PACCAR Inc

Recommendation	**Price**	**12-Mo. Target Price**	**Report Currency**	**Investment Style**
BUY ★★★★★	$60.91 (as of Jul 06, 2018 4:00 PM ET)	$77.00	USD	Large-Cap Value

Equity Analyst Elizabeth Vermillion

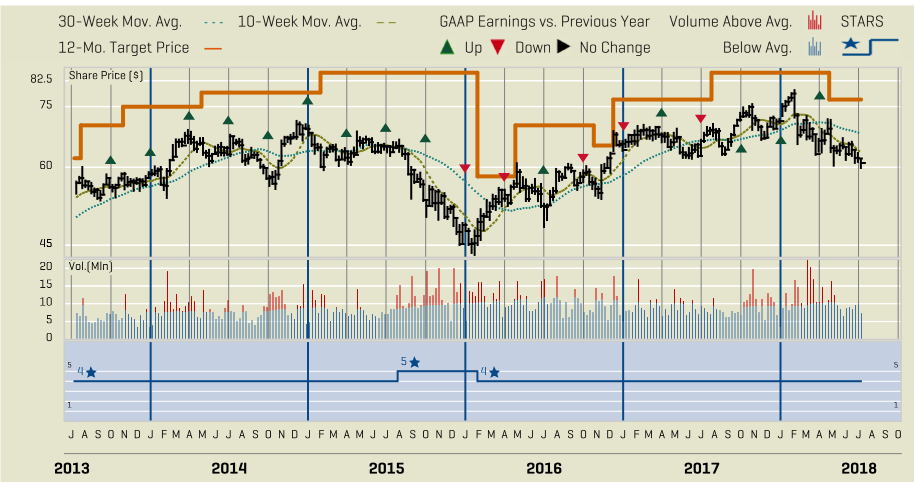
GICS Sector Industrials
Sub-Industry Construction Machinery & Heavy Trucks

Summary This heavy-duty truck manufacturer produces the well-known Peterbilt and Kenworth brand heavy-duty highway trucks.

Key Stock Statistics (Source: CFRA, S&P Global Market Intelligence (SPGMI), Company Reports)

52-Wk Range	**$79.69 - 59.82**	Oper. EPS 2018**E**	**5.46**	Market Capitalization[B]	**$21.43**	Beta	**1.24**
Trailing 12-Month EPS	**5.32**	Oper. EPS 2019**E**	**5.64**	Yield [%]	**3.81**	3-Yr Proj. EPS CAGR[%]	**14**
Trailing 12-Month P/E	**11.39**	P/E on Oper. EPS 2018**E**	**11.10**	Dividend Rate/Share	**$2.32**	SPGMI's Quality Ranking	**B+**
$10K Invested 5 Yrs Ago	**$13,173**	Common Shares Outstg.[M]	**351.81**	Institutional Ownership [%]	**65**		

Price Performance



Source: CFRA, S&P Global Market Intelligence
Past performance is not an indication of future performance and should not be relied upon as such.
Analysis prepared by Equity Analyst **Elizabeth Vermillion** on Apr 30, 2018 02:02 PM, when the stock traded at **$64.41.**

Highlights

- After falling 12% in 2016 and rising 14.8% in 2017, we see a 12%-12.5% sales increase in 2018. We expect robust global truck demand and aftermarket parts demand. Revenues for the parts segment improved 19% in the first quarter due to an increase in the number of PCAR trucks/engines in operation as well as investments in distribution centers and products. Class 8 truck industry orders more than doubled in the first quarter. As a result, PCAR raised the 2018 sales estimate to 265,000-285,000 from 235,000-265,000. We see strength in Europe continuing and expect improvements in Brazil. Demand in North America should benefit from pent-up demand for new trucks amid an aging North American fleet along with stronger transportation demand.
- We see gross margin expanding roughly 15 basis points to 14.4% in 2018. Despite significant revenue growth, margins are only up slightly because margins on truck sales are lower than margins on parts sales. We anticipate truck sales accelerating in 2018 and see margins benefiting from favorable customer mix and seasonal demand.
- We estimate EPS in 2018 to be $5.46. For 2019, we see EPS of $5.64, 32% above the reported 2017 adjusted EPS.

