



FISCAL YEAR MARCH 2014 FIRST HALF FINANCIAL RESULTS



**New Mazda Axela
(Overseas name: New Mazda3)**

**Mazda Motor Corporation
October 31, 2013**

PRESENTATION OUTLINE

- **Highlights**
- **Fiscal Year March 2014 First Half Results**
- **Fiscal Year March 2014 Forecast**
- **Progress of Structural Reform Plan**
- **Summary**





HIGHLIGHTS

HIGHLIGHTS (1) – FIRST HALF RESULTS

- **Achieved revenue growth and a substantial profit increase in all profit categories through sales expansion of vehicles equipped with SKYACTIV**
- **Revenue was ¥1,254.3 billion. Operating profit was ¥74 billion. Net income was ¥25 billion**
- **Global sales volume was 631,000 units**
- **Globally successful CX-5 and new Mazda6/Atenza have driven the sales**
- **Introduced new Mazda3/Axela in North America**

HIGHLIGHTS (2) – FULL YEAR FORECAST

- **Forecast global sales volume of 1,335,000 units**
- **Upward revision of full year forecast:
operating profit of ¥160 billion and net income of
¥100 billion**
- **Introduce new Mazda3/Axela in major markets
including Europe, Japan and Australia, following
North America**
- **Steady progress of the Structural Reform Plan**



FISCAL YEAR MARCH 2014 FIRST HALF RESULTS

FY MARCH 2014 FINANCIAL METRICS

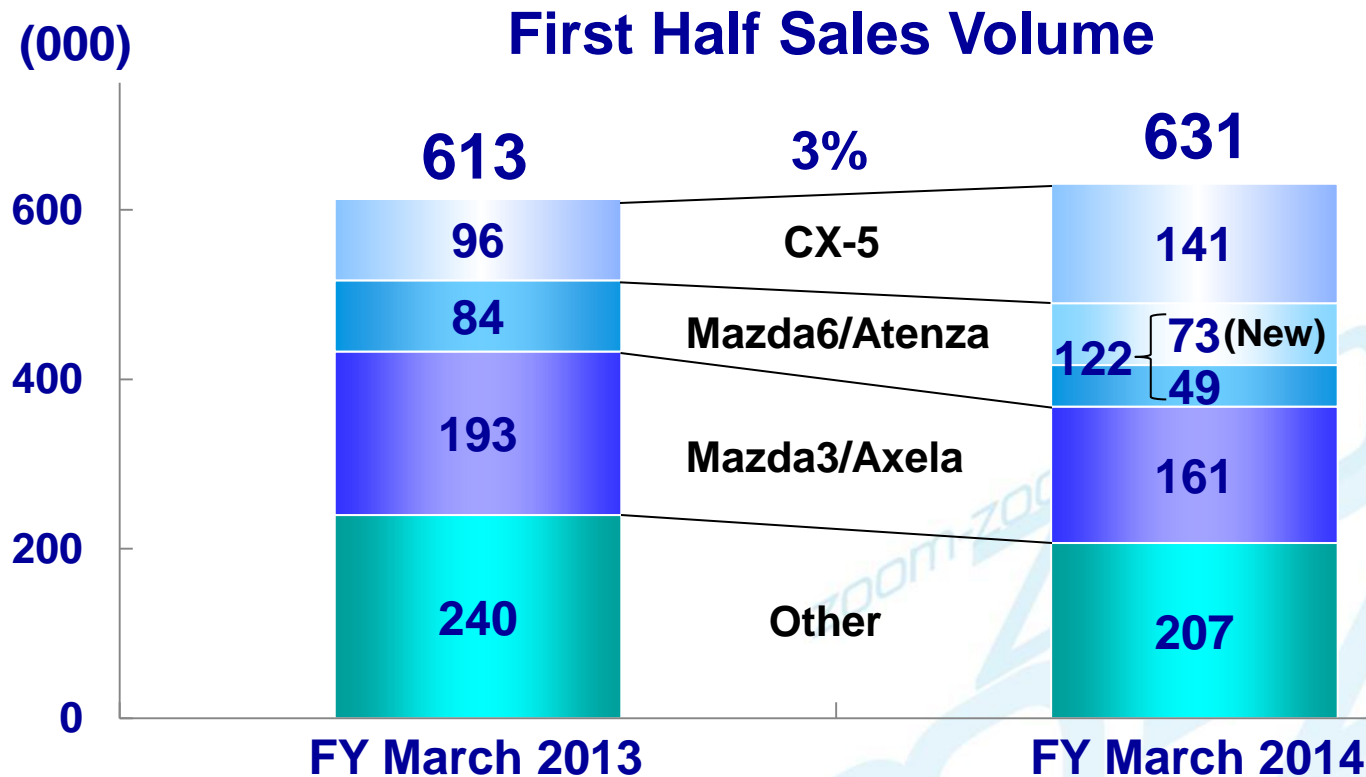
(Billion yen)	First Half		Change from	
	FY March 2014	FY March 2013	Prior Year	April Plan
Revenue	1,254.3	1,023.5	230.8	134.3
Operating profit	74.0	11.5	62.5	29.0
Ordinary profit	36.3	0.4	35.9	15.3
Profit before tax	33.9	7.3	26.6	16.9
Net income	25.0	5.7	19.3	15.0
Operating ROS	5.9 %	1.1 %	4.8 pts	1.9 pts
EPS (Yen)	8.4	1.9	6.5	5.1
Exchange Rates (Yen)				
US Dollar	99	79	20	9
Euro	130	101	29	10

GLOBAL SALES VOLUME

(000)	First Half		Change from	
	FY March 2014	FY March 2013	Prior Year	April Plan
Global sales volume				
Japan	111	110	1	5
North America	199	182	17	(5)
Europe	97	85	12	4
China	79	90	(11)	(3)
Other Markets	145	146	(1)	3
Total	631	613	18	4
<Breakdown>				
USA	142	127	15	0
Australia	52	51	1	0
ASEAN	39	49	(10)	(7)

GLOBAL

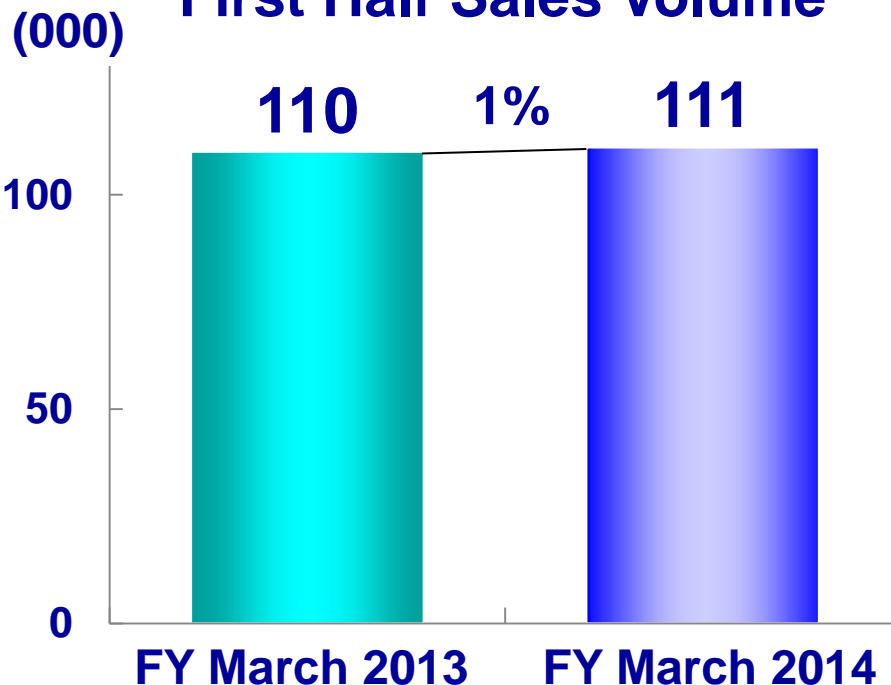
- Globally successful CX-5 and new Mazda6/Atenza have driven sales growth
- Improved net revenue by Sales Method Innovation that promotes products and brand
- New Mazda3/Axela to be introduced in the second half will further accelerate the business growth by SKYACTIV



