October 2014 Sales Conference Notes

November 03, 2014

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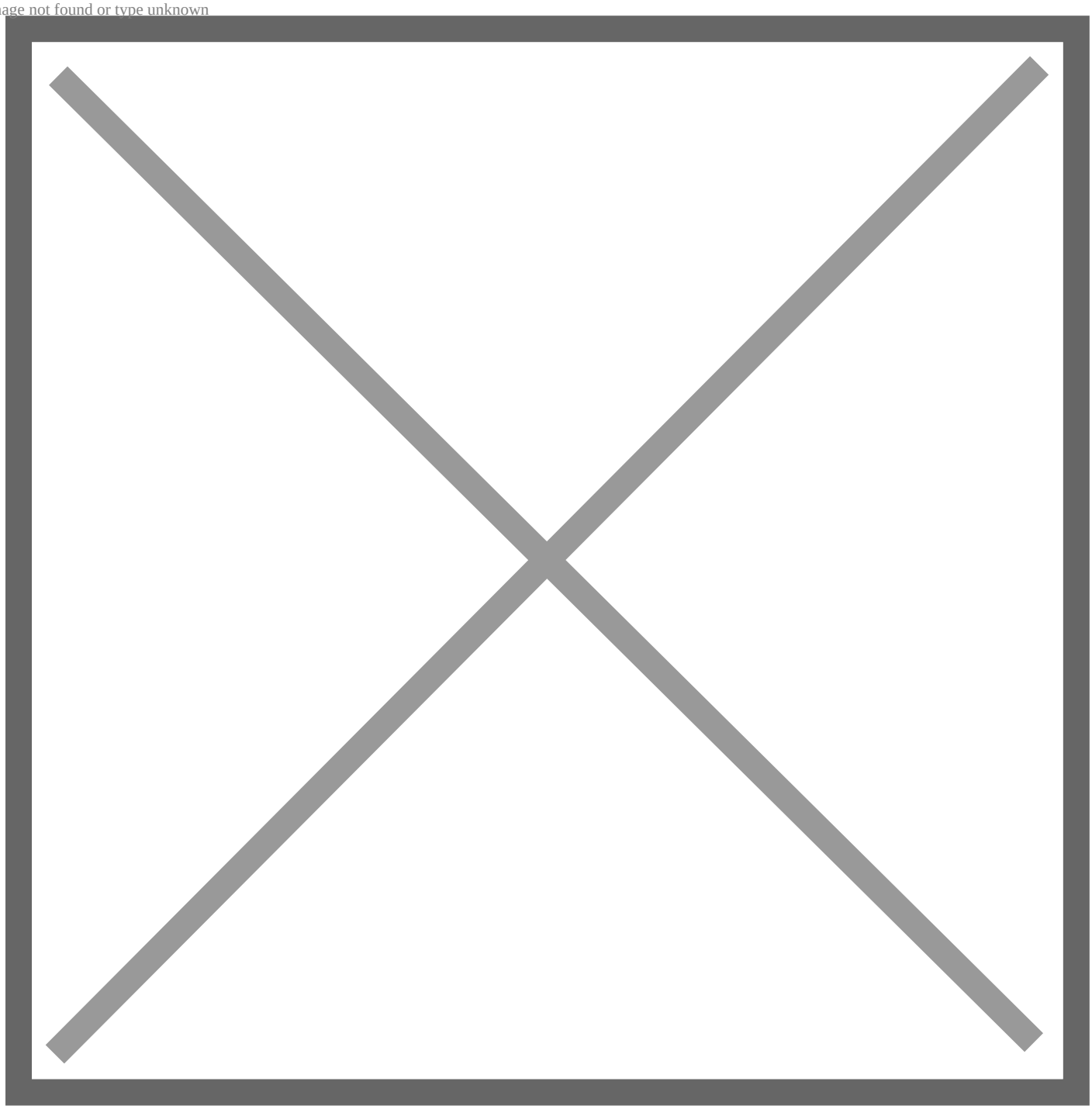

October 2014 Sales Conference Call (Audio Clip)

October 2014 Sales Conference Call
Monday, November 3, 2014

Good afternoon and thank you for joining us to review October 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 Hearn, Lexus Vice President of sales and dealer development

A recording of the call will be available at www.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 October results.

Toyota Division Group Vice President and General Manager Bill Fay:

Thank you Mike.

Hello everyone, and thank you for joining us today.

