



BLUE BIRD[®]

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

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

Investor Presentation

February 2024

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.”

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

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

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

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



Agenda

Investment Highlights

School Bus Industry Overview

Company & Product Highlights

FY2024 Objectives

Growth Runway



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



EBITDA margins of ~11% in 2024 and 12%+ the mid-term, in a normalized operating environment

School Bus Industry Overview

Industry Highlights

School buses are America's largest mass transit system

500k+

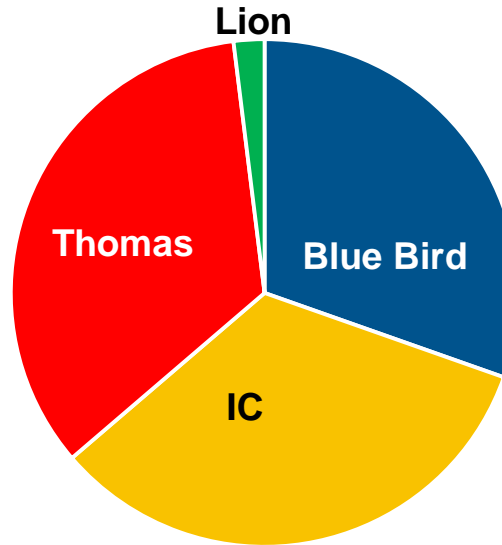
school buses in operation in the U.S. and Canada transporting

26 MILLION KIDS

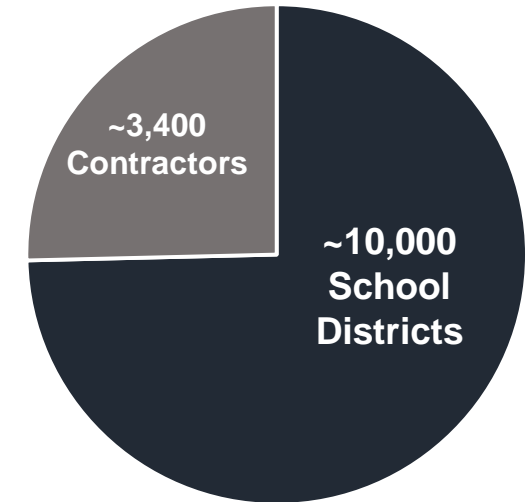
to school on a daily basis



OEMs



School Bus Customers



High barriers to entry

Highly specialized product -- Complex state and customer requirements -- Dealer and service network -- Customer relationship driven business

Demand Drivers

Population of school age children increasing -- Increasing average age of existing fleet -- Federal funding for clean school buses

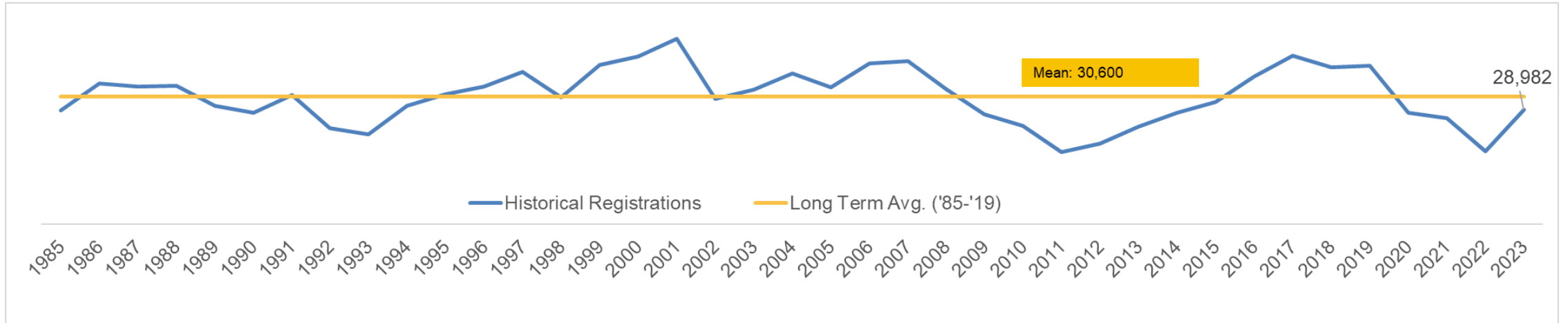
Relatively Clear Funding Sources

Property taxes are primary source of funding; volume tracks housing prices



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Type C & D School Bus Industry



