

MAZDA MOTOR CORPORATION

FY2004 RESULTS AND FY2005 PROJECTIONS

April 28, 2005

OUTLINE

- ◆ Overview
- ◆ FY2004 Results
- ◆ FY2005 Projections
- ◆ China Strategy
- ◆ Close

OVERVIEW

FY2004 HIGHLIGHTS

- ◆ All-time Record Operating Profit
- ◆ Reopened Ujina No.2 Plant
- ◆ ABC Cost Target Achieved
- ◆ Verisa and New Premacy Introductions
- ◆ Dividend Increase Planned

FY2005 OUTLOOK

- ◆ **Continue Progress and Foundation Building under Mazda Momentum**
- ◆ **New Mazda5, MX5/Roadster and Mazdaspeed6**
- ◆ **Revenues Up 5%**
- ◆ **Escalating Raw Material Prices a Significant Challenge**
- ◆ **Operating Profit of 90 Billion Yen**

MAZDA MOMENTUM KEY MEASURES

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

STRENGTHEN KEY MARKETS

- ◆ Accelerate US Dealer Exclusivity
- ◆ Establish ASEAN Regional Office
- ◆ Open 20 Sales Outlets in Japan
- ◆ Expand Distribution Network in Russia

RESEARCH & DEVELOPMENT

- ◆ **Increased R&D Capacity**
 - **Manpower Increase of 15%**
- ◆ **Technology**
 - **Expansion of Zero Prototype Product Development Initiative**
- ◆ **Environment**
 - **Tribute HEV Development Commenced**

GLOBAL EFFICIENCIES & SYNERGIES

- ◆ **Launch ABC Phase 2 Program**
- ◆ **Create and Implement Commodity Cycle Plans**
- ◆ **Greater Emphasis on Commonality**
- ◆ **Synergies with Ford a Key Element**

◆ People Initiative

- Recruit/Position Best Personnel
- Develop/Utilize World-Class Personnel
- Provide Best Support To Encourage Individual Creativity

◆ Strengthen Executive Officer System

◆ Increase Outside Corporate Auditors

FY2004 RESULTS

FY2004 FINANCIAL METRICS

(Billion yen)

	<u>FY2004</u>	<u>FY2003</u>	<u>Change</u>	
			<u>Amount</u>	<u>Pct.</u>
Operating Profit	82.9	70.2	12.7	18 %
Ordinary Profit	73.1	58.0	15.1	26 %
Profit Before Tax	73.8	54.1	19.7	36 %
Net Income	45.8	33.9	11.9	35 %
Operating ROS	3.1%	2.4%	0.7 Pts	-
EPS (Yen/Share)	37.6	27.8	9.8	35 %

CASH FLOW & NET DEBT

(Billion yen)

	<u>FY2004</u>	<u>FY2003</u>	<u>B/(W) Prior Year End</u>
Cash Flow			
- Operating	133.7	92.4	-
- Investment	(97.8)	(43.3)	-
- Free Cash Flow	35.9	49.1	-
Net Debt	313.5	358.1	44.6
Net Debt-to-Equity	117%	161%	44 Pts
Capital Spending	67.9	45.6	-
Dividend (Yen/Share)	3	2	1

