

Hyster-Yale (NYSE: HY): Long

Reading the forklift cycle from 11,000 used-truck sales

LONG Price **\$35.75** (4 Sep 2026 close) · **12-18 month target \$54** (+51%) · Probability-weighted: bear \$13 / base \$56 / bull \$98

\$640M

market cap (17.9M diluted shares)

\$1.07B

enterprise value (net debt \$427M)

0.31x

EV / LTM sales (peers 0.5-1.4x)

\$1.58B

backlog, ~5 months of production

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1. Investment summary

Hyster-Yale is a cyclical business at the bottom of its cycle, priced as if the bottom were permanent.

The company builds one in five forklifts sold in the Americas, earns 5-6% operating margins when the market is healthy, and has just reported its fourth straight quarter of rising orders. Yet the stock trades at 0.31x sales and 57% below its 2021 high, with two analysts covering it. The market is looking at trailing losses; I am looking at the order book and at a data set nobody else in this trade has.

That data set is my own: a hedonic price index built from about 11,000 used-forklift sales at Purple Wave, IronPlanet and eBay between 2008 and 2026, plus 36 years of Industrial Truck Association factory shipments. Together they say three things:

- **The used market led the downturn and has stopped falling.** Used prices peaked in Q1 2023 (index 129), two quarters before Hyster-Yale's backlog peaked, then fell 52% to a low of 62 in Q3 2025. They have since recovered to the 80s and have held there for four quarters. Used prices are the marginal buyer's alternative to a new truck; when they stop falling, new-truck pricing stops eroding.
- **New-truck shipments follow the stock market with a one-year lag** ($r = 0.43$ on 36 years of data, and the relationship never runs the other way). US shipments fell 22% from the 2023 peak of 298k units to 231k in 2025. With the S&P 500 up 20% over the past twelve months, the historical pattern points to shipment growth in 2027.
- **The company's own leading indicator has already turned.** Q2 2026 bookings were \$680M, double the prior year and the highest in three years. Backlog rose for the first time in ten quarters. Management calls H1 2026 the bottom, and for once the external data agree.

Valuation. At mid-cycle margins on a \$4.0B revenue base, with \$70-85M of restructuring savings that did not exist last cycle, EBITDA of roughly \$235M is a reasonable 2028 outcome. At 6x, a discount to every peer, that is \$56 per share after net debt. A bear case in which the recovery slips into 2028 and leverage bites is worth about \$13. Weighting 25/50/25 gives \$54.

What makes this a long and not a value trap is timing evidence from outside the company: used prices, industry shipments and the equity market all say the cycle turned in 2025-26. **What would make me wrong** is

a balance sheet that cannot wait: net debt is \$427M against \$390M of book equity, LTM EBITDA is negative, and the company still pays a \$25M dividend. This is a position to size for that risk, not to avoid because of it.

