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(For your information)

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

**Representative Director, Chairman of the Board,
President and CEO
Takashi Yamanouchi**

1. HIGHLIGHTS

In the nine months of the fiscal year ending March 2012, due to the historical yen's appreciation, impact of the Great East Japan Earthquake, crisis in Europe and the flood in Thailand, operating loss was ¥54.3 billion. Net loss was ¥112.8 billion, mainly due to write-off of deferred tax assets.

Global sales volume was 891,000 units.

For the 3 months of the third quarter, global sales reached 287,000 units, with year-over-year sales growth in major markets such as Japan, US and Australia.

Sales remained strong mainly in ASEAN countries, and we achieved record-high sales volume or share in Mexico, Australia, Thailand, Malaysia and Chile.

As for SKYACTIV products, following the new Demio launched in Japan in July last year, we have launched the new Mazda3 in major markets and received high acclaim.

SKYACTIV TECHNOLOGY has received universal praise globally, winning 24 awards already including SKYACTIV-G 1.3 receiving 2012 RJC Technology of the Year.

We project full year operating loss at ¥40 billion and net loss at ¥100 billion.

We consider the third quarter is the bottom and aim at profitability in all profit categories in the fourth quarter.

Global sales volume is projected at 1.25 million units.

As for products, new CX-5 cross-over SUV will be introduced in global markets in this fiscal year as the first model that fully adopts SKYACTIV TECHNOLOGY.

The CX-5 has been receiving outstanding feedback even before the launch. We will continue to strengthen our sales efforts to build on the momentum generated by the launch of SKYACTIV products.

Executive Officer
Takashi Furutama

2. FISCAL YEAR ENDING MARCH 2012 FIRST NINE MONTHS RESULTS

The operating loss of the first nine months was ¥54.3 billion, down by ¥67.5 billion from the prior year. I will elaborate the factors behind this later, but main reasons were volume reductions due to the earthquake and floods in Thailand, and profit decline of export models because of the yen's historic surge.

Due to several factors including the write-off of deferred tax assets, net loss was ¥112.8 billion.

Global sales were down by 7% year-on-year to 891,000 units.

In North America, Australia, and ASEAN markets, we maintained a good sales trend, but the volumes declined in other markets due to the effect of the Japan earthquake and Thai floods as well as market slowdown resulting from the European crisis.

The average exchange rate during this period was ¥79 to the US dollar and ¥111 to the Euro. The yen advanced by ¥8 against the dollar and ¥2 against the Euro from the prior year.

Let me now explain to you the sales results of our key markets.

First is about Japan. We sold 137,000 units, and share increased by 0.1 points to 4.5% despite the industry decline.

During the third quarter, we posted a year-over-year increase of 51% to 42,000 units led by the sales of the new Demio and new Axela with SKYACTIV powertrains.

The SKYACTIV-G 1.3 on the new Demio won 2012 RJC Technology of the Year.

SKYACTIV TECHNOLOGY is gaining high praise.

In North America, we achieved 4% higher sales than the prior year at 266,000 units, thanks to brisk sales of CX-7 and CX-9, and incremental sales of Mazda2.

In the third quarter, we started selling the new Mazda3 with SKYACTIV TECHNOLOGY.

This product is receiving high acclaim and selling well. The mix of SKYACTIV model exceeds 50% and is driving the sales of Mazda3.

We have won the ALG's Residual Value Award for a segment in the US for three years in a row, and the brand value continues to improve.

In Mexico, the newly launched Mazda2 and popular CX-7 contributed to the sales growth, and we achieved record sales and share in both the first nine months of the fiscal year as well as in calendar year 2011.

In Europe, the sales were 129,000 units with 0.9% share, impacted by the economic crisis

and increasing competition.

We maintained good sales in Russia where demand remains strong, mainly with Mazda3, Mazda6, and CX-7. The volume was up by 11,000 units from the prior year to 31,000 units. The share increased 0.2 points year-over-year to 1.4%.

We have started restructuring the dealer network in Germany, to drive efficiency improvements in the sales network.

