April 2012 Sales Conference Call

May 01, 2012

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Tuesday, May 1, 2012

Toyota Corporate Manager of Media Relations Steve Curtis:

Good day and thank you for joining us to review Toyota's April sales.

Speaking today will be:
•Bob Carter, group vice president and general manager of the Toyota Division;
•And Tim Morrison, vice president of sales and dealer development for Lexus.

Following the call, our communications team will be available to field any additional questions you may have.

Now I'd like to turn it over to Bob for a look at April results.

Bob Carter:

Thank you Steve.

The momentum we saw building throughout the first quarter continued into April, with industry sales coming in at about 1.2 million vehicles, a 2.8 percent gain from year ago levels, based on a straight volume change basis.

That works out to a SAAR of about 14.4 million for the month.

That's especially significant because there were three fewer selling days and one less weekend this year compared to last.

As a result, the daily selling rate provides an even better picture of the true strength of the market, with industry sales up 15 percent.

But any way you look at it, Toyota, Lexus and Scion dealers outperformed the industry, with sales of 178,044 up 11.6 percent on a volume basis and 25.5 percent on a DSR basis.

That should give us a market share of about 15 percent, our strongest showing since December of 2010.

This growth is driven by the rollout of new models, beginning with the new Camry last fall and continuing with the additions to the Prius family, new Yaris and updated models such as the Tacoma and Venza.

We're in the midst of rolling out 19 new or significantly updated models and consumer response continues to exceed our expectations.

Toyota Division sales of 160,493 were up 13 percent on a volume basis and 27 percent on a DSR basis.

Toyota also was the number one retail brand for the second consecutive month.

The strength of the brand was reinforced during April when consumers participating in the Yahoo Auto Survey named Toyota as having the highest quality vehicles, following similar findings by Consumer Reports and J.D. Power and Associates.

Passenger cars were especially strong in April, with sales up 28 percent on a volume basis and 44 percent on a DSR basis.

Now to keep things simple, I'll stick to volume comparisons for the individual models.

Camry continues to be the best-selling car in America with sales of 36,820, up 21 percent from last year, and stretching its lead for the year to about 30,000 units over the second place Altima.

The Camry number includes a 346 percent jump in sales of the hybrid model as it helps spread the reach of our hybrid lineup.

Prius sales of 25,168 were up 102 percent setting a new record for the month of April, breaking the old mark set back in 2008.

Corolla sales topped 24,800 as it continues to benefit from added North American production.

In fact, I'd like to take this opportunity to note that Toyota manufacturing will build its 25 millionth vehicle in North America during May.

That's quite an accomplishment considering we started North America production in 1988.

We now have 14 manufacturing facilities in North America and about 70 percent of the vehicles we sell here are made here, containing more than 75 percent domestic content from North American suppliers.

In closing, April was an excellent month for Toyota and a good month for the industry.

With consumer confidence improving, we expect to see continued gradual industry improvement in the months ahead. For Toyota, that growth will continue to benefit from the introduction of new and updated models.

The highly anticipated Scion FR-S will go on sale this month, with 86 special models being delivered in advance of the June 1 national rollout.

And Avalon, which debuted last month at the New York auto show to excellent reviews, will go on sale later this year.

For May, we will be running our second national sales event of the year, with a focus on the most fuel efficient full-line model lineup in the auto industry.

Toyota dealers will be offering zero percent financing on seven models, including Corolla, Avalon, Tundra, Venza, RAV4, Highlander and Sienna.

We'll also continue with special lease rates on nearly every model in our lineup, including Camry and Corolla.

Now I'd like to turn this over to Tim Morrison for a look at the Lexus results.

Tim.

Tim Morrison:

Thank you Bob, and good day everyone.

Overall, April was another solid month for Lexus.

We sold 17,551 vehicles, on par with last April, but up 12% on a daily sales rate basis…and as Bob mentioned, there were three fewer shopping days this April compared to last.

Car sales showed continued strength with an increase of 12% on a volume basis over last April.

The new GS, our exhilarating new performance sedan, continues to perform on the sales floor as well…with sales of 2,006 units.

And the GS continues to bring new, younger, more performance-oriented buyers into our dealer showrooms.

We couldn't be happier with the mix. Since the February launch, 25% of buyers have opted for the advanced driving dynamics offered by our F Sport model.

The May arrival of the GS450h hybrid – a luxury performance sports car that offers up to 34mpg – should bolster GS sales even more.

CT showed continued strength with sales of 1,620 units.

Clearly, the market for a luxury hybrid capable of 43 mpg in the city is still very strong. And dealers are turning them at a rapid rate.

And we were pleased to see last week that KBB.com named CT one of its Best Green Cars for 2012.

CT offers a combination of fuel efficiency and 'fun-to-drive' performance that is unmatched in the industry.

ES again set the sales pace for Lexus cars with sales of 3,000 units.

And there's exciting news on the ES front…last month at the New York Auto Show, we debuted the all-new ES and first-ever ES Hybrid.

Long the standard for luxury, quality and ride comfort in the entry luxury segment, this new ES takes it to a whole new level.

With its progressive design…an incredibly spacious interior…vastly improved driving dynamics…and the addition of the 40 MPG Hybrid…the new ES is sure to be a hit not only with the 1 million ES owners currently on the road…but for buyers new to Lexus as well.

In the meantime, we're right on plan with the current ES and anticipate an orderly sell-down through the summer months.

On the luxury utility vehicle side…the recently refreshed LX continues to exceed our expectations.

While fuel prices remain relatively high, LX sales increased 71% over last April.

Customers have really taken to the new look which features perhaps the boldest expression of the new face of Lexus…our signature spindle grille.

Casting our eyes toward the future…the 2012 Lexus product blitz continues with the new RX.

Within the next couple of weeks, the first of the new RX's to roll off the line at our Cambridge, Ontario plant will begin arriving at Lexus dealerships throughout the country.

Featuring an aggressive new look…a host of technology enhancements…including the addition of the Lexus Enform multimedia system…and the first-ever RX F Sport model…the new RX will lead the way through a very strong second quarter for Lexus.

The outlook for Lexus is very bright and we look forward to a successful Summer selling season.

With that, we'll open it up for questions.