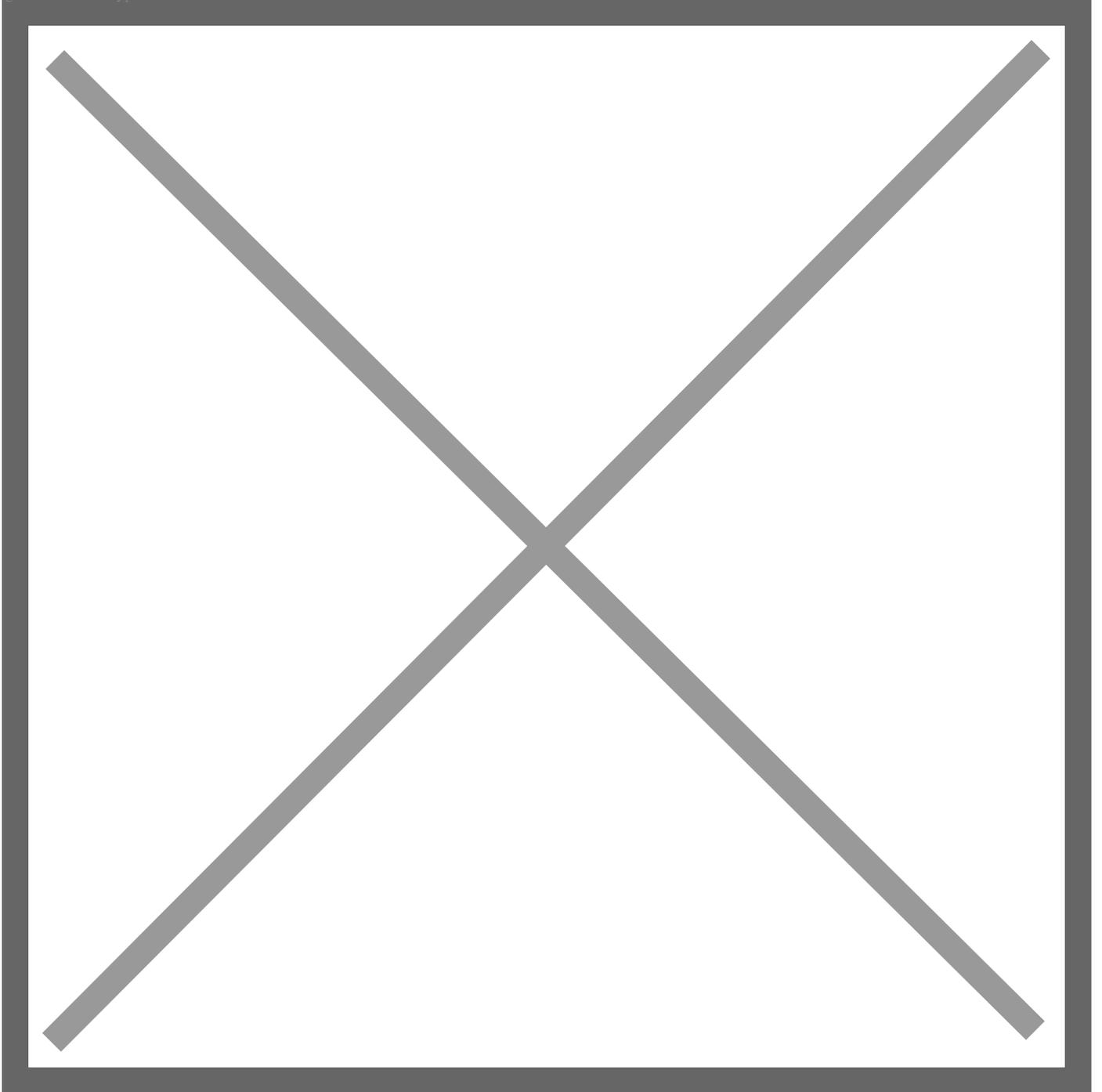


Q1 2019 TMNA Sales Conference Notes

April 03, 2019

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[TMNA Q1 2019 Sales Call Audio](#)

April 2, 2019

Introduction: Toyota Motor North America Consultant, External Communications, Karen Nielsen

Good morning everyone. Thank you for joining us to review the Toyota and Lexus March and first quarter sales results for 2019.

We've put all callers on mute to avoid background noise and will open it up to questions after we hear sales highlights. With us today are Jack Hollis, group vice-president and general manager of the Toyota division, and David Christ, group vice-president and general manager of the Lexus division. A transcript and recording will be available later today on our press room. In the meantime, our communications team is available to assist with any additional questions at 469-292-5100. A quick reminder and disclaimer to everyone on the phone, this meeting is being recorded, by staying on the call you consent to being recorded.

Now I'd like to turn it over to Jack Hollis who will walk us through Toyota's Sales results for March and the first quarter.

Jack Hollis:

Well thanks, Karen, and good morning to you all. We welcome everybody and are excited about what we've achieved so far in 2019. Let's start with the industry. We're staying steady on our outlook for the start of coming still for the year around that 16.6 to 16.8 range. Although we are anticipating a slight dip from last year obviously you know this high 16 million range is still incredibly healthy for this awesome business. As expected light trucks and SUVs continue to pave the way for the industry. Just to put a number on it, consumer preference mix is still around 70-30 in favor of light trucks and SUVs, but I want to make sure I'm clear here, passenger cars and sedans are still strong.

