



SHYFT
GROUP™

Fourth Quarter 2020 Earnings Conference Call

03.11.2021

Forward-Looking Statement

This presentation contains several forward-looking statements that are not historical facts, including our revenue and earnings guidance, all other information provided with respect to our outlook for 2021 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 are not historical facts. 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 presentation relating to the COVID-19 pandemic, 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; 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.

***The Financial Results Included Within This Presentation Are From
Continuing Operations Unless Otherwise Noted***



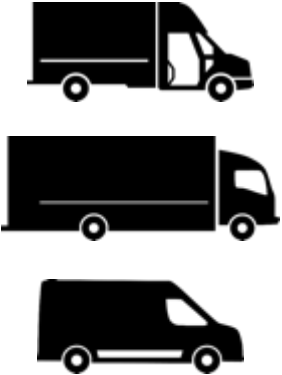
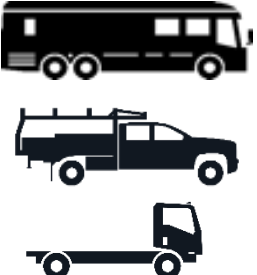
“By all accounts, 2020 proved to be a historic and transformative year for The Shyft Group, as we strategically aligned our product portfolio to take advantage of more profitable growth markets after the sale of the ER business.

We emerge from 2020 in a stronger position, well equipped to drive growth in each of our businesses for years to come.”

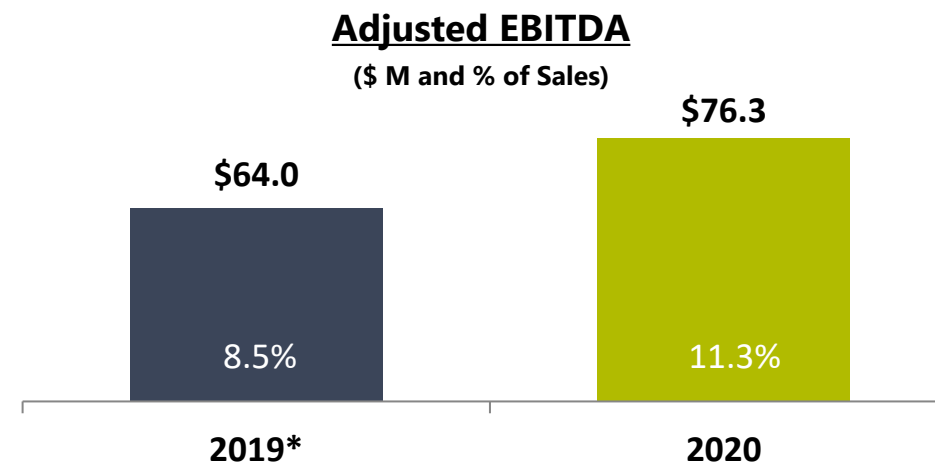
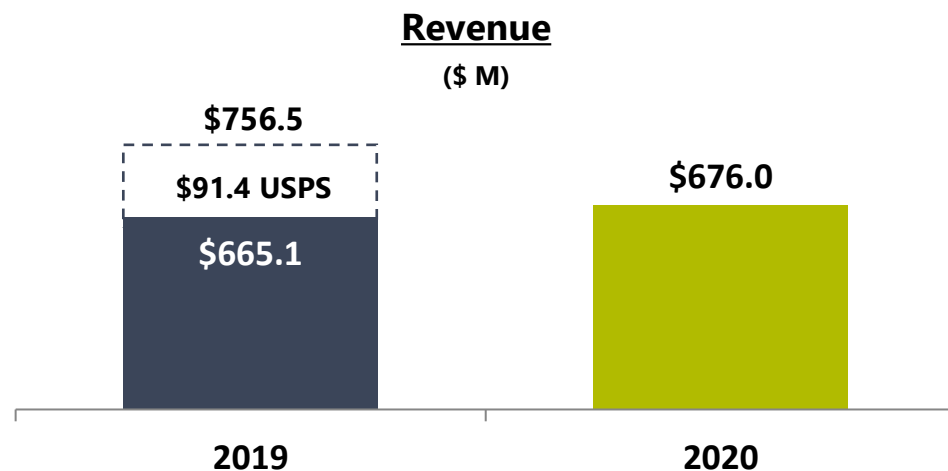
Daryl Adams

