



# FISCAL YEAR MARCH 2020 FIRST QUARTER FINANCIAL RESULTS



# PRESENTATION OUTLINE

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- **Highlights**
- **Fiscal Year March 2020 First Quarter Results**
- **Fiscal Year March 2020 Full Year Forecast**
- **Progress of Key Initiatives**
- **Initiatives from Second Quarter**

The overseas subsidiaries which apply US GAAP adopted ASU 2014-09 "Revenue from Contracts with Customers" from the beginning of FY March 2020. The figures for FY March 2019 in this presentation were adjusted retrospectively in accordance with this change.

# HIGHLIGHTS

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## **【FY March 2020 First Quarter Results】**

- **Global sales were 353,000 units, down 12% year on year**
- **Revenue was ¥848.9 billion, operating profit was ¥7 billion, and net income was ¥5.2 billion**

## **【FY March 2020 Full Year Forecast】**

- **Full year forecast of global sales volume and profits remain unchanged from May**
- **The business environment is worsening as the yen appreciates and competition intensifies. Mazda will take action to recover sales momentum in key markets**
- **Continue to improve quality of sales leveraging the new Mazda3 and prepare for CX-30 launch, the second new-generation model**

# **FISCAL YEAR MARCH 2020 FIRST QUARTER RESULTS**

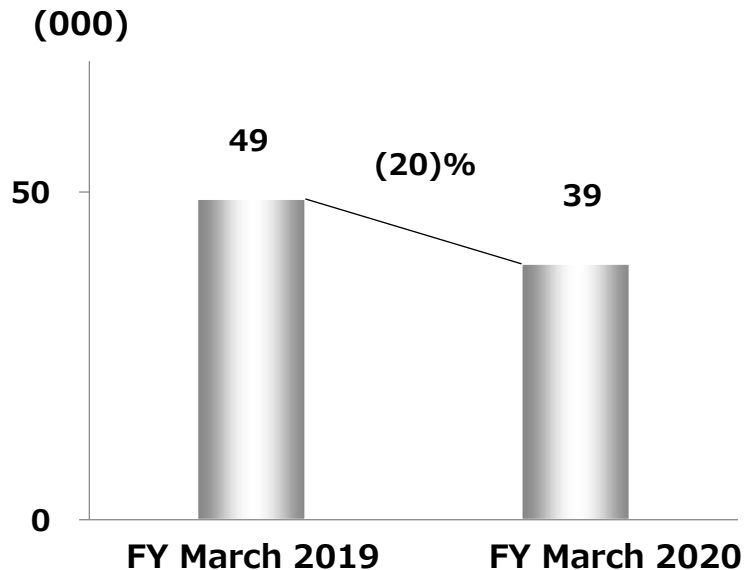
# FY MARCH 2020 GLOBAL SALES VOLUME

(000)	First Quarter		Change from	
	FY March 2019	FY March 2020	Prior Year Volume	YOY(%)
<b>Global sales volume</b>				
Japan	49	39	(10)	(20)%
North America	116	100	(16)	(14)%
Europe	67	67	0	0 %
China	68	54	(15)	(21)%
Other Markets	103	93	(10)	(10)%
<b>Total</b>	<b>403</b>	<b>353</b>	<b>(50)</b>	<b>(12)%</b>
<b>&lt;Breakdown&gt;</b>				
USA	80	68	(12)	(15)%
Australia	30	27	(3)	(9)%
ASEAN	32	29	(3)	(11)%

# JAPAN



## First Quarter Sales Volume



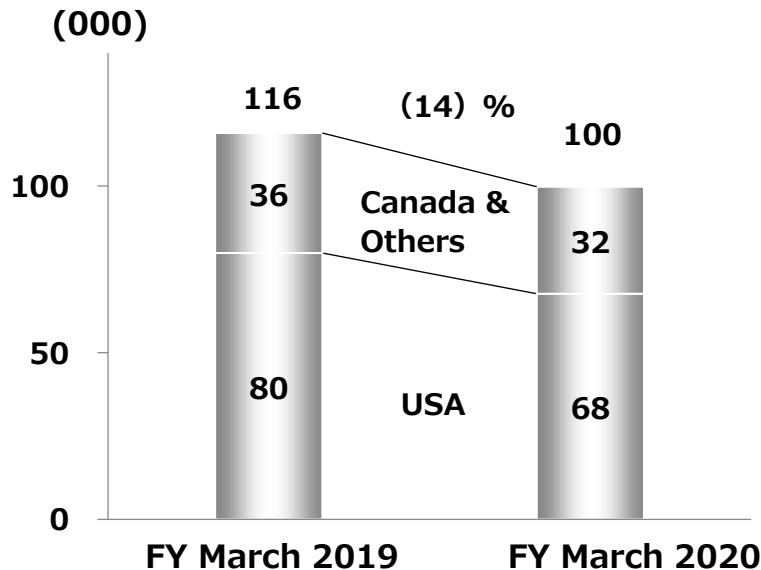
- Sales were 39,000 units, down 20% year on year
- Market share was 3.2%, and registered vehicle market share was 3.9%, down 1.3 points year on year
- In May, we projected a year-on-year sales decline due to the Mazda3 model switchover and reduced new-car effect for CX-8
- Although orders and sales of new-generation Mazda3 exceeded the plan, sales of existing models were lower than expected and overall sales failed to meet the May forecast

