



## 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 4<sup>th</sup> 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

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## FY2008 RESULTS

ZOOM-ZOOM

## 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)

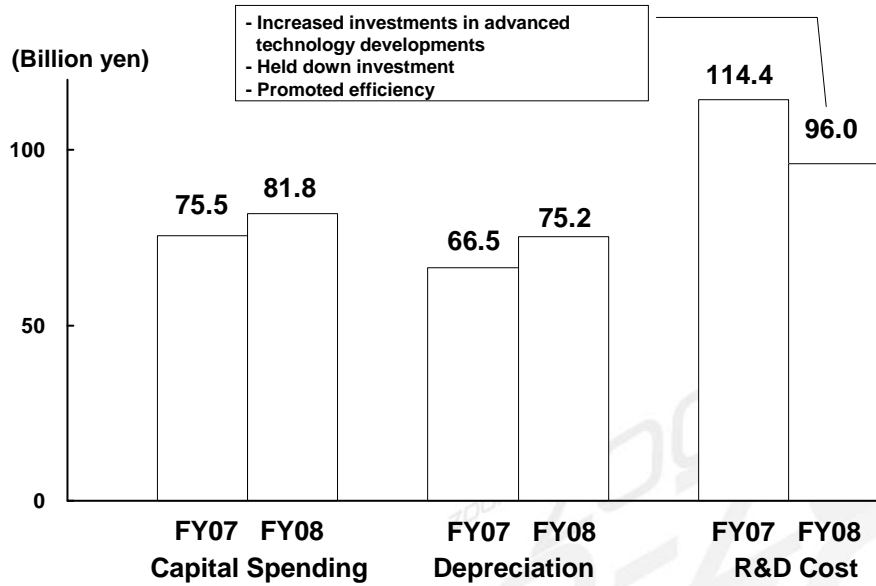
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## CASH FLOW AND NET DEBT

(Billion yen)	FY2008			FY2007	Better/(Worse) than FY2007
	1-3Q	4Q	Full Year	Full Year	
<b>Cash flow</b>					
- 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	-
<b>Cash and cash equivalents</b>	144.0	220.7	220.7	223.9	(3.2)
<b>Net debt</b>	569.6	532.6	532.6	281.1	(251.5)
<b>Net debt-to-equity ratio</b>	109 %	129 %	129 %	51 %	(78) Pts
<b>Dividend (Yen/Share)</b>	3	0	3	6	(3)

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## KEY DATA



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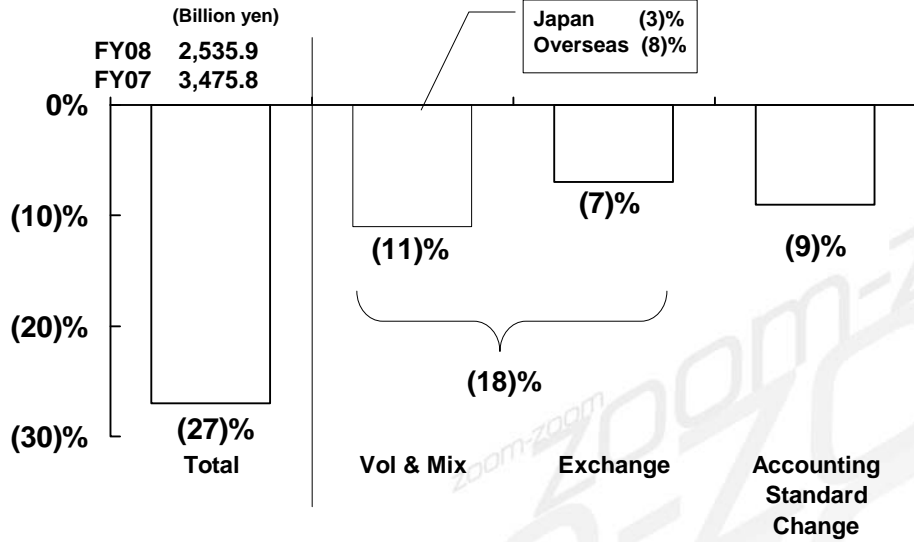
## KEY DATA

	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)

