

**PACCAR** Inc



**This presentation may contain statements that are forward looking. These statements are based on current expectations and assumptions that are subject to risks and uncertainties, which may cause actual results to differ materially. A summary of risks and uncertainties is described in more detail in our periodic reports filed with the Securities and Exchange Commission (SEC).**

**We undertake no duty to update or revise this presentation, whether as a result of new information, future events or otherwise. For the most recent financial, risk and other information about PACCAR, please see our SEC filings and most recent earnings release available on the Investor Relations page of [www.paccar.com](http://www.paccar.com).**

# PACCAR<sup>Inc</sup>

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PACCAR FINANCIAL PACCAR PARTS

PACCAR MEXICO PACCAR ENGINES



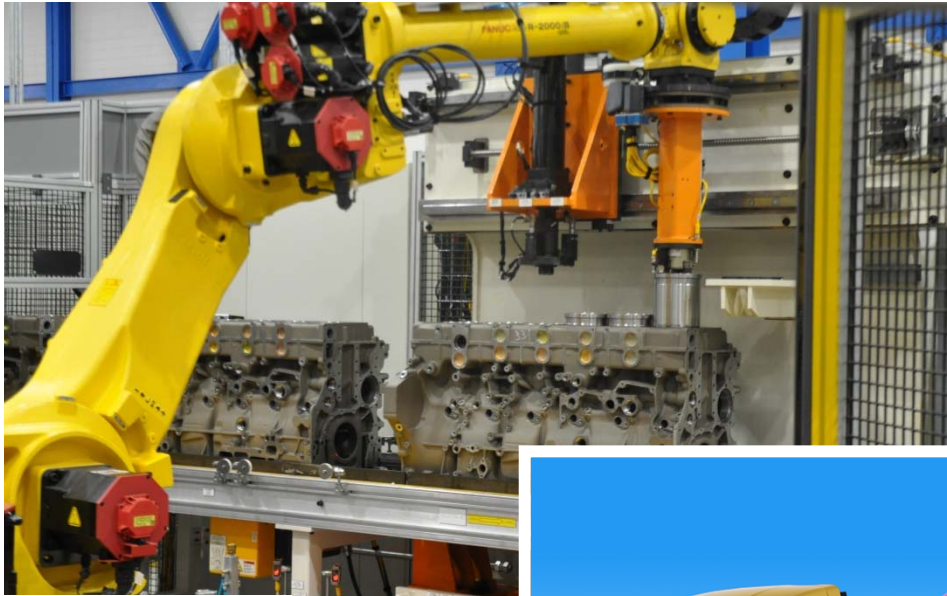
**PACCAR**  
INFORMATION  
TECHNOLOGY



**PACCAR** WINCH DIVISION  
BRADEN CARCO Gearmatic



**DYNACRAFT**  
A PACCAR COMPANY



**Powertrain**



**Aftermarket Support**



**Commercial Vehicles**



**Information Technology**



**Financial Services**

# PACCAR Strategy

**Quality**



**Technology**



**Innovation**



**Premium Products and Services**

**Profitable Market Share Growth**

**Geographic Expansion**

# PACCAR Values

Quality

Highest  
Integrity

Operational  
Excellence

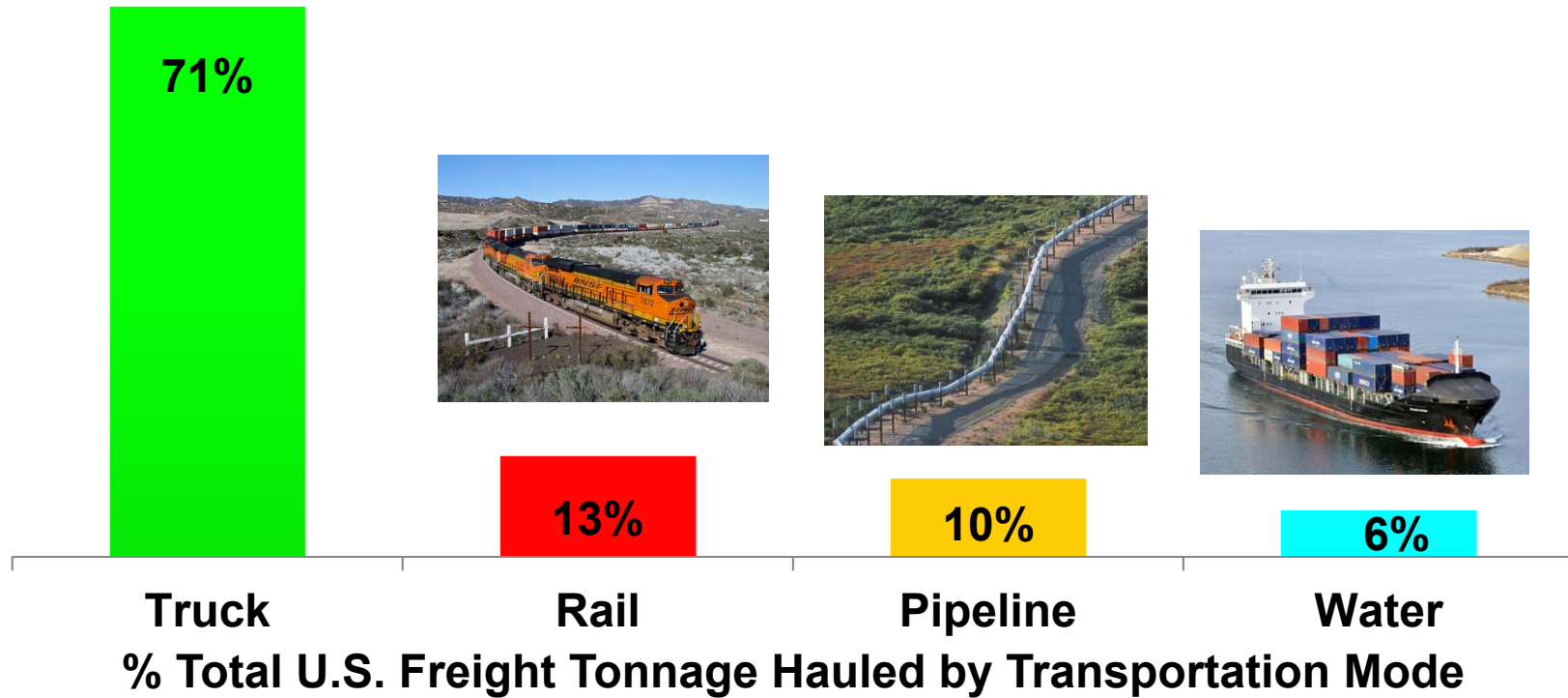
Conservative  
Financial  
Management

Long-Term  
Perspective

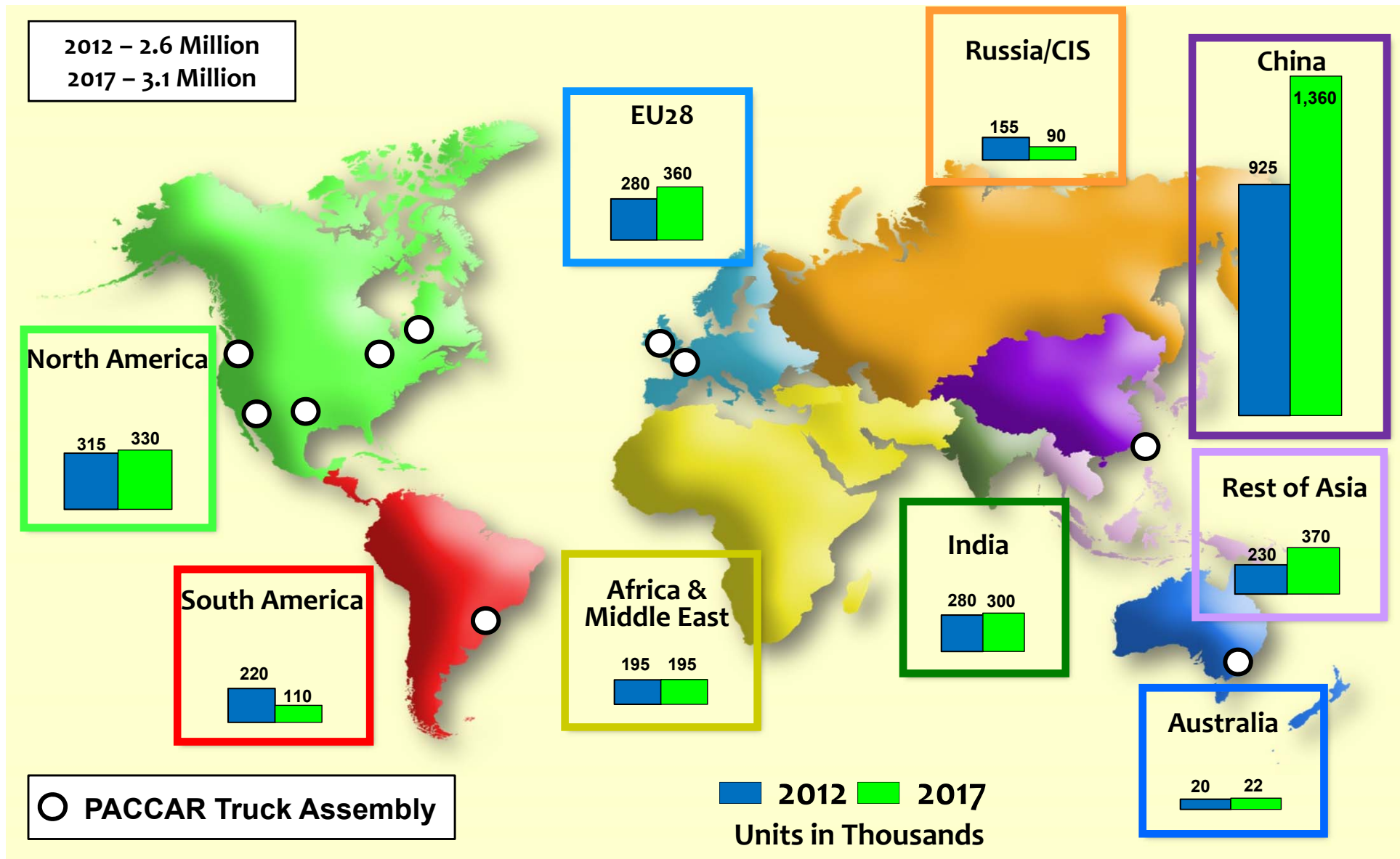


# Trucking Moves the Economy

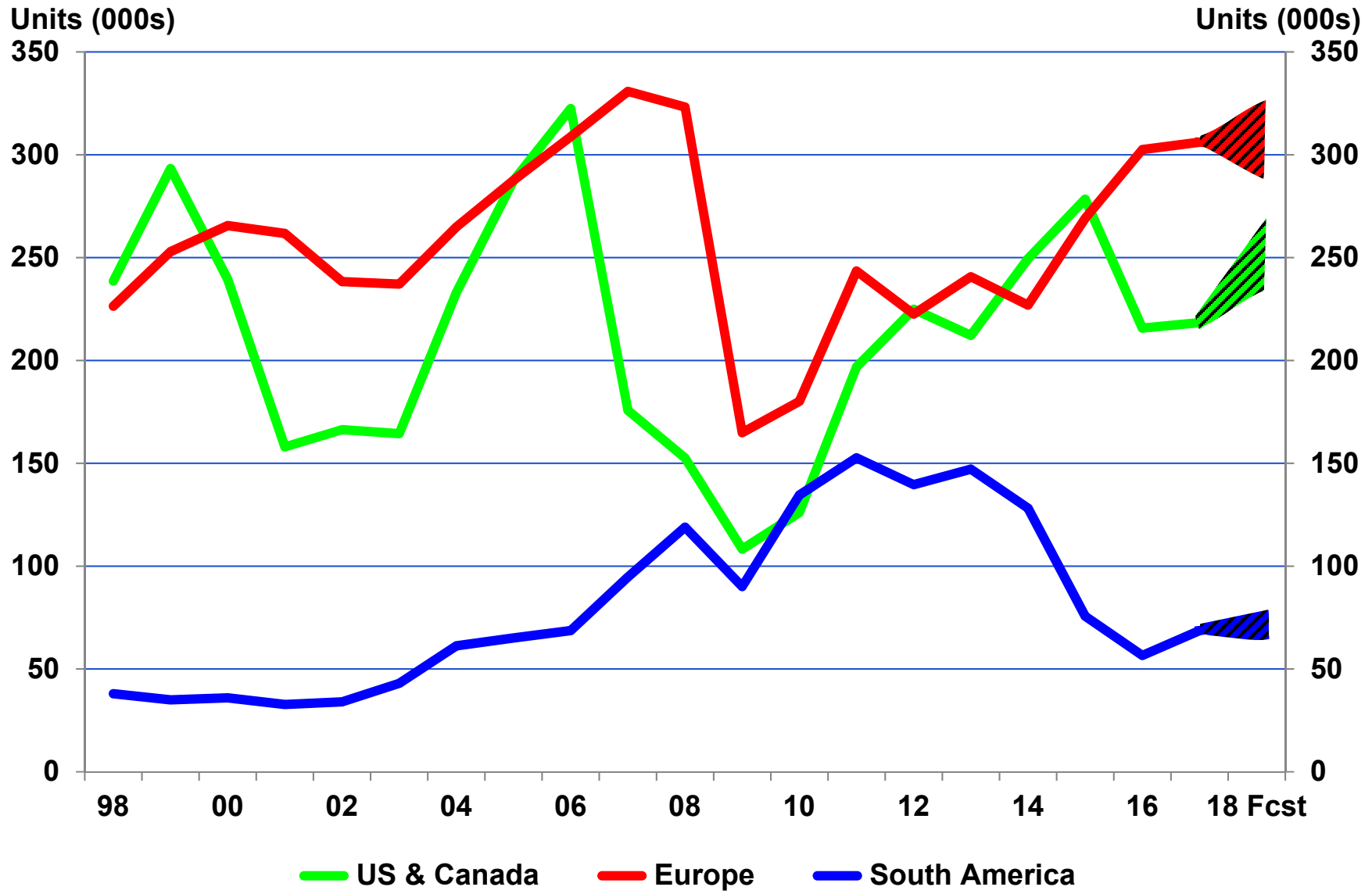
If you bought it, it probably was delivered by a truck



