
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

2022 Revenues \$28.8B

2022 Net Income \$3.0B

2022 Avg Dividend Yield 4.6%

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

Truck and Other
\$21.5B Revenues

Premium Quality Light, Medium and Heavy Commercial Vehicles, Diesel and Alternative Fuel Powertrains



Truck and Other
75%

Parts
20%

Fin Svcs
5%

Aftermarket Parts
\$5.8B Revenues

Distribute Aftermarket Parts through Global Network of over 2,300 Dealerships



Financial Services
\$1.5B Revenues

Finance and leasing portfolio of 217,400 trucks and trailers, with assets of \$17.2B



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.



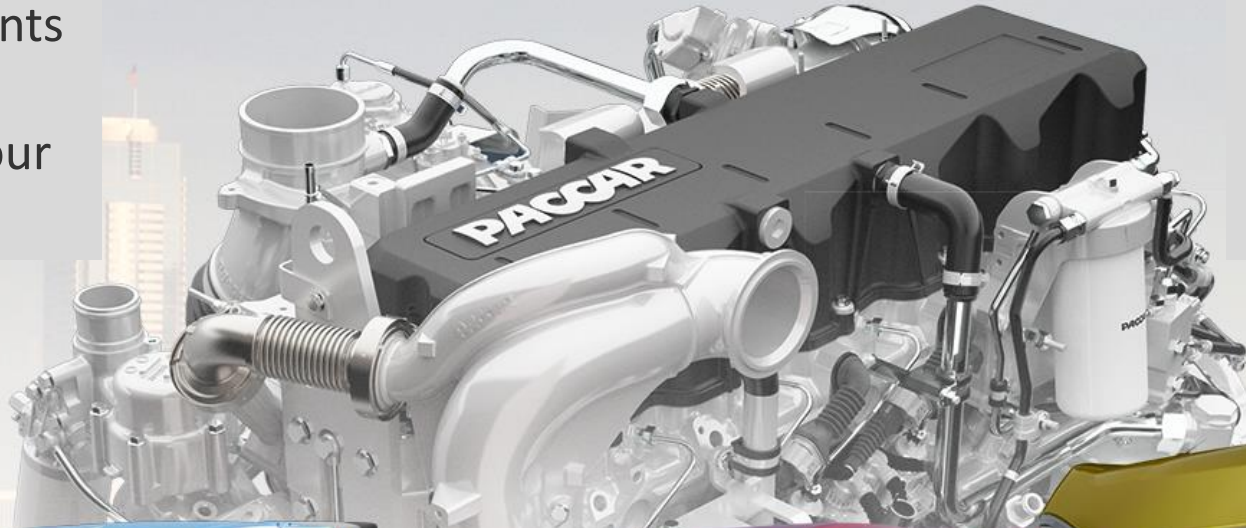
PACCAR Inc

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's product investments deliver industry-leading performance and value to our customers

Our products reflect our core brand values of quality, innovation and technology



New Kenworth T680



Kenworth's next generation T680 heavy truck features an enhanced aerodynamic exterior design, driver optimized technology, including a customizable 15" digital dash display, and 7% greater fuel economy

New Peterbilt Model 579



Peterbilt's new Model 579 Class 8 truck sets the standard for technology and driver comfort and delivers 7% greater fuel efficiency



New Peterbilt and Kenworth Medium Duty



The all new medium duty product line-up features an 8" wider cab with 3-person seating. Powered by the updated PACCAR PX engine and all-new PACCAR TX-8 automatic transmission.



New DAF XD, XF, XG, XG+

DAF is the first truck manufacturer in the industry to have taken full advantage of Europe's new regulations governing truck design. The new trucks feature a new aerodynamic design, 10% greater fuel efficiency and larger interior space.



PACCAR POWERTRAIN

The integrated PACCAR Powertrain is the most advanced heavy-duty powertrain in the market. The PACCAR MX-13 and MX-11 engines are optimally integrated to the innovative PACCAR TX-12 automated transmission and the efficient DX-40 tandem drive axle to achieve exceptional performance and fuel economy.

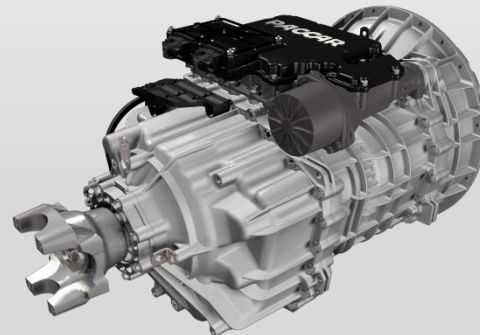
The PACCAR MX-13 engine offers up to 510 hp and 1,850 lb.-ft. of torque and the PACCAR MX-11 engine features up to 445 hp and 1,700 lb.-ft. of torque. PACCAR engines undergo rigorous validation including one-million mile endurance testing and accelerated life component tests to ensure an efficient, long engine lifecycle.

In addition to the PACCAR DX-40 tandem drive axle, Kenworth and Peterbilt offer the PACCAR FX-20 steer axle. DAF trucks include a range of lightweight and durable PACCAR front and rear axles.

PACCAR ENGINES



PACCAR TRANSMISSIONS



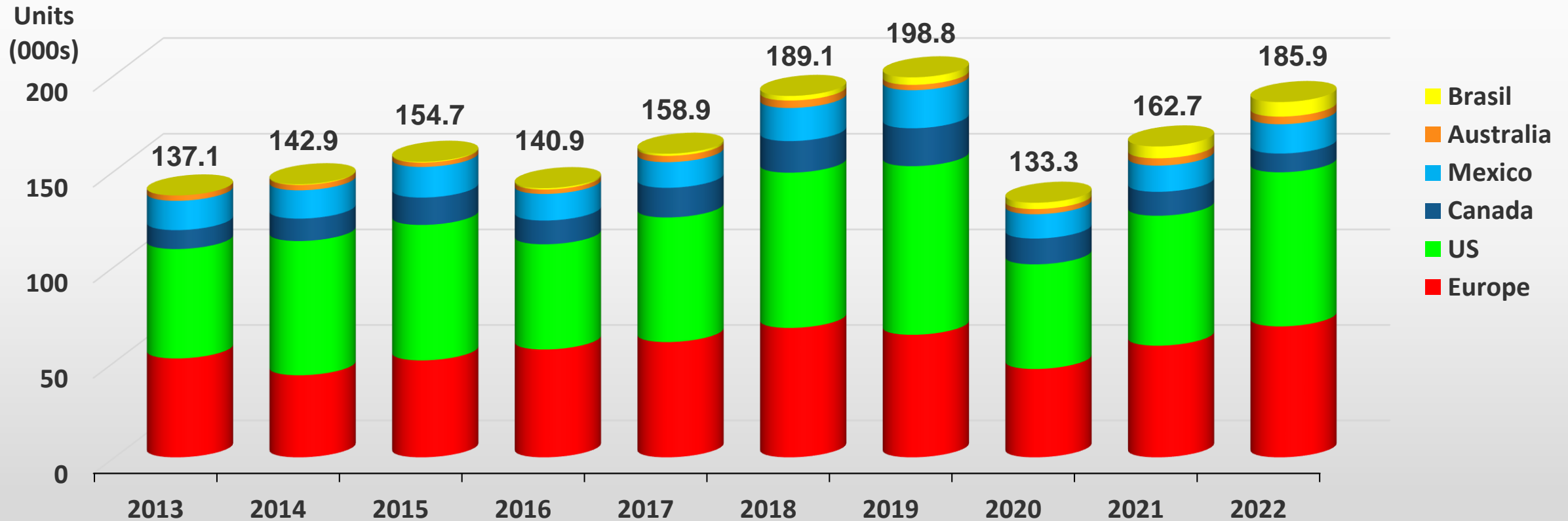
PACCAR AXLES



PACCAR Truck Production

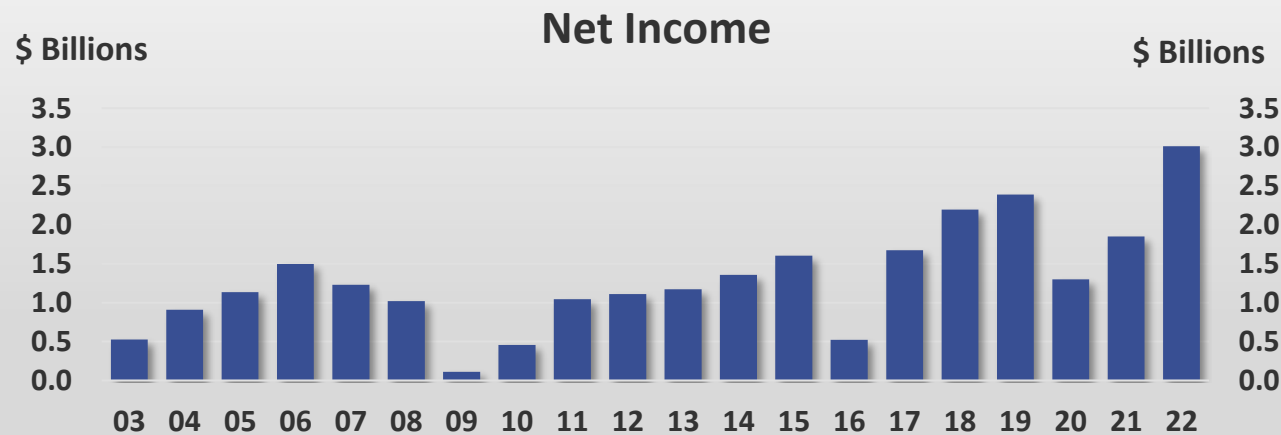
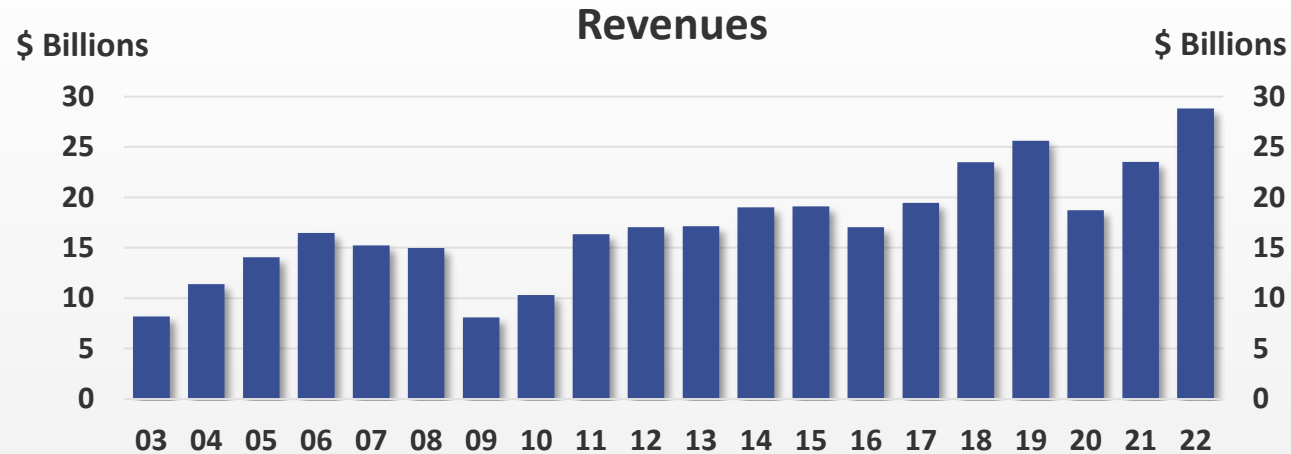
Over 1.6 Million Trucks Produced 2013 - 2022

PACCAR produced 185,900 trucks in 2022



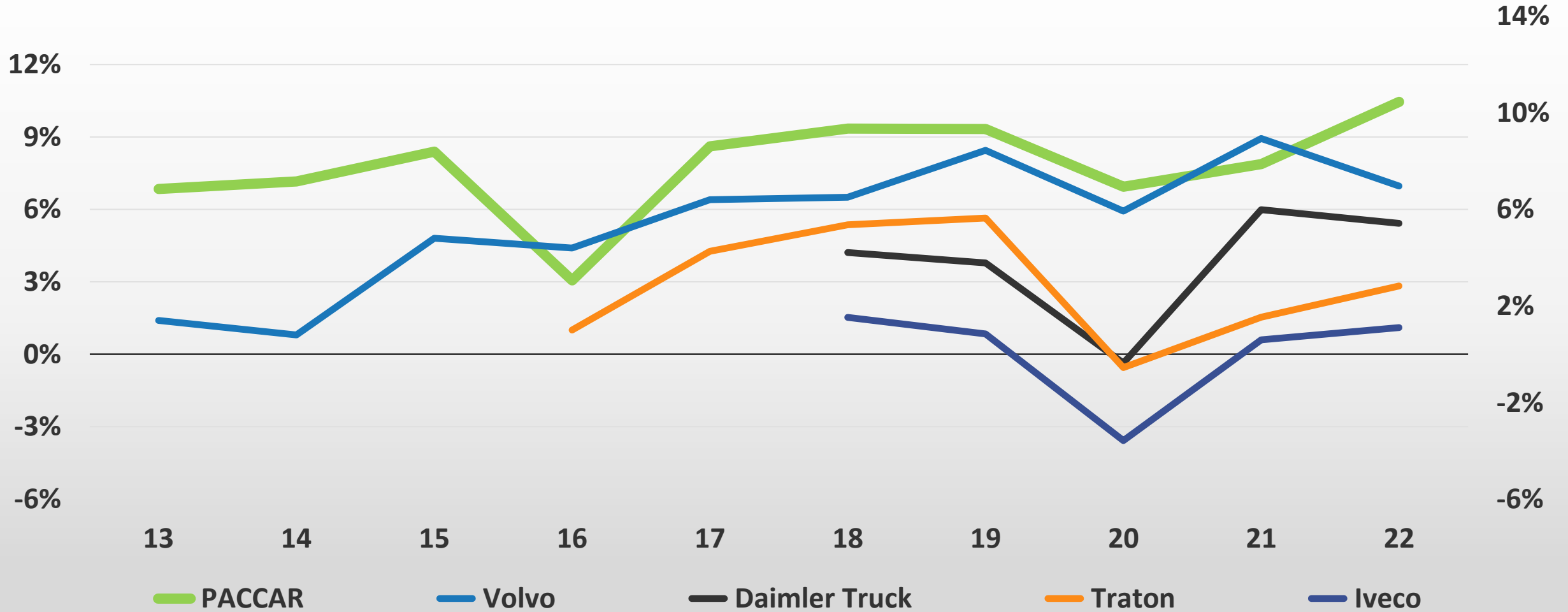
PACCAR

Excellent Financial Performance Throughout the Business Cycle



- Reputation for superior operational excellence and premium-quality products and services
- Long-term growth in revenues and net income reflect increased market share in North America and Europe, excellent aftermarket parts performance and growth in financial services
- Maintain profitability throughout the cycle due to strong cost control discipline and experienced management team

