Blue Bird Corporation
CJS Securities Conference

January 10, 2018



BLUE BIRD®

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Industry Overview

BLUE BIRD®
BUILT TO TAKE ON TOMORROW.

School Bus Industry Products



Type C Buses
(Conventional)
Seating Capacity: 36-83
Fuel Types: Diesel, Propane, CNG, Gasoline, Electric (2018)



Type D FE Buses
(Front Engine, Transit-Style)
Seating Capacity: 54-90
Fuel Type: Diesel, Electric (2018)



Type D RE Buses
(Rear Engine, Transit-Style)
Seating Capacity: 66-84
Fuel Types: Diesel, CNG, Electric (2018)



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

Blue Bird offers school buses from 10 to 90 passengers

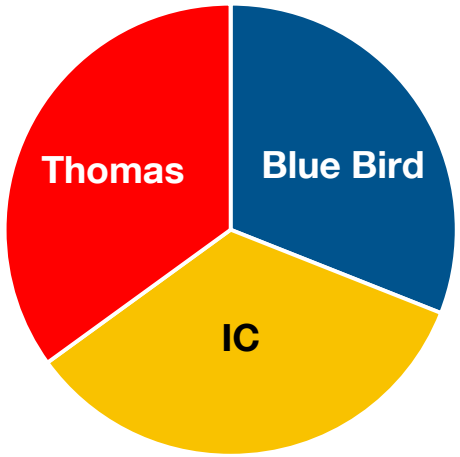
Industry Overview

School buses are America's largest mass transit system

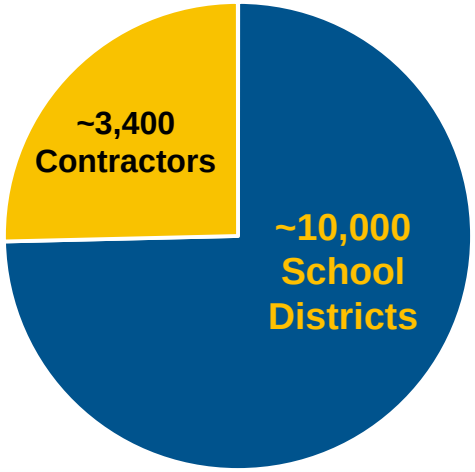
550,000
school buses in operation in the U.S. and Canada transporting
26 MILLION KIDS
to school on a daily basis



