Hyster Yale Inc (HY)

Updated March 21st, 2025, by Yiannis Zourmpanos

Key Metrics

Current Price:	$46	**5 Year CAGR Estimate:**	-3.2%	**Market Cap:**	$821M
Fair Value Price:	$19.60	**5 Year Growth Estimate:**	10.0%	**Ex-Dividend Date:**	05/30/2025[1]
% Fair Value:	235%	**5 Year Valuation Multiple Estimate:**	-15.7%	**Dividend Payment Date:**	06/13/2025[2]
Dividend Yield:	3.0%	**5 Year Price Target**	$32	**Years Of Dividend Growth:**	11
Dividend Risk Score:	B	**Retirement Suitability Score:**	B	**Rating:**	Sell

Overview & Current Events

Hyster-Yale Materials Handling (HY) was founded in 1985 and has since become a prominent global player in the materials handling industry. The company designs, manufactures, and sells a comprehensive range of lift trucks and aftermarket parts, serving diverse customers across various sectors, including manufacturing, warehousing, and logistics. HY maintains a strong competitive position with a significant market share due to its reputable brands, Hyster and Yale. The company segments its revenue primarily into three categories: new equipment sales, parts sales, and service revenues. In 2023, HY reported robust financials, demonstrating consistent growth and a diversified revenue stream.

On February 25th, 2025, the company announced results for the fourth quarter of 2024. The company reported Q4 non-GAAP EPS of $1.47, missing estimates by $0.07, and produced revenue of $1.07 billion, which was up 3.9% year-over-year.

The company wrapped up 2024 on a high note, reporting full-year revenues of $4.3 billion, which was up 5% year-over-year, due to pricing discipline and solid performance from its Lift Truck segment. Q4 revenues reached $1.07 billion, and despite reported operating profit slipping to $32 million, adjusted operating profit rose 10% to $54 million, highlighting the underlying strength of the business. Cash from operations totaled $171 million for the year, with $81 million generated in Q4 alone. The company also repurchased $5 million of Class A stock in Q4, signaling confidence in its long-term outlook.

The Americas Lift Truck business stood out with 13% revenue growth in Q4, offsetting softness in EMEA and JAPIC markets. Hyster-Yale also absorbed $21.4 million in Q4 charges as part of a strategic initiative to streamline its manufacturing footprint—a move expected to deliver $30–$40 million in annual benefits starting in 2027. While 2025 is anticipated to be a transitional year with lower production and earnings, management expects continued strong cash flow and plans to ramp up investment in modular products and customer-centric technologies. With a normalized $1.9 billion backlog entering 2025 and market share gains in warehouse products, Hyster-Yale appears well-positioned for long-term growth despite short-term cyclical headwinds.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$4.57	$2.61	$2.94	$2.09	$2.14	$2.21	-$10.29	-$4.38	$7.24	$8.16	***$2.45***	***$3.95***
DPS	$1.13	$1.17	$1.20	$1.23	$1.26	$1.27	$1.29	$1.29	$1.30	$1.38	***$1.40***	***$1.55***
Shares[3]	16.4	16.4	16.5	16.6	16.7	16.8	16.8	16.9	17.4	17.7	***17.9***	***18.6***

In 2025, Hyster-Yale expects a significant year-over-year decline in revenue and operating profit, marking a transitional phase following two years of strong performance. The drop is largely due to lower production levels, a more normalized backlog, and softness in global lift truck demand, particularly in the first half of the year. Margins are also expected to

[1] The ex-dividend date is estimated based on historical data.
[2] The dividend payment date is estimated based on historical data.
[3] In millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

compress slightly from 2024 highs due to increased competition, though they are still projected to remain above target levels.

Despite the near-term dip, the company is focused on building long-term value. Management plans to ramp up investments in sales capabilities, modular product development, and IT infrastructure while continuing cost control efforts through manufacturing footprint optimization. The company sees 2025 as a trough year in the business cycle, setting the stage for accelerated growth in 2026 and meaningful profitability improvements starting in 2027, once current transformation programs begin to bear fruit. Therefore, we expect the company to post an EPS of $2.45 in 2025 in-line with analysts' estimates, with an EPS growth forecast of 10.0%, leading to our estimated EPS of $3.95 by 2030. The company's approach to managing its capital supports the payment of competitive cash dividends. Thus, we have assumed an annual growth of 2.0%, slightly lower than its 10-year average.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	14.1	23.4	24.8	31.5	26.9	21.3	-6.1	-7.1	6.9	7.9	***18.8***	***8.0***
Avg. Yld.	1.8%	1.9%	1.6%	1.9%	2.2%	2.7%	2.0%	4.2%	2.6%	2.2%	***3.0%***	***4.9%***

HY currently trades at a forward P/E of 18.8, considerably higher than the long-term average P/E of 14.3, and its five-year average P/E of 4.6. We assign a P/E of 8.0 to the stock in line with its five-year average, which we believe is a fair reflection of its value. Accordingly, with an EPS of $3.95 and P/E of 8.0, our target price for the stock stands at $32 by 2030.

