

FY March 2011 Third Quarter Financial Results
Main Q&A

Q: What is the sales performance in key markets during the first nine months of the fiscal year (April to December 2010)?

A: Global sales volume was 957,000 units, up 93,000 units or 11% year-over-year thanks to sales growth in major markets. We achieved sales increase in major markets due to strong sales of core models such as Mazda2/Demio, Mazda3, Mazda6 and CX-7.

The New Mazda5 was launched globally following on from Japan to contribute to further sales growth. Firstly, in Japan, sales increased as improved product lineup such as successful launch of New Premacy and special edition vehicles contributed to sales growth. In the US, we achieved sales growth while holding down incentives and highest share based on non-fleet sales in the last ten years. In Mexico, we achieved record high sales volume and share. In Europe, sales were down due to the impact of total industry decline especially in Western and Southern European countries. We introduced the New Mazda5 in October. Petrol engine model introduced first has been enjoying good reputation. With a full-scale introduction of the diesel model in January, we expect the Mazda5 will contribute to sales growth. In China, we achieved the highest sales volume thanks to strong sales of Mazda6 and Mazda3, which production was transferred to Nanjing, and enhanced the product line-up including Mazda8/MPV introduction in December. In emerging countries such as Thailand, Indonesia and Malaysia, we achieved the highest sales volume and share in the last ten years, due to well-received AAT-produced Mazda2. Also in Australia, we achieved the highest sales volume and share in the last ten years. We continued to enhance brand value improvement in key markets.

Q. Please tell us the projection for future trend of global market demand?

A: In Japan, where the industry demand was lower than expected in the 3rd quarter, the range of decline is reducing. The demand in North America is considered recovering. There are some concerns over oil price hikes, monetary easing policy, etc, but we will try to obtain profits in growing segments of CX-7 and CX-9. In Europe demand in Russia is recovering, but tough situation will continue in other countries. China has become the largest market, exceeding the United States. There, we will show our presence and secure market share. Asia, except for China, has a room for future growth, and we need to take appropriate sales strategies there. As the Asian currencies are not weaker against yen, as compared with US dollar and Euro, the markets are attractive also in terms of profits. In Central and South America, where we can expect future growth, Mazda has only entered Colombia, Equator and Venezuela. We will consider

entering the markets where demand exists.

Q. According to factors for changes in operating profit, there is a negative impact of exchange rates, but there are improvements in cost and other costs. Please explain the breakdown.

A. The breakdown of cost improvements basically includes vehicle cost improvements against raw material price hikes. Against strong yen impact, we are receiving cooperation from all of our supplies through cost innovation of purchased parts, etc. In other costs, R&D cost increased ¥9.1 billion for the development of next-generation technologies. But we achieved fixed cost improvements, exceeding the R&D cost increase.

Q: Do you project to achieve positive full year free cash flow?

A: Free cash flow for the nine months was negative ¥40 billion, due to seasonal factors such as higher inventory for industry demand increase in the 4th quarter. We project full year free cash flow reflecting profit increase due to higher volume and inventory reductions. The inventory levels, which temporarily increased, will reduce to appropriate levels toward the end of the fiscal year.

###