

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): August 2, 2017

SPARTAN MOTORS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Michigan
(State or Other Jurisdiction
of Incorporation)

0-13611
(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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company

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

Item 2.02 Results of Operations and Financial Condition

On August 2, 2017, Spartan Motors, Inc. issued a press release announcing its financial results for the quarter ended June 30, 2017, along with an accompanying investor presentation. Copies of the press release and investor presentation are attached to this Current Report as Exhibits 99.1 and 99.2.

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

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

99.1 Press Release dated August 2, 2017 regarding the financial results for the quarter ended June 30, 2017.

99.2 Investor presentation dated August 2, 2017 regarding the financial results for the quarter ended June 30, 2017.

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: August 2, 2017

/s/ Frederick J. Sohm

By: Frederick J. Sohm

Its: Chief Financial Officer and Treasurer



SPARTAN MOTORS

1541 Reynolds Rd. Charlotte, MI 48813 | P: 517.543.6400
 SPARTANMOTORS.COM

Spartan Motors Reports Second Quarter 2017 Results

Raises 2017 Guidance On The Anticipated Strength of Higher 2nd Half Revenues And Operational Improvements

CHARLOTTE, Mich., August 2, 2017 - Spartan Motors, Inc. (NASDAQ: SPAR) (“Spartan” or the “Company”), a global leader in specialty chassis and vehicle design, manufacturing and assembly, today reported operating results for the second quarter ending June 30, 2017.

Second Quarter 2017 Results

For the second quarter of 2017 compared to the second quarter of 2016:

- Sales of \$169.7 million compared to \$162.5 million.
- Net income of \$1.1 million, or \$0.03 per share, compared to \$4.4 million, or \$0.13 per share, reflecting \$1.2 million of acquisition and restructuring related expenses compared to \$0.2 million a year ago.
- Adjusted net income of \$2.4 million, or \$0.07 per share, compared to \$6.3 million, or \$0.19 per share
- Adjusted EBITDA of \$4.9 million, or 2.9% of sales, compared to \$8.2 million, or 5.0% of sales
- Backlog of \$372.8 million at June 30, 2017 compared to \$351.3 million at March 31, 2017
- Paid down \$10 million of acquisition debt to \$22.8 million from \$32.8 million

“We are pleased with the operating results achieved for the quarter, which on an adjusted basis, marks our sixth profitable quarter in a row, despite being up against difficult comparisons from the prior-year period,” said Daryl Adams, President and Chief Executive Officer of Spartan Motors, Inc. “As expected, our results for the quarter were impacted by volume and mix, a defense order that did not reoccur in 2017 and the timing of the previously announced Reach vehicle order. We anticipate revenues in the second half of 2017 to increase significantly and as a result of continued operational improvements in labor, manufacturing productivity and synergies from the Smeal acquisition, expect strong growth in profitability for the full year, allowing us to increase our 2017 midpoint adjusted EPS guidance by 28%.”

Fleet Vehicles and Services (FVS)

FVS segment sales decreased 27.5% to \$53.5 million from \$73.8 million. The revenue decline was primarily due to volume and mix during the quarter.

Adjusted EBITDA decreased \$0.9 million to \$6.2 million, or 11.5% of sales, from \$7.1 million, or 9.6% of sales, a year ago. Despite this decrease, adjusted EBITDA margin increased 190 basis points reflecting improved labor and manufacturing productivity, which more than offset the decrease in adjusted EBITDA resulting from volume and mix.

The Segment backlog at June 30, 2017 totaled \$131.3 million, up 15.2%, compared to \$114.0 million at March 31, 2017.

Specialty Chassis & Vehicles (SCV)

SCV segment sales decreased 5.3% to \$35.8 million from \$37.8 million. Revenues in the second quarter of 2016 included a \$4.4 million defense order that did not reoccur in 2017.

Spartan Motors, Inc.

Adjusted EBITDA decreased \$0.6 million to \$2.8 million, or 7.7% of sales, from \$3.4 million, or 9.0% of sales, a year ago, primarily due to the defense order that did not reoccur in 2017.

The Segment backlog at June 30, 2017 totaled \$26.7 million, up 17.1%, compared to \$22.8 million at March 31, 2017 and up 118.9% year-over-year.

Emergency Response (ER)

ER segment sales increased \$28.4 million to \$80.8 million, or 54.2%, from \$52.4 million. Revenues from the Smeal acquisition contributed to the increase, which were offset by fewer shipments of complete fire apparatus and custom cab and chassis compared to a year ago, as the Company continues to focus on profitable sales.

Adjusted EBITDA loss was \$0.7 million compared to a loss of \$0.3 million a year ago. The decline was primarily the result of increased health care costs of approximately \$1.0 million, or \$0.03 per share, offset by improvements in quality, increased labor efficiencies and manufacturing productivity. Adjusted EBITDA loss in the 2016 second quarter included an adjustment of \$1.7 million relating to a legacy product recall.

The Segment backlog at June 30, 2017 totaled \$214.8 million, up 0.1%, compared to \$214.5 million at March 31, 2017.

Acquisition Update

Smeal Fire Apparatus Co. (“Smeal”), which was acquired effective January 1, 2017, is expected to generate approximately \$105 million in sales during 2017. The consolidated Company results for the 2017 second quarter include approximately \$0.9 million, or \$0.03 per share, of acquisition and restructuring related adjustments and expenses.

“We are pleased with the progress we have made to date with our integration efforts, which continue to run ahead of schedule,” said Adams. “The first half of 2017 was focused on integrating and identifying synergistic opportunities. Because of these efforts, the entire Emergency Response business unit will deliver strong year-over-year growth in profitability in the second half of 2017 and it remains on track to return to profitability on an adjusted basis for full year 2017.”

