



# INVESTOR PRESENTATION

May 2020



# THE FINANCIAL RESULTS INCLUDED WITHIN THIS PRESENTATION ARE FROM CONTINUING OPERATIONS UNLESS OTHERWISE NOTED

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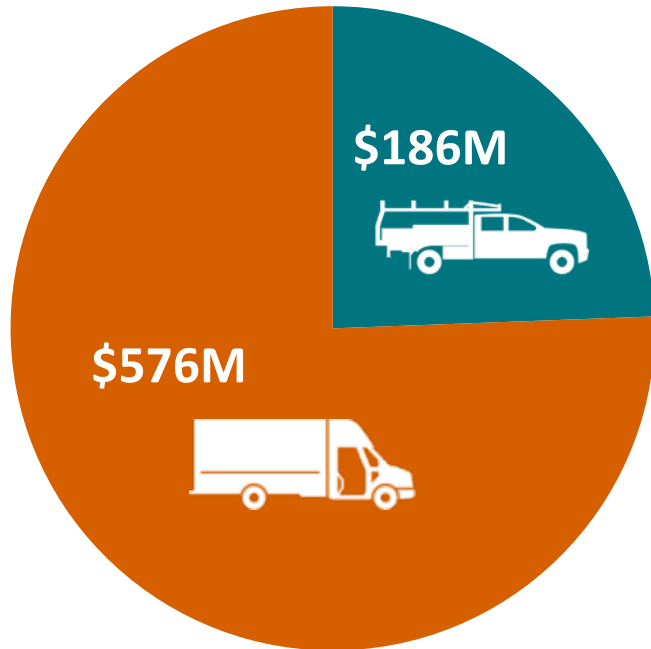
## FORWARD LOOKING STATEMENTS

*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](http://www.sec.gov) or our website. All forward-looking statements in this presentation are qualified by this paragraph. Investors should not place undue reliance on forward-looking statements as a prediction of actual results. We undertake no obligation to publicly update or revise any forward-looking statements in this presentation, whether as a result of new information, future events, or otherwise.*



# SPARTAN AT A GLANCE

## SEGMENT OVERVIEW 2019 Sales



■ Specialty Chassis & Vehicles (SCV)

■ Fleet Vehicles & Services (FVS)



\$571M  
2018 SALES

\$757M  
2019 SALES



\$18M  
2018 INCOME

\$37M  
2019 INCOME

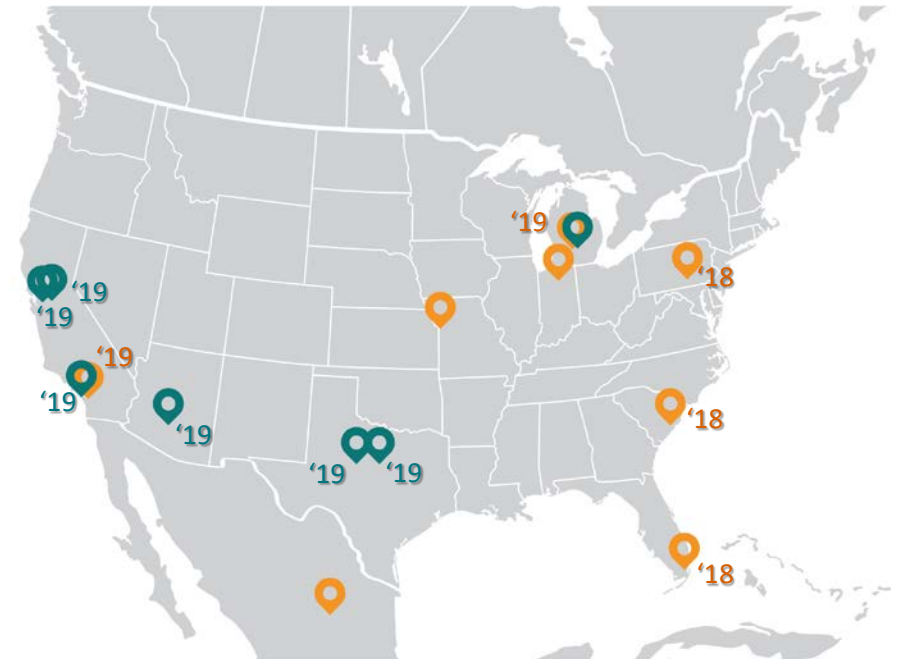
\$35M  
2018 ADJ. EBITDA

\$64M  
2019 ADJ. EBITDA



15 MFG OPERATIONS  
IN 9 STATES & 2  
COUNTRIES

North American leader in specialty  
vehicle manufacturing and assembly  
for the commercial vehicle market



# COMPANY TIMELINE



1975  
2020

**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.

**1994**  
Spartan hosts the first Fire Truck Training Conference (FTTC), leading the industry in EVT education.



**2005**  
Spartan builds the MRAP and ILAV to support U.S. efforts in the Iraq War.

**2006**  
Spartan Chassis constructs a new facility in Charlotte, MI to meet increasing demand for fire truck chassis.



**2013**  
Production begins at the state-of-the-art new facility in Bristol, IN.



**2011**  
Spartan Motors, Inc. acquires Classic Fire.

**2016**  
Spartan builds Plant 12, a flexible manufacturing facility, to accommodate growing contract manufacturing business with Isuzu.



**2017**  
Spartan acquires Smeal Fire Apparatus and its Ladder Tower and UST brands.



**2018**  
Spartan acquires Strobes-R-Us.



**2020**  
Spartan Motors announces business transformation to focus on its Delivery and Specialty Vehicle Segments, divests Emergency Response business unit.

1975

1990

2010

2015

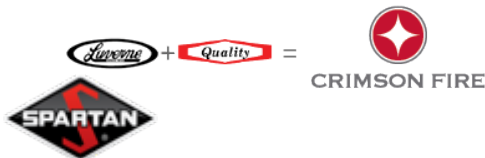
2020

**1978**  
Spartan constructs "Plant 1", the first of many buildings to come on the Charlotte, MI campus.

**1984**  
Spartan Motors goes public on NASDAQ under the symbol "SPAR".

**1990**  
Spartan innovates creating 10 fire truck chassis configurations with raised roofs for better visibility, more headroom, and improved safety.

**1997**  
Spartan Motors purchases Luverne Fire Apparatus and Quality Manufacturing which merged to form Crimson Fire.



**2009**  
Spartan Motors, Inc. acquires Utilimaster, Inc.



**2010**  
Spartan creates the Reach - the next generation commercial walk in van.



**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.



**2019**  
Spartan motors advances commitment to U.S. manufacturing with launch of Detroit Truck Manufacturing.



**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.





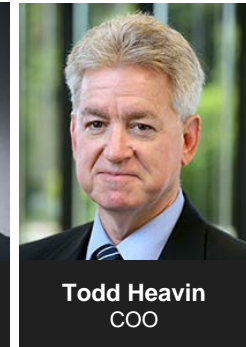
# LEADERSHIP TEAM - OPERATIONS

## 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



# Covid-19 Response

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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

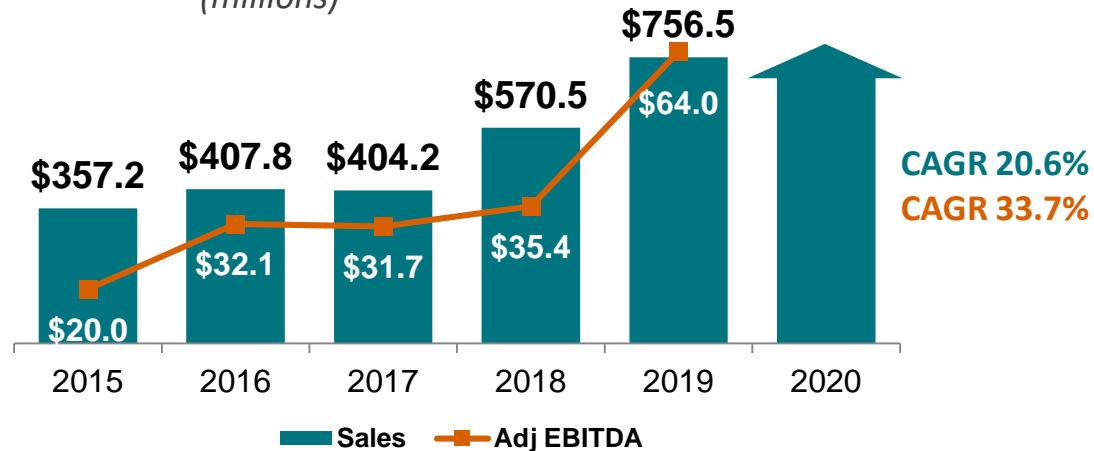
## Financial

- 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

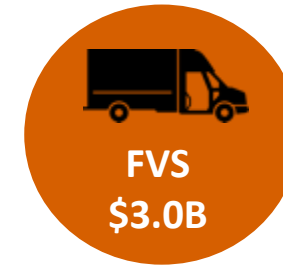


# SPARTAN MOTORS - BUSINESS SNAPSHOT

Sales & Adj. EBITDA  
(millions)



