

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 1, 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 Securities 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 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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 1, 2019, Spartan Motors, Inc. issued a press release announcing its financial results for the quarter ended June 30, 2019, 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 1, 2019 regarding the financial results for the quarter ended June 30, 2019.](#)
- 99.2 [Investor presentation dated August 1, 2019 regarding the financial results for the quarter ended June 30, 2019.](#)

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 1, 2019

/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 Delivers Strong Second Quarter 2019 Results

EPS of \$0.10, Adjusted EPS up 25% to \$0.15 on 35% Sales Growth

Raises 2019 Midpoint EPS Guidance by 20% and Revenue by 10%

CHARLOTTE, Mich., August 1, 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 service and vocation-specific upfit segments), as well as for the emergency response and recreational vehicle markets, today reported operating results for the second quarter ending June 30, 2019.

Second Quarter 2019 Highlights

For the second quarter of 2019 compared to the second quarter of 2018:

- *Sales increased \$64.0 million, or 34.8%, to \$247.9 million, from \$184.0 million.*
- *Net income was \$3.5 million, or \$0.10 per share, compared to \$3.7 million, or \$0.11 per share.*
- *Adjusted net income improved \$0.8 million, or 18.9%, to \$5.1 million, or \$0.15 per share, from \$4.3 million, or \$0.12 per share.*
- *Adjusted EBITDA increased 6.8% to \$9.5 million, or 3.8% of sales, from \$8.9 million, or 4.8% of sales.*
- *Consolidated backlog at June 30, 2019, excluding the one-time multi-year USPS truck body order, totaled \$465.8 million, up \$146.0 million, or 45.7%, compared to \$319.8 million at June 30, 2018. The increase was primarily driven by strong demand for last mile delivery vehicles.*
- *Acquired the assets of General Truck Body in Southern California, expanding its vehicle product line capabilities and footprint to provide coast-to-coast coverage.*
- *Launched Detroit Truck Manufacturing (DTM), a vertically integrated supplier of fabricated aluminum cabs for Spartan fire trucks providing greater flexibility and cost structure optimization. Included in the second quarter 2019 operating results is \$0.8 million, or \$0.02 per share, of start-up costs relating to DTM. This compares to \$0.3 million, or \$0.01 per share, for the same period a year ago.*
- *Appointed Todd A. Heavin, a seasoned and proven multi-site operations and lean manufacturing leader with significant Tier 1 automotive supplier experience, as Chief Operating Officer.*

“Spartan’s strong second quarter results highlight increasing demand for last mile delivery and emergency response vehicles and our team’s continued focus on executing efficiencies across our operations,” said Daryl Adams, President and Chief Executive Officer. “We achieved broad-based, positive results in each of our business units. We bolstered our backlog through accelerated order volume and new market initiatives and, with strong momentum heading into the second half of the year, our team is energized to build on our recent successes.”

Spartan Motors, Inc.

Fleet Vehicles and Services (FVS)

The FVS business unit continues to grow both organically and through acquisition fueled by the strength of last mile delivery orders that will be built in the second half of 2019. During the second quarter, FVS completed the purchase of the assets of General Truck Body (GTB) in Southern California and will begin to manufacture and assemble custom aluminum and composite-side truck bodies, refrigerated trucks, stake body trucks, curtain side and moving vans. The addition of GTB's production, combined with existing FVS plants in Bristol, Indiana and Ephrata, Pennsylvania, enables coast-to-coast production and distribution capabilities for FVS truck body customers. FVS continued to invest in new product development during the quarter, reintroducing the Utilivan™ truck body on a General Motors cutaway chassis at the GM Fleet Solutions Summit in Dallas. This highly customizable commercial truck body is designed to meet the rigorous and widely varied demands of product and service delivery.

FVS segment sales increased \$62.7 million, or 79.9%, to a record \$141.1 million from \$78.4 million. The revenue increase was primarily due to pass-through sales on the USPS truck body order (\$35.7 million) and last mile delivery vehicle demand.

Adjusted EBITDA decreased \$0.5 million to \$7.9 million, or 5.6% of sales, from \$8.4 million, or 10.7% of sales, a year ago. The adjusted EBITDA decrease is primarily due to unfavorable sales mix. The decrease in adjusted EBITDA as a percentage of sales was primarily due to unfavorable mix related to a 2018 upfit order that did not reoccur, higher pass-through sales on the USPS truck body order, start-up costs related to last mile delivery demand at all three of the Company's upfit centers, as well as relocating truck body manufacturing to Charlotte, Michigan from Bristol, Indiana. Excluding the above factors, normalized adjusted EBITDA as a percentage of sales would have been 7.5% compared to 6.3% a year ago.

