



FISCAL YEAR MARCH 2018 FINANCIAL RESULTS



PRESENTATION OUTLINE

- **Highlights**
- **Fiscal Year March 2018 Results**
- **Fiscal Year March 2019 Forecast**
- **Direction of Future Framework**

HIGHLIGHTS

【FY March 2018 Results】

- **Global sales volume was 1,631,000 units, up 5% from the prior year and the highest on record**
 - **The global launch of the new CX-5 contributed to the increase in sales**
 - **Strong sales in China, Thailand and other regions drove volume growth**
 - **Increased the production capacity of crossover vehicles at plants in Hiroshima and Hofu**
- **Both revenue and profit increased; revenue was ¥3,474 billion, operating profit was ¥146.4 billion and net income was ¥112.1 billion**

【FY March 2019 Forecast】

- **Forecasting global sales of 1,662,000 units, up 2% year on year, revenue of ¥3,550 billion, operating profit of ¥105 billion and net income of ¥80 billion**
- **Update models to enhance competitiveness and launch the new CX-8 in overseas markets**
- **Change to two-shift operation at Hofu Plant No.2 for a more efficient and flexible production system**
- **Proceed steadily with key initiatives for the future, including the development and introduction of next-generation products and new technologies, in order to respond to intensifying competition, stricter regulations and other changes in the business environment**
- **Plan to pay an annual dividend of ¥35 per share**

FISCAL YEAR MARCH 2018 RESULTS

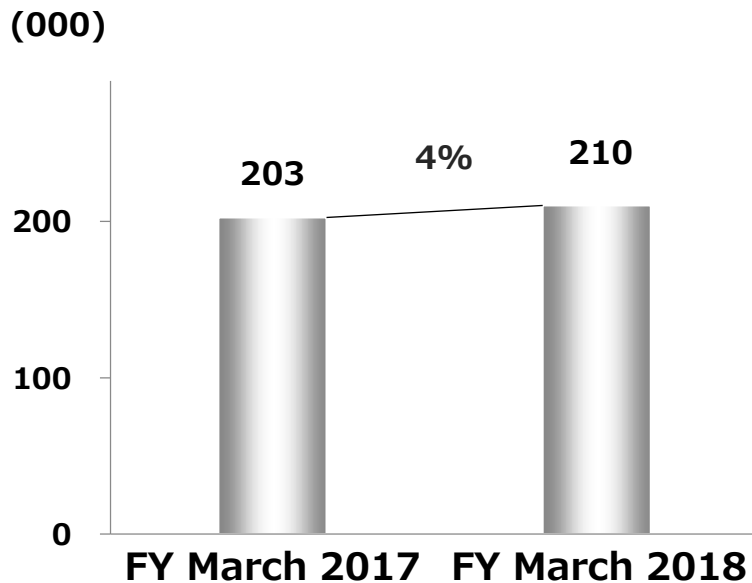
FY MARCH 2018 GLOBAL SALES VOLUME

(000)	Full Year		Change from		
	FY March	FY March	Prior Year		Feb. Forecast
	2017	2018	Volume	YOY(%)	Volume
Global sales volume					
Japan	203	210	8	4 %	0
North America	429	435	6	1 %	5
Europe	262	269	7	3 %	1
China	292	322	31	11 %	14
Other Markets	373	394	20	5 %	11
Total	1,559	1,631	72	5 %	31
<Breakdown>					
USA	302	304	2	1 %	3
Australia	118	116	(3)	(2)%	(2)
ASEAN	105	116	11	11 %	4

JAPAN



Full-year Sales Volume

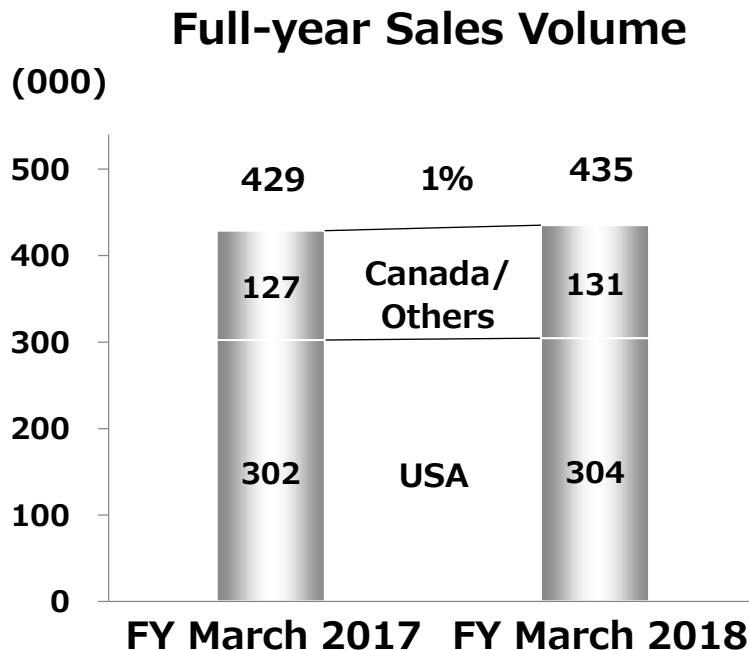


- Sales were 210,000 units, up 4% year on year
- Market share was 4.0%. Registered vehicle market share was 5.1%, up 0.2 points year on year
- New CX-5 achieved significantly higher sales than the prior year and contributed to full-year volume growth; an updated model was launched in March
- Orders for new CX-8 continue to exceed the plan and a high percentage are for high-grade models; the model has created demand for 3-row crossover SUVs

NORTH AMERICA



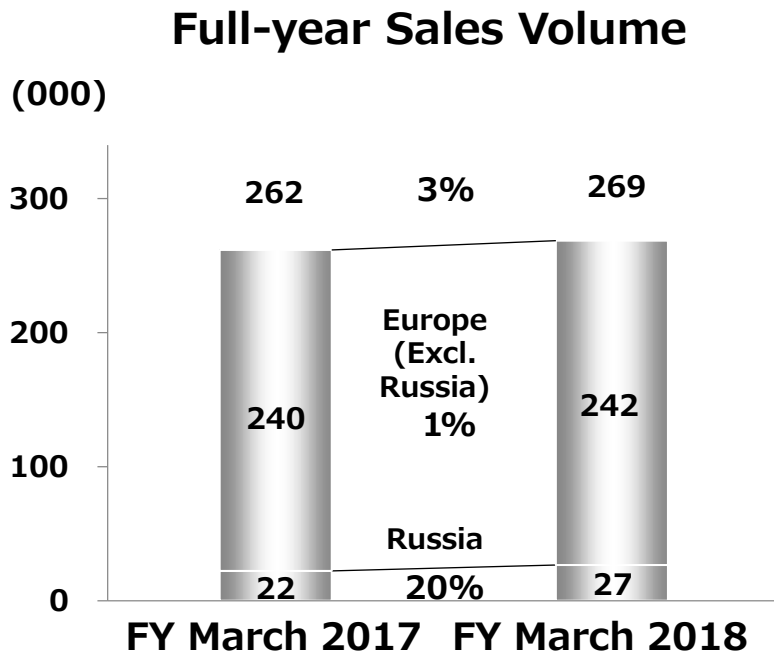
- Sales were 435,000 units, up 1% year on year
- USA: Sales were 304,000 units, up 1% year on year
 - Higher sales of crossovers more than offset the decline in sedans
 - Sales of new CX-5, up 29% year on year, and CX-9, up 28% year on year, significantly outperformed industry demand
- Canada: 75,000 units, up 5% year on year
- Mexico: 55,000 units, up 2% year on year



EUROPE



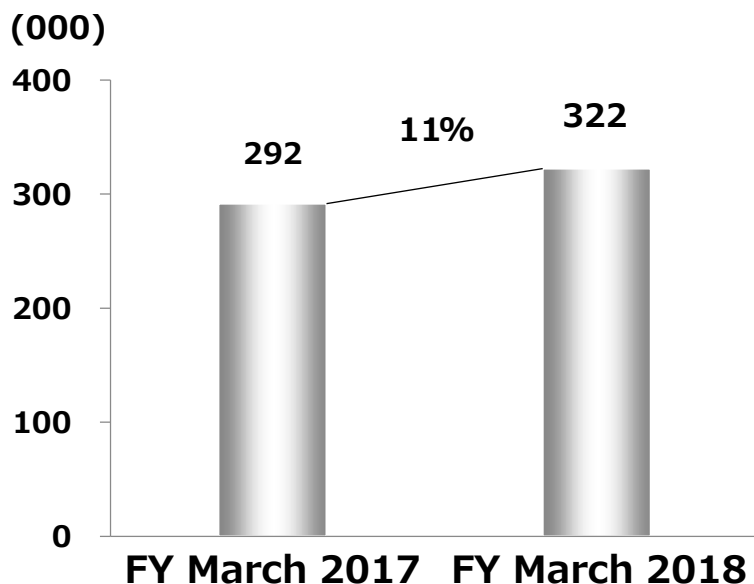
- Sales were 269,000 units, up 3% year on year
- With the model's full-scale launch, new CX-5 sales were up 17% and contributed to volume growth
- Germany and Russia saw strong sales while UK sales decreased
 - Germany: 68,000 units, up 8% year on year
 - Russia: 27,000 units, up 20% year on year
 - UK: 38,000 units, down 15% year on year due to a contraction in demand



