
PACCAR

Disclosure Regarding Forward-Looking Statements

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

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

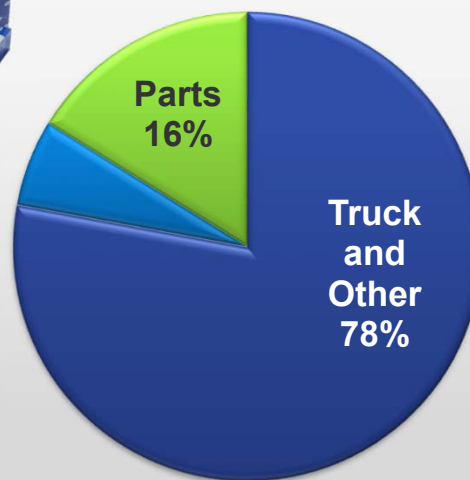
Distribute Aftermarket Parts through Global Network of over 2,200 Dealerships



Financial
Svcs
6%

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



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^{Inc}

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 MEXICO



LEYLAND TRUCKS

PACCAR POWERTRAIN

DYNACRAFT
A PACCAR COMPANY

PACCAR
INFORMATION
TECHNOLOGY

PACCAR
INNOVATION CENTER

PACCAR PARTS

PACCAR FINANCIAL

PACCAR WINCH DIVISION
BRADEN CARCO Gearmatic

 **PACCAR**
TECHNICAL CENTER



PACCAR Products

- 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

6-16t



Vocational



>16t



PACCAR POWERTRAIN



PACCAR AXLES

PACCAR TRANSMISSIONS

PACCAR ENGINES

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.

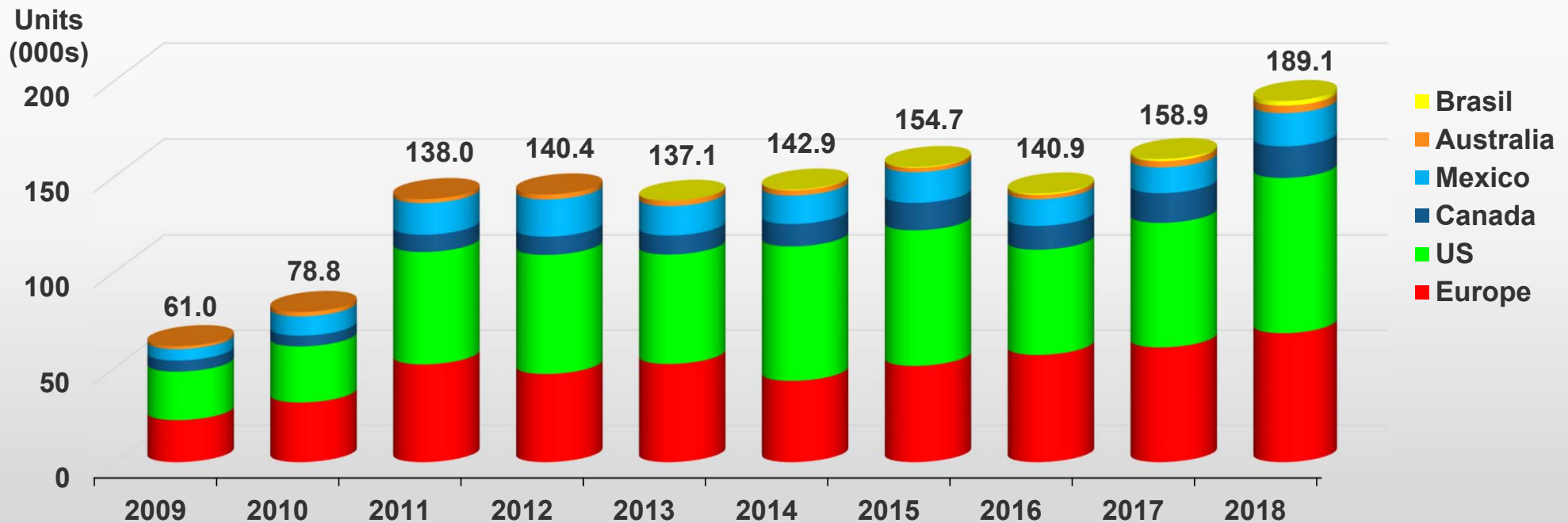
The PACCAR MX-13 engine offers 510 hp and 1,850 lb.-ft. of torque and the PACCAR MX-11 engine features 430 hp and 1,650 lb.-ft. of torque. PACCAR designs MX engines to an industry-leading B10 life of one million miles. This means 90% of PACCAR MX-13 and MX-11 engines are expected to reach one million 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

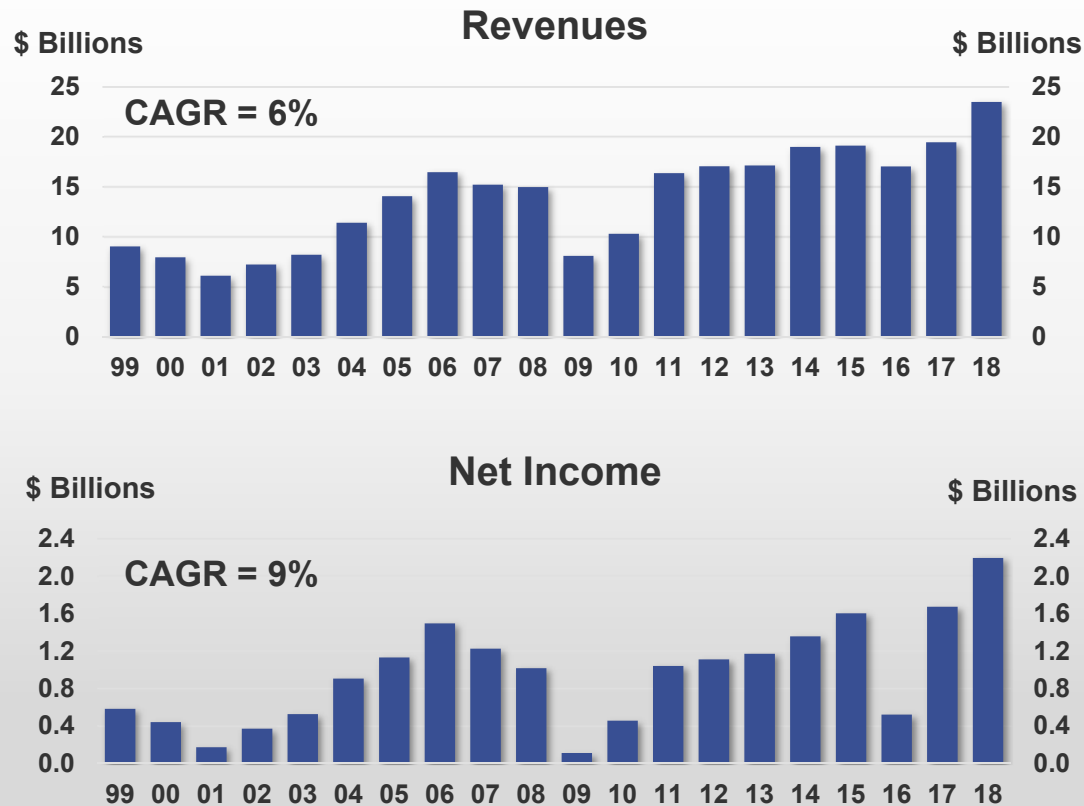
Over 1.3 Million Trucks Produced 2009 - 2018

PACCAR produced a record 189,100 trucks in 2018



PACCAR

Excellent Financial Performance Throughout the Business Cycle

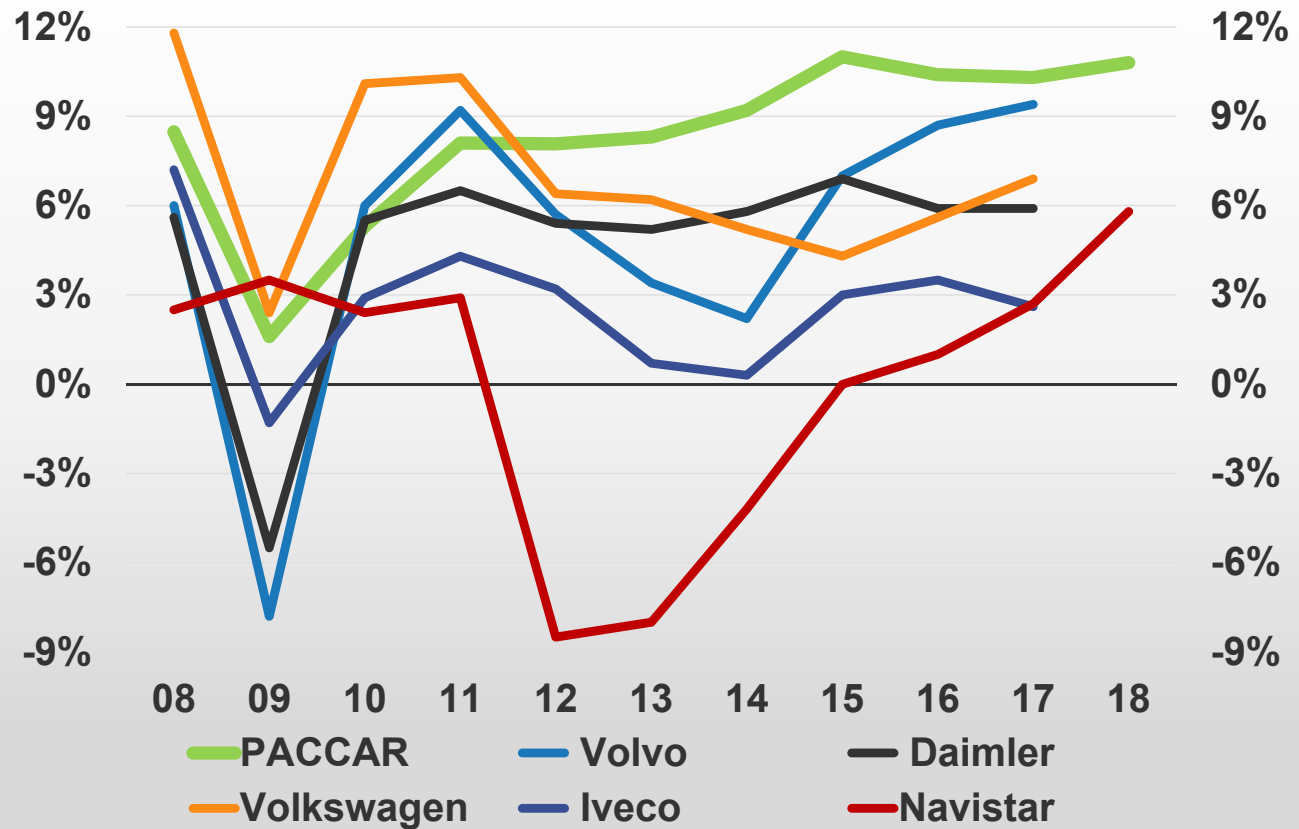


- Reputation for superior operational excellence
- Increase in revenues and net income reflect growth in market share in North America and Europe, record aftermarket parts sales and growth in financial services
- Maintain profitability throughout the cycle due to strong cost control discipline and experienced management team

