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(For your information)

Mazda Motor Corporation

FISCAL YEAR ENDING MARCH 2012 FIRST HALF FINANCIAL RESULTS

(Speech Outline)

Representative Director, Chairman of the Board,
President and CEO
Takashi Yamanouchi

1. HIGHLIGHTS

In the 2nd quarter of fiscal year ending March 2012, operating profit was positive at ¥1.5 billion. The negative impact from rapid appreciation of the yen to the main currencies and material price hike were more than offset. In the 1st half, revenue was ¥959.2 billion, operating loss was ¥21.6 billion and net loss was ¥39.9 billion. In the 2nd quarter, global sales volume improved substantially from the 1st quarter in all major markets including Japan, where production recovered, resulting in 323,000 units in total. Global sales for the 1st half were 604,000 units, down 8% year-over-year mainly due to the impact of the earthquake in Japan in the 1st quarter.

As for products, we introduced the new Demio/Mazda2 equipped with SKYACTIV-G to the domestic market in this first year for SKYACTIV. Since the start of sales, the model has received high acclaim and sales performance has been good.

We achieved record sales or share in many areas, including US, Mexico, Australia, and ASEAN countries such as Thailand, Indonesia and Malaysia.

Concerning full year forecast, despite the unclear environment such as the substantially appreciated yen, European financial uncertainty and flooding in Thailand, we forecast to achieve break-even operating profit. Due to the impact of the earthquake in the 1st quarter and other factors, we project net loss of ¥19 billion. We project positive operating profit of ¥21.6 billion and positive profits in all profit categories in the 2nd half. We continue strong sales of the 2nd quarter and forecast to achieve global sales volume of 1,310,000 units exceeding the June forecast by 5,000 units. Following the launch of the new Demio/Mazda2 in Japan, we have introduced the new Mazda3 equipped with SKYACTIV-G and SKYACTIV-DRIVE to the Japanese, North American and Australian markets. And early next year, we start to introduce the new CX-5, which fully adopts SKYACTIV TECHNOLOGY, in global markets.

Expansion of production capacity in emerging countries is on track. In China, Nanjing plant capacity was increased from 160,000 units to 240,000 units in September. Construction of our new Mexican plant began in October.

Executive Officer
Takashi Furutama

2. FIRST HALF RESULTS FOR FISCAL YEAR ENDING MARCH 2012

In the 2nd quarter of fiscal year ending March 2012, operating profit improved to positive ¥1.5 billion, offsetting the negative impact of the strong yen and material price hikes, by cost improvements. In addition, we continued our recovery of production and sales losses resulted from the earthquake in Japan. In the 1st half, operating loss was ¥21.6 billion, down ¥33.8 billion from the prior year. I will explain the detail later.
The operating cash flow for the 2nd quarter was positive ¥8.5 billion. We plan further improvements in working capital to achieve a positive free cash flow for the full year.
Global sales volume in the 2nd quarter was 323,000 units. From 1st quarter to 2nd quarter, sales volume improved in major markets and increased 42,000 units in total. In the 1st half, sales volume was down 55,000 units from the prior year to 604,000 units, due to the impact of the earthquake in Japan. Wholesale volume was down 80,000 units from the prior year to 470,000 units. The 2nd quarter global production volume was 326,000 units, almost same level as prior year, reflecting the recovery to full and stable production. Average exchange rate over the 1st half was ¥80 to US dollar, and ¥114 to Euro. That was ¥9 stronger versus the US dollar than the prior year.

I will go through our sales results in each of our major markets.
In Japan, sales volume was 95,000 units and share was 4.9%, maintaining the same level as prior year. In July, as the 1st model with SKYACTIV TECHNOLOGY, we launched the new Demio/Mazda2 equipped with SKYACTIV-G achieving the fuel efficiency of 30km/L (10-15 mode), and realizing the driving pleasure of "Zoom-Zoom" at the same time. Since sales start, the model has received high acclaim and the sales performance has been good. Following the Demio/Mazda2, as the 2nd model with SKYACTIV TECHNOLOGY, in late September, we launched the new Axela/Mazda3 equipped with SKYACTIV-G and SKYACTIV-DRIVE.
In the US, due to the good sales performance of Mazda2, CX-7 and other models, we achieved a record share of 2.0%. The Mazda3 achieved a 5.8% segment share in the 2nd quarter, up 0.4 points from last year. In addition, we kept our policy to hold-down incentive levels to continue improving the brand value. In the 1st half, we also adjusted inventory levels and we enhanced marketing activities for the introduction of the new Mazda3 equipped with SKYACTIV TECHNOLOGY. In Mexico, due to the introduction of Mazda2 and the good performance of CX-7, we achieved record sales and market share of 3.3%.
In Europe, due to the decline in demand for non-fleet sales driven by financial uncertainty, sales volume in Western Europe decreased year-over-year. But we continue to receive

