

September 2015 Sales Conference Notes

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September 2015 Sales Conference Call
Thursday, October 1, 2015

Toyota Chief Communications Officer Scott Vazin:

Good morning and thank you for joining us to review Toyota, Scion and Lexus sales results for September, 3rd quarter, and the first nine months of 2015.

Joining us and speaking today will be:

- Bill Fay, Group Vice President and General Manager of the Toyota Division
- Jeff Bracken, Group Vice President and General Manager of the Lexus Division

And also joining us for the first time today is:

- Andrew Gilleland, Vice President of Scion Division

A recording of the call will be available at pressroom.Toyota.com about one hour after this call and our communications team is available to field any additional questions you may have @ (310) 468-5297.

Now I'd like to turn it over to Bill for a look at September and the most recent quarter.

Bill Fay:

Thank you, Scott.

Good morning, everyone, and thanks for joining us today.

As Scott just mentioned, in addition to the usual cast of characters, we are pleased to welcome Andrew Gilleland, our new Vice President of Scion, replacing Doug Murtha, who now leads Corporate Strategy and Planning for Toyota in North America.

Now, since our last quarterly call

The U.S. economy has

- Continued to see GDP growth,
- Gasoline prices
 - That have declined about 10 percent
- And interest rates
 - Which remain stable
 - but may be raised in the 4th quarter
- Housing saw construction activity accelerating
- And Consumer confidence
 - reached its highest level since September 2007

With these strong economic conditions as a back drop:

- The industry saw a continued strong sales pace for the month of September

- with more than 1.4 million vehicles sold,
- up 14.3 percent on a volume basis from last year

The Seasonally Adjusted Annual Rate for new car sales

- Soared in September
- reaching 18.1 million,
- the highest SAAR for September since 2000,
- and the largest sales volume for the month of September since 2004.
- The strength of the auto industry as a whole is evident
- as 4 of the last 5 months have seen SAAR rates above 17.5 million

For the month of September, Toyota, Lexus, and Scion

- had combined total sales of 194,370,
- Up 16.2% on a volume basis

And with nine months finished in 2015

- The combined Toyota, Lexus, and Scion sales
 - Are more than 1,867,000
 - Marking an increase of 4% from last year

For the Toyota division,

- Sales in September of 169,076,
- were up 16.3 percent on a volume basis,
- and 11.6 percent on a DSR basis for the month
 - our best September since 2007
- And we saw our best third quarter results in over 8 years

In divisional light truck sales, Toyota posted

- Best-ever September and third quarter results for Highlander
- and a best-ever September for RAV4
- while Sienna saw its best September and third quarter since 2006
- And 4Runner also had a strong month, over 30 percent

In pickup truck sales,

- The new 2016 Tacoma launched
 - Leading to a transition month with sell down from the prior model year
- Tacoma had its best third quarter since 2006
- Climbing more than 12% over the past three months

For Passenger cars

- We recorded our best September results since 2007
- Including a best September and third quarter for Corolla since 2006,
- a best September for both Camry and Avalon since 2007,
- and we achieved our 2nd best September sales results on Prius Family in total.

Also in September,

- Two new Scion models, the iA and iM,
 - Went on sale September 1
 - and led Scion to its best month in more than two years.
- We also received strong interest from nearly 1,900 hand raisers for the Hydrogen Fuel Cell-powered Mirai, and
 - Toyota will begin placing the first trailblazing customers in the Mirai driver's seat this month
- And Toyota Certified Used Vehicle had its best ever September, third quarter
 - demonstrating attraction to the Toyota brand, whether it be a new vehicle or pre-owned

After nine months

- Toyota continues its surge in the SUV segment
 - With RAV4 sales of 227,000, up 12.7 percent for the year
 - And Highlander is up 10.7 percent with more than 116,000 year-to-date
- Passenger cars
 - Remained relatively flat, as expected,
 - though Corolla is 7.7 percent ahead of last year, with 278,742 units sold

Looking forward to the final quarter

- We are confident that
 - The fourth quarter will remain strong for the auto industry, hitting and possibly exceeding the projected 17.1 million vehicles forecast for the year

Thank you. Now, at this time, I will turn it over to Jeff Bracken to talk about Lexus.

Jeff Bracken:

Thank you, Bill.

This has been a strong year, by any measure, for the general market, and especially for the luxury segment.

Our Lexus Dealers sold 25,294 vehicles for the month of September

- resulting in an increase of 16% over last year

And our Lexus year-to-date sales now total more than 247,000

- an overall increase of 12.1% versus this point last year

Utility vehicle sales continue to drive the industry

- and Lexus is no exception, up 36 percent for the month, or 28 percent for the year
- Total luxury utility vehicle sales exceeded 12,500 for the month of September
- Led, of course, by RX, retaining its #1 sales position in the luxury SUV ranks with more than 7,700 units sold
- This performance is significant given our 16MY, 4th generation RX arrives in showrooms in just over a month from now

The NX

- continues to expand our reach into the luxury consumer realm by attracting new buyers to the Lexus brand
- with sales of just over 3,000 in September,
- the total year-to-date count for NX is nearly 32,000
- Considering the consistent performance of RX, the NX volume represents a strong incremental sales element for our Lexus brand.

As for GX

- Lexus Dealers sold just over 1,600 in September, up 2.6 percent for the month and up 11.6 percent for the year.

And we have every reason to believe

- the luxury utility vehicle market will see continued growth throughout the remainder of the calendar year.
- Our Lexus Dealers are only limited by utility vehicle availability at this time,
- As market demand continues to outpace supply.

Consistent with the luxury car industry,

- Lexus passenger car sales now total more than 125,000 year-to-date
- Effectively even with last year
- and our all-new RC coupes now accounts for a 16 percent share of the luxury sports coupe market,
- a healthy start for an all-new model to such a dynamic segment

Switching gears, Lexus L Certified, or pre-owned sales volume for September resulted in the

- 14th consecutive best-ever month totaling 7,192 sales,
- Our highest quarterly pre-owned volume ever at 21,500, and
- Our third consecutive month of 7,000 or more pre-owned sales.

- Pre-owned volume is now up 17 percent year-to-date.

And we still have a lot to look forward to in the 4th quarter beginning with

- A number of model and engine updates, including minor updates to the ES –
- Which begins assembly at our Georgetown, Kentucky plant this October 19th,
- Marking the first time a Lexus product has been manufactured in the United States.
- Also, this quarter, we'll see the launch of the 4th generation RX, a refreshed LX and all-new GS F,
- the introduction of 2.0 liter turbo engines for IS, RC, and GS models, and
- the arrival of hybrid models for the next generation RX and minor change ES.

And all this, bundled into our December to Remember sales event – – – what a great glide path to finish our best year ever !!

Thank you for joining us today, and now we'd like to open the call up to any questions you may have.