Best-in-Class Operating Efficiency

Commercial Vehicle Segment Operating Margin

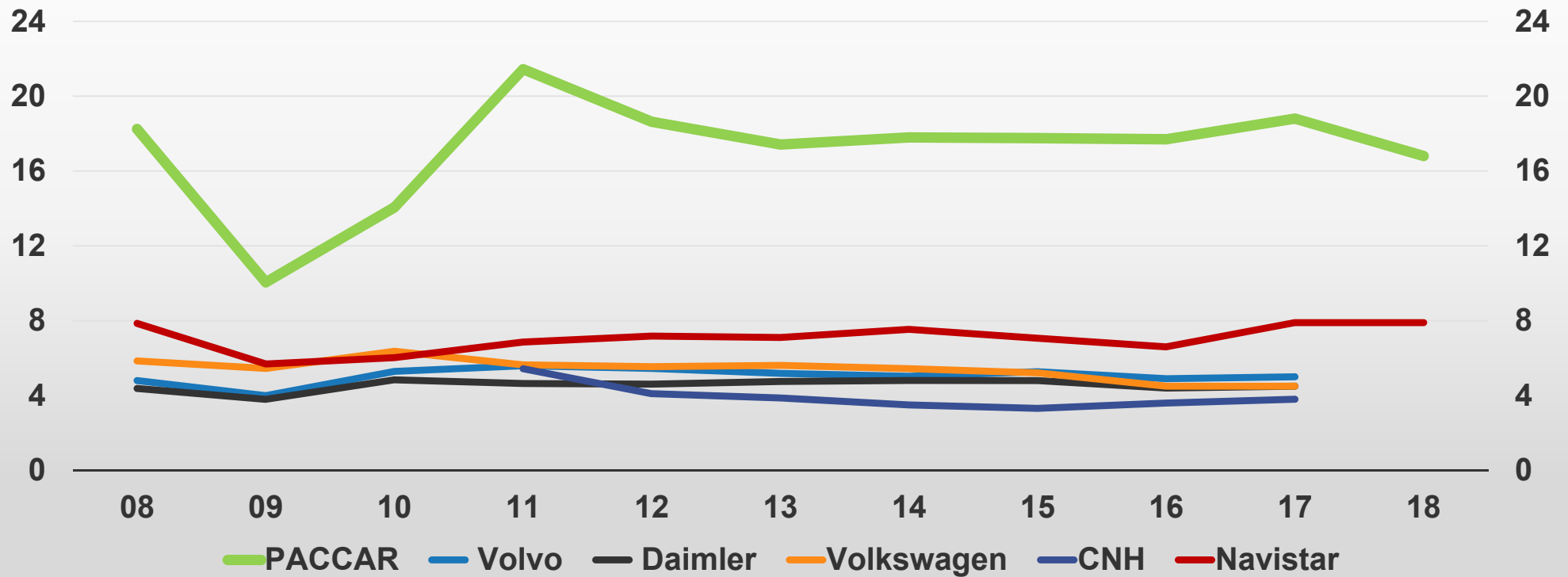
- PACCAR's operating margin has been at the top of the industry since 2012, reflecting the premium value of our products and our leadership in operating efficiency.
- This is a testament to the outstanding performance of PACCAR's 28,000 employees.



Best-in-Class Operating Efficiency

Inventory Turns

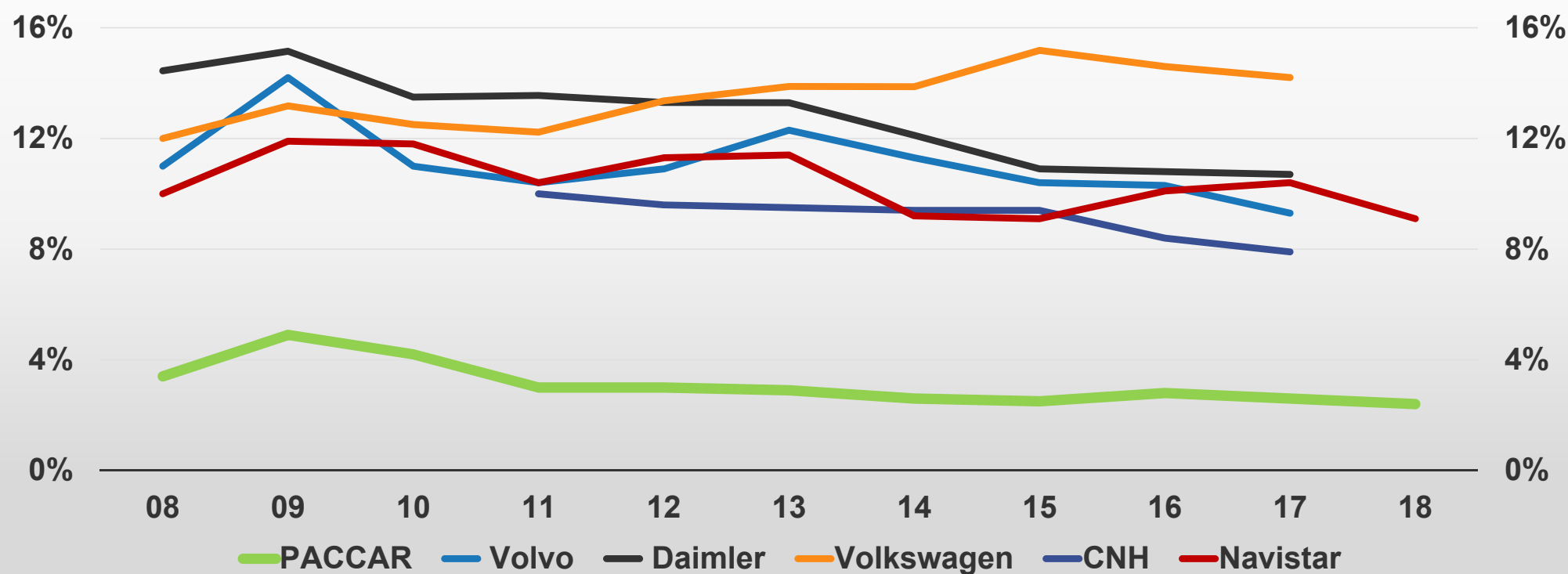
PACCAR's inventory turns is the highest in the industry, a result of the PACCAR Production System, Lean Manufacturing and Six Sigma



