



FY ENDING MARCH 2012 FINANCIAL FORECAST



New MAZDA Demio 13-SKYACTIV

Mazda Motor Corporation
June 17, 2011

PRESENTATION OUTLINE

- **FY ending March 2012 Forecast**
- **Updates of Framework for Medium- and Long-term Initiatives**
- **Manufacturing Business in Mexico and Sales Business in Brazil**





FISCAL YEAR ENDING MARCH 2012 FORECAST



FY ENDING MARCH 2012 HIGHLIGHTS

- Revenue is projected at ¥2.19 trillion, operating profit at ¥20 billion and net income at ¥1 billion
- Project to be profitable in all profit categories, by offsetting stronger yen impact and raw material price hikes, while accelerating investment for the future
- Global sales volume forecast is 1.305 million units
- As the first year of SKYACTIV, in this fiscal year, first introduce the new Demio for Japan, followed by the new Mazda3 equipped with SKYACTIV TECHNOLOGY in North America and other major markets and the new CX-5 in global markets in the second half
- Normalized production in Japan and overseas earlier than planned in the latter half of the 1st quarter. Domestic production in FY ending March 2012 is projected to exceed the prior year level
- Decided to consolidate production of next CD car for North America to Hofu Plant

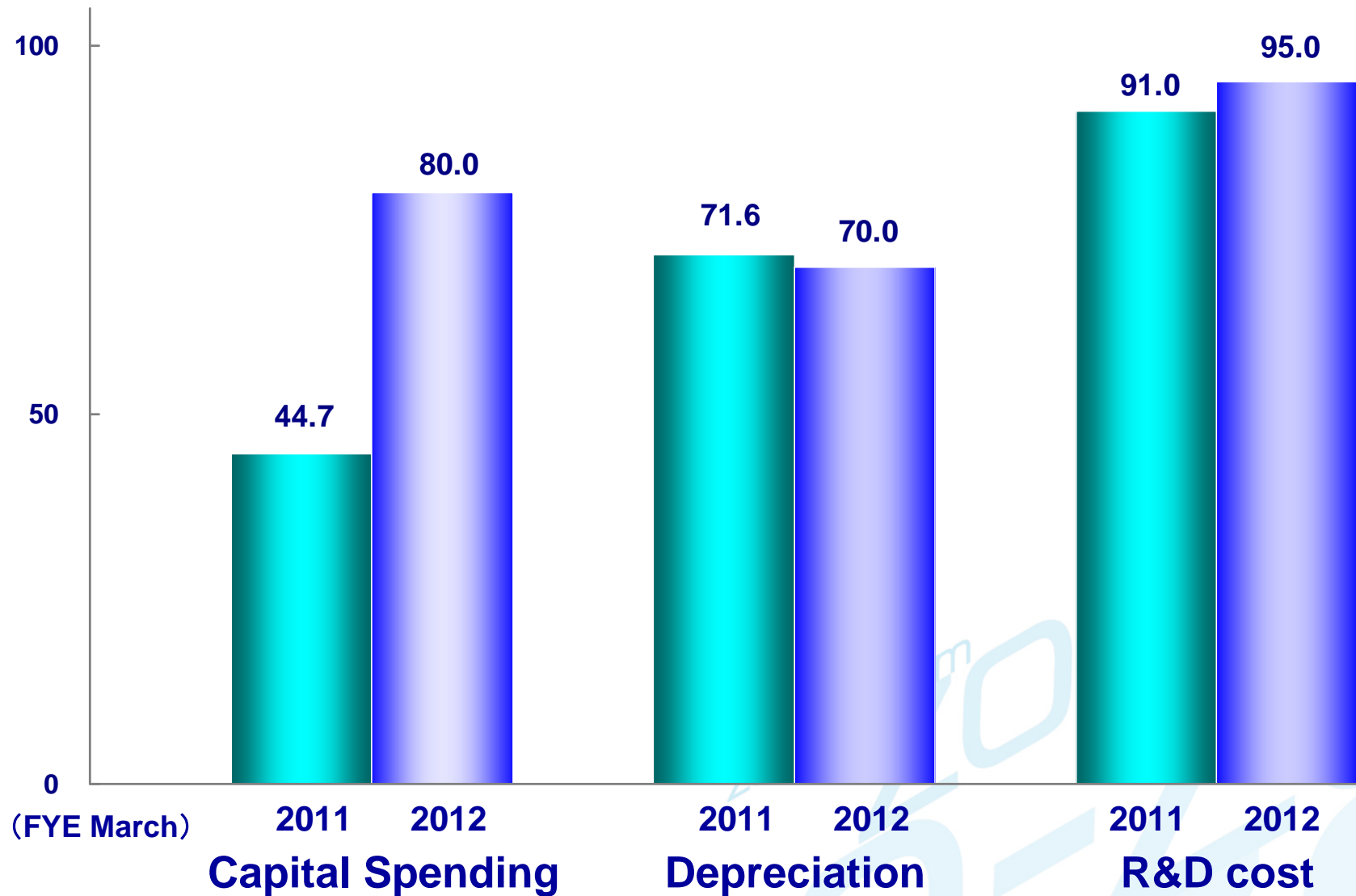
FY ENDING MARCH 2012 FINANCIAL METRICS

(Billion yen)	FY Ending March 2012			FY March	Full Year Change
	1st half	2nd half	Full year	2011 Full year	
Revenue	960.0	1,230.0	2,190.0	2,325.7	(135.7)
Operating profit	(20.0)	40.0	20.0	23.8	(3.8)
Ordinary profit	(25.0)	40.0	15.0	36.9	(21.9)
Profit before tax	(30.0)	40.0	10.0	16.1	(6.1)
Net income	(35.0)	36.0	1.0	(60.0)	61.0
ROS	(2.1) %	3.3 %	0.9 %	1.0 %	(0.1) pts
(000)					
Wholesales	450	595	1,045	1,100 *	(55)

* Consolidated wholesales volume for FY March 2011 includes 16,000 units, the impact of 15-month results at overseas subsidiaries as they changed their fiscal period.

