



# Raymond James 44<sup>th</sup> Annual Institutional Investor Conference Fireside Chat

March 6, 2023

**SHYFT** GROUP

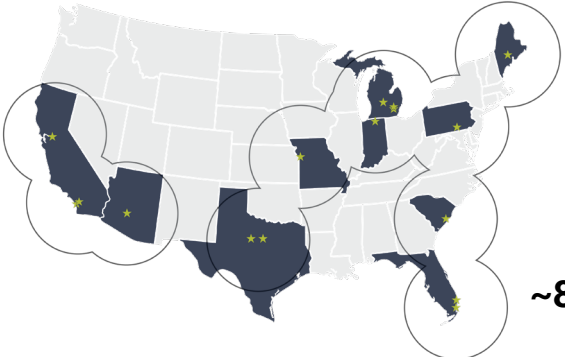
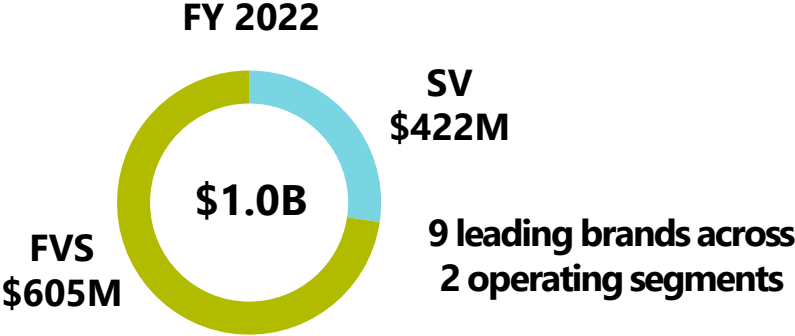
# Forward-Looking Statement

This presentation contains information, including our sales and earnings guidance, all other information provided with respect to our outlook for 2023 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, anticipated disruptions to our operations and industry due to the COVID-19 pandemic, 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, 2022, 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](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.

The financial results included within this presentation are from continuing operations unless otherwise noted.

# The Shyft Group at a Glance

Solid product portfolio aligned to attractive growth markets



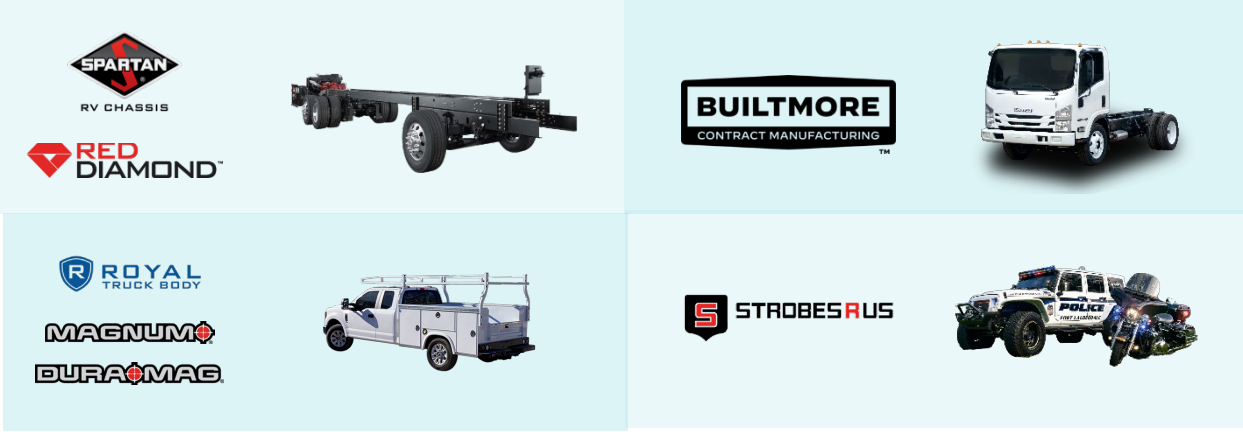
16 manufacturing  
locations reaching  
~85% of U.S. population

**4,200**  
Employees

## Fleet Vehicles & Services (FVS)



## Specialty Vehicles (SV)



## Corporate R&D\*



\*Blue Arc EV Solutions future business segmentation TBD

# Shyft Group Key Messages

**1** Delivered record \$1B of sales in 2022 and well positioned for 20%+ EBITDA growth in 2023

**2** Proven transformation of the company since 2015 and the next chapter of our transformation is underway with Blue Arc EV