At Toyota, our plan is to produce at a split of a 63-37 rate. As domestics are abandoning the sedan segments, we are at Toyota doubling down. So following the successful launches of the Camry and Avalon we're turning our attention to Corolla. Corolla remains the world's best-selling nameplate with more than 46 million vehicles sold globally since its introduction in 1966. The all new Toyota Corolla went on sale just a couple weeks ago and it's already living up to its legacy. The phenomenal new Supra will go on sale this summer. The pre-sales have shown that it's going to be another fantastic success and as you're going to see when we detail March sales in a moment, Toyota and Lexus light trucks and SUVs are still dominating the market.

And spoiler alert, the Tacoma has seen sales increases for 17 straight months. God, I love that. Now, we're also thrilled that the RAV4's performing so well and with the updated styling and performance the RAV4 is definitely catering to new and diverse buyers. We're happy that Toyota is pacing well on our 2019 plan, actually ahead of plan, and expect that to continue as availability for our new models, namely RAV and Corolla, ramp up here in Quarter 2.

Now in just a couple of weeks, hopefully we're going to see most of you, if not all of you, at the New York auto show where we're going to reveal something that customers have been asking us for and it's an announcement that you're just not going to want to miss. So, as you can tell, there's so much for us to look forward to, but I know you are here for the sales figures and that's important, so I promise I won't leave you hanging any longer. So, let's take a look at March sales.

For TMNA, which includes Toyota and Lexus divisions, total sales for the month were 214,947. For just the Toyota division in March sales were 185,698 vehicles. Tacoma sales were up for the 17th consecutive month and we saw best-ers for CH-R, 4Runner, Tacoma, and total light trucks. In the next couple days we'll be able to see the final numbers, but our expectation, just like January and February, is that we'll be the No. 1 retail brand not only for March but for the first quarter of the year. Which is really our primary target. At Toyota, we look at the CPO side, we've been not only No. 1 for 10 years, and for March we expect to we will be No. 1 for the quarter. For the first quarter, we had best-ers for CH-R, 4Runner, and Tacoma. So overall, we've had a really strong start to 2019 just like the industry.

We don't aim to win these next things I'm going to talk about next, but we are honored to learn that Consumer Reports has named Toyota the most reliable automotive brand with 4 top picks. And for the 8th year in the row, Toyota is the No. 2 nameplate in the JD Power vehicle dependability study. While I would prefer that Toyota is on the top slot, we're happy to see it go to our luxury division, Lexus, which captured No. 1. If I'm going to have to lose to somebody, losing to Lexus is okay with us. So hopefully, David, will let us live that down a little. So, let's hear what he has to say about what is happening Lexus sales. Over to you, David.

David Christ:

Thanks, Jack. Good morning everyone. We had a really solid March with Lexus where we sold 29,249 vehicles. Sales were up 12% on a DSR basis and up 8% on a volume basis. Specific highlights include the all-new UX sold 1,600 units, ES was up 25% year-over-year, RX up 12% year-over-year, RC up 55%, LX up 5%, and our total hybrid volume was up 94% year-over-year, NX hybrid was up 21% year-over-year. So really solid results. For the first quarter of 2019, we sold 66,791 vehicles, which is up 5% on a DSR basis and up 4% on a volume basis. ES sales increased 23% in the first quarter and RC sales were up 55%, a really solid showing. Our luxury SUV sales were up 6% with a strong showing by our hybrid SUVs.

NX hybrid had its best-ever first quarter in sales and was recently recognized by K.B.B. as the best luxury compact SUV. We're on track to be up year-over-year in retail market share and our estimate for the luxury market outlook continues to remain at 2.1 million. UX continues to gain traction and we added the UX 250H in January. Today we've sold more than 3,900 total units and the vehicle continues to attract a younger buyer for the brand. UX is second only to IS in age in our lineup. The industry is also taking notice with recent accolades from K.B.B.'s 5-year cost of ownership and their best resale value for sub-compact crossover. Most notably the 250H is the most fuel-efficient SUV without a plug.

We also introduced 3 special edition vehicles in the first quarter. The NX F Sport Black Line Special Edition, the Limited Edition LC 500 Inspiration Series, the IS 300 F Sport Black Line Special Edition, and all of these vehicles showcase our incredible craftsmanship and our driving experience. Looking ahead to the Spring, the all-new RC F and RC F Track Edition are arriving at dealerships. The 2020 RC F is available in April with improved performance and refreshed styling followed shortly thereafter by the all new Limited Edition RC F Track Edition later that month, which we showcased in Detroit. The RC F Track Edition is the fastest Lexus ever produced outside of the LFA and it does 0 to 60 in less than four seconds and we're very excited to add the Track Edition to the family.

We look forward to the next quarter as we build on the success we've seen with the strong start to the year. Thanks for your time everyone and Karen, I'll turn it back to you.

Karen Nielsen:

Thank you both. That concludes our call. Thanks for joining us.