Best-in-Class Operating Efficiency

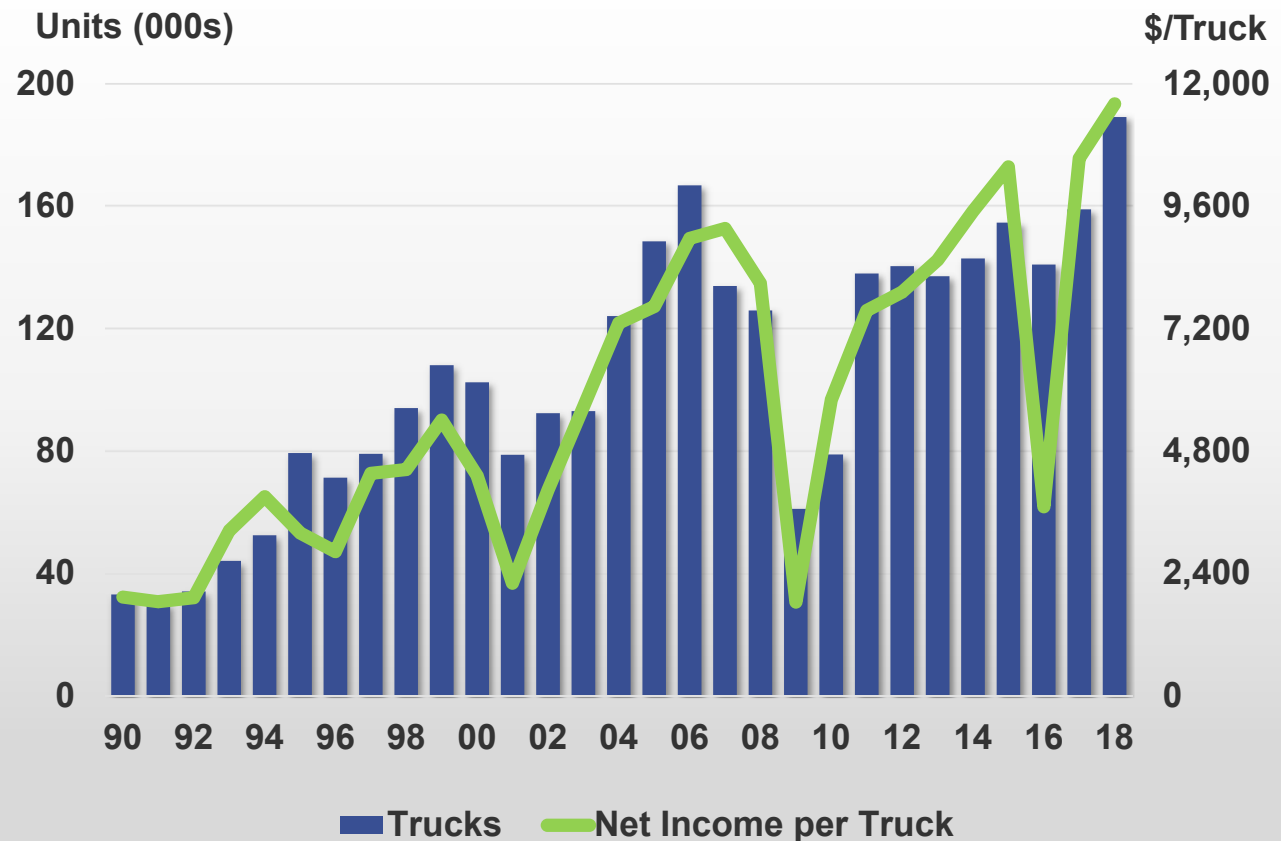
SG&A % of Sales

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

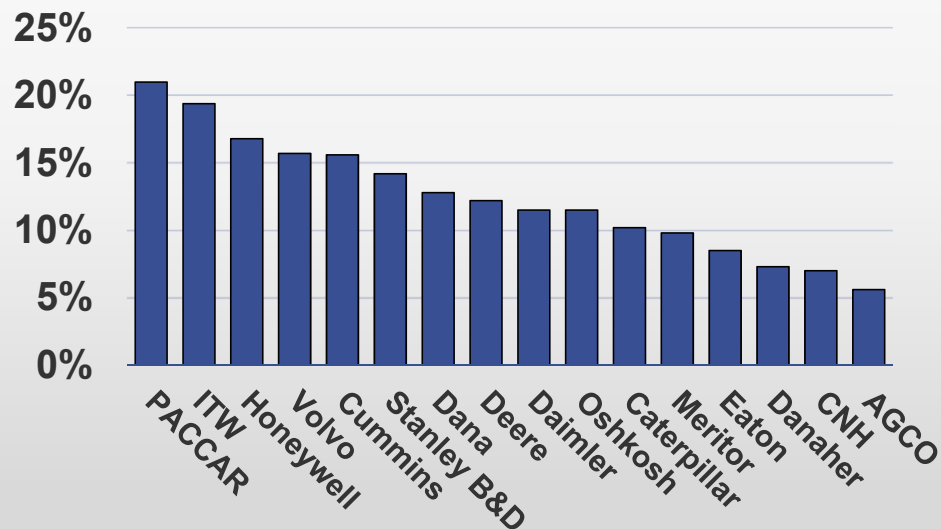
A+/A1 Credit Ratings

		(\$ Millions)
• Superb balance sheet		<u>12/31/18</u>
	Cash & Securities	\$ 4,300
• \$4.3 billion in cash and securities to support growth opportunities and investments in all phases of the cycle	Manufacturing Assets	6,783
	Financial Services Assets	<u>14,399</u>
	Total Assets	<u>\$ 25,482</u>
• No manufacturing debt – a capital structure that has proven beneficial throughout the business cycle	Manufacturing Debt	\$ 0
	Manufacturing Liabilities	5,711
	Financial Services Liabilities	11,178
• A+/A1 credit rating provides excellent access to the credit markets for PACCAR Financial Services	Shareholders' Equity	<u>8,593</u>
	Total Liabilities & Equity	<u>\$ 25,482</u>

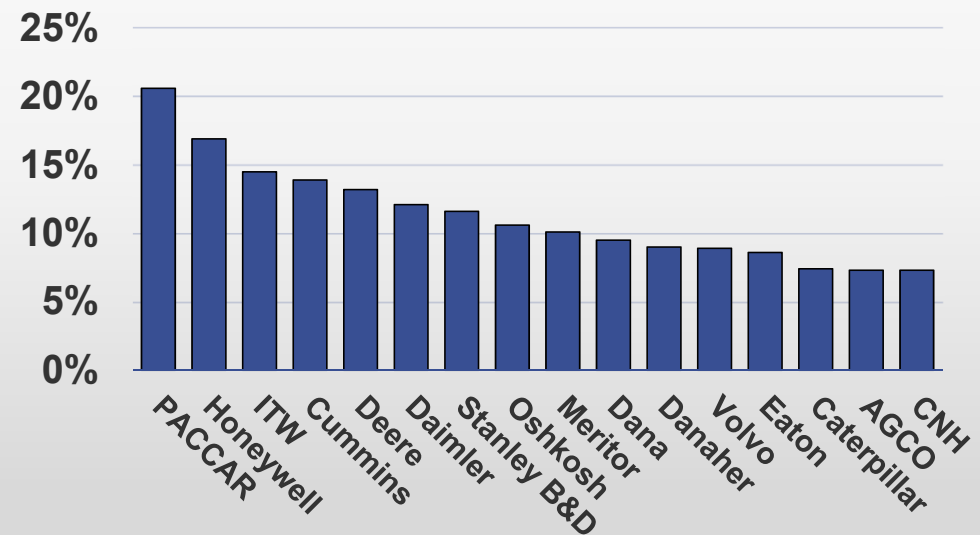
Best-in-Class Return on Invested Capital

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**.

2017



Average 2012 - 2017



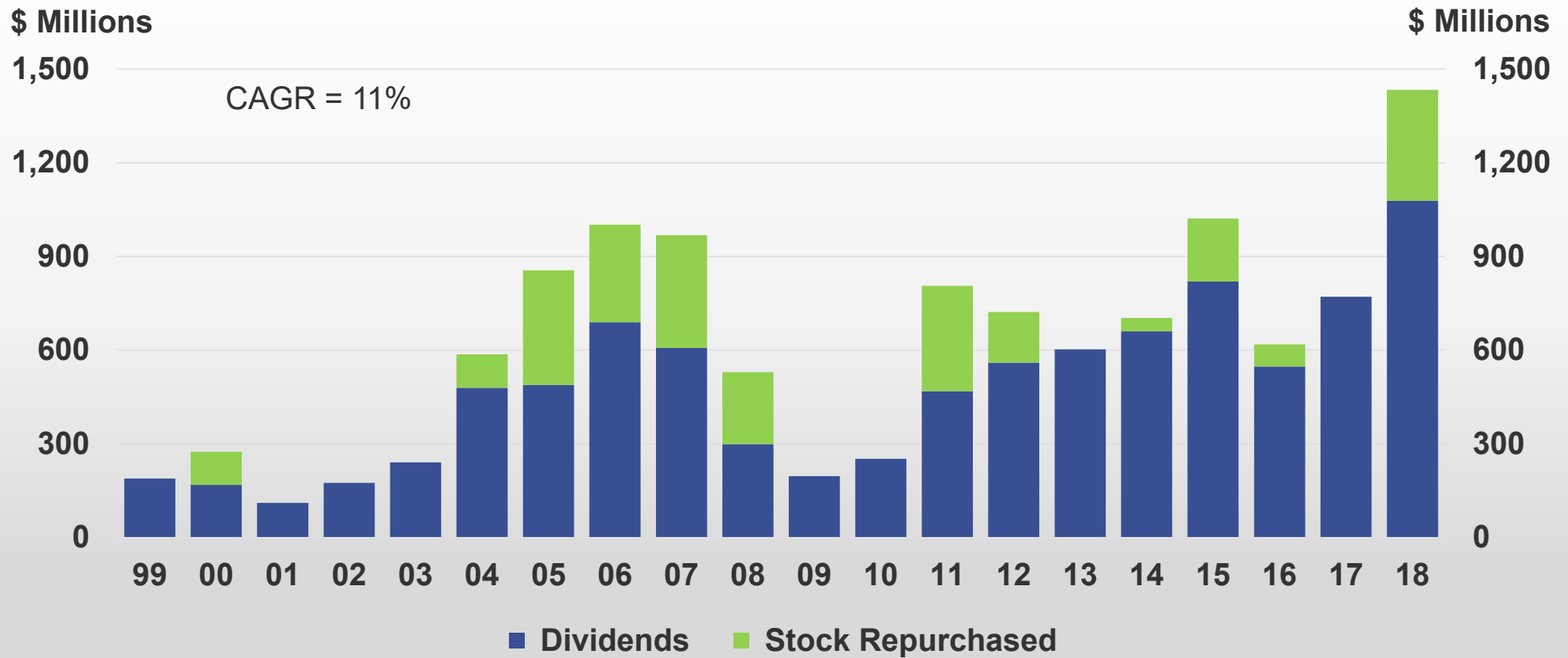
ROIC = NOPAT/(Equity + Manufacturing Debt + Postemployment Benefit Liabilities)

