



FISCAL YEAR MARCH 2017 FIRST HALF FINANCIAL RESULTS



PRESENTATION OUTLINE

- **Highlights**
- **Fiscal Year March 2017 First Half Results**
- **Fiscal Year March 2017 Full Year Forecast**
- **Structural Reform Stage 2**
Progress of Key Initiatives/Future Initiatives

HIGHLIGHTS

【FY March 2017 - First Half Results】

- **Global sales volume for the period was a record 775,000 units. The new CX-9 and CX-4, and updated Mazda3 and Mazda6 contributed to sales volume and profit**
- **Revenue was ¥1,546.3 billion, operating profit was ¥88.3 billion and net income was ¥56.1 billion**

【FY March 2017 - Full Year Forecast】

- **Global sales volume forecast is unchanged at 1.55 million units**
- **Revised full-year exchange assumptions: ¥104 to the US dollar, ¥116 to the euro**
- **Revised forecast revenue to ¥3,150 billion, operating profit to ¥150 billion and net income to ¥100 billion**
- **No change to annual dividend of ¥35 per share**

FISCAL YEAR MARCH 2017 FIRST HALF RESULTS

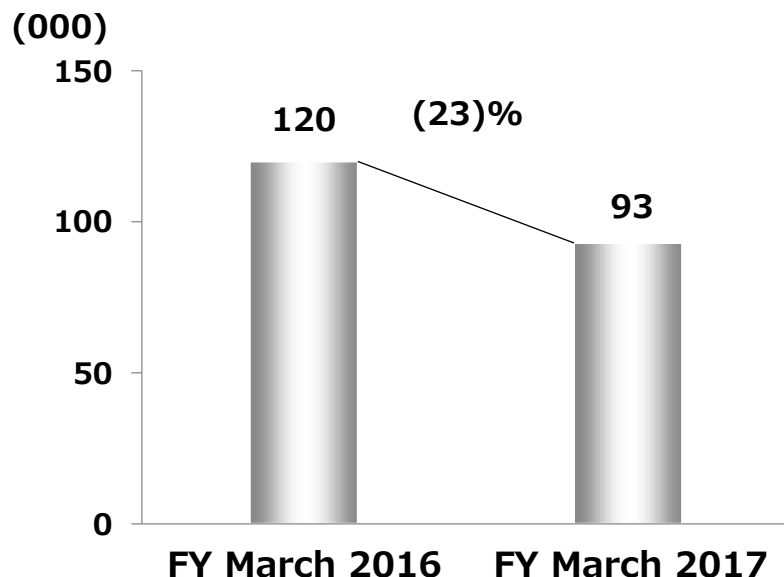
FY MARCH 2017 GLOBAL SALES VOLUME

(000)	First Half		Change from Prior Year	
	FY March 2016	FY March 2017	Volume	YOY(%)
Global sales volume				
Japan	120	93	(27)	(23)%
North America	233	224	(9)	(4)%
Europe	124	134	10	8%
China	109	133	24	22%
Other Markets	178	191	13	7%
Total	764	775	11	1%
<Breakdown>				
USA	164	160	(4)	(2)%
Australia	58	60	2	4%
ASEAN	46	54	8	18%

JAPAN



First Half Sales Volume



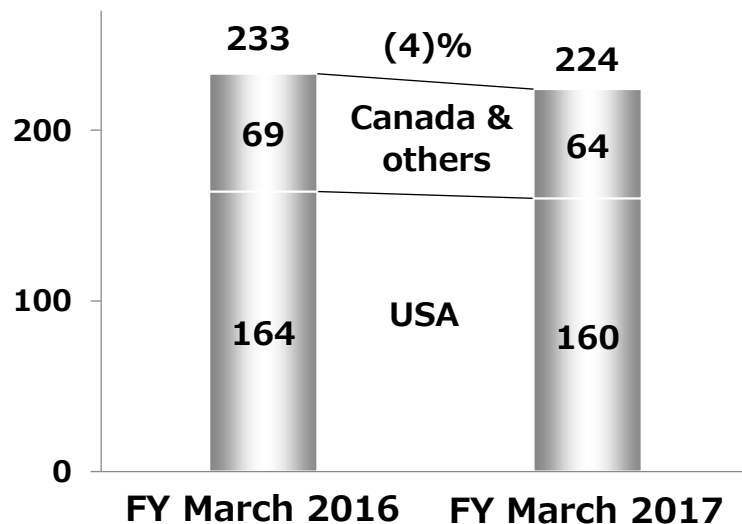
- Sales were 93,000 units, down 23% year on year
- Market share was 4.0%, down 1.2 points year on year. Registered vehicle market share was 4.8%, down 2.0 points year on year
- Mazda3 and Mazda6 were updated and sales are increasing
- Updated Mazda2 and CX-3 will be launched and enhanced competitiveness of these key models will help improve sales momentum in the second half
- Sales of the MX-5 RF will begin within the year

NORTH AMERICA



First Half Sales Volume

(000)

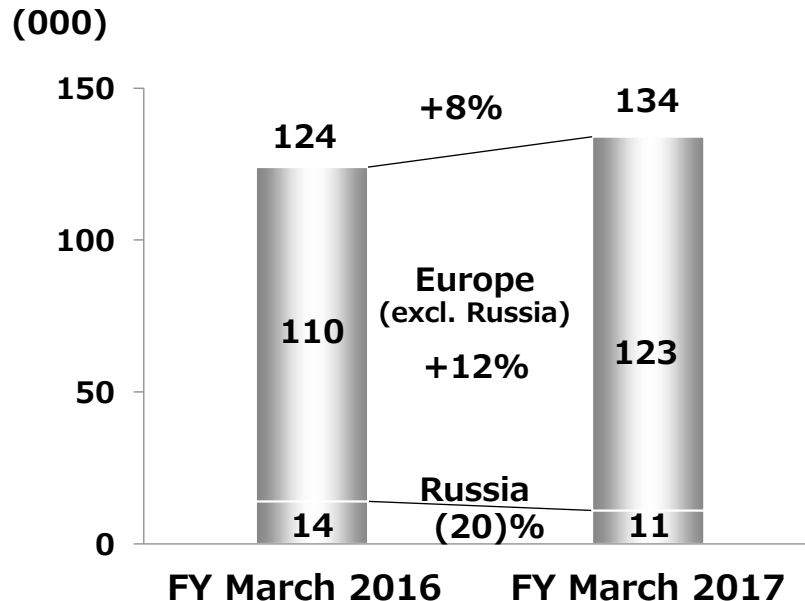


- Sales were 224,000 units, down 4% year on year
- USA: Sales were 160,000 units, down 2% year on year
 - Launch updated Mazda3 and Mazda6 to strengthen sales in car segment
 - Sales of new CX-9, which started in earnest in June, are promising with the ratio of high-grade models increasing
- Mexico: Sales were 25,000 units, down 9% year on year
 - Sales environment has deteriorated due to actions against weak MXN