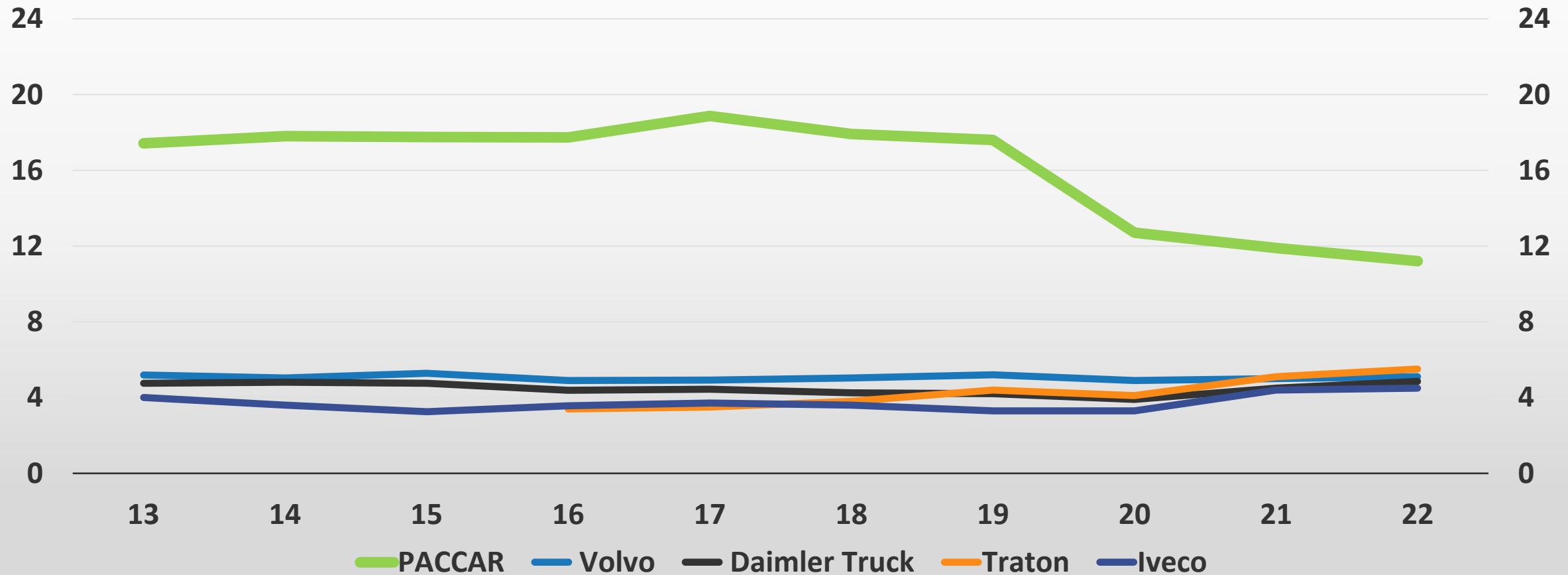
Net Profit as % of Revenues



Best-in-Class Operating Efficiency

Inventory Turns

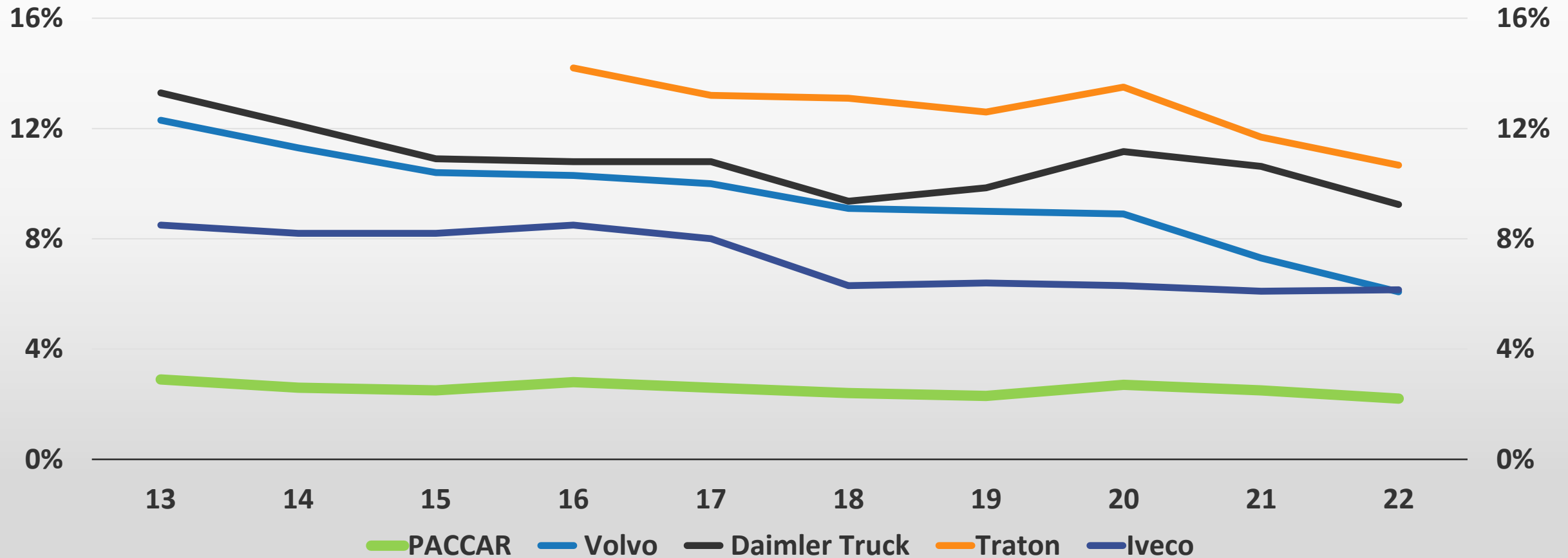
PACCAR's inventory turns are the highest in the industry, a result of the PACCAR Production System, Lean Manufacturing and Six Sigma



Best-in-Class Operating Efficiency

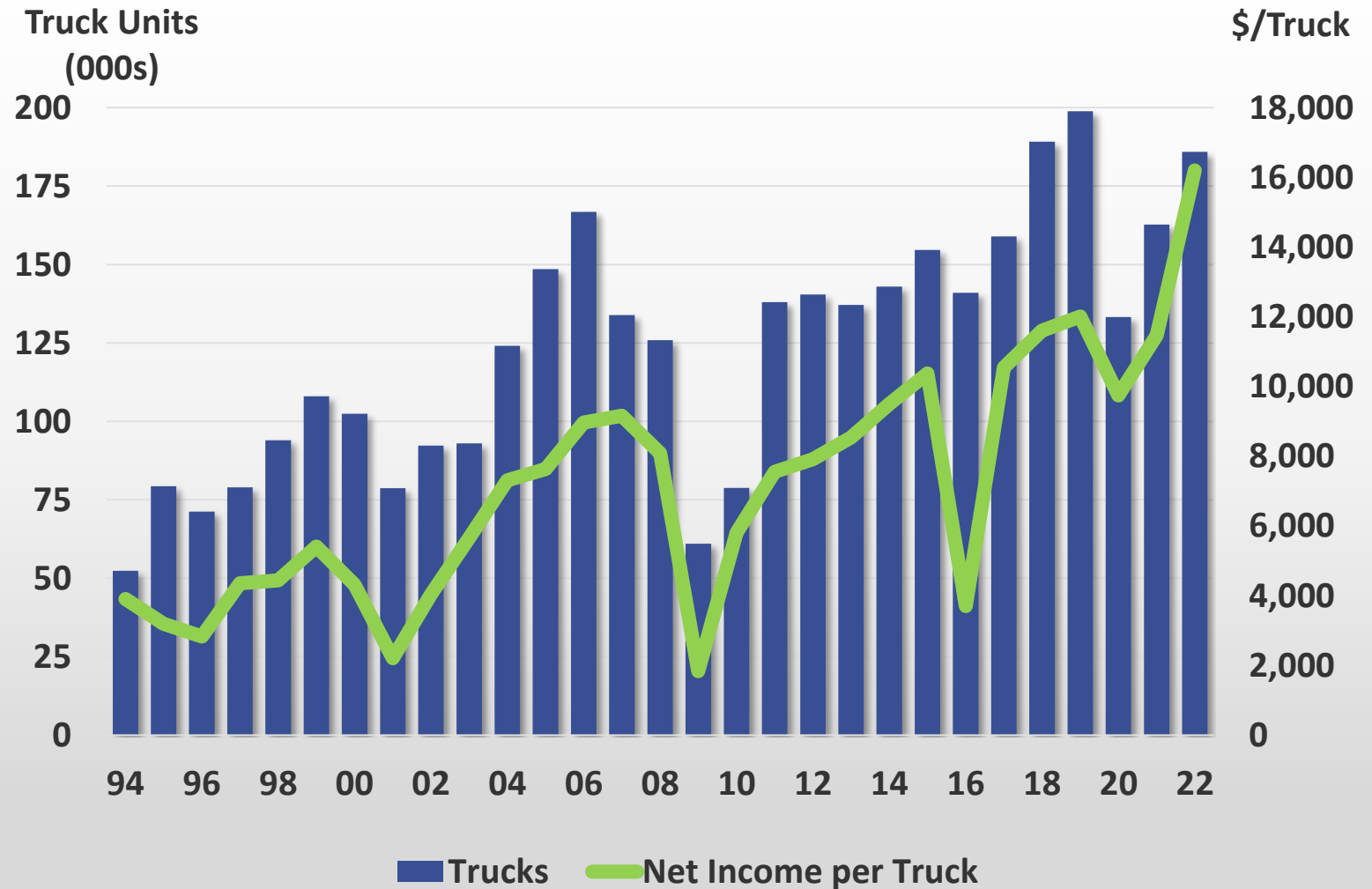
SG&A % of Sales

PACCAR's SG&A as a percentage of sales is much lower than its peer group, reflecting strong financial discipline



Net Income per Truck

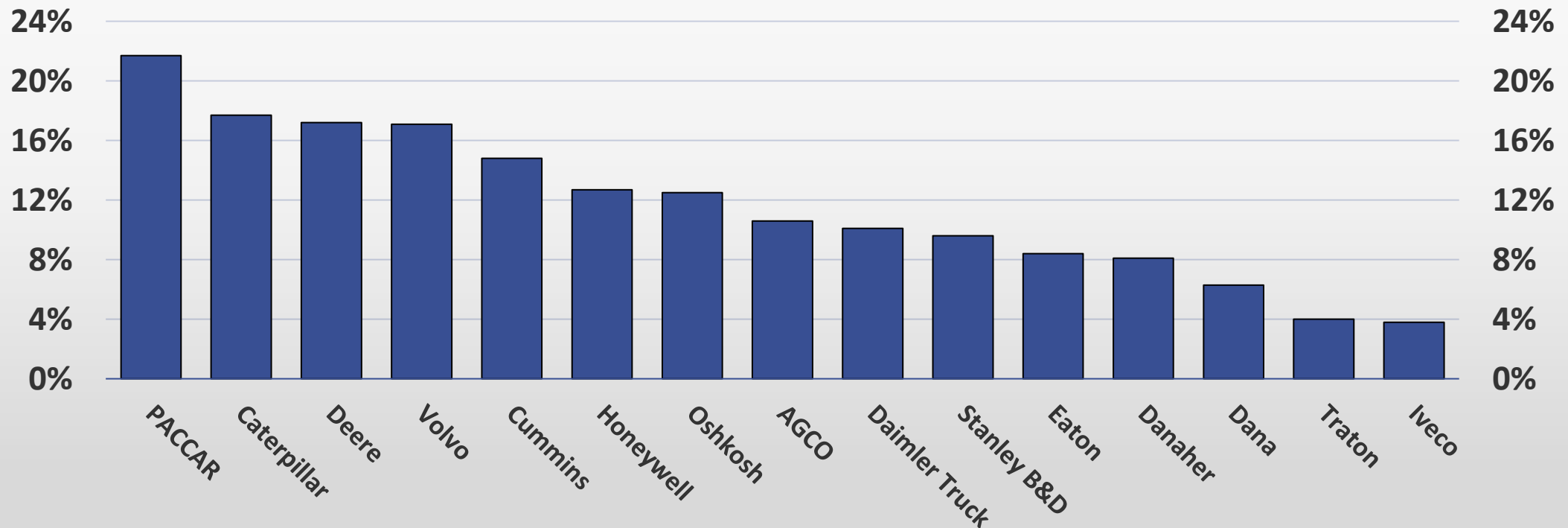
- Net income per truck is PACCAR's net income divided by total truck unit sales.
- Truck sales not only generate profit from the sale, but also parts and finance profit. This illustrates the strength of PACCAR's business model, providing the highest quality trucks, aftermarket support and financing.
- PACCAR achieved \$16,200 net income per truck in 2022.



