

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): November 5, 2020

THE SHYFT GROUP, INC.

(Exact Name of Registrant as Specified in Its Charter)

Michigan
(State or Other Jurisdiction
of Incorporation)

001-33582
(Commission File No.)

38-2078923
(IRS Employer
Identification No.)

41280 Bridge Street, Novi, Michigan
(Address of Principal Executive Offices)

48375
(Zip Code)

517-543-6400
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Section Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$.01 par value	SHYF	NASDAQ Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition

On November 5, 2020, The Shyft Group, Inc. issued a press release announcing its financial results for the quarter ended September 30, 2020, along with an accompanying investor presentation. Copies of the press release and investor presentation are attached to this Current Report as Exhibits 99.1 and 99.2.

The information in this Item 2.02 and the attached Exhibits 99.1 and 99.2 shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

99.1 [Press Release dated November 5, 2020 regarding the financial results for the quarter ended September 30, 2020.](#)

99.2 [Investor presentation dated November 5, 2020 regarding the financial results for the quarter ended September 30, 2020.](#)

104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: November 5, 2020

THE SHYFT GROUP, INC.

By: /s/ Jonathan C. Douyard

Jonathan C. Douyard
Chief Financial Officer

The Shyft Group Posts Strong Third Quarter Results
Reports EPS Gain of 46% to Record \$0.54 on Sales of \$203.5 million
Adjusted EPS Increases 38% to Record \$0.62
Reinstates Initial 2020 Guidance

Novi, Mich., November 5, 2020 – The Shyft Group, Inc. (NASDAQ: SHYF) (“Shyft” or the “Company”), the North American leader in specialty vehicle manufacturing, assembly and upfit for the commercial, retail and service specialty vehicle markets, today reported operating results for the third quarter ending September 30, 2020.

As part of its transformational strategy to further focus on accelerating growth and profitability, the Company divested its Emergency Response (“ER”) business effective February 1, 2020, as previously announced. Accordingly, the financial results of ER have been classified as discontinued operations for all periods presented. Unless otherwise noted, financial results presented are based on continuing operations.

Sales for the three and nine-month periods ending September 30, 2019, include \$23.0 million and \$91.4 million, respectively, of pass-through revenues from the one-time USPS truck body order (USPS order).

Third Quarter 2020 Highlights from Continuing Operations

For the third quarter of 2020 compared to the third quarter of 2019:

- Sales of \$203.5 million, a decrease of \$21.2 million, or 9.4%, from \$224.7 million. Sales increased \$1.8 million, or 0.9%, excluding the USPS order.
- Gross profit margin of 24.9% of sales, an 800 basis point improvement from 16.9% of sales, driven by product mix, improved material costs and actions taken to improve overall operating efficiency.
- Income from continuing operations of \$19.4 million, or \$0.54 per share, compared to \$13.1 million, or \$0.37 per share.
- Adjusted EBITDA of \$32.6 million, or 16.0% of sales, an increase of \$10.3 million, or 46%, from \$22.3 million, or 9.9% of sales. The USPS order reduced adjusted EBITDA as a percentage of sales by approximately 110 basis points in the prior year.
- Adjusted net income of \$22.1 million, or \$0.62 per share, an increase of \$6.2 million, or 39.7%, from \$15.9 million, or \$0.45 per share.
- Generated \$32.4 million of cash from operating activities during the third quarter of 2020, providing \$143.7 million of total liquidity
- Consolidated backlog at September 30, 2020, totaled \$280.6 million, up \$16.9 million, or 6.4%, compared to \$263.7 million at September 30, 2019. Since September 30, 2020, consolidated backlog has increased approximately \$46 million, to \$326 million in October, reflecting strong demand for parcel delivery vehicles.
- Purchased F3 MFG, Inc. (“F3”), a leading aluminum service body and accessory manufacturer of the well-recognized DuraMag® and Magnum® brands, effective October 1, 2020.



