



FISCAL YEAR ENDING MARCH 2012 FIRST HALF FINANCIAL RESULTS



New Mazda CX-5 (European specifications)

Mazda Motor Corporation
November 2, 2011

PRESENTATION OUTLINE

- **Highlights**
- **Fiscal Year Ending March 2012
First Half Results**
- **Fiscal Year Ending March 2012
Full Year Forecast**
- **In Summary**
- **Question & Answer Session**
- **Future Actions**





HIGHLIGHTS

FY ENDING MARCH 2012 FIRST HALF HIGHLIGHTS

- In the 2nd quarter, posted positive operating profit of ¥1.5 billion, offsetting the negative impact from appreciated yen to the main currencies and material price hike, mainly by cost improvement
- In 1st half, revenue was ¥959.2 billion, operating loss, ¥21.6 billion and net loss, ¥39.9 billion
- From 1st quarter to 2nd quarter, volume improved substantially in all main markets, up 15%, to 323,000 unit sales
- Global sales volume for 1st half was 604,000 units
- Introduced the new Demio/Mazda2 equipped with SKYACTIV-G to the domestic market. It receives high acclaim and its sales performance is good
- Achieved record sales or share in US, Mexico, Australia, ASEAN countries such as Thailand, Indonesia and Malaysia. Continued strong sales performance

FY ENDING MARCH 2012 FULL YEAR FORECAST HIGHLIGHTS

- **In the unclear environment caused by the strengthening yen, European financial uncertainty and flooding in Thailand, full year operating profit forecast is to achieve break even and net loss of ¥19 billion**
- **2nd half forecast is positive in all profit levels**
- **Global sales volume is projected at 1,310,000 units, exceeding the June forecast and reflecting strong sales in major markets**
- **Introduced the new Mazda3 equipped with SKYACTIV-G and SKYACTIV-DRIVE to Japan, North America and Australia. From early next year, plan to introduce to the global market the new CX-5 fully adopting SKYACTIV TECHNOLOGY**
- **The production expansion in emerging countries is on track, including capacity increase of Nanjing (China) plant and beginning of construction of new Mexican plant**



FISCAL YEAR ENDING MARCH 2012 FIRST HALF RESULTS

FY ENDING MARCH 2012 FINANCIAL METRICS

(Billion yen)	FY Ending March 2012			First Half Change from	
	1st Quarter	2nd Quarter	1st Half	Prior Year	June Forecast
Revenue	408.1	551.1	959.2	(198.5)	(0.8)
Operating profit	(23.1)	1.5	(21.6)	(33.8)	(1.6)
Ordinary profit	(25.8)	(4.8)	(30.6)	(51.4)	(5.6)
Profit before tax	(30.6)	(6.1)	(36.7)	(53.6)	(6.7)
Net income	(25.5)	(14.4)	(39.9)	(45.4)	(4.9)
Operating ROS	(5.7) %	0.3 %	(2.3) %	(3.4) pts	(0.2) pts

CASH FLOW AND NET DEBT

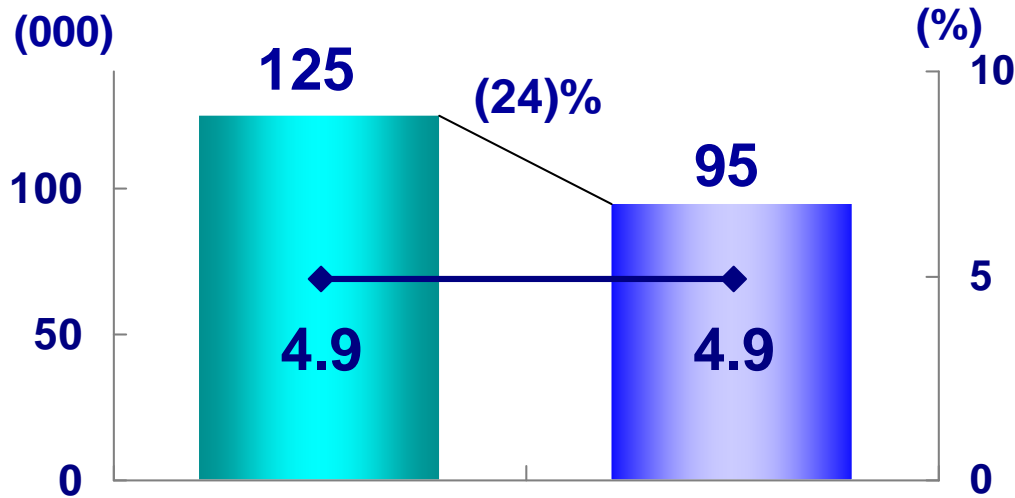
(Billion yen)	FY Ending March 2012		
	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>1st Half</u>
Cash Flow			
- Operating C/F	(29.5)	8.5	(21.0)
- Investing C/F	(16.6)	(13.8)	(30.4)
- Free C/F	(46.1)	(5.3)	(51.4)
Cash and Cash Equivalents	314.2	349.4	349.4
Net Debt	(413.7)	(423.2)	(423.2)
Net Debt-to- equity Ratio	101 %	108 %	108 %
Equity Ratio	23 %	21 %	21 %

KEY DATA

	FY Ending March 2012			First Half	2Q vs 1Q
	1st Quarter	2nd Quarter	1st Half	Change from Prior Year	Change
Global sales volume (000)					
Japan	35	60	95	(30)	25
North America	86	96	182	5	10
USA	58	69	127	8	11
Europe	44	47	91	(17)	3
China	53	54	107	(5)	1
Other Markets	63	66	129	(8)	3
Total	281	323	604	(55)	42
Wholesales (000)	186	284	470	(80)	98
Global production (000)	266	326	592	(84)	60
Exchange rate					
US\$ / Yen	82	78	80	(9)	(4)
€/ Yen	117	110	114	0	(7)

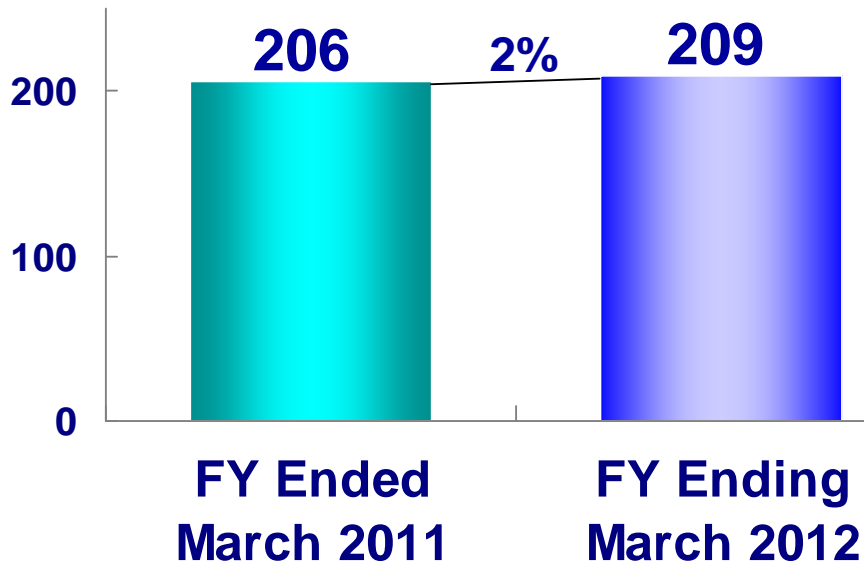
JAPAN

1st Half Sales Volume / Share



New Mazda Demio 13-SKYACTIV

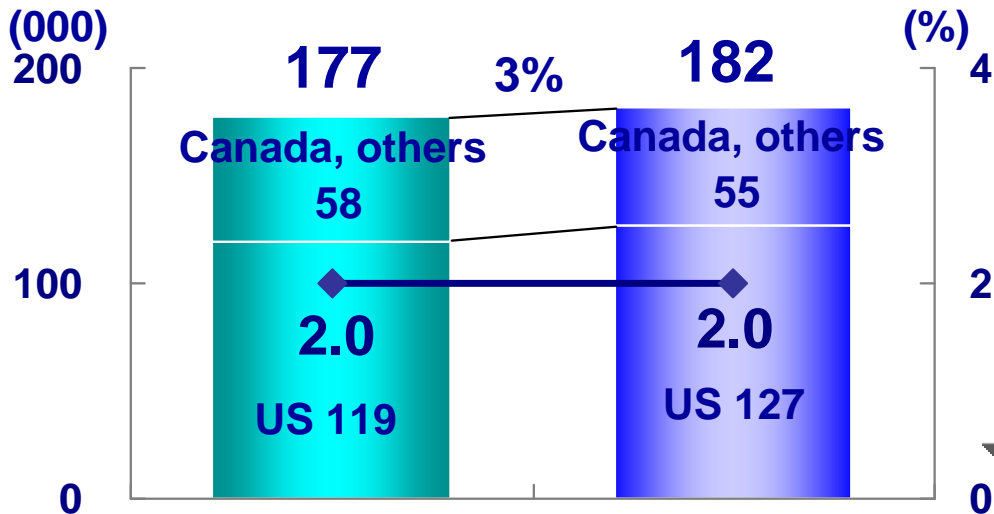
Full Year Sales Volume



- Retail volume was 95,000 units, keeping 4.9% share, same level as last year
- From July, fully introduced the new Demio/Mazda2 equipped with SKYACTIV-G with the fuel economy of 30km/L(10-15 mode). It receives high acclaim and its sales performance is good
- Introduced the new Axela/Mazda3 equipped with SKYACTIV-G and SKYACTIV-DRIVE from late September