President and CEO, The Shyft Group

Current Environment

Segment (% sales)	Backlog	Highlights & Learnings
Fleet Vehicle Services (~73%) 	\$427M Up 40%	<ul style="list-style-type: none">• Demand for parcel delivery vehicles continues to accelerate – orders ramping, including truck body• Velocity orders validate the need for our Class 2/3 solutions• Investing in facility expansions across the U.S. to support growth• Increased focus on EV in support of customers growing interest in transitioning to greener technology• Monitoring semi-conductor chip shortage on OEM's
Specialty Vehicles (~27%) 	\$51M Up 67%	<ul style="list-style-type: none">• Motorcoach chassis demand continues – strong backlog• Service body demand robust, expanding to other Shyft locations – DuraMag performed well in Q4 and integration on track• Isuzu new Class 5 vehicle announced in February

2020 Results



**Includes USPS impact of 110 basis points*

Delivered record profit year while managing through pandemic

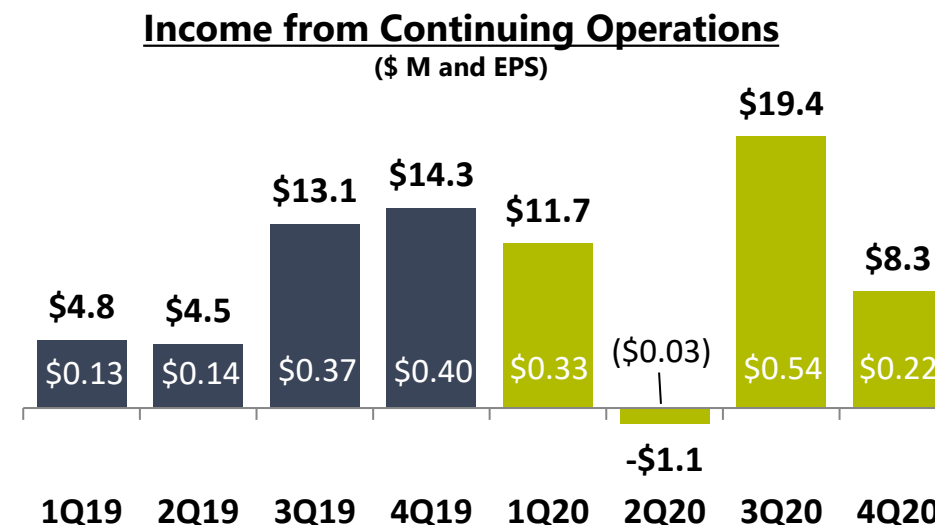
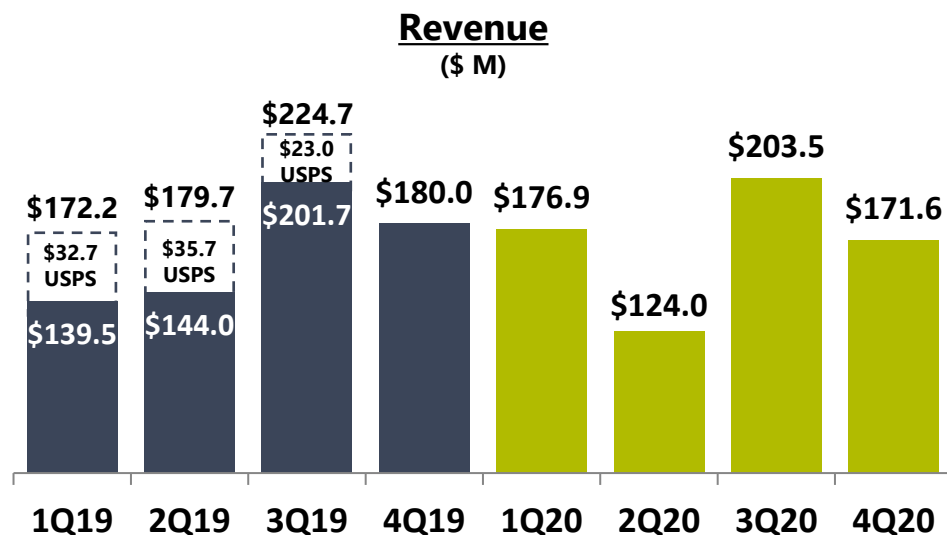
- 2020 Revenue up \$10.9M, or 2% (excluding USPS)
 - ♦ FVS up \$6.0M, or 1% (excluding USPS)
 - ♦ SV down \$0.5M, or essentially flat
- Adjusted EBITDA up \$12.3M, or 19%
- Adjusted EBITDA margin of 11.3%, up 280 bps
 - ♦ FVS Adj EBITDA margin of 17.4%, up 690 bps
 - ♦ SV Adj EBITDA margin of 10.2%, down 90 bps



