

J.D. POWER

COMMERCIAL TRUCK GUIDELINES

Industry Update

MARCH 2018

- **Volume up at February auctions**

Newer trucks showing up in greater numbers

- **Retail channel holding up despite higher volume**

Supply expected to increase in early spring

- **Medium duty trucks close to rebound status**

Market positive compared to same-period 2017

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COMMERCIAL TRUCK MARKET TRENDS

Used Truck Market Unfolding as Expected

February data showed a used truck market operating as expected. Supply continues to dictate pricing, but demand should be mildly improving. Medium duty trucks continue to recover.

Sleeper Tractors – Auction

February is the first month of the year with numerous auctions on the calendar. As such, this month offers useful insight on how the new year is shaping up. The volume of model year 2013-2011 sleeper tractors sold was back up to typical numbers. Also, trucks of model year 2014 outnumbered those of model year 2013 for the first time, signaling five-year-old trucks are ramping up. February auction performance of our benchmark model was as follows:

MY2013: \$30,250 average; \$1,450 [4.6%] lower than January

MY2012: \$25,000 average; \$1,500 [5.7%] lower than January

MY2011: \$17,000 average; \$250 [1.5%] higher than January

February data showed a used truck market operating as expected. Supply continues to dictate pricing, but demand should be mildly improving. Medium duty trucks continue to recover.

Year-over-year, trucks four to six years of age sold in the first two months of this year brought 21.7% more money than the same period a year ago. Year-over-year gains are encouraging, but the returning supply of late-model trucks expected throughout the year should keep depreciation near our 2% per month estimate.

See the “Volume of all Aerodynamic Sleeper Tractors Sold...” and “Average Selling Price: Benchmark Sleeper Tractor” graphs for detail.

Sleeper Tractors – Retail

January's numbers looked healthy, continuing December's uplift. Trucks of most age cohorts were up firmly compared to the same period of last year.

The average sleeper tractor retailed in January was 74 months old, had 458,697 miles, and brought \$51,254. Compared to December, the average sleeper was 4 months older, had 26,772 (6.2%) more miles, and brought \$3,924 (8.3%) more money. Compared to January 2017, this average sleeper was 2 months newer, had 6,936 (1.5%) more miles, and brought \$3,905 (8.2%) more money.

Looking at trucks three to five years of age, average pricing was as follows:

Model year 2016: \$90,645; - \$4,036 (4.7%) higher than December

Model year 2015: \$66,604; - \$3,678 (5.2%) lower than December

Model year 2014: \$55,565; - \$1,574 (2.9%) higher than December

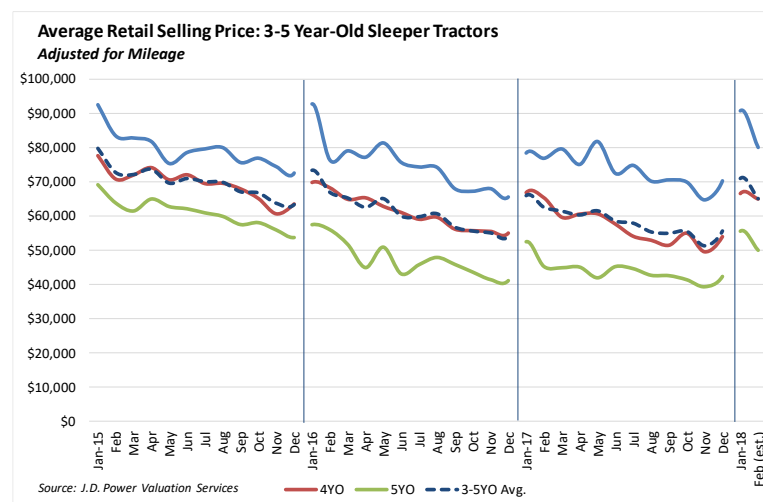
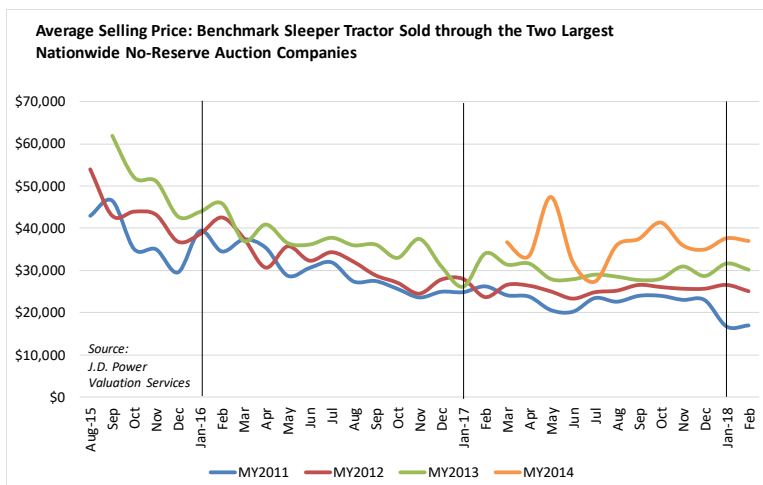
On a year-over-year basis, late-model trucks sold in January averaged 7.6% higher than January 2017.

