



INVESTOR PRESENTATION

March 2019



COMMAND
YOUR ROAD

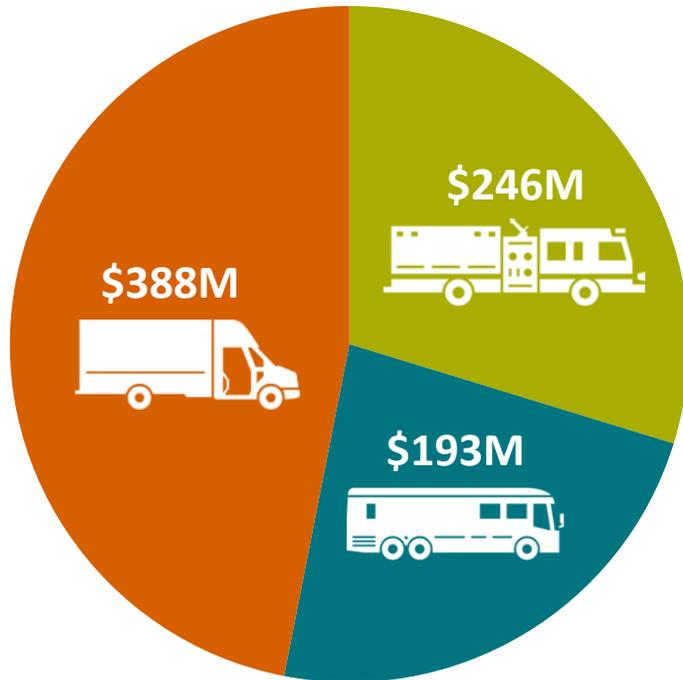
FORWARD LOOKING STATEMENTS

This presentation contains several forward-looking statements that are not historical facts, including statements concerning our business, strategic position, financial projections, financial strength, future plans, objectives, and the performance of our products and operations. These statements can be identified by words such as "believe," "expect," "intend," "potential," "future," "may," "will," "should," and similar expressions regarding future expectations. These forward-looking statements involve various known and unknown risks, uncertainties, and assumptions that are difficult to predict with regard to timing, extent, and likelihood. Therefore, actual performance and results may materially differ from what may be expressed or forecasted in such forward-looking statements. Factors that could contribute to these differences include operational and other complications that may arise affecting the implementation of our plans and business objectives; continued pressures caused by economic conditions and the pace and extent of the economic recovery; challenges that may arise in connection with the integration of new businesses or assets we acquire or the disposition of assets; restructuring of our operations, and/or our expansion into new geographic markets; issues unique to government contracting, such as competitive bidding processes, qualification requirements, and delays or changes in funding; disruptions within our dealer network; changes in our relationships with major customers, suppliers, or other business partners, including Isuzu; changes in the demand or supply of products within our markets or raw materials needed to manufacture those products; and changes in laws and regulations affecting our business. Other factors that could affect outcomes are set forth in our Annual Report on Form 10-K and other filings we make with the Securities and Exchange Commission (SEC), which are available at www.sec.gov or our website. 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. 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 2018 Sales



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



\$816M
2018 SALES



\$15M
2018 NET INCOME

\$32M
2018 ADJ. EBITDA



13 MFG OPERATIONS

IN 8 STATES & 2
COUNTRIES

North American leader in specialty vehicle
manufacturing and assembly for the
commercial vehicle market



COMPANY TIMELINE



1975
2019

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



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



2018
Spartan acquires Strobes-R-Us



1975

1980

1990

2000

2005

2010

2015

2020

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 Lverne 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

QUICK STATS & DRIVERS

- 145 years of combined executive leadership
- “One-team” mentality
- Culture of accountability and ownership
- Mantra of “no surprises”
- Solution and proactive based mindset

SHARED SKILL SETS

- Big-company DNA with growth experience
- Blended automotive and non-automotive experience
- Lean manufacturing expertise
- Successful M&A activity
- Progressive experience



Daryl Adams
President & CEO



Tom Schultz
CAO

*Interviewing
Candidates*

COO



Rick Sohm
CFO



Chad Heminover
President, Fleet
Vehicles & Services



Todd Fierro
President, Emergency
Response



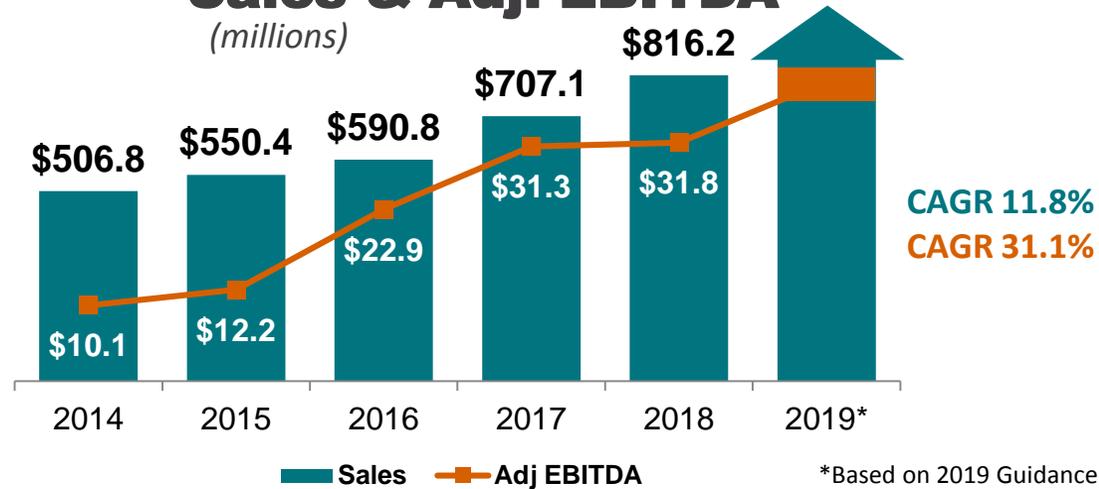
Steve Guillaume
President, Specialty
Chassis & Vehicles



SPARTAN MOTORS - BUSINESS SNAPSHOT

Sales & Adj. EBITDA

(millions)



TAM: \$5.6B



- eCommerce to grow 9x the rate of other retail sales through 2022



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

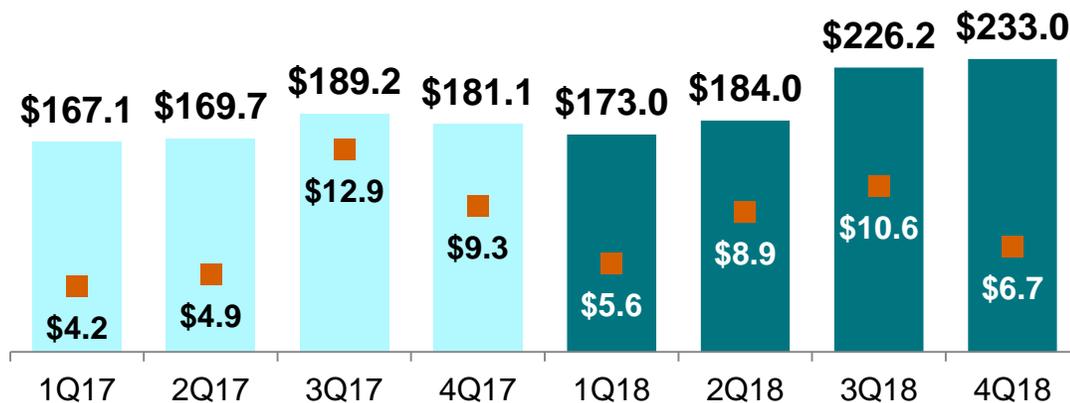


- 18% CAGR Class A Diesel >400 HP shipments ('12-'18)

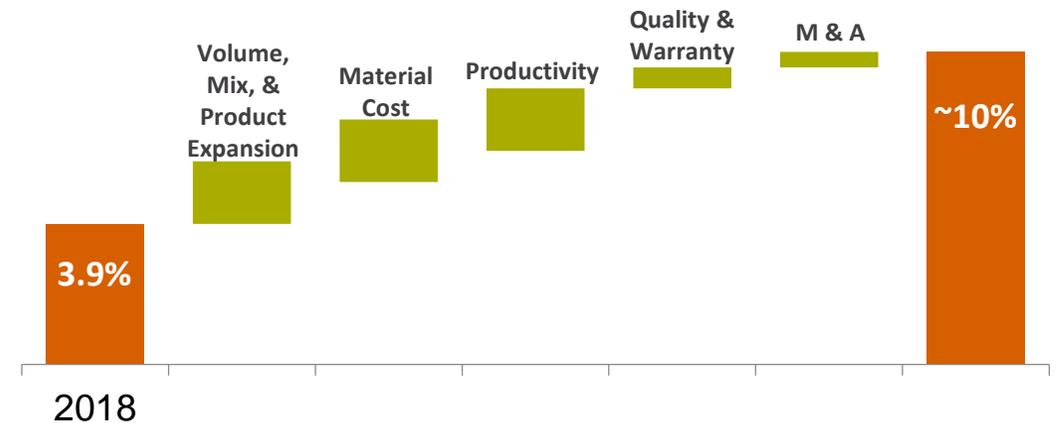
4Q18 Sales and Adj. EBITDA

(millions)

