



FY15 3rd Quarter Financial Results



Honda Motor Co., Ltd.

January 30, 2015

HR-V
(North America)

Topics



- *FY15 3rd Quarter Financial Results*
- *FY15 Financial Forecast*
- *Dividend*

Tetsuo Iwamura
Executive Vice President

Results Summary

Operating income for the third quarter was 177.2 billion yen due mainly to

- Favorable sales in Asia
- Positive foreign currency effects
- Increased competition in the Japanese automobile market
- Increased quality related expenses mainly in North America

3rd Quarter Results FY14 and FY15

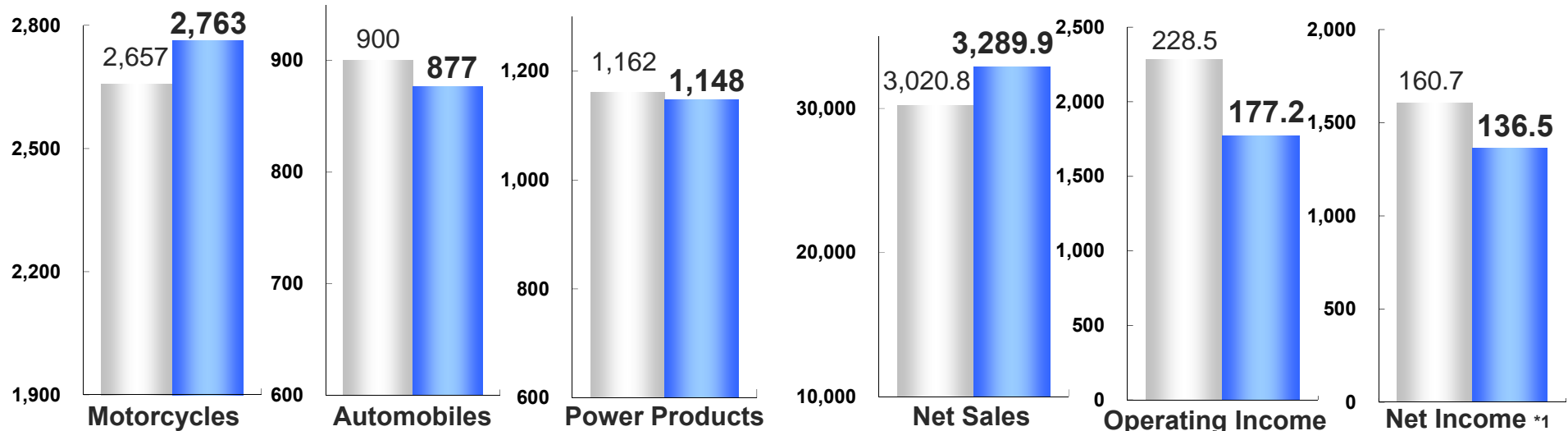
FY14 **FY15**

Consolidated Unit Sales

Unit
(thousand)

Net Sales / Operating Income

Yen (billion)



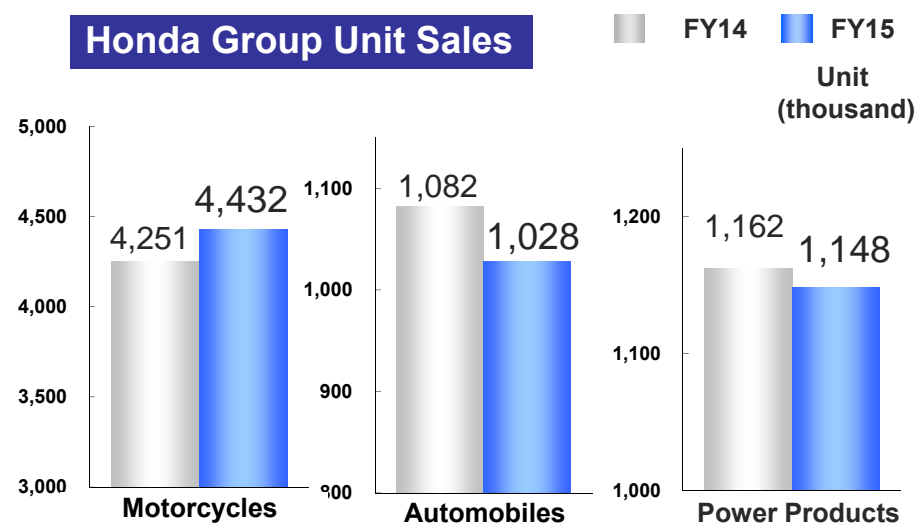
For *1, please refer to footnotes on page 33

FY15 3rd Quarter Unit Sales

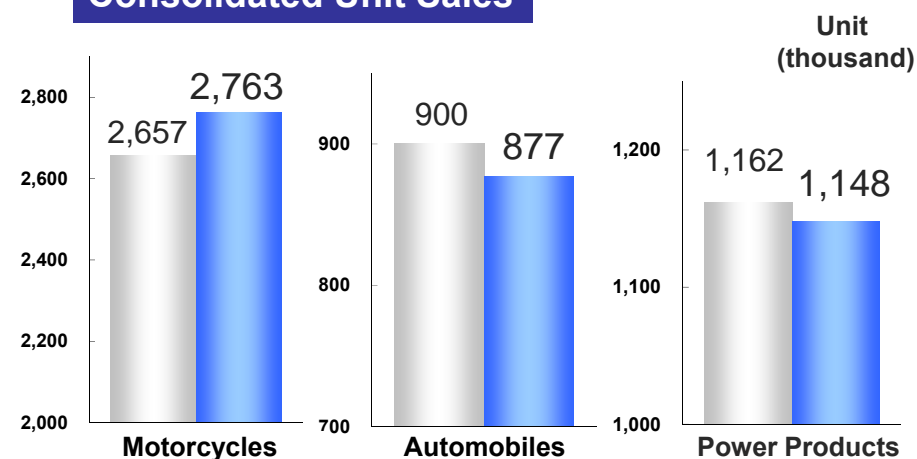
Honda Group Unit Sales (thousand)	3Q Results (3 Months)		
	FY14	FY15	Change
Motorcycles	4,251	4,432	+ 4.3%
Automobiles	1,082	1,028	- 5.0%
Power Products	1,162	1,148	- 1.2%

Consolidated Unit Sales (thousand)	3Q Results (3 Months)		
	FY14	FY15	Change
Motorcycles	2,657	2,763	+ 4.0%
Automobiles	900	877	- 2.6%
Power Products	1,162	1,148	- 1.2%

Honda Group Unit Sales



Consolidated Unit Sales



Honda Group Unit Sales

- Increase in motorcycle unit sales mainly in India and Indonesia
- Decrease in automobile unit sales in Japan and China due to difficult market conditions

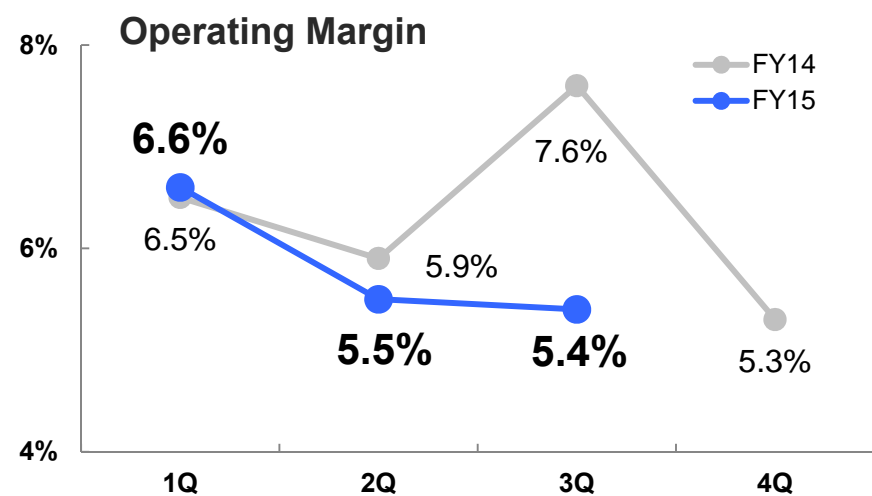
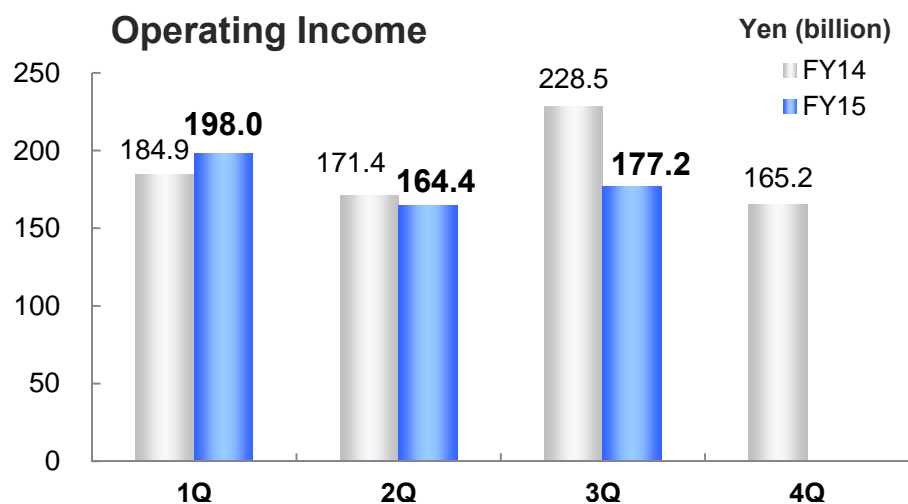
FY15 3rd Quarter Financial Results (Consolidated)

Financial Results Yen (billion)	3Q Results (3 Months)		
	FY14	FY15	Change
Net Sales	3,020.8	3,289.9	+ 8.9%
Operating Income	228.5	177.2	- 22.5%
Operating Margin	7.6%	5.4%	- 2.2pt
Income before income taxes	216.6	194.1	- 10.4%
Equity in income of affiliates	31.6	28.5	- 9.7%
Net Income ^{*1}	160.7	136.5	- 15.1%
EPS (Yen) ^{*2}	89.18	75.75	- 13.43
Average Rates (Yen)			
US Dollar	100	114	Yen down by 14 yen
Euro	139	144	Yen down by 5 yen

Financial Summary

- Net sales and other operating revenue increased by 8.9% mainly due to a rise in motorcycle unit sales as well as the positive impact of foreign exchange effects
- Operating income decreased by 22.5 % mostly due to a decrease in income associated with changes in sales volume and model mix as well as increased SG&A expenses including quality related expenses, despite positive FOREX effects

For *1 and *2, please refer to footnotes on page 33



FY15 Nine-Month Financial Results (Consolidated)

Honda Group Unit Sales (Consolidated Unit Sales) (thousand)	Nine Month Results		
	FY14	FY15	Change
Motorcycles	12,521 (7,613)	13,150 (7,963)	+ 5.0% (+ 4.6%)
Automobiles	3,128 (2,627)	3,160 (2,652)	+ 1.0% (+ 1.0%)
Power Products	4,046 (4,046)	3,944 (3,944)	- 2.5% (- 2.5%)

Financial Results Yen (billion)	Nine Month Results		
	FY14	FY15	Change
Net sales	8,745.2	9,293.0	+ 6.3%
Operating income	584.9	539.7	- 7.7%
Operating margin	6.7%	5.8%	- 0.9pt
Income before income taxes	554.2	572.7	+ 3.3%
Equity in income of affiliates	95.0	89.9	- 5.5%
Net Income *1	403.5	424.9	+ 5.3%
EPS (Yen) *2	223.94	235.77	+ 11.83

For *1 and *2, please refer to footnotes on page 33

Average Rates (Yen)

US Dollar	99	107	Yen down by 8 yen
Euro	134	141	Yen down by 7 yen

FY15 Financial Forecast (Consolidated)

Yen (billion)