“I am extremely proud of our team and of our performance this quarter, as we navigated the pandemic resulting in the most profitable quarter in our Company’s history,” said Daryl Adams, President and Chief Executive Officer. The strong performance reflects growing momentum from our transformative efforts to focus on higher growth and margin opportunities in parcel delivery supporting ecommerce and specialty vehicles.”

Fleet Vehicles and Services (FVS)

FVS segment sales were \$145.2 million, a decrease of 19.2% from \$179.6 million, primarily due to significantly lower truck body sales and upfit volumes being impacted by the pandemic, partially offset by higher walk-in-van volumes. Sales decreased 7.3%, or \$11.4 million, excluding the USPS order.

Adjusted EBITDA increased \$8.5 million to \$33.2 million, or 22.9% of sales, from \$24.7 million, or 13.7% of sales, a year ago. The increase was primarily due to product mix, productivity, cost reduction actions, lower healthcare costs, and the USPS order.

Segment backlog at September 30, 2020, which totaled \$228.9 million, has increased \$54 million, or 23%, to approximately \$282 million as of October 31, 2020. This compares to \$223.8 million at September 30, 2019 and reflects strong demand for vehicles across the entire FVS product portfolio.

Specialty Vehicles (SV)

SV segment sales were \$58.3 million, an increase of 29.2%, from \$45.1 million due to higher luxury motor coach chassis sales and the Royal Truck Body (Royal) acquisition completed in September 2019.

Adjusted EBITDA increased \$3.1 million to \$7.2 million, or 12.3% of sales, from \$4.1 million, or 9.0% of sales, a year ago. The increase was primarily due to volume and the Royal acquisition.

Segment backlog at September 30, 2020, totaled \$51.8 million, up 29.6% compared to \$39.9 million at September 30, 2019, due to increased luxury motor coach chassis orders.

Liquidity Update

The Shyft Group’s access to capital remains strong at \$143.7 million, including \$43.1 million of cash on hand at September 30, 2020, a portion of which was used to fund the F3 acquisition on October 1, 2020. The Company paid down \$10.0 million on its revolving credit facility during the third quarter and another \$10.0 million in October. The leverage ratio currently stands at 0.5 times adjusted EBITDA and leaves the Company in a solid position to continue to pursue strategic opportunities.

Outlook – Reinstates Initial 2020 Guidance

Based on our strong third quarter performance, our current growing backlog position and chassis visibility, notwithstanding intensifying pandemic-related issues, the Company is reinstating its previously issued March 2020 guidance, and shifting its profitability targets to the higher end as follows:

- Revenue to be in the range of \$660.0 to \$680.0 million
- Adjusted EBITDA of \$73.0 to \$75.0 million
- Adjusted earnings per share of \$1.28 to \$1.32

“As we approach the end of the year, I’m pleased to say that our strategy is paying off. The end markets we serve continue to be strong, fueled of course by the surge in ecommerce parcel deliveries. As we begin Q4, we are seeing the increase in demand that we expected, and we are encouraged by our interactions with our customers about future growth,” said Adams. “Q3 was incredible for us, due in large part to our ability to pull ahead key builds and produce at optimal levels. I’m extremely optimistic for what the future has in store for The Shyft Group.”



Conference Call, Webcast, Investor Presentation and Investor Information

The Shyft Group will host a conference call for analysts and portfolio managers at 10 a.m. EST today to discuss these results and current business trends. The conference call and webcast will be available via:

Webcast: www.TheShyftGroup.com/investor-relations/webcasts

Conference Call: 1-877-317-6789 (domestic) or 412-317-6789 (international); passcode: 10148648

For more information about The Shyft Group, please visit www.TheShyftGroup.com.

