



# FISCAL YEAR MARCH 2016 THIRD QUARTER FINANCIAL RESULTS



**Mazda Motor Corporation**  
**February 4, 2016**

## PRESENTATION OUTLINE



- **Highlights**
- **Fiscal Year March 2016 Nine Month Results**
- **Fiscal Year March 2016 Full Year Forecast**
- **Progress of Key Initiatives**



# HIGHLIGHTS

3

## HIGHLIGHTS(1)-NINE MONTH RESULTS mazda

- Global sales were up 14% over the prior year to 1,145,000 units, a new record for the first nine months
  - New CX-3 and new MX-5/Roadster contributed to global sales
  - Sales of updated Mazda6/Atenza and CX-5 continued to be strong
- Revenue was ¥2 trillion 547.8 billion, operating profit was ¥173.4 billion and net income was ¥123.5 billion
- SKYACTIV models, technology and KODO design were highly acclaimed in Japan and overseas
  - 2015-2016 Car of the Year Japan
  - 2015-2016 Japan Automotive Hall of Fame Car of the Year
  - Highest corporate average fuel economy in US Environmental Protection Agency's Fuel Economy Trends report for the third year in row

4

## HIGHLIGHTS(2)–FULL YEAR FORECAST

- Full year forecast is unchanged from November:  
Global sales of 1,515,000 units, operating profit of ¥230 billion and net income of ¥155 billion
- Expansion of SKYACTIV line-up is progressing as planned and the ratio of SKYACTIV models will exceed 85% of sales volume
- Enhance utilization rate at major production facilities in Japan and overseas to support growing sales globally
- Initiatives to pursue global alliances and strengthen our financial structure are progressing well
- Key initiatives of the Structural Reform Plan are being steadily progressed to deliver qualitative growth and brand value improvement in Structural Reform Stage 2 (effective from April 2016)

5



## FISCAL YEAR MARCH 2016 NINE MONTH RESULTS

6

## FY MARCH 2016 FINANCIAL METRICS

(Billion yen)	Nine Month		Change from Prior Year	
	FY March 2015	FY March 2016	Amount	YOY(%)
	Revenue	2,193.6	2,547.8	354.2
Operating profit	152.0	173.4	21.4	14%
Ordinary profit	160.5	172.0	11.5	7%
Profit before tax	160.9	166.5	5.6	3%
Net income	131.5	123.5	(8.0)	(6)%
Free cash flow	3.3	110.6		
Operating ROS	6.9%	6.8%	(0.1)pts	
EPS (Yen)	219.9	206.5	(13.4)	
Exchange rate (Yen)				
US Dollar	107	122	15	
Euro	140	134	(6)	

7

## GLOBAL SALES VOLUME

(000)	Nine Month		Change from Prior Year	
	FY March 2015	FY March 2016	Volume	YOY(%)
	Global sales volume			
Japan	143	163	20	15%
North America	320	345	25	8%
Europe	167	183	16	9%
China	156	177	21	13%
Other Markets	217	277	60	27%
Total	<u>1,003</u>	<u>1,145</u>	<u>142</u>	<u>14%</u>
<Breakdown>				
USA	228	241	13	6%
Australia	73	86	13	18%
ASEAN	56	76	20	34%

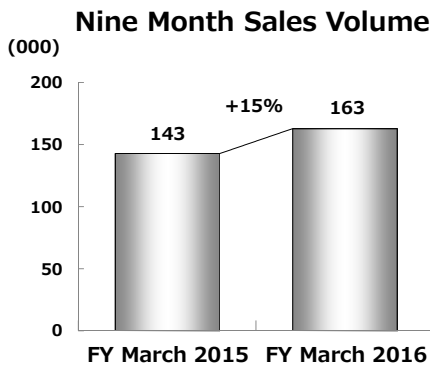
8

# JAPAN



- Sales were 163,000 units, up 15% year-on-year
- Mazda sales grew while overall demand declined, and market share rose 0.9 points year-on-year to 4.7%. Registered vehicle market share was 6.1%, up 1.2 points year-on-year
- New Roadster won Japan Car of the Year and JAHFA\* Car of the Year

