

J.D. POWER



COMMERCIAL TRUCK GUIDELINES

INDUSTRY REVIEW

March 2021

J.D. Power Valuation Services

CONTENTS:

CLASS 8 AUCTION UPDATE.....	1
CLASS 8 RETAIL UPDATE.....	3
MEDIUM DUTY UPDATE.....	5
FORECAST.....	7
ABOUT J.D. POWER.....	8

SUMMARY

Pricing was Strong Across-the-Board in the First Quarter

Most segments of the medium and heavy used truck market continue to benefit from the strong freight environment and tight availability of new trucks.

CLASS 8 AUCTION UPDATE

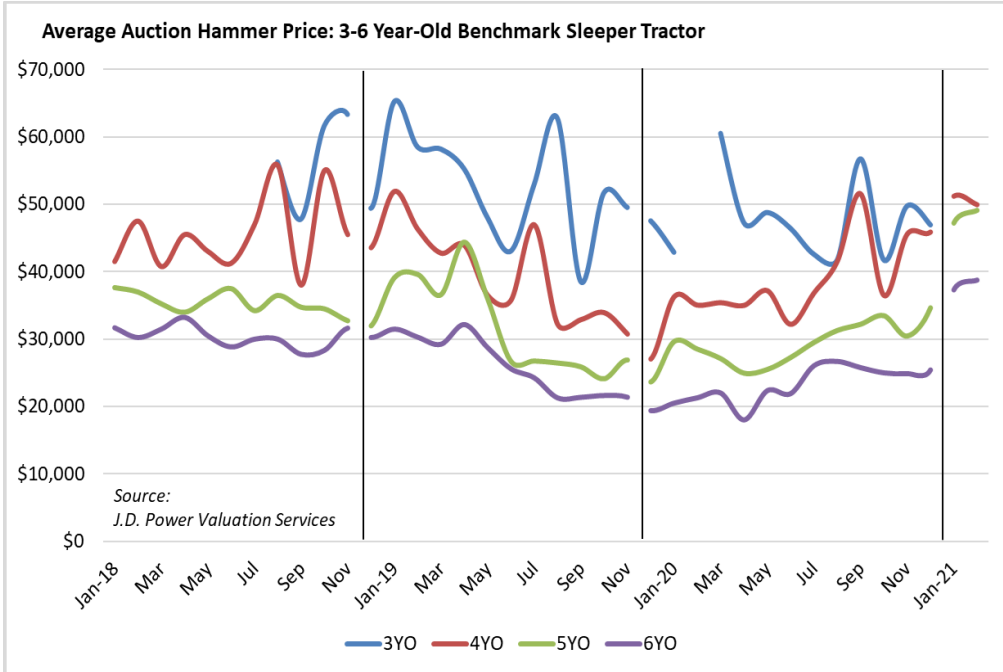
The auction market opened up a bit in February, confirming pricing remains healthy. Wholesalers and dealers looking for stock continue to bid against end users, pushing auction pricing closer to retail. See the average pricing detail for our benchmark truck below.

- Model year 2018: \$49,929 average; \$1,250 (2.4%) lower than January
- Model year 2017: \$49,078 average; \$1,878 (4.0%) higher than January
- Model year 2016: \$38,781 average; \$1,448 (3.9%) higher than January
- Model year 2015: \$32,040 average; \$3,690 (13.0%) higher than January
- Model year 2014: \$26,800 average; \$6,466 (31.8%) higher than January

