



**BLUE BIRD**

## Blue Bird Corp (NASDAQ: BLBD)

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*Market Data as of December 1, 2023*

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## *Leading School Bus OEM in the Early Innings of a Major Inflection Point*

### Business Overview

- Blue Bird Corp (“Blue Bird”) is the only pure-play school bus OEM in North America focused on the manufacturing and sale of Type A, C, and D school buses
- Blue Bird sells diesel, gasoline, propane, CNG and electric school buses (“ESBs”) with an increasing percentage of sales coming from the alternative power buses segment (gas, propane, CNG, and electric)

### Investment Thesis

#### Why Is This a Good Business?

- Blue Bird holds a 30% market share in an oligopolistic industry with high barriers to entry. Blue Bird has the most thorough distribution network of parts and sales dealers in states with the highest EV adoption rates, which allows it to command a premium in prices for ESBs
- Blue Bird stands to benefit as the first-mover and largest competitor in the school bus electrification market, given its largely untapped and higher margin segment with record levels of government funding supportive of increased demand over the next 5 years

#### What Is The Market Missing?

- The company is poised to reach a meaningful inflection point whereby price increases in their contracts will begin to flow through the top-line
- We believe Blue Bird is poised to benefit from a combination of government funding supporting the ESB adoption, fruition of already stretched replacement cycles, and a reduction in legacy backlog with more favorable pricing on new orders

*We recommend YUSIF BUY Blue Bird with an implied upside of ~40%*

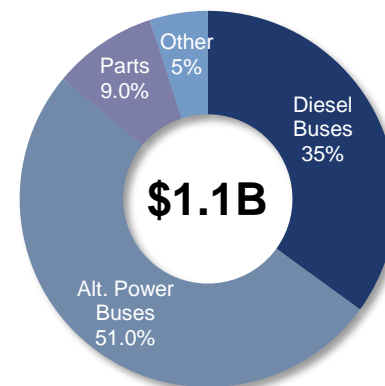
# Business Overview

## Blue Bird is a Leading North American School Bus OEM

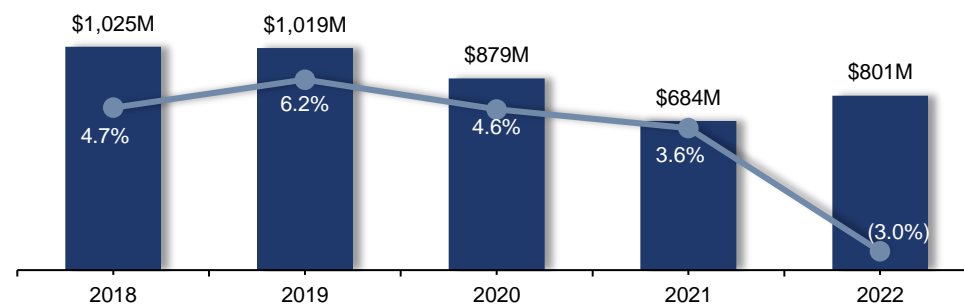
### Blue Bird Business Model

- Blue Bird is a leading manufacturer of school buses, involved in the production and sale of Type A, C, and D school buses and related replacement components
- They are widely recognized as the market leader in alternative fuel technologies, with electric and propane school buses representing ~51% of total buses revenue versus ~10-20% for competitors
- They sell their buses and parts to school districts, fleet operators, and private institutions in the U.S. (91%) and Canada (9%)
  - This is done through an extensive network of over 50 U.S. and Canadian dealers and more than 250 service centers
- The company operates through two main segments, Buses and Parts, with Buses split in 2 categories:
  - **Diesel Bus (35%):** Sale of diesel-powered school buses to U.S. and Canadian dealers
  - **Alternative Power Buses (51%):** Sale of buses that do not operate on diesel; this includes propane, CNG, electric, and gasoline operated buses
  - **Parts (9%):** Sales of replacement bus parts to compensate for parts that are damaged in service or suffer from wear and tear
  - **Other (5%):** This segment includes shipping and handling revenue, extended warranty income, surcharges, chassis, and bus shell sales

### LTM Revenue Segmentation



### Historical Revenue and EBITDA Margin



### Management



Phil Horlock



Britton Smith



Kevin Penn



Razvan Radulescu

Position	CEO	President	Chairman	CFO
Tenure	2023 - Present	2023 - Present	2016 - Present	2021 - Present

## Blue Bird Offers an Expansive Range of Products with a Dedicated Dealer Network

### School Buses Product Portfolio



**Type C Buses**  
(Conventional)

Seating Capacity: 36-83

Fuel Types: Diesel, Propane, CNG,  
Gasoline, Electric

**70% of NA Fleet**



**Type D RE Buses**  
(Rear Engine, Transit Style)

Seating Capacity: 66-84

Fuel Types: Diesel, CNG, Electric

**5% of NA Fleet**



**Type D FE Buses**  
(Front Engine, Transit Style)

Seating Capacity: 54-90

Fuel Type: Diesel

**5% of NA Fleet**



**Type A Buses**

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

**20% of NA Fleet**

**Avg. Price of a Diesel Bus: \$80,000 - \$120,000 / Avg. Price of an Electric School Bus: \$350,000 - \$450,000**

### Product Offering by Distribution Channels

- **Dealer Network:** School buses sold in the U.S. and Canada through assigned dealers to school districts and private schools (accounted for 97% of bus sales in 2022)
- **Fleet Operators:** Sells school buses directly to large national fleets across multiple states and are managed internally by the company
- **U.S Government/Specialty Sales:** Sells custom buses through its U.S. GSA contract to the U.S. Air Force, U.S. Army, Homeland Security, and the U.S. Department of Agriculture (account for ~2% of bus sales in 2022)
  - In addition to the GSA specifications, Blue Bird offers various vehicle sizes, power choices, and optional features to meet specific needs
- **International:** Sells Type C and D buses in limited global geographies through assigned dealers

**Market Leader in Alternative Power: #1 in Electric & Propane School Buses**

# 5-Year Share Price Performance

## Recent Stock Recovery Due to Post-COVID Demand Stabilization

### Commentary

- Blue Bird's price tumbled during 2021 and 2022 amid industry-wide supply chain constraints and steel price inflation, which caused a succession of unprofitable quarters and inventory buildup
- Blue Bird saw a significant increase in its stock price in Q1 and Q2 of 2023 after reporting their first profitable quarters in over 2 years
- Two secondary offerings (5M shares in June 2023 and another 2.5M in September 2023) represent an overhang on shares

### Trading Statistics<sup>(1)</sup>

#### Trading Info

Share Price	\$18.75
Market Cap	\$602,744
Net Debt	\$99,000
Enterprise Value	\$701,744

#### FY2023 Multiples

TEV / EBITDA	7.6x
P / E	14.4x
Debt / EBITDA	1.7x

### Stock Chart



Source(s): Company Filings, Capital IQ

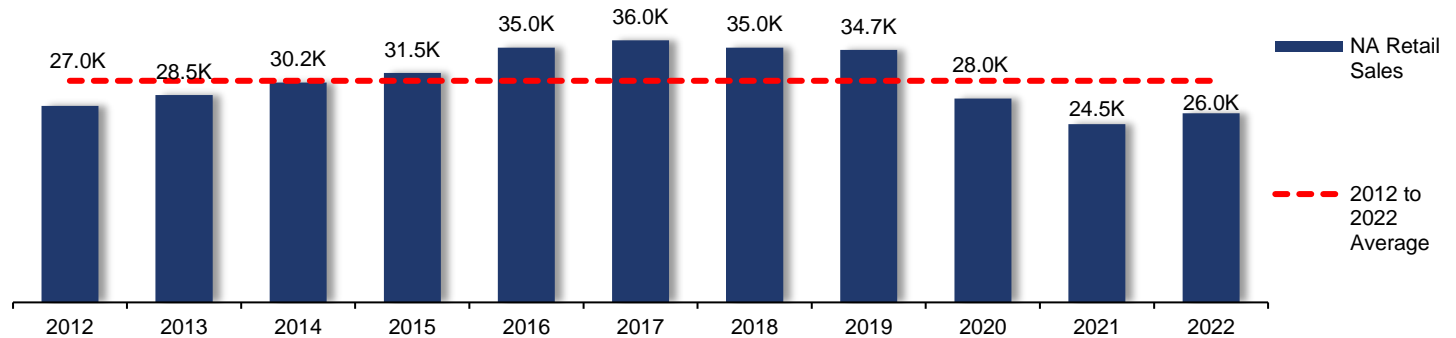
1. Dollar values in USD thousands

## Industry Growth Driven by Pent-Up Demand From Pandemic and Aging Fleet

School buses are North America's largest mass student transportation system  
(515k+ buses in operation transporting 26M+ kids on a daily basis)

### Large Fleet of School Buses Results in Recurring Replacement Revenue (NA Class 6-7 School Bus Sales)

515k+ buses in the existing fleet, each with a typical useful life of 12-13 years results in sales being driven from replacement cycles

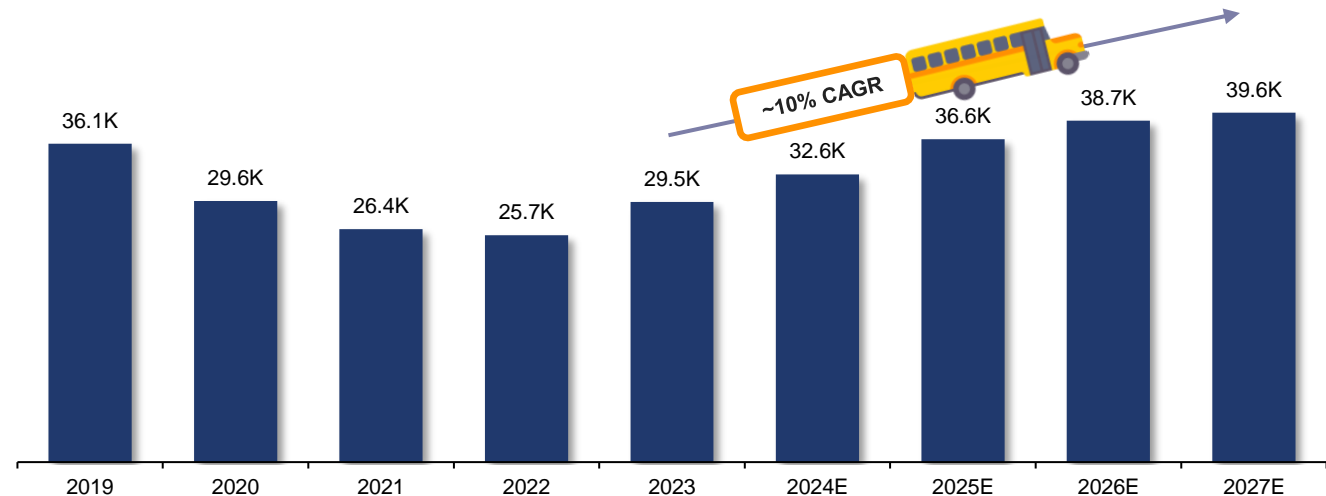


31,000 new buses have been sold each year on average between 1985 – 2022, these sales are almost entirely driven off replacement

### Forecasted Industry Growth – Annual U.S. Class 6-7 School Bus Sales (Management Guidance)

Volume is expected to compound at a **10% CAGR** from 2023-2027

- Pent up demand for school bus replacement due to subdued spending during COVID-19; elevated property tax incomes have also increased school district budgets
- Additional drivers include an increasing population of school aged children, aging industry fleet profiles, and recent enactment of federal funding programs



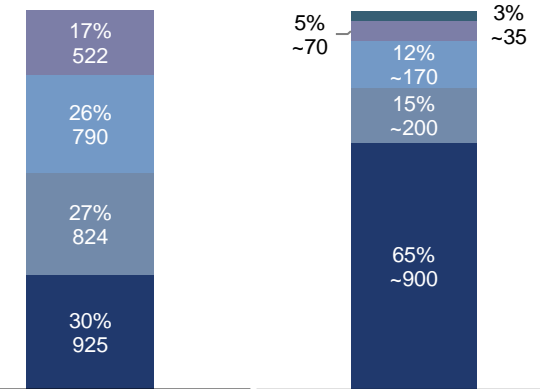
## Competitive Dynamics – Oligopolistic Industry with High Barriers to Entry

