

August 2014 Sales Conference Notes

September 03, 2014

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Wednesday, September 3, 2014

[August 2014 Sales Conference Call \(audio\)](#)

Good afternoon and thank you for joining us to review August sales results for Toyota, Scion and Lexus.

I'm in Ann Arbor Michigan, preparing for the start of the Toyota Advanced Safety Seminar that kicks off this evening. Hope to see some of you here.

Speaking today will be:

- Bill Fay, Group Vice President and General Manager of the Toyota Division
- And Jeff Bracken, Lexus Group Vice President and General Manager

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

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

Toyota Division Group Vice President and General Manager Bill Fay:

Thank you Julie.

Hello everyone, and thank you for joining us today. Hope you all had a good Labor Day Weekend.

August is traditionally

- One of the auto industry's best months of the year
- And last month was the best August in many, many years

In fact

- Combined Toyota, Lexus and Scion sales set a new record for the month
- As both the Toyota Division and Lexus set August records
- Labor Day Weekend turned out to be the best sales weekend so far this year
 - With several of our sales areas having their best weekend – ever

Total industry sales should top 1,588,000 vehicles

- Up 5.7% from last August on a volume basis
 - Which was the best sales month in all of 2013 despite having one few selling day
- Third time this year the industry has topped 1.5 million
- Best August in 11 years (2003, 1.62)

Puts the Seasonally Adjusted Annual Rate

- At 17.6 million
 - First time since July of 2006 the SAAR has hit the 17 million mark
 - Pushed YTD SAAR to 16.4 million

The record August For Toyota, Lexus and Scion dealers

- Saw sales of 246,100 (Aug. 2006)
- Up 6.3%
- That made Toyota the #1 retail manufacturer
 - By nearly 30,000 units
- And the #2 manufacturer overall
- Both for the second straight month

For the Toyota Division

- Our record August came in at 213,291 (Aug. 2006)
- The second time this year the Division has topped the 200,000 vehicle mark
- Also ran our string as the industry's top retail brand to eight months

Kelley Blue Book estimates that compact SUVs and crossovers

- Accounted for much of the industry growth in August
- Certainly true in our case
- As the RAV4 had a record-shattering, best-ever month
- Pushing total Toyota Division SUV sales up 28%
- For our best SUV month ever

RAV4 Sales of 35,614

- Were up almost 52 percent
- Topping the previous best-ever record set just last month
- By nearly 9,000 units
- And outselling Corolla, which has never happened before

Our other SUVs also performed well

- With 4Runner sales of more than 7,600
- Up 67%

And while the new Highlander shows a decline

- Strictly a matter of supply as demand was strong
- And with sales of nearly 11,500 vehicles it remains the fastest turning vehicle in dealerships

Both Camry and Corolla posted excellent months

- With Camry sales topping 44,000
- The 4th time this year it has exceeded 40,000

One of those cars

- Was the 10 millionth Camry built at our Georgetown plant

- Which went to the lucky winner
- Of a lottery among the 7,000 employees

And Corolla

- Sales rose 23% for the month
- To more than 33,000
- 4th consecutive month with sales above that mark
- The first that has happened in eight years

As a result

- Camry remains the best-selling car in America YTD
- While Corolla is the best-selling subcompact

Avalon also contributed to the August increase

- With sales up 13% at 7,000

Toyota Division hybrid sales

- Hit the 30,000 vehicle mark
- Or more than half of all the hybrids sold in the U.S.
- Prius family sales alone accounted for nearly 23,500 vehicles
- Topping 20,000 for the second straight month
 - With nearly 40% of those being sold in California

Finally for August

- Toyota Certified Used Vehicles also had a good month
- With sales of nearly 32,500 vehicles

Looking Ahead

- We held our annual Toyota Division dealer meeting last week and dealers are very encouraged by the vibrancy and consistency of the automotive market
- With consumer confidence at a 7-year high
- We look for continued strength in the months ahead

At Toyota we've had a great sell-down of 2014 models

- In fact, we currently have the lowest inventory levels since the aftermath of the earthquake and tsunami in Japan limited production more than three years ago

The good news is

- Overall availability remains good
- And we'll close out the year with our strongest fourth quarter production plan in seven years (2007)

Production of the new 2015 Camry

- Begins later this month in Georgetown

- We expect a seamless ramp-up for the new car
 - Should be arriving at dealers by the end of the month

Increased Highlander production

- Also is underway at our Princeton, Ind. plant
- Where we just announced an investment of another \$300 million
- That will add 300 jobs and increase annual Highlander production up to 30,000 units by the summer of 2016
- With Highlander sales up 15% this year and still in short supply
- Nearly a year after the new model was introduced
- Additional production will help meet customer demand

Thank you for joining us today and now I'd like to turn it over Jeff Bracken for a look at Lexus.

Lexus Group Vice President and General Manager Jeff Bracken:

Thank you Bill. And hello everyone.

I want to echo Bill's comments...

- August was an exceptional month for the industry –
- And a second straight record-setting month for Lexus
- With sales of 32,809
- Up 10%
- That's the 11th straight month of Y/Y gains
- As both our passenger car
- And luxury utility lineups
- Posted solid increases

The IS, CT, ES and GS all recorded increased gains in August

- With IS sales of 5,300
- Up 20% for the month
 - You might recall last August was the launch month for the new IS
- YTD IS sales are running 77% ahead of last year

The launch of the new CT hybrid

- Continues to go very well
- With sales of nearly 2,200
- Up 23% for the month
- Making it the best-selling luxury hybrid passenger car
- And now up 17 ½ percent YTD
- GS sales were up 13 ½ percent
- While ES was the volume leader
 - At 7,700 units

Taking a look at our luxury utility vehicles

- As Bill noted, it was a big month for utility vehicles and crossovers
- And we sold nearly 12,000 RX models in August
- As it continues to be the best-selling luxury utility vehicle

The GX recorded another good month

- At 2,200, more than doubling year-ago levels

And Lexus Certified Pre-Owned Also had a record August

- With sales of nearly 7,000 vehicles

We're in a good inventory position for the rest of the year

And looking forward to having two all-new models go on sale

- Before the end of the year
- NX entry-level luxury crossovers
 - Off to a great start in Japan
 - With already more than 5,000 hand-raisers here in the U.S.
- Also just started our launch activities
 - For RC and RC F sport coupes
 - Being very well received
- So we're looking forward to a strong close in 2014

Thank you for joining us today. Now I'd like to open this up for any questions you may have.