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.
PACCAR
A Global Technology Company in Commercial Vehicles

- Truck and Other 78%
- Financial Svcs 6%
- Parts 16%

2018 Revenues $23.5B
2018 Net Income $2.2B
Dividend Yield (LTM) 4.7%

80 Years of Consecutive Profitability; Dividend Paid Every Year Since 1941

Aftermarket Parts
$3.8B Revenues
Distribute Aftermarket Parts through Global Network of over 2,200 Dealerships

Financial Services
$1.4B Revenues
Finance and leasing portfolio of 198,000 trucks and trailers, with assets of $14.4B

Truck and Other
$18.3B Revenues
Premium Quality Light, Medium and Heavy Commercial Vehicles, Diesel Engines and Powertrain Components

80 Years of Consecutive Profitability; Dividend Paid Every Year Since 1941
Our Culture

PACCAR is a company with a great culture and a bright future. Our focus is on doing things in an ethical and disciplined manner. We make decisions utilizing conservative financial principles and common sense for the **long-term** benefit of our customers, employees and shareholders.

- Quality
- Highest Integrity
- Operational Excellence
- Conservative Financial Management
- Long-Term Perspective
PACCAR’s business segments include Commercial Vehicles, Powertrain, Aftermarket Parts, Financial Services and Information Technology. PACCAR’s premium brands Kenworth, Peterbilt and DAF are the premier light, medium and heavy duty commercial trucks in their markets. Other brands include PACCAR Powertrain, PACCAR Parts, PACCAR Financial, and PACCAR Leasing.
PACCAR’s product investments deliver industry-leading performance and value to our customers.

Our products reflect our core brand values of quality, innovation and technology.
The integrated PACCAR Powertrain is the most advanced powertrain in the market. The PACCAR MX-13 and MX-11 engines are optimally matched to the advanced PACCAR 12-Speed automated transmission and the efficient 40K tandem drive axle to achieve exceptional performance and fuel economy.

The PACCAR MX-13 engine offers 510 hp and 1,850 lb.-ft. of torque and the PACCAR MX-11 engine features 430 hp and 1,650 lb.-ft. of torque. PACCAR designs MX engines to an industry-leading B10 life of one million miles. This means 90% of PACCAR MX-13 and MX-11 engines are expected to reach one million miles without the need for a major overhaul.

In addition to the PACCAR tandem drive axle, Kenworth and Peterbilt offer the PACCAR steer axle. DAF trucks include a range of lightweight and durable PACCAR front and rear axles.
PACCAR Truck Production
Over 1.3 Million Trucks Produced 2009 - 2018

PACCAR produced a record 189,100 trucks in 2018

Units (000s)


- Brasil
- Australia
- Mexico
- Canada
- US
- Europe
PACCAR
Excellent Financial Performance Throughout the Business Cycle

- Reputation for superior operational excellence

- Increase in revenues and net income reflect growth in market share in North America and Europe, record aftermarket parts sales and growth in financial services

- Maintain profitability throughout the cycle due to strong cost control discipline and experienced management team
PACCAR’s operating margin has been at the top of the industry since 2012, reflecting the premium value of our products and our leadership in operating efficiency.

This is a testament to the outstanding performance of PACCAR’s 28,000 employees.
PACCAR’s inventory turns is the highest in the industry, a result of the PACCAR Production System, Lean Manufacturing and Six Sigma.
PACCAR’s SG&A as a percentage of sales is much lower than its peer group, reflecting strong financial discipline.
Net Income per Truck

- Net income per truck, shown by the green line, is PACCAR's net income divided by total truck unit sales.

- Truck sales not only generate profit from the sale, but also parts and finance profit. This illustrates the strength of PACCAR’s business model, providing highest quality trucks, aftermarket support and financing.

- PACCAR achieved record net income per truck in 2018.
PACCAR Inc
A+/A1 Credit Ratings

- Superb balance sheet

- $4.3 billion in cash and securities to support growth opportunities and investments in all phases of the cycle

- No manufacturing debt – a capital structure that has proven beneficial throughout the business cycle

- A+/A1 credit rating provides excellent access to the credit markets for PACCAR Financial Services

<table>
<thead>
<tr>
<th>($ Millions)</th>
<th>12/31/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Securities</td>
<td>$ 4,300</td>
</tr>
<tr>
<td>Manufacturing Assets</td>
<td>6,783</td>
</tr>
<tr>
<td>Financial Services Assets</td>
<td>14,399</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$ 25,482</td>
</tr>
<tr>
<td>Manufacturing Debt</td>
<td>$ 0</td>
</tr>
<tr>
<td>Manufacturing Liabilities</td>
<td>5,711</td>
</tr>
<tr>
<td>Financial Services Liabilities</td>
<td>11,178</td>
</tr>
<tr>
<td>Shareholders' Equity</td>
<td>8,593</td>
</tr>
<tr>
<td>Total Liabilities &amp; Equity</td>
<td>$ 25,482</td>
</tr>
</tbody>
</table>
PACCAR’s high profitability, strong working capital management and prudent investments resulted in best in class return on invested capital of 21.0% in 2017, and an average of 20.5% over the last five years. PACCAR’s ROIC increased to **25.7% in 2018**.

