FISCAL YEAR MARCH 2016
FINANCIAL RESULTS

PRESENTATION OUTLINE

- **Consolidated Financial Results and Forecast Summary**
- **Fiscal Year March 2016 Results**
- **Fiscal Year March 2017 Forecast**
- **Structural Reform Plan Review**
- **Structural Reform Stage 2**
- **Summary**

CONSOLIDATED FINANCIAL RESULTS / FORECAST SUMMARY

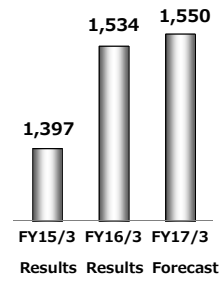
【FY March 2016 Results】

- Global sales volume was 1,534,000 units, the highest on record
- Revenue was ¥3,406.6 billion. Operating profit was ¥226.8 billion. Net income was ¥134.4 billion.

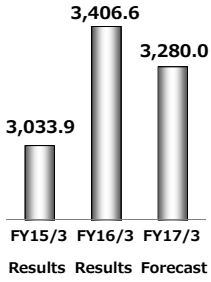
【FY March 2017 Forecast】

- Forecast global sales of 1,550,000 units, operating profit of ¥170 billion and net income of ¥115 billion
- Enhance efforts to improve volume and profitability by introducing new products and updated models, improve costs and reduce fixed costs

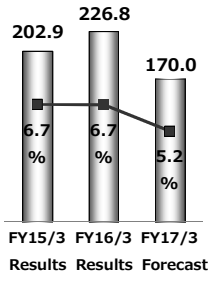
Global Sales Volume
(000 units)



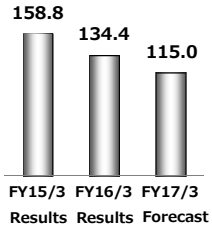
Revenue
(Billion yen)



Operating Profit
(Billion yen, ROS:%)



Net Income
(Billion yen)



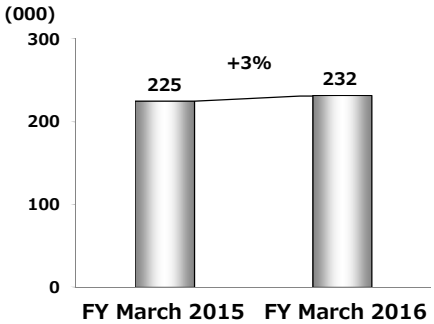
FISCAL YEAR MARCH 2016 RESULTS

FY MARCH 2016 GLOBAL SALES VOLUME

(000)	Full Year FY March 2015	Full Year FY March 2016	Change from Prior Year Volume	Change from Prior Year YOY(%)	(Feb. Forecast) FY March 2016
Global sales volume					
Japan	225	232	7	3%	234
North America	425	438	13	3%	447
Europe	229	257	28	12%	255
China	215	235	20	10%	220
Other Markets	303	372	69	23%	359
Total	1,397	1,534	137	10%	1,515
<Breakdown>					
USA	306	306	0	0%	317
Australia	101	116	15	15%	115
ASEAN	76	101	25	32%	95

JAPAN

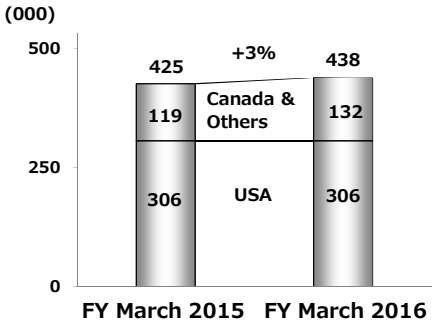
Full Year Sales Volume



- Sales were 232,000 units, up 3% year-on-year
- Mazda sales grew while overall demand declined, and market share rose 0.5 points year-on-year to 4.7%. Registered vehicle market share was 6.1%, up 0.6 points year-on-year
- Launch of New Roadster and full-year sales of CX-3 contributed to volume growth

NORTH AMERICA

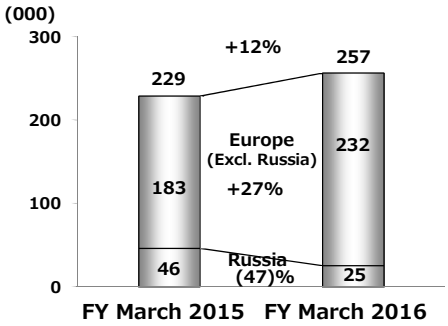
Full Year Sales Volume



- Sales were 438,000 units, up 3% year-on-year
- Good progress made in the transition to SKYACTIV models
- USA: Sales were 306,000 units, on par with last year, while fleet sales were restrained
  - Sales of updated CX-5 were strong
  - CX-3 and New MX-5 contributed to sales volume
- Mexico: Sales were 59,000 units, up 30% year-on-year
  - Sales of Mazda2 and Mazda3 were strong

EUROPE

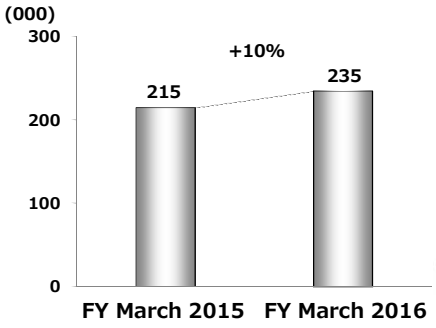
Full Year Sales Volume



- Sales were 257,000 units, up 12% year-on-year
- CX-3 drove sales and Mazda2 contributed throughout the year
- Sales in Europe excluding Russia grew 27% year-on-year to 232,000 units, far outpacing overall demand growth
  - Germany: 60,000 units, up 17% year-on-year
  - UK: 48,000 units, up 20% year-on-year
- Sales in Russia were 25,000 units, down 47% year-on-year, due to declining demand and a weak ruble

