

Autos Sector

Reflecting tariff impact into earnings estimates; brand power and supply chains are the mainspring of competitiveness

Now that the general framework of automobile tariffs has taken shape, we examine their impact and reflect this in our company forecasts for FY2025 onward. The gross impact of tariffs will likely be sizable in the near term, and we expect the operating profit of our covered companies in the sector to fall 27% YoY in FY2025. We think it will become evident which companies can thrive and which will struggle depending on price pass-throughs and scope for cost-cutting across the entire supply chain. We also focus on net cash positions and shareholder return initiatives in an uncertain environment. We recommend Toyota Motor among large caps and are particularly bullish on Isuzu Motors among mid-caps. Honda Motor might also be appealing in the near term, given the relatively mild impact of tariffs on it.

- We expect sector operating profit to fall 27%, reflecting tariff impact:** Given that the broad framework for tariffs on finished vehicles and on auto parts based on Section 232 of the Trade Expansion Act has now taken shape, we reflect the impact into our earnings estimates for the automobile OEMs. We estimate that the impact of tariffs on them in FY2025 will be ¥3.13 trillion in gross terms but ¥1.54 trillion in net terms, including the effect of various measures such as price hikes and cost cutting. In particular, the potential to hike vehicle prices and reduce incentives based on differences in US brand strength, as well as the cost-cutting capacity of dealers, suppliers, and the rest of the chain, will likely give rise to margin disparities from company to company.
- Toyota to demonstrate robust footing, Honda to feel relatively slight tariff impact:** The net tariff impact of ¥718 billion on Toyota is not small, but the company is on robust footing, including the contribution of value chain earnings, and we think the impact is manageable. We believe it also has plenty of room to effectively hike prices amid a string of new model launches. Meanwhile, we expect tariffs to have a relatively mild net impact on Honda of only ¥148 billion, given its high US local production ratio and USMCA-compliant/US content ratio. On the other hand, near-term periodic profits at Mazda Motor, Nissan Motor, and others are likely to be hit hard temporarily.
- Stock recommendations:** We base our recommendations on (1) resilience to tariffs, (2) recurring earnings potential, including software-defined vehicles (SDV), and (3) balance sheet profiles and scope for increasing returns. We still recommend Toyota as a core large cap, given its underlying earnings power despite tariffs and prospects for value chain earnings growth and improvement in SDV margins. Among mid-caps we recommend Isuzu, with the bottoming Thai market and share buybacks aimed at improving ROE likely to act as catalysts. A near-term slowdown in the Indian market is a concern for Suzuki Motor, but its medium-term growth scenario is intact. Honda faces medium-term risks, but we think its investment appeal will be amplified in the near term (prior to 1Q results) because of the mild impact of tariffs.

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Equity Ratings and Price Targets

Company	Ticker	Mkt Cap (¥ bn)	Price (¥)	Rating		Price Target			
				Cur	Prev	Cur	End Date	Prev	End Date
Nissan Motor (7201)	7201 JP	1,329.9	381	UW	n/c	300	Dec-25	320	n/c
Isuzu Motors (7202)	7202 JP	1,376.8	1,957	OW	n/c	2,400	Dec-25	2,600	n/c
Toyota Motor (7203)	7203 JP	35,682.3	2,735	OW	n/c	3,200	Dec-25	3,600	n/c
Mitsubishi Motors (7211)	7211 JP	596.7	446	N	n/c	350	Dec-25	360	n/c
Mazda Motor (7261)	7261 JP	594.9	944	N	n/c	900	Dec-25	1,000	n/c
Honda Motor (7267)	7267 JP	5,224.5	1,496	N	n/c	1,500	Dec-25	n/c	n/c
Suzuki Motor (7269)	7269 JP	3,599.1	1,866	OW	n/c	2,200	Dec-25	2,300	n/c
SUBARU (7270)	7270 JP	1,999.4	2,735	UW	n/c	2,200	Dec-25	2,500	n/c
Yamaha Motor (7272)	7272 JP	1,086.6	1,112	OW	n/c	1,300	Dec-25	1,500	n/c

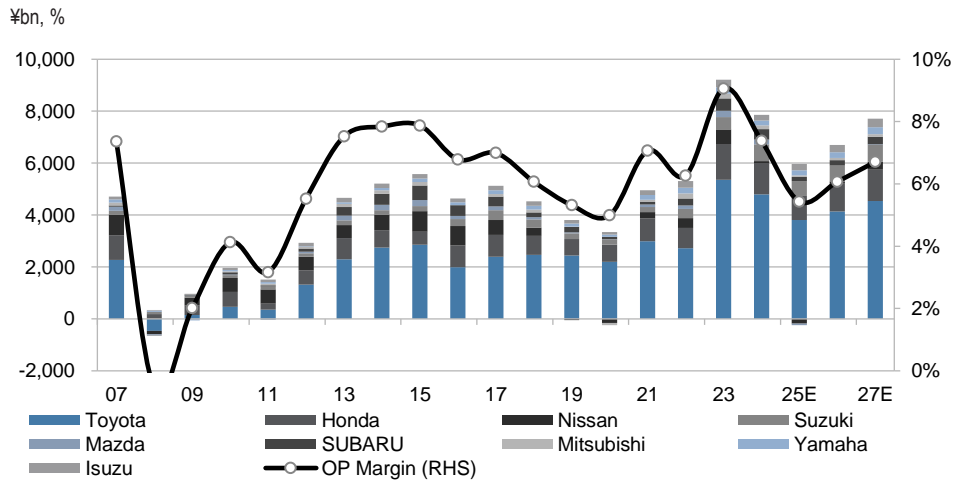
Source: Bloomberg Finance L.P., J.P. Morgan estimates. n/c = no change. All prices as of 29 May 25.

Executive summary

While there are still uncertainties regarding US tariffs, the general framework for automobiles and auto parts is taking shape based on Section 232 of the Trade Expansion Act. We have therefore recalculated the effects of tariffs and have factored the net impact into our company earnings estimates for FY2025 onward. Going forward, we think the focus will gradually shift to relative advantages/disadvantages according to measures to recoup the impact (price increases/initiatives across the entire supply chain) and brand power. In a period in which we have to expect some tariff-driven cost inflation pressures, mainly in the US market, we think valuation differences will emerge reflecting scope for price hikes, room to cut costs across the entire supply chain, and company-specific growth strategies revolving around HEVs. From a balance sheet perspective, we also focus on net cash levels and scope for share buybacks.

Among the OEMs, Toyota is our core recommendation, while we are particularly bullish on Isuzu among mid-caps. Toyota has sufficient means to recoup the impact of tariffs, and we think it can take a broad range of measures to improve earnings, including raising vehicle prices, improving the mix centered on Lexus, and optimizing margins, including at dealers. For Isuzu, we think a cyclical bottom in the Thai pickup truck market, which had been a concern, combined with the possibility of proactive share buybacks with an eye on attaining ROE of 15%, will help push up valuations.

Figure 1: Autos Sector: Outlook for Aggregate Operating Profit



Source: Company data and J.P. Morgan estimates

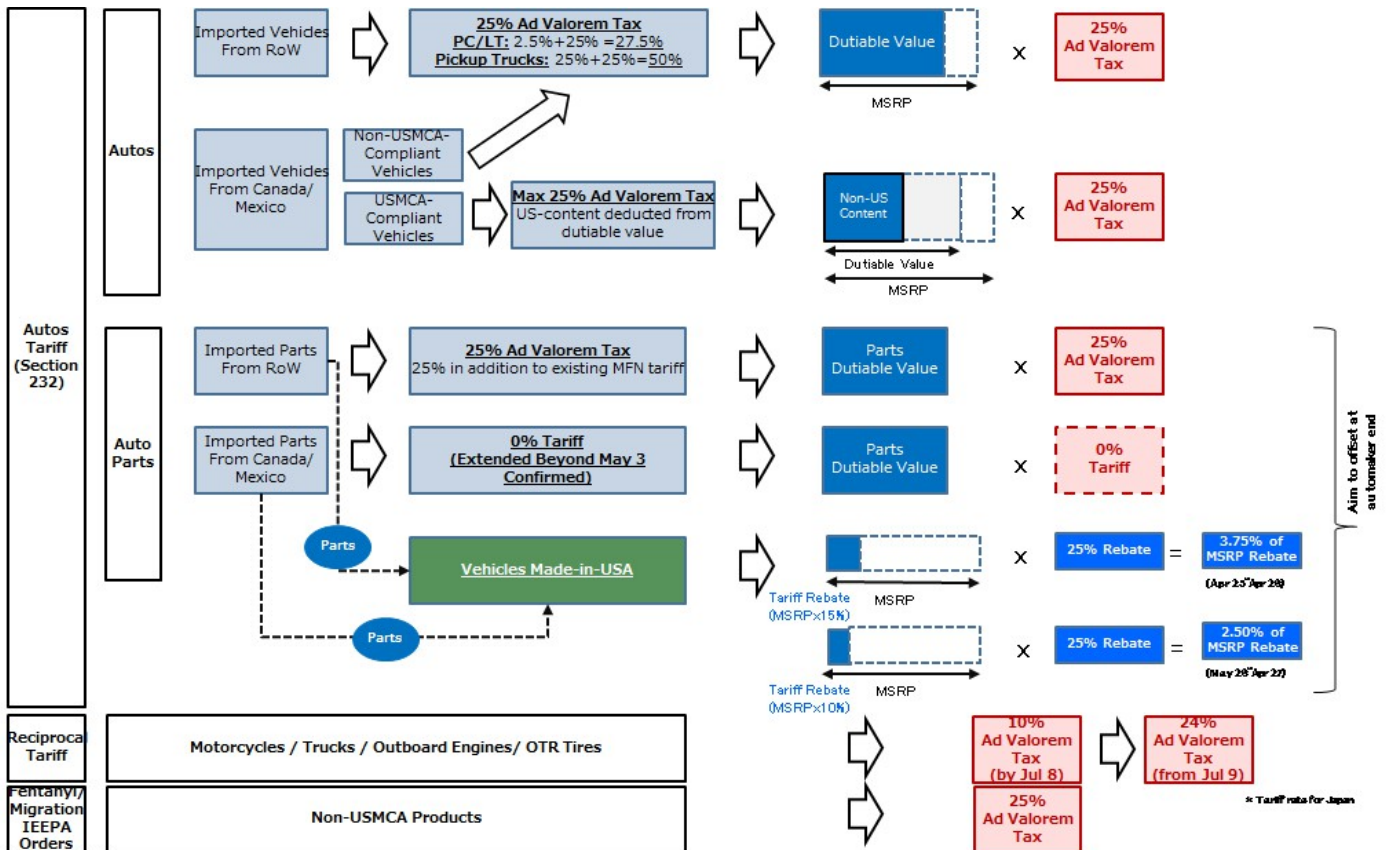
Note: Autos sector refers to the aggregate total of Toyota Motor, Honda Motor, Nissan Motor, Suzuki Motor, Mazda Motor, SUBARU, Mitsubishi Motors, Isuzu Motors and Yamaha Motor. Hino Motors is not separately counted in the 10-company total as it is a consolidated subsidiary of Toyota Motor.

Fully reflecting tariff impact on earnings in FY2025 onward

Much about the ramifications of US tariffs remains unclear, but given that the general framework of tariffs relevant to automobiles and auto parts has broadly taken shape, we now reflect the impact of this in our earnings estimates from FY2025. Figure 2 shows the Trump tariff framework and the thinking behind tariff rates for each, but we assume the following conditions will remain in place as broad parameters.

- **Finished vehicle imports:** As a general rule, the tariff on finished vehicle imports is 25%. However, for USMCA-compliant imported vehicles produced in Canada and Mexico, we assume tariffs are reduced based on the US content ratio.
- **Auto parts imports:** For auto parts imports, USMCA-compliant parts will remain tariff-exempt for the time being, while a 25% tariff rate will apply to non-USMCA-compliant parts (e.g., imports of electronic components from Japan and ASEAN).
- **Auto parts tariff refunds:** We assume that automobile parts for local US production will be subject to tariff refunds in accordance with the following. April 2025–April 2026: refund up to 3.75% of vehicle price; May 2026–April 2027: refund up to 2.50% of vehicle price.

Figure 2: Framework of Autos/Auto Parts Tariffs

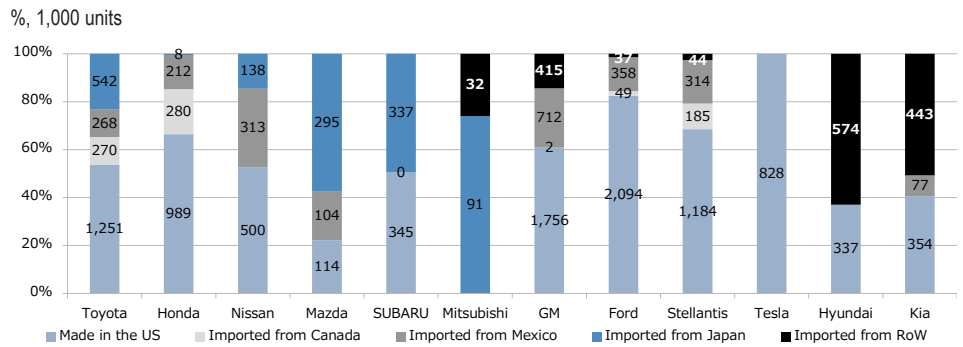


Source: J.P. Morgan based on White House press release

In general, more than 90% of finished vehicles manufactured in Canada and Mexico are USMCA-compliant (almost all of them are compliant in Canada), while in terms of US content, about 60% of vehicles made in Canada are compliant, and significant tariff reductions apply. From this perspective, we think Honda is well placed to benefit from mitigations for finished vehicle imports. On the other hand, Mazda and Nissan rely heavily on imports of vehicles made in Mexico, which have low US content ratios, and will thus reap limited benefits from tariff mitigations.

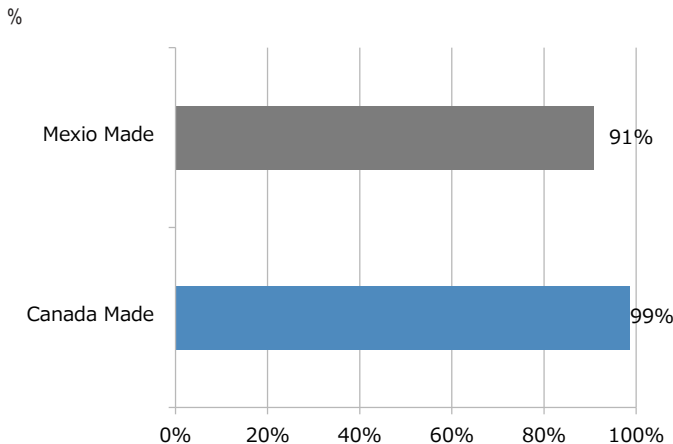
We should also note that the benefits from import tariff refunds for auto parts used in US-made vehicles will be comparatively large for US OEMs but relatively small for Japanese OEMs. Ford in particular has a US production ratio of nearly 80% and will benefit greatly from tariff refunds for automobile parts used locally.

Figure 3: Breakdown of US Retail Sales by Country of Origin (FY24)



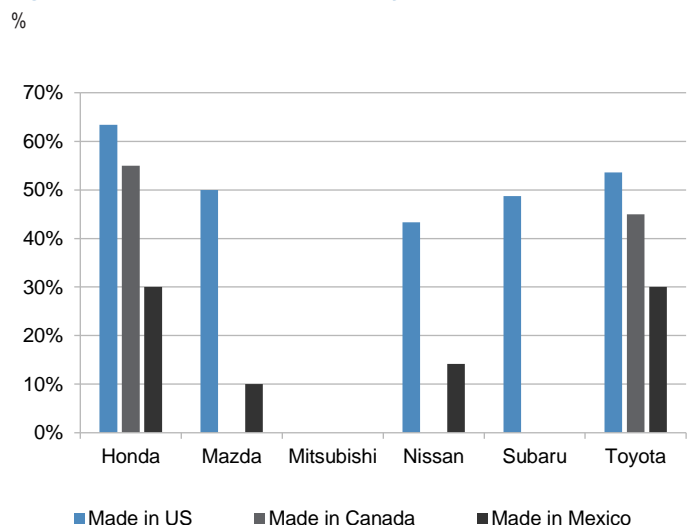
Source: J.P. Morgan based on Autodata and company data

Figure 4: USMCA-Compliant Ratio of Vehicles by Country of Origin (CY24)



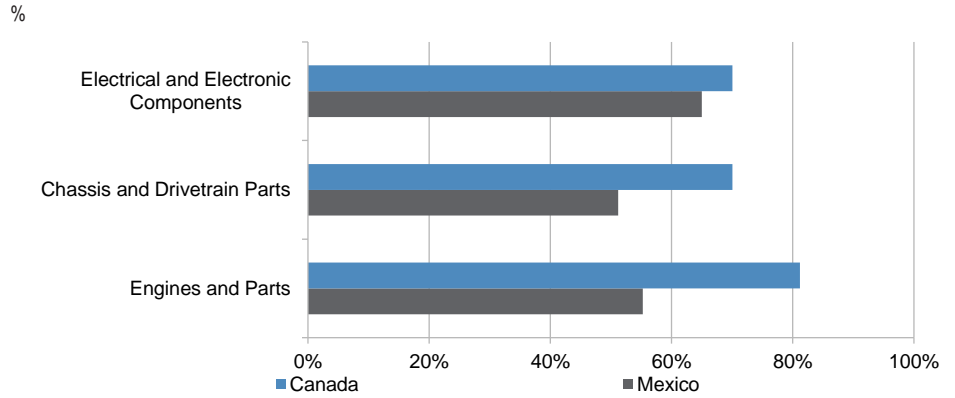
Source: J.P. Morgan based on USITC

Figure 5: US Content Ratio of Vehicles by Automaker (MY24)



Source: J.P. Morgan based on NHTSA

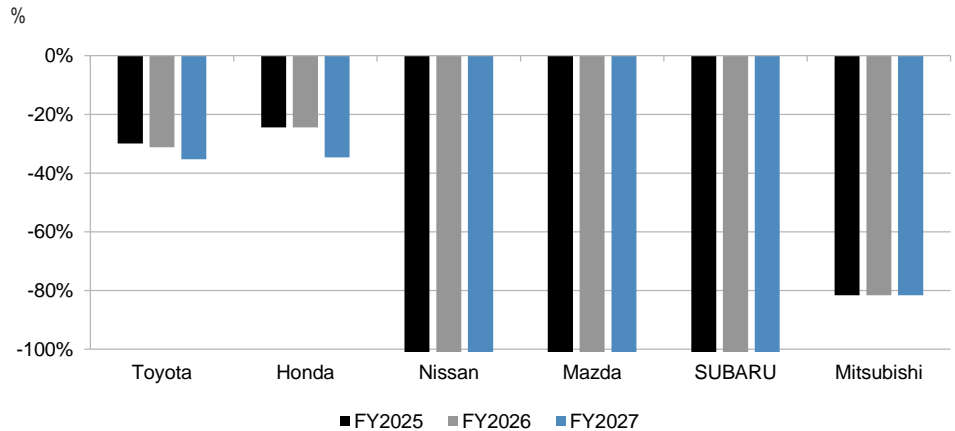
Figure 6: USMCA-Compliant Ratio of Auto Parts Made in Canada and Mexico (CY24)



Source: J.P. Morgan based on USITC

Figure 7 shows the results of a detailed calculation of the impact of tariffs on the automobile OEMs, including the above factors, divided into (1) import tariffs on finished cars, (2) import tariffs on auto parts, and (3) auto parts tariff refunds. We should note that the estimates shown in Figure 8-Figure 9 are purely the gross impact of tariffs. Based on our estimates, the FY2025 impact works out to ¥1.44 trillion on Toyota (30% of FY2024 operating profit) but likely only around ¥297 billion (24%) on Honda. On the other hand, the impact on mid-cap companies is considerable, and we expect Mazda and Nissan to be hit particularly hard.

Figure 7: Simulation of Gross Impact of US Automotive Tariffs (% of Operating Profit in FY24)



Source: J.P. Morgan simulation based on company data, Autodata, INEGI and NHTSA

Note: Assumes 25% ad valorem tariff on USMCA-compliant vehicles exempting US content and waiver of 25% ad valorem tariff on USMCA-compliant auto parts.

Figure 8: Simulation of Gross Impact of Tariffs on Imported Vehicles (% of Operating Profit in FY24)

	Toyota	Honda	Nissan	Mazda	SUBARU	Mitsubishi
Import to US ('000 units)	1,081	500	452	399	337	123
Of which, from Canada ('000 units)	270	280	--	--	--	--
Of which, from Mexico ('000 units)	268	212	313	104	--	--
Of which, from Japan ('000 units)	542	8	138	295	337	91
Of which, from other regions ('000 units)	--	--	--	--	--	32
ATP in U.S. ('000\$)	45	39	35	36	35	30
Of which, MSRP of models from Canada ('000\$)	47	33	--	--	--	--
Of which, MSRP of models from Mexico ('000\$)	52	33	23	31	--	--
Of which, MSRP of models from Japan ('000\$)	53	46	42	43	35	--
Of which, MSRP of models from Other Regions ('000\$)	--	--	--	--	--	18
USMCA-complaint Ratio of Imports from Canada (%)	100%	100%	--	--	--	--
USMCA-complaint Ratio of Imports from Mexico (%)	100%	100%	95%	90%	--	--
US Content Ratio of Imports from Canada (%)	45%	55%	--	--	--	--
US Content Ratio of Imports from Mexico (%)	30%	30%	14%	10%	--	--
Dutiable Value of Additional Tariff (¥bn)	5,747	1,187	1,521	1,302	1,487	453
Of which, from Canada (¥bn)	871	517	0	0	0	0
Of which, from Mexico (¥bn)	1,222	625	788	244	0	0
Of which, from Japan (¥bn)	3,654	45	733	1,058	1,487	380
Of which, from other regions (¥bn)	0	0	0	0	0	73
Import tariff to US (¥bn)	1,437	297	380	325	372	113
Of which, from Canada (¥bn)	218	129	0	0	0	0
Of which, from Mexico (¥bn)	305	156	197	61	0	0
Of which, from Japan (¥bn)	913	11	183	264	372	95
Of which, from other regions (¥bn)	0	0	0	0	0	18
OP Impact by Imported Vehicles (¥bn)	-1,437	-297	-380	-325	-372	-113
FY2024 OP (¥bn)	4,796	1,213	70	186	405	139
OP Impact by Imported Vehicles (%)	-30%	-24%	-545%	-175%	-92%	-82%

Source: J.P. Morgan simulation based on company data, Autodata, INEGI and NHTSA
Note: Assume 25% ad valorem tariff on USMCA-compliant vehicles excluding US content.

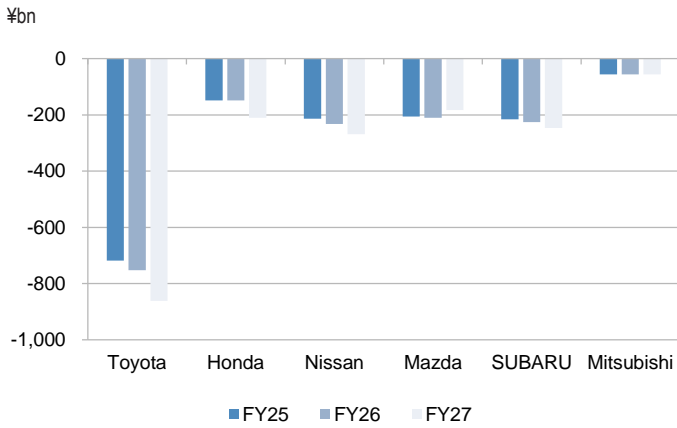
Figure 9: Simulation of Gross Impact of Tariffs on Imported Auto Parts and Aggregated Impact Post Tariff Rebate (% of Operating Profit in FY24)

	Toyota	Honda	Nissan	Mazda	SUBARU	Mitsubishi
Production Volume in US ('000 units)	1,251	989	500	114	345	0
ATP in U.S. ('000\$)	45	39	35	36	35	30
US Content Ratio (%)	54%	63%	43%	50%	49%	0%
Imported Ratio (%)	46%	37%	57%	50%	51%	0%
<i>Of which, Non-USMCA-Compliant Components ratio (%)</i>	30%	25%	30%	15%	15%	0%
<i>Of which, Non-USMCA-Compliant Components ratio (%)</i>	16%	12%	27%	35%	36%	0%
USMCA-Compliant Parts Import Value (¥bn)	1,873	1,069	588	68	203	0
Non-USMCA-Compliant Parts Import Value (¥bn)	1,023	497	523	158	490	0
Import tariff to Non-USMCA-Compliant Parts (Gross Amount Pre Rebate, ¥bn)	256	124	131	40	122	0
Autos Tariff Rebate						
Apr 25~Apr 26 (MSRP * 3.75%)	-256	-124	-92	-21	-63	0
May 26~Apr 27 (MSRP * 2.50%)	-195	-124	-61	-14	-42	0
May 27~	0	0	0	0	0	0
Total Autos Tariff Rebate Value over 2 Years	451	248	153	35	106	0
Tariff Exemption Impact on OP over 2 Years	4.7%	10.2%	109.8%	9.5%	13.0%	0.0%
OP Impact by Imported Auto Parts (¥bn)						
Apr 25~Apr 26	0	0	-39	-18	-59	0
May 26~Apr 27	-61	0	-69	-25	-80	0
May 27~	-256	-124	-131	-40	-122	0
FY2024 OP (¥bn)	4,796	1,213	70	186	405	139
Total Autos Tariff (Finished Vehicles & Parts)						
FY2025	-1,437	-297	-419	-344	-431	-113
FY2026	-1,497	-297	-450	-351	-452	-113
FY2027	-1,692	-421	-511	-365	-494	-113
Total Autos Tariff (Finished Vehicles & Parts)						
FY2025	-30%	-24%	-600%	-185%	-106%	-82%
FY2026	-31%	-24%	-644%	-189%	-112%	-82%
FY2027	-35%	-35%	-732%	-196%	-122%	-82%

Source: J.P. Morgan simulation based on company data, Autodata, INEGI and NHTSA
Note: Assumes waiver of 25% ad valorem tariff on USMCA-compliant auto parts.

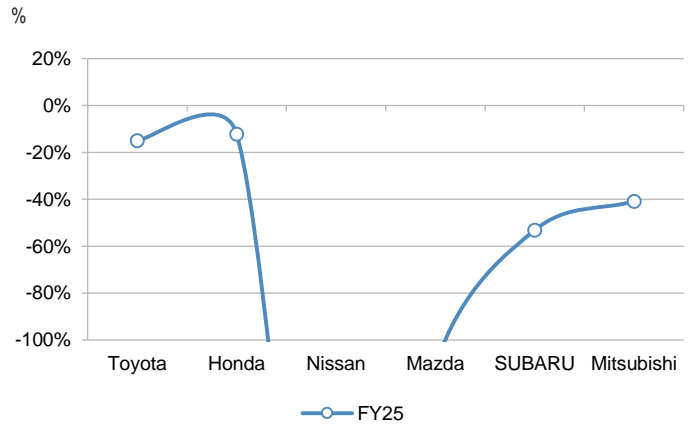
That said, we think that the impact of these tariffs will be reduced to some extent by pass-throughs into vehicle prices, dealer margin adjustments, and the OEMs' own efforts. Therefore the actual net tariff impact will probably be significantly lower. We currently believe around 40–60% of the gross tariff impact will likely be mitigated through various recovery measures. Figure 10 shows our resulting estimates for the net impact of tariffs on OEMs we cover, including measures to recoup the costs. In particular, the net impact on Toyota and Honda will likely be only 10–20% of FY2024 operating profit, so we see no need for extreme pessimism.

Figure 10: Simulation of Net Tariff Impact



Source: J.P. Morgan simulation based on company data, Autodata, INEGI and NHTSA

Figure 11: Simulation of Net Tariff Impact as % of Operating Profit



Source: J.P. Morgan simulation based on company data, Autodata, INEGI and NHTSA
 Note: % of operating profit in FY24

Figure 12 summarizes the tariff impact disclosed by the companies in their FY2024 results and FY2025 profit guidance.

Toyota included the tariff impact that occurred in approximately 1.5 months, but on an annualized basis there is no significant difference from our estimated amount. Honda, on the other hand, appears to have somewhat overestimated the impact by assuming a 25% tariff on USMCA-compliant parts. We think each automaker is likely to conduct a thorough examination of the tariff impact by the time of 1Q.

Figure 12: Autos/Auto Parts/Tire Sectors: Summary of Tariff Impact Assumptions Embedded in Company Guidance

¥bn, %

	Operating Profit			Tariff Impact			Note	
	(FY24)	(FY25CoE)	(YoY)	Gross	Recovery	Net		
				(FY25CoE) (% to FY24 OP)	(FY25CoE)	(FY25CoE)		
Autos								
Toyota	4,796	3,800	-21%	-180	-24%	0	-180	Gross impact in April and May (80% for vehicles and 20% for auto parts).
Honda	1,213	500	-59%	-650	-54%	200	-450	25% tariff on USMCA-compliant auto parts, but include duty-free allowance (15%) for auto parts.
Nissan	70	--	--	-450	-645%	135	-315	Estimated Values included in the company guidance.
Mazda	186	--	--	--	--	--	--	Guidance to be announced at 1Q earnings release, Plans to reduce fixed costs by ¥100 billion and variable costs by ¥100 billion
SUBARU	405	--	--	-350	-86%	150	-200	Guidance is not disclosed, but the gross tariff impact is estimated at \$2.5 billion (2/3 from vehicle and 1/3 from auto parts); Recovery contribution is estimated by us
Mitsubishi	139	100	-28%	-60	-43%	20	-40	Gross impact is estimated as -\$50 billion in the U.S. and -\$10 billion in other markets. In the U.S., company plans to offset ¥20 billion through price increases and other measures
Suzuki	643	500	-22%	-20	-3%	0	-20	Indirect impact is included, primarily on motorcycles and outboard engines
Isuzu	229	210	-8%	-20	-9%	4	-16	From July, a 24% reciprocal tariff will be introduced, primarily affecting export parts from Japan
Hino	57	40	-30%	--	--	--	--	--
Yamaha Motor	182	230	27%	-50	-28%	0	-50	Primarily on the export of outboard engines, motorcycle parts, and ATV/ROV parts, with a potential impact of up to ¥50 billion
Auto Parts								
Toyota Industries	222	180	-19%	0	--	0	0	Gross impact of tariffs is not explicitly included
Denso	519	675	30%	0	--	0	0	Gross impact of tariffs is not explicitly included
Stanley Electric	49	--	--	--	--	--	--	Gross impact of tariffs is not explicitly included
Aisin	203	205	1%	-45	-22%	25	-20	Gross tariff impact is estimated to be up to ¥50 billion , but plans to recover from Japanese OEMs mainly
Koito Manufacturing	45	37	-18%	0	--	0	0	Gross impact of tariffs is not explicitly included
Nifco	49	0	-100%	0	--	0	0	Gross impact of tariffs is not explicitly included
Tire								
TOYO TIRE	94	85	-10%	--	--	--	--	Gross impact of tariffs is not explicitly included
Bridgestone	483	505	4%	--	--	--	--	Guidance does not yet include the tariff impact, but estimated to be about ¥45 billion
Sumitomo Rubber	88	95	8%	-16	-18%	16	0	Gross impact of tariffs is estimated at ¥16 billion, but after reviewing price increases and the effects of lower raw material costs, the full-year guidance remains unchanged

Source: J.P. Morgan based on company data

We estimate cost inflation pressure from tariffs at 8–9%

Tariff costs will gradually come through in the form of automobile cost inflation pressure. We think that tariff cost inflation will increase to \$3,900 per vehicle (equivalent to about 8.6% of ATP), assuming that tariffs will be imposed on current vehicle imports in accordance with the assumptions set out above, and that tariff costs will be borne by the entire US automobile market. Considering that ATP is currently around \$45,000 in the US, we need to bear in mind the risk that US demand will decline by some amount.

Figure 13: Simulation of Car Pricing Inflation by Imported Vehicles and Auto Parts

	CY24	Tariff Applied Base	Difference
Customs value of imported vehicles and parts (\$bn)	399.9	399.9	
of which, new PC/ LT vehicles (\$bn)	250.6	250.6	
of which, USMCA-compliant vehicles (\$bn)	102.1	102.1	
of which, auto parts subject to autos tariff (\$bn)	134.4	134.4	
of which, USMCA-compliant auto parts (\$bn)	36.2	36.2	
of which, auto parts subject to reciprocal tariff (\$bn)	14.9	14.9	
Dutiable value of imported vehicles and parts (\$bn)	183.6	321.9	138.2
of which, new PC/ LT vehicles (\$bn)	109.8	221.0	111.2
of which, USMCA-compliant vehicles (\$bn)	0.0	72.4	72.4
of which, auto parts subject to autos tariff (\$bn)	67.3	94.3	27.0
of which, USMCA-compliant auto parts (\$bn)	0.0	0.0	0.0
of which, auto parts subject to reciprocal tariff (\$bn)	6.6	6.6	0.0
Duties of imported vehicles and parts (\$bn)	8.4	87.9	79.5
of which, new PC/ LT vehicles (\$bn)	3.4	58.7	55.2
of which, USMCA-compliant vehicles (\$bn)	0.0	18.1	18.1
of which, auto parts subject to autos tariff (\$bn)	4.4	28.0	23.6
of which, USMCA-compliant auto parts (\$bn)	0.0	0.0	0.0
of which, auto parts subject to reciprocal tariff (\$bn)	0.6	1.3	0.7
US PC/ LT sales volume (1,000 units)	15,617	15,617	
Average gross tariff per Unit (\$/ unit)	541	5,630	5,089
ATP (\$)	44,833	44,833	
Gross tariff % to ATP	1.2%	12.6%	11.4%
US PC/ LT production volume (1,000 units)	11,291	11,291	
Rebate % to MSRP (ATP)		-3.8%	-3.8%
Average tariff rebate per Unit (\$/ unit)		-1,215	-1,215
Average net tariff per Unit (\$/ unit)	541	4,415	3,874
Net Tariff % to ATP	1.2%	9.8%	8.6%

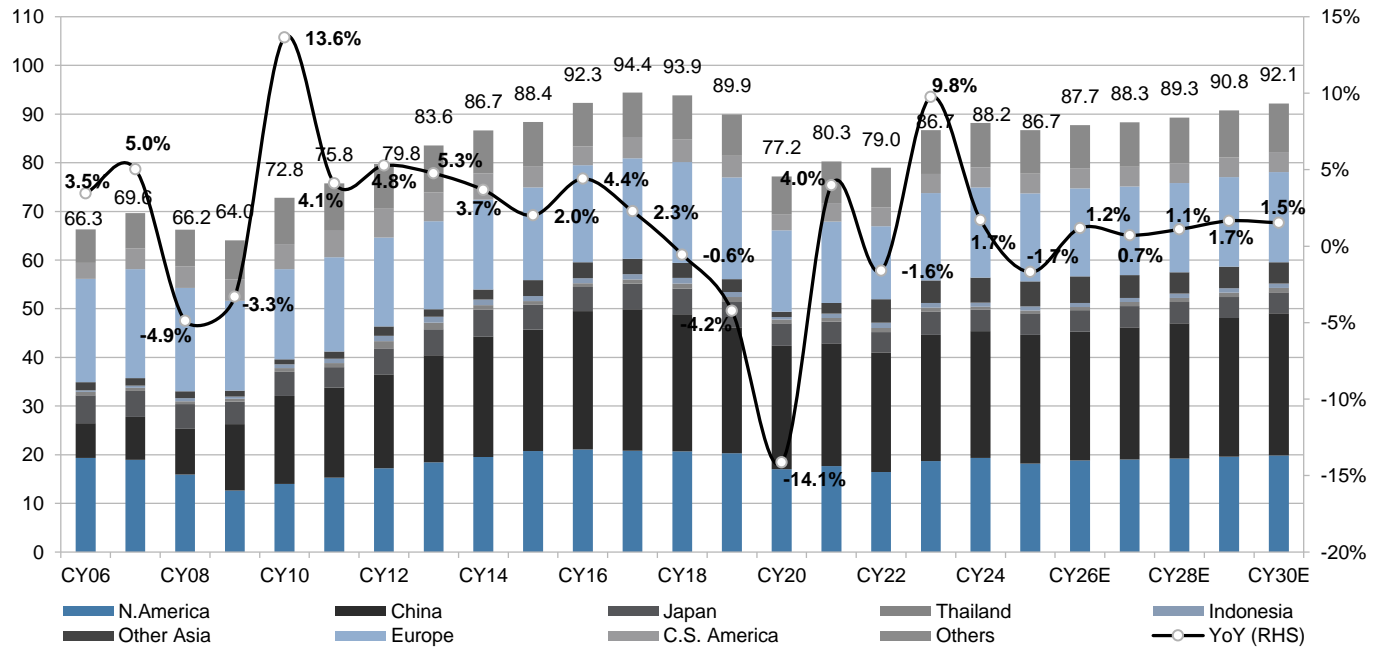
Source: J.P. Morgan based on USITC

Global demand forecast update

We have updated our global demand estimates. We now forecast global automobile demand will be 88.17 million units (+1.7% YoY) in 2024, 86.67 million units (-1.7%) in 2025, and 87.70 million units (+1.2%) in 2026. Main changes are a downward revision to US SAAR demand related to the impact of tariffs, and an upward revision mainly for Thailand as the near-term cycle bottoms out.

Figure 14: J.P. Morgan: Outlook for Global Auto Demand

Million units, %



Source: J.P. Morgan estimates based on Autodata, JADA, CPCA, KAMA, TWMA, SIAM, Astra International, CAMPI, Toyota Motor Thailand, VAMA, Marklines, IHS Automotive
 Note: Global demand excludes CVs sold in China.

Revisions to earnings estimates

We revise our earnings estimates for the companies we cover. Key changes are as follows.

- Exchange rate assumptions: ¥140/\$ and ¥150/€ from April–June 2025 (see Figure 15 for details)
- Global demand assumptions: From 88.17 million units (+1.7% YoY) in 2024 to 86.67 million units (–1.7%) in 2025 and 87.70 million units (+1.2%) in 2026
- Tariff impact: Total for the 10 OEMs: Gross impact ¥3.13 trillion (40% of FY2024 operating profit), net impact of ¥1.54 trillion (20%)

Figure 15: FX Assumptions

	FY21	FY22	FY23	FY24	FY25E	FY26E
JPY / USD	112.4	136.0	145.0	153.0	140.0	140.0
JPY / EUR	130.6	141.0	157.0	164.0	150.0	150.0
JPY / THB	3.44	3.84	4.11	4.38	4.40	4.40
JPY / AUD	83.1	92.7	95.1	99.6	93.0	93.0
JPY / CAD	89.7	102.5	107.2	109.8	105.0	105.0
JPY / INR	1.52	1.70	1.76	1.82	1.75	1.75
JPY / CNY	17.5	19.7	20.0	20.7	20.0	20.0

Source: Company data and J.P. Morgan estimates

Figure 16: 10 OEM Companies: Earnings Forecast Summary (FY, 1)

¥bn, %

	Revenue		Operating profit		Recurring profit		Net profit		EPS (¥)	DPS (¥)	ROE/%
	YoY/%		YoY/%		YoY/%		YoY/%				
Toyota											
3/25	48,036.7	6.5%	4,795.6	-10.4%	6,414.6	-7.9%	4,765.1	-3.6%	365.2	90.0	13.6%
3/26E	49,616.1	3.3%	3,804.6	-20.7%	4,980.7	-22.4%	3,725.3	-21.8%	285.5	110.0	10.2%
3/26CoE	48,500.0	1.0%	3,800.0	-20.8%	4,410.0	-31.3%	3,100.0	-34.9%	237.6	95.0	--
3/27E	52,215.4	5.2%	4,133.5	8.6%	5,233.9	5.1%	3,877.7	4.1%	297.2	120.0	10.2%
3/28E	55,057.7	5.4%	4,544.2	9.9%	5,671.1	8.4%	4,210.0	8.6%	322.6	120.0	10.6%
Honda											
3/25	21,688.8	6.2%	1,213.5	-12.2%	1,317.6	-19.8%	835.8	-24.5%	192.3	68.0	6.7%
3/26E	20,974.6	-3.3%	936.4	-22.8%	1,037.3	-21.3%	584.1	-30.1%	167.3	80.0	4.6%
3/26CoE	20,300.0	-6.4%	500.0	-58.8%	490.0	-62.8%	250.0	-70.1%	62.8	70.0	--
3/27E	21,412.9	2.1%	1,076.2	14.9%	1,259.2	21.4%	758.7	29.9%	217.3	80.0	5.8%
3/28E	21,868.3	2.1%	1,207.8	12.2%	1,396.3	10.9%	845.4	11.4%	242.1	80.0	6.2%
Nissan											
3/25	12,633.2	-0.4%	69.8	-87.7%	210.2	-70.1%	-670.9	NM	-192.1	0.0	-12.3%
3/26E	11,415.1	-9.6%	-182.9	NM	-208.0	NM	-260.6	NM	-74.6	0.0	-5.4%
3/26CoE	--	--	--	--	--	--	--	--	--	--	--
3/27E	11,923.5	4.5%	90.2	NM	115.5	NM	127.4	NM	36.5	5.0	2.7%
3/28E	12,502.4	4.9%	299.4	231.9%	335.6	190.4%	206.7	62.2%	59.2	15.0	4.2%
Mazda											
3/25	5,018.9	4.0%	186.1	-25.7%	189.0	-41.0%	114.1	-45.1%	181.0	55.0	6.5%
3/26E	4,820.6	-4.0%	-52.3	NM	-41.7	NM	-32.4	NM	-51.3	55.0	-1.9%
3/26CoE	--	--	--	--	--	--	--	--	--	--	--
3/27E	4,940.7	2.5%	-12.2	NM	-6.7	NM	-6.3	NM	-10.0	60.0	-0.4%
3/28E	5,065.7	2.5%	27.8	NM	33.8	NM	24.0	NM	38.1	60.0	1.5%
Suzuki											
3/25	5,825.2	8.4%	642.9	38.1%	513.6	49.2%	416.1	55.4%	215.7	41.0	14.6%
3/26E	5,356.5	-8.0%	573.9	-10.7%	677.0	-7.3%	391.1	-6.0%	202.7	60.0	12.6%
3/26CoE	6,100.0	4.7%	500.0	-22.2%	580.0	-20.6%	320.0	-23.1%	191.8	40.0	--
3/27E	5,615.0	4.8%	611.1	6.5%	717.7	6.0%	420.6	7.6%	218.0	70.0	12.4%
3/28E	5,881.1	4.7%	646.1	5.7%	764.6	6.5%	454.7	8.1%	235.7	70.0	12.3%

Source: Company data, J.P. Morgan estimates

Note: Toyota Motor, Honda Motor, Suzuki Motor and SUBARU use IFRS, so Recurring Profit should be read as Pretax Profit.

Figure 17: 10 OEM Companies: Earnings Forecast Summary (FY, 2)

¥bn, %

	Revenue		Operating profit		Recurring profit		Net profit		EPS (¥)	DPS (¥)	ROE/%
	YoY/%		YoY/%		YoY/%		YoY/%				
SUBARU											
3/25	4,685.8	-0.4%	405.3	-13.4%	448.5	-15.8%	338.1	-12.2%	462.4	115.0	12.8%
3/26E	4,347.1	-7.2%	150.6	-62.8%	187.7	-58.2%	148.2	-56.2%	202.7	115.0	5.4%
3/26CoE	--	--	--	--	--	--	--	--	--	--	--
3/27E	4,582.3	5.4%	207.3	37.6%	245.3	30.7%	186.4	25.8%	255.0	125.0	6.6%
3/28E	4,737.6	3.4%	290.8	40.3%	332.1	35.4%	252.3	35.4%	345.2	130.0	8.5%
Mitsubishi Motors											
3/25	2,788.2	0.0%	138.8	-27.3%	98.6	-52.8%	41.0	-73.5%	30.6	15.0	4.2%
3/26E	2,825.6	1.3%	58.4	-57.9%	26.3	-73.3%	18.9	-53.8%	14.1	10.0	2.0%
3/26CoE	2,950.0	5.8%	100.0	-28.0%	90.0	-8.7%	40.0	-2.4%	29.9	10.0	--
3/27E	2,892.9	2.4%	80.2	37.2%	49.5	87.7%	36.5	92.8%	27.3	15.0	3.8%
3/28E	2,963.2	2.4%	100.1	24.9%	68.9	39.3%	51.3	40.5%	38.3	20.0	5.3%
Yamaha Motor											
12/24	2,576.2	6.7%	181.5	-25.6%	183.2	-22.4%	108.1	-31.8%	110.5	50.0	13.3%
12/25E	2,564.9	-0.4%	196.7	8.4%	195.8	6.9%	133.3	23.3%	137.5	55.0	11.8%
12/25CoE	2,700.0	4.8%	230.0	26.7%	--	--	140.0	29.5%	143.2	50.0	--
12/26E	2,753.8	7.4%	226.5	15.1%	223.7	14.3%	150.9	13.2%	155.7	60.0	13.2%
12/27E	2,864.2	4.0%	269.4	18.9%	266.7	19.2%	178.9	18.6%	184.6	70.0	14.4%
Isuzu Motors											
3/25	3,208.1	-5.3%	229.1	-21.8%	248.2	-20.7%	134.4	-23.8%	179.5	92.0	9.3%
3/26E	3,475.6	8.3%	242.6	5.9%	262.8	5.9%	150.7	12.2%	214.2	100.0	10.6%
3/26CoE	3,300.0	2.9%	210.0	-8.3%	220.0	-11.4%	130.0	-3.2%	182.6	92.0	--
3/27E	3,870.8	11.4%	277.9	14.6%	301.5	14.8%	169.0	12.1%	256.6	110.0	12.0%
3/28E	4,051.3	4.7%	326.6	17.5%	352.5	16.9%	206.2	22.0%	336.1	135.0	14.5%
Hino Motors											
3/25	1,697.2	11.9%	57.5	NM	39.3	NM	-217.8	NM	-379.3	0.0	-76.3%
3/26E	1,809.4	6.6%	53.1	-7.7%	48.6	23.7%	29.5	NM	51.3	5.0	13.4%
3/26CoE	1,500.0	-11.6%	40.0	-30.4%	35.0	-11.0%	20.0	NM	34.8	--	--
3/27E	1,945.3	7.5%	67.0	26.3%	63.9	31.3%	39.2	33.2%	68.3	20.0	14.1%
3/28E	2,090.4	7.5%	79.0	17.9%	77.6	21.5%	48.4	23.3%	84.2	25.0	15.4%
10 Cos. Total											
3/25	106,461.0	4.7%	7,862.6	-14.7%	9,840.1	-13.8%	6,081.6	-22.3%	--	--	--
3/26E	105,396.0	-1.0%	5,728.0	-27.1%	7,117.8	-27.7%	4,858.7	-20.1%	--	--	--
3/27E	110,207.4	4.6%	6,690.7	16.8%	8,139.6	14.4%	5,721.0	17.7%	--	--	--
3/28E	114,991.4	4.3%	7,712.3	15.3%	9,221.5	13.3%	6,429.5	12.4%	--	--	--

Source: Company data, J.P. Morgan estimates

Note: Yamaha Motor uses IFRS, so Recurring Profit should be read as Pretax Profit. Hino Motors is not separately counted in the 10-company total as it is a consolidated subsidiary of Toyota.

Figure 18: 10 OEM Companies: Earnings Forecast Summary (Quarterly, 1)

¥bn, %

		3/25				3/26E				3/26E	3/26CoE	3/27E	3/28E
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Toyota	Revenue	11,837.9	11,444.6	12,391.1	12,363.2	12,369.4	12,276.6	12,806.0	12,164.1	49,616.1	48,500.0	52,215.4	55,057.7
	OP	1,308.5	1,155.8	1,215.3	1,116.1	1,035.2	944.2	930.0	895.2	3,804.6	3,800.0	4,133.5	4,544.2
	OPM	11.1%	10.1%	9.8%	9.0%	8.4%	7.7%	7.3%	7.4%	7.7%	7.8%	7.9%	8.3%
	Pre-tax profi	1,872.3	859.8	2,698.0	984.5	1,327.0	1,238.5	1,230.6	1,184.7	4,980.7	4,410.0	5,233.9	5,671.1
	Net profit	1,333.3	573.8	2,193.3	664.7	993.5	926.2	920.2	885.4	3,725.3	3,100.0	3,877.7	4,210.0
Honda	Revenue	5,404.9	5,392.8	5,531.1	5,360.0	5,135.6	5,274.5	5,277.3	5,287.2	20,974.6	20,300.0	21,412.9	21,868.3
	OP	484.7	257.9	397.3	73.6	285.6	263.6	212.5	174.6	936.4	500.0	1,076.2	1,207.8
	OPM	9.0%	4.8%	7.2%	1.4%	5.6%	5.0%	4.0%	3.3%	4.5%	2.5%	5.0%	5.5%
	Pre-tax profi	559.5	182.5	483.6	92.1	307.6	286.6	239.7	203.3	1,037.3	490.0	1,259.2	1,396.3
	Net profit	394.7	100.0	310.6	30.6	175.3	162.4	134.4	112.0	584.1	250.0	758.7	845.4
Nissan	Revenue	2,998.4	2,985.8	3,159.0	3,490.0	2,737.0	2,690.7	2,786.1	3,201.3	11,415.1	--	11,923.5	12,502.4
	OP	1.0	31.9	31.1	5.8	-12.2	-69.9	-63.2	-37.7	-182.9	--	90.2	299.4
	OPM	0.0%	1.1%	1.0%	0.2%	-0.4%	-2.6%	-2.3%	-1.2%	-1.6%	--	0.8%	2.4%
	RP	65.1	50.9	43.4	50.8	-20.0	-77.3	-68.2	-42.5	-208.0	--	115.5	335.6
	NP	28.6	-9.3	-14.1	-676.0	-26.7	-95.5	-84.7	-53.7	-260.6	--	127.4	206.7
Mazda	Revenue	1,205.6	1,188.4	1,295.5	1,329.5	1,196.9	1,222.6	1,216.4	1,184.7	4,820.6	--	4,940.7	5,065.7
	OP	50.4	52.7	45.2	37.9	-14.7	-3.6	-9.1	-24.9	-52.3	--	-12.2	27.8
	OPM	4.2%	4.4%	3.5%	2.8%	-1.2%	-0.3%	-0.7%	-2.1%	-1.1%	--	-0.2%	0.5%
	RP	80.3	3.2	73.3	32.2	-12.1	-1.0	-6.5	-22.0	-41.7	--	-6.7	33.8
	NP	49.8	-14.5	55.2	23.5	-9.4	-1.1	-5.1	-16.8	-32.4	--	-6.3	24.0
Suzuki	Revenue	1,457.6	1,397.4	1,428.7	1,541.4	1,315.0	1,310.9	1,283.7	1,447.0	5,356.5	6,100.0	5,615.0	5,881.1
	OP	157.6	177.4	144.8	163.1	176.8	146.5	101.5	149.1	573.9	500.0	611.1	646.1
	OPM	10.8%	12.7%	10.1%	10.6%	13.4%	11.2%	7.9%	10.3%	10.7%	8.2%	10.9%	11.0%
	Pre-tax profi	189.5	186.9	171.6	182.2	203.3	173.0	128.0	172.6	677.0	580.0	717.7	764.6
	NP	114.2	103.2	94.3	104.3	122.5	100.5	67.9	100.2	391.1	320.0	420.6	454.7

Source: Company data and J.P. Morgan estimates

Note: Toyota Motor, Honda Motor, Suzuki Motor and SUBARU use IFRS.