JAPAN



First Half Sales Volume



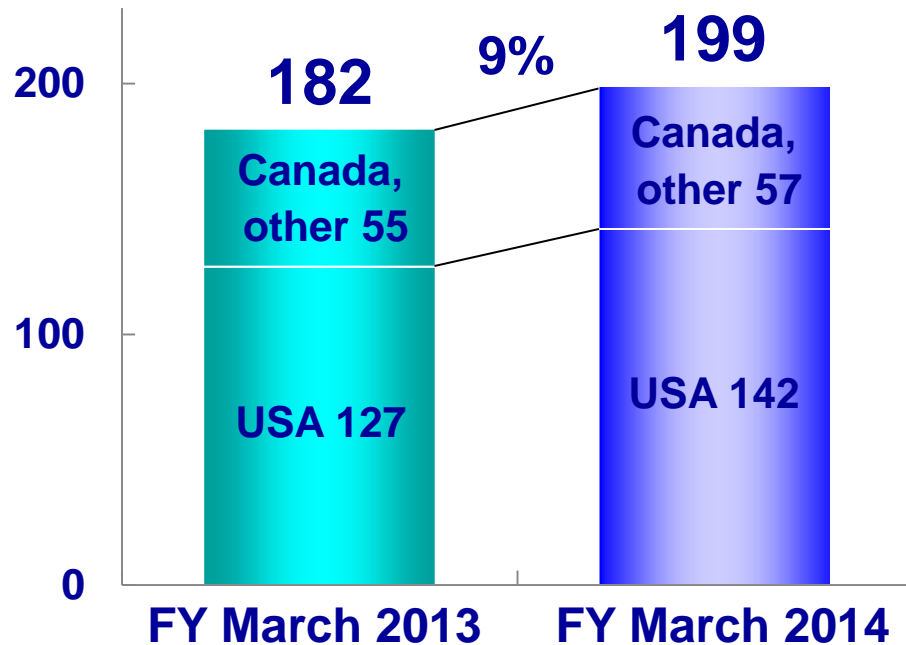
- Sales were 111,000 units, up year on year despite 2% reduction of the total industry sales
- Share gained 0.1 point to 4.3%
- SKYACTIV models have driven the sales
 - Added CX-5 2.5L model and limited version
 - New Atenza also maintained strong sales
 - Premacy and Biante that are equipped with SKYACTIV TECHNOLOGY are also successful

NORTH AMERICA



- Sales were 199,000 units, up 9% year on year
- USA: 142,000 units, year-on-year growth of 12% surpassing the industry's 9% increase, with retail sales attaining 16% improvement

(000) **First Half Sales Volume**

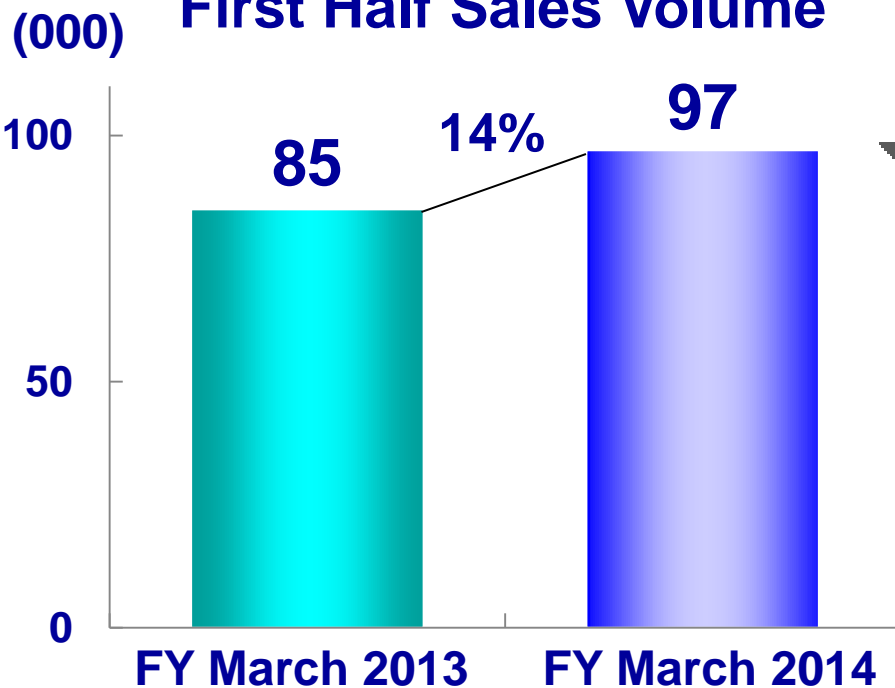


- Continue to improve brand value by holding down fleet sales
- CX-5 sales grew 69% year on year to 43,000 units
- New Mazda6 sales also steadily increased

EUROPE



First Half Sales Volume

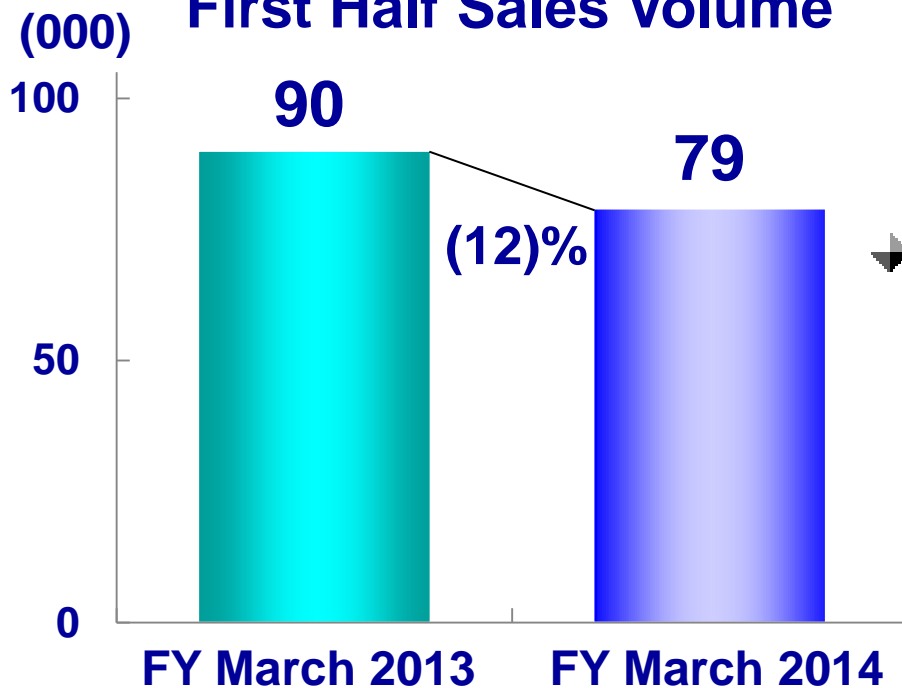


- Sales were 97,000 units, up 14% year on year while the industry was down 2%
- CX-5 and new Mazda6, significantly grew their segment shares owing to CX-5 availability improvement and new Mazda6 full-scale launch
- Key markets, especially Germany and UK, enjoyed strong sales
 - Germany: 22,000 units, up 18% year on year
 - UK: 17,000 units, up 30% year on year

