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(For your information)

Mazda Motor Corporation
FISCAL YEAR MARCH 2020 FINANCIAL RESULTS
(Speech Outline)

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Thank you for joining our financial results announcement today.

First, we would like to express our deepest sympathy for all of those who have been suffering from the novel coronavirus outbreak and extend our sincere condolences to the families of the deceased.

We would also like to express our heartfelt appreciation to healthcare workers, government officials, and all those who are working tirelessly around the clock on the frontlines of the novel coronavirus outbreak.

We continue to take measures to prevent the spread of the infection for our stakeholders.

1. HIGHLIGHTS

As for the highlights of FY March 2020 financial results, global sales were 1,419,000 units, down 9% year on year.

Revenue was ¥3,430.3 billion, down 4% year on year. Operating profit was ¥43.6 billion and net income was ¥12.1 billion.

A year-end dividend of ¥20 per share is planned, bringing the annual dividend to ¥35 per share.

Now, I will talk about a review of FY March 2020.

In FY March 2020, we announced our Medium-term Management Plan.

In regards to products, we started introducing our new-generation models, Mazda3 and CX-30, that elevated our models to a whole new level in the eyes of customers. The models are highly regarded globally and have won various awards such as World Car Design of the Year in the case of Mazda3.

For sales, based on the policies set under the Medium-term Management Plan, we have worked on reducing marketing expenses and improving per-unit profit to achieve improvement of sales quality.

The business environment is changing dramatically, as manifested by the declining demand around the world and the spread of the novel coronavirus. Amid these circumstances, while the direction of our initiatives for the medium-term remains unchanged, we are adjusting tactics, namely, scale and timing. We will continue to enhance initiatives we took against the coronavirus,

such as reviewing fixed cost structure and strengthening inventory management taking turnover into account.

Members of the Mazda Group will work together to continuously enhance brand value and earning capacity.

I will take you through the impact caused by the spread of the novel coronavirus and the measures we have been undertaking.

The spread of the novel coronavirus in China in late January mainly impacted our production and supply chain.

In March, it became a global pandemic, resulting in restrictions on economic activities and stay-at-home orders, which has significantly affected our global sales activities.

We have implemented production adjustments to restore appropriate inventory levels and will continue to closely monitor each country's situation in preparation for future demand recovery.

This will be done by reviewing and flexibly adjusting our plans for sales, shipments, inventory and production.

The health and safety of our local community members and employees remain our number one priority. We have therefore undertaken and strengthened various measures as a corporate initiative to prevent the spread of the coronavirus infection.

In addition, we have started assessing and implementing support actions in cooperation with government administrative bodies and medical institutions.

We are also holding talks with local partners, who highly depend on business with Mazda, regarding their cash management and employment preservation.

We will work hand in hand with our stakeholders to overcome these trying times as a unit.

We will not be announcing the profit and dividend forecast for FY March 2021 today.

As the business environment is expected to remain uncertain due to the coronavirus outbreak, we will continue to closely monitor the situation to ascertain the impact on business.

We will announce financial forecasts once they become available and ready.

2. FISCAL YEAR MARCH 2020 RESULTS

Global sales were down 9% from the prior year at 1,419,000 units.

In addition to the long-standing slowdown in major markets, the Chinese market significantly deteriorated due to the coronavirus outbreak, and the Australian and ASEAN markets experienced economic downturn. As a result, sales sharply decreased year-on-year in these markets.

Global sales fell 81,000 units short of our February forecast of 1.5 million units.

The coronavirus pandemic affected China from February, and Europe, USA and other regions from March. Its global impact is estimated to be around 60,000 units.

I will now talk about sales performance in major markets.

In Japan, 202,000 units were sold, down 6% year on year. Market share was down 0.1 points year

on year at 4%, while registered vehicle market share remained flat at 5.2%.

The industry continued its downward trend and competition continued to intensify. Amid these circumstances, strong sales of new-generation Mazda3 and CX-30 helped to maintain our market share from a year ago.

In North America, 397,000 units were sold, down 6% year on year.

US sales stood at 275,000 units, down 4% year on year. Despite intensifying competition, market share remained flat year on year.

Sales of crossover models were strong with sales of updated CX-5 and CX-9 increasing year on year.

Canada saw 64,000 units sold, down 11% year on year. Market share was down 0.2 points year on year at 3.5%.

As for Mexico, 57,000 units were sold, down 7% year on year. Market share remained flat year on year at 4.3%.

In Europe, 264,000 units were sold, down 2% year on year.

Market share remained flat year on year at 1.4%.

Sales in Europe excluding Russia stood at 232,000 units, down 2% year on year.

By country, 64,000 units were sold in Germany, down 5% year on year, and 34,000 units were sold in the UK, down 11% year on year.

In Russia, sales stood at 32,000 units, down 2% year on year.

In China, 212,000 units were sold, down 14% year on year.

From February, sales decreased significantly due to the sharp decline in demand prompted by the novel coronavirus outbreak. As a result, full year sales fell far below those of the prior year.

Orders to stay at home and limits imposed on sales activities made for a challenging sales environment. However, we made initiatives to conduct online product introductions and sales events.

At present, dealers in almost all regions have resumed operations and sales performance is improving.

In other markets, 345,000 units were sold, down 16% year on year.

Australia saw 90,000 units sold, down 18% year on year, and market share was down 0.9 points year on year at 8.8%. This results from the impact of the large-scale bushfires in addition to the continued decline in total industry demand caused by the deteriorating market environment from the beginning of the fiscal year.

In the ASEAN market, 103,000 units were sold, down 24% year on year.

Sales in Thailand stood at 52,000 units, down 27% year on year, and market share was down 1.1 points year on year at 5.5%, due to tighter credit screening for auto loans as a result of credit crunch. In Vietnam, 26,000 units were sold, down 20% year on year, and market share was down

1.9 points year on year at 9.1%.

Next, I will go through financial results.

Revenue was ¥3,430.3 billion, down 4% year on year.

Operating profit was ¥43.6 billion, down 47% year on year, and ordinary profit was ¥53.1 billion.

Net income was ¥12.1 billion, down 81% year on year, due to the partial reversal of deferred tax assets, etc.

Average exchange rates were ¥109 to the US dollar, ¥2 stronger than a year ago, and ¥121 to Euro, ¥8 stronger than a year ago.

Consolidated wholesales were 1.232 million units, down 79,000 units year on year.

I would like to talk about the changes in operating profit from last year.

Volume and mix improved by ¥18.3 billion, reflecting approximately ¥50 billion improvement from reduced marketing expenses and improved per-unit profit as well as ¥15 billion from mix improvement, despite the decline in wholesales.

Foreign exchange rates deteriorated ¥68.3 billion due to the yen's appreciation against all currencies.

Looking at variable costs, the impact of raw material price hikes was offset by our cost improvement efforts, resulting in a ¥26.0 billion profit growth.

R&D costs increased by ¥300 million.

Despite our efforts to curb and cut other fixed costs, they increased by ¥14.4 billion due to larger investment for growth as well as some one-time expenses, including quality costs related to the power steering lawsuit and other costs arising from the coronavirus outbreak.

I will now go through operating profit change when compared to our February forecast.

Volume and mix deteriorated ¥16.5 billion due to a decrease in consolidated wholesale volume of 36,000 units versus the February forecast.

Foreign exchange rates deteriorated ¥1.4 billion due to the yen's appreciation against some currencies compared to the February forecast.

Variable costs improved ¥1 billion.

R&D costs were down ¥4 billion as a result of improved work efficiency.

Other costs deteriorated ¥3.5 billion including costs related to the novel coronavirus.

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