



MAZDA MOTOR CORPORATION

**FY2004 FIRST HALF RESULTS
FY2004 FULL YEAR PROJECTIONS
MID-TERM PLAN**

November 9, 2004

INTRODUCTION

◆ FY2004 First Half

- Operating Profit up 53% from Prior Year

◆ FY2004 Full Year

- Operating Profit Outlook Raised to All-Time Record

◆ Mid-Term Plan “Mazda Momentum”

FY2004 FIRST HALF RESULTS

FIRST HALF FINANCIAL METRICS

(Billion yen)	First Half		Change	
	<u>FY2004</u>	<u>FY2003</u>	<u>Amount</u>	<u>Pct.</u>
Operating Profit	43.5	28.4	15.1	53 %
Ordinary Profit	36.9	19.0	17.9	94 %
Profit Before Tax	33.5	15.4	18.1	118 %
Net Income	18.7	11.2	7.5	68 %
Return on Sales	1.4%	0.9%	0.5 Pts	-
EPS (Yen/Share)	15.4	9.2	6.2	68 %

CASH FLOW & NET DEBT

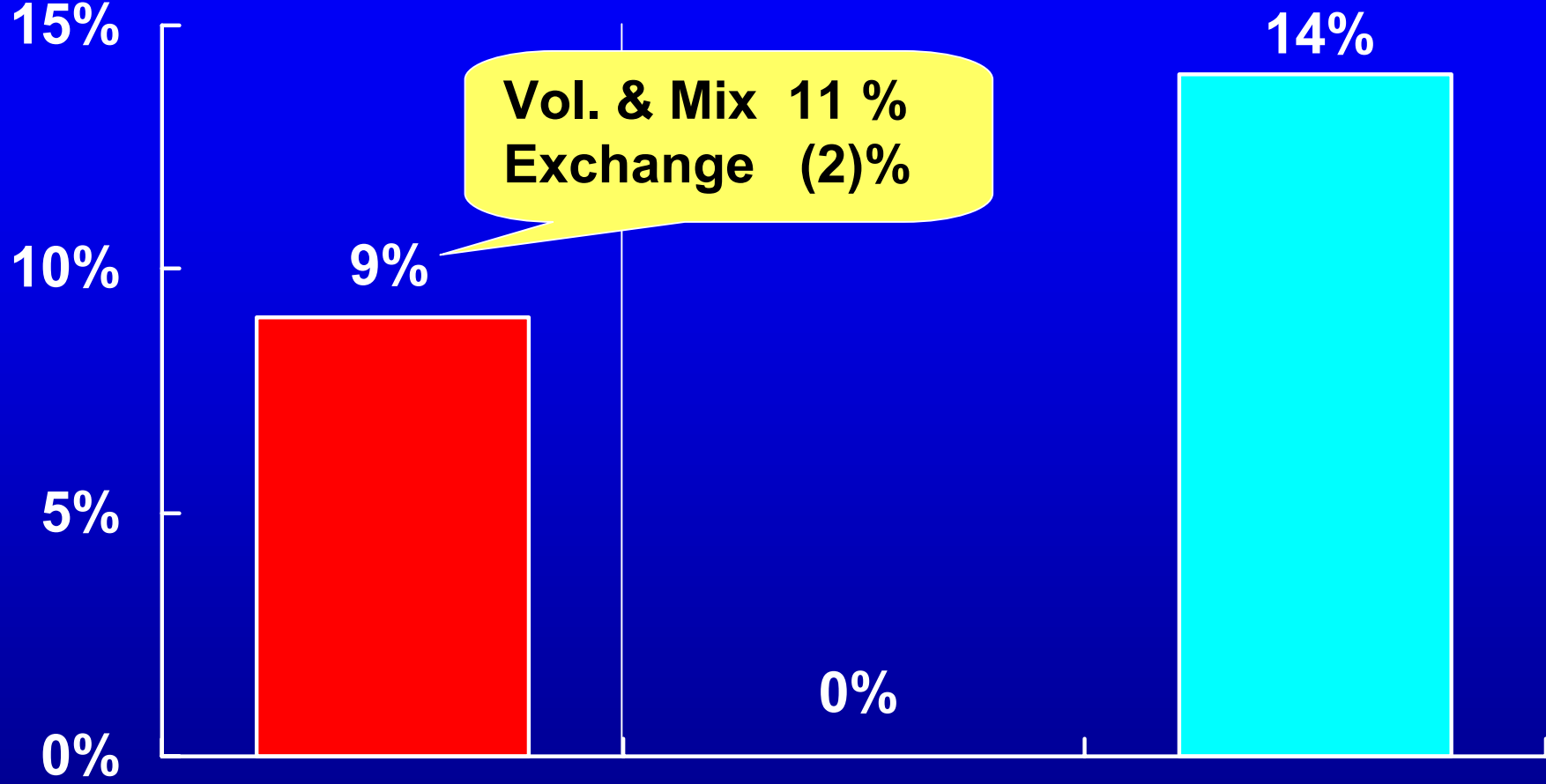
(Billion yen)	<u>FY2004 First Half</u>	<u>FY2003 Full Year</u>	<u>B/(W) Prior Year End</u>
Cash Flow	(14.0)	49.1	-
Net Debt	363.3	358.1	(5.2)
Net Debt-to-Equity	151%	161%	10 Pts
Capital Spending	27.8	45.6	-

KEY ASSUMPTIONS

	First Half		<u>Change</u>
	<u>FY2004</u>	<u>FY2003</u>	
<u>WHOLESALES (000)</u>			
Consolidated	530	526	1 %
<u>REVENUE (¥Bils.)</u>			
	1,320.6	1,209.5	9 %
<u>EXCHANGE RATES</u>			
Yen / U.S. Dollar	110	118	¥ (8)
Yen / Euro	133	134	¥ (1)

REVENUE CHANGES BY DESTINATION

FY2004 First Half Compared with FY2003 First Half



(Billion yen)	Total	Domestic	Overseas
FY04 1H	1,320.6	411.5	909.1
FY03 1H	1,209.5	409.6	799.9



JAPAN

	First Half		
	<u>FY2004</u>	<u>FY2003</u>	<u>Change</u>
Retail Volume (000)	135	134	1 %
Market Share	5.0 %	4.9 %	0.1 Pts

Successful Introduction of VERISA



UNITED STATES

	First Half		
	<u>FY2004</u>	<u>FY2003</u>	<u>Change</u>
Retail Volume (000)	140	144	(3) %
Market Share	1.6 %	1.6 %	0.0 Pts

Strong Mazda3 Demand



EUROPE

	First Half		
	<u>FY2004</u>	<u>FY2003</u>	<u>Change</u>
Retail Volume (000)	143	119	20 %
Market Share	1.6 %	1.4 %	0.2 Pts