# NORTH AMERICA



- Sales were 100,000 units, down 14% year on year
- USA: 68,000 units, down 15% year on year
  - In May, we expected to continue curbing incentives, offset reduced fleet sales mainly with CX-5 and new Mazda3 and maintain sales on par with the prior year
  - Sales of CX-5 and Mazda3 fell short of the May forecast
  - Reduced incentives on CX-5 improved per-unit profit
  - Transaction prices for new Mazda3 topped the class thanks to substantially reduced incentives and the fact that sales of models in the higher price ranges exceeded the plan
- Canada: 19,000 units, down 17% year on year
- Mexico: 13,000 units, up 1% year on year

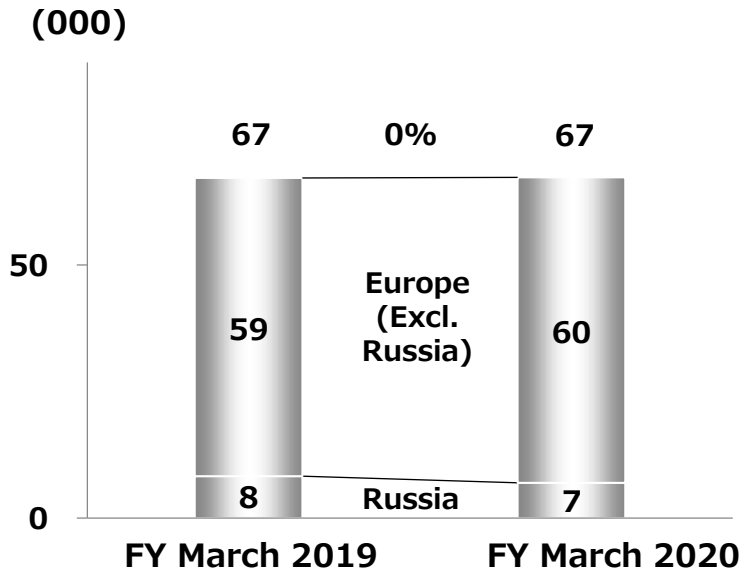
## First Quarter Sales Volume



# EUROPE



## First Quarter Sales Volume



- Sales were 67,000 units, on par with the prior year
- Sales in Europe excluding Russia were 60,000 units, up 2% year on year
  - Germany: 17,000 units, up 6% year on year
  - UK: 8,000 units, up 8% year on year
  - Sales of new Mazda3 were strong, incentives were down and high-grade models accounted for a higher ratio of sales
- Russia: 7,000 units, down 16% year on year

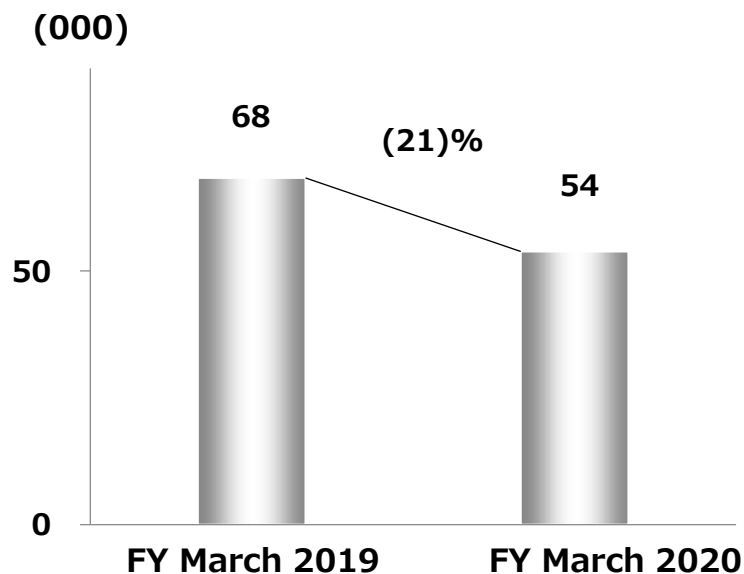


# CHINA



- Sales were 54,000 units, down 21% year on year
- In May, we projected a year-on-year sales decline in light of contracting demand, continuing fierce competition, and the fact that mainstay models are pre-update
- Sales fell short of the plan as sales of CX-4 and Mazda3 before switching to the all-new model declined more than expected
- We firmly adhered to measures to improve sales quality, such as communicating product values and optimizing dealer inventory

## First Quarter Sales Volume



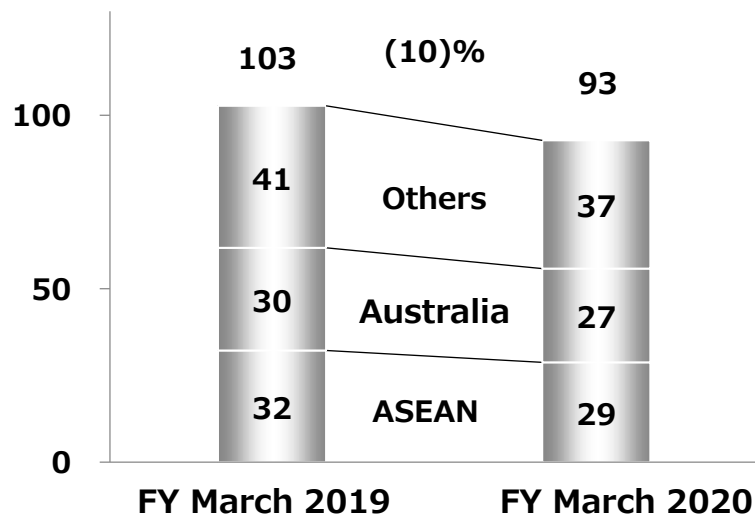
# OTHER MARKETS



- Sales were 93,000 units, down 10% year on year
- Australia: 27,000 units, down 9% year on year
  - Maintained market share on par with the prior year despite declining demand and intensifying competition
  - Orders of new Mazda3 were strong with a higher ratio of high-priced models than planned
- ASEAN: 29,000 units, down 11% year on year
  - Thailand: 15,000 units, down 10% year on year
  - Vietnam: 7,000 units, down 3% year on year

