

PACCAR Inc
SUMMARY STATEMENTS OF OPERATIONS
(in millions except per share amounts)

	Three Months Ended		Year Ended	
	December 31		December 31	
	2018	2017*	2018	2017*
Truck, Parts and Other:				
Net sales and revenues	\$ 5,932.7	\$ 5,122.4	\$ 22,138.6	\$ 18,187.5
Cost of sales and revenues	5,088.6	4,418.4	18,925.0	15,628.9
Research and development	80.5	70.6	306.1	264.7
Selling, general and administrative	136.6	121.2	524.9	464.0
Interest and other (income), net	(18.3)	(10.7)	(60.8)	(46.4)
<i>Truck, Parts and Other Income Before Income Taxes</i>	645.3	522.9	2,443.4	1,876.3
Financial Services:				
Revenues	347.0	332.2	1,357.1	1,268.9
Interest and other	228.5	228.6	914.9	877.1
Selling, general and administrative	29.6	26.8	119.8	107.8
Provision for losses on receivables	1.7	4.9	16.5	22.3
<i>Financial Services Income Before Income Taxes</i>	87.2	71.9	305.9	261.7
Investment income	19.9	9.5	60.9	35.3
<i>Total Income Before Income Taxes</i>	752.4	604.3	2,810.2	2,173.3
Income taxes **	174.3	15.1	615.1	498.1
<i>Net Income</i>	\$ 578.1	\$ 589.2	\$ 2,195.1	\$ 1,675.2
Net Income Per Share:				
Basic	\$ 1.66	\$ 1.67	\$ 6.25	\$ 4.76
Diluted	\$ 1.65	\$ 1.67	\$ 6.24	\$ 4.75
Weighted Average Shares Outstanding:				
Basic	349.1	352.2	351.0	351.9
Diluted	349.6	353.2	351.8	352.9
Dividends declared per share	\$ 2.28	\$ 1.45	\$ 3.09	\$ 2.19

* On January 1, 2018, the Company adopted ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. This ASU requires defined benefit pension plan's net non-service component expenses (income) to be reported outside of operating profit. Net non-service expenses (income) are now reported in Interest and other (income), net. The three months and year ended 2017 net non-service pension expenses (income) have been reclassified to conform with the current presentation.

** Includes a one-time net tax benefit of \$173.4 million in the three months ended December 31, 2017 from the U.S. Tax Cuts and Jobs Act.

PACCAR Inc
CONDENSED BALANCE SHEETS
(in millions)

	December 31	December 31
	2018	2017
ASSETS		
Truck, Parts and Other:		
Cash and marketable debt securities	\$ 4,299.6	\$ 3,621.9
Trade and other receivables, net	1,314.4	1,127.9
Inventories, net	1,184.7	928.4
Property, plant and equipment, net	2,480.9	2,464.4
Equipment on operating leases and other, net	1,803.2	2,095.3
Financial Services Assets	14,399.6	13,202.3
	\$ 25,482.4	\$ 23,440.2
LIABILITIES AND STOCKHOLDERS' EQUITY		
Truck, Parts and Other:		
Accounts payable, deferred revenues and other	\$ 5,710.9	\$ 5,270.4
Financial Services Liabilities	11,178.6	10,119.3
STOCKHOLDERS' EQUITY	8,592.9	8,050.5
	\$ 25,482.4	\$ 23,440.2
Common Shares Outstanding	346.6	351.8

PACCAR Inc
CONDENSED CASH FLOW STATEMENTS
(in millions)

