

Suzuki Motor Corp

India growth intact, Middle East costs bite

25 August 2026

Company Overview

Global automobile manufacturer with majority stake in India's top automaker - Maruti Suzuki. Suzuki Motor currently owns a 56.4% stake in Maruti Suzuki (publicly listed subsidiary), India's top automaker by sales. Key business segments include automotive (90%), motorcycle (<10%) and marine power products (<5%). Key regions based on revenue include Asia (42%, India makes up 39%), Japan (41%), Europe (10%) and others (7%). Japan and India each contribute c.40% to the group's EBIT.

Investment Overview

India's leading passenger vehicle OEM with strong exposure to one of the world's fastest-growing auto markets. Maruti Suzuki India Limited is India's largest automaker, commanding ~40% market share and delivering a three-year sales CAGR of 16%, well ahead of underlying industry growth of 5%-7% p.a. Parent Suzuki Motor Corporation also holds the No. 1 position in Japan's kei car segment, with c.30% share.

1Q27 EPS beat on non-operating gains, while EBIT was in line. Suzuki reported 1Q27 diluted EPS of JPY95.16, beating consensus by 46.7% (+80.0% y/y), driven largely by a JPY93.3bn y/y jump in finance income to JPY130.7bn, which lifted PBT to JPY283.2bn (+52.5% vs consensus) mainly on a gain on valuation of financial assets. EBIT was in line at JPY158.0bn (+0.3% vs consensus, +11.2% y/y), implying a 9.3% margin, as gains from volume, mix and cost reductions (+JPY62.5bn combined) were largely offset by a JPY62.4bn hit from rising raw material costs, mainly in India. Automobile EBIT rose to JPY134.3bn (+8.5% vs consensus) and Motorcycle EBIT rose to JPY14.4bn (+35.0% vs consensus), with revenue growth led by India and Pakistan strength.

FY27F guidance points to near-term margin pressure from Middle East-driven cost inflation, though revenue was raised. Management lifted FY27F revenue guidance by JPY100bn to JPY6.90tn (+9.6% y/y) on a weaker yen assumption (JPY158/USD vs prior JPY155/USD). EBIT guidance was cut by JPY30bn to JPY540bn (-13.3% y/y), implying a 7.8% margin, as a combined JPY80bn uplift from FX and business activities was more than offset by a newly incorporated JPY110bn hit from Middle East-driven raw material costs. PBT guidance was raised to JPY720bn and PATMI to JPY420bn, implying basic EPS of JPY217.69, down from JPY227.69 in FY26. Management flagged continued Middle East, raw material and FX volatility as risks, while reiterating a focus on cost discipline and growth investment, including India capacity expansion.

Maintain BUY with lower TP of JPY2,500 (vs previous JPY2,800). Our TP is based on 11.5x (+0.5SD above mean), versus 12.5x (+1.0SD) previously, pegged to forward blended earnings. Key catalysts include execution of the India capacity ramp-up, easing raw material costs, and de-escalation of Middle East tensions.

Risks

Key risks include FX, demand risks and execution of BEV transition/strategy.

Elizabelle Pang

Analyst

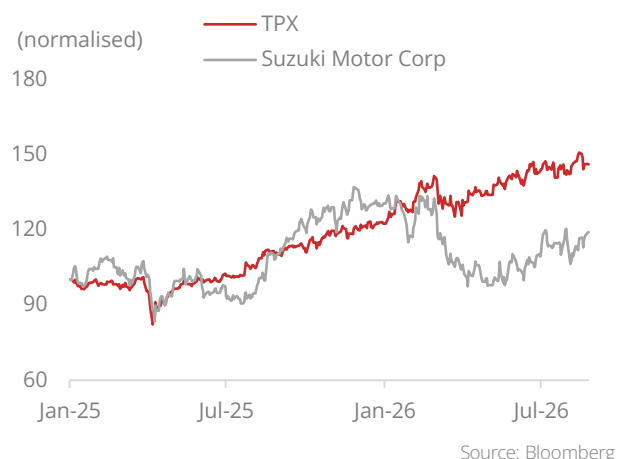
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Key Financial Data