Raising 2017 Guidance

“Looking ahead to the remainder of the year, we expect to see stronger year-over-year revenue growth, primarily driven by last-mile delivery vehicle orders, including Reach and walk-in vans, motorhomes and production ramp-up from the new Isuzu F-Series,” said Rick Sohm, Chief Financial Officer of Spartan Motors. “This revenue growth, together with strong first-half and year-over-year operational improvements, as well as continued synergies from the Smeal acquisition, give us comfort in significantly raising our 2017 financial guidance.”

Outlook for the full year 2017 is now expected to be as follows:

- Revenue of \$680.0 - \$720.0 million, up from previous guidance of \$650.0 - \$700.0 million
- Adjusted EBITDA of \$28.3 - \$31.3 million, up from previous guidance of \$26.5 - \$29.0 million
- Restructuring, acquisition costs and inter-company chassis impact of approximately \$3.7 million, up from previous guidance of \$3.2 million
- Income tax expense of \$0.7 - \$2.2 million, down from previous guidance of \$1.5 - \$2.3 million
- Interest expense of \$0.6 million, down from previous guidance of \$0.8 million
- Adjusted earnings per share of \$0.48 - \$0.52, up 28% from previous guidance of \$0.36 - \$0.41, based on 35.0 million shares outstanding, unchanged from previous guidance

“With our continued market share gains and growing backlog, together with our earnings momentum evidenced by the increased guidance, we are confident about our projected 2017 second half performance,” concluded Adams.

Conference Call, Webcast, Investor Presentation and Investor Information

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

Webcast: www.spartanmotors.com (Click on “Investor Relations” then “Webcasts”)

Conference Call: 1-844-868-8845 (domestic) or 412-317-6591 (international); passcode: 10110533

For more information about Spartan, please visit www.spartanmotors.com.

About Spartan Motors

Spartan Motors, Inc. is a leading designer, engineer, manufacturer and marketer of a broad range of specialty vehicles, specialty chassis, vehicle bodies and parts for the fleet and delivery, recreational vehicle (RV), emergency response, defense forces and contract assembly (light/medium duty truck) markets. The Company's brand names — Spartan Motors, Spartan Specialty Vehicles, Spartan Emergency Response, Spartan Parts and Accessories, Smeal and its family of brands, including Ladder Tower™ and UST®; and Utilimaster®, a Spartan Motors Company — are known for quality, durability, performance, customer service and first-to-market innovation. The Company employs approximately 2,200 associates, and operates facilities in Michigan, Indiana, Pennsylvania, Missouri, Wisconsin, Nebraska, South Dakota; Saltillo, Mexico; and Lima, Peru. Spartan reported sales of \$591 million in 2016. Visit Spartan Motors at www.spartanmotors.com.

This release 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. 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 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 release are qualified by this paragraph. Investors should not place undue reliance on forward-looking statements as a prediction of actual results. We undertake no obligation to publicly update or revise any forward-looking statements in this release, whether as a result of new information, future events, or otherwise.

CONTACT:

Rick Sohm
Chief Financial Officer
Spartan Motors, Inc.
(517) 543-6400

Juris Pagrabs
Group Treasurer & IR
Spartan Motors, Inc.
(517) 997-3862

Spartan Motors, Inc. and Subsidiaries
Consolidated Balance Sheets
(In thousands, except per share data)

	June 30, 2017 (Unaudited)	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 21,240	\$ 32,041
Accounts receivable, less allowance of \$176 and \$487	81,951	65,441
Inventories	88,444	58,896
Income taxes receivable	669	1,287
Other current assets	5,283	4,526
Total current assets	197,587	162,191
Property, plant and equipment, net	57,078	53,116
Goodwill	25,823	15,961
Intangible assets, net	9,856	6,385
Other assets	2,788	2,331
Net deferred tax assets	3,212	3,310
TOTAL ASSETS	\$ 296,344	\$ 243,294
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 41,991	\$ 31,336
Accrued warranty	19,084	19,334
Accrued compensation and related taxes	9,862	13,188
Deposits from customers	33,661	16,142
Other current liabilities and accrued expenses	11,654	7,659
Current portion of long-term debt	58	65
Total current liabilities	116,310	87,724
Other non-current liabilities	4,877	2,544
Long-term debt, less current portion	22,849	74
Total liabilities	144,036	90,342
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, no par value: 2,000 shares authorized (none issued)	-	-
Common stock, \$0.01 par value; 80,000 shares authorized; 35,097 and 34,383 outstanding	351	344
Additional paid in capital	77,916	76,837
Retained earnings	74,699	76,428
Total Spartan Motors, Inc. shareholders' equity	152,966	153,609
Non-controlling interest	(658)	(657)
Total shareholders' equity	152,308	152,952
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 296,344	\$ 243,294

Spartan Motors, Inc. and Subsidiaries
Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Sales	\$ 169,739	\$ 162,537	\$ 336,814	\$ 296,263
Cost of products sold	150,232	141,730	300,763	259,635
Restructuring charges	6	-	156	-
Gross profit	19,501	20,807	35,895	36,628
Operating expenses:				
Research and development	1,524	1,807	3,666	3,031
Selling, general and administrative	16,503	14,397	31,104	27,962
Restructuring charges	319	227	812	567
Total operating expenses	18,346	16,431	35,582	31,560
Operating income	1,155	4,376	313	5,068
Other income (expense):				
Interest expense	(129)	(88)	(393)	(202)
Interest and other income	190	95	280	154
Total other income (expense)	61	7	(113)	(48)
Income before taxes	1,216	4,383	200	5,020
Taxes	92	9	175	102
Net Income	1,124	4,374	25	4,918
Less: net loss attributable to non-controlling interest	-	(5)	(1)	(5)
Net income attributable to Spartan Motors Inc.	\$ 1,124	\$ 4,379	\$ 26	\$ 4,923
Basic net earnings per share	\$ 0.03	\$ 0.13	\$ 0.00	\$ 0.14
Diluted net earnings per share	\$ 0.03	\$ 0.13	\$ 0.00	\$ 0.14
Basic weighted average common shares outstanding	35,127	34,512	34,768	34,396
Diluted weighted average common shares outstanding	35,127	34,512	34,768	34,396

