



# ***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>
<b>Operating Profit</b>	<b>43.5</b>	<b>28.4</b>	<b>15.1</b>	<b>53 %</b>
<b>Ordinary Profit</b>	<b>36.9</b>	<b>19.0</b>	<b>17.9</b>	<b>94 %</b>
<b>Profit Before Tax</b>	<b>33.5</b>	<b>15.4</b>	<b>18.1</b>	<b>118 %</b>
<b>Net Income</b>	<b>18.7</b>	<b>11.2</b>	<b>7.5</b>	<b>68 %</b>
<b>Return on Sales</b>	<b>1.4%</b>	<b>0.9%</b>	<b>0.5 Pts</b>	<b>-</b>
<b>EPS (Yen/Share)</b>	<b>15.4</b>	<b>9.2</b>	<b>6.2</b>	<b>68 %</b>

# CASH FLOW & NET DEBT

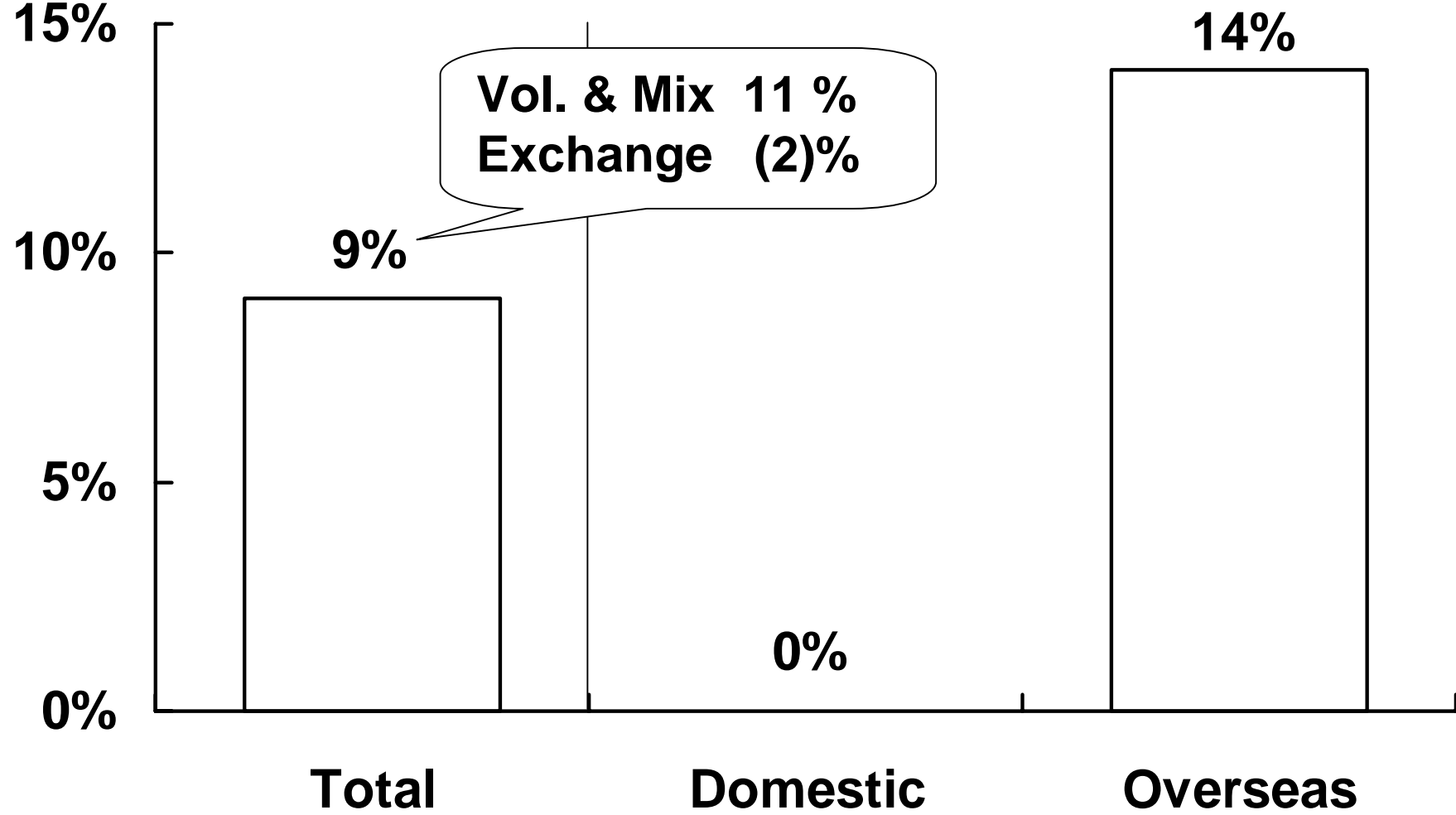
(Billion yen)	<b>FY2004</b> <b><u>First Half</u></b>	<b>FY2003</b> <b><u>Full Year</u></b>	<b>B/(W) Prior</b> <b><u>Year End</u></b>
<b>Cash Flow</b>	<b>(14.0)</b>	<b>49.1</b>	<b>-</b>
<b>Net Debt</b>	<b>363.3</b>	<b>358.1</b>	<b>(5.2)</b>
<b>Net Debt-to-Equity</b>	<b>151%</b>	<b>161%</b>	<b>10 Pts</b>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

# KEY ASSUMPTIONS

	First Half		<u>Change</u>
	<u>FY2004</u>	<u>FY2003</u>	
<b><u>WHOLESALES (000)</u></b>			
Consolidated	530	526	1 %
<b><u>REVENUE (¥Bils.)</u></b>			
	1,320.6	1,209.5	9 %
<b><u>EXCHANGE RATES</u></b>			
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>
<b>Retail Volume (000)</b>	<b>140</b>	<b>144</b>	<b>(3) %</b>
<b>Market Share</b>	<b>1.6 %</b>	<b>1.6 %</b>	<b>0.0 Pts</b>

## Strong Mazda3 Demand



# EUROPE

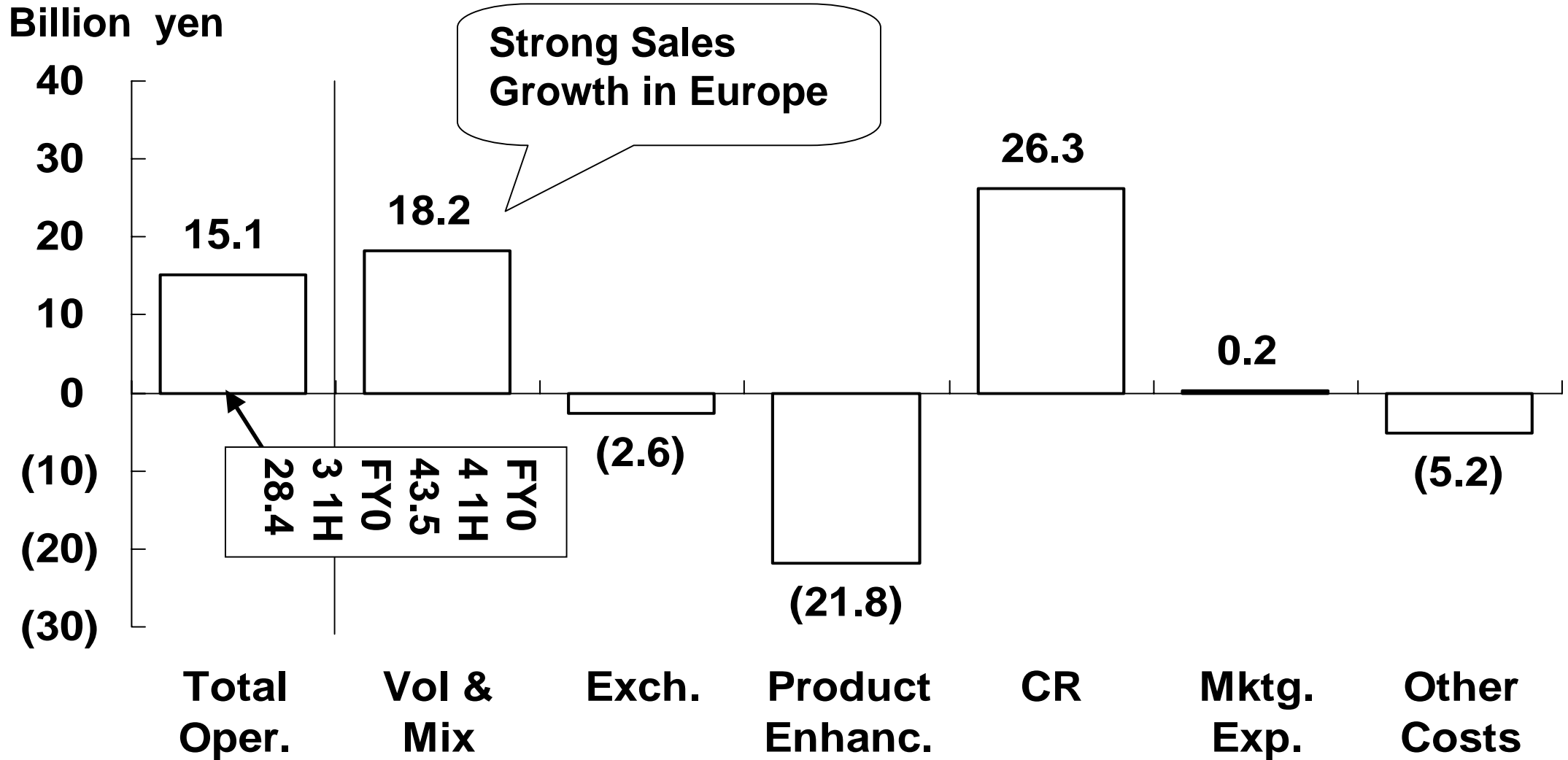
	First Half		
	<u>FY2004</u>	<u>FY2003</u>	<u>Change</u>
Retail Volume (000)	143	119	20 %
Market Share	1.6 %	1.4 %	0.2 Pts