Investment Rationale/Risk

- Demand in North America is improving and we expect strength in international markets in 2018. We think the uncertainty in the global economy in 2017 led to some delayed investment decisions, but we see good economic growth, increased consumer spending and strong commercial and residential construction resulting in record freight tonnage and high fleet capacity utilization. Strong transportation demand and aging fleets should support growth in future periods. We favorably view the company's ability to remain profitable during the last cyclical downturn in truck sales and think PCAR also has significant positive operating leverage as volumes increase. PCAR uses its strong operating cash flow to invest in new facilities, products and services, leading to an increasing market share.
- Risks to our recommendation and target price include a slower economic recovery than we expect, a delayed improvement in North American truck demand, potential supply disruptions, foreign exchange volatility, and increases in raw material costs.
- Our 12-month target price of $77 values the shares at 14.1X our 2018 EPS estimate of $5.46, at the low end of PCAR's five-year historical P/E range.

Analyst's Risk Assessment

LOW	MEDIUM	HIGH

Our risk assessment for Paccar reflects the highly cyclical nature of the heavy-duty (Class 8) truck market, offset by a strong balance sheet with a relatively low amount of manufacturing debt and a geographic sales mix that is increasingly diversified.

Revenue/Earnings Data

Revenue (Million U.S. $)

	1Q	2Q	3Q	4Q	Year
2018	5,654	--	--	--	--
2017	4,238	4,704	5,060	5,455	19,456
2016	4,300	4,413	4,249	4,071	17,033
2015	4,833	5,080	4,847	4,355	19,115
2014	4,380	4,570	4,928	5,119	18,997
2013	3,924	4,301	4,300	4,599	17,124

Earnings Per Share (U.S. $)

	1Q	2Q	3Q	4Q	Year
2019	**E** 1.35	**E** 1.43	**E** 1.40	**E** 1.37	**E** 5.64
2018	1.45	**E** 1.36	**E** 1.37	**E** 1.37	**E** 5.46
2017	0.88	1.06	1.14	1.67	4.75
2016	-1.69	1.37	0.98	0.82	1.48
2015	1.06	1.26	1.21	0.98	4.51
2014	0.77	0.90	1.04	1.11	3.82

Fiscal year ended Dec 31. Next earnings report expected: Late Jul. EPS Estimates based on CFRA's Operating Earnings; historical GAAP earnings are as reported in Company reports.

Dividend Data

Amount ($)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.28	May 01	May 14	May 15	Jun 05 '18
0.25	Dec 05	Feb 12	Feb 13	Mar 06 '18
1.20 Spl.	Dec 05	Dec 13	Dec 14	Jan 04 '18
0.25	Sep 12	Nov 13	Nov 14	Dec 05 '17
0.25	Jul 11	Aug 14	Aug 16	Sep 06 '17

Dividends have been paid since 1943. Source: Company reports.

Past performance is not an indication of future performance and should not be relied upon as such.
Forecasts are not reliable indicator of future performance.

PACCAR Inc

Business Summary April 30, 2018

CORPORATE OVERVIEW. Originally incorporated in 1924 as the Pacific Car and Foundry Company, and tracing its roots back to the Seattle Car Manufacturing Company, PACCAR has grown into a multinational company with principal businesses that include the design, manufacture and distribution of high-quality light, medium and heavy-duty commercial trucks and related aftermarket parts. The company's heavy-duty (Class 8) diesel trucks are marketed under the Peterbilt, Kenworth, DAF and Foden names. In addition, through its Peterbilt and Kenworth divisions, PCAR competes in the North American medium-duty (Class 6/7) markets and the European light/medium (6 to 15 metric ton) commercial vehicle market with DAF cab-over-engine trucks.

In 2017, the company's truck production accounted for 76% of revenues, while related aftermarket parts distribution businesses accounted for 17% of revenues. Segment gross margins in 2017 were 11.5% for the truck segment and 26.5% for the parts business.

Like other big truck makers, the company aims to capitalize on a growing trend toward truck leasing and financing. The Finance Services segment accounted for 7% of 2017 revenues, but generated 27% of pretax income; it posted operating margins of 25.8% and 30.9% in 2016 and 2015, respectively.

PRIMARY BUSINESS DYNAMICS. PCAR operates in a highly cyclical industry, where trends tend to be exacerbated by regulatory changes to engine emission standards. PCAR thinks total Class 8 retail sales in the U.S. and Canada were approximately 215,700 units in 2016, and were forecast to be 210,000-220,000 in 2017 and 220,000-250,000 in 2018. Also, according to PCAR, industry sales of trucks above 15 tonnes in Western and Central Europe were 302,500 in 2016 and forecast to be 300,000-310,000 in 2017 and 280,000-310,000 in 2018.

