



**BLUE BIRD®**

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

**FY2023  
Second Quarter Results**

Earnings Conference Call  
May 11, 2023



**BLUE BIRD**

# Agenda

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**Introductions &  
Forward-Looking Statements**

**Mark Benfield**  
Executive Director, Investor Relations

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**Results and Highlights**

**Matthew Stevenson**  
President & CEO

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**Financial Results**

**Razvan Radulescu**  
CFO

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**Outlook**

**Matthew Stevenson**  
President & CEO

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**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](http://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.



# Important Disclaimers

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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.



## RESULTS AND HIGHLIGHTS

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**Matthew Stevenson**  
**President & CEO**

# Key Takeaways for the Fiscal Year 2023 Q2



**Robust Market Demand & Backlog**



**The Last Major Tranche of Legacy Priced Units Built**



**Reinvesting in the Business – People, Processes, Facilities**



**Strong Operational Performance Leads to Record Q2 Results**



**EV Backlog Continues to Grow at Record Levels**

**Market continues to be strong, business turnaround is ahead of schedule**



# FY2023 Q2 Financial Results and Ongoing Business Highlights

## FINANCIAL HIGHLIGHTS

### FY2023 Q2 Results

UNITS  
SOLD

**2,304**

↑ 373 vs. '22

NET  
SALES

**\$300M**

↑ \$92M vs. '22

Adjusted  
EBITDA

**\$20M**

↑ \$31M vs. '22

Adjusted  
FCF

**\$23M**

↑ \$2M vs. '22

## BUSINESS HIGHLIGHTS



Strong  
**\$775M+**  
Backlog of 5.8k  
Units<sup>1</sup>

Average  
Selling Price  
up 22%  
YoY



Alt. Power sales mix  
of **63%**

Parts Sales  
**+37%** YoY  
improvement



**~\$200M**  
of EV's in  
firm order Backlog<sup>2</sup>

EV  
bookings  
**+175%** YoY



New EV Center



Large EV  
Deployments  
(Broward and Boston)



