

# MAZDA MOTOR CORPORATION

## ***FY2006 1Q RESULTS AND FULL YEAR PROJECTIONS***

**July 28, 2006**

# OUTLINE

- ◆ **Overview**
- ◆ **FY2006 1Q Results**
- ◆ **FY2006 Full Year Projections**
- ◆ **U.S. Market Update**

# ***OVERVIEW***

# FY2006 1Q HIGHLIGHTS

- ◆ **Operating Profit up 30% to ¥29.6 billion**
- ◆ **Revenues up 9%**
- ◆ **Launched CX-7 in North America**
- ◆ **Momentum On Track**
- ◆ **Confirm Full-year Projections**

# ***FY2006 1Q RESULTS***



# FY2006 1Q FINANCIAL METRICS

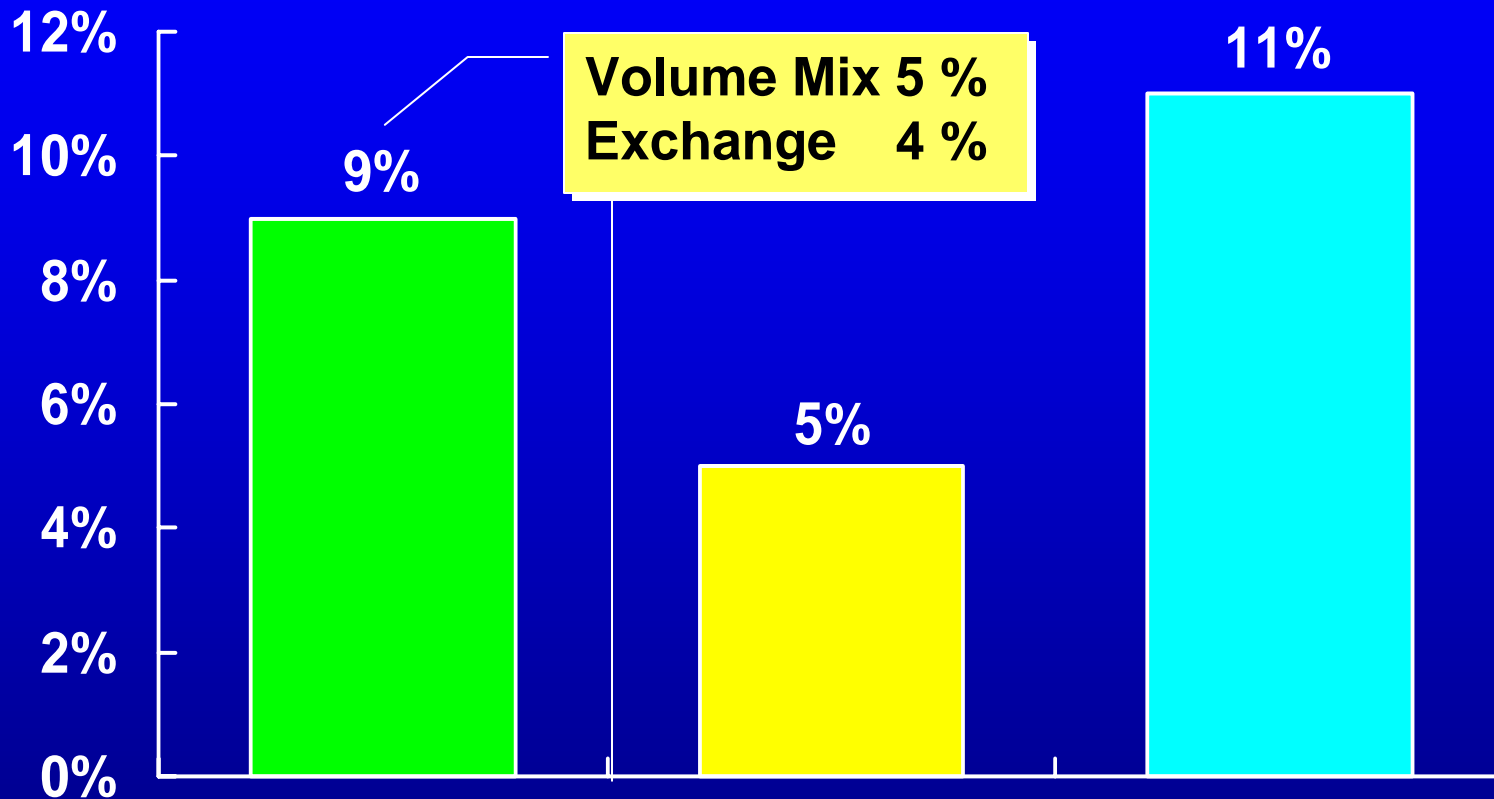
(Billion yen)	First Quarter		Change	
	<u>FY2006</u>	<u>FY2005</u>	<u>Amount</u>	<u>Pct.</u>
Revenue	734.3	670.8	63.5	9 %
Operating Profit	29.6	22.8	6.8	30 %
Ordinary Profit	24.0	21.4	2.6	12 %
Profit Before Tax	22.9	0.4	22.5	- %
Net Income	6.6	0.4	6.2	- %
Operating ROS	4.0%	3.4%	0.6 Pts	-
EPS(Yen/Share)	4.7	0.3	4.4	- %

# KEY DATA

	First Quarter		Change
	<u>FY2006</u>	<u>FY2005</u>	
<b><u>WHOLESALES (000)</u></b>			
Consolidated	272	278	(2) %
<b><u>EXCHANGE RATES</u></b>			
Yen / U.S. Dollar	115	108	¥ 7
Yen / Euro	144	135	¥ 9

