



COMMAND  
YOUR ROAD.

# INVESTOR PRESENTATION

November 2018

# FORWARD LOOKING STATEMENTS

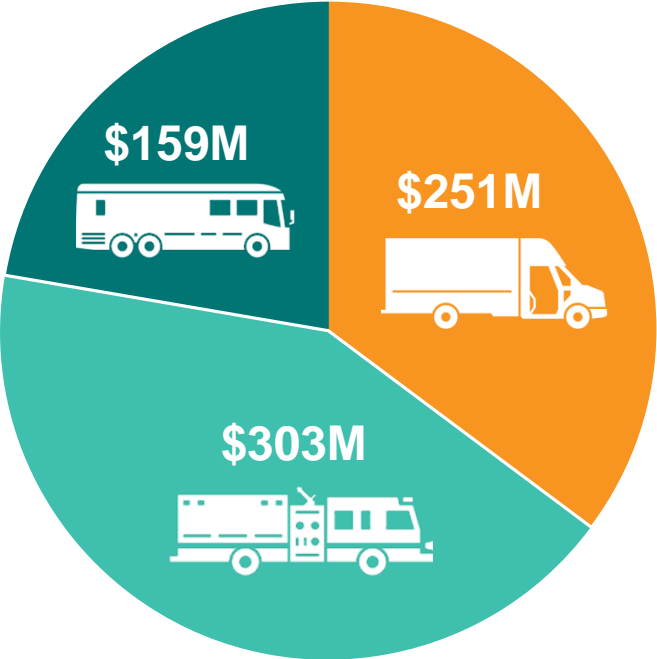


This presentation contains some forward-looking statements that are not historical facts, including statements concerning our business, financial strength, future plans, objectives, and the performance of our products. These statements can be identified by words such as “believe”, “expect”, “forecast”,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

# 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



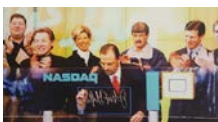
**2011**  
Spartan Motors, Inc. acquires Classic Fire

**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



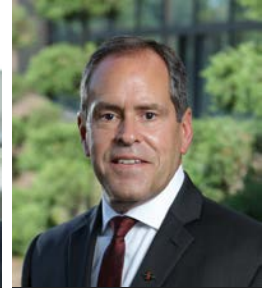
**Daryl Adams**  
President & CEO



**Tom Ninneman**  
COO



**Tom Schultz**  
CAO



**Matt Long**  
Interim CFO



**Chad Heminover**  
President, Fleet  
Vehicles & Services



**Tom Ninneman**  
Interim President,  
Emergency Response

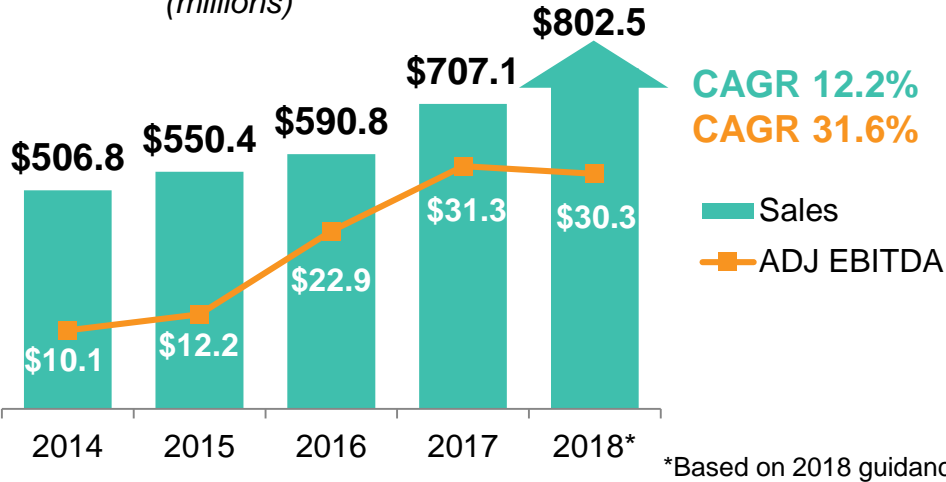


**Steve Guillaume**  
President, Specialty  
Chassis & Vehicles

# SPARTAN MOTORS – BUSINESS SNAPSHOT



## Sales & Adj. EBITDA (millions)



TAM: \$5.2B



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

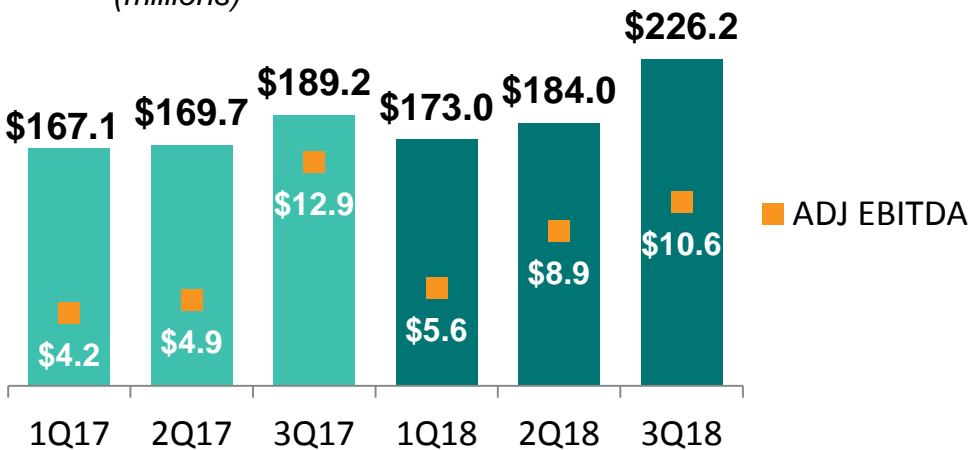


- 66% of all fire trucks are ten years or older

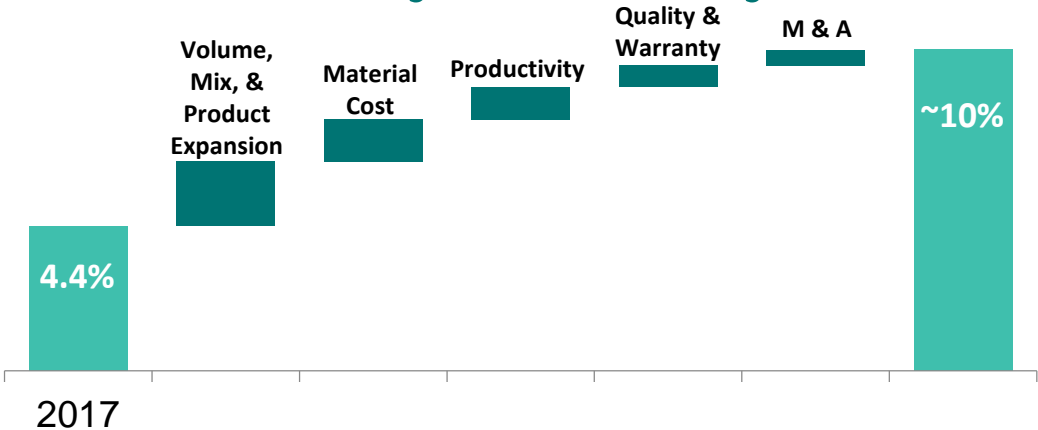


- 21% CAGR Class A Diesel >400 HP shipments ('12-'17)

## 3Q18 Sales & Adj. EBITDA (millions)



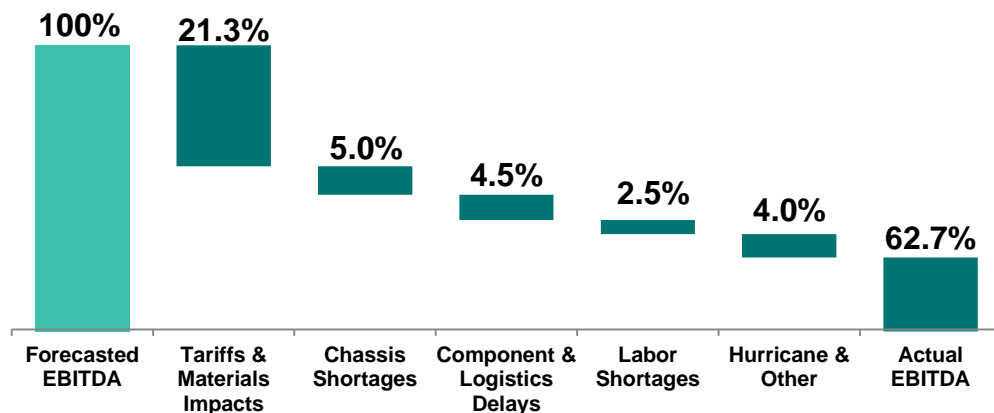
## Financial Objective – Adj. EBITDA %



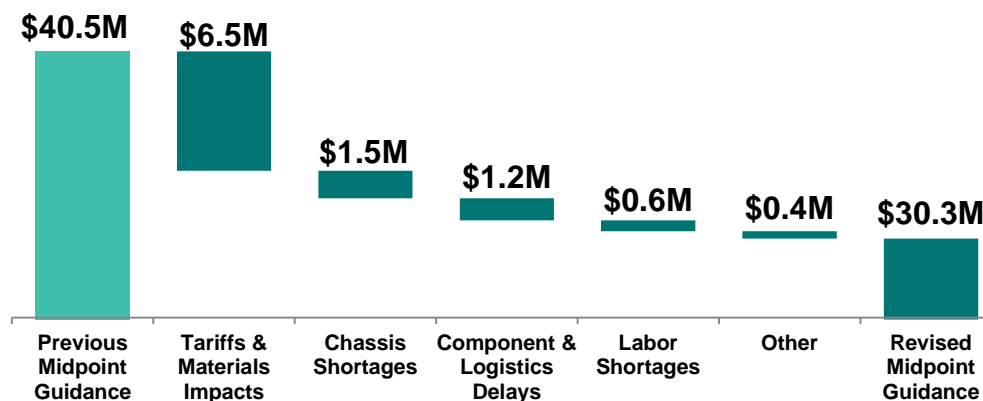
# FINANCIAL HIGHLIGHTS AND OUTLOOK



## 3Q18 Industry-wide Headwinds



## 2018 Guidance



## 2018 Guidance

| <i>(millions except per share)</i> |         |           |         |
|------------------------------------|---------|-----------|---------|
|                                    | Low     | Mid-point | High    |
| Revenue                            | \$790.0 | \$802.5   | \$815.0 |
| Net income                         | \$14.4  | \$15.4    | \$16.4  |
| Adjusted EBITDA                    | \$29.3  | \$30.3    | \$31.3  |
| EPS                                | \$0.41  | \$0.44    | \$0.47  |
| Adjusted EPS                       | \$0.42  | \$0.45    | \$0.48  |

See GAAP reconciliation in Appendix

# MANUFACTURING IMPROVEMENTS – GAINING TRACTION



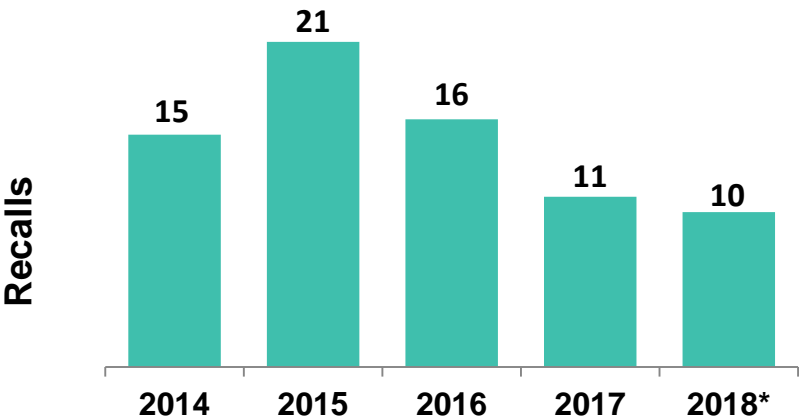
## In 2017, we...