EUROPE



First Half Sales Volume

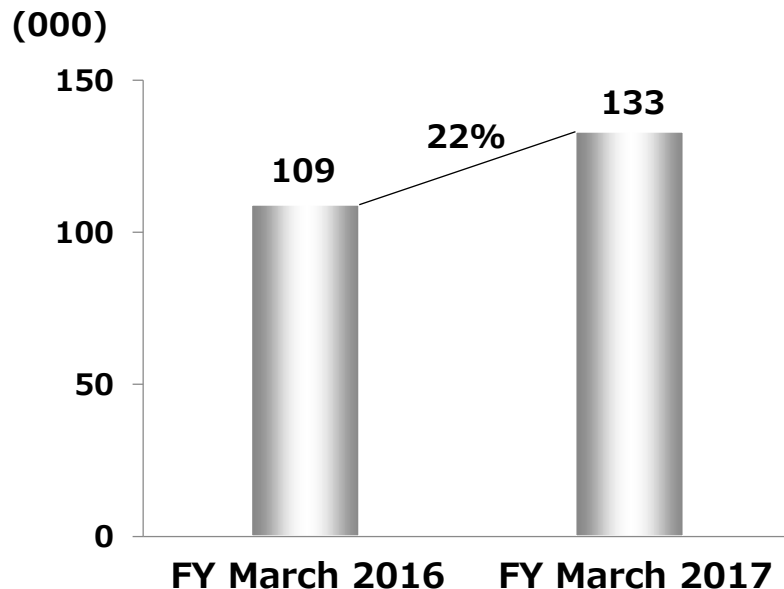


- Sales were 134,000 units, up 8% year on year
- Strong sales of CX-3 and MX-5 contributed to volume growth
- Sales in Europe excluding Russia grew 12% year on year to 123,000 units
 - Germany: 33,000 units, up 9% year on year
 - UK: 23,000 units, down 3% year on year
- Sales in Russia were 11,000 units, down 20% year on year due to declining demand and weaker RUB

CHINA



First Half Sales Volume



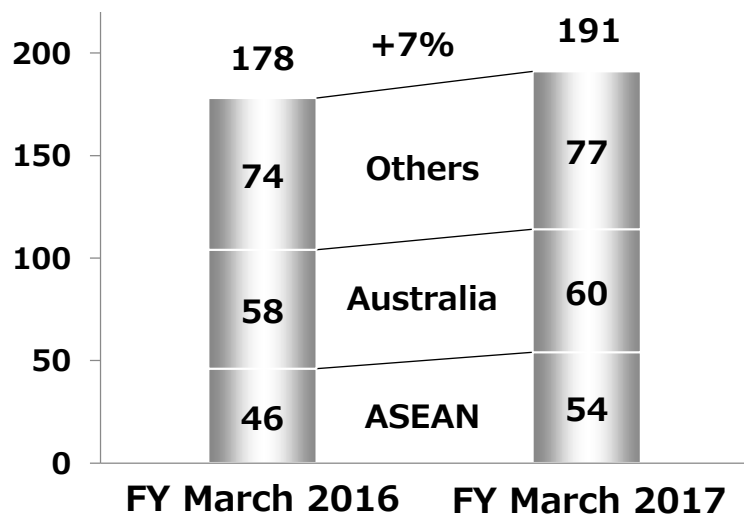
- Sales were 133,000 units, up 22% year on year
- Mazda3 led sales, thanks in part to the compact car tax reduction scheme
- New CX-4 was launched in June and is selling well
- Updated Mazda6 was launched in August and is also selling well
- Updated CX-5 continues to contribute to sales growth

OTHER MARKETS



First Half Sales Volume

(000)



- Sales were 191,000 units, up 7% year on year
- Australia: Sales were 60,000 units, up 4% year on year, and market share reached 10%
 - Second highest-selling brand
 - CX-3 and CX-5 are the best sellers in their segments
- ASEAN: Sales were 54,000 units, up 18% year-on-year
 - In Thailand, sales increased 14% year on year
 - In Vietnam, sales increased 77% year on year
- Others: New Zealand and Colombia achieved record-high sales

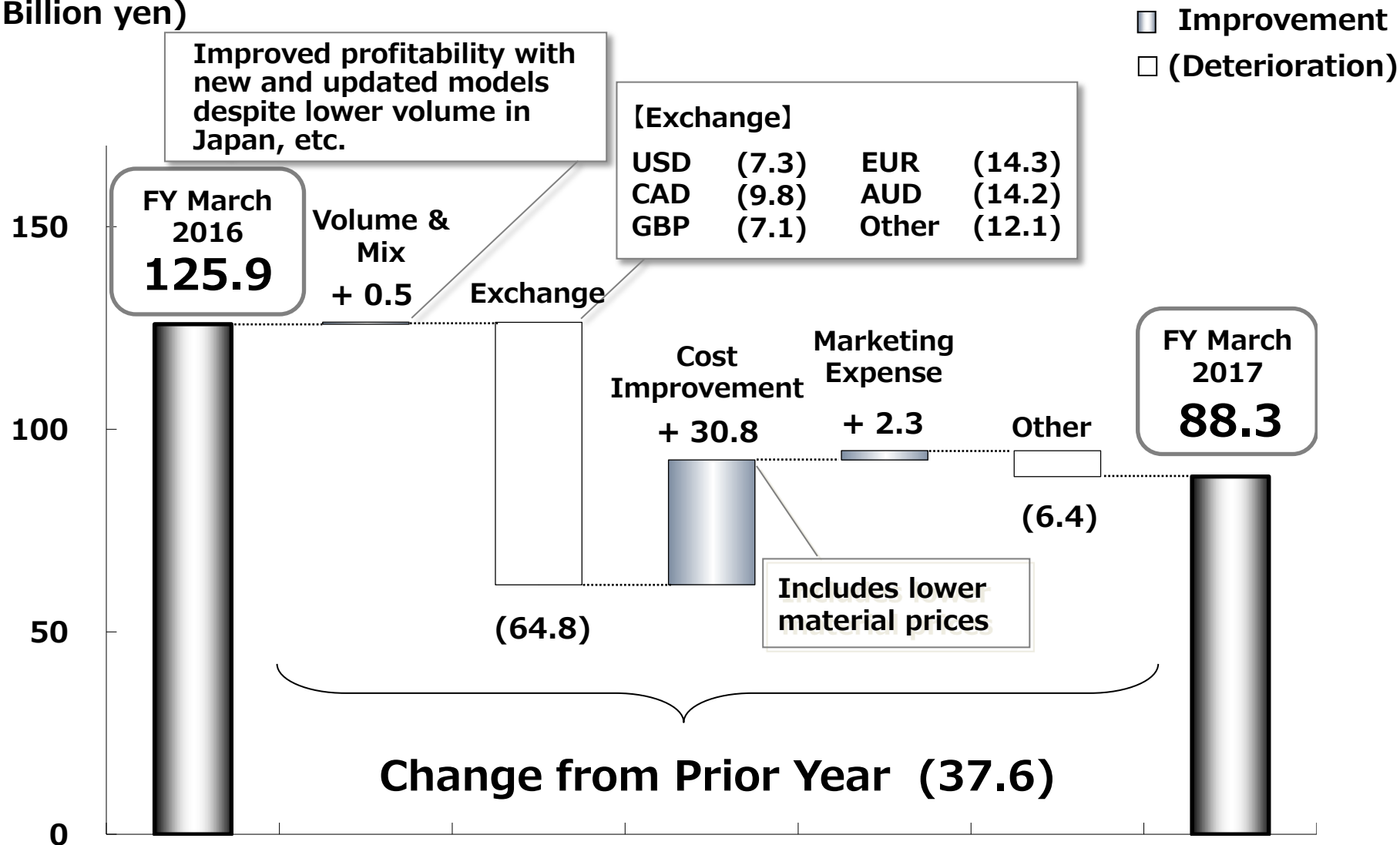
FY MARCH 2017 FINANCIAL METRICS

(Billion yen)	First Half		Change from	
	FY March	FY March	Prior Year	
	2016	2017	Amount	YOY(%)
Revenue	1,700.5	1,546.3	(154.2)	(9)%
Operating profit	125.9	88.3	(37.6)	(30)%
Ordinary profit	121.1	82.6	(38.4)	(32)%
Profit before tax	116.3	76.2	(40.2)	(35)%
Net income	88.3	56.1	(32.2)	(36)%
Operating ROS	7.4%	5.7%	(1.7)pts	
EPS (Yen)	147.7	93.8	(53.9)	
Exchange rate (Yen)				
US Dollar	122	105	(17)	
Euro	135	118	(17)	