Adj EBITDA

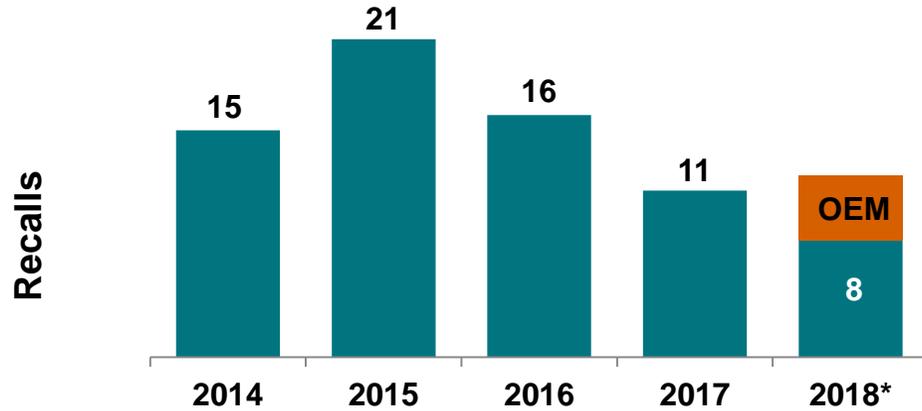


Financial Objective – Adj. EBITDA %



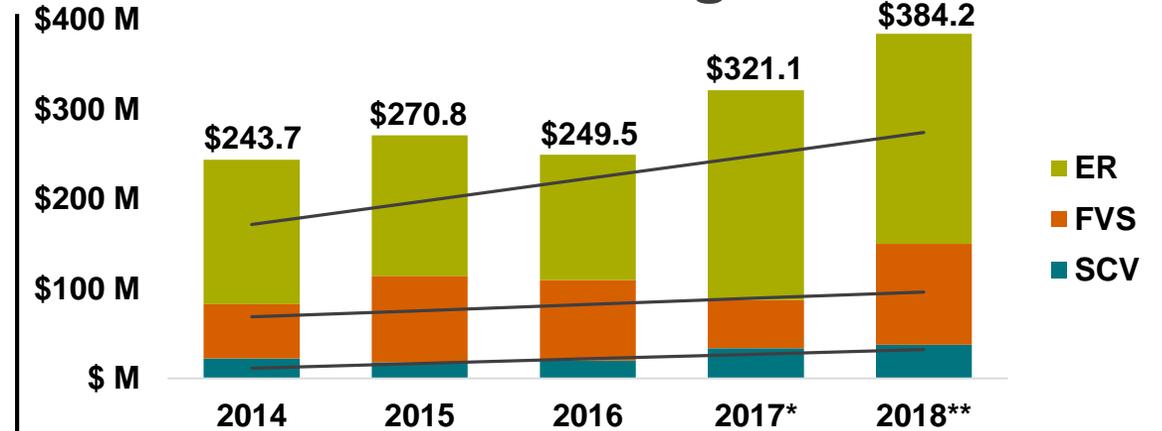
MANUFACTURING IMPROVEMENTS – GAINING TRACTION

Product Recalls



*4 OEM pass-thru, 1 in-market, 7 legacy recalls

Backlog

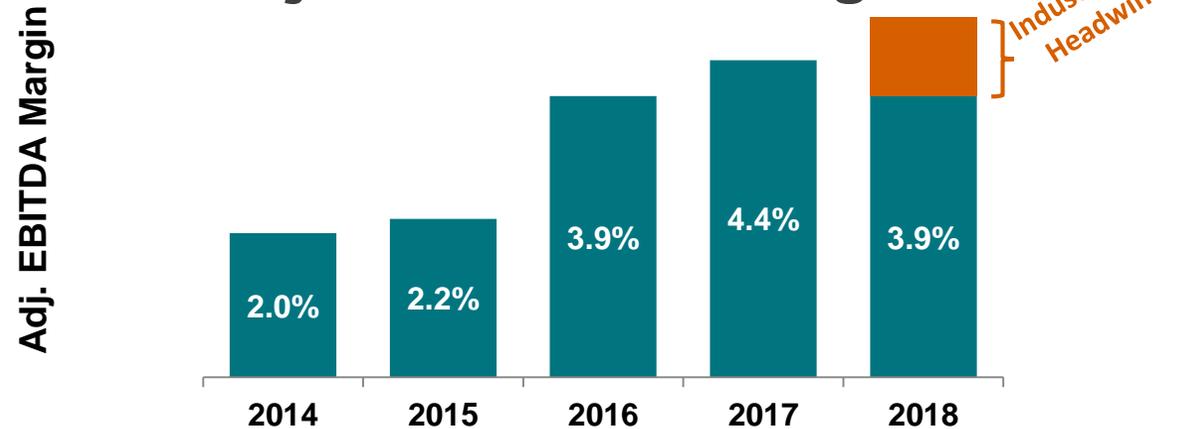


*Excluding USPS Order **Excluding USPS Order and ASC 606

Sales Productivity

	2014	2015	2016	2017	2018
Sales (millions)	\$ 506.8	\$ 550.4	\$ 590.8	\$ 707.1	\$ 816.2
Square Footage (thousands)	1,677	1,621	1,435	2,000	2,019
Employees	1,600	1,900	2,340	2,327	2,338
Sales \$ per Sq Foot	\$ 302.2	\$ 339.5	\$ 411.6	\$ 353.5	\$ 404.2
Sales \$ per Employee (thousands)	\$ 316.8	\$ 289.7	\$ 252.5	\$ 303.9	\$ 349.1

Adjusted EBITDA Margin



MARKET CONDITIONS

Industry Headwinds

- Tariffs driven increases in materials and component costs
- Chassis shortages
- Increased component lead times
- Higher freight costs
- Logistics delays
- Labor shortages

2019 Guidance				
(\$M except per share)	Low	Mid-point	High	MP% Increase Over 2018
Revenue	\$865.0	\$885.0	\$905.0	8%
Net income	\$19.5	\$21.1	\$22.6	41%
Adjusted EBITDA	\$37.1	\$39.1	\$41.1	23%
EPS	\$0.56	\$0.60	\$0.64	40%
Adjusted EPS	\$0.57	\$0.61	\$0.65	27%

Operating Focus

- Continued emphasis on operational improvements
- Optimization of manufacturing facilities
 - Additions
 - Ephrata, PA
 - Ladson, SC
 - Pompano Beach, FL (StrobesRUs)
 - Consolidations
 - Delevan, WI
- Design for manufacturing
 - Engineering-driven new manufacturing innovations
 - Lighter materials
 - Lower cost manufacturing
- Investment in Aftermarket Parts
 - New VP
 - Inventory management
 - New ERP implementation





FLEET VEHICLES & SERVICES



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FLEET VEHICLES & SERVICES (FVS)

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



FVS – GO-TO-MARKET STRATEGY

National Accounts/ Large Business Fleets



Leasing Companies



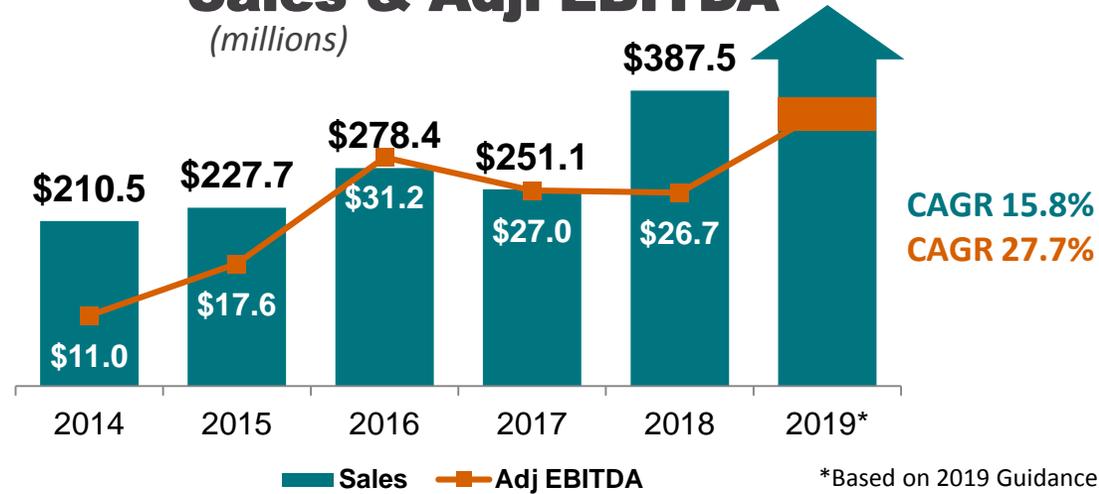
OEM Dealerships



FVS – BUSINESS SNAPSHOT

Sales & Adj. EBITDA

(millions)

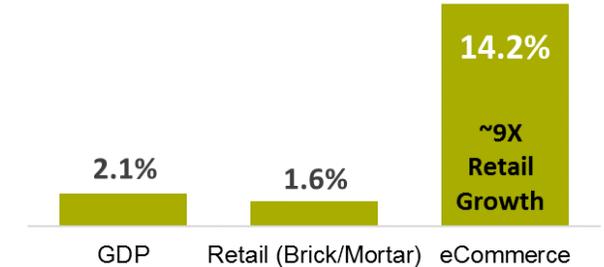


TAM: \$3.8B



Expected Growth (CAGR) 2018-2022

US eCommerce expected to double from \$517B in 2018 to over \$1T by 2027



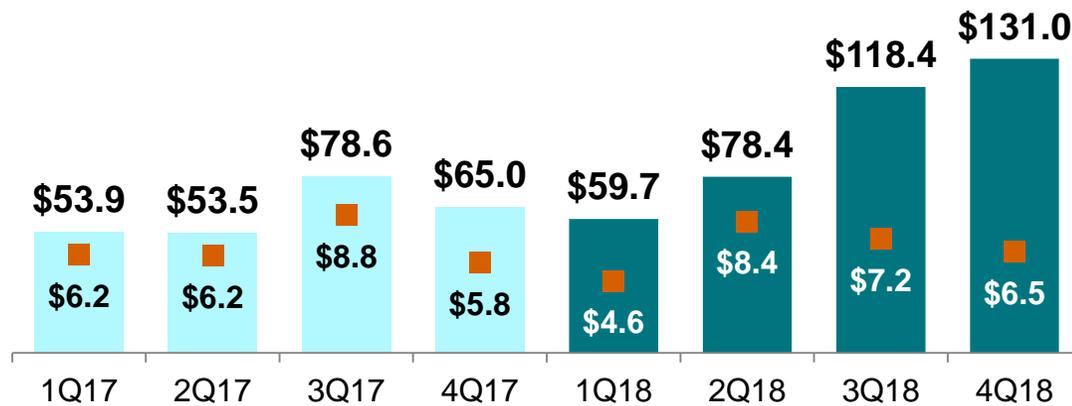
Note: Nominal GDP

Sources: FedEx, UPS Rates & Forecasting, eMarketer, FTI Consulting Report, CBO GDP Report

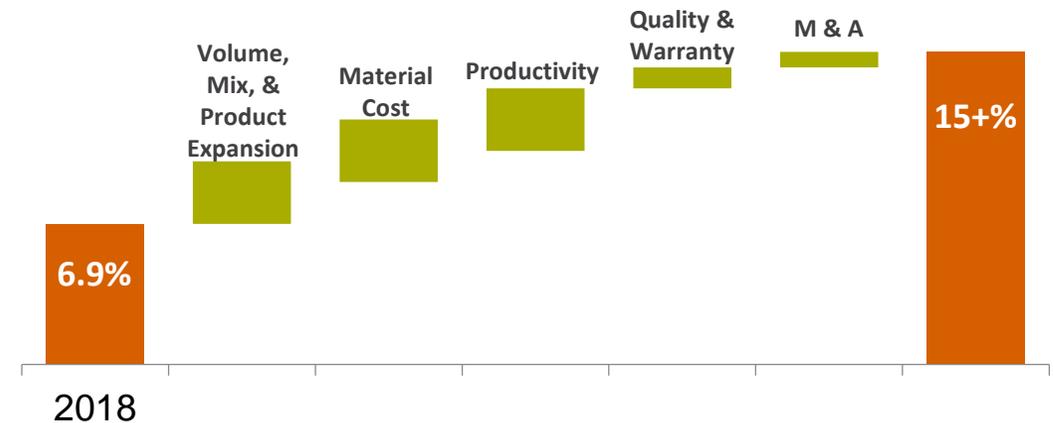
4Q18 Sales and Adj. EBITDA

(millions)

