

FY13 3rd Quarter Financial Results



Honda Motor Co., Ltd.

Urban SUV concept

January 31, 2013

FY13 3rd Quarter Financial Results & FY13 Financial Forecasts

Fumihiko Ike

***Senior Managing Officer and Director
Chief Financial Officer***

- *FY13 3rd Quarter Consolidated Financial Results*
- *FY13 Financial Forecasts*
- *Dividend*

Kohei Takeuchi

Operating Officer, General Manager of Accounting Division

- *FY13 3rd Quarter Consolidated Financial Results*
 - Net Sales and Other Operating Revenue*
 - Change in Income before Income Taxes*
 - Business Segment Information*
 - Geographical Information*
 - Change in Equity in Income of Affiliates*
 - Consolidated Capital Expenditures*
- *FY 13 Financial Forecasts*

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Outline of FY13 3rd Quarter Financial Results (Consolidated)

Honda Group Unit Sales (Consolidated Unit Sales) (thousand)	3Q Results (Three Months)		
	FY12	FY13	Change
Motorcycles	3,609 (2,031)	3,815 (2,350)	+ 5.7% (+ 15.7%)
Automobiles	783 (622)	986 (841)	+ 25.9% (+ 35.2%)
Power Products	1,021 (1,021)	1,195 (1,195)	+ 17.0% (+ 17.0%)

Financial results Yen (billion)	3Q Results (Three Months)		
	FY12	FY13	Change
Net sales & other operating revenue	1,942.5	2,425.7	+ 24.9%
Operating income	44.2	131.9	+ 197.8%
Income before income taxes	58.4	89.7	+ 53.5%
Equity in income of affiliates	22.9	21.4	- 6.5 %
Net income attributable to Honda Motor Co., Ltd.	47.6	77.4	+ 62.5%

EPS attributable to Honda Motor Co., Ltd. (Yen)	26.45	42.97	+ 16.52
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Note : Shares which are based on calculation of EPS approx. 1,802,300,000 shares approx. 1,802,298,000 shares (weighted average number of shares outstanding)

Average Rates (Yen)

US Dollar	77	81	Yen down by 4 yen
Euro	105	106	Yen down by 1 yen

Financial Summary

Operating income amounted to 131.9 billion yen, a sharp rise of 197.8% mainly due a strong recovery from the Thai flood and the positive impact of new model introductions, primarily in North America.

Financial Highlights

Honda Group Unit Sales

Motorcycle:

Increased in Asia and decreased in South America, mainly in Brazil

Automobile:

Increased mainly in North America and Asia

Power Products:

Increased in North America, Asia and "Other regions"

Net Sales and Operating Revenue

-Recovery from the Thai flood and new model introductions led to an increase for automobile business operations

-Currency fluctuations had a positive impact

Operating Income

Increased 197.8% compare to the same period last year due to:

- Increased unit sales in automobile business operations
- Positive impact to the fixed costs due to increased production
- Cost reduction efforts
- Favorable currency effect

Outline of Nine Months Financial Results (Consolidated)

Honda Group Unit Sales (Consolidated Unit Sales) (thousand)	3Q Results (Three Months)		
	FY12	FY13	Change
Motorcycles	3,609 (2,031)	3,815 (2,350)	+ 5.7% (+ 15.7%)
Automobiles	783 (622)	986 (841)	+ 25.9% (+ 35.2%)
Power Products	1,021 (1,021)	1,195 (1,195)	+ 17.0% (+ 17.0%)

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approx.	approx.
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(weighted average number of shares outstanding)	

Average Rates (Yen)

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Euro	105	106	Yen down by 1 yen

Nine Months Results		
FY12	FY13	Change
10,897 (6,167)	11,532 (7,020)	+ 5.8% (+ 13.8%)
2,086 (1,651)	2,981 (2,506)	+ 42.9% (+ 51.8%)
3,809 (3,809)	4,108 (4,108)	+ 7.8% (+ 7.8%)

Nine Months Results		
FY12	FY13	Change
5,543.0	7,132.9	+ 28.7%
119.3	408.8	+ 242.4%
164.3	390.8	+ 137.8%
67.1	69.6	+ 3.8%
139.8	291.3	+ 108.3%

77.62	161.68	+ 84.06
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approx. approx.
 1,802,300,000 shares 1,802,299,000 shares
 (weighted average number of shares outstanding)

78	80	Yen down by 2 yen
110	103	Yen up by 7 yen

FY13 Financial Forecasts (Consolidated)

Yen (billion)

	FY12 Results	FY13 Forecasts	Change		Change from previous forecasts
			amount	%	
Net sales & other operating revenue	7,948.0	9,800.0	+ 1,851.9	+ 23.3%	-
Operating income	231.3	520.0	+ 288.6	+ 124.8%	-
Income before income taxes	257.4	515.0	+ 257.5	+ 100.1%	- 25.0
Equity in income of affiliates	100.4	80.0	- 20.4	- 20.3%	-
Net income attributable to Honda Motor Co., Ltd.	211.4	370.0	+ 158.5	+ 75.0%	- 5.0

EPS attributable to Honda Motor Co., Ltd. (Yen)	117.34	205.29	+ 87.95
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Average Rates (Yen)

US Dollar	79	81 (1H 79 / 2H 83)	Yen down by 2 yen	Yen down by 1 yen
Euro	108	105 (1H 101 / 2H 108)	Yen up by 3 yen	Yen down by 2 yen

(Yen)

Dividend per share	FY12 Results	FY13	
		Results & Projection	Increase / Decrease from FY12
1 st quarter End	15	19	+ 4
2 nd quarter End	15	19	+ 4
3rd quarter End	15	19	+ 4
4 th quarter End	15	(19)	(+ 4)
Fiscal Year	60	(76)	(+ 16)

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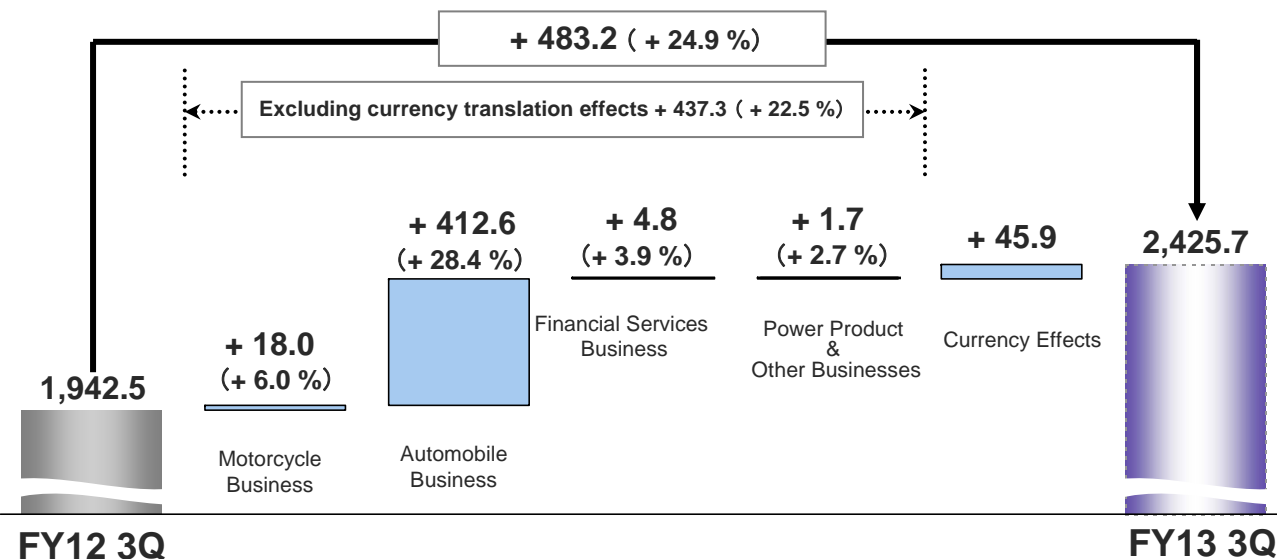
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Net Sales and Other Operating Revenue

3rd Quarter (Three months)



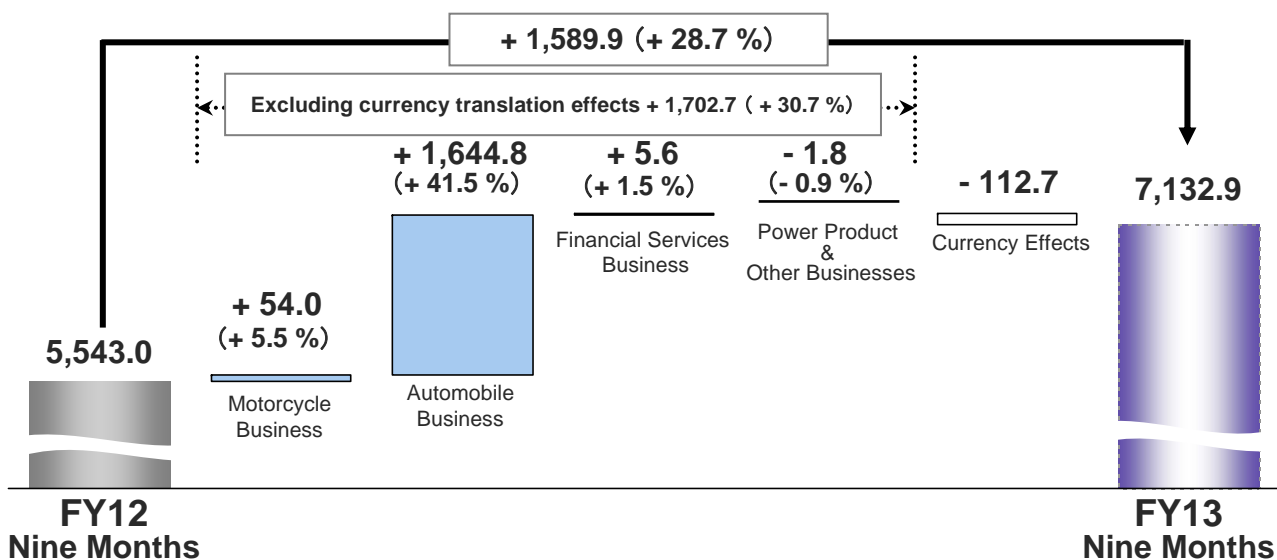
Yen (billion)

Net Sales by Business Segment	3Q	
	FY12	FY13
Motorcycle Business	302.5	307.8
Automobile Business	1,451.0	1,915.5
Financial Services Business	124.8	135.3
Power Product & Other Businesses	64.0	67.0
Total	1,942.5	2,425.7

Market average rates

US Dollar	77	81
Euro	104	105
*BR Real	46	38

Nine Months



Yen (billion)

