Used Truck

Market Review & Outlook

Steve Tam
Outlook Seminar
February 23, 2023

Steve Tam, Vice President

Student and analyst of the commercial vehicle market since 1993

Frequent speaker at industry and private company events

Often quoted in trade press, the Wall Street Journal, and even on the radio

Transcend boundaries to dialogue with participants from every facet of the industry

Relish opportunity to impart knowledge and understanding of this crazy industry

Used Truck Market Review

- Market Performance
- Deeper Dive
- Exports
- Outlook

Used Truck Database Overview

- Collecting data from >850 unique sellers (rooftops)

- Sales averaged 6,000 CI8 units in 2022, broke 8k in March

- Coverage
  - US, limited CAN volumes
  - LD (GVW 3-5), MD (GVW 6-7), HD (GVW 8)
  - Retail, wholesale, auction channels
  - Units sold, total sales $, average sale price, miles, and age
  - Industry estimates for sales and inventory

- Continue to expand participation, including trailers

Why Used Trucks Are Important

- Used truck activity impact on new truck demand
  - Relationship to new truck sales
  - Empirical data on how trucks are being utilized

- Used truck activity as a stand-alone market
  - Used Truck Dealers/Sellers
    - Identify equipment and industry trends
    - Optimize inventory/reduce inventory carrying costs
    - Benchmarking
  - Aftermarket parts and service
    - Market sizing
  - Finance and insurance

The State of Used Vehicles (Current Market)

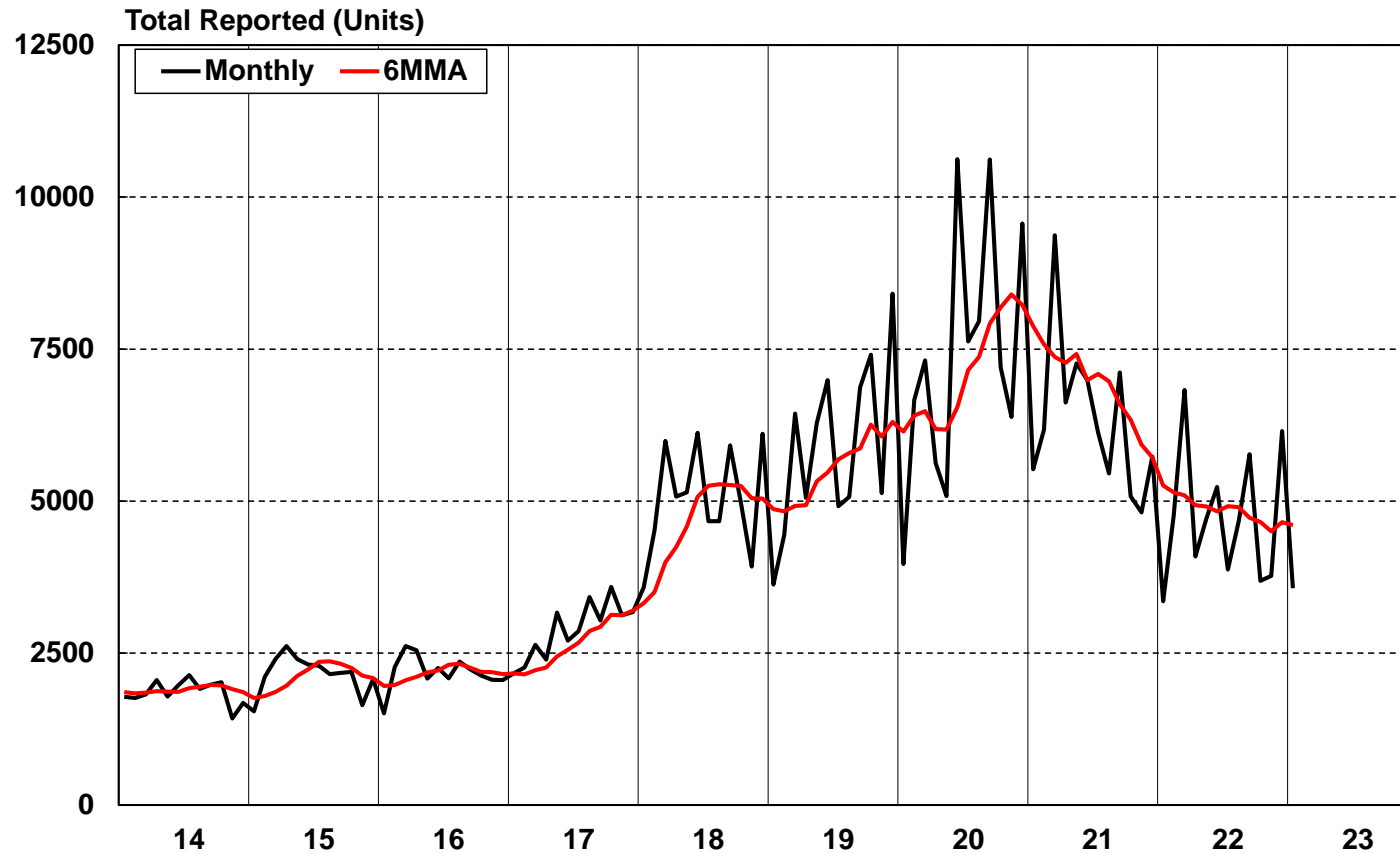Takeaway: Riding the Used Truck Roller Coaster

Same Dealer Sales Finding a Bottom?

Class 8: U.S. Used Truck Sales
January 2014 - Preliminary January 2023
Same Dealer Sales

