

May 2012 Sales Conference Call

June 01, 2012

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[May 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 May sales.

Speaking today will be:

* Bob Carter, group vice president and general manager of the Toyota Division;

* And Tim Morrison, vice president of sales and dealer development for 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 May results.

Bob Carter:

Thank you Mike.

Total Toyota, Lexus and Scion May sales came in at 202,973 are up 87.3 percent on a volume basis from last May.

That makes TMS the number one manufacturer in terms of May retail sales. And Toyota the top retail brand for the third straight month.

Even when adjusted for two additional selling days this year, sales are up 73 percent on a daily selling rate basis. Or to put it another way, TMS sold 7,800 cars and trucks per day during May.

That's a faster pace than at any time since the pre-recession days of August 2008, if you don't count Cash for Clunkers.

Now it would be easy to write off this increase and those in the coming months as simply a rebound from sales that were limited last year by production disruptions and perceived inventory shortages in the wake of the earthquake and tsunami in Japan. And that certainly accounts for part of the increase.

But we started May with just 30,000 more vehicles in stock than we had a year ago and ended the month by selling nearly 100,000 more cars and trucks. So obviously there is more to the story.

First, the overall industry is continuing to benefit from a surge in consumer confidence that reached its highest level in more than four-and-a-half years during May. Credit availability continues to improve, helping to release some of the pent-up demand that has been building for several years.

These improving economic conditions are reflected in May industry sales of 1.34 million light vehicles. That's a 26 percent increase in volume from last year, and a 13 percent jump in total volume from the industry from just

last month.

In addition to an improving economy, much of Toyota's increase can be traced to the response to our new models.

We're in the midst of the biggest roll-out of new and significantly updated models in our history – 19 in all – and consumer reaction continues to be excellent.

Camry is a good example. Last May Camry inventories never fell below a 30-day supply and it maintained a sales pace for the year strong enough to make it the best-selling car in America, for the 10th consecutive year.

Yet this year Camry sales are up 110 percent in May and 43 percent for the year. Again, some of the increase is the result of improved availability.

Some of it is the result of improved economic conditions. But a large percentage of the increase is the result of the consumer response to the new Camry.

Ten months after its introduction, the new Camry continues to attract new and younger buyers to Toyota.

The Camry SE sport model is responsible for most of this shift and accounts for about 40 percent of the sales mix. SE buyers have a median age of 45 and it is the main reason the Camry median age continues to drop, now 51 compared to 58 for the previous generation.

Camry continues to be the best-selling car in America and stretched its lead over the second place Altima to nearly 50,000 units through the first five months of the year.

Then, there's Prius. Sales are up 210 percent in May and 73 percent for the year as consumers continue to respond favorably to the new family members.

Prius now trails Corolla for the year by less than 20,000 units.

Speaking of Corolla, it is one model that has certainly benefitted from increased production. May was up nearly 90 percent and year-to-date sales have now moved ahead of last year.

Also benefitting from improved availability was the RAV4, with sales coming in at an increase of 123 percent.

Light truck sales in general received a boost from falling gas prices in many parts of the country in May.

Toyota Division truck sales were up 72 percent, and every model in our lineup recorded an increase.

Tundra and Highlander both posted triple digit increases, and Tacoma sales were up 35 percent.

Finally, Toyota Certified Used Vehicle sales posted a good month at 28,000 units, a further indication of improving economic conditions.

With consumer confidence and credit availability improving, and pent-up demand bringing buyers back into dealerships, we will stay aggressive with our marketing efforts in June.

We will continue to offer zero percent financing on many models including Corolla, Avalon, Tundra, Venza, RAV4, Highlander and Sienna.

Strong residuals allow us to offer great lease rates, and those will be available on our core vehicles, such as Camry, Corolla and virtually every model in our lineup.

But most of all, new products will continue to drive our growth.

In June, the Scion FR-S, one of the most exciting and anticipated new models to reach our dealerships in many years, will have its national rollout.

We sold 86 special FR-S models in May to a lucky group of buyers who won an online social media contest to be the first to take delivery in the U.S.

Not only do we expect the FR-S to help further boost sales, we expect it to help bring new and younger into Toyota dealerships.

So, I'd like to turn this over to Tim Morrison for a look at the Lexus results.

Tim Morrison:

Thank you, Bob. And thank you all for joining us today.

At the beginning of the year, we stated that we would grow more than any other luxury brand this year, and May drove that point home.

We sold 21,463 vehicles, an increase of 74 percent over last year, and 22 percent over last month.

In fact, May represents our biggest sales month since last December.

Our product blitz continued with the new RX and RX Hybrid arriving in dealerships across the country.

Sales of the new RX are off to a great start, and the sell-down of the previous model is right on plan. RX was again our best-selling product with sales of 10,647 units. RX sales were supported by a comprehensive marketing campaign that debuted in May.

The campaign leads with the all-new RX F Sport, with an 8-speed transmission, paddle shifters and a sport-tuned suspension. This sportier RX will reach dealer showrooms this summer.

Our other Luxury Utility Vehicles showed continued strength.

The new LX continues to amaze with an increase of 173 percent over last year.

When you combine RX, LX and GX, our Luxury Utility Vehicles were up 79 percent over last year and 46 percent over last month.

ES set the pace on the car side, with sales of 2,937 units. Speaking of ES, last month in Oregon, journalists had their first opportunity to drive the all-new 2013 ES 350 and first-ever ES hybrid — and the reviews have been terrific. There are over one million current ES owners on the road, and they are going to love this new car.

The new ES and ES Hybrid will reach dealer showrooms in late July.

With sales of about 2,000 units, GS continues to redefine the Lexus brand and get the attention of customers who may never have considered a Lexus.

Our performance-tuned GS F Sport remains steady at 25 percent of the overall mix, and it's bringing younger buyers into the showroom.

The all-new GS Hybrid began arriving in May, and we expect it to bolster GS sales even further.

In summary, May was a great month with exciting new products reaching dealerships on a daily basis and inventories at optimal levels,

We are looking forward to continued sales growth throughout the year.

Stay tuned...we'll have more great product news to share with you as the summer progresses.