**3** Strategically focused on long-term growth markets, including e-commerce and infrastructure

**4** Executing Blue Arc EV program which will deliver significant future growth

**5** Strong balance sheet with flexibility to deploy capital efficiently

**The Shyft Group is an industrial growth company**

# Delivering Positive Financial & Operational Results

2022 was a tremendous year for the Shyft Group and we are well positioned to grow in 2023

## 2022 RESULTS

- Achieved record sales of \$1B, up 4%, with strong service body revenue growth
- Meaningful progress made on Blue Arc EV milestones
- Continued financial strength and investing in the business for future growth

**\$1B**

Sales

**0.93x**

Net Leverage Ratio

## 2023 OUTLOOK

- Expect sales growth of 7% despite cautious view on macroeconomic impact
- Free cash flow conversion as a percentage of net income is expected to be greater than 100% as working capital is reduced
- Blue Arc EV program remains on track with production planned for second half

**\$833M**

Backlog  
(as of Dec 31, 2022)

**20%+**

Adj. EBITDA Growth  
(at midpoint)

# Purposeful Actions to Transform and Grow The Shyft Group

Delivering shareholder value through innovation and growth

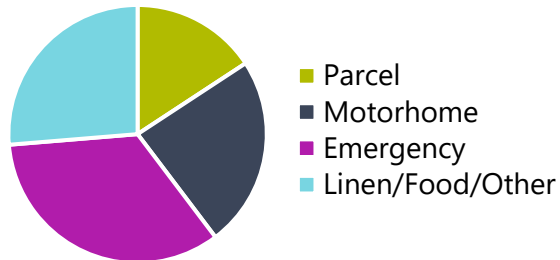
**2015\***



**\$105M Market Cap**

*\$3.11 Share Price*

**\$550M Sales**



**\$11M Adjusted EBITDA**

*\*Includes operations discontinued in 2020*

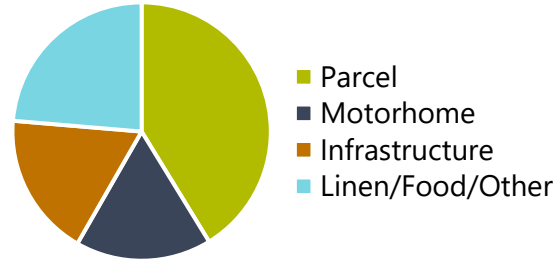
**2022**



**\$955M Market Cap**

*\$27.11 Share Price\**

**\$1.0B Sales**



**\$71M Adjusted EBITDA**

*\*Market Cap and Share Price as of March 3, 2023*

*\*\* Adjusted EBITDA includes \$27M of Blue Arc EV spend*

**2025 Financial Objectives**

**\$1.75B**

**Sales**

**>\$500M**

**EV Sales**

**Mid-Teens**

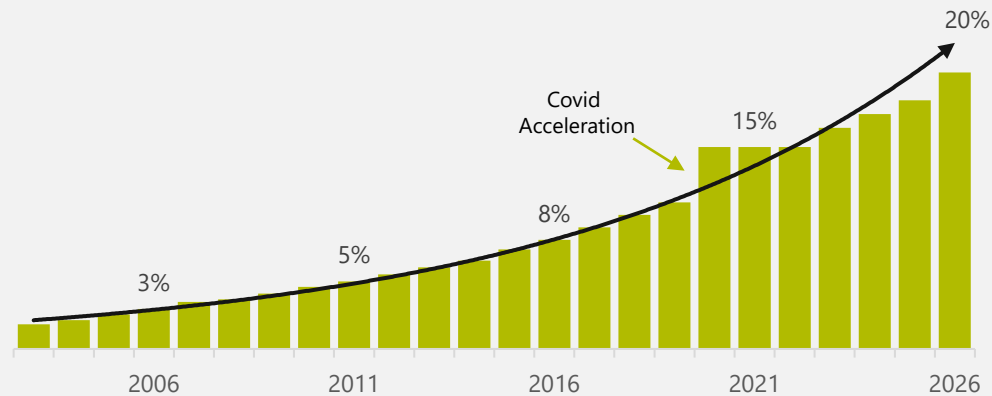
**Adjusted EBITDA %**

# Parcel Delivery Growth Clear through 2025

Well positioned to benefit from long-term growth trends in e-commerce and delivery markets

## US Ecommerce Penetration

(% of Total Retail sales)

