

PACCAR Inc



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^{Inc}



PACCAR FINANCIAL PACCAR PARTS

PACCAR MEXICO PACCAR ENGINES



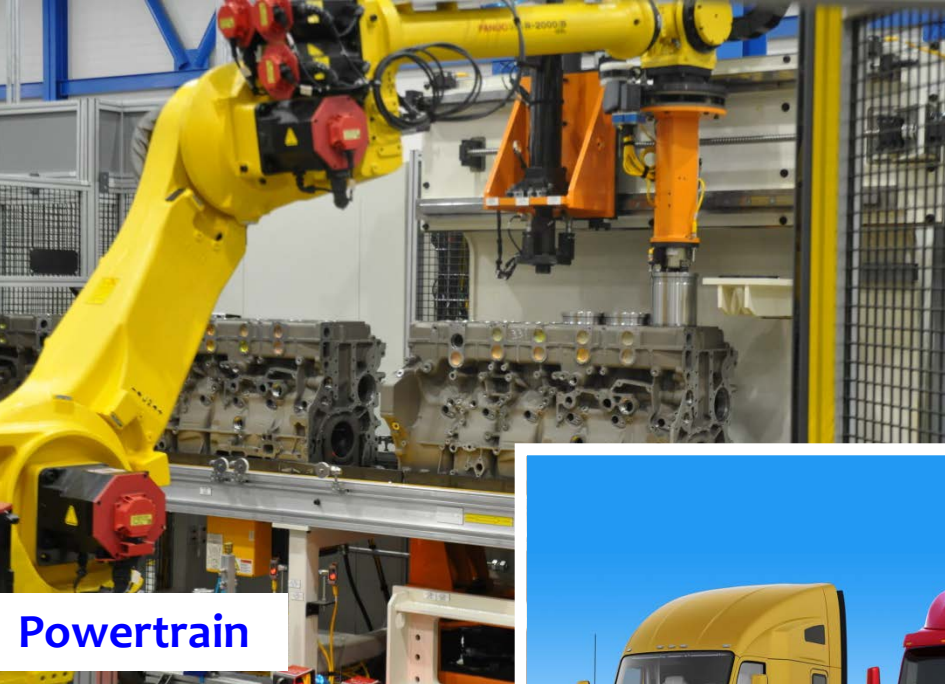
PACCAR
INFORMATION
TECHNOLOGY



PACCAR WINCH DIVISION
BRADEN CARCO Gearmatic



DYNACRAFT
A PACCAR COMPANY



Powertrain



Aftermarket Support



Commercial Vehicles



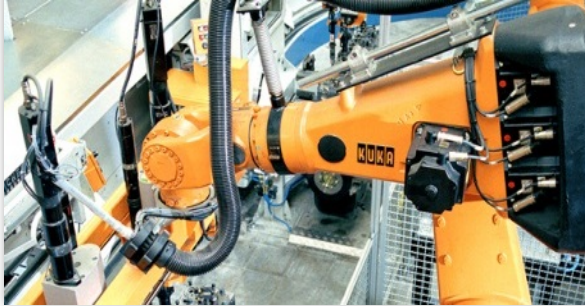
Information Technology



Financial Services

PACCAR Strategy

Quality



Technology



Innovation



Premium Products and Services

Profitable Market Share Growth

Geographic Expansion

PACCAR Values

Quality

Highest
Integrity

Operational
Excellence

Conservative
Financial
Management

Long Term
Perspective



Trucking Moves the Economy

If you bought it, it probably was delivered by a truck



69%



15%



10%



6%

Truck

Rail

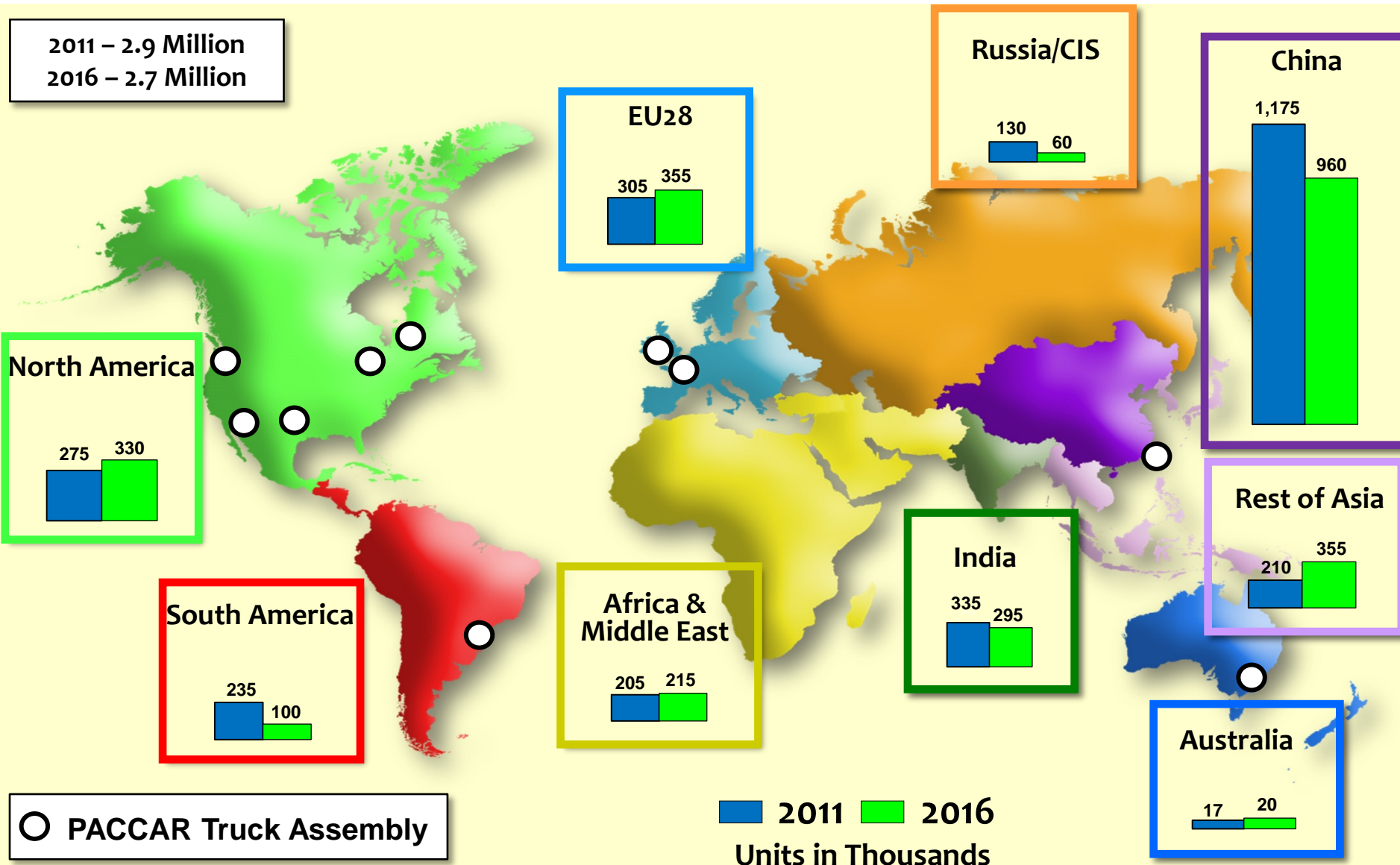
Pipeline

Water

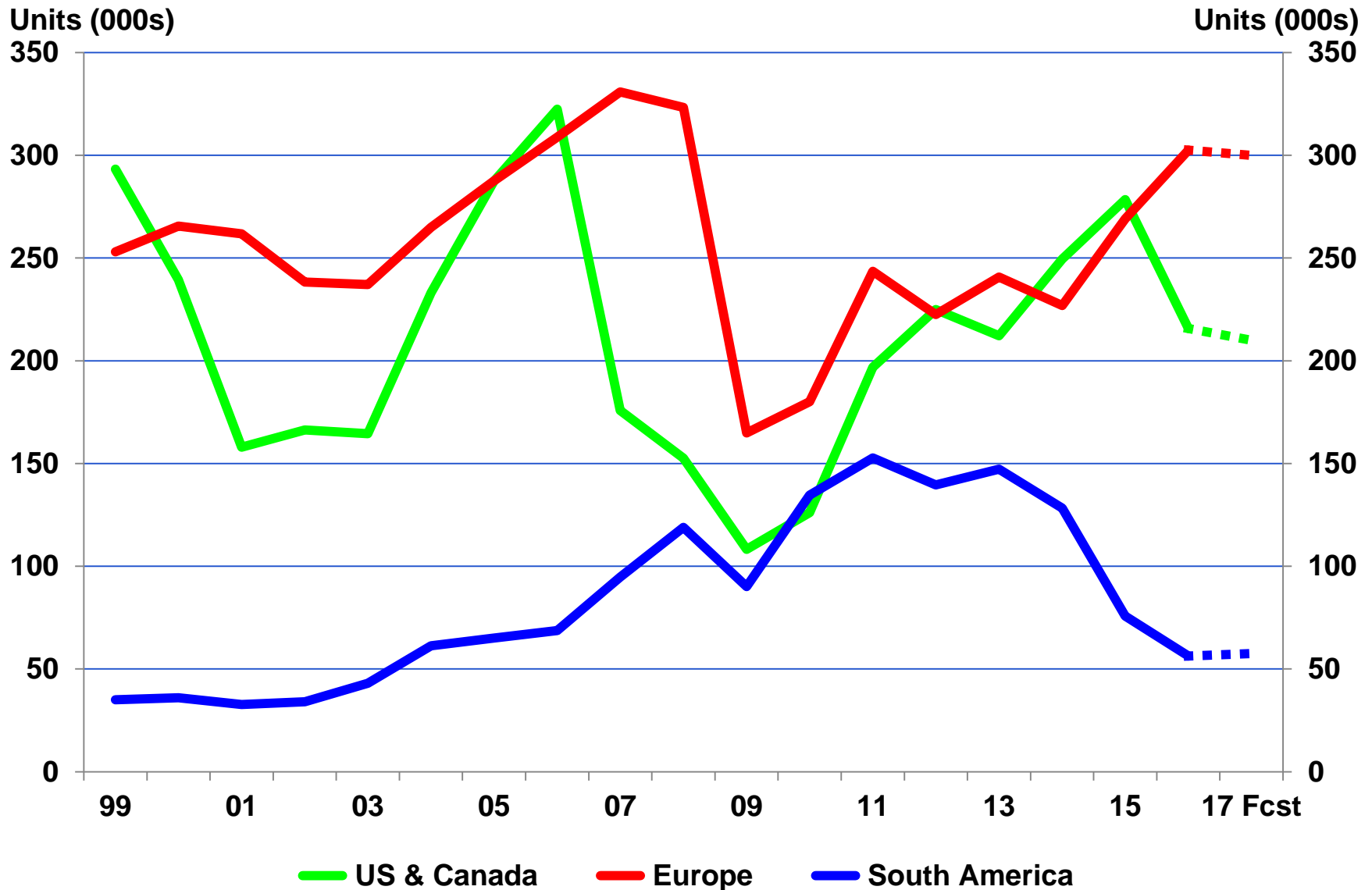
% Total U.S. Freight Tonnage Hauled by Transportation Mode

