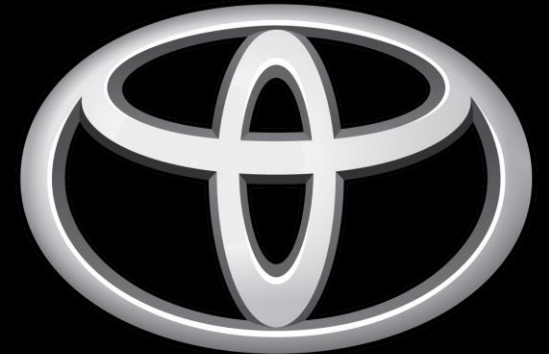


Toyota has beaten back the all-EV extremists



CASE STUDY
VALUATION MASTER CLASS

by
A. Stotz INVESTMENT
RESEARCH



TOYOTA



Toyota has beaten back the all-EV extremists



This is not a recommendation or investment advice.

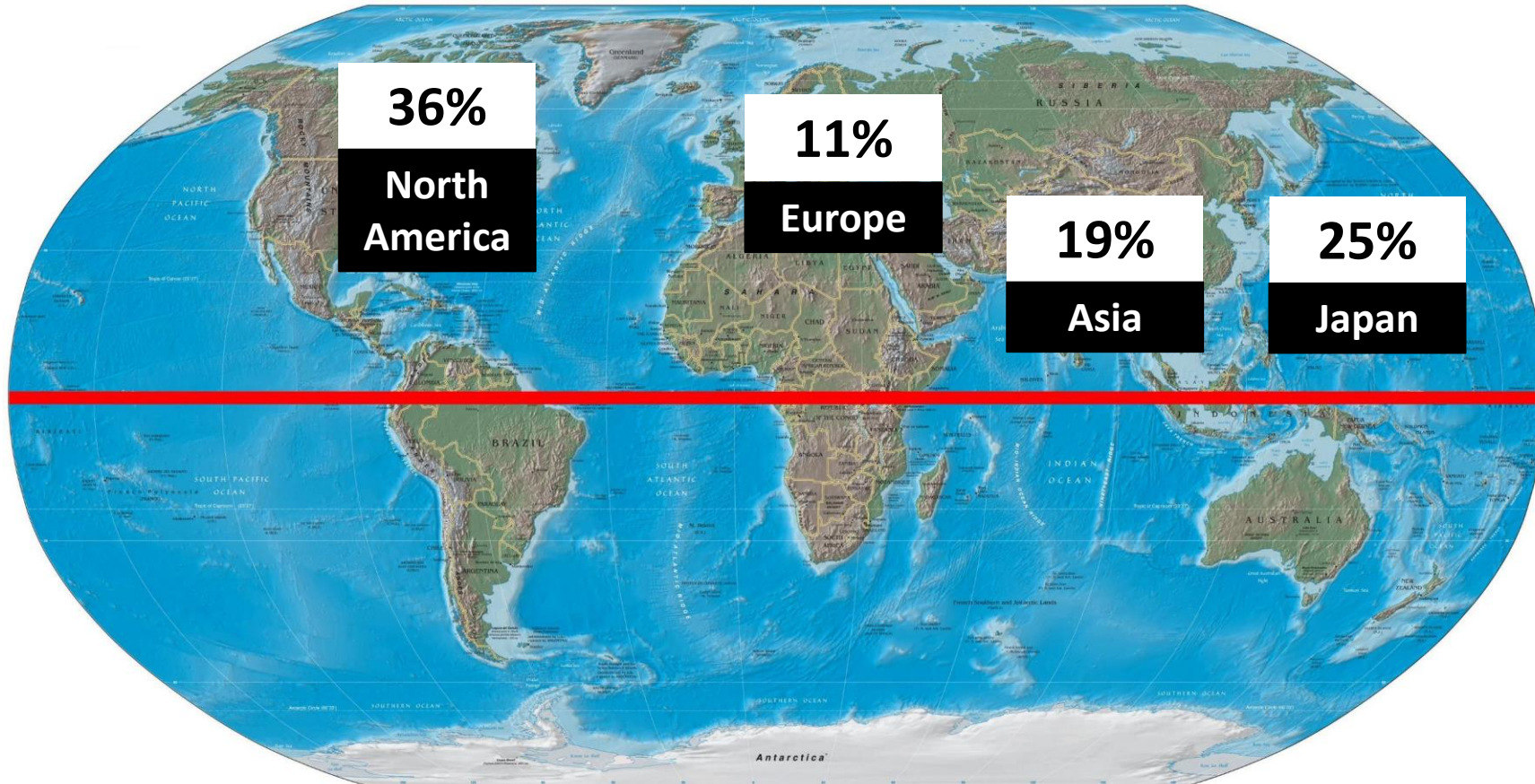
- 🌐 What is the company's background?
- 🌐 What is its competitive strategy?
- 🌐 Does that strategy lead to a competitive advantage?
- 🌐 What does the valuation look like?

