

April 18, 2025 01:14 AM GMT

Auto Parts | Japan

Toyota Auto Body's F3/26 Production Plan: Slightly Positive for Toyota Boshoku, Toyoda Gosei

The Nikkan Jidosha Shimbun reported on April 17 that Toyota Auto Body has set its production target for F3/26 at a record high of 800,000 units. The company has not commented on the matter. According to the article, production in F3/25 was 730,000 units. Production was affected by certification irregularities, typhoons, parts shortages, and an accident at Chuo Spring's Fujioka plant. Due to strong interest in the high-end minivans that Toyota Auto Body assembles, such as the Alphard/Vellfire and Noah/Voxy, there are long delivery times in the domestic market. Assuming that the report is true, we believe that increased production of luxury minivans will have a slightly positive impact on Toyota Boshoku and Toyoda Gosei. We would expect improvements in the model mix for seats and interior/exterior parts. We think the increase in HEV/PHEV models of the Alphard/Vellfire should also have a positive impact on Denso and Aisin's powertrain components and ADAS solutions. Amidst risk that additional US import tariffs will result in lower domestic production of vehicles for export to the US, we call attention to increased production of minivan models that are attracting strong interest in the domestic market.

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AUTO PARTS

Japan
Industry View

In-Line

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Valuation Methodology and Risks

Toyota Boshoku (3116.T)

F3/26e EPS ¥246 x 7.5x. We set our target P/E at 7.5x, a discount to our industry benchmark of 10.0x (lower end of the historical range). We view high sales exposure to parent company Toyota and stiffer competition with major US and European makers for seats business as risk/discount factors.

Risks to Upside

- Recovery in Toyota sales and production.
- Sales expand beyond Toyota.

Risks to Downside

- Competition for orders with foreign seat makers.
- Rising R&D costs.

Toyoda Gosei (7282.T)

F3/26e EPS ¥356 x 9.0x. Target P/E is 9.0x, slightly below our industry benchmark multiple of 10.0x (lower end of the historical range). The company is competitive in airbags and exteriors/interiors, but price competition toughening for fuel hoses and weather-strips.

Risks to Upside

- Recovery in Toyota sales and production.
- Expansion of airbag sales beyond Toyota.
- Expansion of eRubber business.

Risks to Downside

- Competition for orders with overseas competitors.
- Receding sales of sedan models.

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(as of March 31, 2025)

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| Stock Rating Category | Coverage Universe | | Investment Banking Clients (IBC) | | | Other Material Investment Services Clients (MISC) | |
|-----------------------|-------------------|------------|----------------------------------|----------------|----------------------|---|-----------------------|
| | Count | % of Total | Count | % of Total IBC | % of Rating Category | Count | % of Total Other MISC |
| Overweight/Buy | 1516 | 40% | 387 | 46% | 26% | 694 | 40% |
| Equal-weight/Hold | 1682 | 44% | 380 | 45% | 23% | 805 | 47% |
| Not-Rated/Hold | 3 | 0% | 0 | 0% | 0% | 0 | 0% |
| Underweight/Sell | 598 | 16% | 81 | 10% | 14% | 227 | 13% |
| Total | 3,799 | | 848 | | | 1726 | |

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

Analyst Stock Ratings

Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

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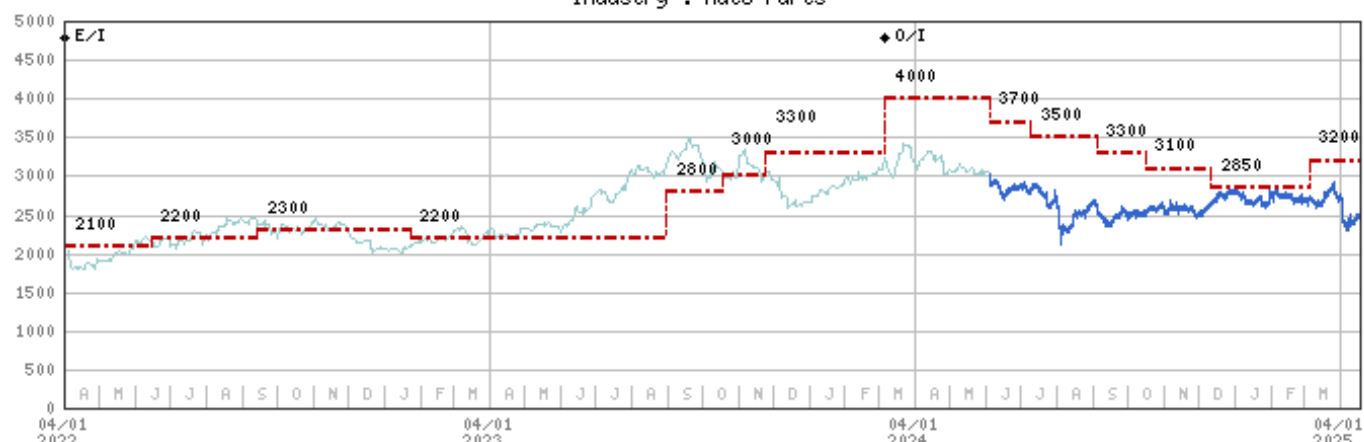
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Stock Price, Price Target and Rating History (See Rating Definitions)