3,567 units

-42% m/m

+6% y/y

+6% ytd

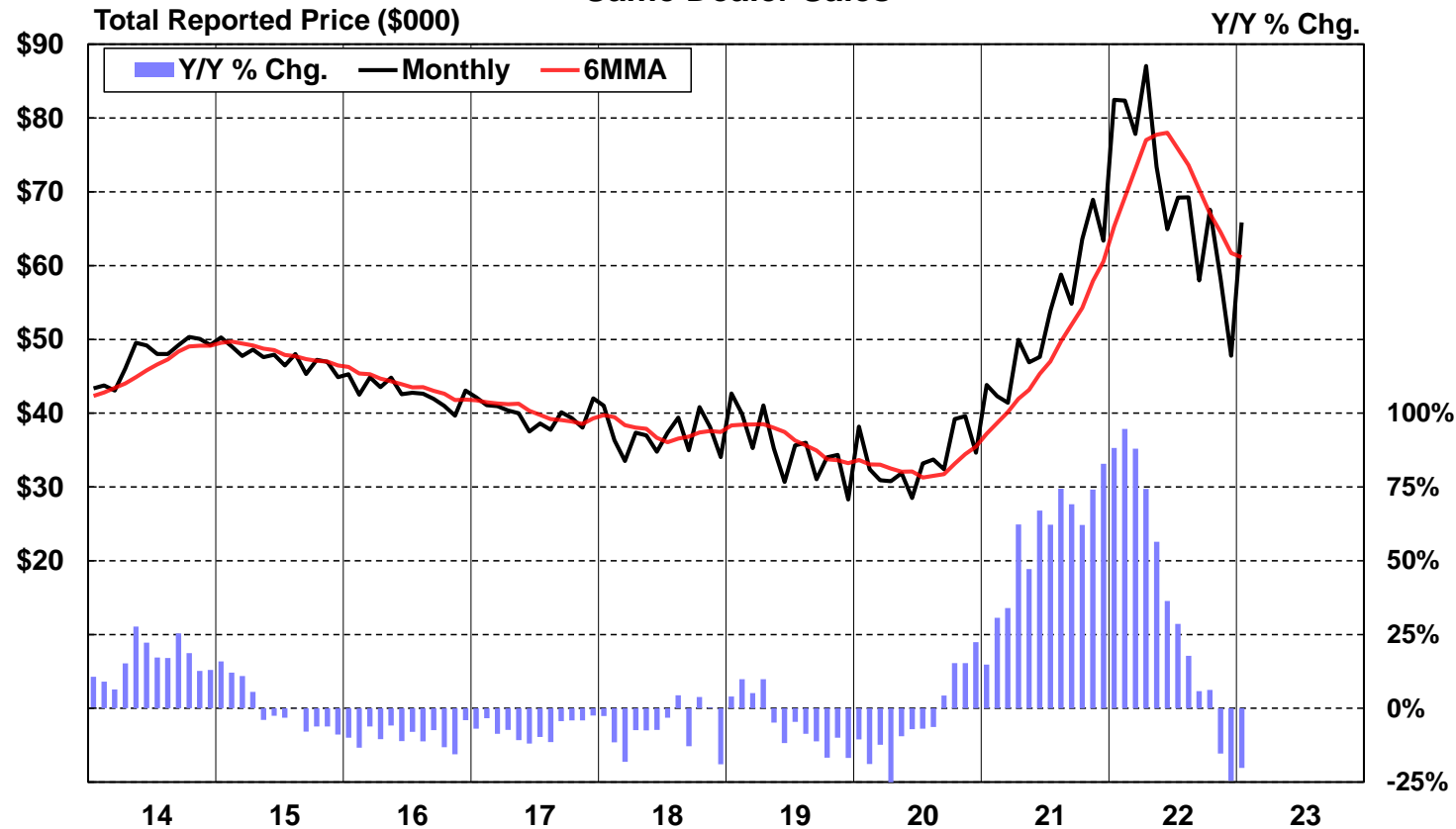42,800 units - AR

All-In
48,400 unit AR

Source: ACT Research Co. © 2023

Values Plunge – Wait, What?!

Class 8: U.S. Used Truck Average Sale Price
January 2014 - Preliminary January 2023
Same Dealer Sales

$65,850

+38% m/m

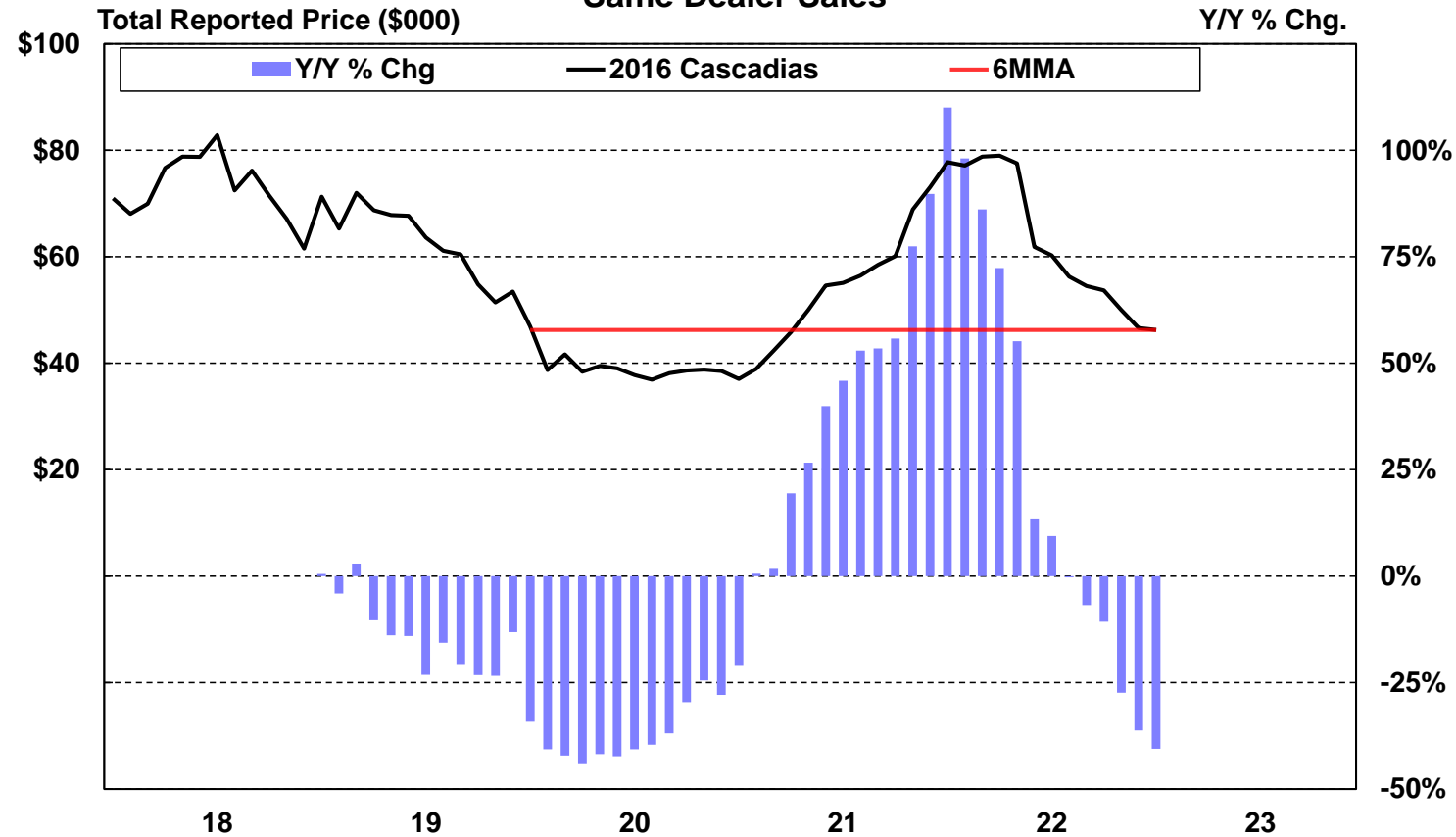-20% y/y

-20% ytd

$72,750 - 2022

Source: ACT Research Co. © 2023

Same Price 3 Years/100K+ Miles Later...

