

J.D. POWER



COMMERCIAL TRUCK GUIDELINES

INDUSTRY REVIEW

February 2021

J.D. Power Valuation Services

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SUMMARY

Strong Start to 2021

2021 pricing started out healthy, as expected. Class 8 auction results were particularly strong, and medium duty was solid as well.

CLASS 8 AUCTION UPDATE

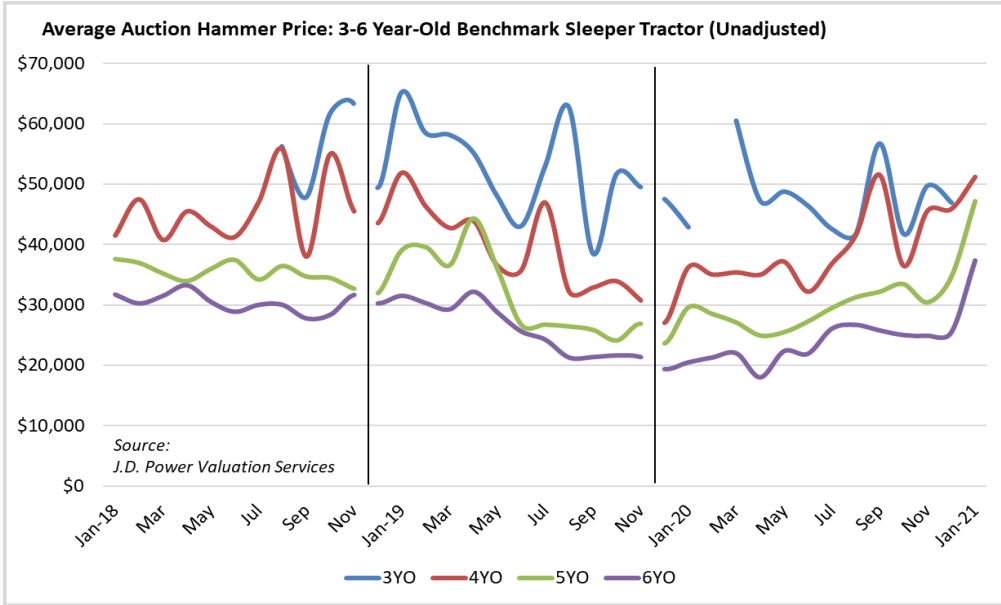
January is usually the lowest-volume month of the year, due to few auctions on the calendar. Because of this small sample size, we won't draw conclusions about the market just yet. That said, our prediction the year should start strong was certainly supported by hammer prices. See the average pricing detail for our benchmark truck below.

- Model year 2018: \$51,179; \$4,269 (9.1%) higher than December
- Model year 2017: \$47,200; \$1,332 (2.9%) higher than December
- Model year 2016: \$37,333; \$2,673 (7.7%) higher than December
- Model year 2015: \$28,350; \$2,924 (11.5%) higher than December
- Model year 2014: \$20,344; \$106 (0.5%) higher than December

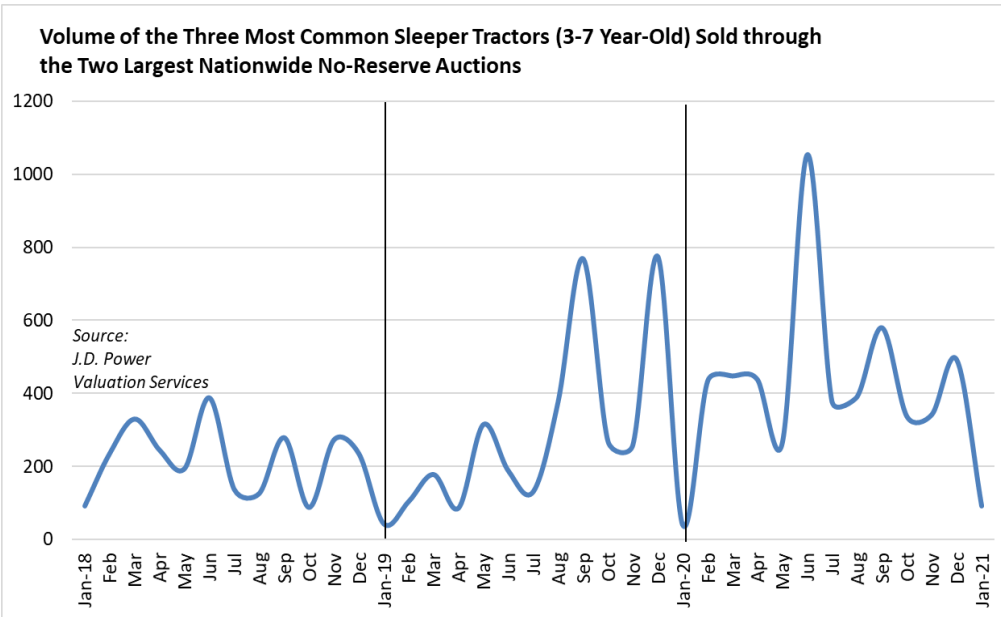
...our prediction the year should start strong was certainly supported by hammer prices.

