# December 2012 and Year-End Sales Conference Call Notes

January 03, 2013

**December 2012  and Year-End Sales Conference Call**

**Thursday, Jan. 3, 2013**

December 2012 Sales Conference Call (audio clip)

**Jim Lentz**
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**Toyota Motor Sales, U.S.A.**

Good day everyone and Happy New Year.

We begin 2013 as a company — and an industry with a great deal of anticipation and expectation based on a strengthening economy and continued strong consumer response to our new products.

The industry capped a good 2012 with an excellent December
Sales of 1.35 million
Up 9 percent from last year
One less selling day, 13.2 percent on DSR basis
Best December in five years
SAAR 15.3 million
Coupled with a strong November
First back-to-back months above 15 million since February/March 2008

Toyota, Lexus and Scion dealers
December sales of 194,143
Up 9 percent
(Last December was best volume month of 2011)
Up 13.2 percent on a DSR basis

Toyota Division
Sold 163,536 vehicles in December
Increase of 7 percent
#1 retail brand for the month

New Avalon sales up 60 percent
Went on sale early December
Lot of interest in hybrid model with 40 mpg
Fastest turning vehicle in our lineup last month

Lexus

Sales up 21 percent
Led by new ES, +64 percent
Hybrid 25 percent of ES mix
New RX +nearly 10 percent; second best month ever

For the Year
Industry came in at 14.5 million
Best since 2007
Increase of more than 1.7 million units over 2011
Biggest industry improvement since 1983/84 of 2.1 million
Third consecutive year of double-digit gains
Exceeded our expectations of 14.3 million

For Toyota, Lexus and Scion
2012 was a breakout year
Sold more than 2,082,000 vehicles
Increase of more than 400,000 units from last year
Up 26.6 percent
Doubled industry gains for the year
Also first time topped two million sales since 2008
Market share 14.4 percent
up from 12.9 percent in 2011

Toyota Division last year
Up 27 percent
1.84 million units
Best since 2008
#1 retail brand (133,000 ahead of nearest competitor)
Fleet sales less than 10 percent of total sales (9.7 percent)
Toyota certified used vehicles once again topped the industry

Lexus
Outstanding response to the new styling and driving dynamics
In a period of less than 2 years will turn over entire lineup
Sales up 23 percent; biggest year-on-year increase since 1998
Fastest growing luxury brand (volume) last year
New GS, first to feature spindle grille, +490 percent for the year
ES +37 percent; RX +16 percent
New or refreshed models made up 46 percent of sales

Scion
Up 50 percent
65 percent of buyers new to Toyota
FR-S remains in short supply

Certainly some of the gain
Result of recovery from tsunami and earthquake
Impacted 2011 sales
Still rebuilding inventories through first quarter of 2012

Much larger portion of the increase
Result of the 19 new or significantly updated models introduced during the past year
Most in our history
Many of the new models posted double digit gains
Accounted for about 40 percent of the vehicles sold in 2012
(Compared to just 7 percent in 2011)

Commitment to hybrid technology also paid big dividends in 2012
Record year for industry hybrid sales
Sales nearly doubled, approaching almost half a million
Toyota and Lexus account for 70 percent of those sales
Our hybrids up more than 83 percent for the year
Prius family nearly +75 percent to 236,000
About 15 percent of our model mix was hybrids
More than 325,000 Toyota or Lexus vehicles

One of the other big stories
Continued success of Camry
Camry sales were up more than 31 percent
Most competitive segment in the industry
Topped 400,000
First time since 2008
Well above our objective of 360,000
Best-selling car in America 11th straight year
About 70,000 units ahead of nearest competitor

Camry more than just a sales success
SE brought new and younger buyers into Toyota family
40 percent of mix; average age 44
Dropped overall Camry age to 51 from 60 for previous generation

Finally, Quality also a big part of story last year
Lexus swept the Quality Grand Slam as #1 nameplate in J.D. Power's
Customer Satisfaction Index
Sales Satisfaction Index
Initial Quality Survey, and
Vehicle Dependability Study
Where our vehicles topped 8 of 14 segments

Consumer Reports
Scion, Toyota and Lexus top 3 brands for reliability
Named Prius best automotive value
Toyota and Lexus topped six of top 10 categories

Kelly Blue Book
Said 18 models best re-sale value, tops in industry

Insurance Institute for Highway Safety
19 models top safety picks, again best in the business

Looking ahead at 2013
Unemployment at three-and-a-half year low
Housing market turning the corner
Home prices show first yearly gain in six years
FED has promised to keep interest rates at historic low levels
Although consumer confidence was down in December
Caused by concern about budget negotiations
November's 5-year high reflective of consumer mood

Based on those factors
We see continued economic stability
Modest growth
Auto industry will be driven by
pent-up demand
average vehicle age (11 — highest ever)
fastest growing population (industrial nation)
young buyers returning at faster rate
Historically low financing options
Continued influx of new products
2013 projection – 14.7 million

At Toyota
Rollout of new models will continue in 2013
Nine all-new or significantly updated models
Heeding Akio Toyoda's call for more exciting vehicles
Adding value and content
Several are in key volume segments
Beginning this month with RAV4
Followed later this year by the Lexus IS
And Scion tC, just to name a few

We'll also have a full year of sales for such vehicles as the
Toyota Avalon and Prius family
Lexus ES and RX
and Scion FR-S

As a result
Expect to continue to outperform industry
Looking for an increase of roughly 100,000 units
To more than 2.15 million vehicles
Products introduced in 2012 and 2013 account for more than 60 percent of sales
And frankly, given the industry performance the past couple of months, we're already looking at revising our projections for the industry for the year.

In conclusion
We expect the auto industry to remain at the forefront of an improving economy.

At Toyota, we expect our breakout year to roll into 2013 with a continued influx of new and exciting products industry leading quality and fuel economy and a focus on our customers and communities.

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