Adj. EBITDA



Financial Objective – Adj. EBITDA %



FVS – MARKET SHARE

TAM: \$2.6 Billion



TAM: \$1.2 Billion

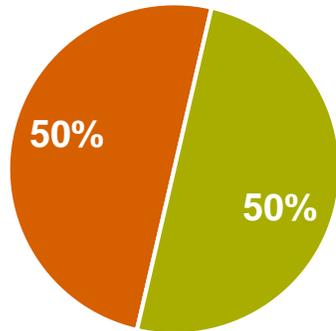


WALK- IN VANS

TRUCK BODIES

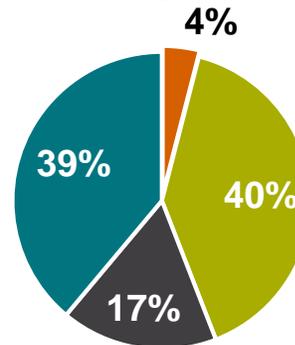
CARGO VAN UPFITS

Walk-in Van Market Share



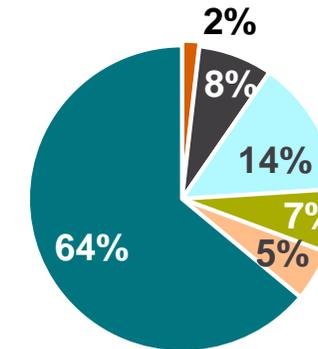
■ Spartan/Utilimaster ■ Morgan Olson

Truck Body Market Share



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

Van Up-fit Market Share



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

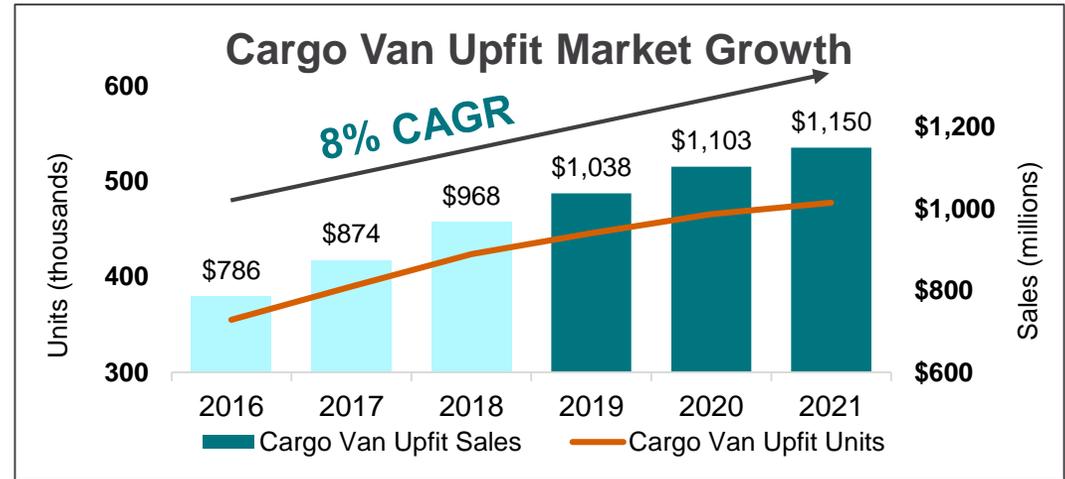
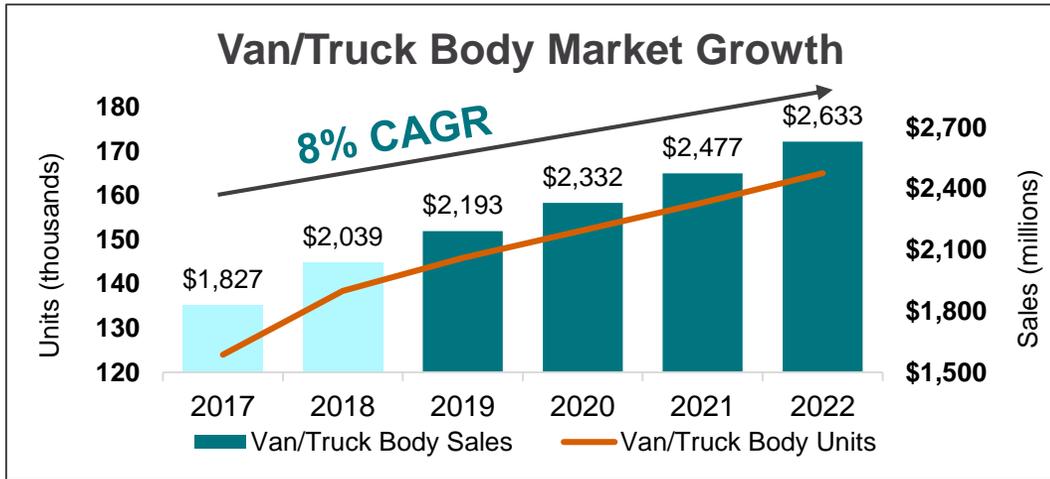
Spartan's Utilimaster is #3 in the Van/Truck Body Market

Source: 2017-2018 SpecialtyTransportation.net Reports



FVS – VAN/TRUCK BODY & CARGO VAN UPFIT OUTLOOK

2021 / 2022 Total Addressable Market \$3.8 Billion



- Well positioned for accelerating growth
 - Flexible regional facilities in Ephrata, PA; Ladson, NC; & Pompano Beach, FL
 - FVS Backlog up 109%* to \$112.3M from \$53.7M a year ago

- Well positioned for expanding Euro cargo van segment
 - Ship-Thru programs in Saltillo, MX (Dodge Promaster) Kansas City (Ford Transit) & Ladson, SC (Mercedes Sprinter)
 - Flexible regional upfit facilities – Pompano Beach, FL & Ephrata, PA

Product Segments – Growth Driven By:

- Walk-in/style
- Parcel Delivery
- Dry Freight
- Refrigeration
- Euro van/style
- Last mile delivery - Grocery/Refrigeration
- Upfit



* Excludes the USPS truck body order and impact of ASC 606

FLEET GROWTH OPPORTUNITIES

\$3.8B 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

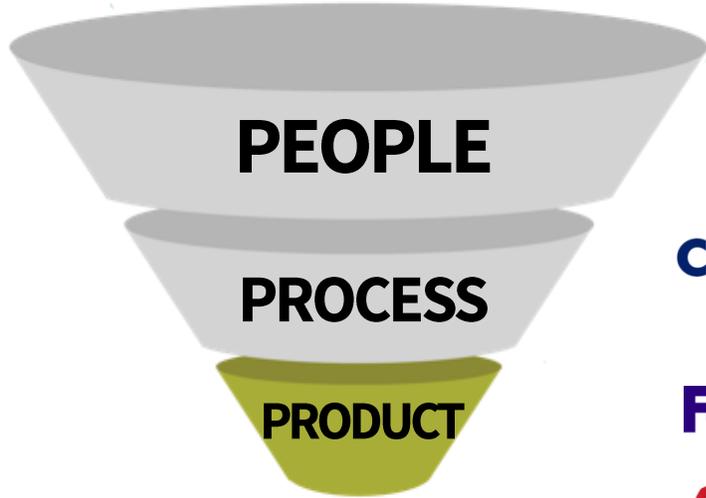
GVWR
26,000 lbs.

CLASS 7

GVWR
33,000 lbs.



FVS – BUILDING LONG-TERM RELATIONSHIPS



Van Upfit



Walk-in Van



Truck Body



Parts



Field Service

	X	X	X	X	X
	X	X	X	X	X
	X	X	X	X	X
	X	X	X	X	X
	X	X	X	X	X
	X	X	X		
	X		X	X	X
	X	X			
		X	X		X
		X		X	X



FVS – COMPETITIVE ADVANTAGE



Utility

WIV | TB

ConEd | SDG&E | LAPW
Consumers Power | COM Ed



Food & Beverage

WIV | TB

Coca-Cola | Frito Lay
Bimbo | Sara Lee



Parcel

WIV | TB | Upfit

UPS | FedEx | USPS | Purolator
Speedy | Canada Post | Canpar



Linen & Laundry

WIV | TB

Cintas | Aramark
Virginia Linen | Ziker | CTS



Retail

WIV | TB | Upfit

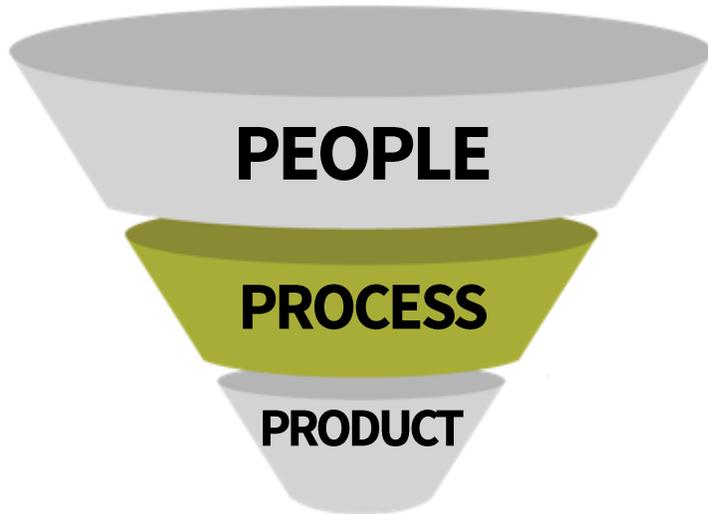
Sysco | Starbucks | Walmart
Amazon | GFS | Compass



Government

WIV | TB | Upfit

GSA | Military | State
US Customs/Border Protection



Work-Driven Design = “The Utilimaster Difference”



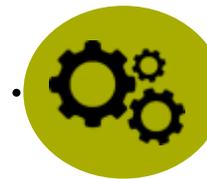
Listen & Learn



Needs
Assessment



Design &
Innovate



Build &
Implement



Optimized
Partnership



ACQUISITION UPDATE



- Located in Pompano Beach, Florida
- Expands manufacturing footprint into southeastern US market
- Major customers include;
 - Departments of Transportation
 - FBI, Department of Homeland Security
 - Utility and gas companies
 - US Coast Guard, Army Corps of Engineers
 - US Fish & Wildlife
- Expected to be accretive to 2019 earnings