Financial Review Fourth Quarter 2020



Overview – 4Q20 vs. 4Q19

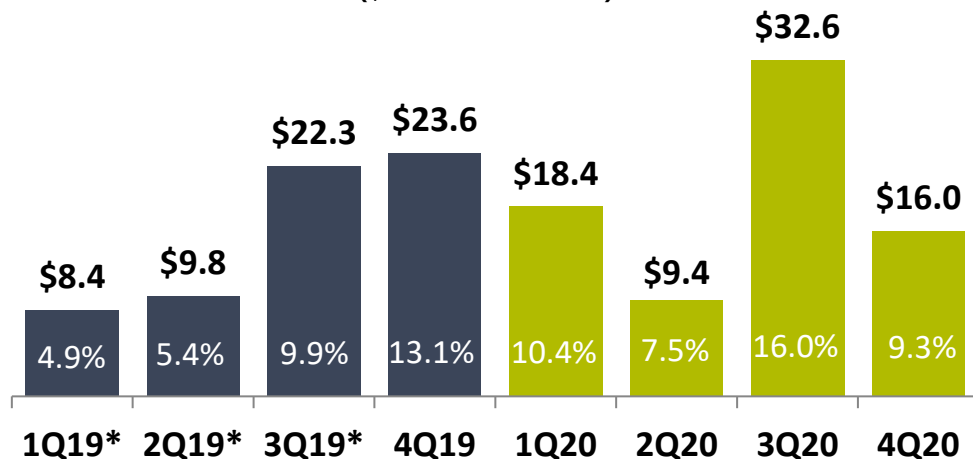


Strong 2nd half rebound after challenging Q2

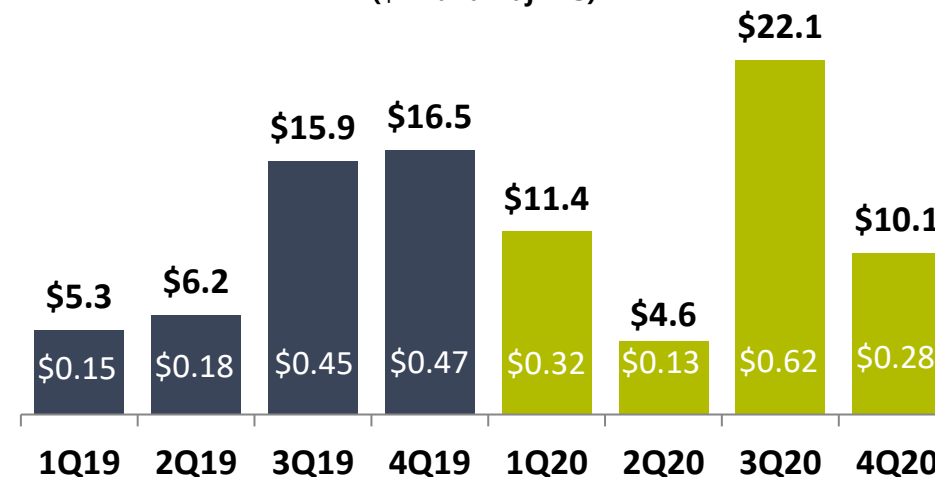
- Revenue of \$171.6M, down 5%
 - ♦ FVS down \$20.1M, or 15%
 - ♦ SV up \$11.8M, or 25%
- Gross Profit Margin of 20.5%, down 30 bps
- Income of \$8.3M, down 42%
- EPS of \$0.22, down 45%

Overview – 4Q20 vs. 4Q19

Adjusted EBITDA
(\$ M and % of Sales)



Adjusted Net Income
(\$ M and Adj EPS)