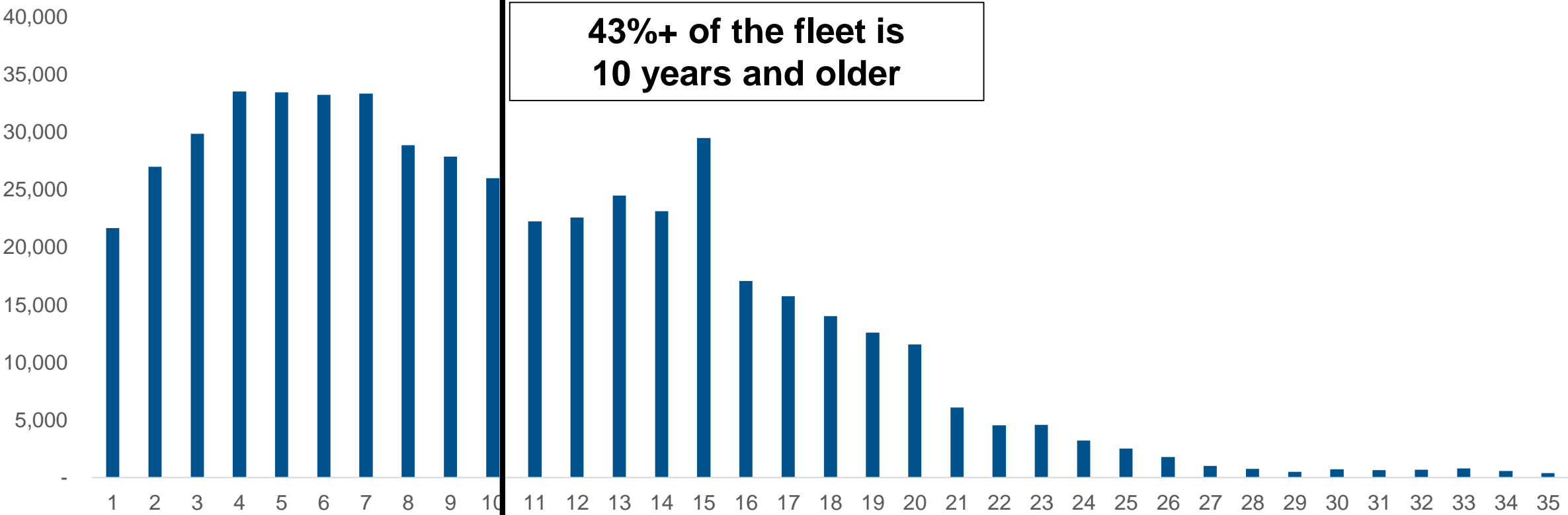
- Industry avg size is 30,500 new units annually based on Polk registrations
- Total fleet of school buses is ~515,000 units and average age is about 10 years
- Industry size is driven by:
 - Number of school age children
 - Age of existing fleet – most states set 15 years as a replacement target
 - 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



Fleet Age Profile Supports Industry Levels

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



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



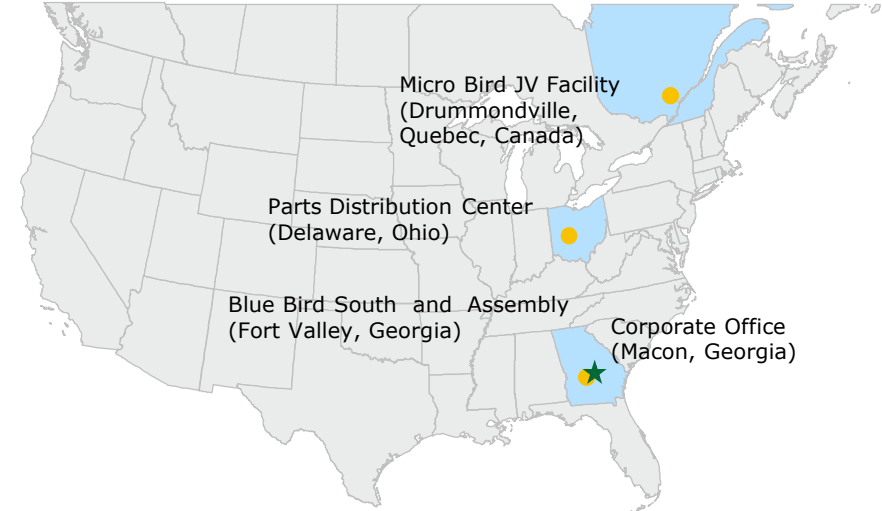
Source: R.L. Polk VIO, based on Type C/D school buses and non-school buses in US/CAN thru Dec. 2022

Company & Product Highlights

Introduction to Blue Bird

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

Dedicated Manufacturing Footprint



School Bus Industry Products



Type C Buses
(Conventional)
Seating Capacity: 36-83
Fuel Types: Diesel, Propane, CNG, Gasoline, Electric



Type D RE Buses
(Rear Engine, Transit-Style)
Seating Capacity: 66-84
Fuel Types: Diesel, CNG, Electric



Type D FE Buses
(Front Engine, Transit-Style)
Seating Capacity: 54-90
Fuel Type: Diesel

