



NASDPTS OEM Update

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A heritage of looking ahead.



❖ Industry Today

- Type C/D School Bus Industry
- US Enrollment Projections

❖ Funding Drivers

- Favorable Economic Indicators
- State Fiscal Health

❖ Purchase Trends

- Alternative Fuel School Bus Trend

❖ Wrap-up

- Conclusions



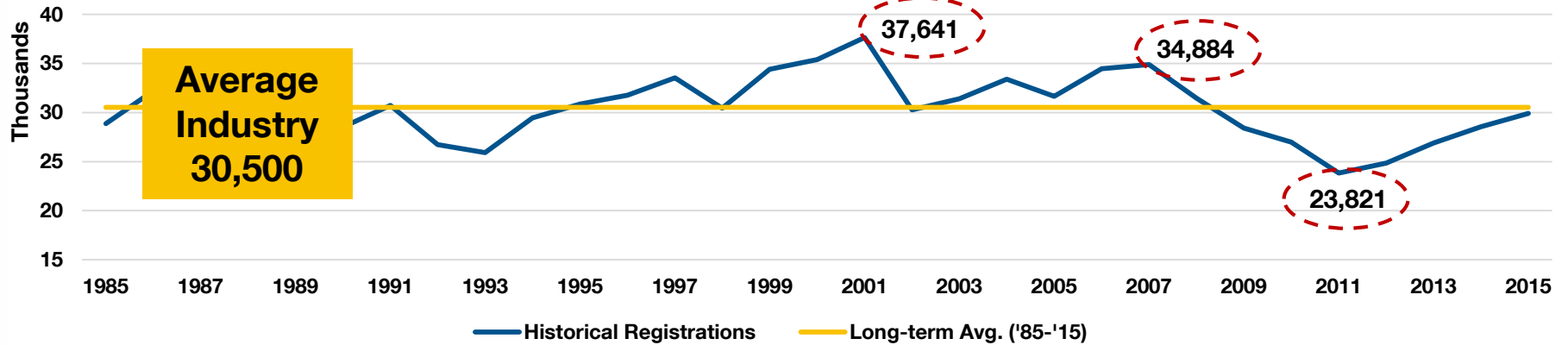
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Industry Today

Type C/D School Bus Industry

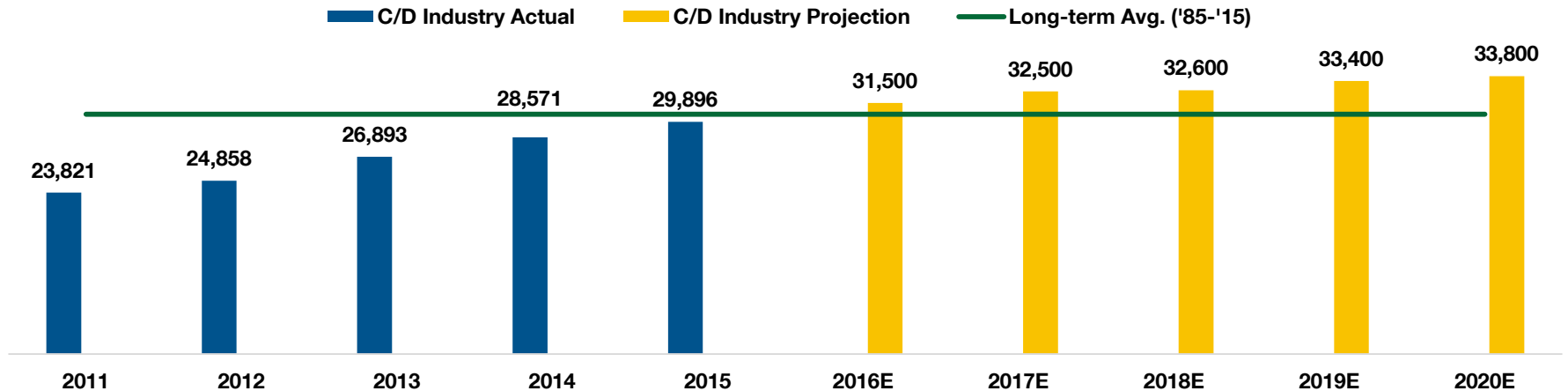


US & Canada Type C/D School Bus Industry Recovery



Source: R.L. Polk Data, North America
 Note: Based on Blue Bird Fiscal Year-End Sept 30,

