



BLUE BIRD®

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

FY2024 Third Quarter Results

Earnings Conference Call
August 7, 2024



BLUE BIRD®

Agenda

**Introductions &
Forward-Looking Statements**

Mark Benfield
Executive Director, Investor Relations

Key Results and Highlights

Phil Horlock
CEO

Financial Results

Razvan Radulescu
CFO

Outlook

Phil Horlock
CEO

Q&A

Group



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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.

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.

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.” 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.





KEY RESULTS & HIGHLIGHTS

Phil Horlock
CEO

Key Q3 Takeaways – All-Time Record Profit for a Quarter

  
Revenue EBITDA Cash Flow

Record Quarterly Profit; Increasing Full Year Guidance and Long-Term Outlook



Robust Market Demand, Increasing Order Share and Continuing Strong Backlog



Supply Chain Largely Stable; Highly Engaged with Two Key Constrained Suppliers



Substantially Higher Bus Price Compared with Last Year and Competitive with Market



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



BLUE BIRD

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

FY24 Q3 Financial Results and Key Business Highlights

QUARTERLY HIGHLIGHTS

FY24 Q3 Results

UNITS
SOLD
2,151
+14 vs.'23

NET
SALES
\$333M
+\$39M vs.'23

Adjusted
EBITDA
\$48M
+\$19M vs.'23

Adjusted
FCF
\$(4)M
\$(46)M vs.'23

BUSINESS HIGHLIGHTS



Strong
~\$775M
Backlog of
5.2k Units¹



Alt. Power Sales
Mix of 59%;
60% YTD



Signed first collective
bargaining agreement
with USW



EV
Bookings
+38% YoY



Selected for
\$80M grant
from the
DOE

Average Bus
Selling Price
+13%
YoY



\$180M+
of EV's in
firm order Backlog¹



Raising Guidance
Revenue \$1.3B
Adj. EBITDA \$175M
Adj. FCF \$85M
(at mid-point of range)
**Longer-Term Margin
Raised to 15%**

Parts Sales of
\$25M
6% YoY Increase

Record quarterly profit with Adj. EBITDA of \$48M. Increasing Full Year Guidance



Blue Bird Awarded \$80M MESC Grant by DOE for New Plant

- New 600k sq.ft. Type D / EV production facility in Fort Valley, GA
- Total Investment ~\$160M, 50% funded by Blue Bird
- Build-out 2 years, launch expected end of 2026/early 2027
- Raises total capacity on one shift to ~14k buses / year
- Provides increased volume upside for commercial chassis
- Creates ~400 new jobs
- Includes ~\$10M of community benefits
- Project IRR 28%, payback 2 years after launch
- DOE negotiations to be finalized by December 2024



New plant supports our profitable growth plans for 12,000+ units, produced on one-shift



FINANCIAL RESULTS

Razvan Radulescu
CFO

FY2024 Q3 and YTD Financial Results

QUARTERLY HIGHLIGHTS

FY2024 Q3 Results

UNITS
SOLD
2,151
+14 vs.'23

NET
SALES
\$333M
+\$39M vs.'23

Adjusted
EBITDA
\$48M
+\$19M vs.'23

Adjusted
FCF
\$(4)M
\$(46)M vs.'23

Q3 YTD HIGHLIGHTS

FY2024 YTD Results

UNITS
SOLD
6,534
+136 vs.'23

NET
SALES
\$997M
+\$167M vs.'23

Adjusted
EBITDA
\$142M
+\$94M vs.'23

Adjusted
FCF
\$49M
\$(37)M vs.'23



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See appendix for additional detail regarding non-GAAP measures

Income Statement

(\$ Millions)	FY2024-Q3	FY2023-Q3	B/(W)
Unit Volume	2,151	2,137	14
Backlog Units	5,218	5,199	19
Net Revenue	\$333.4	\$294.3	\$39.1
<i>Bus Rev./Unit (\$000's)</i>	<i>\$143.2</i>	<i>\$126.5</i>	<i>\$16.7 / 13%</i>
Gross Margin	20.8%	15.5%	5.3 pts
Adj. EBITDA ¹	\$48.2	\$29.7	\$18.5
Adj. EBITDA Margin ¹	14.5%	10.1%	4.4 pts
Adj. Net Income ¹	\$30.5	\$14.5	\$16.0
Adj. Diluted EPS ¹	\$0.91	\$0.44	\$0.47



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Significant improvement in Gross Margin (higher bus prices and EV mix) drove record Q3 profit

