

Japan Automobiles/Auto Parts

Oct-Dec results preview: Steady earnings recovery prior to “normalization”

Price Objective Change

L-T view: China strategy, BEV, ASEAN competition

Longer-term issues include strategy for weak China business, BEV responses devised in light of global front runners' difficulties, and approaches to mounting competition in ASEAN markets as Chinese OEMs move in. Oct-Dec results may not be good timing for meaningful discussion in these areas, but we would like to see if there are signs that plans are changing.

Focus points in Oct-Dec results

We expect generally solid Oct-Dec results from our covered companies. We assume high growth in sales against a stable forex backdrop and receding production constraints. We assume particularly strong fundamental earnings for **Toyota**, and **Honda** given favorable US sales.

Our other focuses include updates on shareholder returns policy, including share buybacks (**Honda**, **Yamaha Motor**), and sales outlooks for CY24. From the standpoint of near-term earnings, we will watch for updates on costs arising from Daihatsu irregularities (**Toyota**) and recalls (**Denso**, **Aisin**). **Nissan** and **Bridgestone** plan to unveil new medium-term plans after releasing results.

23 January 2024

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Japan
Autos/Auto Parts

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BEV: Battery Electric Vehicle
HEV: Hybrid Electric Vehicle
OEM: Original Equipment
Manufacturer

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Refer to important disclosures on page 9 to 13. Analyst Certification on page 7. Price Objective Basis/Risk on page 7.

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Timestamp: 23 January 2024 09:55AM EST

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Honda: Buy, PO ¥2,000

Exhibit 3: Honda: Our estimates, PO, background to changes

Continued strong sales in US, sizeable stock price upside

Honda Motor (7267)

Retail auto sales ('000s)					Comments (production, sales)	
Rating	24/3 E	25/3E	26/3E	24/3 CoE		
New C-1-7 BUY	New	4,151	4,273	4,468	We raise our FY3/24 sales assumption mainly on China, factoring in the high growth in Oct-Dec. We assume FY3/24 group sales of 4.22mn units (+15% YoY), above guidance of 4.10mn. However, at this stage we assume only flattish China sales in FY3/25 and beyond.	
Old C-1-7 BUY	Old	4,088	4,271	4,547		
Operating profit (¥bn)					Comments (OP, NP)	
Price objective	24/3 E	25/3E	26/3E	24/3 CoE		
New 2,000	New	1,322	1,492	1,585	We trim our earnings estimates on change in our FX and sales assumptions along with expected growth in N. American labor cost from FY3/25. However, the N. American operations are robust and we still think Honda can reach an OPM of 7% in FY3/25 given ¥145/\$. We assume Chinese joint venture profits stay flat in FY3/25 and beyond.	
Old 2,000	Old	1,280	1,534	1,676		
ROE					Price Objective	
1/23/2024	24/3 E	25/3E	26/3E	24/3 CoE		
Share price 1,597	New	9.0%	8.3%	8.4%	Our 12-month PO for Honda Motor is ¥2,000. We derive a fair-value EV/EBITDA multiple of 1.4x by taking the average FY3/18-3/20 EV/EBITDA (ex finco) of 1.3x, applying a 10% decarbonization premium and 10% for potential from action in response to share price weakness, as well as a top-line visibility adjustment discount of 10% (net +10%). We calculate fair-value market cap (ex finco) by applying this to 12-month forward EBITDA of ¥1.7tn (ex finco). We add back financial services shareholders' equity of ¥3.0tn less a 30% discount (¥2.1tn) to derive all-company market cap.	
+/- vs PO +25.2%	Old	8.7%	8.6%	8.9%		

Source: Company date, BofA Global Research estimates.

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Exhibit 4: Honda: BofAe, CoE, consensus

Lower FY3/25E on N. America labor cost growth but still see double-digit profit growth

Honda Motor (7267)