Year Ended December 31	2018	2017
OPERATING ACTIVITIES:		
Net income	\$ 2,195.1	\$ 1,675.2
Depreciation and amortization:		
Property, plant and equipment	337.6	321.4
Equipment on operating leases and other	716.5	786.1
Net change in trade receivables, inventory and payables	(45.8)	(23.5)
Net increase in wholesale receivables on new trucks	(512.3)	(272.0)
All other operating activities, net	301.2	228.6
Net Cash Provided by Operating Activities	2,992.3	2,715.8
INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(457.6)	(423.4)
Acquisitions of equipment for operating leases	(1,494.7)	(1,423.2)
Net increase in financial services receivables	(945.8)	(397.9)
Net decrease (increase) in marketable debt securities	315.6	(190.8)
Proceeds from asset disposals and other	651.8	470.7
Net Cash Used in Investing Activities	(1,930.7)	(1,964.6)
FINANCING ACTIVITIES:		
Payments of cash dividends	(804.3)	(558.3)
Purchases of treasury stock	(354.4)	
Proceeds from stock compensation transactions	19.3	39.3
Net increase in debt	1,210.5	125.2
Net Cash Provided by (Used in) Financing Activities	71.1	(393.8)
Effect of exchange rate changes on cash	(61.5)	91.6
Net Increase in Cash and Cash Equivalents	1,071.2	449.0
Cash and cash equivalents at beginning of period	2,364.7	1,915.7
Cash and cash equivalents at end of period	\$ 3,435.9	\$ 2,364.7

PACCAR Inc
SEGMENT AND OTHER INFORMATION

(in millions)

	Three Months Ended		Year Ended	
	December 31		December 31	
	2018	2017	2018	2017
Sales and Revenues:				
Truck	\$ 4,936.8	\$ 4,223.7	\$ 18,187.0	\$ 14,774.8
Parts	970.9	877.2	3,838.9	3,327.0
Financial Services	347.0	332.2	1,357.1	1,268.9
Other	25.0	21.5	112.7	85.7
	\$ 6,279.7	\$ 5,454.6	\$ 23,495.7	\$ 19,456.4

Pretax Profit:

Truck	\$ 451.9	\$ 363.2	\$ 1,672.1	\$ 1,253.8
Parts	193.8	156.2	768.6	610.0
Financial Services	87.2	71.9	305.9	261.7
Investment Income and Other	19.5	13.0	63.6	47.8
	\$ 752.4	\$ 604.3	\$ 2,810.2	\$ 2,173.3

GEOGRAPHIC REVENUE

(in millions)

	Three Months Ended		Year Ended	
	December 31		December 31	
	2018	2017	2018	2017
United States and Canada	\$ 3,837.0	\$ 3,119.4	\$ 14,782.1	\$ 11,772.2
Europe	1,725.8	1,661.0	6,071.9	5,354.6
Other	716.9	674.2	2,641.7	2,329.6
	\$ 6,279.7	\$ 5,454.6	\$ 23,495.7	\$ 19,456.4

NEW TRUCK DELIVERIES

	Three Months Ended		Year Ended	
	December 31		December 31	
	2018	2017	2018	2017
United States and Canada	26,800	22,700	105,300	84,200
Europe	18,000	16,600	63,800	57,100
Other	5,600	5,000	20,000	17,600
	50,400	44,300	189,100	158,900

PACCAR Inc

SUPPLEMENTARY INFORMATION

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

This earnings release 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 (“TCJA”) in 2017. 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)

Year Ended December 31, 2017

Net Income	\$	1,675.2
One-time tax benefit from the TCJA		(173.4)
Adjusted Net Income (Non-GAAP)	\$	1,501.8

Year Ended December 31, 2017

Per Diluted Share:

Net Income	\$	4.75
One-time tax benefit from the TCJA		(.49)
Adjusted Net Income (Non-GAAP)	\$	4.26

(in millions)

Three Months Ended December 31, 2017

Net Income	\$	589.2
One-time tax benefit from the TCJA		(173.4)
Adjusted Net Income (Non-GAAP)	\$	415.8

Three Months Ended December 31, 2017

Per Diluted Share:

Net Income \$ 1.67

One-time tax benefit from the TCJA (.49)

Adjusted Net Income (Non-GAAP) \$ 1.18
