

## **FY March 2017 First Half Financial Results**

### **Main Q&A**

#### **1. Please summarize FY March 2017 first half results.**

In the first half of FY March 2017, global sales volume was a record 775,000 units, up 1% from the prior year, mainly due to strong sales of new CX-9 and new CX-4 in China, in addition to contribution of CX-3 and MX-5/Roadster globally. Updated Mazda3 and Mazda6 also contributed to volume growth. While sales volume declined from the prior year in Japan and North America, volume increased in Europe, China and other markets.

Revenue was ¥1,546.3 billion, operating profit was ¥88.3 billion (down ¥37.6 billion year on year), and net income was ¥56.1 billion. As for major factors for the year-on-year operating profit change, the negative impacts of volume decline in Japan and yen's appreciation were partially offset by profitability improvement with new CX-9 introduction and updated Mazda3 and Mazda6, and strengthened cost improvement efforts.

For FY March 2017 full-year, forecast global sales remain unchanged from April, at 1.55 million units. We revised sales plan for Japan to reflect the postponement of the consumption tax hike, but we upwardly revised the sales plan in Australia, and China where sales of new CX-4 and Mazda3 are strong. As exchange assumptions for US dollar and the euro are revised from ¥110 and ¥125 in the April forecast to ¥102 and ¥114 for the second half respectively, we revised forecast for revenue down to ¥3,150 billion, operating profit to ¥150 billion and net income to ¥100 billion.

#### **2. You revised down full year forecast. What are your planned measures against exchange rate impact in the second half?**

We revised operating profit forecast down by ¥20 billion from April forecast to ¥150 billion, as we revised exchange assumptions for the second half as the yen has

appreciated. With the assumption change, we project additional negative impact of ¥42 billion on operating profit versus April forecast. Despite this significant deterioration in exchange rates, we will reinforce efforts in all areas to minimize the impact on profits, including strengthening cost improvement efforts to improve ¥17 billion.

### **3. Please explain your sales performance in the United State.**

Sales volume in the first half in the United States was 160,000 units, down 2% year on year. With demand shifting to crossover segment, sales volume of sedan models declined. But we worked to increase sales of crossover models with strong sales of CX-9, which was introduced in June, and CX-5, which achieved year-on-year growth despite its aging.

In the second half, we try to increase sales volume with strong-selling crossover models and updated sedan-type models. We continue our “right-price” sales policy and maintain an appropriate level of incentive spending by closely monitoring competitive environment.

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