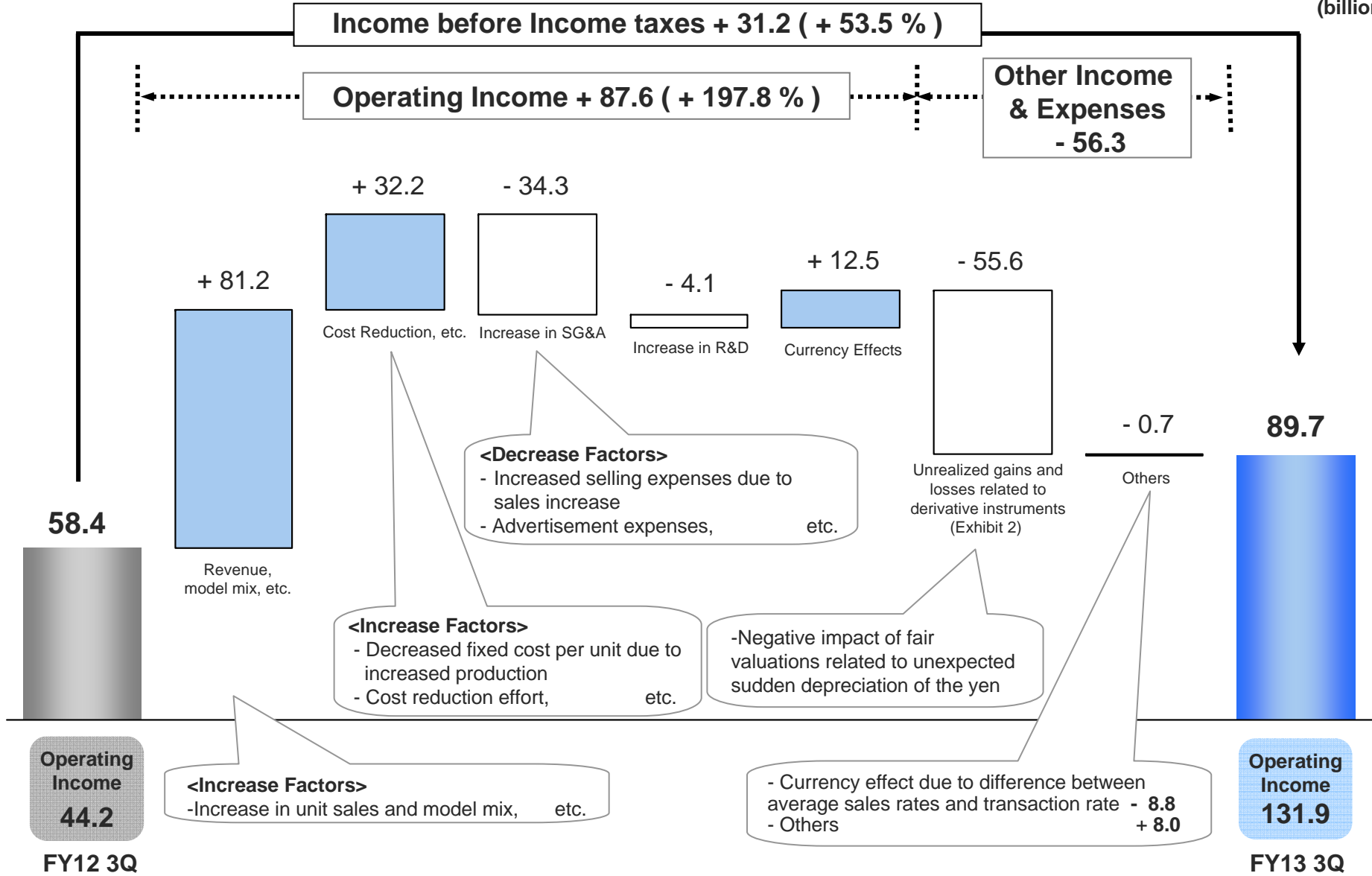
Net Sales by Business Segment	Nine Months	
	FY12	FY13
Motorcycle Business	990.2	964.1
Automobile Business	3,961.0	5,572.2
Financial Services Business	387.1	397.0
Power Product & Other Businesses	204.6	199.5
Total	5,543.0	7,132.9

Market average rates

US Dollar	79	80
Euro	111	102
*BR Real	49	41

Change in Income before Income Taxes <FY13 3rd Quarter>

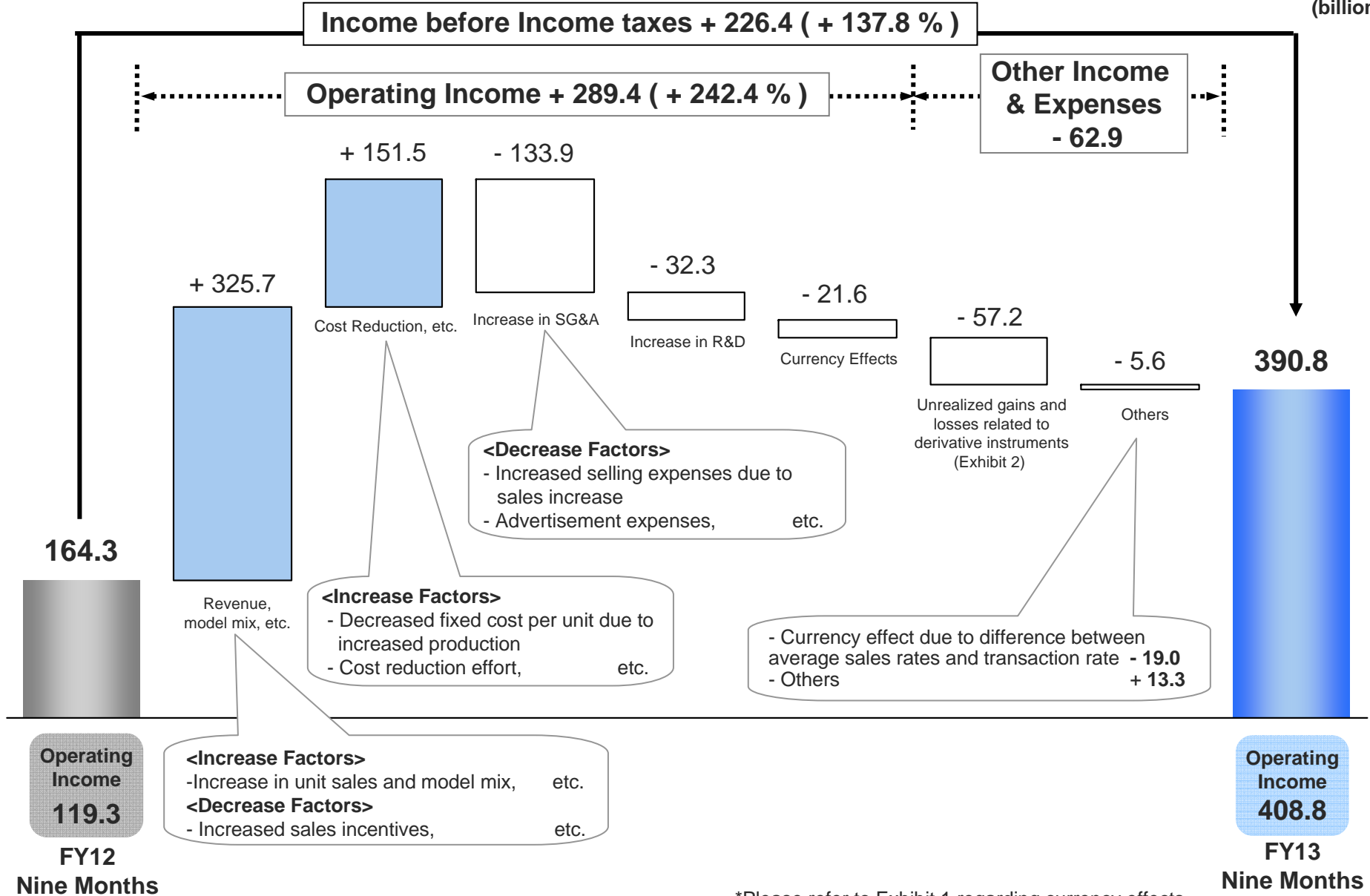
Yen
(billion)



*Please refer to Exhibit 1 regarding currency effects

Change in Income before Income Taxes <FY13 Nine Months >

Yen
(billion)



*Please refer to Exhibit 1 regarding currency effects

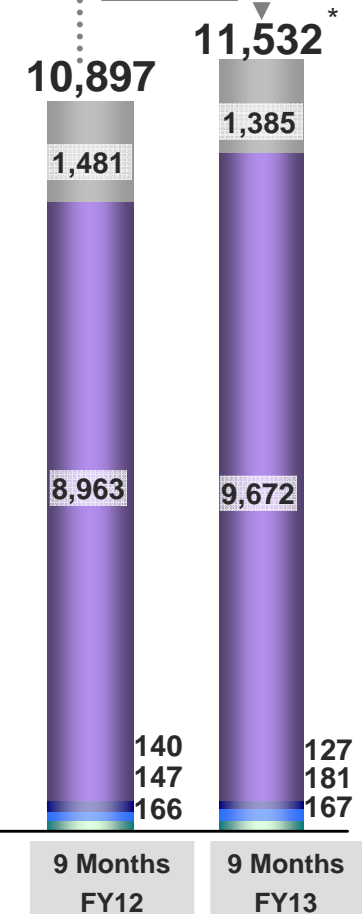
Motorcycle Honda Group Unit Sales (Motorcycles + All-Terrain Vehicles, etc.)

Unit (thousand)	FY13 3Q	Change from FY12 3Q	Major increase / decrease factors
Japan	51	0	- Positive impact of <i>PCX150</i> , <i>NC700S</i> and <i>NC700X</i> model introductions - Decreased sales of <i>Giorno</i> , <i>Today</i> , and other scooter models
North America	62	+ 14	- U.S: Positive impact of <i>CRF110F</i> , <i>CRF250L</i> and <i>NC700X</i> introductions; <i>CBR250R</i> sales increase - U.S. Decreased sales of <i>Four Trax Foreman</i> and <i>Four Trax Rancher</i> (ATVs)
Europe	29	- 2	- Positive impact of <i>NC700S</i> , <i>NC700X</i> and <i>SH</i> series introductions - Decline in scooter sales in Italy
Asia	3,225	+ 242	- India: Positive impact of <i>Dream Yuga</i> intro; increased <i>CB Shine</i> , <i>CB Unicorn</i> sales - Thailand: Positive impact of <i>Click125i</i> , <i>PCX150</i> introductions; increased sales of <i>Wave110i</i> and <i>Scoopy-i</i> models
Other Regions	448	- 48	- Brazil: Positive impact of <i>BIZ100</i> introduction - Brazil: Decreased sales of <i>CG125 FAN</i> , <i>CG150 FAN</i> , <i>CG150 TITAN</i> models
Total	3,815	+ 206	



Dream Yuga (India)

+ 635
(+ 5.8%)



Unit (thousand)

12,000

10,000

8,000

6,000

4,000

2,000

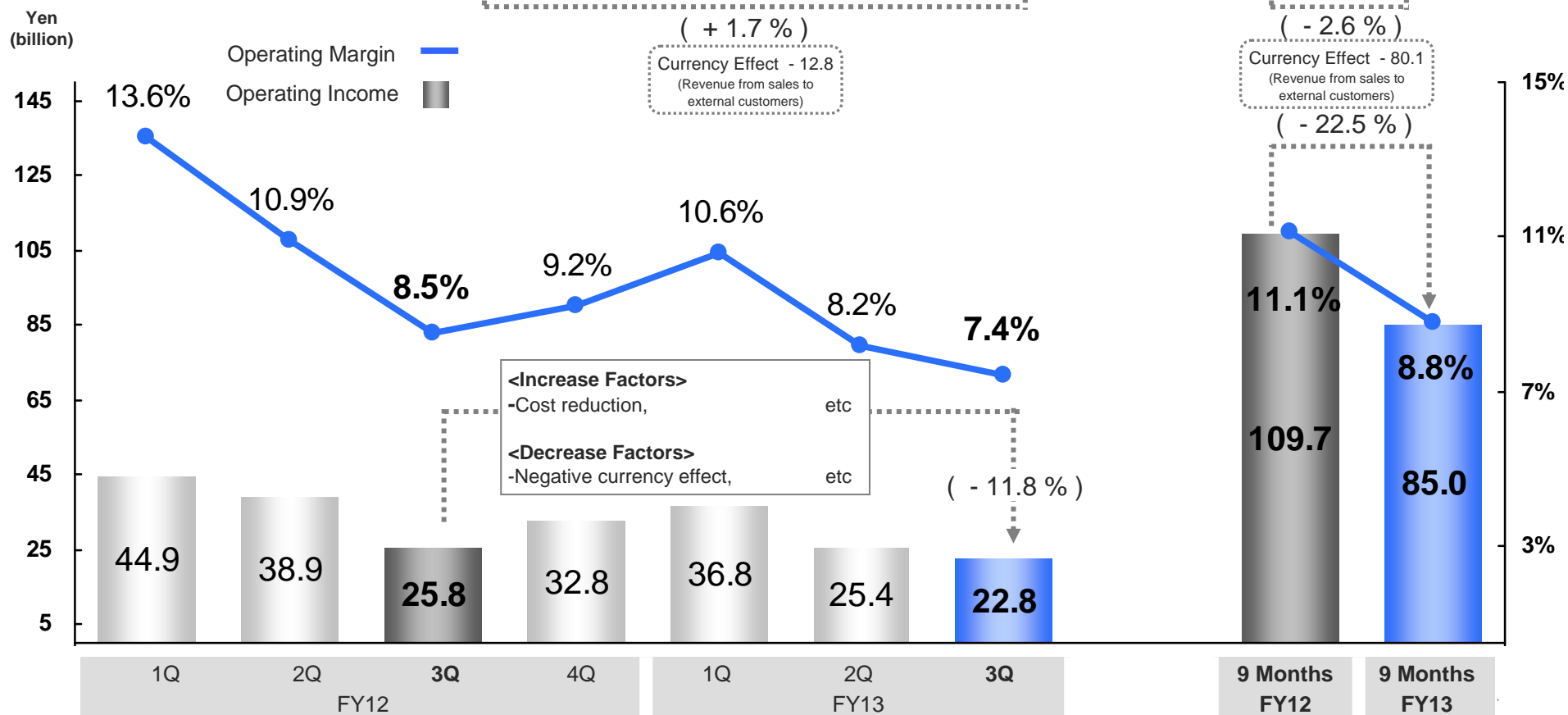
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1Q 2Q 3Q 4Q 1Q 2Q 3Q 9 Months FY12 9 Months FY13

* Honda Group Unit Sales of Motorcycle business for the three months ended September 30, 2012 is revised and resulted in a decrease of 73 thousand units. This revision is included in Honda Group Unit Sales of Motorcycle business for the nine months ended December 31, 2012.