Kiichiro Toyota (1894-1952), built Toyota's success in the automotive industry

- ★ Was founder of Toyota Motor Corporation
- ★ Transformed the family's loom business into an automotive giant
- ★ Spawned the Just-in-Time production method, a cornerstone of Toyota's efficient manufacturing process



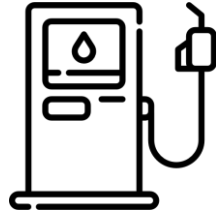
One-third of Toyota's sales come from North America



Andrew Stotz, PhD, CFA

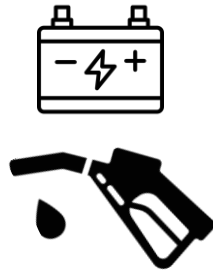
🌐 Remainder from other locations

Toyota's ICE vehicles hit top sales in 2023



Internal combustion engine (ICE)

70%



Hybrid electric vehicle (HEV)

28%



Other electric vehicles

2%

A. Stotz
ACADEMY

Andrew Stotz, PhD, CFA

Toyota Corolla, the best-selling car of all time



1966 Corolla and 11th-generation models

A. Stotz
ACADEMY

Andrew Stotz, PhD, CFA

- 🌐 Produced since 1966 across 12 generations
- 🌐 More than 50m units have been sold throughout the world as of 2021
- 🌐 Over 1.5m Corollas sold in 2023

The world's top-selling automaker in the past three years



Andrew Stotz, PhD, CFA

Automaker	Year	Sold Autos	Status	World Rank
Toyota	2023	10,307,395	↑ 8%	1
	2022	9,566,961	↑ 1%	1
	2021	9,562,483	↑ 1%	1
VW	2023	9,239,575	↑ 12%	2
	2022	8,263,104	↓ 7%	2
	2021	8,882,346	↓ 5%	2
Hyundai Kia	2023	7,302,451	↑ 7%	3
	2022	6,848,198	↑ 3%	3
	2021	6,668,037	↑ 5%	3

This is not a recommendation or investment advice.

Sources: factorywarrantylist.com/car-sales-by-manufacturer.html

Ranked the 3rd most valuable automotive brand in 2023 by Brand Finance



TOP 10 MOST VALUABLE AUTOMOBILE BRANDS 2023



Andrew Stotz, PhD, CFA

Toyota has beaten back the all-EV extremists



This is not a recommendation
or investment advice.

- 🌐 What is the company's background?
- 🌐 What is its competitive strategy?
- 🌐 Does that strategy lead to a competitive advantage?
- 🌐 What does the valuation look like?

Toyota - Japan - Founded 1937

Cons. Disc. sector, 375,235 employees, US\$275bn revenue

Main segments/products/divisions/brands

- Corolla series
- Yaris series
- RAV4 series

Its competitive advantage

Competitive advantage through renowned for reliable, high-quality vehicles and efficient production processes.

How it achieved its competitive advantage

Achieved through lean manufacturing, continuous improvement, and a strong focus on quality and efficiency.

A. Stotz
ACADEMY

Andrew Stotz, PhD, CFA



TOYOTA

Started as a textile company before becoming a car manufacturer



1926

Toyoda Automatic Loom Works Company, Ltd., was established by Kiichiro Toyoda's father.



1937

Kiichiro Toyoda founded Toyota Motor Corporation as a spinoff of Toyoda Automatic Loom Works.

Toyota figured out how to capture the lion's share



1936

- ❑ Launched Toyota AA, the first passenger car



1950

- ❑ Developed Toyota Production System (TPS)



1957

- ❑ Toyota Crown was the first Japanese passenger car exported to the US



1966

- ❑ Launched the first Toyota Corolla model
- ❑ Becoming now the world's best-selling cars of all time



1989

- ❑ Established Lexus as a luxury brand



1997

- ❑ Launched the Toyota Prius, the first mass-produced hybrid vehicle



2008

- ❑ Surpassed General Motors in global sales
- ❑ Became the largest automaker in the world



2021

- ❑ Reached cumulative sales of 200m vehicles

Toyota has beaten back the all-EV extremists



This is not a recommendation or investment advice.

- 🌐 What is the company's background?
- 🌐 What is its competitive strategy?
- 🌐 Does that strategy lead to a competitive advantage?
- 🌐 What does the valuation look like?