The segment backlog at June 30, 2019, excluding the one-time multi-year USPS truck body order, totaled \$243.7 million, up \$134.6 million, or 123.4%, compared to \$109.1 million at June 30, 2018 and reflects the strong demand for last mile delivery vehicles.

Emergency Response (ER)

The ER business unit launched DTM, a vertically integrated supplier of fabricated aluminum cabs, to provide improved cost, flexibility and quality, while mitigating potential risks in its broader supply base, as it remains focused on optimizing operations and enhancing efficiencies to drive consistent, profitable growth. Ongoing investments in new products and focus on meeting the needs of first responders enabled the ER business to secure several new contracts in the second quarter, which totaled 30 pumpers and aeriels. The segment also continued to invest in new product innovations to support long-term revenue and earnings growth by highlighting the safety-first designed Spartan Rescue Pumper, offering unique safety features and innovations to improve performance and extend vehicle life, while reducing long-term operating costs.

ER segment sales increased \$8.6 million, or 14.5%, to \$68.3 million from \$59.6 million. The increase was due to increased volume and improved pricing.

Adjusted EBITDA improved \$0.9 million to \$1.1 million, or 1.6% of sales, from \$0.2 million a year ago. The improvement was primarily the result of pricing, volume and mix, and certain acquisition related adjustments, partially reduced by higher supplier and other expenses.

The segment backlog at June 30, 2019, totaled \$189.7 million, up \$14.1 million, or 8.0%, compared to \$175.6 million at June 30, 2018.

Specialty Chassis and Vehicles (SCV)

The SCV business unit remains focused on driving growth and operating performance within the luxury motor coach segment as well as new addressable markets for custom chassis and assembly operations. During the second quarter, SCV entered into an exclusive U.S.-based assembly agreement with Grande West Transportation Group to assemble the Grande West *Vicinity* model mid-size buses. SCV continued to lead in new technological innovations in luxury motorhome chassis, unveiling the new E-Z Steer technology at the 2019 Entegra Coach Homecoming event in May. This new feature offers adjustable steering wheel position and tension to help reduce driver fatigue on long trips, while also improving maneuverability at low speeds and ease of parking the coach. The strong relationships the SCV team has built with customers like Entegra Coach continue to pay dividends in the form of enhanced growth opportunities in key market segments.

SCV segment sales decreased \$5.8 million, or 12.1%, to \$41.7 million from \$47.5 million a year ago. The revenue decrease was mainly due to lower luxury motor coach chassis sales, offset by higher Reach® sales and contract manufacturing.

Adjusted EBITDA increased \$0.7 million to \$5.1 million, or 12.2% of sales, from \$4.4 million, or 9.2% of sales, a year ago, mainly due to mix and manufacturing throughput.

The segment backlog at June 30, 2019, totaled \$32.4 million, up 11.2% sequentially, compared to \$29.1 million at March 31, 2019.

Second Half 2019 Outlook – Raising Guidance

“Spartan’s first-half revenue and earnings reflect our continuing operational initiatives to enhance efficiencies and drive profitability across each business unit,” said Rick Sohm, Chief Financial Officer of Spartan Motors. “These internal initiatives combined with the underlying health of our core markets and product innovation that drives top-line growth give us confidence for the remainder of 2019.

“We expect to see stronger year-over-year revenue and profitability growth in the second half of 2019, driven primarily by last mile delivery vehicle orders. These positive factors allow us to increase our mid-point EPS guidance by 20% for the rest of the year.”

The Company now expects financial results for 2019 as follows:

- Revenue midpoint up 10% to a range of \$960.0 - \$990.0 million from \$865.0 - \$905.0 million
- Net income midpoint up 20% to a range of \$24.1 - \$26.4 million from \$19.5 - \$22.6 million
- Adjusted EBITDA midpoint up 14% to a range of \$43.3 - \$46.2 million from \$37.1 - \$41.1 million
- Earnings per share midpoint up 20% to a range of \$0.68 - \$0.75 from \$0.56 - \$0.64, assuming approximately 35.3 million shares outstanding
- Adjusted earnings per share midpoint up 21% to a range of \$0.70 - \$0.77 from \$0.57 - \$0.65

“Our strategic focus in the first half of the year delivered increased revenue and solid profitability to serve as a foundation for our long-term strategic growth initiatives,” concluded Adams. “The profitable growth achieved in the second quarter, along with improving backlogs driven by last mile delivery demand, instills confidence to increase our earnings guidance for the full year. With recent customer wins and ongoing efforts to build our business in new and existing market segments, our team will continue to drive long-term profitable growth for Spartan Motors and its shareholders.”

