

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-05-10** | Period of Report: **1995-03-31**
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FILER

PACCAR INC

CIK: **75362** | IRS No.: **910351110** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **000-06394** | Film No.: **95536348**
SIC: **3711** Motor vehicles & passenger car bodies

Mailing Address
777 106TH AVENUE NE
BELLEVUE WA 98004

Business Address
777 106TH AVE NE
BELLEVUE WA 98004
2064557400

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the period ended March 31, 1995

Commission File No. 0-6394

PACCAR Inc

(Exact name of registrant as specified in its charter)

Delaware

91-0351110

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer Identification No.)

777 - 106th Ave. N.E., Bellevue, WA

98004

(Address of principal executive offices)

(Zip Code)

(206) 455-7400

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required

to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for at least the past 90 days. Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, \$12 par value--38,859,530 shares as of April 30, 1995

PACCAR Inc AND SUBSIDIARIES

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FORM 10-Q
PACCAR Inc AND SUBSIDIARIES
PART I--FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

<TABLE>

<CAPTION>

Consolidated Statements of Income (Unaudited)
(Millions except per share amounts)

Three Months Ended March 31	1995	1994
<S>	<C>	<C>
MANUFACTURING:		
Revenues		
Net sales	\$1,123.7	\$986.3
Other	5.9	.4
	1,129.6	986.7
Costs and Expenses		
Cost of sales	978.7	855.0
Selling, general and administrative	85.2	77.2
Interest	.5	.5
	1,064.4	932.7
Manufacturing Income Before Income Taxes	65.2	54.0
FINANCIAL SERVICES:		
Revenues	59.9	46.7
Costs and Expenses		
Interest and other	33.7	22.5
Selling, general and administrative	10.8	10.3
Provision for losses on receivables	4.8	1.5
	49.3	34.3
Financial Services Income Before Income Taxes	10.6	12.4
OTHER:		
Investment income	6.5	5.0
Minority interest and other	.9	(3.4)

Total Income Before Income Taxes	83.2	68.0
Income taxes	28.9	24.4

Net Income	\$ 54.3	\$ 43.6

Weighted average number of common shares outstanding	38.9	38.9

Per Share Data:		
Net income	\$ 1.40	\$1.12

Dividends declared	\$.25	\$.25

</TABLE>

See Notes to Consolidated Financial Statements.

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<TABLE>
<CAPTION>

Condensed Consolidated Balance Sheets ASSETS (Millions of Dollars)	March 31 1995	December 31 1994*
<S>	<C>	<C>

MANUFACTURING:	(Unaudited)	
Current Assets		
Cash and equivalents	\$ 294.8	\$ 289.9
Trade receivables - net	272.6	232.9
Marketable securities	246.3	241.7
Inventories	263.8	274.5
Deferred taxes and other current assets	63.9	65.1

Total Manufacturing Current Assets	1,141.4	1,104.1
Investments and Other	86.3	88.7
Property, Plant and Equipment, Net	370.7	369.9

Total Manufacturing Assets	1,598.4	1,562.7

FINANCIAL SERVICES:		
Cash and equivalents	12.5	21.4
Finance and other receivables, net of allowance for losses	2,489.8	2,469.6
Less unearned interest	(195.2)	(194.7)

	2,294.6	2,274.9
Equipment on operating leases, net	53.4	53.8
Other assets	18.2	15.4

Total Financial Services Assets	2,378.7	2,365.5

	\$3,977.1	\$3,928.2

</TABLE>

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PACCAR Inc AND SUBSIDIARIES

<TABLE>
<CAPTION>

	March 31 1995	December 31 1994*

LIABILITIES AND STOCKHOLDERS' EQUITY		

<S>	<C>	<C>
MANUFACTURING:	(Unaudited)	
Current Liabilities		
Accounts payable and accrued expenses	\$ 617.1	\$ 620.3
Income taxes	41.7	22.5
Dividend payable		77.7
Other	.5	1.8

Total Manufacturing Current Liabilities	659.3	722.3
Long-Term Debt	11.0	11.1
Other	104.7	85.7