\*Japan Automotive Hall of Fame

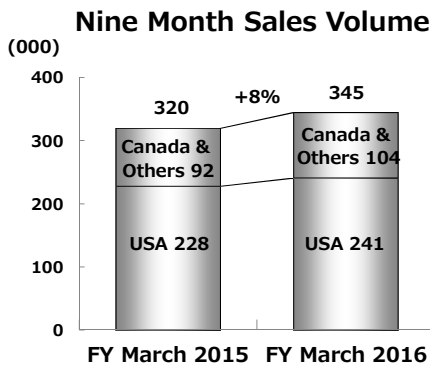


9

# NORTH AMERICA



- Sales were 345,000 units, up 8% year-on-year
- Good progress in transition to SKYACTIV models spurred sales growth
- US: Sales were 241,000 units, up 6% year-on-year
  - Sales of updated CX-5 and Mazda6 stayed strong
  - Maintained policy of "right-price" sales
- Mexico: Sales were 45,000 units, up 37% year-on-year
  - Sales of Mazda3 and CX-5 were strong

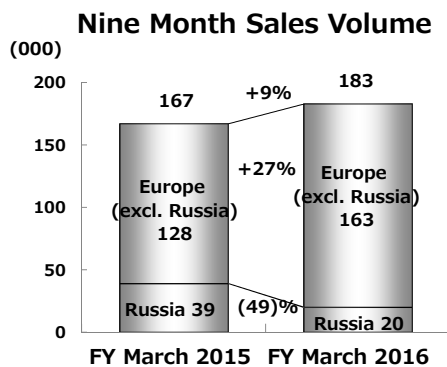


10

## EUROPE



- Sales were 183,000 units, up 9% year-on-year
- Mazda2 and new CX-3 drove sales growth
- Sales in Europe excluding Russia grew 27% year-on-year to 163,000 units, substantially outpacing overall demand growth
- Germany: 44,000 units, up 17% year-on-year
- UK: 31,000 units, up 22% year-on-year
- Sales in Russia were 20,000 units, down 49% year-on-year, due to declining demand and a weaker ruble

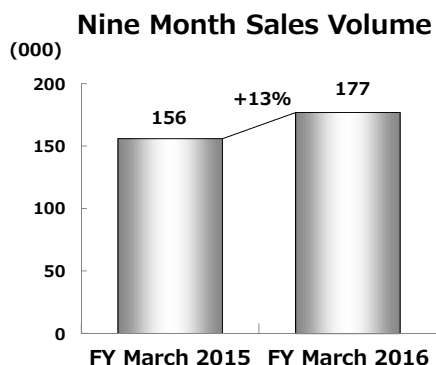


11

## CHINA



- Sales were 177,000 units, up 13% year-on-year
- Despite declining demand due to the economic slowdown, year-on-year sales have increased for 11 consecutive months
- Sales of Mazda3 were strong due to a tax reduction
- Mazda6 and updated CX-5 also contributed to sales growth

