Honda Corporate Update

➢ Business Status

➢ Automobile Business Strategy
➢ Motorcycle Business Strategy
➢ Honda eMaaS / 2030 Vision
➢ Other Topics
➢ Financial Highlights
### FY20 Forecast: Honda Group Unit Sales

<table>
<thead>
<tr>
<th>Region</th>
<th>FY20 Previous</th>
<th>FY20 Revised</th>
<th>Change</th>
<th>FY20 Previous</th>
<th>FY20 Revised</th>
<th>Change</th>
<th>FY20 Previous</th>
<th>FY20 Revised</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Motorcycles</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>205</td>
<td>205</td>
<td>-</td>
<td>645</td>
<td>655</td>
<td>+ 10</td>
<td>295</td>
<td>300</td>
<td>+ 5</td>
</tr>
<tr>
<td>North America</td>
<td>315</td>
<td>315</td>
<td>-</td>
<td>1,865</td>
<td>1,865</td>
<td>-</td>
<td>3,095</td>
<td>2,970</td>
<td>- 125</td>
</tr>
<tr>
<td>Europe</td>
<td>245</td>
<td>250</td>
<td>+ 5</td>
<td>140</td>
<td>135</td>
<td>- 5</td>
<td>985</td>
<td>890</td>
<td>- 95</td>
</tr>
<tr>
<td>Asia</td>
<td>17,785</td>
<td>17,785</td>
<td>-</td>
<td>2,110</td>
<td>2,110</td>
<td>-</td>
<td>1,535</td>
<td>1,515</td>
<td>- 20</td>
</tr>
<tr>
<td>Other Regions</td>
<td>1,350</td>
<td>1,345</td>
<td>- 5</td>
<td>215</td>
<td>215</td>
<td>-</td>
<td>360</td>
<td>325</td>
<td>- 35</td>
</tr>
<tr>
<td>Total</td>
<td>19,900</td>
<td>19,900</td>
<td>-</td>
<td>4,975</td>
<td>4,980</td>
<td>+ 5</td>
<td>6,270</td>
<td>6,000</td>
<td>- 270</td>
</tr>
<tr>
<td>FY19 Results</td>
<td>20,238</td>
<td></td>
<td></td>
<td>5,323</td>
<td></td>
<td></td>
<td>6,301</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

※The impact related to the spread of novel coronavirus infections is not reflected to the forecasts for the FY20.
### FY20 Financial Forecast (Consolidated)

**Honda Group Unit Sales**

<table>
<thead>
<tr>
<th>Honda Group Unit Sales (thousand)</th>
<th>FY19 Results</th>
<th>FY20 Forecast</th>
<th>Change from previous forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motorcycles</td>
<td>20,238</td>
<td>19,900</td>
<td>-1.7%</td>
</tr>
<tr>
<td>Automobiles</td>
<td>5,323</td>
<td>4,980</td>
<td>+5</td>
</tr>
<tr>
<td>Life Creation</td>
<td>6,301</td>
<td>6,000</td>
<td>-4.8%</td>
</tr>
</tbody>
</table>

**Increased from previous forecast due mainly to strong sales of N-BOX and Freed in Japan.**

**Decreased from previous forecast due mainly to OEM engine for lawn mower sales decline in North America and Europe.**

**Plan to exceed the previous year’s profit, by steadily implement initiatives to improve profitability.**

### Financial Results

**Sales revenue**

<table>
<thead>
<tr>
<th>FY19 Results</th>
<th>FY20 Forecast</th>
<th>Change from previous forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>15,888.6</td>
<td>15,150.0</td>
<td>-738.6 (-4.6%) + 100.0</td>
</tr>
</tbody>
</table>

**Operating profit**

<table>
<thead>
<tr>
<th>FY19 Results</th>
<th>FY20 Forecast</th>
<th>Change from previous forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>726.3</td>
<td>730.0</td>
<td>+3.6 (+0.5%) + 40.0</td>
</tr>
</tbody>
</table>

**Operating margin**

<table>
<thead>
<tr>
<th>FY19 Results</th>
<th>FY20 Forecast</th>
<th>Change from previous forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.6%</td>
<td>4.8%</td>
<td>+0.2 pt +0.2pt</td>
</tr>
</tbody>
</table>

**Share of profit of investments accounted for using the equity method**

<table>
<thead>
<tr>
<th>FY19 Results</th>
<th>FY20 Forecast</th>
<th>Change from previous forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>228.8</td>
<td>210.0</td>
<td>-18.8 (-8.2%) -</td>
</tr>
</tbody>
</table>

**Profit before income taxes**

<table>
<thead>
<tr>
<th>FY19 Results</th>
<th>FY20 Forecast</th>
<th>Change from previous forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>979.3</td>
<td>940.0</td>
<td>-39.3 (-4.0%) + 35.0</td>
</tr>
</tbody>
</table>

**Profit for the year attributable to owners of the parent**

<table>
<thead>
<tr>
<th>FY19 Results</th>
<th>FY20 Forecast</th>
<th>Change from previous forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>610.3</td>
<td>595.0</td>
<td>-15.3 (-2.5%) + 20.0</td>
</tr>
</tbody>
</table>