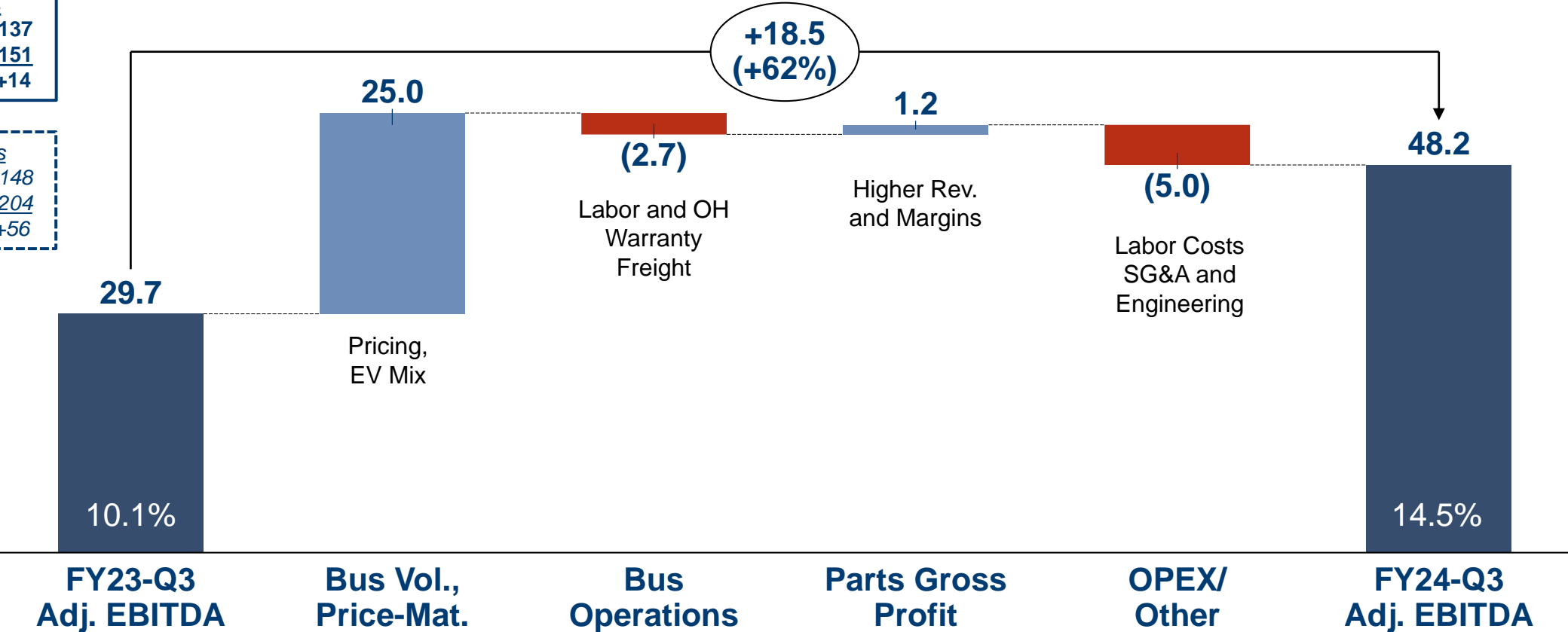
¹See appendix for additional detail regarding non-GAAP measures

FY23-Q3 to FY24-Q3 Adj. EBITDA Walk: +\$19M YoY

(\$ Millions)

Unit Volumes	
FY23-Q3	2,137
FY24-Q3	2,151
Delta	+14

t/o EV Volumes	
FY23-Q3	148
FY24-Q3	204
Delta	+56



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Significant improvements in Pricing, EV mix and Parts drove record FY24-Q3 results

See appendix for additional detail regarding non-GAAP measures

Balance Sheet and Cash Flow

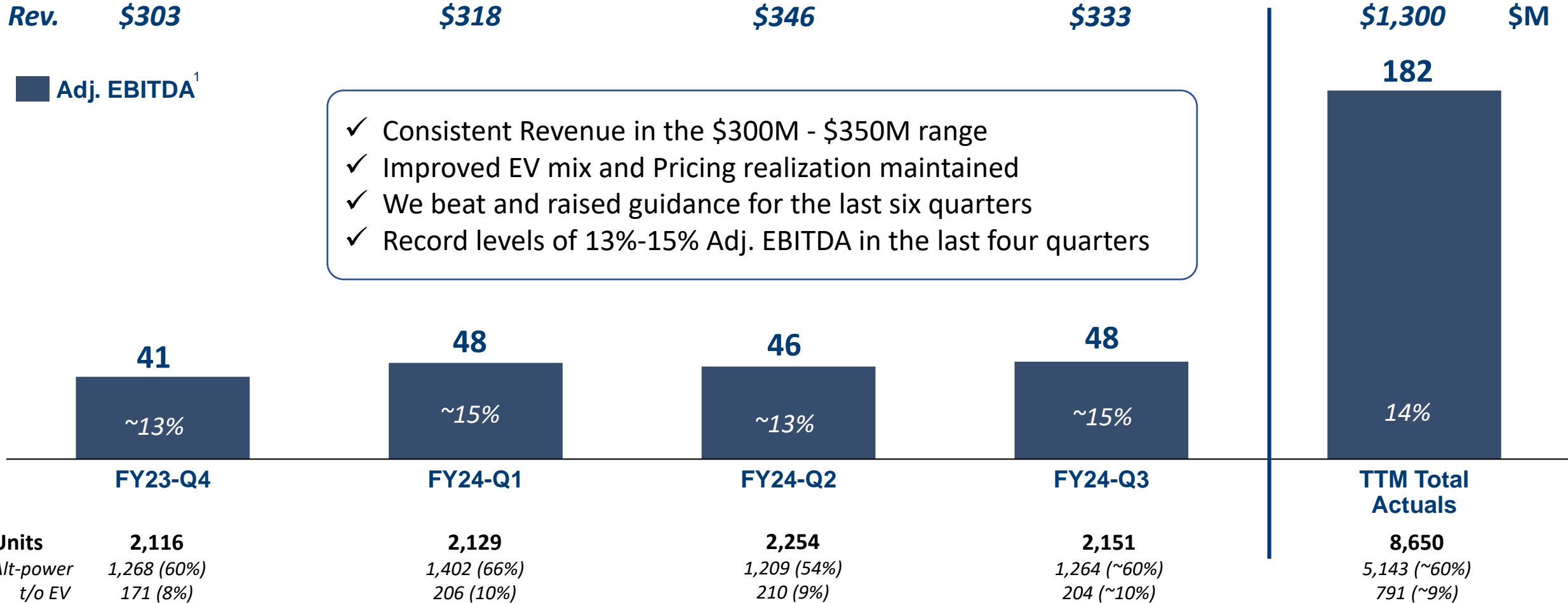
(\$ Millions)	FY2024-Q3	FY2023-Q3	B/(W)
Cash	\$88.4	\$50.5	\$37.9
Debt	\$(96.1)	\$(134.9)	\$38.8
Liquidity	\$231.7	\$134.2	\$97.5
Operating Cash Flow	\$1.0	\$39.4	\$(38.4)
Adj. Free Cash Flow ¹	\$(3.5)	\$42.7	\$(46.2)
Trade Working Capital ²	\$(34.0)	\$2.0	\$(36.0)