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## REVENUE CHANGE

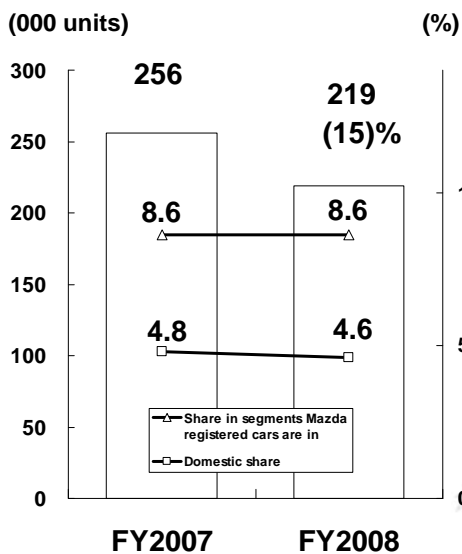
### FY2008 Compared With FY2007



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## JAPAN

### Sales Volume & Share

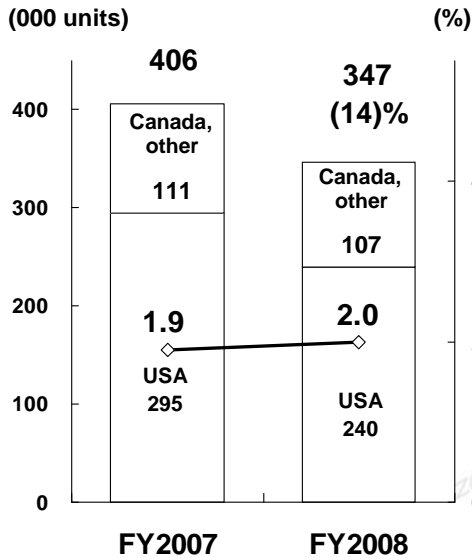


- Sales were down 15% due to a reduction in industry demand for registration vehicles
- Introduced new Biante mini-van
- Enhanced sales activities focusing on brand value improvement and profitability
- Maintained market share in segments where Mazda registered passenger cars have entered