Figure 19: 10 OEM Companies: Earnings Forecast Summary (Quarterly, 2)

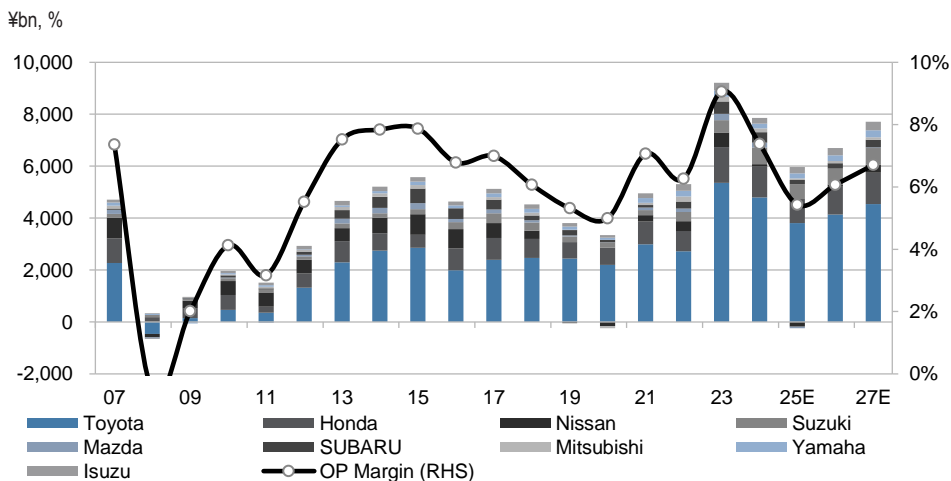
¥bn, %

		3/25				3/26E				3/26E	3/26CoE	3/27E	3/28E
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
SUBARU	Revenue	1,092.1	1,174.0	1,270.2	1,149.4	1,081.9	1,102.9	1,070.7	1,091.5	4,347.1	--	4,582.3	4,737.6
	OP	91.1	130.9	147.2	36.2	41.4	36.3	40.0	32.9	150.6	--	207.3	290.8
	OPM	8.3%	11.1%	11.6%	3.1%	3.8%	3.3%	3.7%	3.0%	3.5%	--	4.5%	6.1%
	Pre-tax profi	108.0	112.9	205.1	22.5	46.9	9.6	114.3	16.9	187.7	--	245.3	332.1
	NP	84.0	79.1	154.3	20.7	37.0	7.6	90.3	13.3	148.2	--	186.4	252.3
Mitsubishi	Revenue	627.5	679.9	681.9	798.9	625.6	711.7	700.9	787.3	2,825.6	2,950.0	2,892.9	2,963.2
	OP	35.5	55.2	13.9	34.2	8.0	30.7	0.6	19.2	58.4	100.0	80.2	100.1
	OPM	5.7%	8.1%	2.0%	4.3%	1.3%	4.3%	0.1%	2.4%	2.1%	3.4%	2.8%	3.4%
	RP	42.4	26.8	9.3	20.1	-0.3	22.4	-7.7	11.9	26.3	90.0	49.5	68.9
	NP	29.5	8.5	-4.7	7.8	-0.5	16.8	-6.1	8.8	18.9	40.0	36.5	51.3
Yamaha	Revenue	642.1	706.4	628.4	599.3	625.9	676.6	624.4	637.9	2,564.9	2,700.0	2,753.8	2,864.2
	OP	78.0	76.4	46.6	-19.5	43.6	54.7	48.2	50.2	196.7	230.0	226.5	269.4
	OPM	12.1%	10.8%	7.4%	-3.2%	7.0%	8.1%	7.7%	7.9%	7.7%	8.5%	8.2%	9.4%
	Pre-tax profi	77.0	77.4	40.4	-11.6	45.4	56.6	50.0	43.8	195.8	--	223.7	266.7
	NP	56.0	57.1	23.0	-28.0	30.7	39.0	34.1	29.4	133.3	140.0	150.9	178.9
Isuzu	Revenue	748.0	788.4	819.5	852.3	851.4	884.7	820.0	919.6	3,475.6	3,300.0	3,870.8	4,051.3
	OP	76.9	52.3	63.3	36.6	67.1	67.0	50.0	58.4	242.6	210.0	277.9	326.6
	OPM	10.3%	6.6%	7.7%	4.3%	7.9%	7.6%	6.1%	6.4%	7.0%	6.4%	7.2%	8.1%
	RP	83.2	52.1	69.3	43.6	71.8	72.5	54.6	63.9	262.8	220.0	301.5	352.5
	NP	46.9	22.3	40.7	24.5	42.1	42.6	29.6	36.4	150.7	130.0	169.0	206.2
Hino	Revenue	411.1	436.5	432.7	417.0	444.1	462.8	451.0	451.4	1,809.4	1,500.0	1,945.3	2,090.4
	OP	6.4	17.7	21.0	12.4	11.6	14.7	14.7	12.1	53.1	40.0	67.0	79.0
	OPM	1.6%	4.1%	4.8%	3.0%	2.6%	3.2%	3.3%	2.7%	2.9%	2.7%	3.4%	3.8%
	RP	5.3	14.1	0.3	19.6	10.4	13.6	13.6	11.0	48.6	35.0	63.9	77.6
	NP	-0.2	-219.4	-45.8	47.6	6.1	8.4	8.4	6.5	29.5	20.0	39.2	48.4
10 Co. Total	Revenue	26,014.0	25,757.5	27,205.4	27,484.1	25,938.7	26,151.3	26,585.5	26,720.5	105,396.0	--	110,207.4	114,991.4
	OP	2,283.6	1,990.4	2,104.6	1,484.0	1,630.8	1,469.5	1,310.5	1,317.1	5,728.0	--	6,690.7	7,712.3
	OPM	8.8%	7.7%	7.7%	5.4%	6.3%	5.6%	4.9%	4.9%	5.4%	--	6.1%	6.7%
	RP	3,077.3	1,552.7	3,793.8	1,416.3	1,969.6	1,780.8	1,734.8	1,632.6	7,117.8	--	8,139.6	9,221.5
	NP	2,137.0	920.1	2,852.6	172.0	1,364.5	1,198.6	1,180.6	1,115.0	4,858.7	--	5,721.0	6,429.5

Source: Company data and J.P. Morgan estimates

Note: Yamaha Motor uses IFRS. Yamaha Motor has a Dec fiscal year-end, so read 3/25A as equivalent to 12/24A, 3/26E as equivalent to 12/25E. Hino Motors is not separately counted in the 10-company total as it is a consolidated subsidiary of Toyota.

Figure 20: Autos Sector: Outlook for Aggregate Operating Profit



Source: Company data and J.P. Morgan estimates

Note: Autos sector refers to the aggregate total of Toyota Motor, Honda Motor, Nissan Motor, Suzuki Motor, Mazda Motor, SUBARU, Mitsubishi Motors, Isuzu Motors and Yamaha Motor. Hino Motors is not separately counted in the 10-company total as it is a consolidated subsidiary of Toyota Motor.

Figure 21: Japan Autos, Auto Parts, and Tires Ratings and Valuations

	Rating	Price ¥	Target Px ¥	Mkt.Cap ¥bn	P/E (x)			EV/EBITDA (x)			P/B (x)			ROE (%)
					FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E
Nissan Motor	Underweight	359	300	1,357.1	NM	9.9	6.1	NM	NM	9.9	0.27	0.26	0.25	-5.4%
Toyota Motor	Overweight	2,632	3,200	41,564.5	9.2	8.9	8.2	3.7	4.6	4.2	0.92	0.88	0.85	10.2%
Mitsubishi Motors	Neutral	435	350	643.9	30.8	16.0	11.4	NM	NM	NM	0.62	0.61	0.59	2.0%
Mazda Motor	Neutral	914	900	577.3	NM	NM	24.0	6.3	3.5	2.3	0.35	0.36	0.36	-1.9%
Honda Motor	Neutral	1,430	1,500	7,685.0	8.5	6.6	5.9	1.1	1.7	1.9	0.39	0.38	0.36	4.6%
Suzuki Motor	Overweight	1,825	2,200	3,619.8	9.0	8.4	7.7	4.4	4.0	3.8	1.08	1.00	0.91	12.6%
SUBARU	Overweight	2,638	2,200	1,985.5	13.0	10.3	7.6	5.5	4.3	3.3	0.69	0.67	0.63	5.4%
Yamaha Motor	Overweight	1,092	1,300	1,126.4	7.9	7.0	5.9	6.7	6.0	5.3	0.97	0.89	0.81	11.8%
Isuzu Motors	Overweight	1,924	2,400	1,388.5	9.0	7.5	5.7	4.3	3.7	3.2	0.96	0.90	0.83	10.6%
Hino Motors	Neutral	450	410	261.1	8.8	6.6	5.3	4.3	3.4	2.8	0.99	0.88	0.77	13.4%
Japan OEM average				6,020.9	10.2	8.7	7.7	3.4	4.1	3.6	0.74	0.71	0.68	7.2%
Toyota Industries	Neutral	17,860	17,000	5,845.6	21.5	19.3	17.7	20.5	18.6	17.2	1.06	1.02	0.98	5.0%
Denso	Overweight	1,934	2,300	5,752.1	11.2	10.3	9.4	5.6	5.2	4.8	1.05	1.00	0.94	9.6%
Stanley Electric	Neutral	2,649	2,300	405.8	12.8	10.4	9.6	2.0	1.7	1.5	0.78	0.74	0.71	6.2%
Aisin	Overweight	1,801	2,200	1,475.3	8.5	6.9	6.9	3.1	2.7	2.6	0.77	0.71	0.67	8.5%
Koito Mfg.	Underweight	1,738	1,500	538.9	24.0	18.6	15.8	2.6	2.1	1.8	0.72	0.71	0.70	3.1%
Nifco	Overweight	3,423	4,600	347.3	9.0	8.4	8.0	3.3	3.0	2.8	1.08	0.99	0.91	12.6%
Japan Auto Parts average				2,394.1	13.6	12.1	11.2	7.1	6.4	5.9	0.93	0.89	0.85	6.8%
Toyo Tire	Neutral	2,822	2,800	439.8	5.8	8.0	7.6	3.4	3.7	3.5	0.92	0.86	0.80	17.2%
Bridgestone	Overweight	6,185	6,400	4,455.6	14.9	12.3	9.6	4.4	4.5	3.8	1.14	1.06	1.00	8.0%
Sumitomo Rubber	Not Rated	1,775	--	471.2	47.3	8.1	7.8	10.2	5.0	4.8	0.71	0.67	0.63	1.5%
Japan Tire average				1,788.9	12.6	11.1	9.2	4.6	4.5	3.9	0.95	0.97	0.91	8.9%

Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates

Notes: Share prices are as of May 28.

Production, retail sales, and shipment volume by company

Assumptions for eight Japanese automakers' retail sales volume by region

Figure 22: 8 Automakers: Retail Volume Assumptions by Region

1,000 units

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Toyota														
Japan	1,466	1,488	1,636	1,597	1,569	1,587	1,538	1,396	1,407	1,530	1,505	1,616	1,664	1,714
North America	2,724	2,819	2,765	2,831	2,773	2,696	2,523	2,591	2,400	2,731	2,731	2,840	2,906	2,948
Europe	852	851	920	976	998	1,039	976	1,024	1,044	1,157	1,165	1,167	1,214	1,263
China	1,044	1,190	1,230	1,328	1,485	1,544	2,000	1,915	1,876	1,902	1,789	1,796	1,859	1,924
Asia	1,308	1,239	1,350	1,311	1,407	1,278	997	1,243	1,400	1,403	1,451	1,533	1,596	1,663
Others	1,716	1,572	1,397	1,378	1,315	1,322	1,053	1,345	1,483	1,587	1,632	1,691	1,753	1,816
Total	9,110	9,159	9,298	9,421	9,547	9,466	9,087	9,512	9,610	10,310	10,274	10,643	10,991	11,328
Honda														
Japan	788	704	711	725	749	689	614	572	561	612	669	655	675	695
North America	1,802	1,887	1,944	1,945	1,909	1,799	1,594	1,588	1,151	1,547	1,637	1,662	1,694	1,728
Europe	231	214	226	222	200	167	124	124	99	94	94	77	65	57
China	797	1,040	1,304	1,454	1,470	1,444	1,798	1,527	1,240	1,222	805	839	874	912
Asia	665	688	725	792	789	613	430	461	504	488	425	446	468	492
Others	157	167	143	161	150	138	91	91	82	110	134	143	143	143
Total	4,440	4,699	5,052	5,300	5,267	4,848	4,651	4,362	3,637	4,074	3,763	3,822	3,920	4,027
Nissan														
Japan	623	573	557	584	596	534	478	428	454	484	461	475	489	504
North America	1,829	2,011	2,130	2,091	1,897	1,620	1,213	1,183	1,023	1,262	1,303	1,348	1,394	1,443
Europe	755	754	776	756	643	521	391	340	308	361	351	357	364	371
China	1,176	1,250	1,355	1,520	1,564	1,547	1,457	1,381	1,045	794	697	584	619	657
Asia	409	357	341	331	324	274	193	190	156	167	145	159	176	196
Others	525	479	467	487	491	434	320	353	318	374	390	387	383	377
Total	5,318	5,423	5,626	5,770	5,516	4,930	4,052	3,876	3,305	3,442	3,346	3,309	3,426	3,547
Mazda														
Japan	225	232	203	210	215	202	176	149	164	160	152	156	161	166
North America	404	420	413	435	421	397	403	439	406	514	617	617	625	634
Europe	229	257	262	269	270	264	178	190	160	180	174	176	180	183
China	215	235	292	322	247	212	228	170	84	97	74	76	78	80
Asia / Others	325	390	390	394	409	345	301	303	294	289	285	295	301	307
Total	1,397	1,534	1,559	1,631	1,561	1,419	1,287	1,251	1,110	1,241	1,303	1,320	1,345	1,371
SUBARU														
Japan	169	151	163	169	140	130	106	90	103	104	109	103	106	110
North America	576	631	678	709	745	730	696	612	610	705	750	761	792	820
Europe	51	47	46	45	47	37	26	27	19	25	25	27	30	33
Others	83	94	81	108	100	84	65	69	78	84	74	79	79	80
Total	929	970	1,011	1,059	1,054	1,003	916	812	821	926	961	970	1,008	1,042
Suzuki														
Japan	756	630	639	668	725	672	647	561	627	674	718	732	747	181
North America	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Europe	195	207	245	281	278	262	206	225	171	236	220	226	229	69
China	253	186	148	105	25	0	0	0	0	0	0	0	0	0
Asia	1,518	1,694	1,741	2,024	2,154	1,772	1,573	1,775	2,057	2,112	2,158	2,264	2,394	491
Others	145	145	145	145	145	145	145	145	145	145	145	145	145	145
Total	2,867	2,862	2,918	3,224	3,327	2,851	2,571	2,707	3,001	3,167	3,240	3,367	3,514	885
Mitsubishi Motors														
Japan	115	102	80	98	105	95	73	75	92	111	118	106	109	112
North America	117	135	138	155	173	160	113	156	133	163	186	192	200	207
Europe	227	206	179	193	236	215	144	131	61	59	51	48	46	44
China	100	80	88	136	141	123	83	64	32	10	0	0	0	0
Asia	344	322	315	432	480	433	294	331	310	262	259	247	257	268
Others	187	203	126	87	109	101	94	180	206	210	227	250	275	302
Total	1,090	1,048	926	1,101	1,244	1,127	801	937	834	815	841	843	886	933
Hino Motors														
Japan	58	61	67	67	72	67	60	58	36	36	41	43	45	46
North America	12	14	14	17	17	17	9	2	6	7	9	9	10	12
Europe	3	1	1	2	2	1	1	2	1	0	0	0	0	0
China	3	1	1	3	4	2	3	1	0	1	0	0	0	0
Asia	61	59	62	71	78	63	44	61	69	54	45	42	45	47
Others	32	31	29	29	31	30	26	33	32	32	30	28	30	32
Total	169	168	174	187	203	180	143	156	145	130	125	122	129	139
Major 8 OEMs														
Japan	4,199	3,940	4,055	4,117	4,170	3,976	3,691	3,329	3,445	3,712	3,772	3,886	3,996	3,527
North America	7,464	7,918	8,082	8,183	7,935	7,419	6,550	6,571	5,730	6,930	7,233	7,429	7,622	7,792
Europe	2,543	2,536	2,654	2,744	2,674	2,506	2,048	2,061	1,864	2,114	2,080	2,079	2,128	2,020
China	3,588	3,982	4,418	4,868	4,936	4,872	5,569	5,058	4,278	4,025	3,365	3,296	3,431	3,573
Asia	4,712	4,843	5,004	5,463	5,740	4,862	3,897	4,432	4,869	4,860	4,841	5,064	5,316	5,543
Others	2,813	2,643	2,350	2,316	2,263	2,192	1,753	2,161	2,276	2,464	2,562	2,643	2,728	2,816
Total	25,320	25,863	26,964	27,693	27,719	25,825	23,508	23,614	22,462	24,105	23,853	24,398	25,220	23,271

Source: Company data and J.P. Morgan estimates

Assumptions for nine Japanese automakers' shipment volume by region

Figure 23: 9 Automakers: Shipment Volume Assumptions by Region

1,000 units

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Toyota														
Japan	2,154	2,059	2,274	2,255	2,226	2,239	2,125	1,925	2,069	1,993	1,990	2,036	2,085	2,137
North America	2,715	2,839	2,837	2,805	2,745	2,714	2,314	2,393	2,407	2,816	2,703	2,850	2,906	2,948
Europe	859	844	925	968	994	1,029	960	1,017	1,029	1,191	1,171	1,167	1,214	1,263
Asia	1,489	1,345	1,588	1,543	1,684	1,605	1,222	1,544	1,751	1,803	1,838	1,798	1,866	1,937
Others	1,755	1,594	1,347	1,394	1,328	1,372	1,026	1,352	1,565	1,640	1,660	1,696	1,757	1,821
Total	8,972	8,681	8,971	8,965	8,977	8,959	7,647	8,231	8,821	9,443	9,362	9,547	9,828	10,105
Honda														
Japan	752	614	603	627	643	589	520	476	484	525	539	555	580	605
North America	1,746	1,929	1,970	1,902	1,954	1,825	1,480	1,283	1,195	1,628	1,654	1,672	1,704	1,738
Europe	167	172	184	183	169	133	101	100	84	103	93	47	49	52
Asia	637	670	684	725	734	563	390	443	505	468	397	399	401	404
Others	265	251	242	252	248	208	126	122	114	132	157	163	170	177
Total	3,567	3,636	3,683	3,689	3,748	3,318	2,617	2,424	2,382	2,856	2,840	2,836	2,905	2,974
Nissan														
Japan	590	552	536	564	575	514	462	418	456	474	439	416	430	445
North America	1,837	1,996	2,163	2,049	1,849	1,501	1,126	970	1,064	1,341	1,303	1,348	1,394	1,443
Europe	771	749	791	793	635	524	350	293	311	364	337	321	327	334
Asia	321	323	395	387	341	300	206	223	207	154	132	161	176	192
Others	593	548	523	536	573	511	328	390	413	454	446	468	492	516
Total	4,113	4,169	4,409	4,329	3,974	3,350	2,471	2,294	2,451	2,786	2,657	2,714	2,819	2,929
Suzuki														
Japan	830	707	709	754	804	742	710	629	705	751	778	754	769	186
North America	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Europe	188	197	238	263	265	241	198	180	168	233	200	207	209	64
Asia	1,480	1,654	1,738	2,019	2,113	1,760	1,596	1,731	1,977	2,034	2,090	2,129	2,215	560
Others	209	188	191	210	189	185	166	313	375	352	371	389	403	96
Total	2,707	2,746	2,876	3,246	3,371	2,928	2,670	2,853	3,225	3,370	3,439	3,479	3,596	905
Mazda														
Japan	229	228	193	199	210	187	166	152	161	156	136	142	148	154
North America	435	439	426	423	424	421	374	386	422	560	643	617	625	634
Europe	226	261	255	265	267	267	172	169	161	202	153	160	164	167
Asia / Others	316	379	391	386	411	357	278	284	314	284	287	297	303	309
Total	1,205	1,307	1,265	1,273	1,311	1,232	990	991	1,059	1,202	1,219	1,216	1,239	1,264
SUBARU														
Japan	163	145	159	163	136	126	102	89	100	99	104	93	106	110
North America	570	630	721	728	717	762	661	555	635	763	732	738	776	804
Europe	47	48	46	48	40	46	18	19	23	27	23	23	26	29
Asia / Others	131	135	139	128	108	100	79	70	71	87	78	79	79	80
Total	911	958	1,065	1,067	1,001	1,034	860	734	829	976	936	933	988	1,023
Mitsubishi Motors														
Japan	286	246	181	225	251	264	232	192	246	265	259	267	275	283
North America	127	154	169	182	187	158	93	151	149	183	192	197	202	207
Europe	249	233	225	213	243	238	90	110	53	80	31	29	28	27
Asia	355	324	317	434	540	462	258	332	328	258	252	261	271	282
Others	279	283	215	206	259	221	151	231	233	243	227	217	221	226
Total	1,296	1,240	1,107	1,260	1,480	1,343	824	1,016	1,009	1,029	961	972	998	1,025
Isuzu Motors														
Japan	73	71	80	72	74	71	61	55	58	63	77	83	86	88
North America	21	21	32	25	30	29	21	26	32	44	27	31	31	31
Asia	205	212	227	251	252	242	209	267	316	254	139	147	170	185
Others	212	204	167	154	176	167	162	233	266	307	281	295	309	324
Total	511	508	506	502	532	509	454	580	671	667	525	556	596	628
Hino Motors														
Japan	58	61	67	67	72	67	60	58	36	36	41	43	45	46
North America	13	15	14	17	19	17	4	3	6	7	9	10	11	13
Europe/ Africa	10	6	4	5	6	5	4	6	5	4	4	4	5	6
Asia	58	60	62	70	80	60	45	61	73	53	46	47	49	52
Others	30	30	28	29	31	29	24	33	34	33	30	34	36	39
Total	168	171	175	187	207	177	136	161	155	134	131	137	147	157
Major 9 OEMs														
Japan	5,076	4,622	4,735	4,860	4,920	4,733	4,378	3,936	4,279	4,325	4,322	4,345	4,480	4,007
North America	7,451	8,009	8,318	8,114	7,906	7,410	6,070	5,764	5,904	7,334	7,253	7,453	7,639	7,805
Europe	2,507	2,504	2,664	2,733	2,613	2,477	1,889	1,888	1,829	2,201	2,008	1,954	2,017	1,935
Asia	4,934	5,042	5,479	5,873	6,182	5,389	4,238	4,894	5,469	5,341	5,213	5,271	5,482	3,948
Others	3,314	3,068	2,685	2,753	2,773	2,664	1,959	2,640	2,966	3,128	3,142	3,228	3,352	3,159
Total	23,282	23,245	23,882	24,331	24,394	22,673	18,534	19,123	20,447	22,329	21,938	22,252	22,969	20,853

Source: Company data and J.P. Morgan estimates

Note: Hino Motors is not included as it is a consolidated subsidiary of Toyota.

Assumptions for seven Japanese automakers' production volume by region

Figure 24: 7 Automakers: Production Volume Assumptions by Region

1,000 units

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Toyota Motor														
Japan	3,185	3,171	3,188	3,199	3,213	3,304	2,919	2,761	2,787	3,309	3,236	3,090	3,163	3,235
North America	2,030	2,087	2,121	1,943	1,874	1,819	1,646	1,776	1,838	2,074	2,075	2,166	2,166	2,166
Europe	630	655	726	772	780	773	697	707	771	846	811	801	819	836
China	941	1,071	1,104	1,142	1,351	1,311	1,717	1,698	1,767	1,680	1,549	1,648	1,764	1,886
Asia	1,672	1,488	1,446	1,372	1,244	1,124	896	1,163	1,454	1,539	1,515	1,549	1,594	1,637
Others	490	457	494	495	476	409	307	467	514	525	493	498	521	562
Total	8,948	8,930	9,078	8,923	8,937	8,741	8,183	8,572	9,130	9,972	9,679	9,753	10,027	10,323
Honda Motor														
Japan	868	761	810	829	912	808	687	634	643	707	693	709	725	742
North America	1,810	1,919	1,937	1,865	1,801	1,736	1,397	1,271	1,249	1,605	1,608	1,574	1,590	1,607
Europe	126	128	169	197	184	120	97	46	0	0	0	0	0	0
China	837	1,057	1,271	1,469	1,497	1,370	1,877	1,620	1,307	1,170	768	741	789	837
Asia	220	220	220	220	220	220	220	220	220	220	220	220	220	220
Others	588	647	653	706	723	519	254	351	400	405	355	408	416	424
Total	4,449	4,731	5,060	5,286	5,338	4,774	4,532	4,143	3,819	4,107	3,644	3,652	3,741	3,830
Nissan Motor														
Japan	871	849	1,015	986	901	758	517	446	597	725	641	676	687	699
North America	1,744	1,825	1,855	1,694	1,587	1,340	953	930	992	1,235	1,178	1,139	1,166	1,184
Europe	720	661	730	777	661	508	336	276	288	325	276	288	284	280
China	1,176	1,206	1,321	1,506	1,558	1,553	1,442	1,331	1,058	780	665	699	717	735
Asia	455	569	635	564	488	439	295	315	321	240	229	310	316	322
Others	96	92	99	145	168	160	91	105	125	126	110	129	155	186
Total	5,061	5,203	5,654	5,672	5,362	4,757	3,634	3,404	3,381	3,430	3,101	3,241	3,325	3,404
Suzuki Motor														
Japan	1,055	861	871	971	1,011	944	930	840	954	1,012	995	1,005	1,015	263
Europe	143	193	203	180	180	160	110	100	142	156	104	109	115	33
China	260	154	131	87	15	0	0	0	0	0	0	0	0	0
Asia	1,585	1,743	1,870	2,100	2,189	1,863	1,611	1,883	2,114	2,098	2,197	2,294	2,408	592
India	1,308	1,423	1,585	1,781	1,850	1,580	1,440	1,659	1,922	1,984	2,102	2,196	2,305	566
Total	3,043	2,951	3,074	3,338	3,394	2,966	2,652	2,822	3,210	3,266	3,296	3,408	3,537	888
Mazda Motor														
Japan	919	989	965	987	1,010	972	748	696	764	799	749	772	782	792
North America	140	214	195	179	168	132	133	131	210	268	328	356	379	405
China	215	239	292	317	249	214	229	153	73	93	73	80	80	80
Asia	85	126	135	133	140	116	62	43	88	59	57	60	63	67
Others	16	5	5	3	2	0	1	0	0	0	0	0	0	0
Total	1,375	1,574	1,592	1,619	1,568	1,434	1,172	1,024	1,135	1,219	1,207	1,240	1,258	1,275
SUBARU														
Japan	708	715	721	701	617	664	525	455	575	602	602	569	625	625
North America	207	236	322	348	370	363	295	272	299	368	345	361	378	395
Others	83	78	15	0	0	1	0	0	0	0	0	0	0	0
Total	997	1,028	1,058	1,049	987	1,028	820	727	874	970	946	931	1,003	1,020
Mitsubishi Motors														
Japan	649	653	531	590	661	621	367	421	457	497	478	497	517	538
North America	64	35	0	0	0	0	0	0	0	0	0	0	0	0
Europe	29	22	11	19	36	33	14	23	0	0	0	0	0	0
China	69	51	76	132	136	106	80	59	27	0	0	0	0	0
Asia	370	360	384	457	574	558	310	475	469	460	390	450	455	461
Others	95	84	62	73	35	20	43	47	66	49	44	0	0	0
Total	1,275	1,205	1,065	1,270	1,442	1,337	814	1,025	1,019	1,006	913	947	973	999
Major 7 OEMs														
Japan	8,255	7,999	8,101	8,262	8,324	8,070	6,693	6,253	6,778	7,650	7,394	7,318	7,514	6,893
North America	5,994	6,316	6,430	6,029	5,799	5,390	4,425	4,380	4,588	5,550	5,534	5,596	5,680	5,756
Europe	1,648	1,658	1,839	1,946	1,841	1,594	1,255	1,152	1,202	1,328	1,191	1,199	1,218	1,149
China	3,497	3,779	4,194	4,652	4,806	4,554	5,344	4,861	4,231	3,722	3,056	3,168	3,351	3,538
Asia	4,387	4,506	4,690	4,846	4,854	4,319	3,395	4,100	4,665	4,615	4,609	4,883	5,056	3,299
Others	1,367	1,364	1,328	1,422	1,404	1,110	696	971	1,105	1,105	1,003	1,036	1,092	1,172
Total	25,149	25,622	26,581	27,157	27,028	25,037	21,807	21,716	22,569	23,969	22,786	23,201	23,910	21,808

Source: Company data and J.P. Morgan estimates

Estimate revisions

Figure 25: Nissan Motor (7201): Earnings Forecasts (Old vs. New)

	Sales (¥bn)	YoY (%)	OP (¥bn)	YoY (%)	RP (¥bn)	YoY (%)	NP (¥bn)	YoY (%)	EPS (¥)	PER (X)	PBR (X)	EV/EBITDA (X)
3/25	12633.2	-0.4	69.8	-87.7	210.2	-70.1	-670.9	NM	-192.1	-1.9	0.3	-5.0
3/26E(New)	11415.1	-9.6	-182.9	NM	-208.0	NM	-260.6	NM	-74.6	-4.8	0.3	-12.2
3/26E(Old)	11560.0	-8.5	179.3	156.9	208.8	-0.7	-2.3	-99.7	-0.7	-548.2	0.2	-4.9
3/26 CoE	--	--	--	--	--	--	--	--	--	--	--	--
3/27E(New)	11923.5	4.5	90.2	NM	115.5	NM	127.4	NM	36.5	9.9	0.3	-4.3
3/27E(Old)	12064.7	4.4	281.6	57.0	384.4	84.1	171.8	NM	49.2	7.3	0.2	-4.1
3/28E	12502.4	4.9	299.4	231.9	335.6	190.4	206.7	62.2	59.2	6.1	0.3	-2.9

Source: Company data, J.P. Morgan estimates
Note: Share price as of May 28.

Figure 26: Isuzu Motors (7202): Earnings Forecasts (Old vs. New)

	Sales (¥bn)	YoY (%)	OP (¥bn)	YoY (%)	RP (¥bn)	YoY (%)	NP (¥bn)	YoY (%)	EPS (¥)	PER (X)	PBR (X)	EV/EBITDA (X)
3/25	3,208.1	-5.3	229.1	-21.8	248.2	-20.7	134.4	-23.8	179.5	10.7	1.0	4.9
3/26E(New)	3,475.6	8.3	242.6	5.9	262.8	5.9	150.7	12.2	214.2	9.0	1.0	4.3
3/26E(Old)	3,695.1	15.2	281.6	22.9	303.5	22.3	181.6	35.1	279.9	6.9	0.9	3.8
3/26 CoE	3,300.0	2.9	210.0	-8.3	220.0	-11.4	130.0	-3.2	182.6	10.5	--	--
3/27E(New)	3,870.8	11.4	277.9	14.6	301.5	14.8	169.0	12.1	256.6	7.5	0.9	3.7
3/27E(Old)	3,930.7	6.4	316.6	12.4	340.7	12.3	198.7	9.5	329.2	5.8	0.8	3.4
3/28E	4,051.3	4.7	326.6	17.5	352.5	16.9	206.2	22.0	336.1	5.7	0.8	3.2

Source: Company data, J.P. Morgan estimates
Note: Share price as of May 28.

Figure 27: Toyota Motor (7203): Earnings Forecasts (Old vs. New)

	Sales (¥bn)	YoY (%)	OP (¥bn)	YoY (%)	Pretax (¥bn)	YoY (%)	NP (¥bn)	YoY (%)	EPS (¥)	PER (X)	PBR (X)	EV/EBITDA (X)
3/25	48,036.7	6.5	4,795.6	-10.4	6,414.6	-7.9	4,765.1	-3.6	365.2	7.2	1.0	4.4
3/26E(New)	49,616.1	3.3	3,804.6	-20.7	4,980.7	-22.4	3,725.3	-21.8	285.5	9.2	0.9	5.0
3/26E(Old)	50,386.6	4.9	5,357.0	11.7	6,763.5	5.4	4,809.7	0.9	379.1	6.9	0.8	3.9
3/26 CoE	48,500.0	1.0	3,800.0	-20.8	4,410.0	-31.3	3,100.0	-34.9	237.6	11.1	--	--
3/27E(New)	52,215.4	5.2	4,133.5	8.6	5,233.9	5.1	3,877.7	4.1	297.2	8.9	0.9	4.6
3/27E(Old)	53,203.1	5.6	5,538.9	3.4	6,884.0	1.8	4,856.5	1.0	382.8	6.9	0.8	3.7
3/28E	55,057.7	5.4	4,544.2	9.9	5,671.1	8.4	4,210.0	8.6	322.6	8.2	0.9	4.2

Source: Company data, J.P. Morgan estimates
Note: Share price as of May 28.

Figure 28: Mitsubishi Motors (7211): Earnings Forecasts (Old vs. New)

	Sales (¥bn)	YoY (%)	OP (¥bn)	YoY (%)	RP (¥bn)	YoY (%)	NP (¥bn)	YoY (%)	EPS (¥)	PER (X)	PBR (X)	EV/EBITDA (X)
3/25	2,788.2	0.0	138.8	-27.3	98.6	-52.8	41.0	-73.5	30.6	14.2	0.6	0.8
3/26E(New)	2,825.6	1.3	58.4	-57.9	26.3	-73.3	18.9	-53.8	14.1	30.8	0.6	-0.7
3/26E(Old)	2,784.8	-0.1	144.8	4.3	114.7	16.3	81.2	98.1	60.7	7.2	0.5	-0.3
3/26 CoE	2,950.0	5.8	100.0	-28.0	90.0	-8.7	40.0	-2.4	29.9	14.6	--	--
3/27E(New)	2,892.9	2.4	80.2	37.2	49.5	87.7	36.5	92.8	27.3	16.0	0.6	-0.7
3/27E(Old)	2,855.3	2.5	168.6	16.5	137.8	20.2	98.8	21.6	73.8	5.9	0.5	-0.3
3/28E	2,963.2	2.4	100.1	24.9	68.9	39.3	51.3	40.5	38.3	11.4	0.6	-0.7

Source: Company data, J.P. Morgan estimates
Note: Share price as of May 28.

Figure 29: Mazda Motor (7261): Earnings Forecasts (Old vs. New)

	Sales (¥bn)	YoY (%)	OP (¥bn)	YoY (%)	RP (¥bn)	YoY (%)	NP (¥bn)	YoY (%)	EPS (¥)	PER (X)	PBR (X)	EV/EBITDA (X)
3/25	5,018.9	4.0	186.1	-25.7	189.0	-41.0	114.1	-45.1	181.0	5.0	0.3	0.2
3/26E(New)	4,820.6	-4.0	-52.3	-128.1	-41.7	-122.0	-32.4	-128.4	-51.3	-17.8	0.4	6.3
3/26E(Old)	5,202.6	3.7	155.4	-16.5	161.3	-14.7	119.4	4.7	189.5	4.8	0.3	1.2
3/26 CoE	--	--	--	--	--	--	--	--	--	--	--	--
3/27E(New)	4,940.7	2.5	-12.2	NM	-6.7	NM	-6.3	NM	-10.0	-91.7	0.4	3.5
3/27E(Old)	5,326.9	2.4	163.2	5.0	169.7	5.2	125.6	5.2	199.3	4.6	0.3	1.0
3/28E	5,065.7	2.5	27.8	NM	33.8	NM	24.0	NM	38.1	24.0	0.4	2.3

Source: Company data, J.P. Morgan estimates
Note: Share price as of May 28.

Figure 30: Honda Motor (7267): Earnings Forecasts (Old vs. New)

	Sales (¥bn)	YoY (%)	OP (¥bn)	YoY (%)	Pretax (¥bn)	YoY (%)	NP (¥bn)	YoY (%)	EPS (¥)	PER (X)	PBR (X)	EV/EBITDA (X)
3/25	21,688.8	6.2	1,213.5	-12.2	1,317.6	-19.8	835.8	-24.5	192.3	7.3	0.5	0.6
3/26E(New)	20,974.6	-3.3	936.4	-22.8	1,037.3	-21.3	584.1	-30.1	167.3	8.4	0.4	0.7
3/26E(Old)	21,348.3	-1.6	1,284.4	5.8	1,384.7	5.1	905.2	8.3	258.6	5.5	0.4	0.7
3/26 CoE	20,300.0	-6.4	500.0	-58.8	490.0	-62.8	250.0	-70.1	62.8	22.5	--	--
3/27E(New)	21,412.9	2.1	1,076.2	14.9	1,259.2	21.4	758.7	29.9	217.3	6.5	0.4	0.6
3/27E(Old)	21,787.1	2.1	1,245.6	-3.0	1,407.1	1.6	957.2	5.7	273.4	5.2	0.3	0.7
3/28E	21,868.3	7.7	1,207.8	141.6	1,396.3	185.0	845.4	238.2	242.1	5.8	0.4	0.5

Source: Company data, J.P. Morgan estimates
Note: Share price as of May 28.

Figure 31: Suzuki Motor (7269): Earnings Forecasts (Old vs. New)

	Sales (¥bn)	YoY (%)	OP (¥bn)	YoY (%)	Pretax (¥bn)	YoY (%)	NP (¥bn)	YoY (%)	EPS (¥)	PER (X)	PBR (X)	EV/EBITDA (X)
3/25	5,825.2	8.7	642.9	30.2	730.2	23.4	416.1	31.2	215.7	8.5	1.2	4.1
3/26E(New)	5,356.5	-8.0	573.9	-10.7	677.0	-7.3	391.1	-6.0	202.7	9.0	1.1	4.4
3/26E(Old)	5,738.2	-1.5	639.5	-0.5	715.9	-2.0	410.9	-1.2	213.0	8.6	1.1	4.0
3/26 CoE	6,100.0	4.7	500.0	-22.2	580.0	-20.6	320.0	-23.1	191.8	9.5	--	--
3/27E(New)	5,615.0	4.8	611.1	6.5	717.7	6.0	420.6	7.6	218.0	8.4	1.0	4.0
3/27E(Old)	6,015.9	4.0	664.2	4.0	737.5	4.0	426.4	4.0	221.0	8.3	1.0	4.0
3/28E	5,881.1	4.7	646.1	5.7	764.6	6.5	454.7	8.1	235.7	7.7	0.9	3.8

Source: Company data, J.P. Morgan estimates
Note: Share price as of May 28.

Figure 32: SUBARU (7270): Earnings Forecasts (Old vs. New)

	Sales (¥bn)	YoY (%)	OP (¥bn)	YoY (%)	Pretax (¥bn)	YoY (%)	NP (¥bn)	YoY (%)	EPS (¥)	PER (X)	PBR (X)	EV/EBITDA (X)
3/25	4,685.8	-0.4	405.3	-13.4	448.5	-15.8	338.1	-12.2	462.4	5.7	0.7	2.8
3/26E(New)	4,347.1	-7.2	150.6	-62.8	187.7	-58.2	148.2	-56.2	202.7	13.0	0.7	5.5
3/26E(Old)	4,672.9	-0.3	363.5	-10.3	402.6	-10.2	285.8	-15.5	390.9	6.7	0.6	2.1
3/26 CoE	--	--	--	--	--	--	--	--	--	--	--	--
3/27E(New)	4,582.3	5.4	207.3	37.6	245.3	30.7	186.4	25.8	255.0	10.3	0.7	4.3
3/27E(Old)	4,917.7	5.2	351.2	-3.4	390.8	-2.9	277.4	-2.9	379.5	6.9	0.6	1.7
3/28E	4,737.6	3.4	290.8	40.3	332.1	35.4	252.3	35.4	345.2	7.6	0.6	3.3

Source: Company data, J.P. Morgan estimates
Note: Share price as of May 28.

Figure 33: Yamaha Motor (7272): Earnings Forecasts (Old vs. New)

	Sales (¥bn)	YoY (%)	OP (¥bn)	YoY (%)	Pretax (¥bn)	YoY (%)	NP (¥bn)	YoY (%)	EPS (¥)	PER (X)	PBR (X)	EV/EBITDA (X)
12/24	2,576.2	6.7	181.5	-25.6	183.2	-22.4	108.1	-31.8	110.5	9.8	0.9	6.6
12/25E(New)	2,564.9	-0.4	196.7	8.4	195.8	6.9	133.3	23.3	137.5	7.9	1.0	6.7
12/25E(Old)	2,866.1	11.3	241.2	32.9	241.0	31.6	158.3	46.5	161.9	6.7	0.9	5.5
12/25CoE	2,700.0	4.8	230.0	26.7	--	--	140.0	29.5	143.2	7.6	--	--
12/26E(New)	2,753.8	7.4	226.5	15.1	223.7	14.3	150.9	13.2	155.7	7.0	0.9	6.0
12/26E(Old)	2,981.5	4.0	269.3	11.7	267.8	11.1	174.1	10.0	178.1	6.1	0.9	5.0
12/27E(New)	2,864.2	4.0	269.4	18.9	266.7	19.2	178.9	18.6	184.6	5.9	0.8	5.2
12/27E(Old)	3,104.0	4.1	299.5	11.2	298.0	11.3	191.6	10.0	196.0	5.5	0.8	4.6

Source: Company data, J.P. Morgan estimates

Note: Share price as of May 28.

For information regarding Hino Motors, please refer to "[Hino Motors \(7205\): Earnings model update](#)", published May 8, 2025.

Underweight

7201.T, 7201.JP

Price (29 May 25): ¥381

▼ **Price Target (Dec-25): ¥300**

Prior (Dec-25): ¥320

Japan Equity Research

Head of Japan Equity Research and Head of Japan Autos & Auto Parts Research

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Key Changes (FYE Mar)

	Prev	Cur
Adj. EBIT - 26E (¥ bn)	179	(183)
Adj. EBIT - 27E (¥ bn)	282	90

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)			
		6M	1Y	3Y	5Y
Value	71	5	3	10	77
Growth	95	95	85	77	100
Momentum	100	100	79	71	97
Quality	99	87	93	93	93
Low Vol	95	89	85	85	48
ESGQ	87	92	100	100	92

Nissan Motor (7201)

Time to assess effectiveness of restructuring

We lower our price target through December 2025 from ¥320 to ¥300, but reiterate our Underweight rating. We appreciate the more in-depth restructuring plan under CEO Ivan Espinoza and anticipate that it will be effective. However, tariffs are having a significant impact, and it should be difficult to improve earnings as the company expects. We revise down our earnings estimates to reflect a net impact of tariffs of ¥240 billion in FY2025 and ¥260 billion in FY2026. Going forward, we will be closely monitoring the progress of the Re:Nissan restructuring plan, which involves reducing production capacity and improving marginal profit per vehicle by lowering variable costs.

- Downward revisions reflect tariff impact:** We estimate the net impact of US tariffs, including countermeasures, at ¥240 billion in FY2025 and ¥260 billion in FY2026, and we factor this into our earnings estimates, from now on. The impact of tariffs on Nissan Motor, which has a high import ratio, is likely to be relatively large, especially for its Mexican-made vehicles (Versa/Sentra) that have a low ratio of US content. We now estimate consolidated operating profit/loss will go from a ¥182.9 billion loss in FY2025 (previously a ¥179.3 billion profit) to a ¥90.2 billion profit in FY2026 (¥281.6 billion profit) and a ¥299.4 billion profit in FY2027.
- Key points of restructuring plan:** Nissan announced a restructuring plan titled Re:Nissan at FY2024 results. The plan calls for reducing its 17 global plants to 10, cutting consolidated production capacity from 3.5 million units to 2.5 million units by FY2027 (excluding the Chinese joint venture), and making additional cuts of ¥250 billion in variable costs and ¥250 billion in fixed costs by FY2026. The automaker plans to reduce its exposure in emerging countries where it has a weak footprint and concentrate resources in Japan, North America, and China. On the other hand, Nissan is only half-way there with measures to reduce variable costs (i.e., improve marginal profit per vehicle), and it will need to improve product appeal and fundamentally reform dealer engagement. We will focus on the ability of the new Espinosa management team to execute.

Price Performance



	YTD	1m	3m	12m
Abs	-20.7%	11.1%	-11.5%	-31.3%
Rel	-21.7%	5.0%	-16.3%	-33.9%

Company Data

Shares O/S (mn)	3,492
52-week range (¥)	578-306
Market cap (\$ bn)	9.2
Exchange rate	144.84
Free float (%)	60.9%
3M ADV (mn)	29.78
3M ADV (\$ mn)	76.2
Volatility (90 Day)	55
Index	TOPIX
BBG ANR (Buy Hold Sell)	0 10 9

Key Metrics (FYE Mar)

¥ in billions	2025/3A	2026/3E	2027/3E	2028/3E
Financial Estimates				
Revenue	12,633.2	11,415.1	11,923.5	12,502.4
EBITDA	433	149	444	674
EBIT	69.8	-182.9	90.2	299.4
Net income	(671)	(261)	127	207
Reported EPS	-192.1	-74.6	36.5	59.2
BBG EPS	(48.56)	(20.23)	42.79	-
Cashflow from operations	754	2,289	2,830	3,084
FCFF	(218)	1,115	1,604	1,807
Margins and Growth				
Revenue Growth Y/Y (%)	-0.4%	-9.6%	4.5%	4.9%
EBITDA margin	3.4%	1.3%	3.7%	5.4%
EBITDA Growth Y/Y (%)	-52.9%	-65.6%	197.7%	51.8%
EBIT margin	0.6%	-1.6%	0.8%	2.4%
Net margin	-5.3%	-2.3%	1.1%	1.7%
Fully Diluted EPS growth	-268.4%	-61.2%	-148.9%	62.2%
Ratios				
Effective Tax Rate	-59.6%	-20.0%	20.0%	35.0%
Interest cover	18.9	9.8	24.3	45.6
Net debt/Equity	0.7	0.8	0.8	0.7
Net debt/EBITDA	9.0	28.0	9.1	5.8
ROCE	-0.1%	-2.1%	0.7%	1.8%
ROE	-12.3%	-5.4%	2.7%	4.2%
Valuation				
FCFF yield	-16.4%	83.8%	120.6%	135.9%
Dividend yield	0.0%	0.0%	1.3%	3.9%
EV/Revenue	NM	NM	NM	NM
EV/EBITDA	NM	NM	NM	NM
P/E	NM	NM	10.4	6.4

Summary Investment Thesis and Valuation

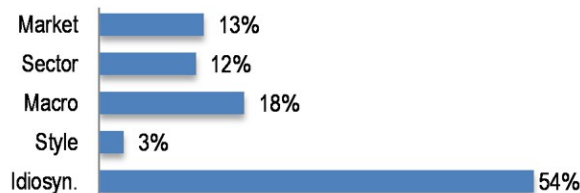
Investment Thesis

Our focus in the near term is on incentive control and the increase in fixed costs to comply with environmental regulations in advanced economies, while in the medium term we will watch the partnership with Honda on electrification and intelligence technologies as a growth strategy.

