

J.D. POWER

COMMERCIAL TRUCK GUIDELINES

Industry Update

SEPTEMBER 2017

Auction volume up moderately in August

Increase due mainly to one model

Pricing stable in auction and retail channels

Lower than last year, but depreciation has relaxed

Medium duty segments mixed

Major increase in Class 6 volume

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COMMERCIAL TRUCK MARKET TRENDS

Volume Up, Pricing Stable at Auctions

Auction volume was up moderately in August, but pricing was largely unchanged. Retail selling prices remain stable, with depreciation milder than last year. The medium duty market was mixed, with lighter-GVW trucks down and heavier-GVW trucks stable.

Sleeper Tractors – Auction/Wholesale

Volume of the most common sleeper tractors auctioned this month was up moderately from July, mainly due to one model. Pricing was essentially flat, with MY2011 to MY2013 trucks losing an average of 1.1% of their value month-over-month.

August auction performance of our benchmark model was as follows:

MY2013: \$28,602 average; \$473 [1.6%] lower than July

MY2012: \$25,139 average; \$371 [1.5%] higher than July

MY2011: \$22,610 average; \$865 [3.7%] lower than July

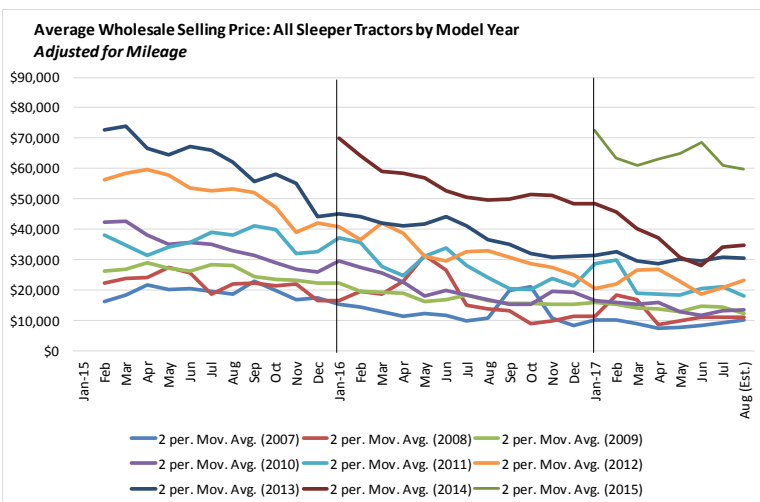
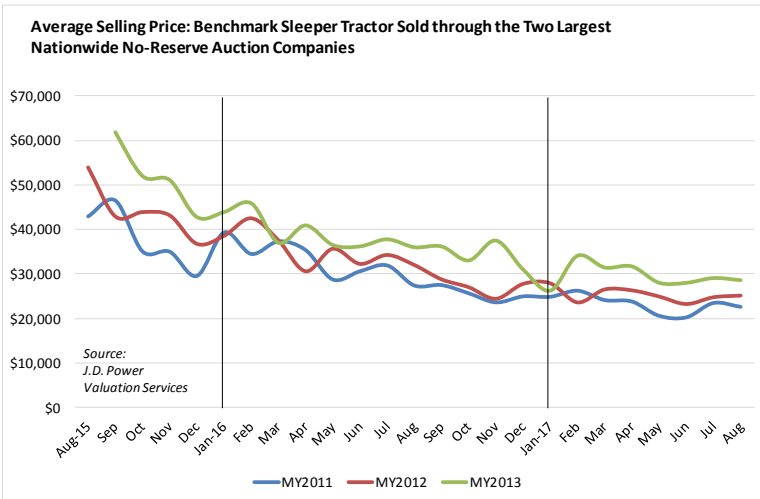
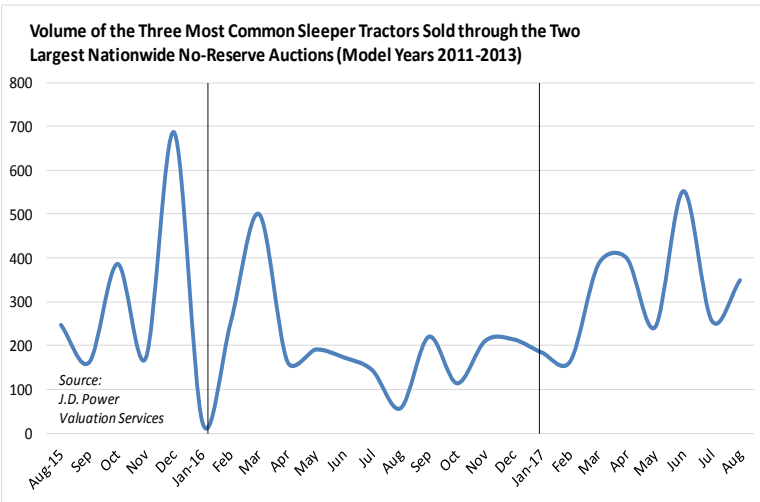
Auction volume was up moderately in August, but pricing was largely unchanged.