Total Manufacturing Liabilities	775.0	819.1

FINANCIAL SERVICES:		
Accounts payable and accrued expenses	36.4	70.6
Commercial paper and bank loans	797.8	687.7
Long-term debt	994.9	999.9
Deferred income taxes and other	140.6	143.5

Total Financial Services Liabilities	1,969.7	1,901.7

MINORITY INTEREST	24.9	32.9
STOCKHOLDERS' EQUITY		
Preferred stock, no par value:		
Authorized 1,000,000 shares, none issued		
Common stock, \$12.00 par value: Authorized 100,000,000		
shares, issued 38,859,530 shares	466.3	466.3
Additional paid-in capital	218.2	218.2
Retained earnings	601.1	556.5
Cumulative translation and other adjustments	(78.1)	(66.5)

Total Stockholders' Equity	1,207.5	1,174.5

	\$3,977.1	\$3,928.2

<FN>

* The December 31, 1994, consolidated balance sheet has been derived from audited financial statements.

</TABLE>

See Notes to Consolidated Financial Statements.

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PACCAR Inc AND SUBSIDIARIES

<TABLE>
<CAPTION>

Condensed Consolidated Statements of Cash Flows (Unaudited)
(Millions of Dollars)

Three Months Ended March 31	1995	1994

<S>	<C>	<C>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 34.4	\$ 67.8

INVESTING ACTIVITIES:		
Loans and financing leases originated	(255.3)	(295.5)
Collections on loans and financing leases	241.9	243.4
Net (increase) decrease in wholesale receivables	(31.1)	3.0
Marketable securities purchased	(487.3)	(184.1)
Marketable securities sales and maturities	488.7	185.0
Acquisition of controlling interest in affiliate, net of cash consolidated		44.3
Acquisition of property, plant, and equipment	(18.7)	(9.5)
Acquisition of equipment for operating leases	(3.7)	(5.5)
Proceeds from asset disposals	8.8	7.4
Other	3.9	(3.0)

Net Cash Used in Investing Activities	(52.8)	(14.5)
FINANCING ACTIVITIES:		
Net increase (decrease) in commercial paper and bank loans	97.9	(67.0)
Cash dividends	(87.4)	(45.3)
Proceeds from long-term debt	133.9	187.1
Payments of long-term debt	(117.9)	(76.9)

Net Cash Provided by (Used in) Financing Activities	26.5	(2.1)
Effect of exchange rate changes on cash	(12.1)	(2.4)

Net (Decrease) Increase in Cash and Equivalents	(4.0)	48.8
Cash and equivalents at beginning of period	311.3	223.2

Cash and equivalents at end of period	\$307.3	\$272.0

</TABLE>

See Notes to Consolidated Financial Statements.

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Notes to Consolidated Financial Statements (Millions of Dollars)

NOTE A--Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and footnotes required by generally accepted accounting principles

for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. For further information, refer to the consolidated financial statements and footnotes included in the Company's annual report on Form 10-K for the year ended December 31, 1994.

RECLASSIFICATIONS: Certain prior year amounts have been reclassified to conform to the 1995 presentation.

<TABLE>
<CAPTION>

NOTE B--Inventories

	March 31 1995	December 31 1994
<S>	<C>	<C>
Inventories at FIFO cost:	(Unaudited)	
Finished products	\$203.0	\$188.6
Work in process and raw materials	186.7	210.2
	389.7	398.8
Less excess of FIFO cost over LIFO	(125.9)	(124.3)
	\$263.8	\$274.5

</TABLE>

Under the LIFO method of accounting (used for approximately 81% of March 31, 1995, inventories), an actual valuation can be made only at the end of each year based on year-end inventory levels and costs. Accordingly, interim valuations are based on management's estimates of those year-end amounts. Based on present estimates of year-end inventory levels, no significant liquidations of LIFO inventory quantities are expected. Because inventory levels and costs are subject to many forces beyond management's control, the present estimates are subject to the final year-end LIFO inventory valuation.

RESULTS OF OPERATIONS:

PACCAR set new first quarter records for sales and net income despite limited production and sales in Mexico. Compared to last year, net income increased over 24% to \$54.3 million on a 14% gain in sales. Kenworth and Peterbilt divisions and PACCAR Financial Corp., the largest of the Company's financial services subsidiaries, all had excellent results.

