



# SHYFT GROUP

September 2020

“For 45 years, the Company has gone to market as Spartan. This new chapter has been well contemplated, it’s aligned with our long-term growth strategy, and it’s one we’re incredibly proud of ... The Shyft Group represents the pivot in market-focus and the corresponding forward momentum we’ve garnered in the work truck, specialty service, and delivery vehicle markets. As our new name signals, The Shyft Group is nimble, aggressive, and here to win.”

**Daryl Adams**

President and CEO, The Shyft Group

# The Financial Results Included Within This Presentation are from Continuing Operations Unless Otherwise Noted

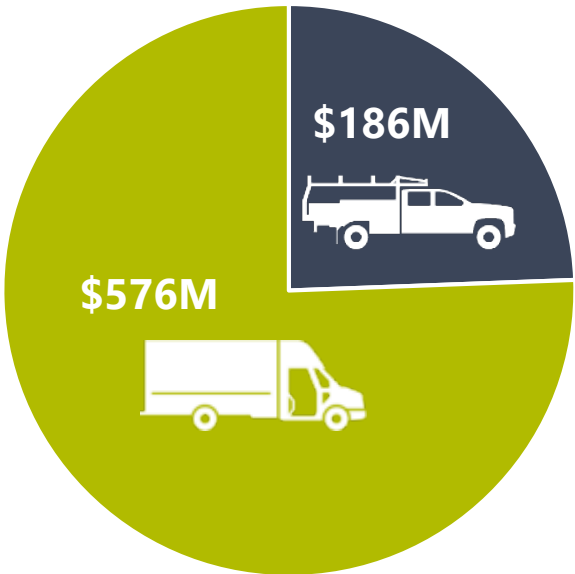
## FORWARD LOOKING STATEMENTS

*This presentation contains several forward-looking statements that are not historical facts, including statements concerning our business, strategic position, financial projections, financial strength, future plans, objectives, and the performance of our products and operations. These statements can be identified by words such as "believe," "expect," "intend," "potential," "future," "may," "will," "should," and similar expressions regarding future expectations. Furthermore, statements contained in this document relating to the recent global outbreak of the novel coronavirus disease (COVID-19), the impact of which remains inherently uncertain on our financial results, are forward-looking statements. These forward-looking statements involve various known and unknown risks, uncertainties, and assumptions that are difficult to predict with regard to timing, extent, and likelihood. Therefore, actual performance and results may materially differ from what may be expressed or forecasted in such forward-looking statements. Factors that could contribute to these differences include future developments relating to the COVID-19 pandemic, including governmental responses, supply chain shortages, and potential labor issues; operational and other complications that may arise affecting the implementation of our plans and business objectives; continued pressures caused by economic conditions and the pace and extent of the economic recovery; challenges that may arise in connection with the integration of new businesses or assets we acquire or the disposition of assets; restructuring of our operations, and/or our expansion into new geographic markets; issues unique to government contracting, such as competitive bidding processes, qualification requirements, and delays or changes in funding; disruptions within our dealer network; changes in our relationships with major customers, suppliers, or other business partners, including Isuzu; changes in the demand or supply of products within our markets or raw materials needed to manufacture those products; and changes in laws and regulations affecting our business. Other factors that could affect outcomes are set forth in our Annual Report on Form 10-K and other filings we make with the Securities and Exchange Commission (SEC), which are available at [www.sec.gov](http://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.*

# Shyft Group at a Glance

## Segment Overview

2019 sales



- Specialty Vehicles (SV)
- Fleet Vehicles & Services (FVS)



**\$571M**

2018 Sales

**\$757M**

2019 Sales



**\$18M**

2018 Income

**\$37M**

2019 Income

**\$35M**

2018 Adj. EBITDA

**\$64M**

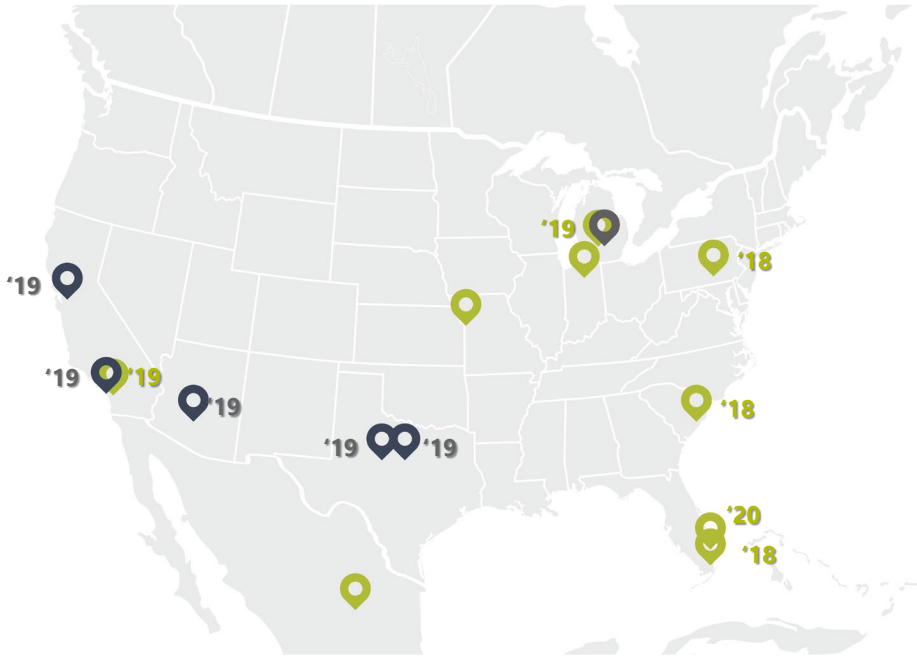
2019 Adj. EBITDA



**15 MFG OPERATIONS**

in 9 States & 2 Countries

**North American leader in specialty vehicle manufacturing and assembly for the commercial vehicle market**



# Company Timeline

**1975**

Four young engineers joined to form Spartan Motors, Inc. and produced the first custom fire truck cab and chassis in a few short months.



**1985**

Spartan enters the Class A diesel RV chassis market.

**2005**

Spartan builds the MRAP and ILAV to support U.S. efforts in the Iraq War.

**2011**

Spartan builds low cab-forward N-Series assembly and final inspection for Isuzu Work Truck, North America.



**2015**

Daryl Adams is appointed President & CEO.



**2017**

Spartan acquires Smeal Fire Apparatus and it's Ladder Tower and UST brands.

**2018**

Spartan acquires Strobes-R-Us.



**2019**

Spartan motors advances commitment to U.S. manufacturing with launch of Detroit Truck Manufacturing.

**2020**

Spartan Motors announces business transformation to focus on it's Delivery and Specialty Vehicle Segments, divests Emergency Response business unit.

**1975**

**1990**

**2010**

**2015**

**2020**

**1984**

Spartan Motors goes public on NASDAQ under the symbol **SPAR**.

**2009**

Spartan Motors, Inc. acquires Utilimaster, Inc.



**2010**

Spartan creates the Reach - the next generation commercial walk in van.



**2013**

Production begins at the state-of-the-art new facility in Bristol, IN.



**2016**

Spartan builds Plant 12, a flexible manufacturing facility, to accommodate growing contract manufacturing business with Isuzu.



**2019**

Spartan acquires General Truck Body, and with it, the company's first West Coast facility.



**2019**

Spartan acquires Royal Truck Body, gaining six facilities in three additional sunbelt states, and coast-to-coast manufacturing and distribution capabilities with an expanded presence in the truck body market.



**2020**

Spartan Motors launches corporate rebrand as The Shyft Group.



# Leadership Operations

## QUICK STATS & DRIVERS

- 120 years of combined executive leadership
- “One-team” mentality
- Culture of accountability and ownership
- Mantra of “no surprises”
- Solution and proactive based mindset

## SHARED SKILL SETS

- Big-company DNA with growth experience
- Blended automotive and non-automotive experience
- Lean manufacturing expertise
- Successful M&A activity
- Progressive experience



**Daryl Adams**  
President & CEO



**Todd Heavin**  
COO



**Jon Douyard**  
CFO



**Chad Heminover**  
President, Fleet  
Vehicles & Services



**Steve Guillaume**  
President, Specialty  
Vehicles

# Current Environment

## Segment (% sales)

## Backlog

## Q2 Learnings

### Fleet Vehicle Services (~75%)



**\$287M**  
**+18%\***

*\*Excludes USPS*

- Stay at home orders and consumer desire for enhanced social distancing created surge in demand for delivery
- Production scheduling, absenteeism and turnover imposing operational challenges
- Chassis and component availability recovering
- Customers assessing and planning for new normal

### Specialty Vehicles (~25%)



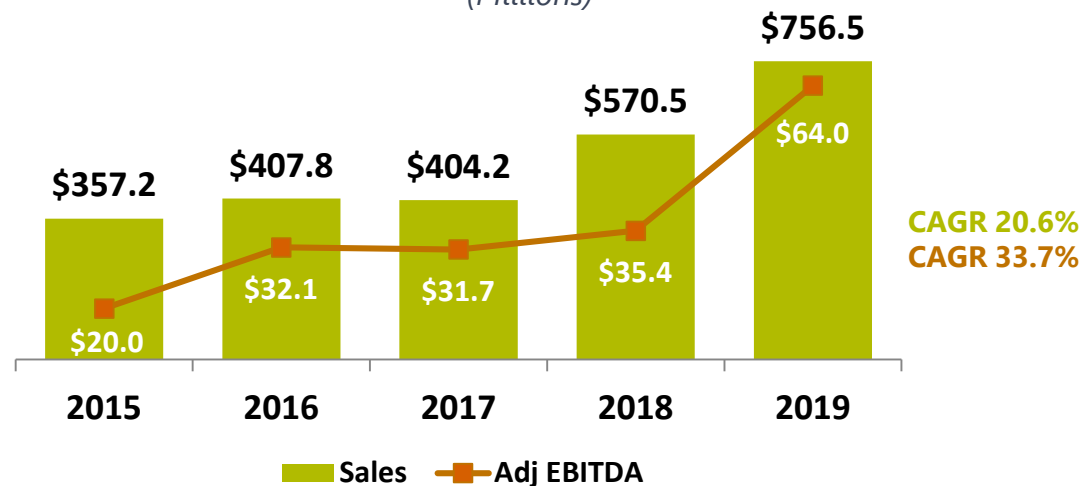
**\$51M**  
**+56%**

- Motorhome chassis production demand exceeding pre-COVID-19 levels
- Service Body short short-term impact from dealer closings
- Contract manufacturing back online after shutdown through mid-May
- Service body chassis and component availability recovering

