



FY2008 RESULTS AND FY2009 FORECAST

New Mazda3 powered by
MZR2.0 DISI i-stop
(European model)



Mazda Motor Corporation
May 12, 2009

OUTLINE

- **Highlights**
- **FY2008 Results**
- **FY2009 Forecast**
- **Initiatives for the Future**
- **In Summary**





HIGHLIGHTS



FY2008 HIGHLIGHTS

- Revenue was ¥2,535.9 billion, operating loss was ¥28.4 billion and net loss was ¥71.5 billion
- Despite performance improvements we achieved, operating loss slightly deteriorated versus forecast made at February announcement due to devaluation of inventory
- Global sales volume was 1.261 million units, 21,000 units over the forecast made at February announcement
- Improved or maintained market share in major markets due to competitive products
- Outcome of emergency measures better than planned targets
- Inventory adjustment progressed, and cash flow in the 4th quarter was positive ¥67.5 billion

FY2009 FORECAST HIGHLIGHT

- Revenue of ¥2,030 billion, an operating loss of ¥50 billion and a net loss of ¥50 billion are projected reflecting a challenging external environment which started in the second half of last year
- Operating profit is forecasted to be positive in the 2nd half
- Focus on achieving positive free cash flow for the full year
- Global sales volume is projected to be 1.1 million units, due to declines in industry demand
- Improve or maintain market share in key markets, as we did in FY2008
- Launch the new Mazda3/Axela to global markets
- Introduce “i-stop” in Japan and Europe
- Forgo a year-end dividend in FY2008
(Already delivered a mid-term dividend of ¥3 per share)
Plan an annual dividend of ¥3 per share for FY2009



FY2008 RESULTS



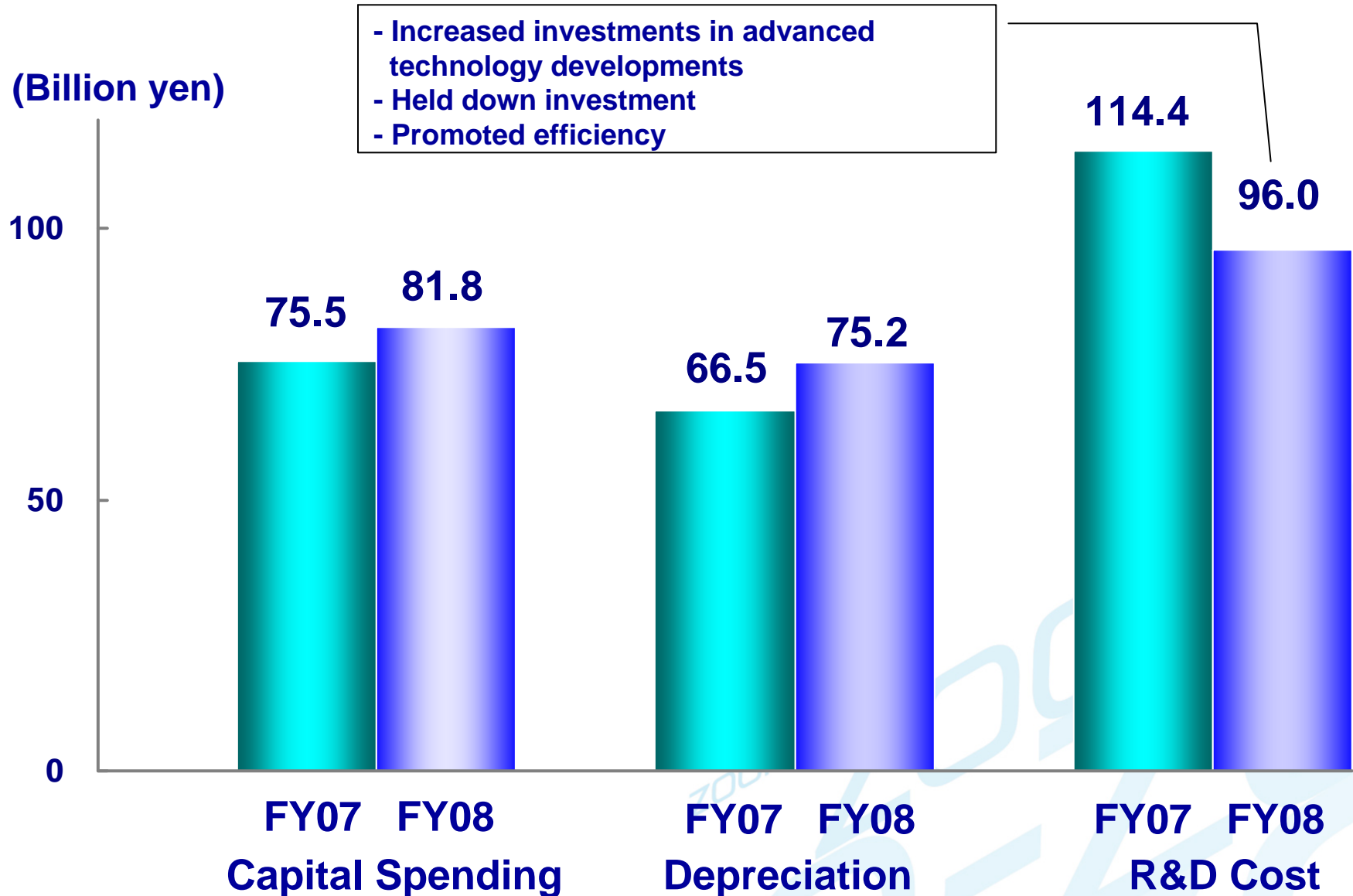
FY2008 FINANCIAL METRICS

(Billion yen)	Full Year		Change from FY2007		Memo: FY2008 Feb Plan
	FY2008	FY2007	Amount	Pct.	
Revenue	2,535.9	3,475.8	(939.9)	(27) %	2,550.0
Operating profit	(28.4)	162.1	(190.5)	-	(25.0)
Ordinary profit	(18.7)	148.5	(167.2)	-	(15.0)
Profit before tax	(51.3)	143.1	(194.4)	-	(20.0)
Net income	(71.5)	91.8	(163.3)	-	(13.0)
Operating ROS	(1.1) %	4.7 %	(5.8) Pts	-	(1.0) %
EPS (Yen/Share)	(52.1)	65.2	(117.3)	-	(9.9)

CASH FLOW AND NET DEBT

(Billion yen)	FY2008			FY2007	Better/(Worse) than FY2007
	1-3Q	4Q	Full Year	Full Year	
Cash flow					
- Operating C/F	(149.0)	81.6	(67.4)	103.0	-
- Investment C/F	(47.7)	(14.1)	(61.8)	(92.8)	-
- Free C/F	(196.7)	67.5	(129.2)	10.2	-
Cash and cash equivalents	144.0	220.7	220.7	223.9	(3.2)
Net debt	569.6	532.6	532.6	281.1	(251.5)
Net debt-to-equity ratio	109 %	129 %	129 %	51 %	(78) Pts
Dividend (Yen/Share)	3	0	3	6	(3)

KEY DATA



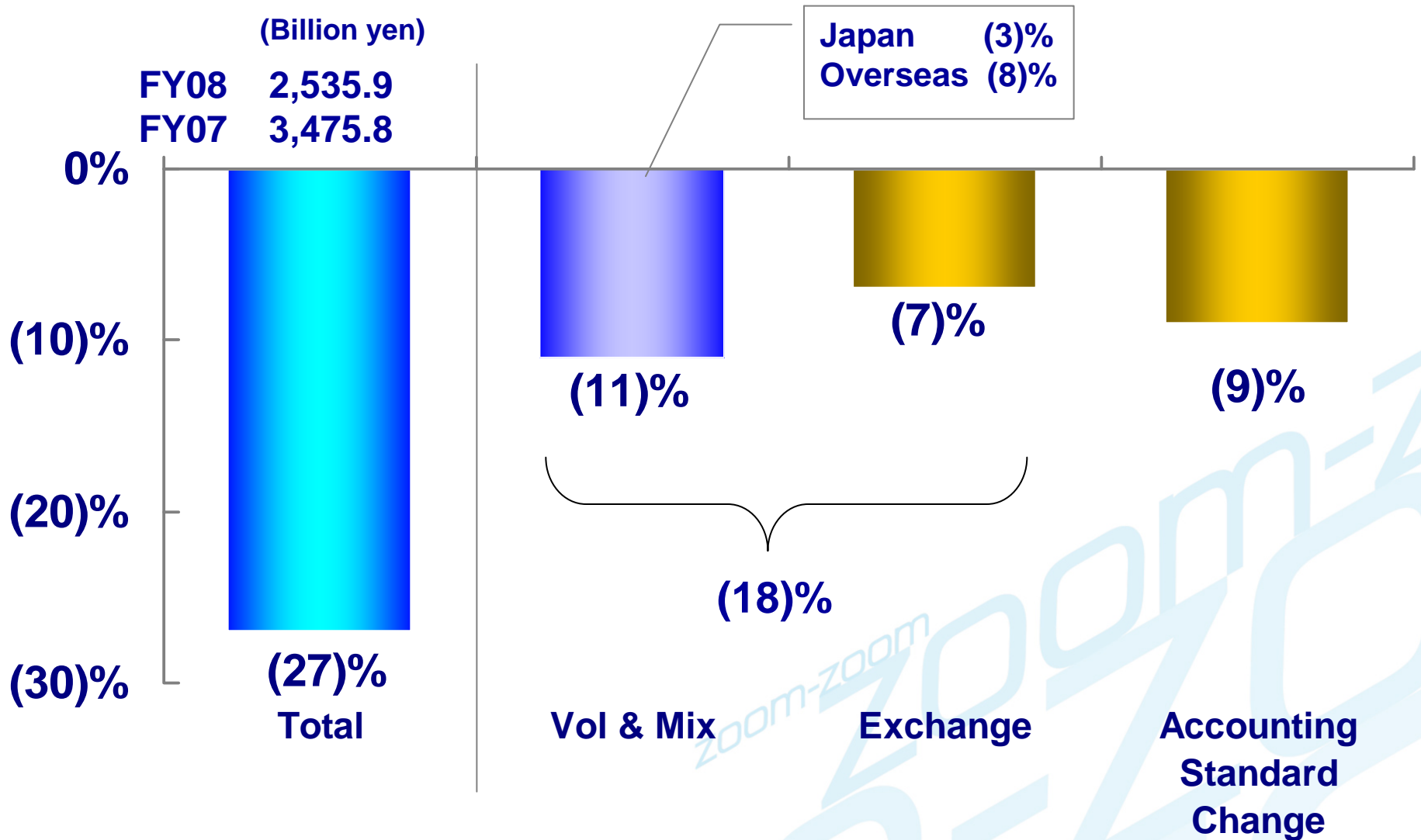
KEY DATA

	Full Year		Change from FY2007
	FY2008	FY2007	
Global retail volume (000)	1,261	1,363	(102)
Exchange rate			
Yen/US Dollar	101	114	(13)
Yen/Euro	144	162	(18)

