



# *FY14 3rd Quarter Financial Results*



**Honda Motor Co., Ltd.**

January 31, 2014

***VEZEL HYBRID***  
**(JAPAN)**

# Topics



- *FY14 3rd Quarter Financial Results*
- *FY14 Financial Forecasts*
- *Dividend*

***Tetsuo Iwamura***  
***Executive Vice President***

**Outline of FY14 3rd Quarter Results Summary (Consolidated)**

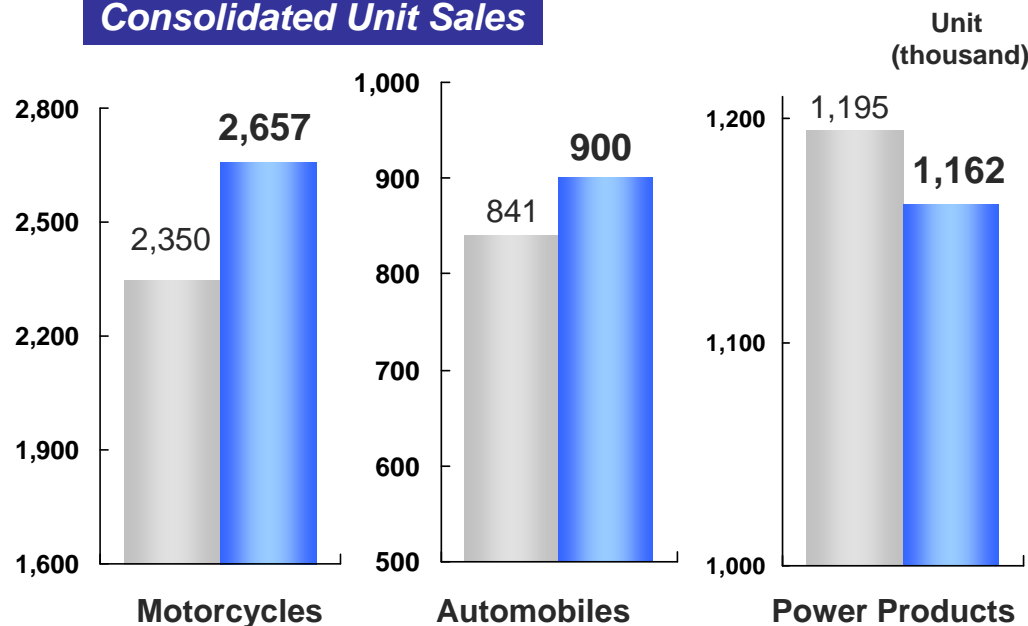
**Results Summary**

Operating income amounted to 228.5 billion yen, an increase of 73.2% mainly due to the positive impact of new model introductions in Japan, North America, and Asia, as well as cost down effects and favorable currency effects.

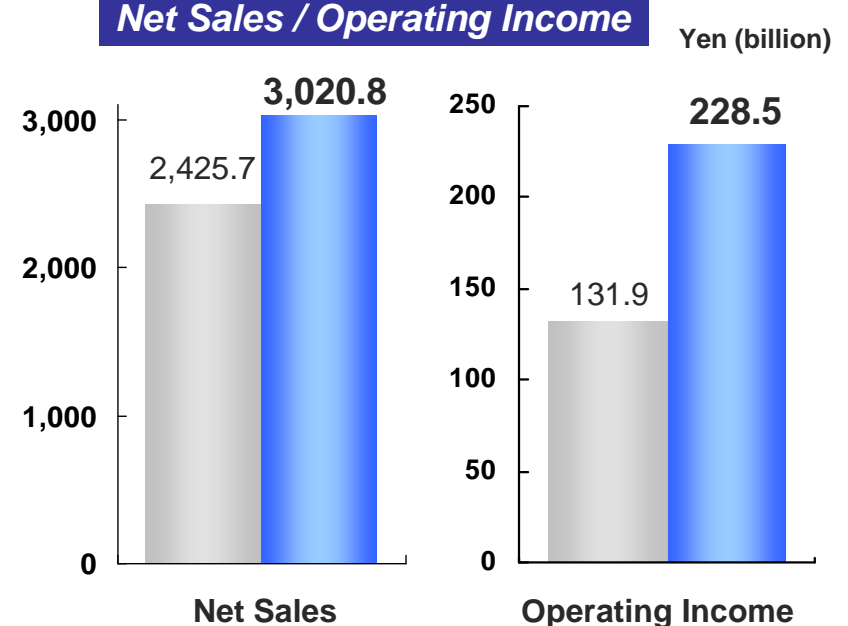
**3rd Quarter Results FY2013 and FY2014**

FY13 FY14

**Consolidated Unit Sales**



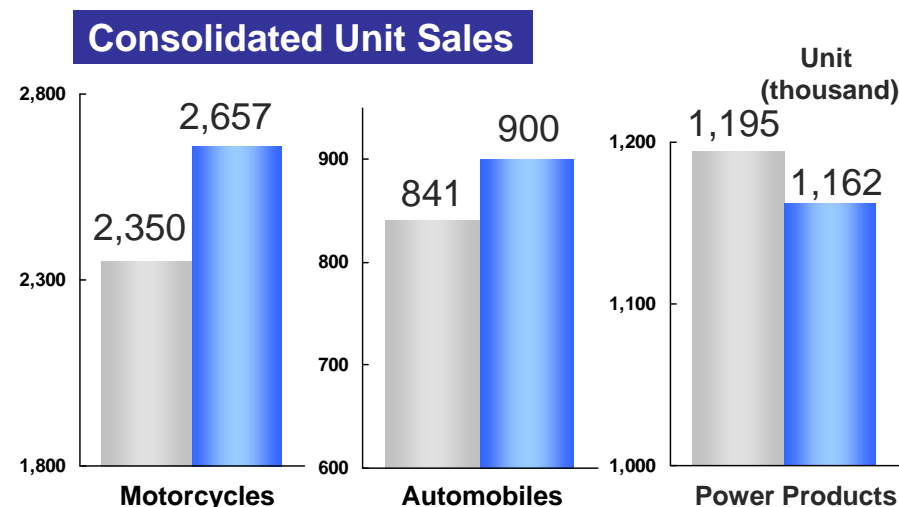
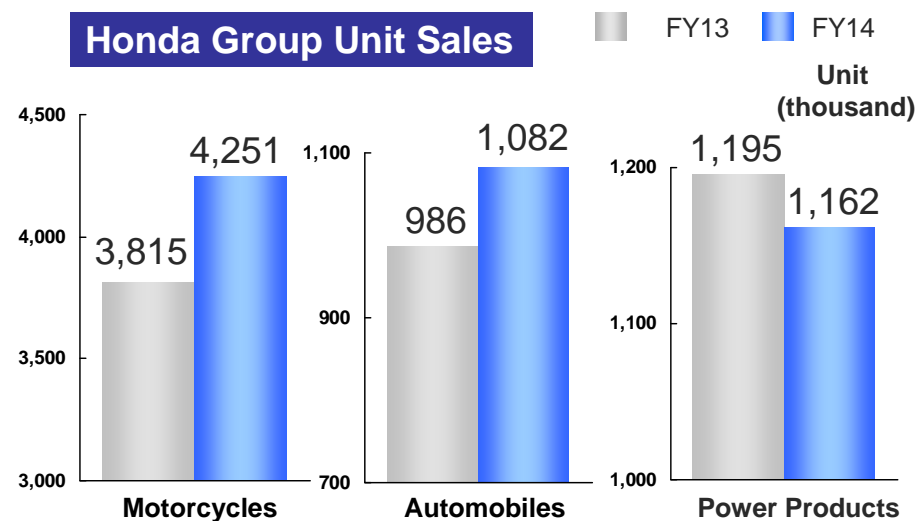
**Net Sales / Operating Income**



## FY14 3rd Quarter Unit Sales

Honda Group Unit Sales (thousand)	3Q Results (3 Months)		
	FY13	FY14	Change
Motorcycles	3,815	<b>4,251</b>	+ 11.4%
Automobiles	986	<b>1,082</b>	+ 9.7%
Power Products	1,195	<b>1,162</b>	- 2.8%

Consolidated Unit Sales (thousand)	3Q Results (3 Months)		
	FY13	FY14	Change
Motorcycles	2,350	<b>2,657</b>	+ 13.1%
Automobiles	841	<b>900</b>	+ 7.0%
Power Products	1,195	<b>1,162</b>	- 2.8%



### Honda Group Unit Sales

- Increase in motorcycle unit sales due to the positive impact of new model introductions in India and introduction of models equipped with fuel injection in Indonesia
- 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, North America and Asia