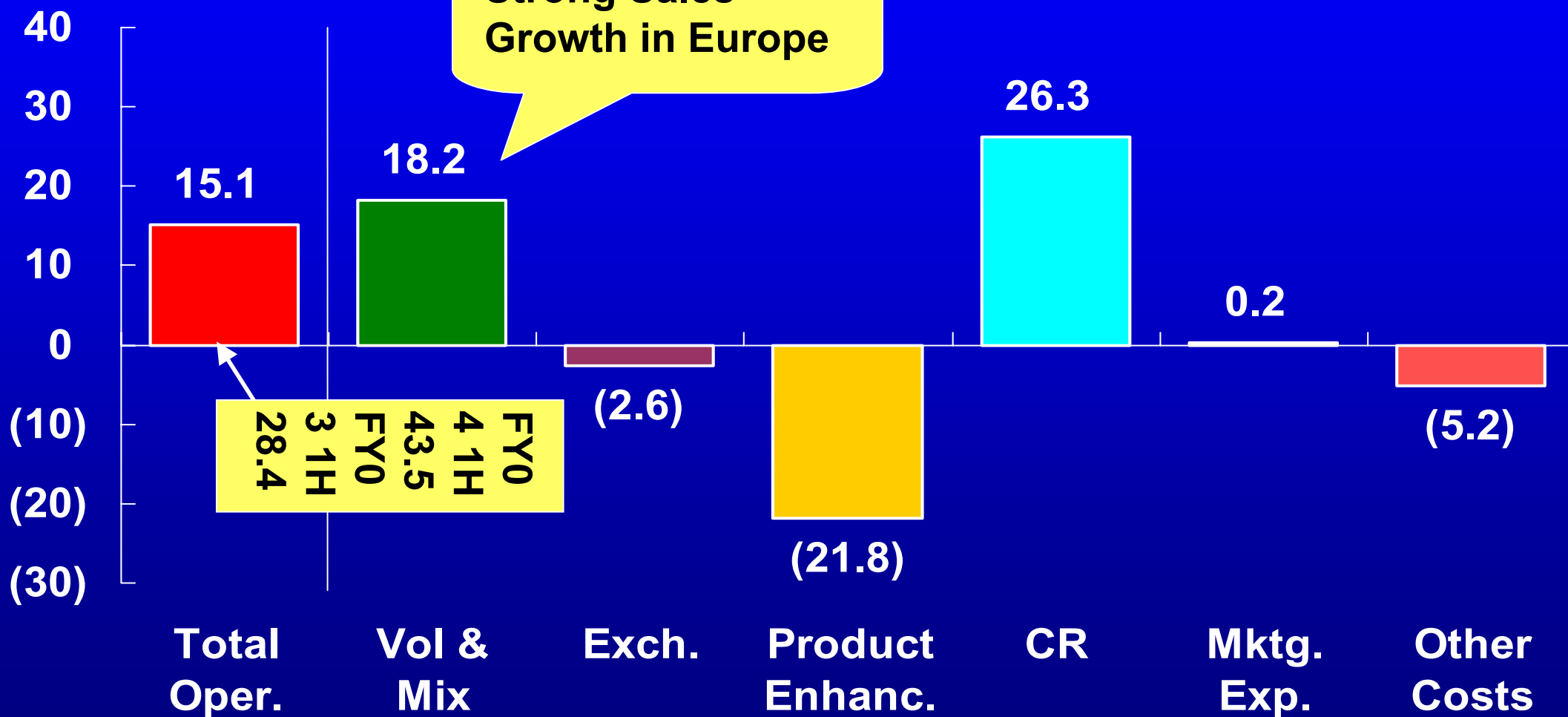
Record Sales in Four Countries



OPERATING PROFIT CHANGES

FY2004 First Half Compared with FY2003 First Half

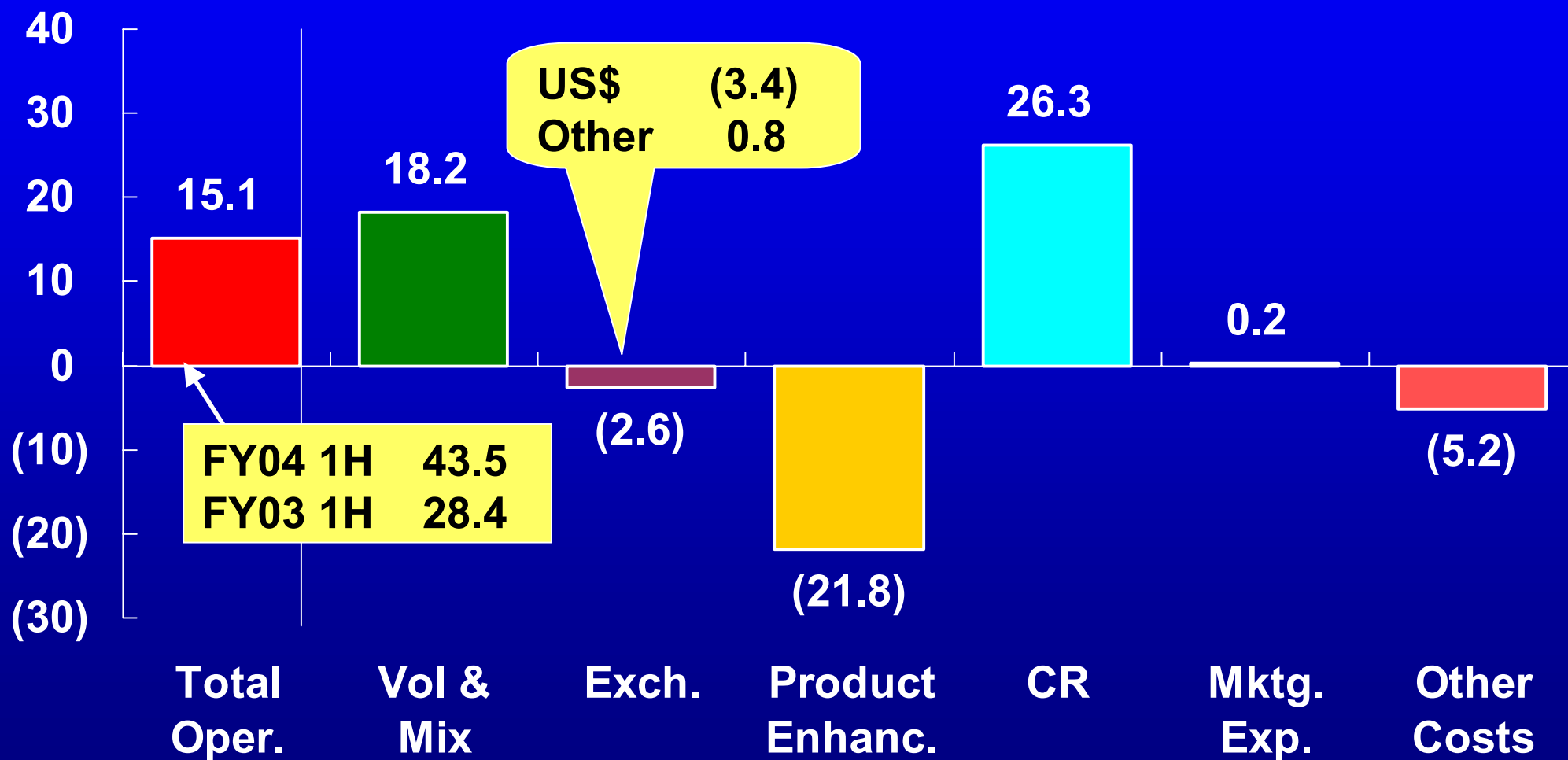
Billion yen



OPERATING PROFIT CHANGES

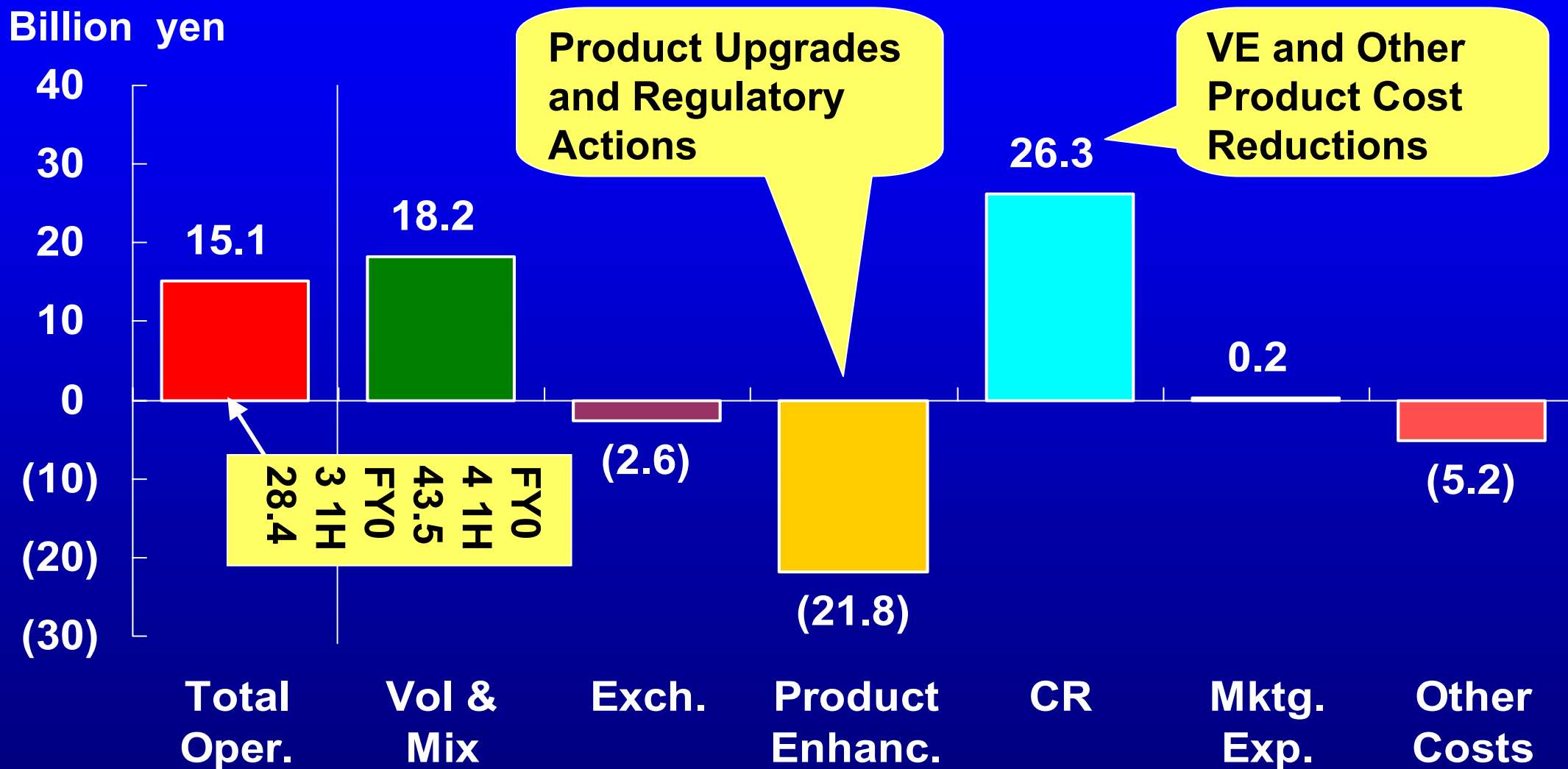
FY2004 First Half Compared with FY2003 First Half