Phase 2 of EPA  
Funding Announced

**Clean School Bus Program**  
\$965million for electric and low-emission school buses



**\$400+ Million**



BLUE BIRD See appendix for additional detail regarding non-GAAP measures

# Progress Continues Across the Business

## Operational Performance

### Best Performance in Two Years

- ✓ Set-ups
- ✓ Throughput
- ✓ Plant efficiency
- ✓ Hours per bus

## Financial Performance

### Q2 Records in Several Key Areas

- ✓ Revenue
- ✓ EV Bookings
- ✓ Parts Sales
- ✓ Adj. EBITDA



# Reminder Key Focus Areas FY2023



## Our People



## Lean Transformation



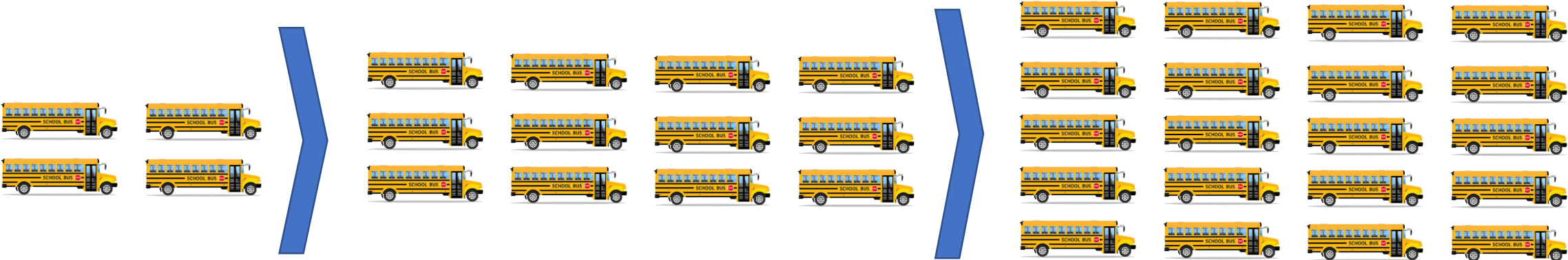
## Expanding Our TAM



## Scaling EV



# Successful Launch of Blue Bird EV Build Up Center



Scaling production capacity up to 20 EV school buses per day, as market develops

# EPA Clean School Bus Rebate Program

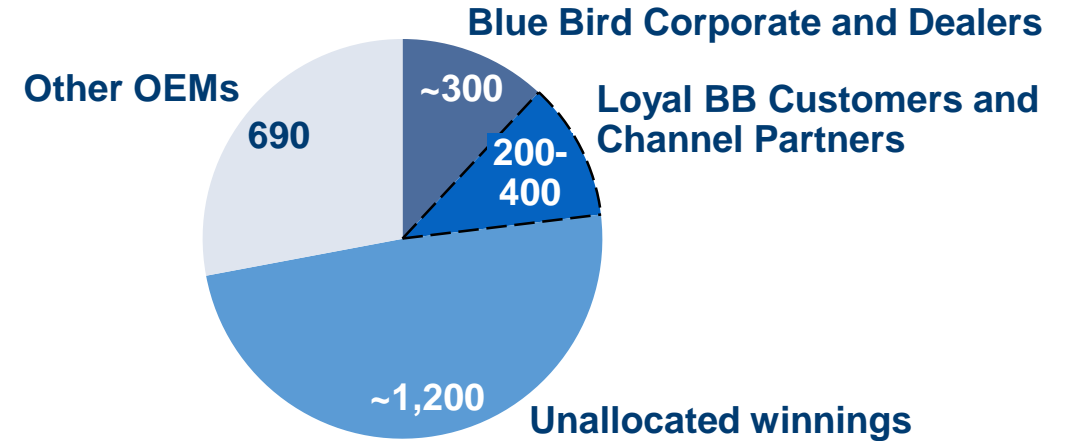
## Program Overview

**\$5B funding over 5 years**

**~\$1B released in 2022**

**2,468 Buses awarded at 391 School Districts**

## 2022 Lottery Results



## Short-term Impact for Blue Bird

**~ \$200M revenue**

**Total of 500-700 orders**

## Long-term Impact for Blue Bird

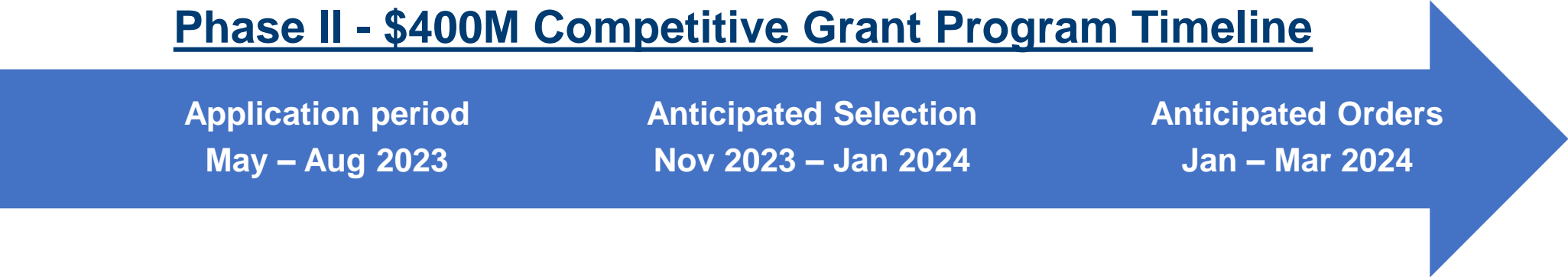
**During 5 year program, ~\$1B+ in potential revenue for Blue Bird**

**We are on track for over 500+ orders from the Phase I of the program**



# EPA Clean School Bus Grant Program - Phase II

## Phase II - \$400M Competitive Grant Program Timeline



- Extensive project narrative
- Scored based on evaluation criteria
  
- School district applicants: 15-50 buses
- 3rd party applicants (OEMs, bus distributors, or private school bus contractors): 25 – 100 buses and must include at least 4 school districts



The \$400M of funding is expected  
**to fund ~900 buses through a  
25-50 total awards**



**Blue Bird, Dealers, and Channel partners applications impacted expected to be 200+ bus orders**





# FINANCIAL RESULTS

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**Razvan Radulescu**  
**CFO**

# FY2023 Q2 and H1 Financial Results

## FINANCIAL HIGHLIGHTS

### FY2023 Q2 Results

UNITS  
SOLD

**2,304**

+373 vs.'22

NET  
SALES

**\$300M**

+\$92M vs.'22

Adjusted  
EBITDA

**\$20M**

+\$31M vs.'22

Adjusted  
FCF

**\$23M**

+\$2M vs.'22

## FINANCIAL HIGHLIGHTS

### FY2023 H1 Results

UNITS  
SOLD

**4,261**

+1,181 vs.'22

NET  
SALES

**\$536M**

+\$199M vs.'22

Adjusted  
EBITDA

**\$16M**

+\$23M vs.'22

Adjusted  
FCF

**\$43M**

+\$55M vs.'22



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See appendix for additional detail regarding non-GAAP measures



# Q2 Income Statement

(\$ Millions)	FY2023	FY2022	B/(W)
Unit Volume	2,304	1,931	373
Unit Backlog	5,783	6,607	(824)
Net Revenue	\$299.8	\$207.7	\$92.1
<i>Bus Rev./Unit (\$000's)</i>	<i>\$118.7</i>	<i>\$97.6</i>	<i>\$21.1</i>
Gross Margin	11.9%	1.5%	10.4 pts.
Adj. Net Income <sup>1</sup>	\$8.6	\$(10.1)	\$18.7
Adj. EBITDA <sup>1</sup>	\$19.8	\$(10.7)	\$30.5
Adj. EBITDA Margin <sup>1</sup>	6.6%	(5.1)%	11.7 pts.
Adj. Diluted EPS <sup>1</sup>	\$0.27	\$(0.31)	\$0.58