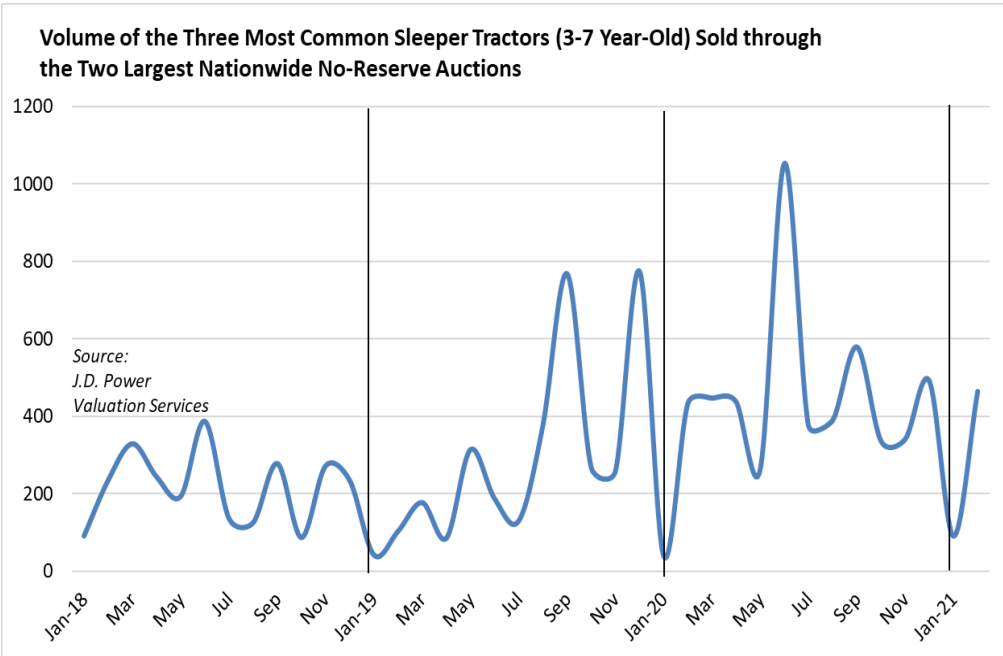
Month-over-month, our benchmark group of 4-6 year-old trucks brought 1.5% more money. Compared to the first 2 months of 2020, this group is running a whopping 59.6% ahead. We don't see much letup in pricing pressure until the summer.

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

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CLASS 8 RETAIL UPDATE

Sales volume rolled back moderately in February, not unusual for the month. Pricing remains firm to upward for trucks with average and lower mileage.

The average sleeper tractor retailed in February was 71 months old, had 448,991 miles, and brought \$54,320. Compared to January, this average sleeper was 2 months older, had 2,834 (0.6%) fewer miles, and brought \$6,260 (13.0%) more money. Compared to February 2020, this average sleeper was 1 month older, had 10,663 (2.3%) fewer miles, and brought \$8,904 (19.6%) more money.

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

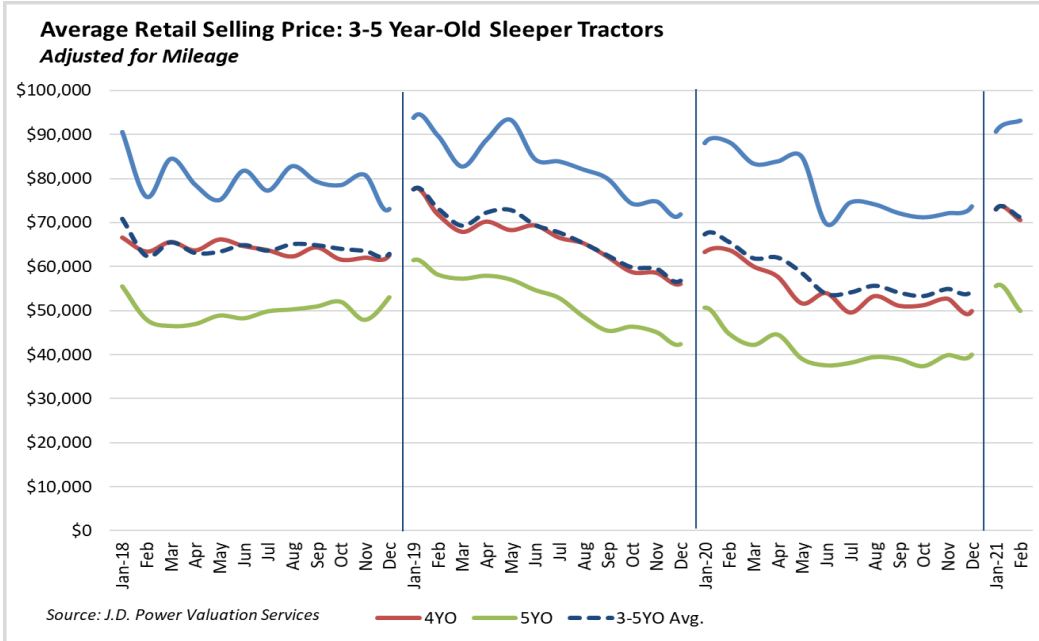
- Model year 2020: \$114,728; \$10,098 (8.1%) lower than January
- Model year 2019: \$93,260; \$2,525 (2.8%) higher than January
- Model year 2018: \$70,568; \$2,414 (3.3%) lower than January
- Model year 2017: \$49,994; \$5,660 (10.2%) lower than January
- Model year 2016: \$40,036; \$1,219 (3.0%) lower than January