**Earnings per share attributable to owners of the parent (Yen)**

<table>
<thead>
<tr>
<th>FY19 Results</th>
<th>FY20 Forecast</th>
<th>Change from previous forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>345.99</td>
<td>339.64</td>
<td>-6.35 (+10.0)</td>
</tr>
</tbody>
</table>

**Market average rates (Yen)**

<table>
<thead>
<tr>
<th>FY19 Results</th>
<th>FY20 Forecast</th>
<th>Change from previous forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>111</td>
<td>108</td>
<td>-3 (+1)</td>
</tr>
</tbody>
</table>
FY20 Forecast: Change in Operating Profit

Operating Profit + 3.6 ( + 0.5 % )

FY19 Results

Profit before income taxes 979.3

- 39.3 (- 4.0 % )
- Operating Profit
- Share of profit of investments accounted for using the equity method
- Finance income and finance costs

FY20 Forecast

Profit before income taxes 940.0

- 140.0
- 16.0
- 123.0
- 18.8
- 24.1
- 25.5
- 8.5
- 10.0
- 19.0
- 60.0

Revenue, model mix, etc.
Cost reduction, etc.
SG&A
R&D
Currency effects
Global automobile production changes

- JPY / USD
- USD / Others (BRL, CAD, MXN)
- JPY / Asian Currencies (INR, THB, VND, CNY, IDR)
- USD / ARS
- Others
## Dividend

<table>
<thead>
<tr>
<th>Dividend per Share (Yen)</th>
<th>FY19</th>
<th>FY20 (Expectation)</th>
<th>Increase / Decrease from FY19</th>
<th>Change from previous forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Quarter End</td>
<td>27</td>
<td>28</td>
<td>+ 1</td>
<td>-</td>
</tr>
<tr>
<td>2nd Quarter End</td>
<td>28</td>
<td>28</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3rd Quarter End</td>
<td>28</td>
<td>28</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>4th Quarter End</td>
<td>28</td>
<td>(28)</td>
<td>( - )</td>
<td>( - )</td>
</tr>
<tr>
<td>Fiscal Year</td>
<td>111</td>
<td>(112)</td>
<td>(+ 1)</td>
<td>( - )</td>
</tr>
</tbody>
</table>
[Purpose for the change]
Further improving the Company’s capital strategy

[Points of the change]

Goal: to maintain a shareholders’ return ratio of approximately 30%

Acquisition of the Company’s own shares at a timing that it deems optimal

Goal: to realize a return ratio alone of approximately 30%

With respect to the redistribution of profits to its shareholders, the Company’s basic policy is to determine such distributions after taking into account, among others, its retained earnings for future growth and consolidated earnings performance based on a long-term perspective.
Business Status

Automobile Business Strategy

Motorcycle Business Strategy

Honda eMaaS / 2030 Vision

Other Topics

Financial Highlights
Strengthening automobile business structure

Strengthening global models and regional models

Global Models

ACCORD  CIVIC  CR-V  VEZEL / HR-V  FIT / JAZZ

Regional Models

40%

2018: % of global sales unit

Global models

60%

Regional Models

N-BOX (JPN)  PILOT (NA etc)  CRIDER (China)  AVANCIER (China)  BR-V (Asia etc)  WR-V (SA etc)
Evolution of vehicle development
Introduction of “Honda Architecture”

Company-wide initiative which will increase the efficiency of development and parts-sharing for mass-production models.

Sharing basic framework + Individual characteristics

Apply first to a global model in 2020
Sequentially increase the applied models
Strengthening automobile business structure

R&D

- Strengthening of global and regional models
- Introduction of Honda Architecture

Reduce man-hours by 30% by 2025, and repurpose man-hours for R&D in advanced areas for the future

Production

- Strengthening the production structure
- Re-establish a highly-efficient production system in North America

Global production cost
Reduce by 10%, by 2025 (vs. 2018)
Strengthening the production structure

Making progress in optimizing production capacity in accordance with market demand

Capacity utilization rate, excluding China
90% in 2018 ➔ Full-capacity by 2022
Strengthening the production structure
- North America -

Re-establish a highly-efficient production system

- Reduce the number of variations
- Simplify model allocation

Realize
“Growth through the pursuit of quality”
Changes to the Research and Development Structure

Build a research and development structure intended to achieve a balance between advanced technology and increased efficiency

<2019>

- Innovation Research Excellence
  - Integrate advanced research functions

- Digital Solution Center
  - Engage in promotion on IT time axis to raise competitiveness of digital technology

- Automobile Center
  - Integrate with development, production, and procurement to enhance marketability and business speed

- Life Creation Center

- Aero Engine Center

- Monozukuri Center, Motorcycle Operations

- HRD Sakura
Honda’s approach to the new business environment

**Autonomous Driving**
- SenseTime
- Cruise/General Motors
- Baidu - Apollo Project (China)
- Softbank
- SoundHound
- Kyoto University
- Boston University (Information Security)