# REVENUE CHANGES BY DESTINATION

FY2006 1Q Compared With FY2005 1Q



(Billion yen)	Total	Domestic	Overseas
FY06	734.3	215.1	519.2
FY05	670.8	204.1	466.7



# JAPAN

	First Quarter		<u>Change</u>
	<u>FY2006</u>	<u>FY2005</u>	
Retail Sales Volume (000)	62	65	(6) %
Market Share	4.7 %	4.8 %	(0.1) Pts

**MPV Contributed Amid Sluggish Industry Demand**



# UNITED STATES

	First Quarter		<u>Change</u>
	<u>FY2006</u>	<u>FY2005</u>	
Retail Sales Volume (000)	73	71	3 %
Market Share	1.7 %	1.5 %	0.2 Pts

## Strategic Model CX-7 Introduced



# EUROPE

	<u>First Quarter</u>		<u>Change</u>
	<u>FY2006</u>	<u>FY2005</u>	
Retail Sales Volume (000)	76	69	10 %
Market Share	1.5 %	1.4 %	0.1 Pts

**Retail Sales up 10% Year-over-Year**



# CHINA

	<u>First Quarter</u>		<u>Change</u>
	<u>FY2006</u>	<u>FY2005</u>	
Retail Sales Volume (000)	29	38	(24) %
Market Share	1.6 %	2.5 %	(0.9) Pts

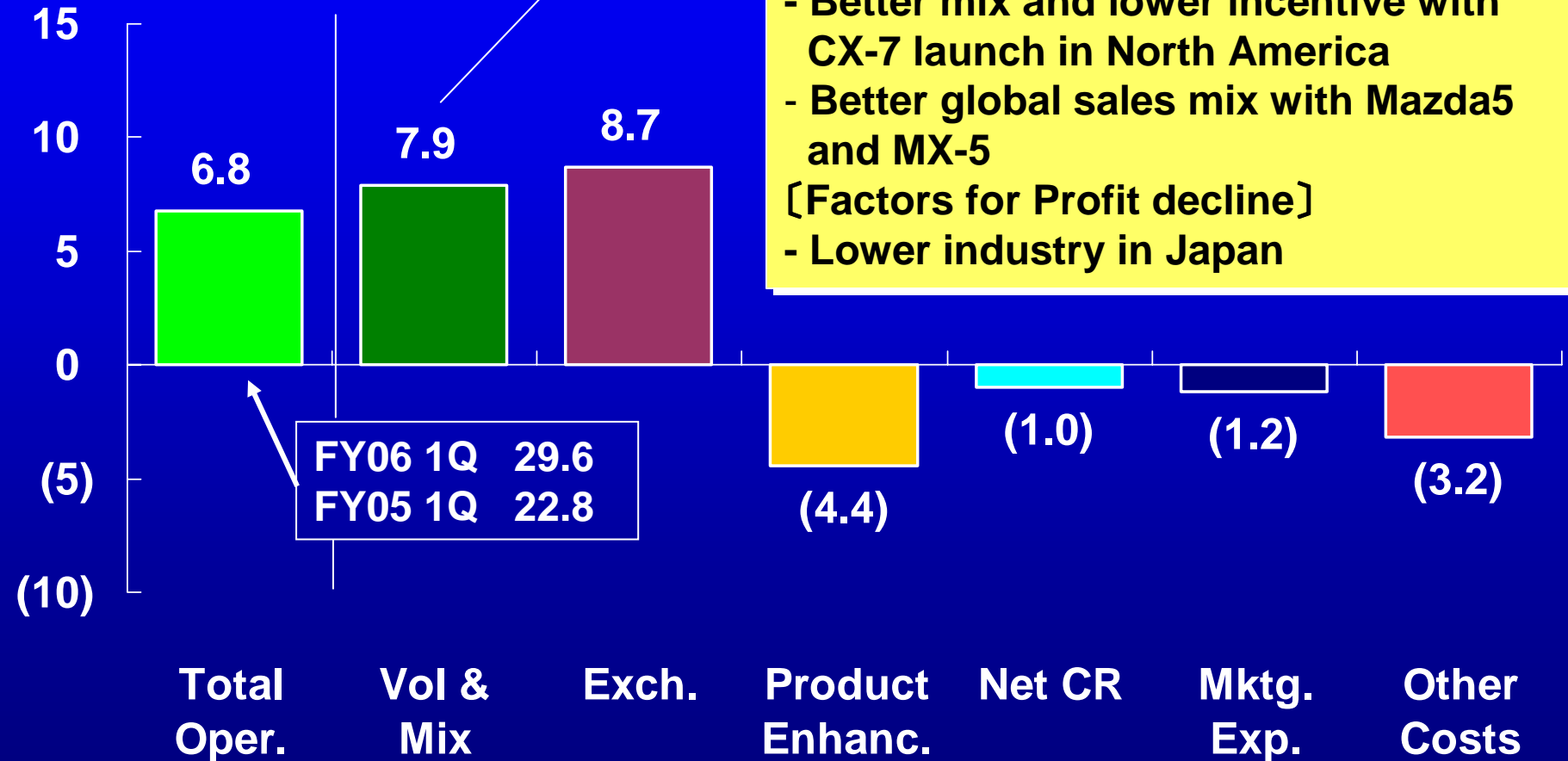
## Mazda6 5HB Introduced



# OPERATING PROFIT CHANGES

## FY2006 1Q Compared with FY2005 1Q

Billion yen



### [Factors for Profit increase]

- Better mix and lower incentive with CX-7 launch in North America
- Better global sales mix with Mazda5 and MX-5

