



FY15 1st Quarter Financial Results



Honda Motor Co., Ltd.

July 29, 2014

ACURA TLX
(North America)



- *FY15 1st Quarter Financial Results*
- *FY15 Financial Forecasts*
- *Dividend*

Tetsuo Iwamura
Executive Vice President

Results Summary

Operating income for the first quarter was 198.0 billion yen, a 7.1% increase compared to the same period last year. This was mainly due to a rise in automobile sales as a result of the positive effect of new model introductions and full model changes in Japan and Asia in addition to the positive impact of cost reduction efforts.

1st Quarter Results FY14 and FY15

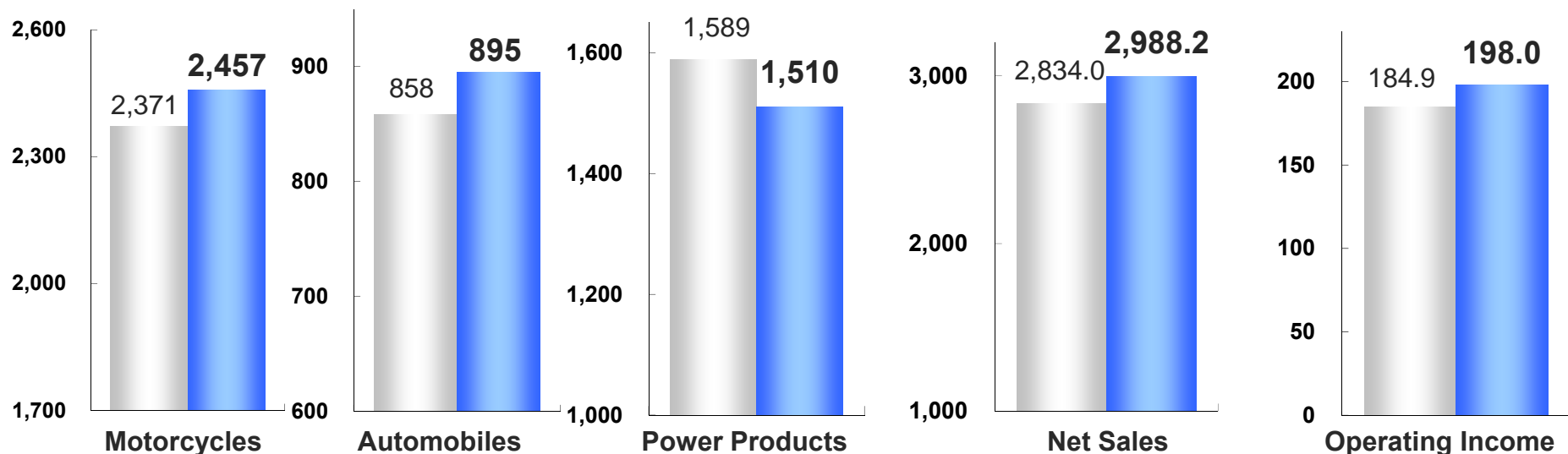
FY14 FY15

Consolidated Unit Sales

Unit (thousand)

Net Sales / Operating Income

Yen (billion)

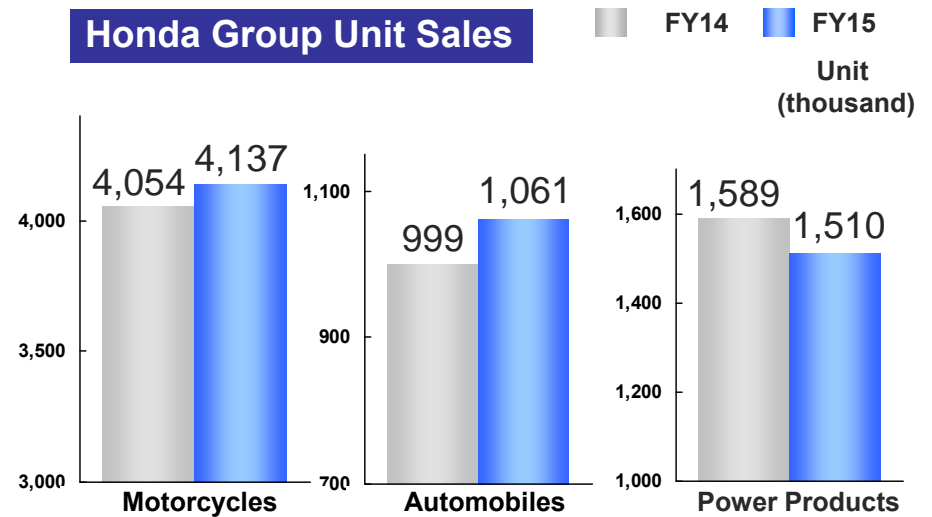


FY15 1st Quarter Unit Sales

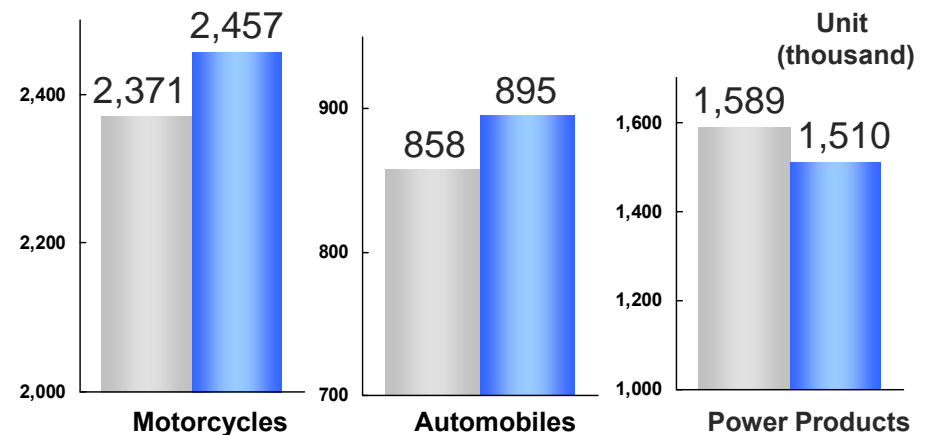
Honda Group Unit Sales (thousand)	1Q Results (3 Months)		
	FY14	FY15	Change
Motorcycles	4,054	4,137	+ 2.0%
Automobiles	999	1,061	+ 6.2%
Power Products	1,589	1,510	- 5.0%

Consolidated Unit Sales (thousand)	1Q Results (3 Months)		
	FY14	FY15	Change
Motorcycles	2,371	2,457	+ 3.6%
Automobiles	858	895	+ 4.3%
Power Products	1,589	1,510	- 5.0%

Honda Group Unit Sales



Consolidated Unit Sales



Honda Group Unit Sales

- Increase in motorcycle unit sales due to the positive impact of new model introductions in India
- Increase in automobile unit sales due to the positive impact of new model introductions as well as the launch of fully remodeled vehicles in Japan and Asia

FY15 1st Quarter Financial Results (Consolidated)

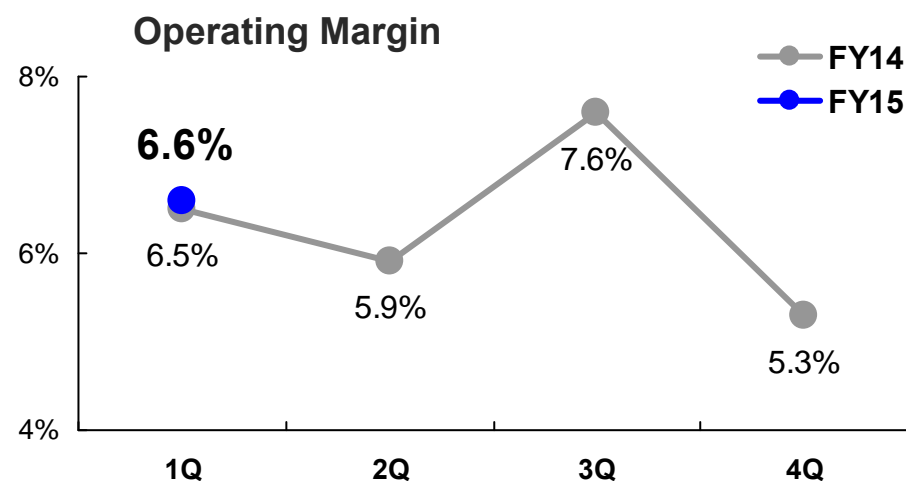
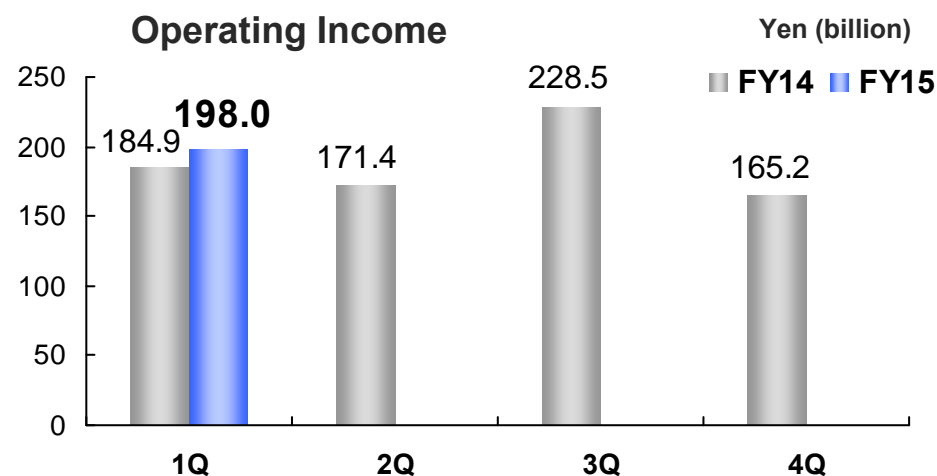
Financial Results Yen (billion)	1Q Results (3 Months)		
	FY14	FY15	Change
Net sales	2,834.0	2,988.2	+ 5.4%
Operating Income	184.9	198.0	+ 7.1%
Operating Margin	6.5%	6.6%	-
Income before income taxes	172.0	198.8	+ 15.6%
Equity in income of affiliates	31.7	38.5	+ 21.5%
Net Income ^{*1}	122.4	146.5	+ 19.6%
EPS (Yen) ^{*2}	67.97	81.29	+ 13.32
Average Rates (Yen)			
US Dollar	99	102	Yen down by 3 yen
Euro	129	140	Yen down by 11 yen