### Competitive Dynamics

- The industry is dominated by three main players representing ~95% of the market: Blue Bird (the only pure-play competitor), Thomas Built Buses, and IC Bus
- The oligopolistic nature of the industry is due to significant barriers to entry:
  - **Specialized Products:** Significant capital and expertise needed to manufacture school buses makes the industry highly unattractive for new entrants
  - **Regulations:** School buses require unique manufacturing, given increased safety standards that vary from the federal, state, and municipal level
    - Ex: Some states require different types of seatbelts, others require none
    - *“There is a federal specification for school buses, there’s a state specification for school buses, then there’s a local specification... making it an absolute nightmare for anybody to enter into.”* – Former General Counsel of Blue Bird
  - **Existing Customer and Dealer Relationships:** Customers make purchasing decisions based on (1) cost, (2) relationships with OEMs, and (3) relationships with dealers
    - Existing relationships between dealers and OEMs makes it challenging for new players to secure customers (ex. Blue Bird has exclusivity contracts with dealers that limit competition and has held these relationships for 32 years on average)
    - Little incentive for major automotive OEMs to compete due to small market size

### Committed ESBs vs Deliveries

■ Blue Bird    ■ Thomas Built    ■ Lion Electric  
■ IC Bus    ■ Green Power



ESBs represent ~1% of the existing fleet today, the market remains largely untapped with first-movers likely to dominate the cycle of school buses

### Overview of Blue Bird Competitors



- US-Based OEM for school buses (5 models), commercial transport (4 models), and manufacturing chassis for front and rear-end engine modules
- Subsidiary of Daimler-Benz; previously partnered with Proterra to provide powertrain components



- Manufacturer of school and city buses (2 models), and commercial buses (1 model)
- Wholly owned subsidiary of Navistar International; acquired by Volkswagen in 2021
- Produces ~11K buses annually in its Tulsa, Oklahoma facility



- Canada-based OEM specializing in all-electric school buses (Type A, C, D), urban transit buses, and urban trucks
- Went public via de-SPAC (NYSE:LEV) in 2021 for \$320M at a pre-money valuation of \$1.6B

# Industry Overview – Value Chain

## How are School Buses Sourced, Manufactured, and Sold?





## *Market Leader of School Bus OEMs*

- 1 Blue Bird is the only publicly traded **pure-play school bus OEM** with **pricing power over ESBs**, and operates as a market leader (**~30% market share**) in an oligopoly
  - ❑ Blue Bird's history dates back to 1927 as one of the oldest bus manufacturers and has cumulatively sold over 592k buses
  - ❑ Proven track record in the rapidly growing, higher margin alternative fuel (propane and electric) buses segment
  - ❑ Sole manufacturer with chassis and body production specifically designed for school bus applications in the U.S. Also, Blue Bird is the only school bus company to offer compliance with industry recognized safety tests—as a standard specification across the product line
- 2 **Competitively Advantaged Product Quality and First Mover Advantage:** While the school bus industry is mature, the industry is undergoing an upgrade cycle towards ESBs; Blue Bird is a leader in the alternative fuel buses market, specifically ESBs, and is thus well positioned to benefit from the cycle
  - ❑ **Electric:** Blue Bird is the first major bus manufacturer to market and sell EV buses and has expanded production capacity to meet the rapidly growing demand
  - ❑ **Propane:** Started production in 2012 with an exclusive agreement with Ford to sell Type C buses; in 2017, Blue Bird introduced the 'NOx' propane engine which is 4x cleaner than current standards and superior to competitors' offerings
  - ❑ **CNG:** First OEM to introduce a CNG powered Type D bus
- 3 **Competitively Advantaged Distribution Network**
  - ❑ Blue Bird has an extensive network of over 70 dealer locations across the U.S. and Canada with an average tenure of more than 32 years. These distributors do not sell competing Type C or Type D school bus products in the areas assigned to them by Blue Bird which provides significant **barriers to entry**

***Blue Bird benefits from secular trends such as aging fleets, an upgrade cycle towards ESBs, pent-up COVID demand, and growing population of school-aged students***

# Business Quality of Blue Bird (Cont.)

## Blue Bird's Dealer Network is More Expansive Than Competitors and Provides Pricing Power

Survey data finds that 95% of dealers have been selling school buses for 16+ years; 30% of dealers offer just 1 school bus brand, and 95% offer 3 or less. Blue Bird has 70 dealer locations in NA that, on average, have been working with the company for 32 years



Blue Bird leads the industry with a competitively advantaged dealer network – none of its dealers sell competing type C or D buses in their localities and are usually well-known in their areas



IC and Thomas's dealer networks spans several locations (inclusive of truck networks) across the U.S. and Canada. However, neither competitor possesses exclusivity in contracts with dealerships, which simultaneously market other products and service and maintenance parts

## Strong Presence in States With The Largest School Bus Fleets

- Blue Bird possesses the most extensive school bus dealer network in the industry (note that IC and Thomas's dealerships also sell their commercial buses)

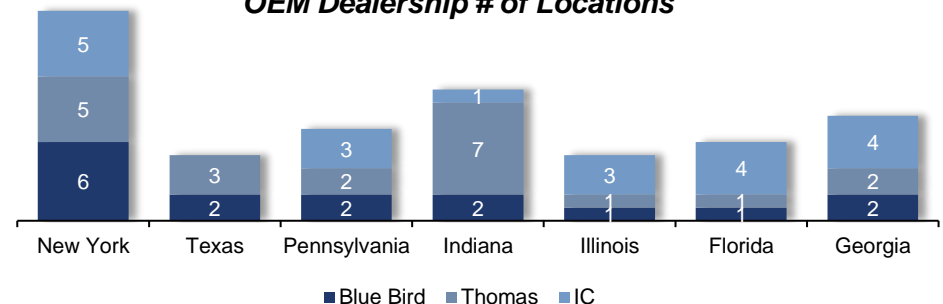
*In U.S. states with the highest EV adoption, Blue Bird has the highest number of sales and parts dealers (on average)*



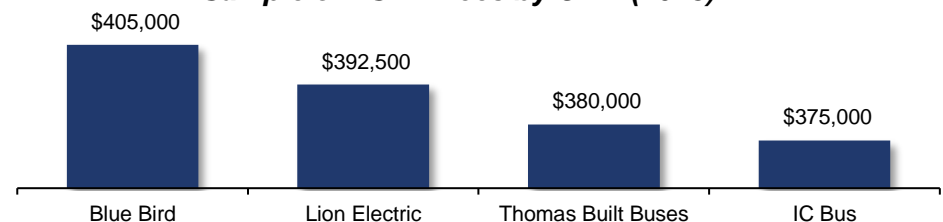
Results in...

**Blue Bird has Greater Pricing Power over ESBs:**  
A sample of electric school bus sales in 2023 shows that Blue Bird's Type C ESBs are priced 5% above peer average, while Blue Bird's Type D ESBs are priced 5% to 10% higher than its Type C models

OEM Dealership # of Locations



Sample of ESB Prices by OEM (2023)

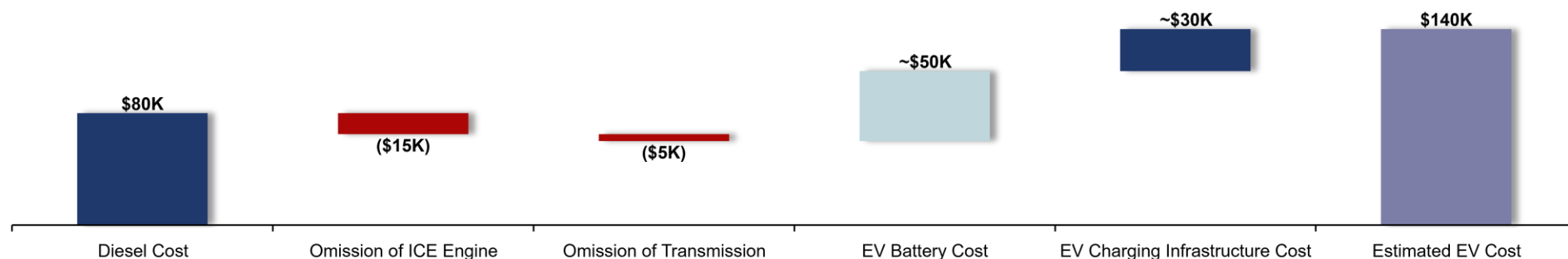


Source(S): Company Filings, Barclays ER  
Note: For dealership data, Thomas and IC dealerships also sell their commercial buses whereas Blue Bird is the sole school bus operator

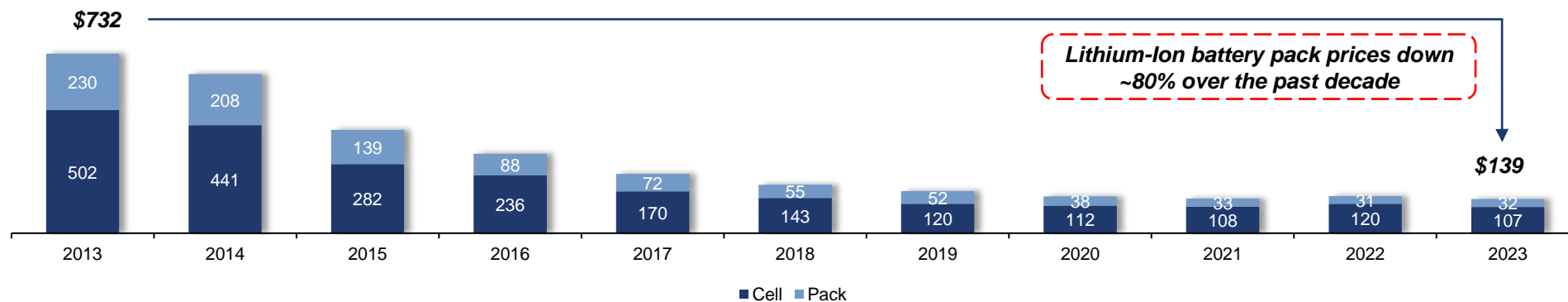
## Margin Expansion Opportunity via ESBs

### Higher Delta Between Price vs. Cost for ESBs Will Result in Margin Expansion

- From the perspective of OEMs, ESBs tend to be higher margin when compared to legacy Diesel, Gas, and CNG buses
- The cost to manufacture an ESB is estimated to be less than 2x the cost to manufacture the most expensive diesel school bus (assuming \$500 / kWh at 100 kWh on a Blue Bird ESB); ESBs are priced 3x – 4x higher than diesel alternatives, providing a significant opportunity for margin expansion as alternative fueled buses become a greater % of total buses sold by Blue Bird
- Input costs of EVs are expected to drop over the coming years as adoption ramps, further reinforcing this margin expansion story
- As the first-mover, Blue Bird will benefit from delivering more ESBs than its competitors, establishing its footprint in this rapidly growing market



### Historical Prices of EV Batteries



## EPA's Clean Bus Program Will Support Demand for Alternative Fuel Buses

### Overview of EPA's Clean Bus Program

- Electric school buses range in price from \$350,000 - \$450,000, 3x to 4x as much as a traditional diesel bus—many school districts cannot afford the upfront expense despite the long-term savings of using electric buses
- With funding from the Bipartisan Infrastructure Law, the Clean Bus Program provides \$5B of funding (from FY'22 – FY'26) to replace fleets with low-emission electric school buses
  - ❑ School districts receive up to \$375,000 in funding to replace a diesel bus with an electric one
  - ❑ Offers an additional \$20,000 for charging infrastructure, for a total of up to \$395,000 per electric bus purchased
- A cost-benefit analysis shows that choosing an electric bus over a traditional diesel one would save a purchaser ~\$6,070 per seat per bus