ZOOM-ZOOM

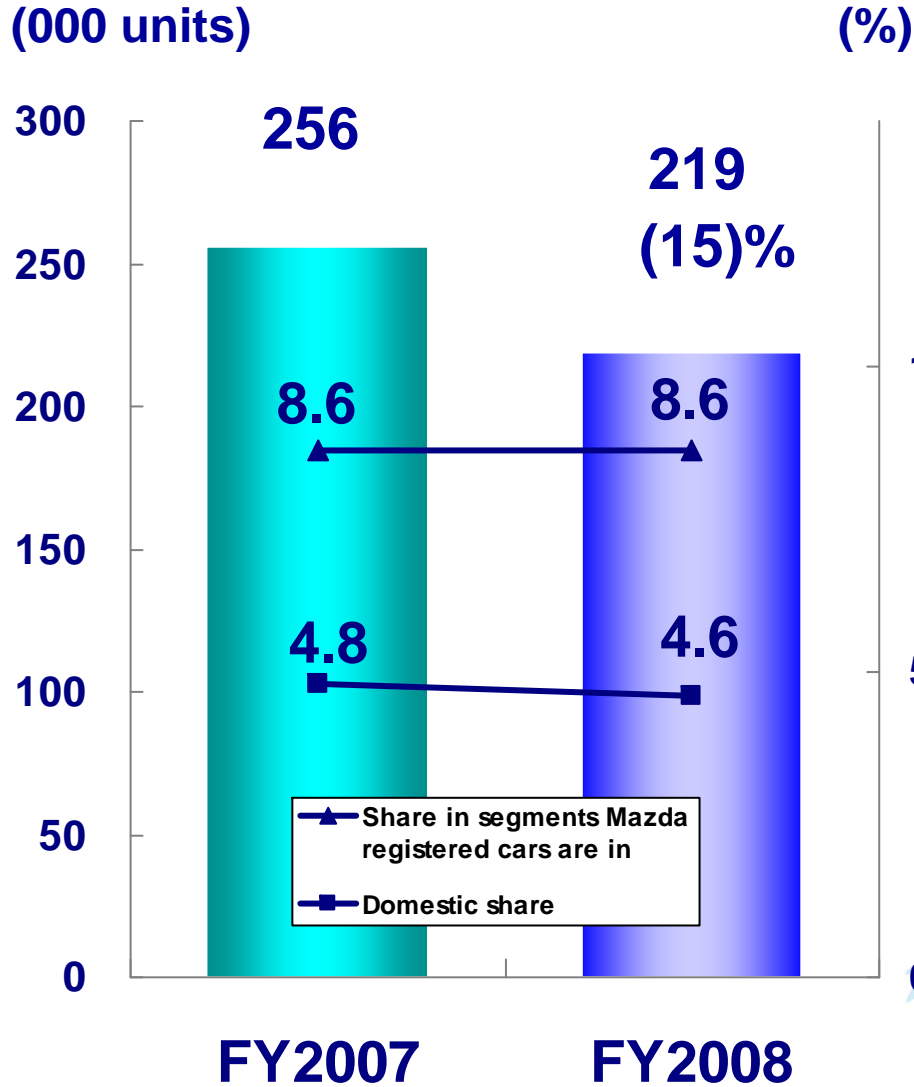
REVENUE CHANGE

FY2008 Compared With FY2007



JAPAN

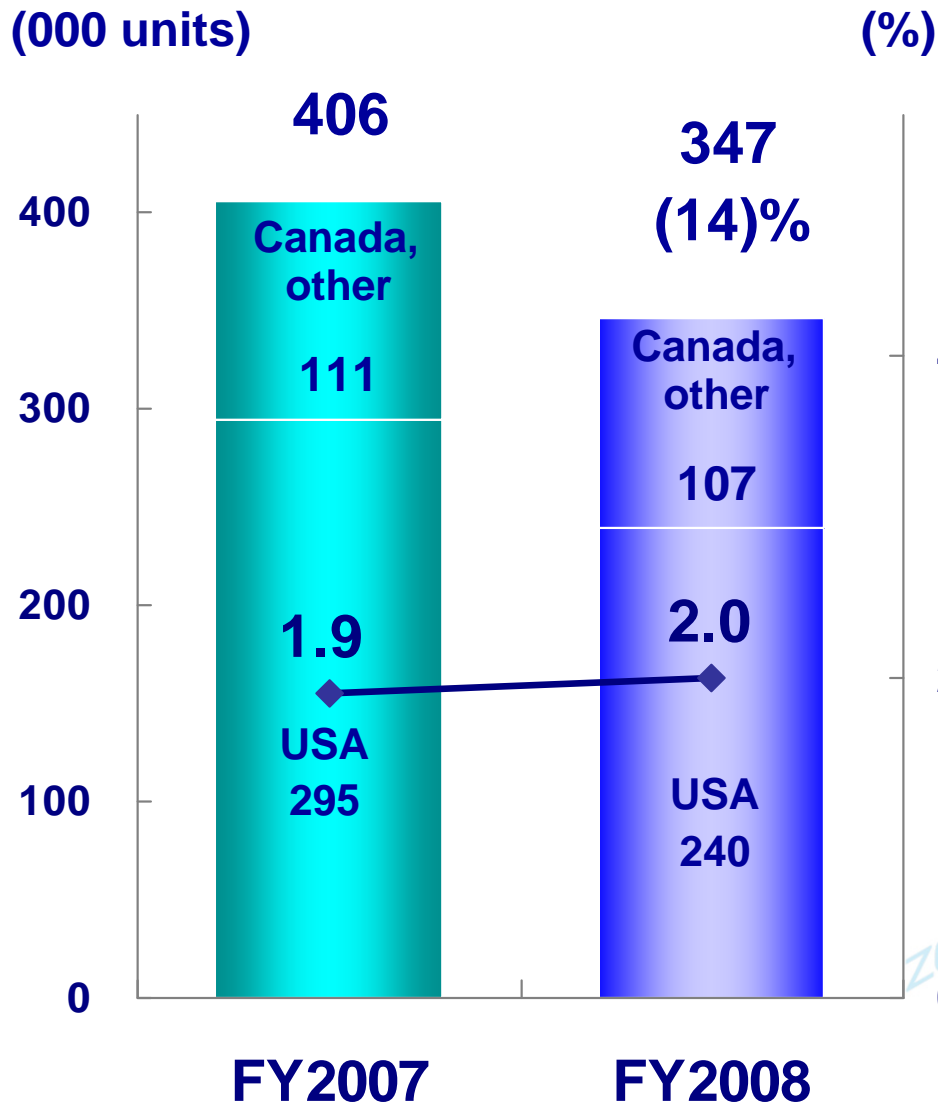
Sales Volume & Share



- Sales were down 15% due to a reduction in industry demand for registration vehicles
- Introduced new Biante mini-van
- Enhanced sales activities focusing on brand value improvement and profitability
- Maintained market share in segments where Mazda registered passenger cars have entered

NORTH AMERICA

Sales Volume & US Share

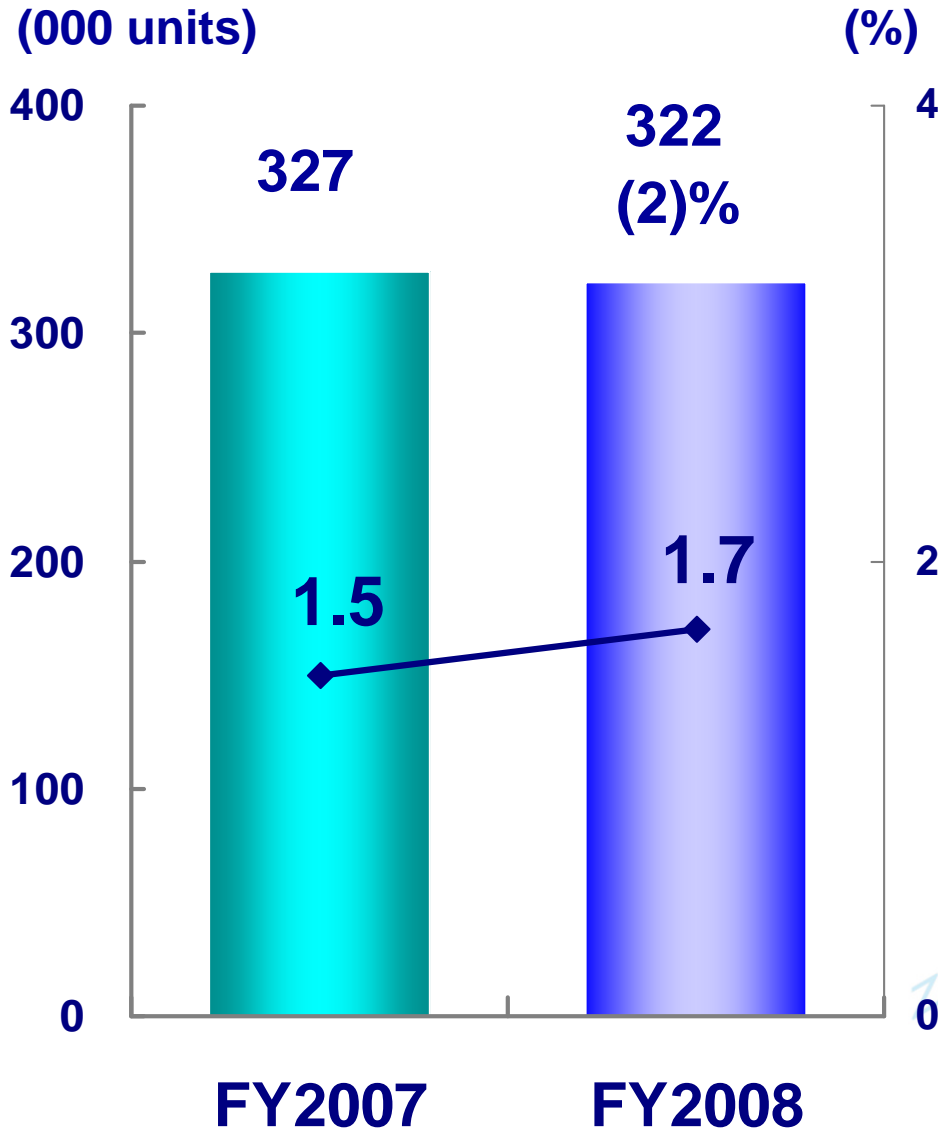


New Mazdaspeed3

- Introduced new Mazda3 in Canada and Mexico ahead of other global markets and gained good reputation
- Sales outperformed or maintained the industry in all countries, and the share in the US was 2.0%, up 0.1 point
- Reduced dealer inventory per plan

EUROPE

Sales Volume & Share

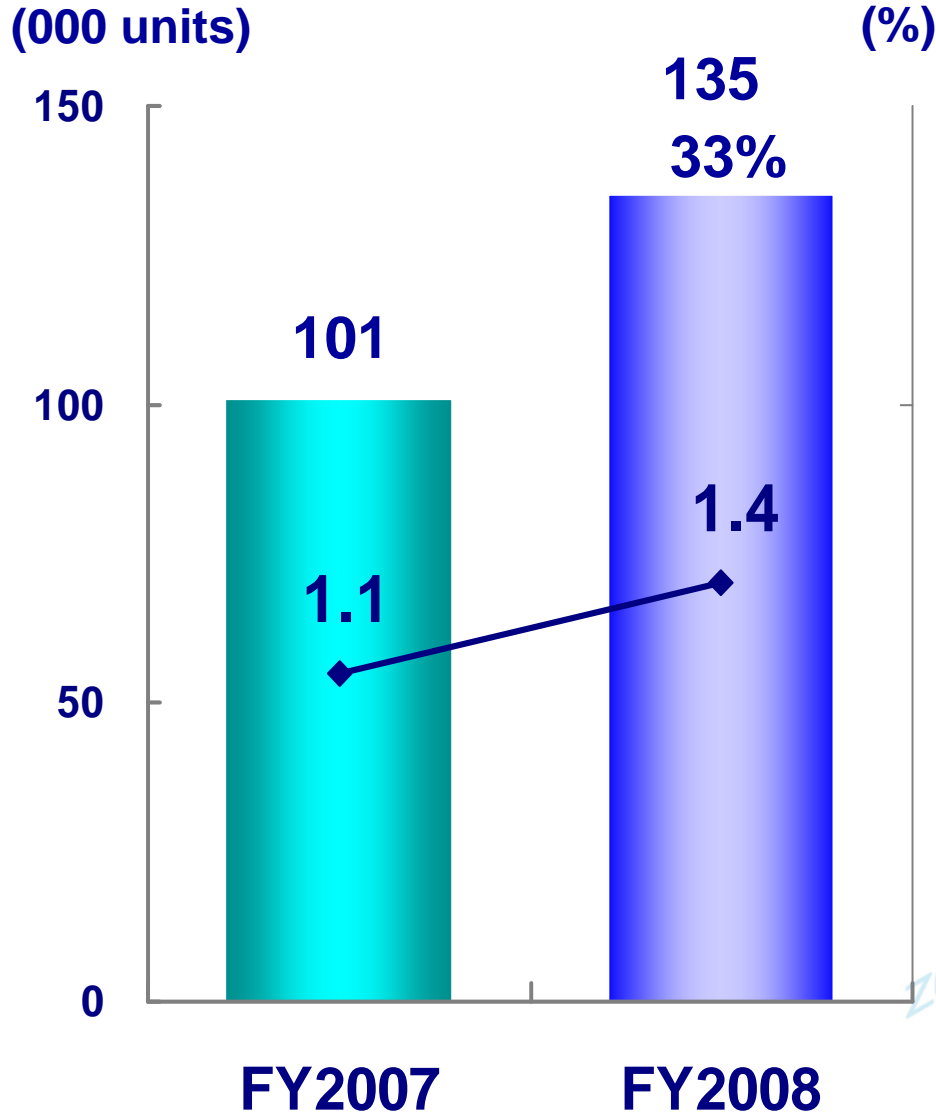


New Mazda3 with i-stop

- Sales outperformed the industry demand. Share is 1.7%, up 0.2 points
- Market share improved in major countries
- Sales of Mazda2 were strong
- Dealer inventory adjustment exceeded plan