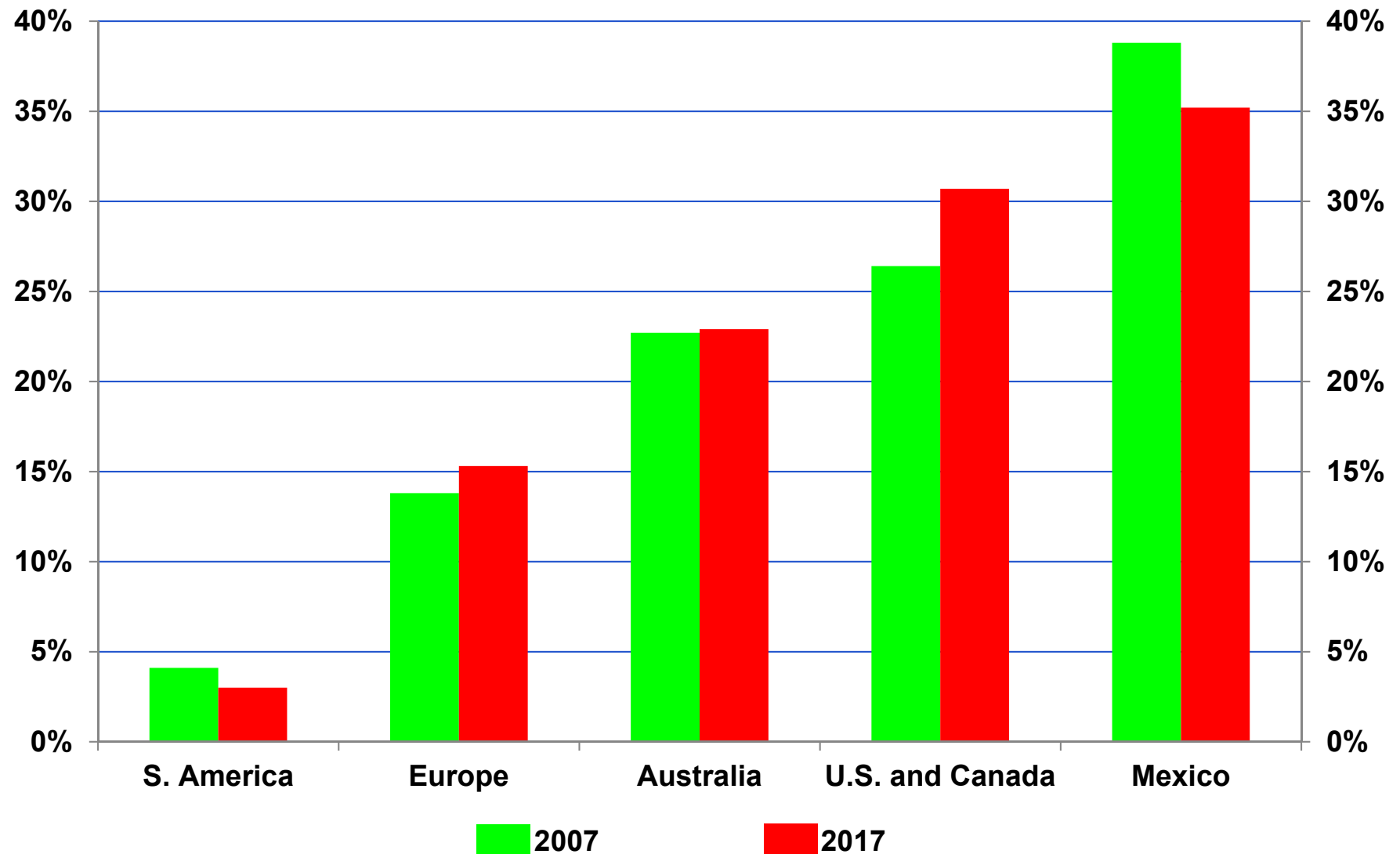
# Global >6T Truck Markets



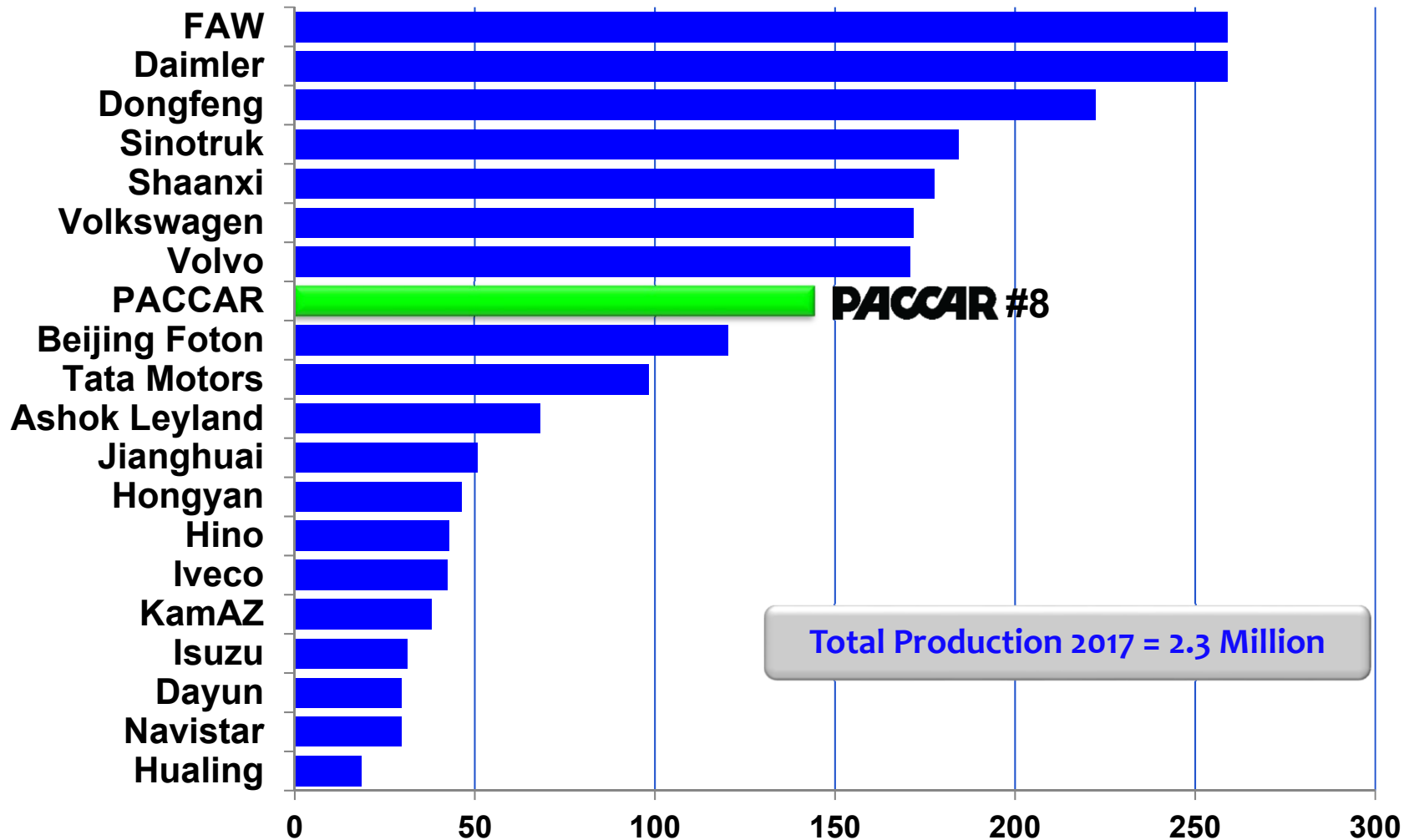
# Heavy Duty Commercial Vehicles



# PACCAR Heavy Duty Market Share

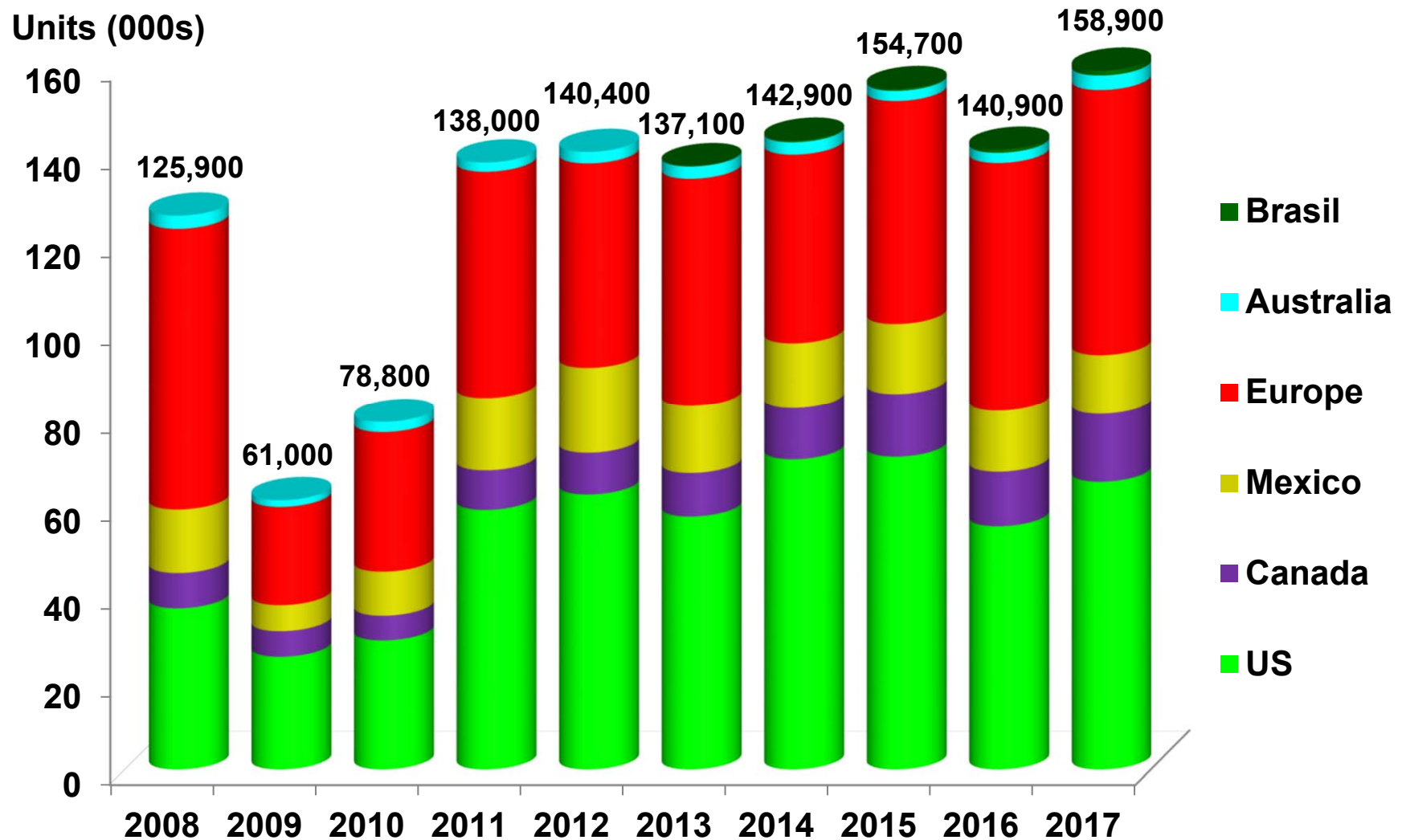


# >16T Truck Manufacturing 2017 Production (Units 000's)



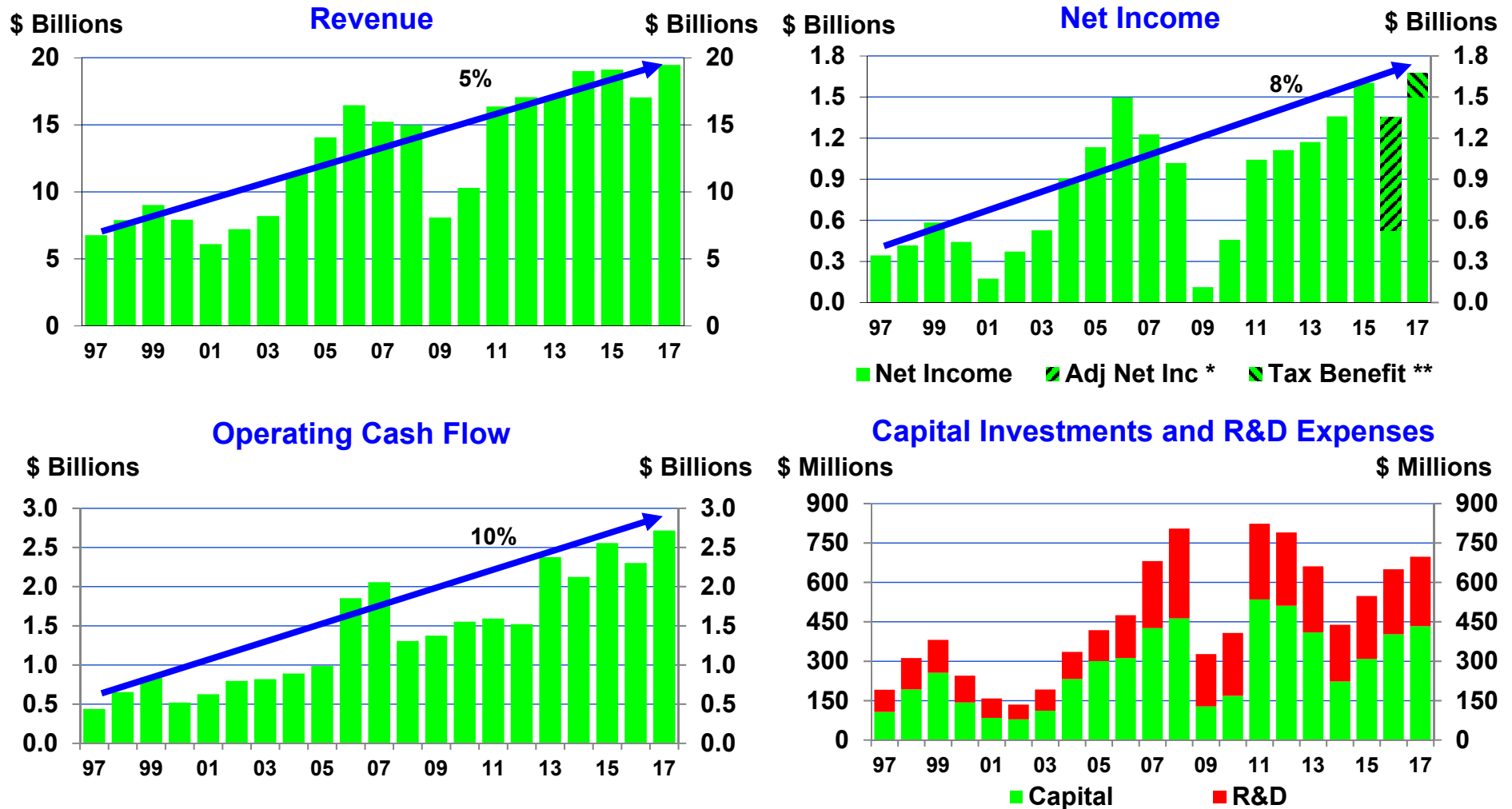
