

GUIDELINES

Commercial Truck Guide Industry Update

April 2017

- **March auction results not particularly impressive**
Volume and pricing down more than expected
- **No rebound yet in the retail channel**
Aerodynamic sleepers lost an average of 5.2% month-over-month
- **Firming up of values still predicted in upcoming months**
Returning supply will be similar to last year, but demand should improve

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COMMERCIAL TRUCK MARKET TRENDS

Spring Thaw is a Slow One

As we enter the second quarter, dealers remain optimistic as new truck orders continue to strengthen and used truck volume continues to trend upward. However, March’s auction and retail results were not particularly impressive, indicating market conditions are changing gradually.

Sleeper Tractors – Auction/Wholesale

Volume of our benchmark model was up substantially in March for the highest result in 12 months. However, the volume of all aerodynamic sleeper tractors was low compared to recent months. Pricing of our benchmark model was 2.2% lower month-over-month, which is slightly worse than our 1.5% to 2% rule of thumb for 2017.

March auction performance of our benchmark model was as follows:

MY2013: \$31,443 average; \$2,648 (7.8%) lower than February

MY2012: \$26,522 average; \$2,917 (12.4%) higher than February

MY2011: \$24,133 average; \$2,101 (8.0%) lower than February

Low volume is not necessarily a bad thing in the auction channel, since it suggests a smaller number of trucks returning off trade (assuming a consistent no-sale percentage). Volume has been the primary factor behind depreciation since mid-2015, so fewer trucks hitting the market should support more solid pricing. At the same time, we know the returning supply will be substantial through 2019, so any volume-based pricing solidity will merely reflect monthly fluctuations.

March’s auction and retail results were not particularly impressive, indicating market conditions are changing gradually.

[COMMERCIAL TRUCK MARKET TRENDS *continued*]

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

The larger overall wholesale environment (auction, dealer-to-dealer, and dealer-to-wholesaler combined) was mixed in February (March results were not yet available at the time of this writing). The general market average was higher month-over-month, but individual makes and models were essentially flat.

Volume was much higher compared to January.

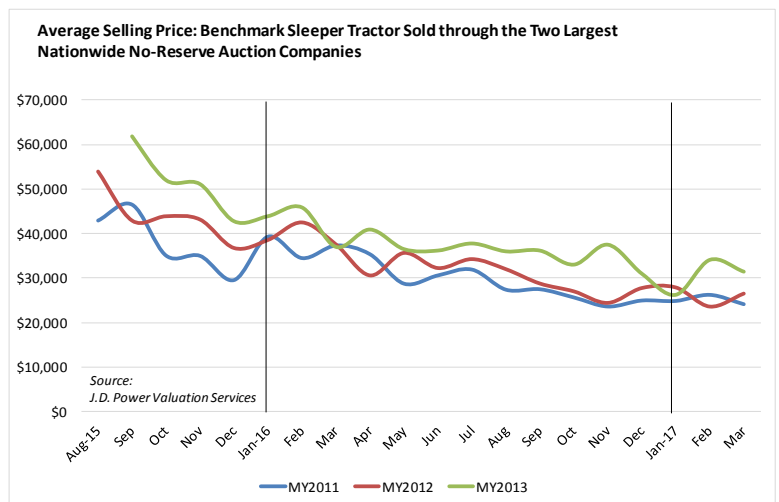
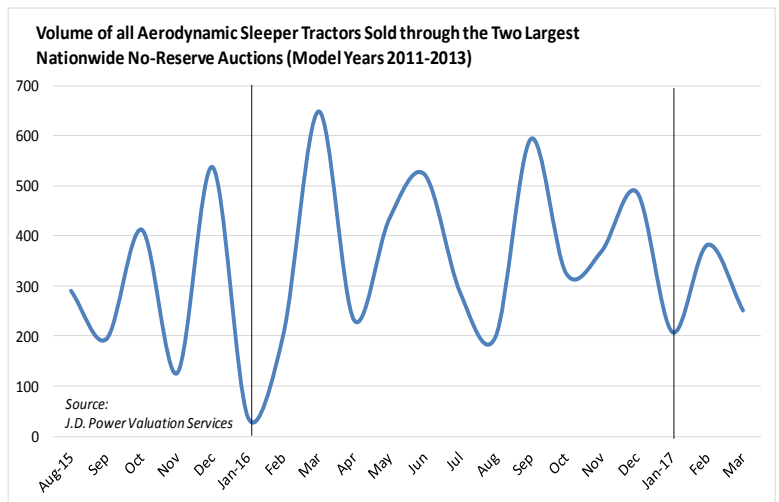
The average sleeper tractor sold wholesale in February was 68 months old, had 537,348 miles, and brought \$29,229. Compared to January, trucks sold in February were 10 months newer, had 36,685 (6.4%) fewer miles, and brought \$4,596 (18.7%) more money. Compared to February 2016, the average sleeper sold this month was nine months newer, had 50,452 (8.6%) fewer miles, and brought \$4,183 (12.5%) less money.

