1541 Reynolds Rd. Charlotte, MI 48813
P: 517.543.6400
SPARTANMOTORS.COM

Spartan Motors Posts Sharply Higher Earnings, Increased Sales for Third Quarter of 2001

October 25, 2001

CHARLOTTE, Mich., Oct. 25 /PRNewswire/ -- Spartan Motors, Inc. (NASDAQ:SPAR)
continued its trend of improved performance, today posting sharply higher earnings and increased sales for the quarter ended Sept. 30, 2001.

The Charlotte, Mich.-based manufacturer of custom chassis and emergency vehicles reported net earnings grew to $1.6 million, or $0.15 per share, on net sales of $55.8 million for the third quarter of 2001, compared with a net loss of $10.0 million, or $0.88 per share, on net sales of $53.0 million for the same period last year. The 2000 results include a loss of $8.2 million related to discontinued operations.

On a continuing operations basis, Spartan Motors reversed a year-ago quarterly loss of $1.7 million, reporting a $3.3 million improvement in earnings from continuing operations versus the 2000 period. The Company attributed the positive swing to higher sales and improved margins at its custom chassis and emergency vehicle units, as well as the continued focus on its cost-structure and lean operations.

"We are very pleased with our results, which underscore the operational progress we continue to achieve," said John Sztykiel, president and chief operating officer of Spartan Motors. "Our focus on operational improvements, in combination with our emphasis on innovative new products, continues to drive our results.

"Our adaptation of lean manufacturing principles has allowed us to increase our productivity, improve our efficiency and reduce inventory costs. For example, we have reduced the production cycle for our fire truck chassis from 21 days to 15 days over the past 18 months."

Consolidated sales increased 5.2 percent over the third quarter of 2000, spurred by strong double-digit growth in the Company's Emergency Vehicle Team (EVTeam) subsidiaries and a 13.4 percent increase in sales of motorhome chassis.

The increase in sales helped Spartan Motors more than double its gross profit to $9.4 million versus the year-ago third quarter, reflecting gains in productivity. As a result, gross profit margin improved to 16.8 percent, compared with 7.3 percent in the third-quarter of 2000.

The improvements in sales and gross margin helped Spartan Motors post a $5.2 million improvement in operating income versus last year's third-quarter loss. Operating income rose to $3.0 million in the third quarter of 2001, compared with an operating loss of $2.2 million in the same period last year.

Spartan said its gains in sales of motorhome chassis outpaced growth in the national RV industry. Shipments of Class A motorhomes increased 3.3 percent during August, one of the only sectors of recreational vehicles to show stronger consumer interest. Diesel-pusher motorhomes, which continue to gain market share, now account for 42 percent of all Class A sales. Spartan Motors began shipping its custom diesel chassis for several new OEM products, including National RV's Marlin, during the third quarter.

"Sales of Class A diesel-pusher motorhomes remain more recession-resistant than other segments of the RV market," Sztykiel explained. "We are prepared to deal with market conditions, which should remain challenging over the next six months. The events of September 11 have affected our markets, but we are on track to meet or exceed our street estimate for 2001. The continued growth in the number of Baby Boomers entering the RV lifestyle, in combination with

cuts in interest rates, remains in our favor.

"We plan to unveil several new innovations during the upcoming RV industry show in November. We will also showcase some unique marketing initiatives that are designed to help us increase our market share. Unlike other manufacturers who are cutting back, Spartan Motors will be ready with innovative products and features as new RV customers step into the market."

The EVTeam posted its fourth consecutive quarter of profitability, highlighted by improvements in sales, gross margin and backlog. Sztykiel said all three EVTeam companies -- Quality Manufacturing, Road Rescue and Luverne Fire Apparatus -- received excellent customer response to the new vehicles introduced during the International Association of Fire Chiefs show in New Orleans in August.

He noted that the Senate has approved a six-fold increase in grants to fire departments under the Firefighter Investment and Response Enhancement (FIRE) Act. If passed, the amendment will allocate $600 million for spending on new fire equipment in fiscal 2002, $800 million the following year and $1 billion in fiscal 2004.