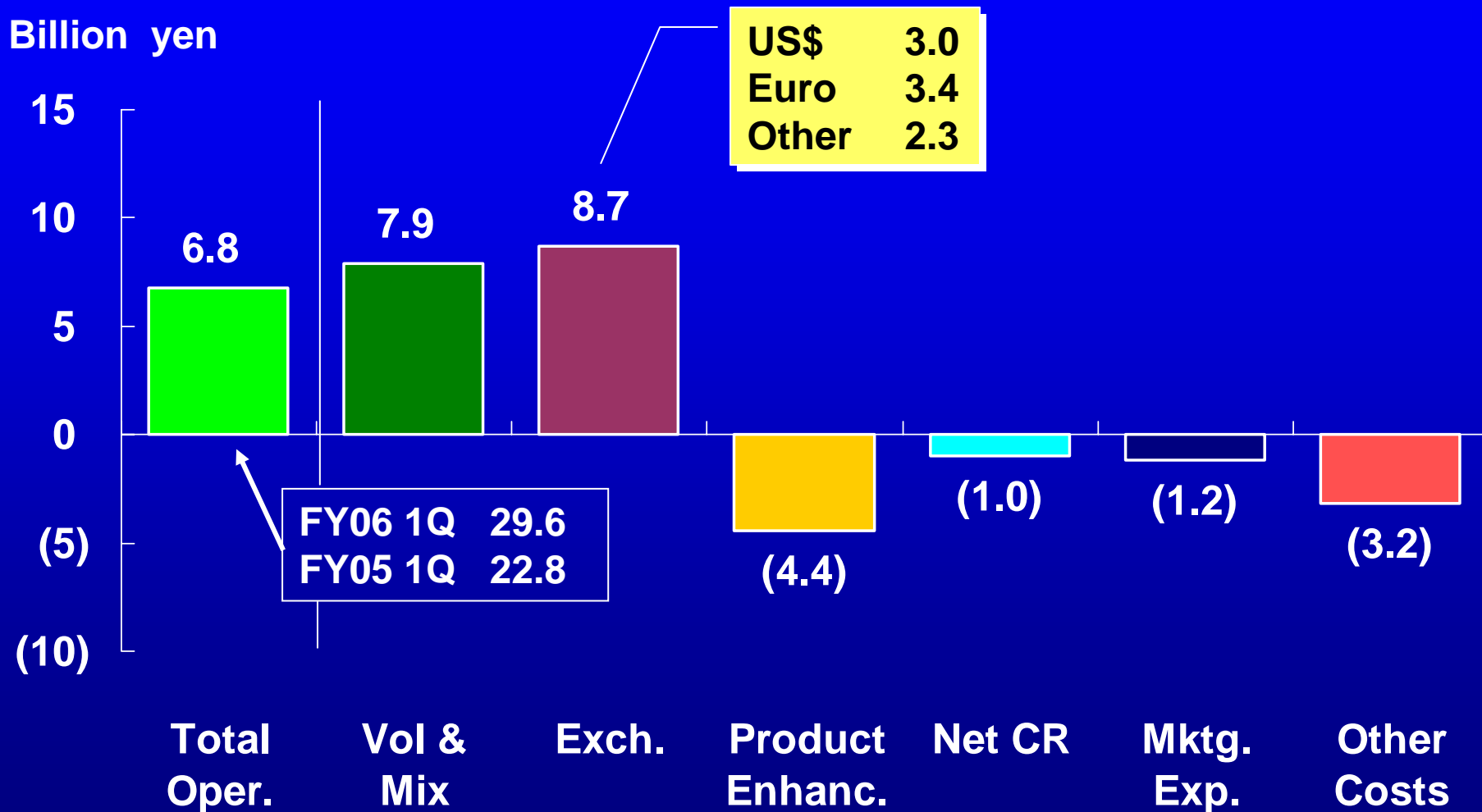
### [Factors for Profit decline]