Global >6T Truck Markets

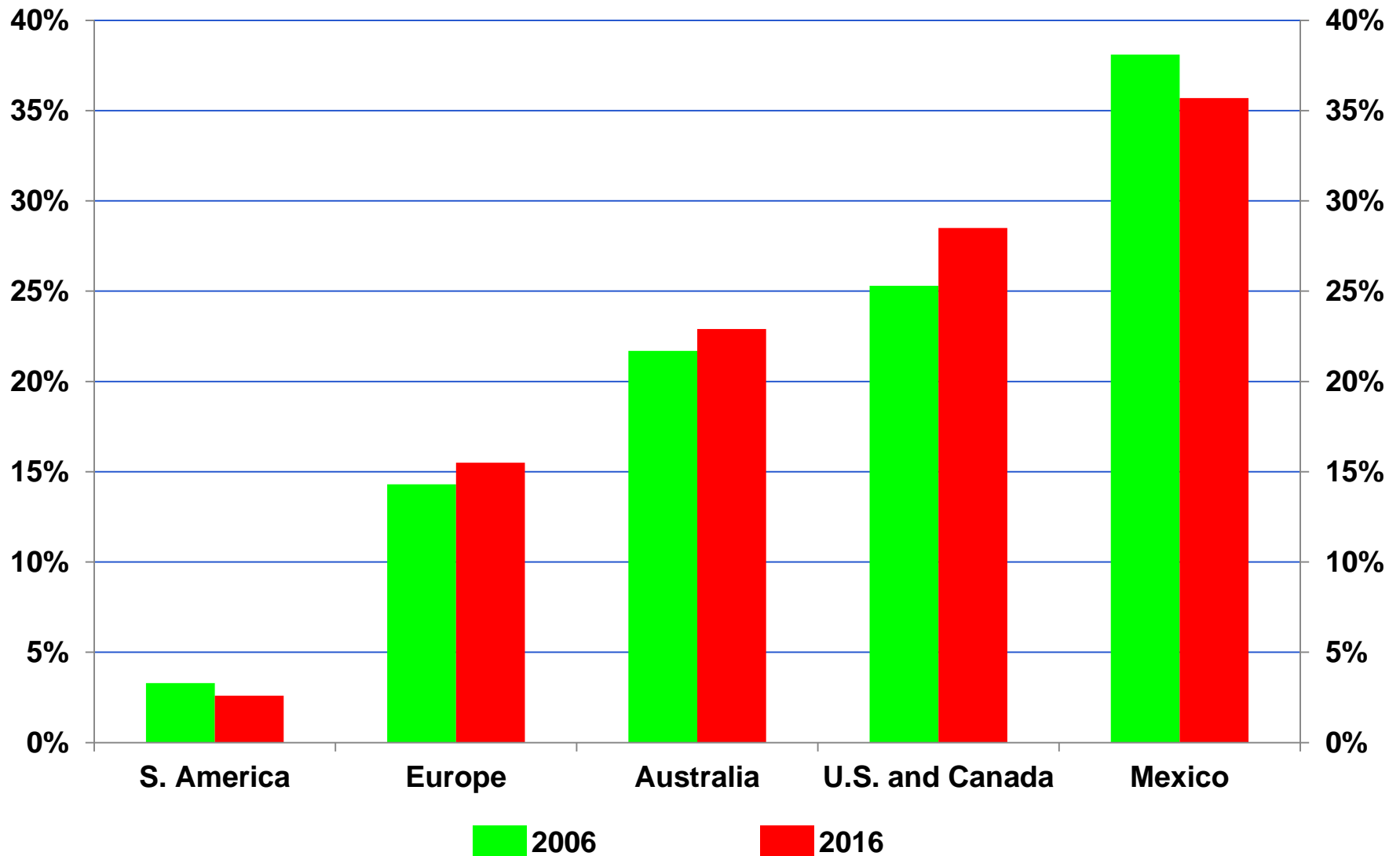
2011 – 2.9 Million
2016 – 2.7 Million



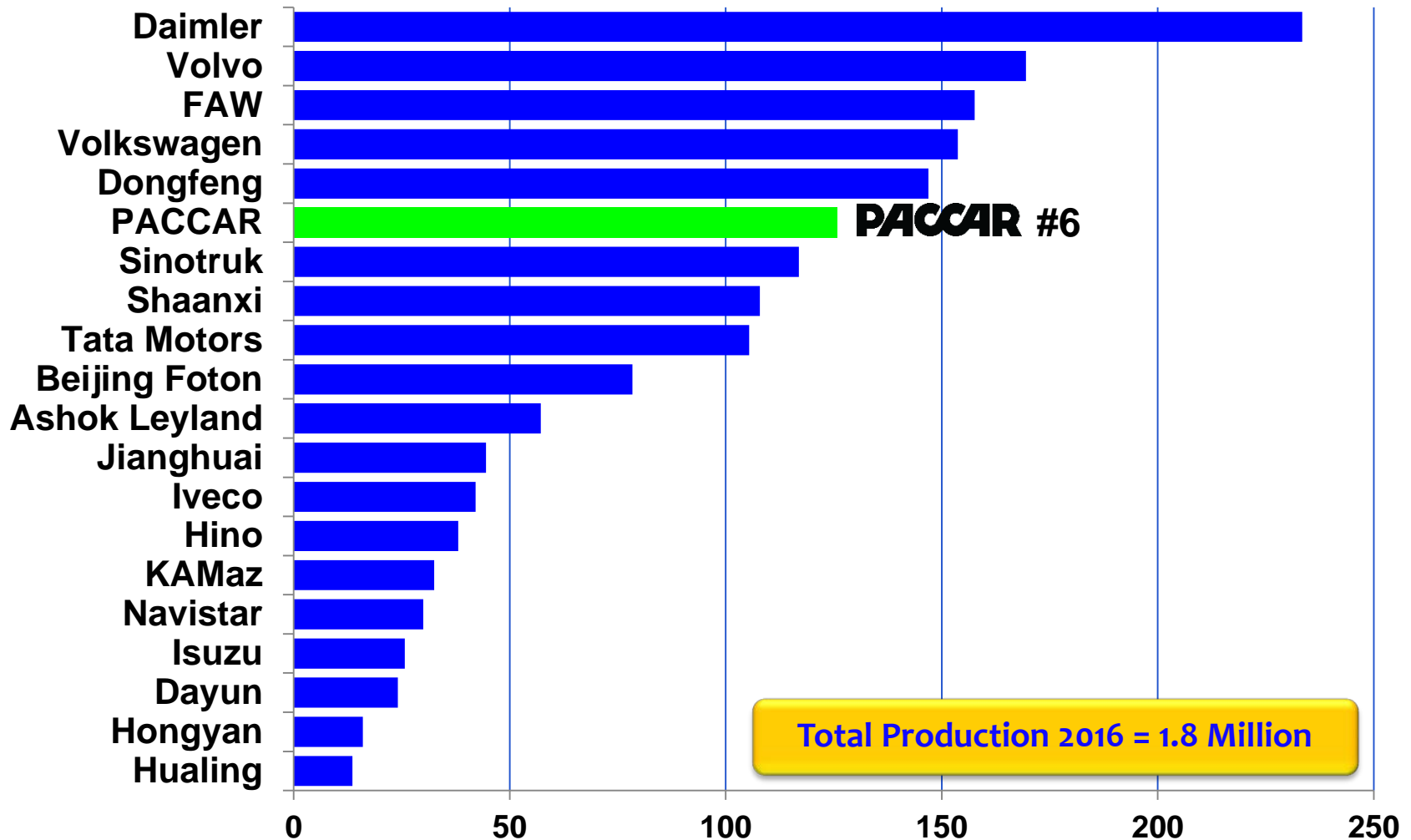
Heavy Duty Commercial Vehicles



PACCAR Heavy Duty Market Share

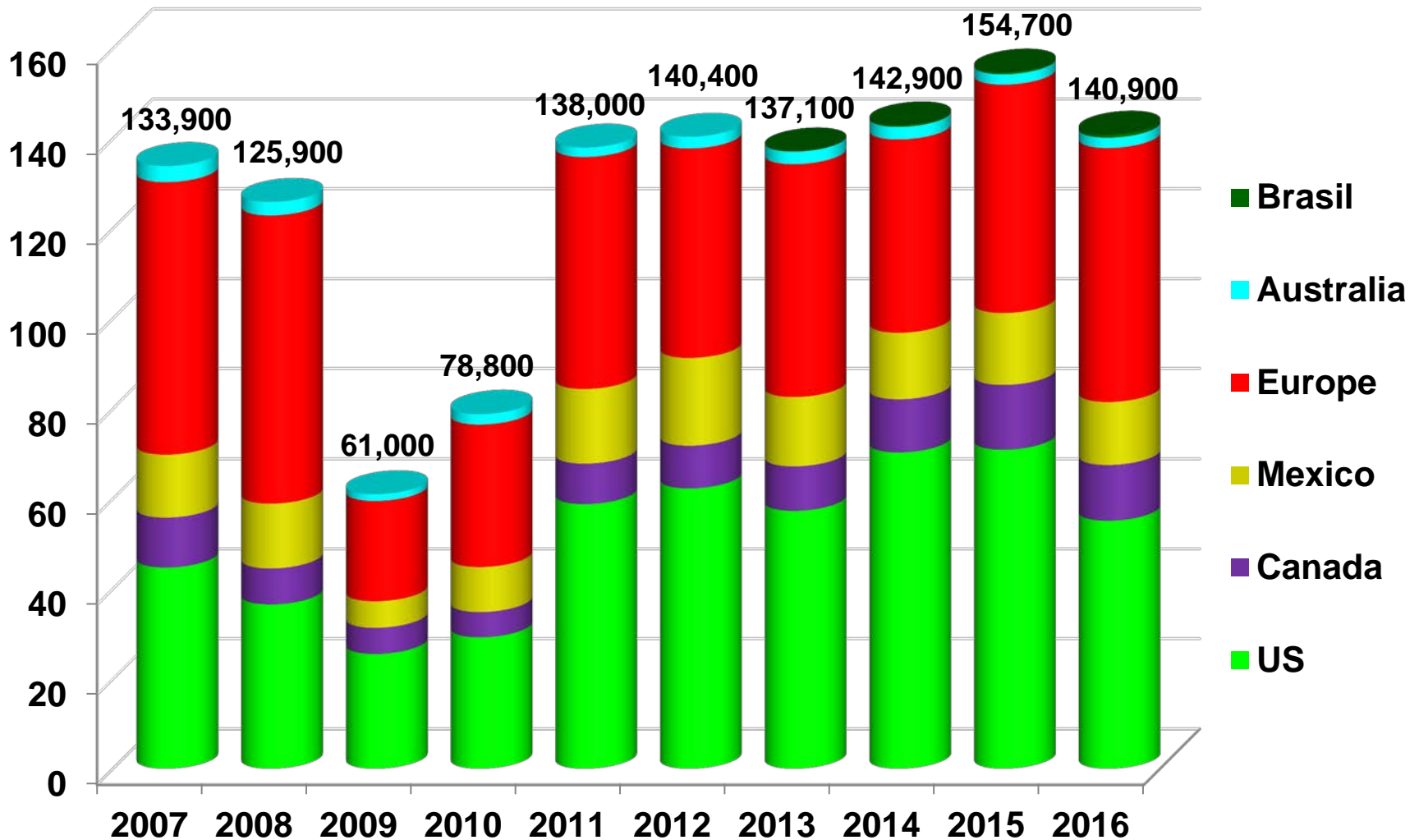


>16T Truck Manufacturing 2016 Production (Units 000's)