CHINA

Sales Volume & Share

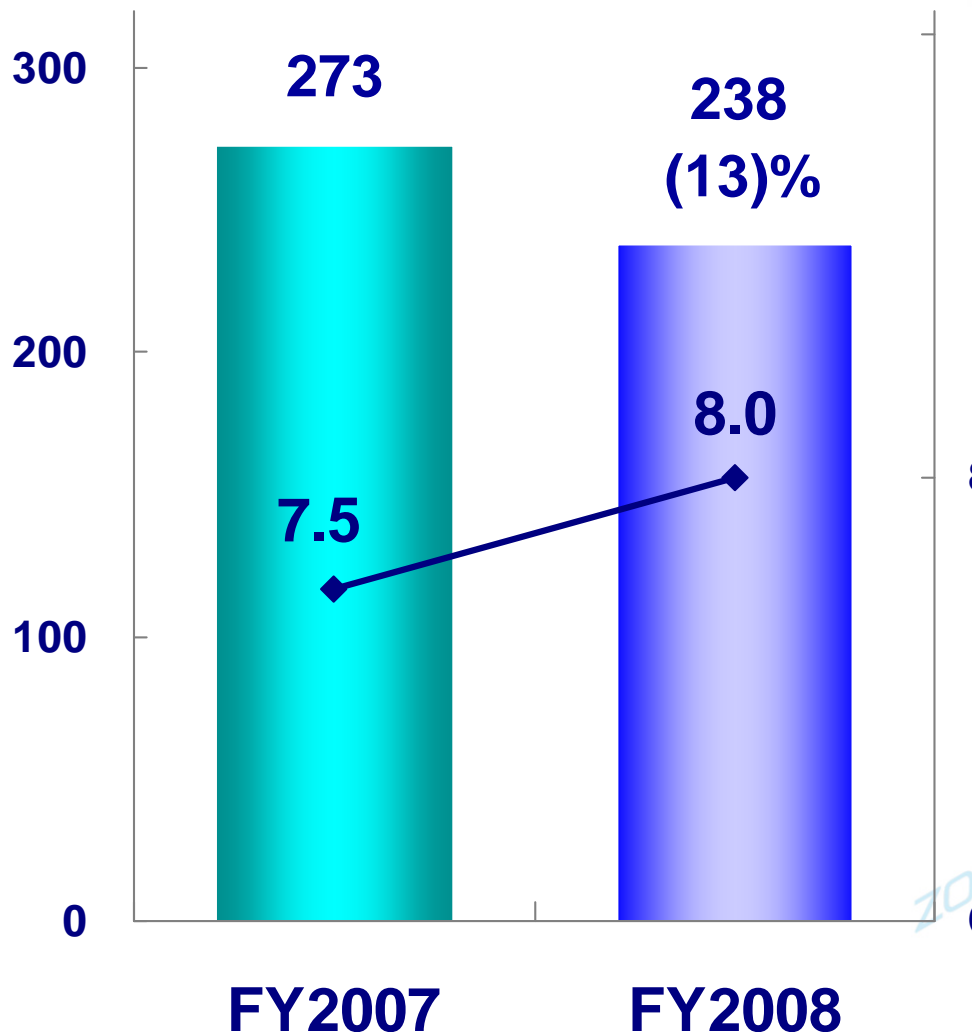


New Mazda6 Ruiyi

- With continuing strong sales of Mazda6 and full contribution of Mazda2 and Mazda3, sales were up 33% on the prior year
- Share improved 0.3 points to 1.4%
- Accelerated the action to develop sales network. 221 outlets, up 46 outlets from the prior year

OTHER MARKETS

Sales Volume & Share in Australia
(000 units) (%)



Mazda2

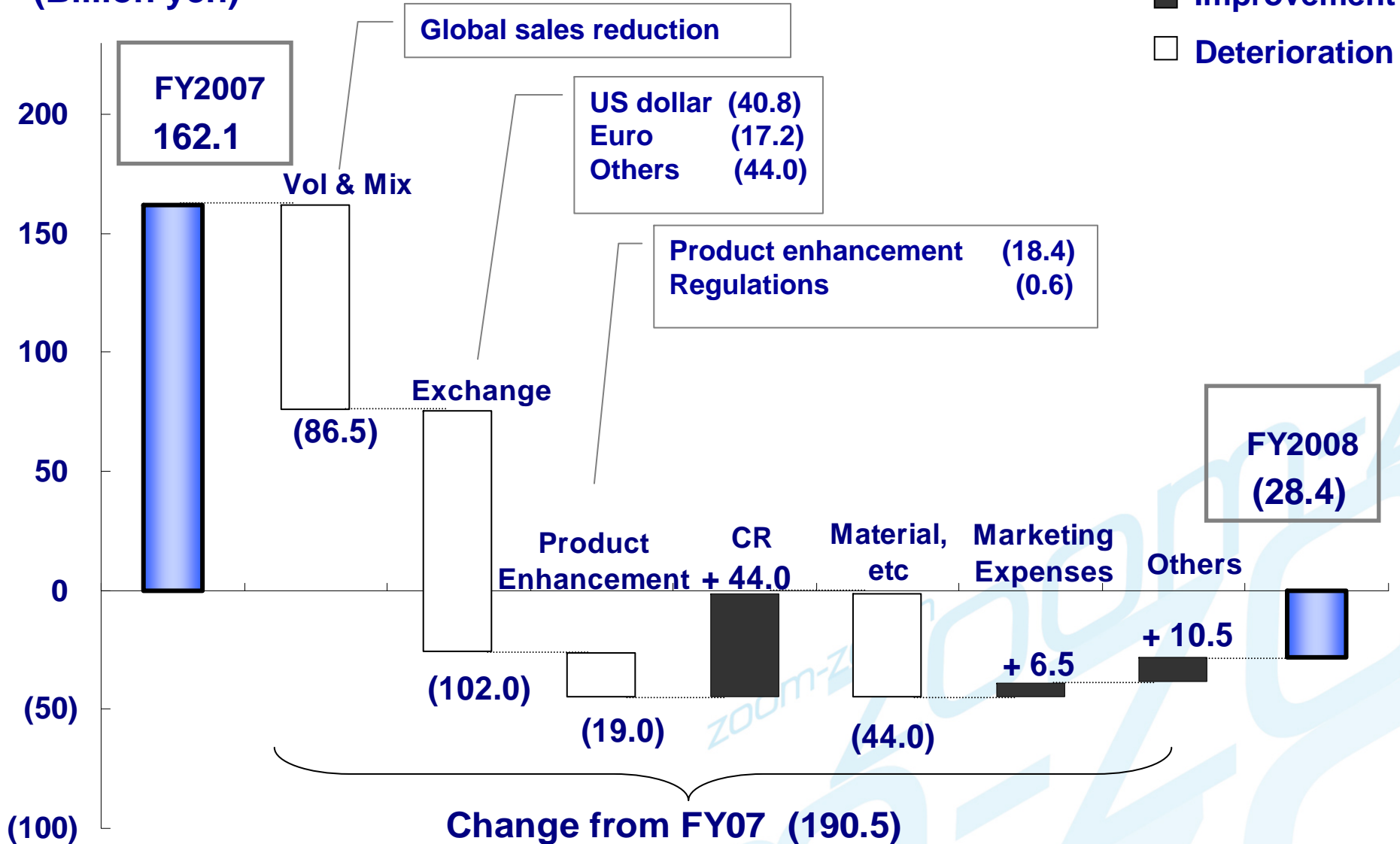
- 8 → Sales in Australia were 77,000 units, outperforming the industry. Market share improved 0.5 points and reached a record high at 8.0%
- 6 → Total sales declined 13% due to the lower volume in Taiwan, Thailand and Venezuela

OPERATING PROFIT CHANGE

FY2008 Compared With FY2007

(Billion yen)

■ Improvement
□ Deterioration

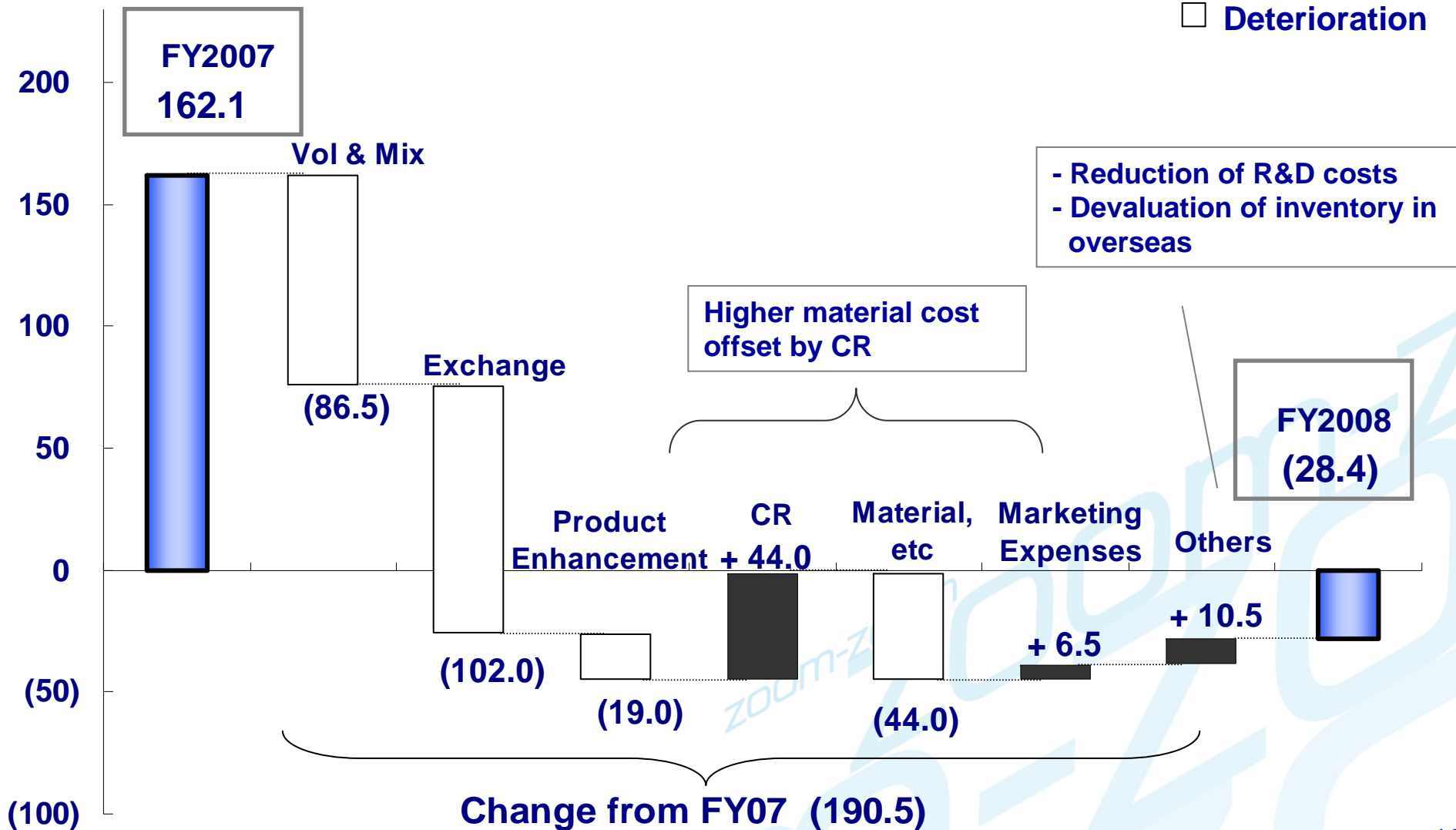


OPERATING PROFIT CHANGE

FY2008 Compared With FY2007

(Billion yen)

■ Improvement
□ Deterioration



BREAKDOWN OF NON-OPERATING AND EXTRAORDINARY PROFIT/LOSS

(Billion yen)

FY2008 Results

Operating profit

(28.4)

Main items

Exchange gain 29.1

Interest paid (14.2)

Non-operating profit/(expense)

9.7

Ordinary profit

(18.7)

Main item

Impairment loss (28.3)

Extraordinary profit/(loss)

(32.6)

Profit before tax

(51.3)

Main item

Release of deferred tax
asset at overseas
subsidiaries (17.1)

