

April 27, 2012

(For your information)

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

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

**1. HIGHLIGHTS**

In the 4th quarter of Fiscal Year ended March 2012, the operating profit was ¥15.6 billion. As we announced in February, we have achieved profitability in all profit categories.

In fiscal year ended in March 2012, due to the deterioration of the external environment including the Great East Japan Earthquake, historical appreciation of yen, the flood in Thailand, and expansion of sovereign risk in Europe, the full year operating loss was ¥38.7 billion. Net loss was ¥107.7 billion mainly due to write-off of our deferred tax assets, and costs for Structural Reform Plan we booked in advance in the 4th quarter. The costs include restructuring cost at our subsidiary in Europe and sales network in Germany, as well as impairment losses for fixed assets. Global sales volume was 1,247,000 units.

In product area, we have launched the CX-5 that is fully equipped with SKYACTIV TECHNOLOGY in Japan and other global markets. I will explain the details later on. New CX-5 received high reputation in all the markets where it was launched, contributing to the volume increase in the 4th quarter. The model made a good start that exceeded our expectation.

Regarding the sales by region, we continued successful sales mainly in Australia and emerging markets including ASEAN. We have also achieved record-high sales or share in such countries as Mexico, Australia, Thailand, Indonesia, Malaysia and Chile.

In 2011, we launched the Demio powered by SKYACTIV-G in Japan as the first SKYACTIV model, and then introduced new Mazda3 with SKYACTIV-G and SKYACTIV-DRIVE in major countries.

SKYACTIV is highly acclaimed, winning as many as 27 accolades globally.

Lastly, we implemented the public share offering and subordinated loan, and gained proceeds as planned. We consider it was successful as we now have secured the funds for future growth and strengthened our financial foundation.

Next, I will take you through the highlights for Fiscal Year ending in March 2013.

We project full year operating profit at ¥30 billion and net profit at ¥10 billion. Global sales volume is projected at 1.34 million units, driven by continuous success of new CX-5. Implementation of Structural Reform Plan we announced in February has been progressing as planned. First is Business Innovation by SKYACTIV. Sales of the CX-5, which fully incorporates SKYACTIV TECHNOLOGY, are forecasted to significantly exceed our initial sales plan of 160,000 units at present. To meet the higher demand than supplying capacity, we started studying to increase production capacity for the model to 200,000 units. Furthermore, following the CX-5, we will globally launch the next generation Mazda6, our second full SKYACTIV product, materializing TAKERI concept car, from the latter half of this year sequentially in global markets. Next-generation Mazda6 will incorporate the 'i-ELOOP' World's First Capacitor-Based Regenerative Braking System for Passenger Vehicles. We will reinforce initiatives for emerging markets. In Russia, we decided local production as a JV with Sollers. At AutoAlliance (Thailand), we increase production capacity for trucks from May. As a result, production capacity for truck plant becomes 140,000 units, and including passenger car plant capacity of 100,000 units, AAT total capacity becomes 240,000 units. We will diligently execute the Structural Reform Plan in fiscal year ending March 2013 to achieve the Medium- and Long-Term Outlook.

**Executive Officer**  
**Takashi Furutama**

## **2. FISCAL YEAR ENDING MARCH 2012 RESULTS**

The 4th quarter consolidated operating profit was ¥15.6 billion and net income was ¥5.1 billion. As we projected at the announcement in February, we achieved positive results in all profit categories.

We booked in advance the cost for restructuring at the European subsidiary and impairment loss for fixed assets we plan to sell.

Full-year operating loss was ¥38.7 billion, which was ¥62.5 billion down from the prior year. The factors behind that will be explained later.

Also due to write-down of deferred tax assets in the 3rd quarter and other factors, net loss was ¥107.7 billion.

We achieved positive free cash flow of ¥49.3 billion in the 4th quarter, but it was ¥79.4 billion negative in full year.

Also, the financing from public share offering and subordinated loans significantly improved the net debt-to-equity ratio to 64% and equity ratio to 24% from the end of the third quarter. Reflecting equity credit attribute of the subordinated loans, the ratios become 53% and 26%

respectively.

The full-year global sales were 1.247 million units. While keeping strong sales in North America, Australia, and ASEAN, the total volume declined by 26,000 units mainly due to external factors such as the earthquake, Thai floods, and downturn of the market due to the European crisis.