Financial Summary

- Net sales and other operating revenue increased by 5.4% mainly due to a rise in automobile and motorcycle net sales as well as the positive impact of foreign exchange effects

- Operating income increased by 7.1% mostly due to a cost reduction efforts and a rise in income associated with changes in sales volume and model mix, despite increased SG&A expenses and higher depreciation costs resulting from the start-up of a new plant and negative FOREX effects

For *1 and *2, please refer to footnotes on page 28



FY15 Financial Forecasts (Consolidated)

Yen (billion)

	FY14 Results	FY15 Forecasts	Change		Change from previous forecasts
			amount	%	
Net Sales	11,842.4	12,800.0	+ 957.5	+ 8.1%	+ 50.0
Operating Income	750.2	770.0	+ 19.7	+ 2.6%	+ 10.0
Operating Margin	6.3%	6.0%	-	-	-
Income before Income taxes	728.9	755.0	+ 26.0	+ 3.6%	+ 10.0
Equity in income of affiliates	132.4	155.0	+ 22.5	+ 17.0%	0
Net Income ^{*1}	574.1	600.0	+ 25.8	+ 4.5%	+ 5.0
EPS (Yen) ^{*2}	318.54	332.91	+ 14.37		

For *1 and *2, please refer to footnotes on page 28

Average Rates (Yen)

US Dollar	100	101	Yen down by 1 yen	Yen down by 1 yen
Euro	136	136	-	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)



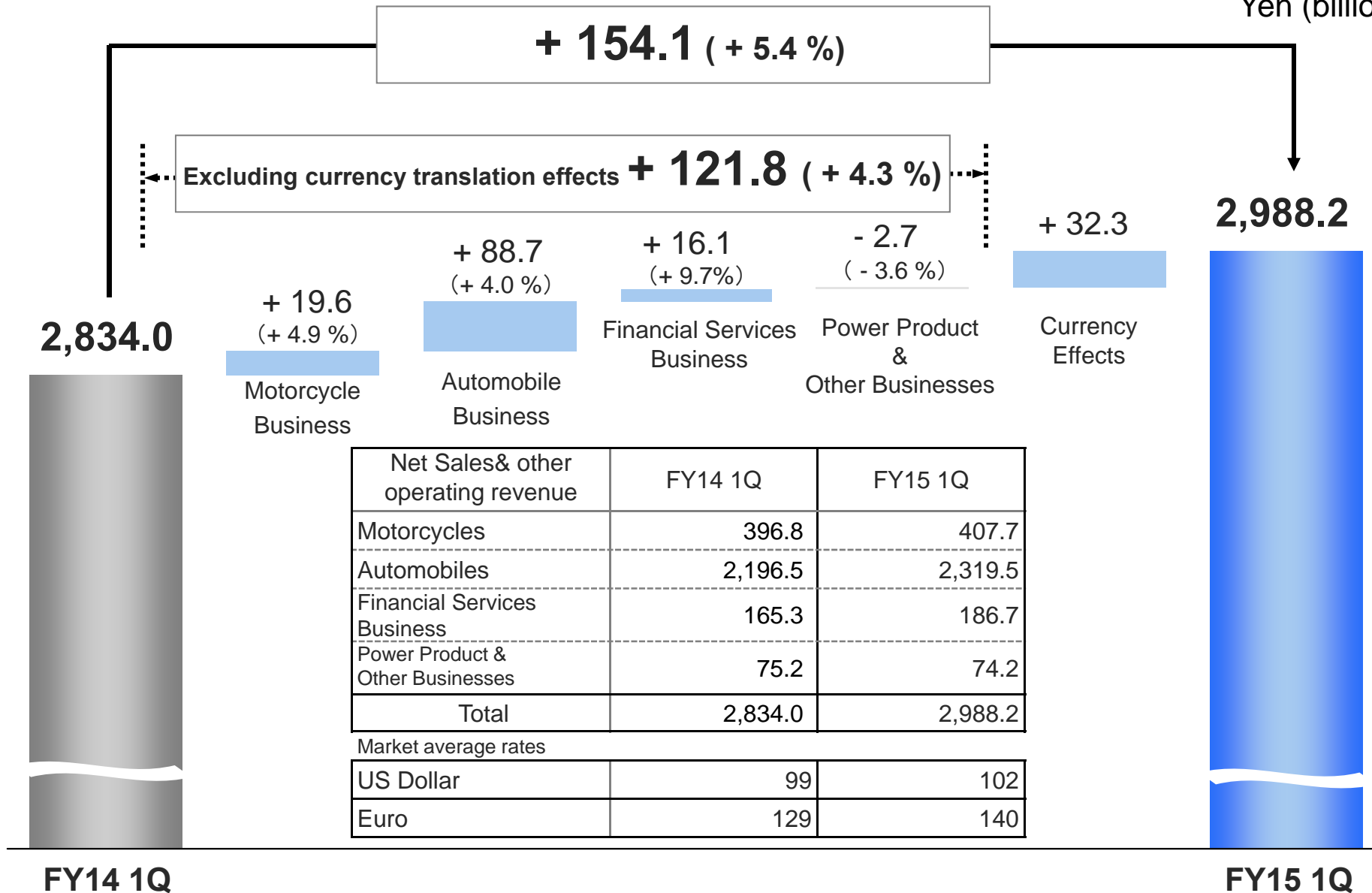
- ***FY15 1st Quarter Financial Results***
 - *Net Sales and Other Operating Revenue*
 - *Change in Income before Income Taxes*
 - *Business & Geographical Segment Information*
 - *Equity in Income of Affiliates*
 - *Capital Expenditure*
- ***FY15 Financial Forecasts***

Kohei Takeuchi

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

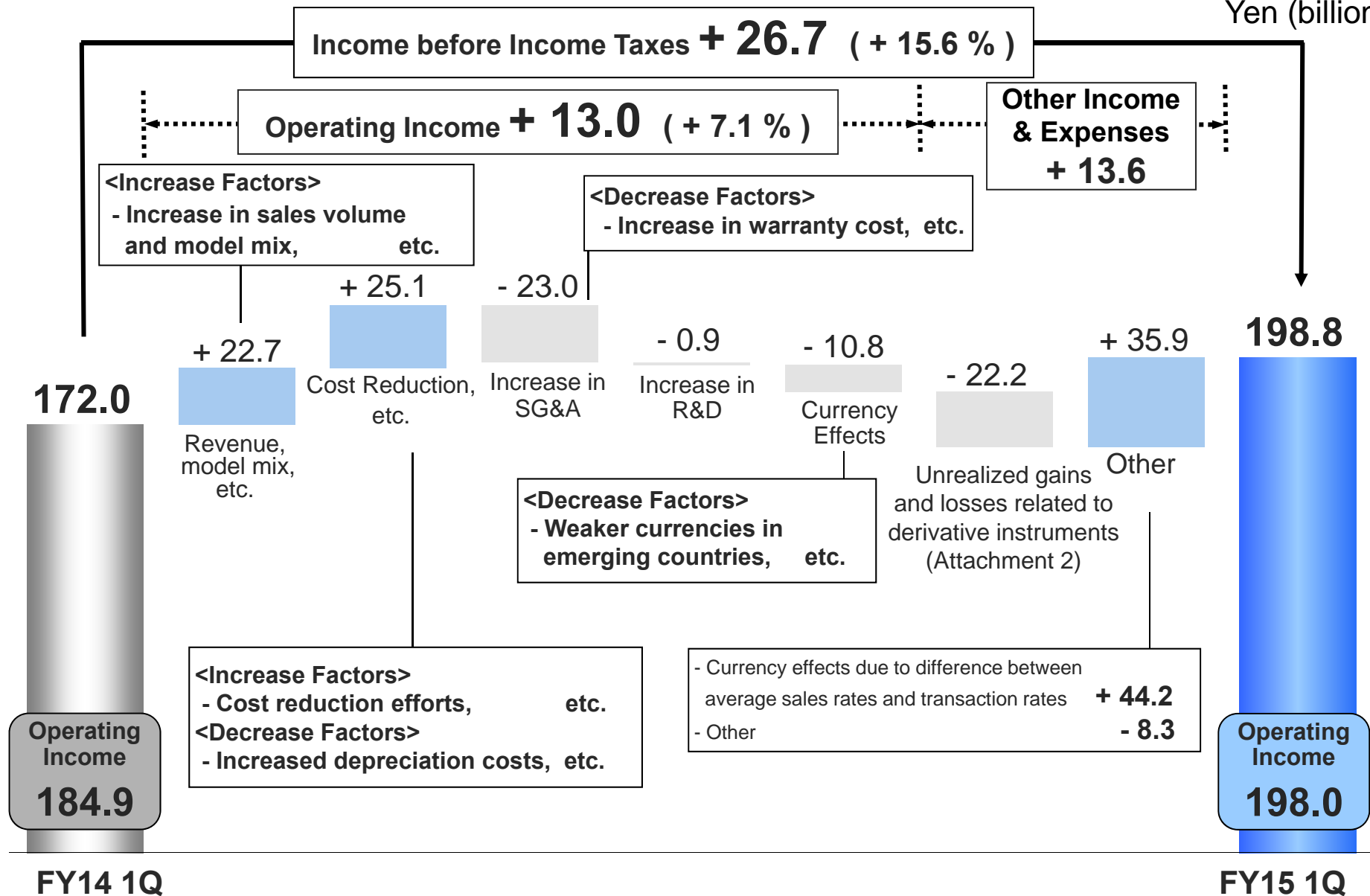
Net Sales and Other Operating Revenue <FY15 1st Qtr>

