

BLUE BIRD®

BLUE BIRD CORPORATION (NASDAQ: BLBD)

FY2023 Fourth Quarter and Full Year Results

Earnings Conference Call
December 11, 2023

BLUE BIRD

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

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Record Results in Fiscal Year 2023 – Key Takeaways

Revenue EBITDA Cash Flow

Record Q4 and Full Year Financial Results. Significantly Beat Guidance Every Quarter



Robust Market Demand and Strong Backlog



Supply Chain Largely Stable; Highly Engaged with Select Constrained Suppliers



Legacy-Priced Backlog is Behind Us and New Pricing is Competitive



EV Production and Backlog Increasing; Undisputed Leader in Alternative Power



Investing in the Business – People, Processes, Product and Facilities



Significantly Improved Plant Operational Performance with More Stability

Strong market demand, alternative-power mix increasing, and profit margins at record levels

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FY2023 Financial Results and Key Business Highlights

FINANCIAL HIGHLIGHTS

FY2023 Full Year Results

UNITS SOLD
8,514
+1,692 vs.'22

NET SALES
$1,133M
+$332M vs.'22

Adjusted EBITDA
$88M
+$103M vs.'22

Adjusted FCF
$121M
+$144M vs.'22

BUSINESS HIGHLIGHTS



Strong **$670M+** Backlog of **4.6k Units**[1]

Average Bus Selling Price **+15%** YoY



Parts Sales of **$98M** **27%** YoY increase

Alt. Power sales mix of **62%**

EV bookings **+103% YoY**



$180M+ of EV's in firm order Backlog[1]



Launched 2nd EV Battery Supplier ~130 miles range

Plant Throughput Setup-to-Booking from ~40 to ~20 days

Beat FY23 Guidance

Revenue	+$13M
Adj. EBITDA	+$15M
Adj. FCF	+ $46M

(at mid-point of range)

Record financial results – Adj. EBITDA of $88M and 8% Margin on $1.13B Net Sales

See appendix for additional detail regarding non-GAAP measures

1 as of 10/2/23



FINANCIAL RESULTS

Razvan Radulescu
CFO

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FY2023 Q4 and Full Year Financial Results

FINANCIAL HIGHLIGHTS

FY2023 Q4 Results

UNITS SOLD
2,116
+100 vs.'22

NET SALES
$303M
+$45M vs.'22

Adjusted EBITDA
$41M
+$57M vs.'22

Adjusted FCF
$35M
+$6M vs.'22

FINANCIAL HIGHLIGHTS

FY2023 Full Year Results

UNITS SOLD
8,514
+1,692 vs.'22

NET SALES
$1,133M
+$332M vs.'22

Adjusted EBITDA
$88M
+$103M vs.'22

Adjusted FCF
$121M
+$144M vs.'22

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Reporting Blue Bird's Adj. EBITDA Best Quarter Ever of $41M, and Best Year Ever of $88M

See appendix for additional detail regarding non-GAAP measures

Fourth Quarter Income Statement

($ Millions)	FY23-Q4	FY22-Q4	B/(W)
Unit Volume	2,116	2,016	100
Unit Backlog	4,559	5,016	(457)
Net Revenue	$303.0	$257.7	$45.3
Bus Rev./Unit ($000's)	*$131.2*	*$117.0*	*$14.2*
Gross Margin	16.5%	(1.7)%	18.2 ppts
Adj. Net Income[1]	$21.3	$(21.4)	$42.7
Adj. EBITDA[1]	$40.7	$(16.2)	$56.9
Adj. EBITDA Margin[1]	13.4%	(6.3)%	19.7 ppts
Adj. Diluted EPS[1]	$0.66	$(0.66)	$1.32

FY23 Q4 is the best quarter ever for both top line revenue and bottom line Adj. EBITDA

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

Full Year Income Statement

($ Millions)	FY2023	FY2022	B/(W)
Unit Volume	8,514	6,822	1,692
Unit Backlog	4,559	5,016	(457)
Net Revenue	$1,132.8	$800.6	$332.2
Bus Rev./Unit ($000's)	*$121.5*	*$106.1*	*$15.4*
Gross Margin	12.3%	4.6%	7.7 ppts
Adj. Net Income[1]	$34.5	$(36.0)	$70.5
Adj. EBITDA[1]	$87.9	$(14.7)	$102.6
Adj. EBITDA Margin[1]	7.8%	(1.8)%	9.6 ppts
Adj. Diluted EPS[1]	$1.07	$(1.15)	$2.22

