



Spartan Motors Grows Second-Quarter Net Earnings 28 Percent

July 26, 2001

CHARLOTTE, Mich., July 26 /PRNewswire/ -- Spartan Motors, Inc. ([NASDAQ:SPAR](#)) today reported a 28 percent increase in net earnings for the second quarter ended June 30, 2001.

The Charlotte, Mich.-based manufacturer of custom chassis and emergency vehicles said that net earnings grew to \$1.3 million, or \$0.12 per diluted share, for the second quarter of 2001, compared with net earnings of \$1.0 million, or \$0.09 per diluted share, for the same period last year. Spartan Motors exceeded the street estimate for the third consecutive quarter.

The Company reported net sales of \$58.5 million for the second quarter of 2001, compared with net sales of \$63.7 million for the year-ago period. Increased sales of Spartan's emergency vehicles and fire truck chassis were offset by continued softness in the market for recreational vehicle platforms.

"We are pleased that the initiatives launched over the past two years continue to translate into earnings growth," said John Szykiel, president and chief operating officer of Spartan Motors. "Strong operational improvements have allowed us to grow our bottom line during a time when others in our industry are posting lower earnings or even losses.

"By refocusing on our core product lines, we eliminated a drag on our earnings. We are committed to delivering innovative products for all our customers -- and solid results for all our stakeholders. As a result, we have begun to attract renewed interest from investors as evidenced by our stock price and trading volume. In fact, a Business Week analysis places Spartan stock among the top micro-cap performers for the first six months of 2001."

Spartan Motors improved its gross margin, raising it from 15.1 percent in the second quarter of 2000 to 15.4 percent in the second quarter of 2001. The Company also improved its operating income as a percentage of sales from 4.1 percent during the year-ago second quarter to 4.5 percent in the second quarter of 2001.

The Company reported \$7.6 million in cash flow from continuing operations for the second quarter of 2001, up from \$2.7 million cash used in continuing operations during the same period in 2000. Spartan Motors also paid down \$2.6 million in debt during the 2001 quarter.

For the six months ended June 30, 2001, Spartan posted net earnings of \$2.8 million, or \$0.26 per diluted share, compared with net earnings of \$3.0 million, or \$0.25 per diluted share, in the first six months of 2000. The Company reported net sales of \$117.2 million in the current six-month period, compared with net sales of \$141.1 million in the same period in 2000.

Spartan Motors reported that gross margin for the first six months of 2001 was 15.5 percent, up from 14.9 percent during the year-ago period. The Company also generated \$17.2 million in cash flow from continuing operations during the first six months of 2001, up from \$4.6 million during the year-ago period. For the first six months of 2001, Spartan has paid down \$11.2 million in debt.

"The shift to our new value-added financial model, Spartan Profit and Return, has allowed us to make substantial improvements in our operations which flowed through to our income statement and balance sheet during the first six months of 2001," said Richard Schalter, chief financial officer and executive vice president. "Despite a challenging RV market, we have been able to increase our productivity while better managing our costs so that we can operate as a more efficient organization. The result is strong cash flow, reduced debt and a company well positioned for top-line and bottom-line growth."

Sales of Spartan's custom fire truck chassis increased during the quarter, fueled by new customers, strong orders and the continuing shift from commercial to custom products. Sales of Spartan's custom RV platforms were lower during the second quarter due to softness in the market for recreational vehicles.

"While we see positive signs that the economy is beginning to improve, the near-term market could prove challenging," Szykiel said. "Our platforms will be under eight new motorhome models this fall, which is testament to the growing recognition of the Spartan brand among OEMs, and that should help us in a challenging market. As the market rebounds, all that we have been able to accomplish under these challenging conditions will only enhance our top and bottom lines.

"We are a technology-driven company that has committed nearly 10 percent of our personnel to engineering. By providing innovative products to our customers, we allow them to significantly differentiate their products from those of their competitors. Over the next year, the market will see some very innovative products being introduced by all the subsidiaries of Spartan Motors that add value through the process of product differentiation."

The Emergency Vehicle Team reported a sales increase of 22.8 percent during the second quarter of 2001, fueled by stronger sales of its custom fire trucks.

"The EVTeam continues to enjoy strong bid activity and solid backlog," Szykiel said. "While we will continue to focus on sales, we have also begun the process of transitioning some of the operational improvements made in our chassis business to our EVTeam subsidiaries. It is our goal to grow the bottom-line profitability of our EVTeam companies in concert with their top-line growth."

Szykiel noted that the Company has been more aggressive with its investor relations initiatives during the first half. Company executives met with analysts and portfolio managers in a number of key financial centers, and have additional trips scheduled to meet with the financial community during the second half of the year.

The Company has also been selected by Business Week for inclusion in an upcoming edition that showcases the top-performing micro cap stocks during the first six months of 2001. Spartan's stock has grown more than 220 percent, putting it among the top four percent of all 6,000 micro cap stocks.