accolades with Mazda2 and Mazda3 being ranked top in the J.D. Power customer satisfaction study in Germany. In Russia, good performance driven mainly by Mazda3 and CX-7 resulted in sales increase of 75% and share at 1.4%, up 0.3 points year-over-year.
In China, sales volume was 107,000 units. The result was lower than prior year, due to vehicle registration restrictions in Beijing and monetary tightening. Sales of the Mazda3 continued strong. And to support its sales expansion, we started local production of the new Mazda3 at Nanjing plant and sales of this new model have commenced. At the same time, Nanjing plant production capacity was increased from 160,000 units to 240,000 units. We increased the number of the dealer outlets to 346, up by 34 since the end of last fiscal year. The sales network enhancement plan is on track. By accelerating the opening of new outlets mainly in the inland area and remaining parts of the coastal area, we plan to reach 380 outlets by the end of the year, ahead of our original plan.
Sales in other markets totaled 129,000 units. In Australia, we achieved a record share of 8.6%, up 0.2 points from the prior year, thanks to continued strong sales of Mazda2 and Mazda3. We achieved record sales in Thailand thanks to brisk sales of Mazda2 and Mazda3. Share also improved by 0.2 points to a record share of 5.1%. Our sales in other ASEAN countries continued to be strong, and we achieved our highest volume and share in Indonesia and Malaysia. In AAT, we started the production of the new BT-50 pick-up truck.

I would like to explain main factors behind ¥33.8 billion reduction in our consolidated operating profit.
The volume and mix reduction impact was ¥38.4 billion mainly due to the earthquake impact in the 1st quarter. Concerning the foreign exchange impact, the deterioration caused by strong yen was ¥7.5 billion versus the US dollar, and ¥0.5 billion versus the Euro. Together with an improvement from other currencies of ¥1.3 billion, the total impact of exchange rate was negative ¥6.7 billion. In the variable cost area, we more than offset the impact of raw material price hikes by cost improvements, and, as a result, we achieved ¥5.4 billion cost improvement. We also achieved ¥8.9 billion improvement in other fixed cost areas.

3. FULL YEAR FORECAST FOR FISCAL YEAR ENDING MARCH 2012

Concerning the forecast for the full fiscal year ending March 2012, even in the uncertain environment caused by the effects of the continuing strong yen, European financial uncertainty and flooding in Thailand, we forecast break-even operating profit. Operating profit is down by ¥23.8 billion from prior year and by ¥20 billion from June forecast. I will explain the factors later. For the 2nd half, we are planning to achieve positive profits in all profit categories.
Global sales volume is projected at 1,310,000 units, up 37,000 units from prior year. Reflecting the good sales performance in the 2nd quarter in major markets, we are revising

up full year forecast by 5,000 units. In the 2nd half, production and sales volume is projected to increase substantially from the 1st half.
Exchange rate assumptions for the 2nd half are at ¥76 to US dollar and ¥105 to Euro. The full year averages are at ¥78 to US dollar and ¥110 to Euro.

I will explain our sales initiatives in the 2nd half.
As this is the first year of SKYACTIV, we will continue to introduce SKYACTIV models into major markets, following the Demio we introduced in Japan as the first SKYACTIV model. In the 2nd half, we will accelerate sales momentum by introducing the new Mazd3/Axela and the new CX-5. With introductions of carlines equipped with SKYACTIV TECHNOLOGY, we will deploy brand value improvement initiatives to global market by controlling the incentive levels and improving residual values.
Let me explain the initiatives in each of major markets.
In Japan, we will implement a major test drive campaign to improve dealer traffic and increase closing ratio with the introduction of the new Axela/Mazda3. And we will deploy sales expansion activities focusing on the carlines with SKYACTIV TECHNOLOGY, through enhanced adverting and sales methodology.
In North America, with successful launch of the new Mazda3 and the new CX-5 with SKYACTIV TECHNOLOGY as well as continued strong sales of SUVs such as CX-7 and CX-9, we aim at sales expansion. And we will pursue further sales opportunities in Mexico where our market performance is strong.
In Europe, we will continue initiatives to expand sales in Russia where our performance is good. We also plan to increase sales by introducing the special versions for main carlines. In Western Europe, we will focus on successful launch of the new CX-5 with SKYACTIV TECHNOLOGY in the 4th quarter. We plan to raise the awareness of SKYACTIV TECHNOLOGY to prepare to expand sales in next year onwards.
In China, we will pursue the sales expansion following localization of the production of the new Mazda3. Also we will enhance the marketing activities and continue to expand the sales network.
In other markets, we will also pursue the sales expansion by the introduction of the new BT-50 and the new Mazda3 together with sales expansion in Australia and ASEAN markets where our sales performance is already good.

