

(For your information)

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

1. Please summarize FY March 2020 first half results and full year forecast.

Operating profit for the first half was down 14% year on year to ¥25.8 billion. Despite decreased wholesales, stronger yen and investment for growth increased, we worked to improve volume & mix and variable costs, and cap and reduce fixed costs. As sales in Japan, US, China, etc. declined, global sales volume decreased 8% year on year to 731,000 units.

Full-year operating profit is revised to ¥60 billion from the May forecast of ¥110 billion, on updated exchange rate assumptions to reflect stronger yen. On a year-on-year basis, the revised operating profit is down ¥22.3 billion. Although decreases in wholesale and impact of stronger yen are expected to continue, we work to improve volume & mix, improve costs and reduce fixed costs. Global sales volume is revised to 1.55 million units from May forecast of 1.618 million units, which is a decline of 11,000 units year on year.

2. In both results and forecast, wholesales volumes are down year on year.

But volume & mix, as a factor behind operating profit change, improves. Please explain the reason.

In the first half results, volume and mix improved ¥31.2 billion reflecting approximately ¥30 billion improvement from accelerated reduction in marketing expenses and improvement of per-unit profit, in addition to a mix improvement of approximately ¥10 billion. Although wholesales volume declined amid declining industry demand worldwide and difficult sales environment, we prioritize efforts to improve sales quality for the future, including reducing marketing expenses and improving per-unit profit.

In the full-year forecast, as we continue reducing marketing expenses and improving per-unit profit including through price increases, we aim to achieve an approximately ¥50 billion improvement. Together with a mix improvement of approximately ¥15 billion, we expect to achieve ¥47.7 billion volume & mix improvement, offsetting the impact of wholesale volume decline.

3. You revised down global sales volume forecast. Please explain sales situation and forecast in the second half mainly in Japan, USA and China.

In Japan, sales of CX-8, MAZDA2, etc. were weak, but we aim to improve sales with a launch of new crossover SUV CX-30 and appeal of diesel engine-powered CX-5, CX-8, etc. In the US, due to intensified competition, sales of CX-5 struggled but its sales trend is improving. With launches of new MAZDA3 20 model-year and CX-30, we aim for a turnaround. Industry remained uncertain in China, but as sales of new MAZDA3 will start in earnest and updated CX-4 will be launched in November, we aim to realize a turnaround.

By launching new-generation products and updating current models, we plan to achieve year-on-year increase in global sales volume in the second half. We continue to improve sales quality and increase per-unit profit.

4. Please explain the background of announcing Medium-Term Management Plan today.

Mazda is reaching its centennial anniversary in 2020, a grand milestone since our founding. As a milestone marking the beginning of our next 100 years, we have set out our ideal for 2030-40. To realize it, we drew up the Medium-Term Management Policy (covering 6 years from FY March 2020 to 2025) along with the three priority areas in which we need to focus of business resources and efforts as well as direction of initiatives in each area, and announced the policy in May 2019.

Today we announced key initiatives in the three priority areas and financial metrics as Medium-Term Management Plan. The 6 years are a critical period for us to build a solid foundation for the next 100 years. We are determined to strive for new growth.

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