TAM: \$4.6B



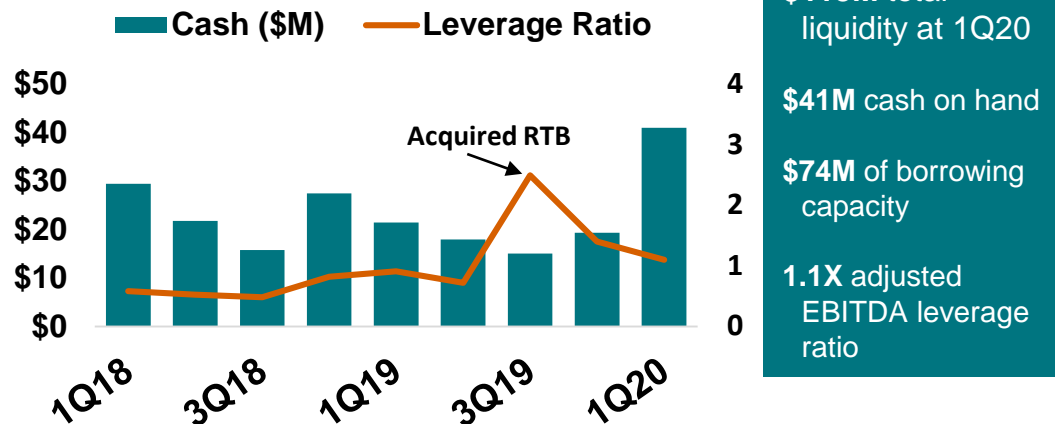
- eCommerce to grow 9x the rate of other retail sales through 2022



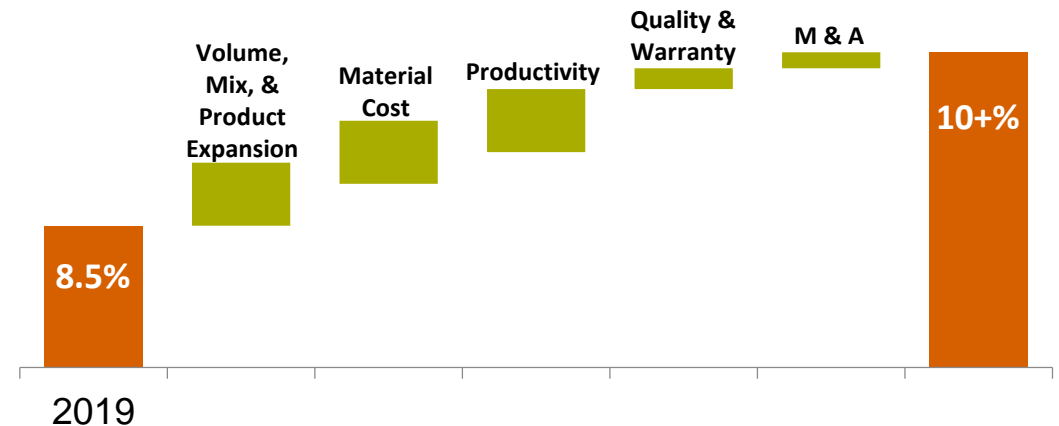
- 10% CAGR Class A Diesel >400 HP shipments ('12-'19)