Yen (billion)



Change in Income before Income Taxes <FY15 1st Qtr>

Yen (billion)



*Please refer to Attachment 1 regarding currency effects

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

Unit (Thousand)



Activa (India)

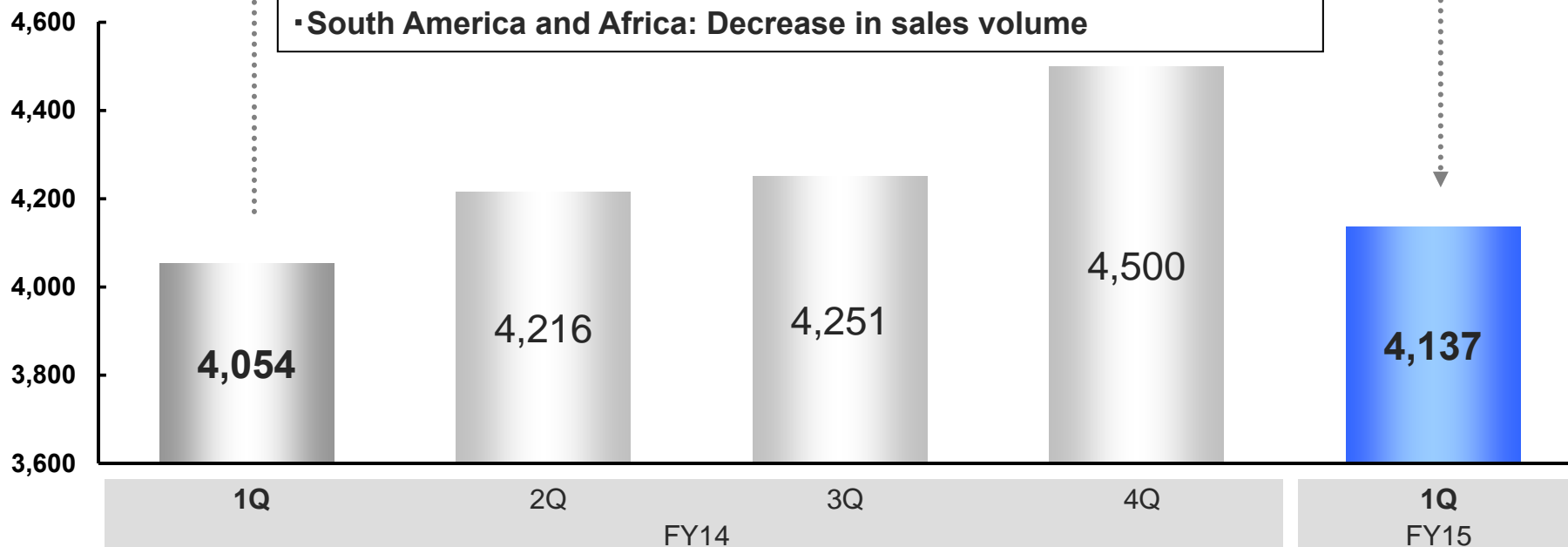
<Asia>

- India: Increased sales of *Activa series, CB Shine and Dream Yuga*
- Thailand: Decrease in sales volume

<Other Regions>

- South America and Africa: Decrease in sales volume

+ 83
(+ 2.0%)

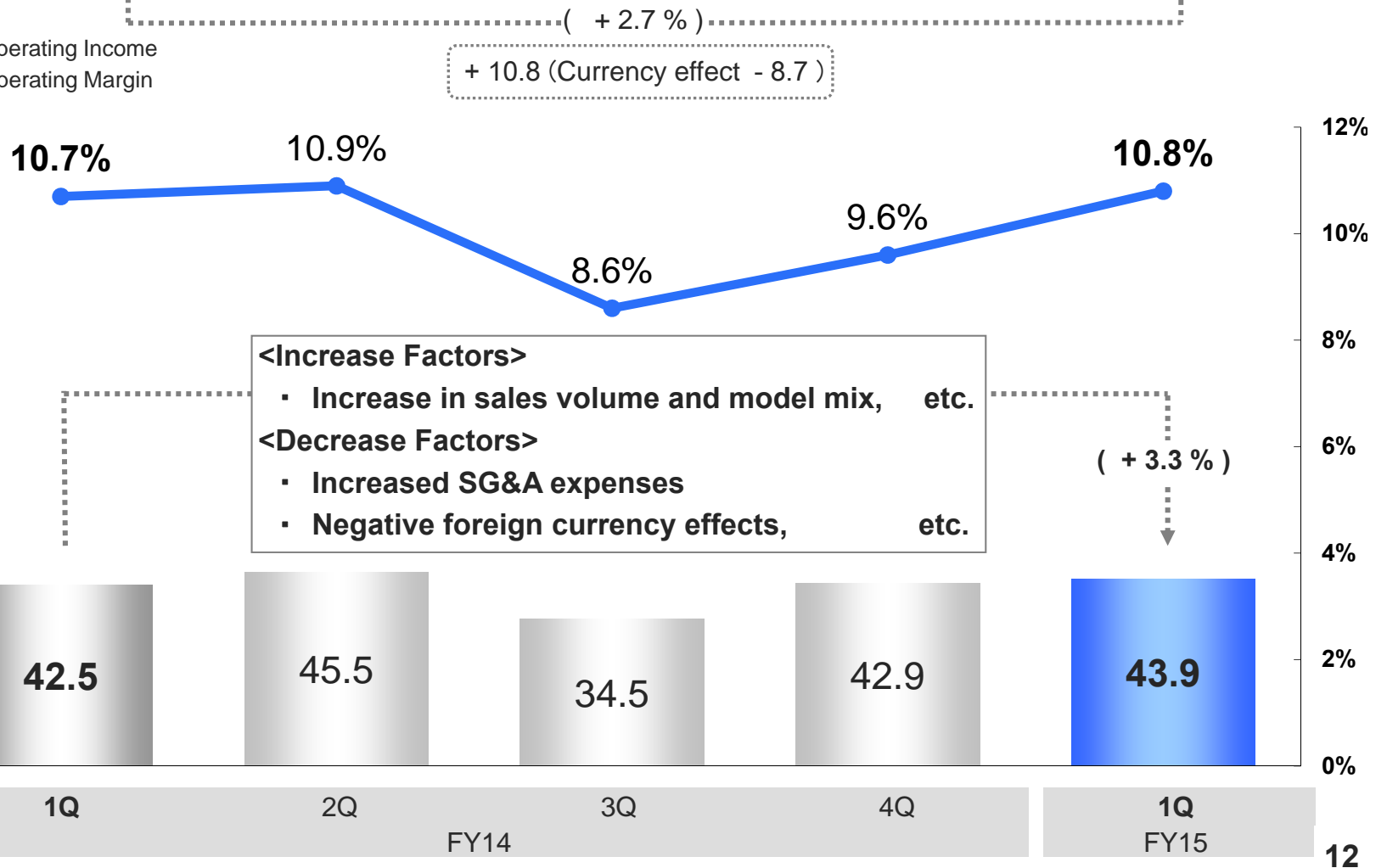


Japan	54	63	52	57	48
North America	62	68	63	83	62
Europe	52	38	27	49	60
Asia	3,479	3,536	3,678	3,843	3,593
Other Region	407	511	431	468	374
Total	4,054	4,216	4,251	4,500	4,137

Motorcycle Business Net Sales/Operating Income (Margin)

Unit (thousand) Yen (billion)	FY14				FY15
	1Q	2Q	3Q	4Q	1Q
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)
Net Sales	396.8	418.0	400.1	448.5	407.7

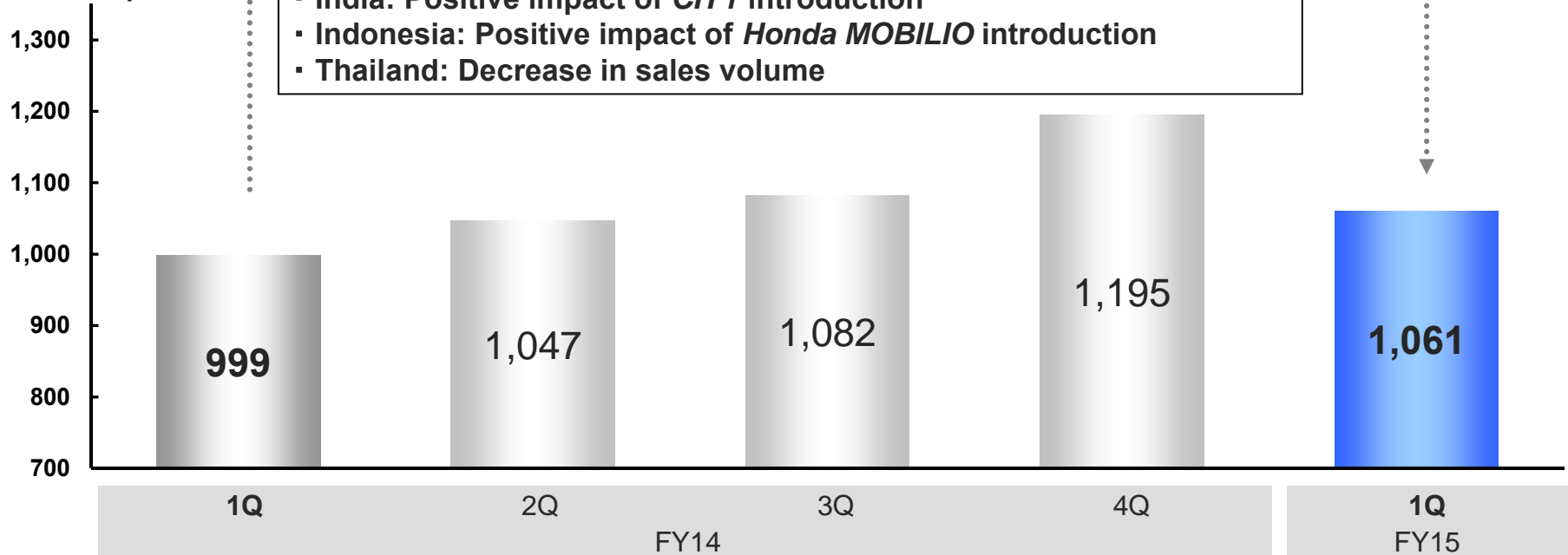
Yen (billion) ■ Operating Income
■ Operating Margin