## FY14 3rd Quarter Financial Results (Consolidated)

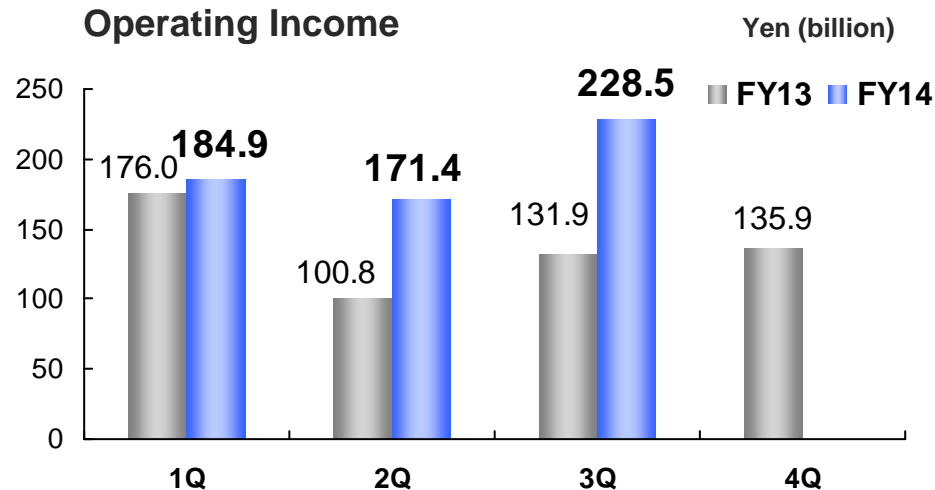
Financial Results <small>Yen (billion)</small>	3Q Results (3 Months)		
	FY13	FY14	Change
Net sales & other operating revenue	2,425.7	<b>3,020.8</b>	+ 24.5%
Operating income	131.9	<b>228.5</b>	+ 73.2%
Operating margin	5.4%	<b>7.6%</b>	-
Income before income taxes	89.7	<b>216.6</b>	+ 141.3%
Equity in income of affiliates	21.4	<b>31.6</b>	+ 47.7%
Net income attributable to Honda Motor Co., Ltd. *1	77.4	<b>160.7</b>	+ 107.6%
EPS attributable to Honda Motor Co., Ltd. (Yen) *2	42.97	<b>89.18</b>	+ 46.21
<b>Average Rates (Yen)</b>			
US Dollar	81	<b>100</b>	Yen down by 19 yen
Euro	106	<b>139</b>	Yen down by 33 yen

### Financial Summary

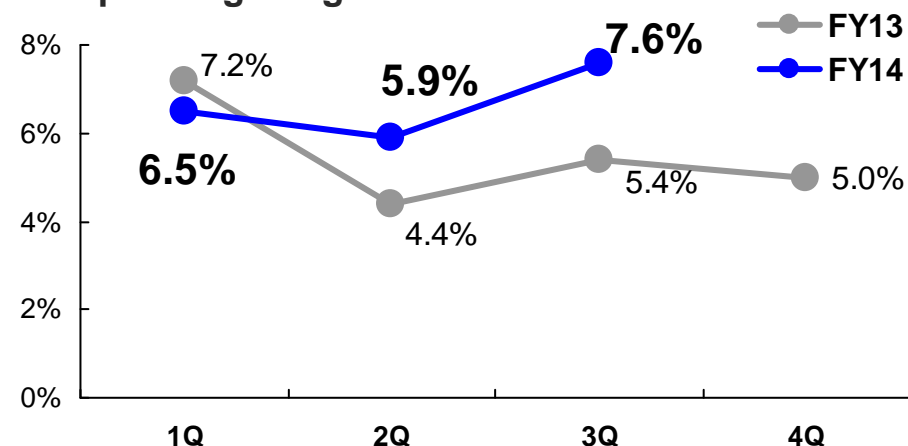
- Revenue increased by 24.5% mainly due to a rise in automobile and motorcycle net sales as well as the positive impact of foreign exchange effects
- Operating income increased by 73.2% mostly due to a rise in income associated with changes in sales volume and model mix, cost down effects as well as the positive impact of a weaker yen, despite increased SG&A and depreciation expenses

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

### Operating Income



### Operating Margin



**FY14 Nine Months Financial Results (Consolidated)**

Honda Group Unit Sales (Consolidated Unit Sales) (thousand)	Nine Month Results		
	FY13	FY14	Change
Motorcycles	11,532 (7,020)	<b>12,521</b> <b>(7,613)</b>	+ 8.6% (+ 8.4%)
Automobiles	2,981 (2,506)	<b>3,128</b> <b>(2,627)</b>	+ 4.9% (+ 4.8%)
Power Products	4,108 (4,108)	<b>4,046</b> <b>(4,046)</b>	- 1.5% (- 1.5%)

Financial Results Yen (billion)	Nine Month Results		
	FY13	FY14	Change
Net sales & other operating revenue	7,132.9	<b>8,745.2</b>	+ 22.6%
Operating income	408.8	<b>584.9</b>	+ 43.1%
Operating margin	5.7%	<b>6.7%</b>	-
Income before income taxes	390.8	<b>554.2</b>	+ 41.8%
Equity in income of affiliates	69.6	<b>95.0</b>	+ 36.5%
Net income attributable to Honda Motor Co., Ltd. *1	291.3	<b>403.5</b>	+ 38.5%
EPS attributable to Honda Motor Co., Ltd. (Yen) *3	161.68	<b>223.94</b>	+ 62.26

For \*1 and \*3, please refer to footnotes on page 33

**Average Rates (Yen)**

US Dollar	80	<b>99</b>	Yen down by 19 yen
Euro	103	<b>134</b>	Yen down by 31 yen

**FY14 Financial Forecasts (Consolidated)**

Yen (billion)

	FY13 Results	FY14 Forecasts	Change		Change from previous forecasts
			amount	%	
Net sales & other operating revenue	9,877.9	<b>12,100.0</b>	+ 2,222.0	+ 22.5%	0.0
Operating income	544.8	<b>780.0</b>	+ 235.1	+ 43.2%	0.0
Operating margin	5.5%	<b>6.4%</b>	-	-	-
Income before income taxes	488.8	<b>755.0</b>	+ 266.1	+ 54.4%	- 10.0
Equity in income of affiliates	82.7	<b>140.0</b>	+ 57.2	+ 69.2%	+ 10.0
Net income attributable to Honda Motor Co., Ltd. *1	367.1	<b>580.0</b>	+ 212.8	+ 58.0%	0.0
EPS attributable to Honda Motor Co., Ltd. (Yen) *4	203.71	<b>321.81</b>	+ 118.10		

For \*1 and \*4, please refer to footnotes on page 33

**Average Rates (Yen)**

US Dollar	84	<b>100</b> (4Q 100)	Yen down by 16 yen	Yen down by 3 yen
Euro	108	<b>134</b> (4Q 135)	Yen down by 26 yen	Yen down by 7 yen

*Dividend*

(Yen)

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



# Topics

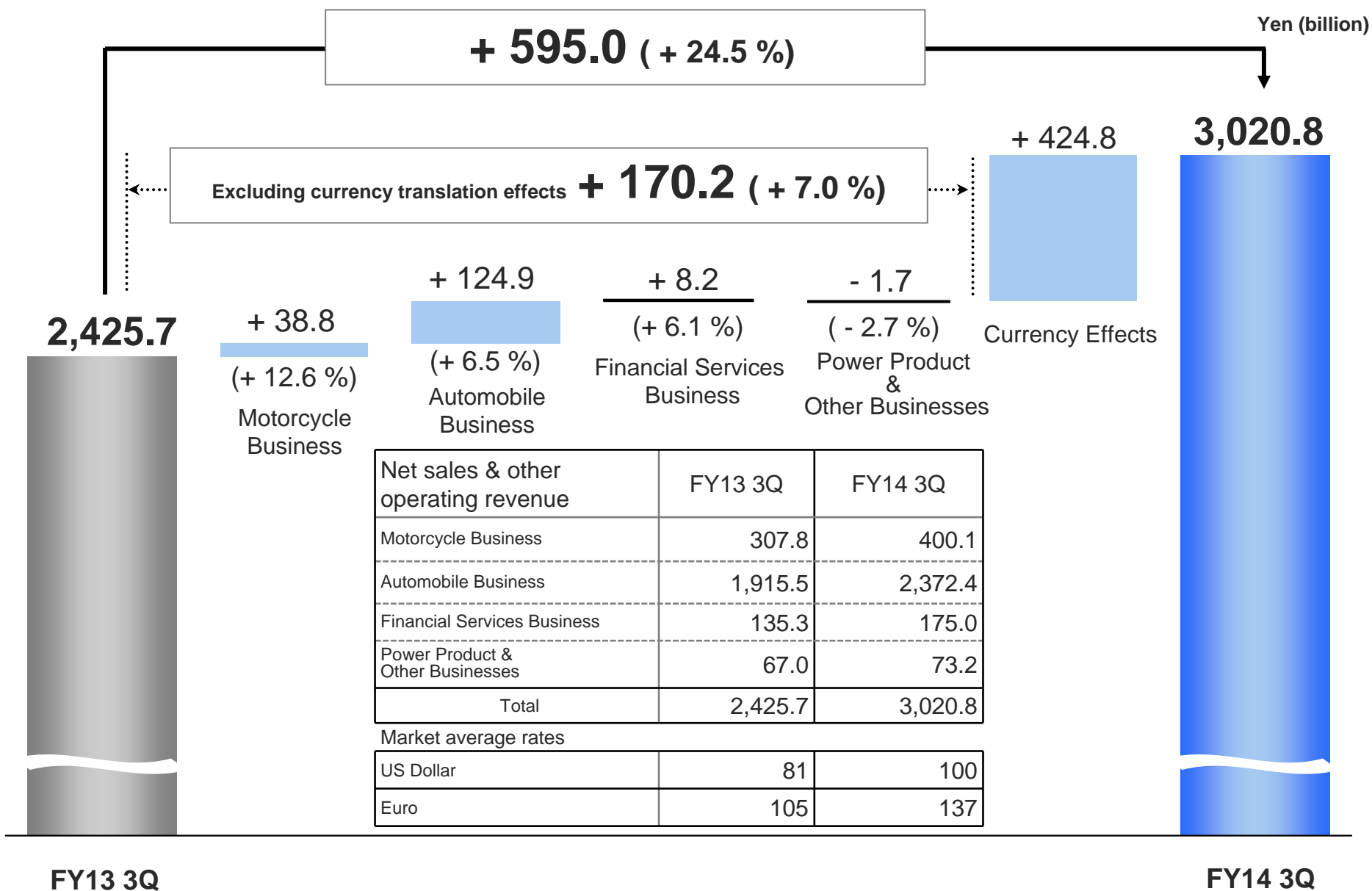


- *FY14 3rd Quarter Financial Results*
  - *Net Sales and Other Operating Revenue*
  - *Change in Income before Income Taxes*
  - *Business & Geographical Segment Information*
- *FY14 Financial Forecasts*

