



## Spartan Motors Announces Strong First Quarter Sales, Earnings Growth

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CHARLOTTE, Mich., April 29 /PRNewswire/ -- Spartan Motors, Inc. ([NASDAQ:SPAR](#)) kept pace with the robust national market for RVs and other specialty vehicles, posting a 28% increase in net sales and a 54% increase in net earnings for the first quarter ended March 31, 1999.

The Charlotte, Mich.-based manufacturer of custom chassis, emergency vehicles and buses said net income grew to \$1.45 million, or \$0.12 per share, in the 1999 first quarter, compared with net income of \$938,237, or \$0.07 per share, in the same period in 1998. The net income growth came despite losses at the Company's Carpenter Industries affiliate, which builds school buses. Spartan Motors said Carpenter narrowed its loss to \$1.4 million in the most recent first quarter, compared with an operating loss of \$4.6 million in the same period last year. Spartan Motors said the financial impact from Carpenter in both periods was comparable, as the bus builder's financial results were accounted for using the equity method in the 1998 first quarter. Spartan began consolidating Carpenter's results in October 1998, following the Company's purchase of a majority stake in the Company.

Consolidated net sales increased to a record \$75.6 million in the 1999 first quarter, compared with net sales of \$59.2 million in the 1998 quarter. Strong growth within Spartan Motors' chassis group and improved results at the Company's Emergency Vehicle Team (EVTeam) subsidiaries -- Luverne Fire Apparatus, Quality Manufacturing and Road Rescue -- contributed to the increase.

Spartan said its core chassis business contributed net earnings of approximately \$0.22 per share in the 1999 first quarter, compared with net earnings of \$0.17 per share in the first quarter 1998, bolstered by strong increases in its RV and fire truck product lines. The EVTeam added approximately \$0.02 per share in the 1999 first quarter, compared with a net loss in the prior year first quarter. The EVTeam earned a total of \$0.01 per share in all of 1998.

"We are extremely pleased with the results of our core chassis operations, which were our best in five years," said John Szykiel, president and chief operating officer of Spartan Motors. "Each of our RV, fire truck and specialty chassis segments showed increased sales in the first quarter, clearly demonstrating that this division has returned to firing on all cylinders. The EVTeam hit our performance targets and was profitable in the quarter, as we began to realize the benefits of consolidated purchasing and efficiencies across this division. We are pleased with their progress as well."

Spartan Motors continued to capitalize on strong overall demand in the Class A RV market, posting double-digit growth in motorhome chassis sales and gaining three new OEM customers during the 1999 first quarter. Two of the new OEM orders specify Spartan's recently introduced entry-level Summit RV chassis, which is slated for production beginning in the third quarter.

"The RV market is building momentum driven by sheer demographics, as well as a stable economic environment and outlook. We are the critical chassis supplier to the Class A RV industry, and expect our innovation and product quality will allow us to further penetrate this market," said Szykiel. "In our other chassis markets, our engineering and quality advantages are being rewarded with new business and record order backlogs."

At March 31, 1999, backlog for all products rose by 53% to more than \$124.2 million, versus \$81.1 million in backlog at the end of the first quarter 1998.

Spartan reported its fire truck chassis growth is being fueled by increased orders from Spartan's EVTeam companies, as well as other OEMs. Spartan Motors said that the fire truck industry is recognizing that even though the Company has relationships with three OEMs, Spartan is committed to being a major chassis supplier to all OEMs in the fire apparatus marketplace.

Szykiel said: "We are optimistic about all our operations, including Carpenter, where we remain steadfast in our commitment to its long-term profit potential. We are making headway in getting their operation profitable and expect Carpenter will reach the breakeven point on a month-to-month basis in the third quarter of this year."

Szykiel added that Spartan Motors expects 1999 second-quarter results to be slightly less than the Company's 1999 first quarter sales and earnings performance, due to lower expected sales of transit bus chassis.

"We are still on track to see breakout performance in the back half of 1999," said Szykiel. "Significantly reduced losses at Carpenter and accelerated growth in our core chassis and EVTeam operations will be the catalysts that ensure we reach our targets relative to full-year sales and earnings expectations."