Corporate tax

(20.2)

Net income

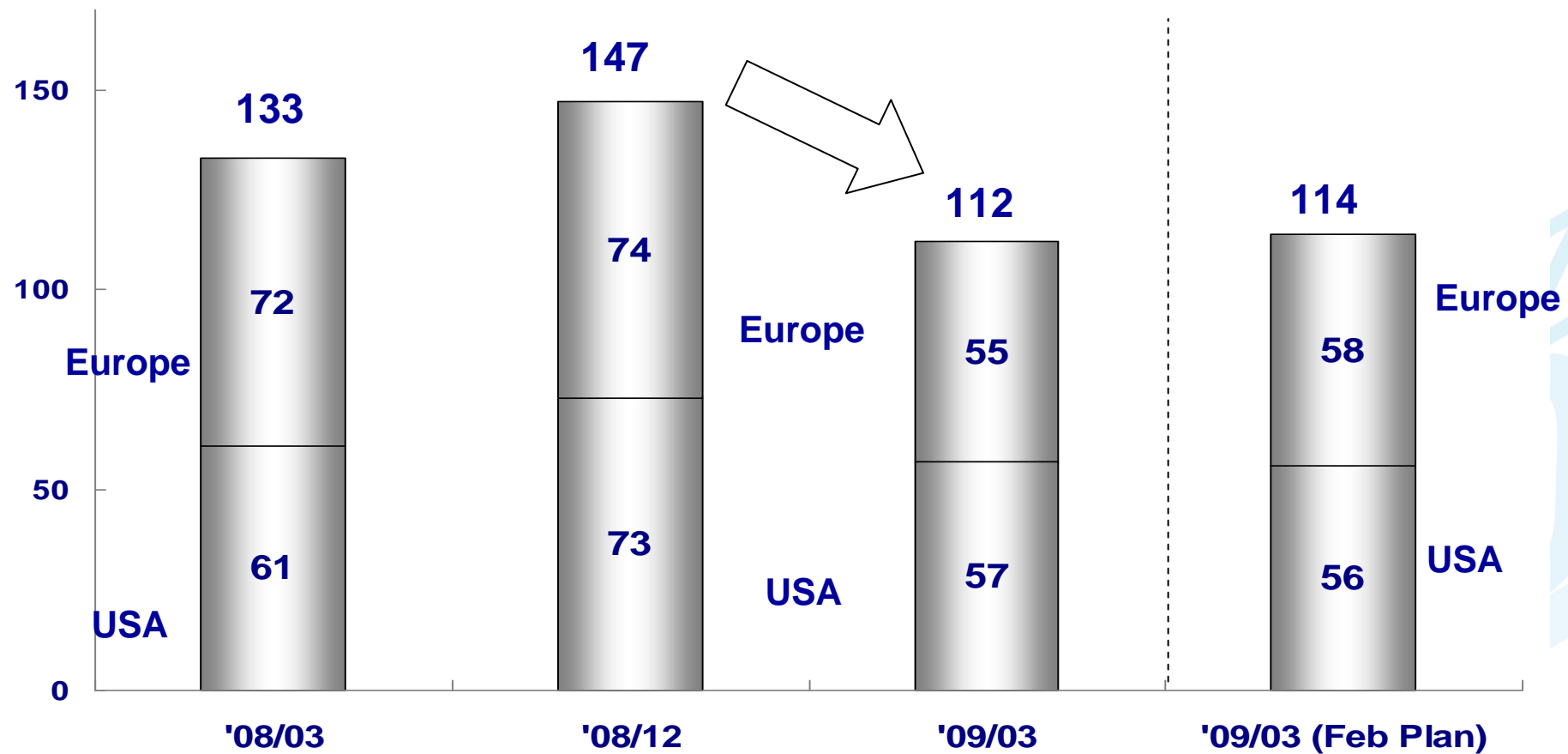
(71.5)

EMERGENCY MEASURES – INVENTORY ADJUSTMENT

Inventory reduced more than planned

Dealer Inventory Trend in Europe and USA

(000 units)



FY2008 RESULT SUMMARY

- **Profits declined reflecting sharp deteriorations in the operating environment**
- **Operating profit exceeded forecast made at February announcement excluding an inventory devaluation, as performance exceeded expectations**
- **Cash flow turned substantially positive level in the 4th quarter and liquidity was secured**
- **Market share was improved or maintained in key markets reflecting high acclams of new generation products and effects of brand strategies**



FY2009 FORECAST

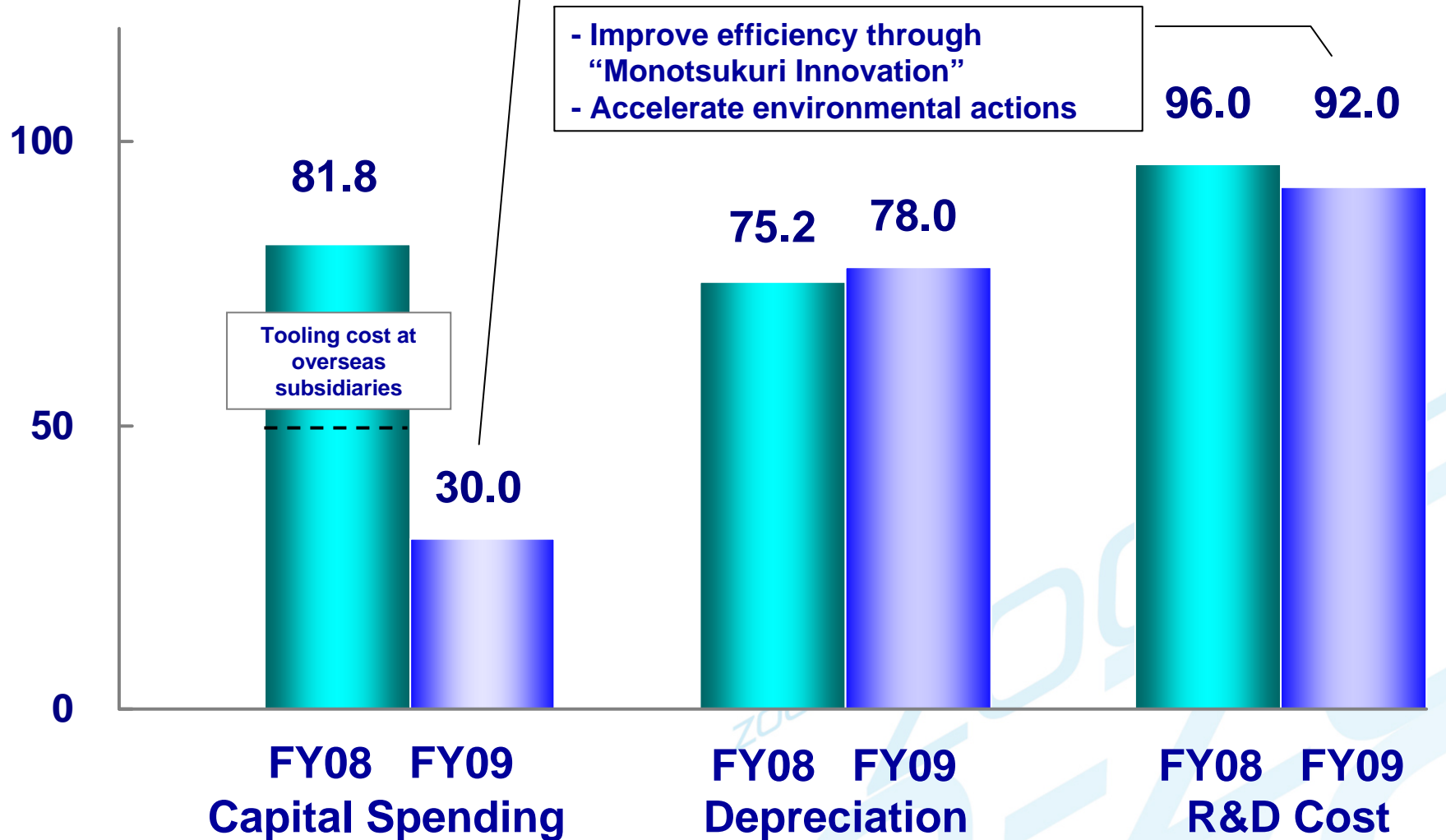


FY2009 FINANCIAL METRICS

(Billion yen)	FY2009			Change form FY2008		
	1st Half	2nd Half	Full Year	1st Half	2nd Half	Full Year
Revenue	930.0	1,100.0	2,030.0	(645.5)	139.6	(505.9)
Operating profit	(60.0)	10.0	(50.0)	(120.7)	99.1	(21.6)
Ordinary profit	(67.0)	7.0	(60.0)	(115.5)	74.2	(41.3)
Profit before tax	(69.0)	4.0	(65.0)	(115.8)	102.1	(13.7)
Net income	(50.0)	0.0	(50.0)	(79.5)	101.0	21.5
Operating ROS	(6.5) %	0.9 %	(2.5) %	(10.4) pts	10.2 pts	(1.4) pts
EPS (Yen/Share)	(38.1)	0.0	(38.1)	(59.1)	73.1	14.0

KEY DATA

(Billion yen)

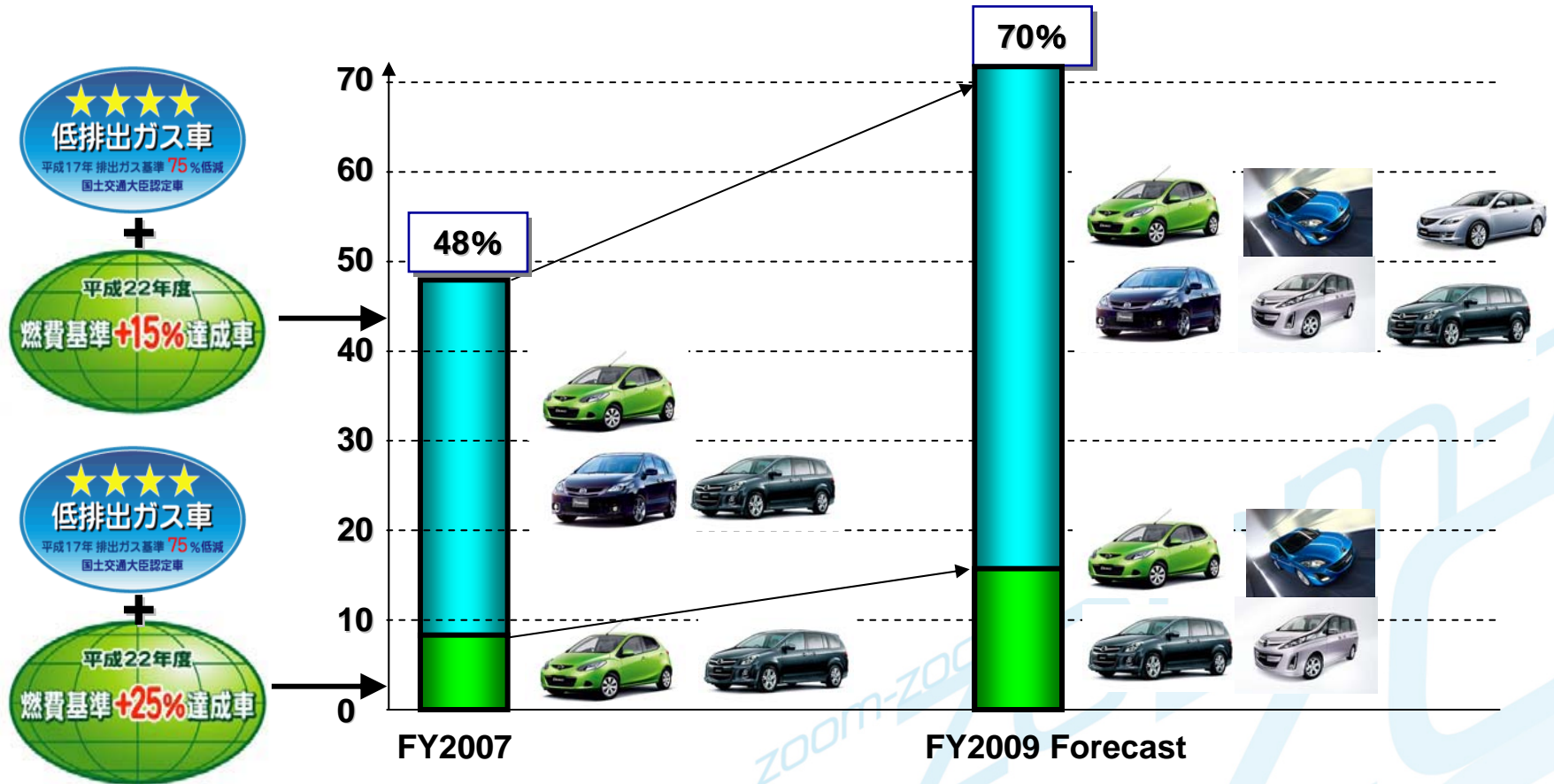


KEY DATA

(000)	Full Year		Change from
	FY2009	FY2008	FY2008
Global retail volume			
Japan	200	219	(19)
North America	290	347	(57)
<i>USA</i>	208	240	(32)
Europe	250	322	(72)
China	170	135	35
Other	190	238	(48)
Total	1,100	1,261	(161)
Exchange rate			
Yen/US Dollar	95	101	(6)
Yen/Euro	125	144	(19)