# PACCAR Truck Production

## 1.3 Million Trucks Produced 2008-2017



# PACCAR

## Excellent Financial Performance Throughout the Business Cycle



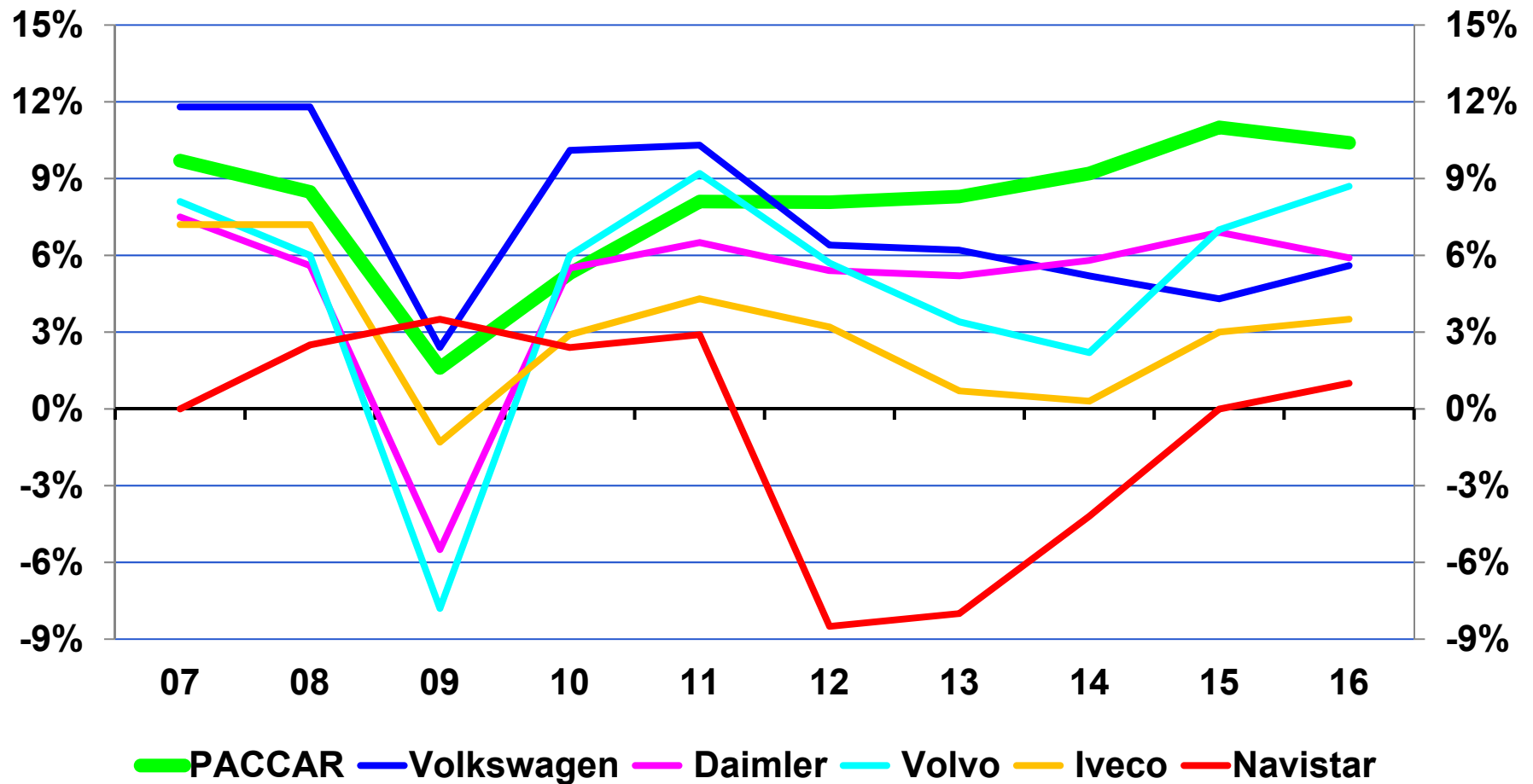
\* 2016 adjusted net income excludes non-recurring European Commission charge of \$833 million.

\*\* 2017 One-time tax benefit of \$173 million from the new U.S. tax law.

See appendix for supplementary information on Non-GAAP measures.

