



FISCAL YEAR MARCH 2019 SECOND QUARTER FINANCIAL RESULTS



PRESENTATION OUTLINE

- **Highlights**
- **Fiscal Year March 2019 First Half Results**
- **Fiscal Year March 2019 Full Year Forecast**
- **Progress of Key Initiatives**

HIGHLIGHTS

【FY March 2019 First Half Results】

- **Global sales were up 2% year on year to 796,000 units, a new record for the first half**
 - **Sales of crossover models have kept their momentum**
 - **Japan and ASEAN drove volume growth**
 - **CX-8 introduced in Australia and New Zealand; sales off to a good start**
- **Revenue was ¥1,729.1 billion, operating profit was ¥30.9 billion, and net income was ¥24.4 billion**
- **Utilized inventory to minimize the sales impact of the record rains in July**

【FY March 2019 Full Year Forecast】

- **Full year forecast of global sales volume is 1,617,000 units, operating profit is ¥70 billion, and net income is ¥50 billion**
- **The forecast has been revised to reflect wholesale volume decrease from the impact of the record rains and others, as well as revisions to exchange rate assumptions and quality-related costs**

FISCAL YEAR MARCH 2019 FIRST HALF RESULTS

FY MARCH 2019 GLOBAL SALES VOLUME

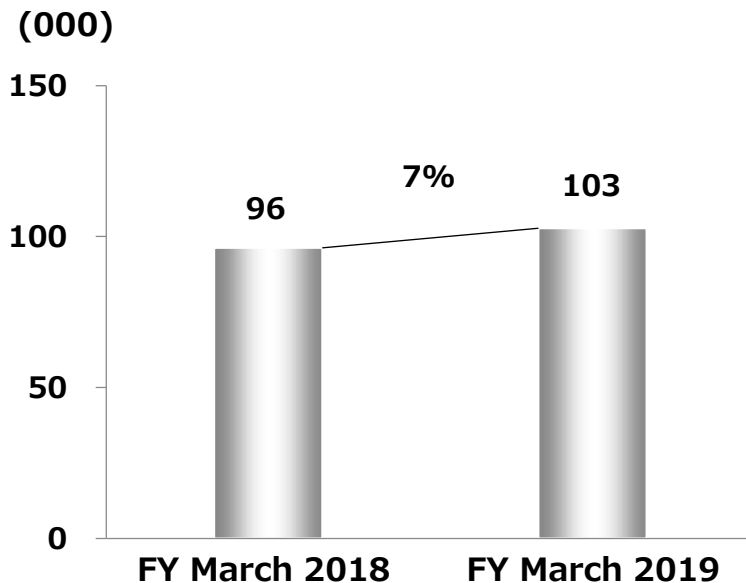
(000)	First Half		Change from	
	FY March	FY March	Prior Year	
	2018	2019	Volume	YOY(%)
Global sales volume				
Japan	96	103	6	7 %
North America	219	222	4	2 %
Europe	132	135	3	2 %
China	149	133	(16)	(11)%
Other Markets	187	202	16	8 %
Total	783	796	13	2 %
<Breakdown>				
USA	151	151	(0)	(0)%
Australia	59	56	(3)	(5)%
ASEAN	51	66	14	28 %

JAPAN



- Sales were 103,000 units, up 7% year on year
- Market share was 4.1%. Registered vehicle market share was 5.2%, up 0.4 points year on year
- CX-8 is popular with a wide range of customers and selling well. CX-5 maintained high sales volumes on par with the previous year
- Updated CX-3, Mazda6 and Mazda2 all got off to a strong start

First Half Sales Volume

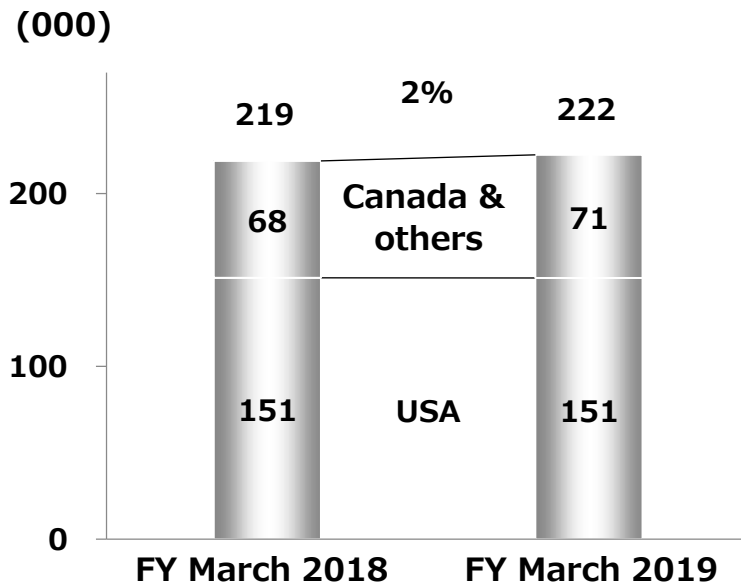


NORTH AMERICA



- Sales were 222,000 units, up 2% year on year
- USA: 151,000 units, on par with the previous year
 - Updated Mazda6 helped maintain sales volume despite declining demand for sedan models
 - Sales of all crossover models grew year on year
- Canada: 43,000 units, up 3% year on year
- Mexico: 28,000 units, up 10% year on year

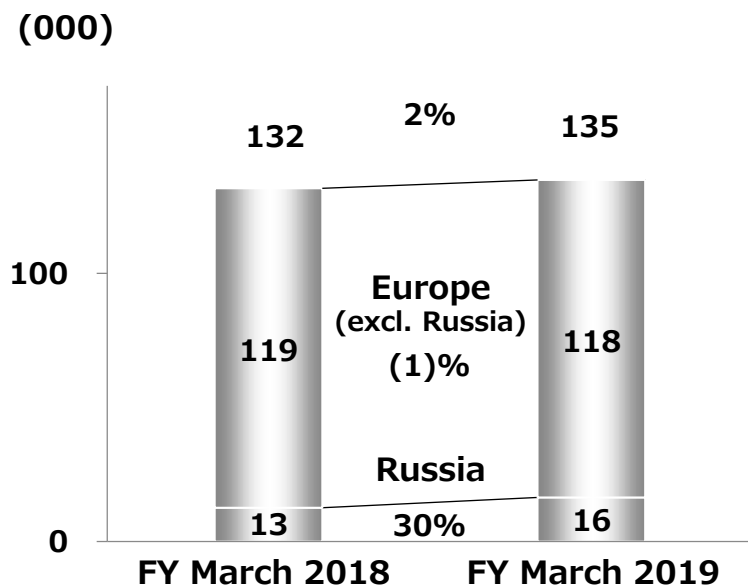
First Half Sales Volume



EUROPE



First Half Sales Volume

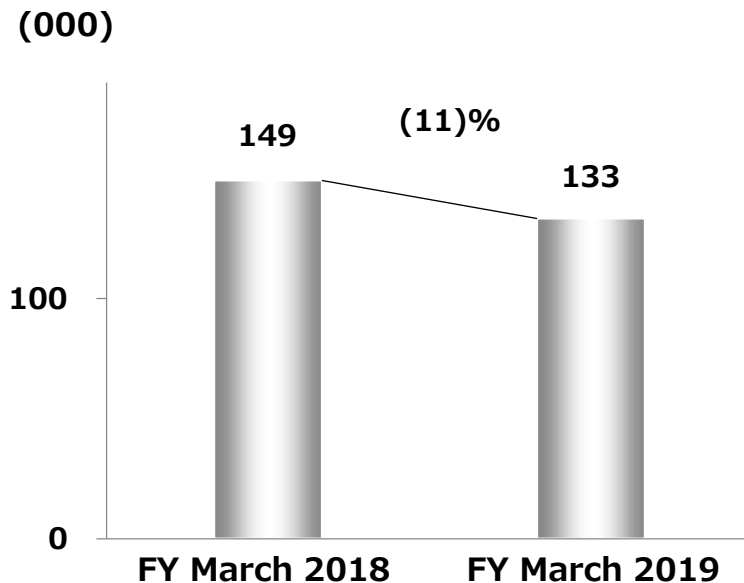


- Sales were 135,000 units, up 2% year on year
- CX-5 sales remained strong, up 20% year on year
- Sales in Europe excluding Russia were 118,000 units, down 1% year on year
 - Germany: 33,000 units, down 4% year on year
 - UK: 19,000 units, on par with the previous year
 - Spain: 11,000 units, up 17% year on year
- Russia: 16,000 units, up 30% year on year

