

Blue Bird (BLBD): 10.4x EV/EBITDA and 11.3x EV/FCF Test Whether 30.2% ROIC and 60.0% FCF Growth Are Durable

BLBD | Blue Bird Corporation | Consumer Cyclical | Auto - Manufacturers | FY 2025 | 2026-06-15T08:10:59.341Z

At 10.4x EV/EBITDA and 11.3x EV/FCF with ROIC of 30.2%, ROE of 50.8%, and free cash flow growth of 60.0%, Blue Bird reflects a turnaround to high returns, but durability is debated given 5Y EPS growth of -822.0% and revenue growth decelerating to 9.9% versus a 3Y average of 23.4%.

SIGNALCORE VIEW

Mixed but researchable candidate

Value / Quality Candidate

SIGNAL SCORE

66 / 100

FUNDAMENTAL QUALITY

75 / 100

EXPANSION POTENTIAL

0 / 100

THESIS RISK

0 / 100

PRIMARY DEBATE — The investable debate is whether a business that delivered 5Y average net income growth of -3063.9% and 5Y average EPS growth of -822.0% can now sustain ROIC of 30.2% and free cash flow growth of 60.0% in a school bus-focused OEM model. Evidence: latest operating income growth of 20.0% and net income growth of 21.0% accompany revenue growth of 9.9%. Interpretation: profitability expansion exceeds top-line growth, implying operating leverage and mix benefits, potentially tied to alternative fuel and parts exposure. Implication: the market must determine whether this is a structural shift or another cyclical peak within a concentrated end-market.

INVESTMENT NARRATIVE

Archetype	Turnaround/inflection to profitable growth
Company Type	Specialty vehicle OEM focused on school buses with an aftermarket parts division
Key Monitoring Metric	ROIC

Core Tension: Are recent high returns and growth rates durable given the company's concentrated end-market and volatile multi-year EPS history?

Market Assumption: Blue Bird can sustain roughly high single-digit revenue growth with outsized EPS and FCF expansion, supported by product strategy (alternative fuels/electric), operational execution, and clear earnings guidance.

Trajectory: From historically volatile earnings to a net-cash, high-ROIC profile with consistent beats; near-term path characterized by moderate revenue growth and faster EPS/FCF expansion tied to product mix and execution.

Mispricing Hypothesis: The market remains anchored to the severely negative 5Y EPS history and applies skepticism to the durability of current ROIC/FCF strength and beat cadence; at ~11x EV/FCF with net cash, sustained ~10% revenue growth and >20% EPS growth could warrant a valuation reassessment if maintained.

EVIDENCE MAP

SUPPORTING EVIDENCE

- Latest revenue growth of 9.9%
- Latest EPS growth of 22.6%
- FCF growth of 60
- EPS and revenue beat rates of 87.5%
- High ROE (50.8%) and ROIC (30.2%)
- Net Debt/EBITDA of -0.94 (net cash)

CONTRADICTION EVIDENCE

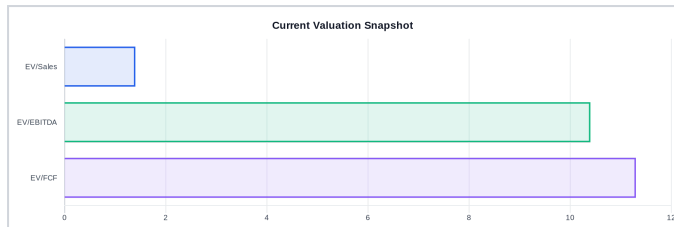
- 5Y EPS growth of -822 indicates significant historical volatility/declines
- Latest revenue growth (9.9) below 5Y revenue growth (13), suggesting deceleration
- Valuation not distressed (EV/EBITDA ~10.4, EV/FCF ~11.3; FCF yield ~8.1%), implying some improvement already priced in
- Business concentration in school buses may limit diversification (from business description)

Coverage clusters highlight earnings_guidance and product_strategy (plus ai_technology), suggesting a forward-leaning roadmap

Alternative fuel and electric offerings plus a centralized parts business and extensive dealer network in the business description