US & Canada Type C/D School Bus Industry Projection

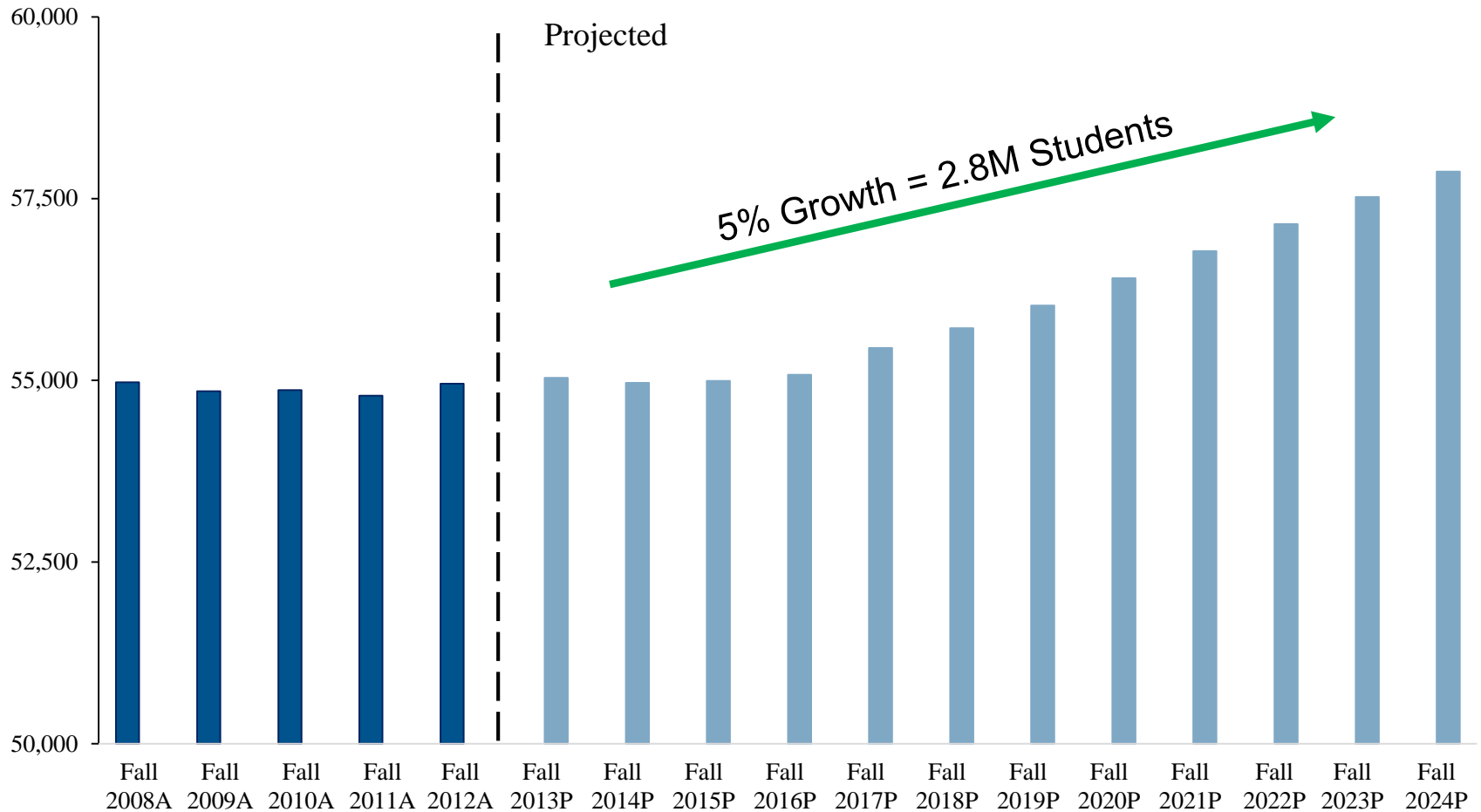


Source: EPA, National Center for Education Statistics, National Household Travel Study, R.L. Polk U.S. Data, Management projections
 Note: Based on Blue Bird Fiscal Year-End Sept 30,