	FY14 Results	FY15 Forecast	Change		Change from previous forecast
			amount	%	
Net Sales	11,842.4	12,900.0	+ 1,057.5	+ 8.9%	+ 150.0
Operating Income	750.2	720.0	- 30.2	- 4.0%	- 50.0
Operating Margin	6.3%	5.6%		- 0.7pt	- 0.4pt
Income before Income taxes	728.9	745.0	+ 16.0	+ 2.2%	- 20.0
Equity in income of affiliates	132.4	120.0	- 12.4	- 9.4%	0.0
Net Income ^{*1}	574.1	545.0	- 29.1	- 5.1%	- 20.0
EPS (Yen) ^{*2}	318.54	302.39	- 16.15		

For *1 and *2, please refer to footnotes on page 33

Average Rates (Yen)

US Dollar	100	109 (4Q 115)	Yen down by 9 yen	Yen down by 5 yen
Euro	136	138 (4Q 130)	Yen down by 2 yen	Yen down by 1 yen

Dividend

(Yen)

Dividend per Share	FY14	FY15 (Expectation)	Increase / Decrease from FY14
1 st Quarter End	20	22	+ 2
2 nd Quarter End	20	22	+ 2
3 rd Quarter End	20	22	+ 2
4 th Quarter End	22	(22)	(±0)
Fiscal Year	82	(88)	(+ 6)



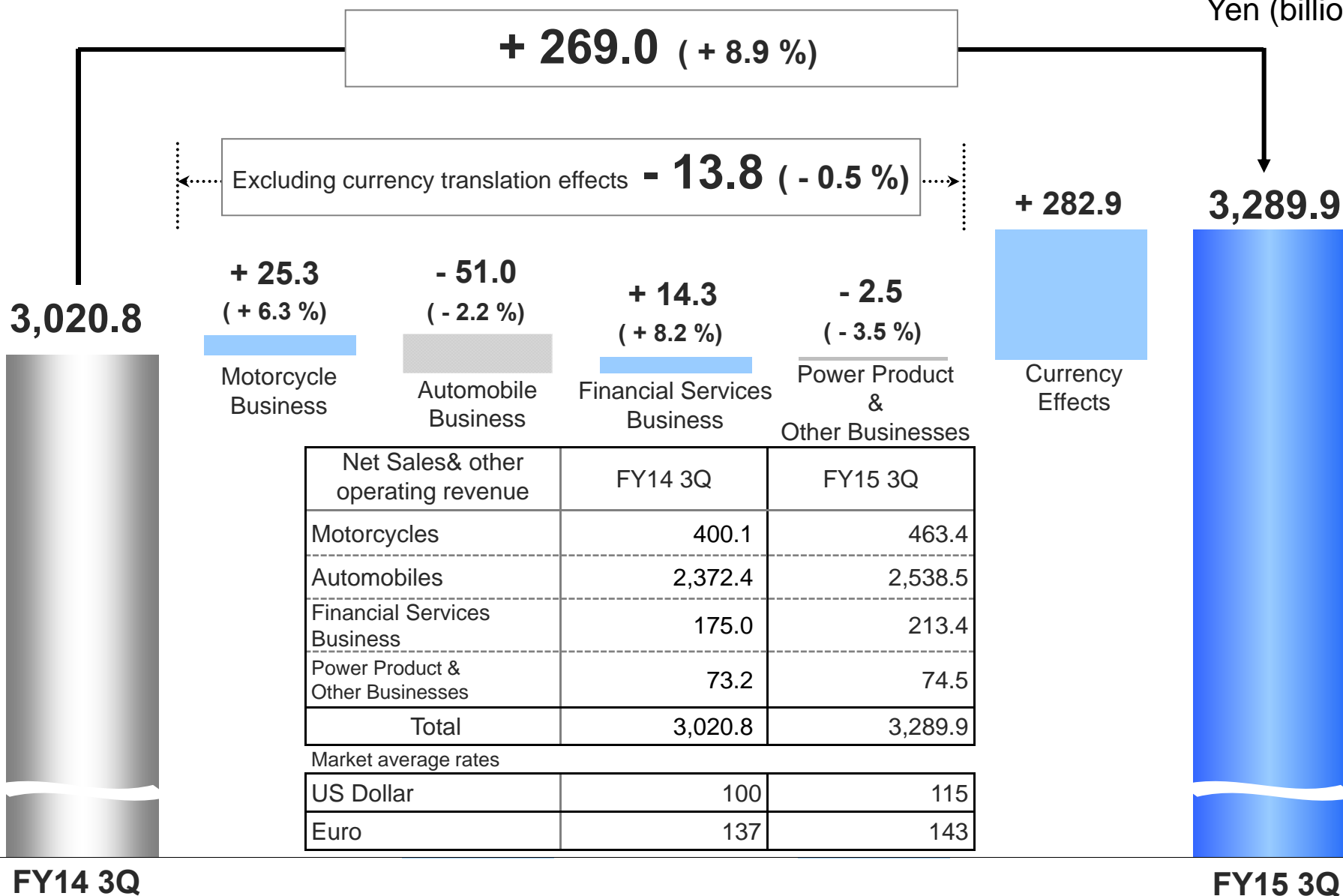
- *FY15 3rd Quarter and Nine-Month Financial Results*
 - *Net Sales and Other Operating Revenue*
 - *Change in Income before Income Taxes*
 - *Business & Geographical Segment Information*
 - *Equity in Income of Affiliates*
 - *Capital Expenditures*
- *FY15 Financial Forecast*

Kohei Takeuchi

***Operating Officer and Director
Chief Financial Officer***

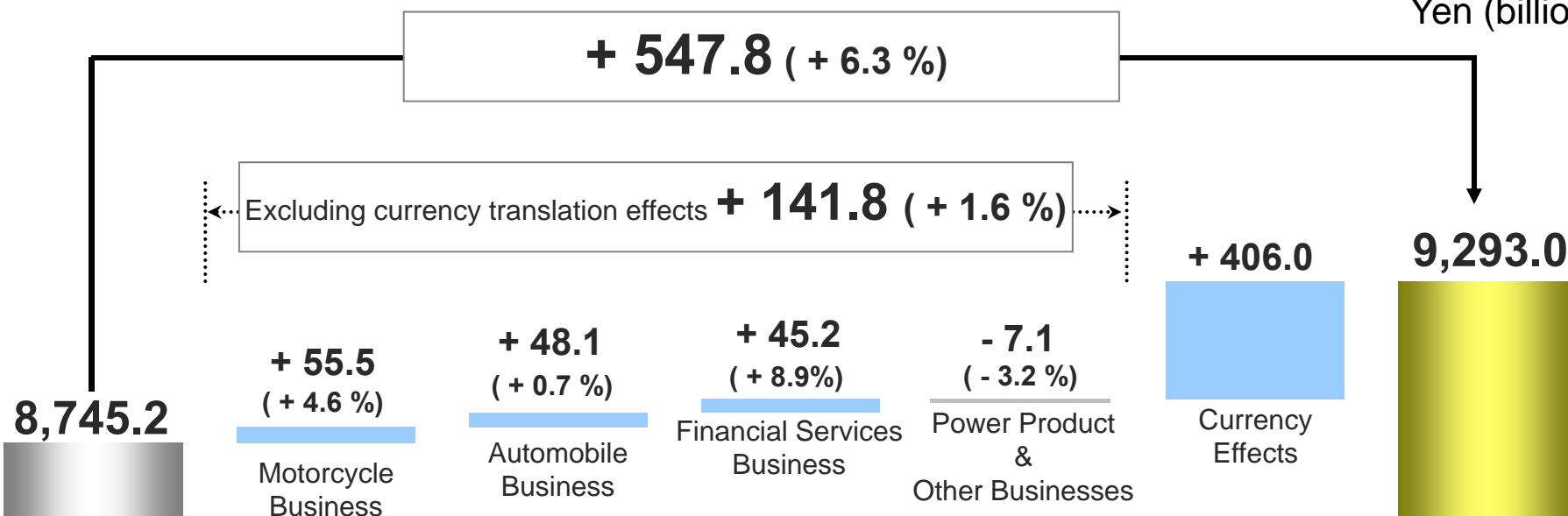
Net Sales and Other Operating Revenue <FY15 3rd Qtr>

Yen (billion)



Net Sales and Other Operating Revenue <FY15 Nine Months>

Yen (billion)



Net Sales& other operating revenue	FY14 Nine Months	FY15 Nine Months
Motorcycles	1,215.1	1,309.5
Automobiles	6,798.0	7,168.5
Financial Services Business	510.4	593.1
Power Product & Other Businesses	221.5	221.8
Total	8,745.2	9,293.0