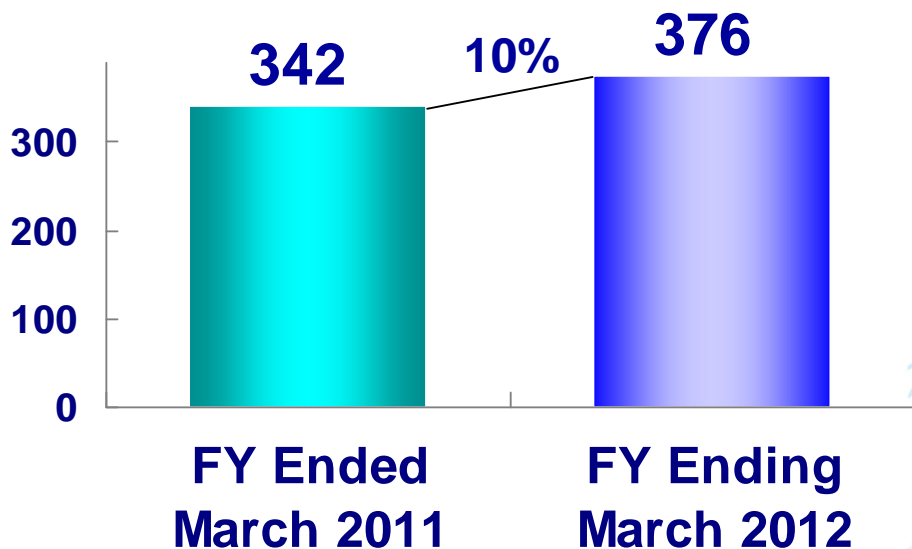
NORTH AMERICA

1st Half Sales Volume / US Share



New Mazda3

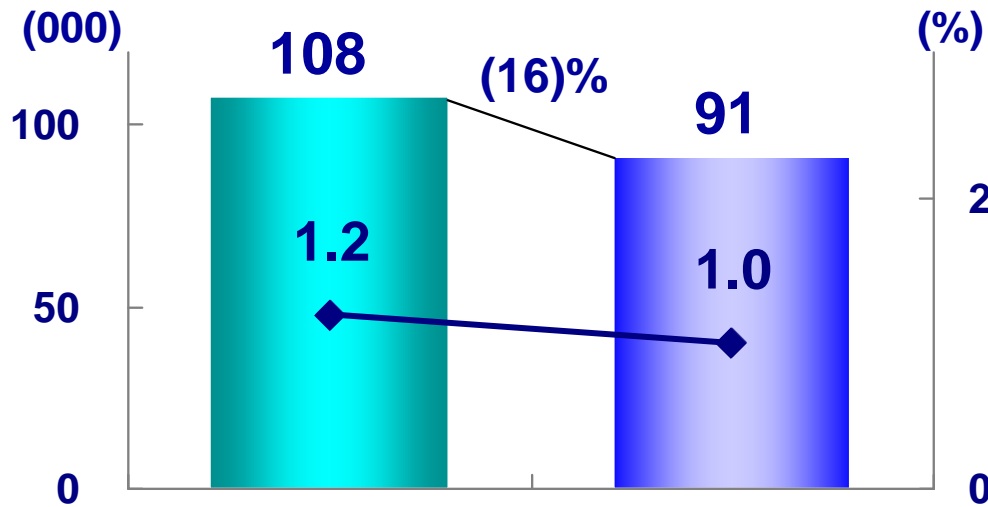
Full Year Sales Volume



- In US, due to the good sales performance of Mazda2, CX-7 and others, achieved the record share of 2.0%. Mazda3 achieved 5.8% segment share in the 2nd quarter, 0.4 points up from last year
- Maintained the policy of controlling incentives at low level
- Enhanced the marketing activities for the introduction of the new Mazda3 equipped with SKYACTIV TECHNOLOGY
- In Mexico, due to the introduction of Mazda2 and the good performance of CX-7, achieved record sales and record share of 3.3%

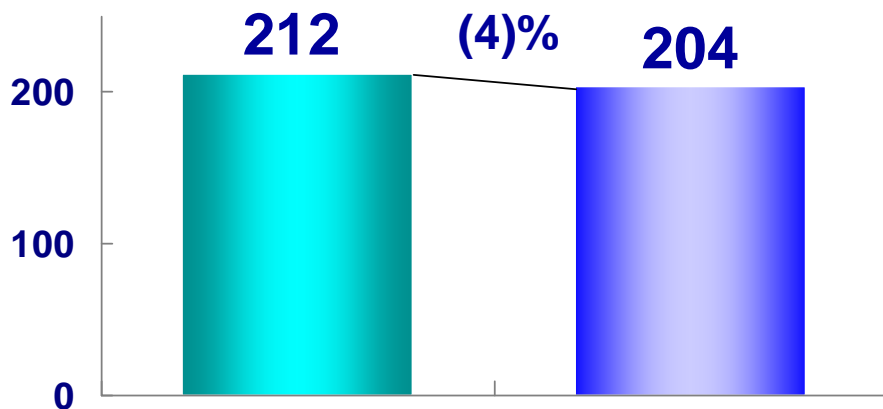
EUROPE

1st Half Sales Volume / Share



Mazda5

Full Year Sales Volume



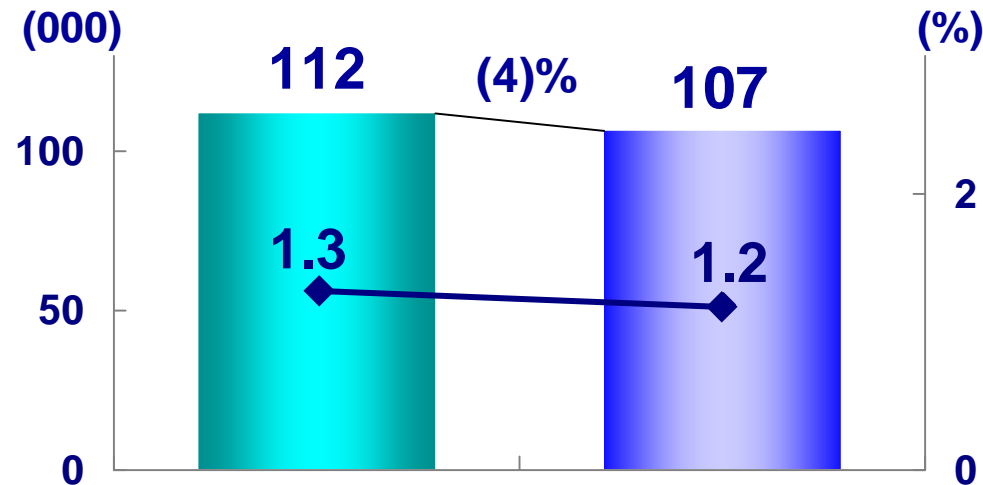
FY Ended
March 2011

FY Ending
March 2012

- In western Europe, sales volume decreased year-over-year, but kept the policy of brand value improvement
- Mazda2 and Mazda3 in Germany received 1st place awards in the J.D. Power Customer Satisfaction Study (VOSS*)
- In Russia, good performance of mainly Mazda3 and CX-7 continued and sales increased 75% and share 0.3 points year-over-year to 1.4%