CHINA



First Half Sales Volume



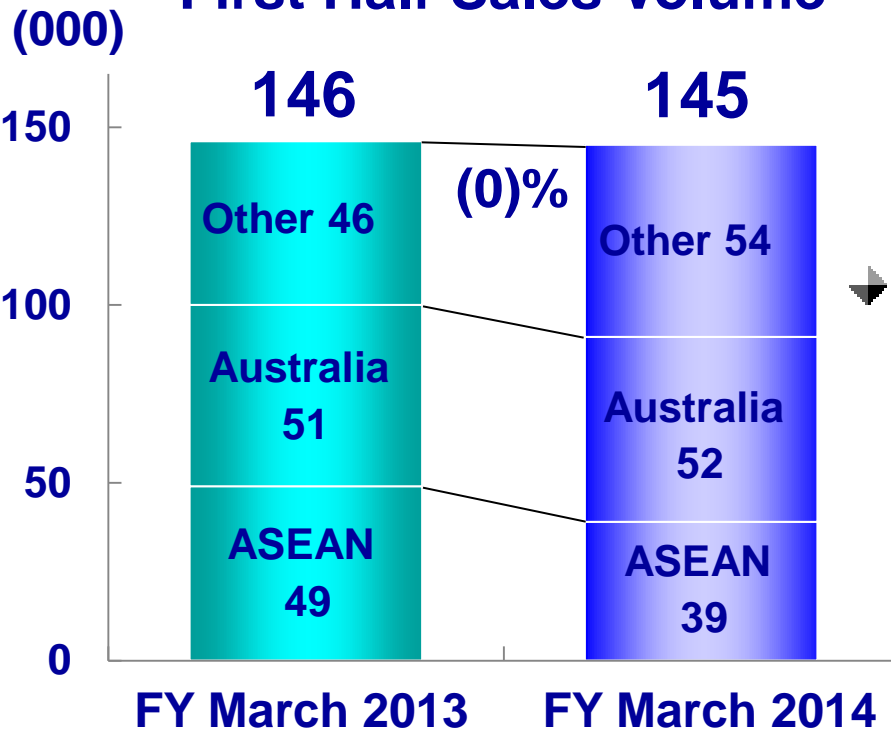
- Sales were 79,000 units
- Started sales of locally produced CX-5 and received orders for 10,000 units as of the end of September
- Implemented mass-market advertising to communicate SKYACTIV TECHNOLOGY on the occasion of CX-5 launch
- Increased the number of outlets to 408, up 12 from the end of March 2013 (As of the end of Sep. 2013)

OTHER MARKETS



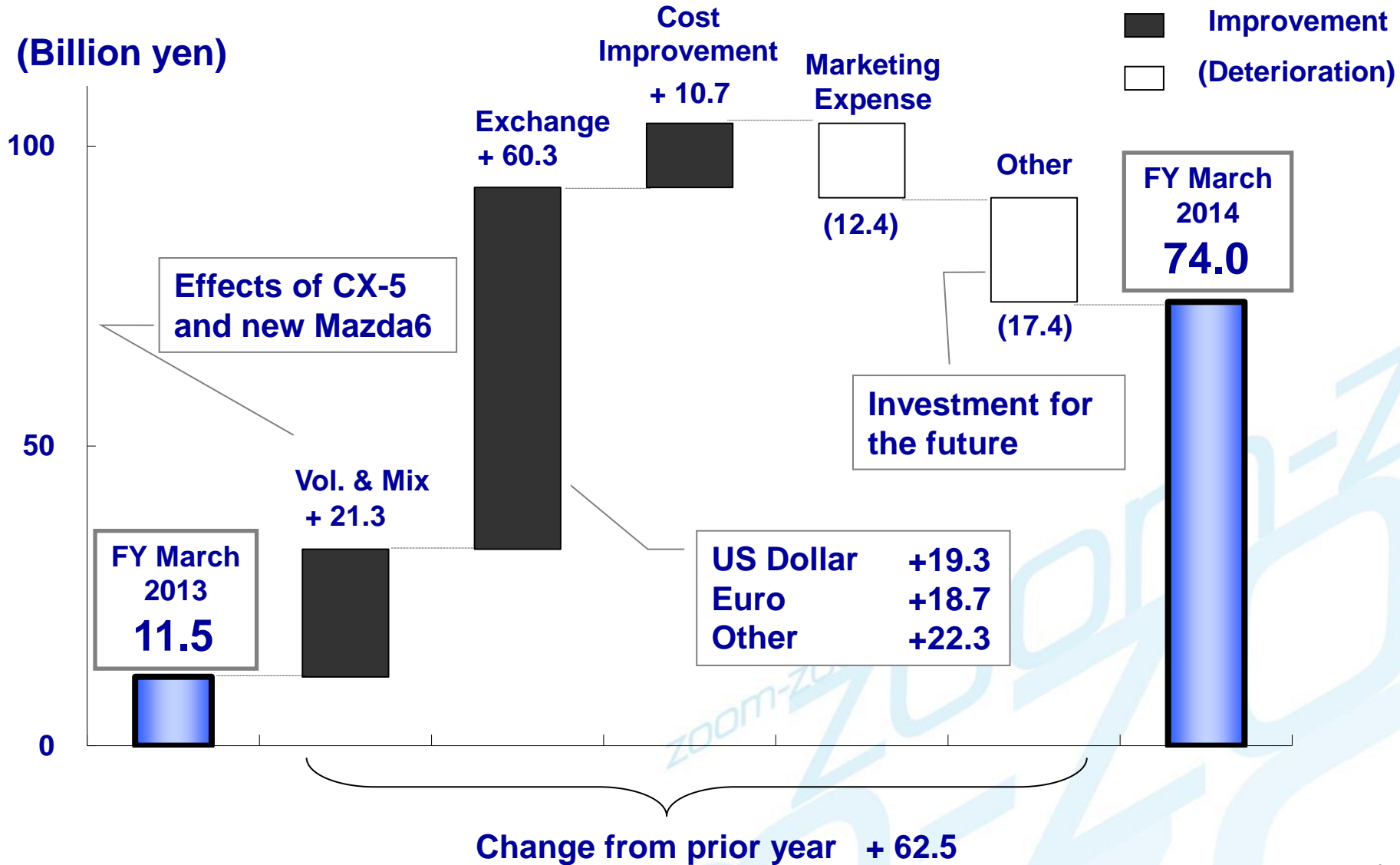
- Sales were 145,000 units
- Australia: Remained strong with 52,000 units and 8.9% share
 - Mazda ranked 3rd in overall sales by brand
 - CX-5 and Mazda2 achieved highest sales in their respective segments while Mazda3 attained 2nd position
- ASEAN:
 - All markets except Thailand achieved year on year increase
 - Malaysia recorded the highest ever sales and share, reflecting sales increase of locally-produced CX-5

