

Blue Bird Corporation

(Nasdaq: BLBD)

Stifel Industrials Conference

Key Biscayne, FL

February 14-15, 2017

BLUE BIRD

A heritage of looking ahead.

Agenda

- Industry Overview
- Blue Bird Overview
- Product Focus
- Financials
- Summary
- Q&A



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 forward-looking statements and the use of Non-GAAP financial measures is presented in the Appendix to this presentation.



Industry Overview

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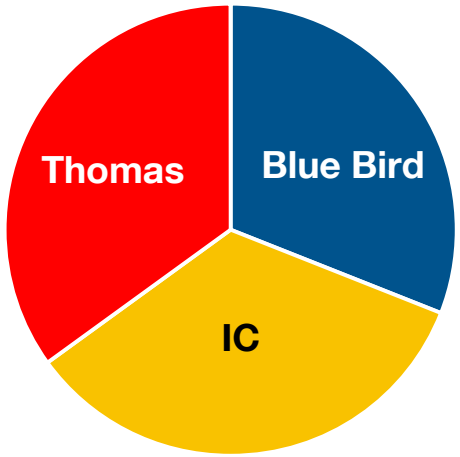
Industry Overview

School buses are America's largest mass transit system

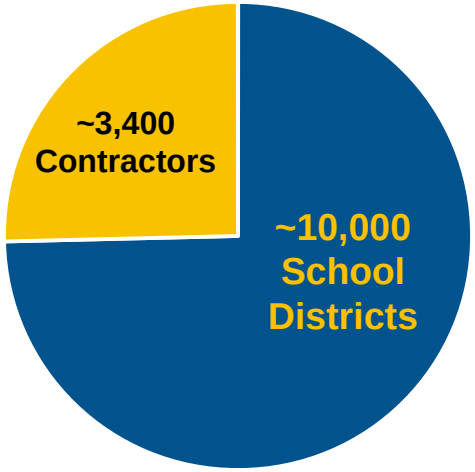
550,000
school buses in operation in the U.S. and Canada transporting
26 MILLION KIDS
to school on a daily basis



OEMs

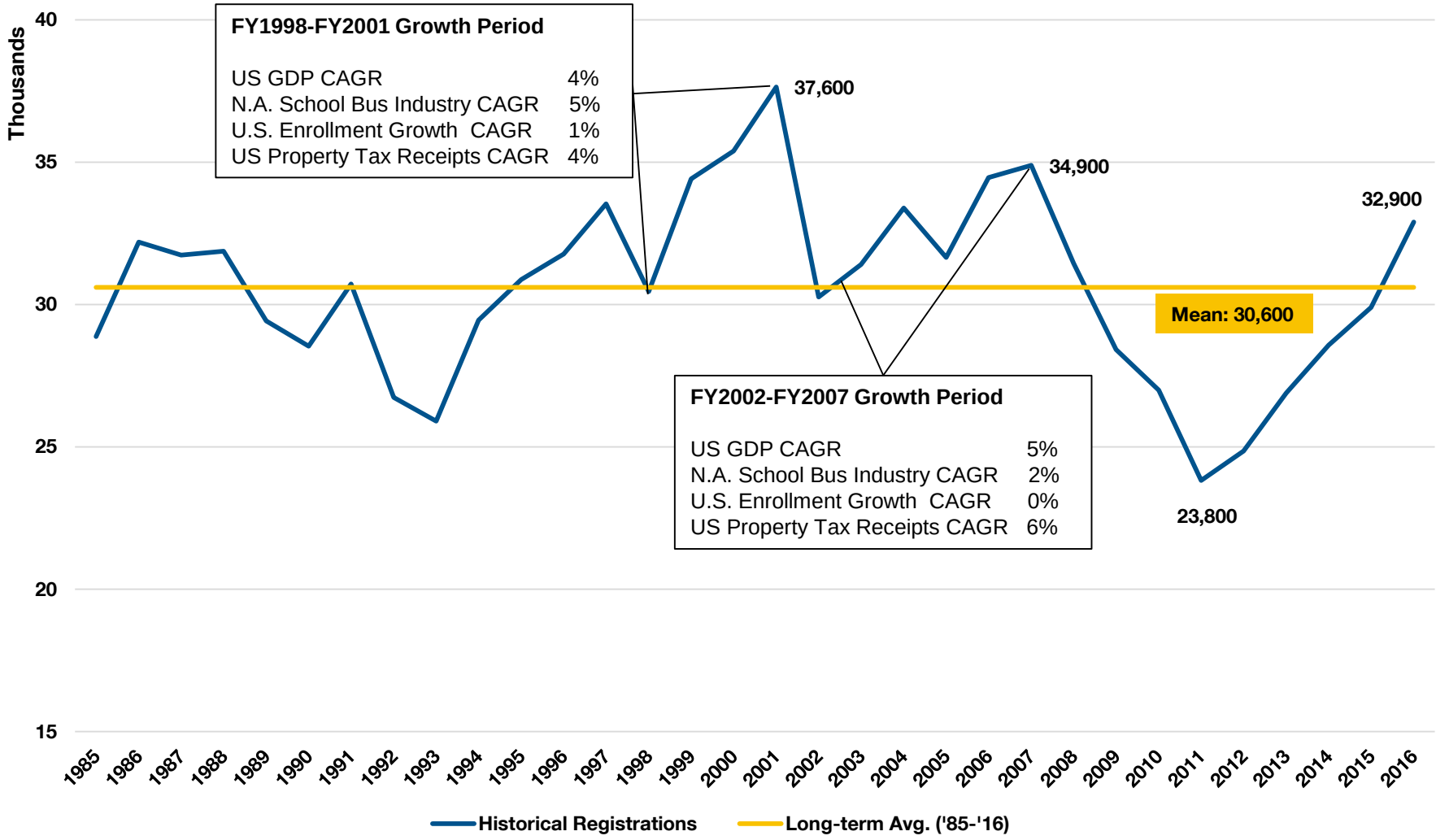


School Bus Customers



Safe and reliable transportation for over 26 million students each day

Market Recovery

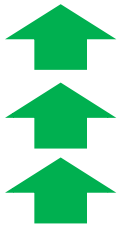


Source: R.L. Polk New Registrations, based on Type C/D school buses registered during BB fiscal year

Long-term industry average is 30,600; strong recovery following 2011 low-point

Long-Term Industry Outlook

- **Industry Drivers**
  - Number of school-age children
  - Age of bus fleet
  - Funding for school transportation



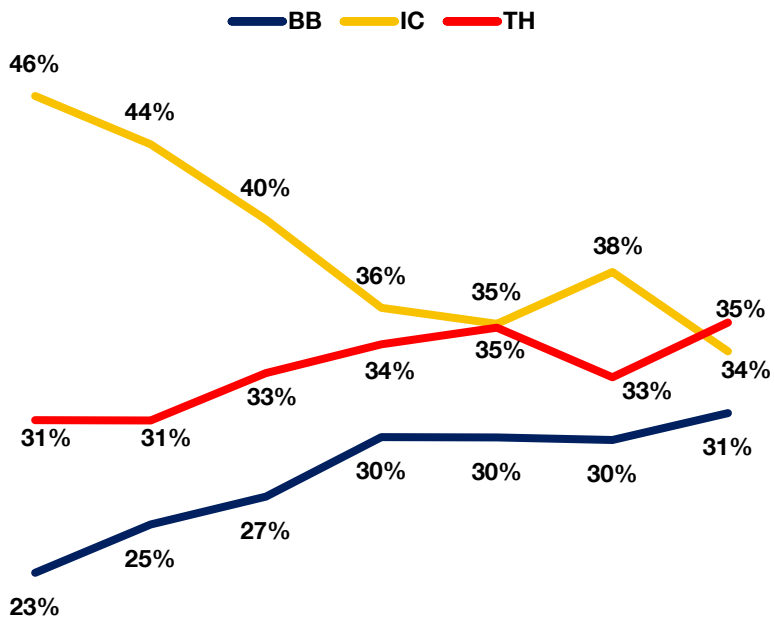
- **Recent Industry Trend**
  - Low point in FY2011 of 23,800
  - CAGR since FY2011 of 6%