Manufacturing income before income taxes rose 21% compared to the year-earlier quarter. All manufacturing divisions with the exception of PACCAR's Mexican affiliate, VILPAC, S.A., reported improved sales. The improvement in profits was principally attributable to the truck segment.

Sustained demand for Kenworth and Peterbilt products has kept backlogs high in the U.S. and Canada. Operations at plants producing for these markets remained near capacity levels.

Combined results for PACCAR's international truck operations in Australia and the United Kingdom also improved compared to the first quarter of 1994 with higher sales and profitability. In Mexico, continued adverse economic conditions have kept VILPAC's production and sales at minimal levels.

Sales and profits for winches and oilfield equipment compared favorably to first quarter 1994 largely due to actions taken last year to consolidate operations and diversify product offerings. The Auto Parts segment also reported improved operating results.

For the Financial Services segment, net finance receivable portfolios increased slightly from December 31, 1994 levels but were 18% above year-earlier balances. Nearly all of PACCAR's finance and leasing operations attained higher profitability in the first quarter of 1995 compared to the first quarter of 1994. However, because of higher loan loss provisions and operating losses recorded in Mexico by VILPAC's financial subsidiary, results for the segment were below those of last year.

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LIQUIDITY AND CAPITAL RESOURCES:

PACCAR's ratio of manufacturing current assets to current liabilities

at March 31, 1995 increased to 1.73 from 1.53 at December 31, 1994.

During the first quarter of 1995, the Company used cash from operations and net proceeds from borrowings (principally commercial paper and bank loans) to fund an increase in Financial Services receivables (comprised mostly of wholesale receivables), pay the special year-end and regular first quarter dividends and increase its net investment in fixed assets and equipment for operating leases. The reduction in 1995 of cash from operations is principally attributable to changes in components of working capital.

Other information on liquidity and sources of capital as presented in the 1994 Annual Report to Stockholders continues to be relevant.

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PART II--OTHER INFORMATION

For Items 1, 2, 3 and 5, there was no reportable information for any of the three months ended March 31, 1995.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

(a) The annual meeting of stockholders was held on April 25, 1995.

(b) The following persons were elected to serve as directors:

Class III - Term Expiring in 1998

Charles M. Pigott
John W. Pitts
Dr. Carl H. Hahn

Other persons whose term of office as a director continued after the meeting:

Class I - Term Expiring in 1996

John M. Fluke, Jr.
David J. Hovind
Michael A. Tembreull
James H. Wiborg

Class II - Term Expiring in 1997

Richard P. Cooley

Harold J. Haynes
James C. Pigott
Mark C. Pigott

- (c) None
- (d) None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

- (a) Exhibits. The exhibits filed herewith are listed in the accompanying index to exhibits.
- (b) No reports on Form 8-K have been filed for the quarter ended March 31, 1995.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PACCAR Inc

(Registrant)

Date May 10, 1995

By /s/ G. D. Hatchel

G. D. Hatchel
Vice President and Controller
(Authorized Officer and
Chief Accounting Officer)

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INDEX TO EXHIBITS

EXHIBIT (IN ORDER OF ASSIGNED INDEX NUMBERS)

3 Articles of incorporation and bylaws:

- (a) PACCAR Inc Certificate of Incorporation, as amended to April 27, 1990 (incorporated by reference to the Quarterly Report on Form 10-Q for the quarter ended March 31, 1990).
- (b) PACCAR Inc Bylaws, as amended to April 26, 1994 (incorporated by reference to the Quarterly Report on Form 10-Q for the quarter ended March 31, 1994).

