

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): September 9, 2019

SPARTAN MOTORS, 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.)

1541 Reynolds Road, Charlotte, Michigan
(Address of Principal Executive Offices)

48813
(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	SPAR	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 1.01 Entry into a Material Definitive Agreement

On September 9, 2019, Spartan Motors USA, Inc. (the “Company” or “Spartan”), a wholly-owned subsidiary of Spartan Motors, Inc., entered into a Unit Purchase Agreement (the “Purchase Agreement”) with Fortress Resources, LLC D/B/A Royal Truck Body (“Royal”), the owners of Royal, and Dudley D. De Zonia, pursuant to which the Company acquired all of the outstanding equity interests of Royal. Royal is engaged in the business of designing, manufacturing and installing service truck bodies and accessories.

Pursuant to the Purchase Agreement, the Company paid approximately \$90.0 million in cash, or approximately \$80.0 million net of an estimated tax benefit to Spartan of approximately \$10.0 million. The purchase price is subject to certain customary post-closing adjustments.

The foregoing description of the Purchase Agreement is qualified in its entirety by reference to the Purchase Agreement, a copy of which will be filed as an exhibit to the Company’s Quarterly Report filed on Form 10-Q for the quarter ended September 30, 2019.

Concurrent with the close of the acquisition and effective September 9, 2019, the Credit Agreement dated August 8, 2018, by and among Spartan Motors, Inc. and its affiliates (including the Company), as borrowers; Wells Fargo Bank, National Association, as Administrative Agent; and the lenders party to such Credit Agreement (the “Credit Agreement”) was amended by a Second Amendment to the Credit Agreement which increased Spartan Motors, Inc.’s revolving credit facility by \$25.0 million, increased swing line loans by \$5.0 million and joined Royal as a borrower. Under the Credit Agreement, as amended by the Second Amendment, Spartan Motors, Inc. may borrow up to \$175.0 million under a secured revolving credit facility, maturing August 8, 2023. Spartan Motors, Inc. may also request an increase in the facility of up to \$50.0 million in the aggregate, subject to customary conditions. The credit facility is also available for the issuance of letters of credit of up to \$25.0 million and swing line loans of up to \$20.0 million, subject to certain limitations and restrictions. This line carries an interest rate of either (i) the highest of prime rate, the federal funds effective rate from time to time plus 0.5%, or the one month adjusted LIBOR plus 1.0%; or (ii) adjusted LIBOR plus margin based upon our ratio of debt to earnings from time to time. The credit facility is secured by security interests in all assets of the borrowers, other than real property and certain other excluded assets.

The foregoing descriptions of the Second Amendment and the Credit Agreement, as amended, are qualified in their entirety by reference to the Second Amendment and the Credit Agreement, copies of which will be filed as an exhibit to the Company’s Quarterly Report filed on Form 10-Q for the quarter ended September 30, 2019.

Item 2.01 Completion of Acquisition or Disposition of Assets

On September 9, 2019, the Company completed its acquisition of all of the outstanding equity interests of Royal pursuant to the Purchase Agreement.

The consideration paid by the Company at closing consisted of approximately \$90.0 million paid in cash. The cash consideration was funded primarily through borrowings from the \$175.0 million line of credit provided pursuant to the Credit Agreement, as amended September 9, 2019.

The foregoing description of the Purchase Agreement is qualified in its entirety by reference to the Purchase Agreement, a copy of which will be filed as an exhibit to the Company's Quarterly Report filed on Form 10-Q for the quarter ended September 30, 2019.

Item 7.01 Regulation FD Disclosure

On September 10, 2019, the Company issued a press release announcing the acquisition of Royal, a copy of which is attached hereto as Exhibit 99.1.

Royal is currently expected to generate revenues of approximately \$45.0 to \$50.0 million for the full 2019 calendar year. Adjusted EBITDA margins for Royal are currently expected to be significantly higher than the 12.2% achieved by the Company's Specialty Chassis & Vehicles (SCV) segment for the three months ended June 30, 2019.

The information in this Item 7.01 and the attached Exhibit shall not be deemed filed for purposes of Section 18 of the Securities Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibit

(a) Financial Statements of Business Acquired

The financial statements required by this Item 9.01(a) will be filed as an amendment to this Current Report on Form 8-K to be filed no later than 71 days after the date this Current Report is required to be filed.

(b) Pro Forma Financial Information

The pro forma financial information required by this Item 9.01(b) will be filed as an amendment to this Current Report on Form 8-K to be filed no later than 71 days after the date this Current Report is required to be filed.

(d) Exhibit

Exhibit 99.1 [Press release issued September 10, 2019, regarding the acquisition of Royal](#)

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.

SPARTAN MOTORS, INC.