Valuation

Our December 2025 price target of ¥300 is based on FY2024 BPS and a P/B of about 0.2x. Given the near-term earnings decline and balance sheet risk, we value the shares at the bottom level of their historical valuation. We revise our price target to reflect our new earnings estimates.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Japan	0.19	0.37
Sect: Cons Discretionary	0.44	0.37
Ind: Automobiles & Comp	0.54	0.50
Macro:		
Japan Breakeven 10 Year	0.33	0.33
Japan Generic Govt 10Y Yield	0.22	0.19
MSCI ACWI ex Japan	-0.22	-0.19
Quant Styles:		
Quality	-0.29	-0.31
DivYld	0.34	0.25
Value	0.35	0.25

Source: J.P. Morgan Quantitative and Derivatives Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

Earnings forecasts

Figure 34: Nissan Motor (7201): Consolidated Profit & Loss Statement

¥bn, %

	3/20	3/21	3/22	3/23	3/24	3/25	3/26E	3/27E	3/28E
Sales	9,878.9	7,862.6	8,424.6	10,596.7	12,685.7	12,633.2	11,415.1	11,923.5	12,502.4
Cost of Goods Sold	8,442.9	6,811.7	7,070.5	8,882.8	10,618.8	10,939.9	10,230.1	10,404.5	10,704.8
Gross Profit	1,436.0	1,050.8	1,354.1	1,713.8	2,066.9	1,693.4	1,185.0	1,519.0	1,797.6
SG&A expenses, others	1,476.4	1,201.5	1,106.7	1,336.7	1,498.2	1,623.6	1,367.9	1,428.8	1,498.2
Operating Profit	-40.5	-150.7	247.3	377.1	568.7	69.8	-182.9	90.2	299.4
EBITDA	332.4	119.6	536.7	693.9	920.1	433.4	149.0	443.7	673.6
Non-operating profit	184.8	81.5	148.1	280.6	319.9	299.2	109.7	147.8	152.4
Interest and dividend income	28.6	16.2	20.0	39.4	63.7	54.5	62.0	58.2	60.9
Equity method profit	86.5	0.0	94.3	171.3	113.5	91.3	62.6	102.3	101.9
Forex gains	0.0	42.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	69.7	22.8	33.8	70.0	142.8	153.4	-14.9	-12.7	-10.5
Non-operating expense	100.3	152.1	89.2	142.3	186.5	158.8	134.8	122.4	116.2
Interest payment	10.9	36.5	55.9	63.0	78.0	77.4	77.2	76.5	75.7
Equity method loss	0.0	55.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Forex losses	63.2	0.0	8.9	51.9	69.2	49.0	24.5	12.3	6.1
Other	26.2	59.7	24.4	27.3	39.3	32.4	33.0	33.7	34.4
Recurring profit	44.0	-221.2	306.1	515.4	702.2	210.2	-208.0	115.5	335.6
Extraordinary profit	52.4	26.9	134.0	38.9	27.4	22.8	0.0	0.0	0.0
Extraordinary loss	669.4	145.0	55.9	151.9	130.4	646.6	0.0	0.0	0.0
Pretax profit	-573.0	-339.3	384.2	402.4	599.2	-413.6	-208.0	115.5	335.6
Income taxes	93.2	92.6	145.4	161.2	149.7	246.5	41.6	-23.1	117.5
Effective tax rate	<i>NM</i>	<i>NM</i>	50.2%	69.8%	30.8%	<i>NM</i>	<i>NM</i>	<i>NM</i>	50.3%
Minority interest	5.0	16.8	23.2	19.3	22.9	10.8	11.0	11.2	11.5
Net profit	-671.2	-448.7	215.5	221.9	426.6	-670.9	-260.6	127.4	206.7
[Key financial metrics]									
EPS (¥)	-171.6	-114.6	55.1	56.6	114.1	-192.1	-74.6	36.5	59.2
DPS (¥)	10.0	0.0	5.0	10.0	20.0	0.0	0.0	5.0	15.0
Payout ratio / %	-5.8%	0.0%	9.1%	17.7%	17.5%	0.0%	0.0%	13.7%	25.3%
BPS (¥)	1,039	1,008	1,170	1,311	1,599	1,420	1,345	1,375	1,419
ROE / %	-14.3%	-11.2%	5.1%	4.6%	7.7%	-12.3%	-5.4%	2.7%	4.2%
ROA / %	-3.7%	-2.7%	1.3%	1.3%	2.3%	-3.5%	-1.4%	0.7%	1.0%
Liquidity at hand	1,643.0	2,034.0	1,792.7	2,014.4	2,132.1	2,197.5	1,865.6	1,948.7	2,043.3
Gross interest-bearing debt	5,973.0	5,758.4	5,745.8	5,817.7	6,452.4	6,103.9	6,042.0	5,981.1	5,921.4
D/E ratio	1.1	1.2	1.1	1.1	1.2	1.3	1.3	1.3	1.2
Net D/E ratio	0.8	0.8	0.8	0.7	0.8	0.8	0.9	0.9	0.8
Shares outstanding (mn)	3,911.9	3,914.1	3,914.5	3,917.4	3,740.2	3,492.3	3,492.3	3,492.3	3,492.3
Capital expenditure	509.2	405.4	345.0	350.8	486.1	577.3	588.8	600.6	612.6
Depreciation and Amortisation	372.9	270.3	289.4	316.8	351.4	363.6	332.0	353.5	374.2
Research and Development	544.8	503.5	484.1	522.2	609.9	619.0	650.0	682.4	716.6
As a percentage of Sales / %									
Operating Profit	-0.4%	-1.9%	2.9%	3.6%	4.5%	0.6%	-1.6%	0.8%	2.4%
Recurring profit	0.4%	-2.8%	3.6%	4.9%	5.5%	1.7%	-1.8%	1.0%	2.7%
Net profit	-6.8%	-5.7%	2.6%	2.1%	3.4%	-5.3%	-2.3%	1.1%	1.7%
YoY / %									
Sales	-14.6%	-20.4%	7.1%	25.8%	19.7%	-0.4%	-9.6%	4.5%	4.9%
Operating profit	<i>NM</i>	<i>NM</i>	<i>NM</i>	52.5%	50.8%	-87.7%	<i>NM</i>	<i>NM</i>	231.9%
Recurring profit	-91.9%	<i>NM</i>	<i>NM</i>	68.4%	36.2%	-70.1%	<i>NM</i>	<i>NM</i>	190.4%
Net profit	<i>NM</i>	<i>NM</i>	<i>NM</i>	3.0%	92.3%	<i>NM</i>	<i>NM</i>	<i>NM</i>	62.2%

Source: Company data, J.P. Morgan estimates

Figure 35: Nissan Motor (7201): Consolidated Balance Sheet & Cash Flow Statement

¥bn

Consolidated Balance Sheet	3/20	3/21	3/22	3/23	3/24	3/25	3/26E	3/27E	3/28E
Liquidity	1,643.0	2,034.0	1,792.7	2,014.4	2,132.1	2,197.5	1,865.6	1,948.7	2,043.3
Cash & Cash Equivalents	1,382.5	1,871.8	1,432.0	1,798.5	1,896.4	1,961.5	1,629.6	1,712.7	1,807.3
Securities and Other	260.5	162.2	360.6	215.9	235.7	236.0	236.0	236.0	236.0
Account receivables	356.2	518.5	402.5	585.6	635.3	577.9	549.3	573.8	601.7
Sales finance receivables	6,739.3	6,213.8	6,274.8	6,480.6	7,418.2	7,239.1	7,239.1	7,239.1	7,239.1
Inventory	1,340.4	1,139.6	1,364.5	1,703.2	2,055.6	1,672.3	1,691.1	1,766.5	1,852.2
Other current assets	597.0	443.8	481.6	584.4	642.3	636.7	706.7	776.7	846.7
Total Current Assets	10,675.9	10,349.7	10,316.0	11,368.2	12,883.6	12,323.5	12,051.8	12,304.7	12,583.0
Tangible fixed assets	4,518.9	4,378.6	4,366.0	4,369.3	4,763.5	4,332.1	4,588.9	4,836.1	5,074.6
Intangible fixed assets	114.9	121.2	119.2	172.5	186.5	216.6	217.1	217.6	218.1
Investments and other assets	1,667.0	1,602.6	1,570.3	1,688.6	2,021.6	2,152.0	2,148.9	2,148.9	2,148.9
Total Assets	16,976.7	16,452.1	16,371.5	17,598.6	19,855.2	19,024.1	19,006.7	19,507.3	20,024.4
Short-term borrowings	3,166.9	2,738.3	2,302.0	2,187.2	2,059.0	2,757.8	2,749.0	2,740.4	2,731.8
Account payables	1,357.0	1,502.0	1,395.6	1,912.2	2,229.2	2,062.1	1,863.3	1,946.3	2,040.8
Other current liabilities	3,541.3	2,486.1	2,445.5	2,669.9	2,638.7	3,250.3	3,756.4	4,127.3	4,458.8
Total Current Liabilities	8,065.2	6,726.4	6,143.2	6,769.3	6,926.9	8,070.2	8,368.7	8,813.9	9,231.3
Long-term debt	1,043.0	2,046.6	2,263.3	2,058.1	2,351.2	1,708.5	1,708.5	1,708.5	1,708.5
Corporate bonds	2,098.6	2,173.7	1,775.2	2,013.3	2,921.6	2,661.4	2,608.1	2,556.0	2,504.8
Provisions for retirement benefits	454.1	257.5	191.1	184.9	154.4	164.5	164.5	164.5	164.5
Other fixed liabilities	891.1	908.0	969.1	957.9	1,030.4	974.1	974.1	974.1	974.1
Total Fixed Liabilities	4,486.7	5,385.9	5,198.7	5,214.1	6,457.7	5,508.5	5,455.3	5,403.1	5,352.0
Total Liabilities	12,551.9	12,112.2	11,341.9	11,983.4	13,384.6	13,578.7	13,824.0	14,217.1	14,583.3
Capital	605.8	605.8	605.8	605.8	605.8	605.8	605.8	605.8	605.8
Capital surplus	818.1	817.1	816.5	811.2	826.2	825.8	825.8	825.8	825.8
Retained earnings	4,125.0	3,629.9	3,843.5	4,047.9	4,285.5	3,415.5	3,154.8	3,264.3	3,417.2
Treasury stock, others	-139.3	-139.3	-138.1	-136.2	-111.4	-88.3	-88.3	-88.3	-88.3
Shareholders' Equity	5,409.7	4,913.6	5,127.7	5,328.7	5,606.1	4,758.8	4,498.1	4,607.6	4,760.5
Foreign currency translation adjustment	-1,345.4	-969.0	-547.1	-193.8	375.9	199.8	197.8	195.8	193.9
Minority interests	360.5	395.2	449.0	480.2	488.6	486.8	486.8	486.8	486.8
Total Net Assets	4,424.8	4,339.8	5,029.6	5,615.1	6,470.5	5,445.3	5,182.7	5,290.2	5,441.1
Total Liabilities and Net Assets	16,976.7	16,452.1	16,371.5	17,598.6	19,855.2	19,024.1	19,006.7	19,507.3	20,024.4
Consolidated Cash Flow Statement	3/20	3/21	3/22	3/23	3/24	3/25	3/26E	3/27E	3/28E
Pretax profit	-573.0	-339.3	384.2	402.4	599.2	-413.6	-208.0	115.5	335.6
Depreciation and Amortisation	865.9	708.7	689.0	693.7	678.0	697.0	636.4	677.6	717.3
Change in working capital	-232.4	166.9	-286.7	179.0	139.4	375.6	-189.1	-16.8	-19.1
Others	1,125.3	786.5	60.6	-54.1	-455.7	94.7	2,049.4	2,053.2	2,050.5
Cash Flow from Operations	1,185.9	1,322.8	847.2	1,221.1	960.9	753.7	2,288.6	2,829.5	3,084.3
Capital expenditure	-509.2	-405.4	-345.0	-350.8	-486.1	-577.3	-588.8	-600.6	-612.6
Leases	-371.1	-109.3	-74.0	-131.6	-462.8	-556.9	-665.4	-702.7	-741.1
Others	171.6	145.6	272.1	35.4	136.2	162.9	80.2	78.2	76.7
Cash Flow from Investing Activities	-708.7	-369.1	-146.8	-447.0	-812.7	-971.2	-1,174.1	-1,225.1	-1,277.1
Free Cash Flow	477.2	953.7	700.4	774.0	148.2	-217.5	1,114.6	1,604.4	1,807.2
Change in LT interest-bearing debt	-63.0	-182.8	-1,110.1	-107.1	690.8	499.0	-53.2	-52.2	-51.1
Change in ST interest-bearing debt	509.2	-1,055.8	120.6	-149.4	-380.8	41.9	-8.8	-8.7	-8.6
Dividends paid	-167.7	-15.0	-14.2	-28.0	-117.2	-62.6	-18.0	-18.0	-53.9
Others	-434.0	613.9	-89.0	-386.1	-324.4	-215.1	-0.3	-0.3	-0.3
Cash Flow from Financing Activities	-155.5	-639.7	-1,092.6	-670.6	-131.6	263.3	-80.3	-79.2	-113.9
Effects of FX movements on cash balance	-44.0	76.9	145.0	112.4	95.1	95.1	0.0	0.0	0.0
Net change in cash & cash equivalents	283.9	391.0	-241.3	221.7	111.8	111.8	-331.9	83.1	94.6
Cash & cash equiv. at period's beginning	1,359.1	1,643.0	2,034.0	1,792.7	2,014.4	2,126.2	2,238.0	1,906.1	1,989.2
Cash & cash equiv. at period's end	1,643.0	2,034.0	1,792.7	2,014.4	2,126.2	2,238.0	1,906.1	1,989.2	2,083.8

Source: Company data, J.P. Morgan estimates

Figure 36: Nissan Motor (7201): Assumptions for Automotive Segment

1,000 units, %

	3/20	3/21	3/22	3/23	3/24	3/25	3/26E	3/27E	3/28E
Global production capacity									
Japan	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150
North America	1,670	1,670	1,670	1,530	1,530	1,530	1,530	1,530	1,530
USA	820	820	820	780	780	780	780	780	780
Mexico	850	850	850	750	750	750	750	750	750
South America	200	200	200	200	200	200	200	200	200
Europe	580	580	580	420	420	420	420	420	420
Asia	2,739	2,739	2,489	2,374	2,374	2,374	2,374	2,374	2,374
China	1,770	1,770	1,770	1,770	1,770	1,770	1,770	1,770	1,770
Others	969	969	719	604	604	604	604	604	604
Others	117	117	117	117	117	117	117	117	117
Total Capacity	6,456	6,456	6,206	5,791	5,791	5,791	5,791	5,791	5,791
Global production units									
Japan	758	517	446	597	725	641	676	687	699
North America	1,340	953	930	992	1,235	1,178	1,139	1,166	1,184
USA	694	429	456	556	606	500	581	628	635
Mexico	646	524	475	436	629	678	558	538	549
Europe	508	336	276	288	325	276	288	284	280
Asia	1,991	1,737	1,646	1,378	1,020	895	1,009	1,033	1,056
China	1,553	1,442	1,331	1,058	780	665	699	717	735
Thailand	137	114	104	80	94	63	67	70	73
Indonesia	3	0	0	0	0	0	0	0	0
Others	298	181	212	241	146	166	243	246	248
Others	160	91	105	125	126	110	129	155	186
Total Production	4,757	3,634	3,404	3,381	3,430	3,101	3,241	3,325	3,404
Utilisation rate / %									
Japan	66%	45%	39%	52%	63%	56%	59%	60%	61%
Overseas	75%	59%	59%	60%	58%	53%	55%	57%	58%
Global average	74%	56%	55%	58%	59%	54%	56%	57%	59%
Consolidated shipment units									
Japan	514	462	418	456	474	439	416	430	445
North America	1,501	1,126	970	1,064	1,341	1,303	1,348	1,394	1,443
Europe	524	350	293	311	364	337	321	327	334
Asia	300	206	223	207	154	132	161	176	192
China	7	2	2	0	1	0	16	16	16
Others	293	204	221	207	153	132	145	160	176
Others	511	328	390	413	454	446	468	492	516
Total Consolidated Shipment	3,350	2,471	2,294	2,451	2,786	2,657	2,714	2,819	2,929
Global retail sale units									
Japan	534	478	428	454	484	461	475	489	504
North America	1,620	1,213	1,183	1,023	1,262	1,303	1,348	1,394	1,443
USA	1,237	927	893	764	916	938	976	1,015	1,056
Europe	521	391	340	308	361	351	357	364	371
Asia	1,821	1,649	1,572	1,201	961	841	743	795	853
China	1,547	1,457	1,381	1,045	794	697	584	619	657
Thailand	59	40	29	20	14	20	27	35	43
Indonesia	19	9	4	3	2	1	5	9	13
Other Asia	196	144	157	133	151	123	126	131	139
Others	434	320	353	318	374	390	387	383	377
Total Retail Sales	4,930	4,052	3,876	3,305	3,442	3,346	3,309	3,426	3,547
Global xEV retail sale units									
SHEV			177	216	288	265	285	260	260
MHEV			168	189	145	120	140	160	160
PHEV			0	0	21	7	7	5	5
BEV			88	144	127	118	125	140	140
xEV retail penetration rate			11%	17%	17%	15%	17%	16%	16%
SHEV			5%	7%	8%	8%	9%	8%	7%
MHEV			4%	6%	4%	4%	4%	5%	5%
PHEV			0%	0%	1%	0%	0%	0%	0%
BEV			2%	4%	4%	4%	4%	4%	4%

Source: Company data, J.P. Morgan estimates

Figure 37: Nissan Motor (7201): Quarterly Consolidated Profit & Loss Statement

¥bn, %

	3/25				3/26E				3/26E		3/27E		3/24	3/25	3/26E	3/27E	3/28E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1H	2H	1H	2H					
Dollar-yen rate	156.0	150.0	152.0	153.0	140.0	140.0	140.0	140.0	140.0	140.0	140.0	140.0	145.0	153.0	140.0	140.0	140.0
Euro-yen rate	168.0	164.0	163.0	161.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	157.0	164.0	150.0	150.0	150.0
Chinese yuan-yen rate	21.3	22.3	21.4	20.0	20.4	18.7	18.7	18.7	19.5	18.7	18.7	18.7	20.1	21.3	19.1	18.7	18.7
Sales	2,998.4	2,985.8	3,159.0	3,490.0	2,737.0	2,690.7	2,786.1	3,201.3	5,427.7	5,987.4	5,654.4	6,269.1	12,685.7	12,633.2	11,415.1	11,923.5	12,502.4
Cost of Goods Sold	2,597.1	2,552.7	2,724.0	3,066.0	2,421.2	2,438.2	2,515.4	2,855.3	4,859.4	5,370.7	4,869.6	5,534.9	10,618.8	10,939.9	10,230.1	10,404.5	10,704.8
Gross Profit	401.3	433.1	435.0	424.0	315.8	252.5	270.7	346.0	568.3	616.6	784.8	734.3	2,066.9	1,693.4	1,185.0	1,519.0	1,797.6
SG&A expenses, others	87.7	713.8	403.9	418.2	328.0	322.4	333.9	383.6	650.4	717.5	677.6	751.2	1,498.2	1,623.6	1,367.9	1,428.8	1,498.2
Operating Profit	1.0	31.9	31.1	5.8	-12.2	-69.9	-63.2	-37.7	-82.1	-100.8	107.2	-17.0	568.7	69.8	-182.9	90.2	299.4
EBITDA	95.2	125.9	117.5	94.8	70.8	13.1	19.8	45.3	83.9	65.1	283.9	159.7	920.1	433.4	149.0	443.7	673.6
Non-operating profit	139.8	27.0	86.6	45.7	25.9	26.3	28.6	28.9	52.2	57.5	71.1	76.7	319.9	299.2	109.7	147.8	152.4
Interest & dividend income	14.5	13.3	12.3	14.4	15.5	15.5	15.5	15.5	31.0	31.0	29.1	29.1	63.7	54.5	62.0	58.2	60.9
Equity method profit	37.8	14.3	-9.6	48.8	14.1	14.5	16.9	17.1	28.6	34.0	48.4	53.9	113.5	91.3	62.6	102.3	101.9
Forex gains	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	87.6	-0.7	84.0	-17.5	-3.7	-3.7	-3.7	-3.7	-7.5	-7.5	-6.4	-6.4	142.8	153.4	-14.9	-12.7	-10.5
Non-operating expense	75.7	7.9	74.4	0.8	33.7	33.7	33.7	33.7	67.4	67.4	61.2	61.2	186.5	158.8	134.8	122.4	116.2
Interest payment	19.3	18.5	19.9	19.7	19.3	19.3	19.3	19.3	38.6	38.6	38.2	38.2	78.0	77.4	77.2	76.5	75.7
Equity method loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Forex losses	48.8	-19.2	47.2	-27.8	6.1	6.1	6.1	6.1	12.3	12.3	6.1	6.1	69.2	49.0	24.5	12.3	6.1
Other	7.6	8.7	7.3	8.8	8.3	8.3	8.3	8.3	16.5	16.5	16.8	16.8	39.3	32.4	33.0	33.7	34.4
Recurring profit	65.1	50.9	43.4	50.8	-20.0	-77.3	-68.2	-42.5	-97.3	-110.7	117.1	-1.5	702.2	210.2	-208.0	115.5	335.6
Extraordinary profit	6.1	2.4	3.1	11.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	27.4	22.8	0.0	0.0	0.0
Extraordinary loss	5.9	28.0	43.4	569.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	130.4	646.6	0.0	0.0	0.0
Pretax profit	65.3	25.3	3.0	-507.2	-20.0	-77.3	-68.2	-42.5	-97.3	-110.7	117.1	-1.5	599.2	-413.6	-208.0	115.5	335.6
Income taxes	30.2	31.0	15.9	169.4	4.0	15.5	13.6	8.5	19.5	22.1	-23.4	0.3	149.7	246.5	41.6	-23.1	117.5
Effective tax rate	46.2%	122.8%	530.0%	NM	NM	NM	NM	NM	NM	NM	NM	NM	30.8%	NM	NM	NM	50.3%
Minority interest	6.6	3.6	1.2	-0.5	2.8	2.8	2.8	2.8	5.5	5.5	5.6	5.6	22.9	10.8	11.0	11.2	11.5
Net profit	28.6	-9.3	-14.1	-676.0	-26.7	-95.5	-84.7	-53.7	-122.3	-138.4	134.9	-7.4	426.6	-670.9	-260.6	127.4	206.7
EPS (¥)	7.8	-2.6	-4.0	-193.6	-7.7	-27.4	-24.2	-15.4	-35.0	-39.6	38.6	-2.1	114.1	-192.1	-74.6	36.5	59.2
Capital expenditure	100.8	130.0	150.1	196.4	147.2	147.2	147.2	147.2	294.4	294.4	300.3	300.3	486.1	577.3	588.8	600.6	612.6
Depreciation and Amortization	94.2	94.0	86.4	89.0	83.0	83.0	83.0	83.0	166.0	166.0	176.7	176.7	351.4	363.6	332.0	353.5	374.2
Research and Development	147.9	147.8	159.3	164.0	162.5	162.5	162.5	162.5	325.0	325.0	341.2	341.2	609.9	619.0	650.0	682.4	716.6

Source: Company data, J.P. Morgan estimates

Investment Thesis, Valuation and Risks

Nissan Motor (7201) (*Underweight; Price Target: ¥300*)

Investment Thesis

Our focus in the near term is on incentive control and the increase in fixed costs to comply with environmental regulations in advanced economies, while in the medium term we will watch the partnership with Honda on electrification and intelligence technologies as a growth strategy.

Valuation

Our December 2025 price target of ¥300 is based on FY2024 BPS and a P/B of about 0.2x. Given the near-term earnings decline and balance sheet risk, we value the shares at the bottom level of their historical valuation.

Risks to Rating and Price Target

Upside Scenario to Target Price/Rating

- Earlier-than-expected recovery in North American profits
- Continued recovery in the North American light truck market
- Yen depreciation beyond ¥160/\$

Downside Scenario to Target Price/Rating

- Delayed recovery in North American profits
- Yen appreciation beyond ¥130/\$

Nissan Motor (7201): Summary of Financials

Income Statement						Cash Flow Statement					
	2024/3A	2025/3A	2026/3E	2027/3E	2028/3E		2024/3A	2025/3A	2026/3E	2027/3E	2028/3E
Revenue	12,685.7	12,633.2	11,415.1	11,923.5	12,502.4	Cash flow from operating activities	961	754	2,289	2,830	3,084
COGS	(10,619)	(10,940)	(10,230)	(10,405)	(10,705)	o/w Depreciation & amortization	678	697	636	678	717
Gross profit	2,067	1,693	1,185	1,519	1,798	o/w Changes in working capital	139	376	(189)	(17)	(19)
SG&A	(1,498)	(1,624)	(1,368)	(1,429)	(1,498)	Cash flow from investing activities	(813)	(971)	(1,174)	(1,225)	(1,277)
EBITDA	920	433	149	444	674	o/w Capital expenditure	(486)	(577)	(589)	(601)	(613)
D&A	(351)	(364)	(332)	(353)	(374)	as % of sales	3.8%	4.6%	5.2%	5.0%	4.9%
EBIT	568.7	69.8	-182.9	90.2	299.4	Cash flow from financing activities	(132)	263	(80)	(79)	(114)
Net Interest	(14)	(23)	(15)	(18)	(15)	o/w Dividends paid	(117)	(63)	(18)	(18)	(54)
PBT	599.2	-413.6	-208.0	115.5	335.6	o/w Shares issued/(repurchased)	-	-	-	-	-
Tax	(150)	(246)	(42)	23	(117)	o/w Net debt issued/(repaid)	-	-	-	-	-
Minority Interest	(23)	(11)	(11)	(11)	(11)	Net change in cash	112	141	1,034	1,525	1,693
Net Income	427	(671)	(261)	127	207	Adj. Free cash flow to firm	148	(218)	1,115	1,604	1,807
Reported EPS	114.1	-192.1	-74.6	36.5	59.2	y/y Growth	-80.8%	-246.8%	-612.4%	44.0%	12.6%
DPS	20.00	0.00	0.00	5.00	15.00						
Payout ratio	17.5%	0.0%	0.0%	13.7%	25.3%						
Shares outstanding	4,010	3,714	3,714	3,714	3,714						
Balance Sheet						Ratio Analysis					
	2024/3A	2025/3A	2026/3E	2027/3E	2028/3E		2024/3A	2025/3A	2026/3E	2027/3E	2028/3E
Cash and cash equivalents	1,896	1,962	1,630	1,713	1,807	Gross margin	16.3%	13.4%	10.4%	12.7%	14.4%
Accounts receivable	635	578	549	574	602	EBITDA margin	7.3%	3.4%	1.3%	3.7%	5.4%
Inventories	2,056	1,672	1,691	1,766	1,852	EBIT margin	4.5%	0.6%	-1.6%	0.8%	2.4%
Other current assets	8,296	8,112	8,182	8,252	8,322	Net profit margin	3.4%	-5.3%	-2.3%	1.1%	1.7%
Current assets	12,884	12,323	12,052	12,305	12,583	ROE	7.7%	-12.3%	-5.4%	2.7%	4.2%
PP&E	4,764	4,332	4,589	4,836	5,075	ROA	2.3%	-3.5%	-1.4%	0.7%	1.0%
LT investments	2,017	2,149	2,149	2,149	2,149	ROCE	3.9%	-0.1%	-2.1%	0.7%	1.8%
Other non current assets	191	220	217	218	218	SG&A/Sales	11.8%	12.9%	12.0%	12.0%	12.0%
Total assets	19,855	19,024	19,007	19,507	20,024	Net debt/Equity	0.7	0.7	0.8	0.8	0.7
Short term borrowings	2,059	2,758	2,749	2,740	2,732	Net debt/EBITDA	4.7	9.0	28.0	9.1	5.8
Payables	2,229	2,062	1,863	1,946	2,041	Sales/Assets (x)	0.7	0.6	0.6	0.6	0.6
Other short term liabilities	2,639	3,250	3,756	4,127	4,459	Assets/Equity (x)	3.4	3.6	3.9	4.1	4.1
Current liabilities	6,927	8,070	8,369	8,814	9,231	Interest cover (x)	64.2	18.9	9.8	24.3	45.6
Long-term debt	5,273	4,370	4,317	4,264	4,213	Operating leverage	257.7%	21196.9%	3754.9%	-3352.1%	4777.4%
Other long term liabilities	1,185	1,139	1,139	1,139	1,139	Tax rate	25.0%	-59.6%	-20.0%	20.0%	35.0%
Total liabilities	13,385	13,579	13,824	14,217	14,583	Revenue y/y Growth	19.7%	-0.4%	-9.6%	4.5%	4.9%
Shareholders' equity	5,982	4,959	4,696	4,803	4,954	EBITDA y/y Growth	32.6%	-52.9%	-65.6%	197.7%	51.8%
Minority interests	489	487	487	487	487	EPS y/y growth	101.4%	-268.4%	-61.2%	-148.9%	62.2%
Total liabilities & equity	19,855	19,024	19,007	19,507	20,024						
BVPS						Valuation					
	2024/3A	2025/3A	2026/3E	2027/3E	2028/3E		2024/3A	2025/3A	2026/3E	2027/3E	2028/3E
BVPS	1,599.37	1,419.86	1,344.66	1,375.44	1,418.65	P/E (x)	3.3	NM	NM	10.4	6.4
y/y Growth	22.0%	-11.2%	-5.3%	2.3%	3.1%	P/BV (x)	0.2	0.3	0.3	0.3	0.3
Net debt/(cash)	4,320	3,906	4,176	4,032	3,878	EV/EBITDA (x)	NM	NM	NM	NM	NM
						Dividend Yield	5.3%	0.0%	0.0%	1.3%	3.9%

Source: Company reports and J.P. Morgan estimates.

Note: ¥ in billions (except per-share data). Fiscal year ends Mar. o/w - out of which

Overweight

7202.T, 7202.JP

Price (29 May 25): ¥1,957

▼ **Price Target (Dec-25): ¥2,400**

Prior (Dec-25): ¥2,600

Japan Equity Research

Head of Japan Equity Research and Head of Japan Autos & Auto Parts Research

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Key Changes (FYE Mar)

	Prev	Cur
Adj. EBIT - 26E (¥ bn)	282	243
Adj. EBIT - 27E (¥ bn)	317	278

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)			
		6M	1Y	3Y	5Y
Value	22	22	24	30	22
Growth	38	52	46	52	95
Momentum	36	46	56	26	79
Quality	71	52	38	54	44
Low Vol	32	36	32	83	81
ESGQ	12	17	10	92	5

Isuzu Motors (7202)

Time to reassess growth potential as fundamentals bottom out

We lower our price target through December 2025 from ¥2,600 to ¥2,400 but reiterate our Overweight rating. The pickup truck market in Thailand, which had been a short-term concern, has bottomed out upon the completion of inventory adjustments, and we can expect a cyclical recovery. Truck business is a growth area in which Isuzu Motors can capture construction and logistics needs in both developed and emerging markets. We will be looking to confirm a cyclical recovery as well as reassessing medium-term growth. We have the impression it will be slightly harder to achieve the medium-term management plan (MTP) target of FY2026 ROE of 15%. However, management is highly committed to improving ROE, and we think it highly likely that it will announce share buybacks this fiscal year.

- Bottom in Thai pickup market a relief:** The pickup truck market in Thailand likely bottomed in January-March 2025, and adjustment of the company's light commercial vehicle (LCV; pickup truck and pickup passenger vehicle (PPV)) inventory to 13,000 units was also completed at the end of March. The bottoming of the Thai pickup truck market should come as a big relief since it was a cause for concern in the short term. We believe the focus will gradually shift to medium-term growth, including CVs and LCVs. We estimate that the company will ship 279,000 LCVs in FY2025 (+21% YoY), of which, 83,000 in Thailand (+82%), and 334,000 CVs (commercial trucks) in FY2025 (+8%).
- Management's commitment to ROE appears strong:** Isuzu's FY2026 targets (sales of ¥4 trillion, operating profit margin of 9%, and ROE of 15%) are looking somewhat less realistic given the protracted slump in the external environment, particularly in Thailand. On the other hand, we believe management is highly committed to improving capital efficiency and is likely to buy back a certain amount of shares in FY2025. We assume a ¥50 billion share buyback in FY2025.
- Revised earnings estimates:** We change our forex assumption for FY2025 and beyond to ¥140/US\$ and factor in the impact of US tariffs (net ¥10 billion) on one hand, but revise up our LCV shipment estimates on the other. We now estimate consolidated operating profit of ¥242.6 billion in FY2025 (previously ¥281.6 billion), ¥277.9 billion in FY2026 (¥316.6 billion), and ¥326.6 billion in FY2027.

Price Performance



	YTD	1m	3m	12m
Abs	-9.4%	1.0%	-0.8%	-5.4%
Rel	-10.4%	-5.1%	-5.7%	-8.0%

Company Data

Shares O/S (mn)	704
52-week range (¥)	2,269-1,608
Market cap (\$ bn)	9.5
Exchange rate	144.84
Free float (%)	75.2%
3M ADV (mn)	2.07
3M ADV (\$ mn)	27.6
Volatility (90 Day)	30
Index	TOPIX
BBG ANR (Buy Hold Sell)	6 7 1

Key Metrics (FYE Mar)

¥ in billions	2025/3A	2026/3E	2027/3E	2028/3E
Financial Estimates				
Revenue	3,208.1	3,475.6	3,870.8	4,051.3
EBITDA	309	335	379	433
EBIT	229.1	242.6	277.9	326.6
Net income	134.4	150.7	169.0	206.2
Reported EPS	179.5	214.2	256.6	336.1
BBG EPS	196.78	217.23	249.61	-
Cashflow from operations	218	541	250	308
FCFF	40	360	77	143
Margins and Growth				
Revenue Growth Y/Y (%)	-5.3%	8.3%	11.4%	4.7%
EBITDA margin	9.6%	9.6%	9.8%	10.7%
EBITDA Growth Y/Y (%)	-18.5%	8.4%	12.9%	14.4%
EBIT margin	7.1%	7.0%	7.2%	8.1%
Net margin	4.2%	4.3%	4.4%	5.1%
Fully Diluted EPS growth	-23.8%	19.4%	19.8%	31.0%
Ratios				
Effective Tax Rate	27.3%	27.0%	27.0%	27.0%
Interest cover	NM	NM	NM	NM
Net debt/Equity	0.1	0.1	0.0	0.0
Net debt/EBITDA	0.6	0.3	0.2	0.1
ROCE	8.5%	8.8%	10.1%	11.7%
ROE	9.3%	10.6%	12.0%	14.5%
Valuation				
FCFF yield	2.7%	26.1%	6.0%	11.9%
Dividend yield	4.7%	5.1%	5.6%	6.9%
EV/Revenue	0.5	0.4	0.4	0.3
EV/EBITDA	4.9	4.3	3.7	3.3
P/E	10.9	9.1	7.6	5.8

Summary Investment Thesis and Valuation

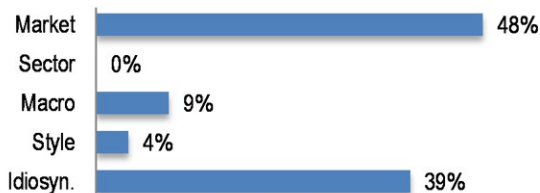
Investment Thesis

Our main focus points are Isuzu’s ability to establish a competitive advantage centered on the Thai market, especially in the mainstay light commercial vehicle (LCV) business, and its electrification and zero-emission vehicle strategies for trucks aimed at making the company carbon neutral. We think the company needs to clarify its truck electrification strategy, including its alliance with Volvo.

Valuation

Our December 2025 price target of ¥2,400 is based on our FY2025 EPS estimate and a P/E of roughly 11x. We continue to value the stock at a premium to the sector average, reflecting the bottoming out of the core Thai market and high growth potential. We revise our price target to reflect our new earnings estimates.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Japan	0.87	0.69
Sect: Cons Discretionary	0.16	0.11
Ind: Automobiles & Comp	0.06	0.09
Macro:		
Crude Oil	0.54	0.36
Japan Unemployment Rate SA	-0.50	-0.26
JPM JPY Tradeable Currency	-0.21	-0.19
Quant Styles:		
Growth	0.16	0.26
Momentum	0.14	0.12
Quality	-0.17	0.08

Source: J.P. Morgan Quantitative and Derivatives Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

Earnings forecasts

Figure 38: Isuzu Motors (7202): Consolidated Profit & Loss Statement

¥bn, %	3/20	3/21	3/22	3/23	3/24	3/25	3/26E	3/27E	3/28E
Sales	2,079.9	1,908.2	2,514.3	3,195.5	3,386.7	3,208.1	3,475.6	3,870.8	4,051.3
Cost of Goods Sold	1,730.4	1,605.1	2,056.1	2,600.3	2,706.4	2,567.4	2,968.9	3,298.7	3,416.8
Gross Profit	349.6	303.0	458.2	595.2	680.2	640.6	506.7	572.1	634.5
SG&A expenses, others	209.0	207.3	271.0	341.6	387.1	411.5	264.1	294.2	307.9
Operating Profit	140.6	95.7	187.2	253.5	293.1	229.1	242.6	277.9	326.6
EBITDA	203.3	162.0	262.5	334.1	379.5	309.4	335.4	378.7	433.2
Non-operating profit	19.7	16.5	28.3	26.5	31.8	34.5	33.1	36.8	39.3
Interest and dividend income	7.5	5.5	8.6	11.1	16.0	18.2	15.7	18.2	19.5
Profit on equity method investment	8.0	5.1	9.6	5.8	2.7	10.3	11.4	12.5	13.8
Forex gains	0.3	1.7	5.8	0.0	7.5	0.0	0.0	0.0	0.0
Other	3.8	4.2	4.4	9.6	5.7	6.0	6.0	6.0	6.0
Non-operating expense	9.4	7.9	7.1	10.2	11.8	15.4	12.9	13.2	13.3
Interest payment	2.8	2.9	2.1	2.2	4.2	5.0	5.7	6.0	6.1
Losses on equity method investment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Forex losses	0.0	0.0	0.0	2.4	0.0	3.2	0.0	0.0	0.0
Other	6.6	5.1	5.0	5.5	7.7	7.2	7.2	7.2	7.2
Recurring profit	150.9	104.3	208.4	269.9	313.0	248.2	262.8	301.5	352.5
Extra-ordinary profit	0.3	0.9	3.1	3.7	5.5	2.4	3.0	3.0	3.0
Extra-ordinary loss	7.7	18.3	7.2	3.8	13.0	10.5	4.5	4.5	4.5
Pre-tax profit	143.5	86.8	204.3	269.8	305.6	240.1	261.3	300.0	351.0
Income taxes	41.0	34.3	47.6	73.2	84.2	65.5	70.5	81.0	94.8
Effective tax rate	28.6%	39.5%	23.3%	27.1%	27.6%	27.3%	27.0%	27.0%	27.0%
Minority interest	21.3	9.8	30.5	44.9	44.9	40.3	40.0	50.0	50.0
Net profit	81.2	42.7	126.2	151.7	176.4	134.4	150.7	169.0	206.2
[Key financial metrics]									
EPS (¥)	110.1	57.9	162.8	195.8	235.7	179.5	214.2	256.6	336.1
DPS (¥)	38.0	30.0	66.0	79.0	92.0	92.0	100.0	110.0	135.0
Payout ratio / %	34.5%	51.8%	40.5%	40.4%	39.0%	51.3%	46.7%	42.9%	40.2%
BPS (¥)	1,292	1,385	1,541	1,688	1,951	1,927	2,004	2,136	2,331
ROE / %	8.6%	4.3%	11.4%	12.1%	12.7%	9.3%	10.6%	12.0%	14.5%
ROA / %	3.8%	1.9%	4.9%	5.1%	5.6%	4.1%	4.5%	4.7%	5.5%
Liquidity at hand	321.4	404.8	356.0	383.6	400.8	386.8	499.1	555.8	581.7
Interest-bearing debt	314.8	296.1	505.8	482.9	523.9	562.4	601.6	615.8	635.3
D/E ratio	0.4	0.3	0.5	0.4	0.5	0.5	0.5	0.5	0.5
Net D/E ratio	0.0	-0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.0
Shares outstanding (mn)	737.5	737.6	775.1	775.2	748.7	748.7	703.7	658.7	613.7
Capital expenditure	80.8	69.8	78.4	82.2	128.6	142.9	160.0	152.0	144.4
Depreciation and amortization	62.7	66.3	75.3	80.6	86.4	80.3	92.8	100.7	106.6
Research and Development	98.1	91.0	104.8	119.0	123.9	137.0	160.0	163.2	166.5
As a percentage of Sales / %									
Operating Profit	6.8%	5.0%	7.4%	7.9%	8.7%	7.1%	7.0%	7.2%	8.1%
Recurring profit	7.3%	5.5%	8.3%	8.4%	9.2%	7.7%	7.6%	7.8%	8.7%
Net profit	3.9%	2.2%	5.0%	4.7%	5.2%	4.2%	4.3%	4.4%	5.1%
YoY / %									
Sales	-3.2%	-8.3%	31.8%	27.1%	6.0%	-5.3%	8.3%	11.4%	4.7%
Operating profit	-20.5%	-31.9%	95.5%	35.4%	15.6%	-21.8%	5.9%	14.6%	17.5%
Recurring profit	-20.2%	-30.9%	99.9%	29.5%	16.0%	-20.7%	5.9%	14.8%	16.9%
Net profit	-28.4%	-47.4%	195.5%	20.2%	16.3%	-23.8%	12.2%	12.1%	22.0%

Source: Company data, J.P. Morgan estimates

Figure 39: Isuzu Motors (7202): Consolidated Balance Sheet & Cash Flow Statement

¥bn

Consolidated Balance Sheet	3/20	3/21	3/22	3/23	3/24	3/25	3/26E	3/27E	3/28E
Liquidity	321.4	404.8	356.0	383.6	400.8	386.8	499.1	555.8	581.7
Cash & Cash Equivalents	321.4	404.8	356.0	383.6	400.8	386.8	499.1	555.8	581.7
Securities and Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Account receivables	266.9	287.8	371.2	398.6	420.7	408.4	450.1	501.3	524.7
Inventory	323.8	288.3	477.7	613.5	671.8	678.3	449.4	500.4	523.8
Other current assets	207.4	202.5	285.8	306.6	324.3	366.8	385.3	404.7	425.1
Total Current Assets	1,119.5	1,183.3	1,490.7	1,702.3	1,817.6	1,840.4	1,783.8	1,962.2	2,055.3
Tangible fixed assets	761.9	767.6	918.9	935.7	975.7	955.3	1,168.8	1,222.1	1,261.9
Intangible fixed assets	23.3	19.0	87.4	74.7	89.6	105.1	105.1	105.1	105.1
Investments and other assets	247.4	275.1	359.1	334.2	380.2	388.2	388.2	388.2	388.2
Total Assets	2,152.1	2,245.0	2,856.1	3,046.8	3,263.0	3,288.9	3,446.0	3,677.7	3,810.5
Short-term borrowings	80.2	52.9	139.2	117.9	204.6	180.5	189.5	170.6	153.5
Account payables	361.9	387.9	496.7	563.7	552.1	527.9	635.5	707.7	740.7
Other current liabilities	161.1	183.1	262.3	287.3	326.4	401.5	450.0	604.3	666.2
Total Current Liabilities	603.2	624.0	898.2	968.8	1,083.1	1,109.9	1,275.0	1,482.6	1,560.5
Long-term debt	234.6	193.2	286.7	285.0	239.3	301.9	332.1	365.3	401.8
Corporate bonds	0.0	50.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0
Provisions for retirement benefits	99.1	89.0	97.2	94.4	86.3	75.6	75.6	75.6	75.6
Other fixed liabilities	81.8	83.8	99.7	108.2	115.3	115.2	109.4	104.0	98.8
Total Fixed Liabilities	415.5	416.0	563.5	567.7	520.8	572.6	597.1	624.8	656.2
Total Liabilities	1,018.7	1,040.0	1,461.7	1,536.5	1,604.0	1,682.5	1,872.0	2,107.4	2,216.6
Capital	40.6	40.6	40.6	40.6	40.6	40.6	40.6	40.6	40.6
Capital surplus	42.5	42.6	42.6	42.0	43.3	42.5	42.5	42.5	42.5
Retained earnings	924.7	849.7	928.4	1,021.8	1,132.2	1,065.8	1,146.1	1,242.7	1,366.1
Treasury stock, others	-150.4	-54.1	-3.3	-3.2	-53.1	-2.4	-92.4	-182.4	-272.4
Shareholder's Equity	857.4	878.8	1,008.3	1,101.2	1,163.0	1,146.5	1,136.9	1,143.4	1,176.8
Foreign currency translation adjustment	95.5	143.0	185.8	207.3	297.7	296.3	273.5	263.2	253.4
Minority interests	180.4	183.2	200.3	201.7	198.3	163.6	163.6	163.6	163.6
Total Net Assets	1,133.4	1,205.0	1,394.4	1,510.2	1,659.0	1,606.4	1,573.9	1,570.2	1,593.9
Total Liabilities and Net Assets	2,152.1	2,245.0	2,856.1	3,046.8	3,263.0	3,288.9	3,446.0	3,677.7	3,810.5

Consolidated Cashflow Statement	3/20	3/21	3/22	3/23	3/24	3/25	3/26E	3/27E	3/28E
Pre-tax profit	143.5	86.8	204.3	269.8	305.6	240.1	261.3	300.0	351.0
Depreciation and amortization	76.2	82.4	98.3	107.3	115.0	110.4	92.8	100.7	106.6
Change in working capital	-15.9	29.6	-121.1	-128.9	-5.0	-2.4	294.8	-30.0	-13.7
Others	-80.1	24.1	-9.5	-21.1	-117.0	-130.5	-108.0	-120.8	-135.6
Cashflow from Operations	123.7	222.9	172.1	227.1	298.6	217.7	540.9	250.0	308.3
Capital expenditure	-80.8	-69.8	-78.4	-82.2	-128.6	-142.9	-160.0	-152.0	-144.4
Others	-11.9	-23.6	-342.5	1.7	-26.5	-35.0	-21.1	-21.1	-21.1
Cashflow from Investing Activities	-92.7	-93.4	-420.9	-80.5	-155.1	-177.9	-181.1	-173.1	-165.5
Free Cash Flow	31.0	129.5	-248.8	146.6	143.5	39.8	359.8	76.9	142.8
Change in long-term interest-bearing debt	21.7	-41.6	138.4	26.5	-18.1	56.3	0.0	0.0	0.0
Change in short-term interest-bearing debt	7.4	-26.8	41.7	-49.4	59.0	45.0	9.0	-19.0	-17.1
Dividends paid	-48.7	-37.7	-59.2	-104.9	-119.7	-110.3	-90.4	-92.5	-102.8
Others	-5.6	50.7	65.2	-12.6	-66.2	-55.6	20.0	20.0	20.0
Cashflow from Financing Activities	-25.2	-55.3	186.1	-140.4	-145.0	-64.6	-61.3	-91.4	-99.9
Effects of forex movements on cash balance	-7.2	8.5	17.7	18.1	25.4	10.7	0.0	0.0	0.0
Net change in cash and cash equivalents	-1.3	82.7	-45.0	22.7	20.5	-13.1	113.2	57.8	26.9
Cash and cash equivalents at period's beginning	305.3	304.0	386.7	341.7	364.4	384.9	371.8	485.0	542.8
Cash and cash equivalents at period's end	304.0	386.7	341.7	364.4	384.9	371.8	485.0	542.8	569.7

Source: Company data, J.P. Morgan estimates

Figure 40: Isuzu Motors (7202): Assumptions for Automotive Segment Model (1)

1,000 units, %

	3/20	3/21	3/22	3/23	3/24	3/25	3/26E	3/27E	3/28E
Japan Total Demand									
HD/MD Truck (3t<)	91.9	85.9	77.3	55.0	67.6	74.6	71.9	73.3	73.3
Light-duty Truck (2-3t)	103.3	86.0	74.5	72.6	76.0	85.3	80.0	80.6	80.6
Total	195.2	171.8	151.8	127.6	143.7	159.9	151.9	153.9	153.9
YoY / %	-2.8%	-11.9%	-11.7%	-15.9%	12.6%	11.3%	-5.0%	1.3%	0.0%
Isuzu Japan Sales									
HD/MD Truck (3t<)	29.8	29.0	25.5	22.0	27.5	30.5	37.4	38.8	38.8
Light-duty Truck (2-3t)	43.8	35.1	25.3	26.9	32.3	38.5	39.3	41.2	42.8
Other Truck (1-1.5t)	2.6	2.1	2.1	2.1	2.7	4.5	4.5	4.6	4.6
Truck Total	76.2	66.2	52.9	51.0	62.4	73.5	81.2	84.6	86.3
Large Bus	1.8	0.9	0.6	1.0	1.3	1.7	1.7	1.7	1.8
Total	77.9	67.2	53.5	51.9	63.6	75.1	82.9	86.4	88.0
YoY / %									
HD/MD Truck (3t<)	2.7%	-2.8%	-12.1%	-13.9%	25.0%	11.1%	22.6%	3.9%	0.0%
Light-duty Truck (2-3t)	-1.4%	-19.8%	-28.1%	6.4%	20.1%	19.3%	2.1%	4.9%	3.9%
Total	-1.2%	-13.8%	-20.4%	-2.9%	22.6%	18.1%	10.3%	4.2%	1.9%
Sales Unit By Region									
Japan	71.4	61.1	54.6	57.8	62.9	77.5	82.8	86.4	88.1
Medium/Heavy-duty	28.9	26.8	29.3	30.2	33.9	39.3	43.0	44.7	44.7
Light-duty	42.4	34.3	25.3	27.7	29.0	38.2	39.8	41.8	43.4
Overseas	437.9	393.1	525.4	613.6	603.9	447.2	472.8	509.8	539.5
Medium/Heavy	35.9	29.5	49.1	62.1	58.6	54.1	56.6	58.8	61.0
Small	137.1	110.2	161.2	174.3	185.7	164.1	168.9	175.4	182.1
LCV	265.0	253.4	315.1	377.2	359.6	229.0	247.3	275.6	296.3
North America	29.0	21.3	25.7	31.6	43.6	27.0	31.0	31.0	31.1
Medium/Heavy-duty	1.4	1.6	0.4	4.6	5.3	3.0	3.0	3.0	3.1
Light-duty	27.6	19.8	25.4	27.0	38.3	24.0	28.0	28.0	28.0
LCV	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Asia	242.1	209.4	266.8	315.5	253.6	139.0	147.2	170.0	184.9
Medium/Heavy-duty	16.1	12.0	22.9	27.8	25.7	20.0	21.5	22.7	23.9
Light-duty	45.3	31.2	51.9	58.9	70.1	54.2	50.7	52.7	54.7
LCV	180.7	166.2	192.1	228.8	157.8	64.8	75.0	94.6	106.4
Others	166.8	162.3	232.8	266.5	306.7	281.2	294.7	308.8	323.5
Medium/Heavy-duty	18.4	15.9	25.8	29.7	27.6	31.2	32.2	33.1	34.1
Light-duty	64.2	59.2	84.0	88.4	77.4	85.9	90.2	94.7	99.4
LCV	84.2	87.2	123.0	148.4	201.7	164.1	172.3	180.9	190.0
Total	509.2	454.1	580.0	671.5	666.8	524.6	555.7	596.2	627.6
Medium/Heavy-duty	64.8	56.2	78.4	92.3	92.5	93.4	99.6	103.5	105.7
Light-duty	179.5	144.5	186.4	202.0	214.7	202.2	208.7	217.2	225.6
LCV	265.0	253.4	315.1	377.2	359.6	229.0	247.3	275.6	296.3

Source: Company data, J.P. Morgan estimates

Figure 41: Isuzu Motors (7202): Assumptions for Automotive Segment Model (2)

1,000 units, %

	3/20	3/21	3/22	3/23	3/24	3/25	3/26E	3/27E	3/28E
Global Shipment Units									
CV (incl. KD set)									
Japan	81.4	70.3	64.8	67.2	73.1	88.5	96.6	100.1	101.8
Overseas	207.6	190.0	278.4	286.9	236.0	220.0	237.7	262.3	274.9
China	26.1	45.9	43.9	32.2	15.5	4.1	5.2	5.6	5.9
Asia	68.6	49.7	90.5	99.6	75.2	73.8	80.9	97.0	100.7
Middle East/ Africa	42.5	36.8	50.0	47.6	48.0	58.8	60.6	63.6	66.8
North America	29.0	21.3	25.7	31.6	43.6	27.0	29.7	32.7	35.9
C.S. America	20.4	15.0	25.3	26.5	18.3	26.7	30.8	31.6	32.4
Europe	10.7	10.8	18.0	20.3	15.3	9.8	10.3	10.8	11.3
Oceania	10.2	10.3	15.3	18.2	17.0	15.8	16.6	17.4	18.3
Cons. Adj.	0.1	0.2	9.7	10.9	3.1	4.0	3.6	3.6	3.6
CV Total	289.0	260.3	343.2	354.1	309.1	308.5	334.3	362.4	376.7
LCV									
China	11.3	19.2	14.0	11.0	10.7	3.6	4.0	4.3	4.6
Asia	179.0	160.8	190.7	227.3	148.7	63.7	102.6	125.7	140.2
Middle East/ Africa	72.7	53.4	85.9	70.8	68.5	66.7	77.3	82.7	88.5
C.S. America	17.2	3.6	13.1	18.9	22.8	11.4	12.3	13.2	14.1
Europe	7.3	10.6	12.8	17.7	24.5	19.4	21.0	22.4	24.0
Oceania	23.0	31.8	38.7	44.5	57.7	38.3	41.4	44.3	47.4
OEM/Others	0.1	15.8	23.2	27.3	24.1	26.5	20.0	20.0	20.0
LCV Total	310.6	295.2	378.4	417.5	357.0	229.6	278.5	312.6	338.7
CV/LCV Total	599.6	555.5	721.6	771.6	666.1	538.1	612.8	675.0	715.5
LCV Shipment by Region									
Thailand	303.9	267.1	349.5	383.6	327.1	208.1	258.5	292.6	318.7
Domestic	162.5	150.5	172.7	201.8	128.1	45.9	83.4	105.2	118.2
Export	141.4	116.6	176.8	181.8	199.0	162.2	175.2	187.4	200.6
Asia	15.2	10.3	18.0	25.5	20.6	17.8	19.2	20.6	22.0
Europe	7.3	10.6	12.8	17.7	24.5	19.4	21.0	22.4	24.0
C.S. America	17.2	3.6	13.1	18.9	22.8	11.4	12.3	13.2	14.1
Middle East	29.4	12.0	28.4	29.8	32.7	33.9	36.6	39.2	41.9
Africa	43.3	41.4	57.5	41.0	35.8	37.7	40.7	43.6	46.6
Oceania	23.0	31.8	38.7	44.5	57.7	38.3	41.4	44.3	47.4
China	6.0	6.8	8.3	4.4	4.9	3.7	4.0	4.3	4.6
Japan	6.7	12.4	5.6	6.6	5.8	0.0	0.0	0.0	0.0
For Asia	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
For China	5.4	12.4	5.6	6.6	5.8	0.0	0.0	0.0	0.0
OEM	--	15.7	23.3	27.3	24.1	21.5	20.0	20.0	20.0
Total	310.6	295.2	378.4	417.5	357.0	229.6	278.5	312.6	338.7

Source: Company data, J.P. Morgan estimates

Figure 42: Isuzu Motors (7202): Quarterly Consolidated Profit & Loss Statement

¥bn, %

	3/25				3/26E				3/26E		3/27E		3/24	3/25	3/26E	3/27E	3/28E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1H	2H	1H	2H					
Dollar-yen rate	155.8	149.2	152.5	152.5	140.0	140.0	140.0	140.0	140.0	140.0	140.0	140.0	144.6	152.5	140.0	140.0	140.0
Euro-yen rate	167.8	163.8	162.6	160.6	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	156.8	163.7	150.0	150.0	150.0
Bhat-yen rate	4.25	4.29	4.48	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.10	4.38	4.50	4.50	4.50
Sales	748.0	788.4	819.5	852.3	851.4	884.7	820.0	919.6	1,736.0	1,739.6	1,916.8	1,953.9	3,386.7	3,208.1	3,475.6	3,870.8	4,051.3
Cost of Goods Sold	576.4	625.8	659.3	706.0	719.5	750.4	707.7	791.3	1,469.9	1,499.0	1,620.4	1,678.2	2,706.4	2,567.4	2,968.9	3,298.7	3,416.8
Gross Profit	171.6	162.6	160.2	146.3	131.8	134.3	112.3	128.3	266.1	240.6	296.4	275.7	680.2	640.6	506.7	572.1	634.5
SG&A expenses, others	94.7	110.3	96.9	109.7	64.7	67.2	62.3	69.9	131.9	132.2	145.7	148.5	387.1	411.5	264.1	294.2	307.9
Operating Profit	76.9	52.3	63.3	36.6	67.1	67.0	50.0	58.4	134.2	108.4	150.7	127.2	293.1	229.1	242.6	277.9	326.6
EBITDA	96.7	72.5	83.6	56.6	90.3	90.2	73.2	81.6	180.6	154.8	201.1	177.6	379.5	309.4	335.4	378.7	433.2
Non-operating profit	8.7	8.7	6.4	10.7	7.9	8.7	7.9	8.7	16.5	16.5	18.4	18.4	31.8	34.5	33.1	36.8	39.3
Interest and dividend income	3.6	6.6	2.4	5.6	3.5	4.3	3.5	4.3	7.8	7.8	9.1	9.1	16.0	18.2	15.7	18.2	19.5
Profit on equity method investment	1.3	3.4	2.2	3.4	2.8	2.8	2.8	2.8	5.7	5.7	6.3	6.3	2.7	10.3	11.4	12.5	13.8
Forex gains	2.6	-2.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.5	0.0	0.0	0.0	0.0
Other	1.3	1.3	1.8	1.8	1.5	1.5	1.5	1.5	3.0	3.0	3.0	3.0	5.7	6.0	6.0	6.0	6.0
Non-operating expense	2.4	8.9	0.4	3.7	3.2	3.2	3.2	3.2	6.5	6.5	6.6	6.6	11.8	15.4	12.9	13.2	13.3
Interest payment	1.0	1.6	0.6	1.8	1.4	1.4	1.4	1.4	2.8	2.8	3.0	3.0	4.2	5.0	5.7	6.0	6.1
Losses on equity method investment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Forex losses	0.0	5.1	-1.4	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.2	0.0	0.0	0.0
Other	1.5	2.1	1.2	2.5	1.8	1.8	1.8	1.8	3.6	3.6	3.6	3.6	7.7	7.2	7.2	7.2	7.2
Recurring profit	83.2	52.1	69.3	43.6	71.8	72.5	54.6	63.9	144.3	118.5	162.5	139.0	313.0	248.2	262.8	301.5	352.5
Extra-ordinary profit	0.7	0.6	0.3	0.7	0.7	0.7	0.7	0.7	1.5	1.5	1.5	1.5	5.5	2.4	3.0	3.0	3.0
Extra-ordinary loss	7.5	1.4	0.4	1.1	1.1	1.1	1.1	1.1	2.2	2.2	2.2	2.2	13.0	10.5	4.5	4.5	4.5
Pre-tax profit	76.4	51.3	69.2	43.3	71.4	72.1	54.3	63.5	143.5	117.8	161.8	138.2	305.6	240.1	261.3	300.0	351.0
Income taxes	17.0	21.8	18.6	8.1	19.3	19.5	14.7	17.1	38.7	31.8	43.7	37.3	84.2	65.5	70.5	81.0	94.8
Effective tax rate	22.3%	42.5%	26.8%	18.7%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.6%	27.3%	27.0%	27.0%	27.0%
Minority interest	12.4	7.2	9.9	10.7	10.0	10.0	10.0	10.0	20.0	20.0	25.0	25.0	44.9	40.3	40.0	50.0	50.0
Net profit	46.9	22.3	40.7	24.5	42.1	42.6	29.6	36.4	84.8	66.0	93.1	75.9	176.4	134.4	150.7	169.0	206.2
EPS (¥)	65.0	30.1	56.6	32.7	59.9	60.6	42.1	51.7	120.5	93.7	141.4	115.3	235.7	179.5	214.2	256.6	336.1
Capital expenditure	20.8	25.6	61.8	34.7	40.0	40.0	40.0	40.0	80.0	80.0	76.0	76.0	128.6	142.9	160.0	152.0	144.4
Depreciation and amortization	19.8	20.2	20.3	20.0	23.2	23.2	23.2	23.2	46.4	46.4	50.4	50.4	86.4	80.3	92.8	100.7	106.6
Research and Development	27.2	38.5	30.3	41.0	40.0	40.0	40.0	40.0	80.0	80.0	81.6	81.6	123.9	137.0	160.0	163.2	166.5
YoY / %																	
Sales	-3.5%	-8.6%	-9.3%	0.8%	13.8%	12.2%	0.1%	7.9%	13.0%	4.1%	10.4%	12.3%	6.0%	-5.3%	8.3%	11.4%	4.7%
Operating profit	12.1%	-29.9%	-42.7%	-7.3%	-12.7%	28.2%	-21.0%	59.5%	3.8%	8.5%	12.4%	17.3%	15.6%	-21.8%	5.9%	14.6%	17.5%
Recurring profit	11.1%	-37.2%	-38.3%	1.8%	-13.7%	39.0%	-21.1%	46.4%	6.6%	5.0%	12.7%	17.3%	16.0%	-20.7%	5.9%	14.8%	16.9%
Net profit	4.2%	-48.3%	-43.0%	44.0%	-10.2%	91.5%	-27.2%	48.3%	22.5%	1.2%	9.8%	15.1%	16.3%	-23.8%	12.2%	12.1%	22.0%

Source: Company data, J.P. Morgan estimates

Investment Thesis, Valuation and Risks

Isuzu Motors (7202) *(Overweight; Price Target: ¥2,400)*

Investment Thesis

Our main focus points are Isuzu Motors' ability to establish a competitive advantage centered on the Thai market, especially in the mainstay light commercial vehicle (LCV) business, and its electrification and zero-emission vehicle strategies for trucks aimed at making the company carbon neutral. We think the company needs to clarify its truck electrification strategy, including its alliance with Volvo.

