

Nasdaq: BLBD
Blue Bird Corporation

Investor Presentation
June 2021



BLUE BIRD[®]
BUILT TO TAKE ON TOMORROW.

Agenda



Executive Summary

School Bus Industry Overview

Company & Product Highlights

Outlook



Executive Summary



- ❖ Schools beginning to reopen; good news for bus orders
- ❖ Aging school bus fleet; >150,000 buses need replacing
- ❖ Leader in alternative power; #1 in electric & propane school buses
- ❖ ~50% of Blue Bird sales are non-diesel; <10-20% for competitors
- ❖ Government's commitment to electrification of 550,000 school buses in the US
- ❖ Proposed Clean Bus Program provides \$2.5B annual funds over 8-10 years, representing 12-15k electric buses annually
- ❖ Full range of chassis that can be offered to third parties, led by EV
- ❖ Reducing structural costs, increasing unit revenue and growing alt-power mix
- ❖ Major headwind is supply-chain robustness; but temporary
- ❖ As schools reopen and industry rebounds, on track to achieve 10%+ EBITDA margin by FY2022/23



Well positioned for growth and to capitalize on expected surge in EV Demand



School Bus Industry Overview



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School Bus Industry Products



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



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



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



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**

Industry Highlights



School buses are America's largest mass transit system

600k+

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

26 MILLION KIDS

to school on a daily basis



Attractive Industry Attributes

High barriers to entry

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

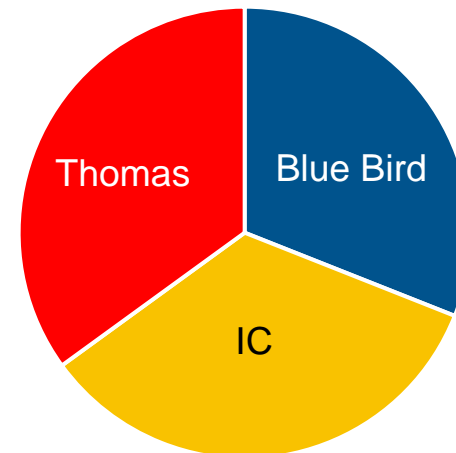
Demand Drivers

Population of school age children increasing
Increasing average age of existing fleet