CHINA

Full Year Sales Volume

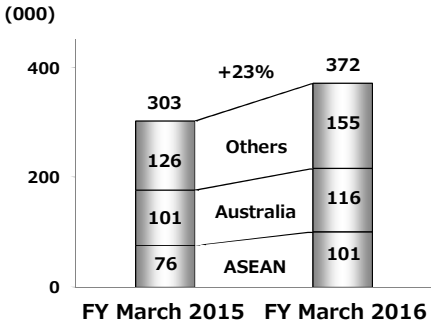


- Sales were 235,000 units, up 10% year-on-year
- Sales of Mazda3 remained strong, thanks in part to a reduction in taxes
- Updated CX-5 and Mazda6 contributed to sales growth
- New CX-4 was unveiled at Beijing Motor Show

New CX-4

OTHER MARKETS

Full Year Sales Volume

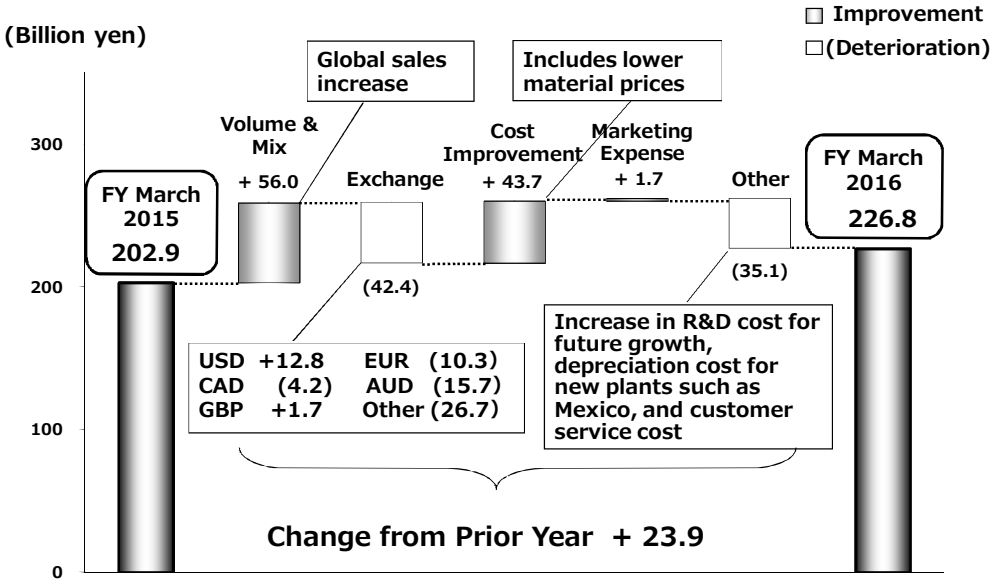


- Sales were 372,000 units, up 23% year-on-year
- Australia: Sales were 116,000 units, up 15% year-on-year and market share was 10%
  - No.2 in sales by brand
  - CX-3 and CX-5 were the best sellers in their segments
  - New MX-5 sales were also strong
- ASEAN: Sales were 101,000 units, up 32% year-on-year
  - Despite declining demand in Thailand, Mazda sales increased 23% year-on-year
  - In Vietnam, sales increased 90% year-on-year
- Others: New Zealand, Saudi Arabia, Chile and Colombia achieved record-high sales

FY MARCH 2016 FINANCIAL METRICS

(Billion yen)	Full Year FY March 2015	Full Year FY March 2016	Change from Prior Year Amount	Change from Prior Year YOY(%)
Revenue	3,033.9	3,406.6	372.7	12%
Operating profit	202.9	226.8	23.9	12%
Ordinary profit	212.6	223.6	11.0	5%
Profit before tax	209.3	167.0	(42.3)	(20)%
Net income	158.8	134.4	(24.4)	(15)%
Free cash flow	108.9	154.7	45.8	
Operating ROS	6.7%	6.7%	0.0pts	
EPS (Yen)	265.6	224.9	(40.7)	
Exchange rate (Yen)				
US Dollar	110	120	10	
Euro	139	133	(6)	