In China, we sold 165,000 units with 1.2% share due to the impact of increasing competition in CD segment and reduced demand for small cars due to stricter requirements for eco-car subsidy.

Following the introduction of new Mazda3 sedan, we expanded product line-up by launching the new Mazda3 5 door hatchback at the end of the last year.

We are steadily enhancing our dealer network, and we increased the number of outlets to 365 at the end of December, up 53 outlets from the end of prior fiscal year.

In other markets, the sales were 194,000 units, due to the impact of Thai floods and reduced exports because of the strong yen.

In Australia, Thailand, Indonesia, Malaysia, and Chile, we achieved record sales volume or share in both first nine months of the fiscal year as well as calendar year 2011. Our sales continue to be strong in ASEAN markets.

In Australia, Mazda3 achieved the highest sales among all car lines in calendar year 2011. We launched the new BT-50 in Australia in October.

Next, I would like to explain key factors in the ¥67.5 billion year-over-year reduction of the consolidated operating profit.

The volume and mix deteriorated ¥56.5 billion as the volume declined due to the flooding in Thailand and market slowdown in Europe, in addition to the impact of the Japan Earthquake in the first quarter.

Next is currency exchange. As the yen advanced against major currencies, the exchange impact was ¥13.5 billion for US dollars, ¥3.1 billion for Euro, and ¥4.4 billion for other currencies, totaling to ¥21.0 billion.

In the area of variable cost, the material price hike was offset by cost improvements, and we made a ¥5.2 billion favorable move.

Also in other fixed costs, we achieved ¥10.4 billion of improvements.

Next, let me explain the breakdown from non-operating to net income.

In respect of the non-operating result, the exchange loss was ¥5.7 billion as the gain from the forward exchange contract was more than offset by the valuation loss of receivables in

foreign currencies. Adding equity method profit and interest income, the total non-operating result was negative ¥3.8 billion.

The extraordinary item was affected by ¥3.7 billion loss on earthquake in the first quarter, and consequently loss before tax totaled ¥66.5 billion.

Under corporate tax and others, as we studied the possibility of future realization of the deferred tax assets and legislation relating to corporate tax rate cut was promulgated, we decided to write off ¥36.0 billion of deferred tax assets in the third quarter, which was booked in the adjustment of corporate tax and others. As a result, net income was a loss of ¥112.8 billion.

3. FISCAL YEAR ENDING MARCH 2012 FULL YEAR FORECAST

In the fourth quarter, we expect to achieve positive results in all profit levels and full-year operating loss is projected to be ¥40.0 billion and net loss to be ¥100.0 billion.

The full-year operating loss we are now projecting is down by ¥63.8 billion from the prior year and ¥40.0 billion from the prior guidance in November. The factors will be explained later.

The global sales volume in fiscal year ending March 2012 is expected to be 1.25 million units and consolidated wholesales volume is expected to be 1.02 million units.

In the fourth quarter, global sales and consolidated wholesales are projected at about 360,000 units and 320,000 units respectively, both beating the levels of the prior year.

I would like to explain our sales initiatives that contribute to returning to positive profit in the fourth quarter.

In Japan, while increasing our volume in line with total demand increase, we will enhance our sales activities for Eco cars such as the new Demio and the new Axela equipped with SKYACTIV TECHNOLOGY.

We will launch the new CX-5 and improve showroom traffic by deploying sales expansion activities centering on these SKYACTIV products.

In North America, we will further enhance our sales through a campaign of increasing awareness of the new SKYACTIV Mazda3 which is enjoying strong sales, and we will also introduce the new CX-5 crossover SUV while maintaining good sales momentum of current CX-7 and CX-9 models.

In Europe, we will implement initiatives focusing on the strong selling models and introduce special version models to promote sales.

We will conduct an intensive launch campaign for the new CX-5 which is the first SKYACTIV equipped model in Europe and run SKYACTIV TECHNOLOGY introducing events.

We will launch the new CX-5 in Russia where we enjoy strong sales performance, ahead of

the rest of Europe to boost sales starting this fiscal year.

In China, we expect to expand sales through increasing volume of the new Mazda3 Sedan and Hatchback that were launched last year.