- **Potential Industry Scenarios**

	GDP CAGR	Funding CAGR	Incremental School Bus Purchases	Industry Size Potential
Stagnant Economy	0%	1%	+500	33,000
Moderate Growth	2%	2%	+2,000	35,000
Strong Growth	4%	4%	+4,000	37,000

Market Share Growth

Market Share



Source: R.L. Polk Registrations

Drivers

- Bus focused dealers; strong customer relationships
- Upgrading dealers where required
- Reduced complexity and substantial quality gains
- Clear leader in alternative fuel
- Propane growth since FY2012 brings conquest share
- Gas bus introduced in late FY2016 will drive growth
- Other new products introduced in FY2016 and FY2017

Substantial share growth since FY2010



Blue Bird Overview

BLUE BIRD®

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Blue Bird

Design, build, sell and service the world's finest school bus

Strive for continuous innovation that will resonate with our customers

Leadership in high growth Propane and Gas powered bus sales

Value and support enduring relationships with our dealers, suppliers, customers and employees

Manage our business to deliver strong Free Cash Flow and Liquidity

Deliver what we promise by focusing on our core

Blue Bird FY2016 Highlights

- Launched second shift
  - Achieved 70 units-per-day production
- First to market with gas-powered Type C offering
  - Commenced shipping in September, selling over 400 units in the month
  - Very promising product – customer interest remains high
- First to market with Cummins ISV V8 Diesel
- Introduced Type C CNG
- Introduced Eaton 7-speed transmission
- Introduced Blue Bird Commercial vehicles

We design, build, sell and service the world's finest school bus

Strategic Growth Objectives

- Continue to grow school bus market share and highest customer loyalty
- Lead the market with differentiating and proprietary products and features that customers want and value
- Continue to work with our dealers and customers to ensure we are delivering superior bus and service quality
- Maintain leadership in alternative fuel-powered school buses
- Drive growth in parts sales
- Expand international business
- Grow presence in commercial bus