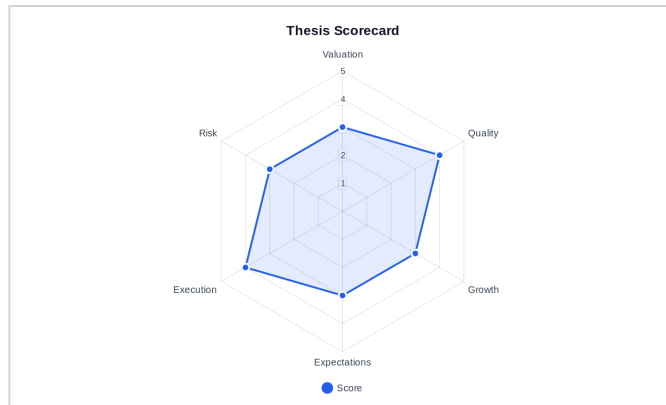
SCORECARD

VALUATION	QUALITY	GROWTH	EXPECTATIONS	EXECUTION	RISK	OVERALL
3	4	3	3	4	3	3
MIXED	SUPPORTED	MIXED	MIXED	SUPPORTED	MODERATE	MIXED



CURRENT VALUATION SNAPSHOT

Current multiples are shown separately from historical fiscal-year trend metrics.



THEESIS SCORECARD RADAR

Evidence scores summarise valuation, quality, growth, expectations, execution, and risk.

KEY METRICS

CURRENT EV/EBITDA	CURRENT EV/FCF	FCF YIELD	ROIC	REVENUE GROWTH	EPS GROWTH	FCF GROWTH	EPS BEAT RATE
10.4x	11.3x	8.1%	30.2%	9.9%	22.6%	60.0%	87.5%

EXECUTIVE SUMMARY

Core Tension	Are recent high returns and growth rates durable given the company's concentrated end-market and volatile multi-year EPS history?
Market Assumption	Blue Bird can sustain roughly high single-digit revenue growth with outsized EPS and FCF expansion, supported by product strategy (alternative fuels/electric), operational execution, and clear earnings guidance.
Current Pricing	At a price of \$71.54, EV/Sales of 1.4x, EV/EBITDA of 10.4x, and EV/FCF of 11.3x imply the market is pricing continued earnings and cash flow expansion but not extreme acceleration.
Valuation	Current EV/EBITDA of 10.4x compares to the fiscal-year trend latest EV/EBITDA of 8.9x and a 3Y average of 10.5x.
Quality	Return metrics show ROE of 50.8%, ROA of 19.3%, and ROIC of 30.2%, supported by incomeQuality of 1.6 and a currentRatio of 1.8.
Growth	Latest revenue growth of 9.9% trails the 3Y average of 23.4% and the 5Y average of 13.0%, indicating deceleration at the top line.
Cash Flow	Latest operating cash flow growth of 58.6% and free cash flow growth of 60.0% are closely aligned, while capex growth is -49.9%.
Execution	Over 8 quarters, EPS beat rate is 87.5% and revenue beat rate is 87.5%, with average EPS surprise of 26.8%.
Primary Monitor	Can ROIC of 30.2% be sustained across cycles given 5Y average ROIC of 14.3%?

THEESIS DRIVERS

SUPPORTING DRIVERS			CONSTRAINTS / MONITORS		
1	FCF Growth	60.0%			
2	EPS Beat Rate	87.5%			
3	ROIC	30.2%			
4	EPS Growth	22.6%			
5	FCF Yield	8.1%			
6	Revenue Growth	9.9%			

COMPANY & BUSINESS MODEL

Blue Bird Corporation specializes in the design, engineering, production, and distribution of school buses and related components. The company serves customers across the United States, Canada, and international markets, structured into two primary divisions: Bus and Parts. Its product lineup includes Type C, Type D, and various specialty buses, alongside a supported emphasis on alternative fuel solutions such as propane, gasoline, compressed natural gas, and electric-powered vehicles. Blue Bird markets its offerings through an extensive dealer network, in addition to direct sales to fleet operators and both federal and state government entities. A centralized parts distribution center supports its logistical needs. Founded in 1927 and headquartered in Macon, Georgia, the company was previously known as Hennessy Capital Acquisition Corp.