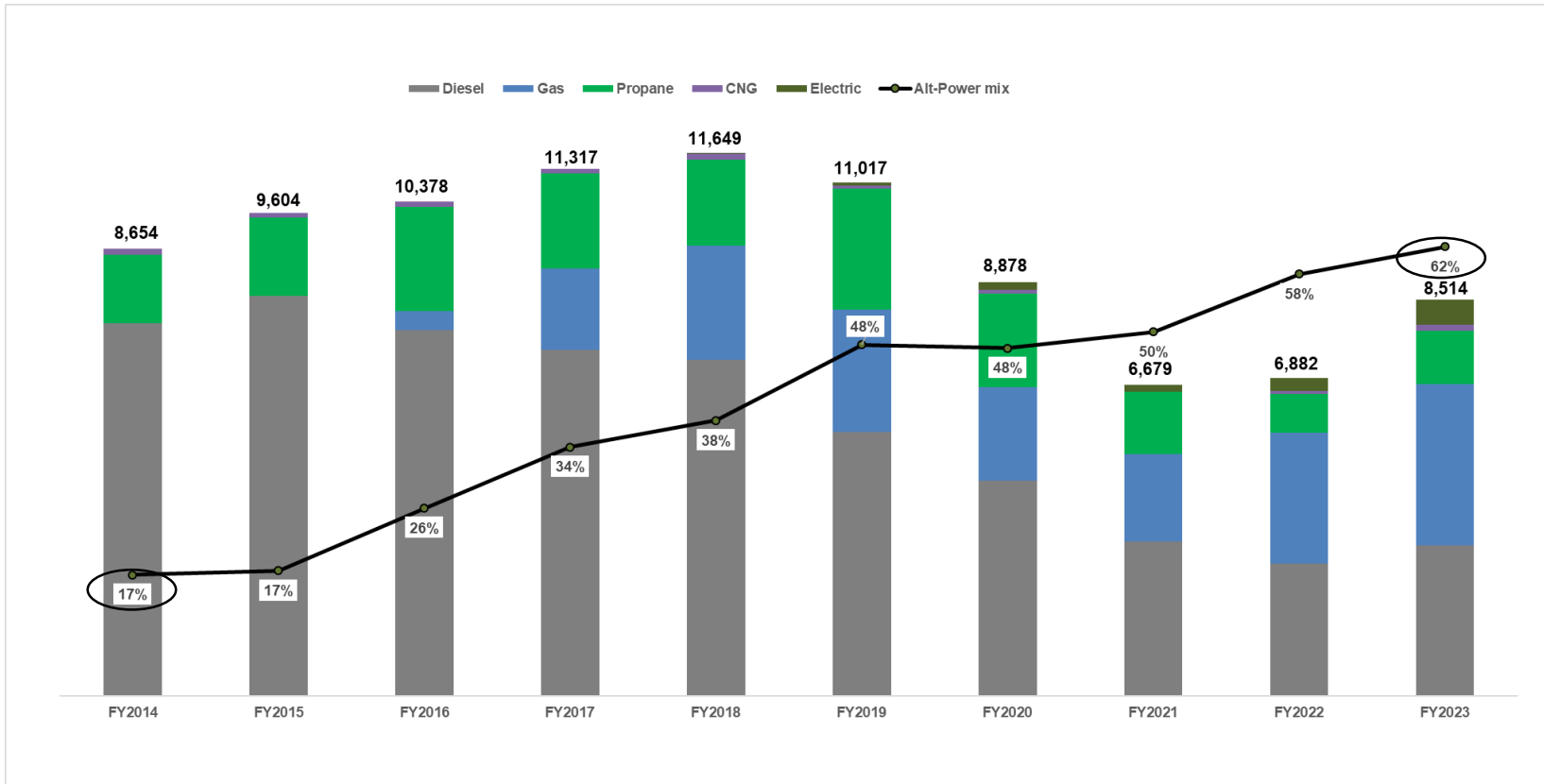


Type A Buses
Seating Capacity: 10-30
Fuel Types: Diesel, Propane, Gasoline, Electric (2018)

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



Proven Leadership in Clean Technologies



- Proven track record of leadership in new technologies; more than 60% 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 and Clean Bus Solutions JV 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



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 – \$5B Funding over 5 years:

Round 2 (2023 Grant Program)

- Final allocation of **\$965M**
 - Increased from \$400M
- Total of **2,737 school buses**

67 applications were preliminarily awarded

Winners will have until December 2025 to purchase buses and close out their awards

Blue Bird expects to win ~30% of these orders

Round 3 (2023 Rebate Program)

- At least \$500 Million
- Applications Accepted
September 28, 2023 – February 14, 2024
- Anticipated Award Selection
April – May 2024

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



**EPA CLEAN
SCHOOL BUS**



We are well positioned to capitalize on these opportunities

Build Complete Ecosystem for EV School Bus Deployment

END OF LIFE

Determine recycling program for used batteries after use

SERVICE & SUPPORT

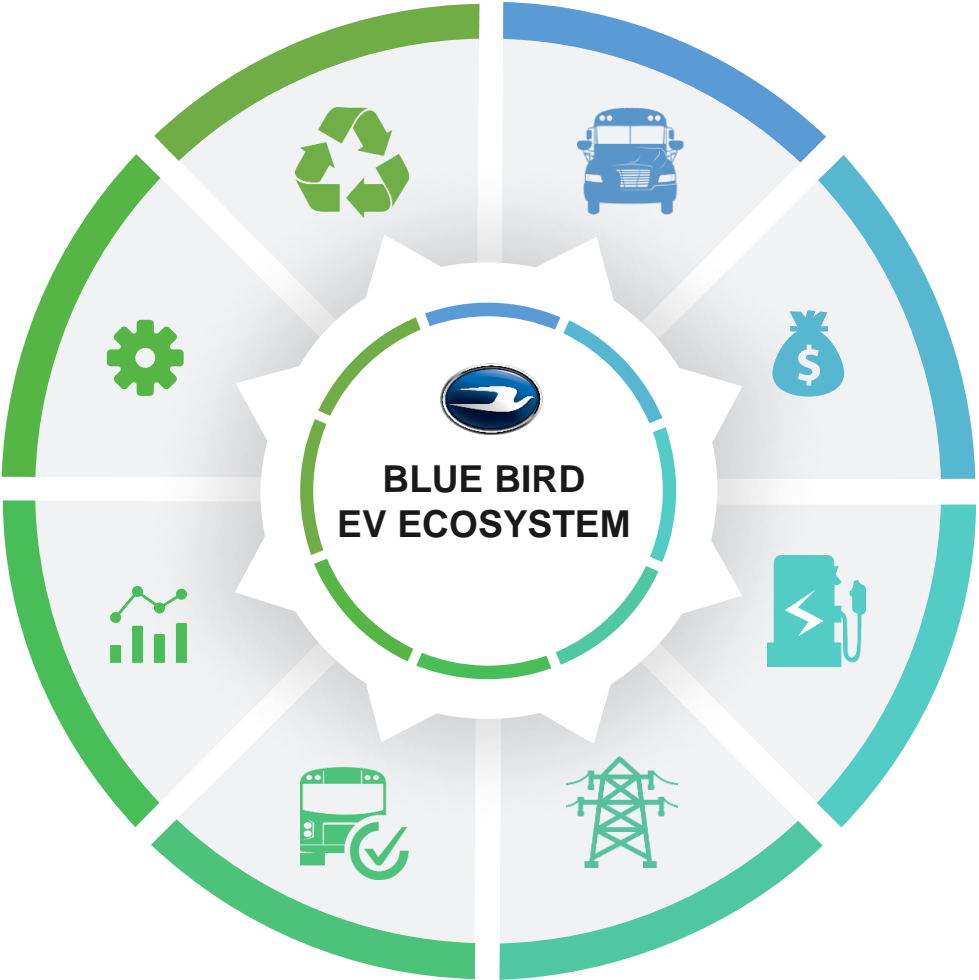
Connect with dealer and EV system provider to support and service bus throughout its lifetime