Based on statistics provided by ACT Research, the North American heavy-duty truck industry experienced a bottom in 1991, with retail sales of Class 8 vehicles of 112,000. Industry sales climbed through the 1990s, peaking at 308,000 units in 1999, before declining to approximately 179,000 units in 2002. Compound annual growth during that 11-year period, from cycle trough to cycle trough, was about 4.4%. Following a similar pattern, unit sales rose between 2003 and 2006 as the economy recovered from recession, peaking at 369,000 units. We think that growth assumptions on the part of fleet owners were too optimistic going into 2006 and contributed to an overbuying of trucks. This in combination with declining freight volumes contributed to a more than 35% decline in sales during 2007 to 236,649 units. Between 2002 and 2007, sales grew at a compound annual rate of 5.7%. Class 8 truck sales declined 35% in 2008, to 153,000, and fell a further 29% in 2009, to 108,000 units, which we think was the bottom of the last cycle. In North America, PACCAR's primary competitors in the heavy-duty truck market are Freightliner (a subsidiary of Daimler), and Mack Trucks (a division of Volvo trucks).

CORPORATE STRATEGY. Because of high fixed manufacturing costs, size is significant in the truck-making business. In general, the higher the production rate, the lower the per-truck manufacturing costs. According to the company, lower per-truck manufacturing costs, as well as brand name recognition, are big advantages in the very competitive heavy truck industry. In an effort to mitigate sales and earnings cyclicality, PCAR also focuses on truck design and assembly, leaving the production of major components to outside suppliers. We think this strategy has served the company well when volatile demand for heavy trucks tails off during cyclical downturns.

FINANCIAL TRENDS. For the five-year period ended in 2017, PCAR exhibited a revenue compound annual growth rate (CAGR) of 2.7% and a net income CAGR of 6%. Going forward, we think the price premium that PCAR is able to charge for its products, combined with its relatively lean cost structure, should enable the company to maintain its above-average profitability relative to other truck manufacturers.

Corporate Information

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Officers

CEO & Director	**President & CFO**
R. E. Armstrong	H. M. Schippers
VP & General Counsel	**Executive Chairman**
D. S. Grandstaff	M. C. Pigott

Board Members

A. J. Carnwath	K. S. Hachigian
B. E. Ford	M. A. Schulz
C. R. Williamson	M. C. Pigott
F. L. Feder	R. C. McGeary
G. E. Spierkel	R. E. Armstrong
J. M. Pigott	

Domicile
Delaware

Auditor
Ernst & Young LLP

Founded
1905

Employees
25,000

PACCAR Inc

Quantitative Evaluations

Fair Value Rank 5

1	2	3	4	5
LOWEST				HIGHEST

Based on CFRA's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

Fair Value Calculation **$84.81** Analysis of the stock's current worth, based on CFRA's proprietary quantitative model suggests that PCAR is undervalued by $23.90 or 39.2%.

Volatility LOW | AVERAGE | HIGH

Technical Evaluation **NEUTRAL** Since June, 2018, the technical indicators for PCAR have been NEUTRAL.

Insider Activity UNFAVORABLE | NEUTRAL | FAVORABLE

Expanded Ratio Analysis

	2017	2016	2015	2014
Price/Sales	1.29	1.32	0.88	1.27
Price/EBITDA	9.42	9.25	6.09	9.90
Price/Pretax Income	11.54	19.89	7.21	12.00
P/E Ratio	14.96	43.18	10.51	17.80
Avg. Diluted Shares Outsg.(M)	353	352	356	356

Figures based on fiscal year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years
Sales	14.23	0.80	2.68
Net Income	NM	7.23	8.55
Ratio Analysis (Annual Avg.)			
Net Margin (%)	NM	NM	NM
Return on Equity (%)	22.59	NA	NA