CHINA



Full-year Sales Volume



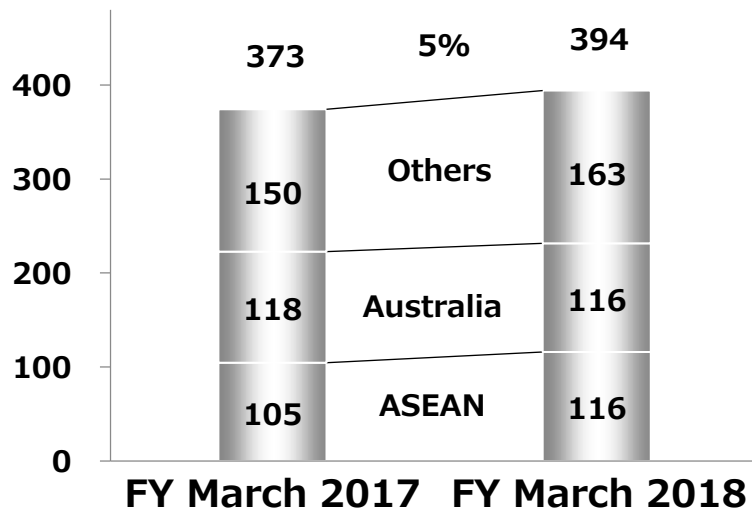
- Sales were 322,000 units, up 11% year on year
- Record full-year sales results
- Sales of Mazda3 remain strong despite end of tax cuts on small cars; sales of Mazda6 outperformed the prior year
- Strong sales of the CX-4 and new CX-5 crossovers contributed to volume growth

OTHER MARKETS



Full-year Sales Volume

(000)



- Sales were 394,000 units, up 5% year on year
- Australia: 116,000 units, down 2% year on year
 - Mazda remains the country's second highest-selling brand
 - Strong sales of CX-5 and CX-9; CX-5 was the top-selling vehicle in its segment
- ASEAN: 116,000 units, up 11% year on year
 - Thailand: 56,000 units, up 31% year on year
 - Vietnam: 28,000 units, down 14% year on year
- Other: Record sales in New Zealand, Chile and Peru

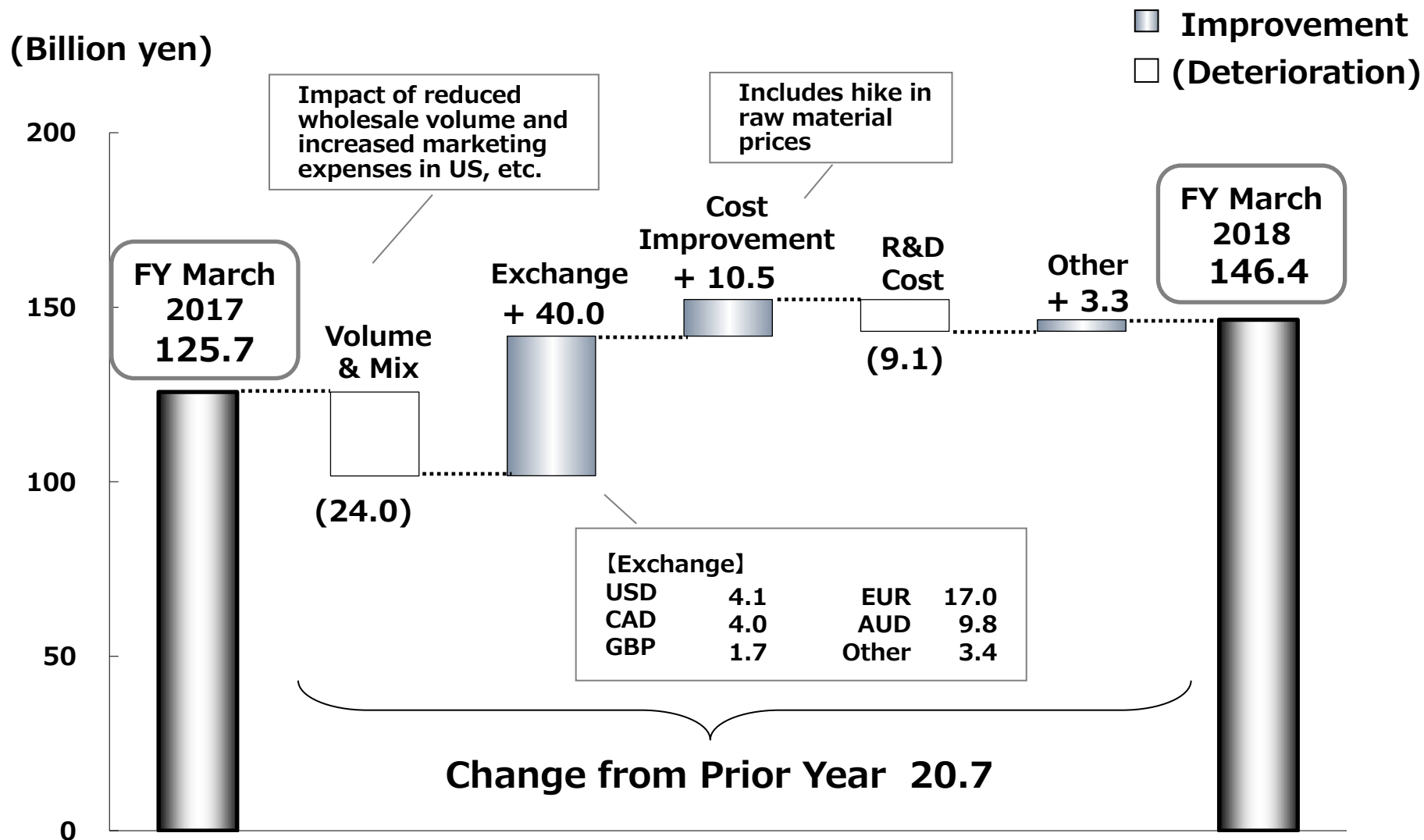
FY MARCH 2018 FINANCIAL METRICS

(Billion yen)	Full Year		Change from		
	FY March	FY March	Prior Year		Feb. Forecast
	2017	2018	Amount	YOY(%)	Amount
Revenue	3,214.4	3,474.0	259.6	8 %	(26.0)
Operating profit	125.7	146.4	20.7	16 %	(3.6)
Ordinary profit	139.5	172.1	32.6	23 %	2.1
Profit before tax	128.4	157.5	29.1	23 %	2.5
Net income	93.8	112.1	18.3	19 %	12.1
Operating ROS	3.9%	4.2%	0.3 pts		(0.1) pts
EPS (Yen)	156.9	182.9 *	26.0		19.6
Exchange rate (Yen)					
US Dollar	108	111	2		(0)
Euro	119	130	11		(0)

*Reflecting the increase in the number of shares issued due to the issuance of new shares by way of third-party allotment that payment was completed on Oct. 2, 2017.

FY MARCH 2018 OPERATING PROFIT CHANGE

FY March 2018 Full Year vs. FY March 2017 Full Year

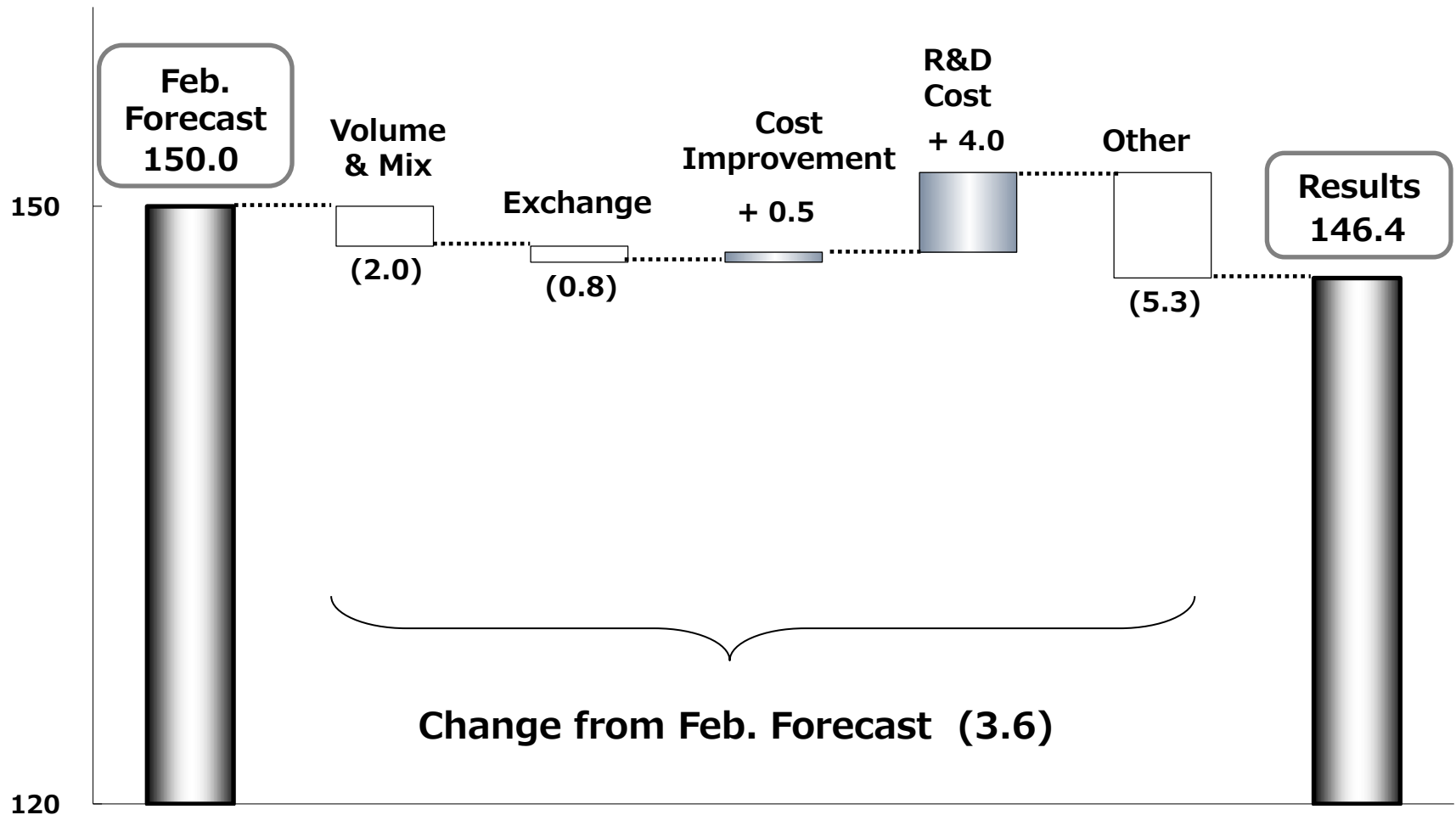


FY MARCH 2018 OPERATING PROFIT CHANGE

FY March 2018 Full Year vs. Feb. Forecast

(Billion yen)