Market average rates

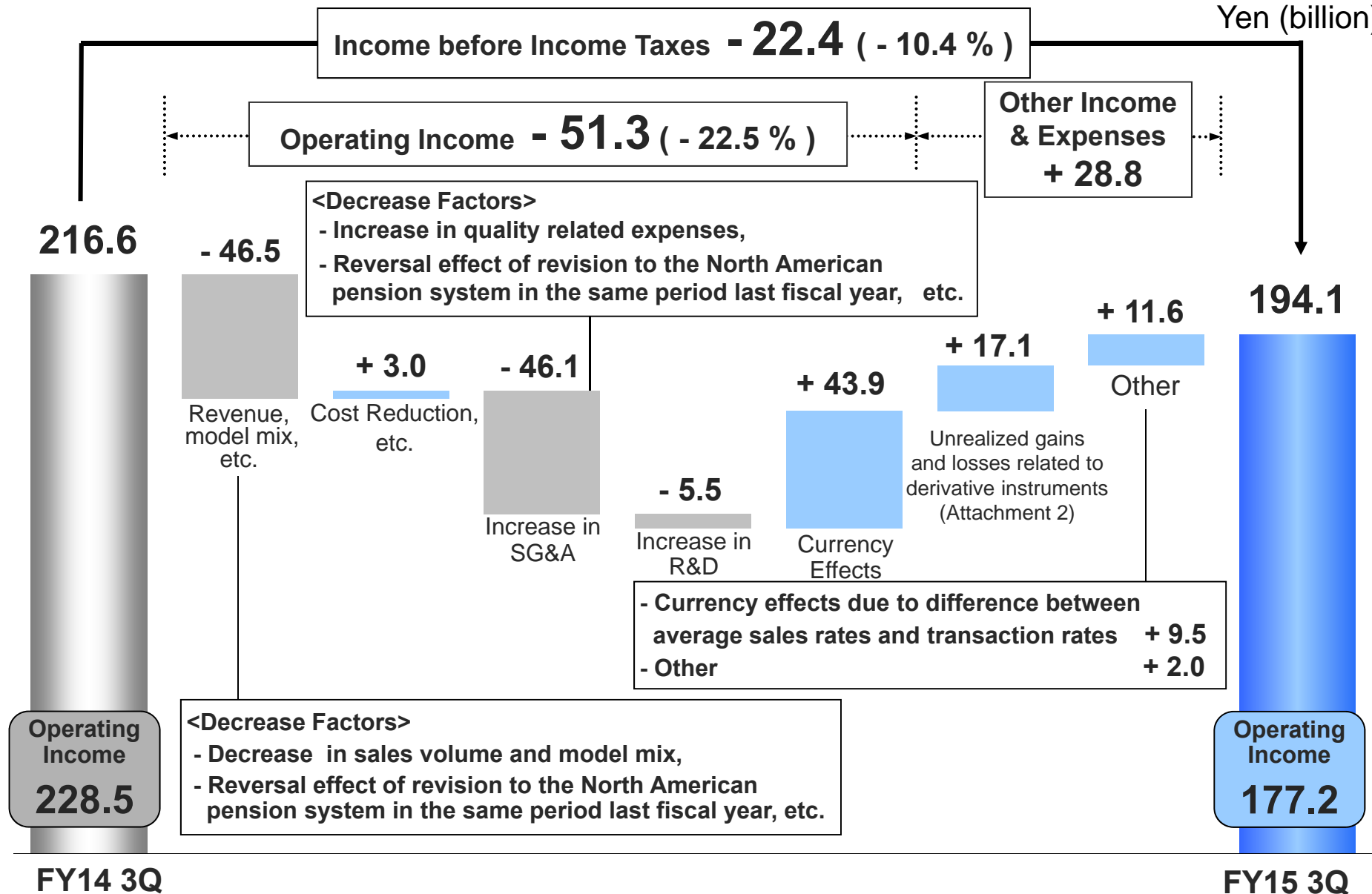
US Dollar	99	107
Euro	132	140

FY14
Nine Months

FY15
Nine Months₁₁

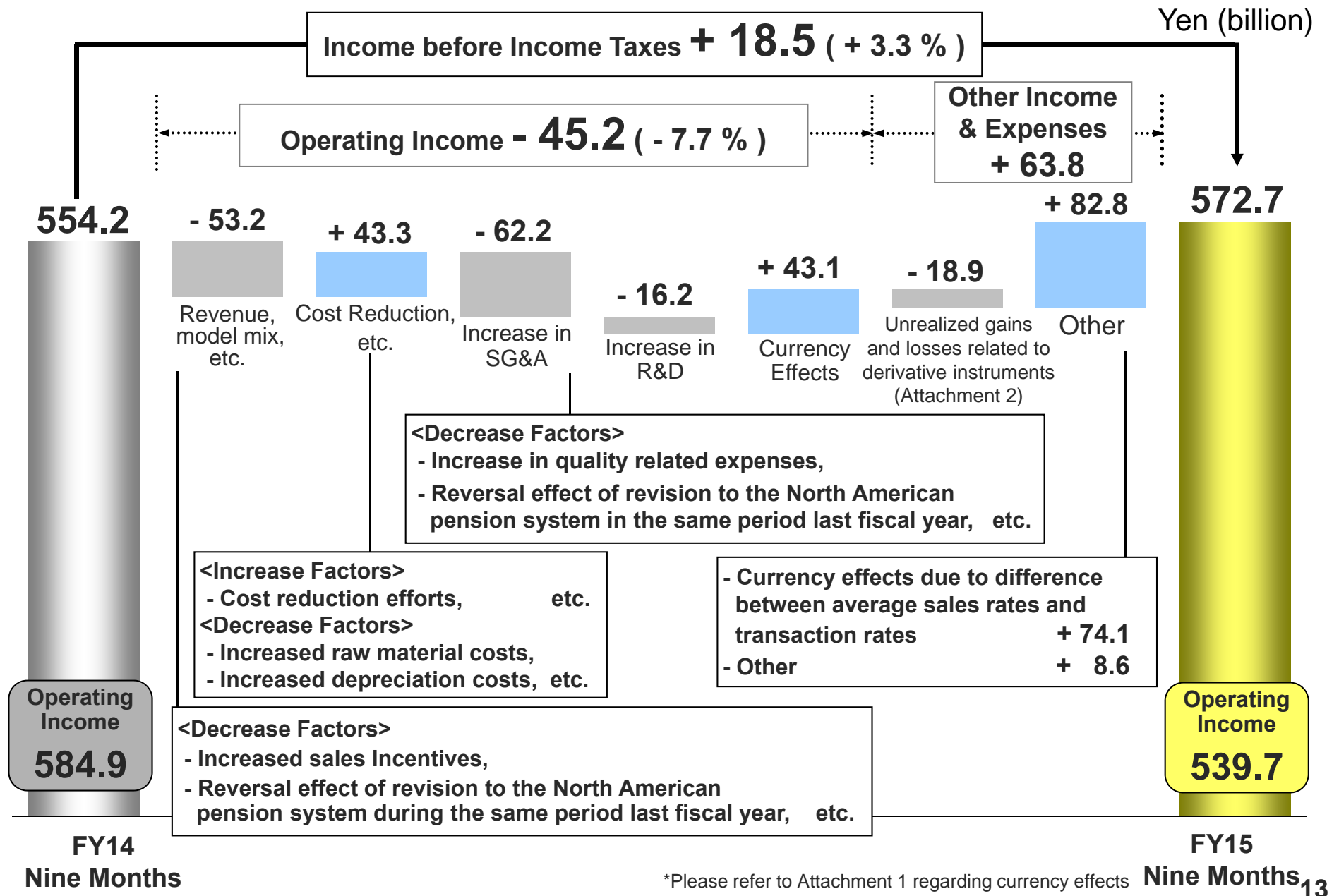
Change in Income before Income Taxes <FY15 3rd Qtr>

Yen (billion)



*Please refer to Attachment 1 regarding currency effects

Change in Income before Income Taxes <FY15 Nine Months>



*Please refer to Attachment 1 regarding currency effects

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

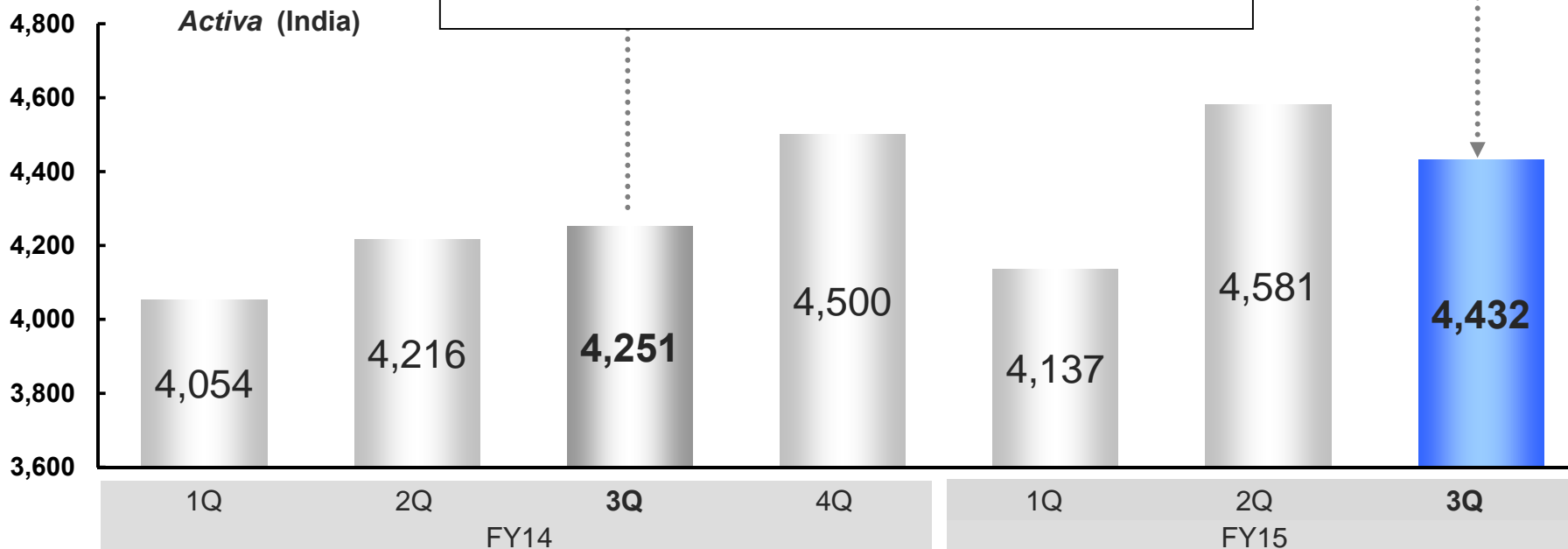


Activa (India)

<Asia>

- India: Increased sales of *Activa* series
- Indonesia: Increased sales of *BeAT-FI*, *Vario FI*
- Vietnam: Positive impact of *Blade 110* introduction

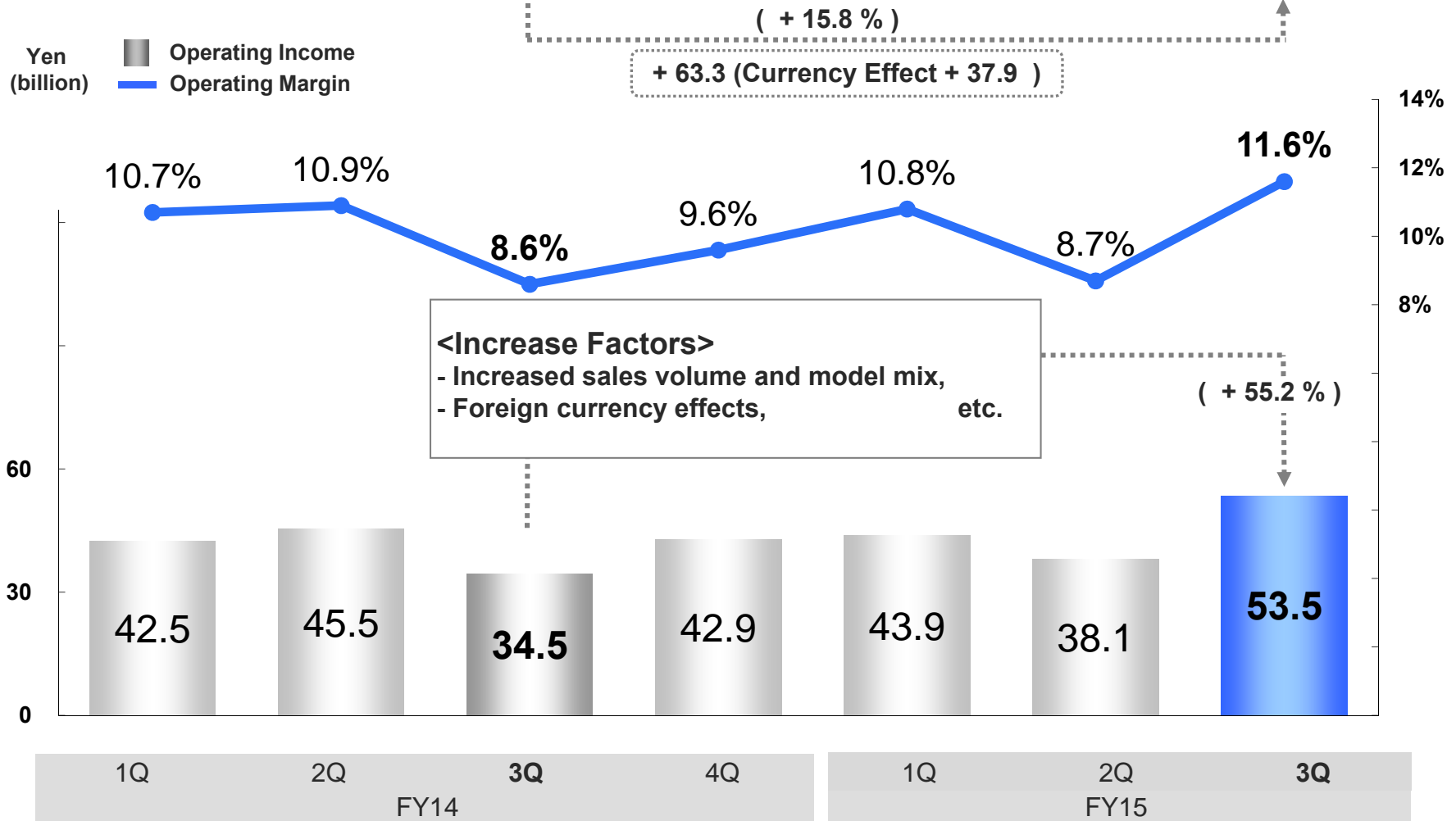
+ 181
(+ 4.3 %)



	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Japan	54	63	52	57	48	50	49
North America	62	68	63	83	62	69	69
Europe	52	38	27	49	60	47	32
Asia	3,479	3,536	3,678	3,843	3,593	3,998	3,872
Other Regions	407	511	431	468	374	417	410
Total	4,054	4,216	4,251	4,500	4,137	4,581	4,432

Motorcycle Business Net Sales/Operating Income (Margin)