OEMs

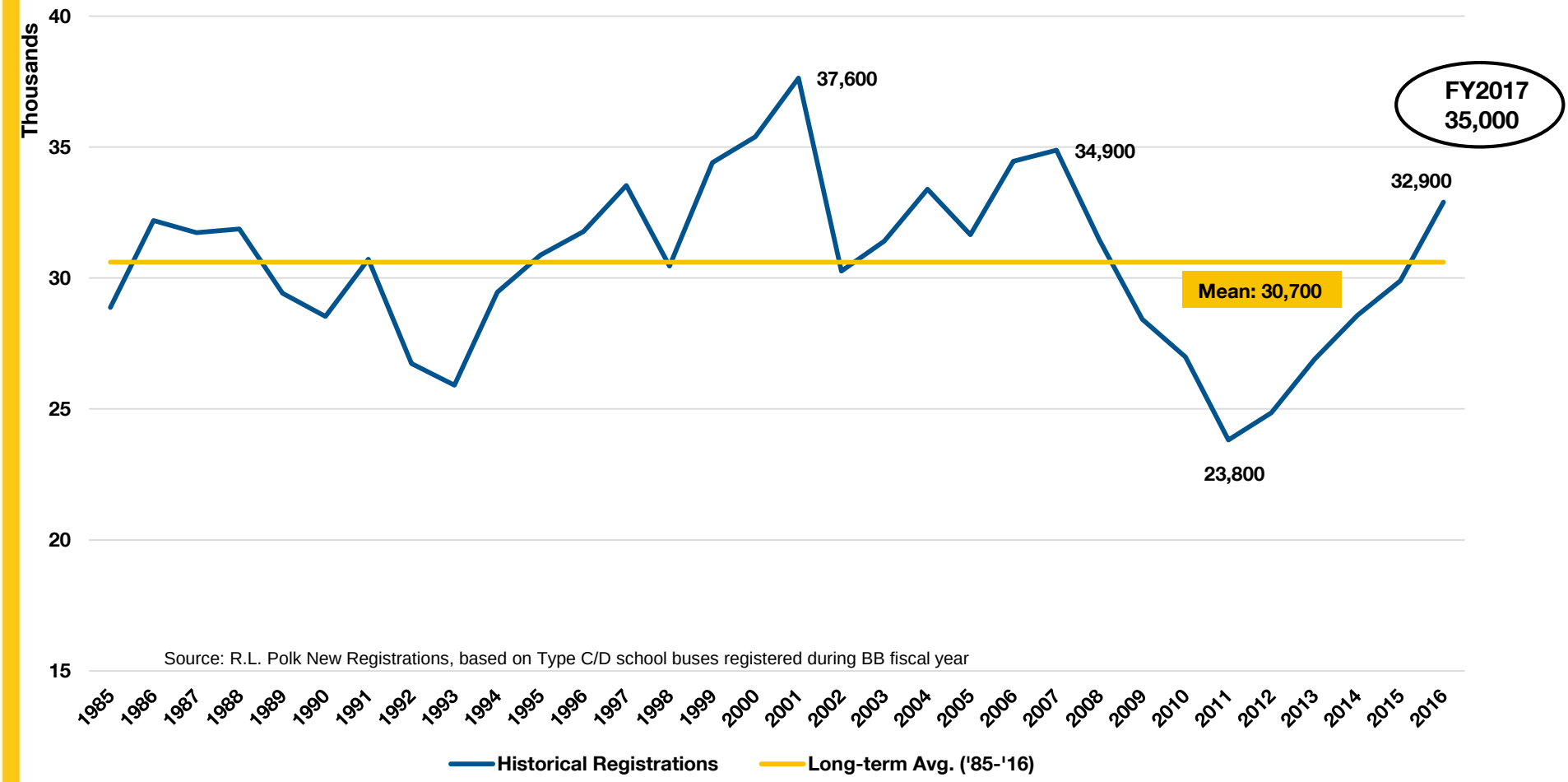


School Bus Customers



Safe and reliable transportation for over 26 million students each day

Market Recovery



Long-term industry average is 30,700;
FY2017 industry at 35,000 units, second largest industry since 1985;
FY2018 expected at similar level to FY2017