■ Improvement
□ (Deterioration)



FISCAL YEAR MARCH 2019 FORECAST

FY MARCH 2019 GLOBAL SALES VOLUME

(000)	Full Year		Change from	
	FY March 2018	FY March 2019	Prior Year	
			Volume	YOY(%)
Global sales volume				
Japan	210	215	5	2 %
North America	435	457	22	5 %
Europe	269	265	(4)	(1)%
China	322	322	0	0 %
Other Markets	394	403	9	2 %
Total	1,631	1,662	31	2 %
<Breakdown>				
USA	304	317	12	4 %
Australia	116	117	1	1 %
ASEAN	116	123	7	6 %

FY MARCH 2019 FINANCIAL METRICS

(Billion yen)	Full Year		Change from	
	FY March	FY March	Prior Year	
	2018	2019	Amount	YOY(%)
Revenue	3,474.0	3,550.0	76.0	2 %
Operating profit	146.4	105.0	(41.4)	(28)%
Ordinary profit	172.1	130.0	(42.1)	(24)%
Profit before tax	157.5	120.0	(37.5)	(24)%
Net income	112.1	80.0	(32.1)	(29)%
Operating ROS	4.2%	3.0%	(1.2)pts	
EPS (Yen)	182.9	127.0	(55.9)	
Exchange rate (Yen)				
US Dollar	111	107	(4)	
Euro	130	130	0	

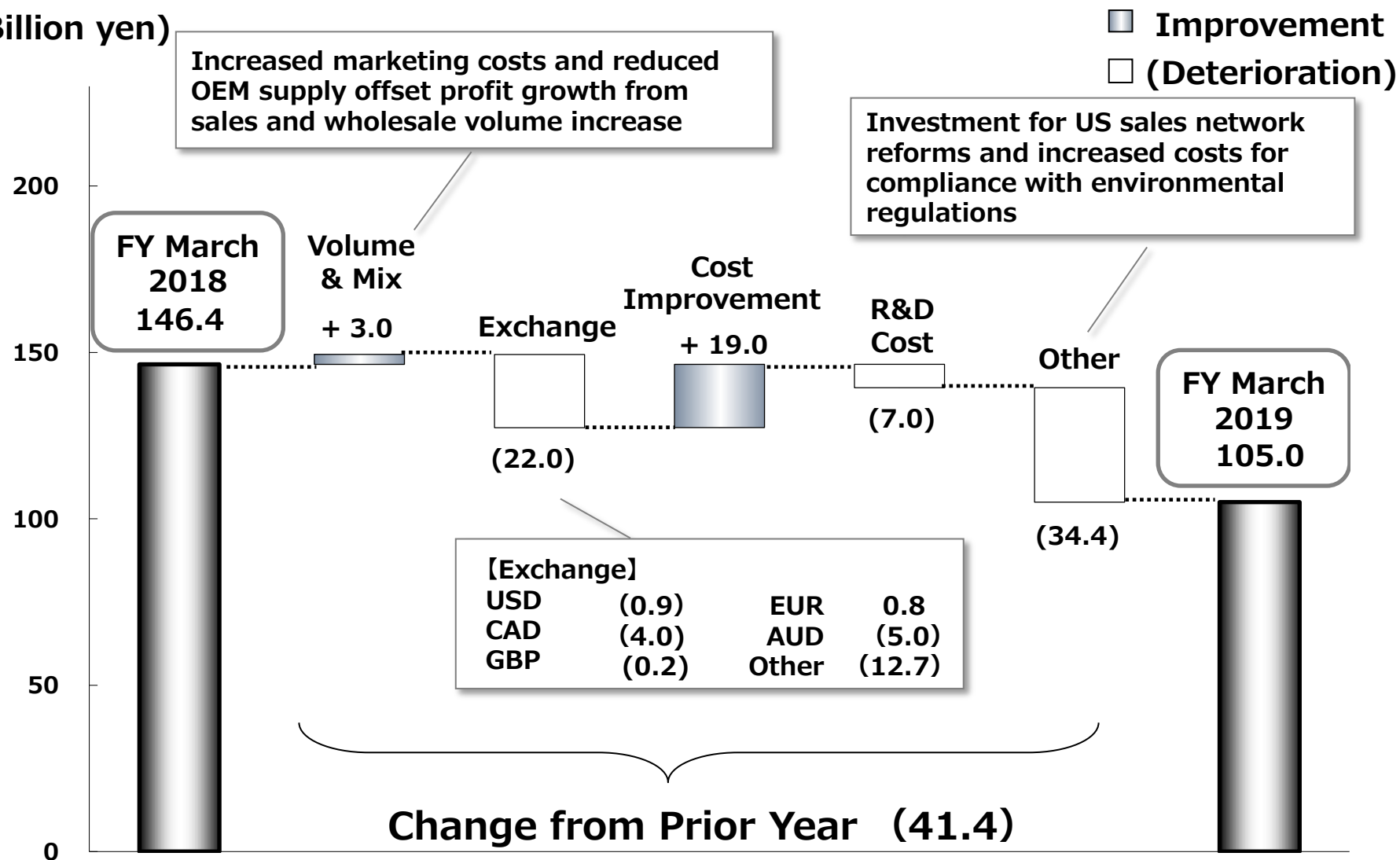
EXCHANGE RATES

(Yen)	Full Year		Change
	FY March 2018	FY March 2019	
US Dollar	111	107	(4)
Euro	130	130	0
Canadian Dollar	86	84	(2)
Australian Dollar	86	84	(2)
British Pound	147	148	1

FY MARCH 2019 OPERATING PROFIT CHANGE

FY March 2019 Full Year vs. FY March 2018 Full Year

(Billion yen)



SUMMARY

■ Forecast not to achieve Structural Reform Stage 2 final-year profit target

Structural Reform Stage 2 Final year FY March 2019 Targets

	Announced in April 2017	Current forecast
Global sales volume	1.65 million units	1.662 million units
Operating ROS	5% or more	3.0%
Equity ratio	45% or more	44%
Dividend payout ratio	20% or more	28%



■ Actions to enhance sales and improve profit

- Introduce updated models and next-generation models
- Start two-shift operation at Hofu Plant No.2 to increase production flexibility for crossover vehicles
- Launch the new CX-8 in Australia, New Zealand and China

■ Proceed steadily with key initiatives to consolidate foundation for future growth

- US sales network reforms
- Development and introduction of next-generation products and new technologies

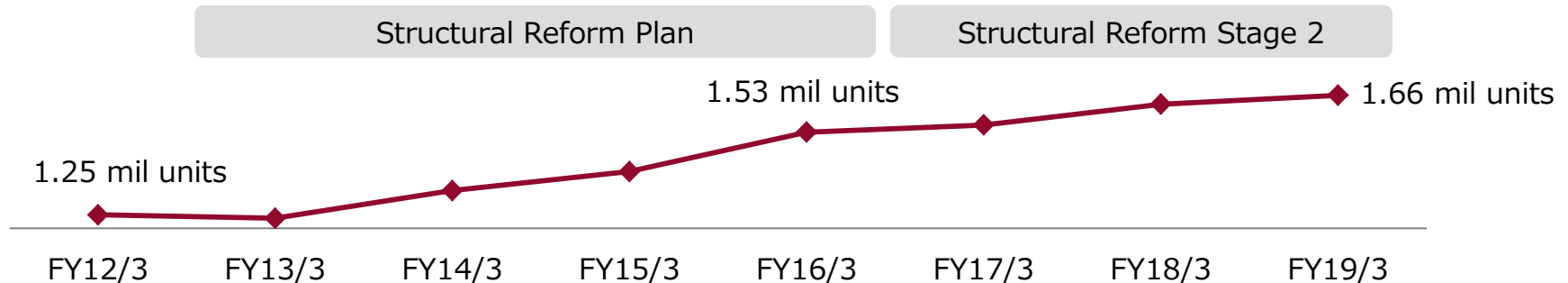
DIRECTION OF FUTURE FRAMEWORK

- **Review of Structural Reform Plan and Structural Reform Stage 2
(Covering seven years from FY March 2013 - 2019)**
- **Direction of Future Framework**

REVIEW OF STRUCTURAL REFORM PLAN & STRUCTURAL REFORM STAGE 2

– QUANTITATIVE AND QUALITATIVE GROWTH

■ Global sales volume: Achieved stable growth of 50,000 units/year



■ SKYACTIV model introduction and next-generation technology development

- Introduce new-generation products featuring KODO design and SKYACTIV technologies
- Maintain attractiveness of lineup with advanced safety technologies and product updates
- Develop new products and technologies, such as SKYACTIV-X, electrification, connectivity, autonomous driving and next-generation KODO design

