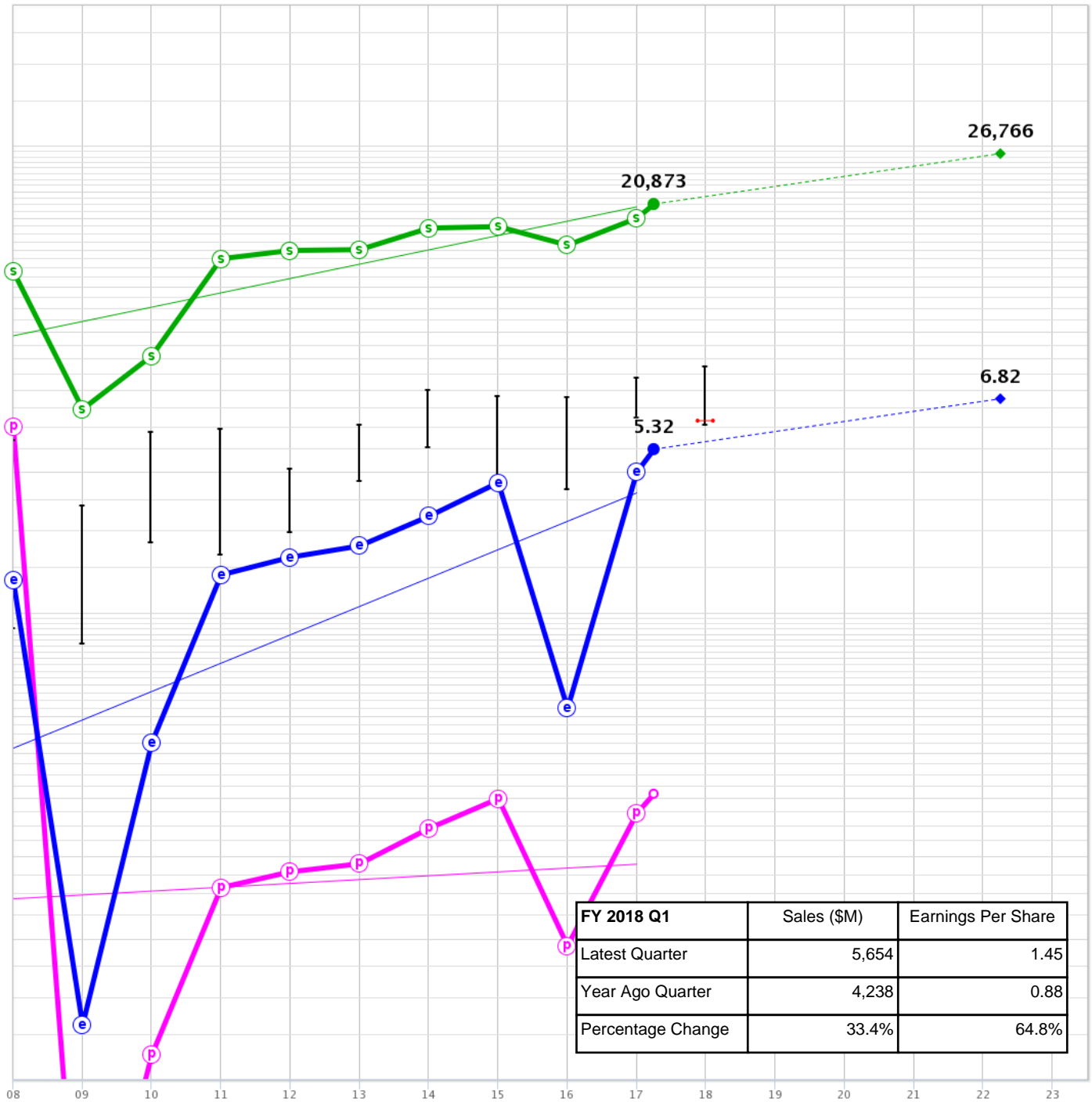


Company	PACCAR		Date	07/11/18	
Prepared by	HENRIKSON		Data taken from	BI Stock Data	
Where traded	NAS	Industry	Truck Manufacturing		
Capitalization --- Outstanding Amounts	Reference				
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	353.5	4.8	69.3		
Debt (\$M)	9,130.0	% to Tot Cap	51.6	% Pot Dil	0.3

Stock Selection Guide

Symbol: PCAR

1 VISUAL ANALYSIS of Sales, Earnings, and Price



- | | | | |
|-----------------------------------|------|--|-------|
| (1) Historical Sales Growth | 7.3% | (3) Historical Earnings Per Share Growth | 15.0% |
| (2) Estimated Future Sales Growth | 5.1% | (4) Estimated Future Earnings Per Share Growth | 5.1% |

2 EVALUATING Management

PACCAR

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Last 5 Year Avg.
Pre-tax Profit on Sales	97.8%	2.3%	6.7%	9.5%	9.8%	10.2%	10.9%	12.5%	6.6%	11.2%	10.3%
% Earned on Equity	20.8%	2.2%	8.5%	18.2%	18.9%	18.0%	18.9%	21.6%	7.4%	21.1%	17.4%
% Debt To Capital	60.7%	54.3%	49.6%	55.4%	57.4%	55.9%	54.9%	55.3%	55.6%	52.4%	54.8%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

CLOSING PRICE 61.22 (07/11/18)

HIGH THIS YEAR 79.69

LOW THIS YEAR 59.82

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2013	60.0	45.4	3.30	18.2	13.8	0.80	24.2	1.8
2014	71.2	53.6	3.82	18.6	14.0	0.86	22.5	1.6
2015	68.9	45.0	4.51	15.3	10.0	0.92	20.4	2.0
2016	68.5	43.5	1.48	46.3	29.4	0.96	64.9	2.2
2017	75.7	61.9	4.75	15.9	13.0	0.99	20.8	1.6
AVERAGE		49.9		17.0	12.7		30.6	
CURRENT/TTM			5.32			1.12	21.1	
AVERAGE PRICE EARNINGS RATIO: 14.9				CURRENT PRICE EARNINGS RATIO: 11.5				

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 17.0 X Estimate High Earnings/Share 6.82 = Forecasted High Price \$ 115.9

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 11.5 X Estimate Low Earnings/Share 4.75 = Forecasted Low Price \$ 54.6

(b) Avg. Low Price of Last 5 Years 49.9

(c) Recent Market Low Price 43.5

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{1.12}{2.21\%} = 50.7$

Selected Forecasted Low Price \$ 54.6

C ZONING using 25%-50%-25%

Forecasted High Price 115.9 Minus Forecasted Low Price 54.6 = 61.3 Range. 25% of Range 15.3

Buy Zone 54.6 to 69.9

Hold Zone 69.9 to 100.6

Sell Zone 100.6 to 115.9

Present Market Price of 61.22 is in the **BUY** Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{115.9 - 61.22}{61.22 - 54.6} = \frac{54.72}{6.62} = 8.3$ To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{115.9 - 61.22}{61.22} = 1.8938$ X 100 = 189.38 - 100 = 89.4 % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{0.99}{61.22} = 0.0183 = 1.8\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{30.6\%}{17.00} = 1.8\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{30.6\%}{14.25} = 2.1\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 13.6 %
Average Yield 1.8 %
Annualized Rate of Return 15.4 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 9.7 %
Average Yield 2.1 %
Annualized Rate of Return 11.8 %