

HONDA
The Power of Dreams

FY14 1st Quarter Financial Results



Honda Motor Co., Ltd.

July 31, 2013

ACURA MDX
(North America)

FY14 1st Quarter Financial Results & FY14 Financial Forecasts

Tetsuo Iwamura

Executive Vice President

- *FY14 1st Quarter Consolidated Financial Results*
- *FY14 Financial Forecasts*
- *Dividend*

Kohei Takeuchi

Chief Financial Officer

- *FY14 1st 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*
- *FY14 Financial Forecasts*

Outline of FY14 1st Quarter Financial Results (Consolidated)

Honda Group Unit Sales (Consolidated Unit Sales) (thousand)	1Q Results (Three Months)		
	FY13	FY14	Change
Motorcycles	3,911 (2,366)	4,054 (2,371)	+ 3.7% (+ 0.2%)
Automobiles	999 (849)	999 (858)	+ 0.0% (+ 1.1%)
Power Products	1,625 (1,625)	1,589 (1,589)	- 2.2% (- 2.2%)

Financial Results Yen (billion)	1Q Results (Three Months)		
	FY13	FY14	Change
Net sales & other operating revenue	2,435.9	2,834.0	+ 16.3%
Operating income	176.0	184.9	+ 5.1%
Income before income taxes	194.7	172.0	- 11.7%
Equity in income of affiliates	20.7	31.7	+ 53.2 %
Net income attributable to Honda Motor Co., Ltd.	131.7	122.4	- 7.0%

EPS attributable to Honda Motor Co., Ltd. (Yen)	73.09	67.97	- 5.12
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Note : Shares which EPS calculation is based on: approx. 1,802,299,000 shares approx. 1,802,296,000 shares
 (weighted average number of shares outstanding)

Average Rates (Yen)

US Dollar	80	99	Yen down by 19 yen
Euro	104	129	Yen down by 25 yen

Financial Summary

Operating income for the 1st quarter was 184.9 billion yen, a 5.1% increase compared to the same period last year. Various factors including a decrease in sales volume and model mix had a negative impact on earnings, but currency effects due to a weaker yen helped to boost earnings.

Financial Highlights

Honda Group Unit Sales

Motorcycle:

- Increased in Asia due to positive impact of new model introductions
- Decreased in "Other Regions", mainly in Brazil

Automobile:

- Increased in all regions except for Japan, where
- Eco Incentive program ended

Power Products:

- Increased in N.A. due to robust lawnmower sales
- Decreased in Asia

Net Sales and Other Operating Revenue

- Favorable foreign currency translation effects

Operating Income (Increase Factors)

- Favorable currency effects
- Cost reduction

(Decrease Factors)

- Fluctuations in sales volume and model mix
- R&D costs
- Expenses associated with new plant start-up

FY14 Financial Forecasts (Consolidated)

Yen (billion)

	FY13 Results	FY14 Forecasts	Change		Change from previous forecasts
			amount	%	
Net sales & other operating revenue	9,877.9	12,100.0	+ 2,222.0	+ 22.5%	-
Operating income	544.8	780.0	+ 235.1	+ 43.2%	-
Income before income taxes	488.8	780.0	+ 291.1	+ 59.5%	-
Equity in income of affiliates	82.7	115.0	+ 32.2	+ 39.0%	-
Net income attributable to Honda Motor Co., Ltd.	367.1	580.0	+ 212.8	+ 58.0%	-
EPS attributable to Honda Motor Co., Ltd. (Yen)	203.71	321.81	+ 118.10		

Note : Shares which EPS calculation is based on:

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 1,802,298,000 shares
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Average Rates (Yen)

US Dollar	84	96	Yen down by 12 yen	Yen down by 1 yen
Euro	108	126	Yen down by 18 yen	Yen down by 6 yen

(Yen)

Dividend per Share	FY13	FY14 (Expectation)	Increase / Decrease from FY13
1 st quarter End	19	20	+ 1
2nd quarter End	19	(20)	(+ 1)
3rd quarter End	19	(20)	(+ 1)
4th quarter End	19	(20)	(+ 1)
Fiscal Year	76	(80)	(+ 4)

FY14 1st Quarter Financial Results & FY14 Financial Forecasts

Tetsuo Iwamura

Executive Vice President

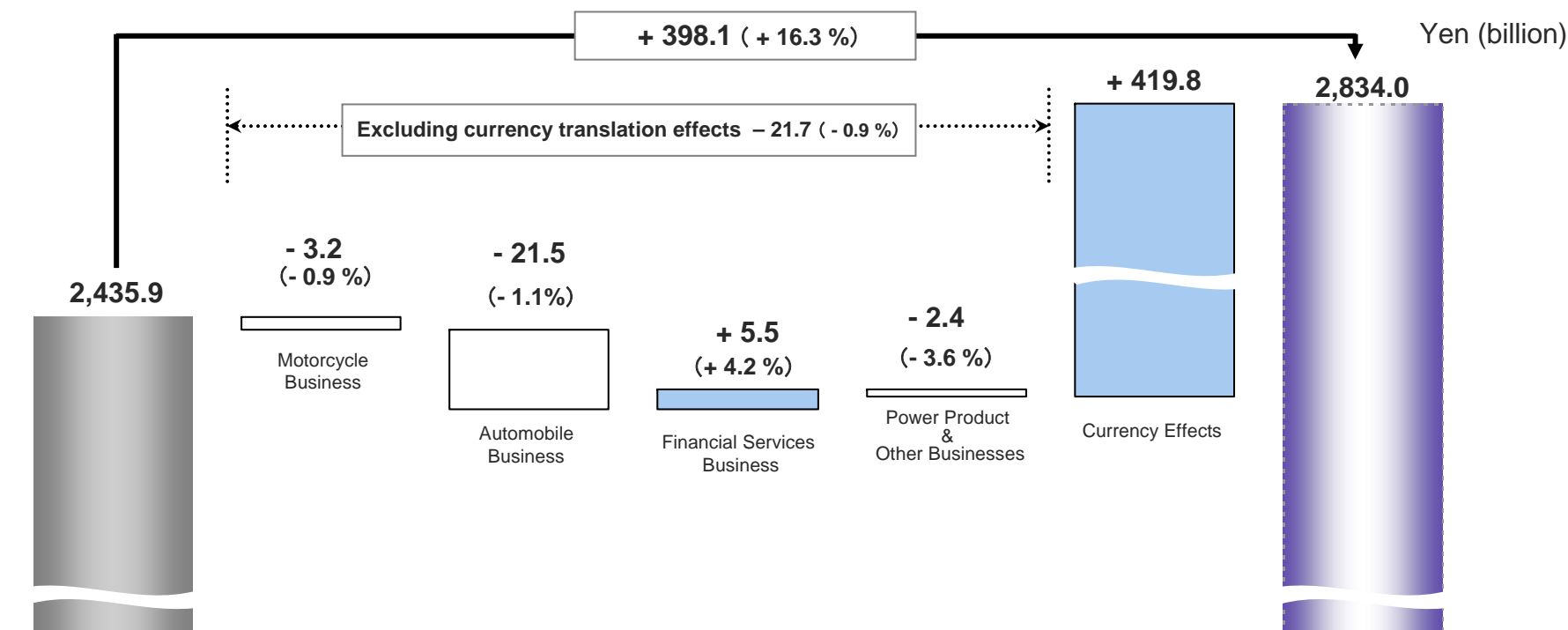
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Net Sales and Other Operating Revenue



FY13 1Q

Yen (billion)

Motorcycle Business	346.6
Automobile Business	1,890.5
Financial Services Business	131.2
Power Product & Other Businesses	67.4
Total	2,435.9

Market average rates

US Dollar	80
Euro	103

FY14 1Q

Yen (billion)

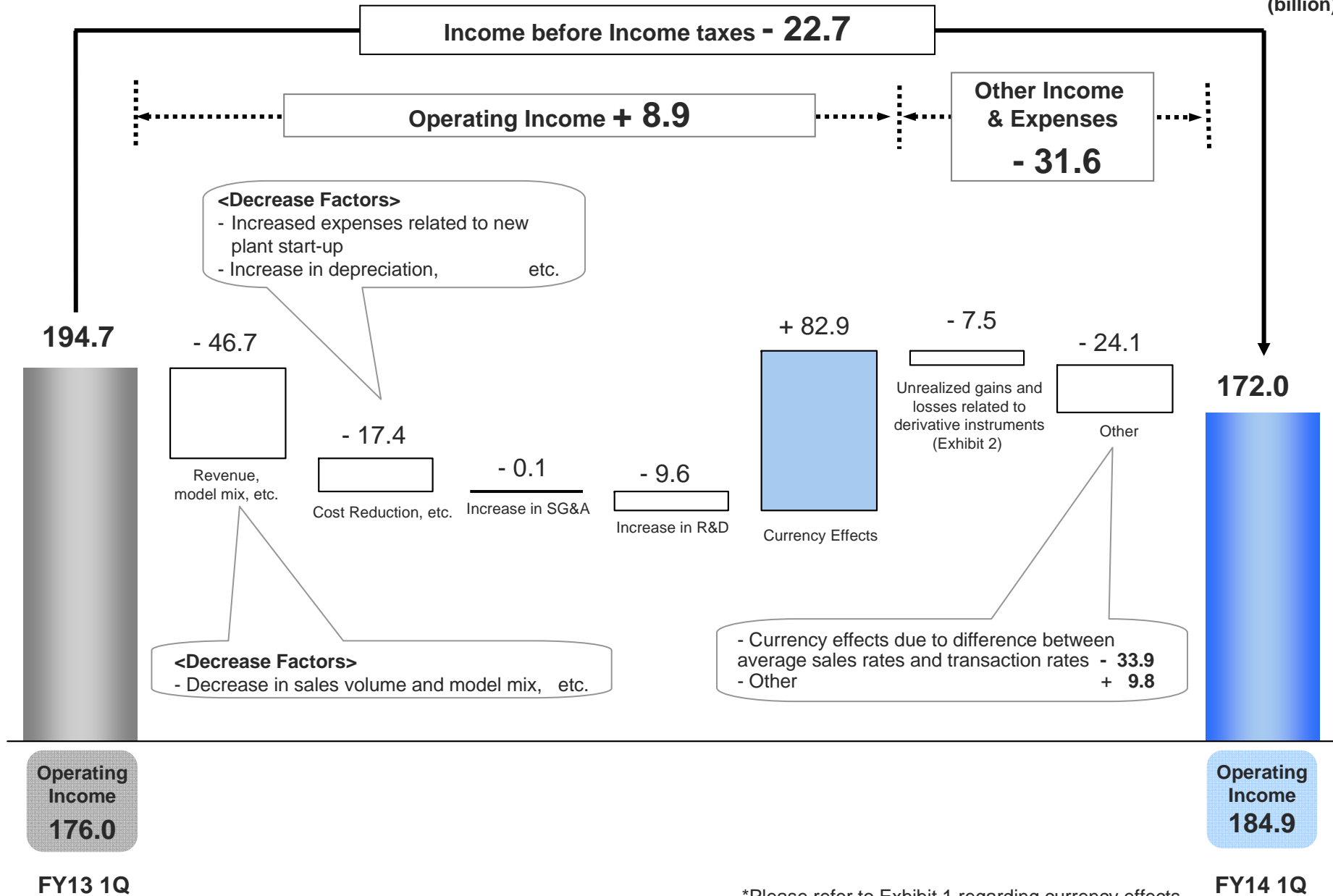
Motorcycle Business	396.8
Automobile Business	2,196.5
Financial Services Business	165.3
Power Product & Other Businesses	75.2
Total	2,834.0