FY23 is the best year ever for both top line revenue and bottom line Adj. EBITDA

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

Balance Sheet and Cash Flow Summary

($ Millions)	FY2023	FY2022	B/(W)
Cash	$79.0	$10.5	$68.5
Debt	$(130.3)	$(170.2)	$39.9
Liquidity	$163.4	$85.3	$78.1
Operating Cash Flow	$119.9	$(24.4)	$144.3
Adj. Free Cash Flow[1]	$121.1	$(22.8)	$143.9
Trade Working Capital*	$36.4	$6.0	$30.4

Strong Operating Cash Flow drives record levels of Adj. Free Cash Flow and Liquidity

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** Inventories, accounts receivable and accounts payable*

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

New Debt Agreement in Place Confirms Our Strong Position

- **Duration** 5 years, November 17 2023 - 2028
- **Term loan** $100M, 5% per year amortization
- **Revolver** $150M, no amortization
- **Accordion** Upsize option $100M or TTM EBITDA
- **Covenants** NLR <3x, Fixed charge coverage ratio >1.2x
- **Other** Flexibility for M&A, stock buybacks

Pricing Grid SOFR

Net Leverage Ratio	SOFR Margin	Unused Fee
≥ 2.25x	325 bps	45 bps
≥ 1.50x but < 2.25x	300 bps	35 bps
≥ 1.00x but < 1.50x	250 bps	30 bps
< 1.00x	175 bps	25 bps

- **Left-Lead Bank** BMO
- **Joint Lead Arrangers** BANK OF AMERICA, CIBC, FIFTH THIRD BANK, REGIONS
- **Other Lenders** TD Bank, FIRST first financial bank

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The new agreement provides financial stability and flexibility for the future

FY22 to FY23 Adj. EBITDA Walk: $103M YoY Improvement

Adj. EBITDA [1] ($M)

Unit Volumes	
FY2022	6,822
FY2023	8,514
Delta	1,692



FY23 Best Year EVER

Record Revenue	+40%
Record EVs	+100%
Record Adj. EBITDA	+$103M YoY
Record Cash Flow	+$144M YoY

FY22

$801

Rev. ($M)