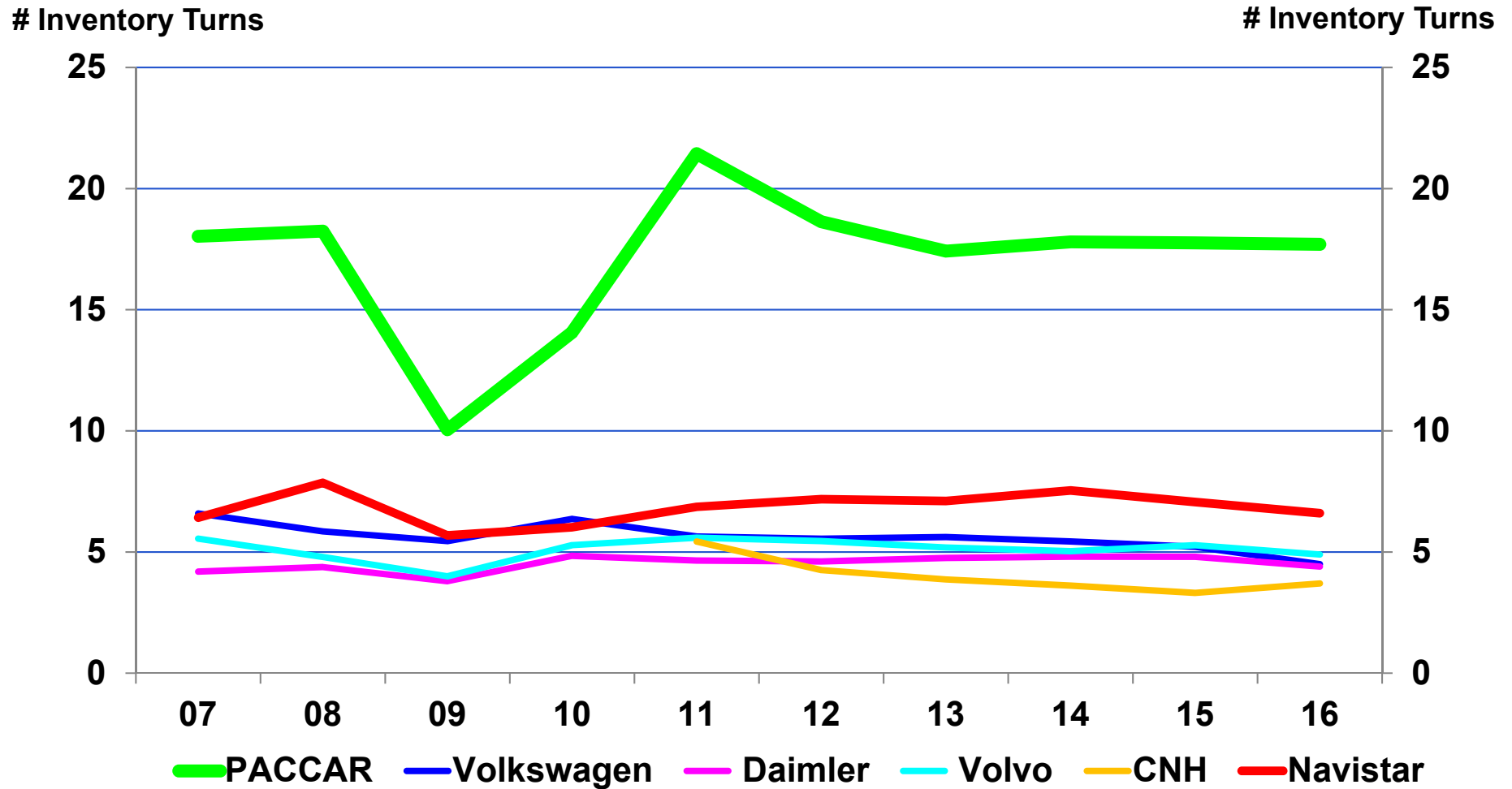
# Best-in-Class Operating Efficiency

## Commercial Vehicle Segment Operating Margin



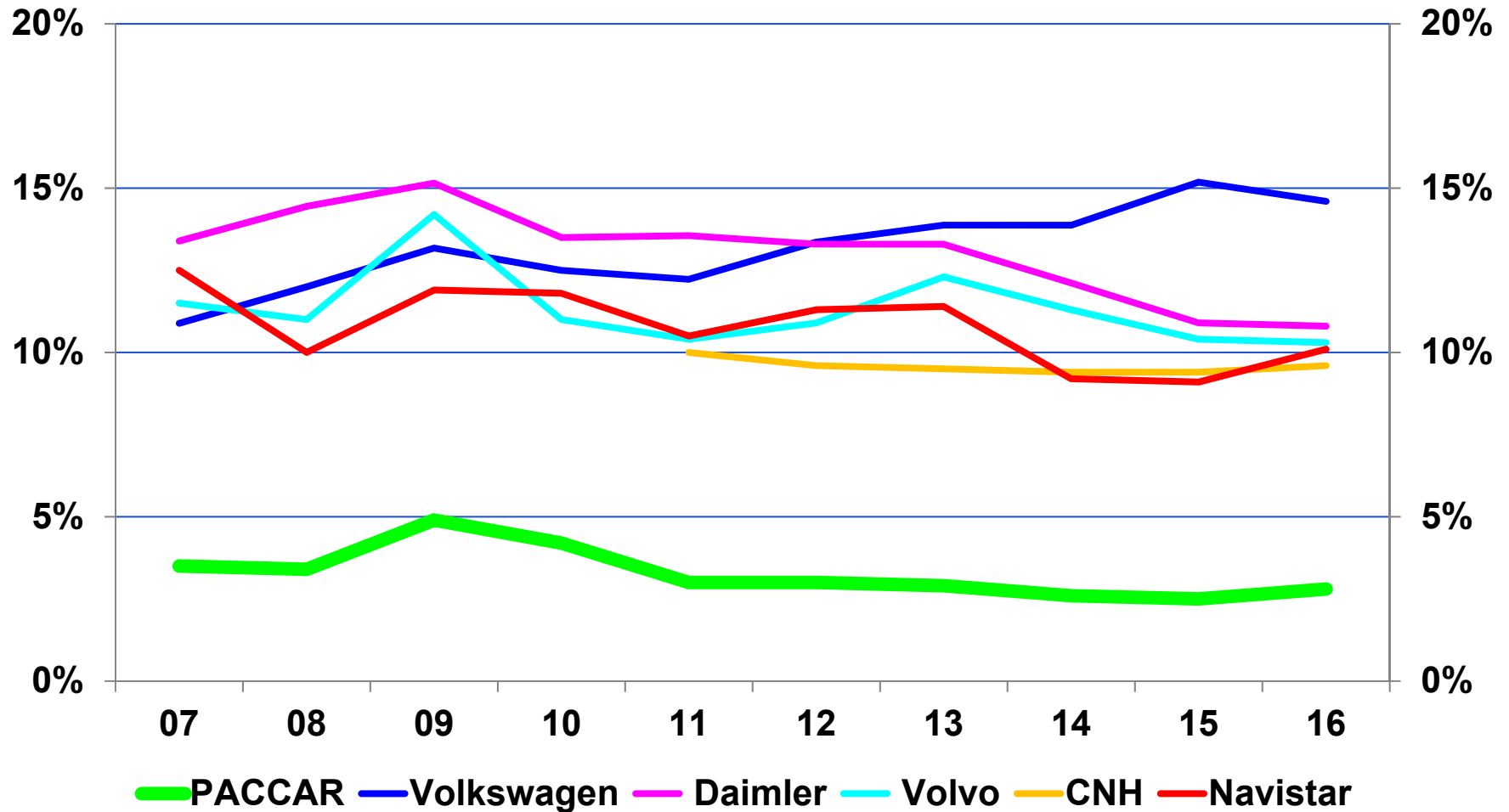
# Best-in-Class Operating Efficiency

## Inventory Turns

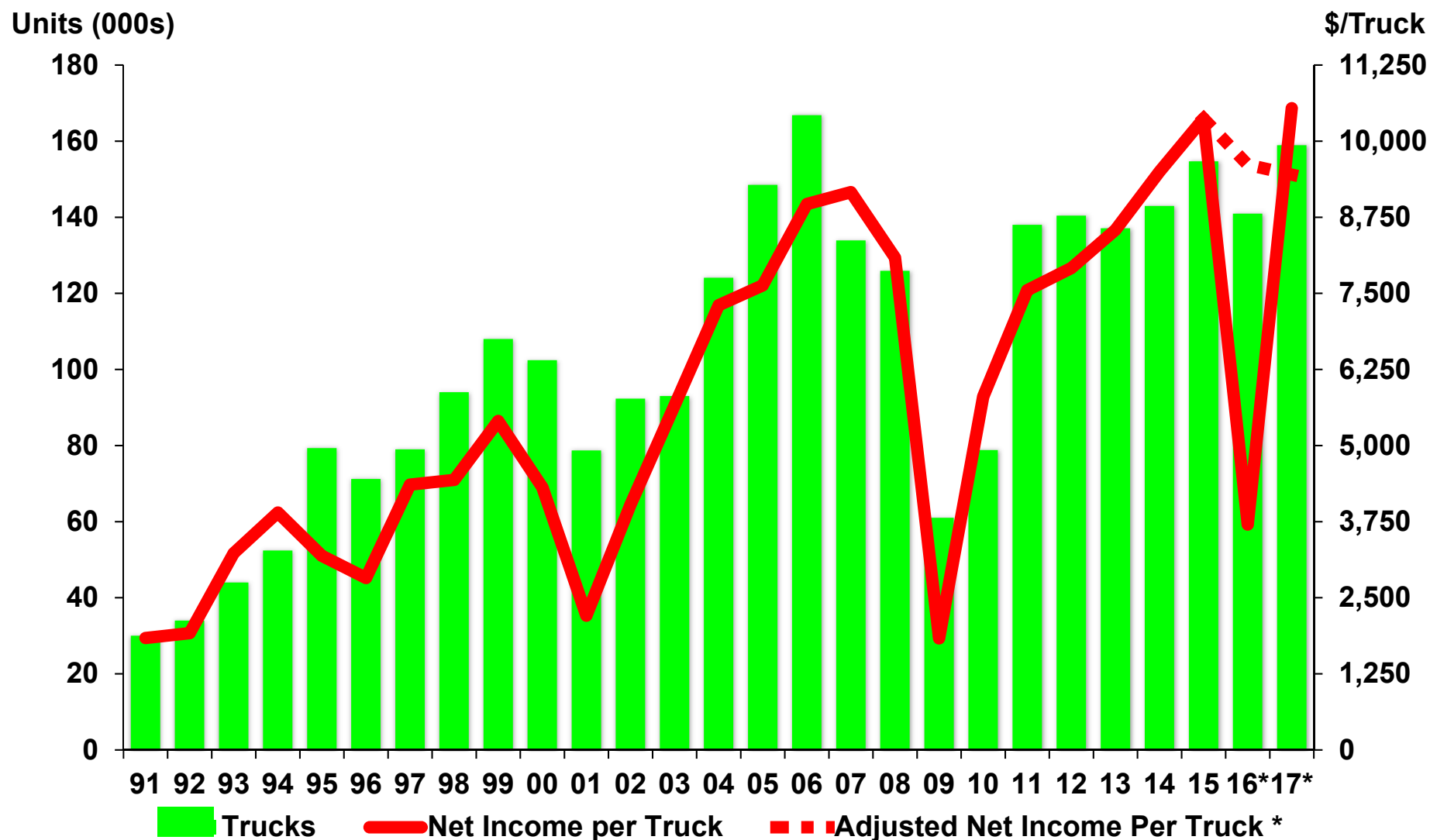


# Best-in-Class Operating Efficiency

## SG&A % of Sales



# Net Income per Truck



\* 2016 Adj Net Income Per Truck was determined using Adj Net Income of \$1,355 million, which excludes non-recurring EC charge of \$833 million. 2017 Adj Net Income Per Truck was determined using Adj Net Income of \$1,502 million, which excludes the one-time benefit of \$173 million from the new U.S. tax law. See appendix for supplementary information on non-GAAP measures.