# Shyft Group - Business Snapshot

## Sales & Adj. EBITDA

(Millions)



## Market Stats (TAM: \$4.6B)



**FVS: \$3.0B**

eCommerce to grow 9x  
the rate of other retail sales  
through 2022

TAM Source: 2019 SpecialtyTransportation.net Reports



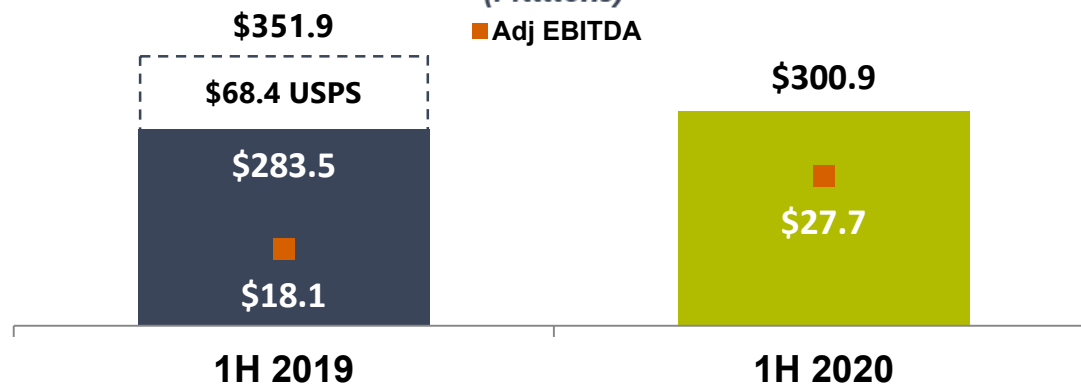
**SV: \$1.6B**

10% CAGR Class A Diesel  
>400 H.P. shipments ('12-'19)

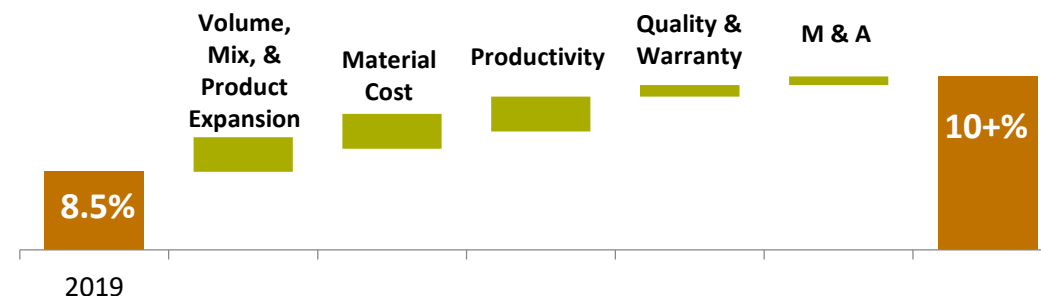
## 2020 Sales and Adj. EBITDA

(Millions)

Adj EBITDA



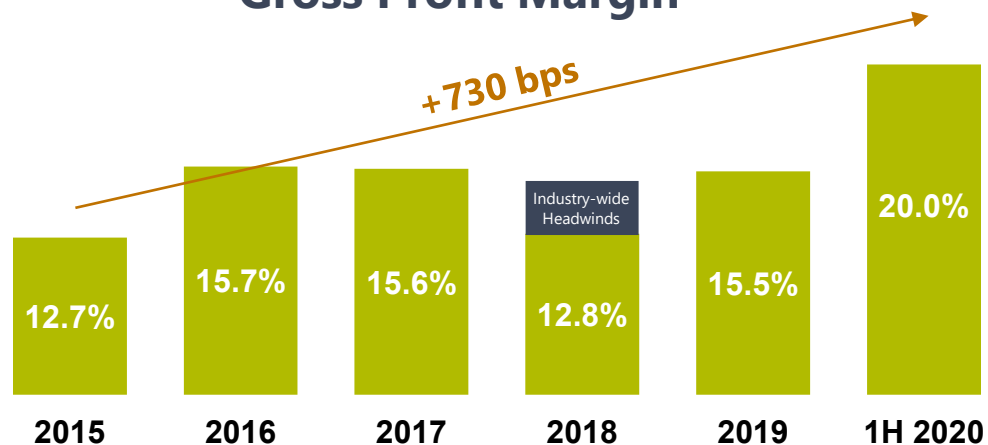
## Financial Objective – Adj. EBITDA %



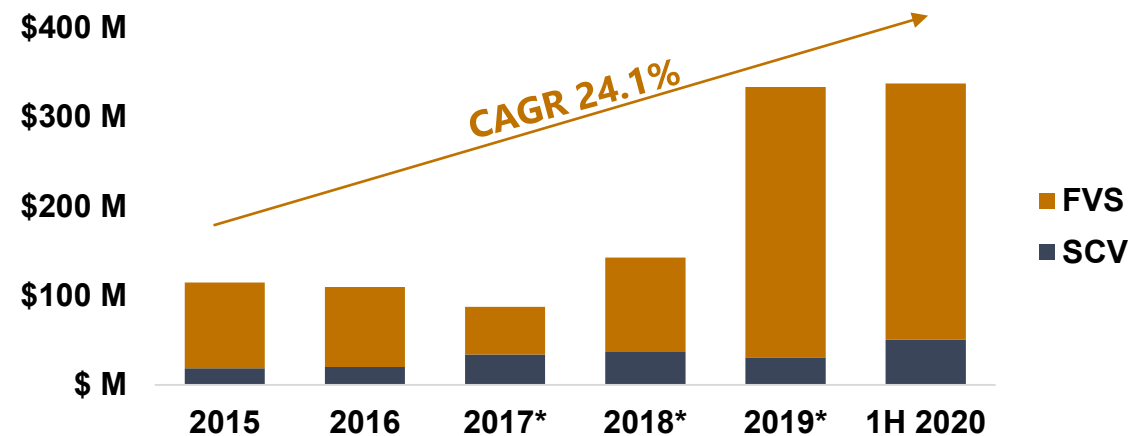


# Manufacturing Improvements – Gaining Traction

## Gross Profit Margin

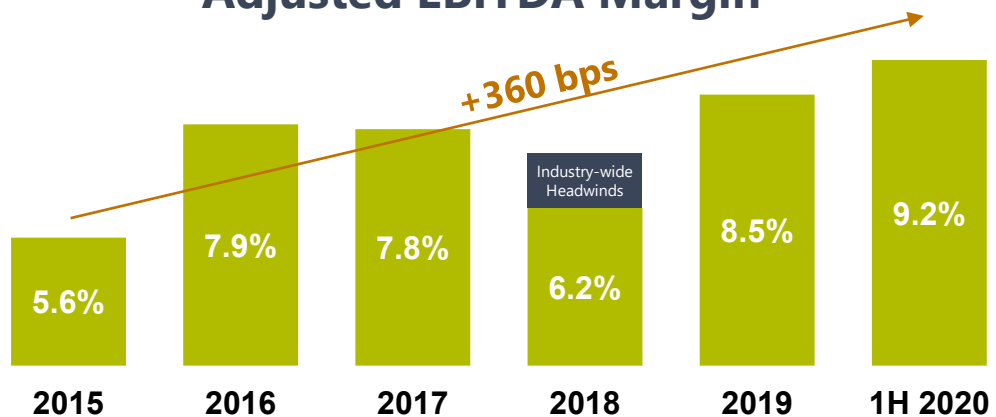


## Backlog

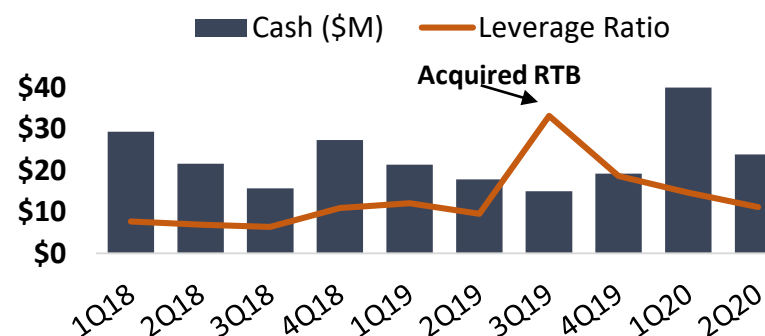


\*Excluding USPS Order

## Adjusted EBITDA Margin



## Liquidity



**\$115M total liquidity at 2Q20**

**\$24M cash on hand**

**\$91M of borrowing capacity**

**0.8X adjusted EBITDA leverage ratio**

10

# Initiatives to Support Our Growth Strategy

## Fleet Vehicles and Services

- Producing EV WIV's for two parcel delivery companies for route testing, suitability and performance
  - ♦ EV WIV production expected to begin 2021 on dedicated EV chassis assembly line – up to 5,000 units per year on a single shift
- Completed redesign, durability testing of Velocity M3, a Class 3 purpose-built walk-in cargo van, which is scheduled for customer testing
  - ♦ Velocity M3 production is expected to begin in 4Q20



## Specialty Vehicles

- Launched new K-2 chassis on Newmar New Aire and Ventana coaches
- Adopted and implemented new technologies
  - ♦ Gen 2 digital dash now on 100% of models
  - ♦ Haptic (vibrating) seat integrated with mobile eye
  - ♦ Launched new passive steer tag axel with improved wheel cut



