



Toyota Motor Corporation (TM)

Updated August 27th, 2026 by Jonathan Weber

Key Metrics

Current Price:	\$192	5 Year CAGR Estimate:	5.7%	Market Cap:	\$248B
Fair Value Price:	\$170	5 Year Growth Estimate:	5.0%	Ex-Dividend Date:	09/27/26 ¹
% Fair Value:	113%	5 Year Valuation Multiple Estimate:	-2.4%	Dividend Payment Date:	10/06/26 ²
Dividend Yield:	3.1%	5 Year Price Target	\$217	Years Of Dividend Growth:	5
Dividend Risk Score:	C	Sector:	Consumer Discretionary	Rating:	Hold

Overview & Current Events

Toyota Motor Corporation is a multinational automotive conglomerate and Japan's largest manufacturer of automobiles. The company was founded in 1933 and has grown to be a leader in the automotive industry, manufacturing well-known vehicles such as the Camry, Corolla, Highlander, Sienna, Yaris, Prius, and RAV4. United States investors can invest in Toyota through American Depositary Receipts (ADRs) listed on the New York Stock Exchange. Toyota is headquartered in Toyota, Japan. All numbers in this report are in US\$ unless noted otherwise.

When Toyota Motor Corporation reported its fiscal Q1 2027 earnings results, the company announced that it generated revenues of 13.5 trillion Yen for the year, which equates to revenues of ~\$85 billion. This was 10% more than the revenues that Toyota was able to generate during the previous period in its home currency Yen. Toyota generated operating profits of 1.06 trillion Yen, equal to \$6.7 billion, which was down by 9% versus the previous year, which was the result of lower margins that offset tailwinds from higher revenues.

Toyota's net profits rose substantially, however, due to higher other income and forex tailwinds, as earnings-per-ADR (which are equal to 10 shares) totaled \$7.59 during the quarter. 2025 was a strong year for the company, but Toyota saw a profit pullback in 2026. Toyota should see its earnings-per-share recover this year, with analysts forecasting that the company will earn \$17.00 per share this year. The tailwinds from forex and finance income will likely not repeat at the same level in Q2 to Q4, which is why the quarterly average for the remainder of the year will be lower.

Growth on a Per-Share Basis

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032
EPS	\$10.7	\$13.9	\$15.3	\$16.8	\$17.25	\$15.90	\$12.80	\$23.40	\$25.20	\$15.80	\$17.00	\$21.70
DPS	\$3.77	\$3.95	\$4.04	\$4.02	\$4.40	\$4.55	\$4.26	\$4.50	\$6.15	\$6.30	\$6.00	\$8.03
Shares³	1490	1450	1425	1425	1400	1390	1380	1350	1330	1300	1290	1250

Toyota Motor Corporation's earnings-per-share history is not very smooth, due to the cyclicity of the industry it is active in. The company experienced a steep profit decline during the Great Recession, as did many other automobile companies. Over the last decade, the company was profitable during every year, although Toyota saw its profits pull back between 2025 and 2026.

While Toyota was an early mover in the hybrid vehicle market thanks to the introduction of the Toyota Prius in 1997, the company has not put a lot of resources into its electric vehicle fleet so far. Instead, the company believes that hybrids are a more opportune technology, which could be advantageous for the company due to its strong brand and first-mover advantage in that market. Toyota's strong operating efficiency, which is centered around a focus on lean operations and fast throughput, allows for very solid margins relative to many of the company's peers. Between growth in the hybrid space and an ongoing focus on reducing costs as much as possible, we believe that there is a good chance that Toyota will deliver some profit growth in the long run.