In the first 8 months of the year, MY2011 trucks averaged 2.3% depreciation per month, MY2012 trucks depreciated 1% per month, and MY2013 trucks depreciated 0.4% per month.

We remain focused on model years 2011-2013 because volume is still concentrated on those years. Three- and 4-year-old trucks are still scarce in the auction lanes, particularly compared to last year.

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 basically unchanged for yet another month. Average pricing in the first 7 months



[August data was not yet available at the time of this writing] of 2017 is running 2.2% lower than the same period of 2016.

The average sleeper tractor sold wholesale in July was 75 months old, had 533,018 miles, and sold for \$28,212. Compared to June, trucks sold in July were 12 months older, had 19,320 [3.8%] more miles, and sold for \$57 [0.2%] less money. Compared to July 2016, the average sleeper sold this month was 9 months newer, had 85,384 [13.8%] fewer miles, and sold for \$1,493 [5%] less money.

The average wholesale selling price of 3- to 5-year-old sleepers ticked back up in July, equalizing May's result. Average wholesale pricing for the 3- to 5-year-old cohort was \$42,740, or \$1,362 [3.3%] higher than June.

Average pricing by age was as follows:

3-year-old trucks: \$57,134; \$7,974 [12.2%] lower than June

4-year-old trucks: \$39,747; \$11,196 [39.2%] higher than June

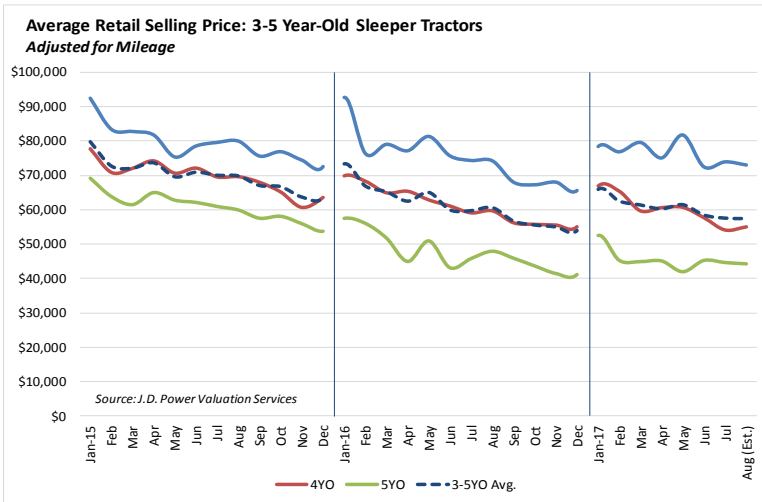
5-year-old trucks: \$31,339; \$1,871 [2.8%] higher than June

See the "Average Sleeper Tractor Pricing by Model Year [All Wholesale]" graph for detail.

Sleeper Tractors – Retail

Used trucks sold at retail continue to bring moderately less money this year than last, but monthly depreciation remains milder.

