

June 2014 Sales Conference Notes

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June 2014 Sales Conference Call
Tuesday, July 1, 2014

June 2014 Sales Conference Call (Audio Clip)

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

Speaking today will be:

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

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 June results.

Toyota Division Group Vice President and General Manager Bill Fay:

Thank you Carly,

Hello everyone, and thank you for joining us today.

Just as the calendar

- Had an impact on auto industry sales in May
- It also had an effect on June results
 - With one less weekend
 - Two fewer selling days

Despite those challenges

- The industry had an outstanding month
- Total sales of 1.4 million vehicles
 - Up 1.2 percent
 - From a volume standpoint
 - The industry's 5th straight month of Y/Y gains
 - And up nearly 9% on a daily selling rate basis

A real indication of just how strong the market was in June

- Is the Seasonally Adjusted Annual Rate
- Which shot up to 17 million for the month
- That's the best monthly SAAR since July of 2006 (17.2)
- Pushed the YTD SAAR to 16.1 million

Midway through 2014

- YTD industry sales have now topped 8.1 million vehicles

- Up 4.3%
- With a good second quarter
- More than overcoming the weather impacted first quarter results

Toyota, Lexus and Scion

- Outperformed the industry in June
- With total sales of 201,714
- Up 3.3% for the month
 - On a volume basis
- And 12% when adjusted for the fewer selling days
- That is our best June result in seven years
 - (2007, 215,000+)

For the first six months

- Our combined sales 1,165,000
- Are up 5%
 - Slightly ahead of the industry pace

For the Toyota Division

- June sales of 178,196
 - Are up 2 ½ percent on a volume
 - 11% on a DSR basis
- Passenger cars out-paced light trucks
 - For the second straight month
- As the Toyota Division repeated as the industry's
 - #1 retail brand
 - A position it has held every month this year

From here on

- I'll stick with straight volume percentages
- And year-over-year comparisons

Camry and Corolla

- Both posted double-digit gains in June
- Camry up 13.5 percent
 - With sales of more than 40,600 units
- Corolla up 17%
 - At nearly 31,000

Both models

- Benefitted from the pattern of fleet deliveries
- That brought our total fleet mix for the year
- Back in line with last year's pace

YTD

- Camry continues to be the best-selling car in America
 - Sales of more than 222,000 vehicles
 - Up 7% for the year
- While Corolla is the best-selling sub-compact car in America
 - Just shy of 175,000, up 10%

Light truck sales

- Were on a par with year ago levels in June
- As we continue to work through inventory challenges
 - Some created by rail car shortages
- RAV4, Highlander and 4Runner
 - All posted gains for the month
 - With RAV4 the volume leader at more than 21,000

For the first half of 2014

- Trucks outpaced passenger cars
- With sales up 8%
- And RAV4, Highlander, 4Runner and Tundra all recording double-digit gains

And the Toyota Division

- Sold nearly 140,000 hybrid models during the first 6 months
- As we continue to account for more than half of all the hybrids sold in America

In the second half of 2014

- With consumer confidence now at a six-year high
- And near record-low financing options widely available
- We see industry-wide growth continuing to improve

As a result

- We're ready to boost our industry projection for the year
- To 16.3 million vehicles
- Would make 2014 the industry's best year since 2007
 - (16.6 in 2007)

At the Toyota Division

- We're well positioned to take advantage of this growth
- With the new Corolla building momentum
- The new Camry joining the lineup in a couple of months
- And the continued strength of our light truck models

Thank you for joining us today and now I'd like to turn this over to Jeff for a look at Lexus.

Lexus Group Vice President and General Manager Jeff Bracken:

Hello everyone. Thanks for calling in today.

Lexus posted sales of 23,518 in June

- Up 10% on a volume basis
- And 19% on a DSR basis
- That's our best June in seven years (2007)
- As Lexus continues to outpace both the overall industry and the luxury segment

In fact

- Lexus YTD sales of nearly 140,000
- Are up 17%
 - One of the largest percentage gains of any major brand
 - For the first half of the year

Sales of the newest models in our lineup

- Led the way in June
 - As they have all year
- With the IS and GX
 - More than doubling their year-ago totals
- For the first six months
 - IS has now topped 23,000 vehicles sold
 - Up nearly 120%

Total Lexus passenger car sales

- Are up 20 percent for the year
- As CT and GS also posted first half gains

As for our YTD luxury utility vehicle results

- Sales are now up 14%
- As all three models are showing gains

- GX sales have more than doubled every month this year
 - And moved past 10,000 for the year
- While RX remains the best-selling luxury SUV model
- At more than 47,000
- Up 3% from last year

Lexus Certified Pre-owned

- Also had a big June and first half of the year
- With June sales 5,700
- Pushing the total for the year
 - to a new six-month record of more than 37,000

As Bill mentioned

- We expect the industry sales pace
- To pick up in the second half of 2014
- And that includes the luxury segment
 - Which led industry growth during the first six months

Two of the hottest segments in the industry

- Include entry luxury crossovers and luxury sport coupes
- And we have new models coming for each of those segments
 - Before the year is out

Launch activities are starting to pick up

- For NX 200t turbo and 300h hybrid entry level crossovers
- Which debuted at the New York Auto show
- And will go on sale in the fourth quarter

Response has been outstanding

- The NX just went on sale in Japan and is off to a great start, with more than 4,000 vehicles sold, well above expectations
- And just as the RX has come to define the luxury crossover segment
- We believe the NX models will assume a leadership role in this fast emerging sub segment

Also coming later this year will be the RC and RC F sport coupes

- Which we first showed in Detroit
- The RC models will fit in the same sweet spot as the IS
- For those buyers looking for the sporty styling of a coupe

We expect both the NX and RC to bring new and younger buyers into the Lexus family.

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