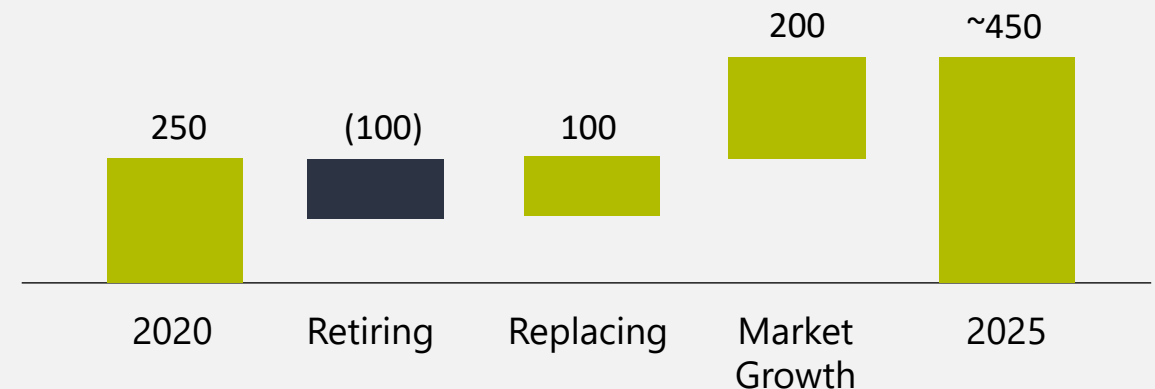


## US Last-Mile Delivery Outlook

- Package volume to increase to ~31B packages by 2025 – a 7-10% CAGR
- US remains underpenetrated vs. other developed countries
- ~70% of fleets indicated their average commercial vehicle ages exceed normal replacement cycle

## Fleet Vehicle Demand Sources

(Units in thousands)



## Utilimaster: Industry Leader in Parcel

- WIVs remain unmatched in cargo capacity, durability, and efficiency
- Well positioned ship-thru upfitting business provides good exposure to growth in cargo vans
- Large installed base and long-standing customer relationships
- Refrigerated solutions across all Class sizes

# Industry Leading Vocational Work Trucks

Infrastructure projects driving strong demand for vocational work trucks

## SV Product Offerings

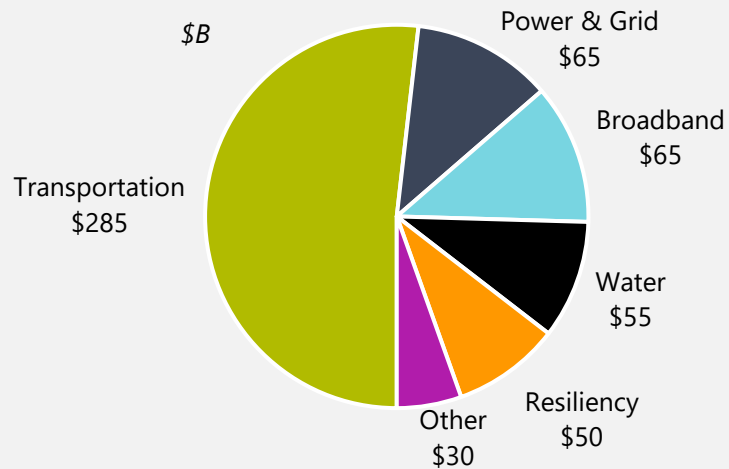


## Government Infrastructure Spending

**\$550B**

### Infrastructure Investment & Jobs Act (IIJA)

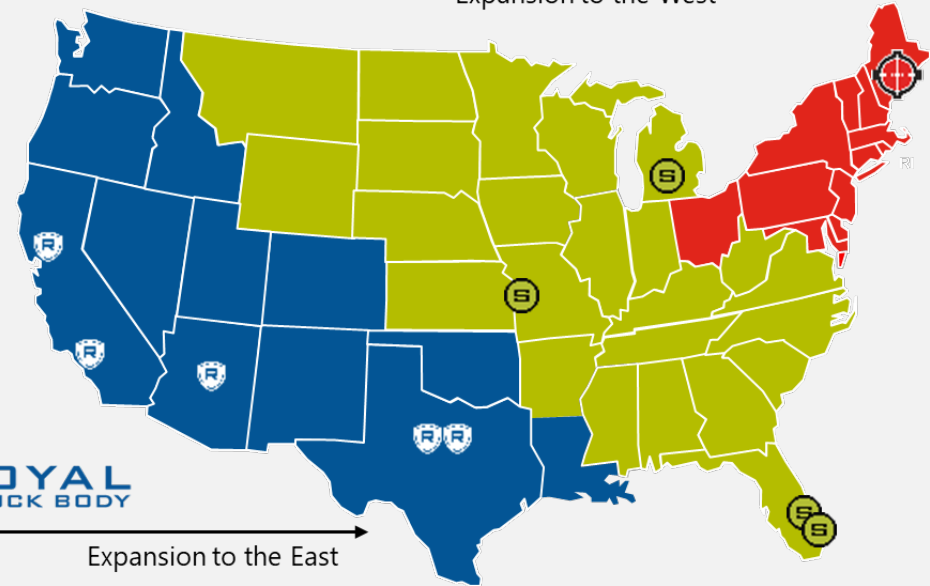
New federal spending to be allocated over the next five years to subsectors including:



