

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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): November 3, 2016

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))
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Item 2.02 Results of Operations and Financial Condition

On November 3, 2016, Spartan Motors, Inc. issued a press release announcing its financial results for the quarter ended September 30, 2016, 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 November 3, 2016 regarding the financial results for the quarter ended September 30, 2016.

99.2 Investor presentation dated November 3, 2016 regarding the financial results for the quarter ended September 30, 2016.

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: November 3, 2016

/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 THIRD QUARTER NET INCOME OF \$2.7 MILLION, RISES 147%, ON 9% SALES GROWTH

THIRD-QUARTER EPS OF \$0.08; 2016 EPS GUIDANCE UNCHANGED

CHARLOTTE, Mich., November 3, 2016 - Spartan Motors, Inc. (NASDAQ: SPAR) (“Spartan” or the “Company”) today reported operating results for the third quarter of 2016. The Company reported net income of \$2.7 million, or \$0.08 per share, compared to a net loss of \$5.8 million, or \$0.17 per share, in the third quarter of 2015.

THIRD QUARTER 2016 HIGHLIGHTS

For the third quarter of 2016 compared to the third quarter of 2015:

- *Sales increased 8.9% to \$148.7 million from \$136.6 million*
- *Gross margin improved 270 basis points to 12.1% of sales compared to 9.4% of sales*
- *Operating margin increased 200 basis points to 1.7% of sales from (0.3%) of sales*
- *Operating income improved \$3.1 million to \$2.6 million from an operating loss of \$0.5 million*
- *Adjusted operating income rose 35.1% to \$5.0 million from \$3.7 million*
- *Net income rose 147% to \$2.7 million, or \$0.08 per share, versus a net loss of \$5.8 million, or \$0.17 per share*
- *Adjusted net income rose 161.5% to \$3.4 million, or \$0.10 per share, versus \$1.3 million, or \$0.04 per share*
- *Cash balance increased 91% to \$40.0 million at September 30, 2016, from \$20.9 million at September 30, 2015*
- *Order backlog was \$272.1 million at September 30, 2016, compared to \$275.3 million at September 30, 2015*

“Our solid third-quarter 2016 financial performance was primarily led by another strong contribution from our Fleet Vehicles and Services segment that continued to help drive both revenue and profit growth,” said Daryl Adams, President and Chief Executive Officer of Spartan Motors. “Our other businesses performed as anticipated during the quarter, and we are very pleased to see our improvement efforts continuing to gain momentum across all three of our business segments, as we achieved our most profitable year-to-date results since 2009. Our talented and dedicated team remained focused on delivering the operational efficiencies and improved processes that are part of our ongoing, multi-year turnaround plan for the Company.”

Fleet Vehicles and Services (FVS) Third Quarter Results

FVS segment revenue grew to \$78.0 million from \$54.2 million, an increase of 43.9%. Revenue growth was primarily due to favorable revenue mix and higher volume at vehicle up-fit centers.

Operating income for the segment increased \$5.5 million to \$9.6 million, or 12.3% of sales, from \$4.1 million, or 7.5% of sales, a year ago. Growth in operating income was primarily due to favorable revenue mix and the continued positive impact of process improvement and lean initiatives introduced earlier this year.

Segment backlog at September 30, 2016, totaled \$102.2 million compared to \$107.7 million at September 30, 2015.

Specialty Chassis & Vehicles (SCV) Third Quarter Results

SCV segment revenue decreased \$10.1 million, or 26.1%, to \$28.6 million from \$38.7 million. Sales of motorhome chassis declined 31.1% to \$22.3 million from \$32.4 million, due primarily to lower unit shipments year-over-year, resulting from a customer implemented, one-time inventory adjustment related to its dealer and on-hand inventory. Shipments to this customer are expected to return to pre-adjustment levels during the current fourth quarter.

Operating income decreased to \$0.9 million from \$2.4 million last year, a 63% decrease, reflecting the lower sales volume.

Segment backlog at September 30, 2016, totaled \$20.1 million compared to \$22.6 million at September 30, 2015.

Emergency Response (ER) Third Quarter Results

ER segment revenue decreased \$1.6 million, or 3.7%, to \$42.1 million from \$43.7 million. Lower revenue resulted from fewer shipments of complete fire apparatus and custom cab and chassis compared to a year ago.

The ER segment reported an operating loss of \$3.8 million, an improvement of \$1.8 million, or 31.8%, from \$5.6 million last year.

ER adjusted operating loss for the quarter was \$1.4 million, improving \$0.9 million, or 40.3%, from \$2.3 million last year.

Segment backlog at September, 2016 totaled \$149.8 million compared to \$145.1 million at September 30, 2015.

