

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): August 4, 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))
-

**Item 2.02 Results of Operations and Financial Condition**

On August 4, 2016, Spartan Motors, Inc. issued a press release announcing its financial results for the quarter ended June 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 August 4, 2016 regarding the financial results for the quarter ended June 30, 2016.

99.2 Investor presentation dated August 4, 2016 regarding the financial results for the quarter ended June 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: August 4, 2016

/S/ Frederick J. Sohm

By: Frederick J. Sohm

Its: Chief Financial Officer and Treasurer

**SPARTAN MOTORS REPORTS SECOND QUARTER 2016 EPS OF \$0.13**  
**SECOND-QUARTER NET INCOME \$4.4 MILLION, RISES 272%, ON 12% SALES GROWTH**  
**RAISES 2016 MIDPOINT EPS GUIDANCE BY 12.5%**

**CHARLOTTE, Mich., August 4, 2016** - Spartan Motors, Inc. (NASDAQ: SPAR) (“Spartan” or the “Company”) today reported operating results for the second quarter of 2016. The Company reported net income of \$4.4 million, or \$0.13 per share, compared to a \$1.2 million, or \$0.03 per share in the second quarter of 2015.

**SECOND QUARTER 2016 HIGHLIGHTS**

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

- *Sales increased 12.2% to \$162.5 million from \$144.8 million*
- *Gross margin improved 80 basis points to 12.8% of sales compared to 12.0% of sales*
- *Operating expenses declined 30 basis points to 10.1% of sales from 10.4% of sales*
- *Operating income increased 86.7% to \$4.4 million from \$2.3 million*
- *Adjusted operating income rose 111.2% to \$6.3 million from \$3.0 million*
- *Net income grew 272% to \$4.4 million, or \$0.13 per share, versus \$1.2 million, or \$0.03 per share*
- *Adjusted net income rose \$4.2 million to \$6.3 million, or \$0.19 per share, versus \$2.1 million, or \$0.06 per share*
- *Cash balance increased 93% to \$39.8 million at June 30, 2016, up from \$20.6 million at June 30, 2015*
- *Order backlog increased to \$304.0 million at June 30, 2016, from \$262.7 million at June 30, 2015*
- *Repurchased 421,692 shares at an average price of \$4.74 per share, or \$2 million in the aggregate*

“We are pleased with the operating results achieved for the quarter as we continue to show improvement and incremental, sequential quarterly progress in all three business segments,” said Daryl Adams, President and Chief Executive Officer of Spartan Motors. “Our process improvement and lean initiatives introduced as part of our multi-year turnaround plan, together with a focused execution of our business plan, are generating operational efficiencies and driving increased profitability. Our employees have embraced this transformation, and, as a result of their contributions, we are pleased to report Spartan’s strongest profitable quarter since the second quarter of 2009.”

---

### ***Fleet Vehicles and Services (FVS) Second Quarter Results (formerly Delivery & Service Vehicles)***

FVS segment revenue grew to \$73.8 million from \$52.8 million, an increase of 39.8%. Revenue growth was primarily due to increased vehicle sales and higher volume at vehicle up-fit centers.

Operating income for the segment increased \$3.2 million to \$6.5 million, or to 8.8% of sales, from \$3.3 million, or 6.2% 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 during the first quarter.

Segment backlog at June 30, 2016 totaled \$139.7 million compared to \$137.7 million at March 31, 2016.

### ***Specialty Chassis & Vehicles (SCV) Second Quarter Results***

SCV segment revenue grew to \$36.3 million from \$29.2 million, an increase of 24.3%. Sales of motorhome chassis rose 24.2% to \$24.5 million from \$19.7 million, due primarily to higher unit shipments year-over-year and to a lesser extent, from price changes enacted during the current quarter. Increased levels of contract manufacturing combined with sales from the completion of our defense vehicle build accounted for the majority of the revenue growth. Operating income increased to \$3.1 million from \$1.7 million last year, an 83% increase.