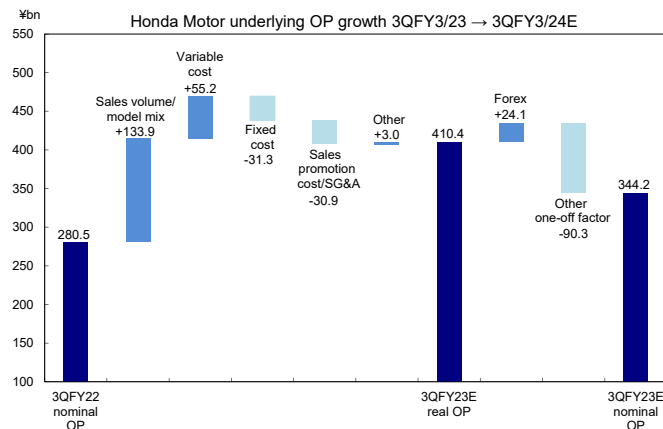
		Sales		OP		Net Profit Before Tax		Net Profit		EPS	P/E	P/B	ROE
		JPY mn	yoy %	JPY mn	yoy %	JPY mn	yoy %	JPY mn	yoy %	JPY	x	x	%
Fiscal Year													
FY3/23	Actual	16,907,725	+16.2%	780,769	-10.4%	897,565	-16.1%	651,416	-7.9%	384.0	4.2	0.2	6.0%
FY3/24	E New	21,230,400	+25.6%	1,321,500	+69.3%	1,516,500	+69.0%	1,025,900	+57.5%	210.3	7.6	0.7	9.0%
	E Old	21,321,800	+26.1%	1,279,500	+63.9%	1,474,500	+64.3%	997,900	+53.2%	204.6	7.8	0.7	8.7%
	IFIS E	20,428,586	+20.8%	1,310,871	+67.9%	1,506,377	+67.8%	1,021,921	+56.9%	212.4	7.5		
	CoE	20,000,000	+18.3%	1,200,000	+53.7%	1,395,000	+55.4%	930,000	+42.8%	189.6	8.4		
FY3/25	E New	21,299,600	+0.3%	1,492,300	+12.9%	1,614,800	+6.5%	1,004,500	-2.1%	205.9	7.8	0.6	8.3%
	E Old	21,990,500	+3.1%	1,534,100	+19.9%	1,665,700	+13.0%	1,036,500	+3.9%	212.5	7.5	0.6	8.6%
	IFIS E	21,301,443	+4.3%	1,401,821	+6.9%	1,556,485	+3.3%	1,052,429	+3.0%	214.4	7.5		
FY3/26	E New	22,069,300	+3.6%	1,584,700	+6.2%	1,719,000	+6.5%	1,069,600	+6.5%	219.3	7.3	0.6	8.4%
	E Old	22,767,400	+3.5%	1,676,400	+9.3%	1,833,900	+10.1%	1,142,200	+10.2%	234.2	6.8	0.6	8.9%
	IFIS E	21,858,208	+2.6%	1,435,923	+2.4%	1,586,283	+1.9%	1,074,021	+2.1%	223.6	7.1		
1H (Apr-Sep)													
FY3/23	Actual	8,085,304	+15.7%	453,452	+2.5%	515,831	-8.0%	338,514	-13.0%				
FY3/24	Actual	9,609,392	+18.9%	696,573	+53.6%	879,285	+70.5%	616,301	+82.1%				
2H (Oct-Mar)													
FY3/23	Actual	8,822,421	+16.6%	327,317	-23.7%	381,734	-25.1%	312,902	-1.6%				
FY3/24	E New	11,621,008	+31.7%	624,927	+90.9%	637,215	+66.9%	409,599	+30.9%				
	E Old	11,712,408	+32.8%	582,927	+78.1%	595,215	+55.9%	381,599	+22.0%				
1Q (Apr-Jun)													
FY3/23	Actual	3,829,550	+6.9%	222,216	-8.6%	237,404	-23.8%	149,219	-32.9%				
FY3/24	Actual	4,624,996	+20.8%	394,447	+77.5%	514,924	+116.9%	363,069	+143.3%				
2Q (Jul-Sep)													
FY3/23	Actual	4,255,754	+25.0%	231,236	+16.2%	278,427	+11.8%	189,295	+13.6%				
FY3/24	Actual	4,984,396	+17.1%	302,126	+30.7%	364,361	+30.9%	253,232	+33.8%				
3Q (Oct-Dec)													
FY3/23	Actual	4,438,186	+20.3%	280,491	+22.2%	343,546	+20.6%	244,655	+26.8%				
FY3/24	E New	5,437,400	+22.5%	344,200	+22.7%	368,600	+7.3%	251,300	+2.7%				
	E Old	5,536,700	+24.8%	342,400	+22.1%	360,800	+5.0%	245,600	+0.4%				
4Q (Jan-Mar)													
FY3/23	Actual	4,384,235	+13.1%	46,826	-76.5%	38,188	-83.0%	68,247	-45.4%				
FY3/24	E New	6,183,608	+41.0%	280,727	+499.5%	268,615	+603.4%	158,299	+132.0%				
	E Old	6,175,708	+40.9%	240,527	+413.7%	234,415	+513.8%	135,999	+99.3%				

Source: Company date, IFIS Consensus, BofA Global Research estimates.

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Exhibit 5: Honda: 3Q FY3/24 BofAe OP variance analysis (YoY)

Assume costs booked for Yachiyo Industry restructuring (-¥50bn)



Source: Company date, BofA Global Research estimates.

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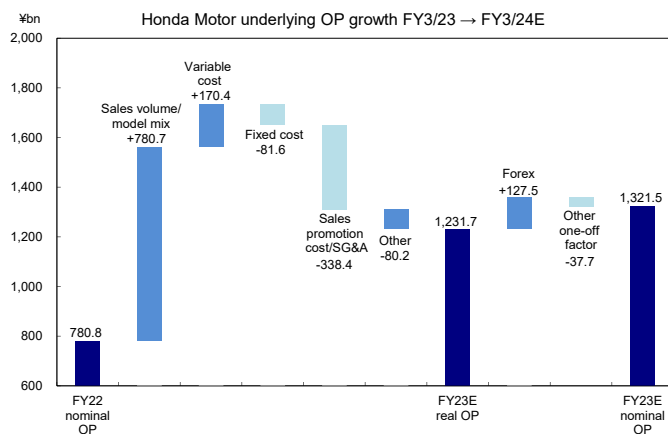
Honda 3Q: OP up sharply, despite one-off costs

We estimate that Honda will report 3Q OP of ¥344.2bn (+23% YoY). Sales are brisk, mainly for the US, but we assume Honda will recognize ¥50.0bn in Yachiyo Industry restructuring costs in 3Q (already included in guidance). Even then we think OP probably maintained steep growth.