Fourth Quarter and 2016 Outlook

“Our balance sheet remains strong, with cash on hand improving by \$19.1 million year-over-year to \$40.0 million,” said Rick Sohm, Chief Financial Officer of Spartan Motors. “Our performance to date has enabled us to further improve our liquidity and strengthen our balance sheet. On October 31, 2016, we repaid our \$5 million senior note due December 1, 2016 with cash on hand and we entered into a new, three-year, \$100 million revolving credit facility with essentially the same terms as our previous \$70 million facility.”

“Looking ahead to the fourth quarter of 2016, which is typically our lowest sales volume quarter, we expect to see continued year-over-year operational improvements resulting in a profitable quarter. This will represent our fourth quarter in a row, an achievement not accomplished since 2009. The above factors will allow us to maintain our previously stated 2016 mid-point EPS guidance of \$0.225.”

The company expects 2016 results as follows:

- Revenue in the range of \$570 - \$590 million, unchanged from previous guidance
- Operating income of \$8.0 - \$10.0 million, including restructuring expenses of \$0.5 - \$1.0 million, unchanged from previous guidance
- Income tax expense of essentially zero, a decrease from previous guidance of \$1.0 - \$1.2 million
- Earnings per share of \$0.20 to \$0.25 (midpoint \$0.225), assuming approximately 34.5 million shares outstanding, unchanged from previous guidance

Adams added, “While we are about one-third of the way into our multi-year turnaround plan, our results through the nine months ended September 30, 2016, indicate that we continue to make great strides in our transformation. We intend to continue implementing and executing our multi-year turnaround plan as one Spartan team. Our focus remains on improving our processes while maintaining financial discipline, in order to drive growth, profitability and increase shareholder value.”

Reconciliation of Non-GAAP Financial Measures

This release contains adjusted operating income, adjusted net income and adjusted earnings per share, which are Non-GAAP financial measures. These 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, along with non-recurring charges related to a regulatory settlement, asset impairments and product repair campaigns. 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 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 a measurement of our financial performance under GAAP and should not be considered as an alternative to operating income, net income and 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 operating income (loss) to adjusted operating income (loss), net income to adjusted net income and earnings per share to adjusted earnings per share for the periods indicated. Amounts may not sum due to rounding.

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

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2016	% of sales	2015	% of sales	2016	% of sales	2015	% of sales
Spartan Motors, Inc								
Operating income (loss)	\$ 2,592	1.7%	\$ (458)	-0.3%	\$ 7,660	1.7%	\$ (2,471)	-0.6%
Add (subtract):								
Restructuring charges	304		462		871		2,429	
Asset impairment	406		2,234		406		2,234	
Product repair campaign	1,742		1,421		3,457		1,421	
NHTSA settlement	-		-		-		2,269	
Adjusted operating income (loss)	<u>\$ 5,044</u>	<u>3.4%</u>	<u>\$ 3,659</u>	<u>2.7%</u>	<u>\$ 12,394</u>	<u>2.8%</u>	<u>\$ 5,882</u>	<u>1.4%</u>
Net income (loss)	\$ 2,744	1.8%	\$ (5,819)	-4.3%	\$ 7,662	1.7%	\$ (7,539)	-1.8%
Add (subtract):								
Restructuring charges, net of tax	193		306		553		1,610	
Asset impairment, net of tax	406		2,216		406		2,216	
Product repair campaign, net of tax	1,742		1,421		3,457		1,421	
NHTSA settlement, net of tax	-		-		-		1,841	
Deferred tax asset valuation allowance	(1,716)		3,151		(2,650)		3,151	
Adjusted net income (loss)	<u>\$ 3,369</u>	<u>2.3%</u>	<u>\$ 1,275</u>	<u>0.9%</u>	<u>\$ 9,428</u>	<u>2.1%</u>	<u>\$ 2,700</u>	<u>0.7%</u>
Diluted net earnings (loss) per share	\$ 0.08		\$ (0.17)		\$ 0.22		\$ (0.22)	
Add (subtract):								
Restructuring charges, net of tax	0.01		0.01		0.02		0.05	
Asset impairment, net of tax	0.01		0.07		0.01		0.07	
Product repair campaign, net of tax	0.05		0.04		0.10		0.04	
NHTSA settlement, net of tax	-		-		-		0.05	
Deferred tax asset valuation allowance	(0.05)		0.09		(0.08)		0.09	
Adjusted Diluted net earnings (loss) per share	<u>\$ 0.10</u>		<u>\$ 0.04</u>		<u>\$ 0.27</u>		<u>\$ 0.08</u>	

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2016	% of sales	2015	% of sales	2016	% of sales	2015	% of sales
Emergency Response Segment								
ER segment operating (loss)	\$ (3,837)	-9.1%	\$ (5,627)	-12.9%	\$ (9,911)	-7.3%	\$ (11,671)	-7.7%
Add (subtract):								
Restructuring charges	304		462		871		2,429	
Asset impairment	406		2,234		406		2,234	
Product recall campaign	1,742		613		3,457		613	
NHTSA settlement	-		-		-		684	
Adjusted ER segment operating (loss)	<u>\$ (1,385)</u>	<u>-3.3%</u>	<u>\$ (2,318)</u>	<u>-5.3%</u>	<u>\$ (5,177)</u>	<u>-3.8%</u>	<u>\$ (5,711)</u>	<u>-3.8%</u>