The average used sleeper tractor retailed in July was 75 months old, had 454,014 miles, and sold for \$47,568. Compared to June, the average sleeper was 1 month older, had 10,610 [2.4%] more miles, and sold for \$293 [0.6%] less money. Compared to July 2016, this average sleeper was 3 months older, had 20,823 [4.4%] fewer miles, and sold for \$3,164



[6.2%] less money. Overall, the retail sleeper market averaged 8.7% lower pricing in the first 7 months of 2017 compared to the same 2016 period.

Looking at 3- to 5-year-old trucks, retail selling prices have dropped an average of 1.4% per month in 2017. This figure compares favorably to the 2.% per month average in the first 7 months of 2016.

Average pricing by age was as follows:

3-year-old trucks: \$73,912; \$1,468 [2.0%] higher than June

4-year-old trucks: \$54,089; \$3,570 [6.2%] lower than June

5-year-old trucks: \$44,624; \$616 [1.4%] lower than June

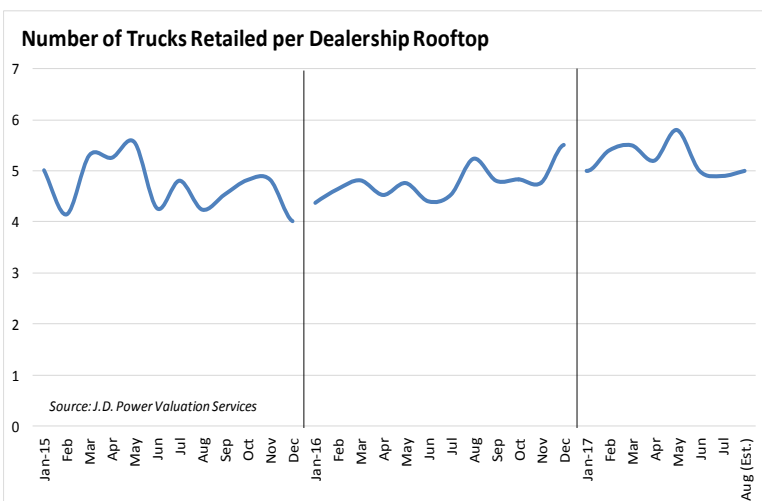
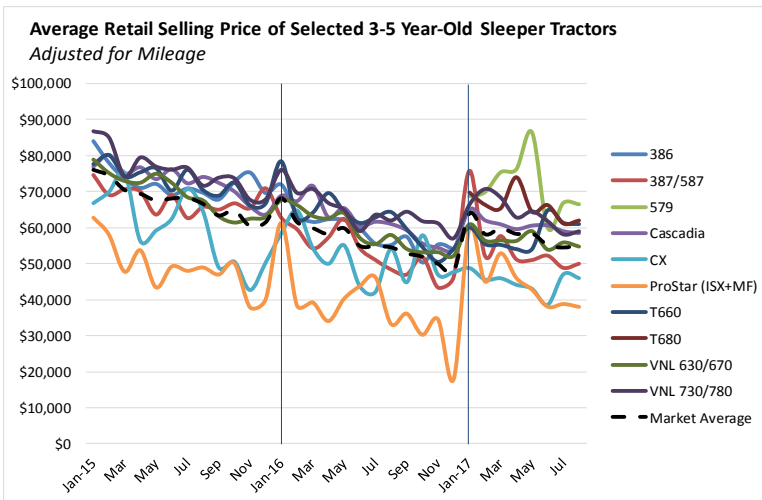
On a year-over-year basis, late-model trucks sold in the first 7 months of 2017 are averaging 5.6% lower than in the same period of 2016. Multi-month trending shows the retail market leveling out, with depreciation minimal.

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

Drilling down to individual models, there was little change from last month. Peterbilt 579, Kenworth T680, Volvo VNL 730/780, and Freightliner Cascadia continue to outperform the market average. See the “Average Retail Selling Price of Selected 3- to 5-Year-Old Sleeper Tractors” graph for detail.

Sales volume at individual dealership rooftops was similar to last month. July’s average of 4.9 trucks per rooftop is 0.1 lower than June, but 0.4 higher than July 2016. The first 7 months of 2017 are running 0.6 truck ahead of the same 2016 period. The incremental improvement continues.