**Significant turnaround in both top-line revenues and bottom-line results**



<sup>1</sup>See appendix for additional detail regarding non-GAAP measures

# Balance Sheet and Cash Flow

(\$ Millions)	FY2023-Q2	FY2022-Q2	B/(W)
Cash	\$17.8	\$14.9	\$2.9
Debt	\$(139.6)	\$(156.9)	\$17.3
Liquidity <sup>1</sup>	\$101.5	\$108.6	\$(7.1)
Operating Cash Flow	\$22.5	\$21.7	\$0.8
Adj. Free Cash Flow <sup>2</sup>	\$23.4	\$21.6	\$1.8
Trade Working Capital*	\$4.7	\$31.2	\$(26.5)



**Strong Free Cash-Flow for FY23-Q2, driven by Operating Cash Flow and return to profitability**

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\* Inventories, accounts receivable and accounts payable

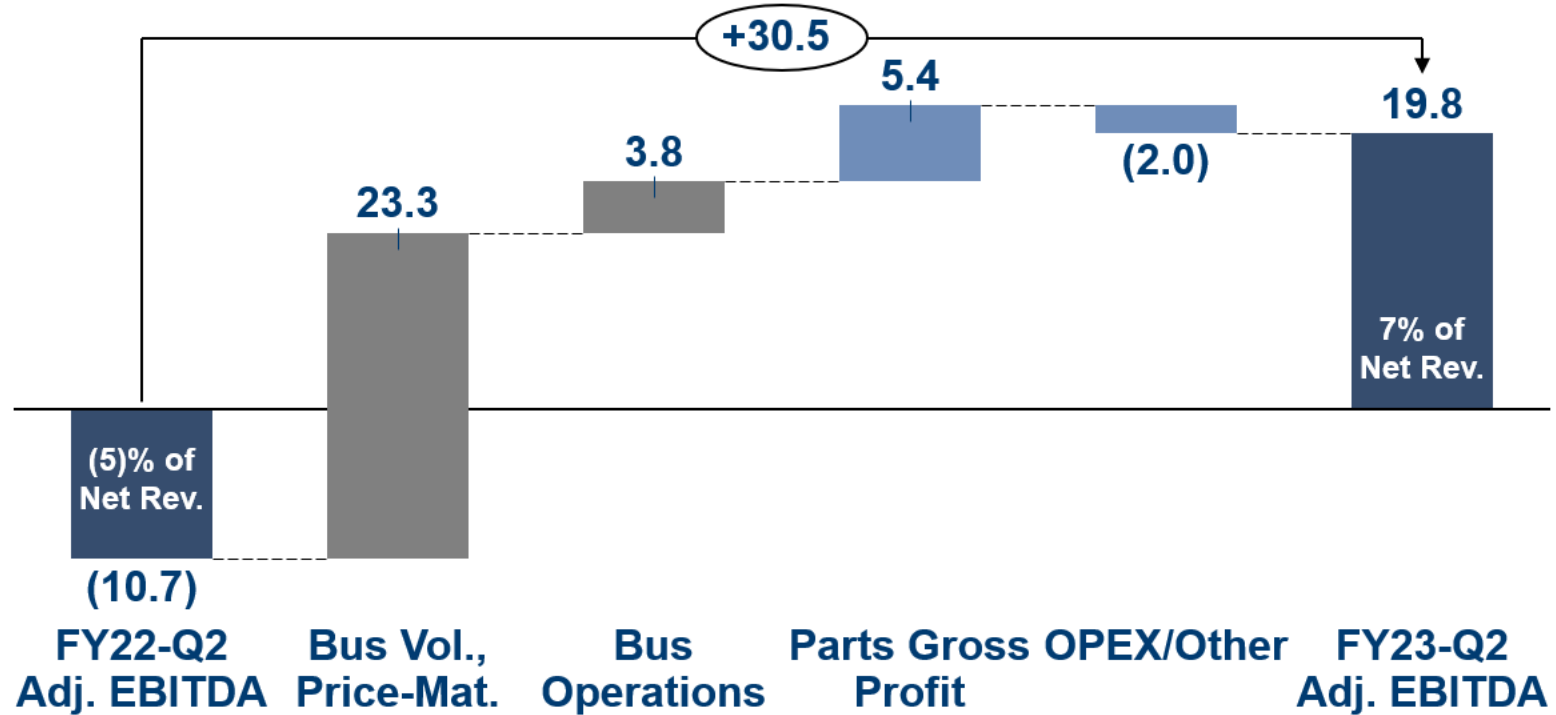
<sup>1</sup>Minimum liquidity covenant for FY23-Q2 of \$30M

<sup>2</sup>See appendix for additional detail regarding non-GAAP measures

# FY2022 Q2 to FY2023 Q2 Adj. EBITDA Walk

(\$ Millions)