	FY12				FY13		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Honda Group Unit Sales (Consolidated Unit Sales)	3,477 (1,949)	3,811 (2,187)	3,609 (2,031)	4,164 (2,483)	3,911 (2,366)	3,806* (2,304)	3,815 (2,350)
Net Sales	330.3	357.3	302.5	358.5	346.6	309.7	307.8

	FY12 9 Months	FY13 9 Months
Unit Sales (thousand)	10,897 (6,167)	11,532* (7,020)
Net Sales (billion Yen)	990.2	964.1



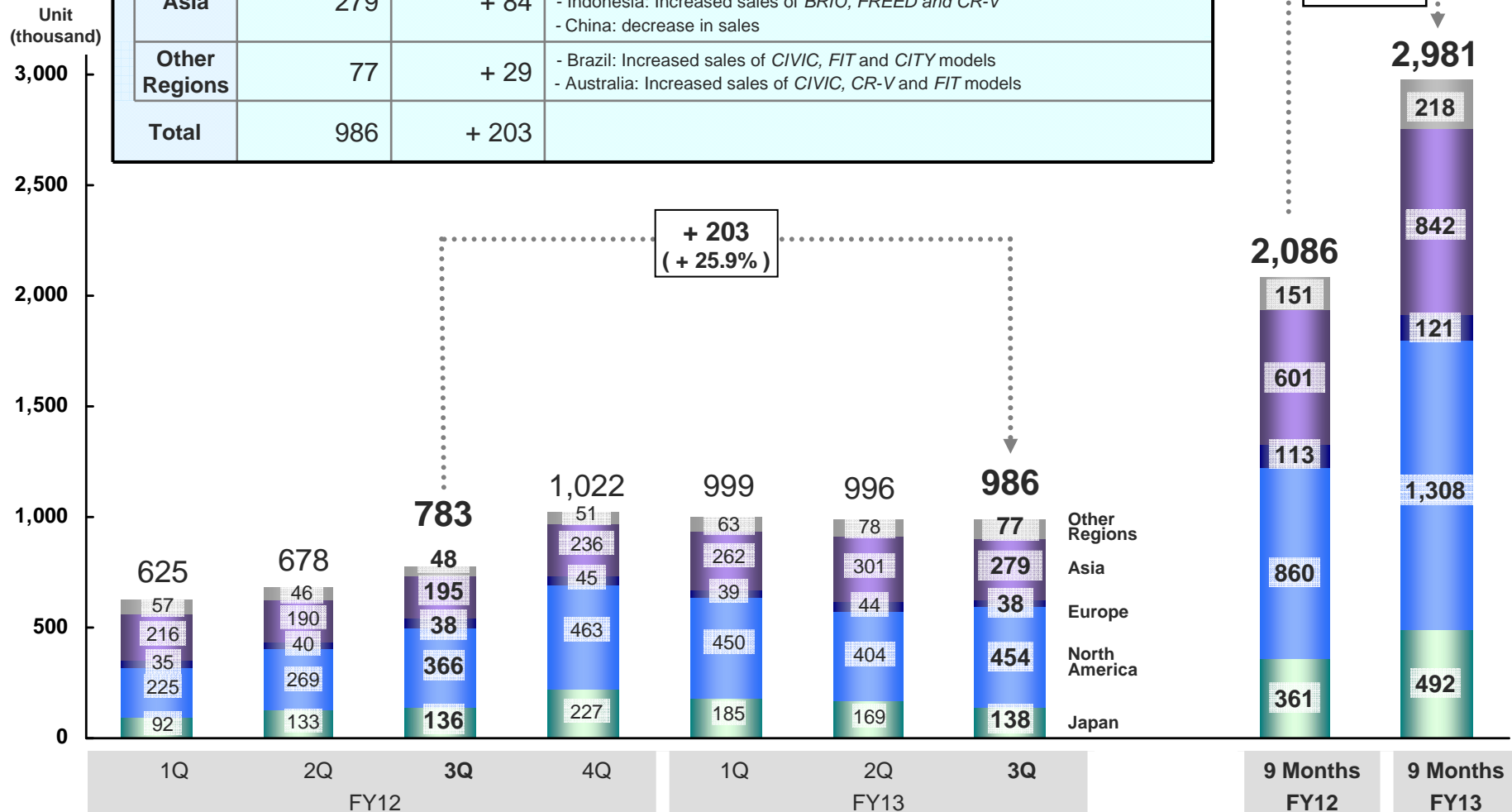
* Honda Group Unit Sales and Consolidated Unit Sales of Motorcycle business for the three months ended September 30, 2012 is revised and resulted in a decrease of 73 thousand units. This revision is included in Honda Group Unit Sales and Consolidated Unit Sales of Motorcycle business for the nine months ended December 31, 2012.

Automobile Honda Group Unit Sales

Unit (thousand)	FY13 3Q	Change from FY12 3Q	Major increase / decrease factors
Japan	138	+ 2	- Increased sales of <i>N-BOX</i> , positive impact of <i>N-BOX+</i> , <i>N-ONE</i> introductions - Decreased sales of <i>FIT</i> and <i>STEP WGN</i>
North America	454	+ 88	- U.S.: Increased sales of <i>ACCORD</i> , <i>CR-V</i> and <i>RDX</i> - U.S.: Decreased sales of <i>ODYSSEY</i> and <i>TL</i>
Europe	38	0	- Positive impact of fully remodeled <i>CR-V</i> in European region - Decreased sales of <i>JAZZ</i> in Germany, Spain and other countries
Asia	279	+ 84	- Thailand: Increased sales of <i>CITY</i> , <i>FIT</i> , <i>CIVIC</i> , <i>BRIO</i> and other models - Indonesia: Increased sales of <i>BRIO</i> , <i>FREED</i> and <i>CR-V</i> - China: decrease in sales
Other Regions	77	+ 29	- Brazil: Increased sales of <i>CIVIC</i> , <i>FIT</i> and <i>CITY</i> models - Australia: Increased sales of <i>CIVIC</i> , <i>CR-V</i> and <i>FIT</i> models
Total	986	+ 203	

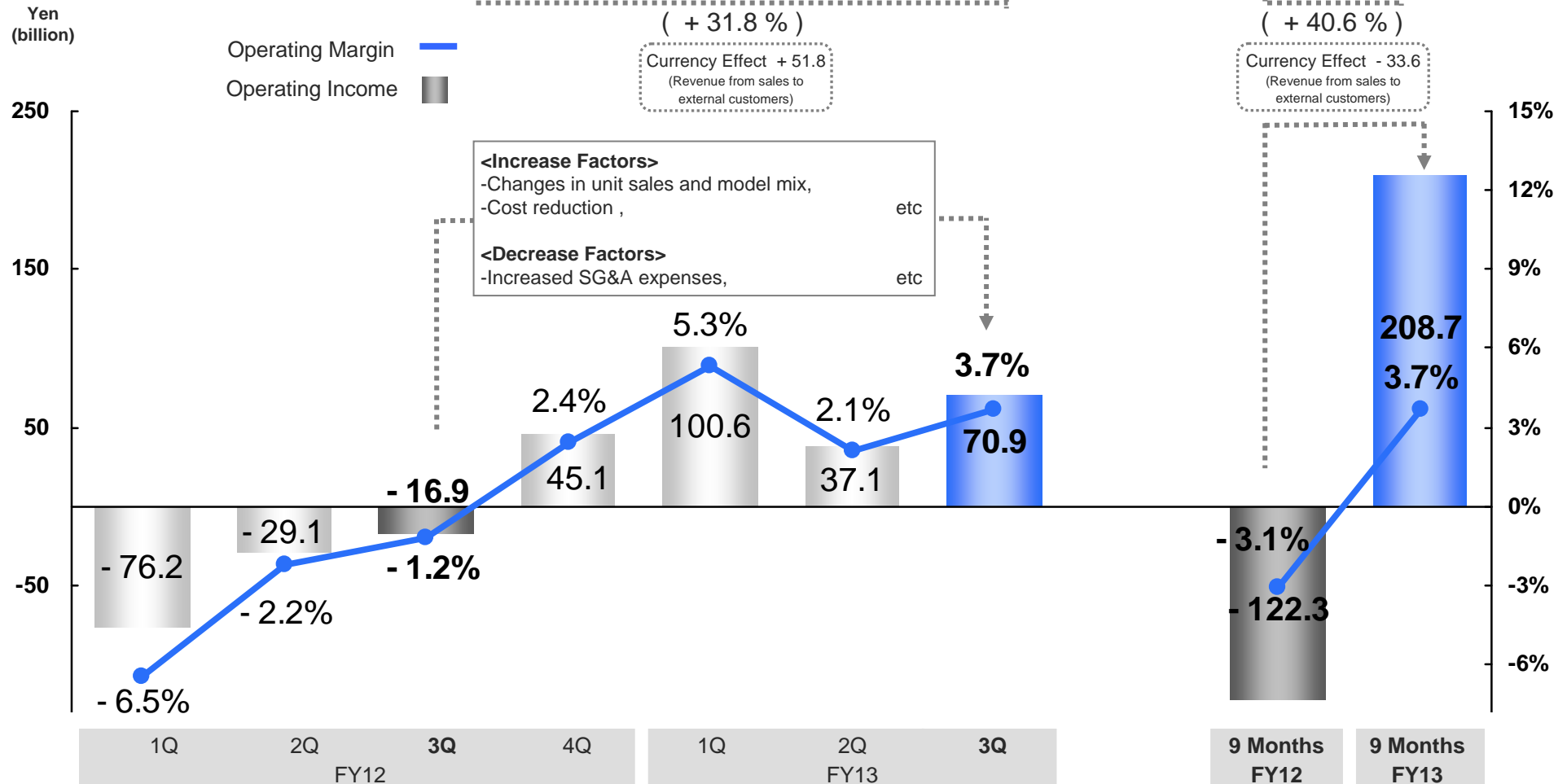


Accord (North America)



	FY12				FY13		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Honda Group Unit Sales (Consolidated Unit Sales)	625 (458)	678 (571)	783 (622)	1,022 (831)	999 (849)	996 (816)	986 (841)
Net Sales	1,178.8	1,337.1	1,455.6	1,851.1	1,894.7	1,769.7	1,918.4

	FY12 9 Months	FY13 9 Months
Unit Sales (thousand)	2,086 (1,651)	2,981 (2,506)
Net Sales (billion Yen)	3,971.6	5,582.9



