



Third Quarter 2024 Earnings Conference Call

October 24, 2024

SHYFT GROUP



Forward-Looking Statement

This presentation release 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. More information about factors that potentially could affect our financial results is included in our filings with the Securities and Exchange Commission (“SEC”), including our most recent Annual Report on Form 10-K and subsequent filings, which are available at www.sec.gov or our website. All forward-looking statements in this release 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 release, whether as a result of new information, future events, or otherwise

3Q24 Highlights

\$194M

(4%) decrease YoY

Sales

\$14M

7.4% of Sales

Adjusted EBITDA

\$345M

Backlog

\$17M

**YTD Operating
Cash Flow**

- ✓ Shyft adjusted EBITDA margin expansion of +1.9 points
 - Achieved 10.5% adj EBITDA (excl EV expenses)
 - FVS improved to 9.3%, +2.9 pts YoY
 - SV maintained high-teens margin
- ✓ Solid cash generation year-to-date; balance sheet remains strong with 2.2x net leverage
- ✓ Closed ITU acquisition in July; integration progressing favorably with synergies beginning to materialize
- ✓ Blue Arc vehicle production underway

Solid 3Q performance and demonstrated improvement throughout the year

Forward Momentum After First Year

OPERATING FRAMEWORK



HIGH PERFORMING TEAMS

- Streamlined organization to focus on organizational efficiency and accountability
- Prioritized training and safety to increase employee engagement and customer quality

OPERATIONAL EXCELLENCE

- Drove footprint efficiency and delivered multiple quarters of profit improvement
- Received favorable customer quality scores and maintained strong market share

CUSTOMER CENTRIC APPROACH

- Increased Senior Leadership engagement with customers to strengthen partnerships
- Invested in sales team with new talent, tools, and processes to sell entire portfolio

FINANCIAL GROWTH

- Delivered improved financial performance with lower, focused Blue Arc spending
- Closed Independent Truck Upfitters acquisition and expanded M&A funnel

Leveraging operating framework to drive further improvement going forward

Blue Arc EV Update



Production Progress: Truck production underway with first customer deliveries by year end



Expanded Dealer Network: Finalized agreement with Allegiance truck to cover Northeast U.S.



Engaging Customers: Noted progress from customer demos with new trials ongoing



Financial Improvement: Striving for breakeven in 2025 driven by vehicle deliveries and lower spend



Significant progress made in 2024 with positive momentum heading into 2025



Third Quarter 2024 Financial Review and 2024 Outlook



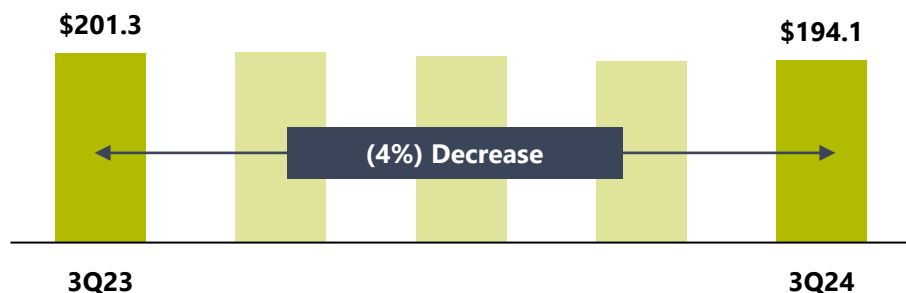


Shyft Financial Summary – 3Q24

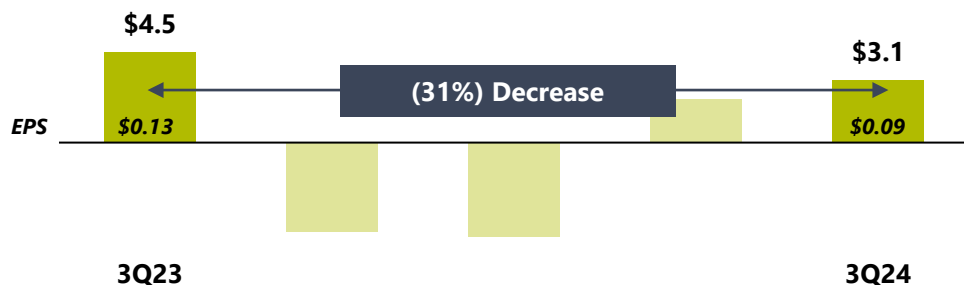
Reported Financials

(\$ millions, except EPS)