**Sharing**
- Reachstar (China)
- MONET Technologies
- Grab (Asia)
  - Motorcycles

**Connectivity**
- Softbank (5G Mobile Comm. System)
- Alibaba (Honda CONNECT)
- Alibaba (Honda CONNECT)
- Alibaba (Honda CONNECT)

**Electrification**
- Hitachi AMS (EV Motor)
- Neusoft (China BEV)
- General Motors (EV Battery, FC Stack)
- CATL (Battery)

**Artificial Intelligence**
- Softbank (Emotion Engine)
- SoundHound
- Kyoto University
- Boston University (Information Security)

**Organizational Structure**
- R&D Center X
- Honda Xcelerator
  - Global expansion

**Collaboration with**
- DeepMap
- Tactual Labs
- WayRay
- SoundHound
- 360 Capital Partners
- JB Nordic Partners
- SOSV
- Yunqi Partners, etc.
Focus our efforts on further enhancing HEV performance as well as on PHEV and zero emission vehicles.
Two perspectives for the introduction of electrified vehicles

**Improvement of fuel economy**
- Corporate Average Fuel Economy (CAFE)

  Most effective technology for compliance with CAFE standards >> Hybrid
  
  Electrify mainly with hybrid models

**Zero emission**
- ZEV regulations (USA)
- NEV regulations (China)

  Accommodate with battery EVs

  Introduction to satisfy different needs in each region
Direction for electrification

Expansion of scope of i-MMD Deployment of key electrification technologies in BEV and FCV

Application of technologies in BEV and FCV

Increase applied lineup + Expand globally

By 2022, i-MMD system cost is expected to be reduced by 25% (vs. 2018)
Direction for electrification

Procure electrified components with optimum specifications in each region speedily and reduce costs by means of effect of scale.

Motor
- Hitachi Automotive Electric Motor Systems, Ltd.
  - Manufacture and supply of motors
  - In-house manufacture and supply

Battery
- GSYUASA
- Blue Energy
- Panasonic
- GM
- CATL
  - In-house manufacture and supply
Provide BEVs with exhilarating drive and “human”-centered comfortable space

- 50/50 weight distribution, low center of gravity, and rear main drive (2WD/4WD) for exhilarating drive
- High efficient package by Honda’s MM concept

- Integrated development of common-adaptable battery pack by using optimum locally-procurable batteries in each region

Honda Architecture (BEV)

Adopt with changeable components

SUV type
CUV type
Sedan type
**Direction for electrification**

### Introduction of battery EVs

**North America**

Jointly develop next-generation battery components with GM

**China**

Jointly develop mass-prod. battery EVs with local JVs

- Everus VE-1 (GAC Honda)
- X-NV (Dongfeng Honda)

Utilize resources/Envisioning to intro. with Honda brand

**EU / JPN**

Introduce Honda e

- Honda e Prototype

Begin with EU where 100% electrification targeted by 2022
Roadmap of Automated Driving & Driving Support Technologies

Safety for Everyone

Honda SENSING

- ACC with Low-speed Follow
- LaneWatch
- Multi-view Camera System
- ACC
- i-ACC
- Traffic Signal Prediction System
- Auto high beam
- Lead Car Departure Notification
- Traffic Jam Assist

Automated Driving

- Expansion of operational design domain (Environmental condition, localization)
- Automated highway driving technology
- Lane change assist
- Collision mitigation at time of lane change
- Intersection CMBS
- Frontal crossing vehicle warning
- Road Departure Mitigation (for low-speed driving)
- Cyclist CMBS
- V2V / V2I communication

Driving support

- Parking Pilot
- Lead Car Departure Notification
- Auto high beam
- Traffic Signal Prediction System
- Parking Pilot
- Collision Mitigation Throttle Control
- Rear Collision Mitigation Throttle Control
- Pedestrian CMBS (at night)
- Road Departure Mitigation system
- Pedestrian Collision Mitigation Steering System
- Traffic Sign Recognition

Safety support

- CMBS
- City-Brake Active System
- Intelligent Night Vision

Technological evolution

Year

2010 2020 2030
Global Implementation of Field Operational Tests

Evolution of Honda SENSING

- **Saving more people in more scenarios**
- **Successive expansion of scenes for support**
- **CMBS (Collision Mitigation Brake System)**

### 2003
- For vehicles: Collision, Oncoming vehicle
- For pedestrians: Deviation from lane, (Pedestrian Collision Mitigation Steering System)

### 2014
- For vehicles: Oncoming vehicle
- For pedestrians: Deviation from lane (Road Departure Mitigation)
- For objects: Collision Mitigation Throttle Control

### 2019
- For vehicles: Oncoming vehicle
- For pedestrians: Deviation from lane
- For bicycles: Other than lane, Opposite lane, When changing lanes
- For objects: Night (With streetlights) NCAP evaluation standard

### 2025
- Advanced support for safety driving
- Other than lane, Opposite lane, When changing lanes
- Night (No streetlights)
- Crossing during the day
- Night (With streetlights) NCAP evaluation standard
- Rear Collision Mitigation Throttle