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## NORTH AMERICA

### Sales Volume & US Share



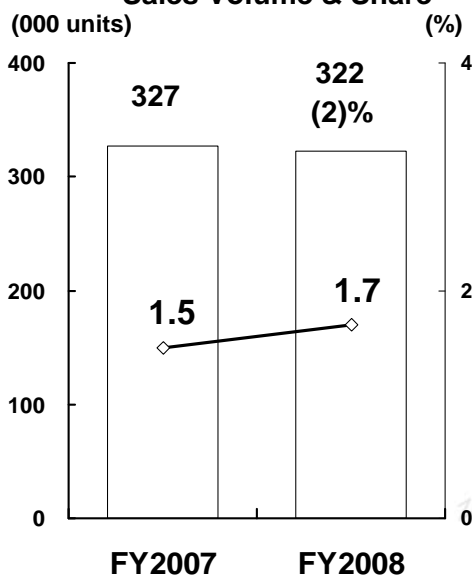
New Mazdaspeed3

- ➔ 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

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## EUROPE

### Sales Volume & Share

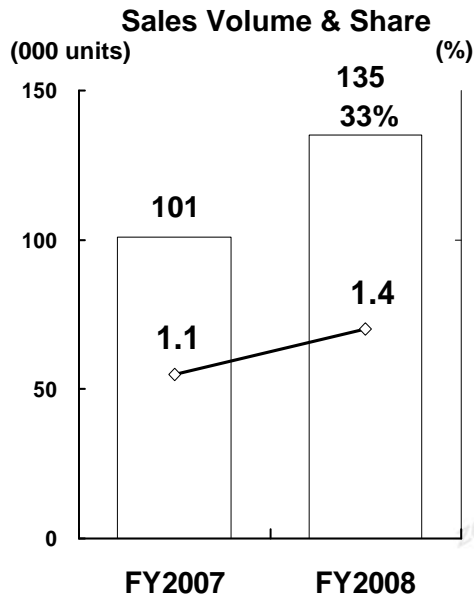


New Mazda3 with i-stop

- ➔ 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

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## CHINA

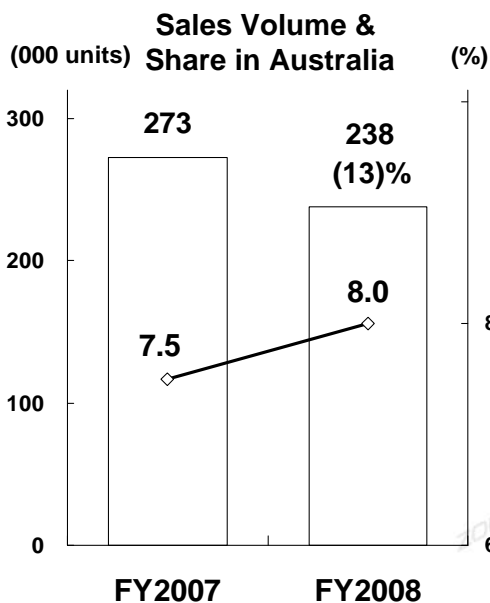


New Mazda6 Ruiyi

- 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

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## OTHER MARKETS



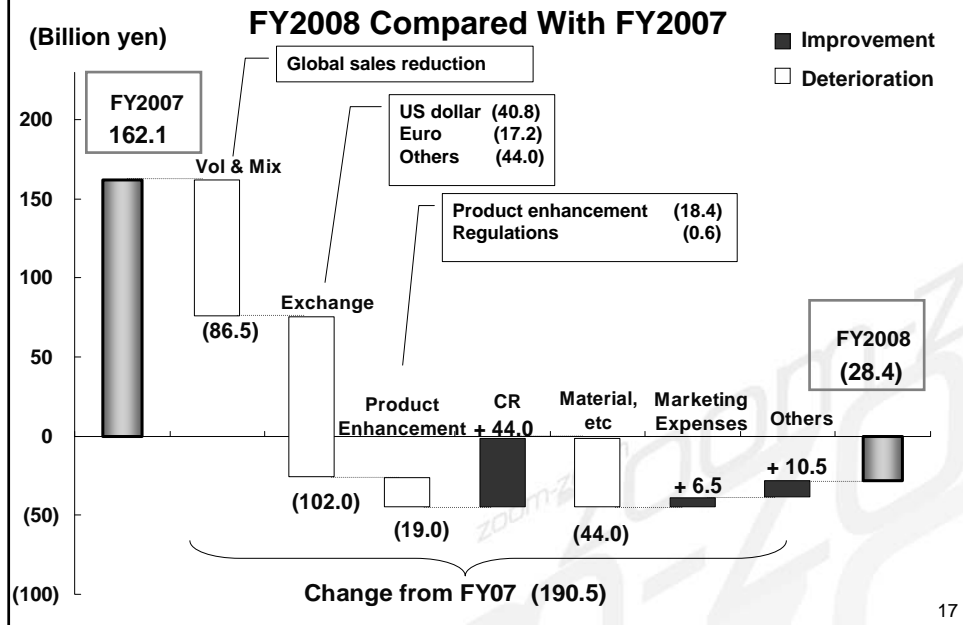
Mazda2

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

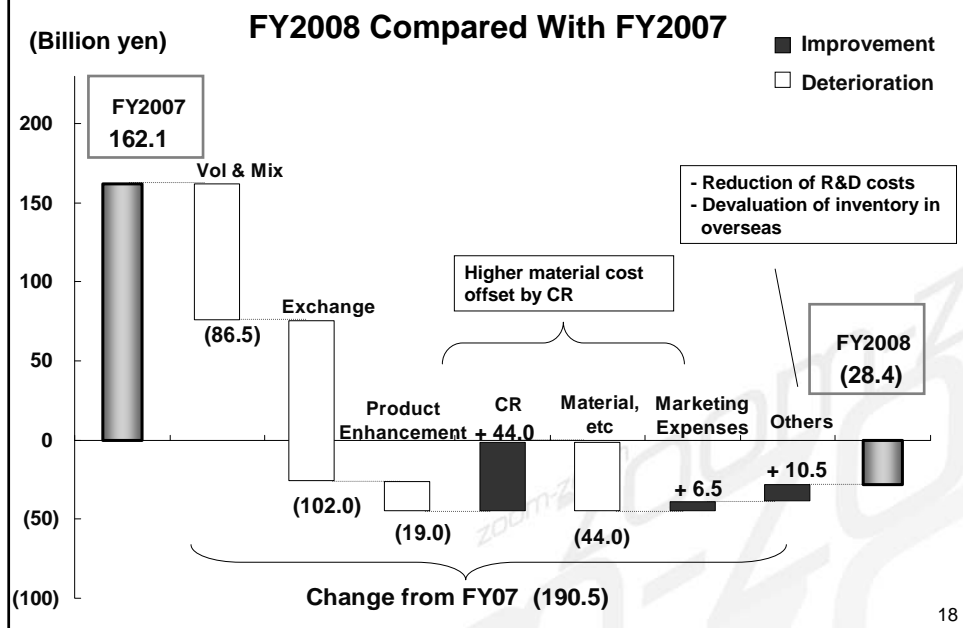
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## OPERATING PROFIT CHANGE



## OPERATING PROFIT CHANGE



## BREAKDOWN OF NON-OPERATING AND EXTRAORDINARY PROFIT/LOSS

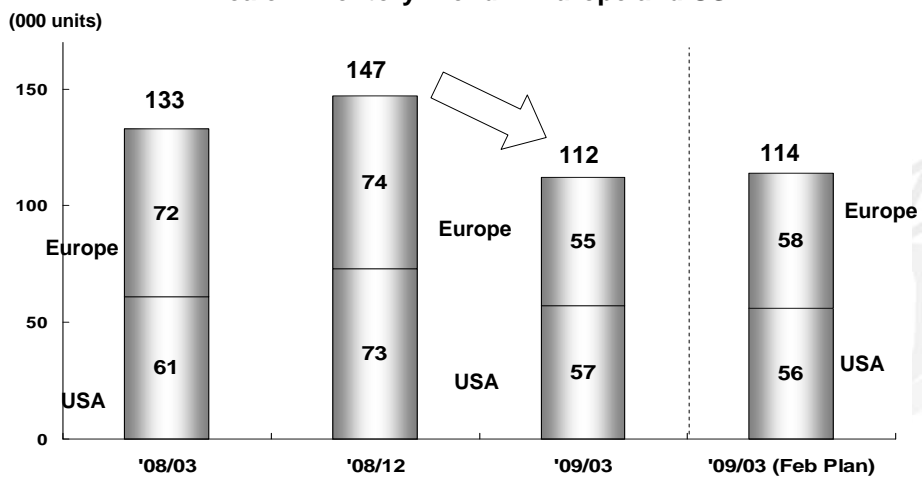
(Billion yen)	FY2008 Results	
Operating profit	(28.4)	<b>Main items</b> Exchange gain 29.1 Interest paid (14.2)
Non-operating profit/(expense)	9.7	
Ordinary profit	(18.7)	<b>Main item</b> Impairment loss (28.3)
Extraordinary profit/(loss)	(32.6)	
Profit before tax	(51.3)	<b>Main item</b> Release of deferred tax asset at overseas subsidiaries (17.1)
Corporate tax	(20.2)	
Net income	(71.5)	