Automobiles - Honda Group Unit Sales



N-WGN (Japan)



<Japan >

- Positive impact of fully remodeled *FIT* and *ODYSSEY*
- Positive impact of *N-WGN* and *VEZEL* introductions

<Asia>

- China: Positive impact of *CRIDER*, *JADE* introductions
- India: Positive impact of *CITY* introduction
- Indonesia: Positive impact of *Honda MOBILIO* introduction
- Thailand: Decrease in sales volume

Unit (Thousand)

+ 62
(+ 6.2%)

	1Q	2Q	3Q	4Q	1Q
	FY14				FY15
Japan	140	180	216	282	202
North America	459	447	465	386	445
Europe	40	40	38	51	40
Asia	285	309	287	405	316
Other Region	75	71	76	71	58
Total	999	1,047	1,082	1,195	1,061

Automobile Business Net Sales/Operating Income (Margin)

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

Yen (billion) Operating Income
 Operating Margin

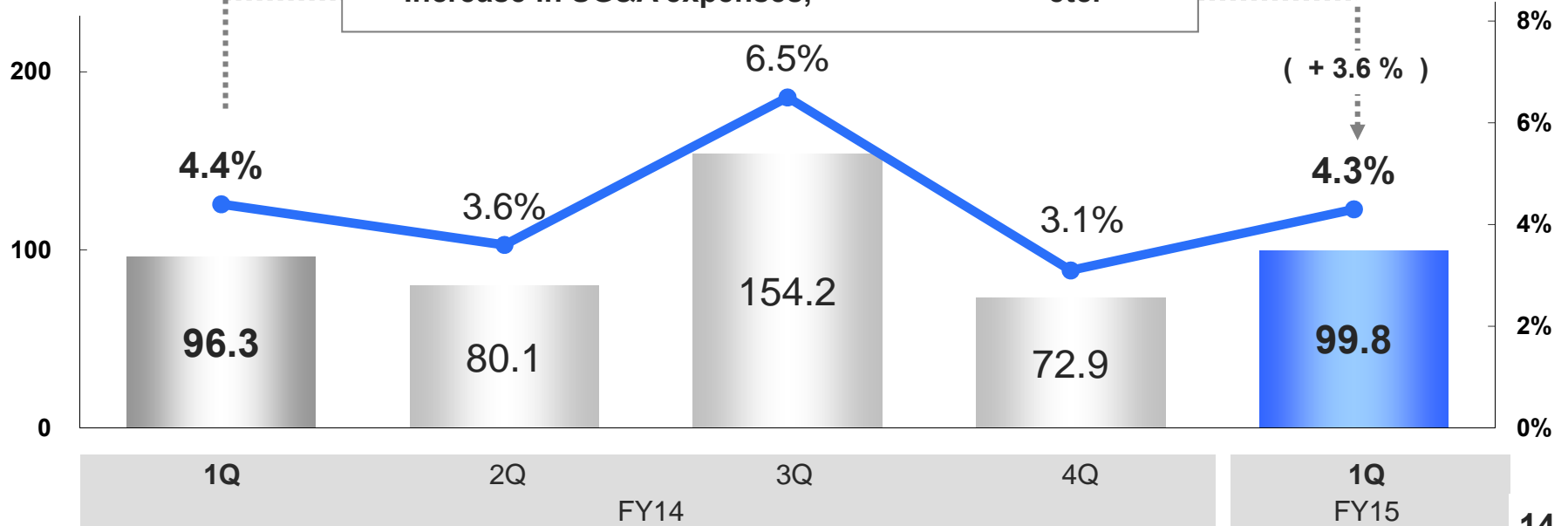
(+ 5.6%)
 + 122.7 (Currency effect + 34.2)

<Increase Factors>

- Continuing cost reduction efforts
- Increase in sales volume and model mix, etc.

<Decrease Factors>

- Increase in SG&A expenses, etc.



Power Products - Honda Group Unit Sales

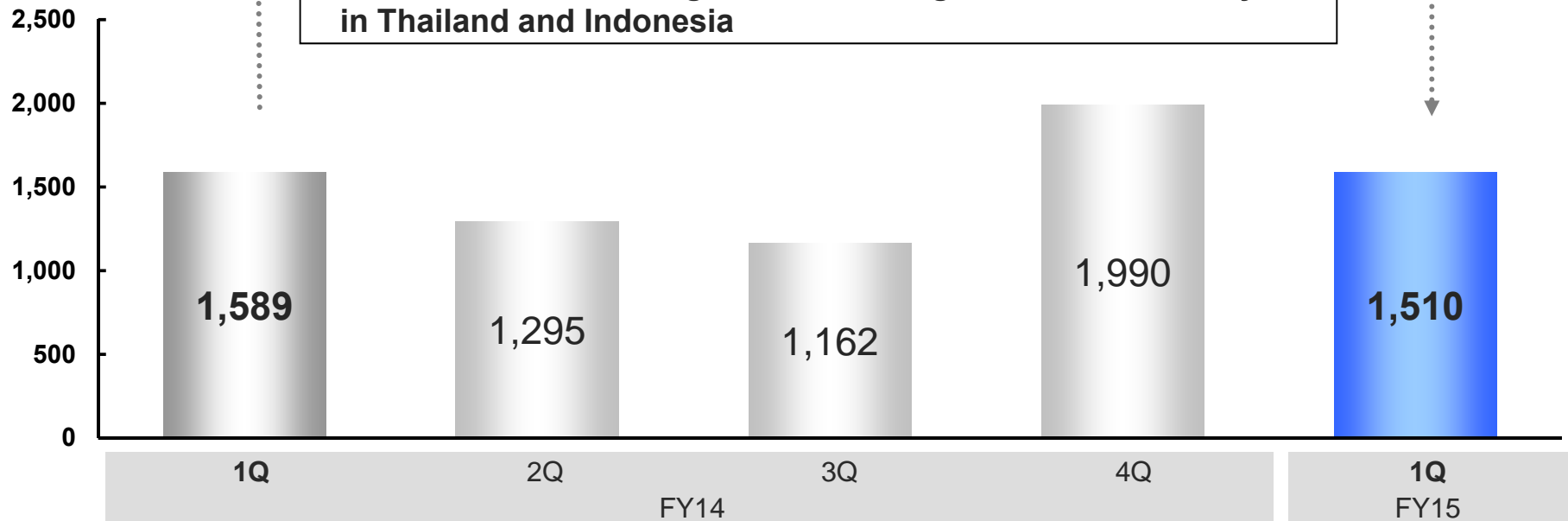


GX120(Engine)

- <Japan>**
 • Increase in OEM engine sales
- <North America>**
 • Decrease in lawn mower and pressure washer OEM engine sales
- <Asia>**
 • Decrease in sales of engines used for agricultural machinery in Thailand and Indonesia

Unit (Thousand)

- 79
(- 5.0%)

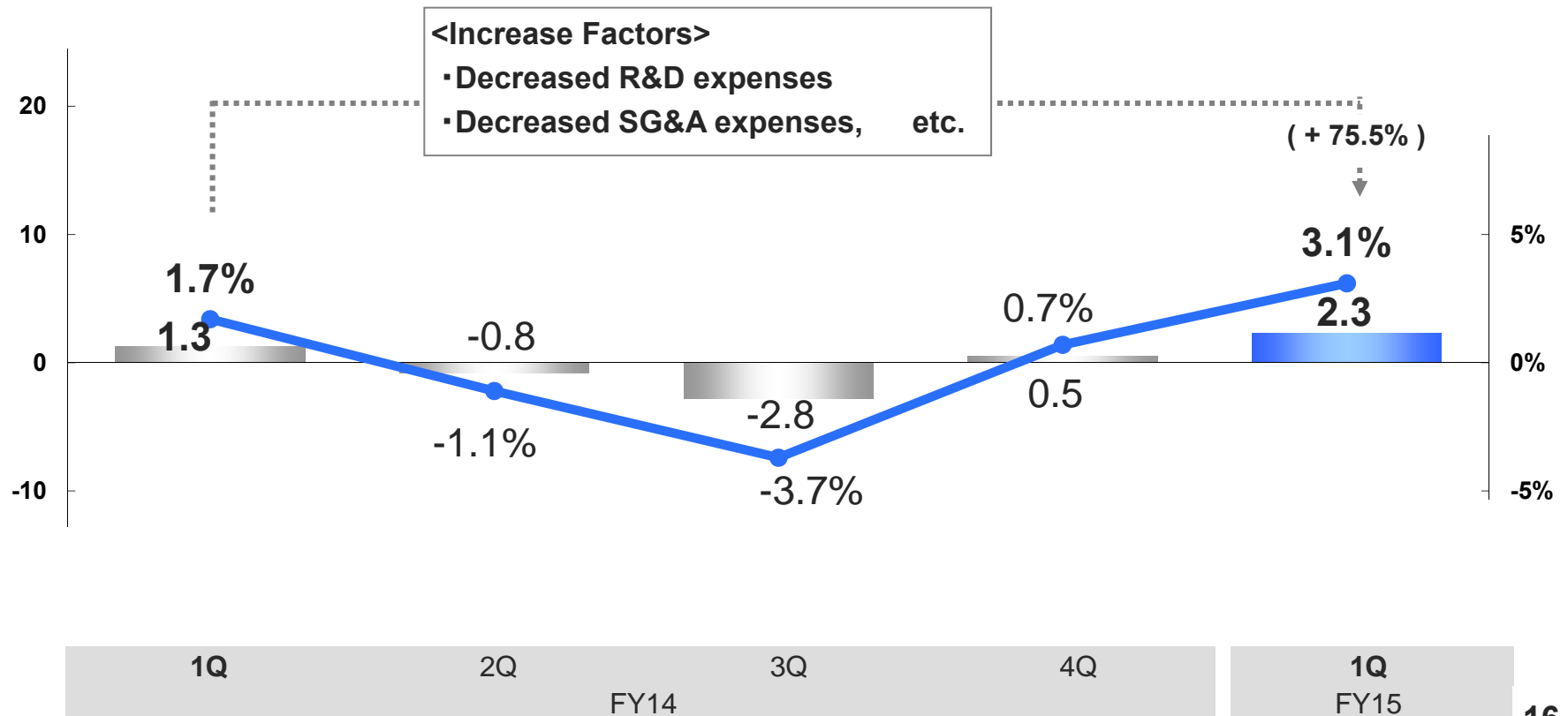


	1Q	2Q	3Q	4Q	1Q
	FY14				FY15
Japan	63	93	63	95	68
North America	828	504	427	959	773
Europe	237	156	198	441	240
Asia	364	426	338	372	336
Other Region	97	116	136	123	93
Total	1,589	1,295	1,162	1,990	1,510