About The Shyft Group

The Shyft Group is the North American leader in specialty vehicle manufacturing, assembly, and upfit for the commercial, retail, and service specialty vehicle markets. Our customers include first-to-last mile delivery companies across vocations; federal, state, and local government entities; the trades; and utility and infrastructure segments. The Shyft Group is organized into two core business units: Shyft Fleet Vehicles and Services and Shyft Specialty Vehicles. Today, its family of brands includes Utilimaster, Royal Truck Body, DuraMag, Strobes-R-U's, Spartan RV Chassis, Builtmore Contract Manufacturing, and corresponding aftermarket provisions. The Shyft Group and its go-to-market brands are well known in their respective industries for quality, durability, and first-to-market innovation. The Company employs approximately 2,900 associates across campuses, and operates facilities in Michigan, Indiana, Maine, Pennsylvania, South Carolina, Florida, Missouri, California, Arizona, Texas, and Saltillo, Mexico. The Company reported sales from continuing operations of \$757 million in 2019. Learn more about The Shyft Group at www.TheShyftGroup.com.

This release contains several forward-looking statements that are not historical facts, including our revenue and earnings guidance and other 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 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 including weaknesses resulting from the COVID-19 pandemic; 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 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.

CONTACT:

Juris Pagrabs
Group Treasurer
The Shyft Group
(517) 997-3862



The Shyft Group, Inc.

The Shyft Group, Inc. and Subsidiaries
Consolidated Balance Sheets
(In thousands, except par value)
(Unaudited)

	September 30, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 43,055	\$ 19,349
Accounts receivable, less allowance of \$198 and \$228	99,461	58,874
Contract assets	9,667	10,898
Inventories, net	43,076	59,456
Other receivables - chassis pool agreements	12,741	8,162
Other current assets	9,490	5,344
Current assets held for sale	-	90,725
Total current assets	217,490	252,808
Property, plant and equipment, net	37,360	40,074
Right of use assets – operating leases	35,529	32,147
Goodwill	43,480	43,632
Intangible assets, net	51,662	54,061
Other assets	1,938	2,295
Net deferred tax asset	7,660	25,520
TOTAL ASSETS	\$ 395,119	\$ 450,537
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 63,433	\$ 54,713
Accrued warranty	5,564	5,694
Accrued compensation and related taxes	15,421	15,841
Deposits from customers	650	2,640
Operating lease liability	6,273	5,162
Other current liabilities and accrued expenses	6,731	15,967
Short-term debt - chassis pool agreements	12,741	8,162
Current portion of long-term debt	220	177
Current liabilities held for sale	-	49,601
Total current liabilities	111,033	157,957
Other non-current liabilities	6,063	4,922
Long-term operating lease liability	29,836	27,241
Long-term debt, less current portion	48,522	88,670
Total liabilities	195,454	278,790
Shareholders' equity:		
Preferred stock, no par value: 2,000 shares authorized (none issued)	-	-
Common stock, \$0.01 par value; 80,000 shares authorized; 35,550 and 35,343 outstanding	355	353
Additional paid in capital	90,362	85,148
Retained earnings	109,288	86,764
Total The Shyft Group, Inc. shareholders' equity	200,005	172,265
Non-controlling interest	(340)	(518)
Total shareholders' equity	199,665	171,747
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 395,119	\$ 450,537