"Now more than ever, the nation's attention is focused on the invaluable service provided by our nation's firefighters," Sztykiel said. "This bill should allow fire departments across the country to update their equipment needs and ensure they are adequately prepared when duty calls."

For the nine months ended Sept. 30, 2001, Spartan posted net earnings of $4.3 million, or $0.41 per share, compared with a net loss of $7.0 million, or $0.59 per share, in the first nine months of 2000. The Company reported net sales of $173.0 million in the current nine-month period, compared with net sales of $194.1 million in the same period in 2000.

Spartan Motors reported that gross margin for the first nine months of 2001 was 15.9 percent, up from 12.9 percent during the year-ago period. Spartan also reduced its inventory $2.1 million during the first nine months of 2001.

The Company also generated $17.5 million in cash flow from continuing operations during the first nine months of 2001, reflecting a focus on inventory reduction and an expedited tax refund from a discontinued operation write-off. Spartan Motors said improved cash flow has enabled the Company to reduce its long-term debt by $13.0 million in the first nine months of 2001. On a consolidated basis, the Company expects to post a return on capital just below 20 percent.

"Our focus on efficient operations and the implementation of our new value-added financial model, Spartan Profit And Return, have led to significant operating improvements and strengthened our balance sheet this year," said Richard Schalter, chief financial officer and executive vice president. "With the sectors we serve showing some signs of growth, we are well-positioned for the future."

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

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

Spartan Motors, Inc. and Subsidiaries
Consolidated Income Statements
Three Months Ended September 30, 2001 and 2000

	September 30, 2000 $-000	September 30, 2001 $-000
Sales	53,045	55,803
Cost of Sales	49,168	46,442
Gross Profit	3,877	9,361
Operating Expenses:		
Research and Development	1,599	1,555
Selling, General and Administrative	4,527	4,818
Total Operating Expenses	6,126	6,373

Operating Income	(2,249)	2,988
Other Income (Expense):		
Interest Expense	(336)	(329)
Interest and Other Income	167	(17)
Total Other Income (Expense)	(169)	(346)
Earnings before Taxes	(2,418)	2,642
Taxes	(686)	1,087
Earnings from Continuing Operations	(1,732)	1,555
Discontinued Operations:		
Loss from Operations-Carpenter	2,149	-
Loss on Closure-Carpenter	6,099	-
Net Earnings	(9,980)	1,555
EPS-Continuing Operations	(0.15)	0.15
EPS-Loss from Operations-Carpenter	0.19	-
EPS-Loss on Closure of Carpenter	0.54	-
Net Earnings per Share	(0.88)	0.15
Weighted Average Shares	11,318	10,522

Spartan Motors, Inc. and Subsidiaries
Consolidated Income Statements
Nine Months Ended September 30, 2001 and 2000

	September 30, 2000 $-000	September 30, 2001 $-000
Sales	194,102	172,981
Cost of Sales	169,142	145,473
Gross Profit	24,960	27,508
Operating Expenses:		
Research and Development	4,956	4,676
Selling, General and Administrative	14,557	14,110
Total Operating Expenses	19,513	18,786
Operating Income	5,447	8,722
Other Income (Expense):		
Interest Expense	(864)	(1,203)
Interest and Other Income	350	165
Total Other Income (Expense)	(514)	(1,038)
Earnings before Taxes	4,933	7,684
Taxes	1,930	3,363
Earnings from Continuing Operations	3,003	4,321
Discontinued Operations:		
Loss from Operations-Carpenter	3,901	-
Loss on Closure-Carpenter	6,099	-
Net Earnings	(6,997)	4,321
EPS-Continuing Operations	0.26	0.41
EPS-Loss from Operations-Carpenter	0.33	-
EPS-Loss on Closure of Carpenter	0.52	-
Net Earnings per Share	(0.59)	0.41
Weighted Average Shares	11,737	10,520

Source: Spartan Motors, Inc.

Contact: John Gaedert of Spartan Motors, Inc., +1-517-543-6400; or Jeff Lambert or Mary Ann Sabo of Lambert, Edwards & Associates, Inc., +1-616-233-0500, mail@lambert-edwards.com , for Spartan Motors, Inc.

Website: https://theshyftgroup.com/