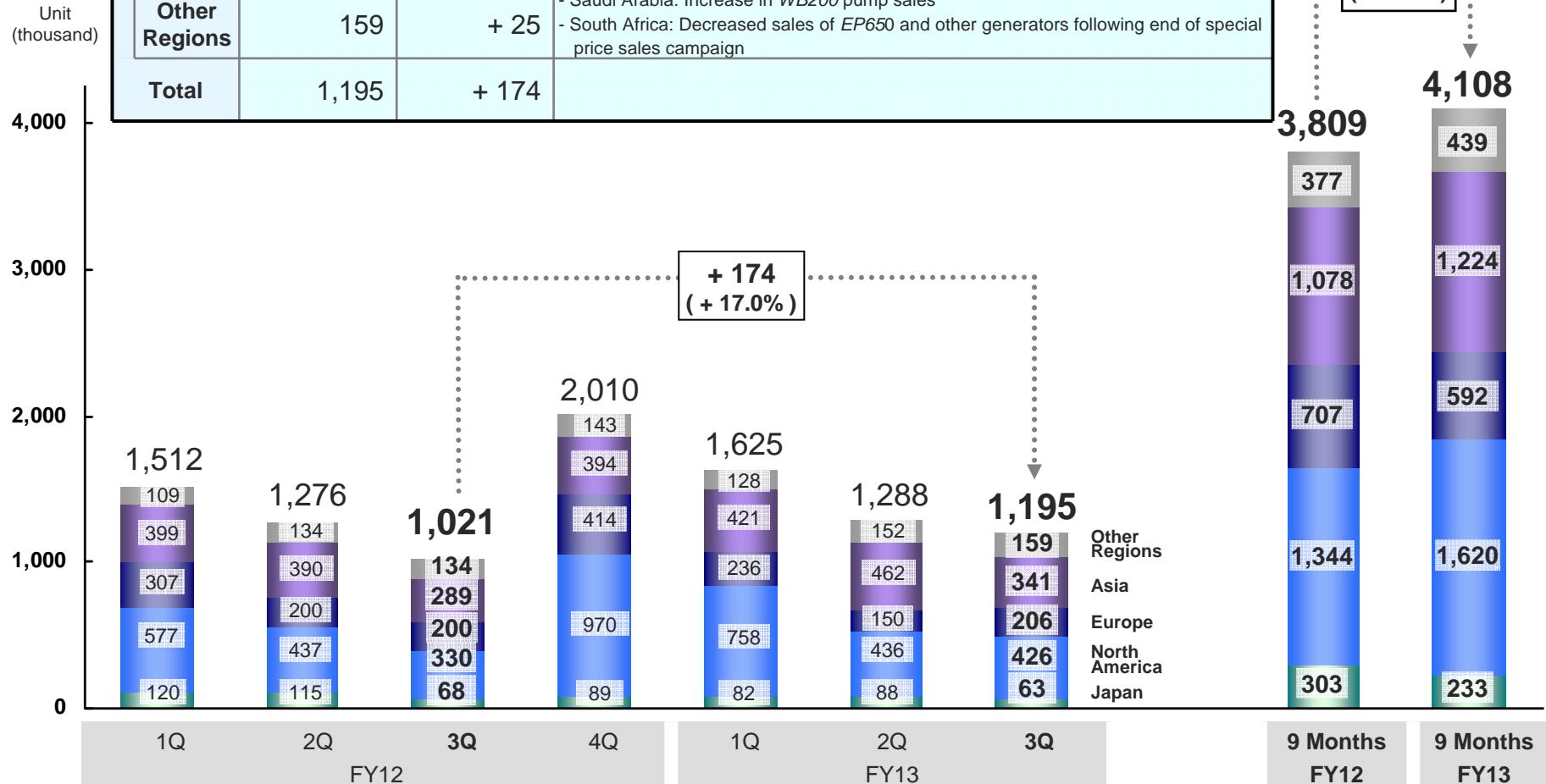
Power Products Honda Group Unit Sales

Unit (thousand)	FY13 3Q	Change from FY12 3Q	Major increase / decrease factors
Japan	63	- 5	- Increased sales of heavy duty <i>HSS1170i</i> snowblower and other models - Decrease in sales of <i>EU16i</i> and other models due to lower demand for generators
North America	426	+ 96	- Increased sales of <i>GC/V</i> and <i>M4</i> engines to meet increase in OEM demand - Increase in <i>EU2000i</i> , <i>EU3000IS</i> generators due to blackouts from Hurricane Sandy
Europe	206	+ 6	- Increased OEM sales of <i>GCV135</i> and <i>GCV160</i> engines - Decreased sales of tiller models such as <i>F220</i> and <i>FG205</i>
Asia	341	+ 52	- Thailand: Increased sales of <i>UMK435</i> lawnmower model - Indonesia: Increased sales of <i>WB20</i> and <i>WB30</i> pumps as dealer network expanded - China: Increased sales of <i>GX160</i> and other engines to meet rise in OEM demand
Other Regions	159	+ 25	- Saudi Arabia: Increase in <i>WB200</i> pump sales - South Africa: Decreased sales of <i>EP650</i> and other generators following end of special price sales campaign
Total	1,195	+ 174	



EU2000i (Generator)

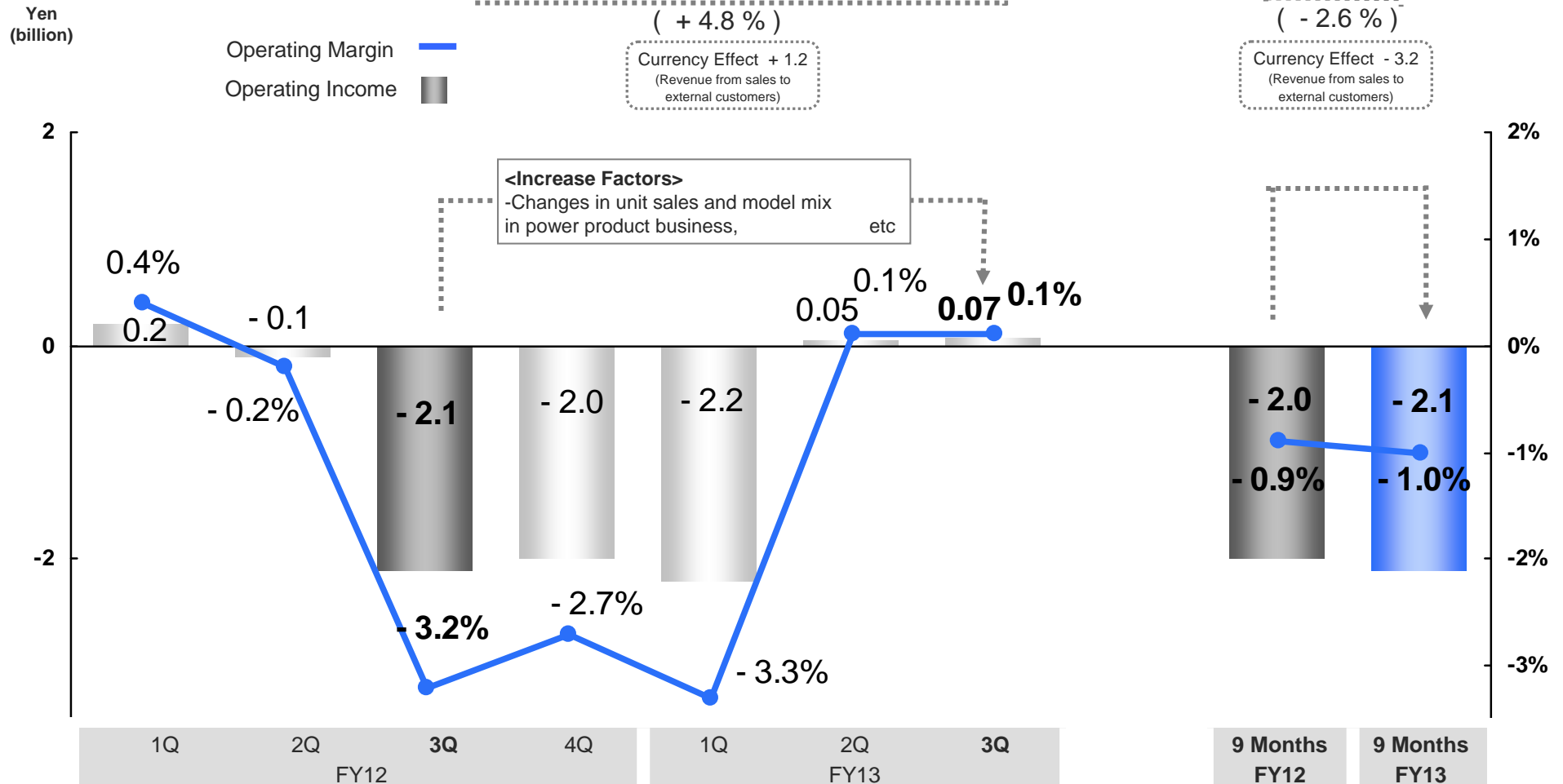
+ 299
(+ 7.8%)



Power Product & Other Businesses Unit Sales/Net Sales/Operating Income (Margin)

	FY12				FY13		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Honda Group Unit Sales (Consolidated Unit Sales)	1,512 (1,512)	1,276 (1,276)	1,021 (1,021)	2,010 (2,010)	1,625 (1,625)	1,288 (1,288)	1,195 (1,195)
Net Sales	73.9	72.1	68.0	75.6	69.9	67.2	71.3

	FY12 9 Months	FY13 9 Months
Unit Sales (thousand)	3,809 (3,809)	4,108 (4,108)
Net Sales (billion)	214.1	208.5

