



SHYFT GROUP

June 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 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

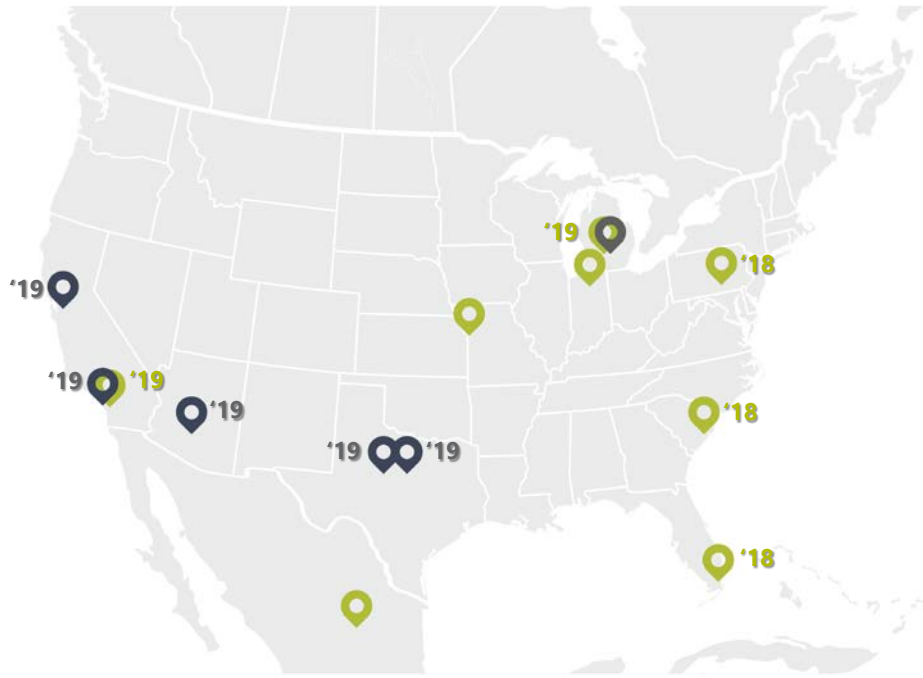
2019 Adj. EBITDA



14 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

Our COVID-19 Response

Mobilized a COVID-19 response team to manage our response to the pandemic

Employees

- Highest priority remains workforce health and safety
- Following CDC, Federal, state and local guidelines
- Implemented following actions:
 - Increased cleaning protocols
 - Issued personal protective equipment, including masks
 - Enabled remote work solutions
 - Published revised safety protocols for continued operation of our essential facilities

Operational

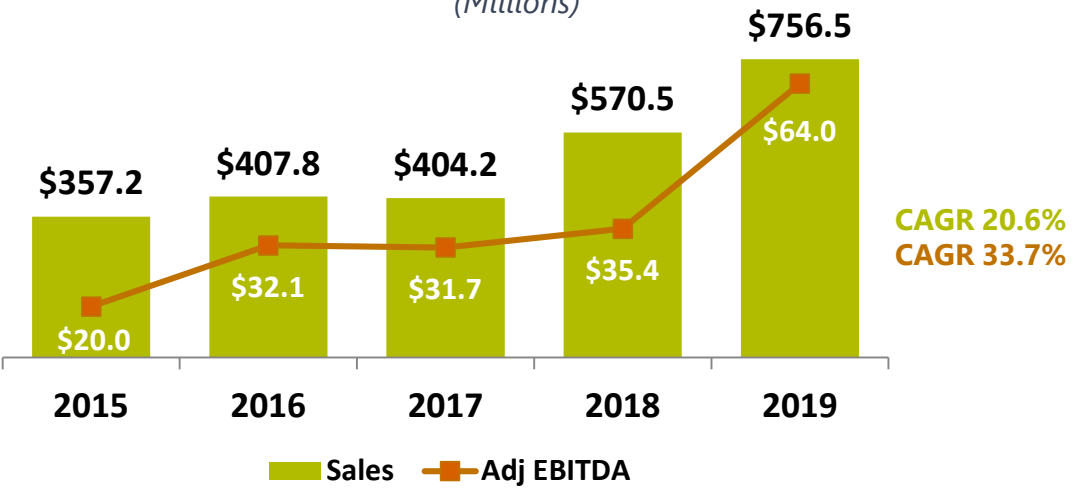
- Implemented daily management to cover site by site workforce planning
- Proactively managing supply base to ensure chassis and component availability
- Leveraging strong customer relationships to manage customers demands and maintain flexibility

Financial

- Took immediate and decisive actions to right-size our cost base and focus on cash preservation
- Actions included:
 - Increased cash on hand using existing credit line
 - Eliminated non-critical capex and discretionary expenses
 - Implemented hiring freeze
 - Deferred wage increases
 - Temporarily reduced executive and Board compensation

Shyft Group - Business Snapshot

Sales & Adj. EBITDA
(Millions)