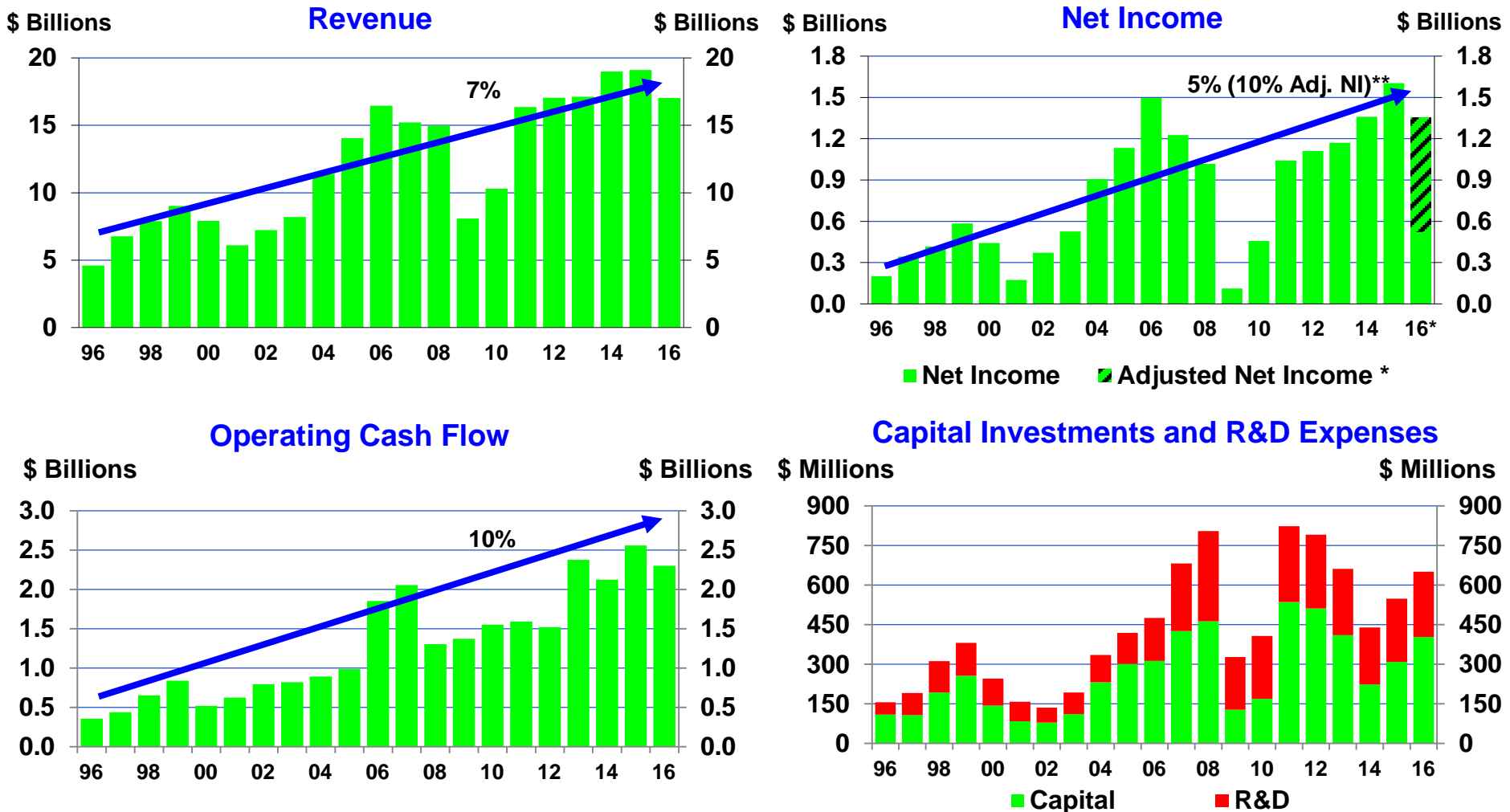
PACCAR Truck Production

1.3 Million Trucks Produced 2007-2016



PACCAR

Excellent Financial Performance Throughout the Business Cycle

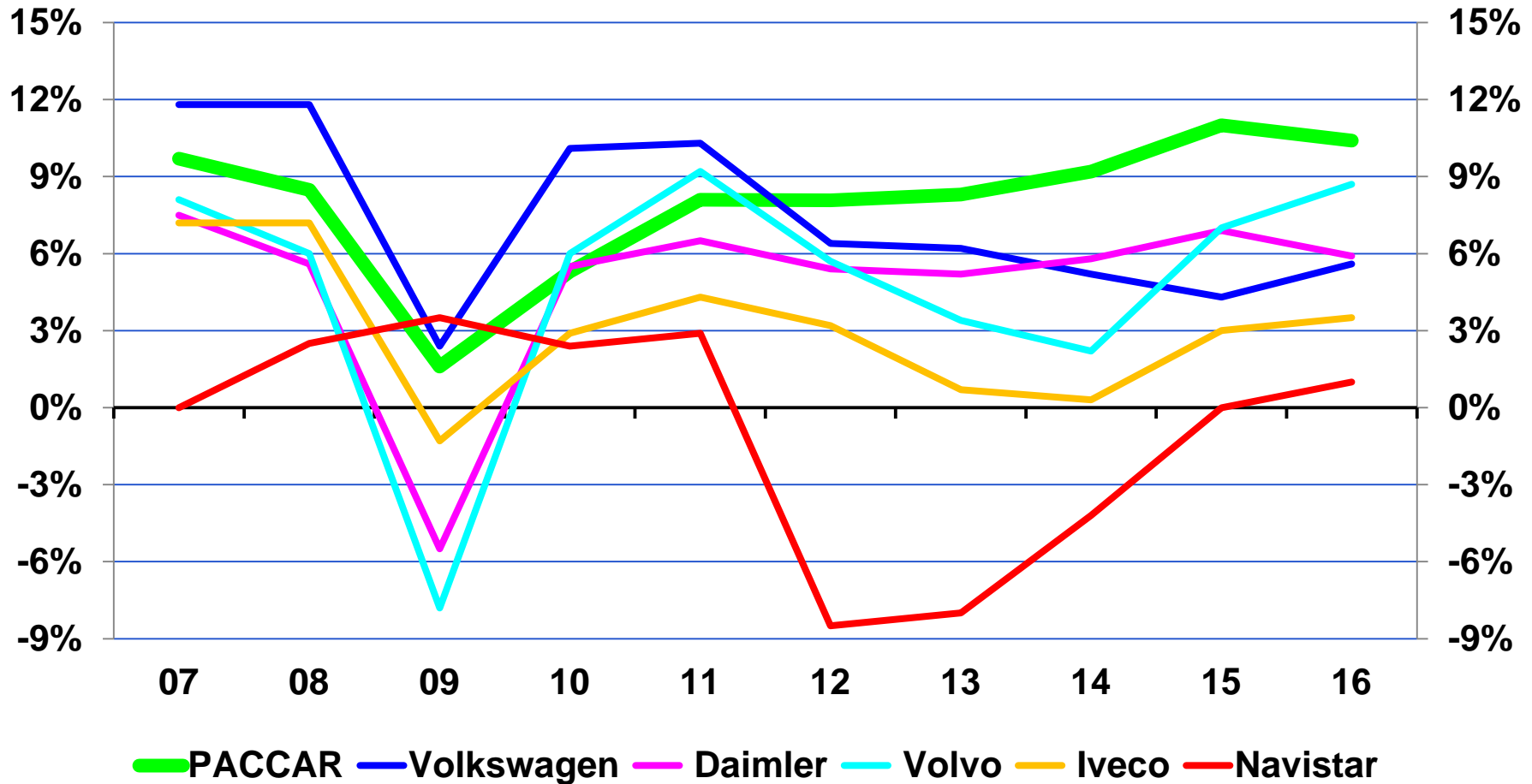


* 2016 adjusted net income excludes non-recurring European Commission charge of \$833 million. See appendix for supplementary information on Non-GAAP measures.