# Commercial EV – The Shyft Strategy

## Global commercial EV adoption is approaching rapidly

- By 2030\* – 1 in 4 light commercial vehicles (LCV) will be EV
- By 2040\* – More than 60% of LCV's will be EV
- Governmental incentives and commercial vehicle OEM's will drive LCV EV adoption

## SHYFT is proactively addressing customer's "green" mandates

- Shyft is propulsion agnostic – currently available on Class 1-7 – EV, CNG, propane
- Shyft has more than 800 purpose-built alternative fuel vehicles on the road today
- Shyft EV Strategy to fulfill customer's needs currently include:
  1. Converting ICE chassis to EV chassis
  2. EV skateboard – partnering with EV chassis suppliers to manufacture EV vehicles
  3. Builtmore Contract Assembly – contract to assemble EV vehicles





# Fleet Vehicle & Services



# Fleet Vehicles & Services (FVS)

A leader in the fleet vehicle market, including truck bodies, walk-in vans, highly-customized global fleets, and vocation-specific vehicle upfits



# FVS: Go-to-Market Strategy

## National Accounts/ Large Business Fleets

## Leasing Companies

## OEM Dealerships

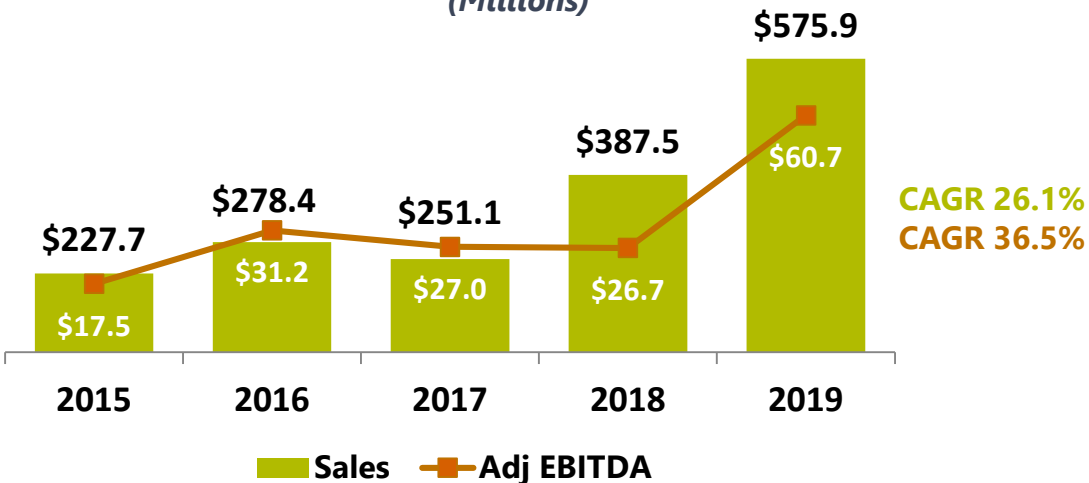


Mercedes-Benz



# FVS: Business Snapshot

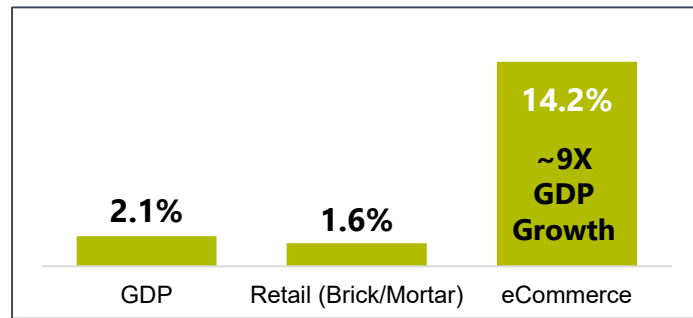
Sales & Adj. EBITDA  
(Millions)



Market Stats (TAM \$3.0B)



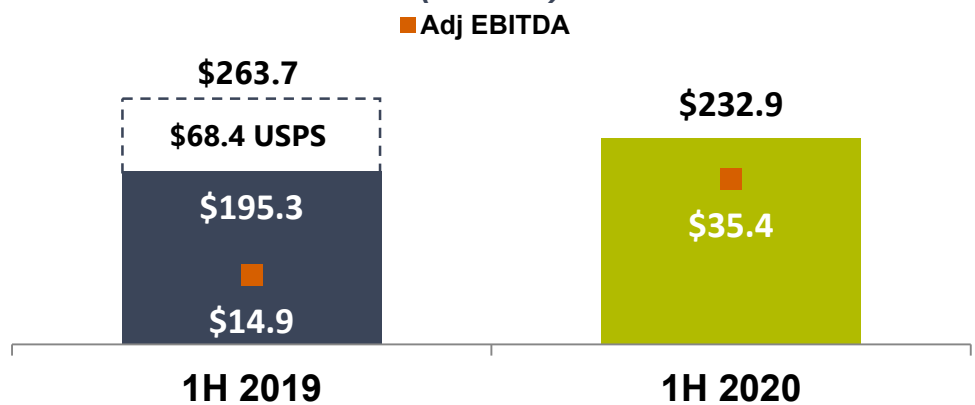
Expected Growth (CAGR) 2018-2022



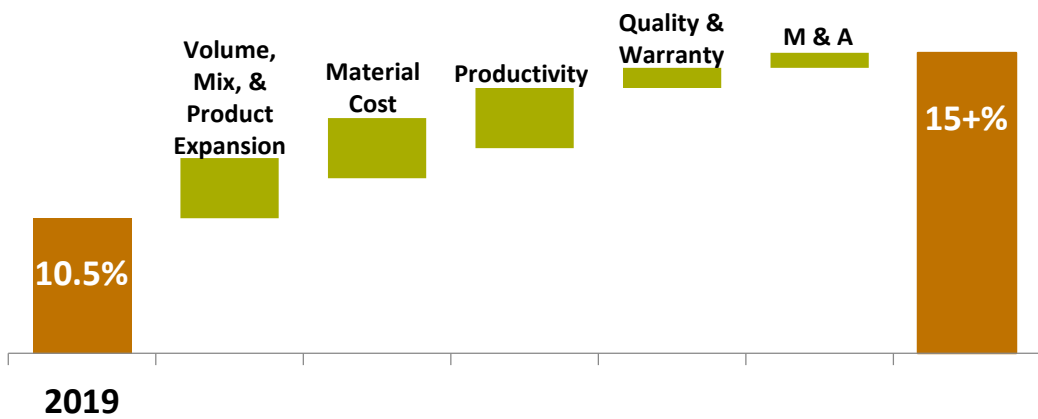
**US eCommerce expected to double from \$575B in 2019 to over \$1.2T by 2028**

Note: Nominal GDP  
Sources: FedEx, UPS Rates & Forecasting, eMarketer, FTI Consulting Report, CBO GDP Report

2020 Sales and Adj. EBITDA  
(Millions)



Financial Objective – Adj. EBITDA %



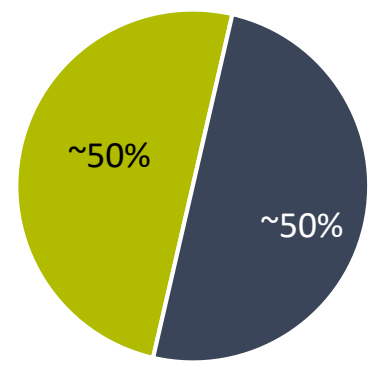


# FVS: Market Share



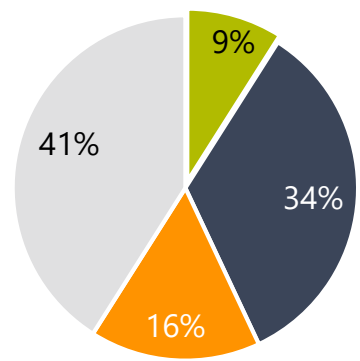
<b>WALK- IN VANS</b>	<b>TRUCK BODIES</b>	<b>CARGO VAN UPFITS</b>
<b>TAM: \$2.0 Billion</b>		<b>TAM: \$1.0 Billion</b>

Walk-in Van Market Share



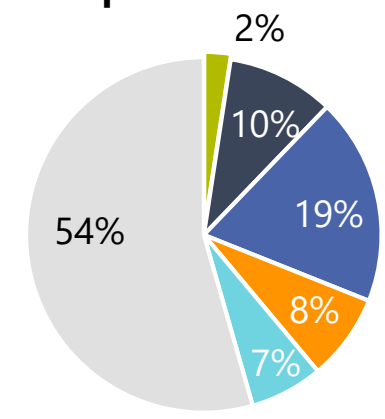
■ Shyft/Utilimaster   ■ Morgan Olson

Truck Body Market Share



■ Shyft/Utilimaster   ■ Morgan Corp  
■ Wabash/Supreme   ■ Others

Van Up-fit Market Share



■ Shyft/Utilimaster   ■ MasterRack  
■ Adrian Steel   ■ Ranger Design  
■ Weather Guard   ■ Regional Upfitters

**Shyft's Utilimaster is #3 in the Van/Truck Body Market**

# FVS: Competitive Advantage



## Utility

WIV | TB

ConEd | SDG&E | LAPW  
Consumers Power | COM Ed



## Food & Beverage

WIV | TB

Coca-Cola | Frito Lay  
Bimbo | Sara Lee



## Parcel

WIV | TB | Upfit

UPS | FedEx | USPS |  
Purolator Speedy | Canada  
Post | Canpar



## Linen & Laundry

WIV | TB

Cintas | Aramark  
Virginia Linen | Ziker |  
CTS



## Retail

WIV | TB | Upfit

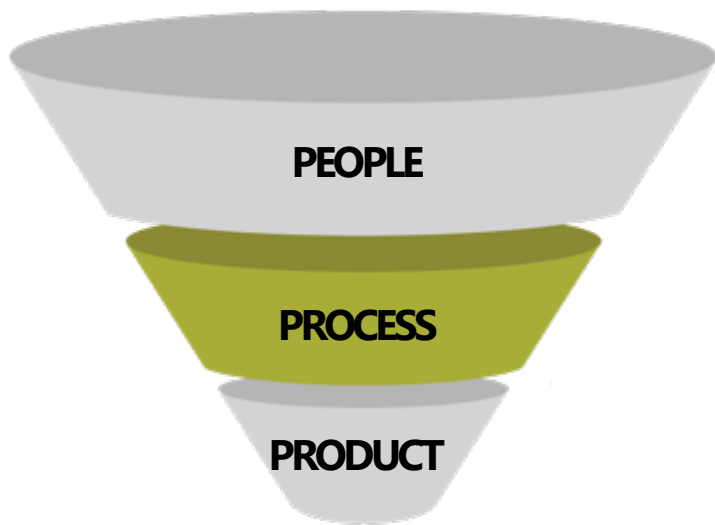
Sysco | Starbucks | Walmart  
GFS | Compass