Spartan Motors, Inc. and Subsidiaries
Sales and Other Financial Information by Business Segment
(Unaudited)

Three Months Ended June 30, 2017 (in thousands of dollars)

	Business Segments					Consolidated
	Emergency Response	Fleet Vehicles and Services	Specialty Chassis and Vehicles	Eliminations and Other		
Emergency response vehicle sales	\$ 78,757	\$ -	\$ -	\$ -	\$ -	\$ 78,757
Fleet vehicle sales	-	44,186	427	(427)	-	44,186
Motorhome chassis sales	-	-	28,162	-	-	28,162
Other specialty chassis and vehicles	-	-	4,193	-	-	4,193
Aftermarket parts and accessories	2,091	9,344	3,006	-	-	14,441
Total Sales	\$ 80,848	\$ 53,530	\$ 35,788	\$ (427)	\$ -	\$ 169,739
Adjusted EBITDA	\$ (652)	\$ 6,174	\$ 2,765	\$ (3,339)	\$ -	\$ 4,948

Spartan Motors, Inc. and Subsidiaries
Sales and Other Financial Information by Business Segment
(Unaudited)

Three Months Ended June 30, 2016 (in thousands of dollars)

	Business Segments					Consolidated
	Emergency Response	Fleet Vehicles and Services	Specialty Chassis and Vehicles	Eliminations and Other		
Emergency response vehicle sales	\$ 50,511	\$ -	\$ -	\$ -	\$ -	\$ 50,511
Fleet vehicle sales	-	57,048	1,436	(1,436)	-	57,048
Motorhome chassis sales	-	-	24,479	-	-	24,479
Other specialty chassis and vehicles	-	-	8,226	-	-	8,226
Aftermarket parts and accessories	1,867	16,768	3,638	-	-	22,273
Total Sales	\$ 52,378	\$ 73,816	\$ 37,779	\$ (1,436)	\$ -	\$ 162,537
Adjusted EBITDA	\$ (253)	\$ 7,122	\$ 3,383	\$ (2,061)	\$ -	\$ 8,191

Spartan Motors, Inc. and Subsidiaries
Sales and Other Financial Information by Business Segment
(Unaudited)

Period End Backlog (amounts in thousands of dollars)

	June 30, 2017	Mar. 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
Emergency Response Vehicles*	\$ 214,794	\$ 214,463	\$ 139,870	\$ 149,752	\$ 152,177
Fleet Vehicles and Services*	131,280	113,960	89,549	102,218	139,655
Motorhome Chassis *	25,823	21,772	18,749	19,114	11,197
Aftermarket Parts and Accessories	892	1,075	1,288	1,012	1,005
Total Specialty Chassis & Vehicles	26,715	22,847	20,037	20,126	12,202
Total Backlog	\$ 372,789	\$ 351,270	\$ 249,546	\$ 272,096	\$ 304,034

* Anticipated time to fill backlog orders at June 30, 2017; 13 months or less for emergency response vehicles; 3 months or less for motorhome chassis; 9 months or less for fleet vehicles and services; and 1 month or less for other products.

Reconciliation of Non-GAAP Financial Measures

This release contains Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization), adjusted net income, adjusted earnings per share, forecasted Adjusted EBITDA, and forecasted adjusted earnings per share, which are all Non-GAAP financial measures. Our management uses Adjusted EBITDA to evaluate the performance of and allocate resources to our segments. These non-GAAP measures are calculated by excluding items that we believe to be infrequent or not indicative of our operating performance. For the periods covered by this release such items consist of expenses associated with restructuring actions taken to improve the efficiency and profitability of certain of our manufacturing operations, expenses related to a recent business acquisition, the impact of the step-up in inventory value associated with the recent business acquisition, and the impact of the business acquisition on the timing of chassis revenue recognition. We present these adjusted Non-GAAP measures because we consider them to be important supplemental measures of our performance and believe them 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 operating performance.

The adjusted Non-GAAP measures are not measurements of our financial performance under GAAP and should not be considered as an alternative to net income or earnings per share under GAAP. These adjusted Non-GAAP measures have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. In addition, in evaluating the adjusted Non-GAAP measures, you should be aware that in the future we may incur expenses similar to the adjustments in this presentation, despite our assessment that such expenses are infrequent or not indicative of our operating performance. Our presentation of the adjusted Non-GAAP measures should not be construed as an inference that our future results will be unaffected by unusual or infrequent items. We compensate for these limitations by providing equal prominence of our GAAP results and using adjusted Non-GAAP measures only as a supplement.

The following tables reconcile net income to Adjusted EBITDA, net income to adjusted net income, earnings per share to adjusted earnings per share, forecasted net income to Adjusted EBITDA and forecasted earnings per share to adjusted earnings per share for the periods indicated.

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

	Three Months Ended June 30,			
	2017	% of sales	2016	% of sales
Spartan Motors, Inc.				
Net income	\$ 1,124	0.7%	\$ 4,374	2.7%
Add (subtract):				
Restructuring charges	325		227	
Impact of acquisition on timing of chassis revenue recognition	853		-	
Recall expense	-		1,715	
Acquisition related expenses	60		-	
Adjusted net income	<u>\$ 2,362</u>	1.4%	<u>\$ 6,316</u>	3.9%
Net income	\$ 1,124	0.7%	\$ 4,374	2.7%
Add (subtract):				
Depreciation and amortization	2,365		1,778	
Taxes on income	92		9	
Interest expense	129		88	
EBITDA	<u>\$ 3,710</u>	2.2%	<u>\$ 6,249</u>	3.8%
Add (subtract):				
Restructuring charges	325		227	
Impact of acquisition on timing of chassis revenue recognition	853		-	
Recall expense	-		1,715	
Acquisition related expenses	60		-	
Adjusted EBITDA	<u>\$ 4,948</u>	2.9%	<u>\$ 8,191</u>	5.0%
Diluted net earnings (loss) per share	\$ 0.03		\$ 0.13	
Add (subtract):				
Restructuring charges	0.01		0.01	
Impact of acquisition on timing of chassis revenue recognition	0.03		-	
Recall expense	-		0.05	
Acquisition related expenses	-		-	
Deferred tax asset valuation allowance	-		-	
Tax effect of adjustments	-		-	
Adjusted Diluted net earnings per share	<u>\$ 0.07</u>		<u>\$ 0.19</u>	

