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Spartan Motors Posts Record Sales for the Third Quarter and Nine Months; Offset by Lower Earnings Due to Carpenter Unit

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CHARLOTTE, Mich., Oct. 28 /PRNewswire/ -- Spartan Motors, Inc. ([NASDAQ:SPAR](#))

posted double-digit sales gains for the third quarter and nine months ending September 30, 1999, driven by strong demand for its recreational vehicle and fire truck chassis.

The Charlotte, Mich.-based manufacturer of custom chassis, emergency vehicles and buses reported sales grew nearly 20 percent to a record \$83.5 million for the third quarter of 1999, compared to \$69.6 million during the same period in 1998. The Company said the increase was fueled by sales of its Mountain Master and Summit chassis for recreational vehicles (RVs), increased sales of fire trucks, and the consolidation of Carpenter Industries.

Spartan Motors posted net earnings of \$929,000, or \$0.07 per share, for the third quarter, compared to \$2.1 million, or \$0.16 per share, during the same period in 1998. Spartan said the results include a loss of \$1.7 million, or approximately \$0.14 per share, related to the Company's Carpenter operation, which makes school buses.

Spartan reported that its chassis and emergency vehicle units contributed \$0.21 per share to earnings in the 1999 third quarter versus \$0.19 per share in the same period in 1998. Third quarter 1999 results also include the consolidated results of Carpenter. Spartan began consolidating Carpenter's results in October 1998, following the Company's purchase of a majority stake in Carpenter.

"As expected, our losses at Carpenter offset the strong progress in our RV and emergency vehicle operations," said John Szykiel, president and chief operating officer of Spartan Motors. "We will continue to work to bring Carpenter operations to profitability. However, we will not let this detract from our focus on maximizing the potential in our core business, in particular, our RV and fire truck chassis operations."

For the nine months ending September 30, 1999, Spartan's sales increased 27.2 percent to reach \$234.4 million, compared to \$184.3 million during the first nine months of 1998. Net earnings were \$3.4 million, or \$0.27 per share, for the first nine months of 1999, an increase of 32.8 percent over the first nine months of 1998.

Spartan's gross profit in the third quarter 1999 rose 14.5 percent or \$1.4 million over the same period last year. Gross profit as a percentage of sales declined slightly, from 13.9 percent in the third quarter of 1998 to 13.3 percent in the just completed quarter. Spartan attributed the decrease to the consolidation of Carpenter. Operating income fell \$694,000 to \$3.2 million for the third quarter, primarily due to the impact of Carpenter. Improvements in inventory management and accounts receivable helped Spartan Motors improve its cash flow from operations by \$2 million in the third quarter versus the second quarter of 1999.

Third-quarter sales increases were led by Spartan's RV chassis business, which is capitalizing on increased consumer demand and new business generated for its entry-level diesel pusher RV chassis, the Summit. Sales of Spartan's RV chassis are up 33.4 percent during the past nine months, fueled by a strong Class A motorhome market and Spartan's increased market share penetration. Sales of fire truck chassis rose 21.6 percent during the 1999 third quarter, buoyed by sales to the EVTeam and other OEMs. Szykiel said earnings from the chassis business through the first nine months of 1999 have already exceeded chassis earnings for all of last year. This marks the third consecutive year that Spartan's chassis division has completed this feat.

"We're excited about the growth and potential of the RV market," Szykiel said. "Based on demographics and the current business climate, we see continued strong opportunity in the RV market and remain focused on serving our

customers with the right products. This includes our planned introduction of another new -- and significant -- chassis for the RV market at the Recreational Vehicle Industry Association trade show in Louisville next month."

Next month's debut follows the successful launch of Spartan's Summit chassis at last year's RVIA show. The Summit went into production during the third quarter of 1999 and continues to generate better-than-expected sales. Spartan said it produced over 100 chassis in the third quarter and intends to accelerate this pace considerably in the fourth quarter.

"The Summit chassis has created a new product category within the RV market," Szykiel said. "Our OEM customers are quickly accepting this new chassis, which gives us the opportunity to further penetrate our customers' product mix."

Spartan said that it continues to focus on cost management and new product development throughout the Company, with a concerted effort on Carpenter and returning this operation to profitability.

"We remain committed to improving both efficiency and quality at Carpenter," said George Szykiel, Spartan Motors chairman and CEO. "We look forward to next month's introduction of a larger, rear-engine transit-style bus at the National Association for Pupil Transportation show which will allow us to serve a larger segment of the school bus market."

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

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

Spartan Motors, Inc. and Subsidiaries
Consolidated Income Statements

	Three-Months Ended		Nine-Months Ended	
	Sept. 30, 1999	Sept. 30, 1998	Sept. 30, 1999	Sept. 30, 1998
	\$-000	\$-000	\$-000	\$-000
Sales	83,484	69,633	234,371	184,294
Cost of Sales	72,368	59,924	202,625	158,327
Gross Profit	11,116	9,709	31,746	25,967
Operating Expenses:				
Research and Development	1,745	1,412	5,167	4,031
Selling, General and Administration	6,203	4,435	17,183	13,290
Total Operating Expenses	7,948	5,847	22,350	17,321
Operating Income	3,168	3,862	9,396	8,646
Other Income (Expense):				
Interest Expense (734)		(285)	(2,053)	(770)
Interest and Other Income	48	224	275	719
Total Other Income				
(Expense)	(686)	(61)	(1,778)	(51)
Earnings before Equity Investment and Taxes	2,482	3,801	7,618	8,595
Income (Loss) on Equity Investment in Affiliate	-	(333)	-	(3,104)
Earnings before Taxes	2,482	3,468	7,618	5,491

Taxes	1,553	1,410	4,244	2,949
Net Earnings	929	2,058	3,374	2,543
Net Earnings per Share	0.07	0.16	0.27	0.20
Weighted Average Shares	12,535	12,552	12,535	12,500

Source: Spartan Motors, Inc.

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