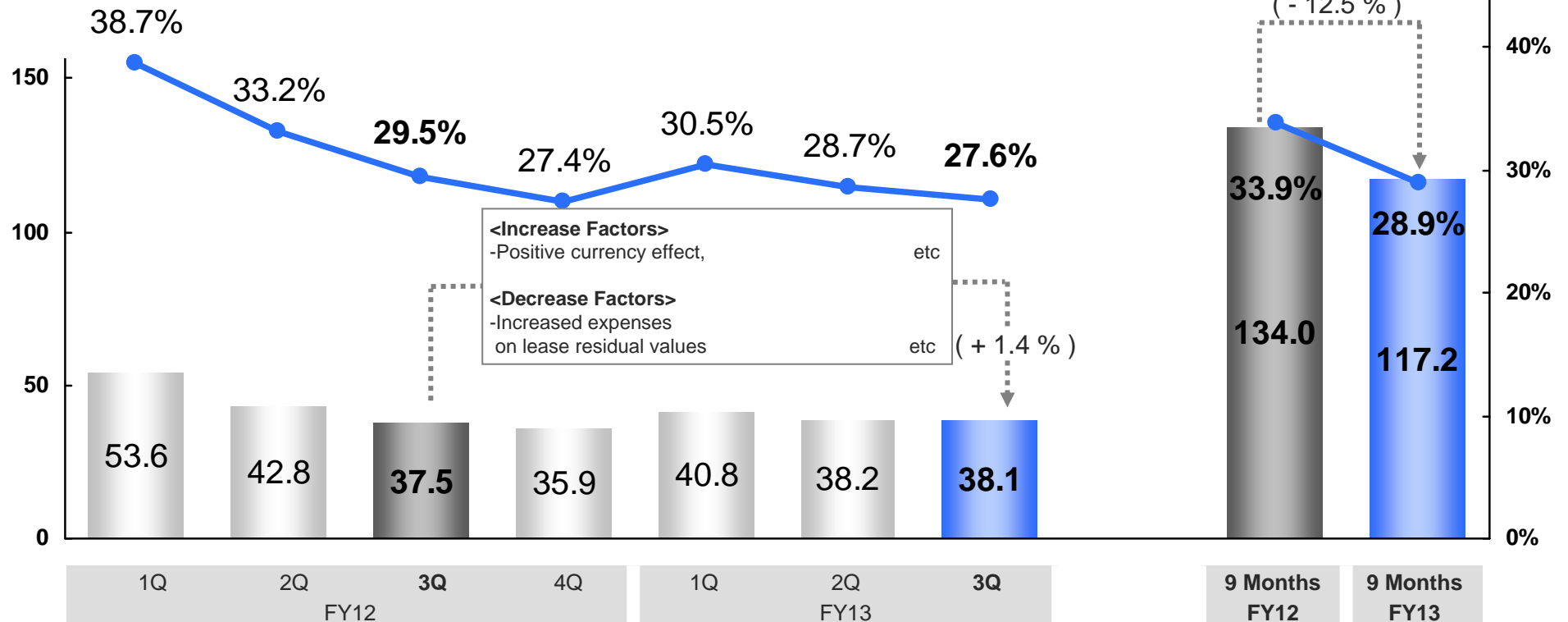


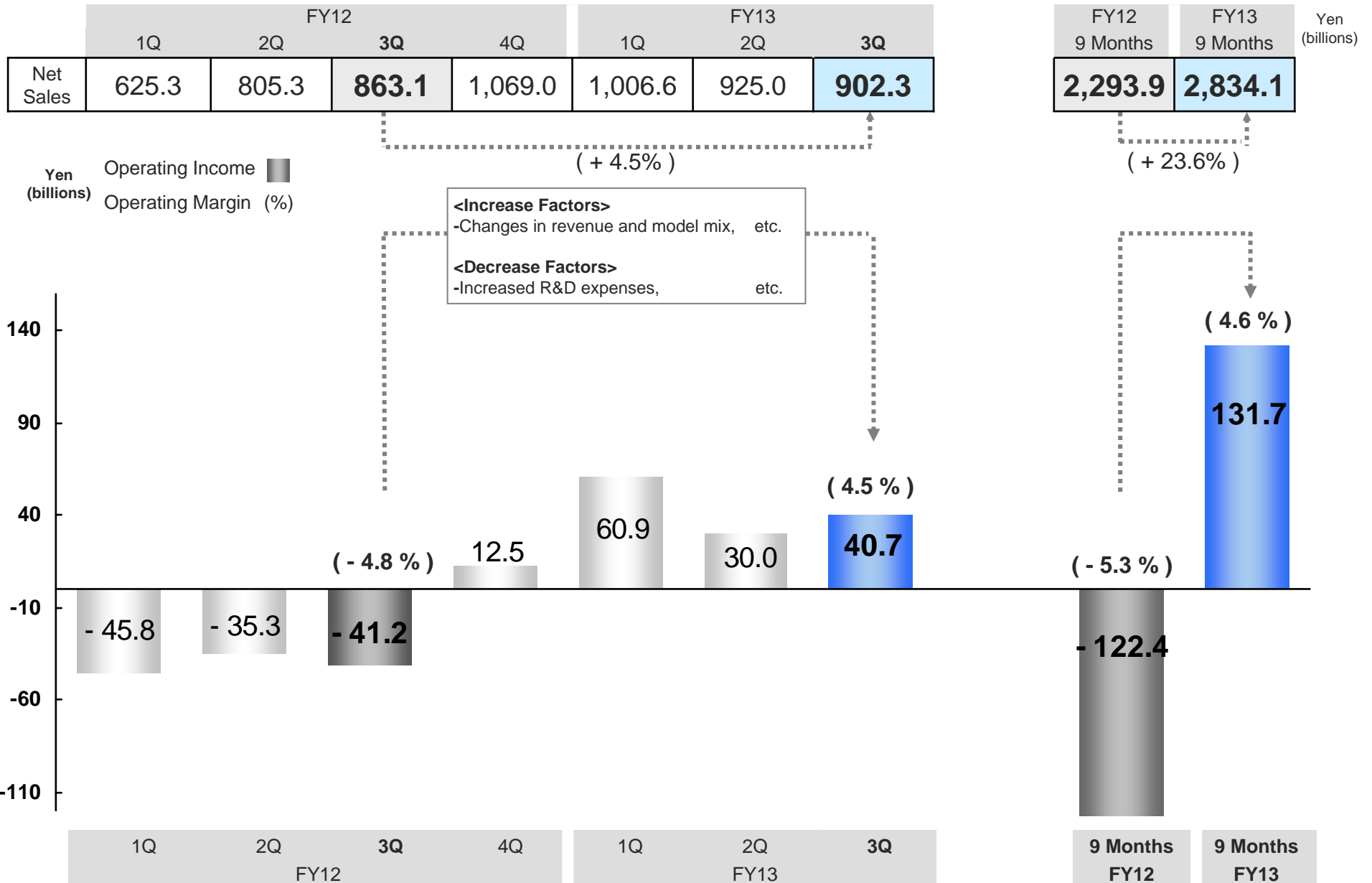
	FY12				FY13		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Total Assets of Finance Subsidiaries	5,445.7	5,169.2	5,290.5	5,644.3	5,567.6	5,577.7	6,197.2
Net Sales	138.6	129.1	127.5	131.2	134.0	133.1	138.1

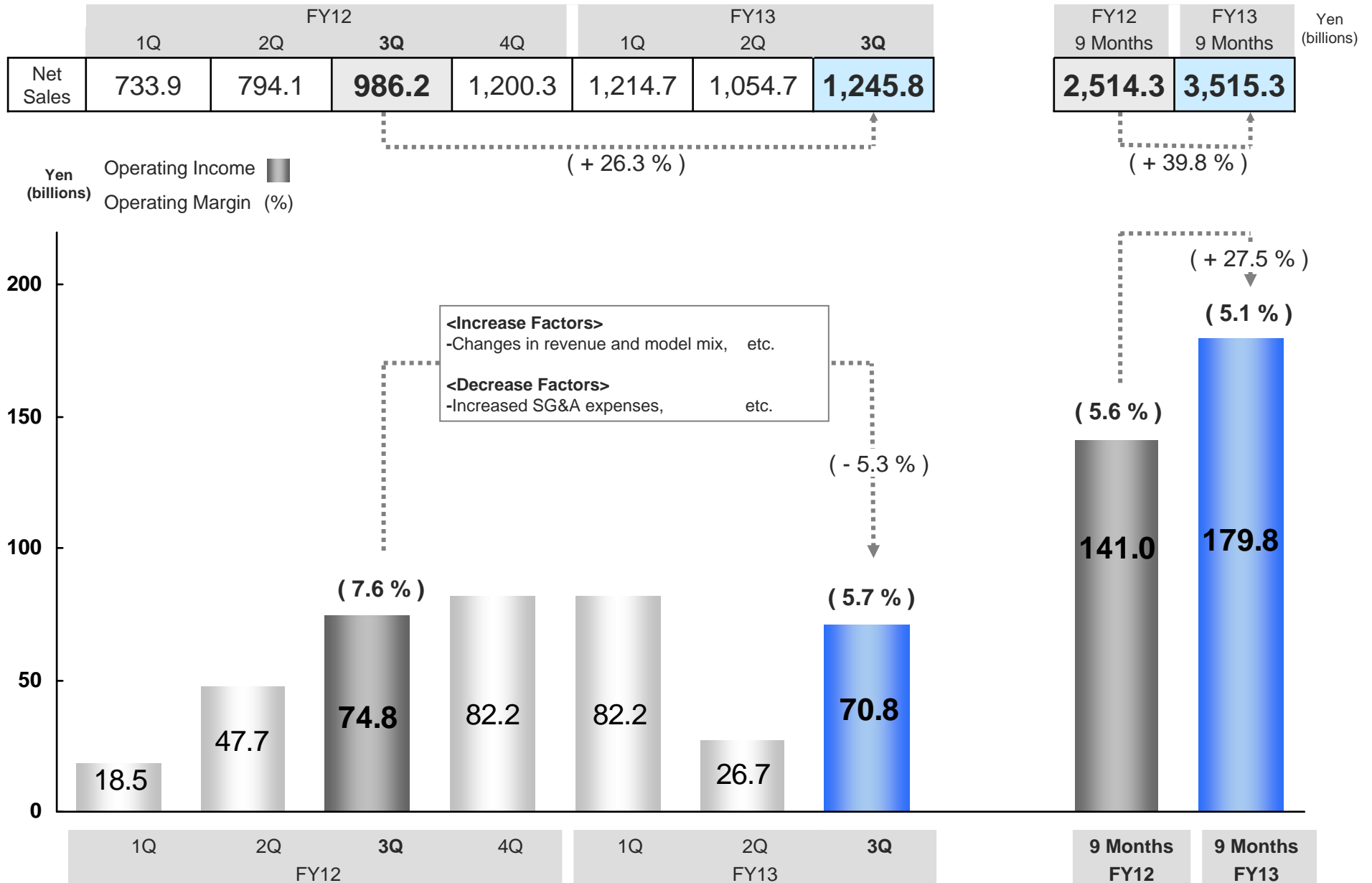
	FY12 9 Months	FY13 9 Months
Operating Income	395.3	405.3

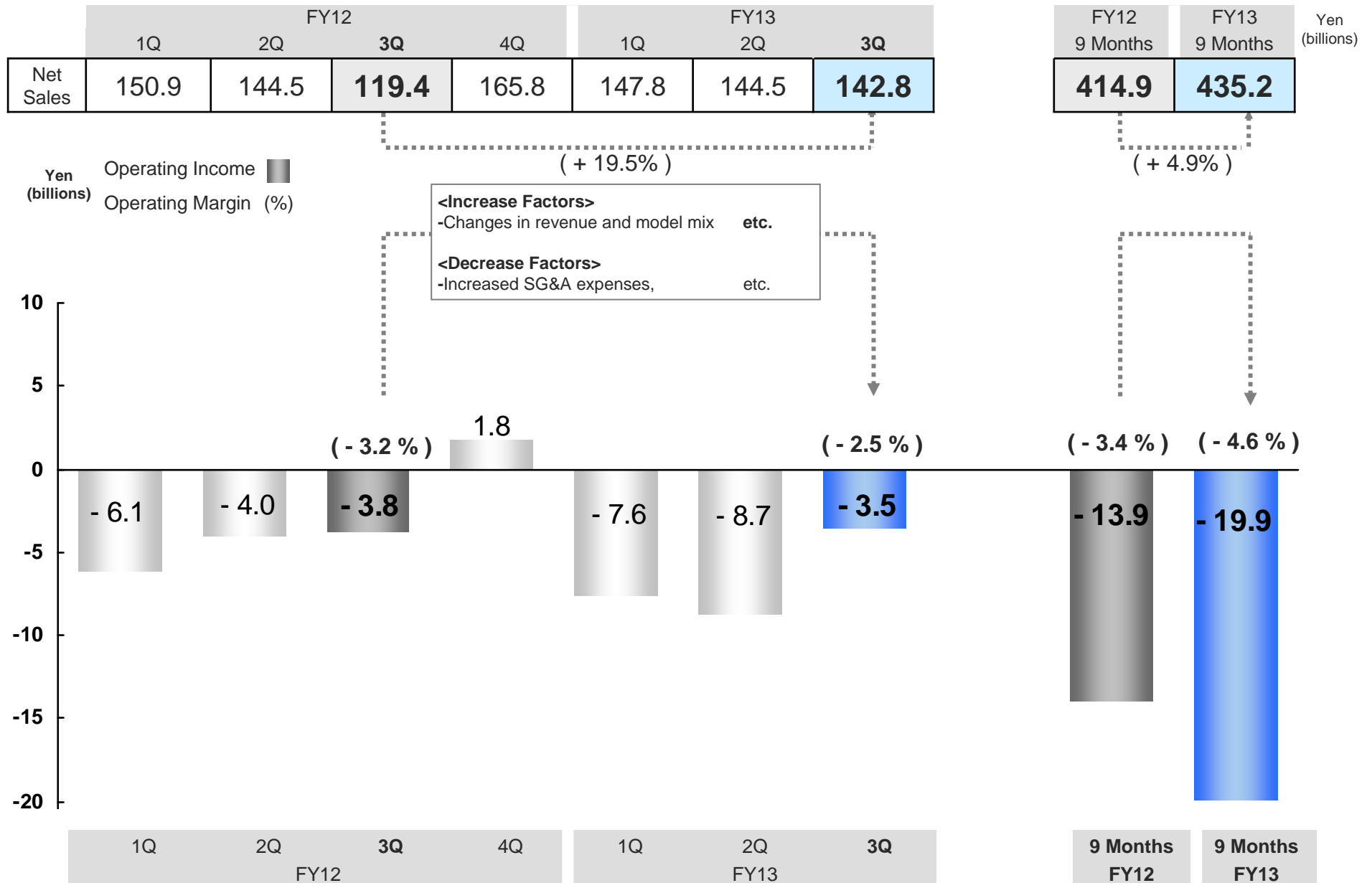
Yen (billion)