- Lower industry in Japan

# OPERATING PROFIT CHANGES

## FY2006 1Q Compared with FY2005 1Q

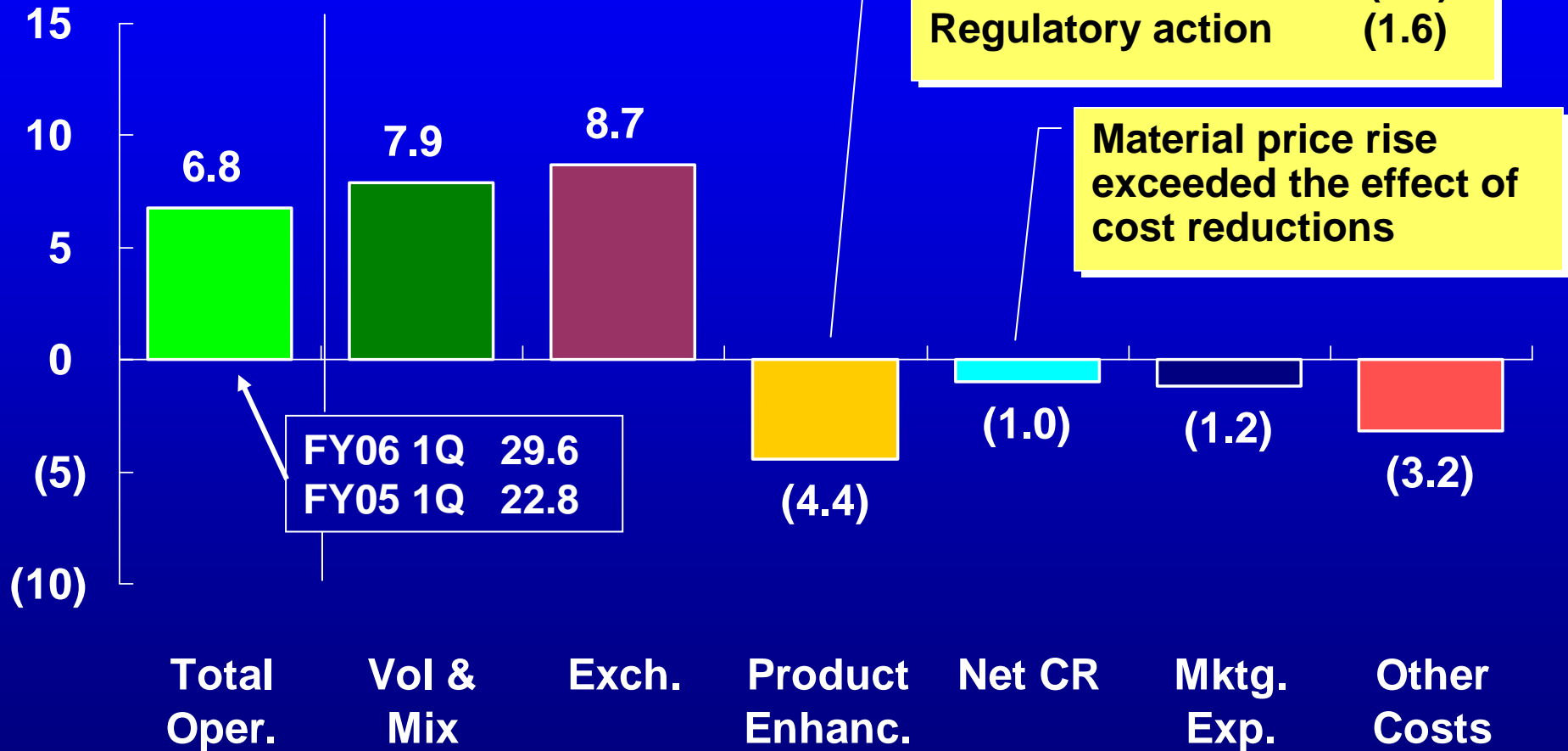
Billion yen



# OPERATING PROFIT CHANGES

## FY2006 1Q Compared with FY2005 1Q

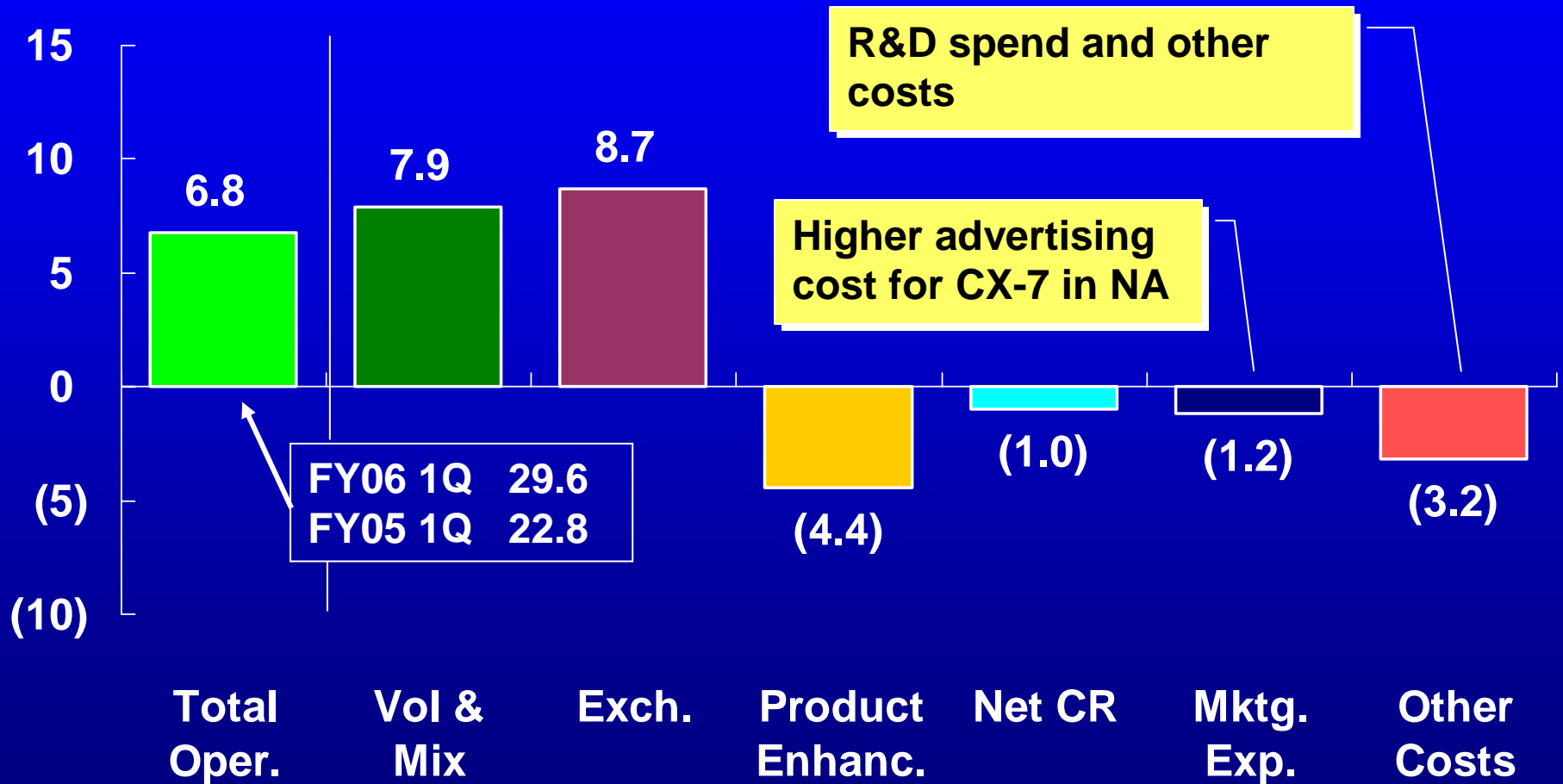
Billion yen



# OPERATING PROFIT CHANGES

## FY2006 1Q Compared with FY2005 1Q

Billion yen





# ***FY2006 FULL YEAR PROJECTIONS***

# FY2006 FINANCIAL METRICS

(Billion yen)	Full Year		Change	
	<u>FY2006</u>	<u>FY2005</u>	<u>Amount</u>	<u>Pct.</u>
Revenue	3,100.0	2,919.8	180.2	6 %
Operating Profit	135.0	123.4	11.6	9 %
Ordinary Profit	130.0	101.5	28.5	28 %
Profit Before Tax	120.0	117.5	2.5	2 %
Net Income	75.0	66.7	8.3	12 %
Operating ROS	4.4%	4.2%	0.2 Pts	-
EPS(Yen/Share)	53.6	51.5	2.1	4 %

# ***U.S. MARKET UPDATE***

# U.S. MARKET PLANS (MAY 2004)

- ◆ **U.S. Focused Product Strategy**