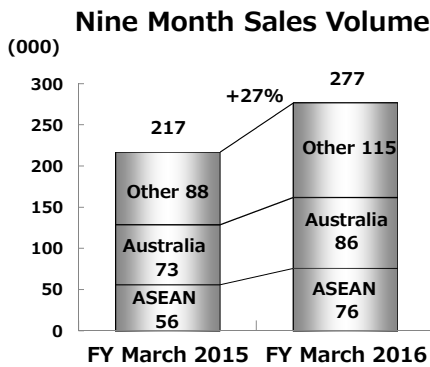


12

# OTHER MARKETS



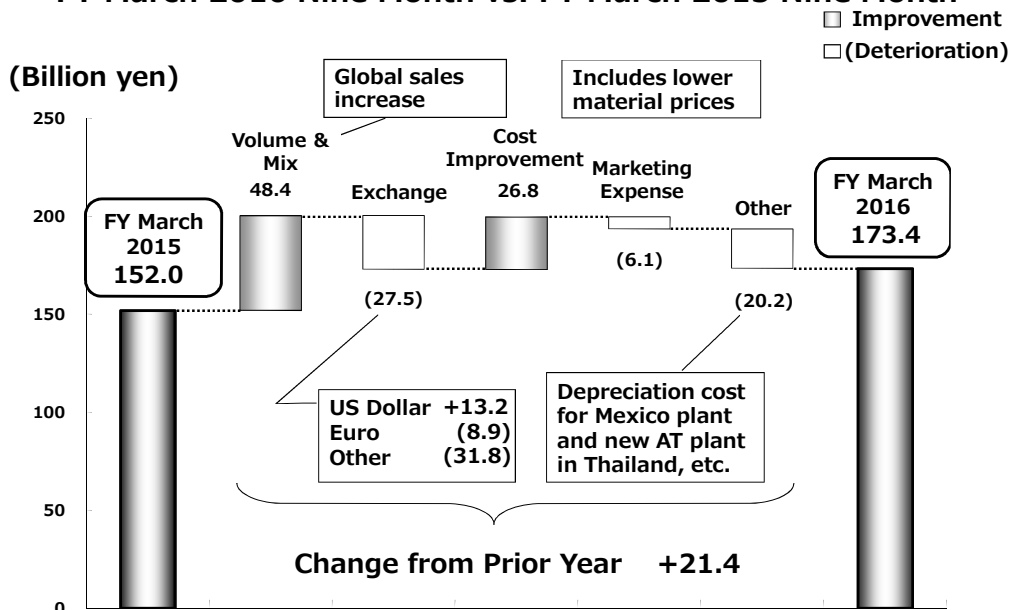
- Sales were 277,000 units, up 27% year-on-year
- Australia: 86,000 units, up 18% year-on-year and market share was 9.8%
  - No.2 in sales by brand
  - New CX-3 and CX-5 were the best sellers in their segments
  - New MX-5 sales were also strong
- ASEAN: 76,000 units, up 34% year-on-year
  - Demand in Thailand declined but Mazda sales increased 19% year-on-year
  - In Vietnam, sales increased 109% over the prior year
- Others: Saudi Arabia, Chile and Colombia achieved record-high sales



# OPERATING PROFIT CHANGE



FY March 2016 Nine Month vs. FY March 2015 Nine Month





## FISCAL YEAR MARCH 2016 FULL YEAR FORECAST

15

### GLOBAL SALES VOLUME



(000)	FY March 2016			Change from Prior Year
	First Half	Second Half	Full Year	
Global sales volume				YOY(%)
Japan	120	114	234	4%
North America	233	214	447	5%
Europe	124	131	255	11%
China	109	111	220	3%
Other Markets	178	181	359	18%
Total	764	751	1,515	8%
<Breakdown>				
USA	164	153	317	4%
Australia	58	57	115	14%
ASEAN	46	49	95	24%

