

November 2011 Sales Conference Call

December 01, 2011

November 2011 Sales Conference Call
Thursday, Dec. 1, 2011

TMS Vice President of External Communications Mike Michels:

Hello everyone and thank you for joining us today to review Toyota Motor Sales' November results.

Joining us are:

- Bob Carter, Group Vice President and General Manager of the Toyota Division; and
- Mark Templin, Group Vice President and General Manager of Lexus.
- And Randy Pflughaupt, TMS group vice president for sales administration, who is responsible for our distribution operations.

Following the call, our communications team is available to field any additional questions you may have.

Now I'd like to turn it over to Bob for a look at the November results.

Bob Carter:

Thank you Mike. And good day everyone.

I've been waiting to say this for seven months.

For the first time since the earthquake and tsunami in Japan disrupted worldwide automotive production, Toyota sales were up last month.

Total Toyota, Lexus and Scion November sales of 137,960 were up 6.7 percent compared to a year-ago.

With one additional selling day this year, sales were up 2.4 percent on a DSR basis.

November also proved to be a strong month for the overall industry, with the seasonally adjusted annual rate looking to hit 13.5 million.

That will make November the best month since Cash for Clunkers in August of 2009.

Even in this strong overall market we expect to pick up nearly a point of market share from October, making it two full points of market share we've added in the past two months.

That puts us at about 14 percent share, nearly back to where we were in the first quarter.

The new models in our lineup led the way, paced by the Camry, with sales of 23,440, up 13 percent from last year.

Virtually all of those were 2012 models.

That should make Camry the best-selling car in America again in November and further lengthen its lead as the best-selling car for the year.

Camry sales will be boosted further by the addition of the Hybrid model, which began arriving at dealerships late last month.

If you've had a chance to drive the 2012 Camry Hybrid, you know what a strong performer it is.

With 200 horsepower, it gets three miles per gallon better fuel economy than the Ford Fusion hybrid and costs nearly \$3,000 less than the Fusion.

And we expect it to play a much larger role in the Camry lineup than in past years.

The SE sport version continues to be the best-selling model, accounting for about a third of all Camrys sold and outpacing the LE, the traditional leader.

Camry also remains atop the most researched car list on Edmunds.com and has helped move Toyota into the top position as the number one researched brand.

In addition to Camry, the Prius family had a big month, with sales of more than 15,000, up nearly 50 percent from last year.

It benefitted from the new Prius V model, which was the fastest turning car in our lineup last month, with total sales of 3,545.

It's important to note that these are incremental Prius sales, as the Prius sedan was up 14 percent.

And Corolla, with sales topping 16,000, continues to recover from low inventories.

That situation will improve further with production now fully underway at our new Mississippi plant.

On the truck side, the updated Tacoma led the way, with sales up 13 percent from last year.

Toyota Certified Used Cars also had a big month, with record November sales of nearly 25,000.

To finish this year strong, the 32nd edition of our annual year-end Toyotathon will run through the end of this month.

Advertising started just before Thanksgiving, with low interest rates and special lease programs available for most 2011 and 2012 models.

We've also added a 2012 Camry lease of \$239.

In November, Kelly Blue Book singled out the new Camry as having the best-resale value in the mid-size car segment. It also recognized Toyota as the top overall brand in its annual Best Resale Value Awards.

Thanks to strong residuals, and with Camry inventory levels now topping a 30-day supply, we're able to add the 2012 Camry to the list of models under the Toyotathon tent and included in the best selection of year-end deals Toyota has ever offered.

Looking ahead, with consumer confidence making its biggest jump in eight years, we look for the industry to continue its recovery through December and pick up steam in 2012.

At Toyota, we are in an excellent position to take advantage of this rebounding marketplace.

We begin December with 30,000 more vehicles in inventory than we had at the start of November.

With all North American plants currently at normal operating levels, including the resumption of overtime, the availability situation continues to improve and is approaching near normal levels.

During the coming year we'll also benefit from the biggest influx of new and updated products in our history.

That's on top of the four new models we've introduced in the fourth quarter of 2011.

You'll hear much more about these new vehicles next month in Detroit.

But for now I'd like to turn this over to Mark Templin for a look at Lexus sales.

Mark Templin:

Thank you Bob and good afternoon everyone.

We're happy to report today that many of our customers did have a "November to Remember" as we had hoped.

They came to our dealerships and capitalized on our best incentives of the year. As a result, our sales were 19,458, our best month since March of this year.

Also, for the first time since March, we had a year-over-year improvement with this November's sales 6.7 percent higher than last November's on a volume basis.

Leading the way for Lexus were our passenger cars, accounting for about 55 percent of our sales.

Our new CT posted sales of 1,759, which includes extra production we received to help make up for the 50,000 units that were delayed as a result of the March earthquake and tsunami.

The ES experienced its best month of the year with sales of 4,731. On a volume basis, that is 16 percent higher than November last year.

Additional production from our Canadian plant helped RX sales increase nearly 5 percent from last November with sales of 7,580.

In addition to companies issuing sales reports today, JD Power and Associates also announced the results of its Sales Satisfaction Index.

Lexus is the top premium brand in the survey for the second consecutive year, despite the fact that survey results are based on customers' sales experiences in dealerships in May, when we had very low inventory levels.

Now, our inventories are good...our momentum is strong...and with our current sales event, we're looking to have a December to Remember.

Then, early next year we'll launch our new GS which has been receiving positive feedback in the media for its design, driving dynamics and advanced electronics.

We will be kicking off the GS marketing campaign with our first-ever Super Bowl commercial and a sponsorship of the Sports Illustrated swimsuit edition.

Plus, we have plenty of more news up our sleeves. So, please stay tuned through the rest of 2011 and well into 2012.

Thanks, and now I'll open it up for Q&A.