** 10% Compounded Annual Growth Rate was determined using Adjusted Net Income of \$1,355 million.

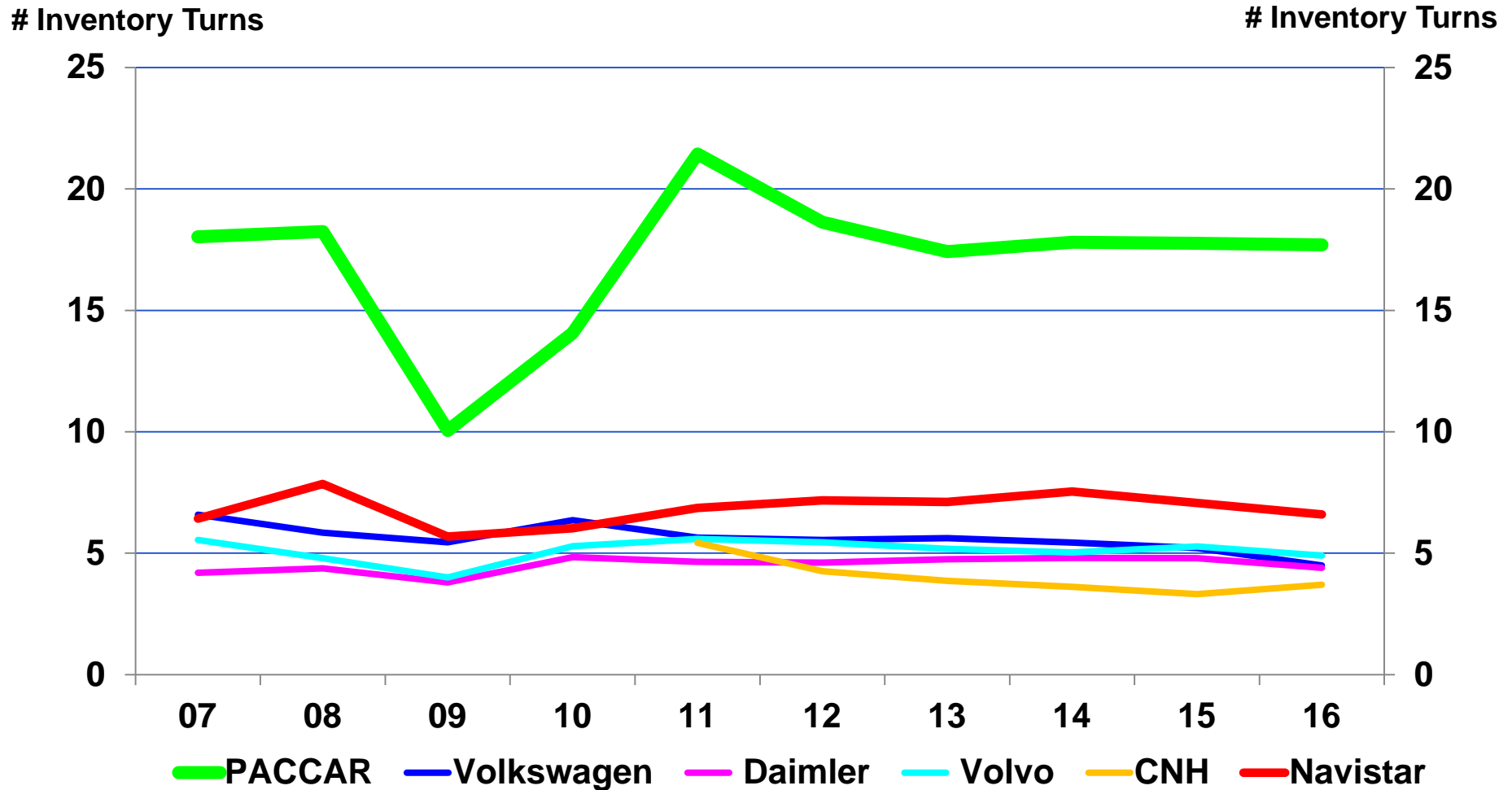
Best-in-Class Operating Efficiency

Commercial Vehicle Segment Operating Margin



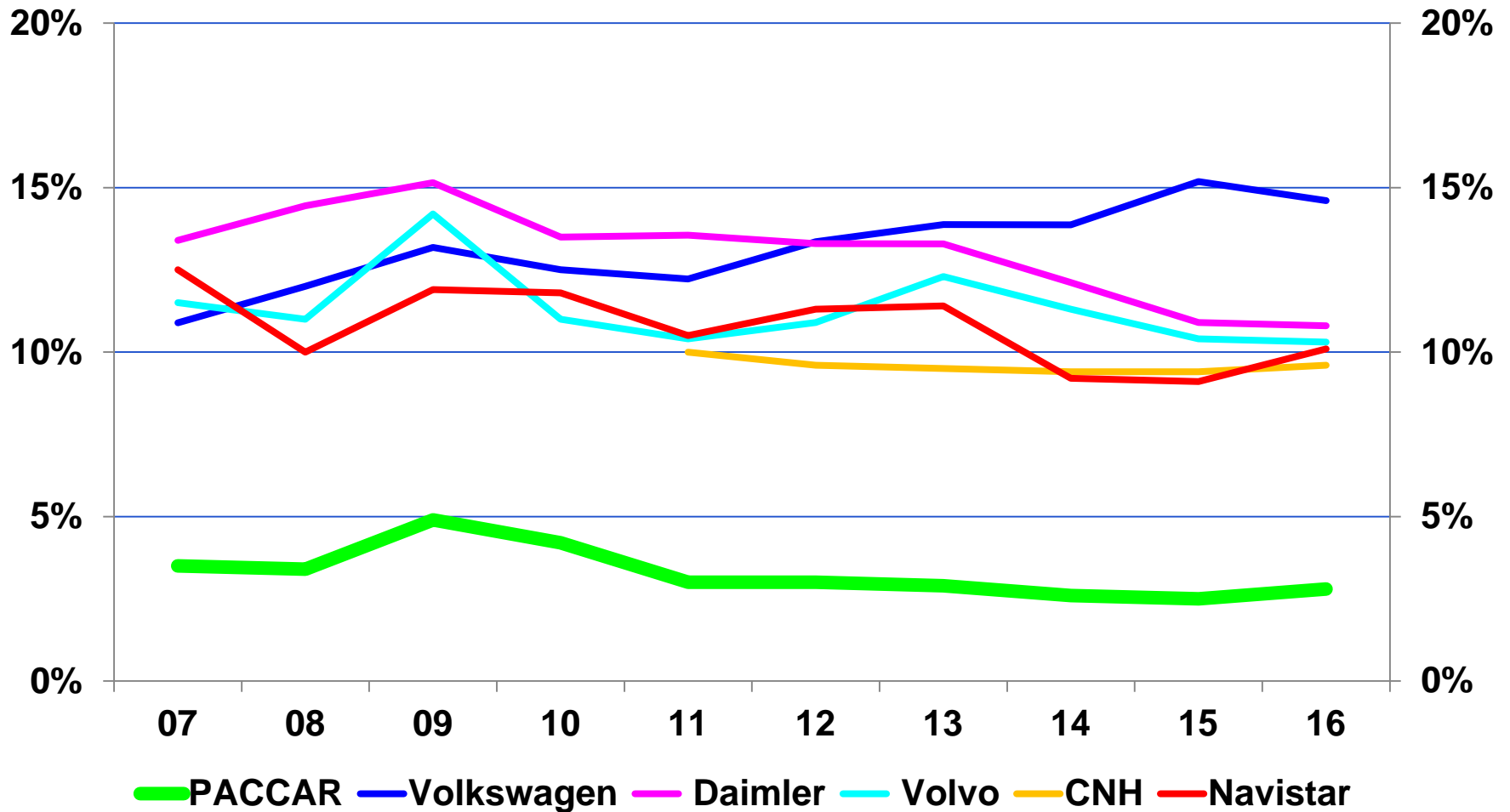
Best-in-Class Operating Efficiency

Inventory Turns

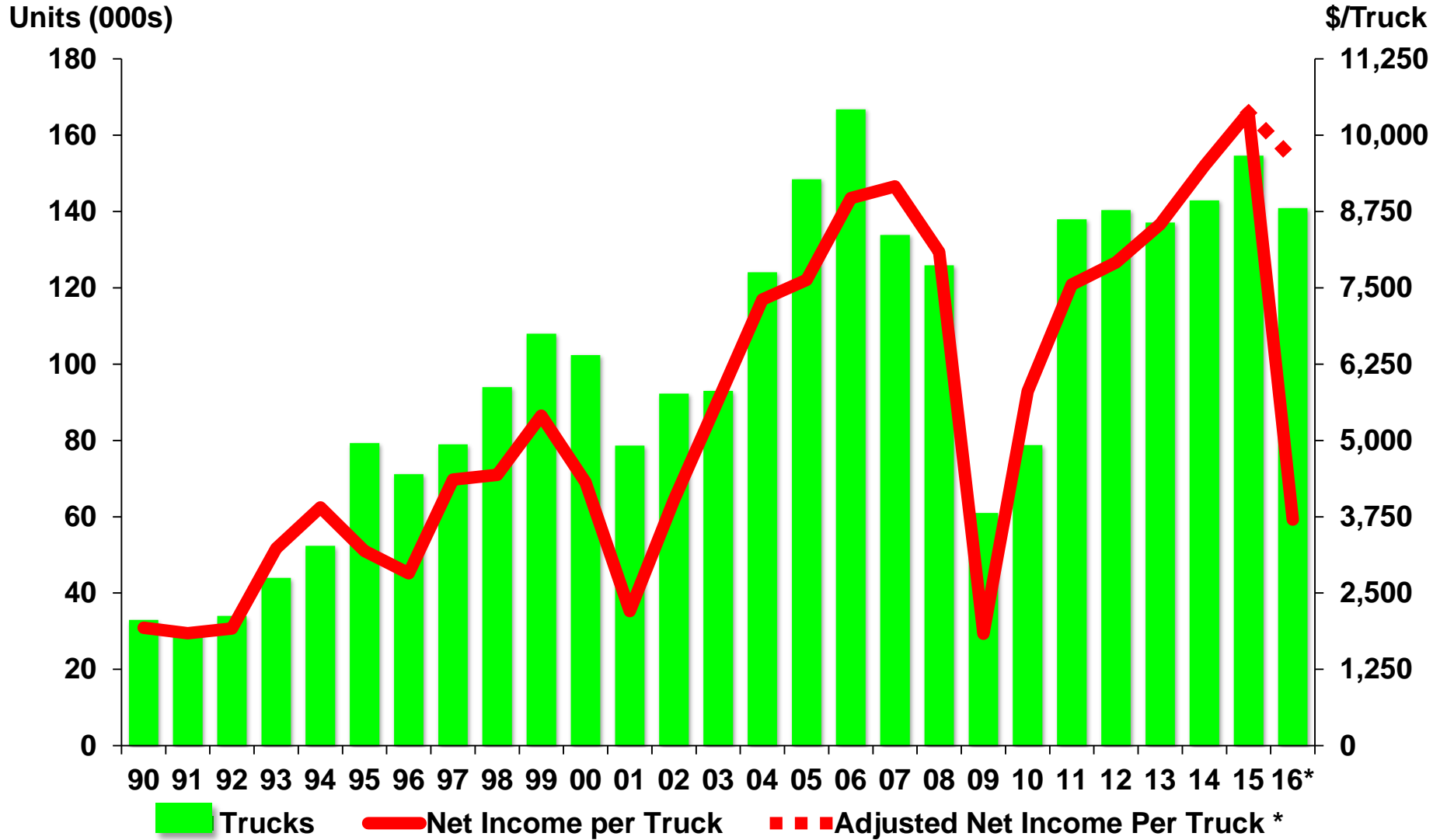


Best-in-Class Operating Efficiency

SG&A % of Sales

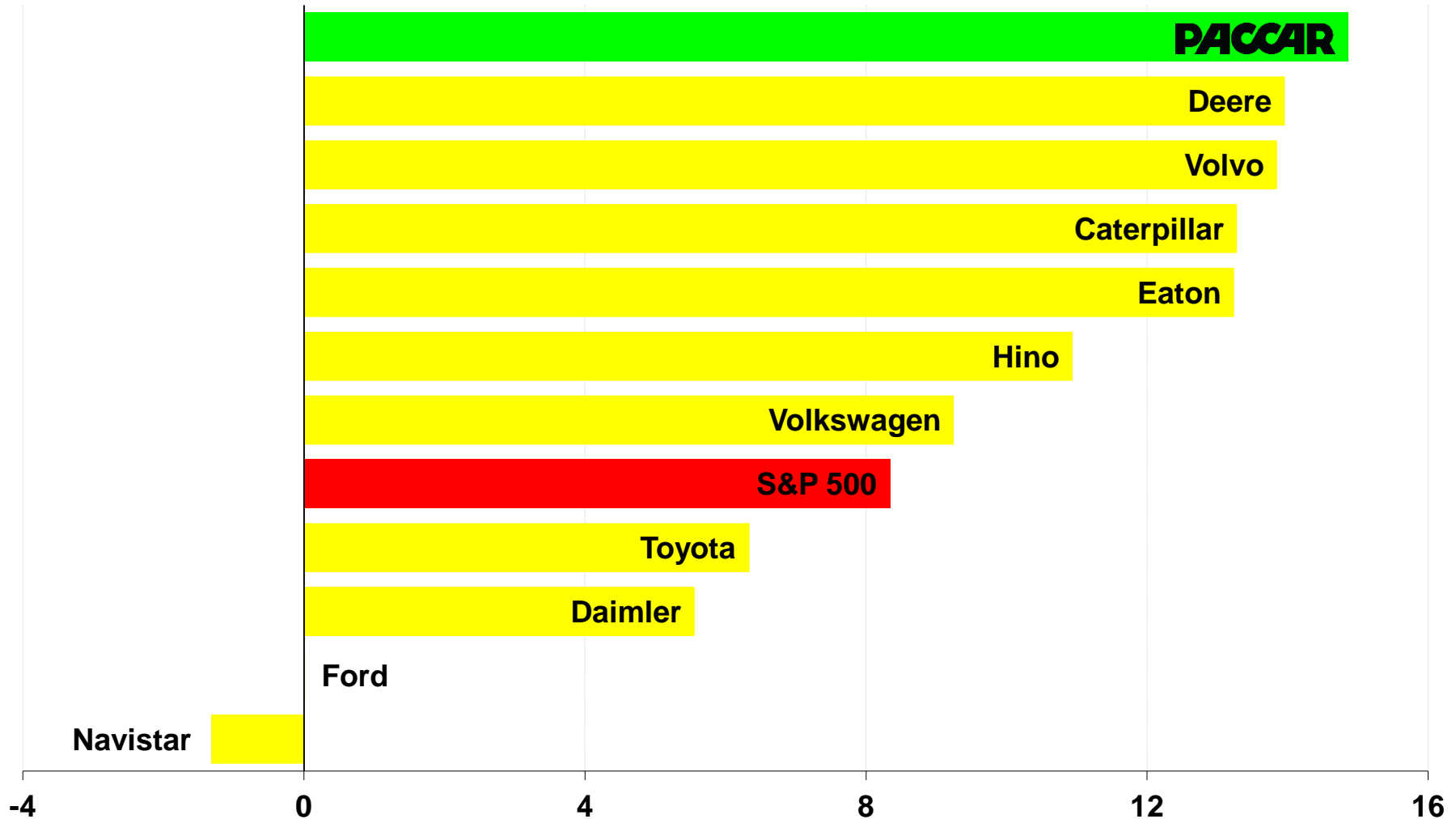


Net Income per Truck



* 2016 Adjusted Net Income Per Truck was determined using Adjusted Net Income of \$1,355 million, which excludes non-recurring European Commission charge of \$833 million. See appendix for supplementary information on non-GAAP measures.