First Half Sales Volume



OPERATING PROFIT CHANGE

FY March 2014 First Half vs. FY March 2013 First Half





FISCAL YEAR MARCH 2014 FORECAST

FY MARCH 2014 FINANCIAL METRICS

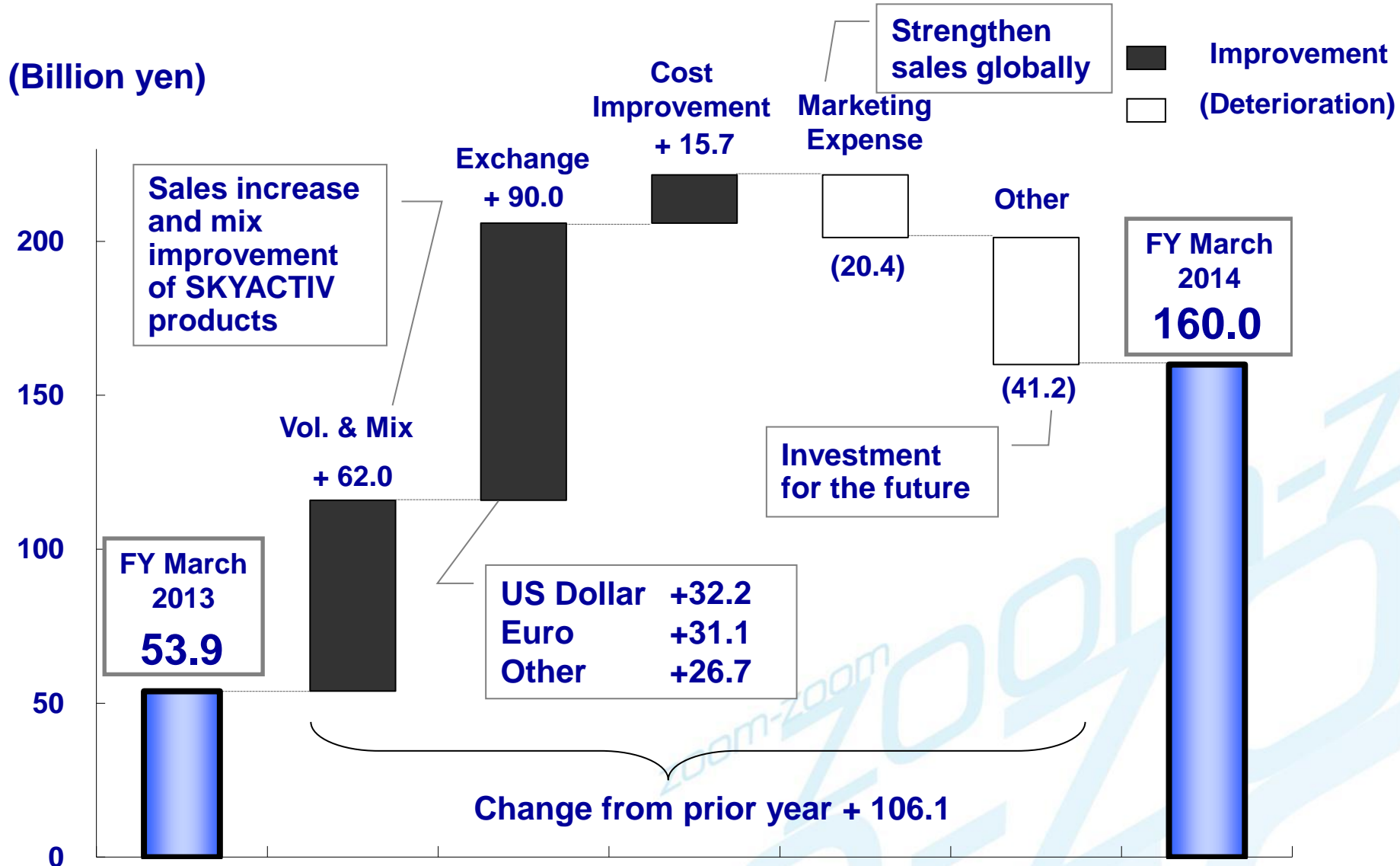
(Billion yen)	FY March 2014			Change from	
	First Half	Second Half	Full Year	Prior Year	April Plan
Revenue	1,254.3	1,395.7	2,650.0	444.7	170.0
Operating profit	74.0	86.0	160.0	106.1	40.0
Ordinary profit	36.3	86.7	123.0	89.9	26.0
Profit before tax	33.9	78.1	112.0	72.9	24.0
Net income	25.0	75.0	100.0	65.7	30.0
Operating ROS	5.9 %	6.2 %	6.0 %	3.6 pts	1.2 pts
EPS (Yen)	8.4	25.1	33.5	22.0	10.1
Exchange Rates (Yen)					
US Dollar	99	95	97	14	7
Euro	130	125	128	21	8

GLOBAL SALES VOLUME

(000)	FY March 2014			Change from	
	First Half	Second Half	Full Year	Prior Year	April Plan
Global sales volume					
Japan	111	114	225	9	5
North America	199	216	415	43	0
Europe	97	103	200	28	0
China	79	121	200	25	0
Other Markets	145	150	295	(5)	(5)
Total	631	704	1,335	100	0
<Breakdown>					
USA	142	158	300	27	0
Australia	52	54	106	2	0
ASEAN	39	46	85	(16)	(16)