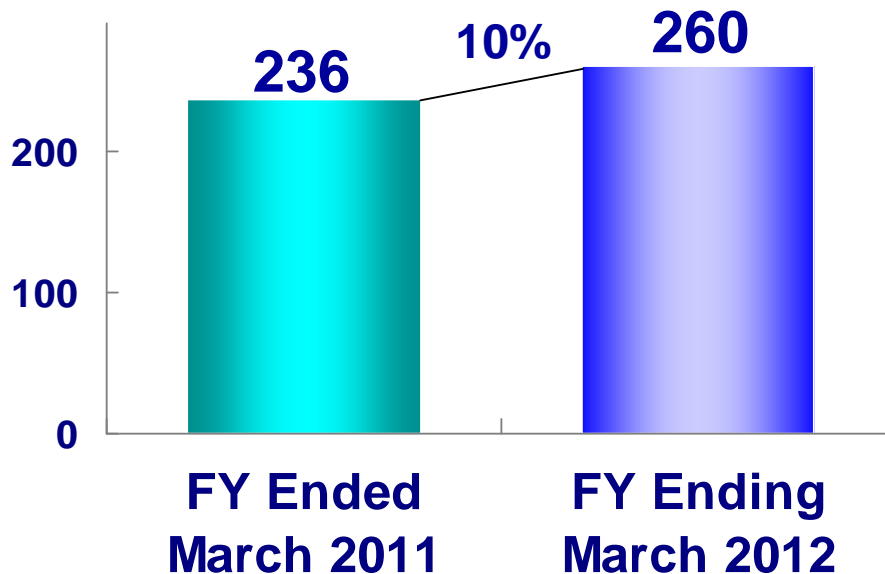
CHINA

1st Half Sales Volume / Share



New Mazda3 Xingcheng

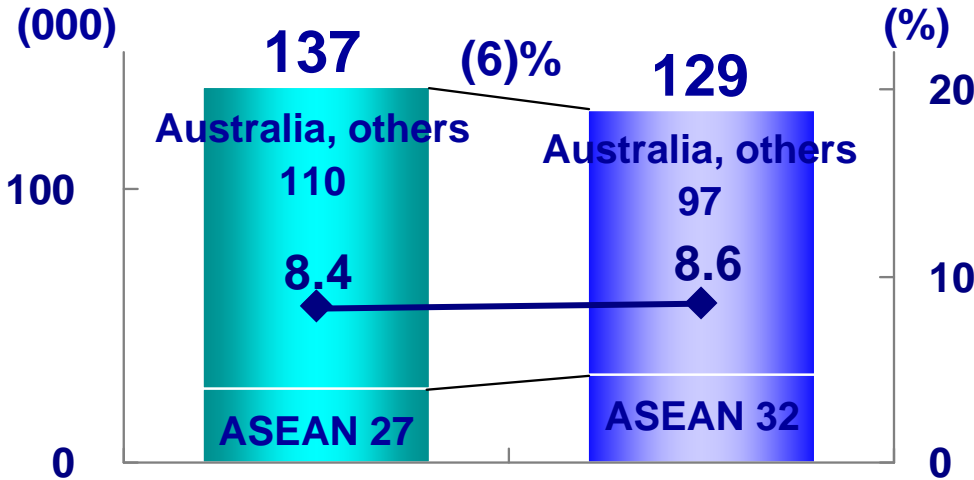
Full Year Sales Volume



- Sales volume was 107,000 units, led by Mazda3
- Supporting the sales expansion of Mazda3, local production of the new Mazda3 started in Nanjing plant and sales commenced
- Nanjing plant production capacity was increased by 80,000 units up
- The number of the outlets increased to 346 up by 34 from last fiscal year end. The sales network enhancement on track

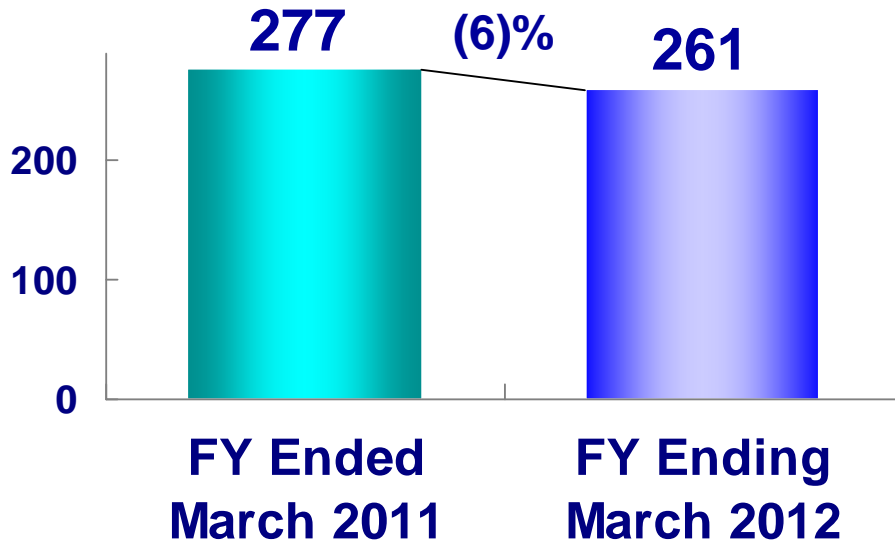
OTHER MARKETS

1st Half Sales Volume / Australia Share



New BT-50

Full Year Sales Volume

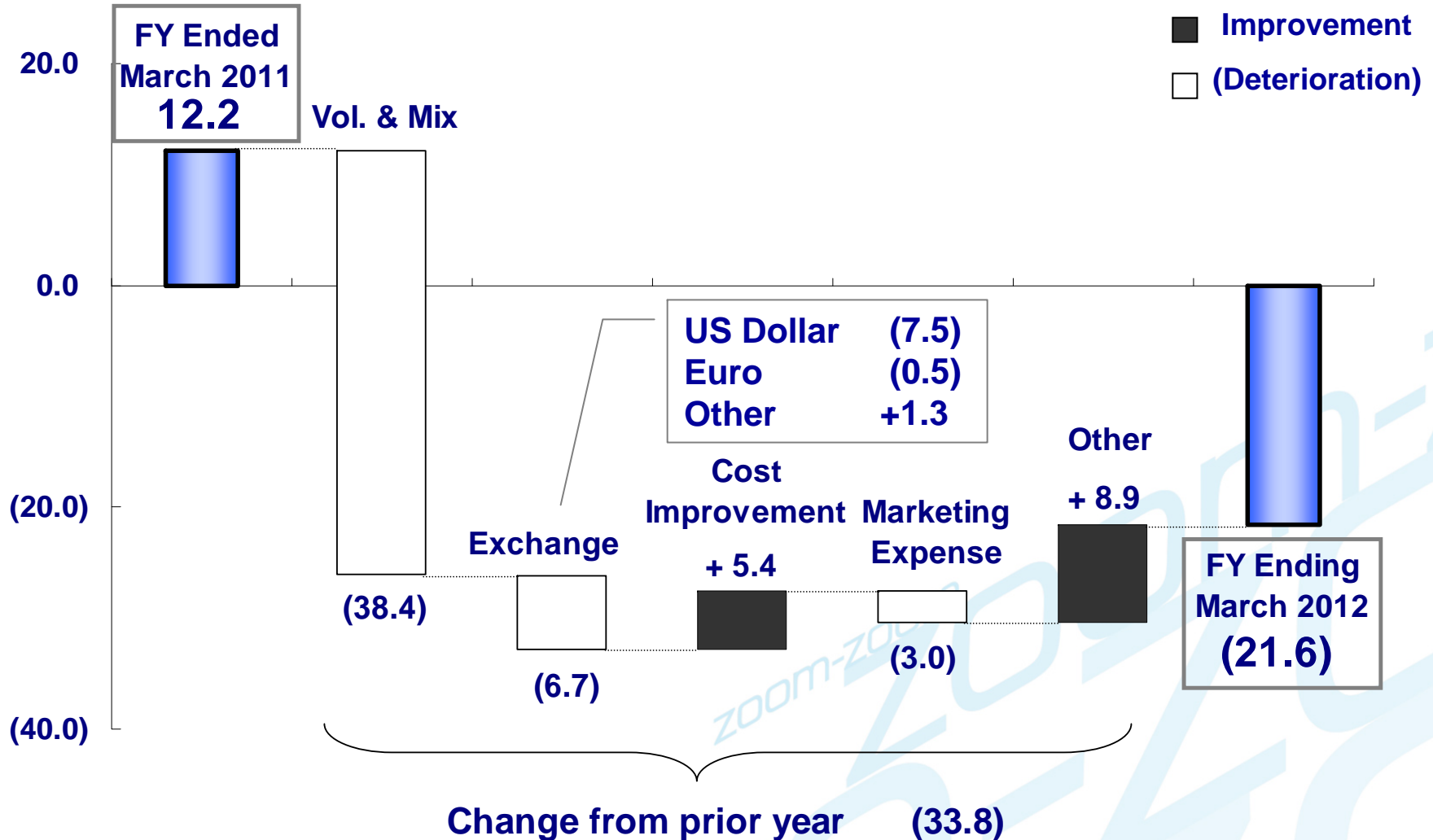


- Sales volume for other markets was 129,000 units
- The share in Australia was record high of 8.6%, up 0.2 points year-over-year
- In Thailand, record sales and record share of 5.1% was achieved, 0.2 points up year-over-year
- In ASEAN the good sales performance continued. Both volume and share were at record highs in Indonesia and Malaysia
- Production of the new BT50 was started in AAT