■ Innovation in sales approach

- Establish “right price” sales by promoting brand value
- Enhance trade cycle management by improving residual values
- Reform sales networks, improve customer care and launch new-generation dealers

REVIEW OF STRUCTURAL REFORM PLAN & STRUCTURAL REFORM STAGE 2

– QUANTITATIVE AND QUALITATIVE GROWTH

- **Cost improvement through Monotsukuri Innovation and establishment of global production footprint**
 - **Highly efficient development and production through common architecture and computer modeling-based development**
 - **Enhance overseas production in Mexico, Thailand and elsewhere**
 - **Enhance production flexibility to respond to changes in demand**
 - **Begin work on joint venture plant in the US for sustainable growth**
- **Alliance: competition and cooperation**
 - **Business and capital alliance with Toyota (US new plant/EV technology development)**
 - **Complementary products and technologies**
- **Strengthen financial foundation**
 - **Achieve net cash position and substantially improve equity ratio**
 - **Steadily improve shareholder returns; dividends of 20% or more**
 - **Average operating ROS of 4.8% during Structural Reform Plan and Structural Reform Stage 2**
(Average 3.7% during Structural Reform Stage 2)
 - **Disciplined investments for future growth: based on R&D 4.0% / capital expenditure 3.5% of revenue**

Structural Reform Plan & Structural Reform Stage 2

Forecast not to achieve final year profit target

Per-unit profit fell short due to intensifying competition globally

Volume and profit targets in the U.S. not achieved

【Countermeasures】

-Direction of Future Framework

- Raise competitiveness through next-generation products (expand CX* lineup) / new technologies (including electrification technologies)
- Accelerate sales network reforms
- +
- Successful alliances

Achieve both sustainable growth and shareholder returns

Profitability decline

Improve net revenue/profit

Revenue/volume growth

*Crossover model

DIRECTION OF FUTURE FRAMEWORK: DEVELOPMENT AND INTRODUCTION OF NEXT-GENERATION PRODUCTS & NEW TECHNOLOGIES

■ Highly competitive new product lineup and increased production capacity



New product lineup

Architecture

Bundled planning

Small Products (CX-3/new CX, etc.)
Large Products (CX-5, etc.)

Internal Combustion Engines

SKYACTIV-G/D

SKYACTIV-X, SKYACTIV-D GEN2
SKYACTIV-G/D Upgrade

Electrification

HEV (technology from Toyota)

EV, Plug-in HEV, Mild HEV
Range Extender

Others

i-ACTIVSENSE
Mazda Connect

Autonomous driving Co-Pilot Concept
Next-generation Mazda Connect

Sales volume
(units)

1.25 mil

Up 410,000 units

1.66 mil

Up 340,000 units

2.00 mil

DIRECTION OF FUTURE FRAMEWORK: DEVELOPMENT AND INTRODUCTION OF NEXT-GENERATION PRODUCTS & NEW TECHNOLOGIES

- Optimize product strategies in terms of customer needs, segment characteristics, profit, costs, etc., by dividing next-generation products into small and large architectures
- New product strategy will strengthen the business in the U.S. market, expand sales of CX-models globally and improve net revenue by strengthening high value-added products

SKYACTIV (Gen1)

1.25 million → 1.66 million units

Bundled planning

(Common to small & large vehicles)

Established highly efficient and flexible R&D system

Built manufacturing footprint for global swing production to cope with demand shift

SKYACTIV (Gen2)

1.66 million → 2.00 million units

Small products

(CX-3/new CX, etc.: 1.2 mil units level)

Further improve cost competitiveness & production flexibility

Quickly respond to changes in demand for CX vehicles at each global production site

Large products

(CX-5, CX-8, CX-9, etc : 0.8 mil units level)

Enhance product competitiveness and brand value

Improve net revenue by offering a wider variety of powertrains, including electrification

DIRECTION OF FUTURE FRAMEWORK: ACCELERATE SALES NETWORK REFORMS (Example of the US)

Accelerate initiatives to strengthen the U.S. sales networks and make sales of 400,000 units per year possible

■ Actions in 2016 & 2017

(Business turnaround, reestablish sales network)

- **Reestablishing sales network based on brand value management**
- **About 100 dealers exited, half were replaced by strong dealer owners**
- **Began construction of next-generation branded dealers (40 dealers completed, 50 dealers under construction)**
- **Prepared to implement roadmap for reestablishment of sales network in 35 priority markets**



- **Improving business quality**
 - ✓ **Steadily improving repurchase rate, sales of certified pre-owned vehicles, service retention, profitability at dealers**

DIRECTION OF FUTURE FRAMEWORK: ACCELERATE SALES NETWORK REFORMS (Example of the US)

■ **Actions in 2018 to 2021**

(execute network enhancement, focus on growth in priority markets)

- **Promote qualitative/quantitative growth through higher brand engagement**
- **Increase investment in network reestablishment. ¥10 billion level in the first year (roughly ¥40 billion over the next four years)**



- ✓ **Increase next-generation branded dealers to 300, mainly in 35 priority markets**
- ✓ **Each next-generation branded dealer to sell an average of 1,000 units per year**
- ✓ **Aim for repurchase rate of 55% in 35 priority markets**
- **Overhaul marketing strategy to enhance brand value**
- **Increase dealership investment in local marketing**
- **Improve customer experience through enhanced training and trade cycle management initiatives**



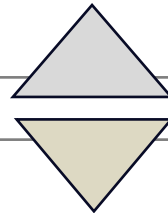
- ✓ **Improve residual values, keep incentives in check and achieve “right price” sales**



DIRECTION OF FUTURE FRAMEWORK: SUCCESSFUL ALLIANCES

Next-generation technology development and alliances

- Advance the efficiency of development processes using computer modeling-based development and Bundled Planning
- Increase competitiveness of internal combustion engines by advancing SKYACTIV engines
- Electrification technology (Mild HEV/Plug-in HEV/range extender/EV)
- Autonomous driving technology/Co-Pilot Concept
- Connectivity



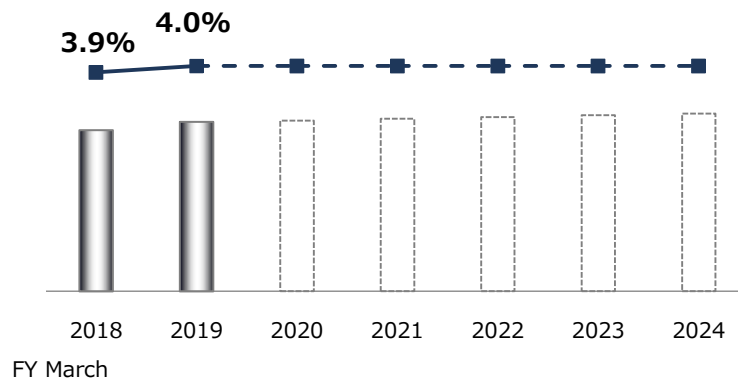
Win-win alliances enable development of next-generation technology

- Business and capital alliance with Toyota
 - Joint manufacturing in the U.S., joint development of EV technologies, connectivity, complementary products, etc.
- Strategic collaboration with suppliers
 - Batteries, connectivity, advanced safety technologies, etc.

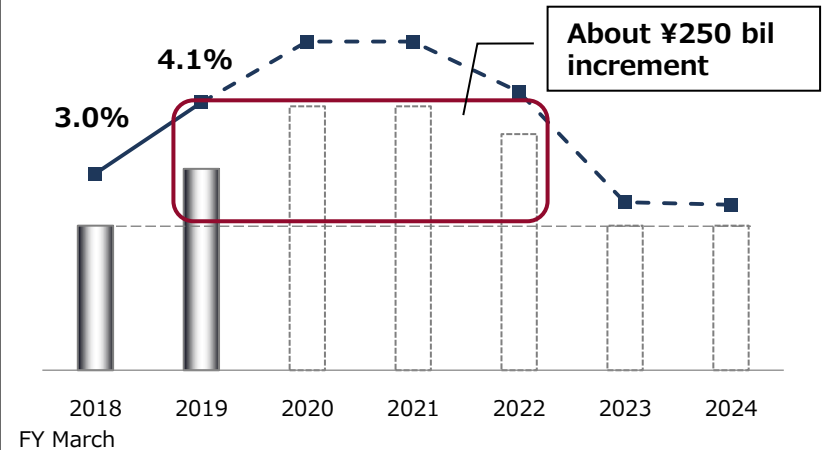
DIRECTION OF FUTURE FRAMEWORK: INVESTMENT FOR GROWTH

- Generate cash flow and invest for growth to establish a 2 million-unit production framework
- Invest around ¥250 billion for future growth, including U.S. plant (incremental to normal investment)
- Maximize production efficiency (global swing production) and enhance cost improvement activities to build business and financial base for sustainable growth