Billion yen



OPERATING PROFIT CHANGES

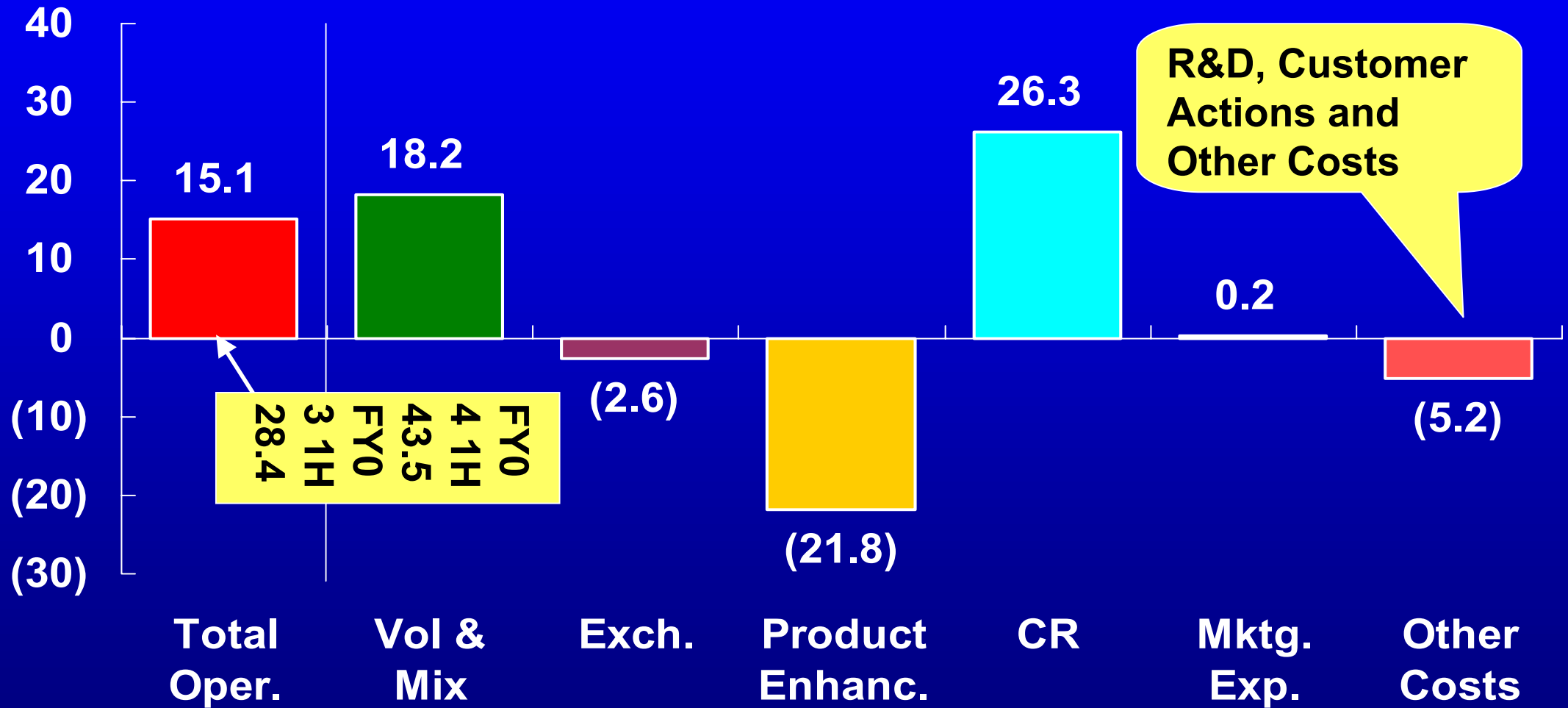
FY2004 First Half Compared with FY2003 First Half



OPERATING PROFIT CHANGES

FY2004 First Half Compared with FY2003 First Half

Billion yen



FY2004 FULL YEAR PROJECTIONS

FY2004 FINANCIAL METRICS

(Billion yen)	Full Year		Change	
	FY2004	FY2003	Amount	Pct.
Operating Profit	78.0	70.2	7.8	11 %
Ordinary Profit	74.0	58.0	16.0	28 %
Profit Before Tax	66.0	54.1	11.9	22 %
Net Income	37.0	33.9	3.1	9 %
Return on Sales	1.4%	1.2%	0.2 Pts	-
EPS (Yen/Share)	30.4	27.8	2.6	9 %

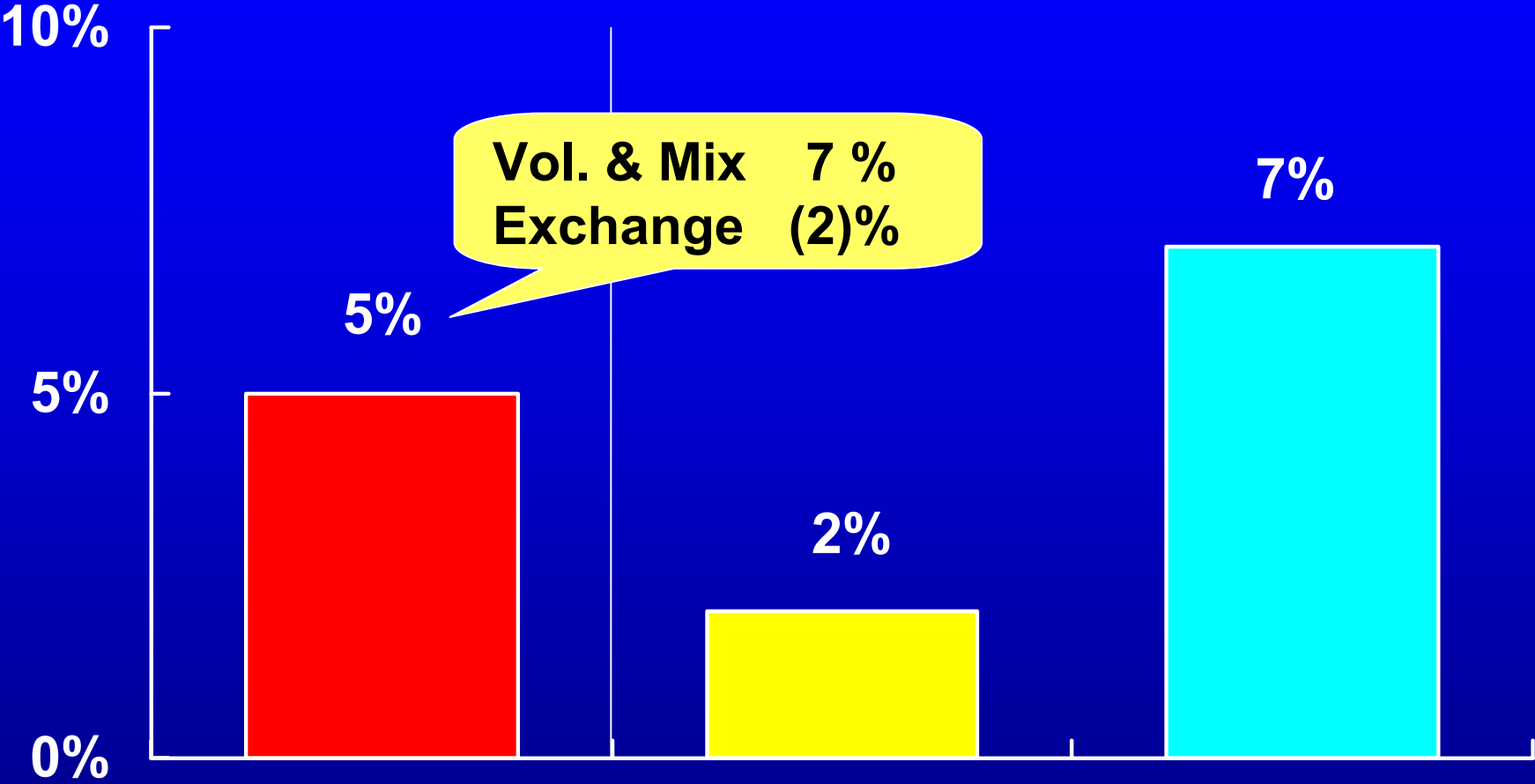
KEY ASSUMPTIONS

	Full Year		Change
	FY2004	FY2003	
<u>WHOLESALES (000)</u>			
Consolidated	1,130	1,076 *	5 %
<u>REVENUE (¥Bils.)</u>			
	2,710.0	2,574.7 *	5 %
<u>EXCHANGE RATES</u>			
Yen / U.S. Dollar	107	113	¥ (6)
Yen / Euro	132	133	¥ (1)