Segment backlog at June 30, 2016 totaled \$12.2 million compared to \$20.8 million at March 31, 2016.

### ***Emergency Response (ER) Second Quarter Results***

ER segment revenue decreased \$10.4 million, or 16.6%, to \$52.4 million from \$62.8 million. Lower revenue resulted from fewer shipments of complete fire apparatus and custom cab and chassis compared to the second quarter of 2015, which included an international multi-unit order.

The ER segment reported an operating loss of \$2.4 million in the second quarter, an increase of \$1.5 million from an operating loss of \$0.9 million in the second quarter of 2015. ER adjusted operating loss for the quarter improved \$0.4 million to \$0.5 million from an adjusted operating loss of \$0.9 million last year.

Segment backlog at June 30, 2016 totaled \$152.2 million compared to \$160.4 million at March 31, 2016.

### ***Second Half 2016 Outlook***

“Our balance sheet remains strong, with cash on hand improving by \$19.2 million year-over-year to \$39.8 million,” said Rick Sohm, Chief Financial Officer of Spartan Motors. “Our strong operating results continue to generate cash in excess of our working capital requirements, which enabled us to repurchase in open market transactions approximately 422,000 shares for \$2.0 million during the quarter. Looking forward to the second-half of 2016, we anticipate modest year-over-year sales growth and continued operational improvements allowing us to raise the mid-point of our EPS guidance by 12.5%.”

The company now 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, up from previous guidance of \$7.0 - \$10.0 million
  - Income tax expense of \$1.0 - \$1.2 million, unchanged
  - Earnings per share of \$0.20 to \$0.25 (midpoint \$0.225) up from previous guidance of \$0.15 to \$0.25 (midpoint \$0.20), assuming approximately 34.5 million shares outstanding
-

Adams added, “Although we are still implementing and executing a multi-year turnaround plan, our first-half performance indicates strong progress in our transformation, as we work as one Spartan team to engage with customers and create superior products and services, improve our profitability and increase our 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 regulatory settlement and a multi-unit order fulfilled in 2015. 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.

---



**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](http://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](http://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](http://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](http://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 &  
Director of Investor Relations  
Spartan Motors, Inc.  
(517) 543-6400

---

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

	June 30, 2016 (Unaudited)	December 31, 2015
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 39,764	\$ 32,701
Accounts receivable, less allowance of \$702 and \$130	69,625	56,617
Inventories	59,829	60,558
Income taxes receivable	1,314	1,755
Other current assets	3,869	3,506
<b>Total current assets</b>	<u>174,401</u>	<u>155,137</u>
<b>Property, plant and equipment, net</b>	49,904	47,320
<b>Goodwill</b>	15,961	15,961
<b>Intangible assets, net</b>	6,739	7,093
<b>Deferred income taxes, net</b>	644	644
<b>Other assets</b>	2,124	1,996
<b>TOTAL ASSETS</b>	<u>\$ 249,773</u>	<u>\$ 228,151</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 38,664	\$ 27,318
Accrued warranty	17,030	16,610
Accrued customer rebates	2,076	2,681
Accrued compensation and related taxes	11,162	8,684
Deposits from customers	18,615	13,095
Other current liabilities and accrued expenses	4,248	3,922
Current portion of long-term debt	64	63
<b>Total current liabilities</b>	<u>91,859</u>	<u>72,373</u>
<b>Long-term debt, less current portion</b>	5,105	5,124
<b>Other non-current liabilities</b>	2,330	2,163
<b>Total liabilities</b>	<u>99,294</u>	<u>79,660</u>
Commitments and contingencies		
<b>Shareholders' equity:</b>		
Preferred stock, no par value; 2,000 shares authorized (none issued)	-	-
Common stock, \$0.01 par value; 40,000 shares authorized; 34,431 and 34,271 outstanding	344	343
Additional paid in capital	76,329	76,472
Retained earnings	74,461	72,326
<b>Total Spartan Motors, Inc. shareholders' equity</b>	<u>151,134</u>	<u>149,141</u>
Non-controlling interest	(655)	(650)
<b>Total shareholders' equity</b>	<u>150,479</u>	<u>148,491</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>\$ 249,773</u>	<u>\$ 228,151</u>