FY23

$1,133

Units up 25% from ~6,800 to ~8,500, EV doubled to 500+

Revenue up 40%, Gross Margin up 8pp to 13%

Adj. EBITDA up $103M, and up 10pp to 8%

Best Year Ever Adj. EBITDA with ~2,500 less units

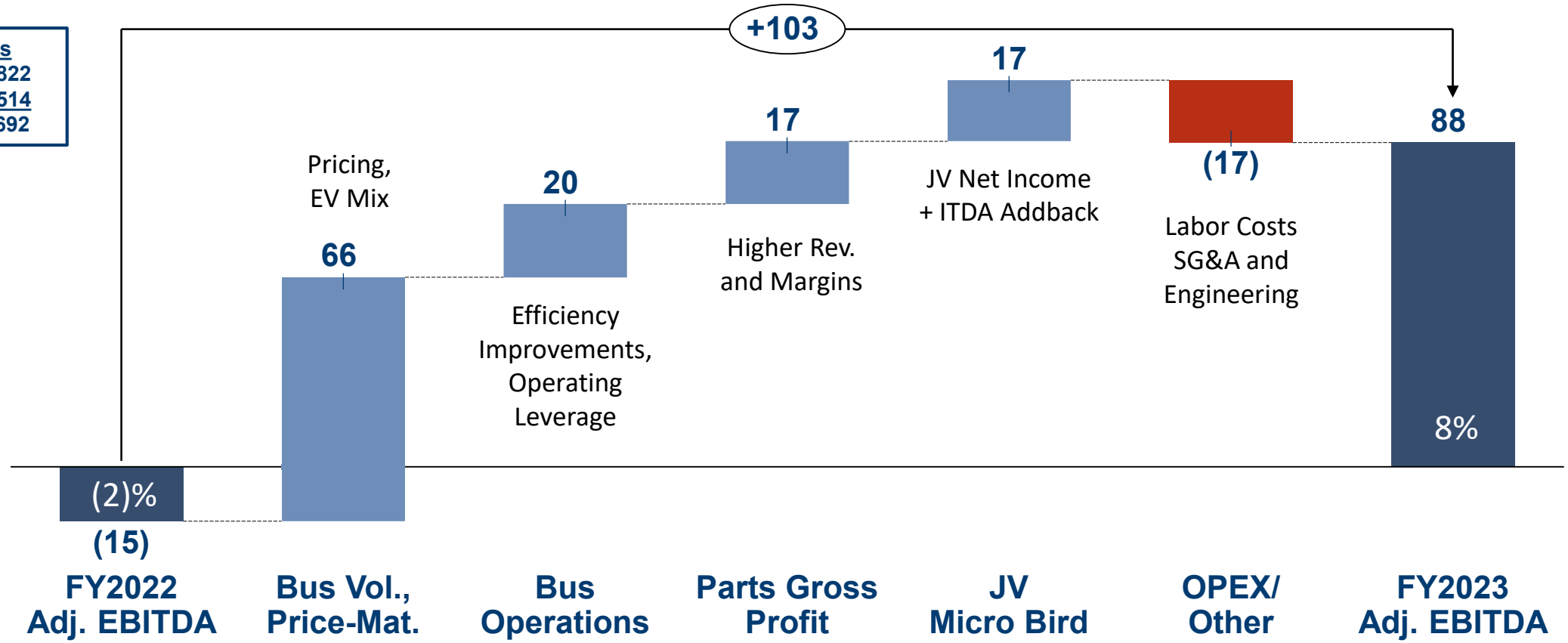
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[1] See appendix for additional detail regarding non-GAAP measures

FY22 to FY23 Adj. EBITDA Walk: $103M YoY Improvement

($ Millions)

