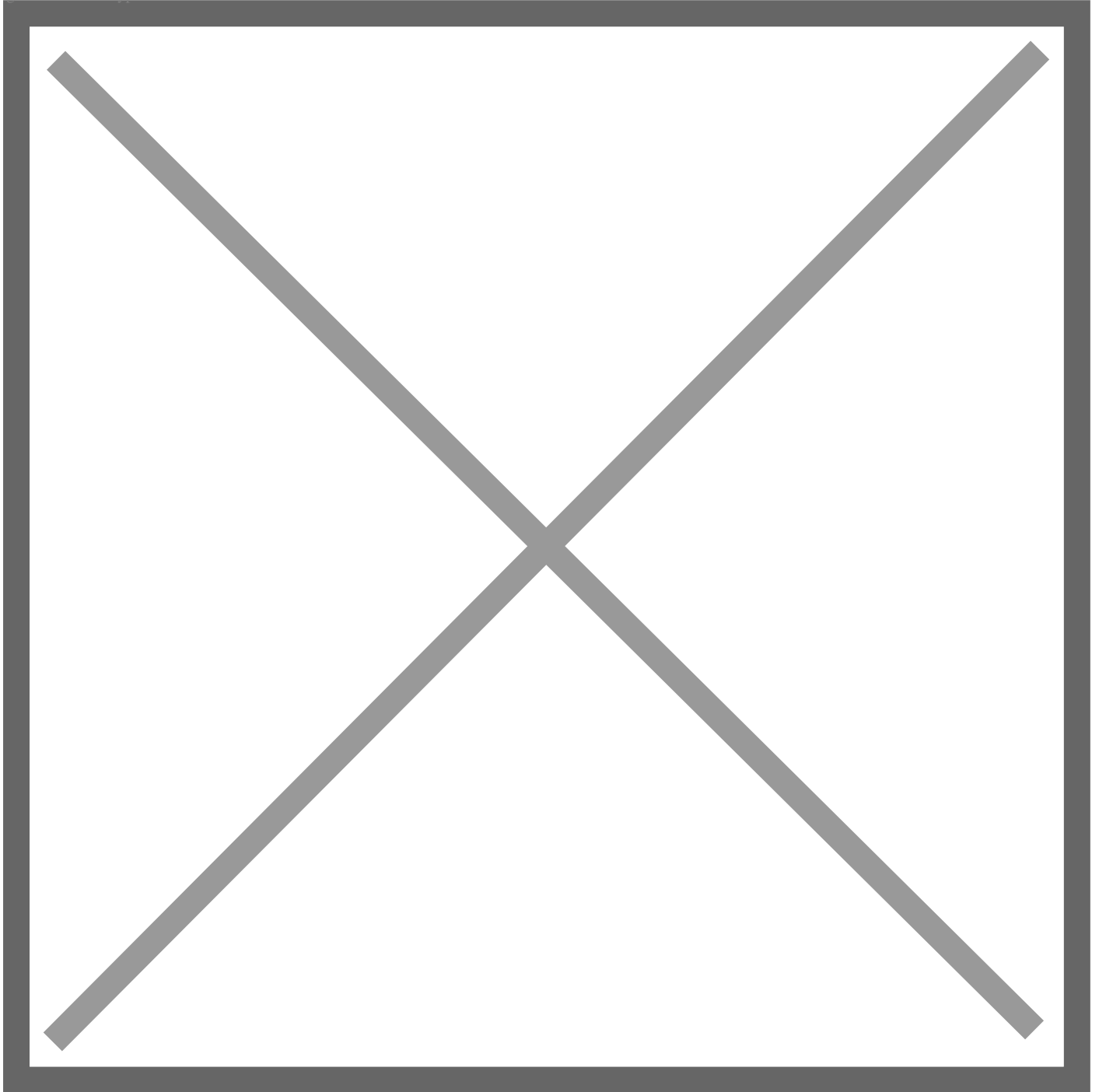


September 2018 and Q3 2018 Sales Conference Notes

October 02, 2018

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[September 2018 and Q3 2018 Sales Conference Call \(Audio Clip\)](#)

Introduction: Toyota Motor North America Consultant, External Communications, Karen Nielsen

Thank you for joining us to review September third quarter and first nine months of the year sales results for Toyota and Lexus. We put all callers on mute to avoid background noise and will open it up to questions after we hear sales highlights.

With us today are Jack Hollis, Group Vice President and General Manager of the Toyota Division, and David Christ, Group Vice President and General Manager of the Lexus Division.