## First Quarter Sales Volume

(000)



# FY MARCH 2020 FINANCIAL METRICS

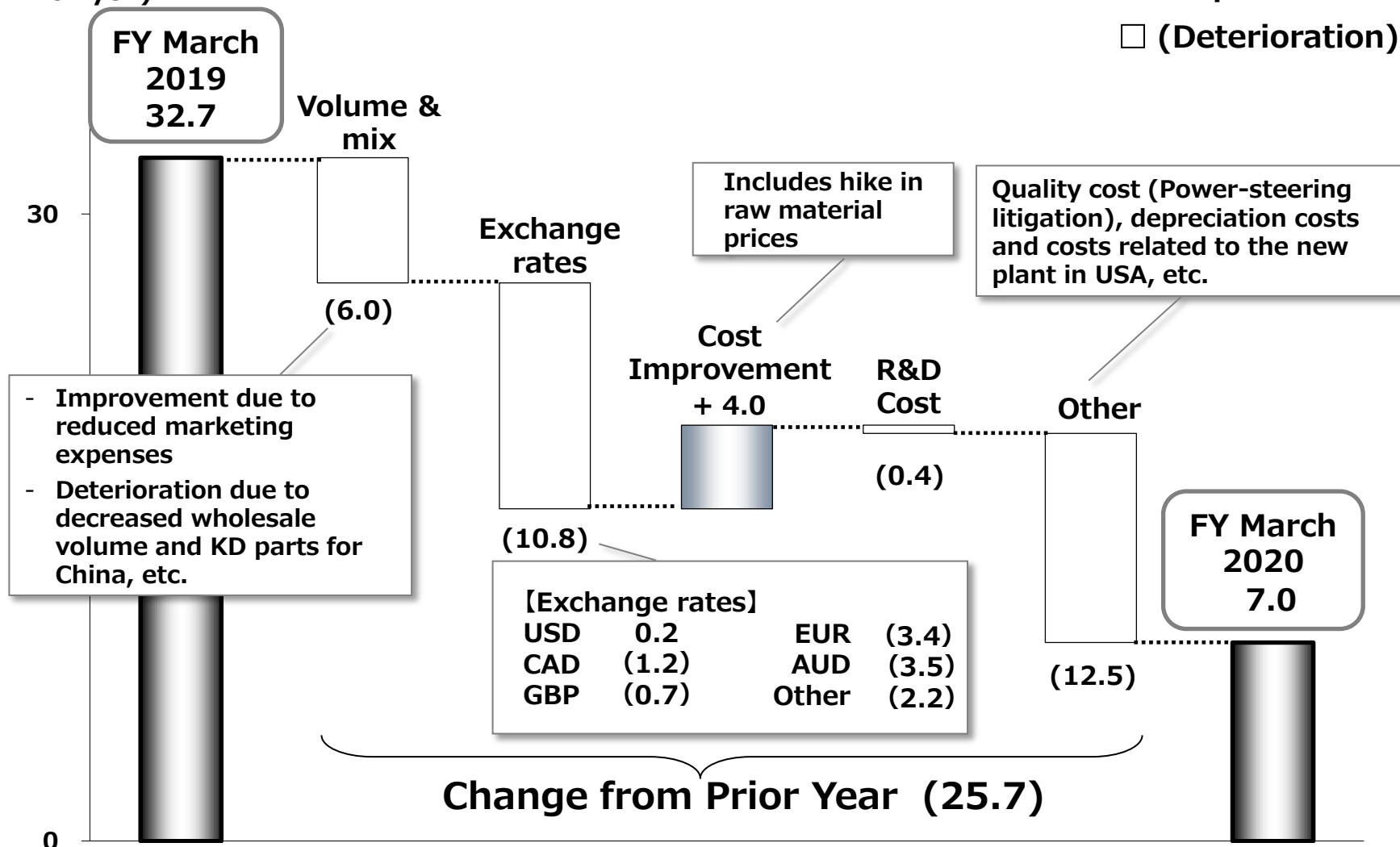
(Billion yen)	First Quarter		Change from	
	FY March	FY March	Prior Year	
	2019	2020	Amount	YOY(%)
Revenue	872.3	848.9	(23.4)	(3)%
Operating profit	32.7	7.0	(25.7)	(79)%
Ordinary profit	42.1	9.1	(33.0)	(78)%
Profit before tax	42.7	8.6	(34.1)	(80)%
Net income	20.6	5.2	(15.4)	(75)%
Operating ROS	3.8%	0.8%	(3.0)pts	
EPS (Yen)	32.7	8.3	(24.4)	
Exchange rate (Yen)				
US Dollar	109	110	1	
Euro	130	124	(7)	

# FY MARCH 2020 OPERATING PROFIT CHANGE

## FY March 2020 First Quarter vs FY March 2019 First Quarter

(Billion yen)

■ Improvement  
□ (Deterioration)