Unit Volumes	
FY2022	6,822
FY2023	8,514
Delta	1,692

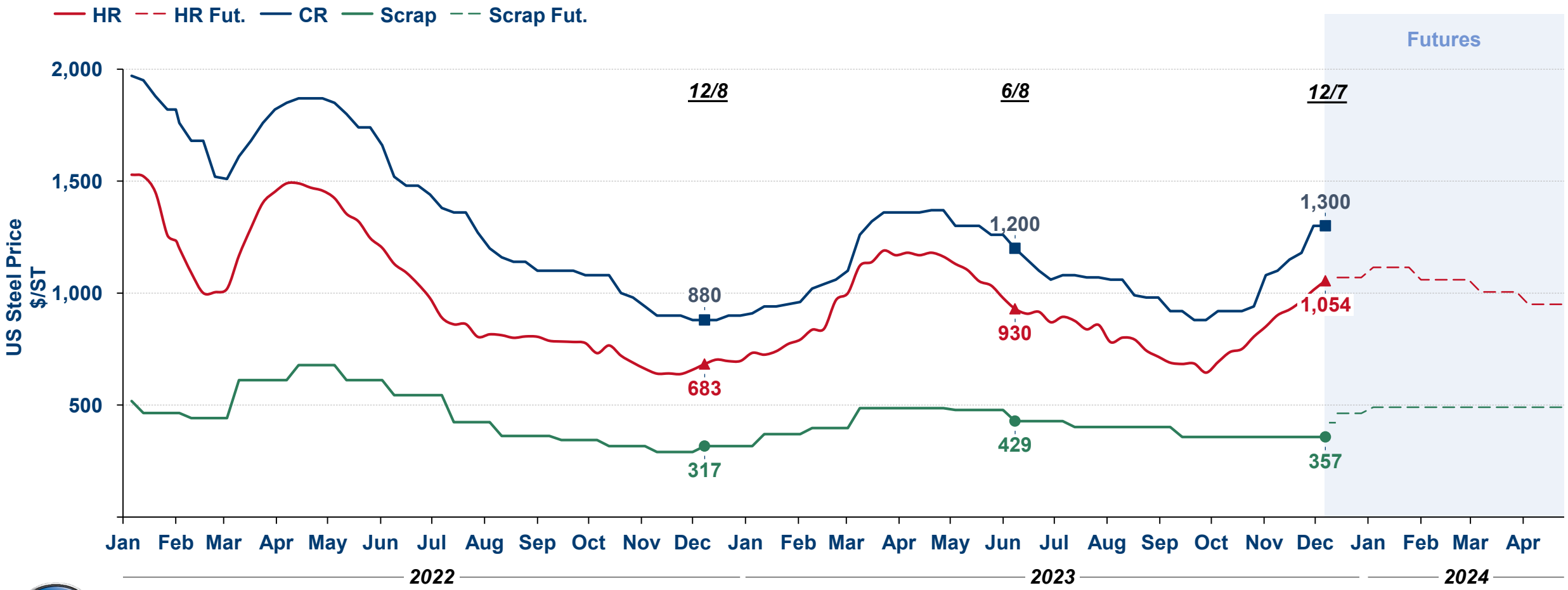


Significant improvements in Pricing, Operations, Parts and Micro Bird JV drove record FY23 results

See appendix for additional detail regarding non-GAAP measures

After Rising Recently, Steel Prices Are Expected to Flatten

US Steel Prices, USD/ST, Jan '22– Apr '24



HR index refreshes daily, CR & HDG refresh weekly on Thursday, Scrap refreshes monthly on the 10th. Futures values derived from Goldman Sachs (as of 8th of December 2023).
Sources: AMM Fastmarkets

Significant Investments Starting in FY2024

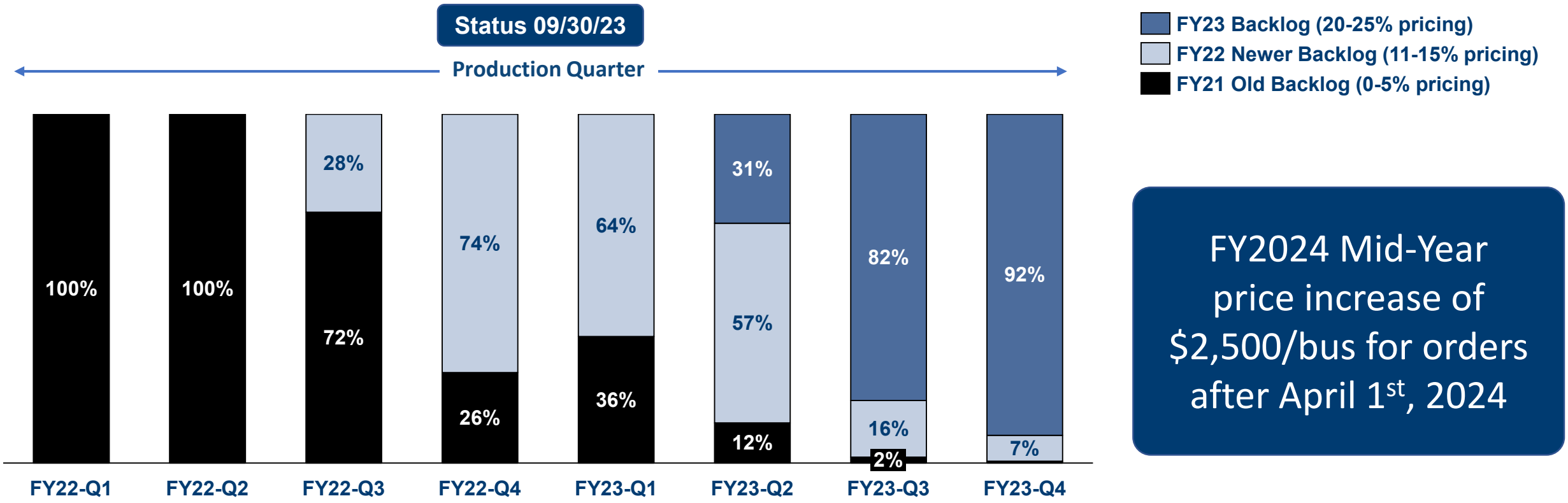


Products and Powertrain	Manufacturing and Supply Chain	People and Processes
• Next gen Ford Gas / Propane	• Evaluate capacity expansion	• Inflationary pressures and labor
• Product enhancements for EV	• Production facility updates	• Competitive employee benefits
• New safety offerings	• Quality improvements	• Complexity reduction initiative
• Commercial chassis EV	• Supply chain to 50/day	• Upgrade ERP system / FP&A BI
Engineering expenses 2x YoY, to ~$25M	**CAPEX / Tooling 3x YoY, to ~$25M**	**Inflationary costs ~2% of Revenues**