* Restated on a 12-month Basis

REVENUE CHANGES BY DESTINATION

FY2004 Full Year Compared with FY2003 Full Year



(Billion yen)	Total	Domestic	Overseas
FY04	2,710.0	860.0	1,850.0
FY03	2,574.7	846.2	1,728.5



JAPAN

	Full Year		
	<u>FY2004</u>	<u>FY2003</u>	<u>Change</u>
Retail Volume (000)	290	279	4 %
Market Share	5.0 %	4.7 %	0.3 Pts

VERISA and New PREMACY Introduction



UNITED STATES

	Full Year		
	<u>FY2004</u>	<u>FY2003</u>	<u>Change</u>
Retail Volume (000)	275	273	1 %
Market Share	1.7 %	1.6 %	0.1 Pts

Accelerate Key Market Actions



EUROPE

	Full Year		
	<u>FY2004</u>	<u>FY2003</u>	<u>Change</u>
Retail Volume (000)	285	250	14 %
Market Share	1.6 %	1.4 %	0.2 Pts

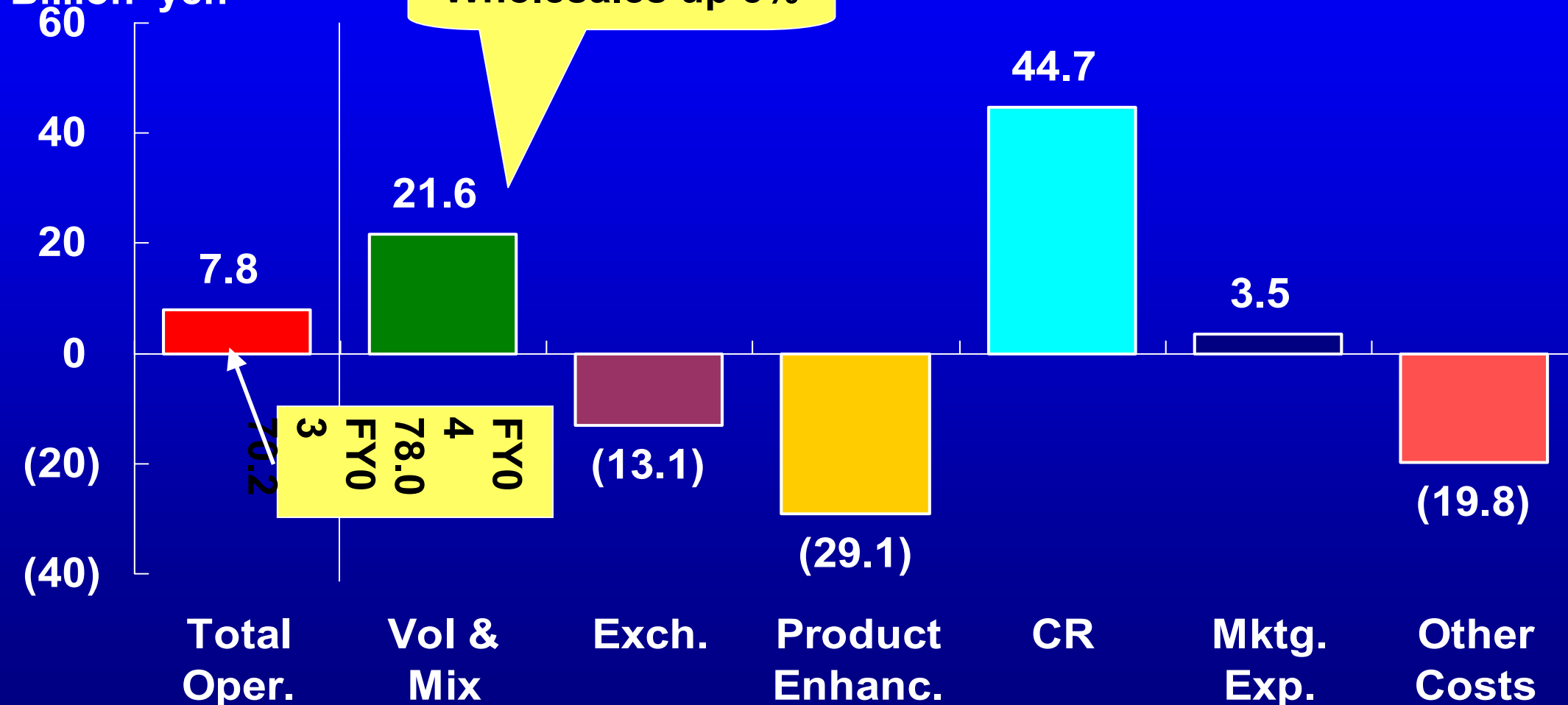
Continued Strong Momentum