STRATEGY AT WORK – FVS

- Last Mile Delivery – momentum grows
 - FVS Backlog up 109%, excluding USPS order and impact of ASC 606
 - Includes major eCommerce upfit order
- Expanded East Coast manufacturing footprint
 - 3 new facilities added (PA, NC & FL) increasing capacity
- Ephrata, PA facility now *receiving* truck body orders in addition to fulfilling USPS order
- Expanding our refrigeration capabilities in Euro van, WIV and TB
 - First ever UPS refrigerated truck body delivered to Hawaii
- EV continues to gain momentum – ability to produce vehicles across GVWR Classes 1 – 6





EMERGENCY RESPONSE



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EMERGENCY RESPONSE (ER)

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

Customers We Serve



Cabs & Chassis



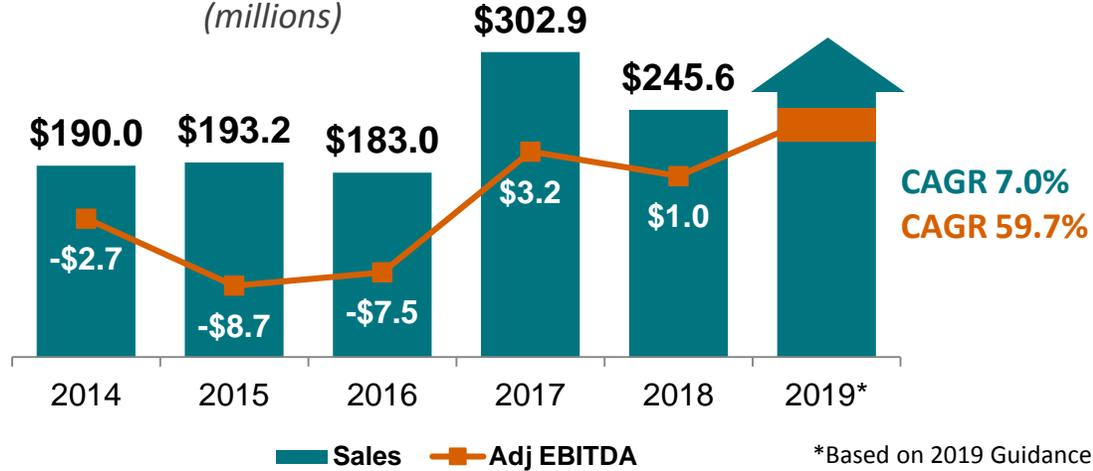
Complete Apparatus



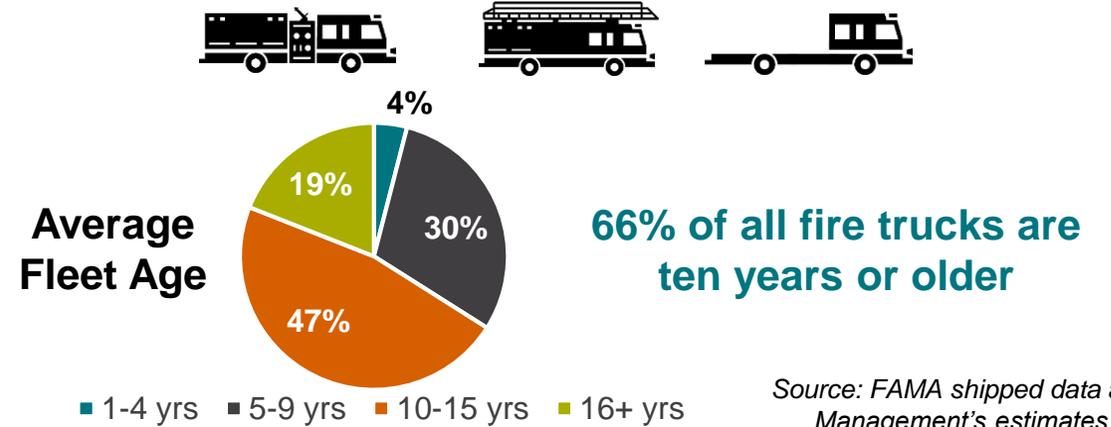
ER – BUSINESS SNAPSHOT

Sales & Adj. EBITDA

(millions)

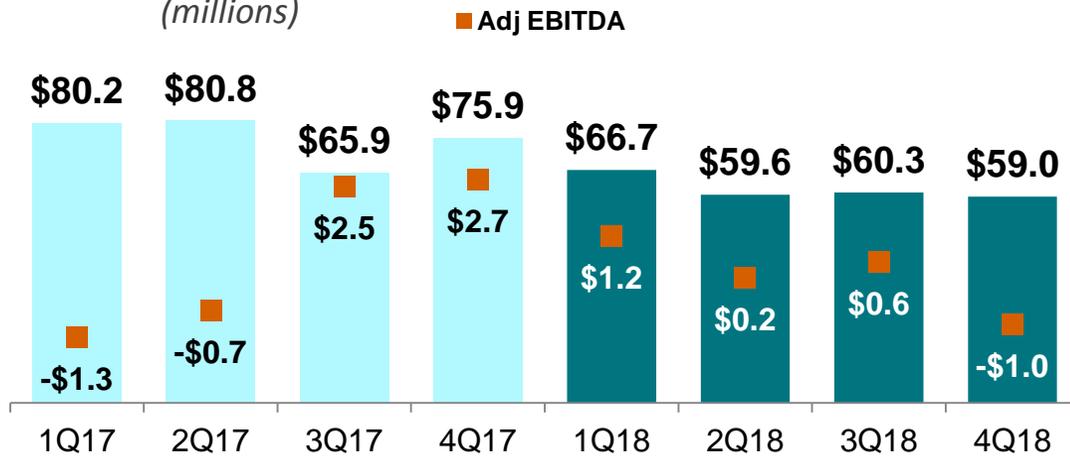


TAM: \$1.2B

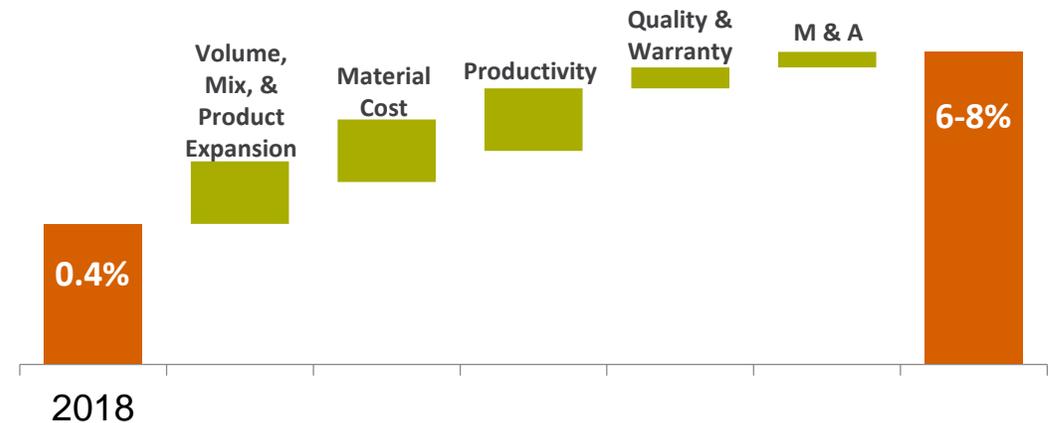


4Q18 Sales and Adj. EBITDA

(millions)



Financial Objective – Adj. EBITDA %



ER – PRODUCT OFFERINGS



Pumpers

Tankers

Wildland Apparatus

Cabs & Chassis

Rescues

Aerials



ER – INNOVATION

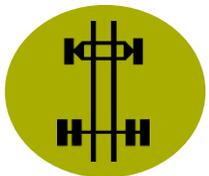


Professional Engineering Certification *(Aerial Device Structure Certification)*

- Ladder Tower Company aerial products
 - Snorkel Articulating Boom Platform
 - Squirt Articulating Water Tower
 - Telesqurt Telescoping Boom-Ladder
- Renewed interest/demand



LADDER TOWER
A SPARTAN MOTORS BRAND



Spartan Independent Front Suspension (IFS)

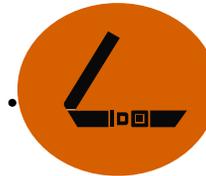
- Outperforms category leader
 - Product performance
 - Value equation



Spartan Advanced Protection System®



Industry leading airbag technology



Intelligent seat belts



Side impact protection



Outboard sensors

STRATEGY AT WORK – ER

- Achieved 2nd consecutive year of profitability
- New ER management team in place to drive future growth
 - Todd Fierro – President of ER
- 13-unit fire apparatus order for large municipality in Texas
 - Nine custom built engines
 - Four aerials
- Smeal acquisition disruption behind us resulting in increased order flow
 - Sequential ER backlog up 18% at 4Q18