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 with an average of 22% over the last five years

Average 2018 - 2022



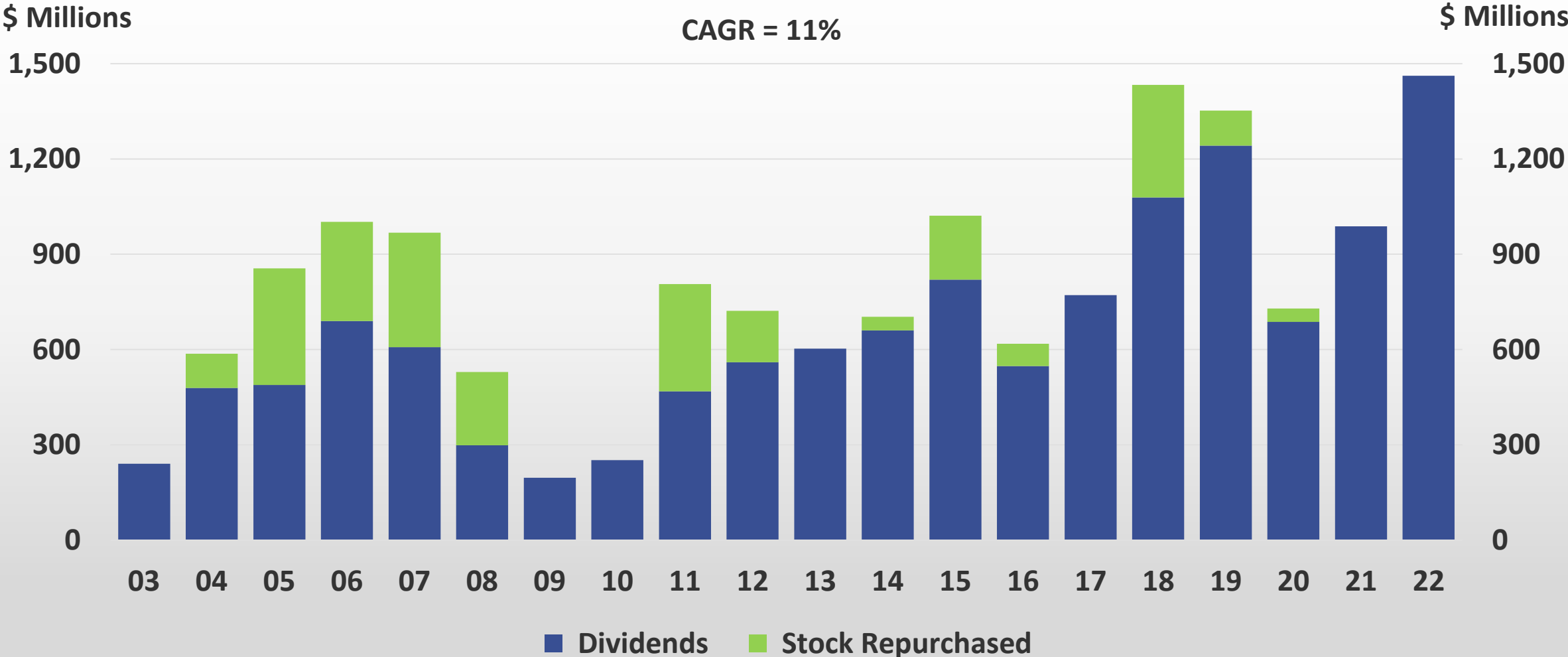
ROIC = NOPAT/(Equity + Manufacturing Debt + Postemployment Benefit Liabilities)

Capital Allocation Strategy



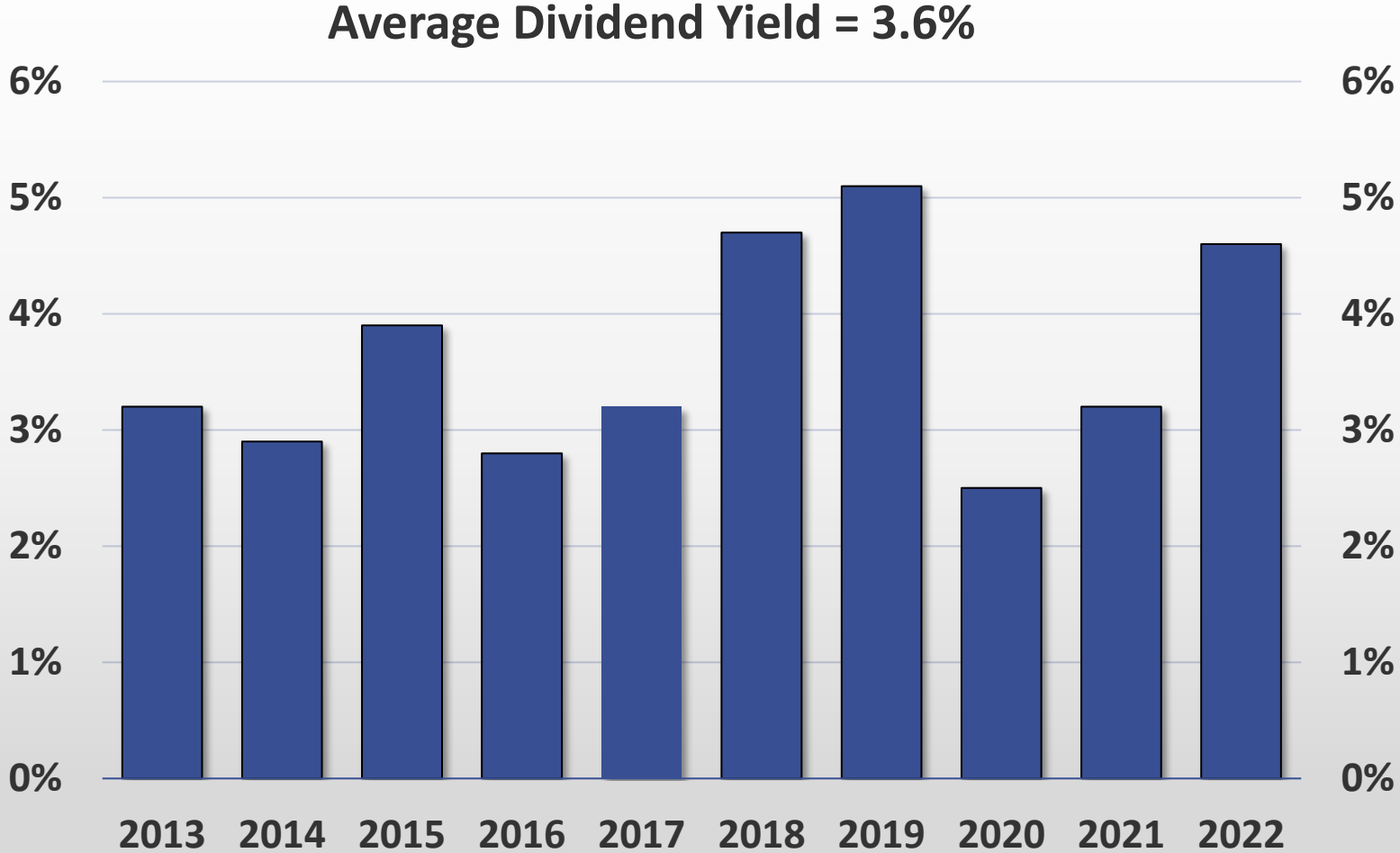
- High ROI Capital Investments
- Pay Regular Quarterly and Annual Dividend
 - Dividend paid every year since 1941
 - Total dividends paid approximately 50% of net income for many years
 - Regular quarterly dividend 10-year annualized growth of 6% (as of 4Q22)
- Strategic M&A
 - Disciplined valuation and screening process
 - Clear path to value creation
- No Unfunded Pension Obligation

Dividends Declared and Stock Repurchases



Excellent Dividend Yield

- PACCAR’s dividend yield reflects the total quarterly + annual dividends declared in the year, divided by the average stock price for the year
- PACCAR’s dividend yield has averaged 3.6% over the last ten years

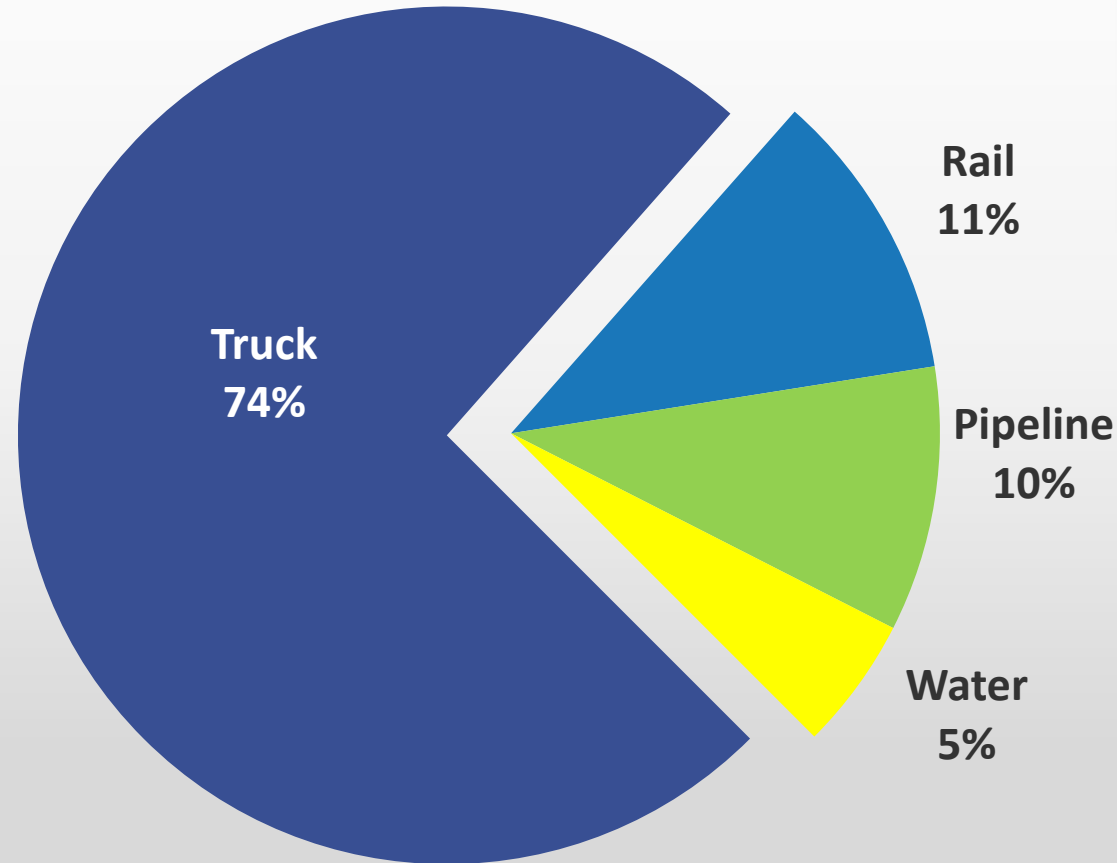


Trucking Moves the Economy

74% of U.S. Freight is Moved by Truck

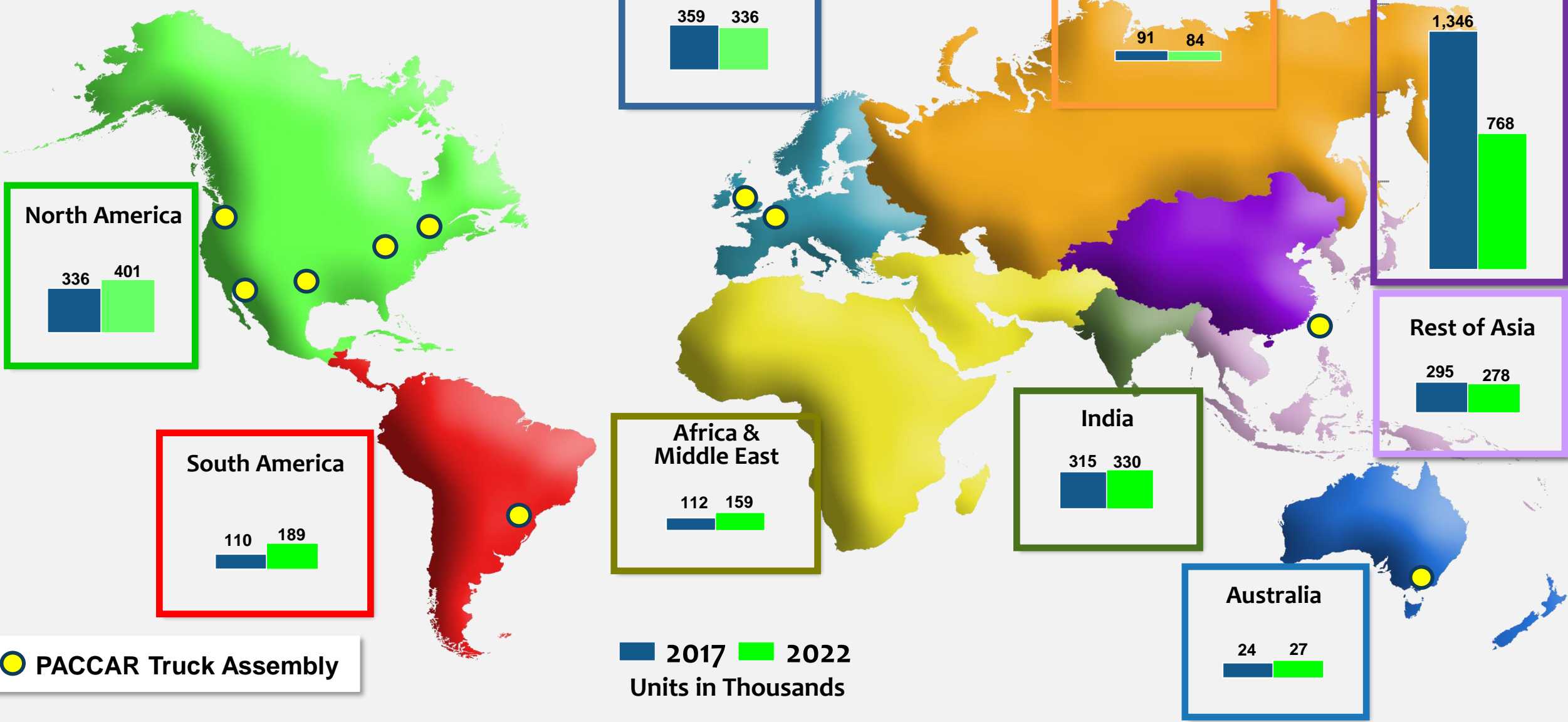
Trucking is the lifeblood of the economy. In the U.S., the economy depends on trucks to deliver ten billion tons of virtually every commodity consumed - 74% of all the freight transported in 2020.

