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

2019 Revenues $25.6B  2019 Net Income $2.39B  2019 Dividend Yield 5.1%

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

Truck and Other
$20.09B Revenues
Premium Quality Light, Medium and Heavy Commercial Vehicles, Diesel Engines and Powertrain Components

Financial Svcs
$1.48B Revenues
Finance and leasing portfolio of 208,000 trucks and trailers, with assets of $16.1B

Parts
16%

Aftermarket Parts
$4.02B Revenues
Distribute Aftermarket Parts through Global Network of over 2,200 Dealerships
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.
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 1.4 Million Trucks Produced 2010 - 2019

PACCAR produced a record 198,800 trucks in 2019

Units (000s)


- Brasil
- Australia
- Mexico
- Canada
- US
- Europe

PACCAR produced a record 198,800 trucks in 2019.
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
Strong Liquidity

PACCAR maintains a strong liquidity position to manage through all phases of the business cycle

- Strong cash & marketable securities position: $4.3 billion as of June 30, 2020
- No manufacturing debt
- Excellent liquidity reserve for Financial Services debt maturities
- S&P credit rating A+
- Finance Company:
  - High quality portfolio secured by truck collateral
  - Conservative debt to equity ratio of 3.1 as of June 30, 2020
  - Matched-term funding
  - Currency matched
• 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 employees.
PACCAR’s inventory turns are 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 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 the highest quality trucks, aftermarket support and financing.

- PACCAR achieved record net income per truck in 2019.
PACCAR’s high profitability, strong working capital management and prudent investments resulted in best in class return on invested capital of 26.3% in 2019, and an average of 23.1% over the last five years.

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

• High ROI Capital Investments
  - ROIC 26.3% 2019
• 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 2019 dividends declared increased 16% (yoy)
• Share Buybacks
  - $500 Million authorized; $390 Million remaining as of 6/30/2020
• Strategic M&A
  - Disciplined valuation and screening process
  - Clear path to value creation
• No Unfunded Pension Obligation
Dividends Declared and Stock Repurchases

CAGR = 10%

$ Millions

Dividends

Stock Repurchased
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 3.4%
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 - 71% of all the freight transported annually. 36 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

2014 – 2.7 Million
2019 – 3.1 Million

Units in Thousands

North America
340 450

South America
200 145

Europe
275 375

Russia/CIS
95 95

Africa & Middle East
225 150

India
200 275

China
1,315

Rest of Asia
320 310

Australia
21 24

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, 4th among the multinational competitors.

Total Production 2019 = 2.4 Million
Strategy
Operating cash flow has averaged $2.7 billion for the last five years and has grown 6% annually over the last 20 years.

Strong operating cash flow enables PACCAR to invest in growth throughout the business cycle.

PACCAR has invested $6.8 billion in capital projects, innovative products and new technologies in the last decade.

Key investments:
- 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, and Australia
- DAF Brasil factory
- PACCAR Parts distribution centers
The PACCAR MX-13 is the flagship of PACCAR’s engine line-up with over 500,000 engines in operation in Europe and over 220,000 engines in operation in North America and a growing presence in South America and Australia.

Produced the 200,000th MX engine for North America in March 2019.

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.

The Cumulative PACCAR MX Engines Produced chart illustrates the production milestones for the MX-13 and MX-11 engines. The MX-13 has a displacement of 12.9 liters, while the MX-11 has a displacement of 10.8 liters.
PACCAR Emerging Technology Programs

- Connectivity
- Electrification
- Autonomy

- PACCAR is an industry leader in innovative technologies that enhance our vehicles.
- Three emerging technology areas that will provide PACCAR future growth opportunities are connectivity, electrification, and autonomy.
PACCAR has more than 60 alternative powertrain trucks presently in field-testing with customers.