I would like to explain key factors behind ¥23.8 billion reduction of the consolidated operating profit from last year.
The volume and mix reduces ¥12.4 billion including the impact of the earthquake.
Concerning the exchange rate, strong yen impact is ¥19.6 billion from US dollars, and ¥5.8 billion from Euro. Together with the impact from other currencies of ¥13.7 billion, the total

impact of exchange rate is negative ¥39.1 billion. The variable cost improvement is ¥16.7 billion. We also plan ¥13.7 billion improvement in other fixed cost areas.

Next, I would like to explain key factors behind ¥20 billion reduction of the operating profit from June forecast.
The volume and mix improves ¥1.8 billion. On the exchange rate, as we revised the exchange rate assumption, the deterioration is ¥15 billion from US dollars, and ¥5.2 billion from Euro. Together with the impact from other currencies of ¥15.3 billion, the total impact of exchange rate is negative ¥35.5 billion. In the variable cost area, we plan further cost improvement of ¥4.1 billion. We also plan ¥2.3 billion improvement in marketing expense and ¥7.3 billion improvement in other fixed cost areas.

Representative Director, Chairman of the Board,
President and CEO
Takashi Yamanouchi

4. SUMMARY

I will summarize the presentation. In the 2nd quarter, we posted positive operating profit, offsetting the negative impact from the appreciated yen to the main currencies and material price hike. Global sales volume improved substantially from the 1st quarter, resulting in 323,000 units in the 2nd quarter.
As for the product, we introduced the new Demio/Mazda2 equipped with SKYACTIV-G to the domestic market, as this year is the first year for SKYACTIV. Since the sales start, the model has received high praise and sales performance has been good. We achieved record sales or share in US, Mexico, Australia, and in ASEAN countries such as Thailand, Indonesia and Malaysia.
Concerning full year forecast, even in the unclear environment such as the substantially appreciated yen, European financial uncertainty and effects of the flooding in Thailand, we forecast to achieve break-even full year operating profit. Due to the earthquake impact in the 1st quarter and other factors, we forecast net loss of ¥19 billion. The 2nd half operating profit forecast is positive ¥21.6 billion and we forecast positive profits in all profit categories.
As strong sales in the 2nd quarter are projected to continue, global sales volume of 1,310,000 units is expected, exceeding the June forecast by 5,000 units. Following the launch of the new Demio/Mazda2 in the Japanese market, we plan to introduce carlines equipped with SKYACTIV TECHNOLOGY globally. First, the new Mazda3 has been introduced in Japan, North America and Australia. We then plan to introduce the new CX-5 from early next year sequentially across our global market.
The production capacity expansion in emerging countries is on track, such as Nanjing plant

capacity increase from 160,000 units to 240,000 units from September, beginning of construction of new Mexican plant in October and local assembly start in ASEAN countries.

5. FUTURE ACTIONS

Since August this year, yen has further appreciated and this strong yen trend will persist. We will overcome the strong yen impact by taking on the further cost restructuring.

In the short term, we have undertaken volume and mix improvement and variable and fixed cost improvement and achieved some results.

For mid and long term, we continue and accelerate our progress of "Monotsukuri Innovation." We will implement increased cost improvement activities for current carlines as well as new generation carlines. At the same time, we will continuously improve the production efficiency of domestic plants.

Capacity expansion of overseas plants is on track such as Nanjing plant, and new Mexican plant, which will start the operation in FY March 2014.

We will accelerate the initiatives in emerging countries. In ASEAN, where we use AAT as the main hub, we have additionally started local production in Malaysia and Vietnam. In Thailand and Indonesia we expand the sales network with accelerated speed.

Moreover, we will enhance Central and South American business, utilizing the new Mexican plant, and study to export to North America utilizing NAFTA as soon as it gets ready.

We will introduce the carlines with SKYACTIV TECHNOLOGY globally from the next fiscal year onward.

As I explained in the market summary for Japan, the new Demio has been introduced successfully, receiving high acclaim for its environmental performance.

We assume that we will continue to face a tough external environment such as strong yen and European debt crisis, but we will progressively introduce the carlines with SKYACTIV TECHNOLOGY as planned and go on the offensive for sales and market share.

Thank you very much for joining us today despite your busy schedule.

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