The Shyft Group, Inc. and Subsidiaries
Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Sales	\$ 203,473	\$ 224,703	\$ 504,391	\$ 576,582
Cost of products sold	152,723	186,674	393,335	496,974
Gross profit	<u>50,750</u>	<u>38,029</u>	<u>111,056</u>	<u>79,608</u>
Operating expenses:				
Research and development	824	1,103	3,496	3,475
Selling, general and administrative	23,525	19,812	69,534	46,815
Total operating expenses	<u>24,349</u>	<u>20,915</u>	<u>73,030</u>	<u>50,290</u>
Operating income	<u>26,401</u>	<u>17,114</u>	<u>38,026</u>	<u>29,318</u>
Other income (expense):				
Interest expense	(11)	(144)	(1,202)	(831)
Interest and other income	238	473	243	947
Total other income (expense)	<u>227</u>	<u>329</u>	<u>(959)</u>	<u>116</u>
Income from continuing operations before income taxes	26,628	17,443	37,067	29,434
Income tax expense	<u>7,253</u>	<u>4,317</u>	<u>7,084</u>	<u>6,929</u>
Income from continuing operations	19,375	13,126	29,983	22,505
Loss from discontinued operations, net of income taxes	<u>(598)</u>	<u>(2,711)</u>	<u>(4,619)</u>	<u>(7,264)</u>
Net income	18,777	10,415	25,364	15,241
Less: net income (loss) attributable to non-controlling interest	<u>41</u>	<u>61</u>	<u>178</u>	<u>(14)</u>
Net income attributable to The Shyft Group, Inc.	<u>\$ 18,736</u>	<u>\$ 10,354</u>	<u>\$ 25,186</u>	<u>\$ 15,255</u>
Basic earnings (loss) per share				
Continuing operations	\$ 0.55	\$ 0.37	\$ 0.84	\$ 0.64
Discontinued operations	\$ (0.02)	\$ (0.08)	\$ (0.13)	\$ (0.21)
Basic earnings per share	<u>\$ 0.53</u>	<u>\$ 0.29</u>	<u>\$ 0.71</u>	<u>\$ 0.43</u>
Diluted net earnings (loss) per share				
Continuing operations	\$ 0.54	\$ 0.37	\$ 0.83	\$ 0.64
Discontinued operations	\$ (0.02)	\$ (0.08)	\$ (0.13)	\$ (0.21)
Diluted earnings per share	<u>\$ 0.52</u>	<u>\$ 0.29</u>	<u>\$ 0.70</u>	<u>\$ 0.43</u>
Basic weighted average common shares outstanding	<u>35,559</u>	<u>35,317</u>	<u>35,491</u>	<u>35,311</u>
Diluted weighted average common shares outstanding	<u>35,989</u>	<u>35,463</u>	<u>35,794</u>	<u>35,355</u>



The Shyft Group, Inc. and Subsidiaries
Sales and Other Financial Information by Business Segment
(Unaudited)

Three Months Ended September 30, 2020 (in thousands of dollars)

	Business Segments				Consolidated
	Fleet Vehicles & Services	Specialty Vehicles	Other		
Fleet vehicle sales	\$ 136,382	\$ -	\$ -		\$ 136,382
Motorhome chassis sales	-	38,190	-		38,190
Other specialty chassis and vehicles	-	17,601	-		17,601
Aftermarket parts and assemblies	8,808	2,492	-		11,300
Total Sales	\$ 145,190	\$ 58,283	\$ -		\$ 203,473
Adjusted EBITDA	\$ 33,237	\$ 7,183	\$ (7,827)		\$ 32,593

The Shyft Group, Inc. and Subsidiaries
Sales and Other Financial Information by Business Segment
(Unaudited)

Three Months Ended September 30, 2019 (in thousands of dollars)

	Business Segments				Consolidated
	Fleet Vehicles & Services	Specialty Vehicles	Other		
Fleet vehicle sales	\$ 172,530	\$ -	\$ -		\$ 172,530
Motorhome chassis sales	-	33,038	-		33,038
Other specialty chassis and vehicles	-	9,370	-		9,370
Aftermarket parts and assemblies	7,064	2,701	-		9,765
Total Sales	\$ 179,594	\$ 45,109	\$ -		\$ 224,703
Adjusted EBITDA	\$ 24,689	\$ 4,079	\$ (6,443)		\$ 22,325



The Shyft Group, Inc.

Sales and Other Financial Information by Business Segment
(Unaudited)

Period End Backlog (amounts in thousands of dollars)

	Sept. 30, 2020	Jun. 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Sept. 30, 2019
Fleet Vehicles and Services*	\$ 228,870	\$ 286,955	\$ 302,236	\$ 305,876	\$ 223,753
Motorhome Chassis *	40,387	38,804	30,641	20,097	26,719
Other Vehicles	11,036	11,621	11,580	10,062	11,769
Aftermarket Parts and Accessories	333	115	198	575	1,459
Total Specialty Vehicles	51,756	50,540	42,419	30,734	39,947
Total Backlog	\$ 280,626	\$ 337,495	\$ 344,655	\$ 336,610	\$ 263,700

* Anticipated time to fill backlog orders at September 30, 2020; five - seven months for Fleet Vehicles and Services; approximately three months for Specialty Vehicles.