Capital Allocation Strategy



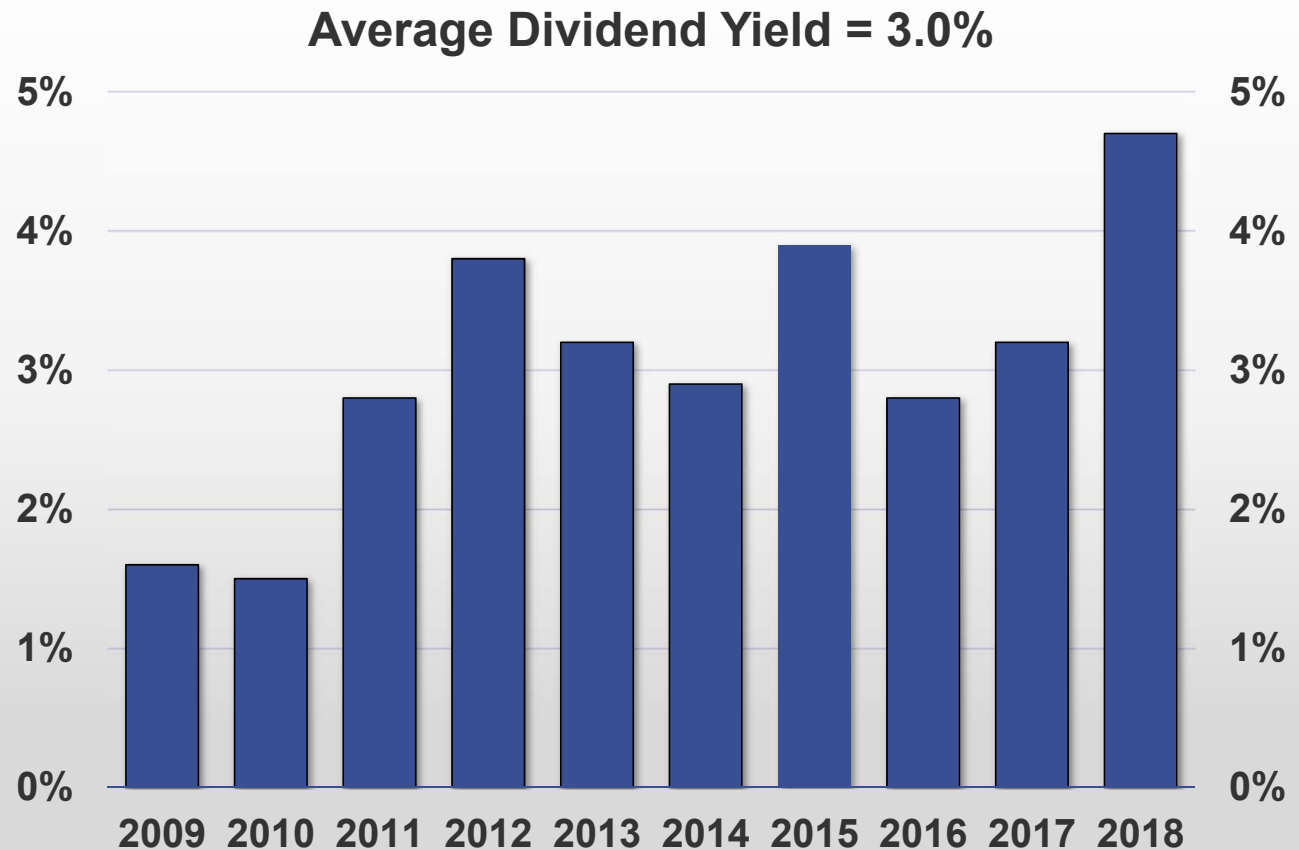
- High ROI Capital Investments
 - ROIC 25.7% 2018
- Pay Regular Quarterly and Annual Dividend
 - Dividend paid every year since 1941
 - Total dividends paid approximately 50% of net income for many years
 - Regular quarterly dividend 20-year annualized growth of 11%
 - Total 2018 dividends declared increased 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



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%

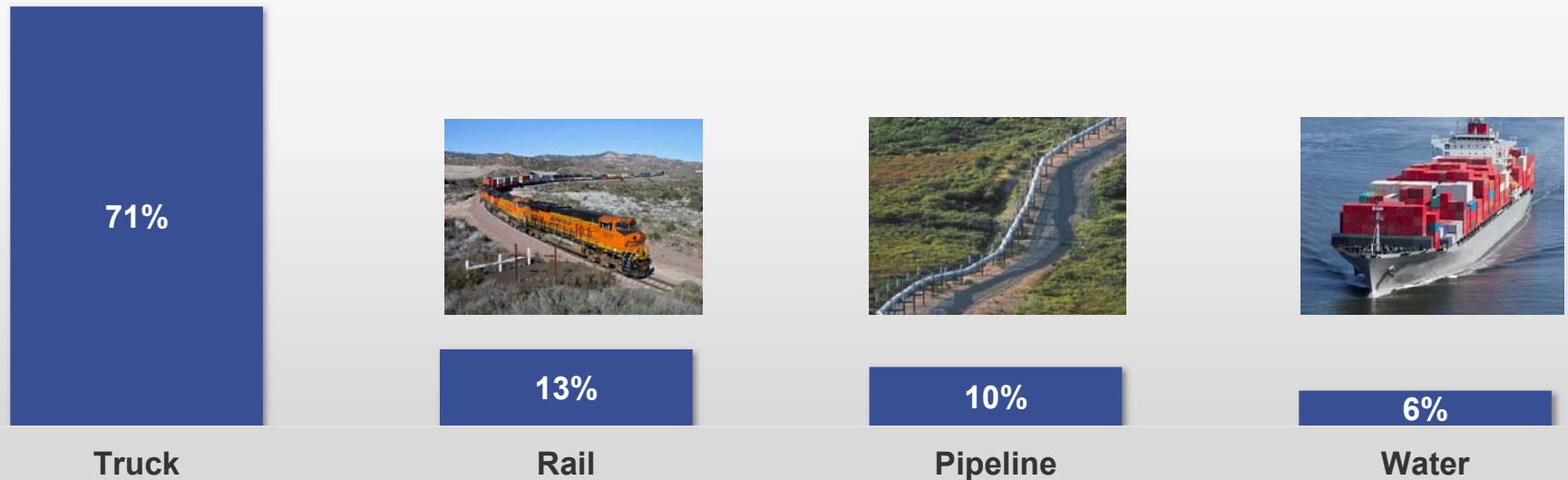


Trucking Moves the Economy

71% of U.S. Freight is Moved by Truck



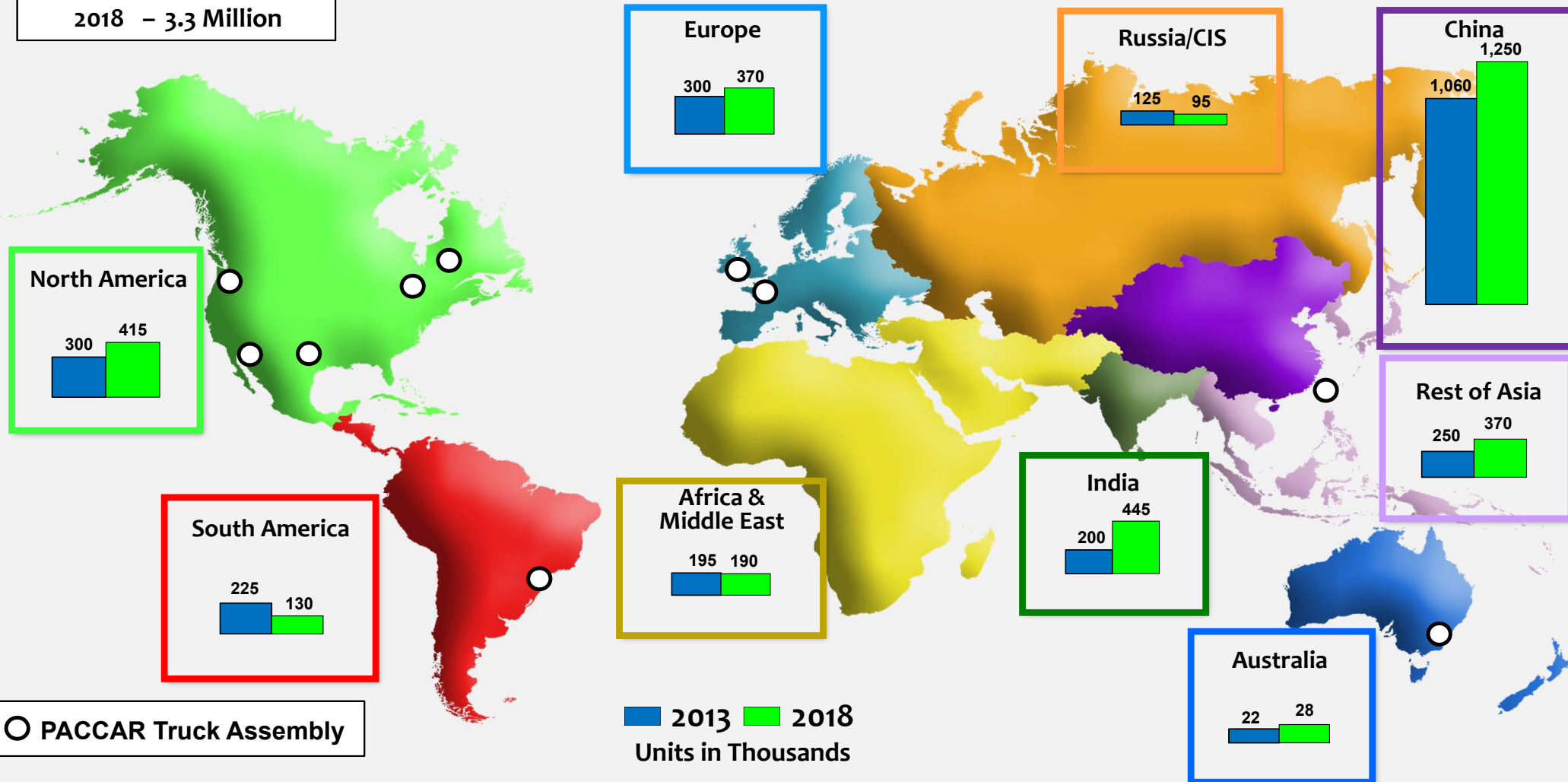
Trucking is the lifeblood of the economy. In the U.S., the economy depends on trucks to deliver ten billion tons of virtually every commodity consumed - Over 70% of all the freight transported annually. 34 million commercial trucks, including 3.7 million heavy-duty trucks, move that freight. The percentage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



% Total U.S. Freight Tonnage Hauled by Transportation Mode (Source: ATA)