2016 Freightliner Cascadia Average Sale Price
January 2018 - Preliminary January 2023
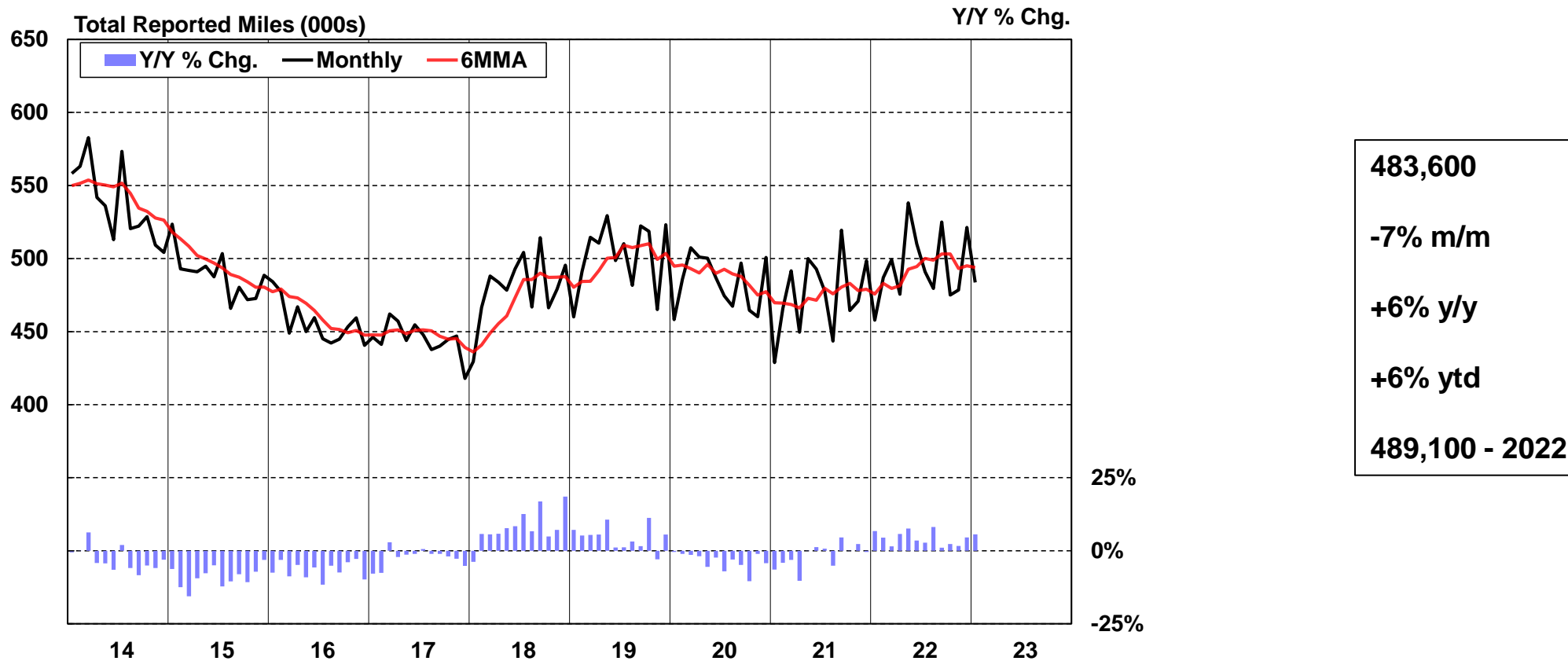### Same Dealer Sales

Source: ACT Research Co. © 2023

Have Miles Peaked?

Class 8: U.S. Used Truck Average Miles
January 2014 - Preliminary January 2023
Same Dealer Sales
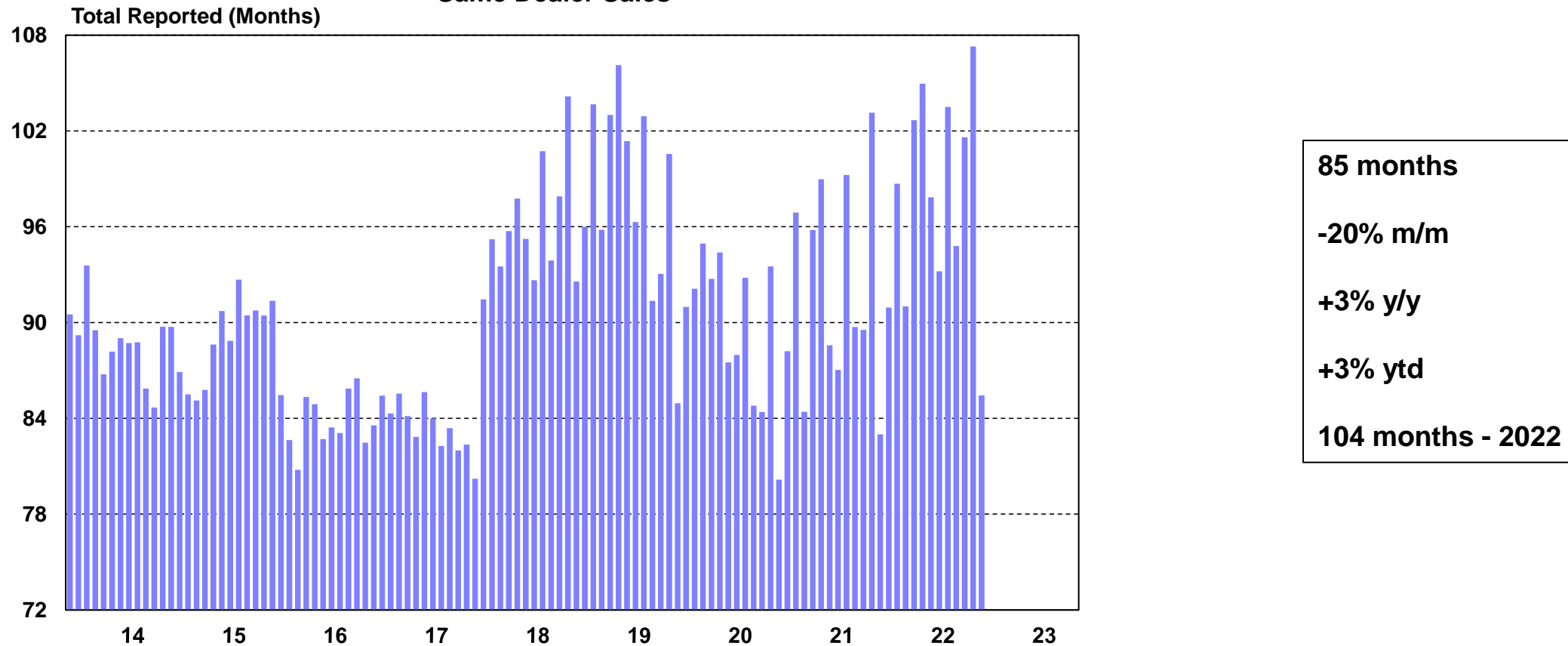

483,600

-7% m/m

+6% y/y

+6% ytd

489,100 - 2022

Source: ACT Research Co. © 2023

Has the Trade-In Logjam Broken?

Class 8: U.S. Used Truck Average Age
January 2014 - Preliminary January 2023
Same Dealer Sales

85 months

-20% m/m

+3% y/y

+3% ytd

104 months - 2022

Source: ACT Research Co. © 2023

Inventory Is Creeping Up
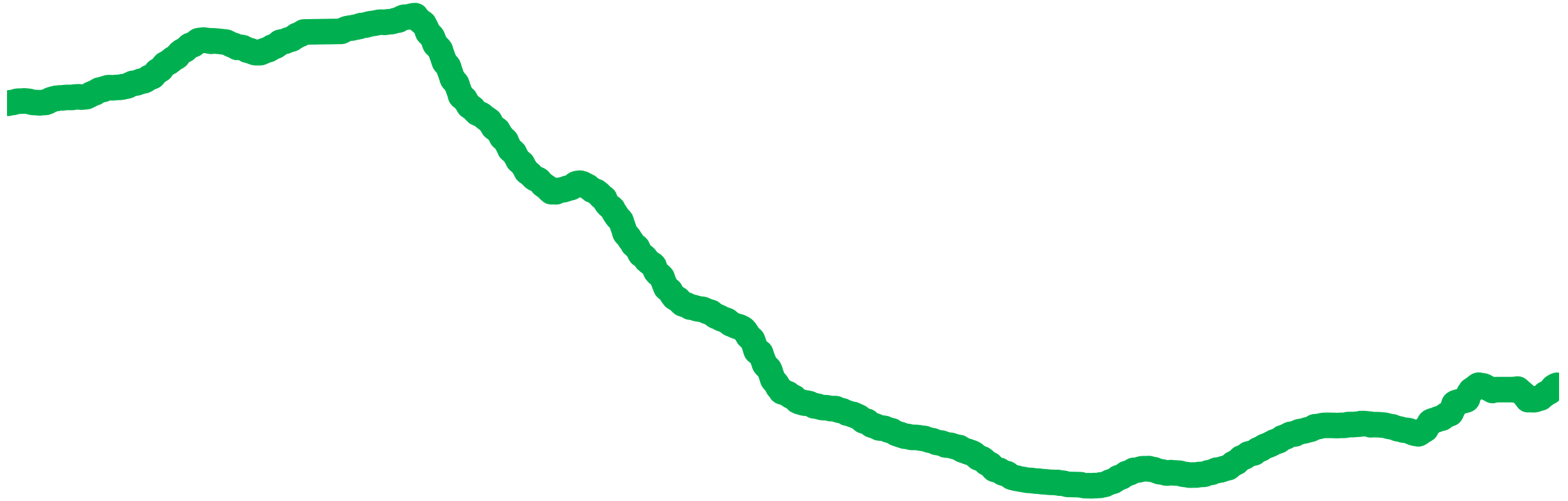
Used Truck Retail Dashboard

