



COMMAND
YOUR ROAD.

INVESTOR PRESENTATION

June 2018

FORWARD LOOKING STATEMENTS

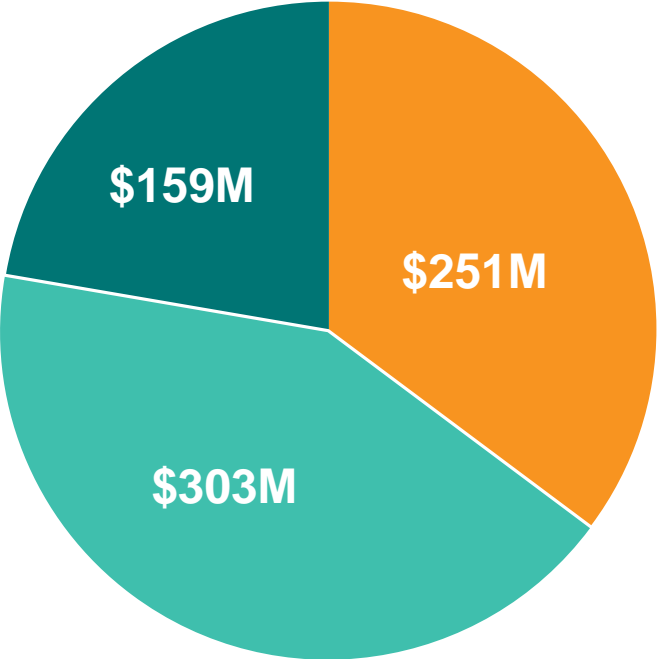


This presentation contains some forward-looking statements that are not historical facts, including statements concerning our business, financial strength, future plans, objectives, and the performance of our products. These statements can be identified by words such as “believe”, “expect”, “forecast”, “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, 2017, 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.

SPARTAN AT A GLANCE



SEGMENT OVERVIEW 2017 Sales



- Fleet Vehicles & Services (FVS)
- Emergency Response (ER)
- Specialty Chassis & Vehicles (SCV)



\$707M
2017 SALES



\$16M
2017 NET INCOME

\$31M
2017 ADJ. EBITDA



26 OPERATIONS
WITH FACILITIES IN 7
STATES & 3 COUNTRIES

Global leader in the design, engineering, manufacture, and service of purpose built specialty vehicles and chassis.



COMPANY TIMELINE



1975
2018

1975
Four young engineers joined to form Spartan Motors, Inc. and produced the first custom fire truck cab and chassis in a few short months



1983
Spartan launches The Gladiator Super Command chassis

1985
Spartan enters the Class A diesel RV chassis market



1994
Spartan supports the industry by launching the Fire Truck Training Conference, promoting education and category advancement for Emergency Vehicle Technicians



FTTC

1999
Spartan re-crafts the fire truck cab designing a flat floor and shorter engine tunnel for improved safety



2005
Spartan provides integration, final assembly, inspection, and logistics support for military vehicles (MRAP & ILAV) built for the Iraq War

2010
Spartan creates the Reach – the next generation commercial walk in van



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



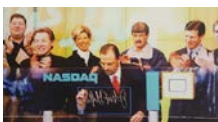
2011
Spartan Motors, Inc. acquires Classic Fire

2016
Spartan constructs a new flexible manufacturing facility in Charlotte, MI to meet the increasing need for contract manufacturing and assembly



1978
Spartan constructs "Plant 1", a 19,200 sq. ft. manufacturing facility, the first of many buildings to come to the Charlotte, MI campus

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



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

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



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



2009
Spartan Motors, Inc. acquires Utilimaster, Inc.



2011
Spartan begins production for Isuzu's N-Series gasoline engine, low-cab-forward trucks providing assembly, final inspection, and quality control



2015
Daryl Adams is appointed President & CEO



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



LEADERSHIP TEAM



“...I have never before been involved with a company that has so rapidly transformed itself under new leadership to create such a bright future for itself.”
Hugh Sloan, Retired Chairman of the Board

QUICK STATS & DRIVERS

- 161 years of combined executive leadership
- Lean manufacturing ethos
- Culture of accountability and proactivity
- Mantra of “no surprises”

SHARED SKILL SETS

- Big-company DNA
- Blended automotive and non-automotive experience
- Successful M&A activity
- Progressive experience



Daryl Adams
President & CEO



Tom Ninneman
COO



Tom Schultz
CAO



Rick Sohm
CFO



Chad Heminover
President, Fleet
Vehicles & Services



Tom Ninneman
Interim President,
Emergency Response

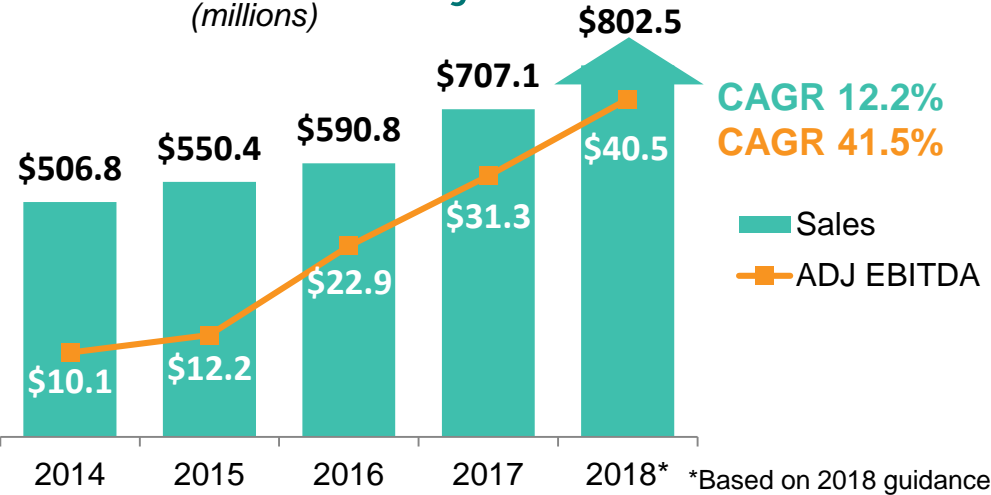


Steve Guillaume
President, Specialty
Chassis & Vehicles

SPARTAN MOTORS – BUSINESS SNAPSHOT



Sales & Adj. EBITDA
(millions)



TAM: \$5.2B



- eCommerce to grow 3x the rate of GDP by 2020

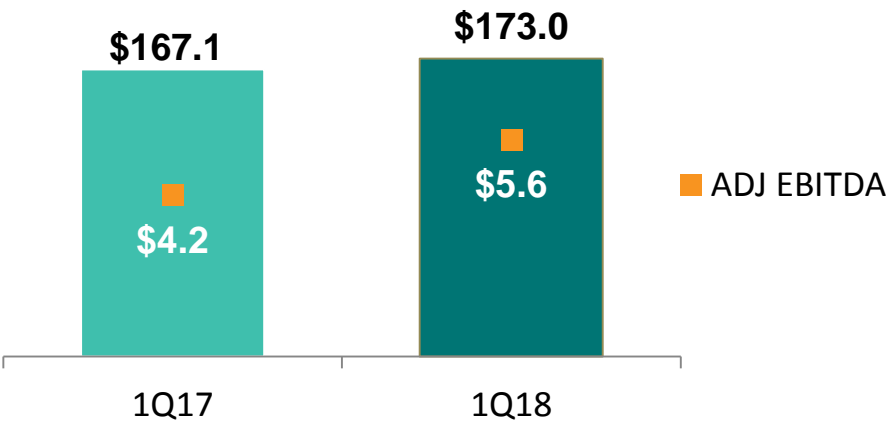


- 66% of all fire trucks are ten years or older

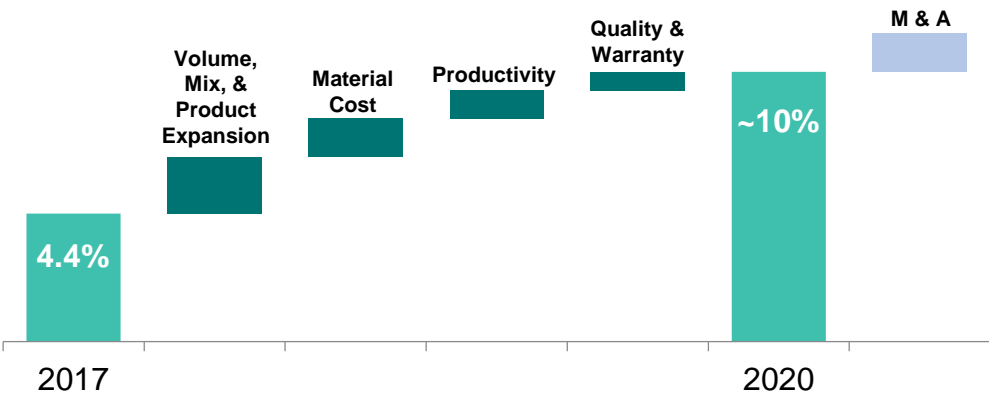


- 21% CAGR Class A Diesel >400 HP shipments ('12-'17)

1Q18 Sales & Adj. EBITDA
(millions)



2020 Goal – Adj. EBITDA %



FINANCIAL HIGHLIGHTS AND OUTLOOK



2017 Highlights

- Revenue up 20% to \$707.1M
- Net income up 85% to \$15.9M
- Adjusted EBITDA up 37% to \$31.3M
- EPS up 84% to \$0.46
- Adjusted EPS up 34% to \$0.43
- ER segment was profitable – achieving \$3.2M of adjusted EBITDA

2018 Guidance

	Low	Mid-point	High	MP % Increase Over 2017
<i>(millions except per share)</i>				
Revenue	\$790.0	\$802.5	\$815.0	13%
Net income	\$20.2	\$21.3	\$22.4	34%
Adjusted EBITDA	\$39.0	\$40.5	\$42.0	29%
EPS	\$0.58	\$0.61	\$0.64	33%
Adjusted EPS	\$0.60	\$0.63	\$0.66	47%

See GAAP reconciliation in Appendix

1Q 2018 Highlights

- Revenue up 4% to \$173.0M
- Gross Profit Margin improved 300 bps to 12.8% of sales
- Net income up 482% to \$4.2M
- Adjusted EBITDA up 34% to \$5.6M
- EPS up 500% to \$0.12
- Adjusted EPS up 125% to \$0.09
- ER segment profitable 3 qtrs. in a row
- Backlog increased \$203.3 million to \$554.6 million in 1Q18 from 1Q17

Completed turnaround in 2017 – now focused on growth strategy

MANUFACTURING IMPROVEMENTS – GAINING TRACTION



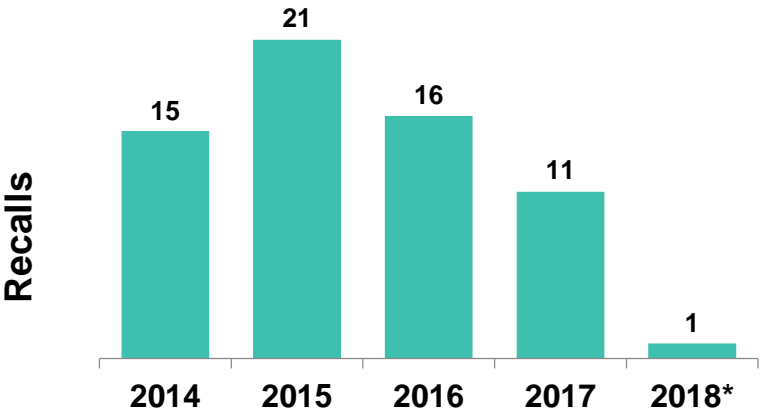
In 2017, we...