Unit (thousand) Yen (billion)	FY14				FY15
	1Q	2Q	3Q	4Q	1Q
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)
Net Sales	77.9	75.9	78.6	85.6	77.0

Yen (billion) ■ Operating Income
■ Operating Margin

(- 1.2%)
- 0.9 (Currency Effect + 1.7)



Financial Services Business

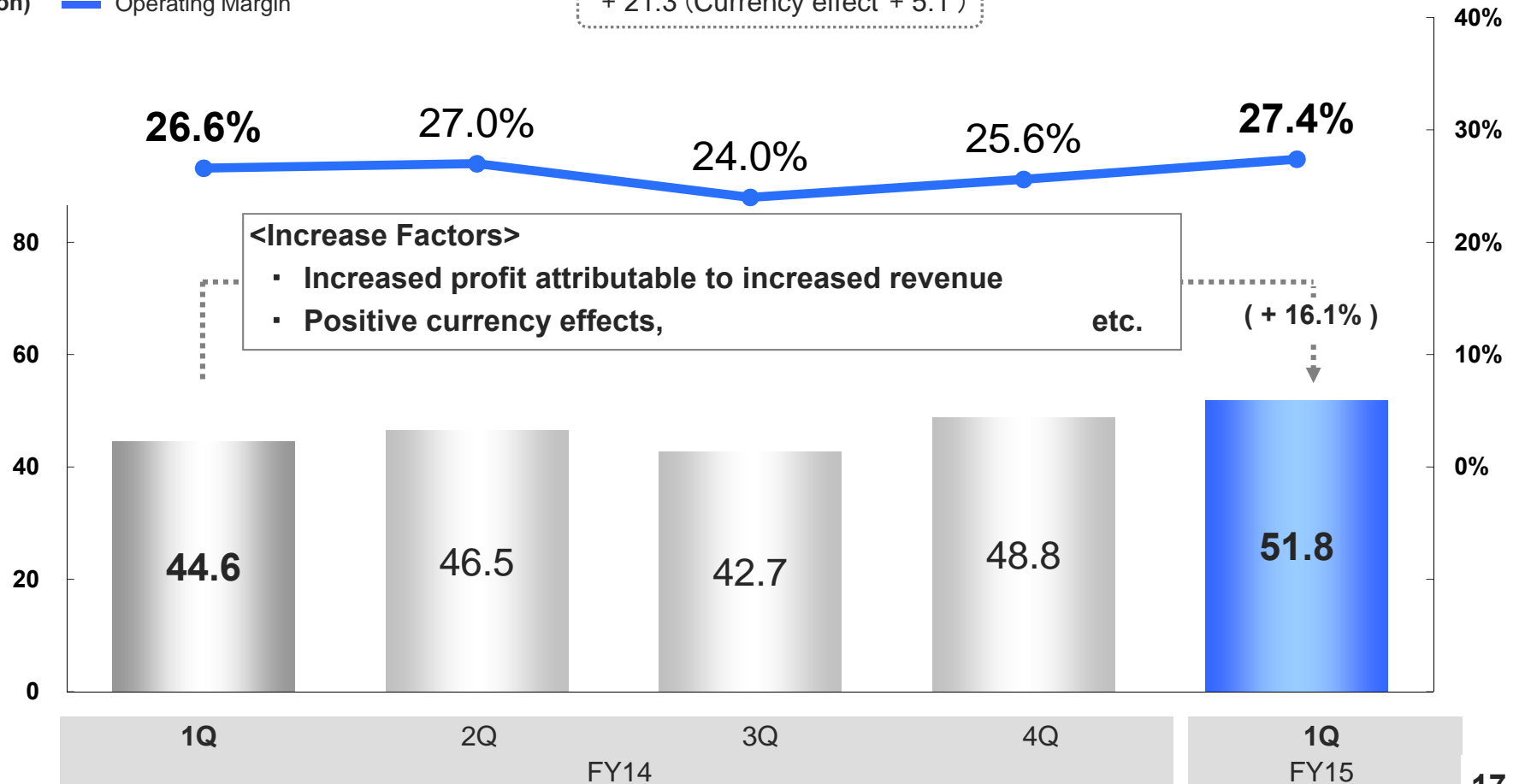
Total Assets/Net Sales/Operating Income (Margin)

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

Yen (billion)
 Operating Income
 Operating Margin

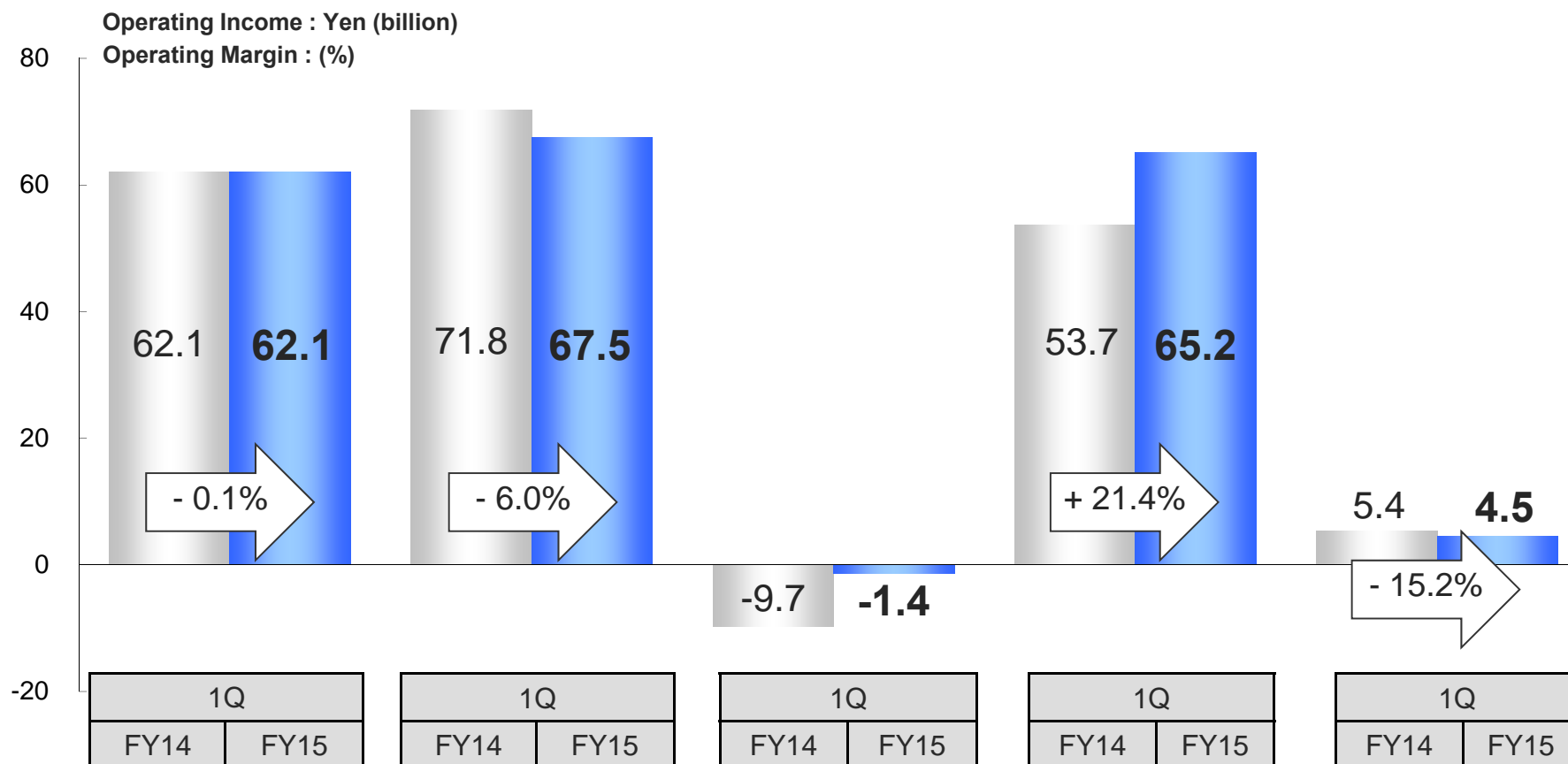
(+ 12.7%)

+ 21.3 (Currency effect + 5.1)