ACT's USED CLASS 8 RETAIL SUMMARY – JANUARY (P) 2023				
TOTAL CLASS 8	UNITS	AVERAGE PRICE	AVERAGE MILES	AVERAGE AGE
MONTH/ MONTH	24% ▲	▼ -5%	9% ▲	▼ -2%
YEAR/ YEAR	2% ▲	▼ -14%	4% ▲	▼ -0%
YTD/ YTD	2% ▲	▼ -14%	4% ▲	▼ -0%

Jan (P) UT Stats

ASP = $65,850

Miles = 484,000

Age = 85 months

Est. Units = 19,000

225,000 - FY Est.

In-Depth Analysis

Used Truck Seasonality

U.S. Class 8 Used Truck Retail Sales Seasonals: 2023

Variance from Avg. Month

Strong Order Months

Weak Order Months

Month	Value
Jan	-0.09
Feb	-0.04
Mar	0.08
Apr	0.00
May	-0.05
Jun	-0.01
Jul	-0.02
Aug	0.08
Sep	0.07
Oct	0.09
Nov	-0.10
Dec	-0.02
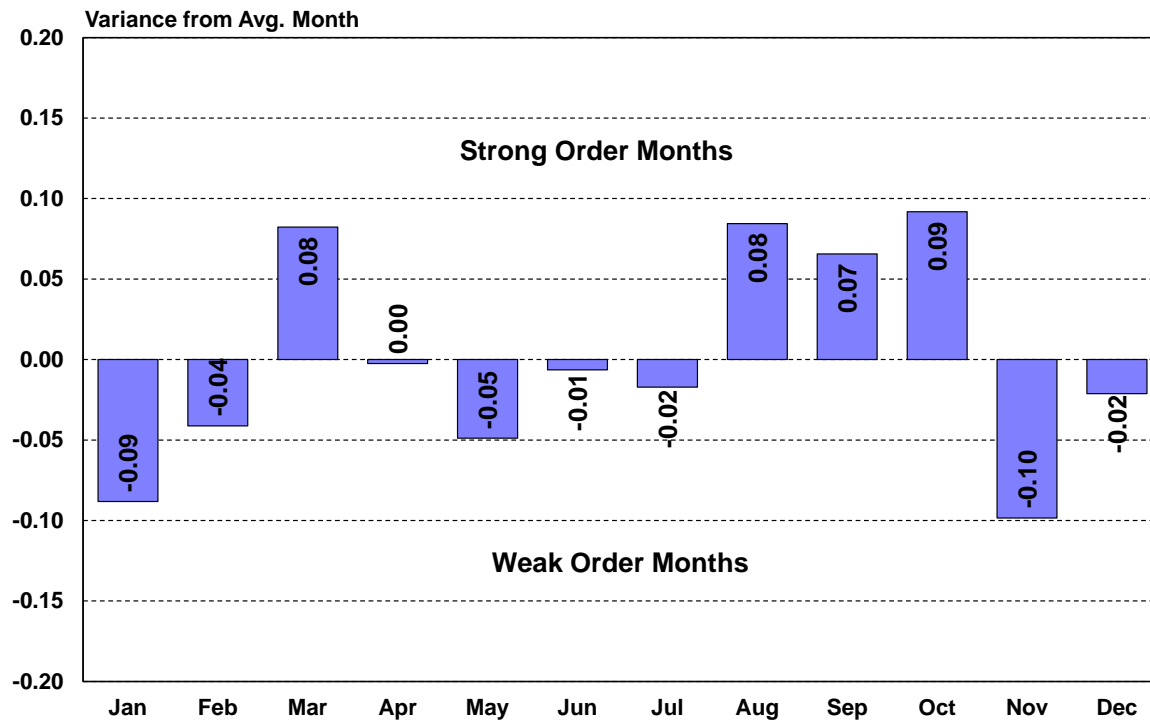
Source: ACT Research Co. © 2023

U.S. Class 8 New Truck Retail Sales Seasonals: 2023

Variance from Avg. Month

Strong Order Months

Weak Order Months

Month	Value
Jan	-0.19
Feb	-0.17
Mar	0.01
Apr	-0.04
May	0.00
Jun	0.06
Jul	-0.02
Aug	0.04
Sep	0.05
Oct	0.07
Nov	-0.02
Dec	0.19
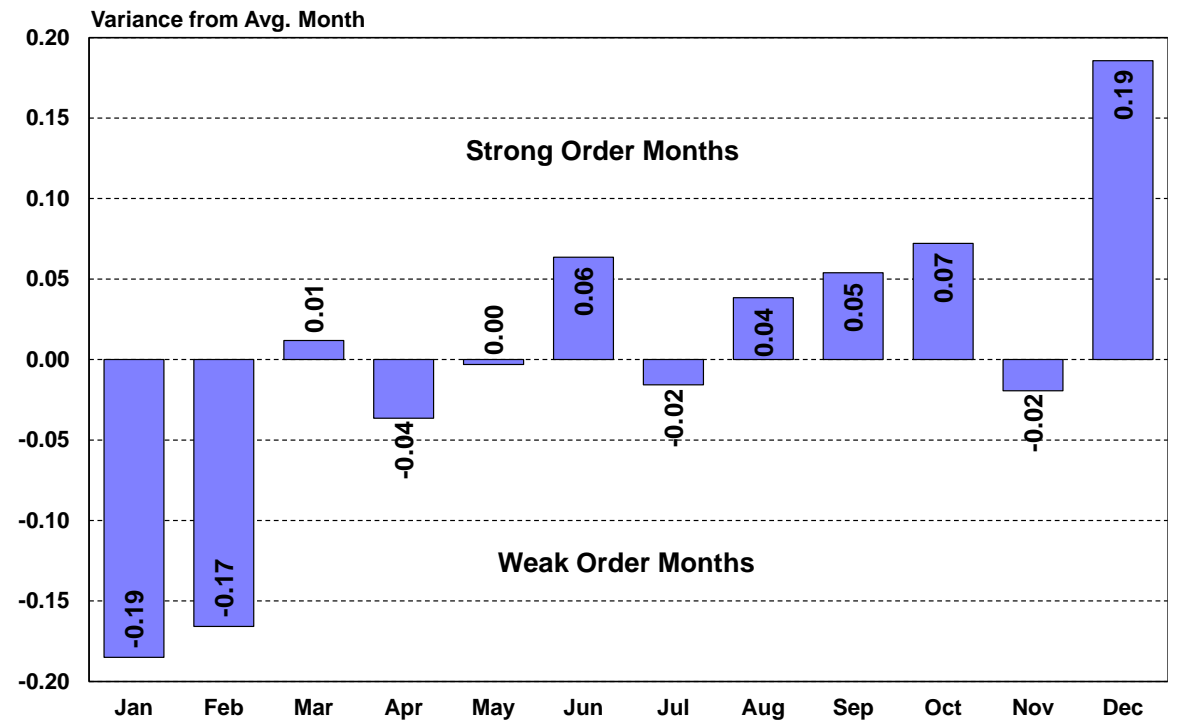
Source: ACT Research Co. © 2023