Emergency Response Vehicles Segment (Non-GAAP)

(In thousands, unaudited)

	Three Months Ended June 30,			
	2017	% of sales	2016	% of sales
Net income (loss) attributable to Emergency Response	\$ (2,100)	-2.6%	\$ (2,475)	-4.7%
Add (subtract):				
Depreciation and amortization	584		210	
Taxes on income	-		70	
Earnings before interest, taxes, depreciation and amortization	<u>\$ (1,516)</u>	<u>-1.9%</u>	<u>\$ (2,195)</u>	<u>-4.2%</u>
Earnings before interest, taxes, depreciation and amortization	\$ (1,516)	-1.9%	\$ (2,195)	-4.2%
Restructuring charges	10		227	
Impact of acquisition on timing of chassis revenue recognition	854		-	
Recall expense	-		1,715	
Adjusted earnings before interest, taxes, depreciation and amortization	<u>\$ (652)</u>	<u>-0.8%</u>	<u>\$ (253)</u>	<u>-0.5%</u>

Fleet Vehicles and Services Segment (Non-GAAP)

(In thousands, unaudited)

	Three Months Ended June 30,			
	2017	% of sales	2016	% of sales
Net income (loss) attributable to Fleet Vehicles and Services	\$ 4,968	9.3%	\$ 6,260	8.5%
Add (subtract):				
Depreciation and amortization	887		842	
Taxes on income	-		-	
Interest expense	12		21	
Earnings before interest, taxes, depreciation and amortization	<u>\$ 5,867</u>	<u>11.0%</u>	<u>\$ 7,122</u>	<u>9.6%</u>
Earnings before interest, taxes, depreciation and amortization	\$ 5,867	11.0%	\$ 7,122	9.6%
Restructuring charges	307		-	
Adjusted earnings before interest, taxes, depreciation and amortization	<u>\$ 6,174</u>	<u>11.5%</u>	<u>\$ 7,122</u>	<u>9.6%</u>

Specialty Chassis and Vehicles Segment (Non-GAAP)

(In thousands, unaudited)

	Three Months Ended June 30,			
	2017	% of sales	2016	% of sales
Net income (loss) attributable to Specialty Chassis and Vehicles	\$ 2,502	7.0%	\$ 3,260	8.6%
Add (subtract):				
Depreciation and amortization	263		123	
Earnings before interest, taxes, depreciation and amortization	<u>\$ 2,765</u>	<u>7.7%</u>	<u>\$ 3,383</u>	<u>9.0%</u>
Earnings before interest, taxes, depreciation and amortization	\$ 2,765	7.7%	\$ 3,383	9.0%
Restructuring charges	-		-	
Adjusted earnings before interest, taxes, depreciation and amortization	<u>\$ 2,765</u>	<u>7.7%</u>	<u>\$ 3,383</u>	<u>9.0%</u>

**FINANCIAL SUMMARY (Non-GAAP)
CONSOLIDATED**

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

	Forecast		
	Year Ending December 31, 2017		
	Low	Mid	High
Net income	\$ 13,000	\$ 13,750	\$ 14,500
Add:			
Depreciation and amortization	10,278	10,278	10,278
Interest expense	600	600	600
Taxes	700	1,450	2,200
EBITDA	\$ 24,578	\$ 26,078	\$ 27,578
Add (subtract):			
Restructuring charges	965	965	965
Chassis shipment delay (plus acquisition related)	2,725	2,725	2,725
Adjusted EBITDA	\$ 28,268	\$ 29,768	\$ 31,268
Earnings per share	\$ 0.37	\$ 0.39	\$ 0.41
Add:			
Acquisition related expenses	0.03	0.03	0.03
Chassis shipment delay	0.08	0.08	0.08
Adjusted earnings per share	\$ 0.48	\$ 0.50	\$ 0.52

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COMMAND
YOUR ROAD.

SECOND QUARTER 2017 EARNINGS CONFERENCE CALL

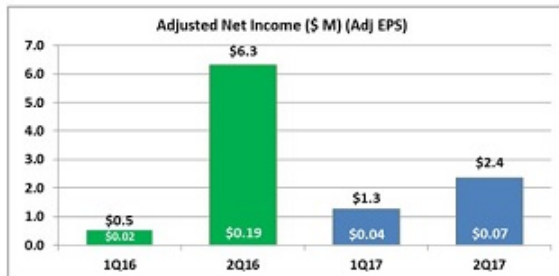
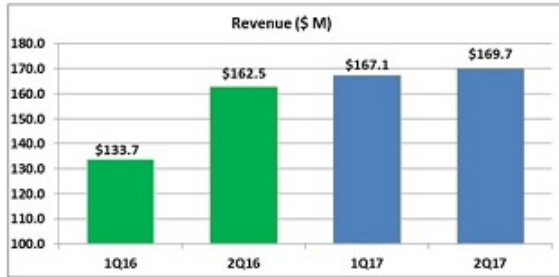
August 2, 2017

FORWARD-LOOKING STATEMENTS



This presentation contains some forward-looking statements that are not historical facts, including statements concerning our business, financial strength, future plans, objectives, and the performance of our products. These statements can be identified by words such as "believe", "expect", "forecast", "potential", "project", "future", "may", "will", and "should", and similar expressions or words. 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 may include 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; 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 relationship with major customers or suppliers; 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. The risk factors disclosed in Part I – Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2016, filed with the Securities and Exchange Commission and available at www.sec.gov or our website, include all known risks our management believes could materially affect the results described by forward-looking statements contained in this presentation. However, those risks may not be the only risks we face. Our business, operations, and financial performance could also be affected by additional factors that are not presently known to us or that we currently consider to be immaterial to our operations. In addition, new risks may emerge from time to time that may cause actual results to differ materially from those contained in any forward-looking statements. 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. All dividends are considered and declared by our Board of Directors, in its discretion. 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.