Month-over-month, late-model trucks brought 2.5% less money. Any differences in the averages above are due to either small sample size (2020 model year) or a large package of higher-mileage trucks sold (2017 model year). At the truck-by-truck level, pricing didn't change appreciably from January.

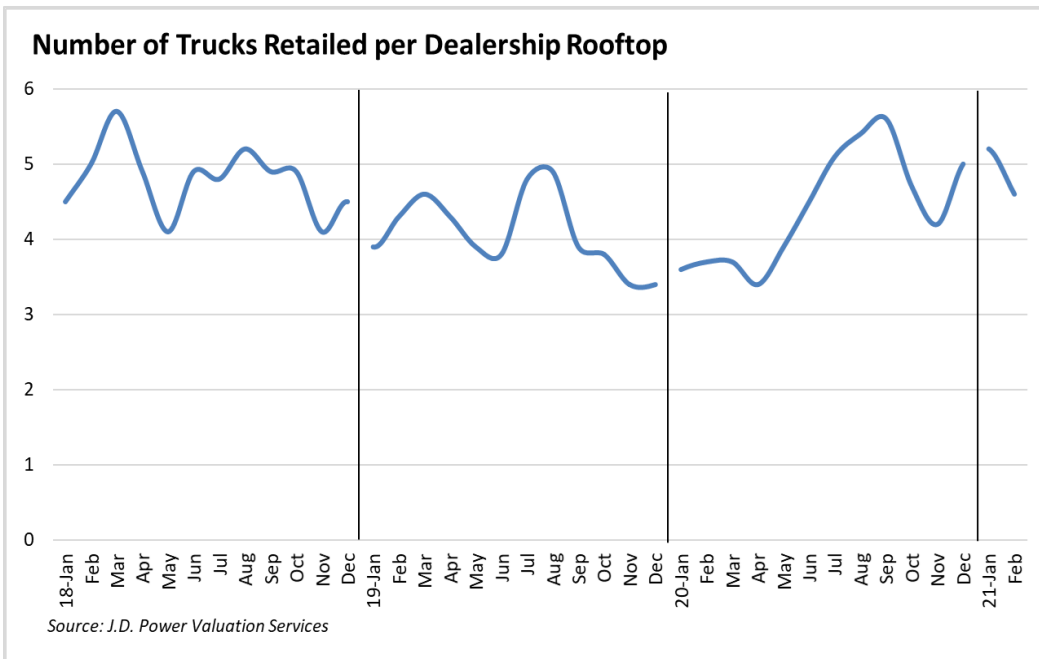
Looking at sales volume, dealers retailed an average of 4.6 trucks per rooftop in February, 0.6 truck lower than January. The first 2 months of 2021 are running 1.3 trucks ahead of the same period of 2020, and we expect dealership traffic to remain comparatively healthy through the second quarter.

See the "Average Retail Selling Price: 3-5 Year-Old Sleeper Tractors" and "Number of Trucks Retailed per Dealership Rooftop" graphs for detail.