KEY DATA

(Billion yen)



KEY DATA

(000)	Full Year			
	FY March	FY March	Change	
	2012	2011	Vol.	%
Global sales volume				
Japan	207	206	1	0
North America	346	342	4	1
USA	240	238	2	1
Europe	202	212	(10)	(5)
China	270	236	34	14
Other	280	277	3	1
Total	1,305	1,273	32	3
Exchange rates				
US\$ / Yen	83	86	(3)	
€/ Yen	113	113	0	

MARKET SUMMARY

- **Enhance global marketing measures, centering around the introductions of models equipped with SKYACTIV TECHNOLOGY in FY ending March 2012**
- **Maintain our policy to improve brand value globally, and continue residual value improvement**
- **Details in each market:**
 - Japan:** Starting with the new Demio, introduce new products equipped with SKYACTIV TECHNOLOGY to increase sales
 - North America:** Continue sales momentum in car segment where demand has been expanding. Increase sales by introducing new Mazda3 equipped with SKYACTIV TECHNOLOGY
 - Europe:** By using resource effectively in focused and growing markets, expand sales opportunities
 - China:** Steadily reinforce sales network based on demand trends. Expand sales through local assembly of the new Mazda3, etc.
 - Other Markets:** Maximize volume and profits with the new pick-up truck BT-50 in Australia and ASEAN

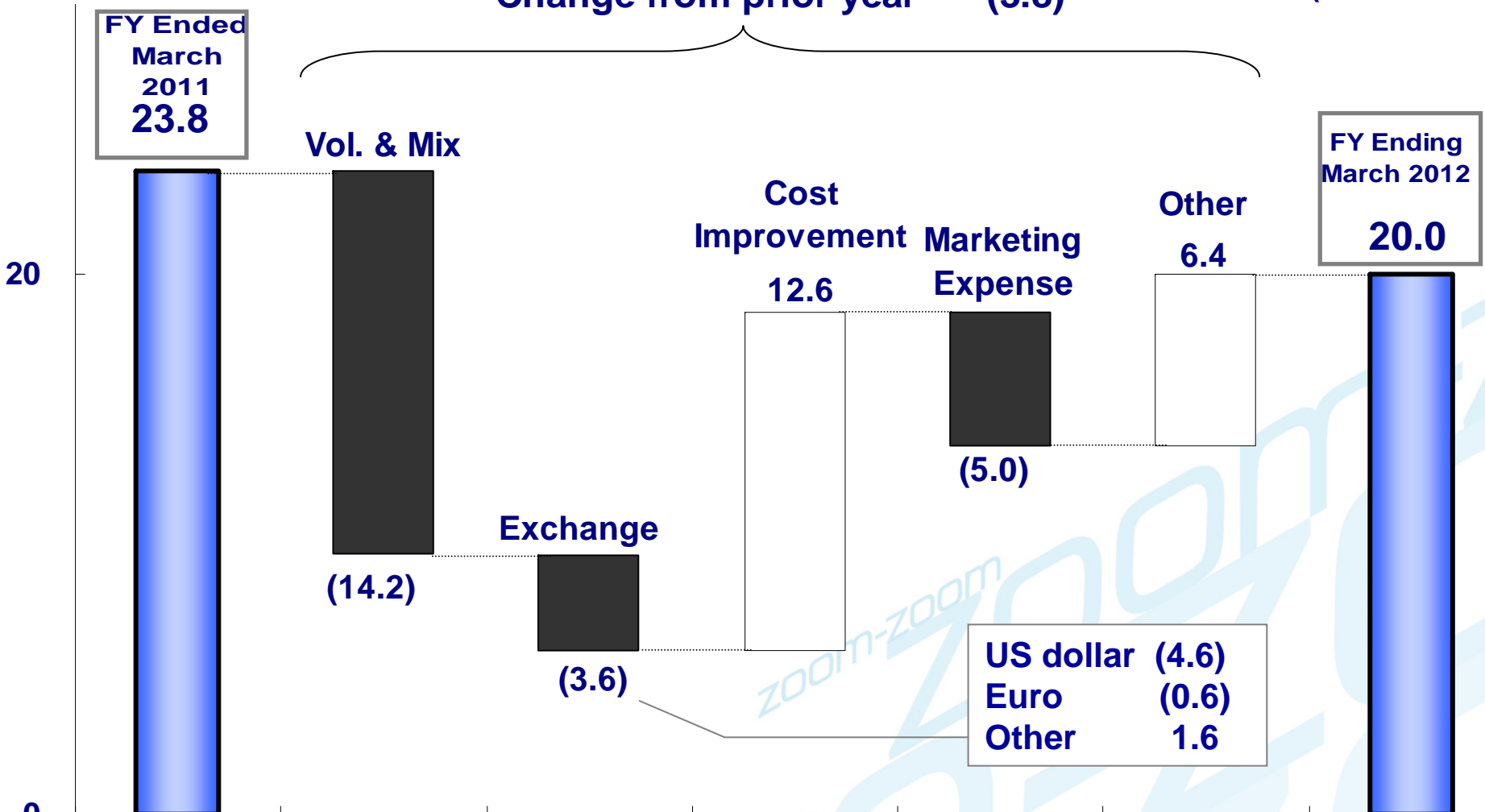
OPERATING PROFIT CHANGE

FY Ending March 2012 Compared with FY Ended March 2011

(Billion yen)

□ Improvement
 ■ (Deterioration)