Points to watch at 3Q results: Our focus for near-term corporate action is on whether there is a further share buyback. Stock market expectations have come down to a degree, and we are looking for updates, including about management's thinking on this. Points to watch in sales will be the company's CY24 US sales forecast, as well as strategic trends in the model mix.

Exhibit 6: Honda: FY3/24 BofAe OP variance analysis (YoY)

Substantial volume/mix/repricing boosts in FY3/24

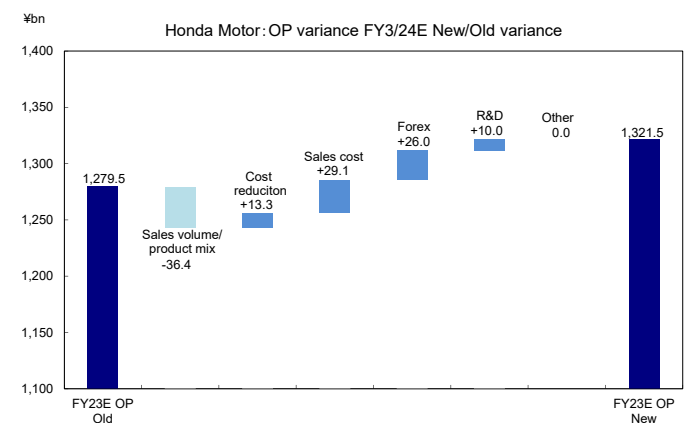


Source: Company date, BofA Global Research estimates.

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Exhibit 7: Honda: FY3/24 BofAe OP variance analysis (vs previous BofAe)

Raise our estimates slightly



Source: Company date, BofA Global Research estimates.

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Toyota: Buy, PO ¥3,300→¥3,400

Exhibit 18: Toyota: Our estimates, PO, background to changes

Favorable stock price performance in 2024

Toyota Motor (7203)

Retail auto sales ('000s)					Comments (production, sales)
Rating	24/3 E	25/3E	26/3E	24/3 CoE	We raise our retail sales assumptions including China for Toyota and Lexus but lower our consolidated wholesale sales assumption on impact from Daihatsu irregularities. We assume FY3/24 sales of 9.39mn units (+6% YoY, company plan 9.60mn). We assume Daihatsu shipments are very small in 4Q and some impact persists in FY3/25.
New B-1-7 BUY	New 10,423	10,607	10,524	10,400	
Old B-1-7 BUY	Old 10,412	10,549	10,649	10,400	
Operating profit (¥bn)					Comments (OP, NP)
Price objective	24/3 E	25/3E	26/3E	24/3 CoE	We raise our earnings estimates on revised assumptions for FX, repricing, and mix boosts. For Daihatsu irregularities we reflect only the suspension of shipments. There will probably be additional factors such as compensation for suppliers but we see guidance as feasible. The key we see in FY3/25 is the extent to which mix improves on growth in HEV sales.
New 3,400	New 4,788	5,330	5,457	4,500	
Old 3,300	Old 4,670	5,143	5,313	4,500	
ROE					Price Objective
1/23/2024	24/3 E	25/3E	26/3E	24/3 CoE	We revise our 12-month PO for Toyota Motor from ¥3,300 to ¥3,400. We calculate a fair-value EV/EBITDA multiple of 3.9x by taking the FY3/17–3/19 average EV/EBITDA of 3.9x (ex finco), applying a 15% decarbonization premium, 5% for potential action in response to share price weakness, and a 10% top-line visibility discount (net +10%). We calculate fair-value market cap (ex finco) by applying this to 12-month forward EBITDA of ¥6.9tn (ex finco). We then add back ¥5.0tn in financial services shareholders' equity to derive total market cap.
Share price 2,991	New 14.2%	14.2%	13.3%	NA	
+/- vs PO +13.7%	Old 14.2%	13.9%	13.2%	-	

Source: Company date, BofA Global Research estimates.

BofA GLOBAL RESEARCH

Exhibit 19: Toyota: BofAe, CoE, consensus

Expect more one-off costs for Daihatsu irregularities than factored into our FY3/24 estimates but see guidance as feasible

Toyota Motor (7203)