- Other than lane, Opposite lane, When changing lanes
- Night (No streetlights)
- Crossing during the day

- Other than lane, Opposite lane, When changing lanes
- Night (No streetlights)
- Crossing during the day
Honda to use its technology advantage for personal autonomous vehicles, while leveraging alliances for shared autonomous vehicles

<table>
<thead>
<tr>
<th>Type of mobility</th>
<th>Personal Autonomous Vehicles</th>
<th>Shared Autonomous Vehicles</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Advancement of ADAS and support network throughout country (image)</td>
<td>Share autonomous vehicles with Lv4 tech. in limited metropolitan areas</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customer value</th>
<th>Personal Autonomous Vehicles</th>
<th>Shared Autonomous Vehicles</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Meets various lifestyle needs from daily commute to weekend long-distance travel - Freedom of mobility for everyone</td>
<td>Convenient and inexpensive for last one-mile mobility in limited areas</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Honda’s strategy</th>
<th>Personal Autonomous Vehicles</th>
<th>Shared Autonomous Vehicles</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-house development of Autonomous driving and preventive safety technologies</td>
<td>- Offer safety and driving support through the advancement of ADAS technologies</td>
<td>Optimize Alliance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Prepare for the transition to MaaS</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Contribute to BEV sales volume</td>
</tr>
</tbody>
</table>
Global implementation of field operational tests, looking towards the establishment of automated driving technology

Participation in European L3Pilot proving trials
Participation in consortium towards verification of acceptability in European region

* L3 Pilot: 1,000 drivers 100 cars
10 European countries Piloting Automated Driving on European Roads in Horizon2020.

Participation in Baidu Apollo proving trials
Implementation of joint research on unique Chinese maps and their application

* Apollo: A software PF consortium organized by China’s Baidu

Proving trials towards realization of technologies
Verification of highway automated driving in operation throughout Japan

Advanced technological development and proving trials
Implementation of proving trials of AI technologies in operation on ordinary roads (Public roads)
Automobile Operations by Regions

**Japan**

- Registered vehicles
- Mini vehicles

Source: JAMA

**United States**

- Passenger Cars
- Light Trucks

Source: Autodata

Increase production efficiency through simplifying model allocation.

Improve capacity utilization through exporting global models to Europe.
Automobile Operations by Regions

Asia

(Five main markets in Asia)

<table>
<thead>
<tr>
<th>Year</th>
<th>Malaysia</th>
<th>Thailand</th>
<th>Indonesia</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>4,796</td>
<td>5,696</td>
<td>5,475</td>
</tr>
<tr>
<td>2012</td>
<td>5,853</td>
<td>5,07</td>
<td>5,643</td>
</tr>
<tr>
<td>2013</td>
<td>5,137</td>
<td>6,453</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>6,137</td>
<td>6,453</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>5,853</td>
<td>5,475</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>6,137</td>
<td>6,453</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>5,853</td>
<td>5,475</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>6,137</td>
<td>6,453</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>5,853</td>
<td>5,475</td>
<td></td>
</tr>
</tbody>
</table>

Source: Honda

India: excluding commercial vehicles and pickups

Introduce new models to meet specific market needs in each Asian market.

China

(excluding commercial vehicles)

<table>
<thead>
<tr>
<th>Year</th>
<th>Minivan</th>
<th>SUV</th>
<th>MPV</th>
<th>Sedan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>14,473</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>15,495</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>17,929</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>19,701</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>21,146</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>24,378</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>24,719</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>23,671</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>21,444</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Honda

Further expand sister model strategy.
By utilizing common platforms and strengthening local procurement and R&D functions, successive launch of cost competitive models being realized.

<table>
<thead>
<tr>
<th>Segment</th>
<th>Sedan (4D/5D)</th>
<th>SUV</th>
<th>MPV</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAC Honda</td>
<td>Accord (May 2018)</td>
<td>Avancier</td>
<td>Odyssey</td>
</tr>
<tr>
<td>Dongfeng Honda</td>
<td>Inspire (Oct 2018)</td>
<td>UR-V</td>
<td>Elysion</td>
</tr>
<tr>
<td>GAC Honda</td>
<td>Crider (Nov 2019)</td>
<td>Breeze</td>
<td>Jade</td>
</tr>
<tr>
<td>Dongfeng Honda</td>
<td>ENVIX (Apr 2019)</td>
<td>CR-V</td>
<td></td>
</tr>
<tr>
<td>GAC Honda</td>
<td>Fit</td>
<td>City</td>
<td>Everus VE-1</td>
</tr>
<tr>
<td>Dongfeng Honda</td>
<td>Gienia</td>
<td>Greiz</td>
<td>X-NV</td>
</tr>
</tbody>
</table>

Two joint ventures offer different model types consistent with their respective brand image.
Automobile Operations by Regions

**Europe (EU+EFTA)**

(excluding commercial vehicles)