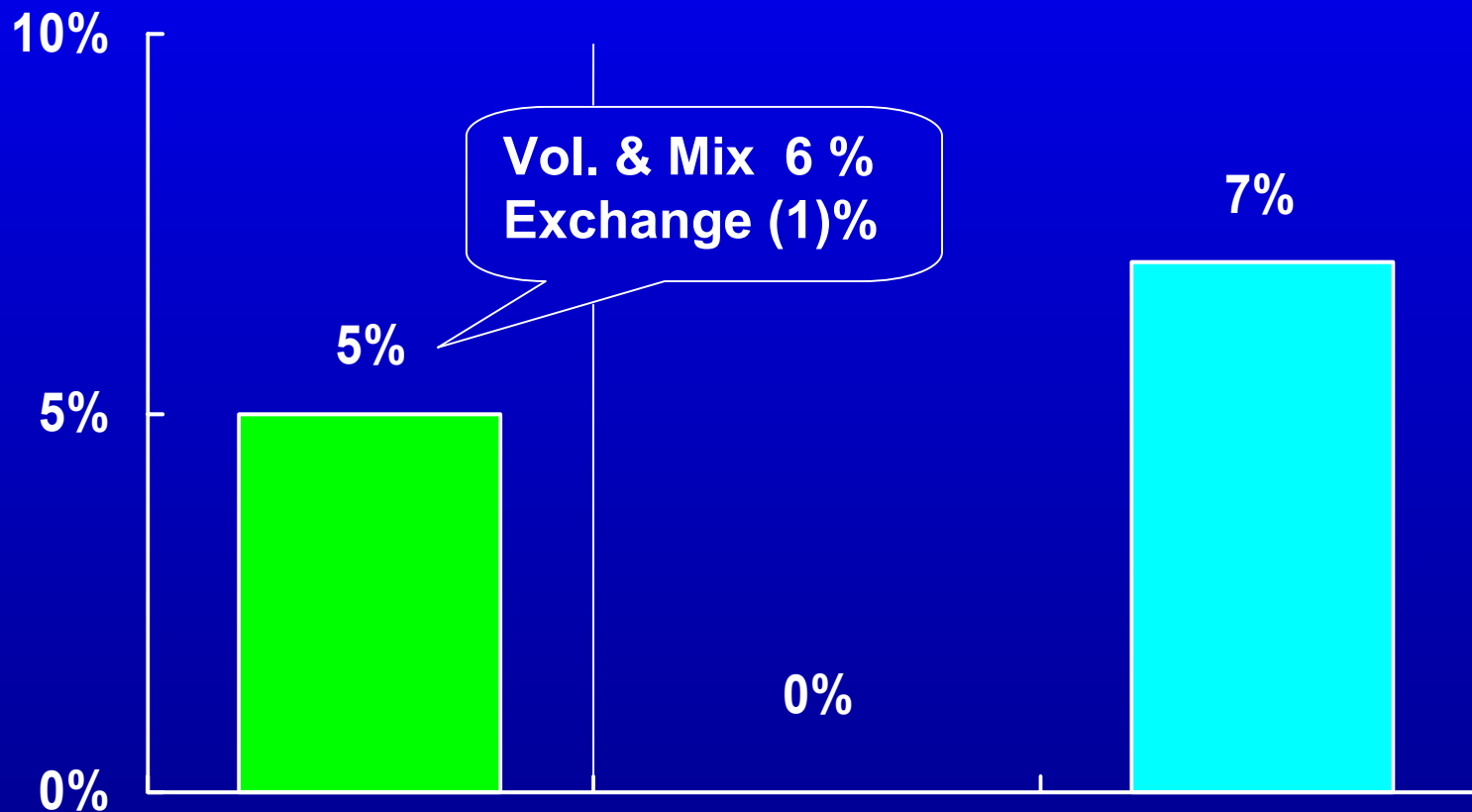
KEY DATA

	<u>FY2004</u>	<u>FY2003</u>	<u>Change</u>
<u>WHOLESALES (000)</u>			
Consolidated	1,104	1,076 *	3 %
<u>REVENUE (¥Bils.)</u>	2,695.6	2,574.7 *	5 %
<u>EXCHANGE RATES</u>			
Yen / U.S. Dollar	108	113	¥ (5)
Yen / Euro	135	133	¥ 2

* Restated on a 12-month Basis

REVENUE CHANGES BY DESTINATION

FY2004 Compared With FY2003



(Billion yen)

FY04
FY03

Total

2,695.6
2,574.7

Domestic

845.6
846.2

Overseas

1,850.0
1,728.5

UJINA NO.1 PLANT FIRE

- ◆ Facility Restored and Painting of Vehicles Restarted on April 27
- ◆ Extraordinary Items Include Insurance Income as well as Loss on Facilities and Downtime
- ◆ Operating Profits Improved with Lower Cost and Favorable Exchange
- ◆ New Paint Facility Built for ¥10.7 bln

JAPAN

	<u>FY2004</u>	<u>FY2003</u>	<u>Change</u>
Retail Volume (000)	286	279	2 %
Market Share	4.9 %	4.7 %	0.2 Pts

Introduction of Verisa and New Premacy



UNITED STATES

	<u>FY2004</u>	<u>FY2003</u>	<u>Change</u>
Retail Volume (000)	264	273	(3) %
Market Share	1.6 %	1.6 %	0.0 Pts

Higher Car Sales Offset by Lower Truck Sales



EUROPE

	<u>FY2004</u>	<u>FY2003</u>	<u>Change</u>
Retail Volume (000)	273	250	9 %
Market Share	1.5 %	1.4 %	0.1 Pts

Continued Strong Momentum



CHINA

	<u>FY2004</u>	<u>FY2003</u>	<u>Change</u>
Retail Volume (000)	96	91	6 %
Market Share	1.9 %	1.9 %	0.0 Pts