Change from prior year (3.8)



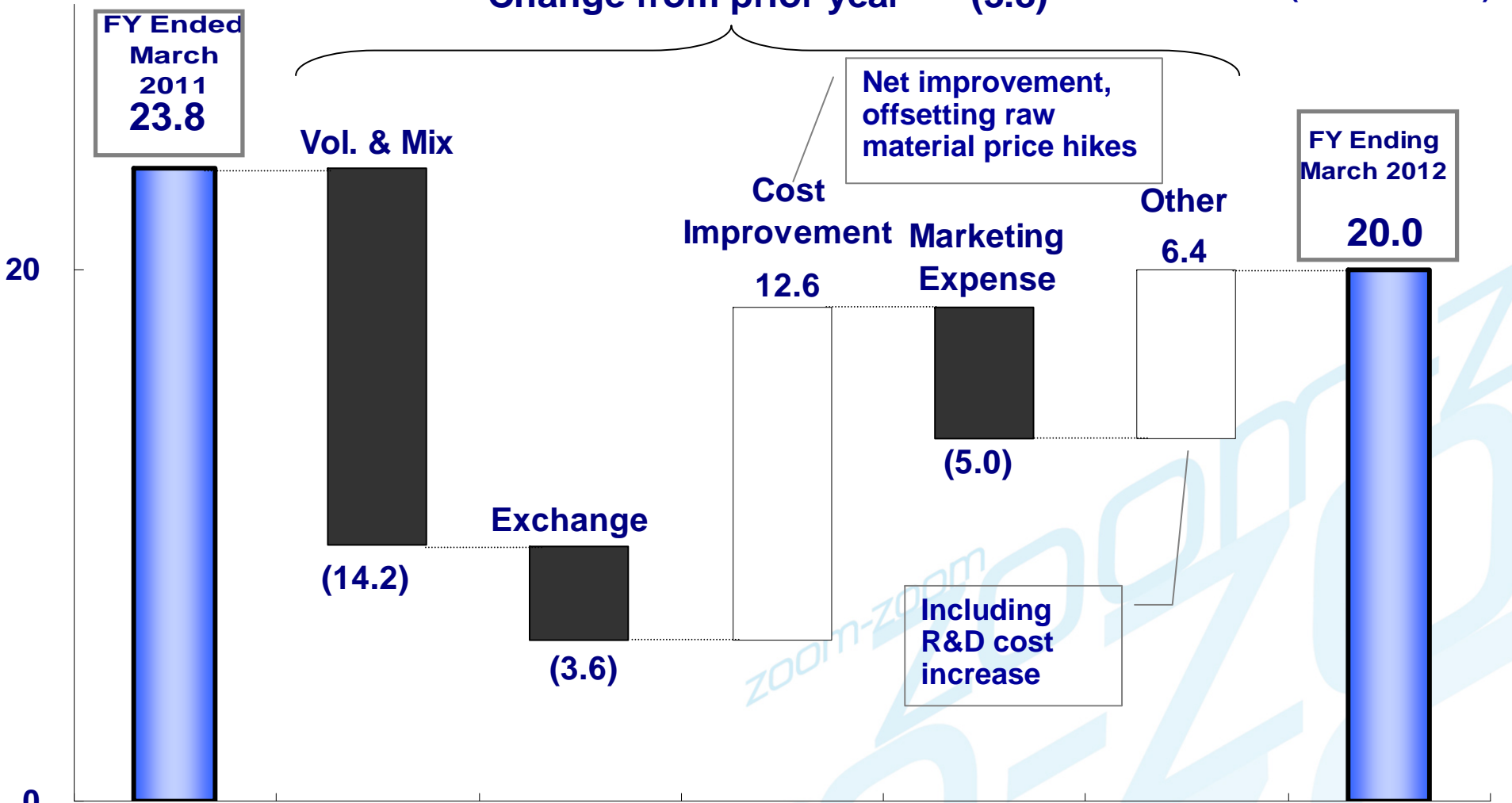
OPERATING PROFIT CHANGE

FY Ending March 2012 Compared with FY Ended March 2011

(Billion yen)

□ Improvement
■ (Deterioration)

Change from prior year (3.8)



PRODUCTION PLAN (1)

➤ Domestic production

- Production volume in FY ending March 2012 is projected at 900,000 units (up 4% from the prior year)
- Recovered to the normal production earlier than we originally planned in the latter half of the 1st quarter

