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(For your information)

Mazda Motor Corporation
FISCAL YEAR MARCH 2017 FIRST QUARTER FINANCIAL RESULTS
(Speech Outline)

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Thank you for joining our earnings announcement today.

1. HIGHLIGHTS

In the first quarter of FY March 2017, global sales were up 1% from the prior year to 375,000 units, a new record for the first quarter.

Revenue was ¥776.2 billion, operating profit was ¥52.4 billion and net income was ¥21.2 billion. We introduced new CX-9 in North America and new CX-4 in China, and both models are off to a good start.

FY March 2017 full-year forecast remains unchanged from that announced in April; global sales volume of 1,550,000 units, operating profit of ¥170 billion and net income of ¥115 billion.

As we need to carefully watch the impact on demand from recent economic changes in major countries, as well as changes in foreign exchange rates and other financial markets, we are keeping global sales and financial forecasts unchanged from April.

We will accelerate our sales momentum with the launch of the updated Mazda3/Axela that features the first in a series of new-generation vehicle motion control technologies.

2. FISCAL YEAR MARCH 2017 FIRST QUARTER RESULTS

Global sales volume was 375,000 units, up 1% year-on-year.

CX-3 and new MX-5/Roadster contributed as sales of the models shifted into full-swing sales globally, in addition to Mazda3 driving sales in China. By region, while sales in Japan and North America declined, sales in Europe, China and other markets grew, resulting in year-on-year global sales growth.

I would like to explain the performance in each market.

In Japan, sales were 39,000 units, down 31% year-on-year. Registered vehicle market share was 4.2%, down 2.8 points year-on-year. Sales volume dropped because last year's new model effect for Demio and CX-3 wore off. The updated Axela, launched in July, features G-Vectoring Control, the first of the SKYACTIV-VEHICLE DYNAMICS new-generation vehicle motion control technologies.

In North America, sales were 113,000 units, down 2% year-on-year.

In the United States, sales were 81,000 units, on par with last year. While conditions for sales of sedan models remained harsh, CX-3 and new MX-5 contributed to sales and new CX-9 launched in May got off to a smooth start.

In Mexico, sales were 11,000 units, down 16% year-on-year, as the sales environment deteriorated due to exchange rate actions and other factors.

In Europe, sales were 66,000 units, up 22% year-on-year. Strong sales of CX-3 and new MX-5 contributed to sales growth. Sales in Europe excluding Russia grew 25% year-on-year to 61,000 units, far outpacing overall demand growth. Sales in Germany were 16,000 units, up 17% year-on-year, and sales in UK were 9,000 units, up 4% year-on-year, both showing steady sales growth.

In China, sales were up 3% year-on-year to 59,000 units. In addition to new CX-4 that was fully launched in June, Mazda3 led sales, thanks in part to the continued compact car tax reduction scheme. The updated CX-5 also contributed to sales growth.

In other markets, sales were up 14% year-on-year to 98,000 units.

In Australia, sales increased 8% year-on-year to 31,000 units and the market share was 9.8%.

Both CX-3 and CX-5 remain the best-selling vehicles in their segments.

Our sales were up 16% in Thailand and 86% in Vietnam, and the total year-on-year growth in the ASEAN countries was 20%.

In other markets, we achieved record-high sales in New Zealand, Saudi Arabia and other markets.

I will explain the financial results of the first quarter.

Revenue decreased 4% to ¥776.2 billion. Operating profit was ¥52.4 billion, down ¥900 million from the prior year. Ordinary profit was ¥44.9 billion, profit before tax was ¥39.4 billion, and net income was ¥21.2 billion.

The average exchange rates were ¥108 to USD and ¥122 to Euro, ¥13 and ¥12 stronger respectively, compared to the prior year.

Next, I would like to explain key factors behind the ¥900 million operating profit decline from the prior year.

Volume and mix improved ¥11.3 billion due to profitability improvement with new CX-9 and others.

Exchange rates deteriorated ¥33.9 billion in total, including deteriorations of ¥4.7 billion from the US dollar, ¥5.4 billion from euro and ¥23.8 billion from other major currencies. In the area of variable costs, cost improvement progressed and achieved ¥14.3 billion improvement.

Marketing expenses improved ¥2.5 billion, and other fixed costs improved ¥4.9 billion.

3. FISCAL YEAR MARCH 2017 FULL YEAR FORECAST

As explained earlier, FY March 2017 full-year forecasts for global sales and financial results remain unchanged.

We will carefully monitor macro economy trends, such as automotive demand and movements in financial markets. If we deem it necessary to make revisions, we will announce them in a timely manner.

4. PROGRESS OF KEY INITIATIVES

In terms of expanding and continually advancing the SKYACTIV lineup, we introduced new CX-9 in North America and new CX-4 in China. Both models got off to a good start.

We also launched the significantly updated Mazda3/Axela. This model features G-Vectoring Control, the first of SKYACTIV-VEHICLE DYNAMICS new-generation vehicle motion control technologies. The model was launched in Japan in July. A series of updated models to follow Mazda3/Axela will feature next-generation technologies based on our human-centered development philosophy and refinements in every area. With these models, we will continue our efforts to enhance sales and strengthen the brand.

As regards our global production footprint, our efforts to maximize production efficiency, including preparations for CX-3 production at Hofu Plant, are making steady progress.

In the area of global alliances, we reached an OEM agreement with Isuzu regarding a next-generation pick-up truck produced by Isuzu.

We financed a new subordinated loan and made an early repayment of the existing subordinated loan.

We are keeping the full-year forecast unchanged from April, because we need to carefully monitor changes in the business environment, including the economic situation in Japan and overseas, and exchange rate fluctuations.

To counter the current impact of exchange rate changes, we will further reinforce cost improvement efforts and control fixed costs.

Despite the uncertainty of the business environment, we will accelerate our efforts to improve our brand value and achieve qualitative growth in the areas of R&D, sales, production and finance.

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