OPERATING PROFIT CHANGE

FY Ending March 2012 1st Half Compared with
FY Ended March 2011 1st Half

(Billion yen)





FISCAL YEAR ENDING MARCH 2012 FULL YEAR FORECAST

FY ENDING MARCH 2012 FINANCIAL METRICS

(Billion yen)	<u>FY Ending March 2012</u>			<u>Full Year Change</u>	
	<u>1st Half</u>	<u>2nd Half</u>	<u>Full Year</u>	<u>from Prior Year</u>	<u>from June Forecast</u>
Revenue	959.2	1,200.8	2,160.0	(165.7)	(30.0)
Operating profit	(21.6)	21.6	0.0	(23.8)	(20.0)
Ordinary profit	(30.6)	28.6	(2.0)	(38.9)	(17.0)
Profit before tax	(36.7)	28.7	(8.0)	(24.1)	(18.0)
Net income	(39.9)	20.9	(19.0)	41.0	(20.0)
Operating ROS	(2.3) %	1.8 %	0.0 %	(1.0) pts	(0.9) pts

KEY DATA

	<u>FY Ending March 2012</u>			<u>Full Year Change</u>	
	<u>1st Half</u>	<u>2nd Half</u>	<u>Full Year</u>	<u>from Prior Year</u>	<u>from June Forecast</u>
Global sales volume (000)					
Japan	95	114	209	3	2
North America	182	194	376	34	30
USA	127	140	267	29	27
Europe	91	113	204	(8)	2
China	107	153	260	24	(10)
Other Markets	129	132	261	(16)	(19)
Total	604	706	1,310	37	5
Wholesales (000)	470	590	1,060	(40) *	15
Global production (000)	592	733	1,325	(2)	10
Exchange rate					
US\$ / Yen	80	76	78	(8)	(5)
€/ Yen	114	105	110	(3)	(3)

* Consolidated wholesales volume for FY ended March 2011 includes the 16,000 units impact of 15 month results at overseas subsidiaries which changed their fiscal year periods.

MARKET SUMMARY (1)

- **Accelerate sales momentum by the introduction of the new Mazda3/Axela and the new CX-5 equipped with SKYACTIV TECHNOLOGY, following the new Demio/Mazda2**
- **Deploy the brand value improvement initiatives globally such as control of incentive levels and improving residual values, in line with the introduction of carlines equipped with SKYACTIV TECHNOLOGY**
- **Initiatives in each market :**
 - **Japan: Implement a major test drive campaign (JAPAN DRIVE Fest). Improve the dealer traffic and increase closing ratio together with the introduction of the new Axela/Mazda3. Deploy the sales expansion activities focusing on carlines with SKYACTIV TECHNOLOGY through enhanced advertisement and sales methodology**
 - **North America: Launch the new Mazda3 and the new CX-5 with SKYACTIV TECHNOLOGY while maintaining the good sales performance of CX-7 and CX-9 SUVs. Pursue further sales opportunities in Mexico where our market performance is good**

MARKET SUMMARY (2)

➤ Initiatives in each market:

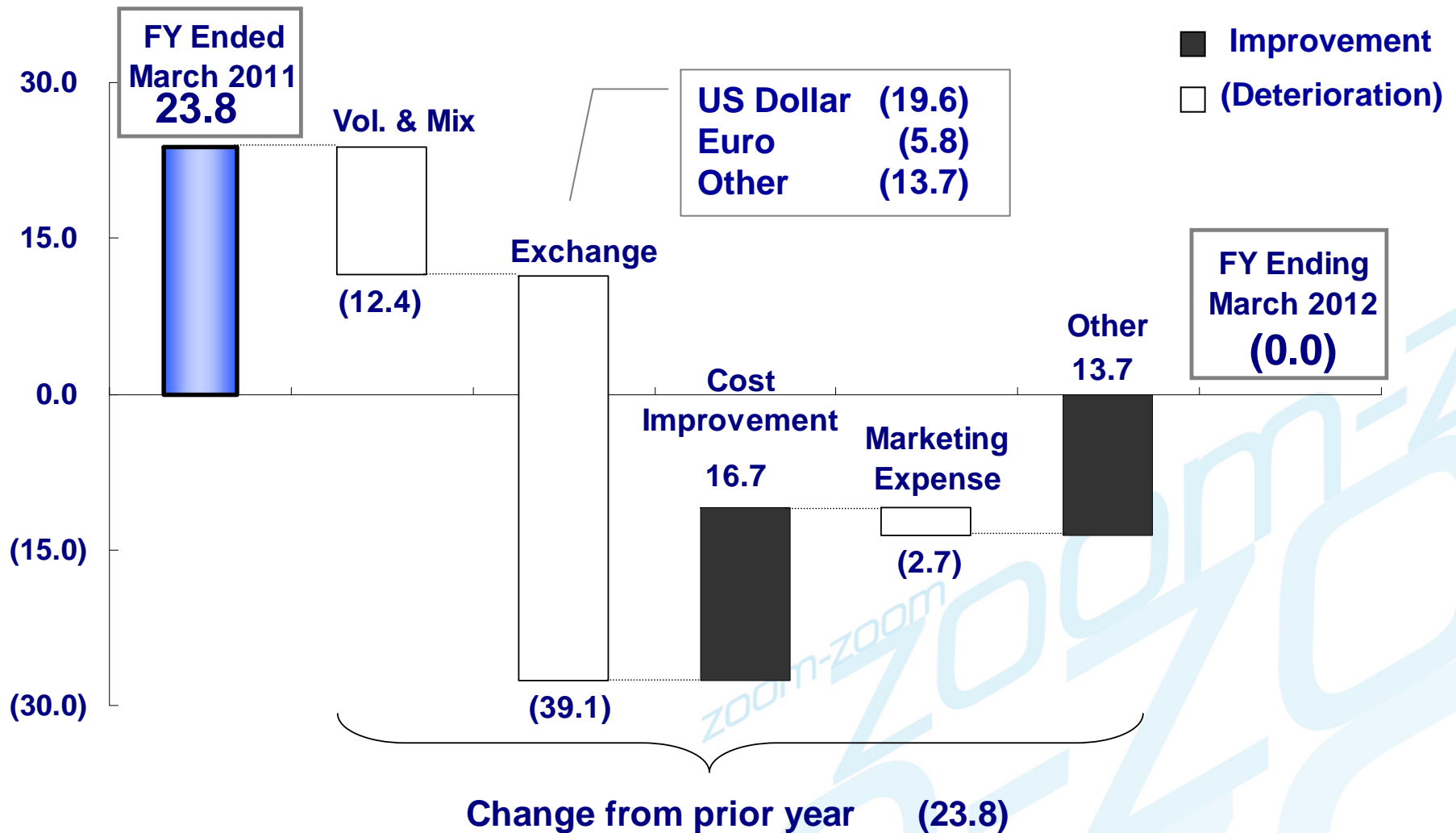
- **Europe:** Further sales expansion in Russia where our performance is good. Control inventory levels. Focus on successful launch of the new CX-5 with SKYACTIV TECHNOLOGY. Raise awareness of the new SKYACTIV TECHNOLOGY to prepare for sales expansion next year and going forward
- **China:** Sales expansion by localization of production of the new Mazda3. Enhance marketing activities and expand the sales network
- **Other Markets:** Sales expansion by the introduction of the new BT-50 and Mazda3 in Australia and ASEAN markets, where our current sales performance is already good