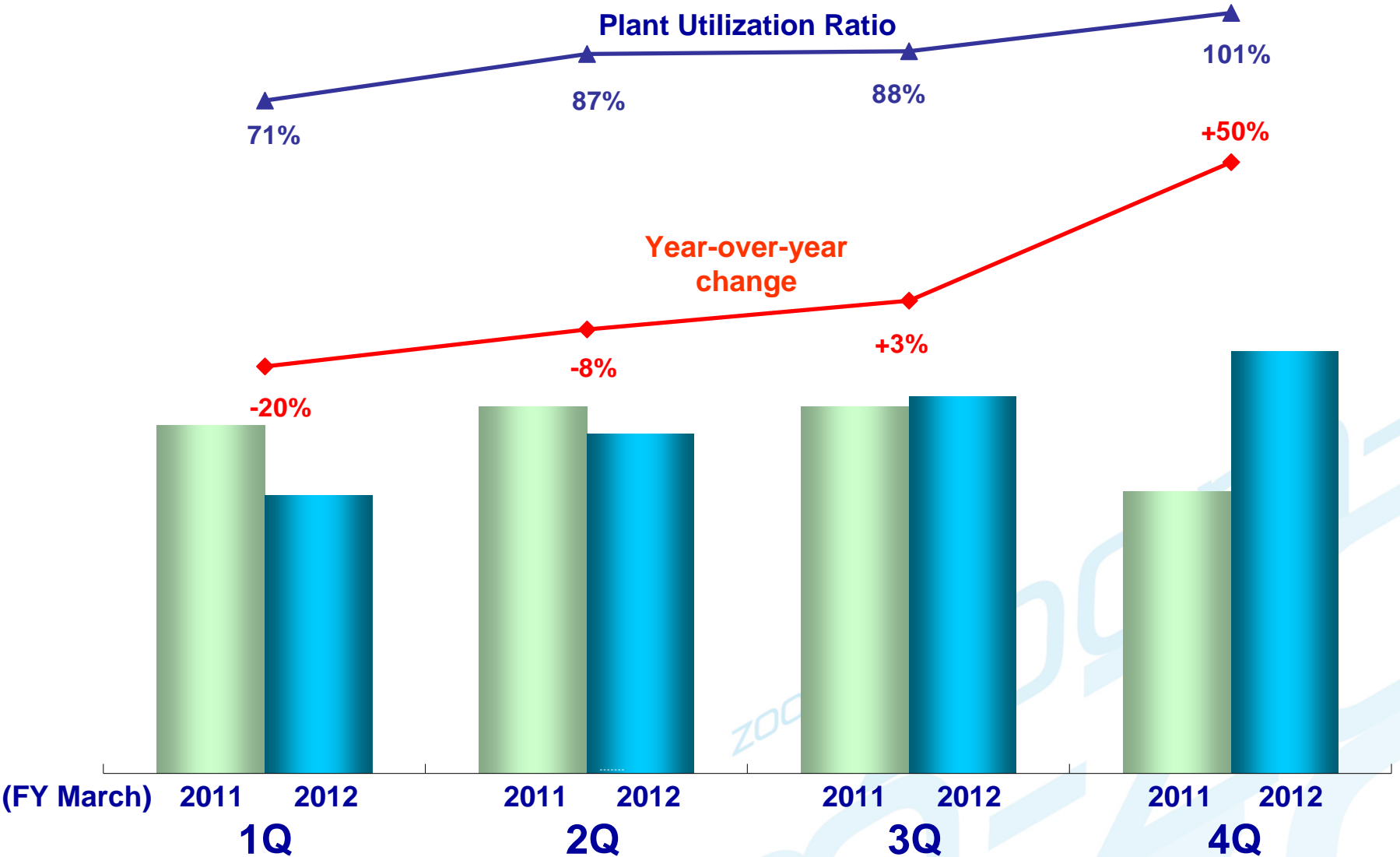
➤ Overseas production

- Overseas plants (AAI, AAT, CFMA) have normalized production from straight time operation

ZOOM-ZOOM

PRODUCTION PLAN (2)

FY March 2012: Domestic Production Volume





UPDATES OF FRAMEWORK FOR MEDIUM- AND LONG-TERM INITIATIVES

- 5 Pillars -

- 1. Brand Value**
- 2. Monotsukuri Innovation**
- 3. Environmental and Safety Technologies**
- 4. Emerging Markets**
- 5. Ford Synergies**

- **Changes in environment after the announcement**
 - **Further and continued appreciation of yen against US dollar and Euro**
 - **Steel and other raw material price hikes**
 - **Fiercer sales environment
(Rise of Korean and German manufacturers)**
 - **Prominent change in the demand structure, such as reduced or sluggish total industry demand in developed countries more than we assumed and increase in emerging markets**
 - **More awareness for environmental actions**

➤ **Results**

- Improvement of brand value in major markets steadily progressed

(1) Maintained top class residual value in major markets

(2) Improved customer satisfaction scores such as significant improvement in US SSI* ranking

(3) Improved customer loyalty

➤ **Future actions**

- Continue brand value improvement by global application of Tsunagari Innovation

- Implement sales method innovation to successfully launch SKYACTIV

*SSI: Sales satisfaction Index

➤ **Results**

- Results achieved by Integrated Planning and Flexible Production system

R&D efficiency: Improved 30% or more

Cost: Improved 20% level

Facility investment efficiency: Improved 20% to 60%

- Prospect found to achieve target to improve the performance and cost in the new generation vehicles

➤ **Future actions**

- Accelerate Cost Innovation (Counteract against continued strong yen and raw material price hikes)