36.9 million commercial trucks, including 3.9 million heavy-duty trucks, move that freight. The percentage of tonnage by mode is stable over time.

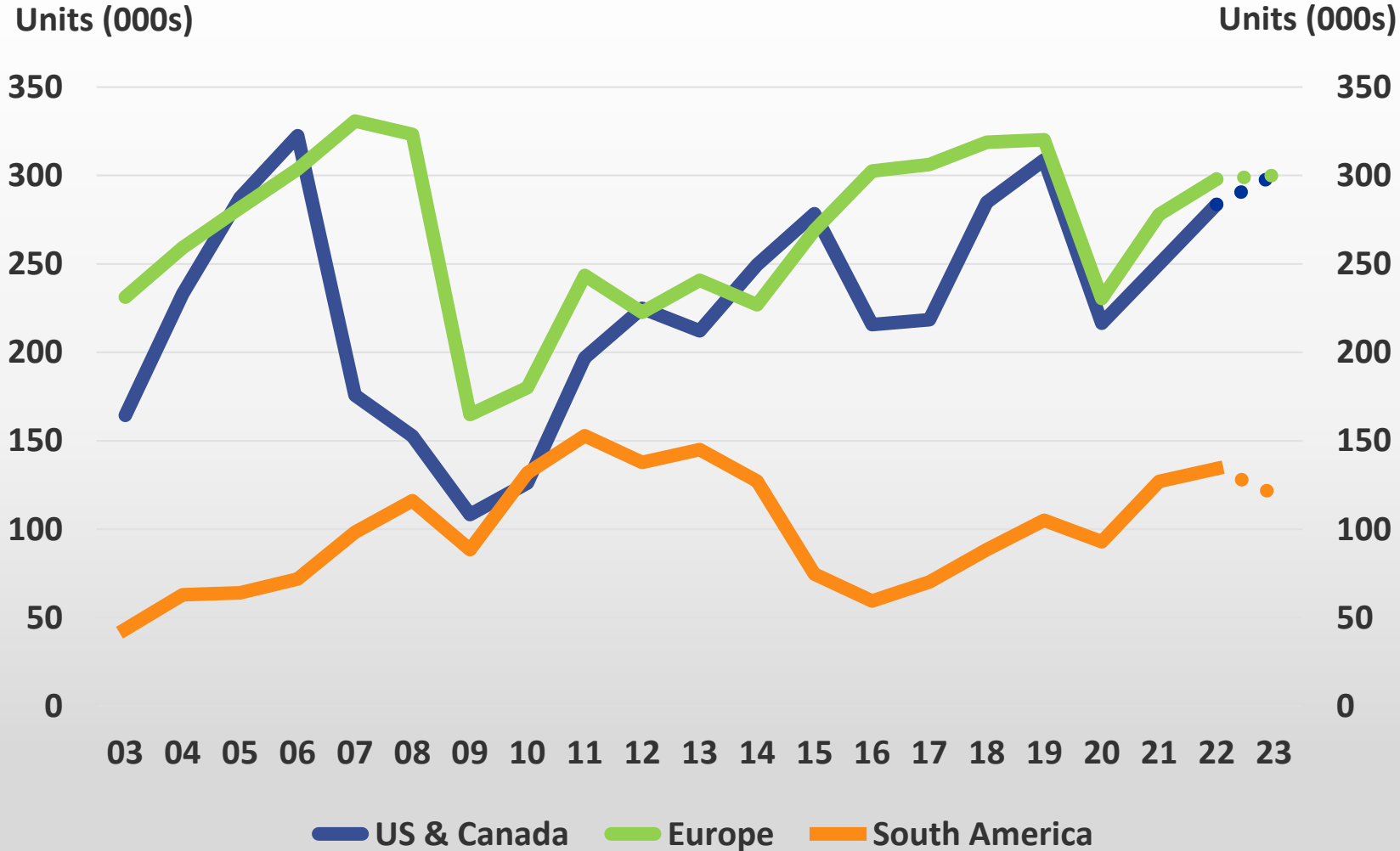


>6t Truck Market
 2017 - 3.0 Million
 2022 - 2.6 Million

>6t Global Truck Market



>16t Truck Market Size



2023 Market Forecast Estimate

U.S. and Canada	280,000 – 320,000
Europe	280,000 – 320,000
S. America	115,000 – 125,000

PACCAR

Strategy

PACCAR Strategy

Brand Values

Quality



Technology



Innovation



Profitable Growth

Premium Products and Services

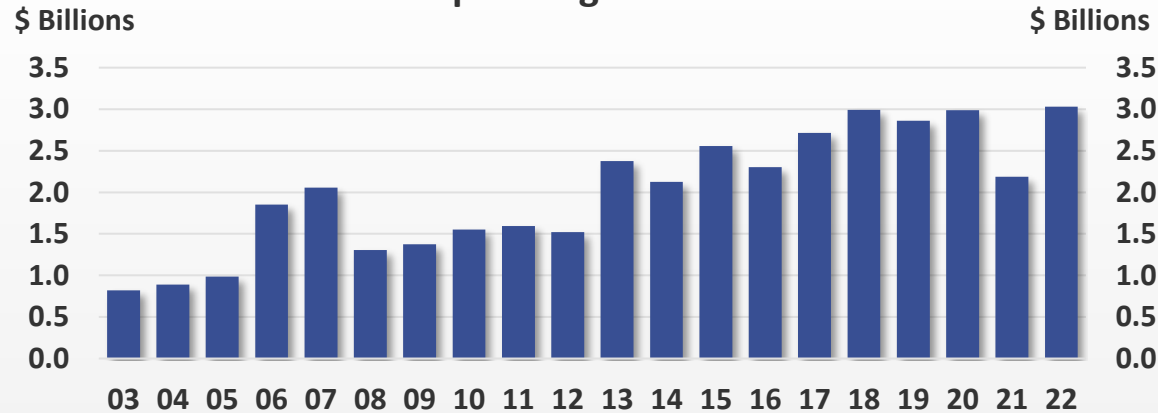
Profitable Market Share Growth

Geographic Expansion

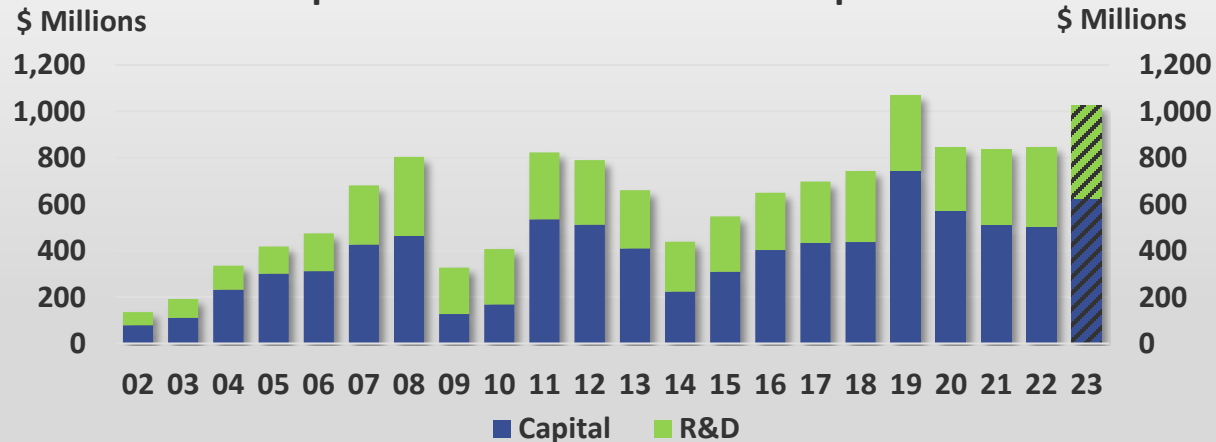
PACCAR

Investing Throughout the Business Cycle

Operating Cash Flow



Capital Investments and R&D Expenses



- Operating cash flow has averaged \$2.8 billion for the last five years and has grown 7%/year over the last 20 years
 - Strong operating cash flow enables PACCAR to invest in growth throughout the business cycle
- PACCAR has invested \$7.3 billion in capital projects, new products and technologies in the last decade ended 2022
- PACCAR partners with suppliers and technology providers to reduce initial investments in speculative technologies
- Key investments:
 - Next generation Kenworth and Peterbilt Class 8 trucks
 - New Kenworth and Peterbilt Class 5-7 trucks
 - New generation DAF XD, XF, XG and XG+ trucks
 - Integrated powertrains including diesel, electric, hybrid and hydrogen fuel cell technologies
 - PACCAR MX-13 and MX-11 engine factory in North America
 - DAF Brasil factory
 - PACCAR Parts distribution centers

Cumulative PACCAR MX Engines Produced

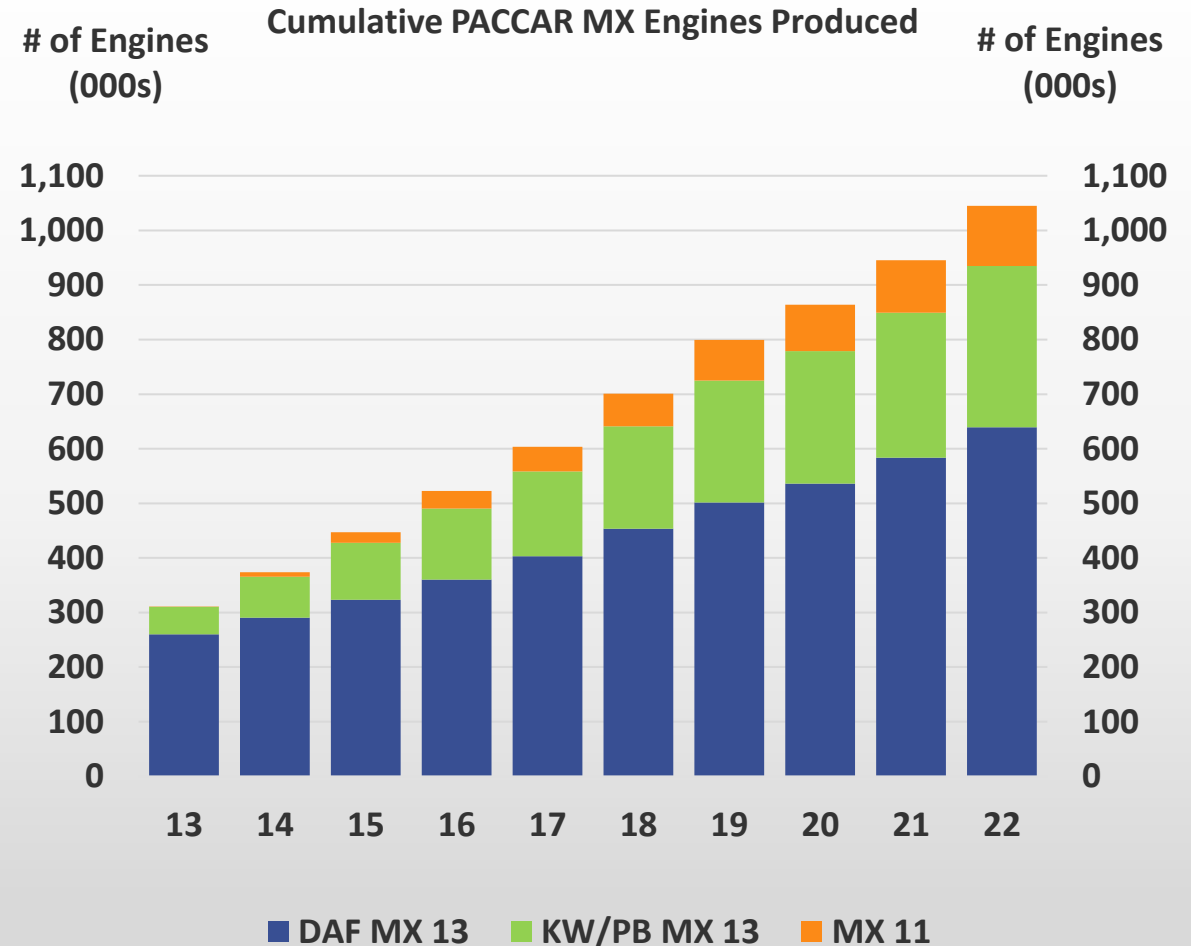
- The PACCAR MX-13 is the flagship of PACCAR’s engine line-up with over 630,000 engines produced in Europe and over 290,000 engines installed in North America and a growing presence in South America and Australia.
- The PACCAR engine factory in Columbus, MS, celebrated 10 years of manufacturing excellence in 2020
- 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