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/webcasts

Conference Call: 1-844-868-8845 (domestic) or 412-317-6591 (international); passcode: 10133492

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

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, including 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®, Strobes-R-Us™, 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 2,300 associates, and operates facilities in Michigan, Indiana, Pennsylvania, South Carolina, Florida, Missouri, California, 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 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:

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

Spartan Motors, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(In thousands, except par value)
(Unaudited)

	June 30, 2019	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 17,897	\$ 27,439
Accounts receivable, less allowance of \$409 and \$133	122,083	106,801
Contract assets	46,077	36,027
Inventories	82,065	69,992
Other current assets	5,664	5,070
Total current assets	273,786	245,329
Property, plant and equipment, net	55,595	56,567
Right of use assets – operating leases	14,953	-
Goodwill	31,874	33,823
Intangible assets, net	8,203	8,611
Net deferred tax asset	7,759	7,141
Other assets	2,638	2,313
TOTAL ASSETS	\$ 394,808	\$ 353,784
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 105,580	\$ 76,399
Accrued warranty	17,111	16,090
Accrued compensation and related taxes	11,836	10,520
Deposits from customers	19,136	22,632
Operating lease liability	3,511	-
Other current liabilities and accrued expenses	12,645	12,396
Current portion of long-term debt	213	60
Total current liabilities	170,032	138,097
Other non-current liabilities	4,640	4,058
Long-term operating lease liability	11,636	-
Long-term debt, less current portion	20,914	25,547
Total liabilities	207,222	167,702
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; 35,316 and 35,321 outstanding	353	353
Additional paid in capital	81,940	82,816
Retained earnings	106,026	103,571
Total Spartan Motors, Inc. shareholders' equity	188,319	186,740
Non-controlling interest	(733)	(658)
Total shareholders' equity	187,586	186,082
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 394,808	\$ 353,784

Spartan Motors, Inc. and Subsidiaries
Condensed 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Sales	\$ 247,936	\$ 183,981	\$ 481,899	\$ 357,019
Cost of products sold	221,059	157,612	430,446	308,492
Restructuring charges	6	-	55	-
Gross profit	26,871	26,369	51,398	48,527
Operating expenses:				
Research and development	2,265	1,817	4,638	3,205
Selling, general and administrative	21,023	19,040	41,525	36,911
Restructuring charges	65	797	128	817
Total operating expenses	23,353	21,654	46,291	40,933
Operating income	3,518	4,715	5,107	7,594
Other income (expense):				
Interest expense	(313)	(270)	(687)	(592)
Interest and other income	1,147	832	1,482	2,425
Total other income (expense)	834	562	795	1,833
Income before taxes	4,352	5,277	5,902	9,427
Taxes	1,063	1,537	1,076	1,490
Net Income	3,289	3,740	4,826	7,937
Less: net loss attributable to non-controlling interest	(215)	-	(75)	-
Net income attributable to Spartan Motors Inc.	\$ 3,504	\$ 3,740	\$ 4,901	\$ 7,937
Basic net earnings per share	\$ 0.10	\$ 0.11	\$ 0.14	\$ 0.23
Diluted net earnings per share	\$ 0.10	\$ 0.11	\$ 0.14	\$ 0.23
Basic weighted average common shares outstanding	35,349	35,260	35,308	35,177
Diluted weighted average common shares outstanding	35,368	35,260	35,312	35,177

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

Three Months Ended June 30, 2019 (in thousands of dollars)

	Business Segments				Consolidated
	Fleet Vehicles and Services	Emergency Response	Specialty Chassis and Vehicles	Other	
Fleet vehicle sales	\$ 111,230	\$ -	\$ 3,152	\$ (3,152)	\$ 111,230
Emergency response vehicle sales	-	64,668	-	-	64,668
Motorhome chassis sales	-	-	28,653	-	28,653
Other specialty chassis and vehicles	-	-	7,315	-	7,315
Aftermarket parts and assemblies	29,872	3,595	2,603	-	36,070
Total sales	<u>\$ 141,102</u>	<u>\$ 68,263</u>	<u>\$ 41,723</u>	<u>\$ (3,152)</u>	<u>\$ 247,936</u>
Adjusted EBITDA	\$ 7,920	\$ 1,113	\$ 5,083	\$ (4,630)	\$ 9,486