We plan product enhancements and new sales initiatives for Mazda6.

Our sales network will be increased from 365 dealer outlets at the end of December to 387 outlets by the end of the fiscal year.

In Australia, we will further expand sales by leveraging introduction of the new BT-50 and the new CX-5.

We plan to boost sales in strong performing ASEAN markets by fully utilizing AAT production recovery and KD production in Malaysia and Vietnam.

We will also prepare for the new CX-5 introduction in other markets.

Next, I will explain key factors behind the consolidated operating profit decline of ¥63.8 billion from the prior year.

First, the volume and mix is down ¥34.7 billion for the full year. Due to the impact from the earthquake, the flooding in Thailand, and deterioration of European market, we have deterioration for the nine months, but we expect to see some improvement in the fourth quarter led by the introduction of CX-5 as well as the other actions I have described.

With regard to the currency exchange, we project deterioration by ¥18 billion for the US dollar, and ¥8.2 billion for the Euro. Combined with the impact of ¥14.3 billion from other currencies, the total deterioration will be ¥40.5 billion.

On variable cost, improvement of ¥5.6 billion is expected thanks to our continuing focus on cost improvement, despite material price hikes.

Also, other fixed cost is planned to improve by ¥8.5 billion.

Next, let me explain factors behind ¥40 billion of consolidated operating profit change since our publicity last November.

Regarding the volume and mix, it is down ¥22.3 billion as the volume came down due to deterioration of European market and intensified competition in China, in addition to the full impact from the flooding in Thailand.

With regard to the exchange, deterioration of ¥1.4 billion is projected as improvement from the US dollar is more than offset by impact from strong yen to the Euro as well as other currencies.

Variable cost will deteriorate ¥11.1 billion due to the effects of the volume decline.

**Representative Director, Chairman of the Board,
President and CEO
Takashi Yamanouchi**

**4. STRUCTURAL REFORM PLAN TO REINFORCE THE FRAMEWORK FOR MEDIUM-
AND LONG-TERM INITIATIVES**

In order to address changes in external environment and ensure future growth, we will reinforce our framework for medium and long-term initiatives and implement business innovation driven by SKYACTIV.

This time we are strengthening “The Framework for Medium- and Long-term Initiatives”, and at the same time, revising “The Medium- and Long-term Outlook” as well.

First, we will secure positive profit in all profit categories in the fiscal year ending March 2013.

As for the details of forecast for the next fiscal year, I will clearly explain them in the next earnings publicity.

Operating profit for the fiscal year ending March 2016 is expected to be ¥150 billion, with 6% or more ROS, and 1.7 million units of global sales volume.

The exchange rate assumption is revised to reflect much stronger yen, at ¥77 for the dollar and ¥100 for the Euro.

Before I explain the detail of each initiative, I would like to look back at Mazda’s situation since Lehman Shock and profit image from next fiscal year.

We posted operating loss of ¥28.4 billion due to yen’s appreciation after the Lehman Shock and material price hikes. But even though the yen’s appreciation continued, we turned around and posted operating profits for two consecutive years mainly reflecting cost improvements.

In this fiscal year, the operating forecast will fall again to a loss of ¥40 billion, but in next fiscal year, we expect to achieve profitability in all profit categories.

I will explain the image of profit growth up to fiscal year ending March 2016.

From operating loss of ¥40 billion in this fiscal year, we will improve the profit by ¥190 billion to positive operating profit of ¥150 billion in fiscal year ending March 2016.

Even based on the assumption that the strong yen continues, we expect to improve ¥100 billion by volume and mix and sales method innovation, and improve ¥140 billion in cost areas including R&D cost increase. We are not considering to reduce R&D cost, but will continue to spend ¥100 billion level of the cost to enhance product and cost competitiveness.

I will explain concrete actions for Structural Reform Plan.

Although you may already know, I will explain the technological advantage of SKYACTIV TECHNOLOGY. SKYACTIV is designed to simultaneously achieve Zoom-Zoom driving performance and outstanding environmental performance.

As the result of pursuing the thorough improvement of base technology, the effect of fuel economy improvement from SKYACTIV TECHNOLOGY is 20% to 30% in total.