SECOND QUARTER 2017- CORPORATE OVERVIEW



See GAAP reconciliation in Appendix

- Sales for 2Q17 rose 4.4% to \$169.7M from \$162.5M
 - Increase driven by \$30.0M in net sales from Smeal acquisition, partially offset by volume and mix, timing of the Reach order, as well as a nonrecurring defense order fulfilled in 2016
- Adjusted net income was \$2.4 million, or \$0.07 per share, compared to \$6.3M, or \$0.19 per share
 - Adjusted net income excludes \$1.2M of acquisition and restructuring related expenses
- Sixth profitable quarter in a row, on an adjusted basis
- Continued operational improvements from implementing the Spartan Production System, lean manufacturing and continuous improvement initiatives
- Significant progress in turnaround efforts in the ER segment

BUSINESS UPDATE & HIGHLIGHTS



Smeal Acquisition / Integration Update Closed January 1, 2017

- 2Q17 net revenues of \$30.0M
- 2017 net revenues expected to be approximately \$105M
- Continued strong interest and excitement from our dealer network and customers
- First half of 2017 focused on integrating and identifying synergistic opportunities
- Second half of 2017 positioned to deliver strong year-over-year growth in profitability
- ER remains on track to return to profitability on an adjusted basis in 2017



BUSINESS UPDATE & HIGHLIGHTS



S-180 Line of Pumpers

- Order to delivery in less than ½ the time of any competitor
 - Industry average delivery – 330 days
 - Addressable market 30% - 40%
 - Currently offering 11 Models
- Significant dealer interest – including newly acquired Smeal dealer network
- Well received – momentum building
 - Shipped 19 s-180 trucks in 2Q17, up from 14 in 1Q17
 - Backlog remains strong with 28 units scheduled to be built



BUSINESS UPDATE & HIGHLIGHTS



F-Series Grand Opening

- Last month celebrated grand opening of the new 85,000 sq ft facility in Charlotte, MI
- Production underway on Isuzu's 2018 F-series Class 6 medium-duty truck
 - Designed to optimize fuel efficiency and maximize cargo space in order to serve the growing urban and last-mile delivery segments
 - F-Series expands Spartan's alliance with Isuzu
 - Producing Isuzu's N-series since 2011
- Production ramping up – will produce meaningful second half contributions



BUSINESS UPDATE & HIGHLIGHTS



Reach Walk-in Van - Supporting Last Mile Delivery Needs

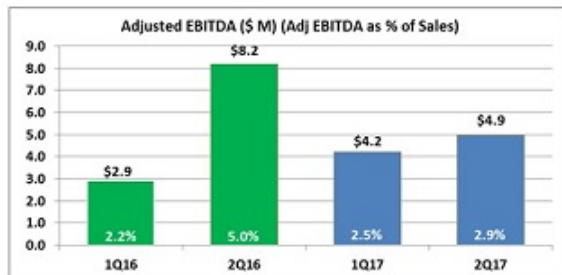
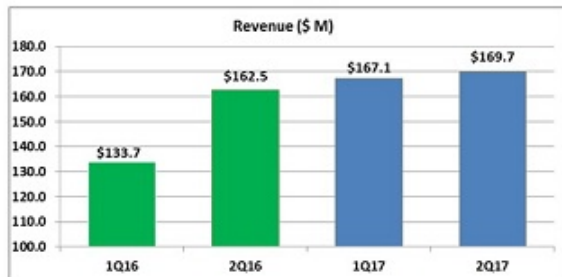
- Received ~900 vehicle order from two delivery service companies, including 800 unit reorder and a first time order from a Global logistics leader
- Innovative, fuel-efficient walk-in van
 - Utilizes Isuzu turbocharged four-cylinder diesel engine
 - Aerodynamic Utilimaster body design
 - 35% better fuel economy than traditional walk-in vans
 - Available in lengths of 12 feet (540 cf) and 14 feet (630 cf)
 - Up to 27 inches more headroom than a conventional cargo van.





FINANCIAL REVIEW 2ND QUARTER 2017

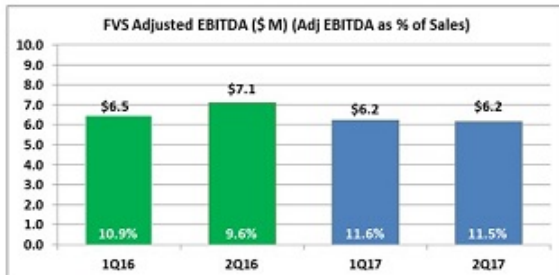
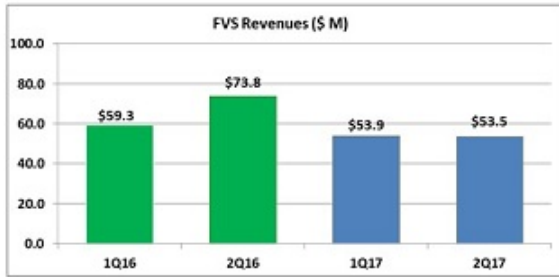
2Q17 VS 2Q16 – OVERVIEW



- Revenue for the 2Q17 increased to \$169.7M from \$162.5M
 - Increase primarily driven by \$30.0M in net sales from Smeal acquisition
 - Expect Smeal to contribute \$105M to 2017 revenues
- Adjusted EBITDA decreased to \$4.9M from \$8.2M
 - Adjusted EBITDA margin was 2.9% of sales compared to 5.0% of sales
 - Results for the quarter were impacted volume and mix, the timing of the Reach order, as well as a nonrecurring defense order
 - Excludes the impact of:
 - Restructuring and acquisition related expenses of \$0.4M versus \$0.2M last year
 - Chassis impact to Smeal of \$0.9M
 - 2Q16 charge of \$1.7M for a legacy product recall
- Backlog of \$372.8M compared to \$351.3M at March 31, 2017