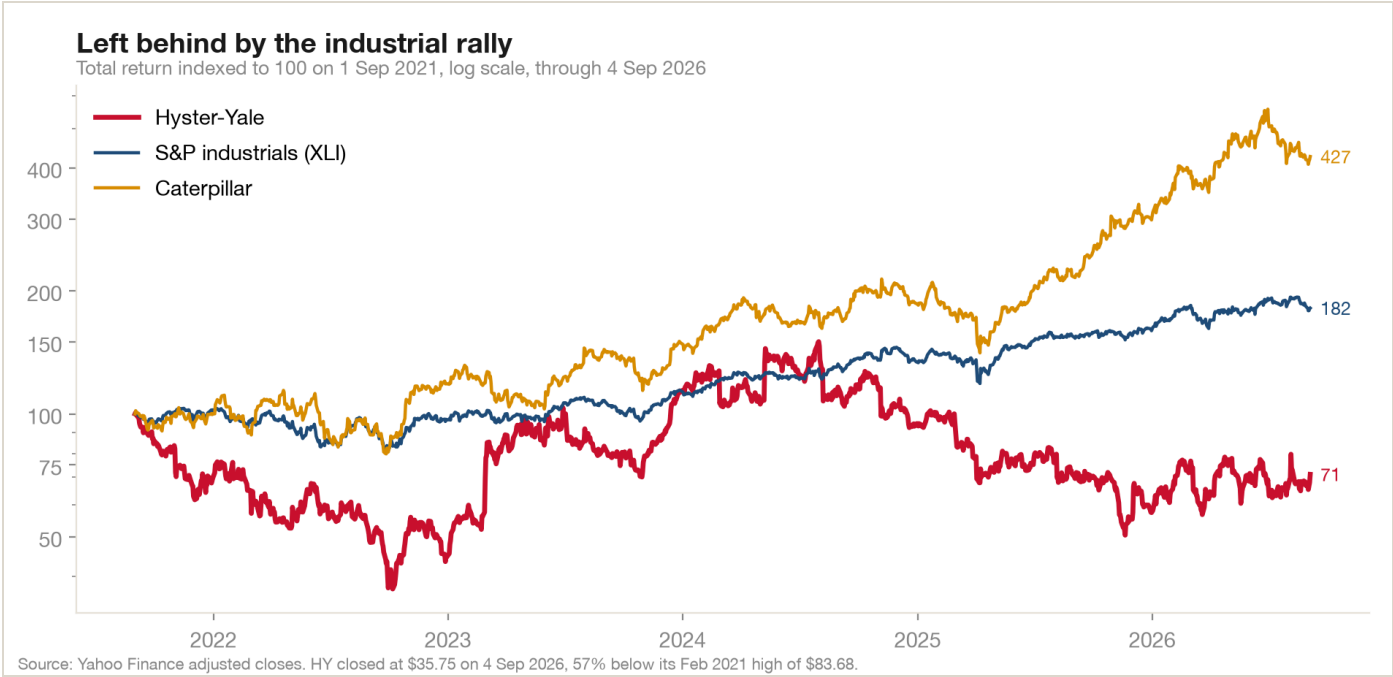


Figure 1. HY versus the S&P industrials sector and Caterpillar since September 2021, total return, log scale.

2. The business

Hyster-Yale designs and assembles lift trucks under the Hyster and Yale brands and sells them through independent dealers. It reports three lift-truck segments by geography (Americas, EMEA, JAPIC) plus Bolzoni, an Italian maker of forks and attachments. Nuvera, a fuel-cell subsidiary that burned cash for a decade, was folded into the Americas segment in 2025 and cut back sharply.

The Americas is the business: \$3.2B of 2024's \$4.3B revenue and essentially all of the profit. EMEA and JAPIC lose money at current volumes. The product range runs from 1-ton warehouse trucks to 52-ton container handlers, with a new modular 1-3.5 ton platform and lower-priced "value" trucks introduced to defend share against Chinese entrants.

The company is controlled by the Rankin family through ten-vote Class B shares. Insiders hold about 24% of the economics. Coverage is thin (two analysts) and the float is small, which is part of why the stock can trade at a third of sales.

Snapshot

Headquarters	Cleveland, Ohio
Employees	~7,500 (6,300 lift truck, 1,200 Bolzoni)
2024 revenue by segment	Americas \$3,223M · EMEA \$708M · JAPIC \$184M · Bolzoni ~\$370M gross
Q2 2026 operating profit	Americas +\$3.6M · EMEA -\$18.4M · JAPIC -\$5.7M · Bolzoni +\$2.0M
Dividend	\$0.36/qtr, ~4% yield, ~\$25M/yr
Debt / cash (Jun 2026)	\$500M / \$73M
Next catalyst	Q3 results, 9 November 2026

3. Where we are in the cycle: what the used market says

Forklifts are a classic short-cycle capital good: fleets are replaced on 5-8 year schedules and orders swing with customers' confidence. The usual way to time the cycle is to wait for the company to tell you. Two independent data sets let me check the company's claim rather than take it.

3.1 A price index for used forklifts

For an unrelated project I collected every used forklift sold at three of the largest US auction and marketplace channels since 2008 and fit a hedonic regression (make, model family, age, hours, capacity, sale channel) to strip out mix. What remains is a quarterly index of what a like-for-like used truck fetches. It is noisy in early years with few sales; from 2019 each quarter has 100 to 2,200 observations.