Unit (thousand) Yen (billion)	FY14				FY15		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Honda Group Unit Sales (Consolidated Unit Sales)	4,054 (2,371)	4,216 (2,585)	4,251 (2,657)	4,500 (2,730)	4,137 (2,457)	4,581 (2,743)	4,432 (2,763)
Net Sales	396.8	418.0	400.1	448.5	407.7	438.3	463.4



Automobiles - Honda Group Unit Sales



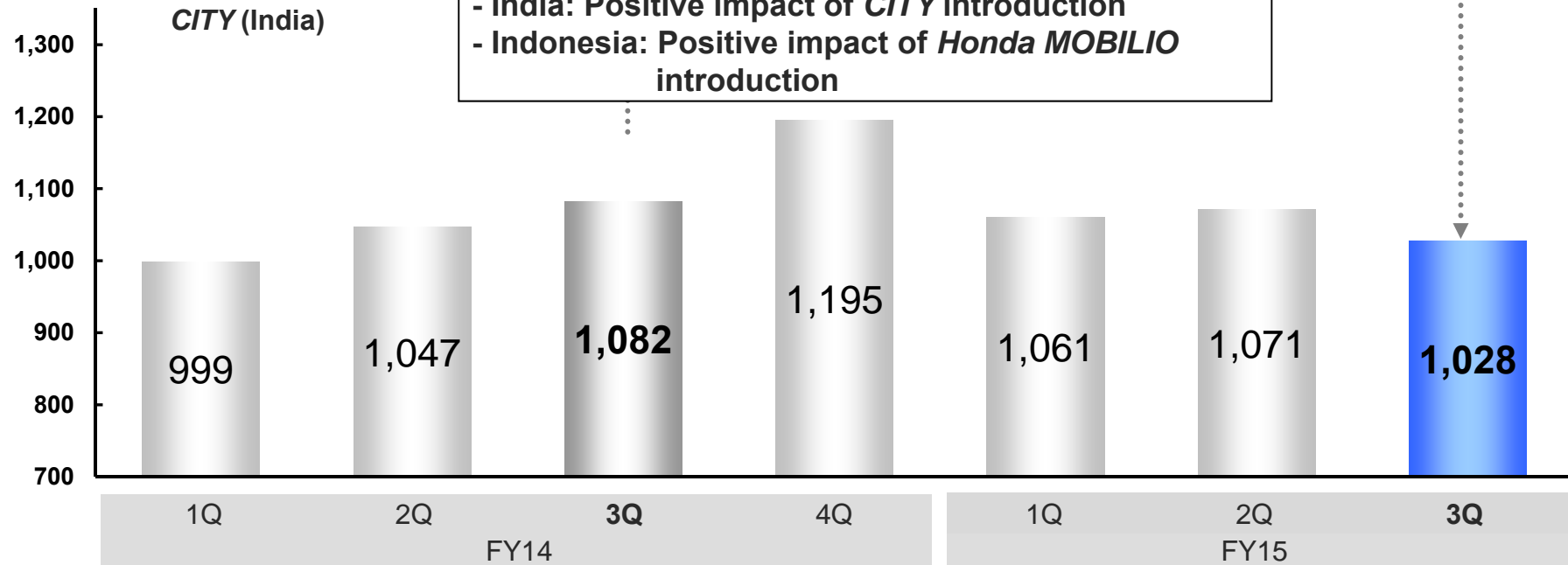
CITY (India)

<Japan>
- Decreased *FIT* and *N-ONE* sales

<Asia>
- Decreased sales volume in China
- India: Positive impact of *CITY* introduction
- Indonesia: Positive impact of *Honda MOBILIO* introduction

Unit
(thousand)

- 54
(- 5.0 %)



Japan	140	180	216	282	202	176	162
North America	459	447	465	386	445	434	470
Europe	40	40	38	51	40	45	34
Asia	285	309	287	405	316	350	295
Other Regions	75	71	76	71	58	66	67
Total	999	1,047	1,082	1,195	1,061	1,071	1,028

Automobile Business Net Sales/Operating Income (Margin)

Unit (thousand) Yen (billion)	FY14				FY15		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Honda Group Unit Sales (Consolidated Unit Sales)	999 (858)	1,047 (869)	1,082 (900)	1,195 (933)	1,061 (895)	1,071 (880)	1,028 (877)
Net Sales	2,200.9	2,233.1	2,377.7	2,383.0	2,323.7	2,316.4	2,549.1

Yen (billion) Operating Income
 Operating Margin

(+ 7.2 %)

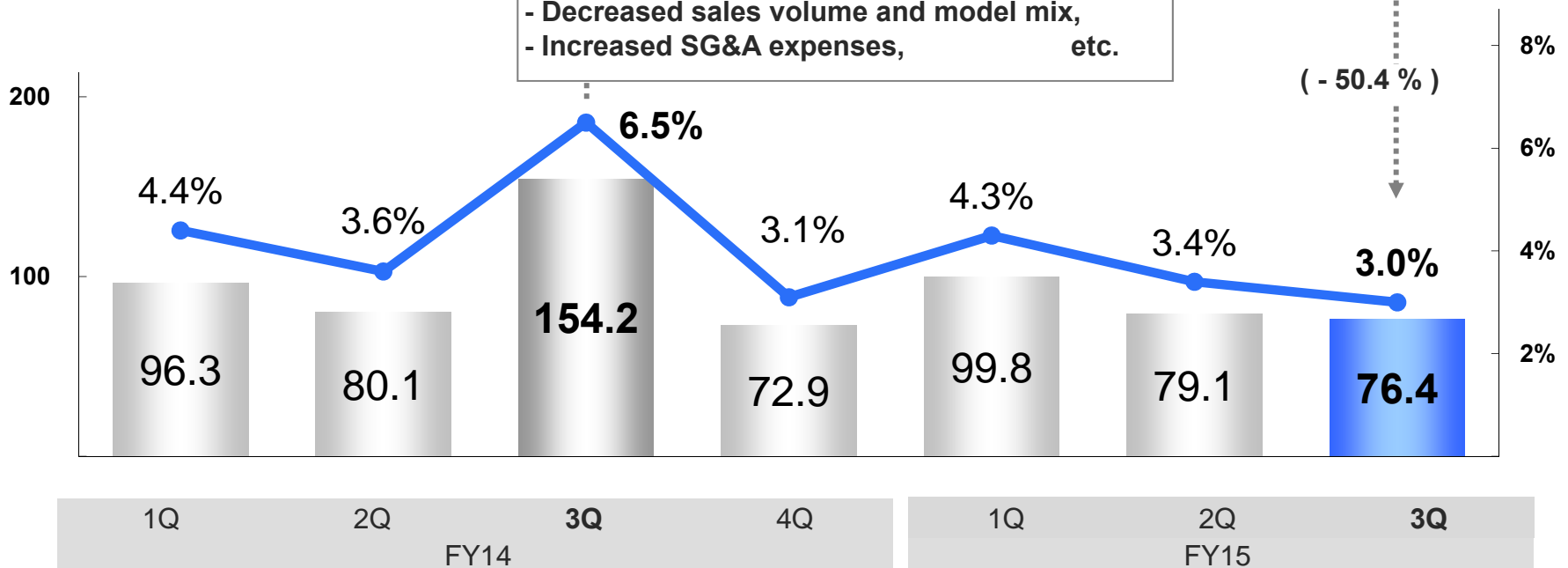
+ 171.4 (Currency Effect + 217.1)

<Increase Factors>

- Increased Cost reduction efforts,
- Foreign currency effects, etc.

<Decrease Factors>

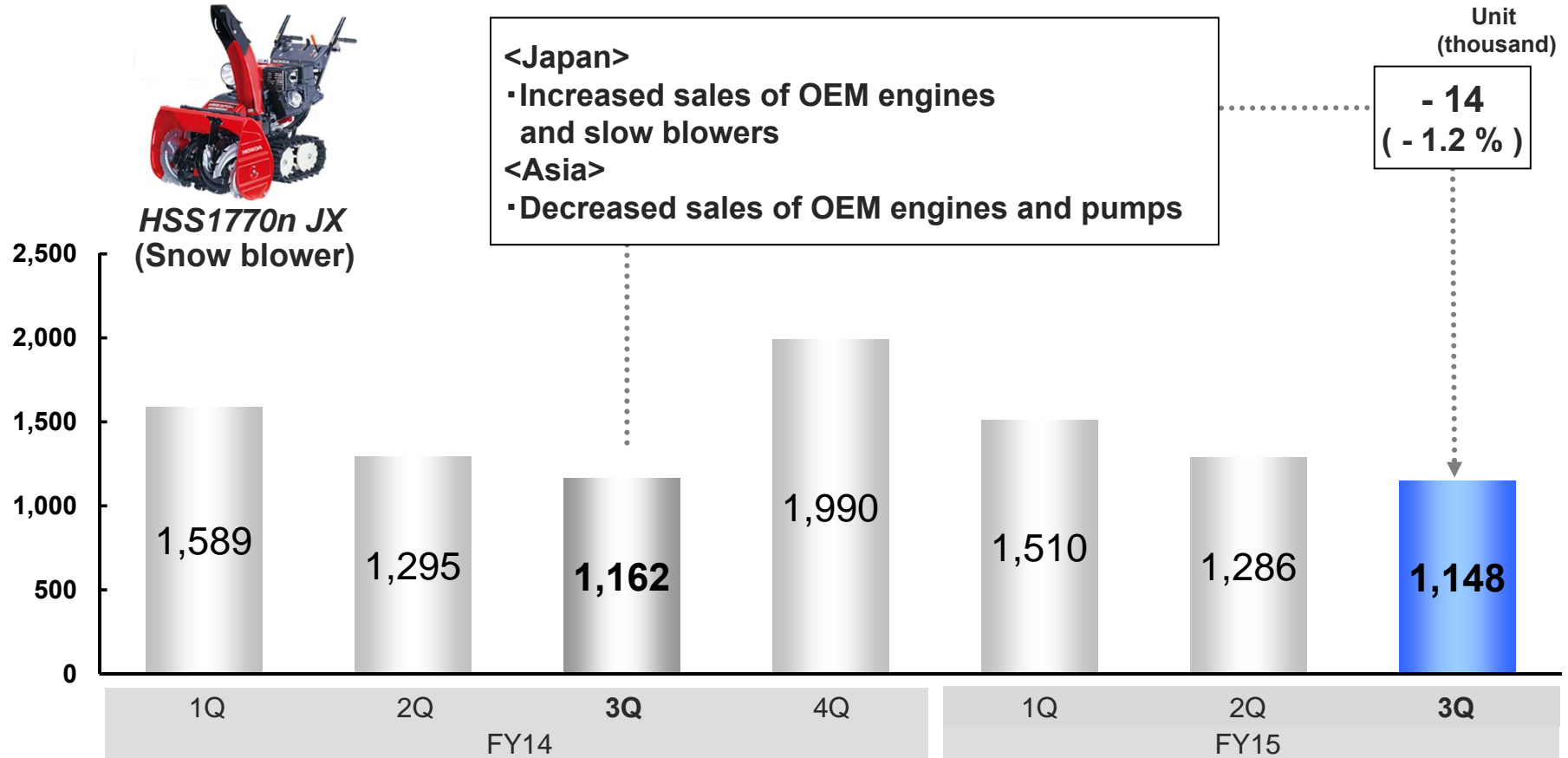
- Decreased sales volume and model mix,
- Increased SG&A expenses, etc.



