July 29, 2016
Mazda Motor Corporation

FY March 2017 First Quarter Financial Results
Main Q&A

1. **Please summarize FY March 2017 first quarter results.**

   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. The CX-3 and new MX-5/Roadster contributed as sales of the models shifted into full-swing 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.

   Revenue was ¥776.2 billion, operating profit was ¥52.4 billion, down ¥900 million from the prior year, and net income was ¥21.2 billion. Major factors behind year-on-year change in operating profit include improved profitability by the launch of new CX-9 and strong sales of MX-5/Roadster, and cost improvements. But these positive factors were offset by stronger yen against major currencies.

   FY March 2017 full-year forecasts for global sales and financial results remain unchanged, as we need to carefully monitor impact of changes in economic situation on automotive demand and movements in financial markets including foreign exchange rates. We will study actions to minimize exchange impact and if we deem it necessary to make revisions, we will announce them in a timely manner.

2. **There is a concern over further appreciation of the yen.
   Please explain any countermeasures you plan to take.**

   We will increase sales of high-profitable models which are more resilient to exchange fluctuations. Sales of cross-over vehicles such as CX-9 in North America and CX-4 in China, which were launched in the spring, have been strong. In addition, we are making a good progress in preparation for a shift of production of CX-3 to Hofu Plant, which we plan to implement by the end of this fiscal year. For other models, we plan to maintain profitability through continued product updates, such as updated Axela launched in July from Japan, and right-price sales.

In addition to these normal operations, we would consider optimizing production cost through production swing among Japan, Thailand and Mexico, watching exchange rate fluctuations, and take pricing actions in specific regions where exchange fluctuations are significant. We also continue our utmost efforts in cost improvements and fixed cost reductions.

3. What is your view on possible impact of UK leaving the EU on sales?

The UK exit from EU may negatively affect global sales beyond the European regions, but any significant impact on sales has not been seen at present.

We will carefully monitor total industry demand, in-order trend, inventory, and competitors' actions in each region to detect any signs of changes to sales environments and take necessary actions quickly.

###