In the 4th quarter, we achieved year-over-year growth in sales in major markets such as Japan, North America, China, Australia, and ASEAN. Sale momentum is showing a recovery trend.

The exchange rates were ¥79 to US dollar and ¥109 to Euro, which were ¥7 and ¥4 stronger respectively than prior year levels.

Let me explain sales results by each market.

First, in Japan, we sold 69,000 units in the 4th quarter, up 29% year on year, thanks to the incremental sales with the launch of new CX-5, in addition to brisk sales of Demio and Axela.

For the full year, although there was a decline in sales due to the earthquake impact in the 1st half of the year, the full year sales volume was 206,000 units, which is the same level as the prior year, thanks to the launch of Demio and Axela equipped with SKYACTIV.

We are holding down discounts mainly on models with SKYACTIV and promote innovation of sales method.

New CX-5, introduced in February, received approximately 16,000 orders as of April 23, getting off a good start.

Sales results in North America in the 4th quarter were up 23% year on year to 106,000 units, and for the full year it was up 9% to 372,000 units. Mazda2 sales increase as well as successful launch of new Mazda3 SKYACTIV led the sales.

In the US, the sales increased 12% year on year to 268,000 units for the full year. The mix of SKYACTIV model accounts for over 60% of new Mazda3, contributing total sales increase.

We also continue to take actions to improve the brand value. The share expanded in the 4th quarter driven by sales increase of Mazda3 SKYACTIV, and for the full year the same level of share as prior year was maintained.

Strong sales in Mexico continue, achieving record sales volume for two fiscal years in a row, and the share continue to post record high as well.

In Europe, sales were 54,000 units in the 4th quarter. We launched new CX-5, and sold approximately 7,000 units in major markets such as Russia and Germany, thus mitigated sales decline there.

For the full year, sales were 183,000 units, due to the impact from economic crisis, intensified competition in major markets, and other reasons.

In Russia, where the industry demand is robust, we sold 44,000 units, which is 50% year on year growth thanks to brisk sales of Mazda3, CX-7 and the incremental sales of new CX-5. The share increased 0.2 points to 1.6%.

In China, we achieved the record high fourth quarter sales volume of 58,000 units, up 16% from the prior year thanks to effect of locally produced New Mazda3 Sedan and 5 door Hatchback introduction. The share increased 0.2 points year-over-year to 1.2%. Full year sales were impacted by intensified competition and decline in small car demand, and the volume was 223,000 units.

We are steadily enhancing our dealer network, and we increased the number of outlets to 371, up 59 outlets from the end of March last year.

In other markets, full year sales were 263,000 units impacted by volume decline mainly due to Thai floods.

In Australia, our sales continue to be strong and we achieved record sales volume and share. Full year sales increased 6% from the prior year to 92,000 units. Mazda3, our key model, became the top selling car in Australia both in calendar year 2011 and fiscal year ended March 2012.

We are steadily increasing our sales in ASEAN markets. In Thailand, Indonesia and Malaysia, we achieved record high sales volume or share. Our total full year sales in ASEAN markets increased 20% year-over-year to 66,000 units.

We launched the new BT-50 in Thailand in January.

I would like to explain new CX-5 sales status by market.

Global orders significantly exceeded our expectations based on the original sales target of 160,000 units in two months after the launch.

Especially, in 6 major markets including Japan, Russia and Germany, the order pace more than doubled the original target.

We will also introduce new CX-5 in ASEAN, China and other markets, following Japan, Europe and North America.

In Japan, the orders reached approximately 16,000 units as of April 23, exceeding the original annual sales target of 12,000 units.

As customers are extremely interested in the clean diesel engine-powered model that is Mazda's unique new environmental technology and recognized as one of next generation vehicles. The mix of the diesel model accounts for about 80% out of the orders we have received, exceeding the original target of 50%, with high reputation.

Also in Europe, we are experiencing successful order trend. The orders reached 7,500 units in Russia, versus the annual sales target of 12,000 units, and about 5,000 units in Germany, that is equivalent of 50% of the annual sales target although it is before the advertisement starts.

In the United States, the sales result exceeded the original sales target.

Not only the successful sales results in major markets, our new CX-5 also won excellent recognitions by the third party organizations including the overseas media.