Blue Bird Overview

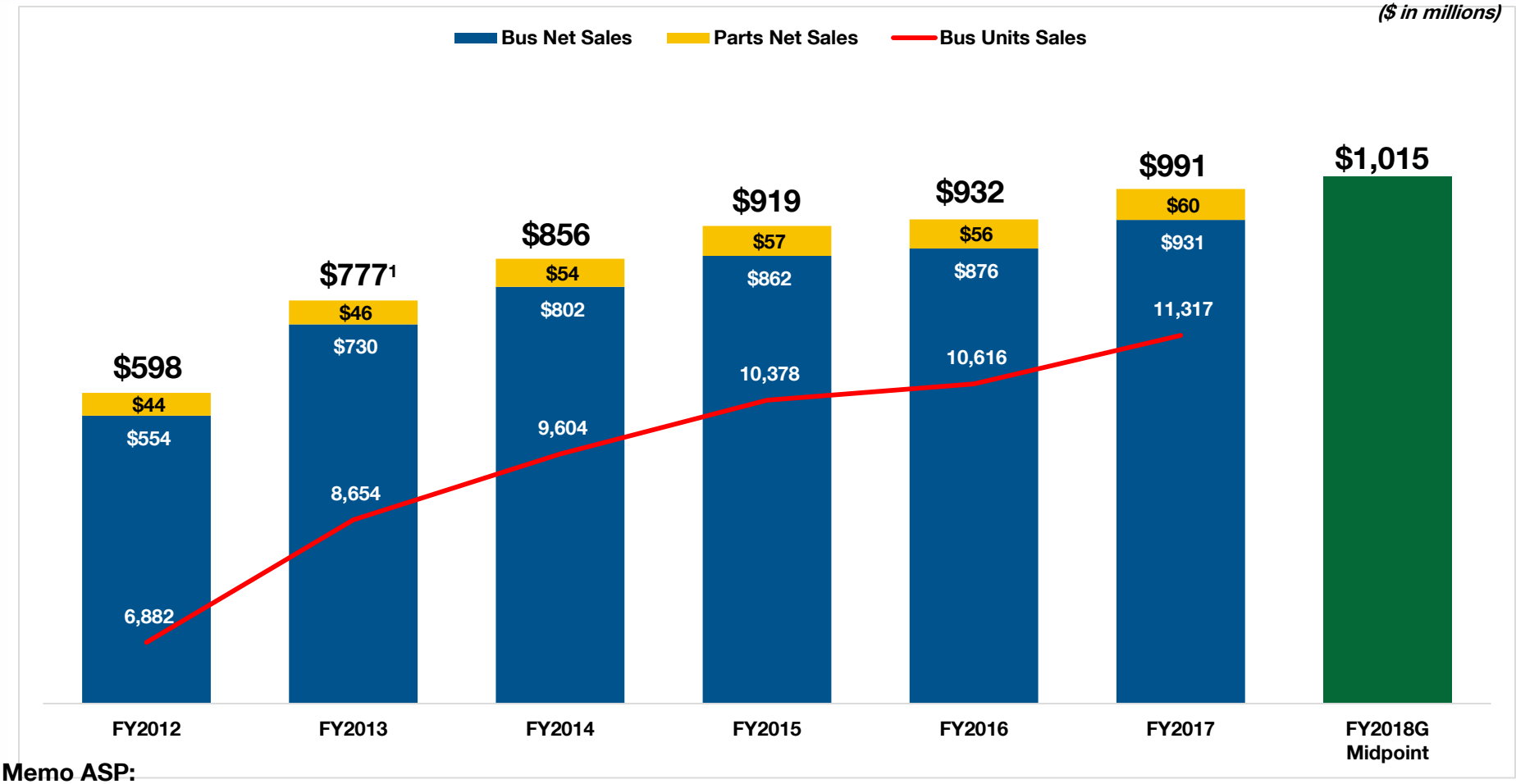
BLUE BIRD®
BUILT TO TAKE ON TOMORROW.

Blue Bird Overview

- **Founded in 1927**
- **Blue Bird product development, manufacturing, fabrication and headquarter facilities all located in Middle Georgia**
  - Produce 70 units per day on two shifts
- **Only pure-play school bus manufacturer**
  - Product-focused and purpose-built
- **High barriers to entry**
  - Highly specialized/custom product
  - Relationship-driven
  - Highly seasonal market
- **Strong free cash flow generation**
  - Often operate with negative working capital
  - Only build to firm orders
  - Very low capital requirements
- **Undisputed leader in alternative fuels – the fastest growing segment of the school bus market**
  - Exclusive partnerships with Ford and ROUSH CleanTech

Celebrating our 90th year in operation

Track Record of Growing Sales



Memo ASP:
($ in thousands)

