TOYOTA80 (DR)

Why Toyota leads while others pivot

- Toyota monetizes hybrids to fund next-gen electrification.
- Multi-market strategy enables long-cycle growth and margin stability.
- Recommend a BUY with TP of ¥2,400 (12.5x FY26E P/E)

Built to Scale, Priced to Endure

Toyota is not just the world's largest automaker by volume—it's one of the most resilient business models in mobility. In FY25, Toyota sold 11m vehicles globally (-0.7% y-y), outpacing Volkswagen by over 1.5m units (VW: ~9m). Toyota generates revenue from three key streams: global vehicle sales (~89%), financial services (~9%), and parts (~2%). The company delivered 4.44m hybrids, 145,000 BEVs, and 161k PHEVs, reinforcing its first hybrid transition strategy. Toyota's 370+ affiliated companies and vertically integrated structure ensure full control from R&D to finance. Its regional tailoring strategy—Prius for Tokyo, Hilux for Bangkok, RAV4 Hybrid for California—allows it to scale without overextending.

Market Giant with Dual Dominance

Toyota holds a 12% global market share across 170+ countries—more than any rival. While only 1.3% of its FY25 sales were BEVs, Toyota still delivered an EBIT margin of 10% and ROE of 13.6%, outpacing peers. Tesla, despite >50% BEV sales, saw its EBIT margin compress to ~7.2% and ROE fall to ~9.7–12.4% amid price cuts and intensifying competition. BYD, though expanding rapidly, posted an EBIT margin of ~6.7%, with its high ROE (~24.8%) largely fueled by subsidies and China's EV incentives. Against ICE peers, Toyota remains even more dominant—Ford and GM reported FY24 EBIT margins of just ~6–7%. Toyota's strategy—prioritizing hybrids, controlling capex, and monetizing scale—delivers profitability that's both broad-based and resilient, positioning it as a leader across both old and new auto paradigms.

Smart Moves, Local Wins

Toyota isn't rushing into full EVs—it's being smart about it. The company is spending ¥1.7tr on batteries and software, and its new $13.9b North Carolina plant (opening in 2025) will make batteries for 1.2m EVs a year. This helps Toyota meet U.S. rules and keep future profits high. At the same time, Toyota uses its strong hybrid lineup to grow in places like India, ASEAN, and Africa, where full EVs don't work well due to weak charging networks. While others bet everything on one technology, Toyota spreads its bets—hybrids now, EVs later, and smart software (like Woven by Toyota) for the future. This mix lets Toyota grow in every region without taking big risks.

Steady Numbers in a Volatile Industry

In FY2025, Toyota reported ¥48.0tr in revenue (+6.5% y-y), while operating profit declined 10.4% y-y to ¥4.80tr, with a 10.0% EBIT margin. The drop stemmed from higher input costs, FX headwinds, and increased investment in EVs, software, and labor—offsetting top-line growth. Still, Toyota maintained a 13.6% ROE and held ¥8.98tr in cash, funding capex internally. Compared to peers—GM (~7.9%), Ford (~2.5%), and Tesla (~7.2%)—Toyota stands out amid industry-wide margin pressure with superior scale, balance sheet strength, and ROC.

Recommend a BUY with TP of THB6.85 (¥2,982 YEN/THB at 0.23)

Bloomberg consensus recommends a BUY on TOYOTA80, with a target price of THB 6.85 based on 11x FY26E P/E. While FY26 earnings are expected to soften—due to cost inflation, yen appreciation, and tariff pressures. For investors seeking global auto exposure with financial stability, Toyota remains a conviction holding.

Analyst

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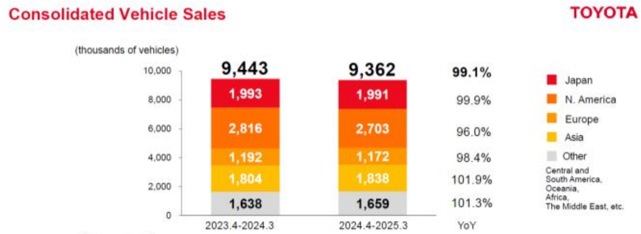
Exhibit 1: TOYOTA's 2025 vehicle sales breakdown

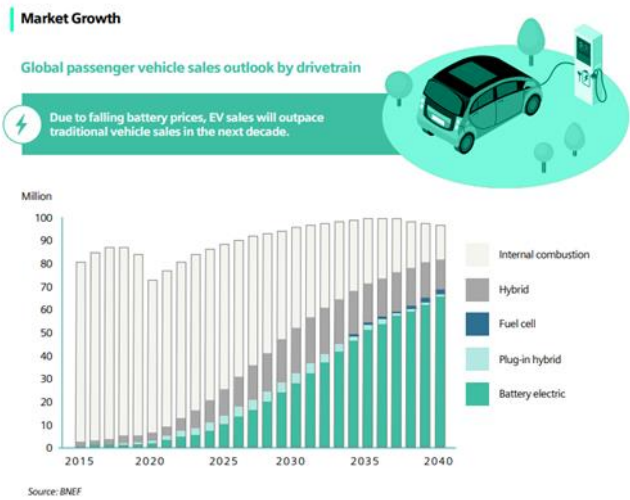


Reference (retail)

	2023.4-2024.3	2024.4-2025.3	YoY
Toyota and Lexus Vehicle Sales	10,309	10,274	99.7%
Electrified Vehicle [%]	3,855 [37.4%]	4,748 [46.2%]	123.2%
HEV	3,594	4,441	123.6%
PHEV	141	161	114.3%
BEV	117	145	123.9%
FCEV	4	1	36.4%
Total Retail Vehicle Sales	11,090	11,011	99.3%

Sources: global.toyota

Exhibit 2: Global passenger vehicles sales outlook



Sources: SIEMENS

Exhibit 3: TOYOTA's 2026 financial forecast

FY2026 Forecast: Consolidated Financial Summary

(billions of yen)		FY25 Results 2024.4-2025.3	FY26 Forecast 2025.4-2026.3
Sales Revenues		**48,036.7**	**48,500.0**
Operating Income		**4,795.5**	**3,800.0**
Margin		10.0%	7.8%
Other Income		1,619.0	610.0
Share of Profit (Loss) of Investments Accounted for Using the Equity Method		591.2	600.0
Income before Income Taxes		**6,414.5**	**4,410.0**
Net Income Attributable to Toyota Motor Corporation		**4,765.0**	**3,100.0**
Margin		9.9%	6.4%
Dividend per share		90 yen	95 yen
FOREX Rates	US $	153 yen	145 yen
	€	164 yen	160 yen

Sources: global.toyota

Exhibit 4: Motor show 2025 summary of car booking

Sources: Autolifethailand

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Analyst Certification

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RECOMMENDATION STRUCTURE

Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY: Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.
* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Sector Recommendations

Overweight: The industry is expected to outperform the relevant primary market index over the next 12 months.
Neutral: The industry is expected to perform in line with the relevant primary market index over the next 12 months.
Underweight: The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral: Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight: Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.