# **FISCAL YEAR MARCH 2020 FULL YEAR FORECAST**

# FY MARCH 2020 GLOBAL SALES VOLUME

(000)	Full Year		Change from	
	FY March 2019	FY March 2020	Prior Year Volume	YOY(%)
<b>Global sales volume</b>				
Japan	215	223	9	4 %
North America	421	456	35	8 %
Europe	270	286	17	6 %
China	247	265	18	7 %
Other Markets	409	387	(21)	(5)%
<b>Total</b>	<b>1,561</b>	<b>1,618</b>	<b>57</b>	<b>4 %</b>
<b>&lt;Breakdown&gt;</b>				
USA	287	324	37	13 %
Australia	110	100	(10)	(9)%
ASEAN	137	133	(3)	(2)%

# FY MARCH 2020 FINANCIAL METRICS

(Billion yen)	Full Year		Change from	
	FY March	FY March	Prior Year	
	2019	2020	Amount	YOY(%)
Revenue	3,564.2	3,700.0	135.8	4 %
Operating profit	82.3	110.0	27.7	34 %
Ordinary profit	116.1	125.0	8.9	8 %
Profit before tax	107.6	117.0	9.4	9 %
Net income	63.2	80.0	16.8	27 %
Operating ROS	2.3%	3.0%	0.7 pts	
EPS (Yen)	100.3	127.0	26.7	
Exchange rate (Yen)				
US Dollar	111	110	(1)	
Euro	128	126	(2)	

# PROGRESS OF KEY INITIATIVES

- **New Mazda3 has successfully increased the ratio of higher-grade models and per-unit revenue in markets where it has been introduced**
- **Reducing incentives globally and promoting sales with focus on communication of product value**
- **In April, we started building the new CX-30 compact crossover SUV, the second new-generation product, at the Hiroshima Plant, in preparation for its rollout this summer**
- **At the joint-venture manufacturing plant in the US, foundation work has been completed and steel frame construction has begun. Preparations are on track for start of operations in 2021**





# **INITIATIVES FROM SECOND QUARTER**

# INITIATIVES FROM SECOND QUARTER

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- 【Japan】**
  - Enhance trade cycle management and take advantage of high residual values to improve repurchase rates and increase conquest sales
  - Effectively communicate Mazda's unique points, such as the high-quality feel and the appeals of the diesel CX-5 and CX-8
- 【USA】**
  - Enhance activities to communicate the values of new Mazda3. Create drive opportunities at dealers so customers can experience the appeal and value of new-generation products
  - Enhance communications mainly for CX-5 and undertake efficient sales promotion actions tailored to each region
  - Drive business model transformation through sales network reform
- 【China】**
  - Continue sales focusing on communication of product values. Introduce new Mazda3 and updated models to turn the business around

# INITIATIVES FROM SECOND QUARTER

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## **【Global】**

- **Continue and strengthen initiatives to improve sales quality by reducing incentives and shifting to a higher price zone**
- **Enhance efforts such as sales actions to address stronger yen, additional cost improvements, and fixed cost efficiency**
- **Successfully launch second new-generation product, CX-30. Plan to start production of CX-30 at the Mexico Plant by the end of the year**
- **In line with the medium-term management policy, improve per-unit revenue and profit through new-generation products**