## Government

WIV | TB | Upfit

GSA | Military | State  
US Customs/Border  
Protection



## Work-Driven Design<sup>®</sup> = The Utilimaster Difference



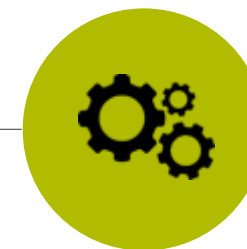
Learn & Listen



Needs  
Assessment



Design &  
Innovate



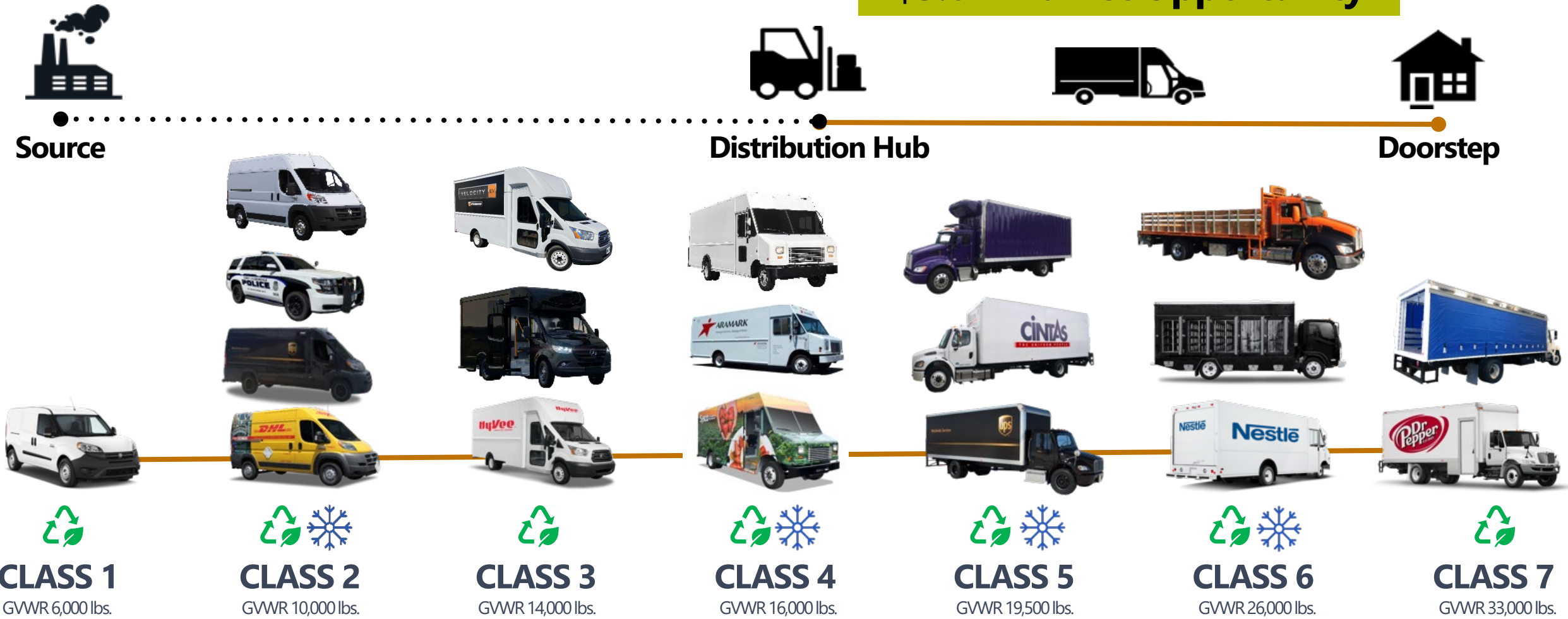
Build &  
Implement



Optimize

# Fleet Growth Opportunities

**\$3.0B Market Opportunity**

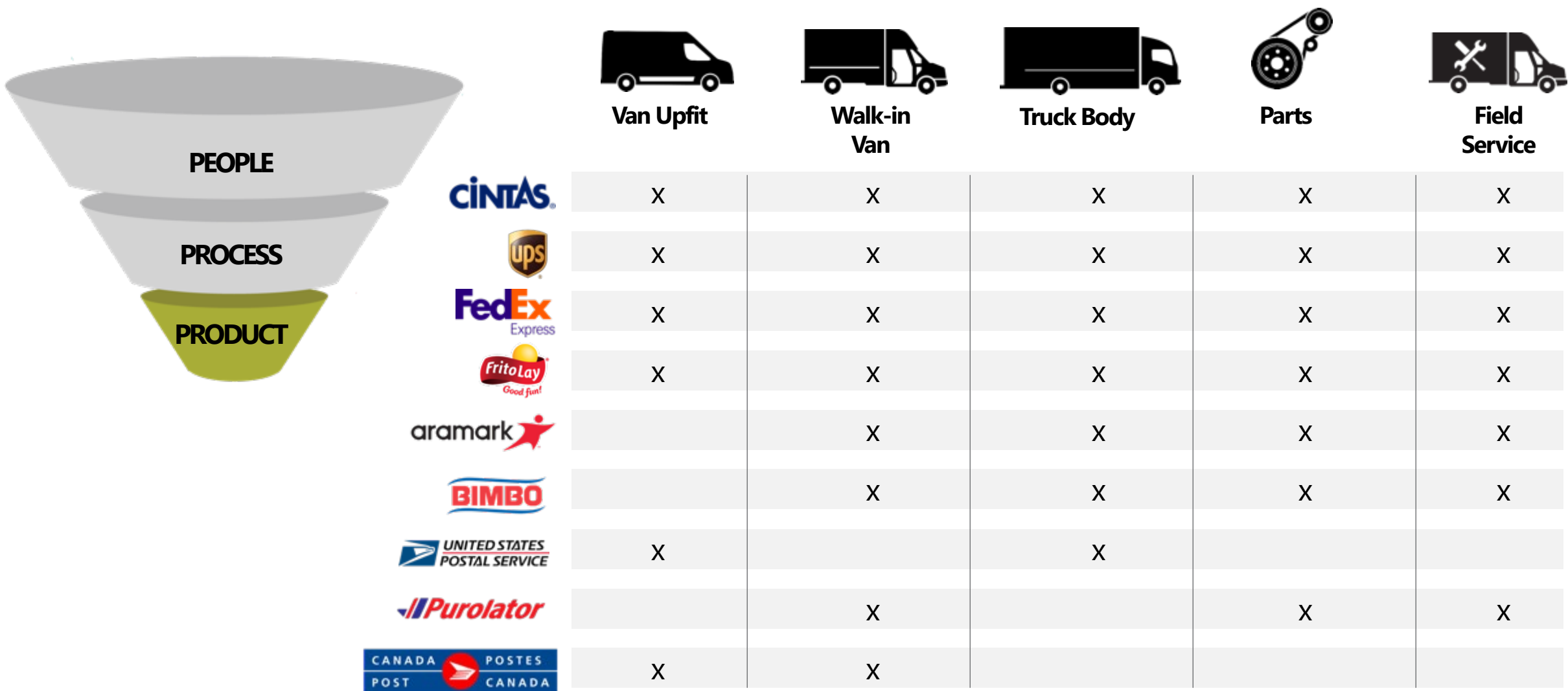


Available in EV, CNG, and propane propulsion technologies

© 2020 THE SHYFT GROUP, INC.

Available in refrigeration

# FVS: Building Long-Term Relationships





# Specialty Vehicles





# Specialty Vehicles

The "Premier Foundation" (custom chassis) for the Class A diesel Luxury Motor Coach (LMC) market, with a core competency in custom manufacturing and assembly for the light duty truck, specialty vehicle, and defense markets.

## Customers

## RV Chassis / Service TB

## Contract Manufacturing

## EV/AV



# SV: Royal Truck Body

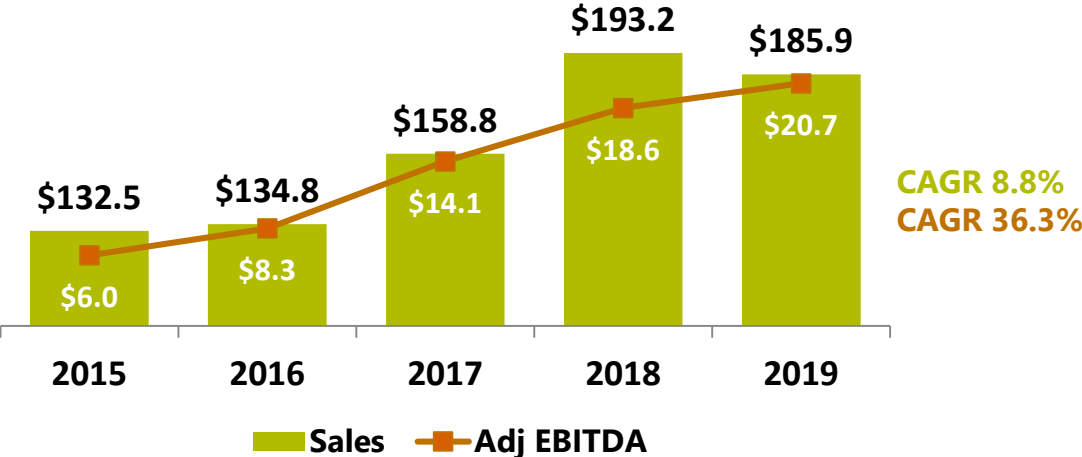


- Purchased Royal Truck Body 3Q19
  - ♦ California based manufacturer of service truck bodies
  - ♦ \$90M in cash, or \$80M net of tax benefits
  - ♦ Full year revenues of approximately \$45M - \$50M
  - ♦ Adjusted EBITDA margins significantly higher than SCV margins
- Provides coast-to-coast geographic coverage
  - ♦ Six facilities located in California, Arizona and Texas
  - ♦ Together with General Truck Body, provides significant West Coast and Southwest truck body operations
  - ♦ Better serve current and prospective customers in the region
    - Expanded manufacturing capabilities
    - Fleet customers
    - New regional customers