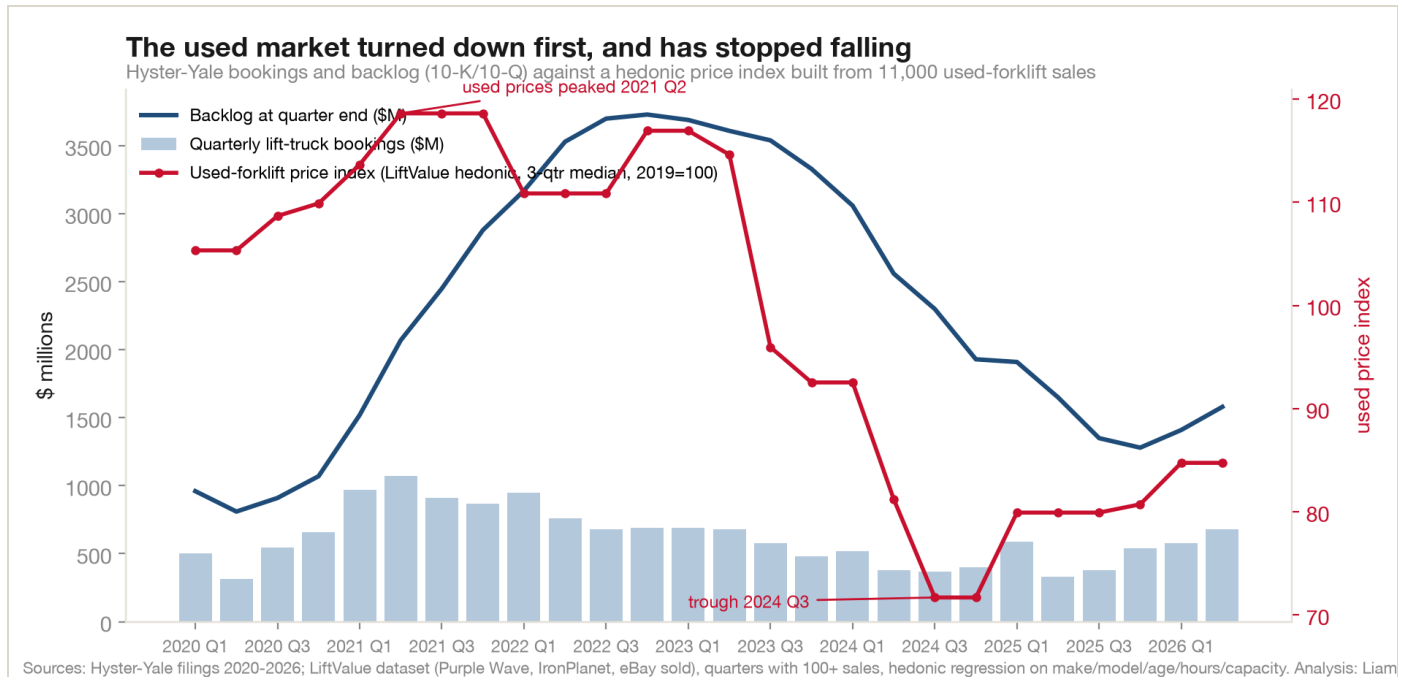


Figure 2. Hyster-Yale bookings and backlog against the used-forklift price index. Quarters with fewer than 50 sales are excluded and the index is a three-quarter median.

Three observations from Figure 2:

- **Used prices turned first.** The index peaked at 129 in Q1 2023. Hyster-Yale's backlog peaked at \$3.73B in Q4 2022 and Q1 2023 but stayed above \$3.3B through year-end, so the used market was already sliding while the OEM's order book still looked full. By the time backlog had halved (Q4 2024), used prices were down 45%.
- **The decline was severe and is over.** From peak to the Q3 2025 low of 62 the index fell 52%, more than the 22% fall in new-unit shipments, because used inventory dumped by over-fleeted dealers hits auctions all at once. Since then: 81 in Q4 2025, 90 in Q1 2026, 85 in Q2, 82 in Q3. Four quarters in the 80s is a floor, not a bounce.
- **The OEM order book turned next.** Bookings: \$330M in Q2 2025, \$380M, \$540M, \$580M, \$680M in Q2 2026. Backlog rose from \$1.28B to \$1.58B in two quarters. Sequencing matters: used market bottom, then bookings, then shipments, then margins. We are between the second and third steps.