Market average rates

US Dollar	99
Euro	129

Change in Income before Income Taxes <FY14 1st Quarter>

Yen
(billion)



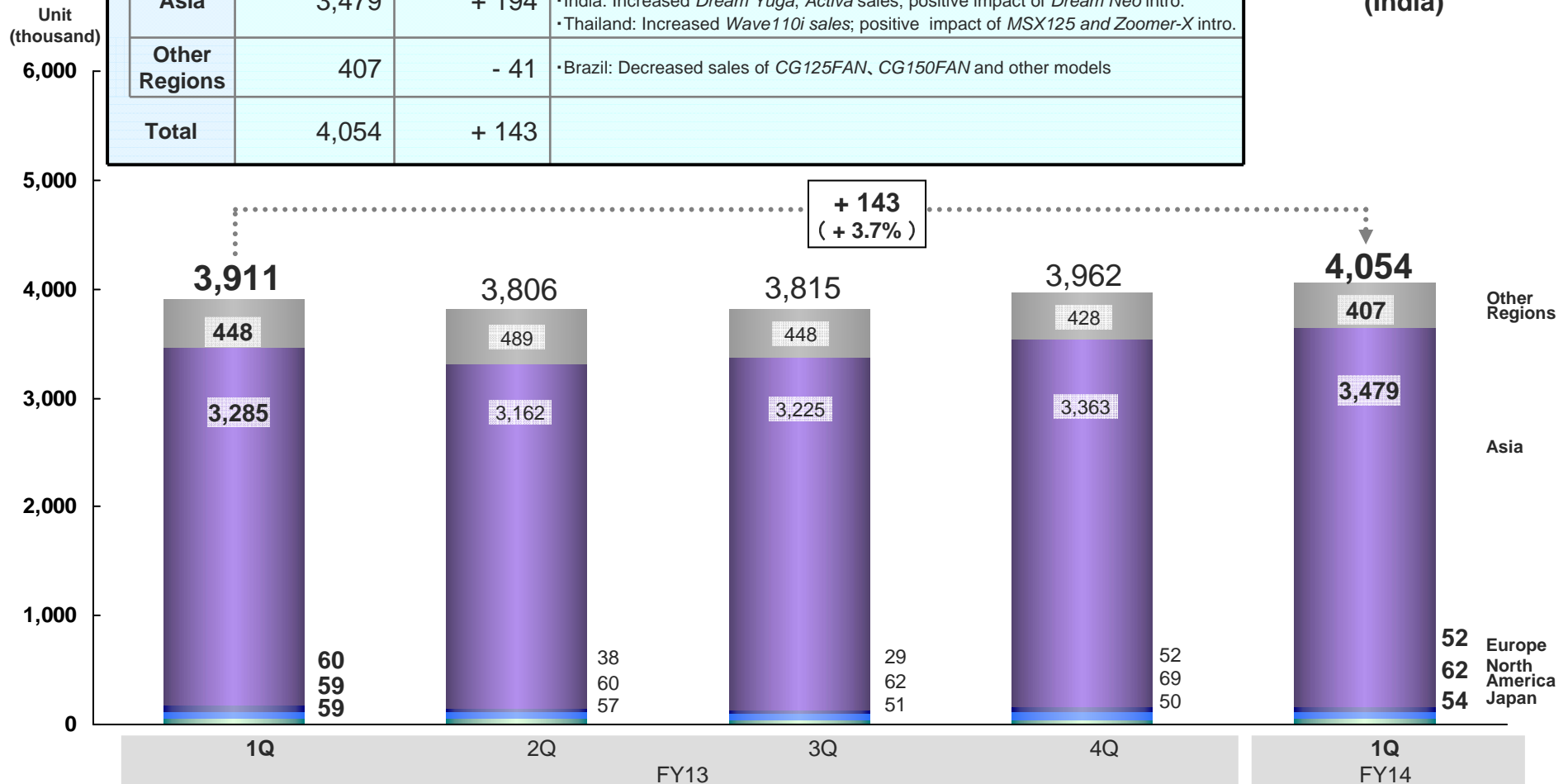
*Please refer to Exhibit 1 regarding currency effects

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

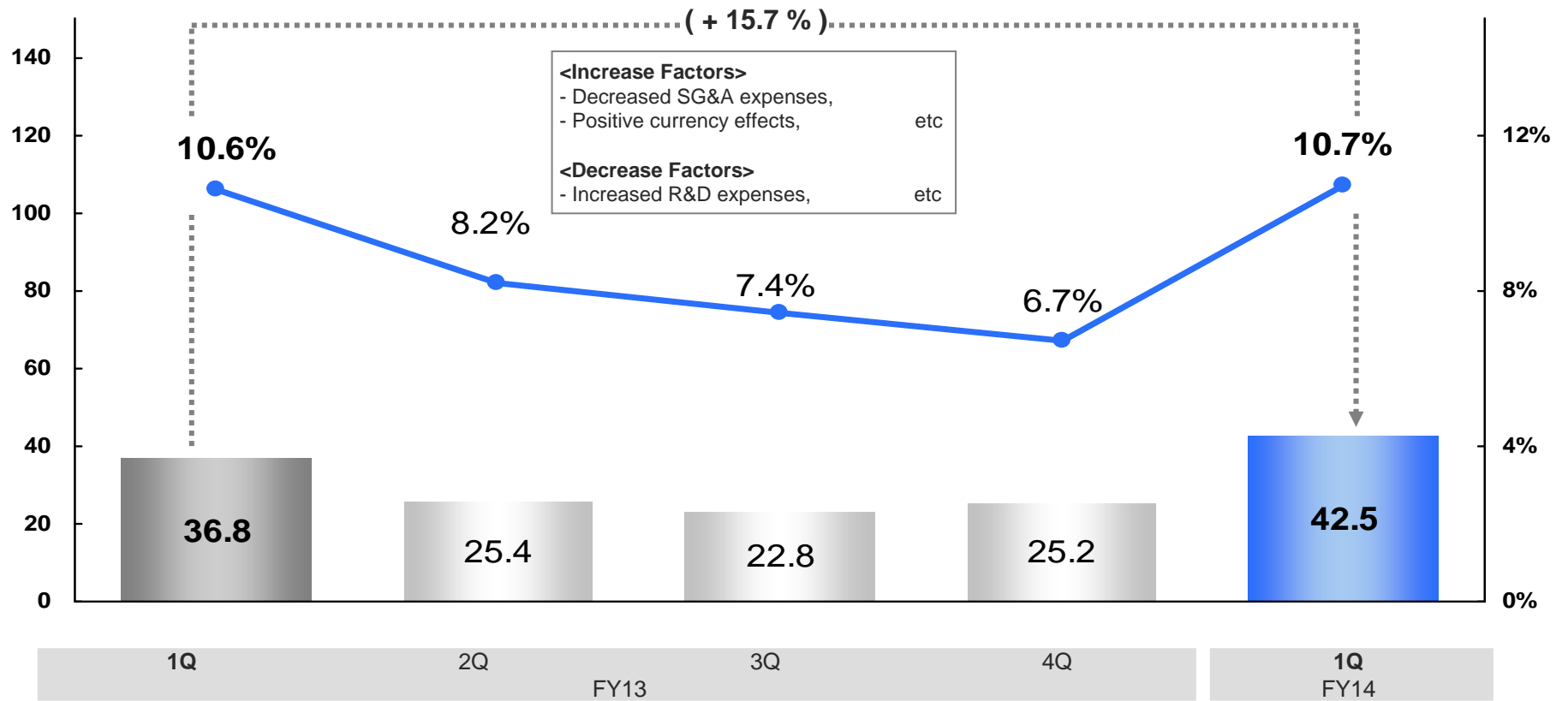
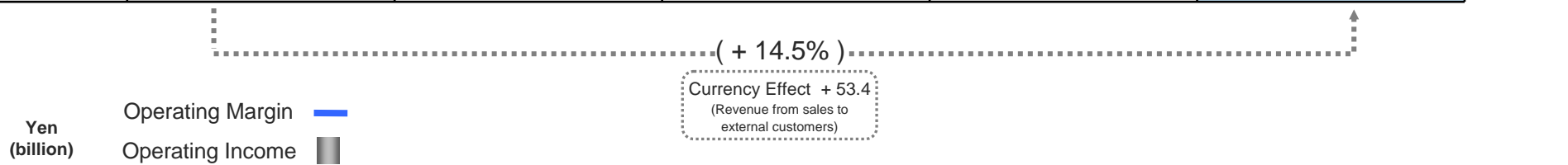
Unit (thousand)	FY14 1Q	Change from FY13 1Q	Major increase / decrease factors
Japan	54	- 5	<ul style="list-style-type: none"> Positive impact of <i>CBR400R</i>, <i>400X</i>, <i>Grom</i> and other model introductions Decreased sales of <i>Today</i>, <i>Giorno</i> and scooter models such as the <i>PCX</i>
North America	62	+ 3	<ul style="list-style-type: none"> Positive impact of <i>NC700X</i>, <i>GL1800F6B</i>, <i>CB500</i> series and other introductions Decreased sales of ATV models such as <i>TRX500</i> and <i>TRX420</i>; and of <i>CBR250R</i>
Europe	52	- 8	<ul style="list-style-type: none"> Positive impact of <i>CB500</i> series and other model introductions Decreased sales of <i>PCX125</i>, <i>Vision 110</i> and other models following contraction of market in southern Europe
Asia	3,479	+ 194	<ul style="list-style-type: none"> Indonesia: Increased sales of <i>BeAT</i> and <i>Vario</i> models India: Increased <i>Dream Yuga</i>, <i>Activa</i> sales; positive impact of <i>Dream Neo</i> intro. Thailand: Increased <i>Wave110i</i> sales; positive impact of <i>MSX125</i> and <i>Zoomer-X</i> intro.
Other Regions	407	- 41	<ul style="list-style-type: none"> Brazil: Decreased sales of <i>CG125FAN</i>, <i>CG150FAN</i> and other models
Total	4,054	+ 143	