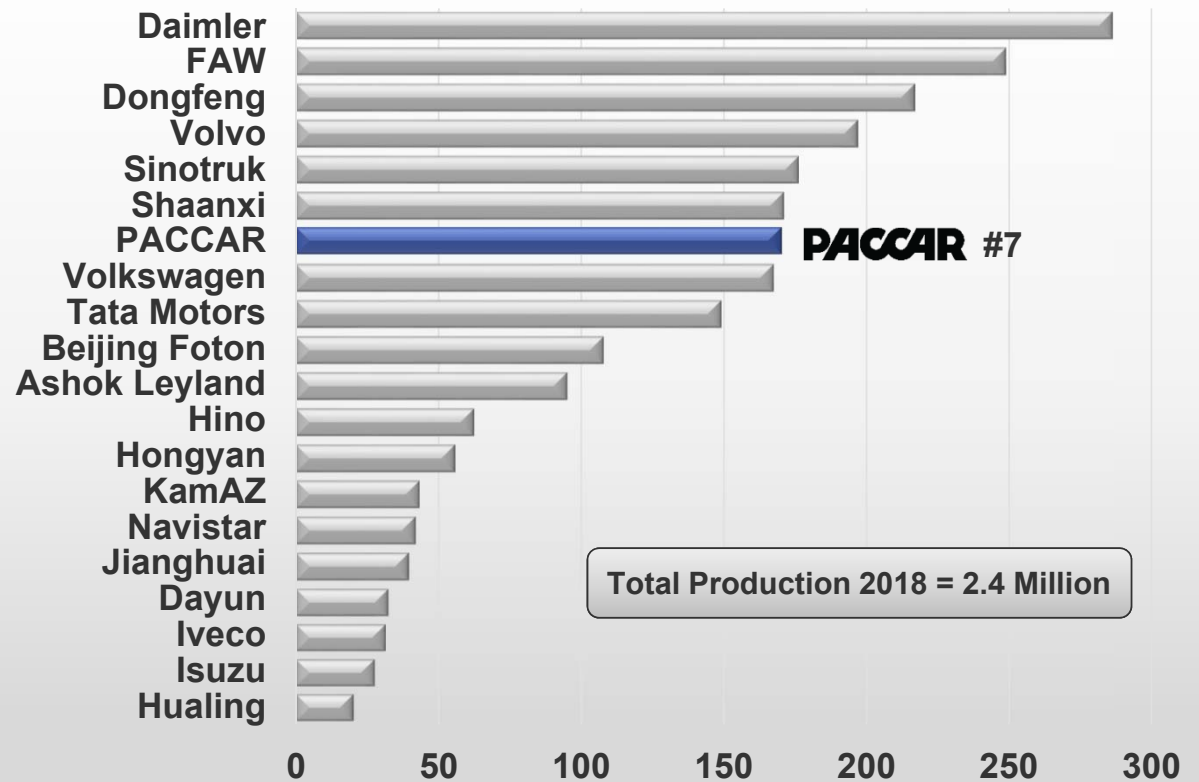
>6t Global Truck Market

>6t Truck Market
2013 - 2.7 Million
2018 - 3.3 Million



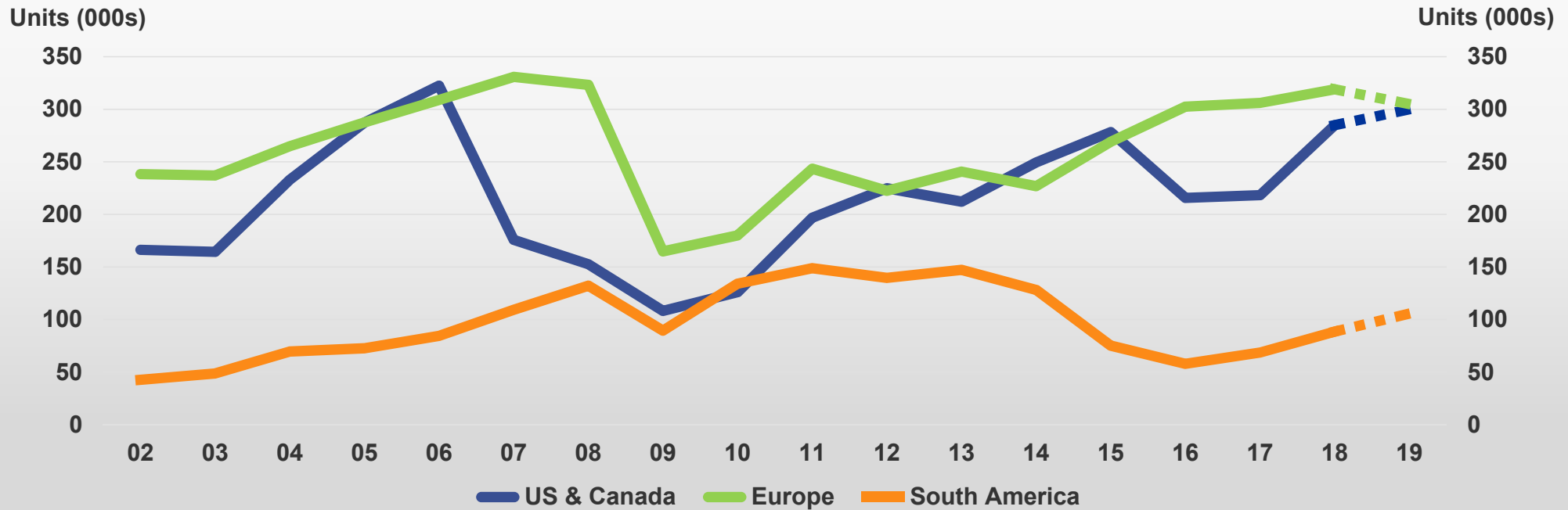
>16t Truck Manufacturing 2018 Production (Units 000s)

- 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

Units Estimate	2019
U.S. and Canada	285,000 – 315,000
Europe	290,000 – 320,000
S. America	100,000 – 110,000



The PACCAR logo is displayed in a bold, dark gray, sans-serif font. The letters are closely spaced, with the 'A' and 'C's having a distinctive slanted, italicized appearance. The logo is centered within a white rectangular box.

PACCAR

Strategy

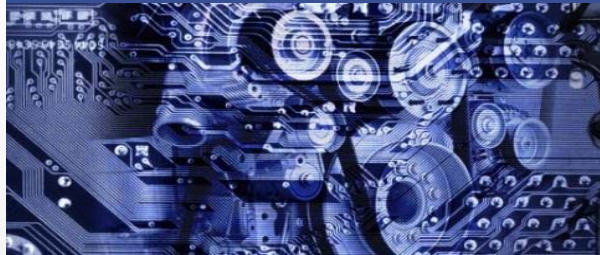
PACCAR Strategy

Brand Values

Quality



Technology



Innovation



Profitable Growth

Premium Products and Services

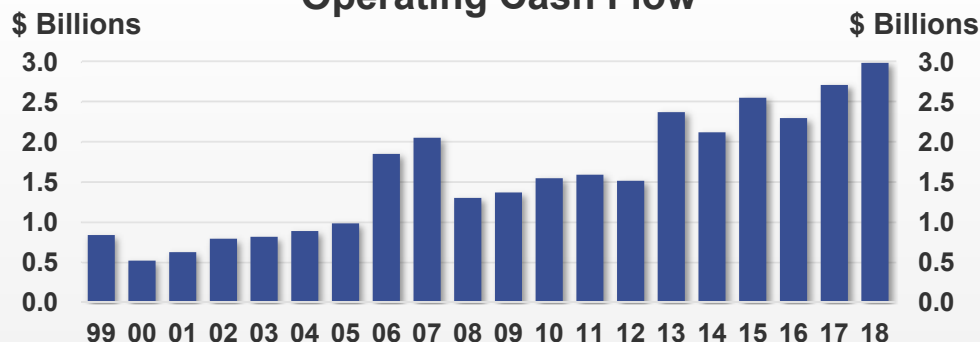
Profitable Market Share Growth

Geographic Expansion

PACCAR

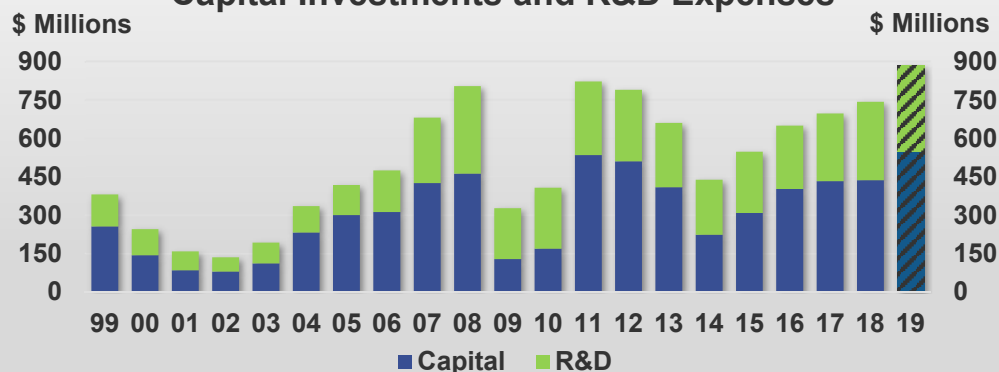
Investing Throughout the Business Cycle

Operating Cash Flow



- 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:

Capital Investments and R&D Expenses



- 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

Cumulative PACCAR MX Engines Produced

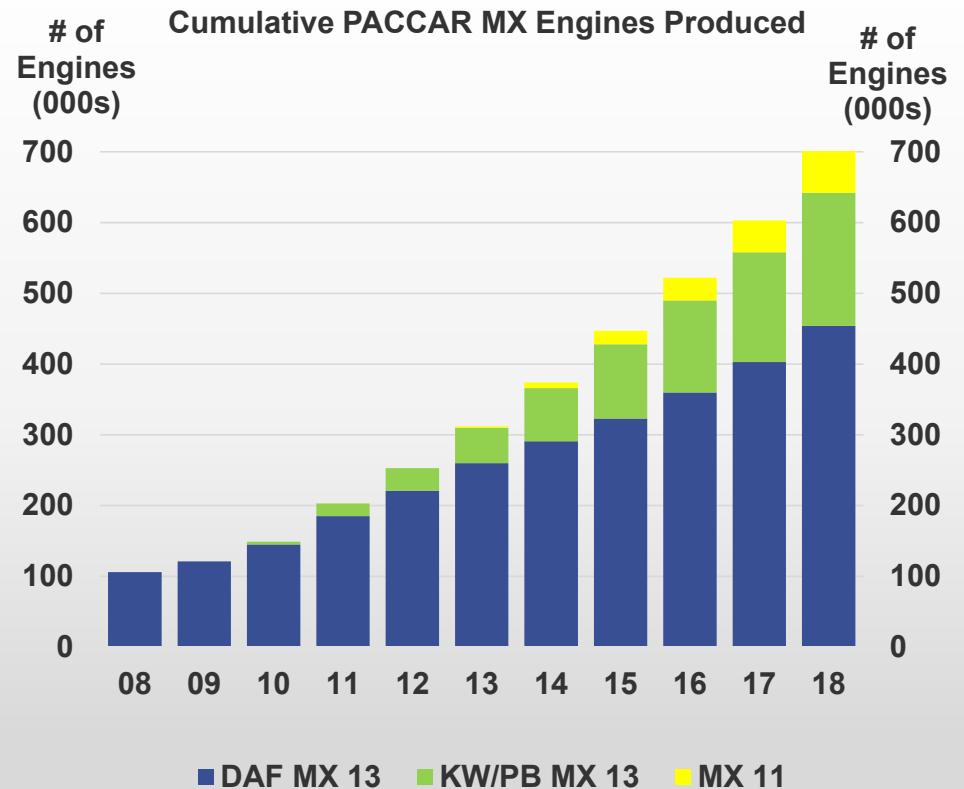
- The PACCAR MX-13 is the flagship of PACCAR's engine line-up with 454,000 engines in operation in Europe and 188,000 engines in operation in North America and a growing presence in South America and Australia.
- PACCAR expanded its engine program in 2013 with the introduction of the PACCAR MX-11 in Europe. The MX-11 was launched in North America in January 2016.



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

Alternative Powertrain Vehicles

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



Kenworth Hybrid Electric

Electric Range 250 Miles



Peterbilt Electric Refuse

Electric Range 80 Miles



Peterbilt Electric Port

Electric Range 150 Miles



Kenworth Hydrogen Port

Electric Range 150 Miles

PACCAR Innovation Center, Sunnyvale, CA



- 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



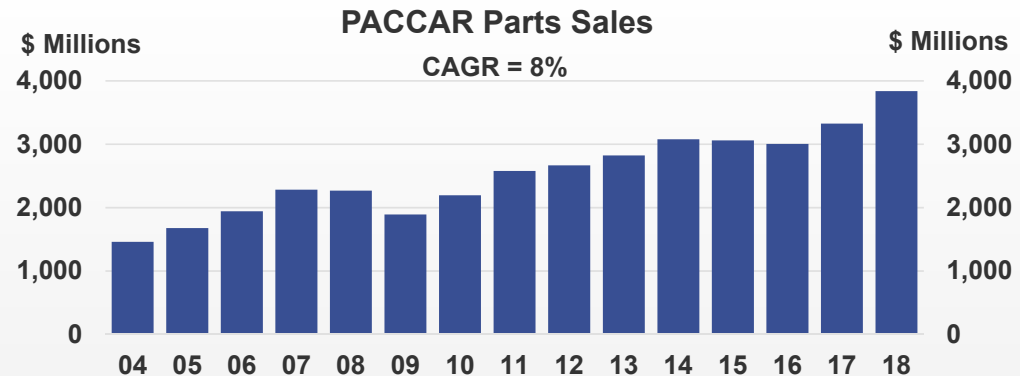
DAF Cab Paint Facility, Westerlo, Belgium

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:

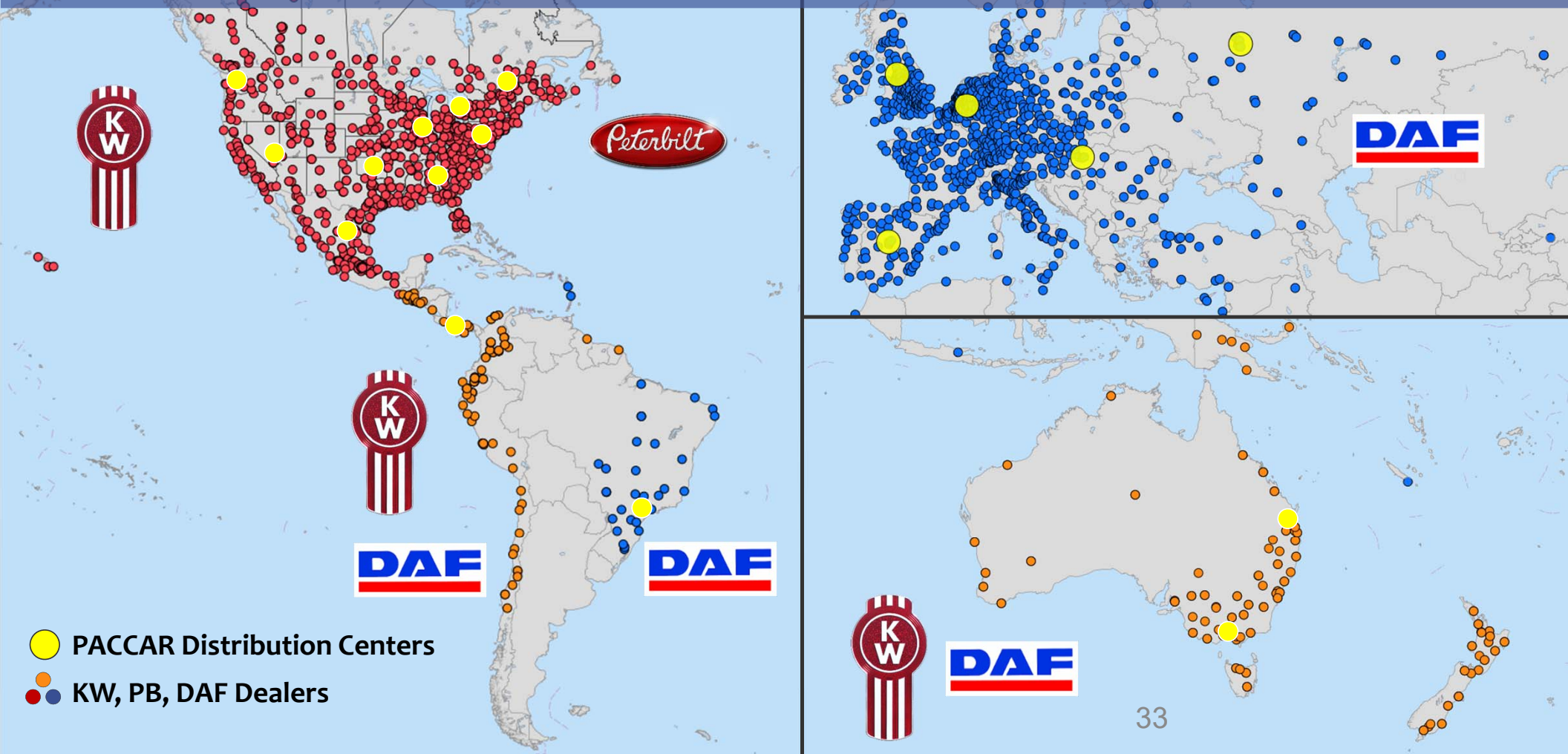
- Growing population of Kenworth, Peterbilt and DAF trucks due to geographic expansion and market share growth
- Growing population of PACCAR engines due to North America introduction in 2010
- Best-in-class Distribution Network
 - 18 parts distribution centers and 2,200+ dealer locations
- Proprietary,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