TAM: \$4.6B



FVS: \$3.0B

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

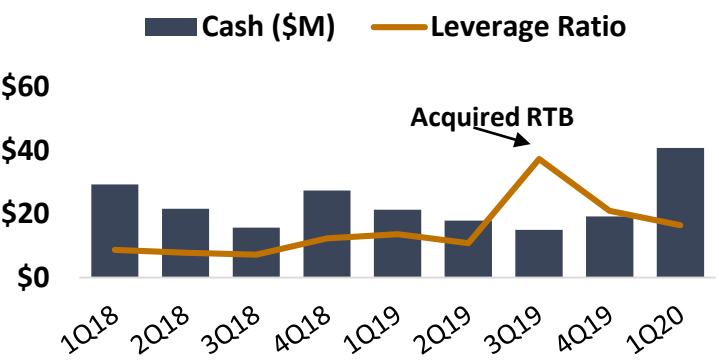


SV: \$1.6B

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

TAM Source: 2019 SpecialtyTransportation.net Reports

Liquidity Update



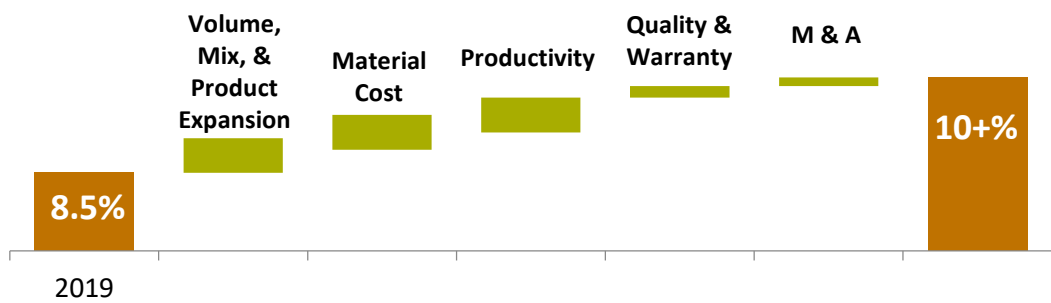
\$115M total liquidity at 1Q20

\$41M cash on hand

\$74M of borrowing capacity

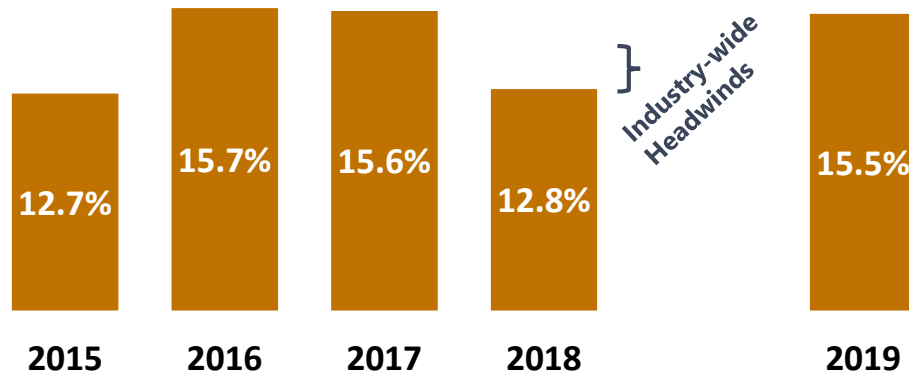
1.1X adjusted EBITDA leverage ratio

Financial Objective – Adj. EBITDA %

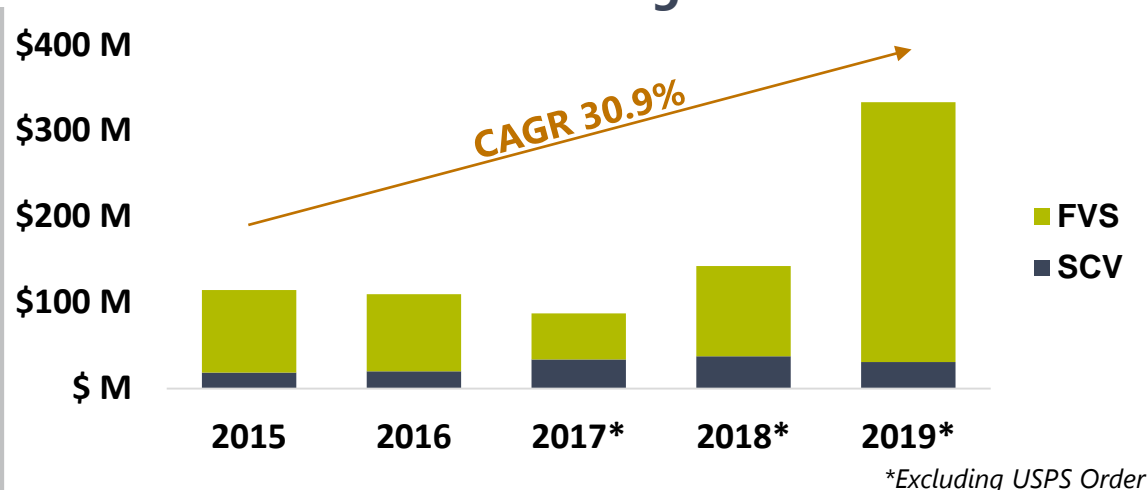


Manufacturing Improvements – Gaining Traction

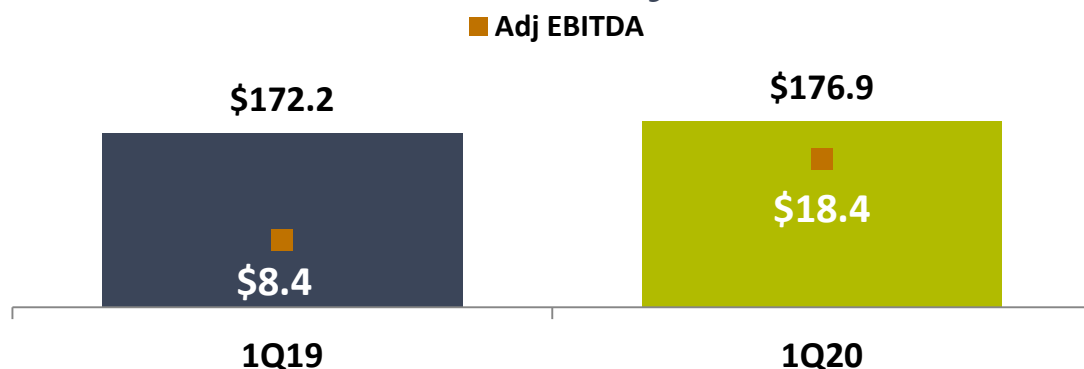
Gross Profit Margin



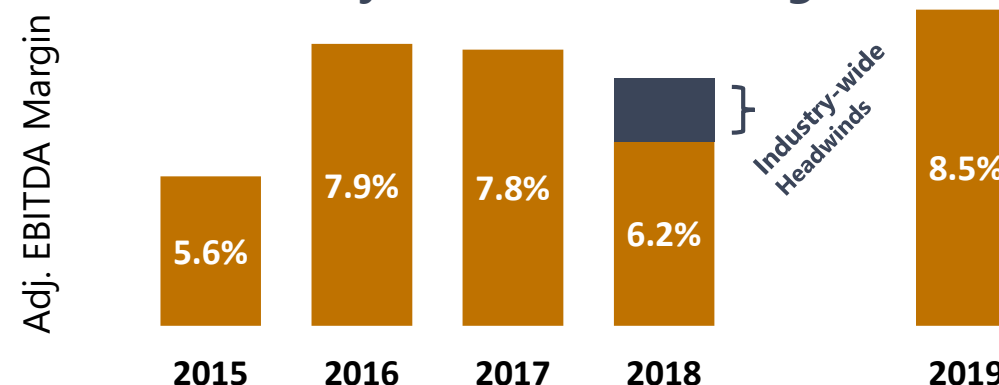
Backlog



1Q20 Sales and Adj. EBITDA

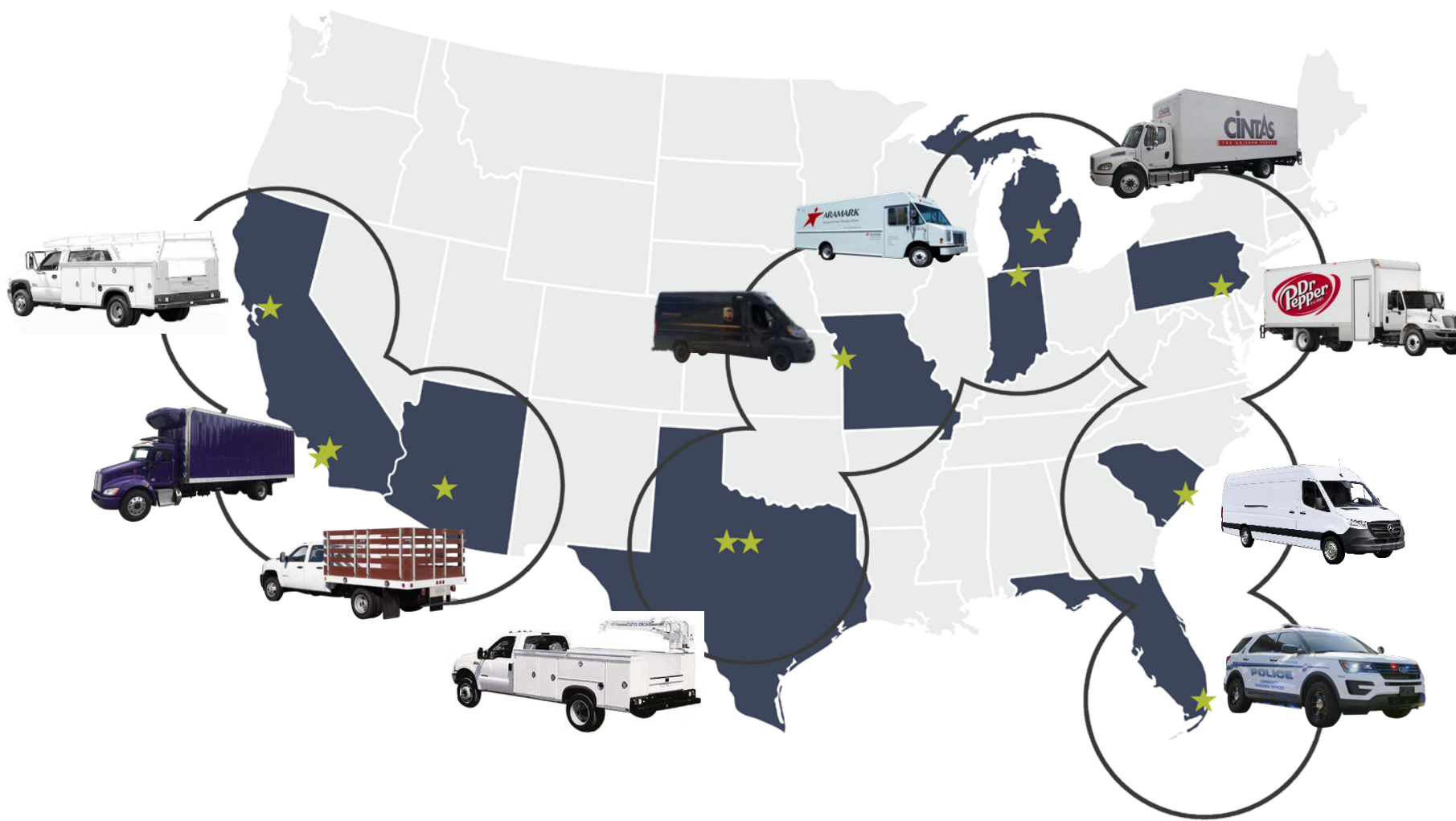


Adjusted EBITDA Margin



Growth strategy at work