October

- Was another excellent month for the auto industry
- With sales of about 1,280,000 vehicles
- Up 6% from last year
- Best October in 10 years (2004)

We're tracking the Seasonally Adjusted Annual Rate

- At 16.5 million for the month
    - More than a million units ahead of last year
- Puts the industry on pace for 16.4 million sales this year

Stable economic conditions

- Including rising consumer confidence and employment coupled with gas prices at four year lows continues to boost light truck sales
    - Especially SUVs and Crossovers
- And we saw that again last month

The other big industry news in October was the release of the annual Consumer Reports Reliability survey

Lexus and Toyota finished one-two

- For the second consecutive year and it was the 6th straight year that either Lexus or Toyota finished in the top spot

The Scion xB, Lexus CT hybrid and ES hybrid

- Topped the list of most reliable cars
- The Tundra was the most reliable pickup truck
- The Highlander shared the SUV top spot
- And Lexus RX was the leading luxury SUV

That's especially important

- Because the reliability survey is one of the key third party research tools for tracking quality, dependability, reliability and value that customers turn to when buying a new vehicle

Now for Toyota, Lexus and Scion results in October

- Sales of 180,580
- Showed a 7% increase
- On the strength of record October SUV sales
- A great launch for the new Camry that helped push sales for the model up 14%
- And the 12th straight month of Lexus year-over-year gains

For the Toyota Division

- October sales of 157,225
- Up 7 ½ percent from last year
- Passenger car sales were up 3%
- And light trucks rose 12 ½ percent

As a result

- Toyota repeated as the industry's Best-selling retail brand

The RAV4 and Highlander

- Led our SUV results in October
- As both set new records for the month

The RAV4 continues to be one of the industry's hottest vehicles

- With sales of 21,500
    - Up 22 ½ percent
    - And with more than 223,000 RAVs sold through October it has surpassed its total for all of last year

The Highlander

- Added more than 12,000 units
- Up 30%

The 4Runner posted the largest increase among SUVs

- Jumping 38% for the month

Combined pickup truck sales

- Also increased in October
- And topped the 20,000
- For the 8th straight month

The Camry was the big news on the passenger car side

- As we sold more than 33,000
- For the best Camry October total in seven years (2007)

The vast majority of those sold were 2014 models (80%)

- As the new 2015 Camry began reaching dealerships in October and the marketing launch is just starting to ramp up

While the sample size is relatively small

- One early indicator is the new top-of-line sports model
    - The XSE
- Is being well received with launch sales well ahead of our expectations

One thing hasn't changed

- Camry once again was the best-selling car in America

Corolla also had a big month

- With 25,000 sales
- Up 5 percent
- And the top-selling compact car

And Toyota Division hybrid sales

- Of nearly 17,500 vehicles

- Accounted for about 65% of all industry hybrid sales

Finally

- Sales of Toyota Certified Used Vehicles
- Topped 30,000 vehicles for the month

Looking ahead

- We're anticipating a strong holiday selling season based on continued economic improvement along with stable interest rates and gas prices

Our inventory of 2015 Camry models

- Will improve daily throughout the month and things really get started Thanksgiving week

Now I'd like to turn it over Steve Hearne for a look at Lexus October results.

Lexus Vice President of Sales and Dealer Development Steve Hearne:

Thank you Bill. And hello everyone.

October was a big month for Lexus

- And not just because we completed one solid year of year-over-year gains as Bill mentioned

We also celebrated our 25th anniversary last month

- And while much has changed since we sold that first LS 400
- The results of the Consumer Reports Reliability survey
- Indicate two things have remained consistent:
- Our commitment to setting the standard for excellence in customer care and for building the finest vehicles in the world

For Lexus in October

- We sold 23,355 vehicles
- Up nearly 3%

Year-to-date sales

- Have now topped 244,000
- And are running 14% ahead of last year
- The biggest increase of any major luxury manufacturer

In keeping with industry trends in October

- Our luxury utility vehicles posted a 4% gain
- With the RX sales exceeding 8,000
- And GX sales up 30%

The IS continues to drive our passenger car growth

- And was up 5 percent for the month
- At 3,800 vehicles
- Pushing total sales for the year to nearly 41,000
- Up 60%
- And more than we sold in all of last year

The launch of the CT hybrid

- Recorded another excellent month in October
- With sales up 37 percent

And the ES

- Remains our passenger car volume leader
- With sales of nearly 6,000
- On a par with last year

October also was a record month for Lexus Certified Preowned Vehicles

Looking ahead

- As we celebrated our 25th anniversary with dealers last month we shared with them a number of new products that will roll out in the months ahead
- None created more excitement than the RC and RC F Coupes that will begin arriving at dealerships in November

While the IS took a major step

- Toward adding a new level of performance and excitement to the Lexus lineup the coupes take it to a whole new level

Early third party tests

- Indicate the RC F is a legitimate competitor for the BMW M4 and Audi RS 5
- And I hope you'll have an opportunity to see for yourself soon

The coupes will be followed in December

- By the new NX entry level luxury crossover vehicles
- That will be joining the fastest growing luxury segment

November and December

- Are traditionally two of the best sales months of the year for Lexus
- And in addition to the arrival of the RC coupes and NX crossovers we'll also be launching our year-end sales program in time for the buying surge around Thanksgiving weekend
- Offering a mixture of low interest rates and lease deals

Thank you for joining us today.

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