FY March 2017 OPERATING PROFIT CHANGE

FY March 2017 1st Half vs. FY March 2016 1st Half

(Billion yen)



FISCAL YEAR MARCH 2017 FULL YEAR FORECAST

FY MARCH 2017 GLOBAL SALES VOLUME

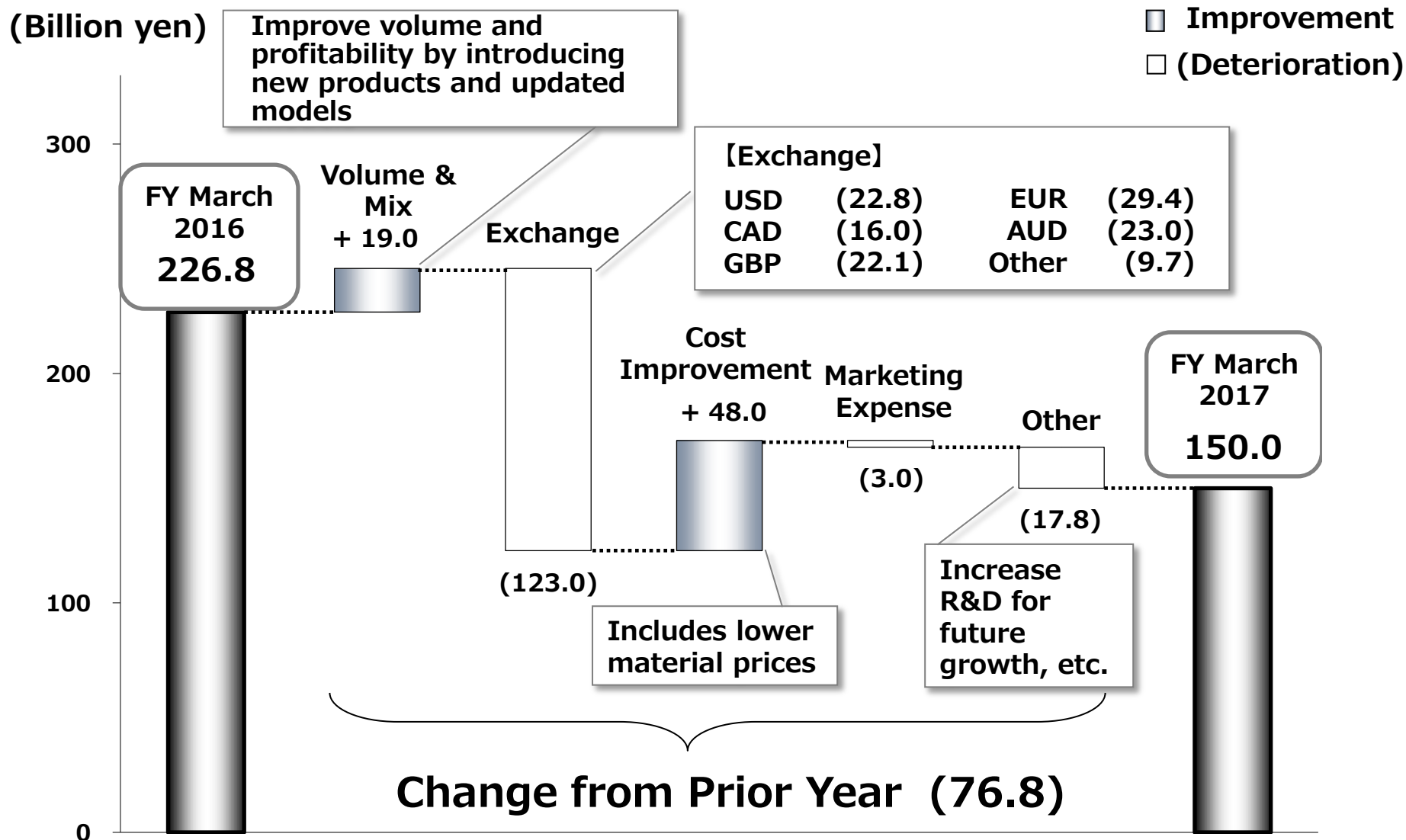
(000)	FY March 2017			Change from	
	1st Half	2nd Half	Full Year	Prior Year YOY(%)	Apr. Forecast Volume
Global sales volume					
Japan	93	117	210	(10)%	(23)
North America	224	225	449	3%	0
Europe	134	126	260	1%	0
China	133	126	259	10%	21
Other Markets	191	181	372	0%	2
Total	775	775	1,550	1%	0
<Breakdown>					
USA	160	165	325	6%	0
Australia	60	61	121	4%	3
ASEAN	54	52	106	5%	0

FY MARCH 2017 FINANCIAL METRICS

(Billion yen)	FY March 2017			Change from	
	1st Half	2nd Half	Full Year	Prior Year	Apr. Forecast
Revenue	1,546.3	1,603.7	3,150.0	(256.6)	(130.0)
Operating profit	88.3	61.7	150.0	(76.8)	(20.0)
Ordinary profit	82.6	72.4	155.0	(68.6)	(21.0)
Profit before tax	76.2	67.8	144.0	(23.0)	(25.0)
Net income	56.1	43.9	100.0	(34.4)	(15.0)
Operating ROS	5.7%	3.8%	4.8%	(1.9)pts	(0.4)pts
EPS (Yen)	93.8	73.4	167.3	(57.6)	(25.1)
Exchange rate (Yen)					
US Dollar	105	102	104	(16)	(6)
Euro	118	114	116	(17)	(9)