- 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

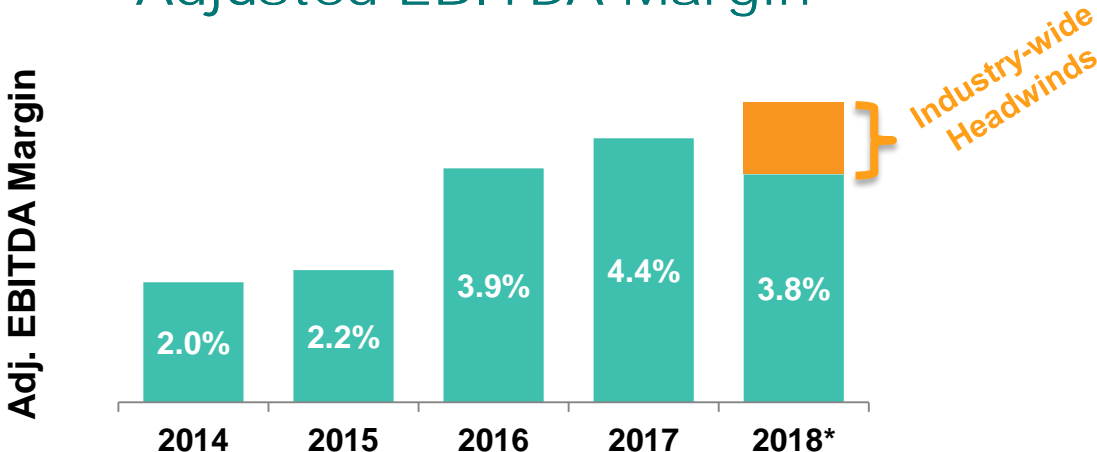
| KPI                     | 2017 vs. 2016        |
|-------------------------|----------------------|
| First Pass Yield        | 37 PPT's Improvement |
| On Time Delivery        | 14 PPT's Improvement |
| Direct Labor Efficiency | 4 PPT's Improvement  |
| Cost of Poor Quality    | \$5.8M Improvement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

## Product Recalls



\*Through 3Q18 (1 in-market, 4 OEM pass-thru, 5 legacy recalls)

## Adjusted EBITDA Margin



\*Based on 2018 Guidance





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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

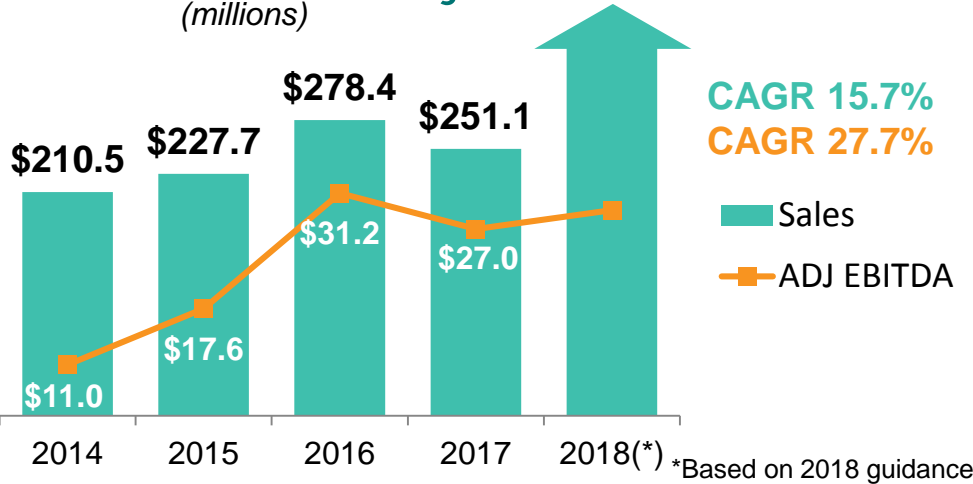


Mercedes-Benz

# FVS – BUSINESS SNAPSHOT



## Sales & Adj. EBITDA (millions)

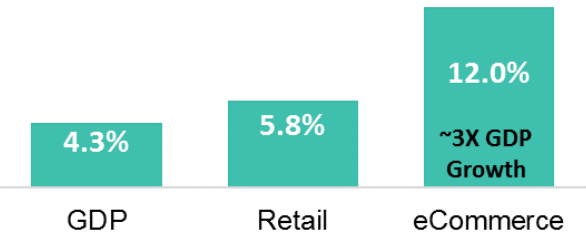


TAM: \$3.4B



Expected Growth (CAGR) 2016-2020

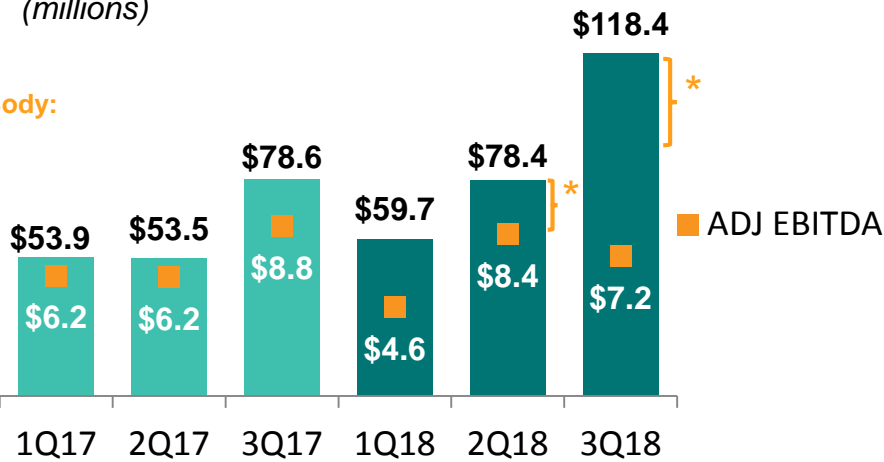
32M packages delivered daily in 2016 will double to 64M by 2026



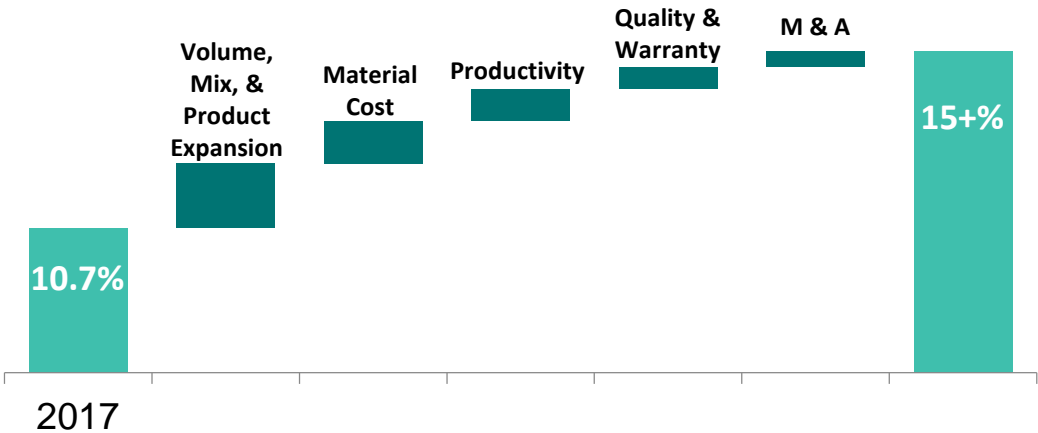
Note: Nominal GDP  
Sources: FedEx, UPS Rates & Forecasting, eMarketer, Forrester

## 3Q18 Sales & Adj. EBITDA (millions)

\*USPS Truck Body:  
3Q18: \$29.8M  
2Q18: \$9.6M



## Financial Objective – Adj. EBITDA %



# FVS – MARKET SHARE

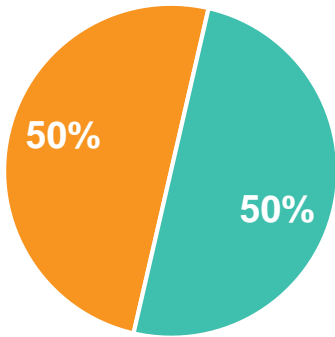


TAM: \$2.2 Billion



WALK- IN VANS

Walk-in Van Market Share

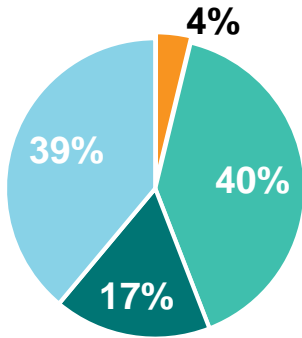


■ Spartan/Utilimaster ■ Morgan Olson



TRUCK BODIES

Truck Body Market Share



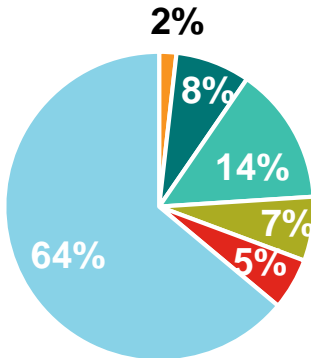
■ Spartan/Utilimaster ■ Morgan Corp  
■ Wabash/Supreme ■ Others