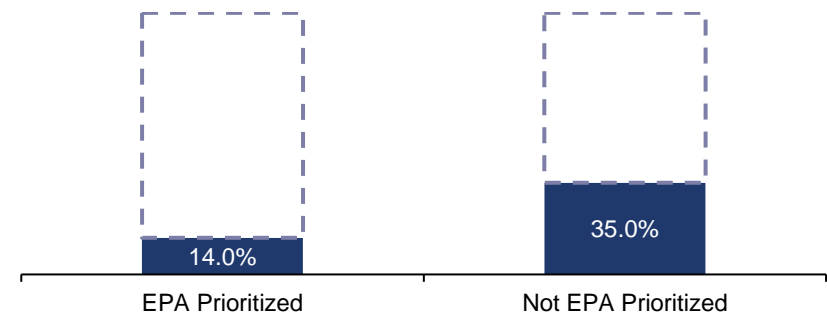
### Clean Bus Program Replacement Provisions

School District Status	Replacement Bus Fuel Type and Size					
	ZE – Class 7	ZE – Class 3-6	CNG – Class 7+	CNG – Class 3-6	Propane – Class 7+	Propane – Class 3-6
Meets 1 or more eligibility criteria	\$375,000	\$285,000	\$45,000	\$30,000	\$30,000	\$25,000
Other eligible school districts	\$250,000	\$190,000	\$30,000	\$20,000	\$20,000	\$15,000

### EPA Funds to Flow to High Propensity Buyers

- EPA funds have thus far flowed towards high-need and low-income school districts, with ~\$65M of funds deployed

Percent of Districts That Have Expressed Intent to Purchase ESBs



### Blue Bird Benefits as the Market Leader

- The rollout of the EPA's \$5B Clean School Bus program, in addition to state-level subsidies, and corporate programs drives the adoption of higher margin electric school bus fleets, in which Blue Bird has the first-mover advantage

***"We continue to be the clear leader in this space. No other manufacturer comes close to these numbers."***

**Phillip Horlock, CEO**

## State-Level Support has led to significant Growth of Electric Buses With Significant Runway

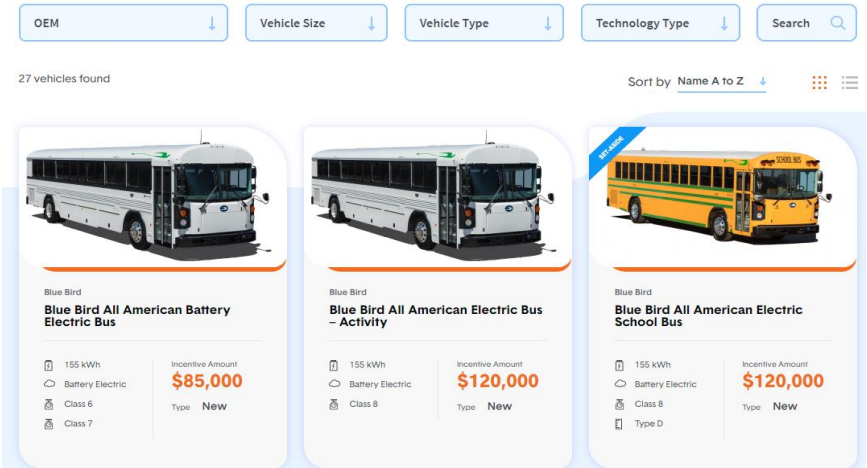
### State-Level Subsidies and Programs Supporting Demand Alongside the EPA

~\$231,000 average per-district fixed state-level grant

844 out of 5,982 ESBs in the “delivered” phase (as of June 2023)

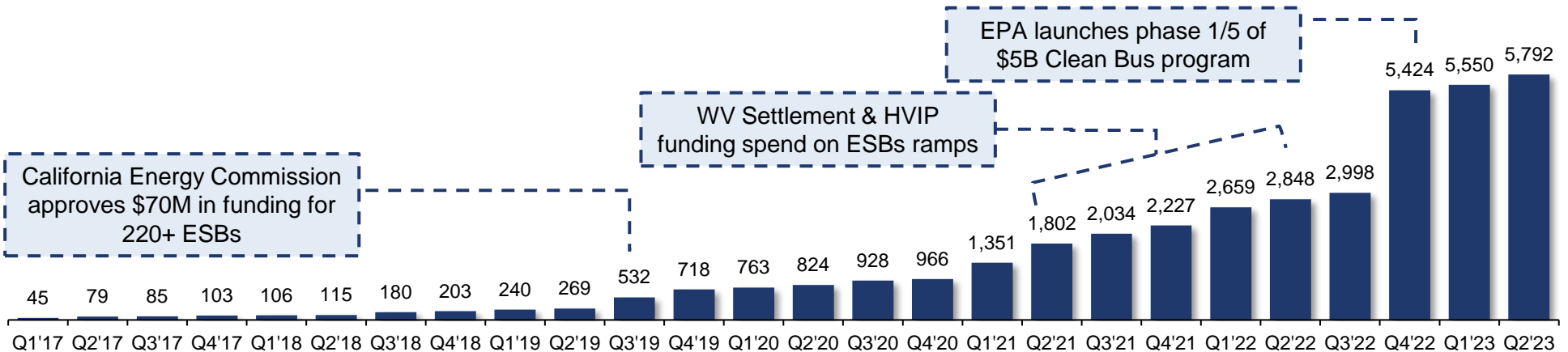
~9% to 11.5% ESB cost covered by state-level grants

California Hybrid and Zero-Emission Truck and Bus Incentive Program



(3 out of 27 bus funding samples from California HVIP website—7 out of 27 buses are Blue Bird)

### Cumulative Electric School Buses Committed per Quarter



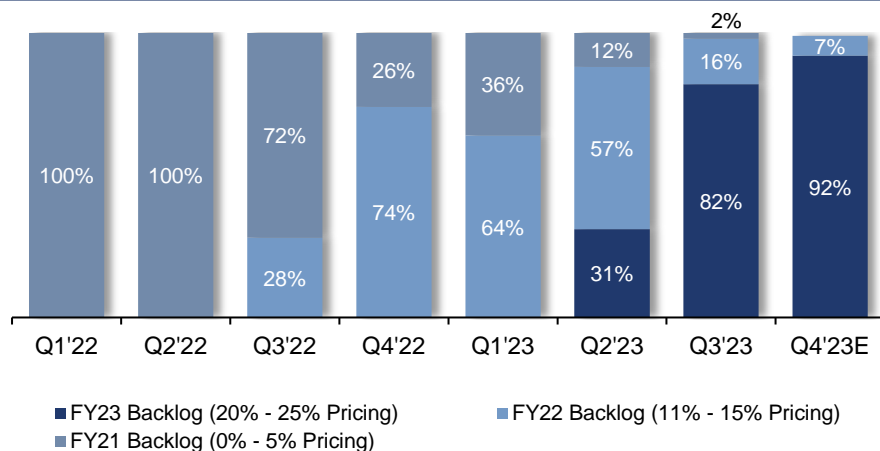
EV commitments have grown substantially since 2017 with significant runway still ahead; average # of Diesel buses sold annually sits at around 30,000 (based on 30% market share for Blue Bird)

## Downwards Pressure of Steel Prices, Fulfillment of Legacy Backlog, and Upcoming Replacement Cycles

### Normalization of Steel Prices + Supply Chain

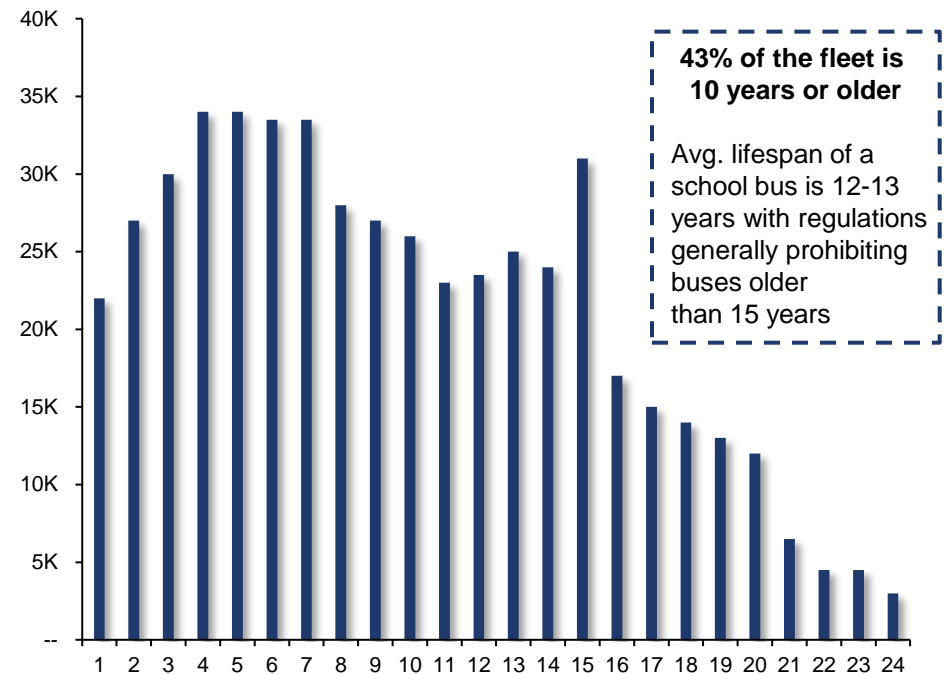
- Consecutive quarters of 50-250% YoY steel price inflation and supply chain issues resulted in 6 to 12-month production delays and significantly impacted volumes and margins for Blue Bird in both 2021 and 2022
  - Hot roll steel prices sit at \$853 / ton (Nov 2023) down ~55% from \$2000+ / ton highs in 2021
- Blue Bird hiked prices to mitigate impact of steel inflation, the increases began flowing in Q2 and will continue to do so as they work through their backlog
- Despite having pricing power over customers, Blue Bird's pricing was impacted by contracts that they signed in 2021 and 2022 that they were not able to fulfill under normal production timelines (3-6 months) given supply chain headwinds. This caused a substantial buildup of backlog with old pricing
  - Production has normalized and Blue Bird has put through price increases which will begin to flow through their top line as the legacy backlog will have been entirely fulfilled by Q3'23

### Legacy Backlog Fulfilled, Inflection of Margins



### Upcoming Replacement Cycles

- Fleet replacement is nearing a maturity which will guarantee higher revenue levels for OEM school bus manufacturers in the coming years
- Very attractive inflection point given that replacements will be accompanied by subsidies and government programs bolstering demand towards higher margin alternative fuel buses



*"Our buses stay in service 10-11 years. That amount of time has been extending as COVID has impacted usage of the buses."*

**Boston Public Schools Head of Transportation**

## Re-Appointment of Former CEO and Recent Turnaround Initiatives are Promising

### Blue Bird's Management History



**Phil Horlock (CEO May 2023 – Present)**  
Previous term 2011 – 2021

- Scaled the number of propane buses from 146 units sold in 2011 to >1,000 sold in 2019
- Cost-cutting through placing >85% of material purchases on long-term contracts
- Replaced underperforming dealers, representing 20% of the network
- Continues to buy more shares, increasing his position from 200k to 500k shares (1.5% ownership)