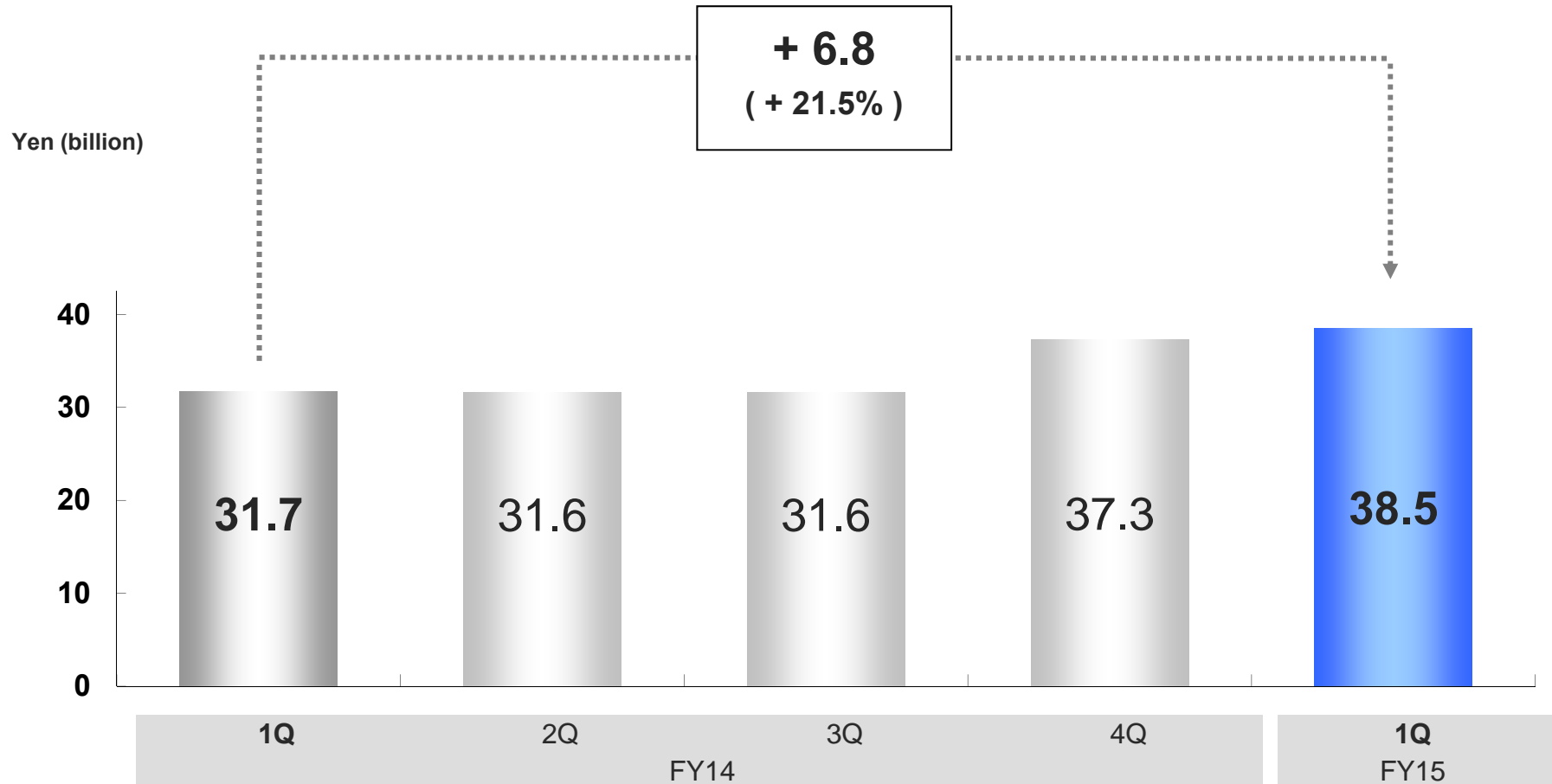


**Net Sales/Operating Income (Margin)
by Geographical Segment <FY15 1st Qtr>**

	Japan		North America		Europe		Asia		Other Regions	
	1Q		1Q		1Q		1Q		1Q	
Yen (billion)	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15
Net Sales	975.8	987.9	1,501.3	1,545.5	175.9	194.5	706.7	733.4	240.7	208.2

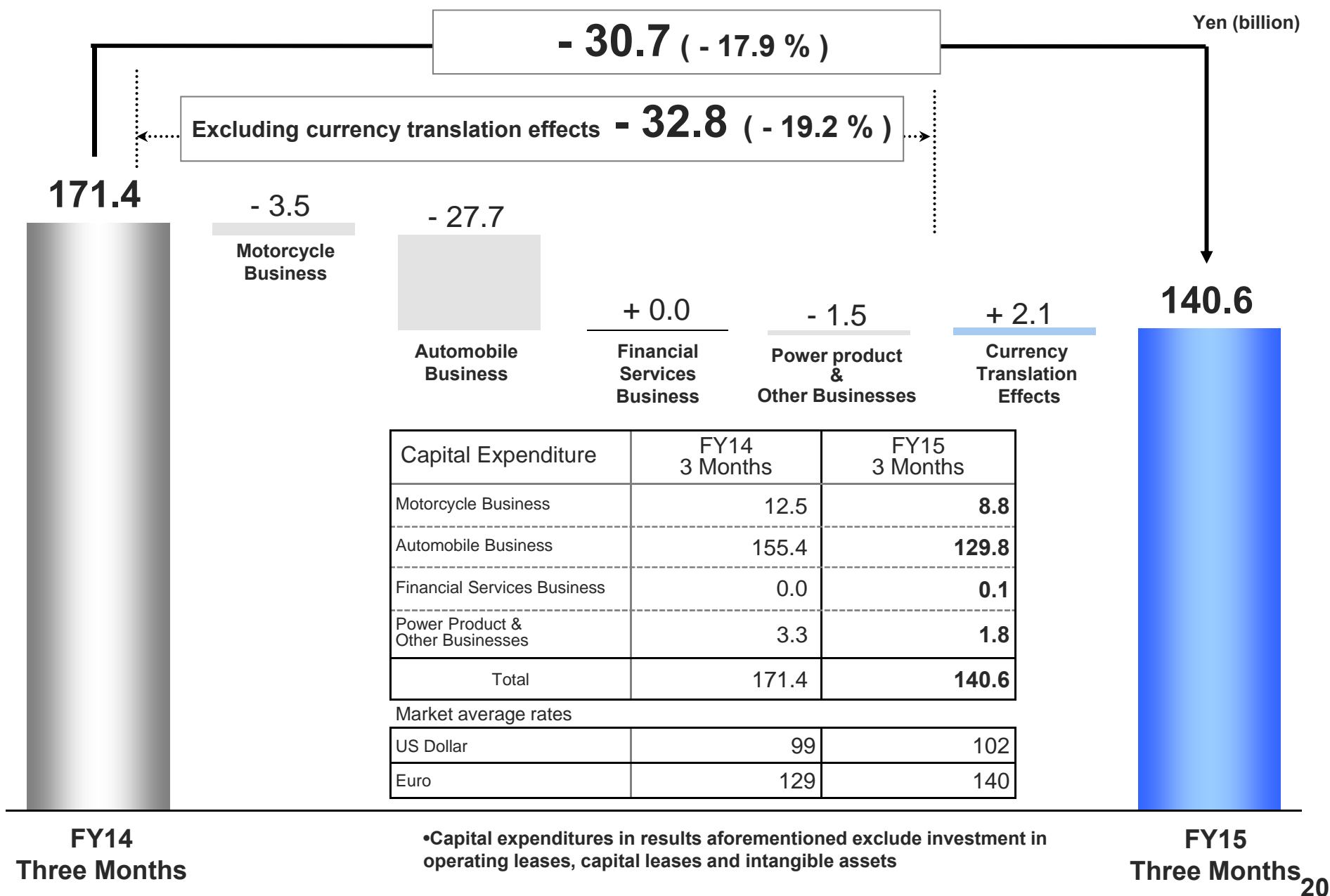


Change in Equity in Income of Affiliates



	Yen (billion)				
From Asia	25.1	28.3	28.0	30.0	29.5

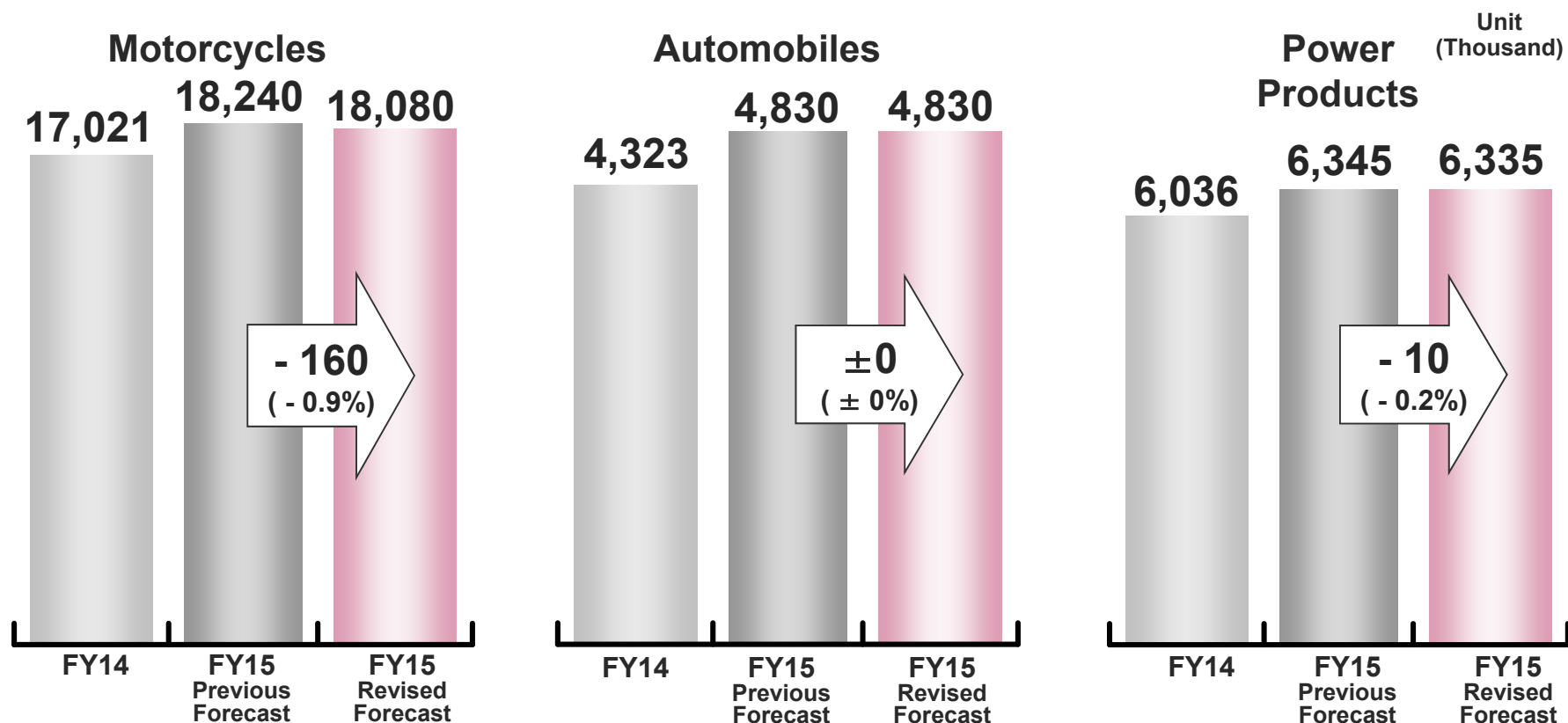
Consolidated Capital Expenditures <FY15 Three Months>





