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SPARTANMOTORS.COM

Spartan Motors Announces Third-Quarter Results

October 26, 2000

CHARLOTTE, Mich., Oct. 26 /PRNewswire/ -- Spartan Motors, Inc. (NASDAQ:SPAR) today reported its results for the third quarter and nine months ended Sept. 30, 2000.

The Charlotte, Mich.-based manufacturer of custom chassis and emergency vehicles said that net sales decreased in the third quarter to \$53.0 million, compared with \$76.3 million during the same period a year ago. Sales figures do not include revenue from its school bus operations, Carpenter Industries, which the Company decided to stop funding during the quarter and reported as discontinued operations. Spartan Motors said the sales decrease was due to softness in the recreational vehicle market.

The Company reported a loss from continuing operations of \$1.7 million, or \$0.15 per share, for the third quarter of 2000, compared with net earnings from continuing operations of \$2.6 million, or \$0.21 per share, during the same quarter in 1999. Spartan Motors attributed portions of these third quarter losses to an after-tax charge of approximately \$2.1 million for the write-down of excess chassis inventory related to the school bus business, Spartan's exit from the transit bus business, and softness in the RV market.

Spartan reported a loss from operations of its discontinued subsidiary, Carpenter Industries, of \$2.1 million, or \$0.19 per share, compared with a loss of \$1.7 million, or \$0.13 per share, in 1999. In addition, the Company reported a loss on the closure of Carpenter of \$6.1 million, or \$0.54 per share, during the third quarter of 2000, reflecting its decision to exit the school bus business.

"The impact of Carpenter combined with a downturn in the market for Class A motorhomes made for a disappointing third quarter," said John Szykiel, president and chief operating officer of Spartan Motors. "Our board's recent decision to halt funding for Carpenter closes a painful chapter in our corporate history, but it allows us to focus on our core competencies once again and begin to look for growth opportunities that complement our key strengths."

"The Carpenter issue is behind us now, and we expect to post a solid fourth quarter. The consolidation of our facilities and the continuing reduction of our inventory are key to this progress, and we look forward to getting our results back on track."

For the nine months ended Sept. 30, 2000, Spartan Motors said sales from continuing operations were \$194.1 million compared to \$214.7 million during the same period in 1999.

The Company reported earnings from continuing operations of \$3.0 million, or \$0.26 per share, during the first nine months of 2000, compared to \$7.5 million, or \$0.60 per share, during the same period of 1999. Spartan Motors posted a loss from operations of its discontinued subsidiary, Carpenter Industries, of \$3.9 million, or \$0.33 per share, for the first nine months of 2000, compared with a loss of \$4.1 million, or \$0.33 per share, for the same period of 1999. In addition, the Company reported a loss on the closure of Carpenter of \$6.1 million, or \$0.52 per share, during the nine months ended Sept. 30, 2000.

Sales of the Company's custom RV chassis were lower during the third quarter as the industry continued to experience a softening in sales of Class A motorhomes. Szykiel said the market appears to be rebounding and fourth-quarter sales already look stronger. Spartan Motors plans to introduce some new initiatives at the upcoming Recreational Vehicle Industry Association (RVIA) show November 28-30.

"Our strength as a supplier comes from our ability to think like a customer," Szykiel said. "We continue to see opportunities for growth in the RV industry, and will remain focused on leveraging our expertise in building custom

chassis to grow sales."

Spartan's EVTeam, which consists of three emergency vehicle subsidiaries, posted a sales increase of 6.8 percent in the third quarter of 2000 compared to the same quarter in 1999. As part of the Company's continued efforts to improve the future profitability of the EVTeam, Spartan Motors has named Dave Friar to serve as the new director of operations at Quality Manufacturing and industry veteran Charles Drake to serve as president of Road Rescue.

"We have just begun to scratch the surface in the emergency vehicle industry, whether it is ambulances or fire apparatus," Szykiel said. "Our products enjoy a fine reputation for quality and affordability, and we continue to pick up market share each quarter. During the just-completed quarter, Spartan shipped its first custom ambulance chassis, marking its entry into a new market that draws on its core strengths. We have been successful at increasing penetration of our custom products into a market that has been dominated by mass producers, and must focus our efforts to ensure this trend continues."

Commenting on the financial results, Executive Vice President and Chief Financial Officer Rich Schalter added: "We continue to make significant strides in reducing our inventories and controlling operational costs. Severing our ties with Carpenter will allow us to utilize our cash flow for such initiatives as growing our core businesses and continuing the authorized stock repurchase plan."

Spartan Motors, Inc. (<https://theshyftgroup.com/>) is a leading developer and manufacturer of custom chassis for recreational vehicles, fire trucks, ambulances and other specialty vehicles. The Company also owns fire and rescue vehicle manufacturers Luverne Fire Apparatus, Quality Manufacturing and Road Rescue, Inc.