***Kohei Takeuchi***

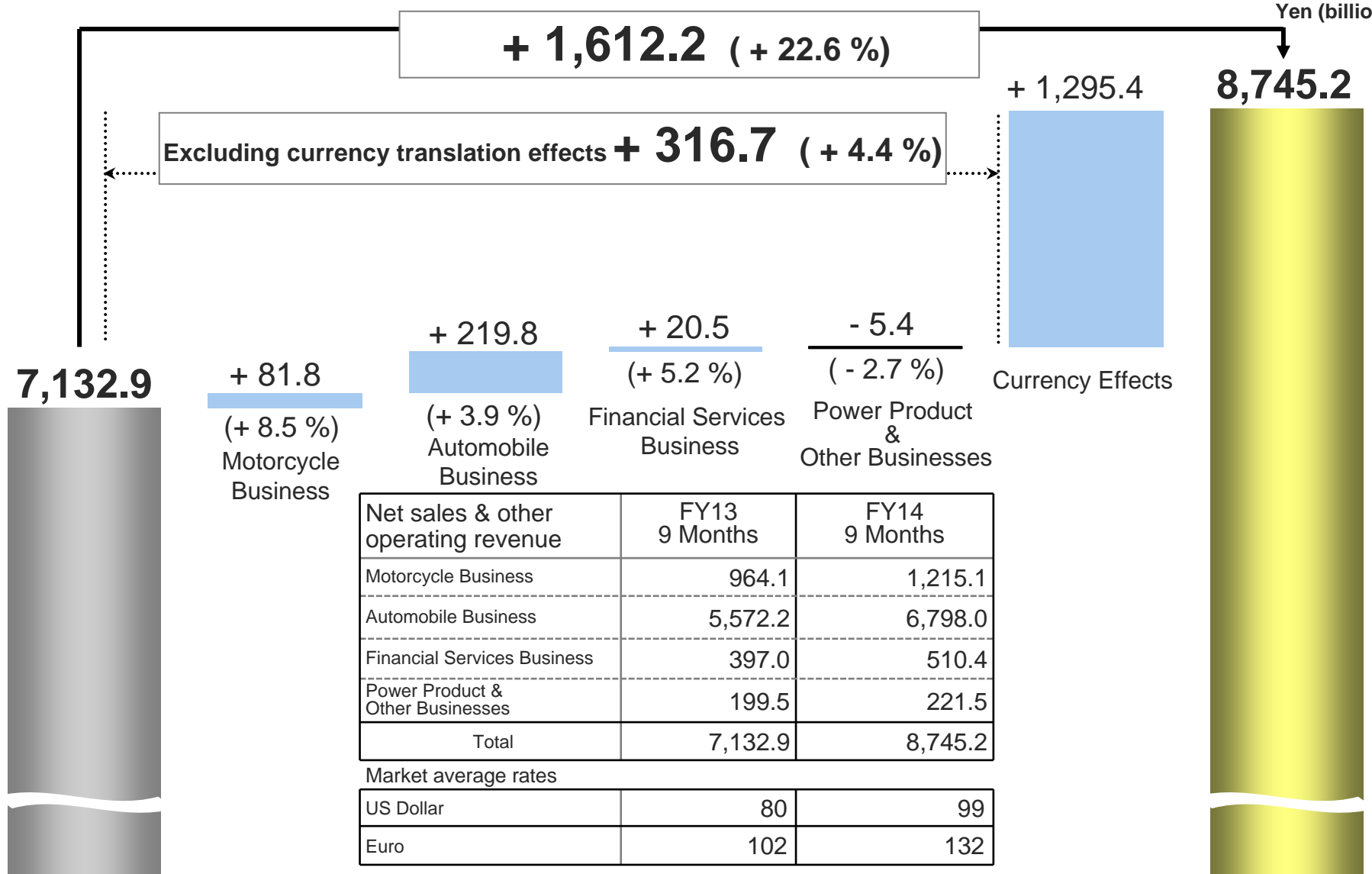
***Operating Officer and Director  
Chief Financial Officer***

**Net Sales and Other Operating Revenue <FY14 3rd Qtr>**



**Net Sales and Other Operating Revenue <FY14 Nine Months>**

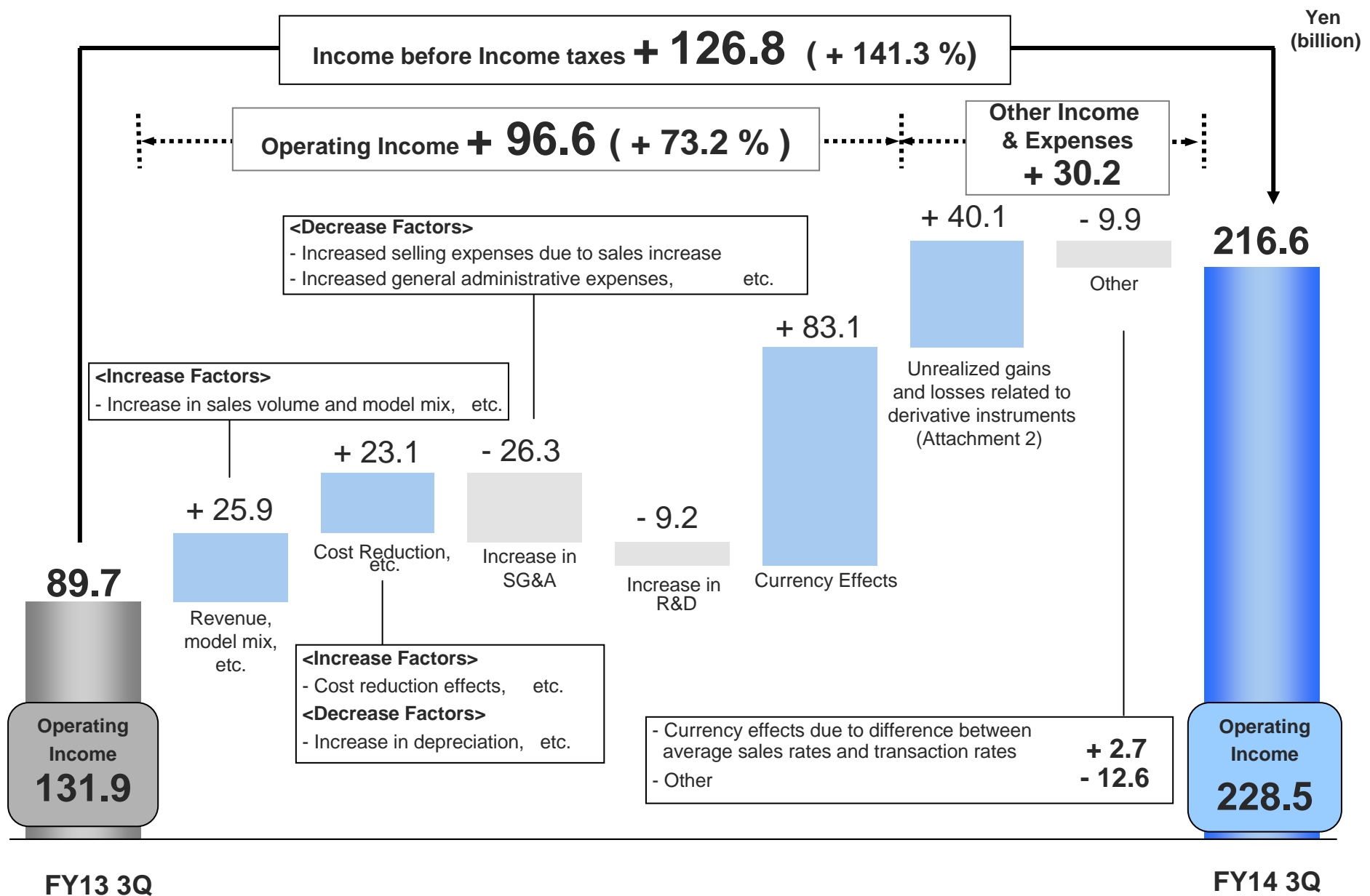
Yen (billion)