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



Medium Duty Trucks

Starting with Class 3-4 cabovers, average pricing of our benchmark cohort dropped notably in July, due mainly to an older mix of trucks sold. Volume was up substantially. July's average pricing was \$13,941, which was \$3,672 [20.8%] lower than June, and \$928 [6.2%] lower than July 2016.

The dramatic drop in this month's average is somewhat misleading, since the calculation was impacted by an imbalance in model years. Pricing by model year was similar to last month. The market continues to favor newer, lower-mileage equipment.

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

The conventional market was mixed in July. Pricing for lighter-GVW trucks dropped moderately, while heavier trucks were essentially unchanged. Volume was higher in most segments, particularly Class 6.

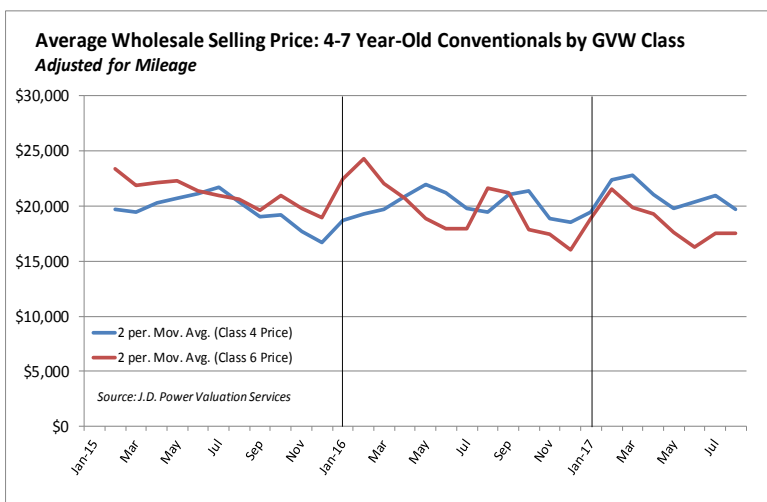
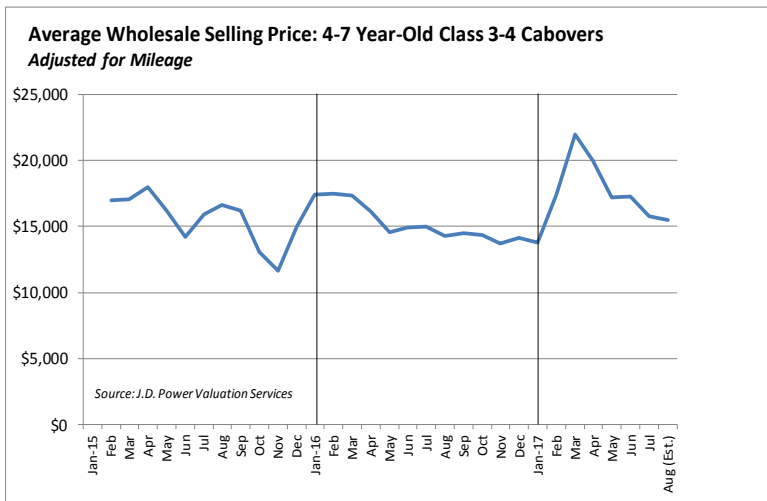
Specifically, Class 4's averaged \$19,840 in July. This figure is \$2,276 [10.3%] lower than June, and \$320 [1.6%] lower than July 2016. Class 6's continue to underperform Class 4's, averaging \$17,639 in July. This figure is \$218 [1.3%] higher than July, and \$143 [or 0.8%] lower than June 2016.

In the first 7 months of 2017, Class 4 trucks lost 1.4% of their value each month. While strong, this figure is slightly behind the same period of 2016, in which trucks were essentially flat over this period. Nonetheless, pricing for our benchmark group of Class 4 trucks is running 3.2% ahead of 2016.

In Class 6, July's stable pricing reduced our average monthly depreciation figure to 3.2%, which compares favorably to last year's 4.5% over the same period. Class 6 trucks in our benchmark age group are running 8.2% behind 2016.