**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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Sales	\$ 162,537	\$ 144,824	\$ 296,263	\$ 273,196
Cost of products sold	141,730	127,263	259,635	243,765
Restructuring charge	-	119	-	455
<b>Gross profit</b>	<b>20,807</b>	<b>17,442</b>	<b>36,628</b>	<b>28,976</b>
Operating expenses:				
Research and development	1,807	1,164	3,031	2,633
Selling, general and administrative	14,397	13,241	27,962	26,843
Restructuring charge	227	692	567	1,512
Total operating expenses	16,431	15,097	31,560	30,988
<b>Operating income (loss)</b>	<b>4,376</b>	<b>2,345</b>	<b>5,068</b>	<b>(2,012)</b>
Other income (expense):				
Interest expense	(88)	(112)	(202)	(202)
Interest and other income	95	31	154	157
Total other income (expense)	7	(81)	(48)	(45)
Income (loss) before taxes	4,383	2,264	5,020	(2,057)
Taxes	9	1,088	102	(338)
Net Income (loss)	4,374	1,176	4,918	(1,719)
Less: net loss attributable to non-controlling interest	(5)	(1)	(5)	(16)
<b>Net income (loss) attributable to Spartan Motors Inc.</b>	<b>\$ 4,379</b>	<b>\$ 1,177</b>	<b>\$ 4,923</b>	<b>\$ (1,703)</b>
<b>Basic net earnings (loss) per share</b>	<b>\$ 0.13</b>	<b>\$ 0.03</b>	<b>\$ 0.14</b>	<b>\$ (0.05)</b>
<b>Diluted net earnings (loss) per share</b>	<b>\$ 0.13</b>	<b>\$ 0.03</b>	<b>\$ 0.14</b>	<b>\$ (0.05)</b>
Basic weighted average common shares outstanding	34,512	34,280	34,396	33,767
Diluted weighted average common shares outstanding	34,512	34,281	34,396	33,767

**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 & Services	Specialty Chassis & Vehicles	Other	
Emergency response vehicle sales	\$ 50,511	\$ -	\$ -	\$ -	\$ 50,511
Fleet vehicle sales	-	57,048	-	-	57,048
Motorhome chassis sales	-	-	24,479	-	24,479
Other specialty chassis and vehicles	-	-	8,226	-	8,226
Aftermarket parts and assemblies	1,867	16,768	3,638	-	22,273
Total Sales	<u>\$ 52,378</u>	<u>\$ 73,816</u>	<u>\$ 36,343</u>	<u>\$ -</u>	<u>\$ 162,537</u>
Operating Income (Loss)	\$ (2,407)	\$ 6,460	\$ 3,073	\$ (2,750)	\$ 4,376

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

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

	Business Segments				Consolidated
	Emergency Response	Fleet Vehicles & Services	Specialty Chassis & Vehicles	Other	
Emergency response vehicle sales	\$ 61,249	\$ -	\$ -	\$ -	\$ 61,249
Fleet vehicle sales	-	45,038	-	-	45,038
Motorhome chassis sales	-	-	19,714	-	19,714
Other specialty chassis and vehicles	-	-	5,904	-	5,904
Aftermarket parts and assemblies	1,503	7,802	3,614	-	12,919
Total Sales	<u>\$ 62,752</u>	<u>\$ 52,840</u>	<u>\$ 29,232</u>	<u>\$ -</u>	<u>\$ 144,824</u>
Operating Income (Loss)	\$ (909)	\$ 3,293	\$ 1,679	\$ (1,718)	\$ 2,345