RATIO OF MAZDA VEHICLES MEETING JAPANESE TAX INCENTIVE REGULATIONS

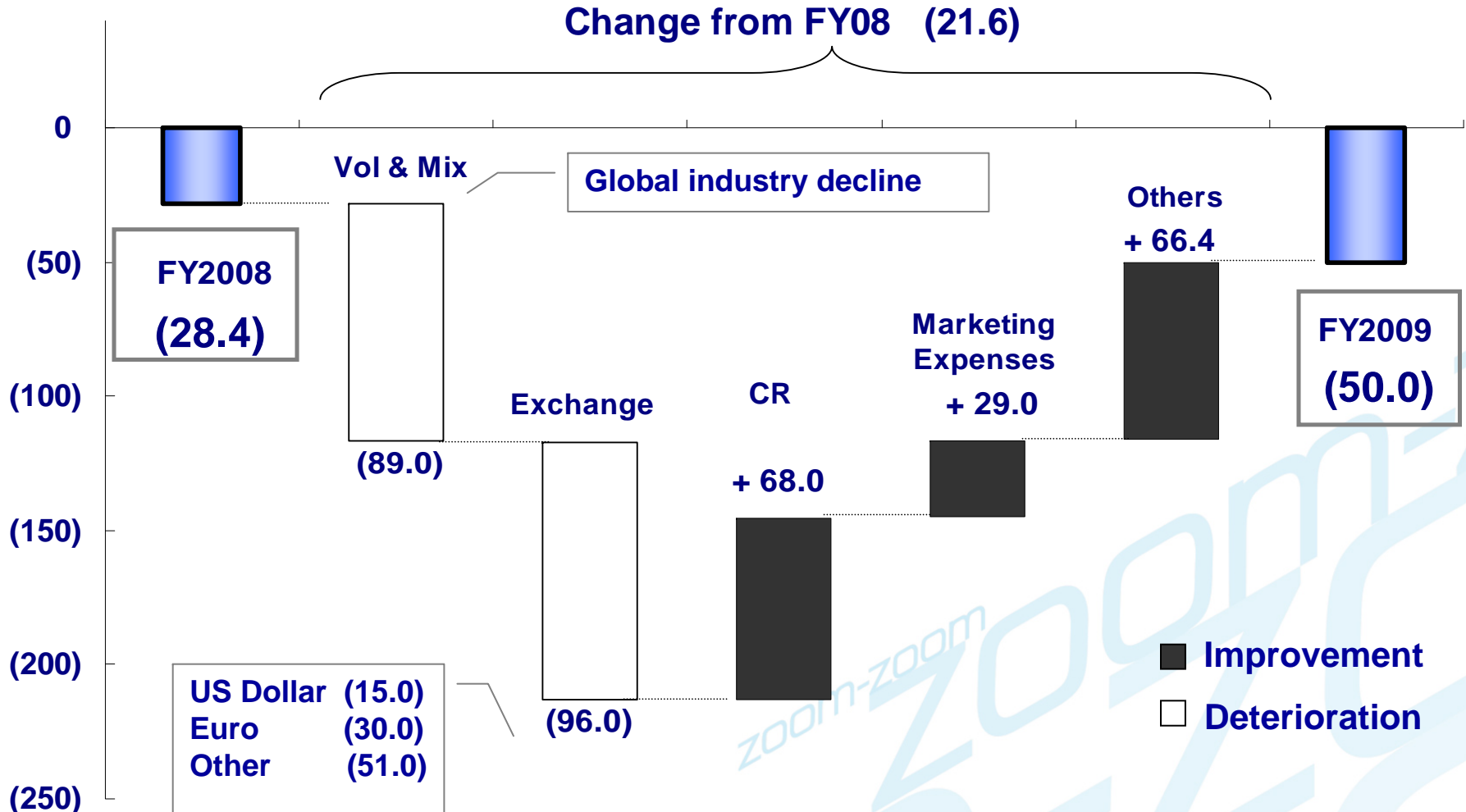
Ratio of Mazda vehicles meeting Japanese tax incentive regulations among registered passenger cars



OPERATING PROFIT CHANGE

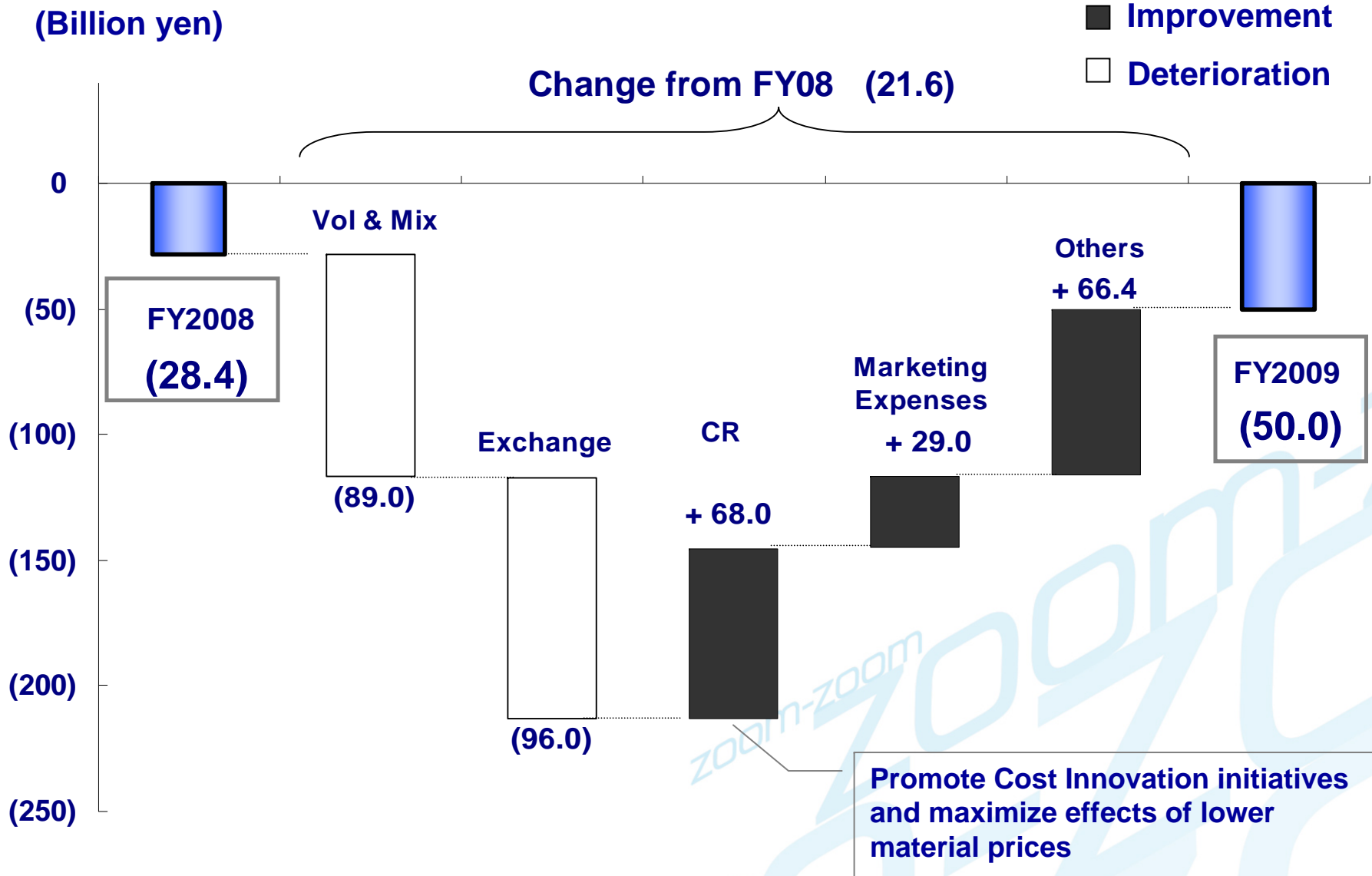
FY2009 Compared With FY2008

(Billion yen)

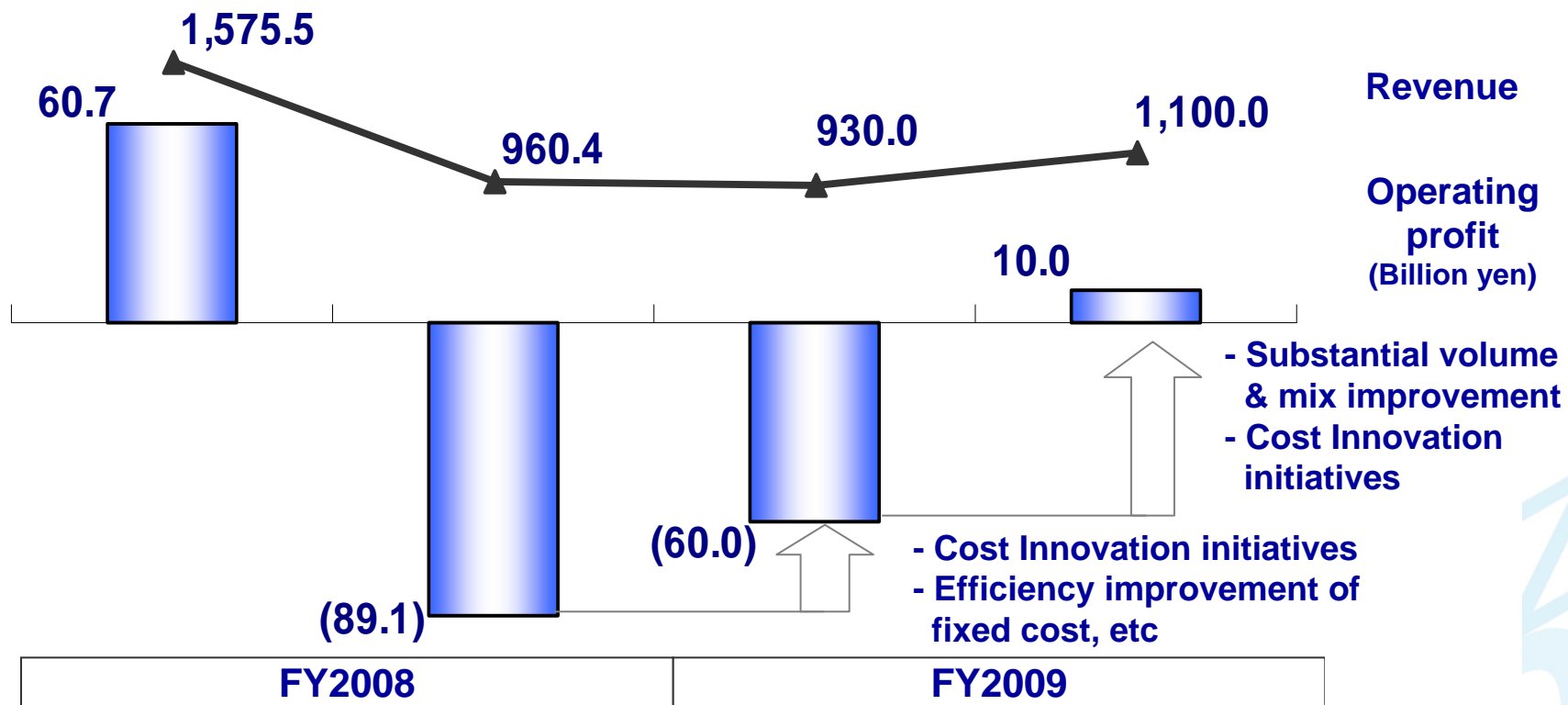


OPERATING PROFIT CHANGE

FY2009 Compared With FY2008



TO TURNAROUND TO BE PROFITABLE IN SECOND HALF OF FY2009 (1)