Class 8: US Used Truck Average Sale Price
By Select Model Years
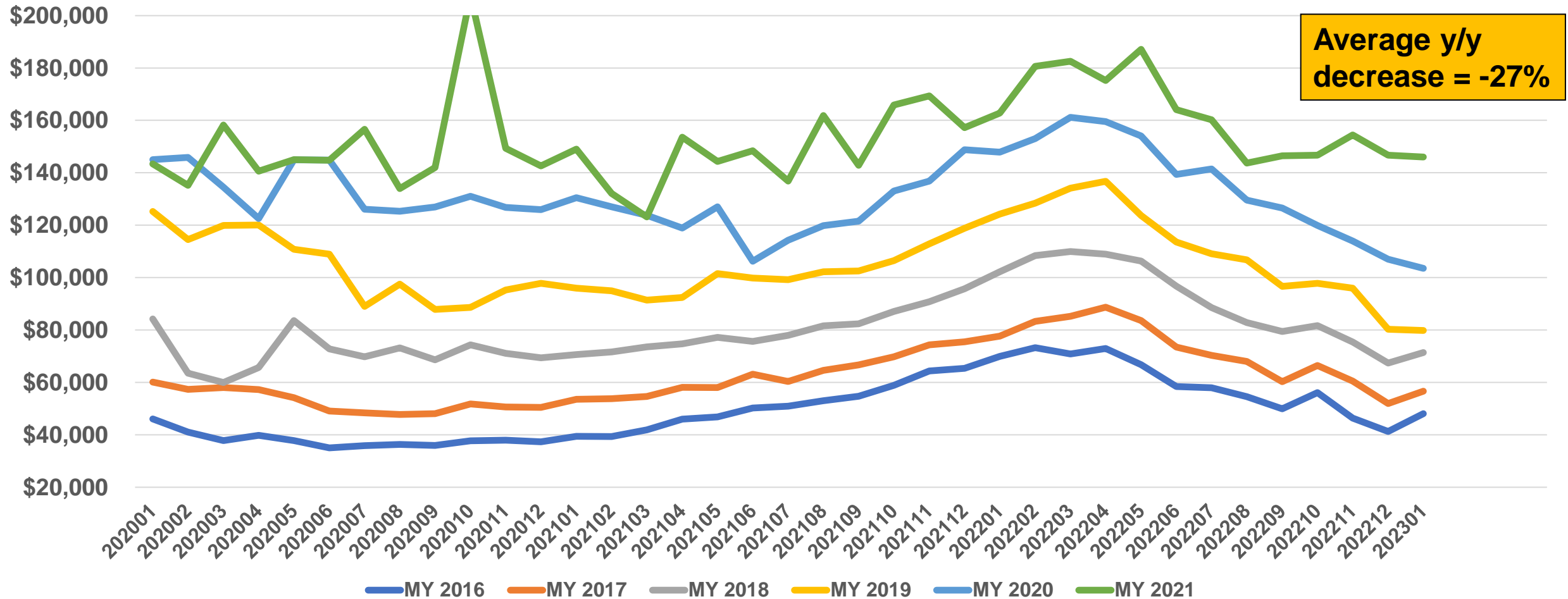
Average y/y decrease = -27%

Legend: MY 2016, MY 2017, MY 2018, MY 2019, MY 2020, MY 2021

Class 8: US Used Truck Average Sale Price
By Select Ages

Tractors = - 27%
Day Cabs = - 12%
Trucks =   - 4%

Average y/y decrease = -19%

Legend: 1 YO, 2 YO, 3 YO, 4 YO, 5 YO, 6 YO
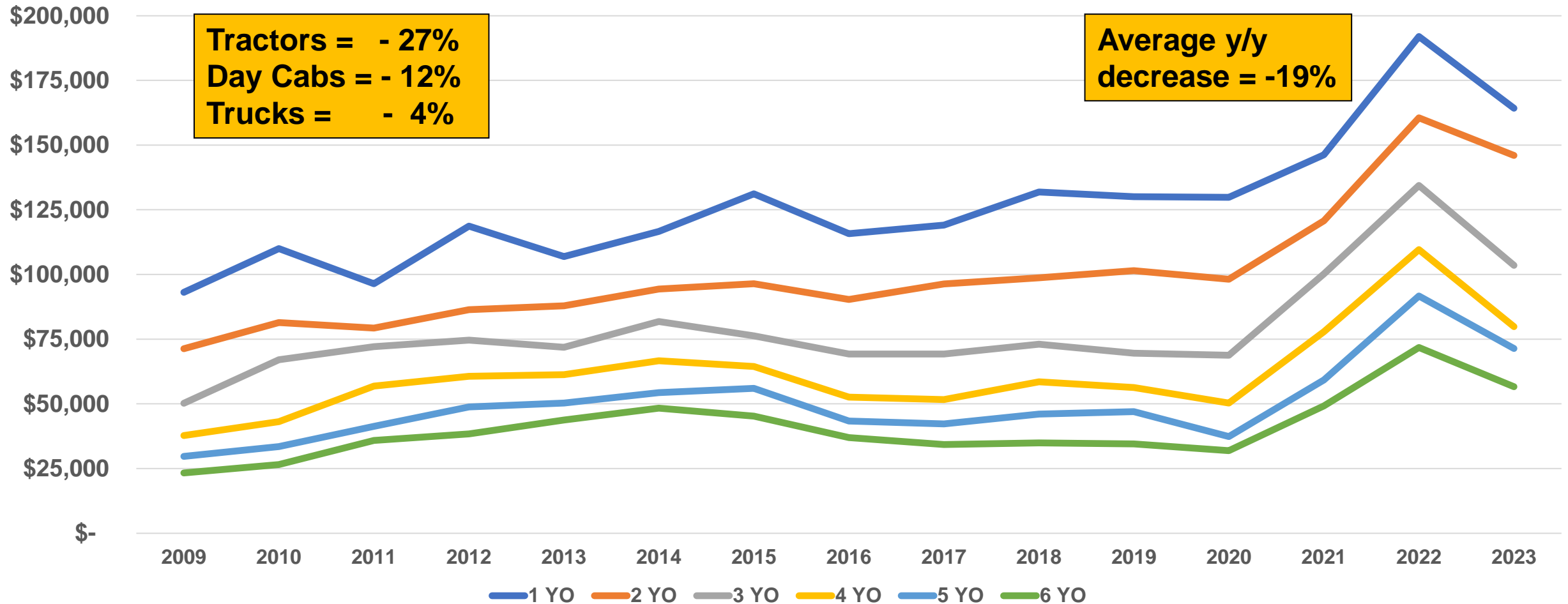
Class 8: US Used Truck Average Sale Price
By Cab Configuration