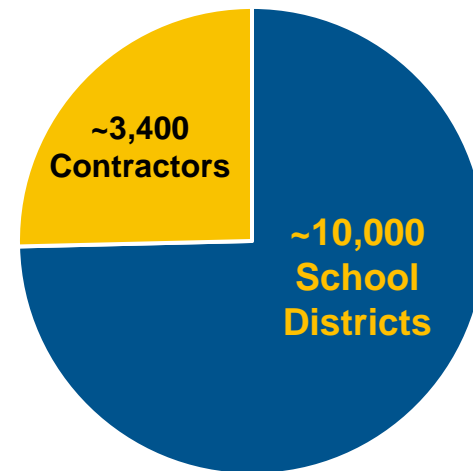
Relatively Clear Funding Sources

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

OEMs

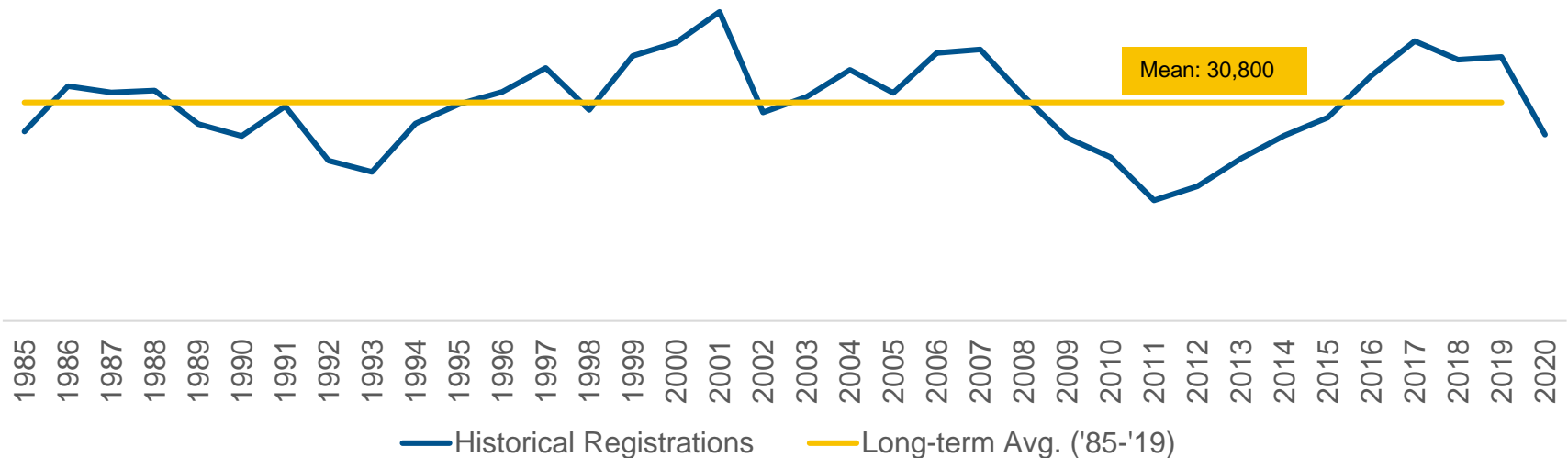


School Bus Customers



Safe and reliable transportation for over 26 million students each day

Type C & D School Bus Industry

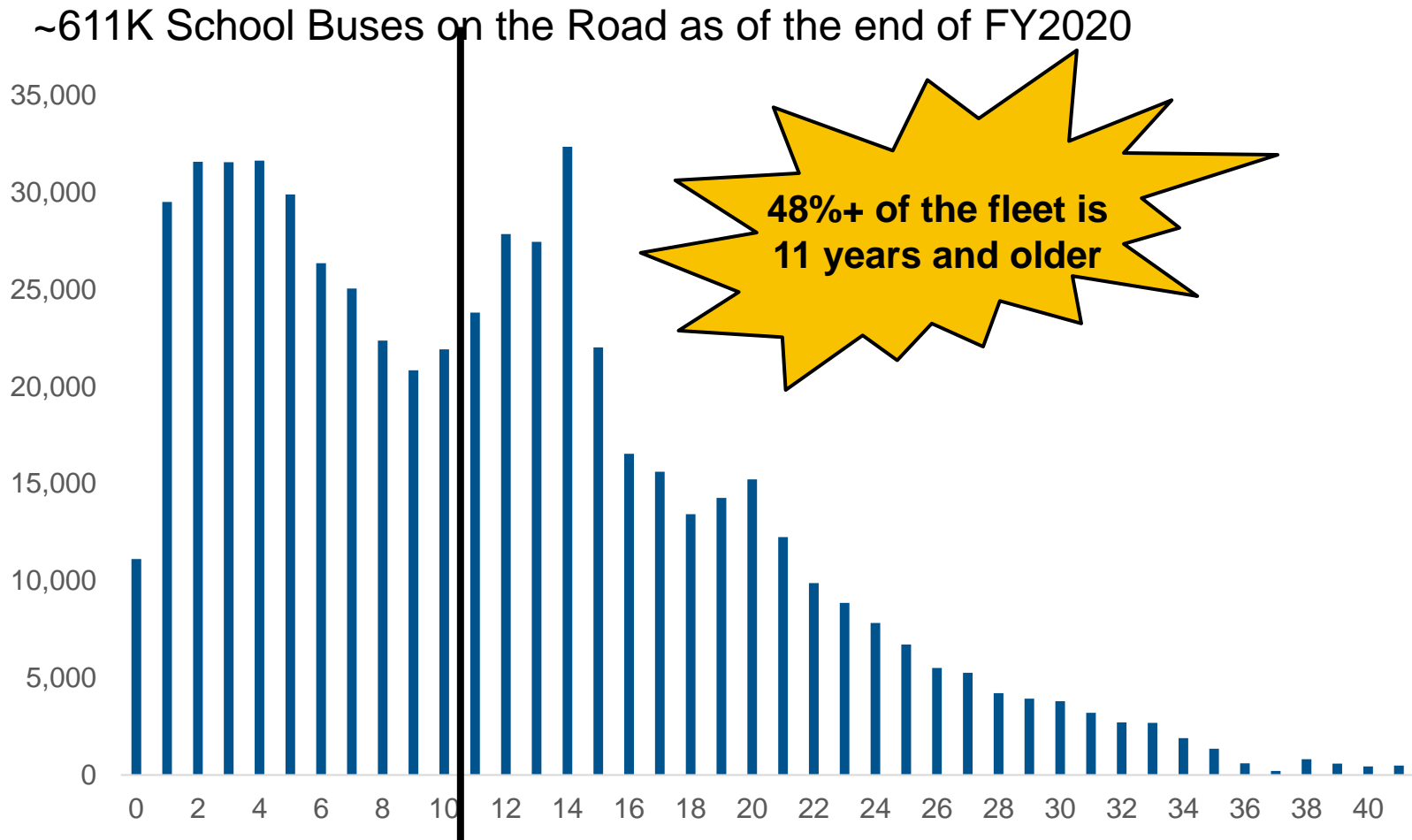


Source: R.L. Polk New Registrations, based on Type C/D school buses registered during BB fiscal year

- ❖ Industry avg size (pre-COVID) is 31,000 new units annually based on Polk registrations
- ❖ Total fleet of school buses is ~611,000 units and average age is about 11 years
- ❖ Industry size is driven by:
 1. *Number of school age children*
 2. *Age of existing fleet – most states set 15 years as a replacement target*
 3. *Average ridership per bus*