¹ Estimated date

² Estimated date

³ In Millions

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Valuation Analysis

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Now	2032
Avg. P/E	10.5	8.6	7.9	6.8	9.0	11.4	11.1	10.3	6.9	13.1	11.3	10.0
Avg. Yld.	3.4%	3.5%	3.7%	3.5%	2.6%	2.5%	3.0%	1.9%	3.5%	3.1%	3.1%	3.7%

Toyota has been valued at roughly 7x to 13x times earnings over the last decade. Right now, shares trade for around 11 times this year's earnings-per-share estimate, which is in the upper half of the historic trading range. Due to the ongoing issues and uncertainties in the industry, such as the need for heavy electrification/hybridization investments, we believe valuations will not remain above 10x earnings in the long run, which is why we see some downside potential from the current level. Toyota's dividend yield is at a solid level of just above 3% right now.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032
Payout	35%	28%	26%	24%	26%	29%	33%	19%	24%	40%	35%	37%

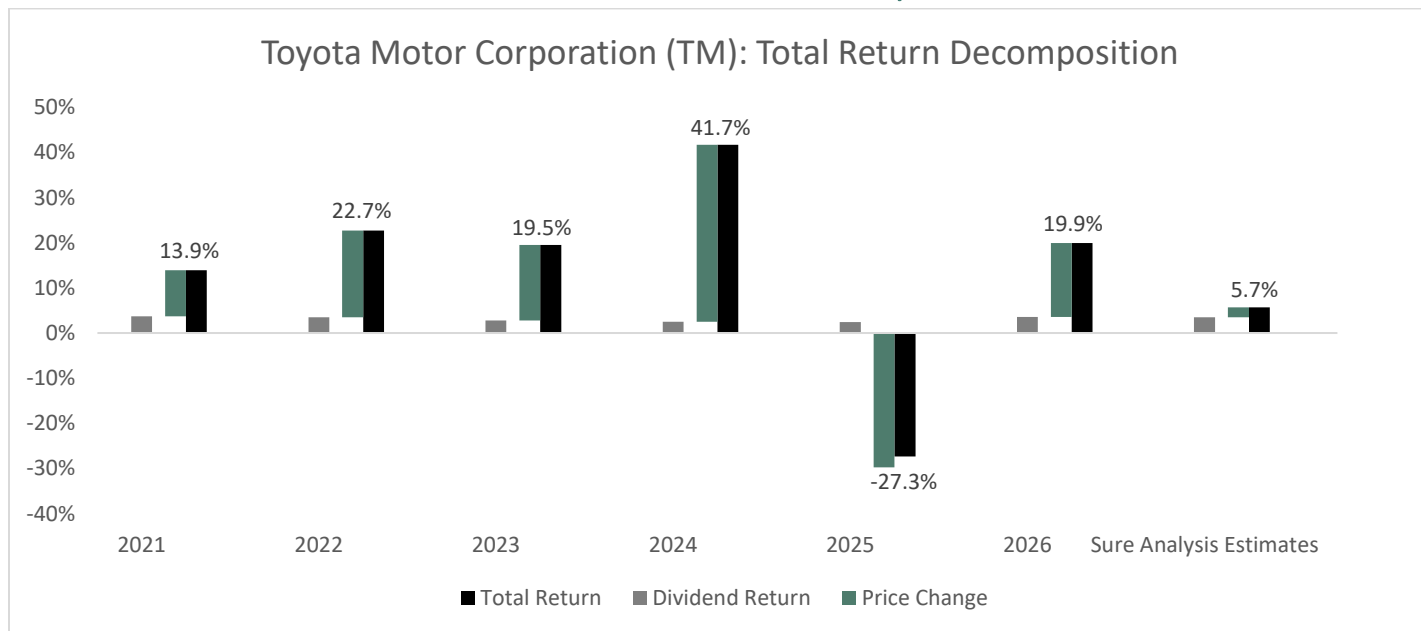
Toyota's dividend payout ratio looks reasonable right now, although it is higher than it used to be on average. Due to the cyclicity of the industry Toyota is active in, there is still some risk of a dividend cut – if earnings were to take a big hit during a future recession, the company might decide to reduce its dividend.

