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(For your information)

Mazda Motor Corporation

FISCAL YEAR MARCH 2018 FIRST QUARTER FINANCIAL RESULTS

(Speech Outline)

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Thank you for joining our earnings announcement today.

1. HIGHLIGHTS

In the first quarter of FY March 2018, global sales volume was 377,000 units, up 1% from the prior year and a new record for the first quarter.
Revenue was ¥802.1 billion. Operating profit was ¥39.9 billion. Net income was ¥36.6 billion.
Now on sale in Japan, North America, Australia and Europe, sales of the new CX-5 are strong.
For the full year, we forecast global sales of 1.6 million units, operating profit of ¥150 billion, and net income of ¥100 billion, all unchanged from the April announcement.
We target volume growth of 50,000 units by expansion of SKYACTIV lineup including new CX-5.
At the same time, we accelerate production and sales momentum by enhancing production flexibility for crossover models.

2. FISCAL YEAR MARCH 2018 FIRST QUARTER RESULTS

Global sales volume set a new record of 377,000 units.
By carline, the main drivers of the volume growth were the progress of new CX-5 launches in main markets and crossover models, including CX-4 in China. By region, while volume declined in North America and other markets, increased sales in China, which have been strong since last fiscal year, and Japan, where momentum is improving, helped us to exceed last year's results.

I will talk about sales in each market.
In Japan, sales were 41,000 units, up 5% year on year. Registered vehicle market share was 4.1%, unchanged from last year. In Japan, we launched Mazda2 with advanced safety technology as standard equipment in April, improving sales momentum. Sales of new CX-5 are exceeding targets and especially high-grade models are popular. In addition, we started sales of the gasoline powered CX-3 in July. The model acquired the new "WLTC" fuel economy certification that automakers are required to display from October 2018.

Sales in North America were 106,000 units, down 6% year on year.
Sales in the US were 73,000 units, down 10% year on year, mainly due to a decrease in fleet sales. While sales of crossover models retained momentum, the market for passenger car remains tough due to reduced demand and fierce competition. New CX-5 was launched in March and sales are strong, meeting our sales targets. All Mazda models tested by the Insurance Institute for Highway Safety (IIHS) received the highest "2017 Top Safety Pick+" ranking, demonstrating the excellent safety performance of our vehicles.
Sales in Mexico were 12,000 units, up 11% year on year, due to introduction of new CX-5.

Sales in Europe were 64,000 units, down 3% year on year.
New CX-5 launches began in May and sales are off to a good start. Sales in Europe excluding Russia were 58,000 units, down 5% year on year. Sales in Germany were 18,000 units, up 8% year on year. Sales in UK were 7,000 units, down 19% year on year. Sales in Russia were 6,000 units, exceeding overall demand growth with 26% year-on-year increase.

In China, we achieved record sales for the first quarter at 71,000 units, up 20% year on year. Mazda3 maintained its sales momentum and together with the CX-4 drove the sales increase, while Mazda6 also contributed.

Sales in other markets were 94,000 units, down 3% year on year.
In Australia, sales were up 2% year on year to 31,000 units, achieving record sales for a first quarter. Mazda remains the country's second highest-selling brand. With regard to the ASEAN region, sales were up 20% year on year in Thailand, while the industry in Vietnam suffered as customers shied away from vehicle purchases in anticipation of the elimination of tariffs. In total, ASEAN sales were down 3% year on year.
In other markets, new sales records were set in New Zealand, Chile, and Peru.

I would like to explain the first quarter financial results for FY March 2018.
Revenue was ¥802.1 billion, up 3% year-on-year. Operating profit was ¥39.9 billion, down ¥12.5 billion from the prior year. Net income increased ¥15.4 billion year-on-year to ¥36.6 billion mainly because of non-operating profit improvement from exchange valuation gains.
The exchange rates on average were ¥111 to the USD, ¥3 weaker, and ¥122 to the Euro, unchanged from the prior year.

The operating profit for the first quarter of FY March 2018 was ¥39.9 billion, down ¥12.5 billion from the prior year.
I will explain the key factors behind the decline.
Volume & mix declined ¥13.0 billion with lower wholesale volume in the US and other markets as well as higher incentives to tackle increasing competition in US. The effect of cost-saving efforts for new products and overseas plants were partially offset by raw material price hikes, limiting the

improvement in variable costs to ¥800 million. R&D costs increased ¥6.2 billion due to reinforced development of next-generation technologies and products. Other fixed costs improved ¥5.6 billion partly due to reduced quality-related costs.

3. FISCAL YEAR MARCH 2018 FULL YEAR FORECAST

There is no change in the full-year forecast for FY March 2018, in terms of global sales volume or financial metrics.

4. STRUCTURAL REFORM STAGE2 PROGRESS OF KEY INITIATIVES

Lastly, I would like to explain the progress we are making in the key initiatives of Structural Reform Stage 2.
In the area of product and R&D, moving forward we will be shifting sales of the new CX-5 into high gear with the model's global rollout.
In Japan, we will introduce the Mazda CX-8, a new model featuring three rows of seating, by the end of 2017.
We will announce our new long-term vision for technology development on the 8th of this month. We will explain Mazda's unique car development and manufacturing philosophy as well as our environmental and safety initiatives. Please look forward to the presentation on the 8th.

In the area of global sales and network enhancement, we aim to achieve sustainable volume growth of around 50,000 units a year by introducing new and updated models.
In sales network reforms aimed at improving Mazda's brand value, we will promote initiatives to improve repurchase rates, such as improving the brand experience, rolling out new-generation dealerships and strengthening the certified used car business.

In the area of global production, we will enhance production flexibility of crossover models to support volume growth.
To achieve this we will increase production capacity of crossover models at Hiroshima Plant in August and start production of the new CX-5 at Hofu Plant in October.

In terms of strengthening our financial base, we will improve our ability to generate profit and cash flow through steady volume growth and brand value improvement.
Investment for future growth such as R&D and CAPEX has been strengthened as planned.
While continuing to strengthen our financial base, we will pay stable and steadily improving dividends. We try to realize sustainable business growth and improve our enterprise value over the medium and long term.

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