CHINA



First Half Sales Volume

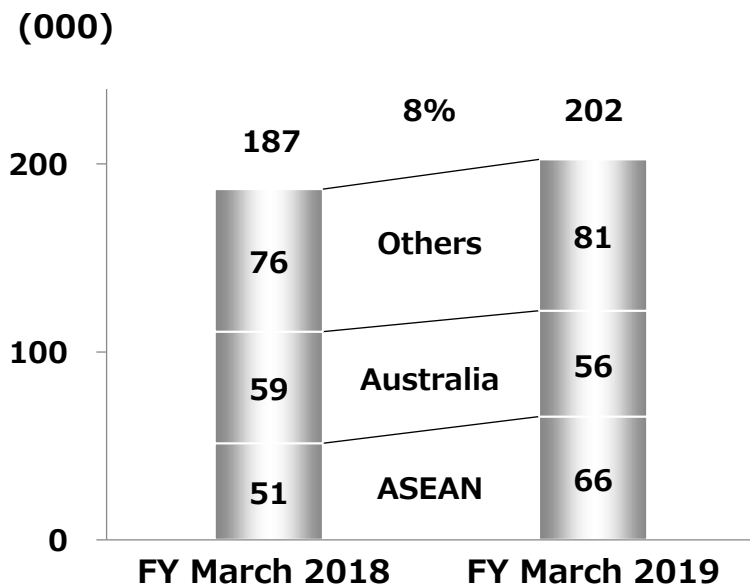


- Sales were 133,000 units, down 11% year on year
- Demand slowed and the sales environment deteriorated due to the US-China trade dispute and others
- Sales of major models, including Mazda3, declined
- Holding new technology briefing and design forum for SKYACTIV-X and KODO Design to promote deeper understanding of the Mazda Brand
- Preparations to launch CX-8 at the end of 2018 are on track

OTHER MARKETS



First Half Sales Volume



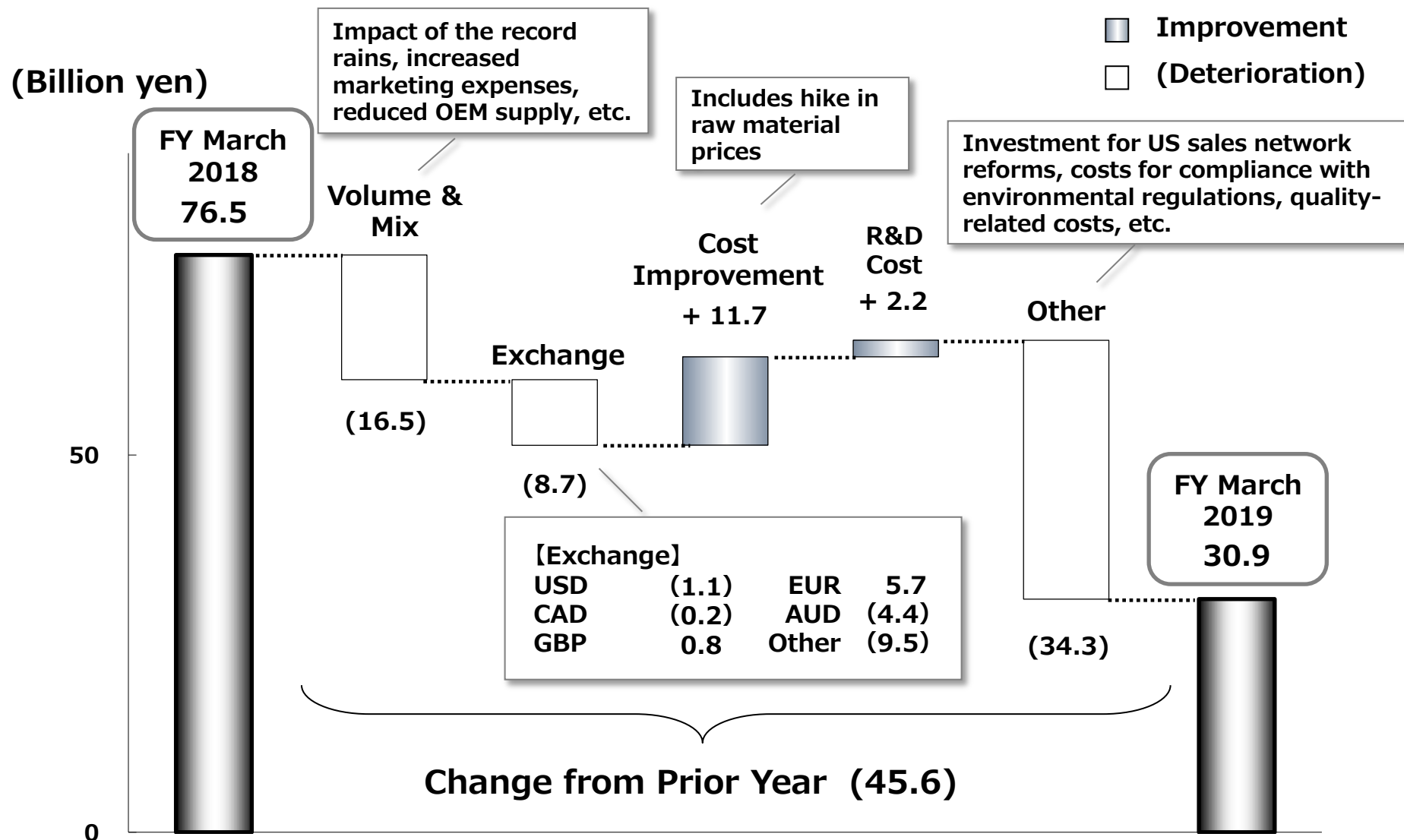
- Sales were 202,000 units, up 8% year on year
- Australia: 56,000 units, down 5% year on year
 - Sales of CX-5 were up 3% year on year to 14,000 units, maintaining momentum despite a deteriorating sales environment
 - CX-8 got off to a good start and is steadily gaining recognition
- ASEAN: 66,000 units, up 28% year on year
 - Thailand: 35,000 units, up 40% year on year
 - Vietnam: 14,000 units, up 25% year on year
- Other: Record sales in Chile

FY MARCH 2019 FINANCIAL METRICS

(Billion yen)	First Half		Change from	
	FY March	FY March	Prior Year	
	2018	2019	Amount	YOY(%)
Revenue	1,656.6	1,729.1	72.5	4 %
Operating profit	76.5	30.9	(45.6)	(60)%
Ordinary profit	96.5	54.5	(42.0)	(43)%
Profit before tax	87.4	50.0	(37.4)	(43)%
Net income	63.3	24.4	(38.9)	(62)%
Operating ROS	4.6 %	1.8 %	(2.8)pts	
EPS (Yen)	105.9	38.7	(67.2)	
Exchange rate (Yen)				
US Dollar	111	110	(1)	
Euro	126	130	3	

FY MARCH 2019 OPERATING PROFIT CHANGE

FY March 2019 1st Half vs. FY March 2018 1st Half



IMPACT OF THE RECORD RAINS IN JULY 2018

<Timely Disclosure (September 21)>

- Plants suspended operations immediately after the rains and operated at reduced production volumes after resuming operations
- Production loss of 44,000 vehicles and 23,000 knockdown kits for overseas
- Estimated negative profit impact was about ¥28 billion

<First Half Results>

- Using inventory in the Group, the drop in first half consolidated wholesale sales was kept to approximately 22,000 units
- The first half profit impact (approximate estimate)

Operating loss	• Vehicle volume drop	¥(10.0) billion
	• Carline mix and KD drop for overseas production	¥(5.0) billion
Extraordinary loss	• Fixed cost due to production cut	¥(3.7) billion
Total		Approx. ¥(18.0) billion

<Full Year Forecast>

- The impact of the production loss on wholesale in the second half will be offset by recovery
- As a result, the full year impact on volume and profit will be similar to the above. Maximize recovery to minimize the impact