FY March 2017 OPERATING PROFIT CHANGE

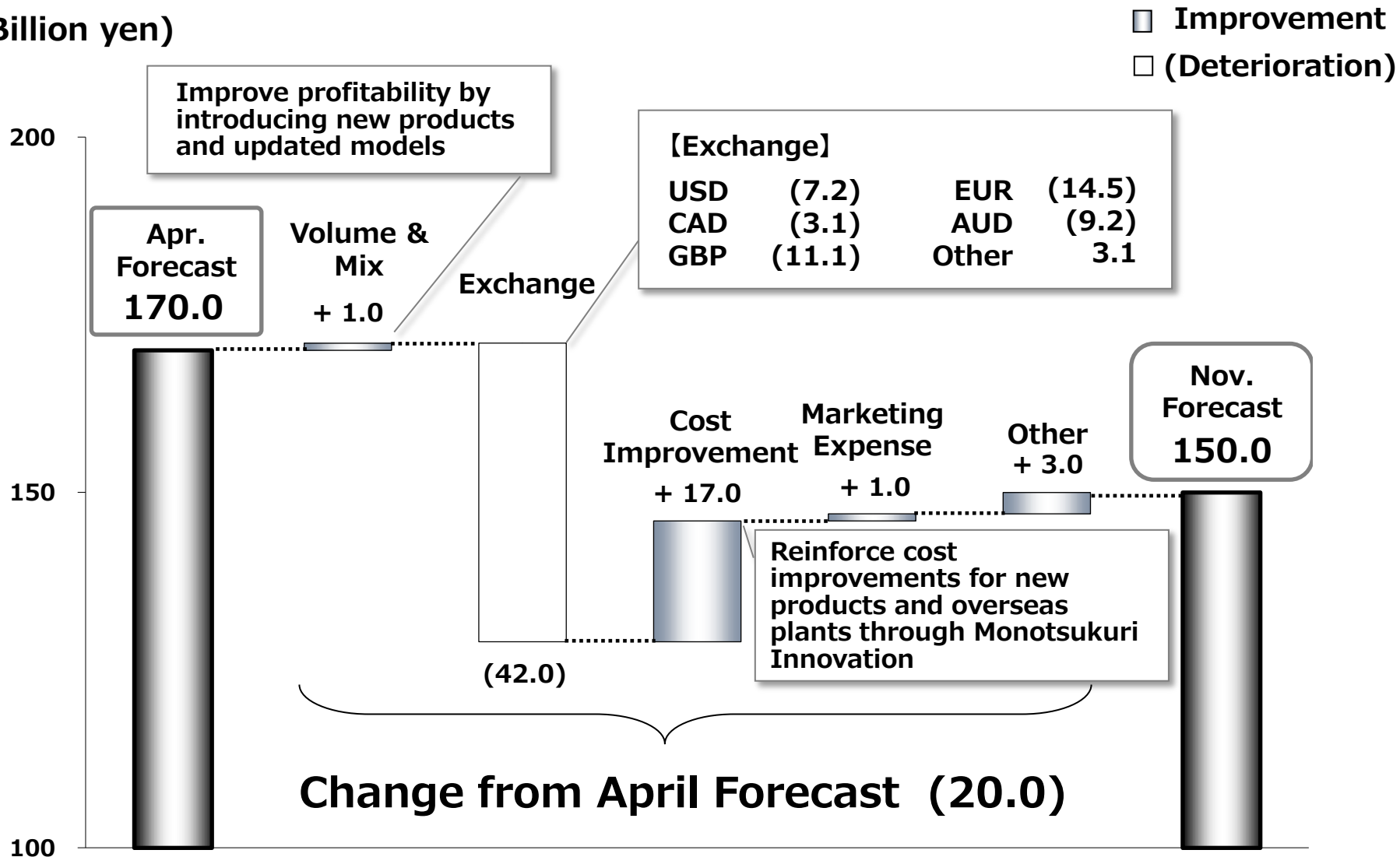
FY March 2017 Full Year vs. FY March 2016 Full Year



FY March 2017 OPERATING PROFIT CHANGE

FY March 2017 Full Year vs. April Forecast

(Billion yen)



Structural Reform Stage 2

PROGRESS OF KEY INITIATIVES / FUTURE INITIATIVES

- **Expand and continue to advance the SKYACTIV lineup**
 - Good progress in the development and introduction of new models, including CX-9 and CX-4, and updated models with new-generation vehicle dynamics control technologies
 - Began production of new MX-5 RF
 - Plan to reveal new CX-5 at LA Auto Show
 - SKYACTIV GEN2 technology development progressing to plan
- **Electric Drive Technology**
 - Developing EV technology
- **Safety/Autonomous Driving Technology**
 - Advancing i-ACTIVSENSE safety technologies
 - Developing human-oriented autonomous driving technologies becoming of the Mazda brand



- **Maintain volume growth at 50,000 units per year by launching new and updated models and strengthening initiatives to improve brand value**
- **Increase net revenue, reduce incentives and improve residual values by ensuring good penetration of the “right-price” sales policy**
- **Globally deploy initiatives to improve retention ratio by trade cycle management**

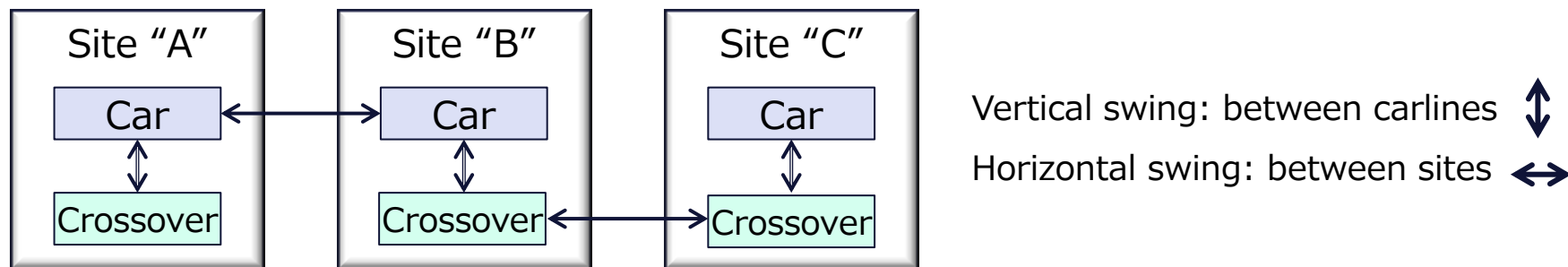


Mazda Brand Space Osaka



GLOBAL MX-5 CUP Model

- **Deploy Monotsukuri Innovation globally to strengthen cost improvements**
- **Establish a production system which enables plants to supplement each other**
 - Good progress in efforts to increase production flexibility for crossover vehicles, including preparation for CX-3 production at Hofu plant
 - Leverage Bundled Product Planning and establish a global swing production system that provides flexibility between production sites and between passenger cars and crossovers



- **Advance Monotsukuri Innovation by standardizing structural and functional attributes**
 - Quickly apply technology, design, and equipment updates across the entire product line-up
 - Model-based development for big improvements in performance, quality and R&D efficiency

- Generate stable profit and cash flow by steadily increasing sales volume and improving brand value
- Improve balance-sheet, including equity ratio and net debt
- Strengthen financial base while advancing R&D and other investments for future growth
- Improve shareholder returns while reinforcing financial base
Dividend policy: Realize stable and steadily improving dividend payments

【Target for FY March 2019】

Global sales volume

1.65
million units

Operating ROS

7%
or more
(¥120/USD, ¥130/euro)

Equity ratio

45%
or more

Dividend payout ratio

20%
or more

Target will be revised based on changes in business environment including exchange rates at an appropriate time.