Source: ACEA / Honda

<table>
<thead>
<tr>
<th>Year</th>
<th>EU and EFTA</th>
<th>(excluding commercial vehicles)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CY11</td>
<td>150</td>
<td>13,542</td>
</tr>
<tr>
<td>12</td>
<td>141</td>
<td>12,452</td>
</tr>
<tr>
<td>13</td>
<td>140</td>
<td>12,240</td>
</tr>
<tr>
<td>14</td>
<td>133</td>
<td>12,913</td>
</tr>
<tr>
<td>15</td>
<td>132</td>
<td>14,095</td>
</tr>
<tr>
<td>16</td>
<td>138</td>
<td>15,132</td>
</tr>
<tr>
<td>17</td>
<td>135</td>
<td>15,631</td>
</tr>
<tr>
<td>18</td>
<td>131</td>
<td>15,624</td>
</tr>
<tr>
<td>19</td>
<td>122</td>
<td>15,806</td>
</tr>
</tbody>
</table>

100% electrification targeted by 2025.

**Brazil**

(Main market in Other Region)

*excluding trucks

Source: ANFAVEA

<table>
<thead>
<tr>
<th>Year</th>
<th>Brazil</th>
<th>(Main market in Other Region)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CY11</td>
<td>93</td>
<td>3,426</td>
</tr>
<tr>
<td>12</td>
<td>135</td>
<td>3,634</td>
</tr>
<tr>
<td>13</td>
<td>139</td>
<td>3,580</td>
</tr>
<tr>
<td>14</td>
<td>138</td>
<td>3,333</td>
</tr>
<tr>
<td>15</td>
<td>153</td>
<td>2,481</td>
</tr>
<tr>
<td>16</td>
<td>123</td>
<td>1,989</td>
</tr>
<tr>
<td>17</td>
<td>131</td>
<td>2,176</td>
</tr>
<tr>
<td>18</td>
<td>132</td>
<td>2,475</td>
</tr>
<tr>
<td>19</td>
<td>129</td>
<td>2,666</td>
</tr>
</tbody>
</table>

Improve Forex toughness by increasing local procurement and localization of development.
Global Production Capacity

Unit (thousand)

5,560  -423  5,137

Other
- 151

China
- 1,250

Asia
- 970

Europe
- 200

North America
- 1,923

Japan
- 1,066

China +120 (GAC Honda)

Japan -250
UK -150
Mexico -63
Turkey -50
Argentina -30

By the end of FY2022
July 2021
Early 2020
By the end of CY2021
By the end of CY2020

- Factory closing timing

*Thailand -150 announced in FY2017

Plan '22

816  970  1,860  1,370  121
Honda Corporate Update

- Business Status
- Automobile Business Strategy
- Motorcycle Business Strategy
- Honda eMaaS / 2030 Vision
- Other Topics
- Financial Highlights
Overview of Motorcycle Business

Honda M/C Business = High Profitability + Stability + Growth Potential

Operating Profit and Margin

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Profit (billion Yen)</th>
<th>Operating Margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2012</td>
<td>143</td>
<td>10.6%</td>
</tr>
<tr>
<td>2013</td>
<td>110</td>
<td>8.2%</td>
</tr>
<tr>
<td>2014</td>
<td>177</td>
<td>10.5%</td>
</tr>
<tr>
<td>2015</td>
<td>192</td>
<td>10.4%</td>
</tr>
<tr>
<td>2016</td>
<td>182</td>
<td>10.1%</td>
</tr>
<tr>
<td>2017</td>
<td>171</td>
<td>9.9%</td>
</tr>
<tr>
<td>2018</td>
<td>267</td>
<td>13.1%</td>
</tr>
<tr>
<td>2019</td>
<td>292</td>
<td>13.9%</td>
</tr>
</tbody>
</table>

Honda Global Unit Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Unit Sales (thousand)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2012</td>
<td>15,061</td>
</tr>
<tr>
<td>2013</td>
<td>15,494</td>
</tr>
<tr>
<td>2014</td>
<td>17,008</td>
</tr>
<tr>
<td>2015</td>
<td>17,592</td>
</tr>
<tr>
<td>2016</td>
<td>17,055</td>
</tr>
<tr>
<td>2017</td>
<td>17,661</td>
</tr>
<tr>
<td>2018</td>
<td>19,554</td>
</tr>
<tr>
<td>2019</td>
<td>20,238</td>
</tr>
<tr>
<td>2020(P)</td>
<td>19,900</td>
</tr>
</tbody>
</table>

*Operating profit and margin, and Unit sales until FY13 are based on US GAAP while FY14 and after are based on IFRS
Motorcycle Market Size and Honda Share (CY2019)

Annual Production Capacity in India
- 6.4 mil in 2017 ➔ 7.0 mil in 2020

Motorcycle production at 35 plants in 21 countries

India 18.8 mil

Thailand 1.7 mil

Vietnam 3.3 mil

Indonesia 6.5 mil

U.S.A (MC+ATV) 0.7 mil

Brazil 1.1 mil

Europe 1.0 mil

Pakistan

Bangladesh

China

Japan

Italy

Nigeria

Kenya

Malaysia

Philippines

*Market share excluding 50cc

26%

79%

79%

22%

50%

76%

81%

0.4 mil

21%

34
**Motorcycle Market Penetration in Asia**

- **India**: 8% penetration, 1339 motorcycles in operation.
- **Indonesia**: 25% penetration, 264 motorcycles in operation.
- **Vietnam**: 33% penetration, 96 motorcycles in operation.
- **Thailand**: 40% penetration, 69 motorcycles in operation.