Valuation

Our December 2025 price target of ¥2,400 is based on our FY2025 EPS estimate and a P/E of roughly 11x. We continue to value the stock at a premium to the sector average, reflecting the bottoming out of the core Thai market and high growth potential.

Risks to Rating and Price Target

Upside risks

- Further acceleration of growth in domestic demand for trucks
- Further growth of Thai LCV business
- Yen depreciation beyond ¥160/\$

Downside risks

- Saturation of domestic demand for trucks
- Delayed recovery in Asian (CV/LCV) markets
- Escalating competition in global commercial vehicle markets
- Yen appreciation beyond ¥130/\$

Isuzu Motors (7202): Summary of Financials

Income Statement						Cash Flow Statement					
	2024/3A	2025/3A	2026/3E	2027/3E	2028/3E		2024/3A	2025/3A	2026/3E	2027/3E	2028/3E
Revenue	3,386.7	3,208.1	3,475.6	3,870.8	4,051.3	Cash flow from operating activities	299	218	541	250	308
COGS	(2,706)	(2,567)	(2,969)	(3,299)	(3,417)	o/w Depreciation & amortization	115	110	93	101	107
Gross profit	680	641	507	572	634	o/w Changes in working capital	(5)	(2)	295	(30)	(14)
SG&A	(387)	(412)	(264)	(294)	(308)	Cash flow from investing activities	(155)	(178)	(181)	(173)	(166)
EBITDA	379	309	335	379	433	o/w Capital expenditure	(129)	(143)	(160)	(152)	(144)
D&A	(86)	(80)	(93)	(101)	(107)	as % of sales	3.8%	4.5%	4.6%	3.9%	3.6%
EBIT	293.1	229.1	242.6	277.9	326.6	Cash flow from financing activities	(145)	(65)	(61)	(91)	(100)
Net Interest	12	13	10	12	13	o/w Dividends paid	(120)	(110)	(90)	(92)	(103)
PBT	305.6	240.1	261.3	300.0	351.0	o/w Shares issued/(repurchased)	-	-	-	-	-
Tax	(84)	(65)	(71)	(81)	(95)	o/w Net debt issued/(repaid)	-	-	-	-	-
Minority Interest	(45)	(40)	(40)	(50)	(50)	Net change in cash	24	(14)	298	(15)	43
Net Income	176.4	134.4	150.7	169.0	206.2	Adj. Free cash flow to firm	143	40	360	77	143
Reported EPS	235.7	179.5	214.2	256.6	336.1	y/y Growth	-2.1%	-72.3%	804.7%	-78.6%	85.7%
DPS	92.00	92.00	100.00	110.00	135.00						
Payout ratio	39.0%	51.3%	46.7%	42.9%	40.2%						
Shares outstanding	777	777	777	777	777						
Balance Sheet						Ratio Analysis					
	2024/3A	2025/3A	2026/3E	2027/3E	2028/3E		2024/3A	2025/3A	2026/3E	2027/3E	2028/3E
Cash and cash equivalents	401	387	499	556	582	Gross margin	20.1%	20.0%	14.6%	14.8%	15.7%
Accounts receivable	421	408	450	501	525	EBITDA margin	11.2%	9.6%	9.6%	9.8%	10.7%
Inventories	672	678	449	500	524	EBIT margin	8.7%	7.1%	7.0%	7.2%	8.1%
Other current assets	324	367	385	405	425	Net profit margin	5.2%	4.2%	4.3%	4.4%	5.1%
Current assets	1,818	1,840	1,784	1,962	2,055	ROE	12.7%	9.3%	10.6%	12.0%	14.5%
PP&E	976	955	1,169	1,222	1,262	ROA	5.6%	4.1%	4.5%	4.7%	5.5%
LT investments	380	388	388	388	388	ROCE	11.3%	8.5%	8.8%	10.1%	11.7%
Other non current assets	90	105	105	105	105	SG&A/Sales	11.4%	12.8%	7.6%	7.6%	7.6%
Total assets	3,263	3,289	3,446	3,678	3,810	Net debt/Equity	0.1	0.1	0.1	0.0	0.0
Short term borrowings	205	180	190	171	154	Net debt/EBITDA	0.3	0.6	0.3	0.2	0.1
Payables	552	528	635	708	741	Sales/Assets (x)	1.1	1.0	1.0	1.1	1.1
Other short term liabilities	0	0	0	0	0	Assets/Equity (x)	2.3	2.3	2.4	2.5	2.6
Current liabilities	757	708	825	878	894	Interest cover (x)	NM	NM	NM	NM	NM
Long-term debt	319	382	412	445	482	Operating leverage	260.7%	413.9%	70.5%	128.2%	375.5%
Other long term liabilities	202	191	185	180	174	Tax rate	27.6%	27.3%	27.0%	27.0%	27.0%
Total liabilities	1,278	1,281	1,422	1,503	1,550	Revenue y/y Growth	6.0%	-5.3%	8.3%	11.4%	4.7%
Shareholders' equity	1,461	1,443	1,410	1,407	1,430	EBITDA y/y Growth	13.6%	-18.5%	8.4%	12.9%	14.4%
Minority interests	198	164	164	164	164	EPS y/y growth	20.4%	-23.8%	19.4%	19.8%	31.0%
Total liabilities & equity	3,263	3,289	3,446	3,678	3,810						
BVPS						Valuation					
	2024/3A	2025/3A	2026/3E	2027/3E	2028/3E		2024/3A	2025/3A	2026/3E	2027/3E	2028/3E
y/y Growth	15.6%	-1.2%	4.0%	6.6%	9.1%	P/E (x)	8.3	10.9	9.1	7.6	5.8
Net debt/(cash)	123	176	103	60	54	P/BV (x)	1.0	1.0	1.0	0.9	0.8
						EV/EBITDA (x)	3.9	4.9	4.3	3.7	3.3
						Dividend Yield	4.7%	4.7%	5.1%	5.6%	6.9%

Source: Company reports and J.P. Morgan estimates.

Note: ¥ in billions (except per-share data). Fiscal year ends Mar. o/w - out of which

Overweight

7203.T, 7203 JP
Price (29 May 25): ¥2,735

▼ **Price Target (Dec-25): ¥3,200**
Prior (Dec-25): ¥3,600

Japan Equity Research

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Key Changes (FYE Mar)

	Prev	Cur
Adj. EBIT - 26E (¥ bn)	5,357	3,805
Adj. EBIT - 27E (¥ bn)	5,539	4,134

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)			
		6M	1Y	3Y	5Y
Value	32	30	34	40	24
Growth	85	71	71	48	50
Momentum	87	79	10	22	50
Quality	56	32	56	46	56
Low Vol	65	63	38	14	5
ESGQ	100	95	98	82	87

Toyota Motor (7203)

Has the underlying strength to absorb tariff impact; watching value chain earnings growth

We lower our price target through December 2025 from ¥3,600 to ¥3,200 but reiterate our Overweight rating. We estimate the gross impact of US tariffs in FY2025 at ¥1.4 trillion and the net impact at ¥720 billion. We newly factor this into our earnings estimates, but we think the company can continue to generate high-level earnings thanks to HEV sales expansion and cost-cutting effects throughout the supply chain. Toyota aims to transform into a mobility company, and value chain earnings that are not dependent on new vehicle sales already account for the majority of its earnings. Once the automaker's monetization strategy in the software-defined vehicle (SDV) field becomes clear, share price valuations could attract a further premium.

- **Tariff impact not small, but manageable:** We estimate the gross impact of US tariffs in FY2025 at ¥1.4 trillion and the net impact including countermeasures at ¥720 billion. Although the impact is not necessarily small, we believe it is a manageable level, when we take into account the effect of product mix improvement centered on HEVs and cost-cutting efforts throughout the supply chain, including at dealers and suppliers. We revise our earnings estimates, in part to reflect the tariff impact. We estimate consolidated operating profit of ¥3.80 trillion in FY2025 (previously ¥5.36 trillion), ¥4.13 trillion in FY2026 (¥5.54 trillion), and ¥4.54 trillion in FY2027.
- **Our take on reports of Toyota Industries being taken private:** While we believe Toyota Motor taking Toyota Industries private, as reported by the Nikkei, Kyodo News, and other media outlets, is a reasonable course of action, attention will likely center on the privatization scheme and the extent to which the Toyoda founding family's involvement can be controlled. We believe that the decision should be made from the perspective of both governance and capital efficiency, including how to handle the more than 9% of Toyota Motor treasury stock held by Toyota Industries.
- **Growth in value chain earnings:** Toyota Motor plans to gradually introduce the Arene operating system in vehicles from 2025, and plans a full-scale launch of SDVs. As of FY2025, we believe value chain earnings (from parts, accessories, financing, and software) that are not dependent on new vehicle sales will exceed 50% of total company earnings. If the introduction of SDVs increases the likelihood of growth in paid software business, an additional valuation premium may be feasible.

Price Performance



	YTD	1m	3m	12m
Abs	-13.1%	-1.9%	1.7%	-19.3%
Rel	-14.1%	-8.0%	-3.2%	-21.9%

Company Data

Shares O/S (mn)	13,049
52-week range (¥)	3,452-2,183
Market cap (\$ bn)	246.4
Exchange rate	144.84
Free float (%)	63.3%
3M ADV (mn)	32.13
3M ADV (\$ mn)	587.9
Volatility (90 Day)	41
Index	TOPIX
BBG ANR (Buy Hold Sell)	18 7 2

Key Metrics (FYE Mar)

¥ in billions	2025/3A	2026/3E	2027/3E	2028/3E
Financial Estimates				
Revenue	48,036.7	49,616.1	52,215.4	55,057.7
EBITDA	6,156	5,279	5,663	6,124
EBIT	4,795.6	3,804.6	4,133.5	4,544.2
Net income	4,765	3,725	3,878	4,210
Reported EPS	365.2	285.5	297.2	322.6
BBG EPS	345.57	279.33	302.13	-
Cashflow from operations	3,697	4,916	4,528	4,852
FCFF	(493)	850	646	935
Margins and Growth				
Revenue Growth Y/Y (%)	6.5%	3.3%	5.2%	5.4%
EBITDA margin	12.8%	10.6%	10.8%	11.1%
EBITDA Growth Y/Y (%)	-6.7%	-14.2%	7.3%	8.1%
EBIT margin	10.0%	7.7%	7.9%	8.3%
Net margin	9.9%	7.5%	7.4%	7.6%
Fully Diluted EPS growth	-0.5%	-21.8%	4.1%	8.6%
Ratios				
Effective Tax Rate	25.3%	24.0%	24.0%	24.0%
Interest cover	NM	NM	NM	NM
Net debt/Equity	0.8	0.8	0.8	0.8
Net debt/EBITDA	4.8	5.8	5.4	5.1
ROCE	4.9%	3.8%	4.0%	4.3%
ROE	13.6%	10.2%	10.2%	10.6%
Valuation				
FCFF yield	-1.4%	2.4%	1.8%	2.6%
Dividend yield	3.3%	4.0%	4.4%	4.4%
EV/Revenue	0.6	0.5	0.5	0.5
EV/EBITDA	4.5	5.1	4.7	4.2
P/E	7.5	9.6	9.2	8.5

Summary Investment Thesis and Valuation

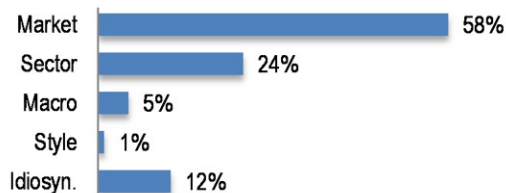
Investment Thesis

In addition to assessing when global auto production is likely to normalize, it is important to consider the subsequent growth story. We await more details about Toyota's battery strategy in the context of its aim to produce two million zero-emissions vehicles by 2030, and its unique approach to the CASE field, including Woven City.

Valuation

Our December 2025 price target of ¥3,200 is based on our FY2025 EPS estimate and a P/E of about 11x. In addition to the improvement in profit, we are positive on Toyota's competitiveness in electrification and thus use a multiple that is above the sector average. We revise our price target to reflect our new earnings estimates.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Japan	0.71	0.76
Sect: Cons Discretionary	0.80	0.78
Ind: Automobiles & Comp	0.98	0.97
Macro:		
JPM JPY Tradeable Currency	-0.41	-0.44
JPM JPMCCI Non Energy Excess	-0.22	-0.12
Japan Generic Govt 10Y Yield	-0.04	0.11
Quant Styles:		
Value	0.49	0.36
DivYld	0.34	0.28
Size	0.35	0.21

Earnings forecasts

Figure 43: Toyota Motor (7203): Consolidated Profit & Loss Statement (IFRS)

¥bn, %

	3/20	3/21	3/22	3/23	3/24	3/25	3/26E	3/27E	3/28E
Sales	29,930.0	27,214.6	31,379.5	37,154.3	45,095.3	48,036.7	49,616.1	52,215.4	55,057.7
Sales of products	27,759.7	25,077.4	29,073.4	34,367.6	41,648.1	43,598.9	43,955.0	46,554.4	49,396.6
Financial services	2,170.2	2,137.2	2,306.1	2,786.7	3,447.2	4,437.8	5,661.1	5,661.1	5,661.1
Costs and expenses	24,522.4	22,382.2	25,407.8	30,841.3	35,727.0	38,458.7	40,931.0	42,945.7	45,097.8
Cost of products sold	23,142.7	21,199.9	24,250.8	29,128.6	33,600.6	35,510.2	39,131.0	41,145.7	43,297.8
Cost of financial services	1,379.6	1,182.3	1,157.1	1,712.7	2,126.4	2,948.5	1,800.0	1,800.0	1,800.0
SG&A	2,964.8	2,634.6	2,976.0	3,588.0	4,015.4	4,782.5	4,880.5	5,136.2	5,415.7
Operating Profit	2,442.9	2,197.7	2,995.7	2,725.0	5,352.9	4,795.6	3,804.6	4,133.5	4,544.2
EBITDA	3,255.7	3,074.6	4,002.9	3,910.0	6,601.3	6,156.1	5,279.3	5,663.3	6,124.0
Equity Method Income									
Interest and dividend income	232.9	435.2	334.8	379.4	747.2	556.7	575.0	605.1	638.1
Interest expense	-32.2	-47.5	-44.0	-125.1	-103.7	-190.7	-202.2	-206.8	-211.5
Forex gains	-79.0	15.1	216.2	124.5	187.6	705.3	200.0	100.0	100.0
Other	-9.9	-19.3	-72.5	-78.1	17.9	-43.5	-47.8	-52.6	-57.9
Pretax profit	2,554.6	2,932.4	3,990.5	3,668.7	6,965.1	6,414.6	4,980.7	5,233.9	5,671.1
Income taxes	683.4	650.0	1,115.9	1,175.8	1,893.7	1,624.8	1,195.4	1,256.1	1,361.1
Effective tax rate	26.8%	22.2%	28.0%	32.0%	27.2%	25.3%	24.0%	24.0%	24.0%
Net Profit	2,142.3	2,282.4	2,874.6	2,493.0	5,071.4	4,789.8	3,785.3	3,977.7	4,310.0
Owners of the parent.	2,076.2	2,245.3	2,850.1	2,451.3	4,944.9	4,765.1	3,725.3	3,877.7	4,210.0
Non-controlling interests.	66.1	37.1	24.5	41.7	126.5	24.7	60.0	100.0	100.0
[Key financial metrics]									
EPS (¥)	150	161	207	181	367	365	285	297	323
DPS (¥)	44.0	48.0	52.0	60.0	75.0	90.0	110.0	120.0	120.0
Payout ratio / %	29.3%	29.9%	25.1%	33.2%	20.4%	24.6%	38.5%	40.4%	37.2%
BPS (¥)	1,487	1,674	1,905	2,089	2,540	2,753	2,869	2,974	3,088
ROE / %	10.3%	10.2%	11.5%	9.0%	15.8%	13.6%	10.2%	10.2%	10.6%
ROA / %	4.0%	3.9%	4.4%	3.5%	6.0%	5.2%	3.8%	3.8%	4.0%
Liquidity	5,697.5	5,100.9	6,113.7	7,517.0	9,412.1	8,982.4	9,499.6	9,997.3	10,541.5
Gross interest-bearing debt	20,553.0	25,659.6	26,496.4	29,380.3	36,561.8	38,792.9	39,956.7	40,861.9	41,790.7
D/E ratio	1.0	1.1	1.0	1.0	1.1	1.1	1.1	1.1	1.0
Net D/E ratio	0.7	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Shares outstanding (mn)	13,830.8	13,979.7	13,778.3	13,565.2	13,474.2	13,048.9	13,048.9	13,048.9	13,048.9
Capital expenditure	1,393.0	1,293.2	1,343.0	1,605.8	2,010.8	2,134.8	2,300.0	2,080.0	2,080.0
Depreciation and Amortization	812.8	876.9	1,007.2	1,185.0	1,248.4	1,360.5	1,474.7	1,529.8	1,579.8
Research and Development	1,110.3	1,090.4	1,124.2	1,241.6	1,202.3	1,326.4	1,400.0	1,414.0	1,428.1
As a percentage of Sales / %									
Operating Profit	8.2%	8.1%	9.5%	7.3%	11.9%	10.0%	7.7%	7.9%	8.3%
Pretax profit	8.5%	10.8%	12.7%	9.9%	15.4%	13.4%	10.0%	10.0%	10.3%
Net profit	6.9%	8.3%	9.1%	6.6%	11.0%	9.9%	7.5%	7.4%	7.6%
YoY / %									
Sales	-1.0%	--	15.3%	18.4%	21.4%	6.5%	3.3%	5.2%	5.4%
Operating profit	-1.0%	--	36.3%	-9.0%	96.4%	-10.4%	-20.7%	8.6%	9.9%
Pretax profit	11.8%	--	36.1%	-8.1%	89.8%	-7.9%	-22.4%	5.1%	8.4%
Net profit	10.3%	--	26.9%	-14.0%	101.7%	-3.6%	-21.8%	4.1%	8.6%

Source: Company data, J.P. Morgan estimates
Note: US GAAP basis until FY3/20.

Figure 44: Toyota Motor (7203): Consolidated Balance Sheet & Cash Flow Statement (IFRS)

¥bn

Consolidated Balance Sheet	3/20	3/21	3/22	3/23	3/24	3/25	3/26E	3/27E	3/28E
Cash and cash equivalents	4,190.5	5,100.9	6,113.7	7,517.0	9,412.1	8,982.4	9,499.6	9,997.3	10,541.5
Trade receivables	8,709.1	2,958.7	3,142.8	3,586.1	3,789.4	3,679.7	3,857.4	4,059.4	4,280.4
Receivables related to financial services	--	6,756.2	7,181.3	8,279.8	11,057.3	11,453.2	11,682.3	11,916.0	12,154.3
Other financial assets	1,507.0	4,215.5	2,507.2	1,715.7	4,702.2	6,935.8	7,143.8	7,358.1	7,578.9
Inventories	2,434.9	2,888.0	3,821.4	4,255.6	4,605.4	4,598.2	4,749.4	4,998.2	5,270.3
Other current assets	3,308.0	11,829.2	10,644.4	11,101.1	16,907.4	19,818.3	20,337.7	20,873.2	21,425.3
Total Current Assets	18,642.5	22,776.8	23,722.3	26,459.8	34,714.3	37,078.7	38,444.1	39,928.2	41,517.5
Investments accounted for equity method	10,423.9	4,160.8	4,837.9	5,227.3	5,710.1	5,798.1	6,030.0	6,271.2	6,522.0
Receivables related to financial services	--	12,449.5	14,583.1	16,491.0	20,637.1	22,171.8	23,058.7	23,981.0	24,940.2
Other financial assets	7,348.7	9,083.9	9,517.3	10,556.4	11,390.6	11,390.6	11,846.2	12,320.0	12,812.8
PPE	10,601.5	11,411.2	12,326.6	12,634.0	14,257.8	15,333.7	17,173.7	17,860.7	18,575.1
Other non-current assets	1,540.4	2,384.9	2,701.6	2,934.6	3,404.5	1,828.6	3,505.9	3,686.1	3,877.8
Non-current assets	34,037.9	39,490.3	43,966.5	47,843.4	55,400.0	56,522.7	61,614.4	64,119.0	66,728.0
Total Assets	52,680.4	62,267.1	67,688.8	74,303.2	90,114.3	93,601.4	100,058.6	104,047.2	108,245.5
Trade payables	6,380.5	4,045.9	4,292.1	4,986.3	5,251.4	5,527.3	6,460.0	6,798.4	7,168.5
Short-term borrowings	9,860.1	12,212.1	11,187.8	12,305.6	15,406.3	15,829.5	16,304.4	16,500.1	16,698.1
Other current liabilities	1,661.8	5,202.5	6,362.2	6,667.8	8,520.3	8,077.4	10,947.4	12,195.1	13,469.6
Total Current Liabilities	17,902.4	21,460.5	21,842.2	23,959.7	29,177.9	29,434.2	33,711.8	35,493.6	37,336.2
Long-term debt	10,692.9	13,447.6	15,308.5	17,074.6	21,155.5	22,963.4	23,652.3	24,361.8	25,092.7
Other non-current liabilities	2,843.3	3,070.8	3,383.3	4,004.6	4,541.6	4,324.9	4,454.6	4,588.2	4,725.9
Non-current liabilities	13,536.2	16,518.3	18,691.8	21,079.3	25,697.0	27,288.2	28,106.9	28,950.1	29,818.6
Total Liabilities	31,438.6	37,978.8	40,534.0	45,039.0	54,875.0	56,722.4	61,818.7	64,443.7	67,154.8
Common stock	397.1	397.1	397.1	397.1	397.1	397.1	397.1	397.1	397.1
Additional paid-in capital	489.3	497.3	498.6	498.7	491.8	492.4	492.4	492.4	492.4
Retained earnings	23,427.6	24,104.2	26,453.1	28,343.3	32,795.4	35,841.2	38,131.2	40,443.0	43,087.2
Other components of equity	--	1,307.7	2,203.3	2,836.2	4,503.8	3,610.1	3,718.4	3,830.0	3,944.9
Treasury stock	-4,253.4	-2,901.7	-3,306.0	-3,736.6	-3,967.0	-4,415.9	-5,299.1	-6,359.0	-7,630.7
Shareholders' Equity Attribute to parent	20,060.6	23,404.5	26,246.0	28,338.7	34,221.0	35,924.8	37,439.9	38,803.5	40,290.7
Non-controlling interests	677.1	883.8	908.9	925.5	1,018.3	954.1	800.0	800.0	800.0
Total shareholders' equity	21,241.9	24,288.3	27,154.8	29,264.2	35,239.3	36,878.9	38,239.9	39,603.5	41,090.7
Total Liabilities and shareholders' equity	52,680.4	62,267.1	67,688.8	74,303.2	90,114.3	93,601.4	100,058.6	104,047.2	108,245.5

Consolidated Cash Flow Statement	3/20	3/21	3/22	3/23	3/24	3/25	3/26E	3/27E	3/28E
Net income	2,142.3	2,282.4	2,874.6	2,493.0	5,071.4	4,789.8	3,785.3	3,977.7	4,310.0
Depreciation, other	1,605.4	1,644.3	1,821.9	2,039.9	2,087.1	2,251.2	2,440.2	2,531.3	2,614.2
Changes in operating assets and liabilities	-57.8	146.4	-454.2	-170.6	-506.0	347.4	404.8	-316.1	-331.3
Others	-99.3	-1,345.9	-519.6	-1,407.2	-2,446.1	-3,691.5	-1,713.8	-1,664.9	-1,740.4
Cash Flow from Operations	3,590.6	2,727.2	3,722.6	2,955.1	4,206.4	3,696.9	4,916.5	4,528.0	4,852.5
CAPEX	-1,393.0	-1,293.2	-1,343.0	-1,605.8	-2,010.8	-2,134.8	-2,300.0	-2,080.0	-2,080.0
Others	-1,757.9	-3,391.0	765.5	6.9	-2,988.0	-2,054.9	-1,766.5	-1,801.9	-1,837.9
Cash Flow from Investing Activities	-3,150.9	-4,684.2	-577.5	-1,598.9	-4,998.8	-4,189.7	-4,066.5	-3,881.9	-3,917.9
Free Cash Flow	439.8	-1,957.0	3,145.1	1,356.2	-792.4	-492.8	849.9	646.1	934.6
Change in debt portion	1,558.2	0.0	-1,024.2	1,117.8	3,100.6	423.2	474.9	195.7	198.0
Dividends paid	-684.9	-662.1	-761.6	-813.0	-970.5	-1,259.6	-1,004.8	-1,096.1	-1,096.1
Others	-476.1	199.9	-404.7	-406.8	-238.7	-1,128.2	-25.1	-304.3	-302.0
Cash Flow from Financing Activities	397.1	2,739.2	-2,466.5	-56.2	2,497.6	197.2	-1,029.9	-1,400.5	-1,398.1
Effects of forex movements on cash balance	-131.2	220.2	334.2	103.3	189.9	-134.1	-20.0	-20.0	-20.0
Net change in cash and cash equivalents	705.7	1,002.4	1,012.8	1,403.3	1,895.1	-429.7	537.2	517.7	564.2
Cash and cash equivalents at period's beginning	3,706.5	4,098.5	5,100.9	6,113.7	7,517.0	9,412.1	8,982.4	9,499.6	9,997.3
Cash and cash equivalents at period's end	4,412.2	5,100.9	6,113.7	7,517.0	9,412.1	8,982.4	9,499.6	9,997.3	10,541.5

Source: Company data, J.P. Morgan estimates
Note: US GAAP basis until FY3/20.

Figure 45: Toyota Motor (7203): Assumptions for Automotive Segment Model

1,000 units, %

	3/20	3/21	3/22	3/23	3/24	3/25	3/26E	3/27E	3/28E
Toyota group production capacity									
Japan	4,775	4,775	4,775	4,775	4,775	4,775	4,775	4,775	4,775
North America	2,008	2,008	2,158	2,158	2,158	2,158	2,158	2,158	2,158
USA	1,445	1,445	1,595	1,595	1,595	1,595	1,595	1,595	1,595
Europe	870	870	870	870	870	870	870	870	870
Asia	3,198	3,198	3,665	3,665	3,665	3,665	3,665	3,665	3,665
China	1,373	1,373	1,840	2,040	2,040	2,040	2,040	2,040	2,040
ASEAN, Others	1,825	1,825	1,825	1,825	1,825	1,825	1,825	1,825	1,825
Others	432	432	432	432	432	432	432	432	432
Total	11,283	11,283	11,900	12,100	12,100	12,100	12,100	12,100	12,100
Toyota group global production									
Japan	4,413	3,948	3,741	3,789	4,042	4,000	4,021	4,114	4,208
Toyota	3,304	2,919	2,761	2,787	3,309	3,236	3,090	3,163	3,235
Daihatsu/Hino	1,109	1,029	980	1,002	734	764	930	952	973
North America	1,819	1,646	1,776	1,838	2,074	2,075	2,166	2,166	2,166
USA	1,164	1,011	1,146	1,123	1,310	1,251	1,362	1,362	1,362
Europe	773	697	707	771	846	811	801	819	836
Asia	2,435	2,613	2,861	3,220	3,219	3,064	3,197	3,358	3,523
China	1,311	1,717	1,698	1,767	1,680	1,549	1,648	1,764	1,886
Thailand	533	457	552	668	576	531	642	742	849
Indonesia	186	107	216	265	275	260	286	300	315
ASEAN, Others	406	332	396	521	688	724	621	552	473
Asia (excluding China)	1,124	896	1,163	1,454	1,539	1,515	1,549	1,594	1,637
Others	957	569	984	1,112	1,030	952	971	1,009	1,065
(Domestic production)	4,413	3,948	3,741	3,789	4,042	4,000	4,021	4,114	4,208
(Overseas production)	5,985	5,526	6,328	6,942	7,169	6,902	7,135	7,351	7,590
Total	10,398	9,475	10,069	10,730	11,211	10,902	11,156	11,466	11,798
Toyota/ Lexus global production									
(Domestic production)	3,304	2,919	2,761	2,787	3,309	3,236	3,090	3,163	3,235
(Overseas production)	5,437	5,264	5,812	6,343	6,663	6,443	6,662	6,864	7,088
Total	8,741	8,183	8,572	9,130	9,972	9,679	9,753	10,027	10,323
Capacity utilisation / %									
Japan	92%	83%	78%	79%	85%	84%	84%	86%	88%
Overseas	92%	85%	89%	95%	98%	94%	97%	100%	104%
Global average	92%	84%	85%	89%	93%	90%	92%	95%	98%
Consolidated shipment units									
Japan	2,239	2,125	1,925	2,069	1,993	1,990	2,036	2,085	2,137
North America	2,714	2,314	2,393	2,407	2,816	2,703	2,850	2,906	2,948
Europe	1,029	960	1,017	1,029	1,191	1,171	1,167	1,214	1,263
Asia	1,605	1,222	1,544	1,751	1,803	1,838	1,798	1,866	1,937
Other	1,372	1,026	1,352	1,565	1,640	1,660	1,696	1,757	1,821
Total	8,959	7,647	8,231	8,821	9,443	9,362	9,547	9,828	10,105
Global retail sales units									
Japan	1,587	1,538	1,396	1,407	1,530	1,505	1,616	1,664	1,714
North America	2,696	2,523	2,591	2,400	2,731	2,731	2,840	2,906	2,948
USA	2,335	2,220	2,239	2,063	2,344	2,338	2,437	2,485	2,510
Europe	1,039	976	1,024	1,044	1,157	1,165	1,167	1,214	1,263
Asia	2,822	2,997	3,157	3,276	3,305	3,241	3,329	3,455	3,586
China	1,544	2,000	1,915	1,876	1,902	1,789	1,796	1,859	1,924
Thailand	302	244	261	287	250	219	235	244	254
Indonesia	323	171	312	336	320	292	306	315	325
Other Asia	653	582	669	777	833	941	992	1,037	1,084
C/S America	392	282	407	483	478	498	523	549	576
Oceania	256	251	275	264	294	300	315	331	348
Others	674	520	662	735	815	834	853	873	893
Total	9,466	9,087	9,512	9,610	10,310	10,274	10,643	10,991	11,328
Global xEV Retail Sales Units (Toyota/ Lexus Brand)									
SHEV	1,858	2,087	2,559	2,715	3,558	4,317	4,879	5,903	6,612
MHEV	0	0	6	5	35	124	160	232	267
PHEV	58	59	116	88	141	161	190	418	669
BEV	0	6	16	38	117	145	202	384	680
FCEV	2	3	5	3	4	1	4	4	4
xEV Penetration Rate (Toyota/ Lexus Brand)									
SHEV	20%	24%	28%	30%	37%	46%	51%	63%	73%
MHEV	0%	0%	0%	0%	0%	1%	2%	2%	2%
PHEV	1%	1%	1%	1%	1%	2%	2%	4%	6%
BEV	0%	0%	0%	0%	1%	1%	2%	3%	6%
FCEV	0%	0%	0%	0%	0%	0%	0%	0%	0%

Source: Company data, J.P. Morgan estimates

Figure 46: Toyota Motor (7203): Quarterly Consolidated Profit & Loss Statement (IFRS)

¥bn, %

	3/25				3/26E				3/26E		3/27E		3/24	3/25	3/26E	3/27E	3/28E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1H	2H	1H	2H					
Dollar-yen rate	156.0	150.0	152.0	153.0	140.0	140.0	140.0	140.0	140.0	140.0	140.0	140.0	145.0	152.8	140.0	140.0	140.0
Euro-yen rate	168.0	164.0	163.0	161.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	157.0	164.0	150.0	150.0	150.0
Sales	11,837.9	11,444.6	12,391.1	12,363.2	12,369.4	12,276.6	12,806.0	12,164.1	24,646.0	24,970.0	25,876.7	26,338.7	45,095.3	48,036.7	49,616.1	52,215.4	55,057.7
Sales of products	10,845.2	10,418.0	11,379.0	10,956.6	10,954.1	10,861.4	11,390.7	10,748.8	21,815.5	22,139.5	23,046.2	23,508.2	41,648.1	43,598.9	43,955.0	46,554.4	49,396.6
Financial services	992.7	1,026.6	1,012.1	1,406.5	1,415.3	1,415.3	1,415.3	1,415.3	2,830.5	2,830.5	2,830.5	2,830.5	3,447.2	4,437.8	5,661.1	5,661.1	5,661.1
Costs and expenses	9,409.4	9,006.1	10,012.2	10,031.0	10,117.5	10,124.8	10,616.3	10,072.4	20,242.3	20,688.7	21,184.2	21,761.6	35,727.0	38,458.7	40,931.0	42,945.7	45,097.8
Cost of products sold	8,774.5	8,359.7	9,359.0	9,017.0	9,667.5	9,674.8	10,166.3	9,622.4	19,342.3	19,788.7	20,284.2	20,861.6	33,600.6	35,510.2	39,131.0	41,145.7	43,297.8
Cost of financial services	634.9	646.4	653.2	1,013.9	450.0	450.0	450.0	450.0	900.0	900.0	900.0	900.0	2,126.4	2,948.5	1,800.0	1,800.0	1,800.0
SG&A	1,120.0	1,282.7	1,163.6	1,216.1	1,216.7	1,207.6	1,259.7	1,196.5	2,424.3	2,456.2	2,545.4	2,590.8	4,015.4	4,782.5	4,880.5	5,136.2	5,415.7
Operating Profit	1,308.5	1,155.8	1,215.3	1,116.1	1,035.2	944.2	930.0	895.2	1,979.4	1,825.2	2,147.2	1,986.4	5,352.9	4,795.6	3,804.6	4,133.5	4,544.2
EBITDA	1,660.8	1,491.2	1,550.6	1,453.6	1,403.9	1,312.9	1,298.7	1,263.8	2,716.8	2,562.5	2,912.1	2,751.2	6,601.3	6,156.1	5,279.3	5,663.3	6,124.0
Equity Method Income	164.9	99.4	190.4	136.5	160.5	163.0	169.3	158.3	323.6	327.6	325.2	329.4	763.1	591.2	651.2	654.7	658.2
Interest and dividend income	173.8	97.1	153.8	132.0	143.8	143.8	143.8	143.8	287.5	287.5	302.6	302.6	747.2	556.7	575.0	605.1	638.1
Interest expense	-16.5	-37.2	-107.6	-29.4	-50.6	-50.6	-50.6	-50.6	-101.1	-101.1	-103.4	-103.4	-103.7	-190.7	-202.2	-206.8	-211.5
Forex gains	237.0	-463.8	1,304.1	-372.0	50.0	50.0	50.0	50.0	100.0	100.0	50.0	50.0	187.6	705.3	200.0	100.0	100.0
Other	4.6	8.5	-58.0	1.4	-12.0	-12.0	-12.0	-12.0	-23.9	-23.9	-26.3	-26.3	17.9	-43.5	-47.8	-52.6	-57.9
Pretax profit	1,872.3	859.8	2,698.0	984.5	1,327.0	1,238.5	1,230.6	1,184.7	2,565.5	2,415.2	2,695.3	2,538.6	6,965.1	6,414.6	4,980.7	5,233.9	5,671.1
Income taxes	508.4	358.0	484.3	274.1	318.5	297.2	295.3	284.3	615.7	579.7	646.9	609.3	1,893.7	1,624.8	1,195.4	1,256.1	1,361.1
Effective tax rate	27.2%	41.6%	18.0%	27.8%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	27.2%	25.3%	24.0%	24.0%	24.0%
Net income	1,363.8	501.8	2,213.7	710.4	1,008.5	941.2	935.2	900.4	1,949.8	1,835.6	2,048.4	1,929.3	5,071.4	4,789.8	3,785.3	3,977.7	4,310.0
NIA to Toyota Motor	1,333.3	573.8	2,193.3	664.7	993.5	926.2	920.2	885.4	1,919.8	1,805.6	1,998.4	1,879.3	4,944.9	4,765.1	3,725.3	3,877.7	4,210.0
NIA to NCIs	30.5	-71.9	20.4	45.7	15.0	15.0	15.0	15.0	30.0	30.0	50.0	50.0	126.5	24.7	60.0	100.0	100.0
EPS (¥)	99.0	43.6	167.5	50.9	76.1	71.0	70.5	67.8	147.1	138.4	153.1	144.0	367.0	365.2	285.5	297.2	322.6
Capital expenditure	368.0	443.1	558.7	765.0	575.0	575.0	575.0	575.0	1,150.0	1,150.0	1,040.0	1,040.0	2,010.8	2,134.8	2,300.0	2,080.0	2,080.0
Depreciation and Amortization	352.3	335.4	335.3	337.5	368.7	368.7	368.7	368.7	737.3	737.3	764.9	764.9	1,248.4	1,360.5	1,474.7	1,529.8	1,579.8
Research and Development	304.6	334.9	336.8	350.1	350.0	350.0	350.0	350.0	700.0	700.0	707.0	707.0	1,202.3	1,326.4	1,400.0	1,414.0	1,428.1
YoY / %																	
Sales	12.2%	0.1%	2.9%	11.7%	4.5%	7.3%	3.3%	-1.6%	5.9%	0.9%	5.0%	5.5%	21.4%	6.5%	3.3%	5.2%	5.4%
Operating profit	16.7%	-19.6%	-27.7%	0.3%	-20.9%	-18.3%	-23.5%	-19.8%	-19.7%	-21.7%	8.5%	8.8%	96.4%	-10.4%	-20.7%	8.6%	9.9%
Pretax profit	8.8%	-52.3%	47.0%	-38.8%	-29.1%	44.0%	-54.4%	20.3%	-6.1%	-34.4%	5.1%	5.1%	89.8%	-7.9%	-22.4%	5.1%	8.4%
Net profit	1.7%	-55.1%	61.5%	-33.4%	-25.5%	61.4%	-58.0%	33.2%	0.7%	-36.8%	4.1%	4.1%	101.7%	-3.6%	-21.8%	4.1%	8.6%

Source: Company data, J.P. Morgan estimates

Investment Thesis, Valuation and Risks

Toyota Motor (7203) (*Overweight; Price Target: ¥3,200*)

Investment Thesis

In addition to assessing when global auto production is likely to normalize, it is important to consider the subsequent growth story. We await more details about Toyota's battery strategy in the context of its aim to produce two million zero-emissions vehicles by 2030, and its unique approach to the CASE field, including Woven City.

Valuation

Our December 2025 price target of ¥3,200 is based on our FY2025 EPS estimate and a P/E of about 11x. In addition to the improvement in profit, we are positive on Toyota's competitiveness in electrification and thus use a multiple that is above the sector average.

Risks to Rating and Price Target

Upside Scenario to Target Price/Rating

- Increased US market share
- Continued recovery of the North American light truck market
- Yen depreciation beyond ¥160/\$

Downside Scenario to Target Price/Rating

- Further increase in competition in the US sedan market
- Persistently high incentive costs in the North American passenger car market
- Yen appreciation beyond ¥130/\$

Toyota Motor (7203): Summary of Financials

Income Statement						Cash Flow Statement					
	2024/3A	2025/3A	2026/3E	2027/3E	2028/3E		2024/3A	2025/3A	2026/3E	2027/3E	2028/3E
Revenue	45,095.3	48,036.7	49,616.1	52,215.4	55,057.7	Cash flow from operating activities	4,206	3,697	4,916	4,528	4,852
COGS	(35,727)	(38,459)	(40,931)	(42,946)	(45,098)	o/w Depreciation & amortization	2,087	2,251	2,440	2,531	2,614
Gross profit	9,368	9,578	8,685	9,270	9,960	o/w Changes in working capital	(3,976)	(2,816)	0	0	0
SG&A	(4,015)	(4,782)	(4,880)	(5,136)	(5,416)	Cash flow from investing activities	(4,999)	(4,190)	(4,067)	(3,882)	(3,918)
EBITDA	6,601	6,156	5,279	5,663	6,124	o/w Capital expenditure	(2,011)	(2,135)	(2,300)	(2,080)	(2,080)
D&A	(1,248)	(1,361)	(1,475)	(1,530)	(1,580)	as % of sales	4.5%	4.4%	4.6%	4.0%	3.8%
EBIT	5,352.9	4,795.6	3,804.6	4,133.5	4,544.2	Cash flow from financing activities	2,498	197	(1,030)	(1,400)	(1,398)
Net Interest	644	366	373	398	427	o/w Dividends paid	(971)	(1,260)	(1,005)	(1,096)	(1,096)
PBT	6,965.1	6,414.6	4,980.7	5,233.9	5,671.1	o/w Shares issued/(repurchased)	-	-	-	-	-
Tax	(1,894)	(1,625)	(1,195)	(1,256)	(1,361)	o/w Net debt issued/(repaid)	-	-	-	-	-
Minority Interest	(126)	(25)	(60)	(100)	(100)	Net change in cash	1,895	(430)	(200)	(774)	(484)
Net Income	4,945	4,765	3,725	3,878	4,210	Adj. Free cash flow to firm	(792)	(493)	850	646	935
Reported EPS	367.0	365.2	285.5	297.2	322.6	y/y Growth	-158.4%	-37.8%	-272.5%	-24.0%	44.6%
DPS	75.00	90.00	110.00	120.00	120.00						
Payout ratio	20.4%	24.6%	38.5%	40.4%	37.2%						
Shares outstanding	16,315	15,795	15,795	15,795	15,795						
Balance Sheet						Ratio Analysis					
	2024/3A	2025/3A	2026/3E	2027/3E	2028/3E		2024/3A	2025/3A	2026/3E	2027/3E	2028/3E
Cash and cash equivalents	9,412	8,982	9,500	9,997	10,541	Gross margin	20.8%	19.9%	17.5%	17.8%	18.1%
Accounts receivable	3,789	3,680	3,857	4,059	4,280	EBITDA margin	14.6%	12.8%	10.6%	10.8%	11.1%
Inventories	4,605	4,598	4,749	4,998	5,270	EBIT margin	11.9%	10.0%	7.7%	7.9%	8.3%
Other current assets	16,907	19,818	20,338	20,873	21,425	Net profit margin	11.0%	9.9%	7.5%	7.4%	7.6%
Current assets	34,714	37,079	38,444	39,928	41,518	ROE	15.8%	13.6%	10.2%	10.2%	10.6%
PP&E	14,258	15,334	17,174	17,861	18,575	ROA	6.0%	5.2%	3.8%	3.8%	4.0%
LT investments	5,710	5,798	6,030	6,271	6,522	ROCE	6.1%	4.9%	3.8%	4.0%	4.3%
Other non current assets	35,432	35,391	38,411	39,987	41,631	SG&A/Sales	8.9%	10.0%	9.8%	9.8%	9.8%
Total assets	90,114	93,601	100,059	104,047	108,245	Net debt/Equity	0.8	0.8	0.8	0.8	0.8
Short term borrowings	15,406	15,830	16,304	16,500	16,698	Net debt/EBITDA	4.1	4.8	5.8	5.4	5.1
Payables	5,251	5,527	6,460	6,798	7,169	Sales/Assets (x)	0.5	0.5	0.5	0.5	0.5
Other short term liabilities	8,520	8,077	10,947	12,195	13,470	Assets/Equity (x)	2.6	2.6	2.6	2.7	2.7
Current liabilities	29,178	29,434	33,712	35,494	37,336	Interest cover (x)	NM	NM	NM	NM	NM
Long-term debt	21,155	22,963	23,652	24,362	25,093	Operating leverage	451.2%	-159.6%	-628.5%	165.0%	182.5%
Other long term liabilities	4,542	4,325	4,455	4,588	4,726	Tax rate	27.2%	25.3%	24.0%	24.0%	24.0%
Total liabilities	54,875	56,722	61,819	64,444	67,155	Revenue y/y Growth	21.4%	6.5%	3.3%	5.2%	5.4%
Shareholders' equity	34,221	35,925	37,440	38,803	40,291	EBITDA y/y Growth	68.8%	-6.7%	-14.2%	7.3%	8.1%
Minority interests	126	25	60	100	100	EPS y/y growth	103.1%	-0.5%	-21.8%	4.1%	8.6%
Total liabilities & equity	90,114	93,601	100,059	104,047	108,245						
BVPS						Valuation					
	2024/3A	2025/3A	2026/3E	2027/3E	2028/3E		2024/3A	2025/3A	2026/3E	2027/3E	2028/3E
BVPS	2,539.75	2,753.09	2,869.19	2,973.69	3,087.67	P/E (x)	7.5	7.5	9.6	9.2	8.5
y/y Growth	21.6%	8.4%	4.2%	3.6%	3.8%	P/BV (x)	1.1	1.0	1.0	0.9	0.9
Net debt/(cash)	27,150	29,810	30,457	30,865	31,249	EV/EBITDA (x)	4.1	4.5	5.1	4.7	4.2
						Dividend Yield	2.7%	3.3%	4.0%	4.4%	4.4%

Source: Company reports and J.P. Morgan estimates.