U.S. Enrollment Projections



Total Public and Private Student Enrollment 2008A – 2024P



Source: NCES, Projections of Enrollment Statistics, September 2016



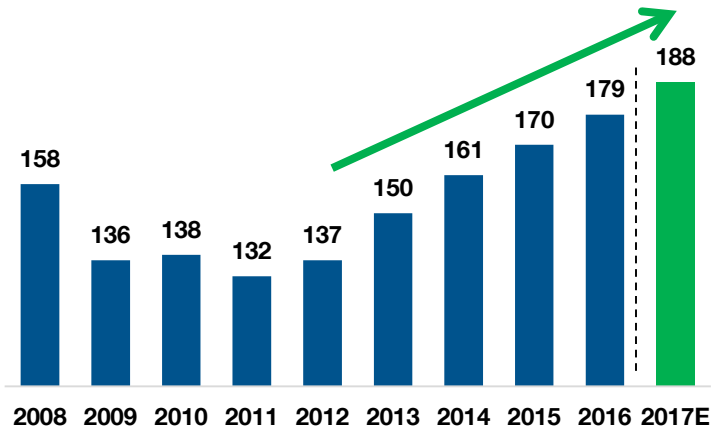
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Funding Drivers

Favorable US Economic Indicators



U.S. Aggregate Housing Price Index

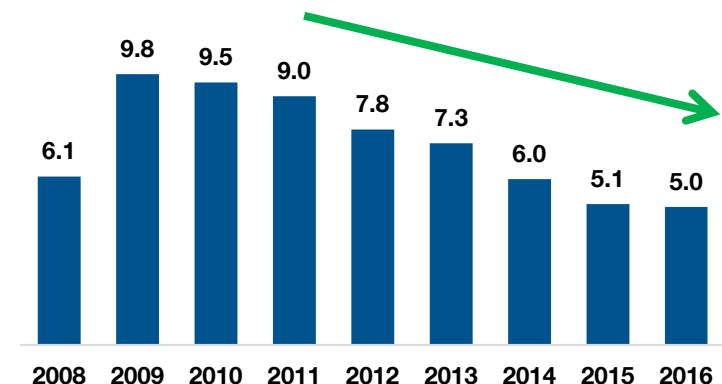


Source: CoreLogic House Price Index, May Index Values

- Recovering housing prices will support stronger property tax revenue/education budgets in coming years
- Growth in home ownership rates by millennials should drive housing demand in near-term

U.S. Unemployment Rate

- Declining unemployment rates should support wage growth and fuel economic demand in near-term