## Record Sales in Four Countries



# OPERATING PROFIT CHANGES

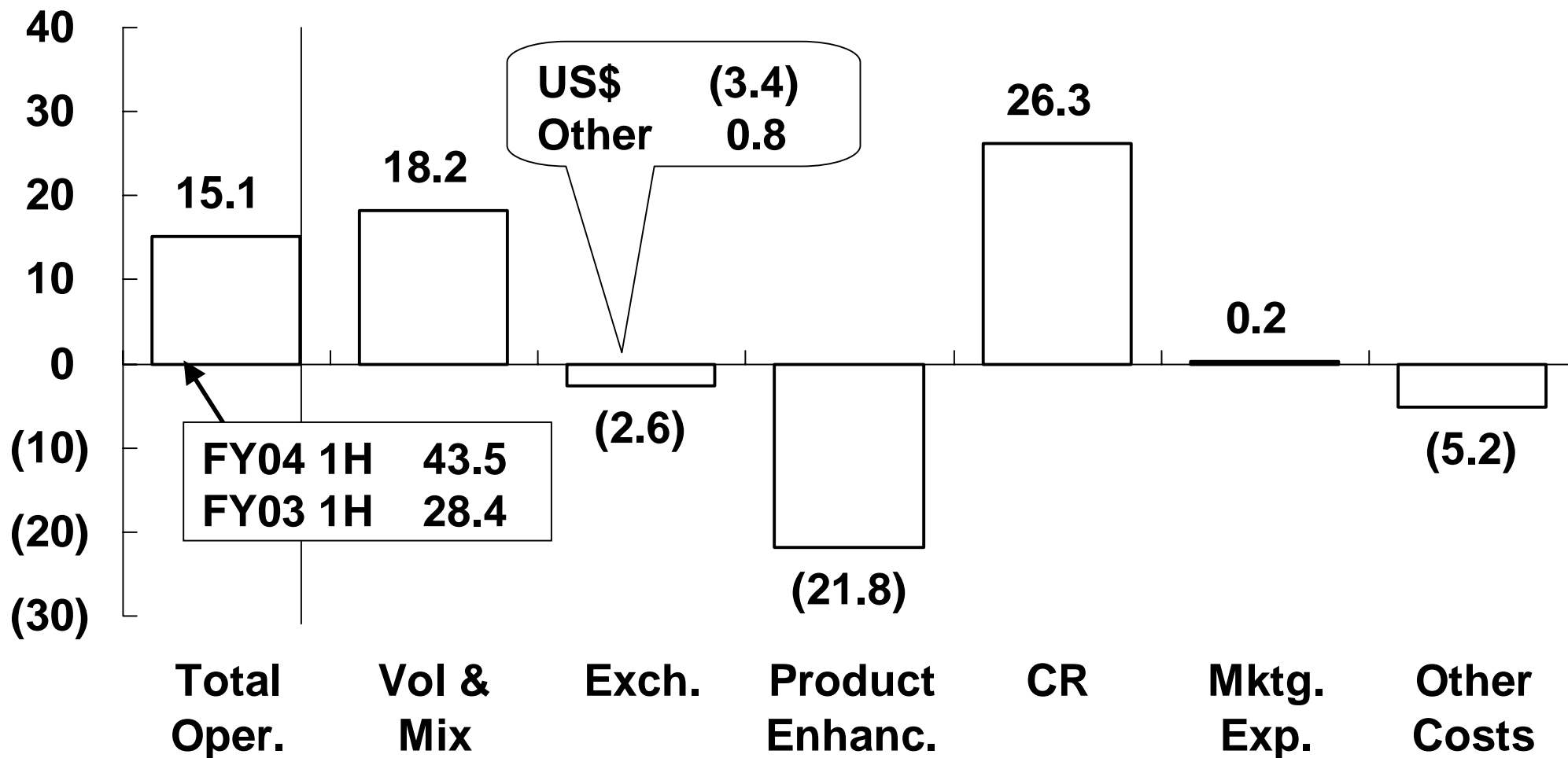
## FY2004 First Half Compared with FY2003 First Half



# OPERATING PROFIT CHANGES

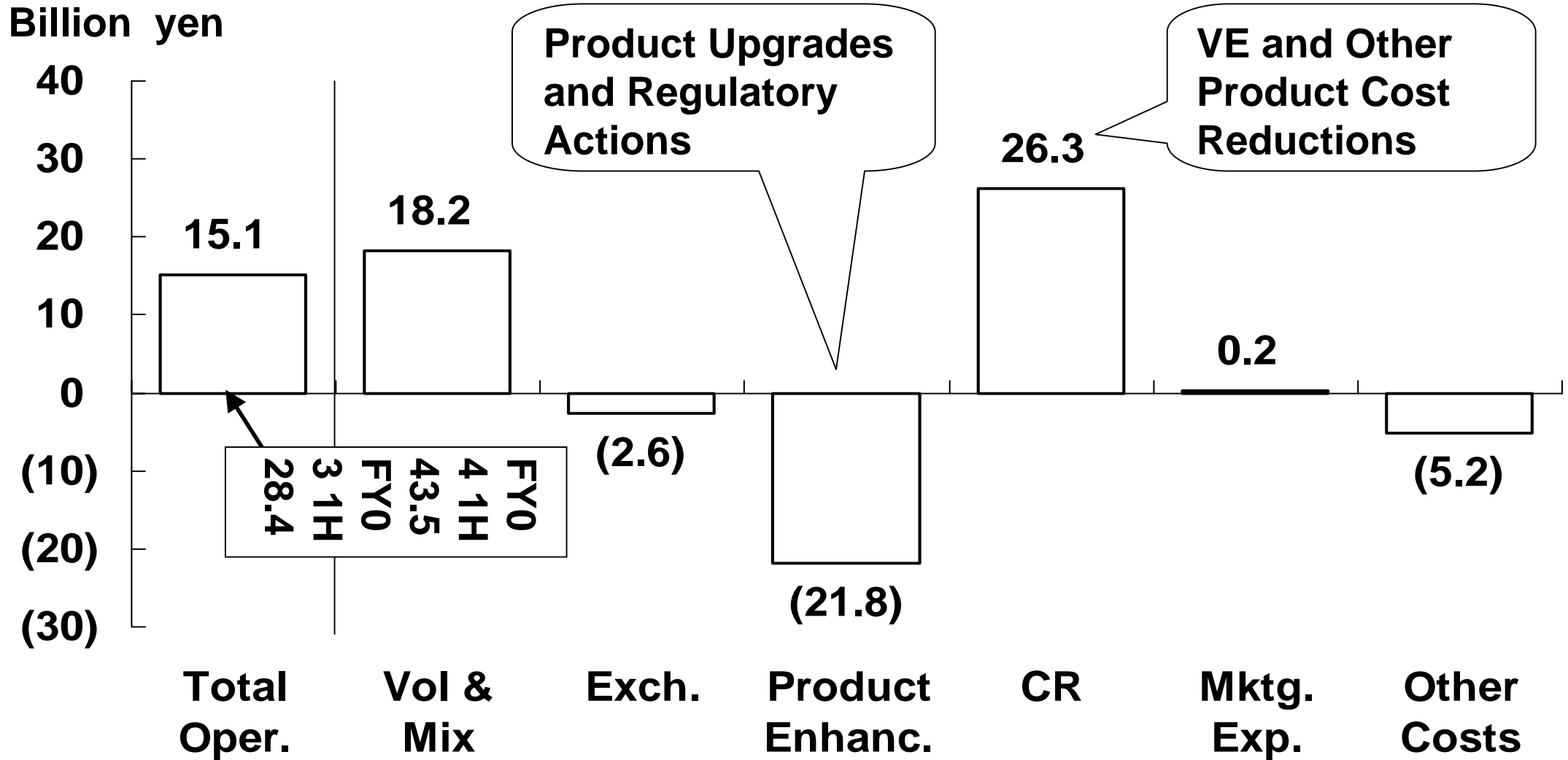
## FY2004 First Half Compared with FY2003 First Half