- Created network for standards and support
- Defined organization structure to support accountability
- Conducted extensive KPI deployment
- Established organizational priorities
 - SPS acceleration
 - Cost improvement
 - Focal point KPI's by facility
 - People development

SPS – Key KPI Initiatives

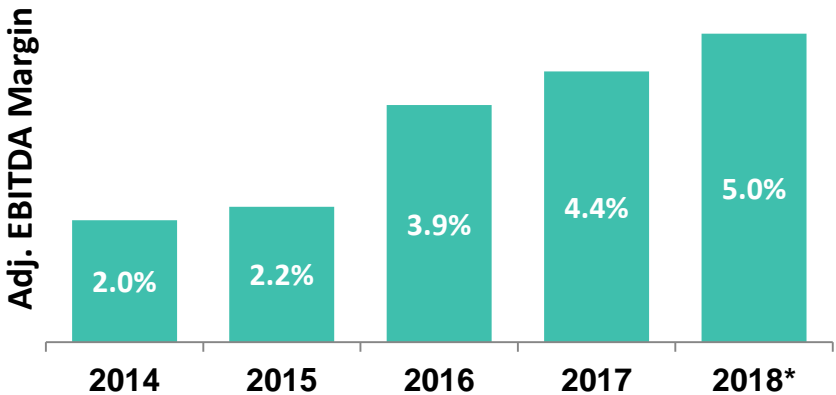
KPI	2017 vs. 2016
First Pass Yield	37 PPT's Improvement
On Time Delivery	14 PPT's Improvement
Direct Labor Efficiency	4 PPT's Improvement
Cost of Poor Quality	\$5.8M Improvement

Product Recalls



*Through 1Q18

Adjusted EBITDA Margin



*Based on 2018 Guidance
See GAAP reconciliation in Appendix



FLEET VEHICLES & SERVICES
(FVS)

FLEET VEHICLES & SERVICES



A leader in the fleet vehicle market, including truck bodies, walk-in vans, highly-customized global fleets, and vocation-specific upfits

Walk-in Vans



Truck Bodies



Cargo Van Upfits



FVS - GO-TO-MARKET STRATEGY



National Accounts/
Large Business Fleets

Leasing Companies

OEM Dealerships



FIAT CHRYSLER AUTOMOBILES

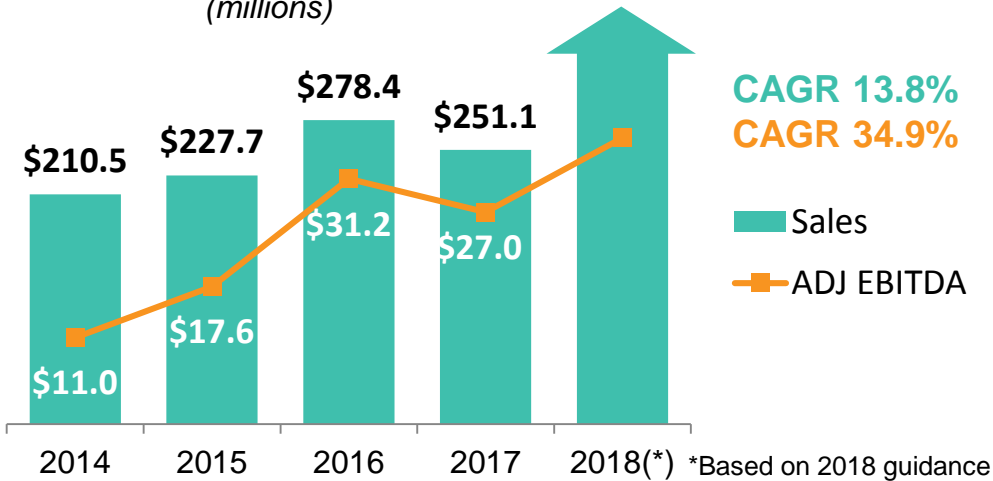


Mercedes-Benz

FVS – BUSINESS SNAPSHOT



Sales & Adj. EBITDA
(millions)

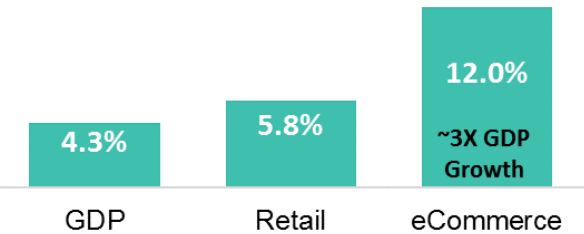


TAM: \$3.4B



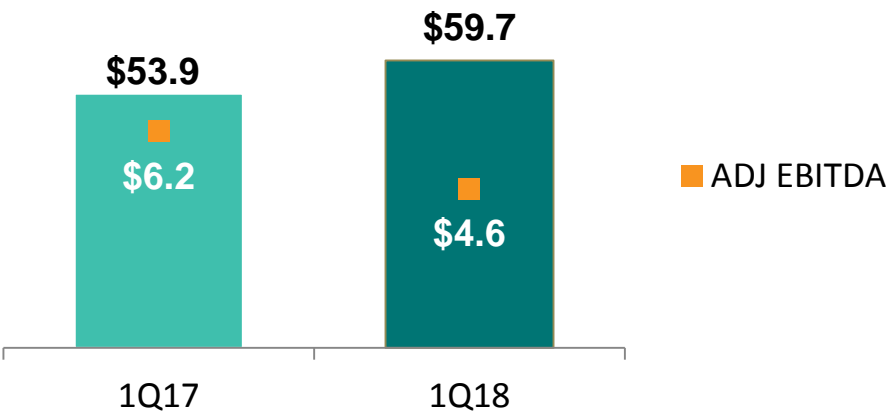
Expected Growth (CAGR) 2016-2020

32M packages delivered daily in 2016 will double to 64M by 2026

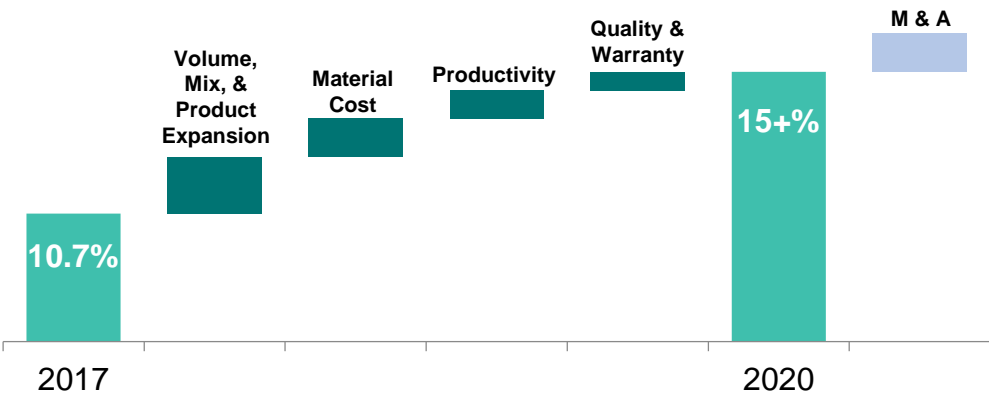


Note: Nominal GDP
Sources: FedEx, UPS Rates & Forecasting, eMarketer, Forrester

1Q18 Sales & Adj. EBITDA
(millions)



2020 Goal – Adj. EBITDA %



FVS – MARKET SHARE



TAM: \$2.2 Billion

TAM: \$1.2 Billion



WALK- IN VANS

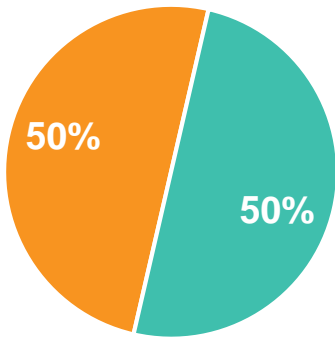
TRUCK BODIES

CARGO VAN UPFITS

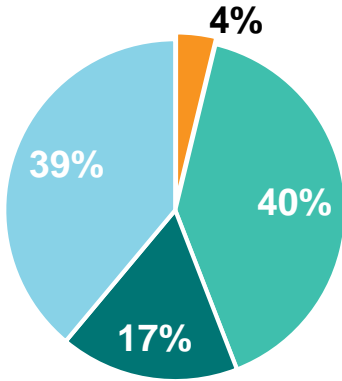
Walk-in Van Market Share

Truck Body Market Share

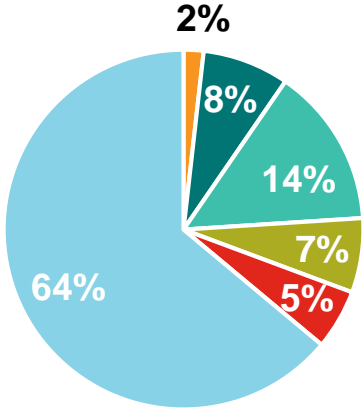
Van Up-fit Market Share



Utilimaster Morgan Olson



Utilimaster Morgan Corp Supreme Others



Utilimaster MasterRack
Adrian Steel Ranger Design
Weather Guard Regional Upfitters

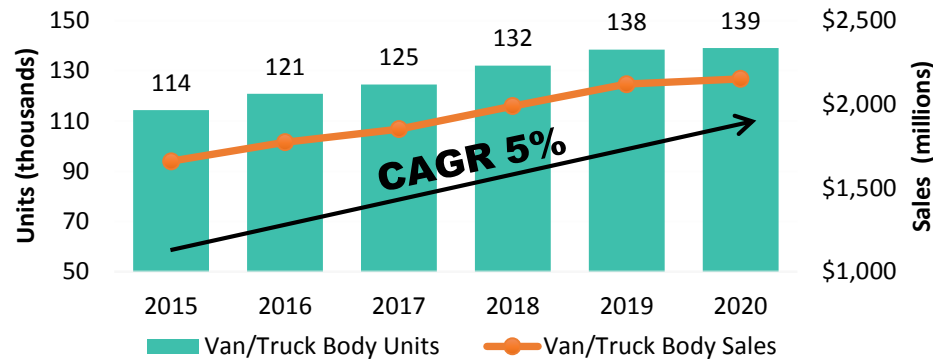
Utilimaster #3 in Van/Truck Body Market

FVS – VAN/TRUCK BODY & CARGO VAN UPFIT OUTLOOK



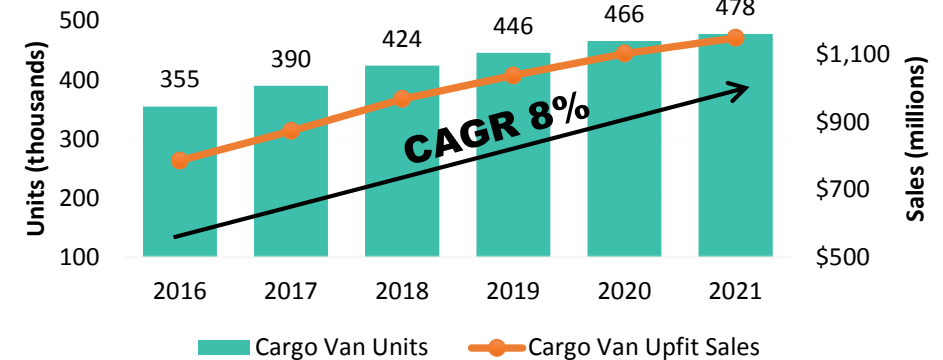
2020 / 2021 Total Addressable Market \$3.4 Billion

Van/Truck Body Market Growth



- FVS participates in the 3 largest product segments driven by fleet customers
 - Walk-in/style
 - Parcel Delivery
 - Dry Freight
- Supports growth strategy in Last Mile Delivery vehicles
- FVS 1Q18 Backlog up 194.2% to \$335.3M compared to \$114.0M at 1Q17
 - Includes \$214M USPS order

Cargo Van Upfit Market Growth



- FVS is well positioned to take advantage of the expanding cargo van segment
 - Ship-Thru programs in Saltillo, MX (Dodge Promaster) and Kansas City (Ford Transit)
- Growth driven by proven improvement efficiencies
 - Use of lighter weight material
 - Ergonomic equipment
 - Safety systems (rear view camera)
 - Quick turnaround time

FLEET GROWTH OPPORTUNITIES



\$3.4B Market Opportunity



Source



Distribution Hub



Doorstep



CLASS 1
GVWR
6,000 lbs.