Safety, Quality, Competitive Advantage, & Recession Resiliency

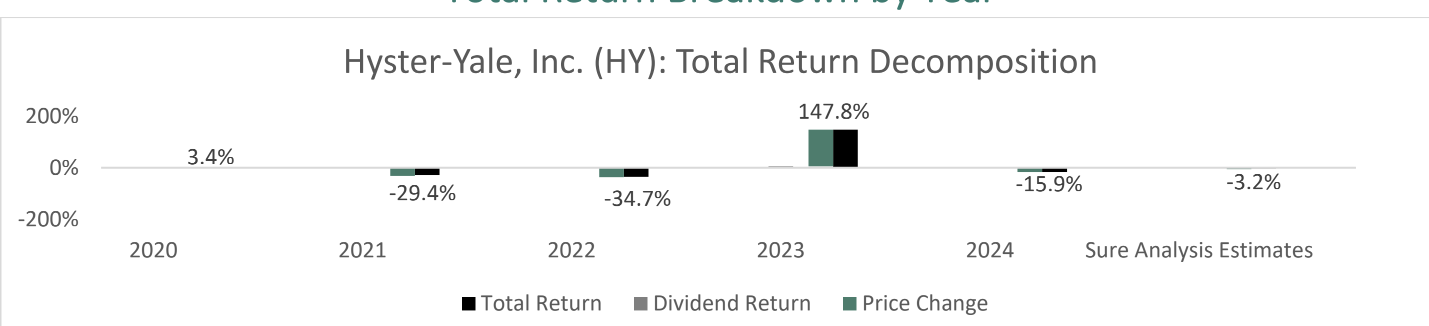
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	25%	45%	41%	59%	59%	57%	---	---	18%	17%	***57%***	***39%***

The company has paid a consistent dividend to its shareholders with a 10-year payout ratio averaging 28%, and we expect the company to maintain and increase its payout in the future. Hyster-Yale's competitive advantage lies in its strong brand reputation, innovative product offerings, and extensive distribution network. During recessions, HY has shown resilience by focusing on aftermarket services and parts, which are less cyclical. In Q4 2024, Hyster-Yale repurchased approximately $5 million of its Class A common stock, reflecting management's continued commitment to shareholder value and confidence in the company's long-term strategy. The company manages its debt prudently, maintaining a healthy balance sheet to support long-term growth and stability.

Final Thoughts & Recommendation

Hyster-Yale anticipates a softer 2025, with lower revenue and profit due to reduced production and a normalized backlog. Therefore, our sell rating is premised upon the -3.2% annualized total returns over the medium-term, with forecasted earnings-per-share growth of 10.0% and a 3.0% dividend yield offset by a valuation headwind.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

Hyster Yale Inc (HY)

Updated March 21st, 2025, by Yiannis Zourmpanos

Income Statement Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue	2,767	2,578	2,570	2,885	3,179	3,292	2,812	3,076	3,548	4,118
Gross Profit	448	431	428	503	497	542	465	363	434	786
Gross Margin	16.2%	16.7%	16.6%	17.4%	15.6%	16.5%	16.5%	11.8%	12.2%	19.1%
SG&A Exp.	317	327	395	429	458	488	416	450	473	577
D&A Exp.	30	29	39	43	44	43	43	46	43	45
Operating Profit	131	104	33	74	39	54	50	(87)	(39)	209
Op. Margin	4.7%	4.0%	1.3%	2.6%	1.2%	1.6%	1.8%	-2.8%	-1.1%	5.1%
Net Profit	110	75	43	49	35	36	37	(173)	(74)	126
Net Margin	4.0%	2.9%	1.7%	1.7%	1.1%	1.1%	1.3%	-5.6%	-2.1%	3.1%
Free Cash Flow	52	43	(92)	124	29	27	115	(298)	12	115
Income Tax	40	29	(4)	45	2	11	4	28	9	53

Balance Sheet Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Assets	1,121	1,096	1,287	1,648	1,742	1,847	1,860	1,970	2,026	2,079
Cash & Equivalents	111	155	43	220	84	65	151	66	59	79
Acc. Receivable	358	324	375	453	466	468	412	457	524	498
Inventories	343	305	352	412	534	560	509	781	800	816
Goodwill & Int.	4	4	107	115	176	167	173	107	94	93
Total Liabilities	665	633	817	1,076	1,183	1,270	1,208	1,587	1,801	1,672
Accounts Payable	332	280	242	386	416	402	412	517	586	524
Long-Term Debt	32	53	211	291	302	287	289	519	553	494
Total Equity	455	461	464	566	527	544	617	357	204	390
LTD/E Ratio	0.07	0.12	0.46	0.51	0.57	0.53	0.47	1.45	2.71	1.27

Profitability & Per Share Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Return on Assets	9.6%	6.7%	3.6%	3.3%	2.0%	2.0%	2.0%	-9.0%	-3.7%	6.1%
Return on Equity	24.2%	16.3%	9.2%	9.3%	6.1%	6.3%	6.0%	-33.5%	-24.4%	39.8%
ROIC	21.8%	14.9%	7.1%	6.3%	4.0%	4.2%	4.1%	-18.8%	-8.8%	15.0%
Shares Out.	16.7	16.4	16.4	16.5	16.6	16.7	16.8	16.8	16.9	17.4
Revenue/Share	165.95	157.63	156.43	174.71	191.49	196.81	167.40	182.88	209.95	236.89
FCF/Share	3.09	2.62	(5.58)	7.49	1.73	1.61	6.86	(17.71)	0.70	6.63

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

Disclaimer

Nothing presented herein is, or is intended to constitute, specific investment advice. Nothing in this research report should be construed as a recommendation to follow any investment strategy or allocation. Any forward-looking statements or forecasts are based on assumptions and actual results are expected to vary from any such statements or forecasts. No reliance should be placed on any such statements or forecasts when making any investment decision. While Sure Dividend has used reasonable efforts to obtain information from reliable sources, we make no representations or warranties as to the accuracy, reliability or completeness of third-party information presented herein. No guarantee of investment performance is being provided and no inference to the contrary should be made. There is a risk of loss from an investment in marketable securities. Past performance is not a guarantee of future performance.