TAM Source: 2019 SpecialtyTransportation.net Reports

Liquidity Update

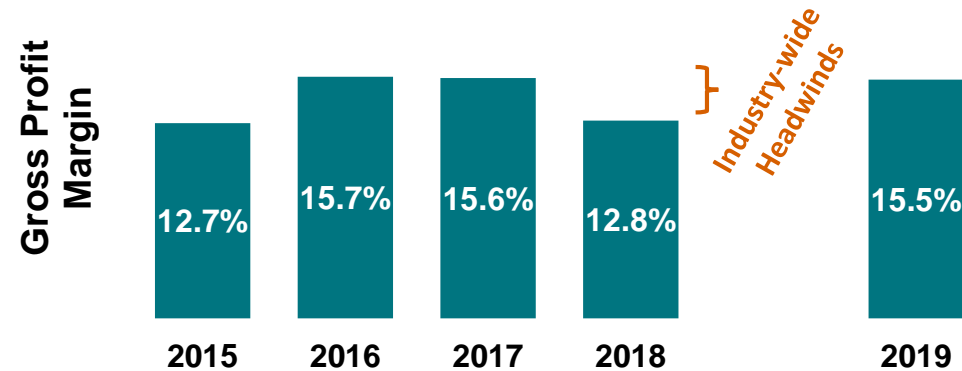


Financial Objective – Adj. EBITDA %

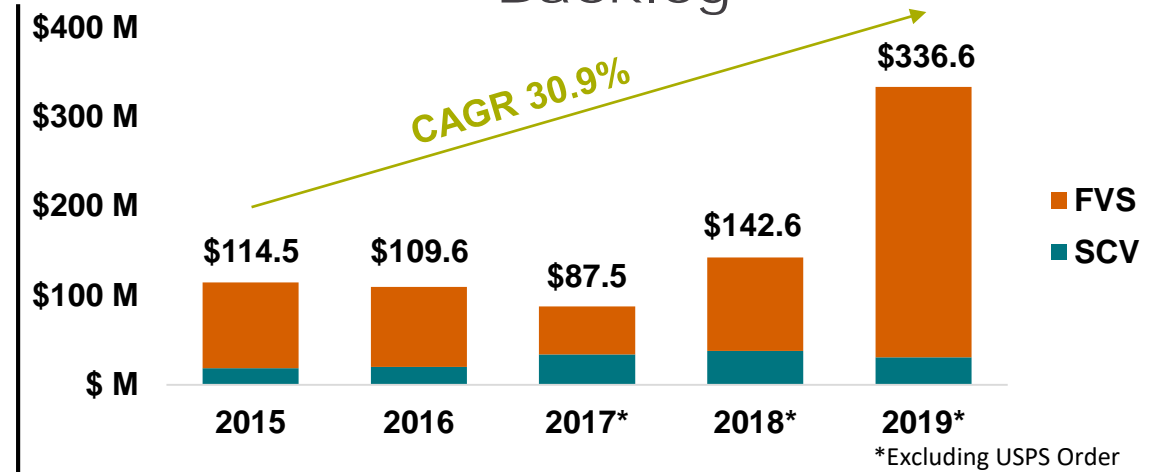


# MANUFACTURING IMPROVEMENTS – GAINING TRACTION

## Gross Profit Margin

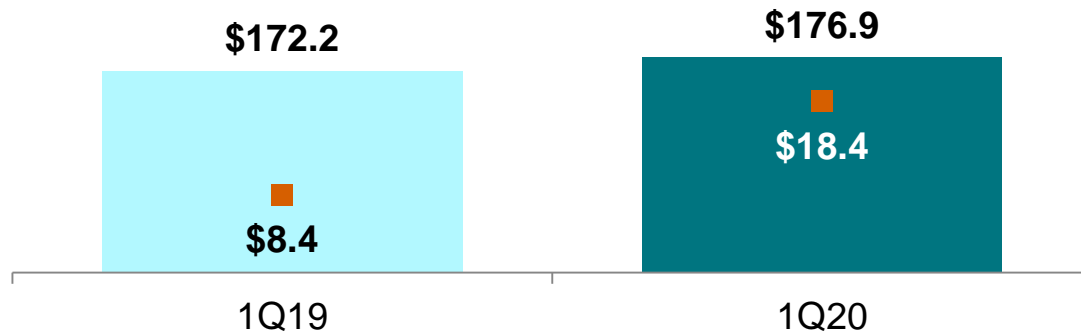


## Backlog



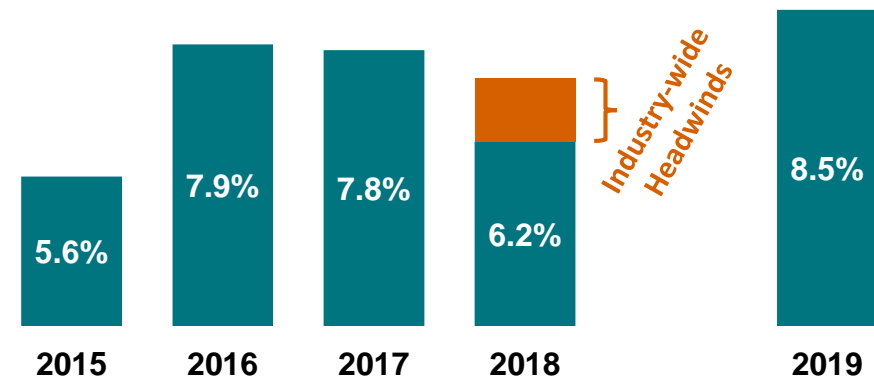
## 1Q20 Sales and Adj. EBITDA

■ Adj EBITDA



## Adjusted EBITDA Margin

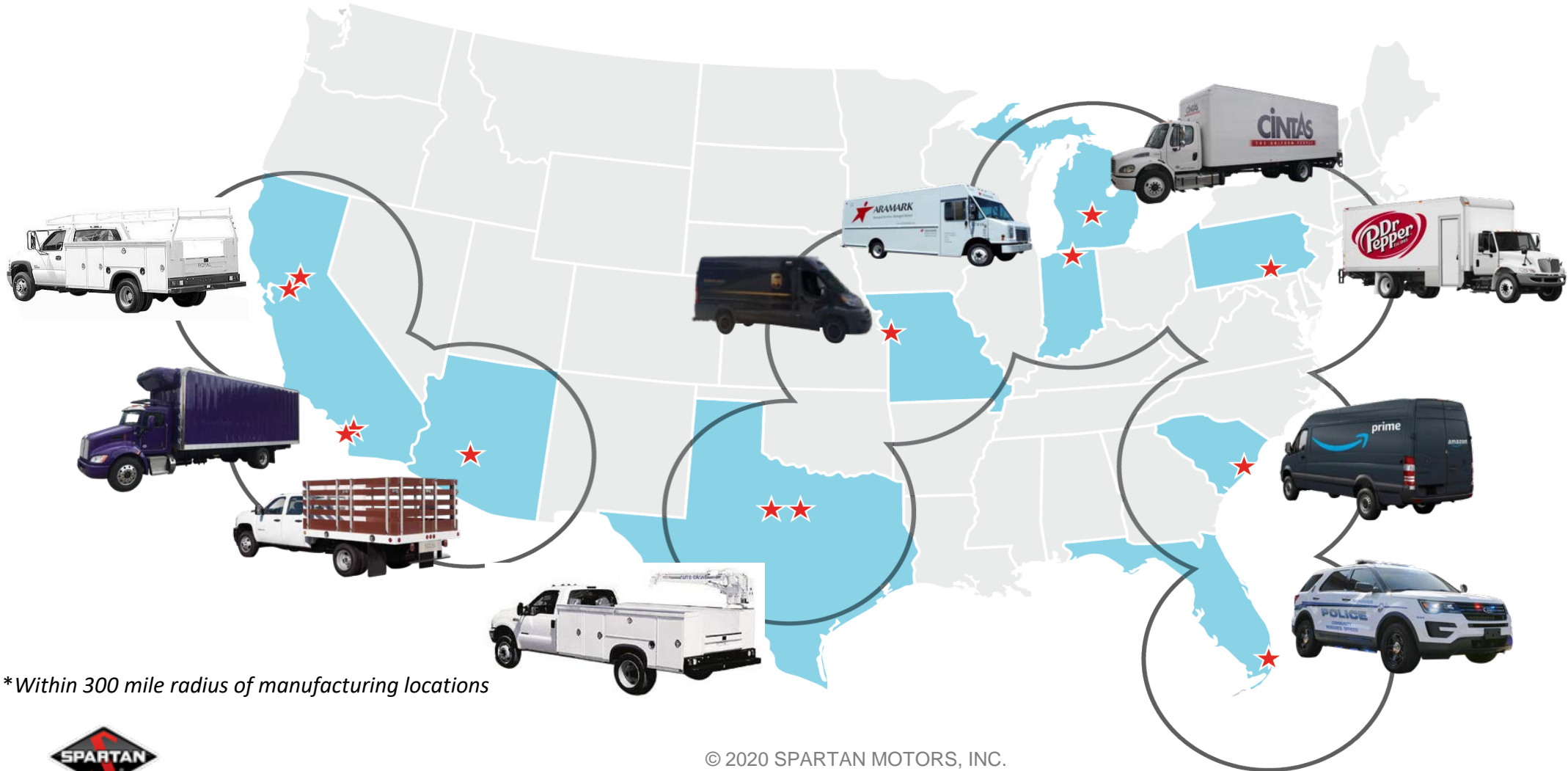
Adj. EBITDA Margin





# GROWTH STRATEGY AT WORK

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



# INITIATIVES TO SUPPORT 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 VEHICLES & SERVICES



COMMAND  
YOUR ROAD



# 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

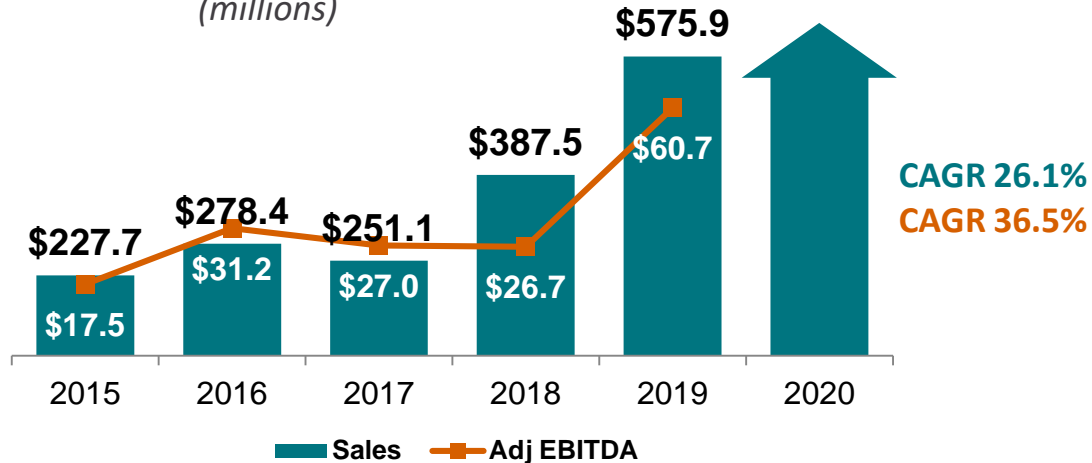


## OEM Dealerships



# FVS – BUSINESS SNAPSHOT

Sales & Adj. EBITDA  
(millions)

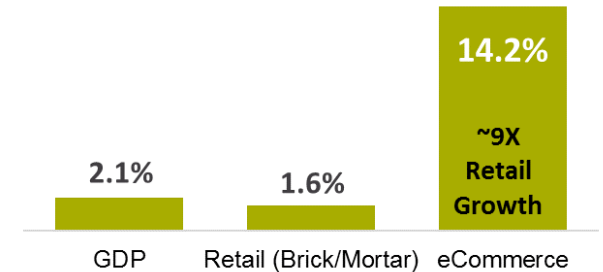


TAM: \$3.0B



Expected Growth (CAGR) 2018-2022

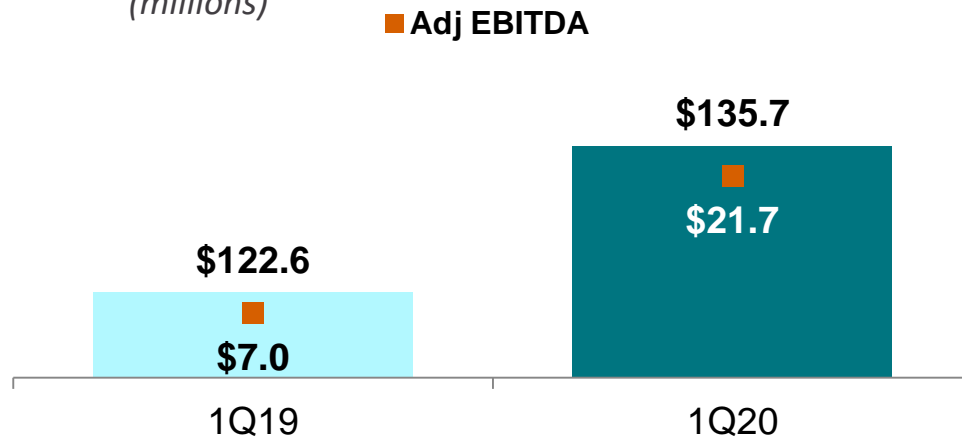
**US eCommerce**  
expected to double  
from \$575B in 2019 to  
over \$1.2T by 2028