Coast-to-coast Flexible Manufacturing capabilities now serving 80%* of the US population



**Within 300 mile radius of manufacturing locations*

Initiatives to Support Our Growth Strategy

- Launched the purpose-built Velocity M3 walk-in cargo van at NTEA work truck show
- Opened new 105,000 sq. ft facility in Bristol, IN to support WIV production, R&D and aftermarket parts
- Started new customized modification center in Charlotte, MI to support Isuzu dealers
- Continue to gain market share in Class A 400HP luxury motor coach, ending 2019 at 28%
- Royal Truck Body performing better-than-expected
 - Six facilities located in California, Arizona and Texas
 - Enhanced product portfolio



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

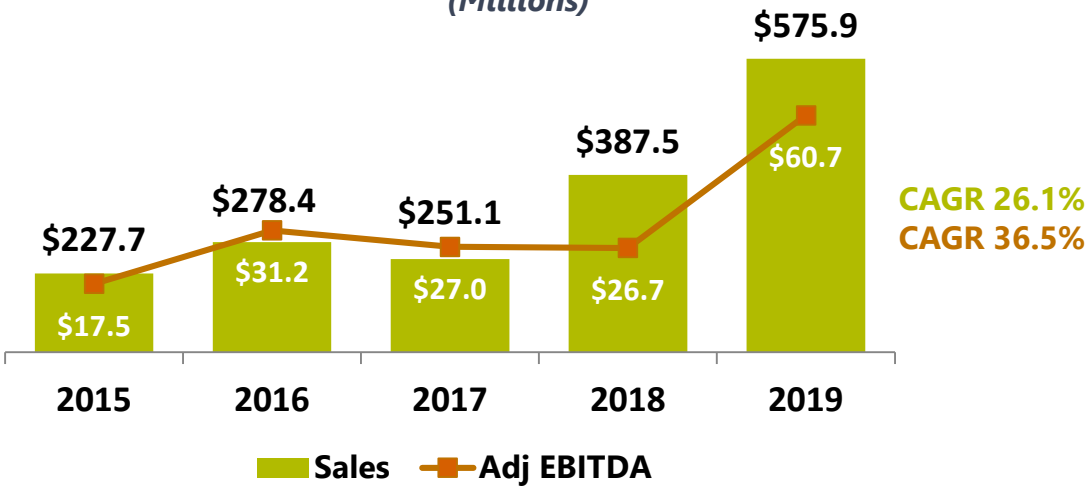


FIAT CHRYSLER AUTOMOBILES



FVS: Business Snapshot

Sales & Adj. EBITDA
(Millions)