FY MARCH 2016 OPERATING PROFIT CHANGE



FISCAL YEAR MARCH 2017 FORECAST

FY MARCH 2017 GLOBAL SALES VOLUME

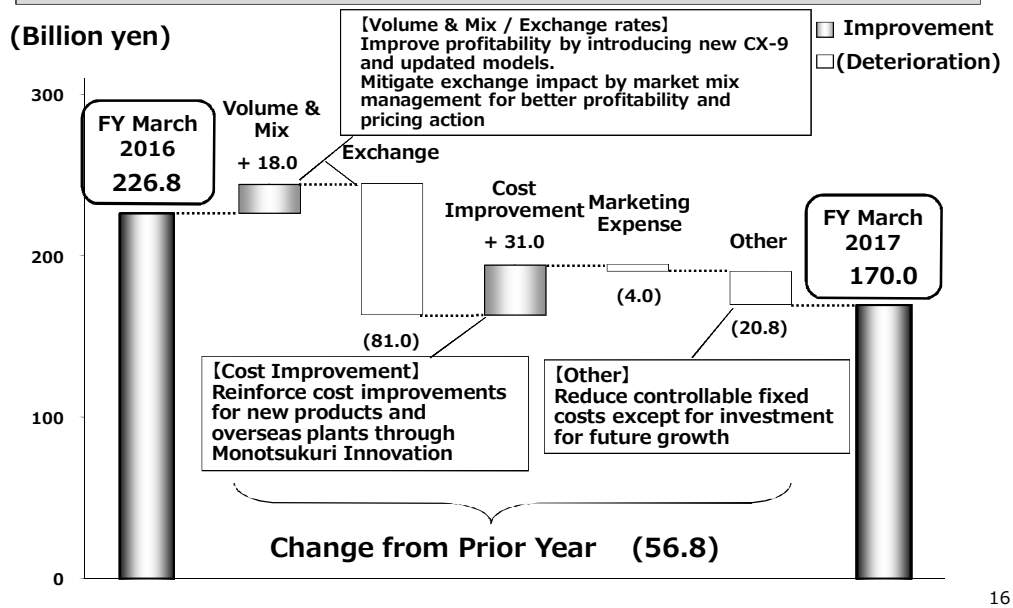
(000)	Full Year FY March 2016	Full Year FY March 2017	Change from Prior Year Volume	Change from Prior Year YOY(%)
Global sales volume				
Japan	232	233	1	0%
North America	438	449	11	3%
Europe	257	260	3	1%
China	235	238	3	1%
Other Markets	372	370	(2)	(1)%
Total	1,534	1,550	16	1%
<Breakdown>				
USA	306	325	19	6%
Australia	116	118	2	2%
ASEAN	101	106	5	5%

FY MARCH 2017 FINANCIAL METRICS

(Billion yen)	Full Year FY March 2016	Full Year FY March 2017	Change from Prior Year Amount	Change from Prior Year YOY(%)
Revenue	3,406.6	3,280.0	(126.6)	(4)%
Operating profit	226.8	170.0	(56.8)	(25)%
Ordinary profit	223.6	176.0	(47.6)	(21)%
Profit before tax	167.0	169.0	2.0	1%
Net income	134.4	115.0	(19.4)	(14)%
Operating ROS	6.7%	5.2%	(1.5)pts	
EPS (Yen)	224.9	192.4	(32.5)	
Exchange rate (Yen)				
US Dollar	120	110	(10)	
Euro	133	125	(8)	

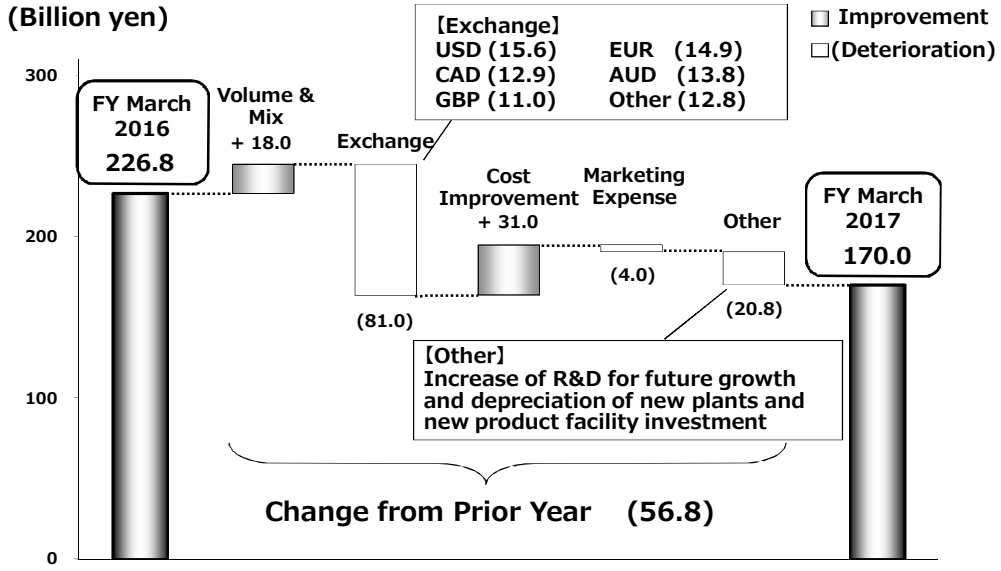
FY MARCH 2017 OPERATING PROFIT CHANGE

【Improvement Factors】 Volume growth and profitability improvement, Cost improvement, Containment of fixed cost



