

TM - Toyota Motor Corporation



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Table of Contents

1. Company Overview

2. Revenue Decomposition

3. Industry/Ratio Analysis

4. Comparable Companies

5. DDM & FCF Model Valuations

Company Overview

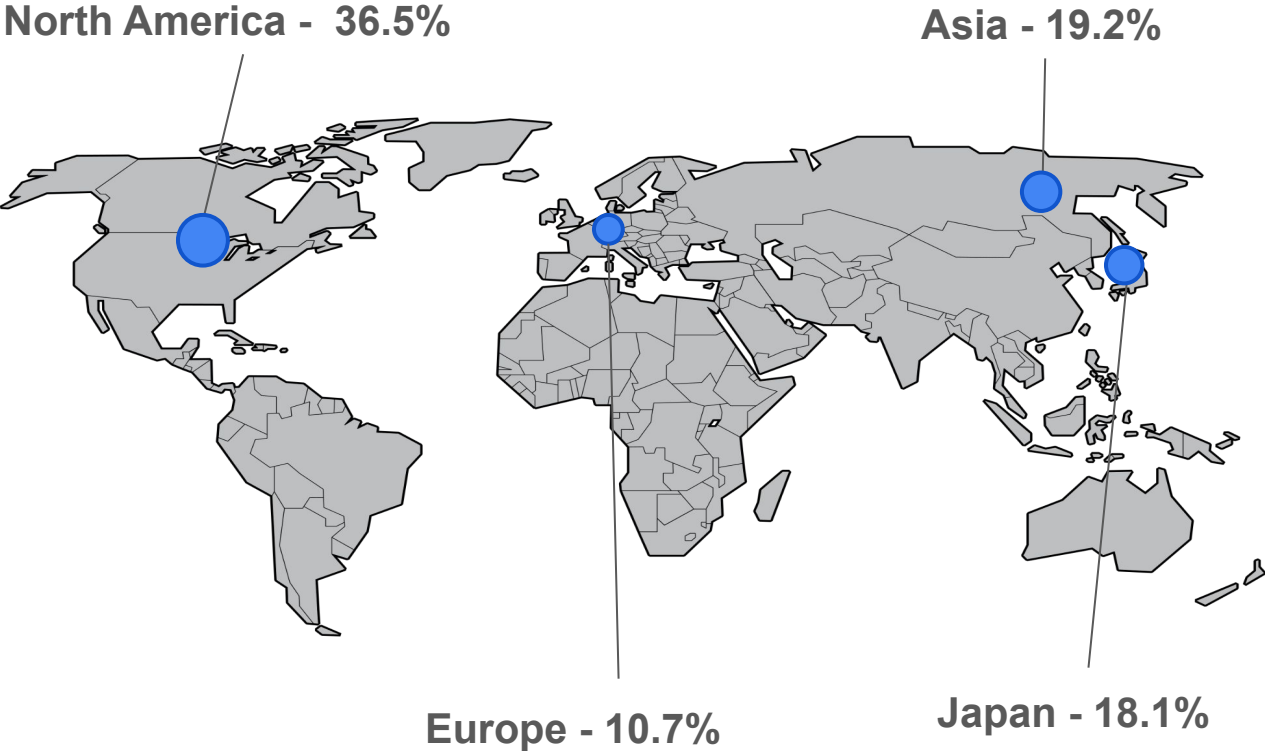


Financial services



Automotive

Revenue Breakdown by Region



Industry Analysis: Porter's 5 Forces

1. Competition:
Strong

2. Bargaining Power of
Buyers: Strong

3. Bargaining Power of
Suppliers: Weak

4. Threat of
Substitutes: Moderate

5. Threats of New
Entrants: Weak

Industry Analysis: Porter's 5 Forces



Industry Analysis I

	Industry	Toyota
Equal Weighted Industry Return	0.69%	16.99%
Value Weighted Industry Return	2.59%	16.99%
Mean DPR	58.04%	33.33%
Mean Tax Rate	31.42%	32.05%
Mean after tax ROE	-0.42%	9%
Mean after tax Return on Invested Capital	-12.49%	15.92%
Median Gross profit	19.19%	17.23%
Mean Gross Profit	-2755.09%	17.23%
Median Net Profit	2.17%	6.79%
Mean Net Profit	-107772.06%	6.79%