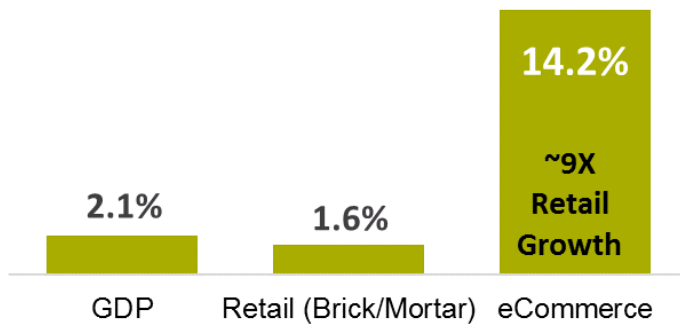


TAM: \$3.0B



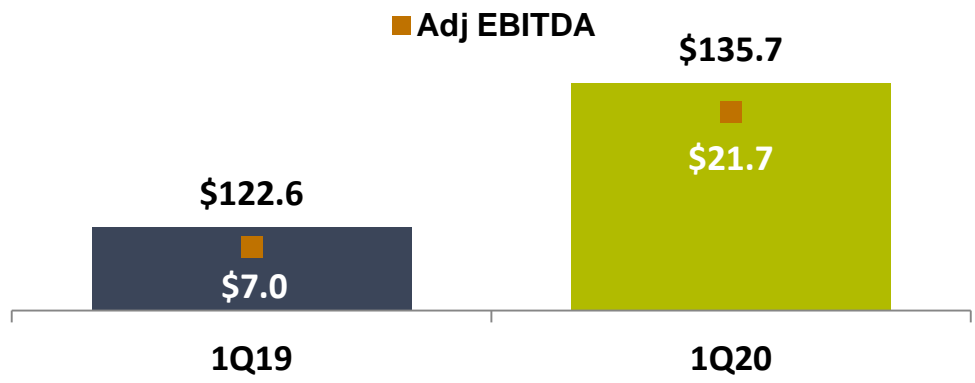
Expected Growth (CAGR) 2018-2022

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

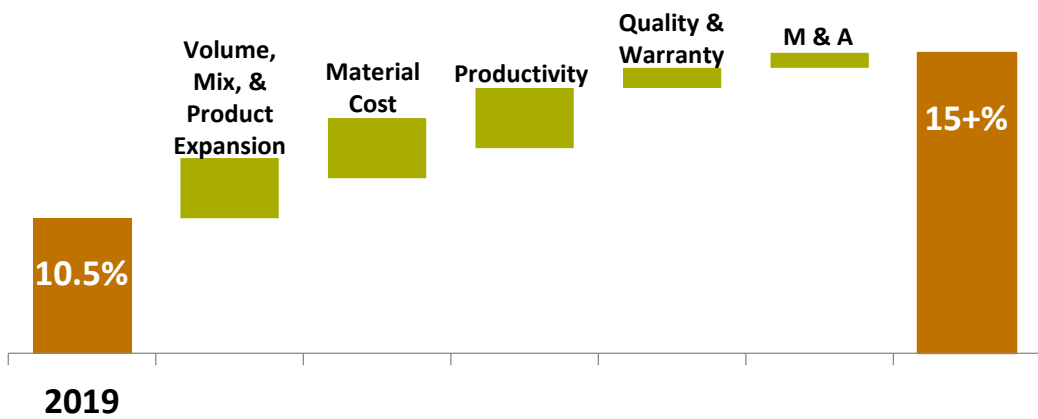


Note: Nominal GDP
Sources: FedEx, UPS Rates & Forecasting, eMarketer, FTI Consulting Report, CBO GDP Report

1Q20 Sales and Adj. EBITDA
(Millions)



Financial Objective – Adj. EBITDA %



FVS: Market Share



WALK- IN VANS

TAM: \$2.0 Billion



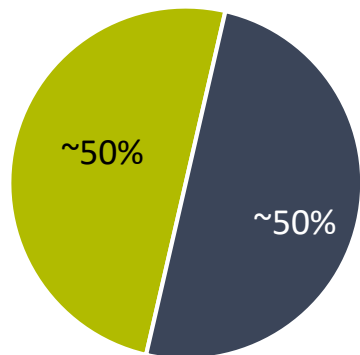
TRUCK BODIES



CARGO VAN UPFITS

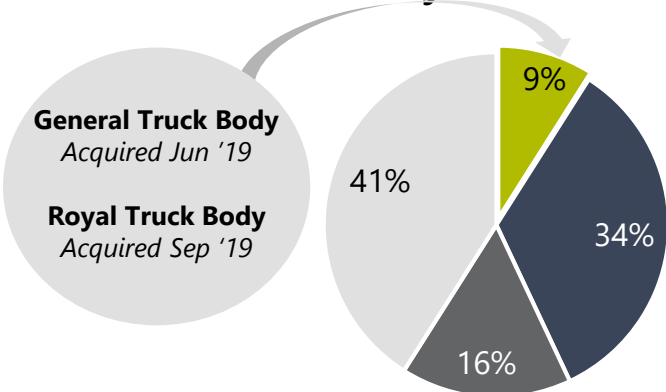
TAM: \$1.0 Billion

Walk-in Van Market Share



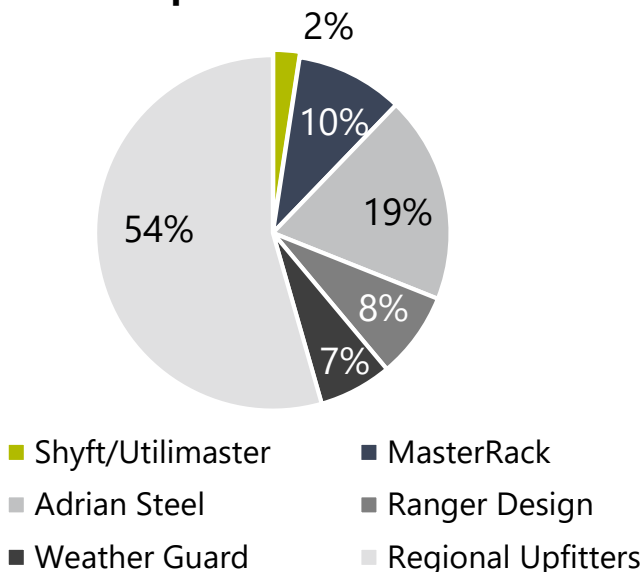
■ Shyft/Utilimaster ■ Morgan Olson

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

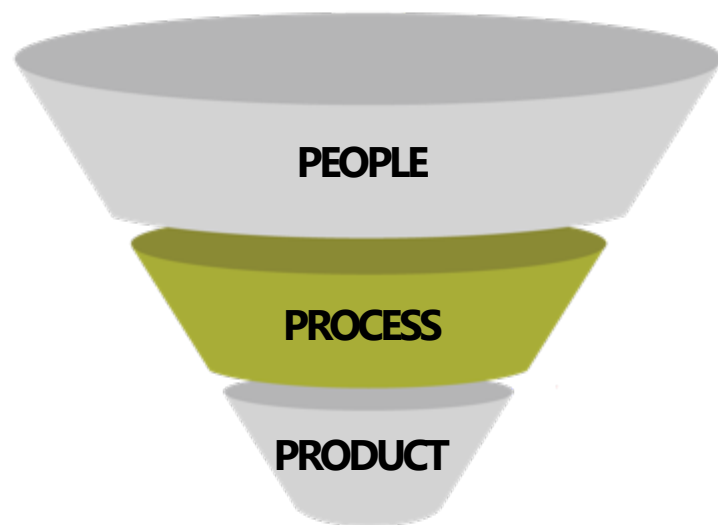
Sysco | Starbucks | Walmart
GFS | Compass



Government

WIV | TB | Upfit

GSA | Military | State
US Customs/Border
Protection



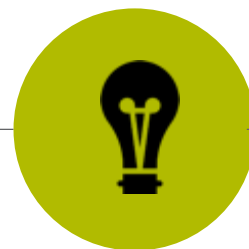
Work-Driven Design® = The Utilimaster Difference



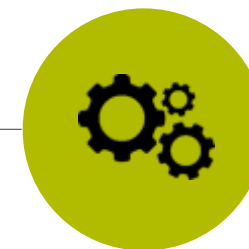
Learn & Listen



Needs
Assessment



Design &
Innovate



Build &
Implement



Optimize






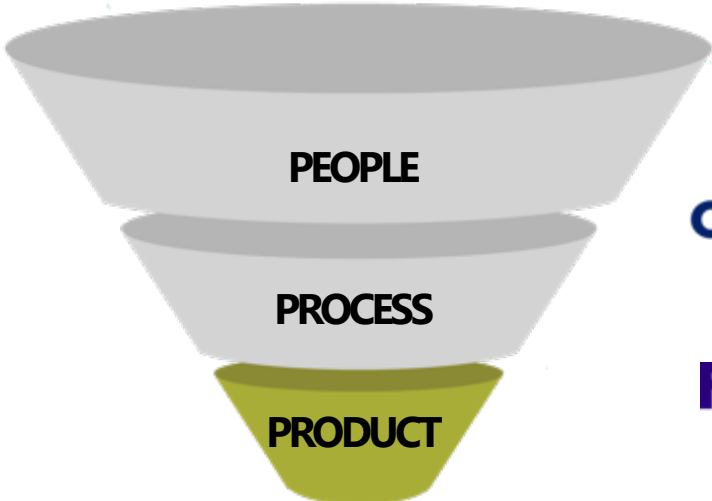









Fleet Growth Opportunities

\$3.0B Market Opportunity



Available throughout classes 1-7 include refrigeration and alternative propulsion technologies such as EV, CNG, and propane