Annualized Shareholder Total Return % Fifteen Years, As of June 30, 2017



PACCAR Inc

A+/A1 Credit Ratings

	(\$ Millions) 6/30/17
Cash & Securities	\$ 3,005
Manufacturing Assets	6,360
Financial Services Assets	12,688
Total Assets	<u>\$ 22,053</u>
Manufacturing Debt	\$ 0
Manufacturing Liabilities	4,598
Financial Services Liabilities	9,955
Shareholders' Equity	<u>7,500</u>
Total Liabilities & Equity	<u>\$ 22,053</u>

PACCAR Overview – Q2 2017



Consolidated Sales & Revenues \$4.7 Billion

Net Income \$373 Million

PACCAR Financial Pre-Tax Profit \$63 Million

**PACCAR Parts Record Pre-Tax Profit
\$152 Million**

Stockholders' Equity \$7.5 Billion

A1/A+ Credit Ratings

**Regular Dividend Increased 25% in Last 5
Years**

PACCAR Revenues and Profit

78 consecutive years of net profit

Dividends every year since 1941

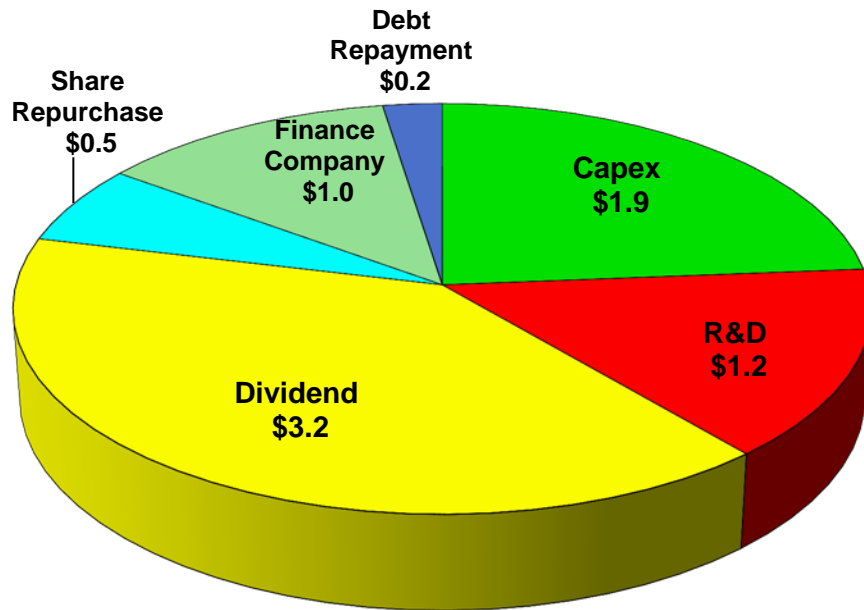
(\$ Millions)	2 nd Quarter		Six Months	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues	\$4,704	\$4,413	\$8,942	\$8,713
Net Income (Loss)	373	481	683	(113)
Diluted EPS	1.06	1.37	1.94	(0.32)
Adjusted Net Income (Non-GAAP)		372		720
Adjusted Diluted EPS		1.06		2.05

Note: See appendix for supplementary information on non-GAAP financial measures

PACCAR Capital Allocation

Uses of Cash Flow
2012 – 2016: \$8 Billion

Capital Allocation Strategy



- R&D and capex investments drive future growth
- Credit rating of A+/A1 reflects strategic nature of our financial services operations
- Long history of successful acquisitions; highly selective, strategic, clear path to value creation
- Quarterly plus special dividends
- Strategic share repurchases

New Products and Technologies



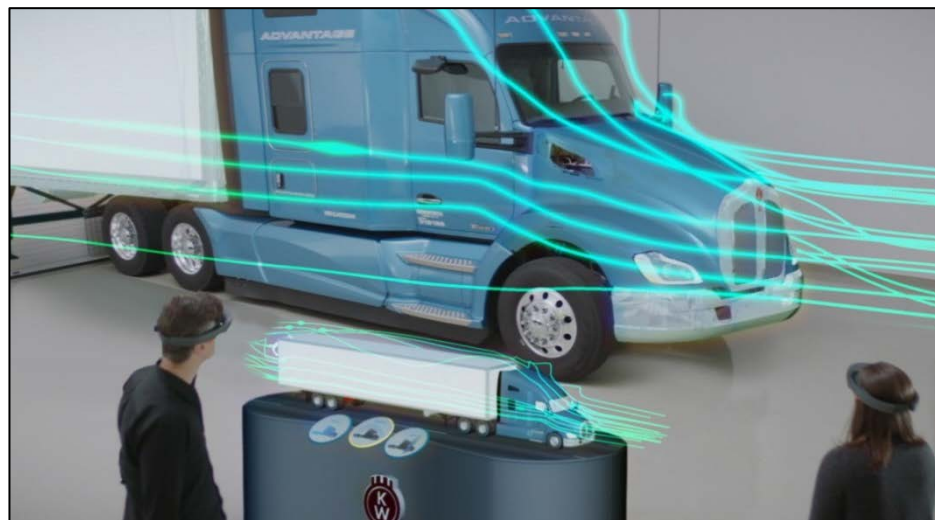
2017 DAF CF & XF



PACCAR Axles



Platooning



HoloLens – Augmented Reality

PACCAR Investments



DAF Sales Office, Haddenham, U.K.