Billion yen



# OPERATING PROFIT CHANGES

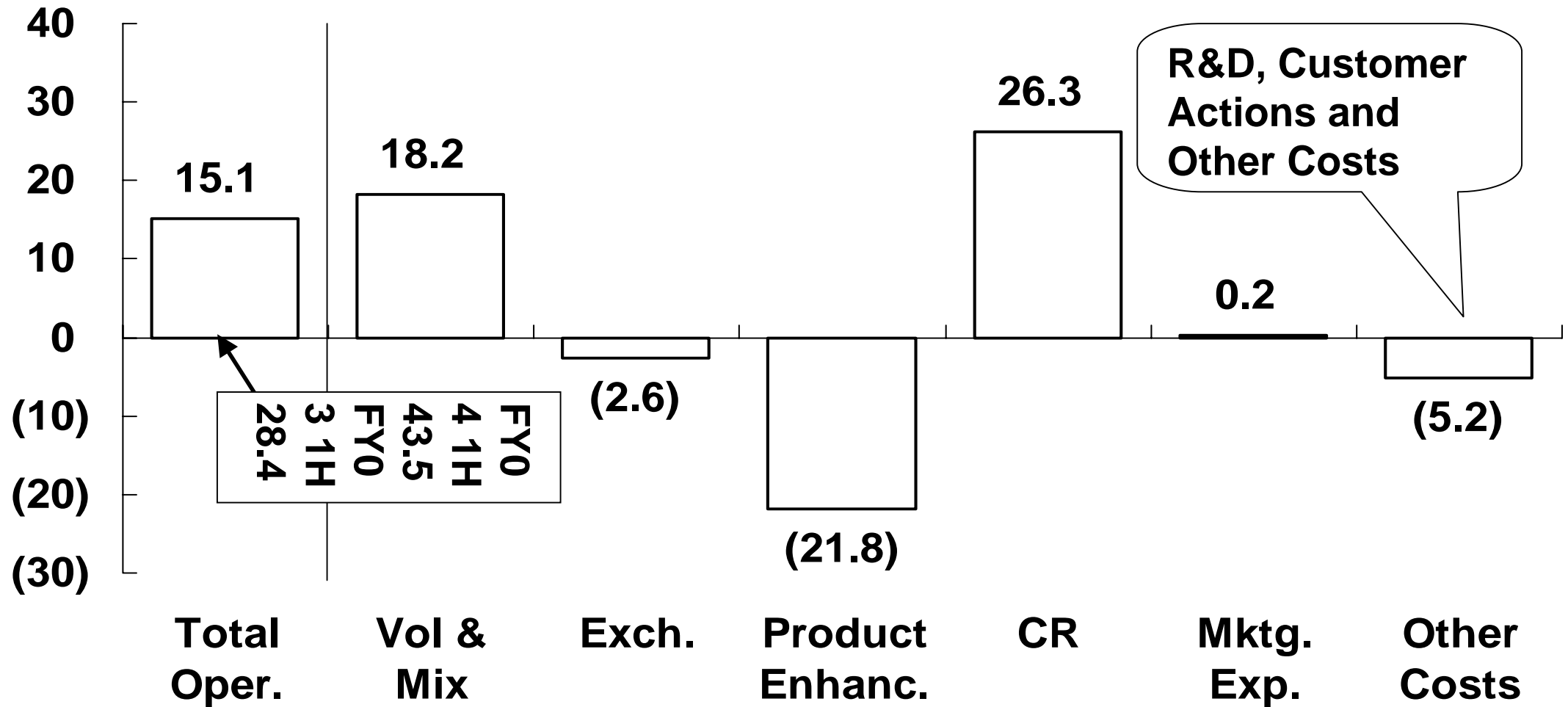
## FY2004 First Half Compared with FY2003 First Half