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

**Period End Backlog (amounts in thousands of dollars)**

	June 30, 2016	Mar. 31, 2016	Dec. 31, 2015	Sept. 30, 2015	June 30, 2015
Emergency Response Vehicles*	\$ 152,177	\$ 160,392	\$ 156,270	\$ 145,104	\$ 148,762
Fleet Vehicles and Services Backlog *	139,655	137,717	96,120	107,671	88,526
Motorhome Chassis *	11,197	16,235	12,401	21,776	23,196
Other Vehicles	-	3,737	4,949	-	-
Aftermarket Parts and Assemblies	1,005	815	1,019	783	2,194
Total Specialty Chassis & Vehicles Backlog	12,202	20,787	18,369	22,559	25,390
<b>Total Backlog</b>	<u>\$ 304,034</u>	<u>\$ 318,896</u>	<u>\$ 270,759</u>	<u>\$ 275,334</u>	<u>\$ 262,678</u>

\* Anticipated time to fill backlog orders at June 30, 2016; 11 months or less for emergency response vehicles; 2 months or less for motorhome chassis; 6 months or less for fleet vehicles and services; and 1 month or less for other products.

# Second Quarter 2016 Earnings Conference Call



August 4, 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](http://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.



# Business Segment Name Change

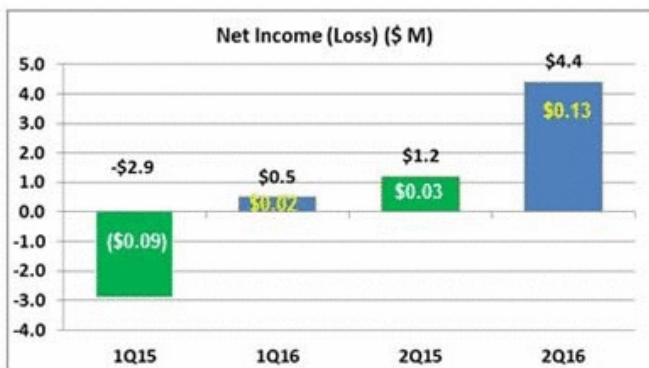
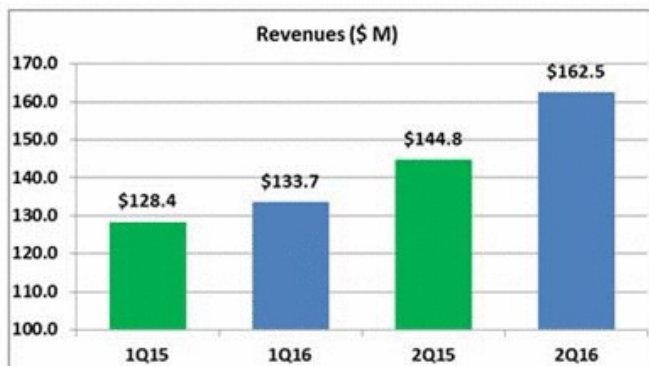
Delivery & Service Vehicles  
“DSV”



Fleet Vehicles & Services  
“FVS”

- More accurately reflects end-use customer, including:
- Large fleets – Delivery and Service
- Cargo management

# Second Quarter 2016 – Overview



- Sales for 2Q16 rose 12.2% to \$162.5M from \$144.8M
- Net income for 2Q16 increased \$3.2M to \$4.4M, or \$0.13 per share versus \$1.2M, or \$0.03 per share
- Strongest profitable quarter since 2Q09
- All segments reported improved sequential quarterly results from Q1 to Q2
- FVS and SCV posted significant revenue and operating income growth year/year
- ER operating loss improved \$1.3M in Q2 compared to Q1
- ER continues to be top priority of turnaround plan

# 2Q16 Business Highlights

- Launched Spartan Select and 180 Truck program at FDIC show in Indianapolis
  1. Spartan Select – Targets OEM's with most commonly selected options for easy ordering
    - Reduces lead time, complexity of order, engineering and build time
  2. 180 Truck Program – Order to delivery in 180 days
    - Industry average delivery – 330 days
    - Addressable market 30% - 40%
    - Currently 9 Models
    - Significant dealer