Adj. Free Cash Flow decreased primarily due to higher Finished Goods and Accounts Receivables

¹See appendix for additional detail regarding non-GAAP measures; ² Inventories, accounts receivable and accounts payable

TTM Performance Shows Sustained Profitable Growth



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Great performance YTD in 2024, with strong momentum and higher investments for 2025

¹ See appendix for additional detail regarding non-GAAP measures

First CBA agreement in place with USW



Key Contract Terms

- Three years agreement ('24-'27)
- ~1,500 people in scope
- Enhances pay and benefits
- Provides management flexibility

**Win – Win
CBA with USW**

Run-rate Financial Impact

- Avg. wage +12% in Year 1
- Year 2 at +4%, Year 3 at +4%
- Profit Sharing 4% of Net Income
- Enhanced 401k plan contributions

**Run-rate cost
~1% of Revenue**

One-time Impacts

- Signing bonus \$750/person Jun'24
- Signing bonus in Other Expense
- Increased pay starting in Jun'24
- YTD Profit Sharing true-up in Q3

**Full impact
from FY24-Q4**



Our first CBA provides stability and supports our profitable growth strategy

FY2024 Guidance Raised to \$175M and 13% EBITDA

Adj. EBITDA¹
(\$M)

88

8%

FY23

Rev. (\$M) \$1,133



+87
(+100%)

FY24 Updated Scenarios

	Downside 	Guidance 	Upside
Supply Chain			
Units	8,600	8,800	9,000
Revenue \$M	\$1,300	\$1,315	\$1,330
Adj. EBITDA \$M	\$170	\$175	\$180
Adj. EBITDA %	~13.1%	~13.3%	~13.5%

175

170 - 180

FY24 Q4:

Qtr. Revenue
\$300 - \$330M

Adj. EBITDA
\$30 - \$40M
10% - 12%

13%

FY24

~\$1,315
(\$1,300 - \$1,330)

Blue Bird Raises Guidance for FY24:
\$1.315B in Revenue (+16% YoY)
Adj. EBITDA 13% and \$175M (+100% YoY)

¹ See appendix for additional detail regarding non-GAAP measures

FY2024 Guidance Raised to \$175M and 13% EBITDA

<i>\$ Millions</i>	FY2023 Actuals	FY2024 May Guidance	FY2024 Aug Updated Guidance	<i>B/(W) Vs. Prior Year</i>
Net Revenue	\$1,133	\$1,275 - \$1,325	\$1,300 - \$1,330	\$167 - \$197
Adj. EBITDA ¹	\$88	\$145 - \$165	\$170 - \$180	\$82 - \$92
Adj. Free Cash Flow ¹	\$121	\$70 - \$80	\$80 - \$90	\$(41) - \$(31)

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

Year-end results planned to be announced on November 25th, 2024






¹ See appendix for additional detail regarding non-GAAP measures

FY2025 Preliminary Guidance and Scenarios

Tailwinds

- Strong demand
- Stable Pricing
- Propane exclusive
- EV growth (in H2)

	FY25 Scenarios		
	Downside	Prel. Guidance	Upside
Supply Chain			
Units	9,000	9,250	9,500
<i>t/o EV Units</i>	1,000	1,150	1,300
Revenue \$M	\$1,400	\$1,450	\$1,500
Adj. EBITDA \$M	\$180	\$190	\$200
Adj. EBITDA %	~12.5%	13%+	~13.5%