## Continued National Expansion



Expansion to the West



Expansion to the East

\*Source: Brookings Institute

# Accelerating Growth with EV

Well-positioned to lead the evolution of commercial fleets toward zero-emission vehicles

## Why We're Here

### Customer Demand

Customers asked us to engage

### Trusted Partner

Leader in the last-mile delivery industry

### Green Mandates

Customer ESG pledges to reduce emissions

### Regulatory Support

Governmental mandates and incentives

## What We Bring

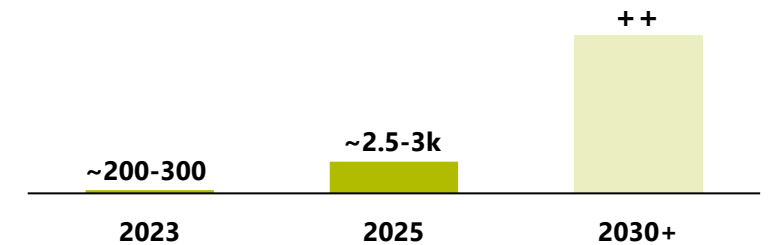


BLUE ARC  
EV SOLUTIONS

- ✓ Building delivery vehicles for almost 50 years and understand customer's needs
- ✓ Culture of innovation centered around Work Driven Design process
- ✓ Large installed base and long-standing customer relationships