Month-over-month, our benchmark group of 4-6 year-old trucks brought 28.0% more money, but again, don't read too much into this figure. As we mentioned last month, the second half of 2020 saw prices increase, and we expect a healthy market in the first half of this year. We'll start tracking average depreciation next month.

See the “Average Selling Price: Benchmark Sleeper Tractor...” and “Volume of the Three Most Common Sleeper Tractors...” graphs for detail.



... we expect a healthy market in the first half of this year.



CLASS 8 RETAIL UPDATE

Sales volume was strong by recent standards in January. Pricing remains firm to upward for trucks with average and lower mileage.

The average sleeper tractor retailed in January was 69 months old, had 451,825 miles, and brought \$48,055. Compared to December, this average sleeper was 2 months older, had 3,595 (0.8%) fewer miles, and brought \$595 (1.2%) less money. Compared to January 2020, this average sleeper was 2 months newer, had 21,254 (4.5%) fewer miles, and brought \$2,438 (5.3%) more money.

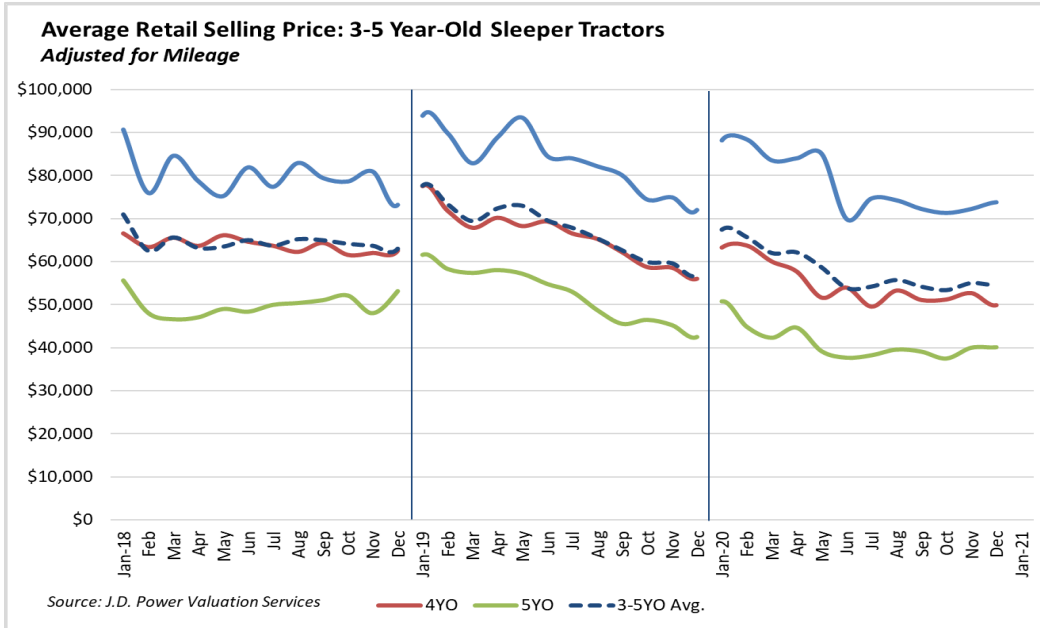
Looking at trucks two to five years of age, January's average pricing was as follows:

- Model year 2020: \$124,826; \$8,441 (7.3%) higher than December
- Model year 2019: \$90,735; \$9,421 (9.4%) lower than December
- Model year 2018: \$72,982; \$758 (1.0%) lower than December
- Model year 2017: \$55,654; \$5,725 (11.5%) higher than December
- Model year 2016: \$41,255; \$1,205 (3.0%) higher than December

Month-over-month, late-model trucks brought 3.8% more money. The lower month-over-month average for model-year 2019 trucks is due mainly to a larger proportion of high-mileage trucks in our dataset that our mileage adjustment doesn't adequately address. Individual models with average or lower mileage gained value in January. We expect minimal value loss into the second quarter.