MAZDA



# APPENDIX

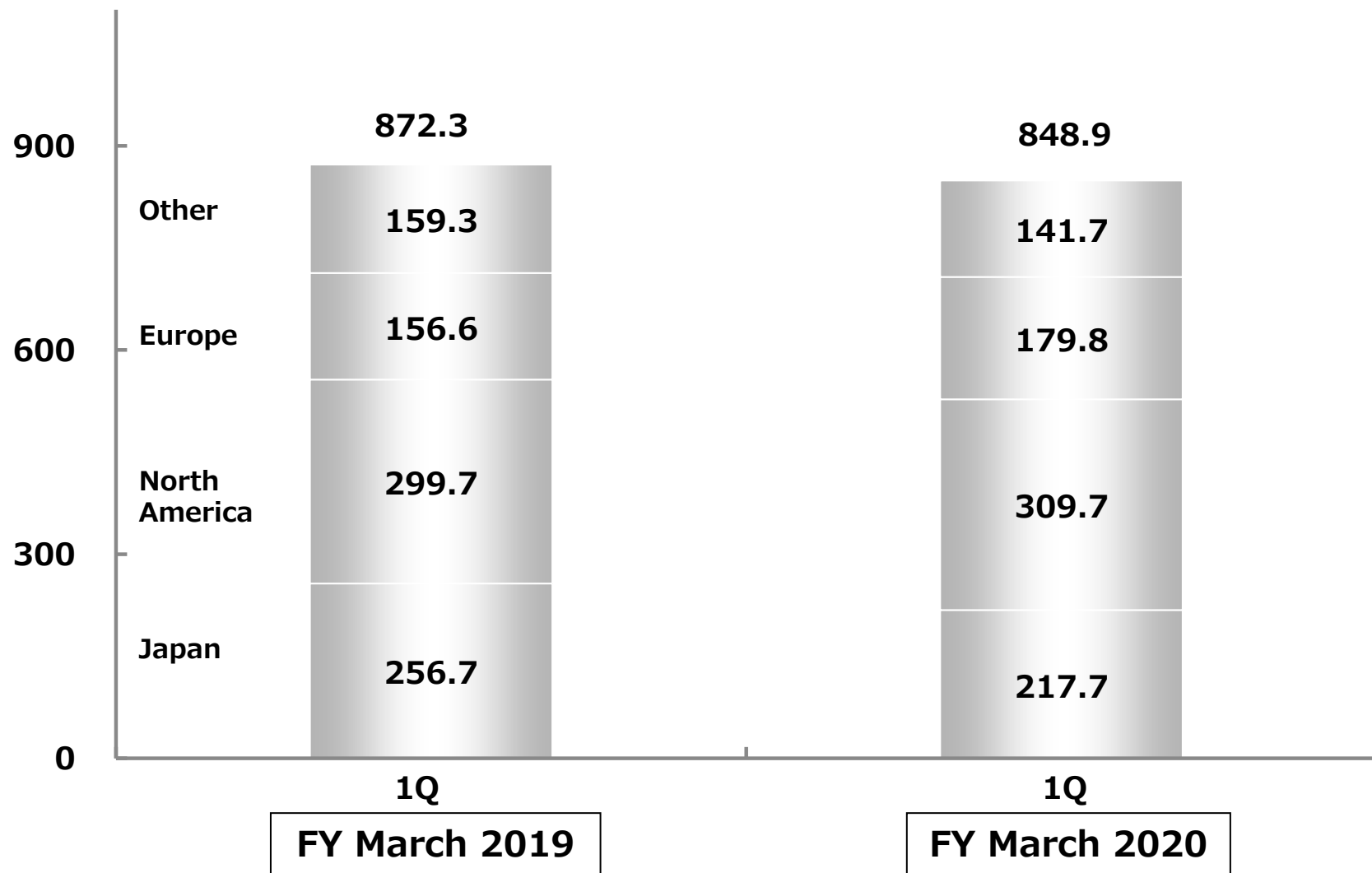
# CASH FLOW AND NET CASH

(Billion yen)	FY March 2019 Full Year	FY March 2020 First Quarter	Change from Prior FY End
<b>Cash Flow</b>			
- From Operating activities	146.7	3.2	-
- From investing activities	(131.6)	(40.9)	-
- Free Cash Flow	15.1	(37.8)	-
<b>Cash and Cash Equivalents</b>	<b>701.6</b>	<b>619.8</b>	<b>(81.8)</b>
<b>Net Cash</b>	<b>94.6</b>	<b>25.6</b>	<b>(69.0)</b>
<b>Equity Ratio</b>	<b>42 / 43<sup>*</sup>%</b>	<b>42 / 44<sup>*</sup>%</b>	<b>1 / 1<sup>*</sup>pts</b>