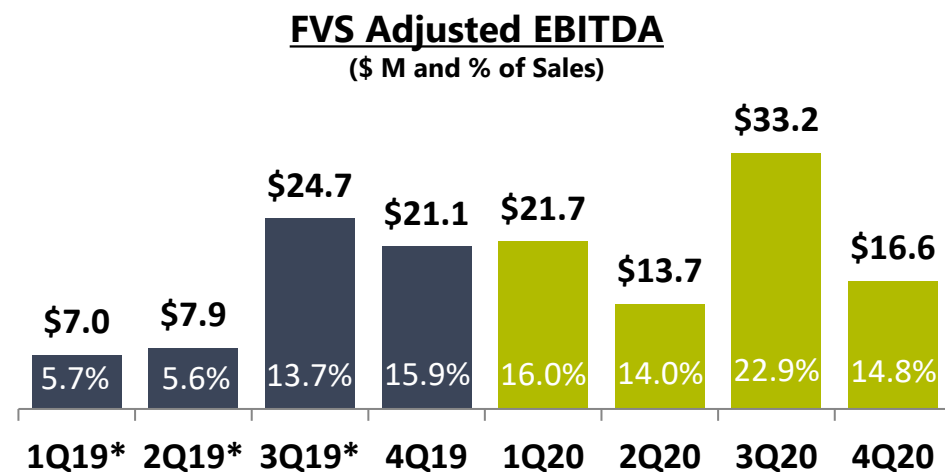
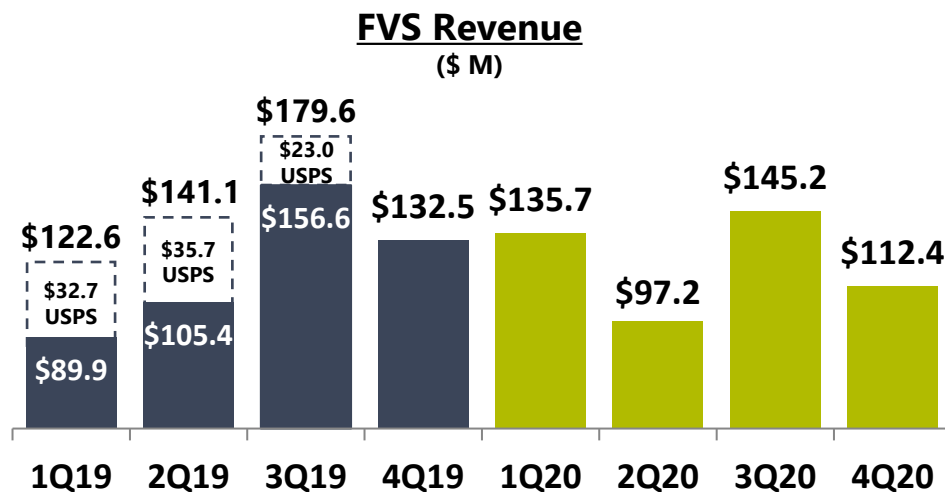


Generated \$37M in cash from operations in 4Q20, up 48%

- Adjusted EBITDA of \$16.0M, down 32%
- Adjusted EBITDA margin of 9.3%, down 380 bps
- Adjusted net income of \$10.1M, down 39%
- Adjusted EPS of \$0.28, down 39%

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

Fleet Vehicles & Services – 4Q20



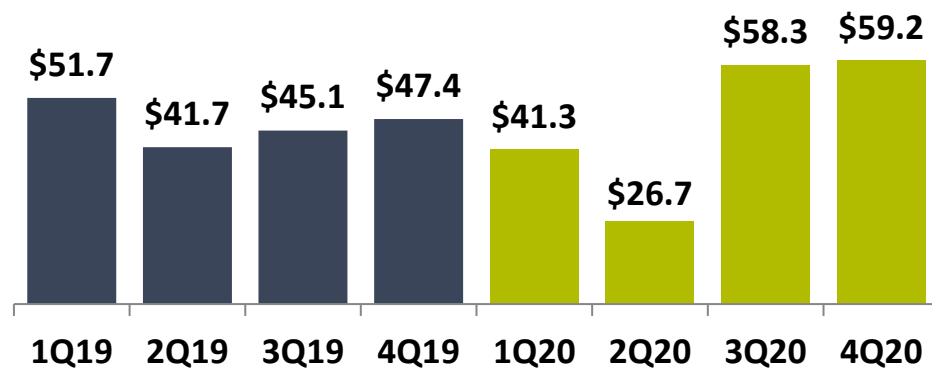
- Revenue of \$112.4M, down 15.2%
- Adjusted EBITDA of \$16.6M, down 21%
- Adjusted EBITDA margin of 14.8%, down 110 bps
- Backlog totaled \$427.3M, up 40%