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

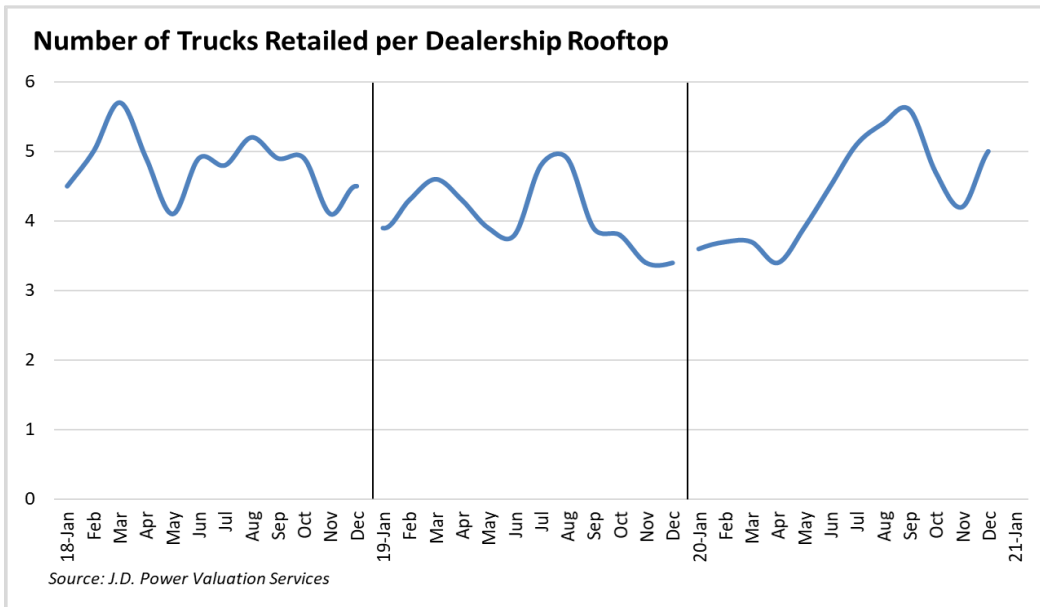
Pricing remains firm to upward for trucks with average to lower mileage.



Individual models with average or lower mileage gained value in January.

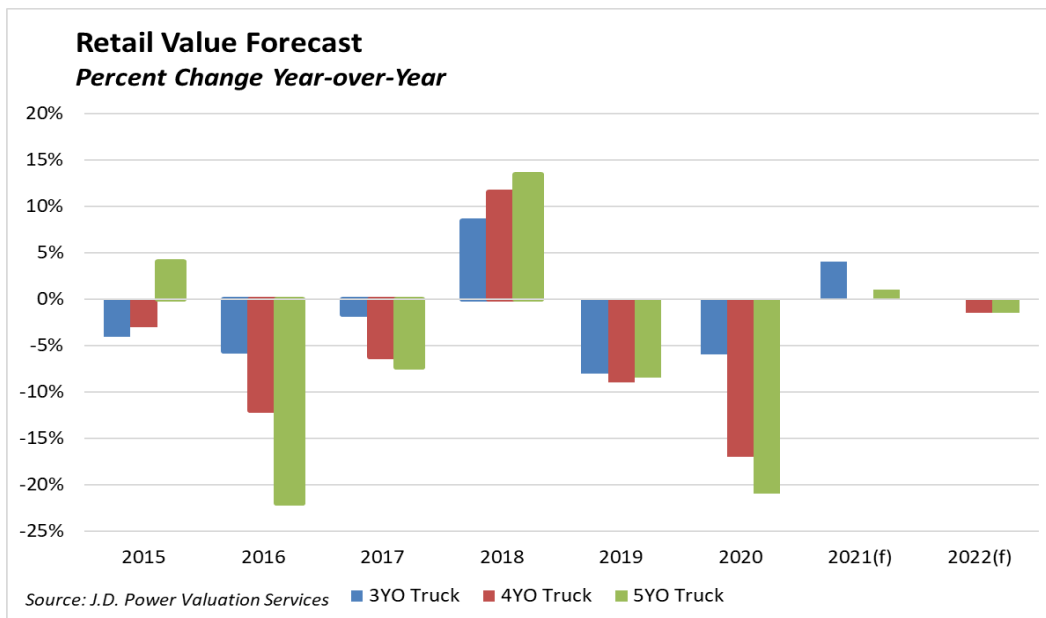
Dealers retailed an average of 5.2 trucks per rooftop in January, 0.2 truck higher than December, and a continuation of the relatively strong performance of the second half of 2020.