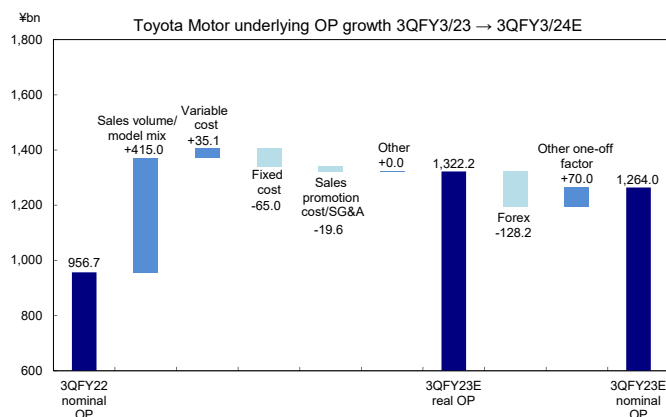
		Sales		OP		Net Profit Before Tax		Net Profit		EPS	P/E	P/B	ROE
		JPY mn	yoy %	JPY mn	yoy %	JPY mn	yoy %	JPY mn	yoy %	JPY	x	x	%
Fiscal Year													
FY3/23	Actual	37,154,298	+18.4%	2,725,025	-9.0%	3,668,733	-8.1%	2,451,318	-14.0%	179.5	16.7	1.4	9.0%
FY3/24	E New	42,818,000	+15.2%	4,788,000	+75.7%	5,721,400	+56.0%	4,217,800	+72.1%	311.8	9.6	1.3	14.2%
	E Old	43,282,000	+16.5%	4,670,000	+71.4%	5,691,100	+55.1%	4,196,900	+71.2%	310.3	9.6	1.3	14.2%
	IFIS E	44,032,743	+18.5%	4,754,943	+74.5%	5,897,707	+60.8%	4,219,907	+72.1%	306.4	9.8		
	CoE	43,000,000	+15.7%	4,500,000	+65.1%	5,550,000	+51.3%	3,950,000	+61.1%	292.0	10.2		
FY3/25	E New	43,125,000	+0.7%	5,330,000	+11.3%	6,373,200	+11.4%	4,570,900	+8.4%	339.8	8.8	1.2	14.2%
	E Old	43,545,000	+0.6%	5,143,000	+10.1%	6,269,500	+10.2%	4,498,100	+7.2%	334.4	8.9	1.2	13.9%
	IFIS E	45,705,636	+3.8%	4,937,350	+3.8%	5,918,429	+0.4%	4,200,757	-0.5%	306.3	9.8		
FY3/26	E New	43,784,000	+1.5%	5,457,000	+2.4%	6,528,400	+2.4%	4,682,300	+2.4%	350.0	8.5	1.1	13.3%
	E Old	43,968,000	+1.0%	5,313,000	+3.3%	6,469,200	+3.2%	4,641,300	+3.2%	347.0	8.6	1.1	13.2%
	IFIS E	47,070,915	+3.0%	5,071,208	+2.7%	6,100,800	+3.1%	4,310,208	+2.6%	316.1	9.5		
First Half (Apr-Sep)													
FY3/23	Actual	17,709,348	+14.4%	1,141,444	-34.7%	1,834,276	-14.4%	1,171,084	-23.2%				
FY3/24	Actual	21,981,617	+24.1%	2,559,294	+124.2%	3,521,525	+92.0%	2,589,428	+121.1%				
Second Half (Oct-Mar)													
FY3/23	Actual	19,444,950	+22.3%	1,583,581	+26.9%	1,834,457	-0.7%	1,280,234	-3.4%				
FY3/24	E New	20,836,383	+7.2%	2,228,706	+40.7%	2,199,875	+19.9%	1,628,372	+27.2%				
	E Old	21,300,383	+9.5%	2,110,706	+33.3%	2,169,575	+18.3%	1,607,472	+25.6%				
First Quarter (Apr-Jun)													
FY3/23	Actual	8,491,116	+7.0%	578,655	-42.0%	1,021,748	-18.7%	736,820	-17.9%				
FY3/24	Actual	10,546,831	+24.2%	1,120,900	+93.7%	1,720,553	+68.4%	1,311,372	+78.0%				
Second Quarter (Jul-Sep)													
FY3/23	Actual	9,218,232	+22.2%	562,789	-25.0%	812,528	-8.4%	434,264	-30.7%				
FY3/24	Actual	11,434,786	+24.0%	1,438,394	+155.6%	1,800,972	+121.7%	1,278,056	+194.3%				
Third Quarter (Oct-Dec)													
FY3/23	Actual	9,754,685	+25.3%	956,652	+22.0%	1,034,998	-5.4%	727,942	-8.1%				
FY3/24	E New	11,404,000	+16.9%	1,264,000	+32.1%	1,509,600	+45.9%	1,067,600	+46.7%				
	E Old	11,101,000	+13.8%	1,310,000	+36.9%	1,576,400	+52.3%	1,115,000	+53.2%				
Fourth Quarter (Jan-Mar)													
FY3/23	Actual	9,690,265	+19.4%	626,929	+35.2%	799,459	+6.2%	552,292	+3.4%				
FY3/24	E New	9,432,383	-2.7%	964,706	+53.9%	690,275	-13.7%	560,772	+1.5%				
	E Old	10,199,383	+5.3%	800,706	+27.7%	593,175	-25.8%	492,472	-10.8%				

Source: Company date, IFIS Consensus, BofA Global Research estimates.

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Exhibit 20: Toyota: 3Q FY3/24 BofAe OP variance analysis (YoY)

Forecast continued strength in 3Q; few weak spots in fundamentals



Source: Company date, BofA Global Research estimates.