Trucks three to five years of age took a hit in February on an average basis, but this dip was due to a greater number of specific low-priced models impacting the average. Generally, individual models saw little change from January to February. For reference, average wholesale pricing for this cohort was \$42,583, or \$9,451 (18.2%) lower than January. The volume of late-model trucks wholesaled in February was much greater than January, so the flat pricing may be viewed positively.

Average pricing by age was as follows:

3-year-old trucks: \$54,050, or \$18,593 (25.6%) lower than January

4-year-old trucks: \$40,207, or \$11,191 (21.8%) lower than January



COMMERCIAL TRUCK MARKET TRENDS *continued*

5-year-old trucks: \$33,491, or \$1,429 (4.5%) higher than January

Again, the drastically lower average figures are attributable to a greater volume of low-priced models depressing the results. Actual model-by-model pricing was generally unchanged in February.

See the “Average Sleeper Tractor Pricing by Model Year (All Wholesale)” graph for detail.

Sleeper Tractors – Retail

The average sleeper tractor retailed in February was 72 months old, had 449,656 miles, and brought \$49,878. Compared to January, the average sleeper was four months newer, had 2,172 (0.5%) fewer miles, and brought \$2,562 (5.4%) more money.

Compared to February 2016, this average tractor was one month older, had 46,386 (9.4%) fewer miles, and brought \$3,941 (7.3%) less money.

Our 3- to 5-year-old group continued to trend lower year-over-year. Average pricing for this cohort in February was \$62,480, or \$3,430 (5.2%) lower than January. Average pricing for this group through the first two months of the year is \$5,904 (8.4%) lower than the same period of last year.

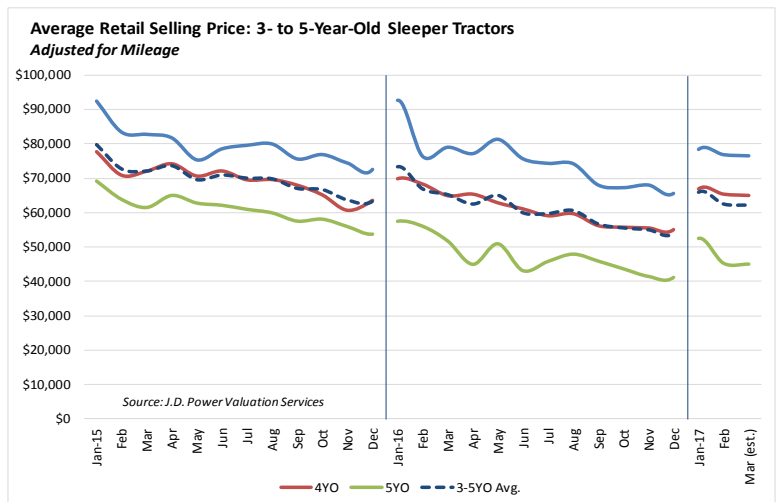
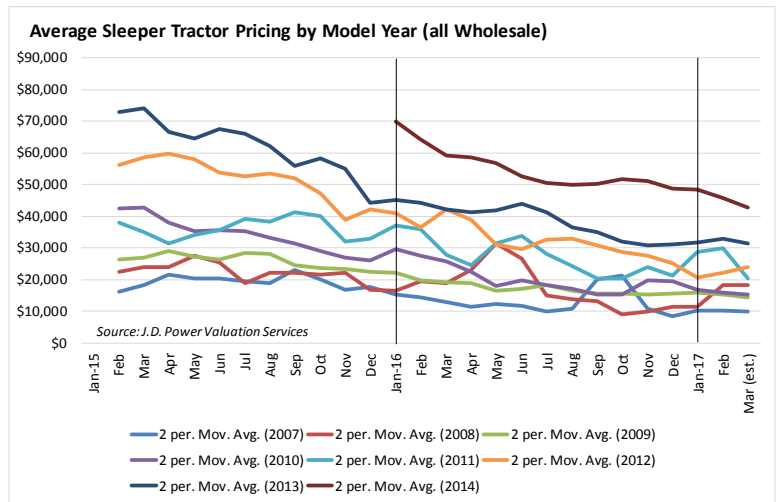
Average pricing by age was as follows:

3-year-old trucks: \$76,839, or \$1,529 (2.0%) lower than January

4-year-old trucks: \$65,354, or \$1,524 (2.3%) lower than January

5-year-old trucks: \$45,247, or \$7,237 (13.8%) lower than January

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



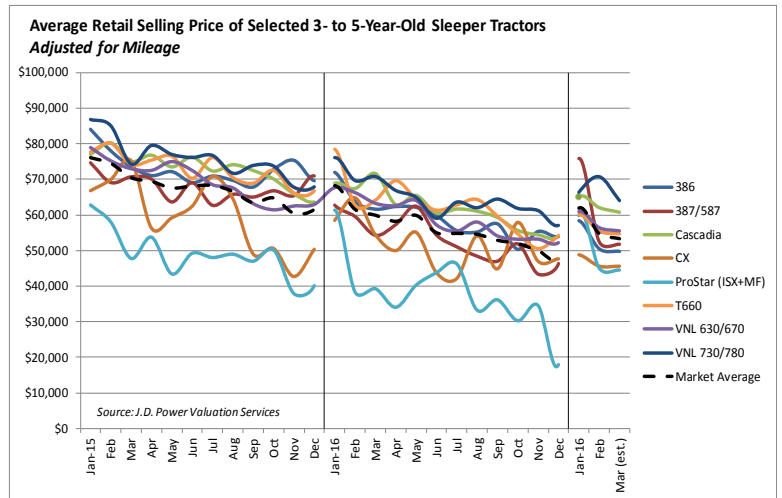
[COMMERCIAL TRUCK MARKET TRENDS *continued*]

Individual makes and models generally lost more value than anticipated in February. We still expect depreciation to relax in upcoming months, as demand incrementally improves.

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

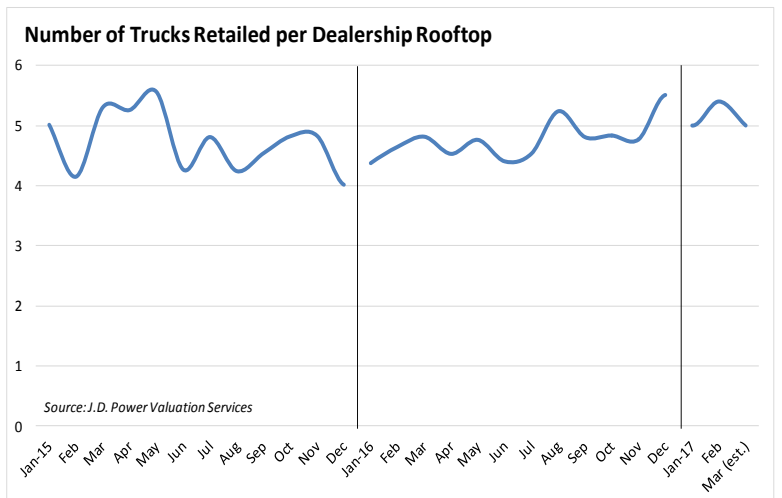
Looking at the number of retail sales per rooftop, volume trended back up in February after dipping in January. February’s result of 5.4 trucks brings the 2017 average to 5.2, which is 0.7 higher than the same 2016 period. March’s incoming data points to somewhat lower results, but we expect the gradual upward trend to continue in upcoming months as demand incrementally improves.