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



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 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



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

FY2024 Objectives

2024 Priorities Align with Our Strategy



Our core strategies drive our plans towards profitable growth

Significant Investments Starting in 2024



Products and Powertrain

- Next gen Ford Gas / Propane
- Product enhancements for EV
- New safety offerings
- Commercial chassis EV

Manufacturing and Supply Chain

- Evaluate capacity expansion
- Production facility updates
- Quality improvements
- Supply chain to 50/day

People and Processes

- Inflationary pressures and labor
- Competitive employee benefits
- Complexity reduction initiative
- Upgrade ERP system / FP&A BI

R&D / Engineering expenses
2x YoY, to ~\$25M

CAPEX / Tooling
3x YoY, to ~\$25M

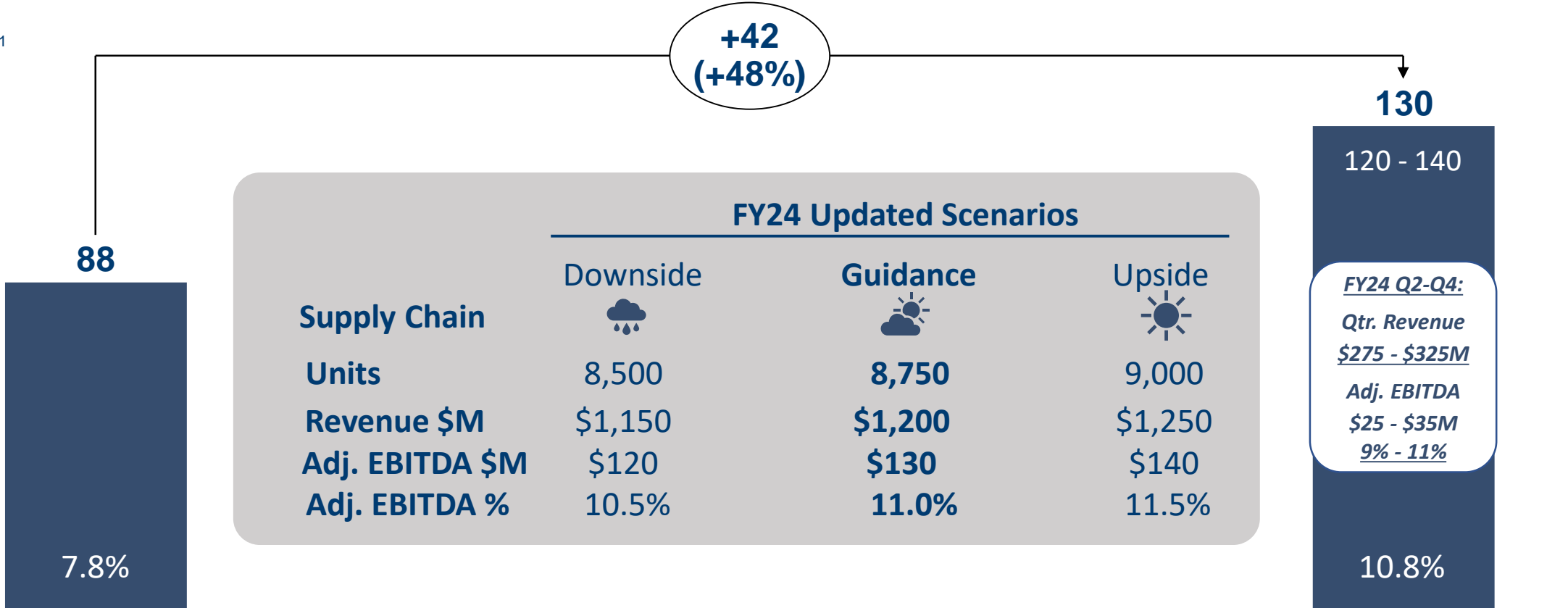
Inflationary costs
~2-3% of Revenues



We plan for significantly increased strategic investments in growth starting in 2024

FY2024 Guidance Raised to \$130M and ~11% EBITDA

Adj. EBITDA ¹
(\$M)