Q2 Unit Volume	
FY2022	1,931
FY2023	2,304
Delta	+373

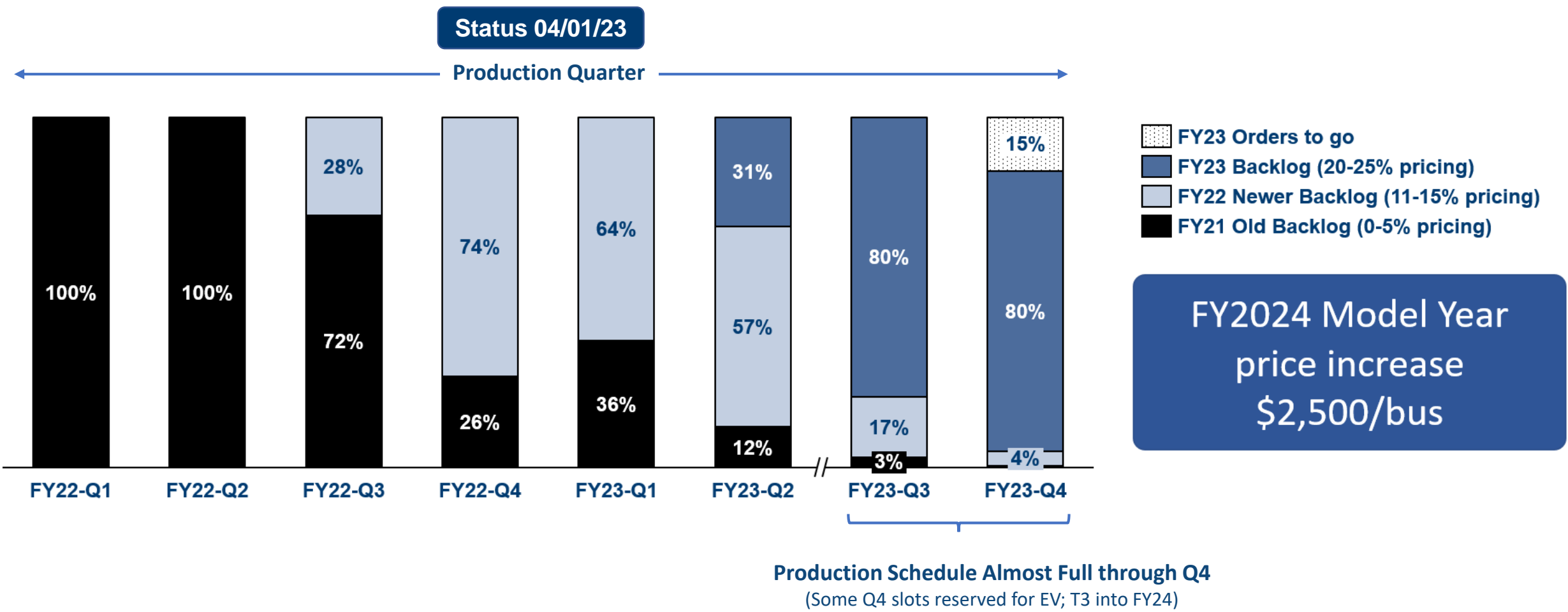


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Significant improvements in Pricing, Operations and Parts business drove record FY23 Q2 results

See appendix for additional detail regarding non-GAAP measures

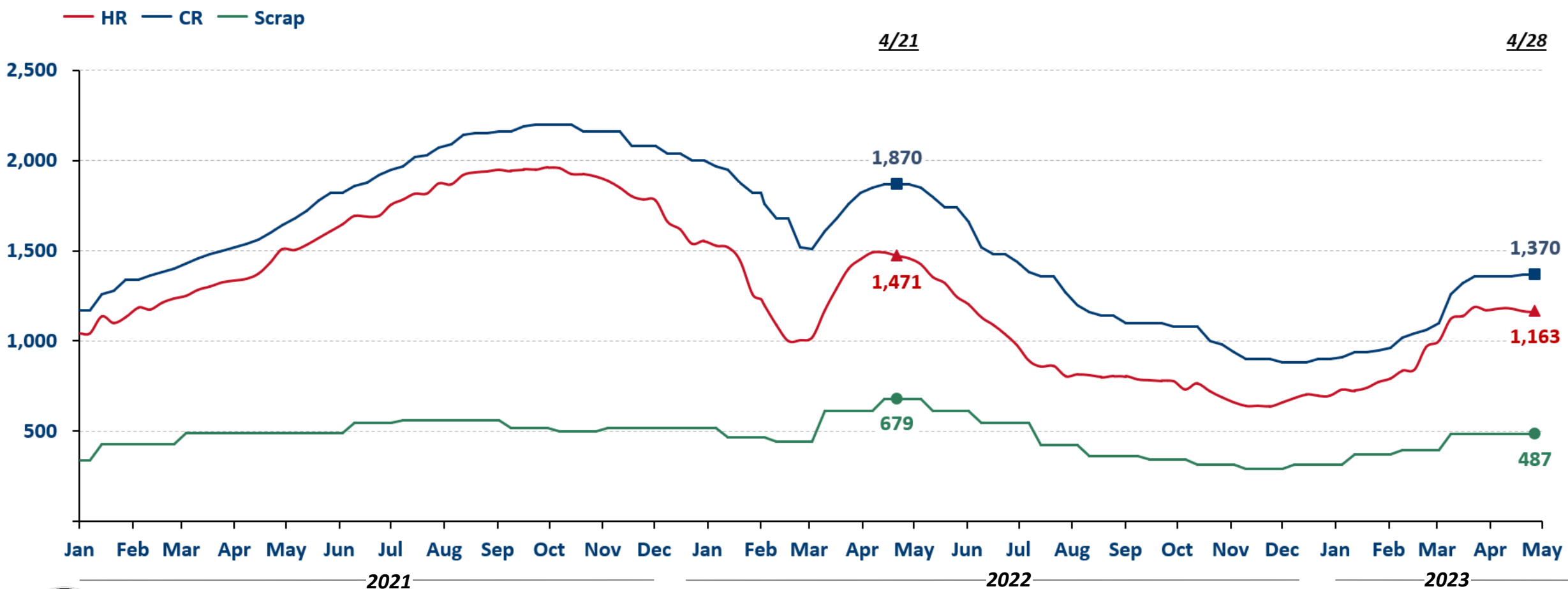
# Legacy backlog units behind us, FY23-H2 back to normal margins