 4. *Funding – primarily from property tax*

FY2021 industry expected to be ~28k – 30k units due to COVID-19 impact on new bus orders

Fleet Age Profile Supports Industry Levels



~292K buses in service for more than 10 years supports high annual replacement volume. Additional funds and demand for alternative fuels further supports industry levels



Company & Product Highlights



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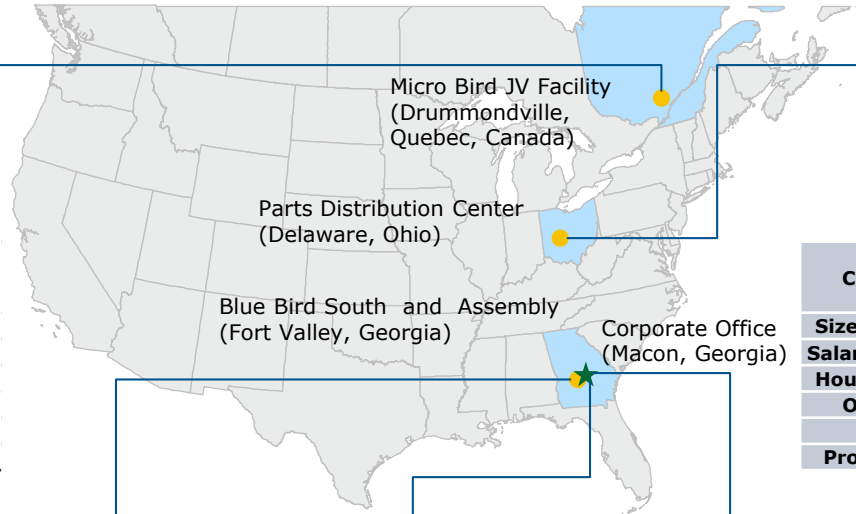
Dedicated Manufacturing Footprint



Micro Bird JV Facility (Drummondville, Quebec)

Design, fabrication, and assembly of Micro Bird by Girardin Type A buses

Commentary	
Size (Square Feet)	200,000
Salaried Headcount	150
Hourly Headcount	375
Own / Lease	Lease
Labor	Unionized
Volume / Capacity	3.1K Units / 3.9K Units