FY23

\$1,133

FY24

\$1,150 - \$1,250

**Blue Bird Raises Guidance for FY24:
\$1.2Bn in Revenue (+6% YoY)
Adj. EBITDA ~11% and \$130M (+48% YoY)**

*FY24 Q2-Q4:
Qtr. Revenue
\$275 - \$325M
Adj. EBITDA
\$25 - \$35M
9% - 11%*



¹ See appendix for additional detail regarding non-GAAP measures

FY2024 Guidance Raised to \$130M and ~11% EBITDA

<i>\$ Millions</i>	FY2023 Actuals	FY2024 Dec. Guidance	FY2024 Feb. Updated Guidance	<i>B/(W) Vs. Prior Year</i>
Net Revenue	\$1,133	\$1,150 - \$1,250	\$1,150 - \$1,250	\$17 - \$117
Adj. EBITDA ¹	\$88	\$105 - \$125	\$120 - \$140	\$32 - \$52
Adj. Free Cash Flow ¹	\$121	\$50 - \$60	\$60 - \$70	\$(61) - \$(51)



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

Capital Allocation - Share Repurchase Program

Sources of Cash

Cash Flow from Operations (incl. Tax, Interest, Δ WoC; excl. R&D)	\$148M
Existing Cash at YE23	\$77M
Target Debt / EBITDA = <1x (Term Loan <\$100M)	New Debt \$0M
Dividend Payments JV Micro Bird	~\$5M

FY24

Total Funds Available
~\$230M

Uses of Cash

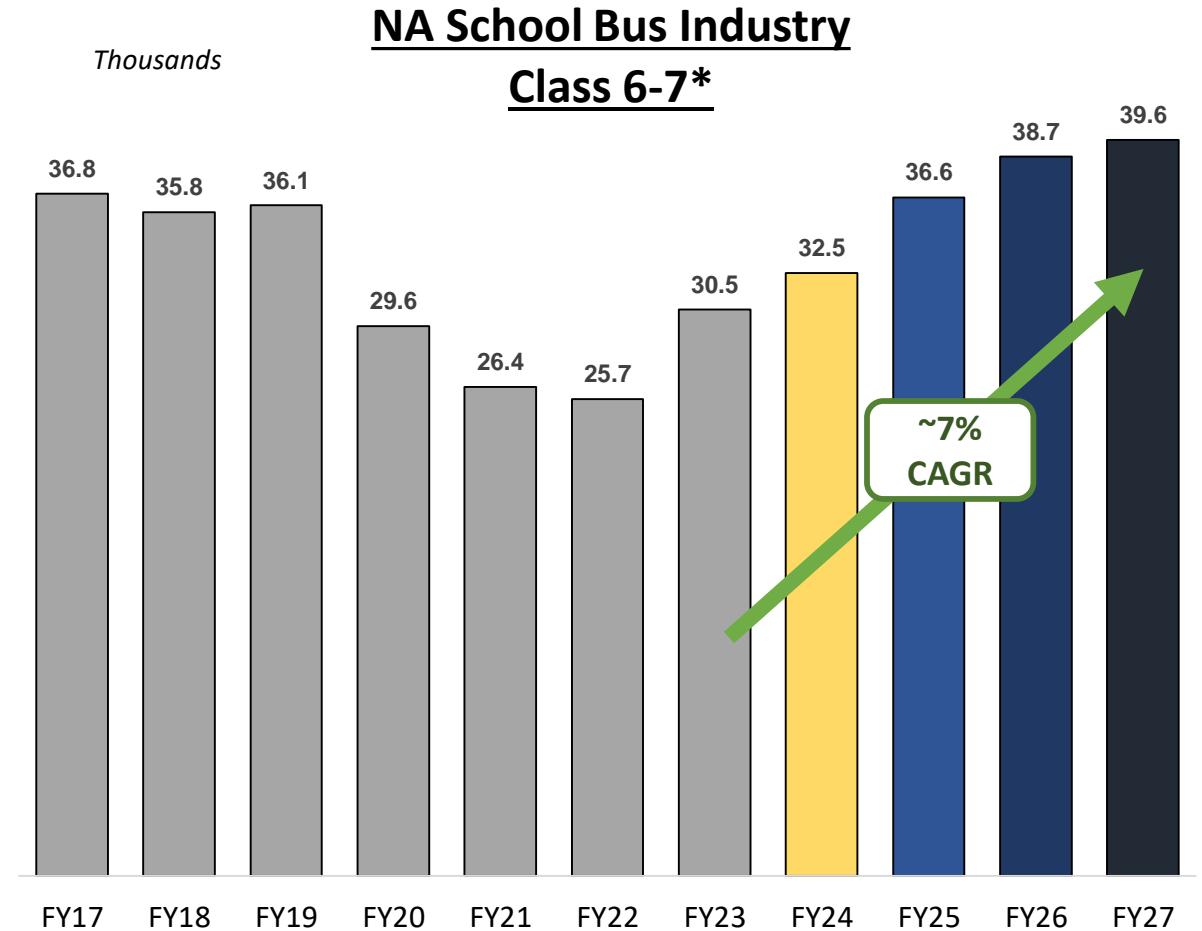
Growth	R&D Expenditures	<\$25M
	CAPEX (incl. maintenance)	<\$25M
	JV CBS / Small M&A	<\$25M
Shareholders	Share Repurchase Program (up to \$60M, over 2 yrs.)	\$30-\$60M
Cash/Debt	Target Cash at YE24	\$50-\$75M
	Revolver paydown to \$0	~\$35M
	Principal payments Term Loan	\$ 5M



Capital allocation strategy balances profitable growth, return to shareholders and strong cash position