16



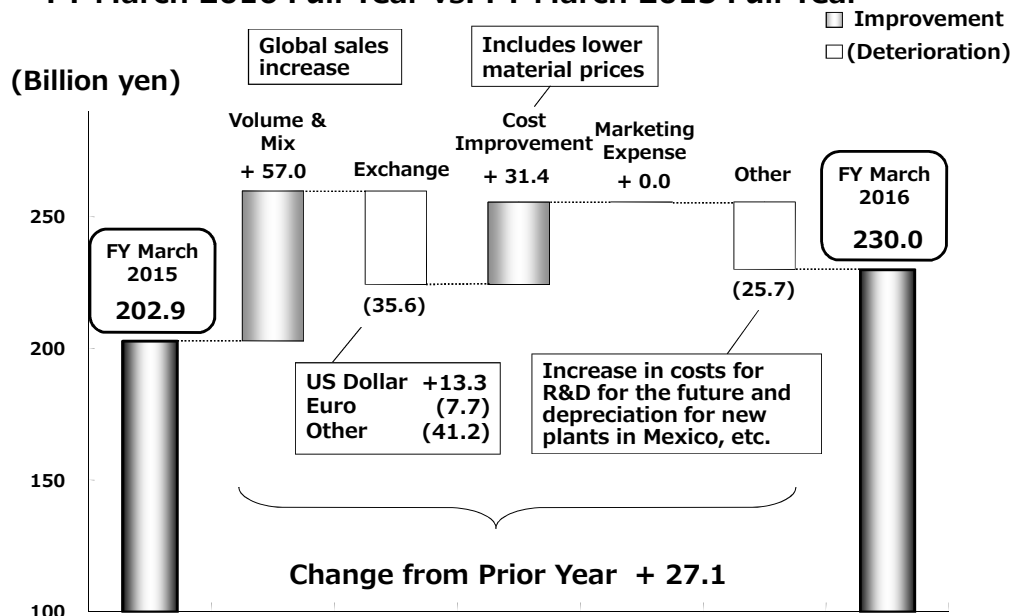
## FY MARCH 2016 FINANCIAL METRICS

(Billion yen)	FY March 2016			Change from Prior Year
	First Half	Second Half	Full Year	
Revenue	1,700.5	1,669.5	3,370.0	336.1
Operating profit	125.9	104.1	230.0	27.1
Ordinary profit	121.1	108.9	230.0	17.4
Profit before tax	116.3	103.7	220.0	10.7
Net income	88.3	66.7	155.0	(3.8)
Operating ROS	7.4%	6.2%	6.8%	0.1pts
EPS (Yen)	147.7	111.6	259.3	(6.3)
Exchange rate (Yen)				
US Dollar	122	120	121	11
Euro	135	135	135	(4)

17

## OPERATING PROFIT CHANGE

FY March 2016 Full Year vs. FY March 2015 Full Year



18



## PROGRESS OF KEY INITIATIVES

19

### PROGRESS OF KEY INITIATIVES (1)



- **Increase and continually evolve SKYACTIV models**
  - **Global launches of new CX-3 and new MX-5/Roadster**
  - **Launch updated Mazda2/Demio and CX-3**
  - **Sales of all SKYACTIV models increased year-on-year and ratio of SKYACTIV models is projected to exceed 85%**
  - **SKYACTIV models, technology and KODO design were highly acclaimed in Japan and overseas**
    - **New Roadster was named Car of the Year Japan and Japan Automotive Hall of Fame Car of the Year**
    - **Highest corporate average fuel economy in US Environmental Protection Agency's Fuel Economy Trends report for the third year in row**

20

## PROGRESS OF KEY INITIATIVES (2)



- **Strengthen global sales and network**
  - Launch updated models to continue “right-price” sales policy, improving net revenue (transaction price) and reducing incentives.
  - Accelerate efforts to improve customer retention, enhancing brand communications and customer care initiatives
- **Establish global production footprint**  
Enhance utilization rate at major production facilities in Japan and overseas to support global sales growth
  - Further improve production processes in plants in Japan to maximize efficiency. Start production of new CX-9 at Hiroshima Plant
  - In Thailand, production of CX-3 has begun at AAT, and MPMT has started producing engines in addition to transmissions

21

## PROGRESS OF KEY INITIATIVES (3)



- **Global alliance initiatives are on track**
  - Produce and supply a compact car for Toyota at Mexico Plant
  - Planning to start production of sports car for Fiat Chrysler Automobiles at Hiroshima plant
- **Strengthen financial base**
  - Free cash flow increased significantly.  
Ability to generate cash flow improves as period of recovering past technology & production investments begins
- **Accelerate efforts for qualitative growth and brand value improvement in the next mid-term business plan Structural Reform Stage 2**