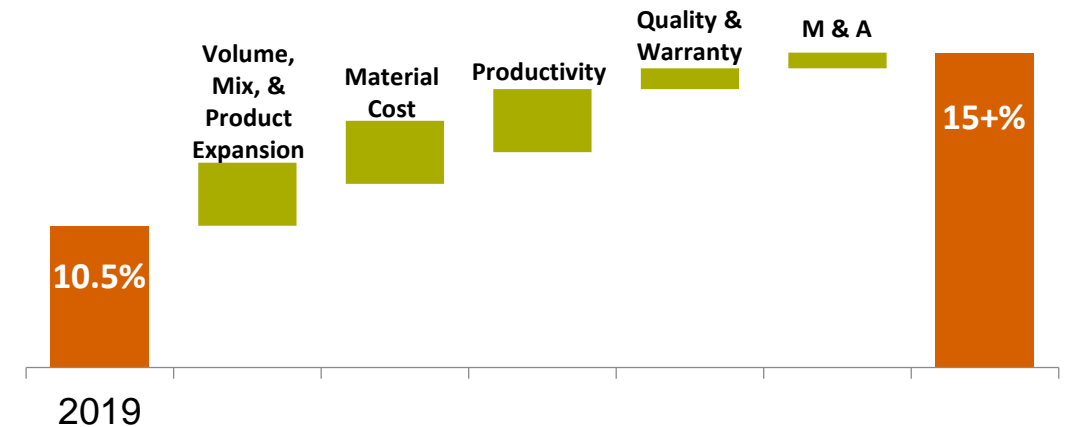
Note: Nominal GDP

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

TAM: \$2.0 Billion



TAM: \$1.0 Billion

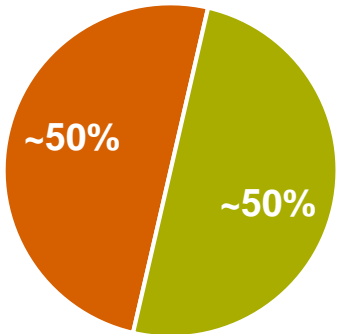


## WALK- IN VANS

## TRUCK BODIES

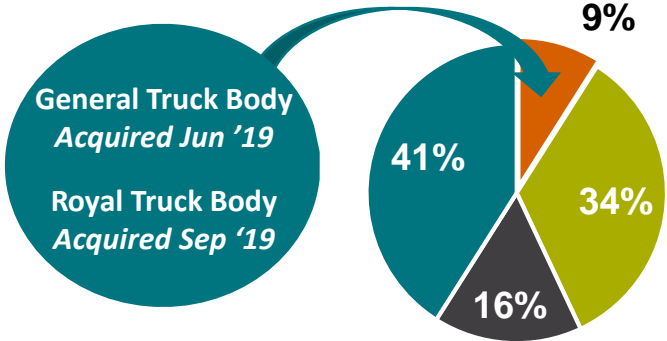
## CARGO VAN UPFITS

Walk-in Van Market Share



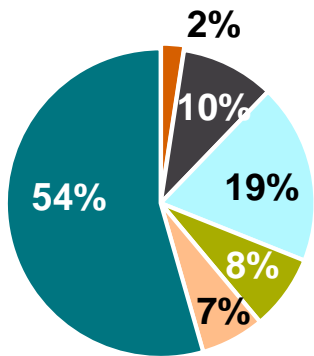
■ Spartan/Utilimaster ■ Morgan Olson

Truck Body Market Share



■ Spartan/Utilimaster ■ Morgan Corp  
■ Wabash/Supreme ■ Others

Van Up-fit Market Share



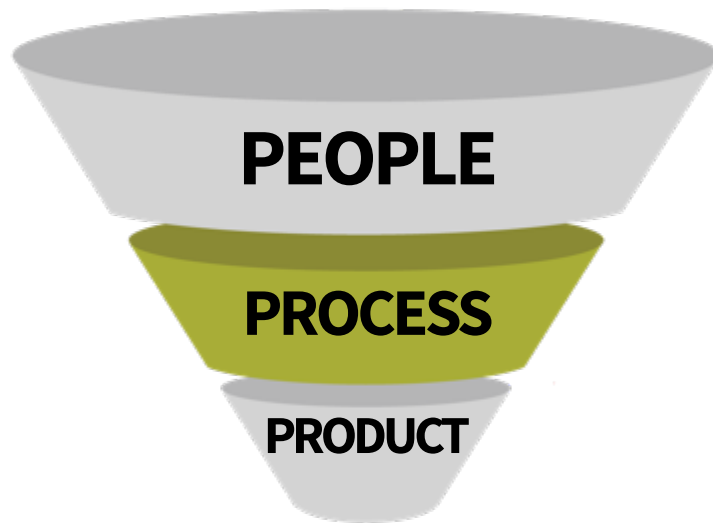
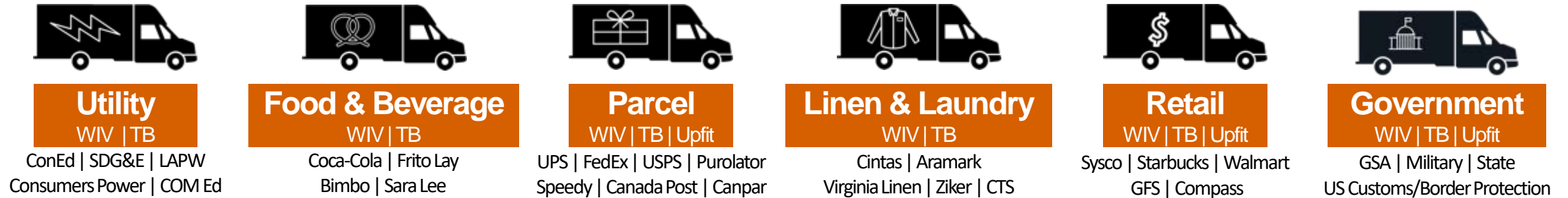
■ Spartan/Utilimaster ■ MasterRack  
■ Adrian Steel ■ Ranger Design  
■ Weather Guard ■ Regional Upfitters