Note: ¥ in billions (except per-share data). Fiscal year ends Mar. o/w - out of which

Neutral

7211.T, 7211 JP

Price (29 May 25):¥446

▼ **Price Target (Dec-25):¥350**

Prior (Dec-25):¥360

Japan Equity Research

Head of Japan Equity Research and Head of Japan Autos & Auto Parts Research

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Key Changes (FYE Mar)

	Prev	Cur
Adj. EBIT - 26E (¥ bn)	145	58
Adj. EBIT - 27E (¥ bn)	169	80

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)			
		6M	1Y	3Y	5Y
Value	10	3	5	32	99
Growth	36	69	77	100	99
Momentum	95	69	75	3	100
Quality	95	34	14	99	48
Low Vol	89	69	89	93	75

Mitsubishi Motors (7211)

Earnings model update

We update our earnings model based on FY2024 results. Our rating is Neutral and we set a price target of ¥350 (previously ¥360) through December 2025. Our FY2025 assumption for the net impact of US tariffs is ¥40 billion. We think tariff impacts, yen appreciation and an increase in incentives for older vehicles will weigh heavily on FY2025 earnings, but we think new vehicle launches in the ASEAN region and other emerging markets will contribute to higher consolidated shipment volume. We forecast consolidated shipments of 972,000 units in FY2025, 998,000 units in FY2026, and 1,025,000 units in FY2027, and operating profit of ¥58.4 billion, ¥80.2 billion, and ¥100.1 billion, respectively.

Price Performance



	YTD	1m	3m	12m
Abs	-16.3%	10.7%	7.0%	3.9%
Rel	-17.3%	4.6%	2.1%	1.3%

Company Data

Shares O/S (mn)	1,338
52-week range (¥)	573-328
Market cap (\$ bn)	4.1
Exchange rate	144.84
Free float (%)	45.0%
3M ADV (mn)	10.66
3M ADV (\$ mn)	30.0
Volatility (90 Day)	53
Index	TOPIX
BBG ANR (Buy Hold Sell)	1 1 13

Key Metrics (FYE Mar)

¥ in billions	2025/3A	2026/3E	2027/3E	2028/3E
Financial Estimates				
Revenue	2,788.2	2,825.6	2,892.9	2,963.2
EBITDA	213	138	165	192
EBIT	139	58	80	100
Net income	41	19	36	51
Reported EPS	30.6	14.1	27.3	38.3
BBG EPS	27.13	43.89	51.70	-
Cashflow from operations	175	34	86	107
FCFF	60	(70)	(27)	(16)
Margins and Growth				
Revenue Growth Y/Y (%)	-0.0%	1.3%	2.4%	2.4%
EBITDA margin	7.6%	4.9%	5.7%	6.5%
EBITDA Growth Y/Y (%)	-17.7%	-35.3%	20.1%	16.0%
EBIT margin	5.0%	2.1%	2.8%	3.4%
Net margin	1.5%	0.7%	1.3%	1.7%
Fully Diluted EPS growth	-70.6%	-53.8%	92.8%	40.5%
Ratios				
Effective Tax Rate	42.0%	24.0%	24.0%	24.0%
Interest cover	NM	NM	NM	NM
Net debt/Equity	NM	NM	NM	NM
Net debt/EBITDA	NM	NM	NM	NM
ROCE	6.3%	3.6%	4.9%	6.0%
ROE	4.2%	2.0%	3.8%	5.3%
Valuation				
FCFF yield	10.1%	-11.8%	-4.6%	-2.6%
Dividend yield	3.4%	2.2%	3.4%	4.5%
EV/Revenue	0.1	NM	NM	NM
EV/EBITDA	0.9	NM	NM	NM
P/E	14.6	31.5	16.4	11.6

Summary Investment Thesis and Valuation

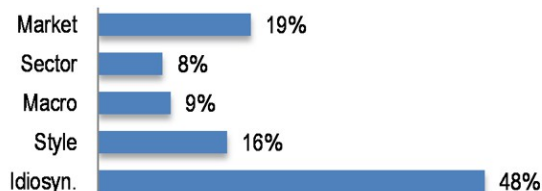
Investment Thesis

We will watch when restructuring benefits begin to materialize as well as the company's use of alliances and generation of synergies in its electrification strategy. Over the medium term we will watch how much synergy is generated by the alliance with Renault and Nissan as well as the collaboration with Nissan and Honda.

Valuation

Our December 2025 price target of ¥350 is based on FY2024 BPS and a P/B of about 0.5x. We shift to a P/B-based valuation because of the likelihood of a temporary deterioration in profitability due to tariffs.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Japan	0.42	0.44
Sect: Cons Discretionary	0.44	0.34
Ind: Automobiles & Comp	0.68	0.49
Macro:		
JPM JPY Tradeable Currency	-0.40	-0.25
Japan OECD Leading Indicators	-0.06	-0.20
JPM JPMCCI Non Energy Excess	-0.22	-0.17
Quant Styles:		
Momentum	-0.42	-0.41
DivYld	0.35	0.26
Value	0.48	0.25

Earnings forecasts

Figure 47: Mitsubishi Motors (7211): Consolidated Profit & Loss Statement

¥bn, %

	3/20	3/21	3/22	3/23	3/24	3/25	3/26E	3/27E	3/28E
Sales	2,270.3	1,455.5	2,038.9	2,458.1	2,789.6	2,788.2	2,825.6	2,892.9	2,963.2
Cost of Goods Sold	1,932.8	1,299.0	1,676.5	1,935.3	2,220.7	2,251.5	2,403.3	2,440.2	2,481.5
Gross Profit	337.5	156.5	362.5	522.8	568.8	536.7	422.3	452.7	481.7
SG&A expenses, others	324.7	251.8	275.1	332.3	377.9	397.9	363.9	372.5	381.6
Operating Profit	12.8	-95.3	87.3	190.5	191.0	138.8	58.4	80.2	100.1
EBITDA	87.6	-29.4	140.9	250.6	258.7	212.8	137.8	165.4	191.8
Non-operating profit	7.7	14.5	24.5	16.3	34.4	18.8	19.6	21.5	21.8
Interest and dividend income	5.9	2.4	2.5	8.3	14.0	12.6	13.4	15.4	15.6
Profit on equity method investment	0.0	0.0	8.5	0.0	5.3	0.0	0.0	0.0	0.0
Forex gains	0.0	3.8	9.2	5.4	12.9	0.0	0.0	0.0	0.0
Other	1.8	8.2	4.2	2.6	2.3	6.2	6.2	6.2	6.2
Non-operating expense	24.3	24.3	10.8	24.8	16.3	59.0	51.6	52.2	53.0
Interest payment	3.9	5.4	5.1	3.6	6.1	6.7	5.1	5.0	5.0
Losses on equity method investment	4.3	9.1	0.0	12.2	0.0	6.5	0.0	0.0	0.0
Forex losses	11.3	0.0	0.0	0.0	0.0	31.5	31.5	31.5	31.5
Other	4.9	9.8	5.7	9.0	10.3	14.3	15.0	15.7	16.5
Recurring profit	-3.8	-105.2	101.0	182.0	209.0	98.6	26.3	49.5	68.9
Extra-ordinary profit	18.8	3.6	7.1	27.7	1.5	1.1	0.0	0.0	0.0
Extra-ordinary loss	11.1	196.7	13.4	41.6	29.7	12.4	0.0	0.0	0.0
Pre-tax profit	3.8	-298.3	94.7	168.1	180.8	87.3	26.3	49.5	68.9
Income taxes	25.9	11.1	15.5	-8.2	20.3	36.6	6.3	11.9	16.5
Effective tax rate	680.3%	NM	16.4%	NM	11.2%	42.0%	24.0%	24.0%	24.0%
Minority interest	3.7	2.9	5.1	7.6	5.9	9.7	1.1	1.1	1.1
Net profit	-25.8	-312.3	74.0	168.7	154.7	41.0	18.9	36.5	51.3
[Key financial metrics]									
EPS (¥)	-17.3	-210.0	49.8	113.4	104.1	30.6	14.1	27.3	38.3
DPS (¥)	10.0	0.0	0.0	5.0	10.0	15.0	10.0	15.0	20.0
Payout ratio / %	-57.7%	0.0%	0.0%	4.4%	9.6%	49.0%	70.7%	55.0%	52.2%
BPS (¥)	519	342	408	538	679	698	702	715	733
ROE / %	-3.1%	-48.8%	13.3%	24.0%	17.1%	4.2%	2.0%	3.8%	5.3%
ROA / %	-1.3%	-16.5%	3.9%	8.2%	6.6%	1.7%	0.8%	1.4%	1.9%
Liquidity at hand	668.0	703.0	734.0	822.0	914.8	719.6	973.4	990.3	1,007.8
Interest-bearing debt	299.4	483.3	480.5	428.3	492.4	314.8	298.7	298.7	298.7
D/E ratio	0.3	0.8	0.7	0.5	0.5	0.3	0.3	0.3	0.3
Net D/E ratio	-0.4	-0.4	-0.4	-0.5	-0.4	-0.4	-0.7	-0.7	-0.7
Shares outstanding (mn)	1,488.3	1,487.5	1,487.5	1,488.3	1,486.8	1,338.2	1,338.2	1,338.2	1,338.2
Capital expenditure	103.9	76.4	62.7	78.6	93.6	100.6	108.6	117.3	126.7
Depreciation and amortization	74.8	65.9	53.6	60.1	67.7	74.0	79.4	85.3	91.7
Research and Development	130.9	101.4	90.7	107.2	114.6	126.7	133.0	135.7	138.4
As a percentage of Sales / %									
Operating Profit	0.6%	-6.5%	4.3%	7.7%	6.8%	5.0%	2.1%	2.8%	3.4%
Recurring profit	-0.2%	-7.2%	5.0%	7.4%	7.5%	3.5%	0.9%	1.7%	2.3%
Net profit	-1.1%	-21.5%	3.6%	6.9%	5.5%	1.5%	0.7%	1.3%	1.7%
YoY / %									
Sales	-9.7%	-35.9%	40.1%	20.6%	13.5%	0.0%	1.3%	2.4%	2.4%
Operating profit	-88.6%	NM	NM	118.1%	0.2%	-27.3%	-57.9%	37.2%	24.9%
Recurring profit	NM	NM	NM	80.3%	14.8%	-52.8%	-73.3%	87.7%	39.3%
Net profit	NM	NM	NM	127.9%	-8.3%	-73.5%	-53.8%	92.8%	40.5%

Source: Company data, J.P. Morgan estimates

Figure 48: Mitsubishi Motors (7211): Consolidated Balance Sheet & Cash Flow Statement

¥bn

Consolidated Balance Sheet	3/20	3/21	3/22	3/23	3/24	3/25	3/26E	3/27E	3/28E
Liquidity	668.0	703.0	734.0	822.0	914.8	719.6	973.4	990.3	1,007.8
Cash & Cash Equivalents	399.6	455.7	511.5	596.0	674.2	452.5	706.4	723.2	740.8
Securities and Other	268.4	247.3	222.5	226.0	240.5	267.0	267.0	267.0	267.0
Account receivables	137.5	154.3	119.8	184.6	151.0	154.2	154.6	158.3	162.2
Inventory	273.4	250.0	299.6	351.6	411.9	363.2	392.7	402.1	411.9
Other current assets	123.9	116.7	102.5	116.7	150.2	154.2	178.5	178.5	178.5
Total Current Assets	1,202.9	1,223.9	1,255.9	1,475.0	1,627.8	1,391.1	1,699.3	1,729.2	1,760.4
Tangible fixed assets	479.6	411.0	429.5	454.6	498.1	524.4	581.5	613.5	648.5
Intangible fixed assets	49.5	33.9	38.3	40.0	44.9	51.2	19.0	19.0	19.0
Investments and other assets	206.2	187.4	204.8	232.0	283.6	279.3	276.5	276.5	276.5
Total Assets	1,938.1	1,856.3	1,928.4	2,201.5	2,454.5	2,245.9	2,576.3	2,638.2	2,704.4
Short-term borrowings	179.8	109.8	360.7	155.4	339.9	157.4	141.4	141.4	141.4
Account payables	384.7	384.9	380.7	461.5	439.6	457.0	454.3	465.1	476.4
Other current liabilities	353.9	373.2	342.8	390.4	395.7	389.5	689.2	723.9	754.3
Total Current Liabilities	918.3	867.9	1,084.2	1,007.4	1,175.2	1,003.9	1,284.9	1,330.4	1,372.1
Long-term debt	99.4	348.0	95.8	248.0	127.8	130.5	130.5	130.5	130.5
Corporate bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions for retirement benefits	48.3	28.6	32.2	36.7	20.4	40.6	85.0	85.0	85.0
Other fixed liabilities	83.8	86.5	86.0	79.0	86.7	97.4	96.9	96.9	96.9
Total Fixed Liabilities	231.4	463.1	214.0	363.8	234.8	268.4	312.3	312.3	312.3
Total Liabilities	1,149.8	1,331.0	1,298.1	1,371.1	1,410.0	1,272.4	1,597.2	1,642.7	1,684.4
Capital	284.4	284.4	284.4	284.4	284.4	284.4	284.4	284.4	284.4
Capital surplus	200.1	200.0	199.8	199.6	199.6	185.8	185.8	185.8	185.8
Retained earnings	407.5	95.9	169.7	338.4	478.2	500.6	506.2	522.6	547.1
Treasury stock, others	-1.7	-1.7	-1.4	-1.0	-1.7	-56.4	-56.4	-56.4	-56.4
Shareholder's Equity	890.3	578.6	652.5	821.4	960.5	914.4	919.9	936.3	960.9
Foreign currency translation adjustment	-117.3	-70.3	-45.6	-20.3	49.7	20.0	20.0	20.0	20.0
Minority interests	15.4	17.0	23.3	29.2	34.2	39.2	39.2	39.2	39.2
Total Net Assets	788.4	525.3	630.3	830.4	1,044.5	973.6	979.1	995.5	1,020.0
Total Liabilities and Net Assets	1,938.1	1,856.3	1,928.4	2,201.5	2,454.5	2,245.9	2,576.3	2,638.2	2,704.4

Consolidated Cashflow Statement	3/20	3/21	3/22	3/23	3/24	3/25	3/26E	3/27E	3/28E
Pre-tax profit	3.8	-298.3	94.7	168.1	180.8	87.3	26.3	49.5	68.9
Depreciation and Amortisation	74.8	65.9	53.6	60.1	67.7	74.0	79.4	85.3	91.7
Change in working capital	-103.4	16.1	-17.5	-34.3	-41.1	61.7	-32.7	-2.2	-2.3
Others	43.6	174.7	-12.7	-20.4	-66.7	-48.3	-38.8	-46.4	-51.4
Cashflow from Operations	18.8	-41.5	118.1	173.6	140.8	174.7	34.3	86.1	106.9
Capital expenditure	-103.9	-76.4	-62.7	-78.6	-93.6	-100.6	-108.6	-117.3	-126.7
Others	-1.8	-24.9	-6.4	25.5	-45.3	-14.2	4.0	4.0	4.0
Cashflow from Investing Activities	-105.7	-101.3	-69.1	-53.1	-138.9	-114.8	-104.6	-113.3	-122.7
Free Cash Flow	-86.9	-142.9	49.0	120.4	1.9	60.0	-70.4	-27.3	-15.8
Change in long-term interest-bearing debt	21.4	249.2	-20.0	-68.0	30.2	-138.2	0.0	0.0	0.0
Change in short-term interest-bearing debt	13.6	-48.3	4.2	8.8	34.8	-44.7	-63.4	0.0	0.0
Dividends paid	-30.1	-2.9	-1.5	-2.6	-17.9	-21.3	-16.1	-22.7	-29.4
Others	4.7	-29.7	7.0	0.0	-9.3	-70.7	-74.7	-74.7	-74.7
Cashflow from Financing Activities	9.6	168.3	-10.2	-61.9	37.7	-274.8	-154.1	-97.4	-104.1
Effects of forex movements on cash balance	-18.5	19.5	28.1	25.9	38.7	-9.3	0.0	0.0	0.0
Net change in cash and cash equivalents	-89.9	45.0	66.9	84.5	78.3	-224.1	253.9	16.8	17.6
Cash and cash equivalents at period's beginning	489.5	399.6	444.6	511.5	595.9	674.2	450.1	704.0	720.8
Cash and cash equivalents at period's end	399.6	444.6	511.5	595.9	674.2	450.1	704.0	720.8	738.4

Source: Company data, J.P. Morgan estimates

Figure 49: Mitsubishi Motors (7211): Assumptions for Automotive Segment Model

1,000 units, %

	3/20	3/21	3/22	3/23	3/24	3/25	3/26E	3/27E	3/28E
Global production units									
Japan Production	621	367	421	457	497	478	497	517	538
Overseas Production	717	447	604	562	509	434	450	455	461
MMNA	0	0	0	0	0	0	0	0	0
MMTh	346	221	307	270	275	201	211	222	233
GMMC	106	80	59	27	0	0	0	0	0
MMPC	26	14	19	43	42	42	39	43	46
PCMA Rus	33	14	23	0	0	0	0	0	0
KKM/KRM	186	75	149	156	143	147	200	191	182
Total	1,337	814	1,025	1,019	1,006	913	947	973	999
Consolidated shipment units									
Japan	264	232	192	246	265	259	267	275	283
Registered vehicles	40	30	36	50	43	48	49	51	52
Minivehicles	53	40	39	45	68	66	68	70	72
OEM	171	162	117	151	154	145	149	154	158
North America	158	93	151	149	183	192	197	202	207
USA	107	62	90	87	99	112	115	119	122
Europe	238	90	110	53	80	31	29	28	27
Russia	41	21	34	1	1	0	0	0	0
Asia	462	258	332	328	258	252	261	271	282
China	113	67	50	33	0	0	0	0	0
Thailand	80	51	52	44	28	26	27	29	31
Indonesia	118	40	118	103	75	59	61	63	64
Others	221	151	231	233	243	227	217	221	226
Total Consolidated Shipment	1,343	824	1,016	1,009	1,029	961	972	998	1,025
Global retail sale units			0						
Japan	95	73	75	92	111	118	106	109	112
Registered vehicles	41	30	37	48	44	48	44	45	46
Minivehicles	54	43	38	44	67	70	62	64	66
North America	160	113	156	133	163	186	192	200	207
USA	115	80	100	80	95	113	118	124	130
Europe	215	144	131	61	59	51	48	46	44
Russia	39	27	34	5	2	0	0	0	0
Asia, others	657	471	575	548	482	486	497	532	570
Asia	433	294	331	310	262	259	247	257	268
China	123	83	64	32	10	0	0	0	0
Thailand	81	53	49	47	29	27	28	30	32
Total Retail Sales	1,127	801	937	834	815	841	843	886	933

Source: Company data, J.P. Morgan estimates

Figure 50: Mitsubishi Motors (7211): Quarterly Consolidated Profit & Loss Statement

¥bn, %

	3/25				3/26E				3/26E		3/27E		3/24	3/25	3/26E	3/27E	3/28E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1H	2H	1H	2H					
Dollar-yen rate	155.0	154.0	149.0	154.0	140.0	140.0	140.0	140.0	140.0	140.0	140.0	140.0	143.8	153.0	140.0	140.0	140.0
Euro-yen rate	168.0	166.0	161.0	160.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	156.0	163.0	150.0	150.0	150.0
Baht-yen rate	4.23	4.30	4.44	4.52	4.52	4.52	4.52	4.52	4.52	4.52	4.52	4.52	4.13	4.37	4.52	4.52	4.52
Sales	627.5	679.9	681.9	798.9	625.6	711.7	700.9	787.3	1,337.4	1,488.2	1,369.0	1,523.9	2,789.6	2,788.2	2,825.6	2,892.9	2,963.2
Cost of Goods Sold	497.5	526.8	565.4	661.8	537.1	589.4	610.1	666.7	1,126.5	1,276.8	1,143.8	1,296.4	2,220.7	2,251.5	2,403.3	2,440.2	2,481.5
Gross Profit	130.0	153.1	116.5	137.1	88.5	122.4	90.8	120.5	210.9	211.4	225.2	227.5	568.8	536.7	422.3	452.7	481.7
SG&A expenses, others	94.5	97.9	102.6	102.9	80.6	91.7	90.3	101.4	172.2	191.6	176.3	196.2	377.9	397.9	363.9	372.5	381.6
Operating Profit	35.5	55.2	13.9	34.2	8.0	30.7	0.6	19.2	38.7	19.7	48.9	31.3	191.0	138.8	58.4	80.2	100.1
EBITDA	53.5	73.6	32.5	53.2	27.8	50.5	20.4	39.0	78.4	59.4	91.5	73.9	258.7	212.8	137.8	165.4	191.8
Non-operating profit	12.6	-0.2	3.0	3.5	4.6	4.6	4.6	5.6	9.3	10.3	10.3	11.3	34.4	18.8	19.6	21.5	21.8
Interest and dividend income	3.6	4.1	2.1	2.8	3.1	3.1	3.1	4.1	6.2	7.2	7.2	8.2	14.0	12.6	13.4	15.4	15.6
Profit on equity method investment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.3	0.0	0.0	0.0	0.0
Forex gains	8.2	-8.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.9	0.0	0.0	0.0	0.0
Other	0.7	3.9	0.9	0.7	1.5	1.5	1.5	1.5	3.1	3.1	3.1	3.1	2.3	6.2	6.2	6.2	6.2
Non-operating expense	5.7	28.1	7.5	17.7	12.9	12.9	12.9	12.9	25.8	25.8	26.1	26.1	16.3	59.0	51.6	52.2	53.0
Interest payment	1.7	1.7	1.6	1.7	1.3	1.3	1.3	1.3	2.6	2.6	2.5	2.5	6.1	6.7	5.1	5.0	5.0
Losses on equity method investment	0.8	-0.6	2.9	3.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.5	0.0	0.0	0.0
Forex losses	0.0	25.7	-2.3	8.1	7.9	7.9	7.9	7.9	15.8	15.8	15.8	15.8	0.0	31.5	31.5	31.5	31.5
Other	3.1	1.3	5.3	4.5	3.7	3.7	3.7	3.7	7.5	7.5	7.9	7.9	10.3	14.3	15.0	15.7	16.5
Recurring profit	42.4	26.8	9.3	20.1	-0.3	22.4	-7.7	11.9	22.1	4.2	33.0	16.4	209.0	98.6	26.3	49.5	68.9
Extra-ordinary profit	0.0	0.6	0.3	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.5	1.1	0.0	0.0	0.0
Extra-ordinary loss	0.9	1.1	3.5	7.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	29.7	12.4	0.0	0.0	0.0
Pre-tax profit	41.5	26.4	6.2	13.1	-0.3	22.4	-7.7	11.9	22.1	4.2	33.0	16.4	180.8	87.3	26.3	49.5	68.9
Income taxes	9.8	13.3	8.5	5.1	-0.1	5.4	-1.8	2.9	5.3	1.0	7.9	3.9	20.3	36.6	6.3	11.9	16.5
Effective tax rate	23.5%	50.2%	137.6%	38.9%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	11.2%	42.0%	24.0%	24.0%	24.0%
Minority interest	2.3	4.7	2.4	0.3	0.3	0.3	0.3	0.3	0.5	0.5	0.5	0.5	5.9	9.7	1.1	1.1	1.1
Net profit	29.5	8.5	-4.7	7.8	-0.5	16.8	-6.1	8.8	16.3	2.7	24.6	11.9	154.7	41.0	18.9	36.5	51.3
EPS (¥)	19.8	5.7	-3.5	5.8	-0.4	12.5	-4.6	6.6	12.2	2.0	18.4	8.9	104.1	30.6	14.1	27.3	38.3
Capital expenditure	11.1	24.0	21.8	43.7	12.0	25.9	23.5	47.2	37.9	70.7	40.9	76.4	93.6	100.6	108.6	117.3	126.7
Depreciation and Amortisation	18.0	18.4	18.6	19.0	19.8	19.8	19.8	19.8	39.7	39.7	42.6	42.6	67.7	74.0	79.4	85.3	91.7
Research and Development	29.3	31.3	32.0	34.1	33.3	33.3	33.3	33.3	66.5	66.5	67.8	67.8	114.6	126.7	133.0	135.7	138.4
YoY / %																	
Sales	-1.3%	-2.2%	-7.0%	10.1%	-0.3%	4.7%	2.8%	-1.5%	2.3%	0.5%	2.4%	2.4%	13.5%	0.0%	1.3%	2.4%	2.4%
Operating profit	-21.3%	-6.5%	-75.2%	10.9%	-77.6%	-44.4%	-95.8%	-44.0%	-57.4%	-58.9%	26.4%	58.4%	0.2%	-27.3%	-57.9%	37.2%	24.9%
Recurring profit	-31.4%	-54.6%	-79.3%	-53.4%	NM	-16.4%	NM	-40.7%	-68.0%	-85.7%	49.2%	290.0%	14.8%	-52.8%	-73.3%	87.7%	39.3%
Net profit	-38.5%	-56.6%	NM	-85.1%	NM	97.7%	NM	13.0%	-57.1%	-12.7%	50.9%	350.0%	-8.3%	-73.5%	-53.8%	92.8%	40.5%

Source: Company data, J.P. Morgan estimates

Investment Thesis, Valuation and Risks

Mitsubishi Motors (7211) *(Neutral; Price Target: ¥350)*

Investment Thesis

We will watch when restructuring benefits begin to materialize as well as the company's use of alliances and generation of synergies in its electrification strategy. Over the medium term we will watch how much synergy is generated by the alliance with Renault and Nissan as well as the collaboration with Nissan and Honda.

Valuation

Our December 2025 price target of ¥350 is based on FY2024 BPS and a P/B of about 0.5x.

Risks to Rating and Price Target

Upside Scenario to Target Price/Rating

- Yen depreciation beyond ¥160/\$
- Further recovery in ASEAN auto market
- Prompt emergence of synergies with Nissan and Honda

Downside Scenario to Target Price/Rating

- Weaker currencies and further fall in demand in emerging markets
- Increased competition in PHEVs and other xEVs
- Slow emergence of synergies with Nissan and Honda
- Yen appreciation beyond ¥130/\$

Mitsubishi Motors (7211): Summary of Financials

Income Statement						Cash Flow Statement					
	2024/3A	2025/3A	2026/3E	2027/3E	2028/3E		2024/3A	2025/3A	2026/3E	2027/3E	2028/3E
Revenue	2,789.6	2,788.2	2,825.6	2,892.9	2,963.2	Cash flow from operating activities	141	175	34	86	107
COGS	(2,221)	(2,252)	(2,403)	(2,440)	(2,481)	o/w Depreciation & amortization	68	74	79	85	92
Gross profit	569	537	422	453	482	o/w Changes in working capital	(41)	62	(33)	(2)	(2)
SG&A	(378)	(398)	(364)	(373)	(382)	Cash flow from investing activities	(139)	(115)	(105)	(113)	(123)
EBITDA	259	213	138	165	192	o/w Capital expenditure	(94)	(101)	(109)	(117)	(127)
D&A	(68)	(74)	(79)	(85)	(92)	as % of sales	3.4%	3.6%	3.8%	4.1%	4.3%
EBIT	191	139	58	80	100	Cash flow from financing activities	38	(275)	(154)	(97)	(104)
Net Interest	8	6	8	10	11	o/w Dividends paid	(18)	(21)	(16)	(23)	(29)
PBT	180.8	87.3	26.3	49.5	68.9	o/w Shares issued/(repurchased)	-	-	-	-	-
Tax	(20)	(37)	(6)	(12)	(17)	o/w Net debt issued/(repaid)	-	-	-	-	-
Minority Interest	(6)	(10)	(1)	(1)	(1)	Net change in cash	78	(224)	(225)	(125)	(120)
Net Income	155	41	19	36	51	Adj. Free cash flow to firm	2	60	(70)	(27)	(16)
Reported EPS	104.1	30.6	14.1	27.3	38.3	y/y Growth	-98.4%	2990.3%	-217.3%	-61.3%	-42.1%
DPS	10.00	15.00	10.00	15.00	20.00						
Payout ratio	9.6%	49.0%	70.7%	55.0%	52.2%						
Shares outstanding	1,490	1,460	1,460	1,460	1,460						
Balance Sheet						Ratio Analysis					
	2024/3A	2025/3A	2026/3E	2027/3E	2028/3E		2024/3A	2025/3A	2026/3E	2027/3E	2028/3E
Cash and cash equivalents	674	453	706	723	741	Gross margin	20.4%	19.2%	14.9%	15.6%	16.3%
Accounts receivable	151	154	155	158	162	EBITDA margin	9.3%	7.6%	4.9%	5.7%	6.5%
Inventories	412	363	393	402	412	EBIT margin	6.8%	5.0%	2.1%	2.8%	3.4%
Other current assets	391	421	446	446	446	Net profit margin	5.5%	1.5%	0.7%	1.3%	1.7%
Current assets	1,628	1,391	1,699	1,729	1,760	ROE	17.1%	4.2%	2.0%	3.8%	5.3%
PP&E	498	524	581	614	649	ROA	6.6%	1.7%	0.8%	1.4%	1.9%
LT investments	284	279	277	277	277	ROCE	12.6%	6.3%	3.6%	4.9%	6.0%
Other non current assets	45	51	19	19	19	SG&A/Sales	13.5%	14.3%	12.9%	12.9%	12.9%
Total assets	2,454	2,246	2,576	2,638	2,704	Net debt/Equity	NM	NM	NM	NM	NM
						Net debt/EBITDA	NM	NM	NM	NM	NM
Short term borrowings	340	157	141	141	141	Sales/Assets (x)	1.2	1.2	1.2	1.1	1.1
Payables	440	457	454	465	476	Assets/Equity (x)	2.6	2.4	2.6	2.7	2.8
Other short term liabilities	396	389	689	724	754	Interest cover (x)	NM	NM	NM	NM	NM
Current liabilities	1,175	1,004	1,285	1,330	1,372	Operating leverage	1.9%	56131.6%	-4322.4%	1563.0%	1025.1%
Long-term debt	152	157	157	157	157	Tax rate	11.2%	42.0%	24.0%	24.0%	24.0%
Other long term liabilities	82	111	155	155	155	Revenue y/y Growth	13.5%	-0.0%	1.3%	2.4%	2.4%
Total liabilities	1,410	1,272	1,597	1,643	1,684	EBITDA y/y Growth	3.2%	-17.7%	-35.3%	20.1%	16.0%
Shareholders' equity	1,010	934	940	956	981	EPS y/y growth	-8.2%	-70.6%	-53.8%	92.8%	40.5%
Minority interests	34	39	39	39	39						
Total liabilities & equity	2,454	2,246	2,576	2,638	2,704						
BVPS	679.47	698.28	702.42	714.69	733.00	Valuation					
y/y Growth	26.2%	2.8%	0.6%	1.7%	2.6%		2024/3A	2025/3A	2026/3E	2027/3E	2028/3E
Net debt/(cash)	(182)	(138)	(408)	(425)	(442)	P/E (x)	4.3	14.6	31.5	16.4	11.6
						P/BV (x)	0.7	0.6	0.6	0.6	0.6
						EV/EBITDA (x)	0.6	0.9	NM	NM	NM
						Dividend Yield	2.2%	3.4%	2.2%	3.4%	4.5%

Source: Company reports and J.P. Morgan estimates.

Note: ¥ in billions (except per-share data). Fiscal year ends Mar. o/w - out of which

Neutral

7261.T, 7261.JP

Price (29 May 25): ¥944

▼ Price Target (Dec-25): ¥900

Prior (Dec-25): ¥1,000

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Key Changes (FYE Mar)

	Prev	Cur
Adj. EBIT - 26E (¥ bn)	155	(52)
Adj. EBIT - 27E (¥ bn)	163	(12)

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)			
		6M	1Y	3Y	5Y
Value	1	1	1	5	87
Growth	93	89	75	93	97
Momentum	97	97	50	10	99
Quality	89	61	46	85	95
Low Vol	83	91	95	87	69

Mazda Motor (7261)

Lowering earnings estimates to reflect tariff impact

We update our earnings model based on FY2024 results. Our rating is Neutral and our price target through December 2025 is ¥900 (previously ¥1,000). Our FY2025 assumption for the net impact of US tariffs is ¥190 billion. If we assume the current tariff framework is maintained, we think it would be difficult for Mazda Motor to avoid a loss in FY2025. From FY2026, Mazda will likely need to take measures such as transferring Mexican vehicle production to Japan and raising the utilization rate at Mazda Toyota Manufacturing (Alabama, US).

- Tariff impact considerable:** We assume the net impact of US tariffs will be ¥190 billion in FY2025, and newly factor an impact of this magnitude into our estimates for FY2026. With a low local US production ratio of just under 20%, Mazda is heavily reliant on vehicles produced both in Japan and Mexico, where US content ratios are low, and the impact of tariffs is therefore likely to be very large. As such, we think operating losses are likely in the short term.
- Focus on medium-term countermeasures:** The US is Mazda's core market, but its local production ratio is low, and the company has been aggressively transferring production to Mexico, so if current tariff policies are extended, we think it may need to reconsider how it uses its Mexican bases. Mazda excels in the flexible use of its factories, what it calls swing production, and we think there is room over the medium term for the company to consider maximizing the use of its Japan plants (headquarters, Hofu Plant) while making use of production bases operated by alliance partners such as Toyota Motor.
- Earnings estimate revisions:** We revise our earnings estimates based on changes in our forex rate assumptions and the above-noted tariff impacts. We now forecast a consolidated operating loss of ¥52.3 billion in FY2025 (previously a profit of ¥155.4 billion), a loss of ¥12.2 billion in FY2026 (previously a profit of ¥163.2 billion), and a profit of ¥27.8 billion in FY2027.

Price Performance



	YTD	1m	3m	12m
Abs	-12.9%	7.6%	-6.4%	-41.1%
Rel	-13.9%	1.5%	-11.2%	-43.7%

Company Data

Shares O/S (mn)	630
52-week range (¥)	1,704-723
Market cap (\$ bn)	4.1
Exchange rate	144.84
Free float (%)	92.9%
3M ADV (mn)	9.83
3M ADV (\$ mn)	61.2
Volatility (90 Day)	45
Index	TOPIX
BBG ANR (Buy Hold Sell)	0 14 3

Key Metrics (FYE Mar)

¥ in billions	2025/3A	2026/3E	2027/3E	2028/3E
Financial Estimates				
Revenue	5,018.9	4,820.6	4,940.7	5,065.7
EBITDA	304	69	114	157
EBIT	186.1	-52.3	-12.2	27.8
Net income	114	(32)	(6)	24
Reported EPS	181.0	-51.3	-10.0	38.1
BBG EPS	205.67	98.71	161.69	-
Cashflow from operations	306	513	489	527
FCFF	106	39	22	69
Margins and Growth				
Revenue Growth Y/Y (%)	4.0%	-4.0%	2.5%	2.5%
EBITDA margin	6.1%	1.4%	2.3%	3.1%
EBITDA Growth Y/Y (%)	-16.5%	-77.1%	63.9%	37.5%
EBIT margin	3.7%	-1.1%	-0.2%	0.5%
Net margin	2.3%	-0.7%	-0.1%	0.5%
Fully Diluted EPS growth	-45.1%	-128.4%	-80.6%	-482.9%
Ratios				
Effective Tax Rate	26.1%	-25.0%	-25.0%	25.0%
Interest cover	NM	NM	NM	NM
Net debt/Equity	NM	NM	NM	NM
Net debt/EBITDA	NM	NM	NM	NM
ROCE	6.2%	-2.7%	-0.7%	0.9%
ROE	6.5%	-1.9%	-0.4%	1.5%
Valuation				
FCFF yield	17.8%	6.5%	3.8%	11.5%
Dividend yield	5.8%	5.8%	6.4%	6.4%
EV/Revenue	0.0	0.1	0.1	0.1
EV/EBITDA	0.2	6.3	3.5	2.3
P/E	5.2	NM	NM	24.7

Summary Investment Thesis and Valuation

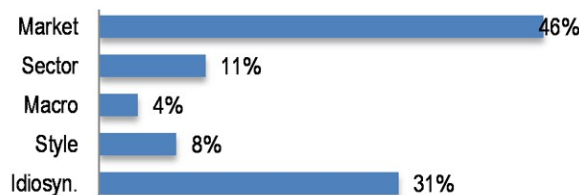
Investment Thesis

Key investment themes include the impact of introducing 7th generation group products developed on large platforms, with CX-60 as a start, and longer-term strategy around electrification. Another point to watch is the US growth strategy following the startup of the Alabama plant.

Valuation

Our December 2025 price target of ¥900 is based on FY2024 BPS and a P/B of about 0.3x. We shift to a P/B-based valuation because of the likelihood of a temporary deterioration in profitability due to tariffs.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Japan	0.71	0.67
Sect: Cons Discretionary	0.62	0.46
Ind: Automobiles & Comp	0.71	0.66
Macro:		
JPM JPY Tradeable Currency	-0.29	-0.19
Japan Breakeven 10 Year	0.08	0.18
MSCI ACWI ex Japan	-0.13	-0.16
Quant Styles:		
DivYld	0.46	0.43
Value	0.59	0.43
Quality	-0.36	-0.43

Source: J.P. Morgan Quantitative and Derivatives Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

Earnings forecasts

Figure 51: Mazda Motor (7261): Consolidated Profit & Loss Statement

¥bn, %

	3/20	3/21	3/22	3/23	3/24	3/25	3/26E	3/27E	3/28E
Sales	3,430.3	2,882.1	3,120.3	3,826.8	4,827.7	5,018.9	4,820.6	4,940.7	5,065.7
Cost of Goods Sold	2,683.6	2,268.4	2,432.6	3,025.2	3,789.0	3,940.7	3,980.1	4,037.8	4,099.7
Gross Profit	746.6	613.6	687.7	801.5	1,038.7	1,078.2	840.5	902.9	966.1
SG&A expenses, others	703.0	604.8	583.5	659.6	788.2	892.1	892.8	915.0	938.2
Operating Profit	43.6	8.8	104.2	142.0	250.5	186.1	-52.3	-12.2	27.8
EBITDA	135.9	98.6	194.5	248.0	363.8	303.7	69.4	113.8	156.5
Non-operating profit	32.7	32.5	40.2	61.8	95.1	53.4	49.6	44.1	44.4
Interest & dividend income	7.4	5.2	5.8	13.2	24.8	33.7	27.7	22.5	23.0
Equity method profit	19.7	6.6	0.0	15.8	8.8	13.4	16.0	16.0	16.0
Forex gains	0.0	16.1	30.3	26.0	54.2	0.0	0.0	0.0	0.0
Other	5.5	4.6	4.2	6.9	7.3	6.3	6.0	5.7	5.4
Non-operating expense	23.2	13.1	20.9	17.8	25.5	50.6	39.0	38.7	38.4
Interest payment	6.1	8.0	6.8	8.5	7.8	10.0	11.0	10.7	10.4
Equity method loss	0.0	0.0	4.1	0.0	0.0	0.0	0.0	0.0	0.0
Forex losses	10.5	0.0	0.0	0.0	0.0	22.9	0.0	0.0	0.0
Other	6.6	5.0	10.1	9.4	17.6	17.6	28.0	28.0	28.0
Recurring profit	53.1	28.3	123.5	185.9	320.1	189.0	-41.7	-6.7	33.8
Extraordinary profit	0.7	1.0	5.2	0.5	0.2	2.3	0.0	0.0	0.0
Extraordinary loss	4.5	27.0	16.3	16.4	22.0	35.5	0.0	0.0	0.0
Pretax profit	49.3	2.2	112.4	170.0	298.3	155.8	-41.7	-6.7	33.8
Income taxes	35.2	34.3	30.1	25.7	88.9	40.7	-10.4	-1.7	8.5
Effective tax rate	71.4%	1555.7%	26.7%	15.1%	29.8%	26.1%	25.0%	25.0%	25.0%
Minority interest	2.0	-0.4	0.8	1.4	1.7	1.0	1.1	1.2	1.3
Net profit	12.1	-31.7	81.6	142.8	207.7	114.1	-32.4	-6.3	24.0
[Key financial metrics]									
EPS (¥)	19.3	-50.3	129.5	226.7	329.6	181.0	-51.3	-10.0	38.1
DPS (¥)	35.0	0.0	20.0	45.0	60.0	55.0	55.0	60.0	60.0
Payout ratio / %	181.7%	0.0%	15.4%	19.8%	18.2%	30.4%	-107.1%	-602.4%	157.3%
BPS (¥)	1,866	1,877	2,066	2,286	2,758	2,844	2,605	2,535	2,513
ROE / %	1.0%	-2.7%	6.6%	10.4%	13.1%	6.5%	-1.9%	-0.4%	1.5%
ROA / %	0.4%	-1.1%	2.8%	4.6%	5.9%	2.9%	-0.8%	-0.2%	0.6%
Liquidity at hand	569.0	739.0	740.4	717.1	922.6	1,207.4	803.4	823.4	844.3
Gross interest-bearing debt	598.9	733.9	654.0	596.4	548.7	686.8	667.8	650.0	633.4
D/E ratio	0.5	0.7	0.6	0.5	0.4	0.5	0.5	0.5	0.5
Net D/E ratio	0.0	0.0	-0.1	-0.1	-0.3	-0.3	-0.1	-0.1	-0.2
Shares outstanding (mn)	629.8	629.8	629.9	630.0	630.1	630.3	630.3	630.3	630.3
Capital expenditure	132.6	93.0	144.3	94.1	121.3	148.4	162.1	154.0	146.3
Depreciation and amortization	92.3	89.8	90.3	106.0	113.3	117.6	121.8	126.0	128.7
Research and Development	135.0	127.4	134.6	128.0	146.3	168.0	188.5	192.3	196.1
As a percentage of Sales / %									
Operating Profit	1.3%	0.3%	3.3%	3.7%	5.2%	3.7%	-1.1%	-0.2%	0.5%
Recurring profit	1.5%	1.0%	4.0%	4.9%	6.6%	3.8%	-0.9%	-0.1%	0.7%
Net profit	0.4%	-1.1%	2.6%	3.7%	4.3%	2.3%	-0.7%	-0.1%	0.5%
YoY / %									
Sales	-3.8%	-16.0%	8.3%	22.6%	26.2%	4.0%	-4.0%	2.5%	2.5%
Operating profit	-47.0%	-79.8%	1081.7%	36.2%	76.4%	-25.7%	NM	NM	NM
Recurring profit	-54.3%	-46.8%	337.2%	50.5%	72.2%	-41.0%	NM	NM	NM
Net profit	-80.8%	NM	NM	75.1%	45.4%	-45.1%	NM	NM	NM

Source: Company data, J.P. Morgan estimates

Figure 52: Mazda Motor (7261): Consolidated Balance Sheet & Cash Flow Statement

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Consolidated Balance Sheet	3/20	3/21	3/22	3/23	3/24	3/25	3/26E	3/27E	3/28E
Liquidity	569.0	739.0	740.4	717.1	922.6	1,207.4	803.4	823.4	844.3
Cash & Cash Equivalents	522.0	591.1	669.4	628.1	818.6	1,001.4	597.4	617.4	638.3
Securities and Other	47.0	147.9	71.0	89.0	104.0	206.0	206.0	206.0	206.0
Account receivables	169.0	167.5	146.1	166.9	163.4	148.8	150.0	153.7	157.6
Inventory	441.3	433.0	399.9	670.9	680.5	659.2	562.4	576.4	591.0
Other current assets	135.3	150.0	171.4	169.2	232.5	212.3	212.3	212.3	212.3
Total Current Assets	1,314.6	1,489.6	1,457.8	1,724.2	1,998.9	2,227.7	1,728.1	1,765.8	1,805.2
Tangible fixed assets	1,072.5	1,075.2	1,146.7	1,164.6	1,192.9	1,222.8	1,290.0	1,318.0	1,335.7
Intangible fixed assets	40.1	42.9	48.4	54.6	62.7	70.1	70.1	70.1	70.1
Investments and other assets	360.4	309.7	315.3	315.9	537.2	569.6	575.1	580.6	586.1
Total Assets	2,787.6	2,917.4	2,968.1	3,259.3	3,791.8	4,090.1	3,663.2	3,734.5	3,797.0
Short-term borrowings	158.5	12.9	64.0	201.0	124.5	144.0	146.0	148.0	150.2
Account payables	364.8	363.7	345.4	481.0	435.3	473.9	436.6	447.5	458.8
Other current liabilities	409.7	431.0	489.5	579.2	850.6	883.5	663.7	786.0	867.6
Total Current Liabilities	932.9	807.7	898.9	1,261.2	1,410.4	1,501.4	1,246.3	1,381.5	1,476.6
Long-term debt	390.4	670.9	540.1	345.3	359.1	417.7	396.8	377.0	358.1
Corporate bonds	50.0	50.0	50.0	50.0	45.0	125.0	125.0	125.0	125.0
Provisions for retirement benefits	75.9	50.0	33.4	18.2	67.6	68.7	68.7	68.7	68.7
Other fixed liabilities	132.6	143.0	129.0	127.7	152.2	167.2	167.2	167.2	167.2
Total Fixed Liabilities	648.9	913.9	752.5	541.2	624.0	778.7	757.8	737.9	719.1
Total Liabilities	1,581.8	1,721.6	1,651.5	1,802.5	2,034.4	2,280.1	2,004.0	2,119.4	2,195.7
Capital	284.0	284.0	284.0	284.0	284.0	284.0	284.0	284.0	284.0
Capital surplus	264.9	263.0	263.0	263.0	263.0	263.1	263.1	263.1	263.1
Retained earnings	553.0	508.8	581.5	699.2	875.6	951.6	884.6	840.5	826.7
Treasury stock, others	-2.2	-2.2	-2.1	-2.0	-1.9	-1.6	-1.6	-1.6	-1.6
Shareholders' Equity	1,099.7	1,053.6	1,126.3	1,244.2	1,420.7	1,497.1	1,430.0	1,385.9	1,372.2
Foreign currency translation adjustment	75.6	128.5	175.3	195.8	317.3	295.6	211.8	211.8	211.8
Minority interests	30.6	13.7	15.1	16.7	19.3	17.3	17.3	17.3	17.3
Total Net Assets	1,205.8	1,195.8	1,316.7	1,456.8	1,757.4	1,810.0	1,659.2	1,615.1	1,601.3
Total Liabilities and Net Assets	2,787.6	2,917.4	2,968.1	3,259.3	3,791.8	4,090.1	3,663.2	3,734.5	3,797.0

Consolidated Cash Flow Statement	3/20	3/21	3/22	3/23	3/24	3/25	3/26E	3/27E	3/28E
Pretax profit	49.3	2.2	112.4	170.0	298.3	155.8	-41.7	-6.7	33.8
Depreciation and amortization	92.3	89.8	90.3	106.0	113.3	117.6	121.8	126.0	128.7
Change in working capital	-94.1	29.0	36.5	-147.7	-6.6	52.0	58.4	-6.9	-7.2
Others	-12.6	-0.9	-50.0	9.2	13.8	-19.8	374.6	376.4	371.9
Cash Flow from Operations	34.8	120.1	189.2	137.4	418.9	305.6	513.1	488.8	527.2
Capital expenditure	-132.6	-93.0	-144.3	-94.1	-121.3	-148.4	-162.1	-154.0	-146.3
Others	5.0	14.1	8.1	-5.3	-58.6	-51.6	-312.4	-312.4	-312.4
Cash Flow from Investing Activities	-127.6	-78.9	-136.2	-99.4	-179.9	-200.0	-474.5	-466.4	-458.7
Free Cash Flow	-92.7	41.2	52.9	38.0	239.0	105.7	38.5	22.4	68.5
Change in LT interest-bearing debt	3.1	254.9	-80.9	-58.7	-91.6	76.0	-20.9	-19.8	-18.8
Change in ST interest-bearing debt	0.0	-120.1	-0.1	-0.1	29.4	2.0	1.9	2.1	2.2
Dividends paid	-22.6	-12.7	-0.2	-25.4	-31.6	-41.3	-35.1	-38.2	-38.2
Others	-4.8	-22.7	-5.2	-5.7	9.1	53.3	-6.4	-6.4	-6.4
Cash Flow from Financing Activities	-24.3	99.3	-86.4	-89.9	-84.7	90.1	-60.4	-62.4	-61.3
Effects of FX movements on cash balance	-16.6	30.3	35.1	28.9	47.9	-9.4	0.0	0.0	0.0
Net change in cash & cash equivalents	-133.6	170.8	1.6	-23.3	202.2	186.3	-403.9	20.0	20.8
Cash & cash equiv. at period's beginning	701.6	568.0	738.8	740.4	717.1	919.3	1,105.6	701.6	721.6
Cash & cash equiv. at period's end	568.0	738.8	740.4	717.1	919.3	1,105.6	701.6	721.6	742.5