Sales



Net Income and EPS



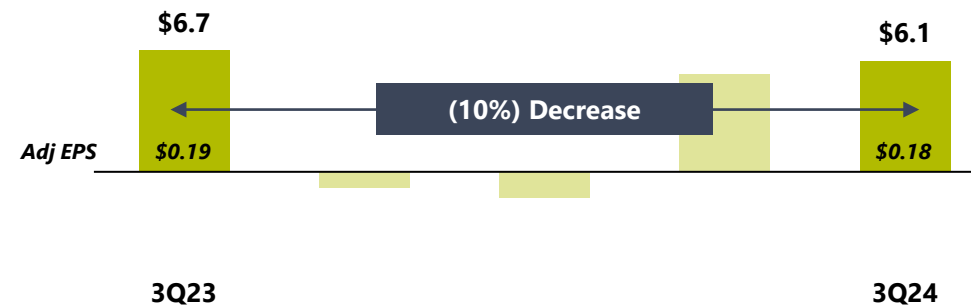
Adjusted Financials

(\$ millions, except EPS, & % of Sales)

Adjusted EBITDA



Adjusted Net Income



Expanded adjusted EBITDA margin by +1.9 pts year-over-year

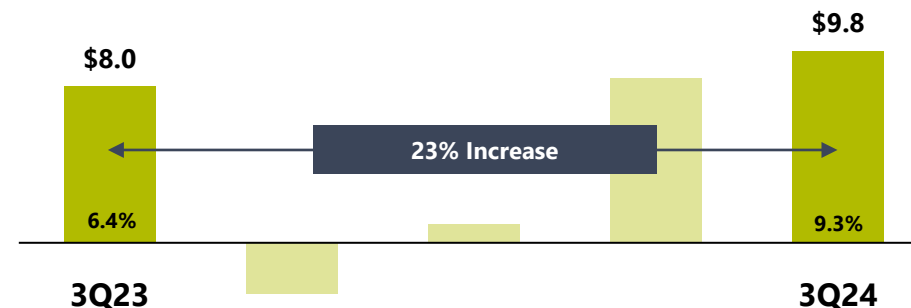
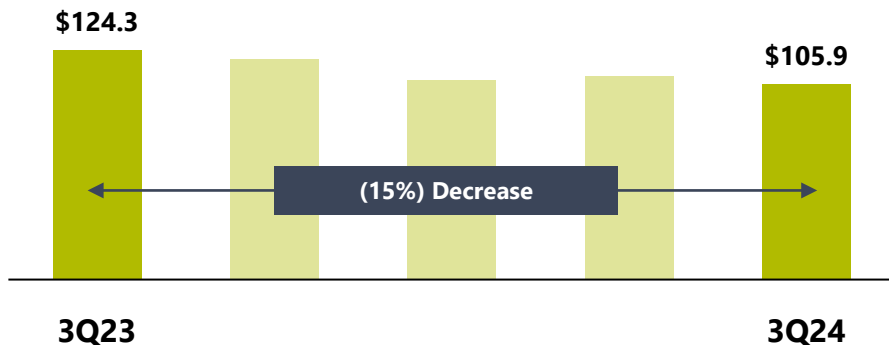


