)	$ 0.41	$ (0.49)
Adjusted weighted average dilutive shares outstanding	32,598,938	32,303,649	32,335,381	30,955,646

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Secondary Offering Summary – June 7, 2023

Issuer	Blue Bird Corporation
Ticker / Exchange	BLBD / Nasdaq Global Market
Securities Offered	Common Stock
Pricing / Base Spread	$20/share / 4% paid by Blue Bird (~$4M expense in OI/OE) + Legal Fees (~$1.5M)
Base Offering Size	4,500,000 (100% Secondary) – 3,000,000 Coliseum & Blackwell + 1,500,000 American Securities
Over-Allotment Option	675,000 (15% of Base Offering; 100% Secondary), exercised
Use of Proceeds	No proceeds to Blue Bird from the sale of secondary shares
Selling Shareholders	American Securities LLC, Coliseum Capital Partners, L.P., and Blackwell Partners LLC – Series A
Lock-Up	60-day lock-up for the Company, executive officers, directors, selling shareholders
Active Bookrunners	Bank of America Securities, Barclays

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End