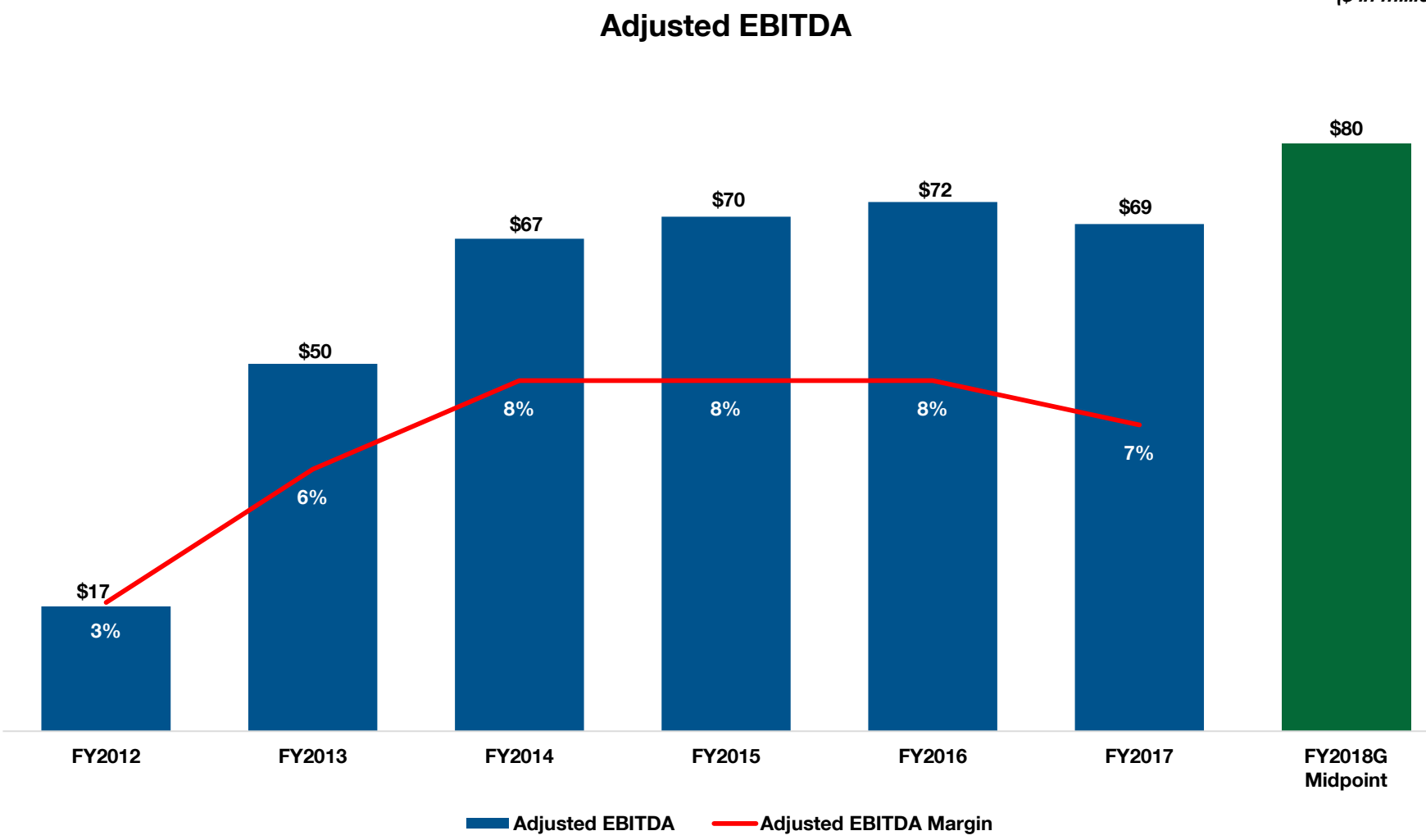
Total:	$87	$90	$89	$89	$88	$87
Bus Only:	$81	$84	$84	$83	$83	$82