Spartan's Utilimaster is #3 in the Van/Truck Body Market

Source: 2019 SpecialtyTransportation.net Reports



# FVS – COMPETITIVE ADVANTAGE



## Work-Driven Design = “The Utilimaster Difference”



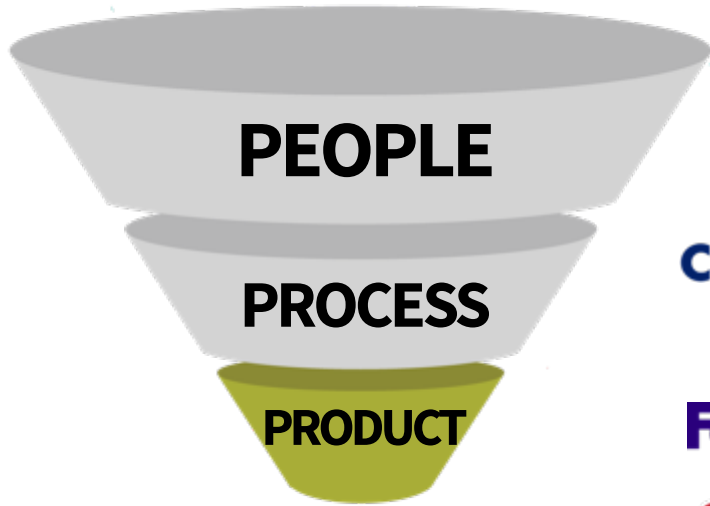
# FLEET GROWTH OPPORTUNITIES

















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

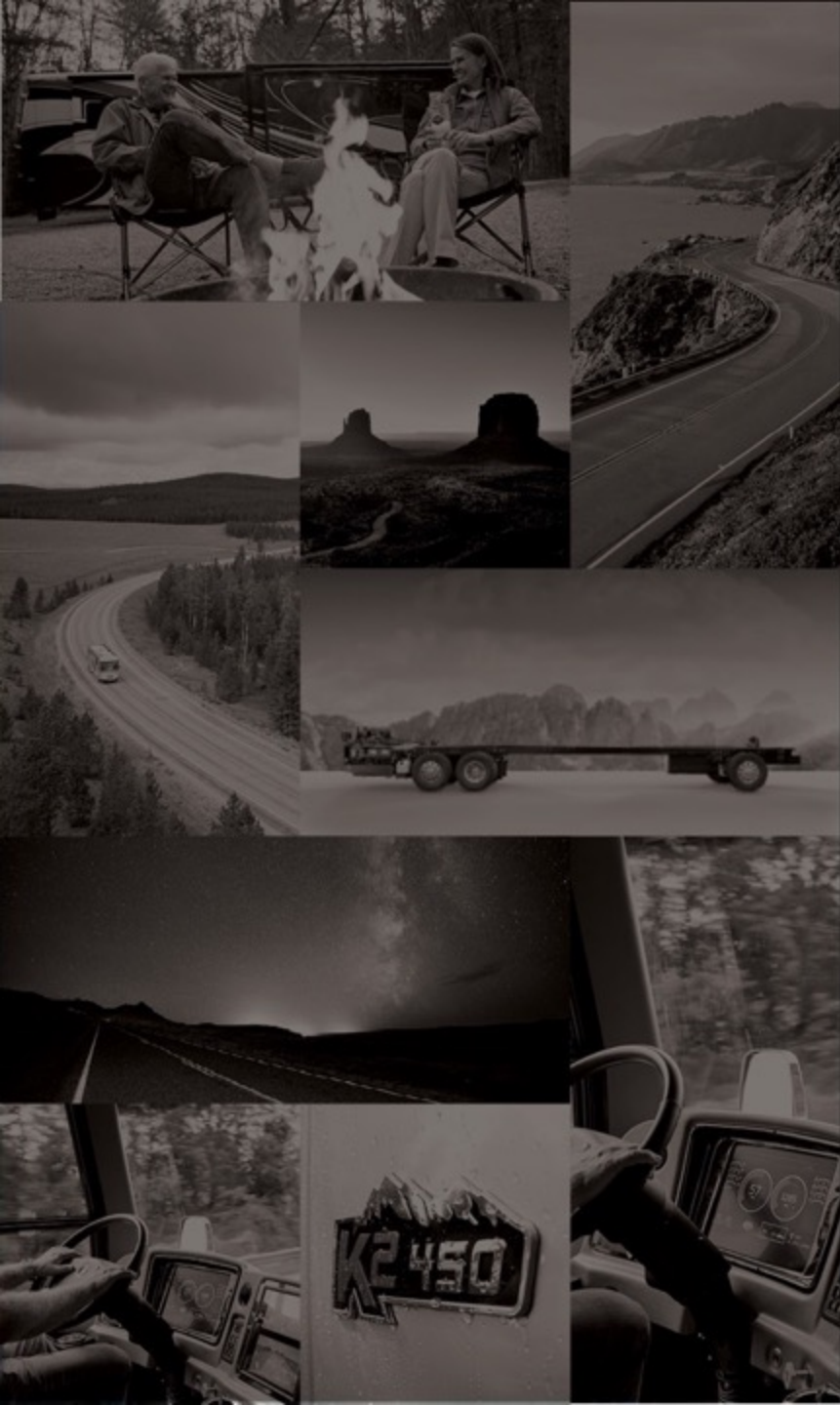


# FVS – BUILDING LONG-TERM RELATIONSHIPS



					
	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







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# SPECIALTY CHASSIS & VEHICLES (SCV)

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.

LMC Customers We Serve	LMC Chassis	Contract Manufacturing	EV / AV
			





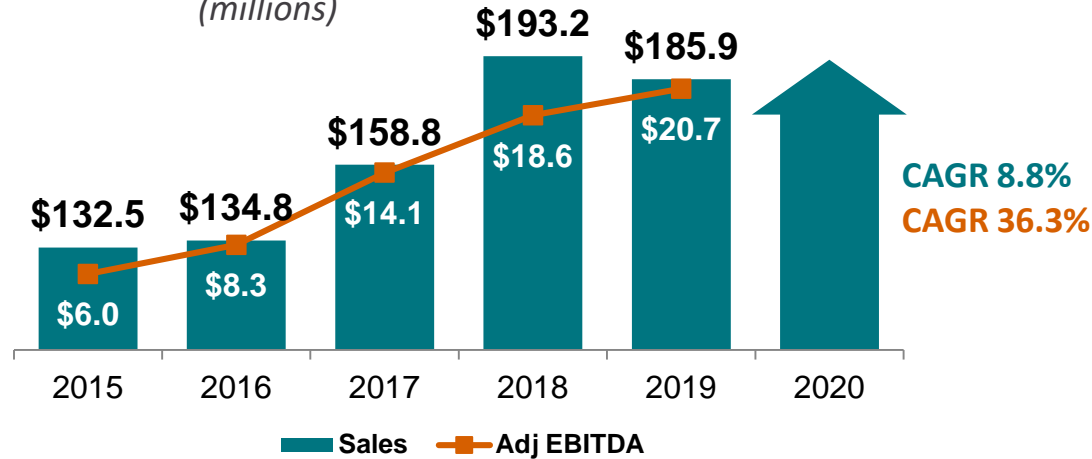
# ACQUISITION UPDATE – ROYAL TRUCK BODY

- 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



# SCV – BUSINESS SNAPSHOT

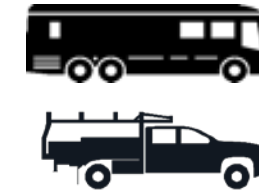
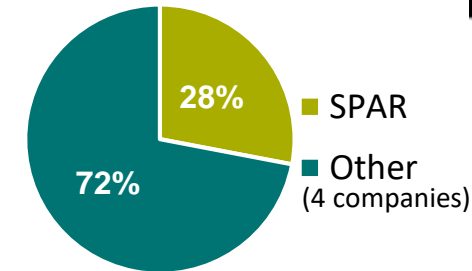
Sales & Adj. EBITDA  
(millions)



TAM: \$1.6B

LMC: (\$420M > 400HP | \$200M < 400HP)  
Service Truck Body: \$960M

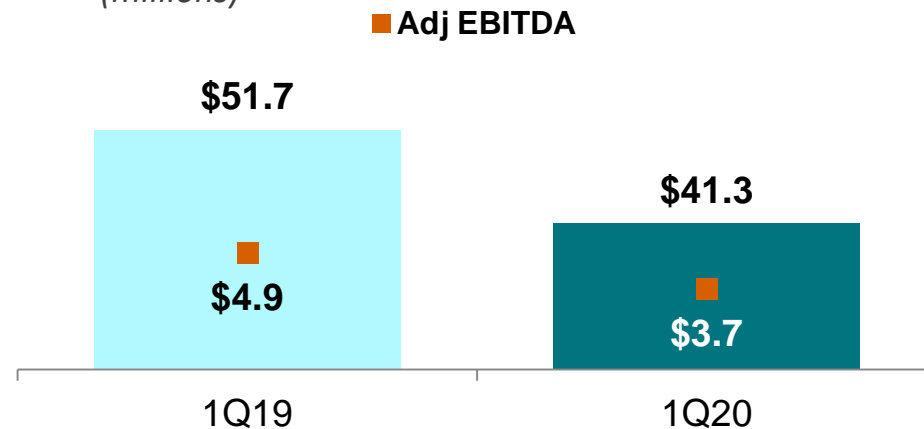
Class A Diesel >400hp



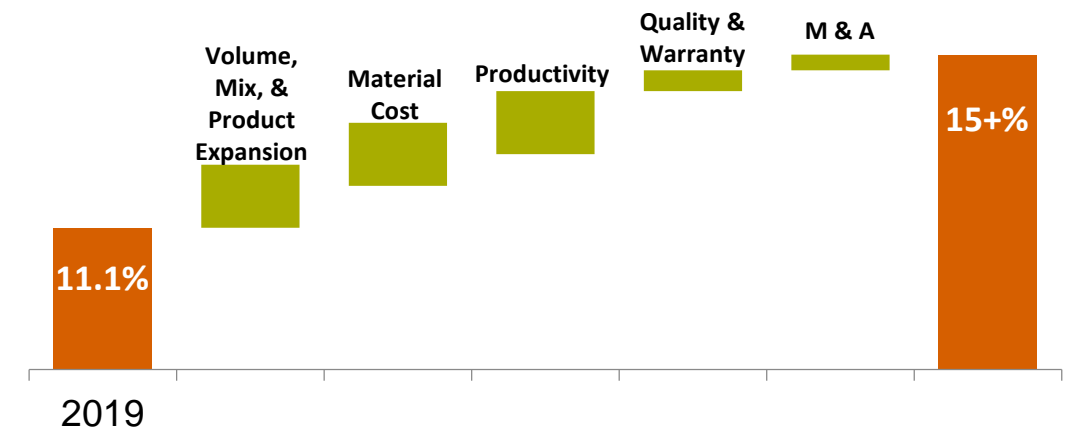
**Spartan LMC market share has seen positive growth of 56% since 2014**