## What It Delivers

### Blue Arc Unit Volume



### Commercial Fleet EV Adoption

Not overnight but accelerates after 2025

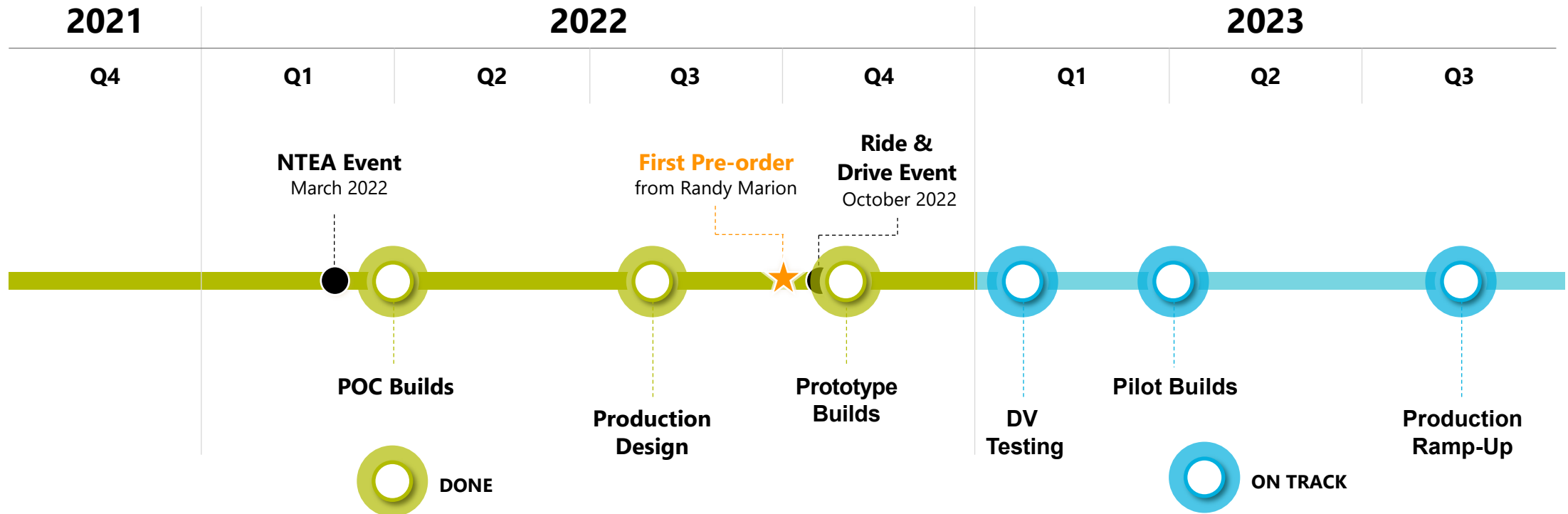
### Revenue Opportunity

\$500M+ by 2025

# Delivering on Blue Arc EV Program Timeline

Meeting timeline commitments to produce a world-class EV product on time and on spec

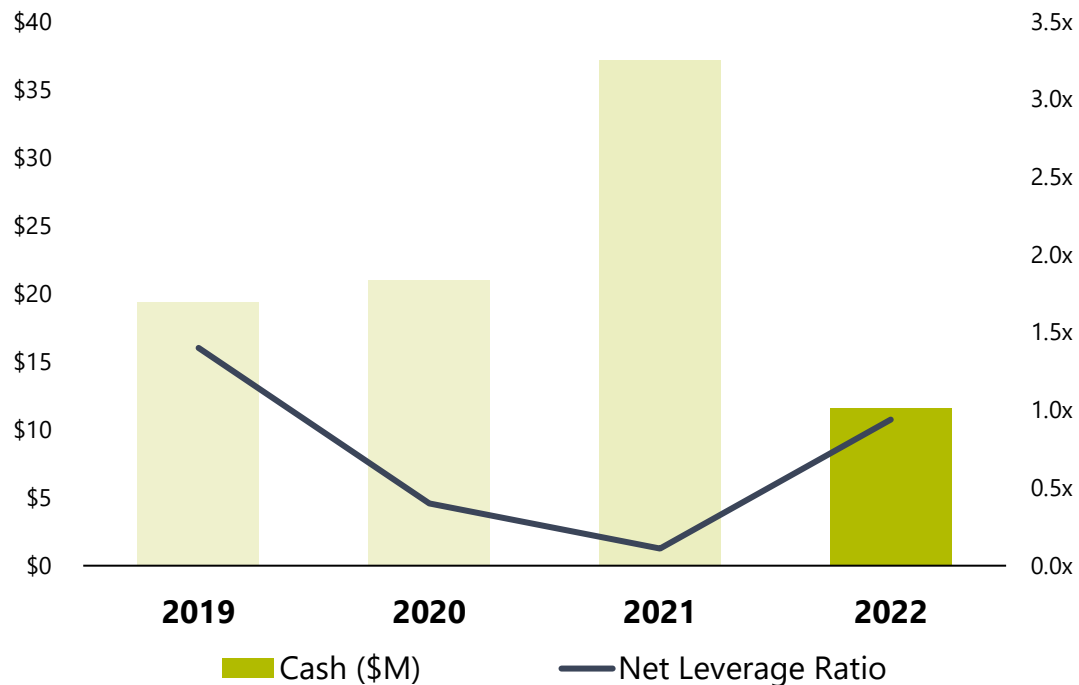
## Program Timeline and Manufacturing Plan



# Disciplined Capital Allocation Strategy

Strong balance sheet with flexibility to deploy capital efficiently

## Year-End Cash & Leverage Ratio



## Disciplined Capital Allocation Strategy Highlights

### Cash Flow Generation

- Expect to generate free cash flow greater than 100% of net income in 2023

### Capital Structure

- Leverage remains low and within our targeted range

### Organic & Inorganic Growth

- Continued investment in organic growth opportunities and actively managing a M&A funnel

### Efficient Return of Capital

- \$242M remaining on authorized share repurchase program as of Dec 31, 2022

# Why Invest in the Shyft Group?



**Customer Focused  
Innovation**

**Win by delivering value to customers**



**Operational Excellence**

**Driving lean initiatives and automation**



**Financial Strength**

**Flexibility to invest and return capital**



**Compelling  
industrial growth  
investment**

**Thank you.**

# Appendix



# Reconciliation of Non-GAAP Financial Measures

This presentation presents Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization), adjusted net income, and adjusted earnings per share, each of which is a non-GAAP financial measure. These non-GAAP measures are calculated by excluding items that we believe to be infrequent or not indicative of our underlying operating performance, as well as certain non-cash expenses. 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.