Delivering solid revenue growth

[1] Total does not sum precisely due to rounding

Profit Trend

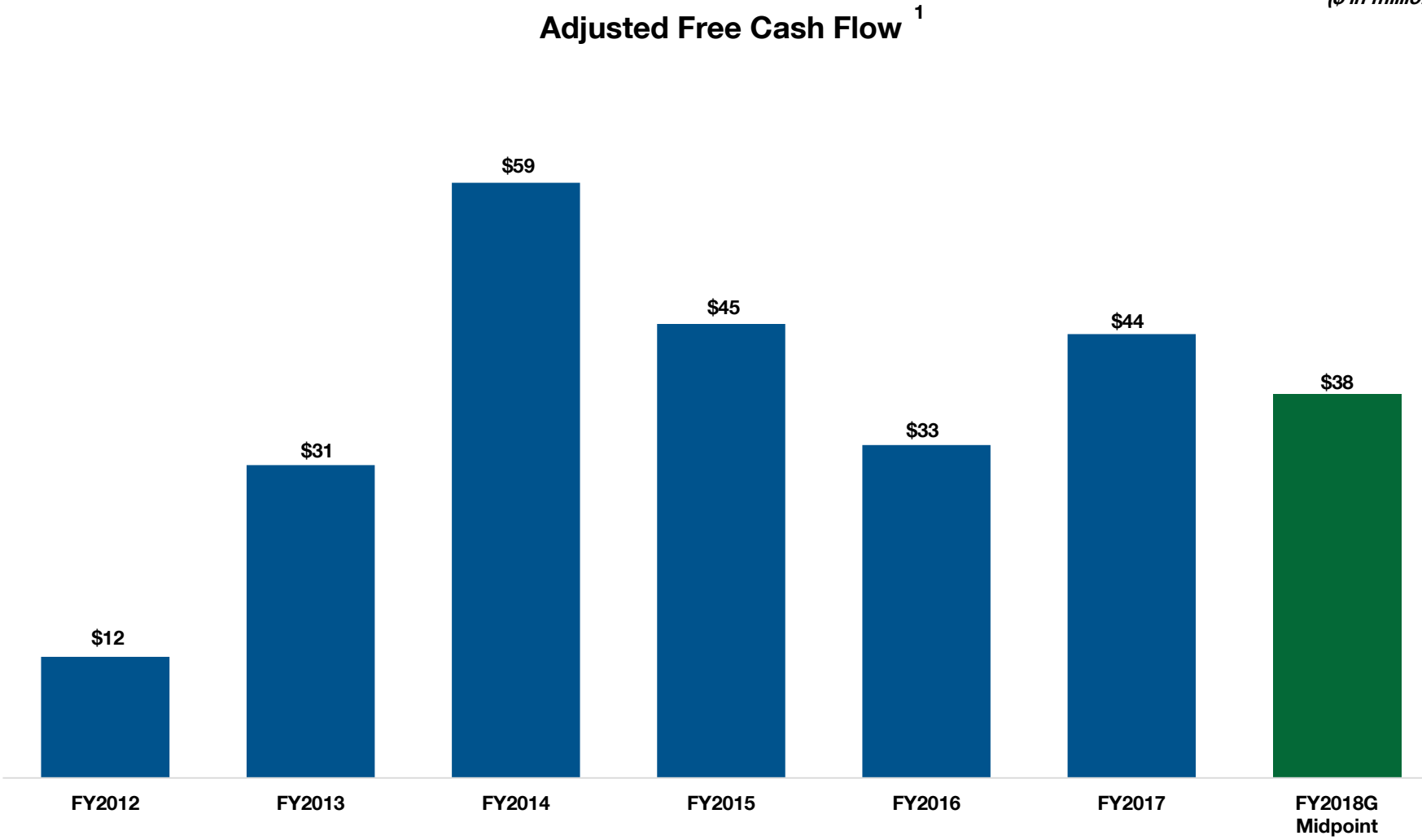
($ in millions)



Consistent improvement with 3-5 year target of 10% of revenue

Strong Cash Flow Generation

($ in millions)