(1) Further cost reduction of vehicles produced in Japan

(2) Increase the overseas sourcing ratio from the current 20% to 30%

(3) Improve cost and reduce exchange risk by increasing overseas production

UPDATES OF FRAMEWORK FOR MEDIUM- AND LONG-TERM INITIATIVES (4) – ENVIRONMENTAL AND SAFETY TECHNOLOGIES

Results

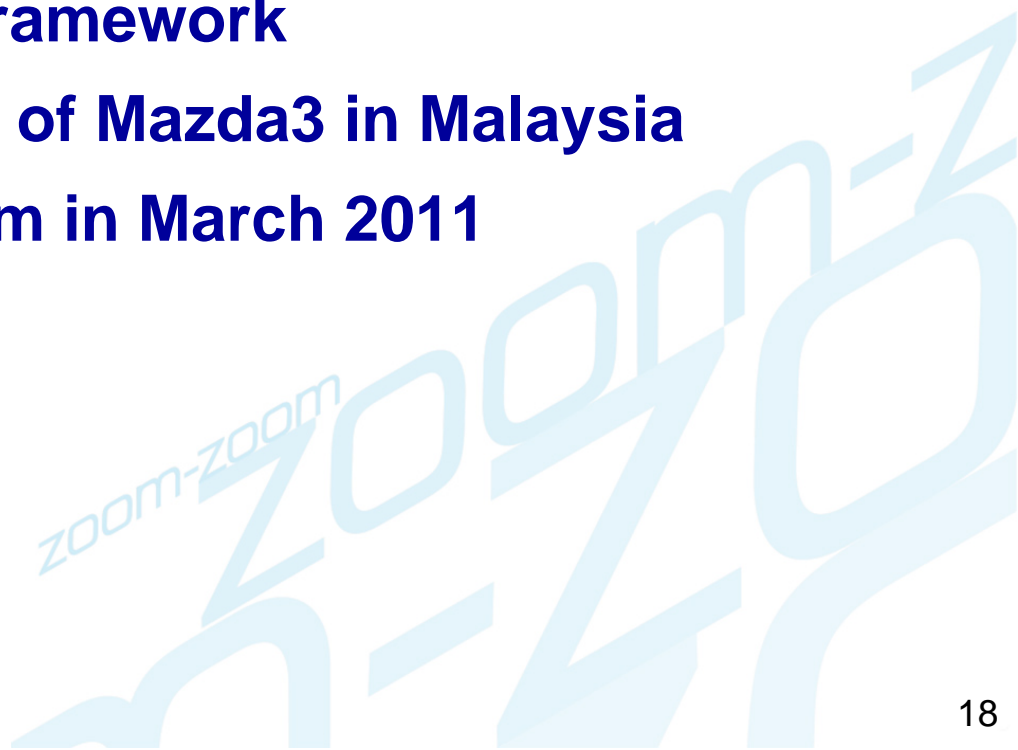
- Progress as planned toward the target to improve average fuel economy by 30% globally by 2015 (compared with 2008)
 - (1) Achieved 30 km/liter with the new Demio for Japan without assistance of electric devices

Future actions

- Introduce models that are equipped with SKYACTIV TECHNOLOGY, starting with new Demio for Japan (sales start on June 30)
 - (2) Latter half of FY2011: Launch new Mazda3 that adopts SKYACTIV-G and SKYACTIV-DRIVE in major markets
 - (3) 2012: Globally launch new CX-5 that fully adopts new generation SKYACTIV TECHNOLOGY
 - (4) 2012 and onward: Globally launch SKYACTIV-D (43 miles per gallon in US highway mode)
 - (5) 2012 and onward: Globally launch regenerative braking system
 - (6) 2012: Start leasing electric vehicles
 - (7) 2013: Start selling hybrid vehicle

Results

- **Consolidated Mazda3 production in Nanjing, China to enhance production capacity and to increase sales of the Mazda3**
- **Started local assembly of Mazda2 Sedan and Mazda3 at AAT's new passenger car plant. Strengthened production and sales framework**
- **Started local assembly of Mazda3 in Malaysia**
- **Started sales in Vietnam in March 2011**



➤ **Future actions**

- **Promote growth strategy in emerging markets (ASEAN & China)**
- **Expand local production**

(1) ASEAN

- **Accelerate local production in ASEAN led by AAT and intra-region export**
- **Expand sales network in growing markets including Malaysia and Vietnam**
- **Enrich product lineups in Indonesia where sales are successful**

(2) China

- **Increase local production and assembly models**
- **Expand sales network to 370 outlets by end of 2011**
Accelerate to open outlets in inland cities and in open areas of coastal cities

➤ **Results**

- **Jointly developing next BT-50. Sales will start in FY ending March 2012**

➤ **Future Actions**

- **Maintain strategic partnership**



- ➡ Although there are some negative impact such as uncertain industry demand in developed countries, raw material price hikes and continued stronger yen, we;
 - Improve mix and reinforce sales with introductions of new generation products
 - Add cost improvements by accelerating Monotsukuri Innovation
 - Reinforce activities on emerging markets