Company Financials Fiscal year ending Dec. 31

Per Share Data (U.S. $)	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Tangible Book Value	22.88	19.33	19.76	19.05	18.73	16.54	15.03	14.67	14.02	13.36
Free Cash Flow	2.47	0.96	2.34	1.65	1.42	-0.80	-0.15	1.83	1.11	-0.67
Earnings	4.75	1.48	4.51	3.82	3.30	3.12	2.86	1.25	0.31	2.78
Earnings (Normalized)	3.85	3.49	4.11	3.54	2.98	2.86	2.58	1.13	0.19	2.51
Dividends	0.99	0.96	0.92	0.86	0.80	0.78	0.60	0.39	0.54	0.72
Payout Ratio (%)	17	130	42	46	24	73	21	55	207	62
Prices: High	75.68	68.50	68.87	71.15	60.00	48.22	58.75	57.83	40.26	55.54
Prices: Low	61.93	43.46	45.04	53.59	45.42	35.21	31.57	33.45	20.38	21.96
P/E Ratio: High	47.3	33.8	19.4	20.7	20.5	18.9	63.2	NM	31.3	17.2
P/E Ratio: Low	15.4	9.5	11.6	16.0	12.5	11.0	16.6	65.5	7.0	7.0

Income Statement Analysis (Million U.S. $)	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenue	19,456	17,033	19,115	18,997	17,124	17,051	16,355	10,293	8,087	14,973
Operating Income	2,144	1,947	2,328	2,001	1,672	1,596	1,479	649	130	1,380
Depreciation + Amortization	520	484	441	445	375	331	327	298	307	653
Interest Expense	1.70	NA	13.40	3.80	6.70	NA	13.50	1.30	43.60	NA
Pretax Income	2,173	1,130	2,337	2,018	1,695	1,629	1,507	660	175	1,464
Effective Tax Rate	22.9	53.8	31.4	32.7	30.9	31.8	30.8	30.7	36.1	30.5
Net Income	1,675	522	1,604	1,359	1,171	1,112	1,042	458	112	1,018
Net Income (Normalized)	1,358	1,227	1,461	1,261	1,059	1,018	942	413	68	917

Balance Sheet and Other Financial Data (Million U.S. $)	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Cash	3,622	2,923	3,378	2,937	2,925	2,396	2,901	2,433	2,056	2,075
Current Assets	16,178	14,116	14,836	14,421	14,032	12,805	12,232	9,934	10,052	11,736
Total Assets	23,440	20,639	21,110	20,619	20,726	18,628	17,173	14,234	14,569	16,250
Current Liabilities	6,750	5,030	5,694	5,670	5,350	5,820	6,773	4,102	4,401	5,461
Long Term Debt	NA	NA	NA	NA	NA	150	150	150	172	19
Total Capital	17,028	15,299	15,579	15,030	15,126	13,839	12,128	10,745	11,293	12,332
Capital Expenditures	1,847	1,965	1,725	1,537	1,873	1,803	1,647	884	971	1,550
Cash from Operations	2,716	2,301	2,556	2,124	2,376	1,519	1,593	1,551	1,373	1,305
Current Ratio	2.40	2.81	2.61	2.54	2.62	2.20	1.81	2.42	2.28	2.15
% Long Term Debt of Capitalization	NA	NA	NA	NA	NA	1.08	1.24	1.40	1.53	0.16
% Net Income of Revenue	8.61	3.06	8.39	7.15	6.84	6.52	6.37	4.45	1.38	6.80
% Return on Assets	6.08	5.83	6.97	6.05	5.31	5.57	5.89	2.81	0.53	5.14
% Return on Equity	22.6	7.6	23.4	20.3	18.8	19.8	19.4	8.7	2.2	20.6

Source: S&P Global Market Intelligence. Data may be preliminary or restated; before results of discontinued operations/special items. Per share data adjusted for stock dividends; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

PACCAR Inc

Sub-Industry Outlook

Our fundamental outlook for the construction and farm machinery & heavy trucks sub-industry for the next 12 months is positive. A variety of challenges have been testing the group, but we see the overall sub-industry maintaining an upturn once it gets past current difficulties.

After a major downturn, demand for construction equipment rose sharply in 2010 and 2011, but the gains moderated in 2012 on tougher industry conditions. Based on a study by KHL Group, a construction information firm, sales of construction equipment by the world's 50 largest manufacturers grew 2.6% in 2012, declined 1% in 2013, and fell 2.6% in 2014. This was in stark contrast to 2011, when sales grew a very robust 25%. We think the revival in 2010 and 2011 mostly reflected major demand in non-residential markets, on a high level of construction projects in emerging markets. Economic uncertainties, particularly in China, moderated the pace of construction equipment markets from 2012 to 2014. We saw more robust growth once global government stimulus plans began to aid the economic picture.