Power Products - Honda Group Unit Sales



HSS1770n JX
(Snow blower)



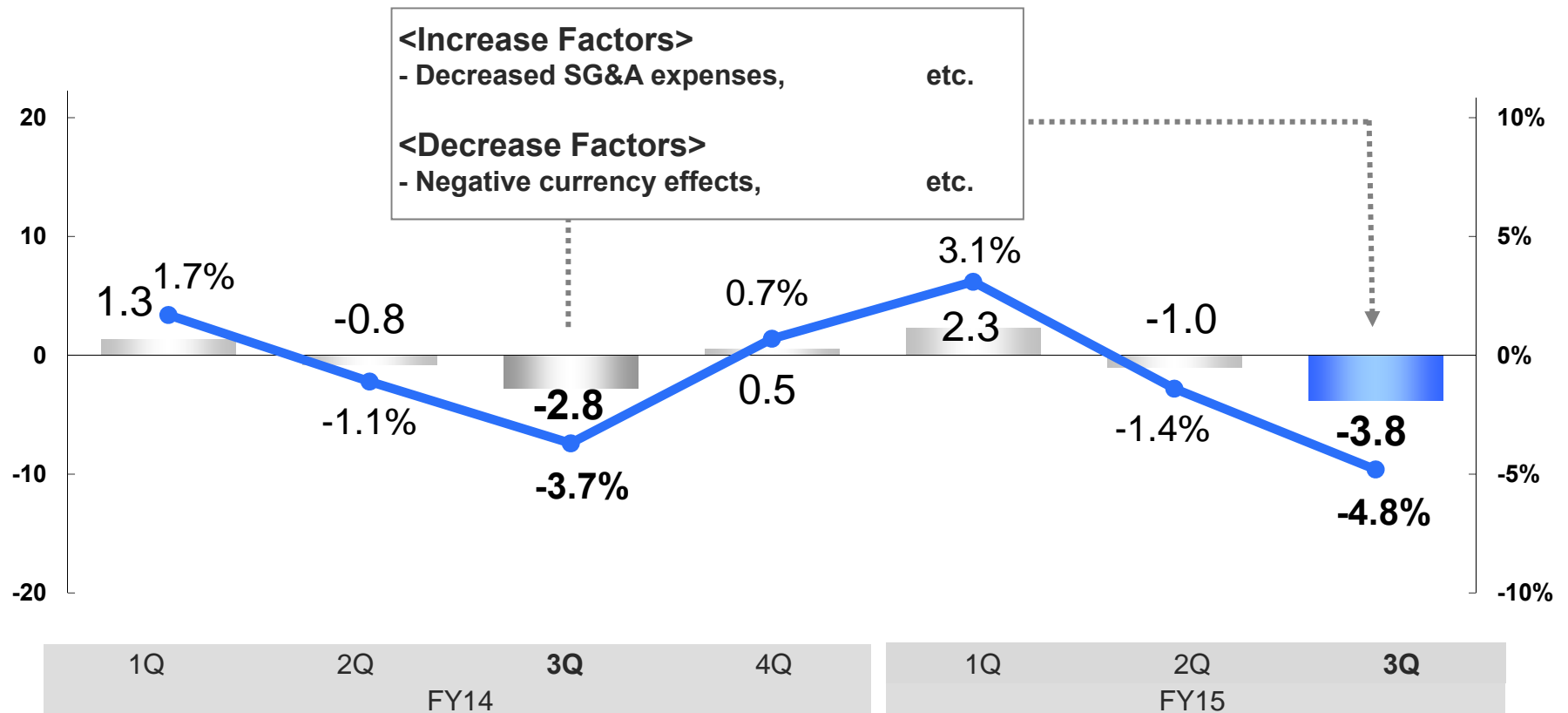
Japan	63	93	63	95	68	85	83
North America	828	504	427	959	773	497	423
Europe	237	156	198	441	240	191	197
Asia	364	426	338	372	336	410	304
Other Regions	97	116	136	123	93	103	141
Total	1,589	1,295	1,162	1,990	1,510	1,286	1,148

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

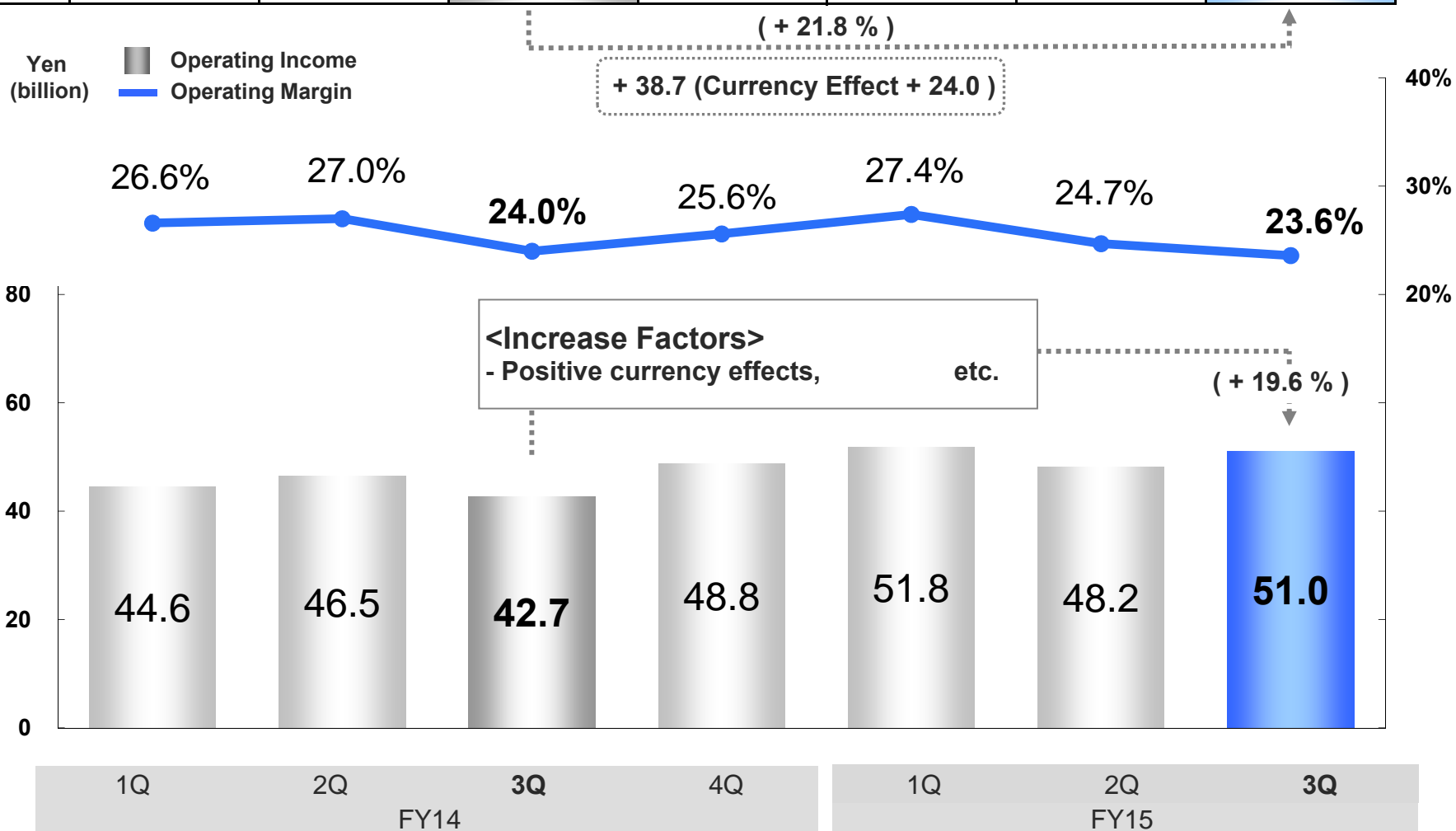
Unit (thousand) Yen (billion)	FY14				FY15		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Honda Group Unit Sales (Consolidated Unit Sales)	1,589 (1,589)	1,295 (1,295)	1,162 (1,162)	1,990 (1,990)	1,510 (1,510)	1,286 (1,286)	1,148 (1,148)
Net Sales	77.9	75.9	78.6	85.6	77.0	75.4	79.8

Yen (billion) Operating Income
 Operating Margin

(+ 1.6 %)
+ 1.2 (Currency Effect + 3.8)

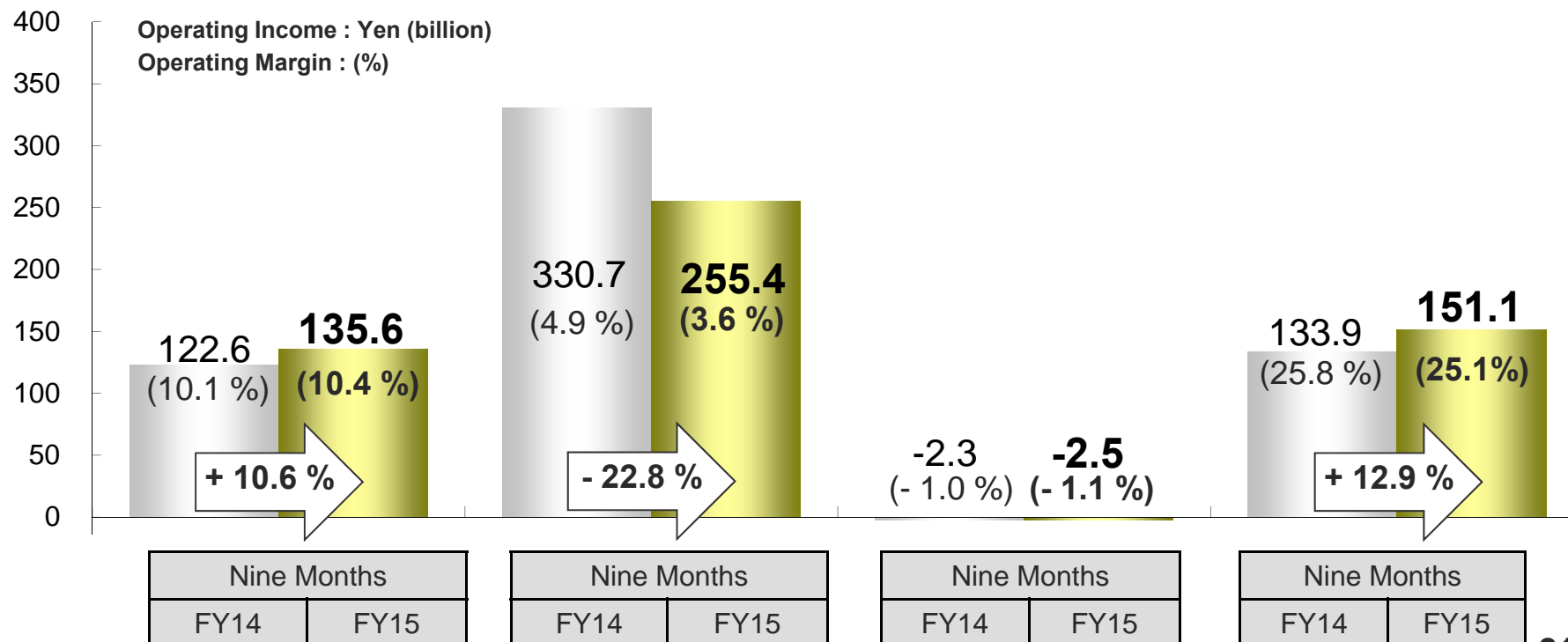


Yen (billion)	FY14				FY15		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Total Assets of Finance Subsidiaries	7,206.8	7,404.6	8,082.7	7,980.9	8,009.0	8,659.0	9,457.4
Net Sales	167.9	172.5	177.6	190.4	189.3	195.6	216.3



