



Second Quarter 2024 Earnings Conference Call

July 25, 2024

SHYFT GROUP



Forward-Looking Statement

This presentation contains information, including our sales and earnings guidance, all other information provided with respect to our outlook for 2024 and future periods, and other statements concerning our business, strategic position, financial projections, financial strength, future plans, objectives, and the performance of our products and operations that may constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend the forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in those sections. Generally, we have identified such forward-looking statements by using words such as “believe,” “expect,” “intend,” “potential,” “future,” “may,” “will,” “should,” and similar expressions or by using future dates in connection with any discussion of, among other things, the construction or operation of new or existing facilities, operating performance, trends, events or developments that we expect or anticipate will occur in the future, statements relating to volume changes, share of sales and earnings per share changes, anticipated cost savings, potential capital and operational cash improvements, changes in supply and demand conditions and prices for our products, trade duties and other aspects of trade policy, statements regarding our future strategies, products and innovations, and statements expressing general views about future operating results. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. Forward-looking statements are not historical facts, but instead represent only the Company’s beliefs regarding future events, many of which, by their nature, are inherently uncertain and outside of the Company’s control. It is possible that the Company’s actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking statements. Management believes that these forward-looking statements are reasonable as of the time made. However, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from the Company’s historical experience and our present expectations or projections. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from the Company’s historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to, the risks and uncertainties described in “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2023, and those described from time to time in our reports filed with the Securities and Exchange Commission (SEC), which are available at www.sec.gov or our website. All forward-looking statements in this presentation are qualified by this paragraph. Investors should not place undue reliance on forward-looking statements as a prediction of actual results. We undertake no obligation to publicly update or revise any forward-looking statements in this presentation, whether as a result of new information, future events, or otherwise.

2Q 2024 Highlights

\$193M

(14%) decline YoY

Sales

\$12M

6.5% of Sales

Adjusted EBITDA

\$354M

Backlog

(\$3M)

**YTD Operating
Cash Flow**

- ✓ Improved Shyft Adj EBITDA margin performance
 - 9.5% overall excluding EV costs
 - Specialty Vehicles segment at 21%
 - Fleet Vehicles improved by +670bps sequentially
- ✓ Received FedEx order for 150 Blue Arc trucks
- ✓ Executed cost actions in response to ongoing market softness
- ✓ Reduced inventory and contract assets, positioned for second half cash flow improvement
- ✓ Balance sheet remains strong with net leverage <2x

Progress in the quarter with solid improvements in operational execution

2Q 2024 Operational Highlights

High-Performing Teams: Strengthened organizational capabilities



- **Launched Shyft Mission Zero** campaign to drive additional focus and alignment on safety culture
- **Streamlined the organization** to reduce cost, upgrade talent, increase collaboration, and drive accountability

Financial Growth: Acquired Independent Truck Upfitters (ITU)



- **Leading Midwest vocational service body upfitter** with strong customer relationships targeting utility, construction, and fleet management companies
- **Attractive financial profile** with revenue of ~\$55M and low double digit EBITDA margin % (based on 2023 results)

Operating Framework



Driving our operating framework to create long-term shareholder value

Independent Truck Upfitters Acquisition

Strategic Fit

- Highly complementary offerings to Shyft's high performing SV infrastructure focused service body business
- Presents significant cross-selling opportunities with Shyft's current products, adds chassis pools, and increases ship-thru capability
- Retaining key talent and management across three new locations



Transaction Overview

- **Consideration**
 - Cash consideration of \$46 million and an \$8 million earnout subject to annual business performance over the next two years¹
 - Funded with cash on hand and borrowings under our existing credit facility; Initial leverage expected to be ~2.75x, decreasing by year end 2024
- **Expected Financial Impact**
 - EBITDA multiple <6.0x adjusted for tax benefits and expected synergies
 - Accretive to EPS in 2025; ROIC > 15% by year 3



ITU accelerates Shyft's infrastructure focused growth strategy

Blue Arc EV Program Update

Commercial Activity Increasing

- Received 150-unit order from FedEx with delivery beginning in 2024
- Vehicle demos completed in California and Canada with key customers
- Dealer and fleet manager engagement has increased throughout the first half of 2024 as we approach production