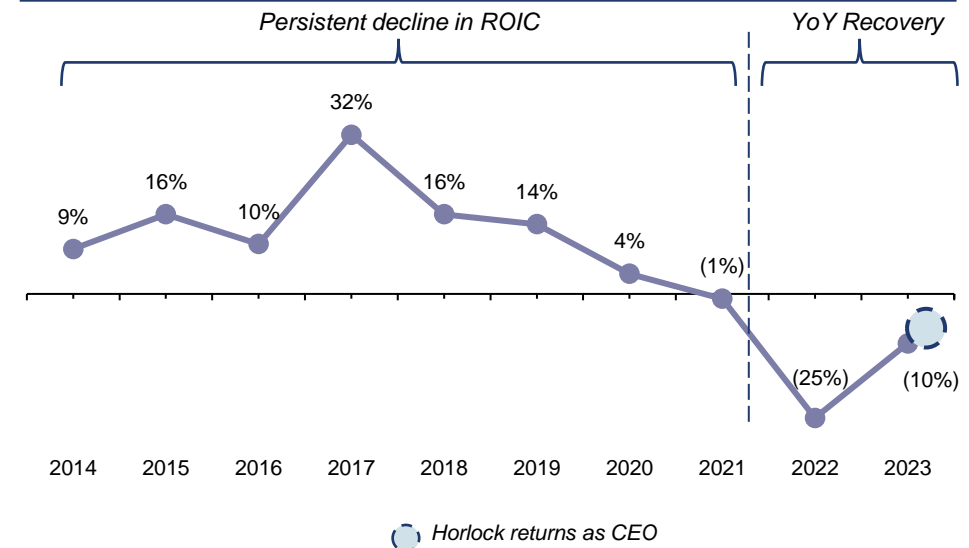
**Matt Stevenson (Former CEO 2021 – 2023)**

- High employee turnover, with all but one Vice President resigning from the company
- Sold out of most of ~200k shares while still CEO, with <0.1% ownership
- Resigned following unionization of Blue Bird workers in May, without realizing any performance based RSUs

### Negative TSR History Prior to Horlock Rejoining



### Returns on Capital Bouncing Back with Horlock



## Re-Appointment of Former CEO and Recent Turnaround Initiatives are Promising

### Conversations With Former Corporate Treasurer & GC Illustrate Mismanagement Under Matt Stevenson

"He (Matt Stevenson) came in and he had a **reputation for bringing out the management team and setting his own**... it was a lot about making quick decisions. And **sometimes he didn't recognize kind of the harm he could cause**. When he wanted to move forward, he just wanted to move forward and then he would figure it out. That was his style...

...There's a lot of marketing there. If you look at his resume, he **comes from a marketing background. So, I think perception is a lot to him. It means a lot to him**. And I'll tell you just my personal experience... during the pandemic, there that we had there been this microchip in an antilock braking system, and we talked about it publicly in our earnings announcement that there was a shortage of this...

...And the other parts were coming in, and my role was General Counsel and Treasurer, and I walked into his office and said, look, I understand we have to honor the firm purchase orders that we had taken. And we've done that. **I need you to stop taking the other parts now because we've got too much inventory, too many engines, too many transmissions, not enough braking systems. We can't use them...**

...he looked at me like I was crazy. 'Why are you telling me this? **Just go find the money, I'm going to hold this inventory.'** And **that was the reason for me to start looking for a job.**"

### Recent Management Turnaround Initiatives

- The past 2 quarters have shown evidence of a significant improvement in operations and aligns with Blue Bird's long-term objectives
- **Strategic Changes to Management:**
  - Bolstered commitment to scaling EVs by appointing the former Head of EV Business Britton Smith as President of Blue Bird
  - Julia Fream, CEO and President of a 500+ member trade association appointed to the Board of Directors in October 2023
    - Further potential in negotiating supplier contracts
- **Manufacturing Enhancements:**
  - Ramping EV throughput from 2 ESBs per day (Q2 2023) to 20 ESBs per day (year-end 2023)
  - Focus on margin expansion by:
    - New steel buying strategy with locked in contracts up to 12 months to reduce pricing volatility
    - Clear path to reduce hours per bus by 25% in 2025



# The Bear Case (What Could Go Wrong?)

## Risk of Realization of Future Revenues and Potential Lack of Capacity to Grow

### Risks: Potential Downward Pressure On The Stock

#### Lower Aftermarket Revenues

EVs have fewer moving parts in the engine, fuel system, and braking systems compared to traditional ICE vehicles, resulting in lower ability to realize additional revenue from parts

#### Unionization of Plant Employees

Blue Bird's plant employees voted in favor of unionization by United Steelworkers; unionization may result in margin pressure on wages and could potentially negatively impact plant processes

#### Staggered Board

Blue Bird classifies its directors into 3 categories each serving 3-year terms ending in different years, the staggered nature of this board may pose concerns over governance

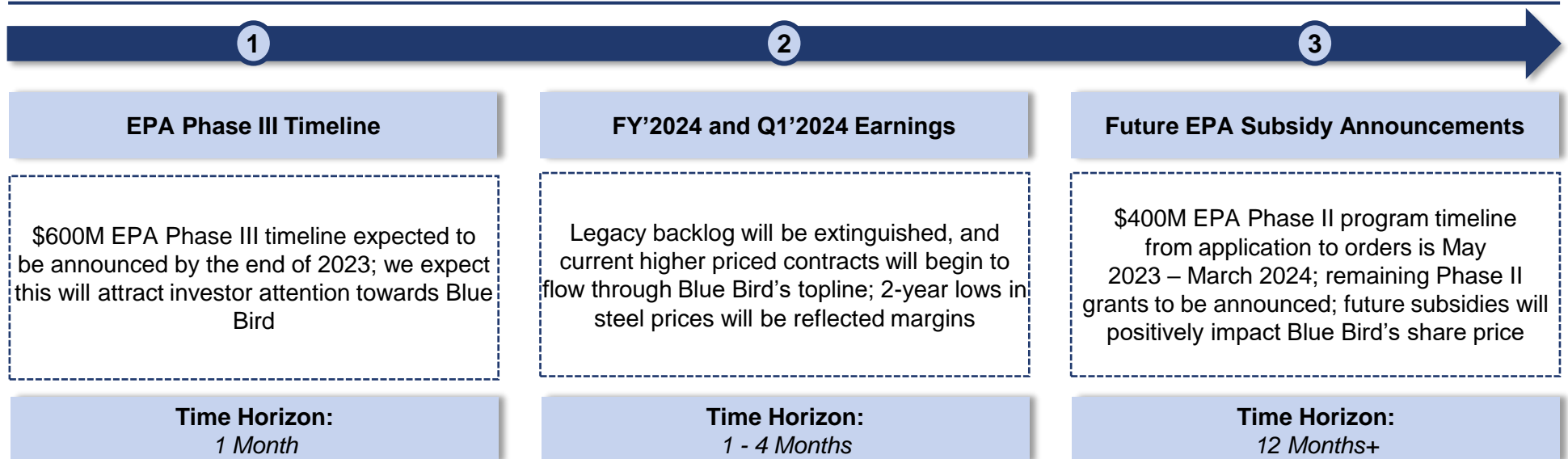
### Mitigations: Internal & External Tailwinds Support

The percentage of ESBs out of the total fleet will not be mature enough to have a significant impact over our investment horizon of 3 to 5 years; it is our view, that diesel buses will continue to realize aftermarket revenues

Blue Bird emphasizes wanting to establish a collaborative relationship with the Union. Production has been largely unaffected to-date: *"Despite taking downtime due to the Union election activities in this quarter, the team has continued doing a fantastic job and generated 2,137-unit sales volume, which was 411 or 24% higher than prior year"* –Q3'23 Earnings Call

Re-appointment of Phil Horlock provides us with more faith in the company's overall approach to governance; Phil has been more receptive and willing to cooperate with investor groups in the past (Coliseum Capital Management). We will continue to monitor this

### Catalysts: How Our Thesis Are Realized Over The Short, Medium, & Long-Term



## Blue Bird reappoints Philip Horlock and recent board exit by Coliseum Capital Management

### Management and Board Makeup

- The company classifies its directors into three categories which each serve three-year terms: Class 1 – directors with terms expiring in 2024 AGM; Class 2 – directors with terms expiring at the 2024 AGM and Class 3 – with terms expiring in the 2023 AGM which includes CEO Philip Horlock
  - Kevin Penn serves as chairman of the board and Philip Horlock as CEO
- The board consists of 10 directors with prior experience at large corporations such as Ford Motor, Albertsons, and Private Equity and American Securities
  - 8 out of the 10 directors are independent
  - Director compensation includes fees and stock awards
- Current CEO Philip Horlock served as CEO from 2011-2021 and returned in May 2023—he has led Blue Bird through operational improvements, expanding Propane bus sales, continues to buy more shares and is favoured by all management
- Adam Gray—Managing Director at Coliseum Capital Management—previously held a board seat and owned a >5% position in the stock and recently stepped down from the board being replaced by Julie Fream

### Compensation Structure

Name and Principal Position	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	All other Compensation (\$)	Total (\$)
<b>Philip Horlock, President and Chief Executive Officer</b>						
2022	\$ 200,000				\$ 406,020	\$ 15,830,864
2021	\$ 720,000		\$ 3,185,336	\$ 1,501,127	\$ 18,500	\$ 7,871,441
2020	\$ 786,666		\$ 869,154	\$ 312,802	\$ 50,408	\$ 28,335,854
<b>Matthew Stevenson, President and Chief Executive Officer<sup>(1)</sup></b>						
2022	\$ 491,667		\$ 260,400	\$ 499,992	\$ 12,722	\$ 843,122
2021	\$ 400,000				\$ 39,458	\$ 338,478
<b>Razvan Radulescu, Chief Financial Officer</b>						
2022	\$ 433,125	\$ 100,000	\$ 219,656	\$ 29,878	\$ 203,355	\$ 986,014
2021	\$ 18,750					
<b>Ted Scartz, SVP and General Counsel</b>						
2022	\$ 105,231	\$ 75,000	\$ 71,245		\$ 30,118	\$ 281,594
<b>Paul Yousif, SVP and General Counsel<sup>(2)</sup></b>						
2022	\$ 133,900	2000			\$ 2,471	\$ 138,371
2021	\$ 231,499		\$ 19,894	\$ 22,340	\$ 5,044	\$ 278,777
2020	\$ 235,719		\$ 51,886	\$ 55,829	\$ 9,726	\$ 353,160

- Short and long-term compensation constitute most of the executive pay; during 2022, as part of the 'Blue Bird turnaround plan' the executive team voluntarily agreed to a reduction in base salaries
- Short and long-term incentives: based on Adjusted EBITDA<sup>(3)</sup>
  - Short-term incentives include a cash bonus
  - Long-term incentive include grants of stock options and RSUs based on short term incentives

Source(s): Company Filings

1. Resigned in May 2023

2. Resigned in 2022

3. Adjusted EBITDA is defined as net income before interest, taxes, depreciation and amortization, adjusted to add back certain significant charges such as (i) product design changes; (ii) transaction related costs; or (iii) discrete expenses related to major cost cutting initiatives

