

Medium-Term Management Policy



INTRODUCTION

100th Anniversary in 2020, and for the next 100 years



“Co-Creating With Others” Mazda’s Uniqueness

IDEAL FOR 2030-40

OUR DREAM

Mazda, together with
our friends sharing the same dreams,
through efforts to break through limitations,
will enable all stakeholders to feel alive,
proud of their connection
with Mazda, and emotionally
attached to the brand.



Making Dreams
Come True Together

POSITIONING OF MEDIUM-TERM MANAGEMENT POLICY

- “Next 6 years” toward ideal for 2030-40
- “Next 6 years” to fully introduce the new-generation lineup

Ideal for
2030-40

Structural Reform Plan

Transform business structure

Structural Reform Stage 2

Qualitative growth and brand value improvement

Medium-Term Management Policy

(FY March 2020 to FY March 2025)

Current-generation lineup

New-generation lineup

STRUCTURAL REFORM PLAN / STAGE 2 SUMMARY

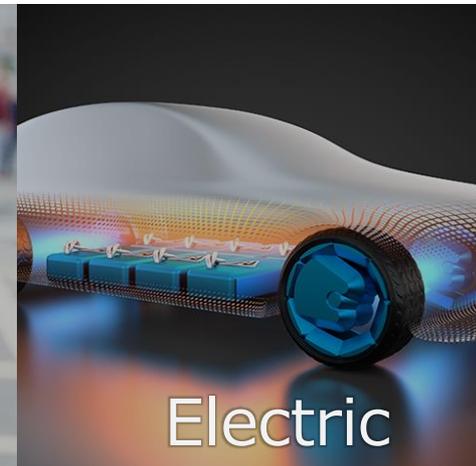
Effect of brand value improvement	<p>Per-unit revenue and residual values have improved, though progress varies by market</p>
Investment for brand value improvement	<ul style="list-style-type: none"> ■ Continued to improve products with Skyactiv technologies / Kodo Design ■ Continued upgrade to next-generation branded dealer facilities in Japan, Europe, and key emerging markets, and started in US
Expenses that depreciated brand value	<ul style="list-style-type: none"> ■ Increased marketing expenses ■ Increased quality costs
Investment in infrastructure	<p>Started to build an optimum supply structure</p>
Investment in partnership	<p>Comprehensive partnership with Toyota, in addition to enhanced alliances with existing partners</p>
Investment in employees / work environment	<p>Limited investment in work environment and employees</p>
Shareholder returns	<p>Resumed dividend payment in FY March 2014 to return about ¥90 billion to shareholders</p>
SDGs & CSR related Investment	<ul style="list-style-type: none"> ■ HIROJIREN (Hiroshima Council for the Promotion of Government, Academia, and Auto Industry Collaboration), demonstration test for regional revitalization ■ Limited investments related to SDGs & CSR
Financial structure improvement	<p>Improved net debt by ¥400 billion to achieve net cash position</p>

MAZDA'S STRENGTHS AND WEAKNESSES

Strengths	Weaknesses
Unique products and technologies	Economies of scale in sourcing
Well balanced overseas business	Fixed cost efficiency (R&D, capex, advertisement)
Culture of taking on difficult challenges	Financial power / funding capabilities
Variety of alliance partners	Car connectivity, autonomous driving, sharing

EXTERNAL ENVIRONMENTAL FACTORS AFFECTING AUTOMOBILE INDUSTRY

- Diversified spec requirements by market / diversified customer requests
- CASE (Connected, Autonomous, Shared, Electric)
- Declining birthrate and aging population, shrinking labor force (Japan)
- Worldwide social / economic uncertainties
- Climate change, environmental regulations
- Frequent natural disasters