Production Remains on Track

- Confident in best-in-class vehicle quality and performance with final development and durability testing milestones completed
- Manufacturing line complete with initial pilot vehicles successfully produced and quality systems validated
- Our Next Energy (ONE) battery performance and supply remains stable



First customer deliveries in Q4 creates momentum heading into 2025



Second Quarter 2024 Financial Review and 2024 Outlook



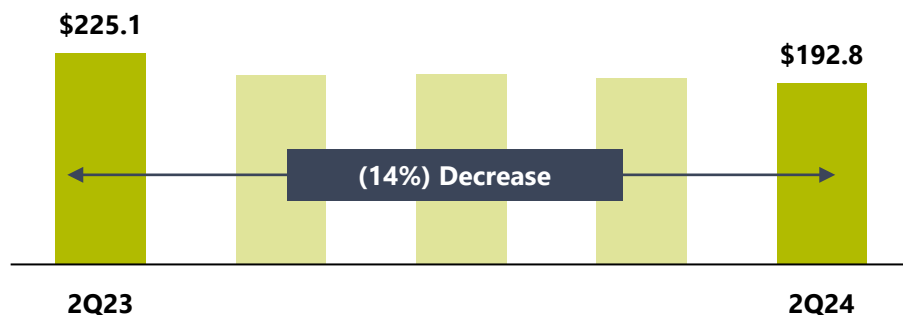


Shyft Financial Summary – 2Q24

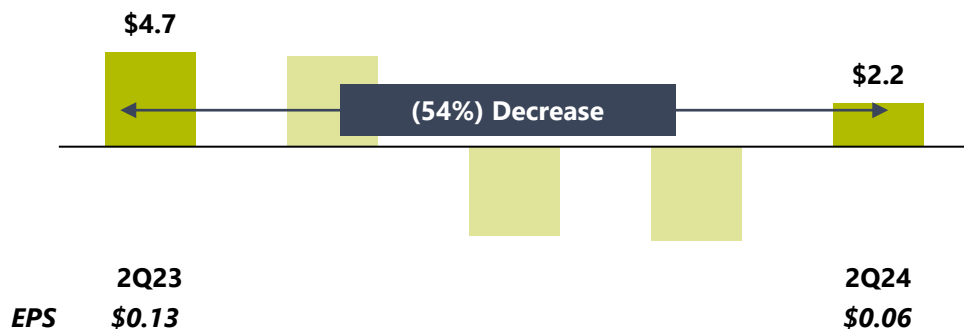
Reported Financials

(\$ millions, except EPS)