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

Three Months Ended June 30, 2018 (in thousands of dollars)

	Business Segments				Consolidated
	Fleet Vehicles and Services	Emergency Response	Specialty Chassis and Vehicles	Other	
Fleet vehicle sales	\$ 53,107	\$ -	\$ 1,528	\$ (1,528)	\$ 53,107
Emergency response vehicle sales	-	56,935	-	-	56,935
Motorhome chassis sales	-	-	37,184	-	37,184
Other specialty chassis and vehicles	-	-	5,748	-	5,748
Aftermarket parts and assemblies	25,308	2,680	3,019	-	31,007
Total sales	<u>\$ 78,415</u>	<u>\$ 59,615</u>	<u>\$ 47,479</u>	<u>\$ (1,528)</u>	<u>\$ 183,981</u>
Adjusted EBITDA	\$ 8,374	\$ 193	\$ 4,391	\$ (4,073)	\$ 8,885

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

Period End Backlog (amounts in thousands of dollars)

	June 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sept. 30, 2018	June 30, 2018
Fleet Vehicles and Services*	\$ 272,399	\$ 188,528	\$ 218,775	\$ 275,216	\$ 313,374
Emergency Response Vehicles*	189,716	214,659	216,526	175,699	175,603
Motorhome Chassis *	31,852	28,470	36,584	32,137	33,511
Other Vehicles	-	-	-	-	-
Aftermarket Parts and Assemblies	565	667	1,072	1,861	1,612
Total Specialty Chassis and Vehicles	32,417	29,137	37,656	33,998	35,123
Total Backlog	\$ 494,532	\$ 432,324	\$ 472,957	\$ 484,913	\$ 524,100

* Anticipated time to fill backlog orders at June 30, 2019; 9 months or less for emergency response vehicles; 3 months or less for motorhome chassis; 6 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), 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. For the periods covered by this release such include expenses associated with restructuring actions taken to improve the efficiency and profitability of our manufacturing operations, various items related to business acquisition and litigation activities, and the impact of temporary production disruptions due to severe weather-related flooding surrounding the Company's Nebraska facilities.

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 certain incentive compensation for our management team.

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

	Three Months Ended June 30,	
	2019	2018
Spartan Motors, Inc.		
Net income attributable to Spartan Motors, Inc.	\$ 3,504	\$ 3,740
Add (subtract):		
Restructuring charges	71	797
Impact of acquisition adjustments for net working capital	-	(693)
Joint venture expenses	9	-
Joint venture inventory adjustment	216	-
Acquisition related expenses, including stock compensation	745	373
Recall expense	777	(443)
Long-term strategic planning expenses	-	718
Executive compensation plan	273	-
DTA valuation allowance	33	-
Tax effect of adjustments	(499)	(178)
Adjusted net income attributable to Spartan Motors, Inc.	<u>\$ 5,129</u>	<u>\$ 4,314</u>
Net income attributable to Spartan Motors, Inc.	\$ 3,504	\$ 3,740
Add (subtract):		
Depreciation and amortization	2,515	2,586
Taxes on income	1,063	1,537
Interest expense	313	270
EBITDA	<u>\$ 7,395</u>	<u>\$ 8,133</u>
Add (subtract):		
Restructuring charges	71	797
Impact of acquisition adjustments for net working capital	-	(693)
Joint venture expenses	9	-
Joint venture inventory adjustment	216	-
Acquisition related expenses, including stock compensation	745	373
Recall expense	777	(443)
Long-term strategic planning expenses	-	718
Executive Compensation Plan	273	0
Adjusted EBITDA	<u>\$ 9,486</u>	<u>\$ 8,885</u>
Diluted net earnings per share	\$ 0.10	\$ 0.11
Add (subtract):		
Restructuring charges	-	0.02
Impact of acquisition on timing net working capital	-	(0.02)
Joint venture inventory adjustment	0.01	-
Acquisition related expenses, including stock compensation	0.02	0.01
Recall expense	0.02	(0.01)
Long-term strategic planning expenses	-	0.02
Executive compensation plan	0.01	-
Tax effect of adjustments	(0.01)	(0.01)
Adjusted diluted net earnings per share	<u>\$ 0.15</u>	<u>\$ 0.12</u>

Financial Summary (Non-GAAP)

(In thousands)

(Unaudited)