\*Reflecting "equity credit attributes" of the subordinated loan

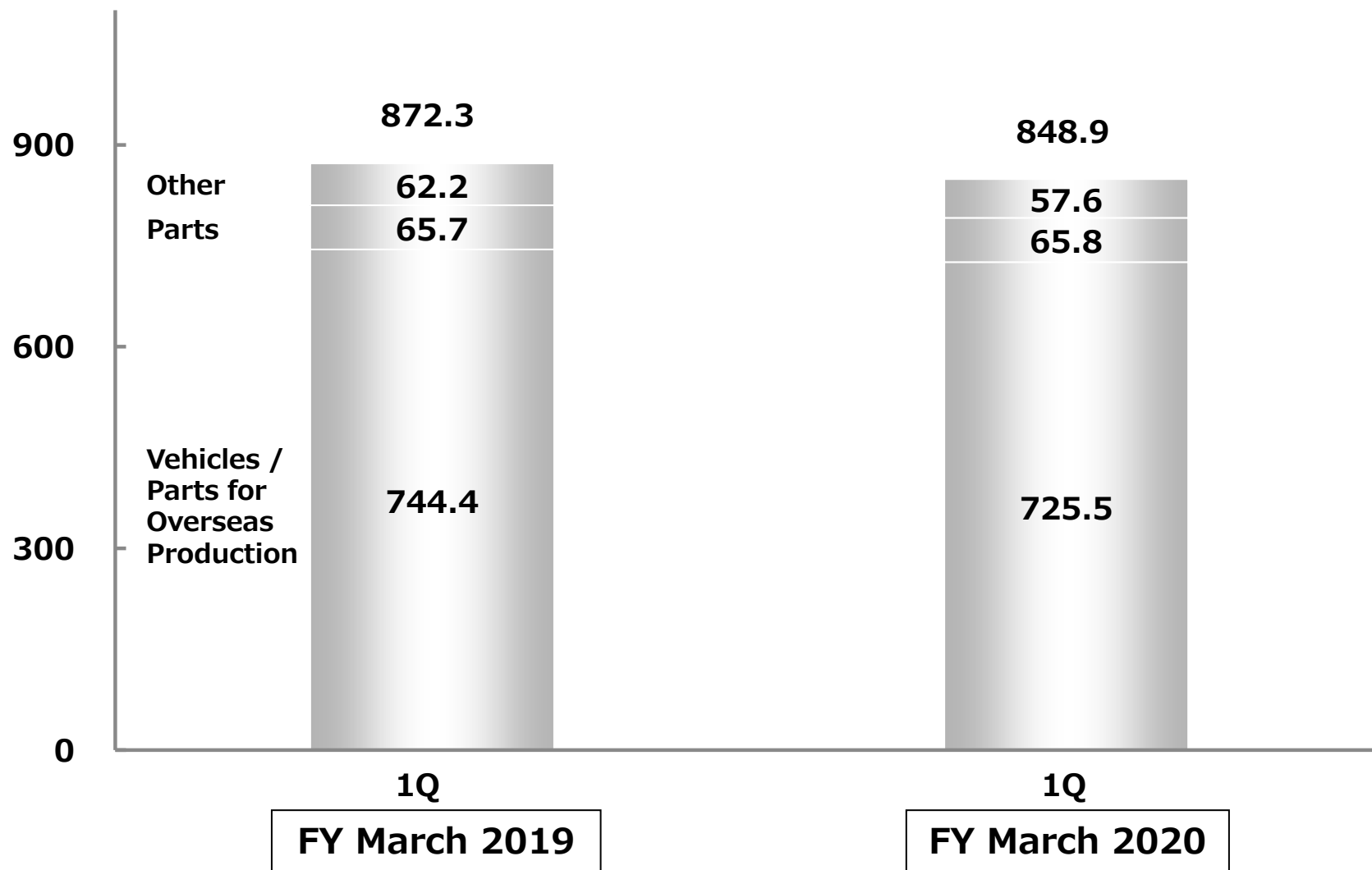
# REVENUE BY GEOGRAPHIC AREA

(Billion yen)



# REVENUE BY PRODUCT

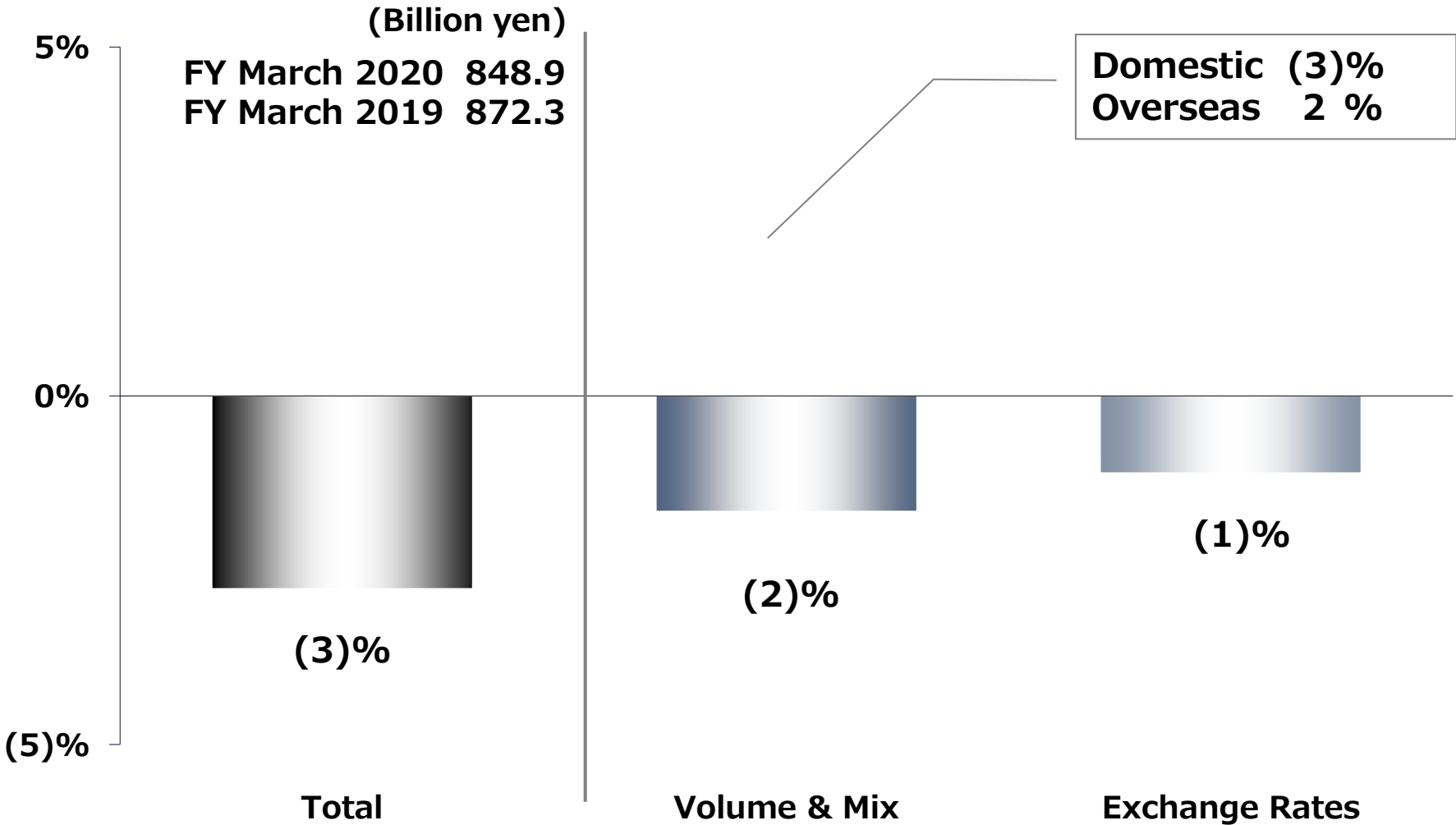
(Billion yen)





