

## Message from President and CEO: To Shareholders and Investors



While continuing steady volume growth, we will aim for qualitative business growth and engage in initiatives geared toward improving our brand value.



**Masamichi Kogai**  
Representative Director,  
President and CEO

Message from President and CEO: To Shareholders and Investors

**Review of the March 2015 fiscal year**

Although the March 2015 fiscal year saw a drop in crude oil prices, slowdowns in emerging market economies, and unstable foreign exchange markets, Mazda was able to achieve steady growth through structural reforms leveraging SKYACTIV TECHNOLOGY and enhanced brand value by offering attractive, uniquely Mazda products and services. During the year, we launched the new Mazda2 (Japanese name: Mazda Demio) as our fourth new-generation product featuring SKYACTIV TECHNOLOGY and KODO design, and commenced sales for our fifth new-generation product, the new Mazda CX-3 compact crossover SUV, in Japan and globally. As a result, the portion of unit sales represented by SKYACTIV-equipped vehicles rose to 74%, contributing to unit sales growth, improved profitability, and the strengthening of the brand. Mazda's global sales volume for the year rose 5.0% from the previous year, to 1,397,000 units, the highest level in

20 years. Net sales grew ¥341.7 billion, to ¥3,033.9 billion, operating income rose ¥20.8 billion, to ¥202.9 billion, and net income increased ¥23.1 billion, to ¥158.8 billion.

During the March 2016 fiscal year, the final year under the Structural Reform Plan, we will continue to implement the plan's major initiatives to further enhance brand value. We commenced sales of our sixth new-generation product, the new Mazda MX-5 (Japanese name: Mazda Roadster), in Japan in May 2015, and globally shortly thereafter, and we plan to launch a new Mazda CX-9 during the March 2016 fiscal year. We expect that SKYACTIV-equipped vehicles will account for at least 85% of unit sales. We are projecting a 6.6% increase in global sales volume, to 1,490,000 units, in the March 2016 fiscal year. Our financial forecasts are net sales of ¥3,250.0 billion, operating income of ¥210.0 billion, and net income of ¥140.0 billion.

**Returns to shareholders**

We view returns to shareholders as one of the most important management issues. Our policy in determining the dividend is to take into account results for the fiscal year, the operating environment, and our financial position. Based on this policy, we paid a dividend of ¥10 per share for the March 2015 fiscal year. For the March 2016 fiscal year, we plan to pay a dividend of ¥30 per share. We will continue to strive to maintain a stable dividend with steady increases.

**Progress of the Structural Reform Plan**

Under the Structural Reform Plan, announced in February 2012, we have aggressively pursued restructuring activities leveraging SKYACTIV TECHNOLOGY and maintained investment for future growth, while making strides toward the realization of a stable earnings structure. As one of the plan's major initiatives—business innovation by SKYACTIV TECHNOLOGY—we

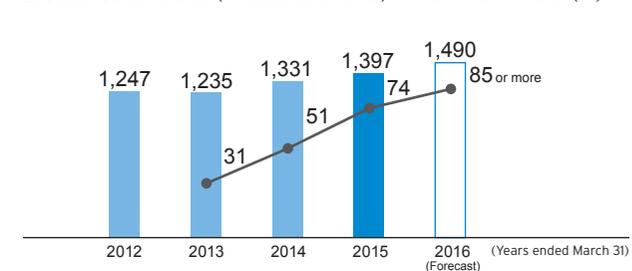
**Consolidated Results and Forecast**

(Fiscal years ended March 31)

	2014		2015		2016	
	Result	Increase / (Decrease)	Result	Increase / (Decrease)	Forecast	Increase / (Decrease)
Global sales volume (Thousands of units)	1,331	+96	<b>1,397</b>	<b>+66</b>	1,490	+93
Net sales (Billions of yen)	2,692.2	+487.0	<b>3,033.9</b>	<b>+341.7</b>	3,250.0	+216.1
Operating income (Billions of yen)	182.1	+128.2	<b>202.9</b>	<b>+20.8</b>	210.0	+7.1
Net income (Billions of yen)	135.7	+101.4	<b>158.8</b>	<b>+23.1</b>	140.0	(18.8)

**Global Sales Volume / SKYACTIV Ratio**

■ Global Sales Volume (Thousands of units) ● SKYACTIV Ratio (%)



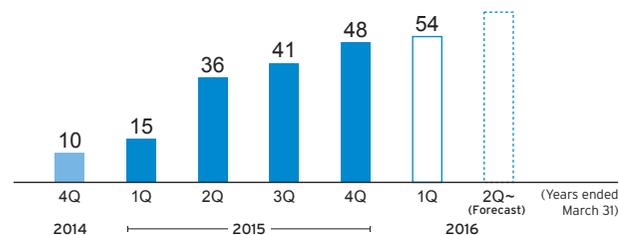
Introduction	<b>Message from Management</b>	Growth Strategy	Review of Operations	Foundations Underpinning Sustainable Growth	Corporate Data
--------------	--------------------------------	-----------------	----------------------	---	----------------

Message from President and CEO: To Shareholders and Investors

have successively rolled out new-generation products equipped with SKYACTIV TECHNOLOGY. These new-generation products have had strong receptions in Japan and overseas, and they are contributing to increased sales volume and enhanced brand value. With this robust product strength, we are improving transaction prices and curtailing incentives through a policy of right-price sales. These efforts are making a major contribution to earnings.