# Valuation Summary

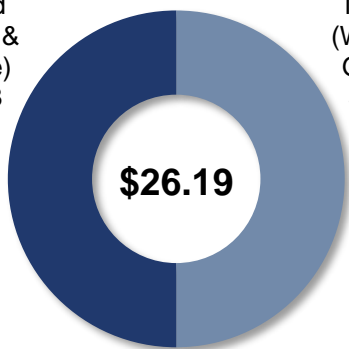
## Football Field

We recommend YUSIF  
**BUY** Blue Bird with an  
implied upside of ~40%

### Results and Weighting

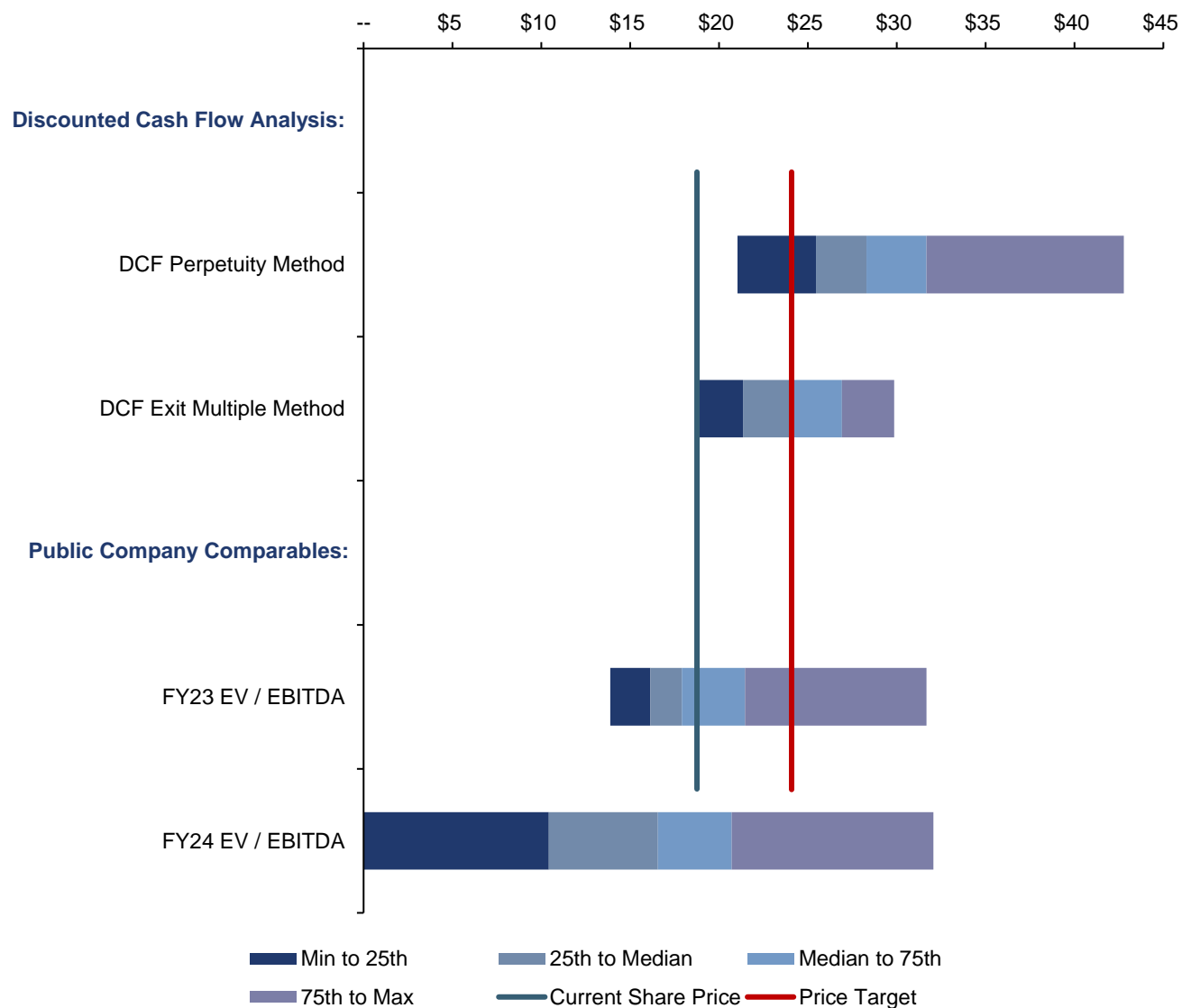
- **Current Price:** \$18.75
- **Target Price:** ~\$26
- **Implied Upside:** 39.7%

DCF Exit  
Multiple  
Method  
(WACC &  
Multiple)  
\$24.08



DCF  
Perpetuity  
Method  
(WACC &  
Growth)  
\$28.29

### Football Field Valuation Summary



## DCF Outputs

Perpetuity Growth	
Cumulative PV of FCF	208,654
% of Enterprise Value	21%
Terminal Value	
Final Year UFCF	65,260
Perpetuity Growth Rate	2.0%
Terminal Value	1,109,419
PV of Terminal Value	799,916
% of Enterprise Value	79%
<b>Enterprise Value</b>	<b>1,008,571</b>
(-) Net Debt	(99,000)
<b>Total Equity Value</b>	<b>909,571</b>
FDSO	32,146
<b>Implied Share Price</b>	<b>\$28.29</b>
Current Share Price	\$18.75
<b>Implied Upside</b>	<b>50.9%</b>

Exit Multiple	
Cumulative PV of FCF	208,654
% of Enterprise Value	24%
Terminal Value	
FY27 EBITDA	102,385
Exit EBITDA Multiple	9.0x
Terminal Value	921,462
PV of Terminal Value	664,395
% of Enterprise Value	76%
<b>Total Enterprise Value</b>	<b>873,049</b>
(-) Net Debt	(99,000)
<b>Total Equity Value</b>	<b>774,049</b>
DSO	32,146
<b>Implied Share Price</b>	<b>\$24.08</b>
Current Share Price	\$18.75
<b>Implied Upside</b>	<b>28.4%</b>

		Perpetuity Growth Rate				
		1.0%	1.5%	2.0%	2.5%	3.0%
WACC	7.0%	\$29.20	\$31.67	\$34.63	\$38.25	\$42.78
	7.5%	\$26.69	\$28.74	\$31.17	\$34.09	\$37.66
	8.0%	\$24.53	\$26.27	<b>\$28.29</b>	\$30.69	\$33.56
	8.5%	\$22.66	\$24.15	\$25.86	\$27.86	\$30.21
	9.0%	\$21.03	\$22.31	\$23.77	\$25.46	\$27.42

		Exit EBITDA Multiple				
		7.0x	8.0x	9.0x	10.0x	11.0x
WACC	7.0%	\$20.29	\$22.68	\$25.07	\$27.46	\$29.85
	7.5%	\$19.88	\$22.23	\$24.57	\$26.91	\$29.25
	8.0%	\$19.49	\$21.78	<b>\$24.08</b>	\$26.38	\$28.67
	8.5%	\$19.10	\$21.35	\$23.60	\$25.85	\$28.11
	9.0%	\$18.72	\$20.93	\$23.14	\$25.34	\$27.55

		Perpetuity Growth Rate				
		1.0%	1.5%	2.0%	2.5%	3.0%
WACC	7.0%	55.7%	68.9%	84.7%	104.0%	128.1%
	7.5%	42.3%	53.3%	66.3%	81.8%	100.8%
	8.0%	30.8%	40.1%	<b>50.9%</b>	63.7%	79.0%
	8.5%	20.9%	28.8%	37.9%	48.6%	61.1%
	9.0%	12.2%	19.0%	26.8%	35.8%	46.3%

		Exit EBITDA Multiple				
		7.0x	8.0x	9.0x	10.0x	11.0x
WACC	7.0%	8.2%	21.0%	33.7%	46.4%	59.2%
	7.5%	6.0%	18.5%	31.0%	43.5%	56.0%
	8.0%	3.9%	16.2%	<b>28.4%</b>	40.7%	52.9%
	8.5%	1.9%	13.9%	25.9%	37.9%	49.9%
	9.0%	(0.2%)	11.6%	23.4%	35.2%	46.9%

# Appendices

# DCF: Projections

## Intrinsic Valuation

	Historicals						Forecast				
	2018A	2019A	2020A	2021A	2022A	LTM	2023E	2024E	2025E	2026E	2027E
<i>In Thousands (USD) - September 30 year-end</i>											
<b>Total Revenue</b>	<b>1,024,976</b>	<b>1,018,874</b>	<b>879,221</b>	<b>683,995</b>	<b>800,637</b>	<b>1,087,502</b>	<b>1,176,618</b>	<b>1,286,562</b>	<b>1,386,584</b>	<b>1,480,860</b>	<b>1,572,917</b>
% Growth	3.5%	(0.6%)	(13.7%)	(22.2%)	17.1%	35.8%	47.0%	9.3%	7.8%	6.8%	6.2%
<b>Gross Profit:</b>											
<b>Buses Gross Profit</b>	<b>100,002</b>	<b>110,015</b>	<b>76,059</b>	<b>50,394</b>	<b>5,065</b>	<b>39,319</b>	82,800	113,125	134,046	156,204	173,100
% Margin	10.7%	12.2%	9.8%	8.5%	0.7%	4.1%	8.0%	10.0%	11.0%	12.0%	12.5%
<b>Parts &amp; Other Gross Profit</b>	<b>21,986</b>	<b>23,459</b>	<b>20,141</b>	<b>21,747</b>	<b>31,481</b>	<b>45,136</b>	46,734	45,041	43,676	44,790	47,029
% Margin	23.9%	20.3%	20.1%	23.6%	27.0%	32.6%	33.0%	29.0%	26.0%	25.0%	25.0%
<b>Total Gross Profit</b>	<b>121,988</b>	<b>133,474</b>	<b>96,200</b>	<b>72,141</b>	<b>36,546</b>	<b>84,455</b>	<b>129,534</b>	<b>158,166</b>	<b>177,722</b>	<b>200,994</b>	<b>220,129</b>
Margin (%)	11.9%	13.1%	10.9%	10.5%	4.6%	7.8%	11.0%	12.3%	12.8%	13.6%	14.0%
<b>Operating Expenses:</b>											
<b>SG&amp;A</b>	<b>86,911</b>	<b>89,642</b>	<b>74,206</b>	<b>65,619</b>	<b>77,246</b>	<b>85,015</b>	102,198	111,748	120,435	128,624	136,620
% of Revenue	8.5%	8.8%	8.4%	9.6%	9.6%	7.8%	8.7%	8.7%	8.7%	8.7%	8.7%
<b>Total Operating Expenses</b>	<b>86,911</b>	<b>89,642</b>	<b>74,206</b>	<b>65,619</b>	<b>77,246</b>	<b>85,015</b>	<b>102,198</b>	<b>111,748</b>	<b>120,435</b>	<b>128,624</b>	<b>136,620</b>
<b>Operating Income</b>	<b>35,077</b>	<b>43,832</b>	<b>21,994</b>	<b>6,522</b>	<b>(40,700)</b>	<b>(560)</b>	<b>27,336</b>	<b>46,418</b>	<b>57,287</b>	<b>72,370</b>	<b>83,510</b>
Margin (%)	3.4%	4.3%	2.5%	1.0%	(5.1%)	(0.1%)	2.3%	3.6%	4.1%	4.9%	5.3%
<b>Income Tax Expense (Benefit)</b>	<b>(2,620)</b>	<b>7,573</b>	<b>1,519</b>	<b>(1,191)</b>	<b>(11,451)</b>	<b>(4,842)</b>	6,014	10,212	12,603	15,921	18,372
Tax Rate	n.m.	17.3%	6.9%	n.m.	n.m.	n.m.	22.0%	22.0%	22.0%	22.0%	22.0%
<b>NOPAT</b>	<b>37,697</b>	<b>36,259</b>	<b>20,475</b>	<b>7,713</b>	<b>(29,249)</b>	<b>4,282</b>	<b>21,322</b>	<b>36,206</b>	<b>44,684</b>	<b>56,449</b>	<b>65,137</b>
Margin (%)	3.7%	3.6%	2.3%	1.1%	(3.7%)	0.4%	1.8%	2.8%	3.2%	3.8%	4.1%
<b>(+) Depreciation and Amortization</b>	<b>9,042</b>	<b>10,383</b>	<b>14,400</b>	<b>13,446</b>	<b>14,050</b>	<b>16,038</b>	17,649	19,298	18,026	17,770	18,875
% of Revenue	0.9%	1.0%	1.6%	2.0%	1.8%	1.5%	1.5%	1.5%	1.3%	1.2%	1.2%
<b>(-) Increase in NWC</b>	<b>(14,497)</b>	<b>(8,068)</b>	<b>28,938</b>	<b>62,179</b>	<b>(17,497)</b>	<b>(66,214)</b>	(65,170)	(18,170)	(20,227)	(13,057)	(4,841)
<b>(-) CapEx</b>	<b>32,118</b>	<b>35,514</b>	<b>18,968</b>	<b>12,212</b>	<b>6,453</b>	<b>8,095</b>	23,532	24,445	24,959	25,175	23,594
% of Revenue	3.1%	3.5%	2.2%	1.8%	0.8%	0.7%	2.0%	1.9%	1.8%	1.7%	1.5%
<b>UFCF</b>	<b>29,118</b>	<b>19,196</b>	<b>(13,031)</b>	<b>(53,232)</b>	<b>(4,155)</b>	<b>78,439</b>	<b>20,152</b>	<b>49,230</b>	<b>57,978</b>	<b>62,101</b>	<b>65,260</b>
Discount Period							0.25	1.25	2.25	3.25	4.25
Discount Rate							8.0%	8.0%	8.0%	8.0%	8.0%
<b>PV of UFCF</b>							<b>19,768</b>	<b>44,714</b>	<b>48,760</b>	<b>48,358</b>	<b>47,054</b>

