

February 2013 Sales Conference Call Notes

March 01, 2013

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Friday, March 1, 2013

[February 2013 Sales Conference Call \(audio clip\)](#)

Bill Fay
Group Vice President and General Manager
Toyota Division

Hello everyone, and thank you for joining us.

The stability we've seen in the marketplace in recent months continued in February, with the industry overcoming rising gas prices, a series of severe winter storms and ongoing concerns about the budgetary process to post another solid month.

Total industry sales

- about 1.2 million
- up 4 percent on volume basis from last February
 - one less selling day
 - apples-to-apples, DSR basis, up 8 percent
- SAAR 15.4 million

For Toyota, Lexus and Scion

- Total sales of 166,377
- up 4.3 percent on a volume basis
- 8.7 percent on DSR
- Compares to a strong February a year ago
 - First month with replenished inventories
 - Going forward, increases more in line with industry

Despite the rising gas prices

- Trucks outperformed cars in February
 - While total TMS car sales were flat
 - Trucks +16 percent
 - Driven by pent-up demand
 - Responding to an improving housing market
 - And a generally strengthening economy

February Also Awards Month

- In addition to Academy Awards
- Annual industry rankings

- Consumer Reports, J.D. Powers and IntelliChoice

Consumer Reports Issued Brand Report Cards

- Lexus #1 brand
- Toyota and Scion also in top 10
- Combined, topped all other manufacturers
- Three of 10 “Top Picks”
 - Prius, Highlander and Scion FR-S

J.D. Powers Vehicle Dependability Study

- Lexus was the #1 brand
- Toyota #1 full-line brand
- 7 Lexus, Toyota and Scion segment winners
 - More than any other automaker

IntelliChoice Best Overall Values

- Toyota #1 manufacturer
- Lexus and Toyota topping 13 of 23 segments
- More than twice any other company

Toyota Division

- sales of 149,038
- up 4.4 percent on a volume basis
- 8.7 percent DSR

New Avalon off to a great start

- Sales +63 percent
- To more than 5,700
 - About 25 percent hybrids
- Best Avalon month in more than five years
- Average age dropped below 60
 - first time in recent memory

Other highlights include:

- Camry, topped 31,000
 - #1 selling car in the U.S.
- Corolla was one short of 25,000
 - +13 percent
- Scion also up for the month

On light truck side, fuel efficiency also important

- Tacoma and RAV4 volume leaders
 - Both easily topping 10,000

Pickups up more than 17 percent

- Tacoma +18.5 percent
 - Best February since 2007
- Tundra +15.5 percent

SUVs up 14 and a half percent

- Probably benefitted from the series of winter storms
- Definitely some impact in Midwest and Boston
- Those buying, buying SUVs

New RAV4 off to an excellent start

- First full month on the market
- Recorded its best February ever
- Sold more than 13,000, up 5 percent
- Despite lowest day supply in our lineup
- Fastest turn rate
- Could have sold more

- Venza up 40 percent
- 4Runner up 30 percent
- Sienna up 20 percent
- Highlander up 15 percent

Toyota Certified Used vehicles

- Second consecutive record month
- More than 28,000 vehicles

Looking Ahead

- March usually one of best months of the year
- Intend to keep the momentum going
- Launch first national marketing campaign of 2013

Theme: #1 For Everyone

Focus on the features and value that give us the many leadership positions I just touched on.

Also highlight affordability

- Consumers respond to outstanding financing options
- Zero percent on six models
 - Including Camry and Corolla
- Excellent rates on other models
- Strong leases
 - Camry under \$200

In closing, the stability we saw in February in the face of a number of challenges is a good indication of the overall strength of the market as we head into the spring selling season.

We believe we are well-positioned as the most fuel-efficient full-line manufacturer to address consumer concerns about rising gas prices.

And we're further encouraged by the reaction to our two newest models, the Avalon and RAV4, and the response to the two recently unveiled models, the Corolla Furia concept and Tundra, which will go on sale later this year.

Thanks again for joining us today and now I'd like turn this over to Tim Morrison for a look at the Lexus results.

Tim Morrison
Vice President, Sales and Dealer Development
Lexus Division

- February was a strong month for Lexus
- Sold 17,339 Lexus cars and LUVs, up 8.3 percent on a DSR basis, 4 percent on volume basis
- Saw particular strength in our luxury sedans
 - New LS up 55 percent
 - New ES, sales of 4,817, up 61 percent over last year.
- RX top seller with nearly 7,000 units sold, increase of 20 percent over last February.
- Great month for accolades:
 - As Bill mentioned, Lexus was rated #1 brand in the Consumer Reports brand report card.
 - And I should add that Consumer Reports recommends 100 percent of the Lexus lineup.
- Lexus was also #1 brand in the JD Power Vehicle Dependability Study.
 - RX was the best performing vehicle in the study...first time a crossover SUV has held that distinction
 - Strengthens our hold on what we like to call the "Grand Slam of Automotive Excellence"
 - #1 in JD Power VDS, IQS, CSI and SSI
- RX and RX Hybrid also took top honors in the US News and World Reports Best Cars for the Money awards
 - Fifth consecutive year for RX
- Looking ahead to March...
 - We expect another strong month with what we're calling our Command Performance Event
 - We'll have significant advertising support for ES, GS and IS.
 - With lease support across the entire Lexus lineup, it's a great time to buy a Lexus