zoom-zoom

OPERATING PROFIT CHANGE

FY Ending March 2012 Full Year Compared with FY Ended March 2011 Full Year

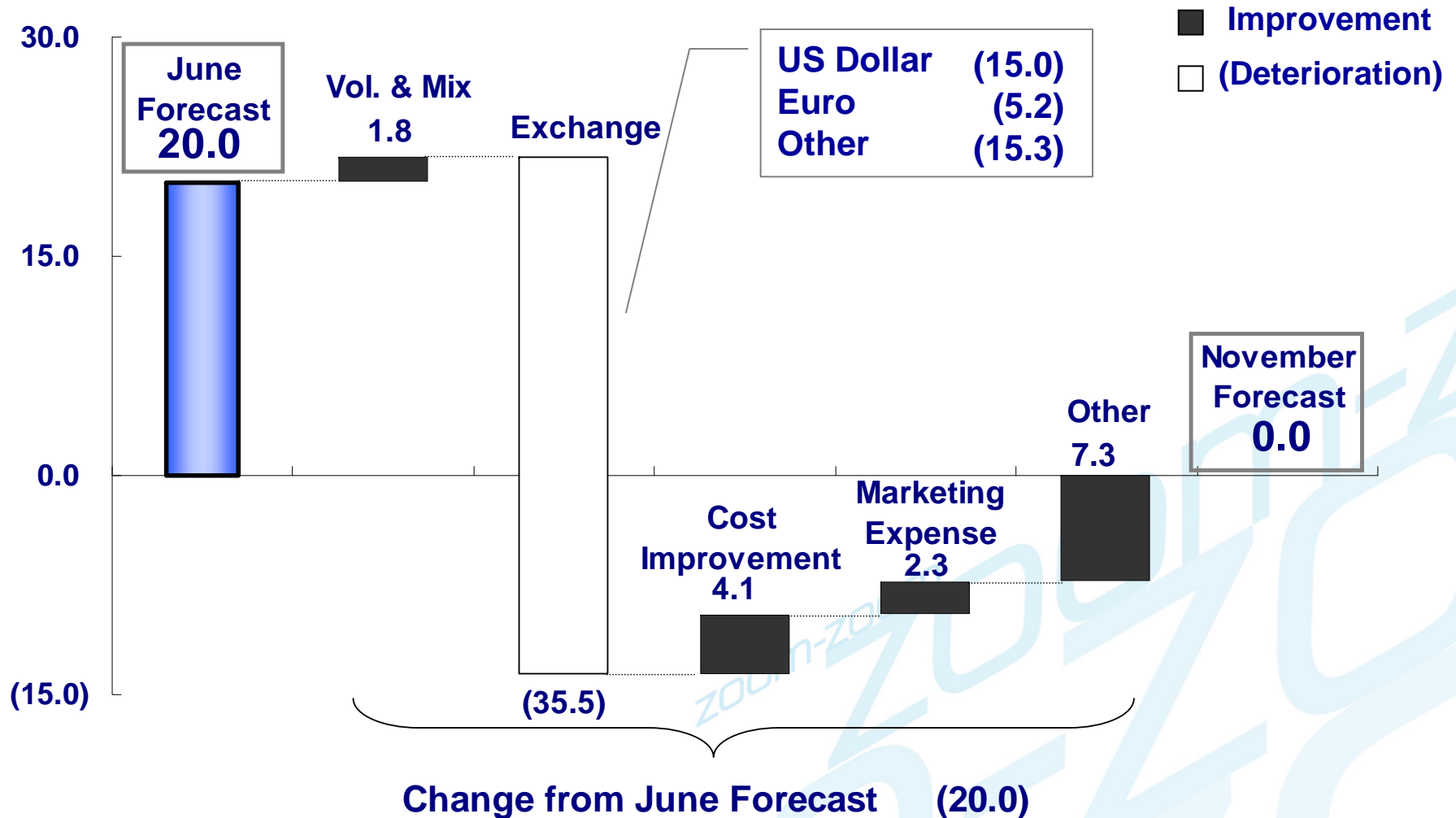
(Billion yen)



OPERATING PROFIT CHANGE

FY Ending March 2012 Full Year Compared with June Forecast

(Billion yen)



IN SUMMARY (1)

➤ **FY ending March 2012 1st Half Result**

- **In the 2nd quarter, posted positive operating profit, offsetting the negative impact from appreciated yen to the main currencies and material price hike**
- **In the 2nd quarter, global sales volume was 323,000 units, exceeding the 1st quarter substantially**
- **Introduced the new Demio/Mazda2 equipped with SKYACTIV-G to the domestic market. It receives high acclaim and its sales performance is good**
- **Achieved record sales or share in US, Mexico, Australia, ASEAN countries such as Thailand, Indonesia and Malaysia. Continued strong sales performance**

IN SUMMARY (2)

➤ FY ending March 2012 Forecast

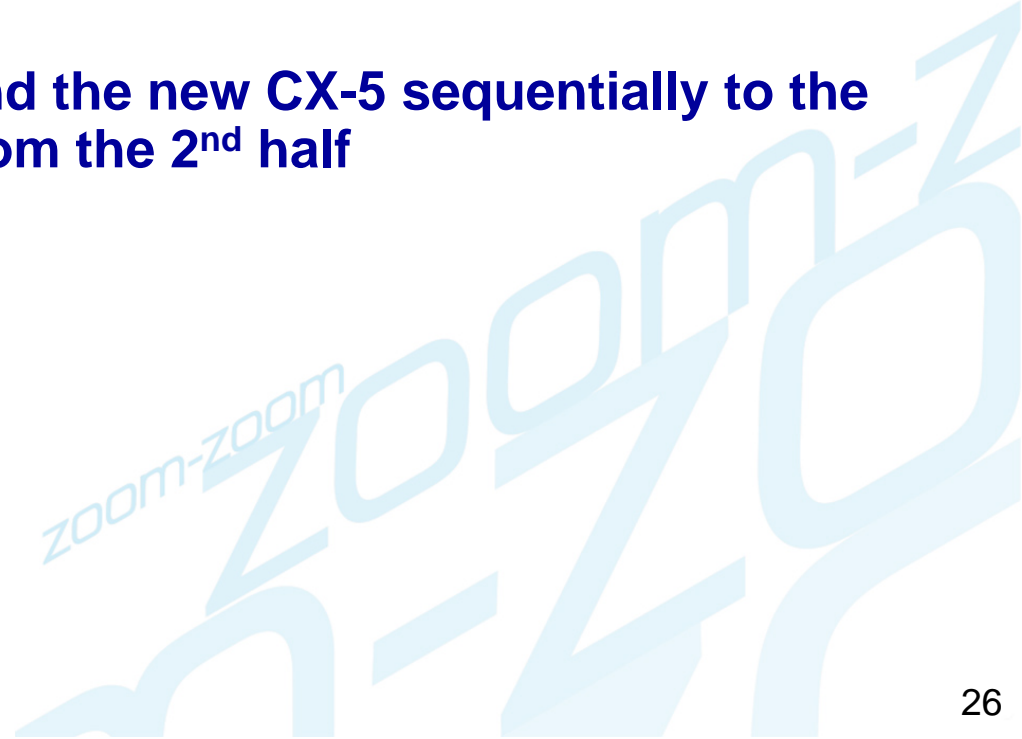
- In the unclear environment caused by the strengthening yen, European financial uncertainty and flooding in Thailand, full year operating profit forecast is to achieve break even and net loss of ¥19 billion
- 2nd half forecast is positive in all profit levels
- Global sales volume is projected at 1,310,000 units, exceeding the June forecast and reflecting strong sales in major markets.
- Introduced the new Mazda3 equipped with SKYACTIV-G and SKYACTIV-DRIVE to Japan, North America and Australia. From early next year, plan to introduce to the global market the new CX-5 fully adopting SKYACTIV TECHNOLOGY
- The production expansion in emerging countries is on track, including capacity increase of Nanjing (China) plant and beginning of construction of new Mexican plant

FUTURE ACTIONS (1)

- ➡ **Counter measures for appreciation of the yen in 2nd half onwards**
 - 1) **Reform the cost structure**
 - Further improvement for variable and fixed cost in the short term
 - Acceleration of cost improvement for current and new generation carlines by pulling ahead of “Monotsukuri Innovation” in addition to production efficiency improvement for mid and long term
 - 2) **Overseas production capacity expansion such as construction of new Mexican plant and capacity increase in Nanjing plant together with increases in local sourcing**
 - 3) **Accelerate overseas procurement rates and expansion of transactions in foreign currencies for Japan production**
- ➡ **Accelerate the initiatives in Emerging countries**
 - Sales and production expansion centering on AAT and ASEAN, such as local production start in Malaysia and Vietnam
 - Central and South American business enhancement and study of export to North America, utilizing new Mexican plant

FUTURE ACTIONS (2)