Source: Company data, J.P. Morgan estimates

Figure 53: Mazda Motor (7261): Assumptions for Automotive Segment Model

1,000 units, %

	3/20	3/21	3/22	3/23	3/24	3/25	3/26E	3/27E	3/28E
Global production capacity									
Japan	996	996	996	996	996	996	996	996	996
North America	230	230	230	230	230	230	230	230	230
USA (AAI)	--	--	--	--	--	--	--	--	--
USA (MTMUS)	--	--	150	150	150	150	150	150	150
Mexico	230	230	230	230	230	230	230	230	230
Asia	590	590	590	590	390	390	390	390	390
China	470	470	470	470	270	270	270	270	270
Other Asia	120	120	120	120	120	120	120	120	120
Others	10	10	160	160	160	160	160	160	160
Total Capacity	1,826	1,826	1,976	1,976	1,776	1,776	1,776	1,776	1,776
Consolidated production units									
Japan Production	972	748	696	764	799	749	772	782	792
Ujina	519	399	369	413	431	404	417	422	428
Hofu	435	334	300	344	360	337	347	352	356
Consignment production (net)	18	14	27	8	8	7	8	8	8
(Of which, Export)	809	613	588	633	689	652	628	636	644
Overseas Production	462	425	327	370	420	459	468	476	484
North America	132	133	128	168	196	214	236	259	285
USA (AAI)	0	0	0	0	0	0	0	0	0
USA (MTMUS)	0	0	3	41	72	114	120	120	120
Mexico	132	133	128	168	196	214	236	259	285
Asia	330	291	196	161	152	131	140	143	147
Thailand (AAT)	116	62	43	88	59	57	60	63	67
China	214	229	153	73	93	73	80	80	80
Others	0	1	3	41	72	114	92	73	52
Total Production	1,434	1,172	1,024	1,135	1,219	1,207	1,240	1,258	1,275
Utilization rate									
Japan	98%	75%	70%	77%	80%	75%	78%	79%	80%
Overseas	56%	51%	33%	38%	54%	59%	60%	61%	62%
Average	79%	64%	52%	57%	69%	68%	70%	71%	72%
Consolidated shipment units									
Japan	187	166	152	161	156	136	142	148	154
North America	421	374	386	422	560	643	617	625	634
USA	298	272	298	315	410	447	423	419	415
Canada	66	57	46	47	68	81	87	94	101
Others	57	45	41	60	82	115	107	112	118
Europe	267	172	169	161	202	153	160	164	167
China	0	0	0	0	0	0	0	0	0
Others	357	278	284	314	284	287	297	303	309
Total Consolidated Shipment	1,232	990	991	1,059	1,202	1,219	1,216	1,239	1,264
Global retail sale units									
Japan	202	176	149	164	160	152	156	161	166
North America	397	403	439	406	514	617	617	625	634
USA	275	295	332	301	375	435	423	419	415
Canada	64	62	60	48	61	75	81	88	96
Mexico, others	57	47	48	57	78	107	113	118	124
Europe	264	178	190	160	180	174	176	180	183
China	212	228	170	84	97	74	76	78	80
Others	345	301	303	294	289	285	295	301	307
Total Retail Sales	1,419	1,287	1,251	1,110	1,241	1,303	1,320	1,345	1,371
Global xEV retail sale units	15	14	20	42	78	108	135	135	135
HEV	0	0	0	0	14	30	40	40	40
PHEV	0	0	11	30	50	60	60	60	60
REEV	13	13	8	11	7	8	10	10	10
BEV	2	2	1	1	7	10	25	25	25
Global xEV retail penetration rate	1%	1%	2%	3%	6%	8%	10%	10%	10%
HEV	0%	0%	0%	0%	1%	2%	3%	3%	3%
PHEV	0%	0%	1%	2%	4%	5%	4%	4%	4%
REEV	1%	1%	1%	1%	1%	1%	1%	1%	1%
BEV	0%	0%	0%	0%	0%	1%	2%	2%	2%

Source: Company data, J.P. Morgan estimates

Figure 54: Mazda Motor (7261): Quarterly Consolidated Profit & Loss Statement

	3/25				3/26E				3/26E		3/27E		3/24	3/25	3/26E	3/27E	3/28E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1H	2H	1H	2H					
Dollar-yen rate	156.0	150.0	152.0	153.0	140.0	140.0	140.0	140.0	140.0	140.0	140.0	140.0	145.0	153.0	140.0	140.0	140.0
Euro-yen rate	168.0	164.0	163.0	161.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	157.0	164.0	150.0	150.0	150.0
Sales	1,205.6	1,188.4	1,295.5	1,329.5	1,196.9	1,222.6	1,216.4	1,184.7	2,419.5	2,401.1	2,483.7	2,456.9	4,827.7	5,018.9	4,820.6	4,940.7	5,065.7
Cost of Goods Sold	948.5	917.0	1,029.9	1,045.4	989.9	999.8	1,000.2	990.2	1,989.7	1,990.4	2,023.6	2,014.3	3,789.0	3,940.7	3,980.1	4,037.8	4,099.7
Gross Profit	257.1	271.4	265.6	284.1	206.9	222.8	216.2	194.5	429.7	410.7	460.2	442.7	1,038.7	1,078.2	840.5	902.9	966.1
SG&A expenses, others	206.7	218.7	220.4	246.2	221.7	226.4	225.3	219.4	448.1	444.7	460.0	455.0	788.2	892.1	892.8	915.0	938.2
Operating Profit	50.4	52.7	45.2	37.9	-14.7	-3.6	-9.1	-24.9	-18.4	-34.0	0.2	-12.4	250.5	186.1	-52.3	-12.2	27.8
EBITDA	79.4	81.9	74.5	68.0	15.7	26.8	21.4	5.5	42.5	26.9	63.2	50.6	363.8	303.7	69.4	113.8	156.5
Non-operating profit	37.6	-10.6	11.5	14.9	12.3	12.3	12.3	12.6	24.7	25.0	21.9	22.2	95.1	53.4	49.6	44.1	44.4
Interest & dividend income	6.1	8.7	6.2	12.8	6.8	6.8	6.8	7.1	13.7	14.0	11.1	11.4	24.8	33.7	27.7	22.5	23.0
Equity method profit	5.2	1.7	3.3	3.2	4.0	4.0	4.0	4.0	8.0	8.0	8.0	8.0	8.8	13.4	16.0	16.0	16.0
Forex gains	24.1	-24.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	54.2	0.0	0.0	0.0	0.0
Other	2.3	3.1	2.0	-1.1	1.5	1.5	1.5	1.5	3.0	3.0	2.8	2.8	7.3	6.3	6.0	5.7	5.4
Non-operating expense	7.7	38.8	-16.5	20.5	9.7	9.7	9.7	9.7	19.5	19.5	19.3	19.3	25.5	50.6	39.0	38.7	38.4
Interest payment	2.5	2.7	2.9	2.0	2.7	2.7	2.7	2.7	5.5	5.5	5.3	5.3	7.8	10.0	11.0	10.7	10.4
Equity method loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Forex losses	0.0	32.8	-25.8	16.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	22.9	0.0	0.0	0.0
Other	5.3	3.4	6.5	2.5	7.0	7.0	7.0	7.0	14.0	14.0	14.0	14.0	17.6	17.6	28.0	28.0	28.0
Recurring profit	80.3	3.2	73.3	32.2	-12.1	-1.0	-6.5	-22.0	-13.2	-28.5	2.8	-9.5	320.1	189.0	-41.7	-6.7	33.8
Extraordinary profit	0.4	-0.2	1.5	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	2.3	0.0	0.0	0.0
Extraordinary loss	1.5	2.1	3.3	28.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	22.0	35.5	0.0	0.0	0.0
Pretax profit	79.2	1.0	71.5	4.1	-12.1	-1.0	-6.5	-22.0	-13.2	-28.5	2.8	-9.5	298.3	155.8	-41.7	-6.7	33.8
Income taxes	28.9	15.3	16.2	-19.7	-3.0	-0.3	-1.6	-5.5	-3.3	-7.1	0.7	-2.4	88.9	40.7	-10.4	-1.7	8.5
Effective tax rate	36.4%	1597.2%	22.7%	NM	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	29.8%	26.1%	25.0%	25.0%	25.0%
Minority interest	0.5	0.2	0.0	0.3	0.3	0.3	0.3	0.3	0.6	0.6	0.6	0.6	1.7	1.0	1.1	1.2	1.3
Net profit	49.8	-14.5	55.2	23.5	-9.4	-1.1	-5.1	-16.8	-10.4	-21.9	1.5	-7.7	207.7	114.1	-32.4	-6.3	24.0
EPS (¥)	79.1	-23.0	87.6	37.3	-14.9	-1.7	-8.2	-26.6	-16.5	-34.8	2.3	-12.3	329.6	181.0	-51.3	-10.0	38.1
Capital expenditure	17.2	56.3	33.7	41.2	40.5	40.5	40.5	40.5	81.1	81.1	77.0	77.0	121.3	148.4	162.1	154.0	146.3
Depreciation and amortization	29.0	29.2	29.3	30.1	30.4	30.4	30.4	30.4	60.9	60.9	63.0	63.0	113.3	117.6	121.8	126.0	128.7
Research and Development	34.5	39.7	41.8	52.0	47.1	47.1	47.1	47.1	94.2	94.2	96.1	96.1	146.3	168.0	188.5	192.3	196.1
YoY %																	
Sales	10.5%	-3.1%	3.7%	5.4%	-0.7%	2.9%	-6.1%	-10.9%	1.1%	-8.5%	2.7%	2.3%	26.2%	4.0%	-4.0%	2.5%	2.5%
Operating profit	67.7%	-47.1%	-36.0%	-24.7%	NM	NM	NM	NM	NM	NM	NM	NM	76.4%	-25.7%	NM	NM	NM
Recurring profit	25.6%	-97.2%	22.6%	-60.3%	NM	NM	NM	NM	NM	NM	NM	NM	72.2%	-41.0%	NM	NM	NM
Net profit	33.8%	NM	-3.7%	-44.3%	NM	NM	NM	NM	NM	NM	NM	NM	45.4%	-45.1%	NM	NM	NM

Source: Company data, J.P. Morgan estimates

Investment Thesis, Valuation and Risks

Mazda Motor (7261) *(Neutral; Price Target: ¥900)*

Investment Thesis

Key investment themes include the impact of introducing 7th generation group products developed on large platforms, with CX-60 as a start, and longer-term strategy around electrification. Another point to watch is the US growth strategy following the startup of the Alabama plant.

Valuation

Our December 2025 price target of ¥900 is based on FY2024 BPS and a P/B of about 0.3x.

Risks to Rating and Price Target

Upside Scenario to Target Price/Rating

- Yen depreciation beyond ¥160/\$
- Recovery in US market share
- Realization of collaboration benefits with Toyota

Downside Scenario to Target Price/Rating

- Yen appreciation beyond ¥130/\$
- Delayed EV development

Mazda Motor (7261): Summary of Financials

Income Statement						Cash Flow Statement					
	2024/3A	2025/3A	2026/3E	2027/3E	2028/3E		2024/3A	2025/3A	2026/3E	2027/3E	2028/3E
Revenue	4,827.7	5,018.9	4,820.6	4,940.7	5,065.7	Cash flow from operating activities	419	306	513	489	527
COGS	(3,789)	(3,941)	(3,980)	(4,038)	(4,100)	o/w Depreciation & amortization	113	118	122	126	129
Gross profit	1,039	1,078	840	903	966	o/w Changes in working capital	(7)	52	58	(7)	(7)
SG&A	(788)	(892)	(893)	(915)	(938)	Cash flow from investing activities	(180)	(200)	(475)	(466)	(459)
EBITDA	364	304	69	114	157	o/w Capital expenditure	(121)	(148)	(162)	(154)	(146)
D&A	(113)	(118)	(122)	(126)	(129)	as % of sales	2.5%	3.0%	3.4%	3.1%	2.9%
EBIT	250.5	186.1	-52.3	-12.2	27.8	Cash flow from financing activities	(85)	90	(60)	(62)	(61)
Net Interest	17	24	17	12	13	o/w Dividends paid	(32)	(41)	(35)	(38)	(38)
PBT	298.3	155.8	-41.7	-6.7	33.8	o/w Shares issued/(repurchased)	-	-	-	-	-
Tax	(89)	(41)	10	2	(8)	o/w Net debt issued/(repaid)	-	-	-	-	-
Minority Interest	(2)	(1)	(1)	(1)	(1)	Net change in cash	202	186	(22)	(40)	7
Net Income	208	114	(32)	(6)	24	Adj. Free cash flow to firm	239	106	39	22	69
Reported EPS	329.6	181.0	-51.3	-10.0	38.1	y/y Growth	529.0%	-55.8%	-63.5%	-42.0%	206.4%
DPS	60.00	55.00	55.00	60.00	60.00						
Payout ratio	18.2%	30.4%	NM	NM	157.3%						
Shares outstanding	632	632	632	632	632						
Balance Sheet						Ratio Analysis					
	2024/3A	2025/3A	2026/3E	2027/3E	2028/3E		2024/3A	2025/3A	2026/3E	2027/3E	2028/3E
Cash and cash equivalents	819	1,001	597	617	638	Gross margin	21.5%	21.5%	17.4%	18.3%	19.1%
Accounts receivable	163	149	150	154	158	EBITDA margin	7.5%	6.1%	1.4%	2.3%	3.1%
Inventories	680	659	562	576	591	EBIT margin	5.2%	3.7%	-1.1%	-0.2%	0.5%
Other current assets	336	418	418	418	418	Net profit margin	4.3%	2.3%	-0.7%	-0.1%	0.5%
Current assets	1,999	2,228	1,728	1,766	1,805	ROE	13.1%	6.5%	-1.9%	-0.4%	1.5%
PP&E	1,193	1,223	1,290	1,318	1,336	ROA	5.9%	2.9%	-0.8%	-0.2%	0.6%
LT investments	537	570	575	581	586	ROCE	8.4%	6.2%	-2.7%	-0.7%	0.9%
Other non current assets	63	70	70	70	70	SG&A/Sales	16.3%	17.8%	18.5%	18.5%	18.5%
Total assets	3,792	4,090	3,663	3,735	3,797	Net debt/Equity	NM	NM	NM	NM	NM
						Net debt/EBITDA	NM	NM	NM	NM	NM
Short term borrowings	125	144	146	148	150	Sales/Assets (x)	1.4	1.3	1.2	1.3	1.3
Payables	435	474	437	447	459	Assets/Equity (x)	2.2	2.2	2.3	2.3	2.4
Other short term liabilities	851	883	664	786	868	Interest cover (x)	NM	NM	NM	NM	NM
Current liabilities	1,410	1,501	1,246	1,381	1,477	Operating leverage	292.3%	-648.8%	3242.5%	-3079.8%	-12974.8%
Long-term debt	404	543	522	502	483	Tax rate	29.8%	26.1%	-25.0%	-25.0%	25.0%
Other long term liabilities	220	236	236	236	236	Revenue y/y Growth	26.2%	4.0%	-4.0%	2.5%	2.5%
Total liabilities	2,035	2,280	2,004	2,119	2,196	EBITDA y/y Growth	46.7%	-16.5%	-77.1%	63.9%	37.5%
Shareholders' equity	1,738	1,792	1,642	1,598	1,584	EPS y/y growth	45.4%	-45.1%	-128.4%	-80.6%	-482.9%
Minority interests	19	17	17	17	17						
Total liabilities & equity	3,792	4,090	3,663	3,735	3,797						
BVPS	2,758.49	2,843.94	2,604.65	2,534.69	2,512.83	Valuation					
y/y Growth	20.7%	3.1%	-8.4%	-2.7%	-0.9%		2024/3A	2025/3A	2026/3E	2027/3E	2028/3E
Net debt/(cash)	(374)	(521)	(136)	(173)	(211)	P/E (x)	2.9	5.2	NM	NM	24.7
						P/BV (x)	0.3	0.3	0.4	0.4	0.4
						EV/EBITDA (x)	0.6	0.2	6.3	3.5	2.3
						Dividend Yield	6.4%	5.8%	5.8%	6.4%	6.4%

Source: Company reports and J.P. Morgan estimates.

Note: ¥ in billions (except per-share data). Fiscal year ends Mar. o/w - out of which

Neutral

7267.T, 7267 JP

Price (29 May 25): ¥1,496

Price Target (Dec-25): ¥1,500

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Key Changes (FYE Mar)

	Prev	Cur
Adj. EBIT - 26E (¥ bn)	1,284	936
Adj. EBIT - 27E (¥ bn)	1,246	1,076

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)			
		6M	1Y	3Y	5Y
Value	5	10	14	6	6
Growth	87	87	91	30	59
Momentum	69	91	26	30	65
Quality	81	57	71	42	83
Low Vol	73	61	26	24	30
ESGQ	98	100	92	7	94

Honda Motor (7267)

Tariff impact relatively minor; watching for profitability improvements in the automobile business

Our rating is Neutral and our price target through December 2025 is ¥1,500. We believe the net impact of US tariffs will be limited to around ¥150 billion in FY2025, as we believe Honda Motor will benefit from its relatively high US local production ratio and USMCA-compliant ratio. Honda plans to hasten its shift from BEVs to HEVs in the auto business, but we think it will take time to see improvement in auto business profitability as investment in software and ADAS is set to remain high. We look forward to hearing an update on the company's capital allocation plans alongside a review of its electrification investment plans.

- Relatively minor tariff impact:** Honda's tariff impact is likely to be relatively mild because of its high local US production ratio and the high US content ratio of its Canadian-produced vehicles. We believe that the net impact of tariffs in FY2025 will be manageable and limited to ¥150 billion, including recovery measures. We revise our earnings estimates to reflect this impact. We now estimate consolidated operating profit of ¥936.4 billion (previously ¥1.28 trillion) in FY2025, ¥1.08 trillion (¥1.25 trillion) in FY2026, and ¥1.21 trillion in FY2027.
- Significant changes in electrification strategy look positive, but enhanced shareholder returns needed:** Honda announced revisions to its electrification strategy in a business update on May 20. The company reduced its 2030 target for BEV sales volume to 700,000-750,000 units from 2 million units, while significantly increasing its HEV target to 2.2 million units (2.5x the current level). We think the change in strategy looks realistic given the possibility of US deregulation and a clear slowdown in BEV demand. With cash outflows expected to be cut by ¥3 trillion, including as a result of the Canadian battery/BEV production project being put on hold, investors should be looking for Honda to present a new capital allocation plan which should also aid in preventing a value-trap situation.

Price Performance



	YTD	1m	3m	12m
Abs	-2.5%	3.1%	7.4%	-14.0%
Rel	-3.5%	-3.0%	2.5%	-16.6%

Company Data

Shares O/S (mn)	3,492
52-week range (¥)	1,802-1,156
Market cap (\$ bn)	36.1
Exchange rate	144.84
Free float (%)	75.4%
3M ADV (mn)	21.11
3M ADV (\$ mn)	203.9
Volatility (90 Day)	39
Index	TOPIX
BBG ANR (Buy Hold Sell)	12 10 0

Key Metrics (FYE Mar)

¥ in billions	2025/3A	2026/3E	2027/3E	2028/3E
Financial Estimates				
Revenue	21,688.8	20,974.6	21,412.9	21,868.3
EBITDA	1,670	1,310	1,484	1,646
EBIT	1,213.5	936.4	1,076.2	1,207.8
Net income	836	584	759	845
Reported EPS	192.3	167.3	217.3	242.1
BBG EPS	213.31	199.78	229.06	-
Cashflow from operations	292	(564)	(469)	(337)
FCFF	(650)	(1,628)	(1,599)	(1,515)
Margins and Growth				
Revenue Growth Y/Y (%)	6.2%	-3.3%	2.1%	2.1%
EBITDA margin	7.7%	6.2%	6.9%	7.5%
EBITDA Growth Y/Y (%)	-10.6%	-21.5%	13.3%	10.9%
EBIT margin	5.6%	4.5%	5.0%	5.5%
Net margin	3.9%	2.8%	3.5%	3.9%
Fully Diluted EPS growth	-16.1%	-13.0%	29.9%	11.4%
Ratios				
Effective Tax Rate	31.5%	37.1%	34.2%	34.3%
Interest cover	NM	NM	NM	NM
Net debt/Equity	0.3	0.3	0.3	0.3
Net debt/EBITDA	2.4	3.0	2.7	2.5
ROCE	3.9%	2.8%	3.3%	3.5%
ROE	6.7%	4.6%	5.8%	6.2%
Valuation				
FCFF yield	-10.0%	-31.2%	-30.6%	-29.0%
Dividend yield	4.5%	5.3%	5.3%	5.3%
EV/Revenue	0.0	0.0	0.0	0.0
EV/EBITDA	0.6	0.8	0.6	0.5
P/E	7.8	8.9	6.9	6.2

Summary Investment Thesis and Valuation

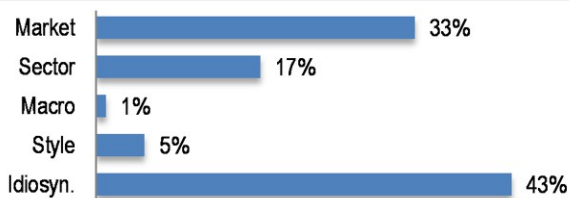
Investment Thesis

Key investment themes include confirmation of restructuring-driven improvement in auto business profitability and the medium-term growth scenario for motorcycles in emerging markets. We are also monitoring whether the company can maintain both increasingly aggressive electrification investments as the company heads toward its 100% BEV target for 2040 and generous shareholder returns.

Valuation

Our December 2025 price target of ¥1,500 is based on FY2024 BPS and a P/B at the 0.5x level. We shift to a P/B-based valuation because of the likelihood of a temporary deterioration in profitability due to tariffs.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Japan	0.46	0.57
Sect: Cons Discretionary	0.58	0.51
Ind: Automobiles & Comp	0.78	0.73
Macro:		
JPM JPY Tradeable Currency	-0.22	-0.12
Japan Breakeven 10 Year	-0.25	-0.11
MSCI ACWI ex Japan	-0.05	-0.09
Quant Styles:		
Value	0.30	0.21
Momentum	-0.25	-0.19
DivYld	0.12	0.14

Earnings forecasts

Figure 55: Honda Motor (7267): Consolidated Profit & Loss Statement (IFRS)

¥bn, %	3/20	3/21	3/22	3/23	3/24	3/25	3/26E	3/27E	3/28E
Sales	14,931.0	13,170.5	14,552.7	16,907.7	20,428.8	21,688.8	20,974.6	21,412.9	21,868.3
Total operating costs and expenses	-14,297.4	-12,510.3	-13,681.5	-16,127.0	-19,046.8	-20,475.3	-20,038.2	-20,336.7	-20,660.5
CoGS	-11,851.7	-10,439.7	-11,567.9	-13,576.1	-16,016.7	-17,024.8	-16,428.3	-16,698.4	-16,991.3
SG&A	-1,641.6	-1,331.7	-1,326.5	-1,669.9	-2,106.5	-2,351.0	-2,459.9	-2,511.3	-2,564.7
R&D	-804.1	-738.9	-787.1	-880.9	-923.6	-1,099.5	-1,150.1	-1,127.1	-1,104.5
Operating Profit	633.6	660.2	871.2	780.8	1,382.0	1,213.5	936.4	1,076.2	1,207.8
EBITDA	1,030.5	1,026.0	1,241.1	1,220.1	1,868.0	1,669.6	1,310.2	1,484.5	1,645.7
Equity Method Income	164.2	272.7	202.5	117.4	110.8	1.0	-2.2	63.2	64.2
Finance income and finance cost	-7.9	-18.9	-3.6	-18.6	149.6	103.2	103.1	119.8	124.2
Interest Income	49.4	19.8	25.6	73.1	173.7	191.1	184.7	186.8	190.7
Interest Expenses	-24.7	-13.9	-16.9	-36.1	-59.6	-54.9	-48.6	-33.9	-33.4
Others	-32.6	-24.8	-12.3	-55.6	35.5	-33.1	-33.1	-33.1	-33.1
Profit before Tax	789.9	914.1	1,070.2	879.6	1,642.4	1,317.6	1,037.3	1,259.2	1,396.3
Income Tax	-280.0	-218.6	-309.5	-162.3	-459.8	-414.6	-384.6	-430.6	-479.5
Tax Rate / %	44.7%	34.1%	35.7%	21.3%	30.0%	31.5%	37.0%	36.0%	36.0%
Net Profit	509.9	695.4	760.7	717.3	1,182.6	903.0	652.7	828.6	916.8
Attributable to owners of the parent	455.7	657.4	707.1	651.4	1,107.2	835.8	584.1	758.7	845.4
Attributable to non-controlling interests	54.2	38.0	53.6	65.9	75.4	67.2	68.5	69.9	71.3
[Key financial metrics]									
EPS (¥)	88.0	126.9	137.8	130.5	229.3	192.3	167.3	217.3	242.1
DPS (¥)	37.3	36.7	40.0	40.0	68.0	68.0	80.0	80.0	80.0
Payout ratio / %	42.4%	28.9%	29.0%	30.7%	29.7%	35.4%	47.8%	36.8%	33.0%
BPS (¥)	1,547	1,753	2,041	2,240	2,629	2,851	3,652	3,809	3,992
ROE / %	5.6%	7.7%	7.2%	6.0%	9.3%	6.7%	4.6%	5.8%	6.2%
ROA / %	2.2%	3.1%	3.1%	2.7%	4.1%	2.8%	2.0%	2.5%	2.7%
Liquidity at hand	2,672.4	2,758.0	3,674.9	3,803.0	4,954.6	4,622.3	4,630.7	4,727.5	4,828.1
Interest-bearing debt	7,469.7	7,721.0	8,102.6	7,665.2	10,163.6	10,485.0	5,700.0	5,611.3	5,524.3
D/E ratio	0.9	0.8	0.8	0.7	0.8	0.8	0.4	0.4	0.4
Net D/E ratio	0.6	0.5	0.4	0.3	0.4	0.5	0.1	0.1	0.0
Shares outstanding (mn)	5,179.8	5,180.0	5,131.8	4,993.0	4,828.9	4,346.5	3,492.3	3,492.3	3,492.3
Capital expenditure	375.6	321.2	278.4	493.9	387.9	537.4	618.0	655.1	694.4
Depreciation and amortization	396.9	365.8	369.9	439.3	486.0	456.1	373.8	408.3	437.9
Research and Development	821.4	780.0	804.0	852.0	976.3	1,210.6	1,150.1	1,127.1	1,104.5
As a percentage of Sales / %									
Operating Profit	4.2%	5.0%	6.0%	4.6%	6.8%	5.6%	4.5%	5.0%	5.5%
Pretax profit	5.3%	6.9%	7.4%	5.2%	8.0%	6.1%	4.9%	5.9%	6.4%
Net profit	3.1%	5.0%	4.9%	3.9%	5.4%	3.9%	2.8%	3.5%	3.9%
YoY / %									
Sales	-6.0%	-11.8%	10.5%	16.2%	20.8%	6.2%	-3.3%	2.1%	2.1%
Operating profit	-12.8%	4.2%	32.0%	-10.4%	77.0%	-12.2%	-22.8%	14.9%	12.2%
Pretax profit	-19.3%	15.7%	17.1%	-17.8%	86.7%	-19.8%	-21.3%	21.4%	10.9%
Net profit	-25.3%	44.3%	7.6%	-7.9%	70.0%	-24.5%	-30.1%	29.9%	11.4%

Source: Company data, J.P. Morgan estimates

Figure 56: Honda Motor (7267): Consolidated Balance Sheet & Cash Flow Statement (IFRS)

¥bn

Consolidated Balance Sheet	3/20	3/21	3/22	3/23	3/24	3/25	3/26E	3/27E	3/28E
Cash and cash equivalents	2,672.4	2,758.0	3,674.9	3,803.0	4,954.6	4,622.3	4,630.7	4,727.5	4,828.1
Trade receivables	633.9	801.8	896.8	1,060.3	1,240.1	973.9	1,070.6	1,092.9	1,116.2
Receivables from financial services	1,878.4	1,794.7	1,694.1	1,899.5	2,558.6	2,556.6	2,633.3	2,712.3	2,793.7
Inventories	1,560.6	1,545.6	1,918.5	2,167.2	2,443.0	2,466.4	2,373.9	2,423.5	2,475.0
Other current assets	555.8	679.0	657.1	648.4	676.3	898.9	898.9	898.9	898.9
Total Current Assets	7,301.0	7,579.1	8,841.4	9,578.3	11,872.6	11,518.1	11,607.4	11,855.1	12,111.8
Receivables from financial services	3,282.8	3,619.9	3,740.4	3,995.3	5,616.7	5,739.2	5,739.2	5,739.2	5,739.2
Equipment on operating leases	4,626.1	4,919.9	5,159.1	4,726.3	5,202.8	5,201.8	5,357.9	5,518.6	5,684.2
Property, plant and equipment	3,051.7	3,021.5	3,079.4	3,168.1	3,234.4	3,058.8	3,364.7	3,701.1	4,071.2
Other non-current assets	2,199.9	2,780.6	3,152.8	3,202.1	3,847.7	3,755.9	3,975.2	4,222.9	4,503.3
Total non-current assets	13,160.5	14,341.9	15,131.7	15,091.7	17,901.6	17,755.7	18,437.0	19,181.9	19,997.9
Total Assets	20,461.5	21,921.0	23,973.2	24,670.1	29,774.2	29,273.9	30,044.4	31,037.1	32,109.7
Trade payables	958.5	1,088.1	1,236.2	1,426.3	1,609.8	1,410.4	1,460.4	1,490.9	1,522.6
Financing liabilities	3,248.5	3,005.6	3,118.3	3,291.2	4,105.6	4,227.6	4,312.1	4,398.4	4,486.3
Other current liabilities	1,583.2	1,621.8	1,649.9	1,934.6	2,608.1	2,413.5	2,636.1	2,899.6	3,151.4
Total Current Liabilities	5,790.1	5,715.5	6,004.4	6,652.1	8,323.5	8,051.5	8,408.6	8,788.9	9,160.3
Financing liabilities	4,221.2	4,715.4	4,984.3	4,374.0	6,058.0	6,257.4	6,320.0	6,383.2	6,447.0
Other non-current liabilities	2,164.1	2,117.4	2,212.0	2,141.7	2,386.8	2,292.4	2,292.4	2,292.4	2,292.4
Total non-current liabilities	6,385.4	6,832.7	7,196.2	6,515.7	8,444.8	8,549.8	8,612.4	8,675.6	8,739.4
Total Liabilities	12,175.4	12,548.2	13,200.6	13,167.8	16,768.3	16,601.3	17,021.0	17,464.5	17,899.8
Common stock	86.1	86.1	86.1	86.1	86.1	86.1	86.1	86.1	86.1
Capital surplus	171.8	172.0	185.5	185.6	205.1	205.2	205.2	205.2	205.2
Treasury stock	-273.9	-273.8	-328.3	-484.9	-550.8	-775.2	-775.2	-775.2	-775.2
Retained earnings	8,142.9	8,901.3	9,539.1	9,980.1	10,644.2	10,969.0	11,330.9	11,880.1	12,517.5
Other components of equity	-114.6	196.7	990.4	1,417.4	2,312.5	1,906.4	1,906.4	1,906.4	1,906.4
Equity attributable to owners of the parent	8,012.3	9,082.3	10,472.8	11,184.3	12,697.0	12,391.4	12,753.3	13,302.6	13,940.0
Non-controlling interests	273.8	290.5	299.7	318.0	308.9	281.1	270.0	270.0	270.0
Total equity	8,286.0	9,372.8	10,772.5	11,502.3	13,005.9	12,672.6	13,023.3	13,572.6	14,210.0
Total liabilities and equity	20,461.5	21,921.0	23,973.2	24,670.1	29,774.2	29,273.9	30,044.4	31,037.1	32,109.7

Consolidated Cash Flow Statement	3/20	3/21	3/22	3/23	3/24	3/25	3/26E	3/27E	3/28E
Profit before income taxes	789.9	914.1	1,070.2	879.6	1,642.4	1,317.6	1,037.3	1,259.2	1,396.3
Depreciation, amortization and impairment losses	699.9	624.2	611.1	721.6	794.4	742.9	579.4	632.8	678.7
Share of profit of investments accounted for using the equity method	-164.2	-272.7	-202.5	-117.4	-110.8	-1.0	2.2	-63.2	-64.2
Finance income and finance costs, net	-47.9	22.6	-56.4	-71.7	-141.3	-170.0	-103.1	-119.8	-124.2
Changes in assets and liabilities	-260.4	-192.3	302.6	855.8	-1,131.8	-1,349.3	-1,405.8	-1,493.2	-1,494.8
Income taxes paid	-37.9	-23.5	-45.4	-138.9	-305.6	-248.1	-674.2	-684.4	-728.8
Cash Flow from Operations	979.4	1,072.4	1,679.6	2,129.0	747.3	292.2	-564.3	-468.5	-337.1
Payments for additions to property, plant and equipment	-370.2	-318.4	-268.1	-475.0	-348.7	-510.8	-577.7	-636.6	-674.7
Payments for acquisitions of other financial assets	-282.8	-433.4	-488.6	-527.3	-282.1	-419.2	-427.6	-436.2	-444.9
Other, net	33.5	-45.1	380.7	324.3	-236.5	-11.9	-58.0	-58.0	-58.0
Cash Flow from Investing Activities	-619.5	-796.9	-376.1	-678.1	-867.3	-942.0	-1,063.3	-1,130.7	-1,177.6
Free Cash Flow	359.9	275.5	1,303.6	1,451.0	-120.0	-649.8	-1,627.6	-1,599.3	-1,514.7
Net Change of Short-term liabilities	-2.0	-179.5	-472.4	442.5	-24.4	340.7	84.6	86.2	88.0
Net Change of long-term liabilities	344.7	150.4	241.3	-1,411.1	1,598.9	1,150.9	62.6	63.2	63.8
Dividends paid to owners of the parent	-196.8	-145.1	-188.4	-213.5	-241.9	-347.8	-298.9	-285.1	-279.4
Other, net	-233.3	-109.8	-196.2	-286.3	-414.0	-863.3	-82.0	-82.0	-82.0
Cash Flow from Financing Activities	-87.4	-284.0	-615.7	-1,468.4	918.6	280.5	-233.8	-217.6	-209.6
Effects of FX movements on cash balance	-94.3	94.1	229.1	145.5	352.9	-56.4	86.0	86.0	86.0
Net change in cash and cash equivalents	178.2	85.7	916.9	128.1	1,151.6	-425.8	8.5	96.8	100.5
Cash & cash equiv. at period's beginning	2,494.1	2,672.4	2,758.0	3,674.9	3,803.0	4,954.6	4,622.3	4,630.7	4,727.5
Cash & cash equiv. at period's end	2,672.4	2,758.0	3,674.9	3,803.0	4,954.6	4,622.3	4,630.7	4,727.5	4,828.1

Source: Company data, J.P. Morgan estimates

Figure 57: Honda Motor (7267): Assumptions for Automotive Segment Model

1,000 units, %

	3/20	3/21	3/22	3/23	3/24	3/25	3/26E	3/27E	3/28E
Automobile: Global Production Capacity									
Japan	1,000	816	816	816	816	816	816	816	816
North America	1,920	1,920	1,860	1,860	1,860	1,860	1,860	1,860	1,860
USA	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270	1,270
Canada	390	390	390	390	390	390	390	390	390
Mexico	260	260	200	200	200	200	200	200	200
South America	270	270	230	230	230	230	230	230	230
Europe	200	200	0	0	0	0	0	0	0
Asia	2,475	2,475	2,595	2,595	2,595	2,305	2,305	2,305	2,305
China	1,370	1,370	1,490	1,490	1,490	1,200	1,200	1,200	1,200
Thailand	420	420	420	420	420	420	420	420	420
Indonesia	230	230	230	230	230	230	230	230	230
Others	0	0	0	0	0	0	0	0	0
Total Production Capacity	5,865	5,681	5,501	5,501	5,501	5,211	5,211	5,211	5,211
Automobile: Global Production Units									
Japan	808	687	634	643	707	693	709	725	742
North America	1,736	1,397	1,271	1,249	1,605	1,608	1,574	1,590	1,607
USA	1,153	924	839	867	1,029	989	916	920	925
Canada	401	345	261	268	395	425	451	451	451
Mexico	182	128	172	114	181	194	206	218	230
Europe	120	97	46	0	0	0	0	0	0
Asia	1,976	2,279	2,107	1,861	1,717	1,240	1,218	1,265	1,311
China	1,370	1,877	1,620	1,307	1,170	768	741	789	837
Thailand	219	124	135	137	142	112	149	169	189
Indonesia	149	64	107	155	135	106	99	107	115
Others	134	72	84	66	77	103	151	161	171
Total Production Units	4,774	4,532	4,143	3,819	4,107	3,644	3,652	3,741	3,830
Domestic production	808	687	634	643	707	693	709	725	742
Overseas production	3,966	3,845	3,508	3,176	3,400	2,951	2,944	3,016	3,088
Capacity utilization / %									
Japan	81%	84%	78%	79%	87%	85%	87%	89%	91%
Overseas	82%	79%	75%	68%	73%	67%	67%	69%	70%
Global average	81%	80%	75%	69%	75%	70%	70%	72%	73%
Consolidated Shipment Units									
Japan	589	520	476	484	525	539	555	580	605
North America	1,825	1,480	1,283	1,195	1,628	1,654	1,672	1,704	1,738
Europe	133	101	100	84	103	93	47	49	52
Asia	563	390	443	505	468	397	399	401	404
Others	208	126	122	114	132	157	163	170	177
Total Consolidated Shipment Units	3,318	2,617	2,424	2,382	2,856	2,840	2,836	2,905	2,974
Global Retail Sales Units									
Japan	689	614	572	561	612	669	655	675	695
North America	1,799	1,594	1,588	1,151	1,547	1,637	1,662	1,694	1,728
USA	1,537	1,395	1,385	1,002	1,356	1,442	1,463	1,492	1,522
Europe	111	75	78	66	71	73	56	44	36
Asia-Pacific ex-China	613	430	461	504	488	425	446	468	492
Thailand	125	89	90	83	93	76	109	125	141
Indonesia	144	67	80	137	111	97	100	104	108
India	108	81	89	90	92	67	73	77	81
China	1,444	1,798	1,527	1,240	1,222	805	839	874	912
C/S America	138	91	88	70	83	108	108	108	108
Others	56	49	49	45	50	48	57	57	56
Total Retail Sales Units	4,848	4,651	4,362	3,637	4,074	3,763	3,822	3,920	4,027
Global xEV Retail Sales Units									
HEV						865	898	950	1,150
PHEV						24	17	20	50
BEV						20	77	90	150
FCEV						0	0	0	0
Global xEV Penetration Rate						22%	26%	28%	41%
HEV						21%	24%	25%	34%
PHEV						1%	0%	1%	1%
BEV						0%	2%	2%	6%
FCEV						0%	0%	0%	0%

Source: Company data, J.P. Morgan estimates

Figure 58: Honda Motor (7267): Quarterly Consolidated Profit & Loss Statement (IFRS)

¥bn, %

	3/25				3/26E				3/26E		3/27E		3/24	3/25	3/26E	3/27E	3/28E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1H	2H	1H	2H					
Dollar-yen rate	156.0	149.0	152.0	152.6	140.0	140.0	140.0	140.0	140.0	140.0	140.0	140.0	145.0	152.6	140.0	140.0	140.0
Euro-yen rate	160.0	164.0	162.6	160.5	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	156.7	163.7	150.0	150.0	150.0
Sales	5,404.9	5,392.8	5,531.1	5,360.0	5,135.6	5,274.5	5,277.3	5,287.2	10,410.1	10,564.5	10,621.4	10,791.5	20,428.8	21,688.8	20,974.6	21,412.9	21,868.3
Total operating costs and expenses	-4,920.2	-5,134.9	-5,133.8	-5,286.5	-4,850.0	-5,010.9	-5,064.7	-5,112.6	-9,860.9	-10,177.3	-10,001.6	-10,335.2	-19,046.8	-20,475.3	-20,038.2	-20,336.7	-20,660.5
CoGS	-4,208.5	-4,242.9	-4,351.4	-4,222.1	-3,960.2	-4,104.8	-4,158.3	-4,205.0	-8,065.0	-8,363.3	-8,192.4	-8,506.0	-16,016.7	-17,024.8	-16,428.3	-16,698.4	-16,991.3
SG&A	-495.8	-629.3	-514.8	-711.2	-602.3	-618.6	-618.9	-620.1	-1,220.9	-1,239.0	-1,245.7	-1,265.6	-2,106.5	-2,351.0	-2,459.9	-2,511.3	-2,564.7
R&D	-215.9	-262.7	-267.7	-353.3	-287.5	-287.5	-287.5	-287.5	-575.0	-575.0	-563.5	-563.5	-923.6	-1,099.5	-1,150.1	-1,127.1	-1,104.5
Operating Profit	484.7	257.9	397.3	73.6	285.6	263.6	212.5	174.6	549.2	387.2	619.9	456.3	1,382.0	1,213.5	936.4	1,076.2	1,207.8
EBITDA	605.3	367.4	507.9	189.0	379.1	357.0	306.0	268.1	736.1	574.1	824.0	660.5	1,868.0	1,669.6	1,310.2	1,484.5	1,645.7
Equity Method Income	1.4	-22.2	-6.5	28.2	-3.8	-2.8	1.4	2.9	-6.5	4.3	28.6	34.6	110.8	1.0	-2.2	63.2	64.2
Finance income and finance cost	73.3	-53.2	92.8	-9.7	25.8	25.8	25.8	25.8	51.5	51.5	59.9	59.9	149.6	103.2	103.1	119.8	124.2
Interest Income	50.1	50.6	50.1	40.3	46.2	46.2	46.2	46.2	92.3	92.3	93.4	93.4	173.7	191.1	184.7	186.8	190.7
Interest Expenses	-12.2	-12.8	-13.0	-16.9	-12.1	-12.1	-12.1	-12.1	-24.3	-24.3	-17.0	-17.0	-59.6	-54.9	-48.6	-33.9	-33.4
Others	35.5	-91.1	55.7	-33.2	-8.3	-8.3	-8.3	-8.3	-16.5	-16.5	-16.5	-16.5	35.5	-33.1	-33.1	-33.1	-33.1
Profit before Tax	559.5	182.5	483.6	92.1	307.6	286.6	239.7	203.3	594.2	443.0	708.4	550.8	1,642.4	1,317.6	1,037.3	1,259.2	1,396.3
Income Tax	-145.1	-70.0	-150.0	-49.5	-115.2	-107.1	-88.2	-74.1	-222.3	-162.3	-244.7	-185.8	-459.8	-414.6	-384.6	-430.6	-479.5
Tax Rate / %	0.3	0.4	0.3	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.3	30.0%	31.5%	37.0%	36.0%	36.0%
Net Profit	414.3	112.5	333.6	42.6	192.4	179.5	151.5	129.2	371.9	280.7	463.7	365.0	1,182.6	903.0	652.7	828.6	916.8
Attributable to owners of the parent	394.7	100.0	310.6	30.6	175.3	162.4	134.4	112.0	337.7	246.5	428.7	330.0	1,107.2	835.8	584.1	758.7	845.4
Attributable to non-controlling interests	19.7	12.5	23.0	12.0	17.1	17.1	17.1	17.1	34.3	34.3	35.0	35.0	75.4	67.2	68.5	69.9	71.3
EPS (¥)	81.8	21.4	66.9	7.0	43.2	43.0	38.5	32.1	86.1	70.6	122.8	94.5	229.3	192.3	167.3	217.3	242.1
Capital expenditure	91.5	86.3	142.9	216.7	154.5	154.5	154.5	154.5	309.0	309.0	327.5	327.5	387.9	537.4	618.0	655.1	694.4
Depreciation and amortization	120.6	109.5	110.6	115.4	93.4	93.4	93.4	93.4	186.9	186.9	204.1	204.1	486.0	456.1	373.8	408.3	437.9
Research and Development	233.9	282.9	288.9	404.9	287.5	287.5	287.5	287.5	575.0	575.0	563.5	563.5	976.3	1,210.6	1,150.1	1,127.1	1,104.5
YoY / %																	
Sales	16.9%	8.2%	2.6%	-1.3%	-5.0%	-2.2%	-4.6%	-1.4%	-3.6%	-3.0%	2.0%	2.1%	20.8%	6.2%	-3.3%	2.1%	2.1%
Operating profit	22.9%	-14.6%	4.6%	-75.9%	-41.1%	2.2%	-46.5%	137.4%	-26.0%	-17.8%	12.9%	17.9%	77.0%	-12.2%	-22.8%	14.9%	12.2%
Pretax profit	8.7%	-49.9%	25.5%	-75.6%	-45.0%	57.1%	-50.4%	120.8%	-19.9%	-23.0%	19.2%	24.3%	86.7%	-19.8%	-21.3%	21.4%	10.9%
Net profit	8.7%	-60.5%	22.6%	-87.1%	-55.6%	62.4%	-56.7%	266.5%	-31.7%	-27.8%	27.0%	33.9%	70.0%	-24.5%	-30.1%	29.9%	11.4%

Source: Company data, J.P. Morgan estimates

Investment Thesis, Valuation and Risks

Honda Motor (7267) *(Neutral; Price Target: ¥1,500)*

Investment Thesis

Key investment themes include confirmation of restructuring-driven improvement in auto business profitability and the medium-term growth scenario for motorcycles in emerging markets. We are also monitoring whether the company can maintain both increasingly aggressive electrification investments as the company heads toward its 100% BEV target for 2040 and generous shareholder returns.

Valuation

Our December 2025 price target of ¥1,500 is based on FY2024 BPS and a P/B at the 0.5x level.

Risks to Rating and Price Target

Upside Scenario to Target Price/Rating

- Further recovery in profitability in US auto business
- Faster growth in the motorcycle business in emerging markets centered on India
- Higher visibility of return on investments for EV development

Downside Scenario to Target Price/Rating

- Increased competition in the US auto market
- Slowdown and increased competition in the motorcycle market
- Pressure on profitability due to investments in EV and autonomous driving technologies

Honda Motor (7267): Summary of Financials

Income Statement						Cash Flow Statement					
	2024/3A	2025/3A	2026/3E	2027/3E	2028/3E		2024/3A	2025/3A	2026/3E	2027/3E	2028/3E
Revenue	20,428.8	21,688.8	20,974.6	21,412.9	21,868.3	Cash flow from operating activities	747	292	(564)	(469)	(337)
COGS	(16,017)	(17,025)	(16,428)	(16,698)	(16,991)	o/w Depreciation & amortization	794	743	579	633	679
Gross profit	4,412	4,664	4,546	4,715	4,877	o/w Changes in working capital	(1,132)	(1,349)	(1,406)	(1,493)	(1,495)
SG&A	(2,107)	(2,351)	(2,460)	(2,511)	(2,565)	Cash flow from investing activities	(867)	(942)	(1,063)	(1,131)	(1,178)
EBITDA	1,868	1,670	1,310	1,484	1,646	o/w Capital expenditure	(388)	(537)	(618)	(655)	(694)
D&A	(486)	(456)	(374)	(408)	(438)	as % of sales	1.9%	2.5%	2.9%	3.1%	3.2%
EBIT	1,382.0	1,213.5	936.4	1,076.2	1,207.8	Cash flow from financing activities	919	280	(234)	(218)	(210)
Net Interest	114	136	136	153	157	o/w Dividends paid	(242)	(348)	(299)	(285)	(279)
PBT	1,642.4	1,317.6	1,037.3	1,259.2	1,396.3	o/w Shares issued/(repurchased)	-	-	-	-	-
Tax	(460)	(415)	(385)	(431)	(480)	o/w Net debt issued/(repaid)	-	-	-	-	-
Minority Interest	(75)	(67)	(69)	(70)	(71)	Net change in cash	1,152	(426)	(1,775)	(1,731)	(1,638)
Net Income	1,107	836	584	759	845	Adj. Free cash flow to firm	(120)	(650)	(1,628)	(1,599)	(1,515)
Reported EPS	229.3	192.3	167.3	217.3	242.1	y/y Growth	-108.3%	441.6%	150.5%	-1.7%	-5.3%
DPS	68.00	68.00	80.00	80.00	80.00						
Payout ratio	29.7%	35.4%	47.8%	36.8%	33.0%						
Shares outstanding	5,280	5,280	5,280	5,280	5,280						
Balance Sheet						Ratio Analysis					
	2024/3A	2025/3A	2026/3E	2027/3E	2028/3E		2024/3A	2025/3A	2026/3E	2027/3E	2028/3E
Cash and cash equivalents	4,955	4,622	4,631	4,728	4,828	Gross margin	21.6%	21.5%	21.7%	22.0%	22.3%
Accounts receivable	1,240	974	1,071	1,093	1,116	EBITDA margin	9.1%	7.7%	6.2%	6.9%	7.5%
Inventories	2,443	2,466	2,374	2,423	2,475	EBIT margin	6.8%	5.6%	4.5%	5.0%	5.5%
Other current assets	3,235	3,456	3,532	3,611	3,693	Net profit margin	5.4%	3.9%	2.8%	3.5%	3.9%
Current assets	11,873	11,518	11,607	11,855	12,112	ROE	9.3%	6.7%	4.6%	5.8%	6.2%
PP&E	3,234	3,059	3,365	3,701	4,071	ROA	4.1%	2.8%	2.0%	2.5%	2.7%
LT investments	1,207	1,193	1,372	1,578	1,814	ROCE	5.0%	3.9%	2.8%	3.3%	3.5%
Other non current assets	13,460	13,504	13,700	13,903	14,112	SG&A/Sales	10.3%	10.8%	11.7%	11.7%	11.7%
Total assets	29,774	29,274	30,044	31,037	32,110	Net debt/Equity	0.3	0.3	0.3	0.3	0.3
Short term borrowings	4,106	4,228	4,312	4,398	4,486	Net debt/EBITDA	2.2	2.4	3.0	2.7	2.5
Payables	1,610	1,410	1,460	1,491	1,523	Sales/Assets (x)	0.8	0.7	0.7	0.7	0.7
Other short term liabilities	2,608	2,414	2,636	2,900	3,151	Assets/Equity (x)	2.3	2.4	2.4	2.3	2.3
Current liabilities	8,323	8,051	8,409	8,789	9,160	Interest cover (x)	NM	NM	NM	NM	NM
Long-term debt	6,058	6,257	6,320	6,383	6,447	Operating leverage	369.8%	-197.7%	693.5%	714.6%	575.0%
Other long term liabilities	2,387	2,292	2,292	2,292	2,292	Tax rate	28.0%	31.5%	37.1%	34.2%	34.3%
Total liabilities	16,768	16,601	17,021	17,464	17,900	Revenue y/y Growth	20.8%	6.2%	-3.3%	2.1%	2.1%
Shareholders' equity	12,697	12,391	12,753	13,303	13,940	EBITDA y/y Growth	53.1%	-10.6%	-21.5%	13.3%	10.9%
Minority interests	309	281	270	270	270	EPS y/y growth	75.7%	-16.1%	-13.0%	29.9%	11.4%
Total liabilities & equity	29,774	29,274	30,044	31,037	32,110						
BVPS	2,629.37	2,850.90	3,651.81	3,809.09	3,991.59	Valuation					
y/y Growth	17.4%	8.4%	28.1%	4.3%	4.8%		2024/3A	2025/3A	2026/3E	2027/3E	2028/3E
Net debt/(cash)	4,092	3,976	3,975	4,062	4,153	P/E (x)	6.5	7.8	8.9	6.9	6.2
						P/BV (x)	0.6	0.5	0.4	0.4	0.4
						EV/EBITDA (x)	0.5	0.6	0.8	0.6	0.5
						Dividend Yield	4.5%	4.5%	5.3%	5.3%	5.3%

Source: Company reports and J.P. Morgan estimates.

Note: ¥ in billions (except per-share data). Fiscal year ends Mar. o/w - out of which

Overweight

7269.T, 7269 JP

Price (29 May 25): ¥1,866

▼ Price Target (Dec-25): ¥2,200

Prior (Dec-25): ¥2,300

Japan Equity Research

Head of Japan Equity Research and Head of Japan Autos & Auto Parts Research

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JPMorgan Securities Japan Co., Ltd.

Key Changes (FYE Mar)

	Prev	Cur
Adj. EBIT - 26E (¥ bn)	640	574
Adj. EBIT - 27E (¥ bn)	664	611

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)			
		6M	1Y	3Y	5Y
Value	34	42	48	46	54
Growth	52	50	54	59	81
Momentum	24	38	28	79	77
Quality	46	48	32	63	42
Low Vol	77	73	44	57	79
ESGQ	23	94	100	85	90

Suzuki Motor (7269)

Temporary plateau, but growth potential intact

We revise our earnings estimates based on FY2024 results and maintain our Overweight rating, but we change our price target through December 2025 to ¥2,200 (previously ¥2,300). We lower our sales volume assumptions and earnings estimates owing mainly to the uncertain demand environment in India. End-market demand in India shows signs of slowing, especially in rural areas, and stricter lending reviews suggest Maruti Suzuki's (MSIL's) sales volume may temporarily plateau. Key factors to monitor are profitability improvement in the mini-car business in Japan and the strategy to increase sales in last-resort regions, such as Africa and the Middle East.