A peak in farm income in 2013 led to decreased demand for farm equipment for the next several years. Although farm income still has not recovered, we think it has neared the bottom and should start to improve in late 2018 or 2019. At the same time, aging equipment needs to be replaced, which is fueling improved demand, and emerging and other markets throughout the world are showing improved demand as well. Overall, we think modestly stronger sales levels of farm equipment took place in 2016 and were followed by stronger demand in 2017, which we expect to persist in 2018. Tariff discussions and trade war threats are weighing on companies in the sub-industry as impacts are still uncertain.

Increased freight demand and aging truck fleets led to year-to-year gains in North American heavy truck purchases in 2017, as heavy duty truck sales in North America were 218,000 versus 215,700 in 2016, and are expected to rise to 265,000-285,000 in 2018, according to truck maker Paccar. Europe heavy duty truck sales in 2017 were a strong 306,000 units versus 302,500 in 2016 and there should be about 300,000-320,000 units sold in 2018.

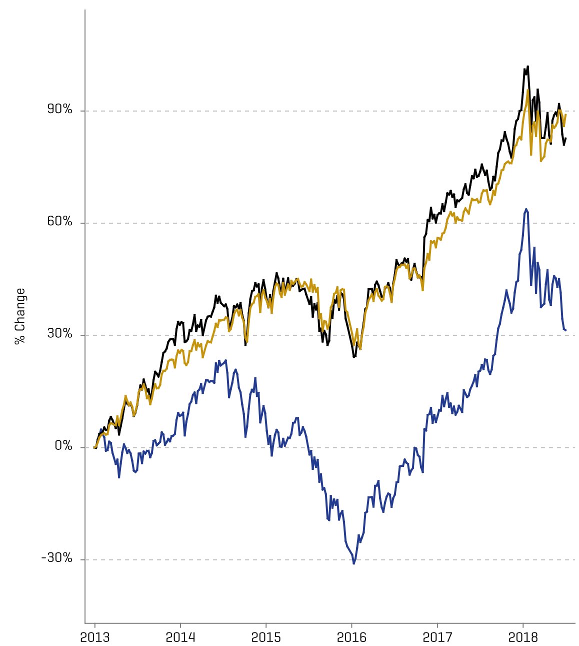
Year to date through June 29, 2018, the S&P Construction Machinery & Heavy Trucks Index declined 13.9% versus a 2.0% rise for the S&P 1500 Index. In June, the S&P Construction Machinery & Heavy Trucks Index declined 6.9% versus a 0.5% increase in the S&P 1500 Index. In 2017, the S&P Construction Machinery & Heavy Trucks index rose 40.8% versus a 17.8% increase for the S&P 1500.

/Elizabeth Vermillion

Industry Performance

GICS Sector: Industrials
Sub-Industry: Construction Machinery & Heavy Trucks

Based on S&P 1500 Indexes
Five-Year market price performance through Jul 07, 2018



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS).

Past performance is not an indication of future performance and should not be relied upon as such.
Source: S&P Global Market Intelligence

Sub-Industry: Construction Machinery & Heavy Trucks   Peer Group*: Construction Machinery & Heavy Trucks

Peer Group	Stock Symbol	Exchange	Currency	Recent Stock Price [$]	Stk. Mkt. Cap. [M $]	30-Day Price Chg. [%]	1-Year Price Chg. [%]	P/E Ratio	Fair Value Calc. [$]	Yield [%]	Return on Equity [%]	LTD to Cap [%]
PACCAR Inc	**PCAR**	**NasdaqGS**	**USD**	**60.91**	**21,429**	**-7.0**	**-9.4**	**11**	**84.81**	**3.8**	**22.6**	**NA**
Allison Transmission Holdings, Inc.	ALSN	NYSE	USD	40.41	5,553	-5.0	7.8	10	51.52	1.5	56.9	78.3
Alstom SA	ALSM.Y	OTCPK	USD	4.576	10,167	-5.4	31.2	19	NA	0.9	11.2	16.6
Cummins Inc.	CMI	NYSE	USD	131.40	21,585	-8.5	-20.0	24	111.66	3.3	13.0	15.6
Hino Motors, Ltd.	HINO.Y	OTCPK	USD	104.76	6,012	-5.7	-6.4	13	NA	2.4	10.9	1.7
Komatsu Ltd.	KMTU.Y	OTCPK	USD	29.11	27,461	-7.5	13.7	16	NA	2.6	12.3	18.8
Oshkosh Corporation	OSK	NYSE	USD	70.94	5,244	-6.2	3.0	14	78.50	1.4	13.3	25.7
Trinity Industries, Inc.	TRN	NYSE	USD	34.71	5,182	0.1	25.4	8	61.45	1.5	15.6	10.4
WABCO Holdings Inc.	WBC	NYSE	USD	116.16	6,226	-6.5	-9.4	15	157.24	Nil	43.0	39.2
Weichai Power Co., Ltd.	WEIC.Y	OTCPK	USD	9.438	9,721	-14.6	NM	8	NA	5.2	18.2	26.9
Westinghouse Air Brake Technologies Corporation	WAB	NYSE	USD	100.10	9,639	-1.5	10.5	35	96.63	0.5	9.0	38.8