INVESTMENT THESIS

Blue Bird Corporation, with a market cap of \$2.3B and enterprise value of \$2.1B, operates as a specialty school bus OEM with a centralized parts division. The core tension centers on whether the current return profile—ROIC of 30.2% and ROE of 50.8%—is sustainable in a concentrated end-market that previously produced 5Y average EPS growth of -822.0%. Evidence shows latest revenue growth of 9.9%, EPS growth of 22.6%, and free cash flow growth of 60.0%, indicating an inflection toward profitable growth. Interpretation: earnings and cash flow are expanding faster than revenue, suggesting margin and mix improvement within the bus and parts model. Implication: if this capital-efficient profile persists, the current EV/FCF of 11.3x may be aligned with ongoing cash generation; if volatility re-emerges, the multiple embeds limited margin for error.

INVESTABLE DEBATE

The investable debate is whether a business that delivered 5Y average net income growth of -3063.9% and 5Y average EPS growth of -822.0% can now sustain ROIC of 30.2% and free cash flow growth of 60.0% in a school bus-focused OEM model. Evidence: latest operating income growth of 20.0% and net income growth of 21.0% accompany revenue growth of 9.9%. Interpretation: profitability expansion exceeds top-line growth, implying operating leverage and mix benefits, potentially tied to alternative fuel and parts exposure. Implication: the market must determine whether this is a structural shift or another cyclical peak within a concentrated end-market.

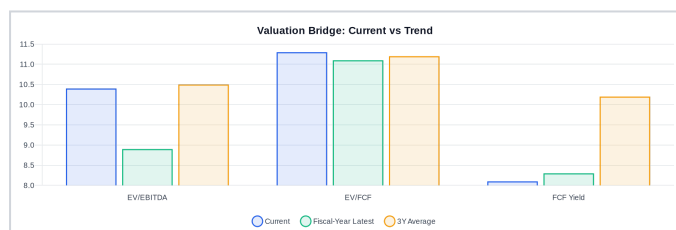
MARKET EXPECTATIONS

At a price of \$71.54, EV/Sales of 1.4x, EV/EBITDA of 10.4x, and EV/FCF of 11.3x imply the market is pricing continued earnings and cash flow expansion but not extreme acceleration. Earnings yield of 5.9% and free cash flow yield of 8.1% suggest cash generation is a central valuation anchor. Interpretation: the multiple assumes revenue can track near the 9.9% latest growth rate with EPS growth above 20.0%, supported by net cash reflected in netDebtToEbitda of -0.94. Implication: if growth moderates toward the 5Y average revenue growth of 13.0% but margins hold, valuation appears aligned; if returns revert toward 5Y average ROIC of 14.3%, the current yield profile would be pressured.

CURRENT VALUATION VS HISTORICAL TREND

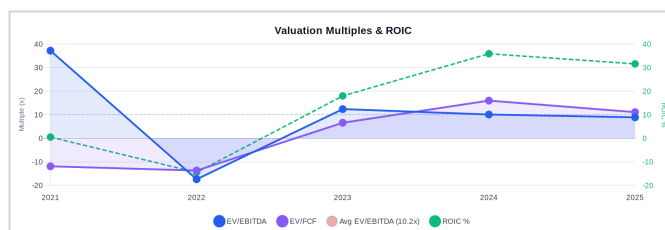
METRIC	CURRENT	FISCAL-YEAR LATEST	3Y AVG	5Y AVG
EV/EBITDA	10.4x	8.9x	10.5x	10.2x
EV/FCF	11.3x	11.1x	11.2x	1.6x
FCF Yield	8.1%	8.3%	10.2%	1.4%

Current EV/EBITDA is 10.4x, while fiscal-year trend data shows latest EV/EBITDA of 8.9x versus a 3Y average of 10.5x. Current EV/FCF is 11.3x, while fiscal-year trend data shows latest EV/FCF of 11.1x versus a 3Y average of 11.2x.