© ACT RESEARCH 2023

24
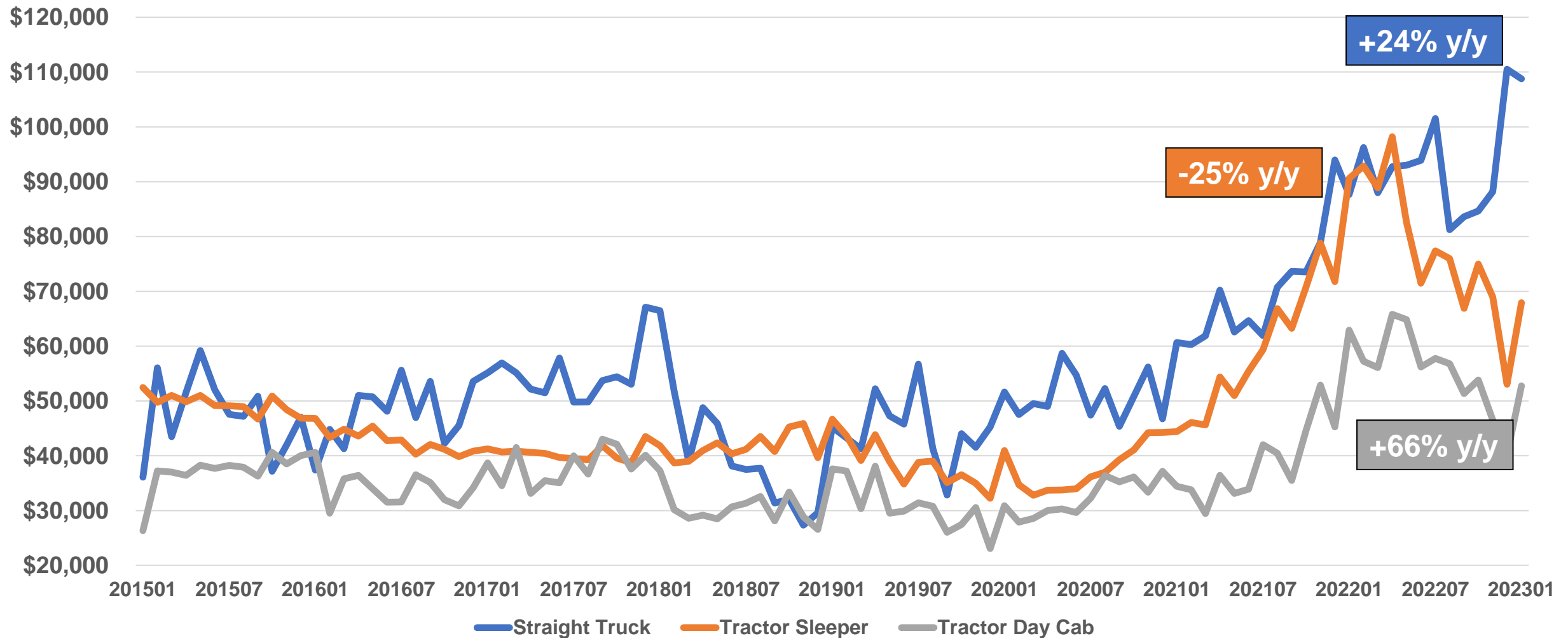
Class 8: U.S. Used Truck Price Dashboard
November 2022 to December 2022 Change

Price Index

105
100
95

Source: ACT Research Co. © 2023

Price Point Mix Shift Impacts Trucks ASP

U.S. Class 8 Used Truck Retail Sales
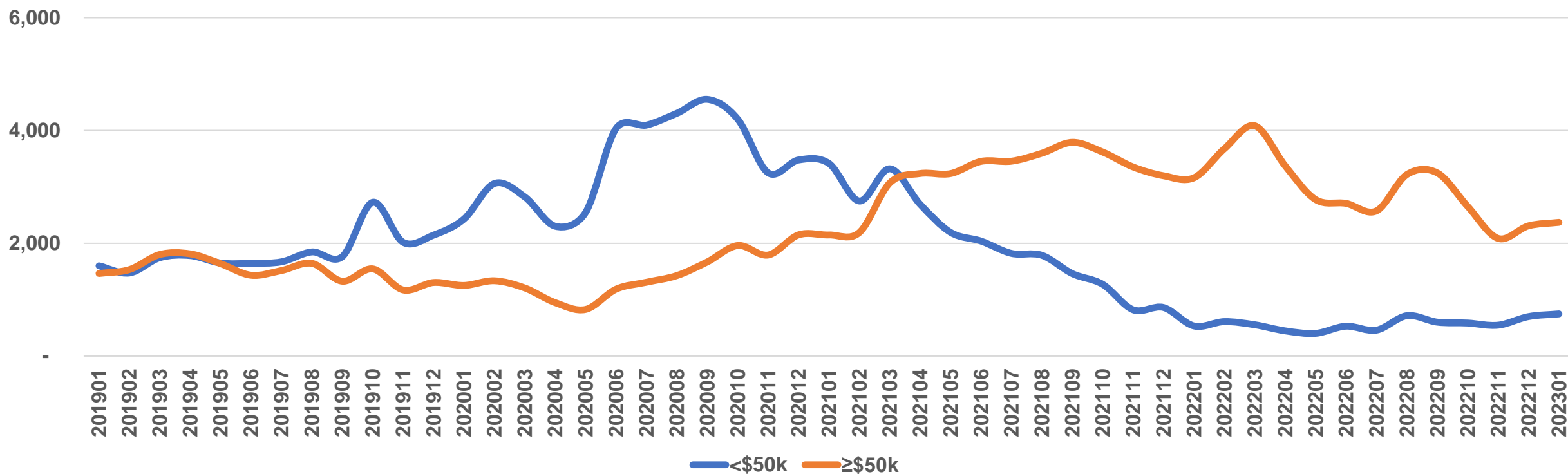by Price Point

Export Market

Exports Fall On Supply & Demand

Used Class 8 Tractor Exports
2012 - 2022
(Actual through December 2022)

Units (000s)

Year	Value
'12	15.0
'13	22.1
'14	15.4
'15	11.8
'16	13.0
'17	22.7
'18	16.3
'19	15.7
'20	14.5
'21	17.4
'22	9.1