ROIC = NOPAT/(Equity + Manufacturing Debt + Postemployment Benefit Liabilities)
Capital Allocation Strategy

- High ROI Capital Investments
  - ROIC 25.7% 2018

- Pay Regular Quarterly and Annual Dividend
  - Dividend paid every year since 1941
  - Total dividends paid approximately 50% of net income for many years
  - Regular quarterly dividend 20-year annualized growth of 11%
  - Total 2018 dividends declared increased 41% compared to 2017

- Opportunistic Share Buybacks
  - $800 Million authorized; $540 Million remaining

- Strategic M&A
  - Disciplined valuation and screening process
  - Clear path to value creation

- Pension fully funded
Dividends Declared and Stock Repurchases

CAGR = 11%
Excellent Dividend Yield

- PACCAR’s dividend yield, reflects the total quarterly + special dividends declared in the year, divided by the average stock price for the year.

- PACCAR’s dividend yield has increased over the last 10 years, and averaged 3.0%. 

Average Dividend Yield = 3.0%
Trucking is the lifeblood of the economy. In the U.S., the economy depends on trucks to deliver ten billion tons of virtually every commodity consumed - Over 70% of all the freight transported annually. 34 million commercial trucks, including 3.7 million heavy-duty trucks, move that freight. The percentage of tonnage by mode is stable over time.
>6t Global Truck Market

2013 – 2.7 Million
2018 – 3.3 Million

Europe
- Europe
- 300, 370

Russia/CIS
- Russia/CIS
- 125, 95

China
- China
- 1,250

Rest of Asia
- Rest of Asia
- 250, 370

India
- India
- 445

South America
- South America
- 225, 130

North America
- North America
- 300, 415

Africa & Middle East
- Africa & Middle East
- 195, 190

Australia
- Australia
- 22, 28

PACCAR Truck Assembly
PACCAR competes globally with truck manufacturers from North America, Europe and Asia.

PACCAR was the 7th largest heavy-duty manufacturer in the world last year, 3rd among the multinational competitors. (China had 4 of the top seven producers on record production in 2018)
### >16t Truck Market Size Outlook

<table>
<thead>
<tr>
<th>Units Estimate</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. and Canada</td>
<td>285,000 – 315,000</td>
</tr>
<tr>
<td>Europe</td>
<td>290,000 – 320,000</td>
</tr>
<tr>
<td>S. America</td>
<td>100,000 – 110,000</td>
</tr>
</tbody>
</table>

![Graph showing the market size outlook for US & Canada, Europe, and South America](chart.png)
PACCAR Strategy

Brand Values

Quality

Technology

Innovation

Profitable Growth

Premium Products and Services

Profitable Market Share Growth

Geographic Expansion
• Operating cash flow has averaged $2.5 billion for the last five years and has grown 8% annually over the last 20 years
• Strong operating cash flow enables PACCAR to invest in growth throughout the business cycle
• PACCAR has invested $6.1 billion in capital projects, innovative products and new technologies in the last decade
• Key investments:
  – International Truck of the Year 2018 DAF XF/CF trucks
  – PACCAR MX-13 and MX-11 engine factory in North America
  – Kenworth and Peterbilt 2.1 meter wide cab program in North America, South America, Australia
  – DAF Brasil factory
  – PACCAR Parts Distribution Centers
The PACCAR MX-13 is the flagship of PACCAR’s engine line-up with 454,000 engines in operation in Europe and 188,000 engines in operation in North America and a growing presence in South America and Australia.

PACCAR expanded its engine program in 2013 with the introduction of the PACCAR MX-11 in Europe. The MX-11 was launched in North America in January 2016.

Cumulative PACCAR MX Engines Produced

- **PACCAR MX-13**
  - 12.9 Liter
- **PACCAR MX-11**
  - 10.8 Liter
Emerging Truck Technology Trends

PACCAR is deploying many emerging technologies to meet customer expectations and reduce operating costs.