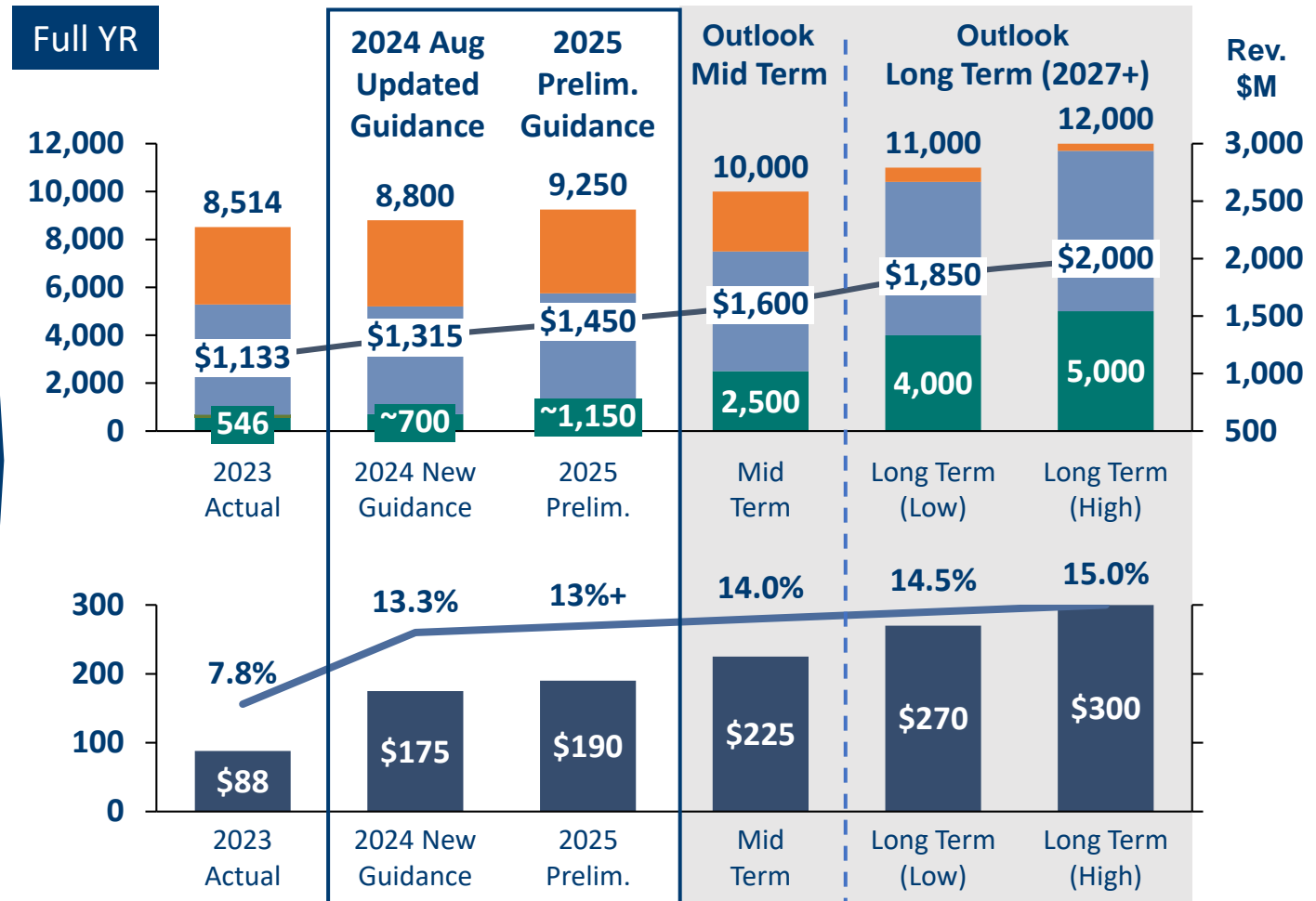
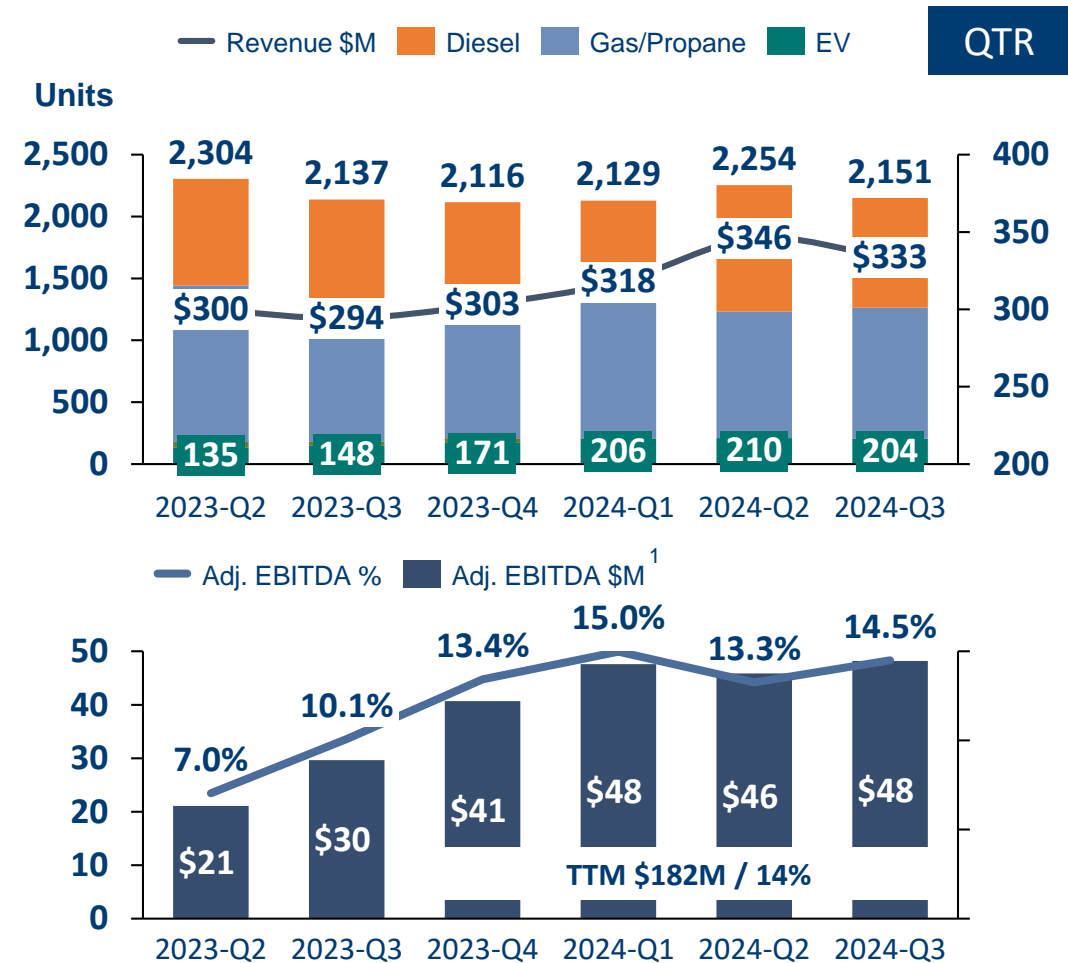
Headwinds

