PACCAR Inc. (PCAR)

Updated February 8th, 2026 by Quinn Mohammed

Key Metrics

Current Price:	$127	**5 Year CAGR Estimate:**	6.2%	**Market Cap:**	$65 B
Fair Value Price:	$84	**5 Year Growth Estimate:**	12.0%	**Ex-Dividend Date[1]:**	02/11/26
% Fair Value:	151%	**5 Year Valuation Multiple Estimate:**	-8.0%	**Dividend Payment Date[1]:**	03/04/26
Dividend Yield:	3.4%	**5 Year Price Target**	$148	**Years Of Dividend Growth:**	17
Dividend Risk Score:	F	**Sector:**	Industrials	**Rating:**	Hold

Overview & Current Events

In 1905, William Pigott, Sr. founded Seattle Car Mfg. Co, focusing on railway and logging equipment, which would later become Pacific Car and Foundry Company and eventually PACCAR Inc. Today PACCAR designs and manufactures light, medium and heavy-duty trucks under the Kenworth (U.S., Canada, Mexico & Australia), Peterbilt (U.S. & Canada) and DAF (Netherlands, Belgium, Brazil & UK) nameplates. In addition, the company provides financial services, information technology, and distributes truck parts related to its business. PACCAR is a $65 billion market cap business that generated $28 billion in sales in 2025.

On December 6th, 2022, PACCAR announced a 50% stock dividend, with shareholders receiving one additional share for each two shares owned, issued on February 7th, 2023.

On December 10th, 2024, PACCAR increased its dividend by 10% to $0.33 per share quarterly.

On January 27th, 2026, PACCAR reported Q4 2025 results for the period ending December 31st, 2025. For the quarter, PACCAR generated $6.82 billion in revenue, down 14% from $7.91 billion earned in Q4 2024. Parts revenues were $1.74 billion and financial services generated pretax income of $115 million. Net income equaled $557 million, or $1.06 per share compared to $872 million, or $1.66 per share in Q4 2024.

In 2025, PACCAR delivered 144,200 vehicles worldwide compared to 183,500 a year ago. PACCAR spent $728 million on capital projects and $446 million on research and development for the year. For 2026, it expects to invest $725 to $775 million in capital projects and $450 to $500 million in R&D.

The company expects Class 8 industry retail sales in the U.S. and Canada to be between 230,000 and 270,000 trucks in 2026, which compares to 233K truck units in 2025, as well as 268K and 297K units in 2024 and 2023, respectively.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$3.85	$4.26	$6.24	$6.87	$3.74	$5.32	$5.75	$8.76	$7.90	$4.51	***$5.61***	***$9.89***
DPS	$1.56	$2.19	$3.16	$3.58	$1.98	$2.84	$4.19	$4.24	$4.17	$2.72	***$4.32***	***$5.01***
Shares[2]	351	352	347	346	348	348	349	525	524	525	***526***	***540***

PACCAR has a variable dividend schedule: paying four regular quarterly dividends throughout the year and then supplementing this with a special dividend at yearend. The company has followed this practice every year in the last two decades except for 2009. This method makes sense from a business perspective - only paying what you can afford instead of arbitrarily trying to bump up the payout - but you don't see it occur in practice very often. With that in mind, we are forecasting a $0.33 quarterly common dividend to go along with a $3.00 yearend special dividend. It's important to note that the special dividend is far from certain and can vary dramatically.

PACCAR operates in a needed industry: roughly 72% of total U.S. freight is hauled by truck, and the company currently supplies about a third of the heavy-duty market in the U.S., Canada, and Mexico. When economic times are good, the

[1] Estimated date.
[2] In millions.

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business is well positioned to capture its fair share of demand. Moreover, the company's focus on owner-operators instead of large customers has proven to be an advantage thus far. Further, the company's brands command a premium.

Of course, the business is largely cyclical, depending a great deal on general economic progress. 2021 through 2023, for example, saw a very strong recovery. We are forecasting $5.61 in earnings-per-share for 2026 to go along with a 12% earnings-per-share growth rate.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	14.5	15.9	10.5	10.3	20.9	17.0	14.8	12.5	11.6	16.2	***22.7***	***15.0***
Avg. Yld.	2.8%	3.2%	4.8%	5.1%	2.5%	2.3%	1.5%	1.2%	1.1%	1.3%	***3.4%***	***3.4%***

Shares of PACCAR have traded hands with an average P/E ratio of about 15 times earnings, which we are comfortable with as a fair value baseline. With shares trading above this mark, this implies the potential for a valuation headwind. PACCAR pays a special dividend every year. The company has paid a special dividend of $3.00, $3.20, $2.80, $1.50, $0.70, $2.30, $2.00, $1.20, and $0.60 in the last nine years, demonstrating some of its cyclicality. PACCAR targets a 45% to 55% payout ratio, which we expect to continue in a normalized environment.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2025	2026	2031
Payout	41%	51%	51%	52%	53%	53%	73%	48%	53%	60%	***77%***	***51%***

