

May 2014 Sales Conference Notes

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May 2014 Sales Conference Call
Tuesday, June 3, 2014

May 2014 Sales Conference Call (Audio Clip)

Good day and thank you for joining us to review May 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 Toyota.newsroom.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 TMS and Toyota Division May results.

Toyota Division Group Vice President and General Manager Bill Fay:

Thank you Mike,

Hello everyone, and thank you for joining us today.

May was one of those months...

- Where everything came together for the industry
 - With five weekends
 - Including an early Memorial Day
 - One extra selling-day
 - And improving consumer confidence
- Resulting in the industry's best volume month in nine years

Total industry sales

- Coming in at 1.6 million vehicles
- Up 11 and a half percent from last year
- Best May since 2004

Translates to a SAAR of about 16.8 million

- Third straight month with a SAAR of 16 million or better
- First time since 2007 we've seen that consistency
- Brings YTD SAAR to 15.9 million

Toyota, Lexus and Scion dealers

- Helped lead the way
- Sales of 243,236

- Up 17% from last year
- Well above the industry average
- Making TMS #1 in retail sales
 - By more than 12,000 units
- That's also more vehicles than we've sold in any one month
 - Since May of 2008

For the Toyota Division

- Big month for our core products
 - Camry, Corolla, hybrids and RAV4
 - All posting significant gains
- Passenger car sales were up 21%
 - As our cars outperformed trucks for the first time in 7 months
- Light Truck sales were still up 11%
 - Continue to work through inventory challenges with several vehicles in our lineup

Total Toyota Division sales of 216,315

- Up 17% from last year
- Toyota was #1 in retail sales
 - By a wide margin
 - For the fifth consecutive month this year

Camry sales

- Hit nearly 50,000 units
- 49,584 to be exact
- And up 26 and half percent for the month
- Put it in perspective, Camry has exceeded 50,000 monthly sales only four times in its history
- Camry also was involved in another milestone during May
 - It became the 10 millionth car built at our plant in Kentucky over the past 26 years

The all-new Corolla

- Best month in nearly five years
- Sales of 36,600 units
- Up 31%
- Stretched its lead as the best-selling subcompact in America

Hybrid Lineup also did very well

- With total Toyota Division sales of nearly 34,500
- Up 11%
- That's the most hybrids we've sold in month in two years

- Prius Family led the way with sales of more than 26,800 units
- Up 14%
- Both Camry and Avalon hybrids posted double-digit gains

Prius story was especially strong in California

- Where our total car sales were up 22%
 - Prius sales were up 30%
 - Southern California had its best Prius month ever
- In fact, 1 out of every 3 Toyota cars sold in California was a member of the Prius family
- And it looks like we sold more Prius in California in May
 - Than the #2 hybrid nameplate
 - The Fusion, sold nationwide

On truck side

- RAV4 volume leader
- At nearly 23,500
 - Up 13% from last year
 - Best May ever
- The compact sport utility segment remains red hot
- RAV4 is limited only by inventory levels

The New 4Runner and Highlander models

- Continue to perform very well
- As they combined for sales of nearly 20,000
- Highlander up 8.5%
- While 4Runner jumped 70%

And Sienna had a good month

- Up 12 and half percent
- With more than 13,300 sold

Combined pickup sales

- Topped 25,000 units
 - Up two and half percent
- As a drop in Tacoma sales because of inventory constraints
- Was offset by a 14.5% gain in Tundra sales

Finally, Toyota Certified Used vehicles

- Sold more than 32,000 vehicles in May
- As the demand for used vehicles remains strong
- A further indication of the overall strength of the market

Looking Ahead

- Although we may see some payback in June as a result of the May results
- Expect overall momentum to continue
 - Driven by new products,
 - including the new Camry coming later this year
 - Near record-low financing options
 - And the recent uptick in consumer confidence
- This past weekend
 - Was our 2nd best non-holiday weekend in the 6 years
 - and the strength of the passenger car market
 - And retail sales are also good signs for the summer selling season
- So there's every indication the market stability
- And solid growth we've seen the last three months will continue through the summer

Now I'd like to turn this over to Jeff Bracken for a look at Lexus results.

Lexus Group Vice President and General Manager Jeff Bracken:

Hello everyone. Thanks for calling in.

The luxury vehicle market

- Has been outperforming the overall industry so far this year
 - that trend continued last month

At Lexus we had a very good month in May

- Sales of 26,921
- Up 16.6% (DSR)
- That's our best May since 2008
- Third straight month of double digit gains
- Sales of our newest models
 - The IS and GX,
 - more than doubled
- And our core models,
 - the ES and RX,
 - both showed solid gains

On the passenger car side,

- ES posted sales of more than 6,500 units
- Up nearly 7% (DSR) from last year

IS was the big gainer as it has been all year

- Sales of 4,400
- Sixth straight month sales have more than doubled

For our Luxury Utility Vehicle lineup

- We saw total sales rise 20%
- All three models posted gains
- The new GX continues to provide the growth
- While the RX provides impressive volume
- GX sales more than doubled to 1,958 units
 - Best volume since in nearly four years
 - 7th consecutive month sales have doubled since launch
- RX was up nearly 5% (DSR)
 - RX continues to be the best-selling luxury utility vehicle

Lexus Certified Pre-owned

- Further validating the strength of the luxury market
- Our Certified Pre-owned program sold more than 7,000 vehicles
- A record for May
- Second best month ever

In closing: YTD Lexus sales

- Now up 18% for the year
- Looking to keep momentum through the summer
- And into the fall
- When we'll be adding several news products
 - Including the RC and RC F on the passenger car side
 - And NX 200t and 300h luxury utility vehicles

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