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Industry Analysis II

	Industry	Toyota
Mean ROA	1.43%	17.13%
Mean ROCE	-110.74%	22.34%
Mean ROE	-14.73%	9%
Median ROA	7.89%	17.13%
Median ROE	10.85%	9%

	Industry	Toyota
Mean D/E	7.05	100.40
Mean D/A	0.31	39.54
Mean D/Capital	-0.41	50.10

Industry Analysis II

	Industry	Toyota
Mean ROA	1.43%	17.13%
Mean ROCE	-110.74%	22.34%
Mean ROE	-14.73%	9%
Median ROA	7.89%	17.13%
Median ROE	10.85%	9%

	Industry	Toyota
Mean D/E	7.05	100.40
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Industry Analysis III

	Industry	Toyota
Cash Ratio	2.10	0.39
Current Ratio	3.52	1.10
Quick Ratio	2.89	0.88

	Industry	Toyota
Cash Conversion	185.82	112.50
Asset TO	1.13	0.52
Inventory TO	7.57	7.64
Payables TO	7.90	8.95
Receivables TO	9.80	3.46

Industry Analysis III

	Industry	Toyota
Cash Ratio	2.10	0.39
Current Ratio	3.52	1.10
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DuPont Analysis

Tax Burden	Adjustment Factor	Interest Burden	Operating Margin	Asset Turnover	Leverage Ratio	DuPont Adjusted ROE
66.82%	1.00	98.58%	10.02%	0.5233	2.60	8.981%

DuPont Analysis

$$ROE = \frac{\text{Net Income}}{EBT} \times \text{Adj Factor} \times \frac{EBT}{EBIT} \times \frac{EBIT}{Sales} \times \frac{Sales}{Assets} \times \frac{Assets}{Equity}$$

$$ROE = 66.82\% \times 1.0 \times 98.6\% \times 10\% \times 0.52 \times 2.6$$

$$ROE = 8.98\%$$

Comparables Analysis I

Comparable Companies	P/E	P/Sales	EV/Sales
Honda Motor Co	9.93	0.48	0.72
Kia Corporation	5.09	0.45	0.28
Mitsubishi Corporation	16.36	0.76	0.96
Mazda Motor Corporation	5.47	0.24	0.20
Average Comps	9.21	0.48	0.54

Multiplying by Toyota's EPS:

Equity Value = **203.23**

Multiplying by Toyota's Sales per share:

Equity Value = **104.16**

Enterprise Value = **116.23**

Comparable Analysis II

Equity Value Calculation - Toyota (in Billion USD)	
Toyota Debt	33.96
Toyota Cash	12.33
Net Debt	0.14
Net Debt / Shares Outstanding	0.001
Net Debt (per share)	107.31

$$\text{Equity Value per share} = EV - \text{Net Debt}$$

$$\text{Equity Value per share} = \mathbf{8.92}$$



$$\text{Equity Value} = \text{Average equity values}$$

$$\text{Equity Value} = \mathbf{105.43}$$

Dividend Discount Model Valuation

DDM TOYOTA MOTORS	
EXPECTED GROWTH RATE	5.85%
CURRENT ANNUAL DIVIDEND	\$ 4.00
RISK FREE RATE	4.28%
ESTIMATED MARKET RETURN	10.28%
BETA	0.5
1 YEAR FORWARD DIVIDEND	\$ 4.23
DISCOUNT RATE	7.28%

DDM Fair Value = **\$296.34**

VS

Real stock value as of 03/28 = **\$251.83**

Free Cash Flow Model Assumptions

Sales Growth	Increase from 4.81% to 5.81%
Current Assets/Sales	Decrease from 46% to 43%
Current Liabilities/Sales	Increase from 64% to 67%
Net Fixed Assets/Sales	Constant 35%
Costs of Goods Sold/Sales	Decrease by 1.5% YOY (initially 83%)
Depreciation Rate	Increase from 5.66% to 6.66%
Interest Rate on Debt	Increase from 0.25% to 1.25%
Interest Paid on Cash + Marketable Securities	Increase from 2.54% to 3.54%
Tax Rate	Constant 25%
Dividend Payout Ratio	Increase by 5.81% every other year

Free Cash Flow Model Valuation

FCFF Fair Value = **\$291.30**

VS

Real stock value as of 03/28 = **\$251.83**