FISCAL YEAR MARCH 2019 FULL YEAR FORECAST

FY MARCH 2019 GLOBAL SALES VOLUME

(000)	Full Year		Change from		
	FY March	FY March	Prior Year		Apr. Forecast
	2018	2019	Volume	YOY(%)	Volume
Global sales volume					
Japan	210	216	6	3 %	2
North America	435	434	(1)	(0)%	(23)
Europe	269	270	1	0 %	5
China	322	294	(28)	(9)%	(28)
Other Markets	394	403	9	2 %	0
Total	1,631	1,617	(14)	(1)%	(46)
<Breakdown>					
USA	304	297	(7)	(2)%	(19)
Australia	116	112	(4)	(3)%	(5)
ASEAN	116	129	13	12 %	6

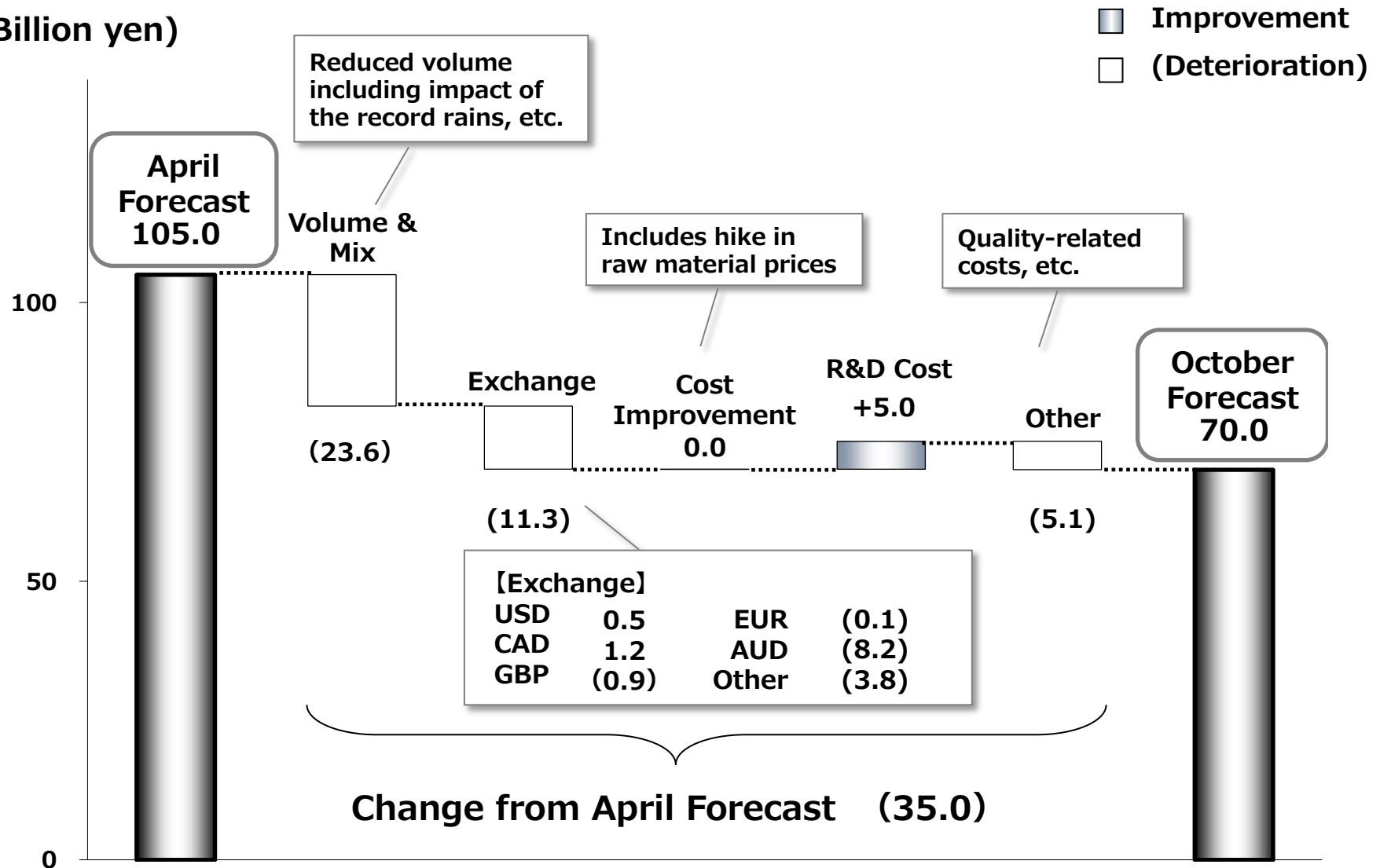
FY MARCH 2019 FINANCIAL METRICS

(Billion yen)	Full Year		Change from		
	FY March 2018	FY March 2019	Prior Year		Apr. Forecast
			Amount	YOY(%)	Amount
Revenue	3,474.0	3,530.0	56.0	2 %	(20.0)
Operating profit	146.4	70.0	(76.4)	(52)%	(35.0)
Ordinary profit	172.1	100.0	(72.1)	(42)%	(30.0)
Profit before tax	157.5	87.0	(70.5)	(45)%	(33.0)
Net income	112.1	50.0	(62.1)	(55)%	(30.0)
Operating ROS	4.2%	2.0%	(2.2)pts		(1.0)pts
EPS (Yen)	182.9	79.4	(103.5)		(47.6)
Exchange rate (Yen)					
US Dollar	111	110	(1)		3
Euro	130	130	0		(0)

FY MARCH 2019 OPERATING PROFIT CHANGE

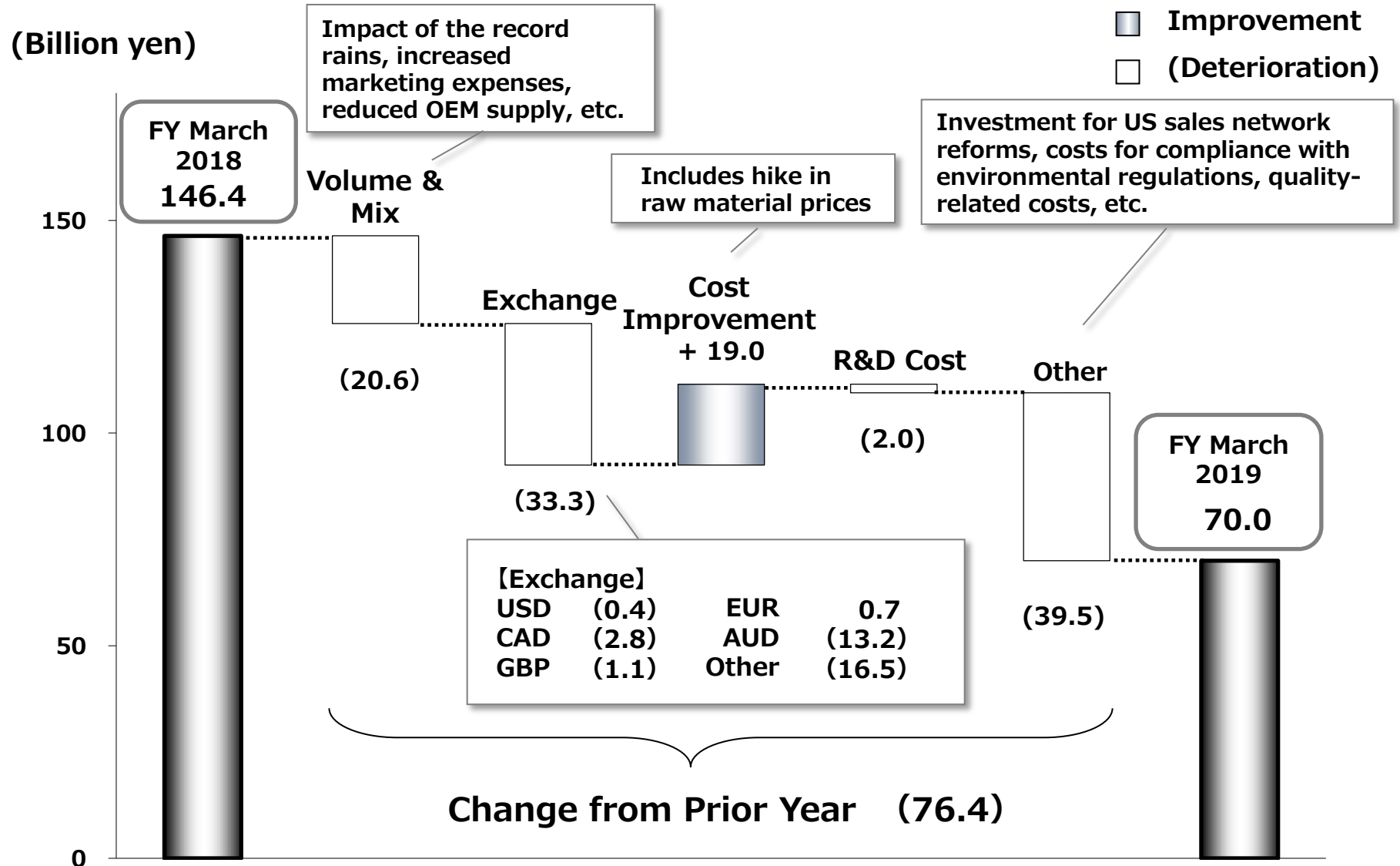
FY March 2019 Full Year vs. April Forecast