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

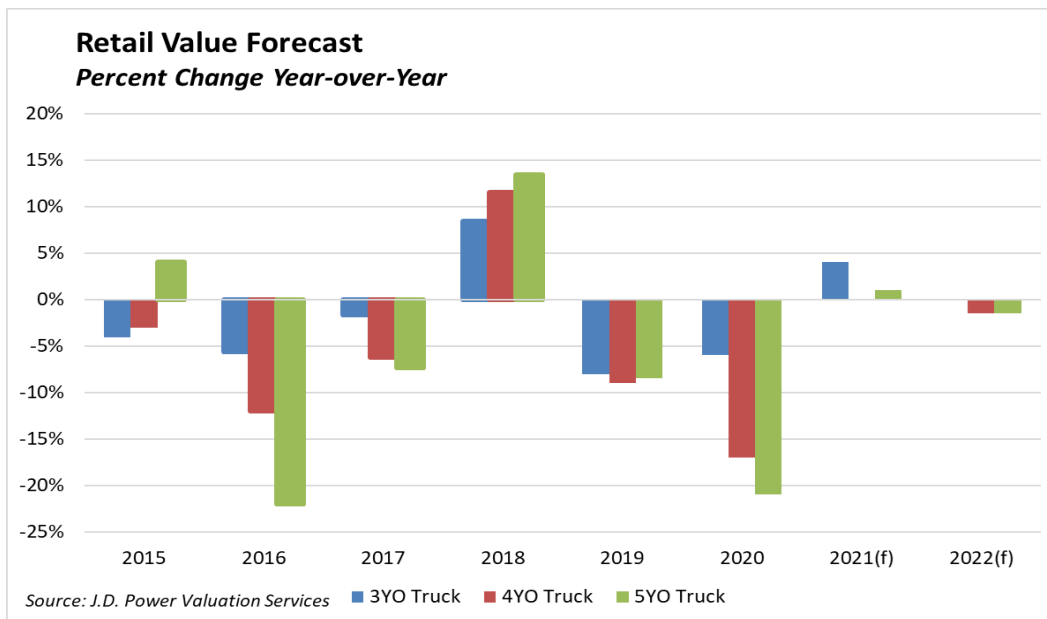


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Looking forward, we expect mild to moderate price appreciation for lower-mileage trucks into the second quarter. After that, returning supply of trades combined with a shifting freight environment should cause some relaxation in pricing. We'll see how the parts shortage will impact new truck availability and, by extension, demand for used trucks.

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

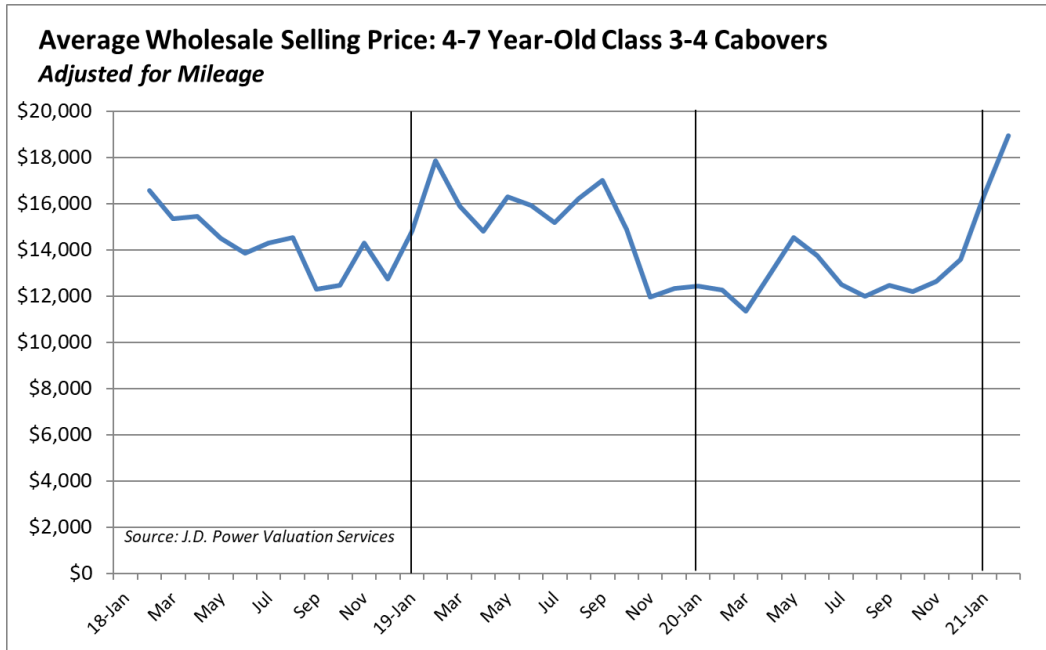
Medium duty segments started the year on firm footing. The industry sectors that rely on medium duty trucks are all generally performing well, particularly pick-up and delivery.

