

FY March 2018 First Quarter Financial Results Main Q&A

1. Please summarize results for FY March 2018 First Quarter

In the first quarter of FY March 2018, global sales volume was 377,000 units, up 1% from the prior year and a new record for the first quarter. The main drivers of the volume growth were the progress of new CX-5 launches in main markets and crossover models, including CX-4 in China. By region, while volume declined in North America and other markets, increased sales in China, which have been strong since last fiscal year, and Japan, where momentum is improving, helped us to exceed last year's results.

Revenue for the period was ¥802.1 billion (up ¥25.9 billion year on year). Operating profit was ¥39.9 billion (down ¥12.5 billion), and net income was ¥36.6 billion (up ¥15.4 billion). The main factors for the year-on-year operating profit change include higher incentives to tackle increasing competition in the U.S. and raw material price hike, in addition to lower wholesale volume in the U.S. and other markets while reinforcing development of next-generation technologies and products for the future growth. ROS was 5%, which is good progress to the full year target of ¥150 billion.

2. While the yen is weakening, why did not you change full year forecast?

There is no change to FY March 2018 full year forecast from the April forecast, in terms of global sales of 1.6 million units, operating profit of ¥150 billion and net income of ¥100 billion. From the second quarter of this fiscal year, we will shift sales of the new CX-5 into high gear with global rollout and introduce the new Mazda CX-8. We will increase production capacity of crossover models at Hiroshima Plant in August and at Hofu Plant in October. By quickly meeting global demand increase of crossover models, we aim to achieve sustainable volume growth of around 50,000 units a year.

While exchange rate recently shows weaker yen, we will cautiously judge the impact of deteriorating US sales trend (industry demand, incentive, residual value, etc.), and impact on automotive demand, exchange impact, etc. by each country's economic and monetary policy.

3. Please explain Mazda's sales situation and sales measures in the U.S. where sales environment is getting fiercer.

Mazda's sales in the first quarter in the US were 73,000 units, down 10% year on year. This is mainly due to lower fleet sales volume. Sales excluding fleet sales were 71,00 units, down 1.6%, outperforming the total industry (down 2.7% year on year). In the US, while sales of crossover models retained momentum, the market for passenger cars remains tough due to reduced demand and fierce competition including incentive spending. New CX-5 was launched in March and sales are strong, meeting our sales targets. We also plan to

introduce other updated models including adoption of 2.5-liter direct injection turbo gasoline engine in a wider range of models.

While closely monitoring market trends, we take measures on a timely basis to minimize sales risk for passenger car segment, and for well-selling crossover models, we aim to further improve momentum based on their product strength.

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