FY MARCH 2017 OPERATING PROFIT CHANGE

【Deterioration Factors】 Exchange impact, Investment for growth



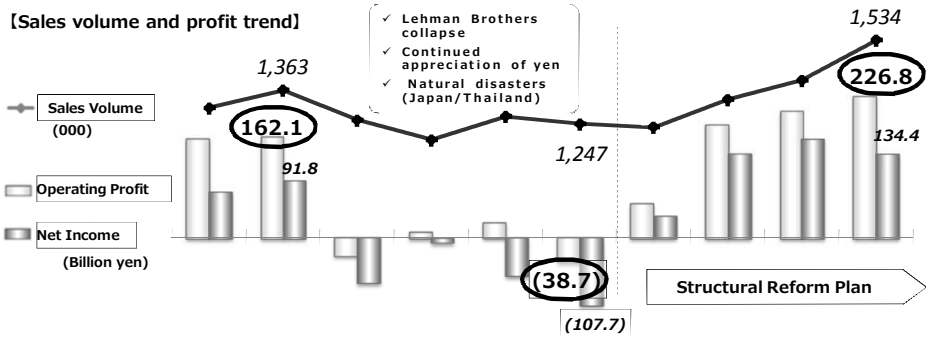
STRUCTURAL REFORM PLAN REVIEW

STRUCTURAL REFORM PLAN REVIEW

【Background】

- The Structural Reform Plan was formulated to enable Mazda to respond to changes in the external environment following the Lehman Brothers collapse, including declining vehicle demand and continued appreciation of the yen. Since announcing the plan in February 2012, the company has strongly promoted structural reforms that leverage SKYACTIV Technology
- While investing for future growth, Mazda steadily implemented the four key initiatives aimed at achieving a stable profit structure
- Initiatives to improve Brand Value were deployed globally

【Sales volume and profit trend】



STRUCTURAL REFORM PLAN REVIEW

【Business innovation through SKYACTIV】

- SKYACTIV models and KODO design are highly acclaimed in Japan and overseas
- Innovated sales methods and promoted "right-price" sales while increasing global sales volume by 23% (vs. FY March 2012)
- SKYACTIV models now account for 86% of sales volume. New product launches progressed as planned

【Major Awards】

CX-5	2012-2013	Japan Car of the Year
Atenza	2014	RJC Car of the Year
Demio	2014-2015	Japan Car of the Year
Roadster	2015-2016	Japan Car of the Year
	2016	World Car of the Year
		World Car Design of the Year

(Won both titles)

【Cost improvement by Monotsukuri Innovation】

- Monotsukuri Innovation enabled Mazda to make more competitive products while improving costs
  - Design intent faithfully reproduced in mass-production vehicles
  - Development and application of designer colors Soul Red and Machine Gray contributed to enhancing brand value
- Substantially improved investment efficiency of R&D and capital expenditures
- Promoted global optimum sourcing

		Improvement in Cost & Efficiency
R&D Efficiency		30% or more
Investment in Production Facilities	*SKYACTIV-G/D*	70% or more
	Vehicle	20% or more
Cost Improvement	Vehicle (excl. additional equipment)	20% or more → 30%(Target)
	SKYACTIV-G	Better than prior direct injection engine
	SKYACTIV-D	Better than prior engine
	SKYACTIV-Drive	Same as prior transmission

STRUCTURAL REFORM PLAN REVIEW

【Strengthen emerging market business and establish global production footprint】

- Mexico plant increased number of production models as planned and now produces Mazda3, Mazda2 and a compact car for Toyota
- Powertrain plant in Thailand started production of engines in addition to automatic transmissions
- Overseas production ratio has reached around 40% contributing to enhanced global supply capability and resistance to exchange rate fluctuations

(Thailand Powertrain Plant)

【Promote global alliance】

- Continue to promote optimum alliances in the areas of product, technology and regions
- Started vehicle production and supply for Toyota at Mexico plant and for FCA at Hiroshima plant
- Activities of the joint committee with Toyota have increased mutual understanding. Studies for mid-to-long-term cooperative projects are progressing well

STRUCTURAL REFORM STAGE 2

STRUCTURAL REFORM STAGE 2

Structural reform will lead to qualitative growth and enhanced brand value

Product and R&D

- Continuous enhancement of SKYACTIV models
- Develop & introduce GEN2 models

Global production

- Deploy Monotsukuri Innovation globally to accelerate cost improvements
- Maximize plant utilization to support sales growth

Brand and Sales

- Drive reforms at sales frontline to ensure penetration of sales strategy
- Improve ownership experience

Strengthen financial structure

- Establish strong financial structure
- Raise dividend payout ratio

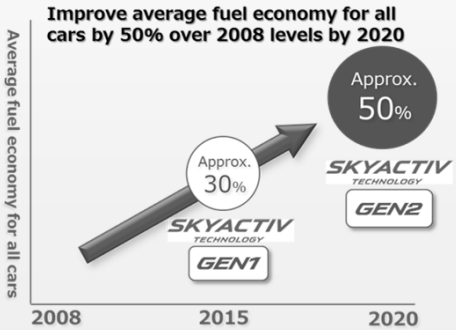
【FY March 2019 Targets】 (Exchange Rates US Dollar ¥120 / Euro ¥130)

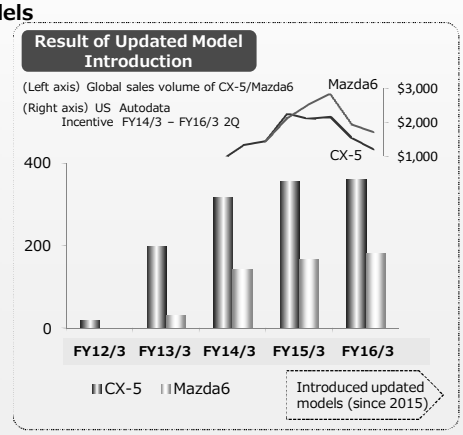
Global Sales Volume	1.65 million units
Operating ROS	7% or more
Equity Ratio	45% or more
Dividend Payout Ratio	20% or more

STRUCTURAL REFORM STAGE 2

Product and R&D

- Launch 6 new carlines (including 1 derivative model) that offer driving pleasure and outstanding environmental and safety performance
- Introduce the latest design, technology and equipment to all updated models. Achieve sustainable volume growth and reduce incentives by continuously enhancing SKYACTIV models
- Improve net revenue (transaction price) and profitability by expanding the CX-series lineup
- Develop and introduce SKYACTIV GEN2 models
- Evolve i-ACTIVSENSE advanced safety technologies





