

September 2014 Sales Conference Notes

October 01, 2014

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September 2014 Sales Conference Call
Wednesday, October 1, 2014

September 2014 Sales Conference Call (Audio Clip)

Good afternoon and thank you for joining us to review September sales results for Toyota, Scion and Lexus.

Our speakers today will be:

- Bill Fay, Group Vice President and General Manager of the Toyota Division
- Steve Hearne, Lexus Vice President of sales and dealer development

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

Now I'd like to turn it over to Bill for a look at the September results.

Toyota Division Group Vice President and General Manager Bill Fay:

Thank you...

Hello everyone, and thank you for joining us today.

September auto industry sales

- Will come in at about 1 million, 243,000 vehicles
- Up 9.2% from last year on a volume basis

Puts the Seasonally Adjusted Annual Rate

- At 16.4 million for the month
 - Strongest September in 10 years (2004 16.5)
 - A million units ahead of last year's pace (15.4)
 - And 7th straight month with a SAAR above 16 million

Combined with July and August

- Third quarter industry results were the best since 2006

For Toyota, Lexus and Scion dealers

- Who were coming off record August results
- Sales of 167,279
- Up 1.7% on a volume basis

Retail sales were especially strong

- Up 8.2% for the month
- And in-line with the overall industry increase

Fleet deliveries were down as planned

- By about 60%
- Accounting for just 4% of our mix
- Primarily because of the transition to the new 2015 Camry

For the Toyota Division

- Total September sales of 145,427
- Were on a par with last year
- And the strong retail performance helped Toyota repeat as the industry's best-selling retail brand making it nine straight months

September was another big month

- For compact SUVs and crossovers
- Total SUV sales were up 35%
- To more than 43,000 vehicles, a September record

The RAV4 continues to lead the way

- And set a new September record as well
- For its 6th straight record month
- With sales of 22,000
- An increase of 38%
- Pushing RAV4 sales for the year past the 200,000 mark

Highlander sales

- Came in at 10,500
- And were up 22%

While 4Runner showed the biggest gain

- Up 76%
- At more than 5,600 units

Pickup truck sales

- Were also up slightly for the month
- Topping 20,000 vehicles

As total light truck sales broke a third quarter record dating back to 2006

For passenger cars

- As I mentioned, it was a month of transition for us

We've had a great close out of the current generation Camry

- Continued in September
- With sales of more than 28,500
- While that was down from last year as result of the reduction of fleet deliveries
- Camry retail sales were actually up over 15%

Avalon also had a good month

- Sales of 4,800

- Up nearly 8%

Toyota Division hybrid sales

- Topped 18,000
- And when worldwide September hybrid sales are totaled
- They should show Toyota has now sold more than 7 million hybrids around the world
- An incredible accomplishment in little more than 15 years
 - (Prius went on sale in '97 in Japan; worldwide in 2000)

Finally for the month

- Toyota Certified Used Vehicles
- Set a new record
- Up 7% at nearly 29,000 vehicles

As we move into the 4th quarter

- The industry is right on pace to hit the 16.3 million sales total we forecast earlier this year and could even go a little higher

At Toyota

- We're shifting from sell-down to launch mode for the new Camry which has been redesigned from bumper-to-bumper
- And we've just begun to ship the new model to dealers

The marketing launch is getting underway this week

- Under the theme of "One Bold Choice Leads To Another"
- And we'll be supporting the launch at the same level we would as full model change

In addition to being the best-selling car in America

- For 12 straight years
- Camry also is the No. 1 choice
 - Among multicultural buyers and for the first time we'll have what we call a Total Market Campaign, or a common unified message for these diverse audiences

The campaign will focus

- On the new XSE sports model which builds on the success of the SE
- Adding 18 inch wheels and a turned suspension for added performance.

That about does it for the Toyota side of things and now I'd like to turn it over Steve Hearne for a look at Lexus.

Lexus Vice President of Sales and Dealer Development Steve Hearne:

Thank you Bill. And hello everyone.

After setting new monthly records in July and August

- Lexus dealers responded with another great result in Sept.
- Selling 21,852 vehicles
- Up 12% from last year
- Outperforming both the overall industry and the luxury segment in the process
- For our 12th straight month of Y/Y gains
- And our 7th consecutive month of double digit increases

September was a balanced month for us

- While most of the industry September growth has come primarily in light trucks
- Our car sales were up 16%
- With luxury utility vehicles showing a 7% increase

It's now been more than year

- Since the new IS went on the market
- And 12 month later it is still outperforming expectations
- With sales up 13% in September
- To more than 3,600 units

IS sales are up nearly 70% so far this year

- As it continues to bring younger and new buyers into the Lexus family

The GS is another car that is showing good staying power

- With sales up 29% for the month

While the new CT launch continues to build momentum

- With sales up 35% in September

And ES remains the passenger car volume leader

- With sales of more than 5,700 in September

Taking a look at our luxury utility lineup

- RX was the volume leader at 7,450 units
- While GX accounted for our luxury utility growth
 - As sales more than doubled

Finally, Lexus Certified Pre-owned

- Set a new record for the month of September
- With total sales of about 6,200 vehicles

Looking ahead

- It's hard for us to hide our excitement over the addition of two new models to our lineup
- With pre-launch activates for both vehicles starting to ramp up

First to arrive at dealerships in late November

- Will be the RC and RC F sport coupes that are already receiving good media reviews
- These coupes will build on the success the IS and GS have generated this past year
- And should provide a more emotional connection with our customers

The NX entry-level luxury crossovers

- Also are getting good reviews and are slated for one of the industry's growth segments before the year is out

Thank you for joining us today.

Now I'd like to open this up for any questions you may have.