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(For your information)

Mazda Motor Corporation
FISCAL YEAR MARCH 2019 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 2019, global sales were 403,000 units, up 7% year on year, setting a new record for the first quarter.

Strong sales of crossover models and improved sales momentum driven by the introduction of updated models contributed to increased sales.

Japan, the U.S. and ASEAN markets drove sales growth.

Revenue was ¥873.1 billion, operating profit was ¥33.1 billion and net income was ¥20.6 billion.

We made good progress in line with our plan.

Full year forecasts remain unchanged from the April announcement.

We are still investigating the impact of the record rains in July 2018 on our production and business performance, and developing recovery measures.

2. FISCAL YEAR MARCH 2019 FIRST QUARTER RESULTS

Global sales volume set a new record of 403,000 units.

This growth is due to strong global sales of crossover models, including CX-5 and CX-8, and enhanced competitiveness through the introduction of updated models.

By region, Japan, the U.S. and ASEAN markets such as Thailand and Vietnam achieved significant sales growth.

Now I will talk about sales in each market.

In Japan, sales were 49,000 units, up 19% year on year. Our registered vehicle market share was 5.2%, up 1 point from the prior year.

Even though a year has passed since the model was fully redesigned, orders for CX-5 exceeded the prior year, and CX-8 further contributed to sales growth.

CX-3 and Mazda6 were updated and both models got off to a strong start with orders exceeding the plan.

Sales in North America were 116,000 units, up 9% year on year. Sales in the U.S. were 80,000 units, up 10% year on year.

In the U.S., updated Mazda6 contributed to volume growth.

Sales of all crossover models increased year on year.

Sales in Canada were 23,000 units, up 7% year on year; and sales in Mexico were 13,000 units, up 5% year on year.

Sales in Europe were 67,000 units, up 5% year on year.

CX-5 sales remained strong at 24,000 units, up 40% year on year.

Sales in Europe excluding Russia were 59,000 units, up 1% year on year.

By country, sales in Germany were 16,000 units, down 9% year on year. Sales in the UK were 8,000 units, up 4% year on year; and sales in Spain were 6,000 units, up 27% year on year.

Russia saw strong sales at 8,000 units, up 43% year on year, thanks to a recovery in demand and the contribution of the fully redesigned CX-5.

Sales in China were 68,000 units, down 4% year on year.

Sales of Mazda3 declined substantially year on year due to intense competition, while sales of crossover models such as CX-5 remained robust. Also, sales of MX-5 RF began in April. In addition, CX-8 was displayed at the Beijing Motor Show. The model will go on sale late 2018.

Sales in other markets were 103,000 units, up 9% year on year.

In Australia, sales were 30,000 units, down 5% year on year. Despite fierce competition, CX-5 sold 7,000 units, up 4% year on year. The CX-8, which was launched in July, is enjoying strong orders. Total sales in the ASEAN region were 32,000 units, up 24% year on year. Thailand and Vietnam drove volume growth in the region, with year-on-year sales up 38% to 17,000 units and 20% to 7,000 units, respectively.

Columbia and Chile set new sales records.

Next, I would like to explain the financial results for the first quarter.

Revenue was ¥873.1 billion, up 9% year on year. Operating profit was ¥33.1 billion, down 17% year on year; ordinary profit was ¥42.4 billion, and net income was ¥20.6 billion, down 44% year on year.

The yen averaged ¥109 to the US dollar and ¥130 to euro, up ¥2 and down ¥8 respectively over the prior year.

Next I would like to explain the key factors behind the operating profit decrease of ¥6.8 billion over the prior year.

Despite the increase in sales volume, volume & mix declined ¥6 billion, mainly due to increased marketing costs caused by higher interest rates and intense competition, and the reduced supply of OEM products.

Foreign exchange deteriorated ¥2.5 billion as deteriorations from the currencies of emerging countries including the Russian ruble and the Thai baht were partially offset by improvements from weaker yen against the euro.

Variable costs improved ¥6.6 billion with the effect of cost-improvement efforts partially offset by hikes in raw material prices.

R&D costs improved ¥1.7 billion, and other fixed cost deteriorated ¥6.6 billion due to increased investment for U.S. sales network reforms and costs for compliance with environmental regulations in Europe.

3. FISCAL YEAR MARCH 2019 FULL YEAR FORECAST

There is no change in the full year forecast for FY March 2019.

Global sales volume for the year is projected at 1,662,000 units, up 2% year on year.

Operating profit is forecast at ¥105 billion and net income at ¥80 billion.

4. PROGRESS OF KEY INITIATIVES

Regarding products and R&D, we aim to increase volume and improve sales momentum by enhancing competitiveness through continuous product updates and next-generation model development and introduction.

We started sales of CX-8 in Australia and New Zealand in July, followed by launch in China.

As a part of our U.S. sales network reforms, we started a new dealer support program in July.

We will maintain steady progress with the key initiatives to consolidate a foundation for future growth.

Lastly, with regard to the impact of the record rains in July 2018, we stopped production at Hiroshima and Hofu Plants from July 7 through July 11.

Subsequently, we resumed operations in stages, giving careful consideration to employee safety and traffic conditions. Currently, we are still investigating the impact on future production and sales plans and business performance.

We will continue to collect and scrutinize information and work on the recovery of operations while placing the highest priority on safety and consideration for the local community.

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