**Dream Neo
(India)**



	FY13				FY14	
	1Q	2Q	3Q	4Q	1Q	
Honda Group Unit Sales (Consolidated Unit Sales)	3,911 (2,366)	3,806 (2,304)	3,815 (2,350)	3,962 (2,490)	4,054 (2,371)	Unit (thousand)
Net Sales	346.6	309.7	307.8	375.3	396.8	Yen (billion)

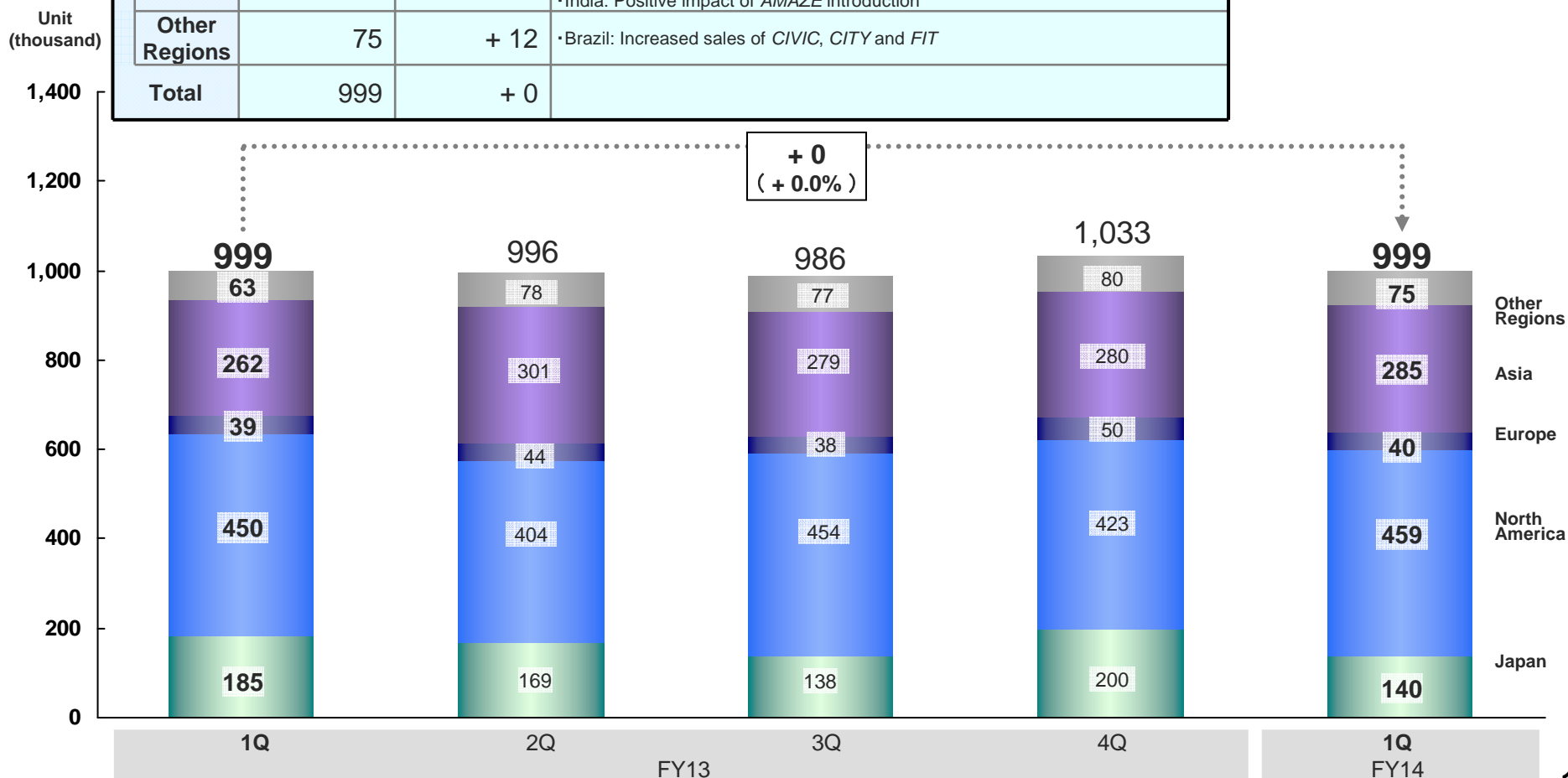


Automobile - Honda Group Unit Sales

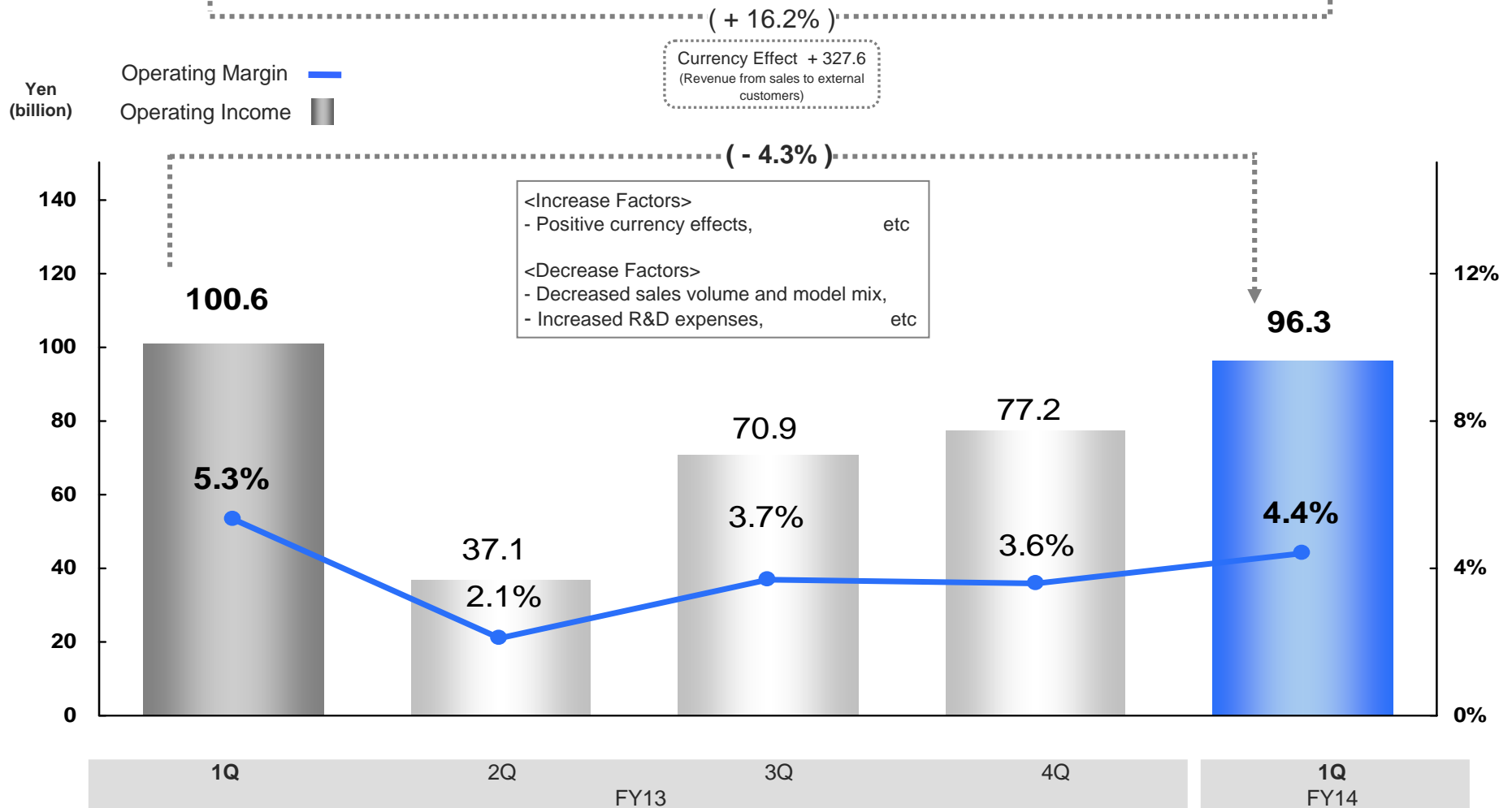
Unit (thousand)	FY14 1Q	Change from FY13 1Q	Major increase / decrease factors
Japan	140	- 45	<ul style="list-style-type: none"> Positive impact of <i>N-ONE</i>, <i>N BOX+</i> introductions Decreased sales of <i>Fit</i> and other models following end of Eco Incentive program
North America	459	+ 9	<ul style="list-style-type: none"> Increased sales of <i>ACCORD</i> and <i>CR-V</i>
Europe	40	+ 1	<ul style="list-style-type: none"> Higher <i>Civic</i> sales in U.K., France, Spain, etc. due to intro. of 1.6l diesel engine Decreased sales of <i>JAZZ</i> in Germany, U.K. and other countries
Asia	285	+ 23	<ul style="list-style-type: none"> Thailand: Positive impact of <i>BRIO AMAZE</i> introduction; increased sales of <i>CITY</i>, <i>CIVIC</i>, <i>ACCORD</i> and <i>CR-V</i> Indonesia: Positive impact of <i>BRIO</i> intro.; increased sales of <i>CR-V</i> and <i>JAZZ</i> India: Positive impact of <i>AMAZE</i> introduction
Other Regions	75	+ 12	<ul style="list-style-type: none"> Brazil: Increased sales of <i>CIVIC</i>, <i>CITY</i> and <i>FIT</i>
Total	999	+ 0	



AMAZE
(India)



	FY13				FY14	
	1Q	2Q	3Q	4Q	1Q	
Honda Group Unit Sales (Consolidated Unit Sales)	999 (849)	996 (816)	986 (841)	1,033 (902)	999 (858)	Unit (thousand)
Net Sales	1,894.7	1,769.7	1,918.4	2,140.6	2,200.9	Yen (billion)