See the "Number of Trucks Retailed per Dealership Rooftop" graph for detail.



Looking forward, we expect mild to moderate price appreciation for lower-mileage trucks lasting into the second quarter. After that, returning supply of trades combined with a shifting freight environment should cause some relaxation in pricing.

See the “Retail Value Forecast” graph for a look at how we see used truck pricing unfolding over the next four years. Note our residual value forecasts (available by subscription, not included here) provide a much more detailed analysis of future pricing.



MEDIUM DUTY TRUCKS

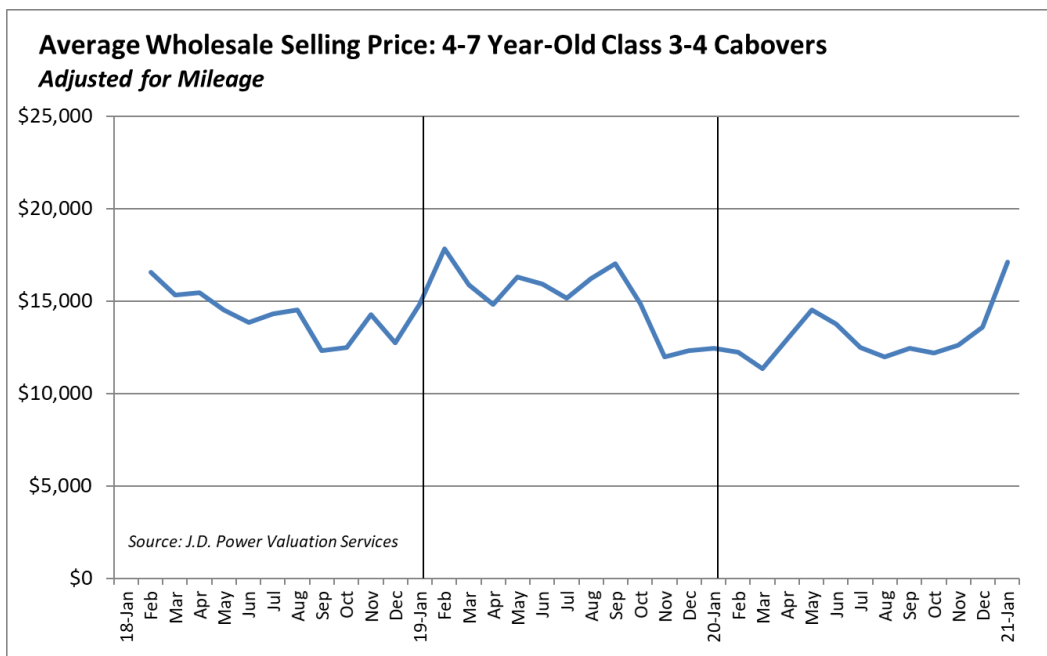
Each January we update our benchmark group of 4-7 year-old trucks to reflect the new model year. This means the group now includes model years 2018-2015, as opposed to 2017-2014 last year. We are aware not all GVW classes introduce the new model year in January, but this strategy provides a consistent way to compare values for a given group of trucks across time periods. As such, we will provide only year-over-year pricing comparisons this month in order to prevent confusion about month-over-month results.

... all segments of the medium duty market started out the year strong.

With this in mind, all segments of the medium duty market started out the year strong. Cabovers were down in volume but up strongly in price, while conventionals saw mixed volume and pricing depending on GVW class.