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

1Q20 Sales and Adj. EBITDA  
(millions)

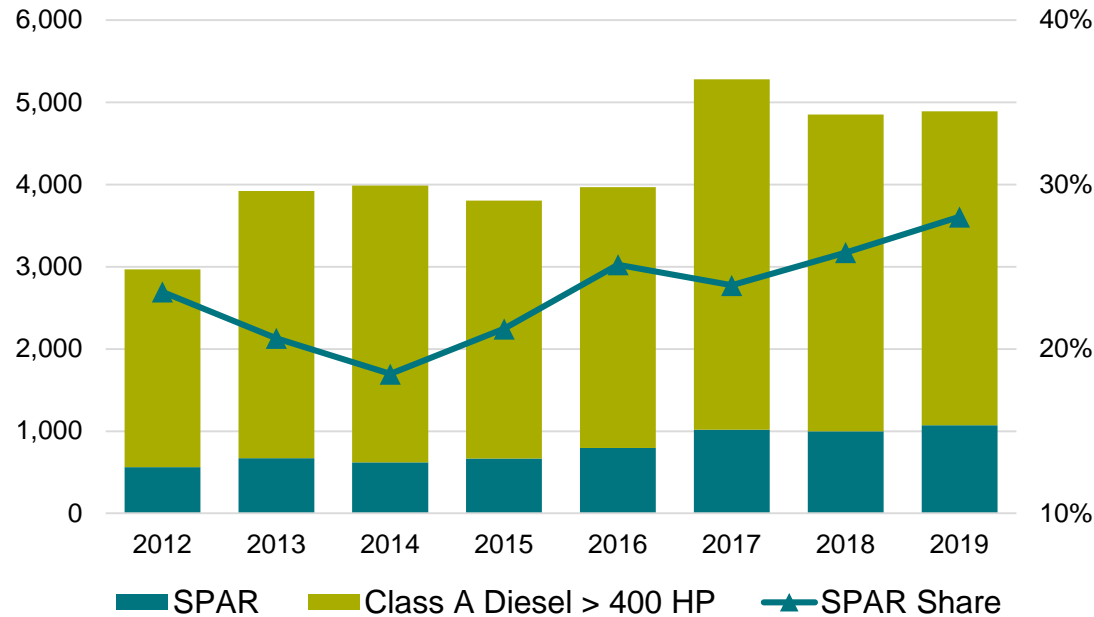


Financial Objective – Adj. EBITDA %



# 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

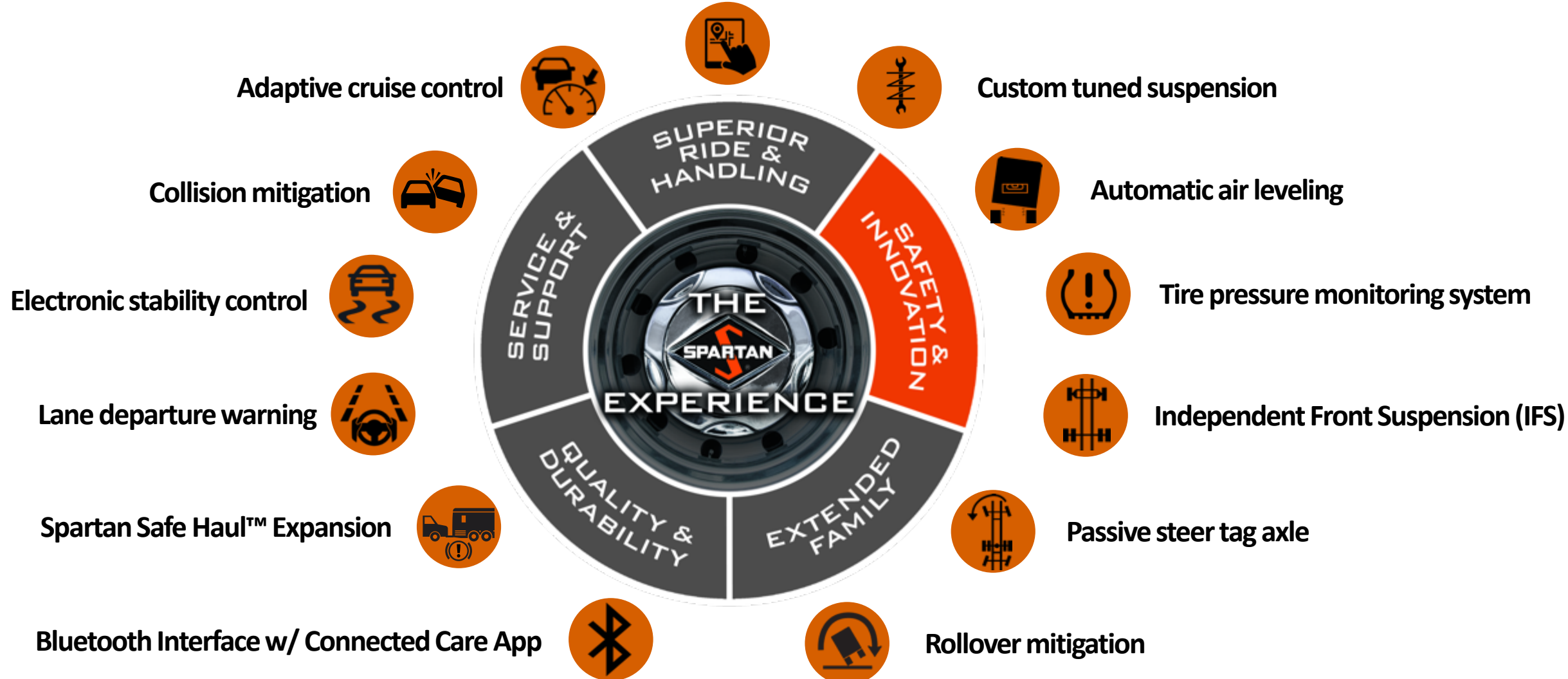
Source: Statistical Surveys MarketScope, 1/2008 – 12/2019, U.S. Data and Management's estimates



# SCV – FIRST-TO-MARKET INNOVATION

.....

Digital Dash v2.0



# 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  
~10% 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*





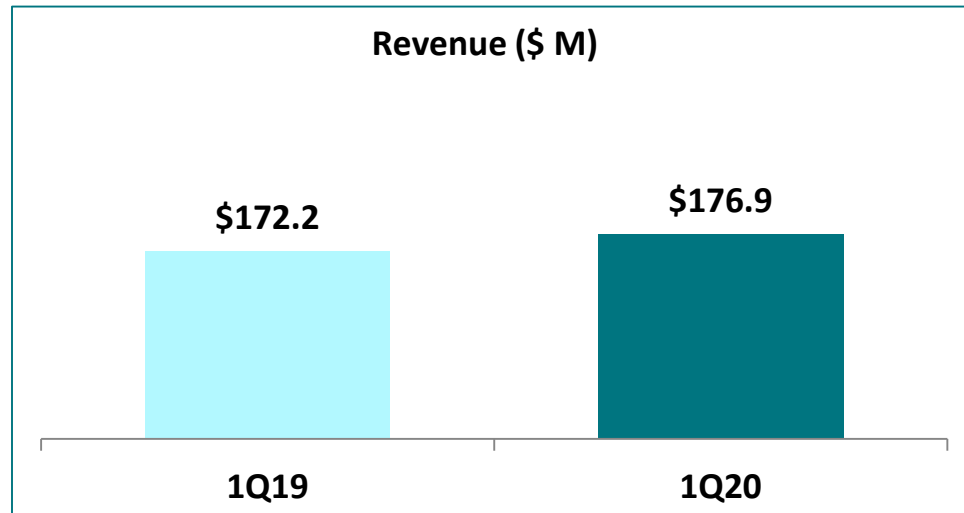
# FINANCIAL REVIEW 1ST QUARTER 2020



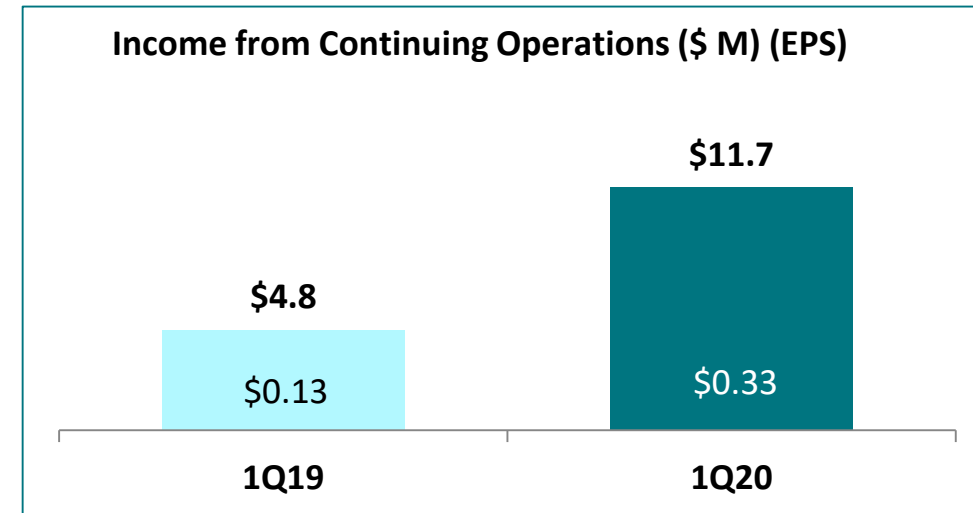
COMMAND  
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# OVERVIEW – 1Q20 VS. 1Q19