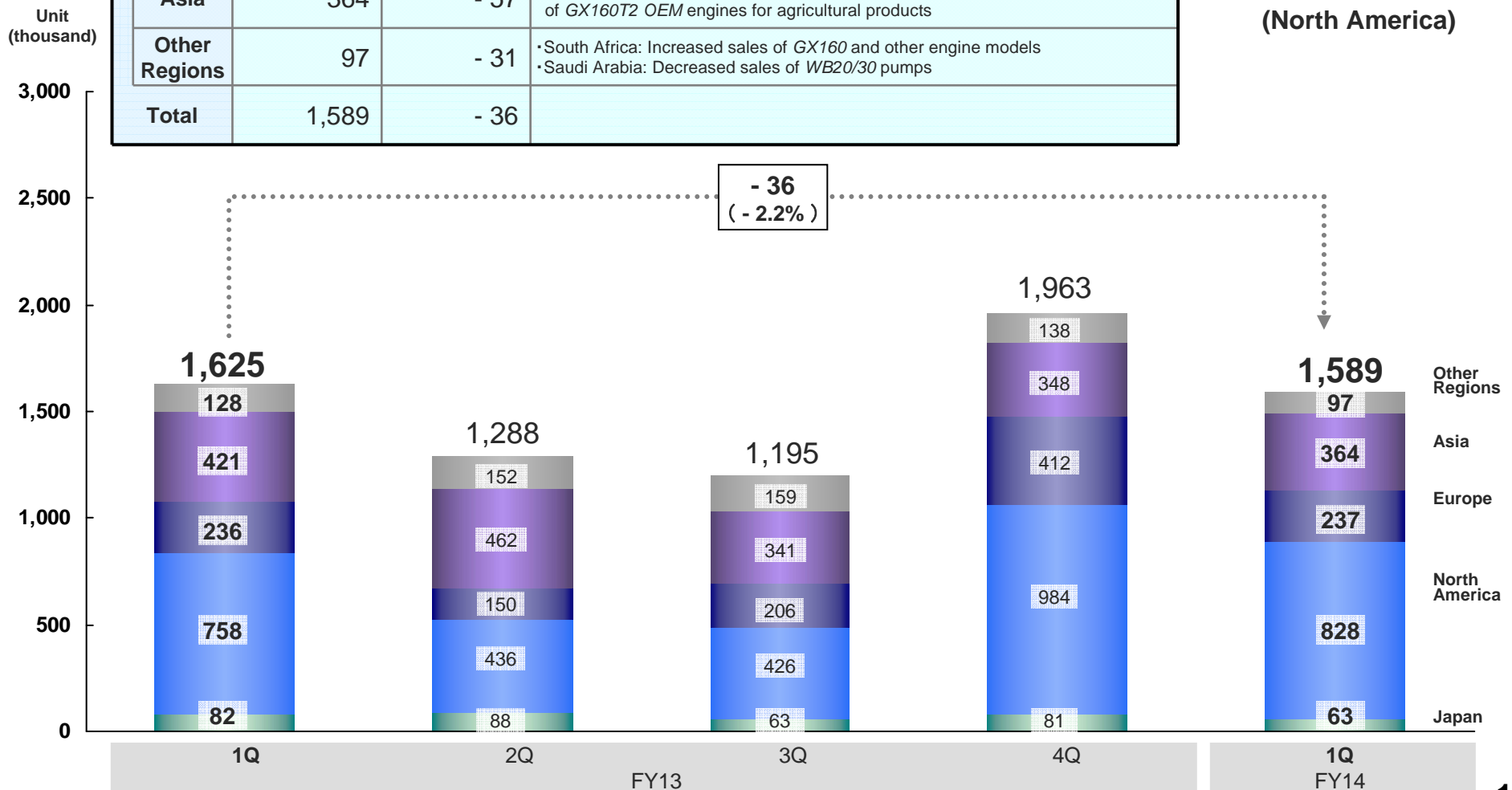


Power Products - Honda Group Unit Sales

Unit (thousand)	FY14 1Q	Change from FY13 1Q	Major increase / decrease factors
Japan	63	- 19	•Decreased sales of EU9i /16i generators due to contraction of generator market
North America	828	+ 70	•Increased sales of GCV160 /190 and other OEM engines used in lawn mowers •Increased sales of HRR216 lawn mower and other models
Europe	237	+ 1	•Increased sales of GCV135 /160 and other OEM engines
Asia	364	- 57	•Thailand: Decreased sales of UMK435 lawnmowers due to a drought; lower sales of GX160T2 OEM engines for agricultural products
Other Regions	97	- 31	•South Africa: Increased sales of GX160 and other engine models •Saudi Arabia: Decreased sales of WB20/30 pumps
Total	1,589	- 36	



**HRR216 (Lawn Mower)
(North America)**

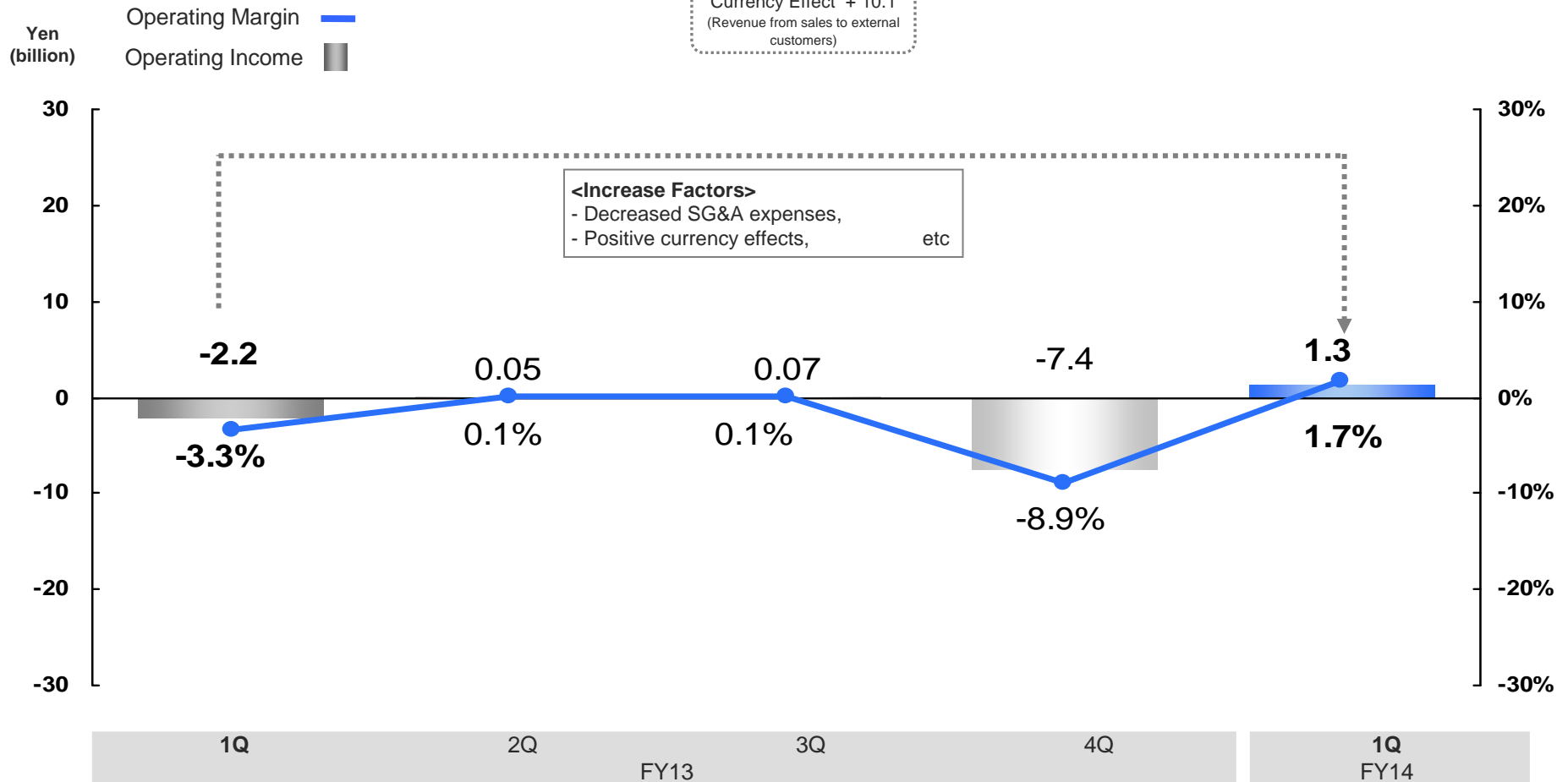


Power Product & Other Businesses Unit Sales/Net Sales/Operating Income (Margin)

	FY13				FY14	
	1Q	2Q	3Q	4Q	1Q	
Honda Group Unit Sales (Consolidated Unit Sales)	1,625 (1,625)	1,288 (1,288)	1,195 (1,195)	1,963 (1,963)	1,589 (1,589)	Unit (thousand)
Net Sales	69.9	67.2	71.3	83.1	77.9	Yen (billion)

(+ 11.4%)

Currency Effect + 10.1
(Revenue from sales to external customers)



Yen
(billion)

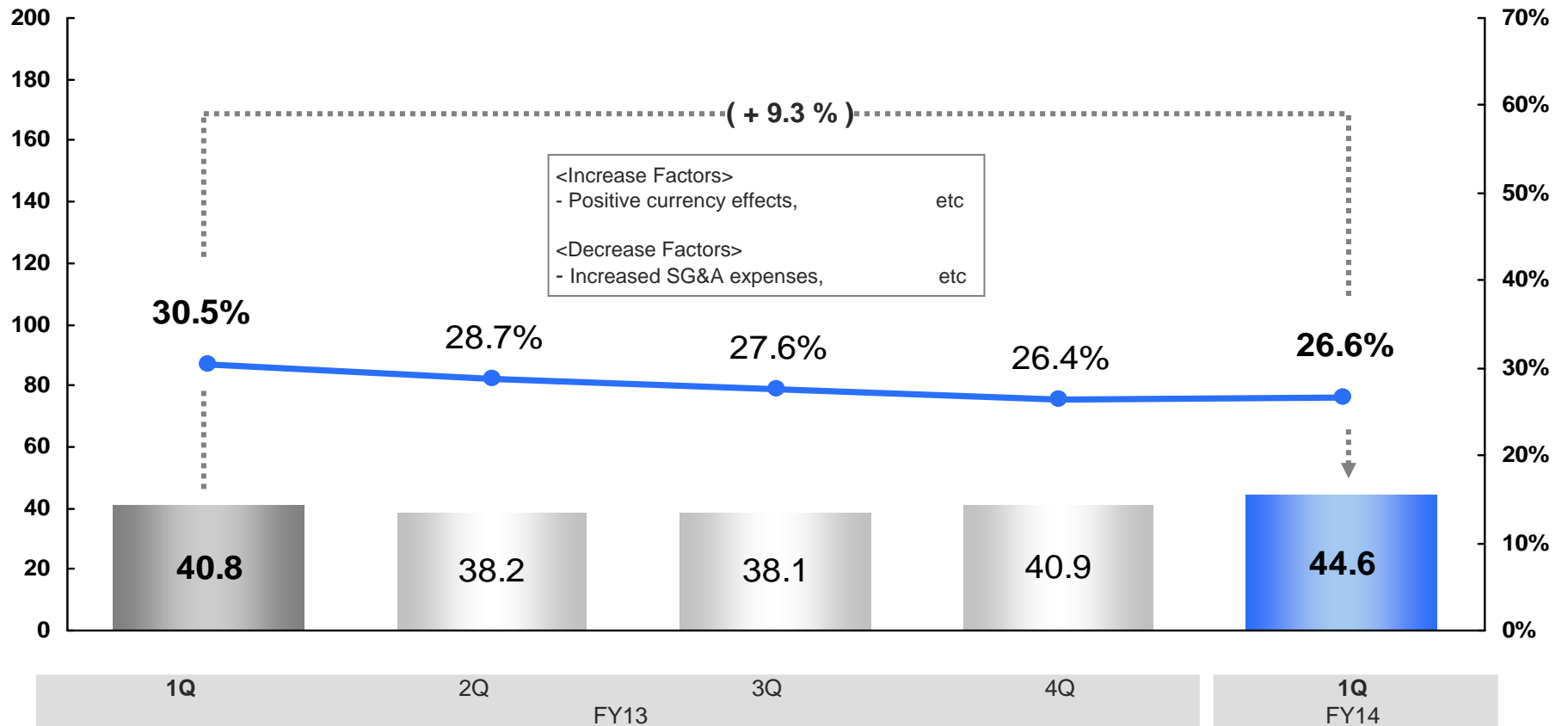
	FY13				FY14
	1Q	2Q	3Q	4Q	1Q
Total Assets of Finance Subsidiaries	5,567.6	5,577.7	6,197.2	6,765.3	7,206.8
Net Sales	134.0	133.1	138.1	154.9	167.9