Month	Y/Y Δ
Jan	- 41%
Feb	- 40%
Mar	- 54%
Apr	- 68%
May	- 60%
Jun	- 55%
Jul	- 58%
Aug	- 49%
Sep	- 33%
Oct	- 29%
Nov	- 32%
Dec	- 34%
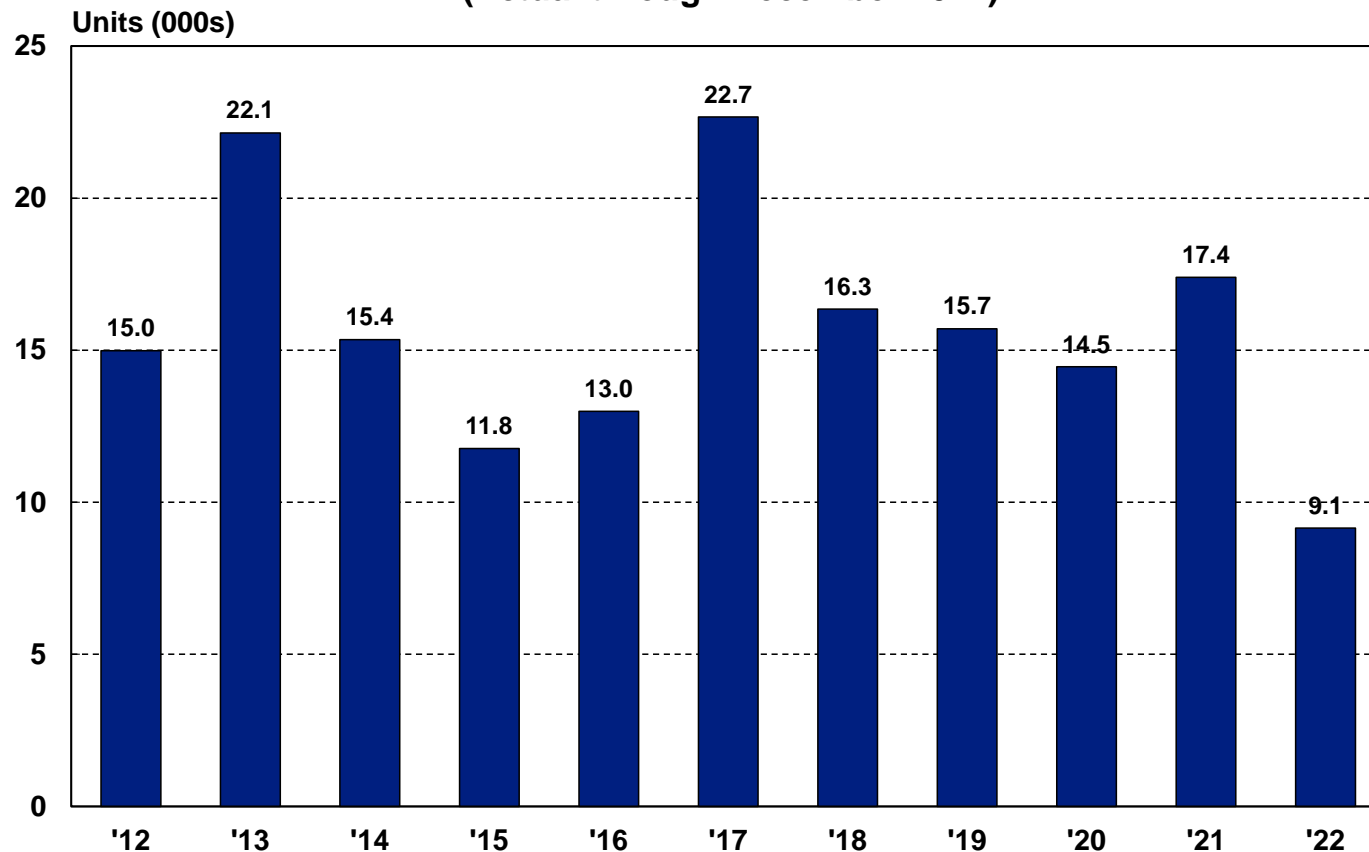
Source: ITC, ACT Research Co. © 2023

The Future of Used Trucks (Estimate) (Forecast)

Takeaway: Things Are Going to Get Worse Before They Get Better

Used Truck Price Outlook

- Robust Input

- Vetted Output

- Numerous Age- & Mileage-Based Outputs

- Five-Year Forecast Horizon
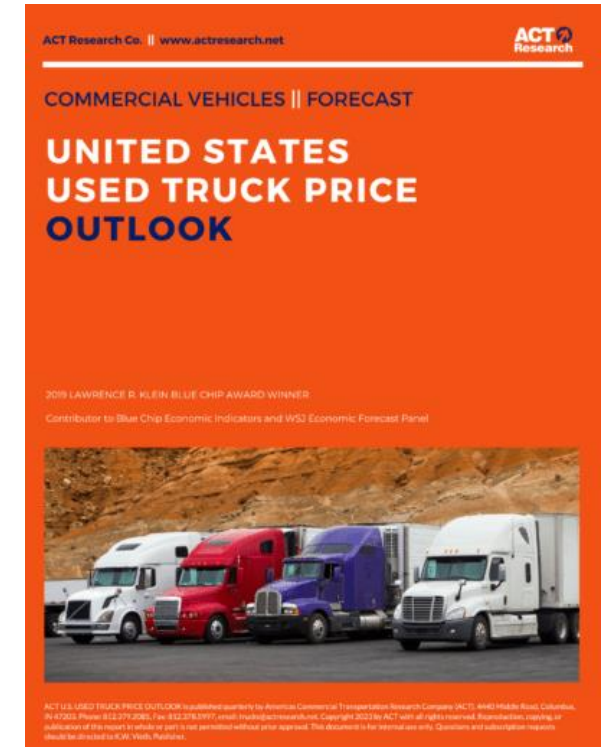
Used Truck Price Outlook – Class 8 Sleeper

	3YO	4YO	5YO	3-5YO
Auction		300-500K Miles	300-550K Miles	
Retail				
300-400K Miles	Y			
400-500K Miles	Y			
300-350K Miles		Y		
350-400K Miles		Y	Y	
400-450K Miles		Y	Y	
450-500K Miles		Y	Y	
500-550K Miles		Y	Y	
Weighted Average	Y	Y	Y	Y

Used Tractor Sleeper Price Forecasts

	Auction						Retail							
	4-Year-Old	5-Year-Old	3-Year-Old				4-Year-Old				5-Year-Old			
	300k-550k	300k-550k	300k-400k	400k-500k	300k-350k	350k-400k	400k-450k	450k-500k	500k-550k	350k-400k	400k-450k	450k-500k	500k-550k
$ per unit	miles	miles	miles	miles	miles	miles	miles	miles	miles	miles	miles	miles	miles
Jan-22	113,733	95,250	132,143	122,795	112,398	110,287	110,125	106,007	105,835	89,393	84,371	81,260	78,128
Feb-22	128,764	110,375	156,110	138,270	142,948	135,559	133,809	132,668	126,910	116,170	117,256	115,837	110,311
Mar-22	125,242	116,320	155,682	151,063	145,295	137,688	140,925	146,470	128,780	117,326	118,336	120,698	115,879
Apr-22	114,933	96,767	160,856	155,261	146,410	146,456	144,767	145,856	134,792	127,384	120,739	122,276	112,996
May-22	108,387	82,589	156,639	146,001	137,670	145,282	146,429	132,841	125,742	116,177	119,565	122,884	109,563
Jun-22	87,105	82,441	147,547	133,265	135,264	135,065	122,249	120,403	111,213	116,313	111,869	108,291	105,268
Jul-22	84,842	64,457	140,544	120,932	112,799	121,458	111,288	108,632	101,774	105,484	107,268	102,264	93,636
Aug-22	81,747	69,352	134,348	124,680	124,667	117,704	107,569	103,742	98,825	87,625	89,579	90,083	79,693
Sep-22	82,977	63,249	130,382	118,891	118,908	114,289	97,618	97,958	94,900	86,379	87,122	81,049	81,378
Oct-22	71,537	72,776	125,581	117,898	101,584	109,612	102,881	99,089	95,044	92,415	83,756	87,720	85,526
Nov-22	67,824	66,726	118,590	110,422	115,521	104,975	101,729	98,029	93,169	94,961	86,772	85,202	76,881
Dec-22	59,502	50,465	123,655	91,696	108,244	98,759	91,964	90,193	82,721	79,253	80,716	78,015	73,474
Jan-23	56,872	49,138	113,639	87,840	98,333	96,900	91,487	87,607	82,221	79,552	73,849	72,037	71,604
Feb-23	53,928	55,416	119,467	99,649	109,581	101,455	96,773	92,036	82,525	85,961	77,774	76,309	73,772
Mar-23	47,299	46,277	113,337	91,725	94,221	88,456	87,716	91,218	82,687	76,494	72,692	71,801	68,935
Apr-23	44,297	40,140	106,476	87,985	87,234	86,009	84,901	86,657	77,150	75,202	70,029	68,988	66,012
May-23	42,992	38,743	103,942	80,629	86,714	82,744	80,270	80,229	76,512	66,411	60,483	59,302	58,351
Jun-23	35,687	33,982	94,899	74,122	78,742	75,615	74,310	72,426	65,955	64,070	59,182	56,156	54,588
Jul-23													
Aug-23													
Sep-23													
Oct-23													
Nov-23													
Dec-23													
Jan-24													
Feb-24													
Mar-24													
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Oct-24													
Nov-24													
Dec-24													