# SV: Business Snapshot

**Sales & Adj. EBITDA**  
(Millions)

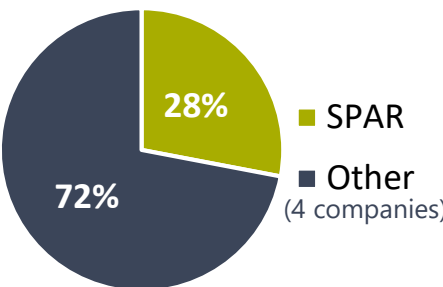


**Market Stats (TAM \$1.6B)**

LMC: (\$420M > 400HP | \$200M < 400HP)

Service Truck Body: \$960M

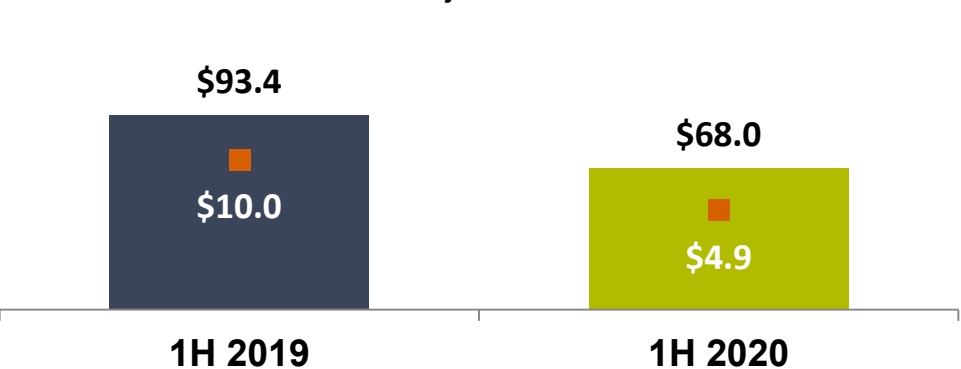
Class A Diesel >400hp



**Spartan LMC**  
market share has  
seen positive  
growth of 56%  
since 2014

Source: Statistical Surveys MarketScope, 1/2008 – 12/2019,  
U.S. Data and Management's estimates; SpecialityResearch.net 2019 Report

**Sales and Adj. EBITDA**  
(Millions)



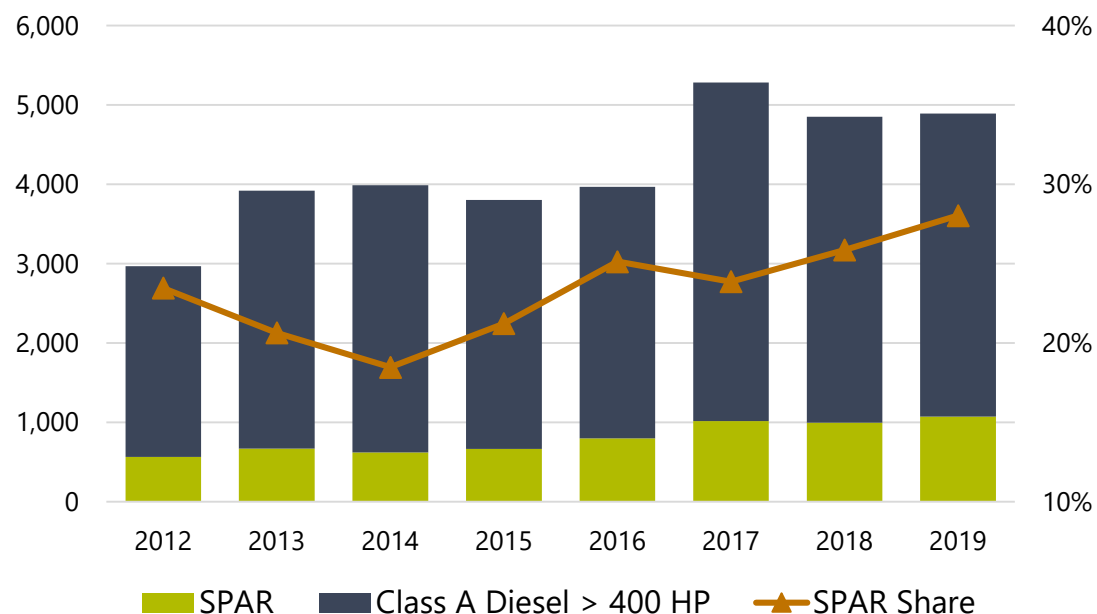
**Financial Objective – Adj. EBITDA %**





# RV chassis: Class A Diesel LMC Market Share and Outlook

**Spartan LMC market share has seen positive growth of 56% since 2014**



## Total Addressable Market

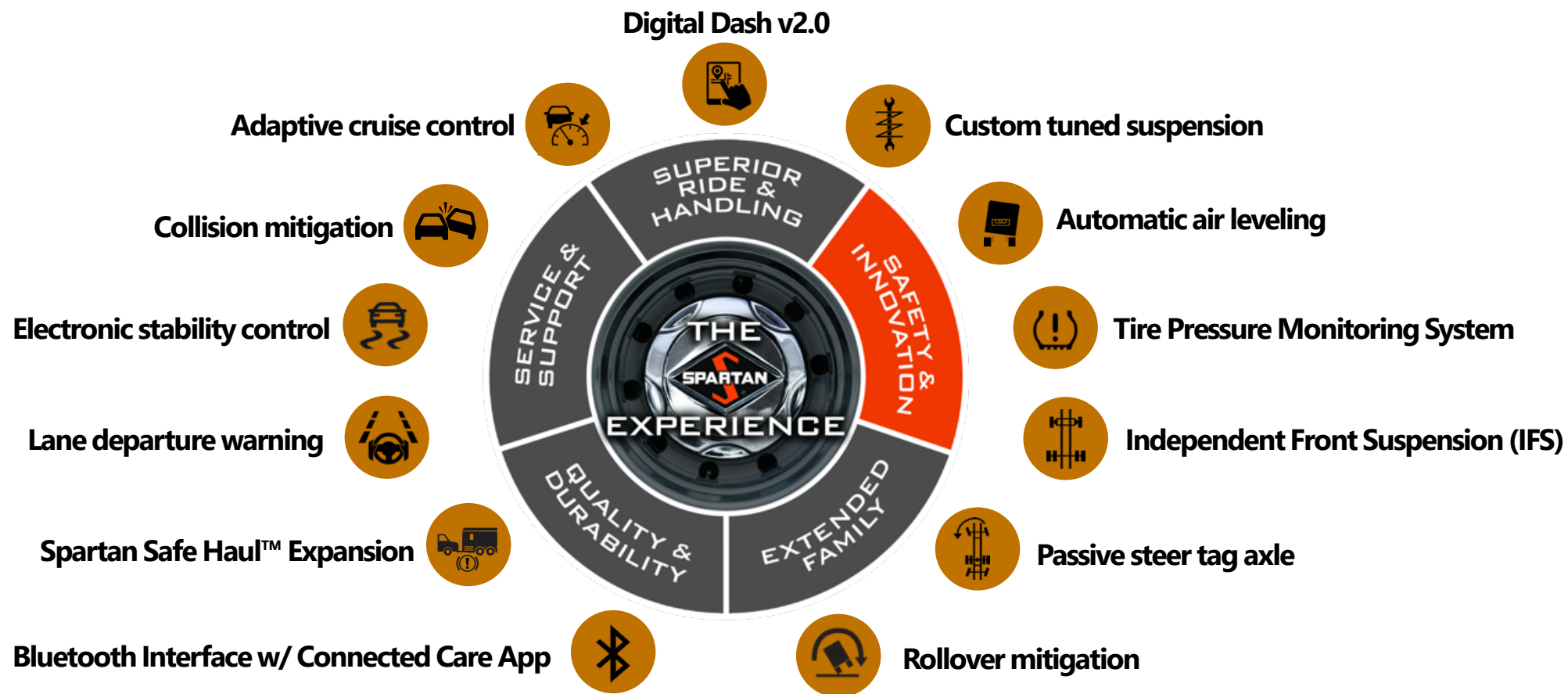
**\$620 Million** (\$420M > 400HP | \$200M < 400HP)

Spartan makes chassis for Class A Diesel > 400 HP - 28% share

## STRATEGY AT WORK – LUXURY MOTOR COACH

- SCV increasing LMC market share with Entegra, Newmar, Foretravel, Jayco and NeXus manufacturers
  - ♦ Up 2% to 28% share in 2019 despite Class A Diesel industry being down 8%
  - ♦ Benefiting from new customer platform introductions that are gaining share
  - ♦ <400HP diesel growing as % of diesel
    - \$200M addressable market
- Industry trends should support continued momentum, including:
  - ♦ Population and demographic trends
  - ♦ “Active/outdoor lifestyle” continues to grow
  - ♦ RV manufacturers are broadening offerings

# SV: First-to-Market Innovation



# The Path Forward



## Our Goal

To become #1 or #2 in each market we serve

*Leading purpose-built vehicle manufacturer*



## Well-positioned

Focused management team  
Operational improvements  
Improved product portfolio  
Customer-centric focus  
Financial strength

*Strengthen and grow the core business*



## Financial Objectives

\$1 Billion in Sales  
10+% Adj. EBITDA Margins  
Improved Cash Flows  
Increase ROIC  
Enhance shareholder returns