Net Sales/Operating Income (Margin) by Business Segment <FY15 Nine Months >

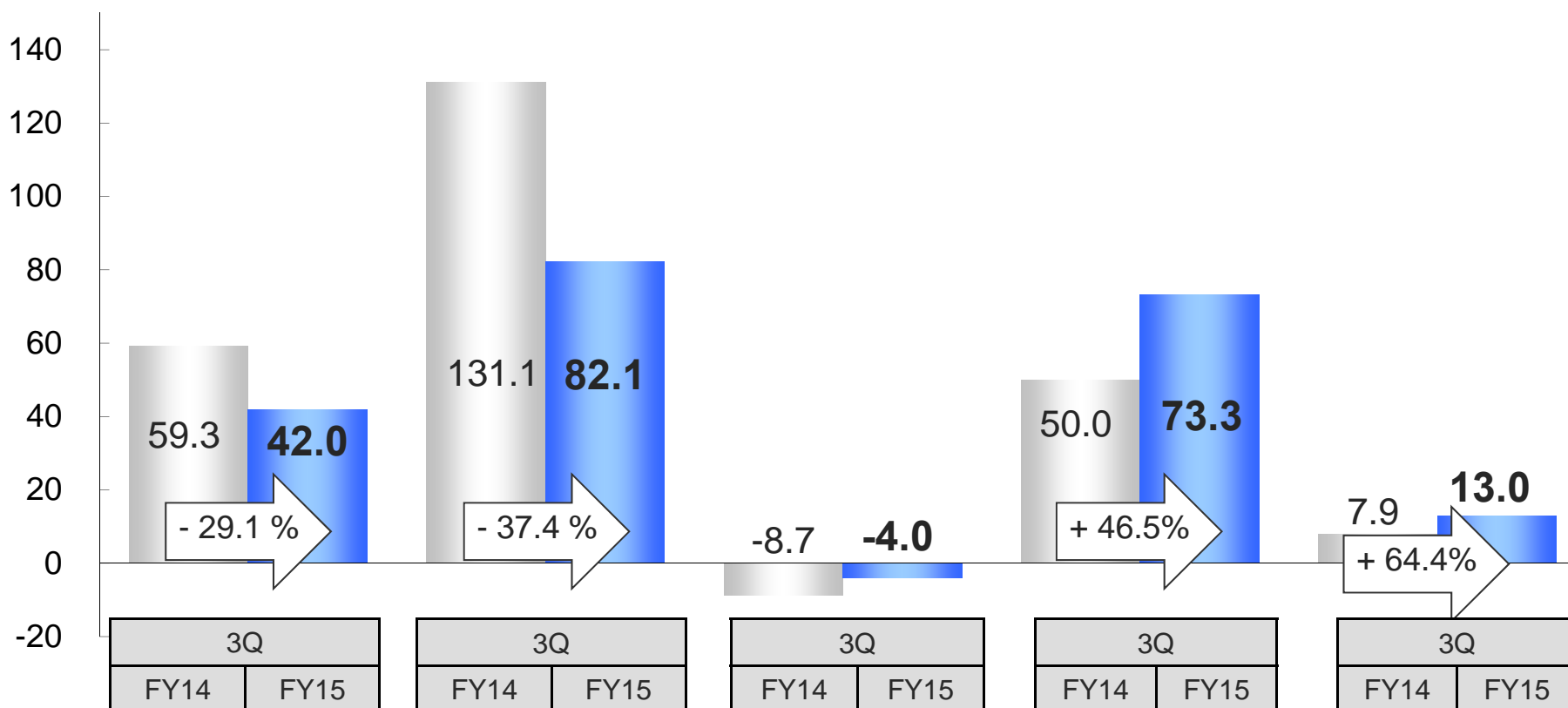
Unit (thousand) Yen (billion)	Motorcycle Business		Automobile Business		Power Product and Other Businesses		Financial Services Business	
	Nine Months		Nine Months		Nine Months		Nine Months	
	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15
Honda Group Unit Sales (Consolidated Unit Sales)	12,521 (7,613)	13,150 (7,963)	3,128 (2,627)	3,160 (2,652)	4,046 (4,046)	3,944 (3,944)	— (—)	— (—)
Net Sales	1,215.1	1,309.5	6,811.8	7,189.4	232.5	232.2	518.1	601.3



**Net Sales/Operating Income (Margin)
by Geographical Segment <FY15 3rd Qtr>**

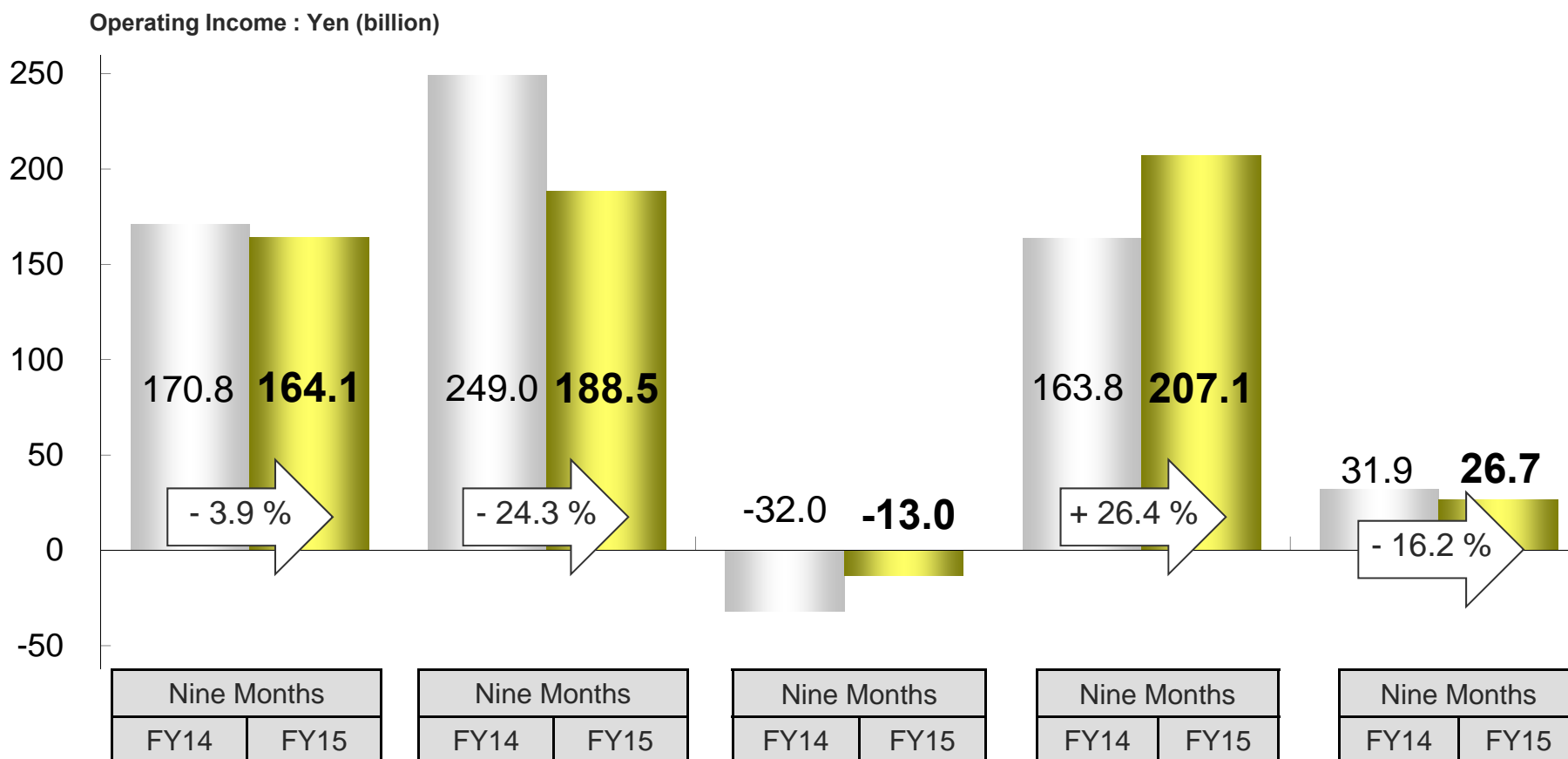
Yen (billion)	Japan		North America		Europe		Asia		Other Regions	
	3Q		3Q		3Q		3Q		3Q	
	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15
Net Sales	1,092.8	953.8	1,591.4	1,811.5	180.7	164.5	678.0	835.1	243.9	236.3

Operating Income : Yen (billion)

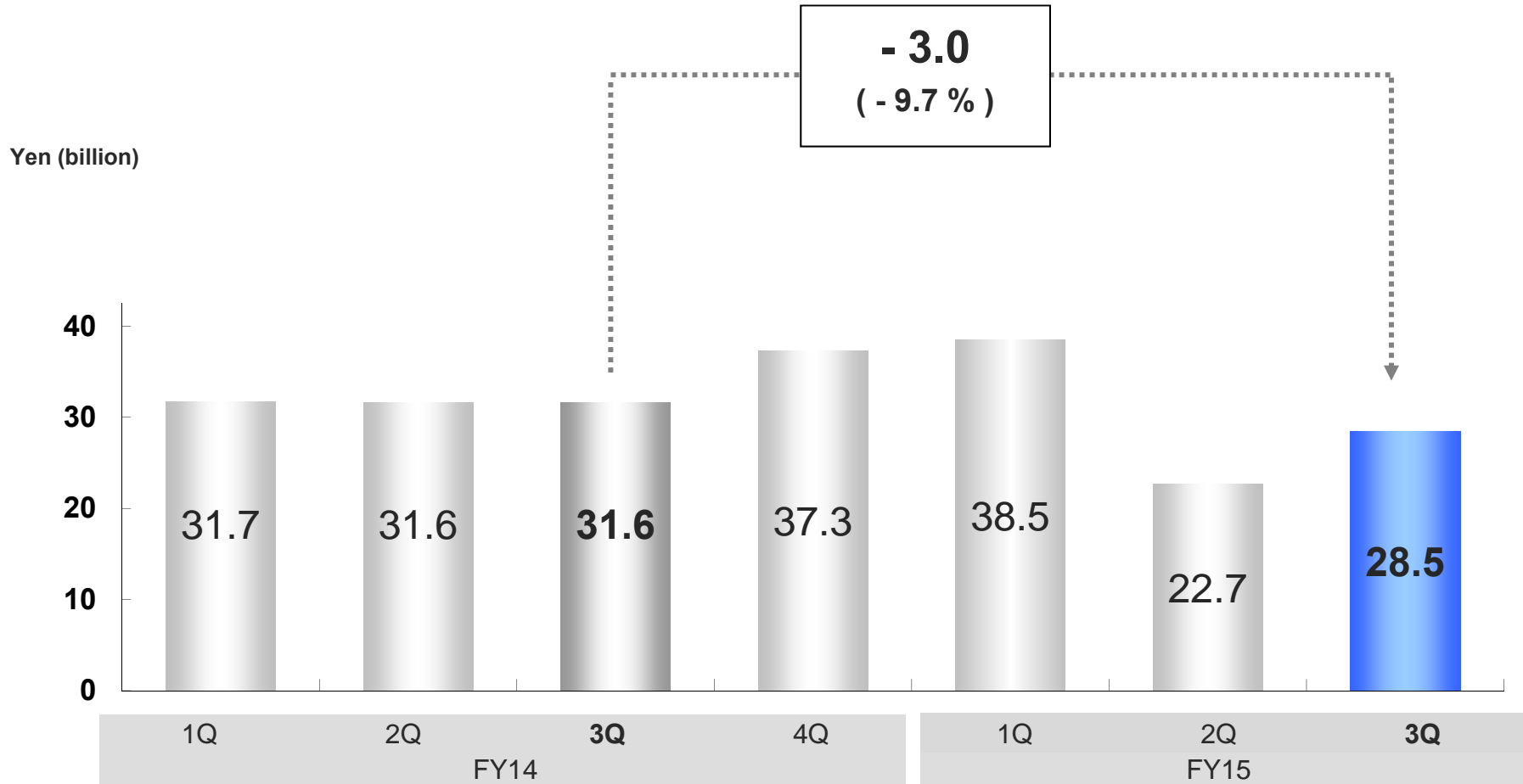


**Net Sales/Operating Income (Margin)
by Geographical Segment <FY15 Nine Months>**

Yen (billion)	Japan		North America		Europe		Asia		Other Regions	
	Nine Months		Nine Months		Nine Months		Nine Months		Nine Months	
	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15
Net Sales	3,083.1	2,917.3	4,564.6	4,869.3	531.2	543.9	2,078.6	2,357.5	765.1	691.6