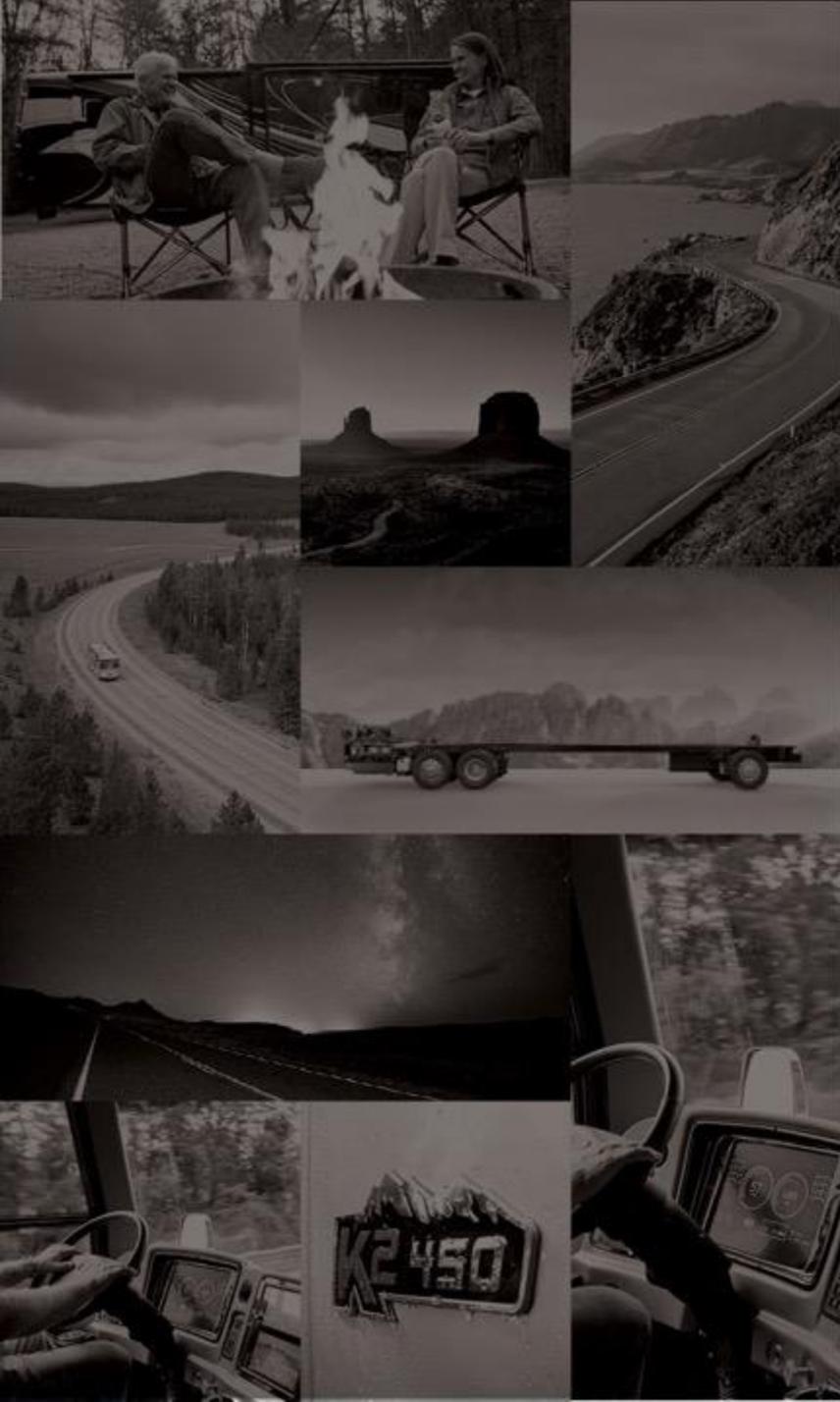


A SPARTAN MOTORS BRAND



A SPARTAN MOTORS BRAND





SPECIALTY VEHICLES



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SPECIALTY CHASSIS & VEHICLES (SCV)

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

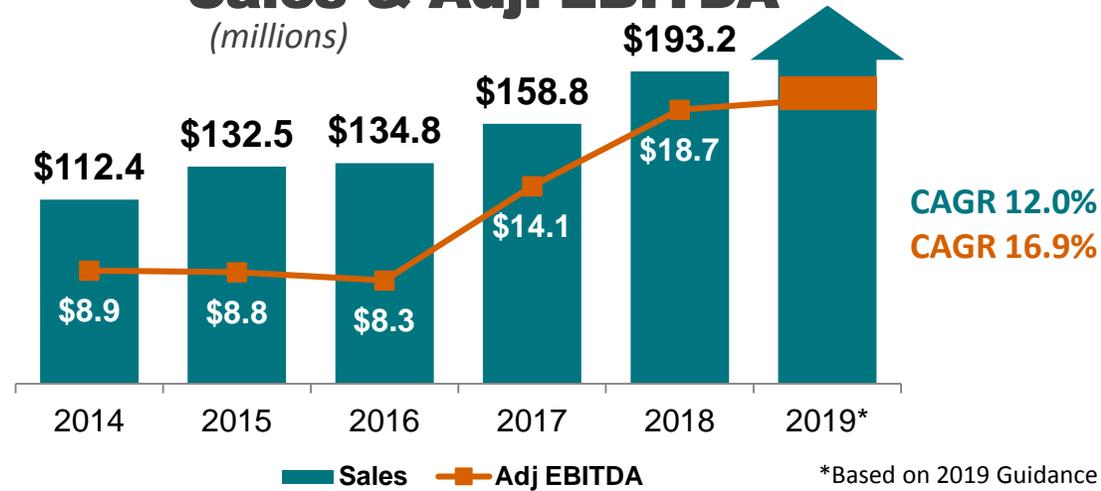
LMC Customers We Serve	LMC Chassis	Contract Manufacturing	EV / AV
	 	 <p>N-Gas ISUZU GVWR 14,000 lbs.</p>  <p>F-Series GVWR 26,000 lbs.</p>	 



SCV – BUSINESS SNAPSHOT

Sales & Adj. EBITDA

(millions)

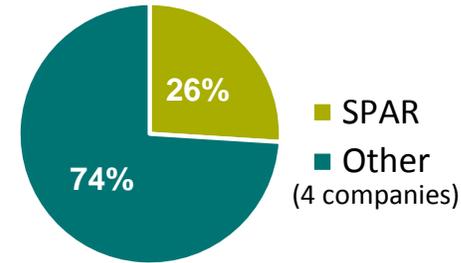


TAM: \$620M

(\$420M > 400HP | \$200M < 400HP)



Class A Diesel >400hp

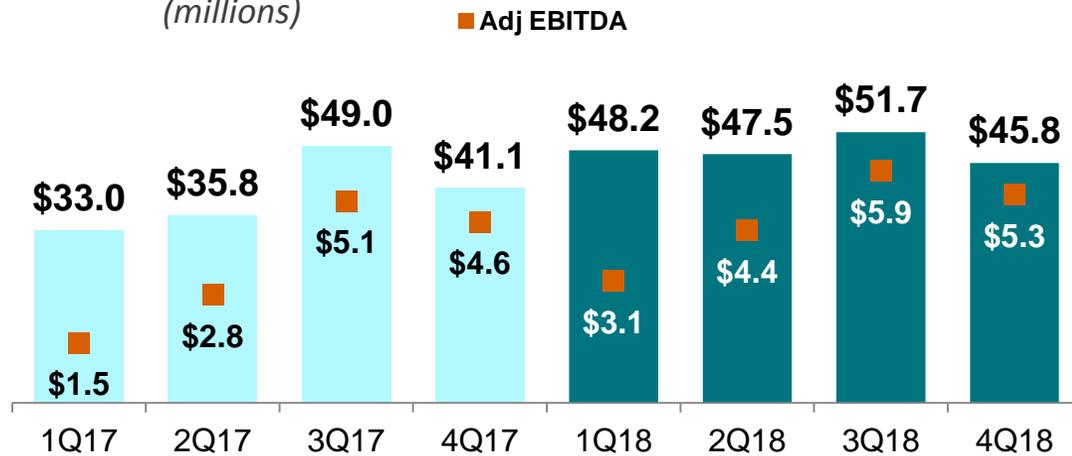


Spartan LMC market share has seen positive growth of 44% since 2014

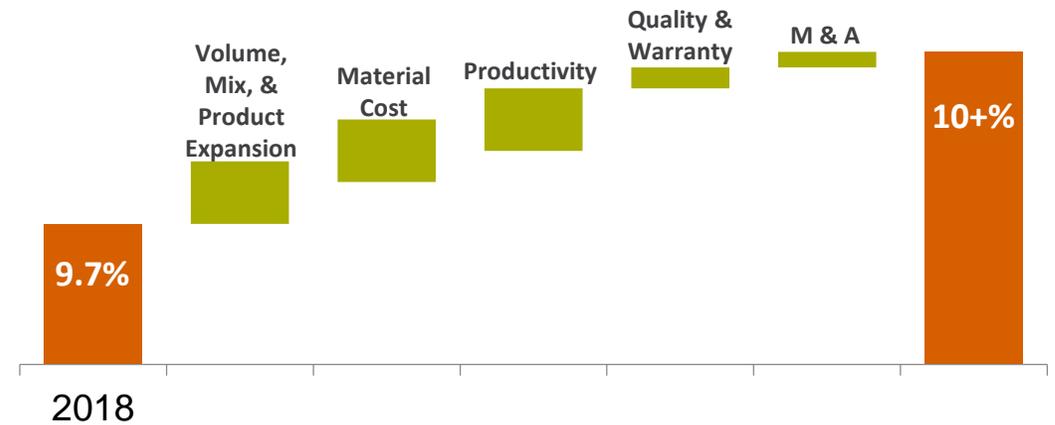
Source: Statistical Surveys MarketScope, 1/2008 – 12/2018, U.S. Data and Management's estimates

4Q18 Sales and Adj. EBITDA

(millions)

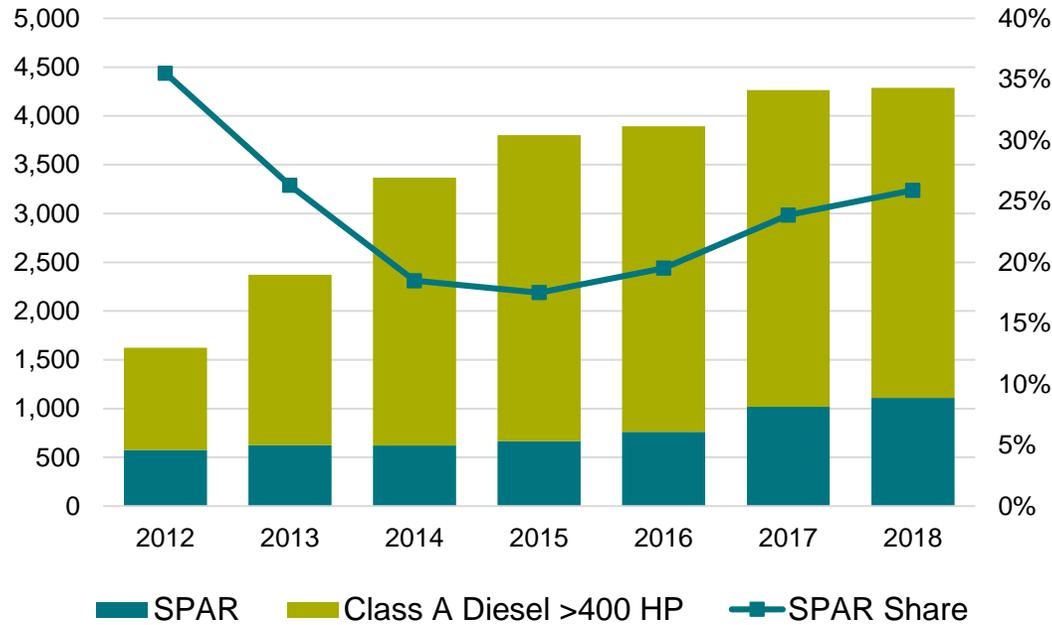


Financial Objective – Adj. EBITDA %



RV CHASSIS – CLASS A DIESEL LMC MARKET SHARE AND OUTLOOK

Spartan LMC market share has seen positive growth of 44% since 2014



Total Addressable Market
\$620 Million (\$420M > 400HP | \$200M < 400HP)
 Spartan makes chassis for Class A Diesel > 400 HP - **26%** share