# 2Q16 Business Highlights

- Completed consolidation of Wakarusa, IN truck body consolidation to our Bristol facility
  - Improved manufacturing productivity
  - Reduced operating expenses



- Showcased innovative walk-in van for underground utility maintenance
  - Featuring hybrid electric auxiliary:
  - Odyne plug-in hybrid battery that feeds auxiliary power to utility maintenance equipment
  - Onboard air exchange system that provides cooled or heated fresh air



# 2Q16 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
  - Recently manufactured 30,000th N Gas Isuzu vehicle at Charlotte facility
  
- New Advanced Protection System for Class A Recreational vehicles
  - Collision mitigation
  - Electronic stability control
  - Adaptive cruise control
  - Integrated tow-vehicle airbrake system



# 2Q16 Business Highlights

- Broke ground on new 85,000 sq ft facility in Charlotte, MI
- 1Q17 will begin producing Isuzu's new F-series vehicles
  - Expands Isuzu's product offering into Class 6 on-highway commercial trucks
- 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



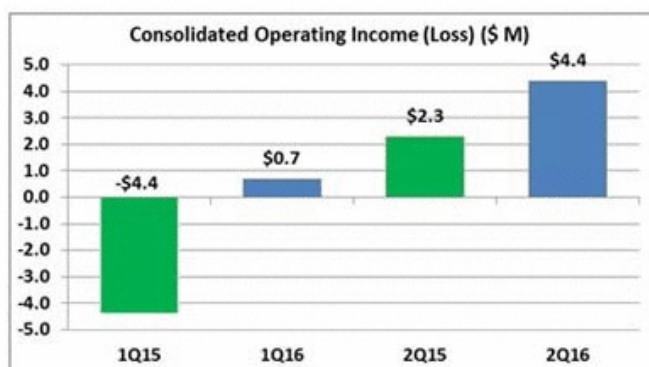
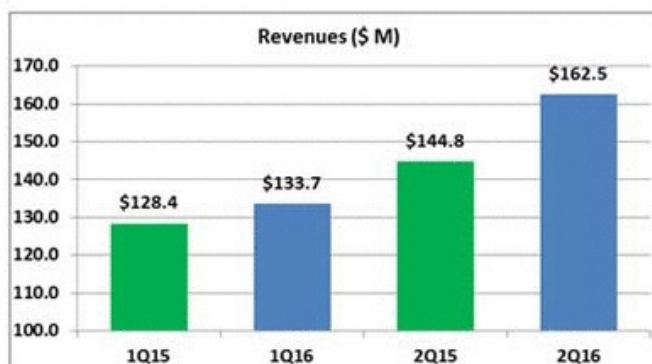
# Financial Review - Second Quarter 2016



August 4, 2016

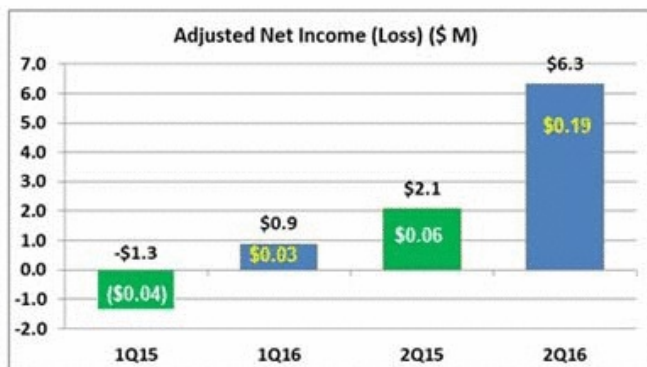
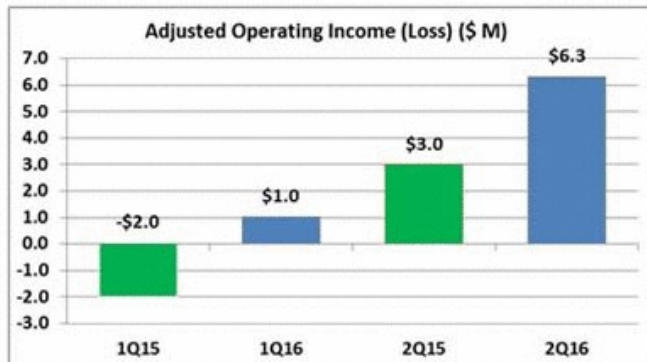
---