(Billion yen)



FY MARCH 2019 OPERATING PROFIT CHANGE

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



PROGRESS OF KEY INITIATIVES (1)

- Enhance product competitiveness with new car launches and continuous product updates
 - Updated Mazda2 in Japan is now powered by a SKYACTIV-G 1.5-liter gasoline engine
 - Updated CX-5 is the first model in Japan available with the SKYACTIV-G 2.5T turbo gasoline engine and a special edition model features a premium-feeling interior. The model also adopts G-Vectoring Control Plus (GVC Plus), a vehicle dynamics control technology
 - CX-8 is scheduled to go on sale in China at the end of 2018
- Added a second shift at Hofu Plant No.2 in August for more efficient and flexible production framework



CX-8

PROGRESS OF KEY INITIATIVES (2)

- On track with development of next-generation products and new technologies
- Launch the first next-generation product at the end of this fiscal year

<New technologies slated for the next-generation products>

- SKYACTIV-X, next-generation gasoline engine utilizing Mazda's unique SPCCI combustion
- Human-centric next-generation SKYACTIV-Vehicle Architecture
- The second phase of KODO design, an evolution of the 'Soul of Motion' design philosophy

- Mass-production of the first next-generation model began at the end of September; plan to unveil it at the Los Angeles Auto Show in late November



PROGRESS OF KEY INITIATIVES (3)

- **On track with sales network reforms in the United States**
 - **Started dealer support programs in July that provide incentives to comply with high brand standards**
 - **About 200 dealers have announced their intention to invest in upgrades, marking a good start to plans to upgrade 300 dealerships to next-generation brand showrooms**
 - **Strengthen dealers' revenue base and manage maintenance of residual values through enhanced trade cycle management and strengthened sales of certified pre-owned vehicles**



PROGRESS OF KEY INITIATIVES (4)

■ Announced electrification and connectivity strategies

Electrification

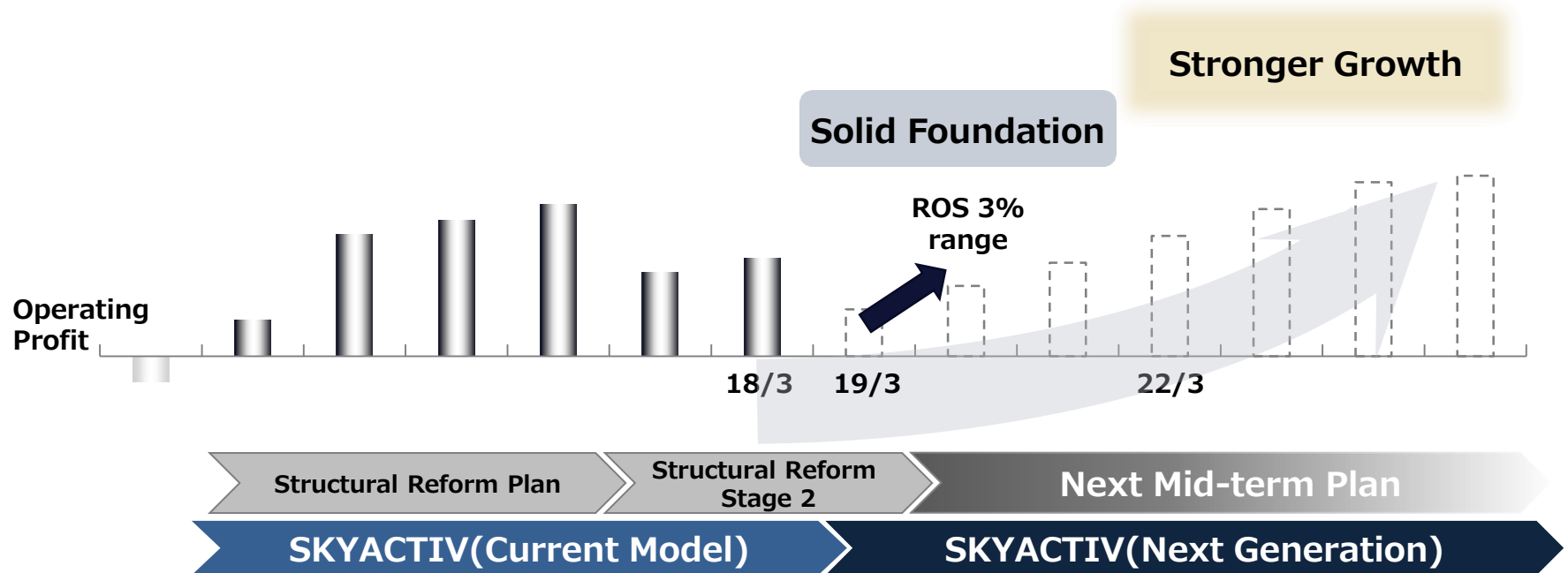
- Halve corporate average CO2 emissions by 2030 (vs. 2010 levels)
- Deploy electrification in all production vehicles by 2030
Internal combustion engine with electrification: 95%
Electric vehicle: 5%
- Develop an electric vehicle with a range extender powered by rotary engine

Connectivity

- Contribute to the resolution of social issues such as weakening interpersonal connections
- Further improve quality and customer satisfaction by linking connectivity with computer modeling-based development and reflecting the results in future product development
- Leverage the alliance with Toyota Motor Corporation in the development of connectivity technologies

IN CLOSING

- Revised full year forecast downwards reflecting reduced sales, partly due to the effects of the record rains, foreign exchange impact and quality-related costs
- Aim to return ROS to the 3% range by introducing next-generation products, recovering from the impact of record rains and quality-related costs and thoroughly revising both variable and fixed costs
- Promote key actions in line with “Direction of Future Frameworks” to achieve stronger growth from FY March 2022