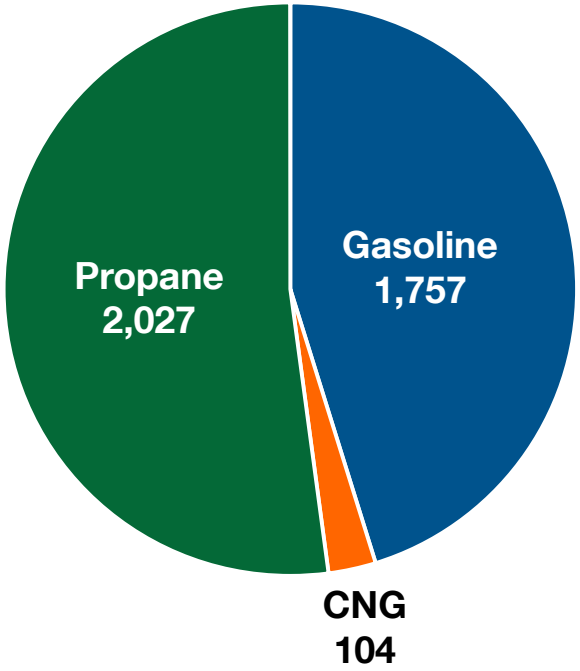


Business generates strong free cash flow

[1]Adjusted for Business Combination and Special Compensation Payments in FY2014, FY2015 and FY2016