**FY13  
Nine Months**

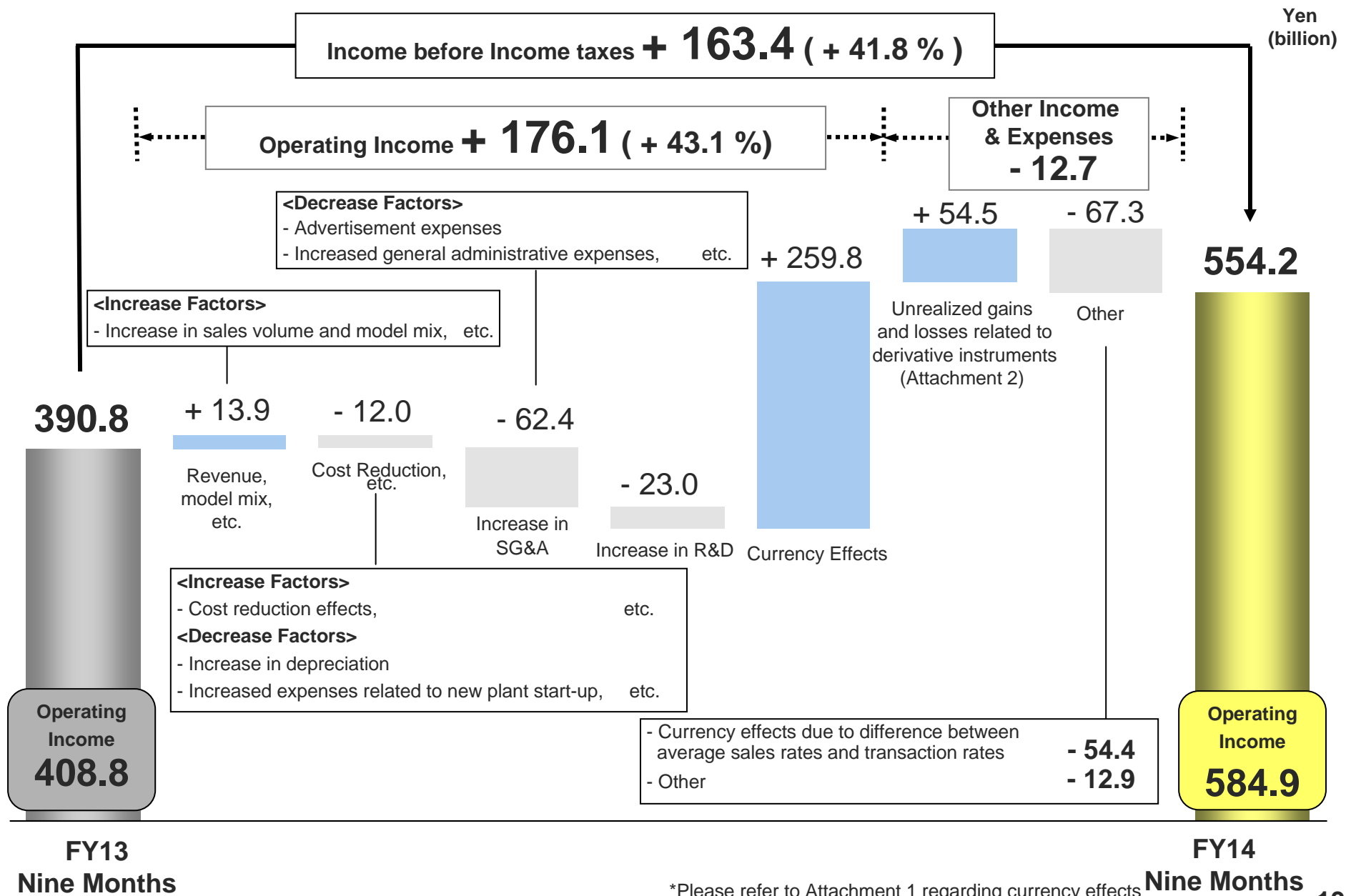
**FY14  
Nine Months**

**Change in Income before Income Taxes <FY14 3rd Qtr>**



\*Please refer to Attachment 1 regarding currency effects

**Change in Income before Income Taxes <FY14 Nine Months>**



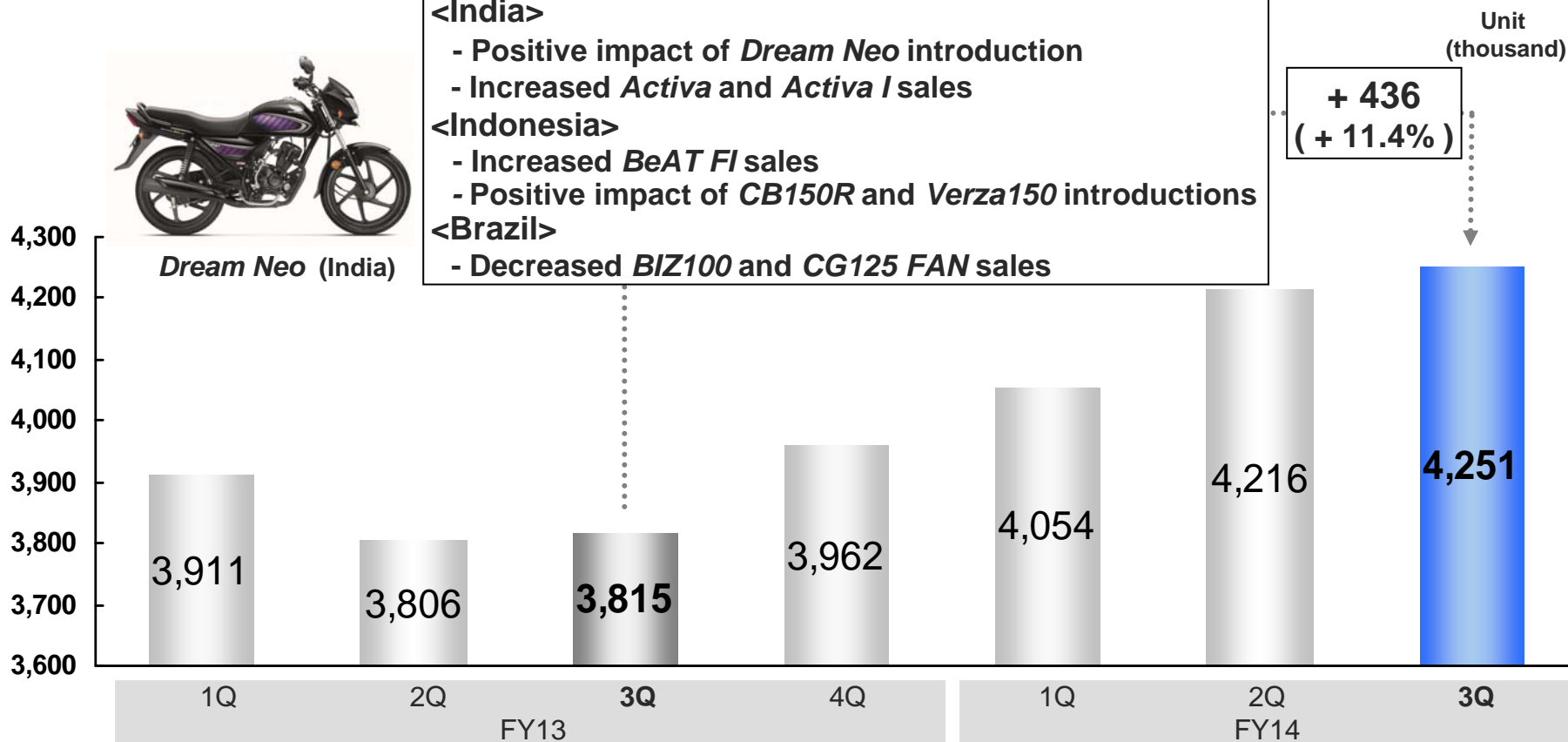
\*Please refer to Attachment 1 regarding currency effects

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



Dream Neo (India)

- <India>
  - Positive impact of *Dream Neo* introduction
  - Increased *Activa* and *Activa I* sales
- <Indonesia>
  - Increased *BeAT FI* sales
  - Positive impact of *CB150R* and *Verza150* introductions
- <Brazil>
  - Decreased *BIZ100* and *CG125 FAN* sales

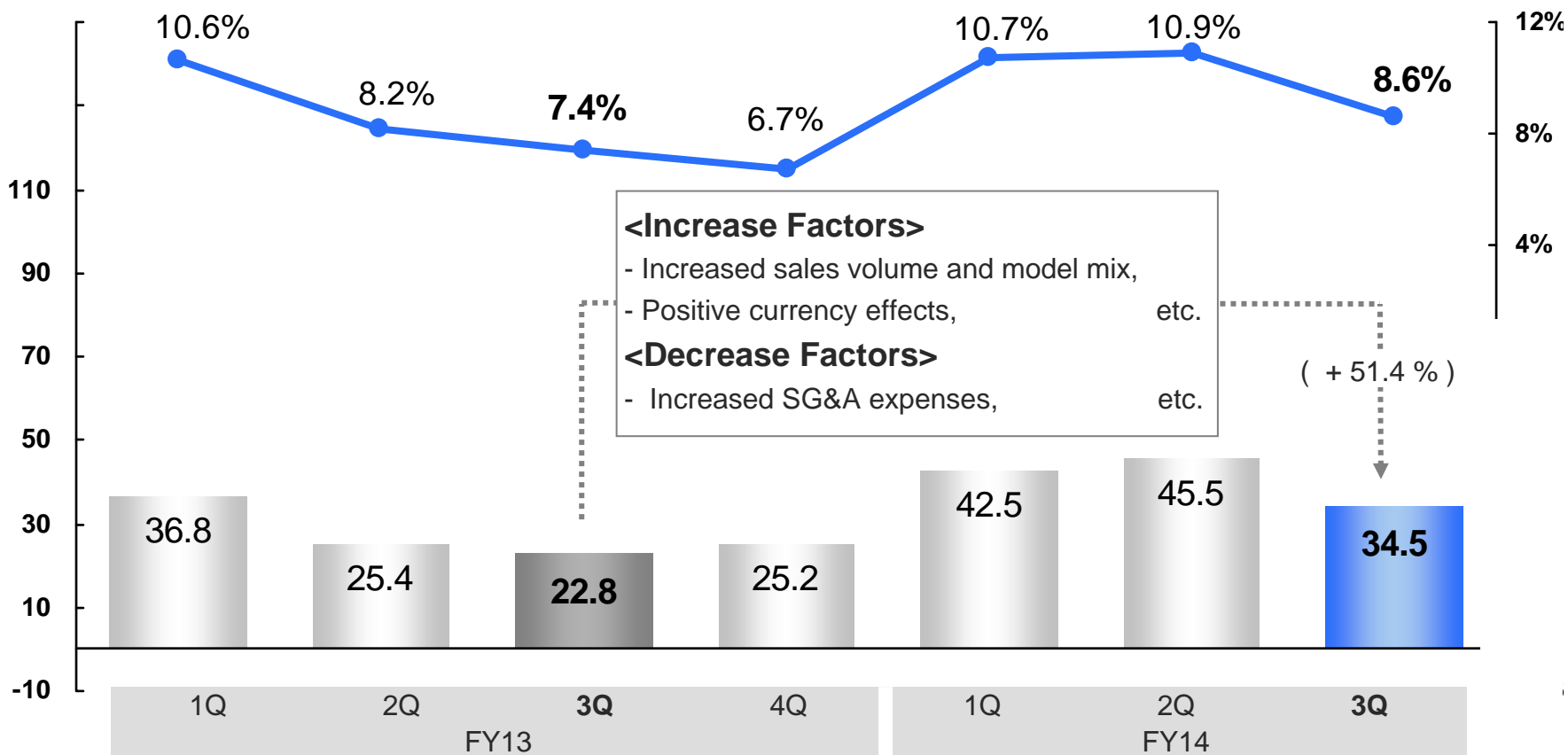


Japan	59	57	51	50	54	63	52
North America	59	60	62	69	62	68	63
Europe	60	38	29	52	52	38	27
Asia	3,285	3,162	3,225	3,363	3,479	3,536	3,678
Other Regions	448	489	448	428	407	511	431
<b>Total</b>	<b>3,911</b>	<b>3,806</b>	<b>3,815</b>	<b>3,962</b>	<b>4,054</b>	<b>4,216</b>	<b>4,251</b>