STRUCTURAL REFORM STAGE 2

Global sales and network enhancement

- Enhance sales with full line-up of SKYACTIV models
- Improve net revenue (transaction price), residual value and customer retention by ensuring good penetration of the "right-price" sales policy globally
  - Integrate Monotsukuri and marketing activities and educate the sales frontline globally about our products and technologies through programs such as Driving Academy
- Promote reforms at sales frontline focused on customer care improvement and initiatives for better customer brand experience
  - Increase customer participation and interactive events
  - Expand new generation stores globally
- Enhance sales initiatives focused on improving customer retention
  - Improve retention of SKYACTIV model customers by enhancing trade cycle management
- Stepped approach for dealer network reinforcement/reorganization

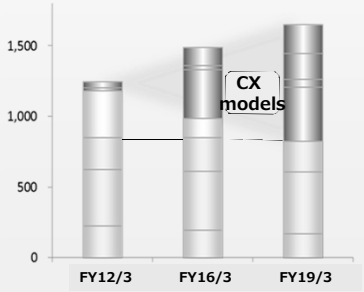
(New generation store)

STRUCTURAL REFORM STAGE 2

Global production and cost improvement

- Deploy Monotsukuri Innovation globally to accelerate cost improvements
  - Monotsukuri Innovation developed in Japan will be deployed around the globe
- Maximize production efficiency at key sites to support volume growth to 1.65 million units without building new plants
  - Global swing production enables plants to supplement each other
  - Improve production flexibility between passenger car and crossovers

(Ujina Plant in Hiroshima)



【Initiatives to maximize production efficiency】

Japan	Hofu	· Start CX-3 production in FY17/3 2H
	Ujina	· Expand production capacity of CX-5 and CX-9 · Impact of new model production preparation in FY17/3. Utilization to improve from FY18/3
Overseas	MMVO (Mexico)	· Swing production of Mazda3 from Hofu and full utilization
	Others	· Expand production capacity in Thailand (CX-3) and Malaysia(CX-5)

STRUCTURAL REFORM STAGE 2

Strengthen financial base and shareholder returns

- Generate stable profit and cash flow by improving brand value through steadily increased sales and qualitative business growth
  - Strengthen financial base (improve equity and reduce net debt)
  - Improve payout ratio; maintain and enhance capital efficiency
  - Promote R&D and capital investment for the future

【 FY March 2019 Target 】

Equity ratio	45% or more
Payout ratio	20% or more
ROE	13 - 15%

(Exchange rate USD/¥120, EUR/¥130)

【Dividend】

- FY March 2016 year-end dividend of ¥15 (Annual dividend of ¥30)
- FY March 2017 annual dividend is planned at ¥35

(FY March)	2015	2016			2017		
	Year-end Paid	Interim Paid	Year-end Plan	Annual Plan	Interim Forecast	Year-end Forecast	Annual Forecast
Dividend per share (yen)	10	15	15	30	15	20	35
Payout ratio	4%			13%			18%

(Policy) Decide by taking into account the fiscal year's result as well as business environment and financial status.
Aim to realize stable dividend payment and steady improvement

SUMMARY

【FY March 2016 Results and Structural Reform Plan Review】

- Global sales volume was 1,534,000 units, up 23% over the period of the Structural Reform Plan
- High acclaim for SKYACTIV products and KODO design in Japan and overseas contributed to brand value improvement
- Operating profit was ¥226.8 billion and net income was ¥134.4 billion.
  While significant changes have been made to Mazda's business structure through the steady implementation of the Structural Reform Plan, there are opportunities for further improvements. Structural Reform Stage 2 will further strengthen the business.

【FY March 2017 Forecast and Structural Reform Stage 2】

- Forecast global sales of 1.55 million units and operating profit of ¥170 billion in FY March 2017. Profits may be reduced due to exchange rates, but we will enhance efforts to improve volume and profitability, improve costs and reduce fixed costs
- Pursue steady volume growth and a "right-price" sales policy by introducing new products including new CX-9 and update models to achieve sales of 1.65 million units in FY March 2019
- Deploy Monotsukuri Innovation globally, maximizing production efficiency and strengthening cost improvements
- Accelerate brand value improvement with qualitative business growth during Structural Reform Stage 2

