

# 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**  
**President and Chief Executive Officer**  
**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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