APPENDIX

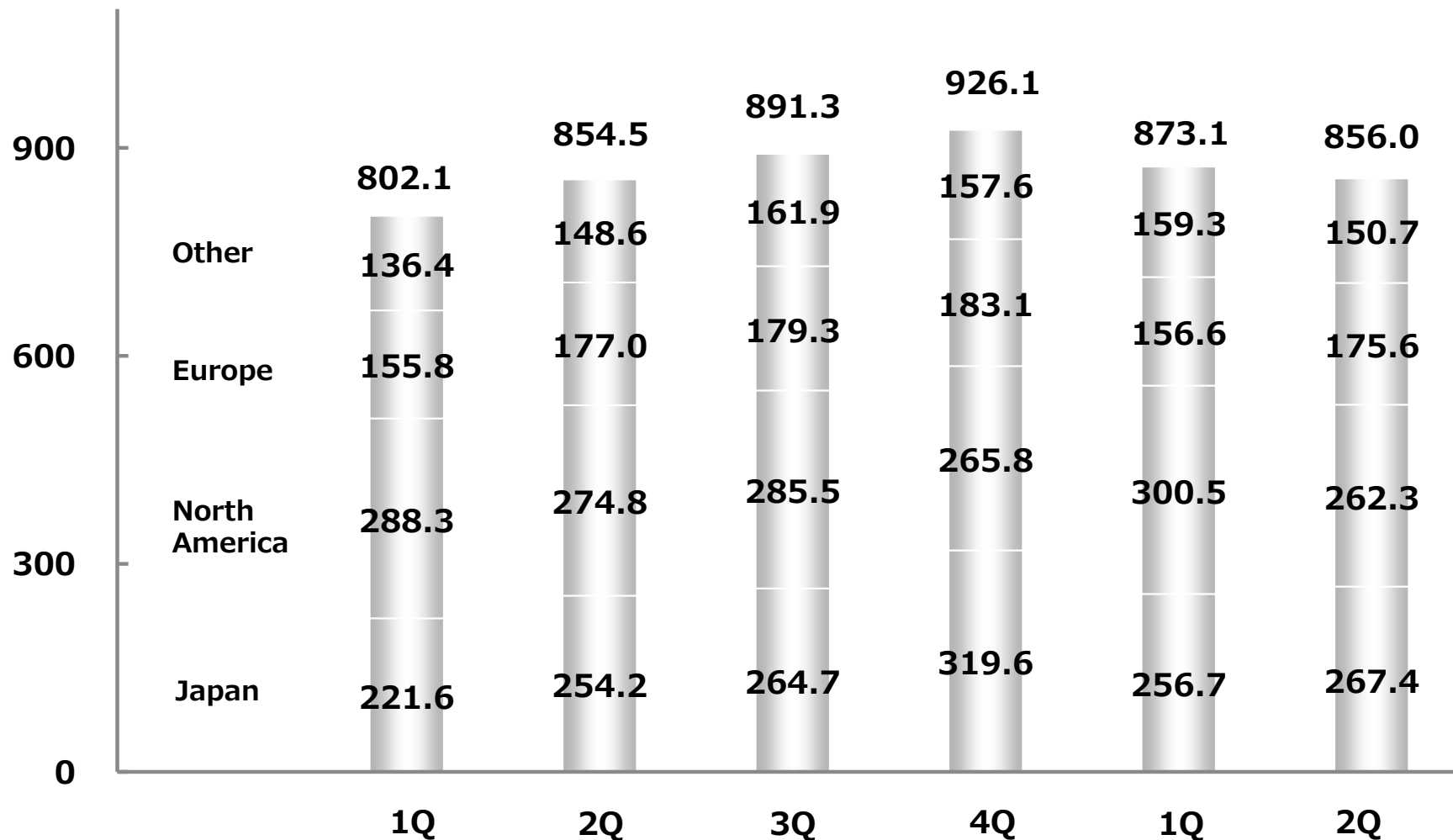
CASH FLOW AND NET CASH

(Billion yen)	<u>FY March 2018 Full Year</u>	<u>FY March 2019 First Half</u>	<u>Change from Prior FY End</u>
Cash Flow			
- From Operating activities	207.8	60.7	-
- From Investing activities	<u>(160.0)</u>	<u>(39.5)</u>	-
- Free Cash Flow	47.8	21.2	-
 Cash and Cash Equivalents	 604.9	 674.3	 69.4
 Net Cash	 107.0	 115.4	 8.4
 Equity Ratio	 44 / 45 [*] %	 44 / 45 [*] %	 0 / 0 [*] pts

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

REVENUE BY GEOGRAPHIC AREA

(Billion yen)

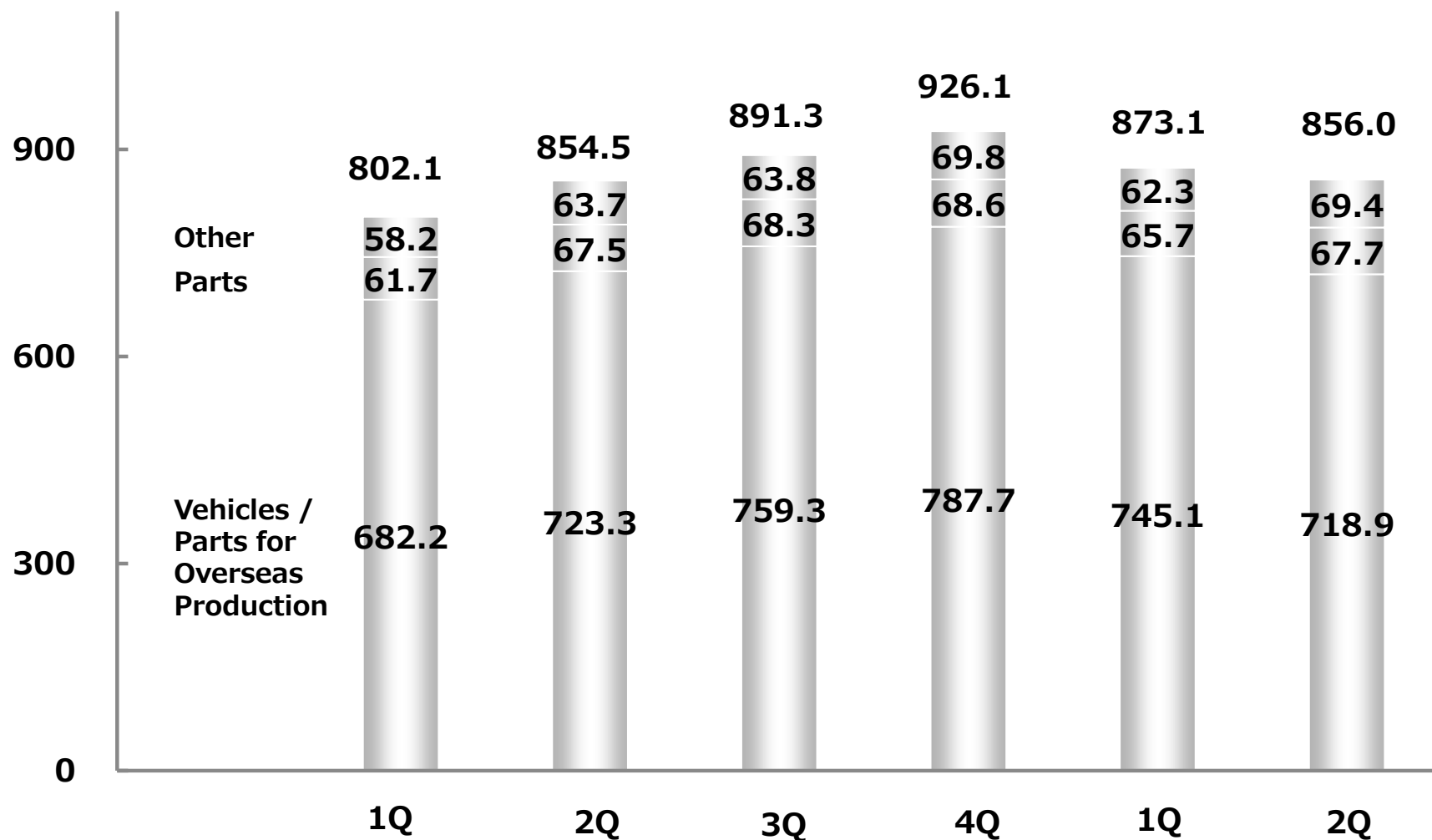


FY March 2018

FY March 2019

REVENUE BY PRODUCT

(Billion yen)