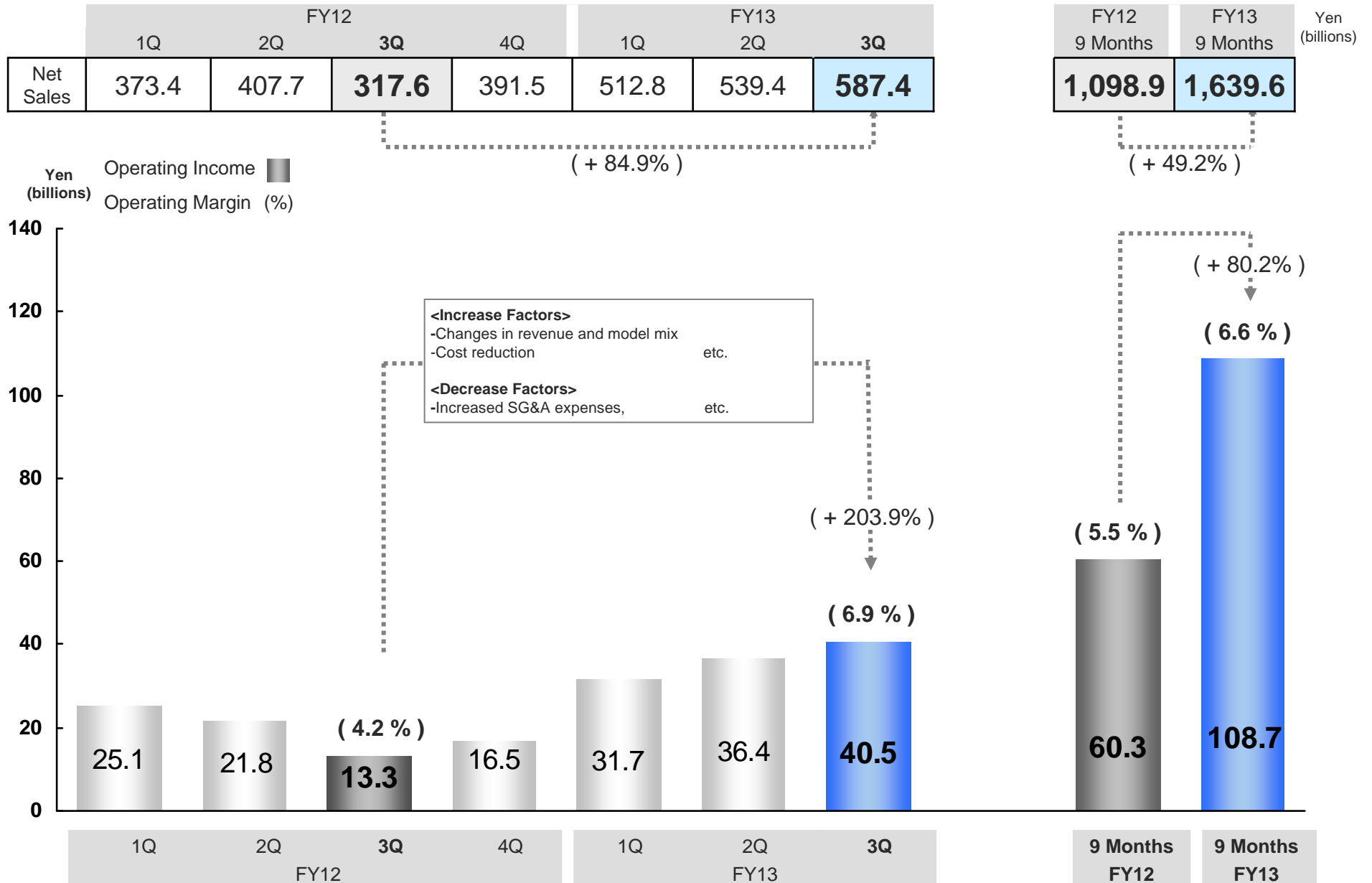
Operating Margin —
Operating Income ■

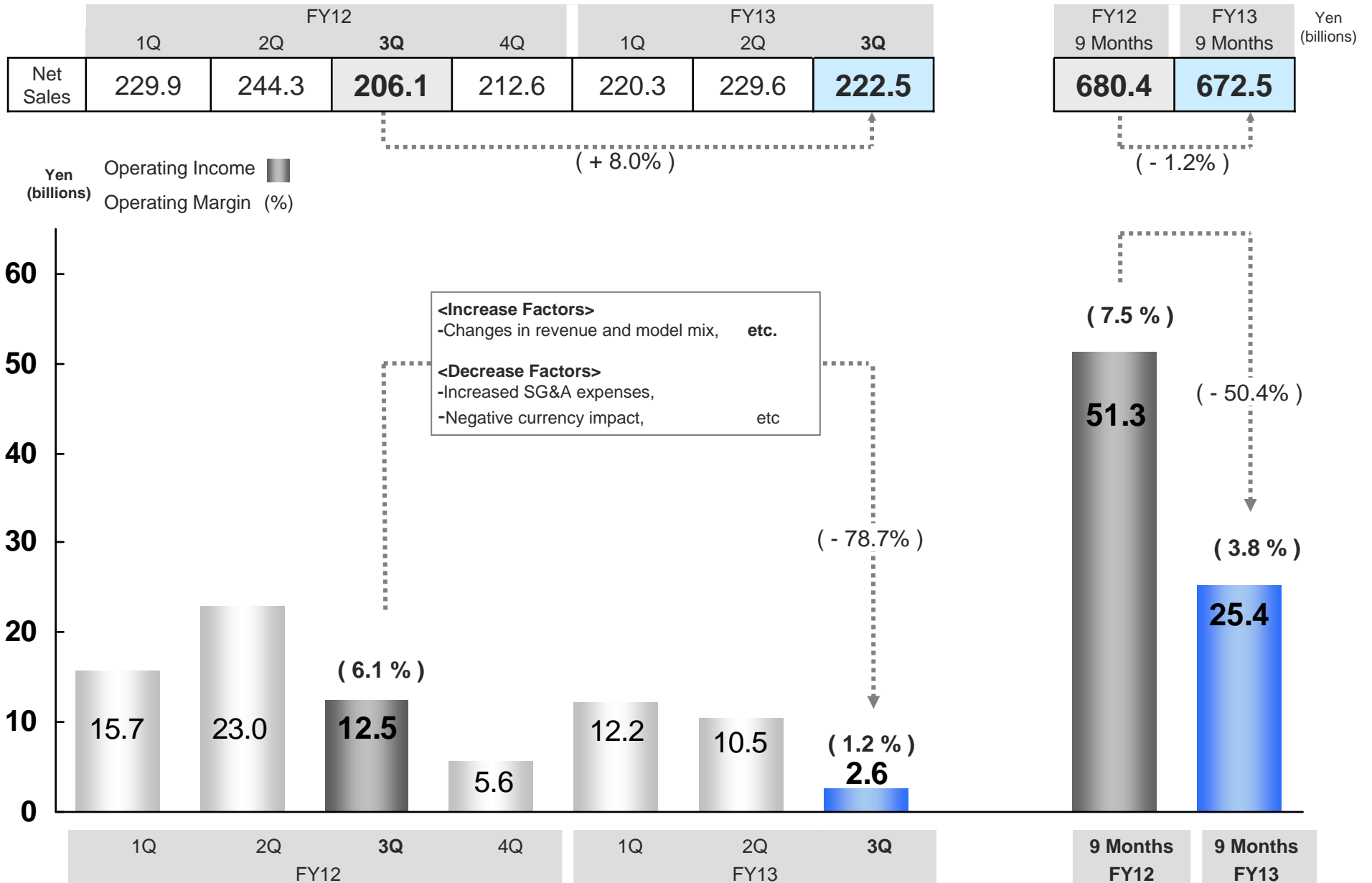




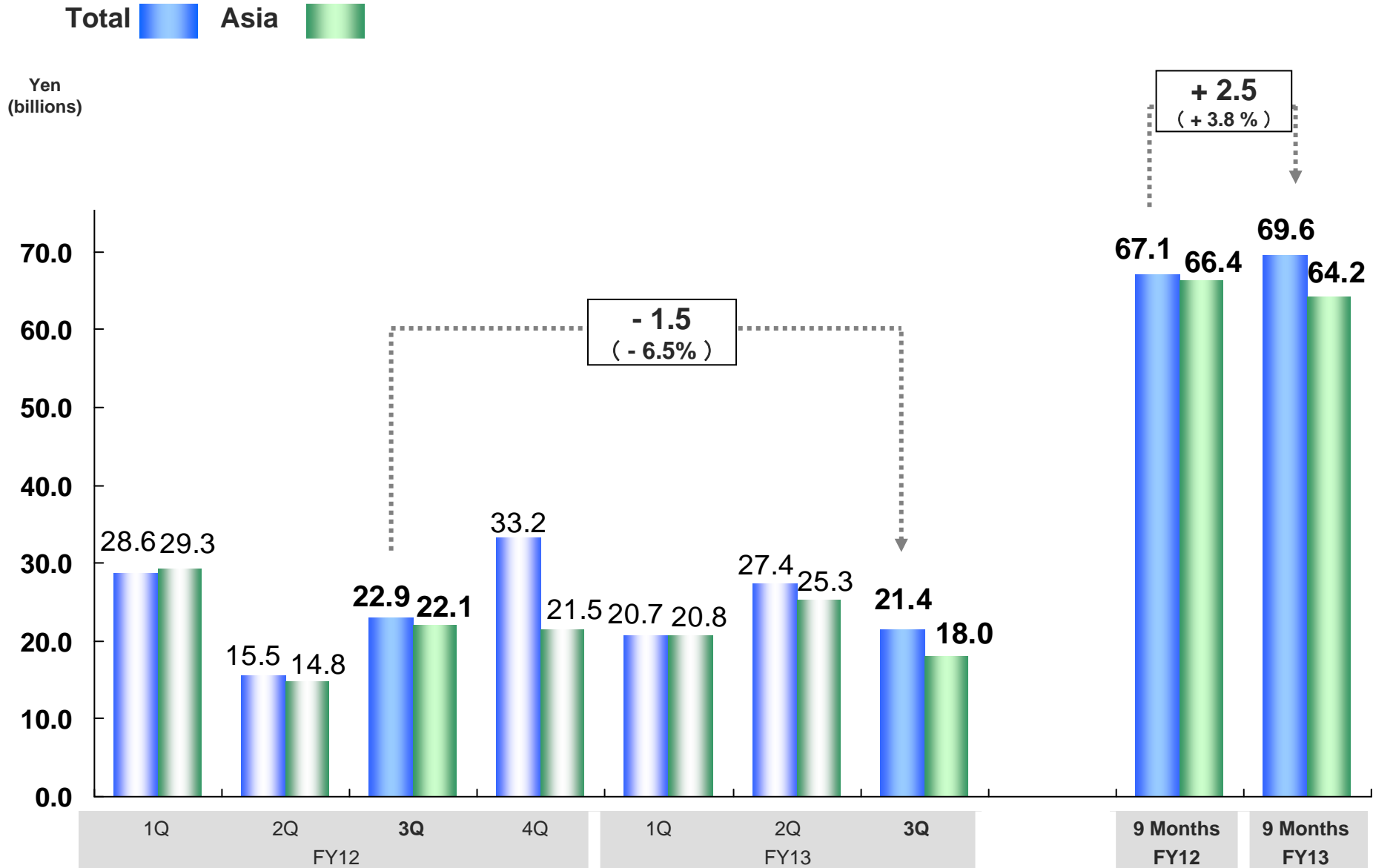




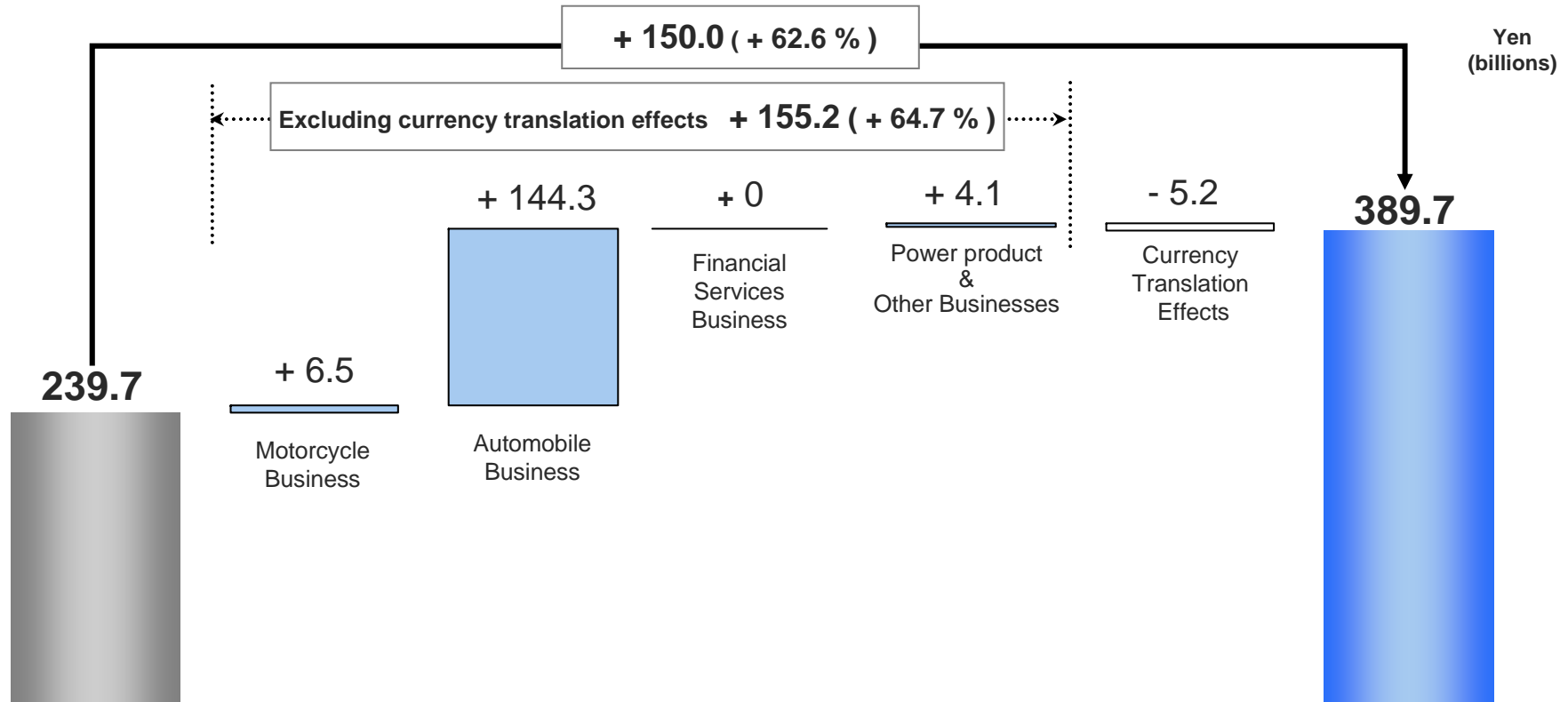




Change in Equity in income of affiliates



Consolidated Capital Expenditures <FY13 Nine Months>



FY12 Nine Months

Market average rates
US\$ 1= JPY 79
Euro 1= JPY 111

	Yen (billions)
Motorcycle Business	39.4
Automobile Business	194.1
Financial Services Business	0.1
Power Product & Other Businesses	6.0
Total	239.7

* Capital expenditures in results aforementioned exclude investment in operating leases and intangible assets

FY13 Nine Months

Market average rates