Reconciliation of Non-GAAP Financial Measures

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



The Shyft Group, Inc.

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

The Shyft Group, Inc.	Three Months Ended September 30,			
	2020	% of sales	2019	% of sales
Income from continuing operations	\$ 19,375	9.5%	\$ 13,126	5.8%
Net (income) attributable to non-controlling interest	(41)		(61)	
Add (subtract):				
Restructuring and other related charges	303		243	
Acquisition related expenses and adjustments	650		1,522	
Non-cash stock-based compensation expense	2,064		1,581	
Accelerated depreciation of property, plant and equipment	365		-	
Deferred tax assets valuation allowance	275		201	
Tax effect of adjustments	(842)		(752)	
Adjusted net income	\$ 22,149	10.9%	\$ 15,860	7.1%
Income from continuing operations	\$ 19,375	9.5%	\$ 13,126	5.8%
Net (income) attributable to non-controlling interest	(41)		(61)	
Add (subtract):				
Depreciation and amortization	2,978		1,453	
Taxes on income	7,253		4,317	
Interest expense	11		144	
EBITDA	\$ 29,576	14.5%	\$ 18,979	8.4%
Add (subtract):				
Restructuring and other related charges	303		243	
Acquisition related expenses and adjustments	650		1,522	
Non-cash stock-based compensation expense	2,064		1,581	
Adjusted EBITDA	\$ 32,593	16.0%	\$ 22,325	9.9%
Diluted net earnings per share	\$ 0.54		\$ 0.37	
Add (subtract):				
Restructuring and other related charges	0.01		0.01	
Acquisition related expenses and adjustments	0.02		0.05	
Non-cash stock-based compensation expense	0.05		0.04	
Accelerated depreciation of property, plant and equipment	0.01		-	
Deferred tax asset valuation allowance	0.01		-	
Tax effect of adjustments	(0.02)		(0.02)	
Adjusted diluted net earnings per share	\$ 0.62		\$ 0.45	



Financial Summary (Non-GAAP)
Consolidated
(In thousands, except per share data)
(Unaudited)

The Shyft Group, Inc.	Forecast		
	Twelve Months Ended December 31, 2020		
	Low	Mid	High
Income from continuing operations	\$ 35,490	\$ 36,204	\$ 36,917
Add:			
Depreciation and amortization	13,828	13,828	13,828
Interest expense	1,434	1,434	1,434
Taxes	9,350	9,636	9,923
EBITDA	\$ 60,102	\$ 61,102	\$ 62,102
Add (subtract):			
Non-cash stock-based compensation and other charges	12,898	12,898	12,898
Adjusted EBITDA	<u>\$ 73,000</u>	<u>\$ 74,000</u>	<u>\$ 75,000</u>
Earnings per share	\$ 0.99	\$ 1.01	\$ 1.03
Add:			
Non-cash stock-based compensation and other charges	0.36	0.36	0.36
Less tax effect of adjustments	(0.07)	(0.07)	(0.07)
Adjusted earnings per share	<u>\$ 1.28</u>	<u>\$ 1.30</u>	<u>\$ 1.32</u>



The Shyft Group, Inc.



Third Quarter 2020
Earnings Conference Call

11.05.2020

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Forward-Looking Statement

This presentation contains several forward-looking statements that are not historical facts, including our revenue and earnings guidance and other 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 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***



“For 45 years, the Company has gone to market as Spartan Motors. 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 delivery vehicle, work truck, and specialty service vehicle markets.

As our new name signals, The Shyft Group is nimble, aggressive, and here to win.”

