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Business Domains

Principal Businesses Segments

Motorcycles
Motorcycles represent the origin of both Honda’s “mono-zukuri (the art of manufacturing)” and business. Under the philosophy of “building products close to the customer,” Honda has practiced mono-zukuri rooted in each country and region. The Company now sells more than 20 million motorcycles each year worldwide, and in December 2019 reached cumulative global production of 400 million units. Honda provides the joy of mobility and a fun riding experience with its diverse array of models: the Super Cub, which has been sold in more than 130 countries and is the most widely used motorcycle in the world; commuter models providing a means of transportation for people’s daily lives; and super sports models that offer the excitement of riding a MotoGP-class motorcycle on public roads.

As a way to respond to the growing global concerns about environmental issues, Honda has also released the Benly e: series of electric motorized scooters. In this way, Honda remains committed to meeting the expectations of customers worldwide and opening up new frontiers for the motorcycle market, thus becoming a driving force in the global motorcycle industry.

Automobiles
“Let’s change the landscape of the automobile industry.” Honda’s automobile business began under this slogan in 1963 and has now grown to sales of about 5 million vehicles globally each year. To enrich the lives of its customers, Honda seeks to provide automobiles and services that are secure, stress-free and uniquely Honda and that support the freedom of mobility for all.

Honda has been working to achieve the target of electrifying two-thirds of its global automobile sales by 2030. Recent initiatives include the release of the Honda e electric vehicle, designed for a society that is connected via energy. This model is equipped with Honda Personal Assistant, a stress-free voice recognition service. Another example is the adoption of a two-motor hybrid system, which had previously been used on medium-sized vehicles, in the Jazz/Fit compact model.

Additionally, Honda has been actively engaged in research and developing automated driving technologies to improve the performance of its Honda Sensing, a safety and driver-assistance system, as part of its ongoing efforts to realize a collision-free mobile society.
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Business Domains

Life Creation
As part of its Power Products Business, Honda has provided a diverse range of items, including general-purpose engines, tillers, generators, snow throwers, lawnmowers, pumps and outboard engines. Cumulative global production of power products reached 150 million units in September 2019, and to date customers in more than 50 countries have selected Honda’s products.

Recently, Honda announced a professional-use, electrified power unit offering the same levels of reliability and installation compatibility as the GX series of engines, which are regarded as the world standard power source for various types of commercial-grade work equipment. For general customers, Honda now offers a cordless lawnmower and has been rapidly expanding its lineup of electrified products that are easier to use, quiet to operate and environmentally friendly.

In April 2019, Honda changed the name of the Power Products Business to the Life Creation Business, to expand its domain to include energy and other new businesses for the future. In the energy field, Honda will push ahead with vehicle-to-grid* (V2G) field tests to use electric vehicles (EV) as a temporary electric storage and discharge device to help stabilize power supply. By doing so, Honda seeks to realize an enriched and sustainable society.

*A system to connect EVs and other plug-in vehicles to the power grid and use electricity stored in their batteries to adjust the grid’s demand and supply balance.

Aircraft and Aircraft Engines
The development of aircraft and aircraft engines has been an important R&D theme since the establishment in 1986 of the Wako Center, which engages in research on basic technologies, and a dream since the founding of Honda itself. The resulting HondaJet is noteworthy for its main wing airfoil and fuselage nose shape, which features Honda’s original Natural Laminar Flow (NLF) to reduce aerodynamic drag, as well as its revolutionary Over-The-Wing Engine Mount (OTWEM) design. A proof-of-concept version of the HondaJet, fitted with the HF118, a high-efficiency turbofan engine originally and wholly designed by Honda, made its first flight in 2003 and demonstrated the highest flight performance in its class. Subsequently, Honda established Honda Aircraft Company in the U.S. state of North Carolina to develop and manufacture the HondaJet. Separately from this, Honda also worked on the engine for the aircraft. In collaboration with General Electric (GE), Honda began developing and manufacturing the GE Honda HF120 production model engine. A production version of the HondaJet finally reached the market in 2015, followed by the release of an upgraded version, the HondaJet Elite, in 2018.

The HondaJet is a fusion of its beautiful and unique fuselage design, innovative aerodynamic and structural technologies and highly efficient engine. The fusion has led to excellent fuel efficiency, high flight performance, a more spacious cabin (about 30% larger than that of other companies’ equivalent models), less noise and greater maneuverability. These and other features earned high marks, and as a result, the HondaJet became the most delivered aircraft* in the very light jet category for the third consecutive year since 2017.

*Survey by the General Aviation Manufacturers Association (GAMA).
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Unit Sales and Principal Operation Bases

Joy of mobility to 29.8 million people transcending national borders

Company name: Honda Motor Co., Ltd.
Established: September 1948
President and Representative Director, CEO: Takahiro Hachigo
Capital: 86,067 million yen (as of March 31, 2020)

The graphs show unit sales (retail) of motorcycles, automobiles and power products (in units of 1,000) for FY2020 (April 2019 to March 2020).

The symbol ● represents the approximate locations of Honda Group companies.