Parts Distribution Center (Delaware, Ohio)

Parts Distribution Center (Delaware, Ohio)

Electronically guided, houses and distributes parts for current and past models

Commentary	
Size (square feet)	200,000
Salaried Headcount	4
Hourly Headcount	26
Own / Lease	Lease
Labor	Non-Unionized
Product Breadth	32,000 SKUs



Blue Bird South (Fort Valley, Georgia)

Fabrication facility that manufactures parts for Type C/D vehicles assembled at HQ

Commentary	
Size (square feet)	340,000
Salaried Headcount	11
Hourly Headcount	305
Own / Lease	Own
Labor	Non-Unionized
Product Breadth	5,900 active SKUs



Corporate Office (Macon, Georgia)

New headquarters in 2nd Floor of Highridge Centre

Commentary	
Size (square feet)	50,000
Salaried Headcount	200
Hourly Headcount	0
Own / Lease	Lease
Labor	Non-Unionized



Assembly (Fort Valley, Georgia)

Centralized manufacturing, engineering, and support functions

Commentary	
Size (square feet)	900,000
Salaried Headcount	87
Hourly Headcount	1,631
Own / Lease	Own
Labor	Non-Unionized
Volume / Capacity	11.5K Units / 13K Units

Two production centers – Type C & D in Fort Valley, Georgia and Type A in Drummondville, Quebec. Parts warehouse in Ohio

Our Exclusive Franchised Dealer Network



LEGEND

-  Blue Bird Dealer
-  Authorized Service Center
-  Blue Bird Manufacturing & Distribution

50+

Dealers Worldwide

250+

Service Centers



More than 85% of Blue Bird dealers dedicated to bus sales and service

Transformational Initiatives Drive Down Cost



FY2018

Phase 1

Purchased Material

- Commercial
- Sourcing

FY2019

Phase 2

Purchased Material

- Commercial
- Sourcing
- Initial design

Build and Launch

New Paint Facility

- Test and validate
- Prepare for production
- Plant rearrangements

FY2020+

Phase 3

Purchased Material

- Commercial
- Sourcing
- Design

New Paint Facility

Fully Operational

- High first-time pass rate
- Greater capacity
- Less paint usage
- Lower labor cost
- Lower warranty expense

Plant Productivity

- Optimize time per station
- Labor efficiencies
- Break bottlenecks
- Design-for-manufacturing
- Improve quality/rework
- Material setup to line
- Single Shift Production

Costs Down

Despite COVID-19, cost initiatives are ongoing; new paint facility fully operational; other major productivity initiatives progressing to full implementation by FY2020+



FY2021 YTD¹ Alternative-Power Bus Highlights

- 48% mix of sales and order backlog, up 3 pts
- 151 customers tried new Alt-Fuel option
- 78 conquest customers added
- 127 Electric buses sold or in backlog, up 10%
- EV std. with enabled high-powered V2G system

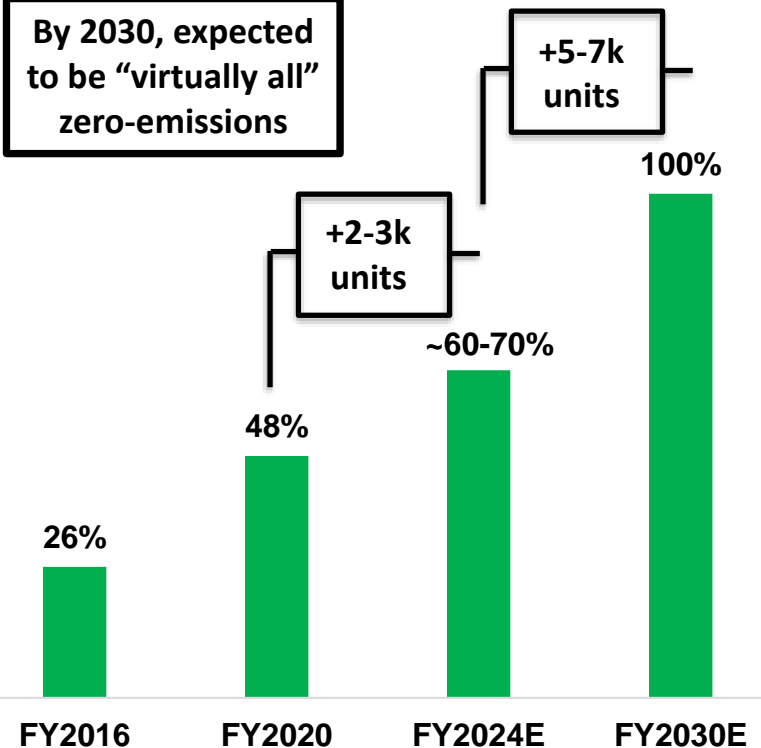
Significant Low- & Zero-Emissions Funding

