1. **HIGHLIGHTS**

Revenue was ¥1 trillion 23.5 billion, operating profit was ¥11.5 billion, and net profit was ¥5.7 billion. We achieved profitability in all profit categories, exceeding the April forecast. The improved market and model mix driven by the new CX-5, which has been highly acclaimed around the world, contributed to the positive operating results. Global sales volume was 613,000 units, almost flat from the prior year, as the new CX-5 played a key role in all major markets. Vehicles that are equipped with SKYACTIV TECHNOLOGY received high appraisal worldwide and we implemented sales innovation that minimized incentives, significantly contributing to the residual value improvement. Sales continue to be strong mainly in Australia and ASEAN. We achieved record sales and share in Australia, Thailand, Indonesia and Malaysia.

Next I will explain the initiatives for the 2nd half and full-year forecast.

In the 2nd half of the year, through sales expansion of the new CX-5 we will raise both profit and volume. In addition, we will enhance our efforts for the global launch of the new Mazda6, our second vehicle fully-equipped with SKYACTIV TECHNOLOGY, scheduled for the 2nd half of the fiscal year. In December we will launch the new CX-9 in Australia. After that this vehicle will be introduced to other markets like North America where we are selling the current model. As volume grows, mainly with SKYACTIV models, global sales are expected to be 1,255,000 units, 1% up from the prior year.

Full year operating profit forecast is revised to ¥25 billion by incorporating volume reduction impact in China. On the other hand, ordinary profit of ¥15 billion and net income of ¥10 billion remain unchanged from the April forecast. The Structural Reform Plan is making smooth progress including the action to reinforce business in emerging countries.
Executive Officer
Takashi Furutama

2. FISCAL YEAR END MARCH 2013 FIRST HALF RESULTS
In the 1st half, revenue was higher than the prior year and in all profit categories the results were better than the April guidance.
Revenue was ¥1 trillion 23.5 billion, ¥64.3 billion up from the prior year. Consolidated operating profit was ¥11.5 billion, up by ¥33.1 billion year-over-year. These were mainly driven by the significant improvement in volume and mix with the new CX-5.
I will explain other factors for the operating profit changes later.
Net profit was ¥5.7 billion, ¥45.6 billion up from the prior year.

Global sales volume was 613,000, up by 9,000 units from the prior year. The new CX-5 achieved sales of 96,000 units and has grown to be a main product, second to the Mazda3. In key markets such as Japan, Australia, and ASEAN, the sales continued to be strong and increased from the prior year.
The exchange rate was ¥79 to the dollar and ¥101 to the Euro. The yen advanced by ¥1 to the dollar and ¥13 to the Euro from last year.

Next I would like to explain the situation of each market.
In Japan, we sold 110,000 units, 16% up from the prior year. The new CX-5 has maintained the top share in the segment for 6 months in a row, and we already sold 23,000 units in the 1st half, which is about twice as many as the annual volume projection. Diesel engine models continue to be well received and represent about 80% of the sales.

In North America, sales were 182,000 units, almost flat from last year. In the US, the new CX-5 and the SKYACTIV Mazda3 contributed to the growth with sales of 127,000 units, 1% up from the prior year. We continue to reduce fleet mix and hold down incentives to enhance the brand value. In Canada, we achieved sales of 42,000 units, 4% up from the prior year owing to the strong sales of the new CX-5 and the Mazda3.

In Europe, we sold 85,000 units. The new CX-5 continues to sell well. The residual value is at the top or in the top class of the segment in key European markets and continues to be highly valued. As the industry kept growing in Russia, the new CX-5 sales contributed to 20% year-over-year growth and 23,000 units sales were achieved. The share was 1.5%, up by 0.1 point from the prior year.

In China, we sold 90,000 units, 15% down from the prior year. In the 2nd quarter, we
introduced the new CX-5 with SKYACTIV TECHNOLOGY. The Mazda3 continues to sell at the same level as the prior year due to the effect of the new model launched at the end of the 1st half of the last year.

Sales in other markets climbed to 146,000 units, up by 12% from the prior year. In Australia, we achieved record sales of 51,000 units and record share of 9.1%. The new CX-5 continued to gain the top share in the segment for 6 straight months and the model is boosting sales together with the Mazda3, the best-selling model in Australia. In ASEAN, we sold 49,000 units, up 54% year-over-year and sales continue to increase. We achieved record sales and share in Thailand, Indonesia, and Malaysia. In Thailand, Mazda2, Mazda3, and BT-50 achieved record sales volume and our performance stays strong.

Next I would like to explain the key factors of the ¥33.1 billion year-over-year improvement of the consolidated operating profit. Volume and mix substantially improved by ¥23.5 billion. The improvement was driven by the new CX-5 and low incentives on SKYACTIV models. With regard to the foreign exchange, due to the yen’s strength against key currencies, we had bad news of ¥200 million in USD, ¥6.5 billion in Euro, and ¥4.4 billion in other currencies. The total exchange impact was ¥11.1 billion. In the area of variable cost, not only cost improvements but also material price reduction contributed to ¥17.1 billion improvement. Marketing expense rose by ¥2.9 billion due to enhanced advertisement for the global launch of the new CX-5. Other fixed costs improved by ¥6.5 billion.