STRATEGY AT WORK – LUXURY MOTOR COACH

- SCV increasing LMC market share with Entegra, Newmar, Foretravel, Jayco and NeXus manufacturers
 - Up 2% to 26% share in 2018 despite Class A Diesel industry being down 8%
 - Benefiting from new customer platform introductions that are gaining share
 - <400HP diesel growing as % of diesel
 - \$200M addressable market
- Favorable industry trends should support continued momentum, including:
 - Population and demographic trends
 - “Active/outdoor lifestyle” continues to grow
 - RV manufacturers are broadening offerings

Source: Statistical Surveys MarketScope, 1/2008 – 12/2018, U.S. Data and Management’s estimates



SCV – CATEGORY-LEADING INNOVATION

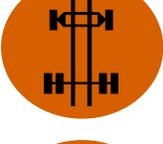
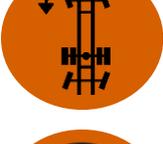


-  Digital Dash v2.0
-  Adaptive cruise control
-  Collision mitigation
-  Electronic stability control
-  Lane departure warning
-  Spartan Safe Haul™ Expansion
-  Bluetooth Interface w/
Connected Care App



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



STRATEGY AT WORK – SCV

- Continues to gain share in Luxury Motor Coach chassis market
 - 26% 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')
- Pursuing EV/AV start up for contract manufacturing



THE PATH FORWARD



Our Goal

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

Leading purpose-built vehicle manufacturer



Well-positioned

Focused 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



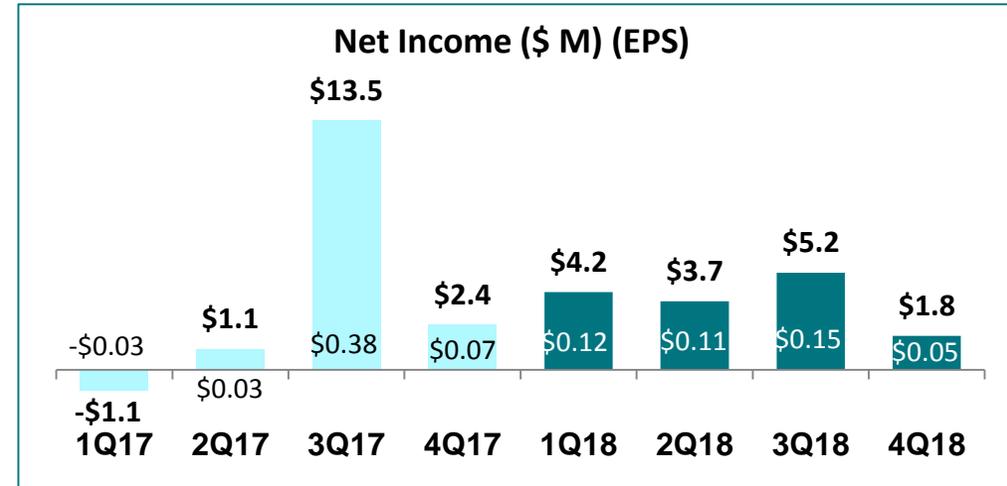
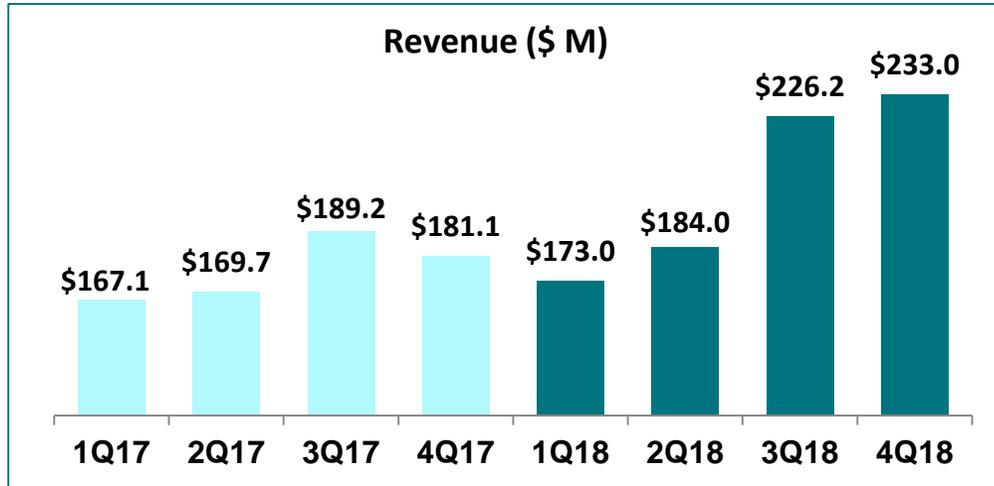


FINANCIAL REVIEW



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OVERVIEW – 4Q18 VS. 4Q17

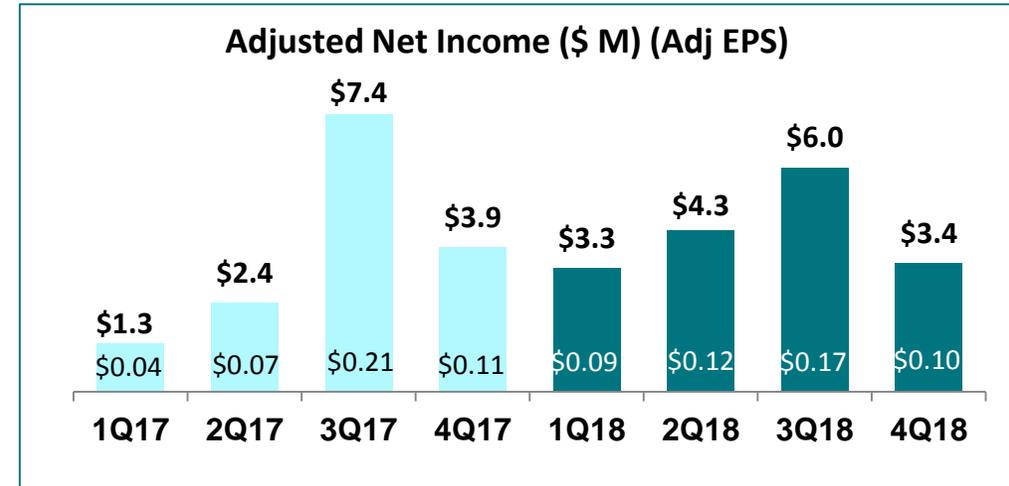
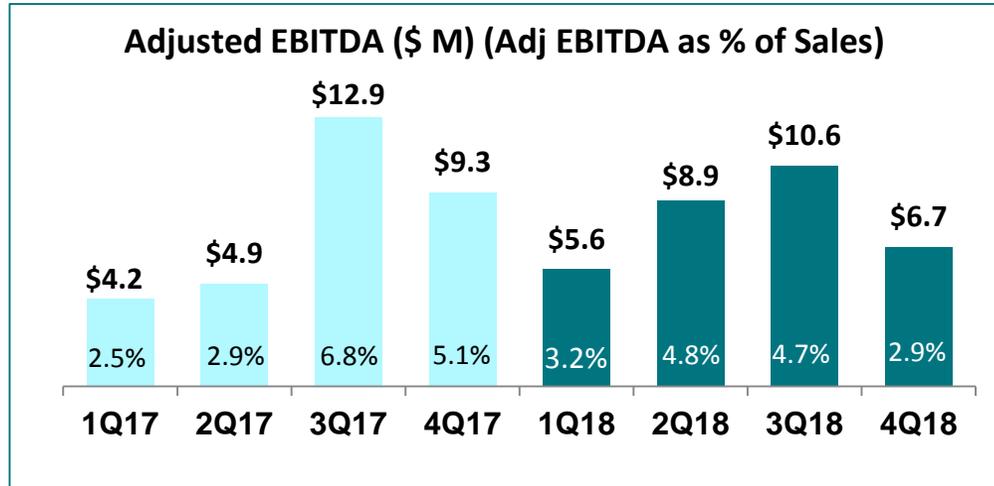


- Revenue for 4Q18 up \$51.9M, or 28.7%, to \$233.0M from \$181.1M
 - FVS up \$66.0M – higher USPS, Reach™, and upfit volume
 - ER down \$16.9M – lower volume and unfavorable sales mix
 - SCV up \$4.8M – strength of luxury motor coach sales

- Net Income for 4Q18 fell by \$0.6M, or 24.9%, to \$1.8M from \$2.4M
- EPS decreased \$0.02, or 28.6%, to \$0.05 from \$0.07 last year.
- Gross profit margin decreased 350 bps to 10.1% of sales from 13.6% of sales
 - Primarily driven by higher input costs resulting from tariffs, chassis availability, and material lead times



OVERVIEW – 4Q18 VS. 4Q17



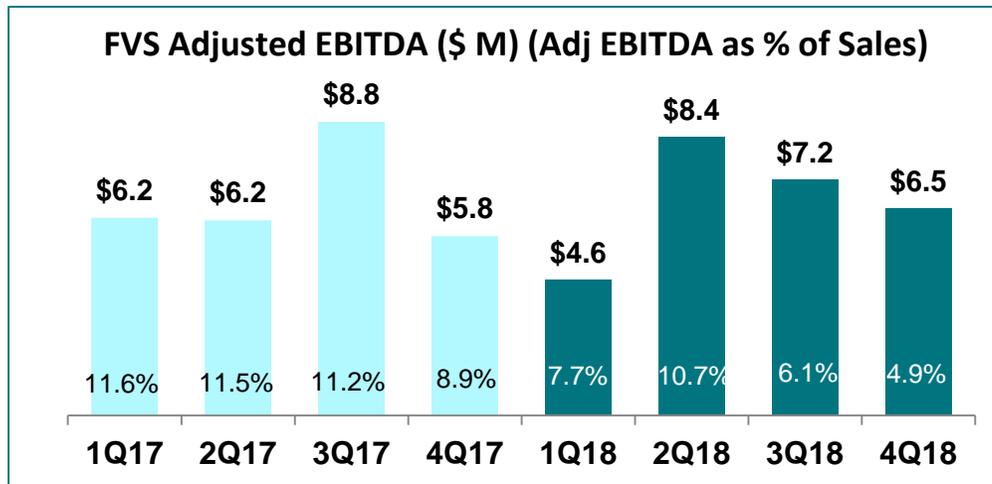
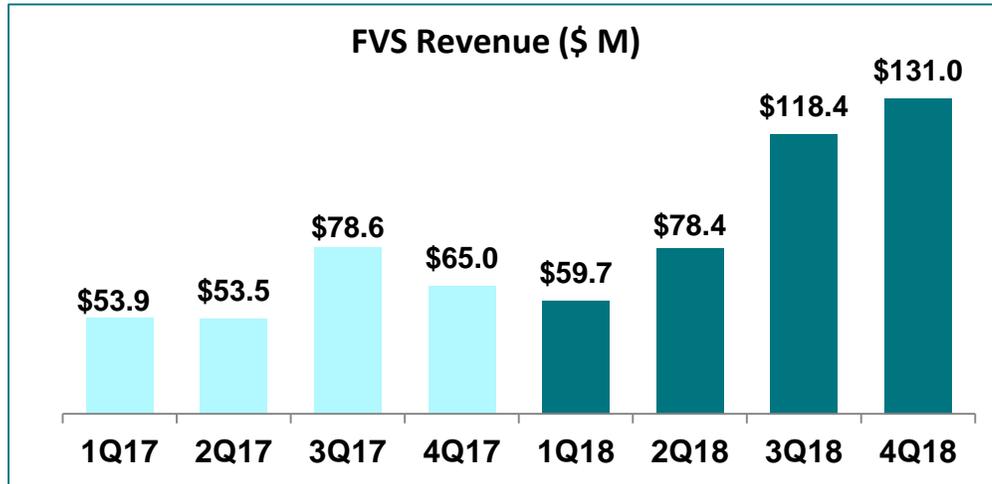
- Adjusted EBITDA fell \$2.6M, or 28.1%, to \$6.7M from \$9.3M
- Adjusted EBITDA margin decreased 220 basis points to 2.9% of sales compared to 5.1% of sales
 - Primarily driven by higher input costs resulting from tariffs, chassis availability, and material lead times