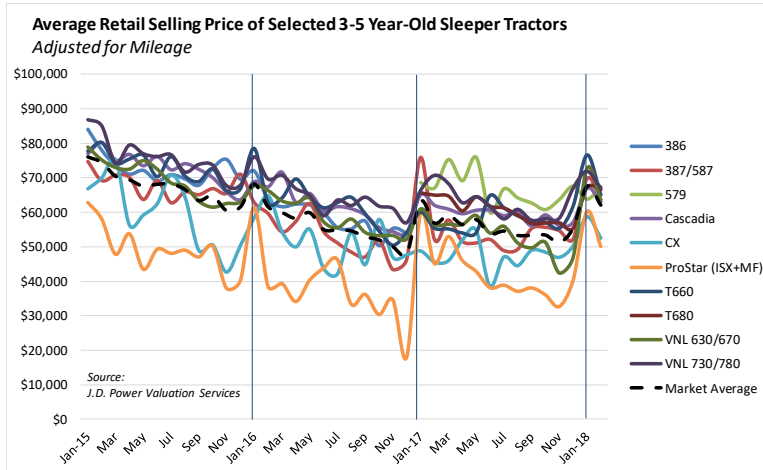
See the "Average Retail Selling Price: 3- to 5- Year-Old Sleeper Tractors" graph for detail.

Looking at specific models, there was again not much competitive movement this month. Keep in mind as of January we are now considering models one year older than December.

See the "Average Retail Selling Price of Selected 3- to 5- Year-Old Sleeper Tractors" graph for detail.

Class 8 sales per dealership rooftop dipped again in January, from 4.7 to 4.5. January is typically unpredictable, with buyers starting to look for equipment but weather potentially impacting activity. We expect sales to increase moderately in 2018 in step with improving economic conditions.





See “Number of Trucks Retailed per Dealership Rooftop” graph for detail.

Looking forward over the long term, February was another extremely high month for new truck orders, which means 2018 should see an elevated volume of deliveries. Fleets are taking advantage of tax breaks and incentives and appear optimistic about economic conditions in 2018. See the “Retail Value Forecast” graph for a look at how we see used truck pricing unfolding over the next four years.

Medium Duty Trucks

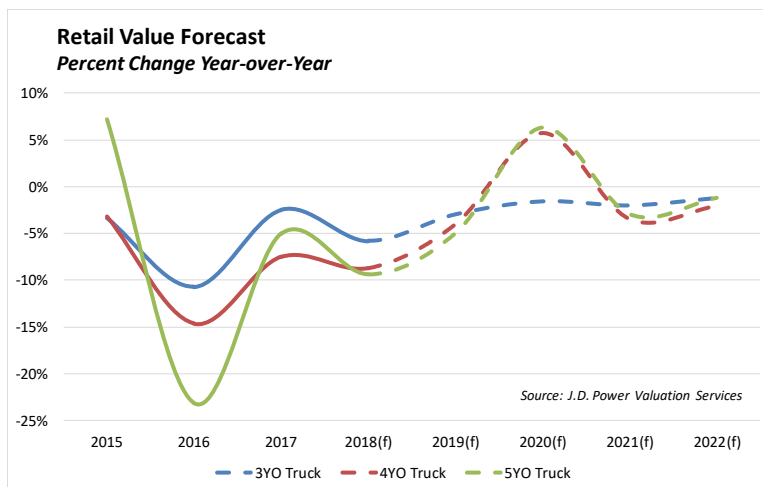
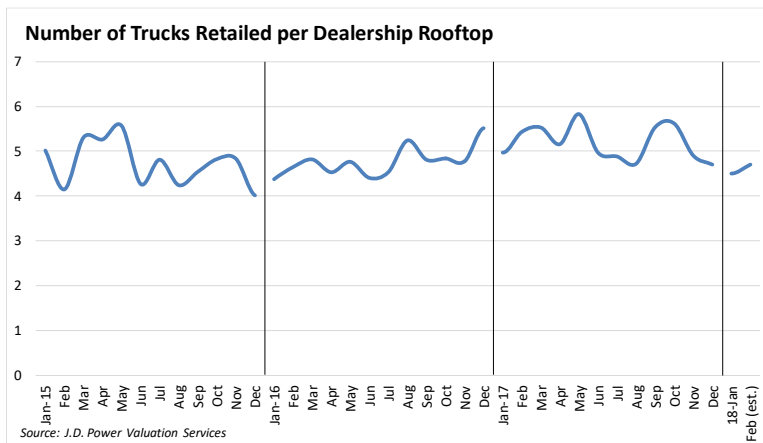
Most segments of the medium duty market started the year strongly, with January’s average selling prices notably higher than the same month a year ago. Keep in mind as of January we are considering trucks one model year older than December, so month-over-month comparisons will be more meaningful next month.