# Second Quarter 2016 – Performance



- Sales for 2Q16 rose 12.2% to \$162.5M from \$144.8M
  - Driven by FVS and SCV topline growth
- Gross margin improved 80 bps to 12.8% from 12.0%
  - Due to favorable product mix
- Operating income increased 86.7% to \$4.4M from \$2.3M – 2Q16 includes:
  - Legacy product recall reserve of \$1.7M
  - Restructuring charges of \$0.2M
  - Operating margin up 110 bps to 2.7% from 1.6%

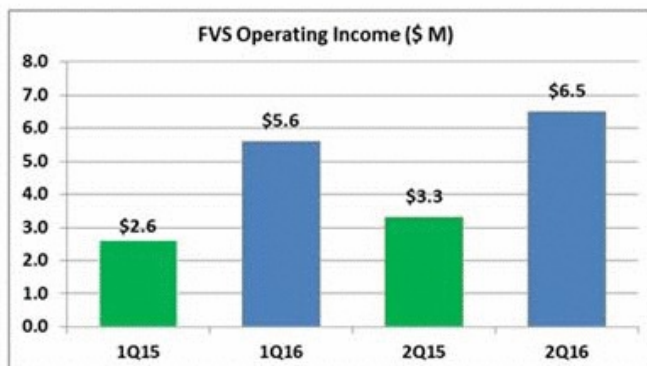
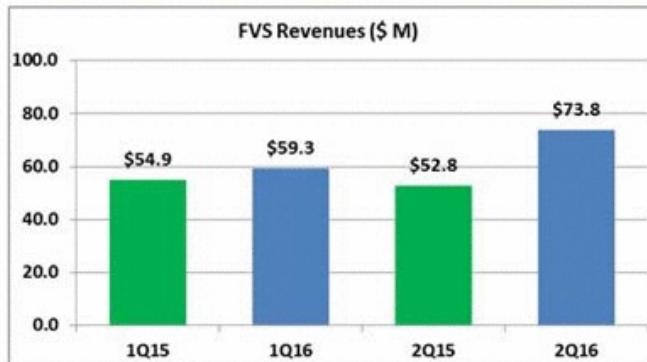
# Second Quarter 2016 – Performance



- Adjusted operating income more than doubled to \$6.3M from \$3.0M – 2Q15 included:
  - Restructuring charges of \$0.8M
  - Impact of non-recurring international orders of \$1.2M
  - NHTSA settlement of \$1.1M
- Adjusted net income grew 3-fold to \$6.3M from \$2.1M
- Adjusted EPS of \$0.19 per share compared to \$0.06 per share