A transcript and recording will be available later today on our press room, and our communications team is available to assist with any additional questions you may have at (469) 292-5100.

I want to remind the audience the meeting is being recorded. By staying on the call, you consent to being recorded.

Okay. Now I'd like to turn it over to Jack Hollis for a look at sales results.

Jack Hollis:

Thank you, Karen. Good morning, everyone. Our outlook for the industry remains a healthy, high 16 million SAAR.

Robust job growth, strong economic outlook, it's putting consumer confidence at an 18-year high and we're enjoying that, and SUVs and light trucks continue to lead the way for the entire industry. You know this, but as we see it, the industry light truck to car ratio is really pushing that 70/30 and not so sure that it's stopping quite yet. Our mix at Toyota is closer to a 62/38 ratio, working to edge that little higher with even more production.

Now for Toyota Motor North America, our outlook for the year is still 2.8 million sales and we're still fully invested in the 5 million passenger car market. And we have a great light truck story to tell where we've already sold more than 1.1 million SUVs and trucks this year.

Now let's go through some highlights from our September sales. The September SAAR was a respectable 17.2 million, which is really no match if you think about it from the 18.2 million saw last September when we saw the record sales from hurricane replacements, but still at 17.2, continues to be a really great month for the industry.

For TMNA, which includes Toyota and Lexus divisions, sales for the month were 203,098 vehicles. For the Toyota division, specifically in September, we posted sales of 178,501 sales, which was down approximately 10% year-over-year on a volume basis. It was a best-ever light trucks record again this month. Staying consistent with every month of 2018, Tacoma, well, it had its 11th consecutive best-ever month of 23% in September. We also enjoyed best-overs for Highlander, 4Runner, Tacoma, Prius Prime, and CHR.

Now for the quarter, we accomplished best-overs for Highlander and Forerunner, Tacoma, CHR, Prius Prime, Corolla Hatchback, and total light truck. Yeah, I like best-overs.

Looking for the first nine months of the year for the Toyota division, here's just a few of the highlights. RAV4 is the number one selling vehicle in our lineup and the number one selling SUV or a vehicle in the entire industry of that which is not a pickup truck. It's best-ever light trucks every month this year. The Highlander and Forerunner continue to be really strong, killing it in the marketplace. And Corolla Hatchback is trending toward a younger buyer, which is fueled by our optional manual transmission. And Camry, well, it's still the number one performing passenger car.

Year-to-date volume is almost exactly the same as last year, amid decreasing incentives. And like we said before, we remain committed to the sedan market.

I also want to mention though, our high performing alternative fuel vehicles. We're not just relying on Prius, we're experiencing record sales across the board in hybrids. Avalon, RAV4, Camry. The electric with the Prius Prime, a hydrogen fuel cell Mirai, which is more than 60% market share.

In total, Toyota and Lexus account for more than 35% of the alternative fuel marketplace. So, I'm going to let David talk more about Lexus' hybrids as well as some more great results.

David Christ:

Thanks Jack. Good morning everyone. Lexus, our hybrid models are having a great year. For example, the NXh and RXh continue to be top sellers, clinching Lexus' standing as the luxury hybrid leader. In fact, NX hybrid had its best September ever while RX hybrid saw its best September in over eight years, so continued success at Lexus and sales.

Now let's take a look at overall September sales for Lexus. Sales for the month totaled 24,597 with LUVs accounting for 65% of that volume. Our flagship sedan, the LS, has doubled volume year over year in September, and our all-new seventh-generation ES went on sale in September and is off to a phenomenal start. Sales in September were up 23% year-over-year.

For the quarter, NX hybrid and RX hybrid had their best-ever third quarter in sales volume, and our total RX sales were a best-ever third quarter. LS had its best third quarter sales in five years.

Moving on to our year-to-date performance, Lexus sold 213,622 units, which includes a best-ever year-to-date for sales volume in our luxury utility vehicles. The RX remains the top selling luxury vehicle with sales up nearly 5% and RXL, our third row RX, has been a huge success since its launch in February and accounts for over 20% of the total RX volume. LS, our flagship, has experienced doubling in sales and market share this year. So we're off to a great year and we had a great September.

Our outlook for the luxury market remains at 2.1 million, and we're looking forward to finishing the year very strong. Finally, by the time we talk on our next quarterly call, we will be launching the all-new UX, which is planned for December and we're very excited to bring this new vehicle to market to bring new, younger buyers to Lexus.

So, we want to thank everyone for the time, and Karen, I want to turn the call back to you.

Karen Nielsen:

That concludes our call for today. Thanks for joining us, everyone. Have a great day.