Starting with Class 3-4 cabovers, January’s average pricing was very notably higher than January 2017. However, last January was an odd outlier, with almost no volume and unusually low pricing. Our takeaway is this January’s results were a mild surprise on the upside. Specifically, average pricing was \$18,907, which was \$5,585 [41.9%] higher than January 2017.

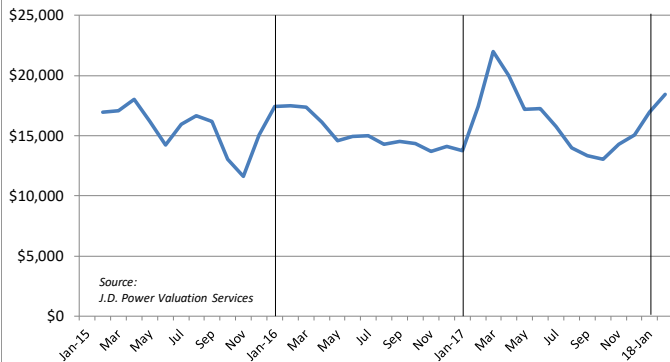
See the “Average Wholesale Selling Price: 4- to 7-Year-Old Class 3-4 Cabovers” graph for detail.

Class 4 and Class 6 both looked strong in January, returning higher pricing than the same month last year, albeit with moderately lower volume. Class 6 trucks brought more money than Class 4 trucks for the second month in a row.

Specifically, Class 4’s averaged \$23,524 in January. This figure is \$3,281 [16.2%] higher than January 2017. Class 6’s averaged \$24,349 in January, which is \$2,402 [or 11.0%] higher than January 2017.



**Average Wholesale Selling Price: 4-7 Year-Old Class 3-4 Cabovers
Adjusted for Mileage**



Diving deeper into the data, individual Class 6 trucks generally brought quite a bit more money in January than any month of 2017, and once again brought more money than Class 4's. This segment has the most opportunity for recovery after a somewhat weak 2017.

See the "Average Wholesale Selling Price: 4- to 7-Year- Old Conventionals by GVW Class" graph for detail.

Forecast

February auction activity was as expected, suggesting a market operating normally in a supply-weighted environment. Our outlook remains unchanged, with depreciation averaging roughly 2% per month. By the time you read this report, the expected increase in used truck supply should be noticeable.

**Average Wholesale Selling Price: 4-7 Year-Old Conventionals by GVW Class
Adjusted for Mileage**



ATD OFFICIAL COMMERCIAL TRUCK GUIDE TRENDS

Monthly Change in ATD/NADA Commercial Truck Guide Value

February 2018 vs. March 2018

Commercial Truck Segment	2011MY	2012MY	2013MY	2014MY	2015MY*
Commercial Van	→ 0.0%	→ 0.0%	→ 0.0%	→ 0.0%	→ 0.0%
Extended Hood	→ 0.0%	→ 0.0%	→ 0.0%	→ 0.0%	→ 0.0%
Highway Aerodynamic	↗ 0.7%	↗ 0.7%	→ 0.3%	→ 0.0%	→ 0.0%
Highway Traditional	→ 0.0%	→ 0.0%	→ 0.0%	→ 0.0%	→ 0.0%
Local/Delivery Daycab	→ 0.0%	→ 0.0%	→ 0.0%	→ 0.0%	→ 0.0%
Medium Duty Cabover	→ 0.0%	→ 0.0%	→ 0.0%	→ 0.0%	→ 0.0%
Medium Duty Conventional	→ 0.0%	→ 0.0%	→ 0.0%	→ 0.0%	→ 0.0%
Vocational/Construction	→ 0.0%	→ 0.0%	→ 0.0%	→ 0.0%	→ 0.0%

*Value movement can be influenced by newly valued vehicles.