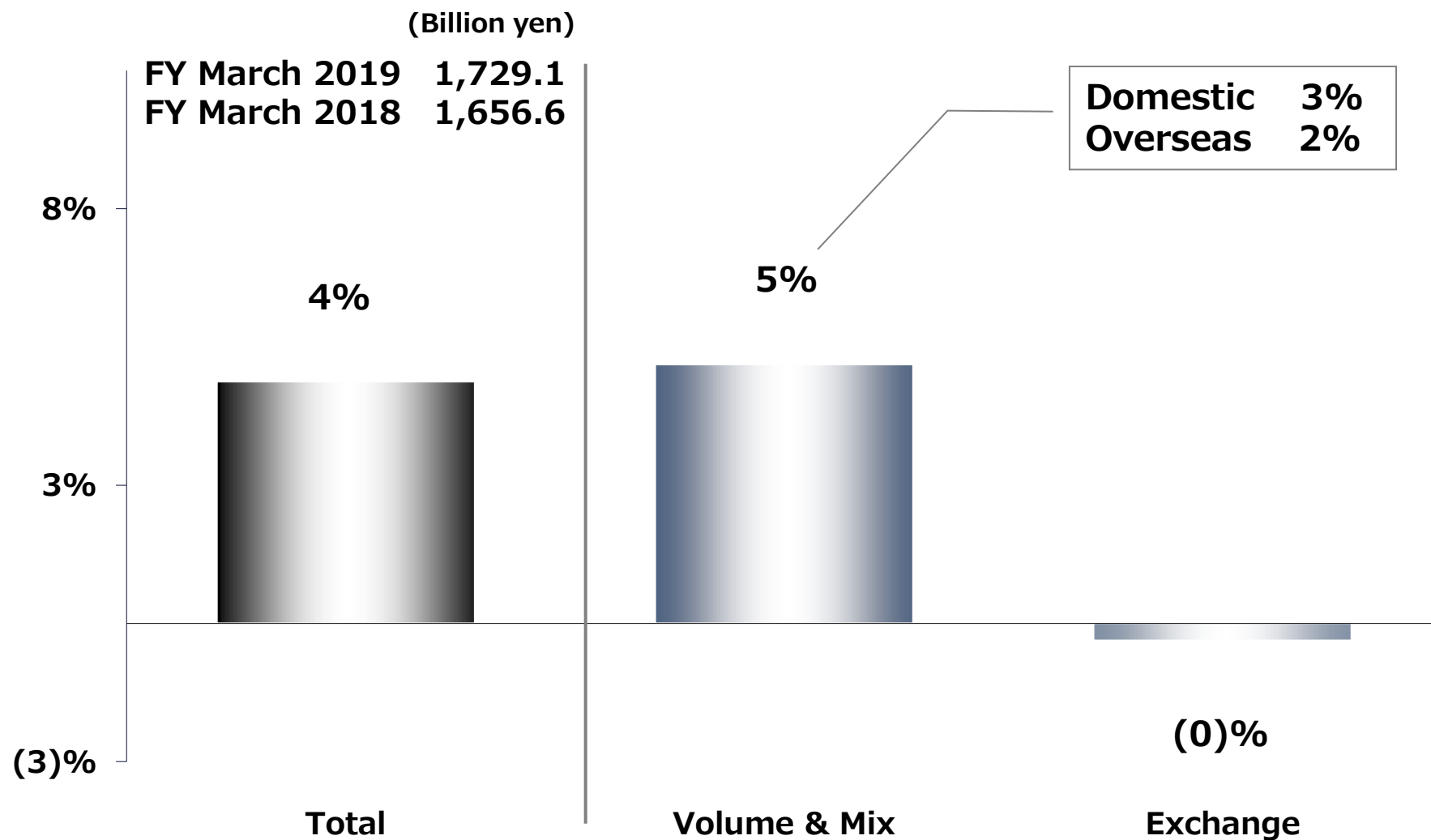


FY March 2018

FY March 2019

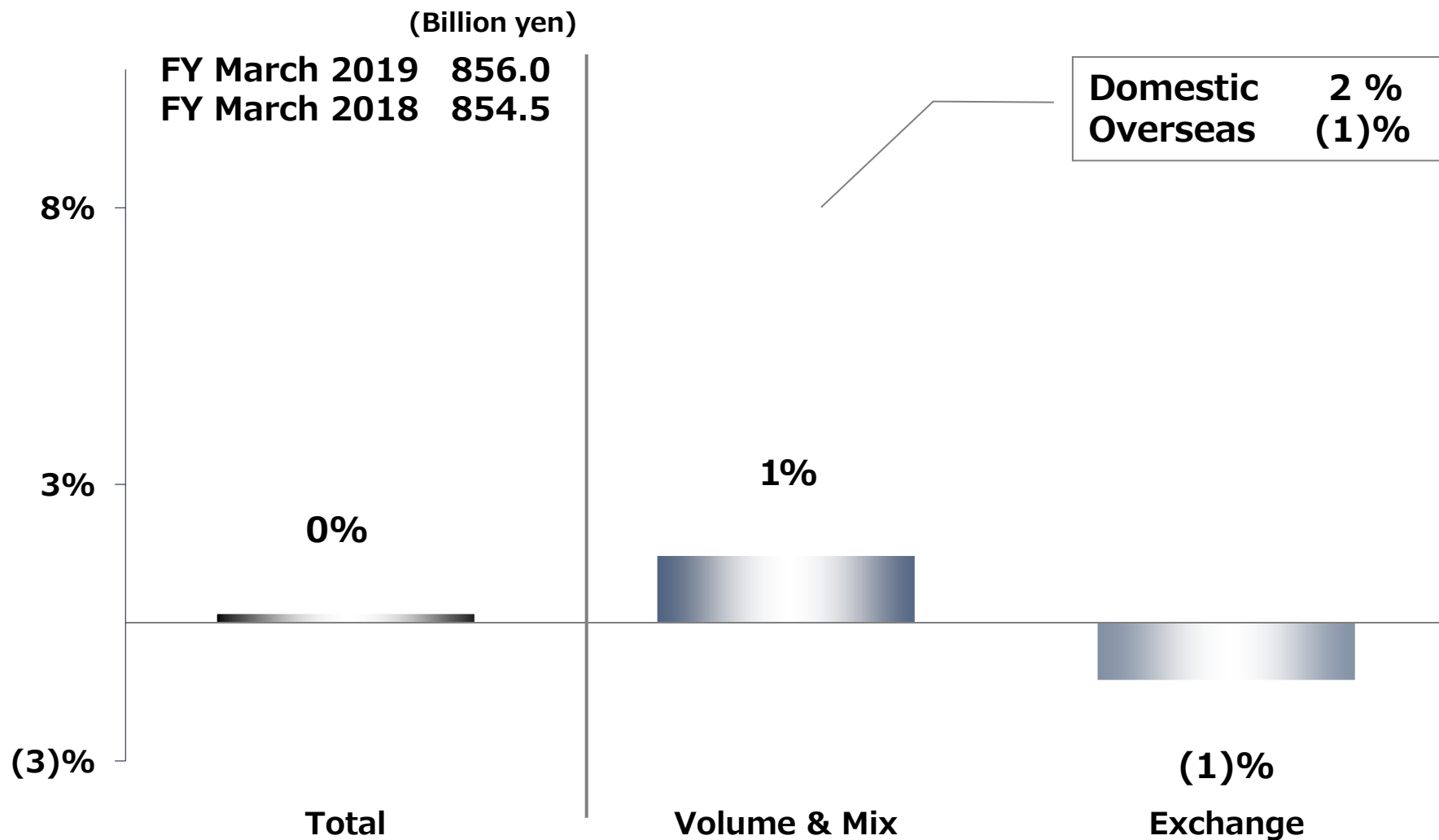
REVENUE CHANGE

FY March 2019 1st Half vs. FY March 2018 1st Half



REVENUE CHANGE

FY March 2019 2nd Quarter vs. FY March 2018 2nd Quarter



GLOBAL SALES VOLUME AND CONSOLIDATED WHOLESALES

(000)	First Half		Change from	
	FY March 2018	FY March 2019	Prior Year	
Global sales volume			Volume	YOY(%)
Japan	96	103	6	7 %
North America	219	222	4	2 %
Europe	132	135	3	2 %
China	149	133	(16)	(11)%
Other Markets	187	202	16	8 %
Total	783	796	13	2 %
Consolidated wholesales				
Japan	90	101	10	11 %
North America	215	219	4	2 %
Europe	132	129	(4)	(3)%
Other Markets	174	195	20	12 %
Total	611	642	31	5 %
<Breakdown>				
USA	144	146	2	2 %

GLOBAL SALES VOLUME AND CONSOLIDATED WHOLESALES

(000)	Full Year		Change from		
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	2018	2019	Volume	YOY(%)	Volume
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Europe	269	270	1	0 %	5
China	322	294	(28)	(9)%	(28)
Other Markets	394	403	9	2 %	0
Total	1,631	1,617	(14)	(1)%	(46)
Consolidated wholesales					
Japan	199	211	13	6 %	2
North America	423	431	7	2 %	(30)
Europe	266	262	(4)	(1)%	0
Other Markets	386	397	11	3 %	4
Total	1,274	1,301	27	2 %	(24)
<Breakdown>					
USA	289	294	5	2 %	(25)