OPERATING PROFIT CHANGES

FY2004 Full Year Compared with FY2003 Full Year

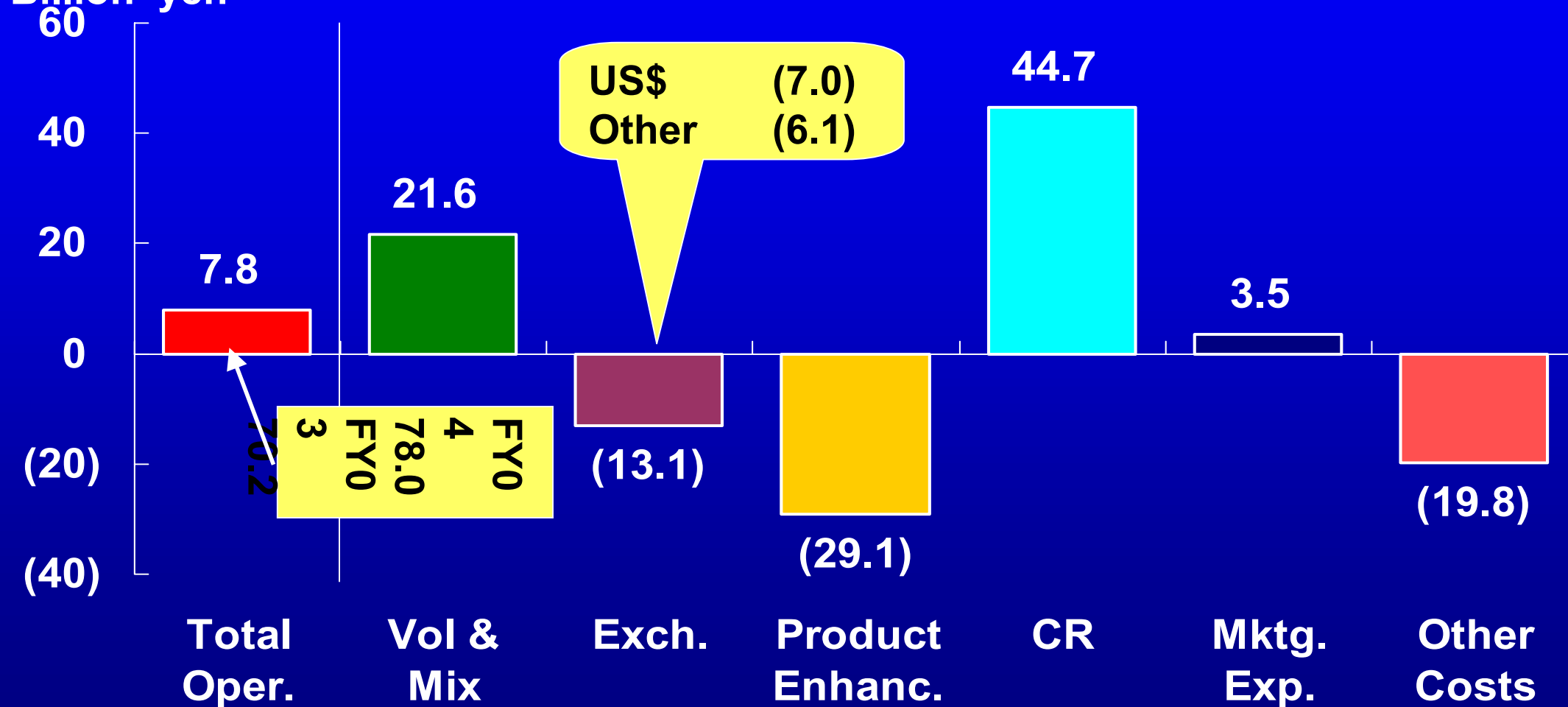
Billion yen



OPERATING PROFIT CHANGES

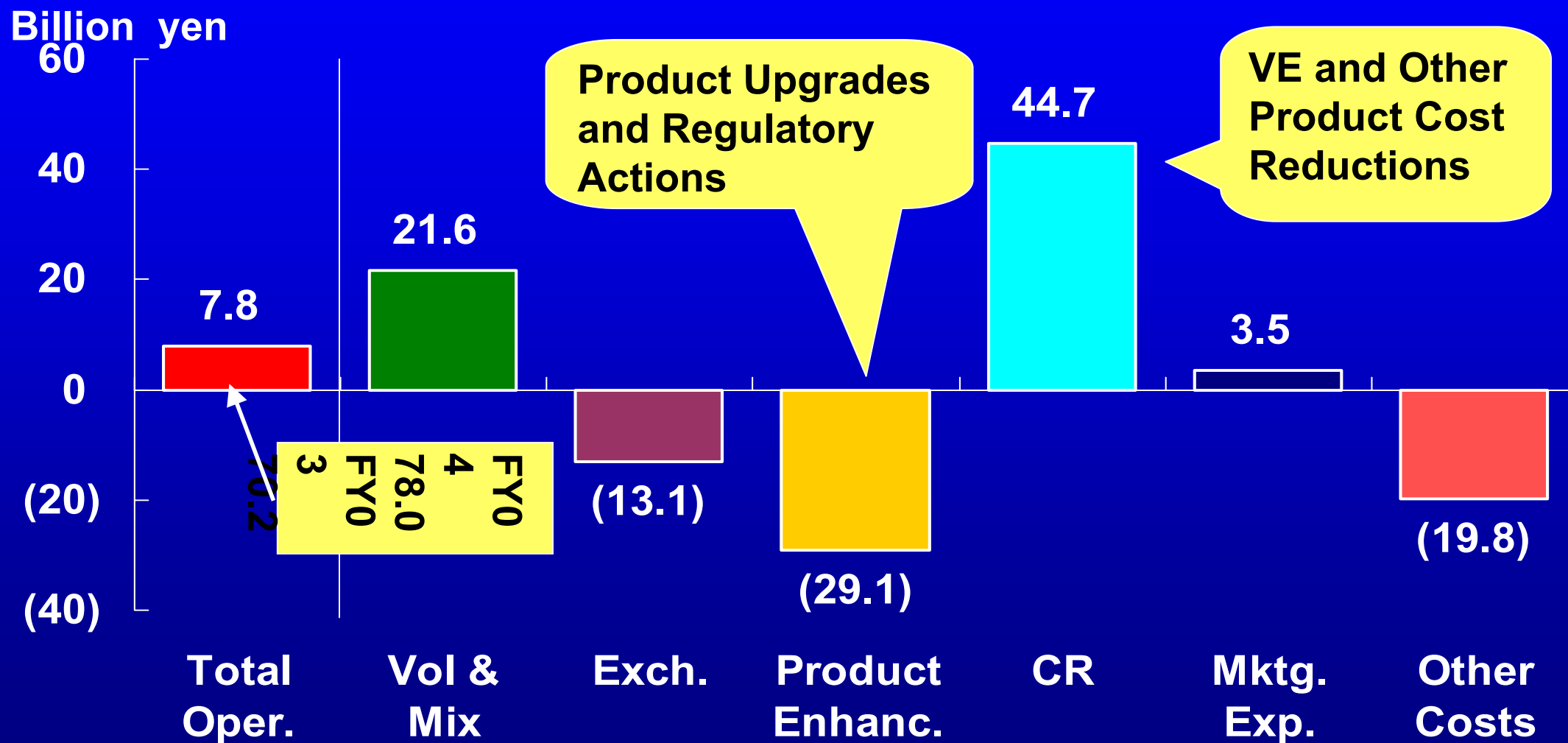
FY2004 Full Year Compared with FY2003 Full Year

Billion yen



OPERATING PROFIT CHANGES

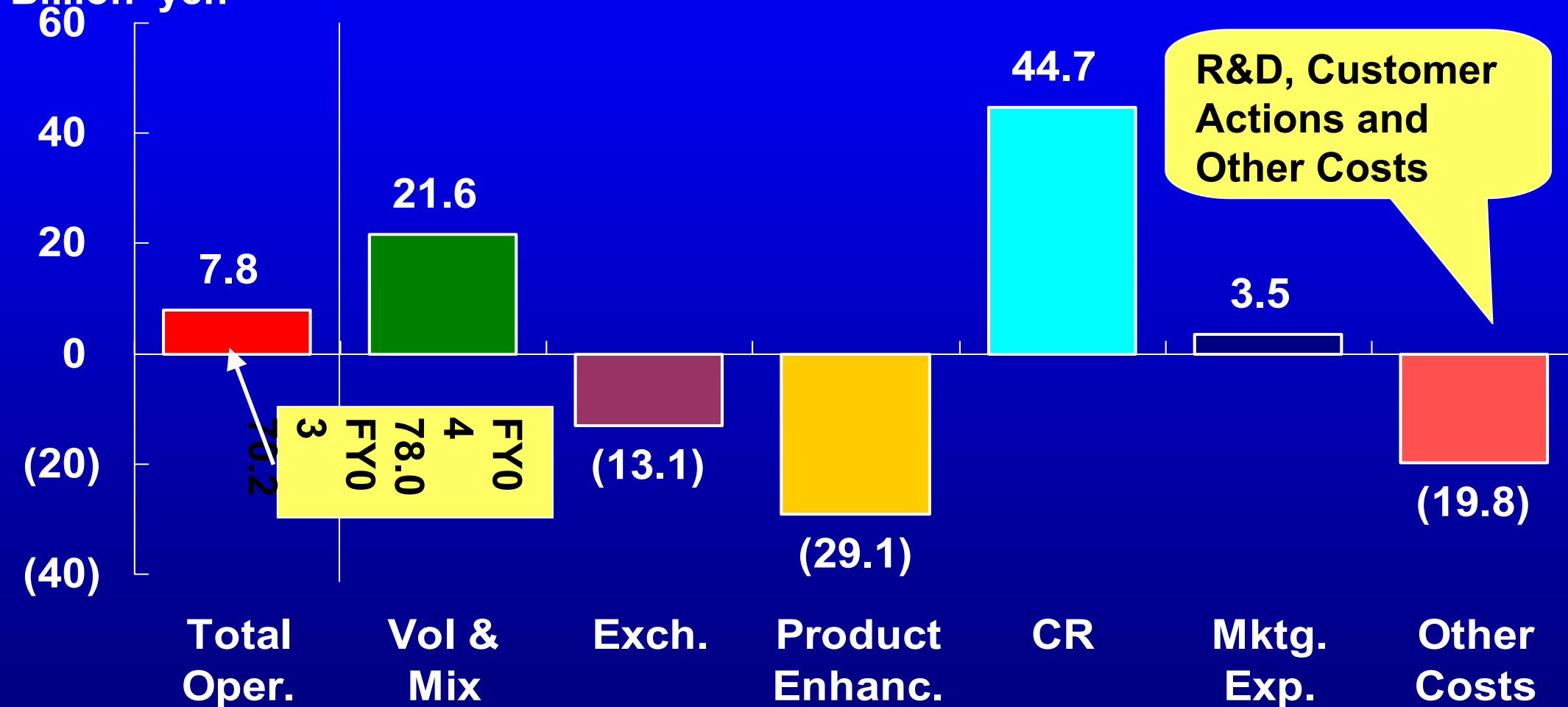
FY2004 Full Year Compared with FY2003 Full Year



OPERATING PROFIT CHANGES

FY2004 Full Year Compared with FY2003 Full Year

Billion yen



IN SUM

◆ FY2004 FIRST HALF

- Operating Profit up 53% from Prior Year
- Strong Sales in Europe and China
- Reopened Ujina No.2

◆ FY2004 FULL YEAR

- Operating Profit Outlook Raised to All-Time Record
- Further Product Led Growth
- ABC Cost Reduction Initiative Successful