As a result, we do not change Medium and Long Term Outlook

<Medium and Long Term Outlook (FY March 2016)>

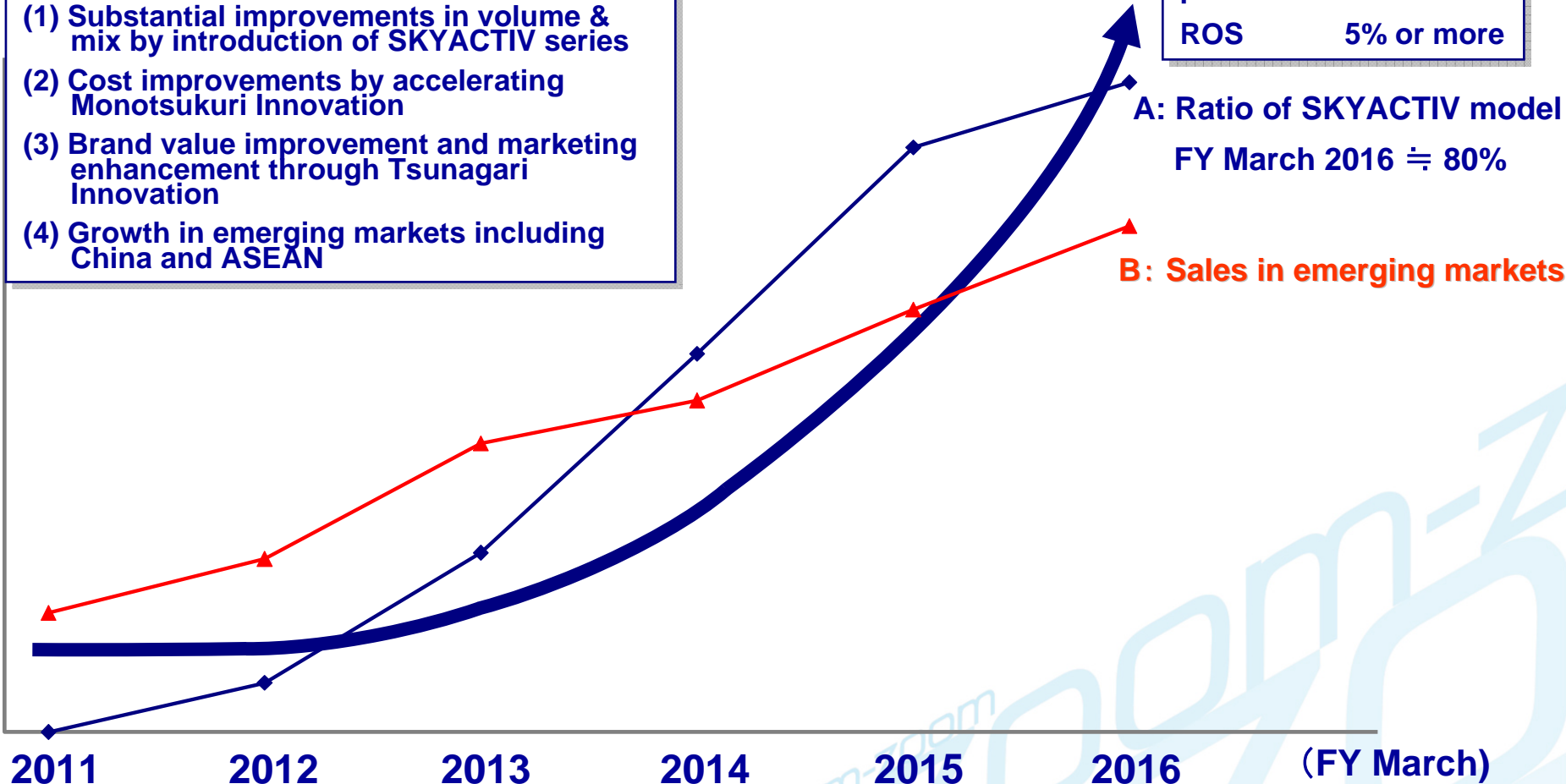
- **Global sales volume** **1.7 million units**
- **Operating profit** **¥170 billion**
- **ROS** **5% or more**

UPDATES OF FRAMEWORK FOR MEDIUM- AND LONG-TERM INITIATIVES – IMAGE OF PROFIT GROWTH

Growth driver

- (1) Substantial improvements in volume & mix by introduction of SKYACTIV series
- (2) Cost improvements by accelerating Monotsukuri Innovation
- (3) Brand value improvement and marketing enhancement through Tsunagari Innovation
- (4) Growth in emerging markets including China and ASEAN

Operating profit	¥ 170 billion
ROS	5% or more



New model launch timing

- ★ New Demio (Japan)
- ★ New Mazda3(North America)
- ★ New CX-5

Update key models to SKYACTIV series

- In FY March 2016, approximately 80% of total sales volume will adopt SKYACTIV



MANUFACTURING BUSINESS IN MEXICO AND SALES BUSINESS IN BRAZIL



1. EMERGING MARKETS - CENTRAL AND SOUTH AMERICA

Framework for Medium- and Long-term Initiatives

Enter and enhance growing markets, secure competitive cost, and strengthen Central and South American business as the 3rd pillar of our emerging market business strategy following China and ASEAN

- **Build a vehicle assembly plant and an engine assembly plant in Mexico to establish production footprint of small vehicles mainly for Central and South America**
- **Aim for expansion of our sales in Central and South America by entering into Mexico, where sales are going well, as well as Brazil which is the 4th largest markets in the world and expected to grow further in the future**
- **Synergy with Sumitomo Corporation who has rich experiences and knowledge on emerging market business**

2. MANUFACTURING BUSINESS IN MEXICO

<Outline>

Establish a joint venture vehicle assembly plant and engine assembly plant together with Sumitomo Corporation in Mexico

Manufacturing Business

- **Operation launch: FY2013**
- **Capacity: 140,000 units a year**
- **Models: Mazda2, Mazda3**
- **Destination markets: Mainly Central and South America**
- **Investment: \$500 million**
- **Headquarters: Salamanca City, Guanajuato State**