Commenting on the financial results, Spartan Motors Chief Financial Officer Richard J. Schalter said: "Gross margins on a comparative basis, excluding Carpenter, increased to 15.6% in the current year first quarter, up from 14.7% in the same period in 1998. Likewise, total operating expenses as a percentage of sales, excluding Carpenter, declined 40 basis points to 9.0%. These measurable improvements highlight the initial impact of our consolidated purchasing and operating systems initiatives, and come at a time when Spartan Motors is increasing its product development, engineering and marketing efforts to sustain its top-line growth."

The Company generated positive cash from operations of \$2.5 million in the first quarter 1999, compared with a cash outflow of \$5.4 million in the prior year first quarter. Spartan announced it reduced long-term debt by 7% or \$1.9 million since year-end 1998. At March 31, 1999, long-term debt stood at \$26.7 million.

"We recognize significant opportunities to improve our balance sheet and income statement through key areas such as inventory turns and accounts receivable. We are committed to accomplishing this by pushing financial measurement and accountability throughout the Spartan Motors organization," said Schalter. "We made progress in the first quarter 1999, but a great deal of work remains to ensure we are maximizing our cost structure and achieving a significant return on capital."

Spartan Motors, Inc. (<http://www.spartanmotors.com/>) is a leading developer and manufacturer of custom chassis for fire trucks, recreational vehicles, transit buses, school buses, and other specialty vehicles. The Company also owns fire and rescue vehicle manufacturers Luverne Fire Apparatus, Quality Manufacturing and Road Rescue, Inc. and an equity interest in school bus body manufacturer Carpenter Industries, Inc.

The statements contained in this news release include certain predictions and projections that may be considered forward-looking statements by the securities laws. These statements involve a number of risks and uncertainties, including but not limited to economic, competitive, governmental and technological factors affecting the Company's operations, markets, products, services and prices, and actual results may differ materially.

SPARTAN MOTORS, INC. AND SUBSIDIARIES  
Consolidated Income Statements  
First Quarters of 1999 and 1998

|   | March 31, 1998 |       | March 31, 1999 |       |
|---|----------------|-------|----------------|-------|
|   | \$-000         | %     | \$-000         | %     |
| Sales   | 59,156         |       | 75,626         |       |
| Cost of Sales                                   | 50,470         |       | 64,787         |       |
| Gross Profit                                    | 8,686          | 14.7  | 10,839         | 14.3  |
| Operating Expenses:                             |                |       |                |       |
| Research and Development                        | 1,317          | 2.2   | 1,743          | 2.3   |
| Selling   | 1,881          | 3.2   | 2,365          | 3.1   |
| General and Administration                      | 2,339          | 4.0   | 3,096          | 4.1   |
| Total Operating Expenses                        | 5,537          | 9.4   | 7,204          | 9.5   |
| Operating Income                                | 3,149          | 5.3   | 3,635          | 4.8   |
| Other Income (Expense):                         |                |       |                |       |
| Interest Expense                                | (218)          | (0.4) | (758)          | (1.0) |
| Interest and Other Income                       | 294            | 0.5   | 116            | 0.2   |
| Total Other Income (Expense)                    | 76             | 0.1   | (642)          | (0.8) |
| Earnings before Equity Investment and Taxes     | 3,225          | 5.4   | 2,993          | 4.0   |
| Income (Loss) on Equity Investment in Affiliate | (1,250)        | (2.1) | --             | 0.0   |
| Earnings before Taxes                           | 1,975          | 3.3   | 2,993          | 4.0   |
| Taxes   | 1,037          | 1.8   | 1,547          | 2.0   |
| Net Earnings                                    | 938            | 1.6   | 1,446          | 2.0   |
| Net Earnings per Share                          | 0.07           |       | 0.12           |       |
| Weighted Average Shares                         | 12,528         |       | 12,536         |       |

Source: Spartan Motors, Inc.

Contact: John Gaedert of Spartan Motors, Inc., 517-543-6400; or Jeff Lambert or Brian Edwards, both of Lambert, Edwards & Associates, Inc., 616-233-0500, or [LamEdPR@aol.com](mailto:LamEdPR@aol.com)

Website: <http://www.spartanmotors.com/>