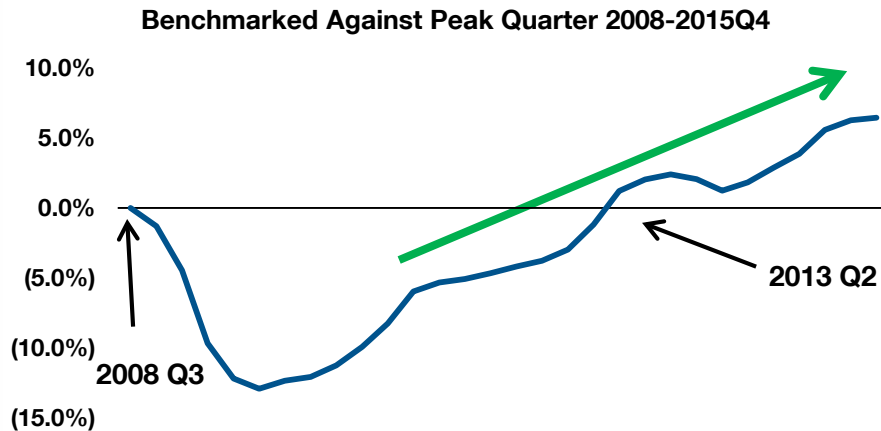


Source: US Bureau of Labor Statistics, September rates

State Fiscal Health

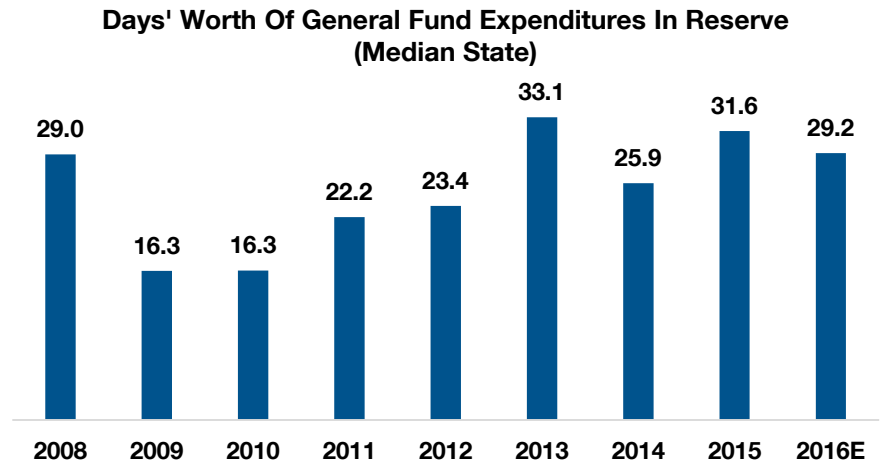


Total State and Local Tax Revenue



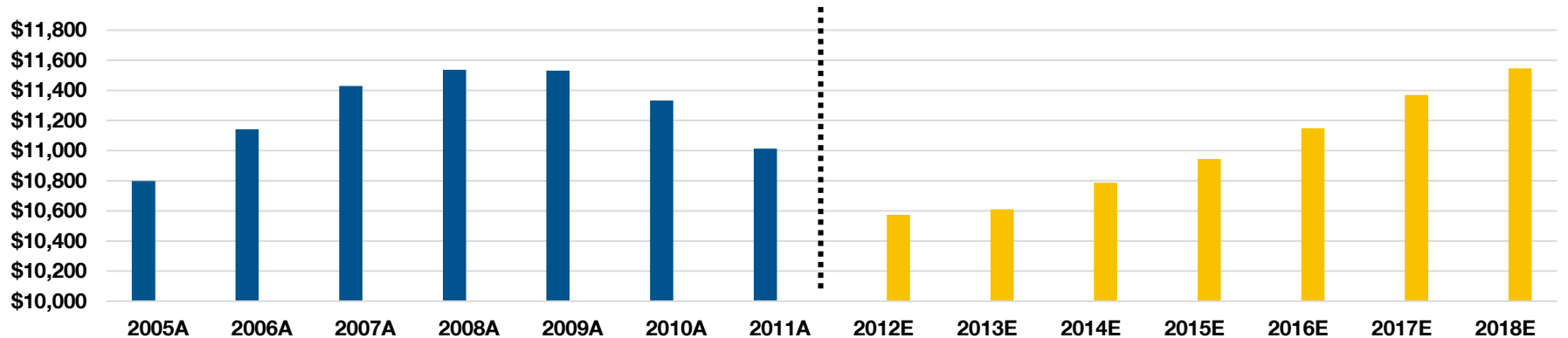
Source: PEW Charitable Trusts, US Census Bureau.

State Reserve Strength



Source: PEW Charitable Trusts, US Census Bureau.

Projected US Public School Current Expenditures Per Student



Source: Projections from NCES on school year basis; projections as of 2016; data in constant 2013-2014 dollars