Sales



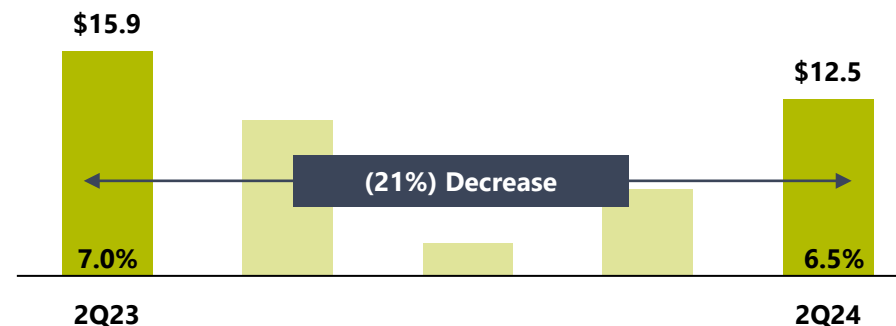
Net Income and EPS



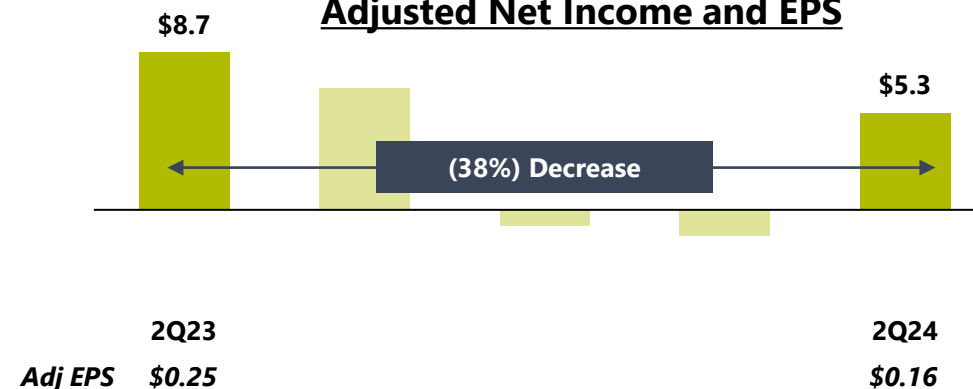
Adjusted Financials

(\$ millions, except EPS)

Adjusted EBITDA and % of Sales



Adjusted Net Income and EPS



Delivered strong sequential profitability improvement

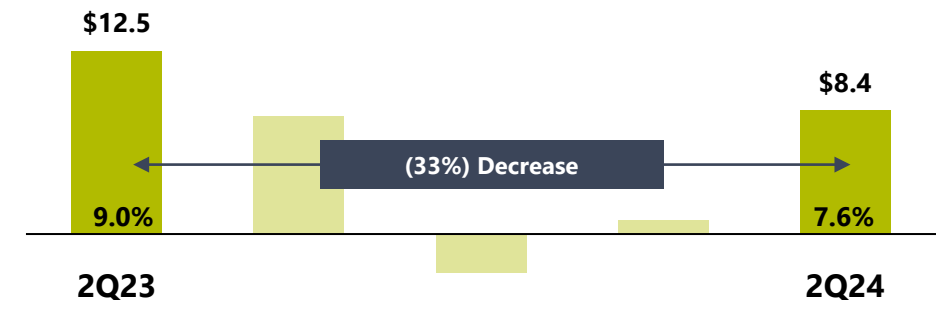
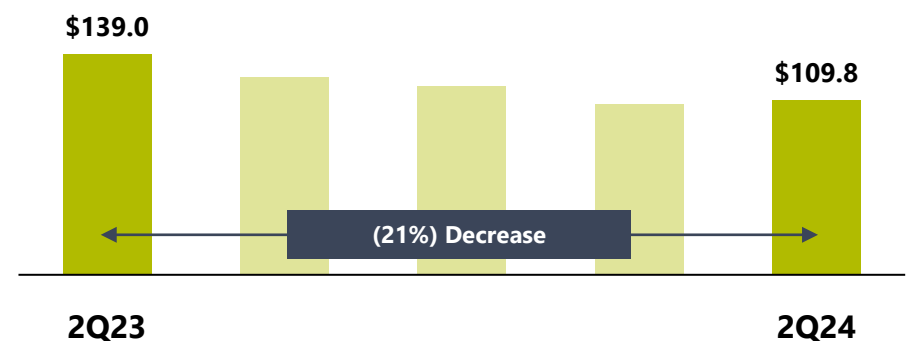