	Three Months Ended June 30,	
	2019	2018
Total segment adjusted EBITDA	\$ 14,116	\$ 12,958
Add (subtract):		
Interest expense	(313)	(270)
Depreciation and amortization expense	(2,515)	(2,586)
Restructuring expense	(71)	(797)
Acquisition related expenses, including stock compensation	(745)	(373)
Litigation settlement	(9)	-
Joint venture inventory adjustment	(216)	-
Recall expense	(777)	443
Long-term strategic planning expenses	-	(718)
Executive compensation plan	(273)	-
Impact of acquisition adjustments for net working capital and contingent liability	-	693
Unallocated corporate expenses	(4,845)	(4,073)
Consolidated income before taxes	<u>\$ 4,352</u>	<u>\$ 5,277</u>

Financial Summary (Non-GAAP)**Consolidated**

(In thousands, except per share data)

(Unaudited)

	Forecast		
	Year Ending December 31, 2019		
	Low	Mid	High
Net income	\$ 24,135	\$ 25,288	\$ 26,441
Add:			
Depreciation and amortization	10,610	10,610	10,610
Interest expense	1,229	1,229	1,229
Taxes	6,648	6,965	7,281
EBITDA	<u>\$ 42,622</u>	<u>\$ 44,092</u>	<u>\$ 45,561</u>
Add (subtract):			
Restructuring charges	653	653	653
Adjusted EBITDA	<u>\$ 43,275</u>	<u>\$ 45,745</u>	<u>\$ 46,214</u>
Earnings per share	\$ 0.68	\$ 0.72	\$ 0.75
Add:			
Restructuring charges	0.02	0.02	0.02
Less tax effect of adjustments	-	-	-
Adjusted earnings per share	<u>\$ 0.70</u>	<u>\$ 0.74</u>	<u>\$ 0.77</u>



SECOND QUARTER 2019

EARNINGS CONFERENCE CALL

August 1, 2019



FORWARD-LOOKING STATEMENT

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. 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 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.



OVERVIEW – 2Q19 VS. 2Q18



- Revenue for 2Q19 up \$64.0M, or 34.8%, to \$247.9M from \$184.0M
 - FVS up \$62.7M, or 79.9% – USPS order and higher walk-in-van and Reach® vehicle volumes
 - ER up \$8.6M, or 14.5% – increased volume and higher pricing
 - SCV down \$5.8M, or 12.1% – higher contract manufacturing volume offset by a decrease in luxury motor coach sales

- Net Income for 2Q19 down \$0.2M, or 5.4%, to \$3.5M
 - Reflects increased start-up costs for upfit orders in South Carolina, Kansas City and Mexico
 - Includes \$0.8M, or \$0.02 per share, of start-up costs relating to Detroit Truck Manufacturing compared to \$0.3M, or \$0.01 per share a year ago
- EPS decreased \$0.01, or 9.1%, to \$0.10 from \$0.11 last year
- Excluding USPS backlog, 2Q19 backlog up 45.7%, or \$146M to \$465.8M



BUSINESS UPDATE – FVS

- Last Mile Delivery – momentum continues unabated
 - FVS Backlog up 123% YOY, excluding USPS order
 - Reflects broad industry demand for vehicles across GVWR spectrum
- Investing in new products and technologies to drive future growth
 - Utilivan – highly customizable commercial truck body
 - Medium duty cutaway chassis allows for driver pass-through to cargo box
 - Available in single or dual rear wheels
 - Over-cab storage provides flexible option
 - New linen and laundry segment innovations designed to improve driver safety, ergonomics and efficiency



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GENERAL TRUCK BODY - ACQUISITION

- Located in Montebello, CA (southern)
- Provides West Coast truck body operation that expands our footprint to better serve current and prospective customers in the region
- Manufacture and assemble custom aluminum and composite-side truck bodies, refrigerated trucks, stake body trucks, curtain side trucks and moving vans
- Augments Spartan's recent East Coast expansion providing truck body customers coast-to-coast manufacturing and distribution capabilities



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BUSINESS UPDATE – ER

DETROIT TRUCK MANUFACTURING

- A vertically integrated supplier of fabricated aluminum cabs for Spartan fire trucks and its OEM's
- Provides greater cost flexibility and helps insulate against potential supply chain disruptions
- Optimizes cost structure and quality control
- Located in Southeast Michigan
- Capacity to fabricate current needs



BUSINESS UPDATE – SCV

- Entered into an exclusive US based assembly agreement with Grande West Transportation Group
 - Assemble Vicinity model mid-size bus
- Contract manufacturing volume continues to be strong, including Reach vehicle
- Class A Diesel luxury motor coach chassis industry down 14% YOY
- SCV continues to gain share in Class A Diesel luxury motor coach chassis market
 - SCV's >400HP market share remains at 26%