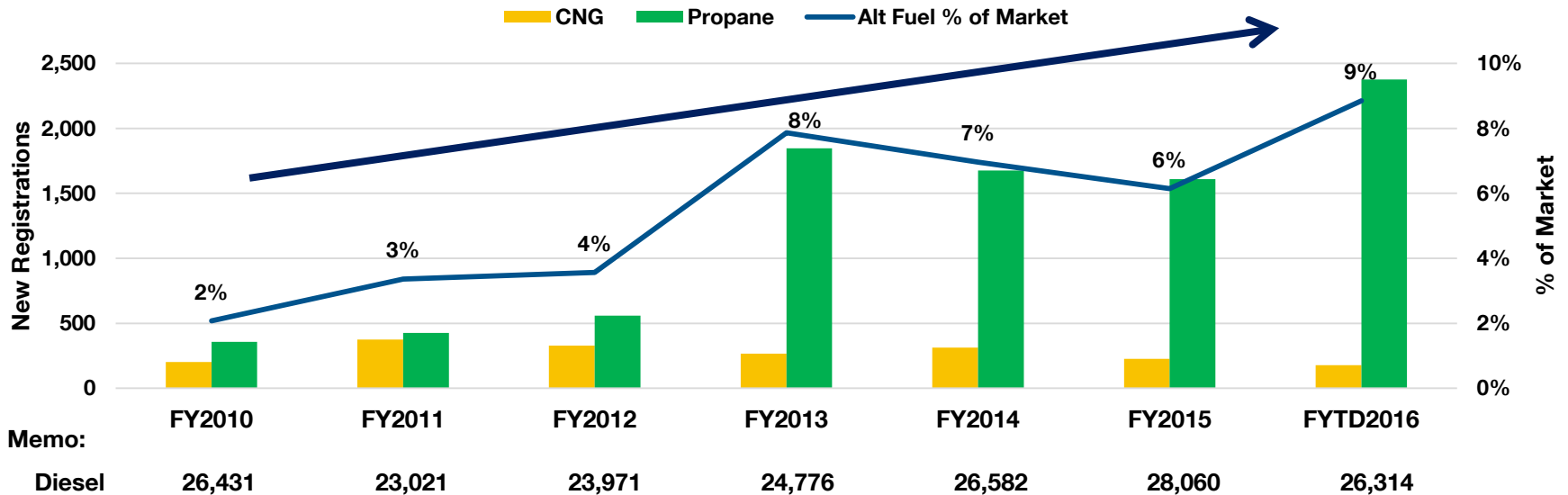
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Purchase Trends