Bloomberg Ticker	7269 JP
Sector	Consumer Discretionary
Share Price (JPY)	2,130
DBS Rating	BUY
12-mth Target Price (JPY)	2,500
Market Cap (USDb)	26.3
Volume (m shares)	0.9
Free float (%)	90.8
Dividend yield (%)	2.2
Net Debt to Equity (%)	-14.4
Fwd. P/E (x)	9.2
P/Book (x)	1.2
ROE (%)	15.9

Closing Price as of 24 Aug 2026
Source: Bloomberg, DBS

Indexed Share price vs Composite Index Performance



The full report and disclaimers are accessible here:



Financial Summary (JPYmn)

FY Jun	FY2024(A)	FY2025(A)	FY2026(A)	FY2027(F)	FY2028(F)
Sales	5,357,523	5,825,161	6,292,967	6,832,155	7,182,178
% y/y	15.4	8.4	8.0	8.6	5.1
Gross Profit	1,410,741	1,568,659	1,604,347	1,617,925	1,725,417
% y/y	22.7	10.9	2.3	0.8	6.6
EBITDA	673,195	892,707	840,609	842,128	916,538
% y/y	27.7	28.7	0.2	(3.4)	8.3
Net Profit	317,018	416,050	439,268	432,600	413,874
% y/y	43.4	55.4	5.6	(1.5)	(5.7)
FCF	24,387	194,179	217,992	253,609	268,564
% y/y	52.0	1,492.9	12.3	16.3	(9.9)
EBITDA Margin (%)	12.3	15.3	13.4	12.3	12.8
Net Margin (%)	5.9	7.1	7.0	6.3	5.8
ROA (%)	6.1	7.3	7.0	6.3	5.6
ROE (%)	10.8	12.2	11.2	9.9	8.7
Tax Rate (%)	29.1	27.5	25.6	27.2	27.3

Source: Company, DBS

Valuation Metrics

FY Jun	FY2024(A)	FY2025(A)	FY2026(A)	FY2027(F)	FY2028(F)
P/E (x)	15.4	9.9	9.3	9.7	10.4
P/B (x)	1.5	1.4	1.2	1.1	1.0
Dividend Yield (%)	1.4	1.9	2.2	2.5	2.7
EV/EBITDA (x)	5.3	4.3	4.3	5.2	4.8
FCF Yield (%)	0.6	4.7	5.3	6.0	6.6
Dividend Per Share (DPS)	30.5	41.0	46.0	52.2	56.8

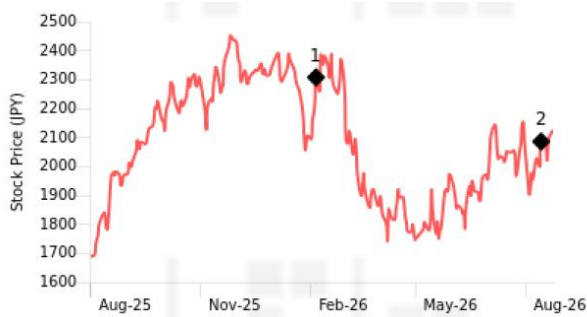
Source: Company, DBS

Credit & Cashflow Metrics

FY Jun	FY2024(A)	FY2025(A)	FY2026(A)	FY2027(F)	FY2028(F)
Debt / Equity (%)	25.1	19.7	18.0	16.2	14.1
Net Debt / Equity (x)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)
Debt / Assets (%)	14.6	12.1	11.3	10.4	9.3
Net Debt / Assets (x)	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)
EBITDA / Int Exp (%)	44.9	20.6	29.9	91.4	95.3
ST Debt / Total Debt (x)	0.6	0.4	0.4	0.3	0.3
Debt / EBITDA (x)	1.2	0.8	0.8	0.8	0.7
[Cash + CFO] / ST Debt (%)	3.4	6.2	8.0	9.1	10.3
Receivables Days	38.4	37.0	35.5	35.0	35.0
Days Payable	30.1	26.5	31.2	30.4	30.4
Inventory Days	39.1	35.8	40.2	39.2	39.3

Source: Company, DBS

Target Price & Ratings History



S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1	06 Feb'26	2,218	2,800	BUY
2	14 Aug'26	2,001	2,500	BUY

Source: DBS

Analyst: Elizabeth Pang

DBS Group Research recommendations are based on an Absolute Total Return* Rating system, defined as follows:

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BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

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FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

*Share price appreciation + dividends

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