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(For your information)

Mazda Motor Corporation
FISCAL YEAR MARCH 2018 THIRD QUARTER FINANCIAL RESULTS
(Speech Outline)

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Thank you for joining our earnings announcement today.

1. HIGHLIGHTS

In the first nine months of this fiscal year, global sales were up 2% to 1,186,000 units, a new record.

The global roll out of new CX-5 and strong sales in China contributed to volume growth.

We started production of the new CX-5 at Hofu Plant, supporting volume growth through enhanced production of crossovers.

Revenue was ¥2 trillion 547.9 billion, operating profit was ¥107.1 billion, up 5% year on year, and net income was ¥84.9 billion.

Although we updated our exchange assumptions to the current rates and reflected changes in the sales environment, our full-year forecast for global sales of 1.6 million units and operating profit of ¥150 billion remain unchanged.

We will steadily promote our key initiatives for the future, while responding to changes in the external environment.

2. FISCAL YEAR MARCH 2018 NINE MONTH RESULTS

Global sales volume was 1,186,000 units.

Sales growth, mainly in China and Japan, offset a 3% year-on-year decline in North America caused mostly by the substantial reduction of sedan models in the US, and global sales volume was up 2% year on year.

By vehicle-line, strongly performing crossovers including the new CX-5 that is now launched globally led volume growth.

Now I will talk about sales in each market.

In Japan, sales were 139,000 units, up 5% year on year. Registered vehicle market share was 4.7%, up 0.1 points year on year.

The strong sales momentum of new CX-5 contributed to volume growth.

New CX-8 is performing very well with orders for 12,000 units within a month after sales launch in December, far exceeding our expectations.

We enhanced the lineup of advanced safety features for Mazda2 in December. With this enhancement, all six key models in Japan now qualify for "Support Car S Wide," the top rank of Japan's new vehicle safety concept, providing safety and peace of mind to more customers.

Sales in North America were 321,000 units, down 3% year on year.

In the region, sales of new CX-5 were strong, but the market for sedans remains tough.

The updated Mazda6 was unveiled at the Los Angeles Auto Show. The model is now available with a 2.5-liter turbo engine, enhancing its competitiveness.

In the U.S., sales were 220,000 units, down 5% year on year mainly due to the restriction of fleet sales.

In Canada, sales were 59,000 units, up 5% year on year, and in Mexico, sales were 42,000 units, up 2% year on year.

In Europe, sales were 193,000 units, up 1% year on year.

Sales of the new CX-5 have shifted into high gear. The model is selling well throughout Europe and sales grew 14% year on year.

In Germany, total sales were 50,000 units, up 7% year on year while in the UK, sales were 24,000 units, down 19% year on year due to shrinking demand.

In Russia, sales were 21,000 units, up 22% year on year.

In China, sales were 245,000 units, up 8% year on year and achieving a record for the first nine months.

Strong sales of the Mazda3, which were helped along by a tax cut, and the CX-4 contributed to volume growth.

The new CX-5, launched in September, saw steady sales. The model's more mature design and strong product appeal are highly acclaimed.

Sales in other markets were 288,000 units, up 3% year on year.

In Australia, sales were 86,000 units, down 2% year on year. Mazda remains the country's second highest-selling brand.

Sales of crossover vehicles, such as the CX-9 and especially the new CX-5 remained strong. The CX-5 was the top-selling car in its segment.

Total sales in ASEAN were 83,000 units, up 3% year on year.

Sales in Thailand were especially strong, rising 26% year on year to 40,000 units; whereas sales in Vietnam were 19,000 units, down 25% year on year due to consumers deferring purchases in anticipation of the elimination of import tariffs.

New Zealand, Chile, and Peru set new sales records.

Next, I would like to explain financial results of the first nine months of this fiscal year.

Revenue was ¥2 trillion 547.9 billion, up 8% year on year.

Operating profit was ¥107.1 billion, up ¥5.1 billion from the prior year. Net income was ¥84.9 billion.