*For Peer Groups with more than 10 companies or stocks, selection of issues is based on market capitalization.
NA-Not Available NM-Not Meaningful.
Note: Peers are selected based on Global Industry Classification Standards and market capitalization. The peer group list includes companies with similar characteristics, but may not include all the companies within the same industry and/or that engage in the same line of business.

Analyst Research Notes and other Company News

April 24, 2018

04:05 pm ET... CFRA MAINTAINS BUY OPINION ON SHARES OF PACCAR INC (PCAR 69.41****): We lower our 12-month target price to $77 from $85, valuing the shares at 14.1X our 2018 EPS estimate of $5.46 (raised today from $4.77), at the low end of PCAR's 5-year historical range. We raise our 2019 EPS estimate to $5.64 from $5.11. PCAR posts Q1 EPS of $1.45 vs. $0.88, above our $1.18 estimate. Global truck demand and aftermarket parts demand drove revenues up 33% year-over-year. Gross margins for the Trucks, Parts & Other segment were 14.8%, benefiting from favorable customer mix and increased seasonal demand. We see Class 8 truck retail sales between 265,000-285,000 and expect parts sales to be up 10%-12% in 2018. /Elizabeth Vermillion

January 30, 2018

02:24 pm ET... CFRA MAINTAINS BUY OPINION ON SHARES OF PACCAR INC (PCAR 75.02****): We keep our 12-month target price at $85, 17.8X our '18 EPS est. of $4.77 (raised from $4.52), near PCAR's 10-year average due to a positive view of global truck demand. We start our '19 EPS est. at $5.11. Q4 EPS of $1.18 vs. $0.82 beat our $1.00 est. Q4 revenue for trucks, parts and other rose 36% YOY due to increased sales volumes and parts incentives. We see '18 revenue growth of 11% as truck demand increases in response to increased consumer spending and improving residential and commercial construction markets and see PCAR factories as poised to meet the increasing demand. /Elizabeth Vermillion

October 24, 2017

12:41 pm ET... CFRA KEEPS BUY OPINION ON SHARES OF PACCAR INC (PCAR 72.96****): We keep our 12-month target price at $85, 18.8X our '18 EPS estimate of $4.52 (raised from $4.27), toward the high-end of PCAR's historical range over the past decade, reflecting our positive view of demand for trucks in North America and Europe. We raise our '17 EPS estimate to $4.01 from $3.85, after PCAR posts Q3 EPS of $1.14 vs. $0.98, well above our $0.97 estimate. Revenue growth of 20% was aided by strong demand and market share gains, which exceeded our expectations. PCAR is a well run company that is well positioned to benefit from the improving demand we expect in 2018. /Jim Corridore

July 25, 2017

03:56 pm ET... CFRA KEEPS BUY OPINION ON SHARES OF PACCAR (PCAR 68.6****): We raise our 12-month target price to $85 from $77, 19.9X our '18 EPS estimate of $4.27 (raised today from $4.14), about in line with PCAR's five year average and below peers. We raise our '17 EPS estimate to $3.85 from $3.61. PCAR posts Q2 EPS of $1.06 vs. $1.06, beating our $0.92 estimate and the consensus of $0.99, on much better revenues than we expected. PCAR was able to offset the impact of weaker pricing and currency effects with better volumes. PCAR seeing improving demand in North America and Europe, an encouraging sign for better revenue growth. /J. Corridore