- **Global introduction of carlines with SKYACTIV TECHNOLOGY**
 - **SKYACTIV TECHNOLOGY is steadily gaining awareness and high acclaims for its environmental performance**
 - **Continue to build on the successful introduction of Demio/Mazda2 in domestic, as the first product equipped with SKYACTIV TECHNOLOGY**
 - **Introduce the new Mazda3 and the new CX-5 sequentially to the major markets as planned from the 2nd half**





mazda

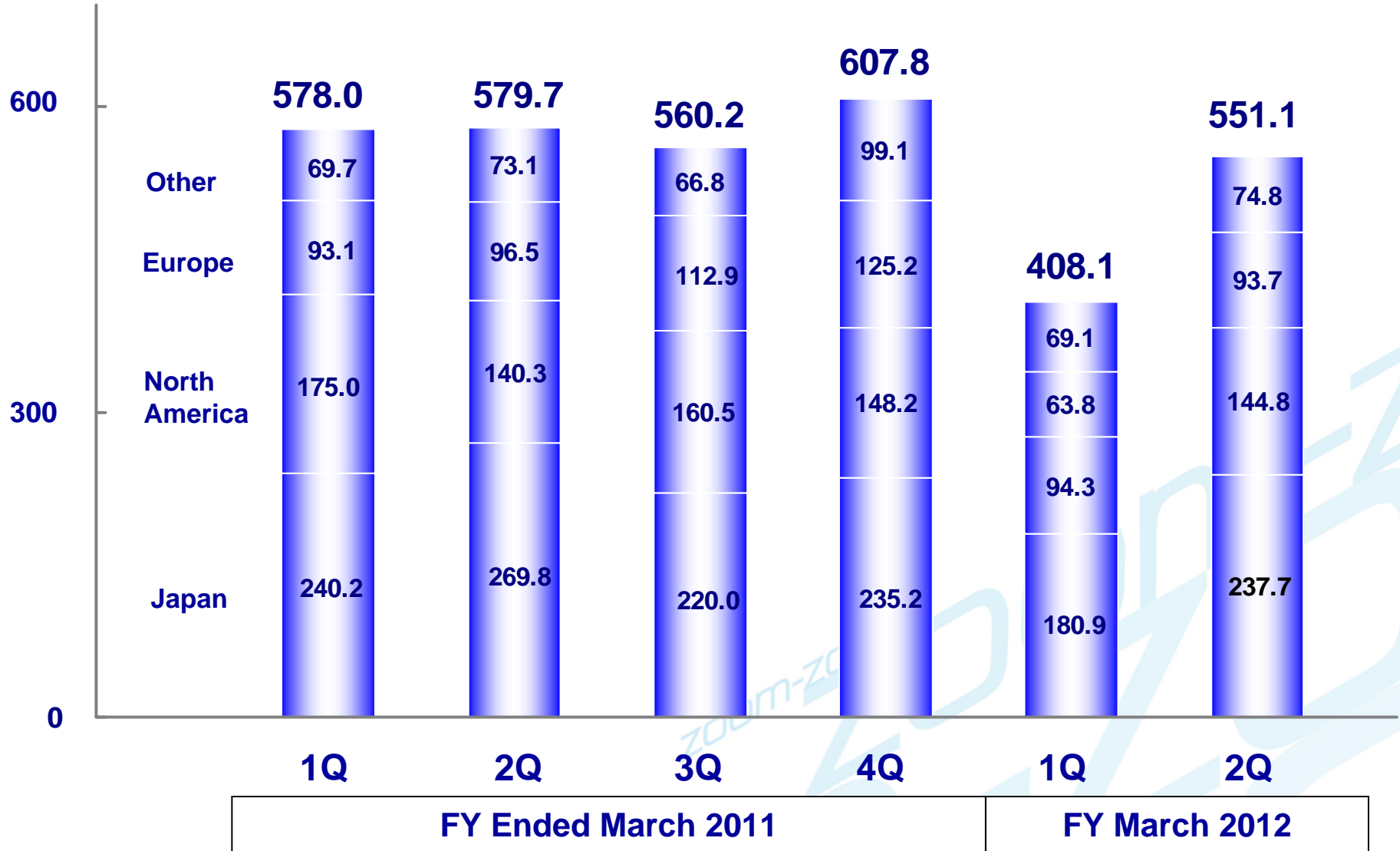
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APPENDIX

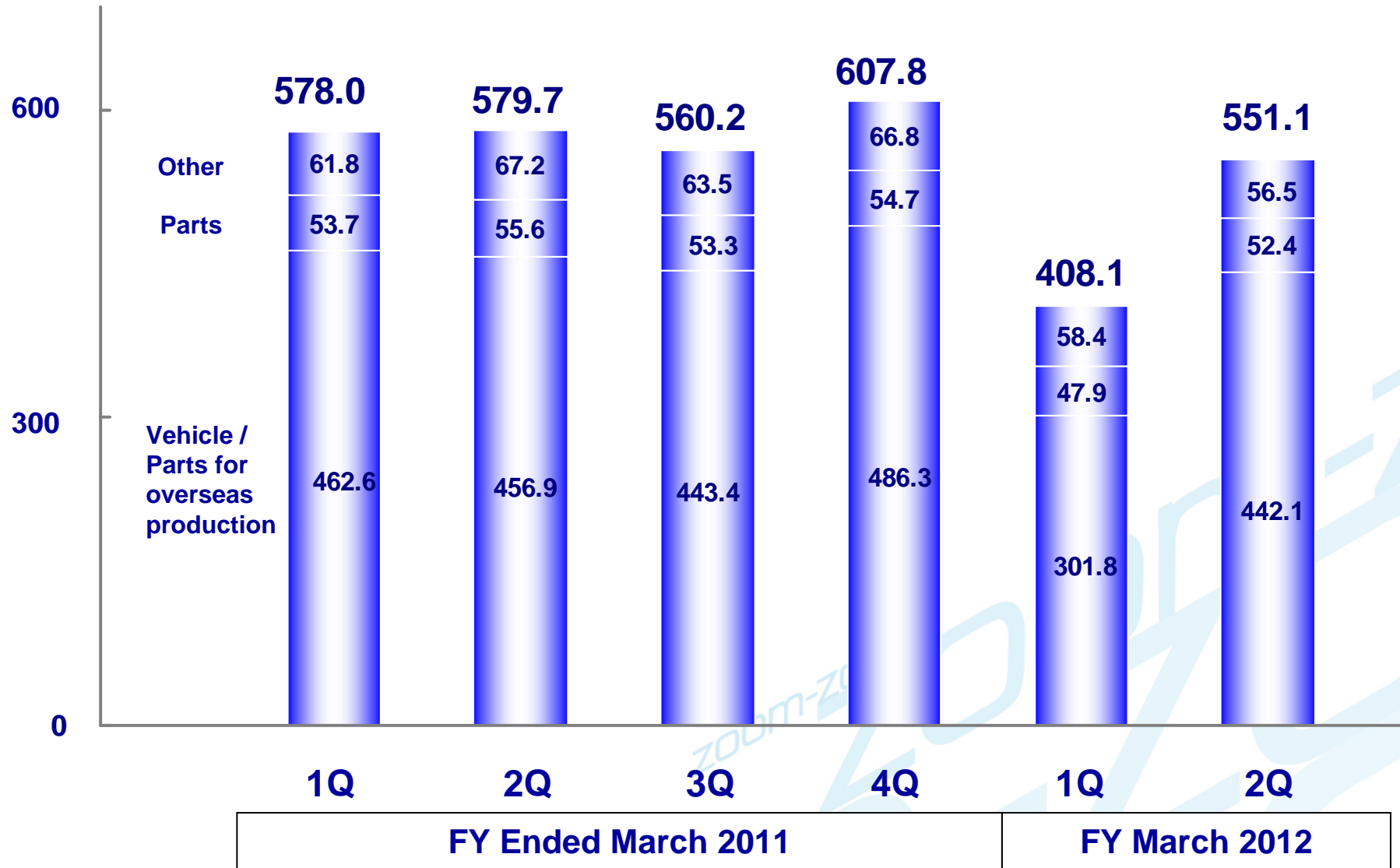
REVENUE BY GEOGRAPHIC AREA

(Billion yen)



REVENUE BY PRODUCT

(Billion yen)