(000)

	1st Half	2nd Half	1st Half	2nd Half
Global retail sales	701	560	543	557
Global production	705	474	510	565
Consolidated wholesales	648	468	400	490

- **Overview of actions**
 - **Production adjustment will end and volume is projected to recover in the 2nd half**
 - **Full-scale contributions of the new Mazda3/Axela**
 - **Promote Cost Innovation**
 - **Accelerate VA/VE, Reinforce suppliers' business structures**
 - **Continue fixed cost reductions**
 - **Reduce distribution cost**

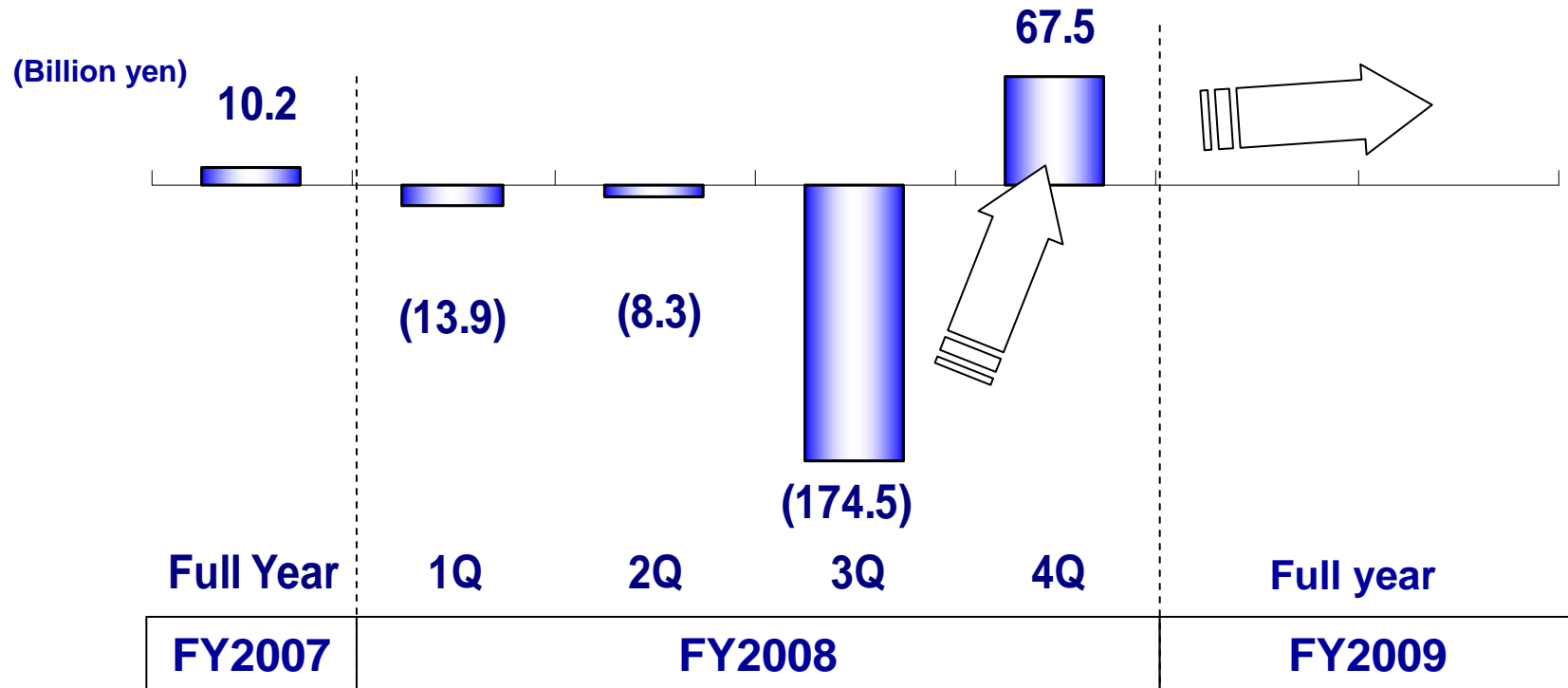
CASH FLOW

Focus on achieving positive cash flow in FY2009

Consolidated cash flow forecast

Stock increased due to drastic market deterioration

Progress in stock adjustment
Improved capacity utilization





INITIATIVES FOR THE FUTURE - DIRECTION OF OUR STUDIES -

zoom-zoom

INITIATIVES FOR THE FUTURE

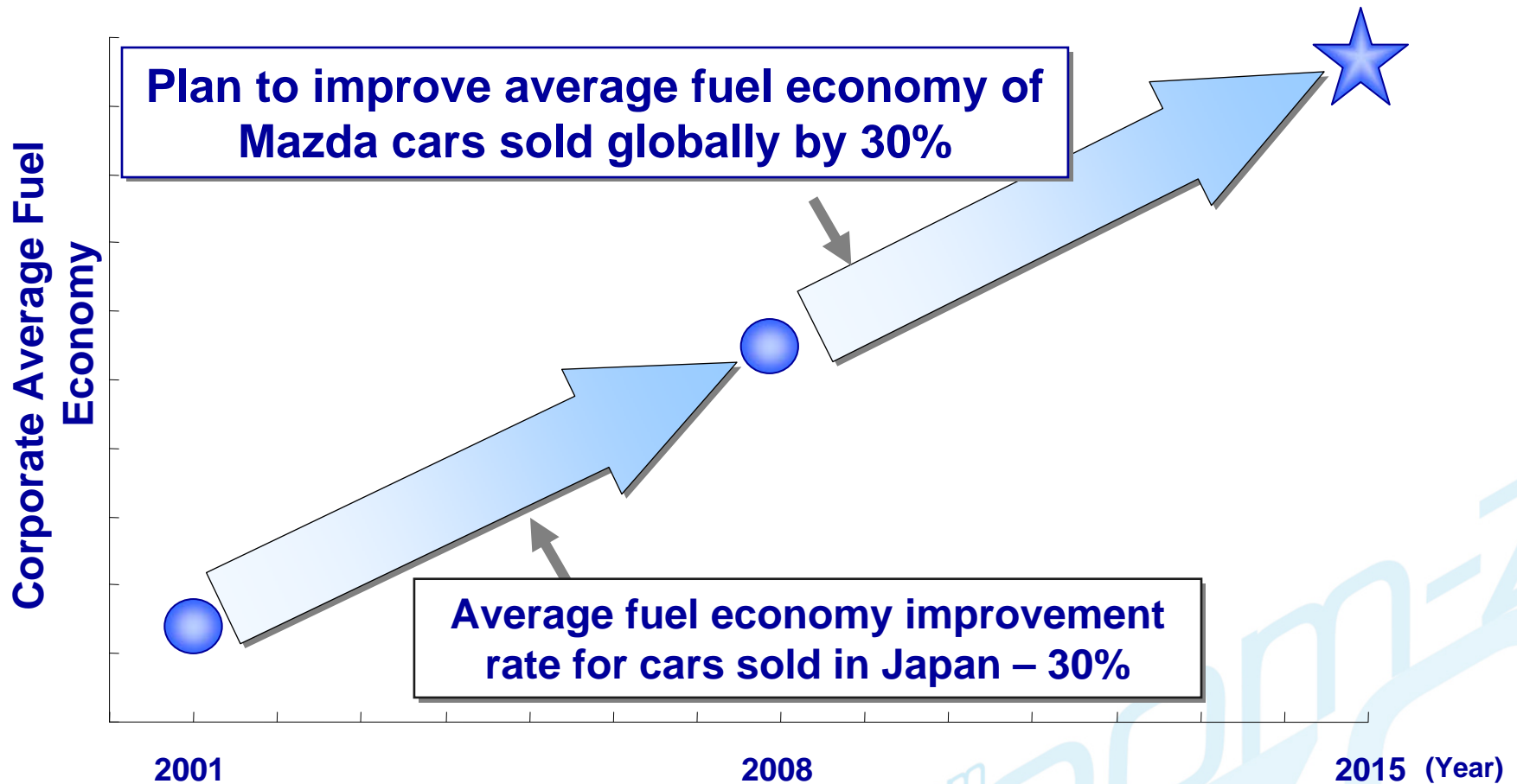
- **Prioritizing emergency measures to respond to rapidly changing operating environment**
- **Organized a team to revise mid- and long-term strategies**
- **Evaluating and revising existing strategies for each area**
- **Will announce revisions of mid-term plan at an appropriate time**
- **Report the status of our evaluations**



INITIATIVES FOR THE FUTURE – KEY THEME

- **Continue trend of product-led growth. Reinforce environmental actions and activities to respond to a shift to small-size vehicles**
- **Continue to pursue synergies with Ford (Product development and production)**
- **Maintain and enhance flexible production system**
- **Continue brand-focused sales strategy**
- **Enhance global sales network and dealers' business structure**
- **Accelerate growth in emerging markets**
- **Achieve substantial cost reduction through “Monotsukuri Innovation”**
- **Improve efficiency of product development investment and capital spending through integrated planning and common architecture**
- **Thorough reduction of fixed cost and improve efficiency of administrative/back-office work**

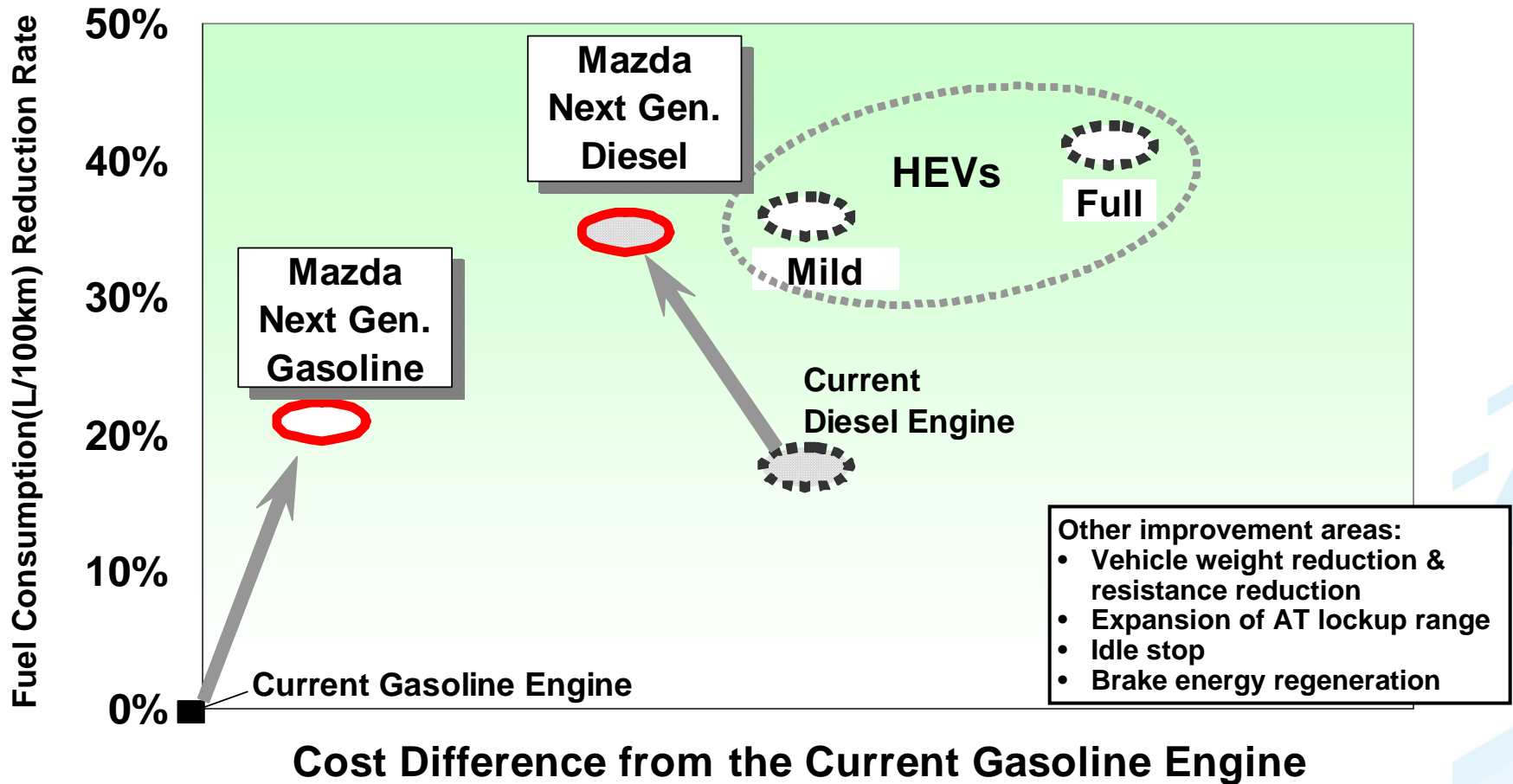
INITIATIVES FOR THE FUTURE - ENVIRONMENT (1)



