EXECUTIVE SUMMARY

Nowadays, financial analysis becomes more and more important. By doing financial analysis, the companies can understand the overall financial status, and find major financial problems at an early stage. Investors can also employ financial analysis techniques to make a wise investment decision. In this paper, financial status of Toyota will be analyzed in comparison with that of Nissan and Honda.

Traditionally, people pay a lot of attention on financial ratio analysis, such as Du Pont System, which begins from the comprehensive financial ratio-return on equity. By discomposing this ratio layer by layer, people can understand three main "levers"- profitability, asset management, and financial leverage. Recently, value-based financial analysis approach was introduced. Economic value added, incorporating the information on cost of equity, gives a more objective evaluation on financial performance. Market value added and P/E ratios tell the level of market information. Literature review on these financial analysis methods will be given in the Chapter 2. Based on the research methods listed in the Chapter 3, the results of these two kinds of analysis will be presented in the Chapter 4. In addition, free cash flow analysis is also included in this part. At last, the conclusion is given in the Chapter 5.

The major finding of the paper can be summarized as the follows:

Toyota	Honda	Nissan
Most stable Appropriate financial leverage Most suitable for Long-term investment	Most dynamic Excellent asset anagement High capital turnover Investment with a high return	Company in transition High debt operation Not an ideal investment for small investors Still have chance for a potential high return