

June 2012 Sales Conference Call

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[June 2012 Sales Conference Call \(Audio Clip\)](#)

Toyota Motor Sales Vice President of Corporate Communications Mike Michels:

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

Speaking today will be:

- Bob Carter, group vice president and general manager of the Toyota Division;
- And Mark Templin, group vice president and general manager 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 June results.

Bob Carter:

Thank you Mike, and thank you all for joining us today.

Toyota, Lexus and Scion dealers sold 177,795 vehicles in June, an increase of 60.3 percent on a volume basis from last year.

Midway through 2012, TMS sales have moved past the one million mark — something we didn't accomplish until mid-August of last year — up more than 230,000 units and nearly 28.7 percent for the first six months.

The industry as a whole should be up about 22 percent in June from year ago levels, with light vehicle sales of 1.28 million.

That's the industry's third best month since August 2008 and the best June in five years, dating back to 2007.

As expected, sales are down slightly from May, which is typically one of the industry's best sales month of the year.

However, we see the June seasonally adjusted annual rate climbing back above 14 million, to about 14.1 million vehicles.

For the first six months of 2012 that puts the SAAR at 14.3 million and we expect the industry to maintain that pace through the end of the year.

As a result, we are adjusting our mid-year 2012 projection to 14.3 million, quite a jump from our 13.5 forecast of just six months ago.

For the Toyota Division, June sales of 157,773 are up 57-and-a-half percent. And as we've been forecasting, fleet sales returned to normal levels for the month.

After meeting our back obligations to fleet buyers during the first five months of the year, fleet sales accounted for just 8.7 percent of our mix in June.

In fact, Toyota was the number one retail brand for the fourth consecutive month.

Camry led the way, with sales of more than 32,000 units, up 50 percent from last year.

The Prius family turned in another strong month with sales up 340 percent, 19,150 units.

And Corolla continues to benefit from an improved inventory situation, up about 40 percent, although we could probably be selling even more if we had them.

June saw the national launch of the Scion FR-S, one of the most highly anticipated new models in our history.

We sold nearly 2,700 FR-S models and it's pretty much in a sold-out position.

The FR-S is helping bring buyers into dealerships and every Scion model showed a June increase, with total Scion sales of 8,400 units, up more than 143 percent for the month.

And light trucks are benefitting from stable gas prices with total sales up nearly 40 percent.

RAV4 set a new record for the month of June, with sales of more than 15,000, up 66 percent, as it continues to respond to improved inventories.

Tacoma sales are up nearly 46 percent, and Tundra is up more than 30 percent.

Toyota Certified Used Vehicle sales also set a June record, with sales of about 28,700.

Halfway through the year, Toyota Division sales of 937,964 units are up nearly 30 percent.

New and updated models are the driving force behind the first-half increase.

Camry, with sales of nearly 215,000, is up 45 percent for the year and has stretched its margin to more than 50,000 units as the best-selling car in America.

And the Prius family has posted a first-half sales gain of more than 90 percent.

On the truck side, it is the updated Tacoma leading the way, with first-half sales up 27 percent.

Looking ahead to the second half of 2012, we see pent-up demand and low interest rates continuing to bring buyers into showrooms.

Our sales will to be driven by new and updated models, such as the FR-S and updated Venza that went on sale recently.

The all-new Avalon will be the latest in a record string of 19 new or updated models when it hits the market later this year, including a new hybrid model with a combined fuel economy rating of 40 mpg.

For July, our marketing efforts will include zero percent financing on seven models including Corolla, Avalon, Tundra, Venza, RAV4, Highlander and Sienna.

We'll also add Camry to the list of models with available 1.9 percent financing.

And thanks to strong residuals, great lease rates are available on Camry, Corolla, and just about every model in our lineup.

Now I'd like to turn this over to Mark for a look at the Lexus results.

Mark Templin:

Thank you Bob, and thanks to all of you for joining us today.

Lexus closed out June with sales of 20,022 vehicles, an increase of 86 percent over the same month last year.

Our sales through the first half of 2012 were 108,132, which is 23 percent ahead of last year's pace.

At the start of the year we said we'd grow more than any other luxury brand, and through the first half of the year, we're right on track.

The fresh products in the Lexus line-up led the way for us in June.

Sales of the new LX, which arrived in dealerships in February, were up 147 percent from June of last year.

The all-new GS, which also arrived in February, is continuing to bring in new customers.

Sales this month were 2,020 units, up 606 percent over June of last year.

The new RX arrived in May and is off to a strong start with sales of 8,641, an increase of 68 percent over last June.

The RX continues to be Lexus' biggest seller and the most popular luxury utility vehicle in the industry.

We're getting ready to roll out our highest volume sedan, as well.

The all-new ES and the ES hybrid just went into production and will come to dealerships in August...and customers are starting to line up for the new models.

With more luxury than ever...an estimated 40 mpg in the ES hybrid...and renowned Lexus quality...the ES has piqued the interest of current owners and will certainly bring new customers to the Lexus brand.

Speaking of quality, Lexus once again won the recent J.D. Power and Associates Initial Quality Study.

Lexus was the top brand in the study for the 14th time.

The LS won its segment for the 5th consecutive year, and the 12th time in the last 15 years.

RX and ES, our top volume vehicles also won their respective segments.

With these IQS results, Lexus is again the leader in the trifecta of J.D. Power studies, taking home top honors in Initial Quality, Vehicle Dependability, and Customer Satisfaction.

The first six months of this year are off to a great start for Lexus. And something I'm happy to add this year... that I definitely couldn't say last year... is that Lexus dealers have great inventories of fresh new product for customers who want to purchase a new car or luxury utility vehicle.

With that, thank you, and I'll open it up to Q&A.