*Accelerate the path forward*



## Shareholder Alignment

Management's long-term goals closely aligned with shareholders

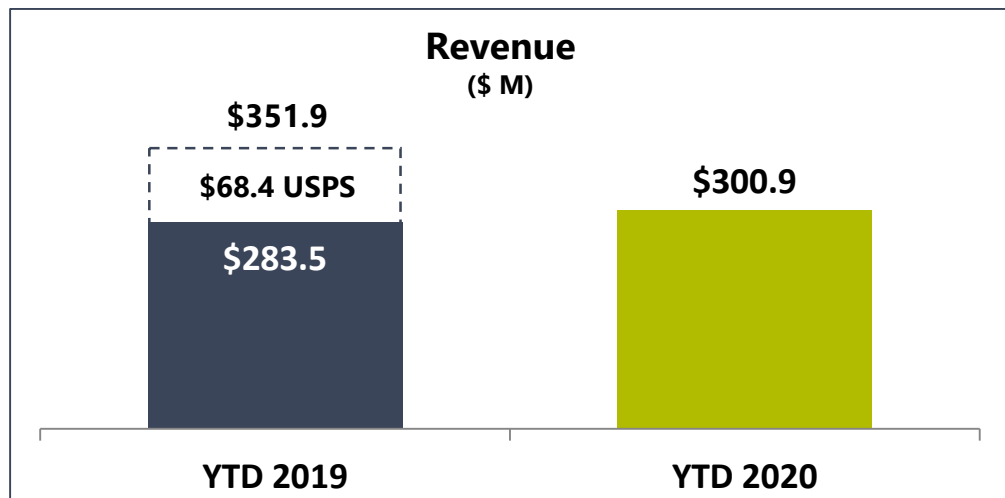
*Increase shareholder value*

# Financial Review

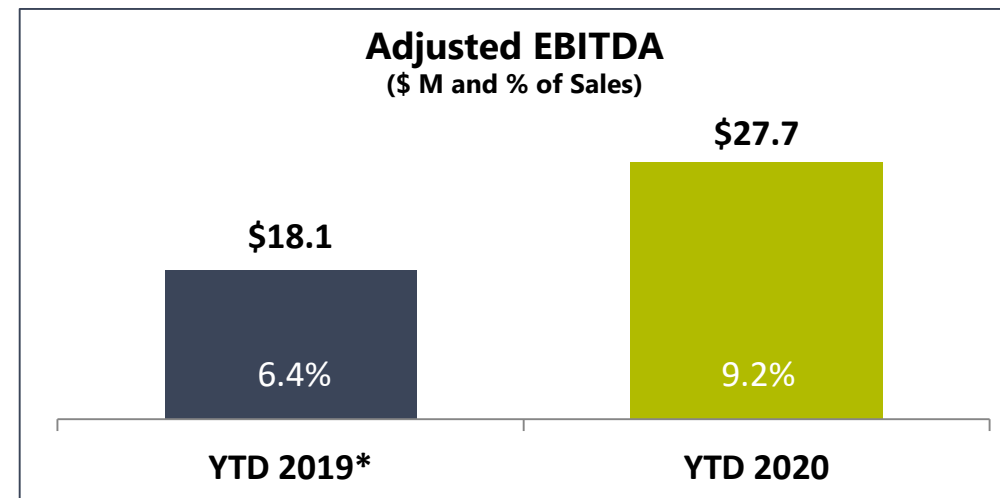
## 2<sup>nd</sup> Quarter 2020



# Year-to-Date Results



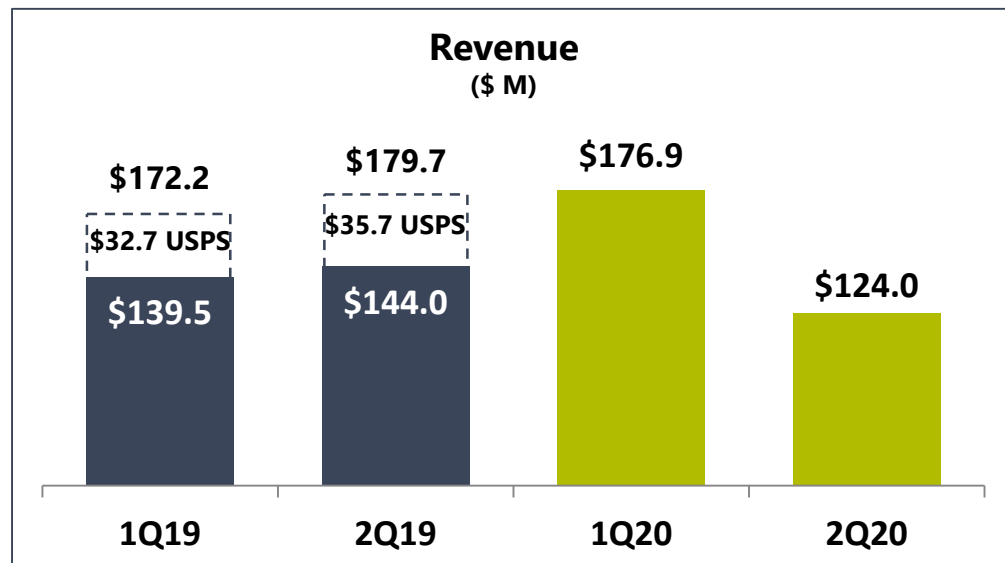
- YTD Revenue up \$17.4M, or 6.1%, excluding USPS
  - ♦ FVS up \$37.5M, or 19.2%, excluding USPS – increased sales of delivery vehicles
  - ♦ SV down \$25.4M, or 27.2% - decline in luxury motor coach chassis sales – recent order trends back to pre-COVID levels



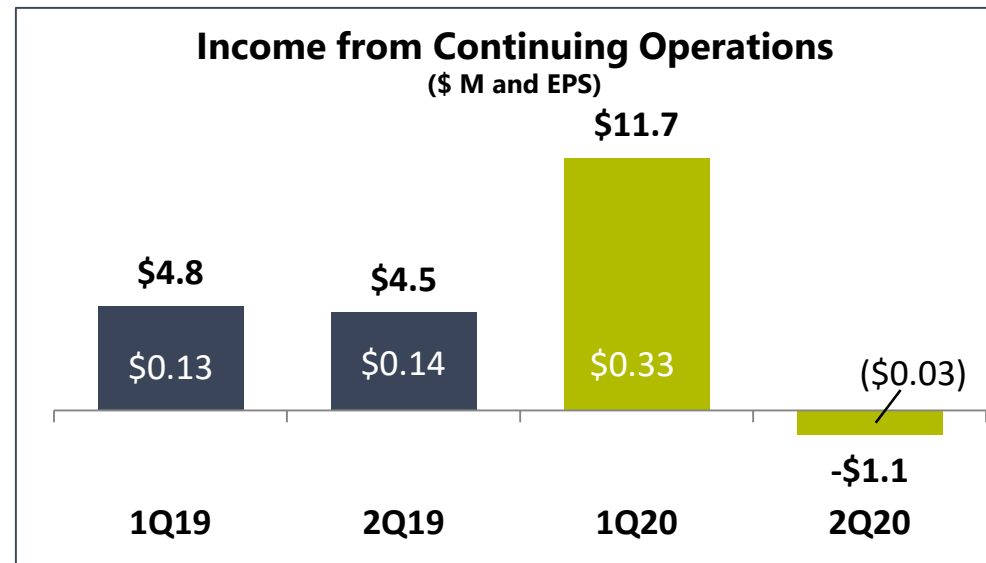
- Adjusted EBITDA up \$9.6M, or 53.0%
  - ♦ Improved mix, lower materials and component costs, productivity improvements and Royal acquisition
- Adjusted EBITDA margin up 400 basis points to 9.2%
  - ♦ Driven by sales volume and favorable product mix

*\*Includes USPS impact of 120 basis points*

# Overview – 2Q20 vs. 2Q19

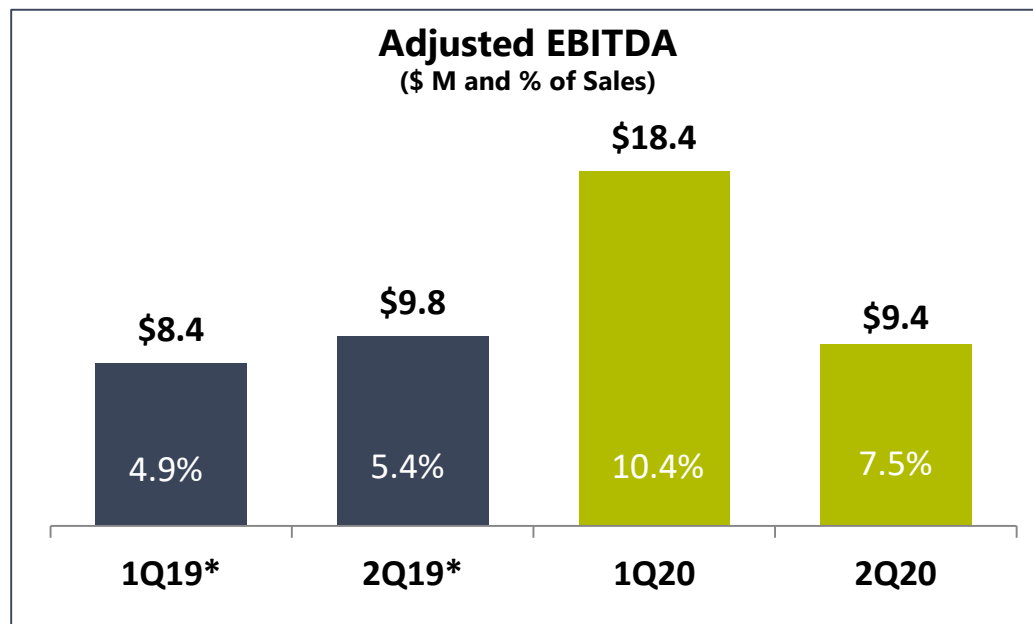


- Revenue of \$124.0M, down 13.9% from \$144.0M, excluding USPS order
  - ♦ Impacted by pandemic and resulting temporary plant closures
    - FVS down \$8.2M, or 7.8%, excluding USPS
    - SCV down \$15.0M, or 35.9%



