

PACCAR Repurchases Stock and Declares Cash Dividend in the Second Quarter

PACCAR repurchased 344,700 of its common shares for \$23.1 million during the second quarter. There is \$484 million remaining under the current \$500 million Board of Directors authorization. In addition, the Board of Directors declared a regular quarterly cash dividend of thirty-two cents (\$.32) per share on July 9, 2019. First half dividends declared of sixty-four cents (\$.64) per share were 21% higher than the fifty-three cents (\$.53) per share declared in the same period last year. “PACCAR has consistently delivered dividends in the range of 45-55% of annual net income to its shareholders,” noted Mark Pigott, executive chairman.

Financial Highlights – Second Quarter 2019

Highlights of PACCAR’s financial results for the second quarter of 2019 include:

- Record consolidated net sales and revenues of \$6.63 billion.
- Net income of \$619.7 million, an after-tax return on revenue of 9.3 percent.
- Truck, Parts and Other gross margins of 14.8%.
- Record global truck deliveries of 52,300 units.
- Record PACCAR Parts revenues of \$1.03 billion.
- Record PACCAR Parts pre-tax income of \$210.6 million.
- Financial Services pre-tax income of \$80.3 million.
- Manufacturing cash and marketable securities of \$4.18 billion.
- Cash generated from operations of \$826.5 million.
- Stockholders’ equity of \$9.64 billion.

Financial Highlights – First Half 2019

Highlights of PACCAR’s financial results for the first six months of 2019 include:

- Record consolidated net sales and revenues of \$13.12 billion.
- Record net income of \$1.25 billion, an after-tax return on revenue of 9.5 percent.
- Capital investments of \$308.3 million and R&D expenses of \$160.8 million.
- Financial Services pre-tax income of \$164.3 million.
- Cash generated from operations of \$1.19 billion.
- Medium-term note issuances of \$1.44 billion.

Global Truck Markets

DAF achieved an excellent 16.7% market share in the European above 16-tonne segment in the first half of 2019. Harry Wolters, PACCAR vice president and DAF president, said, “Customers benefit from the reliability and fuel efficiency leadership of the DAF XF, CF and LF trucks. We have increased our estimate of European truck industry registrations in the above 16-tonne market to be in a range of 300,000-320,000 vehicles this year.”

Class 8 truck industry retail sales for the U.S. and Canada have increased by 20% year-to-date. “The growing North American economies and record levels of freight tonnage have resulted in excellent demand for Kenworth and Peterbilt vehicles,” said Gary Moore, PACCAR executive vice president. PACCAR has increased its projection of Class 8 truck industry retail sales in the U.S. and Canada to a range of 300,000-320,000 trucks in 2019.

The South American above 16-tonne truck market is projected to be in a range of 100,000-110,000 trucks in 2019. “Strong customer demand for DAF and Kenworth trucks has resulted in a 70% increase in deliveries in South America this year,” said Marco Davila, PACCAR vice president.

PACCAR Achieves Record Quarterly Truck Deliveries

Kenworth, Peterbilt and DAF delivered a record 52,300 trucks in the second quarter of 2019, 13% higher than the same period last year. “Truck deliveries increased in the United States, Canada, Mexico and South America in the second quarter, reflecting strong customer demand for the industry-leading Kenworth, Peterbilt and DAF trucks,” said Darrin Siver, PACCAR senior vice president.

DAF XF Honored as U.K. Fleet Truck of the Year

The DAF XF truck was elected “Fleet Truck of the Year 2019” at the prestigious *Motor Transport Awards* in the United Kingdom. The judges recognized the DAF XF’s favorable operating costs, excellent driver comfort, strong residual values and exceptional aftermarket support, which are critical factors to fleet operators. Richard Zink, DAF director of sales and marketing, noted, “We are proud of the ‘Fleet Truck of the Year 2019’ award in the U.K.”



DAF XF Truck

PACCAR Parts Achieves Record Quarterly Revenues and Pre-Tax Profit

PACCAR Parts achieved record quarterly revenues of \$1.03 billion in the second quarter of 2019, 6% higher than the \$968.0 million achieved in the same period last year. Second quarter 2019 pre-tax profit was a record \$210.6 million, 8% higher than the \$194.5 million achieved in the second quarter of 2018. PACCAR Parts first half 2019 revenues were \$2.03 billion, compared to \$1.91 billion for the same period last year. PACCAR Parts achieved pre-tax profit of \$418.2 million in the first six months of 2019, compared to \$386.3 million earned in the first six months of 2018.

