

November 2014 Sales Conference Notes

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November 2014 Sales Conference Call
Tuesday, December 2, 2014

November 2014 Sales Conference Call (Audio Clip)

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

Hope you all had a good Thanksgiving weekend.

As I'm sure you've noticed, we've moved up the start of our monthly sales call to provide you with more timely information on the month's results.

Our speakers today will be:

- Bill Fay, Group Vice President and General Manager of the Toyota Division
- Steve Hearne, Lexus Vice President for 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 November results.

Toyota Division Group Vice President and General Manager Bill Fay:

Thank you Mike.

Hello everyone, and thank you for joining us today.

The auto industry

- Appears to be on its way to posting its best November in 13 years
 - (2001, 1.328 million)
- And its second best November *ever*
- With total sales of about 1.3 million
- Up about 4% from last year on a volume basis

Those results are even more impressive

- When you consider there was one less selling day this year
- With sales up about 9 percent on a daily selling rate

November sales normally take off after Thanksgiving

- And while some retailers are reporting declines that wasn't the case for the auto industry with sales being better than expected
- For example
 - Our sales were up a solid 5% over the 4-day weekend

And as we've seen the past couple of months

- Light trucks, especially SUVs and crossovers accounted for much of the growth in November

As a result,

- The Seasonally Adjusted Annual Rate for light vehicles
- Will come in at about 17.2 million for the month
- Second time we've passed the 17 million mark this year

Toyota, Lexus and Scion dealers in November

- Sold 183,346 vehicles
- Up 3% on volume
 - And 7% on a DSR basis

Our light truck sales

- Set a new November record
 - With nearly 90,000 sold
- Led by a 13% increase in SUVs
 - Which also set a new November mark

And Lexus also set a new record for month

- With sales topping 27,000
- And you'll hear more in a moment from Steve about that

For the Toyota Division

- November sales of 155,874
- Up 2.3% from last year
- And 6.3% on a DSR basis
- As Toyota was the best-selling
 - Retail brand for the month

From here on in

- I'll stick with straight volume percentage changes

As I mentioned

- November was another big month for light trucks and SUVs
- As both the RAV4 and Highlander set new November records

RAV4 sales

- Topped 21,000
- And were up 8.5%

While Highlander totaled nearly 13,500

- Up 17%
- And its highest monthly volume in more than a year

4Runner also posted a big gain

- With sales of more than 7,200

- Up 53 ½ percent

And combined Tundra and Tacoma pickup sales

- Topped 22,500

Both Camry and Corolla

- Had good months and continue to lead the industry passenger car charts

We sold nearly 29,000

- Camrys in November
- Which should make it the best-selling car for the month
- About 55% of the Camrys sold were the new 2015 model
- And the sell-down of the 2014 is now virtually complete
- With more than 80% of our current inventory now comprised of the new model

Consumer reaction to the new Camry

- Has been excellent and the new XSE model has been especially well-received
- Combined with the SE the two models accounted for more than half all Camry sales

Corolla recorded its best November in eight years (2006)

- With sales up 14%
- At more than 25,600

And Toyota Division hybrid sales

- Were just short of 18,000 vehicles
- Accounting for about 65% of all industry hybrid sales

Finally

- Sales of Toyota Certified Used Vehicles came in at just under 30,000 sales

Toyota also was recognized last month by ALG

- As being the top mainstream brand when it comes to residual value and retained value
- With an industry leading six models earning the top spot in their segment

As we head into the final month of the year

- Everything appears to be in place for a strong close and the good Thanksgiving weekend results provide a great start to holiday selling season
- With the industry on track to sell more than 16.4 million vehicles which would be the most since 2007

Our annual year-end ToyotaThon

- National marketing campaign is just getting underway and will reach a peak the week between Christmas and New Year's when the majority of December's sales are made

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

Lexus Vice President of Sales and Dealer Development Steve Hearne:

Thank you Bill. And good morning everyone.

As Bill noted

- Lexus set a new November sales record
- With sales up over 7% on a volume basis and up nearly 12% on a DSR basis
- To 27,472 vehicles

We went a little against the industry trend in November

- As passenger cars accounted for much of our growth
- Up nearly 11%
- As the new RC coupe began arriving at dealerships
- And the IS, CT and GS all posted gains

Sales of the new RC

- Came in at nearly 900 for its first month on the market with limited availability
- And created a great deal of excitement and consumer traffic at dealerships

The launch of the new CT

- Continues to go well with sales up 32%

While the IS was up 54% year-to-date

- At 4,600

With the GS up 15 and a half percent

As always, the ES was the passenger car volume leader

- With sales of nearly 6,000

Our luxury utility vehicles sales

- Were up more than 3%
- As the RX continues to lead the segment
- With sales of more than 9,500
- Up slightly from last year
- While the GX was up 20% in November and up 93% on an annual basis

Our utility lineup gets a boost in December

- With the arrival of the NX compact luxury crossovers
 - Our first entries into that red hot segment
- The NX200t features the first Lexus turbocharged engine
- And the NX300h hybrid follows in the footsteps of the pioneering RX hybrid

Finally on November sales

- Lexus Certified Preowned also set a new November record

December

- Is one of the best sales months for the auto industry and that's especially true in the luxury segment
- This year the Lexus December to Remember annual marketing campaign is already underway
- Featuring the hot IS F Sport model and our two volume leaders, the ES and RX
- We also remain in the early stages of our launch support for the RC coupes and NX crossovers and should have good availability for our two newest models

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