VALUATION BRIDGE: CURRENT VS HISTORICAL TREND

Current EV/EBITDA is 10.4x, while fiscal-year trend data shows latest EV/EBITDA of 8.9x versus a 3Y average of 10.5x.



VALUATION MULTIPLES & ROIC OVERLAY

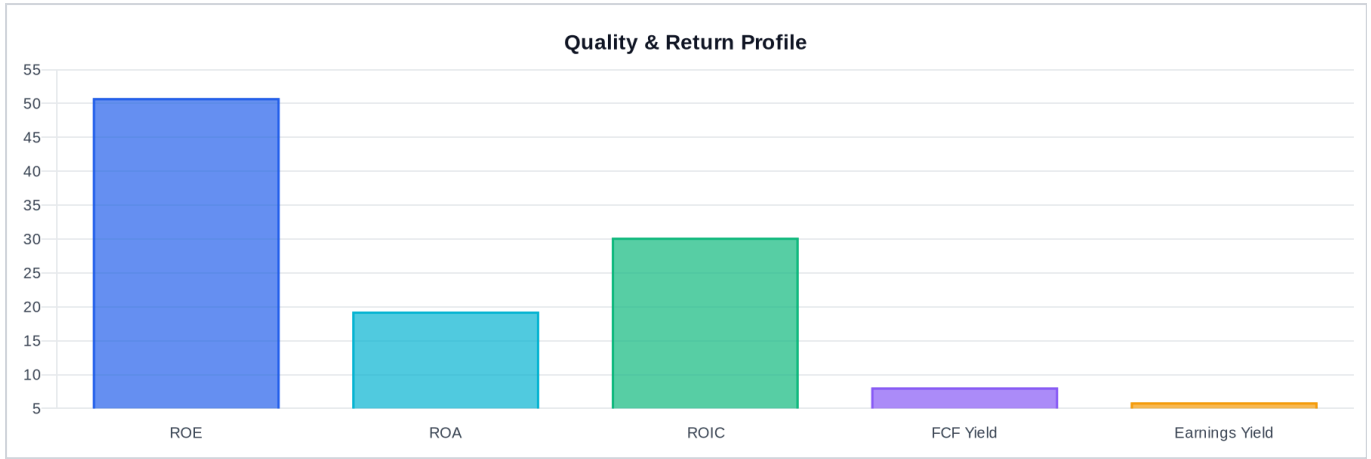
Current EV/EBITDA of 10.4x compares to the fiscal-year trend latest EV/EBITDA of 8.9x and a 3Y average of 10.5x.

VALUATION ANALYSIS

Current EV/EBITDA of 10.4x compares to the fiscal-year trend latest EV/EBITDA of 8.9x and a 3Y average of 10.5x. Latest ROIC of 31.6% exceeds the 3Y average of 28.5%, while latest EV/FCF of 11.1x is near the 3Y average of 11.2x. Interpretation: valuation multiples are near historical norms while capital efficiency is above the 3Y average. Implication: the current multiple is not disconnected from returns, but free cash flow yield of 8.1% versus a 3Y average of 10.2% indicates less yield support than in prior periods.

QUALITY & CAPITAL EFFICIENCY

Return metrics show ROE of 50.8%, ROA of 19.3%, and ROIC of 30.2%, supported by incomeQuality of 1.6 and a currentRatio of 1.8. NetDebtToEbitda of -0.94 indicates a net cash position. Interpretation: profitability and balance sheet strength support resilience in a cyclical manufacturing model. Implication: the quality profile aligns with the narrative shift from 2022 ROIC of -14.5% to latest ROIC of 31.6%, but durability must be proven across cycles.

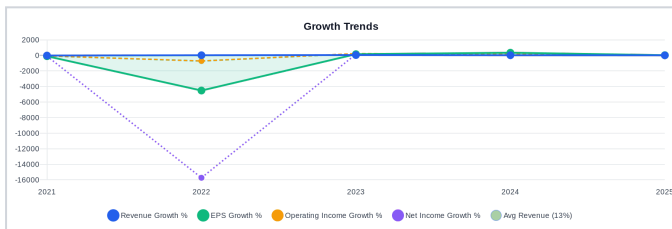


QUALITY & RETURN PROFILE

Return metrics show ROE of 50.8%, ROA of 19.3%, and ROIC of 30.2%, supported by incomeQuality of 1.6 and a currentRatio of 1.8.