# **PACCAR Inc**

## **A+/A1 Credit Ratings**

	(\$ Millions) 12/31/17
Cash & Securities	\$ 3,622
Manufacturing Assets	6,616
Financial Services Assets	13,202
Total Assets	<u>\$ 23,440</u>
Manufacturing Debt	\$ 0
Manufacturing Liabilities	5,270
Financial Services Liabilities	10,119
Shareholders' Equity	8,051
Total Liabilities & Equity	<u>\$ 23,440</u>

# PACCAR Overview – Q4 2017



**Consolidated Sales & Revenues \$5.46 Billion**

**Net Income \$589 Million; Adjusted Net Income (non-GAAP) of \$416 Million**

**PACCAR Financial Pre-Tax Profit \$73 Million**

**PACCAR Parts Record Pre-Tax Profit \$157 Million**

**Stockholders' Equity \$8.05 Billion**

**A1/A+ Credit Ratings**

**Regular Dividend Increased 25% in Last 5 Years**

# PACCAR Revenues and Profit

79 consecutive years of net profit

Dividends every year since 1941

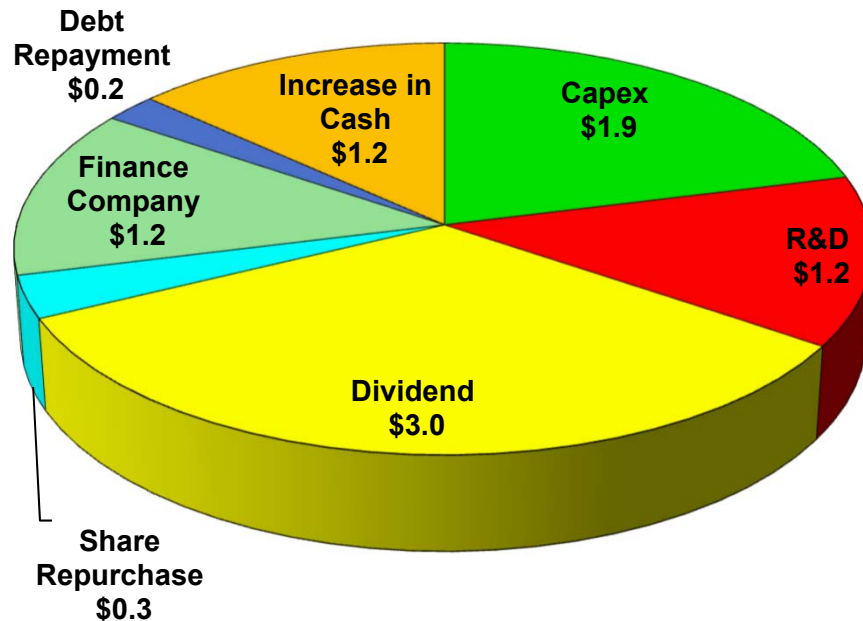
(\$ Millions)	4 <sup>TH</sup> Quarter		Full Year	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues	\$5,455	\$4,071	\$19,456	\$17,033
Net Income	589	289	1,675	522
Diluted EPS	1.67	0.82	4.75	1.48
Adjusted Net Income (Non-GAAP)	416		1,502	1,355
Adjusted Diluted EPS	1.18		4.26	3.85

Note: See appendix for supplementary information on non-GAAP financial measures

# PACCAR Capital Allocation

**Uses of Cash Flow**  
2013 – 2017: \$9 Billion

**Capital Allocation Strategy**

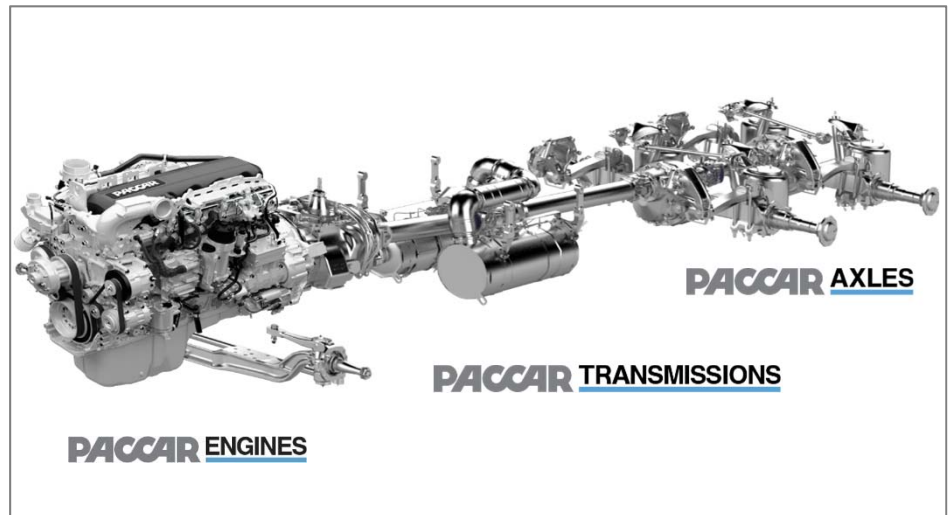


- R&D and capex investments drive future growth
- Credit rating of A+/A1 reflects strategic nature of our financial services operations
- Long history of successful acquisitions; highly selective, strategic, clear path to value creation
- Quarterly plus special dividends
- Strategic share repurchases