Backlog nearly doubles sequentially based on strong orders

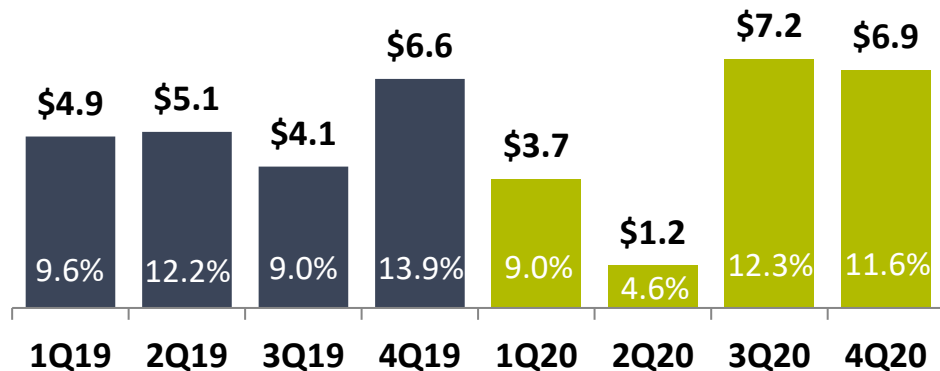
*Includes USPS impact of 210, 190 and 200 basis points in 1Q19, 2Q19 and 3Q19, respectively

Specialty Vehicles – 4Q20

SV Revenue
(\$ M)



SV Adjusted EBITDA
(\$ M and % of Sales)

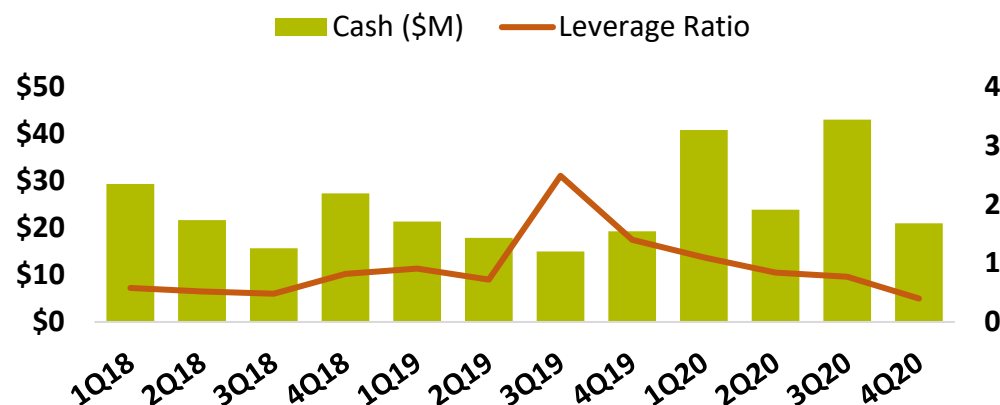


- Revenue of \$59.2M, up 25%
- Adjusted EBITDA of \$6.9M, up 3.8%
- Adjusted EBITDA margin of 11.6%, down 230 bps
- Backlog totaled \$51.3M, up 67%

Backlog positioned favorably - provides good visibility going into 2021

Liquidity, 2021 Outlook & Guidance

Liquidity



- Generated \$66M in cash from operating activities in 2020
- Total liquidity of \$147M
 - ♦ \$21M cash on hand
 - ♦ \$126M of borrowing capacity
 - ♦ Current leverage ratio at 0.4x adj EBITDA
 - ♦ Returned \$11M in cash to shareholders

2021 Outlook

- Strong momentum coming out of 2020
- Robust, growing backlog
- Improving end markets, driven by parcel delivery

FY21 Financial Guidance

<i>(\$M except per share)</i>	Low	Mid-point	High	% Inc 2020
Revenue	\$850	\$875	\$900	29%
Income from continuing operations	\$51	\$55	\$58	45%
Adjusted EBITDA	\$95	\$100	\$105	32%
EPS	\$1.42	\$1.52	\$1.62	45%
Adjusted EPS	\$1.65	\$1.75	\$1.85	31%

Closing Remarks



- Delivered an incredibly successful year in 2020, achieving record EBITDA margin
- Executed portfolio transition to higher margin offerings with the sale of ER and acquisition of DuraMag
- Enter 2021 with robust backlog and high growth expectations
- Balance sheet strength and liquidity position provides opportunity to fund investments in future growth
- Macro trends continue to be favorable with company well positioned to capitalize on ecommerce growth