Segment Results Summary – 2Q24

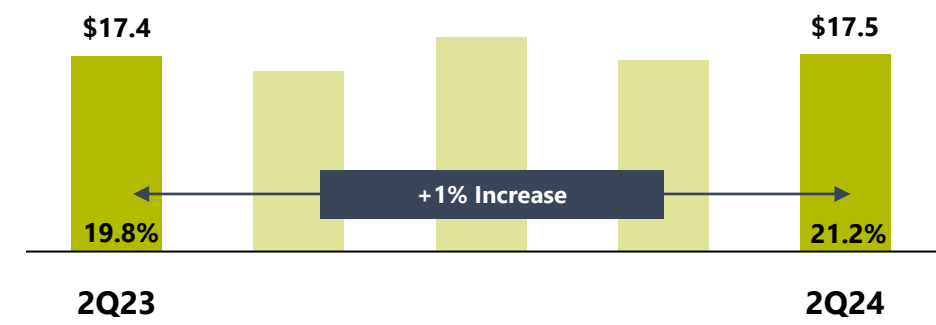
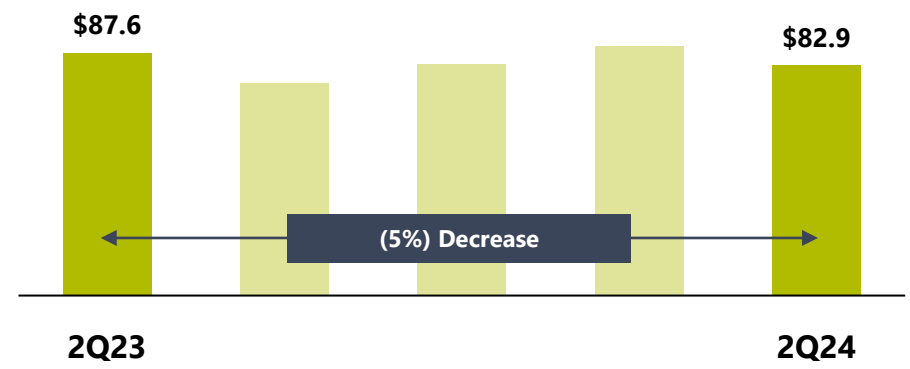
Sales (\$ millions)

Adjusted EBITDA and % of Sales (\$ millions)

FVS



SV



Solid SV margins of 21%; Strong sequential FVS margin improvement of 670 basis points



2024 Outlook Update

Sales

\$800 to \$850M

(5%) at midpoint

- ITU delivers ~\$25M, partially offsetting parcel and motorhome softness
- No sales from Blue Arc assumed in outlook

Adjusted EBITDA

\$45 to \$50M

+19% YoY at midpoint

- Expect ITU contribution of ~\$3-\$4M for balance of the year
- Blue Arc EV spending of \$20-\$25M vs. \$33M in prior year

Adjusted EPS¹

\$0.35 to \$0.50

(21%) YoY at midpoint

- EPS assumes share count of ~35M
- YoY Tax headwind driven by prior year tax benefit

Free Cash Flow

\$25 to \$35M

- ~70% EBITDA conversion; Forecasting capex of ~\$20-25M
- Continued focus on working capital reduction

Team focused on delivering improved 2024 EBITDA outlook

1.) Subject to customary adjustments related to ITU acquisition

Why Invest in the Shyft Group?



Attractive End-Markets

Leading positions in last mile delivery and infrastructure



Customer Focused Innovation

Solutions focused on our customers and their needs



Operational Excellence

Leveraging the power of Shyft to return to historical profitability levels



Financial Strength

Ability to generate cash drives flexibility to invest for future growth and return capital



Attractive long-term value creation opportunity



Q&A Session

Appendix



Reconciliation of Non-GAAP Financial Measures



This presentation presents Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization), adjusted net income, adjusted earnings per share, and free cash flow, each of which is a non-GAAP financial measure.

We define Adjusted EBITDA as income before interest, income taxes, depreciation and amortization, as adjusted to eliminate the impact of restructuring charges, acquisition related expenses and adjustments, non-cash stock-based compensation expenses, and other gains and losses not reflective of our ongoing operations.

We present the non-GAAP measure Adjusted EBITDA because we consider it to be an important supplemental measure of our performance. The presentation of Adjusted EBITDA enables investors to better understand our operations by removing items that we believe are not representative of our continuing operations and may distort our longer-term operating trends. We believe this measure to be useful to improve the comparability of our results from period to period and with our competitors, as well as to show ongoing results from operations distinct from items that are infrequent or not indicative of our continuing operating performance.

Our management uses Adjusted EBITDA to evaluate the performance of and allocate resources to our segments. Adjusted EBITDA is also used, along with other financial and non-financial measures, for purposes of determining annual incentive compensation for our management team.

We define free cash flow as Net cash provided by (used in) operating activities less purchases of property, plant and equipment and add proceeds from sale of property, plant and equipment. We believe this measure of free cash flow provides management and investors further useful information on cash generation or use in our operations.