CLASS 2
GVWR
10,000 lbs.



CLASS 3
GVWR
14,000 lbs.



CLASS 4
GVWR
16,000 lbs.



CLASS 5
GVWR
19,500 lbs.



CLASS 6
GVWR
26,000 lbs.

FVS – COMPETITIVE ADVANTAGE



Utility

ConEd | SDG&E



Food & Beverage

Coca-Cola | Frito Lay



Parcel

UPS | FedEx | USPS



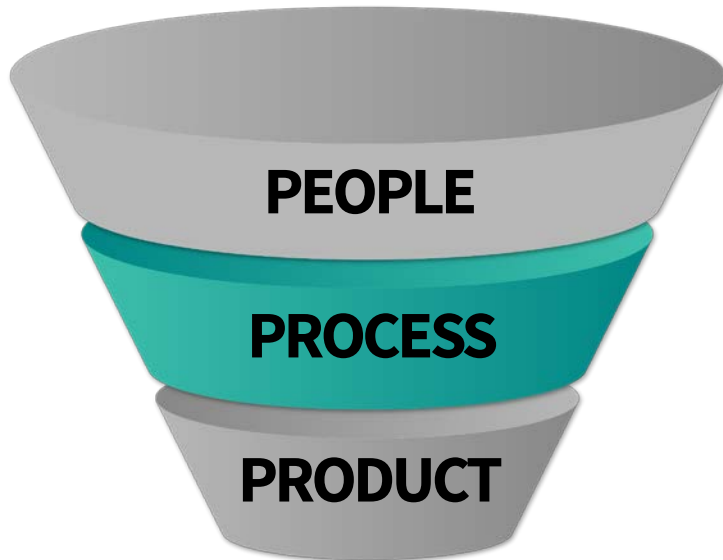
Linen & Laundry

Cintas | Aramark



Retail

Amazon | Sysco | Starbucks



Work-Driven Design = “The Utilimaster Difference”



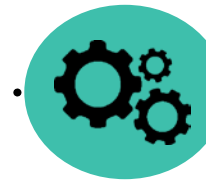
**Listen &
Learn**



**Needs
Assessment**



**Design &
Innovate**

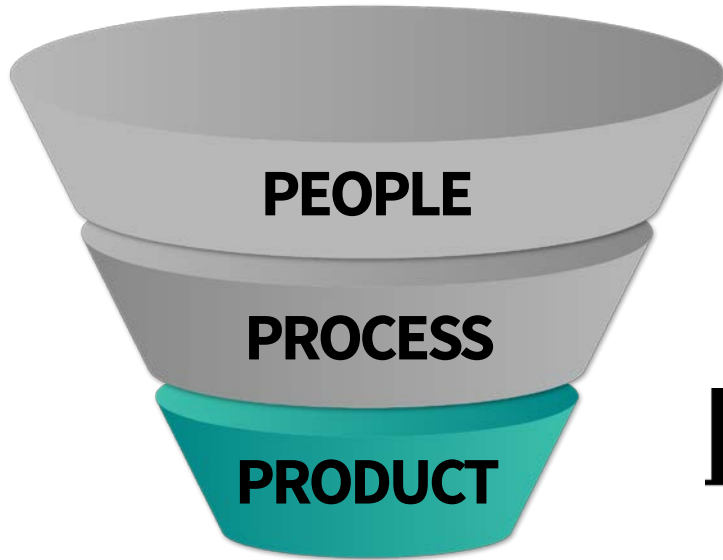


**Build &
Implement**



**Optimized
Partnership**

FVS – BUILDING LONG-TERM RELATIONSHIPS



Truck
Body



Walk-in
Van



Van Upfit



Parts



Field
Service

MOVEMENTS IN LAST MILE DELIVERY



- USPS cargo body contract
 - \$214M two-year contract – largest in SPAR's history
 - 2,141 vehicles, with 3rd year option
- Opportunity to expand truck body manufacturing footprint in Ephrata, PA
- New major fleet orders >2,900 units
- Investing in alternative propulsion technologies
 - Motiv Power Systems - all electric chassis
 - Durable, proven technology
- Expanding our refrigeration capabilities in Classes 1 – 3





EMERGENCY RESPONSE (ER)

EMERGENCY RESPONSE (ER)



A top three fire truck and cab & chassis manufacturer
with an emphasis on broad categorical coverage

Customers We Serve



Cabs & Chassis



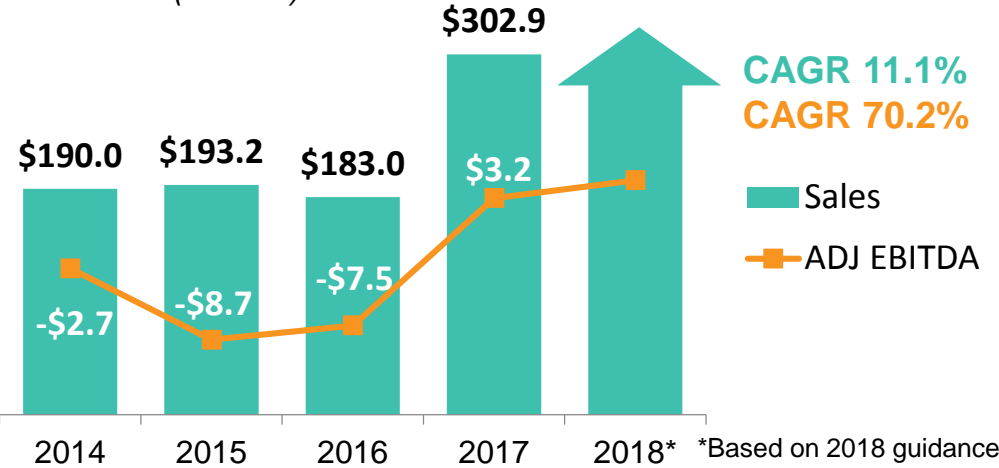
Complete Apparatus



ER – BUSINESS SNAPSHOT



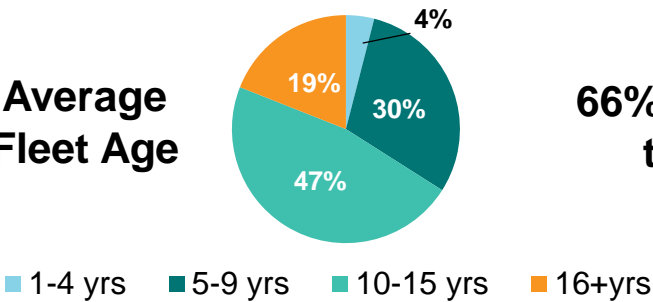
Sales & Adj. EBITDA
(millions)



TAM: \$1.2B



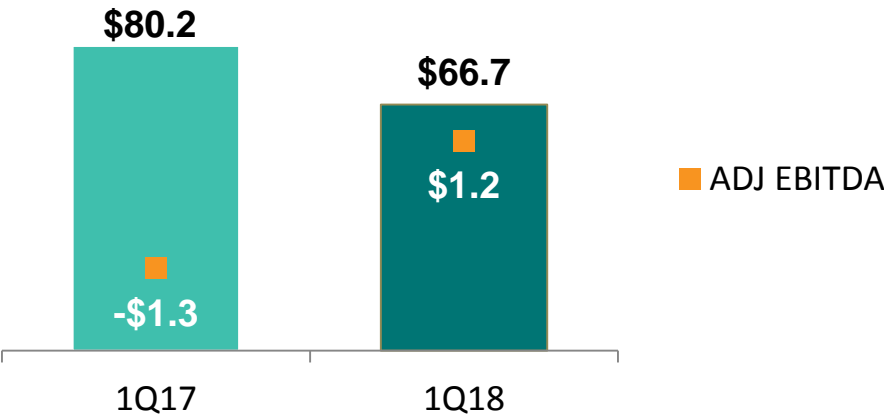
Average Fleet Age



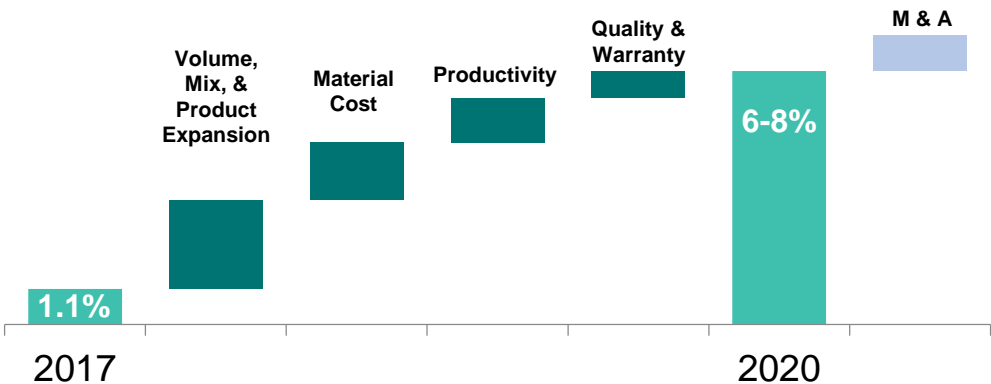
66% of all fire trucks are ten years or older

Source: FAMA shipped data and Management's estimates

1Q18 Sales & Adj. EBITDA
(millions)