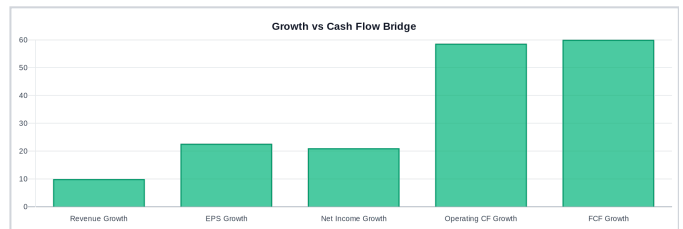
GROWTH TRAJECTORY

Latest revenue growth of 9.9% trails the 3Y average of 23.4% and the 5Y average of 13.0%, indicating deceleration at the top line. However, EPS growth of 22.6% and net income growth of 21.0% exceed revenue growth. Interpretation: earnings growth is currently margin-driven rather than volume-driven. Implication: if revenue remains near 9.9% while EPS stays above 20.0%, operating leverage is being sustained; if revenue slows below 9.9%, EPS durability becomes less certain.



HISTORICAL GROWTH TRENDS

Latest revenue growth of 9.9% trails the 3Y average of 23.4% and the 5Y average of 13.0%, indicating deceleration at the top line.



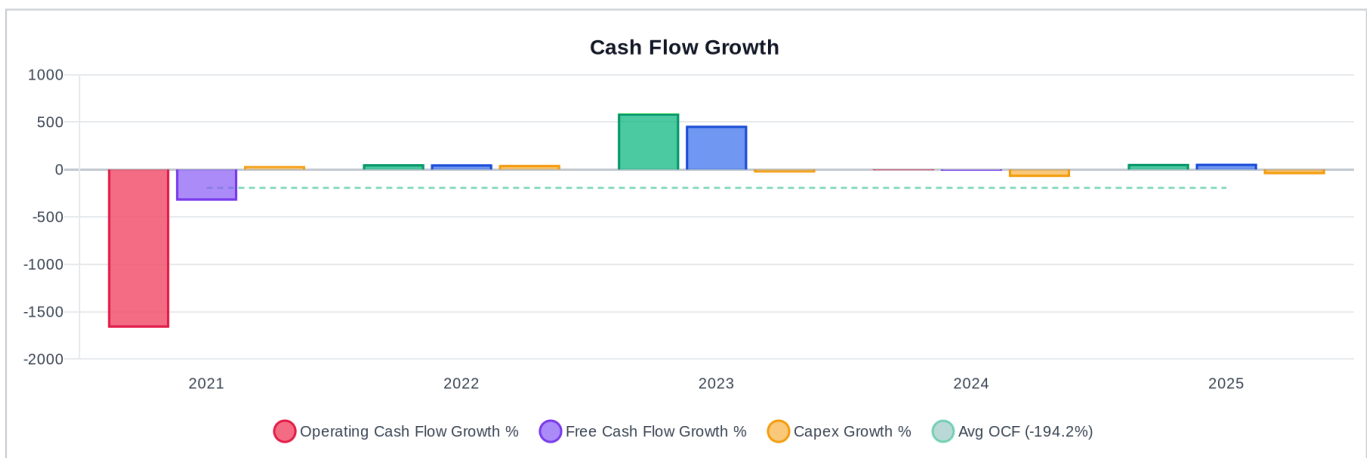
GROWTH VS CASH FLOW BRIDGE

Latest revenue growth of 9.9% trails the 3Y average of 23.4% and the 5Y average of 13.0%, indicating deceleration at the top line.

CASH FLOW GROWTH & CONVERSION

Latest operating cash flow growth of 58.6% and free cash flow growth of 60.0% are closely aligned, while capex growth is -49.9%. Interpretation: cash flow growth is converting into free cash flow, and lower capital expenditure is not absorbing operating gains. Implication: with freeCashFlowToFirm of \$188.7M against enterprise value of \$2.1B, the 8.1% free cash flow yield is supported by recent conversion dynamics.