Segment Results Summary – 3Q24

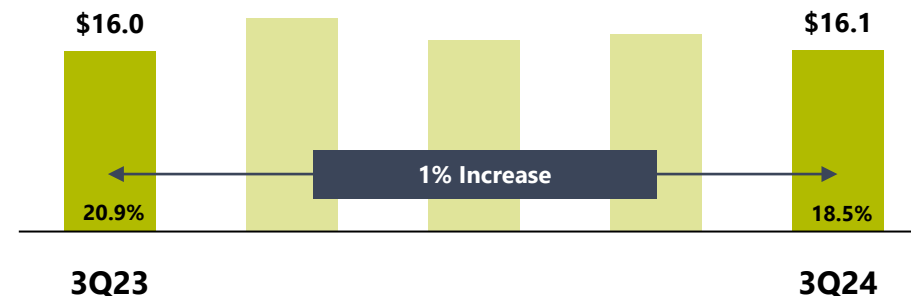
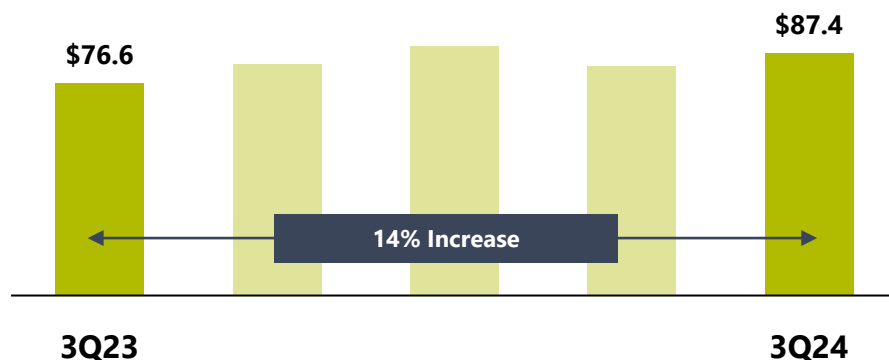
Sales (\$ millions)

Adjusted EBITDA (\$ millions and % of Sales)

FVS



SV



Operational focus driving notable improvement in FVS margins

2024 Full-Year Outlook

Sales

~\$800M
(8%) 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 ~\$4M
- 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

~\$30M

- ~65% EBITDA conversion; Capex forecast of \$15-20M
- Continued focus on working capital reduction

Team focused on delivering outlook and positioning Shyft for growth in 2025

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)

The Shyft Group, Inc.	Three Months Ended September 30,			
	2024	% of	2023	% of
Net income	\$ 3,123	1.6%	\$ 4,518	2.2%
Add (subtract):				
Restructuring and other related charges	186		58	
Acquisition related expenses and adjustments	1,225		149	
Non-cash stock-based compensation expense	2,188		2,097	
CEO transition	-		235	
Tax effect of adjustments	(665)		(363)	
Adjusted net income	\$ 6,057	3.1%	\$ 6,694	3.3%
Net income	\$ 3,123	1.6%	\$ 4,518	2.2%
Add (subtract):				
Depreciation and amortization	5,278		4,310	
Income tax benefit	(48)		(1,951)	
Interest expense	2,392		1,572	
EBITDA	\$ 10,745	5.5%	\$ 8,449	4.2%
Add:				
Restructuring and other related charges	186		58	
Acquisition related expenses and adjustments	1,225		149	
Non-cash stock-based compensation expense	2,188		2,097	
CEO transition	-		235	
Adjusted EBITDA	\$ 14,344	7.4%	\$ 10,988	5.5%
Diluted net earnings per share	\$ 0.09		\$ 0.13	
Add (subtract):				
Restructuring and other related charges	-		-	
Acquisition related expenses and adjustments	0.04		-	
Non-cash stock-based compensation expense	0.06		0.06	
CEO transition	-		0.01	
Tax effect of adjustments	(0.01)		(0.01)	
Adjusted diluted net earnings per share	\$ 0.18		\$ 0.19	

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

The Shyft Group, Inc.	Nine Months Ended September 30,	
	2024	2023
Net cash provided by operating activities	\$ 17,216	\$ 44,818
Purchases of property, plant and equipment	(11,482)	(16,143)
Proceeds from sale of property, plant and equipment	91	100
Free cash flow	\$ 5,825	\$ 28,775

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	<u>\$ 45,000</u>	<u>\$ 47,500</u>	<u>\$ 50,000</u>
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	<u>\$ 0.35</u>	<u>\$ 0.43</u>	<u>\$ 0.50</u>



Thank you.