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## EMERGENCY MEASURES – INVENTORY ADJUSTMENT

### Inventory reduced more than planned

Dealer Inventory Trend in Europe and USA



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## **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 acclaims of new generation products and effects of brand strategies**

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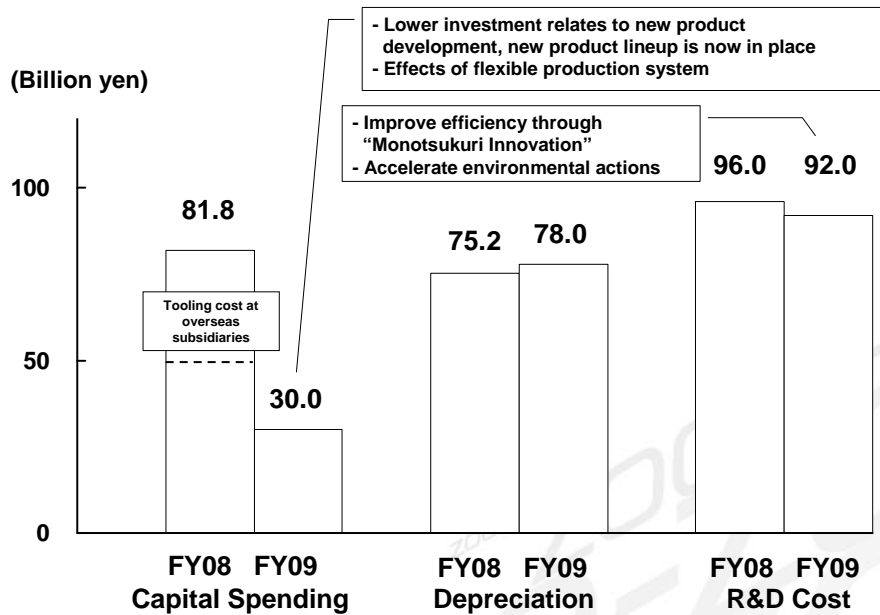
## **FY2009 FORECAST**

## 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

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## KEY DATA



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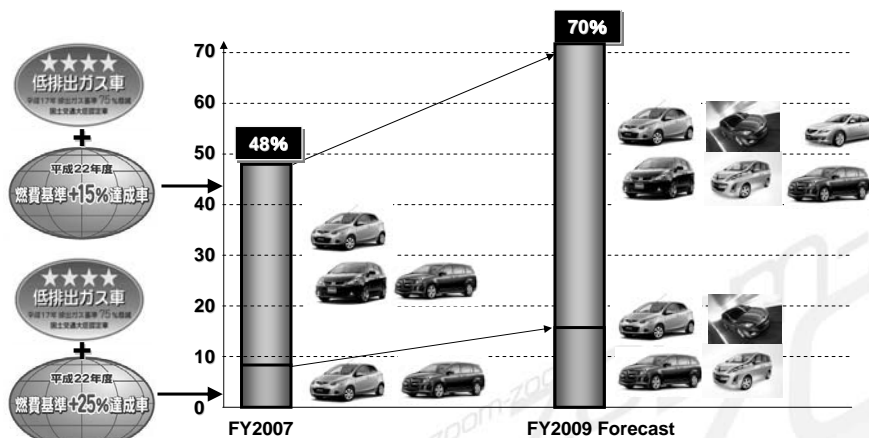
## KEY DATA