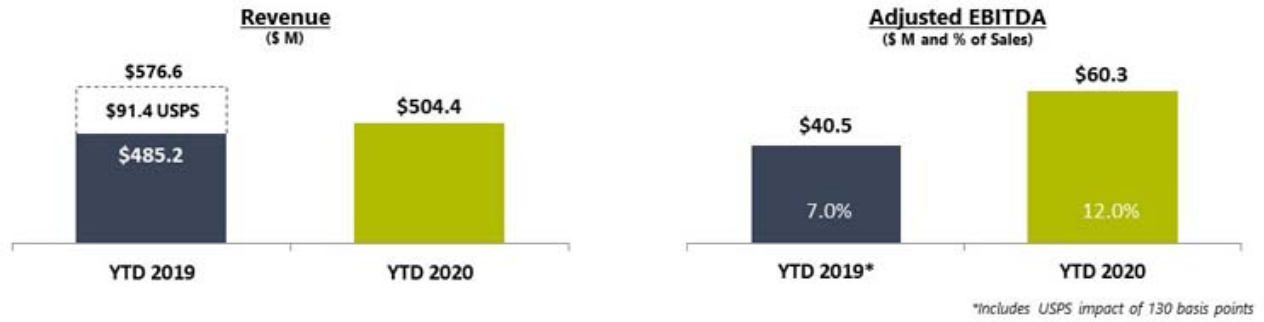
Daryl Adams

President and CEO, The Shyft Group

Current Environment

Segment (% sales)	Backlog	Q3 Learnings
<p>Fleet Vehicle Services (~72%)</p> 	<p>\$229M +2% Up \$54M in Oct</p>	<ul style="list-style-type: none"> • Demand for parcel delivery vehicles accelerating – orders ramping, including truck body • Truck body softness continued for most of Q3 • Chassis and component pipeline improved
<p>Specialty Vehicles (~28%)</p> 	<p>\$52M +30%</p>	<ul style="list-style-type: none"> • Motorhome chassis demand continues • Service Body rebounded from dealer closings – strong September with chassis and component availability improving • Contract manufacturing ramping up after model year transition, while overseas container port constraints continue to be a challenge

3Q20 Year-to-Date Results



Strong 3Q20 offset COVID impacted 2Q20

- YTD Revenue up \$19.2M, or 4% (excluding USPS)
 - FVS up \$26.2M, or 7%
 - SV down \$12.2M, or 9%
- Adjusted EBITDA up \$19.8M, or 49%
- Adjusted EBITDA margin of 12.0%, up 500 bps
 - FVS Adj EBITDA margin of 18.1%, up 920 bps
 - SV Adj EBITDA margin of 9.6%, down 60 bps

FVS Business Update – Velocity Portfolio Expansion

Utilimaster's Velocity line-up boasts:

- 12-16' body options
- 575-785 cu. ft.
- ~5-7-year replacement cycle
- Purpose-built design (vocation and customer-specific option content available)
- EV options available



October 2020 Launch

Velocity F2 (Ford chassis, Class 2)



- 9,950 GVWR
- 3,500 lbs. payload
- Gas engine – 18 MPG

Velocity F3 (Ford chassis, Class 3)



- 10,360 GVWR
- 3,900 lbs. payload
- Gas engine – 18 MPG

Velocity M3 (Mercedes chassis, Class 3)



- 12,125 GVWR
- 4,500 lbs. payload
- Diesel engine – 16-18 MPG

SV Business Update – F3 MFG Acquisition

Leading Aluminum Service Body Manufacturer

- Designs and produces service bodies, equipment and accessories
- Two industry recognized brands - DuraMag® & Magnum®
- Based in Waterville, Maine with a strong US distribution network
- 2015 – 2019 Sales CAGR 73.8%
- Generated \$25M of revenues in 2019

DURAMAG®



Value Creation – Highly Complementary Offerings to Royal Truck Body

- Expands service body portfolio to include leading Aluminum and Steel brands
 - Aluminum products - light weight, fuel efficient, better corrosion properties
- Creates coast-to-coast manufacturing and distribution footprint
- Brings additional aftermarket business – light truck aluminum accessories