DAF, Westerlo, Belgium

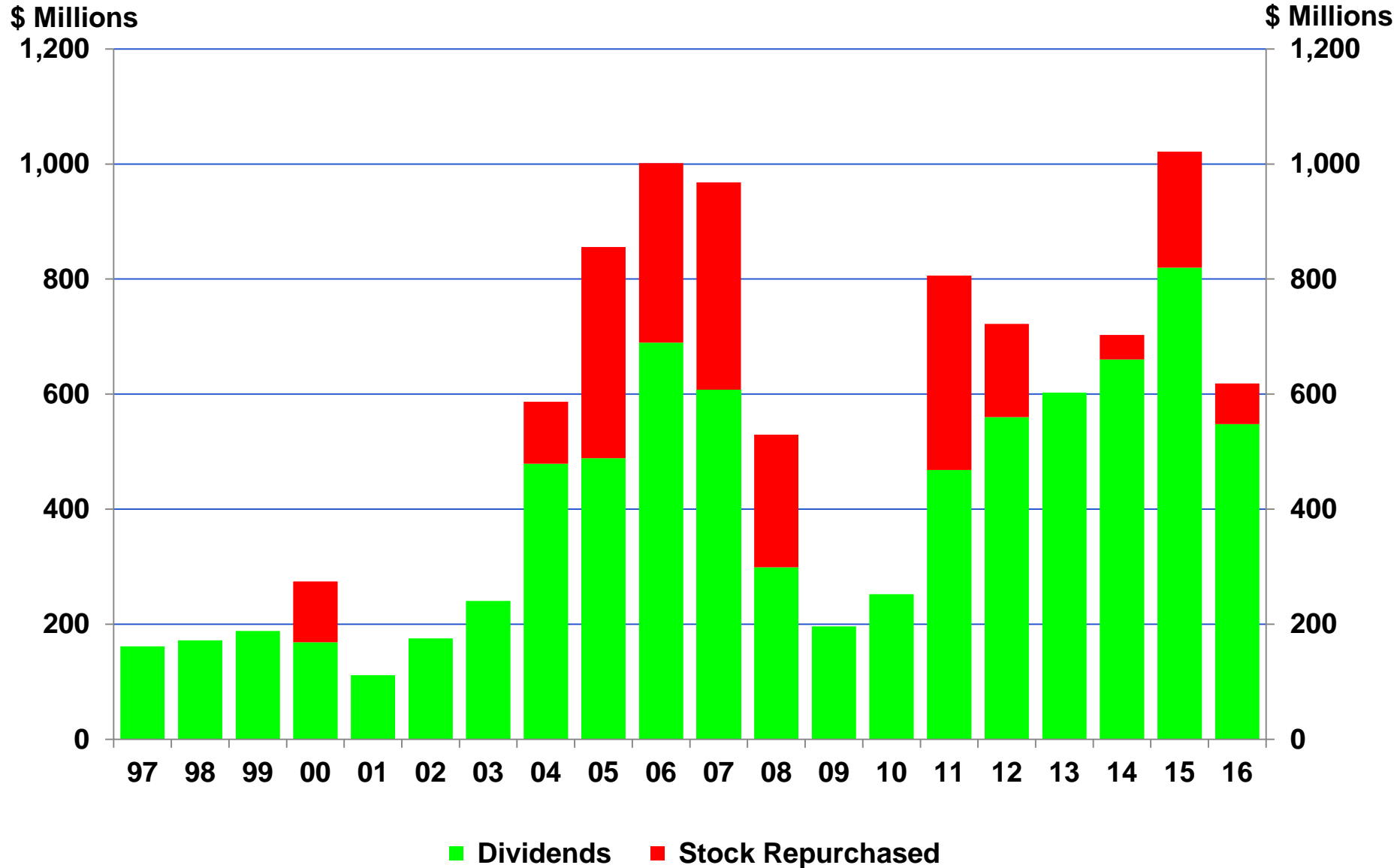


PACCAR Engine Factory, Columbus, Mississippi

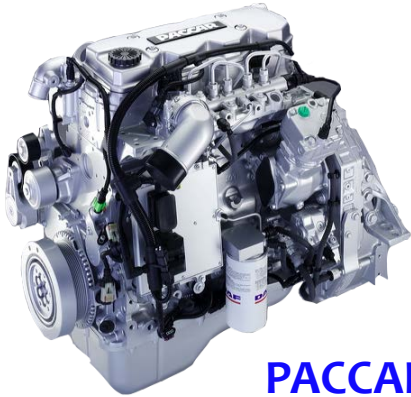


PACCAR Parts Distribution Center, Toronto, Canada

Dividends Declared and Stock Repurchases



PACCAR Engines Worldwide



PACCAR PX-5
4.5 Liter



PACCAR PX-7
6.7 Liter



PACCAR PX-9
8.9 Liter



PACCAR PR
9.2 Liter

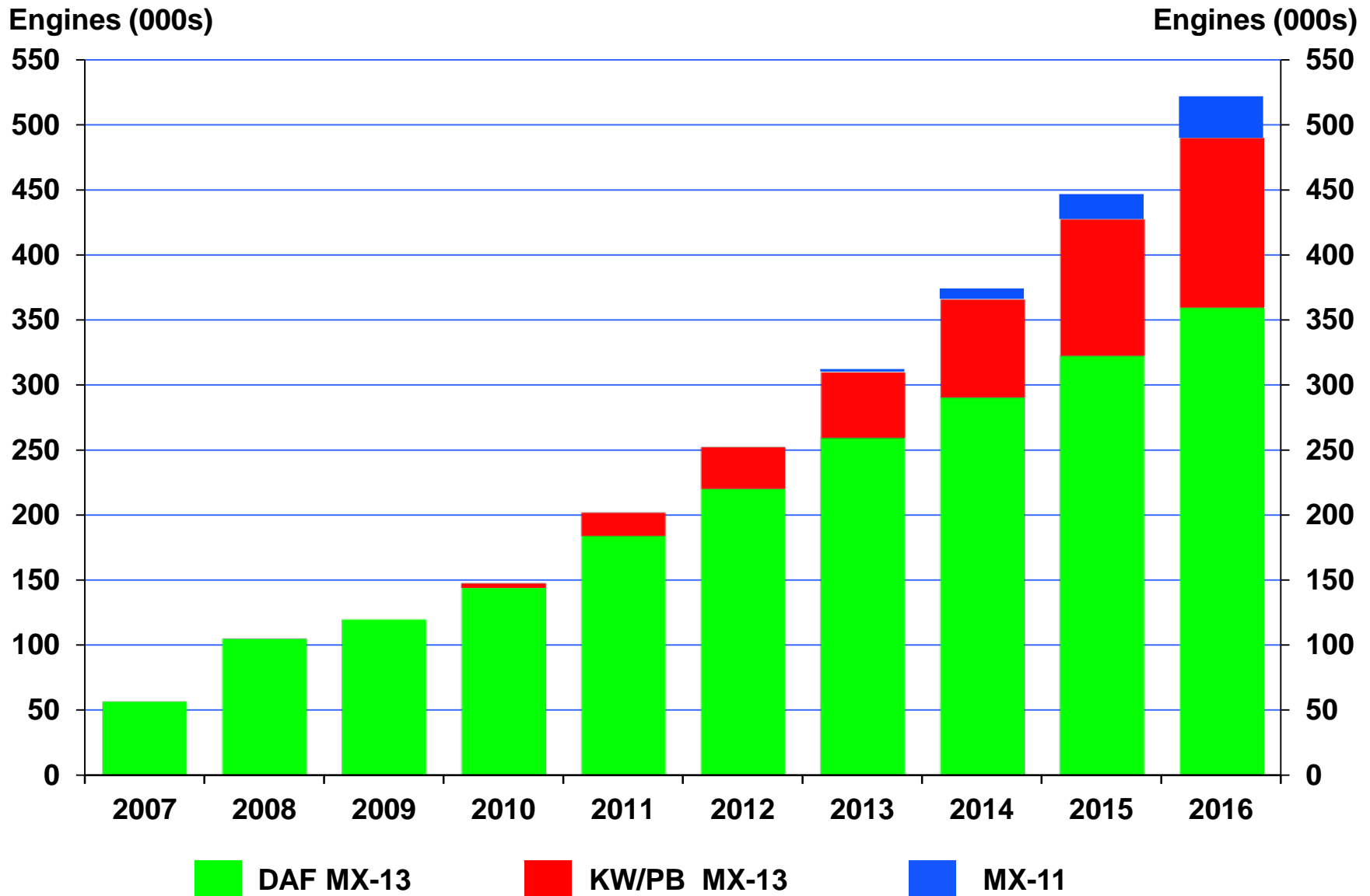


PACCAR MX-11
10.8 Liter

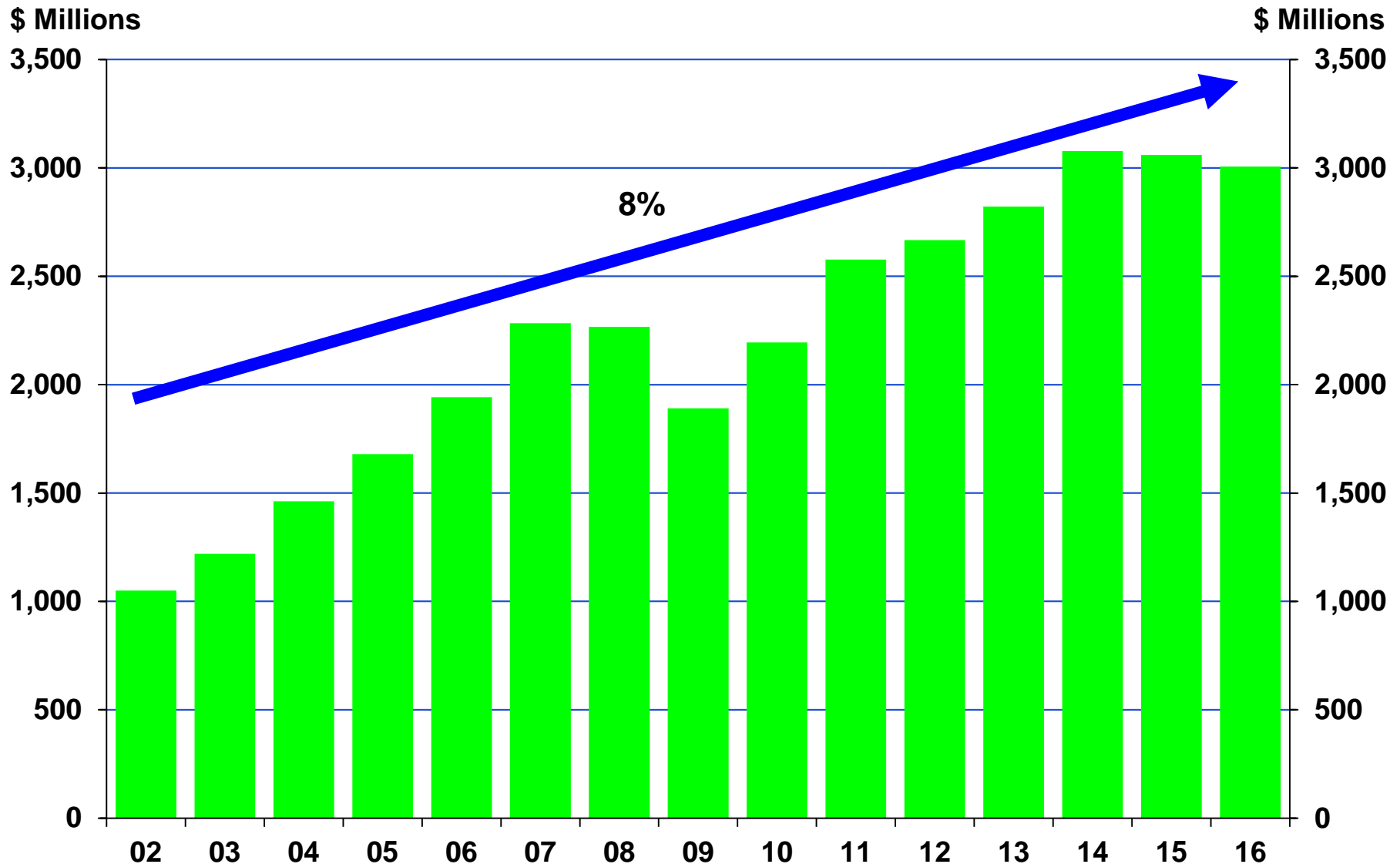


PACCAR MX-13
12.9 Liter

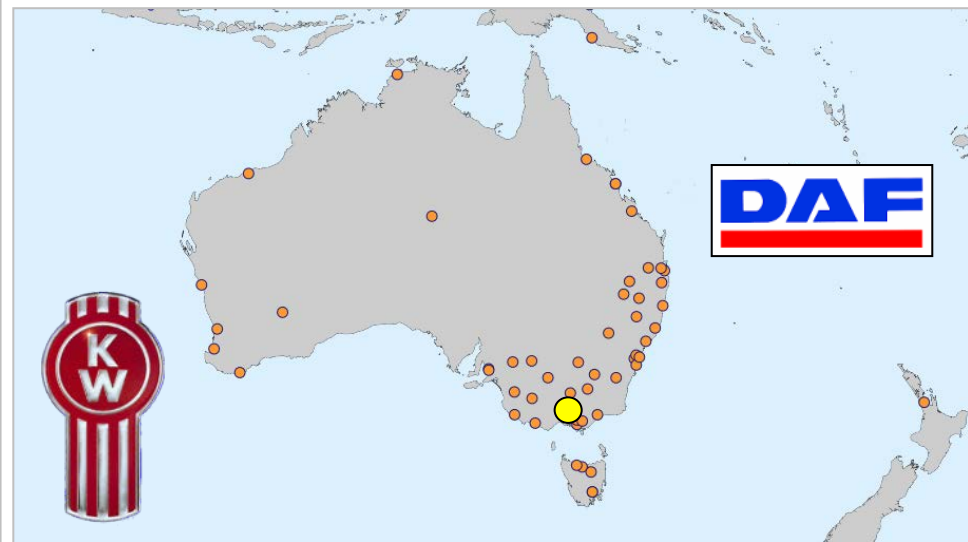
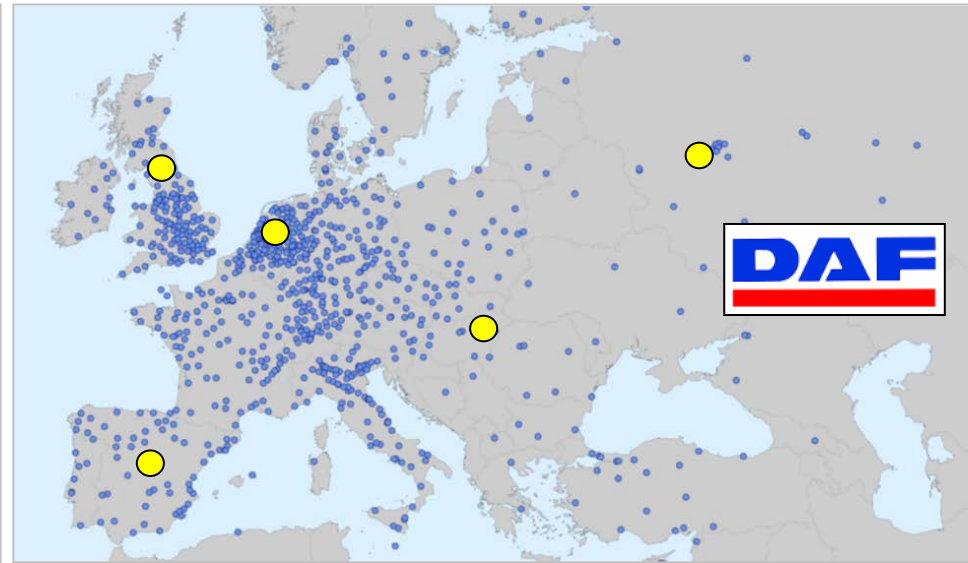
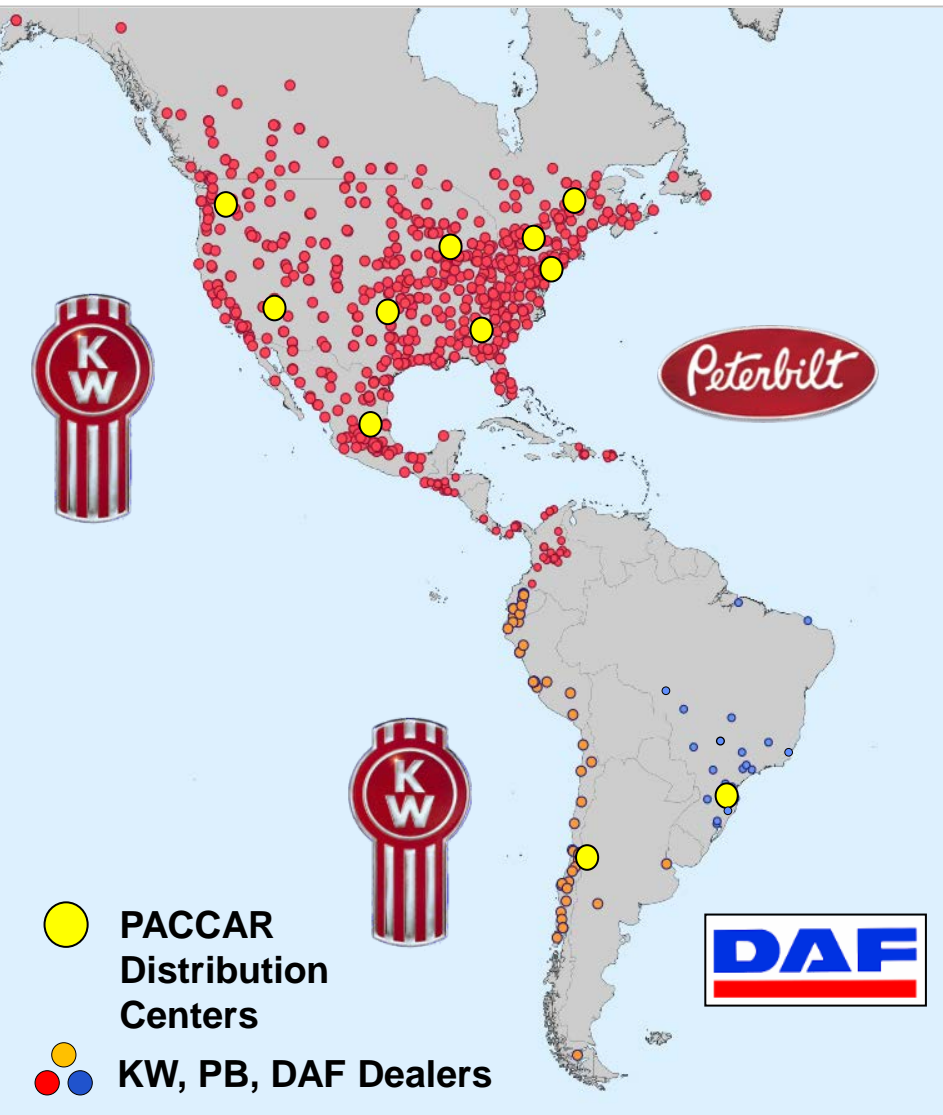
Cumulative PACCAR MX Engines Produced