Alternative-Fuel Leadership

FY2017 Alternative-Fuel Bus Sales



41% Increase over FY2016

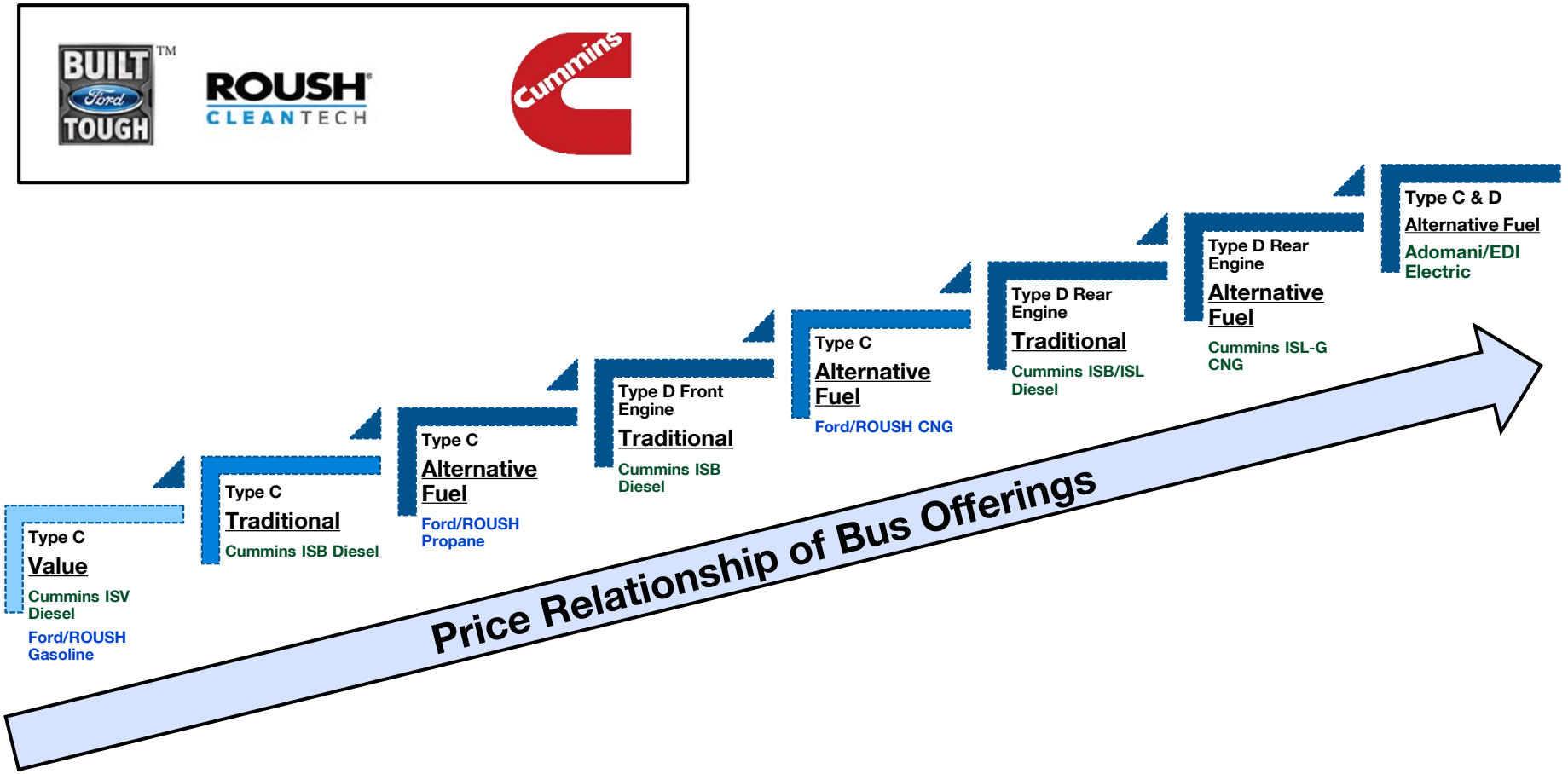
FY2017 Highlights

- Sold 3,888 alternative fuel buses; 34% mix
- Ford/Roush partnership provides three distinct fuel types from the same engine/transmission combination
- Blue Bird propane-powered Vision has the highest owner loyalty of any school bus in the market[1]
- Launched lowest NOx level propane bus
- Gasoline buses quickly gained market acceptance in first full year of sales
- Launched new Type C CNG-powered bus in FY2017, providing a lower cost alternative to the traditional rear-engine CNG bus
- Conquested 238 new customers with alternative-fuel powered buses

Outstanding growth potential; majority of school districts have not tried alternative-fuel powered buses

[1] Based on R.L. Polk data

Broadest Range of Product Offerings



Strong interest for the new gasoline-engine bus



Micro Bird Overview

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BUILT TO TAKE ON TOMORROW.

Micro Bird Overview

- JV Founded in 2009 with 50/50 ownership between Blue Bird and the Girardin Family to manufacture Type A buses
- Product development, manufacturing, fabrication and headquarter facilities all located in Drummondville, Quebec Province, Canada
- Buses sold for both School Bus and Commercial applications
  - Product-focused and purpose-built
- High barriers to entry – similar to Type C & D business
  - Highly specialized/custom product
  - Relationship-driven
  - Highly seasonal market
- Strong free cash flow generation
  - Often operate with negative working capital
  - Only build to firm orders
  - Very low capital requirements
- Recognized leader in Type A market

Produced more than 3,100 in 2017



FY2018 Outlook

BLUE BIRD®
BUILT TO TAKE ON TOMORROW.

Margin Growth Targeted for FY2018

- **Projecting school bus industry at about the same level as FY2017 or slightly higher. Blue Bird projects sales growth of up to 2% in FY2018**
- **Blue Bird is focusing on transforming our business structure to drive margin improvement**

- **Significant investment in production facilities to support future growth, greater efficiencies and industry-leading quality**
- **Partnering with industry leaders to drive down costs in all areas of our business; initial results will be seen in FY2018 margins**
- **Working on substantial new product upgrades, providing enhanced customer satisfaction and industry-leading attributes**



FY2018 Guidance

$ Millions	FY2017 Results	FY2018 Guidance	2018G B/(W) 2017
Net Sales	$991	$1,000-1,030 Midpoint: $1,015	$9-39
Adj. EBITDA	$69	$78-82 Midpoint: $80	$9-13
Adj. Free Cash Flow[1]	$44	$36-40 Midpoint: $38	$(8)-(4)

[1] Excludes business combination expenses and product redesign initiatives

Strong profit growth in FY2018 from focused efficiency initiatives

Adj. Free Cash Flow remains strong, despite facility upgrade investment



Appendix

BLUE BIRD®
BUILT TO TAKE ON TOMORROW.