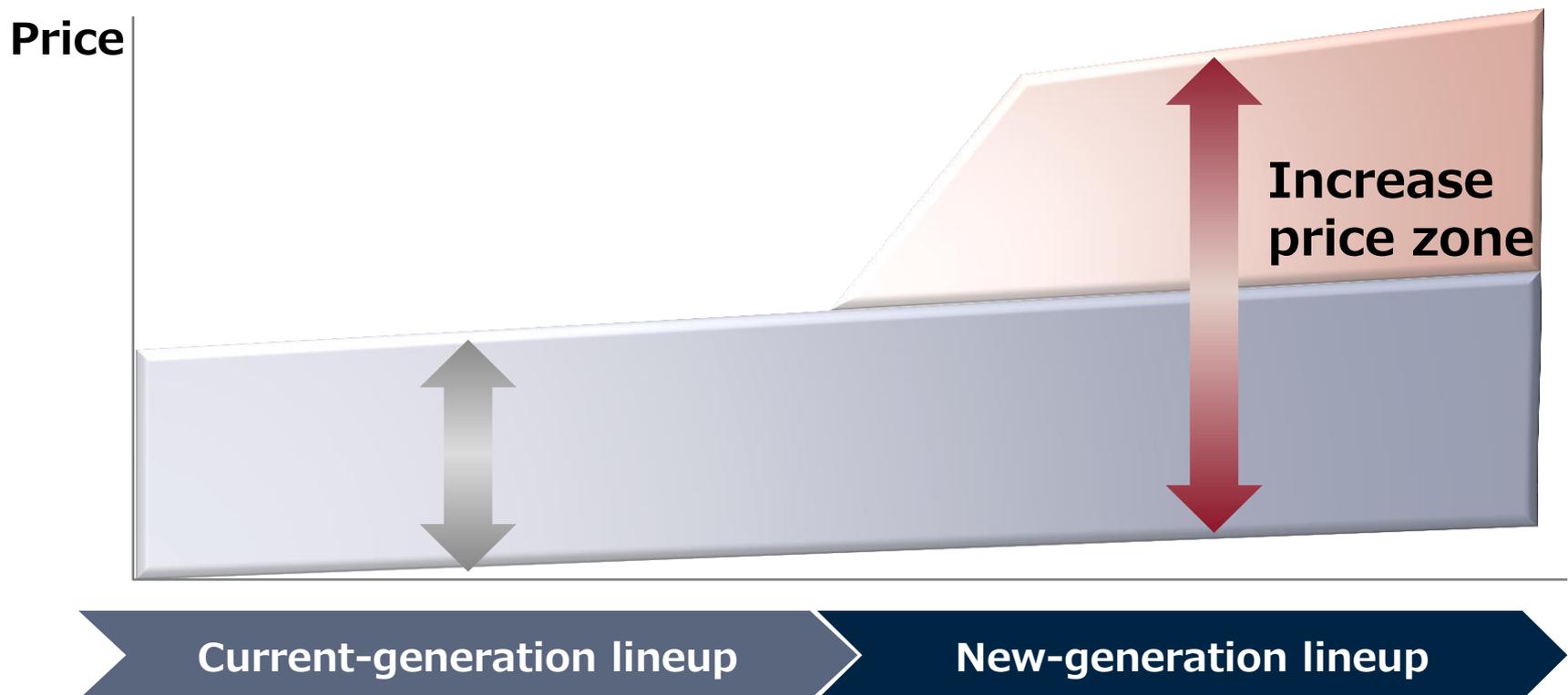


MEDIUM-TERM MANAGEMENT POLICY

- **Investment in unique products / customer experience**
- **Curb expenses that depreciate brand value**
- **Investment in the areas in which we need to catch up**

INVESTMENT FOR BRAND VALUE IMPROVEMENT (CUSTOMER AND MARKET DIVERSIFICATION)

- Expand the lineup of powertrains, including electric-drive technologies, and advanced technologies to meet the diverse needs of markets and customers



■ Maturing of Kodo Design



■ Small Architecture

- Skyactiv-G/D Upgrade, Skyactiv-X
- Mild Hybrid
- Independently-developed battery EV (xEVs)



■ Large Architecture

- Straight-six Skyactiv-X engine
- Straight-six Skyactiv-D (2nd-generation diesel engine)
- Longitudinal engine layout (incl. i-Activ AWD)
- 48V Mild Hybrid/Plug-in Hybrid

INVESTMENT FOR BRAND VALUE IMPROVEMENT (NEW TECHNOLOGY & INFRASTRUCTURE)

Connected

- Introduce Mazda Connect 2 with on-board communication device
- Start connected services

Autonomous

- Evolve and offer advanced safety technologies
- Deliver Mazda Co-Pilot concept

Shared

- Study participation in sharing business
- Jointly pilot shared mobility in rural area

Electric

- Introduce EV
- Introduce multi xEV
- Introduce plug-in hybrid

INVESTMENT FOR BRAND VALUE IMPROVEMENT (SALES & CUSTOMER EXPERIENCE)

- **Strengthen sales network**



- **Improve customer experience (CX)**



CURB EXPENSES THAT DEPRECIATE BRAND VALUE

- **Maintain and strengthen policy of sales based on communicating product values**
 - **Curb marketing expenses**
 - **Enhance trade cycle management**