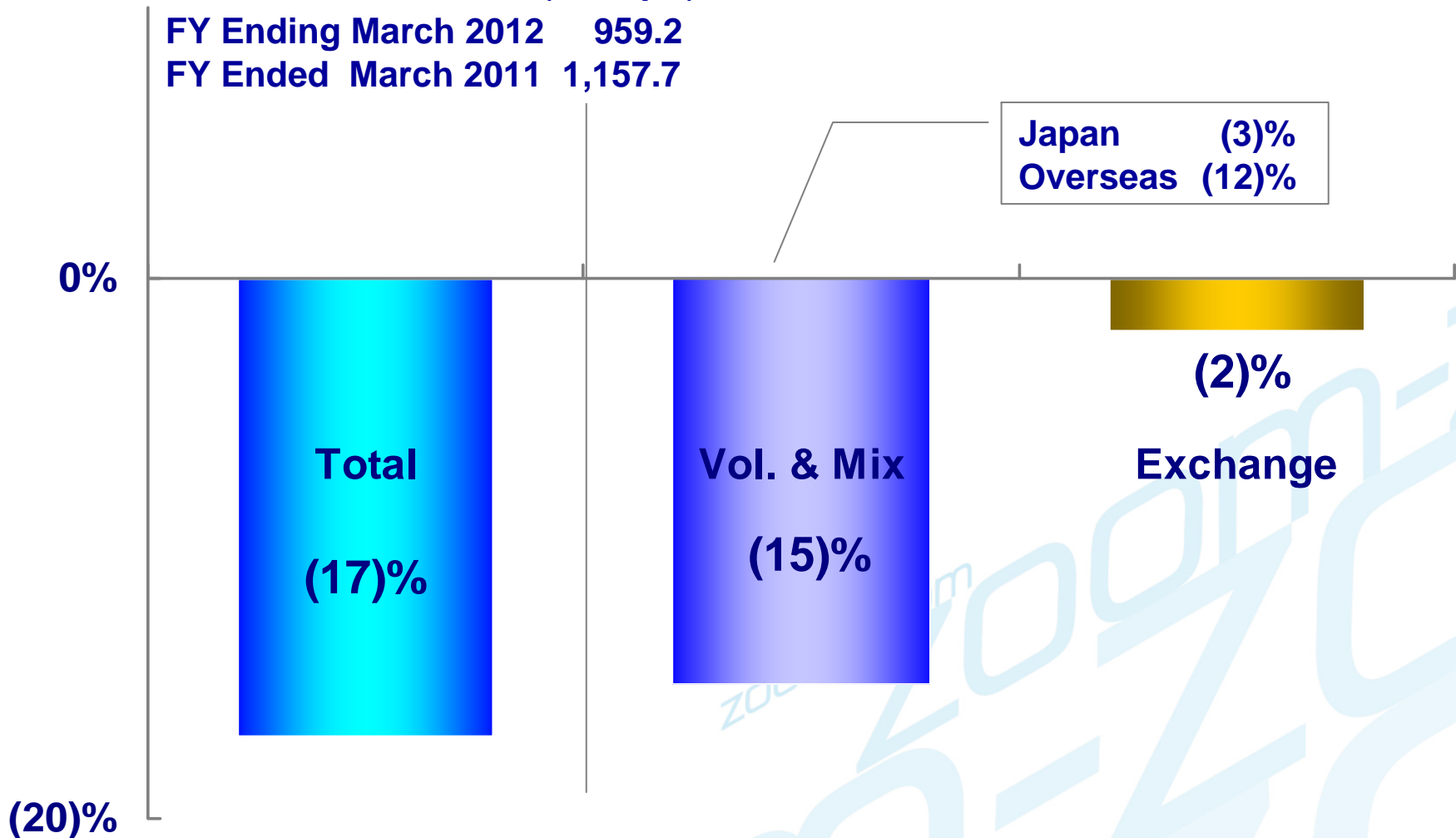


REVENUE CHANGE

FY Ending March 2012 1st Half Compared with FY Ended March 2011 1st Half

(Billion yen)

FY Ending March 2012 959.2
FY Ended March 2011 1,157.7

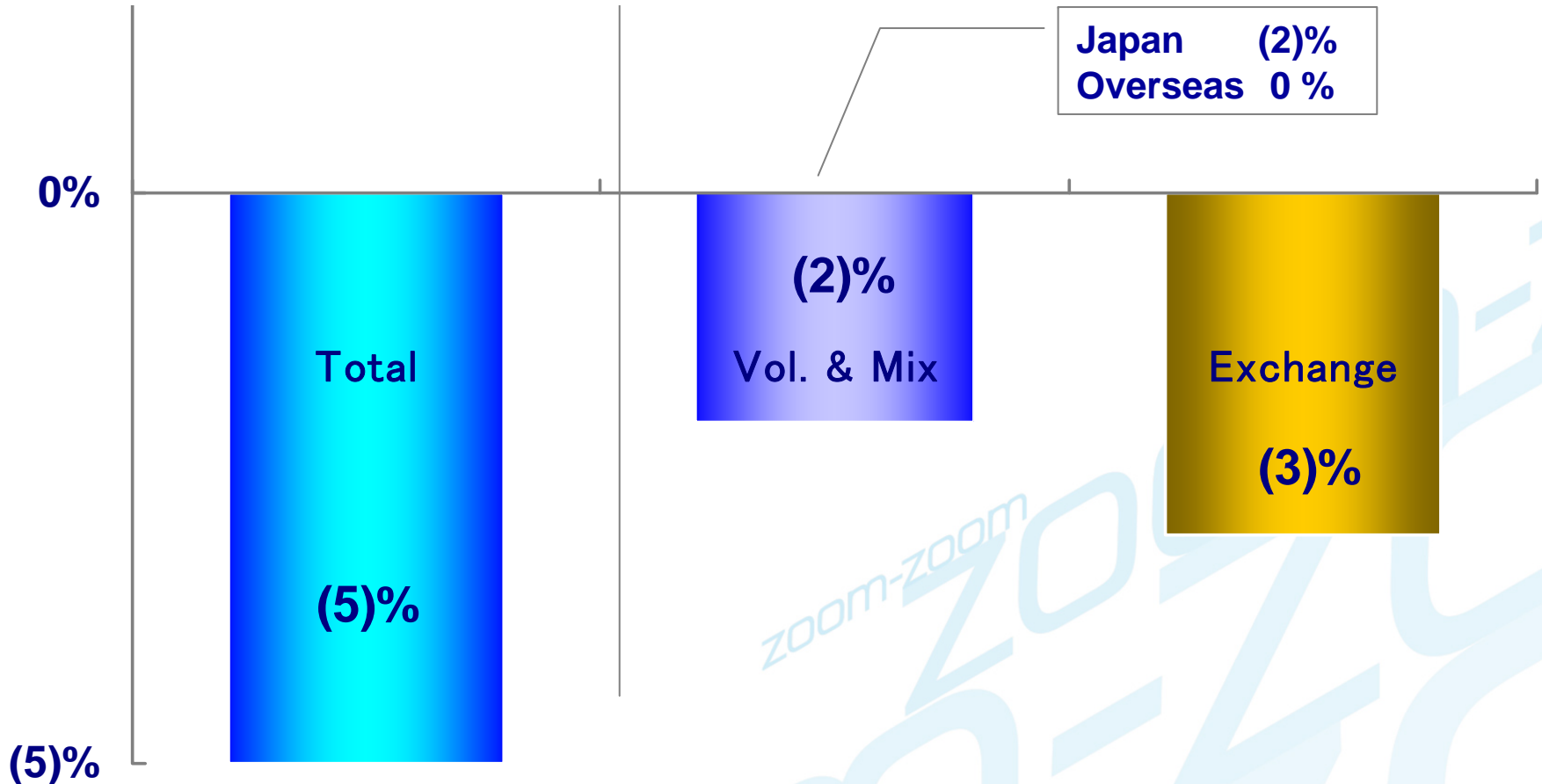


REVENUE CHANGE

FY Ending March 2011 2nd Quarter Compared with FY Ended March 2011 2nd Quarter

(Billion yen)

