

August 1, 2019

(For your information)

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

**1. Global sales and operating profit significantly declined year on year. Please summarize the results for FY March 2020 first quarter.**

In the first quarter of FY March 2020, sales in Mexico and Europe excluding Russia increased from the prior year, but declined in Japan, the US, China, Australia, ASEAN, etc. As a result, global sales were 353,000 units, down 12% year on year. In May, we initially planned for sales in the first quarter of 377,000 units, down 7% year on year, considering the switchover to the Mazda3, a high-volume product globally, and the fact that key models in the high-volume China market are pre-update. However, fierce competition among crossover SUVs and further decline in demand for sedan models resulted in lower-than-expected sales mainly in Japan, the US and China.

Operating profit was down 79% to ¥7.0 billion. Despite improvements from our efforts to improve our brand value such as reducing marketing expenses, declines in wholesales volumes as well as a reduction in knockdown parts for China impacted. Foreign exchange rates deteriorated due to stronger yen mainly against the euro and Australian dollar. In addition, one-off cost related to a lawsuit over power steering and investments for growth such as depreciation costs and costs related to the new US plant affected.

**2. What are reasons that you keep the full year forecast unchanged?**

Full year forecasts of global sales volume and profits remain unchanged from the announcement in May. The business environment is worsening more than expected as the yen appreciates and competition intensifies. We will take action to recover sales momentum in key markets. As laid out in our medium-term management policy, we are continuing with our strategy of improving the quality of sales globally by leveraging the new Mazda3 to reduce incentives and improve transaction prices. At the same time, we continue to prepare for the launch of the CX-30, the second new-generation model.

**3. What are specific actions to recover sales momentum?**

In Japan, we will enhance trade cycle management and take advantage of high residual values to improve repurchase rates and increase conquest sales. We will effectively communicate Mazda's unique points, such as the high-quality feel and the appeals of the diesel CX-5 and CX-8 to improve sales trends. In the U.S., to increase the momentum of sales of new Mazda3, we will strengthen value communication activities. For our mainstay

model, CX-5, we will enhance communications and undertake efficient sales promotion actions tailored to each region to improve the sales trend. We will continue to promote sales network reforms. In China, we will continue sales focusing on the communication of product values. We aim to turn the business around through the introduction of new Mazda3 and updated models.

Globally, we will continue and strengthen initiatives to improve sales quality by reducing incentives and shifting to a higher price zone.

**4. Please explain launch situation of the new Mazda3.**

The new Mazda3, first new-generation model, has been launched in major markets such as North America, Japan, Europe and Australia. We plan to launch the model in China by the end of 2019. New Mazda3 has successfully increased the ratio of higher-grade models, reduced incentives and improved per-unit revenue in markets where it has been introduced.

We are steadily preparing for the rollout of CX-30, the second new-generation model, in Europe this summer.

We continue improving the sales approach and use new-generation products to drive per-unit revenue and profit improvement as laid out in our medium-term management policy.

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