

September 2016 Sales Conference Notes

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September 2016 Sales Conference Call
Monday, October 3, 2016

September 2016 Sales Conference Call (audio clip)

Toyota Motor Sales Corporate Communications Business Communications Manager Aaron Fowles:

Good morning and thank you for joining us to review Toyota and Lexus sales results for September, and the first nine months of 2016.

Joining us and speaking today will be:

- Bill Fay, Group Vice President and General Manager of the Toyota Division
- Blake Sturrock, Group Manager, Sales Operations, Lexus Division

A recording of the call will be available at pressroom.Toyota.com about one hour after this call and our communications team is available to field any additional questions you may have @ (310) 468-5297.

Now I'd like to turn it over to Bill for a look at September and the first nine months of the year.

Bill Fay:

Good morning, everyone, and thanks for joining us today.

2016 looks to be another great year for the auto industry:

- September is the seventh month this year,
- Where the industry exceeded a 17 million vehicle sales pace.

True, the last two months have seen some year-on-year decline,

- That has kept us in-line with last year's record pace,
- Which is still a great business environment to be in.

The ongoing stability and strength is helped by tailwinds including:

- A stable and growing economy,
- Continued low interest rates,
- A strengthening labor market,
- With income growth showing improvement
- And the highest level of consumer confidence in nine years.

[Pause]

In September, the SAAR for new vehicle sales

- Is anticipated to be around 17.8 million.
- with volume of over 1.45 million vehicles,
- Keeping our outlook bright as we look at the rest of the year.

[Pause]

The combined total sales for Toyota and Lexus in September

- Was 197,260 vehicles,

- Up 1.5 percent on a volume and DSR basis.
- As we outpaced the industry
- **Posting our best ever September sales volume result on light trucks.**

[Pause]

For the Toyota division,

- Sales in September of 171,459,
- Were up 1.4 percent,
- **And we are the number one selling retail brand for the month.**

Light truck sales led in the division again,

- Posting a best-ever September,
- With strong results in
- RAV, which gained 8.6 percent,
- 4Runner, up more than 20 percent.
- Also, Highlander was up over 21 percent,
- And Tacoma increased over 35 percent.

In fact, our combined pickup truck sales for the division,

- Were up 28 percent in September,
- As we have had greater availability of Tacoma
- For dealers and consumers.

Also in September,

- Both Camry and Corolla topped 30,000 sales,
- Showing that Toyota's passenger car volume remains steady,
- Despite it being a light truck market.

Toyota Certified Used Vehicle had another great month,

- Establishing a new best ever September sales result
- With more than 33,000 vehicles sold.

[Pause]

With nine months finished in 2016

- The industry's SAAR is approximately 17.3 million,
- With over 13 million new vehicles sold
- Closely matching the record pace of 2015.

[Pause]

The combined Toyota and Lexus sales after nine months

- Are 1,822,419
- Marking an overall decline of 2.4 percent from last year.

Camry has retained its place

- As the number one selling vehicle in America,
- For the third quarter and year-to-date.

It will also come as no surprise,

- That Toyota division has had a record year-to-date total in light trucks,
- Up nearly five percent,
- On the strength of our pickup trucks and SUVs,
- As RAV4 continues to surge,
- And we expect RAV4 sales to top 350,000 units for the full year.
- Highlander, up 8.8 percent after nine months,
- Has also posted a record year-to-date.

[Pause]

Throughout 2016, in the industry,

- The gap between cars and trucks has increased,
- Now with 60 percent in Light truck,
- Up nearly five full points from this time last year,
- We are seeing some of the largest truck shares ever.

Toyota's overall mix has also shifted

- From last year at this time,
- When light trucks were 48 percent of our sales
- To this year,
- Where we have been able to increase our light truck volume
- Up to 52 percent of our year-to-date total sales volume.

We anticipate a strong close to the year,

- Due to our great position as a full-line manufacturer,
- We're also projecting to have our largest fourth quarter pickup and SUV wholesale ever,
- Leading our enthusiasm for a strong finish to the year for the Toyota division.

And as we look a little further ahead,

- We recently announced a shift to add more truck volume
- In Tacoma production by investing 150 million dollars
- To add more than 60,000 trucks annually from later next year and into the beginning of 2018.

[Pause]

We have every reason to believe that the industry in 2016

- Still has the right momentum and supporting business conditions,
- To end at or around the 2015 record level,

- **Leading the industry to back-to-back record-level years.**

[Pause]

Thank you.

Now, at this time, I will turn it over to Blake Sturrock to talk about Lexus.

Blake Sturrock:

Thank you, Bill.

We've certainly seen the shift to SUVs in the luxury segment as well.

Our Lexus Dealers sold 25,801 vehicles in September

- It was an increase of 2 percent year-over-year
- We set a new best ever September result on total sales volume
- It was led by a best ever sales result for the month on luxury utility vehicles.

Quarterly sales for Lexus totaled 84,629

- A decrease of 4.5 percent,

And our Lexus year-to-date sales now total 236,193,

- an overall decrease of 4.5 percent versus the last year-to-date.

[Pause]

Lexus Luxury Utility Vehicles are up 11 percent year-to-date,

- And if we look at September,
- There were great performances by NX, up more than 52 percent,
- Which had its best ever September,
- LX, more than doubling in sales volume,
- RX, up significantly over last September when we introduced the new RX,
- And, for September, Leading total luxury utility vehicle sales to exceed 15,704,
- An overall increase of 24 percent versus September 2015.

For us, the focus has been

- Improved Luxury Utility Vehicles availability
- To satisfy the strong customer demand.

And, as you know, we have just introduced

- The UX Concept in Paris,
- An indication of where we might go in the segment,
- With a compact luxury utility vehicle.

[Pause]

As for L Certified by Lexus, our pre-owned sales program,

- We sold just under 8,200 in September,
- Our best ever for the month.
- Our volume is up approximately 20 percent year-to-date
- As these vehicles continue to appeal to customers who
- One, seek a strong value proposition,
- And, two, are aspirational and looking for a lower entry point to the luxury brand.

We believe we'll have a strong finish to the year

- As Lexus is traditionally a strong 4th quarter team.

Thank you for joining us today, and now we'd like to open the call up to any questions you may have.