- **DAF XF/CF**
  - Parallel Hybrid

- **DAF CF**
  - Electric

- **Kenworth**
  - Hydrogen Port

- **Peterbilt**
  - Electric Refuse
  - Electric Port

- **Medium Duty**
  - Electric
• 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 a Level 4 autonomous truck.

• The Innovation Center truck lab is equipped with the tools needed to integrate emerging technologies.
PACCAR has three embedded service technology centers located at Kenworth in Kirkland, WA, at DAF in Eindhoven, the Netherlands; and in Pune, India.

The centers will accelerate embedded software development and connected vehicle solutions to benefit customers’ operating efficiency.
PACCAR Facility Investments

DAF Factory, Ponta Grossa, Brasil

Dynacraft, McKinney, Texas

PACCAR Engine Factories

Kenworth New Cab Paint Facility, Chillicothe, OH
PACCAR Parts achieved $4.02 billion in sales in 2019, a 5% increase over a year ago and a CAGR of 7% 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

Las Vegas Parts Distribution Center Opened June 2020
PACCAR Parts Distribution Centers and Dealers
18 PDCs in 11 Countries; 2,200+ Dealer Locations

PACCAR Distribution Centers
KW, PB, DAF Dealers

- PACCAR Distribution Centers
- KW, PB, DAF Dealers

MAP: Locations of PACCAR Distribution Centers and Dealers worldwide.
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 $1.7 Billion since 2010
- Over 60% 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 2019, PACCAR Financial financed 24.5% 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 6/30/20 = $15.0 Billion

- Australia, Mexico & Brasil: $1.3 Billion (9%)
- Europe: $3.7 Billion (24%)
- U.S. & Canada: $7.5 Billion (50%)
- PacLease: $2.5 Billion (17%)

Low 30+ Days Past Due

- % 0 2 4 6 8
- % 0 2 4 6 8
- Years 91 93 95 97 99 01 03 05 07 09 11 13 15 17 19
- Low 30+ Days Past Due
• Since 1999, PACCAR’s above 16 tonne market share has increased in all home markets
• 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.
Long-Term Growth in PACCAR Medium Duty Market Share

- Since 1999, PACCAR’s medium duty market share has increased in the U.S. and Canada and in Europe.
- In the U.S. and Canada, Kenworth and Peterbilt achieved share of 16.5% in 2019.
- DAF share grew to 9.7% in Europe in 2019.
Environmental Leadership

CDP “A” Rating

- PACCAR Earns “A” for its Environmental Practices; Top 2% of over 8,000 Reporting Companies

Facilities

- 94% of PACCAR Manufacturing Locations have Achieved ISO 14001 Certification
- 88% of PACCAR Locations are “Zero Waste to Landfill”
First Half 2020 Earnings
## PACCAR Revenues and Profit

**81 consecutive years of net profit**

**Dividends every year since 1941**

<table>
<thead>
<tr>
<th></th>
<th>2nd Quarter</th>
<th>First Half</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td>Revenues (in Millions)</td>
<td>$3,062</td>
<td>$6,628</td>
</tr>
<tr>
<td>Net Income</td>
<td>$148</td>
<td>$620</td>
</tr>
<tr>
<td>Return on Revenues</td>
<td>4.8%</td>
<td>9.3%</td>
</tr>
<tr>
<td>Diluted EPS</td>
<td>$0.43</td>
<td>$1.78</td>
</tr>
<tr>
<td>New Truck Deliveries (units)</td>
<td>18,100</td>
<td>52,300</td>
</tr>
</tbody>
</table>
2020 Financial Results
First Half 2020 vs. First Half 2019

- Sales and Revenues of $8.22 Billion
- Deliveries of 56,500 Trucks
- Net Income of $507.1 Million
- After-tax Return on Revenues of 6.2%
- PACCAR Parts Revenues of $1.82 Billion
- PACCAR Parts Pretax Income of $366.6 Million
- Financial Services Pretax Income of $103.8 Million
- R&D Expenses of $137.5 Million
- Capital Investments of $308.8 Million

Sales and Revenues (Billions of Dollars)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>$13.12</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$8.22</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Net Income (Millions of Dollars)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,249</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$507</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Truck margins increased through 2019 due to new products and operating efficiencies.