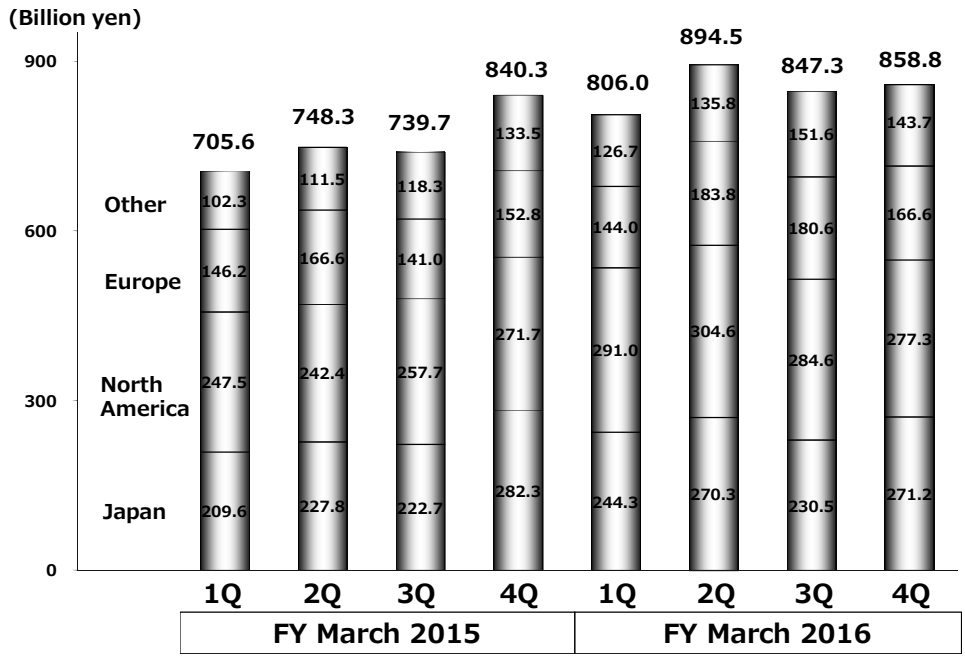
APPENDIX

CASH FLOW AND NET DEBT

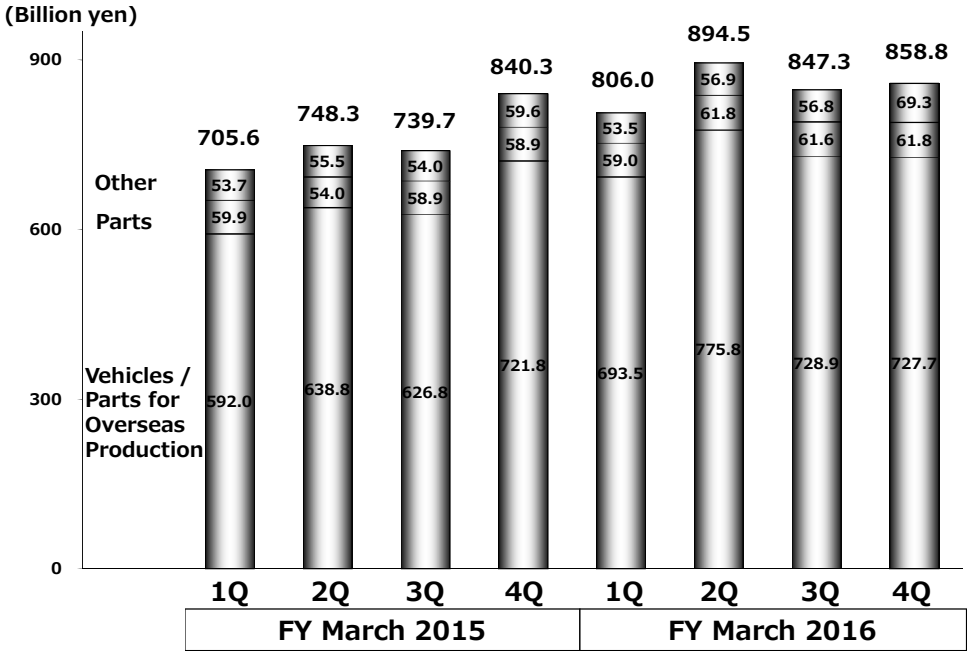
(Billion yen)	Full Year FY March 2015	Full Year FY March 2016	Change from Prior FY End
Cash Flow			
- From Operating activities	204.5	262.8	58.3
- From Investing activities	(95.6)	(108.1)	(12.5)
- Free Cash Flow	108.9	154.7	45.8
Cash and Cash Equivalents	529.1	568.7	39.6
Net Debt	171.9	48.4	123.5
Net Debt-to-equity Ratio	20 / 15*%	5 / 1*%	15 / 14*pts
Equity Ratio	35 / 37*%	37 / 39*%	2 / 2*pts

*Reflecting "equity credit attributes" of the subordinated loan.