Used Tractor Sleeper Price Forecasts

ACT Used Price: Retail 3-, 4-, and 5-year-old Class 8 Tractor Sleepers
January 2010 - December 2027 Forecast
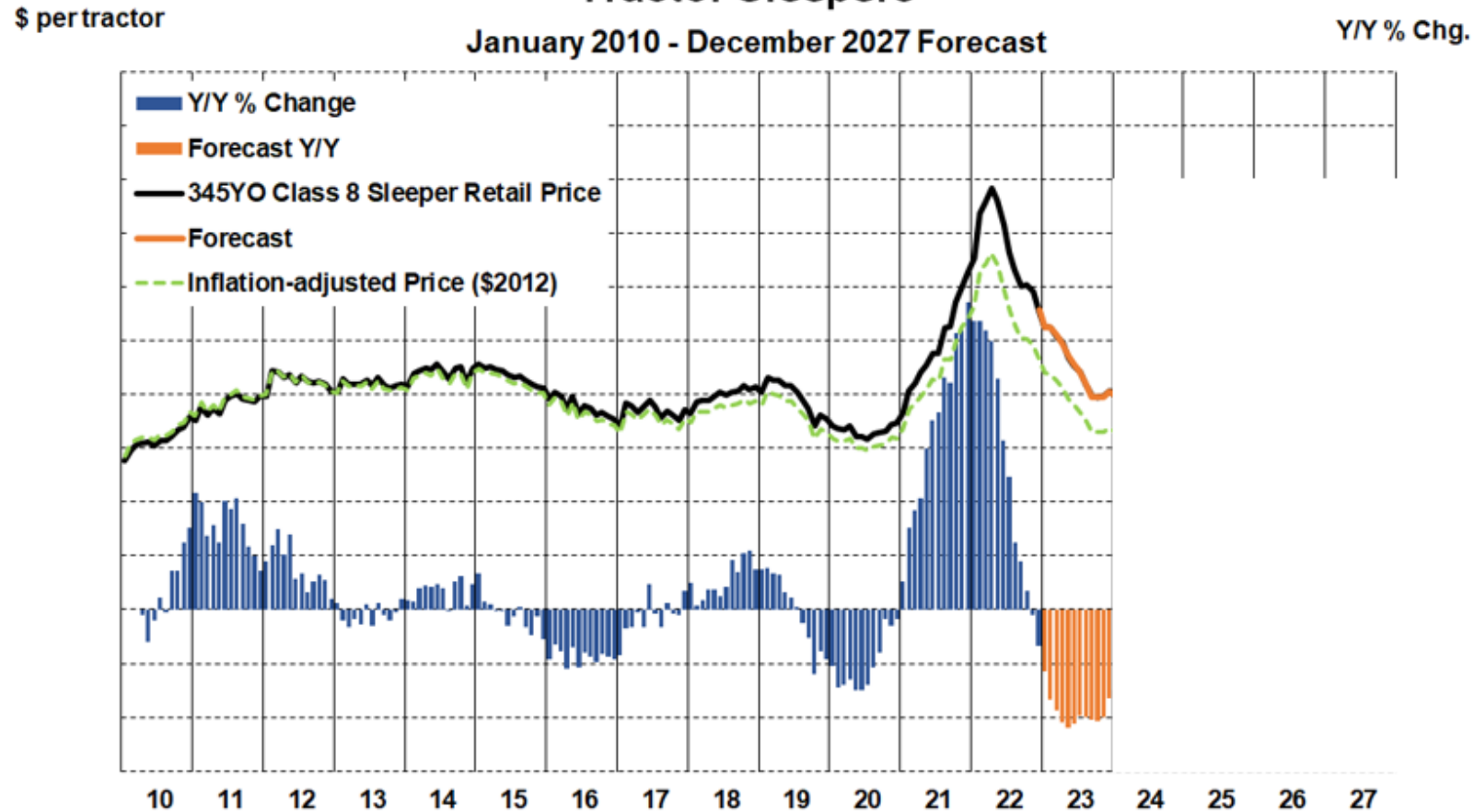
US Class 8 New & Used Truck Sales Estimate
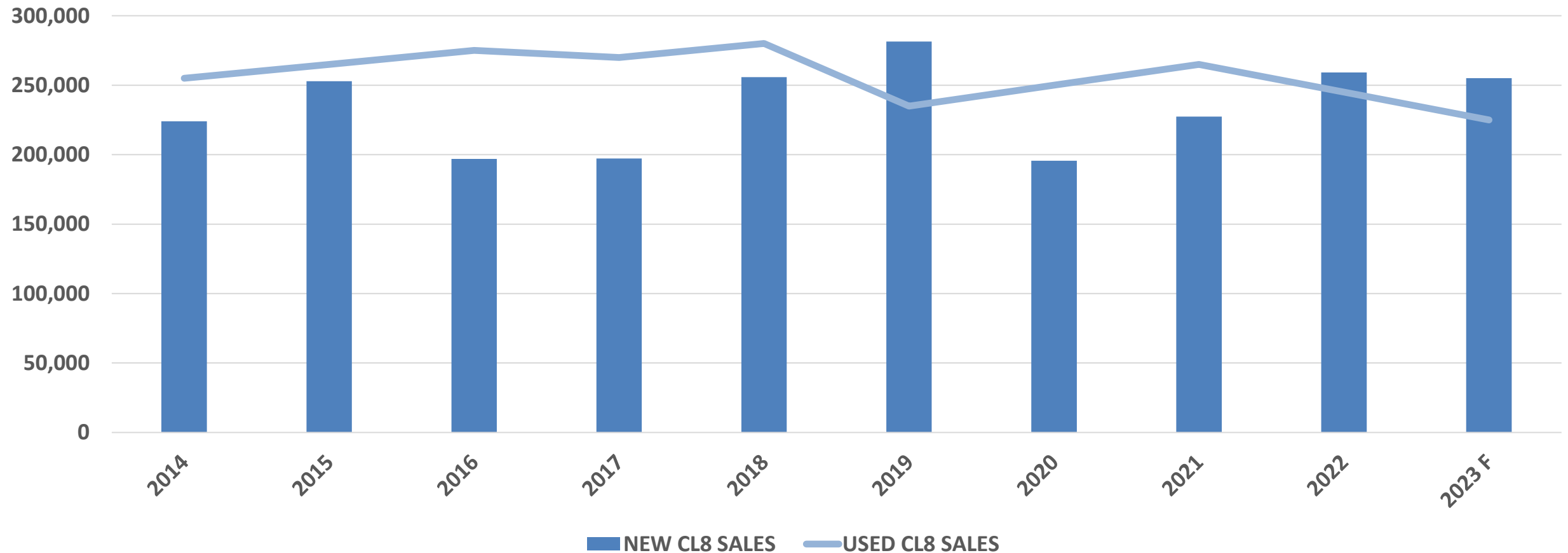
US Class 8 Used Truck Guidance

Estimated used Class 8 sales

- – 2022 down 8% (245,000)

- – **2023 down 8% (225,000)**

Inventory will continue to increase, but not significantly

Mileage and age should continue to trend higher for a while

Average retail selling price

- – Ended 2022 (full year) up 36% at $72,750 (all-in)

- – **Weaking demand/rising inventory pull 2023 FY prices down ≈40% for late model sleepers**

Used Truck Market Recap

- For as much as 2022 used truck market softened, it was a good year

- Cycle will shift back to being about supply-demand balance

- Rising inventory will actually be a good thing, until it's not

- Biggest unknown is impact of on-going supply chain recovery on timing of trades

- 2023 is going to be a tough year, especially for the unprepared

THANK YOU

ACT Research

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