The exchange rates were ¥112 to the US dollar and ¥129 to the euro, ¥5 and ¥11 weaker, respectively.

I will explain the key factors behind the operating profit increase of ¥5.1 billion over the prior year. Volume & mix declined ¥24.2 billion mainly due to decreased wholesale volume and an increase in marketing expenses driven by intensifying competition in the U.S. market.

Exchange rates contributed to an improvement of ¥31.5 billion in total, mainly thanks to ¥10.4 billion from the euro and ¥10 billion from the Australian dollar.

The effect of enhanced cost-improvement efforts was partially offset by higher prices for raw materials, and variable costs improved by ¥4.5 billion as a result.

R&D costs increased ¥3.4 billion due to intensifying development of next-generation technologies and products. Other fixed costs increased ¥3.3 billion.

3. FISCAL YEAR MARCH 2018 FULL YEAR FORECAST

We reflected the current sales performance of each market into the full-year global sales volume forecast.

Our full-year global sales volume forecast is unchanged at 1.6 million units from our November forecast. Sales targets are revised downward in North America and Japan in light of the tough sales environment in both markets, but upward in China where sales are strong.

We updated full-year exchange rate assumptions from ¥110 to ¥111 for the US dollar and from ¥127 to ¥130 for the euro, reflecting current exchange rate levels.

While the change in our exchange rate assumptions was reflected in the exchange gain in non-operating profit, our full-year operating profit and net income forecasts remain unchanged.

The operating profit forecast is unchanged, but volume & mix and exchange rates were updated from our November forecast.

Volume & mix declines ¥2 billion mainly due to fiercer sales competition in the U.S.

Exchange rates improve ¥5 billion mainly against the euro and the pound sterling. Other fixed costs increase ¥3 billion.

Now, I would like to explain the key factors behind the forecast ¥24.3 billion year-on-year increase in full-year operating profit.

Volume & mix is projected to decline ¥22 billion with lower wholesale volume in the U.S. and higher marketing expenses.

Exchange rates will improve ¥40.8 billion in total, including ¥16.8 billion from the euro and ¥10.7

billion from the Australian dollar.

Cost improvement of ¥10 billion is expected with cost improvement efforts, offsetting the negative impact of higher raw material prices.

R&D costs are projected to increase ¥13.1 billion due to intensifying development of next-generation technologies and products. Other fixed costs are forecast to improve ¥8.6 billion mainly due to improvement of quality-related costs.

4. PROGRESS OF KEY INITIATIVES

I will now speak about the progress of our key initiatives.

In the area of products and R&D, we launched the new CX-8 in Japan.

The new CX-8 offers customers a new value proposition and will create a new market for three-row crossover SUVs.

The updated Mazda6 builds on the model's strengths with a more mature design, a cylinder deactivation system and the turbocharged 2.5-liter gasoline engine. The model is expected to contribute to a turnaround in US sales in the next fiscal year.

In Japan, we have enhanced the lineup of advanced safety technologies in compact cars such as the Mazda2. We are providing safety and peace of mind to more customers.

In line with our "Sustainable Zoom-Zoom 2030" long-term technology vision, we will promote the development of next-generation technologies and products, including SKYACTIV-X, to achieve sustainable growth.

In the area of global sales and network enhancement, we will strengthen investment in operational reforms and the sales network in the US in the next fiscal year and beyond to respond to sales environment.

In the area of global production, we opened a new engine machining factory at our powertrain plant in Thailand. This is part of our efforts to enhance a comprehensive production system for engines and transmissions, and to increase engine production capacity from 30,000 to 100,000 units per year.

We also started production of the new CX-5 at Hofu plant to support sales growth in the next fiscal year and beyond along with increased production capacity of crossover models at Hiroshima plant.

Together with Toyota, we selected Huntsville, Alabama as the site of our joint-venture manufacturing plant in the U.S.

Our preparations for the shift to electrified powertrains are progressing as planned, including the joint development of technologies for electric vehicles through a new company.

We continue to steadily implement key initiatives for future growth while responding to changes in the conditions surrounding the automotive industry.

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