FVS: Building Long-Term Relationships

						
		Van Upfit	Walk-in Van	Truck Body	Parts	Field Service
		X	X	X	X	X
		X	X	X	X	X
		X	X	X	X	X
		X	X	X	X	X
			X	X	X	X
			X	X	X	X
		X		X		
			X		X	X
		X	X			

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 We Serve



RV Chassis



Contract Manufacturing



EV/AV



Acquisition Update: Royal Truck Body

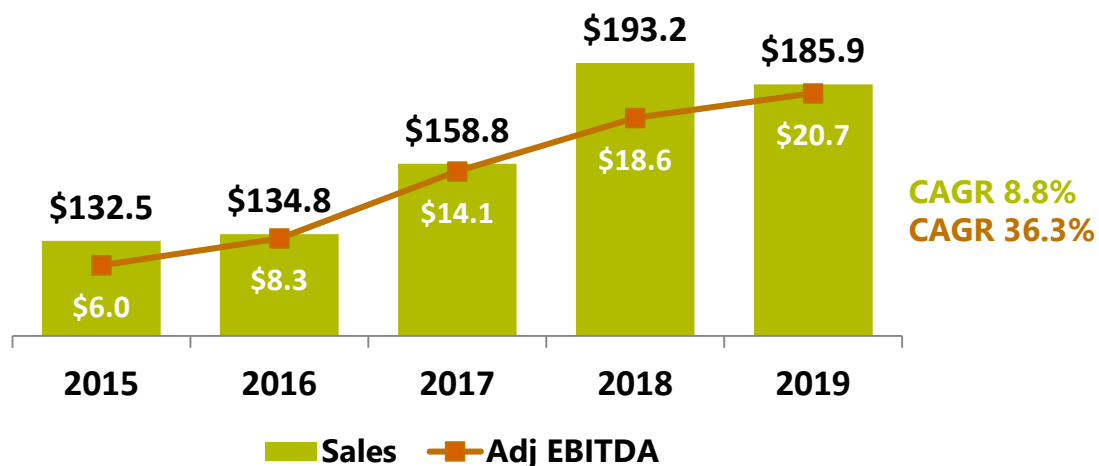
- Purchased Royal Truck Body
 - California based manufacturer of service truck bodies
 - \$90M in cash, or \$80M net of tax benefits
 - Full year revenues of approximately \$45M - \$50M
 - Adjusted EBITDA margins significantly higher than SCV margins
- Provides coast-to-coast geographic coverage
 - Six 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

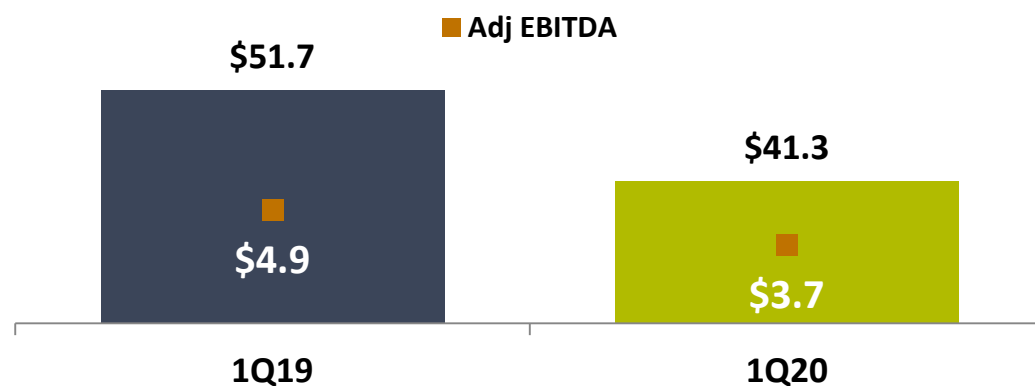
Sales & Adj. EBITDA

(Millions)



1Q20 Sales and Adj. EBITDA

(Millions)