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

Spartan Motors, Inc. and Subsidiaries
Consolidated Income Statements
Three Months Ended September 30, 2000 and 1999

	September 30, 1999		September 30, 2000		Change-fav/(unfav)	
	\$-000	%	\$-000	%	\$-000	%
Sales	76,336		53,045		(23,291)	
Cost of Sales	65,046		49,168		15,878	
Gross Profit	11,290	14.8	3,877	7.3	(7,413)	(65.7)
Operating Expenses:						
Research and Development	1,637	2.1	1,599	3.0	38	2.3
Selling, General and Administration	5,218	6.9	4,527	8.5	691	13.2
Total Operating Expenses	6,855	9.0	6,126	11.5	729	10.6
Operating Income (Loss)	4,435	5.8	(2,249)	(4.2)	(6,684)	(150.7)
Other Income (Expense):						
Interest Expense	(408)	(0.5)	(336)	(0.6)	72	(17.6)
Interest and Other Income	145	0.2	167	0.2	22	15.2
Total Other Income (Expense)	(263)	(0.3)	(169)	(0.4)	94	(35.7)
Earnings (Loss) before Taxes	4,172	5.5	(2,418)	(4.6)	(6,590)	(158.0)
Taxes	1,553		(686)			
Earnings (Loss) from Continuing Operations	2,619	3.4	(1,732)	(3.3)	(4,351)	(166.1)

Discontinued Operations:						
Loss from Operations of Carpenter	1,690	2.2	2,149	4.1	459	27.2
Loss on Disposal of Carpenter			6,099	11.5	6,099	0.0
Net Earnings (Loss)	929	1.2	(9,980)	(18.8)	(10,909)	(1174.3)
Basic and Diluted Net Earnings (Loss) per Share:						
Earnings (Loss) from Continuing Operations	0.21		(0.15)		(0.36)	(1.71)
Discontinued Operations:						
Loss from Operations of Carpenter	0.13		0.19		0.06	0.41
Loss on Disposal of Carpenter	--		0.54		0.54	--
Basic and Diluted Net Earnings (Loss) per Share	0.08		(0.88)		(0.96)	(12.70)
Basic weighted avg. common shares outstanding						
	12,535		11,318			
Diluted weighted avg. common shares outstanding						
	12,556		11,324			

Spartan Motors, Inc. and Subsidiaries
Consolidated Income Statements
Nine Months Ended September 30, 2000 and 1999

	September 30, 1999		September 30, 2000		Change fav/(unfav)	
	\$-000	%	\$-000	%	\$-000	%
Sales	214,686		194,102		(20,584)	
Cost of Sales	182,448		169,142		13,306	
Gross Profit	32,238	15.0	24,960	12.9	(7,278)	(22.6)
Operating Expenses:						
Research and Development	4,866	2.3	4,956	2.6	(90)	(1.8)
Selling, General and Administration	14,777	6.8	14,557	7.5	220	1.5
Total Operating Expenses	19,643	9.1	19,513	10.1	130	0.7
Operating Income	12,595	5.9	5,447	2.8	(7,148)	(56.8)
Other Income (Expense):						
Interest Expense	(1,180)	(0.5)	(864)	(0.4)	316	(26.8)
Interest and Other Income	298	0.1	350	0.1	52	17.4
Total Other Income (Expense)	(882)	(0.4)	(514)	(0.3)	368	(41.7)
Earnings before Taxes	11,713	5.5	4,933	2.5	(6,780)	(57.9)
Taxes	4,243	2.0	1,930	1.0	2,313	54.5
Earnings from Continuing Operations	7,470	3.5	3,003	1.5	(4,467)	(59.8)
Discontinued Operations:						
Loss from Operations of Carpenter	4,094		3,901		193	4.7

Loss on Disposal of Carpenter			6,099		(6,099)	0.0
Net Earnings (Loss)	3,376	1.6	(6,997)	(3.6)	(10,373)	(307.3)
Basic and Diluted Net Earnings (Loss) per Share:						
Earnings (Loss) from Continuing Operations	0.60		0.26		(0.34)	(0.57)
Discontinued Operations: Loss from Operations of Carpenter	0.33		0.33		0.01	0.02
Loss on Disposal of Carpenter	--		0.52		0.52	--
Basic and Diluted Net Earnings (Loss) per Share	0.27		(0.59)		(0.87)	(3.17)
Basic weighted avg. common shares outstanding	12,535		11,737			
Diluted weighted avg. common shares outstanding	12,558		12,749			

Source: Spartan Motors, Inc.

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