David Danforth, PACCAR vice president and PACCAR Parts general manager, said, “PACCAR continues to add global distribution capacity to deliver industry-leading aftermarket parts availability to our customers. The growth of Kenworth, Peterbilt and DAF trucks and higher PACCAR MX engine sales have contributed to increased PACCAR Parts sales. PACCAR’s new 250,000 square-foot distribution center in Las Vegas, Nevada is under construction. PACCAR is also building a new 160,000 square-foot distribution center in Ponta Grossa, Brasil. Both facilities will open in 2020.”

PACCAR Opens Global Embedded Software Centers

PACCAR opened new research and development centers in Kirkland, Washington and Eindhoven, Netherlands to accelerate embedded software development and connected vehicle solutions to benefit customers’ operating efficiency,” said Kyle Quinn, PACCAR chief technology officer.



Digital Technology Center, Eindhoven, Netherlands

Research and Development and Capital Investments

PACCAR’s excellent long-term profits, strong balance sheet, and intense focus on quality, technology and productivity have enabled the company to invest \$6.4 billion in capital projects, innovative products and new technologies during the past decade. “R&D expenses of \$320-\$340 million are being invested this year in aerodynamic truck models, integrated powertrains including zero emission electrification and hydrogen fuel cell technologies, advanced driver assistance systems and truck connectivity,” said George West, PACCAR vice president. PACCAR will make capital investments this year in the range of \$675-\$725 million including major enhancements to its manufacturing and parts distribution facilities that will support future growth. A new \$100 million, state-of-the-art, environmentally friendly paint facility at the Chillicothe, Ohio Kenworth truck factory is being constructed that will enhance paint quality and capacity while reducing operating costs. Additional engine machining and assembly equipment in the Columbus, Mississippi PACCAR engine factory will expand PACCAR engine production

capacity, enabling more PACCAR MX-13 and MX-11 engines to be installed in Kenworth and Peterbilt trucks.



PACCAR Engine Factory, Columbus, Mississippi

Financial Services Companies Achieve Excellent Results

PACCAR Financial Services (PFS) has a portfolio of 205,000 trucks and trailers, with record total assets of \$15.41 billion. PACCAR Leasing, a major full-service truck leasing company in North America and Europe with a fleet of 39,000 vehicles, is included in this segment. Second quarter PFS pre-tax income in 2019 was \$80.3 million, 11% higher than the \$72.4 million earned in the second quarter last year. Second quarter 2019 revenues were \$361.4 million, 7% higher than the \$338.0 million achieved in the same quarter of 2018. For the first six months of 2019, PFS earned pre-tax income of \$164.3 million compared to \$139.9 million last year. First-half 2019 revenues were \$710.9 million compared with \$670.2 million for the same period a year ago. “PFS’ portfolio performed well during the second quarter of 2019,” said Todd Hubbard, PACCAR vice president.

“PACCAR’s excellent balance sheet, complemented by its A+/A1 credit ratings, enables PFS to offer competitive retail financing to Kenworth, Peterbilt and DAF dealers and customers in 25 countries on four continents,” said Craig Gryniewicz, PACCAR Financial Corp. president. “We have excellent access to the commercial paper and medium-term note markets, allowing PFS to profitably support the sale of PACCAR trucks.”

PACCAR is a global technology leader in the design, manufacture and customer support of high-quality light-, medium- and heavy-duty trucks under the Kenworth, Peterbilt and DAF nameplates. PACCAR also designs and manufactures advanced diesel engines, provides financial services and information technology, and distributes truck parts related to its principal business.

PACCAR will hold a conference call with securities analysts to discuss second quarter earnings on July 23, 2019, at 9:00 a.m. Pacific time. Interested parties may listen to the call by selecting “Q2 Earnings Webcast” at PACCAR’s homepage. The Webcast will be available on a recorded basis through July 30, 2019. PACCAR shares are listed on NASDAQ Global Select Market, symbol PCAR. Its homepage is www.paccar.com.

This release contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act. These statements are based on management’s current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from those included in these statements due to a variety of factors. More information about these factors is contained in PACCAR’s filings with the Securities and Exchange Commission.