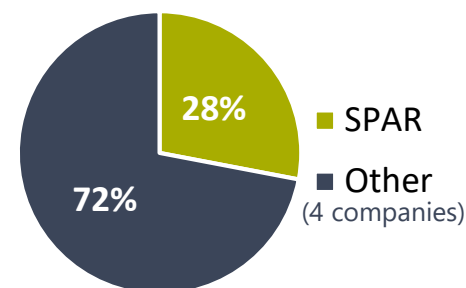


TAM: \$1.6B

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

Service Truck Body: \$960M

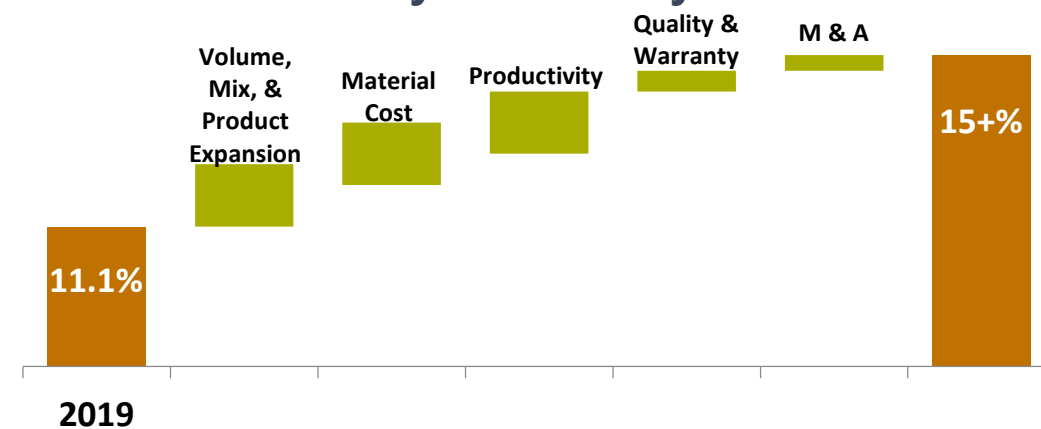
Class A Diesel >400hp



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

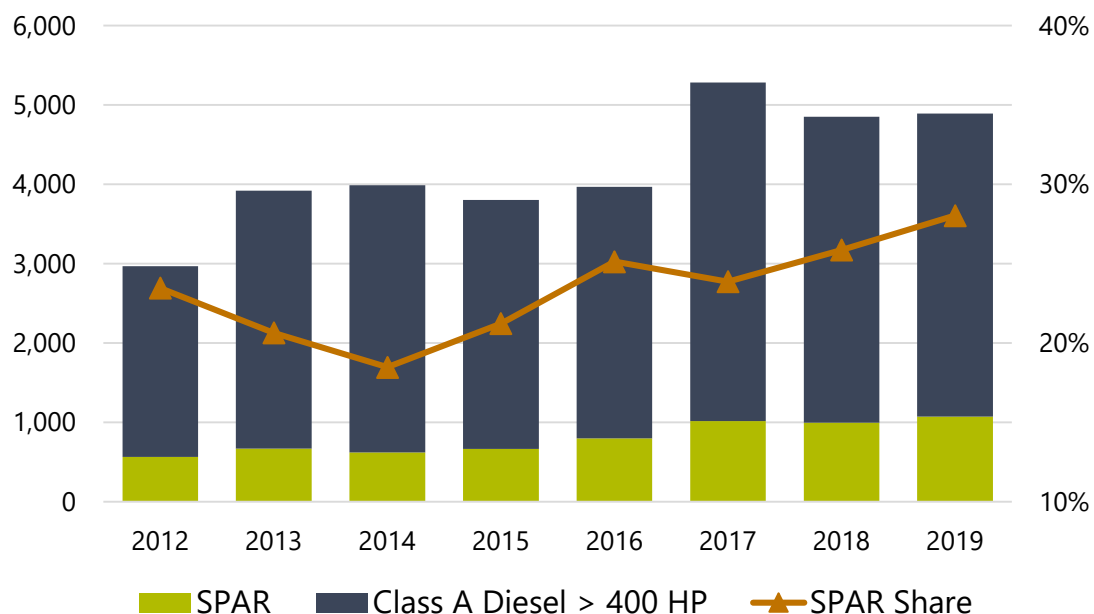
Source: Statistical Surveys MarketScope, 1/2008 – 12/2019,
U.S. Data and Management's estimates; SpecialityResearch.net 2019 Report

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)

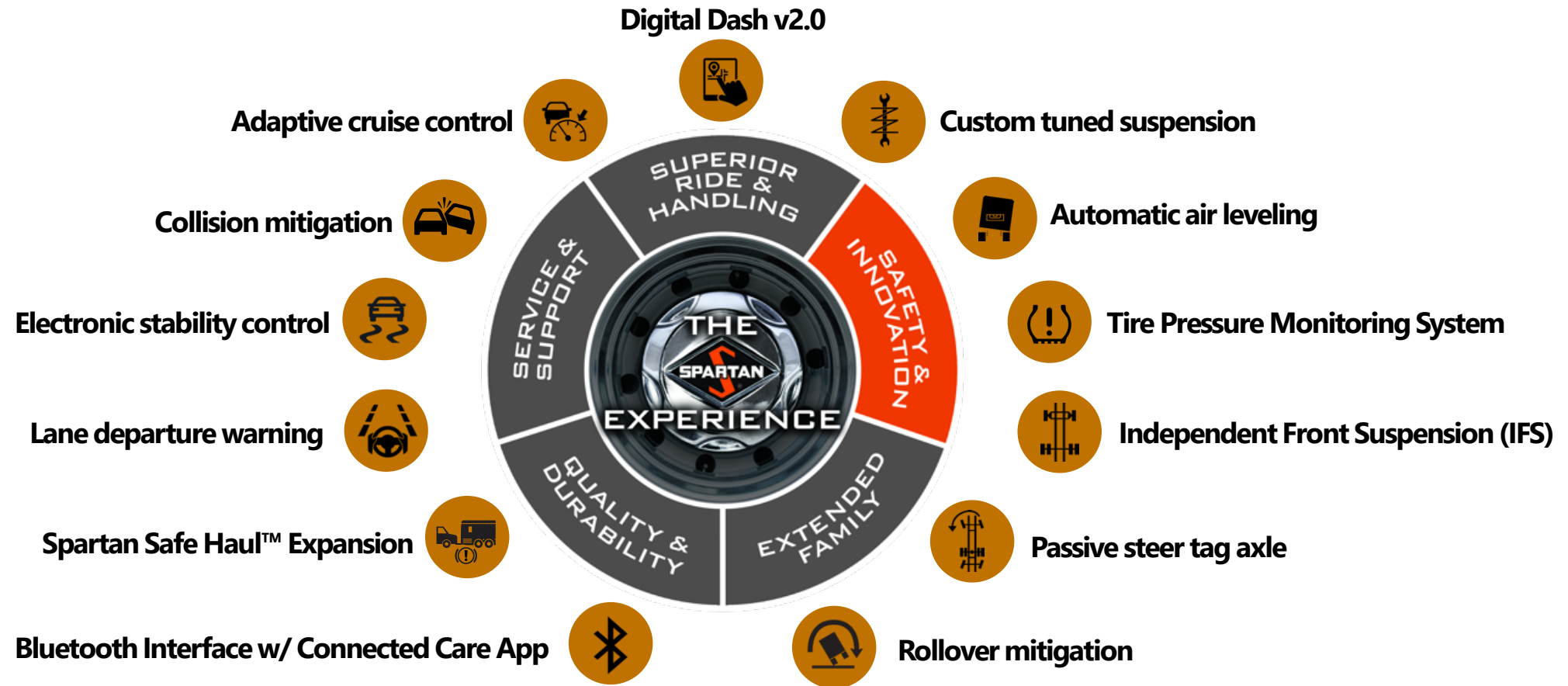
Spartan makes chassis for Class A Diesel > 400 HP - **28%** share

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
15+% 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

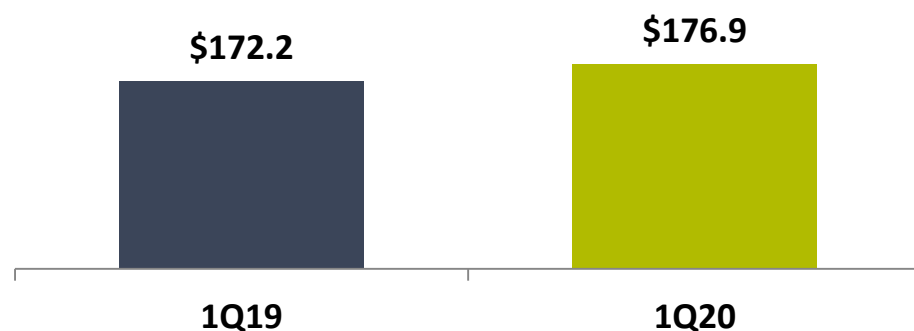
Increase shareholder value

Financial Review 1st Quarter 2020



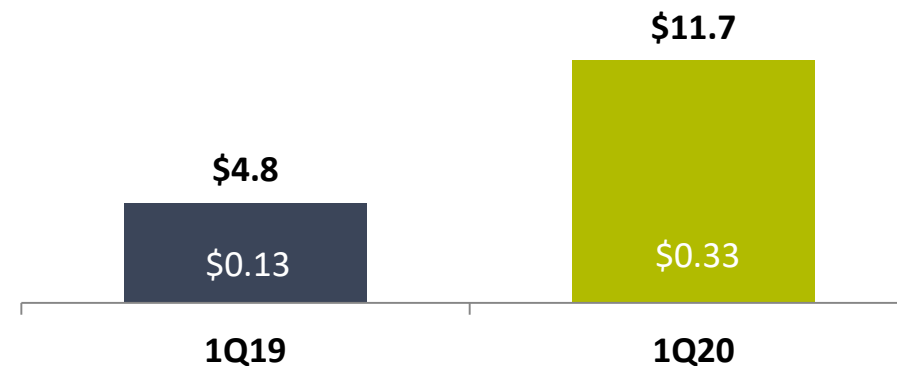
Overview – 1Q20 VS. 1Q19

Revenue (\$ M)