REVENUE BY REGION

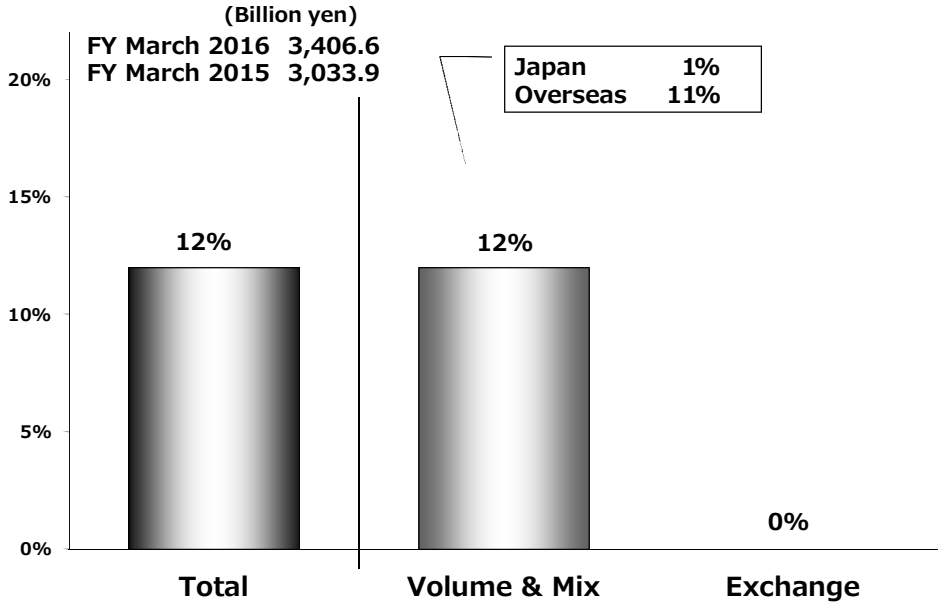


REVENUE BY PRODUCT



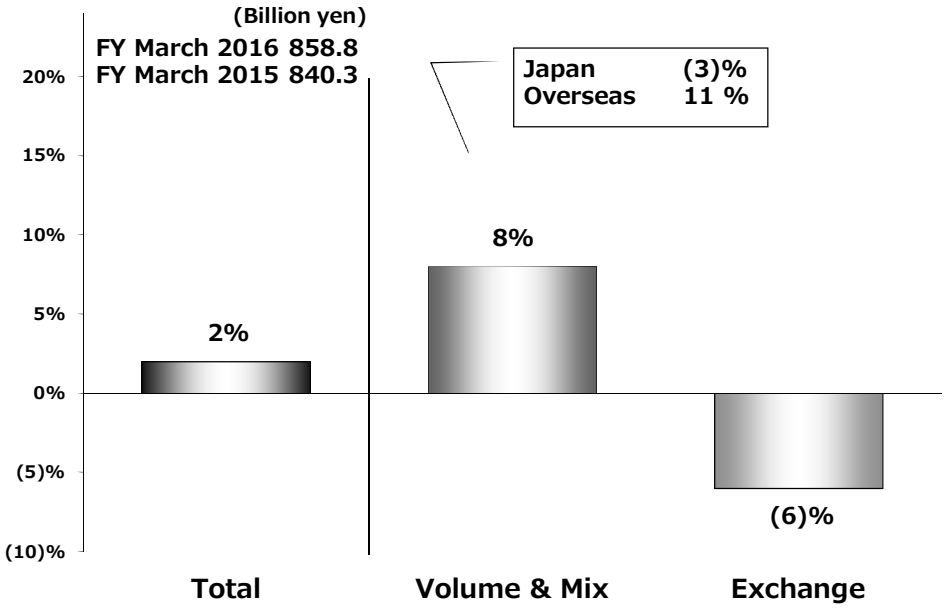
REVENUE CHANGE

FY March 2016 Full Year vs. FY March 2015 Full Year



REVENUE CHANGE

FY March 2016 4th Quarter vs. FY March 2015 4th Quarter



FY MARCH 2016 FINANCIAL METRICS

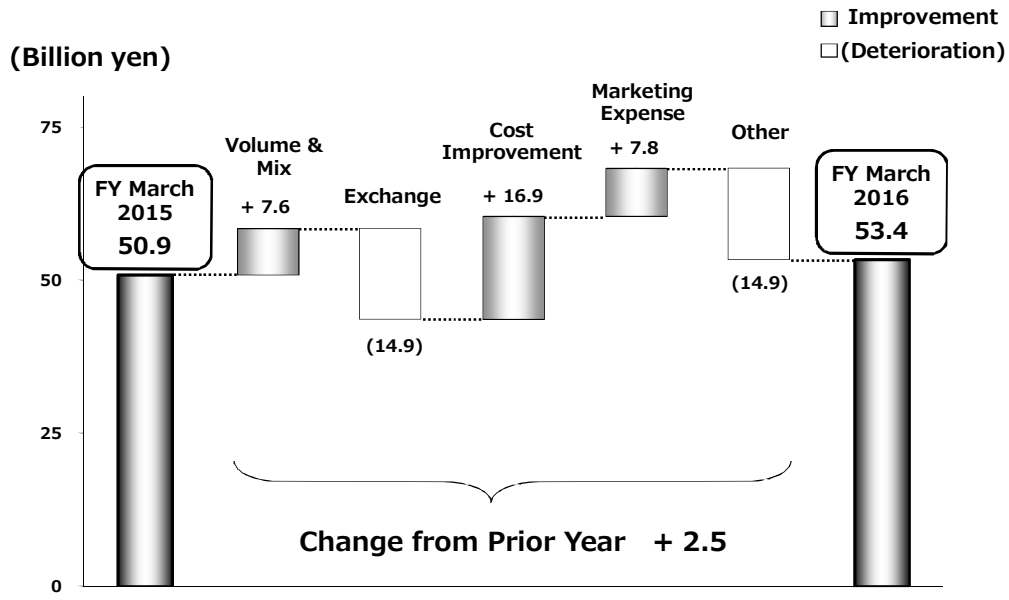
(Billion yen)	Fourth Quarter FY March 2015	Fourth Quarter FY March 2016	Change from Prior Year
Revenue	840.3	858.8	18.5
Operating profit	50.9	53.4	2.5
Ordinary profit	52.1	51.6	(0.5)
Profit before tax	48.4	0.5	(47.9)
Net income	27.3	10.9	(16.4)
Operating ROS	6.1%	6.2%	0.1pts
EPS (Yen)	45.7	18.3	(27.4)
Exchange rate (Yen)			
US Dollar	119	115	(4)
Euro	134	127	(7)

GLOBAL SALES VOLUME AND CONSOLIDATED WHOLESALES

(000)	Fourth Quarter FY March 2015	Fourth Quarter FY March 2016	Change from Prior Year
Global sales volume			
Japan	82	69	(13)
North America	105	93	(12)
Europe	62	74	12
China	59	58	(1)
Other Markets	86	95	9
Total	394	389	(5)
Consolidated wholesales			
Japan	78	67	(11)
North America	111	109	(2)
Europe	59	68	9
Other Markets	87	95	8
Total	335	339	4