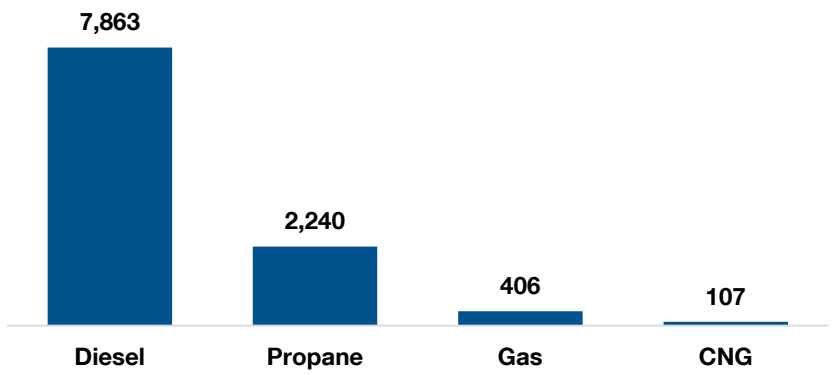


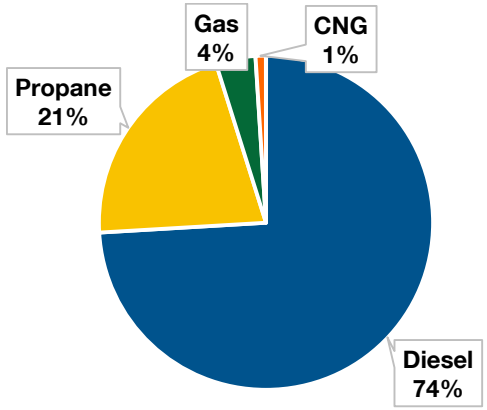


Support achievement of long-term EBITDA margin of 10%

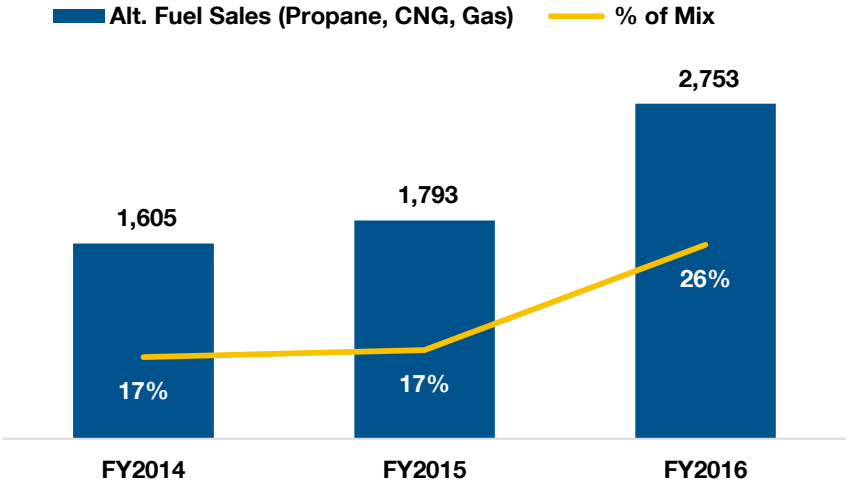
Blue Bird Alternative Fuels

FY2016 Units Sales





Alternative Fuels Growth

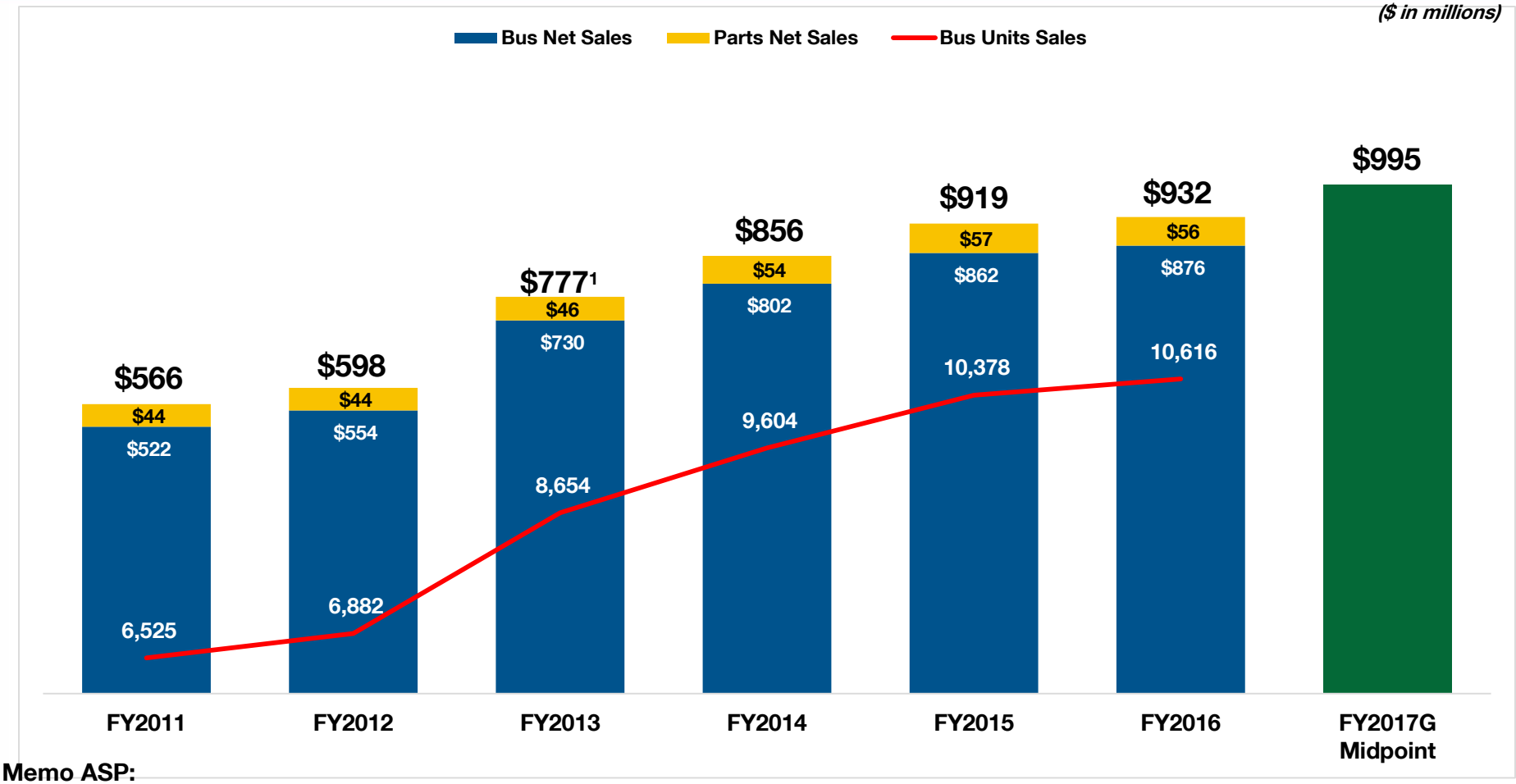


Competition

- IC entered propane market in 2016
  - Offering: Power Solutions Inc. (PSI)
- Thomas entered in 2015
  - Offering: Powertrain Integrators (PTI)
- Blue Bird maintains dominant share of the business with superior Ford/ROUSH offering

Solid business with a track record of growing and delivering results

Track Record of Growing Sales



Memo ASP:
($ in thousands)

Total:	$87	$87	$90	$89	$89	$88
Bus Only:	$80	$81	$84	$84	$83	$83

Delivering solid revenue growth

[1] Total does not sum precisely due to rounding



Product Focused

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Product-Focused Company

Full Product Range



Type C Buses
66% Net Sales
Diesel
Propane
Gas
CNG (FY2017)



Type D Buses
22% Net Sales
Diesel
CNG

Aftermarket Parts
6% Net Sales



Type A Buses[1]
Diesel
Propane
Gas

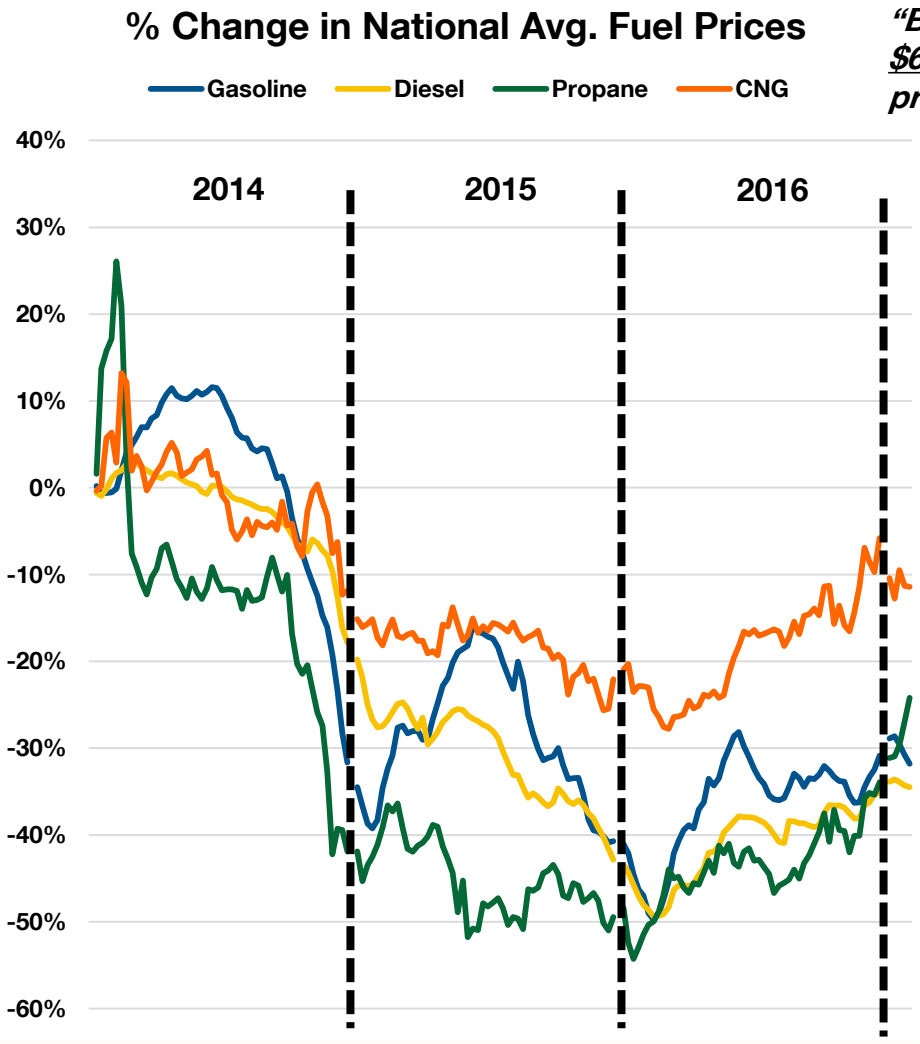


Specialty Buses
5% Net Sales
Diesel

[1] Unconsolidated Joint Venture
Note: Based on FY2015 sales. Total does not sum precisely due to rounding

Broadest product range with many exclusive features

Positive Press on Propane Cost Savings



"Broward County saves over $600,000 with Blue Bird propane-powered buses"

School Transportation News
August 14, 2015

"Washingtonville Central School District maintenance costs drop 30% with propane-powered buses"

New York State School Boards Association
April 27, 2015

"DeKalb County adds environmentally-friendly propane school buses"

- *Propane is much cheaper (than diesel), at 89 cents a gallon*
- *District hopes to transition all buses over to propane*

News Channel 15 wane.com
August 4, 2015



Propane prices have fallen more quickly than diesel since 2014 – down nearly 40%

Source: U.S. Energy Information Administration (EIA)