PACCAR Parts Revenue



PACCAR Parts Distribution Centers and Dealers



PACCAR Parts Investments



Eindhoven, NL



Lancaster, PA



Renton, WA



Ponta Grossa, BR

PACCAR Global Dealer Network



DAF Brasil



Road to Autonomous Commercial Vehicles

Component Controls

1980-2014

- Anti Lock Braking
- Lane Departure Warning
- Object Detection
- Adaptive Cruise Control

System Integration

2015-2017

- Collision Avoidance
- Lane Keeping Assist
- Predictive Cruise Control

Network Integration

2018-2024

- Vehicle to Vehicle Network
- Driver Monitoring

Automated Vehicle

2025+

- Vehicle to Infrastructure Network
- Automatic Lane Change
- Automatic Routing

Greater Vehicle Autonomy

- Improves Safety, Fuel Efficiency and Truck Utilization
 - Increases Truck Content
 - Increases Parts Demand

Environmental Leadership

Ranked in Top 10% of Companies Reporting
to CDP (Carbon Disclosure Project)

Reduce Environmental Impact Through Product
Design

Product Recyclability

90%+ Reduction in NOx and Particulate Emissions

Alternative Fuel Vehicles (Natural Gas, Hybrid)

Zero Waste to Landfill

Environmental Certification (ISO 14001)