- Supply chain
- Labor Costs (USW)
- Material Costs
- EPA EV timing (H1)

Blue Bird Preliminary Guidance for FY25:
\$1.45B in Revenue (~10% YoY)
Adj. EBITDA 13%+ and \$190M (~10% YoY)



We Are Increasing Our Long Term Outlook to 15% EBITDA



Confirmed growth path towards ~5,000 EV's, ~\$2B Revenue and 15% Adj. EBITDA

¹ See appendix for additional detail regarding non-GAAP measures



OUTLOOK

Phil Horlock
CEO

2024 Priorities Align with Our Strategy



Significant Federal Funding for EV School Buses

The Bipartisan Infrastructure Law of 2021 authorizes EPA to offer rebates and grants to replace existing school buses with clean / zero-emission models – \$5B Funding over 5 years

New Program announced, utilizing Inflation Reduction Act funding

EPA CSB Round 2 (2023 Grant Program)

Final allocation of \$965M

Total of ~2,700¹ school buses
(incl. 62 propane)

Winners will have until **April 2026** to
take delivery of buses

EPA CSB Round 3 (2023 Rebate Program)

Final allocation of \$940M

Total of ~3,600¹ school buses
(incl. 269 propane)

Orders to be placed by Dec 2024

Winners will have **June 2026** to
take delivery of buses

2024 Clean Heavy-Duty Vehicles Program

~\$650M for School Buses

Anticipated Award Selection
February 2025

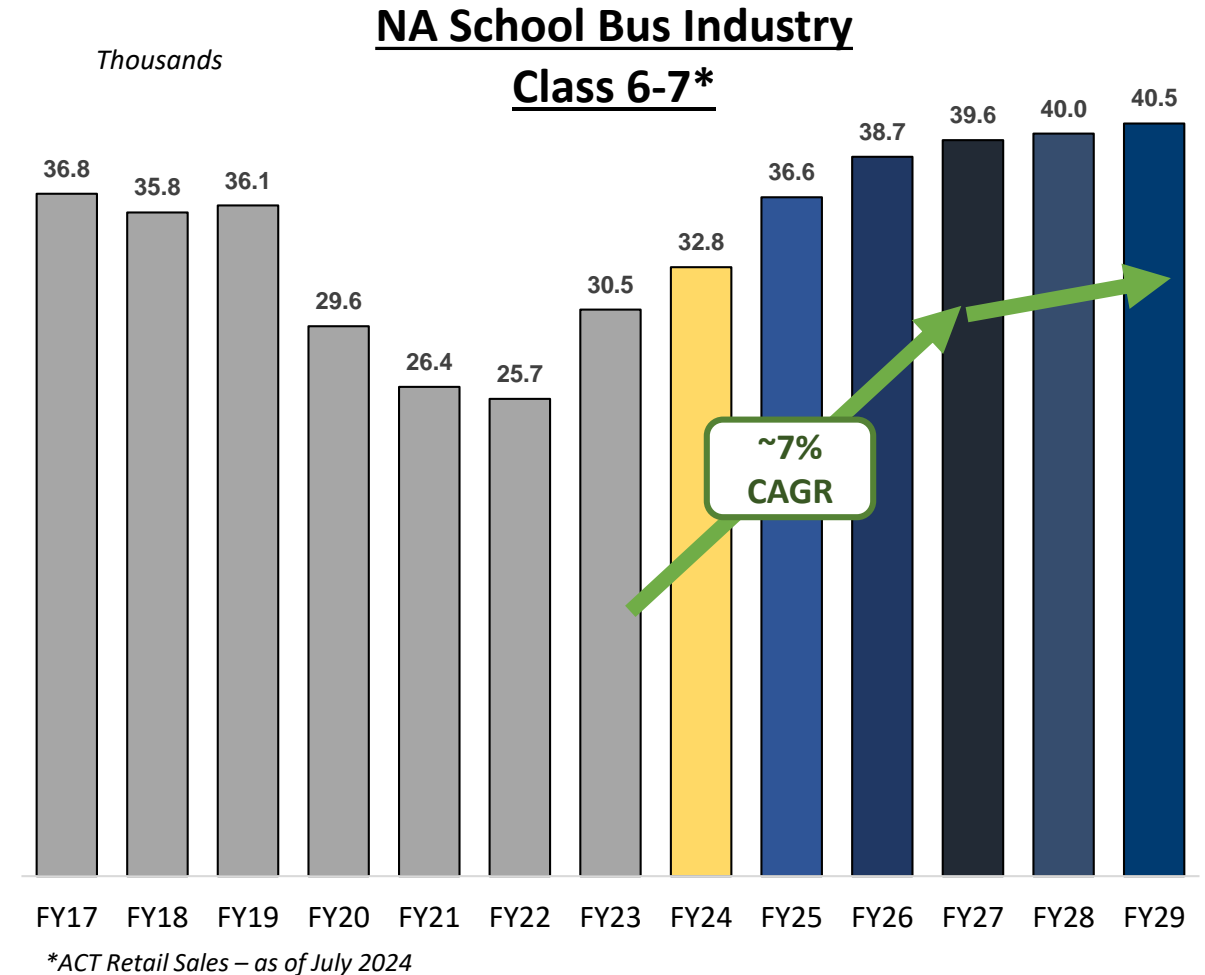
Winners will have until **January 2027** to take delivery of buses