Launched Four New Powertrains

Gasoline Engine



BUILT Ford TOUGH™ ROUSH CLEANTECH

- Blue Bird is the only manufacturer to offer a Type C gasoline-powered school bus
- Lower acquisition cost than other fuel types
- Maintenance and service is simpler for technicians
- Strong cold-weather starting capability
- Utilizes Ford's modern 6.8L V10 gasoline engine
- Blue Bird exclusive

V8 Diesel Engine



- Blue Bird is the only manufacturer to offer the Cummins ISV 5.0L V8 diesel in a school bus
- Lower acquisition cost than other diesel offerings
- Improved fuel economy
- Quietest diesel engine on the road
- Better serviceability

CNG Engine



BUILT Ford TOUGH™ ROUSH CLEANTECH

- Lower acquisition cost than Type D CNG-powered school bus
- Lower fuel and maintenance cost than diesel
- Environmentally friendly
- Utilizes Ford's modern 6.8L V10 engine
- Blue Bird exclusive

Dual-Clutch 7- Speed Transmission

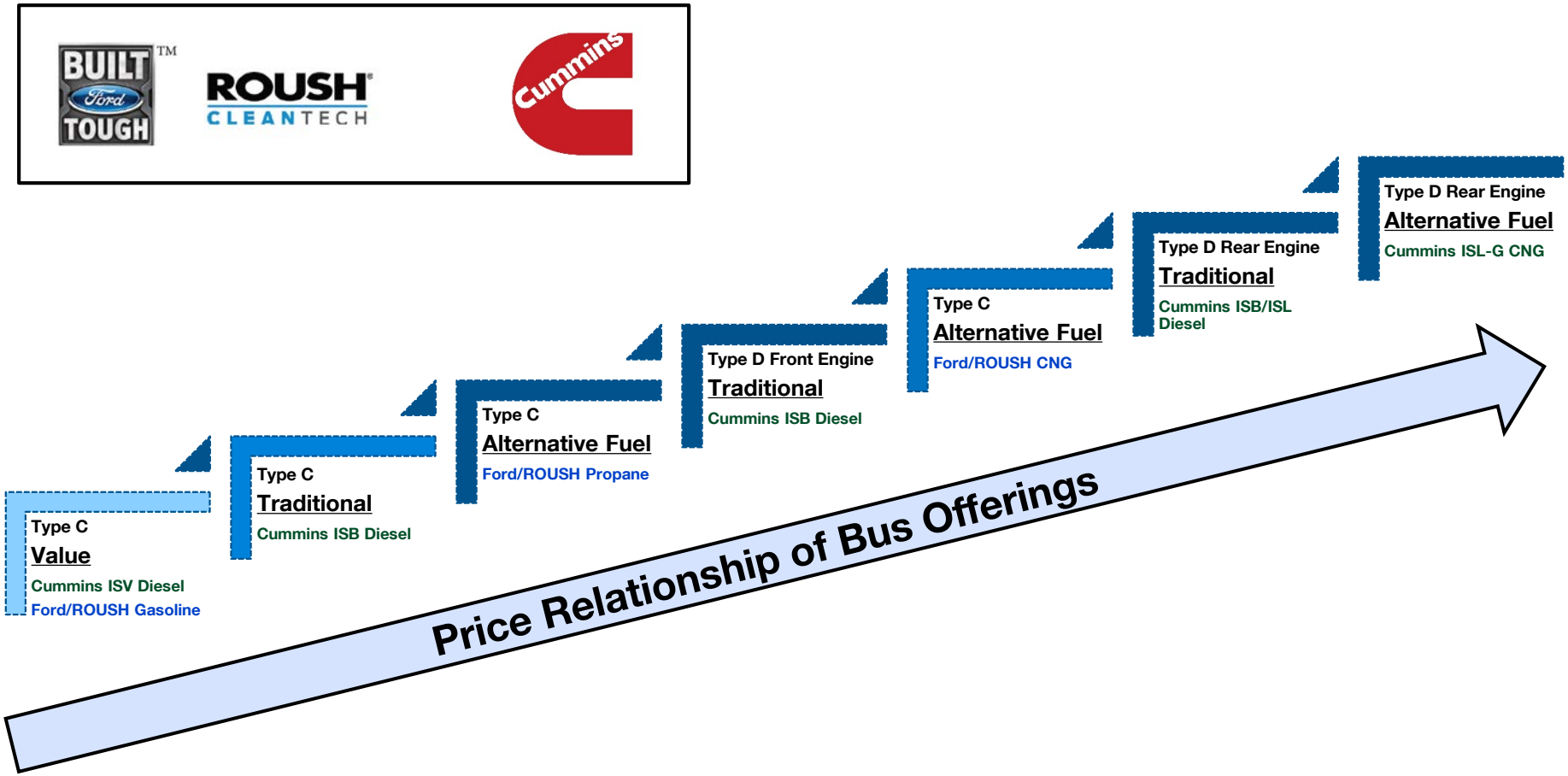


EATON

- First dual-clutch, seven-speed automatic transmission available for school buses in North America
- Electronic shifting provides optimal fuel efficiency and smooth, continuous delivery of torque
- Accelerates and optimizes shift points
- Adds features that make bus easier to drive