**Motorcycle Business Net Sales/Operating Income (Margin)**

Unit (thousand) Yen (billion)	FY13				FY14		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Honda Group Unit Sales (Consolidated Unit Sales)	3,911 (2,366)	3,806 (2,304)	<b>3,815</b> <b>(2,350)</b>	3,962 (2,490)	4,054 (2,371)	4,216 (2,585)	<b>4,251</b> <b>(2,657)</b>
Net Sales	346.6	309.7	<b>307.8</b>	375.3	396.8	418.0	<b>400.1</b>

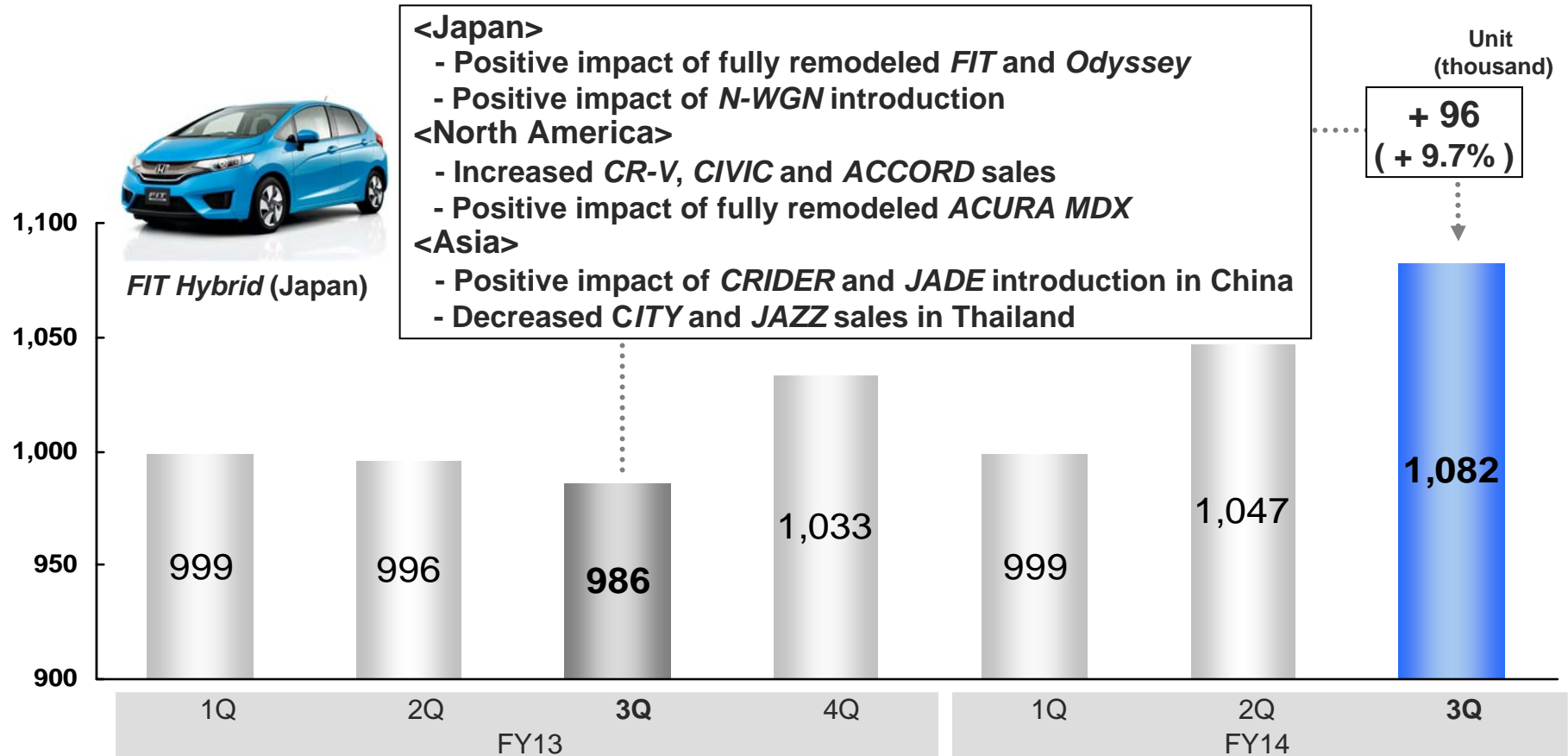
Yen (billion)  Operating Income  
 Operating Margin



# Automobiles - Honda Group Unit Sales



*FIT Hybrid (Japan)*



- <Japan>**
- Positive impact of fully remodeled *FIT* and *Odyssey*
  - Positive impact of *N-WGN* introduction
- <North America>**
- Increased *CR-V*, *CIVIC* and *ACCORD* sales
  - Positive impact of fully remodeled *ACURA MDX*
- <Asia>**
- Positive impact of *CRIDER* and *JADE* introduction in China
  - Decreased *CITY* and *JAZZ* sales in Thailand

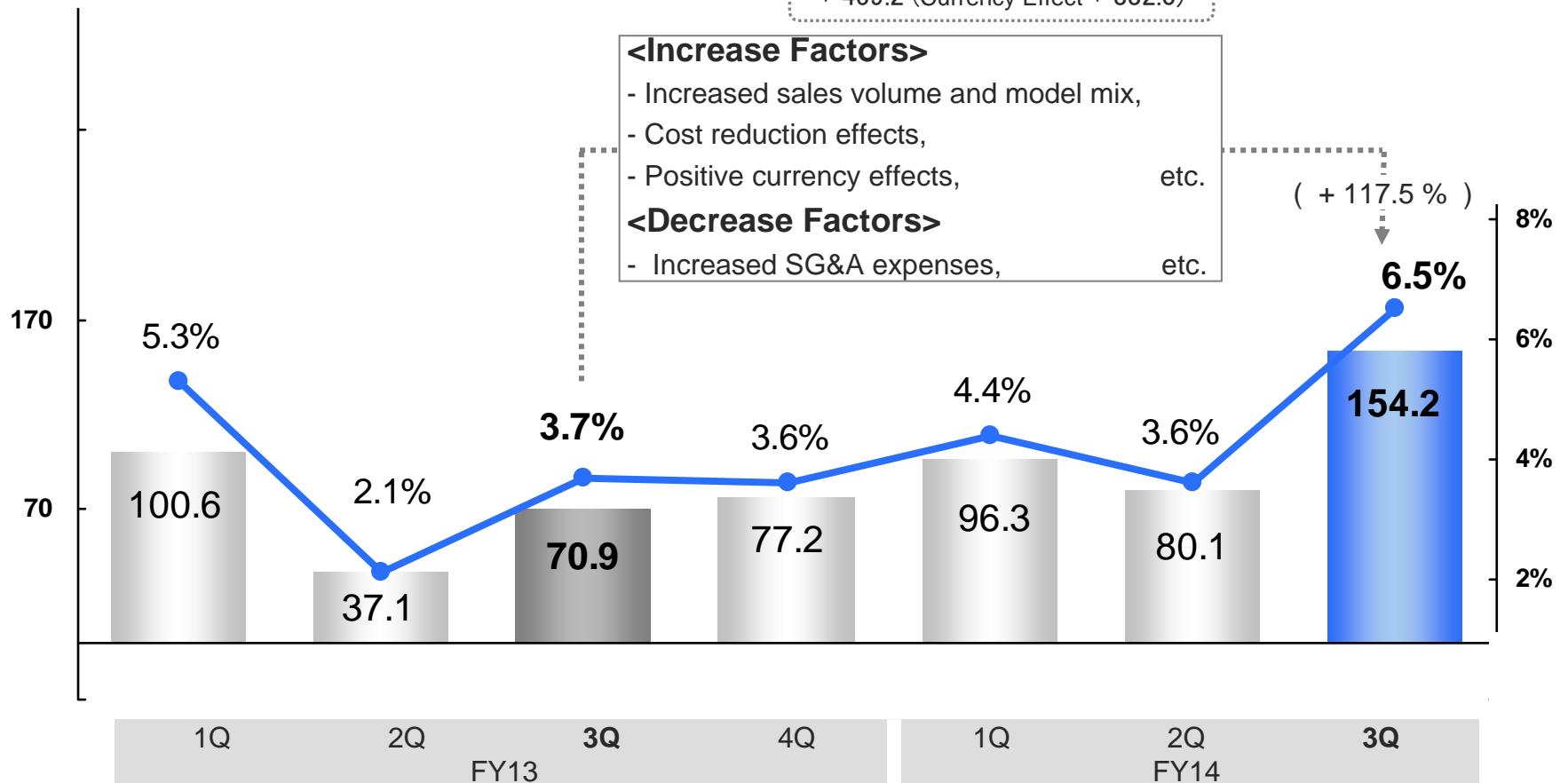
Japan	185	169	<b>138</b>	200	140	180	<b>216</b>
North America	450	404	<b>454</b>	423	459	447	<b>465</b>
Europe	39	44	<b>38</b>	50	40	40	<b>38</b>
Asia	262	301	<b>279</b>	280	285	309	<b>287</b>
Other Regions	63	78	<b>77</b>	80	75	71	<b>76</b>
<b>Total</b>	<b>999</b>	<b>996</b>	<b>986</b>	<b>1,033</b>	<b>999</b>	<b>1,047</b>	<b>1,082</b>