- **VW Mitigation Funds**
 - Approximately \$600M has been carved out for school buses; majority still to be spent
 - Only major OEM with both all-electric and ultra-low NOx school buses available today
- **State Support; e.g., California Energy Commission**
- **Proposed “Clean Commute for Kids Act” providing \$2.5B annually for 10 years (total of \$25B)**
 - \$30M grant from Bezos Earth Fund to the World Research Institute (WRI) to accelerate adoption of electric school buses
- **Less than 20% of customers have purchased alternative-fuel powered buses**



Blue Bird Increasing Alt. Power Mix Future Growth Led by Electric and Propane

By 2030, expected
to be “virtually all”
zero-emissions



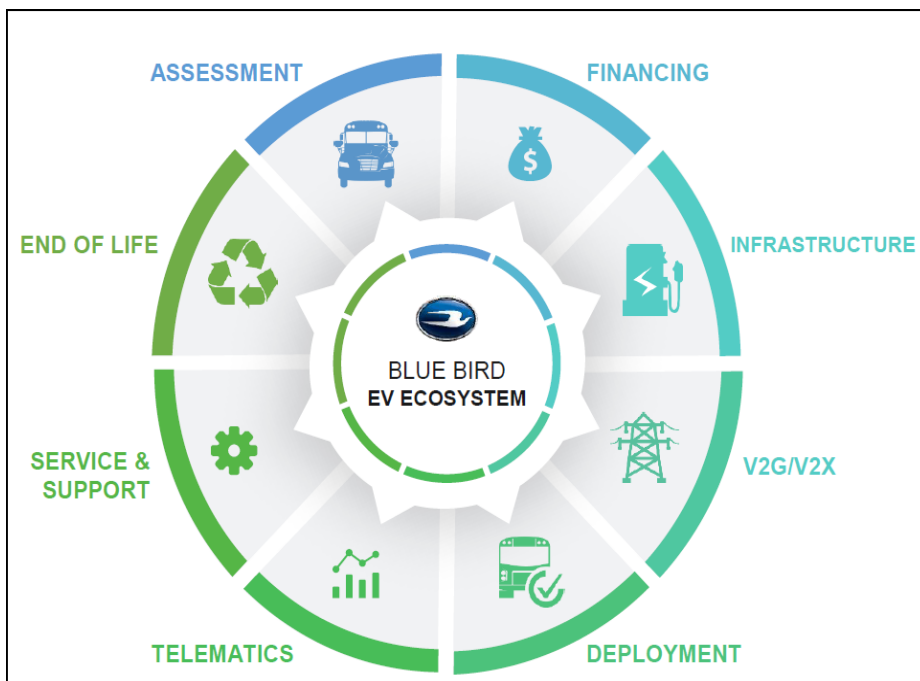
Undisputed leader in alternative fuels. With over 7,000 total active customers today, we plan on significant EV growth

Blue Bird's EV Plan – Focused on Growth



The EV Ecosystem

Electric Vehicles bring new opportunities and challenges for OEMs – carefully selected partnerships are key to leadership in total customer experience