2020 Goal – Adj. EBITDA %



ER – MARKET SHARE

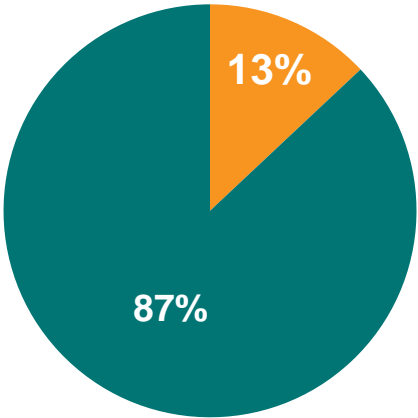


\$1.2 Billion Total Addressable Market



Pumpers

Pumper Market Share

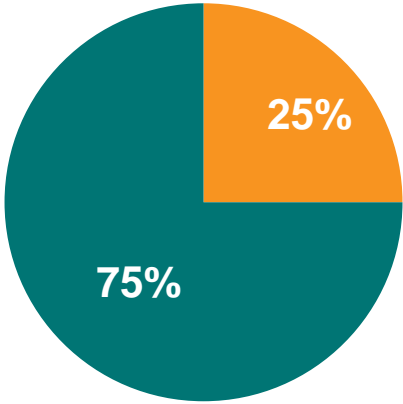


■ Spartan/Smeal ■ Pierce, REV, Rosenbauer, Other



Aerials

Aerial Market Share

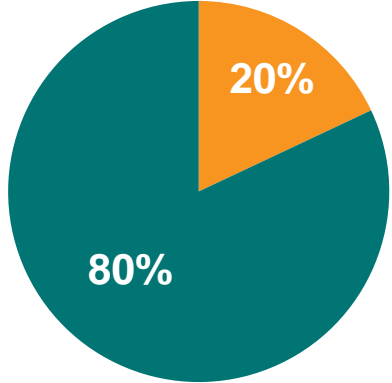


■ Spartan/Smeal ■ Pierce, REV, Rosenbauer, Other

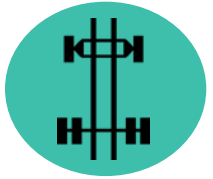


Fire Truck Cabs and Chassis

Chassis Market Share



■ Spartan/Smeal ■ Pierce, REV, Rosenbauer, Other



Spartan Independent Front Suspension (IFS)

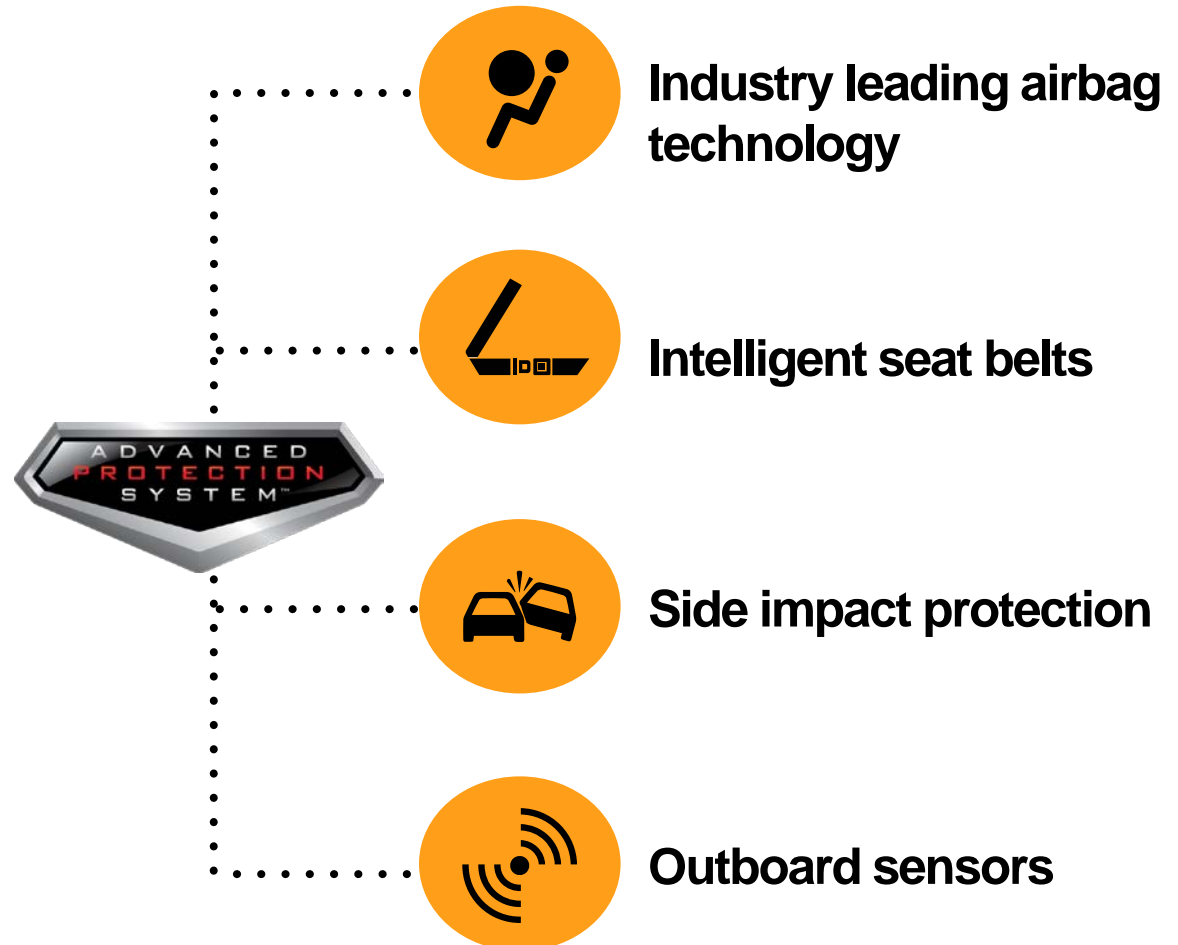
- Outperforms category leader
 - Product performance
 - Value equation



New 35K Axle

- Greater carry capacity
- Increased maneuverability

Spartan Advanced Protection System®





SPECIALTY CHASSIS &
VEHICLES (SCV)

SPECIALTY CHASSIS & VEHICLES (SCV)



The “Premier Foundation” (custom chassis) for Class A luxury diesel RVs, with a core competency in custom manufacturing and assembly for the light duty truck, specialty vehicle, and defense markets.

Customers We Serve



RV Chassis



Contract Manufacturing



Defense and Specialty

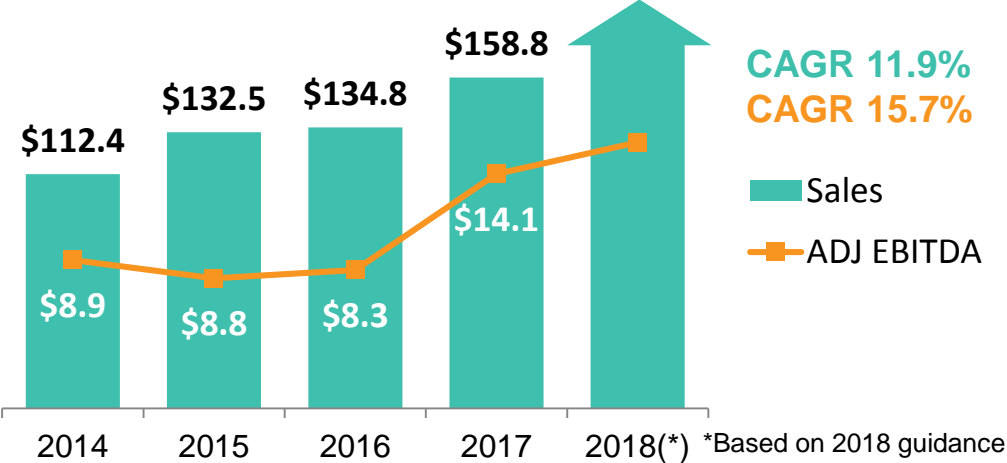


SCV – BUSINESS SNAPSHOT

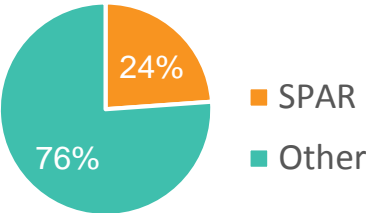


Sales & Adj. EBITDA
(millions)

TAM: \$620M



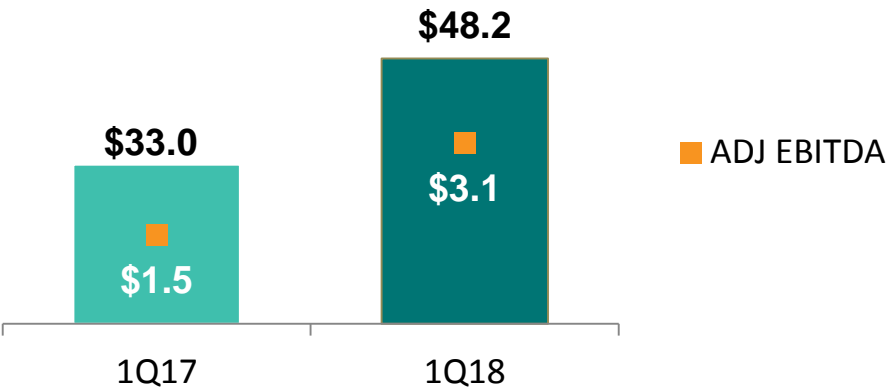
Class A Diesel >400hp



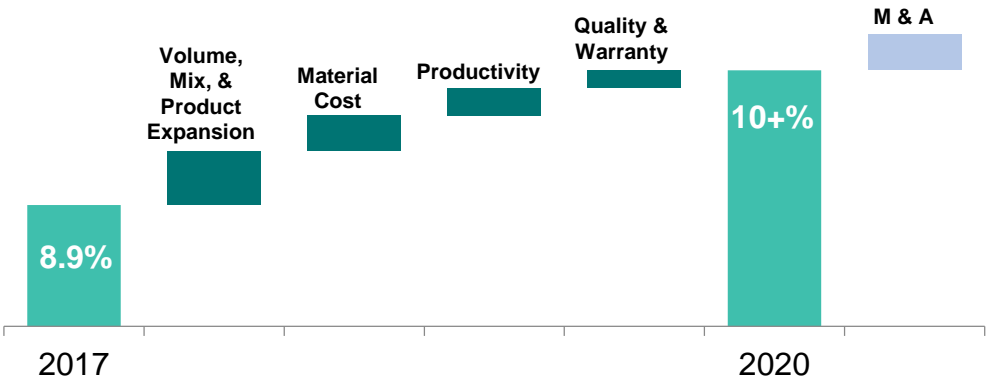
Spartan market share has seen positive growth of 30% since 2014

Source: Statistical Surveys MarketScope, 1/2008 – 12/2017, U.S. Data and Management's estimates

1Q18 Sales & Adj. EBITDA
(millions)



