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(For your information)

**Mazda Motor Corporation**  
**FISCAL YEAR MARCH 2015 FIRST HALF FINANCIAL RESULTS**  
(Speech Outline)

**Representative Director, President and CEO**

**Masamichi Kogai**

**1. HIGHLIGHTS**

For the results of the fiscal year March 2015 first half, global sales volume was 669,000 units due to the global contribution of the new Mazda3/Axela, combined with the continuing success of CX-5.

Revenue was ¥1 trillion 453.9 billion. Operating profit was ¥104 billion. Net income was ¥93.3 billion.

The new Mazda2/Demio, launched in Japan, has made a good start. We began taking orders on September 11, and although our monthly sales target is for 5,000 units, we had received a total of approximately 20,000 orders as of October 26. It has also received high acclaim, including winning 2014- 2015 Car of the Year Japan.

Mexico Plant moved to two-shift operations in July, and is steadily increasing the output.

Concerning the forecast for the full year, we forecast global sales volume of 1.42 million units, up 7% from the prior year. Full year profit forecast remains unchanged, with operating profit of ¥210 billion and net income of ¥160 billion.

In the second half, we will introduce the new Mazda2/Demio into other major markets including Australia, ASEAN and Europe, following its launch in Japan. We have also started production of the new Mazda2 in Mexico, following Japan and Thailand. We plan to introduce new compact crossover SUV Mazda CX-3 as our 5th new generation product in this fiscal year.

**Managing Executive Officer**

**Takashi Furutama**

**2. FISCAL YEAR MARCH 2015 FIRST HALF RESULTS**

Global sales volume was 669,000 units, up 6% from the prior year. Higher total sales were driven by the CX-5, which continues to enjoy brisk sales, as well as strong sales of the new Mazda3/Axela which has now been launched in many markets globally. By region, sales declines in Japan and Thailand, where demand continues to be sluggish, were offset by strong sales in North America and Europe. As a result, we achieved a year-on-year increase in the global total.

Revenue was ¥1 trillion 453.9 billion, up 16% year-over-year. Operating profit was ¥104 billion, which is ¥30 billion better than the same period last year. It is attributable mainly to the improvement of sales volume and mix of SKYACTIV models, as well as continuous cost improvement, etc. Ordinary profit was ¥107.1 billion, profit before tax was ¥107 billion, and net income was ¥93.3 billion.

The average exchange rate was ¥103 to US dollar and ¥139 to Euro, ¥4 and ¥9 weaker respectively, compared to the prior year.

I would like to explain the sales results by market.

Sales in Japan were down 18% year-on-year to 90,000 units. Sales of the Axela remained strong and partially offset the decline in sales due to the consumption tax hike.

The year-on-year sales comparison is in an improving trend.

The new Demio is off to a good start, exceeding our expectations.

Going forward, we will expand sales of the strong-selling new Demio and increase advertising such as the 2nd wave of the “Be a Driver” campaign, with an aim to increase overall sales of the new generation products.

Sales in North America were up 14% year-on-year to 226,000 units.

Sales in the United States were strong, up 15% year-on-year to 163,000 units.

CX-5, Mazda6, and new Mazda3 achieved sales growth with a well-balanced sales mix.

We continued to suppress fleet sales, and are making constant efforts to enhance our brand values.

Sales in Mexico were up 17% year-on-year to 20,000 units. With strong sales of locally-produced new Mazda3, we achieved a record high sales and market share.

Sales in Europe were up 18% to 114,000 units.

New Mazda3 made a significant contribution to increased sales, and CX-5 also maintained strong sales.

Sales in Europe excluding Russia, etc. were up 21% year-on-year, significantly outperforming growth in overall demand. Sales in key markets were strong; German sales were up 21% year-on-year to 27,000 units and UK sales were up 12% to 19,000 units.

Sales in Russia rose by 14% to 24,000 units, despite a drop in industry demand.

China sales rose 19% year-on-year to 94,000 units.

Sales of the locally-produced new Mazda3 and new Mazda6 launched in May have been strong. In addition, the CX-5 has maintained strong sales momentum since its launch one year ago, and contributed to sales.

Sales in Other Markets were about the same level as the prior year at 145,000 units. In Australia, industry demand was weak and our sales declined 4% to 49,000 units. The CX-5 remained the top-selling SUV, and sales of new Mazda3 were strong. ASEAN sales declined by 5% to 37,000 units, largely due to low demand in Thailand. In Thailand, sales of SKYACTIV models such as CX-5 and new Mazda3 were strong, partially offsetting the sales decline of other models. Sales in Malaysia and Vietnam have been strong.