Industry leader in breadth of powertrain offerings

Broadest Range of Product Offerings



Strong interest for the new gasoline-engine bus

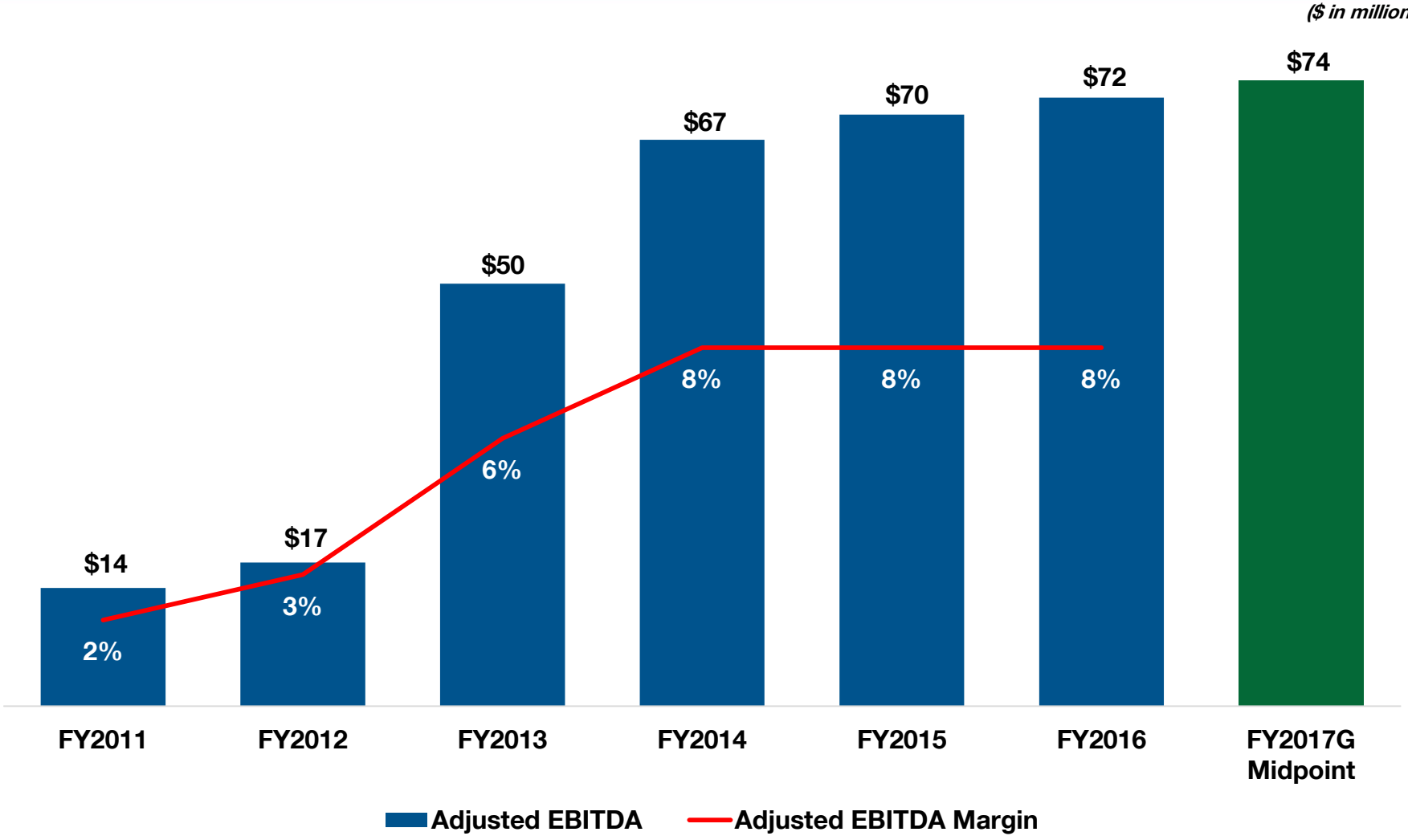


Financials

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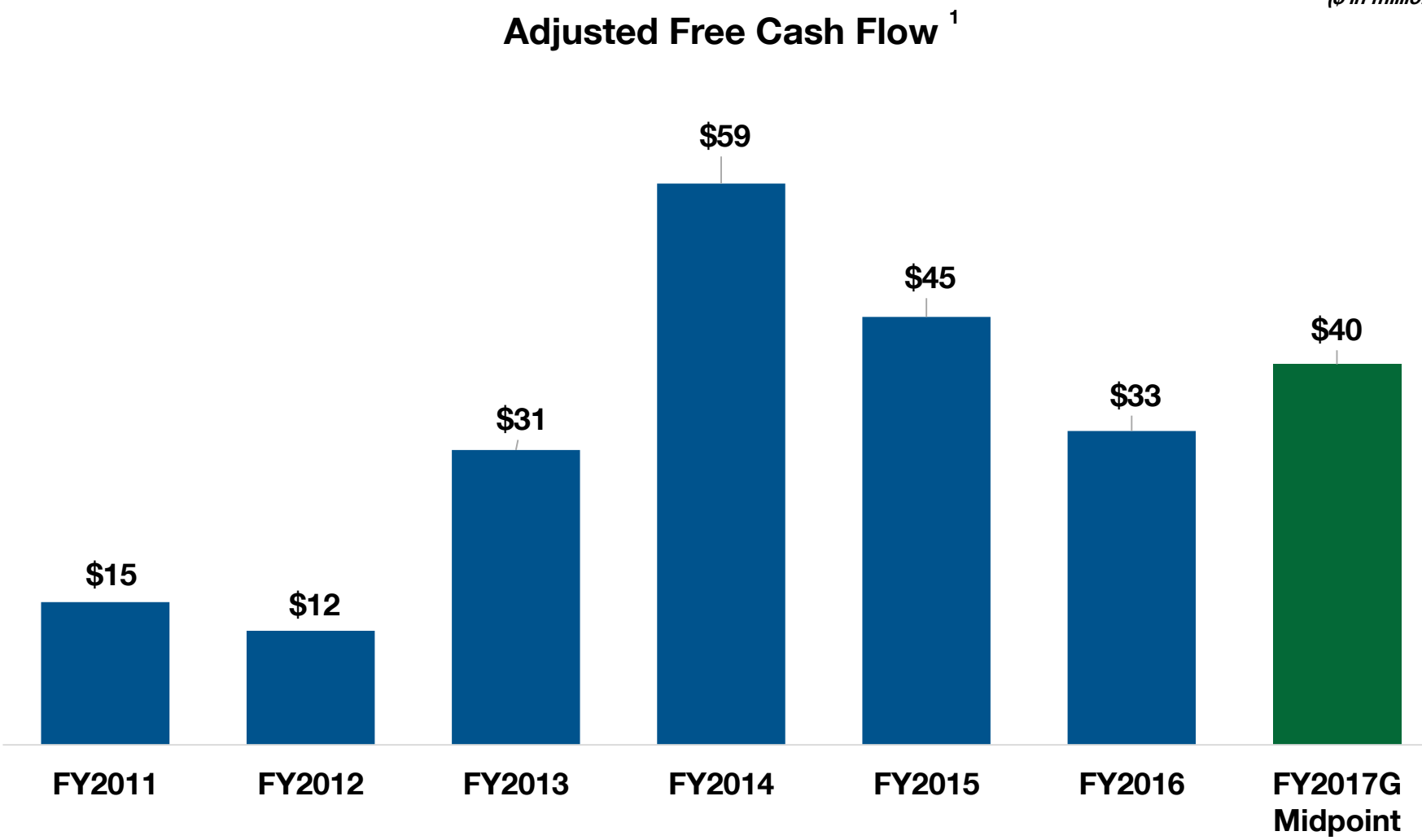
Impressive Profit Growth



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

Improving Net Debt, Leverage & Liquidity

($ Millions)	As of December 31, 2016
Debt	**$ 156.7**
Cash	**13.0**
Net Debt	**$143.7**
Net Debt / Adjusted EBITDA (LTM)	**2.1x**
Net Leverage Ratio **Compared with minimum bank Net Leverage Ratio covenant of 4.0x**	**1.76X**
Liquidity[1]	**$ 82.7**