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



Medium Duty Trucks

Starting with Class 3 – 4 cabovers, a much better environment in February, combined with a newer, lower-mileage mix of trucks, drove volume and pricing of our benchmark group of 4- to 7-year-old units much higher than January. February’s average pricing was \$21,494, which is the highest figure in at least five years. This figure was \$8,172 (61.3%) higher than January, and \$4,683 (27.9%) higher than February 2016.



Pent-up demand resulting from fewer auctions in January are probably partially responsible for the positive results. At the same time, February’s average is quite a bit higher than expected. If March’s results continue this trend, we may need to revise our outlook more positively.

[COMMERCIAL TRUCK MARKET TRENDS *continued*]

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

Looking at conventionals, Class 4’s returned to outperforming Class 6’s, following a mildly encouraging month for heavier GVW models. Our benchmark group of Class 4

conventionals had its strongest month since before the recession, while our Class 6 group came in with a fairly good month similar to January.

Specifically, Class 4’s averaged \$24,478 in February. This figure is \$4,235 (20.9%) higher than January, and \$5,805 (31%) higher than February 2016. Class 6’s averaged \$21,200 in February. This figure is \$729 (3.3%) lower than January, and \$1,589 (7%) lower than February 2017.

Volume for Class 4 was moderately higher than last month, while volume for Class 6 was very similar.

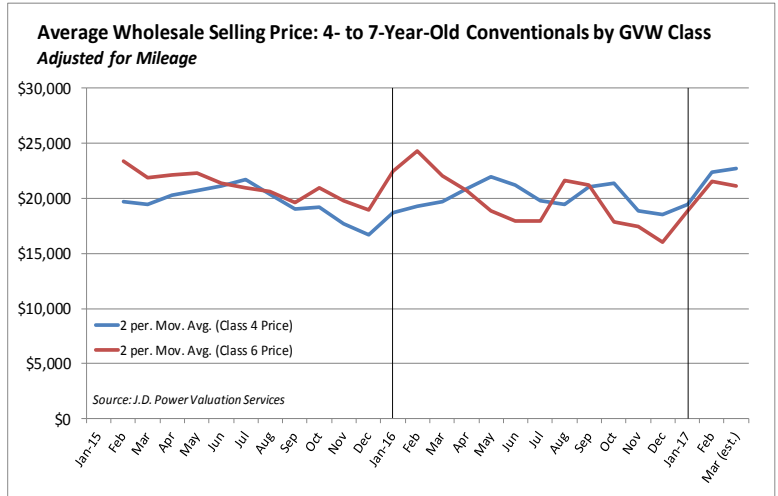
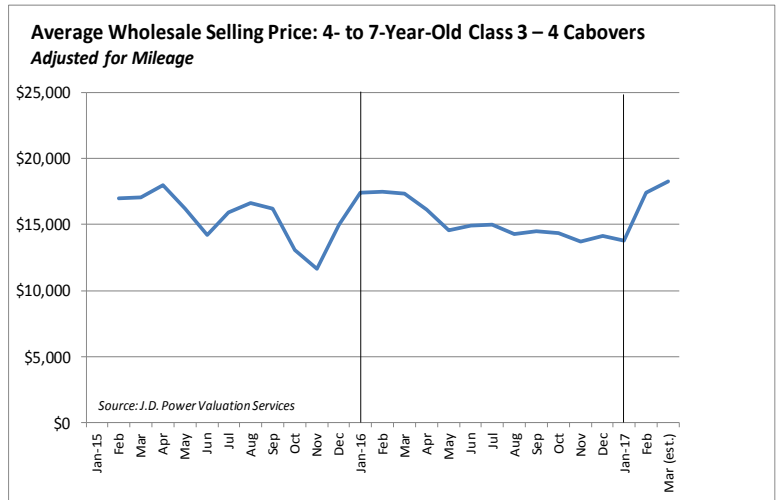
We continue to view the Class 6 market as lukewarm while buyers continue to show interest in lighter-GVW trucks. There is more upside than downside for all GVW classes in upcoming months