I would like to explain the key factors behind the ¥30 billion year-on-year improvement in operating profit.

Volume and mix improved ¥38.1 billion by sales increase and mix improvement of SKYACTIV models.

With regard to foreign exchange, a total ¥13.3 billion improvement was marked as the exchange against US dollar, Euro, and other currencies improved by ¥4.1 billion, ¥5.5 billion, and ¥3.7 billion respectively.

In the area of variable costs, promotion of cost improvement helped to improve operating profit by ¥11.5 billion.

Marketing expenses increased ¥10.9 billion, due to enhanced advertising for the Mazda brand, new Mazda3, and new Mazda2, etc.

Other fixed costs were up ¥22.0 billion as a result of increased R&D costs as well as fixed cost for Mexico plant, etc.

### **3. FISCAL YEAR MARCH 2015 FORECAST**

Global sales volume is projected to increase 7% year-over-year to 1.42 million units.

While maintaining strong momentum of the first half in North America and Europe, we will try to recover sales in the second half, leveraging introductions of the new Mazda2/Demio in Japan and Thailand.

Compared to the July forecast, we revised volume down by 5,000 units in Japan and 5,000 units in China in light of the first half results. But, we upwardly revised European volume by 10,000 units, and the total global volume forecast remains unchanged.

We project full year revenue of ¥2 trillion 930 billion, operating profit of ¥210 billion and net income of ¥160 billion. Full year profit forecast remains unchanged as it is necessary for us to carefully assess changes in the business environment, including sales and economic situations during the fiscal year.

I will explain the key factors behind the ¥27.9 billion year-over-year improvement in operating profit.

The volume and mix is projected to improve ¥60 billion, thanks to full year contribution of new Mazda3.

Foreign exchange rate improves ¥6.0 billion in total, including ¥3.0 billion against the US dollar, ¥2.1 billion against the Euro, and ¥900 million against other currencies.

In the area of variable costs, we are expecting a ¥15 billion improvement from cost improvements driven by Monotsukuri Innovation.

Marketing expenses will increase ¥15 billion due to new product launches and reinforcement of advertising including that which focuses on the Mazda brand.

Other fixed cost will increase by ¥ 38.1 billion, including enhanced R&D investment in next-generation technologies and higher fixed cost for overseas subsidiaries such as the Mexico Plant.

## **Representative Director, President and CEO**

**Masamichi Kogai**

### **4. PROGRESS OF STRUCTURAL REFORM PLAN**

Regarding the business innovation by SKYACTIV Technology, we are enhancing the core model line-up.

We are receiving strong orders for the new Demio in Japan. We will introduce it as the Mazda2 in major markets including Australia, ASEAN and Europe as scheduled.

Furthermore, we plan to introduce the new compact crossover SUV Mazda CX-3 in this fiscal year, in addition to product upgrades for CX-5 and Mazda6/Atenza.

We will grow volume while continuing to promote sales at the right price and minimizing fleet sales. By promoting and reinforcing advertising focusing on the Mazda brand, we aim to further improve our brand presence.

In Monotsukuri Innovation, we continue our efforts to maintain and improve quality and promote cost improvements on a global basis for new products following new Mazda2.

Lastly, I will explain the reinforcement of business in emerging countries and the establishment of a global production footprint.

Mexico Plant moved to two-shift operations in July. We are steadily expanding output with production volume at 15,000 units in the first quarter and 36,000 units in the second quarter.

In October, we started producing the new Mazda2 and began operations at the engine machining factory. We plan to increase the annual production capacity in fiscal year March 2016 from the original 230,000 units to 250,000 units.

In Thailand, we will expand our sales in the second half with the new Mazda2 that has been certified as an eco-car.

## **5. SUMMARY**

SKYACTIV models maintain their global sales momentum. Global sales volume in the first half totaled 669,000 units, up 6% from the prior year.

As operating profit was ¥104 billion and the net income was ¥93.3 billion, which, we have made a good progress toward our full year forecasts.

Our full year profit forecasts for operating profit is ¥210 billion, and for net income is ¥160 billion. Full year profit forecast remains unchanged since we need to cautiously assess the economic environment.

We will introduce the new Mazda2/Demio in major markets in the second half as well as the Mazda CX-3, our new compact crossover SUV.

We will steadily promote the Structural Reform plan by expanding the SKYACTIV model line-up, and at the same time, by steadily increasing the output at Mexico Plant.

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