Dated: September 12, 2019

/s/ Frederick J. Sohm

By: Frederick J. Sohm

Its: Chief Financial Officer



SPARTAN MOTORS

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Spartan Motors Acquires Royal Truck Body

Acquisition Expands Spartan's West Coast and Southwest Geographic Reach with Six Additional Manufacturing, Assembly, and Distribution Facilities

CHARLOTTE, Mich., Sept. 10, 2019 - Spartan Motors, Inc. (NASDAQ: SPAR) ("Spartan" or the "Company"), the North American leader in specialty vehicle manufacturing and assembly for the commercial and retail vehicle industries (including last-mile delivery, specialty vehicles, commercial vehicle assembly, and vocation-specific upfit segments), as well as for the emergency response and recreational vehicle markets, today announced it purchased Royal Truck Body (Royal), a leading, California-based designer, manufacturer, and installer of service truck bodies and accessories. Royal joins Spartan's Specialty Chassis and Vehicles (SCV) business unit and, in recognition of the strength of the brand, will continue to go to market under the Royal Truck Body™ name.

The acquisition is the latest action driven by Spartan's strategic plan and will result in the achievement of three of the plan's key goals: EBITDA margin growth, increased revenue, and geographic expansion by way of delivering on the promise of a coast-to-coast manufacturing and distribution footprint.

"This is an exciting day for Spartan," said Daryl Adams, President and Chief Executive Officer of Spartan Motors. "Our acquisition of Royal Truck Body marks the continued execution of our strategic plan and delivers on the promise of nationwide expansion to the benefit of our customers, suppliers, team members, and our shareholders."

The purchase of Royal expands Spartan Motors' manufacturing operations into Southern California, Northern California, and additional West Coast markets, advancing its U.S. footprint strategy with six additional operating facilities located in California, Arizona, and Texas. Spartan will utilize Royal's existing production facility in Carson, California, and its five other locations throughout the Sun Belt to build and distribute commercial trucks more efficiently and cost effectively to West Coast customers across its business units.

Spartan expects the transaction to be accretive to earnings on an annualized basis in 2020.

"As we welcome Royal to the Spartan family and work to grow our combined business, we see many opportunities to further our value proposition of additional expansion into the trades, fleet, and last mile delivery categories nationwide. Our long-term strategy is to broaden our geographic footprint with increased capabilities for each regional location to offer a comprehensive suite of products and services," Adams said.

Royal manufactures and assembles truck body options for various trades, service utility truck bodies, stake body trucks, service vans, contractor trucks, and dump trucks that complement Spartan's Work-Driven Design™ vocational solutions across GVWR Classes 1-7. Royal's product set builds on the momentum of Spartan's recent General Truck Body acquisition, allowing Spartan's expanded West Coast operations to support tradespeople and fleets of all sizes.

"I'm thrilled that Spartan represents such a close fit with our company values and culture, including hard work, accountability and customer satisfaction," said Dudley DeZonia, former President, Royal Truck Body. "Spartan has a compelling vision and success story, and I am confident the future will be incredibly bright for Spartan and the Royal Truck Body brand."

In connection with the transaction, Spartan advisors included Donnelly Penman & Partners (DPP), serving as M&A and transaction advisor, and Varnum LLP, serving as outside legal counsel.

More information on the acquisition can be found at www.spartanmotors.com/royal.

About Spartan Motors

Spartan Motors, Inc. is the North American leader in specialty vehicle manufacturing and assembly for the commercial and retail vehicle industries (including last-mile delivery, specialty service and vocation-specific upfit segments), as well as for the emergency response and recreational vehicle markets. The Company is organized into three core business segments: Spartan Fleet Vehicles and Services, Spartan Emergency Response and Spartan Specialty Vehicles. Today, its family of brands also include Spartan Authorized Parts, Spartan Factory Service Centers, Utilimaster, Royal Truck Body, Strobes-R-U's, Smeal, Ladder Tower and UST. Spartan Motors and its go-to-market brands are well known in their respective industries for quality, durability, aftermarket product support and first-to-market innovation. The Company employs approximately 2,500 associates, and operates facilities in Michigan, Indiana, Pennsylvania, South Carolina, Florida, Missouri, California, Arizona, Texas, Nebraska, South Dakota; Saltillo, Mexico; and Lima, Peru. Spartan reported sales of \$816 million in 2018. Learn more about Spartan Motors at www.spartanmotors.com.

This release contains several forward-looking statements that are not historical facts, including statements concerning our expectations regarding the future performance of the Royal Truck Body™ business and its effect on 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. 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 difficulties we may encounter in integrating this business with Spartan's existing business; operational and other complications that may arise affecting the implementation of our plans and business objectives; continued pressures caused by economic conditions; issues unique to government contracting, such as competitive bidding processes, qualification requirements, and delays or changes in funding; 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 update or revise any forward-looking statements in this release, whether as a result of new information, future events, or otherwise.

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