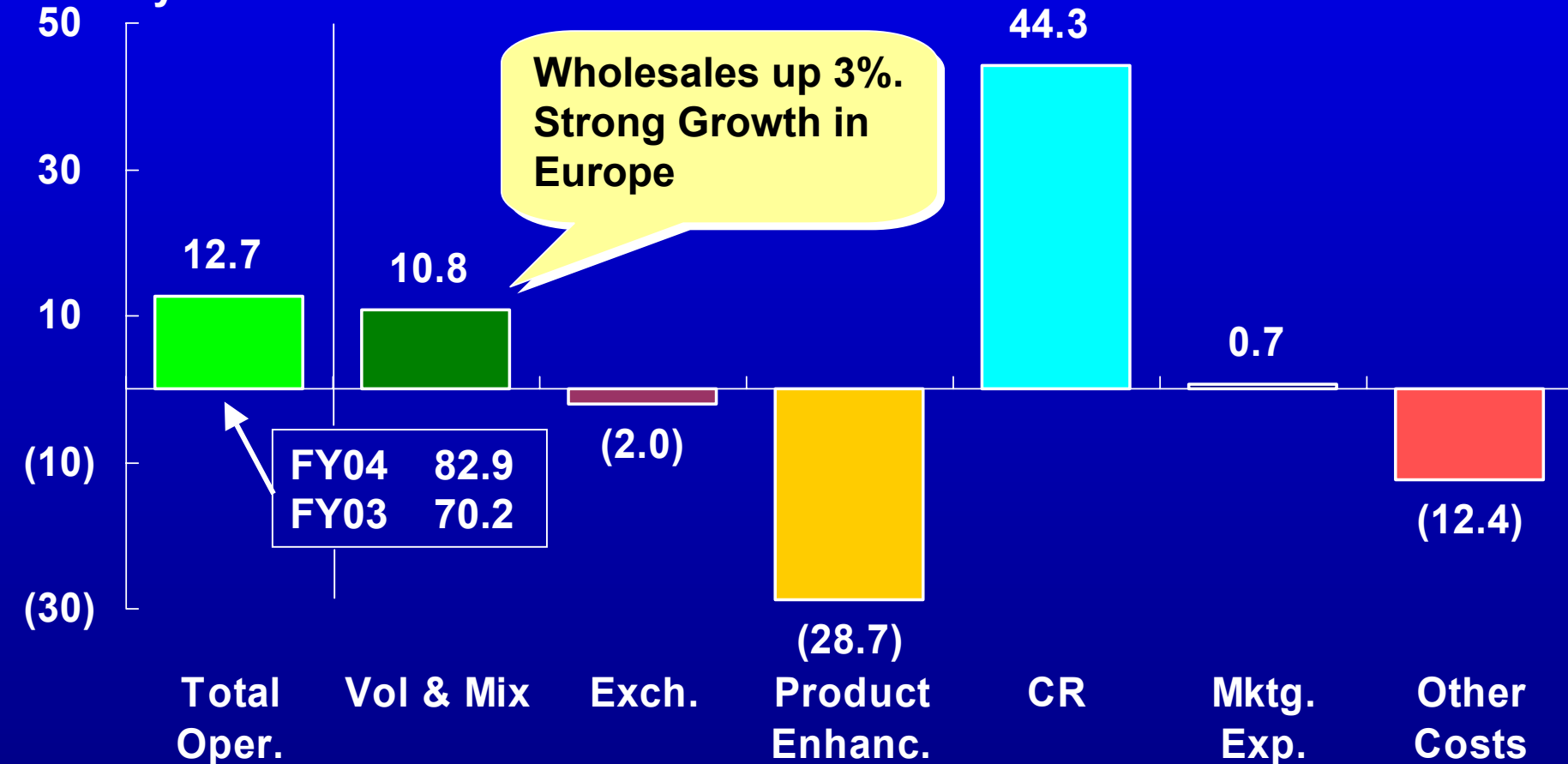
Sales Growth Maintained



OPERATING PROFIT CHANGES

FY2004 Compared with FY2003

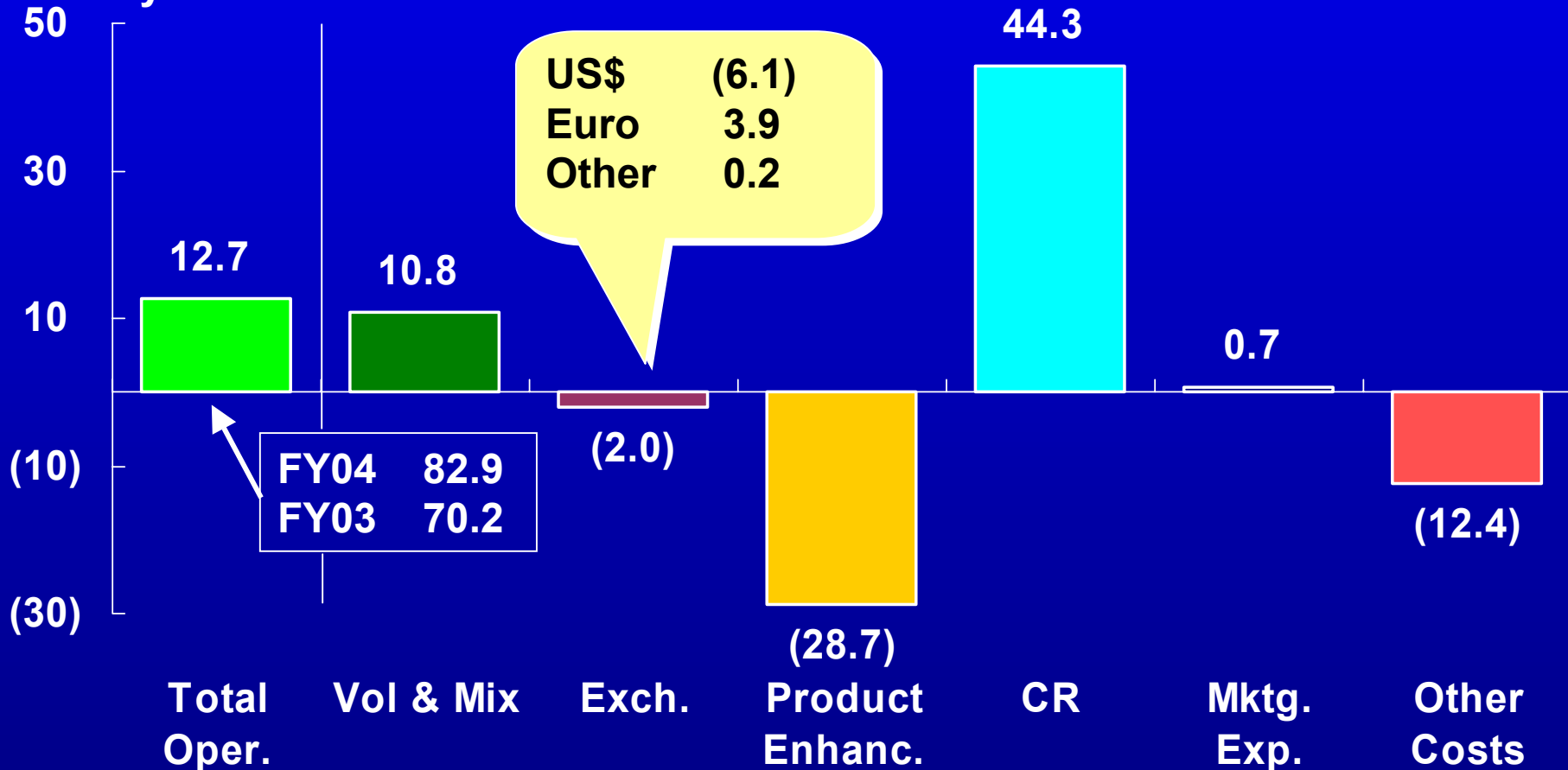
Billion yen



OPERATING PROFIT CHANGES

FY2004 Compared with FY2003

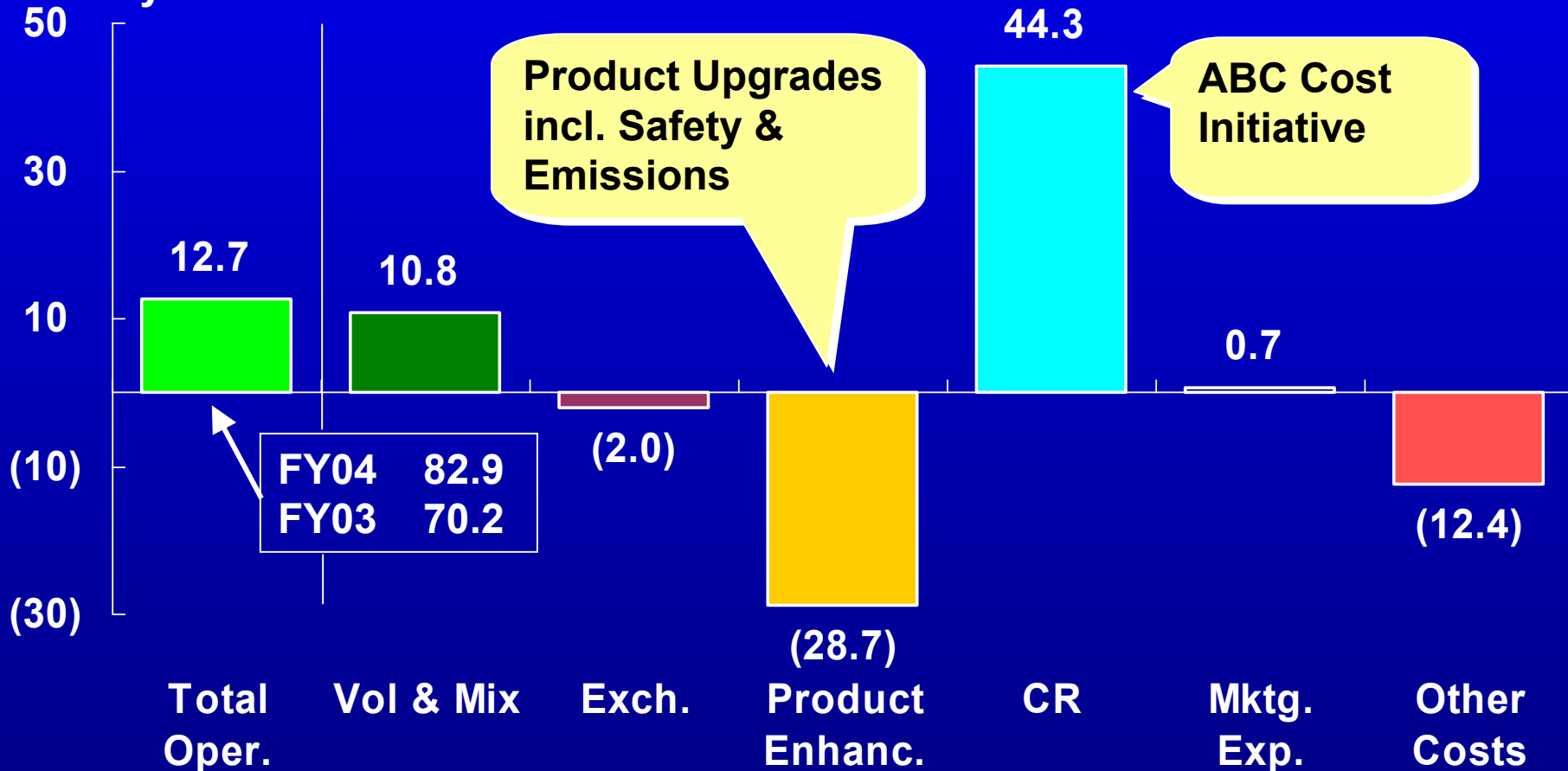