APPENDIX

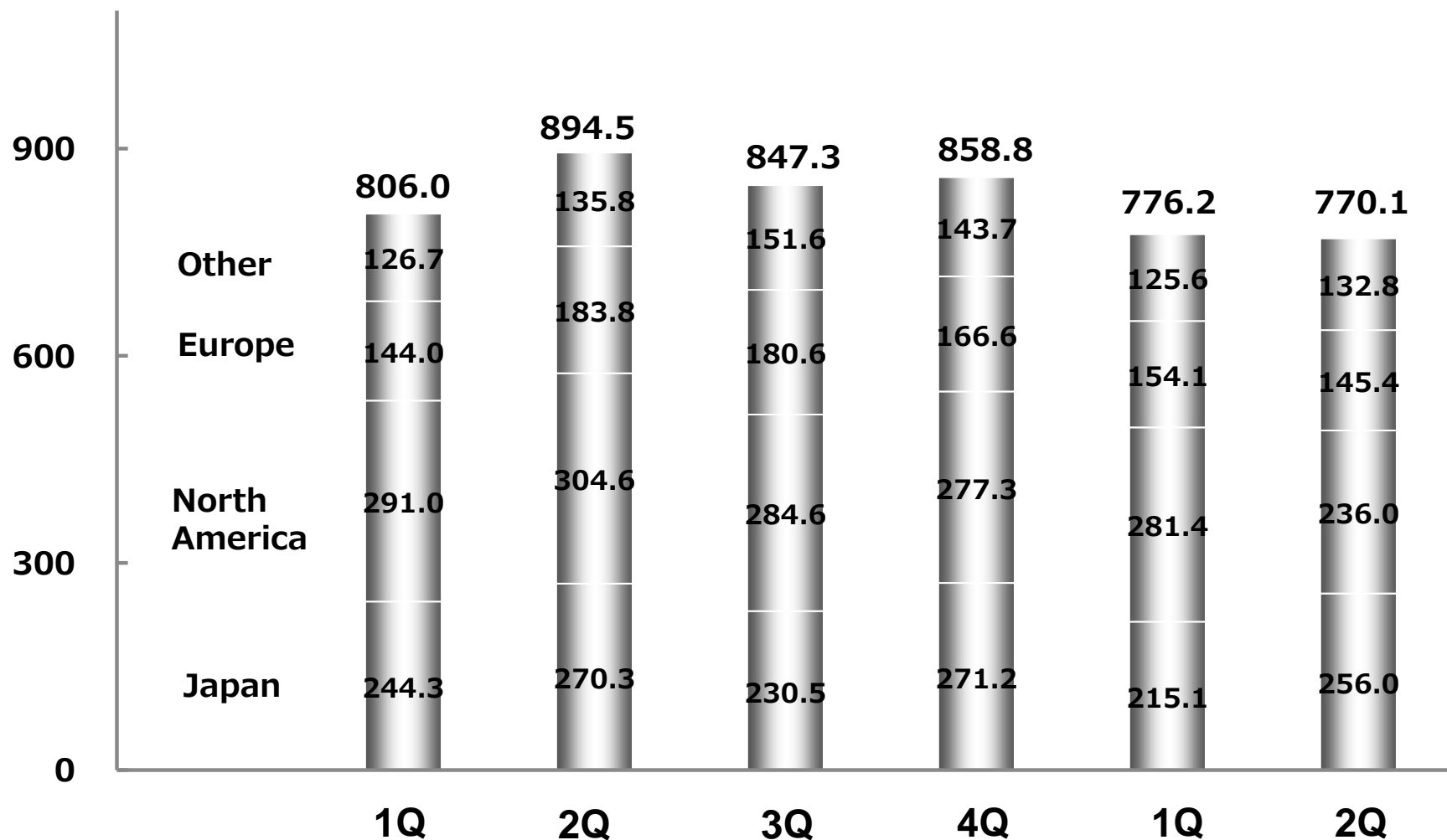
CASH FLOW AND NET DEBT

(Billion yen)	FY March 2016 Full Year	FY March 2017 2nd Quarter	Change from Prior FY End
Cash Flow			
- From Operating activities	262.8	80.8	-
- From Investing activities	(108.1)	(12.1)	-
- Free Cash Flow	154.7	68.6	-
Cash and Cash Equivalents	568.7	557.3	(11.5)
Net Debt	48.4	(17.2)	65.6
Net Debt-to-equity Ratio	5 / 1*%	(2) / (5)*%	7 / 7* pts
Equity Ratio	37 / 39*%	40 / 42* %	3 / 3* pts

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

REVENUE BY REGION

(Billion yen)

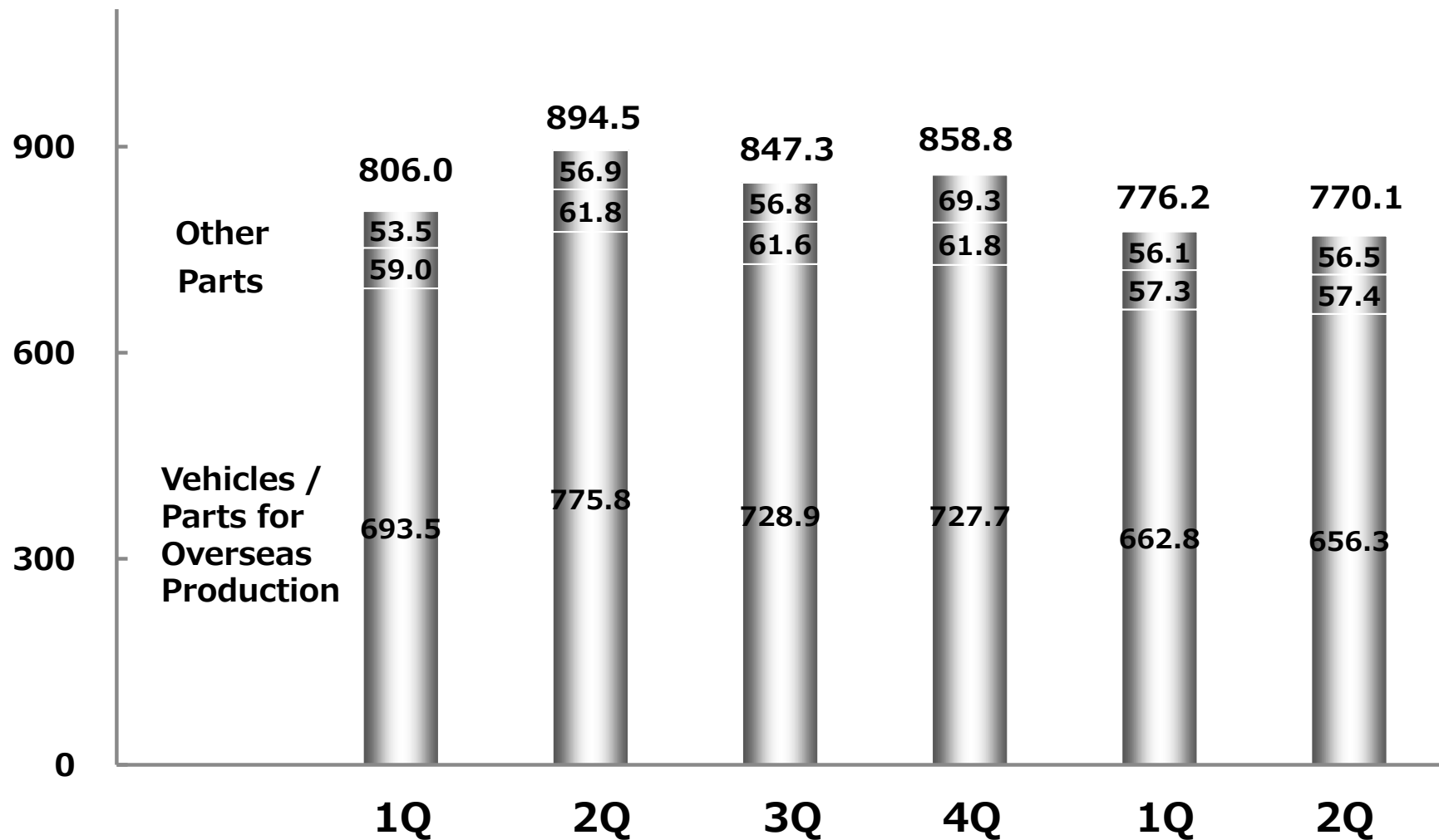


FY March 2016

FY March 2017

REVENUE BY PRODUCT

(Billion yen)