OPERATING PROFIT CHANGE

FY March 2014 Full Year vs. FY March 2013 Full Year

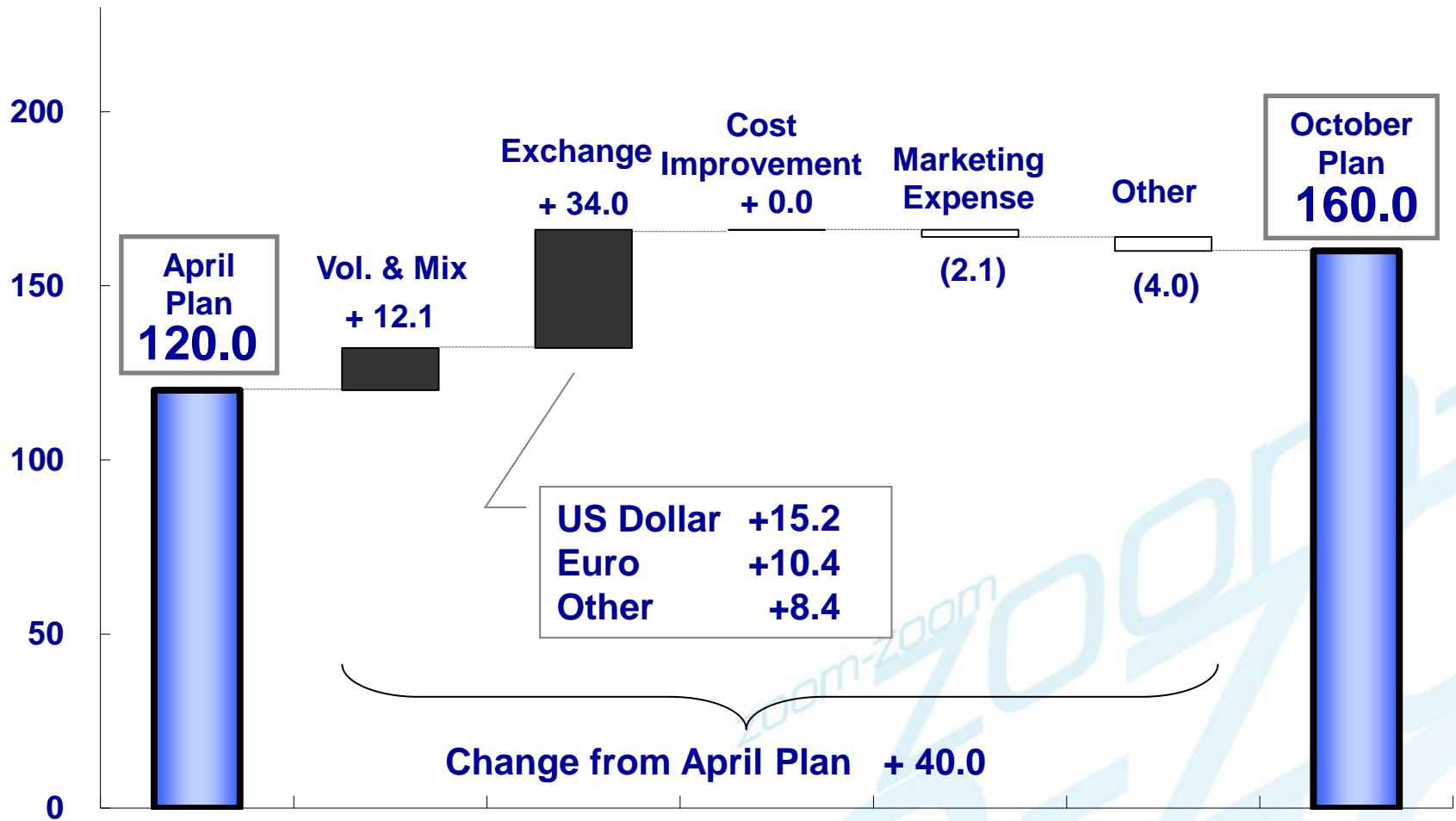


OPERATING PROFIT CHANGE

FY March 2014 Full Year vs. April Plan

(Billion yen)

■ Improvement
□ (Deterioration)



FY MARCH 2014 SECOND HALF GLOBAL SALES INITIATIVES

- **Introduce our top-selling model, new Mazda3/Axela, in key markets and start full-scale sales**
- **Expand sales of locally produced CX-5**
 - **Add a 2.5L model in China**
 - **Introduce Malaysia-produced CX-5 in Thailand**
- **Enhance advertising activities to improve brand image**
- **Accelerate volume growth to achieve medium- and long-term outlook**





PROGRESS OF STRUCTURAL REFORM PLAN

BUSINESS INNOVATION BY SKYACTIV TECHNOLOGY

– SALES REINFORCEMENT

- **Roll-out Brand Campaigns**
Further global penetration of brand value, such as “Be a driver” in Japan, “Game Changer” in North America
- **Thoroughly implement inside-out activities**
Share among Mazda group members the design philosophy and product values of Mazda models to fully communicate product values to customers
- **Promote sales at right price**
By promoting product values, holding-down incentives, and reducing fleet sales, realize net revenue improvement and high residual values
- **Enhance brand loyalty**
Extend good customer care exceeding their expectations throughout their ownership period

REINFORCE BUSINESS IN EMERGING COUNTRIES AND ESTABLISH GLOBAL PRODUCTION FOOTPRINT

➤ Progress on the new plant in Mexico

- Completed plant construction. Progressing on track for production start in the fourth quarter**
- Decided to build a new engine machining factory**
- Plan to ship vehicles to North America, Central and South America and Europe utilizing FTAs.**

➤ Further increase capacity for SKYACTIV models

- Made a decision to expand production capacity of SKYACTIV-G and SKYACTIV-D, and SKYACTIV transmissions in Japan**

➤ Reinforce business in the ASEAN region

- Decided to sell Mazda models in all 10 ASEAN countries**
- Started to export CX-5 from Malaysia to Thailand**

SUMMARY

<First Half Results>

- Sales, revenue and profits in all categories exceeded forecast at the beginning of the fiscal year
- SKYACTIV models including CX-5 and new Mazda6/Atenza continue global sales momentum

<Full Year Forecast>

- Revised forecast upward: operating profit of ¥160 billion and net income of ¥100 billion
- Introduce new Mazda3/Axela in major markets including Europe, Japan and Australia, following North America
- Steady progress of the Structural Reform Plan



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APPENDIX

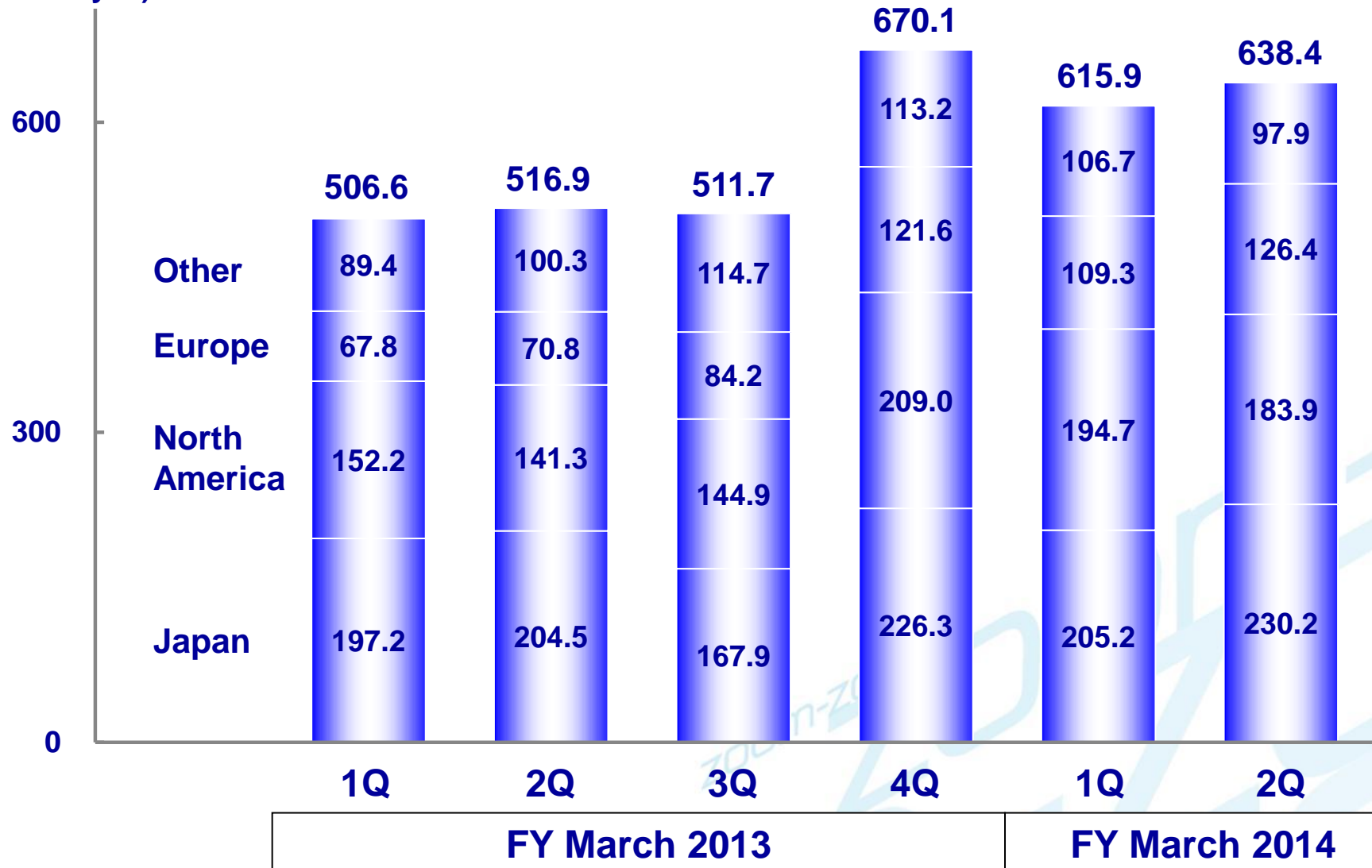
CASH FLOW AND NET DEBT

(Billion yen)	FY March 2014			Change from Prior FY End
	First Quarter	Second Quarter	First Half	
Cash Flow				
- From operating activities	(7.1)	14.8	7.7	-
- From investing activities	(24.4)	(24.8)	(49.2)	-
- Free Cash Flow	(31.5)	(10.0)	(41.5)	-
Cash and Cash Equivalents	399.7	394.2	394.2	(50.7)
Net Debt	304.6	315.8	315.8	(41.7)
Net Debt-to-equity Ratio	59 / 49* %	58 / 48* %	58 / 48* %	(3) / (3)* pts
Equity Ratio	27 / 28* %	28 / 29* %	28 / 29* %	3 / 2* pts

*Reflecting "equity credit attributes" of the subordinated loan.