See GAAP reconciliation in Appendix

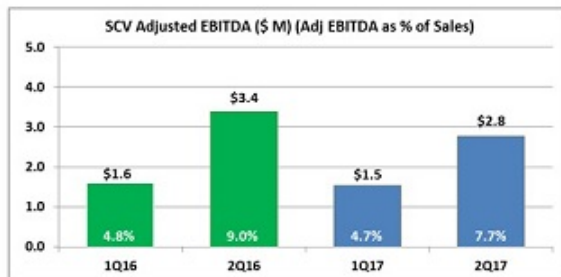
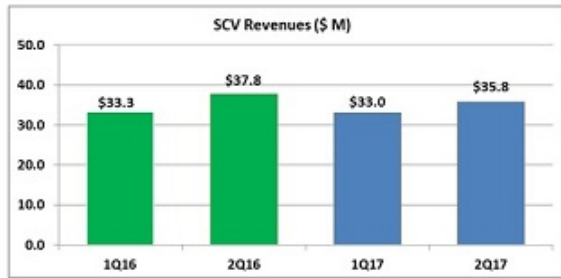
FLEET VEHICLES & SERVICES – 2Q17



- Revenue down 27.5% to \$53.5M from \$73.8M
 - Volume and mix and timing of Reach order
- Adjusted EBITDA decreased \$0.9M to \$6.2M from \$7.1M primarily due to lower volumes
- Adjusted EBITDA margin improved 190 basis points to 11.5% of sales from 9.6%
 - Improved labor and manufacturing productivity
- Backlog of \$131.3M compared to \$114.0M at March 31, 2017

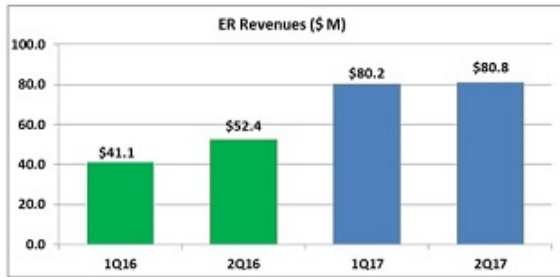
See GAAP reconciliation in Appendix

SPECIALTY CHASSIS & VEHICLES – 2Q17



- Revenue down \$2.0M to \$35.8M from \$37.8M
 - Decline primarily due to a defense order in 2016 that did not reoccur in 2017, partially offset by higher motorhome sales
- SCV adjusted EBITDA declined \$0.6M to \$2.8M from \$3.4M, reflecting the nonrecurring defense order
- Adjusted EBITDA margin declined 130 basis points to 7.7% of sales from 9.0% of sales, due to the nonrecurring defense order
- Backlog of \$26.7M compared to \$22.8M at March 31, 2017

EMERGENCY RESPONSE – 2Q17



- Revenue up 54.2% to \$80.8M from \$52.4M
 - Increase due to sales from Smeal acquisition
 - Offset by fewer shipments of complete fire apparatus and custom cab and chassis
- ER adjusted EBITDA loss was \$0.7M compared to a loss of \$0.3M
 - Reflects improved product quality, warranty costs, material efficiencies, improved vehicle mix and increased labor and manufacturing productivity
 - Offset by increased health care costs of \$1M, or \$0.03 per share
 - 2Q16 included \$1.7M legacy product recall
- Backlog of \$214.8M compared to \$214.5M at March 31, 2017
 - Includes \$78.1M Smeal backlog

BALANCE SHEET – 2Q17



Spartan Motors Summary Balance Sheet

	Jun 30 2017 (unaudited)	Dec 31, 2016 (audited)
Assets		
Cash	\$ 21,240	\$ 32,041
Accts Receivable	81,951	65,441
Inventory	88,444	58,896
PP&E	57,078	53,116
Other Assets	47,631	33,800
Total Assets	\$ 296,344	\$ 243,294
Liabilities & Shareholders' Equity		
Accts Payable	\$ 41,991	\$ 31,336
Long-term Debt	22,849	74
Other Liabilities	79,196	58,932
Total Liabilities	\$ 144,036	\$ 90,342
Shareholders' Equity	152,308	152,952
Total Liabilities & Equity	\$ 296,344	\$ 243,294
Total Liquidity		
Cash	\$ 21,240	\$ 32,041
Net Borrowing Capacity	35,313	71,057
Total Liquidity	\$ 56,553	\$ 103,098

- Cash on hand of \$21.2M reflects:
 - \$10M debt repayment on May 9, 2017
 - \$1.8M dividend payment
- Inventory at \$88.4M, up \$29.5M since Dec 31, 2016
 - Includes \$29.4M from Smeal acquisition
 - Excluding Smeal, base business ended Jun 30, 2017 at \$59.0M, down from \$59.8M at June 30, 2016
 - Smeal inventory down \$33.2M at Jun 30, 2017 from the Jan 1, 2017 acquisition
- Long-term debt of \$22.8M at 2Q17 reflects remaining borrowings for the Smeal acquisition
- Total liquidity of \$57M reflects cash on hand and borrowing capacity on \$100M credit facility

FINANCIAL OUTLOOK – 2017 / 2018



2017 Guidance						
<i>(\$M except per share)</i>	Current Guidance			Previous Guidance		
	Low	Mid-point	High	Low	Mid-point	High
Revenue	\$680.0	\$700.0	\$720.0	\$650.0	\$675.0	\$700.0
Restructuring/Acq Costs		\$3.7			\$3.2	
Adjusted EBITDA	\$28.3	\$29.8	\$31.3	\$26.5	\$27.8	\$29.0
Income tax expense	\$0.7	\$1.5	\$2.2	\$1.5	\$1.9	\$2.3
Interest Expense		\$0.6			\$0.8	
Adjusted EPS	\$0.48	\$0.50	\$0.52	\$0.36	\$0.39	\$0.41
Shares outstanding		35,000			35,000	