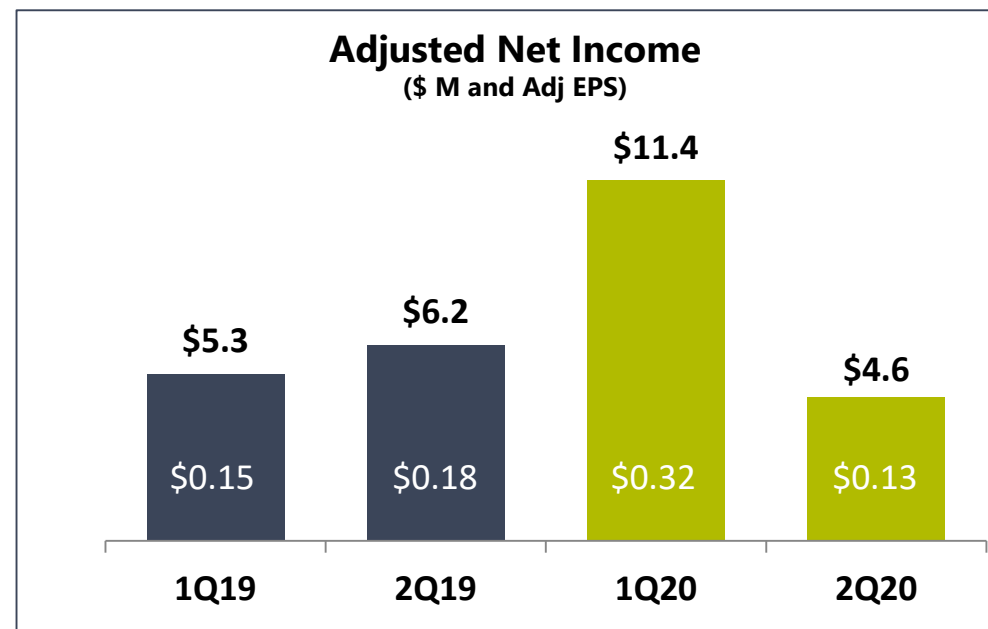
- Income (loss) of (\$1.1M), down 124.4% from \$4.5M
  - ♦ Includes pre-tax \$4.8 million, or \$0.10 per share, non-cash charge to write-off certain IT assets and streamline processes following the sale of the ER business
- EPS of (\$0.03), down from \$0.14 last year

# Overview – 2Q20 vs. 2Q19



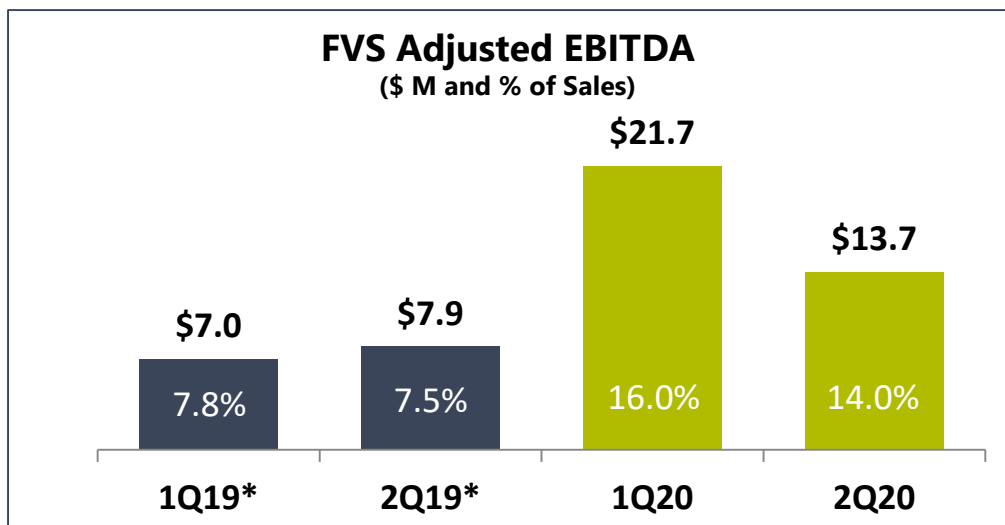
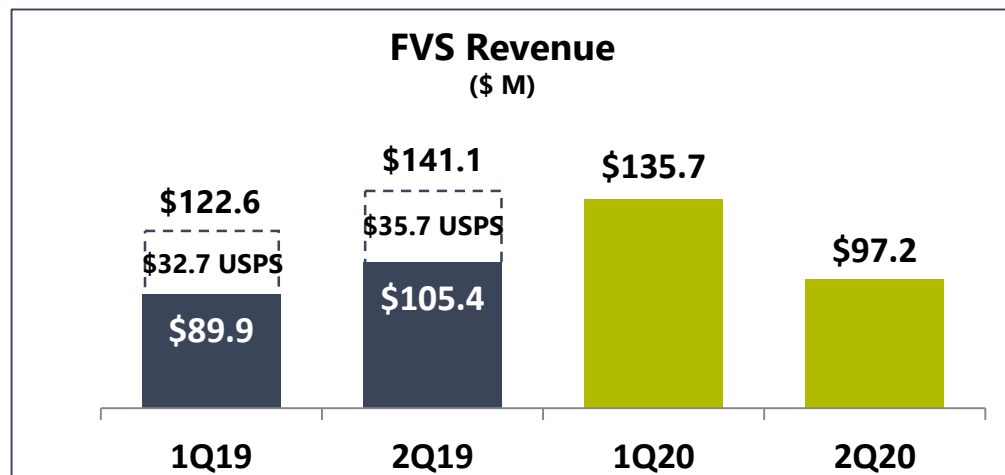
- Adjusted EBITDA of \$9.4M – a slight decrease from \$9.8M
- Adjusted EBITDA margin increased 210 bps, with 19.4% Gross Profit, up 740 bps
  - Primary drivers were product mix, cost actions, and the addition of Royal Truck more than offsetting the lower volume

*\*Includes USPS impact of 110 and 130 basis points in 1Q19 and 2Q19, respectively*



- Adjusted net income fell 25.8% to \$4.6M from \$6.2M
- Adjusted EPS of \$0.13 versus \$0.18 a year ago.

# Fleet Vehicles & Services – 2Q20

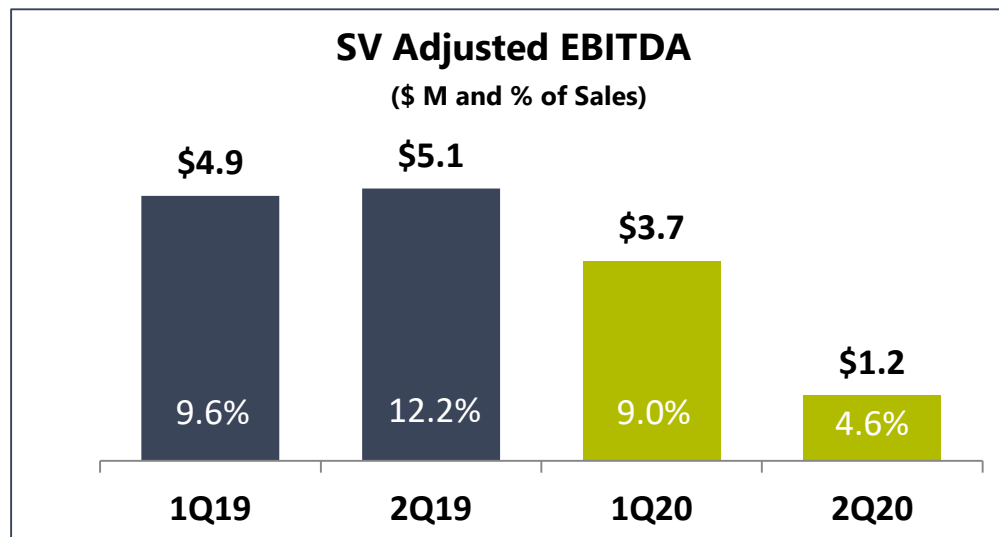
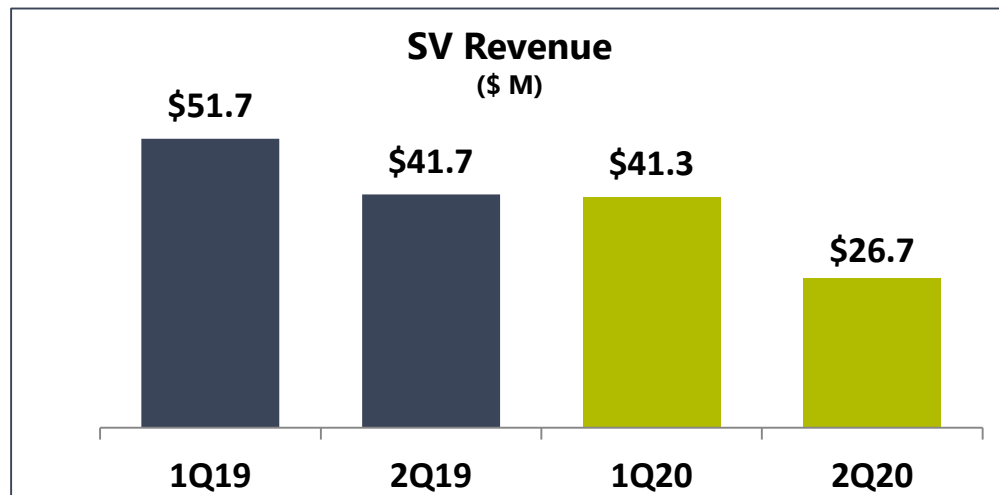


\*Includes USPS impact of 210 and 190 basis points in 1Q19 and 2Q19, respectively

- Revenue of \$97.2M, down \$8.2M, from \$105.4M
- Adjusted EBITDA increased to \$13.7M, up \$5.8M, from \$7.9M due to mix, more favorable material costs, and the impact of the pass-through USPS order in the prior year
- Adjusted EBITDA margin increased to 14.0% of sales from 5.6%
- Excluding the USPS truck body order, segment backlog totaled \$287.0M, up 17.8% compared to \$243.7 a year ago



# Specialty Vehicles – 2Q20



- Revenue of \$26.7M, down \$15.0M, from \$41.7M last year, with declines in luxury motor coach chassis sales and contract manufacturing due to the pandemic, partially offset by Royal Truck Body contributions
- Adjusted EBITDA of \$1.2M, down \$3.9M, from \$5.1M
- Adjusted EBITDA margin of 4.6% of sales, down from 12.2% a year ago primarily driven by volume
- Segment backlog up 55.9% to \$50.5M, led by a record motor coach backlog



# Appendix

# Reconciliation of Non-GAAP Financial Measures

This presentation contains adjusted EBITDA (earnings before interest, taxes, depreciation and amortization), which is a non-GAAP financial measure. This non-GAAP measure is calculated by excluding items that we believe to be infrequent or not indicative of our continuing operating performance. We define adjusted EBITDA as income from continuing operations 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. Adjusted EBITDA for all prior periods presented have been recast to conform to the current presentation.