- Adjusted net income fell 10.9% to \$3.4M from \$3.9M
- Adjusted EPS of \$0.10 versus \$0.11 a year ago
- Backlog down 11.6% to \$473.0M from \$535.1M a year ago.
 - Excluding the unique USPS truck body order, backlog totaled \$359.2M, up 11.9% compared to \$321.1M in 2017
 - Backlog up 19.6%, excluding USPS and impact of ASC 606

See GAAP reconciliation in Appendix



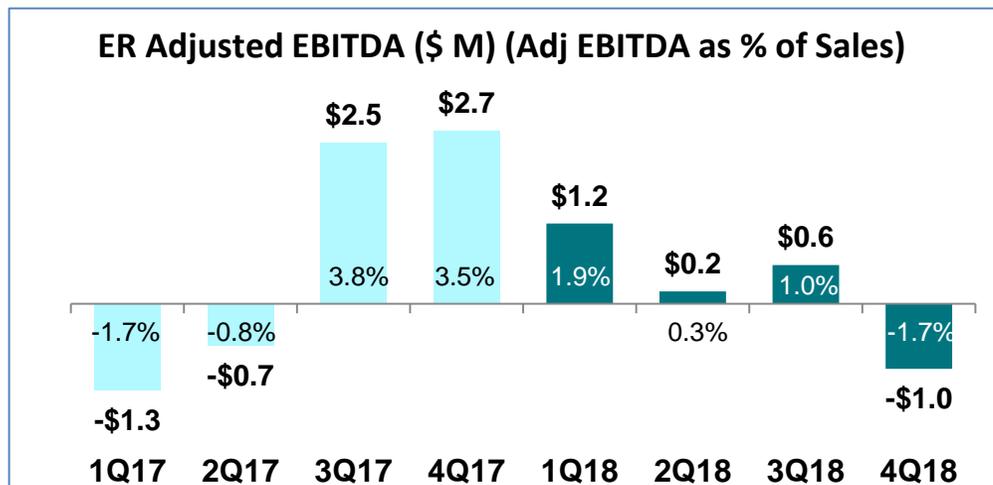
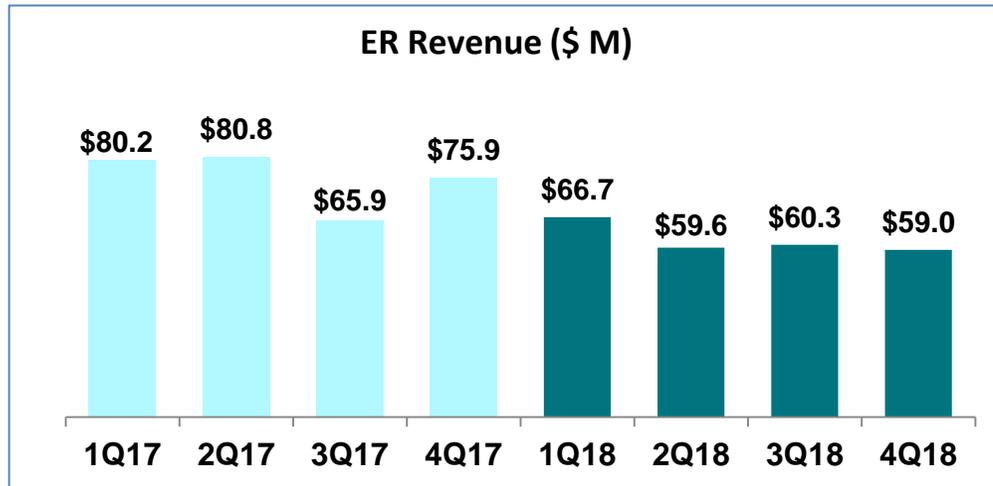
FLEET VEHICLES & SERVICES – 4Q18



- Revenue up \$66.0M to \$131.0M from \$65.0M
 - Increased volume relating to USPS truck body, Reach™ vehicle, and upfits
- Adjusted EBITDA increased \$0.7M to \$6.5M from \$5.8M primarily from volume, partially offset by unfavorable sales mix and tariff-driven increases in costs
- Adjusted EBITDA margin decreased 400 basis points to 4.9% of sales from 8.9%
- Backlog up 95.5% to \$105.0M compared to \$53.7M a year ago, excluding the unique USPS truck body order
 - Backlog excluding USPS and impact of ASC 606 up 109.1%



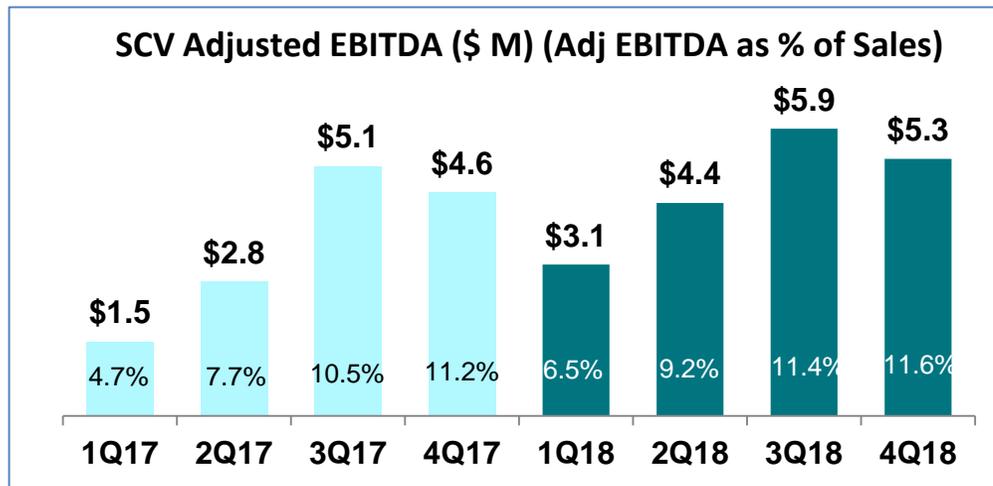
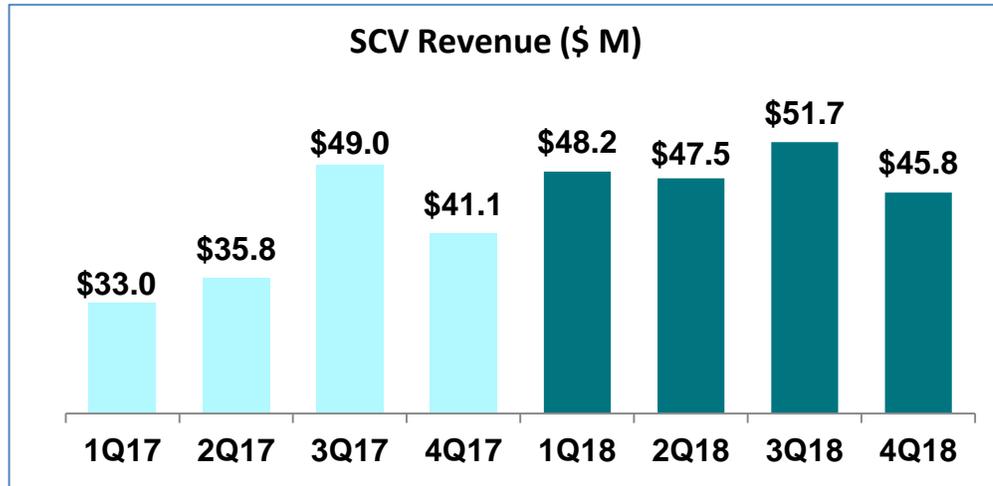
EMERGENCY RESPONSE – 4Q18



- Revenue down 22.2% to \$59.0M from \$75.9M
 - Reflects industry-wide decline in fire apparatus sales and acquisition disruption, partially offset by pricing changes realized in 2018
- Adjusted EBITDA fell \$3.7M to a loss of \$1.0M compared to \$2.7M last year
 - Driven primarily by reduced volume, tariff-driven increases in costs, partially offset by pricing changes realized in 2018
- Adjusted EBITDA margin decreased 520 basis points to -1.7% of sales
- Backlog down 7.3% to \$216.5M compared to \$233.6M a year ago
 - ER backlog (excluding the impact of ASC 606) at 4Q18 increased 18.0% sequentially over the period ending 3Q18. This compares to a 9.5% increase for the corresponding period ending 4Q17.