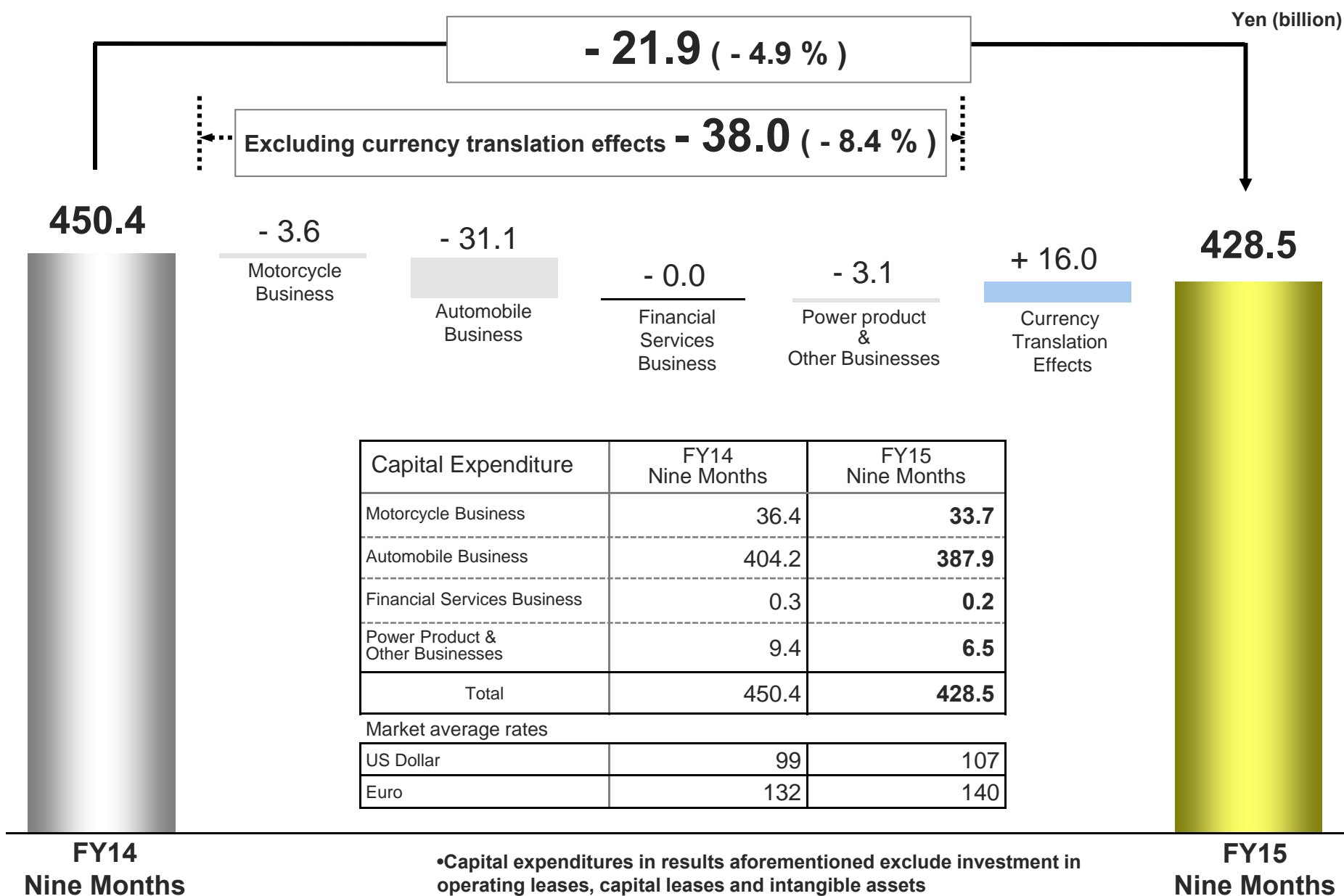


Change in Equity in Income of Affiliates



	Yen (billion)						
From Asia	25.1	28.3	28.0	30.0	29.5	32.5	18.8

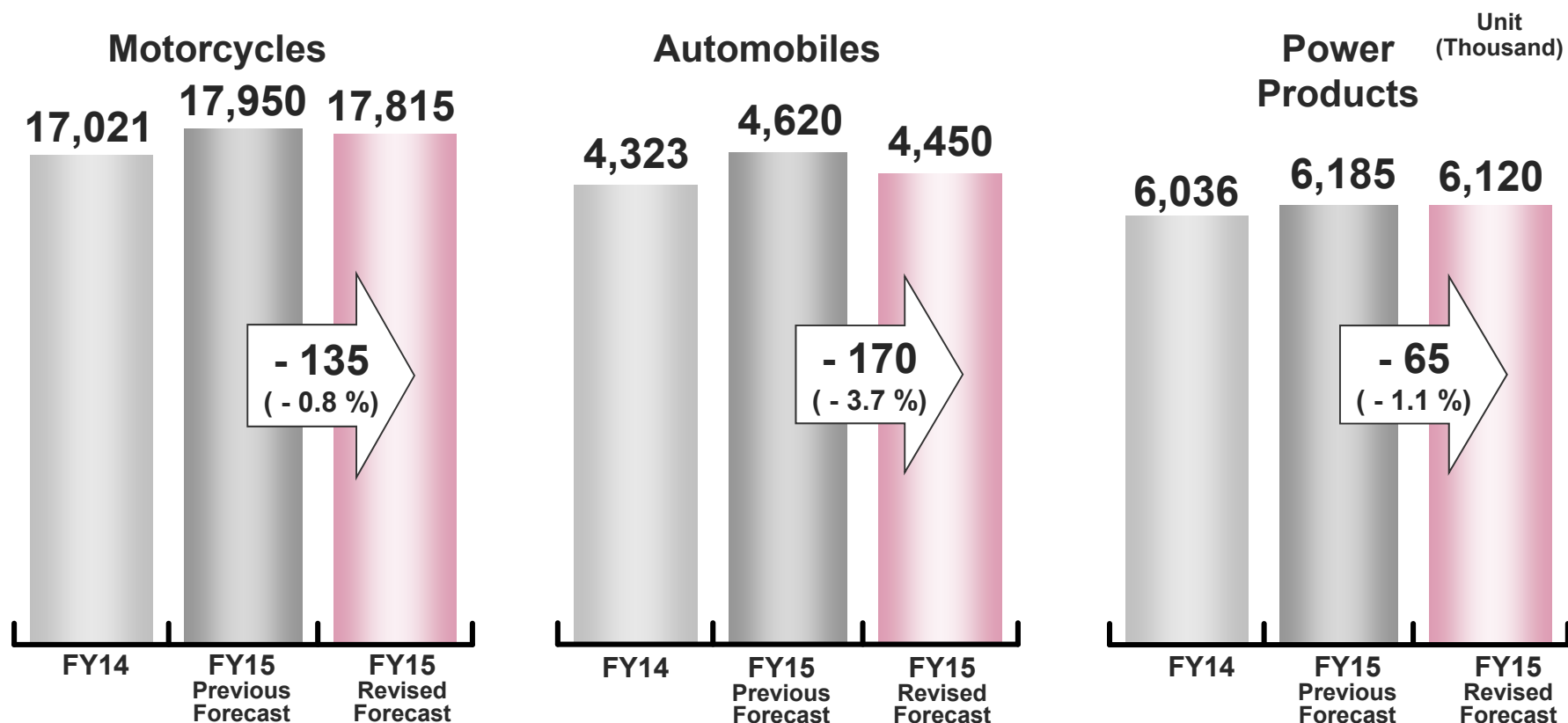
Consolidated Capital Expenditures <FY15 Nine Months>





- *FY15 3rd Quarter and Nine-Month Financial Results*
 - *Net Sales and Other Operating Revenue*
 - *Change in Income before Income Taxes*
 - *Business & Geographical Segment Information*
 - *Equity in Income of Affiliates*
 - *Capital Expenditures*
- *FY15 Financial Forecast*

Forecast: Honda Group Unit Sales



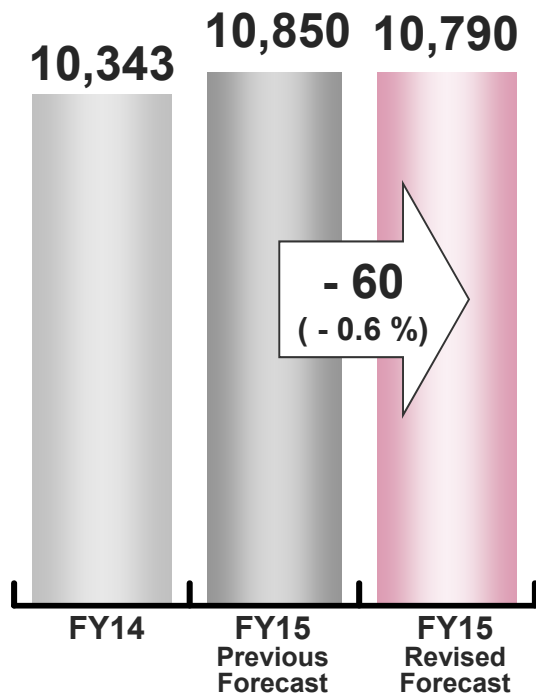
	FY15 Previous Forecast	FY15 Revised Forecast	Change
Japan	220	215	- 5
North America	300	300	0
Europe	180	185	+ 5
Asia	15,640	15,520	- 120
Other Region	1,610	1,595	- 15
Total	17,950	17,815	- 135

	FY15 Previous Forecast	FY15 Revised Forecast	Change
Japan	890	790	- 100
North America	1,810	1,800	- 10
Europe	170	170	0
Asia	1,490	1,430	- 60
Other Region	260	260	0
Total	4,620	4,450	- 170

	FY15 Previous Forecast	FY15 Revised Forecast	Change
Japan	335	345	+ 10
North America	2,815	2,795	- 20
Europe	1,075	1,080	+ 5
Asia	1,480	1,440	- 40
Other Region	480	460	- 20
Total	6,185	6,120	- 65

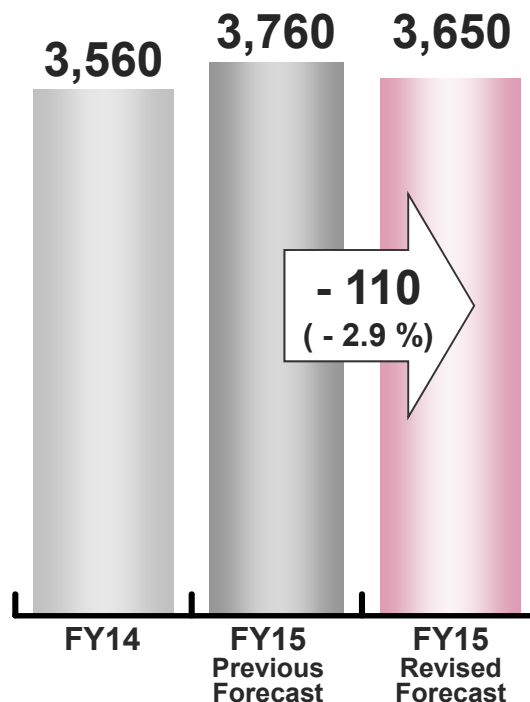
Forecast: Consolidated Unit Sales

Motorcycles



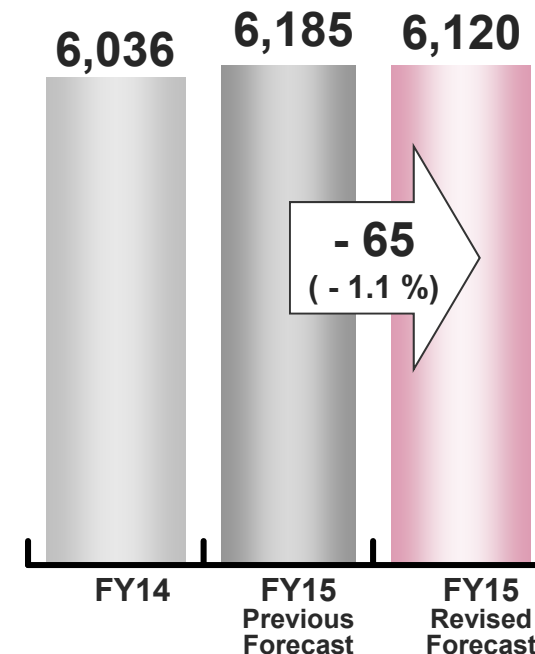
	FY15 Previous Forecast	FY15 Revised Forecast	Change
Japan	220	215	- 5
North America	300	300	0
Europe	180	185	+ 5
Asia	8,540	8,495	- 45
Other Region	1,610	1,595	- 15
Total	10,850	10,790	- 60