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

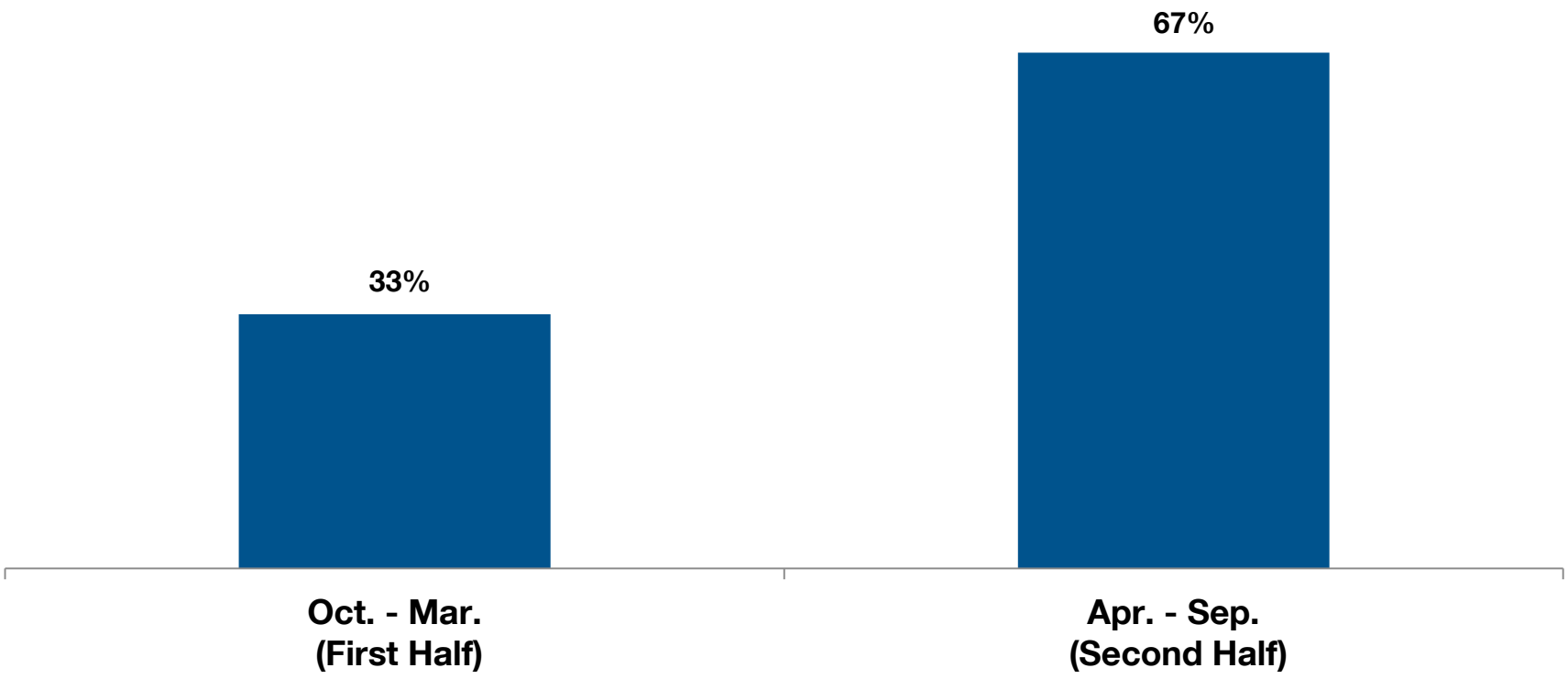
Significantly below Net Leverage Ratio covenant; liquidity strong

Very Seasonal Business

Industry New School Bus Registrations

Based on 3-Year Average

FY2013-FY2015*



School districts generally prefer to take delivery just prior to start of new school year

* RL Polk registration data



Summary

BLUE BIRD®

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Future Growth & Profit Drivers

Industry Volume Upside

Growing Student Enrollment & Improved Funding

+

Market Share Growth

Increasing Alternative Fuel Penetration
Continuous Product Enhancements
Dealer Network Improvements

+

Higher Operating Margins

Second Shift
Drive Productivity
Deliver Parts Growth

+

New Markets & Products

International & Commercial Buses

=

Future Growth & Profitability

Long-Term Financial Objective:
EBITDA 10% of Sales

Roadmap to future EBITDA growth

Strong Outlook

- **Fundamentals are strong**
  - Industry is growing
  - Positive outlook with growing student population
  - Increasing house prices provide funding growth
  - Growing interest in replacing old buses



- **Blue Bird Advantages**
  - Acknowledged leader in propane
  - First to market with Gasoline Bus
  - First School Bus OEM with Cummins ISV diesel
  - First School Bus OEM with Eaton transmission
  - Focused on “Building the Better Bus”

- **Blue Bird Outlook**
  - Sales and share growth in North America
  - Expand customer base in international and commercial markets
  - Aggressive Parts sales program
  - Continue to grow profits and maintain strong free cash flow

Management team is focused on delivering results



Q&A

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Appendix

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Key Senior Executives

Name	Position	Key Prior Experience	Years Experience	
			Auto Industry	Blue Bird
Phil Horlock	*President & Chief Executive Officer*	Ford	38	7
Phil Tighe	*Chief Financial Officer*	Ford	39	4
Tom Roberts	*Chief Administrative Officer*	Sidley Austin LLP; Cerberus Capital Management, L.P.	6	6
Mark Terry	*Chief Commercial Officer*	Yancey Bus Sales & Service; CAT	37	8
Paul Yousif	*VP Legal Affairs & Treasurer*	Visteon	15	9

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



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

American Securities becomes majority shareholder



2012
Redesign of All American Type D Bus

2007
Second Generation Propane-Powered Vision Type C Bus

2012
Third Generation Propane-Powered Vision Type C Bus

2008
Established Joint Venture with Girardin to Produce Type A Buses



2006
Acquired by Cerberus Capital Management

2003
First Vision Type C Bus on Proprietary Chassis



1997
Acquired by Henlys Group

1994
First Electric-Powered TC2000 Type D Bus



1992
Acquired by Merrill Lynch Capital Partners

1992
First Generation Propane-Powered Conventional Type C Bus

1991
First CNG-Powered All American Type D Bus



89 Years of Innovation

Customer View of Blue Bird

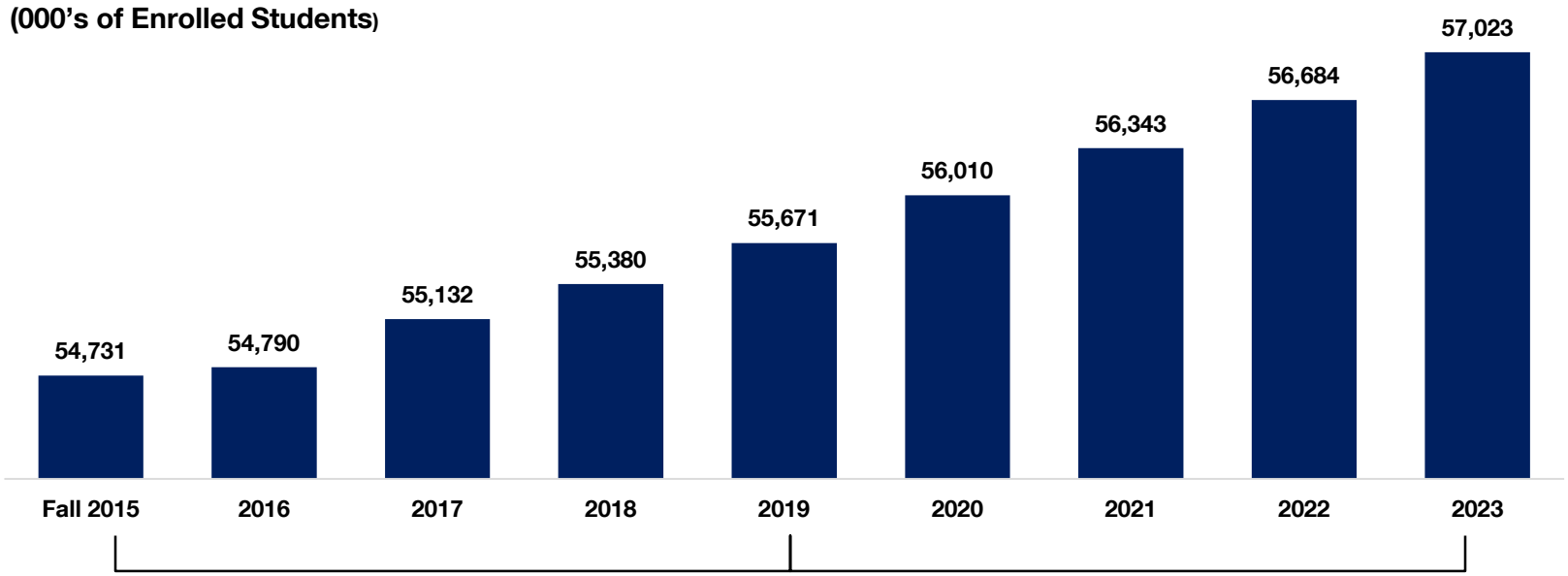
Product Attributes Ranked in Order of Importance[1]	Blue Bird	Competitor A	Competitor B
#1 Safety		--	--
#2 Quality, Reliability and Durability		--	--
#3 Operating Costs		--	--
#4 Acquisition Cost	--	✓	--
#5 How the Bus Drives		--	--