BofA GLOBAL RESEARCH

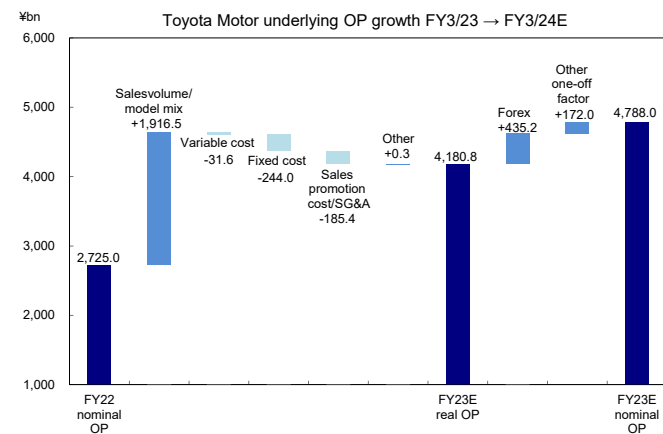
Toyota 3Q: Still solid; Daihatsu impact from 4Q

We estimate that Toyota Motor will report 3Q OP of ¥1.26tn (+32% YoY). Sales remain solid, while we also expect benefits from both a better mix and price hikes, leaving few blind spots in underlying business. We forecast FY3/24 OP of ¥4.79tn (+76% YoY), reflecting the halt to shipments arising from Daihatsu's misconduct.

Points to watch at 3Q results: The key point near-term will be updates about the outlook for Daihatsu misconduct problems. Interest will focus on points such as when production will restart and the outlook for compensation to suppliers and others. Further focal points will likely be discussion about unwinding group cross-shareholdings and the company's approach to hybrid-electric vehicle (HEV) sales expansion from FY3/25.

Exhibit 21: Toyota: FY3/24 BofAe OP variance analysis (YoY)

Big contribution from Lexus sales recovery in FY3/24

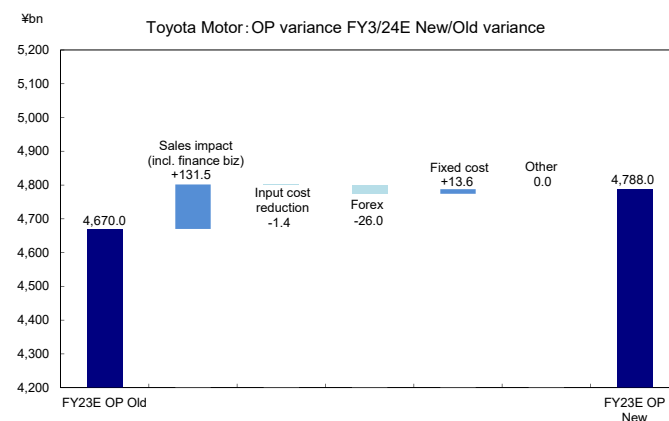


Source: Company date, BofA Global Research estimates.

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Exhibit 22: Toyota: FY3/24 BofAe OP variance analysis (vs previous BofAe)

Positive revisions including repricing boost



Source: Company date, BofA Global Research estimates.

BofA GLOBAL RESEARCH

Price objective basis & risk

Toyota Motor (7203 / TOYOF / TM)

Our 12-month PO for Toyota is ¥3,400 (ADR: \$228.96). We calculate a fair-value EV/EBITDA multiple of 3.9x by taking the FY3/17-3/19 average EV/EBITDA of 3.9x (ex finco), applying a 15% decarbonization premium, 5% for potential action in response to share price weakness, and a 10% top-line visibility discount (net +10%). We calculate fair-value market cap (ex finco) by applying this to 12-month forward EBITDA of ¥6.9tn (ex finco). We then add back ¥5.0tn in financial services shareholders' equity to derive total market cap. Risks are forex swings, a prolonged semiconductor shortage, and an increase in material costs.

Honda Motor (7267 / HNDAP / HMC)

Our 12-month PO for Honda Motor is ¥2,000 (ADR US\$40.78). We derive a fair-value EV/EBITDA multiple of 1.4x by taking the average FY3/18-3/20 EV/EBITDA (ex finco) of 1.3x, applying a 10% decarbonization premium and 10% for potential from action in response to share price weakness, as well as a top-line visibility adjustment discount of 10% (net +10%). We calculate fair-value market cap (ex finco) by applying this to 12-month forward EBITDA of ¥1.7tn (ex finco). We add back financial services shareholders' equity of ¥3.0tn less a 30% discount (¥2.1tn) to derive all-company market cap. Downside risks are the speed of US recovery in demand, forex fluctuations, a prolonged semiconductor shortage, an increase in material costs, and changes in expectation for its aggressive BEV shift.

Analyst Certification

I, Kei Nihonyanagi, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

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BofA Securities is currently acting as financial advisor to Daimler Truck Holding AG in connection with the proposed business combination between its subsidiary Mitsubishi Fuso Truck and Bus Corporation and Hino Motors, Ltd., a subsidiary of Toyota Motor Corporation, which was announced on May 30, 2023. The proposed transaction is subject to approval by shareholders of Hino Motors, Ltd. This research report is not intended to (1) provide voting advice, (2) serve as an endorsement of the proposed transaction, or (3) result in the procurement, withholding or revocation of a proxy.