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

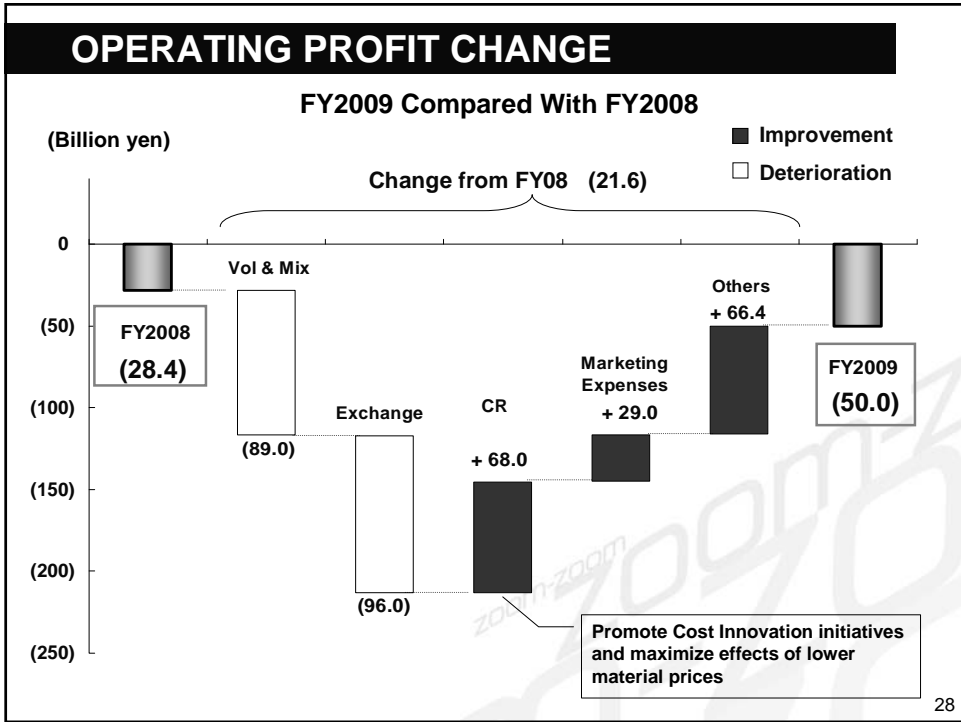
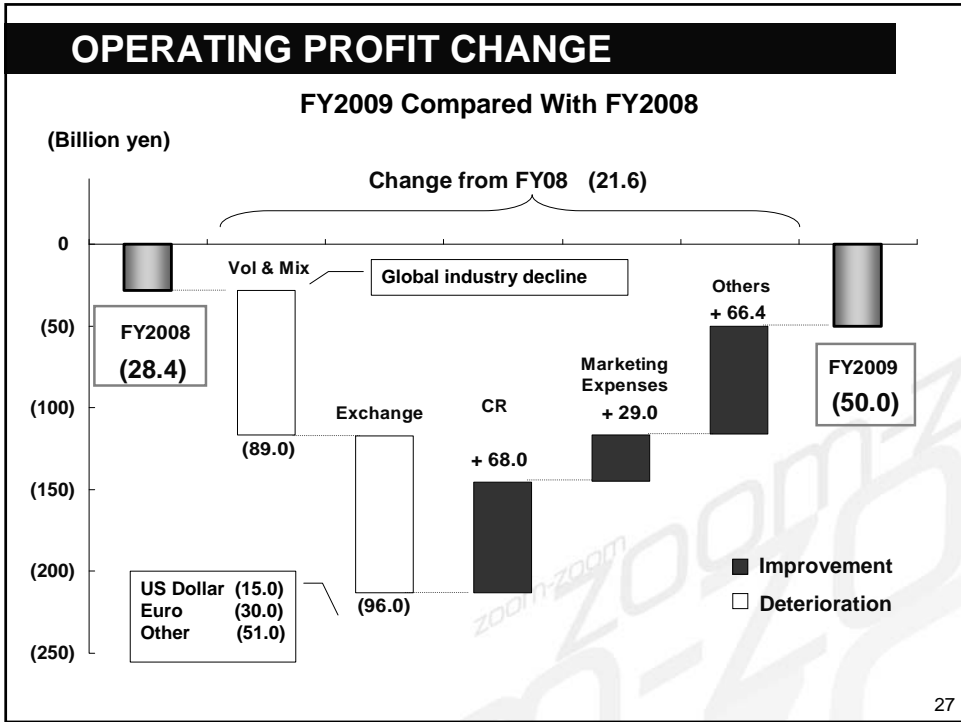
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## RATIO OF MAZDA VEHICLES MEETING JAPANESE TAX INCENTIVE REGULATIONS

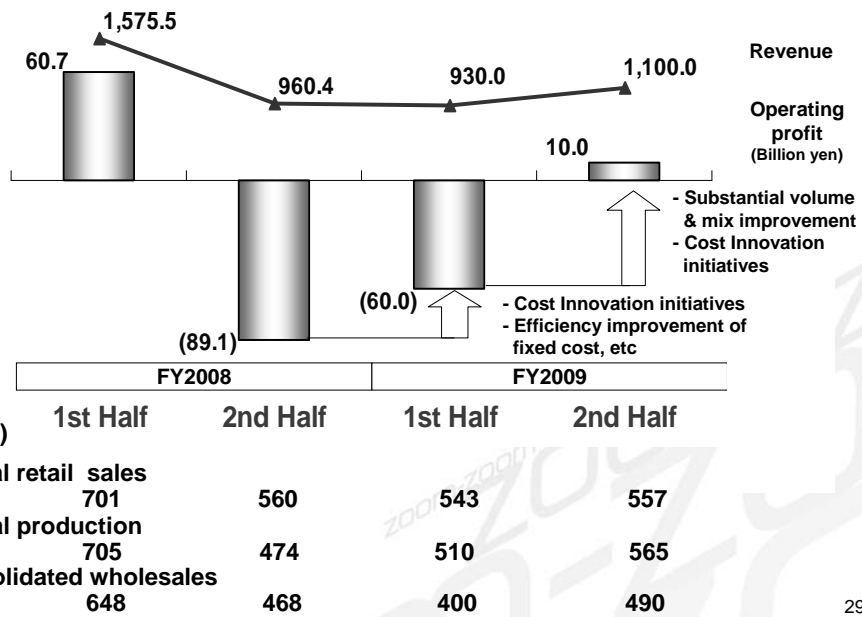
Ratio of Mazda vehicles meeting Japanese tax incentive regulations among registered passenger cars