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After three years of cash preservation, we plan for increased investments in growth from FY24 on

Legacy Units Behind, “New Normal” Backlog Margins Ahead

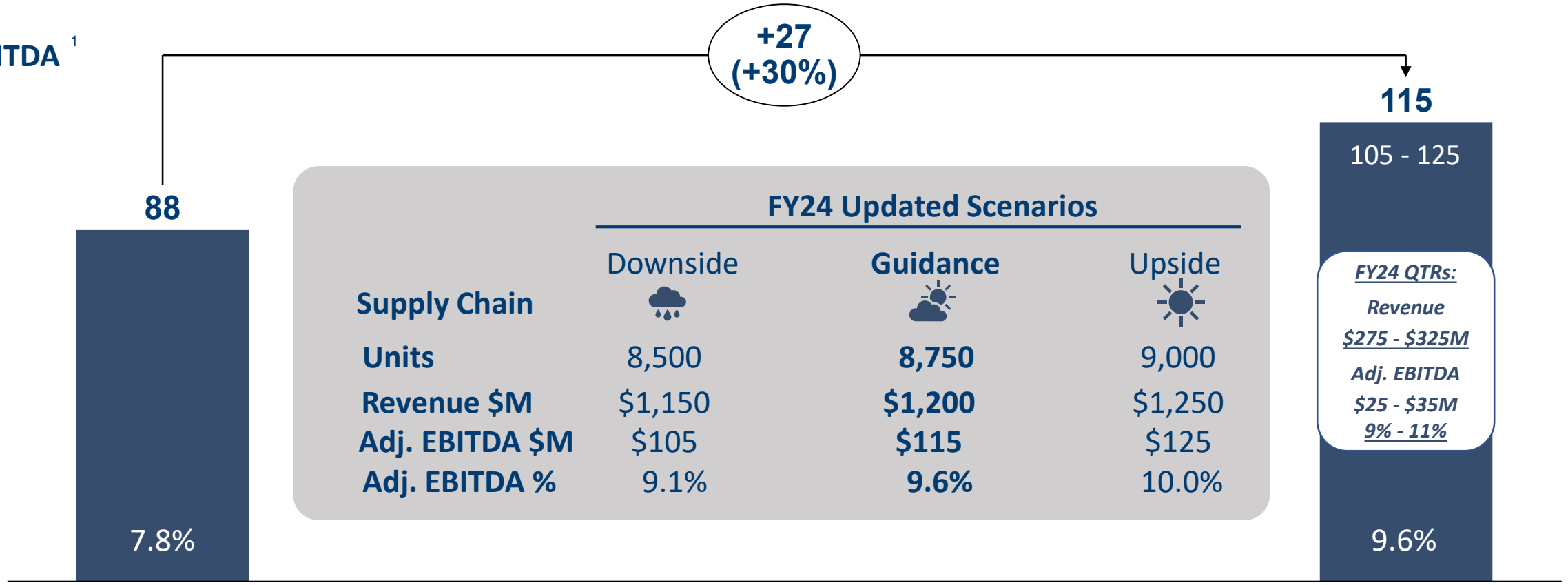


FY2024 Mid-Year price increase of $2,500/bus for orders after April 1st, 2024

New backlog with significantly improved pricing in place for FY24

FY2024 Guidance Raised to $115M and ~10% EBITDA

Adj. EBITDA ($M) [1]



	FY24 Updated Scenarios		
Supply Chain	Downside	**Guidance**	Upside
Units	8,500	**8,750**	9,000
Revenue $M	$1,150	**$1,200**	$1,250
Adj. EBITDA $M	$105	**$115**	$125
Adj. EBITDA %	9.1%	**9.6%**	10.0%

FY23

Rev. ($M)

$1,133

Blue Bird Raises Guidance for FY24:

~$1.2Bn in Revenue (+6% YoY, upside +10% YoY)

Adj. EBITDA 9.6% and $115M (+30% YoY)