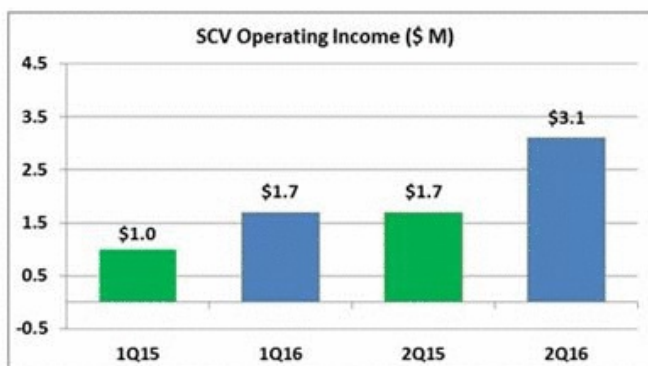
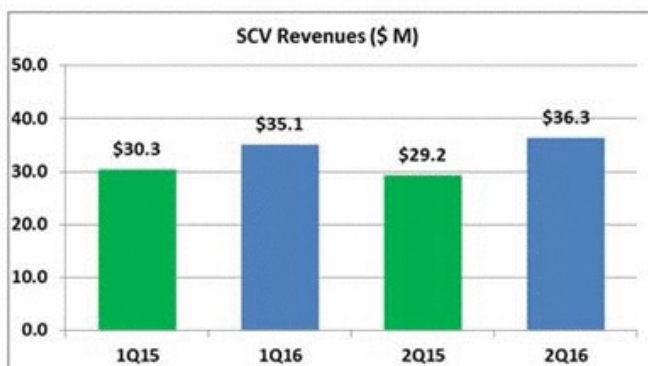
See GAAP reconciliation in Appendix

# Fleet Vehicles & Services – 2Q16



- Revenue up 39.8% to \$73.8M from \$52.8M
  - Higher Reach and Truck Body sales and increased up-fit revenues
- Operating income nearly doubled to \$6.5M from \$3.3M
  - Growth in up-fit revenue at more favorable margins
  - Operating margin of 8.8%, up 260 bps
- Backlog of \$139.7M compared to \$137.7M at March 31, 2016

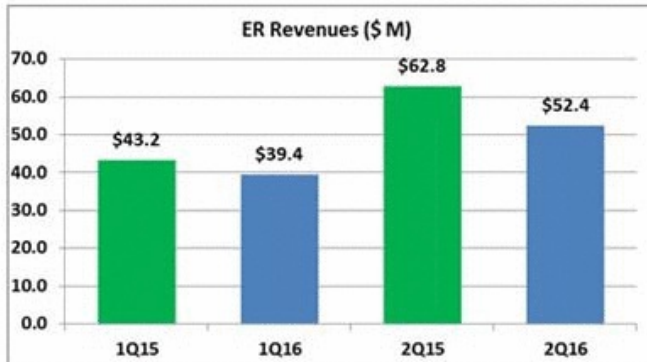
# Specialty Chassis & Vehicles – 2Q16



- Revenue up 24.3% to \$36.3M from \$29.2M
  - Motorhome sales up 24.2% to \$24.5M from \$19.7M
  - Increased contract manufacturing and ILAV build
- Operating income increased 83% to \$3.1M from \$1.7M
  - Contribution from favorable contract manufacturing mix
  - Operating income margin of 8.5%, up 280 bps from 5.7%
- Backlog of \$12.2M compared to \$20.8M at March 31, 2016



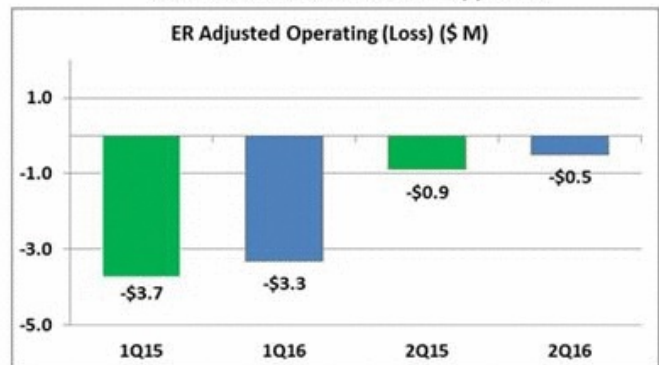
# Emergency Response – 2Q16



- Revenue down 16.6% to \$52.4M from \$62.8M
  - Fewer shipments of complete fire apparatus and custom cab and chassis
  - 2Q15 included a \$8.9M international multi-unit order
- Operating loss increased to \$2.4M from \$0.9M a year ago
- Adjusted operating loss improves \$0.4M to (\$0.5M) from (\$0.9M)
- Backlog of \$152.2M compared to \$160.4M at March 31, 2016