**Significant growth expected**

Source: Honda & United Nations

Note: penetration rate is as of 2017
Motorcycle Market Share Trend in India

Honda is now No.2 in market share.

Fast Growing Segment

- Scooter / Motorcycle Sales Ratio (Industry)

In CY2011
- SC: 18%
- MC: 82%

In CY2019
- SC: 31%
- MC: 69%

Scooter Unit Sales of Honda / Competitors and Honda Share in Scooter Market

Honda is now No.2 in market share.
Motorcycle Business Operations in Next Markets

Honda Business Strategy

< Pakistan >
- Local production capacity was increased to 1.35 million units in 2016
- Expand dealer network and number of service shops
- Expand model line-up by strengthening the competitiveness of core 70cc models as well as introducing larger sized 125cc to 150cc models

< Myanmar >
- Expand model Line-up
- Expand dealership network

< Bangladesh >
- New plant has started production (100k units in 2018 and 200k units in 2021)
- Expand dealership network
- Cost reductions through increase in local procurement

- For future expansion of electric motorcycles/scooters:
  - Honda and Panasonic to Begin Research Experiment on Battery Sharing Using Detachable Mobile Batteries and Electric Motorcycles in Indonesia
  - Utilizing electric commuters, which feature a detachable mobile battery is under consideration (in collaboration with the Japan Post Co., Ltd.)
  - E-KIZUNA project with Saitama-city and Yamaha Motor Co., Ltd. is conducting an experiment involving electric motorcycles and replacement of batteries. EV motorcycle sharing scheme also under consideration.
Honda Corporate Update

- Business Status
- Automobile Business Strategy
- Motorcycle Business Strategy
- Honda eMaaS / 2030 Vision
- Other Topics
- Financial Highlights
Creating new values through the fusion of technologies in mobility, energy, and robotics
Honda eMaaS

Serve the joy and freedom of mobility via our carbon-free initiatives

Connecting motorized mobility and energy services and contribute to freedom of mobility and more widespread use of renewable energy

Honda eMaaS is abbreviation of Honda Energy Mobility as a Service
Honda will accelerate the realization of Honda eMaaS with investments in Moixa and Ubitricity

<table>
<thead>
<tr>
<th>Honda eMaaS Platform</th>
<th>Telematics server</th>
<th>Resource aggregation</th>
<th>Battery integrated management engine</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chargers and dischargers</td>
<td>ubitricity</td>
<td>AC charger</td>
<td>DC charger Honda Power Manager</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Smart Cable</td>
<td>Other</td>
</tr>
<tr>
<td>Control target Battery</td>
<td>Chargeable and dischargeable EV</td>
<td>Electric motorcycle</td>
<td>Charging station</td>
</tr>
<tr>
<td></td>
<td>Detachable portable battery</td>
<td>Stationary battery</td>
<td>Other company’s battery</td>
</tr>
</tbody>
</table>

Honda eMaaS is abbreviation of Honda Energy Mobility as a Service
2030 Vision

Serve people worldwide with the “joy of expanding their life’s potential”

- Lead the advancement of mobility and enable people everywhere in the world to improve their daily lives -
Honda Corporate Update

- Business Status
- Automobile Business Strategy
- Motorcycle Business Strategy
- Honda eMaaS / 2030 Vision

- Other Topics
- Financial Highlights
- For faster decision making, transfer of authority to Executive Council from Board of Directors to resolve most matters.
- Board of Directors will focus more on discussions of mid to long term business strategies, as well as strengthening of oversight function.
- Introduced a new stock-based remuneration system which is linked with the Company’s financial performance over the medium to long term period in 2018.
External Evaluation on Honda’s Stakeholder Engagement

**Selected to the Dow Jones Sustainability World Index**

In September 2019, Honda was selected for the third consecutive year as a component of the Dow Jones Sustainability World Index (“DJSI World”). The Dow Jones Sustainability Indices (“DJSI”) serve as one of the key benchmarks for socially responsible investing. The DJSI are the investment indices developed and offered cooperatively by the U.S.-based S&P Dow Jones Indices and Switzerland-based RobecoSAM who evaluate sustainability of the world’s leading companies in terms of economic, environmental and social criteria and select companies that demonstrate overall excellence for the indices.

Based on their annual DJSI review, S&P Dow Jones Indices and RobecoSAM published the components list and Honda was selected as a component of the Dow Jones Sustainability Asia/Pacific Index for five consecutive years. In the review, Honda was also ranked in the top 4 for the global Automobile sector and added to the DJSI World.