A caution on what this index cannot do. With only 26 usable quarters, the correlations between quarterly changes in the index and in HY's share price are small and unstable (the largest is -0.27 at a two-quarter lag). I use the index as a cycle gauge, not a trading signal, and I would not defend any claim that it forecasts the stock quarter to quarter.

3.2 Industry shipments and the equity market

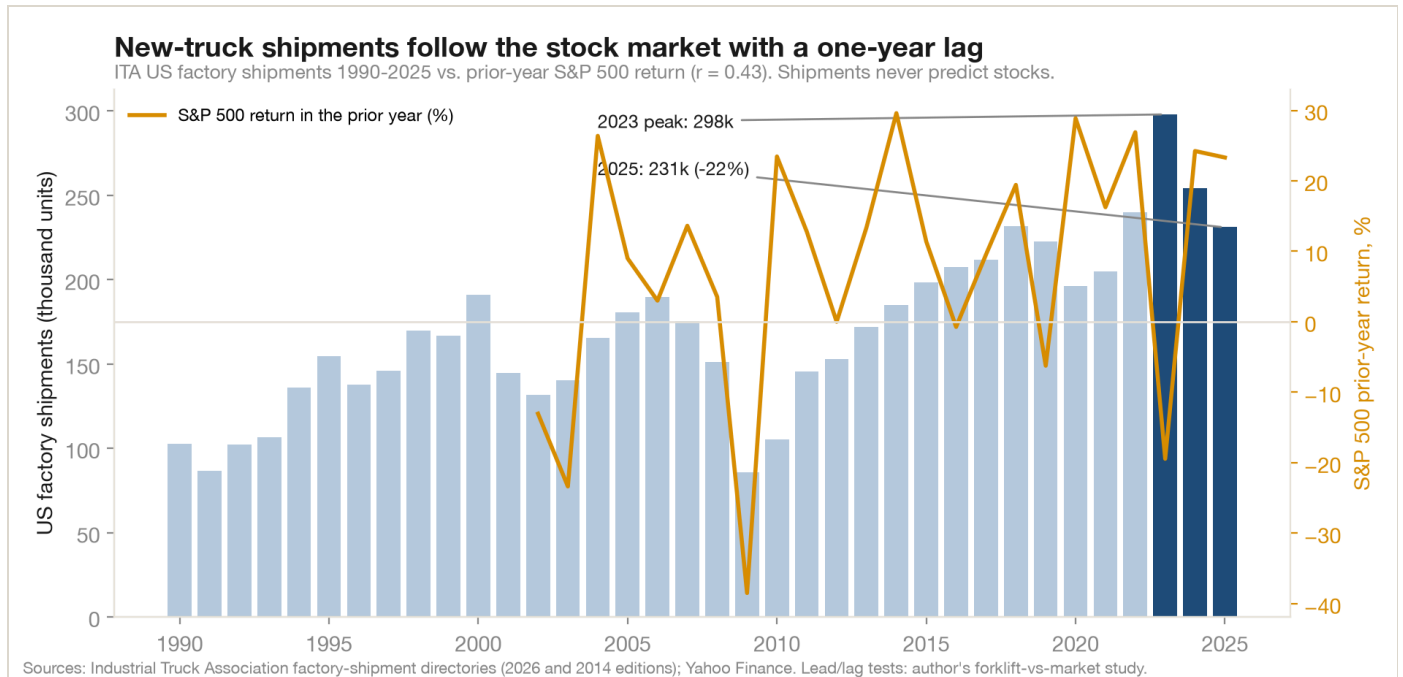


Figure 3. US factory shipments of lift trucks, 1990-2025, with the prior year's S&P 500 return.