IncomeQuality of 1.6 and a cash conversion cycle of 8.6 days indicate efficient working capital management, with workingCapital of \$212.3M. Interpretation: earnings are supported by cash realization rather than accrual expansion. Implication: this supports the 60.0% free cash flow growth figure as operationally grounded rather than purely accounting-driven.



CASH FLOW GROWTH — OCF, FCF & CAPEX

Latest operating cash flow growth of 58.6% and free cash flow growth of 60.0% are closely aligned, while capex growth is -49.9%.

ANALYST EXPECTATIONS

Next Revenue Estimate	\$1.9B
Revenue Bull Case	\$2.0B
Revenue Bear Case	\$1.9B
Next EPS Estimate	6.72
EPS Bull Case	6.91
EPS Bear Case	6.39
Revenue Dispersion	5.9%
EPS Dispersion	7.67%
Revenue Coverage	1
EPS Coverage	1

Next revenue estimate of \$1.9B and next EPS estimate of \$6.72 are accompanied by revenue dispersion of 5.9% and EPS dispersion of 7.7%, with analystCoverageRevenue of 1 and analystCoverageEps of 1. Interpretation: dispersion is contained, but coverage is limited, which constrains estimate supported by supplied metricsness. Given historical EPS growth of 22.6% and free cash flow growth of 60.0%, expectations appear Reasonable rather than Demanding. Implication: modest dispersion and high recent growth create a setup where execution consistency is critical.



ANALYST EXPECTATIONS RANGE

Next revenue estimate of \$1.9B and next EPS estimate of \$6.72 are accompanied by revenue dispersion of 5.9% and EPS dispersion of 7.7%, with analystCoverageRevenue of 1 and analystCoverageEps of 1.



EXECUTION HISTORY

Over 8 quarters, EPS beat rate is 87.5% and revenue beat rate is 87.5%, with average EPS surprise of 26.8%.

EXECUTION QUALITY

Quarters Analysed	8
EPS Beat Rate	87.5%
Revenue Beat Rate	87.5%
Avg EPS Surprise	26.8%
Avg Revenue Surprise	2.4%
EPS Beats / Misses	7 / 1
Revenue Beats / Misses	7 / 1

Over 8 quarters, EPS beat rate is 87.5% and revenue beat rate is 87.5%, with average EPS surprise of 26.8%. Interpretation: execution has exceeded expectations frequently, particularly at the earnings line. Implication: this track record supports credibility of near-term estimates such as \$6.72 EPS, though one revenue miss in 8 quarters indicates variability.

Given EPS beat rate of 87.5% and average revenue surprise of 2.4%, historical execution supports analyst forecasts, but single-analyst coverage introduces concentration risk. Interpretation: expectations are anchored by consistent performance but lack breadth of validation. Implication: estimate credibility is supported by execution data but sensitive to changes in operating trajectory.

BULL / BASE / BEAR SCENARIOS

BULL CASE

If revenue reaches the bull case of \$2.0B and EPS approaches \$6.91 while ROIC remains at or above 30.2%, and valuation holds near EV/FCF of 11.3x, then the cash generation profile implied by 60.0% free cash flow growth would be reinforced within the specialty OEM model.

Revenue Bull Case \$2.0B

EPS Bull Case \$6.91

ROIC 30.2%

BASE CASE

If revenue tracks near the next estimate of \$1.9B and EPS aligns with \$6.72 while ROIC remains near 30.2% and EV/EBITDA stays around 10.4x, then the valuation would remain aligned with a mid-to-high single-digit revenue growth profile and earnings expansion above 20.0%.

BEAR CASE

If revenue trends toward the bear case of \$1.9B and EPS declines toward \$6.39 while ROIC falls below 28.5% and free cash flow growth drops below 46.3%, then the durability thesis would be challenged relative to historical volatility.