FY24

$1,150 - $1,250

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

FY2024 Guidance Raised to $115M and ~10% EBITDA

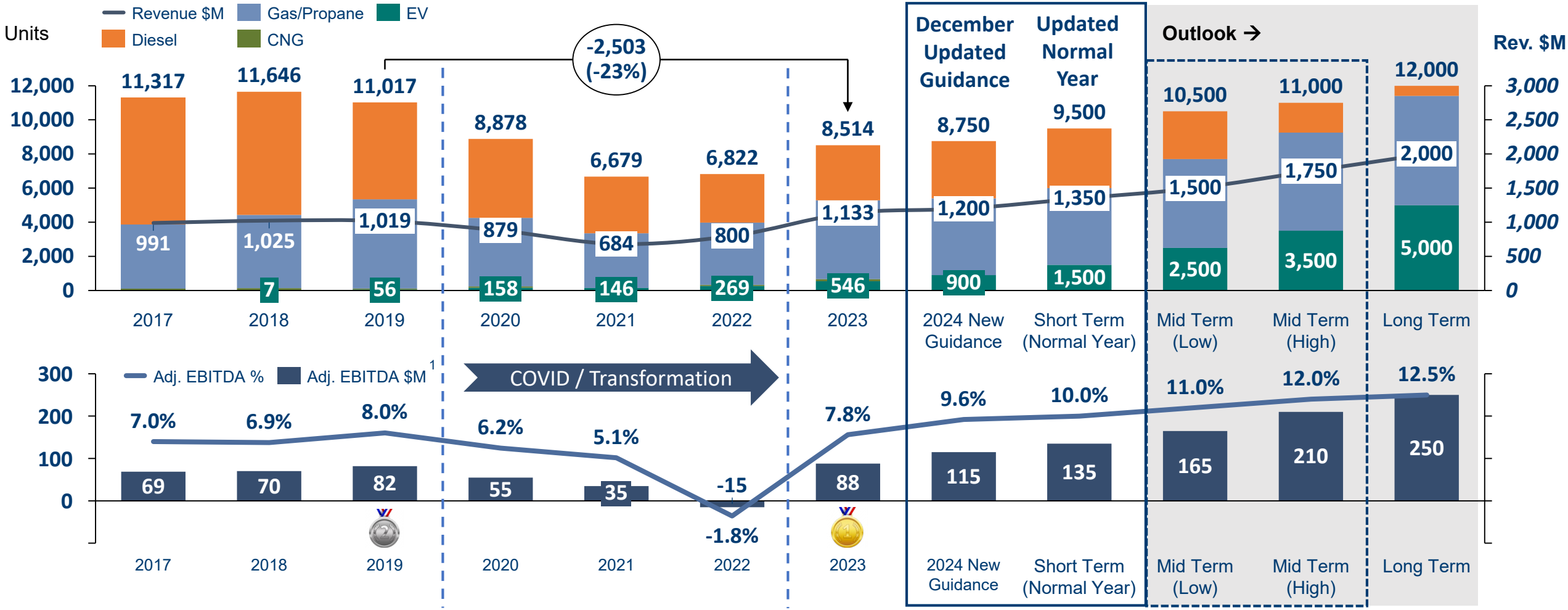
$ Millions	FY2023 Actuals	FY2024 Initial Aug. Guidance	FY2024 Dec. Updated Guidance	*B/(W) Vs. Prior Year*
Net Revenue	$1,133	$1,100 – $1,200	$1,150 - $1,250	*$17 - $117*
Adj. EBITDA[1]	$88	$75 - $95	$105 - $125	*$17 - $37*
Adj. Free Cash Flow[1]	$121	N/A	$50 - $60	*$(71) - $(61)*

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FY2024 expected to be a new record for Blue Bird for both top-line and bottom-line results

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

Profitable Growth Driven by EV 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

2024 Priorities Align with Our Strategy





Our core strategies drive our plans towards profitable growth

EPA Clean School Bus Program Round 2 and Round 3

The Bipartisan Infrastructure Law of 2021 authorizes EPA to offer rebates and grants to replace existing school buses with clean and zero-emission (ZE) models.