US\$ 1= JPY 80 (Yen down by 1 yen)
Euro 1= JPY 102 (Yen up by 9 yen)
Yen (billions)

Motorcycle Business	42.6
Automobile Business	337.0
Financial Services Business	0.2
Power Product & Other Businesses	9.8
Total	389.7

FY13 3rd Quarter Financial Results & FY13 Financial Forecasts

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Chief Financial Officer

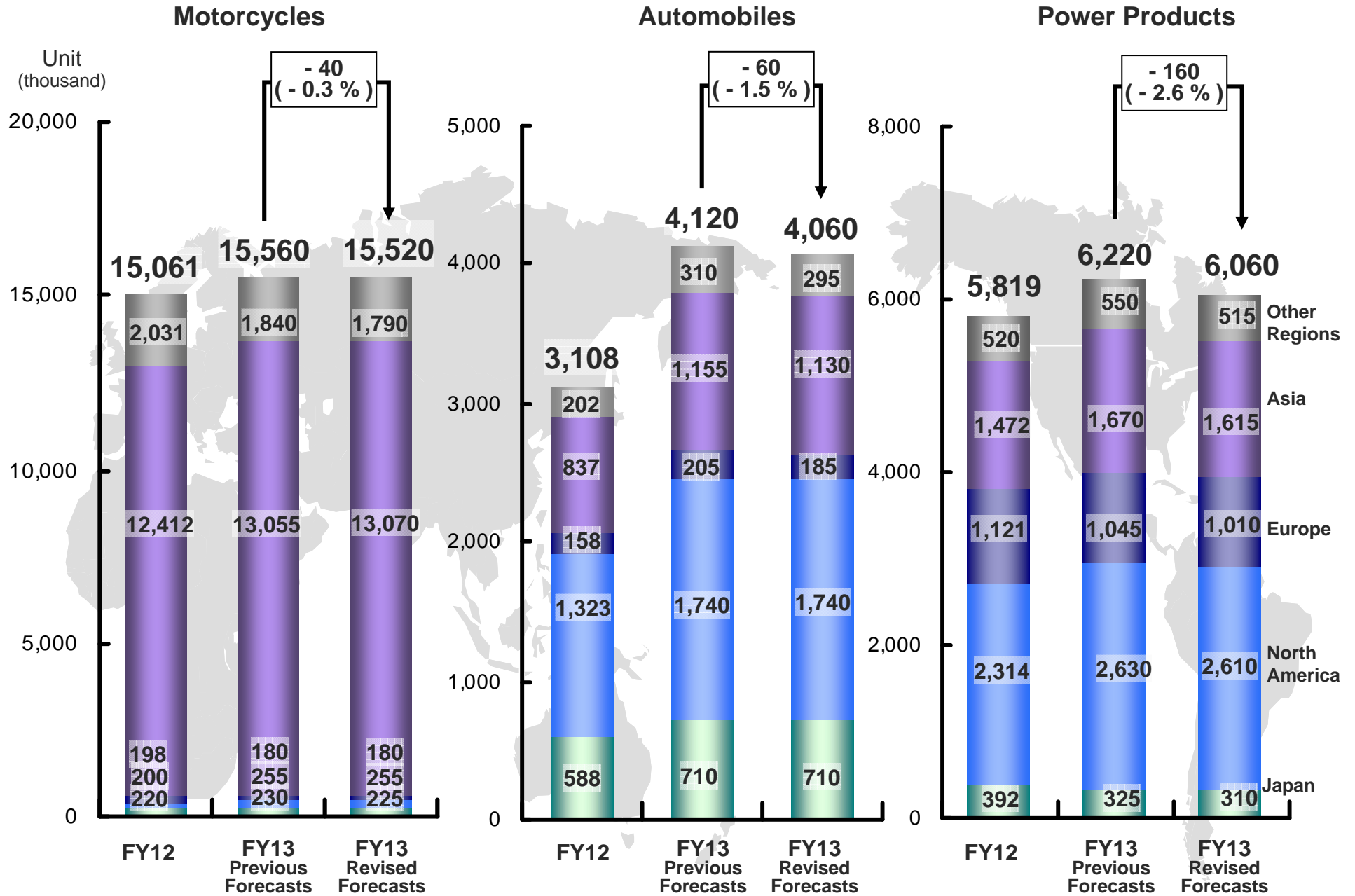
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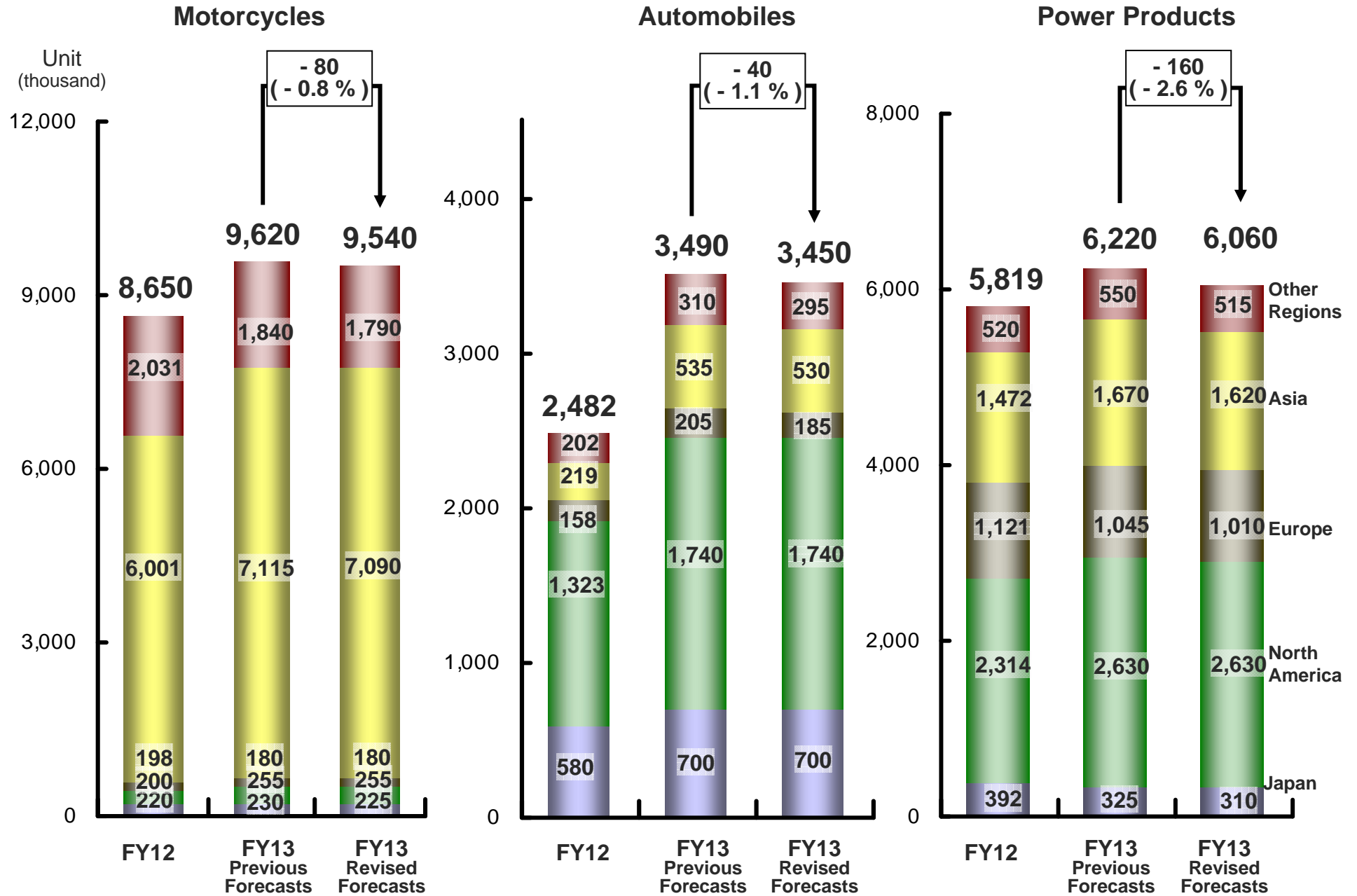
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Forecast: Honda Group Unit Sales



Forecast: Consolidated Unit Sales



FY13 Financial Forecasts (Consolidated)

Yen (billion)