3. **FISCAL YEAR END MARCH 2013 FULL YEAR FORECAST**
We forecast revenue to be ¥2.17 trillion, up ¥136.9 billion from the prior year. Positive profits are projected in all profit categories, including ¥25 billion of operating profit and ¥10 billion of net income. Operating profit will improve ¥63.7 billion from the prior year, but it is down ¥5 billion compared to our guidance at the publicity in April. I will explain the factors behind these changes later. Ordinary profit and all other profit categories are unchanged from the forecast made at the start of the year, as we expect improvement of non-operating profit.

Global sales volume is forecasted at 1.255 million units, up 8,000 units from the prior year driven by strong sales of the new CX-5 and other SKYACTIV models including the new Mazda6, which will be launched in the 2nd half of the fiscal year. We forecast sales in China of 170,000 units as we incorporated the risk there. I will discuss our actions to promote sales in each region later in the presentation. On the exchange rate for the 2nd half of the fiscal
year, we are assuming ¥80 to the dollar, and ¥100 to the Euro.

Now I will explain the factors behind the ¥63.7 billion improvement of the operating profit from the prior year.
Volume and mix will improve ¥37.6 billion thanks to the volume increase and mix improvement through expanding sales of SKYACTIV models such as the new CX-5 and the new Mazda6.
On the exchange rate, we project ¥3.3 billion improvement against the US dollars, ¥9.5 billion of deterioration against the Euro, and ¥3.7 billion of negative impact against other currencies, totaling ¥9.9 billion of deterioration.
With regard to the cost improvement, ¥36.7 billion improvement is projected as greater efforts are going to be made on VA, VE, etc.
We also forecast improvement of ¥6.3 billion in other fixed costs.

Next, I would like to explain the factors behind the change of ¥5 billion in the consolidated operating profit compared to our guidance at the publicity in April.
Volume and mix is projected to deteriorate ¥5.1 billion after incorporating volume reduction in China in the 2nd half of the fiscal year.
With regard to exchange rate, we forecast deterioration of ¥0.9 billion against the US dollar, ¥5.9 billion against the Euro, and ¥6.3 billion against other currencies, totaling ¥13.1 billion deterioration after incorporating strong yen condition for the 1st half and revision of exchange rate assumption for the 2nd half of the fiscal year.
Concerning variable cost, ¥4.6 billion of improvement is projected after we reviewed current prices of commodities and raw materials.
Also, we expect to make a ¥10.1 billion improvement in other fixed costs through higher efficiencies.

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

4. SALES INITIATIVES IN THE SECOND HALF OF THE FISCAL YEAR
Next, I will explain the sales initiatives to achieve a global sales volume of 642,000 units in the 2nd half.
First, in Japan, we will focus on activities to gain strong recognition of the new Atenza, which will be launched on November 20 in Japan. For example, in order to provide customers with the experiences to fully look at, touch and drive the new Atenza, we will implement actions
including the exhibition space called “Atenza Hands-on Experience Showroom” at 200 stores throughout Japan.

We will also pursue further sales opportunities with the new CX-5, that has back orders of two months, to strengthen the sales actions after the discontinuation of the subsidy from the government.

In North America, we will expand sales of the CX-5 with the introduction of a 2.5 Liter model as well as with the introduction of the new CX-9.

Furthermore, we will take actions to introduce the new Mazda6, which is the second product that is fully equipped with SKYACTIV TECHNOLOGY following the new CX-5. We will accelerate our actions to continue the sales momentum including the sales without discount that we have established with the new CX-5.

We will continue our policy to improve the brand value by minimizing fleet sales and incentives mainly for vehicles that are equipped with SKYACTIV TECHNOLOGY.

In Europe we will expand sales mainly with the new CX-5.

In Russia where our sales are growing, we will further enhance sales by introducing new Mazda6 and other measures.

In total Europe, we will enhance the marketing actions to introduce new Mazda6 to expand sales of vehicles that are equipped with SKYACTIV TECHNOLOGY following new CX-5.

In China, we will implement actions to strengthen sales mainly with the Mazda3 and the Mazda6 as well as to successfully introduce the new CX-9.

In other markets, we will further expand sales mainly in Australia and ASEAN where the sales are successful.

In Australia, in addition to the best-selling Mazda3, we will introduce the new CX-9 and the new Mazda6 in December to attain the record high volume and share.

In ASEAN, we will further expand sales by sales enhancement measures in markets such as Thailand and Indonesia, and for models such as the Mazda2 and the new BT-50.

5. STRUCTURAL REFORM PLAN UPDATE

Next, I will update the Structural Reform Plan that we announced in February.