Iconic History



Blue Bird #1 Built by Company Founder Albert L. Luce Sr.



1927



1948
First All American Forward Engine Bus

1937
First All-Steel Body School Bus





1951
First All American on Proprietary Chassis



1957
Redesign of Conventional Bus



1975
First Micro Bird®



1957
Construction of Current Manufacturing Facility



1967
Upgrade of Conventional Bus



1988
First TC2000 Type D Bus

1991
First CNG-Powered All American Type D Bus

1992
First Generation Propane-Powered Conventional Type C Bus

1992
Acquired by Merrill Lynch Capital Partners

1994
First Electric-Powered TC2000 Type D Bus



1997
Acquired by Henlys Group





2013
First Sigma Type D Bus for Colombia



2015
First Micro Bird T-Series Type A Bus



2015

2016
Became Public and Started Trading on Nasdaq



2012
Third Generation Propane-Powered Vision Type C Bus

2008
Established Joint Venture with Girardin to Produce Type A Buses



American Securities becomes majority shareholder



2012
Redesign of All American Type D Bus

2007
Second Generation Propane-Powered Vision Type C Bus

2006
Acquired by Cerberus Capital Management

2003
First Vision Type C Bus on Proprietary Chassis



89 Years of Innovation

Customer View of Blue Bird

Product Attributes Ranked in Order of Importance[1]	Blue Bird	Competitor A	Competitor B
#1 Safety		--	--
#2 Quality, Reliability and Durability		--	--
#3 Operating Costs		--	--
#4 Acquisition Cost	--	✓	--
#5 How the Bus Drives		--	--

[1] Checkmarks/Corporate Logo indicate leadership in category

Blue Bird viewed as the leader in four of the five top attributes

Source: Freedonia Custom Research, Inc. 9/4/2013 (study commissioned by Blue Bird)

Free Cash Flow

	4Q		Full Year	
($ Millions)	FY2017	FY2016	FY2017	FY2016
Adjusted EBITDA	$25.1	$24.3	$ 68.9	$ 72.2
Cash Paid for Interest (Net)	(1.3)	(3.9)	(6.1)	(13.3)
Trade Working Capital[1]	26.0	(4.1)	(3.8)	(12.0)
CAPEX	(2.1)	(3.1)	(9.3)	(9.6)
Cash Taxes	(7.1)	0.9	(8.4)	(0.2)
Other[2]	0.1	(11.6)	2.4	(3.8)
Adjusted Free Cash Flow	$ 40.7	$ 2.5	$ 43.7	$ 33.3
Cash Paid for Business Combo/Other[3]	(0.9)	(0.3)	(5.1)	(0.5)
Special Compensation	-	(1.3)	-	(17.1)
Free Cash Flow	$ 39.8	$ 0.9	$ 38.6	$ 15.7

[1] Inventories, accounts receivable and accounts payable

[2] Bonus, Accrued Vacation, Property Taxes, GSA Prepay, and other accrued expenses

[3] FY17 Includes $3.3M for Business Combination expenses, $1.8M for major product redesign; FY16 Includes $0.5M for Business Combination Expense

Higher free cash flow as lower interest cost, trade working capital improvements and other costs more than offset higher cash taxes and lower profits

Improving Net Debt, Leverage & Liquidity

($ Millions except for ratios)	As of Sept 30, 2017
Debt	**$ 151.2**
Cash	**62.6**
Net Debt	**$ 88.6**
Net Debt / Adjusted EBITDA TTM	**1.3x**
Net Leverage Ratio **Compared with minimum bank Net Leverage Ratio covenant of 4.0x**	**1.6X**
Liquidity[1]	**$ 130.6**

[1] Liquidity is defined as cash and cash equivalents plus availability on revolving line of credit

Low leverage, strong liquidity