TAM: \$1.2 Billion



CARGO VAN UPFITS

Van Up-fit Market Share



■ Spartan/Utilimaster ■ MasterRack  
■ Adrian Steel ■ Ranger Design  
■ Weather Guard ■ Regional Upfitters

**Spartan's Utilimaster #3 in Van/Truck Body Market**

Source: SpecialtyTransportation.net

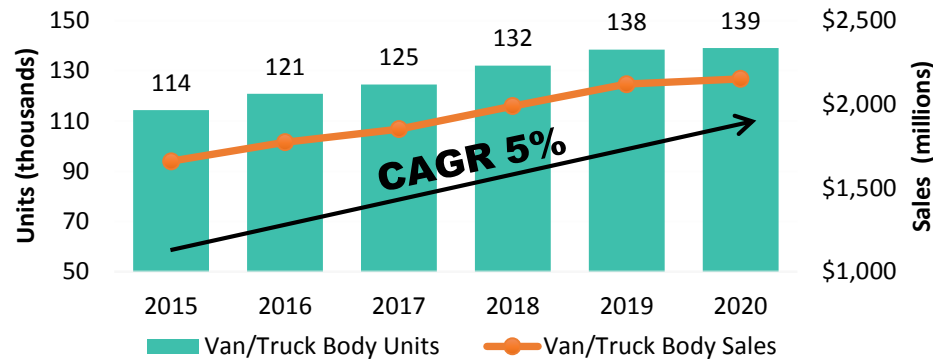


# FVS – VAN/TRUCK BODY & CARGO VAN UPFIT OUTLOOK



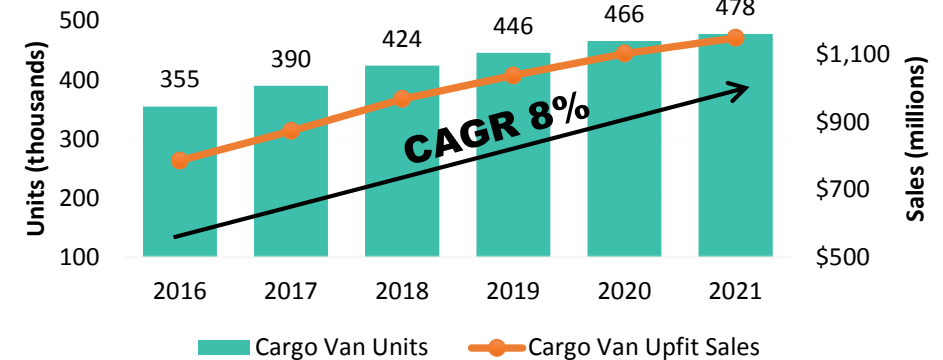
2020 / 2021 Total Addressable Market \$3.4 Billion

## 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 3Q18 Backlog down 5.9% to \$275.2M compared to \$292.5M at 3Q17
  - Backlog up 60.5% excluding USPS Truck Body and ASC 606 impact

## Cargo Van Upfit Market Growth

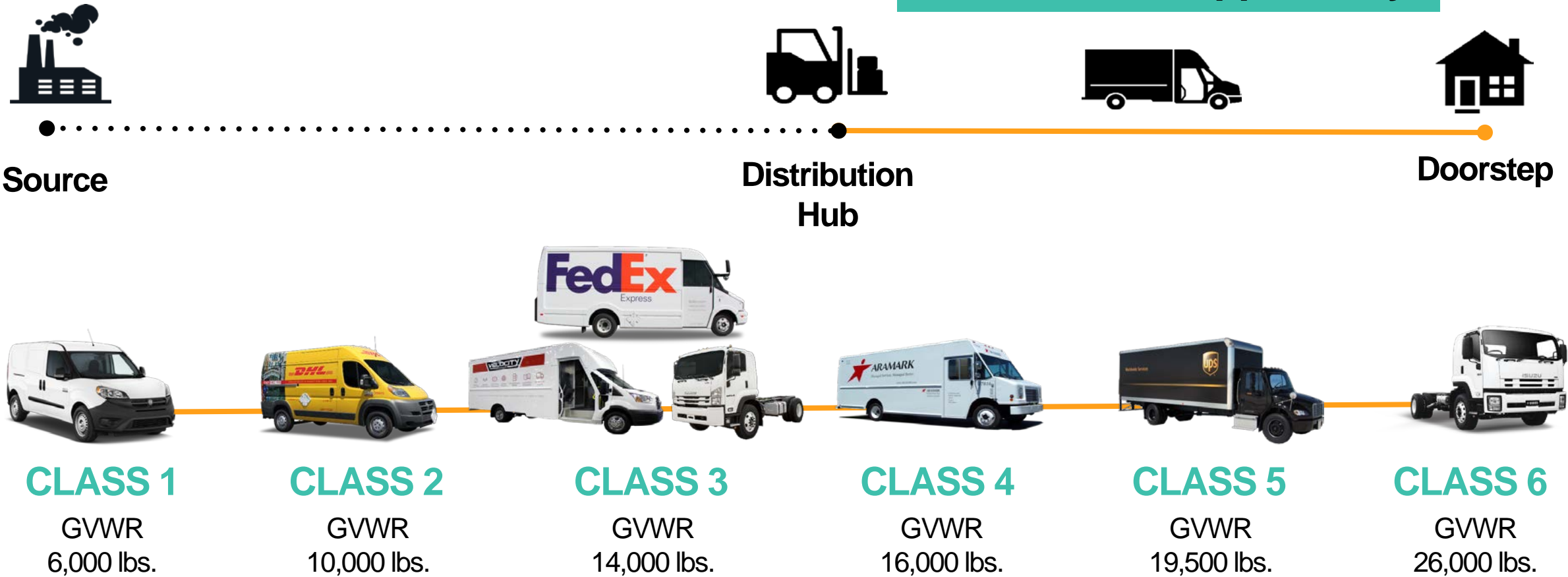


- FVS is well positioned to take advantage of the expanding cargo van segment
  - Ship-Thru programs in Saltillo, MX (Dodge Promaster) and Kansas City (Ford Transit)
- Growth driven by proven improvement efficiencies
  - Use of lighter weight material
  - Ergonomic equipment
  - Safety systems (rear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

# FLEET GROWTH OPPORTUNITIES



\$3.4B Market Opportunity



# FVS – COMPETITIVE ADVANTAGE



**Utility**

ConEd | SDG&E



**Food & Beverage**

Coca-Cola | Frito Lay



**Parcel**

UPS | FedEx | USPS



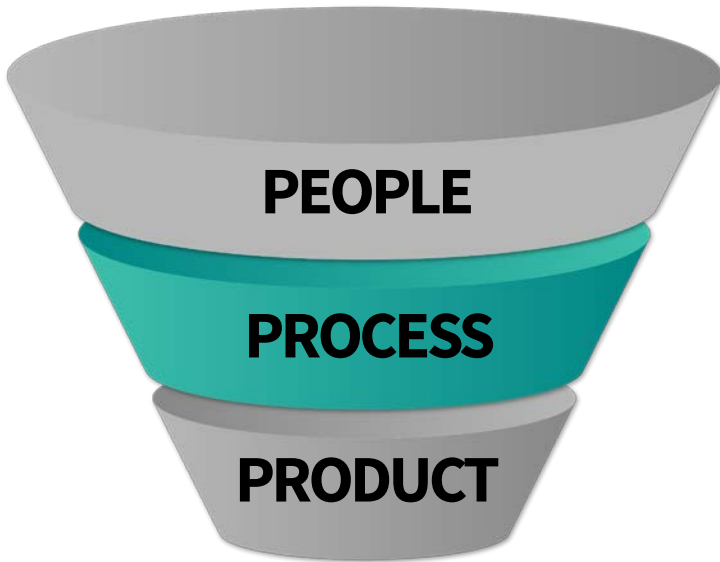
**Linen & Laundry**

Cintas | Aramark



**Retail**

Sysco | Starbucks



**Work-Driven Design = “The Utilimaster Difference”**



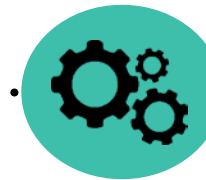
**Listen &  
Learn**



**Needs  
Assessment**



**Design &  
Innovate**

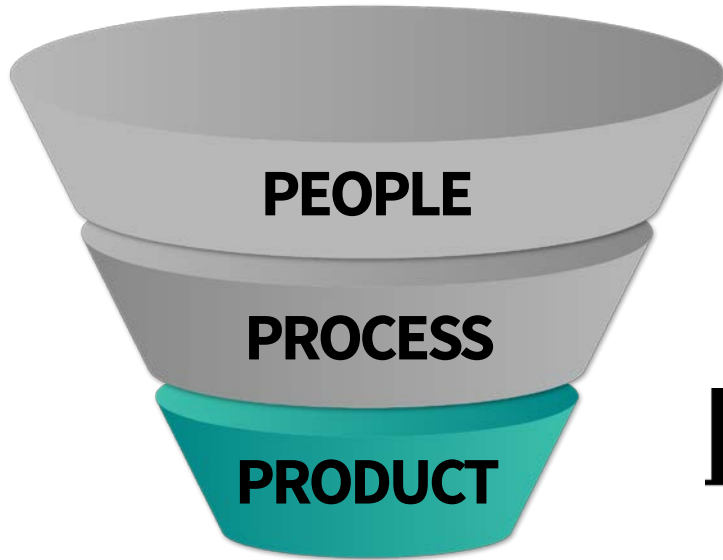


**Build &  
Implement**



**Optimized  
Partnership**

# FVS – BUILDING LONG-TERM RELATIONSHIPS



Truck  
Body



Walk-in  
Van



Van Upfit



Parts



Field  
Service

# BUSINESS UPDATE - FVS



- Last Mile Delivery – momentum continues to build
- Major e-commerce upfit order
  - Amazon and Mercedes announced a 20,000 unit Sprinter order – likely to be dual sourced
  - Spartan operating in Ladson, SC – building 70 per day
  - Completing first build on Promaster (Saltillo)
- USPS cargo body \$214M two-year contract for 2,141 vehicles
  - \$80M in revenue targeted for 2018
- Work-Driven Design™ driving sales across multiple product lines
  - Major fleet orders from Frito Lay and linen company
  - First ever UPS Refrigerated Truck Body, delivered to Hawaii
- EV continues to gain momentum – ability to produce vehicles across GVWR Classes 1 – 6
  - New suppliers in addition to Motiv, now include Zenith & Cummins Electrified Power







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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