- Revenue from continuing operations in 1Q20 up \$4.7M, or 2.8%, to \$176.9M from \$172.2M
 - FVS up \$13.1M, or 10.6% – increased sales of delivery vehicles in all vehicle classes
 - SCV down \$10.4M, or 20.2% – decrease in luxury motor coach sales, partially offset by the inclusion of Royal truck body

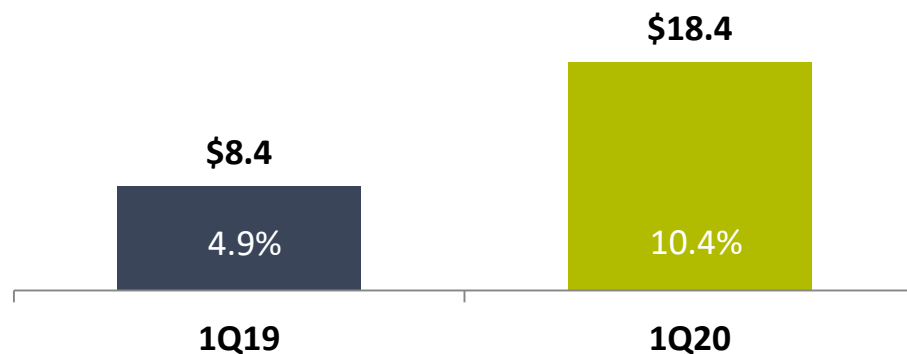
Income from Continuing Operations
(\$ M) (EPS)



- Income from continuing operations in 1Q20 rose \$6.9M, or 142.9%, to \$11.7M
 - Reflects improved mix, lower materials and component costs, productivity improvements and Royal acquisition
- EPS from continuing operations increased \$0.20, or 153.8%, to \$0.33 from \$0.13 last year
- Includes \$2.6 million, or \$0.08 per share in income tax receivable for loss carryback recognized under the CARES Act

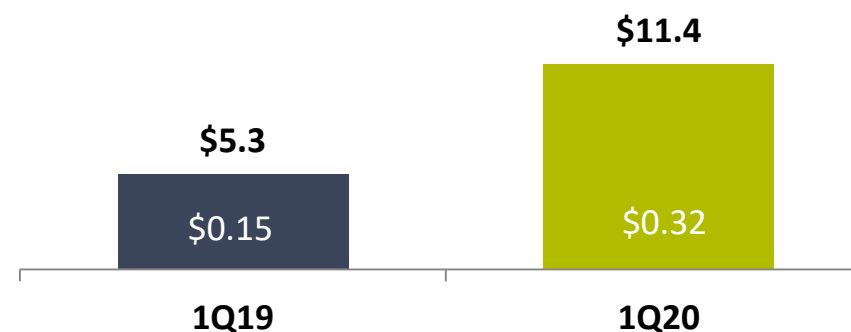
Overview – 1Q20 VS. 1Q19

Adjusted EBITDA
(\$ M) (Adj EBITDA as % of Sales)



- Adjusted EBITDA from continuing operations rose \$10.0M to \$18.4M
- Adjusted EBITDA margin from continuing operations increased 550 basis points to 10.4% of sales compared to 4.9% of sales
 - Primary driven by sales volume and product mix, the Royal Truck Body contribution, partially offset lower luxury motor coach chassis volume

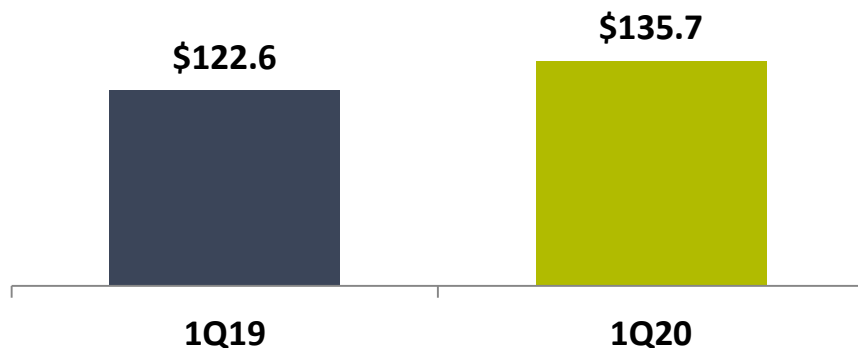
Adjusted Net Income
(\$ M) (Adj EPS)



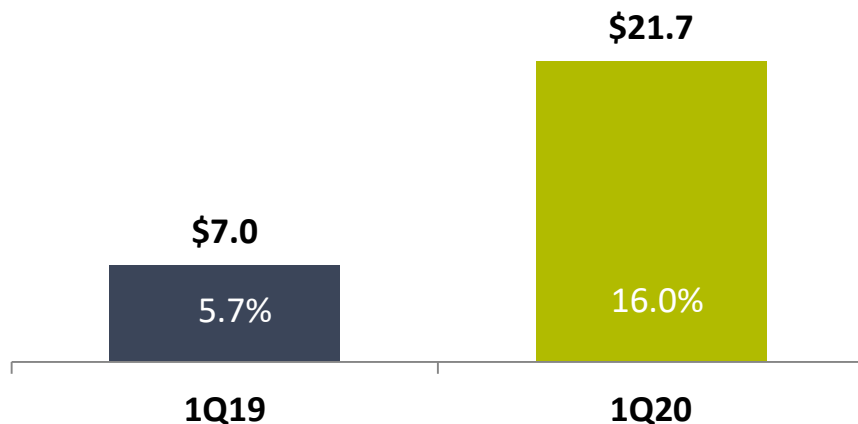
- Adjusted net income from continuing operations rose 115.1% to \$11.4M from \$5.3M
 - Reflects increased volume, improved pricing, productivity improvements and Royal acquisition
- Adjusted EPS from continuing operations of \$0.32 versus \$0.15 a year ago

Fleet Vehicles & Services – 1Q20

FVS Revenues (\$ M)



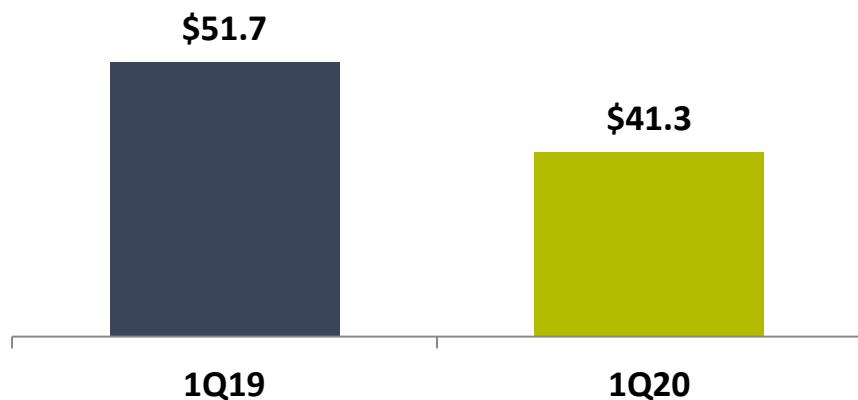
FVS Adjusted EBITDA
(\$ M) (Adj EBITDA as % of Sales)