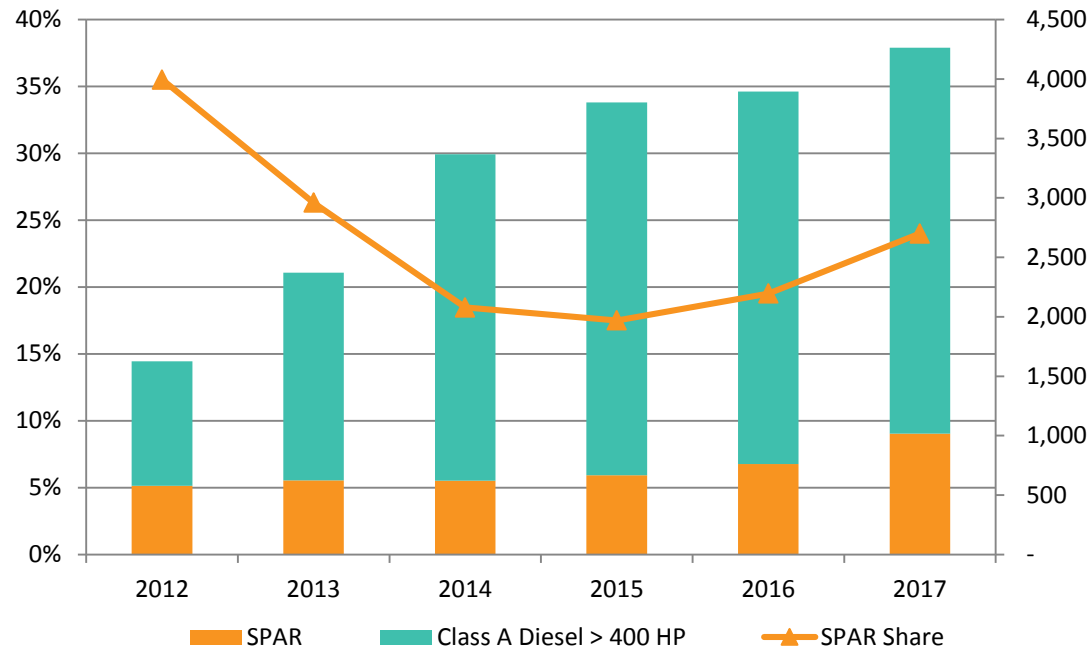
2020 Goal – Adj. EBITDA %



RV CHASSIS – CLASS A DIESEL MARKET SHARE AND OUTLOOK



Spartan market share has seen positive growth of 30% since 2014



**Total Addressable Market
\$620 Million**

(Spartan makes chassis for Class A Diesel > 400 HP - 24% share)

Source: Statistical Surveys MarketScope, 1/2008 – 12/2017, U.S. Data and Management's estimates

LUXURY MOTOR COACH

- Favorable industry trends should support continued momentum, including:
 - Population and demographic trends
 - “Active/outdoor lifestyle” continues to grow
 - RV manufacturers are broadening offerings
 - 400HP diesel growing as % of diesel
- SCV increasing market share with Entegra, Newmar and Foretravel manufacturers
- Jayco – new for 2018
 - K1-360 chassis <400HP
 - \$200M addressable market

SCV – CATEGORY LEADING INNOVATION



- Digital Dash v2.0
- Adaptive cruise control
- Collision mitigation
- Electronic stability control
- Lane departure warning
- Spartan Safe Haul™ Expansion
- Bluetooth Interface w/ Connected Care App

SCV – FIRST TO MARKET INNOVATION



Custom tuned suspension



Automatic air leveling



Tire pressure monitoring system



Independent Front Suspension (IFS)

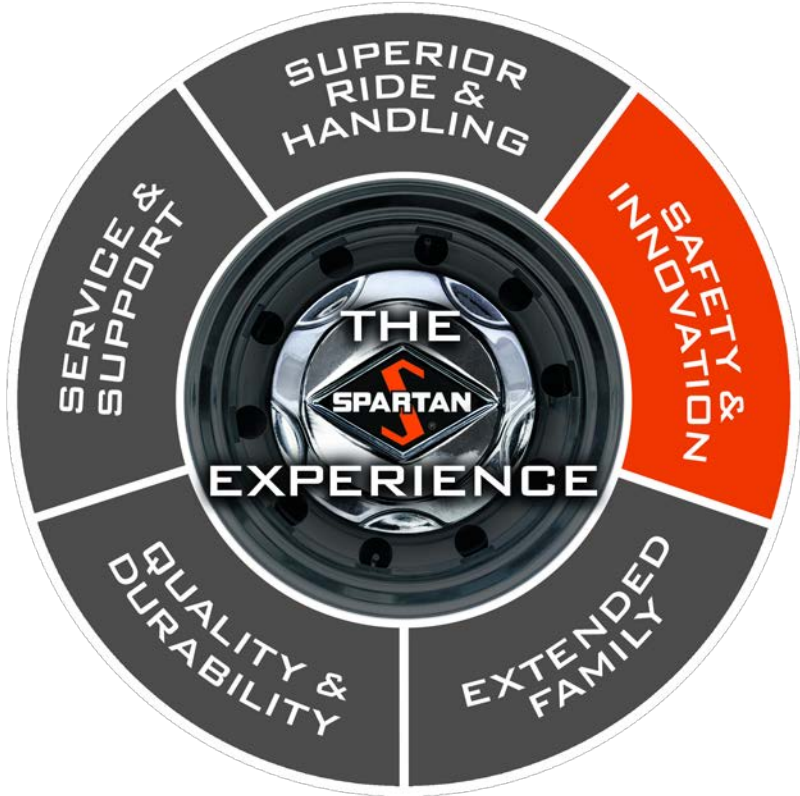


Passive steer tag axle



Rollover mitigation

SCV – FUTURE INNOVATION



Today



Key Entry



Manual driving



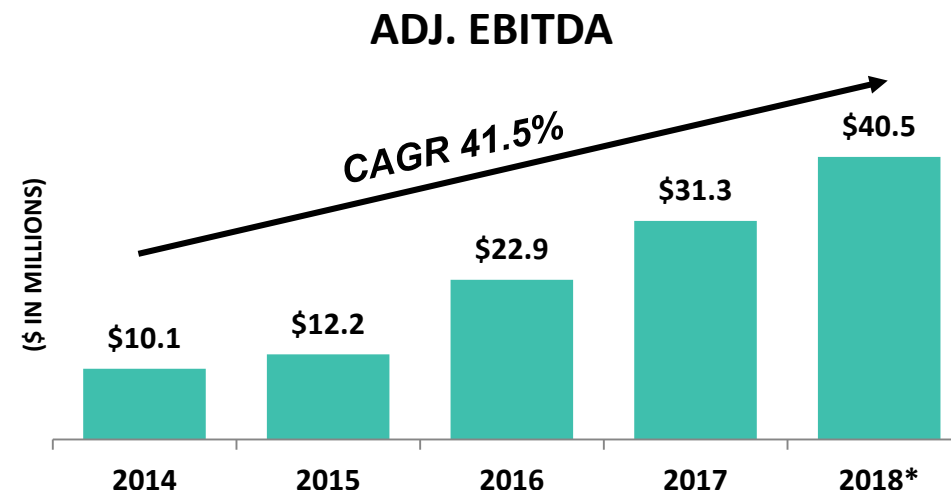
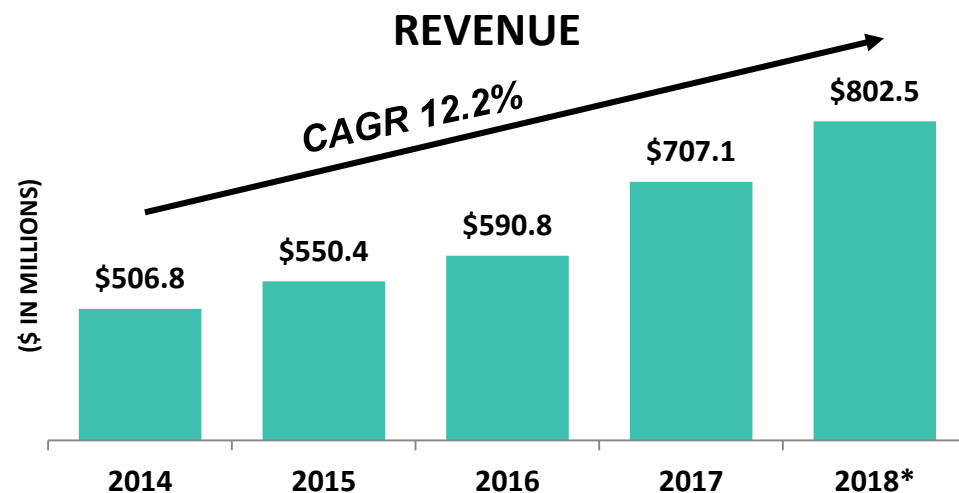
Passive entry/start



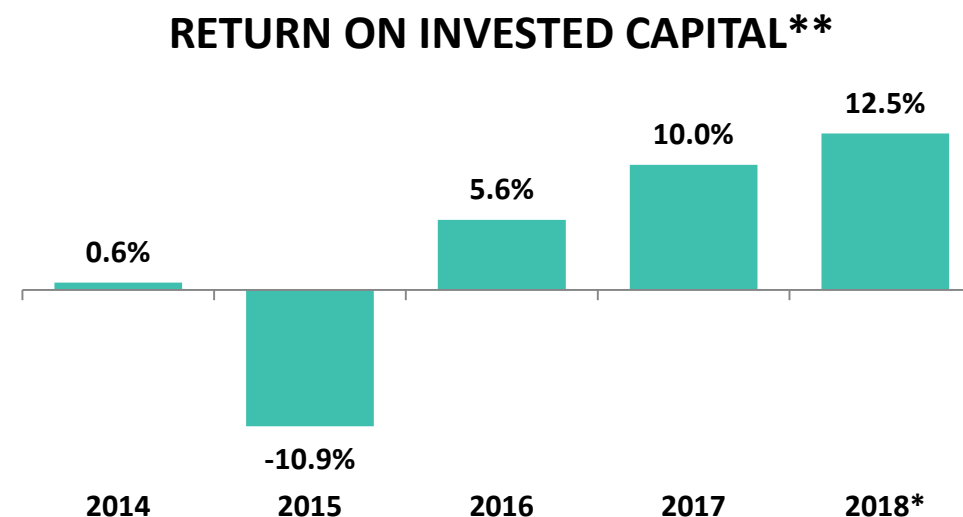
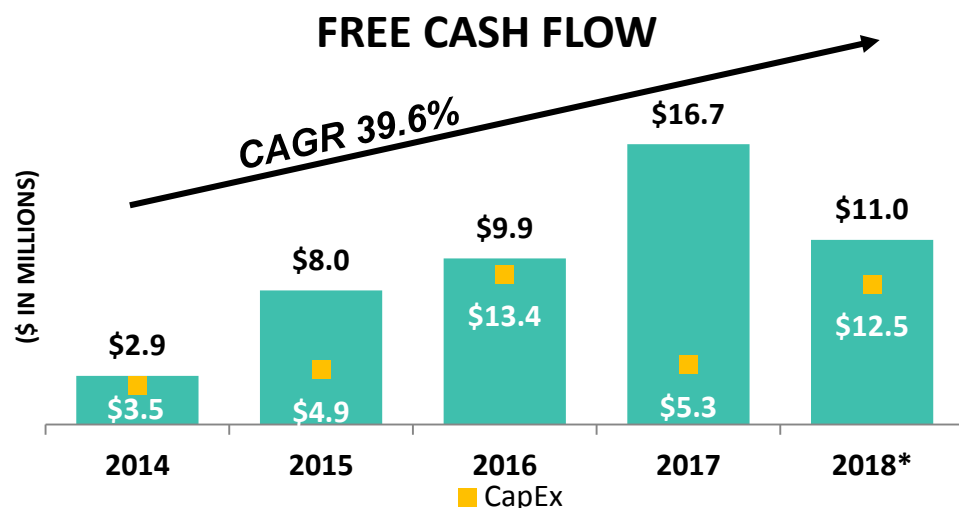
Autonomous vehicles

Tomorrow

POSITIONED FOR SUSTAINABLE GROWTH



See GAAP reconciliation in Appendix



See GAAP reconciliation in Appendix

© 2018 SPARTAN MOTORS, INC.