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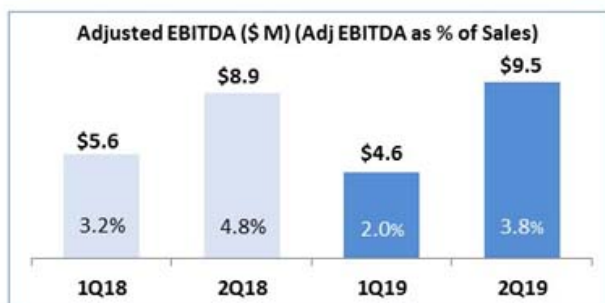
FINANCIAL REVIEW 2ND QUARTER 2019



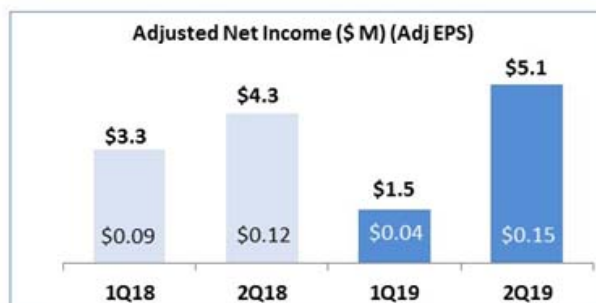
COMMAND
YOUR ROAD



OVERVIEW – 2Q19 VS. 2Q18



- Adjusted EBITDA rose \$0.6M to \$9.5M
- Adjusted EBITDA margin decreased 100 basis points to 3.8% of sales compared to 4.8% of sales
 - Primarily driven by unfavorable mix, start-up costs and higher material costs

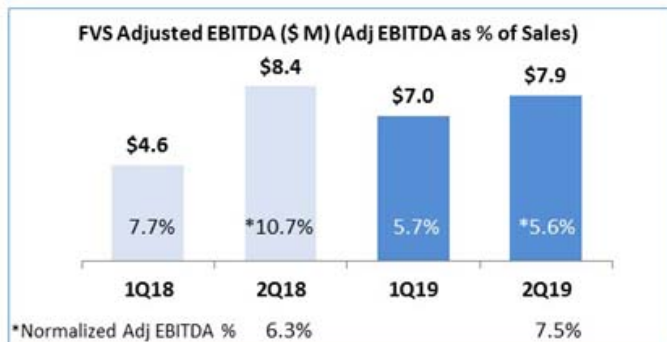


- Adjusted net income rose 18.9% to \$5.1M from \$4.3M
 - Includes \$0.8M, or \$0.02 per share, of start-up costs relating to Detroit Truck Manufacturing compared to \$0.3M, or \$0.01 per share a year ago
- Adjusted EPS of \$0.15 versus \$0.12 a year ago
- Backlog down 5.6% to \$494.5M from \$524.1M a year ago.
 - Excluding the unique USPS truck body order, backlog totaled \$465.8M, up 45.7% compared to \$319.8M in 2018

See GAAP reconciliation in Appendix



FLEET VEHICLES & SERVICES – 2Q19

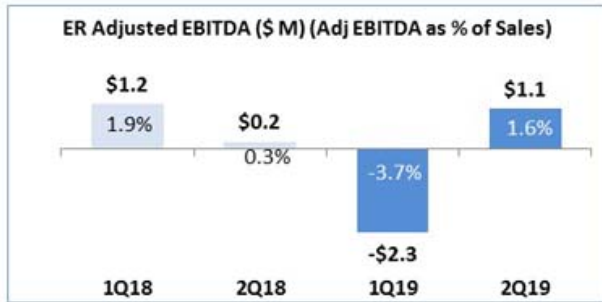


- Revenue up \$62.7M to \$141.1M from \$78.4M
 - Increased volume relating to USPS truck body and last mile delivery vehicle demand
- Adjusted EBITDA decreased by \$0.5M to \$7.9M from \$8.4M primarily due unfavorable sales mix and \$0.7M of upfit startup costs
- Adjusted EBITDA margin decreased 510 basis points to 5.6% of sales from 10.7%. Impacted by:
 - Unfavorable mix related to a 2018 upfit order that did not reoccur
 - USPS pass-through chassis sales up significantly in 2019
 - Upfit startup costs of \$0.7M associated with all three upfit centers, as well as relocating truck body to Charlotte, MI from Bristol, IN
 - Excluding the above, 2Q19 normalized adjusted EBITDA margin was 7.5% compared to 6.3% a year ago
- Excluding the USPS truck body order, backlog totaled \$243.7M, up \$134.6M or 123.4% compared to \$109.1M at June 30, 2018

*Normalized Adj EBITDA as a % of sales eliminates impact of 1) 2018 non-recurring order, 2) USPS pass-through chassis sales and 3) upfit start-up costs.



