

March 2012 Sales Conference Call

April 03, 2012

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Toyota National Manager of Business and Field Communications Celeste Migliore:

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

Speaking today will be:

- Jeff Bracken, vice president of sales for the Toyota Division;
- And Mark Templin, Lexus Division group vice president and general manager. Mark is joining us from New York where he's preparing for tomorrow's New York Auto Show press conference.

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 Jeff for a look at March results.

Jeff Bracken:

Thank you Celeste.

Toyota set several new records in March, led by all-time record Prius sales and Camry's best March ever.

Total Toyota, Lexus and Scion sales of 203,282 were up 15.4 percent on a volume basis from last March.

With one more selling day this year, sales are up 11.2 percent on a DSR basis.

Either way, that's the best March since 2008.

And except for Cash for Clunkers, you have to go back to the pre-recession days of August 2008 to find a better sales month.

For the first quarter, total sales of 487,284 are up 12.3 percent, led by Camry and Prius, both with sales up more than 35 percent.

Prius also set a quarterly record.

March was a good month for the industry as well, with sales of about 1.4 million light vehicles, up about 12 percent.

The SAAR looks to be about 14.3 million, the third straight month above 14 million.

And for the first quarter, industry sales are running about 13 percent ahead of last year, with a SAAR of about 14.5 million.

With key economic indicators remaining upbeat, we see this momentum continuing in the months ahead.

As a result, we are in the process of adjusting our industry forecast for the year.

I don't have an exact number for you today, but we're looking at an increase from 13.6 million to more than 14 million.

For the Toyota Division, March sales of 183,142 were up 17.7 percent on a volume basis.

Passenger cars were up 24 percent, while light trucks rose 9 percent.

As I mentioned, Prius family sales hit a new one-month record of 28,711, up 54 percent from last March.

Fuel economy remains top-of-mind with many consumers.

And Prius sales were boosted further by two new models added during the month, the Prius *c* and Prius Plug-in, joining the Prius *v* and Liftback models.

For the most part, these models are bringing new buyers into the Prius family.

For example, Prius *v* posted its biggest month since it went on sale last November of 4,937. It continues to attract buyers who say they couldn't previously consider a hybrid because they needed more flexibility and versatility.

And Prius *c*, with a sticker price under \$19,000 and a fuel economy rating topping 50 miles per gallon, is opening up hybrid technology to a whole new segment of buyers.

The *c* just went on sale in March and had a great launch, coming in at 4,875 units, only slightly less than the Prius *v*.

In fact, Edmunds.com reports the *c* is already the third most researched vehicle in the subcompact segment, a remarkable accomplishment when you consider advertising for the car just started.

Camry's best-ever March was driven by strong demand for the SE sport model.

Last month we mentioned an increase in SE production and that model continues to bring new buyers to Toyota dealerships.

With a median age of about 45, these buyers range from professional women in their thirties, to trailing baby boomer men and young families.

Total Camry sales of 42,567, were up 35 percent from a year ago, while Camry Hybrid sales of 5,400 were up 262 percent.

Combined Toyota Division hybrid car sales were up 61 percent and accounted for one of every five passenger cars we sold in March.

On the truck side, Tacoma is providing the answer for buyers looking for fuel efficiency in a pickup, with sales up 24 percent in March and 28 percent for the first quarter.

It was a good month for pickup trucks in general, with Tundra and Tacoma combining for a 20 percent increase.

Toyota Certified Used vehicles also had a big month, with sales of nearly 31,000.

In closing, March was our first big sales event of the year and we're obviously very pleased with the results.

The new models we've recently introduced are attracting new buyers to Toyota dealerships and customers also are responding to the industry's most fuel-efficient product lineup.

In fact, more than 60 percent of the cars we sold in March provide 30 miles per gallon or better.

To keep the momentum going in April, we will offer zero percent financing on six models, including Avalon, Tundra, Venza, RAV4, Highlander and Sienna.

And thanks to strong residual values, special lease rates will be available on nearly every model in our lineup, including Camry and Corolla.

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

Mark Templin:

Thank you Jeff and good day everyone.

Overall, March was a solid month for Lexus.

We sold 20,140 vehicles in March. While that was down slightly from year ago levels, sales were up 21 percent vs. February.

Car sales showed continued strength with an increase of 9.3 percent over last March.

The new GS continues to exceed our expectations.

We sold 2,558 units in March...and dealers are turning them at a blistering rate.

In fact, as of last week, GS had already exceeded its total 2011 sales.

The arrival of the GS450h hybrid this month – a luxury performance sports car that offers up to 34mpg – should bolster sales even more.

Speaking of GS...just this morning we learned that the Insurance Institute for Highway Safety named the 2013 GS a 'Top Safety Pick' based on its crash test performance.

We sold 2,223 CT200h's in March, an increase of 35 percent over February results.

This 43mpg hybrid has been a consistent performer for us since it launched last year .

With the Summer driving season approaching, we expect the CT to continue to do well.

With sales of over 3,100 units, the ES continues to set the pace for Lexus car sales...even at this stage of its lifecycle.

Tomorrow, right here in NY, we will introduce the all new-ES, which will arrive later this summer...

With over a million units in operation, the ES has a strong, loyal customer base sure to be eagerly awaiting the new model.

On the luxury utility vehicle side, the recently refreshed LX was up 49 percent over year ago levels, despite higher gas prices.

And the RX remained our volume leader with over 7,000 units sold...

A little more on RX...last month at the Geneva Auto Show we introduced the significantly refreshed RX.

The new RX 350 and RX 450h hybrid will begin arriving in dealerships this May...And tomorrow in New York, we'll show the newest member of the RX family, the RX 350 F Sport.

Equipped with an 8-speed automatic transmission with paddle shifters and a specially tuned F Sport suspension, the RX F Sport will add a little more EDGE to the RX lineup.

While the new product blitz continues, we remain focused on what we do best...taking care of customers.

In March, JD Power and Associates released their Customer Satisfaction Index study, which rates brands based on customer satisfaction with dealer service...

I'm happy to report that Lexus ranked first among all brands...for the 15th time...more than any other manufacturer.

Our customers may be satisfied... but we never are.

We continue to raise the bar in terms of customer satisfaction by looking for new ways to surprise and delight our customers.

Our latest effort, announced last week, focuses on improving the vehicle delivery process. Lexus dealers across the country are in the process of hiring and training Vehicle Delivery Specialists and Vehicle Technology Specialists... two new positions aimed at improving customer satisfaction.

Vehicle delivery specialists will customize the delivery process according to the wants, needs and preferences of the individual customer.

And like the Apple Genius Bar concept, our Vehicle Technology Specialists will be dedicated to helping customers understand the advanced technology features of their new vehicles.

Needless to say, it is a very exciting time at Lexus.

With new, emotional products coming to market and a renewed focus on customer satisfaction, we're looking forward to continued success as we enter the 2nd quarter.

Thank you...Now we'll open it up for questions.