The Industrial Truck Association publishes annual US factory shipments by class back to 1990. In an earlier study I tested every US-listed security with a long enough history against this series. The result was strongly one-directional: equity returns lead shipments by about a year (S&P 500 $r = 0.43$; Russell 2000 $r = 0.50$; Caterpillar $r = 0.56$), and shipments have no predictive power for equities at any lag ($p = 0.4-0.9$). The mechanism is ordinary: shipments are a coincident indicator of industrial activity ($r = 0.79$ with durable-goods orders) and the stock market discounts that activity in advance.

Shipments peaked at 298k units in 2023, the highest ever, and fell to 254k in 2024 and 231k in 2025. The 2025 figure is still above every pre-2018 year. With the S&P 500 up about 20% over the last twelve months, the pattern that has held for 36 years implies 2027 shipments above 2026. That is consistent with management's expectation that "bookings in 2026 will exceed 2025" and that the growth in orders "will have a meaningful impact on production and revenue by the end of 2026."

4. Financials: what the trough looks like

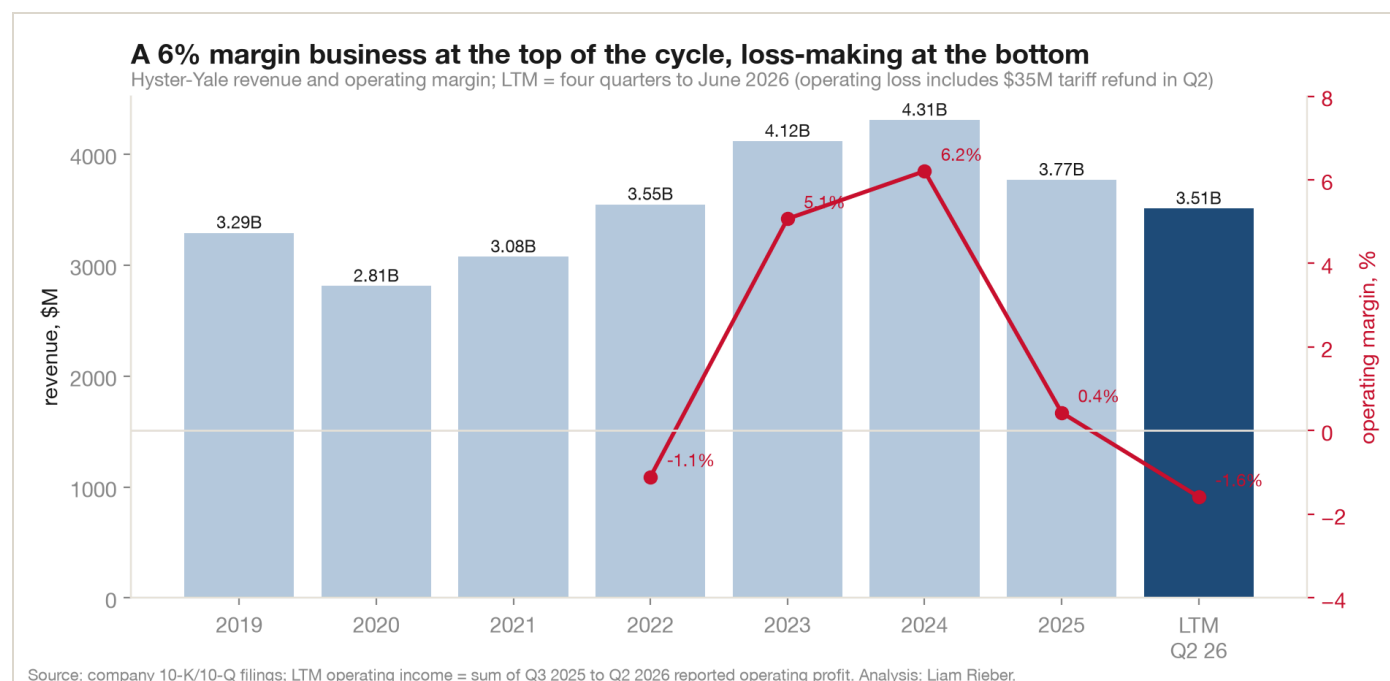


Figure 4. Revenue and operating margin, 2019-2025 and the last twelve months.