Wrap-Up: Record Profit Outlook in FY2024 & Beyond

Bookings	↑ 3%+ = ~8,750 units
Revenue	↑ 6%+ = ~\$1.2 Billion
Adj. EBITDA	↑ 47%+ = ~\$130 Million
Adj. EBITDA Margin	↑ 3 pts+ = ~11%
EV Bookings	↑ 47%+ = ~800 units



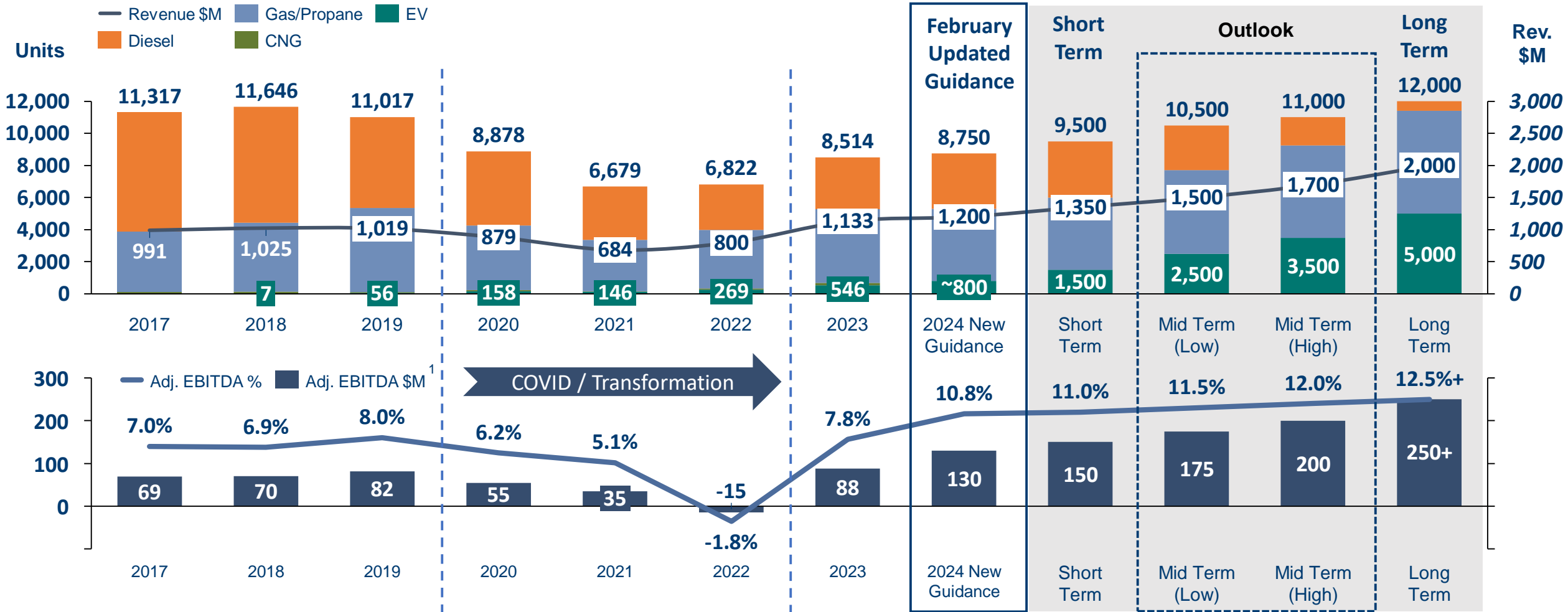
*ACT Retail Sales – as of January 2024



EBITDA margins of ~11% now and ~12% mid-term, in a normalized operating environment

Solid Growth Runway

Profitable Growth Driven by EV and Lean Transformation



Growth path towards 5,000 EV's, ~\$2B Revenue and 12.5%+ Adj. EBITDA (\$250M+)



¹ See appendix for additional detail regarding non-GAAP measures

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

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Pricing aligned to market economics and volatility



EBITDA margins of ~10% in 2024 and 12%+ the mid-term, in a normalized operating environment

Appendix

FY2024 Q1 Financial Results – Record Adj. EBITDA of \$48M

FINANCIAL HIGHLIGHTS

FY2024 Q1 Results

UNITS
SOLD

2,129

172 vs. '23

NET
SALES

\$318M

\$82M vs. '23

Adjusted
EBITDA

\$48M

\$51M vs. '23

Adjusted
FCF

\$(2)M

\$(21)M vs. '23



FY24-Q1 Results

Record Q1 Revenue **\$318M**

Record EVs **206 Units**

Record Adj. EBITDA **\$48M**



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See appendix for additional detail regarding non-GAAP measures

Income Statement

(\$ Millions)	FY2024-Q1	FY2023-Q1	B/(W)
Unit Volume	2,129	1,957	172
Unit Backlog	4,570	5,335	(765)
Net Revenue	\$317.7	\$235.7	\$82.0
<i>Bus Rev./Unit (\$000's)</i>	\$137.8	\$109.0	\$28.8 / 26.4%
Gross Margin	20.0%	3.2%	16.8 pts
Adj. EBITDA ¹	\$47.6	\$(3.5)	\$51.1
Adj. EBITDA Margin ¹	15.0%	(1.5)%	16.5 pts
Adj. Net Income ¹	\$29.7	\$(9.8)	\$39.4
Adj. Diluted EPS ¹	\$0.91	\$(0.30)	\$1.21