- **Further improve quality**

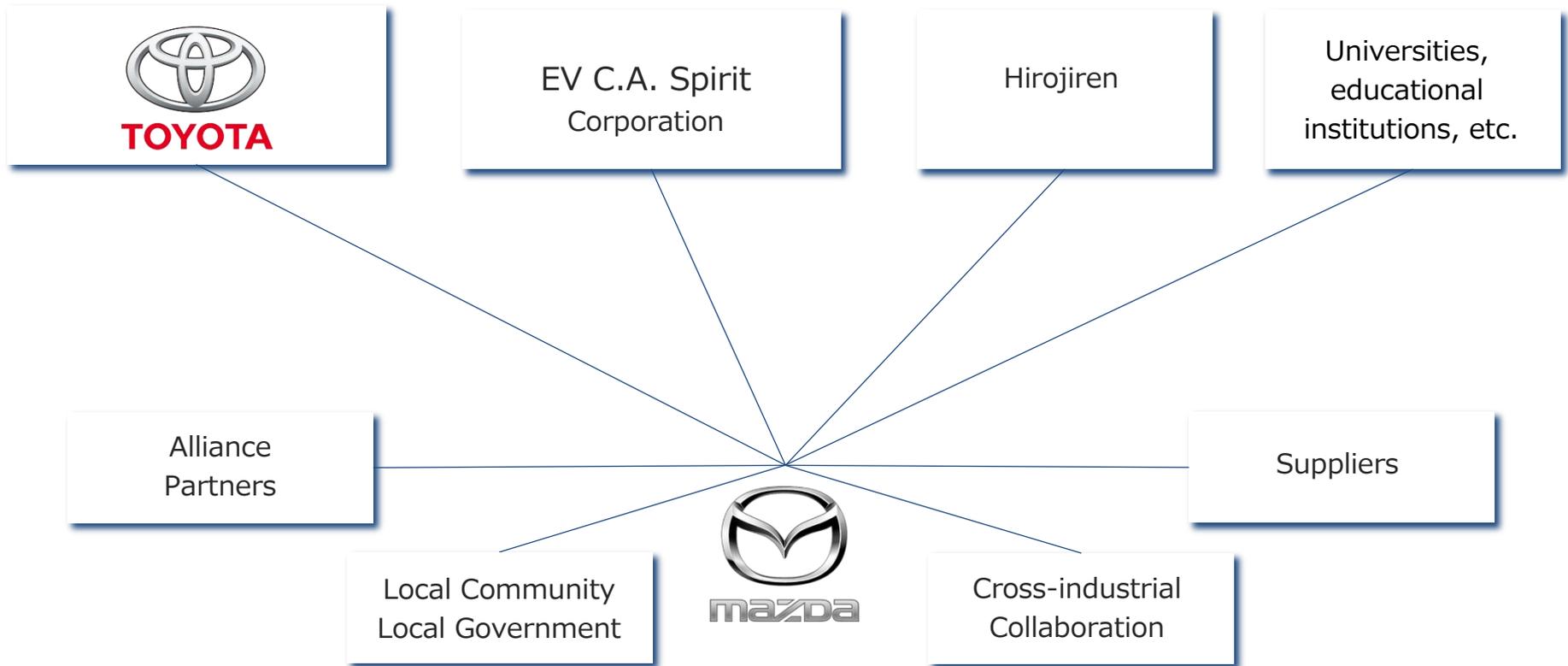
INVESTMENT IN INFRASTRUCTURE

- **Build an optimum production framework that supports local production for local consumption (Start operations at US joint venture plant in 2021)**
- **Infrastructure investment and collaboration with other companies and industries for connectivity, sharing business, etc.**



INVESTMENT IN PARTNERSHIP

- Promote collaboration with partners, working together on a basis of mutual trust



To maximize employees' contribution

- Support diverse work-styles and upgrade HR policies
- Enhance efficiency through work process reforms and continuous improvement
- Improve and enhance work environments

SDGs & CSR-RELATED INVESTMENT

- **Build a social contribution model that enriches people's lives**
- **Increase investment in environment and safety technologies**

“Joy of life” felt through social connections



DIRECTION OF INITIATIVES: SUMMARY

Effect of brand value improvement	Improve per-unit revenue by responding to customer and market diversification
Investment for brand value improvement	Invest in new-gen products, network, and customer experience
Curb expenses that depreciate brand value	<ul style="list-style-type: none"> ■ Trade cycle management, and reduce incentives ■ Quality improvement to enhance customer satisfaction
Investment in infrastructure	<ul style="list-style-type: none"> ■ Build an optimum production structure that supports local production for local consumption ■ Invest in infrastructure for connectivity/sharing business, etc.
Investment in partnerships	Based on mutual trust, enhance alliances with partners to work together
Investment in employees/ work environment	Improve work environment to enhance employee motivation
Shareholder returns	Continue stable shareholder returns
SDGs & CSR-related Investment	<ul style="list-style-type: none"> ■ Co-exist with society and focus on our raison d'être ■ Increase investment in environment and safety technologies

MEDIUM-TERM MANAGEMENT POLICY METRICS FY MARCH 2025

Revenue	About ¥4.5 trillion
Profit	Stable earnings ROS* 5% or higher / ROE 10% or higher <small>*Operating return on sales</small>
Investment for future	<ul style="list-style-type: none">■ Capex and R&D: 7-8% of revenue (on average)■ Sales network, customer experience, infrastructure, employees & work environment, etc.
Financial structure	Maintain net cash position
Shareholder returns	Sustainable payout ratio at 30% or higher
Sales volume	About 1.8 million units

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Ideal for
2030-40

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New-generation lineup

DISCLAIMER

The projections and future strategies shown in this presentation are based on various uncertainties including without limitation the conditions of the world economy in the future, the trend of the automotive industry and the risk of exchange-rate fluctuations. So, please be aware that Mazda's actual performance may differ substantially from the projections.

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