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. We believe that presenting this non-GAAP measure is useful to investors because it permits investors to view performance using the same tools that management uses to budget, make operating and strategic decisions, and evaluate our historical performance. We believe that the presentation of this 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.

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 and long-term incentive compensation for our management team.

# Reconciliation of Non-GAAP Financial Measures

**Financial Summary**  
(In thousands, except per share data)  
(Unaudited)

Spartan Motors, Inc.	Three Months Ended March 31,			
	2020	% of sales	2019	% of sales
Income from continuing operations	\$ 11,742	6.6%	\$ 4,835	2.8%
Net (income) loss attributable to non-controlling interest	(67)		(140)	
Add (subtract):				
Restructuring and other related charges	992		27	
Acquisition related expenses and adjustments	93		45	
Non-cash stock-based compensation expense	1,991		847	
Favorable tax rate in income taxes receivable	(2,577)		(99)	
Tax effect of adjustments	(748)		(221)	
Adjusted net income	<u>\$ 11,426</u>	<u>6.5%</u>	<u>\$ 5,294</u>	<u>3.1%</u>
Income from continuing operations	\$ 11,742	6.6%	\$ 4,835	2.8%
Net (income) loss attributable to non-controlling interest	(67)		(140)	
Add (subtract):				
Depreciation and amortization	2,517		1,312	
Taxes on income	377		1,076	
Interest expense	731		374	
EBITDA	<u>\$ 15,300</u>	<u>8.6%</u>	<u>\$ 7,457</u>	<u>4.3%</u>
Add (subtract):				
Restructuring and other related charges	992		27	
Acquisition related expenses and adjustments	93		45	
Non-cash stock-based compensation expense	1,991		847	
Adjusted EBITDA	<u>\$ 18,376</u>	<u>10.4%</u>	<u>\$ 8,376</u>	<u>4.9%</u>
Diluted net earnings per share	\$ 0.33		\$ 0.13	
Add (subtract):				
Restructuring and other related charges	0.03		-	
Acquisition related expenses and adjustments	-		-	
Non-cash stock-based compensation expense	0.06		0.02	
Favorable tax rate in income taxes receivable	(0.08)		-	
Tax effect of adjustments	(0.02)		-	
Adjusted diluted net earnings per share	<u>\$ 0.32</u>		<u>\$ 0.15</u>	

# Reconciliation of Non-GAAP Financial Measures

**Financial Summary**  
(In thousands, except per share data)  
(Unaudited)

	Three Months Ended June 30,			
	2020	% of sales	2019	% of sales
<b>The Shyft Group, Inc.</b>				
Income (loss) from continuing operations	\$ (1,134)	(0.9%)	\$ 4,544	2.5%
Net (income) loss attributable to non-controlling interest	(70)		215	
Add (subtract):				
Restructuring and other related charges	562		-	
Acquisition related expenses and adjustments	179		420	
Non-cash stock-based compensation expense	2,126		1,450	
Loss from write-off of construction in process	2,430		-	
Accelerated depreciation of property, plant and equipment	2,330		-	
Tax effect of adjustments	(1,849)		(431)	
Adjusted net income	\$ 4,574	3.7%	\$ 6,198	3.4%
Income (loss) from continuing operations	\$ (1,134)	(0.9%)	\$ 4,544	2.5%
Net (income) loss attributable to non-controlling interest	(70)		215	
Add (subtract):				
Depreciation and amortization	5,343		1,280	
Taxes on income	(546)		1,536	
Interest expense	460		313	
EBITDA	\$ 4,053	3.3%	\$ 7,888	4.4%
Add (subtract):				
Restructuring and other related charges	562		-	
Acquisition related expenses and adjustments	179		420	
Non-cash stock-based compensation expense	2,126		1,450	
Loss from write-off of construction in process	2,430		-	
Adjusted EBITDA	\$ 9,350	7.5%	\$ 9,758	5.4%
Diluted net earnings per share	\$ (0.03)		\$ 0.14	
Add (subtract):				
Restructuring and other related charges	0.02		-	
Acquisition related expenses and adjustments	0.01		0.01	
Non-cash stock-based compensation expense	0.06		0.04	
Loss from write-off of construction in process	0.06		-	
Accelerated depreciation of property, plant and equipment	0.06		-	
Tax effect of adjustments	(0.05)		(0.01)	
Adjusted diluted net earnings per share	\$ 0.13		\$ 0.18	

# Reconciliation of Non-GAAP Financial Measures

## Financial Summary (Non-GAAP)

### Consolidated

(In thousands, except per share data)

(Unaudited)

The Shyft Group, Inc.	Forecast		
	Three Months Ended September 30, 2020		
	Low	Mid	High
Income from continuing operations	\$ 11,414	\$ 12,568	\$ 13,721
Add:			
Depreciation and amortization	3,129	3,129	3,129
Interest expense	203	203	203
Taxes	3,427	3,773	4,120
EBITDA	\$ 18,173	\$ 19,673	\$ 21,173
Add (subtract):			
Non-cash stock-based compensation and other charges	1,827	1,827	1,827
Adjusted EBITDA	<u>\$ 20,000</u>	<u>\$ 21,500</u>	<u>\$ 23,000</u>
Earnings per share	\$ 0.32	\$ 0.35	\$ 0.38
Add:			
Non-cash stock-based compensation and other charges	0.05	0.05	0.05
Less tax effect of adjustments	(0.01)	(0.01)	(0.01)
Adjusted earnings per share	<u>\$ 0.36</u>	<u>\$ 0.39</u>	<u>\$ 0.42</u>

# Reconciliation of Non-GAAP Financial Measures

## Financial Summary (Non-GAAP)

### Continuing Operations

(In thousands, except per share data)

(Unaudited)

(\$000)	Twelve Months Ended December 31,				
	2019	2018	2017	2016	2015
<b>Spartan Motors, Inc.</b>					
Net income attributable to Spartan Motors, Inc.	36,790	18,116	17,472	16,309	(218)
Net (income) loss attributable to non-controlling interest	(140)	-	-	-	-
Add (subtract):					
Restructuring charges	316	662	798	-	-
Asset impairments	-	-	-	-	-
Acquisition related expenses	3,531	1,952	588	14	-
Executive compensation plan	5,281	4,027	3,536	1,536	1,198
Purchase accounting impact-inventory	-	-	-	-	-
Purchase accounting impact-net working capital	-	-	-	-	-
Deferred tax asset adjustment	135	(313)	(4,226)	(2,932)	9,379
Tax effect of adjustments	(2,056)	(1,433)	(1,713)	(550)	(447)
Adjusted net income attributable to Spartan Motors, Inc.	<u>43,857</u>	<u>23,011</u>	<u>16,455</u>	<u>14,377</u>	<u>9,912</u>
Net income attributable to Spartan Motors, Inc.	36,790	18,116	17,472	16,309	(218)
Net (income) loss attributable to non-controlling interest	(140)	-	-	-	-
Add (subtract):					
Depreciation and amortization	6,073	6,214	6,032	5,215	4,959
Taxes on income	10,355	3,334	2,382	8,616	13,733
Interest expense	1,839	1,080	864	410	365
EBITDA	<u>54,917</u>	<u>28,744</u>	<u>26,750</u>	<u>30,550</u>	<u>18,839</u>
Add (subtract):					
Restructuring charges	316	662	798	-	-
Asset impairments	-	-	-	-	-
Acquisition related expenses	3,531	1,952	588	14	-
Executive compensation plan	5,281	4,027	3,536	1,536	1,198
Purchase accounting impact-inventory	-	-	-	-	-
Purchase accounting impact-net working capital	-	-	-	-	-
Adjusted EBITDA	<u>64,045</u>	<u>35,385</u>	<u>31,672</u>	<u>32,100</u>	<u>20,037</u>
Diluted net earnings per share	1.03	0.52	0.50	0.47	(0.01)
Add (subtract):					
Restructuring charges	(0.00)	0.02	0.02	-	-
Asset impairments	-	-	-	-	-
Acquisition related expenses	0.11	0.06	0.02	0.00	-
Executive compensation plan	0.15	0.11	0.10	0.04	0.04
Purchase accounting impact-inventory	-	-	-	-	-
Purchase accounting impact-net working capital	-	-	-	-	-
Deferred tax asset adjustment	0.00	(0.01)	(0.12)	(0.09)	0.28
Tax effect of adjustments	(0.05)	(0.04)	(0.05)	(0.02)	(0.01)
Adjusted diluted net earnings per share	<u>1.24</u>	<u>0.66</u>	<u>0.47</u>	<u>0.42</u>	<u>0.29</u>



Thank you.



- Consumers spent \$602B online in 2019
  - Up 31% from \$461B in 2017
  - \$1.2 Trillion by 2028
  - E-commerce captured 16% of all retail sales in 2019
    - E-com expected to grow 22% thru 2022
  - Customers are moving towards smaller class vehicles
  - Global parcel delivery volume growing at a CAGR of 19%
    - More than doubled in last 4 years, up 104%