**Is the company
financially world class?**



I use my **World Class Benchmarking** scorecard to measure if a company has a **competitive advantage**



I developed this scorecard ten years ago; here's how we construct it



Andrew Stotz, PhD, CFA

- ★ My team gathers the yearly and quarterly financial data of 26,000 companies worldwide
- ★ We then calculate each company's **Profitable Growth** score
 - Which is a composite measure of both profitability and growth

I developed this scorecard ten years ago; here's how we construct it

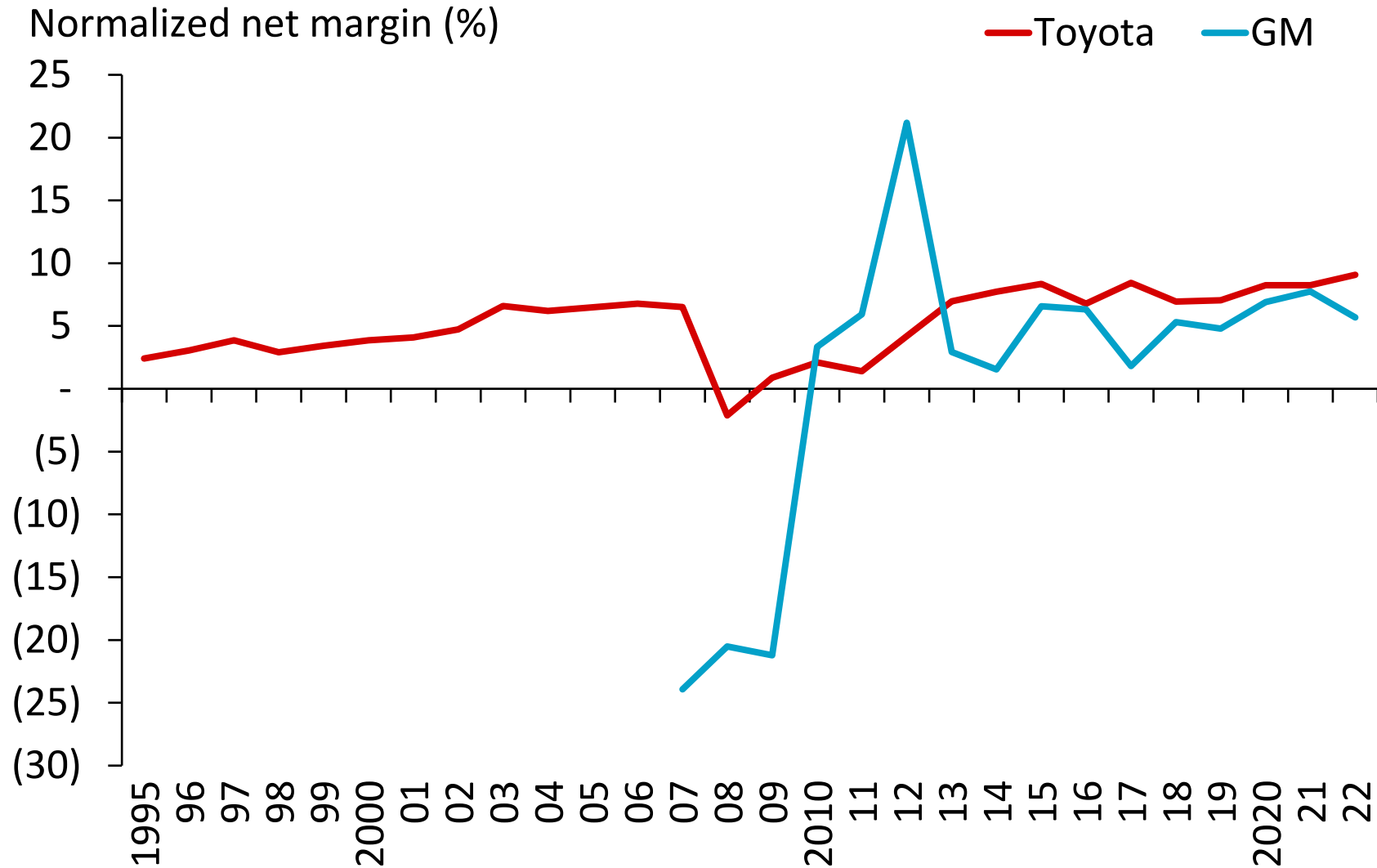


Andrew Stotz, PhD, CFA

- ★ After that, we rank the company relative to sector peers of similar size
 - A decile ranking of 1 or 2 is financially world class, while 10 is the worst
- ★ We assess the company's performance over the prior four years and the past 12 months (PTM)