Billion yen



OPERATING PROFIT CHANGES

FY2004 Compared with FY2003

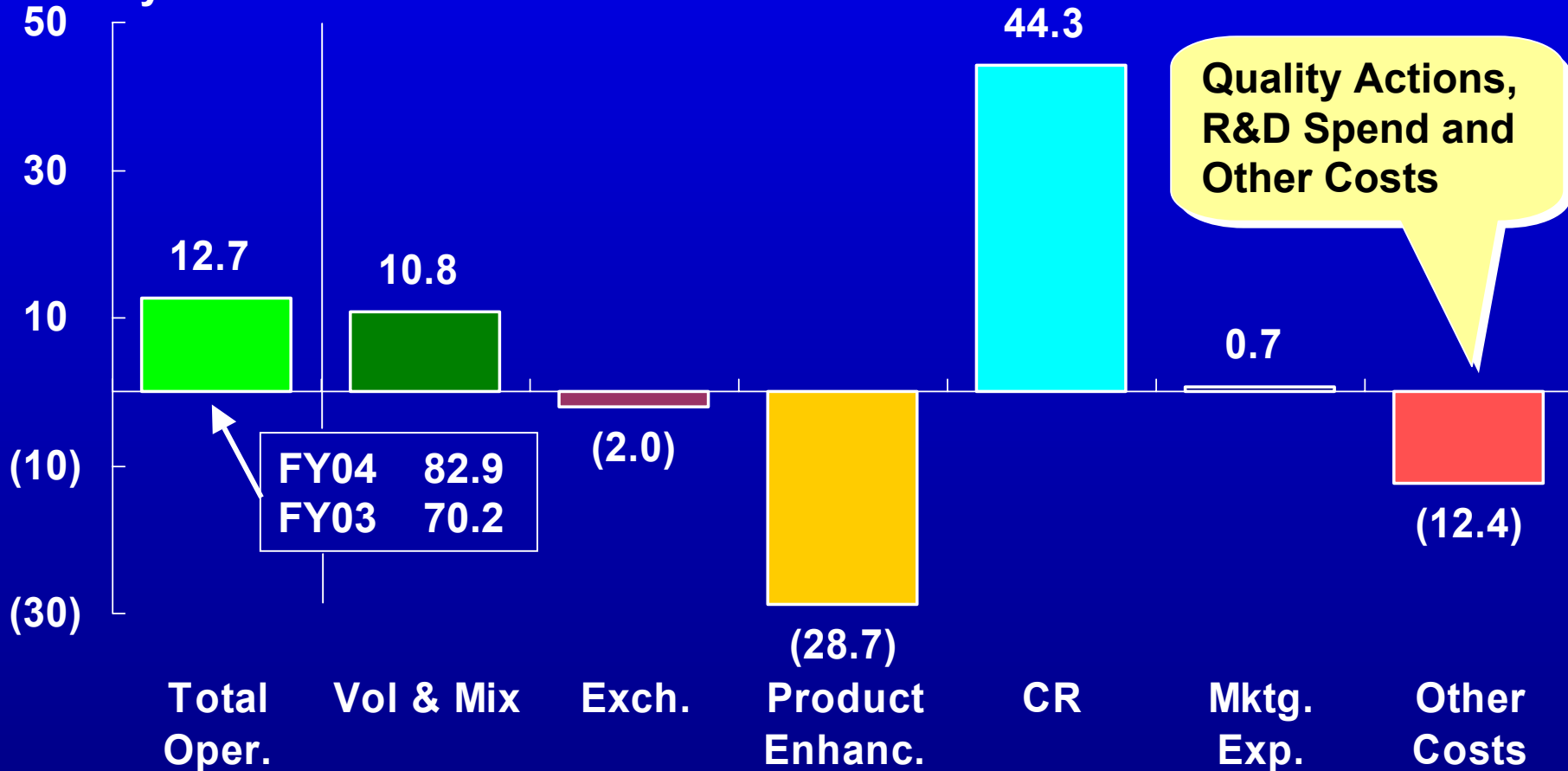
Billion yen



OPERATING PROFIT CHANGES

FY2004 Compared with FY2003

Billion yen



FY2005 PROJECTIONS

FY2005 FINANCIAL METRICS

(Billion yen)