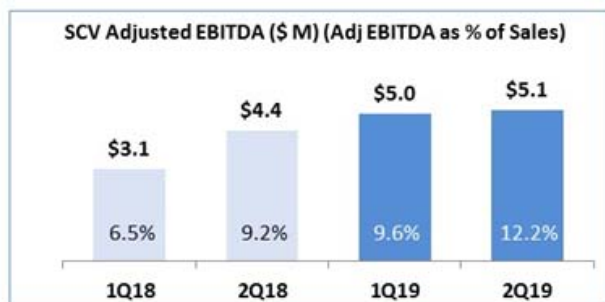
EMERGENCY RESPONSE – 2Q19



- Revenue up 14.5% to \$68.3M from \$59.6M
 - Increased volume and improved pricing
- Adjusted EBITDA rose \$0.9M to \$1.1M compared to \$0.2M last year
 - Pricing, volume and mix, acquisition related adjustments, partially reduced by higher supplier costs
- Backlog up 8.0% to \$189.7M compared to \$175.6M a year ago



SPECIALTY CHASSIS & VEHICLES – 2Q19



- Revenue down \$5.8M, or 12.1%, to \$41.7M from \$47.5M last year
 - \$8.5M decrease in luxury motor coach chassis sales, offset by higher contract manufacturing, including Reach® vehicles
- SCV adjusted EBITDA increased \$0.7M to \$5.1M from \$4.4M
- Adjusted EBITDA margin improved 300 basis points to 12.2% of sales from 9.2% of sales
 - Due to mix and increased manufacturing throughput
- Backlog up 11.2% sequentially to \$32.4M, compared to \$29.1M at March 31, 2019.



BALANCE SHEET – 2Q19

Spartan Motors, Inc.
Summary Balance Sheet
(unaudited)

(\$000's)	Jun 30, 2019	Dec 31, 2018
Assets		
Cash	\$ 17,897	\$ 27,439
Accts Receivable	122,083	106,801
Contract Assets	46,077	36,027
Inventory	82,065	69,992
PP&E	55,595	56,567
Right of Use Assets-Operating Leases	14,953	-
Other Assets	56,138	56,958
Total Assets	\$ 394,808	\$ 353,784
Liabilities & Shareholders' Equity		
Accts Payable	\$ 105,580	\$ 76,399
Long-term Operating Lease Liability	11,636	-
Long-term Debt	20,914	25,547
Other Liabilities	69,092	65,756
Total Liabilities	207,222	167,702
Shareholders' Equity	187,586	186,082
Total Liabilities & Equity	\$ 394,808	\$ 353,784
Total Liquidity		
Cash	\$ 17,897	\$ 27,439
Net Borrowing Capacity	83,356	86,410
Total Liquidity	\$ 101,253	\$ 113,849

- Total liquidity of \$101.3M at 2Q19 reflects:
 - \$17.9M cash on hand
 - \$83.4M of borrowing capacity
- Long-term debt of \$20.9M
 - Reflects \$5.0M paid down on the revolving credit facility during the quarter



FINANCIAL OUTLOOK - 2019

2019 Guidance				
<i>(\$M except per share)</i>	Low	Mid-point	High	MP% Increase Over Prev Guid
Revenue	\$960.0	\$975.0	\$990.0	10%
Net income	\$24.1	\$25.3	\$26.4	20%
Adjusted EBITDA	\$43.3	\$44.7	\$46.2	14%
EPS	\$0.68	\$0.72	\$0.75	20%
Adjusted EPS	\$0.70	\$0.74	\$0.77	21%



CLOSING REMARKS

- We expect to see stronger year-over-year revenue and profitability growth in the second half of 2019
- Fundamentals of all three business segments remain strong
- Continue to work on operational and organization improvements to drive profitable growth
- Focused on executing strategic plan
- Spartan team determined to deliver exceptional growth in sales and profitability and increasing shareholder value



APPENDIX



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RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

This presentation contains adjusted EBITDA (earnings before interest, taxes, depreciation and amortization), which is a non-GAAP financial measure. This non-GAAP measure is calculated by excluding items that we believe to be infrequent or not indicative of our continuing operating performance. For the periods covered by this presentation such items include expenses associated with restructuring actions taken to improve the efficiency and profitability of our manufacturing operations, various items related to business acquisition and litigation activities, and the impact of temporary production disruptions due to severe weather-related flooding surrounding the Company's Nebraska facilities.