3. SALES BUSINESS IN BRAZIL

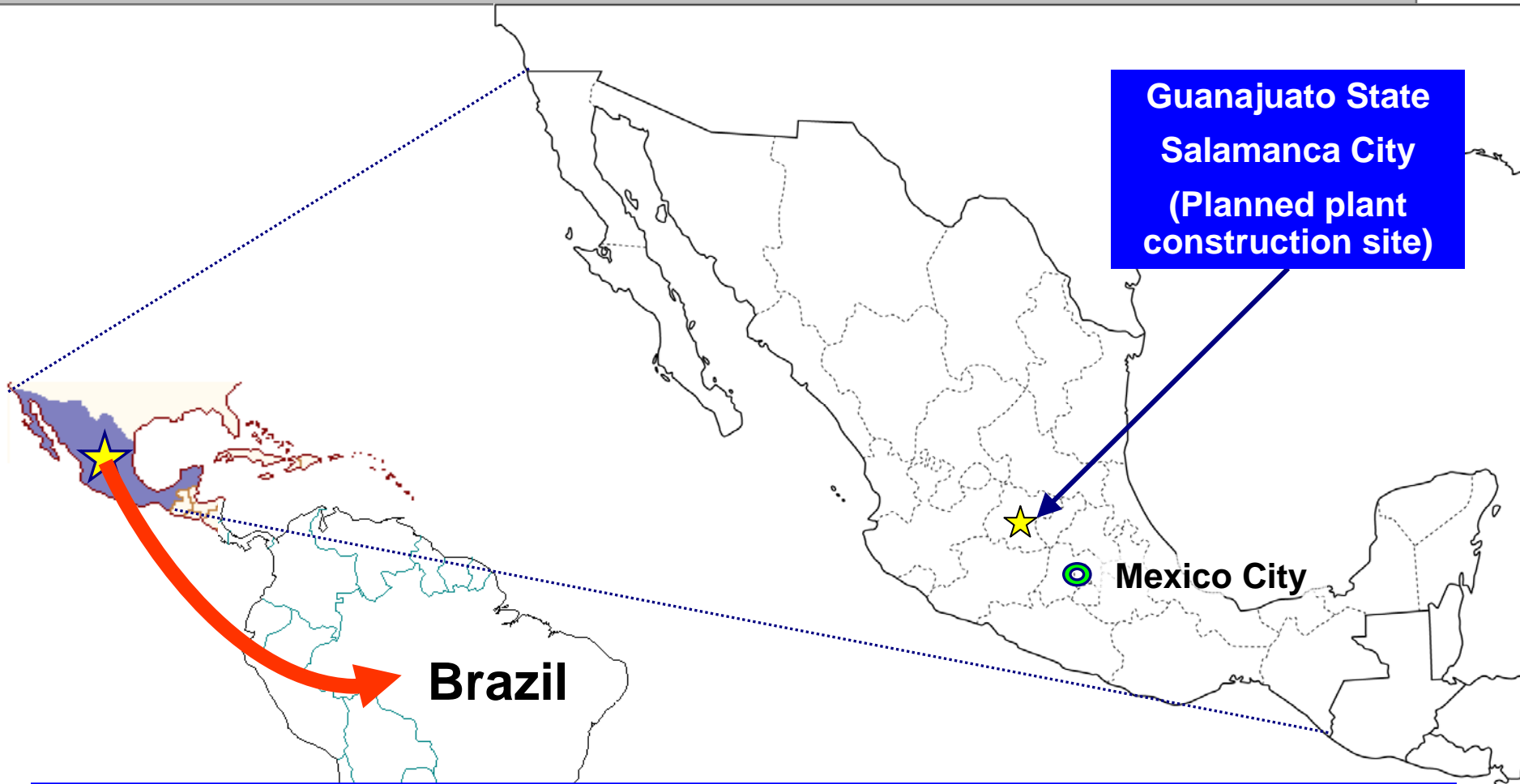
<Outline>

Set up a joint venture distributor with Sumitomo Corporation in Brazil

Sales Business

- **Start sales: FY2012**
- **Vehicle supply: Introduce vehicles produced in Japan in FY2012. Once the plant in Mexico is completed, vehicles will also be shipped from the plant**
- **Headquarters: State of Sao Paulo**