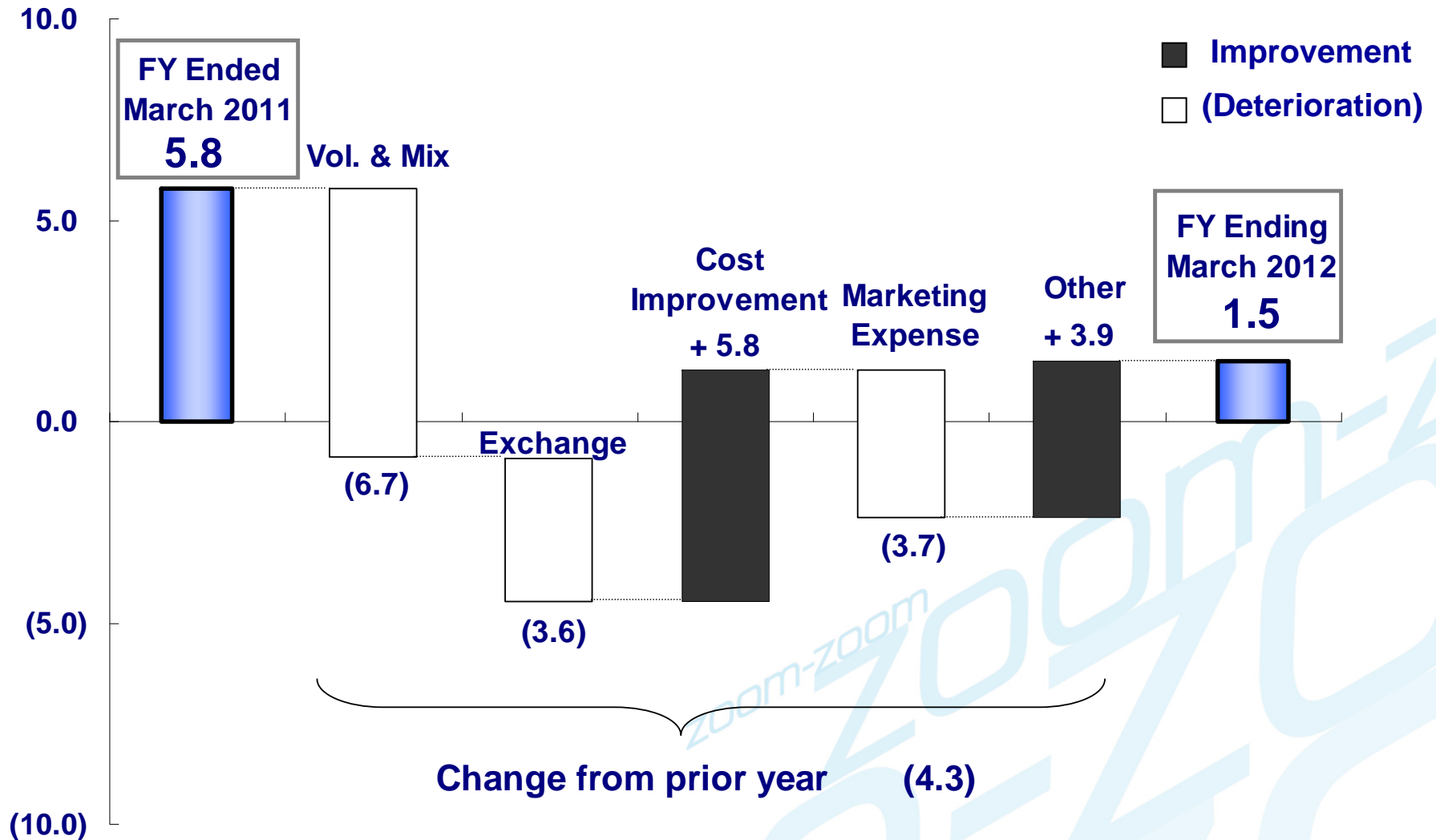
FY Ending March 2012 551.1
FY Ended March 2011 579.7



OPERATING PROFIT CHANGE

FY Ending March 2011 2nd Quarter Compared with
FY Ended March 2011 2nd Quarter

(Billion yen)

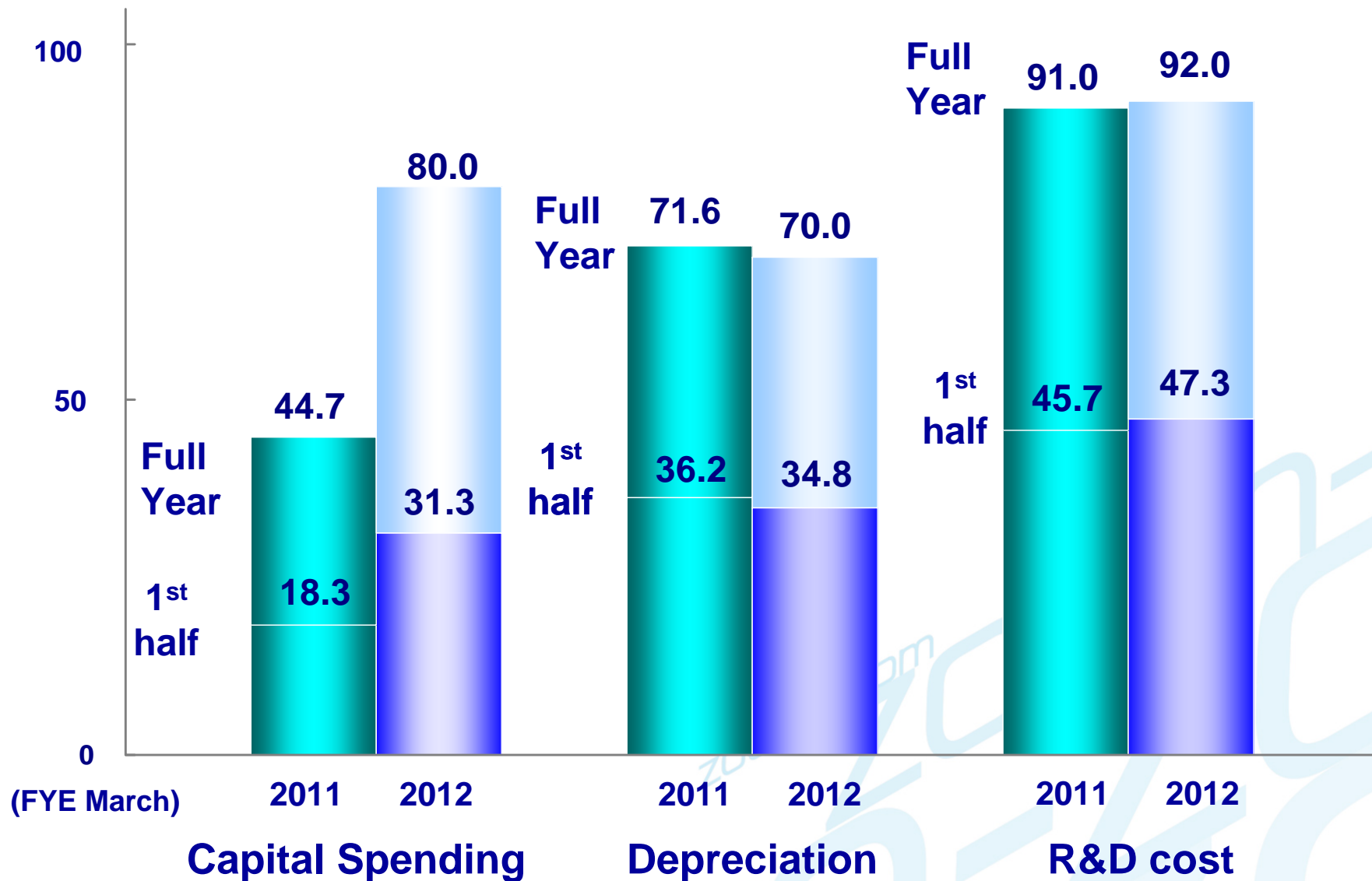


KEY DATA

	<u>FY Ending March 2012</u>			<u>Change from Prior Year</u>		
	<u>1Q</u>	<u>2Q</u>	<u>1st Half</u>	<u>1Q</u>	<u>2Q</u>	<u>1st Half</u>
Global sales volume (000)						
Japan	35	60	95	(17)	(13)	(30)
North America	86	96	182	(4)	9	5
Europe	44	47	91	(10)	(7)	(17)
China	53	54	107	0	(5)	(5)
Other Markets	63	66	129	(5)	(3)	(8)
Total	281	323	604	(36)	(19)	(55)
Consolidated wholesales (000)						
Japan	43	66	109	(11)	(5)	(16)
North America	59	93	152	(35)	6	(29)
Europe	27	47	74	(17)	1	(16)
China	3	5	8	(3)	(1)	(4)
Other Markets	54	73	127	(16)	1	(15)
Total	186	284	470	(82)	2	(80)

KEY DATA

(Billion yen)



DISCLAIMER

The projections and future strategies shown in this presentation are based on various uncertainties including without limitation the conditions of the world economy in the future, the trend of the automotive industry and the risk of exchange-rate fluctuations.

So, please be aware that Mazda's actual performance may differ substantially from the projections.

If you are interested in investing in Mazda, you are requested to make a final investment decision at your own risk, taking the foregoing into consideration.

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