- ➡ Through development of significantly-efficient new generation powertrains and light-weight next generation platforms, Mazda will reduce corporate average fuel economy by 30%

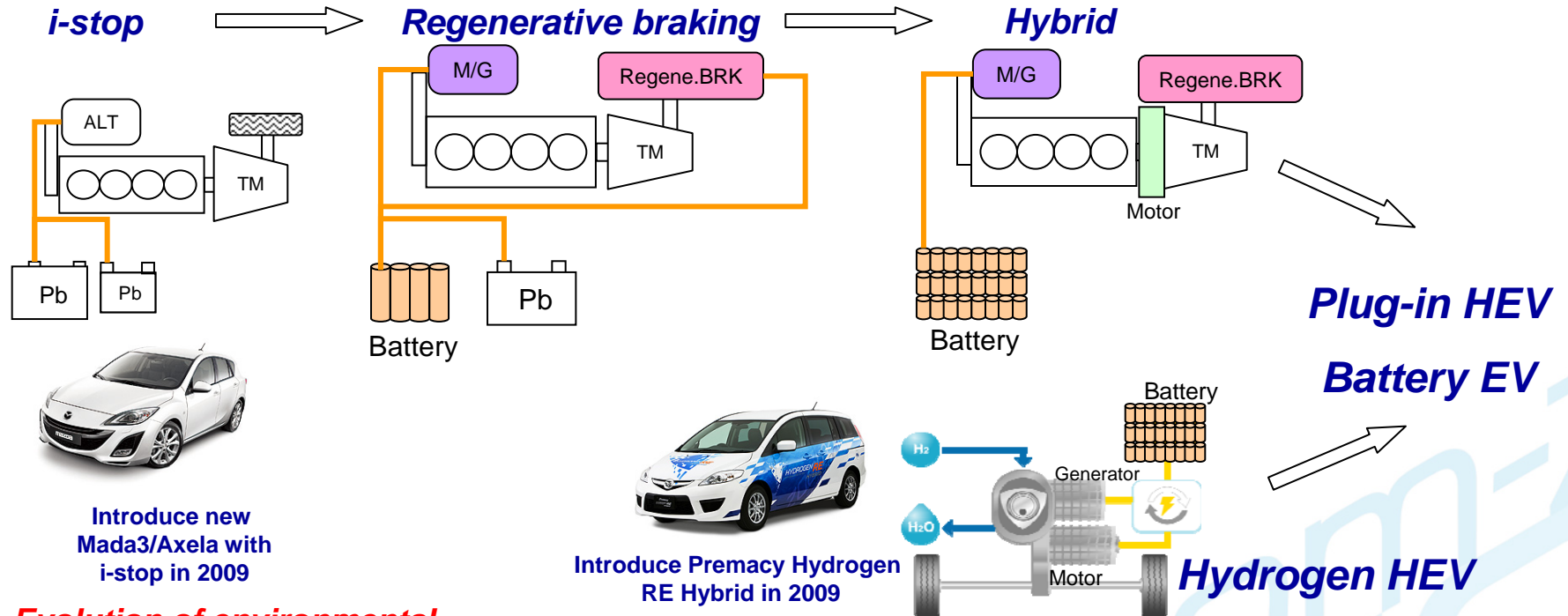
INITIATIVES FOR THE FUTURE - ENVIRONMENT (2)

Targeted level for units after 2011



INITIATIVES FOR THE FUTURE - ENVIRONMENT (3)

Introduction of electric devices – provide to a wider range of customers through gradual introductions



Evolution of environmental technology based on "building-block" strategy

Motor drive technology

Regenerative braking technology

Battery management technology

Thorough pursuit of base technologies (body, powertrain)



IN SUMMARY



IN SUMMARY – MARKET SHARE

- Improved or maintained share in key markets in CY2008 and FY2008
- The share in Australia hit the highest level ever in FY2008
- Improve or maintain share in key markets in FY2009

Change in Mazda's market share

	FY2001	<u>Changes versus prior year</u>		
	→ FY2007	CY2008	FY2008	FY2009
	pts	pts	pts	pts
Japan (Registered and mini vehicles)	0.2	0.1	(0.2)	(0.1)
USA	0.4	0.2	0.1	0.1
Canada	1.0	0.0	0.0	0.0
Europe (Incl Russia)	0.7	0.3	0.2	(0.1)
Australia	3.1	0.5	0.5	0.2
China	0.6	0.2	0.3	0.4

Note: Data source Mazda including preliminary numbers

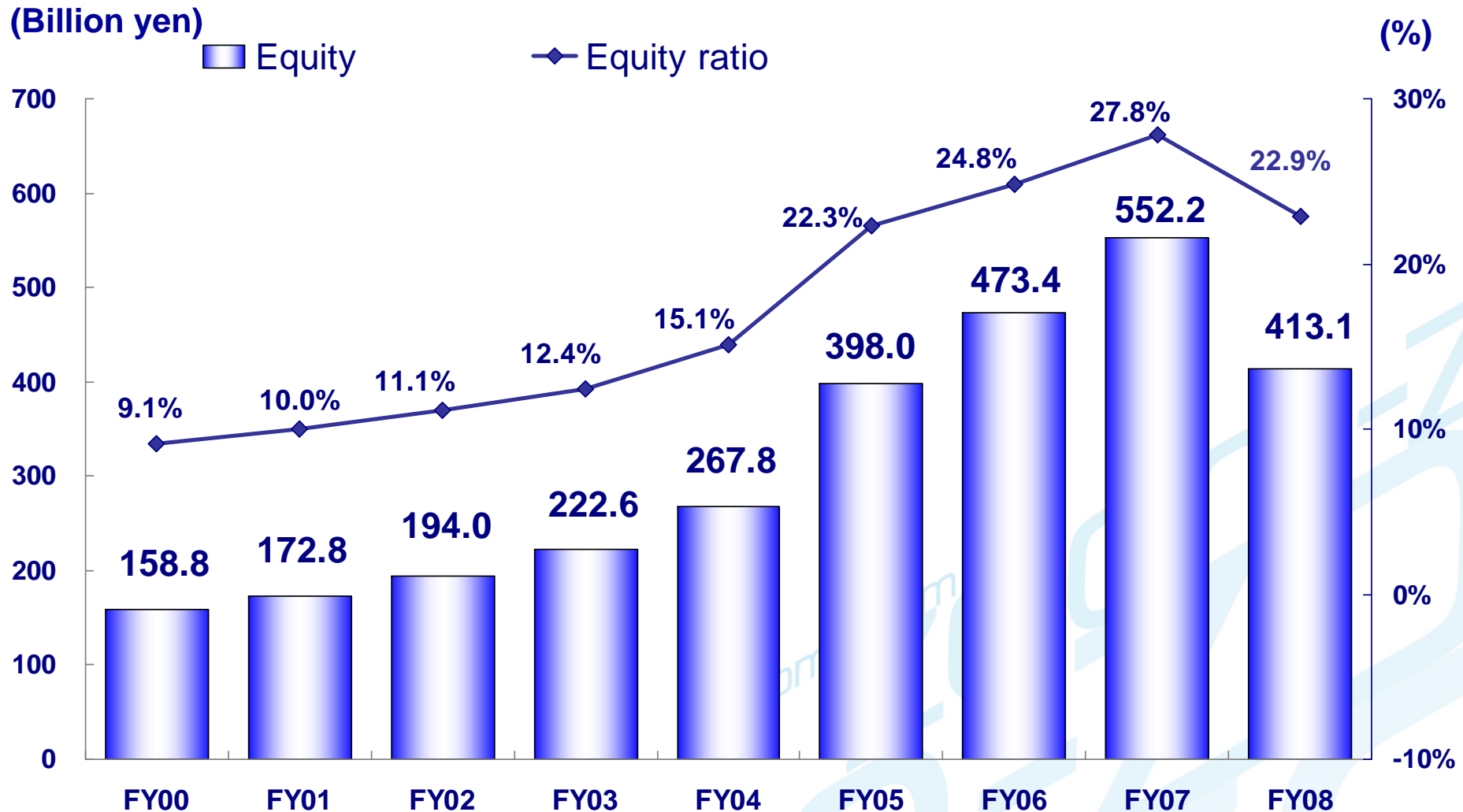
IN SUMMARY – BRAND

More than 500 awards since the 2002 Mazda6



IN SUMMARY – FINANCIAL STATUS

Financial structure is improving steadily



IN SUMMARY

➤ Sales

- Improve market shares in key markets reflecting high acclaims for new generation products. Aim to continue to outperform the industry
- Continue to reinforce brand-focused sales strategy

➤ Finance

- Ensure to improve financial strength and secure liquidity
- Reduce fixed cost by approximately ¥100 billion in this fiscal year
- Focus to achieve operating profit in the 2nd half and improve to a positive full year free cash flow position

➤ Environmental actions

- Further accelerate environmental actions
- After improving base technologies, shift to electric devices

➤ Enhance to streamlined and lean business structure



mazda

zoom-zoom
zoom-zoom-z



APPENDIX



FY2008 4th QUARTER FINANCIAL METRICS

(Billion yen)	4th Quarter		Change	
	<u>FY2008</u>	<u>FY2007</u>	<u>Amount</u>	<u>Pct.</u>
Revenue	448.0	969.5	(521.5)	(54) %
Operating profit	(64.9)	53.7	(118.6)	-
Ordinary profit	(70.8)	58.8	(129.6)	-
Profit before tax	(101.2)	56.8	(158.0)	-
Net income	(100.4)	46.8	(147.2)	-
Operating ROS	(14.5)	5.5 %	(20.0) Pts	-
EPS (Yen/Share)	(76.5)	33.2	109.7	-

KEY DATA

	4th Quarter		
	<u>FY2008</u>	<u>FY2007</u>	<u>Change</u>
Global retail volume (000)	297	388	(91)
Exchange rate			
Yen/US Dollar	94	105	(11)
Yen/Euro	122	158	(36)