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

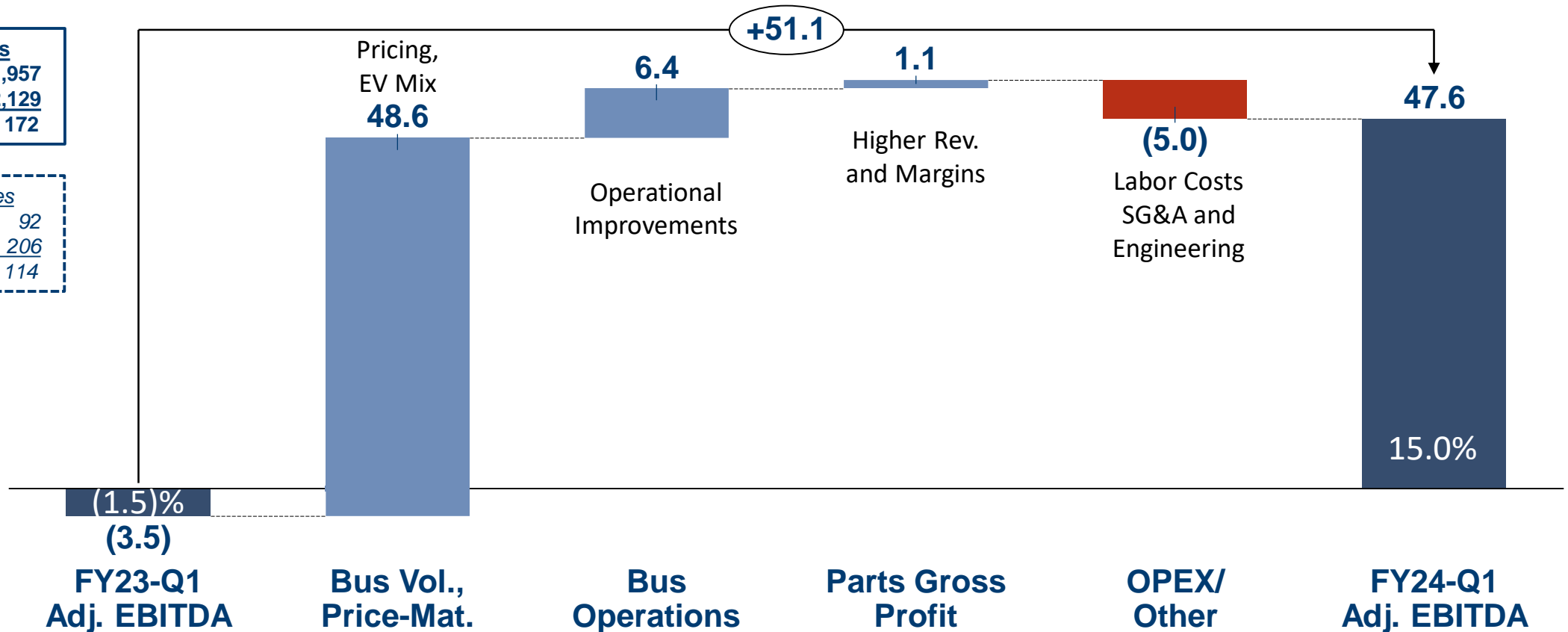
¹See appendix for additional detail regarding non-GAAP measures

FY23-Q1 to FY24-Q1 Adj. EBITDA Walk: +\$51M YoY

(\$ Millions)

Unit Volumes	
FY23-Q1	1,957
FY24-Q1	<u>2,129</u>
Delta	172

t/o EV Volumes	
FY23-Q1	92
FY24-Q1	<u>206</u>
Delta	114



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See appendix for additional detail regarding non-GAAP measures

Significant improvements in Pricing, EV mix and Operations drove record FY24-Q1 results

Balance Sheet and Cash Flow

(\$ Millions)	FY2024-Q1	FY2023-Q1	B/(W)
Cash	\$77.3	\$5.7	\$71.6
Debt	\$(134.7)	\$(149.1)	\$14.4
Liquidity	\$184.3	\$84.3	\$100.0
Operating Cash Flow	\$0.2	\$19.9	\$(19.7)
Adj. Free Cash Flow ¹	\$(1.5)	\$19.6	\$(21.1)
Trade Working Capital*	\$(28.8)	\$33.8	\$(62.6)

Breakeven Operating Cash Flow for Q1, primarily due to an increase in Trade Working Capital



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* Inventories, accounts receivable and accounts payable

