

(For your information)

Mazda Motor Corporation
FY MARCH 2020 THIRD QUARTER FINANCIAL RESULTS
MAIN Q&A

1. Please summarize FY March 2020 nine-month results and full year forecast.

Global sales in the first nine months were 1,106,000 units, down 5% year on year amid tough sales environment. However, for the three months in the third quarter, sales in Europe, North America, and China achieved year-on-year growth, and global sales were on par with the prior year. As we continue to work towards further improvement of sales quality, we are proceeding with initiatives for volume growth.

Operating profit was down 43% year on year to ¥32.3 billion. Despite declined wholesales volume, exchange rate impact and increase in investment for growth, we reduced marketing expenses, improved per-unit profit and achieved mix improvement. We also continued our efforts to reduce variable and fixed costs.

Full-year forecast of global sales volume has been revised to 1.5 million units, reflecting current market environment and sales performance. Exchange rate assumptions have also been revised to reflect the current market rates. Although the revision of exchange rate assumptions has a favorable profit impact, the profit forecast remains unchanged from the November forecast due to negative impact mainly from decline in sales volume.

2. Why did you keep full-year profit forecast unchanged?

Operating profit forecast remains unchanged at ¥60 billion from the November forecast but the breakdown has been revised, as the revision of exchange rate assumptions and promotion of cost reduction efforts have positive impact on profit, while decline in wholesales volume, revision of sales mix, revision of fixed costs, etc. have negative impact on profit. Ordinary profit and net income remain unchanged from ¥70 billion and ¥43 billion respectively. We continue to strengthen qualitative improvement of sales and make great efforts to minimize the impact of the volume decline on profits.

3. You revised down global sales volume. Please explain your planned sales initiatives.

Global sales volume has been revised from 1.55 million units announced in November to 1.5 million units, as demand in each market is declining more than expected and competition in the automotive industry is intensifying.

In Japan, we will build sales volume by strengthening Trade Cycle Management and encouraging trade-ins with high residual value, and expand sales through updated CX-8 and CX-5 in addition to new-generation models. In the US, we will ensure successful launch of CX-30 and build sales momentum, and promote brand value enhancement and sales growth centered around next-generation brand dealers. In China, we will strengthen

communications for the new Mazda3 as well as updated Mazda6 and CX-4 to maintain the improving sales trend.

We will continue to promote sales quality improvement and solidify our foundations for growth.

4. How are the launches of new-generation products and technologies proceeding?

Following the new Mazda3, we started the global launch of the second new-generation new compact crossover SUV, CX-30. Its sales have started in major markets including Europe, Japan and US, and it will be launched in other markets. We have started sales of Mazda3 and CX-30 equipped with the new-generation gasoline engine Skyactiv-X in Europe and Japan, receiving high evaluation. The new EV, MX-30, will be launched in Europe in late 2020 and its production will start in the first half of FY March 2021.

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