**Is the company
financially
world class?**

Toyota vs. GM



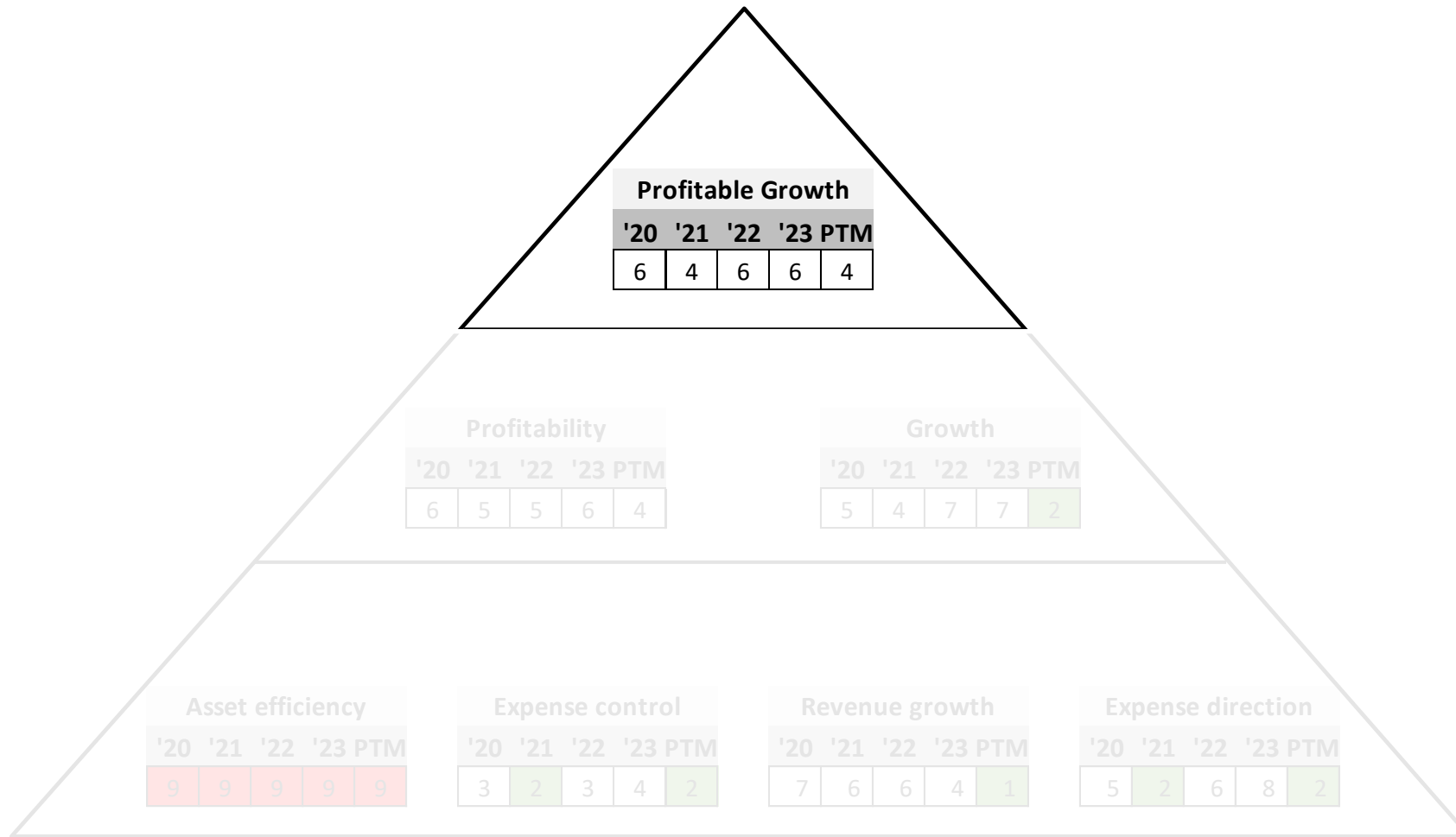
Andrew Stotz, PhD, CFA

- 🌐 Toyota's market cap of US\$271bn is 5x GM
- 🌐 And you can buy it for less than 9x earnings

Toyota: A. Stotz Profitable Growth



Andrew Stotz, PhD, CFA



TOYOTA

Benchmarked against 920 large Cons. Disc. companies worldwide.

This is not a recommendation or investment advice.

Source: A. Stotz Investment Research. Notes: 1 = top ranking and 10 = worst. Most recent year's data is based on the past 12 months (PTM) of published data

Toyota has beaten back the all-EV extremists



This is not a recommendation
or investment advice.

- 🌐 What is the company's background?
- 🌐 What is its competitive strategy?
- 🌐 Does that strategy lead to a competitive advantage?
- 🌐 What does the valuation look like?

Pretty steady rise

NYSE - Nasdaq Real Time Price • USD

Toyota Motor Corporation (TM)

☆ Follow → Compare

199.85 -4.54 (-2.22%)

At close: 4:00 PM EDT

Start Trading >>

Plus500 CFD Service. Your capital is at risk.