Zero Emission Trucks

- Peterbilt, Kenworth and DAF lead the industry with nine battery electric vehicle models available for customers
- PACCAR's zero emission heavy- and medium-duty vehicles provide competitive total cost of ownership for customers operating in city and regional haul, port drayage and refuse applications



Peterbilt 220EV



Peterbilt 579EV



DAF LF Electric



Peterbilt 520EV



Kenworth 270E



DAF CF Electric



Kenworth T680E



DAF XF and XD Electric



Battery Charging Solutions

- PACCAR Parts has introduced new electric vehicle charging stations to support the global launch of electric vehicles
- Compatible with Kenworth, Peterbilt and DAF electric trucks and other brands
- Charging power from 20 kW up to 350 kW
- PACCAR is collaborating with Faith Technologies and Schneider Electric to provide charging infrastructure solutions for customers who purchase Kenworth and Peterbilt electric trucks in the US and Canada



Autonomous Trucks

- PACCAR has invested in a strategic partnership with Aurora to develop, test and commercialize autonomous Peterbilt and Kenworth trucks
- PACCAR's autonomous vehicle platform will be integrated with the Aurora self-driving technologies
- PACCAR customers will benefit from the autonomous vehicles' enhanced safety and operational efficiency
- Kenworth T680 and Peterbilt 579 trucks utilizing the Aurora Driver are expected to be delivered in the next several years



Autonomous Peterbilt 579 Test Vehicle with Aurora Driver

PACCAR and Aurora Partner on Autonomous Truck Pilots

- PACCAR and Aurora have three customer trials underway with FedEx, Uber Freight and Werner Enterprises – each operating in Texas



FedEx

Uber Freight

WERNER

Connected Services

Kenworth, Peterbilt and DAF are launching a new state-of-the-art global connected truck platform, PACCAR Connect.

The system is highly configurable and consists of proprietary hardware and software that provides reliable data security, over-the-air software updates and advanced fleet management systems and applications.



KENWORTH
TRUCKTECH+
Remote Diagnostics



DAF
CONNECT

SMARTLINK
REMOTE DIAGNOSTICS

PACCAR and Platform Science Connected Vehicle Partnership

- PACCAR has made a strategic investment in Platform Science
- PACCAR and Platform Science will collaborate on connected trucks
- PACCAR will integrate the Platform Science Virtual Vehicle into Kenworth and Peterbilt trucks
- The solution enables fleets to access telematics, software solutions, real-time data, and third-party applications directly from their vehicles
- Customers will have access to a customizable platform elevating their capabilities to innovate and utilize, manage and deploy digital applications



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 autonomous trucks
- PACCAR Innovation Center establishes strategic partnerships, such as the autonomous vehicle collaboration with Aurora
- The Innovation Center truck lab is equipped with the tools needed to integrate emerging technologies

PACCAR Global Embedded Services

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



Digital Technology Center, Eindhoven, NL



Kenworth Embedded Engineering Center, Kirkland, WA



Embedded Service Center, Pune, India

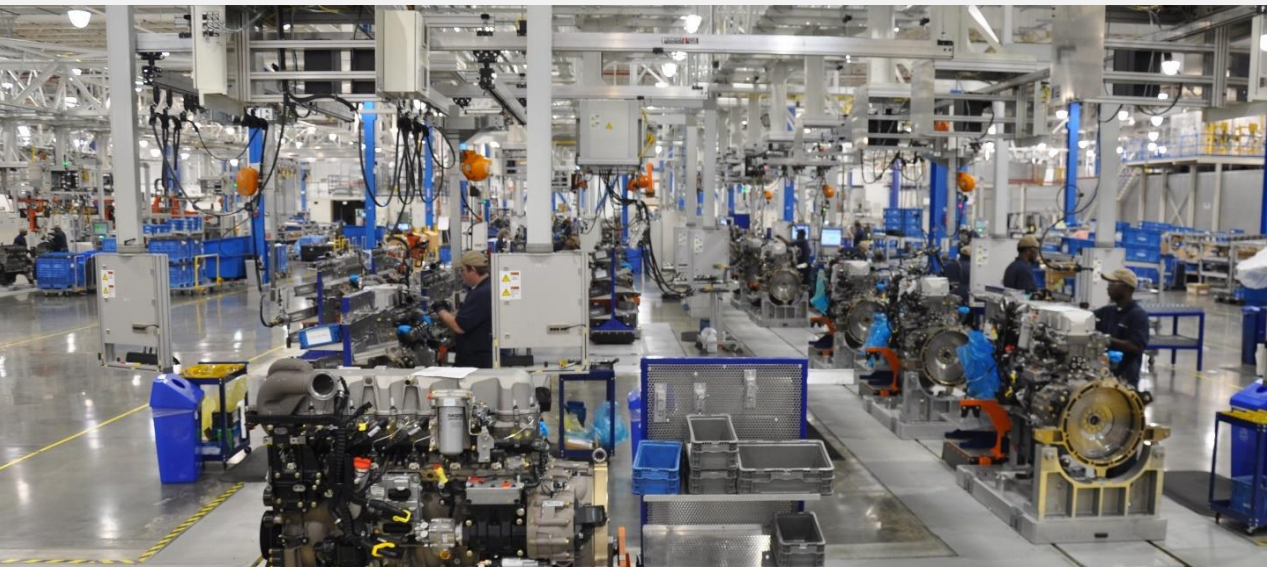
PACCAR Facility Investments



Parts Distribution Center Louisville, KY



PFS Used Truck Center Madrid, Spain



PACCAR Engine Factories



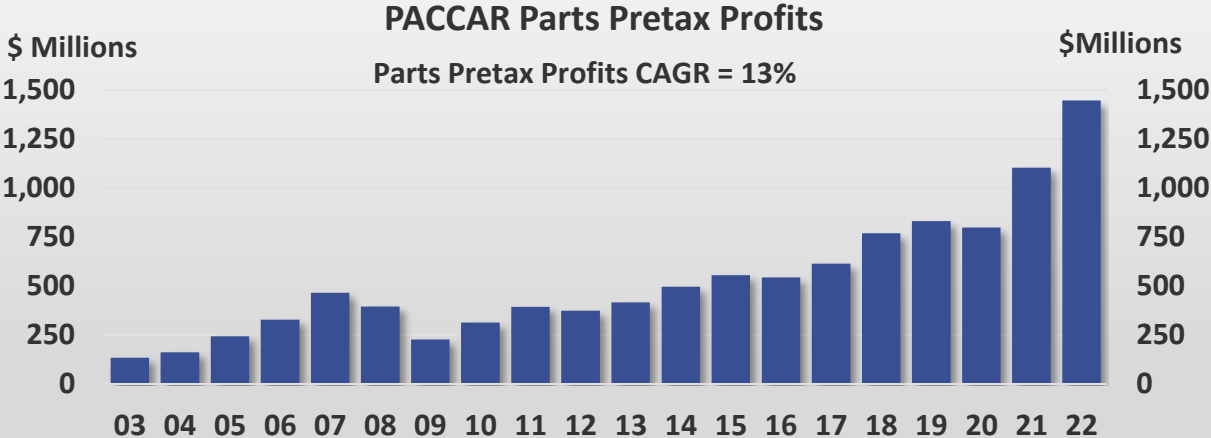
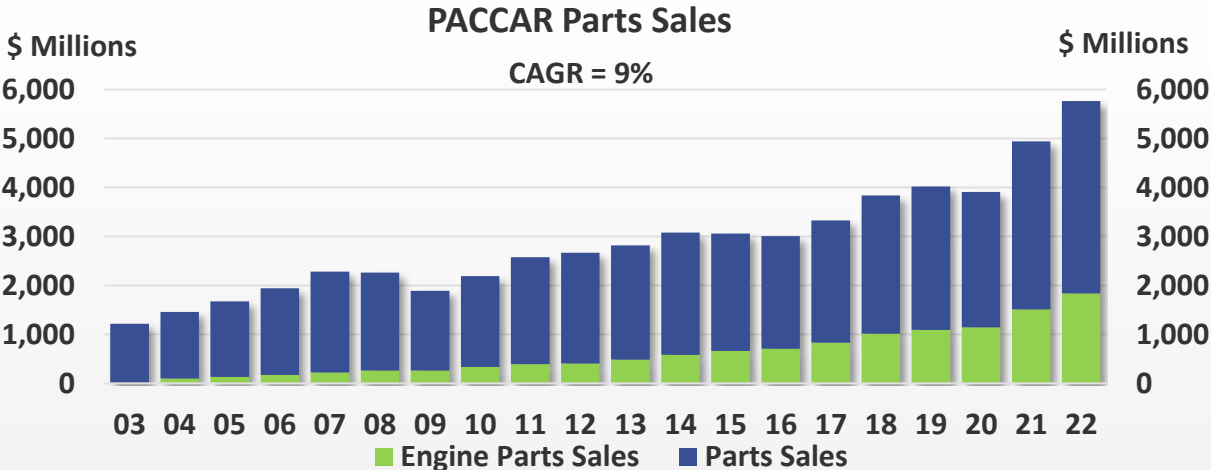
Kenworth New Test Building, Chillicothe, OH

PACCAR Parts Strategy

PACCAR Parts achieved \$5.76 billion in sales and \$1.45 billion in pretax profits in 2022. Over the last 20 years, PACCAR Parts has achieved a sales CAGR of 9% and profit CAGR of 13%.

Long-Term Growth Drivers:

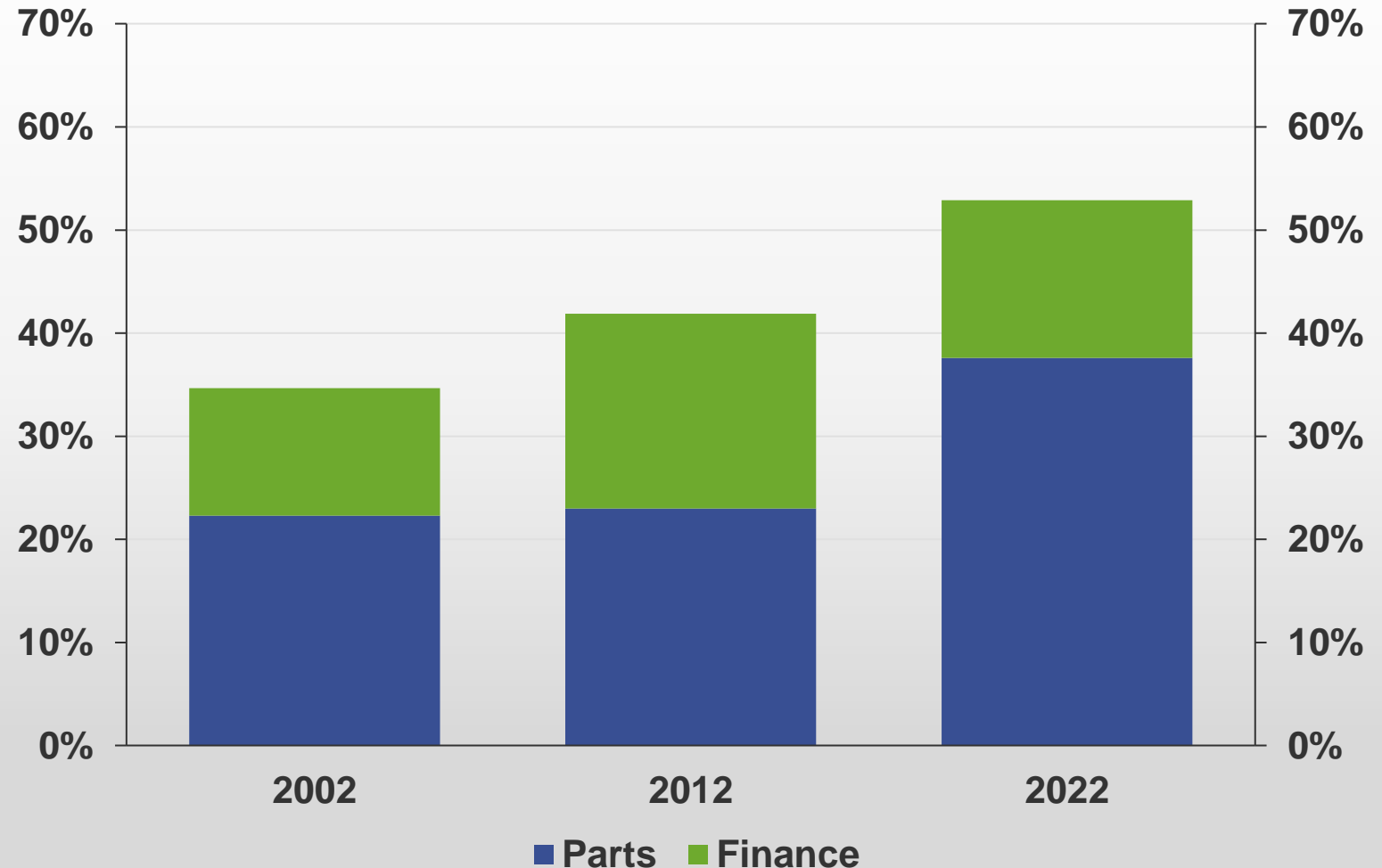
- Growing population of Kenworth, Peterbilt and DAF trucks due to geographic expansion and market share growth
- Increasing number of TRP locations
 - 2022: 279 locations
 - 2016: 76 locations
- Best-in-class Distribution Network
 - 18 parts distribution centers and supporting more than 2,300 dealer locations.
 - Proprietary, PACCAR Genuine and TRP branded parts enhance margins