- ◆ **Efficient Marketing Investment**
- ◆ **Improve Residual Values**
- ◆ **Exclusive Dealer Plan**
- ◆ **Lower Incentive Spending**

# FY2006 PRODUCT ACTIONS



**Seven product launches in FY2006:  
CX-7, MAZDASPEED3, MX-5 Power Retractable Hardtop,  
MAZDA3, Tribute, Tribute Hybrid, and CX-9**

# MEDIA ACCOLADES

## ◆ CX-7:

*“...truly a cross between an urban SUV and open-road sports car.” – MPH May 2006*

*“Mazda’s new CX-7 possesses excellent handling and good power.” – Road & Track June 2006*

*“This Mazda channels the spirit of the Porsche Cayenne and the Range Rover Sport better than anything else in the under-\$30k class” – Motor Trend June 2006*

## ◆ MX-5:

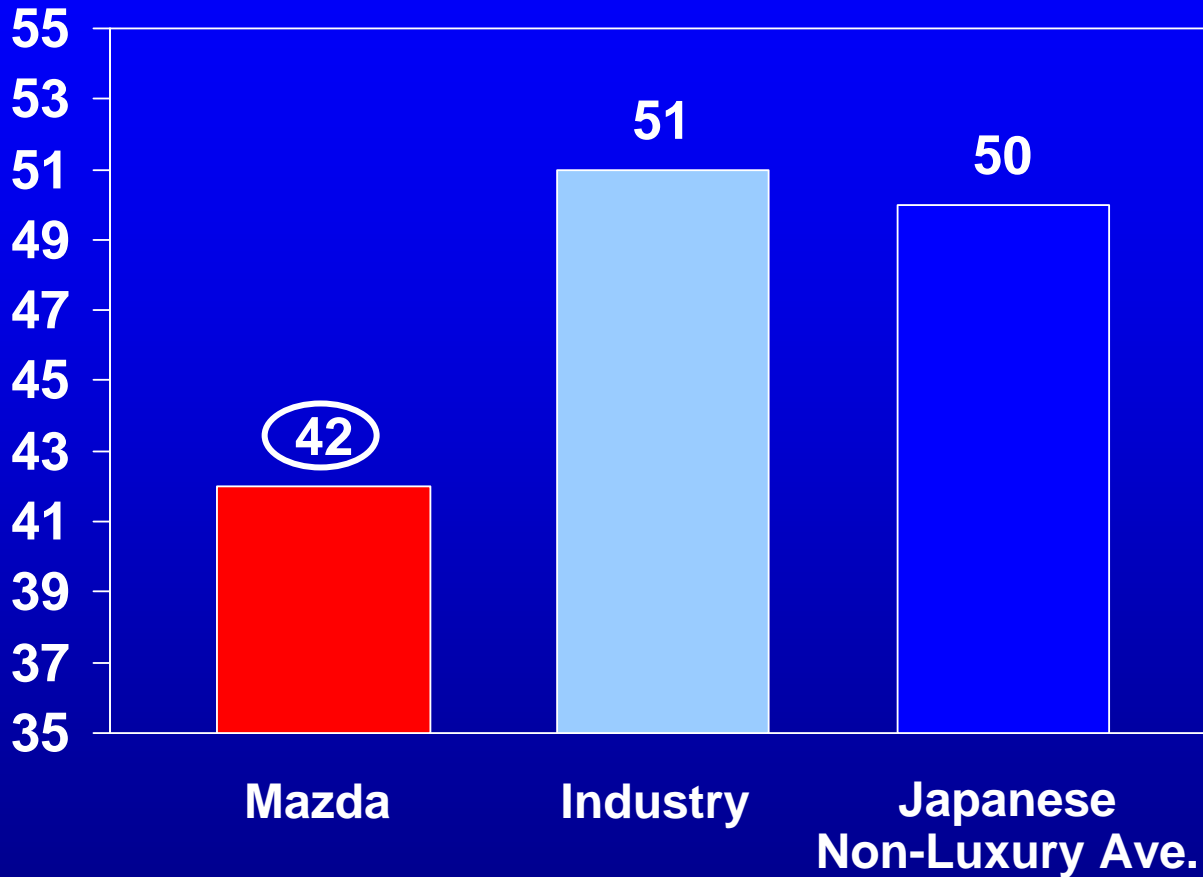
*“20 to Remember” – MX-5 named as one of the 20 greatest cars of the past two decades – Automobile Magazine April 2006*

