Overview of Fiscal Year March 2019 Results

- Total demand in the Japanese market rose 1% year on year, to 5.26 million units. Demand for registered vehicles declined, while demand for light vehicles increased 3% due to the introduction of new models by multiple automakers.
- Mazda’s sales volume increased at a rate that surpassed growth in total demand, rising 2% from the previous fiscal year, to 215,000 units. This marked the second consecutive year-on-year increase. The Mazda CX-8, which was introduced at the end of 2017, contributed to sales throughout the year. In addition, we introduced updated models of the Mazda Atenza, Mazda CX-5, and Mazda CX-3, which recorded favorable sales and contributed to the increase in sales volume.

* Name of Mazda Atenza changed to Mazda6.

Fiscal Year March 2020 Forecast

- Mazda’s sale volume is expected to increase 4% year on year, to 223,000 units. We aim to increase sales volume by expanding sales of the Mazda3, the first new-generation product that was launched in May 2019, and of crossover SUVs, for which demand is strong, including the Mazda CX-30, the second new-generation product.
- We are advancing the roll-out of new-generation dealerships in Japan as bases for learning about and experiencing the Mazda brand. By the end of March 2019, this upgrade had been completed at 165 dealerships. Moving forward, we will continue working to offer a distinctively Mazda customer experience that serves to foster customer satisfaction. We are working together with sales companies to promote activities that further enhance customer service so that customers continue to choose Mazda after they make a purchase. To that end we are working to see that dealership staff can perform their duties with pride and emotional attachment to the Mazda brand.

### Sales Volume

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales Volume (Thousands of units)</th>
<th>Market Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>232</td>
<td>4.7</td>
</tr>
<tr>
<td>2017</td>
<td>203</td>
<td>4.0</td>
</tr>
<tr>
<td>2018</td>
<td>210</td>
<td>4.0</td>
</tr>
<tr>
<td>2019</td>
<td>215</td>
<td>4.1</td>
</tr>
<tr>
<td>2020 (Forecast)</td>
<td>223</td>
<td></td>
</tr>
</tbody>
</table>

(Total 59%)

Sales Ratio by Model Type (Fiscal Year March 2019)

- Passenger vehicles, and others: 59%
- Crossover SUVs: 41%

### Mazda CX-8 Receives the JAHFA 2018-2019 Car of the Year Award

The CX-8 is the top-tier SUV in Mazda’s domestic line up. Upon the judgment, the CX-8 was highly evaluated as a stylish three-row SUV with excellent performance and efficient interior space as well as a reduced driving burden and advanced preventative safety technology.

The CX-8 has also received high evaluations from customers, and in the domestic three-row SUV market it was No. 1 sales volume (30,679 units)\(^3\) in 2018.

\(^1\) Japan Automotive Hall of Fame (JAHFA) (Takahiro Fujimoto, President)—An NPO that implements activities mainly to recognize the achievements of people who contributed to the development of Japan’s automotive industry, science, and motoring culture and to the establishment of Japan’s rich and colorful automotive society. JAHFA aims to publicly honor these individuals through their entry into the hall of fame and to pass on their legacy to future generations.

\(^2\) Among the JADA off-road 4WD classification (including certain 2WD) for domestically produced vehicles, “three-row SUV” refers to models with capacities of six or more passengers.

\(^3\) Based on our in-house research.
Overview of Fiscal Year March 2019 Results

- Total demand in the United States declined 1% compared with the previous fiscal year, to 17.36 million units. In Canada, total demand was down 4%, to 1.97 million units, while total demand in Mexico fell 5%, to 1.42 million units.
- Mazda’s sales volume in the North American market was down 3%, to 421,000 units, with a decline in the United States and Canada partially offset by growth in Mexico.
- Mazda’s sales volume in the United States was down 6%, to 287,000 units. Demand for passenger vehicles continued to decline, and sales of the Mazda3 were down 19% due to its model switchover during the period. In addition, though demand for crossover SUVs was firm, sales of the Mazda CX-5 and the Mazda CX-9 were on a par with the previous fiscal year because of the supply shortage due to heavy rains in July 2018.
- In Canada, the competitive environment for passenger vehicles became increasingly challenging, and Mazda’s sales volume was down 4%, to 72,000 units. In Mexico, amid a trend of declining overall demand, Mazda’s sales volume rose 12%, to 61,000 units, thanks to contributions of the updated Mazda2, CX-5, and Mazda6.

Fiscal Year March 2020 Forecast

- Mazda’s sales volume is expected to increase 8% year on year, to 456,000 units.
- In the United States, sales volume is projected to rise 13%, to 324,000 units, due to new-generation products, the all-new Mazda3 and CX-30, and to updates of mainstay models. In Canada, sales volume is expected to increase 3%, to 74,000 units. In Mexico, where overall demand is expected to decline, Mazda is anticipating a 7% decrease in sales volume, to 57,000 units.
- We will continue to control fleet sales and emphasize retail sales. In addition, we will work to reform our sales network and strive to improve business quality.

U.S. Sales Network Reform

Mazda is advancing measures to rebuild its sales network in the United States, and we are taking steps to support the implementation of dealership management based on “appropriate dealership owners” in “appropriate locations” with “appropriate facilities.” Specifically, we have worked to promote investment in next-generation branded dealers. In July 2018, we introduced an incentive system that pays sales incentives to dealers based on the extent to which they meet high brand standards and on the level of customer satisfaction.