* Based on 2018 guidance

**Net operating profit after taxes / average invested capital balance

THE PATH FORWARD



Our Goal

To become #1 or #2 in each market we serve

Leading purpose-built vehicle manufacturer



Well-positioned

**New management team
Operational improvements
Improved product portfolio
Customer-centric focus
Financial strength**

Strengthen and grow the core business



Financial Objectives

**\$1 Billion in Sales
~10% Adj. EBITDA Margins
Improved Cash Flows
Increase ROIC
Enhance shareholder returns**

Accelerate the path forward



Shareholder Alignment

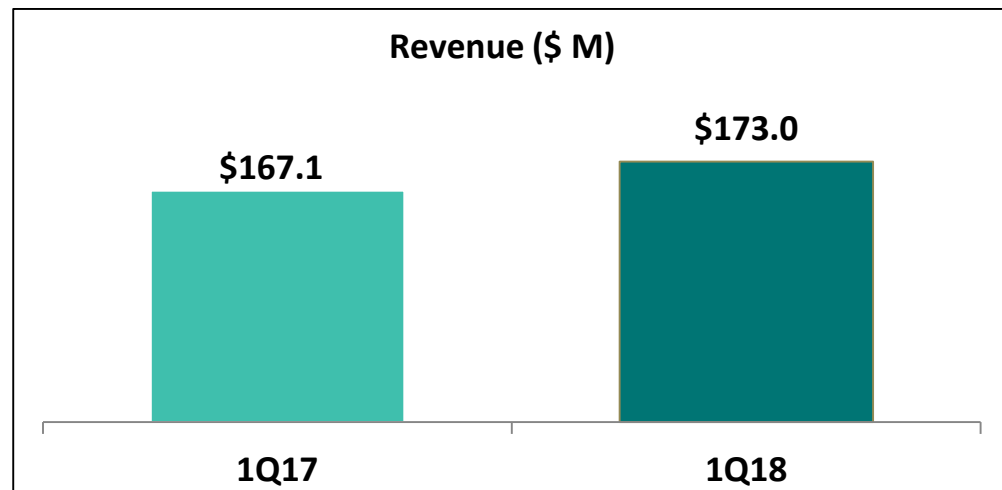
Management's long-term goals closely aligned with shareholders

Increase shareholder value

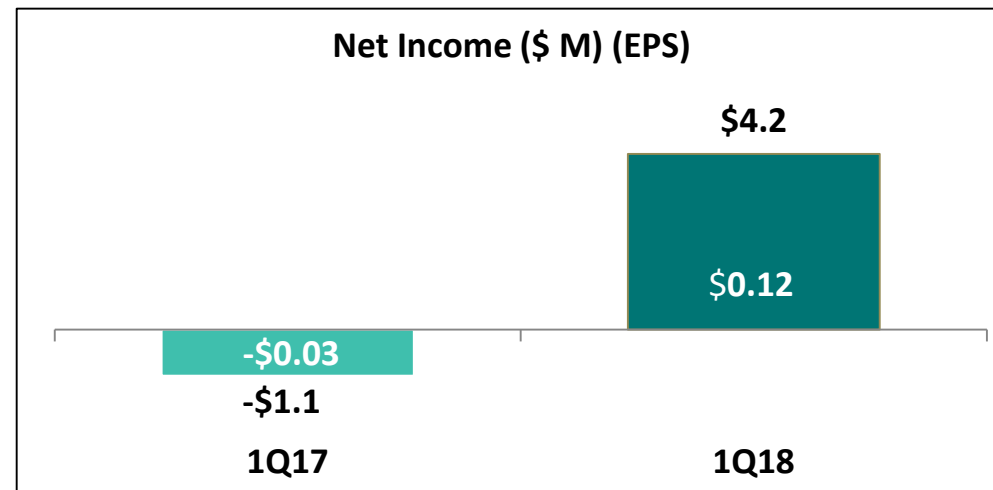


FINANCIAL REVIEW

OVERVIEW – 1Q18 VS. 1Q17

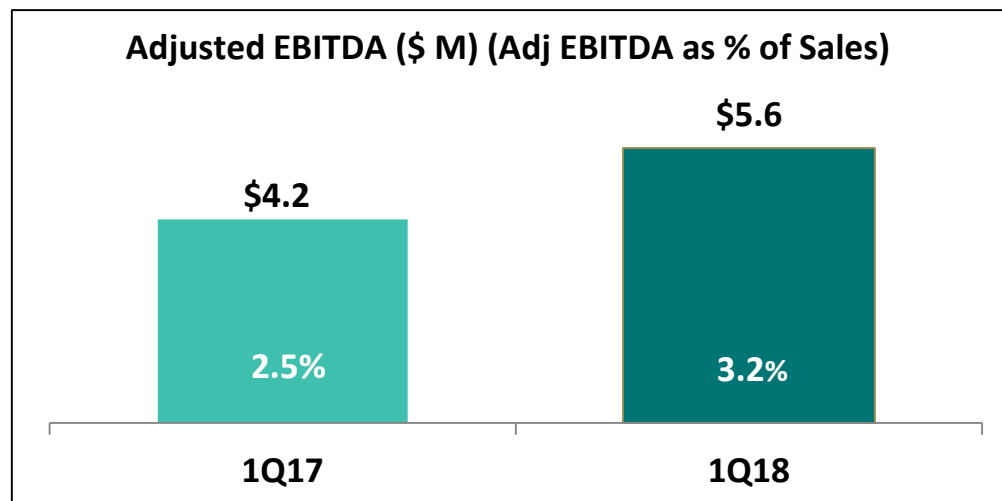


- Revenue for 1Q18 up \$5.9M, or 3.5%, to \$173.0M from \$167.1M
 - FVS up \$5.8M – higher Reach and up fit center volume
 - ER down \$13.5M – prior year includes \$15.1M for the timing of revenue relating to the Smeal acquisition
 - SCV up \$15.2M – strength of luxury motor coach sales

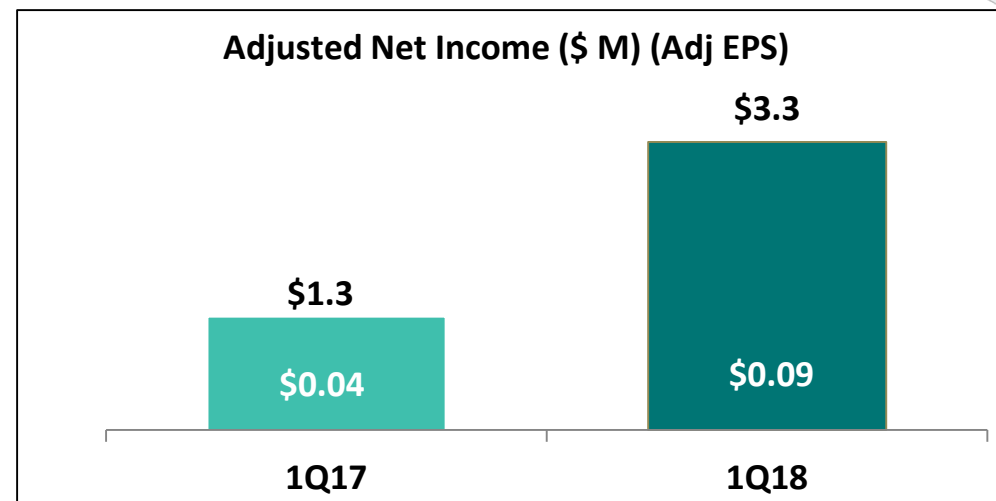


- Net Income for 1Q18 rose \$5.3M, or 482.0%, to \$4.2M from a loss of \$1.1M
- EPS increased \$0.15, or 500.0%, to \$0.12 from a loss of \$0.03 last year.
- Gross profit margin improved 300 bps to 12.8% of sales from 9.8% of sales
 - Reflects higher luxury motor coach volume, ER pricing and operational improvements across all business segments

OVERVIEW – 1Q18 VS. 1Q17



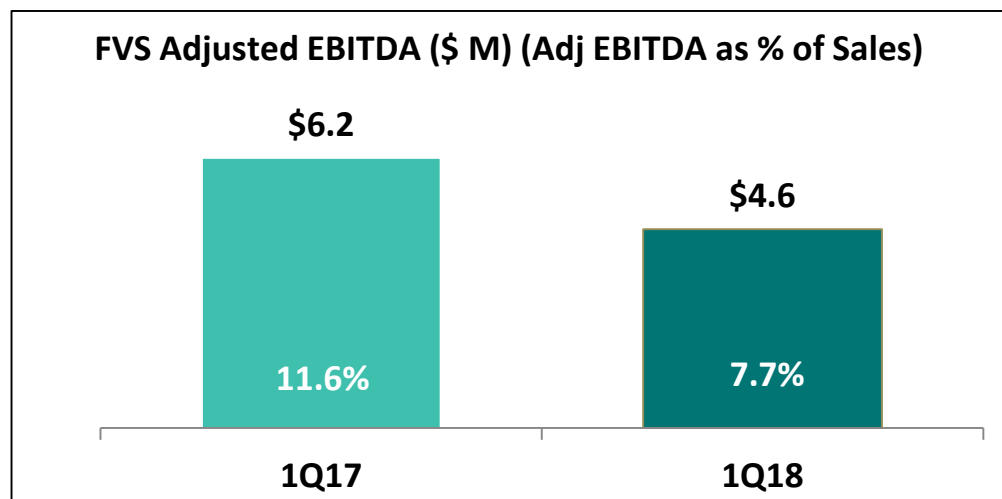
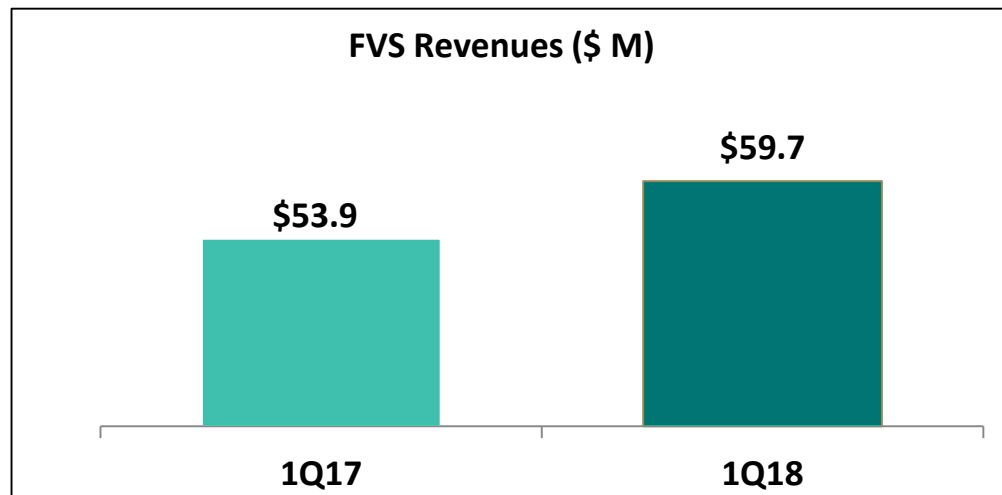
- Adjusted EBITDA rose \$1.4M, or 33.8%, to \$5.6M from \$4.2M
- Adjusted EBITDA margin improved 70 basis points to 3.2% of sales compared to 2.5% of sales
 - Reflects operational improvements from all three business segments



- Adjusted net income up 158.3% to \$3.3M from \$1.3M
- Adjusted EPS of \$0.09 versus \$0.04 a year ago
- Results include \$1.4M, or \$0.04 per share, tax benefit related to the appreciation in value of equity-based compensation that vested during the quarter
 - FY 2018 effective tax rate ~23%
- Backlog up 57.9% to \$554.6M from \$351.3 a year ago.