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



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**TO TURNAROUND TO BE PROFITABLE IN SECOND HALF OF FY2009 (2)**

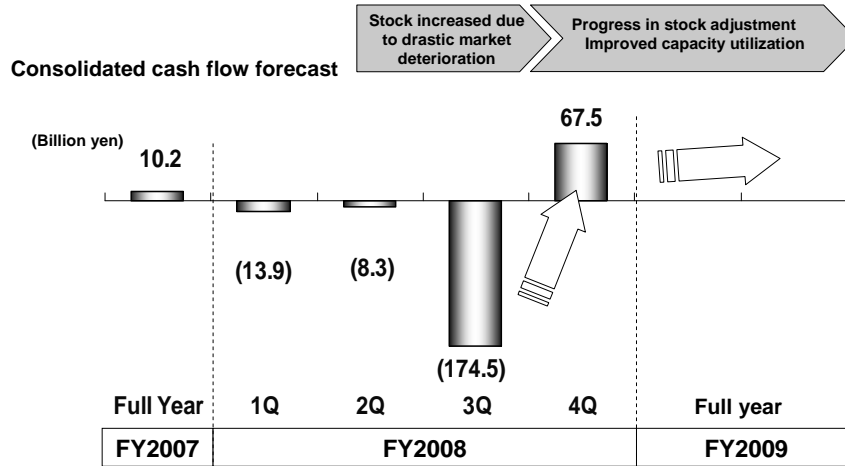
➤ **Overview of actions**

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

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## CASH FLOW

Focus on achieving positive cash flow in FY2009



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**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**

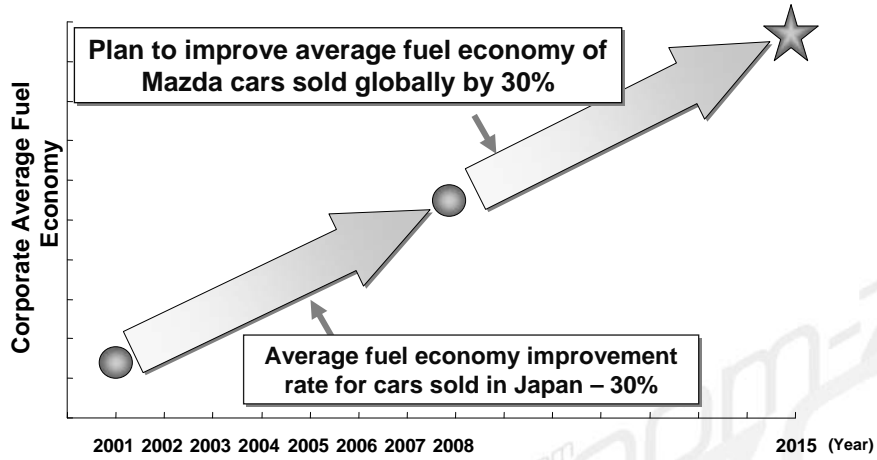
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## **INITIATIVES FOR THE FUTURE – KEY THEME**

- ➔ **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**

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## INITIATIVES FOR THE FUTURE - ENVIRONMENT (1)

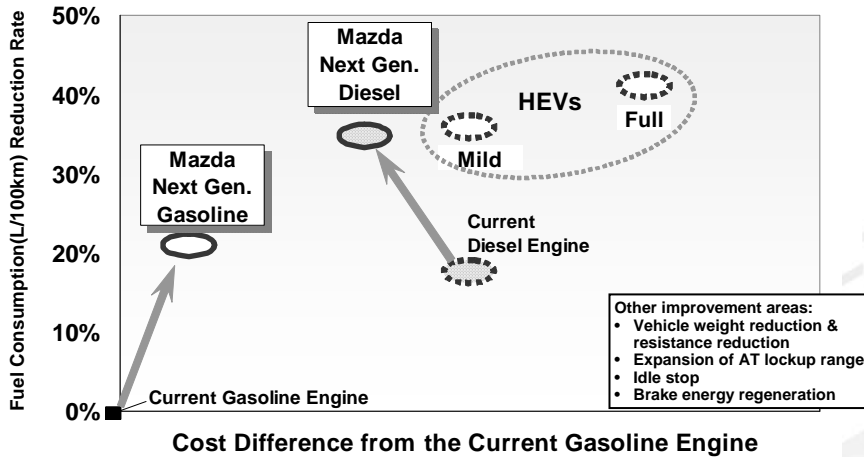


Through development of significantly-efficient new generation powertrains and light-weight next generation platforms, Mazda will reduce corporate average fuel economy by 30%

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## INITIATIVES FOR THE FUTURE - ENVIRONMENT (2)