ZOOM-ZOOM

KEY DATA

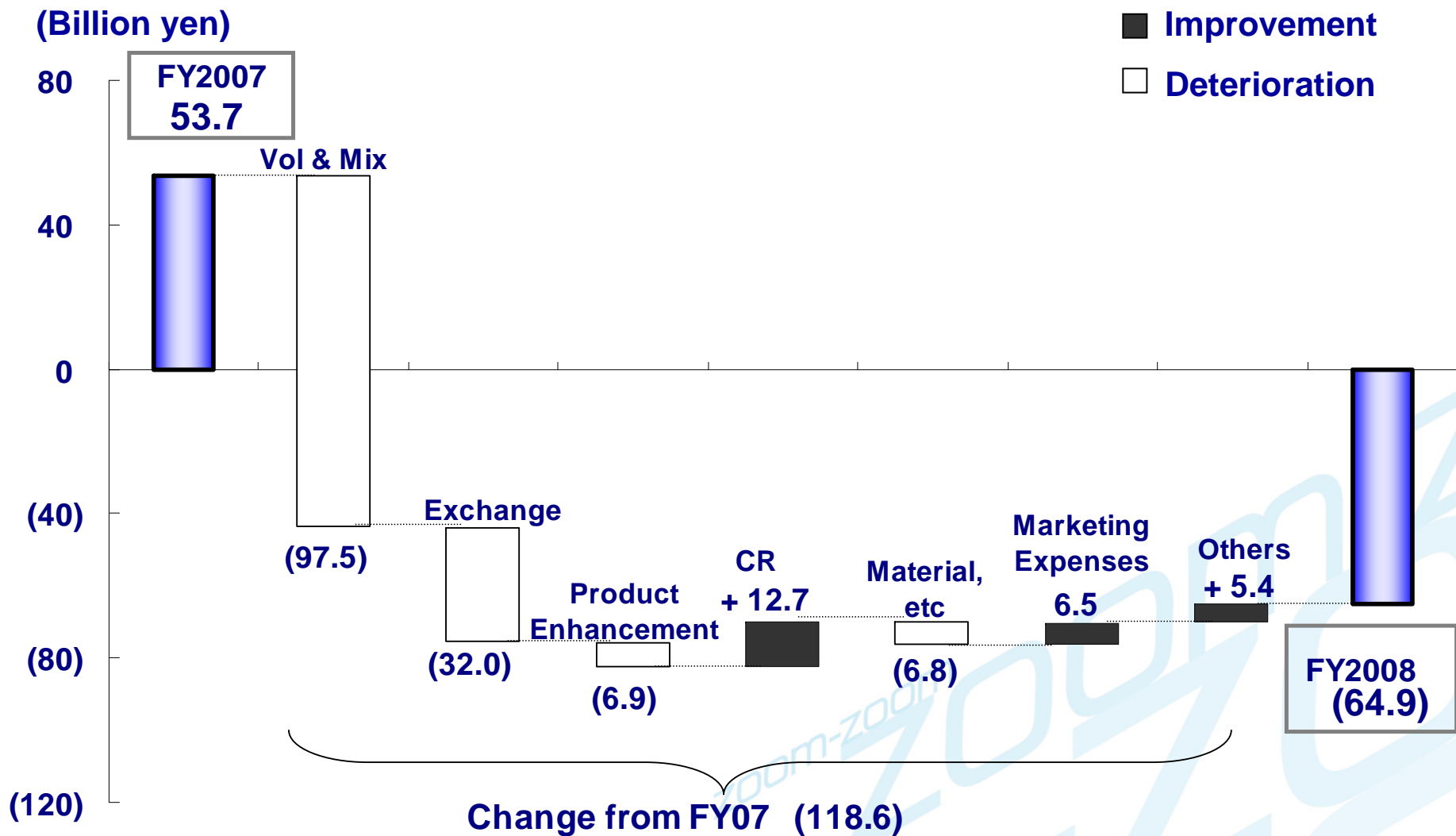
	4th Quarter		
	<u>FY2008</u>	<u>FY2007</u>	<u>Change</u>
Global retail volume (000)			
Japan	55	81	(26)
North America	76	104	(28)
Europe	80	99	(19)
China	38	30	8
Other	48	74	(26)
Total	<u>297</u>	<u>388</u>	<u>(91)</u>
Consolidated wholesales (000)			
Japan	54	80	(26)
North America	71	106	(35)
Europe	60	105	(45)
China	2	7	(5)
Other	38	66	(28)
Total	<u>225</u>	<u>364</u>	<u>(139)</u>

KEY DATA

	Full Year		
	FY2007	FY2008	FY2009
	<u>Result</u>	<u>Result</u>	<u>Plan</u>
Share in key markets (%)			
Japan	4.8	4.6	4.5
USA	1.9	2.0	2.1
Canada	5.2	5.2	5.2
Europe	1.5	1.7	1.6
China	1.1	1.4	1.8
Australia	7.5	8.0	8.2

OPERATING PROFIT CHANGE

FY2008 Fourth Quarter Compared With FY2007 Fourth Quarter



REVENUE BY REGION AND BY SEGMENT

FY2008 Compared With FY2007

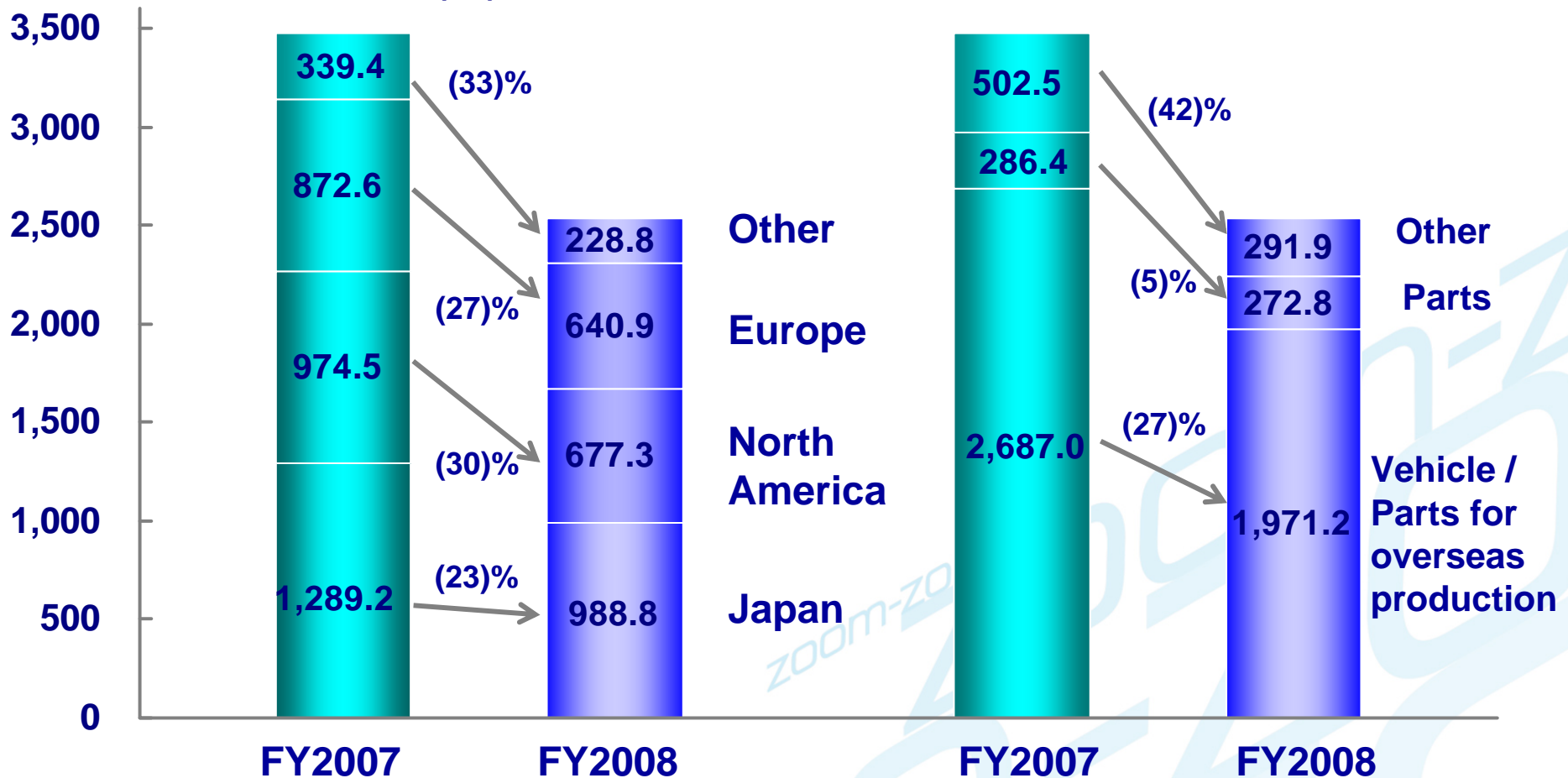
By Region

By Segment

(Billion yen)

3,475.8 → 2,535.9
(27)%

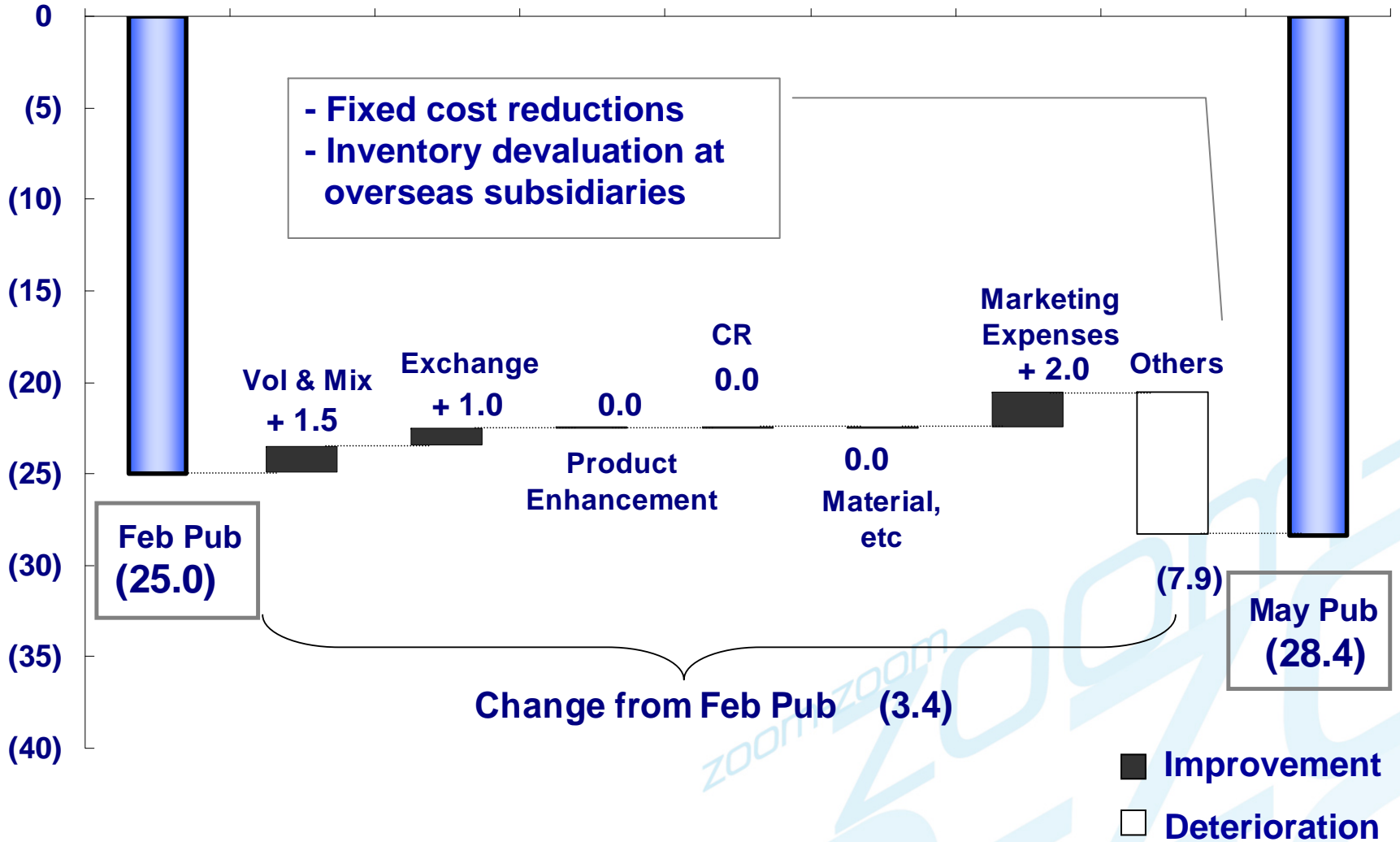
3,475.8 → 2,535.9
(27)%



OPERATING PROFIT CHANGE

FY2008 Compared With February Announcement

(Billion yen)



KEY DATA

	Full Year		
	<u>FY2009</u>	<u>FY2008</u>	<u>Change</u>
Global retail volume (000)			
Japan	200	219	(19)
North America	290	347	(57)
Europe	250	322	(72)
China	170	135	35
Other	190	238	(48)
Total	<u>1,100</u>	<u>1,261</u>	<u>(161)</u>
Consolidated wholesales (000)			
Japan	200	220	(20)
North America	273	348	(75)
Europe	240	293	(53)
China	15	17	(2)
Other	162	238	(76)
Total	<u>890</u>	<u>1,116</u>	<u>(226)</u>

KEY DATA

	FY2009			Change from FY2008		
	1st Half	2nd Half	Full Year	1st Half	2nd Half	Full Year
Global retail volume (000)						
Japan	96	104	200	(27)	8	(19)
North America	150	140	290	(50)	(7)	(57)
Europe	119	131	250	(60)	(12)	(72)
China	84	86	170	21	14	35
Other	94	96	190	(42)	(6)	(48)
Total	543	557	1,100	(158)	(3)	(161)
Consolidated wholesales (000)						
Japan	96	104	200	(25)	5	(20)
North America	113	160	273	(94)	19	(75)
Europe	106	134	240	(66)	13	(53)
China	7	8	15	(3)	1	(2)
Other	78	84	162	(60)	(16)	(76)
Total	400	490	890	(248)	22	(226)
Exchange rates						
Yen/US Dollar	95	95	95	(11)	0	(6)
Yen/Euro	125	125	125	(38)	0	(19)

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.

Please note that neither Mazda nor any third party providing information shall be responsible for any damage you may suffer due to investment in Mazda based on the information shown in this presentation.