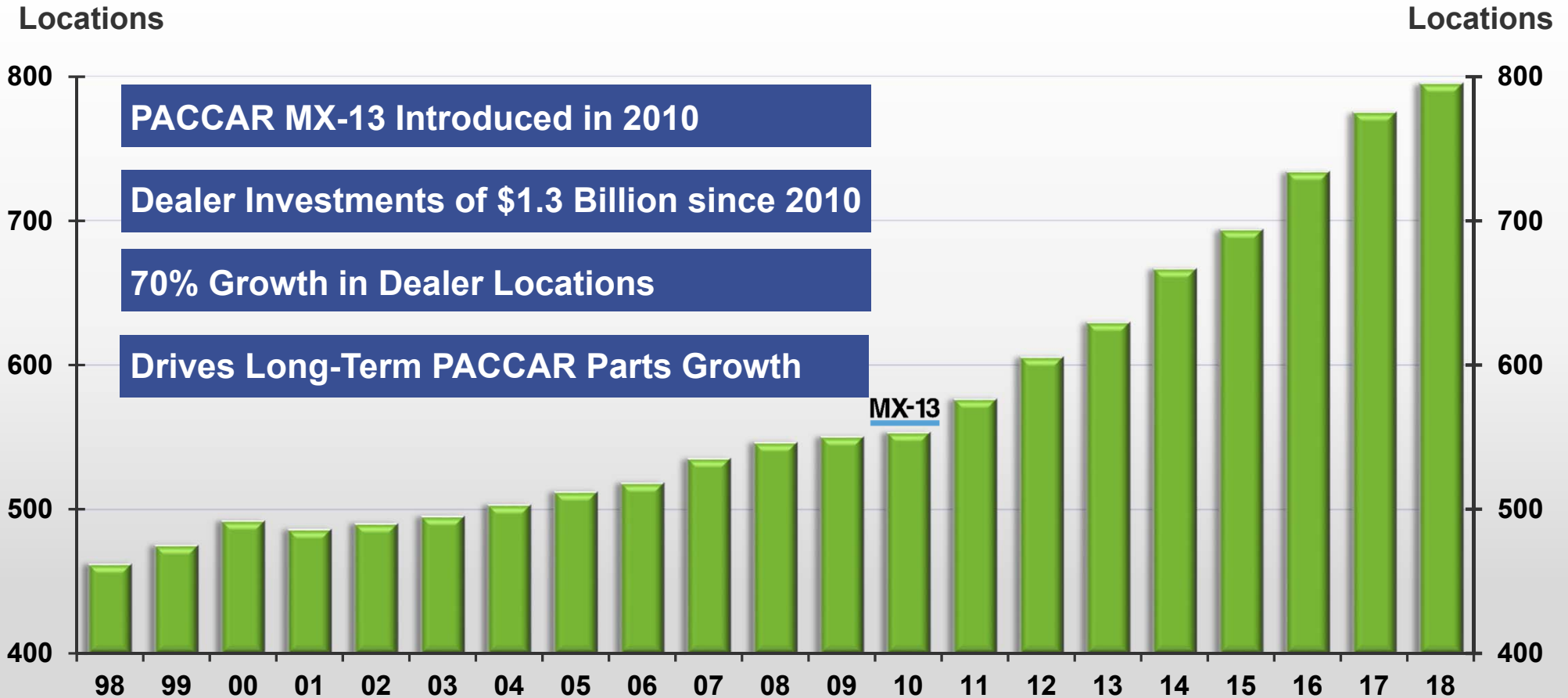


PACCAR Global Dealer Network

- 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



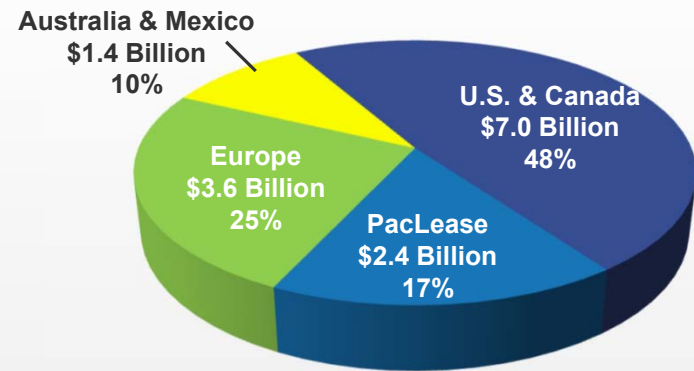
Growth in Kenworth and Peterbilt Dealer Locations U.S. and Canada



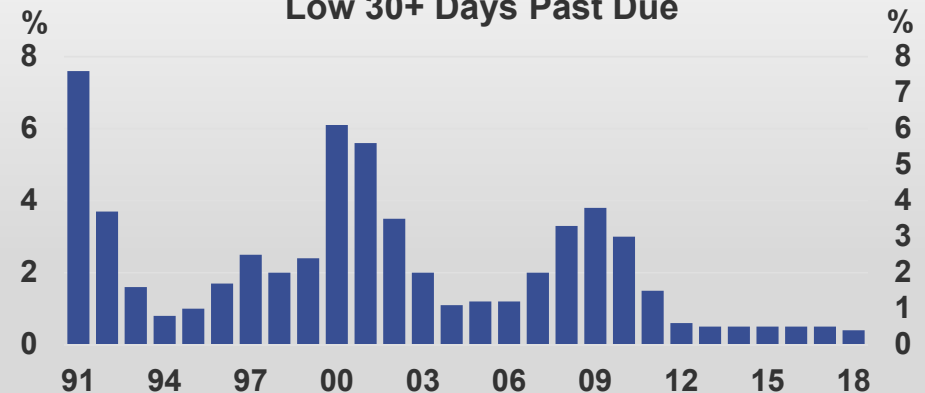
PACCAR Financial Services Strategy

- 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

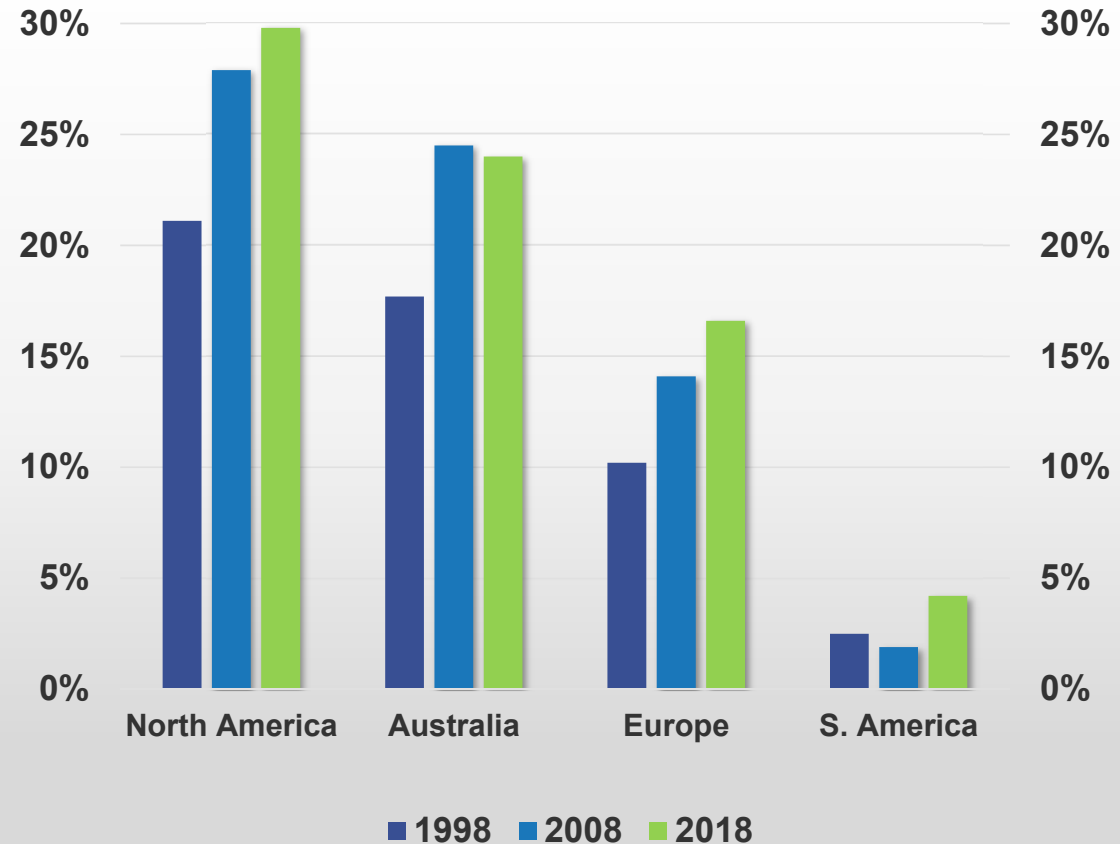


Low 30+ Days Past Due



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
- Fenabreve Brand of the Year in 2016, 2017 & 2018
- Introducing PACCAR Financial in 2019

Off Highway



On Highway



PACCAR Mexico

- 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 5,000th 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

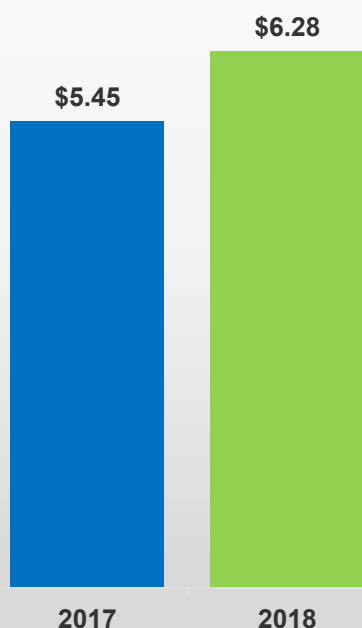
	Fourth Quarter		Full Year	
(\$ in Millions)	2017	2018	2017	2018
Revenues	\$5,455	\$6,280	\$19,456	\$23,496
Net Income*	\$589	\$578	\$1,675	\$2,195
Return on Revenues	10.8%	9.2%	8.6%	9.3%
Diluted EPS	\$1.67	\$1.65	\$4.75	\$6.24
Number of Trucks Delivered	44,300	50,400	158,900	189,100

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

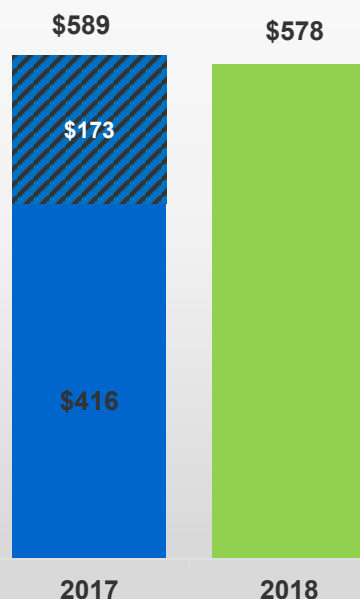
2018 Financial Results

Fourth Quarter 2018 vs. Fourth Quarter 2017

Sales and Revenues
(Billions of Dollars)



Net Income
(Millions of Dollars)