We believe that the presentation of these non-GAAP measure, when considered together with the corresponding GAAP financial measures and the reconciliations to that measure, provides investors with additional understanding of the factors and trends affecting our business than could be obtained in the absence of this disclosure.

Reconciliation of Non-GAAP Financial Measures



The Shyft Group, Inc. and Subsidiaries
Consolidated Financial Summary (Non-GAAP)
(In thousands, except per share data)
(Unaudited)

	Three Months June 30,			
	2024	% of	2023	% of
The Shyft Group, Inc.				
Net income	\$ 2,164	1.1%	\$ 4,685	2.1%
Add (subtract):				
Restructuring and other related charges	1,146		1,253	
Acquisition related expenses and adjustments	399		-	
Non-cash stock-based compensation expense	2,010		1,263	
Legacy legal matters	150		-	
Loss from write-off of assets	147		-	
CEO transition	37		2,287	
Non-recurring professional fees	-		160	
Tax effect of adjustments	(705)		(981)	
Adjusted net income	\$ 5,348	2.8%	\$ 8,667	3.9%
Net income	\$ 2,164	1.1%	\$ 4,685	2.1%
Add (subtract):				
Depreciation and amortization	4,775		4,186	
Income tax expense (benefit)	(109)		556	
Interest expense	1,753		1,477	
EBITDA	\$ 8,583	4.5%	\$ 10,904	4.8%
Add:				
Restructuring and other related charges	1,146		1,253	
Acquisition related expenses and adjustments	399		-	
Non-cash stock-based compensation expense	2,010		1,263	
Legacy legal matters	150		-	
Loss from write-off of assets	147		-	
CEO transition	37		2,287	
Non-recurring professional fees	-		160	
Adjusted EBITDA	\$ 12,472	6.5%	\$ 15,867	7.0%
Diluted net earnings per share	\$ 0.06		\$ 0.13	
Add (subtract):				
Restructuring and other related charges	0.04		0.04	
Acquisition related expenses and adjustments	0.01		-	
Non-cash stock-based compensation expense	0.06		0.04	
Legacy legal matters	0.01		-	
Loss from write-off of assets	-		-	
CEO transition	-		0.07	
Non-recurring professional fees	-		-	
Tax effect of adjustments	(0.02)		(0.03)	
Adjusted diluted net earnings per share	\$ 0.16		\$ 0.25	

The Shyft Group, Inc. and Subsidiaries
Consolidated Financial Summary (Non-GAAP)
(In thousands)
(Unaudited)

	Six Months Ended	
	2024	2023
The Shyft Group, Inc.		
Net cash provided by (used in) operating activities	\$ (2,827)	\$ 35,621
Purchases of property, plant and equipment	(9,243)	(10,963)
Proceeds from sale of property, plant and equipment	90	82
Free cash flow	\$ (11,980)	\$ 24,740

Reconciliation of Non-GAAP Financial Measures



The Shyft Group, Inc. and Subsidiaries
Consolidated Financial Summary (Non-GAAP)
(In thousands, except per share data)
(Unaudited)

The Shyft Group, Inc.	Outlook		
	Twelve Months Ended December 31, 2024		
	Low	Mid	High
Income from continuing operations	\$ 2,600	\$ 4,750	\$ 6,900
Add:			
Depreciation and amortization	21,000	20,450	19,900
Interest expense	8,400	8,400	8,400
Taxes	640	1,195	1,750
EBITDA	\$ 32,640	\$ 34,795	\$ 36,950
Add:			
Non-cash stock-based compensation and other charges	12,360	12,705	13,050
Adjusted EBITDA	\$ 45,000	\$ 47,500	\$ 50,000
Earnings per share	\$ 0.07	\$ 0.14	\$ 0.20
Add:			
Non-cash stock-based compensation and other charges	0.35	0.36	0.37
Less tax effect of adjustments	(0.07)	(0.07)	(0.07)
Adjusted earnings per share	\$ 0.35	\$ 0.43	\$ 0.50



Thank you.