Conference Call, Webcast, Investor Presentation and Investor Information

Spartan Motors will host a conference call for analysts and portfolio managers at 10 a.m. ET 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: 10090028

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: Class 3, 4 and 5) markets. The Company's brand names - Spartan Motors, Spartan Specialty Vehicles, Spartan Emergency Response, Spartan Parts and Accessories, and Utilimaster®, a Spartan Motors Company - are known for quality, durability, performance, customer service and first-to-market innovation. The Company employs approximately 1,800 associates at facilities in Michigan, Pennsylvania, South Dakota and Indiana. Spartan reported sales of \$550 million in 2015. 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:

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

Juris Pagrabs, Group Treasurer &
Director of Investor Relations
Spartan Motors, Inc.
(517) 543-6400

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

	September 30, 2016 (Unaudited)	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 39,986	\$ 32,701
Accounts receivable, less allowance of \$412 and \$130	70,482	56,617
Inventories	67,960	60,558
Income taxes receivable	696	1,755
Other current assets	3,044	3,506
Total current assets	182,168	155,137
Property, plant and equipment, net	50,998	47,320
Goodwill	15,961	15,961
Intangible assets, net	6,562	7,093
Deferred income taxes, net	3,313	644
Other assets	2,246	1,996
TOTAL ASSETS	\$ 261,248	\$ 228,151
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 44,140	\$ 27,318
Accrued warranty	18,673	16,610
Accrued customer rebates	1,760	2,681
Accrued compensation and related taxes	12,217	8,684
Deposits from customers	17,546	13,095
Other current liabilities and accrued expenses	5,719	3,922
Current portion of long-term debt	5,065	63
Total current liabilities	105,120	72,373
Long-term debt, less current portion	90	5,124
Other non-current liabilities	2,467	2,163
Total liabilities	107,677	79,660
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, no par value: 2,000 shares authorized (none issued)	-	-
Common stock, \$0.01 par value; 40,000 shares authorized; 34,419 and 34,271 outstanding	344	343
Additional paid in capital	76,678	76,472
Retained earnings	77,205	72,326
Total Spartan Motors, Inc. shareholders' equity	154,227	149,141
Non-controlling interest	(656)	(650)
Total shareholders' equity	153,571	148,491
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 261,248	\$ 228,151

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

	Three Months Ended September		Nine Months Ended September	
	30,		30,	
	2016	2015	2016	2015
Sales	\$ 148,664	\$ 136,572	\$ 444,927	\$ 409,767
Cost of products sold	130,571	123,755	390,206	367,520
Restructuring charge	83	9	83	464
Gross profit	18,010	12,808	54,638	41,783
Operating expenses:				
Research and development	1,377	454	4,408	3,087
Selling, general and administrative	13,820	12,359	41,782	39,202
Restructuring charge	221	453	788	1,965
Total operating expenses	15,418	13,266	46,978	44,254
Operating income (loss)	2,592	(458)	7,660	(2,471)
Other income (expense):				
Interest expense	(112)	(91)	(314)	(293)
Interest and other income	151	(36)	305	121
Total other income (expense)	39	(127)	(9)	(172)
Income (loss) before taxes	2,631	(585)	7,651	(2,643)
Taxes	(113)	5,234	(11)	4,896
Net Income (loss)	2,744	(5,819)	7,662	(7,539)
Less: net loss attributable to non-controlling interest	(1)	(1)	(6)	(17)
Net income (loss) attributable to Spartan Motors Inc.	\$ 2,745	\$ (5,818)	\$ 7,668	\$ (7,522)
Basic net earnings (loss) per share	\$ 0.08	\$ (0.17)	\$ 0.22	\$ (0.22)
Diluted net earnings (loss) per share	\$ 0.08	\$ (0.17)	\$ 0.22	\$ (0.22)
Basic weighted average common shares outstanding	34,439	33,885	34,406	33,806
Diluted weighted average common shares outstanding	34,439	33,885	34,406	33,806

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

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

	Business Segments				Consolidated
	Emergency Response	Fleet Vehicles & Services	Specialty Chassis & Vehicles	Other	
Emergency response vehicle sales	\$ 40,185	\$ -	\$ -	\$ -	\$ 40,185
Fleet vehicle sales	-	57,422	-	-	57,422
Motorhome chassis sales	-	-	22,344	-	22,344
Other specialty chassis and vehicles	-	-	4,091	-	4,091
Aftermarket parts and assemblies	1,934	20,537	2,151	-	24,622
Total Sales	<u>\$ 42,119</u>	<u>\$ 77,959</u>	<u>\$ 28,586</u>	<u>\$ -</u>	<u>\$ 148,664</u>
Operating Income (Loss)	(3,837)	9,598	852	(4,021)	2,592