In terms of accelerating further cost improvement through Monotsukuri Innovation, we have integrated planning that spans models, classes, and segments to create common development and manufacturing processes that makes it possible to develop and manufacture a variety of products more efficiently. Our new products, which take full advantage of these “Monotsukuri” innovations, not only achieve excellent driving performance and fuel efficiency, they are meeting all our expectations in terms of cost competitiveness as well.

**Production Volume at the New Mexico Plant**  
(Thousands of units)



We have also made steady progress in reinforcing our business in emerging markets and establishing a global production foundation. Our new plant in Mexico commenced operations in January 2014, and since then it has been steadily increasing production volumes, with 140,000 units produced in the March 2015 fiscal year. We plan to raise the plant’s production to 230,000 units in the March 2016 fiscal year. The new transmission plant in Thailand is off to a solid start since beginning the mass production of SKYACTIV-DRIVE transmissions in January 2015. We are also strengthening our business in emerging markets by creating production systems in Russia, Malaysia, and Vietnam. We will maintain the size of our production in Japan while steadily establishing a globally balanced production and supply foundation.

With regard to promoting global alliances, our strategy is to enter into mutually complementary alliances optimal to each product, technology, and region. In June 2015, the new Mexico plant began manufacturing compact cars for Toyota. We also plan to begin the production of a two-seater convertible sports car for Fiat Chrysler Automobiles during the March 2016 fiscal year.

These efforts show our steady progress under the Structural Reform Plan in each area of products, sales, production, and alliances, and this progress is translating to enhanced brand value.

**Structural Reform Stage 2**

We have announced a new medium-term business plan—Structural Reform Stage 2—covering the period from the March 2017 to the March 2019 fiscal years. To date, we have steadily implemented the major initiatives under the Structural Reform Plan, but we recognize that there is still room for improvement in each area. Under Structural Reform Stage 2, our main focus will be on further strengthening these initiatives while addressing changes in the business environment in each region, including trends in demand by market and segment, market trends including exchange rates and crude oil prices, and environmental regulations. Our final-year management targets for the March 2019 fiscal year are for global sales volume of 1.65 million units, an operating income ratio of at least 7%, an equity ratio of at least 45%, and a dividend payout ratio of at least 20%.



Message from President and CEO: To Shareholders and Investors

With a full lineup of SKYACTIV-equipped models, we are aiming for a solid 11% increase in sales volume over the three-year period. At the same time, we will work to raise profit while maintaining disciplined investment for growth in order to enhance our product strength by incorporating the latest functions, and we will develop next-generation technologies with a focus on the environment and safety. We will not simply work to expand the size of our business but rather strive to enhance brand value through qualitative growth of the business in each area of products, sales, production, and finance. As we strengthen our financial base, we will also strive for steady improvement in shareholder returns.

(Please refer to page 10 of the "Special Feature" for more information on Structural Reform Stage 2.)

March 2019 Financial Target

Result for March 2015 fiscal year	Target for March 2019 fiscal year
<b>Global sales volume</b> 1.397 million units	<b>1.65 million units</b>
<b>Operating income ratio</b> 6.7%	<b>7% or more</b>
<b>Equity ratio</b> 35.2%	<b>45% or more</b>
<b>Dividend payout ratio</b> 3.8%	<b>20% or more</b>

Foreign exchange rate assumptions: ¥120 / USD, ¥130 / euro

Agreement with Toyota

In May 2015, Mazda and Toyota concluded a basic agreement to build a mutually beneficial long-term partnership that will leverage the resources of both companies to complement and enhance each other's products and technologies.

Currently, a joint committee has commenced studies into specific operational tie-ups to utilize each company's strengths, beginning with the areas of environmental technologies and the latest safety technologies.

Mazda and Toyota have already established tie-ups whereby Toyota licenses hybrid technologies to Mazda, and Mazda produces compact cars for Toyota at its new plant in Mexico. However this collaboration will go beyond the framework of these existing tie-ups, with the aim of mutual cooperation over the medium-to-long term to "create a whole new set of values for cars."



Basic agreement on business alliance

By providing uniquely Mazda value, we will continue to pursue brand value management with the aim of creating strong, special bonds with customers and being the brand that is repeatedly chosen by customers.

As an automobile manufacturer, we consider it important to contribute to a sustainable society with the products we provide and through technical innovation. The Mazda Group is employing its comprehensive strengths to enhance corporate value by building up its corporate governance structure to be a company that is trusted by shareholders, investors, and all stakeholders.

I ask for the continued support of our shareholders and investors going forward.

August 2015

Masamichi Kogai  
Representative Director,  
President and CEO