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(For your information)

**Mazda Motor Corporation**  
**FISCAL YEAR ENDING MARCH 2012 FIRST QUARTER FINANCIAL RESULTS**  
(Speech Outline)

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Today, I will first explain the highlights of the results for the 1<sup>st</sup> quarter of fiscal year ending March 2012, and then take you through the details. At the end, I will summarize the presentation.

**1. HIGHLIGHTS**

The revenue for the 1<sup>st</sup> quarter was ¥408.1 billion, the operating loss was ¥23.1 billion and the net loss was ¥25.5 billion. Global sales reduced to 281,000 units, down 11% year-over-year mainly in Japan due to the impact of the earthquake. This year is the first year for SKYACTIV, and we have introduced the New Demio with SKYACTIV-G in Japan. It is off to a good start as we have received orders, substantially exceeding the plan, after we started taking the pre-orders to date. Product quality also received high appraisal. In the J.D. Power and Associates 2011 U.S. Initial Quality Study, we have significantly improved our rank from the 18<sup>th</sup> last year to the 5<sup>th</sup>. We have achieved record sales or share in Australia, China, Thailand, Mexico, Indonesia and Malaysia, continuing successful sales momentum mainly in emerging markets.

We recovered normalized production at plants in Japan and overseas from the latter half of the 1<sup>st</sup> quarter as we announced in June. The 1<sup>st</sup> quarter results are on schedule. There is no change in the operating profit forecast of ¥20 billion in the full year. We also keep global sales volume as planned.

**2. FISCAL YEAR ENDING MARCH 2012 FIRST QUARTER RESULTS**

Consolidated operating loss in the 1<sup>st</sup> quarter was ¥23.1 billion, down ¥29.5 billion from the prior year. Although I will explain the breakdown later on, the main reason for the profit decline is the volume decrease due to the earthquake. We also booked ¥3.7 billion of earthquake impact as extraordinary loss. As the result, the loss before tax was ¥30.6 billion and the net loss was ¥25.5 billion.

Our global sales volume was down 11% from the prior year to 281,000 units. Wholesales volume was down 31% from the prior year to 186,000 units. Sales volume reduced in almost all markets including Japan that was hit significantly by the earthquake impact. However, we continue our sales momentum, resulting share up in Japan, Russia and Australia. Although the domestic production volume was down 20% from the prior year to 178,000 units, the production recovered to full and stable production from the latter half of the 1<sup>st</sup> quarter as planned. Exchange rate was ¥82 against the dollar, and ¥117 against the Euro. It is ¥10 stronger against the dollar since last year.

I will take you through our sales result by each of our major market.

In Japan, sales volume was 35,000 units and share was 4.6 %, up 0.1 point year-over-year. The new Demio (Mazda2) orders have substantially exceeded the plan after start of the pre-order to date. We will announce the specific volume early August. Also, the ratio of SKYACTIV-G model of total orders sharply exceeded the plan. This shows that the customers have strong expectation and interest for SKYACTIV TECHNOLOGY and highly value the product. Full year sales are planned to be about the same level as last year at 207,000 units by securing volume mainly with SKYACTIV products.

In North America, we achieved 86,000 units, about the same level as last year, and the sales volume in the US was also about the same as last year at 58,000 units. In the US, the residual value of Mazda3 and CX-9 continuously ranked top in their segments, which is an example of our brand value continuous improvement. As I mentioned earlier, in 2011 US IQS, we were ranked 5<sup>th</sup> in overall category. Our continued effort to strengthen quality improvement activities is bearing fruit. In Mexico, we achieved record high sales volume and record share of 3.2% with the strong sales of CX-7 contribution. For full year, we plan to achieve 346,000 units, up 1% from prior year by ensuring successful launch of the new Mazda3, the first model in North America to be equipped with SKYACTIV TECHNOLOGY, and achieving sales increase in Mexico through introduction of the Mazda2.

In Europe, sales were 44,000 units. In Russia where demand is strong, with our strong brand, we achieved 8,000 units which are double the sales of previous year and 1.2% share, up 0.4 points, thanks to strong sales of main carlines such as Mazda3, Mazda6, and CX-7. We plan 202,000 units' sales for full year. We will try to improve the sales through special version introduction, effective marketing initiatives implementation, and effective deployment of resources on business mainly in Russia where demand continues to expand.

Sales in China marked a record volume of 53,000 units thanks to brisk sales of key models such as Mazda3. Share was maintained at 1.2%, same level as previous year. We have

been on track to strengthen sales network. The number of outlets increased to 323, up 11 from the end of last fiscal year. We accelerate opening outlets in inland cities and in open areas of coastal cities to enlarge our dealer network to over 370 outlets by the end of the year. Full year sales are planned to increase 14% from prior year to 270,000 units through sales expansion by the new Mazda3 introduction, effective marketing initiatives and sales network expansion.