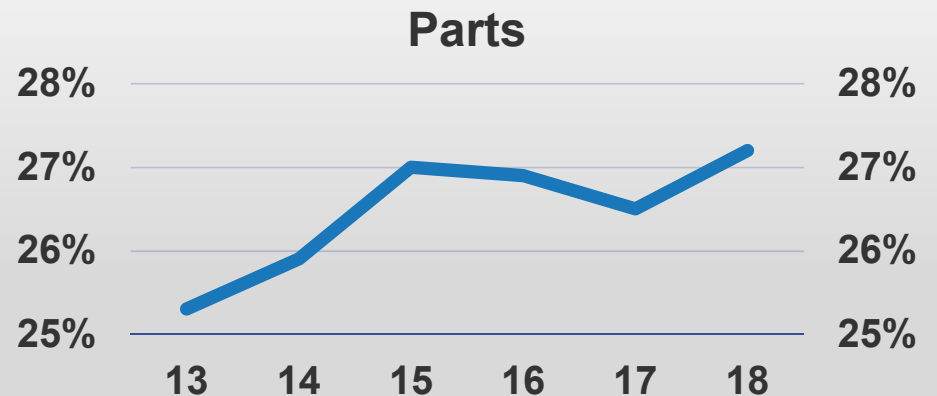
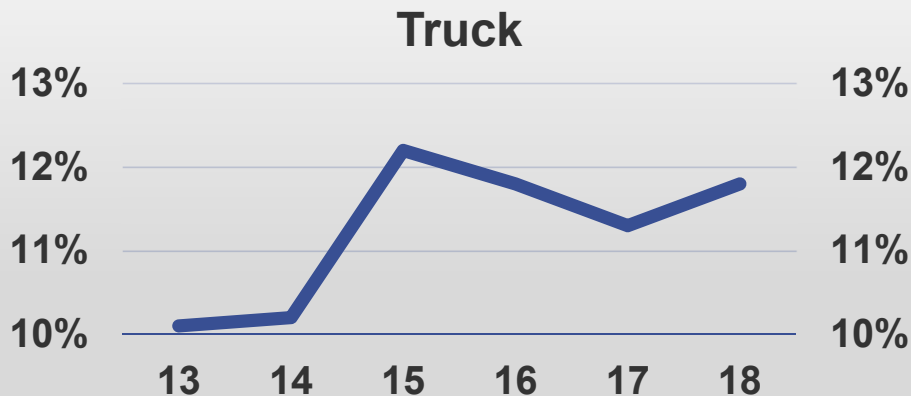
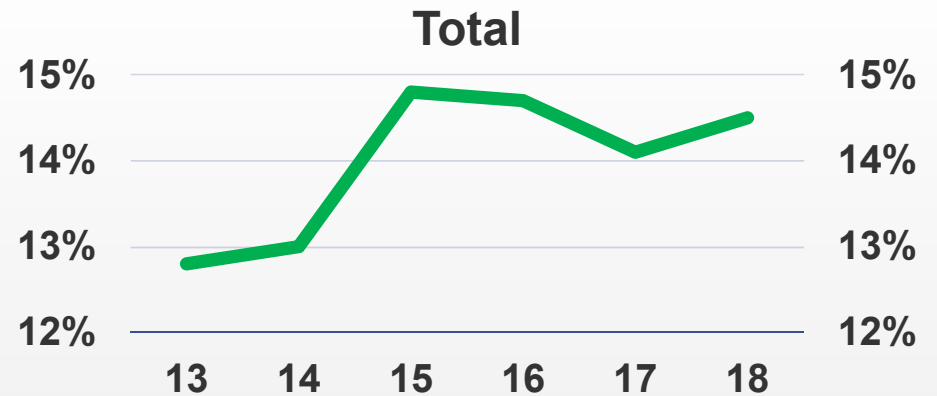


- Record sales and revenues of \$6.28 billion
- Record deliveries of 50,400 trucks
- Net Income of \$578.1 million, 9.2% return on revenues
- Record PACCAR Parts revenues of \$971 million, a 20.0% pretax return on revenues
- PACCAR Parts pretax income of \$194 million
- Financial Services pre-tax income 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

Gross Margins

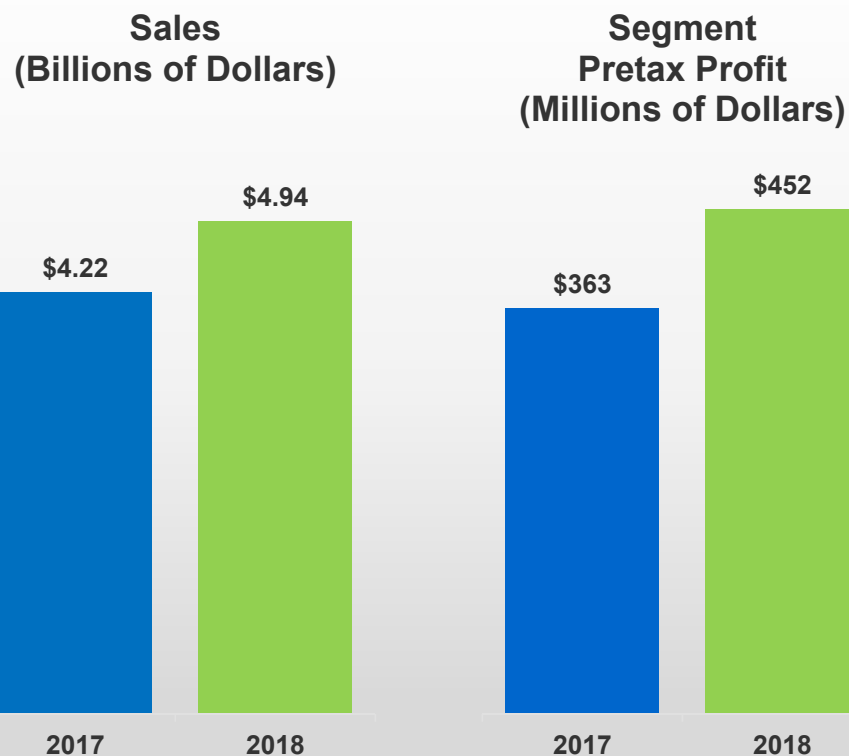
Excellent Truck and Parts Gross Margins

- 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

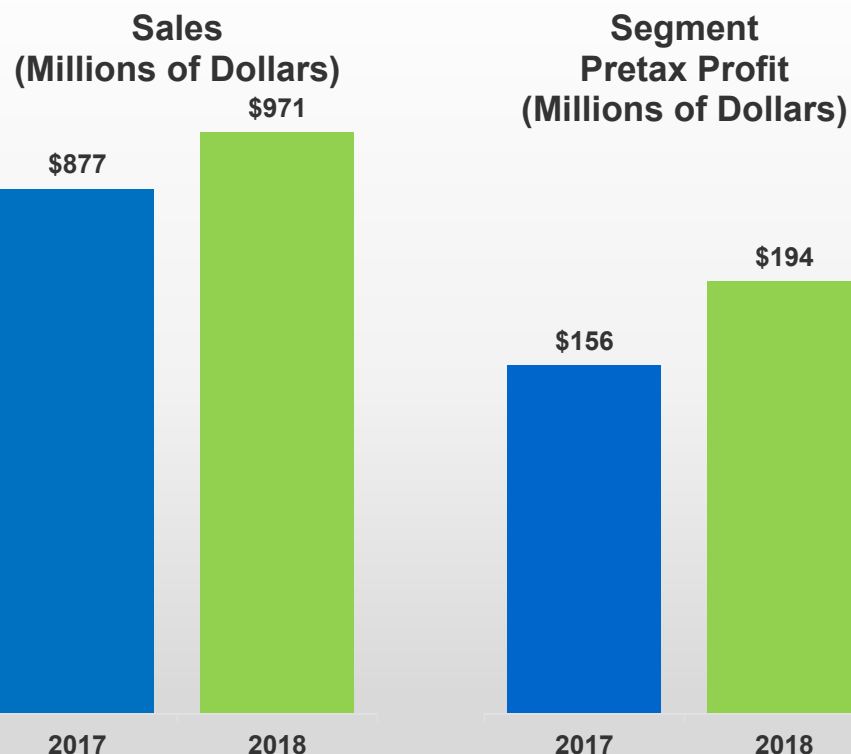
Fourth Quarter 2018 vs. Fourth Quarter 2017



- 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

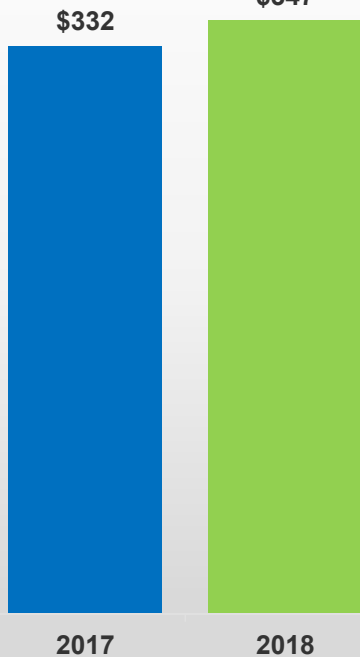


- Sales increased 11%
- Pretax profit increased 24%
- Results driven by investments in new parts distribution centers (PDCs), technology, TRP all-makes parts, TRP stores and increased PACCAR trucks and MX engines in operation
- New PDC opened in Toronto in October

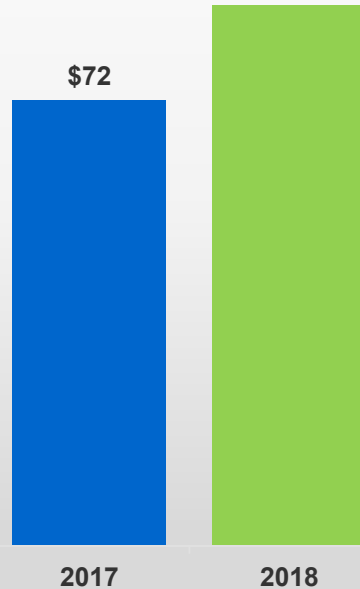
Financial Services

Fourth Quarter 2018 vs. Fourth Quarter 2017

Revenues
(Millions of Dollars)



Segment
Pretax Profit
(Millions of Dollars)



- 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

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

PACCAR