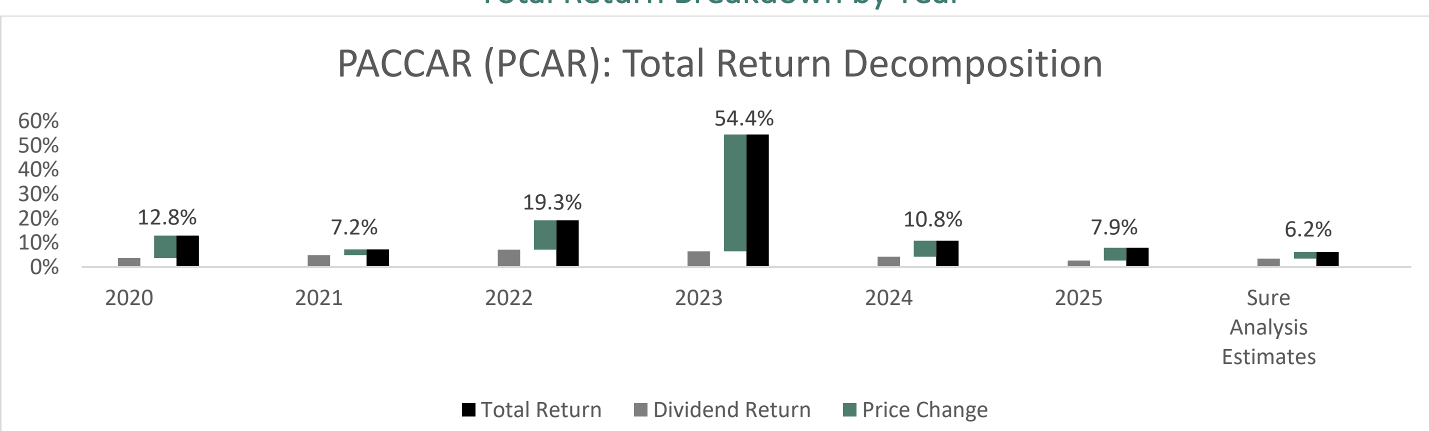
PACCAR currently enjoys a competitive advantage in offering a premium product to owner-operators. This has served the company exceptionally well in the past. Moving forward, this advantage is less certain, as PACCAR will face economic cyclicality and the possibility of consolidation via autonomous vehicles. Both of which could hit its core customer.

The company's last recession performance – generating earnings of $2.78, $0.23, $1.25, and $2.86 in 2008 through 2011 – is noteworthy. It shows just how far earnings can fall during lesser times, but also gives you some insight into the resilience of the business. Also noteworthy is PACCAR's record of 86 consecutive years of net profit (the Great Recession was close) and paying a dividend every year since 1941 (although the lumpiness should still be considered).

Final Thoughts & Recommendation

Shares have increased 18% in the trailing one-year period, which is above the 14% gain of the S&P 500 Index. PACCAR faces two main risks: poor performance during recessions and autonomous (or other) vehicle disruption. Still, the company has proven to be a quality firm over a business cycle, has a conservative financial stance and a premium product. Total return potential comes in at 6.2% per annum, stemming from a 3.4% expected dividend yield, and 12% EPS growth rate, partly offset by (8.0%) P/E multiple compression. We reiterate our hold rating on PACCAR.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue ($B)	17	19	23	26	19	24	28.82	35.13	33.66	28440
Gross Profit	2,737	2,950	3,656	4,015	3,104	3889	4752	7142	6165	4,268
Gross Margin	16.1%	15.2%	15.6%	15.7%	16.3%	16.5%	16.5%	20.3%	18.3%	15.0%
SG&A Exp.	543	572	645	699	581	676	726	753	744	736
D&A Exp.	993	1,108	1,054	1,077	1,049	903	790	924	917	827
Operating Profit	1,929	2,092	2,689	2,975	1,568	2290	3679	5946	4892	2,962
Operating Margin	11.3%	10.8%	11.4%	11.6%	8.3%	9.7%	12.8%	16.9%	14.5%	10.4%
Net Profit	522	1,675	2,195	2,388	1,298	1852	3012	4601	4162	2,376
Net Margin	3.1%	8.6%	9.3%	9.3%	6.8%	7.9%	10.4%	13.1%	12.4%	8.4%
Free Cash Flow	336	869	1,040	890	1,349	553	1637	2928	2895	3,029
Income Tax	609	498	615	711	360	526	837	1117	1239	648

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	20,639	23,440	25,482	28,361	28,260	29301	33276	40820	43420	44,340
Cash & Equivalents	1,916	2,365	3,436	---	3,540	3428	6159			9,254
Accts Receivable	9,700	10,825	12,155	13,250	12,870	13495	1920	2198	1934	1,981
Inventories	728	928	1,185	1,153	1,222	1768	2199	2577	2367	2,188
Total Liabilities	13,861	15,390	16,890	18,655	17,870	17864	20108	24940	25910	25,070
Accounts Payable	1,334	1,621	1,828	6,013	1,737	2018	7186	9016	8333	7,891
Long-Term Debt	8,475	8,879	9,951	---	10,850	10431	0	15930	17580	0
Sh. Equity	6,778	8,051	8,593	9,706	10,390	11437	13167	15880	17510	19,260
D/E Ratio	1.25	1.10	1.16	---	1.05	0.91	0	1.00	1.00	0.00

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	2.5%	7.6%	9.0%	8.9%	4.6%	6.4%	9.6%	12.4%	9.9%	5.4%
Return on Equity	7.6%	22.6%	26.4%	26.1%	12.9%	17.0%	24.5%	31.7%	24.9%	12.9%
ROIC	3.4%	10.4%	12.4%	16.9%	6.2%	8.6%	17.2%	16.3%	12.8%	9.0%
Shares Out.	351	352	347	348	347	348	349	525	527	526.80
Revenue/Share	48.42	55.13	66.79	73.67	53.91	67.52	82.60	66.91	63.93	54.00
FCF/Share	0.95	2.46	2.96	2.56	3.88	1.59	4.69	5.58	5.50	5.750

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.