**Connectivity**
- Vehicle Uptime
- Artificial Intelligence
- Advanced Fleet Management

**Human Centered Design**
- Driver Environment
- Human Machine Interface
- Augmented Reality

**Driver Assistance Systems**
- Road User Safety
- Driver Shortage
- Autonomous Trucks
PACCAR Emerging Technology Programs

Alternative Powertrain Vehicles

Connected Trucks

Platooning

Autonomous Truck Development
PACCAR has introduced several alternative powertrain trucks currently in field-testing with customers.

- **XF/CF Hybrid**
  - Electric Range: 20 Miles

- **CF Electric**
  - Electric Range: 75 Miles
  - LF Electric
  - Electric Range: 135 Miles

- **Peterbilt Electric Refuse**
  - Electric Range: 80 Miles

- **Peterbilt Electric Port**
  - Electric Range: 150 Miles

- **Kenworth Hybrid Electric**
  - Electric Range: 250 Miles

- **Kenworth Hydrogen Port**
  - Electric Range: 150 Miles
PACCAR Innovation Center in Silicon Valley enhances PACCAR’s access to emerging technologies and talent from around the world.

- The Innovation Center collaborates with other PACCAR engineering teams to develop next generation technologies such as an SAE Level 4 autonomous truck.

- The Innovation Center truck lab is equipped with the tools needed to integrate emerging technologies.
PACCAR Facility Investments

DAF Factory, Ponta Grossa, Brasil

Dynacraft, McKinney, Texas

PACCAR Engine Factories

DAF Cab Paint Facility, Westerlo, Belgium
PACCAR Parts Strategy

PACCAR Parts achieved $3.8 billion in sales in 2018, a 15% increase over a year ago and a CAGR of 8% over the last 15 years.

Growth Drivers:

- Growing population of Kenworth, Peterbilt and DAF trucks due to geographic expansion and market share growth
- Growing population of PACCAR engines due to North America introduction in 2010
- Best-in-class Distribution Network
  - 18 parts distribution centers and 2,200+ dealer locations
- Proprietary, PACCAR Genuine and TRP branded parts enhance margins
- Growing network of TRP stores

Toronto Parts Distribution Center opened October 2018
PACCAR Parts Distribution Centers and Dealers
18 PDCs in 11 Countries; 2,200+ Dealer Locations
PACCAR Global Dealer Network

- Independent dealer network of 2,200+ dealer locations
- Premium customer experience
- Strong dealer profitability and expanded opportunities from PACCAR engines and TRP stores
- Competitive flooring and retail financing provided by PACCAR Financial and PACCAR Leasing
Growth in Kenworth and Peterbilt Dealer Locations
U.S. and Canada

- **PACCAR MX-13 Introduced in 2010**
- **Dealer Investments of $1.3 Billion since 2010**
- **70% Growth in Dealer Locations**
- **Drives Long-Term PACCAR Parts Growth**
PACCAR Financial Services Strategy

- PACCAR Financial Services supports truck sales by providing financing and leasing services to PACCAR customers.
- In 2018, PACCAR Financial financed 24% of all Kenworth, Peterbilt, and DAF trucks.
- Geographical diversification, disciplined credit underwriting, and rigorous portfolio management have enabled PACCAR Financial to earn excellent profits throughout the business cycle.
- Key strategies and investments:
  - Predictive data analytics for credit quality
  - Expanded used truck centers
  - Mobile finance and credit system
  - E-Contract and e-signature
  - Customer on-line portal

Total Assets 12/31/18 = $14.4 Billion

- U.S. & Canada $7.0 Billion (48%)
- Europe $3.6 Billion (25%)
- PacLease $2.4 Billion (17%)
- Australia & Mexico $1.4 Billion (10%)

Low 30+ Days Past Due

- 91 94 97 00 03 06 09 12 15 18
Long-Term Growth in PACCAR Heavy Duty Market Share

- Since 1998, PACCAR’s above 16 tonne market share has increased in all home markets
- DAF achieved record 16.6% share in Europe in 2018
- Kenworth is the market leader in Australia
- PACCAR’s investment in truck manufacturing in Brasil supports PACCAR’s medium-term goal of 10% market share for Kenworth and DAF products in South America.
DAF Brasil

- DAF Entered Market in 2013
- 36 Dealer Locations
- Heavy Duty Trucks Sales of 2,300 in 2018
- Market Share 6.7%
- Local Assembly of PACCAR MX Engines Since 2016
- Fenabrave Brand of the Year in 2016, 2017 & 2018
- Introducing PACCAR Financial in 2019
Kenworth Began Producing Trucks in 1960
133 Dealer Locations
284,000 Units Built
Heavy Duty Trucks Sales of 8,900 in 2018
Heavy Duty Market Share of 34.7%
Kenworth Launched 2.1m Trucks in 2013
Introduced PACCAR MX-13 Engine in 2013
DAF Russia