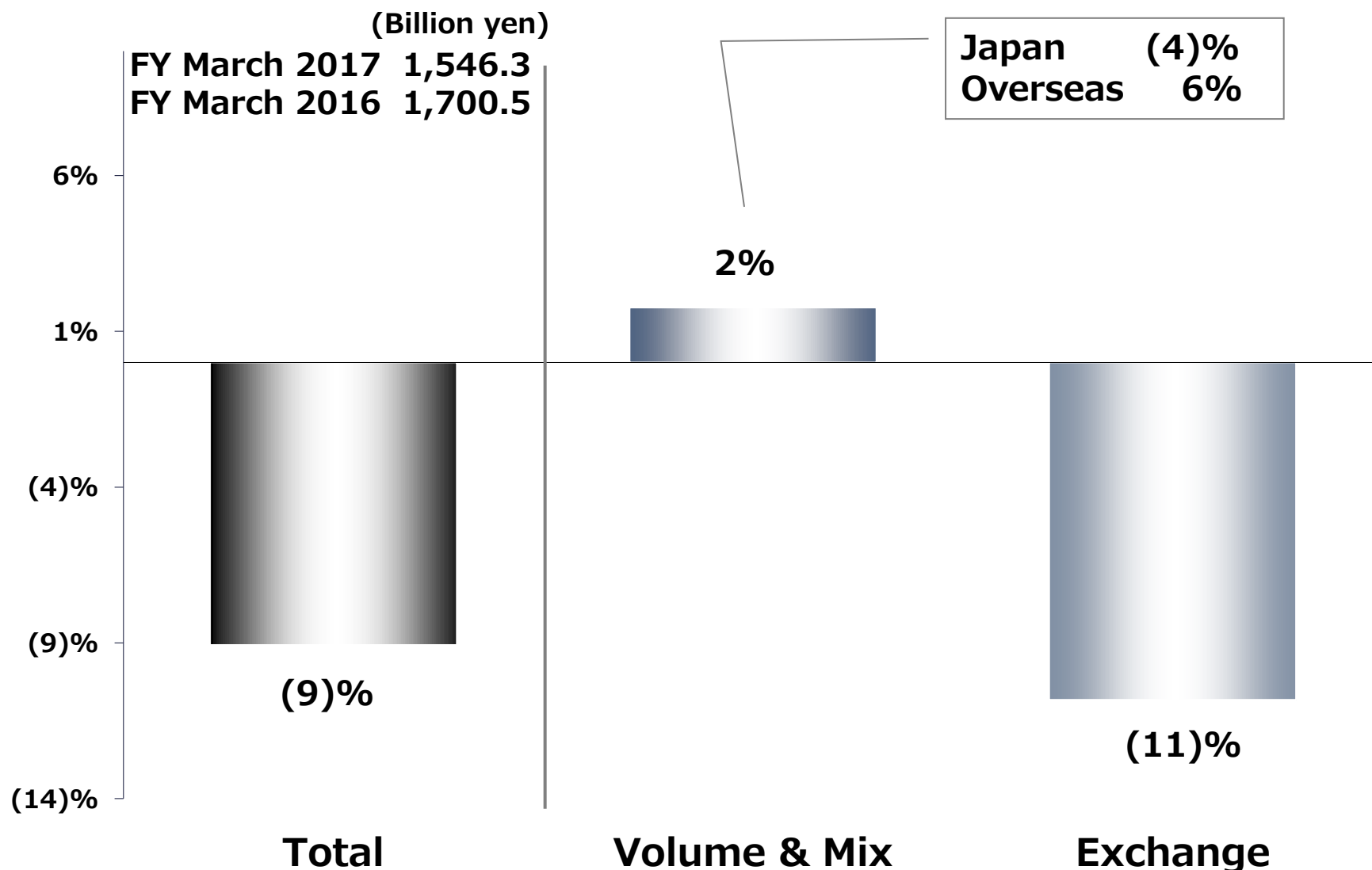


FY March 2016

FY March 2017

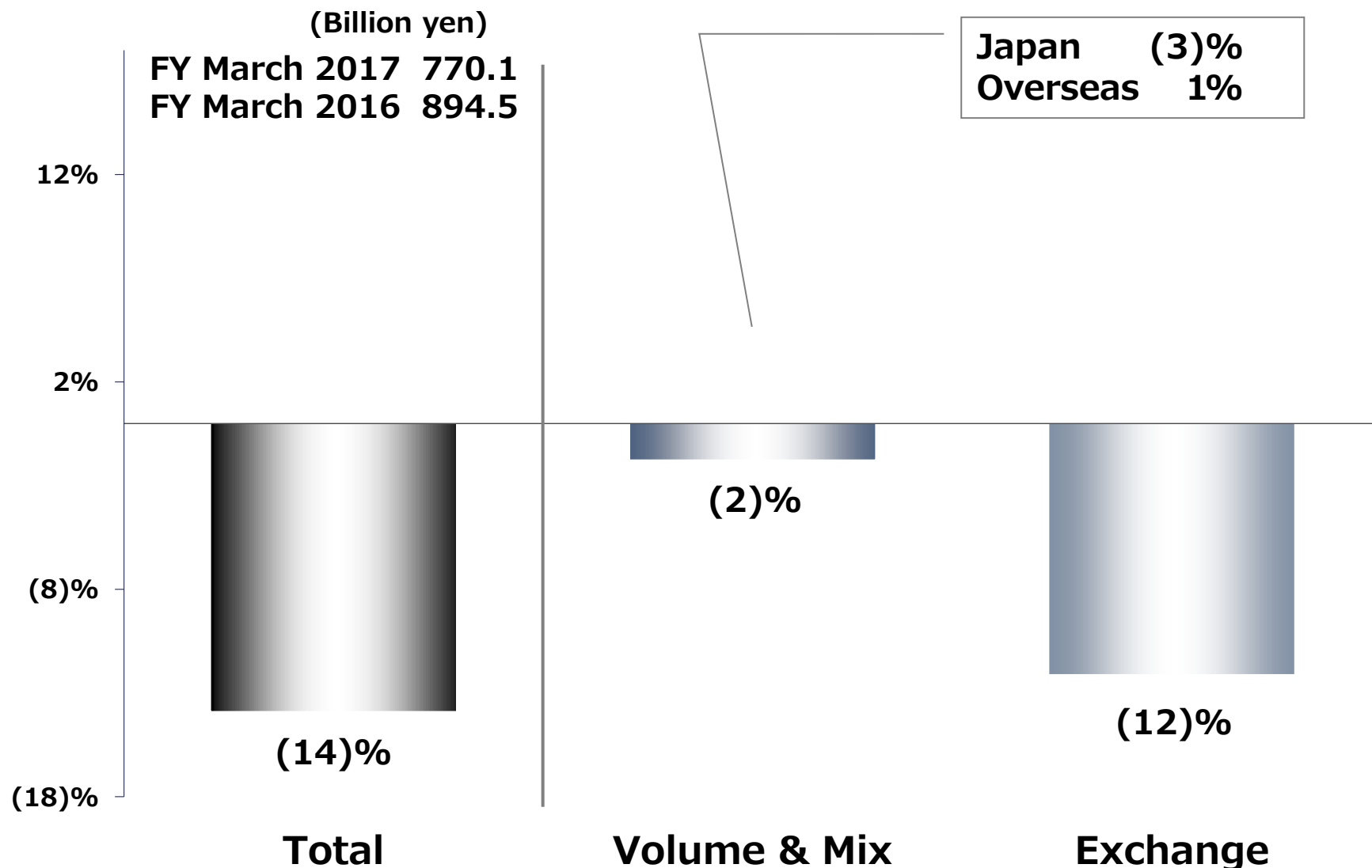
REVENUE CHANGE

FY March 2017 1st Half vs. FY March 2016 1st Half



REVENUE CHANGE

FY March 2017 2nd Quarter vs. FY March 2016 2nd Quarter

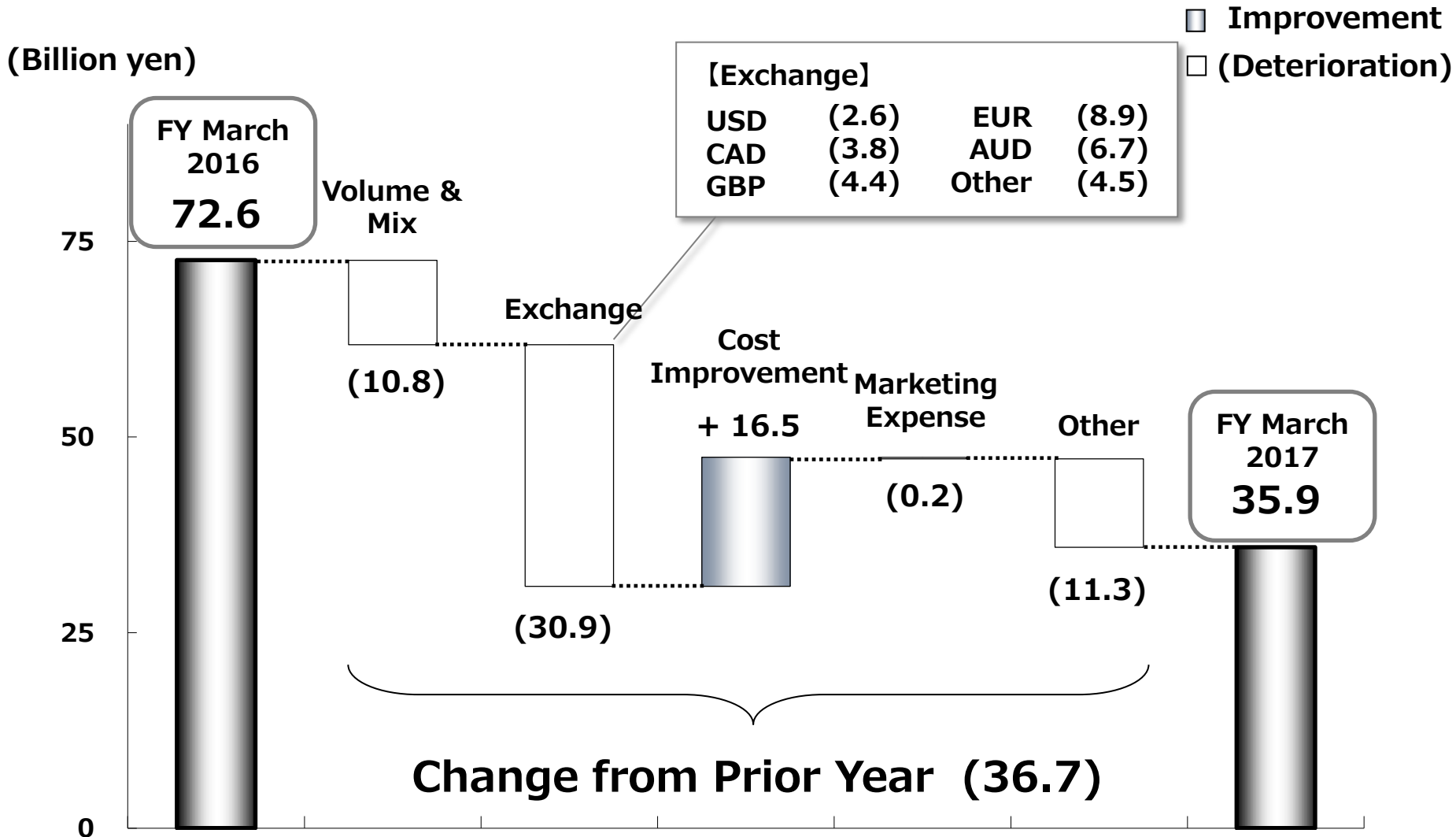


GLOBAL SALES VOLUME AND CONSOLIDATED WHOLESALES

(000)	Second Quarter		Change from	
	FY March 2016	FY March 2017	Prior Year Volume	YOY(%)
Global sales volume				
Japan	63	54	(9)	(15)%
North America	117	111	(6)	(5)%
Europe	70	68	(2)	(2)%
China	52	74	22	43%
Other Markets	92	93	1	1%
Total	394	400	6	1%
Consolidated wholesales				
Japan	60	49	(11)	(20)%
North America	110	95	(15)	(13)%
Europe	71	66	(5)	(7)%
Other Markets	97	99	2	1%
Total	338	309	(29)	(9)%