¹ Includes Type A, C, and D awards

**We are well positioned to capitalize on these opportunities;
Blue Bird expects to win ~30% of Type A, C and D orders**

Wrap-Up: Record Profit Outlook in FY2024 & Beyond

Bookings	↑ 3%+ = ~8,800 units
Revenue	↑ 15%+ = ~\$1.3 Billion
Adj. EBITDA	↑ ~2x = ~\$175 Million
Adj. EBITDA Margin	↑ 5 ppts+ = ~13%
EV Bookings	↑ 28%+ = ~700 units



Transitioning to New CEO and Chairman



- **Britton Smith, President, to Succeed Phil Horlock as CEO**
 - Appointment effective September 29, concurrent with start of 2025 fiscal year
 - Smith joined Blue Bird in March 2022 as leader of EV Business; appointed President in July 2023
 - Smith appointed to Board effective today
 - Horlock to remain on the Board
 - Robust/seamless transition with increasing responsibilities since July 2023



- **Doug Grimm, Director, to Succeed Kevin Penn as Chairman**
 - Appointment effective immediately
 - Penn has been Chairman since 2016
 - Grimm has been a Board member since 2017
 - Penn to remain on the Board
 - Over the past year, Grimm has increased interaction and involvement with the Company

Continuity and seamless transition key to success

Q&A

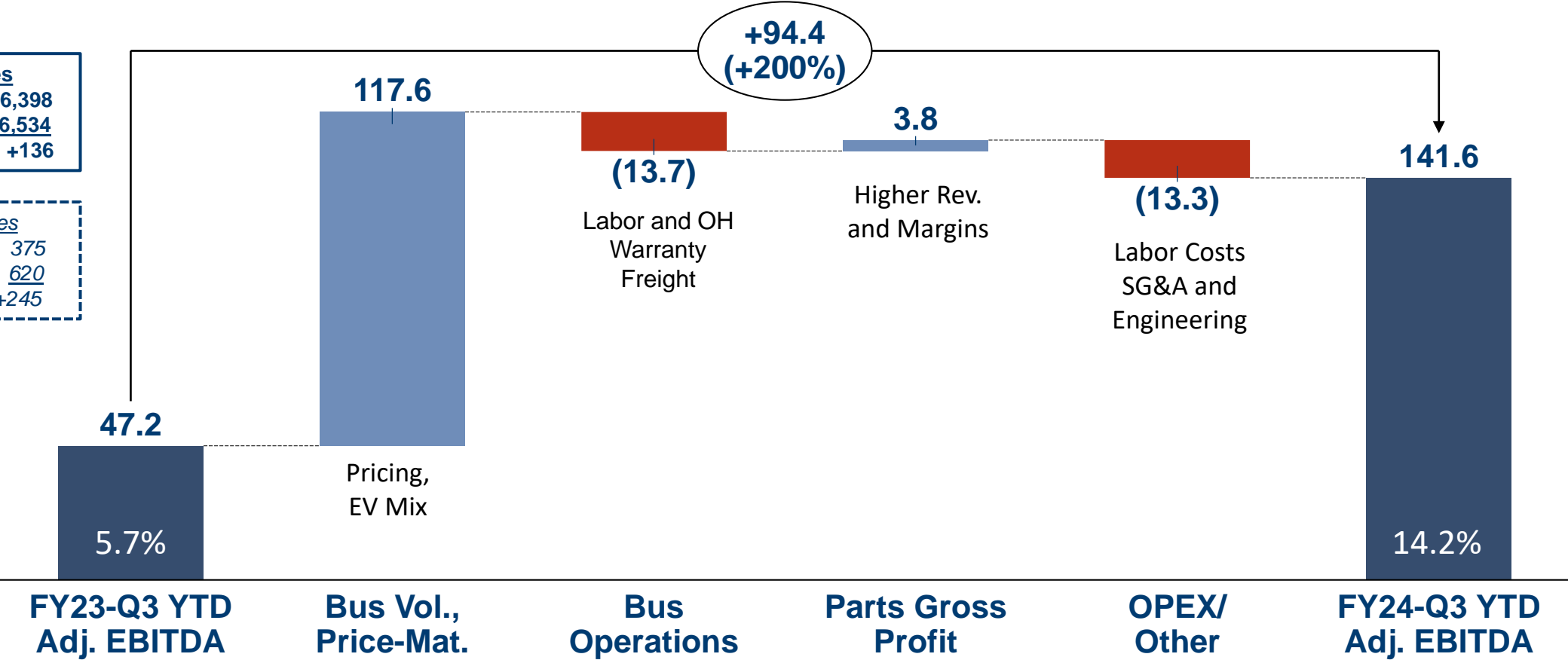
APPENDIX

FY23-Q3 YTD to FY24-Q3 YTD Adj. EBITDA Walk: +\$94M YoY

(\$ Millions)