SPECIALTY CHASSIS & VEHICLES – 4Q18



- Revenue up \$4.7M, or 11.6%, to \$45.8M from \$41.1M last year
 - Increased volume from contract manufacturing and luxury motor coach chassis
- SCV adjusted EBITDA increased \$0.7M to \$5.3M from \$4.6M
- Adjusted EBITDA margin improved 40 basis points to 11.6% of sales from 11.2% of sales
 - Due to mix and increased volume
- Backlog up 11.4% to \$37.7M compared to \$33.8M a year ago
 - Luxury motor coach backlog up 10.2% compared to a year ago



BALANCE SHEET – 4Q18

Spartan Motors, Inc.
Summary Balance Sheet
(unaudited)

(\$000's)	Dec 31, 2018	Dec 31, 2017
Assets		
Cash	\$ 27,439	\$ 33,523
Accts Receivable	106,801	83,147
Contract Assets	36,027	-
Inventory	69,992	77,692
PP&E	56,567	55,177
Other Assets	56,958	51,625
Total Assets	\$ 353,784	\$ 301,164
Liabilities & Shareholders' Equity		
Accts Payable	\$ 76,399	\$ 40,643
Long-term Debt	25,547	17,925
Other Liabilities	65,756	74,327
Total Liabilities	167,702	132,895
Shareholders' Equity	186,082	168,269
Total Liabilities & Equity	\$ 353,784	\$ 301,164
Total Liquidity		
Cash	\$ 27,439	\$ 33,523
Net Borrowing Capacity	86,410	66,396
Total Liquidity	\$ 113,849	\$ 99,919

- Total liquidity of \$113.8M at 4Q18 reflects:
 - \$27.4M cash on hand
 - \$86.4M of borrowing capacity
- Adequate liquidity/capacity to fund:
 - Working capital requirements
 - Pursue strategic bolt-on acquisitions
 - Share buy-back
 - Purchased 191,000 shares, for \$1.4M, or average share price of \$7.55 since December 21, 2018
- Contract assets of \$36.0M at 4Q18
 - 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





APPENDIX



COMMAND
YOUR ROAD

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

This presentation contains adjusted EBITDA (earnings before interest, taxes, depreciation and amortization), which is a non-GAAP financial measure. This non-GAAP measure is 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, expenses related to product recall campaigns, litigation settlements, long-term strategic planning expenses, non-cash charges related to the impairment of assets, expenses related to a recent business acquisition, the impact of the step-up in inventory value associated with the recent business acquisition, and the impact of the business acquisition on the timing of chassis revenue recognition.

We present the non-GAAP measure adjusted EBITDA because we consider it to be an important supplemental measure 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 long term operating trends. We believe this measure 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 this non-GAAP measure 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 this non-GAAP measure, when considered together with the corresponding GAAP financial measures and the reconciliations to that measure, provides investors with additional understanding of the factors and trends affecting our business than could be obtained in the absence of this disclosure.

Our management uses adjusted EBITDA to evaluate the performance of and allocate resources to our segments. 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)	Three Months Ended							
	December 31,		September 30,		June 30,		March 31,	
	2018	2017	2018	2017	2018	2017	2018	2017
Spartan Motors, Inc.								
Net income attributable to Spartan Motors, Inc.	\$1,832	\$2,439	\$5,243	\$13,470	\$3,740	\$1,124	\$4,194	(\$1,098)
Add (subtract):								
Restructuring charges	564	52	501	232	797	325	20	642
Impact of acquisition on timing of chassis revenue recognition	-	-	-	108	-	853	-	1,112
Impact of acquisition adjustments for net working capital and contingent liability	-	-	-	-	(693)	-	(1,500)	189
Acquisition related expenses	1,150	269	267	354	373	60	162	672
Recall expense	285	-	112	(368)	(443)	-	-	-
Long term strategic planning expenses	-	-	277	-	718	-	-	-
Litigation settlement	126	-	321	-	-	-	-	-
Deferred tax asset adjustment	-	2,569	(373)	(6,295)	-	-	74	466
Tax benefit of stock write-off	(14)	(966)	-	-	-	-	-	-
Tax effect of adjustments	(506)	(360)	(360)	(98)	(178)	-	315	(719)
Adjusted net income attributable to Spartan Motors, Inc.	<u>\$3,437</u>	<u>\$3,857</u>	<u>\$5,988</u>	<u>\$7,403</u>	<u>\$4,314</u>	<u>\$2,362</u>	<u>\$3,265</u>	<u>\$1,264</u>
Net income attributable to Spartan Motors, Inc.	\$1,832	\$2,439	\$5,243	\$13,470	\$3,740	\$1,124	\$4,194	(\$1,098)
Add (subtract):								
Depreciation and amortization	2,732	2,602	2,600	2,645	2,586	2,365	2,452	2,325
Taxes on income	(266)	3,651	1,037	(3,736)	1,537	92	(48)	83
Interest expense	263	282	225	189	270	129	323	264
EBITDA	<u>\$4,561</u>	<u>\$8,974</u>	<u>\$9,105</u>	<u>\$12,568</u>	<u>\$8,133</u>	<u>\$3,710</u>	<u>\$6,921</u>	<u>\$1,574</u>
Add (subtract):								
Restructuring charges	564	52	501	232	797	325	20	642
Impact of acquisition on timing of chassis revenue recognition	-	-	-	108	-	853	-	1,112
Impact of acquisition adjustments for net working capital and contingent liability	-	-	-	-	(693)	-	(1,500)	189
Acquisition related expenses	1,150	269	267	354	373	60	162	672
Recall expense	285	-	112	(368)	(443)	-	-	-
Long term strategic planning expenses	-	-	277	-	718	-	-	-
Litigation settlement	126	-	321	-	-	-	-	-
Adjusted EBITDA	<u>\$6,686</u>	<u>\$9,295</u>	<u>\$10,583</u>	<u>\$12,894</u>	<u>\$8,885</u>	<u>\$4,948</u>	<u>\$5,603</u>	<u>\$4,189</u>
Diluted net earnings per share	\$0.05	\$0.07	\$0.15	\$0.38	\$0.11	\$0.03	\$0.12	(\$0.03)
Add (subtract):								
Restructuring charges	0.02	-	0.01	0.01	0.02	0.01	-	0.02
Impact of acquisition on timing of chassis revenue recognition	-	-	-	-	-	0.03	-	0.03
Impact of acquisition adjustments for net working capital and contingent liability	-	-	-	-	(0.02)	-	(0.04)	0.01
Litigation settlement	-	-	0.01	-	-	-	-	-
Acquisition related expenses	0.03	0.01	0.01	0.01	0.01	-	-	0.02
Recall expense	0.01	-	-	(0.01)	(0.01)	-	-	-
Long term strategic planning expenses	-	-	0.01	-	0.02	-	-	-
Deferred tax asset valuation allowance	-	0.04	(0.01)	(0.18)	-	-	-	0.01
Tax effect of adjustments	(0.01)	(0.01)	(0.01)	-	(0.01)	-	0.01	(0.02)
Adjusted diluted net earnings per share	<u>\$0.10</u>	<u>\$0.11</u>	<u>\$0.17</u>	<u>\$0.21</u>	<u>\$0.12</u>	<u>\$0.07</u>	<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)	Twelve Months Ended December 31,				
	2018	2017	2016	2015	2014
Spartan Motors, Inc.					
Net income attributable to Spartan Motors, Inc.	\$15,012	\$15,935	\$8,610	(\$16,972)	\$1,029
Add (subtract):					
Restructuring charges	1,881	1,252	1,095	2,855	2,157
Asset impairments	-	-	406	2,234	-
Joint venture expenses	-	1	7	508	289
Impact of acquisition on timing of chassis revenue recognition	-	2,073	-	-	-
Acquisition related expenses	1,952	1,543	882	-	-
NHTSA settlement	-	-	-	2,269	-
Recall expense	(46)	(368)	3,457	8,600	-
Long term strategic planning expenses	995	-	-	-	-
Litigation settlement	447	-	-	-	-
Purchase accounting impact-net working capital	(2,193)	-	-	-	-
Deferred tax asset adjustment	(313)	(3,260)	(2,932)	9,472	-
Tax effect of adjustments	(729)	(2,289)	(460)	(2,392)	-
Adjusted net income attributable to Spartan Motors, Inc.	<u>\$17,006</u>	<u>\$14,887</u>	<u>\$11,065</u>	<u>\$6,574</u>	<u>\$3,475</u>
Net income attributable to Spartan Motors, Inc.	\$15,012	\$15,935	\$8,610	(\$16,972)	\$1,029
Add (subtract):					
Depreciation and amortization	10,370	9,937	7,903	7,437	8,378
Taxes on income	2,261	90	100	4,880	(2,103)
Interest expense	1,080	864	410	365	341
EBITDA	<u>\$28,723</u>	<u>\$26,826</u>	<u>\$17,023</u>	<u>(\$4,290)</u>	<u>\$7,645</u>
Add (subtract):					
Restructuring charges	1,881	1,252	1,095	2,855	2,157
Asset impairments	-	-	406	2,234	-
Joint venture expenses	0	1	7	508	289
Impact of acquisition on timing of chassis revenue recognition	-	2,073	-	-	-
Acquisition related expenses	1,952	1,543	882	-	-
NHTSA settlement	-	-	-	2,269	-
Recall expense	(46)	(368)	3,457	8,600	-
Long term strategic planning expenses	995	-	-	-	-
Litigation settlement	447	-	-	-	-
Purchase accounting impact-net working capital	(2,193)	-	-	-	-
Adjusted EBITDA	<u>\$31,759</u>	<u>\$31,327</u>	<u>\$22,870</u>	<u>\$22,267</u>	<u>\$10,091</u>
Diluted net earnings per share	\$0.43	\$0.46	\$0.25	(\$0.50)	\$0.03
Add (subtract):					
Restructuring charges	0.05	0.04	0.03	0.08	0.06
Asset impairments	-	-	0.01	0.07	-
Joint venture expenses	-	0.00	0.00	0.02	0.01
Impact of acquisition on timing of chassis revenue recognition	-	0.06	-	-	-
Acquisition related expenses	0.06	0.04	0.03	-	-
NHTSA settlement	-	-	-	0.07	-
Recall expense	-	(0.01)	0.10	0.25	-
Long term strategic planning expenses	0.03	-	-	-	-
Litigation settlement	0.01	-	-	-	-
Purchase accounting impact-net working capital	(0.06)	-	-	-	-
Deferred tax asset valuation allowance	(0.01)	(0.09)	(0.09)	0.28	-
Tax effect of adjustments	(0.02)	(0.07)	(0.01)	(0.07)	-
Adjusted diluted net earnings per share	<u>\$0.48</u>	<u>\$0.43</u>	<u>\$0.32</u>	<u>\$0.20</u>	<u>\$0.10</u>



RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

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

	Forecast		
	Year Ending December 31, 2019		
	Low	Mid	High
Net income	\$ 19,539	\$ 21,085	\$ 22,630
Add:			
Depreciation and amortization	10,405	10,405	10,405
Interest expense	1,281	1,281	1,281
Taxes	5,649	6,096	6,542
EBITDA	<u>\$ 36,874</u>	<u>\$ 38,867</u>	<u>\$ 40,858</u>
Add (subtract):			
Restructuring and other charges, net	200	200	200
Adjusted EBITDA	<u>\$ 37,074</u>	<u>\$ 39,067</u>	<u>\$ 41,058</u>
Earnings per share	\$ 0.56	\$ 0.60	\$ 0.64
Add:			
Restructuring and other charges, net	0.01	0.01	0.01
Less tax effect of adjustments	-	-	-
Adjusted earnings per share	<u>\$ 0.57</u>	<u>\$ 0.61</u>	<u>\$ 0.65</u>