**Selected for the Fourth Straight Year with a Bronze Class Rating in the RobecoSAM Sustainability Index**

Honda was selected for the fourth year running with a Bronze Class rating in the Automobiles sector of the Sustainability Award 2019 Issued by Switzerland-based RobecoSAM.

RobecoSAM evaluates sustainability of approximately 2,500 companies worldwide in terms of economic, environmental and social criteria. Companies deemed to be particularly outstanding in each sector are rated in categories of Gold Class, Silver Class and Bronze Class each year.

**Securing an A-Rating on the CDP Japan 500 Climate Change Report 2018**

In January 2019, CDP released the results of a survey on climate change initiatives and reduction of GHG emissions for 5,000 major companies worldwide.

Honda received an A- rating, a score at the leadership level in the CDP Japan 500 Climate Change Report 2018, one of those categories. CDP is an international NPO that provides a global system for measuring, disclosing, managing and sharing important environmental information from companies and cities. The level of company initiatives in environmental challenges are evaluated in the four stages of information disclosure, awareness, management and leadership. Please refer to the Environment section of the Performance Report for the items required by the FSB Task Force on Climate-related Financial Disclosures (TCFD), one of the CDP evaluation indices.
Honda Corporate Update

- Business Status
- Automobile Business Strategy
- Motorcycle Business Strategy
- Honda eMaaS / 2030 Vision
- Other Topics

Financial Highlights
### Honda Group Unit Sales (thousand)

<table>
<thead>
<tr>
<th>Honda Group Unit Sales</th>
<th>QTD</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY19</td>
<td>FY20</td>
</tr>
<tr>
<td>Motorcycles</td>
<td>5,013</td>
<td>5,019</td>
</tr>
<tr>
<td>Automobiles</td>
<td>1,408</td>
<td>1,247</td>
</tr>
<tr>
<td>Life Creation</td>
<td>1,351</td>
<td>1,195</td>
</tr>
</tbody>
</table>

### Financial Results (Yen (billion))

<table>
<thead>
<tr>
<th>Financial Results</th>
<th>QTD</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY19</td>
<td>FY20</td>
</tr>
<tr>
<td>Sales revenue</td>
<td>3,973.6</td>
<td>3,747.5</td>
</tr>
<tr>
<td>Operating profit</td>
<td>170.1</td>
<td>166.6</td>
</tr>
<tr>
<td>Operating margin</td>
<td>4.3%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Share of profit of investments accounted for using the equity method</td>
<td>51.4</td>
<td>41.5</td>
</tr>
<tr>
<td>Profit before income taxes</td>
<td>226.9</td>
<td>206.7</td>
</tr>
<tr>
<td>Profit for the period attributable to owners of the parent</td>
<td>168.2</td>
<td>116.4</td>
</tr>
<tr>
<td>Earnings per share attributable to owners of the parent (Yen)</td>
<td>95.61</td>
<td>66.37</td>
</tr>
<tr>
<td>Market average rates (Yen)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Dollar</td>
<td>113</td>
<td>109</td>
</tr>
</tbody>
</table>

**Motorcycles**
- Increased sales units in China, Thailand and Brazil, although decreased unit sales in India.

**Automobiles**
- Decreased sales units in Japan, the United States and China.

**Sales revenue**
- Decreased by 5.7%, to 3,747.5 billion from the same period last year, due mainly to decreased sales revenue in Automobile business as well as negative foreign currency translation effects, which was partially offset by increased sales revenue in Financial services business operations.

**Operating profit**
- Decreased by 2.1%, to 166.6 billion from the same period last year, due mainly to a decrease in profit attributable to decreased sales revenue and model mix as well as negative foreign currency effects, which was partially offset by decreased selling, general and administrative expenses as well as continuing cost reduction.

**Share of profit of investments accounted for using the equity method**
- Decreased by 19.2%, to 41.5 billion from the same period last year, due mainly to a decrease in profit attributable to decreased sales revenue and model mix in China.

**Profit for the period**
- Decreased by 30.8%, to 116.4 billion from the same period last year, due mainly to decreased profit before income taxes and increased income tax expense in the United States.
Change in Profit before Income Taxes  <FY20 3rd Qtr>

Profit before Income Taxes - 20.1 ( - 8.9 % )

Operating Profit - 3.4 ( - 2.1 % )

Excluding currency effects + 36.5

<Increase Factors>
- Decrease in warranty, etc.