(+ 25.3%)

Currency Effect + 28.5
(Revenue from sales to external customers)

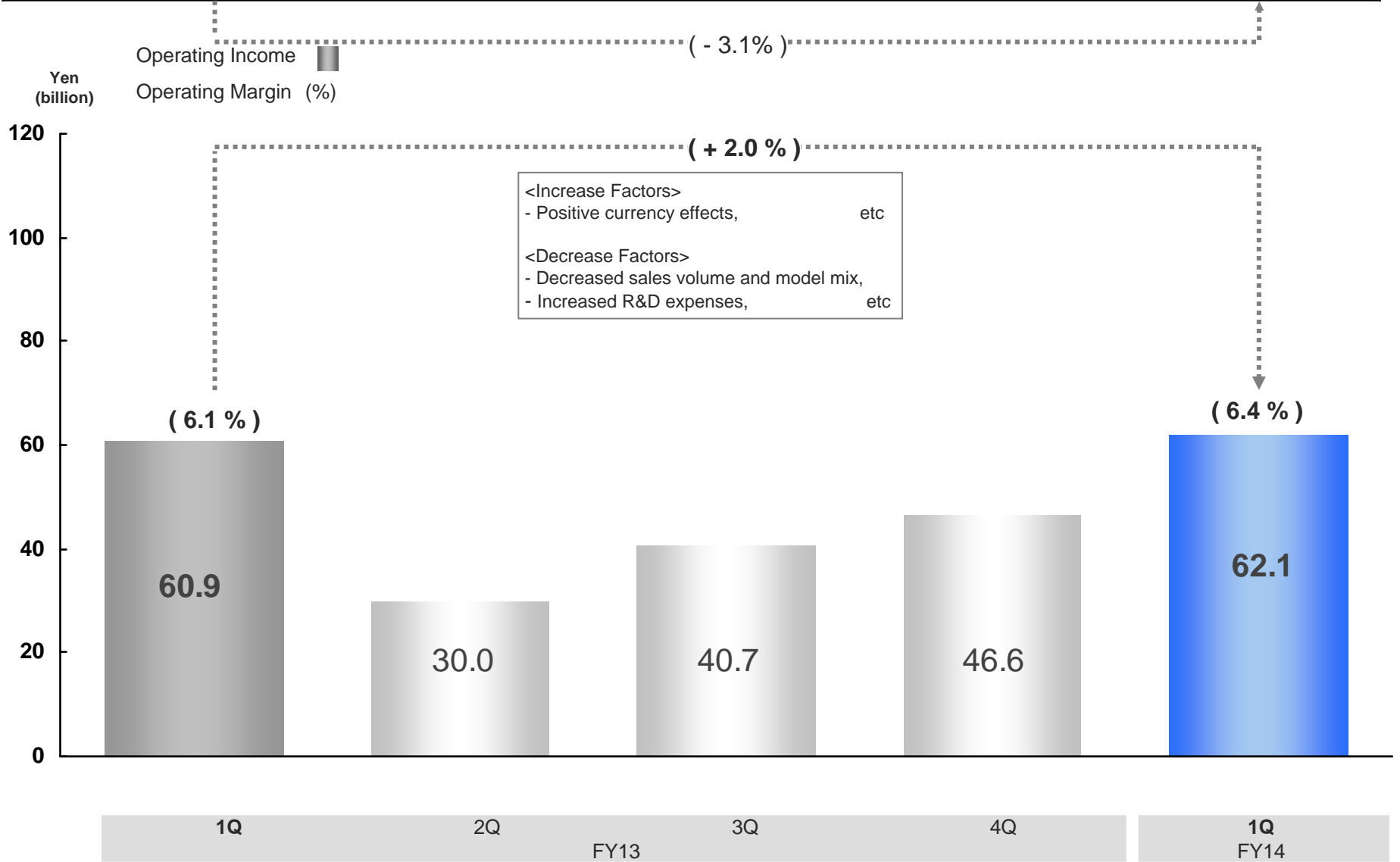
Yen
(billion)

Operating Margin —
Operating Income ■



	FY13				FY14
	1Q	2Q	3Q	4Q	1Q
Net Sales	1,006.6	925.0	902.3	1,059.3	975.8

Yen (billion)



North America Net Sales/Operating Income (Margin)

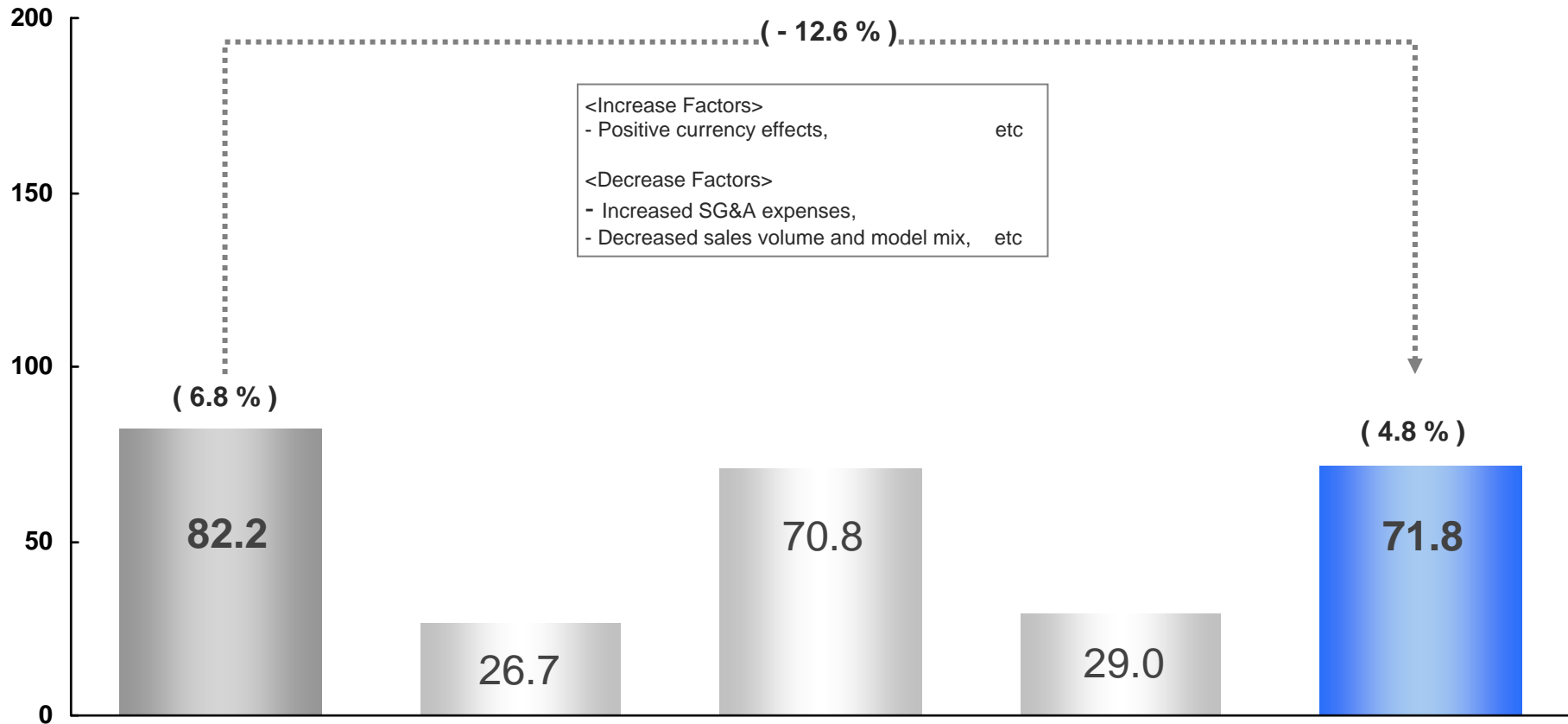
	FY13				FY14
	1Q	2Q	3Q	4Q	1Q
Net Sales	1,214.7	1,054.7	1,245.8	1,341.7	1,501.3

Yen (billion)

Operating Income (+ 23.6%)

Yen (billion)

Operating Income (billion)
Operating Margin (%)



