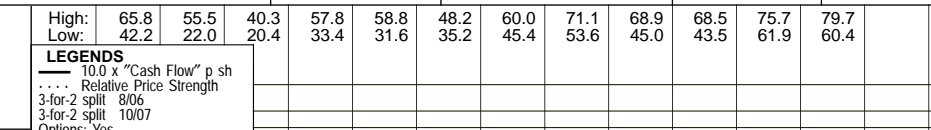


PACCAR INC. NDQ-PCAR

RECENT PRICE **64.25** P/E RATIO **11.3** (Trailing: 13.3; Median: 16.0) RELATIVE P/E RATIO **0.63** DIV'D YLD **3.6%** VALUE LINE

TIMELINESS **2** Raised 2/16/18
 SAFETY **2** Raised 2/17/17
 TECHNICAL **2** Raised 5/11/18
 BETA 1.15 (1.00 = Market)

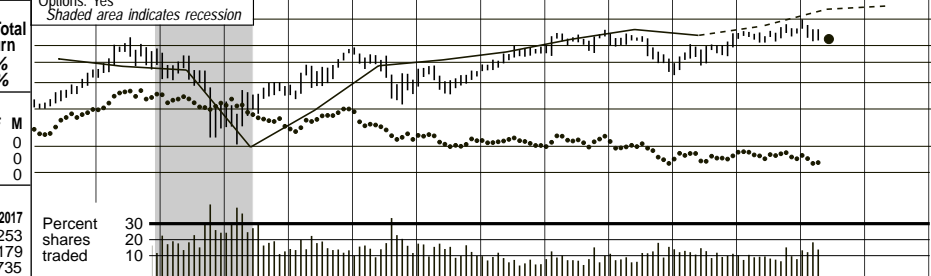


High: 65.8 55.5 40.3 57.8 58.8 48.2 60.0 71.1 68.9 68.5 75.7 79.7
 Low: 42.2 22.0 20.4 33.4 31.6 35.2 45.4 53.6 45.0 43.5 61.9 60.4
 Target Price Range 2021 2022 2023

2021-23 PROJECTIONS
 Price Gain Ann'l Total
 High 115 (+80%) 18%
 Low 85 (+30%) 10%

Insider Decisions
 to Buy 0 0 0 0 0 0 1 0
 Options 0 1 1 0 5 0 3 12 0
 to Sell 0 1 0 0 4 0 0 0 0

Institutional Decisions
 202017 3Q2017 4Q2017
 to Buy 247 234 253
 to Sell 240 228 179
 Hld's(000) 245361 246127 233735



% TOT. RETURN 4/18
 THIS STOCK VL ARITH. INDEX
 1 yr. -3.1 9.5
 3 yr. 2.2 25.8
 5 yr. 38.0 68.8

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	© VALUE LINE PUB. LLC	21-23
18.42	20.76	29.16	37.01	44.18	41.51	41.27	22.20	25.53	42.95	45.14	45.02	50.19	51.08	45.19	51.70	61.10	61.60	Revenues per sh	64.80
1.51	2.01	3.17	4.13	5.18	4.78	4.60	1.98	2.96	4.81	5.13	5.59	6.42	7.15	6.70	7.40	8.90	9.25	"Cash Flow" per sh	10.15
.95	1.33	2.34	3.08	3.97	3.29	2.78	.23	1.25	2.86	3.12	3.30	3.82	4.51	3.85	4.26	5.70	5.85	Earnings per sh ^B	6.30
.44	.62	1.22	1.28	1.84	1.69	.82	.54	.69	1.30	1.58	1.70	1.86	2.32	1.56	2.19	2.29	2.45	Div's Decl'd per sh ^C	2.80
.20	.28	.59	.79	.84	1.16	1.28	.35	.46	.95	1.46	1.44	.84	4.91	5.60	1.20	1.30	1.25	Cap'l Spending per sh	1.40
6.64	8.23	9.63	10.27	11.97	13.67	13.36	14.01	14.67	15.03	16.54	18.73	19.05	19.76	19.33	22.88	26.30	29.50	Book Value per sh	40.70
391.89	394.68	390.81	379.88	372.39	366.67	362.77	364.20	365.33	356.80	353.40	354.30	354.50	351.30	350.70	351.80	352.00	354.00	Common Shs Outst'g ^D	355.00
13.4	15.0	11.7	10.2	9.1	16.2	14.7	NMF	35.8	16.0	13.5	16.1	16.6	13.3	14.5	15.9	16.0	16.5	Avg Ann'l P/E Ratio	16.0
.73	.86	.62	.54	.49	.86	.88	NMF	2.28	1.00	.86	.90	.87	.67	.76	.78	.76	.78	Relative P/E Ratio	.90
3.5%	3.1%	4.5%	4.1%	5.1%	3.2%	2.0%	1.6%	1.5%	2.8%	3.8%	3.2%	2.9%	3.9%	2.8%	3.2%	3.2%	3.2%	Avg Ann'l Div'd Yield	2.8%