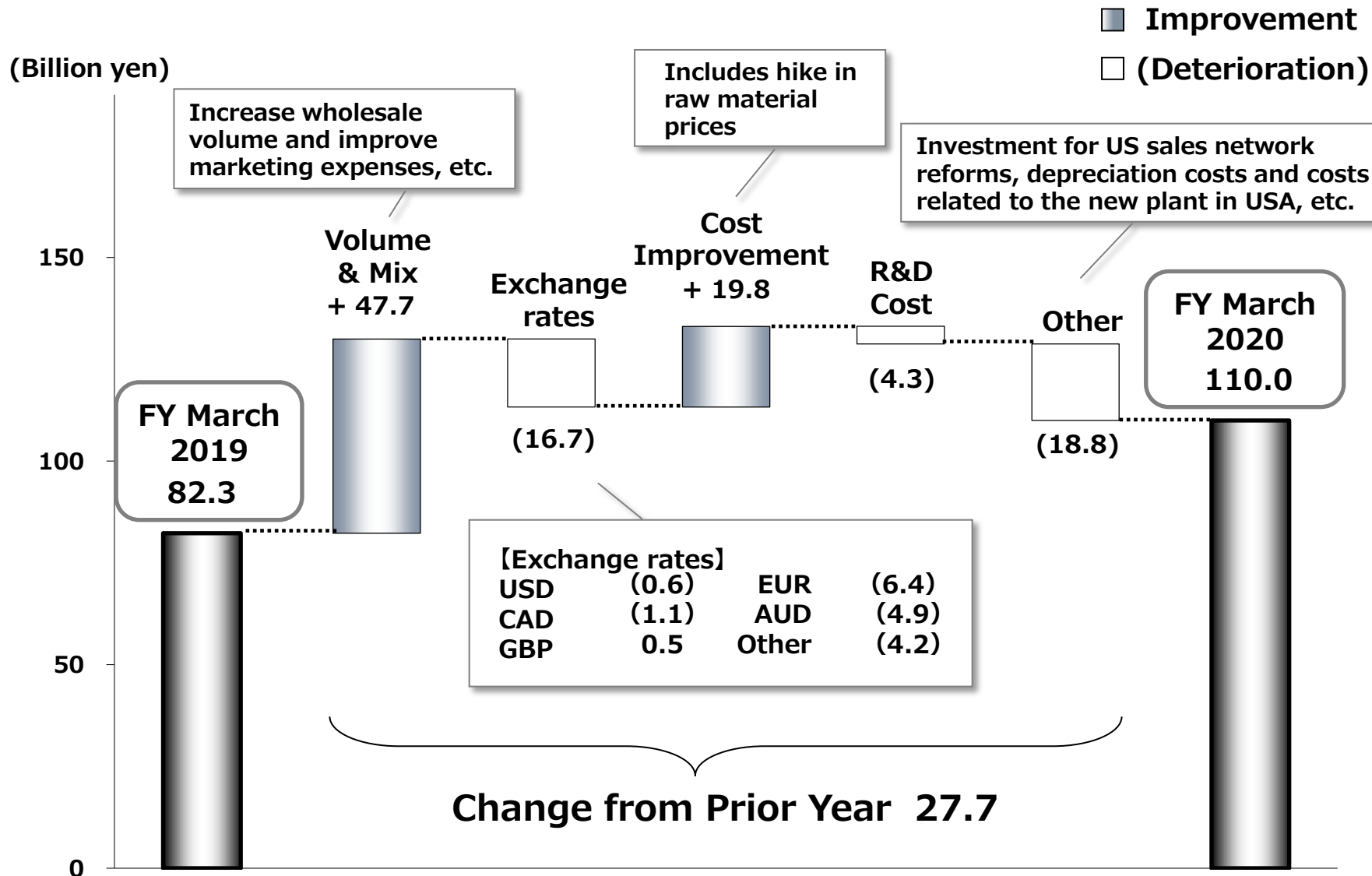
# REVENUE CHANGE

## FY March 2020 1st Quarter vs. FY March 2019 1st Quarter



# FY MARCH 2020 OPERATING PROFIT CHANGE

## FY March 2020 Full Year vs. FY March 2019 Full Year



# GLOBAL SALES VOLUME AND CONSOLIDATED WHOLESALES

(000)	First Quarter		Change from	
	FY March 2019	FY March 2020	Prior Year	
			Volume	YOY(%)
<b>Global sales volume</b>				
Japan	49	39	(10)	(20)%
North America	116	100	(16)	(14)%
Europe	67	67	0	0 %
China	68	54	(15)	(21)%
Other Markets	103	93	(10)	(10)%
<b>Total</b>	<b>403</b>	<b>353</b>	<b>(50)</b>	<b>(12)%</b>
<b>Wholesales volume</b>				
Japan	49	39	(10)	(20)%
North America	118	111	(7)	(6)%
Europe	61	70	10	16 %
Other Markets	98	90	(7)	(7)%
<b>Total</b>	<b>325</b>	<b>310</b>	<b>(15)</b>	<b>(4)%</b>
<b>&lt;Breakdown&gt;</b>				
USA	82	79	(3)	(4)%

