

WITH SHAREHOLDERS AND INVESTORS

Dialogue with Shareholders and Investors

For continued growth and enhancement of corporate value over the medium and long terms, Mazda engages in a variety of investor relations initiatives in keeping with its policy of timely and appropriate disclosure of information and with constructive dialogue. In addition to general shareholders' meetings, the Company holds frequent meetings with its shareholders and investors, providing quarterly announcements to explain its business results and other activities. The Company is working to increase opportunities for dialogue in such ways as holding business briefings for institutional investors, individual investors, and domestic and overseas securities analysts. **a**

Mazda's official website provides information such as the schedule for general shareholders' meetings and financial results announcements, performance/financial data, notices of the general meetings of shareholders (business reports), shareholders reports (Japanese only), summary of financial results, briefing materials for the financial results, Securities Report (Japanese only), annual report, Cooperate Governance Report. Mazda strives for highly transparent and fair disclosure.

Mazda is planning to voluntarily apply International Financial Reporting Standards (IFRS), in order to enhance the international comparability of its financial information, quality of Group management and corporate governance. Mazda will consider its concrete timing of IFRS application, observing the trend of the adoption among Japanese companies as well as the domestic and overseas economic situations.

Management Conditions and Dividends for FY March 2017 **b**

With regard to the business environment surrounding the Mazda Group for the fiscal year ended March 31, 2017, because the global economy, primarily led by developed nations, continued to recover, and there was moderate improvement overall. However, the outlook remains uncertain due to exchange rate fluctuation and the economic conditions in each country. Amid these circumstances, under its Structural Reform Stage 2, a medium-term business plan launched in FY March 2017, the Mazda Group has worked to offer appealing products that provide both driving pleasure and outstanding environmental and safety performance, to achieve qualitative growth in all areas of the business and to further enhance its brand value.

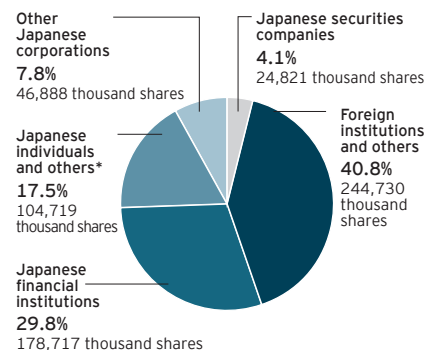
In terms of products, Mazda's lineup was expanded with the addition of the CX-9, the CX-4 and the Roadster RF/MX-5 RF. In February 2017, the Company launched the fully redesigned Mazda CX-5 in Japan, followed by its gradual introduction into overseas markets. The new CX-5 features G-Vectoring Control, a part of Mazda's new range of vehicle motion control technologies, which give drivers the feeling of unprecedented command over the vehicle, offering a new dimension of driving pleasure in various realms.

In the production area, to meet globally increasing demand for crossover models, the Company started production of the CX-3 in December 2016 at the Hofu Plant, which is also due to begin to produce the new CX-5 in November 2017.

As for financial performance in FY March 2017, along with the full-year contribution from sales of the CX-3 and the CX-9 in global markets, sales of crossover models, including the CX-4 which was launched in China, grew. As a result, global sales volume was up 1.6% year on year at 1,559,000 units, setting a new sales record. Net sales were 3,214.4 billion yen, down 192.2 billion yen year on year, owing to the strong yen. Operating income amounted to 125.7 billion yen, down 101.1 billion yen over the previous fiscal year. Net income attributable to owners of the parent company declined by 40.6 billion yen to 93.8 billion yen.

The Company's policy on determining its dividend takes into account the results for the fiscal year, the operating environment, and its financial position. Mazda is striving to maintain a stable dividend with a steady increase. The Company paid a dividend of 35 yen per share (comprising an interim dividend of 15 yen and a year-end dividend of 20 yen) for FY March 2017.

a Breakdown of Shareholders by Type (as of March 31, 2017)



* Treasury stock is included in Japanese individuals and others

b Management Conditions

	(consolidated /billion yen)		
	FY March 2015	FY March 2016	FY March 2017
Net sales	3,033.9	3,406.6	3,214.4
Operating income	202.9	226.8	125.7
Net income attributable to owners of the parent company	158.8	134.4	93.8
Capital investment	131.0	89.2	94.4
R & D costs	108.4	116.6	126.9
Total assets	2,473.3	2,548.4	2,524.6
Equity	869.6	954.0	1,039.4

	(Consolidated; thousand units)		
	FY March 2015	FY March 2016	FY March 2017
Total	1,397	1,534	1,559
Japan	225	232	203
North America	425	438	429
Europe	229	257	262
China	215	235	292
Others	303	372	373

Investor Relations
<http://www.mazda.com/en/investors/>

Financial Results / Presentation Documents
<http://www.mazda.com/en/investors/library/presentation/>

Business Report
http://www.mazda.com/globalassets/en/assets/investors/stockinfo/meeting/files/151shoshu_e.pdf

Security Report (Japanese Only)
http://www.mazda.com/globalassets/ja/assets/investors/library/s-report/files/f_repo170629.pdf

Progress in Key Initiatives of the Structural Reform Stage 2

Product and R&D

【Expand the line-up of SKYACTIV products】

- Globally roll out the new CX-5, featuring a refined design and technologies that offer a new dimension of driving pleasure in every element. Launch clean diesel engine-equipped models in North America in the latter half of 2017
- Add a gasoline engine model to the CX-3 lineup (in Japan)
- Make i-ACTIVSENSE advanced safety technologies standard equipment, and continuously evolving them (in Japan)
- Increase the number of models equipped with SKYACTIV G 2.5T—a 2.5-liter direct-injection turbocharged gasoline engine
- Launch the new Mazda CX-8, a three-row crossover SUV in Japan

Global sales and network reinforcement

- Sustain annual sales growth of 50 thousand units by launching new and updated products
- Promote sales of products at the right price by appealing their value, in order to improve the transaction price and residual value, thereby enhancing trade cycle management
- Reform the sales network to enhance the brand value

Global production and cost improvement

- Make the Company’s production system for crossover vehicles more flexible
- Improve production flexibility at overseas plants on a medium and long term basis, and establish a global swing production system between production sites in Japan and overseas
- Start investment in production facilities for models featuring Mazda’s next-generation technologies from FY March 2018
- Promote the development of next-generation technologies for further cost improvement, such as the manufacture of parts that serve multiple functions to reduce the total number of vehicle parts

Financial structure reinforcement and shareholder return

- Enhance the Company’s earning capacity and ability to generate cash flow through steady volume growth and brand value improvement
- Improve the Company’s balance sheet, especially its equity ratio and net interest-bearing debt
- Accelerate investment for future growth, such as R&D and capital expenditure, while strengthening the Company’s financial foundation
- Continue to pay stable dividends and steadily improving the dividend payout ratio, to realize sustainable growth

FY March 2019 Financial Targets

Global sales volume	Operating income ratio	Equity ratio	Dividend payout ratio
1.65 million units	5% or more (Exchange Rates: US Dollar 108 yen / Euro 118 yen)	45% or more	20% or more

Although steady progress has been made on the key initiatives of Structural Reform Stage 2, the operating income ratio has been changed to 5% or more, in light of changes in the Mazda Group’s business environment, including foreign exchange rate assumptions, raw material market conditions, and declining demand in the U.S. passenger car market.

New CX-5



Newly designed sales outlet in the United States



First CX-3 vehicle produced at the Hofu Plant