Operating Profit 170.1

Revenue, model mix, etc. - 30.1

Cost reduction, etc. + 46.5

SG&A + 55.3

R&D - 35.2

Currency effects - 9.8

Share of profit of investments accounted for using the equity method - 6.8

Finance income and Finance costs - 6.8

Revenue, model mix, etc. - 30.1

Cost reduction, etc. + 46.5

SG&A + 55.3

R&D - 35.2

Currency effects - 9.8

Share of profit of investments accounted for using the equity method - 6.8

Finance income and Finance costs - 6.8

Operating Profit 166.6

FY19 3Q

FY20 3Q
## FY20 Forecast: Capital Expenditures, Depreciation and R&D

<table>
<thead>
<tr>
<th>Yen (billion)</th>
<th>FY19 Results</th>
<th>FY20 Forecast</th>
<th>Change</th>
<th>Change from previous forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital expenditures *1</td>
<td>426.5</td>
<td>400.0</td>
<td>- 26.5</td>
<td>- 40.0</td>
</tr>
<tr>
<td>Depreciation and amortization *1</td>
<td>450.3</td>
<td>400.0</td>
<td>- 50.3</td>
<td>-</td>
</tr>
<tr>
<td>Research and development expenditures *2</td>
<td>820.0</td>
<td>860.0</td>
<td>+ 39.9</td>
<td>-</td>
</tr>
</tbody>
</table>

*1 Capital expenditures as well as Depreciation in results and forecast aforementioned exclude investment in operating leases, right-of-use assets, and intangible assets.

*2 Research and development expenditures are research and development activity related costs incurred during the reporting period. In accordance IFRS, a portion of research and development expenditures is recognized as an intangible asset and amortized over its estimated useful life. As such, this amount is not in conformity with "Research and development" on Consolidated Statements of Income.

---

### Capital Expenditures

<table>
<thead>
<tr>
<th></th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts</td>
<td>600</td>
<td>500</td>
<td>400</td>
<td>300</td>
<td>200</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

*FY13 are based on US GAAP while FY14 and after are based on IFRS.

### Depreciation

<table>
<thead>
<tr>
<th></th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20P</th>
</tr>
</thead>
<tbody>
<tr>
<td>% against Sales</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
</tbody>
</table>

### R&D Expenditures

<table>
<thead>
<tr>
<th></th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts</td>
<td>600</td>
<td>500</td>
<td>400</td>
<td>300</td>
<td>200</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

*FY13 are based on US GAAP while FY14 and after are based on IFRS.
<table>
<thead>
<tr>
<th>Nine Months</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td>+ 692.5</td>
<td>+ 698.8</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>- 447.8</td>
<td>- 399.8</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>+ 244.6</td>
<td>+ 299.0</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>- 312.9</td>
<td>- 335.4</td>
</tr>
<tr>
<td>Effect of exchange rate changes</td>
<td>- 11.2</td>
<td>- 18.9</td>
</tr>
<tr>
<td>Net change of cash and cash equivalents</td>
<td>- 79.4</td>
<td>- 55.3</td>
</tr>
<tr>
<td><strong>Cash &amp; Cash equivalents at end of period</strong></td>
<td><strong>2,070.6</strong></td>
<td><strong>2,326.1</strong></td>
</tr>
<tr>
<td><strong>Net cash at end of period</strong></td>
<td><strong>1,619.1</strong></td>
<td><strong>1,951.6</strong></td>
</tr>
</tbody>
</table>
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 fluctuation of foreign exchange rates, as well as other factors detailed from time to time.

Accounting standards:
Our consolidated financial statements are prepared in conformity with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB)

Notice on the Factors for Increases and Decreases in Income:
With respect to the discussion above of the change in Operating profit, 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) “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, etc.”, 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, Asia and other regions.

3) With respect to “Revenue, model mix, etc.”, 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 sales revenue 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.

5) With respect to “Research and Development expenses”, management has analyzed reasons for an increase/decrease in research and development expenses from the previous fiscal year net of currency translation effects.

Unit sales:

Motorcycle Business
Honda Group Unit Sales is the total unit sales of completed products, including motorcycles, ATVs, and Side-by-Sides of Honda, its consolidated subsidiaries and its affiliates and joint ventures accounted for using the equity method. Consolidated Unit Sales is the total unit sales of completed products corresponding to consolidated sales revenue to external customers, which consists of unit sales of completed products of Honda and its consolidated subsidiaries.

Automobile Business
Honda Group Unit Sales is the total unit sales of completed products of Honda, its consolidated subsidiaries and its affiliates and joint ventures accounted for using the equity method. Consolidated Unit Sales is the total unit sales of completed products corresponding to consolidated sales revenue to external customers, which consists of unit sales of completed products of Honda and its consolidated subsidiaries. Certain sales of automobiles that are financed with residual value type auto loans by our Japanese finance subsidiaries and sold through our consolidated subsidiaries are accounted for as operating leases in conformity with IFRS and are not included in consolidated sales revenue to the external customers in our Automobile business. Accordingly, they are not included in Consolidated Unit Sales, but are included in Honda Group Unit Sales of our Automobile business.

Life Creation Business
Honda Group Unit Sales is the total unit sales of completed power products of Honda, its consolidated subsidiaries and its affiliates and joint ventures accounted for using the equity method. Consolidated Unit Sales is the total unit sales of completed power products corresponding to consolidated sales revenue to external customers, which consists of unit sales of completed power products of Honda and its consolidated subsidiaries. In Life Creation business, there is no discrepancy between Honda Group Unit Sales and Consolidated Unit Sales since no affiliate and joint venture accounted for using the equity method was involved in the sale of Honda power products.