CAPITAL STRUCTURE as of 3/31/18
 Total Debt \$9130.0 mill. Due in 5 Yrs \$8900 mill.
 LT Debt \$5895.8 mill. LT Interest \$100 mill
 (Total interest coverage: 15.0x) (41% of Cap'l)

Leases, Uncapitalized Annual rentals \$23.0 mill.
Pension Assets 12/17 \$2.92 bill

Pfd Stock None

Common Stock 351,811,817 mill. shs.
 as of 4/30/18

MARKET CAP: \$22.6 billion (Large Cap)

CURRENT POSITION (SMILL.)

	2016	2017	3/31/18
Cash Assets	3056.6	3732.6	3551.4
Receivables	862.2	1082.1	11569.8
Inventory	727.8	928.4	1068.3
Other	225.6	406.5	398.7
Current Assets	4872.2	5589.6	16588.2
Accts Payable	1545.8	3035.7	3529.9
Debt Due	-	2933.9	3234.2
Other	1093.7	422.1	-
Current Liab.	2639.5	6391.7	6764.1

14973	8086.5	9325.1	15326	15952	15949	17793	17943	15847	18188	21500	21800	Revenues (\$mill)	23000
19.8%	19.9%	6.2%	12.5%	12.5%	8.3%	14.3%	16.0%	16.6%	16.4%	16.0%	16.5%	Operating Margin	17.0%
649.4	638.1	623.2	673.8	700.9	810.7	917.7	907.1	993.1	1108	1130	1200	Depreciation (\$mill)	1350
1017.9	83.0	457.6	1042.3	1111.6	1171.3	1358.8	1604.0	1355.5	1501.8	2010	2070	Net Profit (\$mill)	2250
30.5%	36.1%	30.7%	30.8%	31.8%	30.9%	32.7%	31.4%	31.0%	30.9%	24.0%	24.0%	Income Tax Rate	24.0%
6.8%	1.0%	4.9%	6.8%	7.0%	7.3%	7.6%	8.9%	8.6%	8.3%	9.3%	9.5%	Net Profit Margin	9.8%
3908.7	4754.6	4580.9	5676.2	6739.1	8446.6	8637.5	2464.5	2232.7	9497.9	9500	9600	Working Cap'l (\$mill)	9700
1735.8	2492.3	1884.1	2745.5	4317.4	5765.3	5588.7	8591.5	8475.2	5945.5	6000	6100	Long-Term Debt (\$mill)	6400
4846.7	5103.7	5357.8	5364.4	5846.9	6634.3	6753.2	6940.4	6777.6	8050.5	9255	10450	Shr. Equity (\$mill)	14400
18.3%	2.9%	6.9%	13.3%	11.3%	9.7%	11.3%	10.5%	8.9%	10.7%	13.0%	12.5%	Return on Total Cap'l	11.0%
21.0%	1.6%	8.5%	19.4%	19.0%	17.7%	20.1%	23.1%	20.0%	18.7%	21.5%	20.0%	Return on Shr. Equity	15.5%
8.0%	NMF	3.8%	10.7%	9.4%	8.6%	10.9%	13.3%	11.9%	11.7%	13.0%	11.5%	Retained to Com Eq	8.5%
62%	NMF	55%	45%	50%	51%	46%	42%	40%	37%	40%	42%	All Div'ds to Net Prof	44%