APR - Autos Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
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	Ashok Leyland	XDBVF	AL IN	Gunjan Prithyani
	Bajaj Auto	XBJBF	BJAUT IN	Gunjan Prithyani
	BYD	BYDDF	1211 HK	Ming Hsun Lee, CFA
	BYD	XYMPF	002594 CH	Ming Hsun Lee, CFA
	BYD	BYDDY	BYDDY US	Ming Hsun Lee, CFA
	CATL	XMOQF	300750 CH	Ming Hsun Lee, CFA
	DENSO	DNZOF	6902 JP	Kei Nihonyanagi
	Desay SV	XGDFF	002920 CH	Jessie Lo
	EVE	XEVFF	300014 CH	Ming Hsun Lee, CFA
	Fuyao Glass	XFGIF	600660 CH	Edward Leung, CFA
	Fuyao Glass	FIGIF	3606 HK	Edward Leung, CFA
	Great Wall Motor	GWLLF	2333 HK	Ming Hsun Lee, CFA
	GS Yuasa	GYUAF	6674 JP	Kentaro Hosoda
	Guangzhou Automobile Group	GNZUF	2238 HK	Ming Hsun Lee, CFA
	Hankook Tire	XHTRF	161390 KS	KJ Hwang
	Hero Motocorp	HRHDF	HMCL IN	Gunjan Prithyani
	Hesai	HSAL	HSAL US	Jessie Lo
	HL Mando	XMADF	204320 KS	KJ Hwang
	Honda Motor	HMC	HMC US	Kei Nihonyanagi
	Honda Motor	HNDAF	7267 JP	Kei Nihonyanagi
	Huayu	XHASF	600741 CH	Jessie Lo
	Hyundai Motor	HYMLF	005380 KS	KJ Hwang
	Isuzu Motors	ISUZF	7202 JP	Kei Nihonyanagi
	Leapmotor	XZSSF	9863 HK	Ming Hsun Lee, CFA
	Li Auto	LI	LI US	Ming Hsun Lee, CFA
	Li Auto	LAAOF	2015 HK	Ming Hsun Lee, CFA
	Maruti	MUDGF	MSIL IN	Gunjan Prithyani
	Mazda Motor	MZDAF	7261 JP	Kei Nihonyanagi
	Minth	MNTHF	425 HK	Jessie Lo
	Ningbo Tuopu	XNCGF	601689 CH	Joey Yang, CFA
	Nissan Motor	NSANF	7201 JP	Kei Nihonyanagi
	Nissan Motor	NSANY	NSANY US	Kei Nihonyanagi
	PARK24	PKCOF	4666 JP	Kei Nihonyanagi
	SAMIL (Motherson International)	XMSUF	MOTHERSO IN	Gunjan Prithyani
	Shenzhen Kedali	XWCSF	002850 CH	Jessie Lo
	Shuanghuan Driveline	XZSHF	002472 CH	Jessie Lo
	Sumitomo Rubber Industries	SMTUF	5110 JP	Kentaro Hosoda
	Suzuki Motor	SZKMF	7269 JP	Kei Nihonyanagi
	Tata Motors	XTTSF	TTMT IN	Gunjan Prithyani
	Toyo Tire	TOTTF	5105 JP	Kentaro Hosoda
	Toyota Motor	TOYOF	7203 JP	Kei Nihonyanagi
	Toyota Motor	TM	TM US	Kei Nihonyanagi
	Wuxi Lead	XZSRF	300450 CH	Ming Hsun Lee, CFA
	XPeng Inc	XPEV	XPEV US	Ming Hsun Lee, CFA
	XPeng Inc.	XPNGF	9868 HK	Ming Hsun Lee, CFA
	Yadea	YADGF	1585 HK	Joey Yang, CFA
	Yongda	CYHFF	3669 HK	Joey Yang, CFA
	Yunnan Energy	XLGFF	002812 CH	Jessie Lo
	Zhejiang Sanhua	XZSIF	002050 CH	Jessie Lo
	Zhongsheng Auto	ZHSHF	881 HK	Joey Yang, CFA
NEUTRAL				
	Aisin	ASEKF	7259 JP	Kei Nihonyanagi
	Bridgestone	BRDCF	5108 JP	Kei Nihonyanagi
	Bridgestone	BRDCY	BRDCY US	Kei Nihonyanagi
	CALB	XCLSF	3931 HK	Ming Hsun Lee, CFA
	Dong Feng	DNFGF	489 HK	Ming Hsun Lee, CFA
	Eicher Motors	XEIMF	EIM IN	Gunjan Prithyani
	Hino Motors	HINOF	7205 JP	Kei Nihonyanagi
	Hyundai Mobis	HYPLF	012330 KS	KJ Hwang
	Kia Corp	KIMTF	000270 KS	KJ Hwang
	Mahindra & Mahindra (M&M)	XKQRF	MM IN	Gunjan Prithyani
	MeiDong Auto	CMEIF	1268 HK	Joey Yang, CFA