4. LOCATIONS

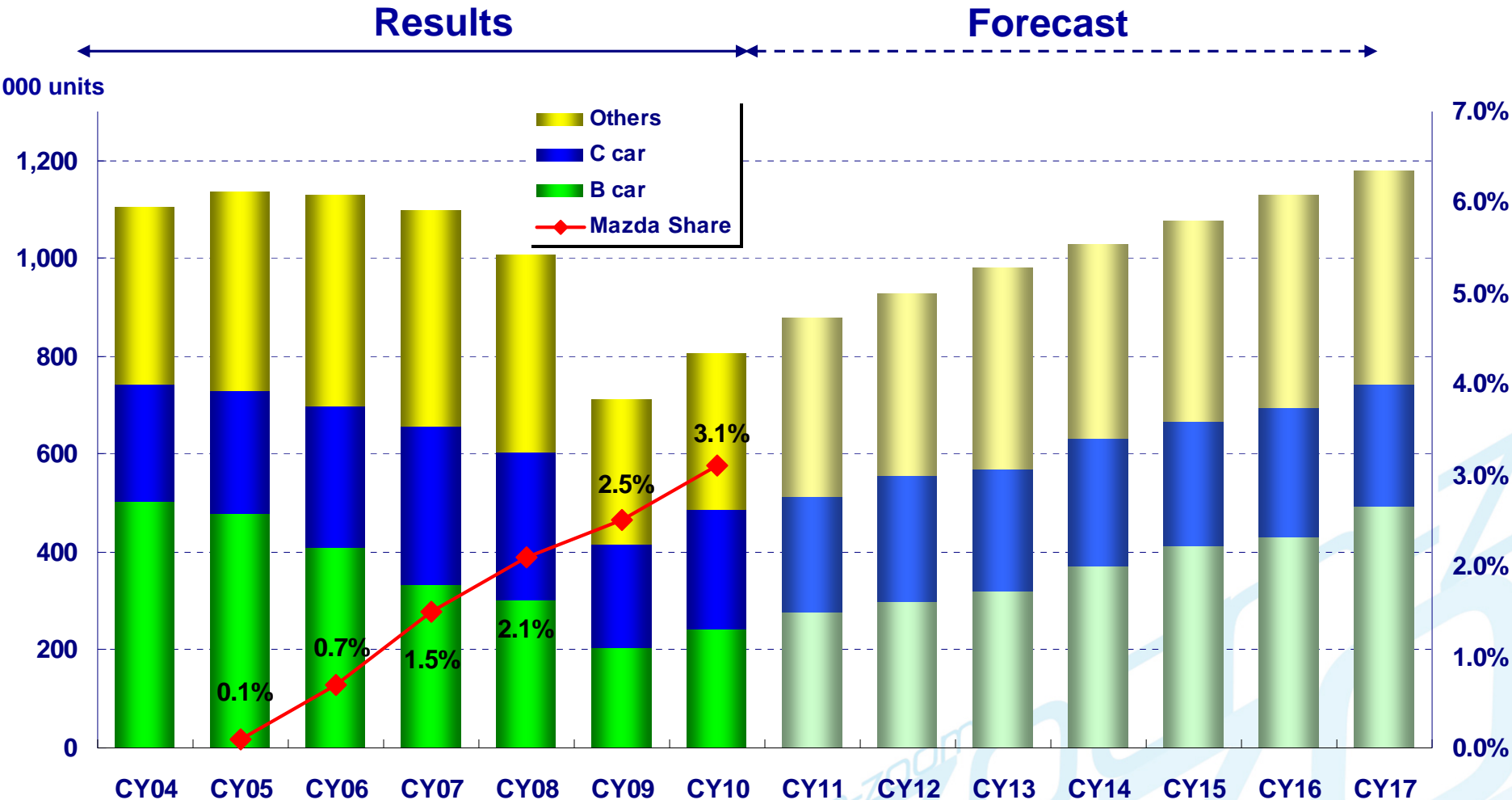


We pursue not only growth in Mexico, but also entry into Brazilian market by taking advantage of Agreement of Economic Complementation and growth in other Central and South American markets. Given supply chain and logistics, we will set up a production facility in central Mexico, the state of Guanajuato

5. BENEFITS FROM ENTRY INTO CENTRAL AND SOUTH AMERICA

- **Production in Mexico will allow us to**
 - **Do business in rapidly growing Brazil, benefiting from Agreement of Economic Complementation**
 - **Maximize FTA effects in selling vehicles for Central and South America**
- **Further growth in well performing Mexico**
- **Cost saving effects by introducing Mazda production system and thoroughly sourcing parts locally**
- **Secure cost competitiveness and mitigate foreign exchange risks**
- **Synergies with Sumitomo Corporation**

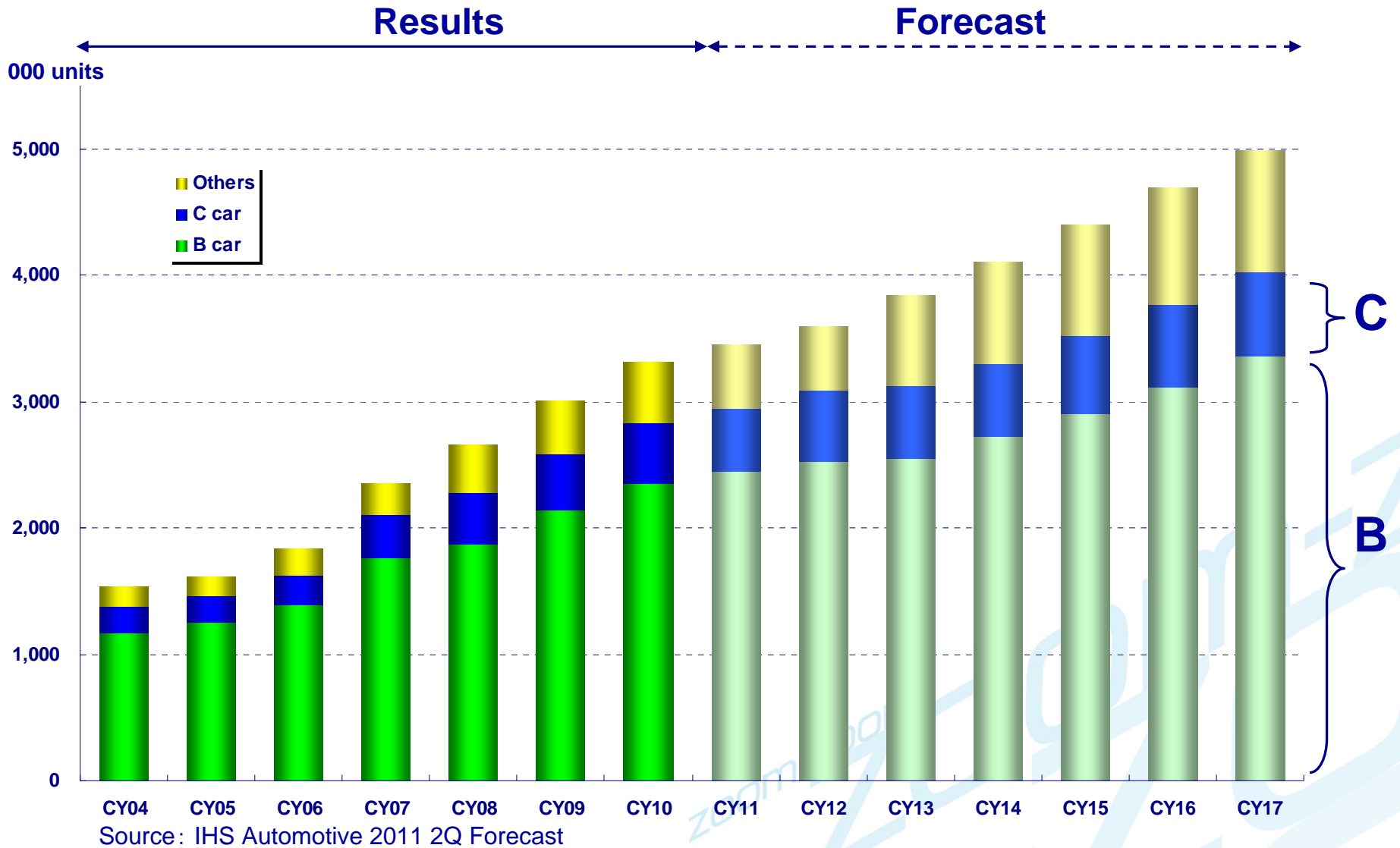
6. MARKET OVERVIEW - MEXICO



Source: IHS Automotive 2011 2Q Forecast and Mazda data

Our share is increasing every year since 2005 when we entered the market. We pursue further growth.

7. MARKET OVERVIEW - BRAZIL



The market grew the 4th largest in the world (in 2010). Further growth is expected.



mazda

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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.

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