22



## APPENDIX

## CASH FLOW AND NET DEBT

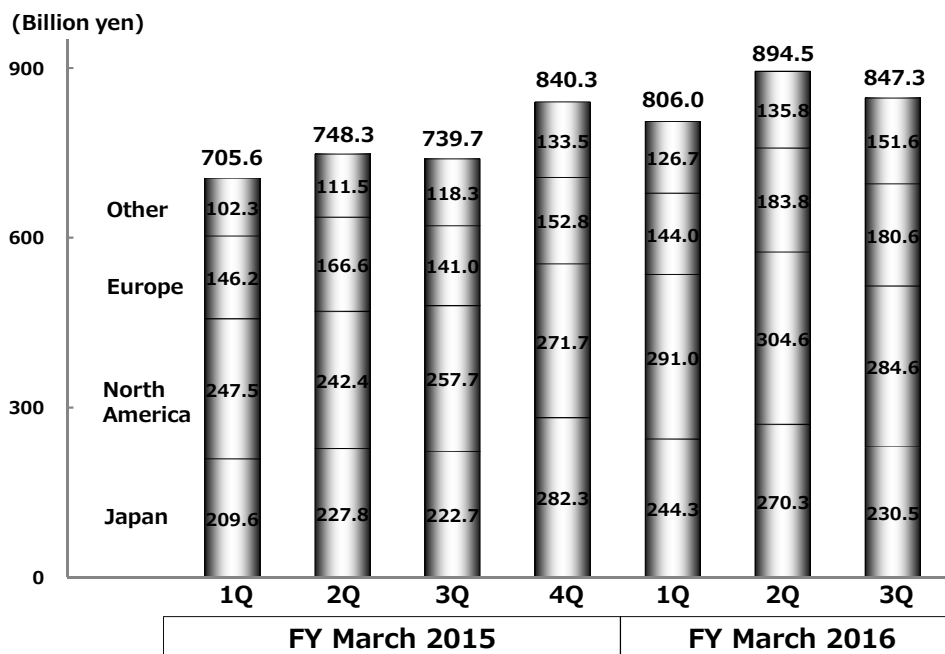


(Billion yen)	FY March 2015	FY March 2016	Change from Prior FY End
	Full Year	9 Month	
<b>Cash Flow</b>			
- From Operating activities	204.5	168.6	-
- From Investing activities	(95.6)	(58.0)	-
- Free Cash Flow	108.9	110.6	-
<b>Cash and Cash Equivalents</b>	<b>529.1</b>	<b>580.4</b>	<b>51.3</b>
<b>Net Debt</b>	<b>171.9</b>	<b>90.8</b>	<b>81.1</b>
<b>Net Debt-to-equity Ratio</b>	<b>20 / 15*%</b>	<b>9 / 6*%</b>	<b>11 / 9* pts</b>
<b>Equity Ratio</b>	<b>35 / 37*%</b>	<b>39 / 40*%</b>	<b>4 / 3* pts</b>