GLOBAL SALES VOLUME AND CONSOLIDATED WHOLESALES

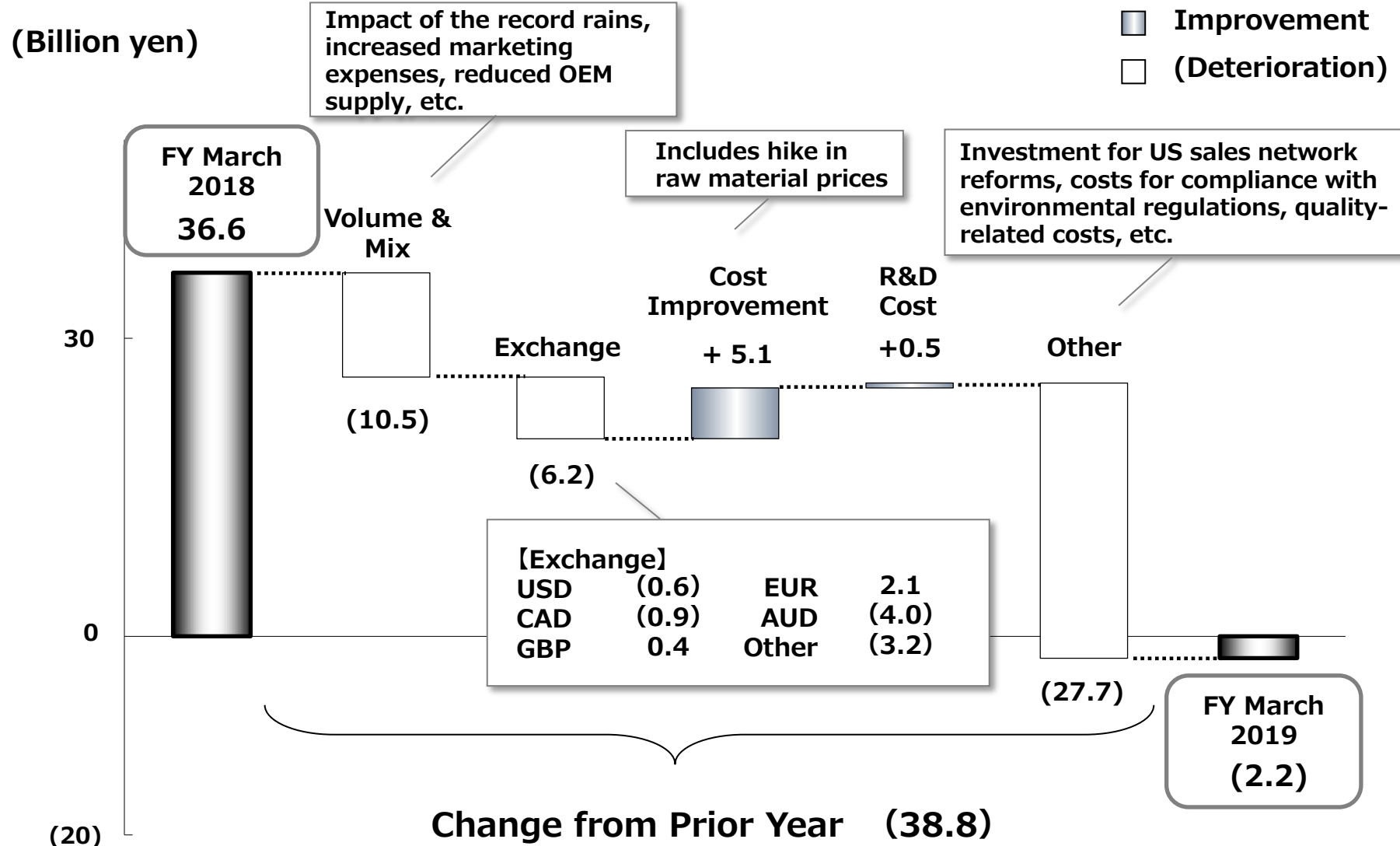
(000)	Second Quarter		Change from	
	FY March 2018	FY March 2019	Prior Year	
Global sales volume			Volume	YOY(%)
Japan	55	54	(1)	(2)%
North America	112	106	(6)	(5)%
Europe	68	68	(0)	(0)%
China	78	65	(13)	(17)%
Other Markets	92	100	7	8 %
Total	406	392	(13)	(3)%
Consolidated wholesales				
Japan	49	52	3	5 %
North America	104	101	(3)	(3)%
Europe	68	68	(0)	(0)%
Other Markets	93	97	4	4 %
Total	315	318	3	1 %
<Breakdown>				
USA	69	64	(5)	(7)%

FY MARCH 2019 FINANCIAL METRICS

(Billion yen)	Second Quarter		Change from	
	FY March	FY March	Prior Year	
	2018	2019	Amount	YOY(%)
Revenue	854.5	856.0	1.5	0 %
Operating profit	36.6	(2.2)	(38.8)	-
Ordinary profit	44.1	12.1	(32.0)	(72)%
Profit before tax	36.9	7.0	(29.9)	(81)%
Net income	26.7	3.8	(22.9)	(86)%
Operating ROS	4.3%	(0.3)%	(4.6)pts	
EPS (Yen)	44.7	5.9	(38.8)	
Exchange rate (Yen)				
US Dollar	111	111	0	
Euro	130	130	(1)	

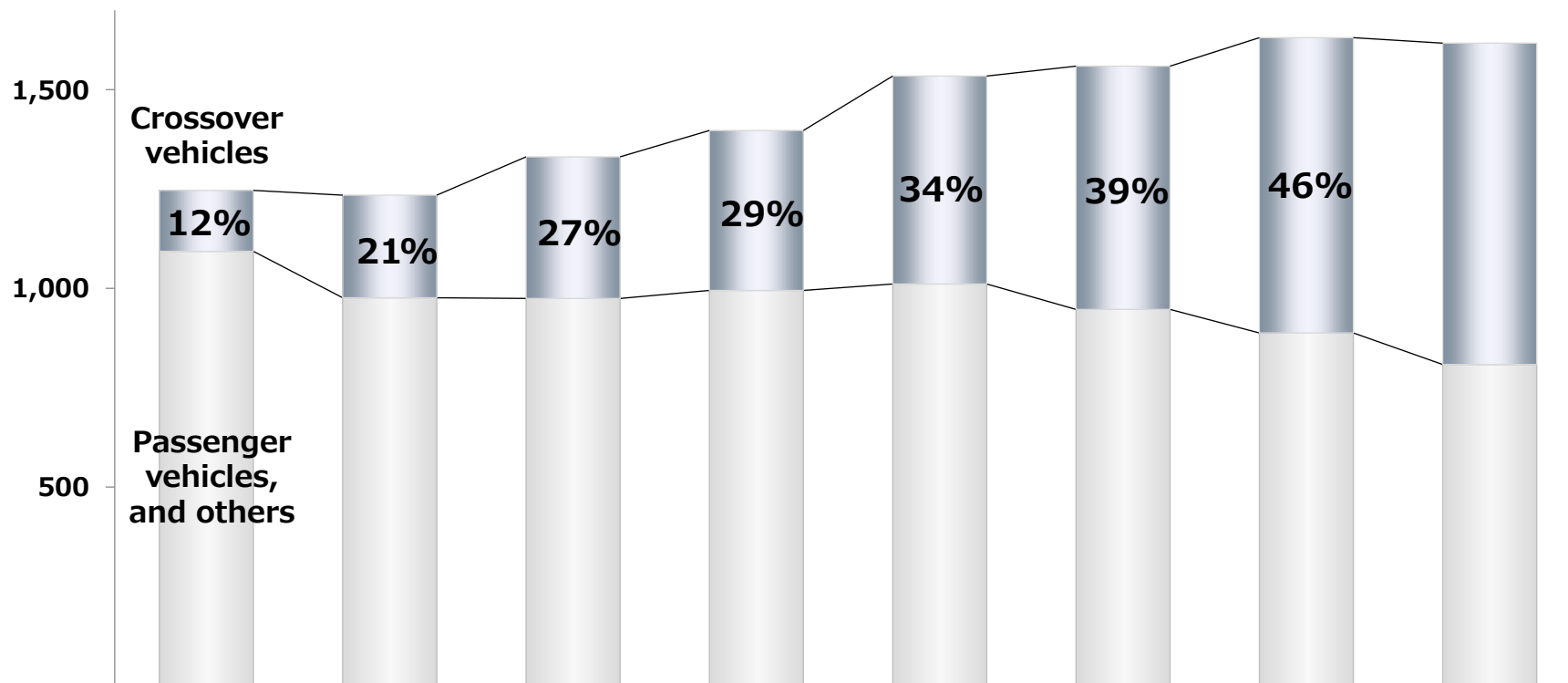
FY MARCH 2019 OPERATING PROFIT CHANGE

FY March 2019 2nd Quarter vs. FY March 2018 2nd Quarter



CROSSOVER VEHICLE RATIO

(000 units)