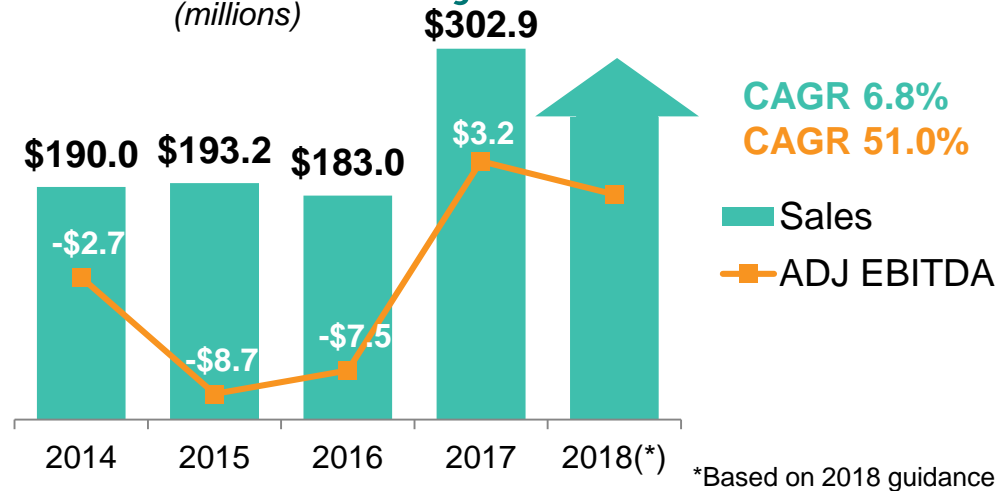
## Complete Apparatus



# ER – BUSINESS SNAPSHOT



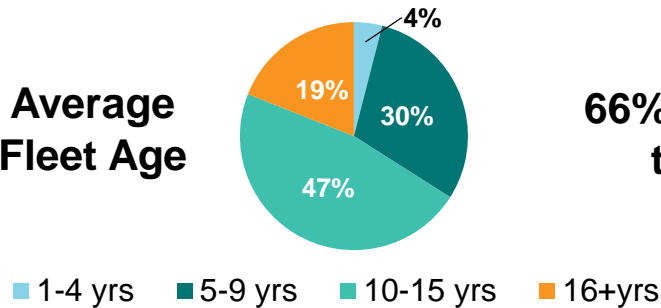
Sales & Adj. EBITDA  
(millions)



TAM: \$1.2B



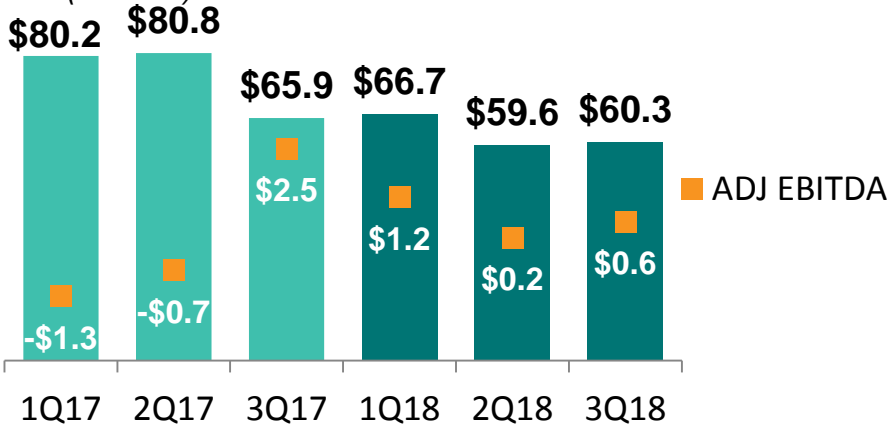
Average  
Fleet Age



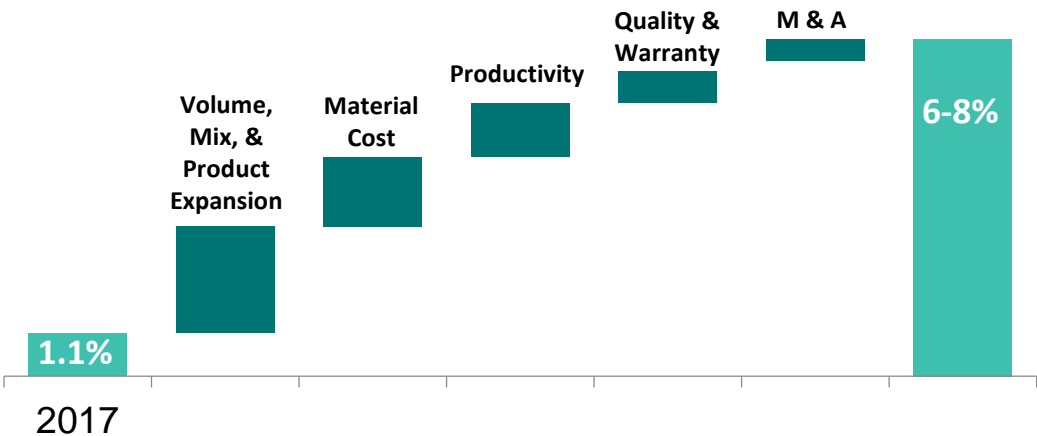
66% of all fire trucks are  
ten years or older

Source: FAMA shipped data and  
Management's estimates

3Q18 Sales & Adj. EBITDA  
(millions)



Financial Objective – Adj. EBITDA %



# ER – MARKET SHARE

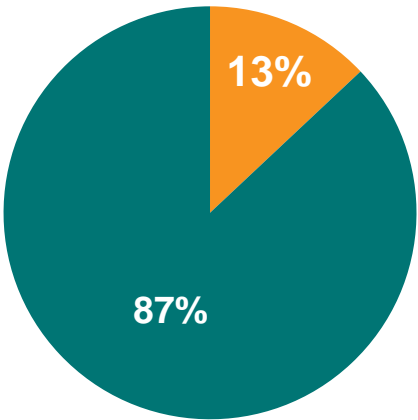


\$1.2 Billion Total Addressable Market



Pumpers

Pumper Market Share

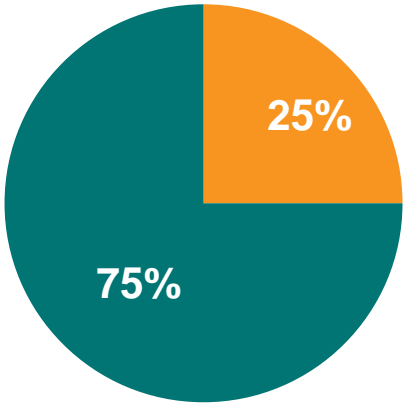


■ Spartan/Smeal ■ Pierce, REV, Rosenbauer, Other



Aerials

Aerial Market Share

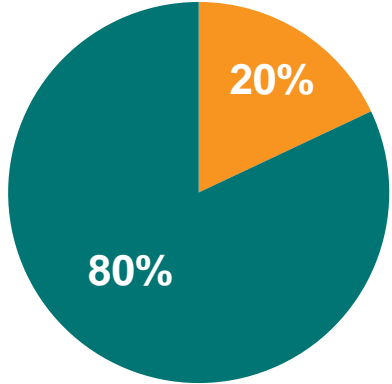


■ Spartan/Smeal ■ Pierce, REV, Rosenbauer, Other

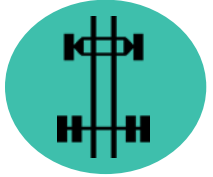


Fire Truck Cabs and Chassis

Chassis Market Share



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



## Spartan Independent Front Suspension (IFS)

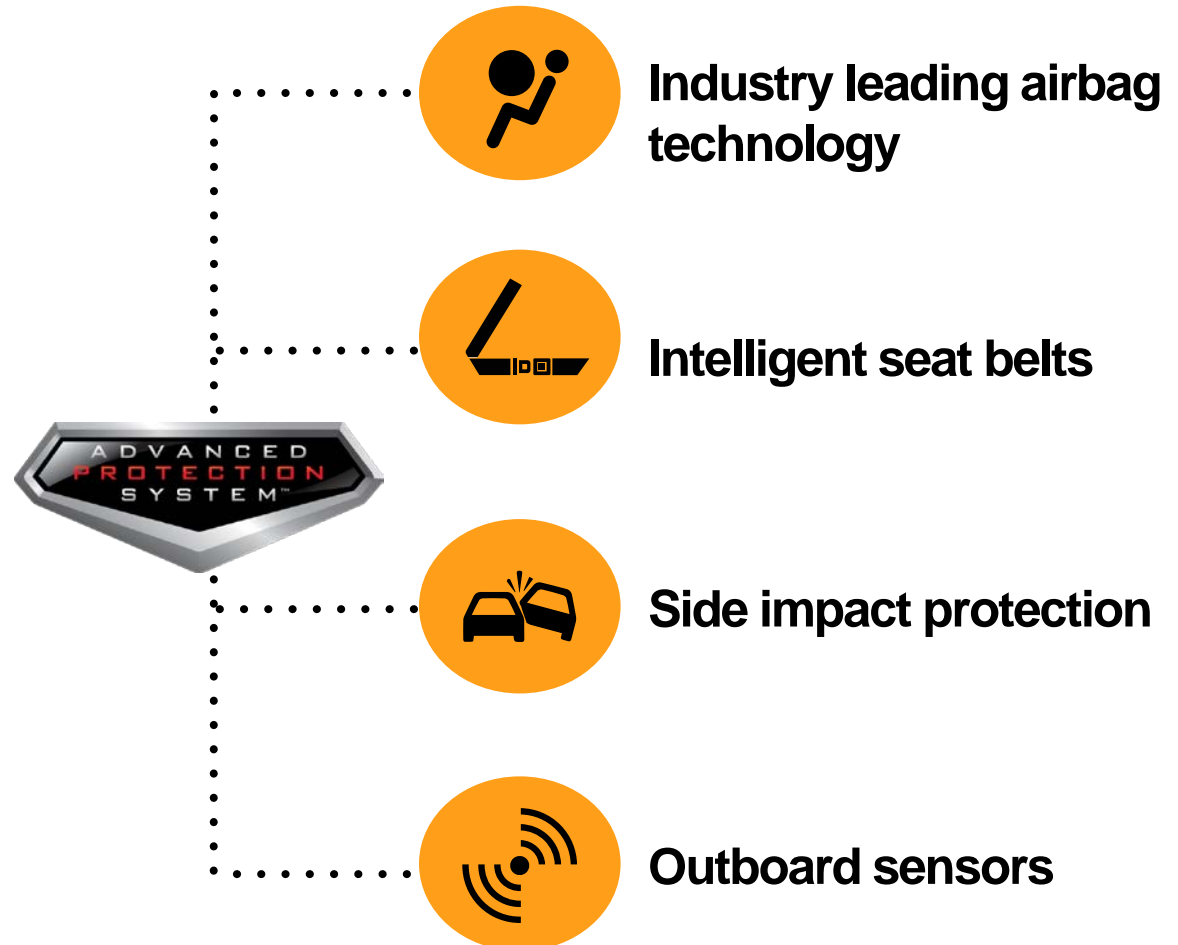
- Outperforms category leader
  - Product performance
  - Value equation