# FY MARCH 2020 GLOBAL SALES VOLUME

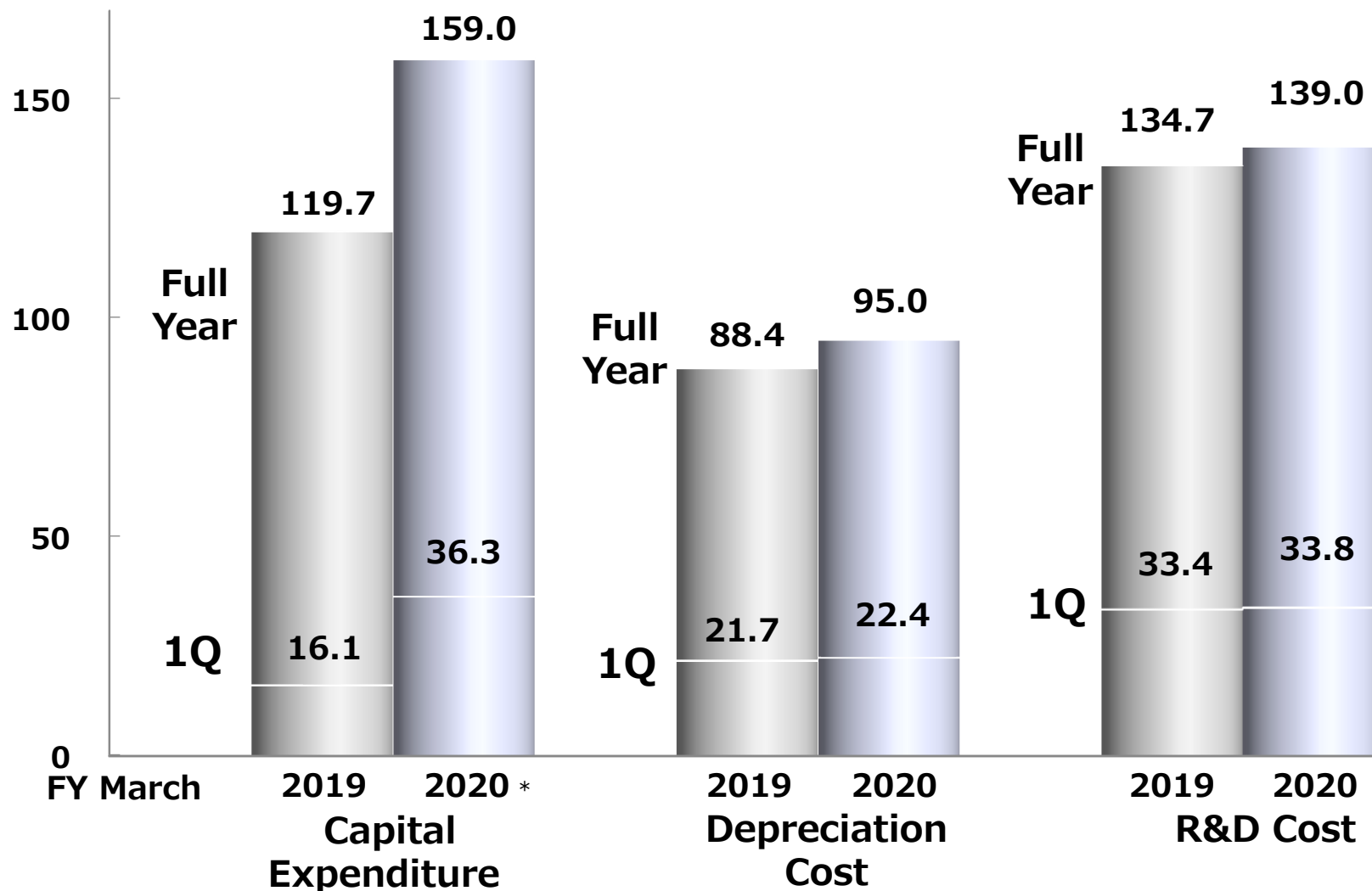
(000)	FY March 2019	FY March 2020	Change from Prior Year Volume	(Forecast as of May Pub.)	Change from Forecast Volume
	First Quarter	First Quarter		FY March 2020	
				First Quarter	
<b>Global sales volume</b>					
Japan	49	39	(10)	43	(4)
North America	116	100	(16)	113	(14)
Europe	67	67	0	68	(0)
China	68	54	(15)	58	(4)
Other Markets	103	93	(10)	94	(2)
<b>Total</b>	<b>403</b>	<b>353</b>	<b>(50)</b>	<b>377</b>	<b>(24)</b>
<b>&lt;Breakdown&gt;</b>					
USA	80	68	(12)	80	(12)

# GLOBAL SALES VOLUME AND CONSOLIDATED WHOLESALLES

(000)	Full Year		Change from	
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			Volume	YOY(%)
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<b>Total</b>	<b>1,561</b>	<b>1,618</b>	<b>57</b>	<b>4 %</b>
<b>Wholesales volume</b>				
Japan	210	219	8	4 %
North America	424	455	31	7 %
Europe	267	278	11	4 %
Other Markets	411	389	(22)	(5)%
<b>Total</b>	<b>1,311</b>	<b>1,340</b>	<b>29</b>	<b>2 %</b>
<b>&lt;Breakdown&gt;</b>				
<b>USA</b>	<b>285</b>	<b>326</b>	<b>41</b>	<b>14%</b>

# KEY DATA

(Billion yen)



\*Lease assets recognized on the balance sheet in accordance with accounting standard change are not included in capital expenditure.

# EXCHANGE RATES

(Yen)	Full Year		Change from Prior Year
	FY March 2019	FY March 2020	
US Dollar	111	110	(1)
Euro	128	126	(2)
Canadian Dollar	85	84	(1)
Australian Dollar	81	79	(2)
British Pound	146	147	1

# DISCLAIMER

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**The projections and future strategies shown in this presentation are based on various uncertainties including without limitation the conditions of the world economy in the future, the trend of the automotive industry and the risk of exchange-rate fluctuations. So, please be aware that Mazda's actual performance may differ substantially from the projections.**

**If you are interested in investing in Mazda, you are requested to make a final investment decision at your own risk, taking the foregoing into consideration. Please note that neither Mazda nor any third party providing information shall be responsible for any damage you may suffer due to investment in Mazda based on the information shown in this presentation.**