Sales in other markets were 63,000 units. In Australia, we achieved the highest share of 8.4%, up 0.6 points from the prior year thanks to continued strong sales of key models such as Mazda2 and Mazda3. We achieved the highest volume in Thailand thanks to brisk sales of Mazda3 and BT-50. Our sales in ASEAN continued to be strong, as can be seen from achieving the highest volume and share in Indonesia and Malaysia. For full year, we plan our sales in other markets to increase 1% from the prior year to 280,000 units through introduction of the new Mazda3 equipped with SKYACTIV TECHNOLOGY and introduction of AAT produced new BT-50 to Australia, as well as sales expansion of key models in each market.

I would like to explain key factors behind ¥29.5 billion reduction of the consolidated operating profit. The volume and mix reduced ¥31.7 billion mainly due to the volume decrease by the earthquake impact. Strong yen impact was ¥3.8 billion by US dollars, and ¥0.2 billion by Euro. Together with the improvement from other currencies of ¥0.9 billion, the total impact of exchange rate was negative ¥3.1 billion. In the variable cost area, we offset the impact of raw material price hikes by cost improvements. We also achieved ¥5.0 billion improvement in other fixed cost area.

Concerning the domestic production volume trends, thanks to the cooperation of suppliers, production volume reached 178,000 units and plant utilization ratio was 72% in the 1<sup>st</sup> quarter. From the 2<sup>nd</sup> quarter, we project the volume to be in line with our original plan, but we will try to pull ahead the volume as much as possible. We will turn around to profitability in the 2<sup>nd</sup> quarter, and improve profit level from the 3<sup>rd</sup> quarter onward.

I will explain the breakdown of turnaround to profitability in the 2<sup>nd</sup> quarter from the operating loss of ¥23.1 billion in the 1<sup>st</sup> quarter. First, in volume and mix, wholesales volume will recover from the earthquake impact and will increase 78,000 units from the 1<sup>st</sup> quarter to 2<sup>nd</sup> quarter. Mainly due to the volume increase, operating profit will improve ¥20 billion. In cost improvements and other fixed cost areas, even though marketing costs will increase for the introductions of vehicles with SKYACTIV TECHNOLOGY, cost improvements will accelerate in line with production volume increase, improving operating profit by ¥6.2 billion.

### **3. SUMMARY**

I will summarize the presentation. In the 1<sup>st</sup> quarter, due to the impact of the earthquake and other factors, the revenue was ¥408.1 billion. The operating loss was ¥23.1 billion and the net loss was ¥25.5 billion. From the 2<sup>nd</sup> quarter, after the new Demio in Japan we will launch vehicles with SKYACTIV TECHNOLOGY to improve volume and mix and accelerate cost improvements so that we can turn around to profitability and further increase the profit. Our full year operating projection of ¥20.0 billion stays unchanged. The new Demio with SKYACTIV-G made a good start, receiving substantially higher order than the plan after the start of pre-orders to date. In the area of sales, we are continuing good performance mainly in emerging countries, achieving the record sales or share in Australia, China, Thailand, Mexico, Indonesia and Malaysia.

I will tell you that the plan for the launch of vehicles with the new generation technology SKYACTIV is as planned. After the new Demio in Japan, we will launch the new Mazda3 with SKYACTIV-G and SKYACTIV-Drive in major markets in the latter half of fiscal year ending March 2012. In 2012, we will have a global launch of the new CX-5 that is fully equipped with SKYACTIV TECHNOLOGY. We will launch a series of SKYACTIV models from the next fiscal year as a driver of profit improvements. We are accelerating the efforts in the emerging markets. In June, we announced that we will build plants in Mexico and entry into Brazilian market, in order to strengthen our business in Central and South America. As a new pillar of our business strategy for emerging countries, we will expand our sales in growing markets and secure of competitive costs. Besides, we will continuously promote growth strategy in ASEAN and China. In ASEAN, we will take advantage of AAT to start with local production and intra-regional complete-vehicle exports, considering tax system and trade liberalization between individual countries. We will also expand our sales in growing markets through increasing product lineup in Indonesia and expanding our sales network in Malaysia and Vietnam. In China, we are preparing for the structure to sell 400,000 units. We will promote the increase of local production and assembly models, and the expansion of our sales network, pursuing continued growth and sales expansion.

Thank you very much for joining us today despite your busy schedule.

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