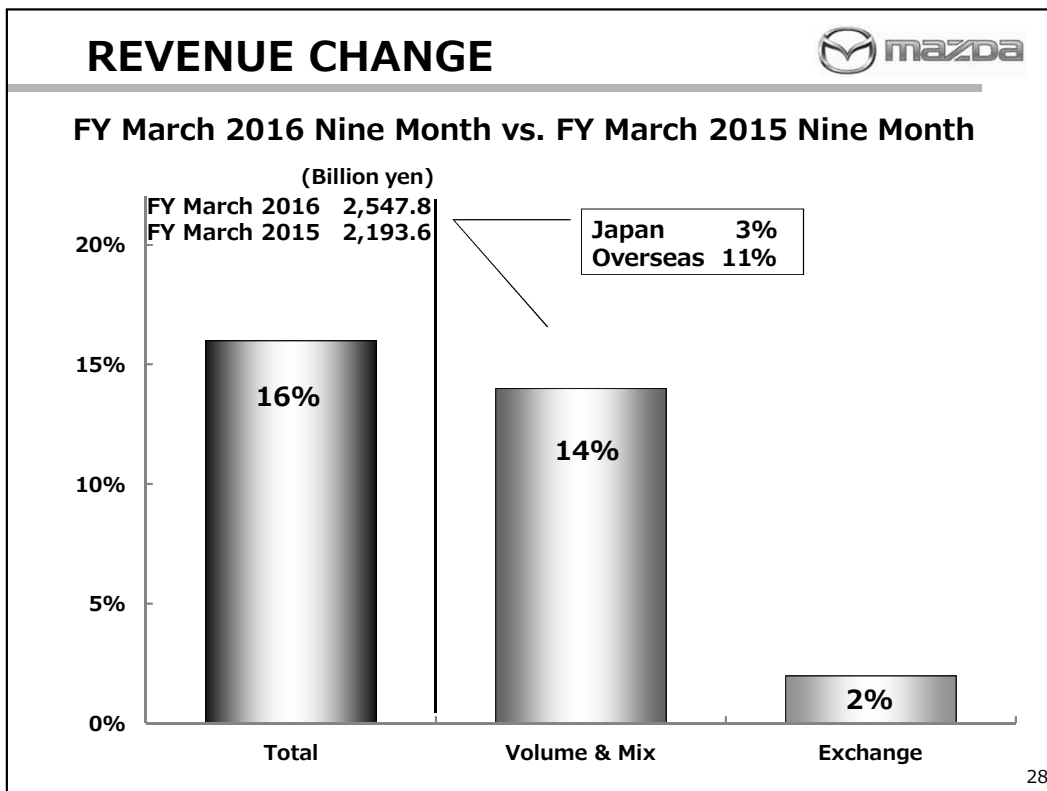
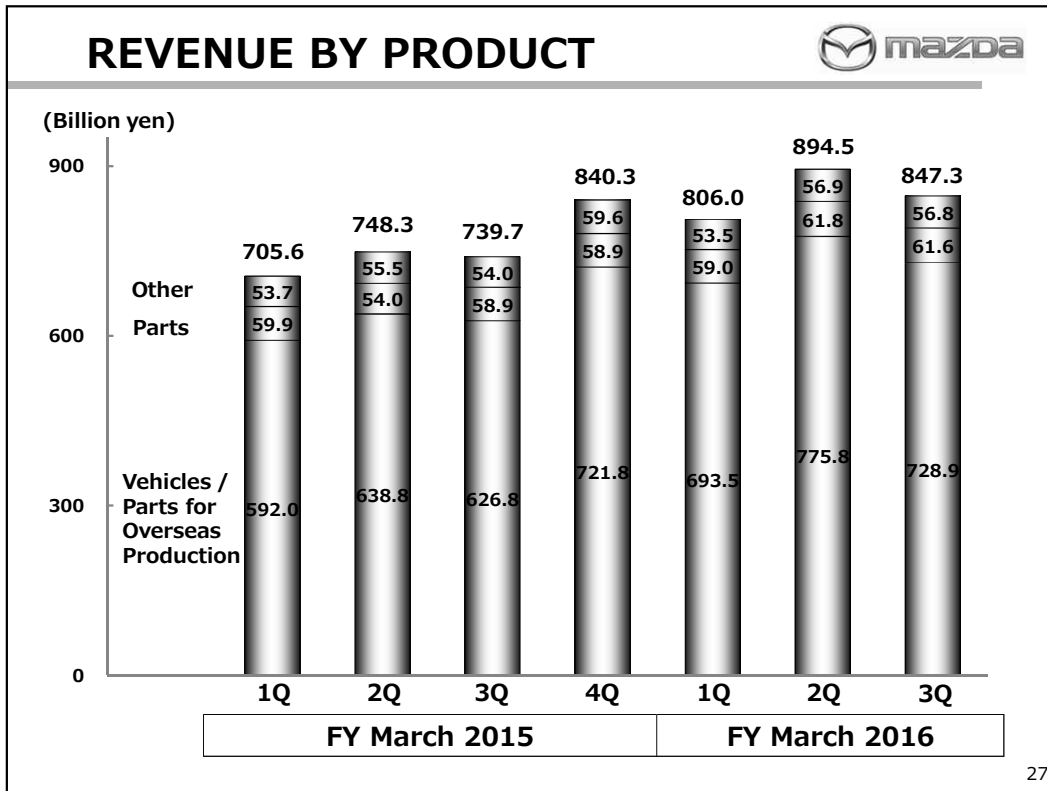
\*Reflecting "equity credit attributes" of the subordinated loan.