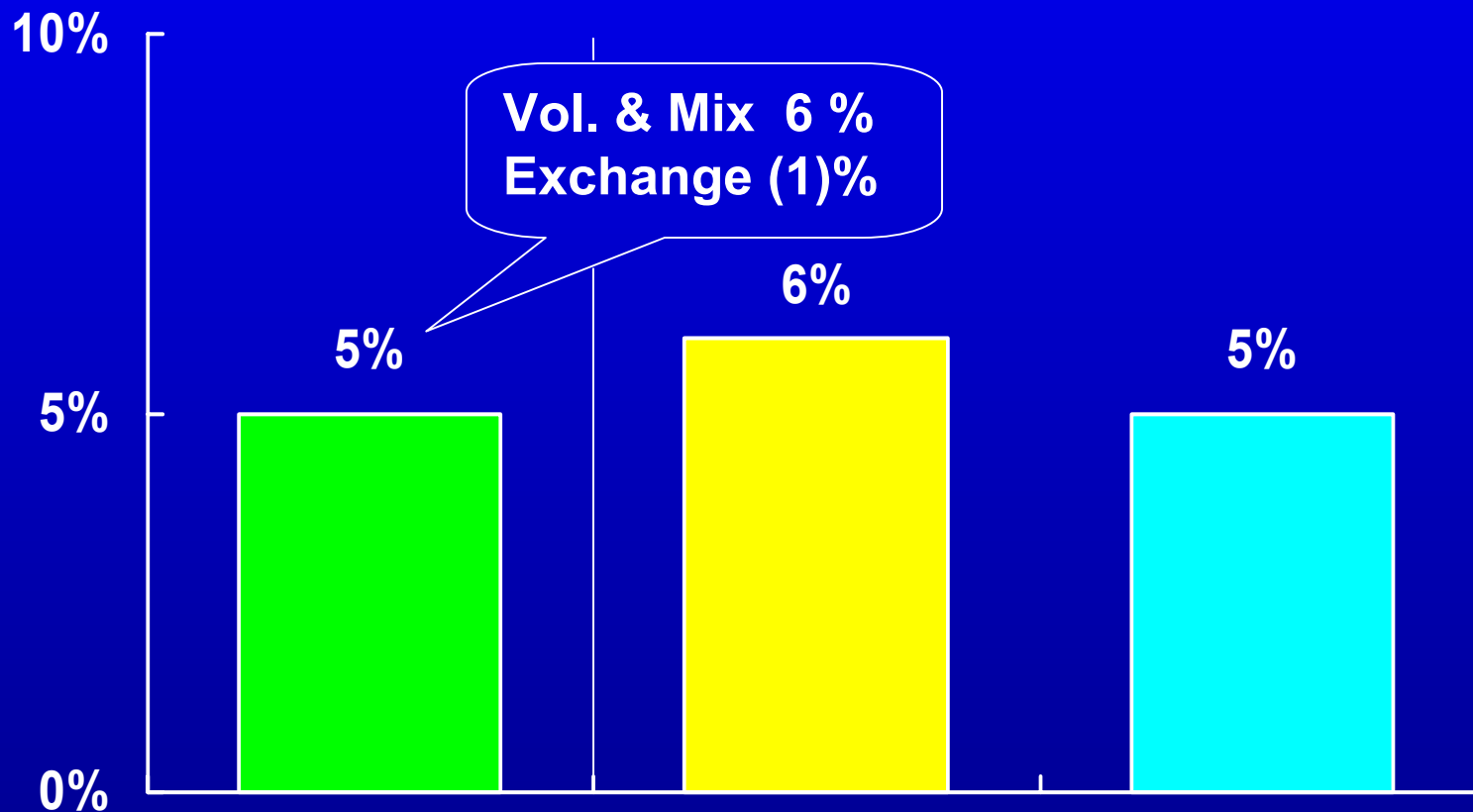
	<u>FY2005</u>	<u>FY2004</u>	<u>Change</u>	
			<u>Amount</u>	<u>Pct.</u>
Operating Profit	90.0	82.9	7.1	9 %
Ordinary Profit	82.0	73.1	8.9	12 %
Profit Before Tax	96.0	73.8	22.2	30 %
Net Income	55.0	45.8	9.2	20 %
Operating ROS	3.2%	3.1%	0.1 Pts	-
EPS (Yen/Share)	45.2	37.6	7.6	20 %

KEY ASSUMPTIONS

	<u>FY2005</u>	<u>FY2004</u>	<u>Change</u>
<u>WHOLESALES (000)</u>			
Consolidated	1,178	1,104	7 %
<u>REVENUE (¥Bils.)</u>	2,840.0	2,695.6	5 %
<u>EXCHANGE RATES</u>			
Yen / U.S. Dollar	105	108	¥ (3)
Yen / Euro	135	135	¥ 0

REVENUE CHANGES BY DESTINATION

FY2005 Compared With FY2004



(Billion yen)

Total

Domestic

Overseas

FY05

2,840.0

900.0

1,940.0

FY04

2,695.6

845.6

1,850.0

JAPAN

	<u>FY2005</u>	<u>FY2004</u>	<u>Change</u>
Retail Volume (000)	293	286	2 %
Market Share	5.0 %	4.9 %	0.1 Pts