	FY12 Results	FY13 Forecasts	Change		Change from previous forecasts
			amount	%	
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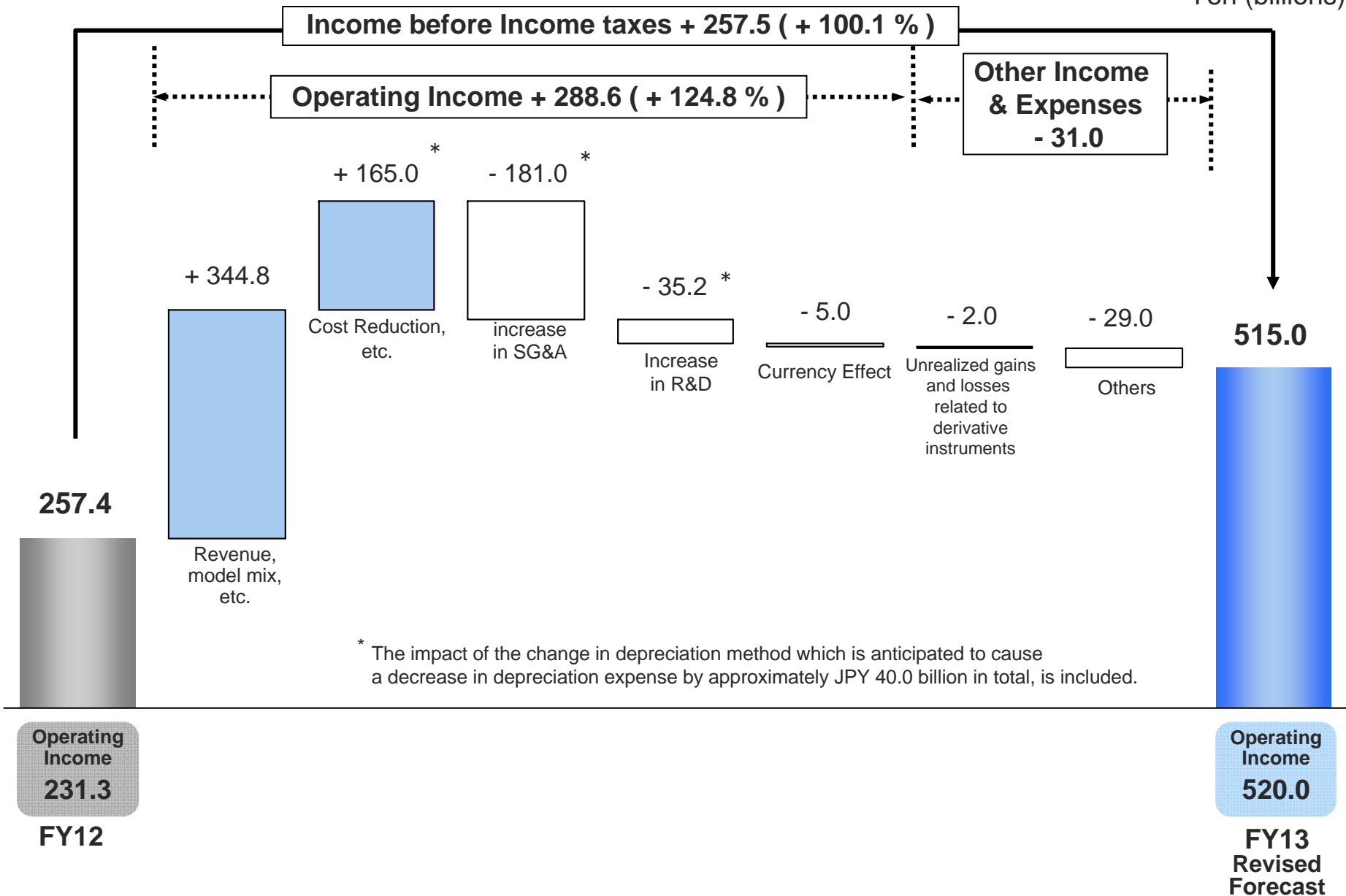
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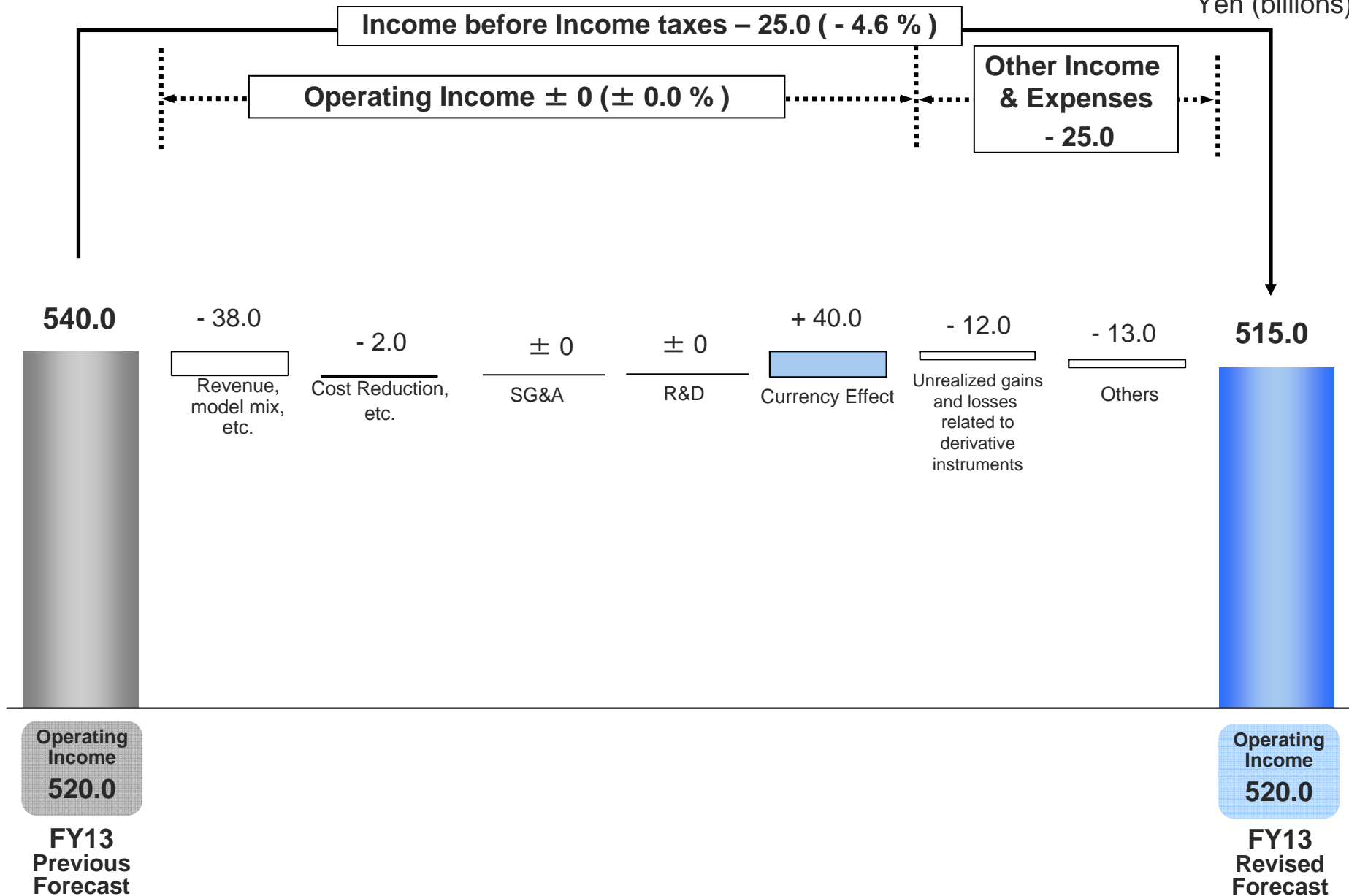
Forecast: Change in Income before Income Taxes

Yen (billions)



Forecast: Change in Income before Income Taxes

Yen (billions)



Forecast: Capital Expenditures, Depreciation, R&D Expenses

	FY12 Results	FY13 Revised Forecasts	Change	Yen (billions) Change from previous forecast
Capital expenditures *	406.5	600.0	+ 193.5	-
Depreciation and Amortization *	293.7	285.0 **	- 8.7	-
R&D expenses	519.8	555.0	+ 35.2	-

* “Capital expenditures” in results and the forecast aforementioned exclude investment in operating leases and acquisition of intangible assets.

* “Depreciation and amortization” in results and the forecast aforementioned exclude depreciation of investment in operating leases and amortization of intangible assets.

** Honda changed to the straight line method effective from April 2012 for the depreciation method.

Caution with Respect to Forward-Looking Statements:

This slide contains forward-looking statements about the performance of Honda, which are based on management's assumptions and beliefs taking into account information currently available to it. Therefore, please be advised that Honda's actual results could differ materially from those described in these forward-looking statements as a result of numerous factors, including general economic conditions in Honda's principal markets and foreign exchange rates between the Japanese yen and the U.S. dollar, the Euro and other major currencies, as well as other factors detailed from time to time.

Accounting standards:

Our consolidated financial standards are prepared in conformity with U.S. generally accepted accounting principles.

Notice on the Factors for Increases and Decreases in Income:

With respect to the discussion above of the change in operating income, management has identified the factors set forth below and used what it believes to be a reasonable method to analyze the respective changes in such factors. Each of these factors is explained below. Management has analyzed changes in these factors at the levels of the Company and its material consolidated subsidiaries.

(1) "Foreign currency effects" consist of translation adjustments, which come from the translation of the currency of foreign subsidiaries' financial statements into Japanese Yen, and foreign currency adjustments, which result from foreign-currency-denominated sales, which, at the levels of the Company and those consolidated subsidiaries which have been analyzed, primarily relate to the following currencies: U.S. dollar, Canada dollar, Euro, GBP, BRL and Japanese Yen.

(2) With respect to "cost reduction and effects of raw material cost fluctuations", management has analyzed cost reduction and effects of raw material cost fluctuations at the levels of the Company and its material foreign manufacturing subsidiaries in North America, Europe and other regions.

(3) With respect to "changes in net sales and model mix", management has analyzed changes in sales volume and in the mix of product models sold in major markets which have resulted in increases/decreases in profit, as well as certain other reasons for increases/decreases in net sales and cost of sales.

(4) With respect to "selling, general and administrative expenses", management has analyzed reasons for an increase/decrease in selling, general and administrative expenses from the previous fiscal year net of currency translation effects.

-Currency Effects-
(effects associated with sales transactions and translation effects)

(Exhibit 1)

		FY13 3Q	Average Rates (Yen)			Yen (billion)
			FY12 3Q	FY13 3Q	Change	FY13 9 Months
	JPY / USD	+ 13.4	77	81	Yen down by 4 yen	+ 12.8
	JPY / Euro	- 0.0	105	106	Yen down by 1 yen	- 3.7
	JPY / Others	- 2.4	—	—	—	- 15.1
	Transactions between other currencies	- 7.0	—	—	—	- 14.8
	Difference of average rates *1 (Impact on Operating income)	+ 3.8	*1: Impact of YOY difference of FOREX to be used for booking revenue of foreign currency transactions			- 21.0
	Difference between transaction *2 rates and average rates (Impact on Other income & expenses)	- 8.8	*2: Impact of YOY difference between average FOREX and hedge rates during the period			- 19.0
	Currency effect associated with sales transaction	- 4.9				- 40.0
	Currency effect from translation *3 of foreign financial statements (impact on operating income)	+ 8.7	*3: Effect due to the difference of the rate used for translating Honda's overseas subsidiaries' financial statements denominated in foreign currencies into Japanese yen with the corresponding period of the fiscal year			- 0.5
	Total	+ 3.7				- 40.6

Yen
(billion)

	3Q		
	FY12	FY13	Change
Foreign currency Forward	- 5.2	- 53.1	- 47.8
Interest rate swap	+ 6.2	- 1.3	- 7.5
Currency swap			
Others	+ 0.0	- 0.1	- 0.2
Total	+ 1.0	- 54.5	- 55.6

9 Months		
FY12	FY13	Change
+ 8.5	- 28.4	- 37.0
+ 18.3	- 1.4	- 19.7
+ 0.4	- 0.0	- 0.4
+ 27.3	- 29.9	- 57.2

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