**Automobile Business Net Sales/Operating Income (Margin)**

Unit (thousand) Yen (billion)	FY13				FY14		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Honda Group Unit Sales (Consolidated Unit Sales)	999 (849)	996 (816)	<b>986</b> <b>(841)</b>	1,033 (902)	999 (858)	1,047 (869)	<b>1,082</b> <b>(900)</b>
Net Sales	1,894.7	1,769.7	<b>1,918.4</b>	2,140.6	2,200.9	2,233.1	<b>2,377.7</b>

Yen (billion)  Operating Income  
 Operating Margin



## Power Products - Honda Group Unit Sales



GCV160 (engine)

**<North America>**

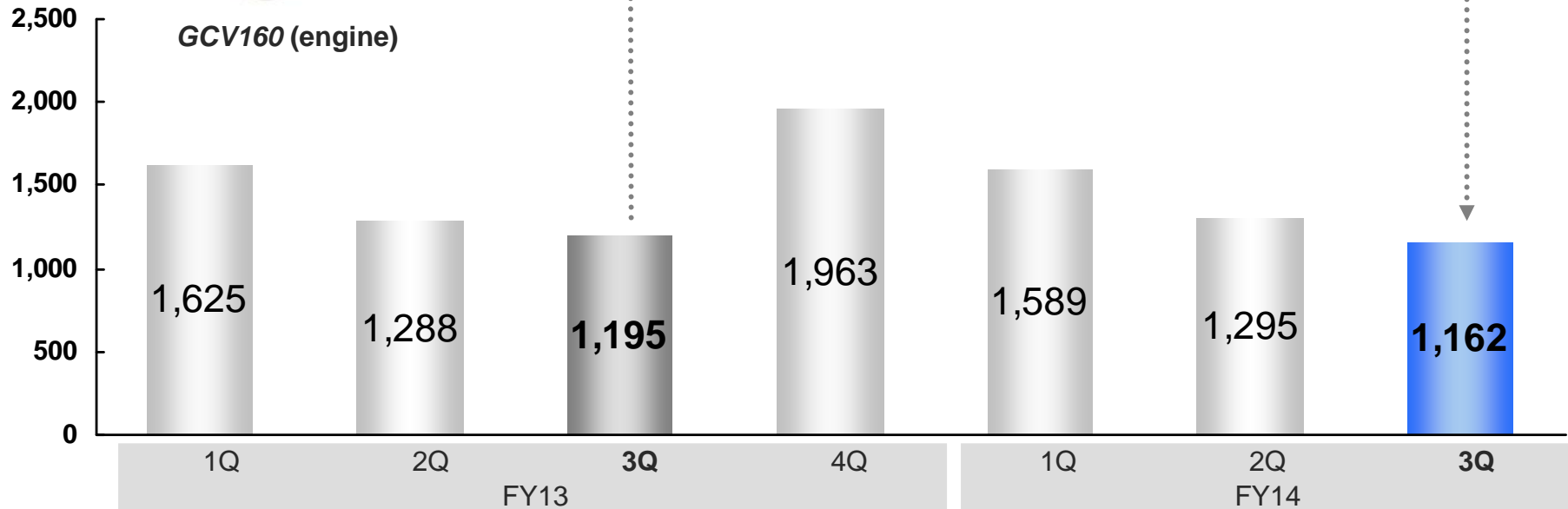
- Increased OEM sales of GCV160/190 engines for lawn mowers, high-pressure washers

**<Other>**

- Decreased sales of pumps in Middle / Near East

Unit  
(thousand)

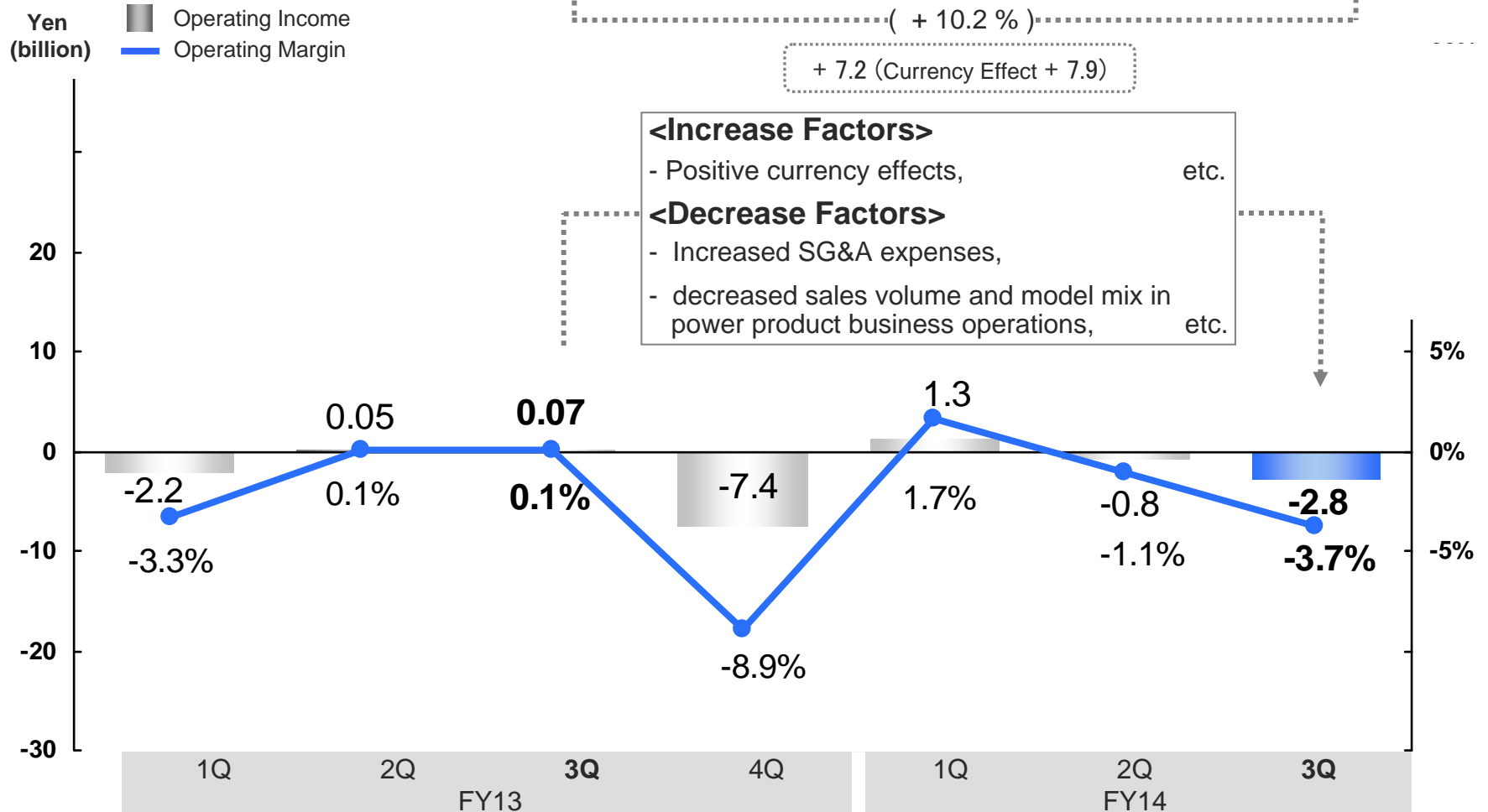
- 33  
( - 2.8% )



Japan	82	88	63	81	63	93	63
North America	758	436	426	984	828	504	427
Europe	236	150	206	412	237	156	198
Asia	421	462	341	348	364	426	338
Other Regions	128	152	159	138	97	116	136
<b>Total</b>	<b>1,625</b>	<b>1,288</b>	<b>1,195</b>	<b>1,963</b>	<b>1,589</b>	<b>1,295</b>	<b>1,162</b>