## *Intrinsic Valuation*

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### ■ Revenue

- ❑ Projected Diesel and Alternative Fuel revenues based on forecasted units; took a substantial discount to the units projected by management to be conservative
  - Mgmt. Guidance on long-term Diesel and Alternative Fuel units sit at 12,000 and 7,000 respectively, YUSIF's projections reach 8,800 and 2,400 by FY'27
- ❑ FY'23 revenue growth projections for Parts and Other revenue sit in line with LTM levels, we project low double digit to high single-digit growth thereafter slowing overtime to 6% and 3% respectively

### ■ Cost Structure and CapEx Projections

- ❑ Assumed gross margin expansion for buses as ESBs scale to comprise a higher % of sales; gross profit margins for FY'23 and FY'24 sit at 11.0% and 12.3% vs consensus at 12.0% and 13.2%
  - FY'27 gross profit margins for buses sits at 12.5%—slightly above 2019 levels
- ❑ SG&A projected in line with historical levels
- ❑ FY'23 CapEx projected in line with management guidance; assumed 1% maintenance capex with a modest spread for growth thereafter; Blue Bird's facility is expected to have reached the ability to output 20 EVs (5,000 annually) by the end of FY'23, limiting the need for future growth capex

### ■ NWC Projections

- ❑ Inventory days outstanding reached a high of ~75 days in FY'21 and currently sits at 47 days LTM; we projected this normalizing to 27.5 days (in line with historicals) in the terminal year

### ■ Terminal Value Assumptions

- ❑ 8% WACC represents YUSIF's hurdle rate
- ❑ 2% perpetuity growth rate in line with long-term GDP growth rate
- ❑ 9.0x terminal multiple on EBITDA in line with how the company has historically traded, this represents a slight premium to ER and our peer group median of ~8.0x—we believe the company deserves to trade at a slight premium given their market leadership over ESBs

# DCF: Revenue Buildout

## Revenue Build

	Historicals					LTM	Forecast				
	2018A	2019A	2020A	2021A	2022A		2023E	2024E	2025E	2026E	2027E
<i>In Thousands (USD) - September 30 year-end</i>											
<b>Revenue:</b>											
<b>Buses Segment:</b>											
# of Diesel Units	11,646	11,017	8,878	6,679	6,822	n.a.	8,400	8,500	8,600	8,700	8,800
% Growth	2.9%	(5.4%)	(19.4%)	(24.8%)	2.1%	-	23.1%	1.2%	1.2%	1.2%	1.1%
Average Selling Price per Unit	50.6	43.3	44.8	43.6	40.5	n.a.	48	51	51	51	51
% Growth	(4.5%)	(14.4%)	3.4%	(2.6%)	(7.1%)	-	18.5%	5.2%	1.0%	-	-
Diesel Buses Revenue	588,863	476,909	397,567	291,203	276,395	303,333	403,200	429,250	438,600	443,700	448,800
% Growth	(1.8%)	(19.0%)	(16.6%)	(26.8%)	(5.1%)	9.7%	45.9%	6.5%	2.2%	1.2%	1.1%
# of Alternative Powered Units	1,032	1,075	1,037	830	1,069	n.a.	1,620	1,800	2,000	2,200	2,400
% Growth	4.1%	4.2%	(3.5%)	(20.0%)	28.8%	-	51.5%	11.1%	11.1%	10.0%	9.1%
Average Selling Price per Unit	333	397	368	362	381	n.a.	390	390	390	390	390
% Growth	9.9%	19.0%	(7.3%)	(1.5%)	5.2%	-	2.3%	-	-	-	-
Alternative Powered Buses Revenue	344,021	426,508	381,555	300,706	407,599	645,781	631,800	702,000	780,000	858,000	936,000
% Growth	14.4%	24.0%	(10.5%)	(21.2%)	35.5%	58.4%	55.0%	11.1%	11.1%	10.0%	9.1%
<b>Total Buses Revenue</b>	<b>932,884</b>	<b>903,417</b>	<b>779,122</b>	<b>591,909</b>	<b>683,994</b>	<b>949,114</b>	<b>1,035,000</b>	<b>1,131,250</b>	<b>1,218,600</b>	<b>1,301,700</b>	<b>1,384,800</b>
% Growth	3.6%	(3.2%)	(13.8%)	(24.0%)	15.6%	38.8%	51.3%	9.3%	7.7%	6.8%	6.4%
<b>Other:</b>											
Other Revenue	31,900	50,906	45,191	34,875	41,858	46,359	48,137	52,950	56,922	59,768	61,561
% Growth	(2.1%)	59.6%	(11.2%)	(22.8%)	20.0%	10.8%	15.0%	10.0%	7.5%	5.0%	3.0%
<b>Total Other Revenue</b>	<b>31,900</b>	<b>50,906</b>	<b>45,191</b>	<b>34,875</b>	<b>41,858</b>	<b>46,359</b>	<b>48,137</b>	<b>52,950</b>	<b>56,922</b>	<b>59,768</b>	<b>61,561</b>
% Growth	(2.1%)	59.6%	(11.2%)	(22.8%)	20.0%	10.8%	15.0%	10.0%	7.5%	5.0%	3.0%
<b>Parts Segment:</b>											
Parts Revenue	60,192	64,551	54,908	57,211	74,785	92,029	93,481	102,362	111,063	119,392	126,556
% Growth	3.9%	7.2%	(14.9%)	4.2%	30.7%	23.1%	25.0%	9.5%	8.5%	7.5%	6.0%
<b>Total Parts Revenue</b>	<b>60,192</b>	<b>64,551</b>	<b>54,908</b>	<b>57,211</b>	<b>74,785</b>	<b>92,029</b>	<b>93,481</b>	<b>102,362</b>	<b>111,063</b>	<b>119,392</b>	<b>126,556</b>
% Growth	3.9%	7.2%	(14.9%)	4.2%	30.7%	23.1%	25.0%	9.5%	8.5%	7.5%	6.0%
<b>Total Revenue</b>	<b>1,024,976</b>	<b>1,018,874</b>	<b>879,221</b>	<b>683,995</b>	<b>800,637</b>	<b>1,087,502</b>	<b>1,176,618</b>	<b>1,286,562</b>	<b>1,386,584</b>	<b>1,480,860</b>	<b>1,572,917</b>
% Growth	3.5%	(0.6%)	(13.7%)	(22.2%)	17.1%	35.8%	47.0%	9.3%	7.8%	6.8%	6.2%



# DCF: NWC Schedule

	Historicals					Forecast					
	2018A	2019A	2020A	2021A	2022A	LTM	2023E	2024E	2025E	2026E	2027E
<i>In Thousands (USD) - September 30 year-end</i>											
<b>(-) Increase in NWC</b>	(14,497)	(8,068)	28,938	62,179	(17,497)	(66,214)	(65,170)	(18,170)	(20,227)	(13,057)	(4,841)
<b>Operating Current Assets</b>											
Accounts Receivable	24,067	10,537	7,623	9,967	12,534	11,429	12,250	13,394	14,436	15,417	16,376
Days Sales Outstanding	8.6	3.8	3.2	5.3	5.7	3.8	3.8	3.8	3.8	3.8	3.8
Inventory	57,333	78,830	56,523	125,206	142,977	129,169	114,749	108,202	99,359	96,428	101,922
Inventory Days	23.2	32.5	26.3	74.7	68.3	47.0	40.0	35.0	30.0	27.5	27.5
Other Current Assets	8,183	11,765	8,243	9,191	8,486	9,614	11,463	12,534	13,509	14,427	15,324
% of Revenue	0.8%	1.2%	0.9%	1.3%	1.1%	0.9%	1.0%	1.0%	1.0%	1.0%	1.0%
<b>Total Operating Current Assets</b>	89,583	101,132	72,389	144,364	163,997	150,212	138,462	134,131	127,303	126,273	133,622
<b>Operating Current Liabilities</b>											
Accounts Payable	95,780.0	102,266.0	57,602.0	72,270.0	107,937.0	136,185.0	130,520.6	140,656.3	150,686.5	159,537.2	168,627.0
Days Payable Outstanding	38.7	42.2	26.9	43.1	51.6	49.6	45.5	45.5	45.5	45.5	45.5
Accrued Expenses	21,935.0	28,697.0	15,773.0	12,267.0	16,386.0	28,499.0	28,308.9	30,954.1	33,360.5	35,628.8	37,843.6
% of Revenue	2.1%	2.8%	1.8%	1.8%	2.0%	2.6%	2.4%	2.4%	2.4%	2.4%	2.4%
Other Current Liabilities	3,941.0	10,310.0	10,217.0	8,851.0	6,195.0	18,263.0	11,323.5	12,381.6	13,344.2	14,251.5	15,137.4
% of Revenue	0.4%	1.0%	1.2%	1.3%	0.8%	1.7%	1.0%	1.0%	1.0%	1.0%	1.0%
<b>Total Operating Current Liabilities</b>	121,656.0	141,273.0	83,592.0	93,388.0	130,518.0	182,947.0	170,152.9	183,992.0	197,391.2	209,417.5	221,608.0
<b>NWC</b>	(32,073.0)	(40,141.0)	(11,203.0)	50,976.0	33,479.0	(32,735.0)	(31,691.0)	(49,860.8)	(70,088.1)	(83,144.7)	(87,985.9)

# Comparable Companies Analysis – Peer Group

## Relative valuation

Company Name	Share Price (\$)	Equity Value (\$M)	Enterprise Value (\$M)	EV / Revenue			EV / EBITDA			P / E		
				LTM	2023E	2024E	LTM	2023E	2024E	LTM	2023E	2024E
<b>School Bus Comps</b>												
Daimler Truck Holding AG	\$31.03	\$25,081	\$42,965	0.7x	0.7x	0.7x	6.9x	6.1x	6.5x	7.6x	6.3x	6.9x
Marcopolo S.A.	\$1.22	\$1,051	\$1,288	1.0x	0.9x	0.8x	7.1x	7.4x	6.4x	6.6x	8.7x	7.0x
REV Group, Inc.	\$15.68	\$930	\$1,136	0.4x	0.4x	0.4x	11.6x	7.8x	4.4x	38.3x	13.5x	9.5x
The Lion Electric Company	\$1.74	\$396	\$623	2.6x	2.2x	1.2x	n.m.	n.m.	2.4x	n.m.	n.m.	n.m.
GreenPower Motor Company Inc.	\$3.03	\$76	\$89	1.6x	1.5x	0.9x	n.m.	n.m.	0.3x	n.m.	n.m.	n.m.
<b>EV Parts Comps</b>												
PACCAR Inc	\$90.67	\$47,594	\$53,161	1.6x	1.6x	1.7x	8.8x	9.8x	11.4x	11.6x	10.3x	12.3x
Allison Transmission Holdings, Inc.	\$54.24	\$4,854	\$6,840	2.3x	2.3x	2.3x	6.5x	6.4x	6.4x	7.5x	7.6x	7.6x
The Shyft Group, Inc.	\$11.58	\$397	\$521	0.5x	0.6x	0.6x	9.5x	12.4x	10.5x	13.8x	22.7x	24.5x
Cummins Inc.	\$222.98	\$31,772	\$38,078	1.1x	1.1x	1.2x	8.3x	7.5x	7.7x	11.4x	11.3x	11.8x
<b>Blue Bird Corporation</b>	<b>\$18.75</b>	<b>\$601</b>	<b>\$687</b>	<b>0.6x</b>	<b>0.6x</b>	<b>0.6x</b>	<b>47.3x</b>	<b>7.6x</b>	<b>6.9x</b>	<b>(33.6x)</b>	<b>14.4x</b>	<b>11.8x</b>
Minimum	\$1.22	\$76.20	\$88.95	0.4x	0.4x	0.4x	6.5x	6.1x	0.3x	6.6x	6.3x	6.9x
25th Percentile	\$3.03	\$397.08	\$623.12	0.7x	0.7x	0.7x	7.0x	6.9x	4.4x	7.6x	8.2x	7.3x
<b>Median</b>	<b>\$15.68</b>	<b>\$1,051.01</b>	<b>\$1,287.63</b>	<b>1.1x</b>	<b>1.1x</b>	<b>0.9x</b>	<b>8.3x</b>	<b>7.5x</b>	<b>6.4x</b>	<b>11.4x</b>	<b>10.3x</b>	<b>9.5x</b>
75th Percentile	\$54.24	\$25,080.66	\$38,078.39	1.6x	1.6x	1.2x	9.1x	8.8x	7.7x	12.7x	12.4x	12.1x
Maximum	\$222.98	\$47,593.69	\$53,160.79	2.6x	2.3x	2.3x	11.6x	12.4x	11.4x	38.3x	22.7x	24.5x