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

Three Months Ended September 30, 2015 (in thousands of dollars)

	Business Segments				Consolidated
	Emergency Response	Fleet Vehicles & Services	Specialty Chassis & Vehicles	Other	
Emergency response vehicle sales	\$ 42,030	\$ -	\$ -	\$ -	\$ 42,030
Fleet vehicle sales	-	45,526	-	-	45,526
Motorhome chassis sales	-	-	32,367	-	32,367
Other specialty chassis and vehicles	-	-	2,388	-	2,388
Aftermarket parts and assemblies	1,637	8,711	3,913	-	14,261
Total Sales	<u>\$ 43,667</u>	<u>\$ 54,237</u>	<u>\$ 38,668</u>	<u>\$ -</u>	<u>\$ 136,572</u>
Operating Income (Loss)	(5,627)	4,064	2,412	(1,307)	(458)

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

Period End Backlog (amounts in thousands of dollars)

	Sept. 30, 2016	June 30, 2016	Mar. 31, 2016	Dec. 31, 2015	Sept. 30, 2015
Emergency Response Vehicles*	\$ 149,752	\$ 152,177	\$ 160,392	\$ 156,270	\$ 145,104
Fleet Vehicles and Services*	102,218	139,655	137,717	96,120	107,671
Motorhome Chassis *	19,114	11,197	16,235	12,401	21,776
Other Vehicles	-	-	3,737	4,949	-
Aftermarket Parts and Assemblies	1,012	1,005	815	1,019	783
Total Specialty Chassis & Vehicles	20,126	12,202	20,787	18,369	22,559
Total Backlog	<u>\$ 272,096</u>	<u>\$ 304,034</u>	<u>\$ 318,896</u>	<u>\$ 270,759</u>	<u>\$ 275,334</u>

* Anticipated time to fill backlog orders at September 30, 2016; 12 months or less for emergency response vehicles; 3 months or less for motorhome chassis; 5 months or less for fleet vehicles and services; and 1 month or less for other products.

Third Quarter 2016 Earnings Conference Call

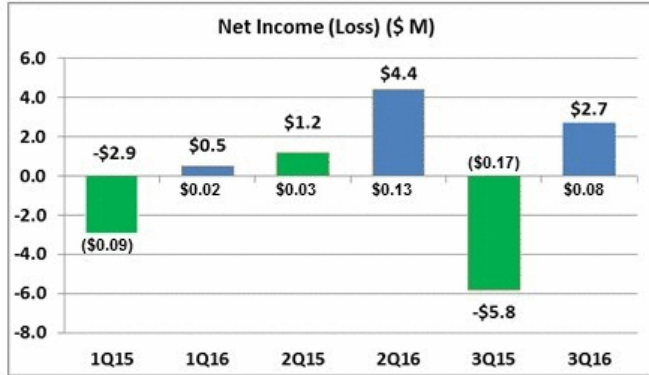
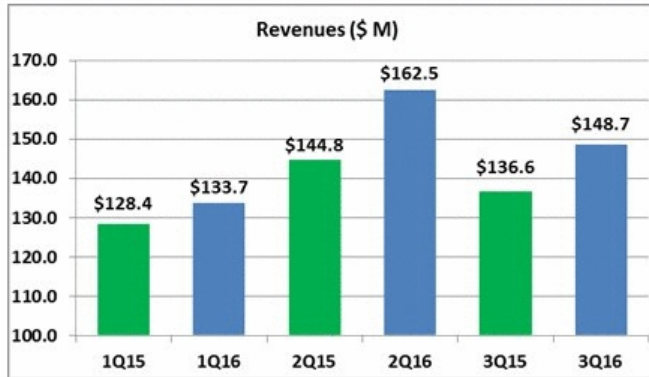


November 3, 2016

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, 2015, 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.

Third Quarter 2016 – Overview



- Sales for 3Q16 rose 8.9% to \$148.7M from \$136.6M
- Net income for 3Q16 increased \$8.5M to \$2.7M, or \$0.08 per share versus a loss of \$5.8M, or \$0.17 per share
- Strongest profitable YTD since 2009
- FVS posted significant revenue and operating income growth year/year
- SCV revenues impacted by customer one-time inventory adjustment
 - Motorhome backlog up \$7.9M from 2Q16
- ER operating loss improved \$1.8M in year/year
 - ER continues to be top priority of turnaround plan