CLOSING REMARKS



- 2Q17 operating results marked our 6th profitable quarter in a row, on an adjusted basis
 - Momentum continues to build as process improvements are beginning to take hold
 - Continued margin expansion will be driven by:
 - Improvements in labor and manufacturing productivity
 - Leveraging increased footprint and scale
 - Expanded industry-leading aerial portfolio
 - Improved product quality leading to reduced warranty expense
 - Smeal accelerated integration and synergies
- Expect 2017 second-half revenues and profits to accelerate year-over-year
- ER will return to profitability on an adjusted basis in 2017
- Spartan team determined on delivering exceptional growth in profitability and increasing shareholder value



APPENDIX

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES



This presentation contains Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization), adjusted net income, adjusted earnings per share, forecasted Adjusted EBITDA, and forecasted adjusted earnings per share, which are all Non-GAAP financial measures. Our management uses Adjusted EBITDA to evaluate the performance of and allocate resources to our segments. These non-GAAP measures are calculated by excluding items that we believe to be infrequent or not indicative of our operating performance. For the periods covered by this release such items consist of expenses associated with restructuring actions taken to improve the efficiency and profitability of certain of our manufacturing operations, expenses related to a recent business acquisition, the impact of the step-up in inventory value associated with the recent business acquisition, and the impact of the business acquisition on the timing of chassis revenue recognition. We present these adjusted Non-GAAP measures because we consider them to be important supplemental measures of our performance and believe them 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 operating performance.

The adjusted Non-GAAP measures are not measurements of our financial performance under GAAP and should not be considered as an alternative to net income or earnings per share under GAAP. These adjusted Non-GAAP measures have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. In addition, in evaluating the adjusted Non-GAAP measures, you should be aware that in the future we may incur expenses similar to the adjustments in this presentation, despite our assessment that such expenses are infrequent or not indicative of our operating performance. Our presentation of the adjusted Non-GAAP measures should not be construed as an inference that our future results will be unaffected by unusual or infrequent items. We compensate for these limitations by providing equal prominence of our GAAP results and using adjusted Non-GAAP measures only as a supplement.

The following tables reconcile net income to Adjusted EBITDA, net income to adjusted net income, earnings per share to adjusted earnings per share, forecasted net income to Adjusted EBITDA and forecasted earnings per share to adjusted earnings per share for the periods indicated.

RECONCILIATION OF NON – GAAP FINANCIAL MEASURES



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

Spartan Motors, Inc	Three Months Ended June 30,			
	2017	% of sales	2016	% of sales
Net income	\$ 1,124	0.7%	\$ 4,374	2.7%
Add (subtract):				
Restructuring	325		227	
Intercomp any chassis impact	853		-	
Recall expense	-		1,715	
Acquisition related expenses	60		-	
Adjusted net income	<u>\$ 2,362</u>	1.4%	<u>\$ 6,316</u>	3.9%
Net income	\$ 1,124	0.7%	\$ 4,374	2.7%
Add (subtract):				
Depreciation and amortization	2,365		1,778	
Taxes on income	92		9	
Interest expense	129		88	
EBITDA	<u>\$ 3,710</u>	2.2%	<u>\$ 6,249</u>	3.8%
Add (subtract):				
Restructuring	325		227	
Intercomp any chassis impact	853		-	
Recall expense	-		1,715	
Acquisition related expenses	60		-	
Adjusted EBITDA	<u>\$ 4,948</u>	2.9%	<u>\$ 8,191</u>	5.0%
Diluted net earnings (loss) per share	\$ 0.03		\$ 0.13	
Add (subtract):				
Restructuring	0.01		0.01	
Intercomp any chassis impact	0.03		-	
Purchase accounting impact	-		0.05	
Adjusted Diluted net earnings (loss) per share	<u>\$ 0.07</u>		<u>\$ 0.19</u>	

RECONCILIATION OF NON – GAAP FINANCIAL MEASURES



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

Spartan Motors, Inc	Three Months Ended March 31,			
	2017	% of sales	2016	% of sales
Net income (loss)	\$ (1,000)	-0.7%	\$ 543	0.4%
Add (subtract):				
Restructuring	642		339	
Intercompany chassis impact	1,112		-	
Purchase accounting impact	189		-	
Acquisition related expenses	672		-	
Deferred tax asset valuation allowance	466		(235)	
Tax effect of adjustments	(719)		(125)	
Adjusted net income	\$ 1,265	0.8%	\$ 522	0.4%
Net income (loss)	\$ (1,000)	-0.7%	\$ 543	0.4%
Add (subtract):				
Depreciation and amortization	2,325		1,786	
Taxes on income	83		93	
Interest expense	264		114	
EBITDA	\$ 1,573	0.9%	\$ 2,536	1.9%
Add (subtract):				
Restructuring	642		339	
Intercompany chassis impact	1,112		-	
Purchase accounting impact	189		-	
Acquisition related expenses	672		-	
Adjusted EBITDA	\$ 4,188	2.5%	\$ 2,875	2.2%
Diluted net earnings (loss) per share	\$ (0.05)		\$ 0.02	
Add (subtract):				
Restructuring	0.02		0.01	
Intercompany chassis impact	0.03		-	
Purchase accounting impact	0.01		-	
Acquisition related expenses	0.02		-	
Deferred tax asset valuation allowance	0.01		(0.01)	
Tax effect of adjustments	(0.00)		(0.00)	
Adjusted Diluted net earnings (loss) per share	\$ 0.06		\$ 0.02	

RECONCILIATION OF NON – GAAP FINANCIAL MEASURES



Emergency Response Vehicles Segment (In thousands, unaudited)