Truck margins in 1H20 affected by lower production volumes resulting from coronavirus shut downs.

Parts margins have benefited from distribution and technology investments and growing populations of PACCAR trucks and engines.
Factories were closed for five weeks early in the quarter due to the pandemic.

Sales decreased 46%.

Pretax operating profit of $136.9 million.

1H20 deliveries of 56,500 trucks compared to 103,800 truck in the same period a year ago.
Aftermarket Parts
First Half 2020 vs. First Half 2019

Sales (Millions of Dollars)

- 2019: $2,030
- 2020: $1,822

Pretax Profit (Millions of Dollars)

- 2019: $418
- 2020: $367

- Sales decreased 10%
- Pretax profit decreased 12%
- Some customers deferred maintenance during the second quarter. A stronger economy and higher truck traffic increased demand for aftermarket services as the quarter progressed.
- New PDCs in Las Vegas, Nevada, and Ponta Grossa, Brasil opened in second quarter 2020
## Financial Services

### Balance Sheet & First Half 2020 Profit

**Segment Pretax Profit ( Millions of Dollars)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Pretax Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$164</td>
</tr>
<tr>
<td>2020</td>
<td>$104</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>6/30/2020</th>
<th>$ Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance &amp; Other Receivables</td>
<td>$11,133</td>
</tr>
<tr>
<td>Equipment on Operating Leases</td>
<td>2,952</td>
</tr>
<tr>
<td>Other Assets</td>
<td>963</td>
</tr>
<tr>
<td><strong>Total Financial Services Assets</strong></td>
<td><strong>$15,048</strong></td>
</tr>
<tr>
<td>Commercial Paper &amp; Bank Loans</td>
<td>2,980</td>
</tr>
<tr>
<td>Term Notes</td>
<td>7,417</td>
</tr>
<tr>
<td>Deferred Taxes &amp; Other Liabilities</td>
<td>1,263</td>
</tr>
<tr>
<td><strong>Total Financial Services Liabilities</strong></td>
<td><strong>11,660</strong></td>
</tr>
<tr>
<td>Equity</td>
<td>3,388</td>
</tr>
<tr>
<td><strong>Total Liabilities &amp; Equity</strong></td>
<td><strong>$15,048</strong></td>
</tr>
</tbody>
</table>

- Pretax profit decreased due primarily to used truck sales results
- Portfolio performed well with low provision for bad debt and 0.8% past dues
- High quality portfolio of 202,000 trucks and trailers
- Used truck centers recently opened in Denton, Texas, and Prague, Czech Republic. Madrid, Spain, center will open in 2021.
### PACCAR Inc

#### A+/A1 Credit Ratings

<table>
<thead>
<tr>
<th>($ Millions)</th>
<th>6/30/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mfg Cash &amp; Securities</td>
<td>$ 4,167</td>
</tr>
<tr>
<td>Other Manufacturing Assets</td>
<td>7,191</td>
</tr>
<tr>
<td>Financial Services Assets</td>
<td>15,048</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$ 26,406</strong></td>
</tr>
<tr>
<td>Manufacturing Debt</td>
<td>$ -</td>
</tr>
<tr>
<td>Manufacturing Liabilities</td>
<td>4,969</td>
</tr>
<tr>
<td>Financial Services Liabilities</td>
<td>11,660</td>
</tr>
<tr>
<td>Shareholders' Equity</td>
<td>9,777</td>
</tr>
<tr>
<td><strong>Total Liabilities &amp; Equity</strong></td>
<td><strong>$ 26,406</strong></td>
</tr>
</tbody>
</table>

#### Key Points:

- **Superb balance sheet**
- **$4.2 billion in manufacturing 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
PACCAR Competitive Advantages

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