4 Instruments defining the rights of security holders, including indentures:

- (a) Rights agreement dated as of December 21, 1989 between PACCAR Inc and First Chicago Trust Company of New York setting forth the terms of the Series A Junior Participating Preferred Stock, no par value per share (incorporated by reference to Exhibit 1 of the Current Report on Form 8-K of PACCAR Inc dated December 27, 1989).
- (b) Indenture for Senior Debt Securities dated as of December 1, 1983 between PACCAR Financial Corp. and Citibank, N.A., Trustee (incorporated by reference to Exhibit 4.1 of the Annual Report on Form 10-K of PACCAR Financial Corp. for the year ended December 31, 1983).
- (c) First Supplemental Indenture dated as of June 19, 1989 between PACCAR Financial Corp. and Citibank, N.A., Trustee (incorporated by reference to Exhibit 4.2 to PACCAR Financial Corp.'s registration statement on Form S-3, Registration No. 33-29434).
- (d) Forms of Medium-Term Note, Series E (incorporated by reference to Exhibits 4.3A, 4.3B and 4.3C to PACCAR Financial Corp.'s Registration Statement on Form S-3 dated June 23, 1989, Registration Number 33-29434, and Forms of Medium-Term Note, Series E, incorporated by reference to Exhibit 4.3B.1 to PACCAR Financial Corp.'s Current Report on Form 8-K, dated December 19, 1991, under Commission File Number 0-12553).

Letter of Representation among PACCAR Financial Corp., Citibank, N.A. and the Depository Trust Company, Series E, dated July 6, 1989 (incorporated by reference to Exhibit 4.3 of PACCAR Financial Corp.'s Annual Report on Form 10-K, dated March 29, 1990, File Number 0-12553).

- (e) Forms of Medium-Term Note, Series F (incorporated by reference to Exhibits 4.3A, 4.3B and 4.3C to PACCAR Financial Corp.'s Registration Statement on Form S-3 dated May 26, 1992, Registration Number 33-48118).

Form of Letter of Representation among PACCAR Financial Corp., Citibank, N.A. and the Depository Trust Company, Series F (incorporated by reference to Exhibit 4.4 to PACCAR Financial Corp.'s Registration Statement on Form S-3 dated May 26, 1992, Registration Number 33-48118).

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INDEX TO EXHIBITS

EXHIBIT (IN ORDER OF ASSIGNED INDEX NUMBERS)

- (f) Forms of Medium-Term Note, Series G (incorporated by reference to Exhibits 4.3A and 4.3B to PACCAR Financial Corp.'s Registration Statement on Form S-3 dated December 8, 1993, Registration Number 33-51335).

Form of Letter of Representation among PACCAR Financial Corp., Citibank, N.A. and the Depository Trust Company, Series G (incorporated by reference to Exhibit 4.4 to PACCAR Financial Corp.'s Registration Statement on Form S-3 dated December 8, 1993, Registration Number 33-51335).

10 Material contracts

- (a) PACCAR Inc Incentive Compensation Plan (incorporated by reference to Exhibit (10) (a) of the Annual Report on Form 10-K for the year ended December 31, 1980).
- (b) PACCAR Inc Deferred Compensation Plan for Directors (incorporated by reference to Exhibit (10) (b) of the Annual Report on Form 10-K for the year ended December 31, 1980).
- (c) Supplemental Retirement Plan (incorporated by reference to Exhibit (10) (c) of the Annual Report on Form 10-K for the year ended December 31, 1980).
- (d) 1981 Long Term Incentive Plan (incorporated by reference to Exhibit A of the 1982 Proxy Statement, dated March 25, 1982).
- (e) Amendment to 1981 Long Term Incentive Plan (incorporated by reference to Exhibit (10) (a) of the Quarterly Report on Form 10-Q for the quarter ended March 31, 1991).
- (f) PACCAR Inc 1991 Long-Term Incentive Plan (incorporated by reference to

Exhibit (10)(h) of the Quarterly Report on Form 10-Q for the quarter ended June 30, 1992).

- (g) Amended and Restated Deferred Incentive Compensation Plan (incorporated by reference to Exhibit (10)(g) of the Annual Report on Form 10-K for the year ended December 31, 1993).

27 Financial Data Schedule

<TABLE> <S> <C>

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This schedule contains summary financial information extracted from the consolidated statements of income for the three months ended March 31, 1995 and 1994, and the condensed consolidated balance sheets, March 31, 1995 and December 31, 1994 of PACCAR Inc and Subsidiaries and is qualified in its entirety by reference to such financial statements.

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