MAZDA MOMENTUM

MID-TERM PLAN

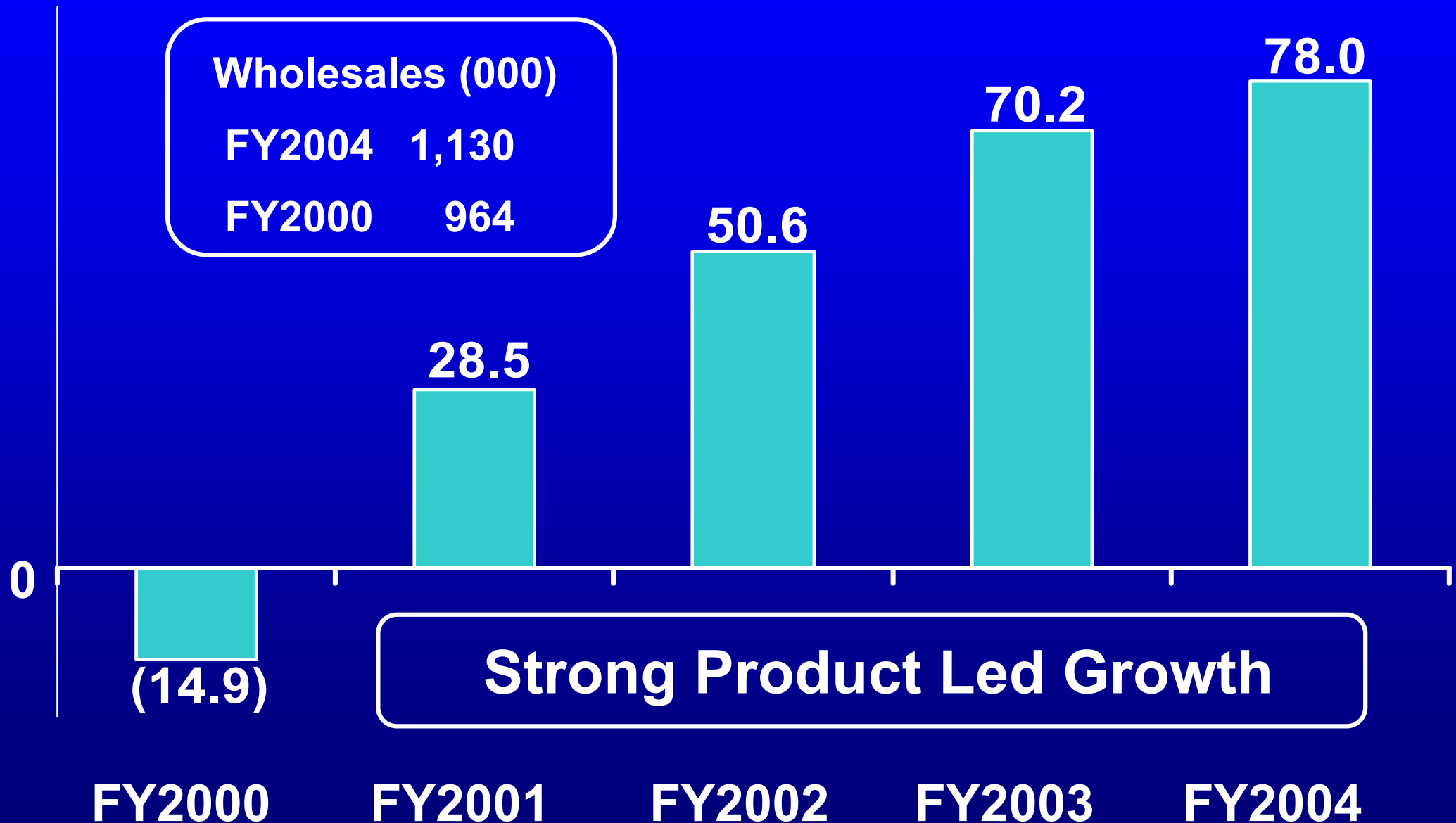
OUTLINE

- ◆ Millennium Plan Status
- ◆ Long-Term Vision
- ◆ Mid-Term Plan
 - Commitments
 - Key Measures
- ◆ Close

MILLENNIUM PLAN STATUS

GROWTH – OPERATING PROFIT

Billion yen

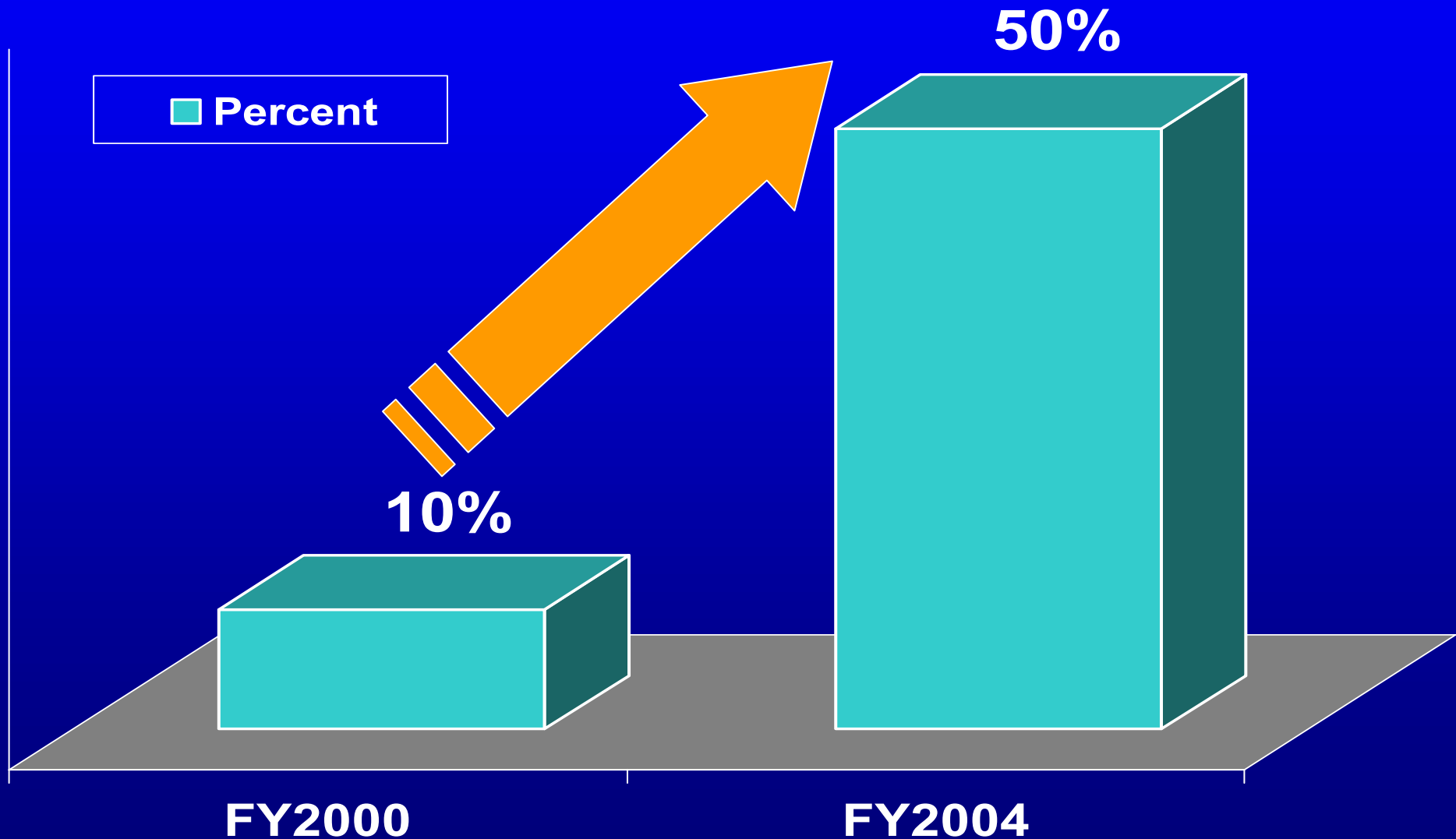


REFORM & RESTRUCTURING

- ◆ Re-balancing of Production Capacity
- ◆ Reorganization of Subsidiaries
- ◆ ABC Cost Improvement Initiative

FORD SYNERGIES

Joint Programs Share of Sales



PEOPLE

◆ Corporate Culture Change

- Business Leadership Programs
- □ 360° Peer Reviews

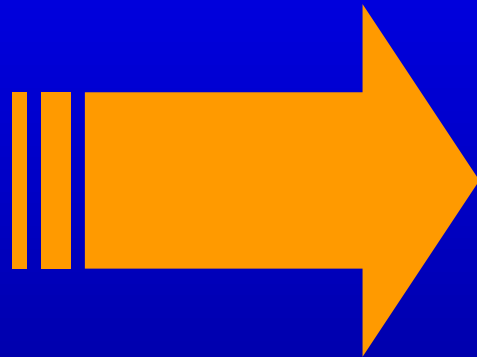
◆ People Development

- Personnel Development Committees
- Diversity Initiatives

◆ Employee Benefit Improvement

- New Compensation System
- Work-Life Balance

NEXT PHASE



Mazda Momentum

LONG-TERM VISION

LONG-TERM VISION

An automotive company that is respected and trusted by customers and stakeholders which:

- Delights customers by providing leading-edge products and services with unique Mazda creativity reflecting Japanese heritage
- Has a scale enabling global competitiveness

Stakeholder Value

Brand

Product &
Tech.