25

## REVENUE BY REGION



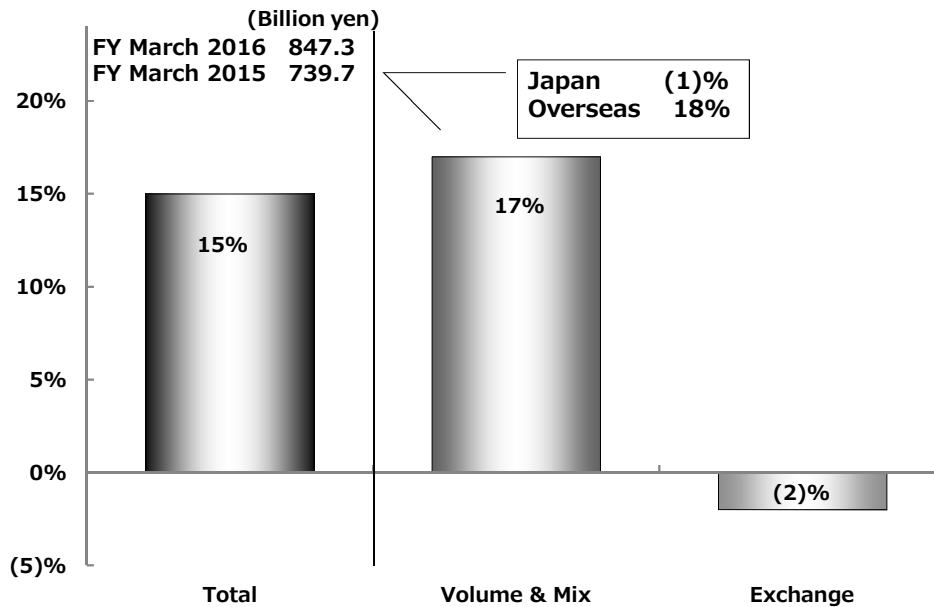
26



## REVENUE CHANGE



### FY March 2016 3rd Quarter vs. FY March 2015 3rd Quarter



29

## FY MARCH 2016 FINANCIAL METRICS



(Billion yen)	Third Quarter		Change from Prior Year
	FY March 2015	FY March 2016	
Revenue	739.7	847.3	107.6
Operating profit	48.0	47.5	(0.5)
Ordinary profit	53.4	50.9	(2.5)
Profit before tax	53.9	50.2	(3.7)
Net income	38.2	35.2	(3.0)
Operating ROS	6.5%	5.6%	(0.9)pts
EPS (Yen)	63.8	58.8	(5.0)
Exchange rate (Yen)			
US Dollar	114	121	7
Euro	143	133	(10)