Leadership in Electric School Bus

- ❖ Full line-up of Type A, C&D buses
- ❖ Selecting partners in the Ecosystem to fully support customers in all aspects of EV management
- ❖ Implementing plans that ensure BB products are always fully competitive or better
- ❖ Positioned to take advantage of new Federal and State EV incentives

Commercial Chassis

- ❖ New initiative to provide EV chassis to producers of commercial vehicles
- ❖ Opportunity to enter a rapidly growing segment with a proven OEM chassis and factory-installed electric powertrain
- ❖ Accumulating >2M miles annually in EV, within 1.5B annual miles for all BB buses

Focused on maintaining leadership in the Electric School Bus market and entering the rapidly emerging EV commercial market with our extensive range of chassis offerings. More details to come ...



Blue Bird Supports “Clean Commute for Kids Act of 2021” for Purchase Assistance of Electric School Buses

New Legislation introduced will authorize \$2.5B a year for districts, allowing affordable purchase of electric school buses

Fort Valley, GA (April 21, 2021) — Today, legislation for the *Clean Commute for Kids Act of 2021* was introduced in the United States House of Representatives and Senate, allowing school districts to more easily replace aging fossil-fueled school buses with clean, zero-emissions electric school buses.

The Clean Commute for Kids Act of 2021 authorizes \$2.5 billion a year, allowing school districts and school bus operators to qualify for grants from the program, which are intended to cover the price difference between a fossil-fueled school bus and a 100% electric-powered school bus. These grants also assist in covering the cost of charging infrastructure, training for drivers and mechanics.

Most transformational initiative ever; Blue Bird intends to lead

School Bus & Commercial Classifications



School Bus Classification

Type C Buses (Conventional)

Seating Capacity: 36-83
Fuel Types: Diesel, Propane, CNG,
Gasoline, Electric



Commercial Classification

Class 5, 6 & 7



Type D RE/FE Buses (Transit-Style)

Seating Capacity: 54-90
Fuel Types: Diesel, CNG, Electric



Class 6 & 7



Type A Buses

Seating Capacity: 10-30
Fuel Types: Diesel, Propane, Gasoline,
Electric



Class 3 & 4

Plan to offer a full line of Class 3-7 commercial chassis



Outlook



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Outlook: Well-Positioned for Schools Resuming



❖ Blue Bird Focus

- Executing margin-growth strategy (GM up 170 bps in 2Q) – increase bus selling price, lower cost, raise productivity and increase mix of alternative-powered buses. New products and features planned
- Planning to price in next 45 days to recover commodity and supply-chain cost increases
- Single shift operation launched smoothly, improving cost, efficiencies and quality; daily capacity increase now in place – same capacity on single shift as previously on two shifts
- Prioritized EV leadership and growth, expanding beyond school buses into commercial chassis; organizing as a focused, dedicated group within Blue Bird, with defined “Ecosystem” partners

❖ External Environment

- Schools progressively reopening. New order rate increasing and industry outlook for FY2021 now forecast at 28-30k buses. Significant 2H sales increase expected
- Demand fundamentals high with 25% of US/Canada fleet aged 15 years or older
- New Administration’s proposed bill for school bus fleet electrification will be transformative
- Unless resolved, present supply-chain issues could delay timing of deliveries