R&D Cost image

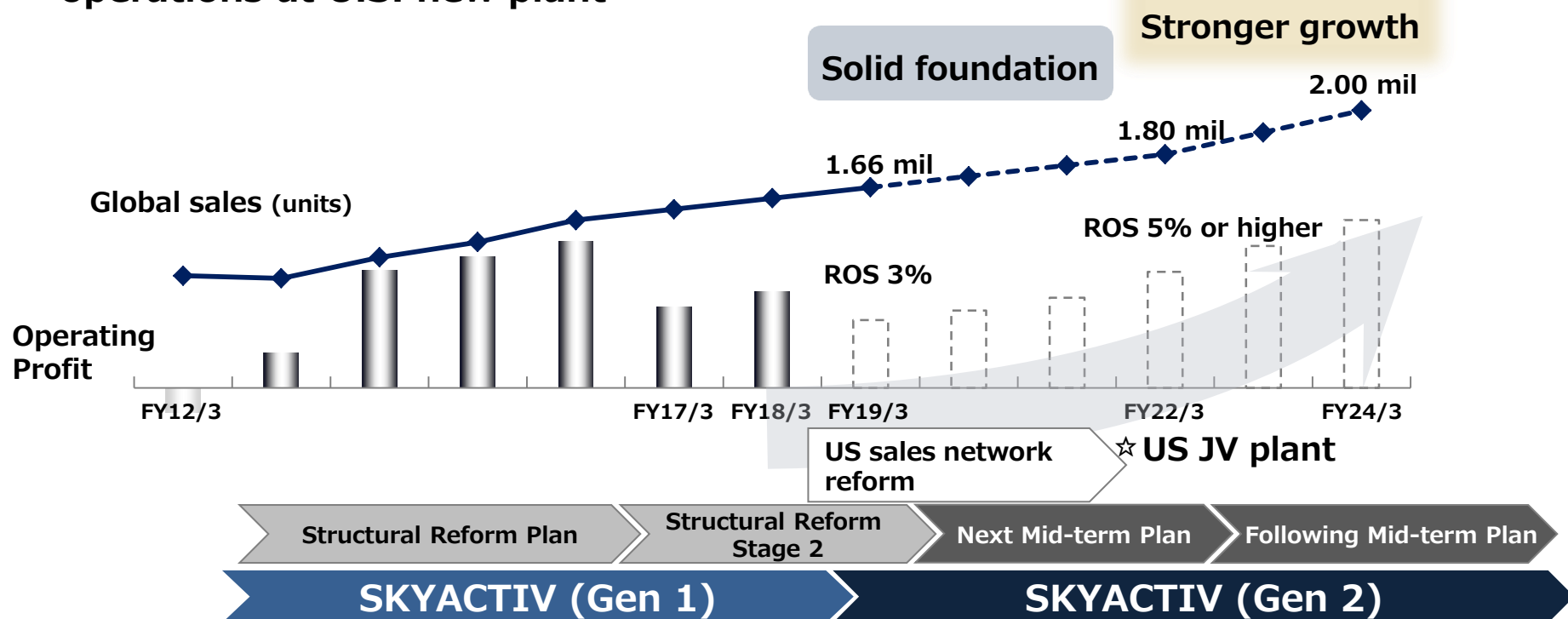


Capital Expenditure image



DIRECTION OF FUTURE FRAMEWORK: FOR STRONGER GROWTH FROM FY MARCH 2022

- Over next 3 years, build a foundation for strong profit growth from FY March 2022
 - Profit growth limited due to increased costs from increased competition and regulatory compliance
 - Maintain volume growth at 50,000 units per year and make full use of existing capacity to sell up to 1.8 million units until U.S. plant is completed
- In addition to next-generation product launches and improving sales foundation, achieve stronger growth from FY March 2022 with start of operations at U.S. new plant





APPENDIX

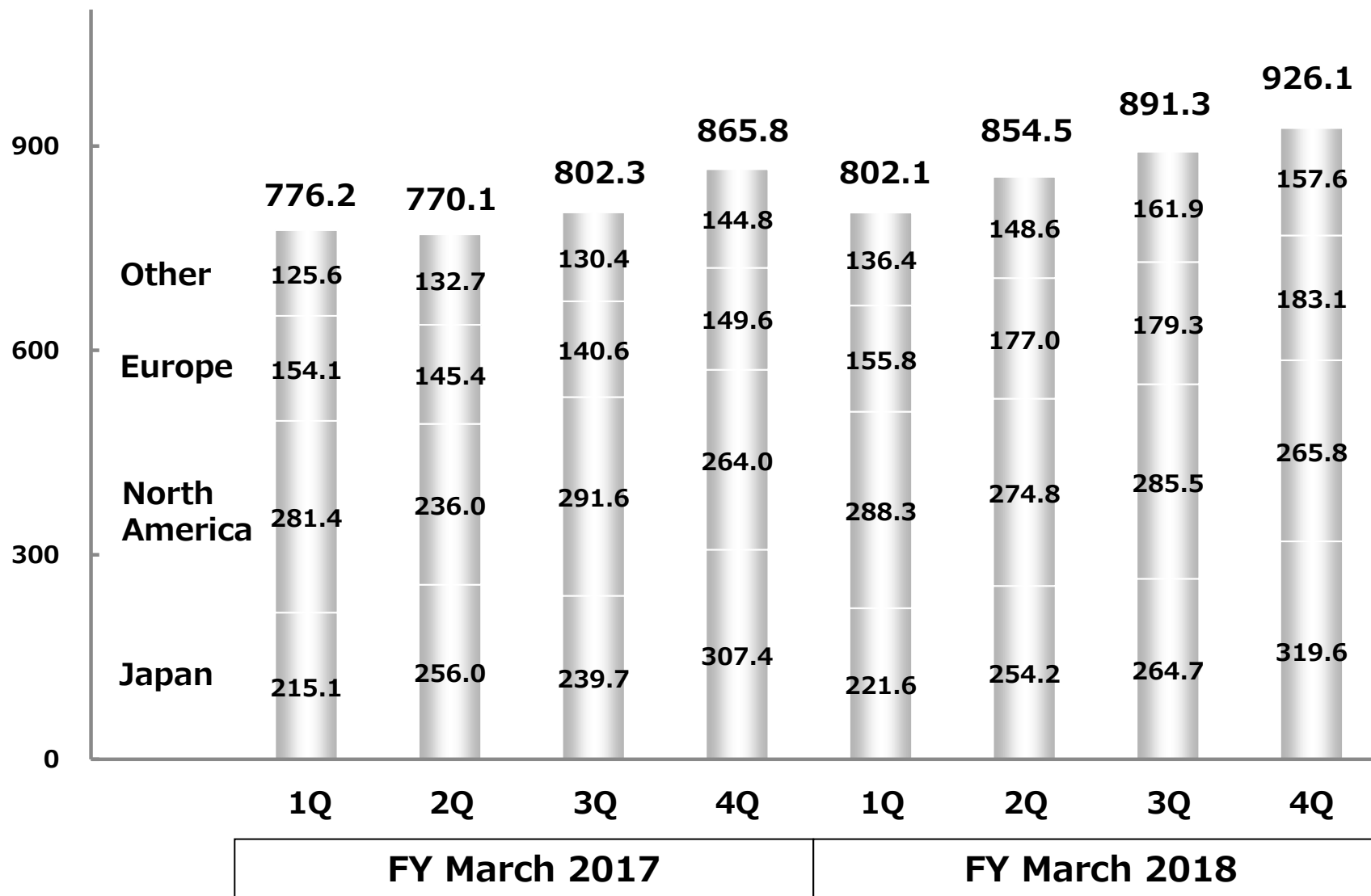
CASH FLOW AND NET CASH

(Billion yen)	<u>FY March 2017 Full Year</u>	<u>FY March 2018 Full Year</u>	<u>Change from Prior FY End</u>
Cash Flow			
- From Operating activities	161.1	207.8	-
- From Investing activities	(63.8)	(160.0)	-
- Free Cash Flow	97.3	47.8	-
Cash and Cash Equivalents	526.9	604.9	78.0
Net Cash	35.4	107.0	71.6
Equity Ratio	41 / 43[*]%	44 / 45[*]%	3 / 2[*]pts