Toyota Gosei (7282.T) - As of 04/18/25 GMT in JPY
Industry : Auto Parts



Stock Rating History: 4/1/20 : U/I; 9/2/20 : E/I; 3/6/24 : O/I

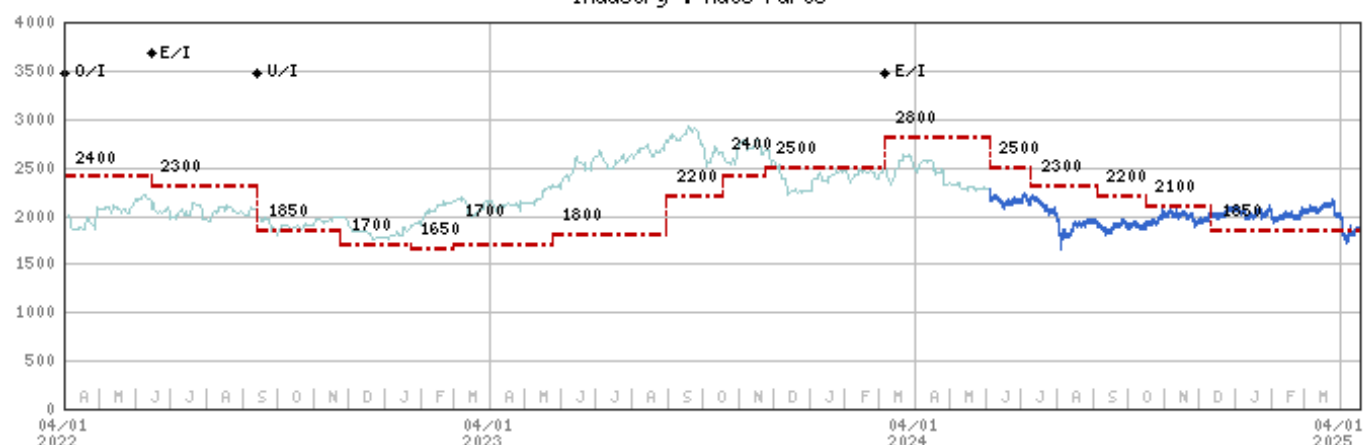
Price Target History: 3/17/20 : 1800; 4/16/20 : 1700; 6/23/20 : 1900; 9/2/20 : 2200; 12/4/20 : 2800; 3/5/21 : 3000; 8/24/21 : 2500; 10/20/21 : 2400; 1/25/22 : 2300; 3/1/22 : 2100; 6/14/22 : 2200; 9/13/22 : 2300; 1/23/23 : 2200; 8/31/23 : 2800; 10/18/23 : 3000; 11/24/23 : 3300; 3/6/24 : 4000; 6/4/24 : 3700; 7/3/24 : 3500; 9/4/24 : 3300; 10/16/24 : 3100; 12/11/24 : 2850; 3/6/25 : 3200

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target --- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) — Stock Price (Covered by Current Analyst) —
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Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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Toyota Boshoku (3116.T) - As of 04/18/25 GMT in JPY
Industry : Auto Parts



Stock Rating History: 4/1/20 : E/I; 12/4/20 : O/I; 6/14/22 : E/I; 9/13/22 : U/I; 3/6/24 : E/I

Price Target History: 3/17/20 : 1300; 6/23/20 : 1400; 12/4/20 : 1800; 3/5/21 : 2100; 4/20/21 : 2200; 6/17/21 : 2800; 8/24/21 : 2500; 12/7/21 : 2800; 1/25/22 : 2600; 3/1/22 : 2400; 6/14/22 : 2300; 9/13/22 : 1850; 11/24/22 : 1700; 1/23/23 : 1650; 3/2/23 : 1700; 5/25/23 : 1800; 8/31/23 : 2200; 10/18/23 : 2400; 11/24/23 : 2500; 3/6/24 : 2800; 6/4/24 : 2500; 7/3/24 : 2300; 9/4/24 : 2200; 10/16/24 : 2100; 12/11/24 : 1850

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target --- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) — Stock Price (Covered by Current Analyst) —
Stock and Industry Ratings (abbreviations below) appear as ♦ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Effective January 13, 2014, the stocks covered by Morgan Stanley Asia Pacific will be rated relative to the analyst's industry (or industry team's) coverage.

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INDUSTRY COVERAGE: Auto Parts

| COMPANY (TICKER) | RATING (AS OF) | PRICE* (04/17/2025) |
|------------------------------------|----------------|---------------------|
| Shinji Kakiuchi | | |
| Aisin (7259.T) | O (10/16/2024) | ¥1,482 |
| Denso (6902.T) | O (09/13/2022) | ¥1,725 |
| EXEDY (7278.T) | U (07/09/2024) | ¥4,110 |
| F.C.C. (7296.T) | E (09/10/2024) | ¥2,748 |
| Koito Mfg. (7276.T) | U (09/13/2023) | ¥1,713 |
| Musashi Seimitsu Industry (7220.T) | O (07/09/2024) | ¥2,166 |

| | | |
|----------------------------|----------------|---------|
| NHK Spring (5991.T) | O (07/09/2024) | ¥1,440 |
| Nifco (7988.T) | O (03/06/2024) | ¥3,408 |
| NOK (7240.T) | O (03/06/2025) | ¥1,883 |
| Stanley Electric (6923.T) | E (03/06/2025) | ¥2,636 |
| TOKAI RIKA (6995.T) | U (07/09/2024) | ¥2,033 |
| Toyoda Gosei (7282.T) | O (03/06/2024) | ¥2,473 |
| Toyota Boshoku (3116.T) | E (03/06/2024) | ¥1,849 |
| Toyota Industries (6201.T) | E (07/09/2024) | ¥12,585 |
| TS Tech (7313.T) | U (03/06/2025) | ¥1,543 |
| Unipres (5949.T) | U (06/04/2024) | ¥939 |

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* Historical prices are not split adjusted.