BUSINESS: PACCAR Inc. is a leading manufacturer of medium (Class 6 to 7) and heavy-duty (Class 8) trucks marketed under the Kenworth, Peterbilt, and DAF nameplates. These trucks are built in three plants in the U.S., three in Europe, and one each in Australia, Brazil, Canada, and Mexico. The company also produces engines, primarily for use in its trucks, and distributes parts for the aftermarket. U.S. revenue accounted for 54% of '17 total; Europe, 28%; rest of world, 18%. Has about 25,000 employees. Officers and Directors own 2.6% of common stock; BlackRock, 8.4%; Vanguard, 7.0% (3/18 Proxy). Chairman: Mark C. Pigott. CEO: Ronald E. Armstrong. Inc.: DE. Addr.: 777-106th Ave. NE, Bellevue, WA 98004. Telephone: 425-468-7400. Internet: www.paccar.com.

ANNUAL RATES Past Past Est'd '14-'16
 of change (per sh) 10 Yrs. 5 Yrs. to '21-'23
 Revenues 3.0% 10.0% 4.0%
 "Cash Flow" 5.0% 16.0% 6.0%
 Earnings 2.5% 23.0% 6.5%
 Dividends 3.0% 18.0% 5.5%
 Book Value 6.0% 6.0% 11.0%

PACCAR posted strong first-quarter results. Revenue of \$5.3 billion was 6% higher than our estimate and rose 35% year over year, driven primarily by a 27% jump in new truck deliveries. The North American market was a standout, with an increase of 42% in deliveries. Outside North America, the CF and XF, two new heavy-truck models from PACCAR's European nameplate DAF, are selling well and taking share in their market segment. Investments in distribution centers and new retail locations helped lift revenue in the Parts division 19%, to \$940 million. Operating expenses were in line with our expectations, so outperformance on the top line accounted for most of the earnings beat in the quarter. Earnings per share reached \$1.45, against \$0.88 last year and \$0.20 ahead of our estimate.

agement report an increase in used-truck pricing in the March period. An oversupply of used trucks had been a drag on new-vehicle sales last year. As for the Parts business, management expects sales to rise 10% to 12% in 2018. Finally, we note that earlier this month, the company's board declared a 12% rise in the quarterly dividend, to \$0.28 per share. We think the increase reflects confidence in the company's growth prospects and ability to generate solid cash flow.

Cal-endar	QUARTERLY REVENUES (\$ mill.) ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2015	4548	4786	4546	4063	17943
2016	4011	4116	3953	3767	15847
2017	3936	4398	4732	5122	18188
2018	5322	5450	5350	5378	21500
2019	5475	5475	5400	5450	21800

Near-term prospects look bright. The company expects to deliver 7% to 9% more trucks in the second quarter than in the first, reflecting the strong pace of first-quarter orders. Overall, the company's trucking customers are operating at high utilization levels and expanding their fleets. We were encouraged to hear man-

We have raised our estimates for 2018. We now look for faster top-line growth of 18% versus our previous call of 11%. On the higher sales, we have raised our earnings estimate from \$5.25 per share to \$5.70. For 2019, we think the global economic expansion is likely to persist. We expect revenue to approach \$22 billion next year, while share net grows to \$5.85.

Cal-endar	EARNINGS PER SHARE ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2015	1.06	1.26	1.21	.98	4.51
2016	.99	1.06	.98	.82	3.85
2017	.88	1.06	1.14	1.18	4.26
2018	1.45	1.45	1.40	1.40	5.70
2019	1.48	1.50	1.45	1.42	5.85

PACCAR shares are favorably ranked for year-ahead performance. Similarly, price appreciation potential out to 2021-2023 is compelling. Income-oriented investors should note the stock's above-average dividend yield.

Christopher Joseph, CFA May 18, 2018

(A) Quarterly box excludes PACCAR Financial Corp. (manufacturing & parts rev. only). (B) Diluted earnings. Excludes nonrecurring items: '04, (5c); '05, (17c); '09, 8c, '16, (\$2.37); '17, 49c. Next earnings report due late July. (C) Div'ds historically paid in early March, June, Sept., Dec. Extra year-end dividend: '17, \$1.20; '16: \$0.60; '15: \$1.16; '14: \$1.00; '13: \$0.90; '12: \$0.80; '11: \$0.70; '08: \$0.10; '07: \$1.00; '06: \$1.33; '05: \$0.89; '04: \$0.89; '03: \$0.35; '02: \$0.21. (D) In mill., adjusted for stock splits.