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

Forecast

Overall sentiment about the trucking economy is improving. We are waiting for this sentiment to manifest itself in the form of accelerated activity.

Used truck values will continue to be impacted by returning supply, but demand should improve throughout 2017.



[ATD/NADA OFFICIAL COMMERCIAL TRUCK GUIDE TRENDS]

Monthly Change in ATD/NADA Commercial Truck Guide Value

March v. April 2017

Used Car Guide Segment	2011MY	2012MY	2013MY	2014MY	2015MY*
Commercial Van	↓ -2.9%	→ 0.4%	↘ -1.2%	↘ -1.5%	↘ -1.0%
Extended Hood	→ 0.0%	→ 0.0%	→ 0.3%	→ 0.0%	→ 0.0%
Highway Aerodynamic	↘ -0.7%	→ -0.5%	↓ -2.4%	↘ -1.0%	↘ -1.3%
Highway Traditional	→ 0.0%	→ 0.0%	→ 0.0%	→ 0.0%	→ 0.0%
Local/Delivery Daycab	→ -0.2%	→ -0.1%	↘ -0.7%	→ -0.2%	→ -0.4%
Medium Duty Cabover	→ 0.0%	→ 0.0%	→ 0.0%	→ 0.0%	→ 0.0%
Medium Duty Conventional	→ -0.3%	→ -0.4%	→ -0.4%	→ -0.2%	→ -0.3%
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

April, 2016 v. 2017

Used Car Guide Segment	5YR	4YR	3YR	2YR	Segment Change
Commercial Van	-20.6%	-12.2%	-17.5%	-2.8%	-18.8%
Extended Hood	-8.0%	-10.9%	5.8%	-6.7%	-12.8%
Highway Aerodynamic	-34.1%	-20.5%	-10.0%	-10.9%	-33.5%
Highway Traditional	-8.1%	-9.6%	-3.7%	-6.6%	-13.4%
Local/Delivery Daycab	-16.1%	-1.0%	0.8%	-2.3%	-19.4%
Medium Duty Cabover	-1.8%	6.8%	-12.7%	-12.6%	-12.5%
Medium Duty Conventional	-8.6%	2.3%	-3.5%	7.1%	-6.1%
Vocational/Construction	6.0%	-5.0%	7.9%	-1.5%	-9.7%

*Calculations are based on vehicle age, i.e. values for 1-year-old vehicles in CY2017 are compared against values for 1-year-old vehicles in CY2016.

YTD Change in ATD/NADA Commercial Truck Guide Value

January — April 2017

Used Car Guide Segment	2011MY	2012MY	2013MY	2014MY	2015MY*	Segment
Commercial Van	-1.9%	0.0%	4.2%	-1.9%	-4.8%	-1.3%
Extended Hood	-1.3%	-1.1%	-0.8%	-0.8%	-1.4%	-1.1%
Highway Aerodynamic	-7.5%	-8.5%	-9.3%	-7.5%	-6.8%	-7.8%
Highway Traditional	-1.4%	-4.0%	-1.0%	-0.8%	-1.5%	-2.1%
Local/Delivery Daycab	-5.1%	-6.1%	-5.2%	-4.4%	-4.9%	-4.7%
Medium Duty Cabover	-3.3%	-2.4%	-5.3%	-6.2%	-4.1%	-3.9%
Medium Duty Conventional	-6.0%	-3.9%	-5.0%	-4.6%	-4.3%	-3.9%
Vocational/Construction	-1.0%	-0.8%	-1.2%	-1.2%	-1.1%	-1.0%

AT NADA USED CAR GUIDE

What's New

The new NADA Values Online introduces New Vehicle Values, a range of values that provide new vehicle pricing guidance based on actual market transactions and market influencers. It also includes inventory valuation, vehicle valuation trends and a custom reporting tool to help you see vehicle values from every angle.