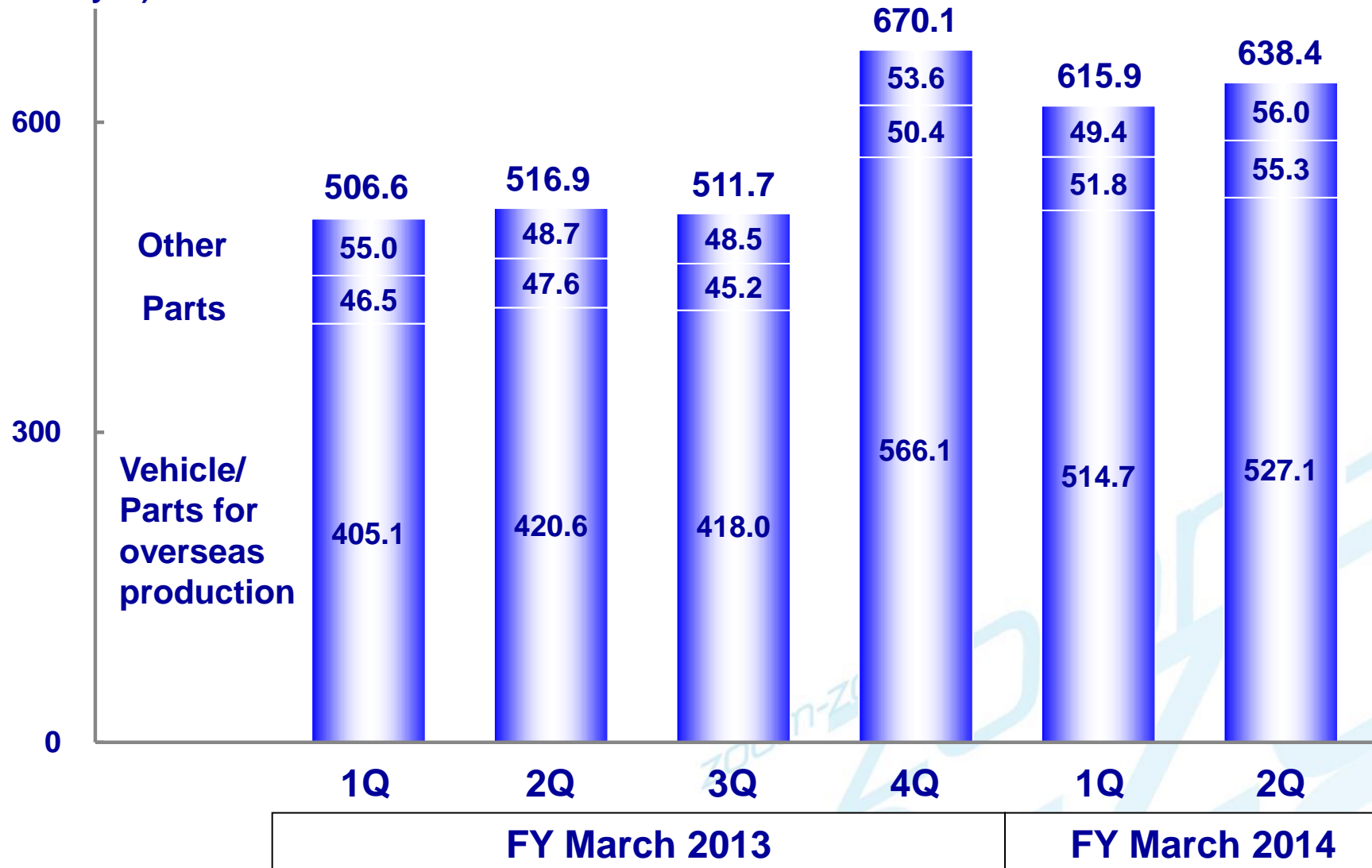
REVENUE BY GEOGRAPHIC AREA

(Billion yen)