- DAF Russia established in 2011
- Heavy Duty Market – 64,000 Trucks
- 50 DAF, Kenworth and TRP Dealer Locations
- Heavy Duty Trucks Sales of 2,700 in 2018
- Market Share 4.2%; 10.1% of European Brands
DAF Taiwan

- Started Production in 2006
- 17 Dealer Locations
- Introduced Medium Duty LF in 2013
- Celebrated 5,000\textsuperscript{th} Truck in 2017
- Trucks Sales of 1,000 in 2018
- Heavy Duty Market Share of 16.3\%
Environmental Leadership

CDP Climate Change A List –
Top 2% of 6,900 Reporting Companies
Reduce Environmental Impact Through Product Design
Natural Gas Truck Market Share Leader in US and Canada
Alternative Powertrain Vehicles (Natural Gas, Hydrogen Fuel Cell, Electric, Hybrid)
93% of Factories are ISO 14001 Certified
75% of Factories are Zero Waste to Landfill
Fourth Quarter 2018 Earnings
# PACCAR Revenues and Profit

80 consecutive years of net profit

Dividends every year since 1941

<table>
<thead>
<tr>
<th>($ in Millions)</th>
<th>Fourth Quarter</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>Revenues</td>
<td>$5,455</td>
<td>$6,280</td>
</tr>
<tr>
<td>Net Income*</td>
<td>$589</td>
<td>$578</td>
</tr>
<tr>
<td>Return on Revenues</td>
<td>10.8%</td>
<td>9.2%</td>
</tr>
<tr>
<td>Diluted EPS</td>
<td>$1.67</td>
<td>$1.65</td>
</tr>
<tr>
<td>Number of Trucks Delivered</td>
<td>44,300</td>
<td>50,400</td>
</tr>
</tbody>
</table>

* 4Q17 and full year 2017 Includes a one-time net tax benefit of $173 million from the U.S. Tax Cuts and Jobs Act
2018 Financial Results
Fourth Quarter 2018 vs. Fourth Quarter 2017

- Record sales and revenues of $6.28 billion
- Record deliveries of 50,400 trucks
- Net Income of $578.1 million, 9.2% return on revenues
- Record PACCAR Parts revenues of $971 million, a 20.0% pretax return on revenues
- PACCAR Parts pretax income of $194 million
- Financial Services pre-tax income of $87 million
- R&D expenses of $80.5 million
- Capital investments of $135.1 million
- 2017 Q4 net income included a one-time net tax benefit of $173 million from the Tax Cuts and Jobs Act
Excellent Truck and Parts Gross Margins

- Truck margins have increased due to new products and operating efficiencies
- Parts margins have benefited from investments and growing populations of PACCAR trucks and engines
Truck
Fourth Quarter 2018 vs. Fourth Quarter 2017

- Sales increased 17% (yoy)
- Pretax profit rose 24%
- Record quarterly deliveries of 50,400 trucks, a 14% increase
- Price realization of 2%
- Kenworth and Peterbilt Class 8 share of 29.4%
- Record DAF >16t market share of 16.6%
Aftermarket Parts
Fourth Quarter 2018 vs. Fourth Quarter 2017

- Sales increased 11%
- Pretax profit increased 24%
- Results driven by investments in new parts distribution centers (PDCs), technology, TRP all-makes parts, TRP stores and increased PACCAR trucks and MX engines in operation
- New PDC opened in Toronto in October
### Financial Services
#### Fourth Quarter 2018 vs. Fourth Quarter 2017

- **Revenues increased 4%**
- **Pretax profit growth of 21%**
- **Increased earning assets**
- **Strong demand for used trucks**
- **Portfolio of 198,000 trucks and trailers**
- **Total assets of $14.4 billion**

<table>
<thead>
<tr>
<th>Segment Pretax Profit (Millions of Dollars)</th>
<th>Revenues (Millions of Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>2017</td>
</tr>
<tr>
<td>$72</td>
<td>$332</td>
</tr>
<tr>
<td>2018</td>
<td>2018</td>
</tr>
<tr>
<td>$87</td>
<td>$347</td>
</tr>
</tbody>
</table>
PACCAR Competitive Advantages

- Experienced Management Team
- Highest Quality Products
- Rigorous Cost Control
- Excellent Supplier Partnerships
- Innovative Technology
- Global Aftermarket Parts Sales
- Profitable Financial Services
- Strongest Dealer Network