197.44 -2.41 (-1.21%)

Pre-Market: 4:23 AM EDT



Andrew Stotz, PhD, CFA

This is not a recommendation or investment advice.

Source: Yahoo Finance

I use my **FVMR** methodology
to determine the
attractiveness of the
company



Andrew Stotz, PhD, CFA

EARNINGS

MANAGEMENT

FUNDAMENTALS

FVMR

INVESTORS

PRICE



EARNINGS

MANAGEMENT

FVMR

VALUATION

INVESTORS

PRICE



EARNINGS

MANAGEMENT

MOMENTUM

FVMR

INVESTORS

MOMENTUM

PRICE



EARNINGS

MANAGEMENT

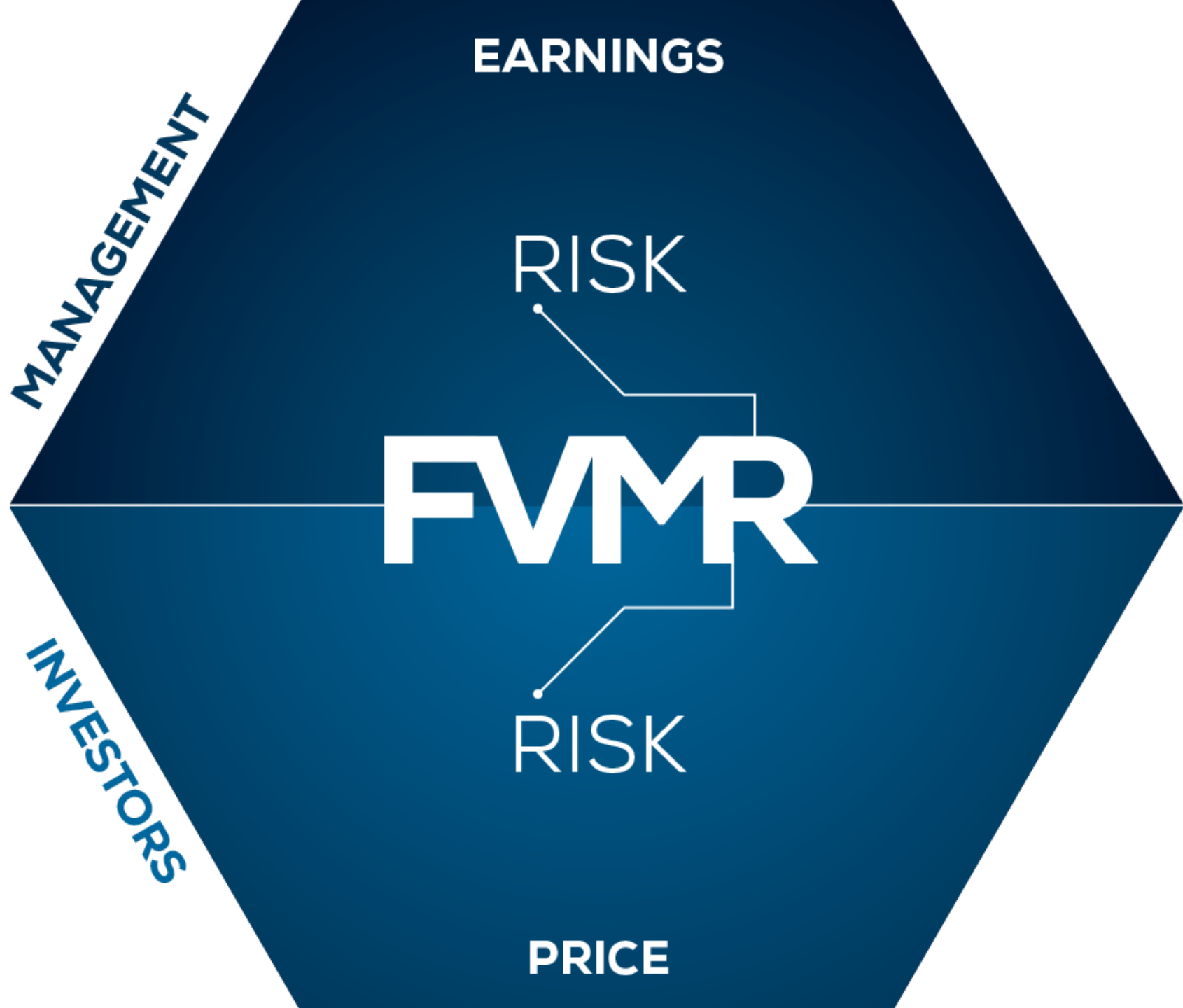
RISK

FVMR

RISK

INVESTORS

PRICE



Simplified FVMR Scorecard



Andrew Stotz, PhD, CFA

Click the link in the description to get this report and the Simplified FVMR Scorecard

