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## PACCAR, Inc. Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from Andrew Casey - Wachovia Capital Markets, LLC.

#### Andrew Casey - Wachovia Capital Markets, LLC

First, on the capital investment guidance, if I take the midpoint, \$175 million, how should we view the implied 62% reduction from '08? Is it really that you've come to the end of your expansion cycle for now or is it more that you're being prudent in the event that what we're in lasts a little bit longer?

#### Mark C. Pigott

Well, Andy, I think we're always prudent. We pride ourselves on being conservative, as you well know.

We have had a lot of excellent investments with terrific ROIs throughout the company and capital investments for any industry have a bit of a cycle. I think we're just sort of at the end of one cycle, and I'm sure in the future we'll be investing larger amounts for different products.

But our factories are in great shape, our vehicles are in great shape, systems are in great shape, and now we're going to enjoy the benefits of all those investments.

#### Andrew Casey - Wachovia Capital Markets, LLC

Then on the startup cadence of the new engine plant in the U.S., the implied pushout which has kind of been in the press for awhile, is that mainly a reflection of lower assumed volume and you want to maximize existing capacity utilization before bringing new capacity online or is there another reason you'd like to offer?

#### Mark C. Pigott

No, I think we obviously have capacity in Europe with the slowdown there. We're going to utilize that. What sometimes doesn't make the headlines is that we essentially have a new engine factory in Europe that was built about four years ago, state of the art, and so we'll manufacture there. The buildings in Mississippi are essentially complete, and it is a first class facility that, when the market recovers, we look forward to utilizing.

#### Andrew Casey - Wachovia Capital Markets, LLC

Then a few on the near term. We're pretty much in the teeth of what we're in. Can you talk about the European used truck pricing trends, any signs of industry discounting either in the U.S. or Europe?

**Mark C. Pigott**

You know, when the market slows down - and I can't think of any market that hasn't slowed down in any industry - pricing is affected. On the used truck pricing, particularly in the U.S. and Canada, we're finding that our pricing is pretty much in line with what we're selling the units for. So I think that's good news. We've taken a very proactive approach over the last two years and it seems to be paying dividends.

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