Since the introduction of this system, we have seen an increase in the number of dealers that have signed up to invest in becoming next-generation branded dealers, with the total reaching 265 dealers at the end of March 2019. We are making steady progress with plans aiming for expansion to 300 of these dealers in 2021. At the 65 dealers that have already completed the transition to next-generation branded dealerships, the average annual sales volume has been steadily rising. In addition, this initiative has led to improvements in business quality, such as improved repurchase rates and increases in dealer profitability.
Overview of Fiscal Year March 2019 Results

- Total demand in Europe was down 2% from the previous fiscal year, to 19.85 million units. Demand for passenger vehicles declined, and the shift in demand toward crossover SUVs continued.
- Mazda's sales volume was about the same year on year, at 270,000 units. Sales were favorable in Russia and Spain, while sales in Germany, France, and other countries declined.
- By vehicle, sales of the Mazda2, CX-3, and CX-5 were favorable, while sales of the Mazda3, Mazdab, and Mazda MX-5 were down year on year.

Fiscal Year March 2020 Forecast

- Mazda is projecting an increase of 6% year on year in sales volume, to 286,000 units. The favorable sales trend for the Mazda2 is expected to continue, and the Company will work to increase sales volume, centered on the new-generation Mazda3 and CX-30.
- Mazda is advancing measures to promote the spread of brand value management. We are rolling out sustained initiatives to foster the further adoption of The Mazda Blueprint, a code of conduct based on brand value throughout the employees at our bases in Europe as well as the employees of dealers. In addition, all dealerships in Europe are being renovated so that they better represent the Mazda brand.

The All-New Mazda3 Receives Germany 2019 Red Dot “Best of the Best” Award

Under the Red Dot Award program, which is one of the world’s most authoritative design award initiatives, the all-new Mazda3 won the Red Dot Design Award “Best of the Best 2019.” This award, which is the highest honor in the product design category, recognizes especially superior commercial products.
Overview of Fiscal Year March 2019 Results

- Total demand decreased 6% year on year, to 27.27 million units. As the economy showed a bearish trend, due largely to concerns about the future resulting from the U.S.–China trade dispute, automotive demand was down year on year. Demand for crossover SUVs, which had been the growth driver, also declined.
- Mazda's sales volume was down 23%, to 247,000 units. The decline in demand led automakers to increase sales incentives, and the competitive environment became increasingly severe. Mazda made a clear break from price competition and continued to emphasize “right price” sales with a focus on product value. Consequently, sales volume declined year on year. Several years have passed since the introduction of key models, such as the Mazda3, Mazda6, and Mazda CX-4, and this was one of the factors in the decline in sales volume.

Fiscal Year March 2020 Forecast

- Mazda's sale volume is expected to increase 7% year on year, to 265,000 units. While carefully watching demand trends resulting from the VAT rate reduction, which commenced in April 2019, we will work to expand sales by continuing sales initiatives focusing on product value. In addition, we plan to introduce new and updated models, and expect these models to contribute to higher sales volume.
- We are implementing Mazda brand reinforcement measures in China. We want customers to have a deep understanding of the value provided by Mazda driving pleasure and to identify with the Mazda brand. To that end, we are taking steps to advance sales with a focus on product value, such as offering thorough product explanations and test-drive experiences.

2019 Shanghai Motor Show: Measures to Reinforce the Mazda Brand—Strengthening Connections with Customers

Since the 2015 Guangzhou Motor Show, our measures to reinforce the Mazda brand in China have included initiatives to strengthen owner engagement at the big three motor shows in Beijing, Shanghai, and Guangzhou.

At the 2019 Shanghai Motor Show, the Jinba-ittai “horse and rider as one” Academy helped to foster a better understanding of Mazda’s development concept, and instruments were used to enable customers to experience the balance function of the human body, centered on human engineering.


Overview of Fiscal Year March 2019 Results

- Mazda's sales volume in other markets, which include Australia and ASEAN, rose 4% year on year, to 409,000 units.
- Mazda's sales volume in Australia fell 5%, to 110,000 units, in a challenging market environment where total demand was down 6%.
  - Due to continued decline in demand for passenger vehicles and to an intensified competitive environment, lower sales volumes were recorded by the Mazda2, Mazda3, CX-3, and CX-9. However, a contribution was made by the CX-8, which was launched in June 2018.
  - Mazda also continued to achieve the second-highest sales in Australia by manufacturer. The Mazda3 maintained solid sales in a contracting segment, recording sales in the top ranks of its segment for the year. In addition, since its introduction in 2012, the CX-5 has been No.1 in sales volume in its segment.
- Sales volume in the ASEAN market climbed 18%, to 137,000 units.
  - In Thailand, where total demand rose 19%, Mazda's sales volume was up 25%, to 70,000 units. Success was recorded with measures to achieve qualitative brand enhancement, such as continued implementation of marketing forums, transitioning dealerships to next-generation branded dealers, and strengthening service systems.
  - In Vietnam, the competitive environment intensified due to the abolishment of import duties on finished cars within the ASEAN region in January 2018. Nonetheless, the start of operations at a new plant in March 2018 led to increases in product quality and reinforcement of the sales foundation, and consequently sales volume rose 14%, to 32,000 units.

Fiscal Year March 2020 Forecast

- Mazda's overall sales volume in other markets is expected to decline 5% year on year, to 387,000 units.
  - Australia: Mazda's sales volume is expected to decline 9%, to 100,000 units.
    - In addition to the forecast for lower total demand, the fact that several years have passed since the introduction of existing models will also affect sales. We will work to improve sales quality by introducing new products and leveraging the superior customer base that we have established.
  - ASEAN market: Mazda's sales volume is expected to decline 2%, to 133,000 units.
    - In Malaysia, we forecast steady sales, reflecting the return to a typical year following a temporary increase in the previous year due to a tax reduction.
    - We will aim to exceed the sales forecast by introducing new-generation product lines and implementing further qualitative enhancement of our brand.