With NADA Values Online, you have the data and insight you need to make better business decisions and see better outcomes.

See how we can help your business >> Go to nada.com/valuesonline.

On the Road

Learn from Chris Visser during the “How to Maximize Resale” panel discussion at the Peterbilt Premium Dealer Meeting, held April 25-27 in Denton, Tx.

Chris Visser will give a used truck market update presentation at the National Truck and Heavy Equipment Claims Council Convention in Dallas held May 5-6. Come on out to learn something new.

Take the opportunity to learn from Chris Visser, senior commercial truck analyst, at the Volvo/Mack Meeting and Plant Tour held in Baltimore, Md., June 7-8. Chris will participate in a market discussion panel and will be available for questions afterward.

Be sure to come out and listen to Chris Visser at the Bear Marketing Group Management Seminar this October in Nashville. Chris will give a market update presentation during the commercial truck appraisal seminar.

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Since 1933, NADA Used Car Guide has earned its reputation as the leading provider of vehicle valuation products, services and information to businesses throughout the United States and worldwide. NADA Used Car Guide's team collects and analyzes over one million combined automotive and truck wholesale and retail transactions per month. Its guidebooks, auction data, analysis and data solutions offer automotive/truck, finance, insurance and government professionals, the timely information and reliable solutions they need to make better business decisions. Visit nada.com/b2b to learn more about solutions for your business and nada.com/usedcar to stay abreast of the latest used and new vehicle market trends.

**Financial Industry,
Accounting, Legal,
OEM Captive**
Steve Stafford
800.248.6232 x7275
Steve.Stafford@nada.com

**Director, Sales
and Customer Service**
Dan Ruddy
800.248.6232 x4707
Dan.Ruddy@nada.com

**Automotive Dealers,
Auctions, Insurance,
Credit Unions, Fleet,
Lease, Rental Industry,
Government**
Doug Ott
800.248.6232 x4710
Doug.Ott@nada.com

**Director, Business
Development**
James Gibson
800.248.6232 x7136
James.Gibson@nada.com



NADA Used Car Guide, a division of J.D. Power
8401 Greensboro Drive, Suite 1000 | McLean, VA 22102 | 800.544.6232 | nada.com/b2b

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NADA Used Car Guide's market intelligence team leverages a database of nearly 200 million transactions and more than 100 economic and market-related series to describe the factors driving current trends to help industry stakeholders make more informed decisions. Analyzing data at both wholesale and retail levels, the team continuously provides content that is both useful and usable to dealers, financial institutions, businesses and consumers.

Complemented by NADA Used Car Guide's 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.

VP, Vehicle Analysis & Analytics

Jonathan Banks

703-610-7008

Jonathan.Banks@nada.com

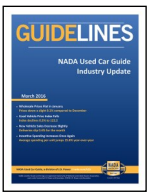
Senior Analyst and Product Manager

Chris Visser

703-610-7067

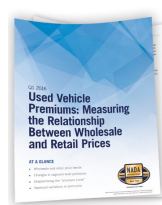
Chris.Visser@nada.com

ADDITIONAL RESOURCES



Guidelines

Updated monthly with a robust data set from various industry sources and NADA Used Car Guide's own proprietary analysis, *Guidelines* provides the insight needed to make decisions in today's market.



White Papers

NADA Used Car Guide's 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.



Perspective

Leveraging data from various industry sources and NADA Used Car Guide's 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.



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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