

# Automotive Industry



In this analysis, the companies Ford(F), General Motors(GM), Fiat Chrysler (FCAU), Tesla(TSLA), BMW(BMWYY), Ferrari (RACE), Honda(HMC), Toyota(TM), and Volkswagen(VWAGY). Will be analyzed. This analysis will start with a comparative analysis, in which some of the low-hanging fruit from these will be removed. Once this is done, a more comprehensive comparative analysis will be done with the remaining companies. After this, extremely detailed quantitative and qualitative analyses will be completed for the companies that survived the second comparative analysis. Once all of this is completed, each study will be consolidated into a one to two page reports, which will be separate from this comprehensive report on the automotive industry.

William Infante - 5/28/2020

## Comparative Analysis

Item	Ford	General Motors	Fiat Chrysler	Tesla
Share Price	\$6	\$27	\$9	\$800
ROTA(5yr avg)	1.99%	3%	4.4%	6.3% ( <i>d</i> )
ROE(5yr avg)	15.56%	16.66%	10.18%	35.7% ( <i>d</i> )
ROIC(5yr avg)	1.71%	2.8%	4.1%	5.44% ( <i>d</i> )
Z-Score	0.9	1.0	1.34	1.6
Dividends	\$0.15 or 6.8%	\$1.52 or 5.47%	None	None
Debt:Equity	3.1	1.45	0.45	1.81
Assets:Liability	87.1%	79.8%	70.8%	76.4%
Debt Per Share	\$3.51	\$9.88	\$12.11	\$58.9
Inventory:Sales	7.5%	8.5%	9%	14.45%
Working Capital Per Share	\$8.5	\$74.4	\$50.4	\$45.82
Cash Per Share	\$2.2	\$11.1	\$26.4	\$35.4
Sales Per Share (3 Year Average)	\$36.7	\$91.1	\$195	\$108.84
Free Cash Flow Per Share	0.682 ( <i>d</i> )	0.312	2.198	8.1 ( <i>d</i> )
Consensus	NO	YES	NO	NO

Item	BMW	Ferrari	Honda	Toyota	Volkswagen
Share Price	\$20	\$160	\$27	\$128	\$16
ROTA(5yr avg)	3.7%	17.22%	3.4%	4.33%	2.23%
ROE(5yr avg)	13.74%	101.8%	8.3%	11.83%	7.4%
ROIC(5yr avg)	3.71%	18.3%	3.3%	4.32%	1.95%
Z-Score	0.78	5.8	1.80	1.7	1.13
Dividends	\$0.64 or 3%	\$1.16 or 0.7%	\$1 or 3.85%	\$3.2 or 2.76%	\$0.18
Debt:Equity	1.66	1.39	0.93	1.015	1.02
Assets:Liability	76%	72.4%	59%	61.4%	74.66%
Debt Per Share	\$6.02	\$11.11	\$37	\$38.1	\$66.2
Inventory:Sales	15%	10.7%	9.9%	10.5%	18%
Working Capital Per Share	\$30.3	\$9	\$43.27	\$35	\$41.9
Cash Per Share	\$6.1	\$5.2	\$13.11	\$26.7	\$15.81
Sales Per Share (3 Year Average)	\$52.63	\$22	\$4.17	\$173	\$85.61
Free Cash Flow Per Share	0.25 ( <i>d</i> )	3.60	1.72	4.8	1.05 ( <i>d</i> )
Consensus	NO	YES	BOND	NO	NO

## Comparison of Honda Motor and Toyota Motor Common Stocks

Item	Honda Motor Co Ltd.	Toyota Motor Corporation
A. Showing the effect of general improvement:		
Average price of common, 2011	35.72	76.7
Earned per Share, 2011	\$2.75	\$1.21
% earned on market price, 2011	7.7%	1.6%
Earning coverage, 2011	63	13.9
Change in gross, 2014 over 2011	32.5%	36.4%
Earned per Share, 2014	\$2.96	\$5.34
Increase in earnings on common, 2014 over 2011	7.64%	341.3%
Average price of common, 2014	34.27	116.2
Change in average price, 2014 over 2011	4.1% (d)	50%
Earning coverage, 2014	45.2	92.9
Change in earning coverage, 2014 over 2011	28.3% (d)	568.4%
B. Showing the effect of a general decline in business:		
Average price of common, 2007	35.3	121.1
Earned per share, 2007	\$3.03	\$4.34
% earned on common, 2007	8.6%	3.6%
Earning coverage, 2007	45.9	33.32
Decrease in gross, 2009 over 2007	9.7%	15.42%
Earned per share, 2009	\$0.70	\$1.29
Decrease in earnings of common, 2009 over 2007	26.9%	70.9%
Average price of common, 2009	28.5	76.1
Decrease in price of common, 2009 over 2007	19.3%	37.2%
Earning coverage, 2009	6.1	0
Decrease in earning coverage, 2009 over 2007	86.7%	100%

Therefore, I conclude that I would not invest in neither Honda's nor Toyota's common stocks. However, the ability of Honda's earning coverage to stay positive during downturns leads me to believe that it is suitable for bond investment.