

3. Main Business Strategy

3-1 : Motorcycle Business Strategy

Unveiling New Possibilities in the Motorcycle Market

The motorcycle business is foundational to Honda, deeply rooted in its origins. Through a manufacturing approach tailored to each country and region, Honda has grown into a premier manufacturer with a global network of over 30,000 dealers and 35 manufacturing bases for finished products. With an annual worldwide sales volume of approximately 20 million units, we capitalize on this extensive network, platform design and a global supply complementation system. This has enabled us to craft products that showcase Honda's unique appeal and exceptional cost competitiveness, thereby maintaining a notably profitable business framework. By addressing the universal "mobility needs" of customers and uncovering new opportunities within the motorcycle market, we aim to lead the industry and become the foremost global motorcycle company.



Towards a Business for the New Era

The motorcycle market is anticipated to sustain its expansion, particularly in emerging countries characterized by burgeoning young populations. Additionally, global environmental regulations are undergoing tightening, and environmental awareness is growing as governments establish electrification targets not only in developed nations but also in emerging economies like India and Southeast Asian countries. The electrification of mobility is expected to be a solution, while on the other hand, the demand for electric vehicles in emerging countries is significantly influenced by government incentives. Moreover, challenges persist on the infrastructure side, including stable power supply and the development of charging networks. Amidst the uncertainties related to the shift to electric vehicles, we will optimize resource allocation by identifying markets where demand for ICE vehicles persists and where electrification is progressing. We will harness Honda's strengths to distinguish ourselves from emerging electric vehicle manufacturers.

3-2 : Automobile Business Strategy

Delivering Attractive Products and Services to the World

"Let's change the landscape of the automobile industry." In 1963, inspired by this rallying cry, Honda's automobile business began and has since expanded to offer products to customers in diverse regions worldwide. Evolving the cultivated "joy of driving" that Honda embodies, aligning with the changing times and relentlessly pursuing the development of innovative technologies within the "Five Key Factors," our goal is to achieve the realization of value in delivering "the transcendence of various constraints of movement and the augmentation of people's possibilities."

In the BEV market, it's not just traditional automobile companies making a mark. Various manufacturers from different industries are now introducing a wide variety of BEVs, ranging from budget-friendly to premium models. As customer needs and values diversify, it's becoming increasingly challenging for Honda to differentiate its BEVs by traditional strengths like engine performance and other.

This highlights an urgent need for Honda to carve out a distinct identity in the BEV market, rooted in its unique value and UX.

With electrification on the rise, there's an anticipated surge in demand for minerals like nickel, lithium and cobalt, all essential for battery production. This has raised concerns about potential skyrocketing battery prices due to possible shortages in these raw materials. Honda is taking proactive measures against such risks, especially in parts procurement, including batteries. Our focus is on promoting recycling, reusing materials and incorporating sustainable materials, aligning with the vision of a resource circulation. Moreover, we recognize the imperative to cultivate a flexible and resilient organizational structure for more rapid decision-making in order to swiftly transition our business focus towards electrification.



3-3 : Power Products Business Strategy

Providing Products for Work and Daily Life

The power products business was inaugurated in 1953 with the introduction of versatile general-purpose engines. These engines, serving as power sources, found utility in diverse work equipment applications. Alongside this, we embarked on the development, manufacturing and commercialization of complete machines (work equipment) featuring these engines. Our diverse product lineup garners widespread adoption across global clientele, culminating in the noteworthy milestone of surpassing 170 million units in cumulative power product production, commemorating our 70th anniversary in 2023. Expanding beyond engine-centric offerings, our present power products business is set to encompass portable batteries and product electrification, broadening its horizons to become a business that "bestows novel value upon mobility and the everyday lives of individuals."



Toward Realizing a Work Environment "Beneficial to Humanity and the Planet"

Against the backdrop of increasing environmental regulations, there is a growing shift towards electrification in the domain of small-scale construction equipment and gardening, particularly in the realm of "small-scale" and "short-duration operation" products. Conversely, the demand for internal combustion engine (ICE) products persists, fueled by their attributes such as "high power output and extended operation hours" and their "cost-effectiveness," well-suited to specific applications. Thus, Honda comprehends the imperative to cater to the diversified market demands, adroitly steering its environmental endeavors in the ICE sphere even as it maintains an unwavering focus on electrification. Escalating labor shortages have instigated an ongoing quest for enhanced operational efficiency through mechanization, elevating the imperative for "attaining superior work efficiency of high quality," irrespective of the power source at hand. In this light, there emerges a tangible necessity for products and services that cater to this scenario, presenting improvements in precision and technological advancements in work equipment, including automation.

3-4 : Aviation

Providing freedom of mobility in the sky has been a dream of Honda since its inception. To realize this dream, Honda began the research and development of jet engines in 1986. In 2013, the HF120 Turbofan Engine acquired a Type Certification from the Federal Aviation Administration (FAA) of the US. And in 2015, 29 years since it began research in the field, HondaJet was released. Despite its compact and light design, HondaJet provides a spacious and comfortable cabin, revolutionizing the light business jet. Expanding into the skies, Honda will continue its challenge to provide the joy of freedom of mobility to all.

HondaJet

The HondaJet is a very light business jet with excellent fuel efficiency, high flight performance and a spacious cabin. HondaJet, realizing a long-held dream of Honda to create mobility that roams the skies freely, has been the most delivered aircraft in its category for five consecutive years since 2017.

Aero Engines

In 1986, Honda initiated research and development of jet engines. In 2004, Honda achieved to develop the HF118 turbofan engine, which led to a joint business and development with General Electric Company (GE). In 2013, GE and Honda developed the HF120 Turbofan Engine, which achieved the best-in-class fuel efficiency, environmental performance, and durability, acquired a Type Certification from the Federal Aviation Administration (FAA) of the US. Since the entry into service, HF120 has been installed in more than 200 aircraft* and is in use around the world.



* Honda announced the delivery of the 200th HondaJet aircraft in December 2021.