New Premacy and Roadster



*US Spec

UNITED STATES

	<u>FY2005</u>	<u>FY2004</u>	<u>Change</u>
Retail Volume (000)	268	264	2 %
Market Share	1.6 %	1.6 %	0.0 Pts

New Mazda5, Miata and Mazdaspeed6



EUROPE

	<u>FY2005</u>	<u>FY2004</u>	<u>Change</u>
Retail Volume (000)	300	273	10 %
Market Share	1.7 %	1.5 %	0.2 Pts

New Mazda5 and MX-5



CHINA

	<u>FY2005</u>	<u>FY2004</u>	<u>Change</u>
Retail Volume (000)	103	96	8 %
Market Share	1.9 %	1.9 %	0.0 Pts

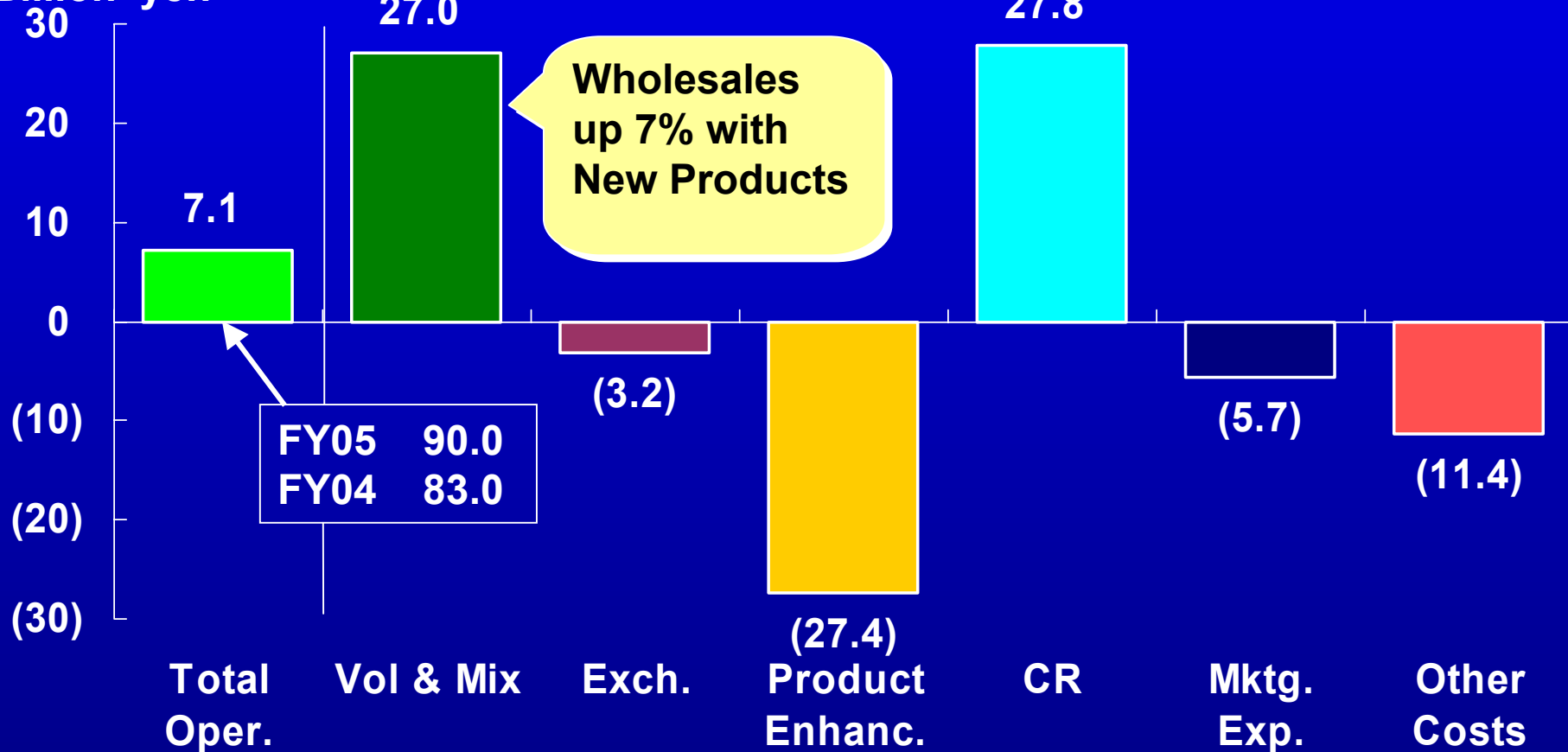
Build Mazda Brand



OPERATING PROFIT CHANGES

FY2005 Compared with FY2004

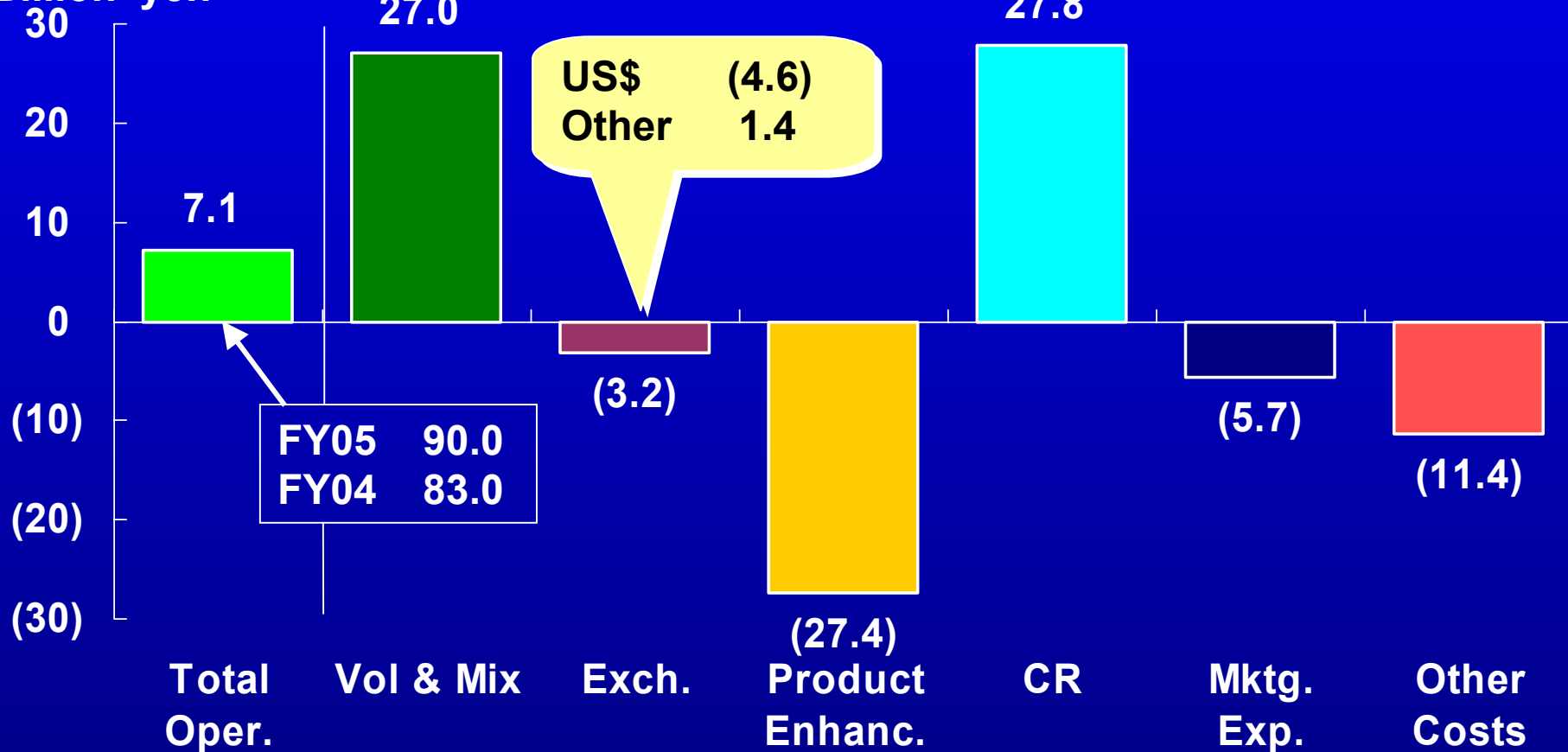
Billion yen



OPERATING PROFIT CHANGES

FY2005 Compared with FY2004

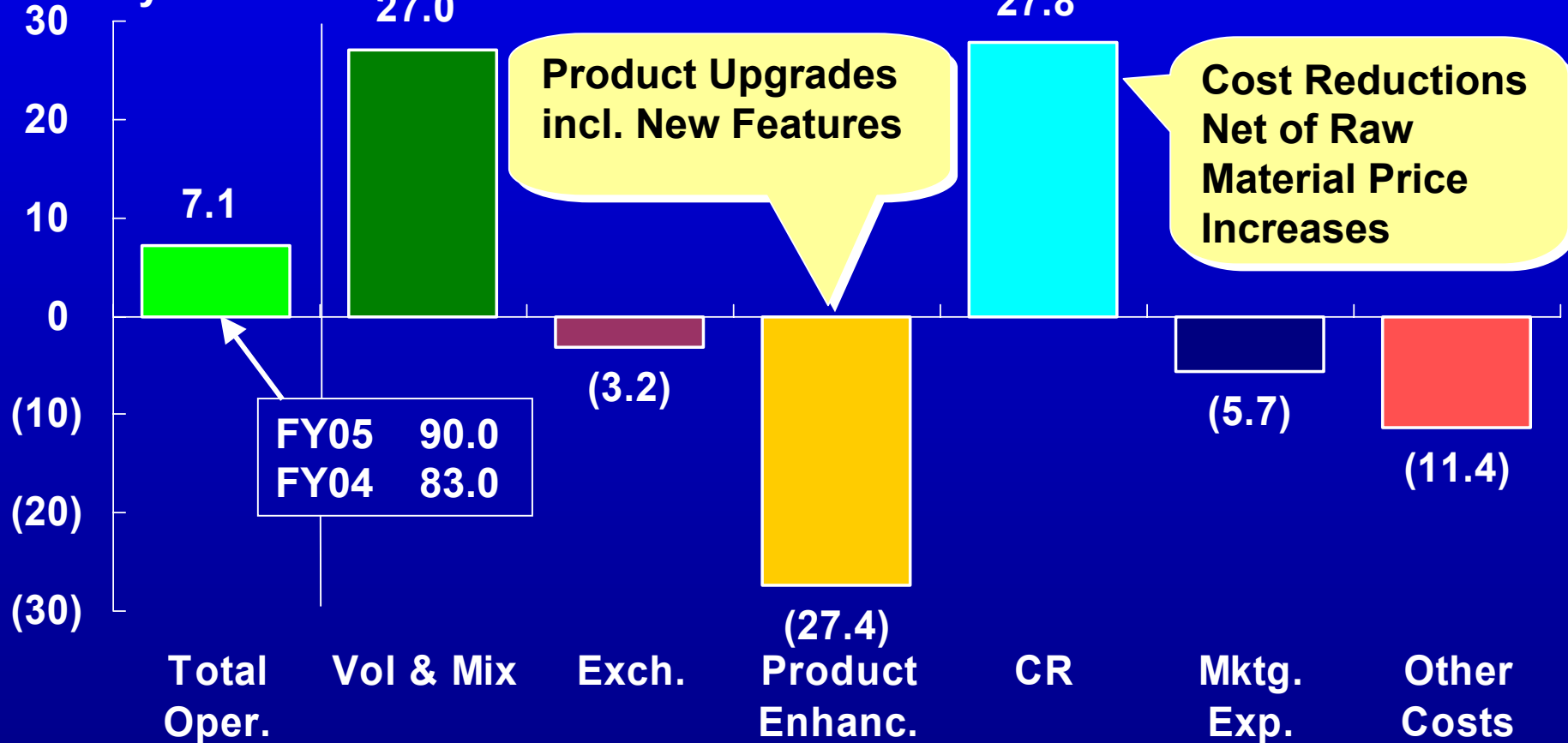
Billion yen



OPERATING PROFIT CHANGES

FY2005 Compared with FY2004

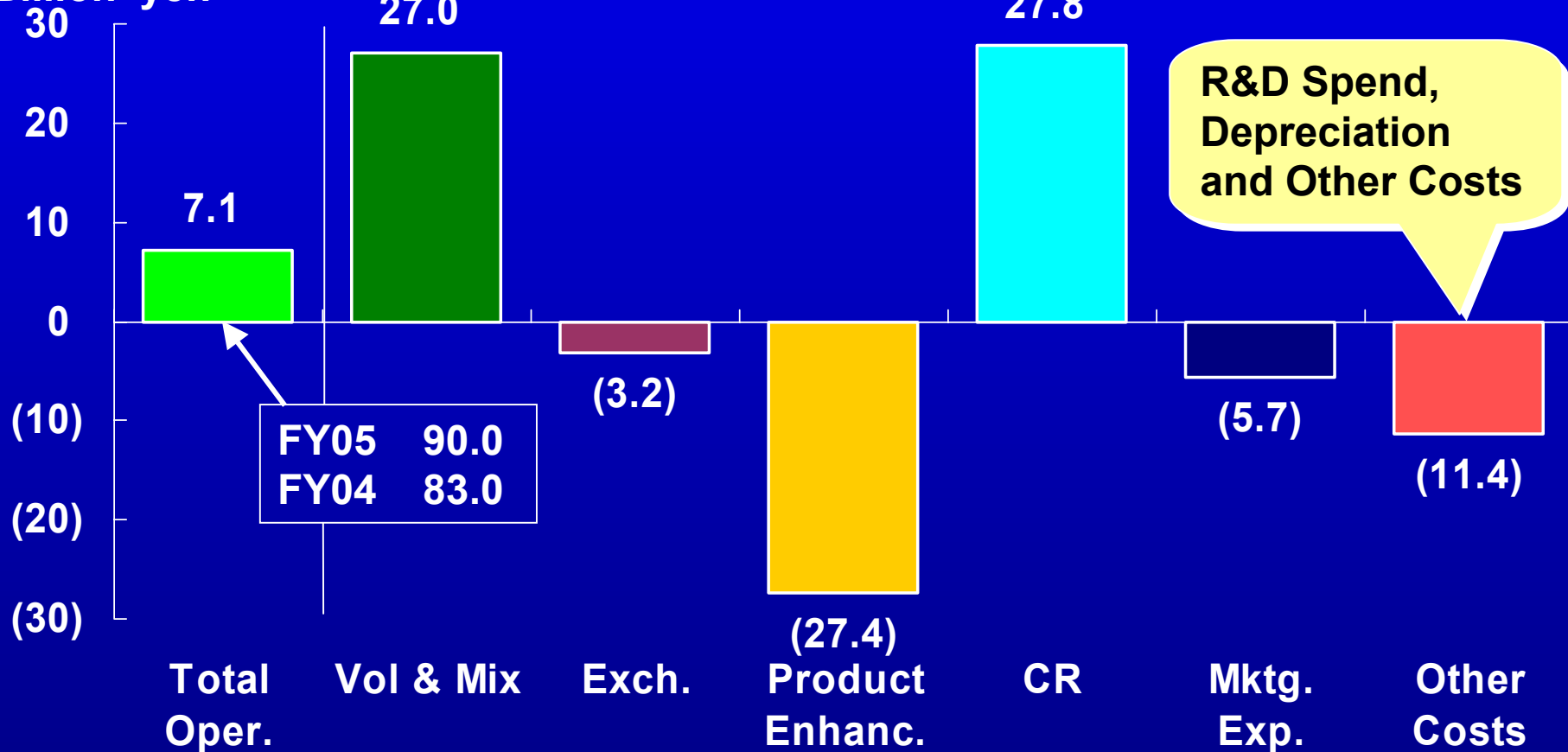
Billion yen