"Spartan has an excellent story to tell and Wall Street is once again beginning to look at our company," Szykiel said. "As I said in the annual report, credibility is earned through results. For the past three quarters, we have delivered results, despite challenging market conditions. Our second quarter 2001 results are the continuation of a very positive trend, which we are focused on continuing."

Spartan Motors, Inc. (<http://www.spartanmotors.com/>) is a leading developer and manufacturer of custom platforms for recreational vehicles, fire trucks, ambulances and other specialty vehicles. The Company also owns fire and rescue vehicle manufacturers Luverne Fire Apparatus, Quality Manufacturing and Road Rescue, 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
Three Months Ended June 30, 2001 and 2000

| | June 30, 2000 | | June 30, 2001 | |
|---|---------------|-------|---------------|-------|
| | \$-000 | % | \$ -000 | % |
| Sales | 63,662 | | 58,520 | |
| Cost of Sales | 54,072 | | 49,502 | |
| Gross Profit | 9,590 | 15.1 | 9,018 | 15.4 |
| Operating Expenses: | | | | |
| Research and Development | 1,717 | 2.7 | 1,525 | 2.6 |
| Selling, General and Administrative | 5,239 | 8.3 | 4,863 | 8.3 |
| Total Operating Expenses | 6,956 | 11.0 | 6,388 | 10.9 |
| Operating Income | 2,634 | 4.1 | 2,630 | 4.5 |
| Other Income (Expense): | | | | |
| Interest Expense | (184) | (0.3) | (347) | (0.6) |
| Interest and Other Income | 342 | 0.6 | 77 | 0.1 |
| Total Other Income (Expense) | 158 | 0.3 | (270) | (0.5) |
| Earnings before Equity Investment and Taxes | 2,792 | 4.4 | 2,360 | 4.0 |
| Taxes | 1,007 | 1.6 | 1,062 | 1.8 |
| Net Earnings from Continuing Ops. | 1,785 | 2.8 | 1,298 | 2.2 |
| Discontinued Operations: | | | | |
| Loss from Operations-Carpenter | 771 | 1.2 | - | 0.0 |
| Loss on Closure-Carpenter | - | 0.0 | - | 0.0 |
| Net Earnings | 1,014 | 2.8 | 1,298 | 2.2 |
| EPS-Continuing Operations | 0.16 | | 0.12 | |
| EPS-Loss from Operations-Carpenter | (0.07) | | - | |

| | | |
|-------------------------------------|--------|--------|
| EPS-Loss on Closure of Carpenter | - | - |
| Net Earnings per Share | 0.09 | 0.12 |
| Weighted Average Shares | 11,694 | 10,518 |

Spartan Motors, Inc. and Subsidiaries
Consolidated Income Statements
Six Months Ended June 30, 2001 and 2000

| | June 30, 2000 | | June 30, 2001 | |
|--|---------------|-------|---------------|-------|
| | \$-000 | % | \$-000 | % |
| Sales | 141,057 | | 117,178 | |
| Cost of Sales | 119,974 | | 99,031 | |
| Gross Profit | 21,083 | 14.9 | 18,147 | 15.5 |
| Operating Expenses: | | | | |
| Research and Development | 3,357 | 2.4 | 3,121 | 2.7 |
| Selling, General and Administrative | 10,030 | 7.0 | 9,292 | 7.9 |
| Total Operating Expenses | 13,387 | 9.4 | 12,413 | 10.6 |
| Operating Income | 7,696 | 5.5 | 5,734 | 4.9 |
| Other Income (Expense): | | | | |
| Interest Expense | (528) | (0.4) | (874) | (0.7) |
| Interest and Other Income | 183 | 0.1 | 182 | 0.1 |
| Total Other Income (Expense) | (345) | (0.3) | (692) | (0.6) |
| Earnings before Equity Investment and Taxes | 7,351 | 5.2 | 5,042 | 4.3 |
| Taxes | 2,616 | 1.9 | 2,276 | 1.9 |
| Net Earnings from Continuing Ops. | 4,735 | 3.4 | 2,766 | 2.4 |
| Discontinued Operations: | | | | |
| Loss from Operations- Carpenter | 1,752 | 1.2 | - | 0.0 |
| Loss on Closure- Carpenter | - | 0.0 | - | 0.0 |
| Net Earnings | 2,983 | 3.3 | 2,766 | 2.4 |
| EPS-Continuing Operations | 0.40 | | 0.26 | |
| EPS-Loss from Operations- Carpenter | (0.15) | - | | |
| EPS-Loss on Closure- Carpenter | - | | - | |
| Net Earnings per Share | 0.25 | | 0.26 | |
| Weighted Average Shares | 11,887 | | 10,518 | |

Source: Spartan Motors, Inc.

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