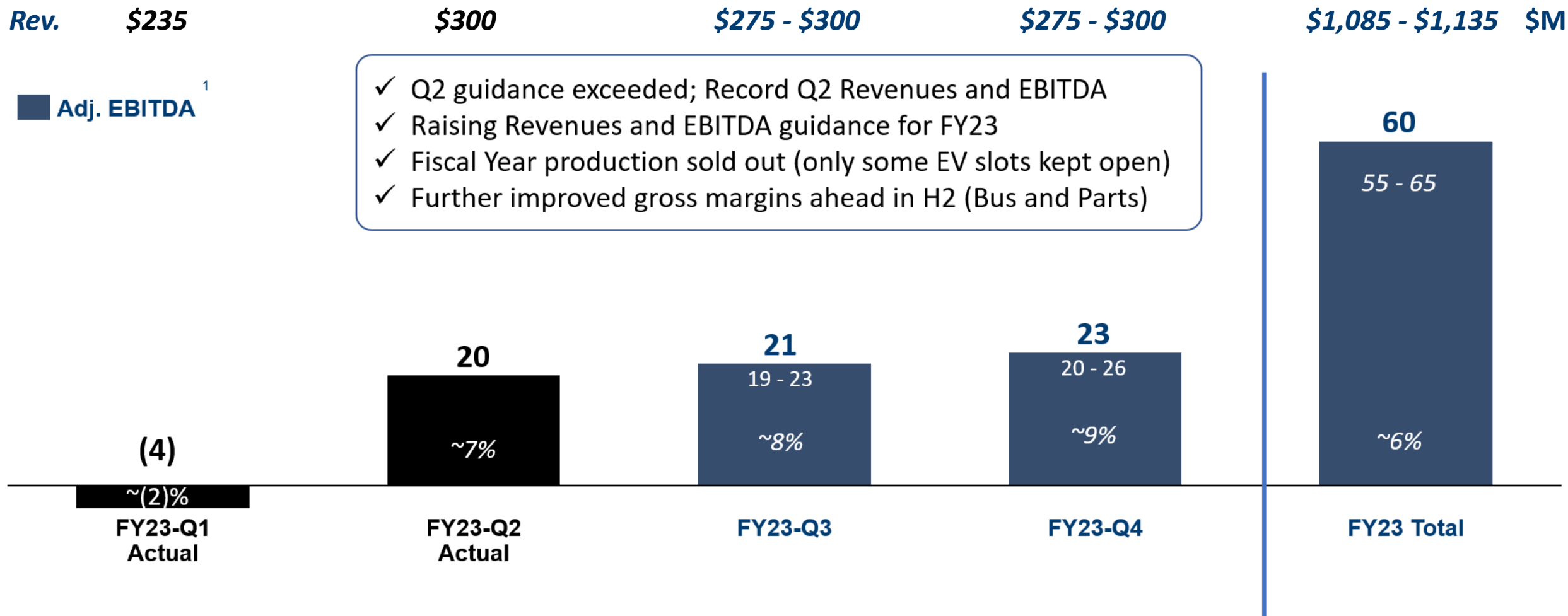
Newer backlog and increasingly improved pricing in place and locked in for FY23-H2

# After dropping over the last year, steel prices are back up in Q1-2023

US Steel Spot Prices, USD/ST, Jan '21– Apr '23



# Key Success Factors Already in Place for FY2023-H2



Turnaround results ahead of schedule, current run-rate Adj. EBITDA of ~\$80M on ~\$1.1Bn Rev.