A. Stotz FVMR Methodology		Mcap US\$bn	F (%)	V (x)	M (% chg)		R (x)		FVMR Rank
Sector/Company	Country		ROA	PE	EPS	Price	TIE	Beta	Out of 127
Cons. Disc.		5,212	10.8	41.7	2,220.4	9.3	2.2	1.2	65
PDD Holdings	USA	204	23.2	22.9	69.4	2.7	NA	0.8	10
Industria de	Spain	153	17.2	26.3	30.3	19.2	1.8	1.0	8
Airbnb	USA	94	30.7	17.4	204.7	3.4	0.7	0.5	23
Amazon	USA	1,948	6.1	64.6	5,900.0	28.3	3.6	1.1	24
McDonald's	USA	183	16.4	21.3	18.2	(12.1)	1.4	0.4	57
Starbucks	USA	90	14.2	22.6	19.6	(18.6)	1.8	0.2	36
Mercedes-Benz	Germany	75	5.6	4.9	(0.7)	3.9	NA	0.1	32
Volkswagen	Germany	38	2.8	3.8	7.7	(2.5)	3.1	1.0	50
BYD	China	93	5.1	23.7	80.7	3.2	2.7	1.0	43
Hermes	France	242	22.8	51.8	27.3	6.6	1.5	1.4	90
BMW	Germany	62	4.5	5.2	(35.3)	(9.9)	2.4	0.4	78
Home Depot	USA	333	19.8	22.2	(9.5)	1.3	1.6	1.4	107
Toyota	Japan	327	6.0	8.9	103.9	20.3	1.5	1.7	43
LVMH Moet	France	397	10.9	24.3	8.2	(0.5)	1.8	2.2	115
Alibaba	Hong Kong	188	9.0	9.1	14.1	11.1	1.2	1.4	82
Nike	USA	145	13.0	29.7	(13.9)	(19.2)	1.3	0.1	120
Tesla Inc	USA	544	11.5	54.7	(23.3)	(28.8)	1.5	1.8	128
Prosus	Netherlands	94	3.5	41.9	(8.9)	12.1	(0.3)	1.8	129

This is not a recommendation or investment advice.

Sources: A. Stotz Academy, Refinitiv

A. Stotz FVMR Methodology		Mcap US\$bn	F (%)	V (x)	M (% chg)		R (x)		FVMR Rank
Sector/Company	Country		ROA	PE	EPS	Price	TIE	Beta	Out of 127
Comm. Serv.		5,256	15.0	29.1	43.2	32.7	1.9	0.7	28
Meta	USA	1,287	18.8	34.1	73.1	56.0	1.9	0.7	3
T-Mobile US	USA	209	4.0	25.7	236.4	12.3	3.5	(0.1)	5
China Mobile	China	207	6.8	16.4	4.6	10.8	2.6	0.3	13
Verizon	USA	170	2.2	8.6	(9.1)	7.3	2.4	(0.4)	27
AT&T	USA	128	4.3	7.4	(6.2)	7.5	2.5	(0.2)	18
Alphabet	USA	2,191	19.2	30.5	27.2	32.5	1.6	1.0	20
Comcast	USA	150	6.3	9.6	9.3	(10.2)	2.3	(0.1)	21
Walt Disney	USA	184	3.4	26.8	6.5	9.4	2.4	0.3	59
Netflix	USA	279	11.1	53.9	20.9	41.0	1.4	1.1	65
Tencent	Hong Kong	450	10.0	21.3	37.9	21.7	1.5	1.3	47

A. Stotz FVMR Methodology		Mcap US\$bn	F (%)	V (x)	M (% chg)		R (x)		FVMR Rank
Sector/Company	Country		ROA	PE	EPS	Price	TIE	Beta	Out of 127
Cons. Staples		3,139	12.0	29.2	6.5	12.4	1.6	0.5	66
Altria Group	USA	80	23.4	9.4	2.3	12.1	1.5	(0.0)	6
Philip Morris	USA	161	14.7	17.3	0.5	11.6	1.5	(0.4)	19
Walmart	USA	537	7.3	30.1	5.7	32.4	2.2	0.5	30
PepsiCo	USA	227	10.9	21.7	12.2	(1.6)	1.6	(0.0)	45
Coca-Cola	USA	274	12.2	23.6	8.5	7.6	1.2	0.1	62
Procter & Gamble	USA	395	12.3	28.4	1.5	14.9	1.4	0.3	61
Kweichow Moutai	China	272	28.4	26.4	19.1	(11.7)	1.4	0.7	69
Costco Wholesale	USA	377	9.5	60.0	7.8	36.1	1.6	0.8	77
British American	UK	68	6.2	6.4	1.1	4.2	1.6	0.5	69
Unilever	UK	139	8.6	19.9	1.2	15.3	1.7	1.2	83
Wuliangye Yibin	China	74	NA	17.8	13.2	(11.7)	1.3	1.0	103
Nestle	Switzerland	277	9.7	19.7	0.0	(4.5)	1.5	0.9	112
L'Oreal	France	260	13.1	37.4	7.3	1.7	1.5	1.1	117