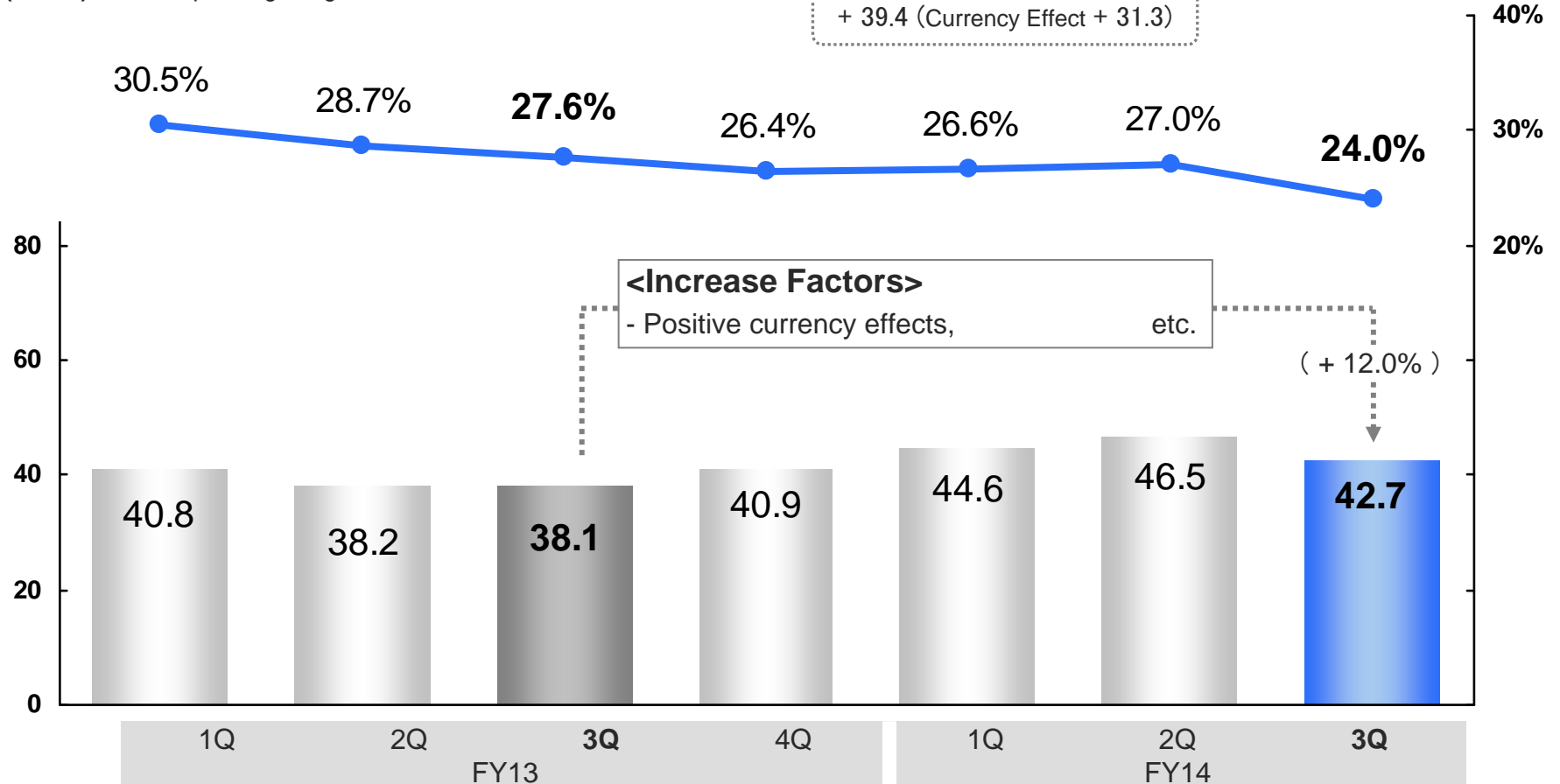
**Power Product & Other Businesses** Net Sales/Operating Income (Margin)

Unit (thousand) Yen (billion)	FY13				FY14		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Honda Group Unit Sales (Consolidated Unit Sales)	1,625 (1,625)	1,288 (1,288)	<b>1,195</b> <b>(1,195)</b>	1,963 (1,963)	1,589 (1,589)	1,295 (1,295)	<b>1,162</b> <b>(1,162)</b>
Net Sales	69.9	67.2	<b>71.3</b>	83.1	77.9	75.9	<b>78.6</b>

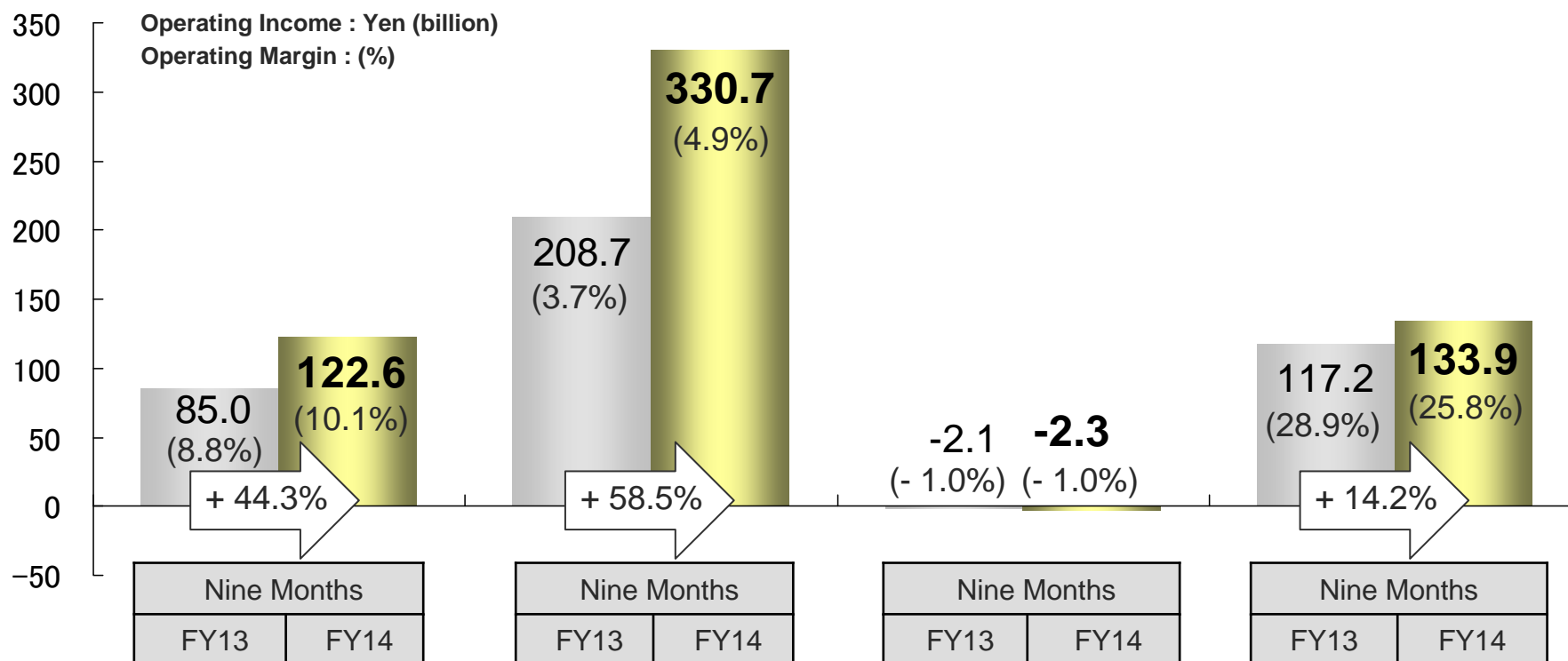


Yen (billion)	FY13				FY14		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Total Assets of Finance Subsidiaries	5,567.6	5,577.7	<b>6,197.2</b>	6,765.3	7,206.8	7,404.6	<b>8,082.7</b>
Net Sales	134.0	133.1	<b>138.1</b>	154.9	167.9	172.5	<b>177.6</b>

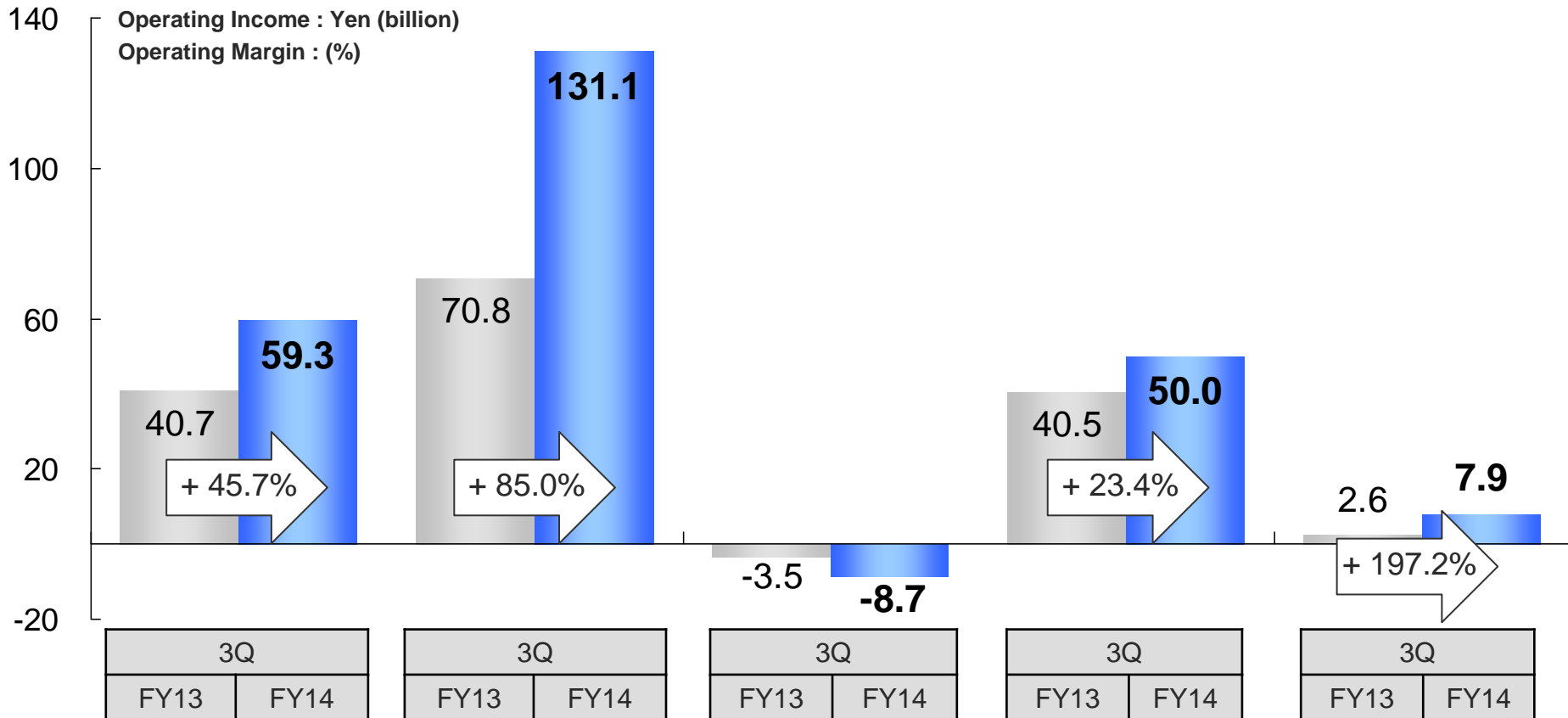
Yen (billion)  Operating Income  
 Operating Margin