## New 35K Axle

- Greater carry capacity
- Increased maneuverability

## Spartan Advanced Protection System®





# BUSINESS UPDATE - ER



- Achieved 5th consecutive quarter of profitability
- Continue to implement margin improvement initiatives
  - New order-to-ship process improvements implemented in Brandon, SD facility
  - Facility optimization – UST successfully consolidated into Brandon location
  - S180 production successfully relocated to Brandon, SD
  - Dealer consolidation underway in key locations; targeting completion in Q1 2019
- Expanded distribution coverage to Florida (Top-5 market) and signed a long term Canadian distribution contract
- Continued aerial product line reintroductions
  - Earned Professional Engineer Certification on LTC Snorkel





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SPECIALTY CHASSIS &  
VEHICLES (SCV)

# SPECIALTY CHASSIS & VEHICLES (SCV)



The “Premier Foundation” (custom chassis) for the Class A luxury diesel Motor Coach market, 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



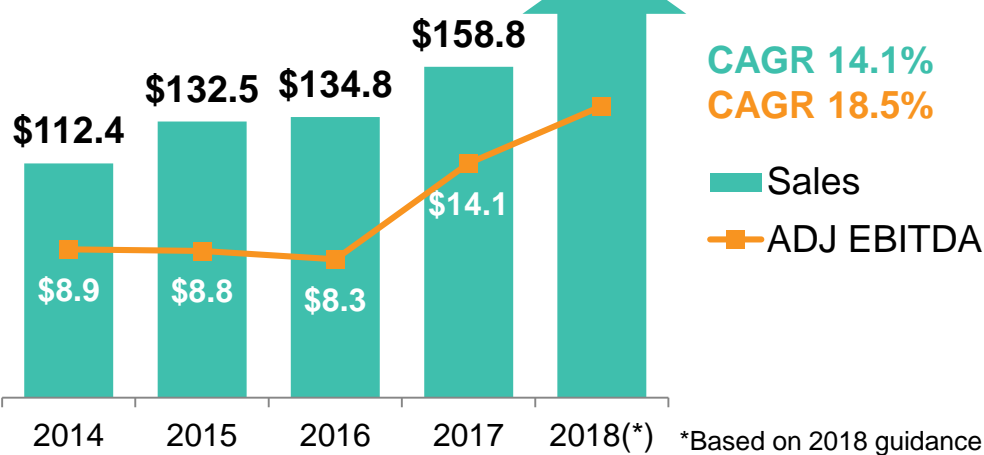
## Defense and Specialty



# SCV – BUSINESS SNAPSHOT



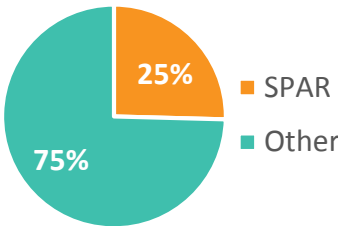
Sales & Adj. EBITDA  
(millions)



TAM: \$620M



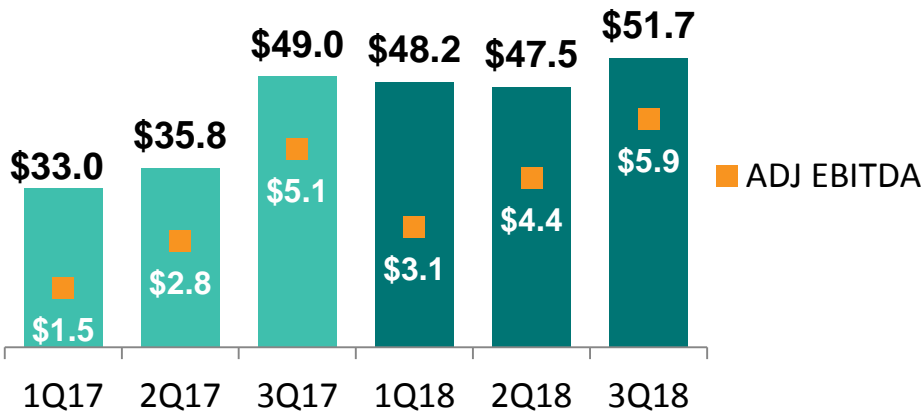
Class A Diesel >400hp



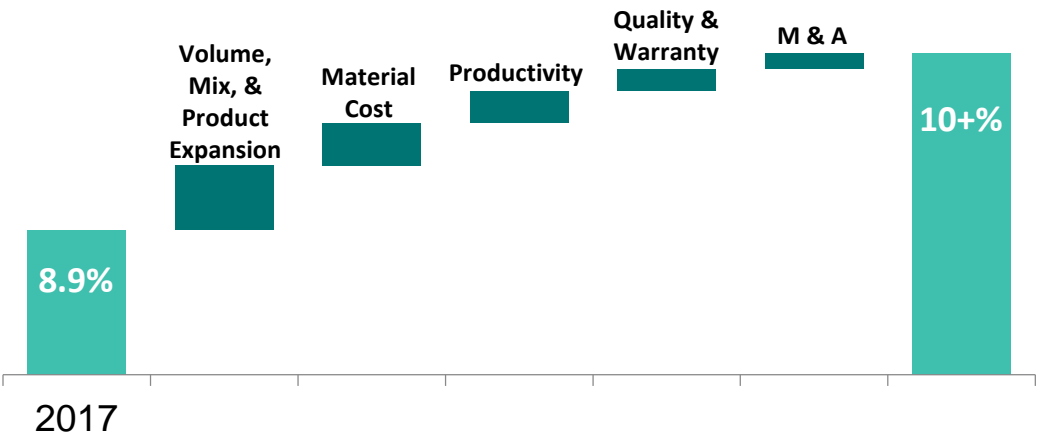
Spartan market share has seen positive growth of 39% since 2014

Source: Statistical Surveys MarketScope, 1/2008 – 08/2018, U.S. Data and Management's estimates

3Q18 Sales & Adj. EBITDA  
(millions)



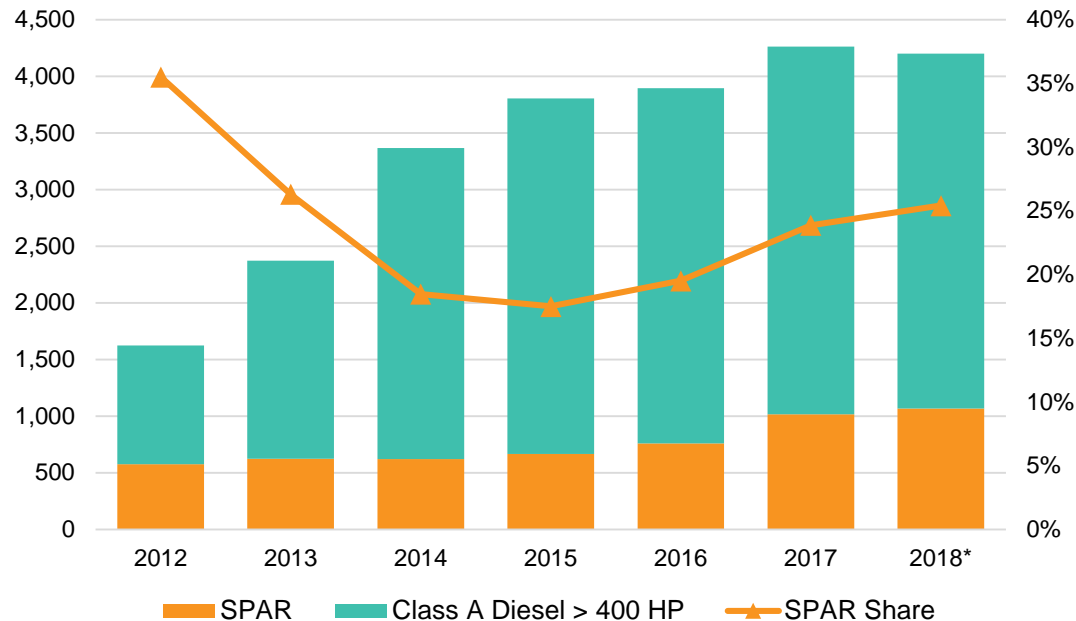
Financial Objective – Adj. EBITDA %



# RV CHASSIS – CLASS A DIESEL MARKET SHARE AND OUTLOOK



**Spartan market share has seen positive growth of 39% since 2014**



**Total Addressable Market  
\$620 Million**

**(Spartan makes chassis for Class A Diesel > 400 HP - 25% share)**

*Source: Statistical Surveys MarketScope, 1/2008 – 08/2018, 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, Foretravel, and NeXus manufacturers
- Jayco – new for 2018
  - K1-360 chassis <400HP
  - \$200M addressable market

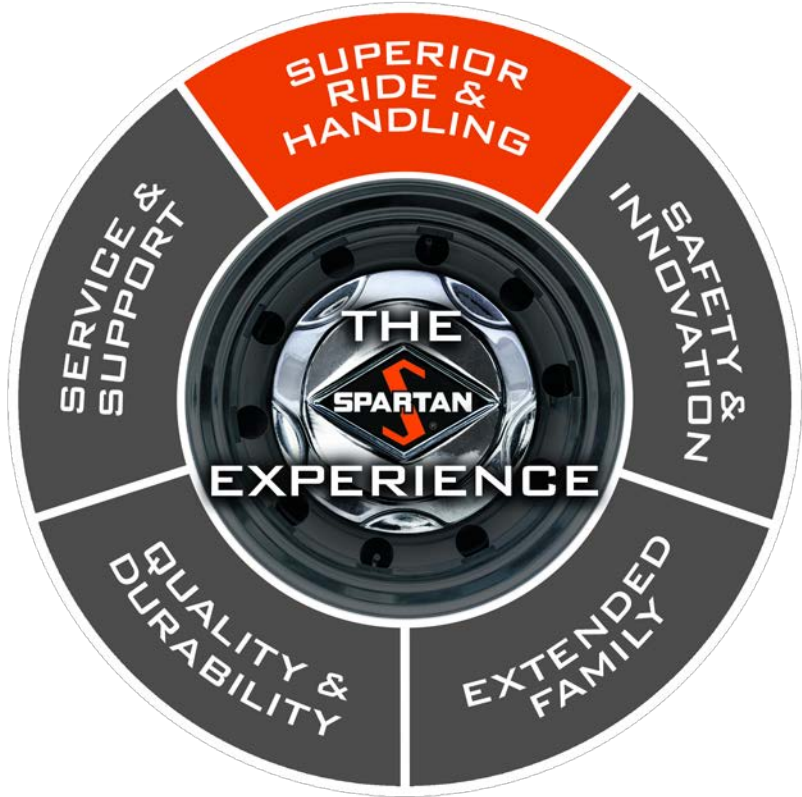


# SCV – CATEGORY LEADING INNOVATION



- 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

# BUSINESS UPDATE - SCV



- Continues to gain share in Luxury Motor Coach chassis market
  - 25% market share in diesel >400hp segment
- Launch of new OEM on K1 360 chassis
  - NeXus RV – Bentley Diamond (40')
- Continued growth of our smaller format K1 360 chassis
  - Jayco Embark (37' and 39')
  - Entegra Coach's Reatta (37' and 39')
- Contract manufacturing for Isuzu vehicles continues to grow
  - Added a second shift to support increased demand