Starting with Class 3-4 cabovers, January’s average for our benchmark group was \$20,310, a whopping \$7,877 (63.4%) higher than January 2020. Average age and mileage of our benchmark group were similar to last January, but volume was lower. It is likely there were fewer available trucks this month, and buyers paid a premium.

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



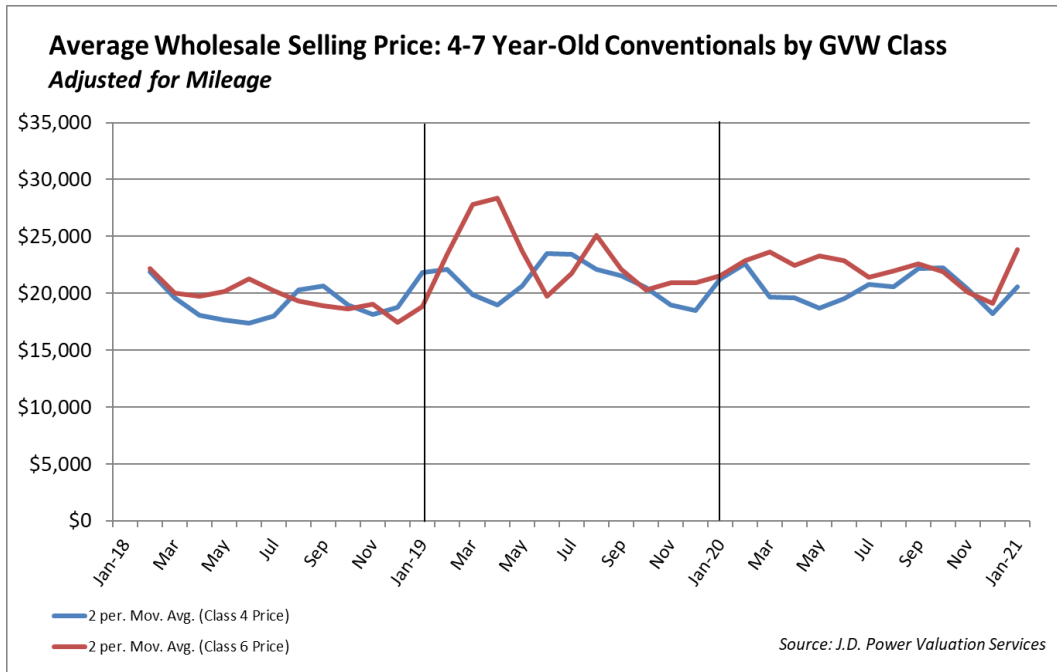
It is likely there were fewer available trucks this month, and buyers paid a premium.

Looking at Class 4 conventionals, average pricing for our benchmark group was \$23,717, \$1,138 (4.6%) lower than January 2020. Volume, age, and mileage were all similar to last January, and we consider the market stable.

Class 6 conventional pricing averaged \$28,878 in January, an impressive \$6,938 (31.6%) higher than January 2020. However, there was a disproportionate number of newer trucks included in this month’s group, so this average is not necessarily representative of true market

movement. At the same time, volume was way up both month-over-month and year-over-year, and a deeper dive shows pricing healthy for each model year, so it is safe to consider this segment on good footing.

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



FORECAST

Most buyers and sellers would say the sleeper market currently feels strong. Interestingly, pricing for these trucks is only at about the average of the post-Great Recession trend. So strength right now is relative to our recent experience. That said, we live and die by the market we’re currently in, and conditions should remain favorable into the second quarter.

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About J.D. Power

J.D. Power is a global leader in consumer insights, advisory services, and data and analytics to help clients measure and improve the key performance metrics that drive growth and profitability. J.D. Power's industry benchmarks, robust proprietary data, advanced analytics capabilities, and reputation for independence and integrity has established the company as one of the world's most well-known and trusted providers of consumer and market insights for more than a dozen industries. Established in 1968, J.D. Power is headquartered in Costa Mesa, California, and has 17 global locations serving North/South America, Asia Pacific, and Europe.

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.

Commercial Truck Consulting Services

J.D. Power Valuation Services leverages its database of retail, wholesale, and auction transactions to provide residual value forecasting, inventory analysis, competitive model positioning, and other used truck market metrics. Consulting products are customized to each customer's specific needs. Contact Chris Visser to discuss J.D. Power's capabilities.

Commercial Truck Market Analysis

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