Unit Volumes	
FY23-Q3 YTD	6,398
FY24-Q3 YTD	6,534
Delta	+136

t/o EV Volumes	
FY23-Q3 YTD	375
FY24-Q3 YTD	620
Delta	+245

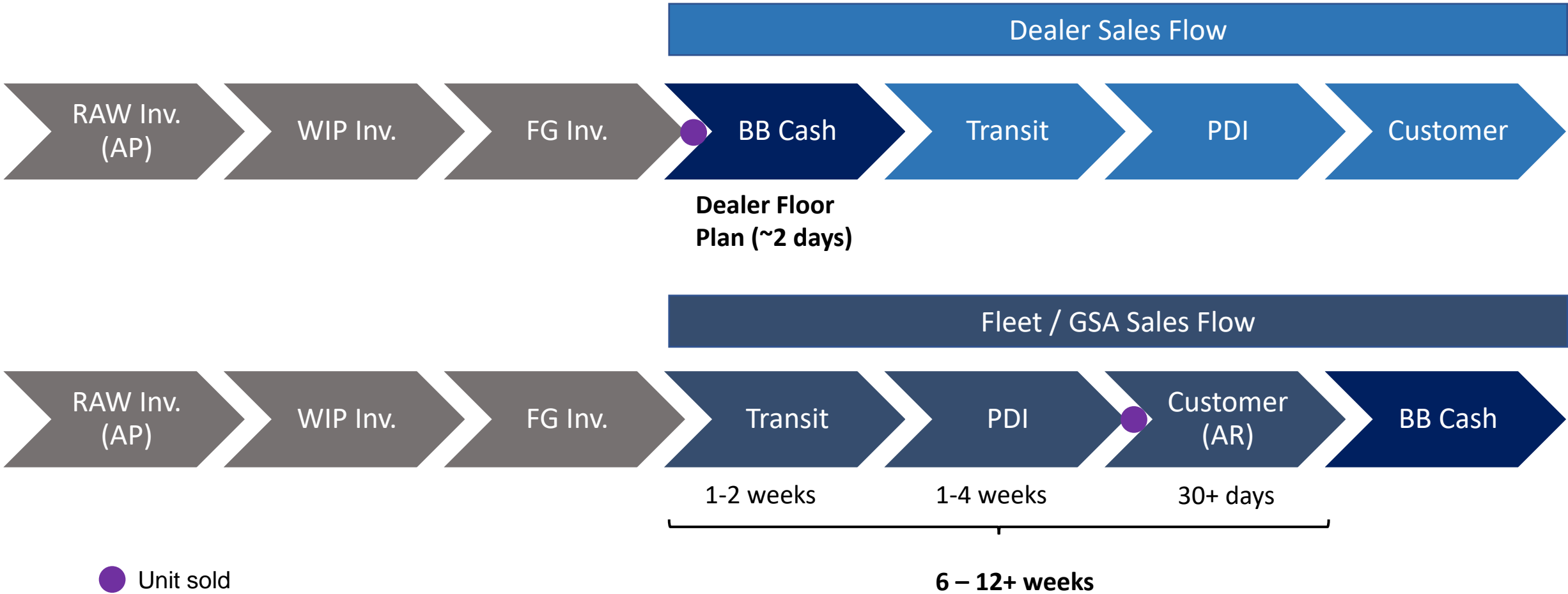


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Significant improvements in Pricing, EV mix and Parts drove record FY24-Q3 YTD results

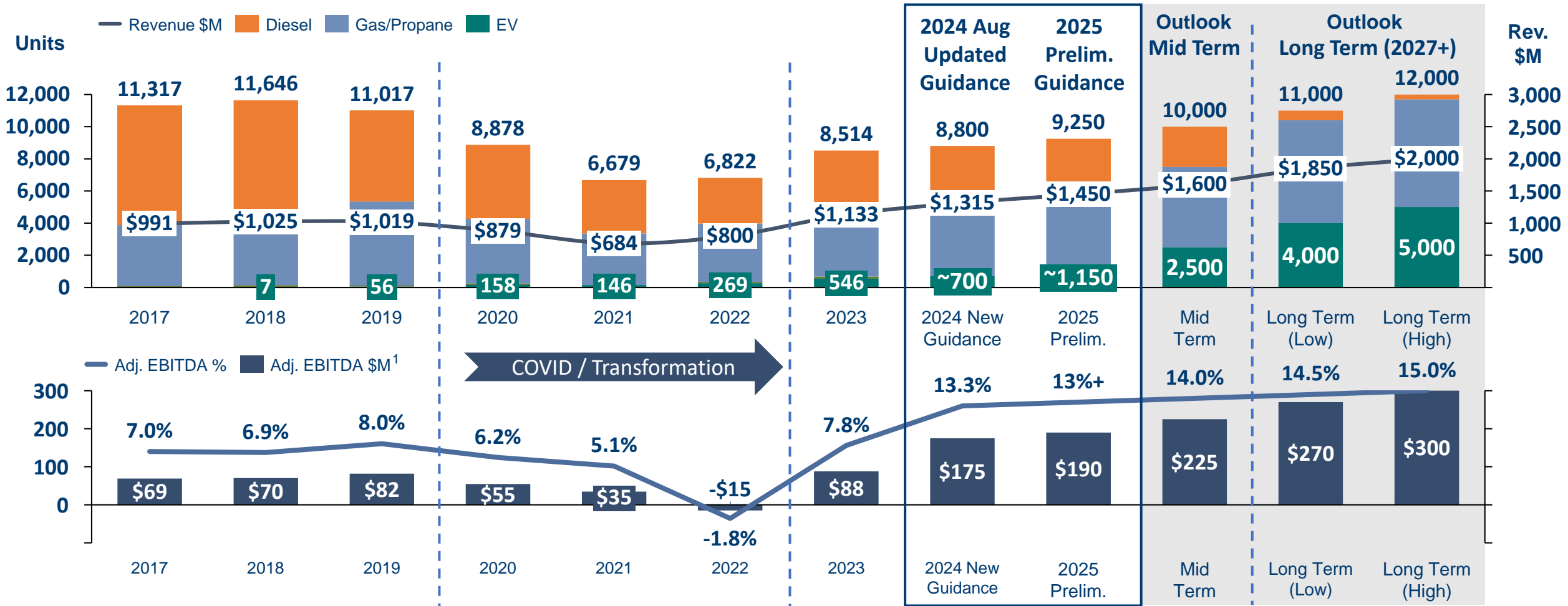
See appendix for additional detail regarding non-GAAP measures