Toyota was hit hard during the Great Recession, like all of its peers. During other global downturns, such as the COVID pandemic, the company suffered from less pronounced sales declines. Toyota's major scale and its operating efficiency provide competitive advantages over its peers. Its leadership role regarding hybrid vehicles has resulted in a positive reputation, on which Toyota could capitalize in the future, too.

Final Thoughts & Recommendation

Toyota is, by vehicle sales, profits, and market capitalization, a leading automobile producer. Fiscal 2026 was a weaker year for the company, but some profit recovery is expected for the current year. Toyota is famous for its operating efficiency, but due to massive industry changes, the future is still somewhat uncertain. Based on current estimates, Toyota will not offer overly compelling returns going forward, which is why we rate the company a hold.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue (\$B)	237	255	265	273	275	257	280	275	313	315
Gross Profit	48,314	44,967	49,553	49,105	49,511	45,585	53,193	46,752	64,921	62,882
Gross Margin	20.4%	17.6%	18.7%	18.0%	18.0%	17.8%	19.0%	17.0%	20.8%	19.9%
SG&A Exp.	24,531	26,525	27,893	26,847	27,436	24,853	26,509	26,571	27,826	31,398
D&A Exp.	13,549	14,897	15,650	16,167	14,678	15,511	16,229	15,107	14,463	14,780
Operating Profit	23,783	18,442	21,660	22,258	22,075	20,732	26,685	20,180	37,095	31,484
Op. Margin	10.0%	7.2%	8.2%	8.2%	8.0%	8.1%	9.5%	7.3%	11.9%	10.0%
Net Profit	19,273	16,932	22,509	16,984	18,734	21,180	25,388	18,153	34,268	31,284
Net Margin	8.1%	6.6%	8.5%	6.2%	6.8%	8.3%	9.1%	6.6%	11.0%	9.9%
Free Cash Flow	3,347	250	5,636	250	(12,403)	(9,818)	(959)	(5,560)	(5,835)	(10,248)
Income Tax	7,319	5,816	4,552	5,953	6,273	6,131	9,940	8,707	13,123	10,667

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets (\$B)	421.96	436.02	473.40	481.76	499.41	564.45	554.57	557.65	595.39	625.54
Cash & Equivalents	26,152	26,788	28,722	32,494	37,923	46,239	50,089	56,415	62,185	60,029
Acc. Receivable	70,400	74,348	80,624	81,701	80,813	82,112	79,044	82,834	98,092	101,134
Inventories	18,341	21,364	23,899	24,631	23,446	26,180	31,308	31,938	30,428	30,730
Total Liab. (\$B)	265.30	273.39	290.56	295.47	301.96	344.28	332.09	338.02	362.56	379.1
Accounts Payable	21,260	22,954	24,340	24,121	21,785	26,775	25,956	28,664	34,696	36,939
LT Debt (\$B)	162.75	171.33	182.06	186.25	194.61	229.33	213.64	217.08	241.56	259.3
Total Equity (\$B)	149.00	156.65	176.31	179.54	190.79	212.16	215.03	212.68	226.10	240.1
LTD/E Ratio	1.09	1.09	1.03	1.04	1.02	1.08	0.99	1.02	1.07	1.08

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	4.7%	3.9%	5.0%	3.6%	3.8%	4.0%	4.5%	3.3%	5.9%	5.1%
Return on Equity	12.7%	10.6%	13.0%	9.2%	9.8%	10.1%	11.5%	8.2%	15.1%	13.1%
ROIC	6.2%	5.2%	6.4%	4.6%	4.9%	5.0%	5.7%	4.2%	7.5%	6.4%
Shares Out.	1520	1490	1450	1425	1425	1400	1390	1380	1350	1330
Revenue/Share	150.52	167.02	177.08	186.82	193.11	180.71	201.27	201.45	231.27	237.97
FCF/Share	2.13	0.16	3.76	0.17	(8.72)	(6.91)	(0.69)	(4.07)	(4.32)	(7.73)

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

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