Round 2 (2023 Grant Program)

- $400 Million available
- **Anticipated Award Selection**
  Dec. 2023 – Jan. 2024
- **Anticipated Awards**
  February – March 2024

Blue Bird supported 18 applications which represents 38 districts and 984 buses

Round 3 (2023 Rebate Program)

- $500 Million available
- **Applications Accepted**
  September 28, 2023 - January 31, 2024
- **Anticipated Award Selection**
  April 2024

Winners will have until April 2026 to purchase buses and close out their awards

EPA CLEAN SCHOOL BUS

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We are well positioned to capitalize on these opportunities

Fueling Our EV Long-Term Growth: Fleet-as-a-Service JV

- Formed “Clean Bus Solutions” – 50/50 JV with Generate Capital and Blue Bird to accelerate electric school bus adoption; exclusive to Blue Bird customers and dealers
- Buses purchased By JV through dealer network
- Offers affordable monthly service fee for Blue Bird electric bus fleet, charging infrastructure, associated planning and customization; other service add-ons available
- Eliminates upfront capital expense for EV purchase and provides customer peace-of-mind from turnkey solution
- Provides Blue Bird and dealers access to new recurring revenue streams during the entire product lifecycle
- Anticipated to represent up to 10% of EV sales, near-term



GENERATE

Generate is a sustainable infrastructure investment and operating company. Generate finances, builds, owns and operates affordable and resilient resources to de-risk and accelerate the infrastructure transition. Generate provides flexible capital solutions and integrated services to the innovative technology providers and project developers who deploy the energy, waste, transportation, water, agriculture and smart cities solutions required to fight climate change.

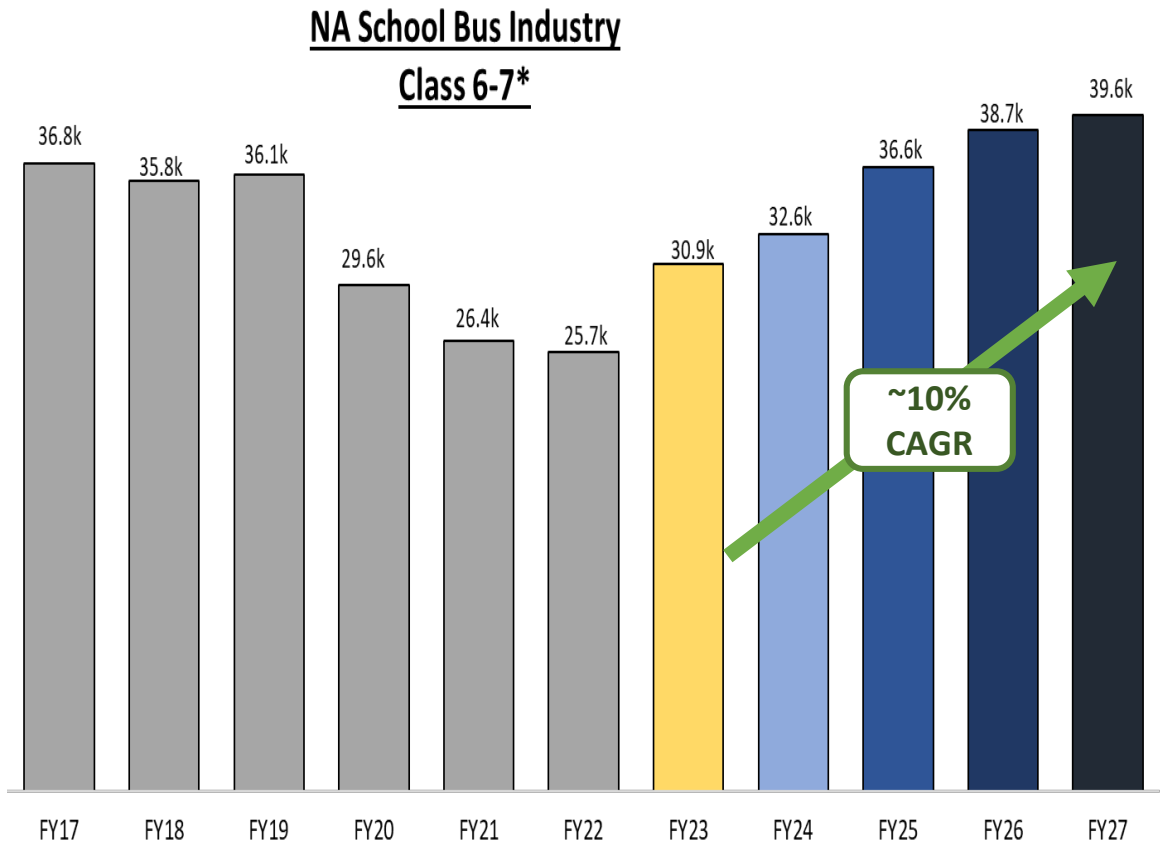
POWER | MOBILITY | WASTE & WATER | CITIES