3Q16 Business Update & Highlights

- Spartan Select program
 - Targets OEM's with most commonly selected options for easy ordering
 - Reduces lead time, complexity of order, engineering and build time
- S-180 Truck Program – Order to delivery in 180 days
 - Industry average delivery – 330 days
 - Addressable market 30% - 40%
 - Currently offering 9 Models
 - Significant dealer interest
 - Well received – momentum building
 - 10% - 15% of 4Q16 sales will be S-180 truck



3Q16 Business Highlights

- FVS (Utilimaster brand) receives USPS award to build prototypes for Next Generation Delivery Vehicle (NGDV)
- Awarded \$3.6M to help offset cost of prototype build
 - We expect to partner with OEM and others to help offset development costs
- Utilimaster was one of six vehicle manufacturers selected
 - AM General, Karsan, Mahindra, Oshkosh and VT Hackney
- Prototypes required to be delivered by Sep 2017
 - USPS testing of prototypes - period six months
 - Production requirements and replacement awards expected 1H18



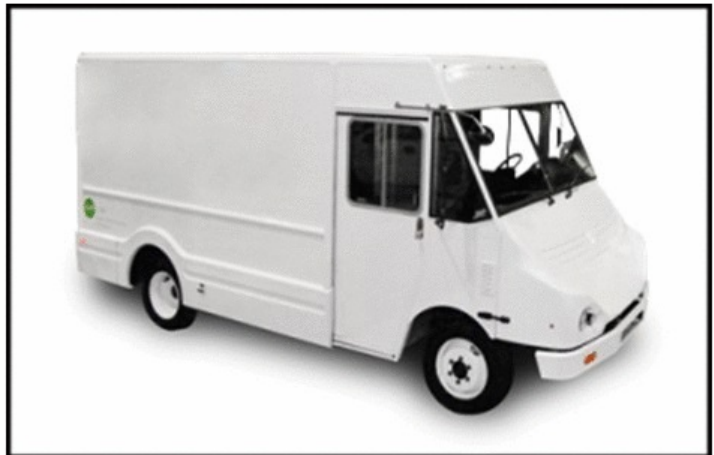
3Q16 Business Highlights

- In partnership with GM and Isuzu, produced the first new Chevrolet medium duty gasoline-powered truck in Charlotte, MI
 - Strong Chevy dealer network
 - Long standing partnership with Isuzu
- Construction of new 85,000 sq ft facility in Charlotte, MI continues at swift pace
 - Facility will host Isuzu's new F-series Class 6 on-highway cab-over commercial truck
 - Production will begin 2Q17
 - Facility will incorporate flexible production line
 - Easily reconfigured to accommodate the assembly of multiple product lines
 - Scalable to meet customer's delivery needs and accommodate changing business cycles



3Q16 Business Highlights

- Last mile delivery continues strong momentum
- Earlier in the year received order for over 1,500 Reach (Class 3/4) parcel delivery vehicles.
- Custom designed by Spartan for best in class utility, durability and fuel efficiency
- Produced in highly efficient flexible manufacturing line in Charlotte Michigan
- Units to be delivered in 2016 to support peak Holiday season

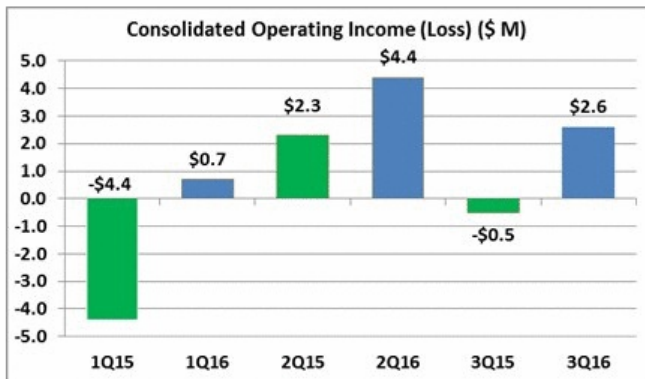
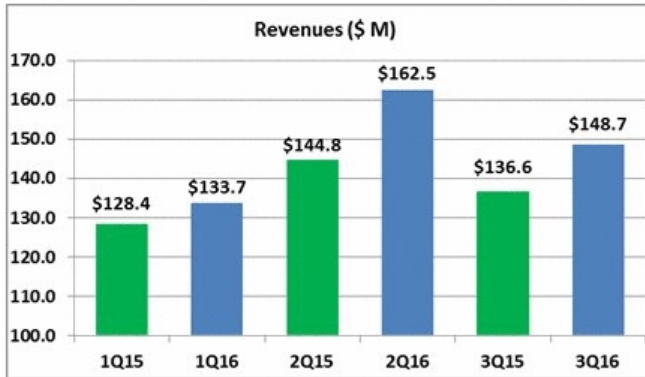