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

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

	Three Months Ended December 31,				Twelve Months Ended December 31,			
	2020	% of sales	2019	% of sales	2020	% of sales	2019	% of sales
The Shyft Group, Inc.								
Income from continuing operations	\$ 8,306	4.8%	\$ 14,285	7.9%	\$ 38,289	5.7%	\$ 36,790	4.9%
Net (income) loss attributable to non-controlling interest	(169)		(154)		(347)		(140)	
Add (subtract):								
Restructuring and other related charges	16		46		1,873		316	
Acquisition related expenses and adjustments	410		1,544		1,332		3,531	
Non-cash stock-based compensation expense	1,525		1,403		7,706		5,281	
Loss from write-off of construction in process	-		-		2,430		-	
Accelerated depreciation of property, plant and equipment	366		-		3,061		-	
Favorable tax rate in income taxes receivable	-		-		(2,610)		-	
Deferred tax asset adjustment	56		-		376		135	
Tax effect of adjustments	(441)		(619)		(3,892)		(2,056)	
Adjusted net income	\$ 10,069	5.9%	\$ 16,505	9.2%	\$ 48,218	7.1%	\$ 43,857	5.8%
Income from continuing operations	\$ 8,306	4.8%	\$ 14,285	7.9%	\$ 38,289	5.7%	\$ 36,790	4.9%
Net (income) loss attributable to non-controlling interest	(169)		(154)		(347)		(140)	
Add (subtract):								
Depreciation and amortization	3,065		2,028		13,903		6,073	
Taxes on income	2,783		3,426		9,867		10,355	
Interest expense	91		1,008		1,293		1,839	
EBITDA	\$ 14,076	8.2%	\$ 20,593	11.4%	\$ 63,005	9.3%	\$ 54,917	7.3%
Add (subtract):								
Restructuring and other related charges	16		46		1,873		\$ 316	
Acquisition related expenses and adjustments	410		1,544		1,332		3,531	
Non-cash stock-based compensation expense	1,525		1,403		7,706		5,281	
Loss from write-off of construction in process	-		-		2,430		-	
Adjusted EBITDA	\$ 16,027	9.3%	\$ 23,586	13.1%	\$ 76,346	11.3%	\$ 64,045	8.5%
Diluted net earnings per share	\$ 0.22		\$ 0.40		\$ 1.05		\$ 1.03	
Add (subtract):								
Restructuring and other related charges	-		-		0.05		-	
Acquisition related expenses and adjustments	0.01		0.04		0.04		0.11	
Non-cash stock-based compensation expense	0.04		0.05		0.21		0.15	
Loss from write-off of construction in process	-		-		0.07		-	
Accelerated depreciation of property, plant and equipment	0.01		-		0.09		-	
Deferred tax asset adjustment	-		-		0.01		-	
Favorable tax rate in income taxes receivable	-		-		(0.07)		-	
Tax effect of adjustments	(0.01)		(0.02)		(0.11)		(0.05)	
Adjusted diluted net earnings per share	\$ 0.27		\$ 0.47		\$ 1.34		\$ 1.24	

Reconciliation of Non-GAAP Financial Measures

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

	Three Months Ended September 30,			
	2020	% of sales	2019	% of sales
The Shyft Group, Inc.				
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	<u>\$ 22,149</u>	<u>10.9%</u>	<u>\$ 15,860</u>	<u>7.1%</u>
Income from continuing operations	\$ 19,375	9.5%	\$ 13,126	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	<u>\$ 29,576</u>	<u>14.5%</u>	<u>\$ 18,979</u>	<u>8.4%</u>
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	<u>\$ 32,593</u>	<u>16.0%</u>	<u>\$ 22,325</u>	<u>9.9%</u>
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	<u>\$ 0.62</u>		<u>\$ 0.45</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
The Shyft Group, Inc.				
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
(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)

Forecast

Twelve Months Ended December 31, 2021

The Shyft Group, Inc.	Low	Mid	High
Income from continuing operations	\$ 51,028	\$ 54,628	\$ 58,328
Add:			
Depreciation and amortization	13,462	13,462	13,462
Interest expense	1,295	1,295	1,295
Taxes	17,793	19,193	20,493
EBITDA	\$ 83,578	\$ 88,578	\$ 93,578
Add (subtract):			
Non-cash stock-based compensation and other charges	11,422	11,422	11,422
Adjusted EBITDA	\$ 95,000	\$ 100,000	\$ 105,000
Earnings per share	\$ 1.42	\$ 1.52	\$ 1.62
Add:			
Non-cash stock-based compensation and other charges	0.32	0.32	0.32
Less tax effect of adjustments	(0.09)	(0.09)	(0.09)
Adjusted earnings per share	\$ 1.65	\$ 1.75	\$ 1.85



Thank you.