# 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***

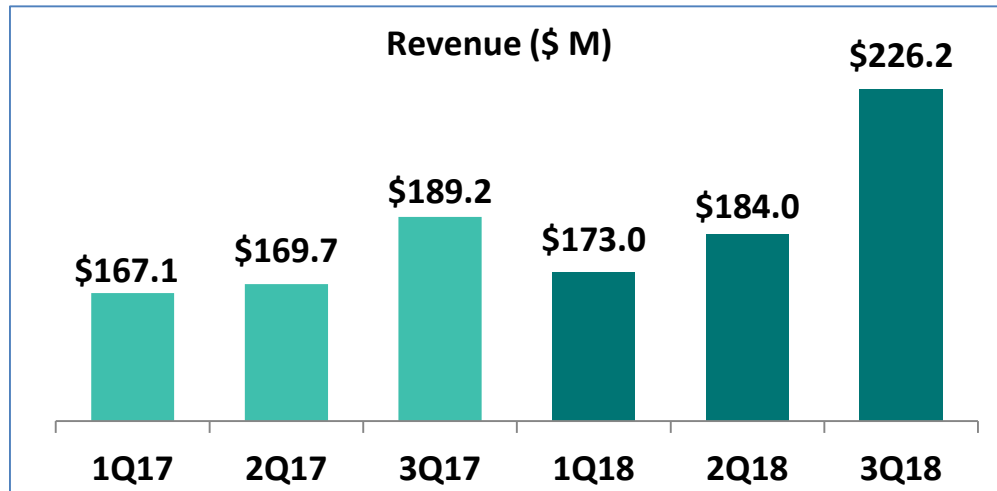




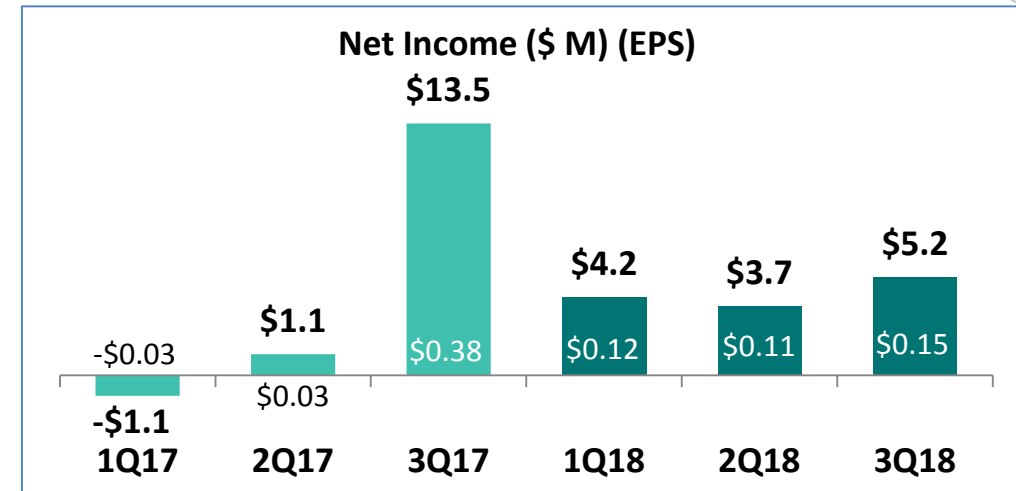
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# FINANCIAL REVIEW

# OVERVIEW – 3Q18 VS. 3Q17

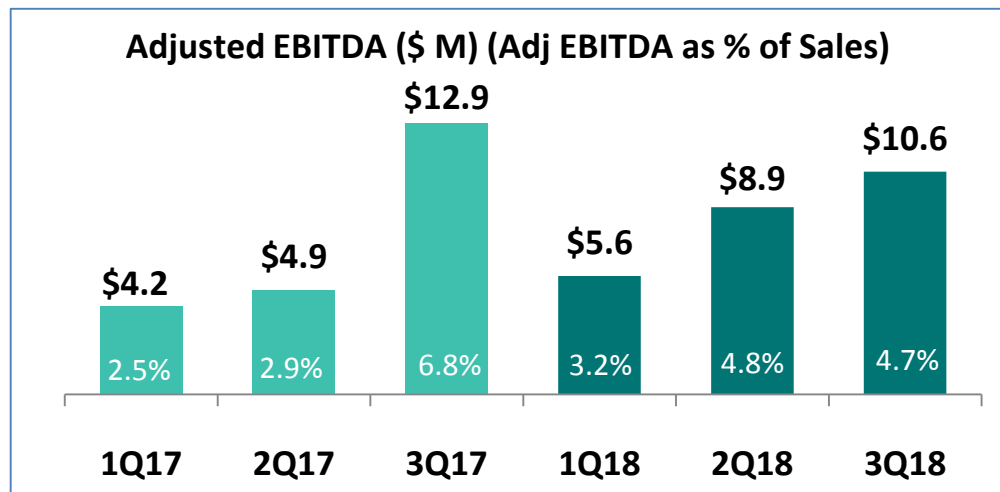


- Revenue for 3Q18 up \$37.0M, or 19.6%, to \$226.2M from \$189.2M
  - FVS up \$39.8M – higher USPS, Reach™, and upfit center volume
  - ER down \$5.6M – lower volume and unfavorable sales mix
  - SCV up \$2.7M – strength of luxury motor coach sales

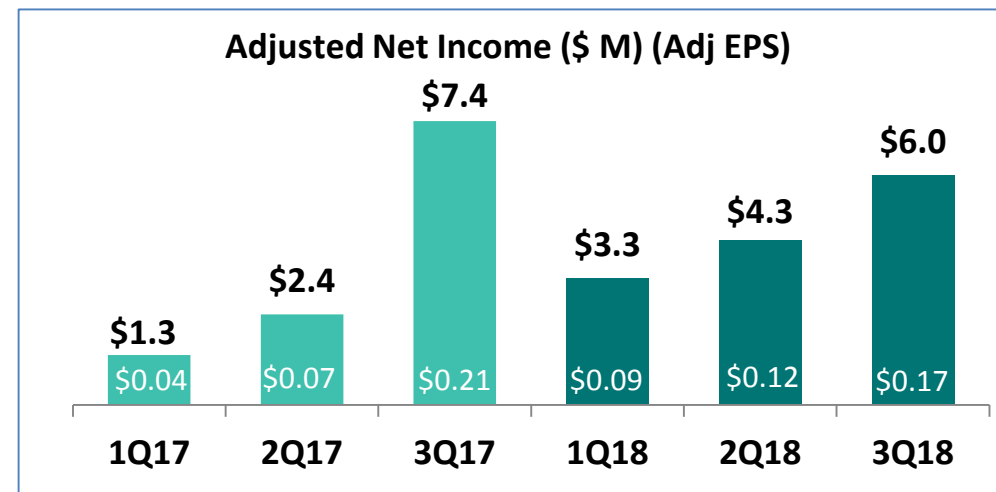


- Net Income for 3Q18 fell by \$8.3M, or 61.5%, to \$5.2M from \$13.5M
- EPS decreased \$0.23, or 60.5%, to \$0.15 from \$0.38 last year.
- Gross profit margin decreased 350 bps to 11.6% of sales from 15.1% of sales
  - Primarily driven by tariff-driven increases in commodity and component costs, chassis shortages, supplier component delays, freight costs, and disruptions and labor shortages

# OVERVIEW – 3Q18 VS. 3Q17



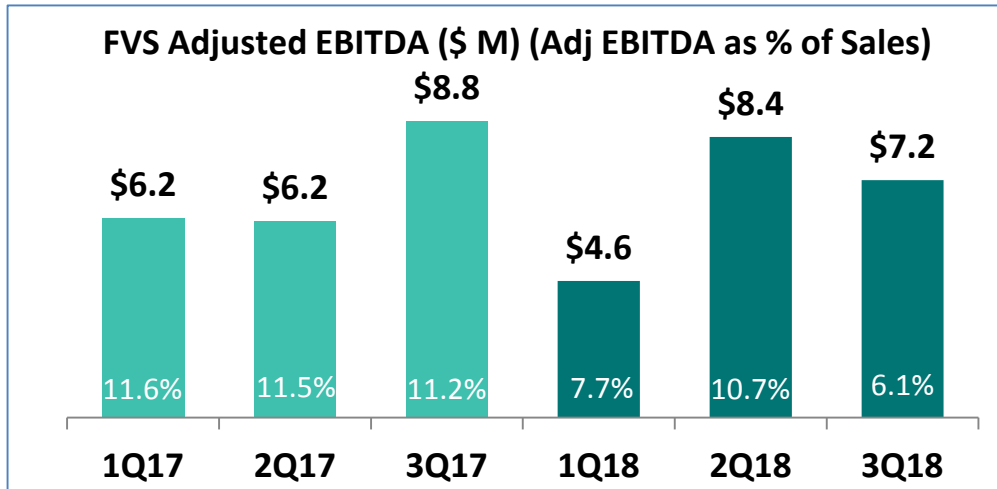
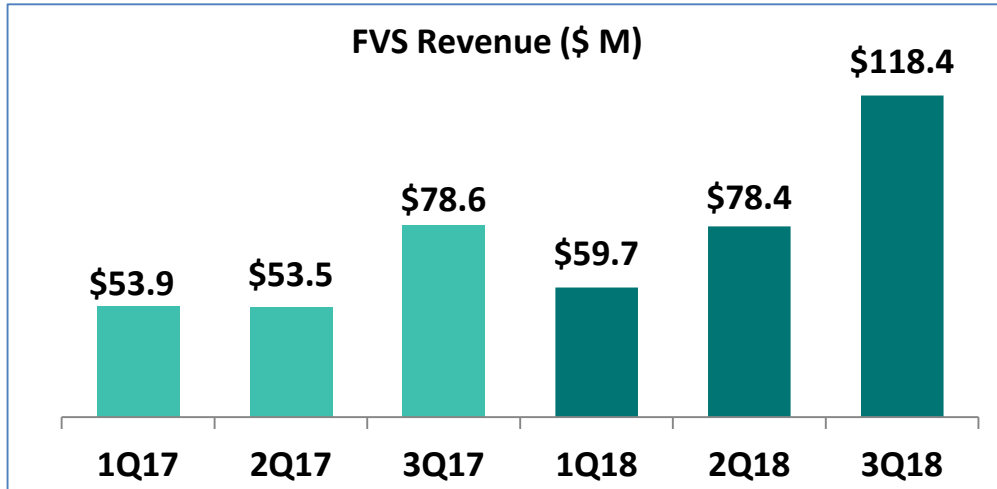
- Adjusted EBITDA fell \$2.3M, or 17.8%, to \$10.6M from \$12.9M
- Adjusted EBITDA margin decreased 210 basis points to 4.7% of sales compared to 6.8% of sales
  - Reflects tariff-driven increases in costs, chassis shortages, supplier component delays, freight cost increases and labor shortages