Financial Review - Third Quarter 2016



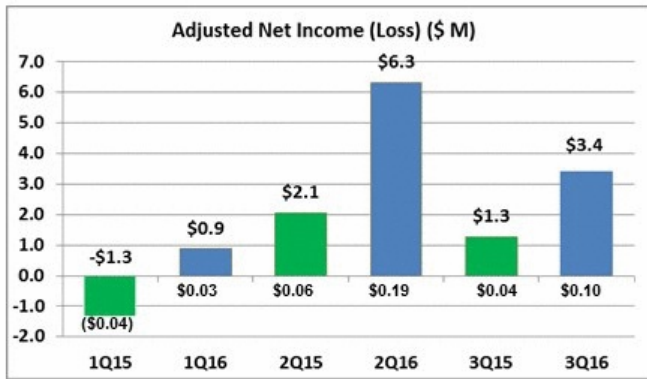
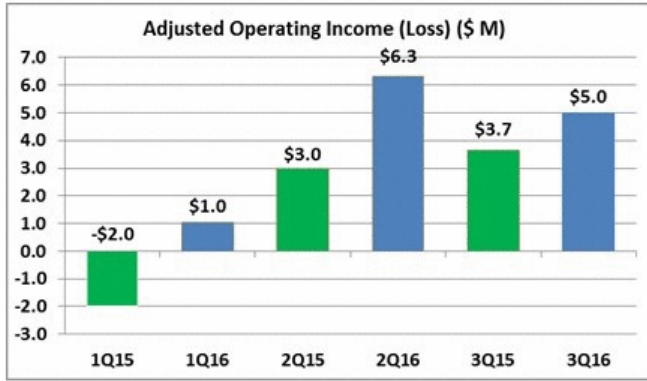
November 3, 2016

Third Quarter 2016 – Performance



- Sales for 3Q16 rose 8.9% to \$148.7M from \$136.6M
 - Driven by FVS topline growth
- Gross margin improved 270 bps to 12.1% from 9.4%
 - Due to favorable product mix
- Operating income increased 665.9% to \$2.6M from a loss of \$0.5M – 3Q16 includes:
 - Legacy product repair campaign reserve of \$1.7M
 - Restructuring charges of \$0.3M
 - Asset impairment of \$0.4M
- Operating margin up 200 bps to 1.7% from (0.3%)

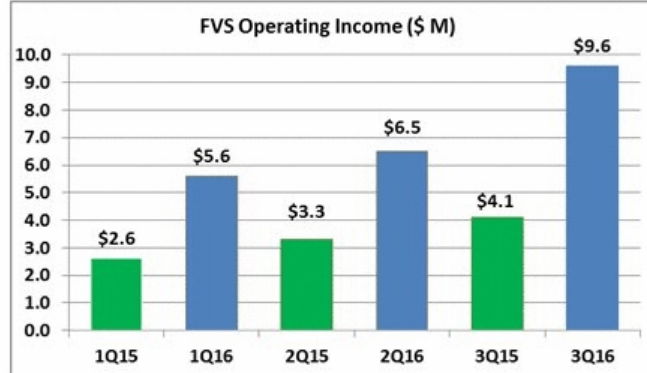
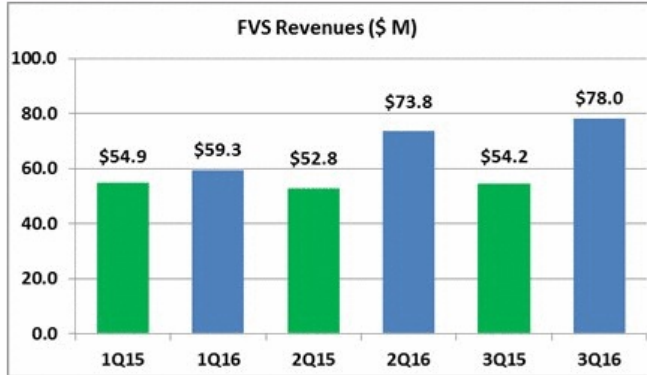
Third Quarter 2016 – Performance



- Adjusted operating income rose 35% to \$5.0M from \$3.7M
 - 3Q15 included similar charges:
 - Asset impairment of \$2.2M
 - Product repair campaign of \$1.4M
 - Restructuring charges of \$0.5M
- Adjusted net income grew 161% to \$3.4M from \$1.3M
- Adjusted EPS of \$0.10 per share compared to \$0.04 per share