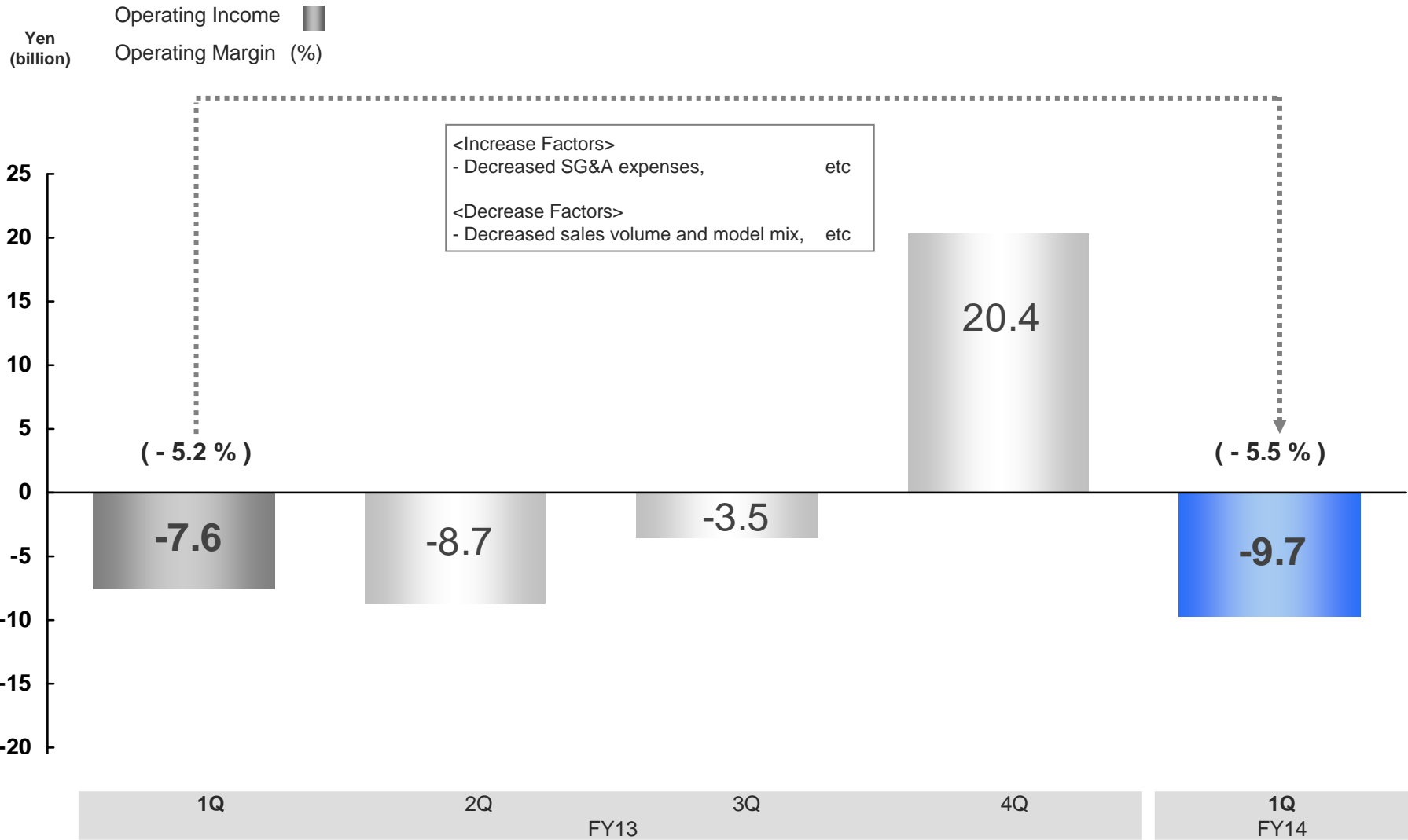
	FY13				FY14
	1Q	2Q	3Q	4Q	1Q

Europe Net Sales/Operating Income (Margin)

	FY13				FY14
	1Q	2Q	3Q	4Q	1Q
Net Sales	147.8	144.5	142.8	206.8	175.9

Yen (billion)

(+ 19.0%)

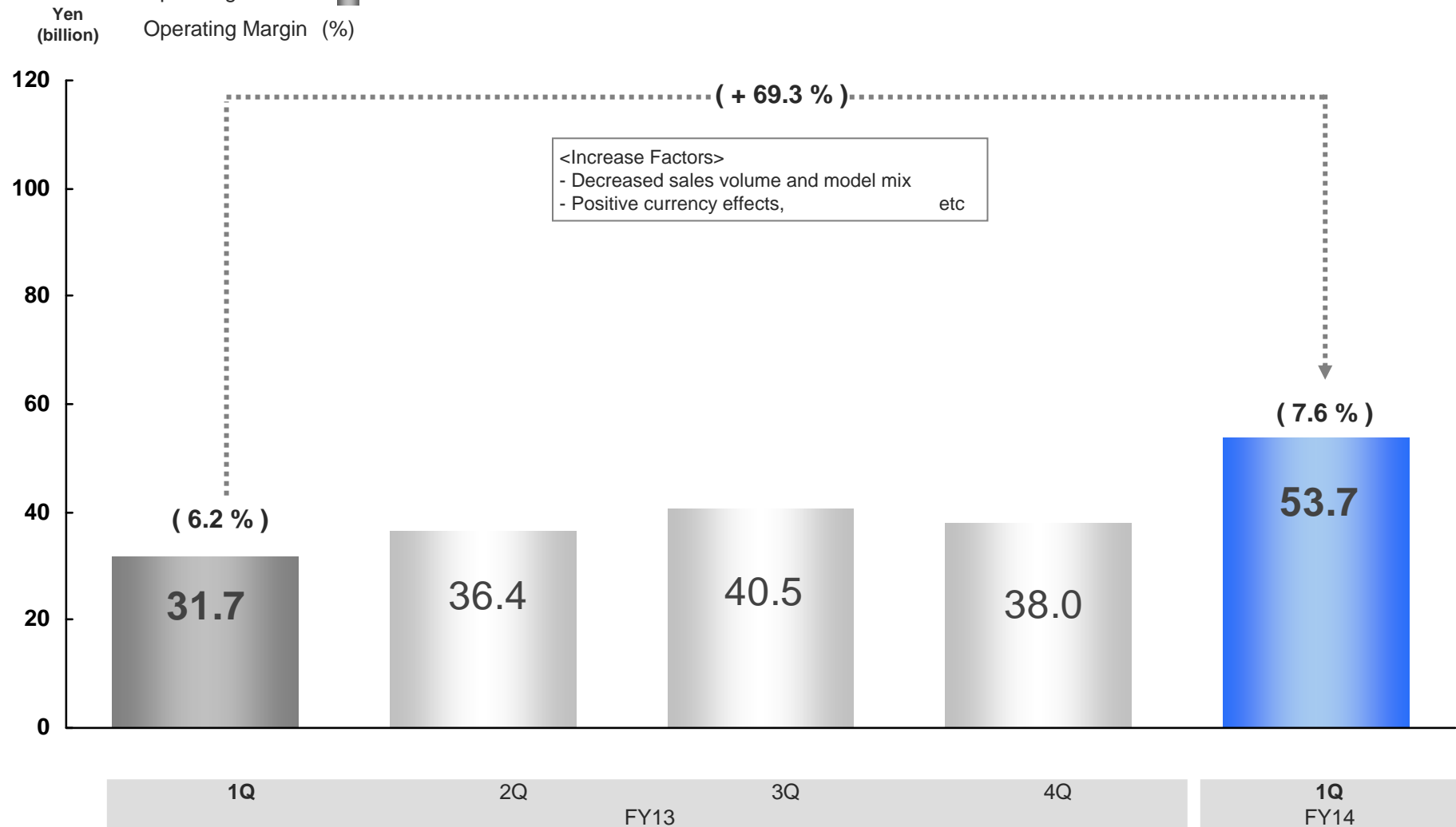


	FY13				FY14
	1Q	2Q	3Q	4Q	1Q
Net Sales	512.8	539.4	587.4	665.9	706.7

Yen (billion)

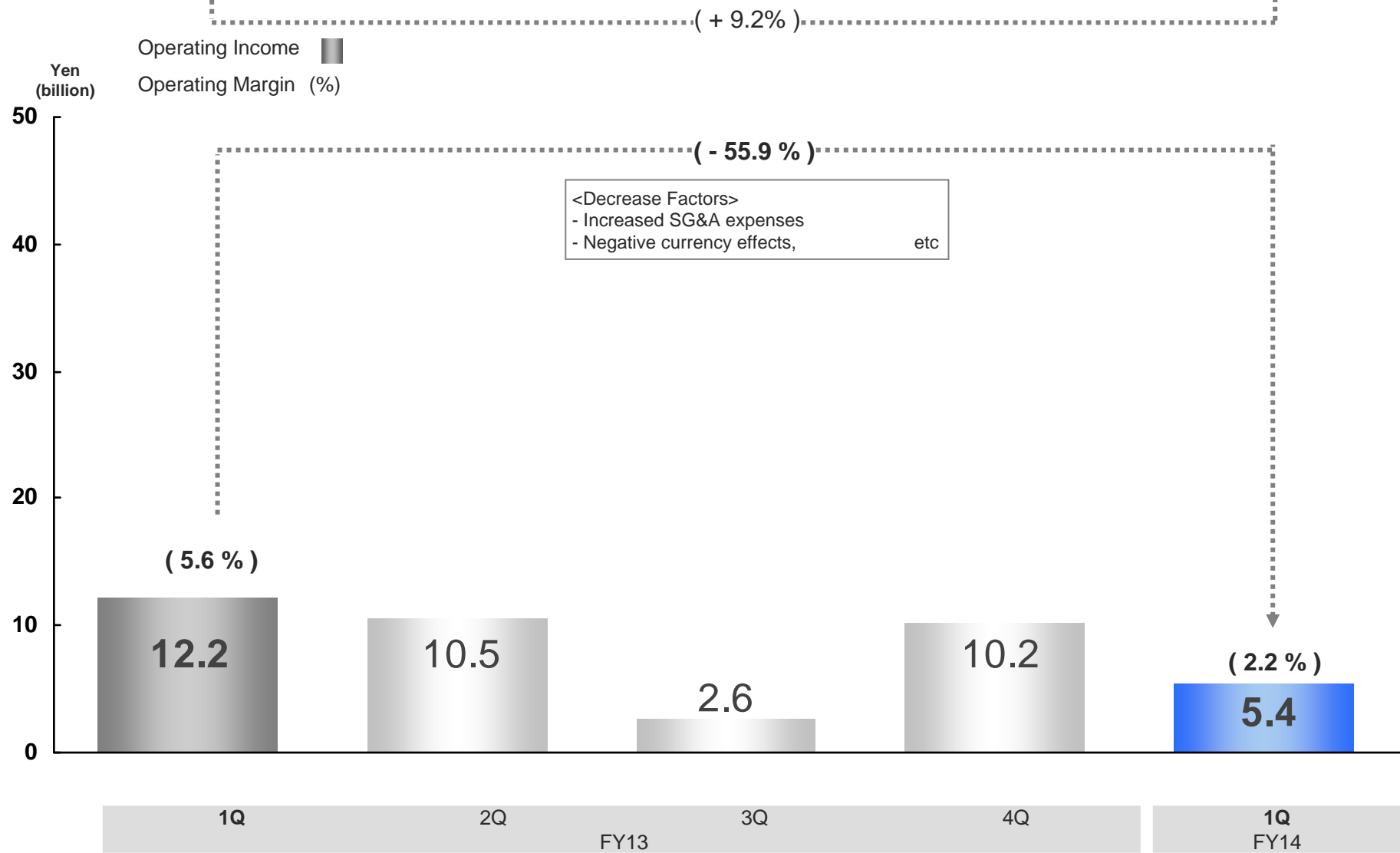
Operating Income (Yen billion) Operating Margin (%)

(+ 37.8%)