MAGNUM®



Transaction Terms

- Financed with available cash
- Accretive to earnings in 2021
- Transaction effective October 1, 2020

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Financial Review Third Quarter 2020



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Overview – 3Q20 vs. 3Q19



Most profitable quarter in Company's history

- Revenue of \$203.5M, up 1% (excluding USPS)
 - FVS down \$11.4M, or 7%
 - SV up \$13.2M, or 29%
- Gross Profit Margin of 24.9%, up 800 bps
- Income of \$19.4M, up 48%
- EPS of \$0.54, up 46%

Overview – 3Q20 vs. 3Q19

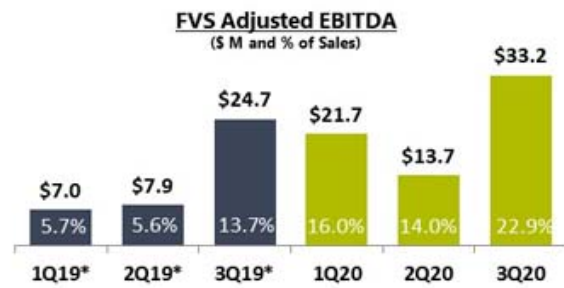


Strong year-over-year margin growth

- Adjusted EBITDA of \$32.6M, up 46%
- Adjusted EBITDA margin of 16%, up 610 bps
- Adjusted net income of \$22.1M, up 40%
- Adjusted EPS of \$0.62, up 38%

**Includes USPS impact of 110, 130 and 110 basis points in 1Q19, 2Q19 and 3Q19, respectively*

Fleet Vehicles & Services – 3Q20

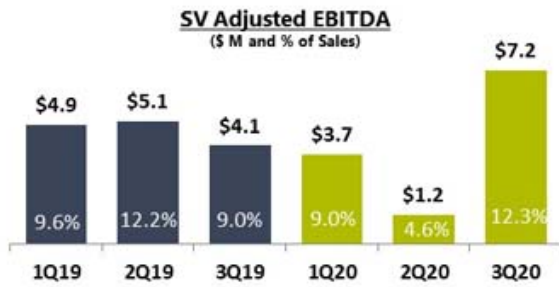


- Revenue of \$145.2M, down 7%
- Adjusted EBITDA of \$33.2M, up 34%
- Adjusted EBITDA margin of 22.9%, up 920 bps
- Backlog totaled \$228.9M, up 2%
 - Backlog increased to approximately \$282M as of October 31st, 2020

Higher margins driven by WIV and Upfit, partially offset lower TB sales

*Includes USPS impact of 210, 190 and 200 basis points in 1Q19, 2Q19 and 3Q19, respectively

Specialty Vehicles – 3Q20



- Revenue of \$58.3M, up 29%
- Adjusted EBITDA of \$7.2M, up 76%
- Adjusted EBITDA margin of 12.3%, up 330 bps
- Backlog totaled \$51.8M, up 30%

Robust luxury motor coach volume and the addition of Royal Truck Body

Liquidity, 2020 Outlook & Guidance

Liquidity



- Generated \$32.4M in cash from operating activities in Q3
- Total liquidity of \$144M
 - \$43M cash on hand
 - \$101M of borrowing capacity
 - Current (Oct 20) leverage ratio at 0.5x adj EBITDA

2020 Outlook

- Strong momentum coming out of Q3
 - Robust, growing backlog
 - Improving end markets, driven by parcel delivery
 - Increased chassis and component visibility

Reinstating FY20 Financial Guidance

- Revenues in the range of \$660M to \$680M
- Adjusted EBITDA in the range of \$73M to \$75M
- Adjusted EPS in the range of \$1.28 to \$1.32