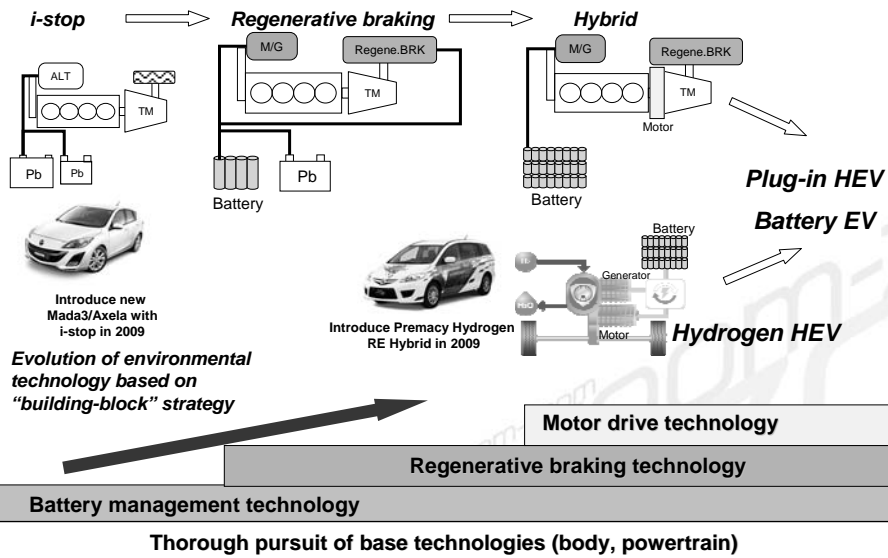
Targeted level for units after 2011



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## INITIATIVES FOR THE FUTURE - ENVIRONMENT (3)

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



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## 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	Changes versus prior year		
	→ 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

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## IN SUMMARY – BRAND

More than 500 awards since the 2002 Mazda6

World Car of the Year

North American Truck of the Year

2009 New Mazda3

Japan Car of the Year

2007 New Mazda2

2007 New Mazda2 CX-9

2006 MPV, CX-7

2006 MX-5

2005 Mazda5

2008 New Mazda6, Biate

2004 Mazda3

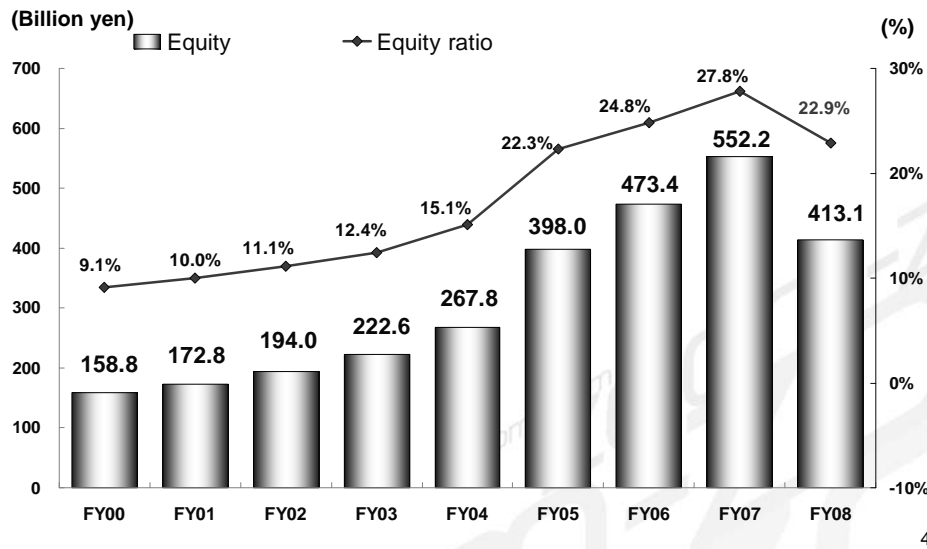
2003 RX-8, Mazda2

2002 Mazda6

- MZR series petrol engines
- MZR-CD series, Mazda's own clean diesel engines
- RENESIS new rotary engine
- Mazda Demio with Miller-cycle engine
- World's first hydrogen-fueled rotary engine car, the RX-8 Hydrogen RE

## IN SUMMARY – FINANCIAL STATUS

### Financial structure is improving steadily



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## 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 2<sup>nd</sup> 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

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**mazda**

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mazda

## APPENDIX

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## FY2008 4th QUARTER FINANCIAL METRICS

(Billion yen)	4th Quarter		Change	
	FY2008	FY2007	Amount	Pct.
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	-

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## KEY DATA

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

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## KEY DATA

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

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## KEY DATA

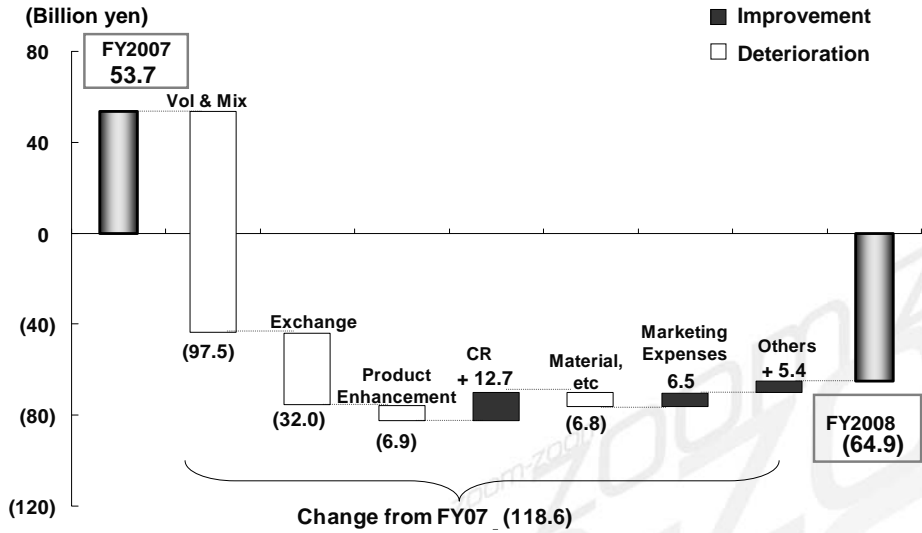
	Full Year		
	FY2007	FY2008	FY2009
	<u>Result</u>	<u>Result</u>	<u>Plan</u>
<b>Share in key markets (%)</b>			
Japan	4.8	4.6	4.5
USA	1.9	2.0	2.1
Canada	5.2	5.2	5.2
Europe	1.5	1.7	1.6
China	1.1	1.4	1.8
Australia	7.5	8.0	8.2