Volume for Class 4 was up moderately over last month, while volume for Class 6 was substantially higher. In fact, July's Class 6 volume was the highest in more than four years. Demand should continue to incrementally improve in upcoming months for trucks of all GVW classes, based on general macroeconomic trends.

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



Forecast

Auction activity remains busy, with pricing holding up relatively well. Retail pricing remains mildly lower than last year, but depreciation has slowed. Uncertainty in tax and spending policy should be the major factor impacting new and used truck demand through the end of the year.

ATD OFFICIAL COMMERCIAL TRUCK GUIDE TRENDS

Monthly Change in ATD/NADA Commercial Truck Guide Value

August v. September 2017

Used Car Guide Segment	2011MY	2012MY	2013MY	2014MY	2015MY*
Commercial Van	↑ 1.9%	↑ 2.1%	→ 0.3%	↗ 1.0%	↗ 0.6%
Extended Hood	→ 0.0%	→ 0.0%	→ 0.0%	→ 0.0%	→ 0.0%
Highway Aerodynamic	↓ -2.4%	↘ -1.5%	↓ -1.9%	↘ -1.1%	↘ -0.9%
Highway Traditional	→ 0.0%	→ 0.0%	→ 0.0%	→ 0.0%	→ 0.0%
Local/Delivery Daycab	→ -0.1%	→ 0.0%	→ -0.1%	→ -0.1%	→ -0.3%
Medium Duty Cabover	→ 0.0%	→ 0.0%	↘ -1.4%	→ 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

September, 2016 v. 2017

Used Car Guide Segment	5YR	4YR	3YR	2YR	Segment Change
Commercial Van	-12.9%	-6.4%	-14.1%	-5.5%	-16.8%
Extended Hood	-1.7%	-4.8%	17.7%	3.4%	-8.0%
Highway Aerodynamic	-15.8%	-6.5%	1.5%	-4.0%	-25.6%
Highway Traditional	4.7%	2.5%	12.4%	6.4%	-6.3%
Local/Delivery Daycab	-6.7%	8.1%	8.7%	4.5%	-14.2%
Medium Duty Cabover	-5.1%	4.4%	-4.0%	-7.8%	-10.6%
Medium Duty Conventional	-5.3%	6.5%	2.6%	3.3%	-8.9%
Vocational/Construction	23.1%	4.4%	11.8%	13.3%	-1.0%

*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 — September 2017

Used Car Guide Segment	2011MY	2012MY	2013MY	2014MY	2015MY*	Segment
Commercial Van	0.2%	1.9%	3.2%	-2.1%	-6.6%	-1.6%
Extended Hood	-8.8%	-6.1%	-2.9%	-1.1%	-1.4%	-3.8%
Highway Aerodynamic	-11.6%	-11.3%	-17.0%	-16.1%	-12.5%	-13.6%
Highway Traditional	-5.3%	-4.0%	-1.0%	-0.8%	-1.5%	-2.7%
Local/Delivery Daycab	-7.5%	-7.9%	-7.4%	-7.7%	-5.6%	-5.8%
Medium Duty Cabover	-10.7%	-9.4%	-12.2%	-6.7%	-9.9%	-8.4%
Medium Duty Conventional	-5.6%	-3.8%	-4.8%	-5.9%	-6.1%	-4.5%
Vocational/Construction	-1.3%	-2.8%	-2.5%	-3.5%	-0.9%	-0.5%

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

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.

For more information go to www.nada.com/residualvalues.



On the Road

Stop by and say hello to *Chris Visser* on the exposition floor of the UTA Convention and Expo this Oct. 30 through Nov. 4 in Las Vegas.

About J.D. Power

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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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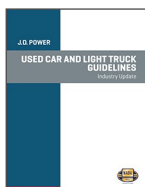
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ADDITIONAL RESOURCES



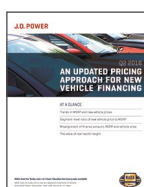
Guidelines

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.



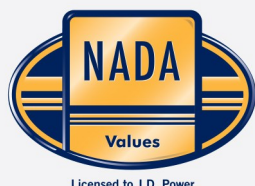
White Papers

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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