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Strategic JV created to accelerate EV adoption and provide recurring revenue streams

Wrap-Up: Record Profit Outlook in FY2024 & Beyond

Bookings	3%+ = ~8,750 units
Revenue	6%+ = ~$1.2 Billion
Adj. EBITDA	30%+ = ~$115 Million
Adj. EBITDA Margin	2 ppts+ = ~10%
EV Bookings	65%+ = ~900 units



*ACT Retail Sales – as of October 2023

EBITDA margins of ~10% NOW and 11%-12% mid term, 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		Twelve Months Ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Net income (loss)	$ 18,618	$ (23,095)	$ 23,812	$ (45,759)
Adjustments:				
Interest expense, net (1)	3,457	5,277	17,380	14,973
Income tax expense (benefit)	8,661	(5,134)	8,953	(11,451)
Depreciation, amortization, and disposals (2)	4,437	4,425	17,914	15,212
Operational transformation initiatives	624	1,562	1,757	7,213
Loss on debt modification	—	71	537	632
Share-based compensation expense	1,944	537	4,173	3,690
Product redesign initiatives	—	—	—	549
Stockholder transaction costs	1,119	—	7,371	—
Micro Bird total interest expense, net; income tax expense or benefit; depreciation expense and amortization expense	1,850	117	5,456	(90)
Other	—	—	574	285
Adjusted EBITDA	$ 40,710	$ (16,240)	$ 87,927	$ (14,746)
Adjusted EBITDA Margin (percentage of net sales)	13.4 %	(6.3)%	7.8 %	(1.8)%

(1) Includes $0.1 million for both three months ended September 30, 2023 and October 1, 2022, and $0.4 million and $0.3 million for the twelve months ended September 30, 2023 and October 1, 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 September 30, 2023 and October 1, 2022, respectively, and $1.8 million and $1.1 million for the twelve months ended September 30, 2023 and October 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.

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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		Twelve Months Ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Net cash provided by (used in) operating activities	$ 35,797	$ 30,014	$ 119,928	$ (24,437)
Cash paid for fixed assets	(2,130)	(1,705)	(8,520)	(6,453)
Free cash flow	$ 33,667	$ 28,309	$ 111,408	$ (30,890)
Cash paid for product redesign initiatives	—	—	—	549
Cash paid for operational transformation initiatives	624	1,562	1,757	7,213
Cash paid for stockholder transaction costs	1,119	—	7,371	—
Cash paid for other items	—	—	574	285
Adjusted free cash flow	35,410	29,871	121,110	(22,843)

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Adjusted EPS Reconciliation

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

(in thousands of dollars)	Three Months Ended		Twelve Months Ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Net income (loss)	$ 18,618	$ (23,095)	$ 23,812	$ (45,759)
Adjustments, net of tax benefit or expense (1)				
Operational transformation initiatives	462	1,234	1,300	5,698
Product redesign initiatives	—	—	—	434
Share-based compensation expense	1,439	424	3,088	2,915
Stockholder transaction costs	828	—	5,455	—
Loss on debt modification	—	56	397	499
Other	—	—	425	225
Adjusted net income (loss), non-GAAP	$ 21,347	$ (21,381)	34,477	(35,988)

(1) Amounts are net of estimated tax rates of 26% for the three and twelve months ended September 30, 2023, and 21% for the three and twelve months ended October 1, 2022.

Reconciliation of Diluted EPS to Adjusted Diluted EPS

	Three Months Ended		Twelve Months Ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Diluted earnings (loss) per share	$ 0.58	$ (0.72)	$ 0.74	$ (1.48)
One-time charge adjustments, net of tax benefit or expense	0.08	0.06	0.33	0.33
Adjusted diluted earnings (loss) per share, non-GAAP	$ 0.66	$ (0.66)	$ 1.07	$ (1.15)
Adjusted weighted average dilutive shares outstanding	32,364,765	32,306,574	32,258,652	31,233,401

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End