# New Products and Technologies



**New DAF CF & XF**



**PACCAR Powertrain**



**Platooning**



**Zero-Emission Kenworth T680**

# PACCAR Investments



**DAF Sales Office, Haddenham, U.K.**



**DAF Cab Paint Facility, Westerlo, Belgium**

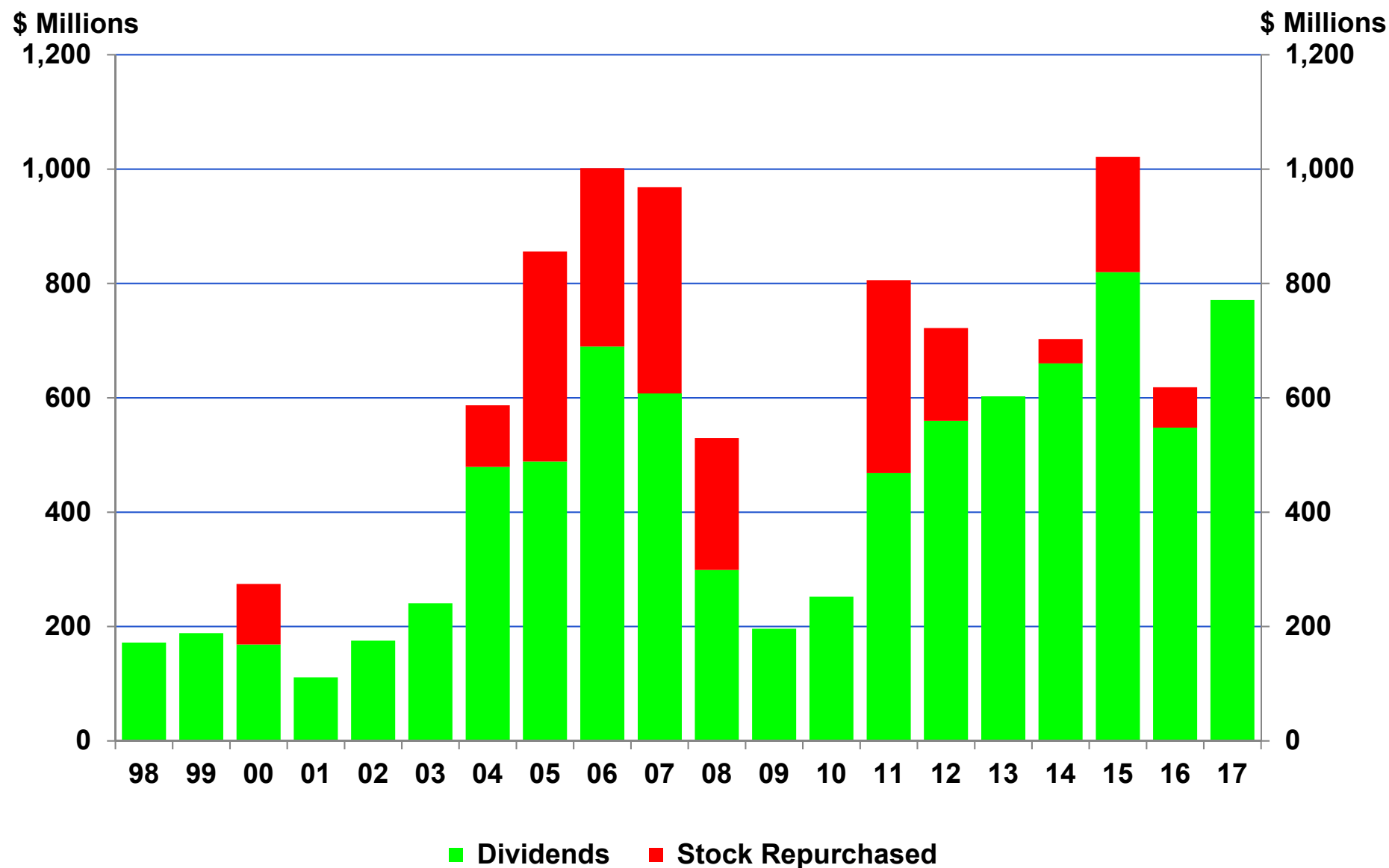


**PACCAR Engine Factory, Columbus, Mississippi**



**PACCAR Parts Distribution Center, Toronto, Canada**

# Dividends Declared and Stock Repurchases



# PACCAR Engines Worldwide



**PACCAR PX-5**  
4.5 Liter



**PACCAR PX-7**  
6.7 Liter



**PACCAR PX-9**  
8.9 Liter



**PACCAR PR**  
9.2 Liter

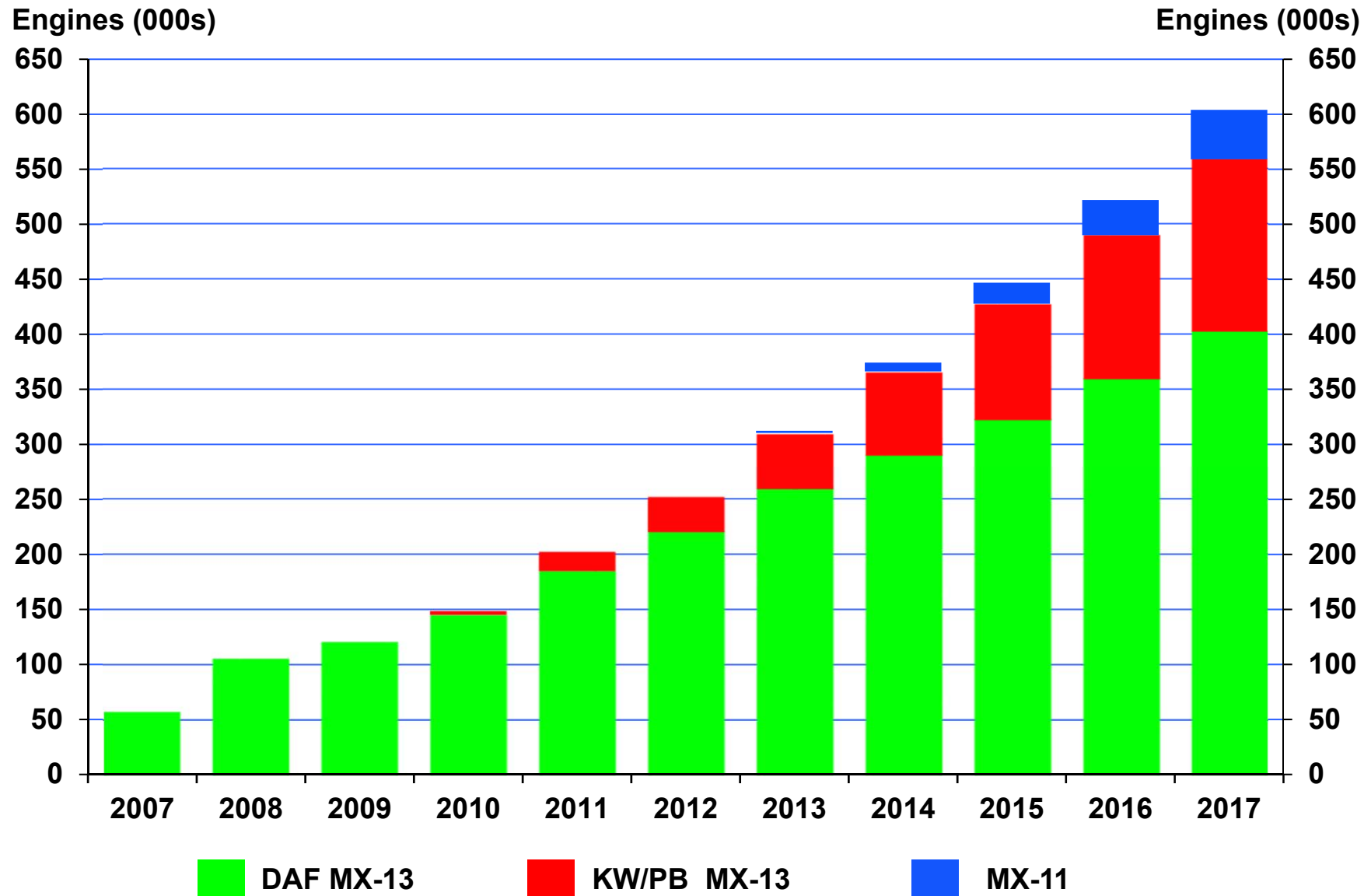


**PACCAR MX-11**  
10.8 Liter

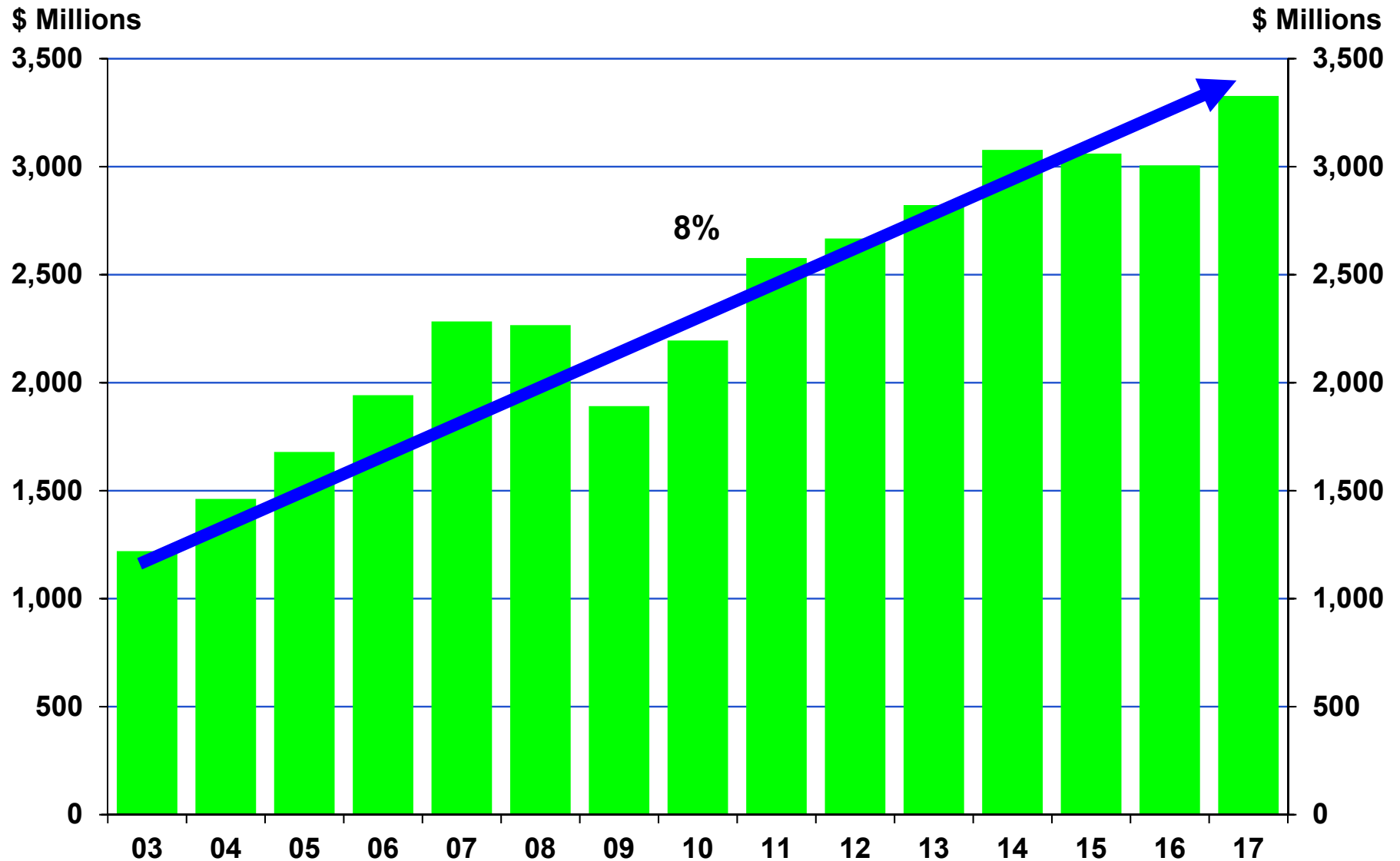


**PACCAR MX-13**  
12.9 Liter

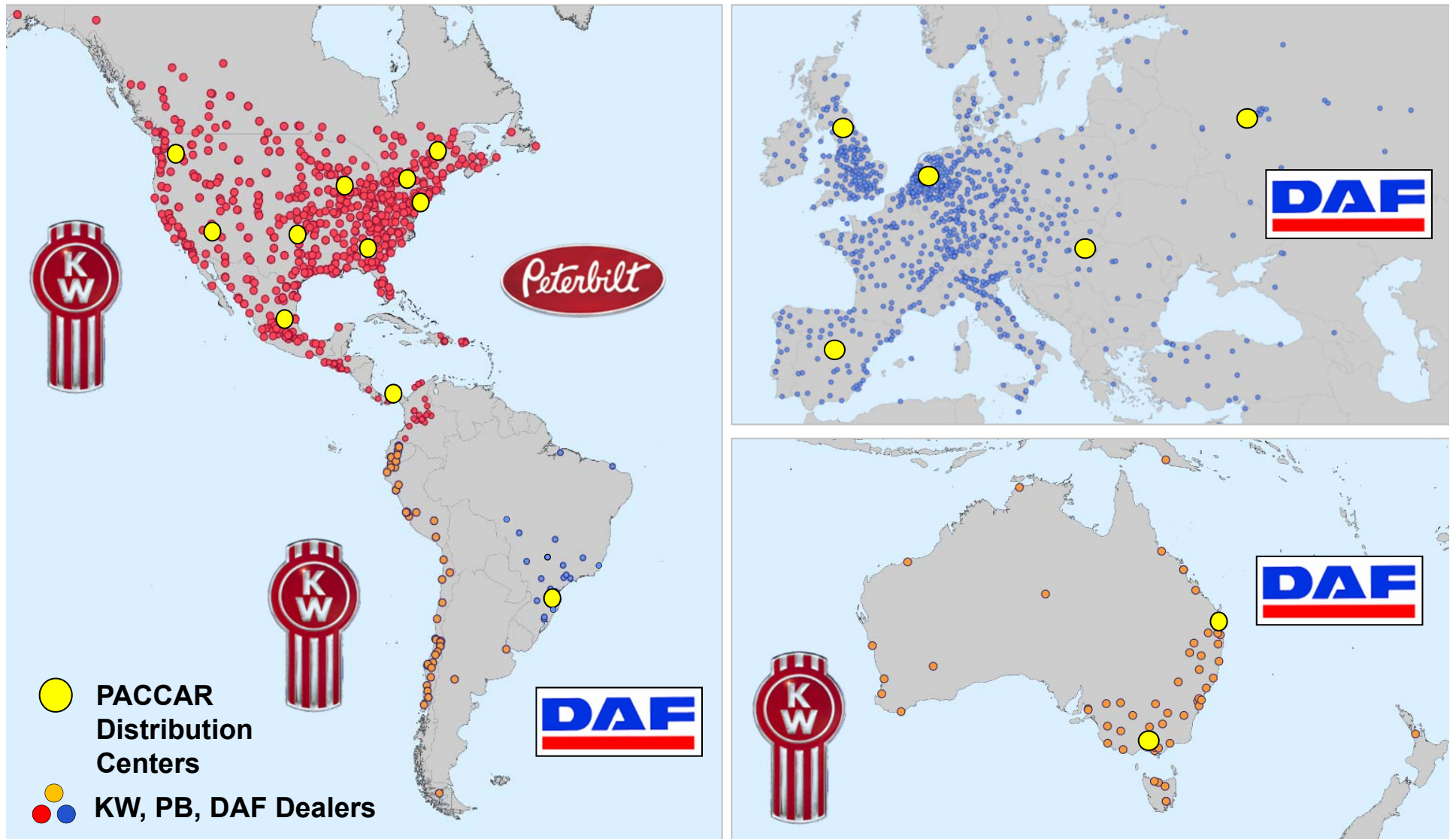
# Cumulative PACCAR MX Engines Produced



# PACCAR Parts Revenue



# PACCAR Parts Distribution Centers and Dealers



# PACCAR Parts Investments



**Eindhoven, the Netherlands**



**Panama City, Panama**



**Renton, Washington**



**Brisbane, Australia**

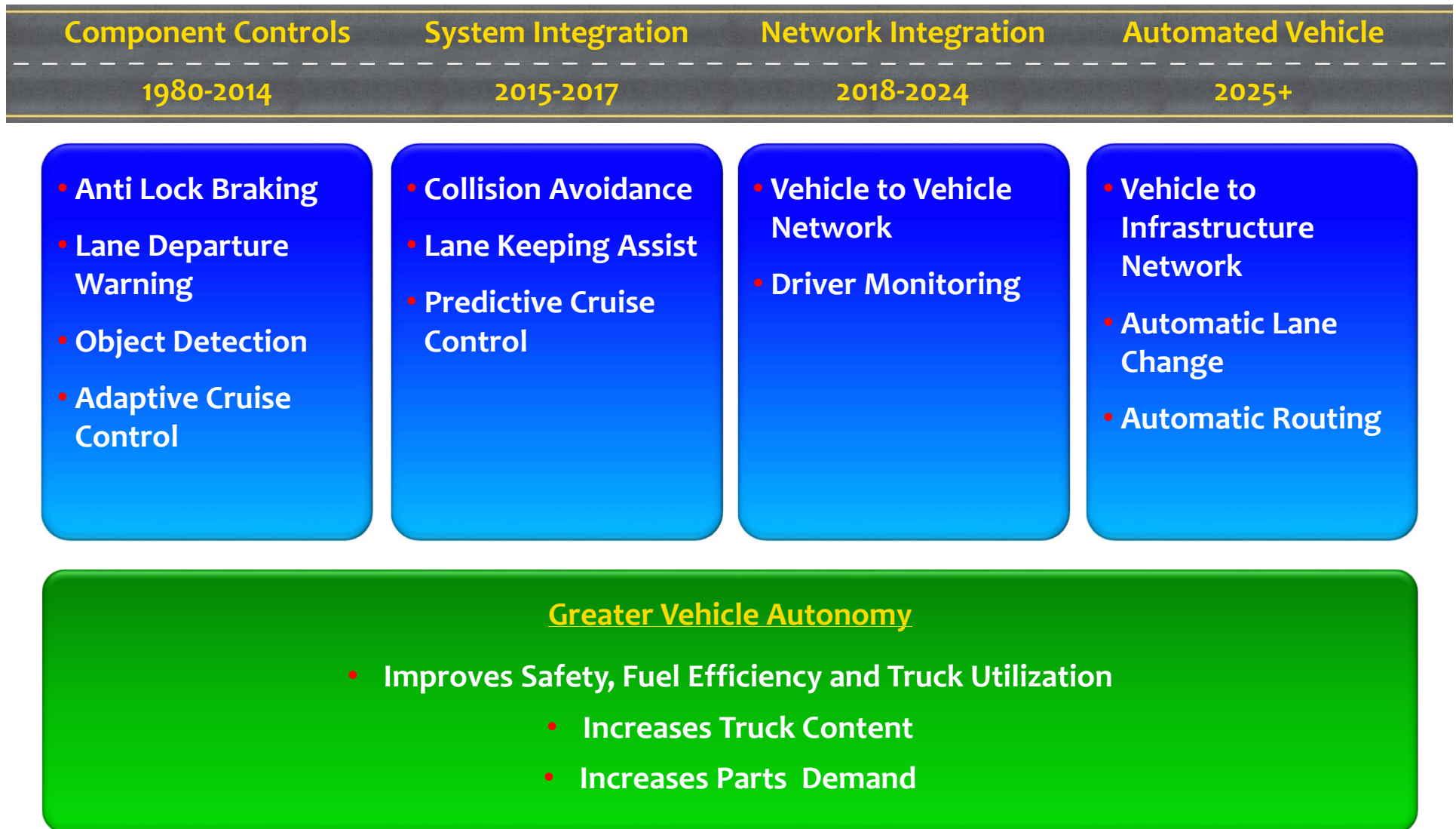
# PACCAR Global Dealer Network



# DAF Brasil



# Road to Autonomous Commercial Vehicles



# Environmental Leadership

**Ranked in Top 20% of Companies Reporting  
to CDP (Carbon Disclosure Project)**

**Alternative Fuel Technologies**

**Environmental Certification (ISO 14001)**

**Zero Waste to Landfill**

**Reduce Environ. Impact Through Product Design**

**EPA SmartWay**

**90%+ Reduction in NOx and Particulate Emissions**

**Product Recyclability**

# PACCAR Financial Services – Q4 2017



**\$13.2 Billion in Assets**

**Pre-tax Profit \$73 Million**

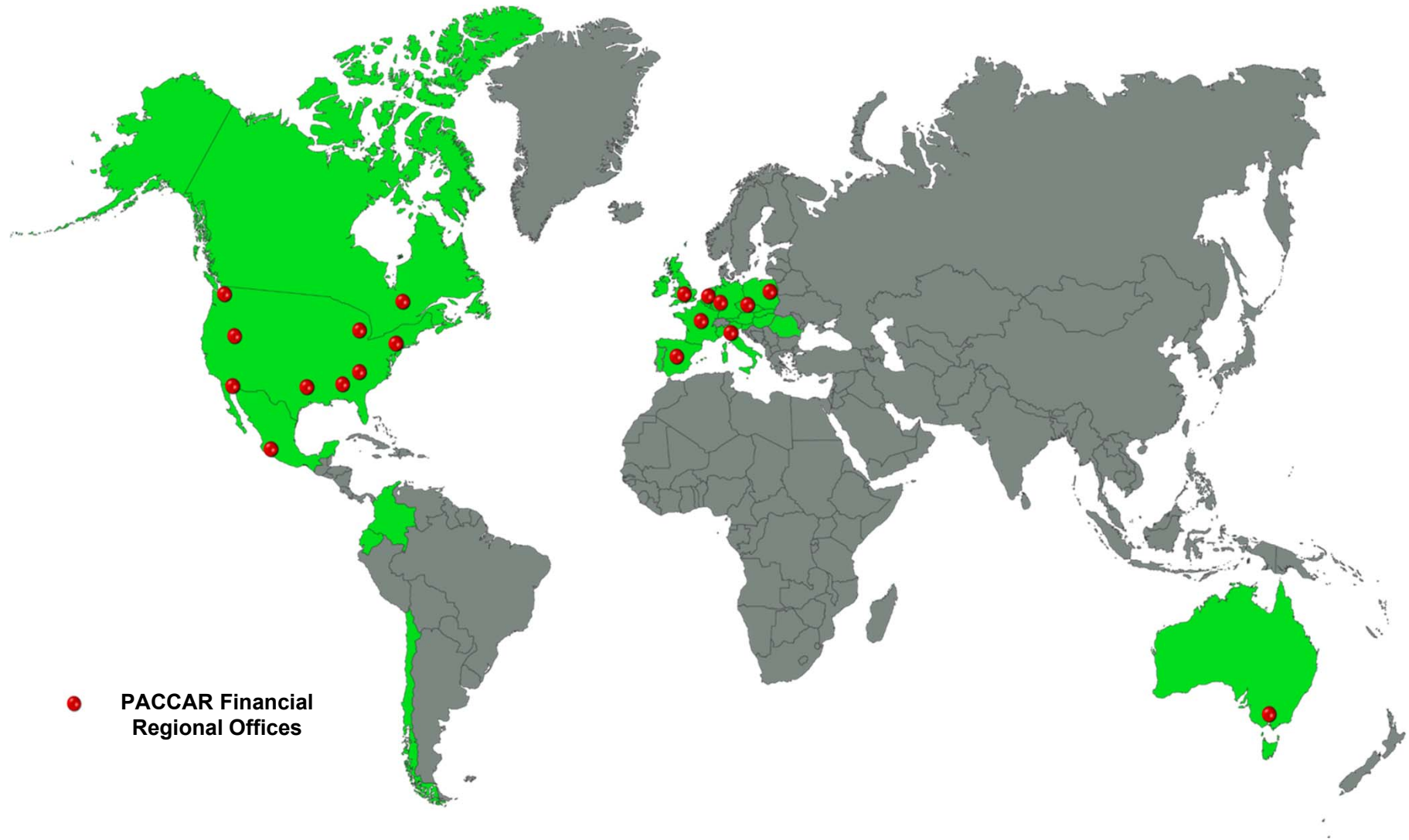