## ◆ MAZDA3:

*“Best Sedan Under \$15,000,” and won the Edmunds Consumer Most Wanted Award in this category – Edmunds.com*

# MAZDA CUSTOMERS ARE YOUNGEST IN THE INDUSTRY

Median Age Trend: 2006\*

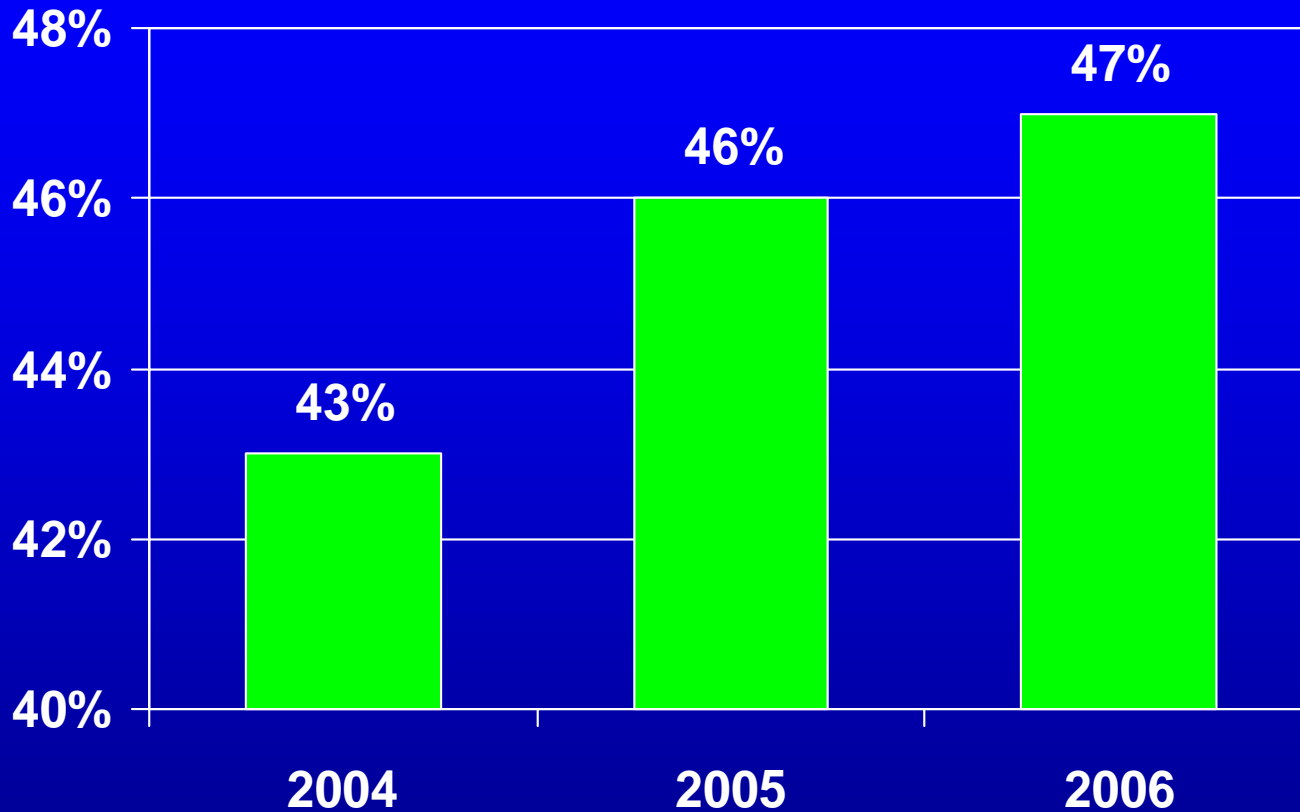


Source: Maritz 2006

\*NOTE: Preliminary 2006 Maritz data; small sample; excludes RX-8

**Mazda customers are now the youngest in the industry.**

# MAZDA RESIDUAL VALUE (36 Months)



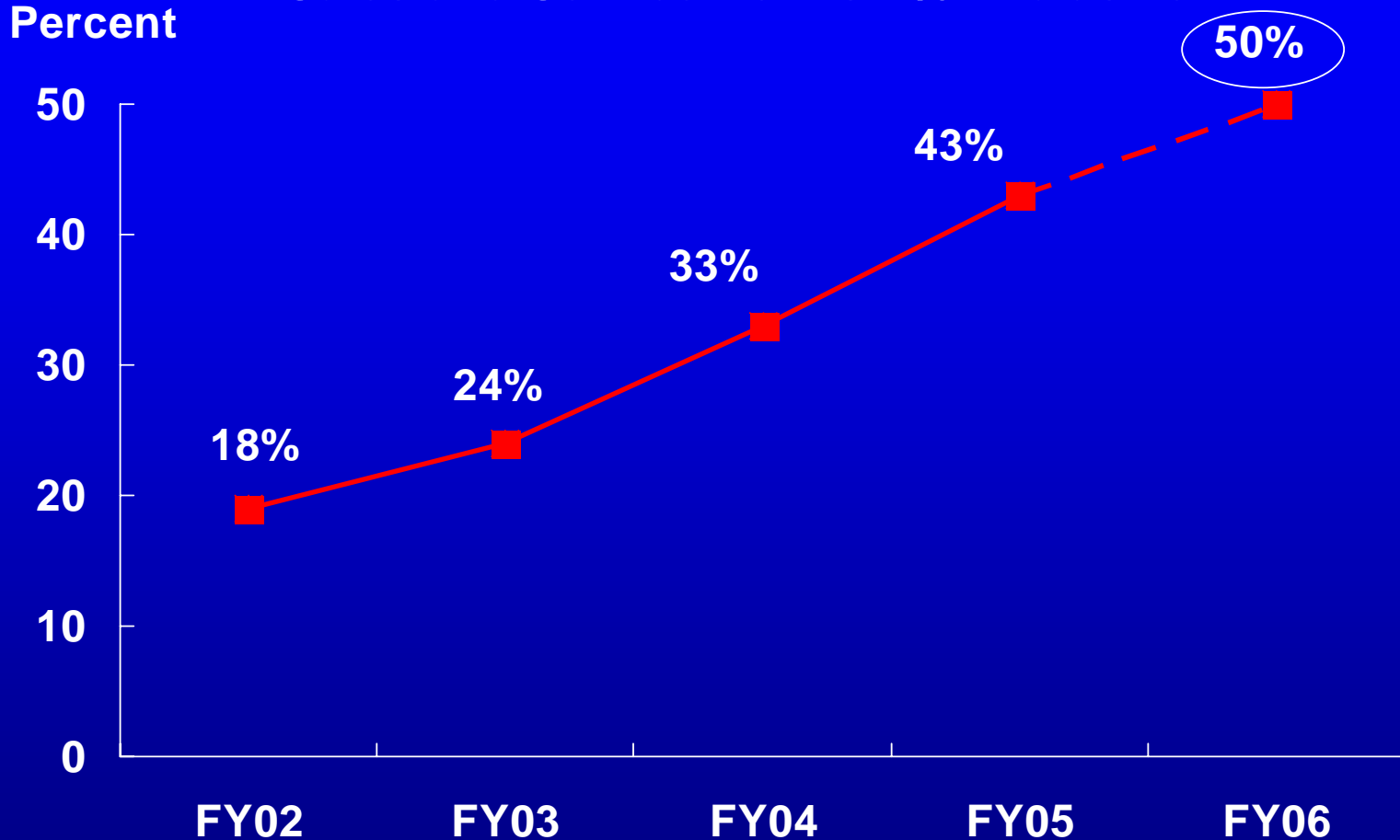
Source: Automotive Lease Guide