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



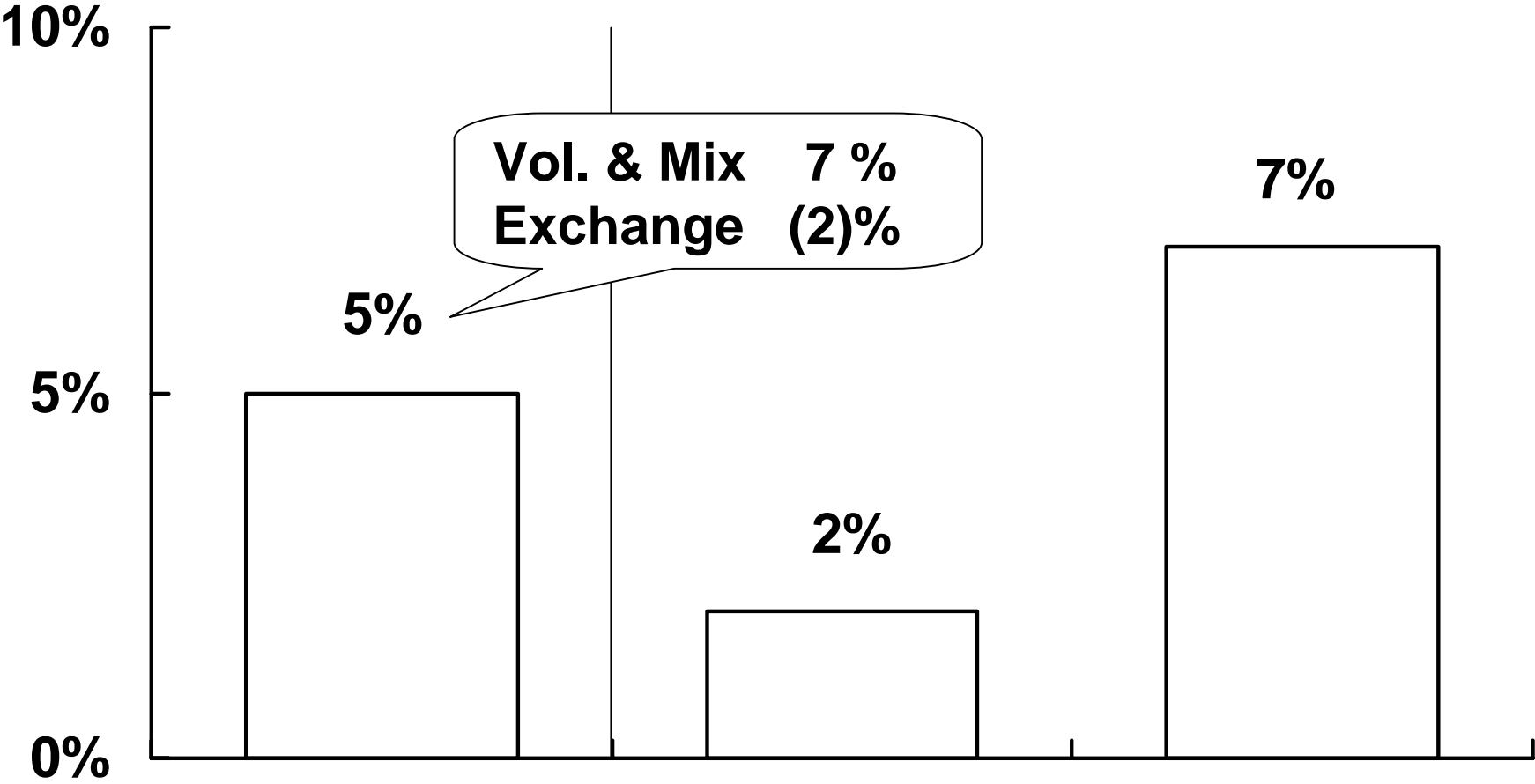
# KEY ASSUMPTIONS

	Full Year		Change
	<u>FY2004</u>	<u>FY2003</u>	
<b><u>WHOLESALES (000)</u></b>			
Consolidated	1,130	1,076 *	5 %
<b><u>REVENUE (¥Bils.)</u></b>			
	2,710.0	2,574.7 *	5 %
<b><u>EXCHANGE RATES</u></b>			
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
<b>FY04</b>	<b>2,710.0</b>	<b>860.0</b>	<b>1,850.0</b>
<b>FY03</b>	<b>2,574.7</b>	<b>846.2</b>	<b>1,728.5</b>



# 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>
<b>Retail Volume (000)</b>	<b>275</b>	<b>273</b>	<b>1 %</b>
<b>Market Share</b>	<b>1.7 %</b>	<b>1.6 %</b>	<b>0.1 Pts</b>

## Accelerate Key Market Actions



# EUROPE

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

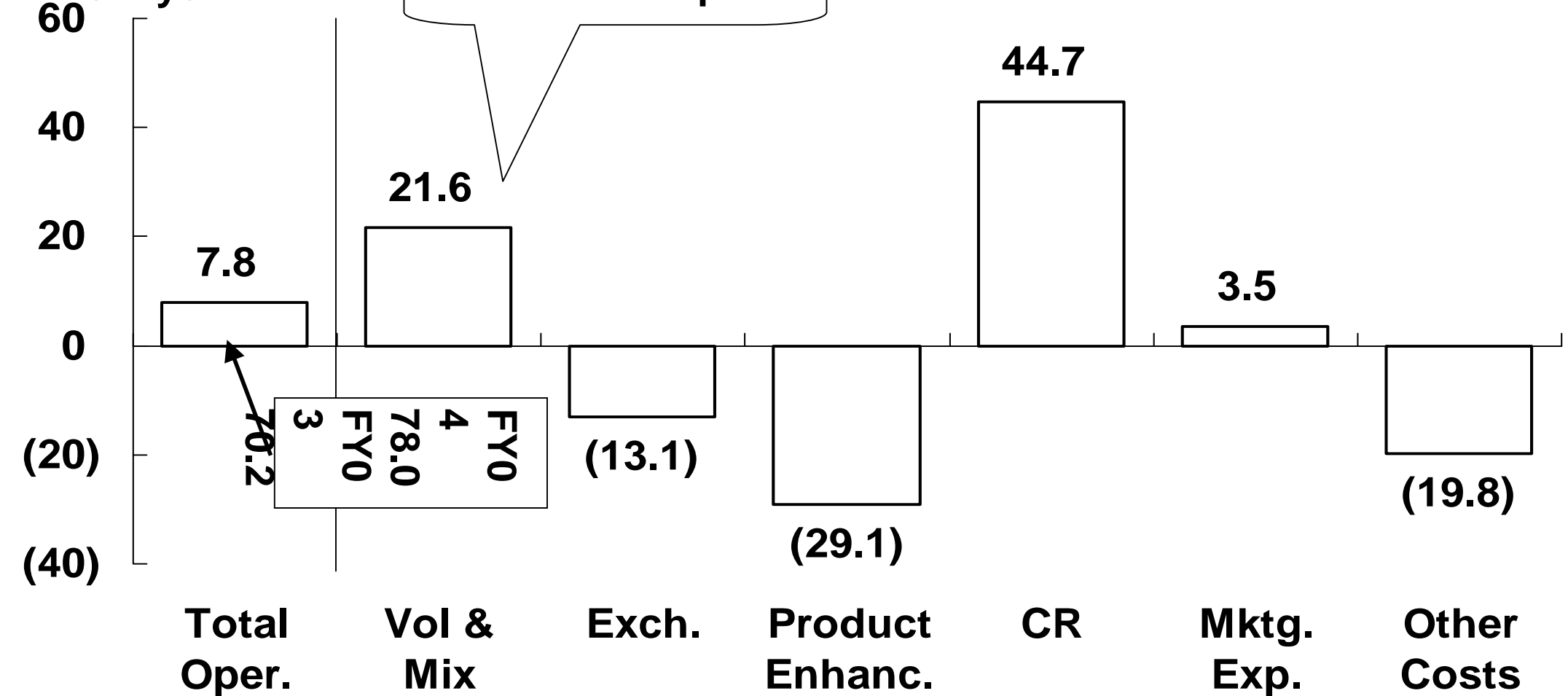
## Continued Strong Momentum



# OPERATING PROFIT CHANGES

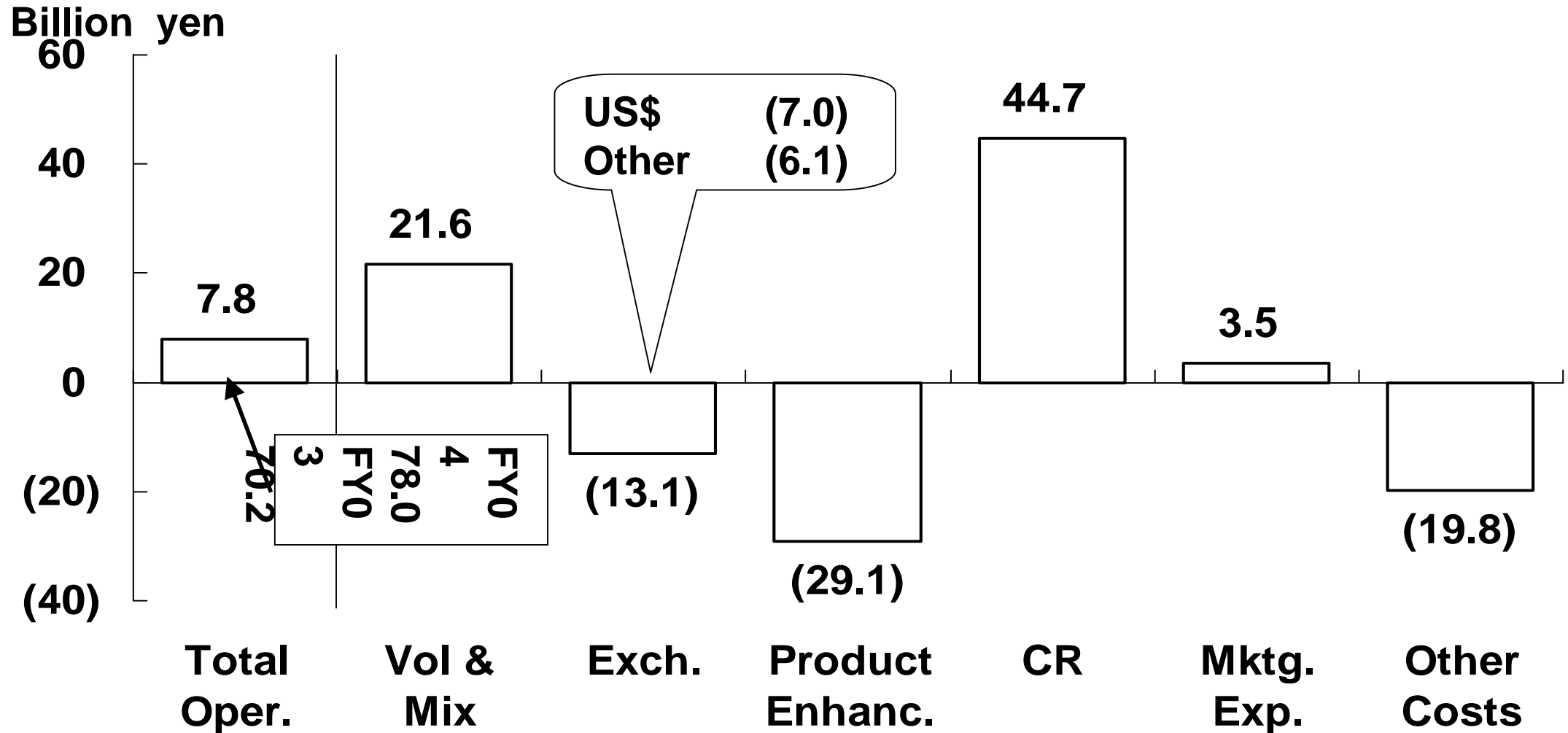
## FY2004 Full Year Compared with FY2003 Full Year