*Reflecting "equity credit attributes" of the subordinated loan

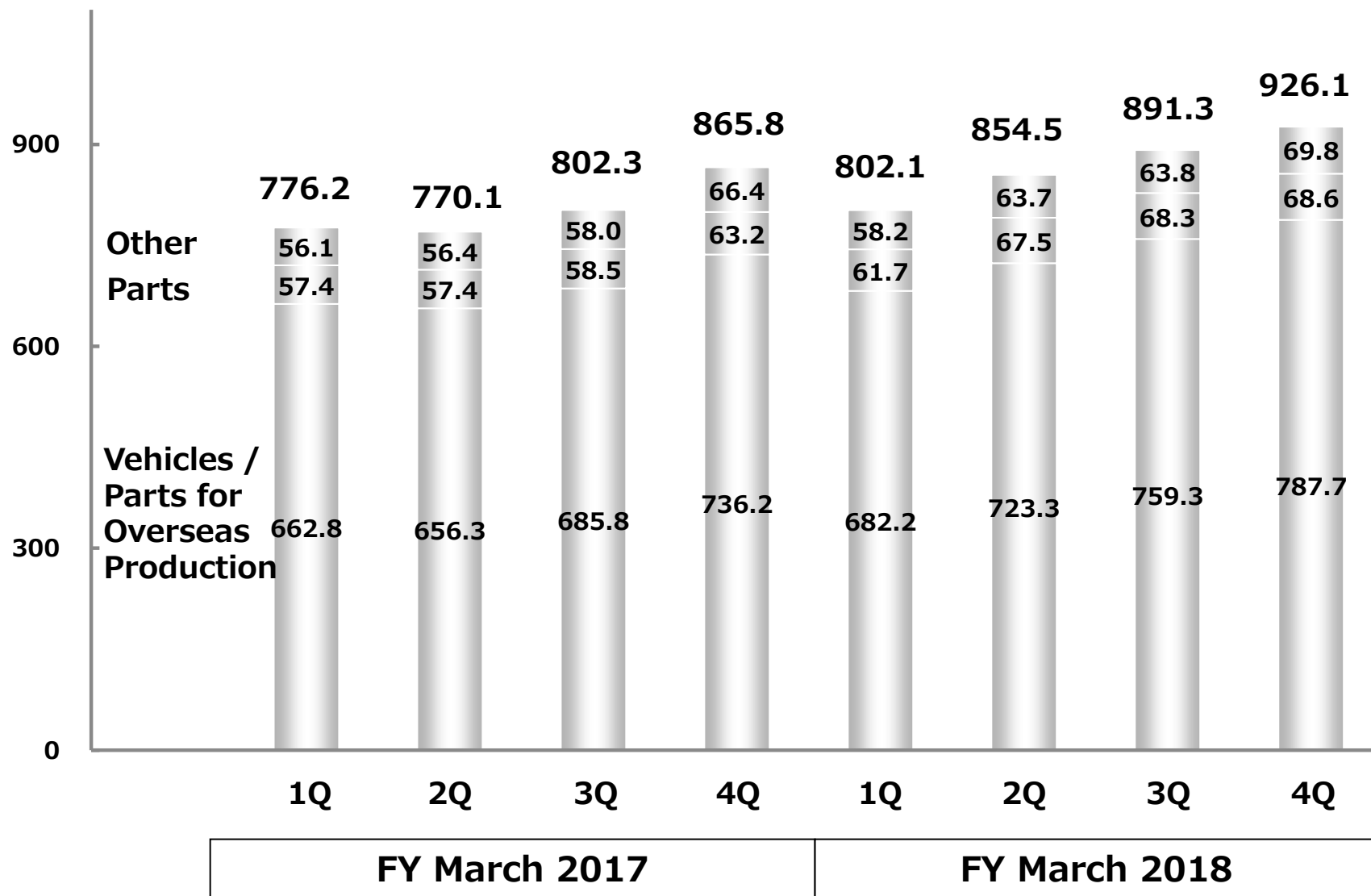
REVENUE BY GEOGRAPHIC AREA

(Billion yen)



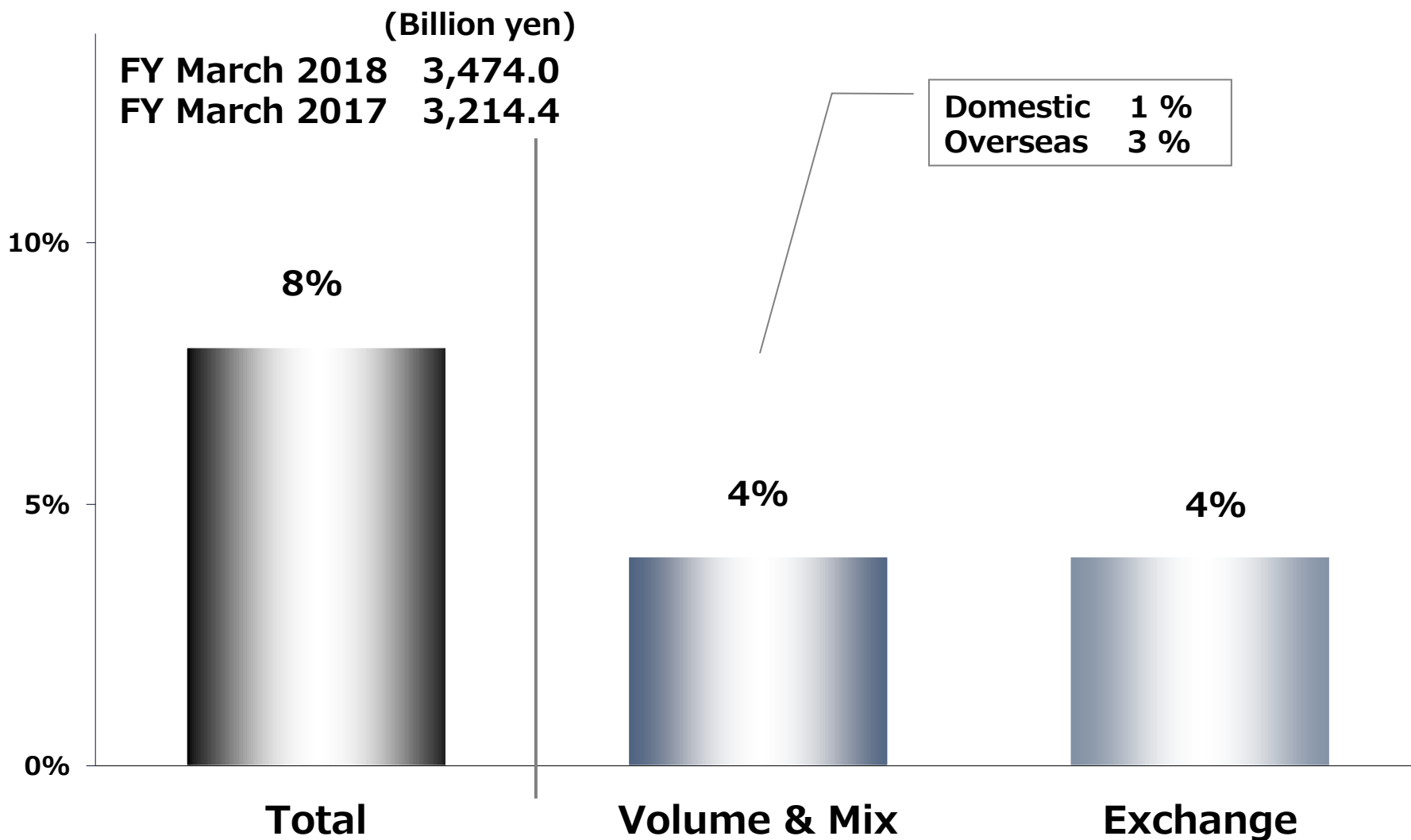
REVENUE BY PRODUCT

(Billion yen)



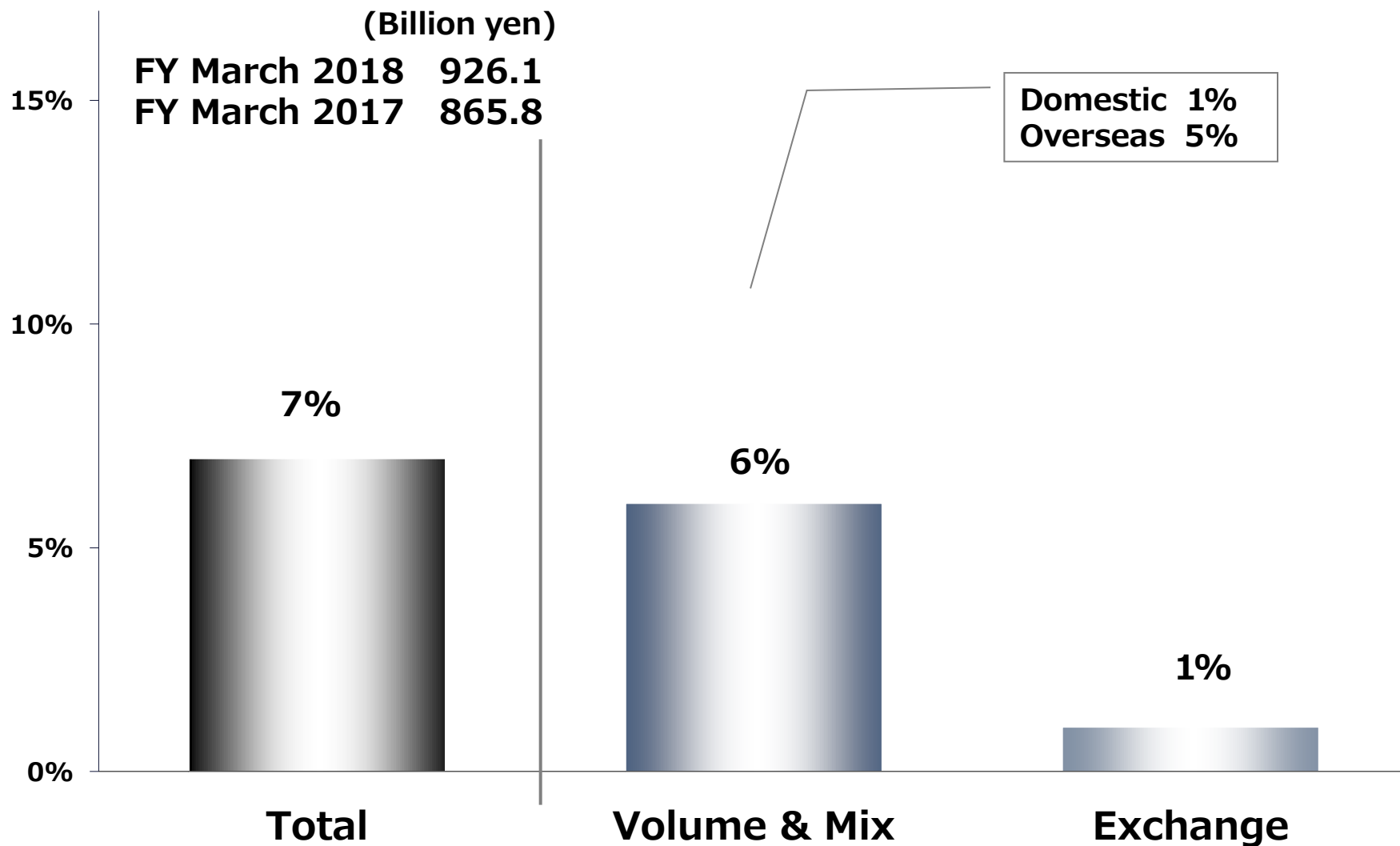
REVENUE CHANGE

FY March 2018 Full Year vs. FY March 2017 Full Year



REVENUE CHANGE

FY March 2018 4th Quarter vs. FY March 2017 4th Quarter



GLOBAL SALES VOLUME AND CONSOLIDATED WHOLESALES

(000)	Fourth Quarter		Change from	
	FY March 2017	FY March 2018	Prior Year	
			Volume	YOY(%)
Global sales volume				
Japan	71	71	1	1 %
North America	98	114	16	16 %
Europe	71	76	5	7 %
China	65	77	13	20 %
Other Markets	92	107	13	13 %
Total	397	445	47	12 %
Consolidated wholesales				
Japan	67	65	(1)	(1)%
North America	98	104	6	6 %
Europe	62	68	6	10 %
Other Markets	107	108	0	0 %
Total	334	345	11	3 %
<Breakdown>				
USA	71	76	4	6 %