Annual Change in ATD/NADA Commercial Truck Guide Value

March 2017 vs. March 2018*

Commercial Truck Segment	2012MY	2013MY	2014MY	2015MY	2016MY*	Segment
Commercial Van	-1.1%	-1.1%	-0.4%	-0.6%	-0.8%	-0.7%
Extended Hood	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Highway Aerodynamic	0.7%	0.3%	-0.4%	-0.2%	-0.9%	-0.2%
Highway Traditional	0.0%	0.0%	0.0%	0.0%	NULL	0.0%
Local/Delivery Daycab	0.0%	0.0%	0.0%	-0.4%	-1.6%	-0.3%
Medium Duty Cabover	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Medium Duty Conventional	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Vocational/Construction	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

YTD Change in ATD/NADA Commercial Truck Guide Value

January 2018 — March 2018

Commercial Truck Segment	2012MY	2013MY	2014MY	2015MY	2016MY*	Segment
Commercial Van	-1.1%	-1.1%	-0.4%	-0.6%	-0.8%	-0.7%
Extended Hood	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Highway Aerodynamic	0.7%	0.3%	-0.4%	-0.2%	-0.9%	-0.2%
Highway Traditional	0.0%	0.0%	0.0%	0.0%	NULL	0.0%
Local/Delivery Daycab	0.0%	0.0%	0.0%	-0.4%	-1.6%	-0.3%
Medium Duty Cabover	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Medium Duty Conventional	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Vocational/Construction	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

AT J.D. POWER VALUATION SERVICES (FORMERLY NADA USED CAR GUIDE)

What's New

J.D. Power is pleased to offer a new **Residual Values** product suite designed to help manufacturers, captive finance companies, and lenders make informed decisions on residual setting, lease support, and risk management. This benchmark product incorporates industry-leading data from three trusted sources. Coupled with a seasoned team of data scientists and analysts, the product suite's sophisticated valuation forecast methodology provides a fresh, reliable approach based on objective expertise and complete transparency.



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About J.D. Power Valuation Services (formerly NADA Used Car Guide)

J.D. Power Valuation Services (formerly NADA Used Car Guide) is a leading provider of vehicle valuation products, services and information to businesses. Its team collects and analyzes over 1 million combined automotive and truck wholesale and retail transactions per month, and delivers a range of guidebooks, auction data, analysis and data solutions. J.D. Power acquired NADA Used Car Guide in 2015, forming a powerful combination that brings the automotive industry rich data sets, strong analytics and over 130 years of market experience. Residual Values is the first product to be launched by J.D. Power Valuation Services.

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Complemented by J.D. Power Valuation Services' analytics team, which maintains and advances its internal forecasting models and develops customized forecasting solutions for clients, the market intelligence team is responsible for publishing white papers, special reports and the Commercial Vehicle Blog. Throughout every piece of content, the team strives to go beyond what is happening in the industry to confidently answer why it is happening and how it will impact the market in the future.

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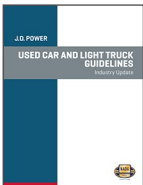
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ADDITIONAL RESOURCES



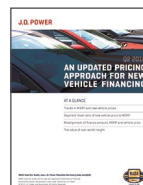
Guidelines

Updated monthly with a robust data set from various industry sources and J.D. Power Valuation Services' proprietary analysis, *Guidelines* provides the insight needed to make decisions in today's market.



Perspective

Leveraging data from various industry sources and J.D. Power Valuation Services' analysts, *Perspective* takes a deep dive into a range of industry trends to determine why they are happening and what to expect in the future.



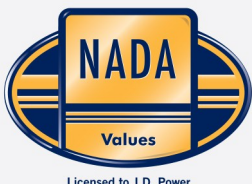
White Papers

J.D. Power Valuation Services' white papers and special reports aim to inform industry stakeholders on current and expected used vehicle price movement to better maximize today's opportunities and manage tomorrow's risk.



Commercial Vehicle Blog

Written and managed by Senior Analyst Chris Visser, the Commercial Vehicle Blog analyzes market data, lends insight into industry trends and highlights relevant events.



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