[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)

Total Projected U.S. Enrollment



2015 – 2023 Enrollment Growth of +2 Million Students

State	Growth 2015-2023	% of Total Growth
California	471	24%
Texas	443	22%
Florida	288	14%
Arizona	173	9%
North Carolina	134	7%
Top 5 Total	1,509	75%

Student enrollment growing; supporting incremental demand

Source: Enrollment data from NCES projections

Recently Improved Financing

Prior Credit Agreement

Rate:

Term Loan	Revolver
LIBOR (Floor 1%)	LIBOR
+	+
5.5%	5.5%

Term:
Expires June 2020

Amortization:
5% per annum

Revolver Size:
$60 Million

New Credit Agreement

Rate (Grid Pricing):

Total Net Leverage Ratio	Eurodollar Loans
Less than 2.00x	1.75%
Greater than or equal to 2.00x and less than 2.50x	2.00%
Greater than or equal to 2.50x and less than 3.00x	2.25%
Greater than or equal to 3.00x	2.50%

Term:
Expires December 2021

Amortization:
5% Yrs 1-3, 7.5% Yr 4, 10% Yr 5

Revolver Size:
$75 Million

Over $5 million cash interest savings for FY2017

FY2016 Year-End Balance Sheet

BLUE BIRD CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(in thousands except for share data)	October 1, 2016	October 3, 2015
Assets		
Current assets		
Cash and cash equivalents	$ 52,309	$ 52,861
Accounts receivable, net	20,315	13,746
Inventories	53,806	49,180
Other current assets	6,104	3,960
Deferred tax asset	7,612	9,150
Total current assets	$ 140,146	$ 128,897
Property, plant and equipment, net	33,466	28,933
Goodwill	18,825	18,825
Intangible assets, net	59,491	60,378
Equity investment in affiliate	12,944	12,505
Deferred tax asset	11,468	15,466
Other assets	1,526	1,721
Total assets	$ 277,866	$ 266,725
Liabilities and Stockholders' Deficit		
Current liabilities		
Accounts payable	$ 80,646	$ 79,333
Warranty	7,972	7,418
Accrued expenses	20,455	22,980
Deferred warranty income	5,666	4,862
Other current liabilities	4,032	7,072
Current portion of senior term debt	11,750	11,750
Total current liabilities	$ 130,521	$ 133,415
Long-term liabilities		
Long-term debt	$ 140,366	$ 175,418
Warranty	11,472	10,243
Deferred warranty income	10,521	9,283
Other liabilities	15,592	13,169
Pension	56,368	46,427
Total long-term liabilities	$ 234,319	$ 254,540
Guarantees, commitments and contingencies (Note 11)		
Stockholders' deficit		
Preferred stock, $0.0001 par value, 10,000,000 shares authorized, 500,000 issued with liquidation preference of $50,000	$ 50,000	$ 50,000
Common stock, $0.0001 par value, 100,000,000 shares authorized, 22,518,058 and 20,874,882 issued and outstanding at October 1, 2016 and October 3, 2015, respectively.	2	2
Additional paid-in capital	50,771	15,887
Accumulated deficit	(128,856)	(135,345)
Accumulated other comprehensive loss	(58,891)	(51,774)
Total stockholders' deficit	$ (86,974)	$ (121,230)
Total liabilities and stockholders' deficit	$ 277,866	$ 266,725

FY2016 Income Statement

BLUE BIRD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(in thousands except for share data)	Fiscal Years Ended 2016	2015	2014
Net sales	$ 932,010	$ 919,128	$ 855,735
Cost of goods sold	802,654	798,733	746,362
Gross profit	$ 129,356	$ 120,395	$ 109,373
Operating expenses			
Selling, general and administrative expenses	102,711	84,561	91,445
Operating profit	$ 26,645	$ 35,834	$ 17,928
Interest expense	(16,412)	(19,078)	(6,156)
Interest income	133	113	102
Other (expense) income, net	(26)	—	72
Income before income taxes	$ 10,340	$ 16,869	$ 11,946
Income tax expense	(5,989)	(4,442)	(10,441)
Equity in net income of non-consolidated affiliate	2,877	2,634	1,210
Net income from continuing operations	$ 7,228	$ 15,061	$ 2,715
(Loss) income from discontinued operations, net of tax	(328)	(129)	42
Net income	$ 6,900	$ 14,932	$ 2,757
Defined benefit pension plan loss, net of tax benefit of $3,825, $3,045, and $2,326, respectively	(7,104)	(5,206)	(4,150)
Cash flow hedge loss, net of tax benefit of $7, $0, and $0, respectively	(13)	—	—
Comprehensive income (loss)	$ (217)	$ 9,726	$ (1,393)
Net income (from above)	6,900	14,932	2,757
Less: preferred stock dividends	3,878	2,438	—
Net income available to common stockholders	$ 3,022	$ 12,494	$ 2,757
Earnings per share:			
Basic weighted average shares outstanding	21,252,616	21,182,885	22,000,000
Diluted weighted average shares outstanding	21,315,619	25,497,602	22,000,000
Basic earnings per share, continuing operations	$ 0.16	$ 0.60	$ 0.13
Basic earnings per share, discontinued operations	(0.02)	(0.01)	—
Basic earnings per share	$ 0.14	$ 0.59	$ 0.13
Diluted earnings per share, continuing operations	$ 0.16	$ 0.59	$ 0.13
Diluted earnings per share, discontinued operations	(0.02)	—	—
Diluted earnings per share	$ 0.14	$ 0.59	$ 0.13

FY2016 Statement of Cash Flows

BLUE BIRD CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Fiscal Years Ended 2016	2015	2014
Cash flows from operating activities			
Net income	$ 6,900	$ 14,932	$ 2,757
Loss (income) from discontinued operations, net of tax	328	129	(42)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	8,046	8,790	9,898
Amortization of debt costs	3,007	3,010	1,301
Share-based compensation	12,717	1,635	—
Equity in net income of affiliate	(2,877)	(2,634)	(1,210)
Loss (gain) on disposal of fixed assets	72	510	(67)
Deferred taxes	8,957	(8,626)	3,239
Recognition of uncertain tax position	—	—	6,390
Provision for bad debt	(5)	34	(9)
Amortization of deferred actuarial pension losses	4,787	3,567	2,804
Changes in assets and liabilities			
Accounts receivable	(6,564)	7,435	(7,713)
Inventories	(4,626)	22,120	(8,697)
Other assets	(2,457)	(137)	(1,415)
Accounts payable	(830)	(12,905)	18,080
Accrued expenses, pension and other liabilities	(4,474)	(14,365)	12,096
Dividend from equity investment in affiliate	2,316	—	—
Total adjustments	$ 18,069	$ 8,434	$ 34,697
Net cash provided by continuing operations	$ 25,297	$ 23,495	$ 37,412
Net cash used in discontinued operations	(192)	(129)	(568)
Total cash provided by operating activities	$ 25,105	$ 23,366	$ 36,844
Cash flows from investing activities			
Change in net investment in discounted leases	$ —	$ —	$ 778
Cash paid for fixed assets and acquired intangible assets	(9,583)	(5,190)	(5,535)
Proceeds from sale of assets	—	—	102
Restricted cash	—	—	1,206
Total cash used in investing activities	$ (9,583)	$ (5,190)	$ (3,449)
Cash flows from financing activities			
Net borrowings under the senior credit facility	$ —	$ —	$ (71)
Borrowings under the senior term loan	—	—	235,000
Repayments under the senior term loan	(36,750)	(36,750)	(13,000)
Cash paid for capital leases	(221)	(142)	(535)
Cash paid for debt costs	(1,117)	(3,110)	(12,647)
Contributions from former majority stockholder	16,971	13,550	—
Payment of dividends on preferred stock	(2,881)	—	—
Payment of dividend to former majority stockholder	—	—	(226,821)
Cash paid for employee taxes on vested restricted shares and stock options	(3,892)	—	—
Proceeds from exercises of warrants	11,816	—	—
Change in advances collateralized by discounted leases	—	—	(778)
Total cash used in financing activities	$ (16,074)	$ (26,452)	$ (18,852)
Change in cash and cash equivalents	(552)	(8,276)	14,543
Cash and cash equivalents, beginning of year	52,861	61,137	46,594
Cash and cash equivalents, end of year	$ 52,309	$ 52,861	$ 61,137