30

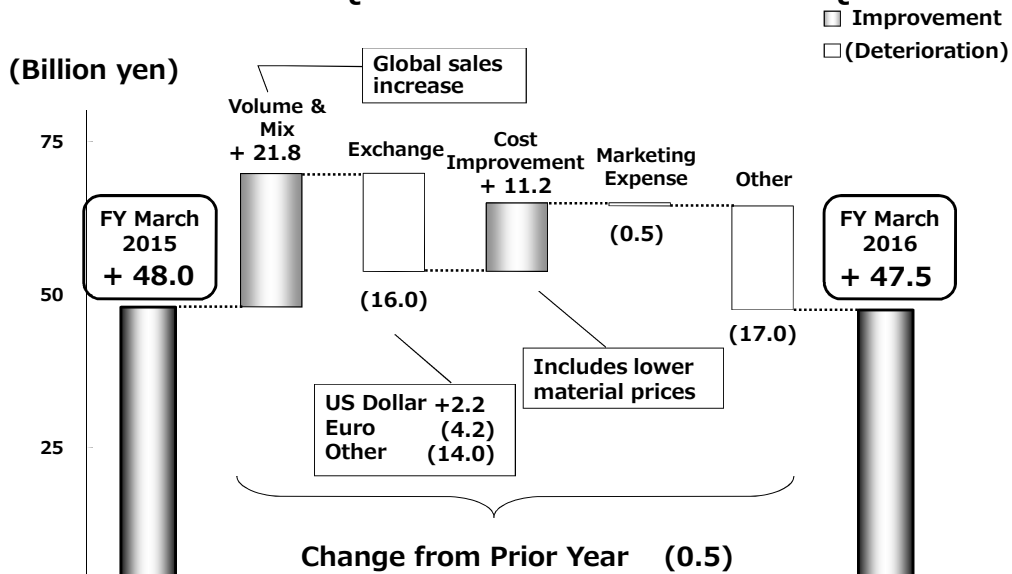
GLOBAL SALES VOLUME AND CONSOLIDATED WHOLESALES 

(000)	Third Quarter		Change from Prior Year
	FY March 2015	FY March 2016	
<b>Global sales volume</b>			
Japan	53	43	(10)
North America	94	112	18
Europe	53	59	6
China	62	68	6
Other Markets	72	99	27
<b>Total</b>	<b>334</b>	<b>381</b>	<b>47</b>
<b>Consolidated Wholesales</b>			
Japan	52	43	(9)
North America	103	105	2
Europe	52	68	16
Other Markets	77	106	29
<b>Total</b>	<b>284</b>	<b>322</b>	<b>38</b>

31

**OPERATING PROFIT CHANGE** 

FY March 2016 3rd Quarter vs. FY March 2015 3rd Quarter



32



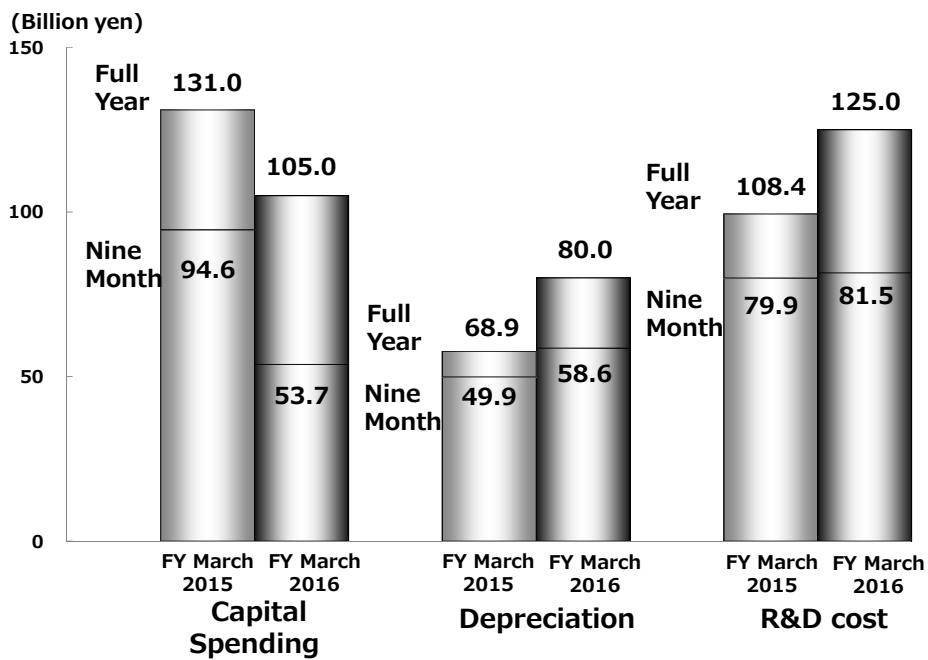
GLOBAL SALES VOLUME AND CONSOLIDATED WHOLESALES 

(000)	FY March 2016			Change from Prior Year		
	First Half	Second Half	Full Year	First Half	Second Half	Full Year
<b>Global sales volume</b>						
Japan	120	114	234	30	(21)	9
North America	233	214	447	7	15	22
Europe	124	131	255	10	16	26
China	109	111	220	15	(10)	5
Other Markets	178	181	359	33	23	56
<b>Total</b>	<b>764</b>	<b>751</b>	<b>1,515</b>	<b>95</b>	<b>23</b>	<b>118</b>
<b>Consolidated Wholesales</b>						
Japan	118	111	229	28	(19)	9
North America	225	225	450	4	11	15
Europe	125	135	260	10	24	34
Other Markets	178	193	371	27	29	56
<b>Total</b>	<b>646</b>	<b>664</b>	<b>1,310</b>	<b>69</b>	<b>45</b>	<b>114</b>

\* FY March 2016 Second Half and Full Year are forecast

33

KEY DATA



\* FY March 2016 Full Year are forecast

34

## **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.**