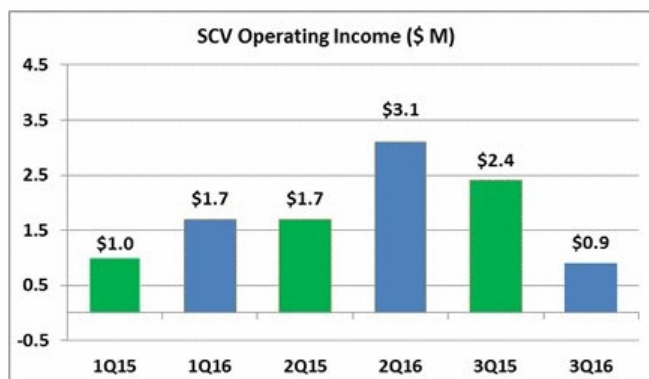
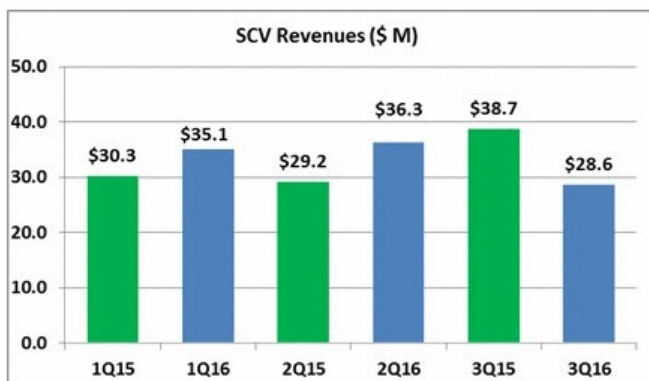
See GAAP reconciliation in Appendix

Fleet Vehicles & Services – 3Q16



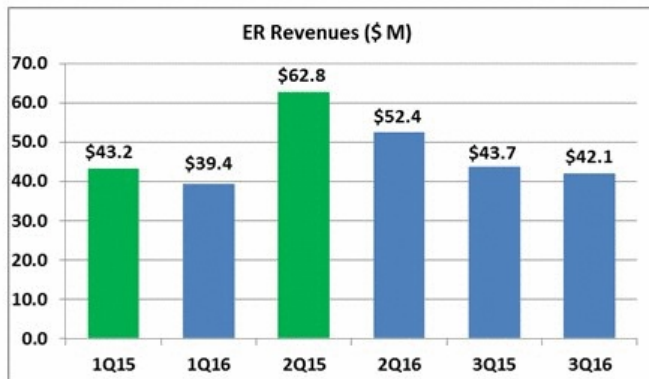
- Revenue up 43.9% to \$78.0M from \$54.2M
 - Higher Reach sales and increased up-fit revenues
- Operating income up 134% to \$9.6M from \$4.1M
 - Growth in up-fit revenue at more favorable margins
- Operating margin of 12.3%, up 480 bps
 - Up-fit units pulled forward into 3Q16 to meet customer demand
 - Expect 4Q16 operating margin to return to a more normalized level
 - No follow-on up-fit orders
 - Increased R&D for USPS prototype build
 - Backlog of \$102.2M compared to \$107.7M at Sep 30, 2015

Specialty Chassis & Vehicles – 3Q16

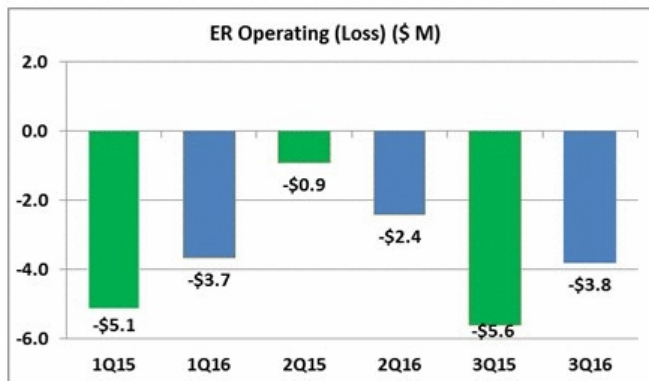


- Revenue down 26.1% to \$28.6M from \$38.7M
 - Motorhome sales down 31.1% to \$22.3M from \$32.4M
 - Lower shipments due to customer one-time inventory adjustment
- Operating income decreased 63% to \$0.9M from \$2.4M
 - Lower sales volumes offset by contribution from favorable contract manufacturing margins
 - Operating income margin of 3.0%, down 320 bps from 6.2%
- Backlog up \$7.9M, or 64.9%, to \$20.1M compared to \$12.2M at June 30, 2016
- Backlog at Sep 30, 2015 was \$22.6M

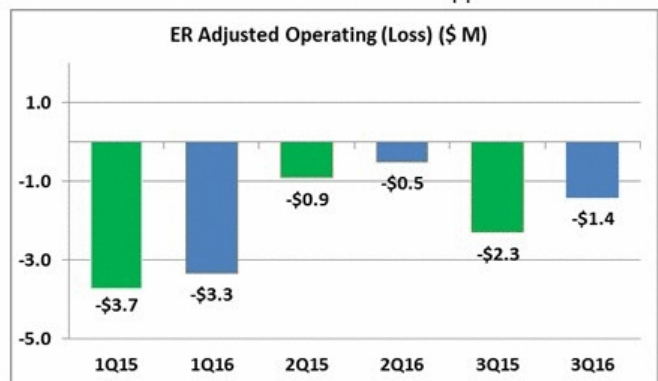
Emergency Response – 3Q16



- Revenue down 3.7% to \$42.1M from \$43.7M
 - Fewer shipments of complete fire apparatus and custom cab and chassis
- Operating loss decreased to \$3.8M from \$5.6M a year ago
- Adjusted operating loss improves \$0.9M to (\$1.4M) from (\$2.3M)
- Backlog of \$149.8M compared to \$145.1M at Sep 30, 2015



