

FY March 2011 Second Quarter Financial Results

Main Q&A at the presentation meeting

Q: What is your action plan against the protracted yen's appreciation in this fiscal year?

A: Our full year operating profit is projected to deteriorate by more than ¥40 billion compared with our April forecast because of the yen's appreciation against key currencies. However, we will try to minimize the impact by improving costs in all areas for the whole Mazda group, in addition to sales increase and improvements in product and country mix.

Q: Is there any change in foreign exchange rate sensitivity from the 1st quarter?

A: No, there is no change. The impact of one yen change on consolidated operating profit for the full year accounts for ¥3 billion for US dollar, ¥1.2 billion for Euro, ¥1.0 billion for Canadian dollar and ¥1.5 billion for Australian dollar.

Q: Please explain strong sales in China and emerging countries in detail?

A: In China, our sales has been increasing as Mazda3 (Mazda Axela in Japan) is qualified for the subsidy for low-emission vehicles, in addition to robust industry demand. The Mazda2 (Mazda Demio in Japan) is also expected to be qualified for the subsidy from January next year, and we expect sales increase. We have transferred production of Mazda3 to Nanjing and a system to support its strong sales is now in place. We are also on track to achieve 300 outlets by the end of this year.

In Thailand and other Southeast Asian countries, sales of Mazda2 have been stronger than expected. The Mazda2 was successfully launched in Thailand, Malaysia and Indonesia, and we decided to transfer the production of Mazda2 for Australia to a domestic plant to meet its higher demand as AAT (AutoAlliance Thailand) has been operating at full capacity and can not meet any higher demand by itself.

Q: Please explain strong sales in Australia in detail?

A: Australia did not substantially impacted by the Lehman Shock, and the industry demand has been robust. Mazda's presence there is high, with market share of 8.4% for the 1st half and higher than 10% in September. Share in full year is projected to be flat compared with the 1st half and sale is projected at approximately 87,000 units. Among our car-lines the Mazda3 is selling well.