See GAAP reconciliation in Appendix

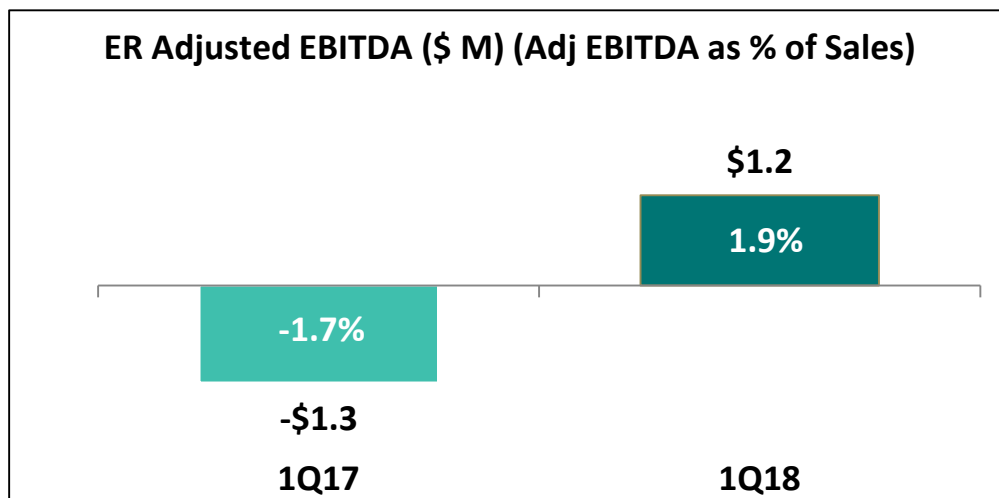
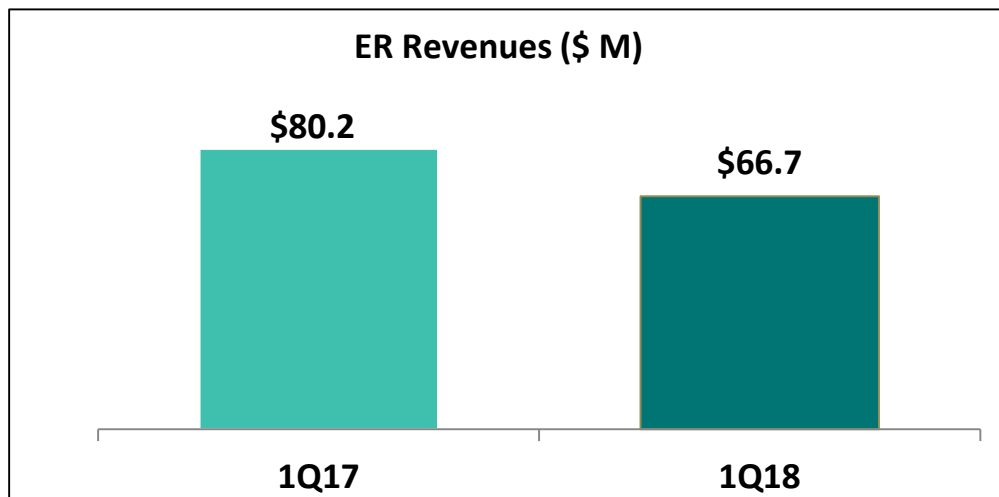
FLEET VEHICLES & SERVICES – 1Q18



See GAAP reconciliation in Appendix

- Revenue up \$5.8M to \$59.7M from \$53.9M
 - Reflects improved sales mix and higher Reach and up fit volume
- Adjusted EBITDA decreased \$1.7M to \$4.6M from \$6.2M primarily due to product mix and truck body start-up costs
- Adjusted EBITDA margin decreased 390 basis points to 7.7% of sales from 11.6%
 - Reflects start-up costs at new Ephrata, PA truck body plant and unfavorable mix
- Backlog up 194.2% to \$335.3M compared to \$114.0M a year ago
 - Includes \$214M USPS order

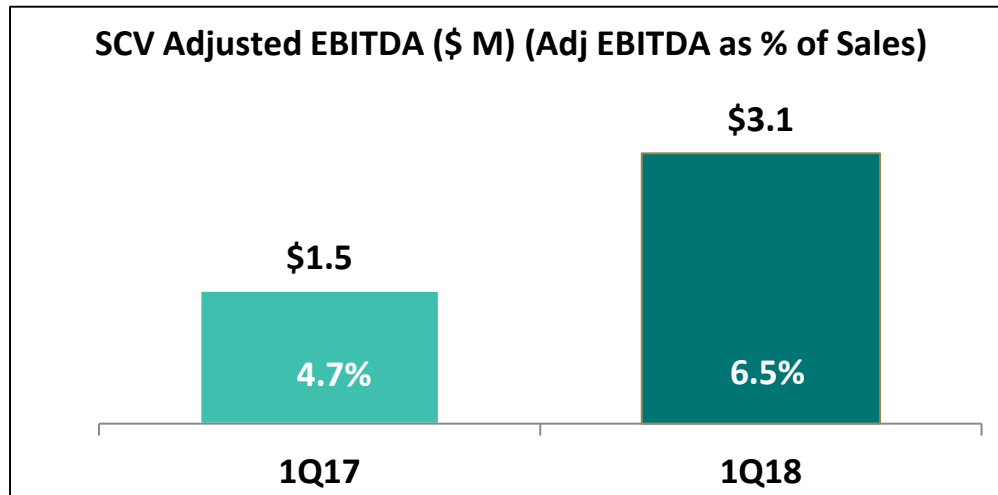
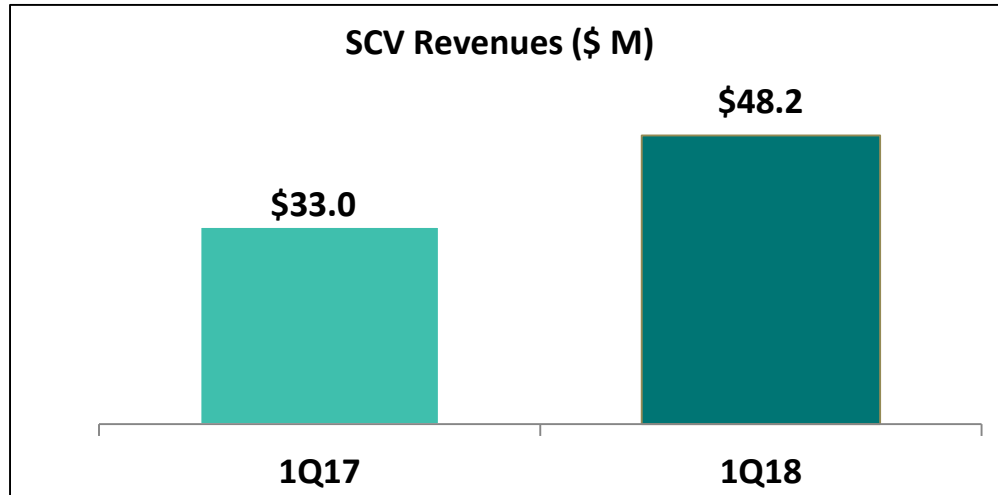
EMERGENCY RESPONSE – 1Q18



- Revenue as reported down 16.8% to \$66.7M from \$80.2M
 - Reflects change due to new revenue recognition rules and timing of revenue relating to the Smeal acquisition
- Adjusted EBITDA improved \$2.6M to \$1.2M compared to a loss of \$1.3M last year
- Adjusted EBITDA margin improved 360 basis points to 1.9% of sales
 - Reflects operational improvements and better pricing
- Backlog down 11.6% to \$189.6M compared to \$214.5M a year ago

See GAAP reconciliation in Appendix

SPECIALTY CHASSIS & VEHICLES – 1Q18



- Revenue up \$15.2M, or 46.4%, to \$48.2M from \$33.0M
 - Luxury motor coach chassis sales up \$13.5M, or 51.7% to \$39.6M from \$26.1M
- SCV adjusted EBITDA increased \$1.6M to \$3.1M from \$1.5M
- Adjusted EBITDA margin improved 180 basis points to 6.5% of sales from 4.7% of sales
 - Reflects increased sales volume and improved operational performance
- Backlog up 29.8% to \$29.7M compared to \$22.8M a year ago
 - Luxury motor coach backlog up 30.7% compared to a year ago

See GAAP reconciliation in Appendix

BALANCE SHEET – 1Q18



Spartan Motors
Summary Balance Sheet
(Unaudited)

(\$000's)	Mar 31, 2018	Dec 31, 2017
Assets		
Cash	\$ 29,407	\$ 33,523
Accts Receivable	83,388	83,147
Contract Assets	41,051	-
Inventory	48,517	77,692
PP&E	54,966	55,177
Other Assets	50,871	51,625
Total Assets	\$ 308,200	\$ 301,164
Liabilities & Shareholders' Equity		
Accts Payable	\$ 49,978	\$ 40,643
Long-term Debt	17,911	17,925
Other Liabilities	65,854	74,327
Total Liabilities	133,743	132,895
Shareholders' Equity	174,457	168,269
Total Liabilities & Equity	\$ 308,200	\$ 301,164
Total Liquidity		
Cash	\$ 29,407	\$ 33,523
Net Borrowing Capacity	77,521	66,396
Total Liquidity	\$ 106,928	\$ 99,919

- Total liquidity of \$106.9M at 1Q18 reflects:
 - \$29.4M cash on hand
 - \$77.5M of borrowing capacity
- Adequate liquidity/capacity to fund:
 - Working capital requirements
 - Pursue opportunistic acquisitions
- Contract assets of \$41.1M at 1Q18
 - Represents revenue with corresponding profit recognized on WIP, but not yet invoiced to the customer as a result of adopting the new revenue recognition standard



APPENDIX

RECONCILIATION OF NON - GAAP FINANCIAL MEASURES



This presentation contains adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) and adjusted net income, which are both non-GAAP financial measures. These non-GAAP financial measures are 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 certain of our manufacturing operations; asset impairments; the impact of the business acquisitions, including net working capital adjustments; certain adjustments to our deferred tax assets and related valuation allowances, and other items that we believe are not indicative of our continuing operating performance.

We present the non-GAAP financial measures adjusted EBITDA and adjusted net income because we consider them to be important supplemental measures 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. The presentation of adjusted net income enables investors to better understand our operations by removing the impact of tax adjustments and other items that we believe are not indicative of our longer term operating trends. We believe these measures 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 these non-GAAP financial measures 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 these non-GAAP financial measures, when considered together with the corresponding GAAP financial measures and the reconciliations to those measures, provides investors with additional understanding of the factors and trends affecting our business than could be obtained in the absence of these disclosures.

Our management uses adjusted EBITDA to evaluate the performance of and allocate resources to our segments. In addition, non-GAAP measures are used by management to review and analyze our operating performance and, along with other data, as internal measures for setting annual budgets and forecasts, assessing financial performance, and comparing our financial performance with our peers. Adjusted EBITDA is also used, along with other financial and non-financial measures, for purposes of determining annual and long-term incentive compensation for our management team.