Billion yen



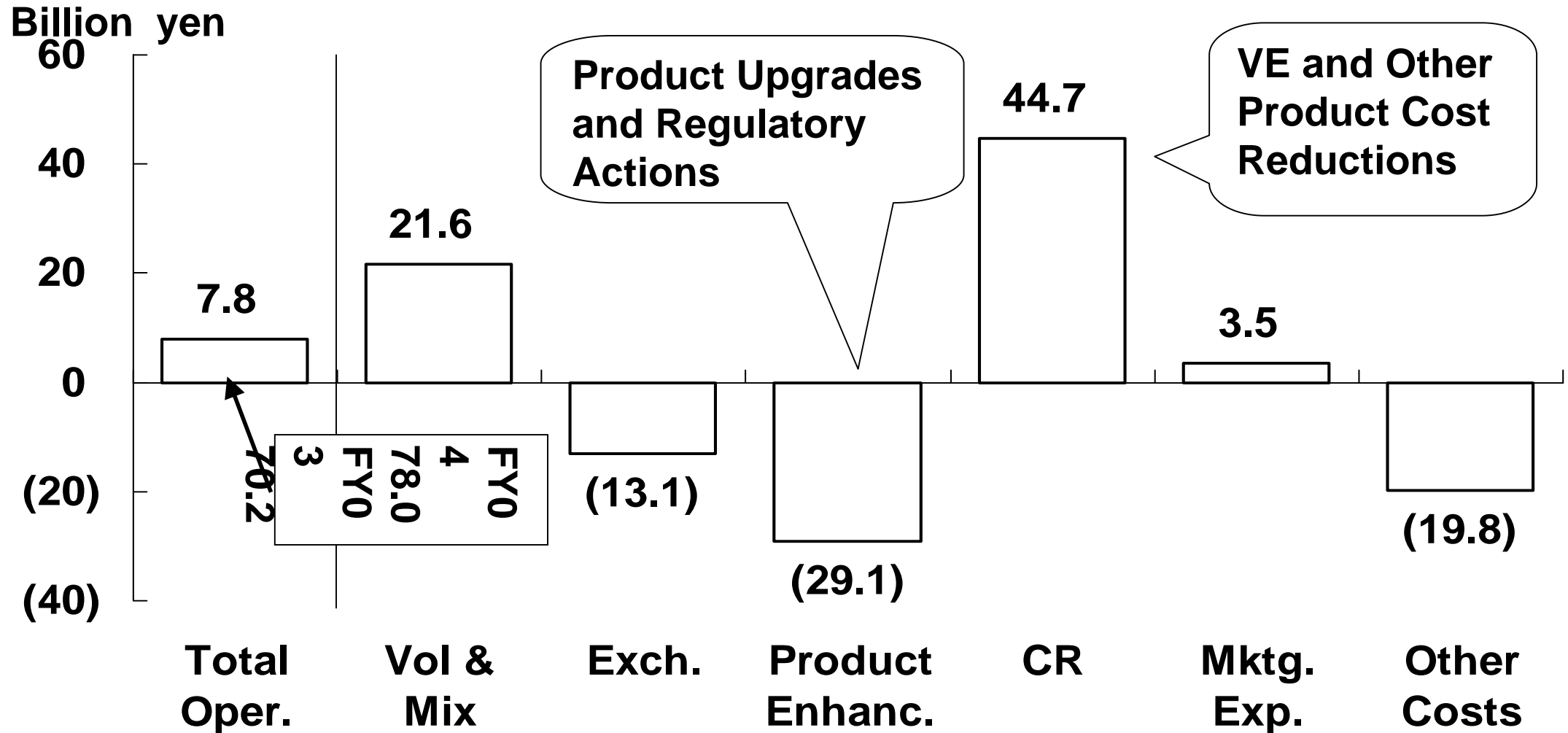
# OPERATING PROFIT CHANGES

## FY2004 Full Year Compared with FY2003 Full Year



# OPERATING PROFIT CHANGES

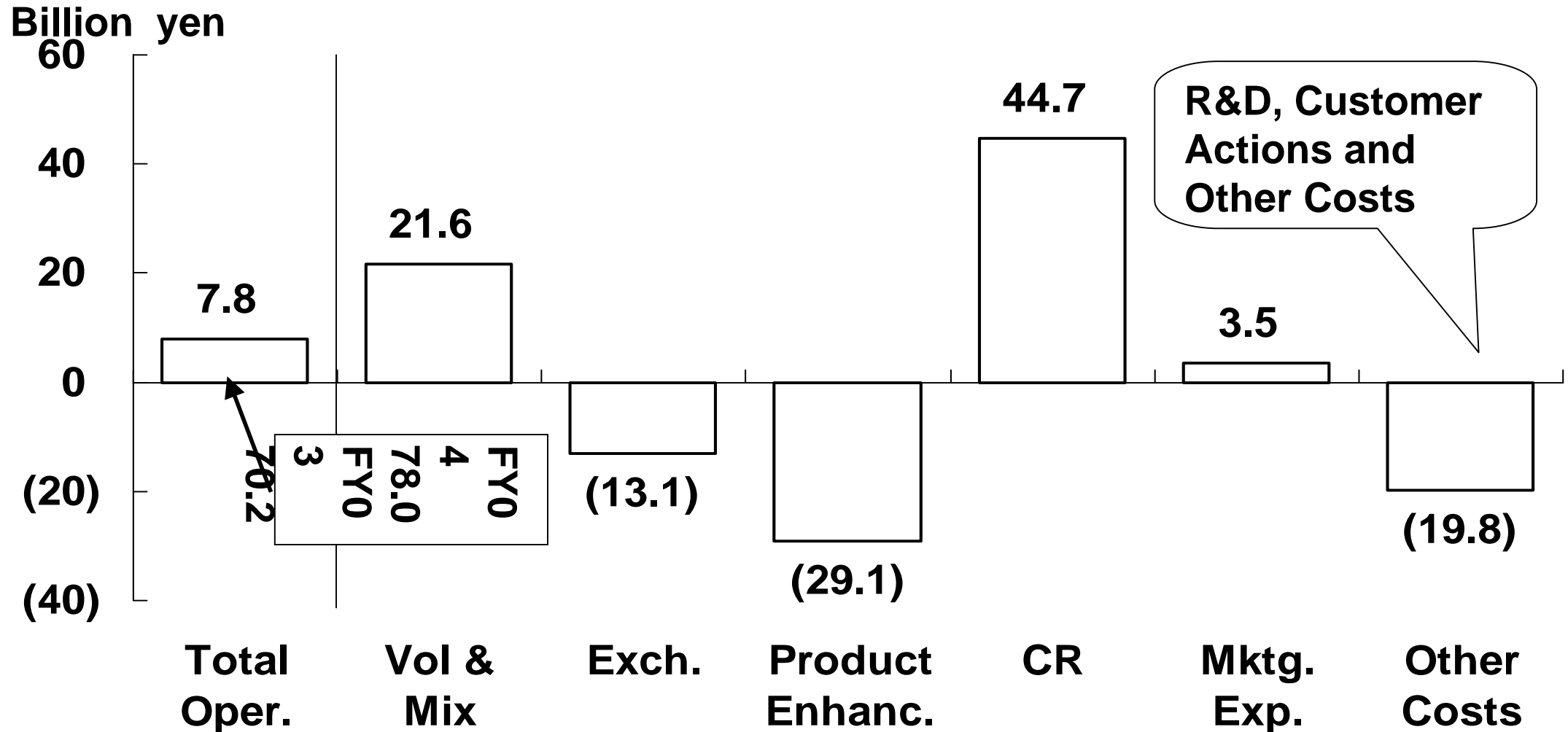
## FY2004 Full Year Compared with FY2003 Full Year





