

Quarterly Multicultural Sales Conference Notes

July 09, 2015

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As prepared for:

Quarterly Multicultural Sales Conference Call
Monday July 6, 2015
Jim Colon, Vice President, African American Business Strategy

Good morning and thank you for joining us at Toyota's first quarterly multicultural media call.

I am Jim Colon, vice president of African American Business Strategy for Toyota Motor Sales, USA, Inc.

Once a quarter Toyota reveals the sales results of all three of our car brands – Toyota, Scion and Lexus.

Traditionally, that call has been open to business and auto writers.

However, as Toyota continues to increase its focus and commitment to multicultural consumers, we wanted to host a call to share how our cars are doing among African American and US Hispanic consumer segments as well as share some of the goodwill and philanthropic efforts being executed in those communities as well.

It is our hope that you find these calls helpful to you, your media outlets and most importantly, your audiences. We want to be resource to you for all things cars in the African American and Hispanic communities.

Today, I will review Toyota and Lexus sales results for June and the first six months of 2015.

Also, speaking will be:

- Our special guest, Marc Bland, vice president of diversity and inclusion for IHS Polk
- Followed by Patricia Pineda, group vice president of Hispanic Business Strategy, Toyota Motor Sales, USA
- Alva Mason, national manager, African American Business Strategy, Toyota Motor Sales, USA

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

Now a look at the first half and June 2015 results ...

JIM COLON CONTINUES:

The auto industry posted strong June sales

- Of more than 1,484,000 vehicles
- Up 4.5% from last year

The Seasonally Adjusted Annual Rate

- Is tracking at about 17.2 million
- The second straight month we've topped 17 million
- And the industry's best June pace since 2005

The Year-to-date SAAR

- Now stands at 16.9 million
- With the industry right on track
- To hit our projection of 17 million vehicles for the year

For Toyota, Lexus and Scion

- Total sales of 209,912
- Were up 4.1% on a volume basis

Total light truck sales

- Set a new June record at more than 102,039 sold
 - Reflecting surging consumer demand in that area
- While Lexus sales rose more than 10%
 - One of the biggest gains by any brand during the month

And at the halfway point of 2015

- Combined Toyota, Lexus and Scion sales of more than 1,230,000
- Are up 5 ½ percent from last year

Toyota Division sales in June

- Of 183,791
- Were up 3%
 - Including a 6.8% increase for division retail sales
- Making Toyota once again the retail brand leader

Divisional light truck sales

- Also set a June record of more than 89,000
- Including best-ever June results for:
 - RAV4, up 15% to nearly 25,000
 - And Highlander, up 20% to 13,800
 - 4Runner also had a big month with sales up 42% to 8,200 plus
 - While Sienna rose 10% to nearly 13,000

Combined pickup truck sales

- Topped 25,000 for the 4th straight month
- As Tacoma increased 31%
- And Tundra rose 10 ½ percent

Camry was our passenger car leader

- And the best-selling car in America
 - At more than 37,400
- While Corolla finished at 30,645

Midway through the year

- Toyota Division sales of one million, 72 thousand vehicles are up 4.4%

Toyota is the industry's #1 retail brand after six months

- With Camry the best-selling car in America
- And Corolla the best-selling sub compact
 - And second-best selling car overall
- Tacoma is the best-selling small truck
- And Sienna, is the best-selling van
- While RAV4 has been one of the leaders
 - In the surging small SUV segment
 - With sales of more than 143,000, up 23%
 - And on a record-breaking pace for the year

Looking ahead, there is every reason to believe

- The auto industry will maintain its pace through the second half of 2015
- Hitting and possibly exceeding our projection of 17 million vehicles for the year

Consumer sentiment took a big jump in June

- To a 5-month high
- And consumers are responding with spending showing its biggest gain in six years according to the latest data
- With stable gas prices and interest rates the industry looks well on its way to its best year since 2005 and possibly even 2001

At Toyota we're looking forward

- To riding this wave with several new models coming in the months ahead
- Including the new Scion...
 - The iA and iM
 - Which go on sale Sept. 1
 - With base prices under \$20,000
 - The RAV4 SE and hybrid models
 - ?And an all-new Tacoma that will be out this fall

JIM COLON CONTINUES LEXUS RESULTS:

Lexus June sales

- Of more than 26,000 vehicles
- Were up 11% from last year

While year-to-date sales

- Of nearly 160,000
- Are up 14 ½ percent
- That's the largest gain for the year by any luxury brand

And the best first half *ever* for Lexus

- As we continue on pace for an all-time record sales year

In addition...