FY MARCH 2018 FINANCIAL METRICS

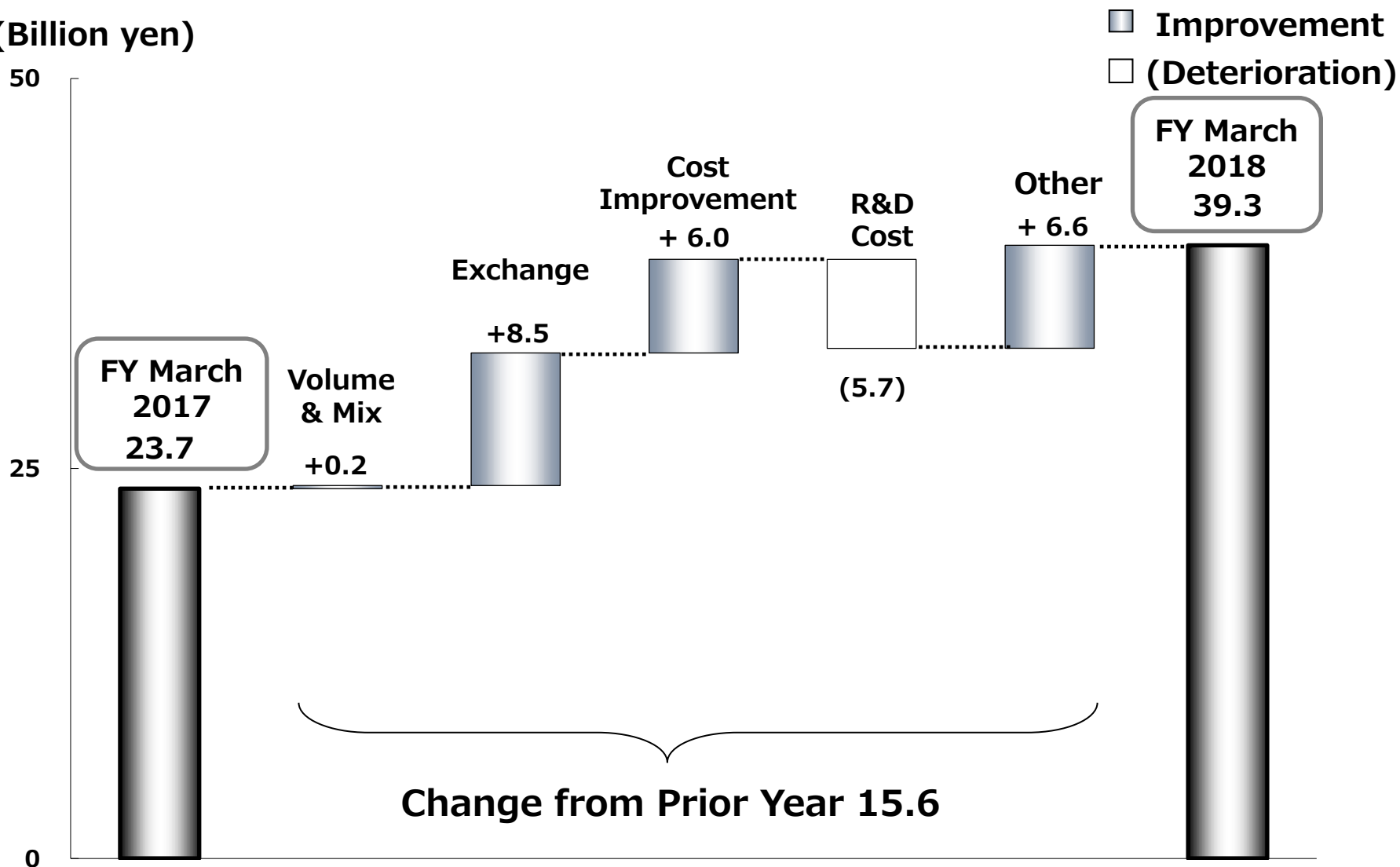
(Billion yen)	Fourth Quarter		Change from	
	FY March	FY March	Prior Year	
	2017	2018	Amount	YOY(%)
Revenue	865.8	926.1	60.3	7 %
Operating profit	23.7	39.3	15.6	66 %
Ordinary profit	21.6	37.3	15.7	73 %
Profit before tax	17.7	32.7	15.0	85 %
Net income	13.9	27.2	13.3	96 %
Operating ROS	2.7 %	4.2 %	1.5 pts	
EPS (Yen)	23.2	43.1 [*]	19.9	
Exchange rate (Yen)				
US Dollar	114	108	(5)	
Euro	121	133	12	

^{*}Reflecting the increase in the number of shares issued due to the issuance of new shares by way of third-party allotment that payment was completed on Oct. 2, 2017.

FY MARCH 2018 OPERATING PROFIT CHANGE

FY March 2018 4th Quarter vs. FY March 2017 4th Quarter

(Billion yen)



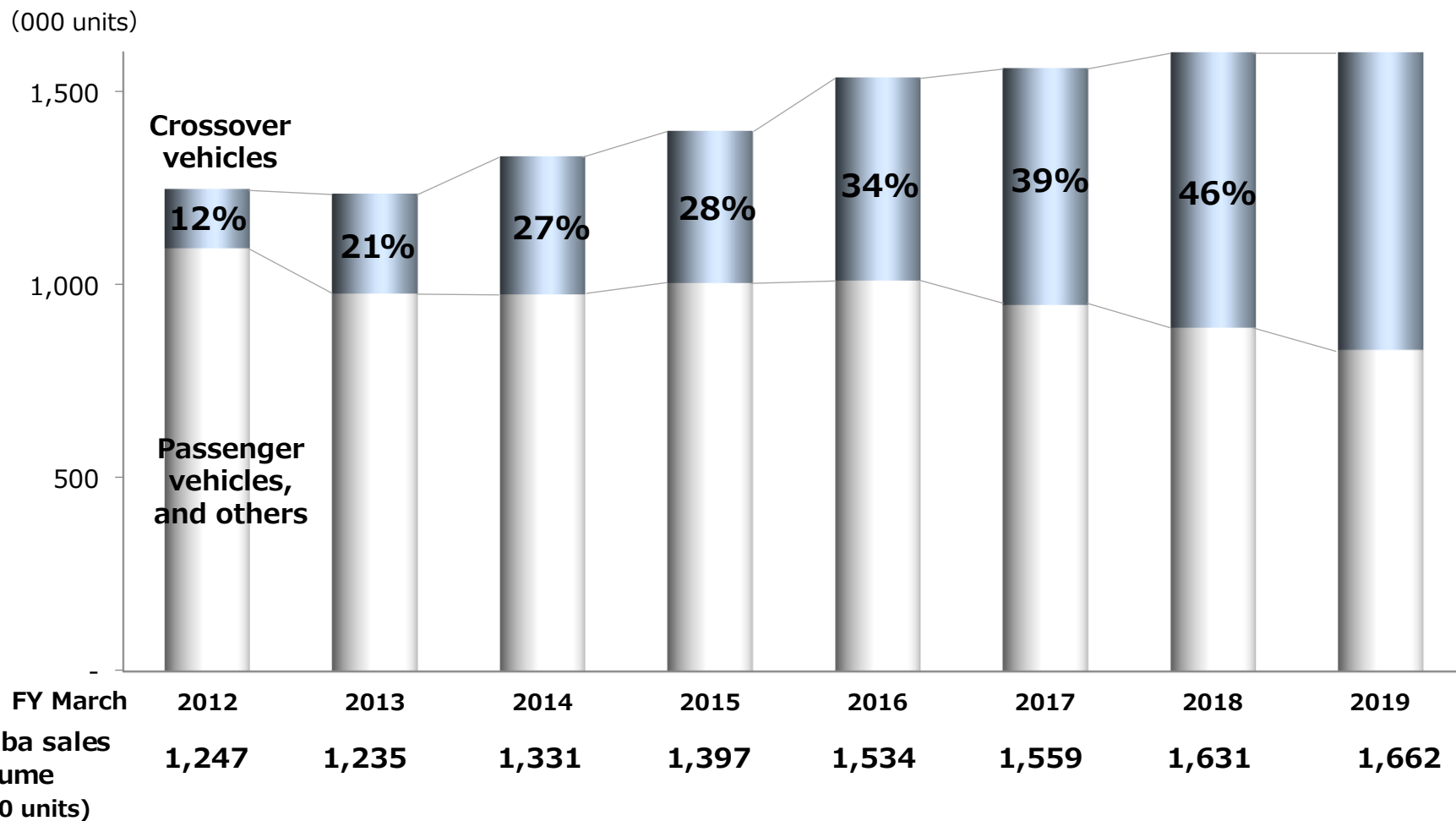
GLOBAL SALES VOLUME AND CONSOLIDATED WHOLESALES

(000)	Full Year		Change from		
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Japan	203	210	8	4 %	0
North America	429	435	6	1 %	5
Europe	262	269	7	3 %	1
China	292	322	31	11 %	14
Other Markets	373	394	20	5 %	11
Total	1,559	1,631	72	5 %	31
Consolidated wholesales					
Japan	193	199	6	3 %	(4)
North America	426	423	(3)	(1)%	(1)
Europe	255	266	11	4 %	(0)
Other Markets	391	386	(5)	(1)%	4
Total	1,265	1,274	9	1 %	(1)
<Breakdown>					
USA	308	289	(19)	(6)%	(1)