\$ millions, FY Dec	2022	2023	2024	2025	LTM Jun-26
Revenue	3,548	4,118	4,308	3,769	3,510
Gross margin	12.2%	19.1%	20.8%	16.8%	15.4%
Operating income	-39	209	267	16	-56
Operating margin	-1.1%	5.1%	6.2%	0.4%	-1.6%
EBITDA	9	263	300	34	-4 (adj.)
Net income	-74	126	142	-60	-117
Diluted EPS	-4.38	7.24	8.03	-3.40	-6.55
Free cash flow	12	115	123	24	15
Net debt (period end)	494	388	321	350	427
Book equity	204	390	475	472	390
Inventory	800	816	754	634	628

Source: company 10-K and 10-Q filings; LTM sums the four quarters to June 2026. EBITDA = operating income + D&A; LTM adjusted EBITDA as reported by the company.

What went wrong in 2025-26

- **Volume.** Revenue fell 15% year on year in H1 2026. Fixed overhead on a smaller base took operating margin from +6% to -2%.

What is already fixed or in motion

- **Restructuring.** The 2025 program targets \$40-45M of annualized savings; half was realized in H1 2026. Footprint optimization adds \$15-20M in 2027 and \$30-40M annualized from 2028. Total

- **Mix.** Customers shifted to lighter-duty, lower-priced trucks. Good for share, bad for margin per unit.
- **Tariffs.** Roughly \$30M of gross tariff cost per quarter in 2026, \$20M more than a year earlier. A \$35M refund of IEEPA tariffs landed in Q2 after the Supreme Court ruling, but Section 232 steel and component tariffs remain and the company is moving sourcing into the US to avoid them, which is delaying shipments.
- **Europe.** EMEA lost \$37M in H1 on price competition from value-tier competitors.
- run-rate benefit by 2028: roughly \$70-85M, or 2 points of margin on \$4B.
- **Working capital.** Inventory is down \$110M year on year ex tariffs and FX; debt fell in Q2 despite the loss.
- **Nuvera.** The fuel-cell drag has been cut to a fraction of its prior cost.
- **Backlog quality.** "Substantially all" of the \$1.58B backlog ships within twelve months, at prices set after the tariff increases.

5. Valuation

5.1 Peers

Company	Mkt cap	EV/Sales	EV/EBITDA	P/B	Op. margin	Note
Hyster-Yale (HY)	\$0.64B	0.31x	n.m. (neg.)	1.6x	-6.5% (Q2)	3.6x on 2023-24 average EBITDA
KION Group (KGX.DE)	€5.9B	1.16x	7.7x	0.9x	6.7%	Closest pure lift-truck peer, #2 globally
Jungheinrich (JUN3.DE)	€2.7B	0.62x	9.3x	1.1x	6.3%	Lift trucks, Europe-heavy
Terex (TEX)	\$7.2B	1.42x	14.9x	1.5x	8.4%	Aerials, materials processing
Oshkosh (OSK)	\$9.7B	0.98x	10.0x	2.1x	8.4%	Access equipment, vocational trucks
Manitowoc (MTW)	\$0.77B	0.52x	8.6x	1.1x	5.7%	Cranes; similar size and margin profile
Alamo Group (ALG)	\$2.1B	1.32x	10.7x	1.7x	10.2%	Small-cap industrial equipment
AGCO (AGCO)	\$9.3B	1.16x	11.8x	2.3x	5.7%	Ag equipment, trough earnings
Caterpillar (CAT)	\$374B	5.53x	25.4x	19.3x	22.2%	Shown for reference only

Source: Yahoo Finance consensus data, 4 September 2026. Multiples on trailing figures. Toyota Industries, the global #1, is excluded because its lift-truck business is not separately valued.

HY has always traded at a discount to KION and Jungheinrich because of its smaller scale, thinner margins and dual-class control. The relevant question is not whether it deserves 8x but whether it deserves 0.31x sales when the two closest peers, both also in a downturn, trade at 0.6-1.2x. Even Manitowoc, a crane maker with the same market cap and similar margins, trades at 0.52x.