A. Stotz FVMR Methodology		Mcap US\$bn	F (%)	V (x)	M (% chg)		R (x)		FVMR Rank
Sector/Company	Country		ROA	PE	EPS	Price	TIE	Beta	Out of 127
Energy		3,766	13.1	72.4	(21.2)	(0.7)	2.0	0.3	47
Petroleo Brasileiro	USA	94	13.5	3.5	(21.0)	(1.0)	1.9	(0.7)	11
PetroChina	China	240	5.9	11.2	7.3	38.7	3.1	1.1	12
TotalEnergies	France	165	7.9	6.8	(32.6)	3.4	2.2	0.4	54
Conocophillips	USA	132	11.2	13.0	(35.1)	1.3	2.4	0.1	33
Exxon Mobil	USA	503	10.3	11.8	(32.3)	12.6	1.9	(0.3)	13
Schlumberger	USA	64	6.0	15.1	36.7	(8.5)	1.9	0.6	40
Chevron	USA	288	9.5	11.9	(30.3)	8.4	NA	0.1	29
Reliance Industries	India	236	4.0	28.3	4.4	25.9	2.3	1.1	75
Saudi Arabian Oil	Saudi Arabia	1,820	18.2	56.4	(23.7)	(16.0)	2.1	0.3	101
Shell	Netherlands	222	6.7	662.0	(22.8)	9.6	2.4	0.3	101

A. Stotz FVMR Methodology		Mcap	F (%)	V (x)	M (% chg)		R (x)		FVMR Rank
Sector/Company	Country	US\$bn	ROA	PE	EPS	Price	TIE	Beta	Out of 127
Health Care		4,851	12.3	132.0	(7.2)	16.8	1.0	0.5	71
HCA Healthcare	USA	88	9.7	18.0	10.5	28.4	2.5	0.9	7
Novartis	Switzerland	230	13.2	13.6	12.7	9.9	1.7	0.8	22
Amgen Inc	USA	161	12.4	16.1	5.4	10.5	1.7	0.0	15
Gilead	USA	81	13.5	9.7	(7.4)	(19.0)	NA	0.1	35
Johnson & Johnson	USA	353	14.3	14.8	(2.3)	(5.4)	NA	0.2	34
Unitedhealth Group	USA	457	9.1	19.8	13.2	(8.7)	1.5	(0.8)	49
Novo Nordisk	Denmark	481	30.1	52.7	52.4	42.0	1.3	1.4	42
Eli Lilly	USA	823	10.1	137.0	(20.4)	48.2	NA	0.4	63
AbbVie	USA	296	14.5	15.1	(19.3)	10.9	1.3	0.2	55
Becton Dickinson	USA	68	6.7	19.2	7.6	0.7	1.9	0.6	56
Abbott Laboratories	USA	184	10.6	23.8	(16.9)	(0.4)	NA	0.4	85
CVS Health	USA	75	4.7	6.9	0.6	(18.7)	1.8	(0.1)	75
Zoetis	USA	81	16.8	33.6	9.0	(5.8)	NA	1.9	103
Merck & Co	USA	334	3.6	87.3	(79.8)	26.3	2.1	0.5	110
EssilorLuxottica	France	101	4.9	31.5	1.9	12.4	NA	0.8	94
Roche Holding	Switzerland	221	16.7	13.0	(8.5)	(5.0)	1.5	1.5	113
AstraZeneca	UK	244	12.4	1,704.7	9.0	22.6	1.6	1.3	100
Thermo Fisher Scientific	USA	220	8.5	26.7	(7.3)	16.3	1.3	1.2	122
Pfizer	USA	159	5.0	15.2	(72.0)	(2.1)	1.0	(0.5)	119
Danaher Corp	USA	194	6.7	34.5	(30.8)	18.0	1.3	1.1	125