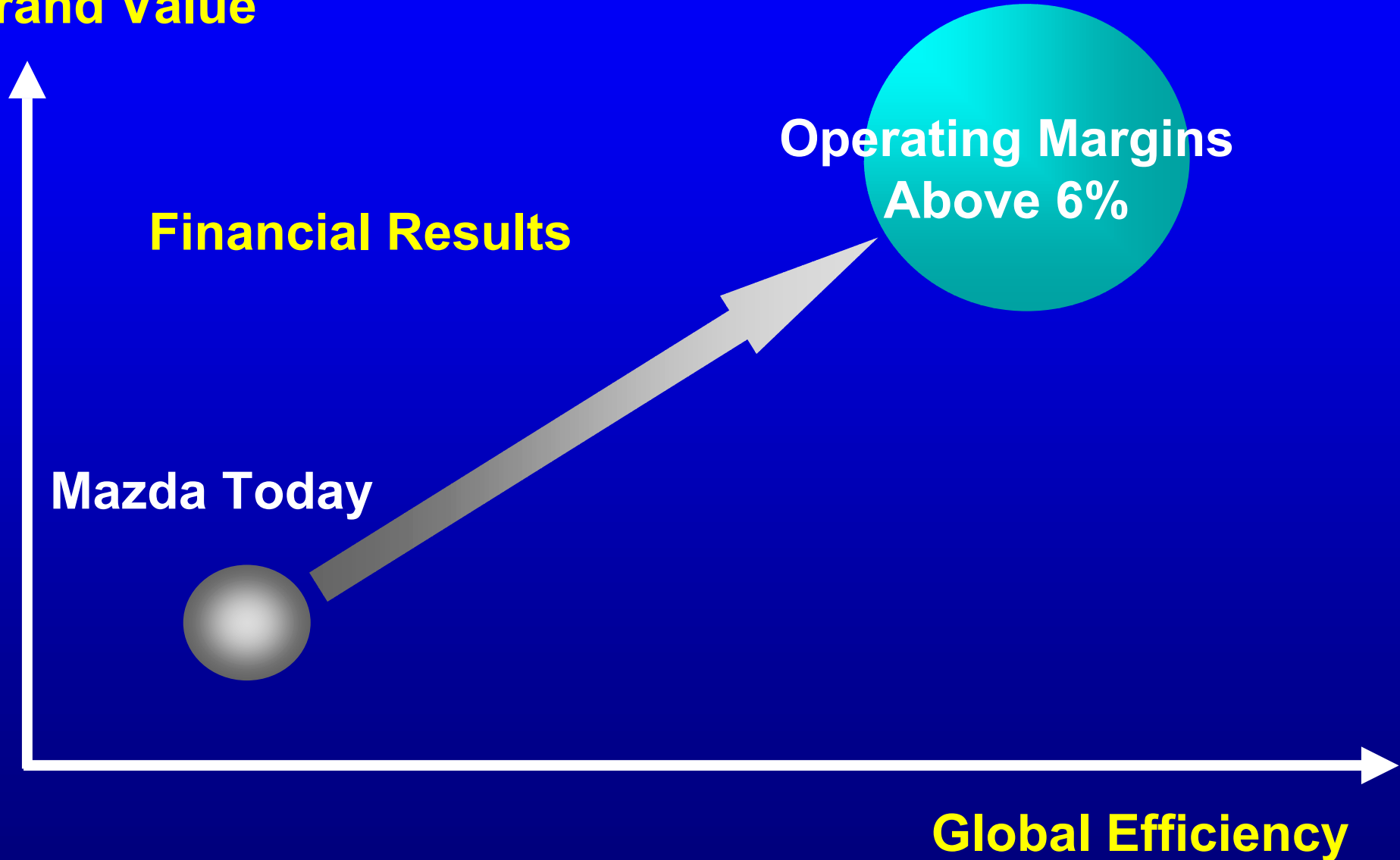
Supply

People

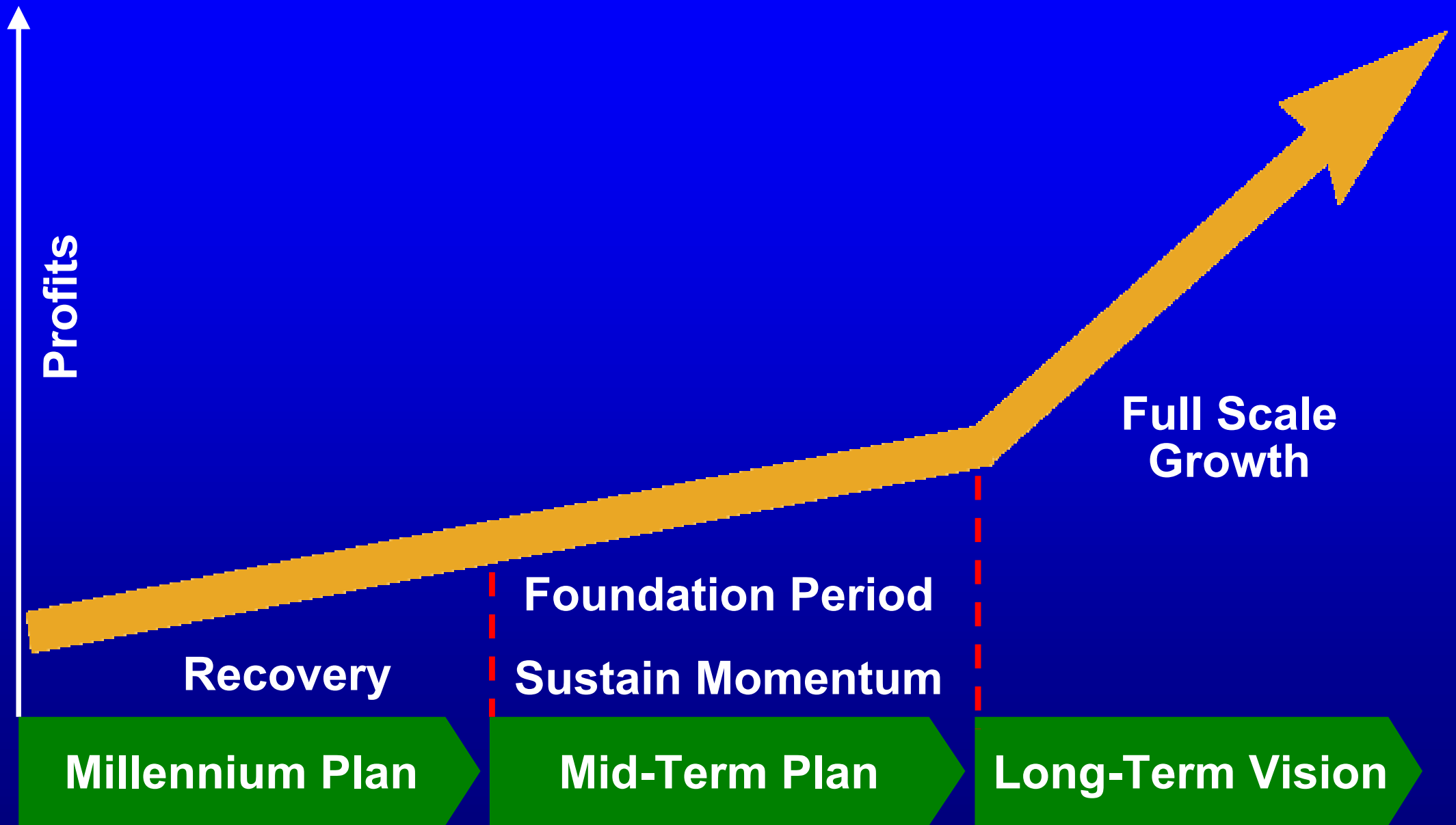
Corporate Social Responsibility

GROWTH & VALUE CREATION

Brand Value



MAZDA MOMENTUM STRATEGY



MID-TERM COMMITMENTS

MAZDA MOMENTUM

- ◆ **Establish Foundation for Full Scale Growth**
- ◆ **Sustain Sales & Profit Momentum**
- ◆ **Commitment & Execution**

MID-TERM PLAN COMMITMENTS

FY2006 :

- ◆ **Consolidated Wholesales → 1,250,000**
- ◆ **Operating Profit → Over 100 Billion Yen**
- ◆ **Net Debt / Equity Ratio → Below 100%**