- Temporary growth slowdown in India:** For subsidiary MSIL, end-market demand shows signs of slowing, partly owing to the rise in interest rates to date. Tightening reviews for auto loans, especially in rural areas, may hinder MSIL's short-term sales growth. We lower our assumptions for Suzuki Motor's India shipments (including exports/OEM) to 2,327,000 units in FY2025 (+4% YoY), 2,444,000 units in FY2026 (+5%), and 2,563,000 units in FY2027 (+5%).
- Exports from Japan and India drive growth:** While the Indian market temporarily plateaus, the mini-car business in Japan and exports from India should support profit growth. Although price increases in the mini-car business have wound down, we see room for improvement in the model mix, including registered vehicles. Exports from India steadily rose from 283,000 units in FY2023 to 333,000 units in FY2024. The target markets have been Africa, the Middle East, and South America. We also see future growth potential in the export business as the company aims for volume of 4 million units in India.
- Revised earnings estimates:** We lower our earnings estimates mainly to reflect our downwardly revised sales volume assumptions for India. We now estimate consolidated operating profit of ¥573.9 billion in FY2025 (previously ¥639.5 billion), ¥611.1 billion in FY2026 (¥664.2 billion), and ¥646.1 billion in FY2027. We incorporate a direct tariff earnings impact of ¥4 billion, affecting mainly outboard motors.

Price Performance



	YTD	1m	3m	12m
Abs	4.2%	11.5%	2.4%	0.4%
Rel	3.2%	5.5%	-2.4%	-2.2%

Company Data

Shares O/S (mn)	1,929
52-week range (¥)	2,015-1,300
Market cap (\$ bn)	24.8
Exchange rate	144.84
Free float (%)	88.7%
3M ADV (mn)	9.79
3M ADV (\$ mn)	115.8
Volatility (90 Day)	35
Index	TOPIX
BBG ANR (Buy Hold Sell)	2 1 0

Key Metrics (FYE Mar)

¥ in billions	2025/3A	2026/3E	2027/3E	2028/3E
Financial Estimates				
Revenue	5,825.2	5,356.5	5,615.0	5,881.1
EBITDA	839	810	859	906
EBIT	642.9	573.9	611.1	646.1
Net income	416.1	391.1	420.6	454.7
Reported EPS	215.65	202.71	218.02	235.66
BBG EPS	199.29	197.36	207.32	-
Cashflow from operations	670	500	666	781
FCFF	194	180	282	335
Margins and Growth				
Revenue Growth Y/Y (%)	8.7%	-8.0%	4.8%	4.7%
EBITDA margin	14.4%	15.1%	15.3%	15.4%
EBITDA Growth Y/Y (%)	24.9%	-3.4%	6.0%	5.5%
EBIT margin	11.0%	10.7%	10.9%	11.0%
Net margin	7.1%	7.3%	7.5%	7.7%
Fully Diluted EPS growth	31.2%	-6.0%	7.6%	8.1%
Ratios				
Effective Tax Rate	27.5%	27.5%	27.5%	27.5%
Interest cover	NM	NM	NM	NM
Net debt/Equity	NM	0.0	NM	NM
Net debt/EBITDA	NM	0.0	NM	NM
ROCE	13.3%	10.7%	10.4%	10.1%
ROE	14.6%	12.6%	12.4%	12.3%
Valuation				
FCFF yield	5.4%	5.0%	7.8%	9.3%
Dividend yield	2.2%	3.2%	3.8%	3.8%
EV/Revenue	0.6	0.7	0.6	0.6
EV/EBITDA	4.0	4.3	4.0	3.8
P/E	8.7	9.2	8.6	7.9

Summary Investment Thesis and Valuation

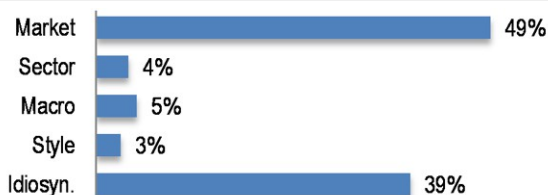
Investment Thesis

Key investment themes include the long-term outlook for Indian auto demand and the balance between near-term profitability and investment for long-term growth, in addition to the sustainability of MSIL's competitive edge in the Indian market. We are also monitoring the response to the EV shift in Japan and India and the scheme for leveraging the alliance with Toyota, as well as communication between management and the stock market regarding topics such as shareholder returns.

Valuation

Our December 2025 price target of ¥2,200 is derived from SOTP analysis based on our FY2025 estimates for Indian subsidiary Maruti Suzuki India Limited (MSIL) and the Suzuki parent business. We revise our price target to reflect our new earnings estimates.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Japan	0.66	0.70
Sect: Cons Discretionary	0.19	0.28
Ind: Automobiles & Comp	-0.01	0.10
Macro:		
Japan Unemployment Rate SA	0.10	0.30
JP GDP Real Chained NSA YoY	-0.01	-0.24
Japan Generic Govt 10Y Yield	-0.21	-0.21
Quant Styles:		
Size	0.31	0.19
Value	-0.03	-0.18
DivYld	0.01	-0.15

Earnings forecasts

Figure 59: Suzuki Motor (7269): Consolidated Profit & Loss Statement

¥bn, %	3/20	3/21	3/22	3/23	3/24	3/25	3/26E	3/27E	3/28E
Sales	3,488.4	3,178.2	3,568.4	4,641.6	5,357.5	5,825.2	5,356.5	5,615.0	5,881.1
Cost of Goods Sold	2,514.8	2,311.6	2,711.9	3,491.7	3,946.8	4,256.5	3,964.6	4,155.9	4,352.9
Gross Profit	973.7	866.6	856.4	1,149.9	1,410.7	1,568.7	1,391.9	1,459.1	1,528.3
SG&A expenses, others	758.6	672.2	665.0	799.4	916.2	944.3	843.7	884.4	926.4
Other income						26.5	27.1	27.1	27.1
Other expenses						8.0	5.6	5.6	5.6
Operating Profit	215.1	194.4	191.5	350.6	493.8	642.9	573.9	611.1	646.1
EBITDA	379.2	331.0	353.0	527.9	662.8	839.0	810.0	859.0	906.4
Finance income	28.8	41.5	71.2	42.6	105.1	118.8	101.2	107.1	120.0
Finance cost	5.6	4.9	6.0	6.7	20.0	43.4	10.2	12.5	13.5
Equity Method Income/Loss	6.3	0.7	7.6	11.6	12.8	12.0	12.0	12.0	12.0
Pretax profit	246.0	241.1	274.3	381.0	591.7	730.2	677.0	717.7	764.6
Income taxes	83.4	71.6	74.5	106.8	172.4	200.5	185.9	197.1	209.9
Effective tax rate	33.9%	29.7%	27.2%	28.0%	29.1%	27.5%	27.5%	27.5%	27.5%
Minority interest	28.4	23.0	39.4	53.2	102.3	113.7	100.0	100.0	100.0
Net profit	134.2	146.4	160.3	221.1	317.0	416.1	391.1	420.6	454.7
[Key financial metrics]									
EPS (¥)	69.1	75.4	82.5	113.7	164.3	215.7	202.7	218.0	235.7
DPS (¥)	21.3	22.5	22.8	25.0	30.5	41.0	60.0	70.0	70.0
Payout ratio / %	30.7%	29.8%	27.6%	22.0%	18.6%	19.0%	29.6%	32.1%	29.7%
BPS (¥)	766	869	967	1,069	1,410	1,540	1,682	1,831	1,996
ROE / %	9.3%	9.2%	9.0%	11.2%	11.7%	14.6%	12.6%	12.4%	12.3%
ROA / %	4.0%	4.0%	3.9%	5.1%	5.4%	7.1%	6.6%	6.9%	7.1%
Liquidity at hand	604.4	1,226.1	1,086.6	1,003.8	840.0	842.7	773.7	935.8	980.2
Gross interest-bearing debt	401.2	770.8	665.6	763.8	786.2	725.3	790.2	877.2	929.0
D/E ratio	0.2	0.4	0.4	0.4	0.3	0.2	0.2	0.2	0.2
Net D/E ratio	-0.1	-0.3	-0.2	-0.1	0.0	0.0	0.0	0.0	0.0
Shares outstanding (mn)	1,941.3	1,942.2	1,942.5	1,944.1	1,929.2	1,929.3	1,929.3	1,929.3	1,929.3
Capital expenditure	236.4	170.9	189.4	269.9	313.9	361.8	379.9	398.9	418.8
Depreciation and amortization	164.2	136.5	161.5	177.3	177.7	196.1	236.1	247.9	260.3
Research and Development	148.1	146.2	160.7	205.6	232.0	265.6	278.9	292.8	307.5
<u>As a percentage of Sales / %</u>									
Cost of Goods Sold	72.1%	72.7%	76.0%	75.2%	73.7%	73.1%	74.0%	74.0%	74.0%
SG&A expenses, others	21.7%	21.1%	18.6%	17.2%	17.1%	16.2%	15.8%	15.8%	15.8%
Operating Profit	6.2%	6.1%	5.4%	7.6%	9.2%	11.0%	10.7%	10.9%	11.0%
Recurring profit	7.1%	7.6%	7.7%	8.2%	11.0%	12.5%	12.6%	12.8%	13.0%
Net profit	3.8%	4.6%	4.5%	4.8%	5.9%	7.1%	7.3%	7.5%	7.7%
<u>YoY / %</u>									
Sales	-9.9%	-8.9%	12.3%	30.1%	15.4%	8.7%	-8.0%	4.8%	4.7%
Operating profit	-33.7%	-9.6%	-1.5%	83.1%	40.9%	30.2%	-10.7%	6.5%	5.7%
Recurring profit	-17.5%	-2.0%	13.8%	38.9%	55.3%	23.4%	-7.3%	6.0%	6.5%
Net profit	-24.9%	9.1%	9.5%	37.9%	43.4%	31.2%	-6.0%	7.6%	8.1%

Source: Company data, J.P. Morgan estimates

Note: IFRS basis from FY3/24 onward; JGAAP basis up to FY3/23.

Figure 60: Suzuki Motor (7269): Consolidated Balance Sheet & Cash Flow Statement

¥bn

Consolidated Balance Sheet	3/20	3/21	3/22	3/23	3/24	3/25	3/26E	3/27E	3/28E
Liquidity	604.4	1,226.1	1,086.6	1,003.8	840.0	842.7	773.7	935.8	980.2
Account receivables	427.4	448.6	434.0	491.3	588.3	590.3	541.9	568.1	595.0
Inventory	355.5	355.9	369.4	485.3	573.8	571.5	424.1	374.3	392.1
Other current assets	152.5	128.2	161.1	208.1	389.3	524.2	550.4	577.9	606.8
Total Current Assets	1,539.7	2,158.8	2,051.2	2,188.5	2,391.5	2,528.7	2,290.1	2,456.2	2,574.1
Tangible fixed assets	920.1	978.9	1,038.0	1,134.5	1,545.7	1,673.5	1,757.1	1,845.0	1,937.3
Intangible fixed assets	1.6	2.4	3.4	3.8	147.7	178.2	187.1	196.4	206.2
Investments and other assets	878.3	896.3	1,062.6	1,250.8	1,672.7	1,613.3	1,694.0	1,778.7	1,867.6
Total Assets	3,339.8	4,036.4	4,155.2	4,577.7	5,757.7	5,993.7	5,928.3	6,276.3	6,585.2
Short-term borrowings	195.6	568.9	182.3	347.0	456.8	297.8	320.0	360.0	360.0
Account payables	329.9	409.2	302.6	383.2	444.2	422.1	398.3	417.6	437.3
Other current liabilities	700.0	710.4	771.6	757.2	881.0	882.6	453.0	358.9	223.7
Total Current Liabilities	1,225.5	1,688.5	1,256.5	1,487.4	1,782.0	1,602.6	1,171.3	1,136.4	1,021.1
Long-term debt	517.7	509.3	1,118.3	998.4	329.1	427.5	470.2	517.2	569.0
Provisions for retirement benefits	67.2	62.1	64.4	66.5	45.3	46.3	47.6	49.1	50.5
Other fixed liabilities	-264.3	-255.5	-547.8	-483.3	216.8	229.3	239.8	251.0	263.0
Total Fixed Liabilities	320.6	315.9	635.0	581.7	591.2	703.0	757.7	817.3	882.5
Total Liabilities	1,546.1	2,004.4	1,891.5	2,069.1	2,373.2	2,305.6	1,929.0	1,953.8	1,903.5
Capital	138.2	138.3	138.3	138.4	138.4	138.4	138.4	138.4	138.4
Capital surplus	146.5	143.4	143.4	138.2	68.0	59.0	59.0	59.0	59.0
Retained earnings	1,414.7	1,519.8	1,638.7	1,813.2	2,241.7	2,619.7	2,895.0	3,180.6	3,500.2
Treasury stock, others	-21.8	-21.0	-20.9	-19.4	271.7	153.6	153.6	153.6	153.6
Shareholders' Equity	1,677.6	1,780.5	1,899.5	2,070.4	2,719.8	2,970.7	3,246.0	3,531.6	3,851.2
Foreign currency translation adjustment	-189.9	-92.9	-21.3	7.7	0.0	0.0	0.0	0.0	0.0
Minority interests	306.0	344.4	385.4	430.6	664.7	717.4	753.3	790.9	830.5
Total Net Assets	1,793.7	2,032.0	2,263.7	2,508.6	3,384.4	3,688.1	3,999.3	4,322.5	4,681.7
Total Liabilities and Net Assets	3,339.8	4,036.4	4,155.2	4,577.7	5,757.7	5,993.7	5,928.3	6,276.3	6,585.2

Consolidated Cash Flow Statement	3/20	3/21	3/22	3/23	3/24	3/25	3/26E	3/27E	3/28E
Pretax profit	246.0	241.1	274.3	381.0	591.7	730.2	677.0	717.7	764.6
Depreciation and amortization	164.2	136.5	161.5	177.3	229.4	249.9	236.1	247.9	260.3
Change in working capital	-79.8	80.2	-47.7	-83.2	-77.9	-29.6	-219.6	-4.4	64.4
Others	-158.9	-42.4	-166.8	-188.5	-241.5	-280.6	-193.8	-295.1	-307.9
Cash Flow from Operations	171.5	415.4	221.3	286.6	501.8	669.8	499.7	666.2	781.4
Capital expenditure	-236.4	-170.9	-189.4	-269.9	-313.9	-361.8	-379.9	-398.9	-418.8
Others	-60.6	-62.1	35.9	-32.8	-163.5	-113.8	59.7	14.6	-27.5
Cash Flow from Investing Activities	-297.0	-233.0	-153.5	-302.7	-477.4	-475.6	-320.2	-384.3	-446.3
Free Cash Flow	-125.5	182.5	67.7	-16.0	24.4	194.2	179.5	281.9	335.2
Change in LT interest-bearing debt	2.3	205.0	96.0	18.0	27.3	-16.5	42.7	47.0	51.7
Change in ST interest-bearing debt	36.4	153.4	-194.0	87.2	-15.6	-41.5	22.2	40.0	0.0
Dividends paid	-54.1	-52.7	-56.6	-60.2	-71.9	-100.8	-115.8	-135.0	-135.0
Others	96.1	-2.9	0.0	-13.4	-32.7	-27.2	-17.3	-17.3	-17.3
Cash Flow from Financing Activities	80.7	302.6	-154.6	31.6	-92.9	-186.0	-68.1	-65.3	-100.6
Effects of FX movements on cash balance	-8.0	18.9	20.5	8.6	39.6	-5.5	20.0	20.0	20.0
Net change in cash & cash equiv.	-52.7	504.0	-66.4	24.2	-28.9	2.7	-69.0	162.2	44.3
Cash & cash equiv. at period's beginning	473.1	420.4	924.4	858.0	868.9	840.0	842.7	773.7	935.8
Cash & cash equiv. at period's end	420.4	924.4	858.0	882.1	840.0	842.7	773.7	935.8	980.2

Source: Company data, J.P. Morgan estimates

Note: IFRS basis from FY3/24 onward; JGAAP basis up to FY3/23.

Figure 61: Suzuki Motor (7269): Assumptions for Automotive Segment Model

1,000 units, %

	3/20	3/21	3/22	3/23	3/24	3/25	3/26E	3/27E	3/28E
Global production capacity									
Japan	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
India	1,800	1,800	1,925	2,050	2,050	2,150	2,400	2,400	2,400
Hungary	260	260	260	260	260	260	260	260	260
Thailand	78	78	78	78	78	78	78	78	78
Indonesia	200	200	200	200	200	200	200	200	200
Others	175	175	175	175	175	175	175	175	175
Total Capacity	3,513	3,513	3,638	3,763	3,763	3,863	4,113	4,113	4,113
Global production units									
Japan	944	930	840	954	1,012	995	1,005	1,015	1,025
Europe	160	110	100	142	156	104	109	115	120
Asia	1,861	1,610	1,882	2,114	2,097	2,197	2,294	2,408	2,524
India	1,580	1,440	1,659	1,922	1,984	2,102	2,196	2,305	2,418
China	0	0	0	0	0	0	0	0	0
Indonesia	140	86	134	139	95	71	74	76	78
Other Asia	142	84	89	54	19	24	25	26	28
Others	2	2	1	0	0	0	0	0	0
Total Production	2,966	2,652	2,822	3,210	3,266	3,296	3,408	3,537	3,668
Utilization rate / %									
Japan	94%	93%	84%	95%	101%	99%	100%	101%	102%
Europe	61%	42%	38%	55%	60%	40%	42%	44%	46%
India	88%	80%	86%	94%	97%	98%	91%	96%	101%
Global average	84%	75%	78%	85%	87%	85%	83%	86%	89%
Consolidated shipment units									
Japan	742	710	629	705	751	778	754	769	784
Europe	241	198	180	168	233	200	207	209	211
North America	0	0	0	0	0	0	0	0	0
Asia	1,760	1,596	1,731	1,977	2,034	2,090	2,129	2,215	2,335
Others	185	166	313	375	352	371	389	403	417
Total Consolidated Shipment	2,928	2,670	2,853	3,225	3,370	3,439	3,479	3,596	3,747
Global retail sale units									
Japan	672	647	561	627	674	718	732	747	762
Minivehicle	554	539	470	516	552	585	595	606	616
Registered Car	118	108	91	111	122	133	137	141	145
Europe	262	206	225	171	236	220	226	229	231
North America	0	0	0	0	0	0	0	0	0
Asia	1,742	1,560	1,666	1,903	1,971	1,976	2,069	2,185	2,305
India	1,436	1,323	1,365	1,645	1,794	1,795	1,903	1,998	2,095
China	0	0	0	0	0	0	0	0	0
Others	306	236	301	258	178	181	166	187	209
Others	175	159	254	299	286	327	340	353	368
Total Retail Sales	2,851	2,571	2,707	3,001	3,167	3,240	3,367	3,514	3,665

Source: Company data, J.P. Morgan estimates

Figure 62: Suzuki Motor (7269): Quarterly Consolidated Profit & Loss Statement

	3/25				3/26E				3/26E		3/27E		3/24	3/25	3/26E	3/27E	3/28E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1H	2H	1H	2H					
Dollar-yen rate	156.0	150.0	152.0	153.0	140.0	140.0	140.0	140.0	140.0	140.0	140.0	140.0	145.0	153.0	140.0	140.0	140.0
Euro-yen rate	168.0	164.0	163.0	161.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	157.0	164.0	150.0	150.0	150.0
India Rupee-yen rate	1.88	1.80	1.81	1.77	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.76	1.82	1.70	1.70	1.70
Sales	1,457.6	1,397.4	1,428.7	1,541.4	1,315.0	1,310.9	1,283.7	1,447.0	2,625.8	2,730.7	2,751.7	2,863.3	5,357.5	5,825.2	5,356.5	5,615.0	5,881.1
Cost of Goods Sold	-1,058.6	-999.1	-1,057.9	-1,140.9	-973.3	-970.2	-950.2	-1,071.0	-1,943.5	-2,021.1	-2,036.7	-2,119.2	3,946.8	4,256.5	3,964.6	4,155.9	4,352.9
Gross Profit	399.1	398.2	370.8	400.6	341.7	340.6	333.6	376.0	682.3	709.6	715.1	744.0	1,410.7	1,568.7	1,391.9	1,459.1	1,528.3
SG&A expenses, others	-244.2	-222.9	-234.4	-242.8	-207.1	-206.5	-202.2	-227.9	-413.6	-430.1	-433.4	-451.0	916.2	944.3	843.7	884.4	926.4
Other income	5.8	3.1	10.8	6.8	6.8	6.8	6.8	6.8	13.6	13.6	13.6	13.6	--	26.5	27.1	27.1	27.1
Other expenses	-3.1	-1.1	-2.4	-1.4	-1.4	-1.4	-1.4	-1.4	-2.8	-2.8	-2.8	-2.8	--	8.0	5.6	5.6	5.6
Operating Profit	157.6	177.4	144.8	163.1	176.8	146.5	101.5	149.1	323.3	250.6	343.2	267.9	493.8	642.9	573.9	611.1	646.1
EBITDA	205.1	224.5	194.1	215.3	235.8	205.5	160.5	208.2	441.3	368.7	467.2	391.8	662.8	839.0	810.0	859.0	906.4
Finance income	31.6	28.7	26.8	31.7	25.3	25.3	25.3	25.3	50.6	50.6	53.5	53.5	105.1	118.8	101.2	107.1	120.0
Finance cost	-3.7	-21.0	-3.1	-15.6	-1.8	-1.8	-1.8	-4.9	-3.6	-6.6	-4.4	-8.1	20.0	43.4	10.2	12.5	13.5
Equity Method Income/Loss	4.0	1.8	3.1	3.0	3.0	3.0	3.0	3.0	6.0	6.0	6.0	6.0	12.8	12.0	12.0	12.0	12.0
Pretax profit	189.5	186.9	171.6	182.2	203.3	173.0	128.0	172.6	376.3	300.6	398.4	319.3	591.7	730.2	677.0	717.7	764.6
Income taxes	47.6	58.1	50.3	44.6	55.8	47.5	35.2	47.4	103.3	82.5	109.4	87.7	172.4	200.5	185.9	197.1	209.9
Effective tax rate	0.3	0.3	0.3	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	29.1%	27.5%	27.5%	27.5%	27.5%
Minority interest	27.7	25.6	27.0	33.3	25.0	25.0	25.0	25.0	50.0	50.0	50.0	50.0	102.3	113.7	100.0	100.0	100.0
Net profit	114.2	103.2	94.3	104.3	122.5	100.5	67.9	100.2	223.0	168.1	239.0	181.6	317.0	416.1	391.1	420.6	454.7
EPS (¥)	59.2	53.5	48.9	54.1	63.5	52.1	35.2	51.9	115.6	87.1	123.9	94.1	164.3	215.7	202.7	218.0	235.7
Capital expenditure	83.1	85.1	79.2	114.4	95.0	95.0	95.0	95.0	189.9	189.9	199.4	199.4	313.9	361.8	379.9	398.9	418.8
Depreciation and amortization	47.5	47.1	49.3	52.2	59.0	59.0	59.0	59.0	118.1	118.1	124.0	124.0	177.7	196.1	236.1	247.9	260.3
Research and Development	55.7	67.8	56.7	85.4	69.7	69.7	69.7	69.7	139.4	139.4	146.4	146.4	232.0	265.6	278.9	292.8	307.5
As a percentage of Sales / %																	
Cost of Goods Sold	-72.6%	-71.5%	-74.0%	-74.0%	-74.0%	-74.0%	-74.0%	-74.0%	-74.0%	-74.0%	-74.0%	-74.0%	73.7%	73.1%	74.0%	74.0%	74.0%
SG&A expenses, others	-16.8%	-16.0%	-16.4%	-15.8%	-15.8%	-15.8%	-15.8%	-15.8%	-15.8%	-15.8%	-15.8%	-15.8%	17.1%	16.2%	15.8%	15.8%	15.8%
Operating Profit	10.8%	12.7%	10.1%	10.6%	13.4%	11.2%	7.9%	10.3%	12.3%	9.2%	12.5%	9.4%	9.2%	11.0%	10.7%	10.9%	11.0%
Pretax profit	13.0%	13.4%	12.0%	11.8%	15.5%	13.2%	10.0%	11.9%	14.3%	11.0%	14.5%	11.2%	11.0%	12.5%	12.6%	12.8%	13.0%
Net profit	7.8%	7.4%	6.6%	6.8%	9.3%	7.7%	5.3%	6.9%	8.5%	6.2%	8.7%	6.3%	5.9%	7.1%	7.3%	7.5%	7.7%
YoY / %																	
Sales	20.6%	3.1%	11.4%	1.0%	-9.8%	-6.2%	-10.1%	-6.1%	-8.0%	-8.1%	4.8%	4.9%	15.4%	8.7%	-8.0%	4.8%	4.7%
Operating profit	57.9%	36.8%	23.5%	37.2%	12.2%	-17.4%	-29.9%	-8.6%	-3.5%	-18.6%	6.2%	6.9%	40.9%	30.2%	-10.7%	6.5%	5.7%
Recurring profit	74.9%	41.0%	42.7%	42.2%	7.3%	-7.4%	-25.4%	-5.3%	0.0%	-15.0%	5.9%	6.2%	55.3%	23.4%	-7.3%	6.0%	6.5%
Net profit	70.3%	65.7%	37.1%	49.9%	7.2%	-2.6%	-28.0%	-4.0%	2.6%	-15.4%	7.2%	8.1%	43.4%	31.2%	-6.0%	7.6%	8.1%

Source: Company data, J.P. Morgan estimates

Figure 63: Maruti Suzuki (MSIL): Earnings Model

mn INR, 1,000 units, %

	3/25				3/26E				3/26E		3/27E		3/24	3/25	3/26E	3/27E	3/28E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1H	2H	1H	2H					
India Rupee-yen rate	1.88	1.80	1.81	1.77	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.76	1.82	1.70	1.70	1.70
Revenue (Auto)	338,753	355,891	368,020	368,020	335,305	351,222	340,379	401,010	686,527	741,389	731,666	790,136	1,349,378	1,451,152	1,427,916	1,521,801	1,620,046
Excise Duty	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenue	355,314	372,028	384,921	384,921	352,606	368,523	357,681	418,311	721,130	775,992	767,307	825,777	1,409,326	1,519,001	1,497,122	1,593,084	1,693,467
Total Expense	318,174	335,773	348,752	348,752	315,983	327,078	338,820	362,112	643,060	700,932	683,222	744,680	1,277,470	1,374,673	1,343,992	1,427,902	1,516,540
Raw materials \$ parts cost	121,240	133,411	129,911	129,911	114,868	120,321	116,606	137,377	235,189	253,983	250,652	270,683	459,397	529,271	489,172	521,335	554,992
Depreciation	7,310	7,509	8,050	7,290	8,056	8,056	8,056	8,056	16,112	16,112	17,240	17,240	30,223	31,593	32,225	34,481	36,894
Others	189,624	194,853	210,791	211,551	193,059	198,701	214,157	216,679	391,759	430,836	415,330	456,757	787,850	813,809	822,595	872,086	924,654
EBIT	37,713	36,657	36,653	36,653	36,623	41,446	18,861	56,199	78,069	75,060	84,084	81,097	133,788	146,259	153,129	165,181	176,927
EBIT Margin	10.6%	9.9%	9.5%	9.5%	10.4%	11.2%	5.3%	13.4%	10.8%	9.7%	11.0%	9.8%	9.5%	9.6%	10.2%	10.4%	10.4%
Other Income	9,751	14,750	9,850	9,850	12,114	12,114	12,114	12,114	24,227	24,227	24,712	24,712	38,548	47,504	48,454	49,423	50,412
Profit from Operatio before Interest	47,464	51,407	46,503	46,503	48,737	53,559	30,975	68,312	102,296	99,287	108,796	105,809	172,336	193,763	201,584	214,605	227,339
Interest	573	402	484	484	484	484	484	484	968	968	968	968	1,932	1,931	1,936	1,936	1,936
Profit before Tax	46,891	51,005	46,019	46,019	48,253	53,075	30,491	67,828	101,328	98,319	107,828	104,841	170,404	191,832	199,648	212,669	225,403
Tax	-10,392	-20,313	-10,769	-10,769	-12,063	-13,269	-7,623	-16,957	-25,332	-24,580	-26,957	-26,210	-38,310	-52,280	-49,912	-53,167	-56,351
Profit after Tax	36,499	30,692	35,250	35,250	36,190	39,807	22,868	50,871	75,996	73,739	80,871	78,630	132,094	139,552	149,736	159,501	169,052
Theoretical Earnings (¥bn)																	
Revenue	636.9	640.6	666.1	651.4	570.0	597.1	578.6	681.7	1,167.1	1,260.4	1,243.8	1,343.2	2,374.5	2,595.0	2,427.5	2,587.1	2,754.1
Operating Profit	70.9	66.0	66.3	64.9	62.3	70.5	32.1	95.5	132.7	127.6	142.9	137.9	235.5	268.1	260.3	280.8	300.8
Operating Margin / %	11.1%	10.3%	10.0%	10.0%	10.9%	11.8%	5.5%	14.0%	11.4%	10.1%	11.5%	10.3%	9.9%	10.3%	10.7%	10.9%	10.9%
Production units	496	514	503	589	516	540	523	617	1,056	1,140	1,108	1,197	1,984	2,102	2,196	2,305	2,418
YoY / %	0	0	0	0	0	0	0	0	0	0	0	0	3.2%	6.0%	4.4%	5.0%	4.9%
Sales units																	
Domestic (Own brand)	427	434	440	494	447	468	454	534	915	988	961	1,037	1,794	1,795	1,903	1,998	2,095
Domestic (OEM)	24	30	27	25	29	29	29	29	59	59	64	64	59	106	117	129	142
Export	71	78	99	85	70	75	72	90	146	162	150	167	283	333	308	317	326
Total sales units	522	542	566	605	547	572	555	654	1,119	1,208	1,175	1,269	2,135	2,234	2,327	2,444	2,563
YoY / %	4.8%	-1.9%	13.0%	3.5%	4.7%	5.7%	-2.0%	8.1%	5.2%	3.2%	5.0%	5.0%	8.6%	4.6%	4.2%	5.0%	4.9%

Source: MSIL and Suzuki company data, J.P. Morgan estimates

Investment Thesis, Valuation and Risks

Suzuki Motor (7269) (Overweight; Price Target: ¥2,200)

Investment Thesis

Key investment themes include the long-term outlook for Indian auto demand and the balance between near-term profitability and investment for long-term growth, in addition to the sustainability of MSIL's competitive edge in the Indian market. We are also monitoring the response to the EV shift in Japan and India and the scheme for leveraging the alliance with Toyota, as well as communication between management and the stock market regarding topics such as shareholder returns.

Valuation

Our December 2025 price target of ¥2,200 is derived from SOTP analysis based on our FY2025 estimates for Indian subsidiary Maruti Suzuki India Limited (MSIL) and the Suzuki parent business.

Suzuki Motor: SOTP Valuation

	3/26E Basis				
	EBIT	Depreciation	EBITDA	EV/EBITDA (x)	EV
Maruti Suzuki (bn INR)	153.1	32.2	185.4	14.3	2,648.2
Maruti Suzuki (bn JPY)	260.3	54.8	315.1	14.3	4,501.9
Suzuki's stake in MSIL	--	--	--	--	58.19%
Suzuki (ex Maruti & Royalty, bn JPY)	228.6	181.4	410.0	3.5	1,434.9
Royalty from Maruti (bn JPY)	85.0		85.0	3.5	297.4
cf. Suzuki Consolidated (bn JPY)	573.9	236.1	810.0		
Total EV (bn JPY)					4,351.9
Net Debt (bn JPY)					16.5
Market Value (bn JPY)					4,335.4
Shares outstanding (mn)					1,929.3
Equity value per share (JPY)					2,247

Source: Company data and J.P. Morgan estimates.

Note: FX assumption: 1 INR = 1.70 JPY

Risks to Rating and Price Target

Upside Scenario to Target Price/Rating

- Further market share gains and mix improvement in the Indian market
- Improvement in domestic and ASEAN profits
- Consistent profitability in the motorcycle business

Downside Scenario to Target Price/Rating

- Slowdown in Indian auto demand
- Renewed competition in the domestic market
- Rupee depreciation

Suzuki Motor (7269): Summary of Financials

Income Statement						Cash Flow Statement					
	2024/3A	2025/3A	2026/3E	2027/3E	2028/3E		2024/3A	2025/3A	2026/3E	2027/3E	2028/3E
Revenue	5,357.5	5,825.2	5,356.5	5,615.0	5,881.1	Cash flow from operating activities	502	670	500	666	781
COGS	(3,947)	(4,257)	(3,965)	(4,156)	(4,353)	o/w Depreciation & amortization	229	250	236	248	260
Gross profit	1,411	1,569	1,392	1,459	1,528	o/w Changes in working capital	(78)	(30)	(220)	(4)	64
SG&A	(916)	(944)	(844)	(884)	(926)	Cash flow from investing activities	(477)	(476)	(320)	(384)	(446)
EBITDA	672	839	810	859	906	o/w Capital expenditure	(314)	(362)	(380)	(399)	(419)
D&A	(178)	(196)	(236)	(248)	(260)	as % of sales	5.9%	6.2%	7.1%	7.1%	7.1%
EBIT	493.8	642.9	573.9	611.1	646.1	Cash flow from financing activities	(93)	(186)	(68)	(65)	(101)
Net Interest	85	75	91	95	106	o/w Dividends paid	(51)	(71)	(116)	(135)	(135)
PBT	591.7	730.2	677.0	717.7	764.6	o/w Shares issued/(repurchased)	-	-	-	-	-
Tax	(172)	(201)	(186)	(197)	(210)	o/w Net debt issued/(repaid)	-	-	-	-	-
Minority Interest	(102)	(114)	(100)	(100)	(100)	Net change in cash	(29)	3	131	237	255
Net Income	317.0	416.1	391.1	420.6	454.7	Adj. Free cash flow to firm	24	194	180	282	335
Reported EPS	164.33	215.65	202.71	218.02	235.66	y/y Growth	-252.0%	696.2%	-7.5%	57.0%	18.9%
DPS	30.50	41.00	60.00	70.00	70.00						
Payout ratio	18.6%	19.0%	29.6%	32.1%	29.7%						
Shares outstanding	1,965	1,965	1,965	1,965	1,965						
Balance Sheet						Ratio Analysis					
	2024/3A	2025/3A	2026/3E	2027/3E	2028/3E		2024/3A	2025/3A	2026/3E	2027/3E	2028/3E
Cash and cash equivalents	840	843	774	936	980	Gross margin	26.3%	26.9%	26.0%	26.0%	26.0%
Accounts receivable	588	590	542	568	595	EBITDA margin	12.5%	14.4%	15.1%	15.3%	15.4%
Inventories	574	571	424	374	392	EBIT margin	9.2%	11.0%	10.7%	10.9%	11.0%
Other current assets	389	524	550	578	607	Net profit margin	5.9%	7.1%	7.3%	7.5%	7.7%
Current assets	2,392	2,529	2,290	2,456	2,574	ROE	13.2%	14.6%	12.6%	12.4%	12.3%
PP&E	1,546	1,673	1,757	1,845	1,937	ROA	6.1%	7.1%	6.6%	6.9%	7.1%
LT investments	108	116	121	127	134	ROCE	11.4%	13.3%	10.7%	10.4%	10.1%
Other non current assets	1,712	1,676	1,760	1,848	1,940	SG&A/Sales	17.1%	16.2%	15.8%	15.8%	15.8%
Total assets	5,758	5,994	5,928	6,276	6,585	Net debt/Equity	NM	NM	0.0	NM	NM
Short term borrowings	457	298	320	360	360	Net debt/EBITDA	NM	NM	0.0	NM	NM
Payables	444	422	398	418	437	Sales/Assets (x)	1.0	1.0	0.9	0.9	0.9
Other short term liabilities	842	0	0	0	0	Assets/Equity (x)	2.2	2.1	1.9	1.8	1.7
Current liabilities	1,743	720	718	778	797	Interest cover (x)	NM	NM	NM	NM	NM
Long-term debt	329	427	470	517	569	Operating leverage	265.0%	345.7%	133.3%	134.3%	120.9%
Other long term liabilities	301	1,158	740	659	537	Tax rate	29.1%	27.5%	27.5%	27.5%	27.5%
Total liabilities	2,373	2,306	1,929	1,954	1,904	Revenue y/y Growth	15.4%	8.7%	-8.0%	4.8%	4.7%
Shareholders' equity	2,720	2,971	3,246	3,532	3,851	EBITDA y/y Growth	27.2%	24.9%	-3.4%	6.0%	5.5%
Minority interests	665	717	753	791	830	EPS y/y growth	44.5%	31.2%	-6.0%	7.6%	8.1%
Total liabilities & equity	5,758	5,994	5,928	6,276	6,585						
BVPS						Valuation					
	2024/3A	2025/3A	2026/3E	2027/3E	2028/3E		2024/3A	2025/3A	2026/3E	2027/3E	2028/3E
y/y Growth	31.9%	9.2%	9.3%	8.8%	9.1%	P/E (x)	11.4	8.7	9.2	8.6	7.9
Net debt/(cash)	(268)	(117)	17	(59)	(51)	P/BV (x)	1.3	1.2	1.1	1.0	0.9
						EV/EBITDA (x)	4.8	4.0	4.3	4.0	3.8
						Dividend Yield	1.6%	2.2%	3.2%	3.8%	3.8%

Source: Company reports and J.P. Morgan estimates.

Note: ¥ in billions (except per-share data). Fiscal year ends Mar. o/w - out of which

Underweight

7270.T, 7270 JP

Price (29 May 25): ¥2,735

▼ Price Target (Dec-25): ¥2,200

Prior (Dec-25): ¥2,500

Japan Equity Research

Head of Japan Equity Research and Head of Japan Autos & Auto Parts Research

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Key Changes (FYE Mar)

	Prev	Cur
Adj. EBIT - 26E (¥ bn)	364	151
Adj. EBIT - 27E (¥ bn)	351	207

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)			
		6M	1Y	3Y	5Y
Value	6	6	10	36	34
Growth	26	73	69	10	91
Momentum	83	89	16	69	75
Quality	73	40	50	79	69
Low Vol	85	85	63	22	50
ESGQ	7	6	5	94	94

SUBARU (7270)

Profit decline unavoidable, but focus on shareholder payouts using cash

We revise our earnings estimates based on FY2024 results. We change our price target through December 2025 to ¥2,200 (previously ¥2,500) and maintain our Underweight rating. We estimate the net impact of US tariffs, including offsetting measures, at around ¥180 billion. Planned production cuts at the Yajima plant (Japan) and US tariff impacts should significantly reduce profits. However, with relatively high net cash of ¥542 billion, we focus on shareholder payouts, including share buybacks, during the period.

- Combination of Yajima plant production cuts and US tariff impacts:** Management plans to halt operations at Japan's Yajima plant for six months starting this summer, to prepare for future production of electric vehicles. We estimate the actual production cut impact at around 50,000 units. We estimate the US tariff impact will be ¥430 billion on a gross basis and ¥180 billion on a net basis, including price increases and various other offsetting measures. With imports of about 340,000 vehicles from Japan accounting for 49% of the company's US sales, Subaru cannot avoid tariff effects, in our view.
- New car cycle set to improve:** Despite tariff concerns, the automaker's model cycle is likely to improve. For the new Forester, launched last year, reduced incentives are having effects, and sales are growing. An all-new Outback for late 2025 should be a cyclical positive. Production of the Forester will shift from Japan to Subaru of Indiana Automotive (SIA) and production of the Outback from SIA to Japan.
- Focus on shareholder payout measures:** We revise our earnings estimates to reflect the tariff impacts above. We now estimate consolidated operating profit of ¥150.6 billion in FY2025 (previously ¥363.5 billion), ¥207.3 billion in FY2026 (¥351.2 billion), and ¥290.8 billion in FY2027. Given the company's considerable net cash of ¥542 billion as of end-March and a benchmark total payout ratio of over 40% or a DOE of 3.5%, we would focus on flexible shareholder payouts, including share buybacks, during the period.

Price Performance



	YTD	1m	3m	12m
Abs	-3.0%	3.6%	-0.7%	-19.9%
Rel	-4.0%	-2.5%	-5.5%	-22.5%

Company Data

Shares O/S (mn)	731
52-week range (¥)	3,614-2,167
Market cap (\$ bn)	13.8
Exchange rate	144.84
Free float (%)	78.2%
3M ADV (mn)	4.07
3M ADV (\$ mn)	74.5
Volatility (90 Day)	48
Index	TOPIX
BBG ANR (Buy Hold Sell)	3 11 4

Key Metrics (FYE Mar)

¥ in billions	2025/3A	2026/3E	2027/3E	2028/3E
Financial Estimates				
Revenue	4,685.8	4,347.1	4,582.3	4,737.6
EBITDA	502	256	320	412
EBIT	405.3	150.6	207.3	290.8
Net income	338.1	148.2	186.4	252.3
Reported EPS	462.4	202.7	255.0	345.2
BBG EPS	469.37	327.34	370.46	-
Cashflow from operations	492	416	378	476
FCFF	88	202	155	243
Margins and Growth				
Revenue Growth Y/Y (%)	-0.4%	-7.2%	5.4%	3.4%
EBITDA margin	10.7%	5.9%	7.0%	8.7%
EBITDA Growth Y/Y (%)	-11.2%	-49.0%	25.1%	28.5%
EBIT margin	8.6%	3.5%	4.5%	6.1%
Net margin	7.2%	3.4%	4.1%	5.3%
Fully Diluted EPS growth	-9.4%	-56.2%	25.8%	35.4%
Ratios				
Effective Tax Rate	24.6%	21.0%	24.0%	24.0%
Interest cover	NM	NM	NM	NM
Net debt/Equity	NM	NM	NM	NM
Net debt/EBITDA	NM	NM	NM	NM
ROCE	10.1%	3.8%	4.8%	6.5%
ROE	12.8%	5.4%	6.6%	8.5%
Valuation				
FCFF yield	4.4%	10.1%	7.8%	12.2%
Dividend yield	4.2%	4.2%	4.6%	4.8%
EV/Revenue	0.3	0.3	0.3	0.3
EV/EBITDA	2.8	5.6	4.4	3.4
P/E	5.9	13.5	10.7	7.9

Summary Investment Thesis and Valuation

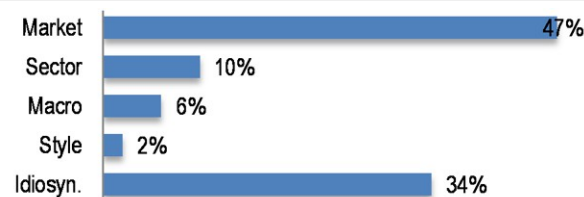
Investment Thesis

Ramping up production volume while also improving profitability is a key investment point. We think Subaru also needs a growth strategy for non-US business and an alliance strategy with Toyota in EV development.

Valuation

Our December 2025 price target of ¥2,200 is based on FY2024 BPS and a P/B of about 0.6x. We shift to a P/B-based valuation because of the likelihood of a temporary deterioration in profitability due to tariffs.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Japan	0.62	0.68
Sect: Cons Discretionary	0.58	0.45
Ind: Automobiles & Comp	0.56	0.56
Macro:		
Japan Breakeven 10 Year	0.02	0.29
JPM JPY Tradeable Currency	-0.15	-0.17
Japan OECD Leading Indicators	-0.07	0.13
Quant Styles:		
Value	0.30	0.32
DivYld	0.23	0.25
Quality	-0.09	-0.22

Earnings forecasts

Figure 64: SUBARU (7270): Consolidated Profit & Loss Statement

¥bn, %	3/20	3/21	3/22	3/23	3/24	3/25	3/26E	3/27E	3/28E
Sales	3,344.1	2,830.2	2,744.5	3,774.5	4,702.9	4,685.8	4,347.1	4,582.3	4,737.6
Cost of Goods Sold	-2,728.6	-2,337.6	-2,240.6	-3,038.0	-3,710.5	-3,705.4	-3,597.6	-3,750.5	-3,804.8
Gross Profit	615.5	492.6	503.9	736.5	992.4	980.3	749.4	831.8	932.8
SG&A	-308.2	-279.9	-303.1	-342.0	-396.9	-420.7	-442.9	-466.8	-482.6
R&D	-92.5	-104.2	-103.6	-114.4	-113.5	-142.4	-143.9	-145.3	-146.8
Other income	7.8	5.1	8.4	6.4	4.8	4.5	4.6	4.7	4.8
Other expenses	-12.0	-11.1	-13.9	-19.1	-17.8	-16.4	-16.7	-17.0	-17.4
Equity Method Income/Loss	-0.2	-0.1	-1.3	0.1	-0.9	0.0	0.0	0.0	0.0
Operating Profit	210.3	102.5	90.5	267.5	468.2	405.3	150.6	207.3	290.8
EBITDA	306.4	197.5	185.1	370.5	565.6	502.1	256.1	320.4	411.6
Finance income	15.8	21.0	19.7	36.8	80.4	90.0	84.3	85.7	89.5
Finance cost	-18.5	-9.5	-3.2	-25.9	-16.0	-46.8	-47.2	-47.7	-48.2
Pretax profit	207.7	114.0	107.0	278.4	532.6	448.5	187.7	245.3	332.1
Income taxes	-55.1	-36.6	-36.4	-79.3	-148.0	-110.4	-39.4	-58.9	-79.7
Effective tax rate	26.5%	32.1%	34.0%	28.5%	27.8%	24.6%	21.0%	24.0%	24.0%
Net profit	152.6	77.3	70.6	199.1	384.6	338.2	148.3	186.4	252.4
Attributable to owners of the parent	152.6	76.5	70.0	200.4	385.1	338.1	148.2	186.4	252.3
Attributable to non-controlling interests	0.0	0.8	0.6	-1.3	-0.5	0.1	0.1	0.1	0.1
[Key financial metrics]									
EPS (¥)	199.0	99.8	91.3	261.3	510.6	462.4	202.7	255.0	345.2
DPS (¥)	100.0	56.0	56.0	76.0	106.0	115.0	115.0	125.0	130.0
Payout ratio / %	50.3%	56.1%	61.3%	29.1%	20.8%	24.9%	56.7%	49.0%	37.7%
BPS (¥)	2,233.8	2,318.2	2,465.4	2,739.3	3,398.8	3,713.3	3,809.2	3,947.4	4,171.1
ROE / %	9.0%	4.4%	3.8%	10.0%	16.5%	12.8%	5.4%	6.6%	8.5%
ROA / %	4.7%	2.3%	2.0%	5.4%	8.8%	6.8%	2.9%	3.5%	4.4%
Liquidity at Hand	859.0	907.3	883.1	979.5	1,048.0	941.5	922.8	972.8	1,005.7
Interest-bearing debt	239.2	333.9	334.0	312.6	399.5	399.5	412.0	424.8	438.1
D/E ratio	0.1	0.2	0.2	0.1	0.2	0.1	0.1	0.1	0.1
Net D/E ratio	-0.4	-0.3	-0.3	-0.3	-0.3	-0.2	-0.2	-0.2	-0.2
Shares outstanding (mn)	766.8	766.9	766.9	767.0	754.2	731.0	731.0	731.0	731.0
Capital expenditure	126.0	86.2	86.1	122.8	167.5	176.1	186.0	195.3	205.1
Depreciation and amortization	96.1	95.0	94.6	103.0	97.4	96.8	105.5	113.1	120.8
Research and Development	118.7	101.6	113.8	107.8	130.6	160.0	160.0	172.8	186.6
As a percentage of Sales / %									
Operating Profit	6.3%	3.6%	3.3%	7.1%	10.0%	8.6%	3.5%	4.5%	6.1%
Pretax profit	6.2%	4.0%	3.9%	7.4%	11.3%	9.6%	4.3%	5.4%	7.0%
Net profit	4.6%	2.7%	2.6%	5.3%	8.2%	7.2%	3.4%	4.1%	5.3%
YoY / %									
Sales	6.0%	-15.4%	-3.0%	37.5%	24.6%	-0.4%	-7.2%	5.4%	3.4%
Operating profit	15.7%	-51.3%	-11.7%	195.7%	75.0%	-13.4%	-62.8%	37.6%	40.3%
Pretax profit	11.6%	-45.1%	-6.1%	160.2%	91.3%	-15.8%	-58.2%	30.7%	35.4%
Net profit	7.9%	-49.9%	-8.5%	186.3%	92.1%	-12.2%	-56.2%	25.8%	35.4%

Source: Company data, J.P. Morgan estimates

Figure 65: SUBARU (7270): Consolidated Balance Sheet & Cash Flow Statement

¥bn

Consolidated Balance Sheet	3/20	3/21	3/22	3/23	3/24	3/25	3/26E	3/27E	3/28E
Cash & Cash Equivalents	859.0	907.3	883.1	979.5	1,048.0	941.5	922.8	972.8	1,005.7
Account receivables	364.8	341.9	337.4	357.5	376.2	411.7	382.0	402.6	416.3
Inventory	459.9	419.1	483.1	593.0	588.5	667.4	582.6	614.1	634.9
Other current assets	295.0	314.5	338.7	499.7	1,006.4	1,170.6	1,290.5	1,434.6	1,596.4
Total Current Assets	1,978.8	1,982.8	2,042.2	2,429.8	3,019.2	3,191.2	3,177.8	3,424.1	3,653.3
Tangible fixed assets	820.5	839.6	841.6	861.8	969.1	1,061.8	1,114.9	1,170.7	1,229.2
Intangible fixed assets	209.8	216.7	250.9	243.9	291.5	316.5	332.4	349.0	366.4
Investments and other assets	284.9	372.6	409.1	408.6	534.4	518.6	544.6	571.8	600.4
Total Non-current assets	1,315.1	1,428.9	1,501.5	1,514.4	1,795.0	1,897.0	1,991.9	2,091.5	2,196.0
Total Assets	3,293.9	3,411.7	3,543.8	3,944.2	4,814.1	5,088.2	5,169.7	5,515.6	5,849.3
Short-term borrowings	12.2	26.3	51.6	55.6	69.0	47.0	48.9	50.8	52.9
Account payables	336.2	267.8	273.5	377.3	384.5	425.8	375.9	396.2	409.6
Other current liabilities	634.9	581.0	527.1	580.6	777.4	789.7	815.7	1,003.9	1,123.3
Total Current Liabilities	983.3	875.1	852.3	1,013.5	1,230.9	1,262.5	1,240.5	1,450.9	1,585.8
Long-term debt	227.0	307.5	282.4	257.0	330.5	352.5	363.1	374.0	385.2
Provisions for retirement benefits	56.5	55.8	58.2	55.6	62.5	66.7	68.7	70.7	72.8
Other fixed liabilities	306.9	386.8	449.9	508.2	624.8	690.9	711.6	733.0	755.0
Total Fixed Liabilities	590.5	750.2	790.5	820.7	1,017.8	1,110.1	1,143.4	1,177.7	1,213.0
Total Liabilities	1,573.8	1,625.3	1,642.7	1,834.2	2,248.8	2,372.5	2,383.8	2,628.6	2,798.8
Capital	153.8	153.8	153.8	153.8	153.8	153.8	153.8	153.8	153.8
Capital surplus	160.2	160.2	160.2	160.2	160.0	160.4	160.4	160.4	160.4
Treasury stock, others	-6.7	-6.5	-6.3	-6.1	-4.6	-4.6	-4.6	-4.6	-4.6
Retained earnings	1,397.2	1,435.3	1,466.3	1,623.7	1,906.9	2,106.5	2,170.6	2,265.6	2,422.9
Other components of equity	8.4	35.0	116.8	169.4	347.1	298.5	304.4	310.5	316.7
Shareholders' Equity	1,712.9	1,777.7	1,890.8	2,101.0	2,563.2	2,714.5	2,784.6	2,885.7	3,049.2
Minority interests	7.2	8.6	10.2	9.0	2.2	1.2	1.2	1.2	1.3
Total Net Assets	1,720.1	1,786.4	1,901.0	2,109.9	2,565.4	2,715.7	2,785.8	2,887.0	3,050.5
Total Liabilities and Net Assets	3,293.9	3,411.7	3,543.8	3,944.2	4,814.1	5,088.2	5,169.7	5,515.6	5,849.3