	Three Months Ended June 30			
	2017	% of sales	2016	% of sales
Net income (loss) attributable to Emergency Response	\$ (2,100)	-2.6%	\$ (2,475)	-4.7%
Add (subtract):				
Depreciation and amortization	584		210	
Taxes on income	-		70	
Earnings before interest, tax es, depreciation and amortization	\$ (1,516)	-1.9%	\$ (2,195)	-4.2%
Earnings before interest, tax es, depreciation and amortization	\$ (1,516)	-1.9%	\$ (2,195)	-4.2%
Restructuring charges	10		227	
Intercompany chassis impact	854		-	
Recall expense	-		1,715	
Adjusted earnings before interest, tax es, depreciation and amortization	\$ (652)	-0.8%	\$ (253)	-0.5%

Fleet Vehicles and Services Segment (In thousands, unaudited)

	Three Months Ended June 30			
	2017	% of sales	2016	% of sales
Net income (loss) attributable to Fleet Vehicles and Services	\$ 4,968	9.3%	\$ 6,280	8.5%
Add (subtract):				
Depreciation and amortization	887		841	
Interest expense	12		-	
Earnings before interest, tax es, depreciation and amortization	\$ 5,867	11.0%	\$ 7,122	9.6%
Earnings before interest, tax es, depreciation and amortization	\$ 5,867	11.0%	\$ 7,122	9.6%
Restructuring charges	107		-	
Adjusted earnings before interest, tax es, depreciation and amortization	\$ 6,174	11.4%	\$ 7,122	9.6%

Specialty Chassis and Vehicles Segment (In thousands, unaudited)

	Three Months Ended June 30			
	2017	% of sales	2016	% of sales
Net income (loss) attributable to Specialty Chassis and Vehicles	\$ 2,502	7.0%	\$ 3,280	8.6%
Add (subtract):				
Depreciation and amortization	263		173	
Earnings before interest, tax es, depreciation and amortization	\$ 2,765	7.7%	\$ 3,383	9.0%
Earnings before interest, tax es, depreciation and amortization	\$ 2,765	7.7%	\$ 3,383	9.0%
Restructuring charges	-		-	
Adjusted earnings before interest, tax es, depreciation and amortization	\$ 2,765	7.7%	\$ 3,383	9.0%

RECONCILIATION OF NON – GAAP FINANCIAL MEASURES



Emergency Response Vehicles Segment (In thousands, unaudited)

	Three Months Ended March 31,			
	2017	% of sales	2016	% of sales
Net income (loss) attributable to Emergency Response	\$ (3,389)	-4.3%	\$ (3,664)	-8.9%
Add (subtract):				
Depreciation and amortization	552		206	
Taxes on income	-		-	
Interest expense	-		-	
Earnings before interest, taxes, depreciation and amortization	\$ (2,037)	-5.8%	\$ (3,458)	-8.4%
Earnings before interest, taxes, depreciation and amortization	\$ (2,037)	-5.8%	\$ (3,458)	-8.4%
Restructuring	399		339	
Intracompany chassis impact	1,112		-	
Purchase accounting impact	189		-	
Adjusted earnings before interest, taxes, depreciation and amortization	\$ (1,237)	-1.7%	\$ (3,119)	-7.6%

Fleet Vehicles and Services Segment (In thousands, unaudited)

	Three Months Ended March 31,			
	2017	% of sales	2016	% of sales
Net income (loss) attributable to Fleet Vehicles and Services	\$ 5,225	9.7%	\$ 5,244	9.4%
Add (subtract):				
Depreciation and amortization	876		873	
Taxes on income	-		-	
Interest expense	35		42	
Earnings before interest, taxes, depreciation and amortization	\$ 6,139	11.4%	\$ 6,462	10.9%
Earnings before interest, taxes, depreciation and amortization	\$ 6,139	11.4%	\$ 6,462	10.9%
Restructuring	102		-	
Adjusted earnings before interest, taxes, depreciation and amortization	\$ 6,244	11.6%	\$ 6,462	10.9%

Specialty Chassis and Vehicles Segment (In thousands, unaudited)

	Three Months Ended March 31,			
	2017	% of sales	2016	% of sales
Net income (loss) attributable to Specialty Chassis and Vehicles	\$ 1,127	3.4%	\$ 1,480	4.4%
Add (subtract):				
Depreciation and amortization	310		112	
Taxes on income	-		-	
Interest expense	-		-	
Earnings before interest, taxes, depreciation and amortization	\$ 1,437	4.4%	\$ 1,592	4.8%
Earnings before interest, taxes, depreciation and amortization	\$ 1,437	4.4%	\$ 1,592	4.8%
Restructuring	86		-	
Adjusted earnings before interest, taxes, depreciation and amortization	\$ 1,523	4.7%	\$ 1,592	4.8%

RECONCILIATION OF NON – GAAP FINANCIAL MEASURES



Consolidated
(In thousands, except per share data)
(Unaudited)

	2017 Guidance		
	Year Ending December 31, 2017		
	Low	Mid	High
Net income	\$ 13,000	\$ 13,750	\$ 14,500
Add:			
Depreciation and amortization	10,278	10,278	10,278
Interest expense	600	600	600
Taxes	700	1,450	2,200
EBITDA	\$ 24,578	\$ 26,078	\$ 27,578
Add (subtract):			
Acquisition expenses			
Restructuring charges	965	965	965
Chassis shipment delay	2,725	2,725	2,725
Adjusted EBITDA	\$ 28,268	\$ 29,768	\$ 31,268
Earnings per share	\$ 0.37	\$ 0.39	\$ 0.41
Add:			
Acquisition expenses	0.03	0.03	0.03
Chassis shipment delay	0.08	0.08	0.08
Less tax effect of adjustments	-	-	-
Adjusted earnings per share	\$ 0.48	\$ 0.50	\$ 0.52

FOR MORE INFORMATION:

SPARTAN MOTORS, INC.
JURIS PAGRABS
GROUP TREASURER & DIRECTOR OF
INVESTOR RELATIONS
517.997.3842



SPARTANMOTORS.COM

