

September 2013 Sales Conference Notes

October 01, 2013

September 2013 Sales Conference Call Tuesday, Oct. 1, 2013

[September 2013 Sales Conference Call \(audio\)](#)

Toyota Motor Sales Vice President of Corporate Communications Mike Michels:

Hello everyone and thank you for joining us to review Toyota's September sales results.

Speaking today will be:

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

Following the call, our communications team will be available to field any additional questions you may have.

Now I'd like to turn it over to Bill for a review of our corporate and Toyota Division results in September.

Toyota Division Group Vice President and General Manager Bill Fay:

Thank you Mike...and thanks everyone for joining us today.

As we noted last month, September was expected to be a challenging month from a statistical standpoint, due to a couple of quirks in the calendar, that saw Labor Day sales fall into the August total – along with two fewer selling days this year compared with last September.

As a result,

- Industry sales 1.138 million
- Down 4.3 percent on a volume basis
- First time in more than two years failed to post Y/Y monthly volume gain
 - (June 2011)

But because there were two fewer selling days this year

- (only time it happens in 2013)
- (and five fewer than August)
- Important to take a look at daily selling rate
 - Better apples to apples comparison
- Industry actually up 4.1 percent
- Following what everyone agrees was an outstanding August

Yet another way to look at it...

- Combine industry August/September sales
- Volume up 7 percent
 - same two months of last year

September SAAR 15.3 million

- Moderate increase over the 14.9 million pace of a year ago

YTD industry sales +9-and-half percent

- SAAR at 15.5 million
- On track with our forecast for the year

Combined Toyota, Scion and Lexus sales

- 164,457
- Down 4.3 percent on volume basis
- But up 4 percent on a DSR basis

Combined TMS August and September total

- Up about 10 percent
- Outpacing the industry

For the Toyota Division

- Sales of 144,935
- Off 4.3 percent volume
- Up 4 percent DSR
- New models continue to perform especially well

September first full month for all-new 2014 Corolla

- Off to great start
- Sales of more than 23,000
 - A little more than half 2014 models
- Total up 1 percent on volume
- Nearly 10 percent on DSR basis
- Making it best-selling subcompact model

Early Corolla buyer information

- Slightly more male
- A little younger
- Top-of-the line S model
 - Accounted for nearly half of 2014 sales

Camry

- Sales topped 30,000
 - 9 consecutive month
 - Pretty much on par with last year
 - (up 1.1 percent DSR)
- Allowed Camry to continue to maintain its position as best-selling car in America

Avalon

- Another car to show volume gains over last year
- Sales 4,500+
- Nearly triple year ago levels
- Demand for the Avalon hybrid remains excellent
 - Making up a quarter of all Avalon sales

Toyota Division Hybrid sales

- While down from last year
- Remain up 10 percent CYTD
- Account for more than half of all hybrids sold in America

On the truck side

- New RAV4 volume leader
- Best September ever
- Nearly 16,000 sold
- +15.5 percent volume
- 25.5 percent DSR

Combined pickup truck sales

- Topped 20,000
- Both Tacoma and Tundra
 - Showed DSR gains
 - Came up a little short on the volume comparison

New Tundra

- Began arriving at dealership

- One millionth truck build at San Antonio last month
- Marketing launch now underway
 - Continue through October

Looking Ahead To October

- Remain optimistic
- Expect industry volume to bounce back into the plus column
- Both industry and economic fundamentals remain strong
- Hope and expect the government shutdown to be short and have minimal impact on the industry

- For the Industry
 - New products continue to be well received
 - Good financing available
 - No abatement in pent-up demand

At Toyota

- Focused on Corolla and Tundra launches
- Along with series of regional programs featuring
 - Low APRs
 - Excellent lease rates

Thank you again for joining us today.

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

Lexus Group Vice President and General Manager Jeff Bracken:

Thank you Bill.

Lexus obviously faced the same challenges as the rest of industry in September regarding year-over-year comparisons.

Total sales of 19,522

- Up 4.1 percent from last September on daily selling rate
- Unadjusted volume down 4.2 percent
- Several new models showed both volume and DSR gains

Aug/Sept comparison

- Lexus up 10-and-a-half percent for the two months
- Again, ahead industry 7 percent gain

YTD

- Sales of more than 190,000
- Up 11.6 percent through September

And no matter how you look at it, even quirks in the calendar couldn't slow the pace of the new IS.

The IS

- Still in the midst of its marketing launch
- Sales jumped 42 percent
 - (3,200)

IS F-sport demand remains especially strong

- Account for nearly one-third of sales
- Currently unable to meet demand

In fact, F-sport models remain hot across the Lexus lineup

- Continuing to attract more male buyers
- More younger buyers
- And more new buyers to the Lexus brand

LS another new model that performed well in September

- Sales up 36 percent on volume
- Nearly 50 percent on a DSR basis
- Up 54 percent for the year

ES

- Remains volume leader on the car side
- Sales of nearly 5,000 units in September
 - Hybrid models accounted for nearly a quarter of sales
- Pushing sales past 50,000 for the year
 - Up 44 percent

RX continues to sit atop the hot luxury SUV segment

- Sales of 7,600 in September
- 8 percent volume growth
- 17 percent DSR increase
- Up nearly 10 percent YTD

In conclusion, Lexus has historically performed well in the fourth quarter, and we expect that to be the case again this year.

IS launch activities will continue in full swing through October...while the re-designed GX will begin arriving at dealerships today, giving us another new model in the key luxury SUV market.

We have some of the hottest new vehicles in the industry in the ES, IS and RX, combined with a good inventory situation.

As a result, we expect history to repeat itself in 2013 with another strong Lexus finish.

Thank you very much for joining us today. Now I'd like to open up the call for questions.