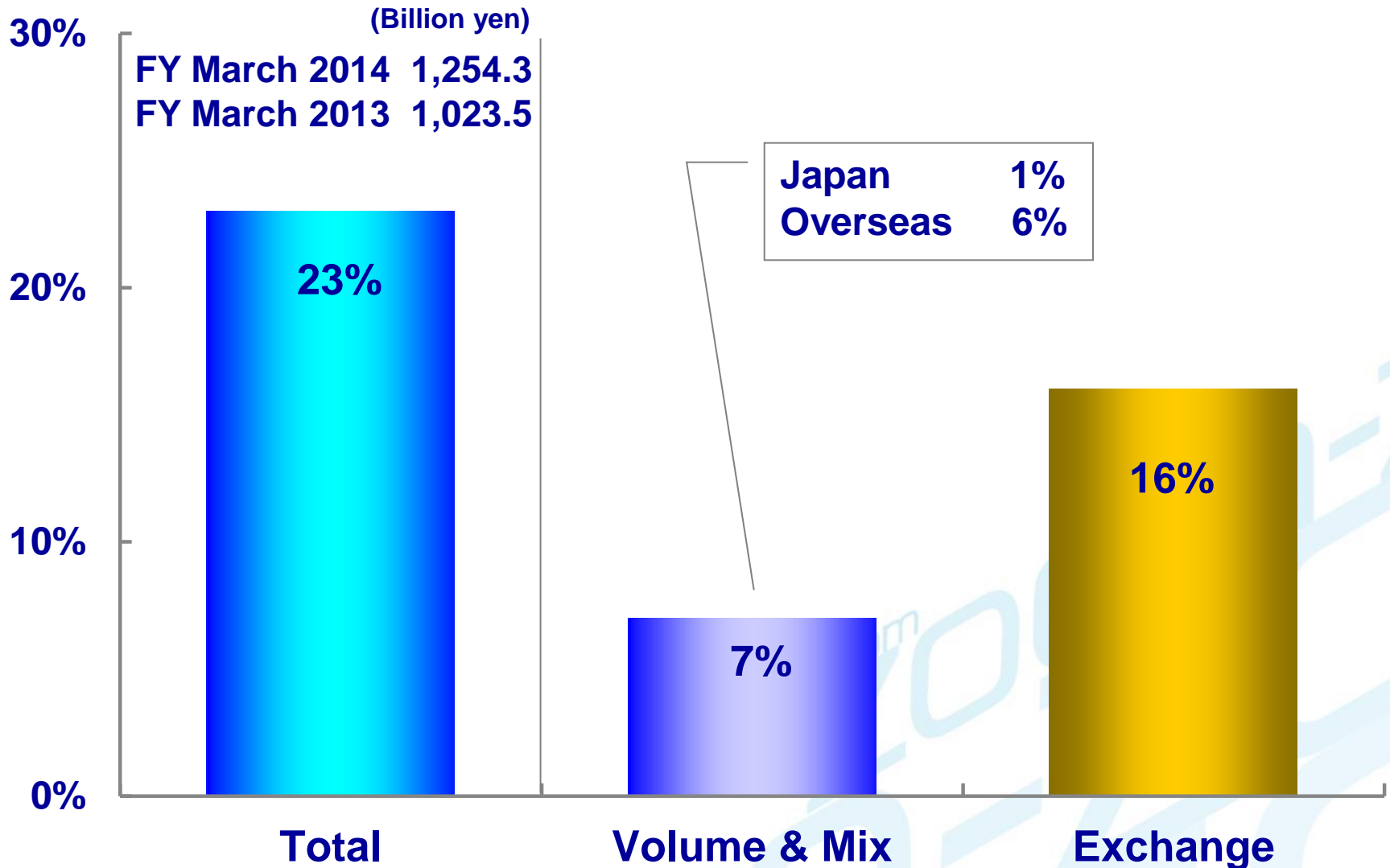
REVENUE BY PRODUCT

(Billion yen)



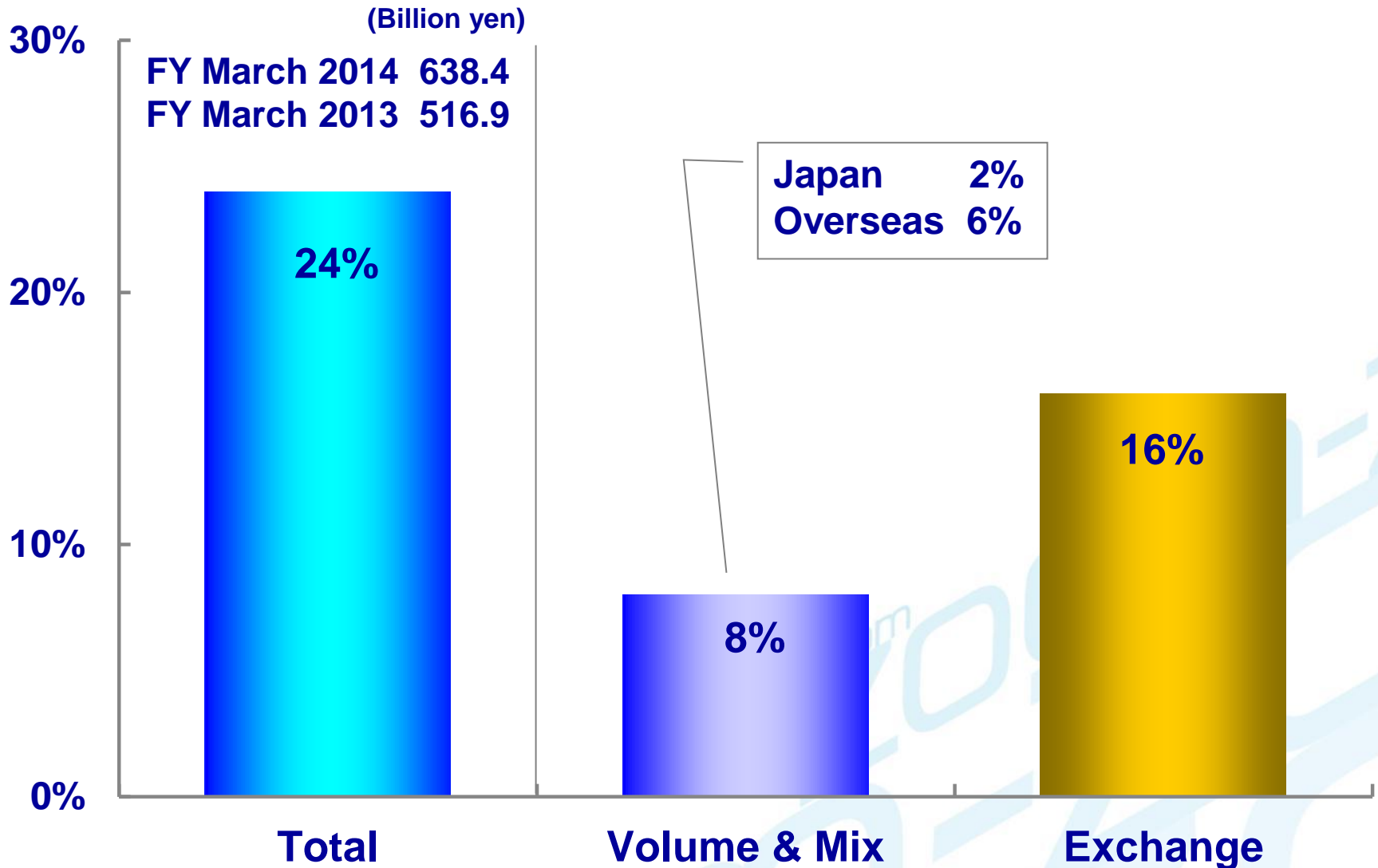
REVENUE CHANGE

FY March 2014 First Half vs. FY March 2013 First Half



REVENUE CHANGE

FY March 2014 Second Quarter vs. FY March 2013 Second Quarter



FY MARCH 2014 FINANCIAL METRICS

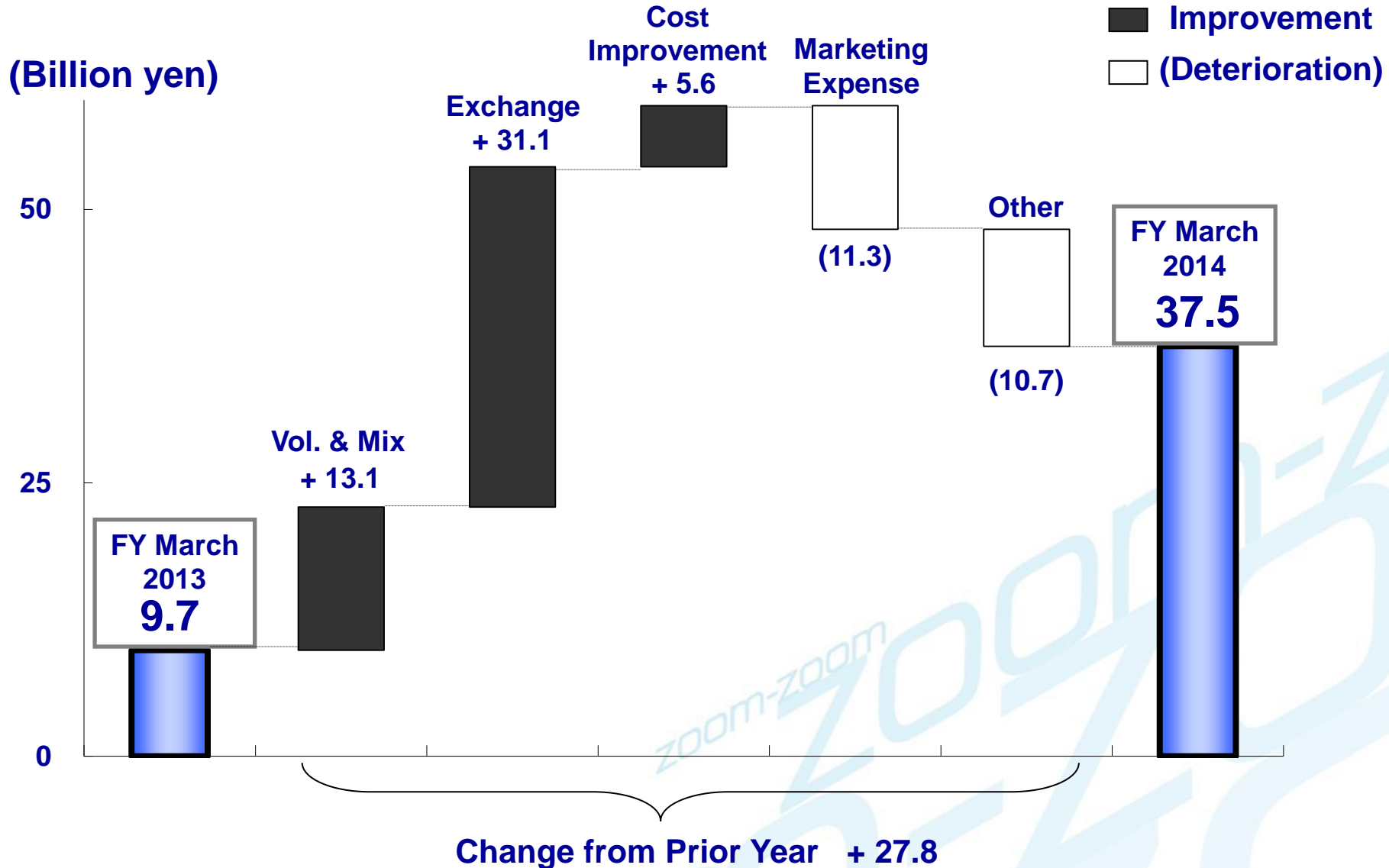
(Billion yen)	Second Quarter		Change from Prior Year
	FY March 2014	FY March 2013	
Revenue	638.4	516.9	121.5
Operating profit	37.5	9.7	27.8
Ordinary profit	27.9	9.3	18.6
Profit before tax	25.7	17.0	8.7
Net income	19.5	12.2	7.3
Operating ROS	5.9 %	1.9 %	4.0 pts
EPS (Yen)	6.5	4.1	2.4
Exchange rate (Yen)			
US Dollar	99	79	20
Euro	131	98	33