GLOBAL SALES VOLUME AND CONSOLIDATED WHOLESALLES

(000)	Full Year		Change from	
	FY March 2018	FY March 2019	Prior Year	
Global sales volume			Volume	YOY(%)
Japan	210	215	5	2 %
North America	435	457	22	5 %
Europe	269	265	(4)	(1)%
China	322	322	0	0 %
Other Markets	394	403	9	2 %
Total	1,631	1,662	31	2 %
Consolidated wholesales				
Japan	199	209	11	5 %
North America	423	460	37	9 %
Europe	266	261	(4)	(2)%
Other Markets	386	393	7	2 %
Total	1,274	1,324	51	4 %
<Breakdown>				
USA	289	319	30	10%

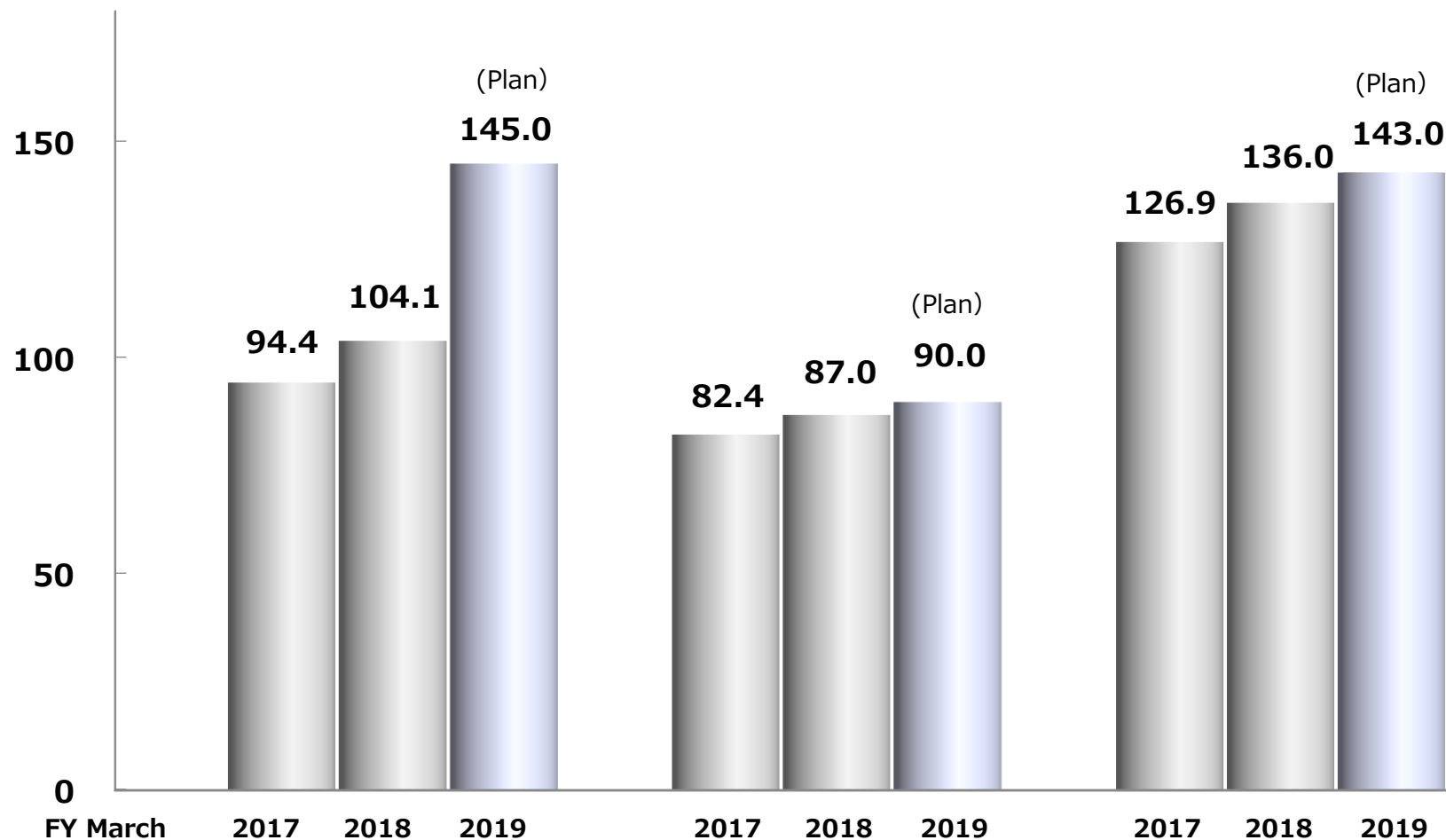
CROSSOVER VEHICLE RATIO



Results	Plan
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KEY DATA

(Billion yen)



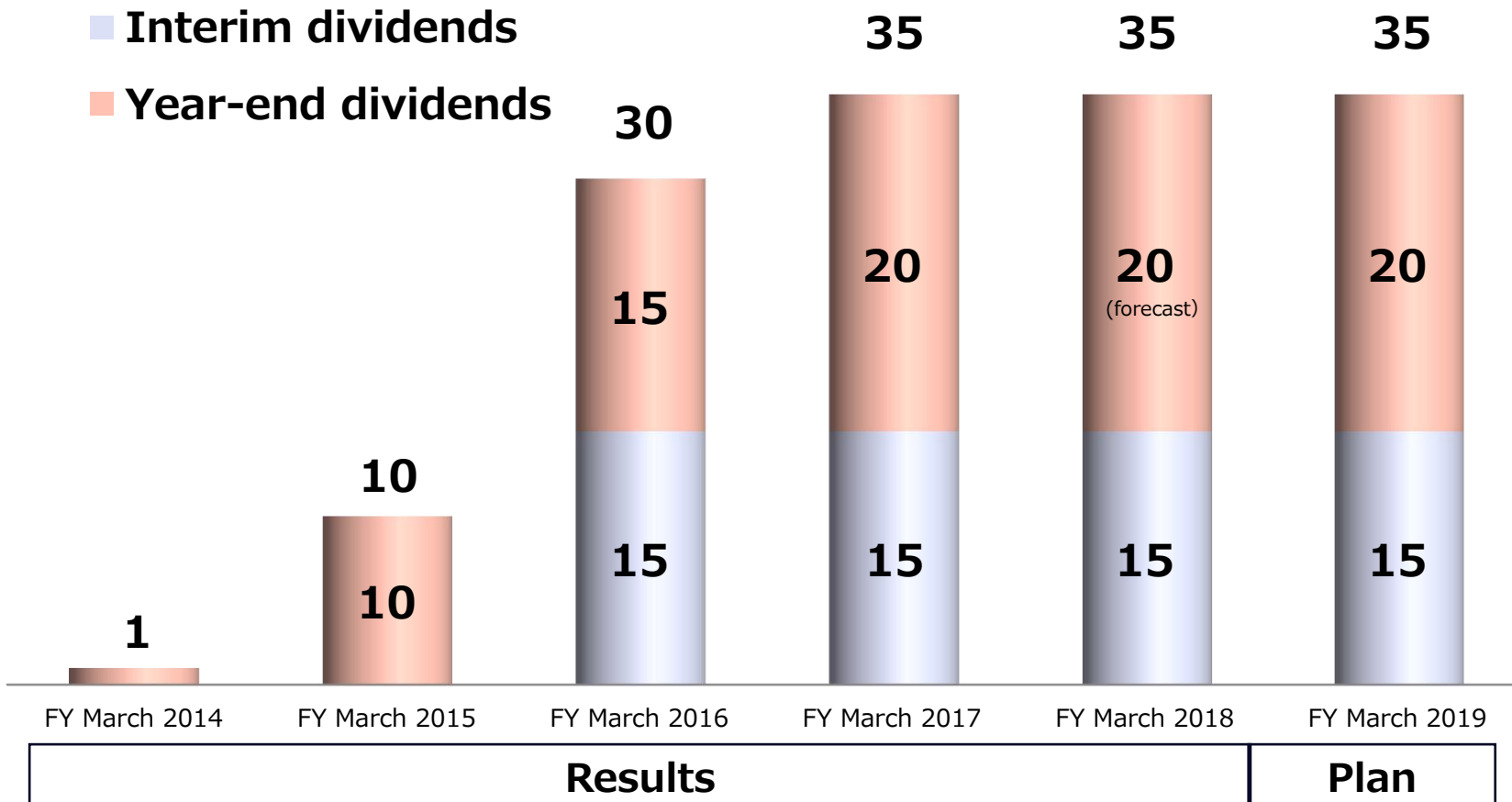
**Capital
Expenditure**

**Depreciation
Cost**

R&D Cost

DIVIDEND PAYMENT

Trend of dividends per share



Note) A share consolidation was implemented on common stock with a ratio of five shares to one share on August 1, 2014. Dividends per share represent actual amounts applicable to the respective years.

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.

If you are interested in investing in Mazda, you are requested to make a final investment decision at your own risk, taking the foregoing into consideration. Please note that neither Mazda nor any third party providing information shall be responsible for any damage you may suffer due to investment in Mazda based on the information shown in this presentation.