- The latest industry registration data
- Also shows Lexus topping the luxury segment through April

While our June passenger car sales

- Were pretty much on a par with last year
- At 13,000

Lexus luxury utility vehicle sales

- Were up nearly 25% at more than 13,000
- Reflecting the industry-wide demand
 - For crossovers and compact SUVs
- That is also very much a part of the luxury segment's growth

One of the leaders of this growth

- Continues to be the new Lexus NX
- With June sales of more than 3,500
- And more than 20,000 sold year-to-date

Not only is NX exceeding our sales projections...

- And already challenging for segment leadership
- It is bringing in a much younger buyer
 - With a median age 15-years younger than the RX...
- And nearly 60% of the buyers are trading in something other than a Lexus
- With the BMW 3-series the top conquest model

As a result

- Our total luxury utility vehicle sales
- Now stand at 77,686 for the year
 - Up 30.5%

Lexus car sales are up 2 and a half percent for the year

- At more than 81,000 vehicles
- Led by the ES at 29,000
- The IS at 23,000
- And the new RC providing the growth with sales of more than 6,700 YTD

Looking at the second half of 2015

- As a company, we are optimistic about the industry
 - Especially for Lexus

Not only are the economic indicators upbeat

- Lexus has historically been a second half team
 - Normally posting a higher sales volume
 - During the final six months of the year
 - And peaking in December

This year we'll have the added benefit

- Of a number of model updates
- For vehicles representing more than 60% of our sales volume
- Including a freshened ES coming in August
- And an all-new RX slated for November
- Combined with new engine offerings including
 - The IS 200t and IS 300 AWD models

To take advantage

- Of the momentum in the marketplace and the best selection of models we've ever had
- We're launching our annual Golden Opportunity sales event later this month
 - One of our biggest events of the year...
- So I hope you can see why we're looking forward to the second half of this year

Thank you and now I'd like to introduce Marc Bland from IHS Polk who can share overall industry sales results and insights in the African American and U.S. Hispanic consumer segments.

Marc...

MARC BLAND:

(Marc's remarks, scripted by him)

PAT PINEDA:

Thank you Marc. Good morning everyone.

I am Pat Pineda, group vice president, Hispanic Business Strategy, Toyota Motor Sales, USA

As Jim mentioned, I am happy to answer any questions about our Hispanic outreach at the end of the call.

I will now pass to our final speaker for the morning, Alva Mason, national manager, African American Business Strategy

Alva ...

ALVA MASON:

Good morning everyone. Thank you for joining today's call.

I am excited to share with you our efforts to support the African American community while building on Toyota's commitment to three core platforms: education, environment and safety.

Over the years, Toyota has established key relationships with leading national organizations working hard every day to improve the lives of African Americans.

One of those organizations is the National Urban League. Toyota will serve as the presenting sponsor of the 2015 National Urban League Conference. The conference will be held at the end of July in lovely Ft. Lauderdale.

In keeping with this year's conference theme, "Save Our Cities", we will offer National Urban League leaders, members and conference attendees ideas and solutions on how they can make their communities stronger through green living, minority entrepreneurship and safety for our children.

We will provide valuable information at our booth, through program speakers and a variety of events. In addition, we will recognize environmental leader, activist and media personality Van Jones for his work to bring the message of green living and green jobs to the African American community.

In addition, we will continue to share positive and educational messages to African Americans through important media partnerships such as the National Association of Black Journalists and Blogalicious.

In everything we do, we want to inspire African Americans to *go places* – not just in our vehicles, but aspirationally. We will continue to support education through scholarship programs such as UNCF and environmental programs including our Toyota Green Initiative.

In fact, we plan to increase our efforts to impact and contribute to the survival and success of historically black colleges and universities.

We will discuss those strategies later in the year.

I am happy to provide you with more information and detail about all of these programs and more at the end, or after, this call.

Thank you.