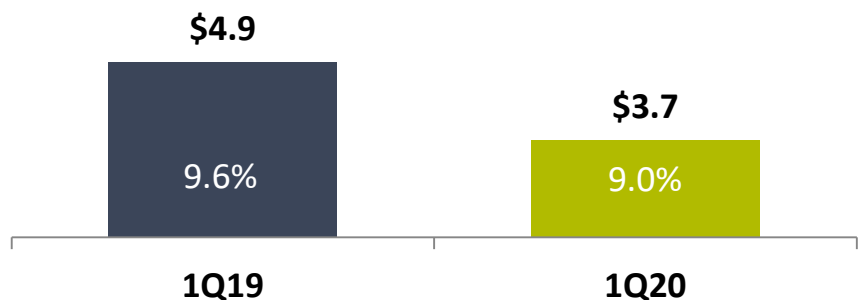
- Revenue up \$13.1M to \$135.7M from \$122.6M
 - Prior year includes \$32.7M of USPS pass-through revenue
- Adjusted EBITDA increased by \$14.7M to \$21.7M from \$7.0M due to mix, more favorable material costs, and the impact of the pass-through USPS order in the prior year
- Adjusted EBITDA margin increased to 16.0% of sales from 5.7%
 - Prior year negatively impacted by 110 bps due to USPS pass-through sales
- Excluding the USPS truck body order, segment backlog totaled \$302.2M, up \$186.8M or 161.9% compared to \$115.4 at March 31, 2019

Specialty Vehicles – 1Q20

SCV Revenues (\$ M)



SCV Adjusted EBITDA
(\$ M) (Adj EBITDA as % of Sales)



- Revenue down \$10.4M, or 20.2%, to \$41.3M from \$51.7M last year
 - \$17.7M decrease in luxury motor coach chassis sales partially offset by Royal Truck Body contributions
- Adjusted EBITDA decreased \$1.2M to \$3.7M from \$4.9M
- Adjusted EBITDA margin fell 60 basis points to 9.0% of sales
 - Due to decrease in luxury motor coach chassis and contract manufacturing volume, partially offset by Royal Truck Body
- Segment backlog up 45.6% to \$42.4M, compared to \$29.1M at March 31, 2019.

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)

	Three Months Ended March 31,			
	2020	% of sales	2019	% of sales
Spartan Motors, Inc.				
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)

Continuing Operations

(In thousands, except per share data)

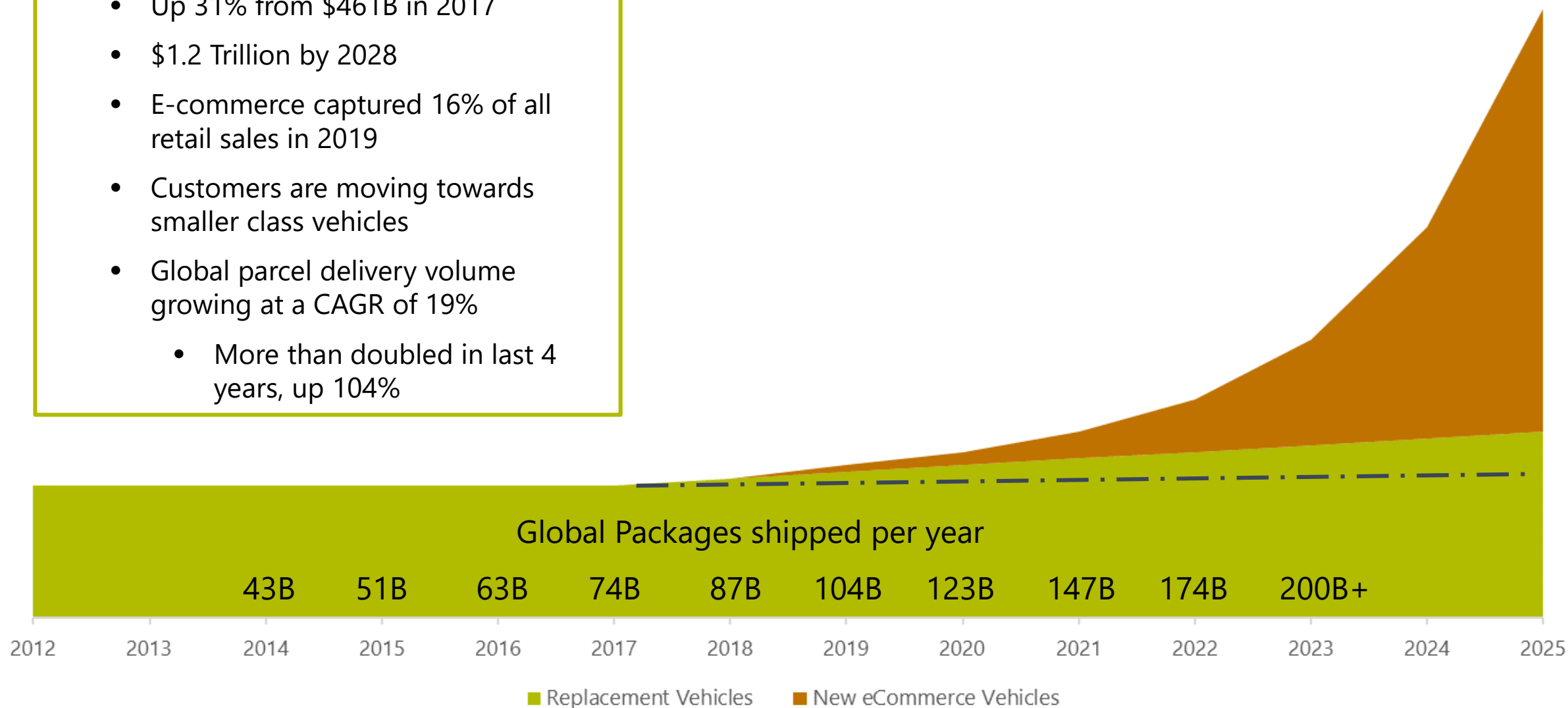
(Unaudited)

(\$000)	Twelve Months Ended December 31,				
	2019	2018	2017	2016	2015
Spartan Motors, Inc.					
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	<u>1,839</u>	<u>1,080</u>	<u>864</u>	<u>410</u>	<u>365</u>
EBITDA	54,917	28,744	26,750	30,550	18,839
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	<u>(0.05)</u>	<u>(0.04)</u>	<u>(0.05)</u>	<u>(0.02)</u>	<u>(0.01)</u>
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
 - 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%



Source: FTI Consulting, Pitney Bowes and Management's estimates
Anticipated simulation not necessarily representative of actual