



November 8, 1999

SPAR Group Reports Third Quarter/Nine-Month Results

Company on Track Following Merger

TARRYTOWN, N.Y., Nov. 8, 1999 -- SPAR Group, Inc. (Nasdaq:SGRP) today reported results for its third quarter ended September 30, 1999, representing the first consolidated report since the merger of the prior SPAR Group companies and PIA Merchandising Services, Inc. in July 1999.

Robert G. Brown, chairman, chief executive officer and president of SPAR Group, Inc. said, "We are extremely encouraged and pleased with the progress of the integration, the cost-savings and other operating efficiencies we were able to realize since the completion of the merger."

For the third quarter, SPAR recorded pro forma net income of \$98,000, or \$0.01 per pro forma diluted share, compared with pro forma net income of \$1.3 million, or \$0.10 per pro forma diluted share, in the 1998 third quarter. These results are based upon a 45 percent increase in the pro forma diluted weighted shares outstanding in the 1999 quarter. Revenues for the same period increased more than three fold to \$36.4 million from \$11.1 million a year ago.

For the nine months, pro forma net income was \$1.1 million, or \$0.08 per pro forma diluted share, compared with pro forma net income of \$3.0 million, or \$0.24 per pro forma diluted share, for the same prior-year period. These results are based upon a 14 percent increase in the pro forma diluted weighted shares outstanding for the nine months. Revenues for the nine months climbed more than two and a half times to \$77.9 million from \$30.1 million in the same period a year ago.

Consolidated figures for the third quarter include a non-cash, non-recurring provision for income tax for conversion of the prior SPAR Group companies from a subchapter S status to a C corporation.

Brown noted that since the merger of the prior SPAR Group companies and PIA, fixed overhead costs have already been reduced by approximately \$6 million on an annualized basis and PIA's gross margin has improved 4 percentage points from 26% in the third quarter of 1998 to over 31% in this quarter. Brown stated, "Some of the savings we have achieved have already been redirected to improve client services and in-store activities. The progress we have made so quickly at PIA demonstrates SPAR's ability to quickly integrate acquisitions, while continuing to be a low cost producer of services. We expect to realize additional cost savings as we further integrate SPAR's business plan and aggressively pursue synergistic savings."

"Our goal is to create one of the nation's largest providers of retail merchandising and other marketing services utilizing SPAR's advanced Internet reporting and control services. This innovative technology allows clients real-time access to their accounts and on-demand marketing services, providing enhanced quality, a range of tailored programs and improved profitability and growth for SPAR. We are well-positioned to capitalize on the opportunities in a growing and dynamic industry which sources estimate to be approximately \$85 billion annually worldwide," said Brown.

Separately, the company announced that Terry Peets, vice chairman and former chief executive of PIA Merchandising Services, Inc., has resigned his position. "With the successful integration of SPAR and PIA, Terry has decided that the time was right for him to leave and spend more time with his family. We appreciate his many contributions and his desire to make the merger and transition period as smooth as possible," stated Brown.

SPAR Group, Inc. is focused on providing clients a wide array of marketing and sales solutions through a single point of contact. The company serves more than 18,000 grocery stores, 6,200 drug stores and 8,800 mass merchandiser stores with retail merchandising. The company also offers incentive marketing, teleservices, database marketing and marketing research services.

Certain statements in this news release are forward-looking and involve a number of risks and uncertainties. The company's actual results could differ materially from those indicated by such statements as a result of various factors, including the continued building of sales momentum, the ability to achieve expected synergies as a result of the merger and other factors discussed in PIA's Definitive Proxy Statement, Form 10-K and Form 10-Q on file with the SEC and other filings made with the SEC from time to time.

SPAR GROUP INC. (Unaudited) (in thousands, except per share data)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Quarter Ended		Nine Months Ended	
	Sept. 30 1999	Sept. 30 1998	Sept. 30 1999	Sept. 30 1998
Net Revenues	\$ 36,390	\$ 11,095	\$ 77,949	\$ 30,076
Cost of Revenues	24,466	5,415	52,921	15,133
Gross Profit	11,924	5,680	25,028	14,943
Operating Expenses:				
Selling, general and administrative expenses	10,688	3,521	20,427	9,841
Depreciation and amortization	704	34	1,218	104
Total operating expenses	11,392	3,555	21,645	9,945
Operating Income	532	2,125	3,383	4,998
Other Expenses	250	120	1,059	264
Income Before Provision for Income Taxes	282	2,005	2,324	4,734
Provision for income taxes:				
Nonrecurring charge for termination of Subchapter S election	3,100	--	3,100	--
C Corporation taxes	23	--	23	--
Net Income (Loss)	\$ (2,841)	\$ 2,005	\$ (799)	\$ 4,734
Unaudited pro forma information:				
Historical Income (Loss) Before Provision for Income Taxes	\$ 282	\$ 2,005	\$ 2,324	\$ 4,734
Pro forma provision (benefit) for income taxes	184	740	1,216	1,747
Pro Forma Net Income	\$ 98	\$ 1,265	\$ 1,108	\$ 2,987
Pro Forma Basic Earnings Per Share	\$ 0.01	\$ 0.10	\$ 0.08	\$ 0.24
Pro Forma Diluted Earnings Per Share	\$ 0.01	\$ 0.10	\$ 0.08	\$ 0.24
Pro Forma Basic Weighted Average Common Shares	18,153	12,659	14,350	12,659
Pro Forma Diluted Weighted Average Common Shares	18,295	12,659	14,491	12,659

CONDENSED BALANCE SHEET

	September 30 1999	December 31 1998
ASSETS		
Cash and cash equivalents	\$ 2,429	\$ 910
Accounts receivable, net	26,587	10,628
Goodwill, net	22,873	0
Other assets	11,607	3,326
Total assets	\$ 63,496	\$ 14,864
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities	\$ 51,080	\$ 15,958
Non-current liabilities	1,839	311
Shareholders' equity	10,577	(1,405)
Total liabilities and shareholders' equity	\$ 63,496	\$ 14,864

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