- Adjusted net income fell 18.9% to \$6.0M from \$7.4M
- Adjusted EPS of \$0.17 versus \$0.21 a year ago
- Backlog down 9.8% to \$484.9M from \$537.7M a year ago.
  - \$159M USPS order remaining in 3Q18 vs \$214M in 3Q17

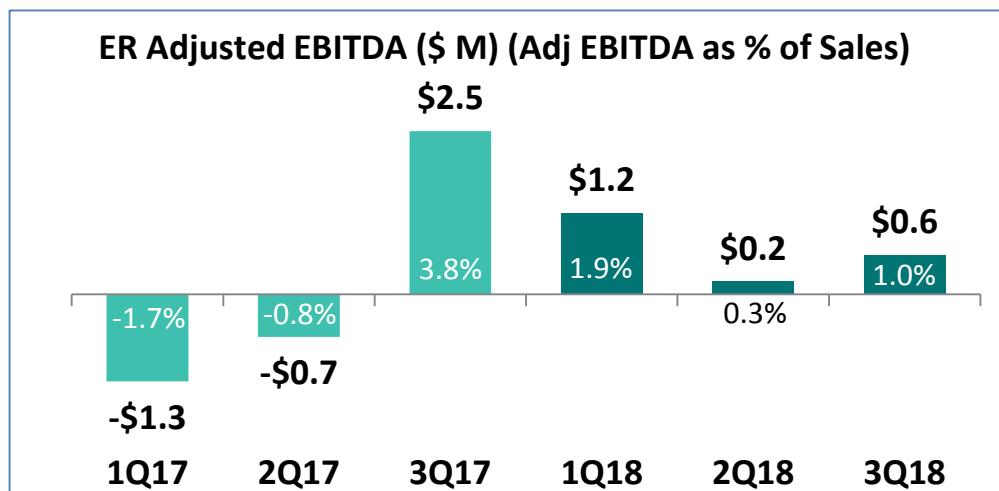
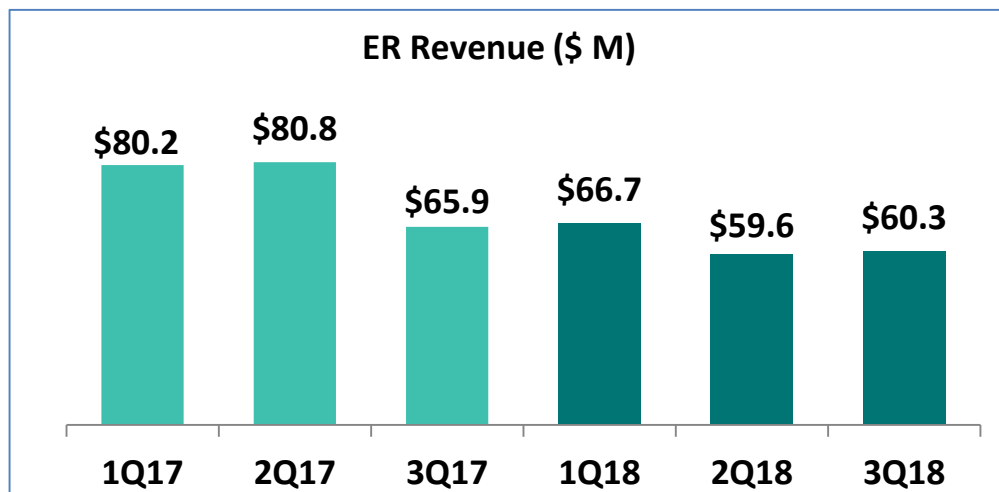
See GAAP reconciliation in Appendix

# FLEET VEHICLES & SERVICES – 3Q18



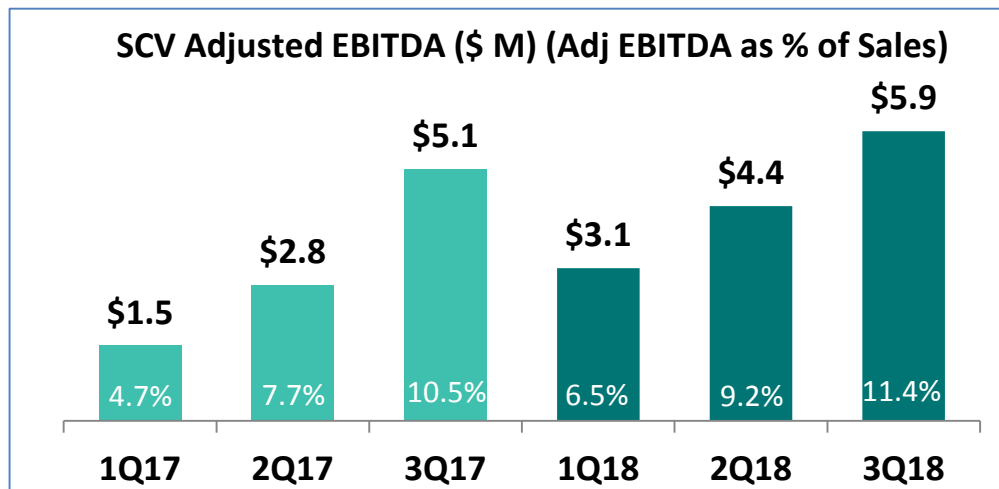
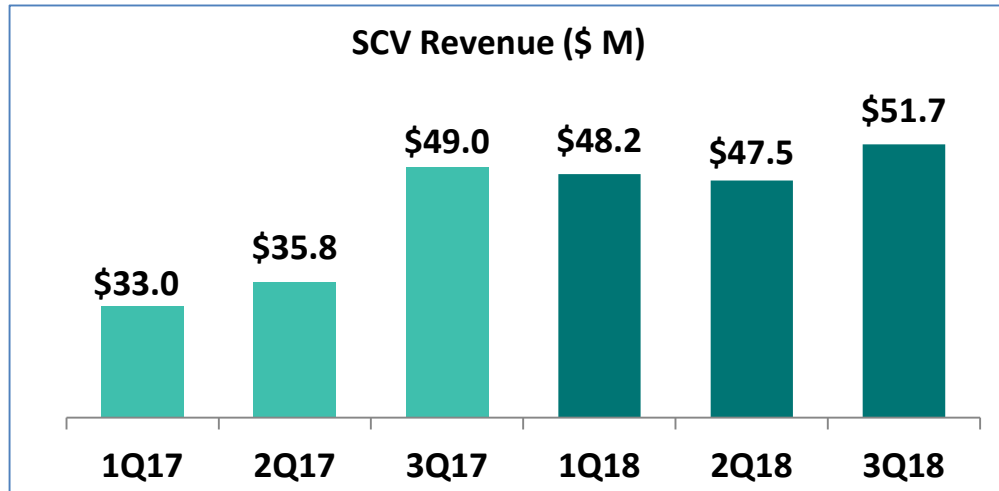
- Revenue up \$39.8M to \$118.4M from \$78.6M
  - Increased volume relating to USPS truck body, Reach™ vehicle, and upfits
- Adjusted EBITDA decreased \$1.6M to \$7.2M from \$8.8M unfavorable sales mix, tariff-driven increases in costs and increased freight costs
- Adjusted EBITDA margin decreased 510 basis points to 6.1% of sales from 11.2%
- Backlog down 5.9% to \$275.2M compared to \$292.5M a year ago
  - Backlog up 48.6% to \$116.2M compared to \$78.2M a year ago, excluding USPS truck body order
  - Backlog up 60.5% excluding USPS Truck Body and ASC 606 impact

# EMERGENCY RESPONSE – 3Q18



- Revenue down 8.5% to \$60.3M from \$65.9M
  - Reflects lower volume and unfavorable sales mix
- Adjusted EBITDA fell \$1.9M to \$0.6M compared to \$2.5M last year
  - Driven primarily by reduced volume, tariff-driven increases in costs, and supplier delays
- Adjusted EBITDA margin decreased 280 basis points to 1.0% of sales
- Backlog down 17.6% to \$175.7M compared to \$213.3M a year ago

# SPECIALTY CHASSIS & VEHICLES – 3Q18



- Revenue up \$2.7M, or 5.5%, to \$51.7M from \$49.0M last year
  - Luxury motor coach chassis sales up \$1.9M, or 5.1% to \$38.9M from \$37.0M
- SCV adjusted EBITDA increased \$0.8M to \$5.9M from \$5.1M
- Adjusted EBITDA margin improved 90 basis points to 11.4% of sales from 10.5% of sales
  - Due to strong momentum in luxury motor coach chassis, partially offset by tariff-driven increases in commodity and component costs
- Backlog up 6.6% to \$34.0M compared to \$31.9M a year ago
  - Luxury motor coach backlog up 3.1% compared to a year ago