April 25, 2017

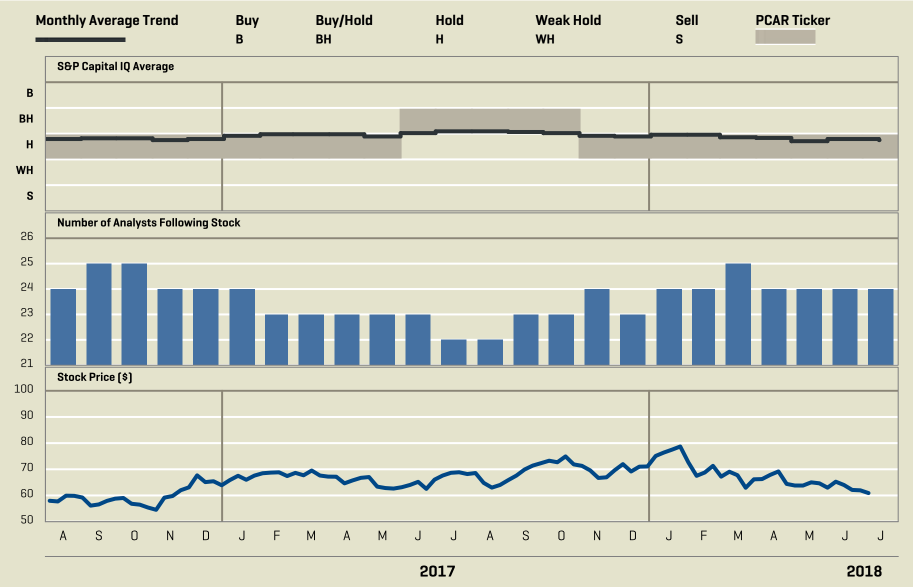
03:13 pm ET... CFRA KEEPS BUY OPINION ON SHARES OF PACCAR (PCAR 65.9****): We keep our 12-month target price of $77, 21.3X our '17 EPS estimate of $3.61 (raised today from $3.49), in line with PCAR's three-year average . We raise our '18 EPS estimate to $4.14 from $3.88. PCAR Q1 adjusted EPS of $0.88 vs. $0.99 was in line with the S&P Capital IQ consensus. Q1 results were affected by lower shipments in North America and higher interest rates. However, PCAR foresees strengthening order trends, which bode well for the rest of '17 and '18. We find the shares attractively valued given likely strengthening demand. /J. Corridore

January 31, 2017

10:21 am ET... S&P CAPITAL IQ KEEPS BUY OPINION ON SHARES OF PACCAR (PCAR 65.84****): We keep our 12-month target price at $77, 22X our '17 EPS estimate of $3.49 (cut today from $3.61), below PCAR's three-year average to reflect weak operating environment. We keep our '18 estimate at $3.88. PCAR Q4 EPS of $0.82 vs. $0.98 missed our $0.94 estimate, on slightly weaker revenues than we were expecting. While we do not see strong truck volumes likely in '17, we expect PCAR to remain solidly profitable and see it as well positioned for a rebound in demand as we move through the year. We see the company as a technology leader with strong market share globally. /J. Corridore

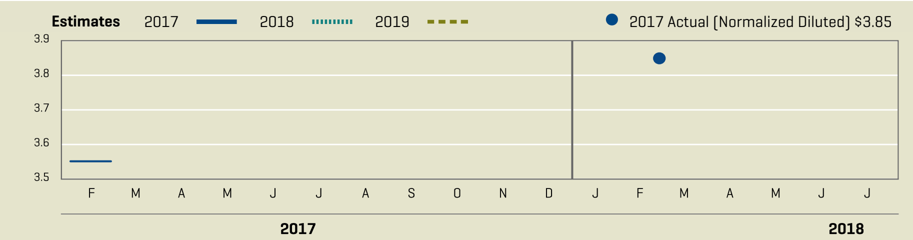
Note: Research notes reflect CFRA's published opinions and analysis on the stock at the time the note was published. The note reflects the views of the equity analyst as of the date and time indicated in the note, and may not reflect CFRA's current view on the company.

Analysts' Recommendations



	No. of Recommendations	% of Total	1 Mo.Prior	3 Mos.Prior
Buy	4	17	4	4
Buy/Hold	2	8	1	2
Hold	16	67	18	17
Weak Hold	0	0	0	0
Sell	2	8	1	1
No Opinion	0	0	0	0
Total	**24**	**100**	**24**	**24**

Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est	Low Est.	# of Est.	Est. P/E
2019	5.81	6.55	5.18	22	10.5
2018	5.69	6.18	5.39	22	10.7
2019 vs. 2018	**▲2%**	**▲6%**	**▼-4%**	**0%**	**▼-2%**
Q2'19	1.45	1.51	1.40	8	41.9
Q2'18	1.43	1.55	1.36	19	42.5
Q2'19 vs. Q2'18	**▲1%**	**▼-3%**	**▲3%**	**▼-58%**	**▼-1%**

Forecasts are not reliable indicator of future performance.
Note: A company's earnings outlook plays a major part in any investment decision. S&P Global Market Intelligence organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.

