

March 2013 Sales Conference Call Notes

April 02, 2013

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Tuesday, April 2, 2013

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

TMS National Business and Field Communications Manager Celeste Migliore:

Good day and thank you for joining us to review Toyota's March sales.

Speaking today will be:

- Bob Carter, senior vice president of Automotive Operations, who will cover TMS and the Toyota Division as Bill Fay is on vacation.
- And Jeff Bracken, group vice president and general manager of Lexus.

I'd like to take a moment and welcome Jeff in his new role at Lexus, which was announced last month.

Jeff has filled in on these calls in the past as the vice president in charge of sales at the Toyota Division, and we look forward to hearing from him on a more regular basis as head of Lexus.

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 Bob for a look at March results.

Bob Carter:

Thank you...

Hello everyone, and thank you for joining us.

The auto industry continued its string of impressive monthly results in March, with sales approaching nearly 1.5 million vehicles.

That's more cars and trucks than the industry has sold in any one month in nearly six years, the best month since May of 2007.

At Toyota we accounted for more than 205,000 of those sales, our best month in three and a half years, since Cash for Clunkers in August of 2009.

For the industry as a whole

- Sales are up 3.7 percent on a volume basis from last March
 - one less selling day, up 7.6 percent DSR
- SAAR about 15.3 million
 - 5th straight month above 15 million

Through first quarter of 2013

- Industry up about 6 percent
 - Continues to outperform the general economy
- SAAR 15.3
- Especially encouraging – retail sales leading the increase
 - Up 7 percent

Industry fueled by Three Cs

- Cars, Credit and Confidence
 - Record number of new vehicle introductions
 - Including nine new Toyota models
 - Accessible financing options
 - Historic low rates
 - Excellent leases
 - Improving consumer confidence
 - Four month high in March

Plus increasingly positive economic indicators

- Rising employment
- Improving housing market
- Stock market at record highs
- Increases in both consumer earnings and spending

As a result

- You may have noticed last week
 - Raised industry forecast to 15.3 million
 - TMS to more than 2.2 million

Toyota, Lexus and Scion in March

- Total sales of 205,342
 - up 1 percent on a volume basis
- again, accomplished with one less selling day
 - plus nearly 5 percent on DSR
- #1 Retail manufacturer

- First quarter up nearly 9 percent,
 - outpacing industry by a third

Toyota Division in March

- sales of 182,152
- flat on a volume basis
- but up 3 percent DSR
- Toyota Division also #1 retail brand

From here on, I'll stick with purely volume comparisons.

Light trucks continue to perform extremely well

- Sales up 7 1/2 percent
- Tacoma up more than 20 percent
- Tundra up 8 percent
- Total pickup sales up 20 percent through first quarter

RAV4 volume leader

- Nearly 16,500 units
- Still building inventory of the new model
- Continues to be fastest turning model in our lineup

Sienna sales up 18 percent in March

- Sold more than 25,000 in first quarter
- Up 20 percent

I saw a number of articles in the past week about the death of the minivan but as you can see, the Sienna is alive and well.

Anytime you sell more than 100,000 vehicles in a year, that's a very viable model in your lineup.

Now on the car side...

New Avalon continues to be well received

- Sales more than doubled
- To nearly 7,000
- Best month in 7 years

Core products also did very well

- Camry sales topped 37,000
- Corolla was up 11 percent
 - To more than 30,000 units
- Prius topped 22,000
 - Best Prius month in nearly a year (April 2012)

Finally, Toyota Certified Used Vehicles

- Huge month
- Sales of nearly 35,000
- Easily our best certified used month – ever

Looking Ahead

- The industry is coming off its best month in six years
- We expect it to continue to outperform the economy in general
- Growth rate about 5 percent
 - Compared to 2 percent for economy in general

Toyota well positioned to take advantage of this growth

- Announced last month most significant reorganization in our history
- Coming off our best month since Cash for Clunkers
- Couple of hot new products in the RAV4 and Avalon
- Solid core products in Camry, Corolla and Prius
- Two new truck models comings
 - Showed Tundra earlier this year at Chicago Auto Show
 - Just last week unveiled the new Highlander at the New York Auto show
 - Good reviews for redesign
 - especially for improved interior and cargo room without making it physically larger

In addition, we have some other surprises on the product side of the business in store for you a little later this year.

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

Jeff Bracken:

Thank you Bob, and good day everyone.

Before I comment on our sales and brand results for March, I'd like to introduce Steve Hearne to all of you.

Steve is our new vice president of sales for Lexus. And like me, Steve also has prior Lexus experience. Of course, as you would imagine, we both feel fortunate to return to Lexus, especially at a time with so much new product and an improving industry.

Since my first day was technically yesterday, I really can't take any credit for such positive March sales results, but it feels like a great way to start out.

Our Command Performance sales event worked well for us

- March sales were 23,190, up 19.4 percent over last March on a DSR basis
- And, as you would suspect, leading the way for us was RX and RX hybrid with sales of 9,072, an increase of 33 percent over last March
- Our other new models also performed well
 - Our new vehicle volume for the new ES and ES hybrid was more than double last year, up 124 percent with sales reaching 6,798
 - Our flagship LS was up 77 percent with 980 sales
 - And sell down of our IS is progressing well
- Of course, we're looking forward to this summer when the new IS arrives. Reviews have been very good and it will continue to draw young people to the Lexus brand.
- On the luxury hybrid front, Lexus continues to lead the way, now with five luxury hybrid models. Our March hybrid volume totaled 3,617 and now totals nearly 10,000 units for the year, 23 percent higher than last year.
- On a year-to-date basis, Lexus sales are more than 17 percent higher than 2012 on a DSR basis

In addition to a strong month for sales, Lexus also realized the top brand position in JD Power and Associates' Customer Satisfaction Index.

Thanks to our dealers' on-going customer service focus earning the top CSI position, and February's Vehicle Dependability Study leadership result, we feel we're well on our way to match our customer service award success from last year.

And now I'd like to open it up to Q&A.