Parts and Finance Growing Contribution to Pretax Profit

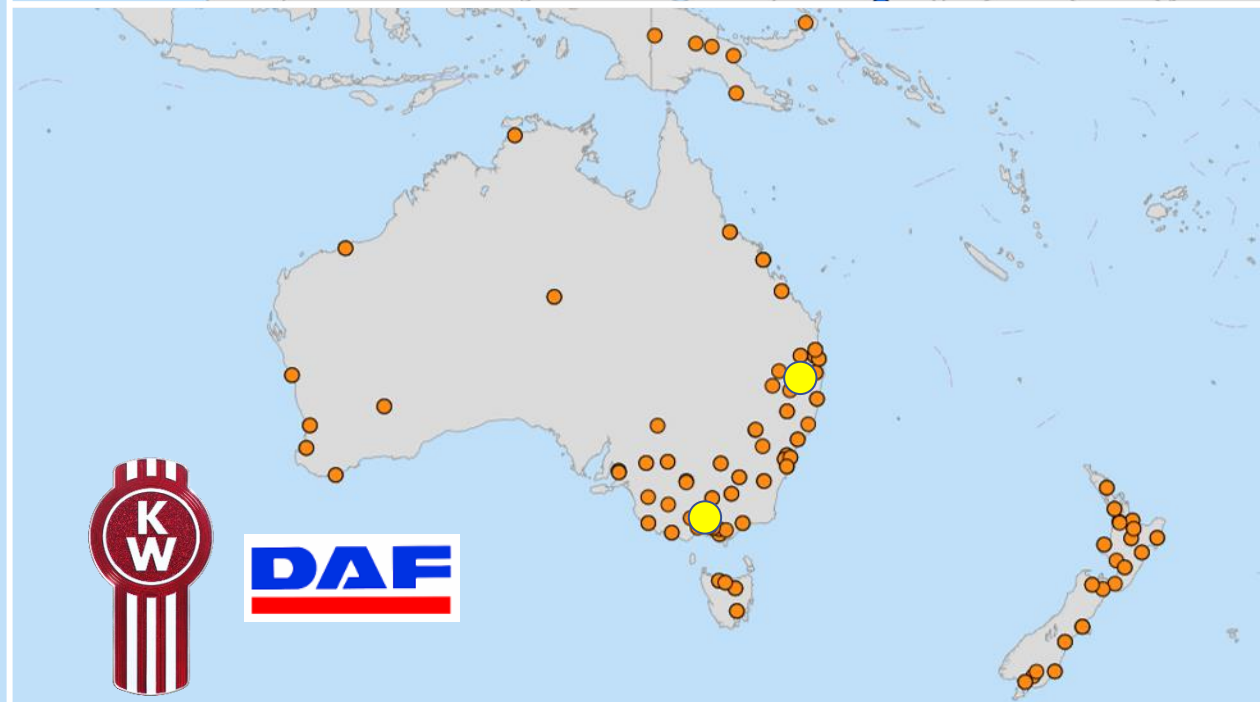
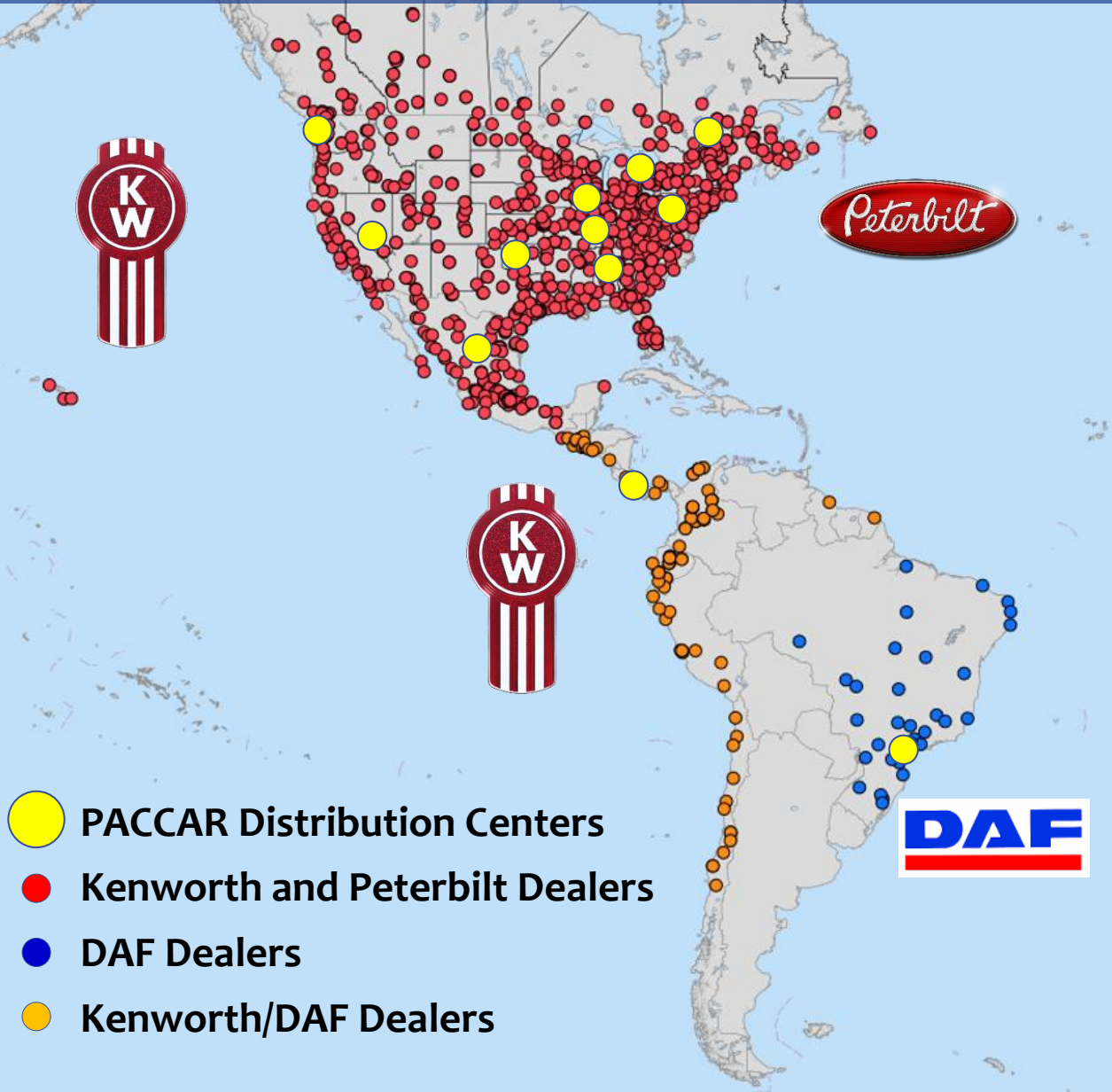
- Parts and Finance are an increasing percent of total pretax profits
- These segments help reduce the cyclical nature of the truck market on earnings and are an important source of growth





Contribution to Total Pretax Profit



PACCAR Parts Distribution Centers and Dealers

18 PDCs in 10 Countries; 2,300 Dealer Locations



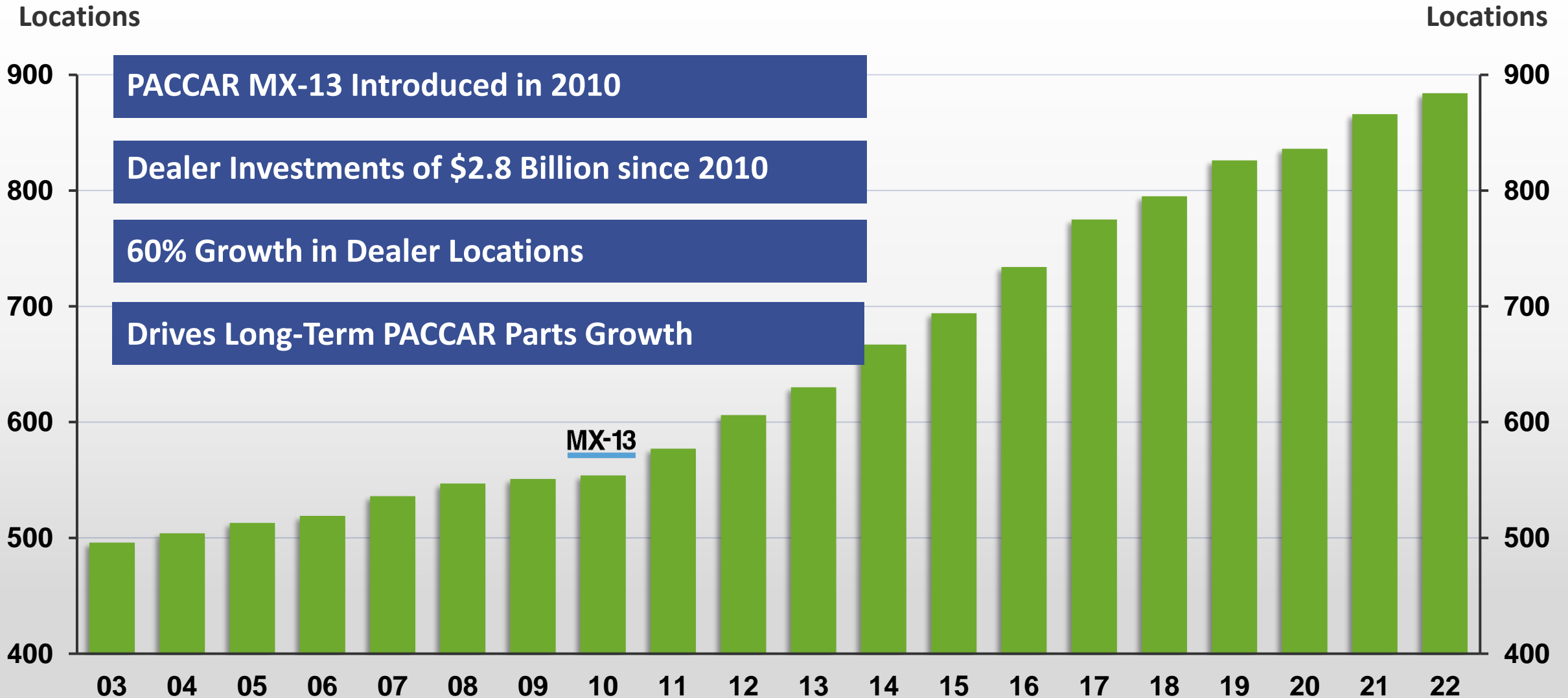
-  PACCAR Distribution Centers
-  Kenworth and Peterbilt Dealers
-  DAF Dealers
-  Kenworth/DAF Dealers

PACCAR Global Dealer Network

- Independent dealer network of 2,300 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

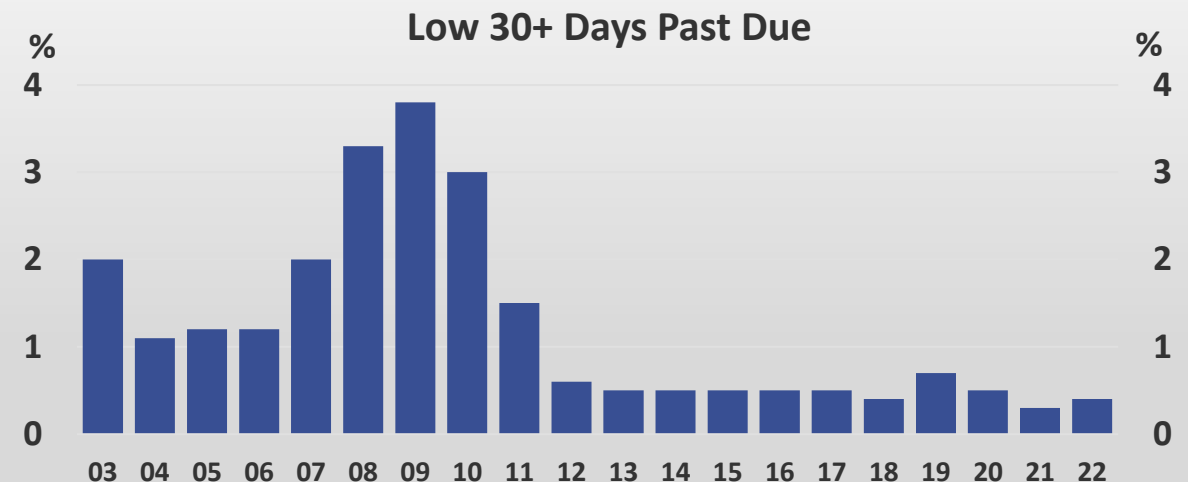
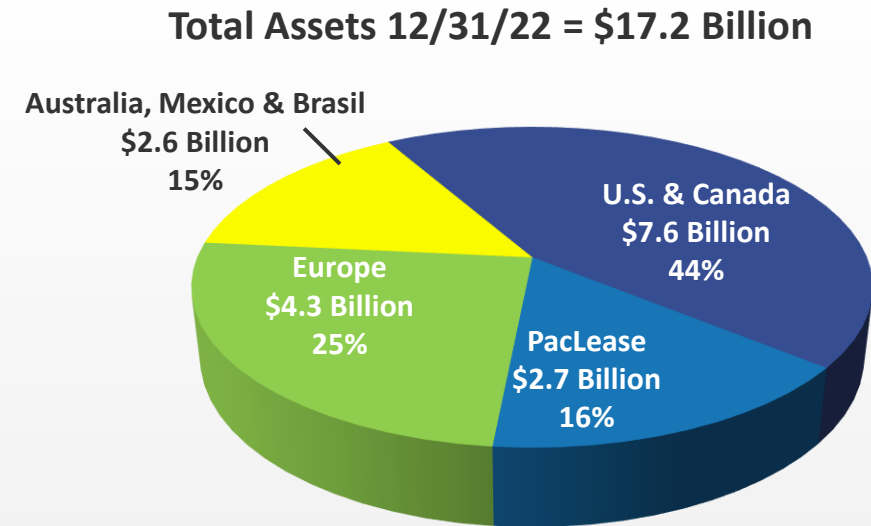