<sup>1</sup> See appendix for additional detail regarding non-GAAP measures



# FY2023 Guidance Raised: Strong profitability in FY2023

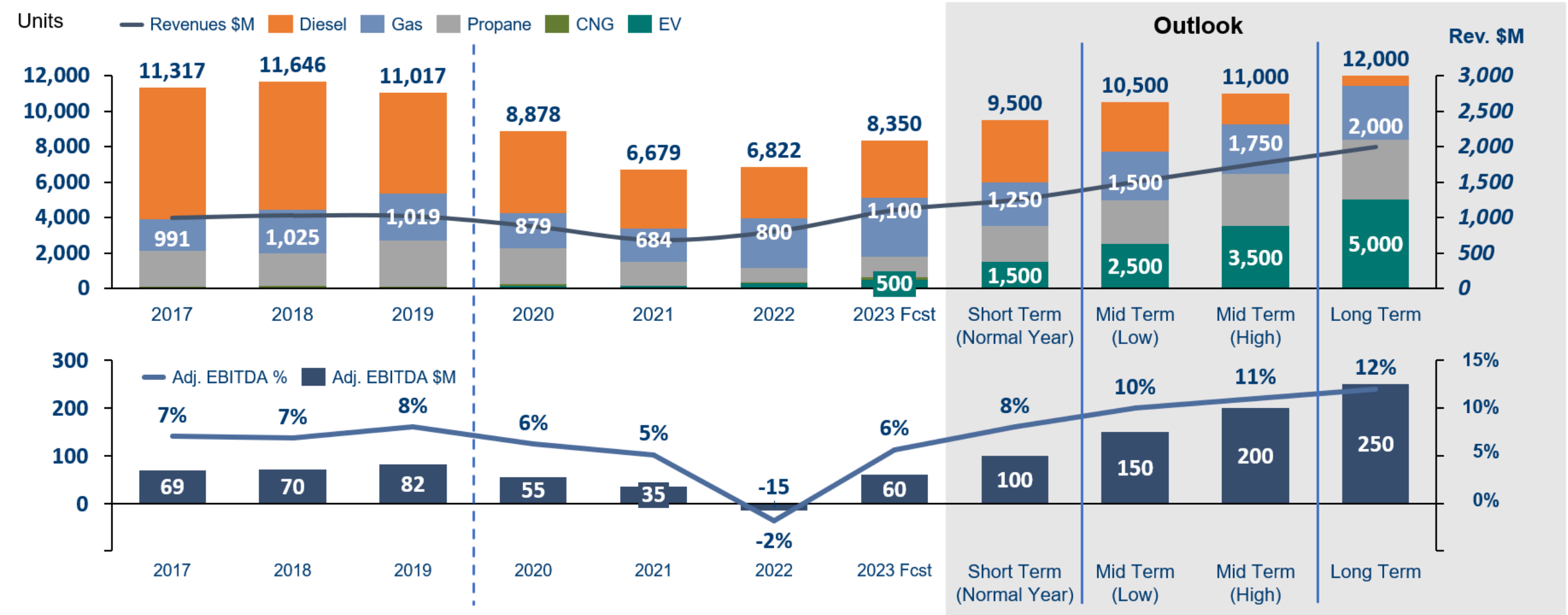
<i>\$ Millions</i>	FY2022 Actuals	FY2023 Initial Dec. Guidance	FY2023 Feb. Updated Guidance	FY2023 May Updated Guidance	<i>B/(W) Vs. Prior Year</i>
Net Revenue	\$800	\$900 – \$1,000	\$1,000 - \$1,050	<b>\$1,085 - \$1,135</b>	\$285 - \$335
Adj. EBITDA <sup>1</sup>	\$(15)	\$35 - \$45	\$40 - \$46	<b>\$55 - \$65</b>	\$70 - \$80
Adj. Free Cash Flow <sup>1</sup>	\$(23)	\$0 - \$10	\$5 - \$11	<b>\$30 - \$40</b>	\$53 - \$63



Turnaround results ahead of schedule, current run-rate Adj. EBITDA of ~\$80M on ~\$1.1Bn Rev.

<sup>1</sup> See appendix for additional detail regarding non-GAAP measures

# Long-term Outlook Driven by EV growth and Lean Transformation



Growth path towards 5,000 EVs, \$2Bn Revenues and 12% Adj. EBITDA (~\$250M)