APR - Autos Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Motherson Sumi Wiring	XMWDF	MSUMI IN	Gunjan Prithyani
	NIO	NIO	NIO US	Ming Hsun Lee, CFA
	NIO	NIOIF	9866 HK	Ming Hsun Lee, CFA
	NIO	XLTFW	NIO SP	Ming Hsun Lee, CFA
	Shenzhen Senior	XHYRF	300568 CH	Jessie Lo
	Subaru Corp	FUJHF	7270 JP	Kei Nihonyanagi
	Subaru Corp	FUJHY	FUJHY US	Kei Nihonyanagi
	Toyota Industries Corporation	TYIDF	6201 JP	Kentaro Hosoda
	Toyota Industries Corporation	TYIDY	TYIDY US	Kentaro Hosoda
	TVS Motors	XFKMF	TVSL IN	Gunjan Prithyani
	Wencan	XSCDF	603348 CH	Joey Yang, CFA
	Yokohama Rubber	YORUF	5101 JP	Kentaro Hosoda

UNDERPERFORM

	Astra International	PTAIF	ASII IJ	Paul Dewberry
	BAIC Motor	BMCLF	1958 HK	Ming Hsun Lee, CFA
	Bharat Forge	XUUVF	BHFC IN	Gunjan Prithyani
	China Grand Auto	XMURF	600297 CH	Joey Yang, CFA
	Escorts Kubota	XSCOF	ESCORTS IN	Gunjan Prithyani
	GAC	XGNHF	601238 CH	Ming Hsun Lee, CFA
	Great Wall Motor	XGWMF	601633 CH	Ming Hsun Lee, CFA
	Hyundai Wia	XWHYF	011210 KS	KJ Hwang
	Joyson	XQMWF	600699 CH	Jessie Lo
	Mitsubishi Motors	MMTOF	7211 JP	Kei Nihonyanagi
	Nextage	NXAGF	3186 JP	Kentaro Hosoda
	Nexteer	NTXVF	1316 HK	Jessie Lo
	Putailai	XVHGF	603659 CH	Jessie Lo
	SAIC Motor	XZNF	600104 CH	Ming Hsun Lee, CFA
	Sona Comstar	XBNXF	SONACOMS IN	Gunjan Prithyani
	Tinci Materials	XCVHF	002709 CH	Miriam Chan, CFA
	Yamaha Motor	YAMHF	7272 JP	Kei Nihonyanagi

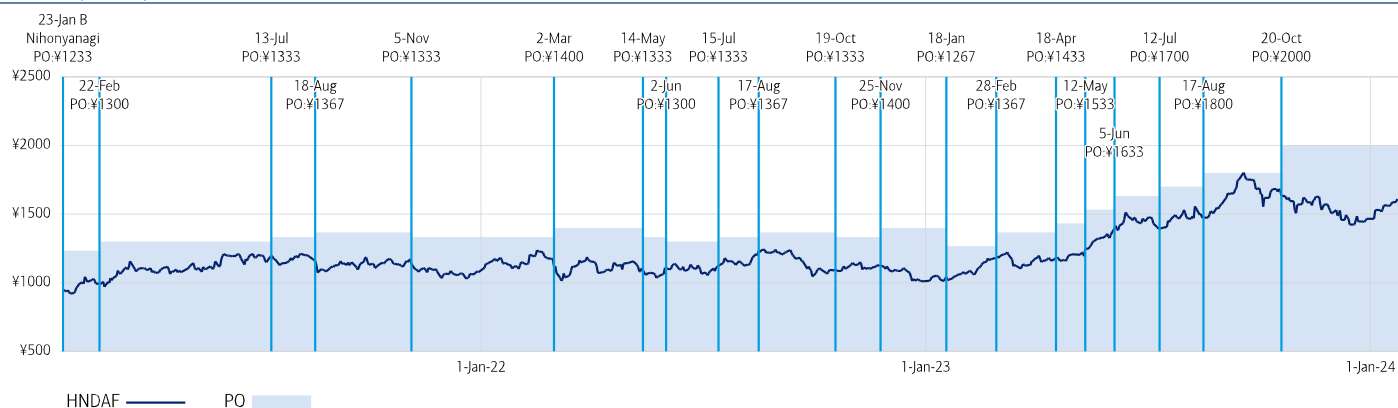
RVW

	Geely	GELYF	175 HK	Ming Hsun Lee, CFA
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Disclosures