FY March

2012

2013

2014

2015

2016

2017

2018

2019

Global Sales Volume

1,247

1,235

1,331

1,397

1,534

1,559

1,631

1,617

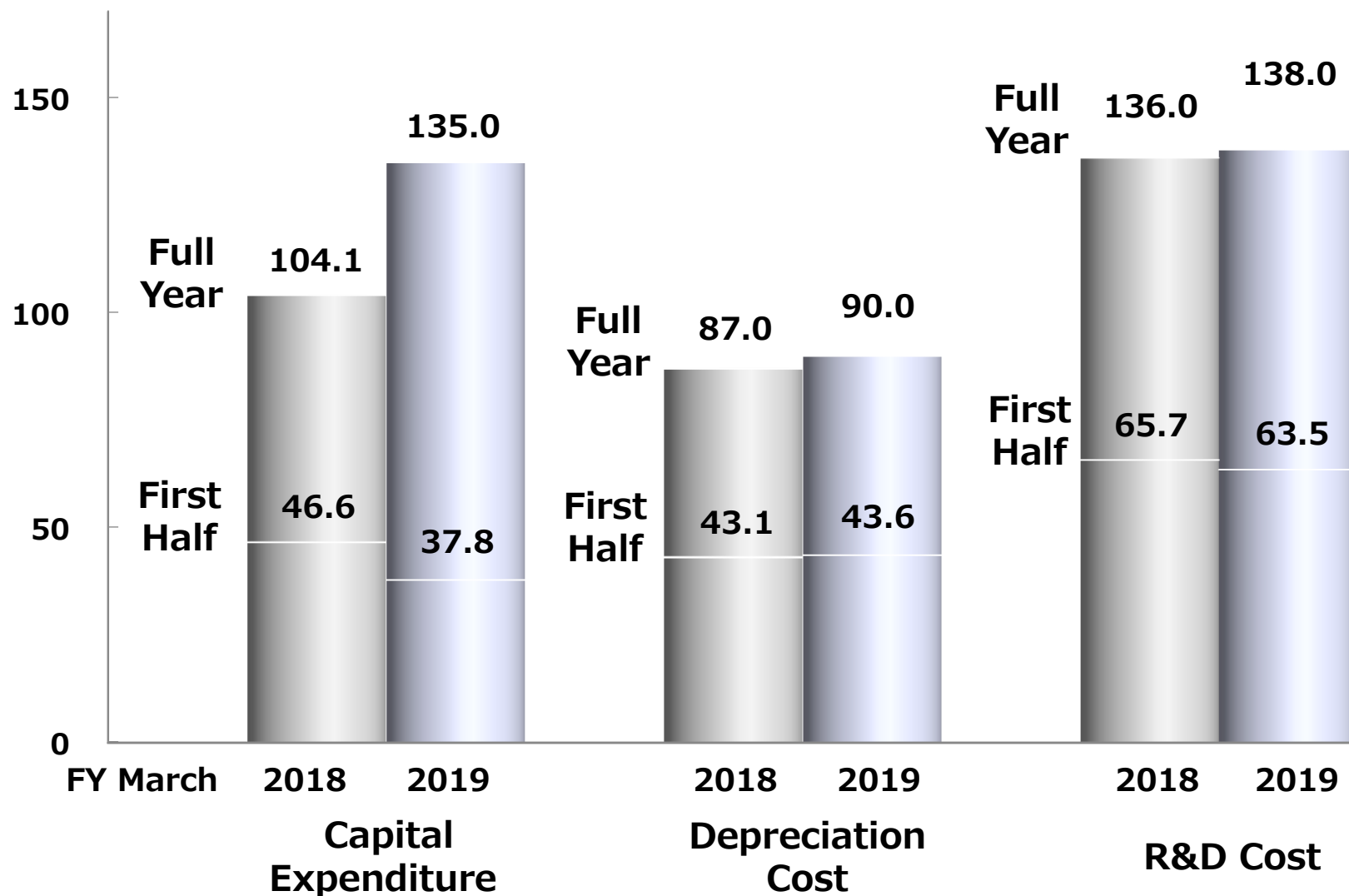
(000 units)

Results

Plan

KEY DATA

(Billion Yen)

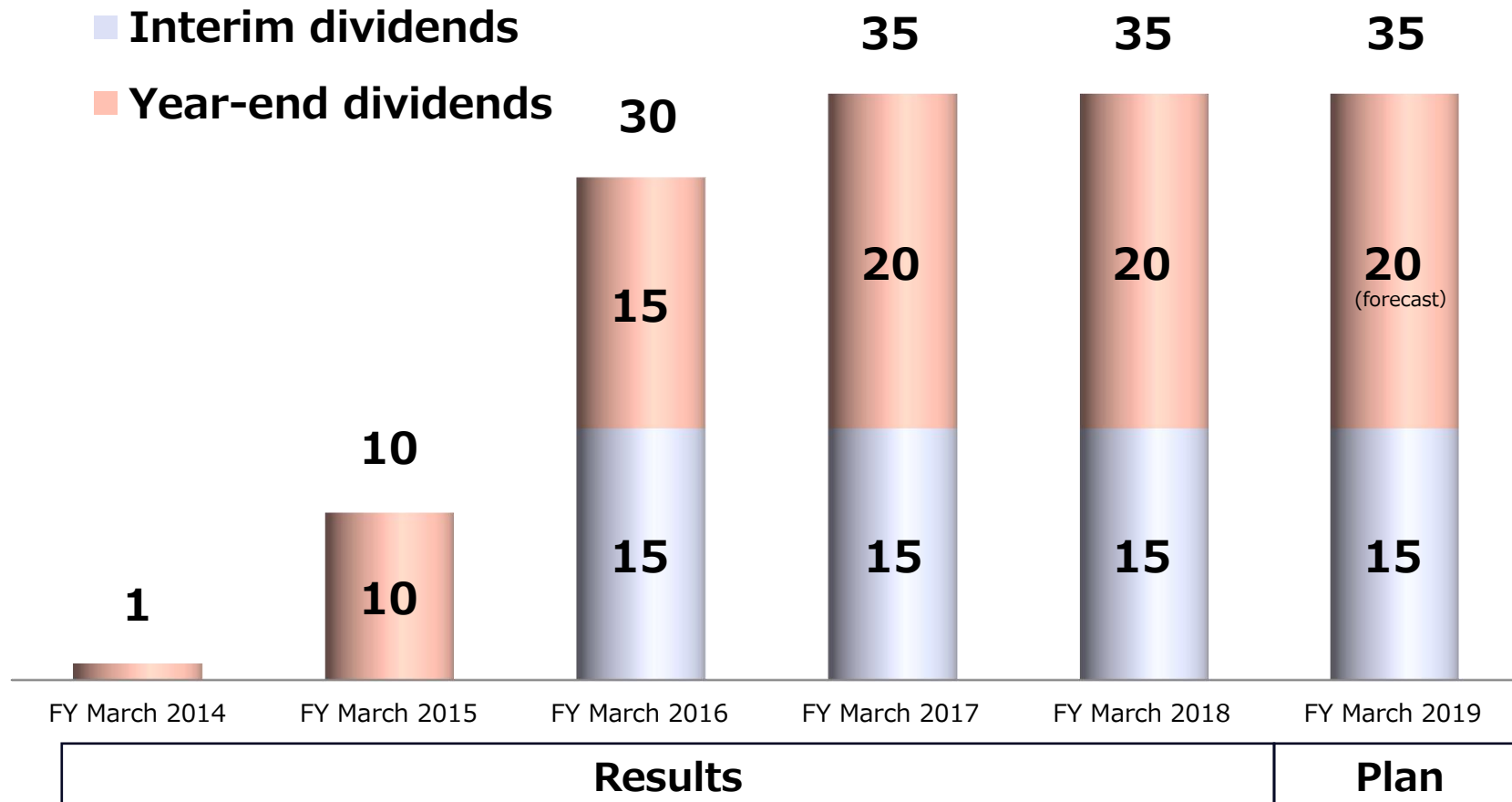


EXCHANGE RATES

(Yen)	Full Year		Change from Prior Year
	FY March 2018	FY March 2019	
US Dollar	111	110	(1)
Euro	130	130	0
Canadian Dollar	86	85	(2)
Australian Dollar	86	81	(5)
British Pound	147	146	(1)

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.