

October 2013 Sales Conference Notes

November 01, 2013

**October 2013 Sales Conference Call
Friday, Nov. 1, 2013**

[October 2013 Sales Conference Call \(audio clip\)](#)

Toyota Motor Sales Vice President of Corporate Communications Mike Michels:

Hello everyone and thank you for joining us to review Toyota's October 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 October.

Toyota Division Group Vice President and General Manager Bill Fay:

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

October

- Indication of strength of the automotive market and resiliency of American consumers
- Industry reported solid increase in sales despite some headwinds from the government shutdown

Weren't sure what to expect

- While some impact
 - Mainly in the Washington D.C. area,
- Sales resumed normal pace by the end of month

For example,

- Central Atlantic Region,
 - including the D.C. area,
- Recorded the biggest gain of any region last weekend
- One of our better performing areas for the month

So for the month,

- Industry sales of 1.2 million
- Up 10.6% from last October on a volume basis

October SAAR 15.2 million

- 12 straight months SAAR has topped 15 million

YTD industry SAAR 15.5

At Toyota, Scion and Lexus

- 168,976
- Up 8.8% from last year

Our retail story is even stronger

- Up 11.6% for the month
- As planned
 - We reduced our fleet sales 18%
 - 8.1% of mix
 - On track for about 10% for the year

For the Toyota Division

- Sales of 146,257
- Up 8%

New models continue to perform well

- Corolla, Avalon, RAV 4 and Tundra
 - double-digit gains

Headline news: All-new Corolla is off to a stronger start than expected

- More than 23,600 sales
- Up nearly 13% for the month
- 5 and a half % for the year
- About 80% of the sales were new 2014 Corollas
- Stronger than expected as we continue to build inventory and have a disciplined sell-down of 2013 models

Top-of-the line S model is leading the way

- Helping Corolla bring in new buyers
 - Slightly more male
 - A little younger

Avalon continues its terrific pace

- Sales more than tripled year-ago levels in October
- 5,150 units
- Hybrid accounted for more than 25% of the total
- Total Avalon has more than doubled for the year

Camry again volume leader

- At more than 29,000
- Nearly 350,000 for the year

Prius Family

- Remains on pace to exceed year over year levels
- With sales of more than 15,600 in October
- Topped than 202,000 for the year

Toyota Division Hybrid Sales

- Now at 260,000 for the year
- Up more than 7%

On the truck side

Total Toyota Div light truck sales were up nearly 16%

- Led by first full month of new Tundra sales
- Up 22 and a half %
- More than 9,900 units

Two high-end Tundra models did especially well

- Platinum and new 1794 Edition
- Making up 20% of all Tundra sales

Combined with Tacoma

- With sales of more 12,000

Total pickup sales

- Topped 20,000
- Up nearly 10%

RAV4 Continues to be one the hottest vehicles

- in one of the industry's hottest segments
 - Sales up 61%
 - More than 17,600

Finally, Toyota Certified Used Vehicles

- Recorded its best October ever
- More than 31,000 vehicles
- That's a further indication of strength of the overall market

Looking ahead

We see the retail market remaining stronger for autos than other sectors, due to excellent credit availability, continued pent-up demand and the relative affordability of cars compared to other large household purchase decisions.

As a result, we expect the momentum that returned to the market during the final days of October to carry through the rest of the year.

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.

New product also drove Lexus sales in October

- Total sales of 22,719
- Up 14.5%
- Outperforming
 - Industry

Also experienced minimal impact – mainly in the D.C. area – from the government shutdown.

YTD

- Sales moved past 213,000
- Up 12%
- On target for our goal of 270,000 this year

The new IS continues to lead the way

- Sales of more than 3,570 in October
 - up nearly 70%
- YTD up 10%
- All growth coming since the new IS was introduced

It's been more than four months since the IS went on sale and much of the early buyer data has turned into a trend.

- Buyers more heavily male (56% vs. 46%)
- Median age in mid-40s
 - About a third under 35
- More than 40% are half buying the F-Sport version
 - (vs. 10% for previous model)
 - Inventory constrained

Perhaps most important, nearly half of the IS buyers are new to Lexus, coming mostly from BMW, Audi and Acura

Looking at the rest of the lineup LS continues to perform well

- Sales up 26.5% for the month
- And 50% for the year

ES

- Remains volume leader on the car side
 - Sales 6,000
 - Pushed YTD total up 38%

October is a particularly good month for luxury SUVs

- Buyers preparing for the winter months ahead

We also launched the redesigned GX

- Featured full SUV lineup in advertising
- First time in several years

As a result,

- Lexus SUV sales up 21%
- Led by 65% increase in GX sales

RX continues to be the best-selling luxury SUV

- Up 15% in October
 - Led by 20% increase in hybrid sales
- Total RX up 10% YTD

The LX570 also contributed

- Up 32%

And finally,

- Lexus Certified Pre-owned
- Best October ever
- More than 6,000 vehicles
- As Bill mentioned, an indication of the overall strength of the market

Looking to November, we enter a seasonally strong time of the year for us and will close the month with our traditional year-end national sales program.

November and December are typically two of our better months here at Lexus as returning customers take advantage of year-end opportunities.

With the addition of the new IS, RX and GX models, the continued strength of the LS and ES, and good across the board availability and financing, we expect that to be true again this year.

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