Free Cash Flow Reconciliation

($ Millions)	4Q		Full Year	
	FY2016	FY2015	FY2016	FY2015
Total Cash Provided by Continuing Operations	$ 4.0	$ 55.1	$ 25.3	$ 23.5
Less Cash Paid for Fixed Assets and Acquired Intangibles	(3.1)	(1.8)	(9.6)	(5.2)
Free Cash Flow	$ 0.9	$ 53.4	$ 15.7	$ 18.3
Business Combination Expenses	(0.3)	-	(0.5)	(12.5)
Special Compensation Payment[1]	(1.4)	-	(17.1)	(13.8)
Adjusted Free Cash Flow	$ 2.6	$ 53.4	$ 33.3	$ 44.6

[1] Primarily funded by a former majority stockholder

Achieved guidance for Adjusted Free Cash Flow

FY2016 Adjusted EBITDA Reconciliation

The following table sets forth a reconciliation of net income to adjusted EBITDA for the fiscal years presented:

(in thousands of dollars)	2016	2015
Net income	$ 6,900	$ 14,932
Loss from discontinued operations, net of tax	(328)	(129)
Net income from continuing operations	$ 7,228	$ 15,061
Interest expense	16,412	19,078
Interest income	(133)	(113)
Income tax expense	5,989	4,442
Depreciation, amortization, and disposals	8,118	9,300
Special compensation payment (1)	17,128	13,788
Public company expenses, non-recurring	—	3,148
Business combination expenses	3,798	3,526
One-time post-retirement benefit adjustment	896	—
Share-based compensation	12,717	1,635
Adjusted EBITDA	$ 72,153	$ 69,865
Adjusted EBITDA margin (percentage of net sales)	7.7%	7.6%

(1) The special compensation payments for fiscal 2016 and 2015 were primarily funded by contributions from our former majority stockholder concurrent with the June 2016 change in control and the Business Combination, respectively. With the 2016 payment and change in majority ownership, this incentive program has concluded.

Adj. Income from Cont. Ops. Reconciliation

Reconciliation of Net Income to Adjusted Income from Continuing Operations
(Unaudited)

(in thousands)	Three Months Ended		Fiscal Year Ended	
	October 1, 2016	October 3, 2015	October 1, 2016	October 3, 2015
Net income, GAAP	$ 10,777	$ 15,972	$ 6,900	$ 14,932
Add: loss from discontinued operations, net of tax, GAAP	282	125	328	129
Income from continuing operations, GAAP	11,059	16,097	7,228	15,061
One-time charge adjustments, net of tax benefit (1)				
Special compensation payment	10	—	11,133	8,962
Public company expenses, non-recurring	—	321	—	2,046
Business combination expenses	2,313	105	2,469	2,292
Loss on disposal of fixed assets	28	10	47	332
One-time post-retirement benefit adjustment	—	—	582	—
Share-based compensation (2)	—	721	8,619	1,063
Adjusted income from continuing operations, non-GAAP	13,410	17,254	30,078	29,756

(1) Amounts are net of federal statutory tax rate of 35%.
(2) Also includes tax shortfall expense.

Adj. Diluted EPS Reconciliation

Reconciliation of GAAP Diluted EPS to Non-GAAP Diluted EPS
(Unaudited)

(in thousands)	Three Months Ended		Fiscal Year Ended	
	October 1, 2016	October 3, 2015	October 1, 2016	October 3, 2015
Diluted earnings per share, continuing operations, GAAP	$ 0.40	$ 0.63	$ 0.16	$ 0.59
One-time charge adjustments, net of tax benefit and inclusion of dilutive securities	0.09	0.05	1.01	0.58
Adjusted diluted earnings per share from continuing operations, non-GAAP (1)	$ 0.49	$ 0.68	$ 1.17	$ 1.17
Weighted average dilutive shares outstanding, non-GAAP (2)	27,581,678	25,437,869	25,629,683	25,497,602

(1) Numerator is adjusted income from continuing operations, non-GAAP.

(2) With adjusted income from continuing operations for the fiscal year ended 2016, 4,314,064 shares of convertible preferred stock were included in the weighted average dilutive shares outstanding, non-GAAP. The shares were excluded from the GAAP diluted earnings per share calculation since the if-converted impact would be anti-dilutive and, as a result, the numerator used in the GAAP calculation included the preferred stock dividend impact on income.

FY2016 Segment Revenue and Gross Profit

The following provides the results of operations of Blue Bird's two reportable segments:

	2016	2015
Net Sales by Segment		
Bus	$ 876,087	$ 861,665
Parts	55,923	57,463
Total	$ 932,010	$ 919,128
Gross Profit by Segment		
Bus	$ 108,232	$ 99,341
Parts	21,124	21,054
Total	$ 129,356	$ 120,395

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 in this press release 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 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**

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 Hennessy Capital Acquisition Corp. or 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 includes the following non-GAAP financial measures: "Adjusted EBITDA," "Adjusted Net Income," "Adjusted Diluted Earnings per Share," "Free Cash Flow" and "Adjusted Free Cash Flow." Adjusted EBITDA is defined as net income prior to interest income, interest expense and other expense, net and income taxes, and depreciation and amortization, as adjusted to add back certain charges recorded each year, such as stock-compensation expense and transaction costs, as these expenses are not considered an indicator of ongoing company performance. Adjusted Net Income is defined as Net Income, as adjusted to add back certain transaction costs not considered an indicator of ongoing company performance. Adjusted Diluted Earnings per Share represents adjusted income (loss) from continuing operations divided by diluted weighted average common shares outstanding. Adjusted Net Income from continuing operations and Adjusted Diluted Earnings per Share are calculated net of taxes. Free cash flow represents net cash provided by continuing operations minus cash paid for fixed assets. Adjusted Free Cash Flow represents Free Cash Flow excluding cash paid for special compensation and other business combination expenses.

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. This presentation includes schedules that reconcile Adjusted EBITDA, Adjusted Net Income and Adjusted Diluted Earnings per Share to GAAP measures.



END

BLUE BIRD

A heritage of looking ahead.