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 incentive compensation for our management team and long-term incentive compensation for certain members of our management team.

# 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 December 31,				Twelve Months Ended December 31,			
	2022	% of sales	2021	% of sales	2022	% of sales	2021	% of sales
Income from continuing operations	\$ 17,841	5.9%	\$ 20,492	7.4%	\$ 36,558	3.6%	\$ 69,974	7.0%
Net (income) attributable to non-controlling interest	-		(128)		-		(1,230)	
Add (subtract):								
Restructuring and other related charges	243		-		757		505	
Acquisition related expenses and adjustments	84		777		884		1,585	
Non-cash stock-based compensation expense	2,697		2,174		7,619		8,745	
Non-recurring professional fees	-		1,568		-		1,568	
Loss from liquidation of JV	-		-		-		643	
Non-recurring tax benefits	-		(4,392)		-		(4,392)	
Tax effect of adjustments	(371)		(266)		(1,348)		(2,429)	
<b>Adjusted net income</b>	<b>\$ 20,494</b>	<b>6.8%</b>	<b>\$ 20,225</b>	<b>7.3%</b>	<b>\$ 44,470</b>	<b>4.3%</b>	<b>\$ 74,969</b>	<b>7.6%</b>
Income from continuing operations	\$ 17,841	5.9%	\$ 20,492	7.4%	\$ 36,558	3.6%	\$ 69,974	7.1%
Net (income) attributable to non-controlling interest	-		(128)		-		(1,230)	
Add (subtract):								
Depreciation and amortization	4,719		3,044		14,774		11,356	
Taxes on income	4,022		(1,446)		7,368		14,506	
Interest expense	1,079		104		2,833		414	
<b>EBITDA</b>	<b>\$ 27,661</b>	<b>9.2%</b>	<b>\$ 22,066</b>	<b>8.0%</b>	<b>\$ 61,533</b>	<b>6.0%</b>	<b>\$ 95,020</b>	<b>9.6%</b>
Add (subtract):								
Restructuring and other related charges	243		-		757		505	
Acquisition related expenses and adjustments	84		777		884		1,585	
Non-cash stock-based compensation expense	2,697		2,174		7,619		8,745	
Non-recurring professional fees	-		1,568		-		1,568	
Loss from liquidation of JV	-		-		-		643	
<b>Adjusted EBITDA</b>	<b>\$ 30,685</b>	<b>10.2%</b>	<b>\$ 26,585</b>	<b>9.6%</b>	<b>\$ 70,793</b>	<b>6.9%</b>	<b>\$ 108,066</b>	<b>10.9%</b>
Diluted net earnings per share	\$ 0.50		\$ 0.56		\$ 1.03		\$ 1.91	
Add (subtract):								
Restructuring and other related charges	0.01		-		0.02		0.01	
Acquisition related expenses and adjustments	-		0.02		0.02		0.04	
Non-cash stock-based compensation expense	0.08		0.07		0.21		0.24	
Non-recurring professional fees	-		0.04		-		0.04	
Loss from liquidation of JV	-		-		-		0.02	
Non-recurring tax benefits	-		(0.12)		-		(0.12)	
Tax effect of adjustments	(0.01)		(0.01)		(0.03)		(0.06)	
<b>Adjusted diluted net earnings per share</b>	<b>\$ 0.58</b>		<b>\$ 0.56</b>		<b>\$ 1.25</b>		<b>\$ 2.08</b>	

# 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, 2023		
	Low	Mid	High
Income from continuing operations	\$ 27,562	\$ 38,681	\$ 49,800
Add:			
Depreciation and amortization	19,250	19,925	20,600
Interest Expense	4,000	3,500	3,000
Taxes	9,188	12,894	16,600
EBITDA	\$ 60,000	\$ 75,000	\$ 90,000
Add:			
Non-cash stock-based compensation and other charges	10,000	10,000	10,000
Adjusted EBITDA	\$ 70,000	\$ 85,000	\$ 100,000
Earnings per share	\$ 0.77	\$ 1.07	\$ 1.38
Add:			
Non-cash stock-based compensation and other charges	0.28	0.28	0.28
Less tax effect of adjustments	(0.07)	(0.07)	(0.07)
Adjusted earnings per share	\$ 0.97	\$ 1.28	\$ 1.59

\*Total amounts may not add due to rounding.