Overview

Motorcycles  Automobiles  Power Products

(1,000 units)

North America
Regional headquarters: Honda North America, Inc. (U.S.A.)

South America
Regional headquarters: Honda South America Ltda. (Brazil)

Japan
Regional headquarters: Honda Motor Co., Ltd. (Tokyo)

Asia & Oceania
Regional headquarters: Asian Honda Motor Co., Ltd. (Thailand)

Europe
Regional headquarters: Honda Motor Europe Ltd. (U.K.)

Africa & Middle East
Regional headquarters: Honda South America Ltda. (Brazil)
Honda employs a matrix management system. In this matrix, the vertical axis represents the organizations for each region, while the horizontal axis denotes individual businesses.

On the vertical axis are organizations in Japan and six overseas regions (North America, South America, Europe, Asia & Oceania, China and Africa/Middle East). Based on Honda’s Fundamental Beliefs, these organizations engage in business grounded in each region from a long-term perspective.

On the horizontal axis are the business domains of the Automobile Business and Motorcycle Business, as well as the Life Creation Business, which includes power products. Each organization develops medium-to long-term plans for its respective products and works closely with regions to optimize and facilitate global business operations.

Also on the horizontal axis are the Company’s Functional Operations — Brand and Communication, Business Management, Human Resources and Corporate Governance, IT, Production, Purchasing and Customer First. Each of these functional operations supports and coordinates efforts to increase the effectiveness and efficiency of the Honda Group as a whole.

In addition, R&D activities targeting products and technologies with new value, as well as products in the Life Creation Business, are conducted mainly by Honda R&D Co., Ltd., which is an independent subsidiary of the Company, and its subsidiaries. Honda aims to use cutting-edge technology to create new value that is distinctive and internationally competitive.
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Changes in Operating System in Business Domains and R&D Domains

Striving to fulfill its 2030 Vision, Honda has been taking steps to solidify its existing business while preparing for future growth. To accelerate these initiatives, Honda made changes to its organizational and operational structures in April 2020.

Changes Made to the Operational Structure for the Automobile Business

Honda has made changes to the structure of its automobile business operations in Japan in order to accelerate ongoing initiatives to bolster its automobile business and realize “strong products, strong mono-zukuri (the art of manufacturing) and strong businesses,” which are essential for the future growth of Honda.

Honda’s automobile business was operated with a collaborative structure in which each area of S-E-D-B (Sales, Engineering/production, Development and Buying/purchasing) maintained autonomy and worked in collaboration. Honda shifted from this collaborative structure to a unified structure that integrates the S-E-D-B areas. This change will enable Honda to develop business strategies based on a big-picture view of the entire automobile business, and realize product development based on more precise planning. Moreover, with this unified structure Honda will further advance its mono-zukuri with an efficient operation that integrates the entire process from development through mass production.

- The following organizations/functions have been integrated into Automobile Operations:
  - Honda R&D Co., Ltd. functions related to the development of automobile products, except for product design and a few other functions.
  - Honda Engineering Co., Ltd. functions related to the development of automobile manufacturing technologies and the production of automobile manufacturing equipment.

- All S-E-D-B areas, separated by their respective functions, have been integrated into Automobile Operations and reorganized into the following, based on the new process of operations:
  - Business Supervisory Unit: develops business strategies that flexibly addresses changes in the business environment.
  - Mono-zukuri Center: develops competitive products by advancing Honda’s art of automobile manufacturing.
  - Production Supervisory Unit: responsible for automobile production as well as the production quality control and high-level equalization of quality on a global basis.
  - Supply Chain Management Supervisory Unit: plans and implements the supply chain optimized for the business strategies.

- Sales Supervisory Unit: develops and executes sales and marketing strategies that are unified with Regional Operations.
- The position of Business Unit Officer has been created, with responsibility for supervising the overall process from planning through to the launch of mass production for each model series.
- With these organizational changes, Production Operations and Purchasing Operations have been strategically disbanded. After Honda Engineering Co., Ltd. transferred certain production technology research and development functions to Honda R&D Co., Ltd., it was absorbed and merged into Honda Motor Co., Ltd.

Changes Made to the Organizational Structure of Honda R&D Co., Ltd.

Honda R&D Co., Ltd. has refined its organizational structure to further strengthen its initiatives to “create new value by exploring unknown worlds,” the original purpose of the establishment of Honda R&D. (⇒ p. 33)

Changes Made to the Operational Structure for Connected Car and MaaS Business

- To accelerate its ongoing initiatives to create new businesses based on next-generation services, Honda has integrated all functions related to connected car services and eMaaS strategy planning, development and business implementation, which were assumed by individual businesses, and has set up MaaS Operations within Honda Motor Co., Ltd. The new MaaS Operations will plan and develop new services that leverage Honda’s unique strengths in having a broad range of businesses and products, including motorcycles, automobiles and life creation products. At the same time, MaaS Operations will accelerate the commercialization of next-generation services by increasing the speed of its decision-making.
- Effective February 18, 2020, Honda Motor Co., Ltd. also established a new company, Honda Mobility Solutions Co., Ltd., which will pursue the mobility services (MaaS) business in Japan.