Automobiles



	FY15 Previous Forecast	FY15 Revised Forecast	Change
Japan	880	780	- 100
North America	1,810	1,800	- 10
Europe	170	170	0
Asia	640	640	0
Other Region	260	260	0
Total	3,760	3,650	- 110

Power Products Unit (Thousand)



	FY15 Previous Forecast	FY15 Revised Forecast	Change
Japan	335	345	+ 10
North America	2,815	2,795	- 20
Europe	1,075	1,080	+ 5
Asia	1,480	1,440	- 40
Other Region	480	460	- 20
Total	6,185	6,120	- 65

FY15 Financial Forecast (Consolidated)

Yen (billion)

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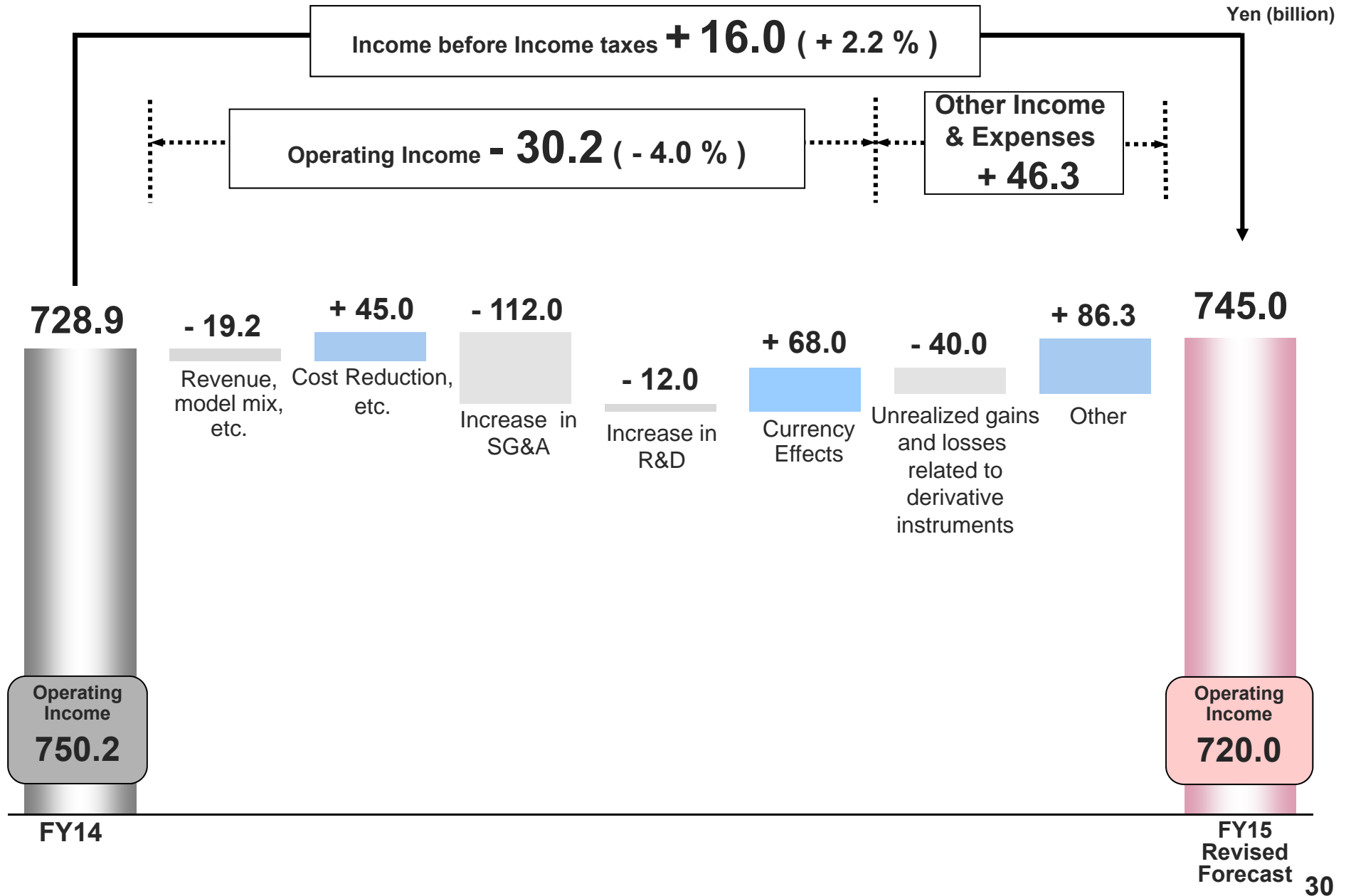
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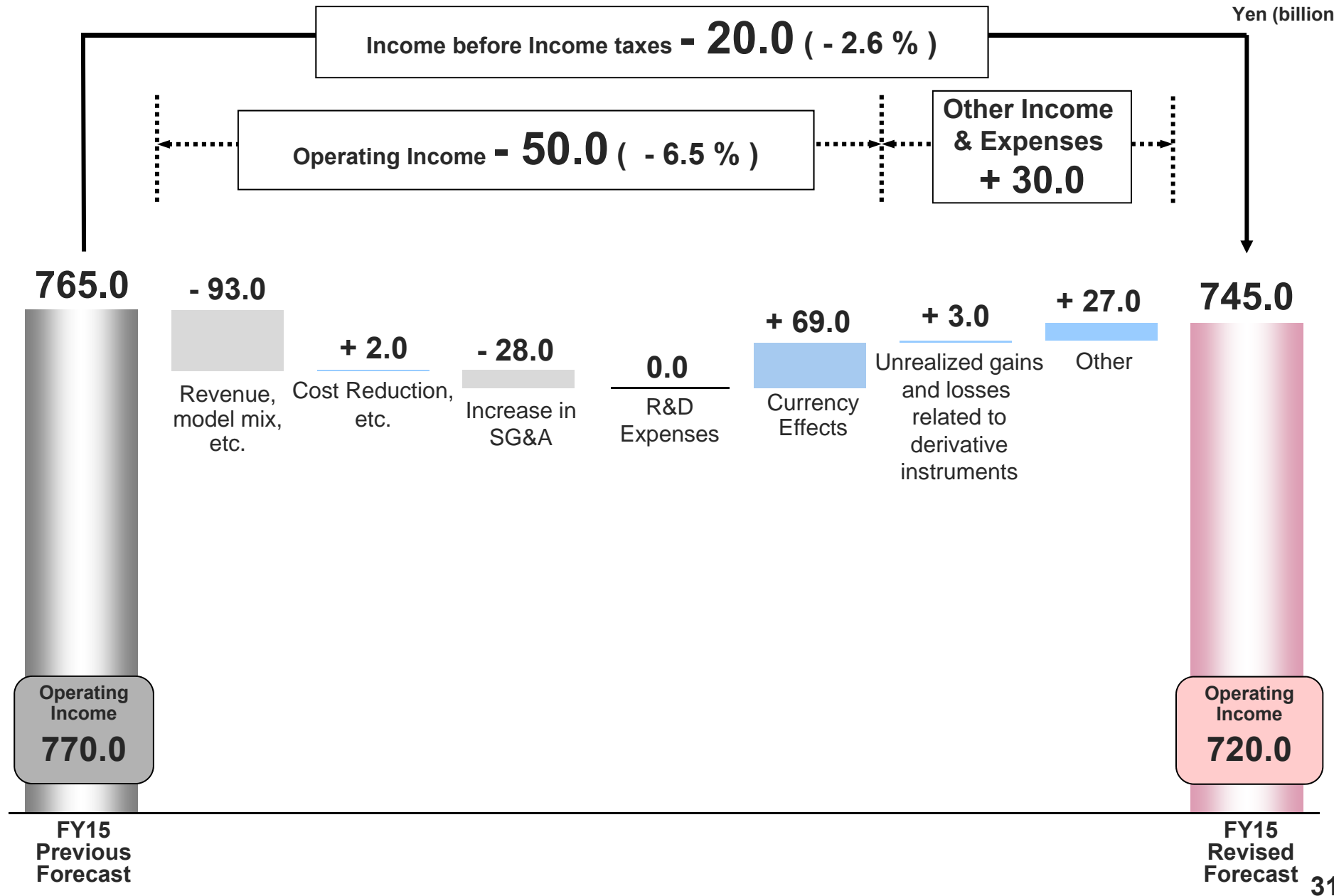
Forecast: Change in Income before Income Taxes

Yen (billion)



Forecast: Change in Income before Income Taxes

Yen (billion)



Forecast: Capital Expenditures, Depreciation, R&D Expenses

Yen (billion)

	FY14 Results	FY15 Forecast	Change	Change from previous forecast
Capital expenditures *	726.1	670.0	- 56.1	0.0
Depreciation and amortization *	375.8	415.0	+ 39.2	0.0
R&D expenses	634.1	650.0	+ 15.9	+ 5.0

* Capital expenditures as well as Depreciation and amortization in results and forecast aforementioned exclude investment in operating leases, capital leases and 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.

(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.

*1 Net income attributable to Honda Motor Co., Ltd.

*2 Basic net income attributable to Honda Motor Co., Ltd. per share

Basic net income attributable to Honda Motor Co., Ltd., per share is calculated based on weighted average number of shares outstanding as shown below:

- 3rd Quarter	FY14: 1,802,293,000 (approx), FY15: 1,802,288,000 (approx) (page 5)
- Nine Months	FY14: 1,802,295,000 (approx), FY15: 1,802,289,000 (approx) (page 6)
- Fiscal Year	FY14: 1,802,294,000 (approx), FY15: 1,802,289,000 (approx) (pages 7 and 29)

HONDA

The Power of Dreams

Yen (billion)

	FY15 3Q	Average Rates (Yen)			FY15 Nine Months
		FY14 3Q	FY15 3Q	Change	
		JPY / USD	+ 13.5	100	
JPY / Euro	+ 0.4	139	144	Yen down by 5 yen	+ 1.5
JPY / Others	+ 3.9	—	—	—	+ 2.3
Transactions between other currencies	- 13.8	—	—	—	- 37.2
Difference of average rates (Impact on Operating income) *1	+ 4.0	*1: Impact of YoY difference of FOREX to be used for booking revenue of foreign currency transactions			- 10.4
Difference between transaction *2 rates and average sales rates (Impact on Other income & expenses)	+ 9.5	*2: Impact of YoY difference between average FOREX and hedge rates during the period			+ 74.1
Currency effect associated with sales transactions	+ 13.5				+ 63.7
Currency effect from translation of foreign financial statements (impact on operating income) *3	+ 39.9	*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			+ 53.6
Total	+ 53.4				+ 117.3

- Unrealized Gains and Losses Related to Derivative Instruments -

Yen (billion)

	3Q		
	FY14	FY15	Change
Foreign currency forward	- 11.3	+ 0.4	+ 11.8
Interest rate swap / Currency swap	- 3.1	+ 1.8	+ 5.0
Others	- 0.0	+ 0.3	+ 0.3
Total	- 14.4	+ 2.6	+ 17.1

Nine Months		
FY14	FY15	Change
+ 38.2	- 1.7	- 39.9
- 13.5	+ 7.3	+ 20.8
- 0.0	+ 0.1	+ 0.1
+ 24.6	+ 5.6	- 18.9

- Cash Flows of Non-financial Services Businesses -