TCO: Alternative Fuel School Bus Trend



Alternative Fuel Registrations 2010 – 2016YTD

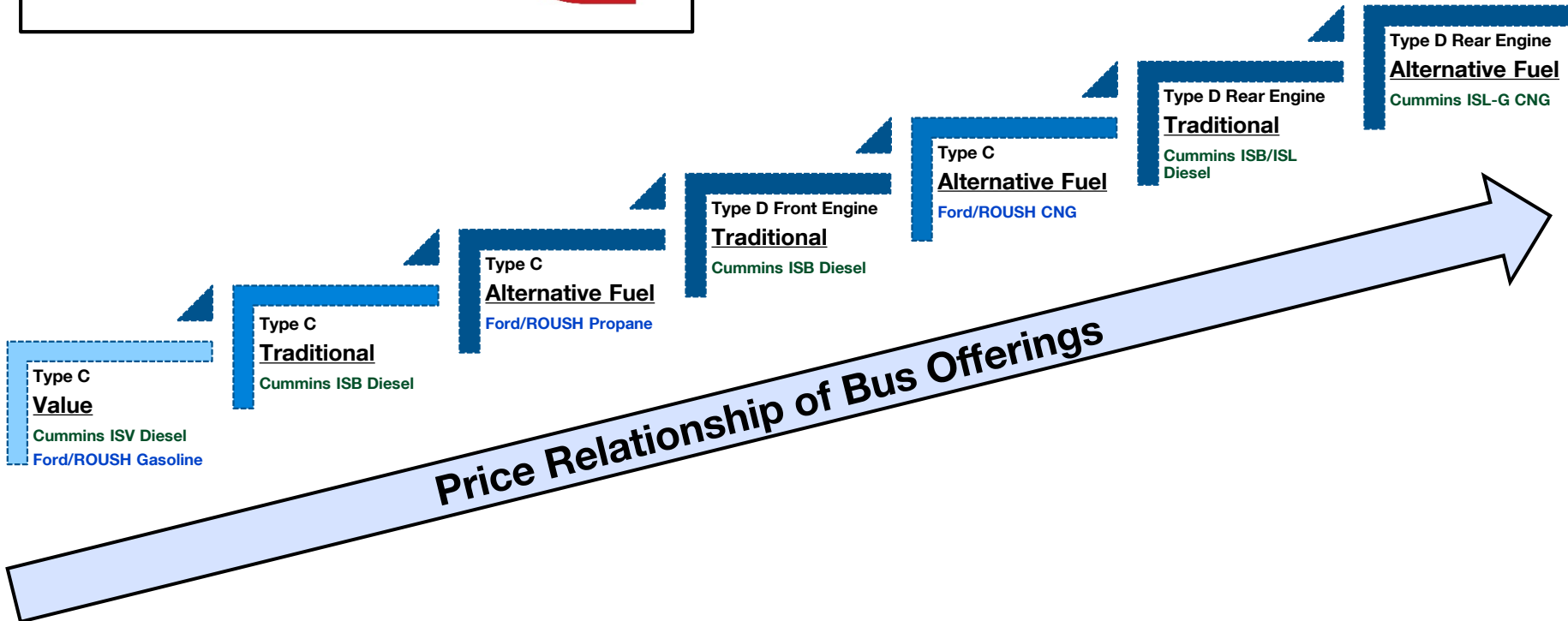


- ❖ Registrations of propane-powered school buses have grown over 6x since 2010
- ❖ All three OEMs have entered the alternative fuel school bus market
- ❖ Our customers are experiencing \$0.30 - \$0.40 per mile savings vs. comparable diesel
 - Significant reduction in operating costs
 - Positive environmental impact

Source: R.L. Polk Data, North America

Note: Based on Blue Bird Fiscal Year End Sept 30; FYTD2016 through August

Blue Bird Range of Product Offerings



Brought 4 new powertrain offerings to market in FY2016



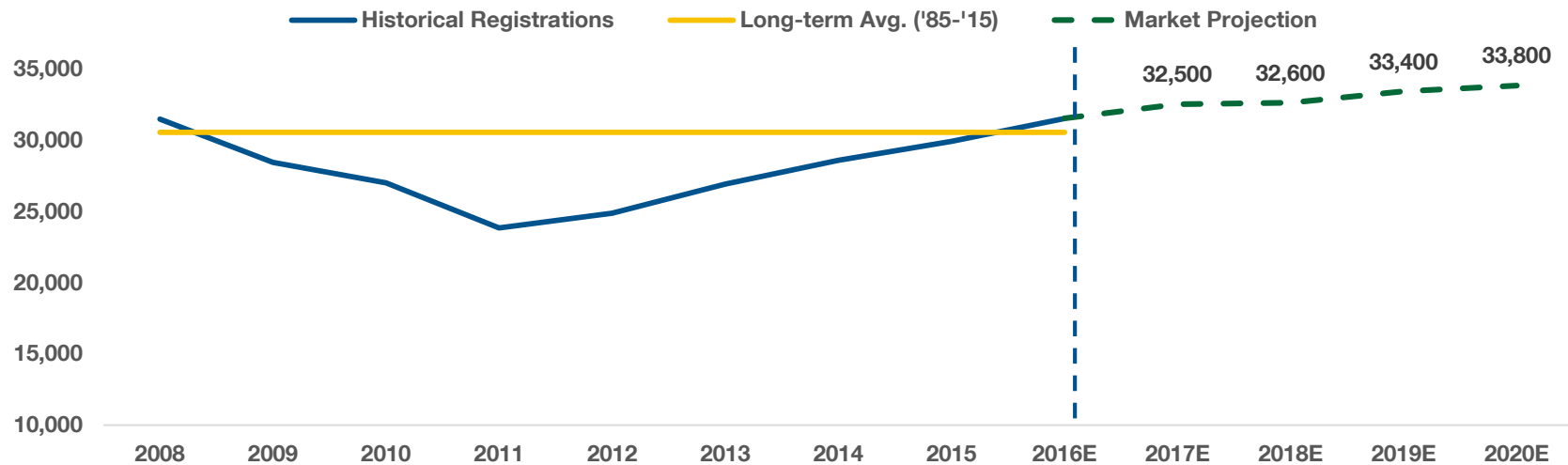
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Conclusion



Recovering North American School Bus Market



- ❖ **The Type C/D School Bus industry continuing to grow**
- ❖ **Improved economic conditions are allowing market to work through pent-up demand from industry trough**
- ❖ **Alternative fuel availability is boosting market transition**