Working Capital – Dealer vs. Fleet / GSA Customer Segment



Fleet / GSA Sales require temporary Working Capital increases in FG Inv. and AR

We Are Increasing Our Long Term Outlook to 15% EBITDA



Confirmed growth path towards ~5,000 EV's, ~\$2B Revenue and 15% Adj. EBITDA

¹ 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		Nine Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Net income	\$ 28,711	\$ 9,358	\$ 80,884	\$ 5,194
Adjustments:				
Interest expense, net (1)	1,214	4,353	5,729	13,923
Income tax expense	9,938	1,884	26,645	292
Depreciation, amortization, and disposals (2)	4,055	5,481	12,253	13,477
Operational transformation initiatives	—	196	—	1,133
Share-based compensation expense	2,474	941	7,017	2,229
Stockholder transaction costs	—	5,509	3,154	6,252
Loss on debt refinancing or modification	—	—	1,558	537
Other	2	293	(81)	574
Subtotal (Adjusted EBITDA as previously presented)	\$ 46,394	\$ 28,015	\$ 137,159	\$ 43,611
Micro Bird Holdings, Inc. total interest expense, net; income tax expense or benefit; depreciation expense and amortization expense	1,852	1,650	4,442	3,606
Adjusted EBITDA	\$ 48,246	\$ 29,665	\$ 141,601	\$ 47,217
Adjusted EBITDA margin (percentage of net sales)	14.5 %	10.1 %	14.2 %	5.7 %

(1) Includes \$0.1 million for both three months ended June 29, 2024 and July 1, 2023, and \$0.3 million for both the nine months ended June 29, 2024 and July 1, 2023, 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 \$0.3 million and \$0.5 million for the three months ended June 29, 2024 and July 1, 2023, respectively, and \$1.3 million for both the nine months ended June 29, 2024 and July 1, 2023, 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.

Free Cash Flow Reconciliation

Reconciliation of Free Cash Flow to Adjusted Free Cash Flow

(in thousands of dollars)	Three Months Ended		Nine Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Net cash provided by operating activities	\$ 989	\$ 39,415	\$ 55,760	\$ 84,131
Cash paid for fixed assets	(4,494)	(2,650)	(10,137)	(6,390)
Free cash flow	<u>\$ (3,505)</u>	<u>\$ 36,765</u>	<u>\$ 45,623</u>	<u>\$ 77,741</u>
Cash paid for operational transformation initiatives	—	196	—	1,133
Cash paid for stockholder transaction costs	—	5,509	3,154	6,252
Cash paid for other items	2	293	(81)	574
Adjusted free cash flow	<u>(3,503)</u>	<u>42,763</u>	<u>48,696</u>	<u>85,700</u>

Adjusted EPS Reconciliation

Reconciliation of Net Income to Adjusted Net Income

(in thousands of dollars)	Three Months Ended		Nine Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Net income	\$ 28,711	\$ 9,358	\$ 80,884	\$ 5,194
Adjustments, net of tax benefit or expense (1)				
Operational transformation initiatives	—	145	—	838
Share-based compensation expense	1,831	696	5,193	1,649
Stockholder transaction costs	—	4,077	2,334	4,626
Loss on debt modification	—	—	1,153	397
Other	1	217	(60)	425
Adjusted net income, non-GAAP	\$ 30,543	\$ 14,493	\$ 89,504	\$ 13,129

(1) Amounts are net of estimated tax rates of 26%.

Reconciliation of Diluted EPS to Adjusted Diluted EPS

	Three Months Ended		Nine Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Diluted earnings per share	\$ 0.85	\$ 0.29	\$ 2.43	\$ 0.16
One-time charge adjustments, net of tax benefit or expense	0.06	0.15	0.26	0.25
Adjusted diluted earnings per share, non-GAAP	\$ 0.91	\$ 0.44	\$ 2.69	\$ 0.41
Adjusted weighted average dilutive shares outstanding	33,653,447	32,598,938	33,222,354	32,335,381

End