Starting with Class 3-4 cabovers, February's average for our benchmark group was \$19,039, \$229 (1.2%) higher than January, and a whopping \$6,990 (58.0%) higher than February 2020. The first 2 months of 2021 are running 54.6% higher than the same period of 2020. There has been no depreciation in the first two months of 2021. Average age and mileage of

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our benchmark group were similar in both periods, and we see market conditions as strong for this segment.

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

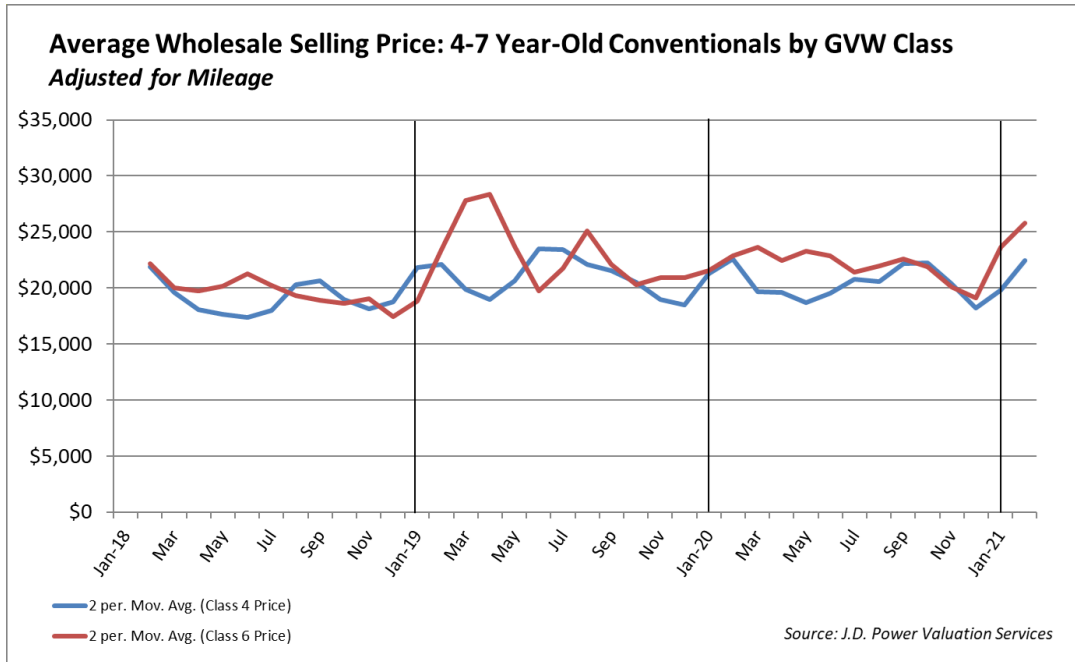


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Looking at Class 4 conventionals, average pricing for our benchmark group was \$22,736, \$519 (2.3%) higher than January, and \$2,377 (11.7%) higher than February 2020. The first 2 months of 2021 are running 0.6% behind the same period of 2020. There has been no depreciation so far in 2021. Conditions in February were essentially identical to January.

Class 6 conventional pricing averaged \$23,052 in February, a \$5,420 (19.0%) pullback from an unusually high January, and \$1,285 (5.3%) lower than February 2020. The first 2 months of 2021 are running 11.3% ahead of the same period of 2020, but keep in mind this includes the January outlier. Outside of January’s average, February’s pricing was fairly strong compared to recent months.

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



FORECAST

The first quarter was a strong one for our industry. A healthy freight market, a subdued volume of trade-ins, and tougher availability of new trucks have combined to push Class 8 pricing upward. We expect conditions to look similar in second quarter. Going into the summer, pricing conditions could relax a bit as consumer spending shifts somewhat from goods to services and the supply of trades ramps up. The wild card for this forecast is how long the new truck parts shortage lasts. The longer this situation continues, the longer used truck pricing will remain somewhat insulated from shifts in the freight market. At this point, everyone should be making hay while the sun shines.

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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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