Company Name	Growth (2024)		EBIT Margins			Returns			Leverage (Debt / EBITDA)	
	Revenue	EBIT	LTM	2023E	2024E	ROIC	ROA	ROE	LTM	2023E
<b>School Bus Comps</b>										
Daimler Truck Holding AG	(3.3%)	(7.3%)	10.5%	11.6%	11.1%	6.9%	4.6%	15.5%	4.5x	3.9x
Marcopolo S.A.	16.9%	15.9%	14.0%	12.6%	12.5%	8.8%	6.8%	24.8%	14.1x	14.5x
REV Group, Inc.	3.2%	77.4%	3.8%	5.6%	9.7%	6.4%	3.3%	5.3%	2.2x	1.5x
The Lion Electric Company	90.2%	852.4%	(23.8%)	(12.3%)	48.5%	(7.5%)	(6.1%)	(12.8%)	(4.7x)	(7.7x)
GreenPower Motor Company Inc.	59.1%	3786.2%	(20.7%)	(12.0%)	277.3%	(19.2%)	(13.5%)	(55.6%)	(1.3x)	(2.1x)
<b>EV Parts Comps</b>										
PACCAR Inc	(7.4%)	(14.0%)	17.7%	16.3%	15.2%	13.5%	10.3%	28.4%	2.1x	2.4x
Allison Transmission Holdings, Inc.	0.8%	0.1%	35.1%	35.8%	35.5%	16.0%	11.7%	66.2%	2.4x	2.3x
The Shyft Group, Inc.	3.8%	18.7%	5.6%	4.8%	5.5%	6.0%	4.3%	11.4%	2.4x	3.2x
Cummins Inc.	(2.1%)	(2.7%)	13.8%	15.2%	15.1%	11.8%	7.3%	27.0%	1.8x	1.6x
<b>Blue Bird Corporation</b>	<b>3.5%</b>	<b>10.4%</b>	<b>1.3%</b>	<b>7.8%</b>	<b>8.3%</b>	<b>11.7%</b>	<b>0.0%</b>	<b>(110.4%)</b>	<b>9.4x</b>	<b>1.5x</b>
Maximum	90.2%	3786.2%	35.1%	35.8%	277.3%	16.0%	11.7%	66.2%	14.1x	14.5x
75th Percentile	16.9%	77.4%	14.0%	15.2%	35.5%	11.8%	7.3%	27.0%	2.4x	3.2x
<b>Median</b>	<b>3.2%</b>	<b>15.9%</b>	<b>10.5%</b>	<b>11.6%</b>	<b>15.1%</b>	<b>6.9%</b>	<b>4.6%</b>	<b>15.5%</b>	<b>2.2x</b>	<b>2.3x</b>
25th Percentile	(2.1%)	(2.7%)	3.8%	4.8%	11.1%	6.0%	3.3%	5.3%	1.8x	1.5x
Minimum	(7.4%)	(14.0%)	(23.8%)	(12.3%)	5.5%	(19.2%)	(13.5%)	(55.6%)	(4.7x)	(7.7x)

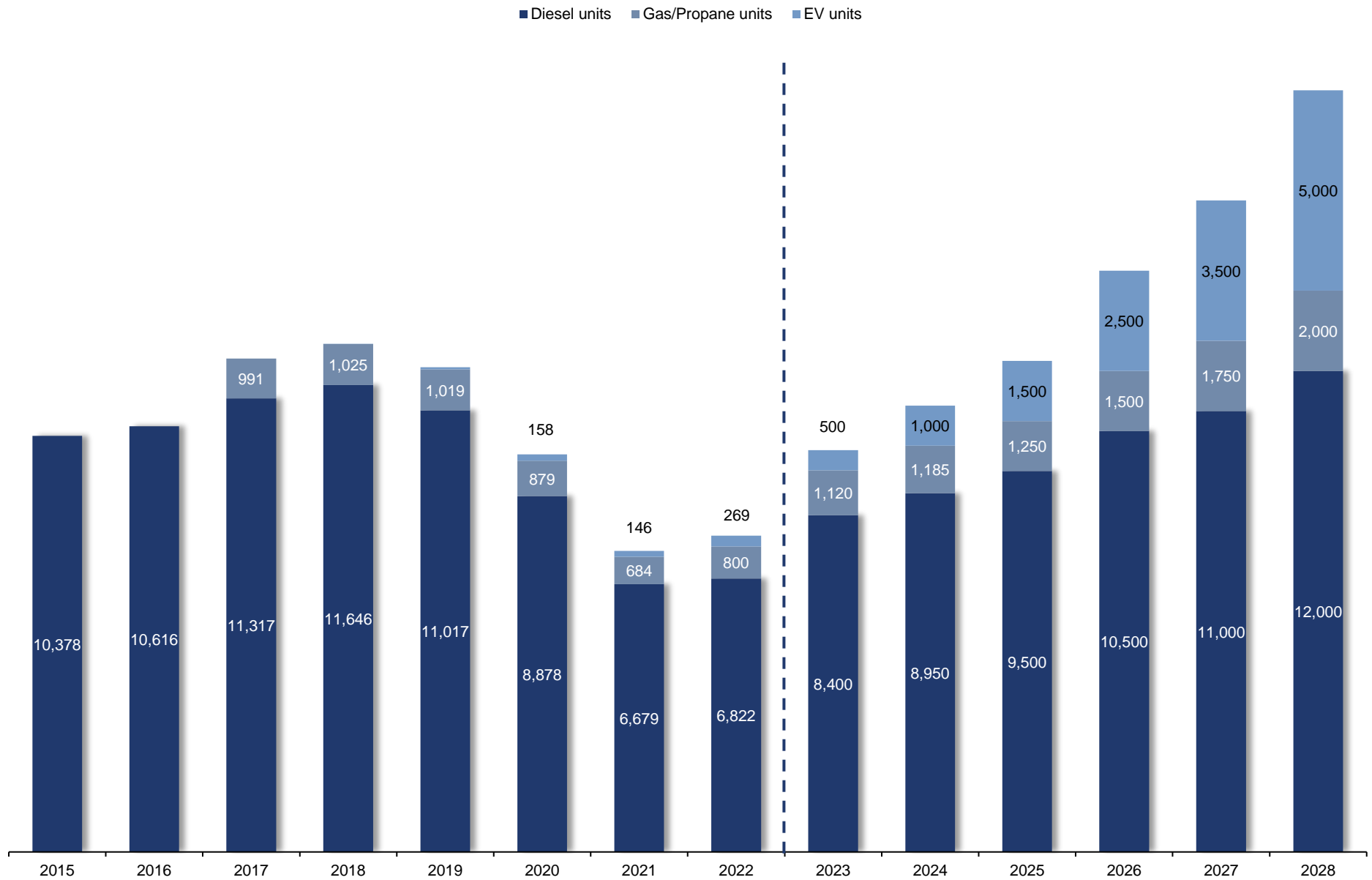
## Capital Structure

Capital Structure (in Thousands USD)	
<b>Stock Price</b>	\$18.00
Basic Shares O/S	32,146.3
Dilutives	-
<b>FD Shares</b>	<b>32,146.3</b>
<b>Market Capitalization</b>	<b>\$578,633.9</b>
Cash	(\$50,497.0)
Cash from dilutives	-
Debt	\$149,497.0
Non-controlling interests	-
Investments in affiliates	-
<b>Enterprise Value</b>	<b>\$677,633.9</b>

## Float / Ownership

Owner	Common Shares	% Owned	Reason for exclusion
<b>Executive Officers and Non-Employee Directors</b>			
Phil Horlock	488,718	1.52%	CEO
Radulescu Razvan	97,242	0.30%	CFO
Ted Scartz	48,935	0.15%	SVP General Counsel
Britton Smith	66,118	0.21%	President
Mark Blaufuss	1,984	0.01%	Director
Gurminder S Bedi	27,615	0.09%	Director
Alan H Shumacher	27,615	0.09%	Director
Douglas J Grimm	18,896	0.06%	Director
<b>&gt;5% Beneficial Owners</b>			
American Securites LLC	6,542,650	20.35%	>5% Beneficial Owner
Alliance Bernstein L.P.	1,691,395	5.26%	>5% Beneficial Owner
T. Rowe Price Investment Management, Inc.	1,687,436	5.25%	>5% Beneficial Owner
<b>Total # of Shares</b>	<b>10,698,604</b>	<b>33.28%</b>	
<b>Shares Outstanding</b>	<b>32,146,329</b>		
<b>Calculated Float</b>	<b>21,447,725</b>		
<i>% of SO</i>	<i>66.7%</i>		