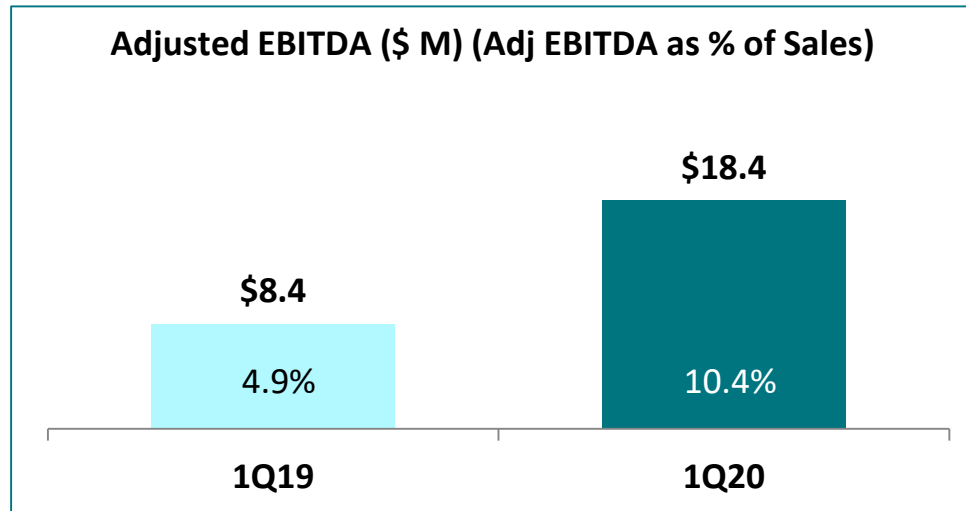
- Revenue from continuing operations in 1Q20 up \$4.7M, or 2.8%, to \$176.9M from \$172.2M
  - FVS up \$13.1M, or 10.6% – increased sales of delivery vehicles in all vehicle classes
  - SCV down \$10.4M, or 20.2% – decrease in luxury motor coach sales, partially offset by the inclusion of Royal truck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



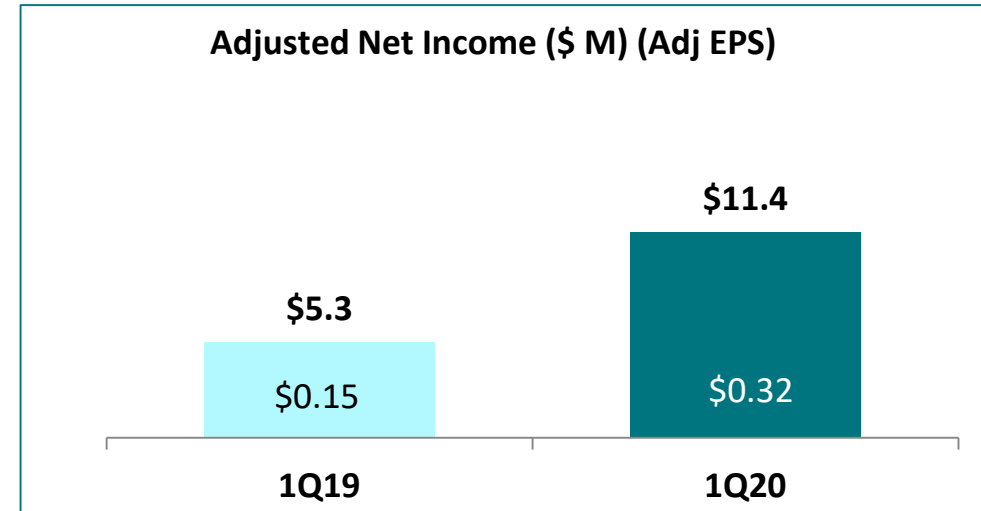
- Income from continuing operations in 1Q20 rose \$6.9M, or 142.9%, to \$11.7M
  - Reflects improved mix, lower materials and component costs, productivity improvements and Royal acquisition
- EPS from continuing operations increased \$0.20, or 153.8%, to \$0.33 from \$0.13 last year
- Includes \$2.6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



# OVERVIEW – 1Q20 VS. 1Q19



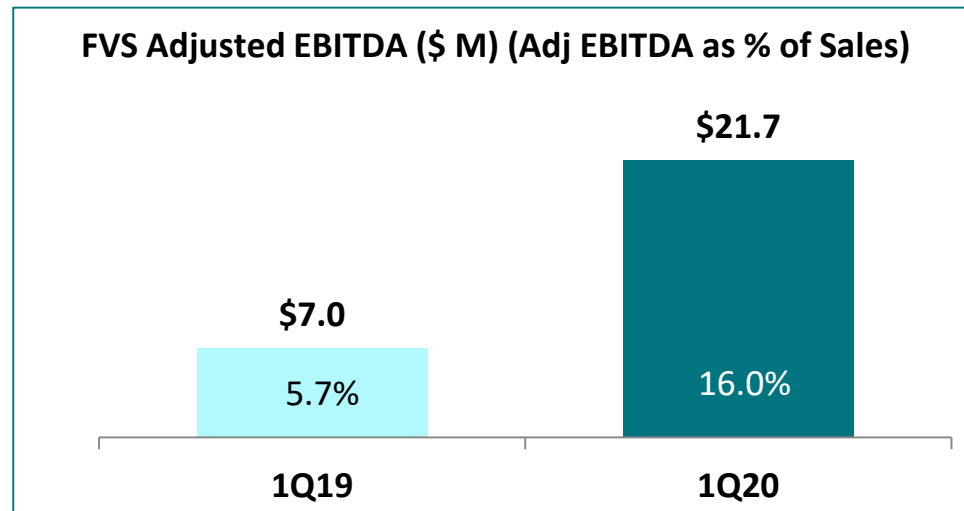
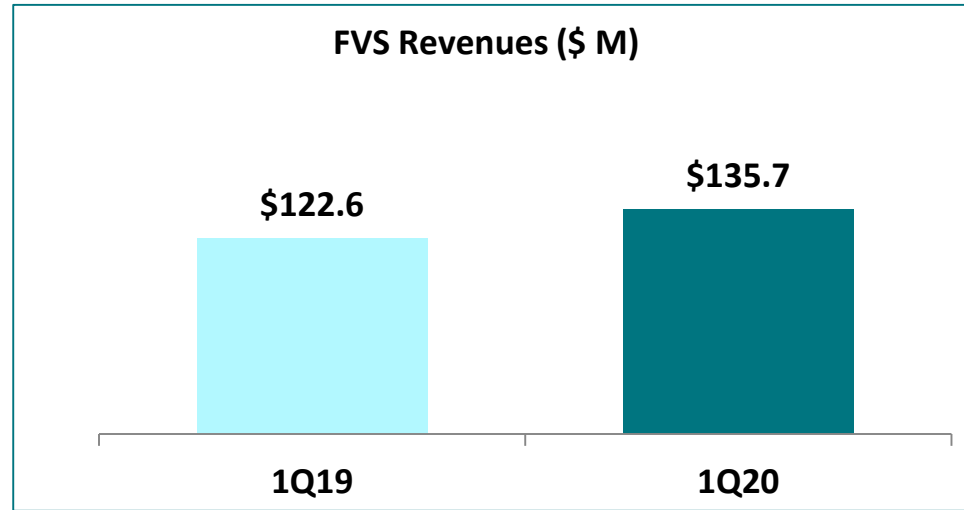
- Adjusted EBITDA from continuing operations rose \$10.0M to \$18.4M
- Adjusted EBITDA margin from continuing operations increased 550 basis points to 10.4% of sales compared to 4.9% of sales
  - Primary driven by sales volume and product mix, the Royal Truck Body contribution, partially offset lower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