RECONCILIATION OF NON – GAAP FINANCIAL MEASURES



Financial Summary (Non-GAAP)

Consolidated

(In thousands, except per share data)

(Unaudited)

	Three Months Ended March 31,	
	2018	2017
Spartan Motors, Inc.		
Net income (loss) attributable to Spartan Motors, Inc.	\$ 4,194	\$ (1,098)
Add (subtract):		
Restructuring charges	20	642
Impact of acquisition on timing of chassis revenue recognition	-	1,112
Impact of step-up in inventory value resulting from acquisition	-	189
Impact of acquisition adjustment for net working capital	(1,500)	-
Acquisition related expenses	162	672
Deferred tax asset valuation allowance	74	466
Tax effect of adjustments	315	(719)
Adjusted net income attributable to Spartan Motors, Inc.	<u>\$ 3,265</u>	<u>\$ 1,264</u>
Net income (loss) attributable to Spartan Motors, Inc.	\$ 4,194	\$ (1,098)
Add (subtract):		
Depreciation and amortization	2,452	2,325
Taxes on income	(48)	83
Interest expense	323	264
EBITDA	<u>\$ 6,921</u>	<u>\$ 1,574</u>
Add (subtract):		
Restructuring charges	20	642
Impact of acquisition on timing of chassis revenue recognition	-	1,112
Impact of step-up in inventory value resulting from acquisition	-	189
Impact of acquisition adjustment for net working capital	(1,500)	-
Acquisition related expenses	162	672
Adjusted EBITDA	<u>\$ 5,603</u>	<u>\$ 4,189</u>
Diluted net earnings (loss) per share	\$ 0.12	\$ (0.03)
Add (subtract):		
Restructuring charges	-	0.02
Impact of acquisition on timing of chassis revenue recognition	-	0.03
Impact of step-up in inventory value resulting from acquisition	-	0.01
Impact of acquisition adjustment for net working capital	(0.04)	-
Acquisition related expenses	-	0.02
Deferred tax asset valuation allowance	-	0.01
Tax effect of adjustments	0.01	(0.02)
Adjusted Diluted net earnings per share	<u>\$ 0.09</u>	<u>\$ 0.04</u>

RECONCILIATION OF NON – GAAP FINANCIAL MEASURES



Adjusted Net Income, Adjusted EBITDA, Adjusted EPS (Non-GAAP)

Consolidated

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

Spartan Motors, Inc	Twelve Months Ended December 31,					
	2017	% of sales	2016	% of sales	2015	% of sales
Net income	\$ 15,935	2.3%	\$ 8,610	1.5%	\$ (16,972)	-3.1%
Add (subtract):						
Restructuring	1,252		1,095		2,855	
Intercompany chassis impact	2,073		-		-	
Asset impairment	-		406		2,234	
Acquisition inventory adjustment	189		-		-	
NHTSA settlement	-		-		2,269	
Recall expense	(368)		3,457		8,600	
JV expenses	-		7		508	
Acquisition related expenses	1,355		882		-	
Deferred tax asset adjustment	(3,260)		(2,932)		9,472	
Tax benefit of liquidation	(966)		-		-	
Tax effect of adjustments	(1,323)		(460)		(2,392)	
Adjusted net income	<u>\$ 14,887</u>	2.1%	<u>\$ 11,065</u>	1.9%	<u>\$ 6,574</u>	1.2%
Net income	\$ 15,935	2.3%	\$ 8,610	1.5%	\$ (16,972)	-3.1%
Add (subtract):						
Depreciation and amortization	9,937		7,903		7,437	
Taxes on income	90		100		4,880	
Interest expense	864		410		365	
EBITDA	<u>\$ 26,826</u>	3.8%	<u>\$ 17,023</u>	2.9%	<u>\$ (4,290)</u>	-0.8%
Add (subtract):						
Restructuring	1,252		1,095		2,855	
Intercompany chassis impact	2,073		-		-	
Asset impairment	-		406		2,234	
Acquisition inventory adjustment	189		-		-	
NHTSA settlement	-		-		2,269	
Recall expense	(368)		3,457		8,600	
JV expenses	-		7		508	
Acquisition related expenses	1,355		882		-	
Adjusted EBITDA	<u>\$ 31,327</u>	4.4%	<u>\$ 22,870</u>	3.9%	<u>\$ 12,176</u>	2.2%
Diluted net earnings per share	\$ 0.46		\$ 0.25		\$ (0.50)	
Add (subtract):						
Restructuring	0.04		0.03		0.08	
Intercompany chassis impact	0.06		-		-	
Asset impairment	-		0.01		0.07	
Acquisition inventory adjustment	0.01		-		-	
NHTSA settlement	-		-		0.07	
Recall expense	(0.01)		0.10		0.25	
Acquisition related expenses	0.04		0.03		-	
JV expenses	-		-		0.02	
Deferred tax asset adjustment	(0.10)		(0.09)		0.28	
Tax benefit of liquidation	(0.03)		-		-	
Tax effect of adjustments	(0.04)		(0.01)		(0.07)	
Adjusted Diluted net earnings per share	<u>\$ 0.43</u>		<u>\$ 0.32</u>		<u>\$ 0.20</u>	

RECONCILIATION OF NON – GAAP FINANCIAL MEASURES



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

Spartan Motors, Inc.	2014	% of sales
Net income	\$ 1,029	0.2%
Add (subtract):		
Depreciation and amortization	8,378	
Taxes on income	(2,103)	
Interest expense	341	
EBITDA	7,645	1.5%
Add (subtract):		
Restructuring	2,157	
Asset impairments	-	
Product recall	-	
Acquisition related expenses	-	
NHTSA settlement	-	
Joint venture	289	
Adjusted EBITDA	10,091	2.0%

RECONCILIATION OF NON – GAAP FINANCIAL MEASURES



Fleet Vehicles and Services Segment (Non-GAAP)

(In thousands, unaudited)

	Three Months Ended March 31,			
	2018	% of sales	2017	% of sales
Net income	\$3,781	6.3%	\$5,225	9.7%
Add (subtract):				
Depreciation and amortization	607		876	
Interest expense	202		38	
Earnings before interest, taxes, depreciation and amortization	\$4,590	7.7%	\$6,139	11.4%
Earnings before interest, taxes, depreciation and amortization	4,590	7.7%	6,139	11.4%
Restructuring	-		105	
Adjusted earnings before interest, taxes, depreciation and amortization	\$4,590	7.7%	\$6,244	11.6%

Emergency Response Vehicles Segment (Non-GAAP)

(In thousands, unaudited)

	Three Months Ended March 31,			
	2018	% of sales	2017	% of sales
Net income (loss)	\$601	0.9%	(\$3,589)	(4.5%)
Add (subtract):				
Depreciation and amortization	624		552	
Earnings before interest, taxes, depreciation and amortization	\$1,225	1.8%	(\$3,037)	(3.8%)
Earnings before interest, taxes, depreciation and amortization	\$1,225	1.8%	(\$3,037)	(3.8%)
Restructuring	17		399	
Impact of acquisition on timing of chassis revenue recognition	-		1,112	
Impact of step-up in inventory value resulting from acquisition	-		189	
Adjusted earnings before interest, taxes, depreciation and amortization	\$1,242	1.9%	(\$1,337)	(1.7%)

Specialty Chassis and Vehicles Segment (Non-GAAP)

(In thousands, unaudited)

	Three Months Ended March 31,			
	2018	% of sales	2017	% of sales
Net income	\$2,752	5.7%	\$1,127	3.4%
Add (subtract):				
Depreciation and amortization	366		310	
Earnings before interest, taxes, depreciation and amortization	\$3,118	6.5%	\$1,437	4.4%
Earnings before interest, taxes, depreciation and amortization	3,118	6.5%	1,437	4.4%
Restructuring	3		96	
Adjusted earnings before interest, taxes, depreciation and amortization	\$3,121	6.5%	\$1,533	4.7%

RECONCILIATION OF NON – GAAP FINANCIAL MEASURES



Calculation of ROIC (Non-GAAP)

(In thousands)

(Unaudited)

	<u>2018 Fcst</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating income (loss)	\$ 28,700	\$ 16,171	\$ 8,625	\$ (12,479)	\$ (1,151)
Less Taxes	<u>(6,300)</u>	<u>(90)</u>	<u>(100)</u>	<u>(4,880)</u>	<u>2,103</u>
Net operating profit after taxes	<u>22,400</u>	<u>16,081</u>	<u>8,525</u>	<u>(17,359)</u>	<u>952</u>
Spartan Motors Inc. shareholders' equity					
Beginning balance	168,927	153,609	149,141	168,760	171,549
Ending balance	<u>189,661</u>	<u>168,927</u>	<u>153,609</u>	<u>149,141</u>	<u>168,760</u>
Average	<u>179,294</u>	<u>161,268</u>	<u>151,375</u>	<u>158,951</u>	<u>170,155</u>
Return on Invested Capital	<u>12.5%</u>	<u>10.0%</u>	<u>5.6%</u>	<u>-10.9%</u>	<u>0.6%</u>

RECONCILIATION OF NON – GAAP FINANCIAL MEASURES



Free Cash Flow (Non-GAAP)

Consolidated
(In thousands)
(Unaudited)

	2018 Fcst	2017	2016	2015	2014
Operating Activities					
Net earnings (loss)	\$ 21,300	\$ 15,934	\$ 8,603	\$ (17,480)	\$ 1,029
Depreciation & amortization	11,672	9,937	7,903	7,437	8,378
Accruals for warranty	10,000	9,100	12,989	15,388	6,533
Asset impairments	-	-	406	2,234	-
Other non-cash charges	4,000	(451)	(1,143)	6,321	(90)
Change in working capital	(23,472)	(12,504)	(5,430)	(1,044)	(9,444)
Net cash provided by operating activities (A)	23,500	22,016	23,328	12,856	6,406
Capital expenditures (B)	(12,500)	(5,340)	(13,410)	(4,895)	(3,463)
Payments on long-term debt	-	(15,070)	(5,058)	(75)	(80)
Purchase and retirement of common stock	-	-	(2,000)	-	(2,000)
Dividends	(3,600)	(3,508)	(3,444)	(3,426)	(3,427)
Acquisition of business, net of cash	-	(28,903)	-	-	-
Proceeds from long-term debt	-	32,919	10	-	-
Other	-	(632)	(86)	(329)	427
Net increase (decrease) in cash and cash equivalents	\$ 7,400	\$ 1,482	\$ (660)	\$ 4,131	\$ (2,137)
Free cash flow (A-B)	\$ 11,000	\$ 16,676	\$ 9,918	\$ 7,961	\$ 2,943

RECONCILIATION OF NON – GAAP FINANCIAL MEASURES



Financial Summary (Non-GAAP)

Consolidated

(In thousands, except per share data)

(Unaudited)

	Forecast Year Ending December 31, 2018		
	Low	Mid	High
Net income attributable to Spartan Motors, Inc.	\$ 20,242	\$ 21,303	\$ 22,363
Add:			
Depreciation and amortization	11,672	11,672	11,672
Interest expense	427	455	483
Taxes	5,909	6,320	6,732
EBITDA	38,250	39,750	41,250
Add:			
Restructuring charges	750	750	750
Adjusted EBITDA	<u>\$ 39,000</u>	<u>\$ 40,500</u>	<u>\$ 42,000</u>
Earnings per share	\$ 0.58	\$ 0.61	\$ 0.64
Add:			
Restructuring charges	0.02	0.02	0.02
Less tax effect of adjustments	-	-	-
Adjusted earnings per share	<u>\$ 0.60</u>	<u>\$ 0.63</u>	<u>\$ 0.66</u>

FOR MORE INFORMATION:

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