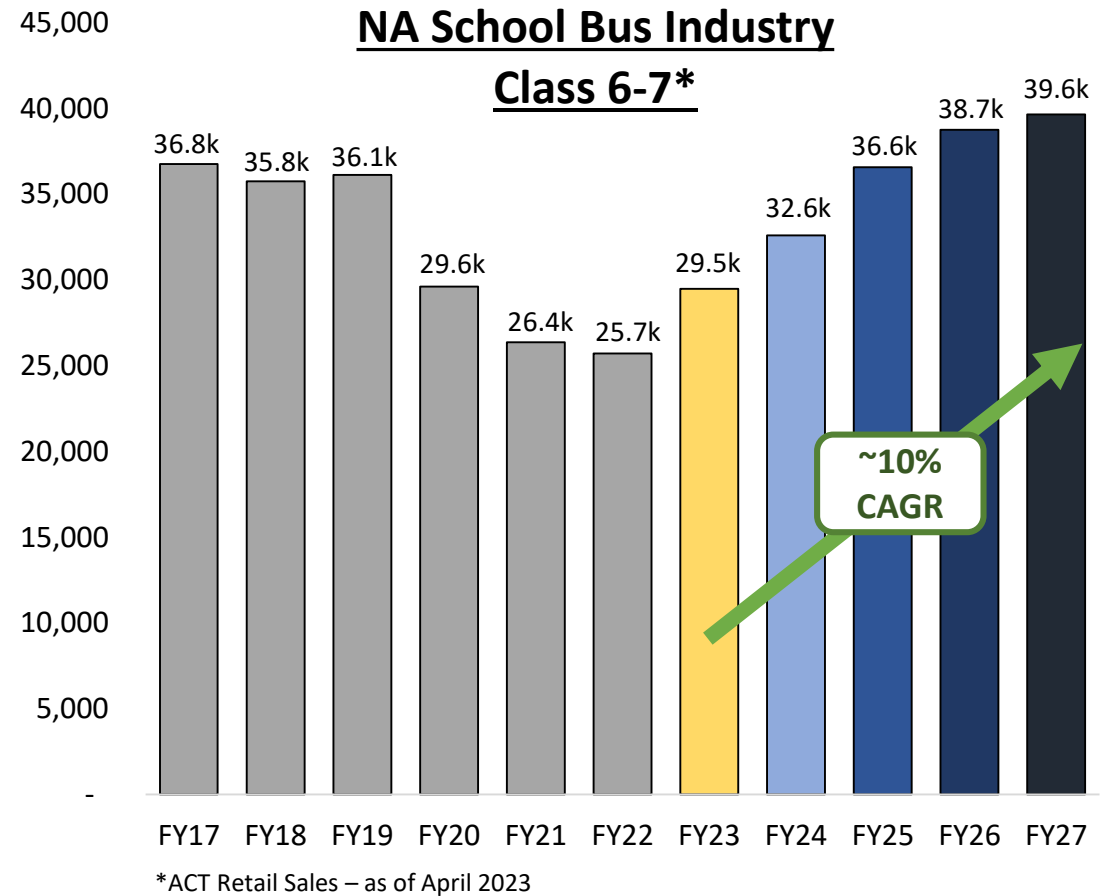
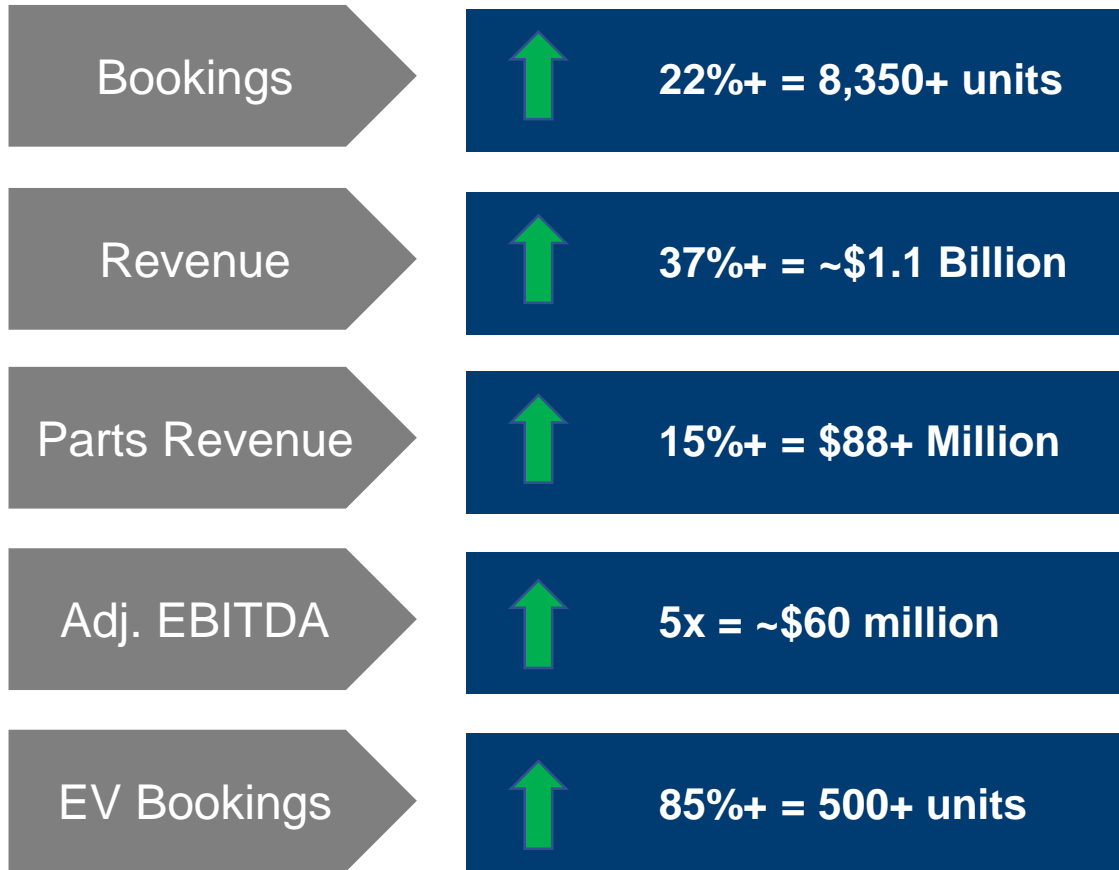