A. Stotz FVMR Methodology		Mcap US\$bn	F (%)	V (x)	M (% chg)		R (x)		FVMR Rank
Sector/Company	Country		ROA	PE	EPS	Price	TIE	Beta	Out of 127
Industrials		1,230	8.0	34.1	38.2	19.0	1.6	1.0	77
Caterpillar	USA	160	12.9	15.4	48.9	25.4	NA	1.1	4
Eaton Corp.	USA	128	10.0	35.0	20.5	36.0	1.3	1.5	91
General Electric	USA	176	1.8	57.1	7.3	67.2	3.0	0.6	52
Siemens	Germany	148	5.4	17.4	115.9	4.9	1.7	1.3	65
Uber	USA	145	5.3	80.0	118.7	11.4	2.1	1.6	86
Airbus	France	127	4.3	23.3	10.2	4.4	1.6	0.6	97
Illinois Tool	USA	71	19.2	24.4	0.1	(4.9)	1.5	0.6	98
Honeywell	USA	136	9.9	22.9	4.6	4.5	1.3	0.3	84
Union Pacific	USA	139	9.6	21.8	(7.8)	(2.0)	1.8	1.1	116

A. Stotz FVMR Methodology		Mcap	F (%)	V (x)	M (% chg)		R (x)		FVMR Rank
Sector/Company	Country	US\$bn	ROA	PE	EPS	Price	TIE	Beta	Out of 127
Info. Tech.		14,622	28.1	48.2	70.5	46.1	1.4	1.4	88
Cisco	USA	184	16.3	11.8	15.8	(7.3)	1.2	0.2	39
IBM	USA	156	6.8	17.6	5.4	3.6	1.6	0.3	64
SAP	Germany	232	12.0	34.8	23.8	19.1	1.7	1.6	68
Tata Consultancy Ser.	India	167	31.6	30.6	9.3	15.6	1.4	0.9	46
NVIDIA	USA	2,974	60.5	93.3	288.0	159.3	1.2	2.3	59
Oracle	USA	340	NA	22.3	8.6	7.6	1.7	1.0	65
Salesforce	USA	234	8.1	29.3	56.9	(4.4)	1.8	2.4	111
Broadcom	USA	677	25.2	34.6	12.2	42.0	1.3	2.6	80
Microsoft	USA	3,216	18.9	44.1	6.5	16.5	1.4	0.9	79
Intuit	USA	158	14.7	39.4	21.5	(3.4)	1.4	1.1	109
ASML Holding	Netherlands	413	20.6	48.2	40.8	45.5	1.2	2.7	69
Applied Materials	USA	190	23.7	28.6	4.5	48.2	1.2	1.8	86
Qualcomm	USA	233	19.0	24.7	(32.7)	53.2	1.4	1.4	92
Taiwan Semi.	Taiwan	708	16.0	27.3	(17.5)	58.5	1.7	1.9	80
Accenture	USA	197	15.4	25.2	9.0	(14.0)	1.6	0.6	89
Lam Research	USA	131	25.8	29.3	3.1	35.9	1.2	1.9	95
ServiceNow	USA	146	14.4	66.1	42.0	1.0	1.3	2.1	121
Adobe	USA	207	25.9	28.8	17.2	(26.0)	1.3	1.2	114
Apple	USA	3,176	27.5	33.8	0.3	7.2	1.3	1.0	108
Texas Instruments	USA	180	21.8	27.9	(24.9)	23.4	1.3	1.1	106
Shopify	Canada	82	8.6	87.4	1,725.0	(11.2)	0.9	(2.5)	103
Samsung Electronics	Korea	364	3.2	35.3	(73.6)	6.7	2.9	1.0	123
Advanced Micro Devices	USA	257	6.3	60.0	(24.3)	18.3	1.3	1.8	127

A. Stotz FVMR Methodology		Mcap US\$bn	F (%)	V (x)	M (% chg)		R (x)		FVMR Rank
Sector/Company	Country		ROA	PE	EPS	Price	TIE	Beta	Out of 127
Materials		531	9.1	142.2	(10.4)	1.9	2.1	0.8	95
Linde	USA	209	8.7	30.7	15.5	6.7	1.7	0.3	58
L'Air Liquide	France	103	6.3	30.9	11.8	3.3	2.3	1.2	99
BHP Group	Australia	147	13.7	16.5	(37.1)	(8.0)	2.1	1.0	95
Glencore	UK	72	5.2	878.4	(63.2)	6.0	2.6	1.4	126
Real Estate		162	2.6	66.5	6.0	(5.4)	4.4	0.6	99
Equinix	USA	72	3.1	73.7	34.4	(4.6)	3.8	0.3	73
American Tower	USA	90	2.2	60.8	(16.8)	(6.0)	4.8	0.9	124
Utilities		414	2.6	22.0	11.0	16.6	2.6	0.0	21
Southern	USA	86	2.9	21.5	1.4	10.0	2.6	(0.4)	31
China Yangtze Power	China	95	NA	25.3	18.8	24.9	2.4	0.1	2
Nextera Energy	USA	149	3.8	22.9	9.3	21.8	2.5	(0.2)	9
Iberdrola	Spain	83	3.1	16.8	15.2	4.5	3.0	0.8	40