**188,000 Vehicles Financed**

**Dealer Floorplan  
Retail Financing**

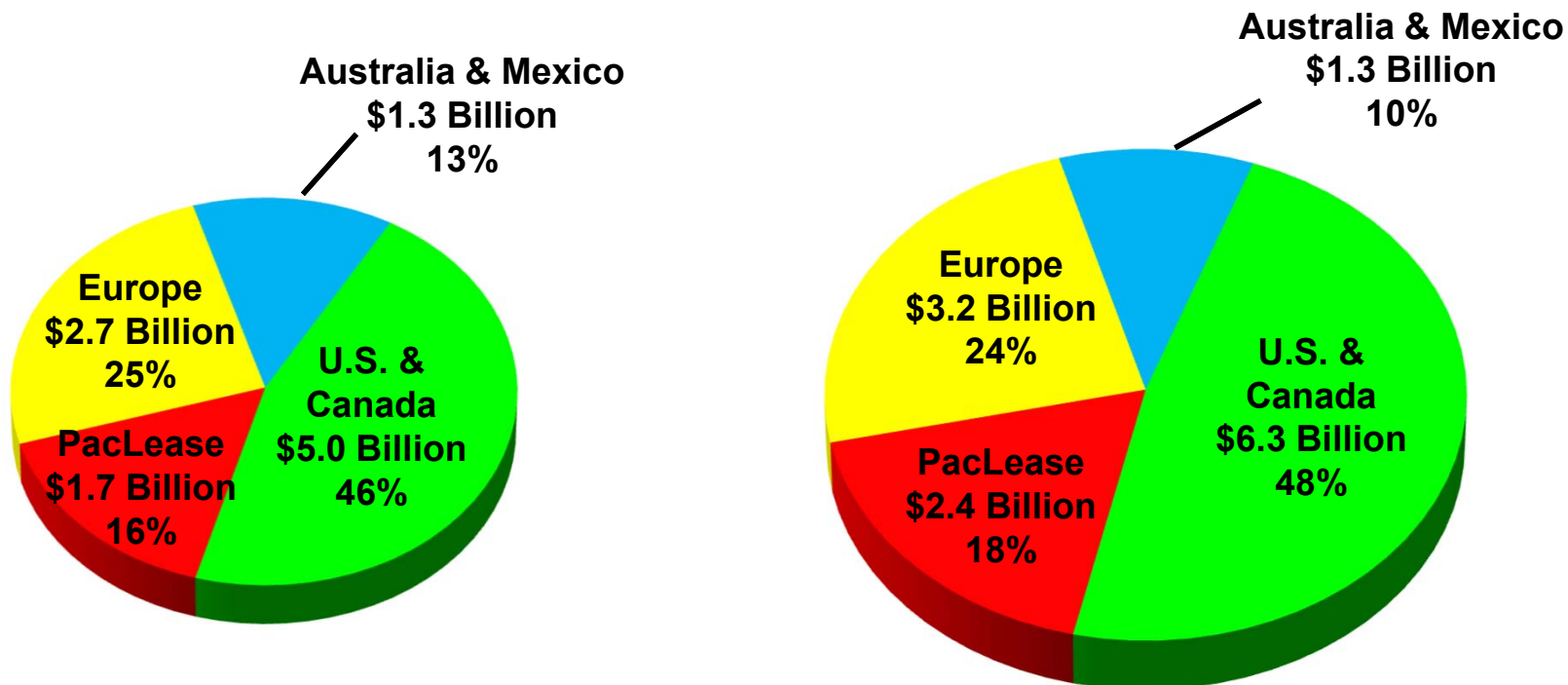
**Full Service Leasing**

# PACCAR Financial Services

24 Countries on Four Continents



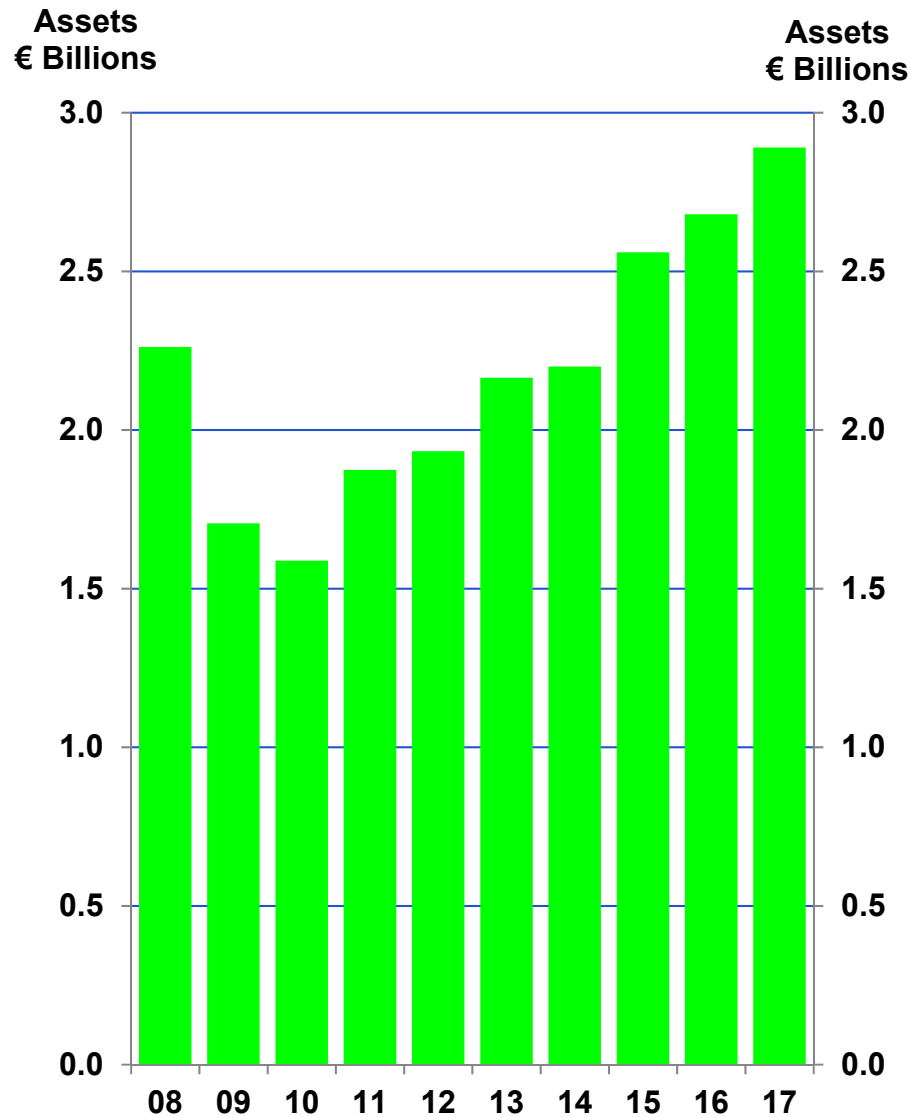
# PACCAR Financial Services Assets



**2007 - \$10.7 Billion**

**2017 - \$13.2 Billion**

# PACCAR Financial Europe

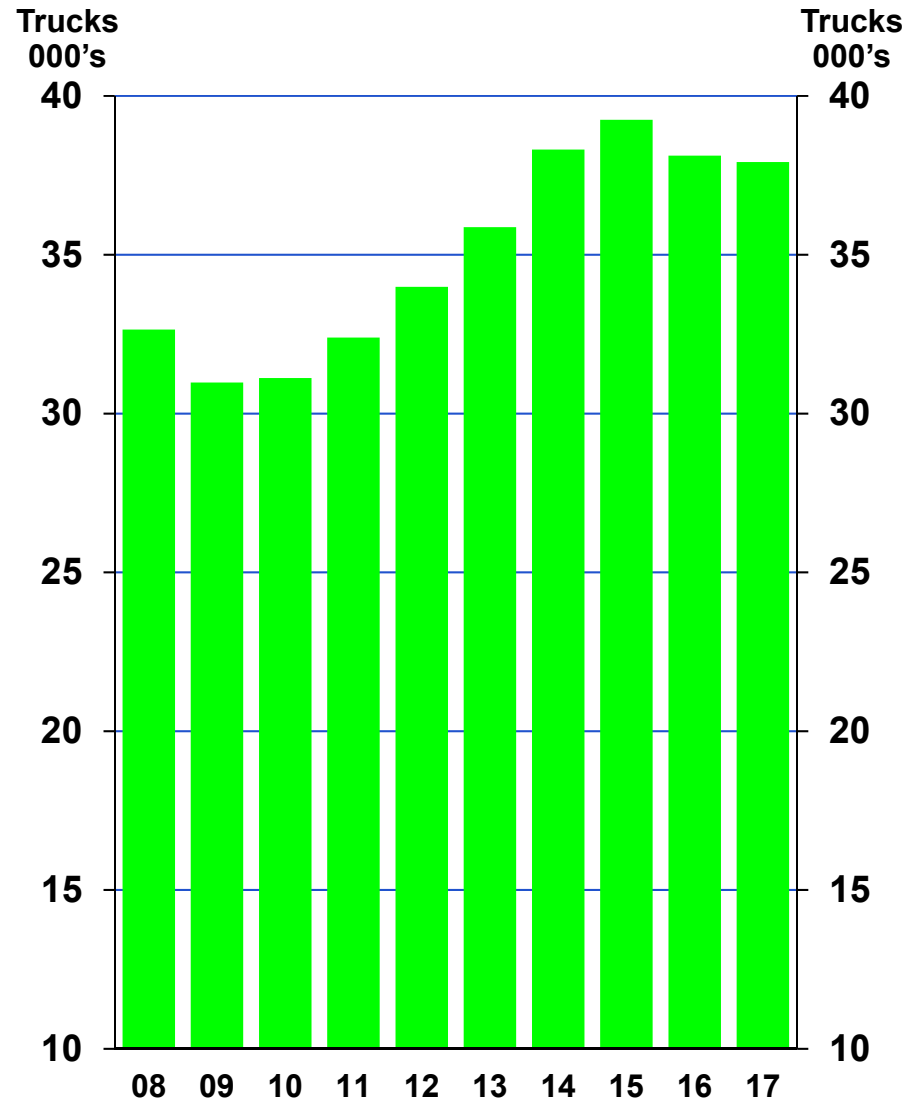


**50,300 Vehicles**

**200 DAF Dealers**

**17 European Countries**

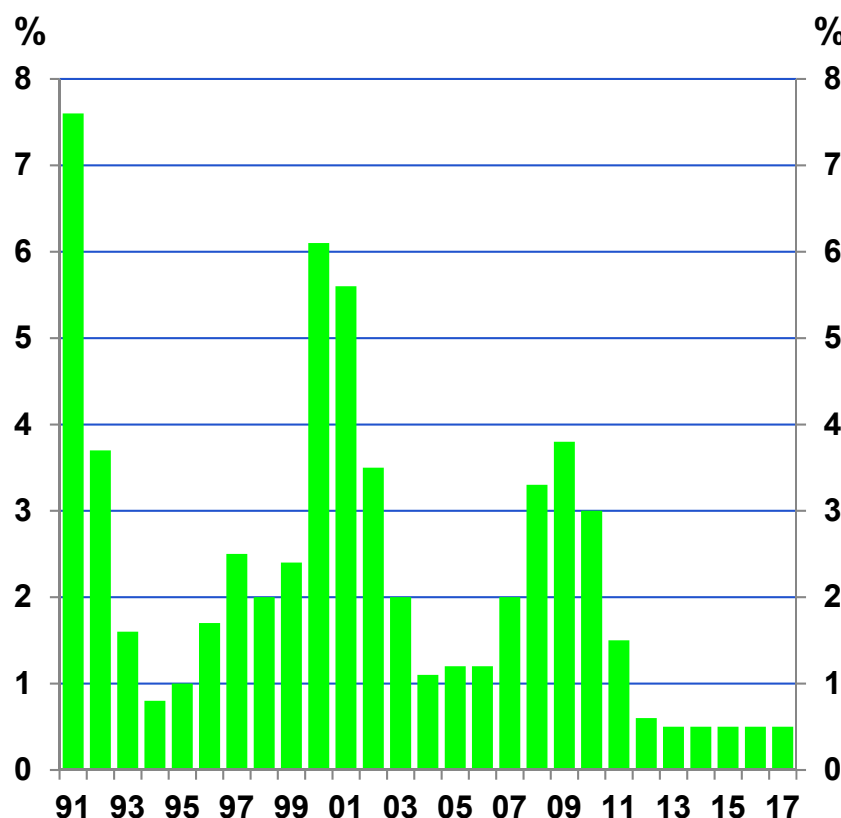
# PACCAR Leasing



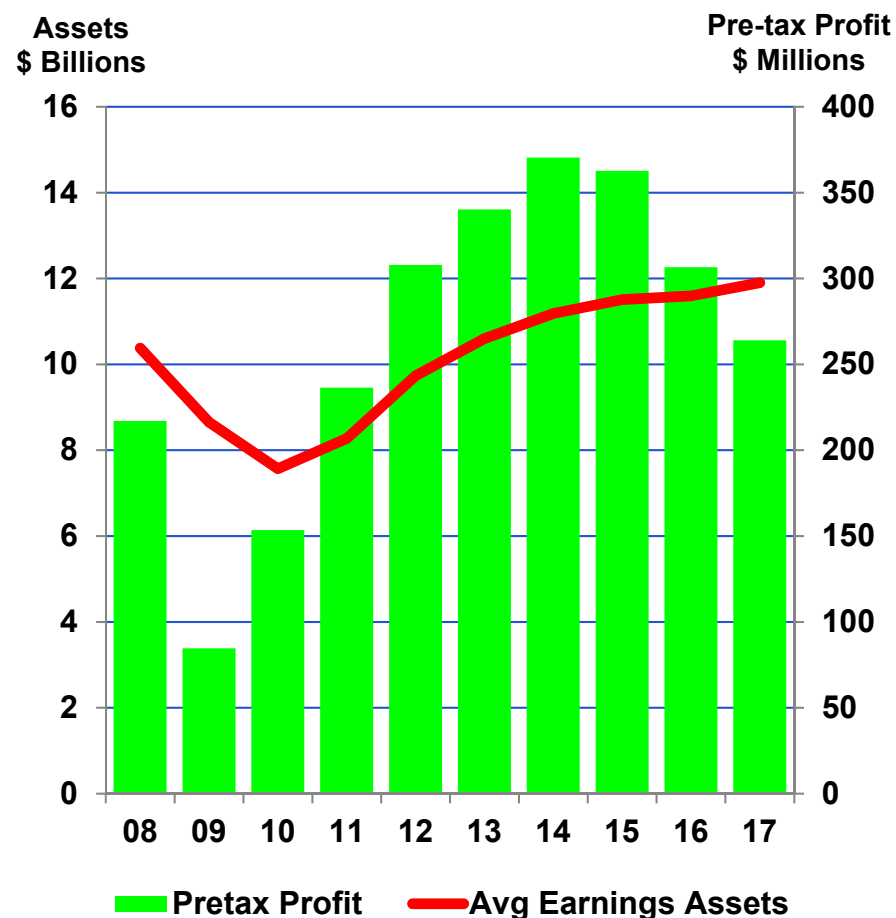
# PACCAR Financial Services

## Delivers Strong Performance

### Low 30+ Days Past Due



### Assets and Pretax Profit



# PACCAR Financial Services

	(\$ Millions) 12/31/17
Finance & Other Receivables	\$9,697
Equipment on Operating Leases	2,876
Other Assets	629
Total Financial Services Assets	\$13,202
Commercial Paper & Bank Loans	\$2,934
Term Notes	5,945
Deferred Taxes & Other Liabilities	1,240
Total Financial Services Liabilities	10,119
Equity	3,083
Total Liabilities & Equity	\$13,202

# PACCAR Competitive Advantages



Excellent Shareholder Return

Experienced Management Team

Highest Quality Products

Rigorous Cost Control

Balanced Global Diversification

Excellent Supplier Partnerships

Extensive Capital Investments

Innovative Technology

Global Aftermarket Parts Sales

Profitable Financial Services

Strongest Dealer Network

# Appendix

## Reconciliation of GAAP to Non-GAAP Financial Measures

This presentation includes “adjusted net income (non-GAAP)” and “adjusted net income per diluted share (non-GAAP)”, which are financial measures that are not in accordance with U.S. generally accepted accounting principles (“GAAP”), since