

# February 2014 Sales Conference Notes

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**February 2014 Sales Conference Call**  
**Monday, March 3, 2014**

## February 2014 Sales Conference Call (audio)

Good day and thank you for joining us to review February 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.pressroom.com](http://Toyota.pressroom.com) about one hour after its conclusion and of course our communications team also is available to field any additional questions you may have @ (310) 468-5297.

Now I'd like to turn it over to Bill for a look at TMS and Toyota Division February results.

**Toyota Division Group Vice President and General Manager Bill Fay:**

Thank you Carly.

Hello everyone, and thank you for joining us today.

### Recent economic reports

- Indicate the unusually harsh winter
- Continues to have an effect on economic activity in general
- Certainly had an impact on auto sales in February

### Not only affecting consumers

- We've had disruptions in production and rail service
  - Especially in Canada
- Which has had an impact on three of our core models
  - Corolla, RAV4 and the Lexus RX
- Sure some other manufacturers had similar experiences

### Despite those challenges

- Total industry was on a par with last year
- About 1.2 million vehicles
- SAAR at 15.3 million
  - Again, about the same as last year
  - Up slightly from last month

### Industry retails sales a little stronger

- Up about 2% from last year
  - Offsetting 6% drop in fleet deliveries

## For Toyota, Lexus and Scion

- Total sales of 159,284
- Down 4.3% from last year
  - Primarily result of a 20% reduction in fleet sales
- Toyota Div. repeated as industry leader in retail sales
- Lexus showed an increase of nearly 9%
  - Hear more about that in moment from Jeff

## Toyota Division

- Sales of 140,000
- Off about 6% from last year
- Sales up slightly on West Coast and South
- Improvements nationwide following President's Day
- Encouraging as we enter spring months

## As we've seen in recent months

- Light trucks continue to outperform passenger cars
- With increased sales in February compared to last year

## SUV sales alone were up 15.5 %

- Both all-new Highlander and RAV4
- Posted best-ever February results
- Highlander showed the biggest increase
  - Sales up nearly 30%
- Right behind was the RAV4
  - Launched last February
  - Remains one of the industry's hottest vehicles
- Sales of nearly 16,500
- Up 23%
- 4Runner also had good month
  - Posting 17% increase

## And finally on the truck side

- Tundra up 8.5 % for the month
- Best February since 2008

## Other February highlights include

- Camry
  - Total sales of 29,000

- Also named #1 car in midsize segment
  - J. D. Power Vehicle Dependability Study
- Corolla
  - Up slightly
  - More than 25,300 units
  - Best February since 2007
  - Second best results for the month in more than a decade

### Hybrid Lineup

- Saw sales of about 16,000
- Account for more than half of industry's hybrid sales
- Weather conditions
- May be having a bigger impact on Prius results
- Than some of other models in our line-up
- One bit of good news
  - Consumer Reports recognized Prius as best green car on market

### Toyota Certified Used vehicles

- On a par with last year at about 28,000 units

### Looking Ahead

- March kicks off the spring selling season
- Looking forward to getting this winter behind us
- Delayed purchases the past couple of months
- Which should make for a robust spring
- Optimistic about overall economic outlook
- Expect long-term modest growth
  - Both the general economy
  - And the auto industry
- Holding to 16 million industry forecast for the year

### To Help Get Things Going

- Launched first national marketing campaign of the year
- The successful *#1 For Everyone* theme used last year
  - Highlight leadership positions for quality, fuel economy and retail sales, amongst others
- Low interest rates
- Lease payments
  - Including a 24 month lease option that has proven to be very popular
- Also focus on several recently launched models
  - Including Corolla and Highlander

Thanks again for joining us today. Now I'd like turn this over to Jeff Bracken for a look at the Lexus results.

**Lexus Group Vice President and General Manager Jeff Bracken:**

Thanks Bill. Hello everyone.

- Luxury segment continues to outperform the general industry
- Posted across the board gains in February

At Lexus

- Able to build on momentum of recent months
- Up 8.7% from last year
- 18,855
- Best February in six years (2008)
  - Western and Southern areas had very good months
- Would have been even better
  - weather-related issues involving RX Bill mentioned

Passenger car sales especially strong, up 20%

- Led by IS
  - continues to be one of the hottest cars in the industry
  - Sales rose 130% from last year
  - Fourth straight month of triple digit gains
  - Typically some seasonality with this type of car
    - Haven't seen it yet
    - Continues to attract younger buyers
      - Median age of 43
      - Dealers report shoppers mostly in the 30-40s
- New CT hybrid model
  - Up 4% in February
  - One interesting note
    - Admittedly small early buyer sample
    - Most CT buyers adding car to their lineup
    - Rather than replacing vehicle

Also see continued resurgence in GS sales

- Up 30% (CYTD)
- Second straight month of double digit gains
- \$499 lease

Luxury Utility Vehicle lineup posted another good month

- Led by the RX,
  - the luxury segment volume leader
  - Sales of nearly 5,700 in February
- Continued strength of new GX
  - Sales more than doubled

- Fifth straight month since launch
- 1,600 units
- Lexus Certified Pre-owned best February ever
  - Further indication of the strength of the luxury segment
  - (about 6,000)

#### February also a big award month

- Lexus finished on top of three major automotive awards
- Named best brand by Consumer Reports
  - Only brand to receive excellent overall reliability score
- Topped J.D. Power's Vehicle Dependability Survey
  - Third straight year
    - Just 68 problems per 100 vehicles
    - Increased margin over second place Mercedes-Benz with 104
  - Lexus also had six of the top 10 ranked vehicles
- Kelly Blue Book top luxury brand 5-year cost of ownership

#### In March

- Also stage national marketing campaign
- *Command Performance*
  - Highlight performance characteristics of IS and GS
- Also continue focus on our luxury utility vehicles
- Finally, unveil the RC F Sport tomorrow
  - Press conference at Geneva auto show
  - Build on the buzz surrounding this car
  - In advance of its launch in the U.S. this fall

Thank you for joining us today, and now we'd like to open the call up to any questions you may have.