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## OPERATING PROFIT CHANGE

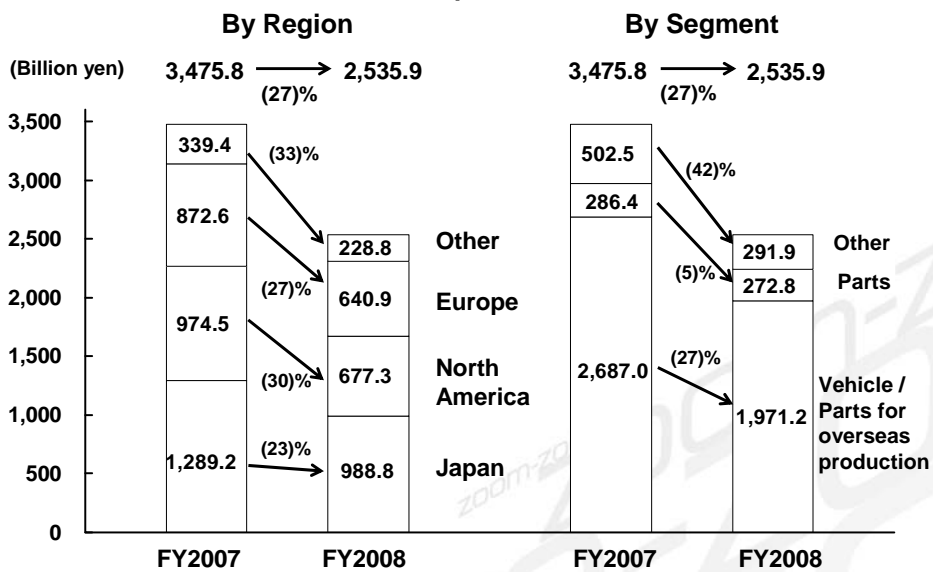
FY2008 Fourth Quarter Compared With FY2007 Fourth Quarter



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## REVENUE BY REGION AND BY SEGMENT

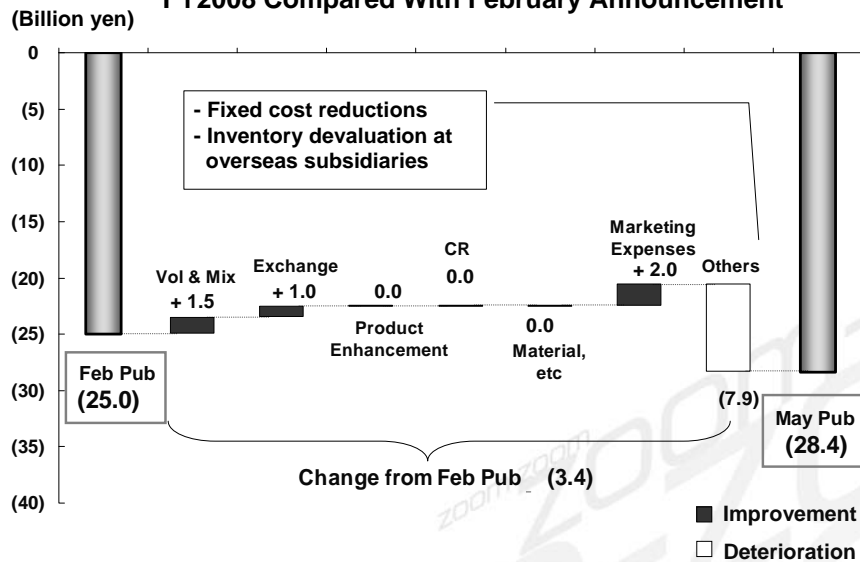
FY2008 Compared With FY2007



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## OPERATING PROFIT CHANGE

### FY2008 Compared With February Announcement



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## KEY DATA

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

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## KEY DATA

	FY2009			Change from FY2008		
	1st Half	2nd Half	Full Year	1st Half	2nd Half	Full Year
<b>Global retail volume (000)</b>						
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)
<b>Total</b>	<b>543</b>	<b>557</b>	<b>1,100</b>	<b>(158)</b>	<b>(3)</b>	<b>(161)</b>
<b>Consolidated wholesales (000)</b>						
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)
<b>Total</b>	<b>400</b>	<b>490</b>	<b>890</b>	<b>(248)</b>	<b>22</b>	<b>(226)</b>
<b>Exchange rates</b>						
Yen/US Dollar	95	95	95	(11)	0	(6)
Yen/Euro	125	125	125	(38)	0	(19)

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## 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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