# OPERATING PROFIT CHANGES

## FY2004 Full Year Compared with FY2003 Full Year



## ➤ **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***

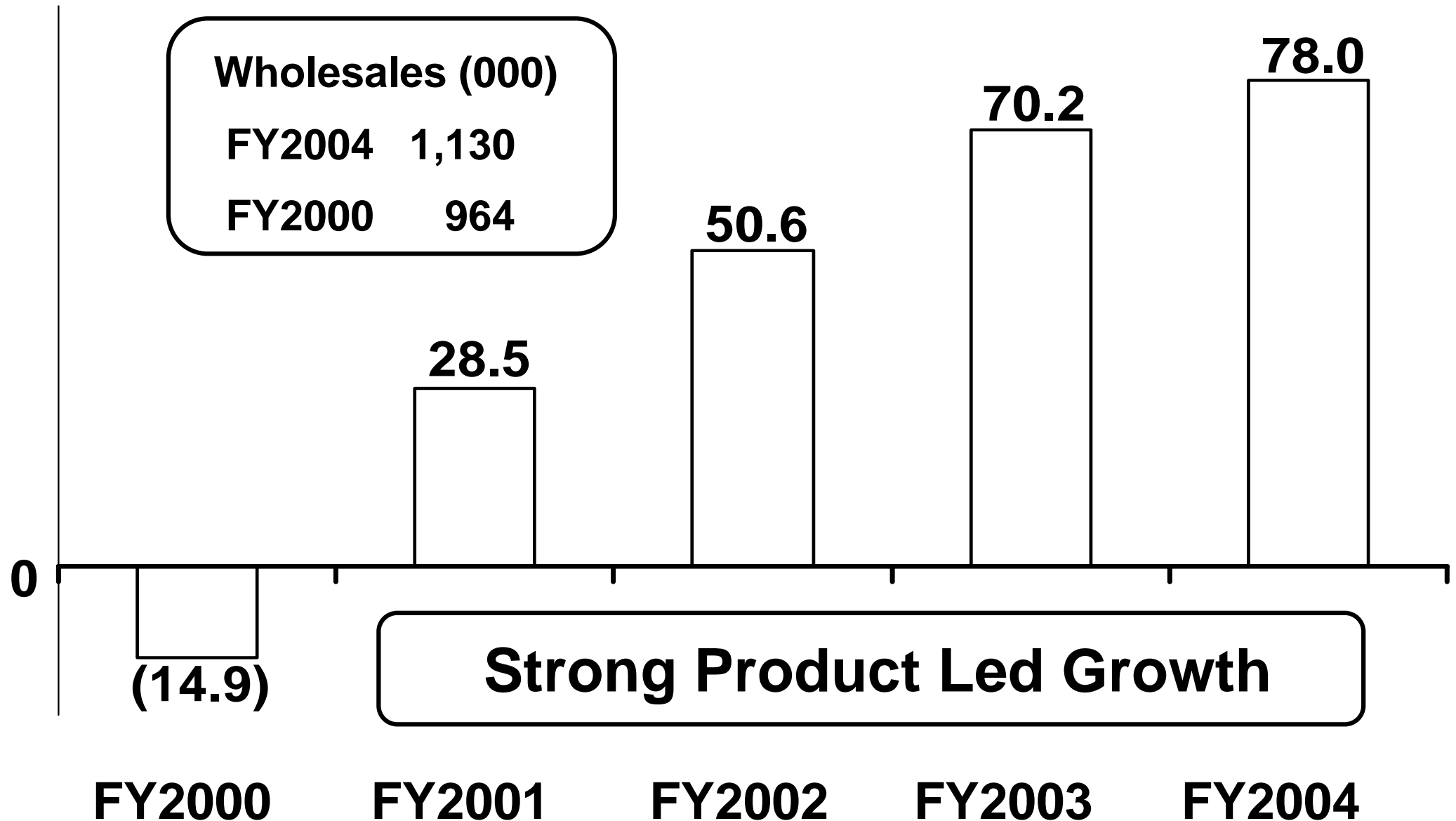
# OUTLINE

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

# *MILLENNIUM PLAN STATUS*

# GROWTH - OPERATING PROFIT

Billion yen

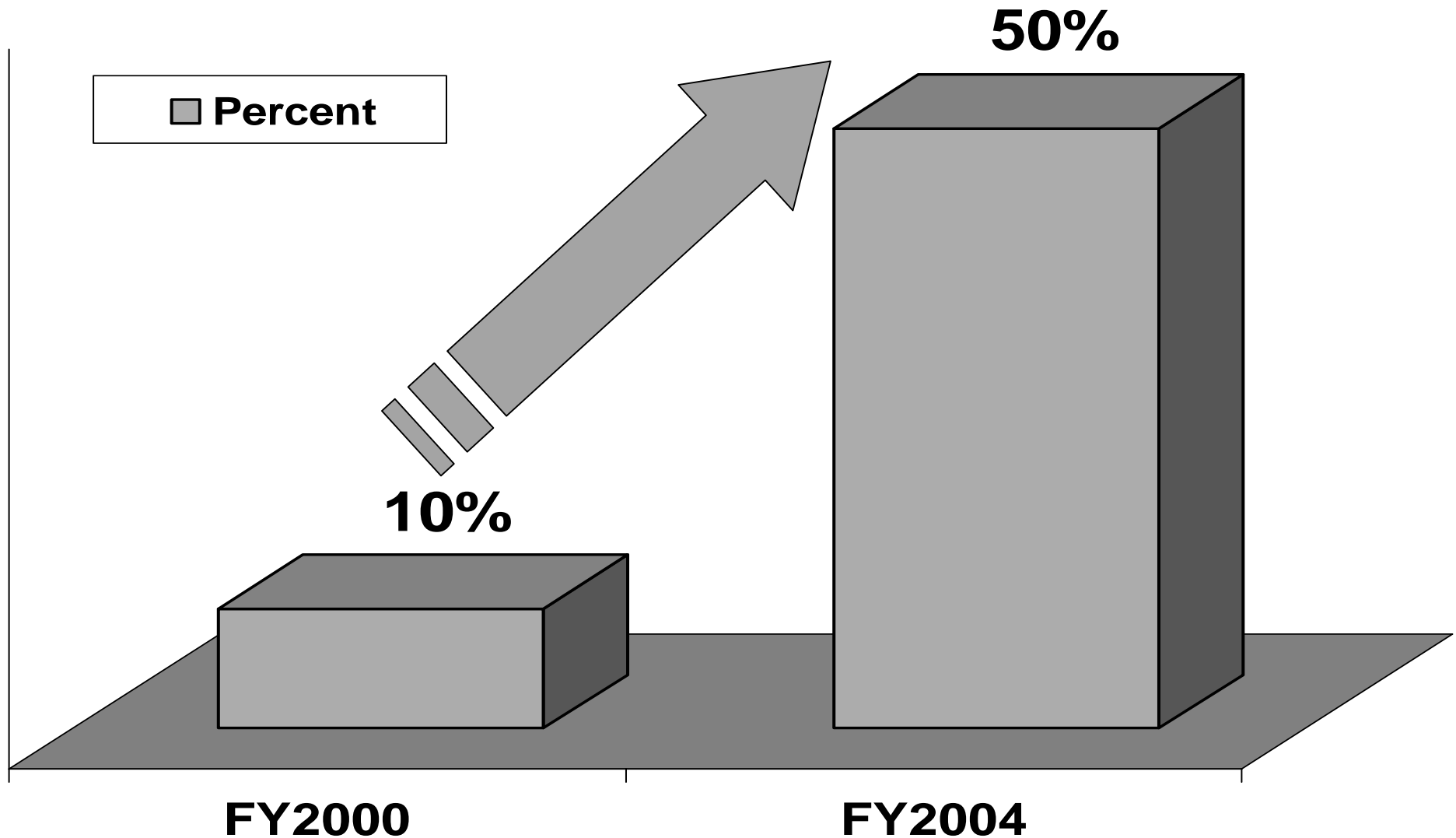


# REFORM & RESTRUCTURING

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

# FORD SYNERGIES

## Joint Programs Share of Sales





## ➔ **Corporate Culture Change**

- **Business Leadership Programs**
- **360° Peer Reviews**

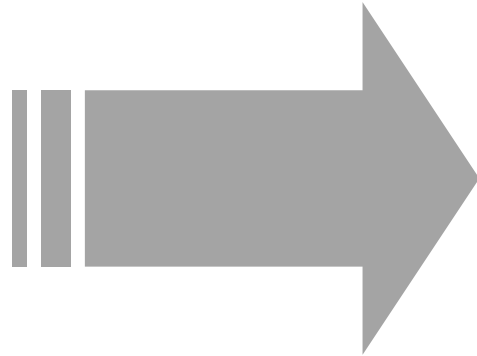
## ➔ **People Development**

- **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.