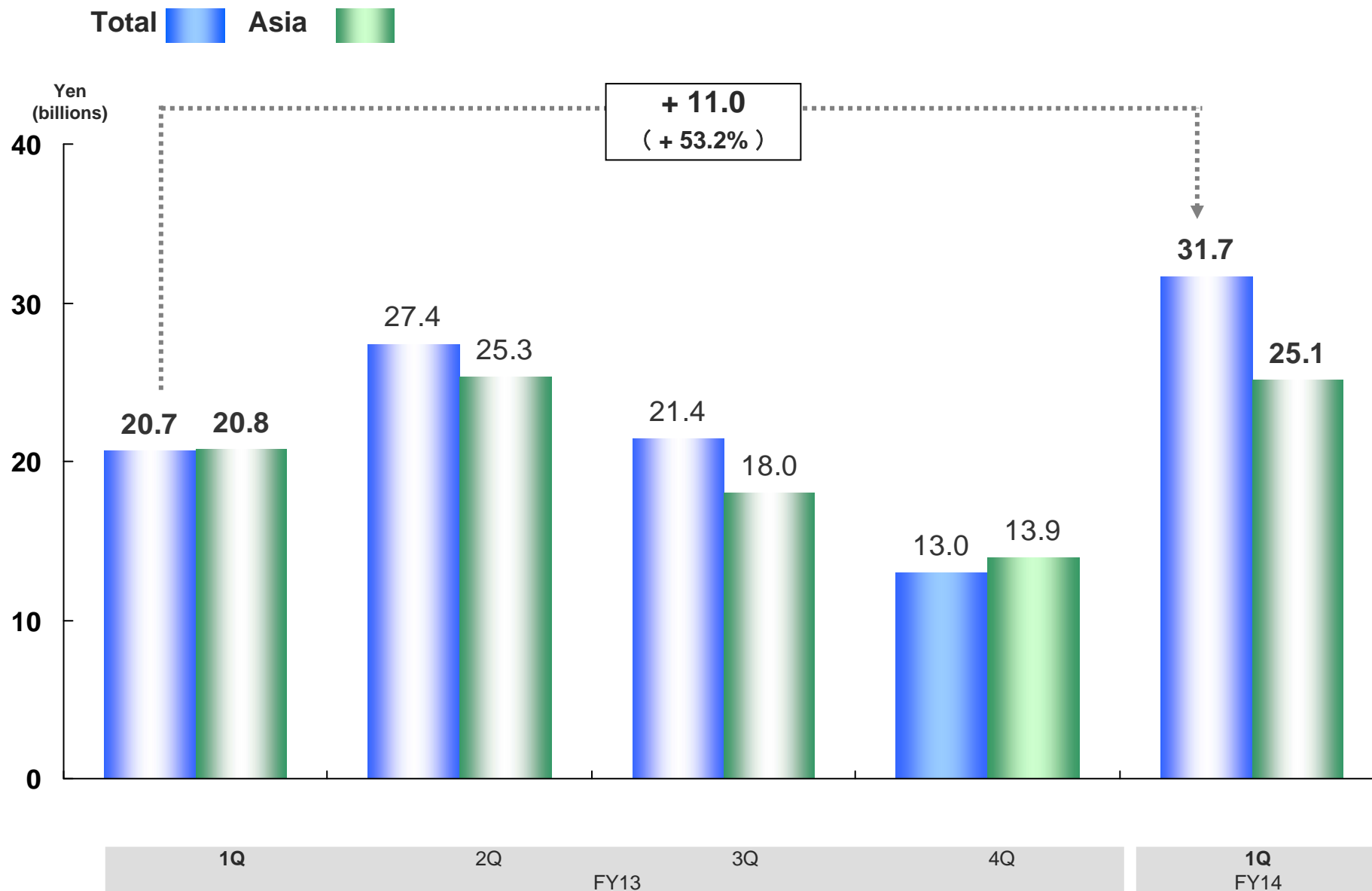


	FY13				FY14
	1Q	2Q	3Q	4Q	1Q
Net Sales	220.3	229.6	222.5	223.9	240.7

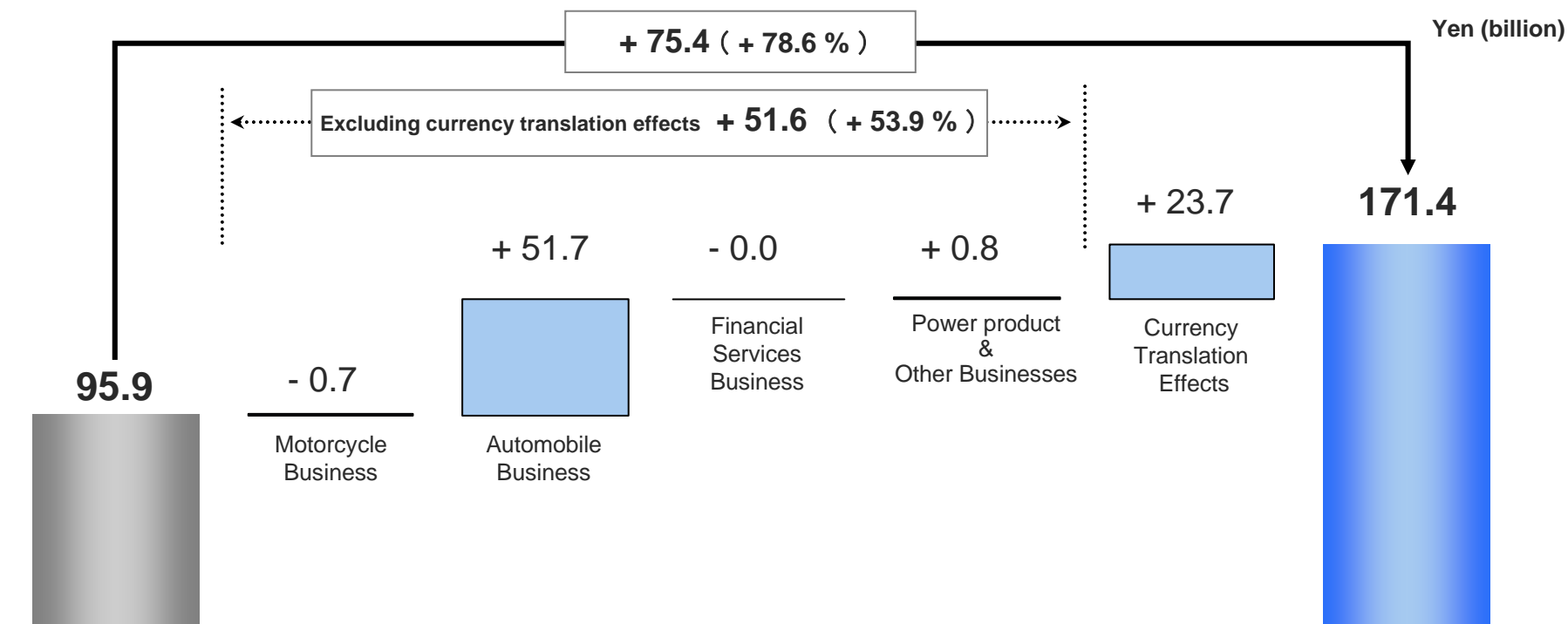
Yen (billion)



Change in Equity in income of affiliates



Consolidated Capital Expenditures <FY14 Three Months>



FY13 1Q

Market average rates
US\$ 1= JPY 80
Euro 1= JPY 103

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

FY14 1Q

Market average rates
US\$ 1= JPY 99 (Yen down by 19 yen)
Euro 1= JPY 129 (Yen down by 26 yen)

Yen (billion)

Motorcycle Business	11.7
Automobile Business	82.1
Financial Services Business	0.0
Power Product & Other Businesses	2.0
Total	95.9

Yen (billion)

Motorcycle Business	12.5
Automobile Business	155.4
Financial Services Business	0.0
Power Product & Other Businesses	3.3
Total	171.4