Revenue Bear Case \$1.9B

EPS Bear Case \$6.39

Avg ROIC 3Y 28.5%

BULL CASE

BASE CASE

BEAR CASE

Next Revenue Estimate \$1.9B

Next EPS Estimate \$6.72

EV/EBITDA 10.4x

SCENARIO PROBABILITY MATRIX

BULL SCENARIO	BASE SCENARIO	BEAR SCENARIO	WEIGHTED THESIS SCORE
27%	52%	21%	51 / 100

12-24 MONTH CONDITIONAL OUTLOOK

Revenue growth of 9.9% versus a 5Y average of 13.0% suggests moderation from prior expansion, with the next estimate at \$1.9B framing near-term expectations.

EPS growth of 22.6% and net income growth of 21.0% indicate earnings leverage exceeding revenue growth, with next EPS estimate of \$6.72 anchoring expectations.

EV/FCF of 11.3x and free cash flow yield of 8.1% indicate valuation support depends on maintaining free cash flow growth near 60.0%.

An EPS beat rate of 87.5% over 8 quarters suggests operational consistency, but limited analyst coverage of 1 increases sensitivity to deviations.

If ROIC remains near 30.2% and free cash flow growth remains near 60.0%, then the narrative would center on sustained capital efficiency in a focused OEM model.

THESIS MONITOR

TRACK QUARTERLY	THESIS CHANGES IF	THESIS WEAKENS IF
Can ROIC of 30.2% be sustained across cycles given 5Y average ROIC of 14.3%?	If ROIC rises above 31.6% and remains above the 3Y average of 28.5%, then the capital efficiency case strengthens.	If ROIC falls below 28.5% and remains below the 3Y average of 28.5%, then the return durability argument challenged.
Will free cash flow growth of 60.0% normalize toward the 5Y average of 46.3%?	If free cash flow growth exceeds 60.0% while EV/FCF remains near 11.3x, then the valuation case would be supported by cash expansion.	If free cash flow growth declines below the 5Y average of 46.3%, then the cash-flow inflection thesis challenged.
Does EV/EBITDA of 10.4x adequately reflect revenue growth moderating to 9.9%?	If revenue growth re-accelerates above the 3Y average of 23.4%, then top-line durability concerns diminish.	If EPS growth falls below 0.0% from 22.6%, then the profitability inflection thesis fails.



RISK & THESIS MONITOR

Can ROIC of 30.2% be sustained across cycles given 5Y average ROIC of 14.3%?