Consolidated Cash Flow Statement	3/20	3/21	3/22	3/23	3/24	3/25	3/26E	3/27E	3/28E
Pretax profit	207.7	114.0	107.0	278.4	532.6	448.5	187.7	245.3	332.1
Depreciation and amortization	192.7	206.3	224.1	239.8	217.8	232.5	105.5	113.1	120.8
Change in working capital	-185.9	-20.4	-86.4	-6.2	128.8	-57.8	110.6	14.1	24.9
Others	-4.4	-10.5	-49.0	-8.2	-111.5	-131.1	12.7	5.9	-1.4
Cash Flow from Operations	210.1	289.4	195.7	503.8	767.7	492.1	416.5	378.4	476.4
Capital expenditure	-126.0	-86.2	-86.1	-122.8	-167.5	-176.1	-186.0	-195.3	-205.1
Others	100.2	-186.0	-93.6	-214.0	-536.2	-228.0	-28.0	-28.0	-28.0
Cash Flow from Investing Activities	-25.8	-272.2	-179.7	-336.8	-703.7	-404.1	-214.0	-223.3	-233.1
Free Cash Flow	184.3	17.2	15.9	166.9	64.0	88.1	202.5	155.1	243.4
Change in LT interest-bearing debt	98.4	58.1	-9.0	-21.2	74.1	0.0	10.6	10.9	11.2
Change in ST interest-bearing debt	-2.4	-0.5	-0.9	-0.3	-0.2	0.0	1.9	2.0	2.0
Dividends paid	-110.4	-42.9	-42.9	-50.6	-65.2	-78.6	-84.1	-91.4	-95.0
Others	-1.5	-0.6	-45.7	-50.3	-75.2	-108.7	-20.0	-20.0	-20.0
Cash Flow from Financing Activities	-15.8	14.0	-98.5	-122.3	-66.5	-187.3	-91.6	-98.5	-101.8
Effects of FX movements on cash balance	-11.8	17.2	58.3	51.8	71.0	-7.3	0.0	0.0	0.0
Net change in cash & cash equivalents	156.6	48.4	-24.3	96.5	68.5	-106.5	-18.6	49.9	33.0
Cash & cash equiv. at period's beginning	702.3	859.0	907.3	883.1	979.5	1,048.0	941.5	922.8	972.8
Cash & cash equiv. at period's end	859.0	907.3	883.1	979.5	1,048.0	941.5	922.8	972.8	1,005.7

Source: Company data, J.P. Morgan estimates

Figure 66: SUBARU (7270): Assumptions for Automotive Segment Model

1,000 units, %

	3/20	3/21	3/22	3/23	3/24	3/25	3/26E	3/27E	3/28E
Global production capacity									
Japan	696	696	696	696	696	696	696	696	696
Main plant	213	213	213	213	213	213	213	213	213
Yajima plant	483	483	483	483	483	483	483	483	483
SIA	420	420	420	420	420	420	420	420	420
Malaysia	20	20	20	20	20	20	20	20	20
Total Capacity (Subaru brand)	1,136	1,136	1,136	1,136	1,136	1,136	1,136	1,136	1,136
Global production units									
Japan	664	525	455	575	602	602	569	625	625
Subaru	654	518	455	575	602	602	569	625	625
Consignment production	9	7	0	0	0	0	0	0	0
(For Japan)	113	86	85	106	92	99	254	310	310
(For export)	551	439	371	469	510	503	315	315	315
USA	365	312	255	222	222	222	222	222	222
Canada	35	32	30	20	20	20	20	20	20
Europe	38	13	14	14	14	14	14	14	14
Russia	9	5	4	2	2	2	2	2	2
Australia	43	31	33	26	26	26	26	26	26
China	24	23	12	13	13	13	13	13	13
Others	36	22	23	172	213	206	17	17	17
SIA	363	295	272	299	368	345	361	378	395
Subaru	363	295	272	299	368	345	361	378	395
Consignment production	0	0	0	0	0	0	0	0	0
Total Production	1,028	820	727	874	970	946	931	1,003	1,020
(Subaru brand)	1,018	813	727	874	970	946	931	1,003	1,020
(OEM Consignment)	10	7	0	0	0	0	0	0	0
Utilization rate / %									
Japan	95%	75%	65%	83%	86%	86%	82%	90%	90%
SIA	86%	70%	65%	71%	88%	82%	86%	90%	94%
Consolidated average	90%	72%	64%	77%	85%	83%	82%	88%	90%
Consolidated shipment units									
Japan	126	102	89	100	99	104	93	106	110
North America	762	661	555	635	763	732	738	776	804
USA	702	612	506	592	695	662	674	705	731
Canada	60	50	49	43	68	70	64	71	73
Europe	46	18	19	23	27	23	23	26	29
Asia/Oceania	100	79	70	71	87	78	79	79	80
Australia	43	31	33	44	47	44	41	43	44
China	21	25	14	10	6	3	3	3	3
Others	37	23	23	17	34	31	34	34	33
Total Consolidated Shipment	1,034	860	734	829	976	936	933	988	1,023
Global retail sale units									
Japan	130	106	90	103	104	109	103	106	110
North America	730	696	612	610	705	750	761	792	820
USA	674	642	556	568	642	682	697	721	747
Canada	56	54	56	43	63	69	64	71	73
Europe	37	26	27	19	25	25	27	30	33
Others	106	88	84	88	91	78	79	79	80
Total Retail Sales	1,003	916	812	821	926	961	970	1,008	1,042
Global xEV retail sale units									
SHEV			30	39	58	66	80	90	90
MHEV			0	0	0	1	35	55	55
PHEV			28	32	44	46	45	50	50
BEV			3	2	0	0	0	0	0
			0	5	14	20	35	40	40
Global xEV retail penetration rate									
SHEV			4%	5%	6%	7%	8%	9%	9%
MHEV			0%	0%	0%	0%	4%	5%	5%
PHEV			3%	4%	5%	5%	5%	5%	5%
BEV			0%	0%	0%	0%	0%	0%	0%
			0%	1%	1%	2%	4%	4%	4%

Source: Company data, J.P. Morgan estimates

Figure 67: SUBARU (7270): Quarterly Consolidated Profit & Loss Statement

¥bn, %

	3/25				3/26E				3/26E		3/27E		3/24	3/25	3/26E	3/27E	3/28E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1H	2H	1H	2H					
Dollar-yen rate	153.0	154.0	149.0	154.0	140.0	140.0	140.0	140.0	140.0	140.0	140.0	140.0	144.0	152.0	140.0	140.0	140.0
Euro-yen rate	164.0	165.0	162.0	160.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	154.0	162.0	150.0	150.0	150.0
Sales	1,092.1	1,174.0	1,270.2	1,149.4	1,081.9	1,102.9	1,070.7	1,091.5	2,184.9	2,162.2	2,247.0	2,335.3	4,702.9	4,685.8	4,347.1	4,582.3	4,737.6
Cost of Goods Sold	-874.4	-907.8	-987.5	-935.7	-904.3	-917.3	-889.8	-886.3	-1,821.6	-1,776.0	-1,860.3	-1,890.2	-3,710.5	-3,705.4	-3,597.6	-3,750.5	-3,804.8
Gross Profit	217.7	266.3	282.7	213.7	177.6	185.7	181.0	205.2	363.3	386.2	386.7	445.1	992.4	980.3	749.4	831.8	932.8
SG&A	-100.9	-98.7	-104.0	-117.1	-110.2	-112.4	-109.1	-111.2	-222.6	-220.3	-228.9	-237.9	-396.9	-420.7	-442.9	-466.8	-482.6
R&D	-24.2	-33.2	-30.8	-54.2	-24.5	-33.5	-31.1	-54.8	-58.0	-85.9	-58.6	-86.7	-113.5	-142.4	-143.9	-145.3	-146.8
Other income	1.6	0.6	1.6	0.8	1.6	0.6	1.6	0.8	2.2	2.4	2.2	2.5	4.8	4.5	4.6	4.7	4.8
Other expenses	-3.0	-4.1	-2.4	-6.9	-3.1	-4.1	-2.4	-7.0	-7.3	-9.5	-7.4	-9.7	-17.8	-16.4	-16.7	-17.0	-17.4
Equity Method Income/Loss	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	-0.1	0.1	0.0	0.1	0.0	-0.9	0.0	0.0	0.0	0.0
Operating Profit	91.1	130.9	147.2	36.2	41.4	36.3	40.0	32.9	77.7	72.9	94.1	113.2	468.2	405.3	150.6	207.3	290.8
EBITDA	116.0	153.6	171.0	61.6	66.8	61.7	65.4	62.2	128.5	127.6	145.9	174.4	565.6	502.1	256.1	320.4	411.6
Finance income	32.4	29.3	5.2	23.0	21.1	21.1	21.1	21.1	42.2	42.2	42.9	42.9	80.4	90.0	84.3	85.7	89.5
Finance cost	-15.5	-47.2	52.7	-36.7	-15.6	-47.7	53.2	-37.1	-63.3	16.1	-64.0	16.3	-16.0	-46.8	-47.2	-47.7	-48.2
Pretax profit	108.0	112.9	205.1	22.5	46.9	9.6	114.3	16.9	56.5	131.2	73.0	172.3	532.6	448.5	187.7	245.3	332.1
Income taxes	-24.0	-33.9	-50.7	-1.8	-9.8	-2.0	-24.0	-3.6	-11.9	-27.5	-17.5	-41.4	-148.0	-110.4	-39.4	-58.9	-79.7
Effective tax rate	22.2%	30.0%	24.7%	8.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	24.0%	24.0%	27.8%	24.6%	21.0%	24.0%	24.0%
Net profit	84.0	79.0	154.4	20.7	37.0	7.6	90.3	13.4	44.6	103.6	55.5	131.0	384.6	338.2	148.3	186.4	252.4
Attributable to owners of the parent	84.0	79.1	154.3	20.7	37.0	7.6	90.3	13.3	44.6	103.6	55.4	130.9	385.1	338.1	148.2	186.4	252.3
Attributable to non-controlling interests	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.5	0.1	0.1	0.1	0.1
EPS (¥)	112.8	108.1	211.1	28.3	50.6	10.4	123.5	18.3	61.0	141.7	75.8	179.1	510.6	462.4	202.7	255.0	345.2
Capital expenditure	43.5	38.8	26.8	67.0	46.5	46.5	46.5	46.5	93.0	93.0	97.7	97.7	167.5	176.1	186.0	195.3	205.1
Depreciation and amortization	24.9	22.7	23.8	25.4	25.4	25.4	25.4	29.3	50.8	54.7	51.8	61.3	97.4	96.8	105.5	113.1	120.8
Research and Development	30.8	37.9	36.5	54.8	40.0	40.0	40.0	40.0	80.0	80.0	86.4	86.4	130.6	160.0	160.0	172.8	186.6
YoY / %																	
Sales	0.9%	3.8%	-1.0%	-4.7%	-0.9%	-6.1%	-15.7%	-5.0%	-3.6%	-10.6%	2.8%	8.0%	24.6%	-0.4%	-7.2%	5.4%	3.4%
Operating profit	7.9%	29.1%	-20.5%	-62.8%	-54.5%	-72.3%	-72.8%	-9.0%	-65.0%	-60.2%	21.1%	55.2%	75.0%	-13.4%	-62.8%	37.6%	40.3%
Pretax profit	-6.4%	1.7%	8.1%	-80.7%	-56.6%	-91.5%	-44.3%	-24.8%	-74.4%	-42.3%	29.2%	31.4%	91.3%	-15.8%	-58.2%	30.7%	35.4%
Net profit	14.7%	1.7%	4.3%	-76.0%	-56.0%	-90.4%	-41.5%	-35.4%	-72.6%	-40.8%	24.3%	26.4%	92.1%	-12.2%	-56.2%	25.8%	35.4%

Source: Company data, J.P. Morgan estimates

Investment Thesis, Valuation and Risks

SUBARU (7270) *(Underweight; Price Target: ¥2,200)*

Investment Thesis

Ramping up production volume while also improving profitability is a key investment point. We think Subaru also needs a growth strategy for non-US business and an alliance strategy with Toyota Motor in EV development.

Valuation

Our December 2025 price target of ¥2,200 is based on FY2024 BPS and a P/B of about 0.6x.

Risks to Rating and Price Target

Upside Scenario to Target Price/Rating

- Successful launch of new US models
- Yen depreciation beyond ¥160/\$
- Increased shareholder returns

Downside Scenario to Target Price/Rating

- New models not selling as expected
- Yen appreciation beyond ¥130/\$

SUBARU (7270): Summary of Financials

Income Statement						Cash Flow Statement					
	FY24A	FY25A	FY26E	FY27E	FY28E		FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	4,702.9	4,685.8	4,347.1	4,582.3	4,737.6	Cash flow from operating activities	768	492	416	378	476
COGS	(3,711)	(3,705)	(3,598)	(3,751)	(3,805)	o/w Depreciation & amortization	218	233	105	113	121
Gross profit	992	980	749	832	933	o/w Changes in working capital	129	(58)	111	14	25
SG&A	(397)	(421)	(443)	(467)	(483)	Cash flow from investing activities	(704)	(404)	(214)	(223)	(233)
Adj. EBITDA	566	502	256	320	412	o/w Capital expenditure	(168)	(176)	(186)	(195)	(205)
D&A	(97)	(97)	(105)	(113)	(121)	as % of sales	3.6%	3.8%	4.3%	4.3%	4.3%
Adj. EBIT	468	405	151	207	291	Cash flow from financing activities	(66)	(187)	(92)	(99)	(102)
Net Interest	64	43	37	38	41	o/w Dividends paid	(65)	(79)	(84)	(91)	(95)
Adj. PBT	532.6	448.5	187.7	245.3	332.1	o/w Shares issued/(repurchased)	-	-	-	-	-
Tax	(148)	(110)	(39)	(59)	(80)	o/w Net debt issued/(repaid)	-	-	-	-	-
Minority Interest	1	(0)	(0)	(0)	(0)	Net change in cash	68	(107)	111	57	142
Adj. Net Income	385	338	148	186	252	Adj. Free cash flow to firm	64	88	202	155	243
Reported EPS	510.6	462.4	202.7	255.0	345.2	y/y Growth	-61.7%	37.7%	129.9%	-23.4%	57.0%
Adj. EPS	510.6	462.4	202.7	255.0	345.2						
DPS	106.00	115.00	115.00	125.00	130.00						
Payout ratio	20.8%	24.9%	56.7%	49.0%	37.7%						
Shares outstanding	754	731	731	731	731						
Balance Sheet						Ratio Analysis					
Cash and cash equivalents	1,048	941	923	973	1,006	Gross margin	21.1%	20.9%	17.2%	18.2%	19.7%
Accounts receivable	376	412	382	403	416	EBITDA margin	12.0%	10.7%	5.9%	7.0%	8.7%
Inventories	589	667	583	614	635	EBIT margin	10.0%	8.6%	3.5%	4.5%	6.1%
Other current assets	1,006	1,171	1,290	1,435	1,596	Net profit margin	8.2%	7.2%	3.4%	4.1%	5.3%
Current assets	3,019	3,191	3,178	3,424	3,653	ROE	16.5%	12.8%	5.4%	6.6%	8.5%
PP&E	969	1,062	1,115	1,171	1,229	ROA	8.8%	6.8%	2.9%	3.5%	4.4%
LT investments	8	5	6	6	6	ROCE	12.6%	10.1%	3.8%	4.8%	6.5%
Other non current assets	818	830	871	915	961	SG&A/Sales	8.4%	9.0%	10.2%	10.2%	10.2%
Total assets	4,814	5,088	5,170	5,516	5,849	Net debt/Equity	NM	NM	NM	NM	NM
						Net debt/EBITDA	NM	NM	NM	NM	NM
Short term borrowings	69	47	49	51	53	Sales/Assets (x)	1.1	0.9	0.8	0.9	0.8
Payables	385	426	376	396	410	Assets/Equity (x)	1.9	1.9	1.9	1.9	1.9
Other short term liabilities	777	790	816	1,004	1,123	Interest cover (x)	NM	NM	NM	NM	NM
Current liabilities	1,231	1,262	1,240	1,451	1,586	Operating leverage	305.0%	3676.2%	869.4%	695.7%	1188.6%
Long-term debt	331	353	363	374	385	Tax rate	27.8%	24.6%	21.0%	24.0%	24.0%
Other long term liabilities	687	758	780	804	828	Revenue y/y Growth	24.6%	-0.4%	-7.2%	5.4%	3.4%
Total liabilities	2,249	2,373	2,384	2,629	2,799	EBITDA y/y Growth	52.7%	-11.2%	-49.0%	25.1%	28.5%
Shareholders' equity	2,563	2,715	2,785	2,886	3,049	EPS y/y Growth	95.4%	-9.4%	-56.2%	25.8%	35.4%
Minority interests	2	1	1	1	1						
Total liabilities & equity	4,814	5,088	5,170	5,516	5,849	Valuation					
BVPS	3,398.79	3,713.26	3,809.16	3,947.45	4,171.11	P/E (x)	5.4	5.9	13.5	10.7	7.9
y/y Growth	24.1%	9.3%	2.6%	3.6%	5.7%	P/BV (x)	0.8	0.7	0.7	0.7	0.7
Net debt/(cash)	(649)	(542)	(511)	(548)	(568)	EV/EBITDA (x)	2.3	2.8	5.6	4.4	3.4
						Dividend Yield	3.9%	4.2%	4.2%	4.6%	4.8%

Source: Company reports and J.P. Morgan estimates.

Note: ¥ in billions (except per-share data). Fiscal year ends Mar. o/w - out of which

Overweight

7272.T, 7272 JP

Price (29 May 25): ¥1,112

▼ **Price Target (Dec-25): ¥1,300**

Prior (Dec-25): ¥1,500

Japan Equity Research

Head of Japan Equity Research and Head of Japan Autos & Auto Parts Research

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Key Changes (FYE Dec)

	Prev	Cur
Adj. EBIT - 25E (¥ bn)	241	197
Adj. EBIT - 26E (¥ bn)	269	227

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)			
		6M	1Y	3Y	5Y
Value	20	26	26	8	28
Growth	83	44	48	12	67
Momentum	99	57	24	40	83
Quality	77	30	18	5	63
Low Vol	56	54	50	48	67
ESGQ	16	11	22	3	1

Yamaha Motor (7272)

Earnings model update

We lower our price target through December 2025 to ¥1,300 (previously ¥1,500), but maintain our Overweight rating. Based on the 1Q results, we revise our earnings estimates, and we newly incorporate a gross tariff impact of ¥29 billion (outboard motors ¥16 billion, motorcycles ¥4 billion, parts and other ¥9 billion) and a net impact of ¥10 billion. We expect sluggish motorcycle sales in India and Brazil, but a steady rebound in sales and profits in Vietnam as production normalizes. We anticipate a gradual recovery for outboard motors from 2Q, with prices of mainly high-horsepower models adjusted to pass on costs from direct tariff impacts. We now estimate operating profit of ¥196.7 billion in FY2025 (previously ¥241.2 billion), ¥226.5 billion in FY2026 (¥269.3 billion), and ¥269.4 billion in FY2027 (¥299.5 billion).

Price Performance



	YTD	1m	3m	12m
Abs	-20.9%	-1.3%	-9.6%	-26.0%
Rel	-21.9%	-7.4%	-14.5%	-28.5%

Company Data

Shares O/S (mn)	978
52-week range (¥)	1,618-963
Market cap (\$ bn)	7.5
Exchange rate	144.84
Free float (%)	85.9%
3M ADV (mn)	5.42
3M ADV (\$ mn)	42.1
Volatility (90 Day)	41
Index	TOPIX
BBG ANR (Buy Hold Sell)	3 1 0

Key Metrics (FYE Dec)

¥ in billions	2024/12A	2025/12E	2026/12E	2027/12E
Financial Estimates				
Revenue	2,576.2	2,564.9	2,753.8	2,864.2
EBITDA	265	275	312	363
EBIT	181.5	196.7	226.5	269.4
Net income	108	133	151	179
Reported EPS	110.6	137.5	155.7	184.6
BBG EPS	166.45	127.37	145.98	159.16
Cashflow from operations	177	32	80	217
FCFF	48	(62)	(19)	113
Margins and Growth				
Revenue Growth Y/Y (%)	6.7%	-0.4%	7.4%	4.0%
EBITDA margin	10.3%	10.7%	11.3%	12.7%
EBITDA Growth Y/Y (%)	-15.7%	4.1%	13.4%	16.3%
EBIT margin	7.0%	7.7%	8.2%	9.4%
Net margin	4.2%	5.2%	5.5%	6.2%
Fully Diluted EPS growth	-33.2%	24.4%	13.2%	18.6%
Ratios				
Effective Tax Rate	32.0%	25.2%	25.2%	25.2%
Interest cover	NM	285.9	111.4	133.3
Net debt/Equity	0.6	0.7	0.6	0.6
Net debt/EBITDA	2.6	2.8	2.6	2.3
ROCE	5.9%	6.6%	7.4%	8.3%
ROE	9.5%	11.8%	13.2%	14.4%
Valuation				
FCFF yield	4.4%	-5.7%	-1.8%	10.5%
Dividend yield	4.5%	4.9%	5.4%	6.3%
EV/Revenue	0.7	0.7	0.7	0.7
EV/EBITDA	6.6	6.7	5.9	5.2
P/E	10.1	8.1	7.1	6.0

Summary Investment Thesis and Valuation

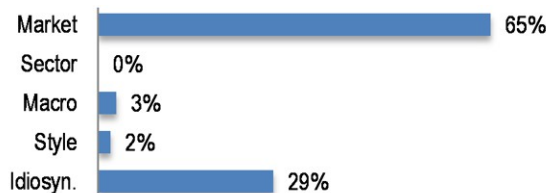
Investment Thesis

For the US marine products business, in addition to gaining share in the high-horsepower segment of 200 horsepower or more, the key is to assess the progress of inventory adjustments for small and midsize products. In the motorcycle business, in addition to the sustainability of high profits in India and Brazil, we also need to pay close attention to measures to improve profits in developed markets.

Valuation

Our price target through December 2025 is ¥1,300, based on our FY2025 EPS estimate and a P/E of 9x. This takes into account the cyclical recovery in the high-growth leisure business and the valuation of global competitor Brunswick. We revise our price target to reflect our new earnings estimates.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Japan	0.76	0.81
Sect: Cons Discretionary	0.14	-0.08
Ind: Automobiles & Comp	0.02	-0.05
Macro:		
Japan Unemployment Rate SA	-0.31	-0.29
JPM JPY Tradeable Currency	-0.26	-0.21
Japan Breakeven 10 Year	0.11	0.15
Quant Styles:		
Quality	-0.11	-0.21
Value	0.18	0.15
LowVol	0.05	-0.08

Earnings forecasts

Figure 68: Yamaha Motor (7272): Consolidated Profit & Loss Statement

¥bn, %

	12/19	12/20	12/21	12/22	12/23	12/24	12/25E	12/26E	12/27E
Sales	1,664.8	1,471.3	1,812.5	2,248.5	2,414.8	2,576.2	2,564.9	2,753.8	2,864.2
Cost of Goods Sold	1,222.4	1,099.5	1,305.7	1,614.7	-1,602.5	-1,754.2	-1,757.7	-1,887.2	-1,962.8
Gross Profit	442.3	371.8	506.8	633.7	812.2	822.0	807.2	866.7	901.4
SG&A expenses, others	327.0	290.1	324.5	408.9	-573.3	-642.5	-635.8	-716.0	-744.7
Other income	--	--	--	--	11.6	11.8	8.9	20.0	20.0
Other expenses	--	--	--	--	-11.7	-16.8	-8.4	-4.0	-4.0
Equity method gain/ loss	2.5	0.9	4.1	5.3	5.1	7.1	6.6	8.0	8.0
Operating Profit	115.4	81.7	182.3	224.9	243.9	181.5	196.7	226.5	269.4
EBITDA	165.1	129.9	233.4	284.7	314.9	264.6	275.4	312.4	363.3
Finance income	--	--	--	--	9.9	15.7	14.3	13.2	14.0
Finance costs	--	--	--	--	-17.8	-14.0	-15.2	-16.0	-16.8
Pretax profit	120.6	85.0	199.7	245.8	236.1	183.2	195.8	223.7	266.7
Income taxes	36.6	29.2	35.6	56.2	-63.2	-58.6	-49.3	-56.3	-67.1
Effective tax rate	30.3%	34.4%	17.8%	22.9%	26.8%	32.0%	25.2%	25.2%	25.2%
Minority interest	8.3	2.7	8.6	15.1	14.5	16.5	13.2	16.5	-20.6
Net profit	75.7	53.1	155.6	174.4	158.4	108.1	133.3	150.9	178.9
{Key financial ratios}									
EPS (¥)	72.3	50.6	149.9	171.9	159.8	110.5	137.5	155.7	184.6
DPS (¥)	30.0	20.0	38.3	41.7	48.3	50.0	55.0	60.0	70.0
Payout ratio / %	41.5%	39.5%	25.6%	24.2%	30.3%	45.2%	40.0%	38.5%	37.9%
BPS (¥)	673	682	828	989	1,085	1,188	1,128	1,225	1,341
ROE / %	11.1%	7.5%	19.8%	18.7%	13.3%	13.3%	11.8%	13.2%	14.4%
ROA / %	5.1%	3.3%	9.0%	8.7%	6.9%	4.0%	4.5%	4.5%	4.8%
Liquidity at hand	124.6	272.4	276.4	288.8	347.0	373.0	339.8	371.8	386.7
Interest-bearing debt	365.0	466.9	458.5	602.7	943.5	1,063.0	1,115.4	1,170.4	1,228.0
D/E ratio	0.5	0.6	0.5	0.6	0.9	0.9	1.0	1.0	0.9
Net D/E ratio	0.3	0.2	0.2	0.3	0.6	0.6	0.7	0.7	0.6
Shares outstanding (mn)	1,048.0	1,048.3	1,037.6	1,014.6	991.5	977.6	969.3	969.3	969.3
Capital expenditure	58.1	53.8	67.0	88.2	110.0	126.6	87.2	91.6	96.1
Depreciation and amortization	49.7	48.2	51.1	59.8	71.0	83.1	78.6	85.9	93.9
Research and Development	122.6	94.0	95.3	105.2	116.1	136.0	142.0	142.0	140.0
As a percentage of Sales / %									
Cost of Goods Sold	73.4%	74.7%	72.0%	71.8%	66.4%	68.1%	68.5%	68.5%	68.5%
SG&A expenses, others	19.6%	19.7%	17.9%	18.2%	23.7%	24.9%	24.8%	26.0%	26.0%
Operating Profit	6.9%	5.6%	10.1%	10.0%	10.1%	7.0%	7.7%	8.2%	9.4%
Pretax profit	7.2%	5.8%	11.0%	10.9%	9.8%	7.1%	7.6%	8.1%	9.3%
Net profit	4.5%	3.6%	8.6%	7.8%	6.6%	4.2%	5.2%	5.5%	6.2%
YoY / %									
Sales	-0.5%	-11.6%	23.2%	24.1%	7.4%	6.7%	-0.4%	7.4%	4.0%
Gross Profit	-0.6%	-15.9%	36.3%	25.0%	28.2%	1.2%	-1.8%	7.4%	4.0%
SG&A expenses, others	4.0%	-11.3%	11.8%	26.0%	NM	NM	NM	NM	NM
Operating profit	-18.1%	-29.2%	123.3%	23.3%	8.5%	-25.6%	8.4%	15.1%	18.9%
Pretax profit	-11.9%	-29.5%	135.0%	23.1%	-4.0%	-22.4%	6.9%	14.3%	19.2%
Net profit	-18.9%	-29.9%	193.1%	12.1%	-9.2%	-31.8%	23.3%	13.2%	18.6%

Source: Company data, J.P. Morgan estimates

Note: IFRS basis from FY12/23 onward; JGAAP basis up to FY12/22.

Figure 69: Yamaha Motor (7272): Consolidated Balance Sheet & Cash Flow Statement

¥bn

Consolidated Balance Sheet	12/19	12/20	12/21	12/22	12/23	12/24	12/25E	12/26E	12/27E
Cash and cash equivalents	124.6	272.4	276.4	288.8	347.0	373.0	339.8	371.8	386.7
Trade receivables, others	344.3	295.7	316.2	417.5	179.7	178.2	342.0	459.0	477.4
Inventory	356.7	312.3	405.4	525.8	568.6	574.1	568.8	610.8	635.2
Other current assets	49.1	41.1	46.7	73.5	417.9	483.1	512.8	544.5	578.4
Total Current Assets	874.8	921.6	1,044.7	1,305.7	1,513.2	1,608.4	1,763.4	1,986.0	2,077.6
Tangible fixed assets	356.3	338.8	354.1	391.0	441.2	486.8	535.5	589.1	648.0
Intangible fixed assets	8.6	11.2	28.4	39.6	57.4	77.5	80.6	83.8	87.1
Other non-current assets	-581.6	-552.2	-639.0	-858.7	-961.5	-997.5	-1,020.6	-1,074.8	-951.2
Total non-current assets	658.0	719.4	788.2	877.6	1,050.3	1,175.1	1,358.9	1,584.0	1,861.5
Total Assets	1,532.8	1,640.9	1,832.9	2,183.3	2,563.6	2,783.5	3,122.3	3,570.0	3,939.2
Short-term borrowings	186.0	110.5	140.1	326.0	499.7	752.0	789.6	829.0	870.5
Trade payables, others	135.0	143.9	165.2	177.7	154.1	149.9	203.1	229.5	238.7
Other current liabilities	175.4	176.4	208.0	249.2	238.3	246.0	540.7	805.4	987.2
Total Current Liabilities	496.3	430.8	513.3	752.9	892.2	1,147.9	1,533.3	1,863.9	2,096.4
Long-term debt	179.0	354.4	316.2	271.6	443.7	311.1	325.8	341.3	357.5
Provisions for retirement benefits	61.4	60.4	51.8	49.3	51.8	55.2	60.7	66.8	73.4
Other fixed liabilities	44.3	46.1	51.0	55.2	41.5	42.8	44.1	45.4	46.8
Total Fixed Liabilities	284.7	460.9	419.0	376.1	537.0	409.1	430.6	453.5	477.8
Total Liabilities	781.0	891.8	932.2	1,129.0	1,429.2	1,556.9	1,963.9	2,317.4	2,574.1
Capital	85.9	86.0	86.1	86.1	86.1	86.1	0.0	0.0	0.0
Capital surplus	74.8	68.0	68.1	68.1	64.1	63.4	0.0	0.0	0.0
Retained earnings	607.0	644.4	761.5	894.0	946.1	979.2	1,058.9	1,151.3	1,261.9
Treasury stock, others	-0.7	-0.7	-11.7	-31.7	-20.6	32.9	34.6	36.3	38.1
Shareholders' Equity	766.9	797.6	904.0	1,016.5	1,075.8	1,161.6	1,093.4	1,187.6	1,300.0
Foreign currency translation adjustment	-61.7	-82.9	-44.7	-13.4	0.0	0.0	0.0	0.0	0.0
Minority interests	46.6	34.5	41.4	51.2	58.6	65.0	65.0	65.0	65.0
Total Net Assets	751.8	749.2	900.7	1,054.3	1,134.4	1,226.6	1,158.4	1,252.6	1,365.1
Total Liabilities and Net Assets	1,532.8	1,640.9	1,832.9	2,183.3	2,563.6	2,783.5	3,122.3	3,570.0	3,939.2
Consolidated Cash Flow Statement	12/19	12/20	12/21	12/22	12/23	12/24	12/25E	12/26E	12/27E
Pretax profit	120.6	85.0	199.7	245.8	236.1	183.2	195.8	223.7	266.7
Depreciation and amortization	49.7	48.2	51.1	59.8	71.0	83.1	78.6	85.9	93.9
Change in working capital	-53.9	-0.8	-65.4	-170.8	-51.5	24.7	-105.4	-132.5	-33.7
Others	-17.3	-21.9	-44.1	-63.9	-169.6	-114.1	-136.7	-97.1	-110.2
Cash Flow from Operations	99.1	110.5	141.3	70.9	86.0	176.8	32.3	80.0	216.7
Capital expenditure	-58.1	-53.8	-67.0	-88.2	-110.0	-126.6	-87.2	-91.6	-96.1
Others	-21.6	9.8	16.0	14.0	-6.1	-2.1	-7.0	-7.5	-7.5
Cash Flow from Investing Activities	-79.7	-44.0	-51.0	-74.2	-116.1	-128.7	-94.2	-99.1	-103.6
Free Cash Flow	19.5	66.5	90.3	-3.2	-30.1	48.1	-61.9	-19.0	113.0
Change in LT interest-bearing debt	14.0	182.8	-12.5	-16.4	51.5	-4.6	17.6	-65.7	-65.0
Change in ST interest-bearing debt	-13.0	-58.8	-27.6	101.4	112.4	47.2	34.0	35.7	37.5
Dividends paid	-42.4	-22.0	-42.9	-49.0	-57.7	-61.1	-54.1	-59.0	-68.7
Others	4.7	-18.3	-10.5	-12.9	-17.6	-27.9	-88.5	-176.7	-185.8
Cash Flow from Financing Activities	-36.8	83.7	-93.5	23.1	88.5	-46.4	-91.0	-265.7	-282.0
Effects of FX movements on cash balance	1.9	-5.7	10.9	2.0	-8.6	18.8	0.0	0.0	0.0
Net change in cash & cash equivalents	-15.4	144.5	7.8	21.9	347.0	26.0	-33.2	31.9	14.9
Cash & cash equiv. at period's beginning	138.2	122.7	267.2	274.9	0.0	347.0	373.0	339.8	371.8
Cash & cash equiv. at period's end	122.7	267.2	274.9	296.8	347.0	373.0	339.8	371.8	386.7

Source: Company data, J.P. Morgan estimates

Note: IFRS basis from FY12/23 onward; JGAAP basis up to FY12/22.

Figure 70: Yamaha Motor (7272): Assumptions for Automotive Segment Model

¥bn, 1,000 units

	12/19	12/20	12/21	12/22	12/23	12/24	12/25E	12/26E	12/27E
Motorcycle Segment									
[Motorcycle Sales]									
Japan	38.2	37.7	37.8	55.3	44.6	44.5	42.1	42.9	43.5
North America	42.3	39.3	46.2	61.9	75.6	89.1	87.8	89.0	90.8
Europe	132.8	131.5	151.2	190.0	217.4	246.2	212.0	226.7	226.5
Asia	651.8	505.3	625.5	783.2	841.2	879.7	863.8	908.2	953.6
Others	131.8	109.7	155.8	201.3	229.3	311.6	287.2	320.0	320.0
Total Sales	996.9	823.5	1,016.5	1,291.7	1,408.1	1,571.1	1,492.8	1,586.8	1,634.4
[Motorcycle Unit Sales]									
Japan	88	86	99	95	76	72	74	75	76
North America	63	56	67	68	76	82	83	85	86
Europe	186	180	189	199	209	226	212	230	230
Asia	4,261	3,077	3,577	3,826	3,883	3,863	3,604	3,784	3,973
Others	480	403	599	586	583	718	764	830	903
Total Unit Sales	5,078	3,802	4,531	4,774	4,827	4,961	4,737	5,005	5,269
ATV/ROV Segment									
[ATV/ROV Sales]									
North America	51.6	54.7	79.7	87.8	96.7	87.0	76.2	86.4	88.9
Europe	8.8	8.4	12.0	13.9	11.1	9.1	11.2	11.8	12.1
Others	18.5	7.3	11.0	11.2	10.2	9.7	15.7	14.6	15.0
Total Sales	78.9	70.4	102.7	112.9	118.0	105.8	103.1	112.7	116.1
[ATV Unit Sales]									
North America	38	40	50	46	40	37	38	39	40
Europe	11	11	16	14	10	10	10	11	11
Others	8	11	14	11	6	8	8	8	9
Total Unit Sales	57	62	80	71	56	55	57	58	60
Marine Segment									
[Sales by business]									
Outboard engines	187.7	178.5	212.6	290.9	283.2	333.0	334.0	350.8	374.4
Water vehicles	74.5	64.8	76.4	104.7	139.6	137.0	136.0	138.8	141.5
Others	87.9	85.0	102.1	121.4	124.7	67.7	113.7	115.9	118.2
Total Sales	350.1	328.3	391.1	517.0	547.5	537.7	583.7	605.5	634.1
[Outboard engines unit sales]									
North America	105	98	113	125	100	81	95	103	111
Europe	60	59	64	54	36	30	32	33	34
Others	145	122	139	163	169	155	152	156	161
Total Unit Sales	310	279	316	342	305	266	278	292	306

Source: Company data, J.P. Morgan estimates

Note: IFRS basis from FY12/23 onward; JGAAP basis up to FY12/22.

Figure 71: Yamaha Motor (7272): Quarterly Consolidated Profit & Loss Statement

¥bn, %

	12/24				12/25E				12/25E		12/26E		12/23	12/24	12/25E	12/26E	12/27E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	1H	2H	1H	2H					
Dollar-yen rate	149.0	155.0	149.0	155.0	153.0	140.0	140.0	140.0	146.5	140.0	140.0	140.0	141.0	152.0	143.3	140.0	140.0
Euro-yen rate	161.0	169.0	165.0	161.0	161.0	150.0	150.0	150.0	155.5	150.0	150.0	150.0	152.0	164.0	152.8	150.0	150.0
Sales	642.1	706.4	628.4	599.3	625.9	676.6	624.4	637.9	1,302.6	1,262.3	1,397.1	1,356.7	2,414.8	2,576.2	2,564.9	2,753.8	2,864.2
Cost of Goods Sold	-430.9	-476.7	-425.5	-421.1	-429.0	-463.7	-427.9	-437.2	-892.7	-865.0	-957.5	-929.7	-1,602.5	-1,754.2	-1,757.7	-1,887.2	-1,962.8
Gross Profit	211.2	229.7	202.9	178.2	197.0	212.9	196.5	200.8	409.9	397.3	439.7	427.0	812.2	822.0	807.2	866.7	901.4
SG&A expenses, others	-138.3	-158.0	-159.3	-186.9	-155.2	-167.7	-154.8	-158.1	-322.9	-312.9	-363.3	-352.7	-573.3	-642.5	-635.8	-716.0	-744.7
Other income	4.7	3.7	2.3	1.1	2.2	2.2	2.2	2.2	4.4	4.4	10.0	10.0	11.6	11.8	8.9	20.0	20.0
Other expenses	1.4	0.9	1.3	13.1	2.1	2.1	2.1	2.1	4.2	4.2	2.0	2.0	-11.7	-16.8	-8.4	-4.0	-4.0
Equity method gain/ loss	1.8	1.9	2.1	1.2	1.6	1.6	1.6	1.6	3.3	3.3	4.0	4.0	5.1	7.1	6.6	8.0	8.0
Operating Profit	78.0	76.4	46.6	-19.5	43.6	54.7	48.2	50.2	98.3	98.4	114.0	112.5	243.9	181.5	196.7	226.5	269.4
EBITDA	98.5	97.0	67.3	1.8	64.9	76.0	69.5	65.0	140.9	134.5	156.9	155.5	314.9	264.6	275.4	312.4	363.3
Finance income	4.4	5.1	0.5	5.7	5.1	5.1	5.1	-1.1	10.3	4.0	4.0	9.2	9.9	15.7	14.3	13.2	14.0
Finance costs	-5.4	-4.0	-6.8	2.2	-3.3	-3.3	-3.3	-5.3	-6.6	-8.6	-8.0	-8.0	-17.8	-14.0	-15.2	-16.0	-16.8
Pretax profit	77.0	77.4	40.4	-11.6	45.4	56.6	50.0	43.8	102.0	93.8	110.0	113.7	236.1	183.2	195.8	223.7	266.7
Income taxes	-16.3	-15.2	-13.6	-13.5	-11.4	-14.2	-12.6	-11.0	-25.7	-23.6	-27.7	-28.6	-63.2	-58.6	-49.3	-56.3	-67.1
Effective tax rate	21.2%	19.6%	33.8%	NM	25.2%	25.2%	25.2%	25.2%	25.2%	25.2%	25.2%	25.2%	26.8%	32.0%	25.2%	25.2%	25.2%
Minority interest	4.7	5.1	3.7	2.9	3.3	3.3	3.3	3.3	6.6	6.6	8.3	8.3	14.5	16.5	13.2	16.5	-20.6
Net profit	56.0	57.1	23.0	-28.0	30.7	39.0	34.1	29.4	69.7	63.6	74.0	76.8	158.4	108.1	133.3	150.9	178.9
EPS (¥)	56.9	58.4	23.5	-28.6	31.6	40.3	35.2	30.4	71.9	65.6	76.4	79.3	159.8	110.5	137.5	155.7	184.6
Capital expenditure	20.7	24.9	31.3	49.7	21.8	21.8	21.8	21.8	43.6	43.6	45.8	45.8	110.0	126.6	87.2	91.6	96.1
Depreciation and amortization	20.5	20.6	20.7	21.3	21.3	21.3	21.3	14.7	42.6	36.0	43.0	43.0	71.0	83.1	78.6	85.9	93.9
Research and Development	27.0	34.2	33.2	41.6	35.5	35.5	35.5	35.5	71.0	71.0	71.0	71.0	116.1	136.0	142.0	142.0	140.0
As a percentage of Sales / %																	
Cost of Goods Sold	67.1%	67.5%	67.7%	70.3%	68.5%	68.5%	68.5%	68.5%	68.5%	68.5%	68.5%	68.5%	66.4%	68.1%	68.5%	68.5%	68.5%
SG&A expenses, others	21.5%	22.4%	25.4%	31.2%	24.8%	24.8%	24.8%	24.8%	24.8%	24.8%	26.0%	26.0%	23.7%	24.9%	24.8%	26.0%	26.0%
Operating Profit	12.1%	10.8%	7.4%	-3.2%	7.0%	8.1%	7.7%	7.9%	7.5%	7.8%	8.2%	8.3%	10.1%	7.0%	7.7%	8.2%	9.4%
Pretax profit	12.0%	11.0%	6.4%	-1.9%	7.3%	8.4%	8.0%	6.9%	7.8%	7.4%	7.9%	8.4%	9.8%	7.1%	7.6%	8.1%	9.3%
Net profit	8.7%	8.1%	3.7%	-4.7%	4.9%	5.8%	5.5%	4.6%	5.4%	5.0%	5.3%	5.7%	6.6%	4.2%	5.2%	5.5%	6.2%
YoY / %																	
Sales	5.9%	13.9%	3.2%	3.4%	-2.5%	-4.2%	-0.6%	6.4%	-3.4%	2.8%	7.3%	7.5%	7.4%	6.7%	-0.4%	7.4%	4.0%
Operating profit	2.7%	16.4%	-19.5%	NM	-44.1%	-28.3%	3.4%	NM	-36.3%	262.5%	15.9%	14.3%	8.5%	-25.6%	8.4%	15.1%	18.9%
Pretax profit	5.7%	14.0%	-27.3%	NM	-41.0%	-26.9%	24.0%	NM	-34.0%	226.1%	7.8%	21.2%	-4.0%	-22.4%	6.9%	14.3%	19.2%
Net profit	12.7%	6.5%	-41.9%	NM	-45.2%	-31.7%	48.5%	NM	-38.4%	NM	6.2%	20.8%	-9.2%	-31.8%	23.3%	13.2%	18.6%

Source: Company data, J.P. Morgan estimates

Investment Thesis, Valuation and Risks

Yamaha Motor (7272) (*Overweight; Price Target: ¥1,300*)

Investment Thesis

For the US marine products business, in addition to gaining share in the high-horsepower segment of 200 horsepower or more, the key is to assess the progress of inventory adjustments for small and midsize products. In the motorcycle business, in addition to the sustainability of high profits in India and Brazil, we also need to pay close attention to measures to improve profits in developed markets.

Valuation

Our price target through December 2025 is ¥1,300, based on our FY2025 EPS estimate and a P/E of 9x. This takes into account the cyclical recovery in the high-growth leisure business and the valuation of global competitor Brunswick.

Risks to Rating and Price Target

Upside Scenario to Target Price/Rating

- Continued strong sales of outboard engines and ATVs on a recovery in business confidence in the US
- Greater-than-expected motorcycle earnings in emerging markets
- Yen depreciation beyond ¥160/\$

Downside Scenario to Target Price/Rating

- Slowdown for core products in the North American market, including outboard engines, ATVs, and golf carts
- Slower growth in motorcycle demand in emerging markets
- Delayed recovery in motorcycle earnings in developed markets
- Yen appreciation beyond ¥130/\$

Yamaha Motor (7272): Summary of Financials

Income Statement						Cash Flow Statement					
	2023/12A	2024/12A	2025/12E	2026/12E	2027/12E		2023/12A	2024/12A	2025/12E	2026/12E	2027/12E
Revenue	2,414.8	2,576.2	2,564.9	2,753.8	2,864.2	Cash flow from operating activities	80	177	32	80	217
COGS	(1,699)	(1,754)	(1,758)	(1,887)	(1,963)	o/w Depreciation & amortization	63	83	79	86	94
Gross profit	715	822	807	867	901	o/w Changes in working capital	(179)	25	(105)	(132)	(34)
SG&A	(465)	(643)	(636)	(716)	(745)	Cash flow from investing activities	(117)	(129)	(94)	(99)	(104)
EBITDA	314	265	275	312	363	o/w Capital expenditure	(104)	(127)	(87)	(92)	(96)
D&A	(63)	(83)	(79)	(86)	(94)	as % of sales	4.3%	4.9%	3.4%	3.3%	3.4%
EBIT	250.7	181.5	196.7	226.5	269.4	Cash flow from financing activities	95	(46)	(91)	(266)	(282)
Net Interest	1	2	(1)	(3)	(3)	o/w Dividends paid	(58)	(48)	(54)	(58)	(68)
PBT	241.7	183.2	195.8	223.7	266.7	o/w Shares issued/(repurchased)	-	-	-	-	-
Tax	(63)	(59)	(49)	(56)	(67)	o/w Net debt issued/(repaid)	-	-	-	-	-
Minority Interest	(14)	(17)	(13)	(17)	(21)	Net change in cash	50	20	(153)	(285)	(169)
Net Income	164	108	133	151	179	Adj. Free cash flow to firm	(37)	48	(62)	(19)	113
Reported EPS	165.5	110.6	137.5	155.7	184.6	y/y Growth	1036.8%	-230.6%	-228.7%	-69.3%	-694.2%
DPS	48.33	50.00	55.00	60.00	70.00						
Payout ratio	29.2%	45.2%	40.0%	38.5%	37.9%						
Shares outstanding	1,051	1,026	1,026	1,026	1,026						
Balance Sheet						Ratio Analysis					
	2023/12A	2024/12A	2025/12E	2026/12E	2027/12E		2023/12A	2024/12A	2025/12E	2026/12E	2027/12E
Cash and cash equivalents	339	373	340	372	387	Gross margin	29.6%	31.9%	31.5%	31.5%	31.5%
Accounts receivable	525	178	342	459	477	EBITDA margin	13.0%	10.3%	10.7%	11.3%	12.7%
Inventories	609	574	569	611	635	EBIT margin	10.4%	7.0%	7.7%	8.2%	9.4%
Other current assets	75	483	513	544	578	Net profit margin	6.8%	4.2%	5.2%	5.5%	6.2%
Current assets	1,549	1,608	1,763	1,986	2,078	ROE	15.4%	9.5%	11.8%	13.2%	14.4%
PP&E	434	487	536	589	648	ROA	6.9%	4.0%	4.5%	4.5%	4.8%
LT investments	538	37	38	40	41	ROCE	10.4%	5.9%	6.6%	7.4%	8.3%
Other non current assets	51	651	785	955	1,172	SG&A/Sales	19.2%	24.9%	24.8%	26.0%	26.0%
Total assets	2,572	2,784	3,122	3,570	3,939	Net debt/Equity	0.4	0.6	0.7	0.6	0.6
Short term borrowings	439	752	790	829	870	Net debt/EBITDA	1.6	2.6	2.8	2.6	2.3
Payables	154	150	203	229	239	Sales/Assets (x)	1.0	1.0	0.9	0.8	0.8
Other short term liabilities	296	246	541	805	987	Assets/Equity (x)	2.2	2.3	2.6	2.9	3.0
Current liabilities	889	1,148	1,533	1,864	2,096	Interest cover (x)	NM	NM	285.9	111.4	133.3
Long-term debt	405	311	326	341	358	Operating leverage	155.1%	-412.6%	-1916.3%	205.4%	472.3%
Other long term liabilities	119	98	105	112	120	Tax rate	26.2%	32.0%	25.2%	25.2%	25.2%
Total liabilities	1,413	1,557	1,964	2,317	2,574	Revenue y/y Growth	7.4%	6.7%	-0.4%	7.4%	4.0%
Shareholders' equity	1,123	1,162	1,093	1,188	1,300	EBITDA y/y Growth	10.3%	-15.7%	4.1%	13.4%	16.3%
Minority interests	59	65	65	65	65	EPS y/y growth	-3.7%	-33.2%	24.4%	13.2%	18.6%
Total liabilities & equity	2,572	2,784	3,122	3,570	3,939						
BVPS						Valuation					
	2023/12A	2024/12A	2025/12E	2026/12E	2027/12E		2023/12A	2024/12A	2025/12E	2026/12E	2027/12E
BVPS	1,133.06	1,188.23	1,128.01	1,225.12	1,341.16	P/E (x)	6.7	10.1	8.1	7.1	6.0
y/y Growth	14.6%	4.9%	-5.1%	8.6%	9.5%	P/BV (x)	1.0	0.9	1.0	0.9	0.8
Net debt/(cash)	505	690	776	799	841	EV/EBITDA (x)	5.3	6.6	6.7	5.9	5.2
						Dividend Yield	4.3%	4.5%	4.9%	5.4%	6.3%

Source: Company reports and J.P. Morgan estimates.

Note: ¥ in billions (except per-share data). Fiscal year ends Dec. o/w - out of which

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