¹See 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**



- **Joint Lead Arrangers**

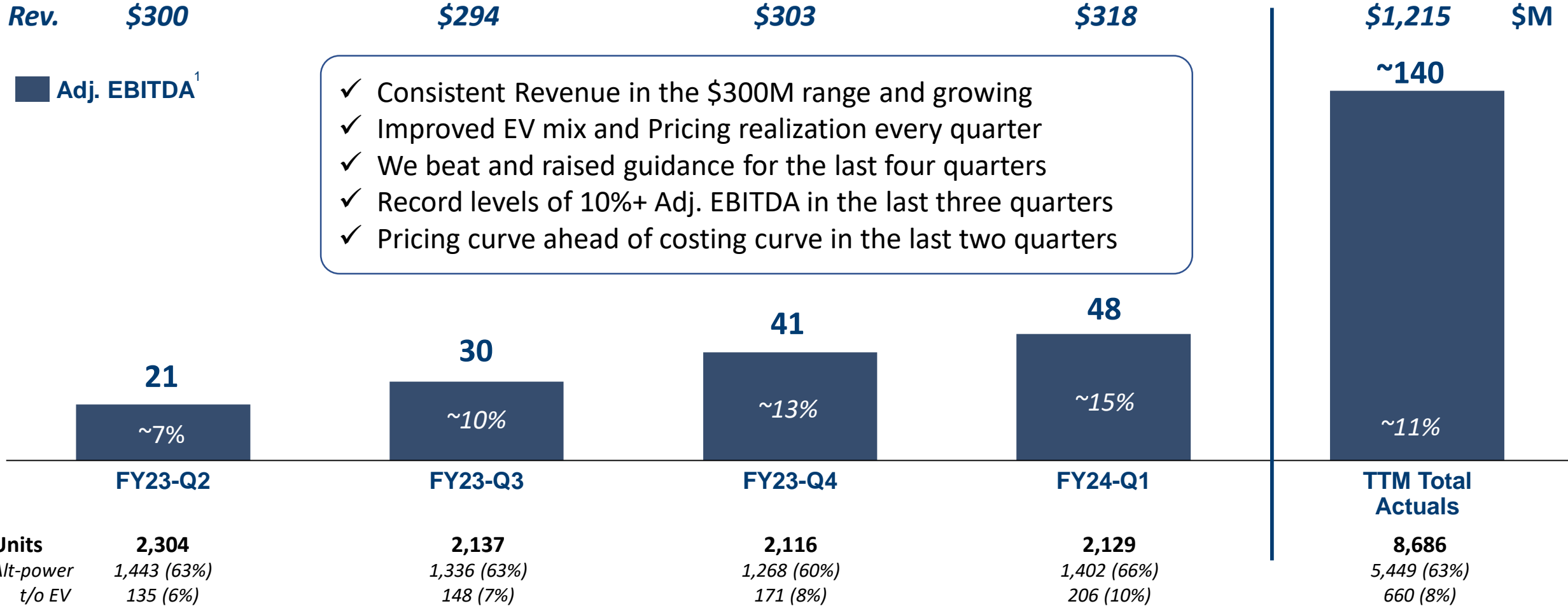


- **Other Lenders**



The new agreement provides financial stability and flexibility for the future

TTM Performance Shows Sustained Profitable Growth



- ✓ Consistent Revenue in the \$300M range and growing
- ✓ Improved EV mix and Pricing realization every quarter
- ✓ We beat and raised guidance for the last four quarters
- ✓ Record levels of 10%+ Adj. EBITDA in the last three quarters
- ✓ Pricing curve ahead of costing curve in the last two quarters



Business transformation completed and ahead of schedule, with strong momentum into 2024

¹ See appendix for additional detail regarding non-GAAP measures

Adj. EBITDA Reconciliation

Reconciliation of Net Income (Loss) to Adjusted EBITDA

(in thousands of dollars)	Three Months Ended	
	December 30, 2023	December 31, 2022
Net income (loss)	\$ 26,150	\$ (11,294)
Adjustments:		
Interest expense, net (1)	2,655	4,289
Income tax expense (benefit)	8,446	(2,981)
Depreciation, amortization, and disposals (2)	4,210	3,815
Operational transformation initiatives	—	800
Share-based compensation expense	2,051	589
Stockholder transaction costs	1,221	—
Loss on debt refinancing or modification	1,558	537
Other	(82)	—
Subtotal (Adjusted EBITDA as previously presented)	\$ 46,209	\$ (4,245)
Micro Bird Holdings, Inc. total interest expense, net; income tax expense or benefit; depreciation expense and amortization expense	1,395	709
Adjusted EBITDA	\$ 47,604	\$ (3,536)
Adjusted EBITDA margin (percentage of net sales)	15.0 %	(1.5)%

(1) Includes \$0.1 million for both fiscal periods, 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 \$0.6 million and \$0.4 million for the three months ended December 30, 2023 and December 31, 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.

Free Cash Flow Reconciliation

Reconciliation of Free Cash Flow to Adjusted Free Cash Flow

(in thousands of dollars)	Three Months Ended	
	December 30, 2023	December 31, 2022
Net cash provided by operating activities	\$ 217	\$ 19,926
Cash paid for fixed assets	(2,904)	(1,146)
Free cash flow	<u>\$ (2,687)</u>	<u>\$ 18,780</u>
Cash paid for operational transformation initiatives	—	800
Cash paid for stockholder transaction costs	1,221	—
Cash paid for other items	(82)	—
Adjusted free cash flow	<u>(1,548)</u>	<u>19,580</u>

Adjusted EPS Reconciliation

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

(in thousands of dollars)	Three Months Ended	
	December 30, 2023	December 31, 2022
Net income (loss)	\$ 26,150	\$ (11,294)
Adjustments, net of tax benefit or expense (1)		
Operational transformation initiatives	—	632
Share-based compensation expense	1,518	465
Stockholder transaction costs	904	—
Loss on debt modification	1,153	424
Other	(61)	—
Adjusted net income (loss), non-GAAP	\$ 29,664	\$ (9,773)

(1) Amounts are net of estimated tax rates of 26% for the three months ended December 30, 2023, and 21% for the three months ended December 31, 2022.

Reconciliation of Diluted EPS to Adjusted Diluted EPS

	Three Months Ended	
	December 30, 2023	December 31, 2022
Diluted earnings (loss) per share	\$ 0.81	\$ (0.35)
One-time charge adjustments, net of tax benefit or expense	0.10	0.05
Adjusted diluted earnings (loss) per share, non-GAAP	\$ 0.91	\$ (0.30)
Adjusted weighted average dilutive shares outstanding	32,429,127	32,243,213

Investor Relations Contact Information

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