- ***FY15 1st Quarter Financial Results***
 - *Net Sales and Other Operating Revenue*
 - *Change in Income before Income Taxes*
 - *Business & Geographical Segment Information*
 - *Equity in Income of Affiliates*
 - *Capital Expenditure*
- ***FY15 Financial Forecasts***

Forecast: Honda Group Unit Sales

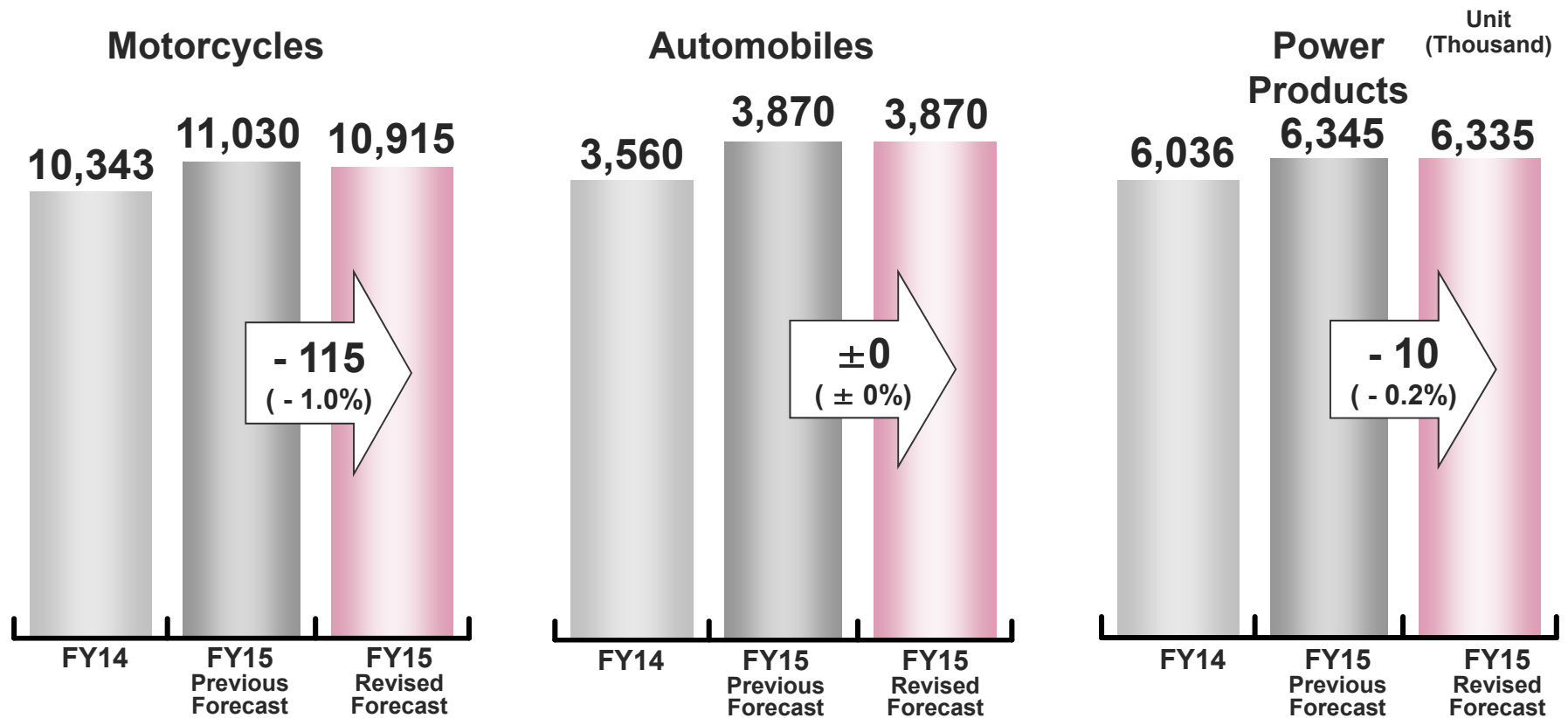


	FY15 Previous Forecasts	FY15 Revised Forecasts	Change
Japan	230	230	0
North America	300	310	+ 10
Europe	175	175	0
Asia	15,765	15,680	- 85
Other Region	1,770	1,685	- 85
Total	18,240	18,080	- 160

	FY15 Previous Forecasts	FY15 Revised Forecasts	Change
Japan	990	990	0
North America	1,810	1,810	0
Europe	170	170	0
Asia	1,590	1,590	0
Other Region	270	270	0
Total	4,830	4,830	0

	FY15 Previous Forecasts	FY15 Revised Forecasts	Change
Japan	305	325	+ 20
North America	2,845	2,850	+ 5
Europe	1,030	1,070	+ 40
Asia	1,655	1,595	- 60
Other Region	510	495	- 15
Total	6,345	6,335	- 10

Forecast: Consolidated Unit Sales



	FY15 Previous Forecasts	FY15 Revised Forecasts	Change
Japan	230	230	0
North America	300	310	+10
Europe	175	175	0
Asia	8,555	8,515	-40
Other Region	1,770	1,685	-85
Total	11,030	10,915	-115

	FY15 Previous Forecasts	FY15 Revised Forecasts	Change
Japan	980	980	0
North America	1,810	1,810	0
Europe	170	170	0
Asia	640	640	0
Other Region	270	270	0
Total	3,870	3,870	0

	FY15 Previous Forecasts	FY15 Revised Forecasts	Change
Japan	305	325	+20
North America	2,845	2,850	+5
Europe	1,030	1,070	+40
Asia	1,655	1,595	-60
Other Region	510	495	-15
Total	6,345	6,335	-10

FY15 Financial Forecasts (Consolidated)

Yen (billion)

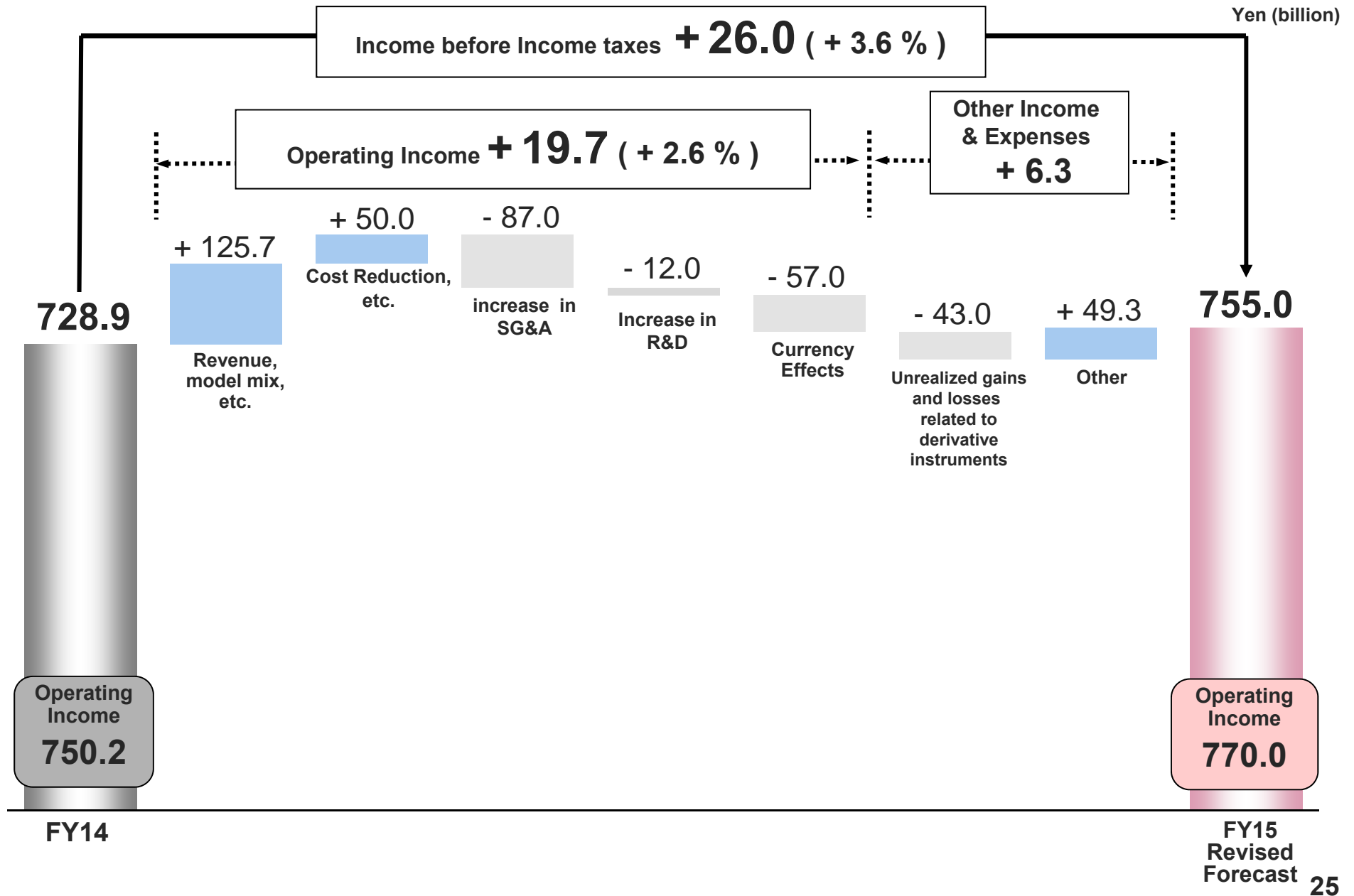
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Net Sales	11,842.4	12,800.0	+ 957.5	+ 8.1%	+ 50.0
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Income before Income taxes	728.9	755.0	+ 26.0	+ 3.6%	+ 10.0
Equity in income of affiliates	132.4	155.0	+ 22.5	+ 17.0%	0.0
Net Income ^{*1}	574.1	600.0	+ 25.8	+ 4.5%	+ 5.0
EPS (Yen) ^{*2}	318.54	332.91	+ 14.37		