FY March 2017 OPERATING PROFIT CHANGE

FY March 2017 2nd Quarter vs. FY March 2016 2nd Quarter



EXCHANGE RATES

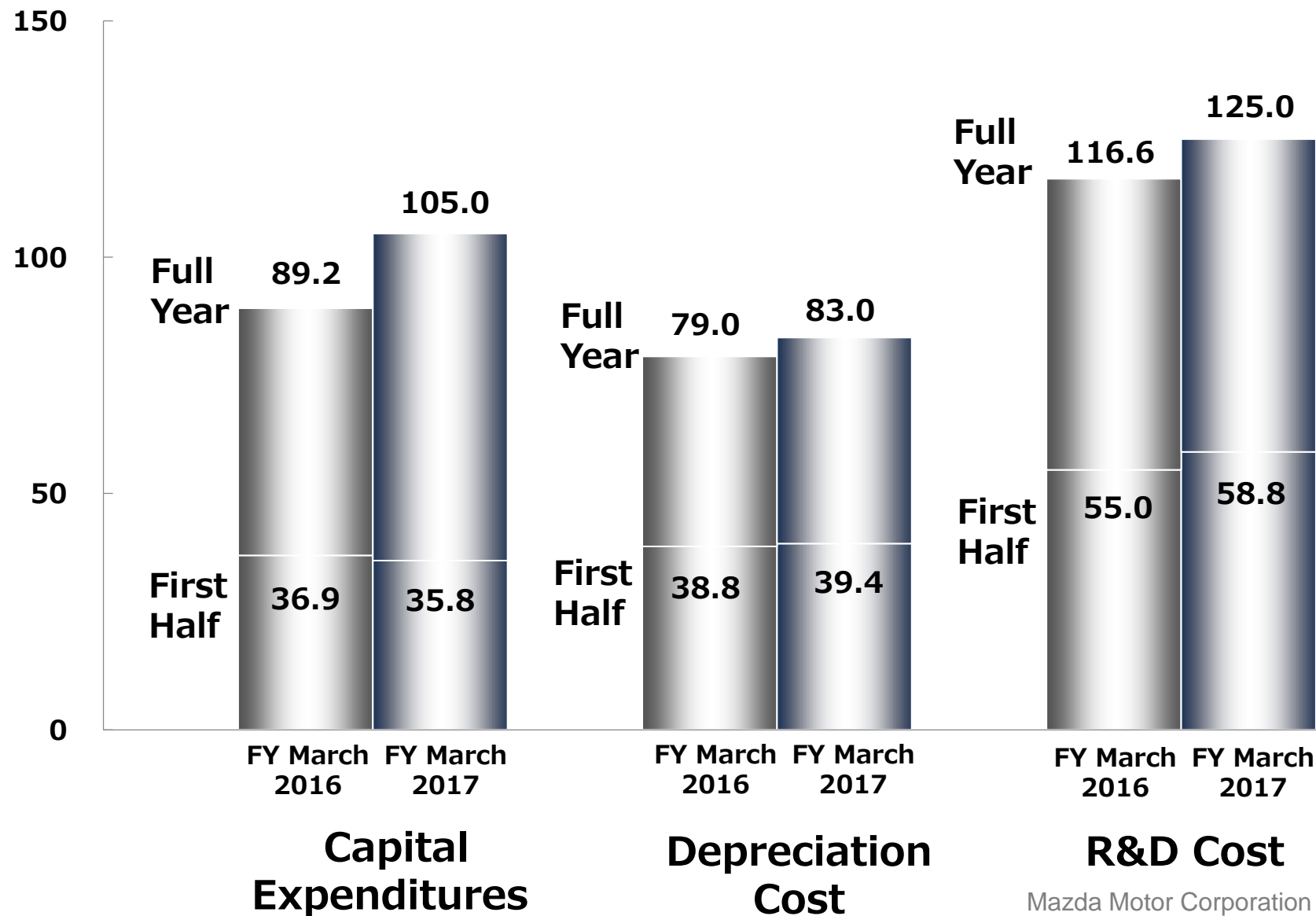
	Full Year		Change
	FY March 2016	FY March 2017	
(Yen)			
US Dollar	120	104	(16)
Euro	133	116	(17)
Canadian Dollar	92	80	(12)
Australian Dollar	89	79	(10)
British Pound	181	136	(45)

GLOBAL SALES VOLUME AND CONSOLIDATED WHOLESALLES

(000)	FY March 2017			Change from Prior Year		
	1st Half	2nd Half	Full Year	1st Half	2nd Half	Full year
Global sales volume						
Japan	93	117	210	(27)	5	(22)
North America	224	225	449	(9)	20	11
Europe	134	126	260	10	(7)	3
China	133	126	259	24	0	24
Other Markets	191	181	372	13	(13)	0
Total	775	775	1,550	11	5	16
Consolidated wholesales						
Japan	88	115	203	(30)	5	(25)
North America	212	232	444	(13)	18	5
Europe	132	121	253	7	(15)	(8)
Other Markets	190	205	395	12	4	16
Total	622	673	1,295	(24)	12	(12)

KEY DATA

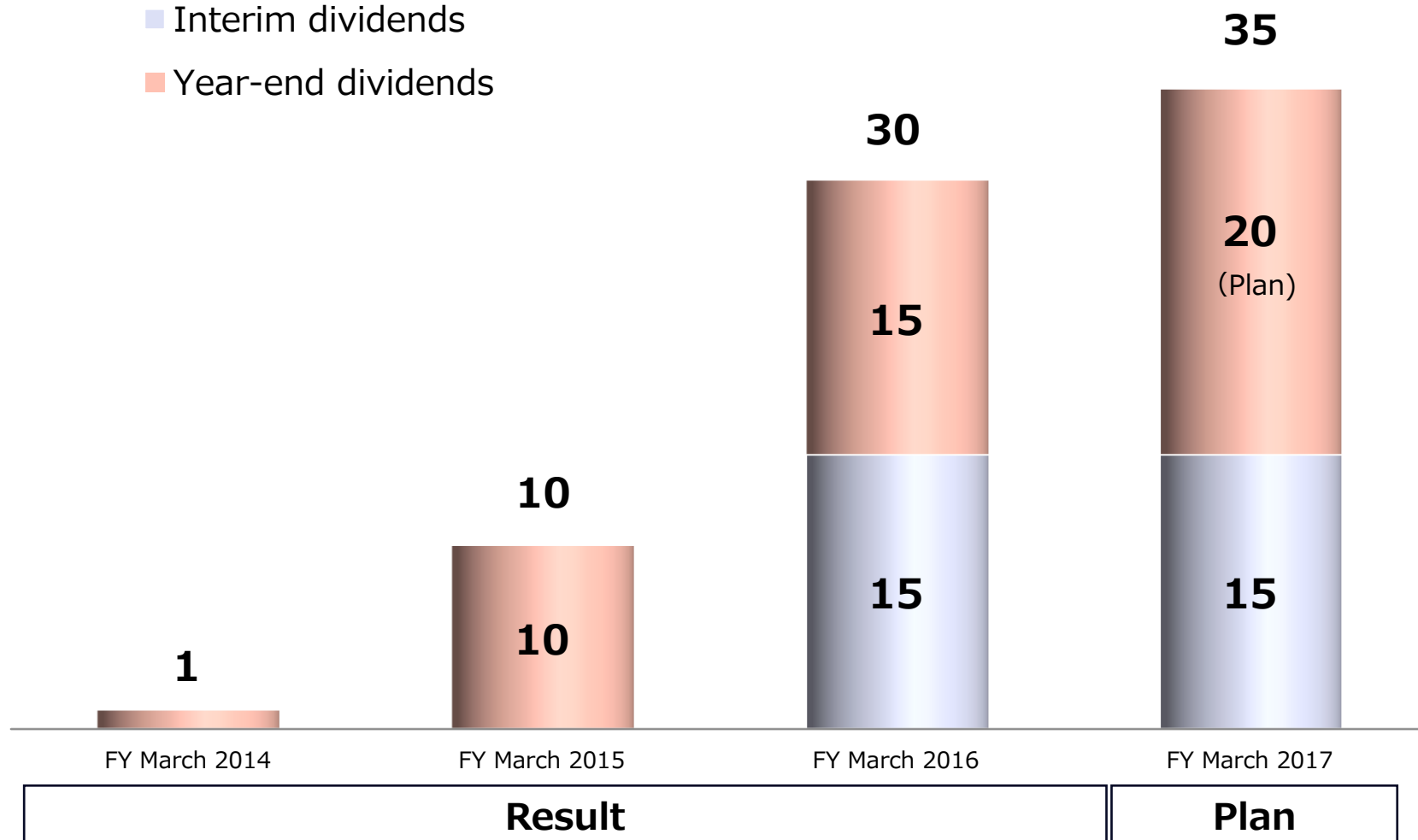
(Billion yen)



DIVIDEND PAYMENT

Trend of dividends per share

- Interim dividends
- Year-end dividends



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.