GLOBAL SALES VOLUME AND CONSOLIDATED WHOLESALLES

(000)	Second Quarter		Change from Prior Year
	FY March 2014	FY March 2013	
Global Sales Volume			
Japan	61	59	2
North America	104	92	12
Europe	51	41	10
China	42	44	(2)
Other Markets	72	77	(5)
Total	330	313	17
Consolidated Wholesales			
Japan	62	61	1
North America	87	86	1
Europe	46	36	10
China	2	0	2
Other Markets	72	72	0
Total	269	255	14

OPERATING PROFIT CHANGE

FY March 2014 Second Quarter vs. FY March 2013 Second Quarter

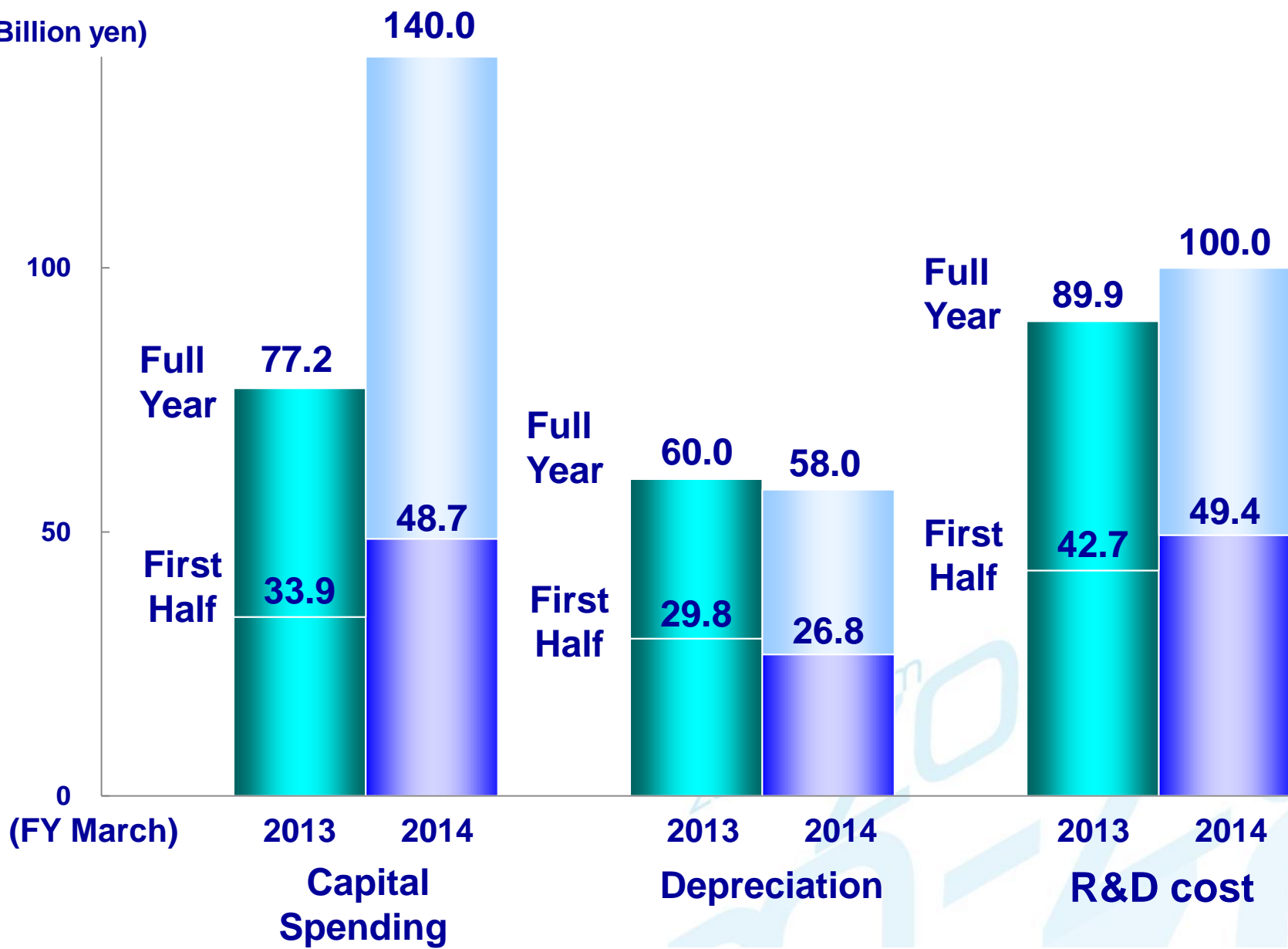


GLOBAL SALES VOLUME AND CONSOLIDATED WHOLESALLES

(000)	FY March 2014			Change from Prior Year			Change from
	First	Second	Full	First	Second	Full	April Plan
	Half	Half	Year	Half	Half	Year	Full Year
Global Sales Volume							
Japan	111	114	225	1	8	9	5
North America	199	216	415	17	26	43	0
Europe	97	103	200	12	16	28	0
China	79	121	200	(11)	36	25	0
Other Markets	145	150	295	(1)	(4)	(5)	(5)
Total	631	704	1,335	18	82	100	0
Consolidated Wholesales							
Japan	116	116	232	1	5	6	4
North America	178	225	403	3	30	33	7
Europe	85	109	194	17	19	36	3
China	3	7	10	1	5	6	(4)
Other Markets	142	149	291	0	(4)	(4)	0
Total	524	606	1,130	22	55	77	10

KEY DATA

(Billion yen)



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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