SKYACTIV drives not only technology reforms but will also result in structural reforms of Mazda's business itself.

SKYACTIV TECHNOLOGY has already won 24 awards since its introduction. Our brand value is improving and SKYACTIV will accelerate this.

We will launch the CX-5 which is the first model to fully adopt SKYACTIV in global market in this fiscal year. We start the sales of the model in Japan in February.

The TAKERI is the concept model of new-generation CD sedan which adopts SKYACTIV TECHNOLOGY as well as KODO design.

We are introducing a mass production model that materializes the "TAKERI" concept in Japan by the end of this year.

In sales method innovation by SKYACTIV, we plan to realize sales at the price without discounts utilizing our improving brand value.

Sales mix of SKYACTIV models are in line with original targets in Japan and expanding every month in North America.

We expect the mix of SKYACTIV products to be 20% in fiscal year ending March 2013, and we plan to increase the ratio to 80% by fiscal year ending March 2016.

In fiscal year ending March 2013, we will launch a new model that is equipped with the regenerative braking system, "i-ELOOP" that can significantly improve fuel economy under practical driving conditions. We also plan to introduce a hybrid vehicle powered by SKYACTIV TECHNOLOGY in fiscal year ending March 2014.

Concerning details "Cost improvements through Monotsukuri Innovation", from next fiscal year onward, we will further accelerate the cost improvement through Monotsukuri Innovation that we have been implementing so far.

While we forecast to achieve the cost improvement target originally set for the new generation products that start with the CX-5, we aim to increase the cost improvement target for vehicle cost area from the conventional 20% to 30%.

Over the 4 years from fiscal year ended March 2009, other fixed cost and variable cost improved about ¥230 billion in total.

In addition to the conventional cost improvement, we will implement additional initiatives and further improve variable and fixed costs inside Mazda Group, aiming at the cost structure that is profitable even in the strong yen environment.

I will not go into details, but in order to reinforce our business in emerging markets, we will take various initiatives in major markets including China and Russia.

In addition, we will steadily implement initiatives in ASEAN and Central and South America. Let me explain to you the establishment of global production footprints.

Firstly, overseas production ratio is projected to rise to 50% or 850,000 units in the fiscal year ending March 2016 as countermeasure against the strong yen, but we will maintain the four production lines in Japan. By accelerating Monotsukuri Innovation, we will aim at profitable plant operation in Japan even with 850,000-unit production level.

Offshore, we plan to increase the capacity in emerging markets such as Mexico, China, and ASEAN.

In North America and Europe, we will change to a structure in which we can make profits even in a strong-yen environment with various initiatives based on introductions of SKYACTIV products.

Mazda is having or discussing business alliances. In order to reinforce Mazda brand and support our growth plan, we will continue to promote business and technology alliances. Also, we are going to actively offer our products and technologies including SKYACTIV powertrains.

We are continuing discussions with partners on business and technology alliances, but there is nothing we can talk at this moment. We will announce when the time is right.

5. SUMMARY

In the first quarter, mainly due to the Earthquake impact, we posted operating loss of ¥23.1 billion, but turned around to profitability in the second quarter with introduction of SKYACTIV product.

In the third quarter, operating result fell again to a loss due to deteriorations in external environment such as crisis in Italy and the flooding in Thailand. In the fourth quarter, we expect to achieve positive operating profit through significant improvements in volume and mix by the global introduction of the CX-5 and effects of realization of Cost Improvements.

In fiscal year ending March 2013, we will ensure positive results in all profit categories as we launch SKYACTIV products starting with the CX-5 global launch and "TAKERI" production model introduction in Japan.

By fiscal year ending March 2016, we expect to achieve ¥150.0 billion operating profit, 6% or more ROS, and 1.7 million units of global sales.

In order to address changes in external environment and ensure future growth, we will reinforce framework for medium and long-term initiatives and implement business

innovation driven by SKYACTIV.

The challenging situation is continuing, but we work as One- Mazda and pursue positive results in the next fiscal year and sustainable profitability in the following years.

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

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