# BALANCE SHEET – 3Q18



**Spartan Motors, Inc.**  
**Summary Balance Sheet**  
**(unaudited)**

| (\$000's)                                     | Sep 30,<br>2018   | Dec 31,<br>2017   |
|---|-------------------|-------------------|
| <b>Assets</b>                                 |                   |                   |
| Cash  | \$ 15,667         | \$ 33,523         |
| Accts Receivable                              | 109,946           | 83,147            |
| Contract Assets                               | 43,576            | -                 |
| Inventory                                     | 75,759            | 77,692            |
| PP&E  | 55,547            | 55,177            |
| Other Assets                                  | 49,400            | 51,625            |
| <b>Total Assets</b>                           | <b>\$ 349,895</b> | <b>\$ 301,164</b> |
| <b>Liabilities &amp; Shareholders' Equity</b> |                   |                   |
| Accts Payable                                 | \$ 92,598         | \$ 40,643         |
| Long-term Debt                                | 18,560            | 17,925            |
| Other Liabilities                             | 55,013            | 74,327            |
| <b>Total Liabilities</b>                      | <b>166,171</b>    | <b>132,895</b>    |
| Shareholders' Equity                          | 183,724           | 168,269           |
| <b>Total Liabilities &amp; Equity</b>         | <b>\$ 349,895</b> | <b>\$ 301,164</b> |
| <b>Total Liquidity</b>                        |                   |                   |
| Cash  | \$ 15,667         | \$ 33,523         |
| Net Borrowing Capacity                        | 116,109           | 66,396            |
| <b>Total Liquidity</b>                        | <b>\$ 131,776</b> | <b>\$ 99,919</b>  |

- Total liquidity of \$131.8M at 3Q18 reflects:
  - \$15.7M cash on hand
  - \$116.1M of borrowing capacity
- New Secured \$150M Revolver – 5 year facility
- Adequate liquidity/capacity to fund:
  - Working capital requirements
  - Pursue opportunistic acquisitions
- Contract assets of \$43.6M at 3Q18
  - Represents revenue with corresponding profit recognized on products in process, but not yet invoiced to the customer as a result of adopting the new revenue recognition standard



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# APPENDIX

# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES



This presentation contains adjusted EBITDA (earnings before interest, taxes, depreciation and amortization), adjusted net income, adjusted earnings per share, forecasted adjusted EBITDA, and forecasted adjusted earnings per share, which are all non-GAAP financial measures. These non-GAAP 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 release such items include expenses associated with restructuring actions taken to improve the efficiency and profitability of certain of our operations, various items related to business acquisition and strategic planning activities, and the impact that our deferred tax asset valuation allowance that we recorded in 2015 has had on our tax expense and net income in 2017.

We present the non-GAAP measures adjusted EBITDA, adjusted net income and adjusted earnings per share 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 and adjusted earnings per share enables investors to better understand our operations by removing the impact of tax adjustments, including the impact that our deferred tax asset valuation allowance that we recorded in 2015 has had on our tax expense and net income in 2017, 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 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 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)

| (\$000)<br>Spartan Motors, Inc.                                 | <b>Three Months Ended March 31,</b> |                |
|---|-------------------------------------|----------------|
|   | <b>2018</b>                         | <b>2017</b>    |
| 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            |
| Acquisition related expenses                                    | 162                                 | 672            |
| Impact of acquisition adjustment for net working capital        | (1,500)                             | -              |
| Impact of step-up in inventory value resulting from acquisition | -                                   | 189            |
| Impact of acquisition on timing of chassis revenue recognition  | -                                   | 1,112          |
| 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



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

| (\$000)  | <b>Three Months Ended June 30,</b> |                |
|--|------------------------------------|----------------|
|  | <b>2018</b>                        | <b>2017</b>    |
| <b>Spartan Motors, Inc.</b>  |                                    |                |
| Net income attributable to Spartan Motors, Inc.                                    | \$3,740                            | \$1,124        |
| Add (subtract):  |                                    |                |
| Restructuring charges  | 797                                | 325            |
| Impact of acquisition on timing of chassis revenue recognition                     | -                                  | 853            |
| Impact of acquisition adjustments for net working capital and contingent liability | (693)                              | -              |
| Acquisition related expenses   | 373                                | 60             |
| Recall expense   | (443)                              | -              |
| Long-term strategic planning expenses  | 718                                | -              |
| Tax effect of adjustments  | (178)                              | -              |
| Adjusted net income attributable to Spartan Motors, Inc.                           | <u>\$4,314</u>                     | <u>\$2,362</u> |
| Net income attributable to Spartan Motors, Inc.                                    | \$3,740                            | \$1,124        |
| Add (subtract):  |                                    |                |
| Depreciation and amortization  | 2,586                              | 2,365          |
| Taxes on income  | 1,537                              | 92             |
| Interest expense   | 270                                | 129            |
| EBITDA   | <u>\$8,133</u>                     | <u>\$3,710</u> |
| Add (subtract):  |                                    |                |
| Restructuring charges  | 797                                | 325            |
| Impact of acquisition on timing of chassis revenue recognition                     | -                                  | 853            |
| Impact of acquisition adjustments for net working capital and contingent liability | (693)                              | -              |
| Acquisition related expenses   | 373                                | 60             |
| Recall expense   | (443)                              | -              |
| Long-term strategic planning expenses  | 718                                | -              |
| Adjusted EBITDA  | <u>\$8,885</u>                     | <u>\$4,948</u> |
| Diluted net earnings per share   | \$0.11                             | \$0.03         |
| Add (subtract):  |                                    |                |
| Restructuring charges  | 0.02                               | 0.01           |
| Impact of acquisition on timing of chassis revenue recognition                     | -                                  | 0.03           |
| Impact of acquisition adjustments for net working capital and contingent liability | (0.02)                             | -              |
| Acquisition related expenses   | 0.01                               | -              |
| Recall expense   | (0.01)                             | -              |
| Long-term strategic planning expenses  | 0.02                               | -              |
| Tax effect of adjustments  | (0.01)                             | -              |
| Adjusted diluted net earnings per share  | <u>\$0.12</u>                      | <u>\$0.07</u>  |

# RECONCILIATION OF NON – GAAP FINANCIAL MEASURES



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

| (\$000)  | <b>Three Months Ended September 30,</b> |                 |
|--|---|-----------------|
| <b>Spartan Motors, Inc.</b>                                    | <b>2018</b>                             | <b>2017</b>     |
| Net income attributable to Spartan Motors, Inc.                | \$5,243                                 | \$13,470        |
| Add (subtract):  |   |                 |
| Restructuring charges  | 501                                     | 232             |
| Impact of acquisition on timing of chassis revenue recognition | -                                       | 108             |
| Acquisition related expenses                                   | 267                                     | 354             |
| Recall expense   | 112                                     | (368)           |
| Long term strategic planning expenses                          | 277                                     | -               |
| Litigation settlement  | 321                                     | -               |
| Deferred tax asset valuation allowance                         | (373)                                   | (6,295)         |
| Tax effect of adjustments                                      | (360)                                   | (98)            |
| Adjusted net income attributable to Spartan Motors, Inc.       | <u>\$5,988</u>                          | <u>\$7,403</u>  |
|  |   |                 |
| Net income attributable to Spartan Motors, Inc.                | \$5,243                                 | \$13,470        |
| Add (subtract):  |   |                 |
| Depreciation and amortization                                  | 2,600                                   | 2,645           |
| Taxes on income  | 1,037                                   | (3,736)         |
| Interest expense   | 225                                     | 189             |
| EBITDA   | <u>\$9,105</u>                          | <u>\$12,568</u> |
| Add (subtract):  |   |                 |
| Restructuring charges  | 501                                     | 232             |
| Impact of acquisition on timing of chassis revenue recognition | -                                       | 108             |
| Acquisition related expenses                                   | 267                                     | 354             |
| Recall expense   | 112                                     | (368)           |
| Long term strategic planning expenses                          | 277                                     | -               |
| Litigation settlement  | 321                                     | -               |
| Adjusted EBITDA  | <u>\$10,583</u>                         | <u>\$12,894</u> |
|  |   |                 |
| Diluted net earnings per share                                 | \$0.15                                  | \$0.38          |
| Add (subtract):  |   |                 |
| Restructuring charges  | 0.01                                    | 0.01            |
| Litigation settlement  | 0.01                                    | -               |
| Acquisition related expenses                                   | 0.01                                    | 0.01            |
| Recall expense   | -                                       | (0.01)          |
| Long term strategic planning expenses                          | 0.01                                    | -               |
| Deferred tax asset valuation allowance                         | (0.01)                                  | (0.18)          |
| Tax effect of adjustments                                      | (0.01)                                  | -               |
| Adjusted diluted net earnings per share                        | <u>\$0.17</u>                           | <u>\$0.21</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                     | \$ 14,887                        | 2.1%       | \$ 11,065 | 1.9%       | \$ 6,574    | 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                                  | \$ 26,826                        | 3.8%       | \$ 17,023 | 2.9%       | \$ (4,290)  | -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                         | \$ 31,327                        | 4.4%       | \$ 22,870 | 3.9%       | \$ 12,176   | 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 | \$ 0.43                          |            | \$ 0.32   |            | \$ 0.20     |            |

# RECONCILIATION OF NON – GAAP FINANCIAL MEASURES



## Financial Summary (Non-GAAP)

Consolidated  
(In thousands)  
(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



## Financial Summary (Non-GAAP) Consolidated

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

|                                      | Forecast<br>Year Ending December 31, 2018 |                  |                  |
|--------------------------------------|---|------------------|------------------|
|                                      | Low                                       | Mid              | High             |
| Net income                           | \$ 14,448                                 | \$ 15,448        | \$ 16,448        |
| Add:                                 |   |                  |                  |
| Depreciation and amortization        | 10,310                                    | 10,310           | 10,310           |
| Interest expense                     | 967                                       | 967              | 967              |
| Taxes                                | 2,609                                     | 2,609            | 2,609            |
| EBITDA                               | \$ 28,334                                 | \$ 29,334        | \$ 30,334        |
| Add (subtract):                      |   |                  |                  |
| Restructuring and other charges, net | 966                                       | 966              | 966              |
| Adjusted EBITDA                      | <u>\$ 29,300</u>                          | <u>\$ 30,300</u> | <u>\$ 31,300</u> |
| Earnings per share                   | \$ 0.41                                   | \$ 0.44          | \$ 0.47          |
| Add:                                 |   |                  |                  |
| Restructuring and other charges, net | 0.03                                      | 0.03             | 0.03             |
| Less tax effect of adjustments       | (0.02)                                    | (0.02)           | (0.02)           |
| Adjusted earnings per share          | <u>\$ 0.42</u>                            | <u>\$ 0.45</u>   | <u>\$ 0.48</u>   |

## **FOR MORE INFORMATION:**

**SPARTAN MOTORS, INC.**

**JURIS PAGRABS**

**GROUP TREASURER & DIRECTOR OF  
INVESTOR RELATIONS**

**517.997.3842**



**SPARTANMOTORS.COM**