FY14 1st Quarter Financial Results & FY14 Financial Forecasts

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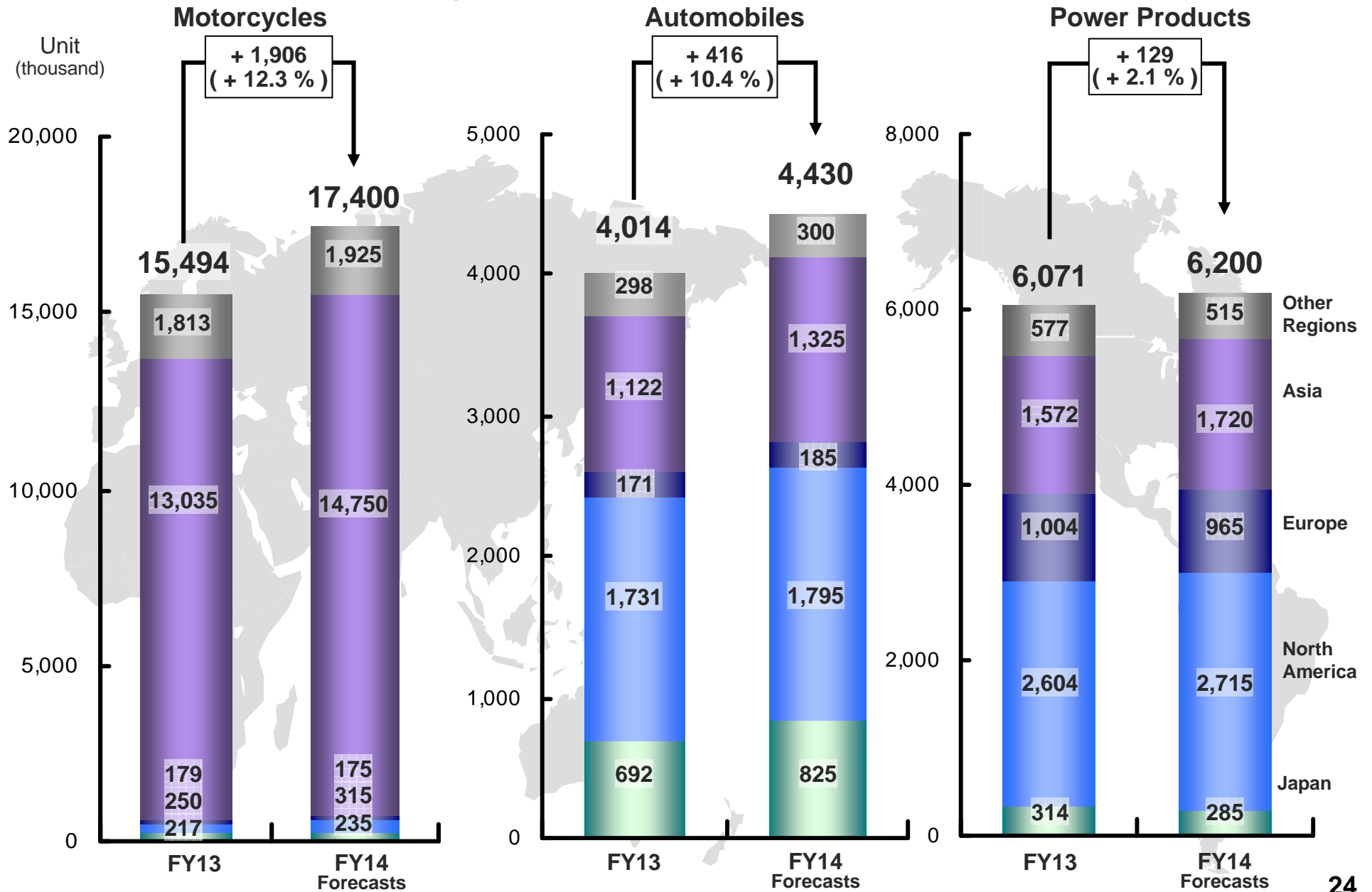
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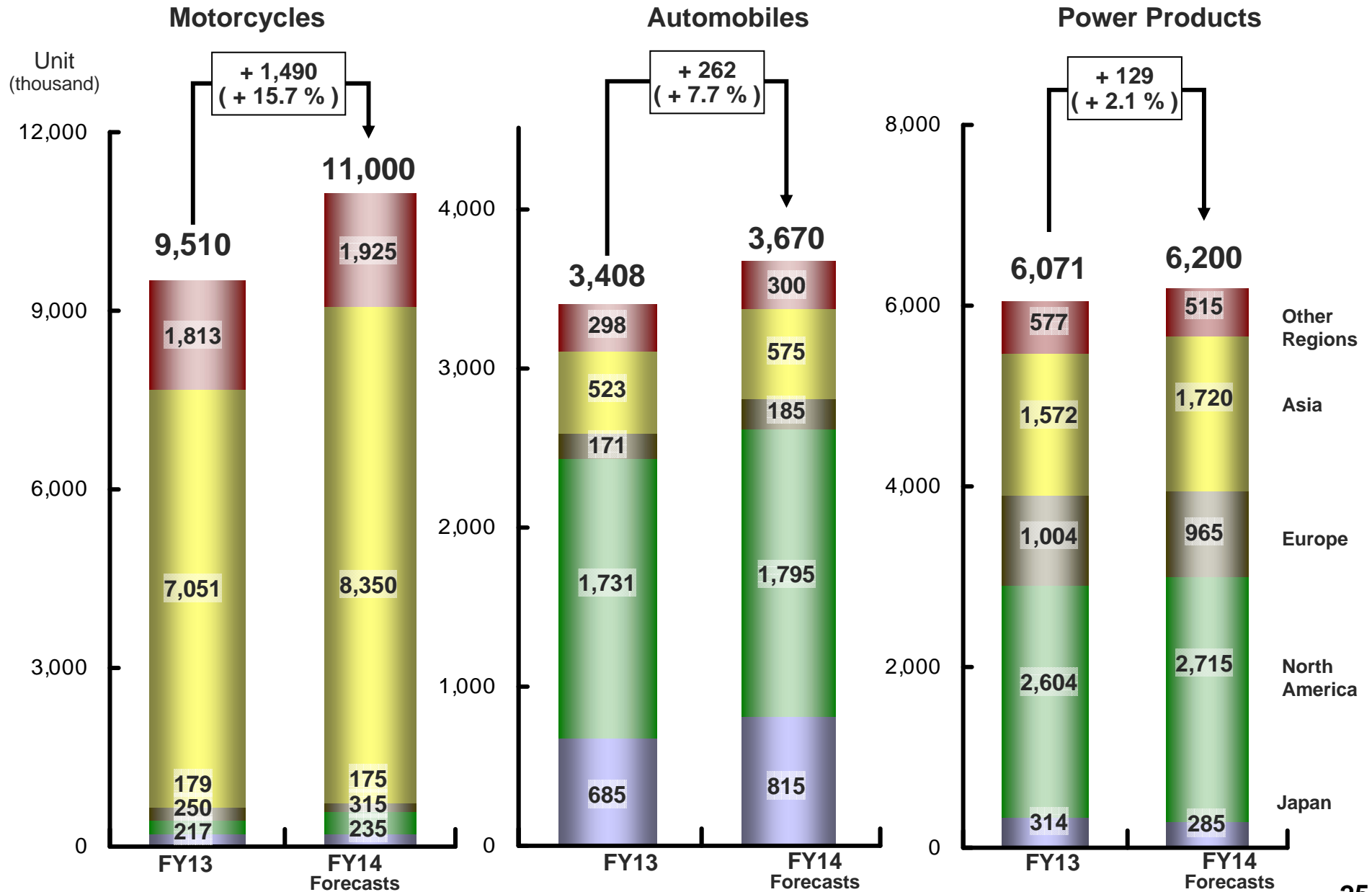
Forecast: Honda Group Unit Sales

No changes from the previous Forecasts (on April 26, 2013)



Forecast: Consolidated Unit Sales

No changes from the previous Forecasts (on April 26, 2013)



FY14 Financial Forecasts (Consolidated)

Yen (billion)

	FY13 Results	FY14 Forecasts	Change		Change from previous forecasts
			amount	%	
Net sales & other operating revenue	9,877.9	12,100.0	+ 2,222.0	+ 22.5%	-
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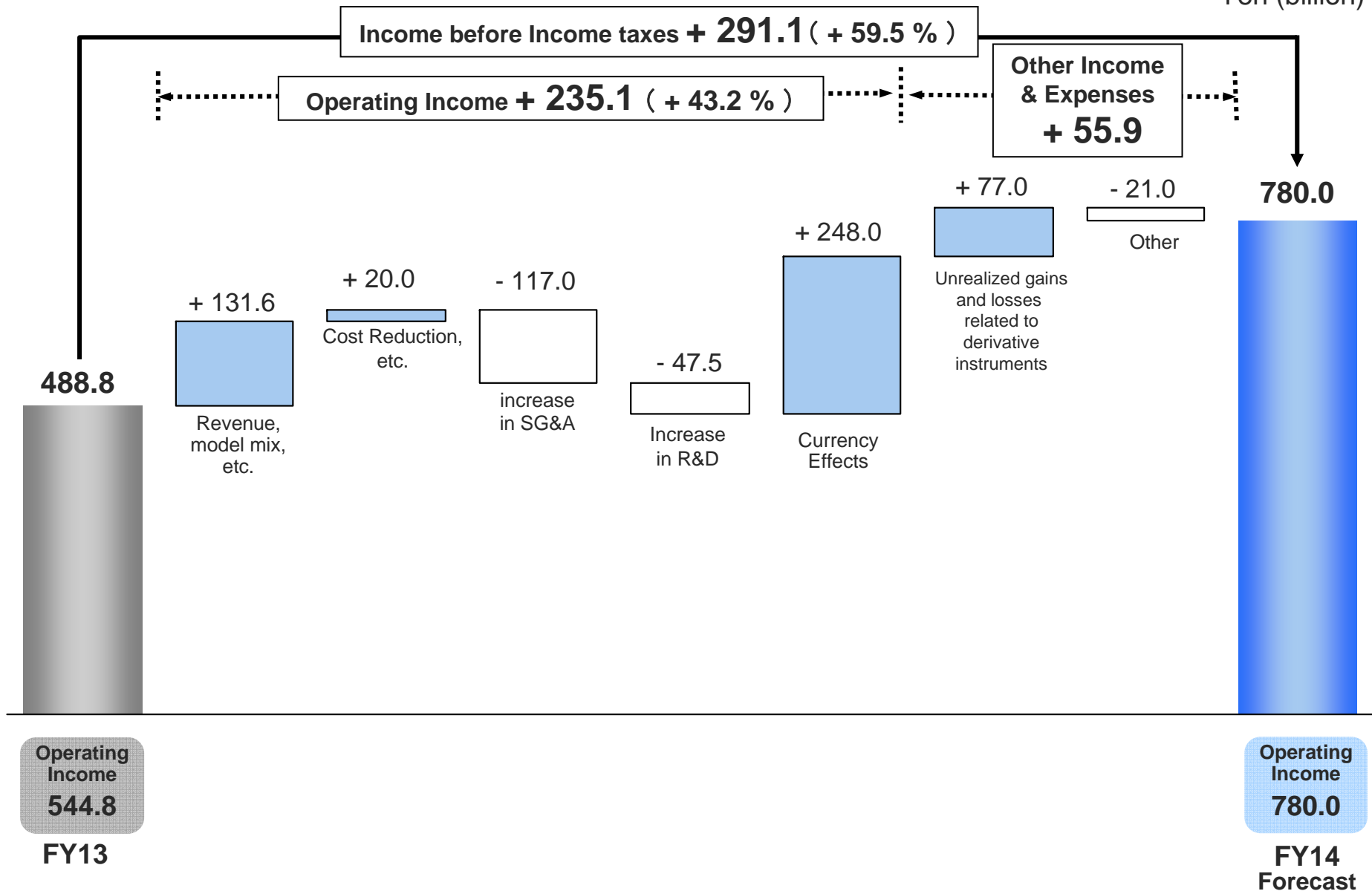
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Average Rates (Yen)

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Forecast: Change in Income before Income Taxes

Yen (billion)



Forecast: Capital Expenditures, Depreciation, R&D Expenses

Yen
(billion)

	FY13 Results	FY14 Forecasts	Change	Change from previous forecasts
Capital expenditures *	593.6	700.0	+ 106.4	-
Depreciation and Amortization **	286.6	360.0	+ 73.4	-
R&D expenses	560.2	630.0	+ 69.8	-

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

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

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)

Yen
(billion)

		FY14 1Q	Average Rates (Yen)		
			FY13 1Q	FY14 1Q	Change
	JPY / USD	+ 27.3	80	99	Yen down by 19 yen
	JPY / Euro	+ 1.5	104	129	Yen down by 25 yen
	JPY / Others	+ 10.8	—	—	—
	Transactions between other currencies	- 3.1	—	—	—
	Difference of average rates ^{*1} (Impact on Operating income)	+ 36.5	*1: Impact of YOY difference of FOREX to be used for booking revenue of foreign currency transactions		
	Difference between transaction rates and average sales rates ^{*2} (Impact on Other income & expenses)	- 33.9			
	Currency effect associated with sales transaction	+ 2.6	*2: Impact of YOY difference between average FOREX and hedge rates during the period		
	Currency effect from translation of foreign financial statements ^{*3} (impact on operating income)	+ 46.3			
	Total	+ 49.0	*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		

Yen
(billion)

	1Q		
	FY13	FY14	Change
Foreign currency forward	+ 25.5	+ 26.3	+ 0.8
Interest rate swap / Currency swap	+ 3.4	- 4.8	- 8.3
Others	+ 0.1	+ 0.0	- 0.0
Total	+ 29.1	+ 21.5	- 7.5

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