Growth in Kenworth and Peterbilt Dealer Locations U.S. and Canada



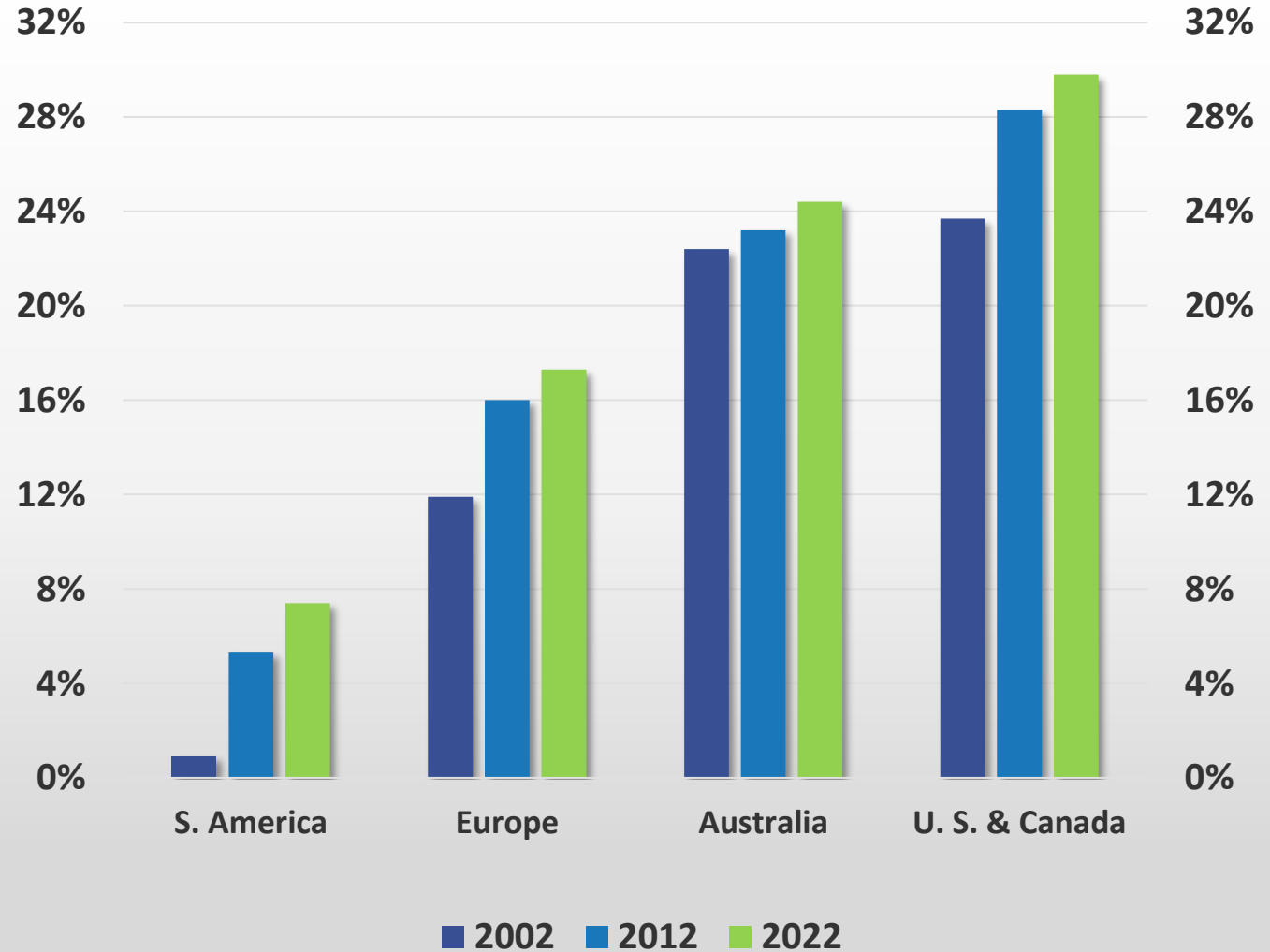
PACCAR Financial Services Strategy

- PACCAR Financial Services supports truck sales by providing financing and leasing services to PACCAR customers
- In 2022, PACCAR Financial financed 26% 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



Long-Term Growth in PACCAR Heavy Duty Market Share

- Since 2002, PACCAR's above 16 tonne market share has increased in South America, Europe, Australia and U.S. & Canada
- 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.



Infrastructure Investment and Jobs Act

- In 2021, congress approved \$1.2 trillion in new infrastructure spending in the Infrastructure Investment and Jobs Act
- This \$1.2 trillion in spending will benefit PACCAR, as it is an industry leader in vocational trucks
- Kenworth and Peterbilt combined have achieved approximately 40% share in the vocational segment in the US and Canada



Emissions Global View



Greenhouse Gas
- 30%

- 15% GHG
- Zero Emission Vehicles (ZEV)

Euro 7
- 75% NOx Red.

- 15% GHG
- More ZEVs

2021

2022

2023

2024

2025

2026

2027

2030

Greenhouse Gas
- 25%

-14% GHG

-5% GHG

-6% GHG



California:
- 75% NOx Reduction
- ZEV Mandates

Nationwide:
- 75% NOx Reduction

Environmental Leadership

CDP “A” Rating



PACCAR Achieved an “A” rating for its Environmental Practices; Top 1.5% of over 18,700 Reporting Companies

Sustainalytics ESG Rating



Sustainalytics Ranked PACCAR in the Top 28% of Peer Companies

Science Based Targets



PACCAR has established ambitious 2030 carbon emission reduction targets: 35% in Scopes 1&2 and 25% in Scope 3 compared to base year

S&P Global ESG Rating

The S&P Global logo features a horizontal line above the text 'S&P Global' in a bold, red, sans-serif font.

S&P Global

PACCAR’s S&P ESG Score Ranked in the Top 8% of Peer Companies

The PACCAR logo is displayed in a bold, dark grey, sans-serif font. The letters are thick and closely spaced. The logo is centered within a white rectangular box that has a subtle drop shadow, making it stand out against the light grey background.

First Quarter 2023 Earnings

PACCAR Revenues and Profit

84 consecutive years of net profit

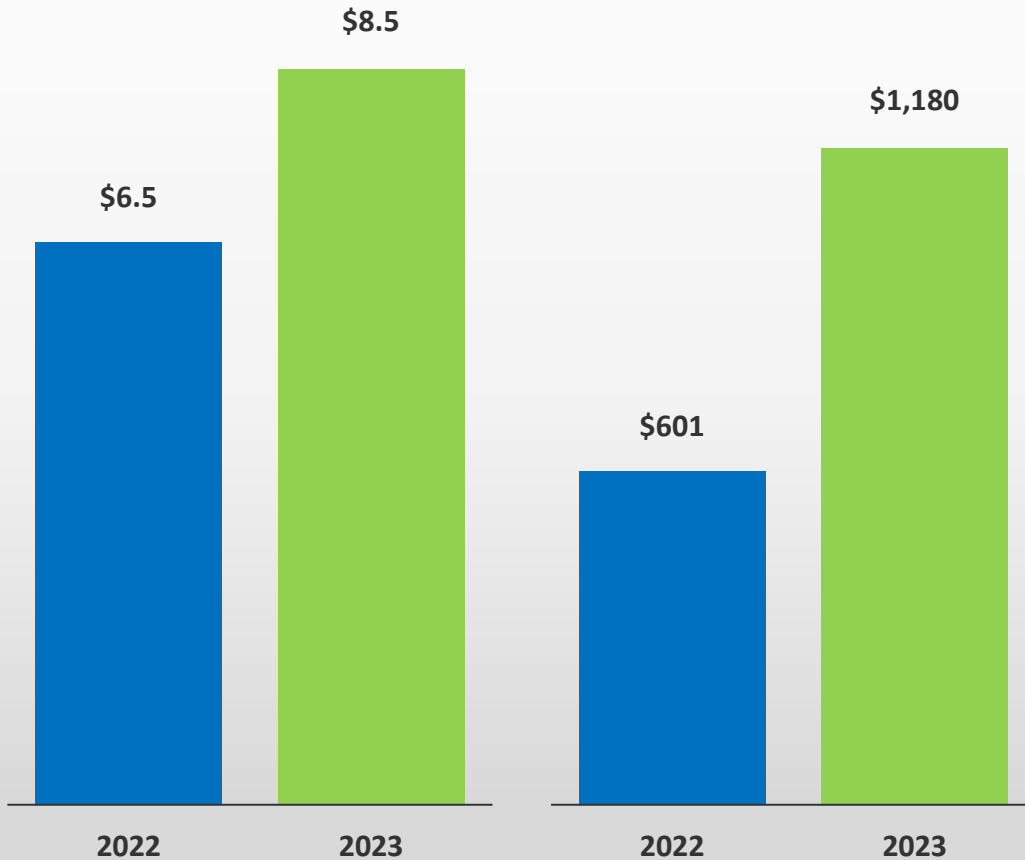
Dividends every year since 1941

(\$ in Millions)	1 st Quarter	
	2023	2022
Revenues	\$8,473	\$6,473
Net Income	\$734	\$601
Adjusted Net Income	\$1,180	\$601
Adjusted Return on Revenues	13.9%	9.3%
Adjusted Diluted EPS	\$2.25	\$1.15
New Truck Deliveries (units)	51,100	43,000

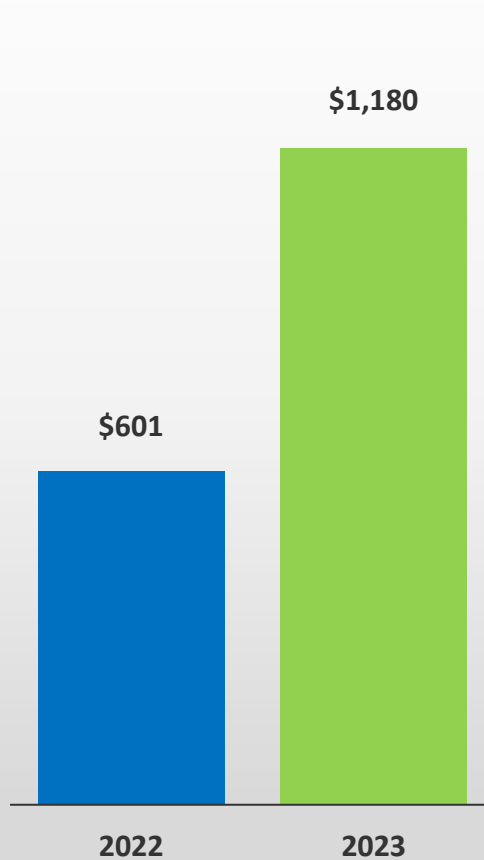
2023 Financial Results

First Quarter 2023 vs. First Quarter 2022

Sales and Revenues (Billions of Dollars)



Net Income (Millions of Dollars)

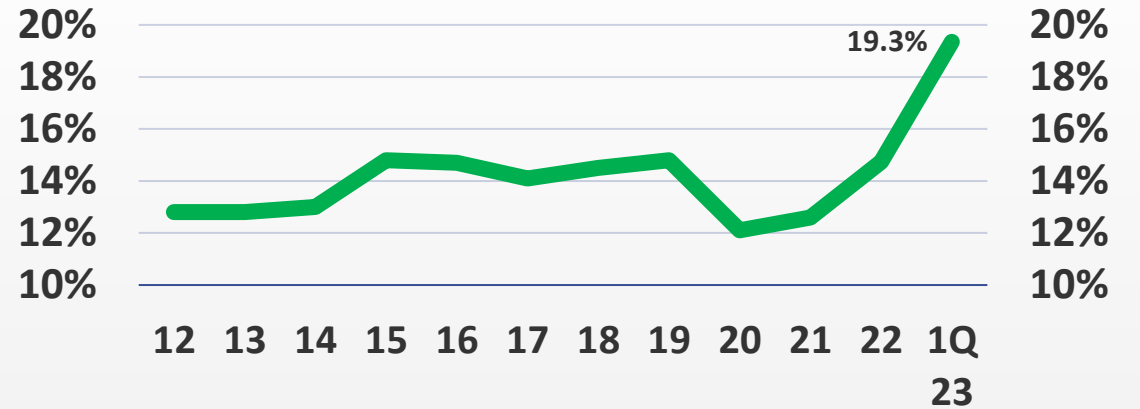


- Sales and revenues of \$8,473 billion
- Adjusted net income of \$1,180 million
- Adjusted after-tax return on revenues of 13.9%
- PACCAR Parts revenues of \$1,623 billion
- PACCAR Parts pretax income of \$439 million
- Financial Services pretax income of \$149 million
- R&D expenses of \$97 million
- Capital investments of \$133 million
- Deliveries of 51,100 trucks