they exclude the one-time tax benefit from the Tax Cuts and Jobs Act (“new U.S. tax law”) in 2017 and the non-recurring European Commission charge in 2016. These measures differ from the most directly comparable measures calculated in accordance with GAAP and may not be comparable to similarly titled non-GAAP financial measures used by other companies.

Management utilizes these non-GAAP measures to evaluate the Company’s performance and believes these measures allow investors and management to evaluate operating trends by excluding significant non-recurring items that are not representative of underlying operating trends.

Reconciliations from the most directly comparable GAAP measures of: adjusted net income (non-GAAP) and adjusted net income per diluted share (non-GAAP) are as follows:

(in millions)			
<u>Year Ended December 31,</u>		2017	2016
Net Income	\$	1,675.2	\$ 521.7
One-time tax benefit from the new U.S. tax law		(173.4)	
<u>Non-recurring European Commission Charge</u>			833.0
<u>Adjusted Net Income (Non-GAAP)</u>	\$	1,501.8	\$ 1,354.7
<u>Year Ended December 31,</u>		2017	2016
Per Diluted Share:			
Net Income	\$	4.75	\$ 1.48
One-time tax benefit from the new U.S. tax law		(.49)	
<u>Non-recurring European Commission Charge</u>			2.37
<u>Adjusted Net Income (Non-GAAP)</u>	\$	4.26	\$ 3.85
(in millions)			
<u>Three Months Ended December 31,</u>		2017	
Net Income	\$	589.2	
<u>One-time tax benefit from the new U.S. tax law</u>	\$	(173.4)	
<u>Adjusted Net Income (Non-GAAP)</u>	\$	415.8	
<u>Three Months Ended December 31,</u>		2017	
Per Diluted Share:			
Net Income	\$	1.67	
<u>One-time tax benefit from the new U.S. tax law</u>		(.49)	
<u>Adjusted Net Income (Non-GAAP)</u>	\$	1.18	