# Unit Forecast (Mgmt. Guidance)



# New EV Build Up Center

Center provides sufficient footprint to meet future EV demand

## EV Facility Completion Timeline



### Facility Throughput Potential

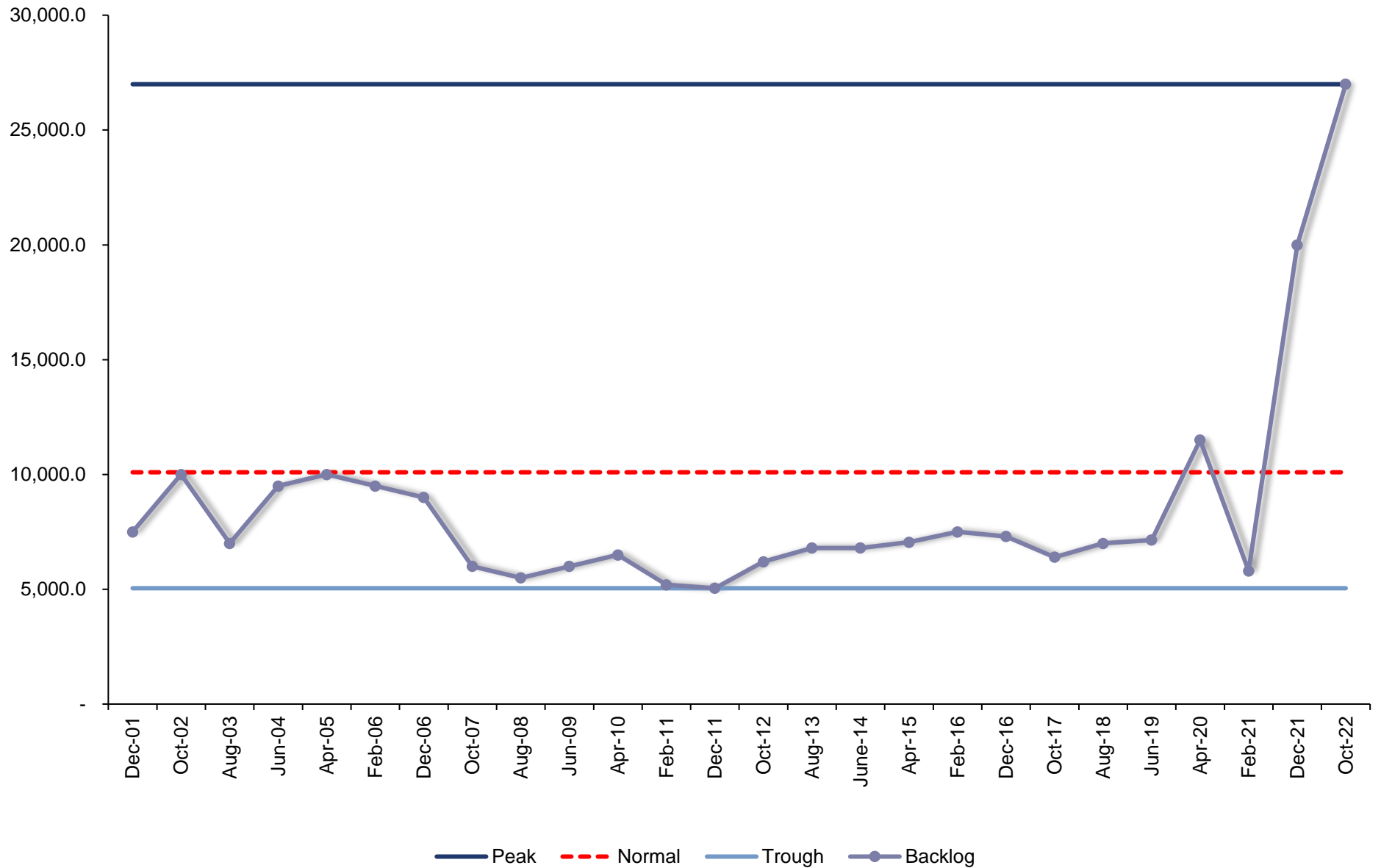
- Blue Bird increased its daily EV production from 2 to 4 ESBs in Q3, intending to increase production to 6 ESBs/shift by the end of the year
  - The facility currently has capacity to run 2 simultaneous shifts, representing daily production of 12 ESBs
  - As demand increases and supply chain capabilities improve, the facility is expected to support a throughput rate of 20 ESBs per day or 5,000 units per year, well within capacity to meet industry demand needs
- Blue Bird is on track to recognize 550 EV orders from the 2000 total orders financed through the first \$1B administrated under the EPA Clean School Bus Program. Management expects ~3,000 orders over the 5-year course of the program, meaning the facility will be able to service demand once the 20 daily ESB target is reached

### New EV Center

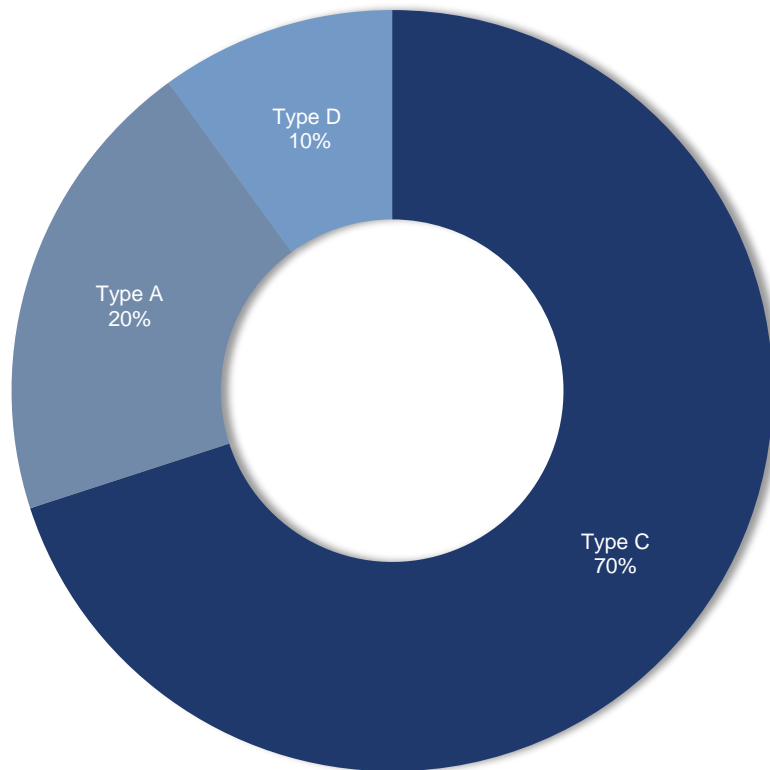


# TTM NA Class 6-7 Bus Backlog at a High

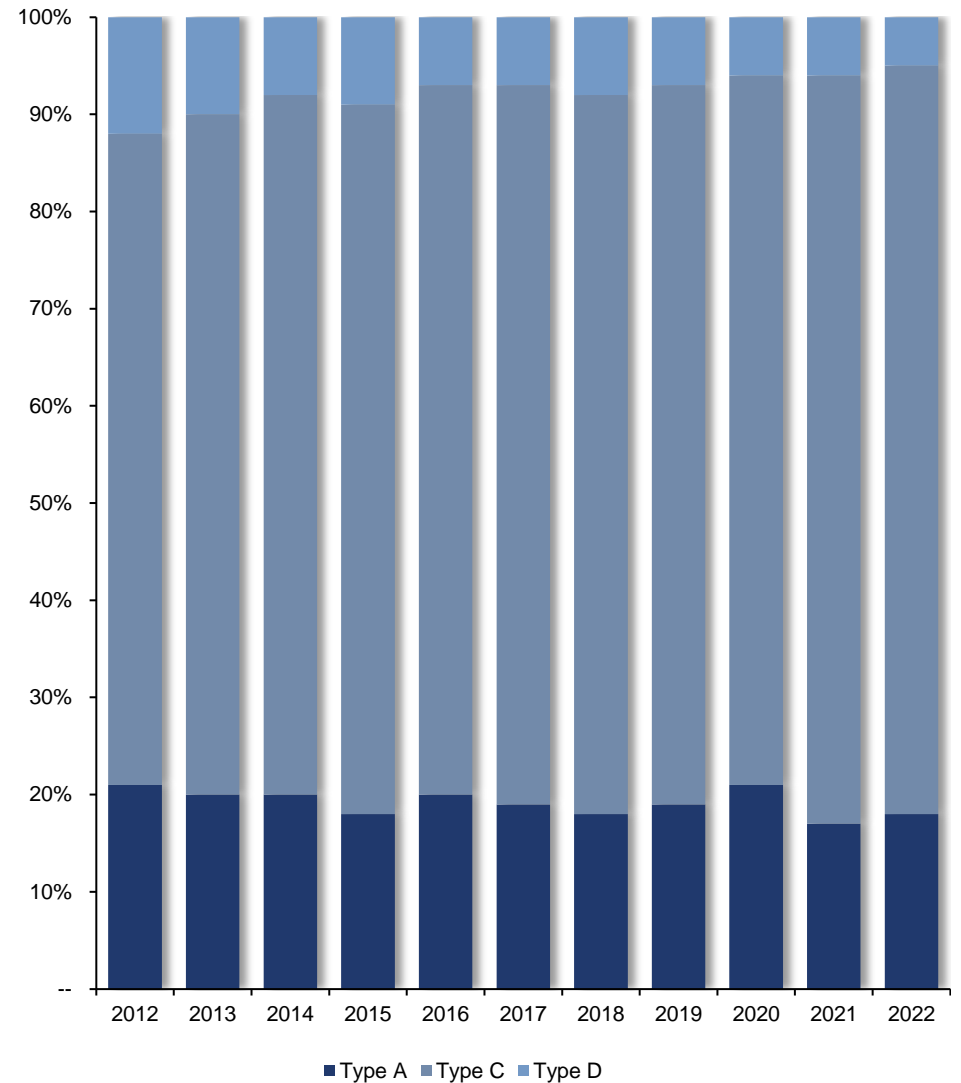
*Today's Backlog is 75% of a Year's Build Units*



## NA Fleet Mix

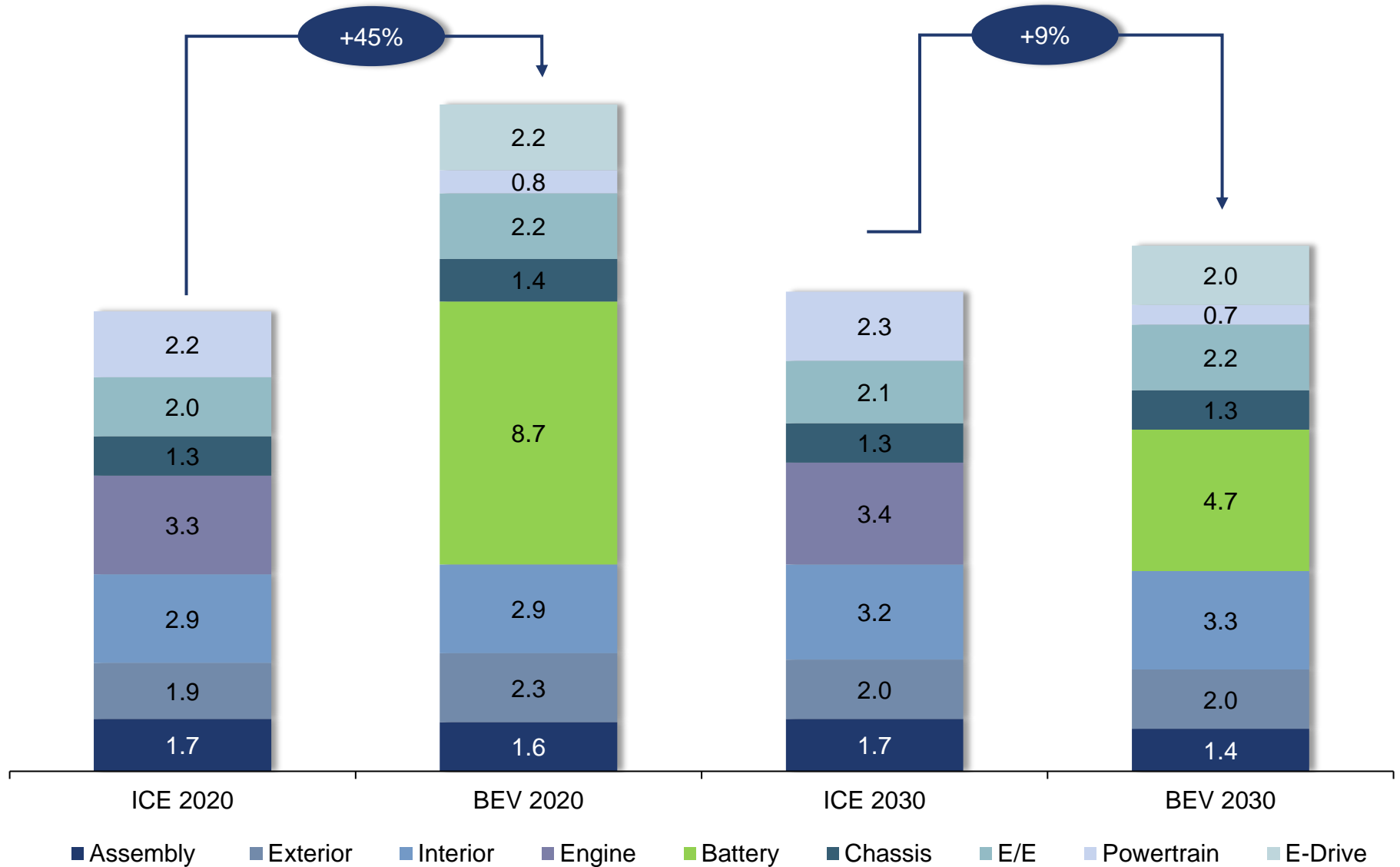


## Annual Industry Unit Production by Class



# Comparison of Direct Costs ICE vs BEV<sup>1</sup>

For European Compact-Class Vehicles (in Thousands USD)



Source:  
1. Battery Electric Vehicle



# Business Overview: Corporate Timeline

## A Business Centered Upon Meeting Customer Needs Through Innovation