See GAAP reconciliation in Appendix



Balance Sheet – 3Q16

Spartan Motors Summary Balance Sheet

	Sept 30, 2016 <small>(unaudited)</small>	Dec 31, 2015	Sept 30, 2015 <small>(unaudited)</small>
Assets			
Cash	\$ 39,986	\$ 32,701	\$ 20,887
Accts Receivable	70,482	56,617	68,521
Inventory	67,960	60,558	78,533
PP&E	50,998	47,320	47,799
Other Assets	31,822	30,955	32,745
Total Assets	\$ 261,248	\$ 228,151	\$ 248,485
Liabilities & Shareholders' Equity			
Accts Payable	\$ 44,140	\$ 27,318	\$ 38,923
Long-term Debt	90	5,124	5,155
Other Liabilities	63,447	47,218	44,427
Total Liabilities	\$ 107,677	\$ 79,660	\$ 88,505
Shareholders' Equity	153,571	148,491	159,980
Total Liabilities & Equity	\$ 261,248	\$ 228,151	\$ 248,485
Total Liquidity			
Cash	\$ 39,986	\$ 32,701	\$ 20,887
Net Borrowing Capacity	50,322	26,202	28,751
Total Liquidity	\$ 90,308	\$ 58,903	\$ 49,638

- Cash on hand up \$19.0M from a year ago to \$40.0M
- Inventory reduced by \$10.6M to \$68.0M from \$78.5M a year ago
- Total liquidity improves \$40.7M to \$90.3M from \$49.6M a year ago
- Subsequent to 3Q16, on Oct 31, 2016, paid off the \$5M Prudential note with cash on hand
- Also on Oct 31, 2016, upsized our credit facility to \$100M from \$70M at essentially the same terms.

2nd Half Outlook – 2016

- Order intake remains strong - \$272.1M backlog at September 30, 2016
- Strong operating results generating cash in excess of WC requirements
- Anticipate flat sales growth year over year for 4Q16
- 4th quarter expected to be profitable, including increased R&D costs relating to USPS prototypes
- Income tax expense now expected to be essentially zero
- Maintaining previously stated EPS guidance – midpoint \$0.225

(\$ M except per share)	Current Guidance			Previous Guidance		
	Low	High	Mid-point	Low	High	Mid-point
Revenue	\$570.0	\$590.0	\$580.0	Unchanged		
Operating income	\$8.0	\$10.0	\$9.0	Unchanged		
Restructuring expense	\$0.5	\$1.0	\$0.8	Unchanged		
Income tax expense	\$0.0	\$0.0	\$0.0	\$1.0	\$1.2	\$1.1
Earnings per share	\$0.20	\$0.25	\$0.23	Unchanged		

Closing Remarks

- Results for the nine months ended 2016 – strongest since 2009
 - Highlights YTD 2016 compared to YTD 2015 include:
 - Sales up 8.6% to \$444.9M from \$409.8M
 - Operating income up 410% to \$7.7M from a loss of \$2.5M
 - Adjusting operating income up 111% to \$12.4M from \$5.9M
 - Net income improves \$15.2M to \$7.7M, or \$0.22 per share, from a loss of \$7.5M, or \$0.22 per share
 - Adjusted net income up 249% to \$9.4M, or \$0.27 per share, from \$2.7M, or \$0.08 per share
 - Strategy and turnaround plan are working – we've made progress
 - New management team in place showing improved financial results
 - Employees have embraced turnaround strategy and making significant contribution
 - We remain focused on improving the business and increasing shareholder value



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APPENDIX

Reconciliation of Non-GAAP Financial Measures

This presentation contains adjusted operating income, adjusted net income and adjusted earnings per share, which are Non-GAAP financial measures. These 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, along with non-recurring charges related to a regulatory settlement, asset impairments and product repair campaigns. 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 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 a measurement of our financial performance under GAAP and should not be considered as an alternative to operating income, net income and 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 operating income (loss) to adjusted operating income (loss), net income to adjusted net income and earnings per share to adjusted earnings per share for the periods indicated. Amounts may not sum due to rounding.

A close-up photograph of a black car grille. The grille has a honeycomb pattern. In the upper right corner, there is a badge with the word 'SPARTAN' in white capital letters and a red stylized 'S' logo. The background is dark and slightly blurred.

FOR MORE INFORMATION:

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