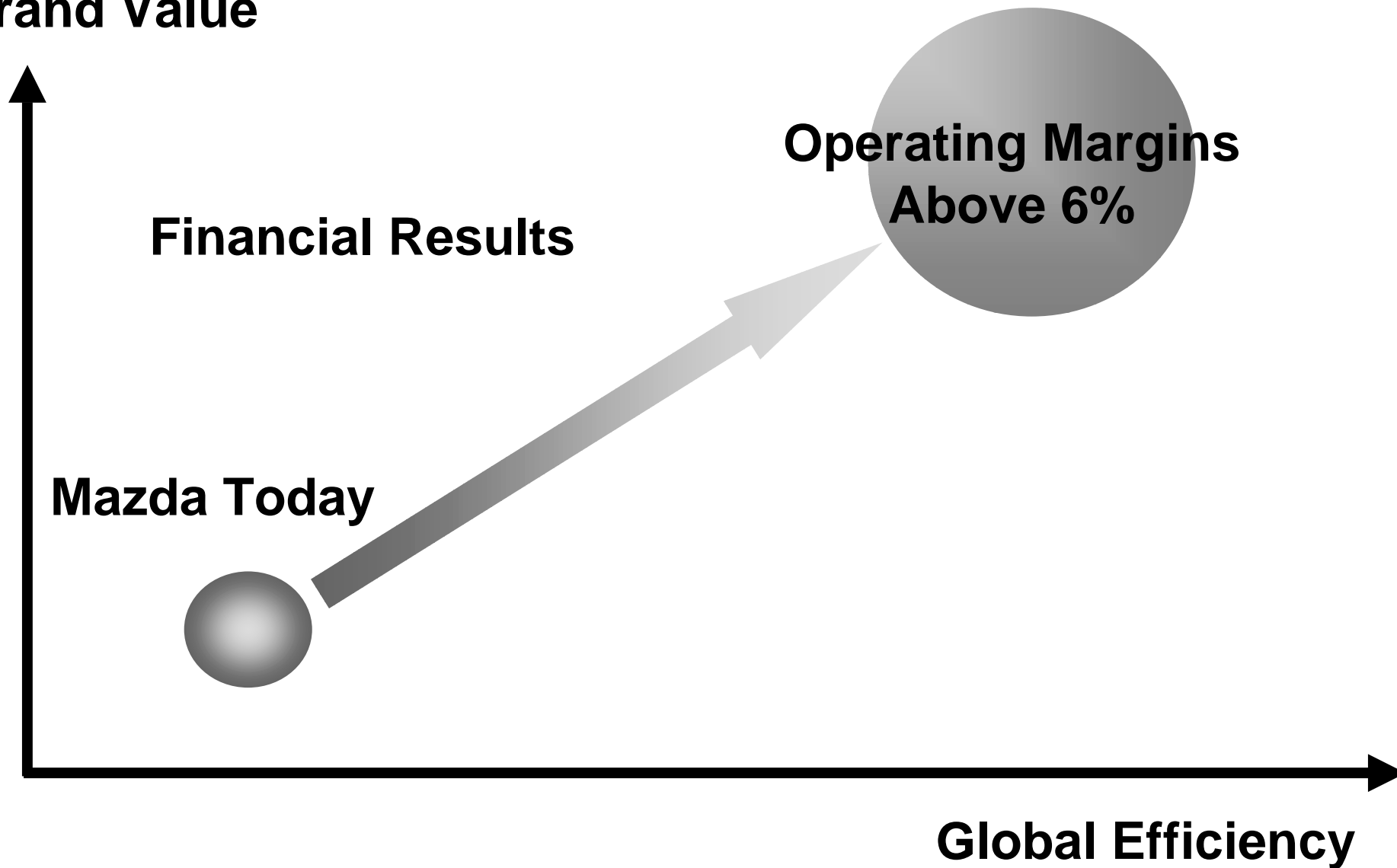
Supply

People

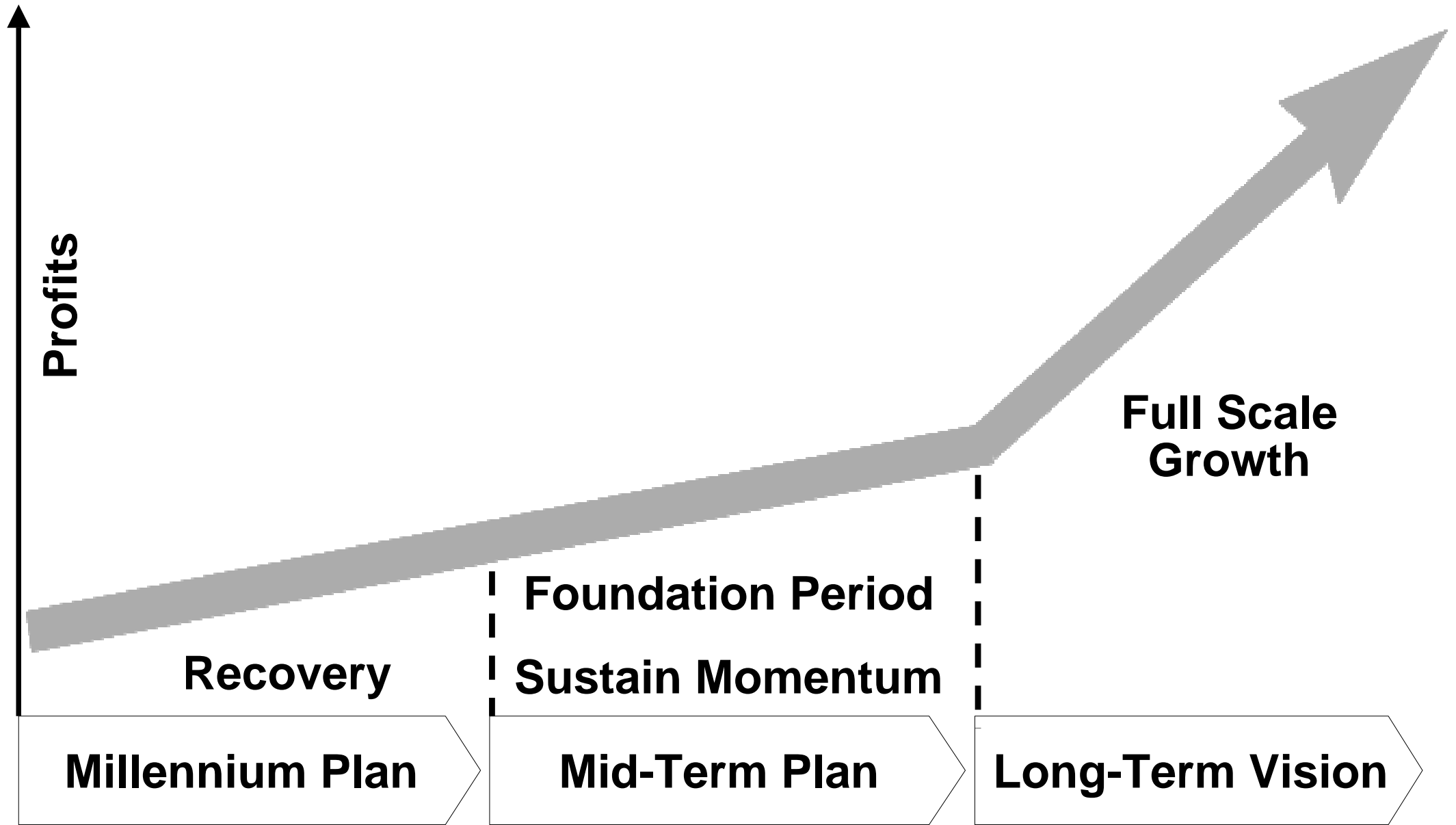
Corporate Social Responsibility

# 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*

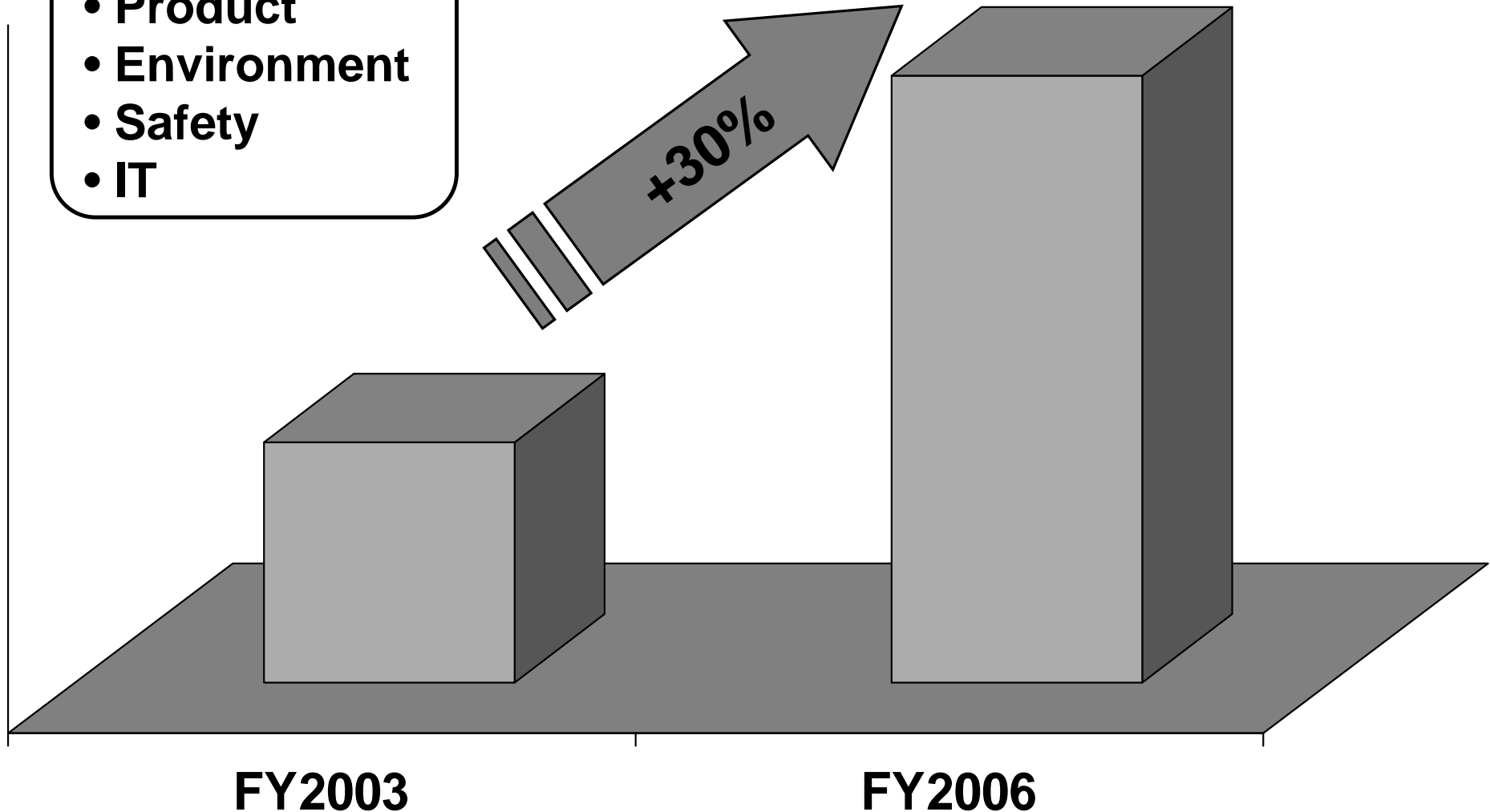
# KEY MEASURES

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

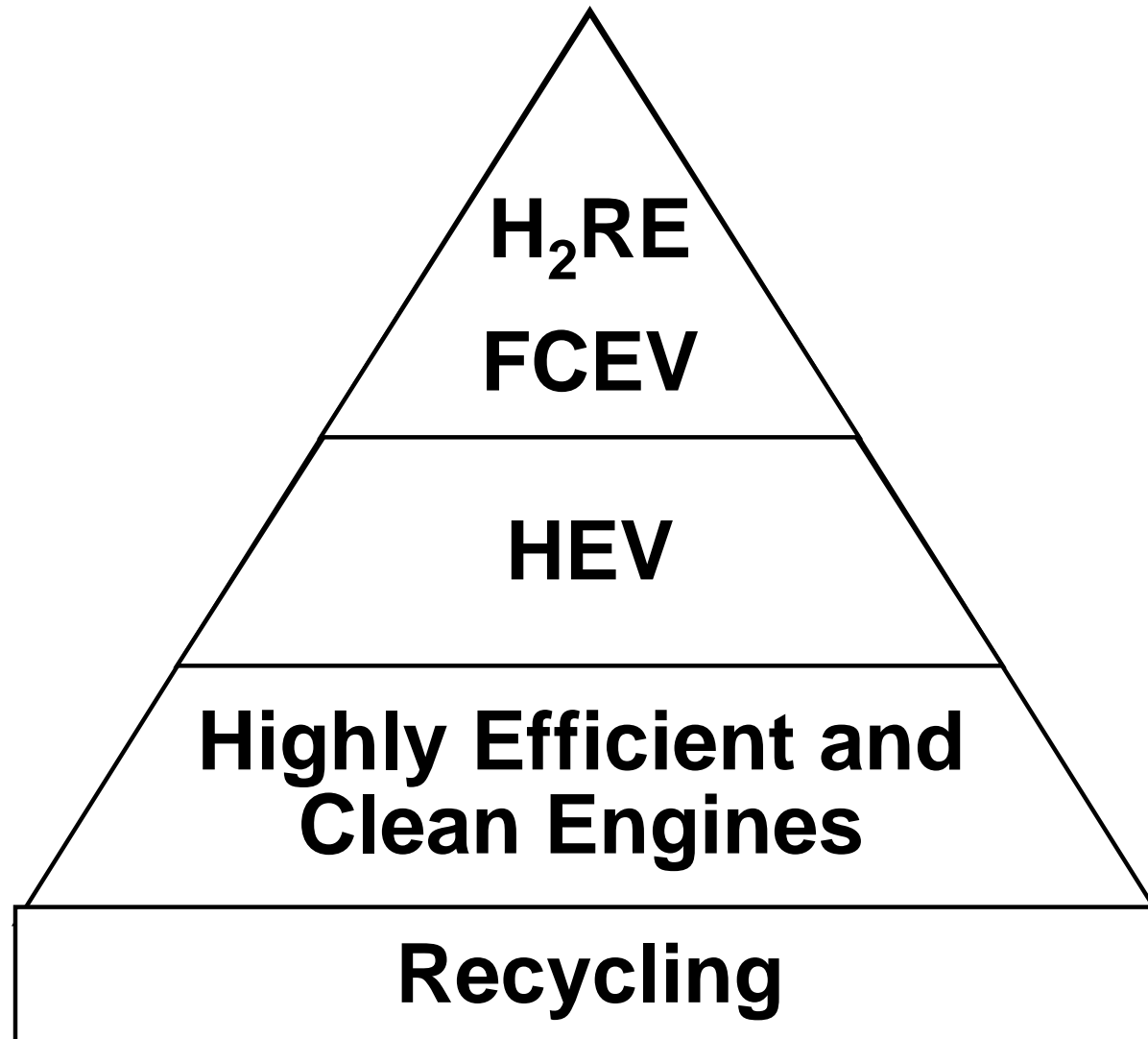
# REINFORCE RESEARCH & DEVELOPMENT

■ 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**

## ➤ **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

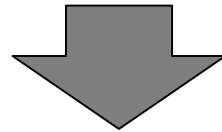
- Further Develop Middle Management Leadership Skills
- Accelerate Development of Next Generation Leaders

## ➔ 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.**

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