For *1 and *2, please refer to footnotes on page 28

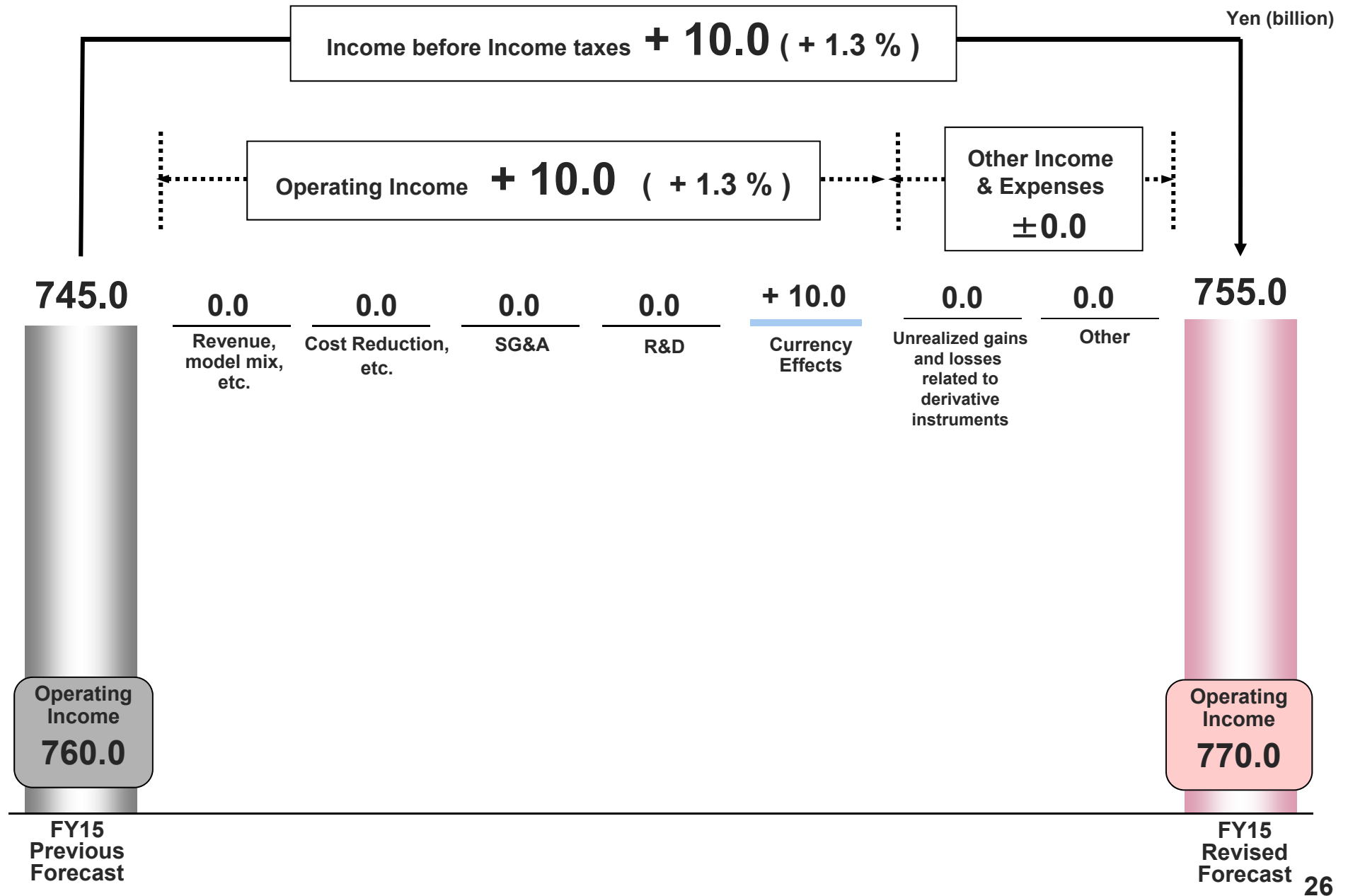
Average Rates (Yen)

US Dollar	100	101	Yen down by 1 yen	Yen down by 1 yen
Euro	136	136	-	Yen down by 1 yen

Forecast: Change in Income before Income Taxes



Forecast: Change in Income before Income Taxes



Forecast: Capital Expenditures, Depreciation, R&D Expenses

Yen (billion)

	FY14 Results	FY15 Forecasts	Change	Change from previous forecasts
Capital expenditures *	726.1	650.0	- 76.1	0.0
Depreciation and amortization *	375.8	415.0	+ 39.2	0.0
R&D expenses	634.1	645.0	+ 10.9	0.0

* Capital expenditures and 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.

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

- 1st Quarter	FY14: 1,802,296,000 (approx), FY15: 1,802,290,000 (approx) (page 5)
- Fiscal Year	FY14: 1,802,294,000 (approx), FY15: 1,802,290,000 (approx) (pages 6 and 24)

HONDA

The Power of Dreams

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

Yen (billion)

		FY15 1Q	Average Rates (Yen)		
			FY14 1Q	FY15 1Q	Change
	JPY / USD	+ 3.9	99	102	Yen down by 3 yen
	JPY / Euro	+ 0.7	129	140	Yen down by 11 yen
	JPY / Others	- 4.9	—	—	—
	Transactions between other currencies	- 12.0	—	—	—
	Difference of average rates (Impact on Operating income) *1	- 12.3	*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)	+ 44.2	*2 : Impact of YoY difference between average FOREX and hedge rates during the period		
	Currency effect associated with sales transaction	+ 31.9			
	Currency effect from translation of foreign financial statements (impact on operating income) *3	+ 1.4	*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		
	Total	+ 33.3			

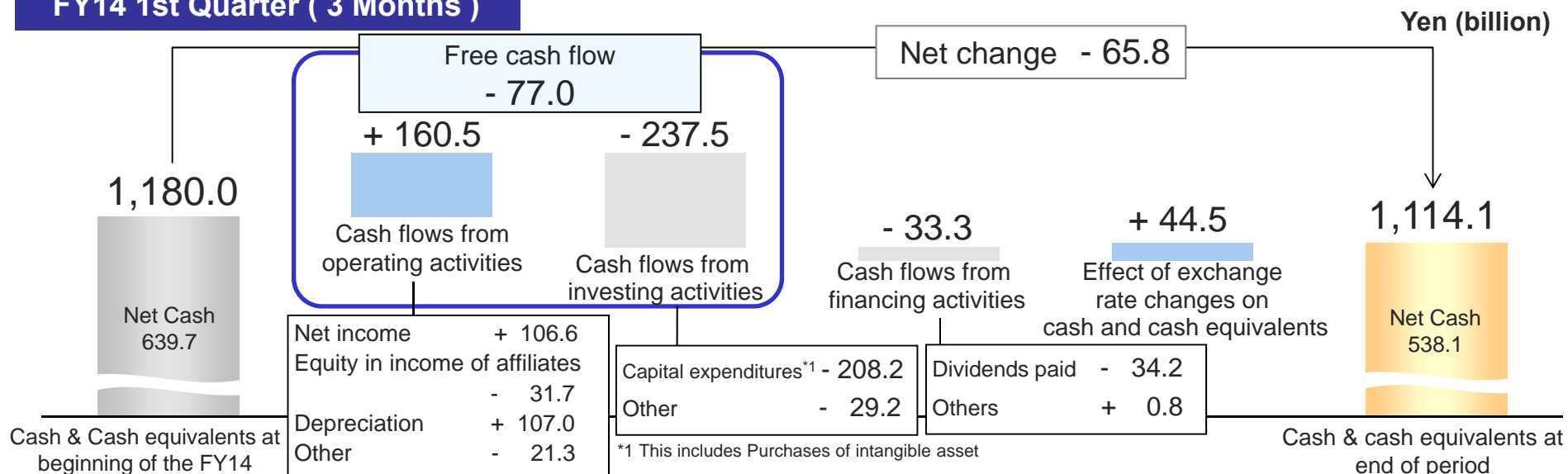
- Unrealized Gains and Losses Related to Derivative Instruments -

Yen (billion)

	1Q		
	FY14	FY15	Change
Foreign currency forward	+ 26.3	- 3.8	- 30.2
Interest rate swap / Currency swap	- 4.8	+ 3.3	+ 8.1
Others	+ 0.0	- 0.0	- 0.1
Total	+ 21.5	- 0.6	- 22.2

- Cash flows of Non-financial Services Businesses -

FY14 1st Quarter (3 Months)



FY15 1st Quarter (3 Months)