5.2 Scenarios

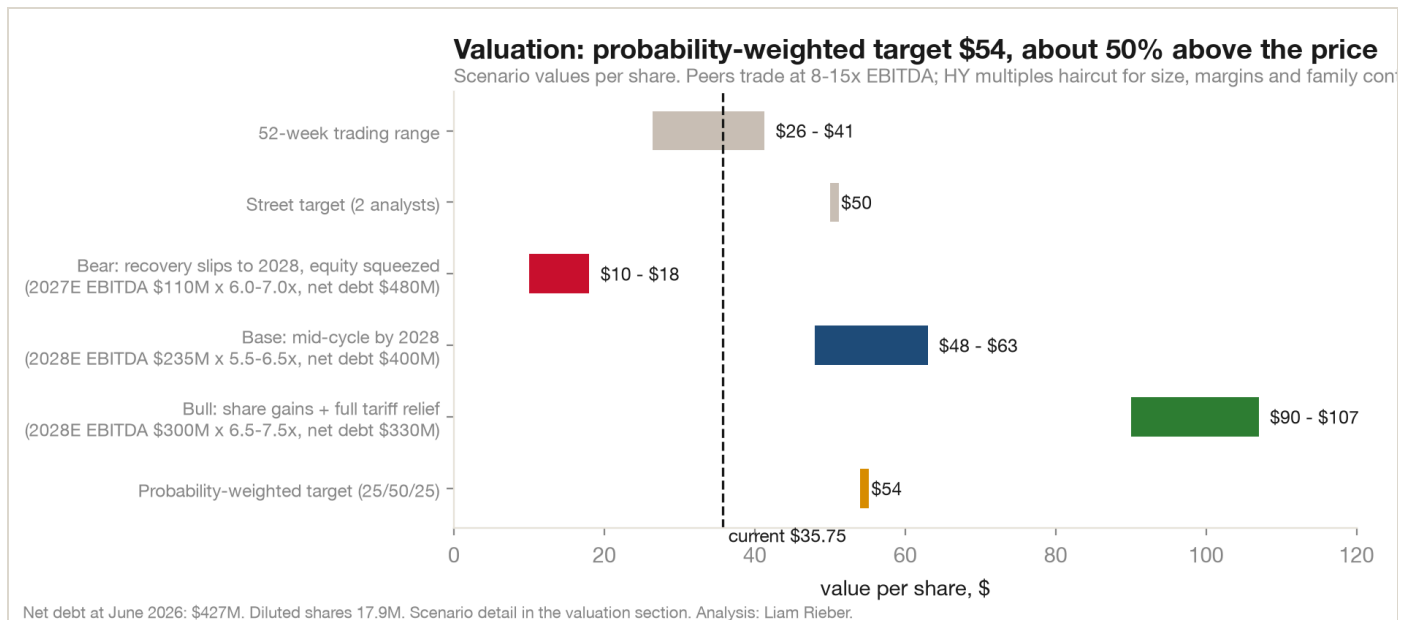


Figure 5. Scenario values per share against the current price and the 52-week range.

	Bear (25%)	Base (50%)	Bull (25%)
Narrative	Market recovery slips to 2028; tariffs persist; EMEA keeps losing money; dividend cut; covenant amendment	Shipments recover through 2027 as bookings convert; restructuring savings land; margins back to 4.5-5%	Share gains hold, tariff costs fully offset by pricing and sourcing, 2028 margin 7%
Revenue 2028E	\$3.5B	\$4.05B	\$4.3B
EBITDA (year used)	\$110M (2027E)	\$235M (2028E)	\$300M (2028E)
EV/EBITDA multiple	6.0-7.0x	5.5-6.5x	6.5-7.5x
Net debt assumed	\$480M	\$400M	\$330M
Value per share	\$10-18 (mid \$13)	\$50-63 (mid \$56)	\$90-107 (mid \$98)

Cross-check on cash flow. Mid-cycle EBITDA of \$235M less \$55M capex, \$30M interest and roughly \$40M cash tax leaves about \$110M of free cash flow. Capitalized at a 10-12% free-cash-flow yield, which is where small, cyclical, family-controlled industrials tend to trade, that is \$51-61 per share. The base case does not depend on multiple expansion; it depends on earnings normalizing.