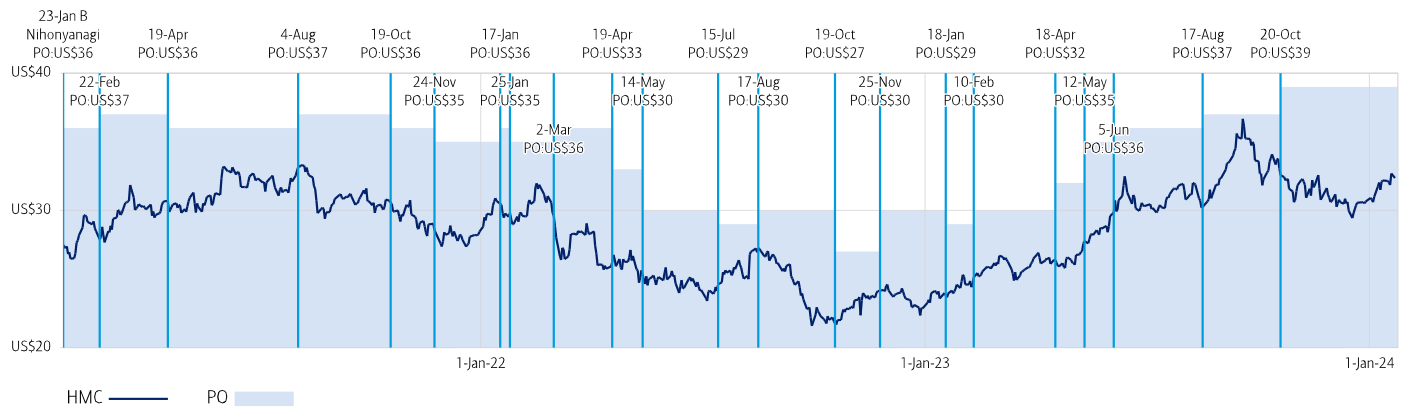
Important Disclosures

Honda Motor (HNDAF) Price Chart



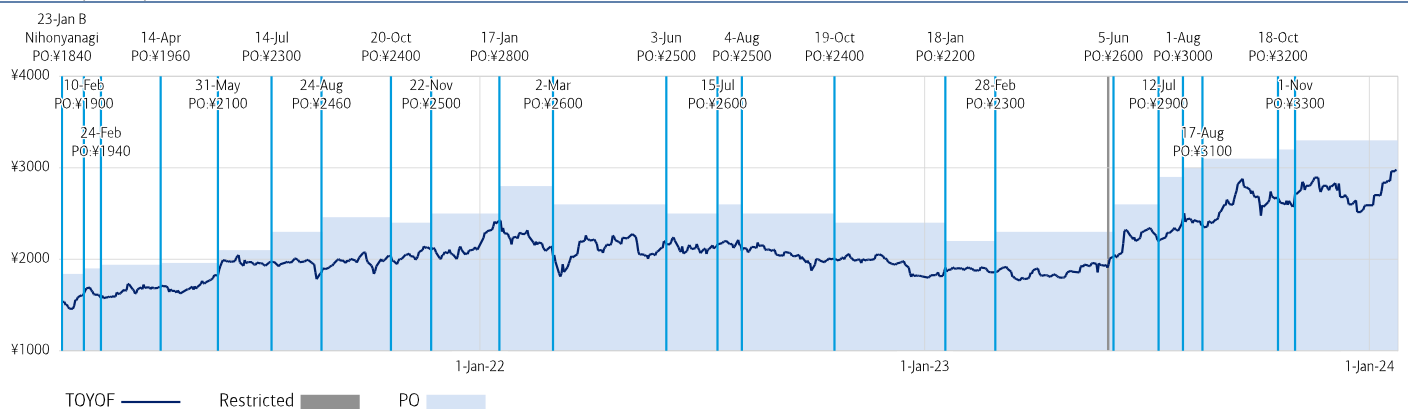
B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Honda Motor (HMC) Price Chart

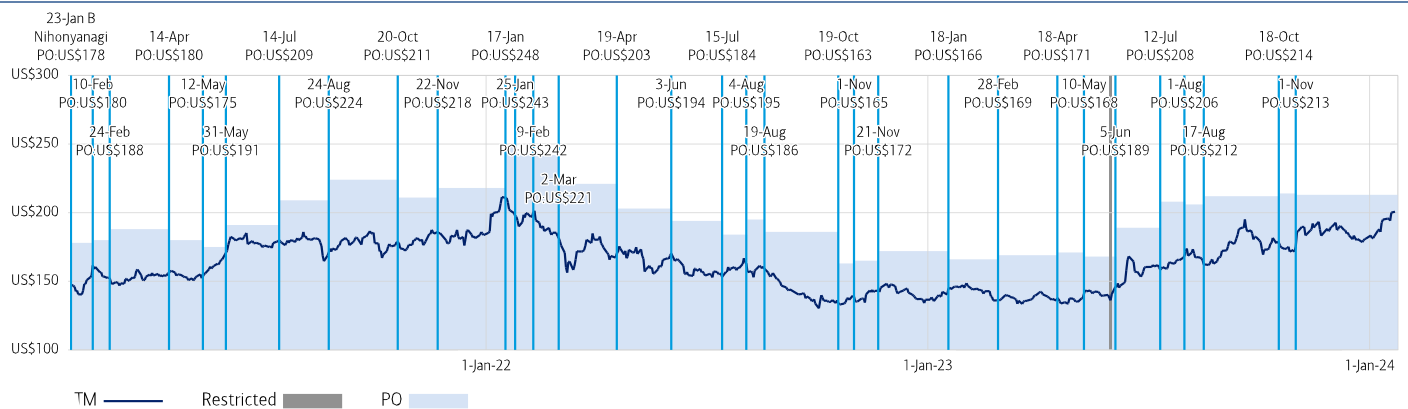
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Toyota Motor (TOYOF) Price Chart

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Toyota Motor (TM) Price Chart

B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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Equity Investment Rating Distribution: Autos Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	67	55.83%	Buy	39	58.21%
Hold	30	25.00%	Hold	15	50.00%
Sell	23	19.17%	Sell	12	52.17%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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