RISK ASSESSMENT

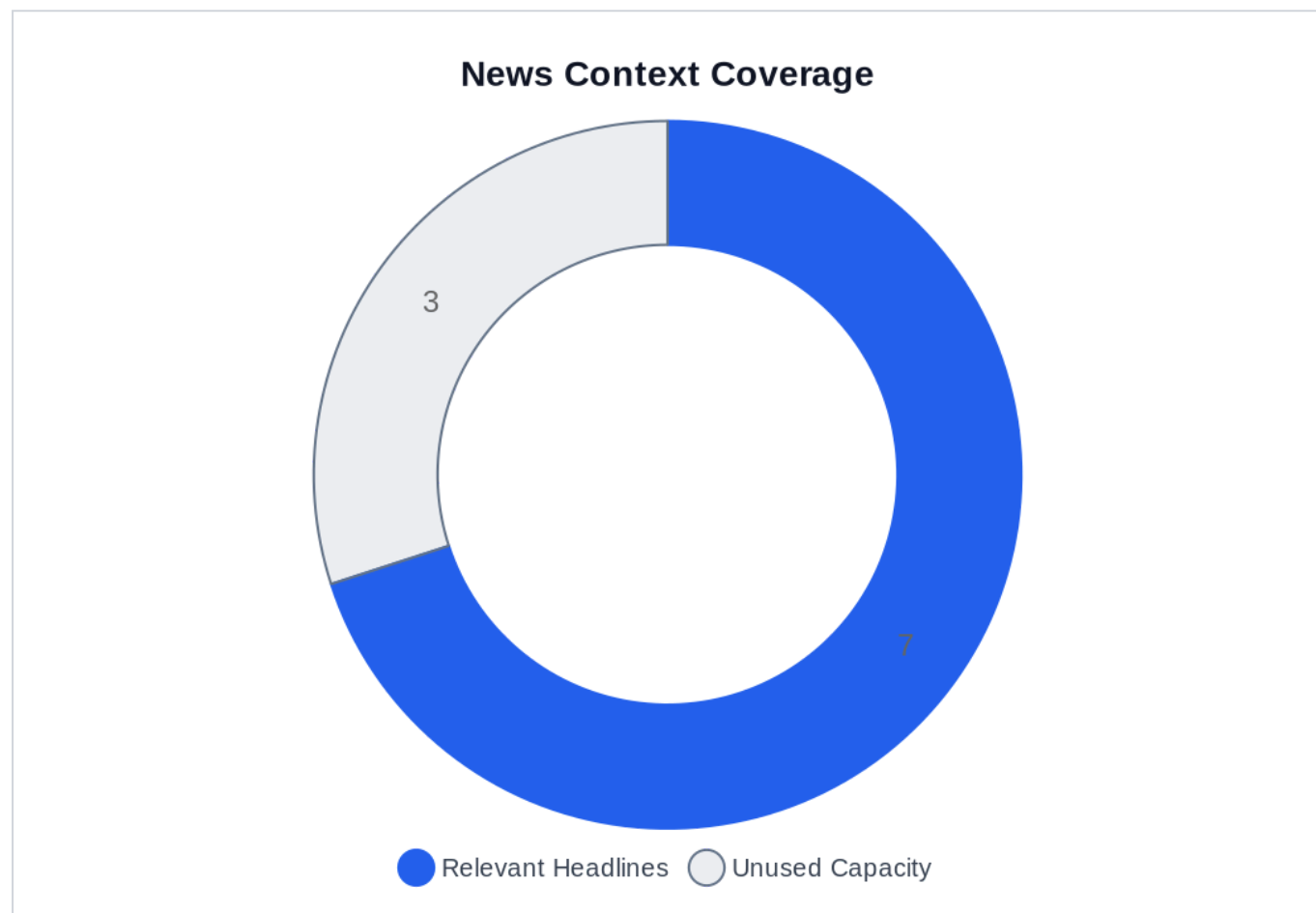
DIMENSION	SCORE	LEVEL
Valuation Risk	3 / 5	Moderate
Growth Risk	3 / 5	Moderate
Execution Risk	2 / 5	Low
Forecast Risk	3 / 5	Moderate

DIMENSION	SCORE	LEVEL
Quality Risk	2 / 5	Low
Overall Risk	3 / 5	Moderate
Composite Risk Score	2.7 / 5	

- 5Y average EPS growth of -822.0% highlights prior volatility.
- Free cash flow yield of 8.1% is below the 3Y average of 10.2%.
- Revenue dispersion of 5.9% may understate risk given single-analyst coverage of 1.

NEWS NARRATIVE

The headline "Blue Bird Reports Fiscal 2026 Second Quarter Results" is relevant to monitoring EPS growth of 22.6% and revenue growth of 9.9%, while "Blue Bird Completes Acquisition of Girardin Group's Stake in Micro Bird Joint Venture" is relevant to capital allocation alongside netDebtToEbitda of -0.94, but additional evidence is required to determine financial impact.



NEWS CONTEXT COVERAGE

Recent relevant coverage clusters around: earnings_guidance, product_strategy, ai_technology.

INVESTMENT VIEW

EVIDENCE BALANCE	CONVICTION	RISK LEVEL	CLASSIFICATION
Mixed evidence balance	Medium	Moderate	Value / Quality Candidate

Core Thesis: At 10.4x EV/EBITDA and 11.3x EV/FCF with ROIC of 30.2%, ROE of 50.8%, and free cash flow growth of 60.0%, Blue Bird reflects a turnaround to high returns, but durability is debated given 5Y EPS growth of -822.0% and revenue growth decelerating to 9.9% versus a 3Y average of 23.4%.

Primary Risk: Revenue concentration risk if growth falls below 9.9% in a single end-market.

Monitor: Can ROIC of 30.2% be sustained across cycles given 5Y average ROIC of 14.3%?