KEY MEASURES

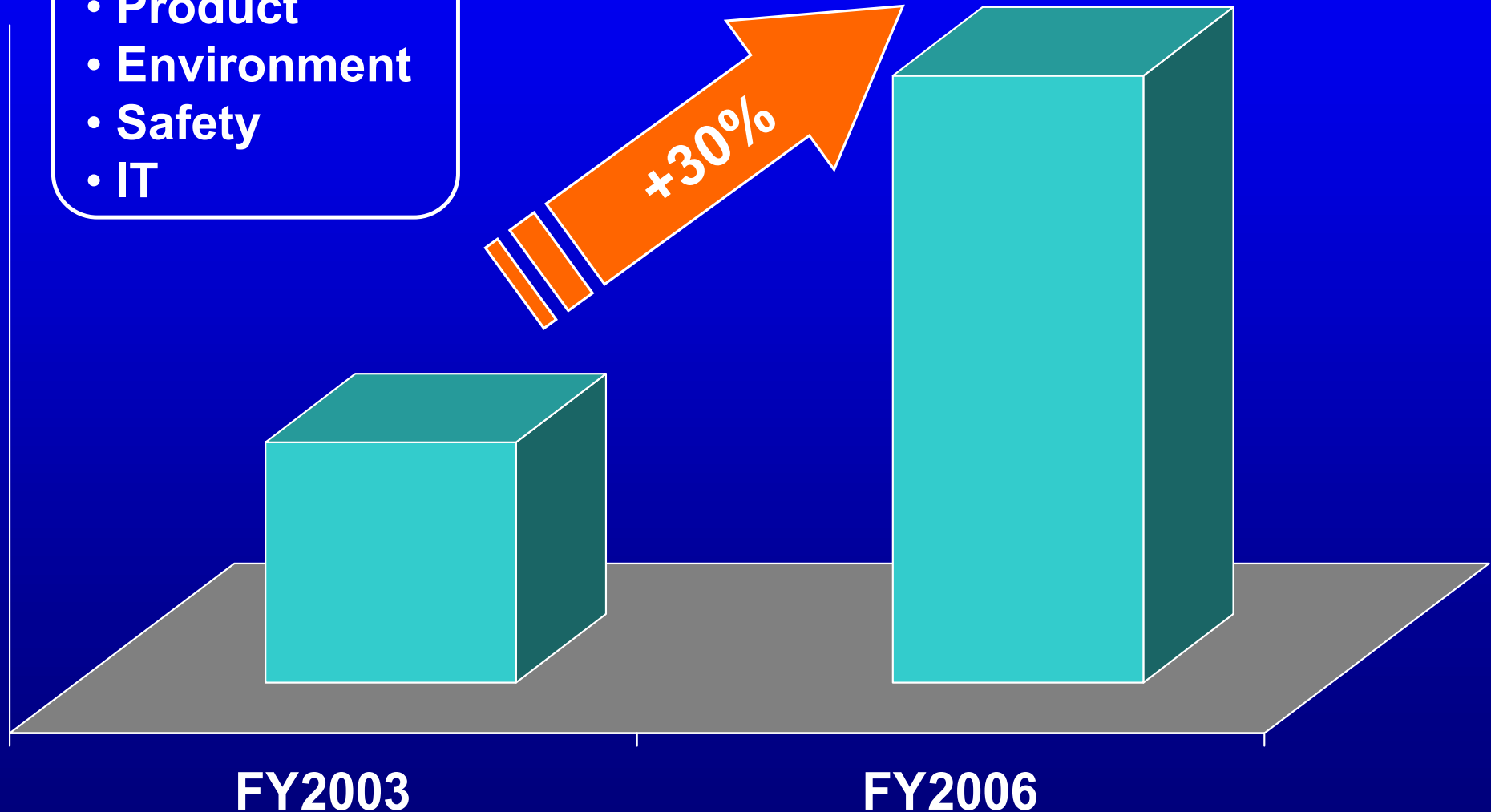
KEY MEASURES

- ◆ Reinforce Research & Development
- ◆ Strengthen Key Markets
- ◆ Enhance Global Efficiencies and Synergies
- ◆ Leverage Human Resources

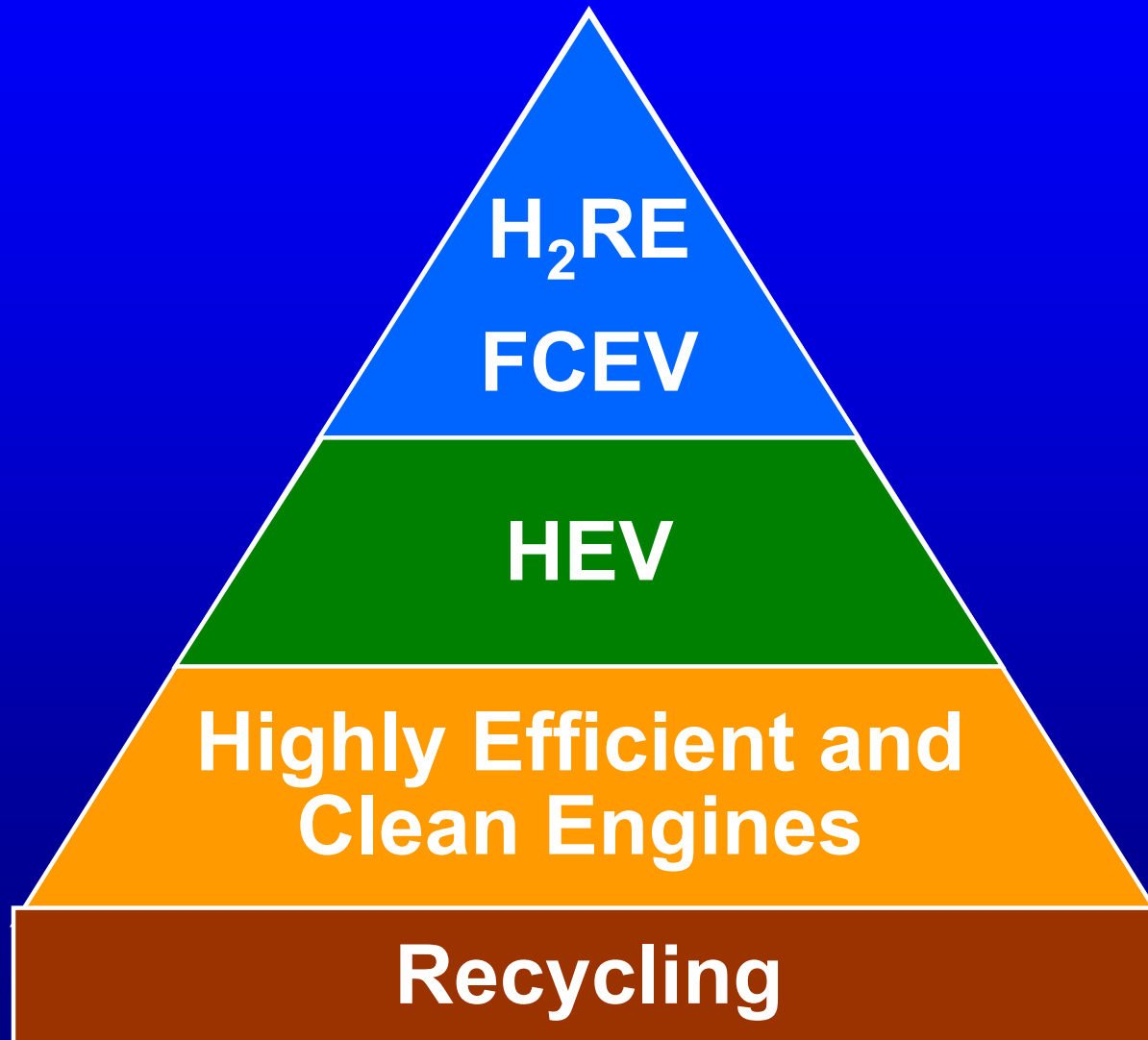
REINFORCE RESEARCH & DEVELOPMENT

■ Research & Development Spend

- Product
- Environment
- Safety
- IT



MAZDA ENVIRONMENTAL PYRAMID



EXPAND PRODUCT LINE-UP

Number of New Models

9

16

2001

-

2003

2004

-

2006

Phase 3

**Full Freshening
of Core
Platforms**

Phase 4

**Market Focused Models
From Core
Platforms**

STRENGTHEN KEY MARKETS

- ◆ Launch Market Focused Models
- ◆ Strengthen Distribution
- ◆ Exceed Customer Expectations

Strengthen Momentum

Actions

- ◆ **Introduce New Models**
 - Including Mini-vans Tailored for Japan
- ◆ **Reinforce Sales Network**
 - 30 New Car Outlets
 - 20 Used Car Outlets
- ◆ **Customer Satisfaction Levels**
 - Strong Dealer Focus

Accelerate Momentum

Actions

- ◆ **Introduce Growth Segment Products**
 - 3 Unique SUVs
- ◆ **Accelerate Dealer Exclusivity**
 - 50% by 2006, Advanced by a Year
- ◆ **Outstanding Ownership Experience**
 - 'Winner's Circle' Program

Continue Momentum

Actions

- ◆ **New European Focused Products**
 - Mazda5, Diesel Engines, CO2
- ◆ **Expand Distribution Network**
 - Including Russia
- ◆ **Long-Term Reliability**
 - Build on Reputation

CHINA / OTHER KEY MARKETS

Build Momentum

Actions

◆ China

- Introduce Growth Segment Products
- Establish Distribution Company
- Enter into Domestic Production

◆ Other Key Markets

- Expand ASEAN Distribution
- Growth in Other Key Markets

GLOBAL EFFICIENCIES AND SYNERGIES

◆ Enhance Global Sourcing

- Global Procurement Working with Ford

◆ Enhance Cost Innovation

- Implement ABC Phase 2 Focused on Commodity Cycle Plans

◆ Enhance Supply Chain Management

- Strengthen Global Logistics, Achieve Integrated Scheduled Production and Build-to-Order

◆ Enhanced Global Cost

- Globally Competitive Below 100 ¥ / \$

PEOPLE

◆ Improve Management Skills

- Further Develop Middle Management Leadership Skills
- Accelerate Development of Next Generation Leaders

◆ Global People Development

- Develop Employees with a Global Perspective

◆ Value Individual Creativity

- Career Development and Flexible Work Environment



Create Energetic Mazda

CLOSE

MAZDA MOMENTUM IN SUM

- ◆ Establish Foundation for Full Scale Growth
- ◆ Sustained Sales & Profit Momentum
- ◆ Record Profits
- ◆ Commitment & Execution



mazda

DISCLAIMER

The projections for FY 2004 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.