First, Business Innovation through SKYACTIV TECHNOLOGY.

The new CX-5 received high praise because of its styling based on the new design theme called “KODO design” and the vehicle dynamics that combine driving performance and fuel economy at the same time.

On the sales front, the new CX-5 became a big hit, significantly contributing to minimizing incentives as well as improving residual value and profit.

We aim to expand sales further through increasing production capacity and introducing a 2.5 Liter model of the new CX-5 to North America.
In the 2nd half of this fiscal year, we will globally introduce the new Mazda6, our second vehicle fully equipped with SKYACTIV TECHNOLOGY. We will launch it in Japan, Europe and Australia before the end of the year and in North America early next year. We have already displayed it in overseas motor shows where it has received high appraisals for its design, driving performance and fuel economy as well as the advanced safety performance. We have high confidence that it will contribute to our profit in the same way as the new CX-5.

Regarding the new generation products that start with the new CX-5, we plan to introduce 8 models that are equipped with SKYACTIV TECHNOLOGY in 5 years.

Next is Further Cost Improvement through our Monotsukuri Innovation. In the explanation of profit change factors, I explained the profit improvement created by the new CX-5. We are proceeding with the cost improvement of the next generation products according to plan. In addition to the improvement in product marketability, we are also steadily making progress in vehicle development that is profitable even in the strong yen environment.

We also accelerate our actions to Reinforce Business in Emerging Countries and Establish Global Production Footprint.

First, regarding the construction of our new plant in Mexico, we are making smooth progress to start the plant operation in the 4th quarter in FY March 2014.
In Russia, we started production at our joint venture production company with Sollers. We started to produce the new CX-5 from October.
Next in ASEAN, we increased the production capacity of pick-up trucks at AAT in the 1st quarter from 120,000 units to 140,000 units. We will study further production capacity increase including passenger cars in the future.
We also started our study to expand local production in Malaysia.
As described above, we are strengthening our actions to increase local production in emerging countries.

Lastly, Promotion of Global Alliances.
Our alliance strategy remains unchanged as we pursue optimization of mutual benefits by product, technology and region, which is our basic policy.
First, we are studying and discussing OEM supply of the open two-seater sport car to Fiat. In China, CFMA restructuring was approved by the National Development and Reform Commission (NDRC). We are in the final stage of approval, leading to the remaining approval from the Ministry of Commerce and other government offices in China. In Russia, we established a manufacturing joint venture with Sollers. In Malaysia, we established a joint venture to cooperate in manufacturing and sales with Bermaz.
Before summarizing today’s presentation, I would like to explain our status in China. As you are aware, sales and production in China have been facing a challenging environment since the emergence of an issue surrounding Senkaku Islands. First, let me explain our sales status. Dealers are conducting usual operations since October, however recovery in showroom traffic and order intake has been slow. How long this sales environment will continue is uncertain at present. We will implement appropriate measures according to the situation. To align the production with the sales pace, we changed Nanjing plant operation to 1 shift operation with day-shift from the second half of October.

As I mentioned earlier, we already reflected in this forecast the profit impact from sales and production volume decline. While the environment continues to be tough in the short term, our initiatives for the future are making progress. As I stated before, with regard to CFMA restructuring, we aim to split the Joint Venture and establish a new company at an early point in time.

China remains one of the most important markets for Mazda. We will continue our dedication to production and sales there cooperating with our 2 partners.

6. SUMMARY
We achieved profitability, exceeding initially planned profit in all profit categories in the 1st half.

SKYACTIV TECHNOLOGY equipped models led the sales globally and largely contributed to sales method innovation such as incentive reduction to improve our brand value. The new CX-5 significantly contributed to the sales and profitability.

We revised the full year operating profit forecast down by ¥5 billion to ¥25 billion reflecting sales decline in China where the situation is uncertain. Forecast for all other profit categories from ordinary profits to net profit are unchanged from our projections in April.

In the sales and product areas, we will enhance our global marketing activities to ensure the successful introduction of the new Mazda6 following the new CX-5.

We will maintain and further improve sales momentum of SKYACTIV equipped models.

We will introduce the new CX-9 in Australia in December and then roll it out to North America and other markets where we currently sell CX-9.

The Structural Reform Plan is progressing steadily in line with the plan as I mentioned earlier.

7. WRAP-UP
We achieved profitability in all profit categories that exceeded the April forecast in the 1st half and made a clear step forward to turn around to profitability in the full year.
The new CX-5 which is the first product fully equipped with SKYACTIV TECHNOLOGY largely contributed to the profitability.

We will introduce the new Mazda6/Atenza which is the second product fully equipped with SKYACTIV TECHNOLOGY in Japan, Europe and Australia by the end of the year and launch it in North America and other markets early next year.

The Structural Reform Plan for our future is making progress according to plan and we will continue to dedicate the maximum focus on it.

This concludes my presentation. Thank you very much for your kind attention.

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