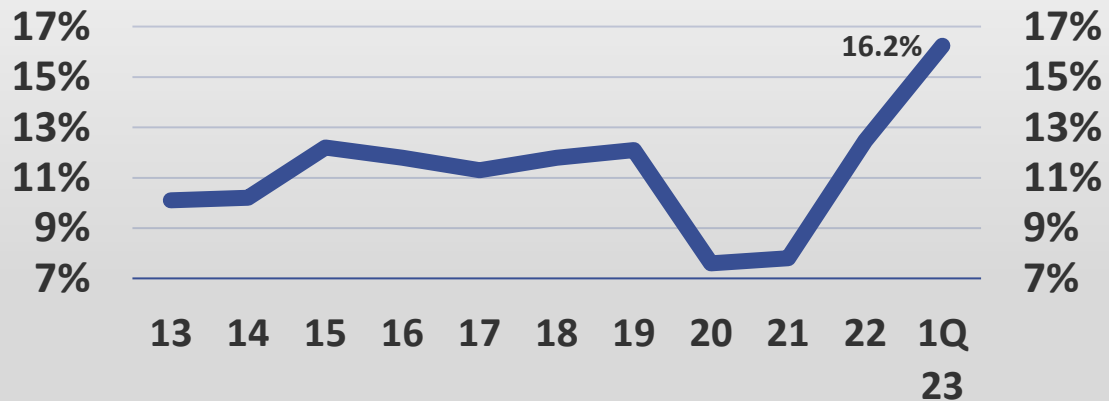
Historical Annual Gross Margins

- Truck margins increased in 2022 due to new products, higher production volumes and an improving supply base
- Parts margins have benefited from distribution and technology investments and growing populations of PACCAR trucks and engines in operation

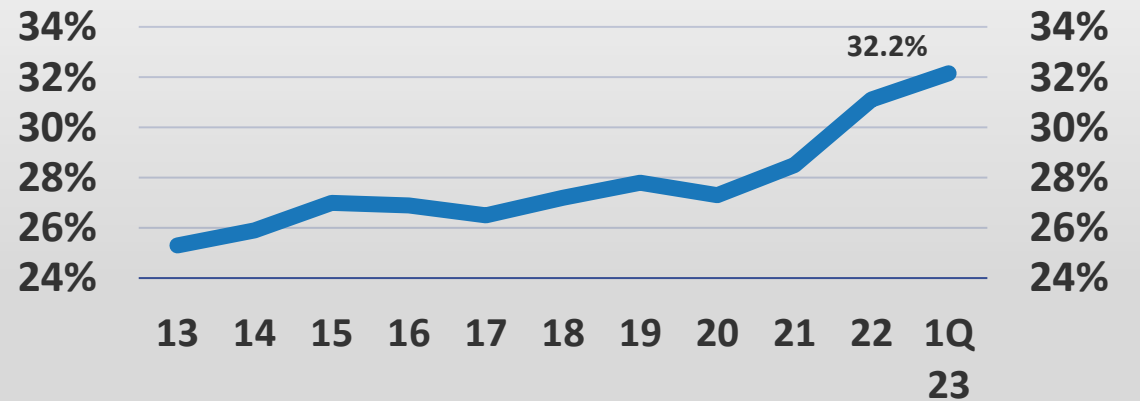
Total Manufacturing



Truck



Parts

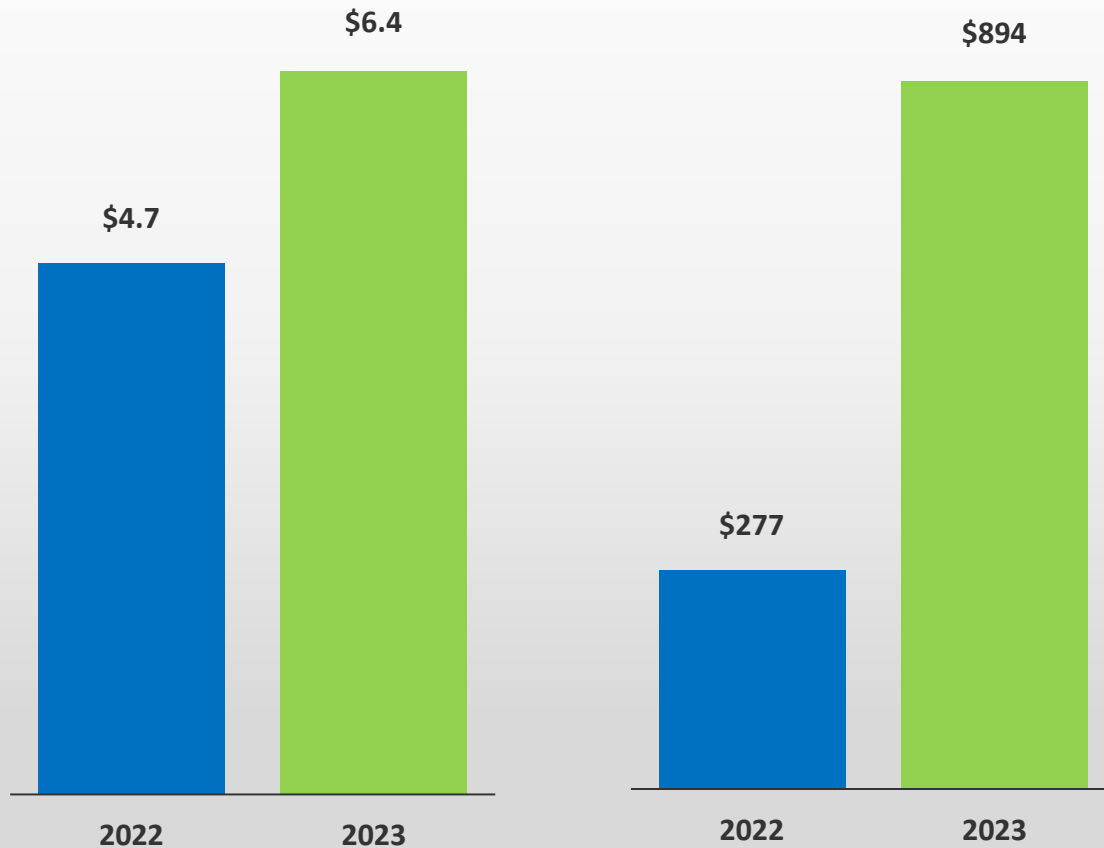


Truck

First Quarter 2023 vs. First Quarter 2022

Sales
(Billions of Dollars)

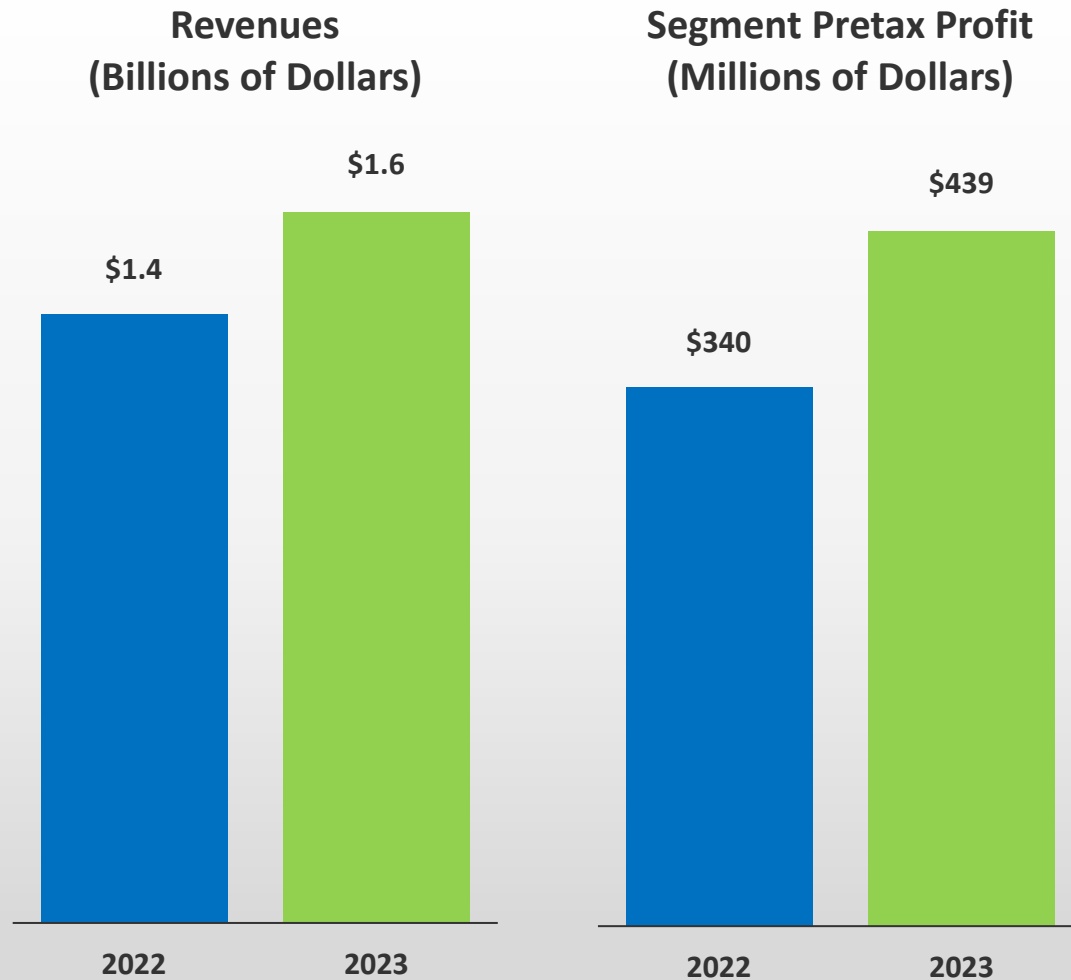
Segment Pretax Profit
(Millions of Dollars)



- Sales totaled \$6.4 billion, up 37% compared to a year ago
- Pretax operating profit improved to \$894 billion, up 223%
- Deliveries for the first quarter of 2023 totaled 51,100 compared to 43,000 units in the same period a year ago
- Heavy-duty market share was 27.0% in the US and Canada, 16.0% in Europe and 8.6% in South America

Aftermarket Parts

First Quarter 2023 vs. First Quarter 2022

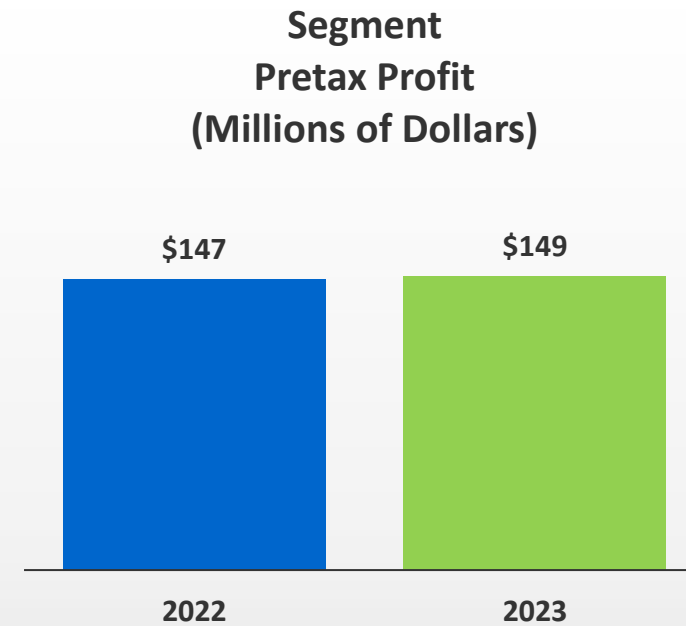


- Record revenues of \$1.6 billion, an increase of 17%
- Record pretax profit of \$439 million, an increase of 29%
- Parts revenues and profit growth due to high customer vehicle utilization, higher average fleet age, industry-leading logistics operations, strong demand for engine parts, and growth in e-commerce platform

Financial Services

Balance Sheet & First Quarter 2023 Profit

	\$ Millions
	3/31/2023
Finance & Other Receivables	\$14,542
Equipment on Operating Leases	2,527
Other Assets	841
Total Financial Services Assets	\$17,910
Commercial Paper & Bank Loans	\$3,859
Term Notes	8,057
Deferred Taxes & Other Liabilities	1,514
Total Financial Services Liabilities	\$13,430
Equity	4,480
Total Liabilities & Equity	\$17,910



- Pretax profit of \$149M, up 1% from the same period the prior year
- High quality portfolio of 220,300 trucks and trailers
- Portfolio performed well with low provision for bad debt and 0.5% past dues
- Investments in 13 worldwide used truck centers.

PACCAR Inc

A+/A1 Credit Ratings

- Superb balance sheet
- \$5.9 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

	(\$ Millions)
	<u>3/31/23</u>
Mfg Cash & Securities	\$5,922
Other Manufacturing Assets	10,994
Financial Services Assets	17,910
Total Assets	<u>\$ 34,826</u>
Manufacturing Debt	\$ -
Manufacturing Liabilities	7,514
Financial Services Liabilities	13,430
Shareholders' Equity	13,882
Total Liabilities & Equity	<u>\$ 34,826</u>

PACCAR Competitive Advantages

Innovative Technology

Global Aftermarket Parts Sales

Rigorous Cost Control

Excellent Supplier Partnerships

Highest Quality Products

Profitable Financial Services

Experienced Management Team

Strongest Dealer Network



Appendix

This earnings release 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 a charge for EC-related claims. 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.

Adjustment for the EC-related claims relates to a pre-tax charge of \$600.0 million (\$446.4 million after-tax) for estimable total costs recorded in Interest and other expenses (income), net in the first quarter 2023.

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:

(\$ in million, except per share amounts)	Three Months Ended March 31, 2023
Net income	\$733.9
EC-related claims, net of tax	446.4
Adjusted net income (non-GAAP)	\$1,180.3
Per diluted share:	
Net income	\$1.40
EC-related claims, net of tax	.85
Adjusted net income (non-GAAP)	\$2.25

PACCAR