Given the uncertainty, we are maintaining our guidance range



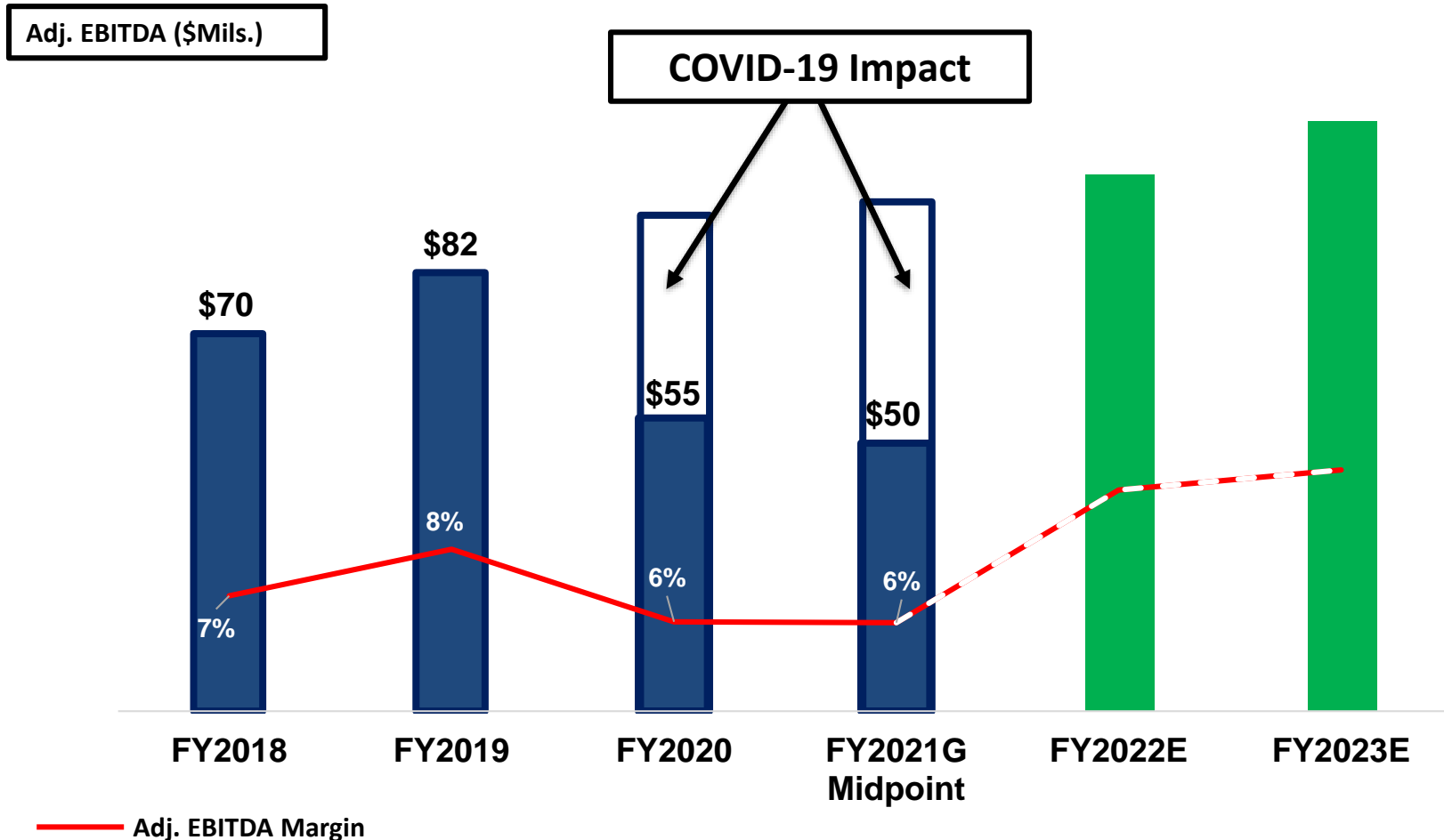
<i>\$ Millions</i>	FY2020	FY2021 Guidance	B/(W)
Net Revenue	\$879	\$750 - \$975	\$(129) - \$96
Adj. EBITDA ¹	\$55	\$40 - \$65	\$(15) - \$10
Adj. Free Cash Flow ¹	\$(1)	\$(5) - \$20	\$(4) - \$21

- ❖ FY2021 Guidance maintained; well positioned to capitalize on rebound
- ❖ Industry assumptions range from 28k to 30k
- ❖ Planning prudently while operating aggressively

We will narrow guidance as supply-chain uncertainty and confidence in schools fully resuming classroom teaching become clearer

¹ See appendix for additional detail regarding non-GAAP measures

EBITDA Margin Growth Back on Track in FY2022



Industry expected to rebound in FY2022 as schools resume.
Adj. EBITDA margin returns to growth glidepath in FY2022

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THANK YOU!



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