- Adjusted net income 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



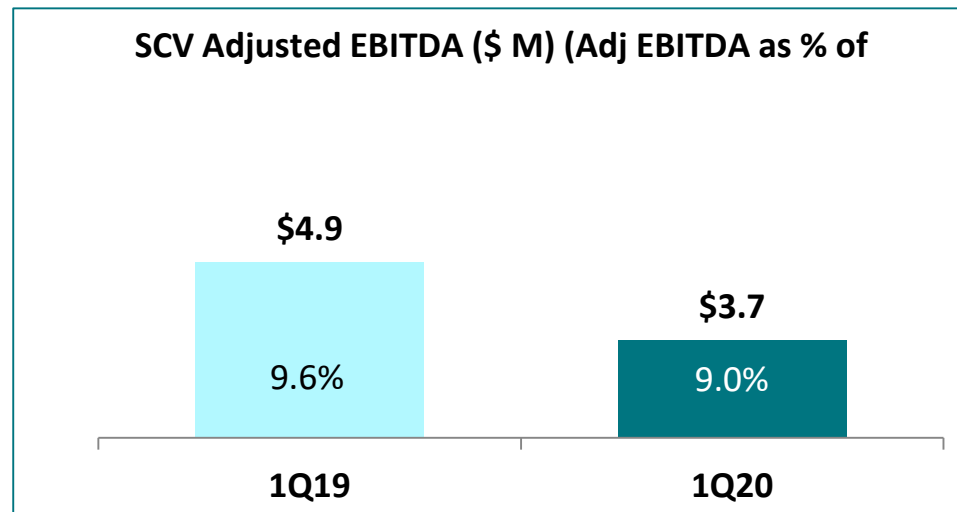
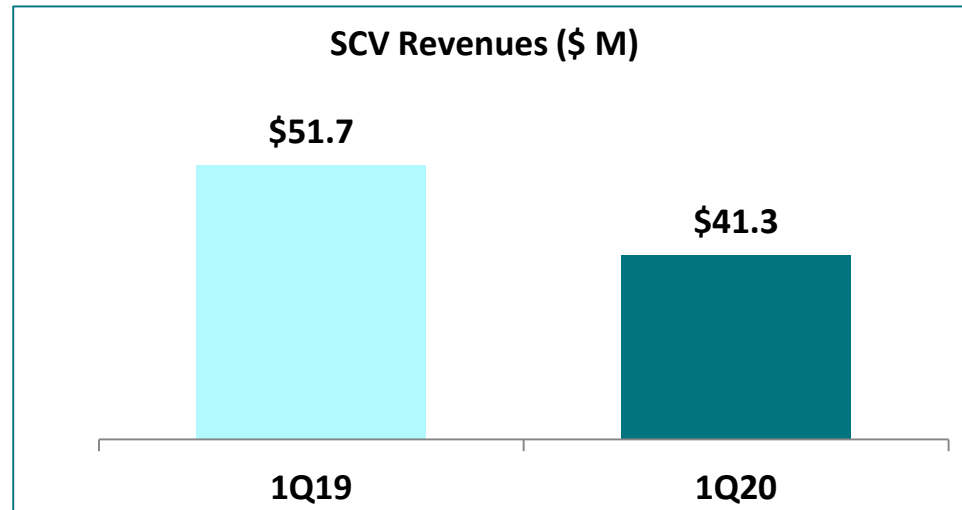
# FLEET VEHICLES & SERVICES – 1Q20



- 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 CHASSIS & VEHICLES – 1Q20



- 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 from 9.6% 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



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# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

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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
<b>Spartan Motors, Inc.</b>				
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	<u>\$ 11,426</u>	<u>6.5%</u>	<u>\$ 5,294</u>	<u>3.1%</u>
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	<u>\$ 15,300</u>	<u>8.6%</u>	<u>\$ 7,457</u>	<u>4.3%</u>
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	<u>\$ 18,376</u>	<u>10.4%</u>	<u>\$ 8,376</u>	<u>4.9%</u>
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	<u>\$ 0.32</u>		<u>\$ 0.15</u>	



# 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
<b>Spartan Motors, Inc.</b>					
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	<u>54,917</u>	<u>28,744</u>	<u>26,750</u>	<u>30,550</u>	<u>18,839</u>
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	(0.05)	(0.04)	(0.05)	(0.02)	(0.01)
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>

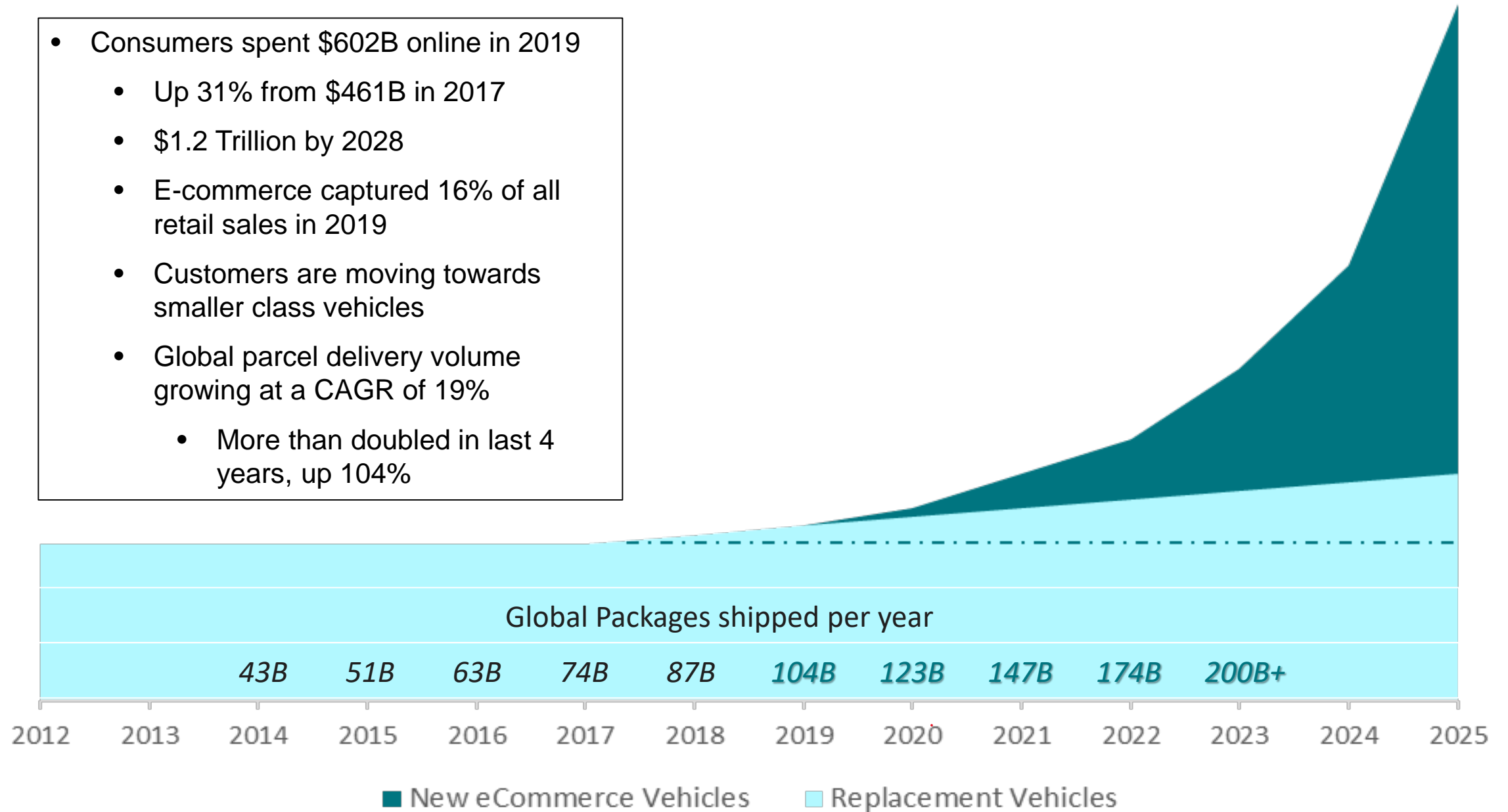




# THANK YOU



- 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