OPERATING PROFIT CHANGES

FY2005 Compared with FY2004

Billion yen



CHINA STRATEGY

OUTLINE

- ◆ **Achieve 300,000 Units in the Year 2010**
- ◆ **Launch Products Suitable for Chinese Market**
- ◆ **Expand Production System**
- ◆ **Establish Sales System**
- ◆ **Establish A Company to Manage China Operations**

SALES/PRODUCTS

(000 units)

Mazda Brand Model Retail Sales Volume



EXPAND PRODUCTION SYSTEM

◆ Vehicle

(1) FAW Car Co. Ltd (Changchun) - Mazda6

(2) FAW Haima Motor Co. Ltd (Hainan)

- 323/Premacy

(3) Changan Ford (Nanjing)

- Manufacture Small-sized Cars Using Mazda's Latest Production Technology

- To Start Operation in 07

◆ Engine

Changan Ford Mazda Engine Co Ltd (Nanjing)

- Manufacture Engines for Small-sized Cars

Using Mazda's Latest Production Technology

- To Start Operation in 07

SALES STRUCTURE & MANAGEMENT COMPANY

- ◆ **FAW Mazda Motor Sales Co. Ltd**
 - **Joint-Venture Sales Company with First Auto Works/FAW Car Co. Ltd.**
 - **Started Operations in March 05**
 - **To Sell All Mazda Vehicles to Be Produced in China**

- ◆ **New Company to Manage China Operations**
 - **100% Mazda-owned Mazda Motor (Shanghai) Business Management & Consulting Co. Ltd Was Established**
 - **As a Headquarter in China, Take Quick and Consistent Actions**

BASE LOCATIONS

Changan Automotive Group

First Auto Works Group



CLOSE

IN SUM

- ◆ **All-time Record Operating Profit in FY2004**
- ◆ **ABC Cost Target Achieved**
- ◆ **Escalating Raw Material Prices a Significant Challenge**
- ◆ **Continue Progress and Foundation Building under Mazda Momentum in FY2005**



mazda

DISCLAIMER

The projections for FY 2005 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.