In US, our new CX-5 won "2012 Crossover of the Year" by Autobytel.

At the Chicago Motor Show, it won "Drivers' Choice Award" by Motor Week.

Also, it won the highest residual value in the segment despite the fact that it is immediately after the launch.

In Germany, our new CX-5 won the top level evaluation result as the SUV diesel model in the test conducted by "Auto Bild".

Next, I would like to explain key factors behind ¥62.5 billion year-over-year reduction of the consolidated operating profit.

The volume and mix reduced ¥36.3 billion for the full year, due to earthquake in Japan, flooding in Thailand and market slowdown in Europe. For the first nine months, volume and mix deteriorated ¥56.5 billion, but improved in the 4th quarter with introduction of the CX-5. Due to yen appreciation against major currencies, the exchange impact was ¥17.1 billion for US dollars, ¥7.4 billion for Euro, and ¥13.1 billion for other currencies, totaling negative ¥37.6 billion.

Variable cost improved ¥5.6 billion offsetting the impact of raw material price hikes by cost improvements.

We also achieved ¥8.5 billion improvement in other fixed cost area.

### **3. FISCAL YEAR ENDING MARCH 2013 FORECAST**

We project full year revenue at ¥2.2 trillion, operating profit at ¥30 billion, and net income at ¥10 billion. We also project to achieve positive profits in all profit categories.

We are forecasting ¥68.7 billion operating profit improvement from the prior year. The factors behind the improvement will be explained later.

Global sales volume in FY ending in March 2013 is projected to be 1.34 million units with SKYACTIV models including the new CX-5, exceeding the prior year sales results in all major markets. I will explain the actions by region later on.

Exchange rate forecast is ¥80 to the US dollar and ¥105 to the Euro.

Next, I would like to explain key factors in the ¥68.7 billion year-over-year improvement of the consolidated operating profit.

The volume and mix is projected to improve ¥42.7 billion due to the volume increase and mix improvements by sales expansion of vehicles that are equipped with SKYACTIV TECHNOLOGY including CX-5.

Based on our exchange rate assumptions, we project improvement of ¥4.2 billion for US dollars, deterioration of ¥3.6 billion for Euro, and improvement of ¥2.6 billion for other currencies, totaling to ¥3.2 billion improvements.

In the area of cost improvement, it is projected to improve ¥32.1 billion due to the variable cost improvement by accelerating “Monotsukuri Innovation”.

Marketing expense is forecasted to increase by ¥5.5 billion due to actions including strengthening advertisement activities for full-scale introduction of the CX-5.

Other fixed cost is projected to increase ¥3.8 billion as R&D cost increase and fixed cost for Mexican plants exceeded AAI fixed cost improvement and other improvements.

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

#### **4. INITIATIVES IN FY END MARCH 2013**

I would like to explain our initiatives in fiscal year ending March 2013, starting with sales initiatives by region.

In Japan, as we continue to keep the sales momentum of CX-5, the first product that is fully equipped with SKYACTIV TECHNOLOGY as well as Demio with SKYACTIV which qualifies for “tax-free status” under the new eco-car tax program, we will increase the sales of vehicles that are equipped with SKYACTIV TECHNOLOGY.

Taking the maximum advantage of eco-car subsidy and tax cut effects, we will pursue substantial opportunities to expand sales in the 1st half by meeting the demand in the market.

Furthermore, in addition to new CX-5, we will launch the next-generation Atenza by the end of the year to further increase the sales of vehicles with SKYACTIV TECHNOLOGY.

We will enhance Public Relations initiatives, such as holding SKYACTIV TECHNOLOGY immersion events, expanding Social Networking Service, etc.

In North America, we will increase sales mainly with new CX-5 and new Mazda3 powered by SKYACTIV.

We will enhance our brand value by continuously selling SKYACTIV models without relying

on discounts.

In Europe, we begin full-scale promotion of SKYACTIV TECHNOLOGY, starting from the launch of new CX-5, which is the first SKYACTIV model in Europe, toward introduction of next-generation Mazda6.

At the same time, we will make sure to contribute to increasing the profitability by pursuing sales momentum and improving residual value.

In China, we will take product actions to the existing models and sales promotion measures. In addition to further increase of the new Mazda3 sales, we will achieve the incremental volume by launching new CX-5, the first SKYACTIV model in China.