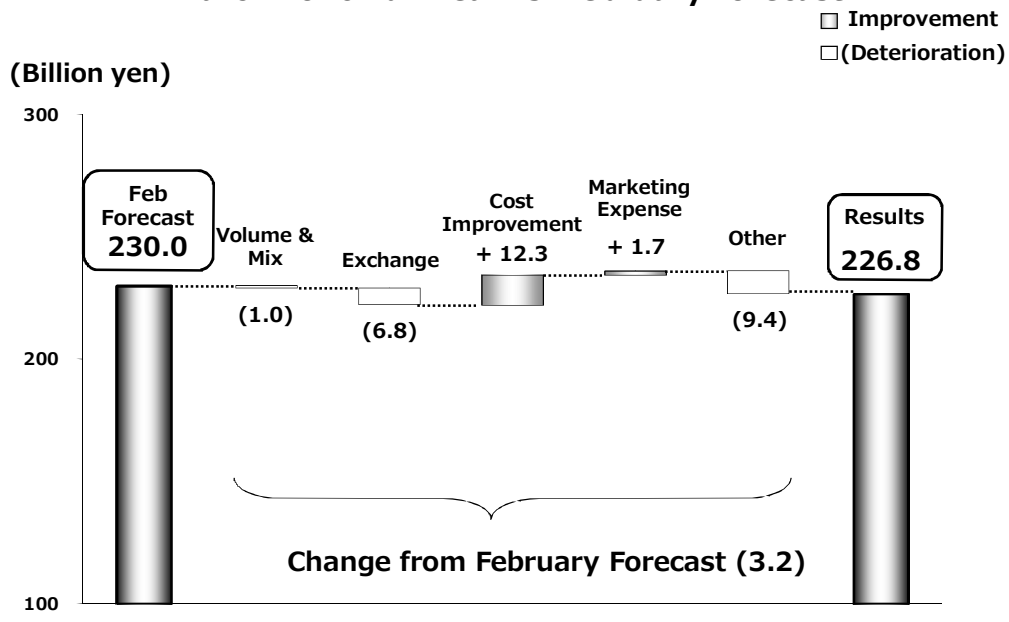
OPERATING PROFIT CHANGE

FY March 2016 4th Quarter vs. FY March 2015 4th Quarter



OPERATING PROFIT CHANGE

FY March 2016 Full Year vs. February Forecast



GLOBAL SALES VOLUME AND CONSOLIDATED WHOLESALES

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China	215	235	20	10%
Other Markets	303	372	69	23%
Total	1,397	1,534	137	10%
Consolidated wholesales				
Japan	220	228	8	3%
North America	435	439	4	1%
Europe	226	261	35	16%
Other Markets	315	379	64	21%
Total	1,196	1,307	111	9%

GLOBAL SALES VOLUME AND CONSOLIDATED WHOLESALES

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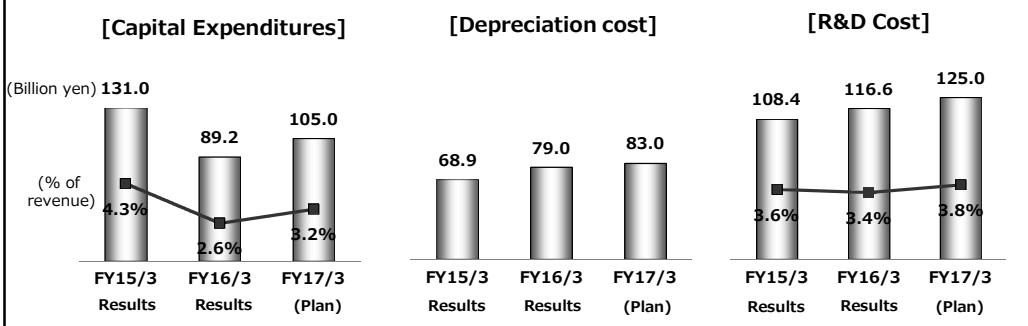
Other Markets	372	370	(2)	(1)%
Total	1,534	1,550	16	1%
Consolidated wholesales				
Japan	228	228	0	0%
North America	439	444	5	1%
Europe	261	253	(8)	(3)%
Other Markets	379	382	3	1%
Total	1,307	1,307	0	0%

EXCHANGE RATES

(Yen)	Full Year FY March 2016	Full Year FY March 2017	Change
US Dollar	120	110	(10)
Euro	133	125	(8)
Canadian Dollar	92	83	(9)
Australian Dollar	89	83	(6)
British Pound	181	160	(21)

(Memo) Capital Expenditures, Depreciation Cost, R&D Cost



[Investment policy for capital expenditures and R&D costs]

- While improving the efficiency of investments in technology development and production facilities through Monotsukuri Innovation, set the levels of capital expenditures and R&D costs as a percentage of revenue
- Reinforce investment in production facilities and R&D for future growth based on the levels of capital expenditures at 3.5% of revenue and R&D cost at 4.0% of revenue

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.

If you are interested in investing in Mazda, you are requested to make a final investment decision at your own risk, taking the foregoing into consideration. Please note that neither Mazda nor any third party providing information shall be responsible for any damage you may suffer due to investment in Mazda based on the information shown in this presentation.