Note: For all tables, graphs and charts in this report that do not cite any reference or source, the source is S&P Global Market Intelligence.

Wall Street Consensus Opinion

HOLD

Wall Street Consensus vs. Performance

For fiscal year 2018, analysts estimate that PCAR will earn USD $5.69. For the 1st quarter of fiscal year 2018, PCAR announced earnings per share of USD $1.45, representing 25.5% of the total revenue estimate. For fiscal year 2019, analysts estimate that PCAR's earnings per share will grow by 2% to USD $5.81.

Glossary

STARS

Since January 1, 1987, CFRA Equity and Fund Research Services, and its predecessor S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs (American Depositary Receipts), and ADSs (American Depositary Shares) based on a given equity's potential for future performance. Similarly, we have ranked Asian and European equities since June 30, 2002. Under proprietary STARS (Stock Appreciation Ranking System), equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350® Index or S&P 500® Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P Global Market Intelligence's Quality Ranking

(also known as **S&P Capital IQ Earnings & Dividend Rankings**) - Growth and stability of earnings and dividends are deemed key elements in establishing S&P Global Market Intelligence's earnings and dividend rankings for common stocks, which are designed to capsulize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Below Average
A	High	B-	Lower
A-	Above Average	C	Lowest
B+	Average	D	In Reorganization
NR	Not Ranked		

EPS Estimates

CFRA's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, EPS estimates reflect either forecasts of equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by S&P Global Market Intelligence, a data provider to CFRA. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

12-Month Target Price

The equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including Fair Value.

CFRA Equity Research

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Abbreviations Used in Equity Research Reports

CAGR - Compound Annual Growth Rate
CAPEX - Capital Expenditures
CY - Calendar Year
DCF - Discounted Cash Flow
DDM - Dividend Discount Model
EBIT - Earnings Before Interest and Taxes
EBITDA - Earnings Before Interest, Taxes, Depreciation & Amortization
EPS - Earnings Per Share
EV - Enterprise Value
FCF - Free Cash Flow
FFO - Funds From Operations
FY - Fiscal Year
P/E - Price/Earnings
P/NAV - Price to Net Asset Value PEG Ratio - P/E-to-Growth Ratio PV - Present Value
R&D - Research & Development ROCE - Return on Capital Employed ROE - Return on Equity
ROI - Return on Investment
ROIC - Return on Invested Capital
ROA - Return on Assets
SG&A - Selling, General & Administrative Expenses
SOTP - Sum-of-The-Parts
WACC - Weighted Average Cost of Capital

Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are net of taxes (paid in the country of origin).

Qualitative Risk Assessment

Reflects an equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

STARS Ranking system and definition:

★★★★★ **5-STARS (Strong Buy):**

Total return is expected to outperform the total return of a relevant benchmark, by a notable margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★☆ **4-STARS (Buy):**

Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★☆☆ **3-STARS (Hold):**

Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★☆☆☆ **2-STARS (Sell):**

Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price is not anticipated to show a gain.

★☆☆☆☆ **1-STAR (Strong Sell):**

Total return is expected to underperform the total return of a relevant benchmark by a notable margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks:

In North America, the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are the S&P Europe 350 Index and the S&P Asia 50 Index, respectively.

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Quantitative Stock Reports:

Quantitative recommendations are determined by ranking a universe of common stocks based on 5 measures or model categories: Valuation, Quality, Growth, Street Sentiment, and Price Momentum. In the U.S., a sixth sub-category for Financial Health will also be displayed. Percentile scores are used to compare each company to all other companies in the same universe for each model category. The five (six) model category scores are then weighted and rolled up into a single percentile ranking for that company. For reports containing quantitative recommendations refer to the Glossary section of the report for detailed methodology and the definition of Quantitative rankings.

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STARS Stock Reports:

Global STARS Distribution as of March 31, 2018

Ranking	North America	Europe	Asia	Global
Buy	38.2%	31.0%	36.8%	36.9%
Hold	56.4%	55.2%	43.7%	54.8%
Sell	5.3%	13.7%	19.5%	8.4%
Total	100.0%	100.0%	100.0%	100.0%

Analyst Certification:

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