Closing Remarks

- The Shyft team rose to the challenge and delivered most profitable quarter in the Company's history
- The Shyft Group is positioned to take advantage of end markets that are growing at an accelerated rate
- Our year-to-date performance reflects the power of our transformed company
- We see a long runway of growth and are excited about the future of The Shyft Group

Appendix



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

Reconciliation of Non-GAAP Financial Measures

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

The Shyft Group, Inc.	Three Months Ended September 30,			
	2020	% of sales	2019	% of sales
Income from continuing operations	\$ 19,375	9.5%	\$ 15,126	5.8%
Net (income) attributable to non-controlling interest	(41)		(61)	
Add (subtract):				
Restructuring and other related charges	303		243	
Acquisition related expenses and adjustments	650		1,322	
Non-cash stock-based compensation expense	2,064		1,581	
Accelerated depreciation of property, plant and equipment	365		-	
Deferred tax asset valuation allowance	275		201	
Tax effect of adjustments	(842)		(752)	
Adjusted net income	\$ 22,149	10.9%	\$ 15,860	7.1%
Income from continuing operations	\$ 19,375	9.5%	\$ 15,126	5.8%
Net (income) loss attributable to non-controlling interest	(41)		(61)	
Add (subtract):				
Depreciation and amortization	2,978		1,453	
Taxes on income	7,253		4,317	
Interest expense	11		144	
EBITDA	\$ 29,576	14.9%	\$ 19,979	8.4%
Add (subtract):				
Restructuring and other related charges	303		243	
Acquisition related expenses and adjustments	650		1,322	
Non-cash stock-based compensation expense	2,064		1,581	
Adjusted EBITDA	\$ 32,593	16.0%	\$ 22,325	9.9%
Diluted net earnings per share	\$ 0.54		\$ 0.37	
Add (subtract):				
Restructuring and other related charges	0.01		0.01	
Acquisition related expenses and adjustments	0.02		0.05	
Non-cash stock-based compensation expense	0.05		0.04	
Accelerated depreciation of property, plant and equipment	0.01		-	
Deferred tax asset valuation allowance	0.01		-	
Tax effect of adjustments	(0.02)		(0.02)	
Adjusted diluted net earnings per share	\$ 0.62		\$ 0.45	

Reconciliation of Non-GAAP Financial Measures

Financial Summary
(in thousands, except per share data)
(Unaudited)

The Shyft Group, Inc.	Three Months Ended June 30,			
	2020	% of sales	2019	% of sales
Income (loss) from continuing operations	\$ (1,154)	(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)		(433)	
Adjusted net income	\$ 4,574	3.7%	\$ 6,198	3.4%
Income (loss) from continuing operations	\$ (1,154)	(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
(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	\$ 11,426	6.5%	\$ 5,294	3.1%
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	\$ 15,300	8.6%	\$ 7,457	4.3%
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	\$ 18,376	10.4%	\$ 8,376	4.9%
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	\$ 0.32		\$ 0.15	

Reconciliation of Non-GAAP Financial Measures

Financial Summary (Non-GAAP)
Consolidated
(in thousands, except per share data)
(Unaudited)

The Shyft Group, Inc.	Forecast		
	Twelve Months Ended December 31, 2020		
	Low	Mid	High
Income from continuing operations	\$ 35,490	\$ 36,204	\$ 36,917
Add:			
Depreciation and amortization	13,828	13,828	13,828
Interest expense	1,434	1,434	1,434
Taxes	9,350	9,636	9,923
EBITDA	\$ 60,102	\$ 61,102	\$ 62,102
Add (subtract):			
Non-cash stock-based compensation and other charges	12,898	12,898	12,898
Adjusted EBITDA	\$ 73,000	\$ 74,000	\$ 75,000
Earnings per share	\$ 0.99	\$ 1.01	\$ 1.03
Add:			
Non-cash stock-based compensation and other charges	0.36	0.36	0.36
Less tax effect of adjustments	(0.07)	(0.07)	(0.07)
Adjusted earnings per share	\$ 1.28	\$ 1.30	\$ 1.32

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Thank you.

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