Why the base multiple is only 6x. HY's own history: on the 2023-24 average EBITDA of \$282M, today's enterprise value is 3.8x; at the 2023 peak the stock briefly reached about 6x. Peers in a downturn trade 8-9x. I use 6x to reflect the leverage, the control structure and the fact that the last cycle's peak margin was only 6%.

6. Catalysts

- **9 November 2026: Q3 results.** The test is whether the \$680M of Q2 bookings shows up as shipments and whether Q3 bookings hold above \$600M. Consensus expects the first quarterly profit in a year (EPS estimate +\$0.09).
- **Further tariff recoveries.** The \$35M IEEPA refund covered part of 2025-26 payments; the company "continues to pursue recovery of additional amounts" and will book them when receipt is probable.
- **Q4 2026 and 2027 guidance (February/March 2027).** The first guide to a full-year operating profit since 2024 would re-rate the stock; that is when small-cap value screens pick it up.
- **ITA 2026 shipment data (Q1 2027)** and, before that, the quarterly used-price index. A move in the index back above 100 would confirm that replacement demand is returning.
- **Restructuring milestones:** the 2027 plant footprint savings are the first margin gain that does not depend on volume.

7. Risks

- **Leverage into a slow recovery.** Net debt is \$427M, book equity \$390M, and LTM adjusted EBITDA is negative. Debt to net income is "not meaningful" in the company's own table. If bookings do not convert to profitable shipments by early 2027, the dividend goes first and a covenant conversation follows. This is the whole bear case and it is the reason the stock is cheap.
- **Tariffs and sourcing transitions.** Section 232 tariffs on steel and components are not covered by the IEEPA ruling. Moving production into the US costs money now and delays shipments; management says it does not expect to offset all tariff costs in 2026.
- **Price competition from value-tier trucks.** Chinese manufacturers are taking share in Europe and South America with cheaper standard trucks. HY's response, its own value line, protects share at lower margin per unit. The peak-cycle margin next time may be lower than 6%.
- **Controlled company, thin coverage, small float.** Minority holders have little influence, and the stock can stay cheap for long periods. Two analysts and a \$640M market cap keep most institutions away.
- **Data risk in the thesis.** My used-price index is built from auction channels that skew to older, cheaper trucks; it measures the marginal used buyer, not the fleet buyer. The shipments-follow-stocks relationship rests on 36 annual observations. Both are supporting evidence, not proof.

8. What would change my mind

- Quarterly bookings back below \$500M, or backlog falling for two consecutive quarters.
- The used-price index breaking below its Q3 2025 low of 62.
- Negative free cash flow in H2 2026 despite lower inventory, or a covenant amendment.
- A dividend cut announced without a corresponding buyback or debt paydown plan (a cut to preserve liquidity is a bear-case marker, not a positive).

Appendix: data and method

Used-forklift price index. Roughly 11,200 sale records: Purple Wave auctions 2008-2026 (7,866, hammer plus buyer's premium), IronPlanet 2025-26 (1,127), eBay sold listings 2026 (893) and eBay asking prices (1,322, dummied as a separate channel). Log price regressed on make, model family, age, log hours, log capacity, fuel type, sale channel and quarter dummies (R^2 0.62, 137 parameters); the quarter coefficients form the index, rebased to 2019 = 100. Quarters with fewer than 50 sales are dropped in Figure 2 and a three-quarter rolling median is shown. Underlying model documentation and the consumer-facing estimator (LiftValue, holdout median absolute error 26%) are available on request.

Shipments. Industrial Truck Association US factory shipments by class, 1990-2025, from the 2026 and 2014 ITA directories. Lead-lag tests (cross-correlation to ± 8 lags, Granger causality at 2/4/6 lags, Benjamini-Hochberg corrected) were run against 47 named series and 2,199 long-history US securities.

Company data. Hyster-Yale 10-K filings 2021-2026, 10-Q filings through Q2 2026, and the Q2 2026 earnings release and investor presentation (SEC EDGAR, CIK 1173514). Bookings and backlog are the company's approximate sales values; Q4 figures are derived as annual minus nine-month totals. Prices and peer multiples from Yahoo Finance as of 4 September 2026.

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