To strengthen our sales network in China, by accelerating opening of new stores in the inland areas and coastal areas without presentation, we plan to increase our outlets to 420 by the end of 2012.

In other markets, pursuing steady volume growth, we will develop these markets into volume and profit drivers.

Especially, we will pursue sales opportunity to support further growth in Australia where the sales are successful and ASEAN mainly in Thailand.

Next I will explain specific progress status of Structural Reform Plan.

Concerning business innovation by SKYACTIV, new Demio for Japanese market and new Mazda3 for major markets launched in the prior fiscal year received high acclaim and our brand value is continuing to improve.

In addition, as I have mentioned, the new CX-5, launched in the prior fiscal year end has won high acclaim globally.

We will begin launching next-generation Mazda6 as the second SKYACTIV model in the latter half of this year. With these two models which can generate profits even in strong-yen environment, we project significant improvement in volume and mix in this fiscal year.

I will next explain further cost improvement through Monotsukuri Innovation.

In variable cost area, we will maximize cost improvement effects by increasing sales of CX-5 and next-generation Mazda6 which were developed and manufactured through Monotsukuri Innovation concept.

We also reinforce our business structure against exchange fluctuations by promoting optimum global procurements and expanding sourcing in foreign currencies.

I will take you through acceleration of alliance and reinforcement of business in emerging markets.

As I mentioned at the beginning of presentation, we decided the local production in Russia with Sollers.

The construction of plants in Mexico is progressing as planned toward production start in early 2014.

In ASEAN, we increase capacity at AAT, and also increase production and sales in other ASEAN countries than Thailand.

Furthermore, we will ensure to reconstruct business structure and focus on the automotive business.

We improve fixed costs by improving efficiency of sales network in Germany and subsidiaries in Europe as well as United States, in addition to production transfer of next-generation Mazda6 from AAI to Japan.

We have decided to sell off a majority of stake of Toyo Advanced Technologies, for them to expand business by leveraging the trading company's overseas sales capability and also for us to focus on the automotive business.

Also, as part of effective use of assets, we will sell some of our fixed assets.

Concerning the manufacturing joint venture in Russia, at February earnings announcement, we explained you that we were in the process of negotiation. Now, we have signed an agreement with Sollers to establish a joint venture manufacturing company.

The production will start in the fall 2012. The production capacity is planned to be 50,000 units at the launch period and 70,000 units at the stable period.

Mazda's production models are the new CX-5 and next generation Mazda6.

We will supply the vehicles produced by the joint venture to Russian domestic market in order to continue the sales momentum in Russia where the demand continues to increase.

## **5. SUMMARY**

In the Fiscal Year ended March 2012, full year operating loss was ¥38.7 billion and net loss was ¥107.7 billion. However, we achieved the profitability in all profit levels in the 4th quarter due to the volume increase and cost improvement, bottoming out from the 3rd quarter.

New CX-5 made a good start in major markets where the model has been introduced.

We continue to achieve successful results in Australia and emerging countries including ASEAN.

In the Fiscal Year ending in March 2013, we project to achieve operating profit of ¥30 billion and net income of ¥10 billion, achieving profitability in all profit levels.

Global sales volume is forecasted at 1.34 million units, up from prior year in all major markets, with contribution of the new CX-5 and next generation Mazda6 that are fully equipped with SKYACTIV TECHNOLOGY. Reflecting the successful sales of new CX-5, we started out study to increase the production capacity.

We diligently execute Structural Reform plan we announced in February.



## **6. Progress Toward Medium- and Long-term Outlook**

We announced the Structural Reform Plan in February to strengthen the framework of the Medium- and Long-Term Initiatives. After the announcement, we have secured our fund for the growth and strengthened our financial foundation by implementing actions including the public offerings.

As we have explained to you today, we are steadily implementing our actions to achieve Medium- and Long-Term Outlook for the Fiscal Year ending in March 2016.

With successful introduction of SKYACTIV models and reinforcement of initiatives for emerging markets, we made good start. On the other hand, the external environment continues to be uncertain due to the credit uncertainty in Europe and unstable foreign exchange trend.

We will ensure to implement the Structural Reform Plan for the re-birth and reinforcement of Mazda despite such an environment, meeting the expectation of all of our stakeholders.

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

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