See GAAP reconciliation in Appendix



# Balance Sheet – 2Q16

## Spartan Motors Summary Balance Sheet

	Jun 30, 2015 <small>(unaudited)</small>	Dec 31, 2015	Jun 30, 2016 <small>(unaudited)</small>
<b>Assets</b>			
Cash	\$ 20,597	\$ 32,701	\$ 39,764
Accts Receivable	63,563	56,617	69,625
Inventory	69,943	60,558	59,829
PP&E	49,547	47,320	49,904
Other Assets	39,241	30,955	30,651
<b>Total Assets</b>	<b>\$ 242,891</b>	<b>\$ 228,151</b>	<b>\$ 249,773</b>
<b>Liabilities &amp; Shareholders' Equity</b>			
Accts Payable	\$ 30,517	\$ 27,318	\$ 38,664
Long-term Debt	5,171	5,124	5,105
Other Liabilities	41,577	47,218	55,525
<b>Total Liabilities</b>	<b>\$ 77,265</b>	<b>\$ 79,660</b>	<b>\$ 99,294</b>
Shareholders' Equity	165,626	148,491	150,479
<b>Total Liabilities &amp; Equity</b>	<b>\$ 242,891</b>	<b>\$ 228,151</b>	<b>\$ 249,773</b>
<b>Total Liquidity</b>			
Cash	\$ 20,597	\$ 32,701	\$ 39,764
Net Borrowing Capacity	29,618	26,202	49,920
<b>Total Liquidity</b>	<b>\$ 50,215</b>	<b>\$ 58,903</b>	<b>\$ 89,684</b>

- Cash on hand up \$19.2M from a year ago to \$39.8M
- Inventory reduced by \$10.1M to \$59.8M from \$69.9M a year ago
- Total liquidity improves \$39.5M to \$89.7M from \$50.2M a year ago
- Repurchased 422,000 shares for \$2M
- Paid \$1.7M in dividends during the quarter

## 2<sup>nd</sup> Half Outlook – 2016

- Order intake remains strong - \$304.0M backlog at June 30, 2016
- Strong operating results generating cash in excess of WC requirements
- Anticipate modest sales growth year over year for the 2<sup>nd</sup> half
- 3<sup>rd</sup> and 4<sup>th</sup> quarters are expected to be profitable
- Raising operating income range to \$8.0M - \$10.0M
- Raising EPS range to \$0.20 - \$0.25 per share

(\$ M except per share)	Revised Guidance			Previous Guidance		
	Low	High	Mid-point	Low	High	Mid-point
<b>Revenue</b>	\$ 570.0	\$ 590.0	\$ 580.0	\$ 570.0	\$ 590.0	\$ 580.0
<b>Operating income</b>	\$ 8.0	\$ 10.0	\$ 9.0	\$ 7.0	\$ 10.0	\$ 8.5
<b>Restructuring expense</b>	\$ 0.5	\$ 1.0	\$ 0.8	\$ 0.5	\$ 1.0	\$ 0.8
<b>Income tax expense</b>	\$ 1.0	\$ 1.2	\$ 1.1	\$ 1.0	\$ 1.2	\$ 1.1
<b>Earnings per share</b>	\$ 0.20	\$ 0.25	\$ 0.23	0.15	0.25	\$ 0.20



# Closing Remarks

- Added to Russell 2000 index June 27, 2016
- All segments reported improved sequential quarterly results for 1H16
  - FVS and SCV posted significant revenue and operating income growth year/year
  - ER continues to make good progress and is top priority of turnaround plan
    - On track to reach break-even run rate before the end of 2017
- 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



SPARTANMOTORS.COM

# 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 presentation 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 regulatory settlement and a multi-unit order fulfilled in 2015. 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.





FOR MORE INFORMATION:

Spartan Motors, Inc.  
Juris Pagrabs  
Group Treasurer &  
Director of Investor Relations  
517.997.3842

[www.spartanmotors.com](http://www.spartanmotors.com)