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 certain incentive compensation for our management team.



RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

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

(000)	Three Months Ended March 31	
	2019	2018
Spartan Motors, Inc.		
Net income attributable to Spartan Motors, Inc.	\$1,397	\$4,194
Add (subtract):		
Restructuring charges	112	20
Acquisition related expenses	45	162
Litigation costs	43	-
Nebraska flooding costs	123	-
Purchase accounting impact	-	(1,500)
Deferred tax asset adjustment	(99)	74
Tax effect of adjustments	(78)	314
Adjusted net income attributable to Spartan Motors, Inc.	\$1,543	\$3,765
Net income attributable to Spartan Motors, Inc.	\$1,397	\$4,194
Add (subtract):		
Depreciation and amortization	2,525	2,452
Taxes on income	13	(48)
Interest expense	274	322
EBITDA	\$4,309	\$6,921
Add (subtract):		
Restructuring charges	112	20
Acquisition related expenses	45	162
Litigation costs	43	-
Nebraska flooding costs	123	-
Purchase accounting impact	-	(1,500)
Adjusted EBITDA	\$4,632	\$5,603
Diluted net earnings per share	\$0.04	\$0.12
Add (subtract):		
Restructuring charges	0.00	0.00
Joint venture expenses	0.00	-
Acquisition related expenses	0.00	0.00
Litigation costs	0.00	-
Nebraska flooding costs	0.00	-
Purchase accounting impact	-	(0.04)
Deferred tax asset adjustment	(0.00)	0.00
Tax effect of adjustments	(0.00)	0.01
Adjusted diluted net earnings per share	\$0.04	\$0.09



RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

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

(5000)	Three Months Ended June 30,	
	2019	2018
Spartan Motors, Inc.		
Net income attributable to Spartan Motors, Inc.	\$3,504	\$3,740
Add (subtract):		
Restructuring charges	71	797
Impact of acquisition adjustments for net working capital	-	(692)
Joint venture expenses	9	-
Joint venture inventory adjustment	216	-
Acquisition related expenses including stock compensation	745	373
Recall expense	777	(443)
Long term strategic planning expenses	-	718
Executive compensation plan	273	-
DTA valuation allowance	33	-
Tax effect of adjustments	(492)	(1,782)
Adjusted net income attributable to Spartan Motors, Inc.	\$4,129	\$4,314
Net income attributable to Spartan Motors, Inc.	\$3,504	\$3,740
Add (subtract):		
Depreciation and amortization	2,515	2,586
Taxes on income	1,063	1,537
Interest expense	313	270
EBITDA	\$7,395	\$8,133
Add (subtract):		
Restructuring charges	71	797
Impact of acquisition adjustments for net working capital	-	(692)
Joint venture expenses	9	-
Joint venture inventory adjustment	216	-
Acquisition related expenses including stock compensation	745	373
Recall expense	777	(443)
Long term strategic planning expenses	-	718
Executive compensation plan	273	-
Adjusted EBITDA	\$9,486	\$8,885
Diluted net earnings per share	\$0.10	\$0.11
Add (subtract):		
Restructuring charges	-	0.02
Impact of acquisition adjustments for net working capital	-	(0.02)
Joint venture inventory adjustment	0.01	-
Acquisition related expenses including stock compensation	0.02	0.01
Recall expense	0.02	(0.01)
Long term strategic planning expenses	-	0.02
Executive compensation plan	0.01	-
Tax effect of adjustments	(0.01)	(0.01)
Adjusted diluted net earnings per share	\$0.14	\$0.17



RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

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

	Forecast		
	Year Ending December 31, 2019		
	Low	Mid	High
Net income	\$ 24,135	\$ 25,288	\$ 26,441
Add			
Depreciation and amortization	10,610	10,610	10,610
Interest expense	1,229	1,229	1,229
Taxes	6,648	6,965	7,281
EBITDA	\$ 42,622	\$ 44,092	\$ 45,561
Add (subtract):			
Restructuring and other charges, net	653	653	653
Adjusted EBITDA	\$ 43,275	\$ 44,745	\$ 46,214
Earnings per share	\$ 0.68	\$ 0.72	\$ 0.75
Add			
Restructuring and other charges, net	0.02	0.02	0.02
Less tax effect of adjustments	-	-	-
Adjusted earnings per share	\$ 0.70	\$ 0.74	\$ 0.77



THANK YOU