EPA SmartWay

PACCAR Financial Services – Q2 2017



\$12.7 Billion in Assets

Pre-tax Profit \$63 Million

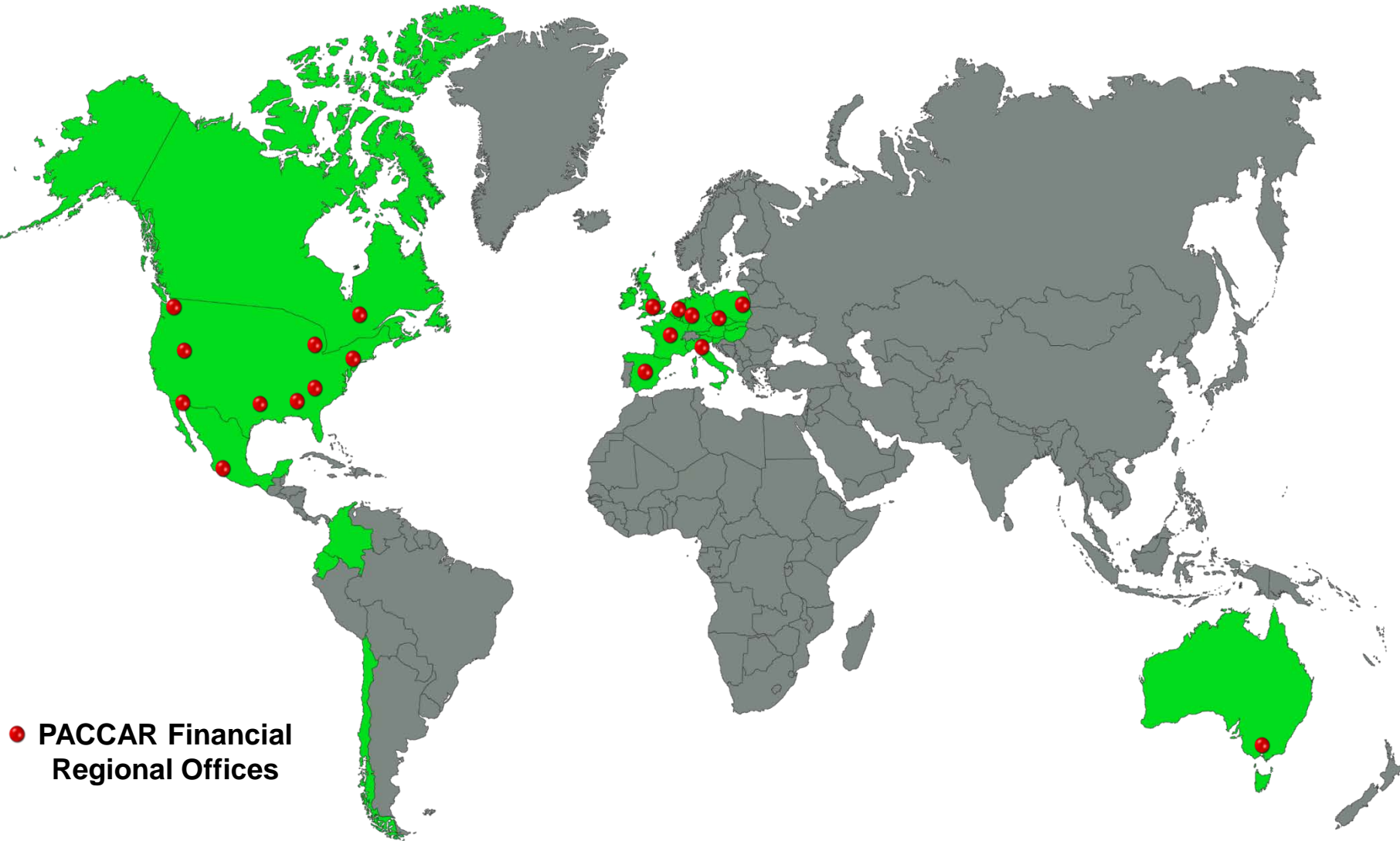
180,000 Vehicles Financed

**Dealer Floorplan
Retail Financing**

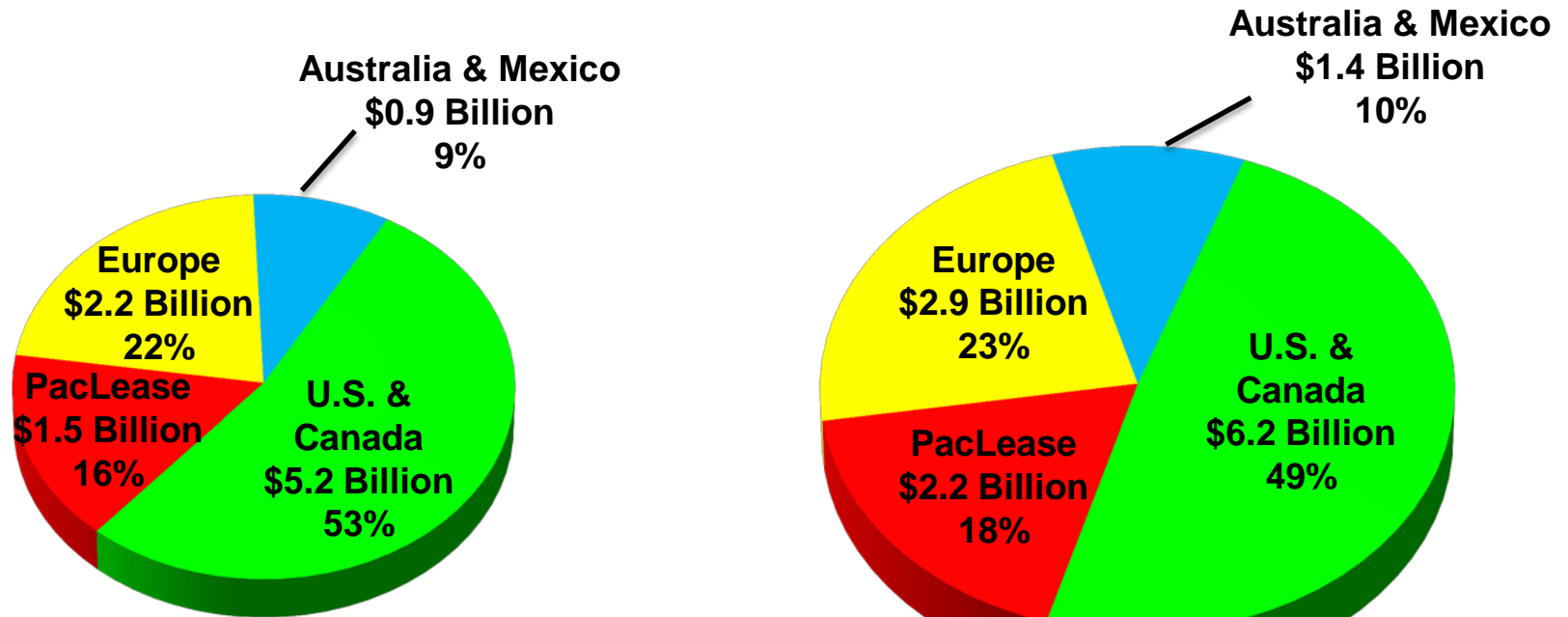
Full Service Leasing

PACCAR Financial Services

24 Countries on Four Continents



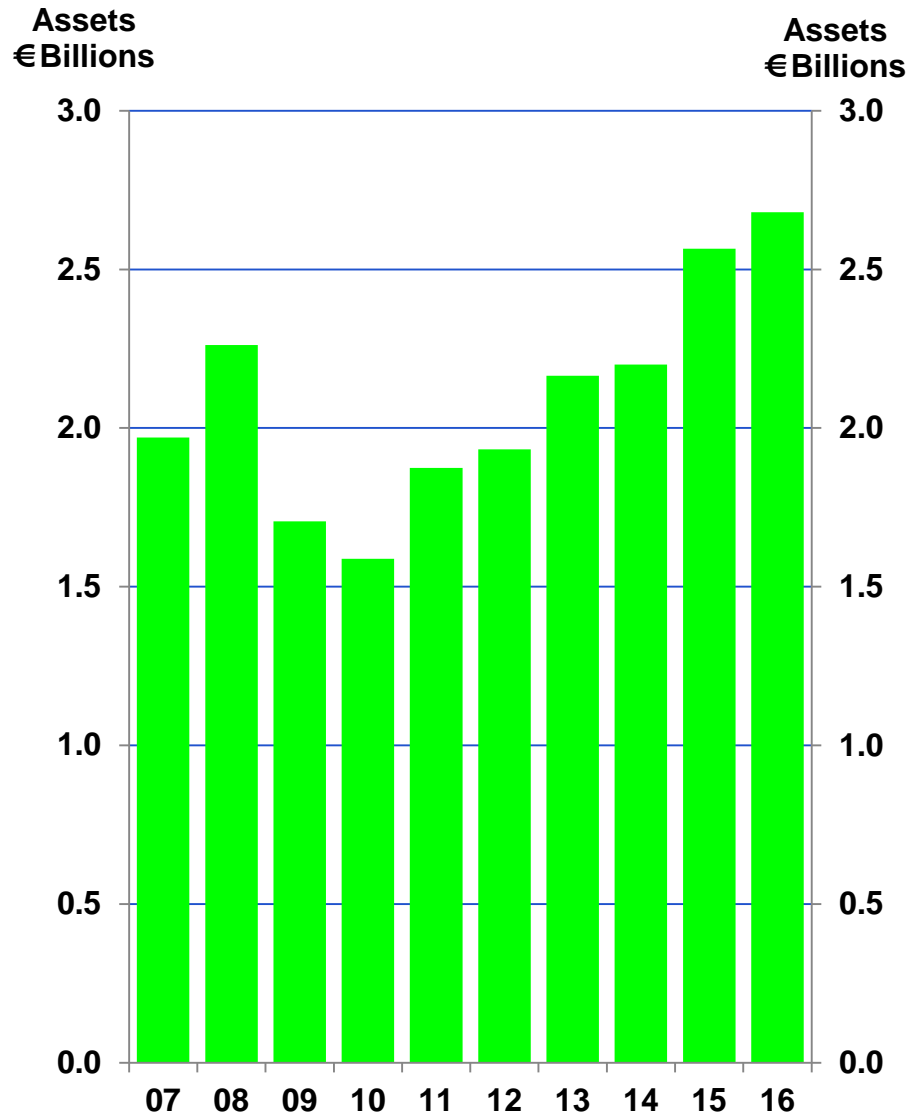
PACCAR Financial Services Assets



2006 - \$9.8 Billion

2Q17 - \$12.7 Billion

PACCAR Financial Europe

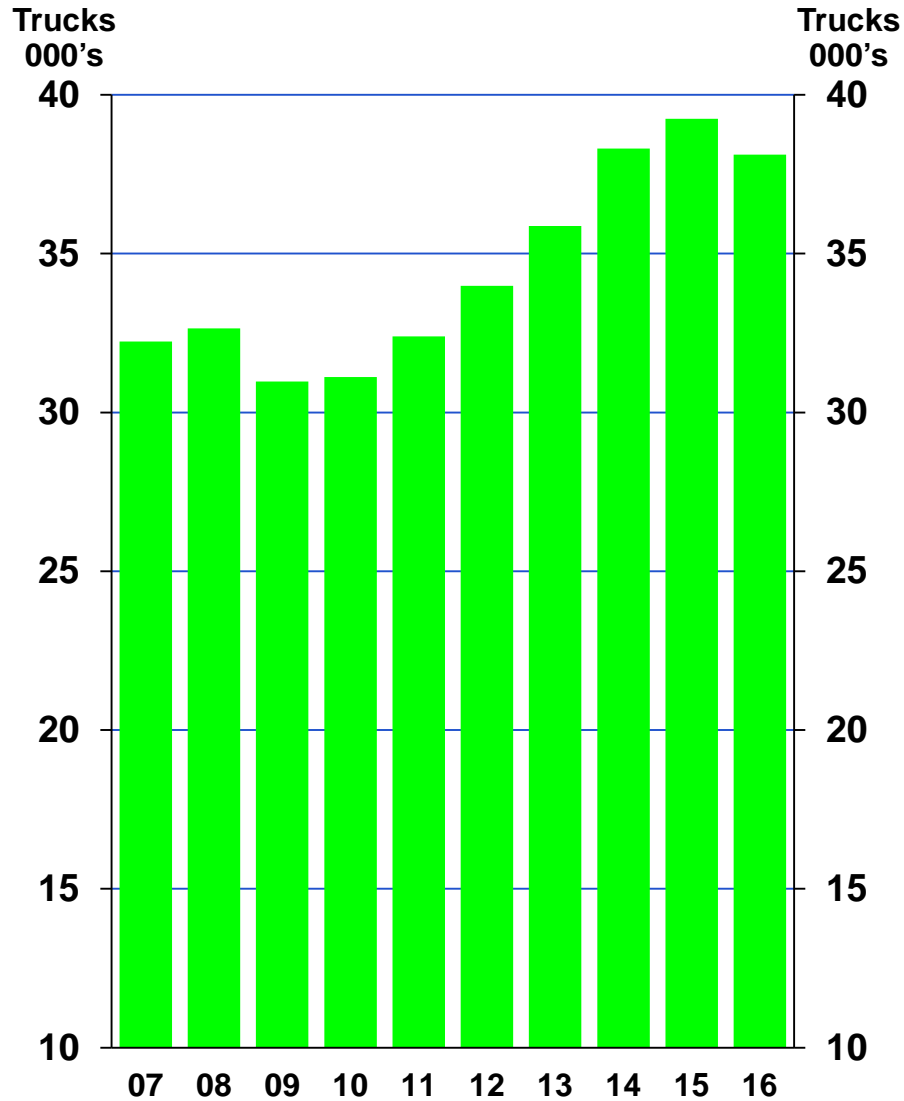


48,200 Vehicles

200 DAF Dealers

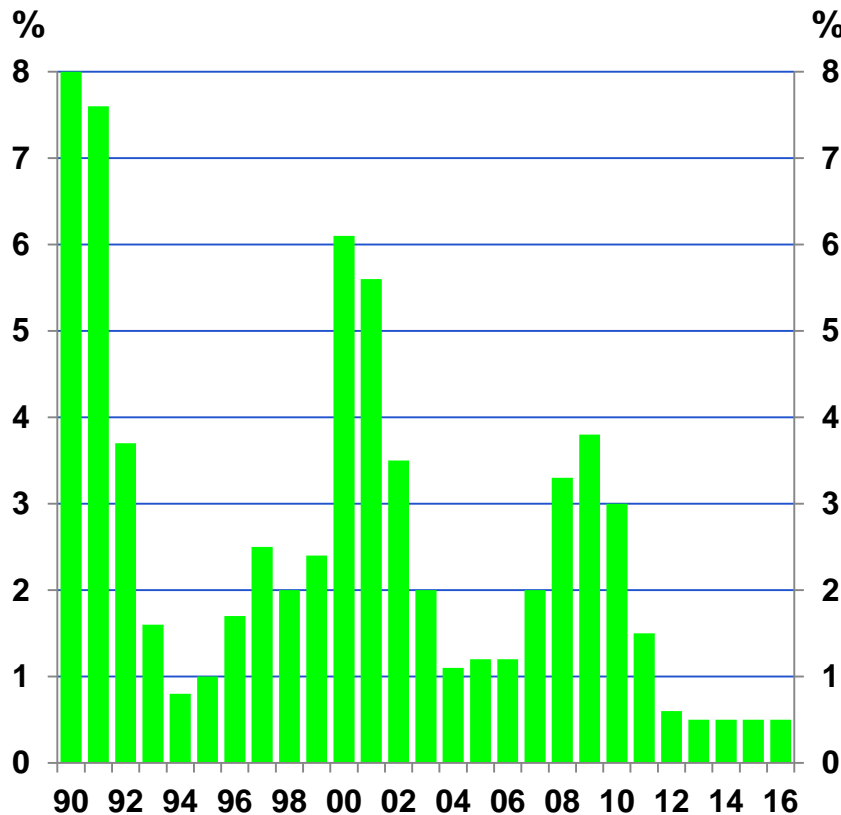
16 European Countries

PACCAR Leasing

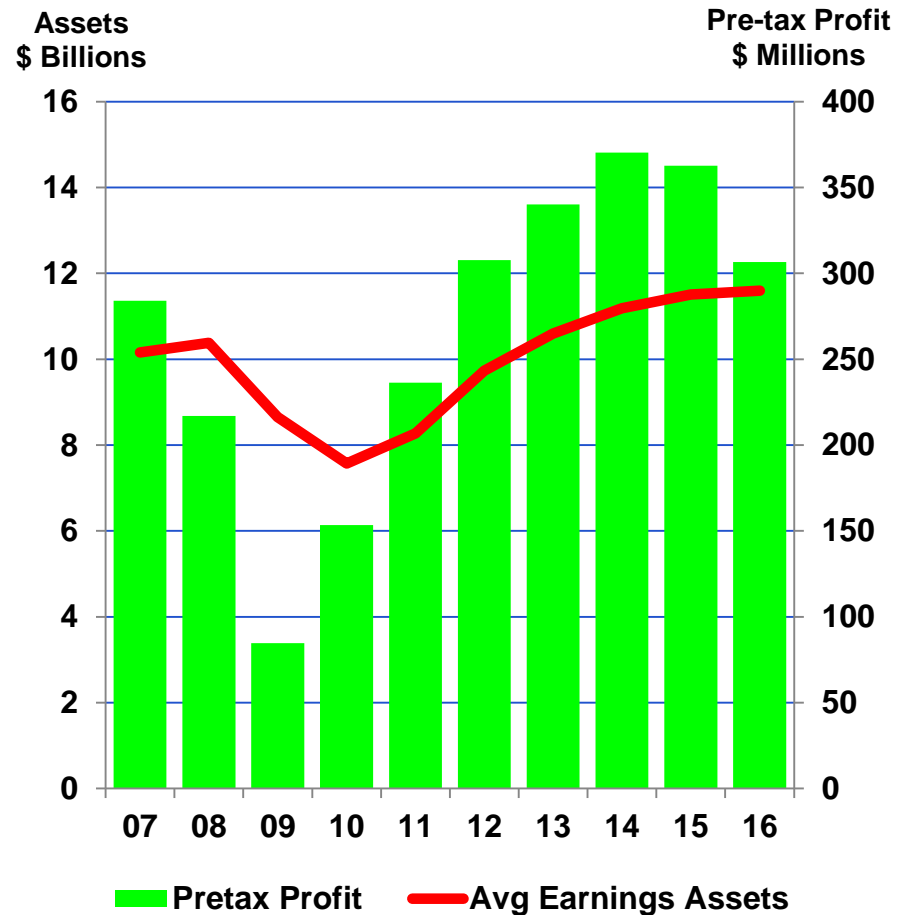


PACCAR Financial Services Delivers Strong Performance

Low 30+ Days Past Due



Assets and Pretax Profit



PACCAR Financial Services

	(\$ Millions) 6/30/17
Finance & Other Receivables	\$9,229
Equipment on Operating Leases	2,788
Other Assets	671
Total Financial Services Assets	\$12,688
Commercial Paper & Bank Loans	\$2,889
Term Notes	5,655
Deferred Taxes & Other Liabilities	1,411
Total Financial Services Liabilities	9,955
Equity	2,733
Total Liabilities & Equity	\$12,688

PACCAR Competitive Advantages



Excellent Shareholder Return

Experienced Management Team

Highest Quality Products

Rigorous Cost Control

Balanced Global Diversification

Excellent Supplier Partnerships

Extensive Capital Investments

Innovative Technology

Global Aftermarket Parts Sales

Profitable Financial Services

Strongest Dealer Network

Appendix

Reconciliation of GAAP to Non-GAAP Financial Measures

This presentation 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 non-recurring European Commission charge in 2016. 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 a significant non-recurring charge that is not representative of underlying operating trends.

Reconciliations from the most directly comparable GAAP measures to adjusted net income (non-GAAP) and adjusted net income per diluted share (non-GAAP) are as follows:

<i>(in millions)</i>	Three Months Ended	Six Months Ended
	June 30, 2016	June 30, 2016
Net Income (Loss)	\$ 481.3	\$ (113.3)
Non-Recurring European Commission Charge	(109.6)	833.0
Adjusted Net Income (Non-GAAP)	\$ 371.7	\$ 348.0
Per Diluted Share:		
Net Income (Loss)	1.37	\$ (0.32)
Non-Recurring European Commission Charge	(0.31)	2.37
Adjusted Net Income (Non-GAAP)	1.06	\$ 2.05
<i>(in millions)</i>		
Shares used in per diluted share calculations:		
GAAP	351.6	351.1
Non-GAAP	351.6	351.8