**Mazda's residual value has increased**



# EXCLUSIVE DEALERS

## Sales and Service Points - % Exclusive

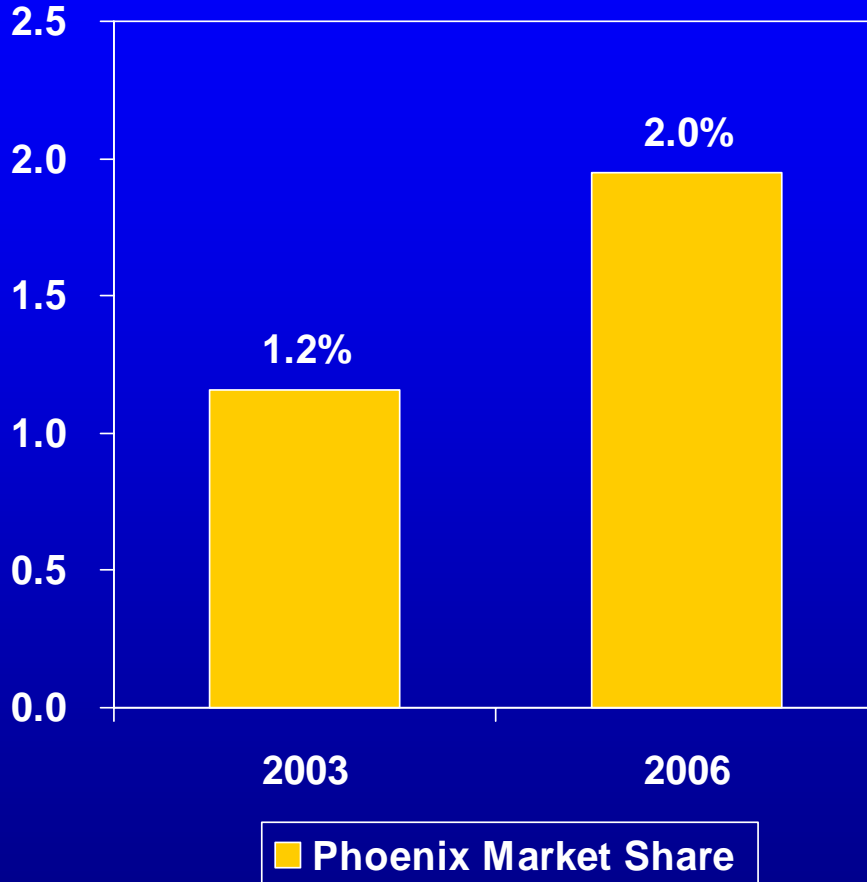


**On target to achieve 50% objective**

# RETAIL REVOLUTION



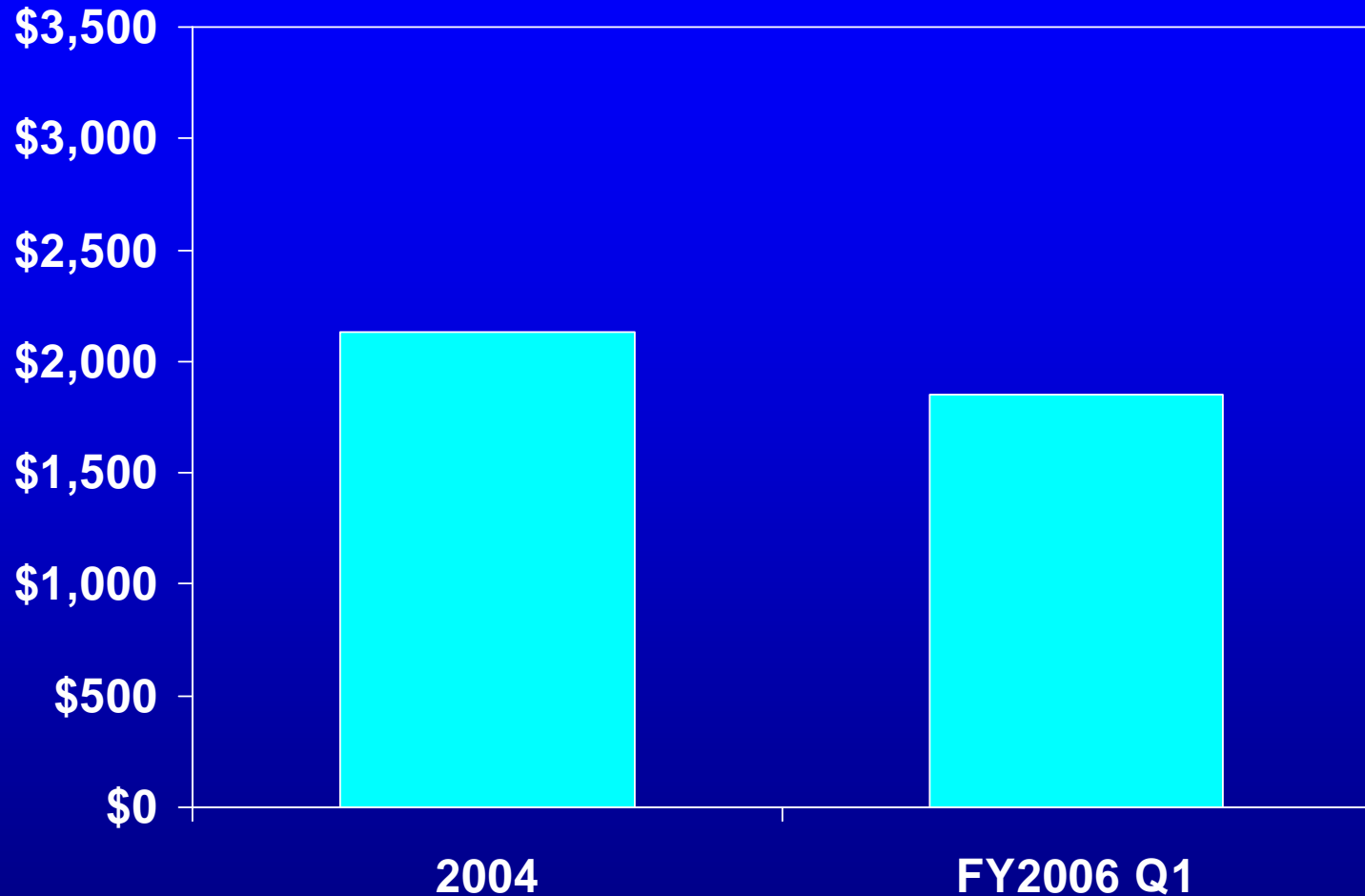
# MARKET ACTIONS: PHOENIX EXAMPLE



No. of Dealerships	2003	2006
Exclusive Retail Revolution	--	2
Exclusive	1	3
Dual/SSR	5	2
<b>TOTAL</b>	<b>6</b>	<b>7</b>

**Exclusive and Retail Revolution market actions have led to market share improvement.**

# U.S. VARIABLE MARKETING



**Mazda has reduced its per unit Variable spend since 2004.**

# U.S. MARKET SALES AND SHARE



Improvements in Mazda product, marketing, and network are resulting in U.S. market share gains.

# FY2006 U.S. MARKET PLANS

- ◆ **U.S. Focused Product Strategy**
- ◆ **Efficient Marketing Investment**
- ◆ **Vehicle Residual Values**
- ◆ **Exclusive Dealer Plan**
- ◆ **Lower Incentive Spending**
- ◆ **Better Retail/Fleet Sales Mix**
- ◆ **Improved Profit Contribution**

**Continue US momentum by executing our strategy.**



**mazda**

# DISCLAIMER

The projections for FY2006 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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