# OUTLOOK

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**Matthew Stevenson**  
**President & CEO**

# Positioned for Strong Recovery in FY2023 & Beyond



The business is performing very well and the outlook for our industry is incredibly strong

# 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

Profitable Growth

Pricing aligned to market economics and volatility

10%+ Adjusted EBITDA margin in a normalized mid-term operating environment

# Q&A

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# APPENDIX

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# Adj. EBITDA Reconciliation

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

(in thousands of dollars)	Three Months Ended		Six Months Ended	
	April 1, 2023	April 2, 2022	April 1, 2023	April 2, 2022
Net income (loss)	\$ 7,130	\$ (12,147)	\$ (4,164)	\$ (16,229)
Adjustments:				
Interest expense, net (1)	5,281	2,563	9,570	5,720
Income tax expense (benefit)	1,389	(7,415)	(1,592)	(9,177)
Depreciation, amortization, and disposals (2)	4,181	3,622	7,996	7,145
Operational transformation initiatives	137	1,585	937	1,586
Share-based compensation expense	699	813	1,288	2,486
Product redesign initiatives	—	281	—	534
Loss on debt modification	—	—	537	561
Other	1,024	8	1,024	283
Adjusted EBITDA	<u>\$ 19,841</u>	<u>\$ (10,690)</u>	<u>\$ 15,596</u>	<u>\$ (7,091)</u>
Adjusted EBITDA Margin (percentage of net sales)	6.6 %	(5.1)%	2.9 %	(2.1

(1) Includes \$0.1 million for both three months ended April 1, 2023 and April 2, 2022, and \$0.2 million and \$0.1 million for six months ended April 1, 2023 and April 2, 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 \$0.4 million and \$0.2 million for the three months ended April 1, 2023 and April 2, 2022, respectively, and \$0.4 million and \$0.4 million for the six months ended April 1, 2023 and April 2, 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.

# Free Cash Flow Reconciliation

## Reconciliation of Free Cash Flow to Adjusted Free Cash Flow

(in thousands of dollars)	Three Months Ended		Six Months Ended	
	April 1, 2023	April 2, 2022	April 1, 2023	April 2, 2022
Net cash provided by (used in) operating activities	\$ 24,790	\$ 21,667	\$ 44,716	\$ (11,410)
Cash paid for fixed assets	(2,594)	(1,908)	(3,740)	(3,478)
Free cash flow	<u>\$ 22,196</u>	<u>\$ 19,759</u>	<u>\$ 40,976</u>	<u>\$ (14,888)</u>
Cash paid for product redesign initiatives	—	281	—	534
Cash paid for operational transformation initiatives	137	1,585	937	1,586
Cash paid for other items	1,024	8	1,024	283
Adjusted free cash flow	<u>23,357</u>	<u>21,633</u>	<u>42,937</u>	<u>(12,485)</u>

# Adjusted EPS Reconciliation

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

(in thousands of dollars)	Three Months Ended		Six Months Ended	
	April 1, 2023	April 2, 2022	April 1, 2023	April 2, 2022
Net income (loss)	\$ 7,130	\$ (12,147)	\$ (4,164)	\$ (16,229)
Adjustments, net of tax benefit or expense (1)				
Operational transformation initiatives	108	1,189	740	1,190
Product redesign initiatives	—	211	—	401
Share-based compensation expense	552	610	1,018	1,865
Loss on debt modification	—	—	424	421
Other	809	6	809	212
Adjusted net income (loss), non-GAAP	<u>\$ 8,599</u>	<u>\$ (10,131)</u>	<u>\$ (1,173)</u>	<u>\$ (12,140)</u>

(1) Amounts are net of estimated tax rates of 21% for the three and six months ended April 1, 2023, and 25% for the three and six months ended April 2, 2022.

## Reconciliation of Diluted EPS to Adjusted Diluted EPS

	Three Months Ended		Six Months Ended	
	April 1, 2023	April 2, 2022	April 1, 2023	April 2, 2022
Diluted earnings (loss) per share	\$ 0.22	\$ (0.38)	\$ (0.13)	\$ (0.54)
One-time charge adjustments, net of tax benefit or expense	0.05	0.07	0.09	0.14
Adjusted diluted earnings (loss) per share, non-GAAP	<u>\$ 0.27</u>	<u>\$ (0.31)</u>	<u>\$ (0.04)</u>	<u>\$ (0.40)</u>
Adjusted weighted average dilutive shares outstanding	32,322,163	32,311,549	32,276,095	30,317,464

# End

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