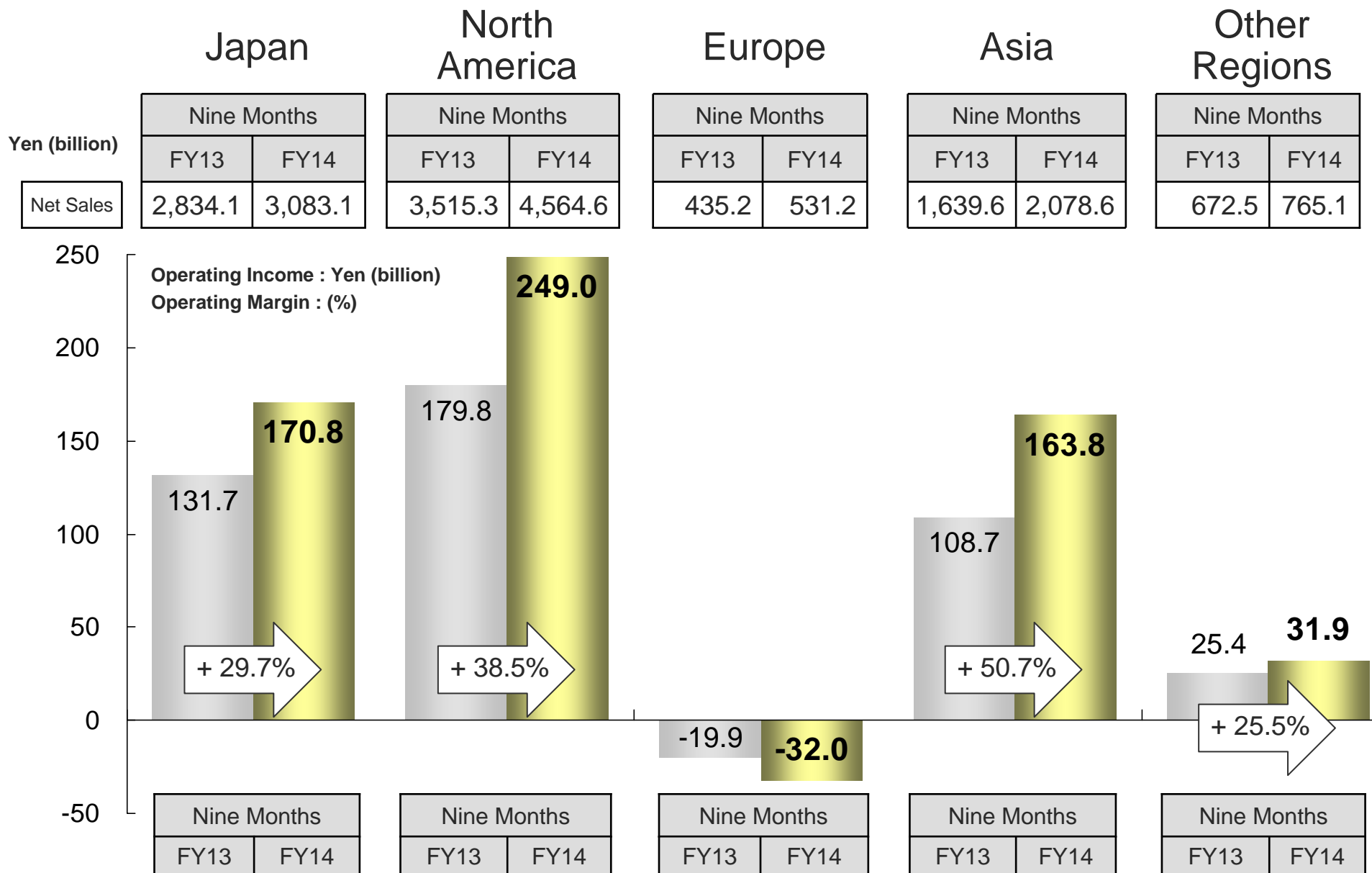


Unit (thousand) Yen (billion)	Motorcycle Business		Automobile Business		Power Product and Other Businesses		Financial Services Business	
	Nine Months		Nine Months		Nine Months		Nine Months	
	FY13	FY14	FY13	FY14	FY13	FY14	FY13	FY14
Honda Group Unit Sales (Consolidated Unit Sales)	11,532 (7,020)	12,521 (7,613)	2,981 (2,506)	3,128 (2,627)	4,108 (4,108)	4,046 (4,046)	— (—)	— (—)
Net Sales	964.1	1,215.1	5,582.9	6,811.8	208.5	232.5	405.3	518.1

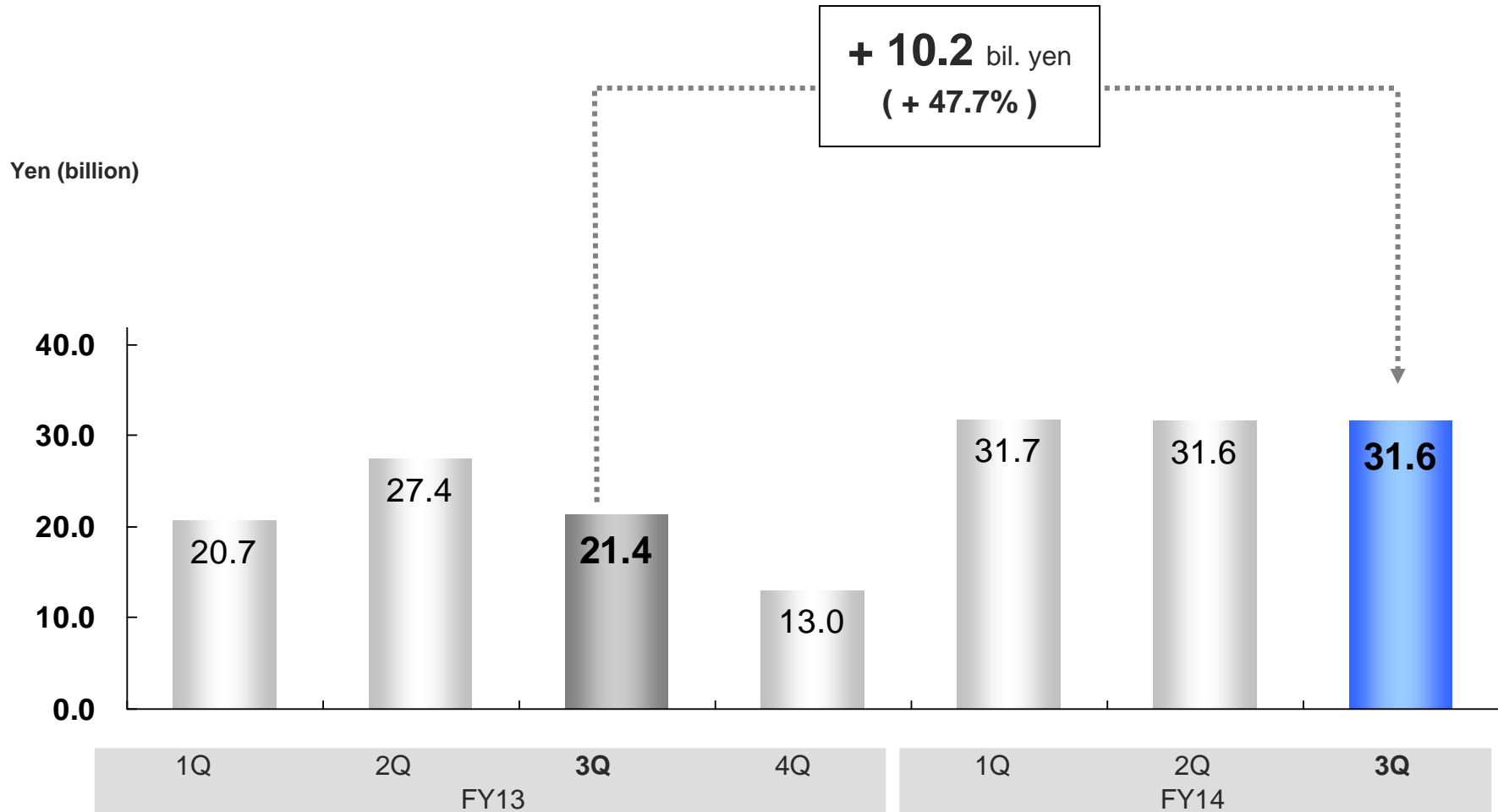


	Japan		North America		Europe		Asia		Other Regions	
Yen (billion)	3Q		3Q		3Q		3Q		3Q	
	FY13	FY14	FY13	FY14	FY13	FY14	FY13	FY14	FY13	FY14
Net Sales	902.3	1,092.8	1,245.8	1,591.4	142.8	180.7	587.4	678.0	222.5	243.9





## Change in Equity in Income of Affiliates

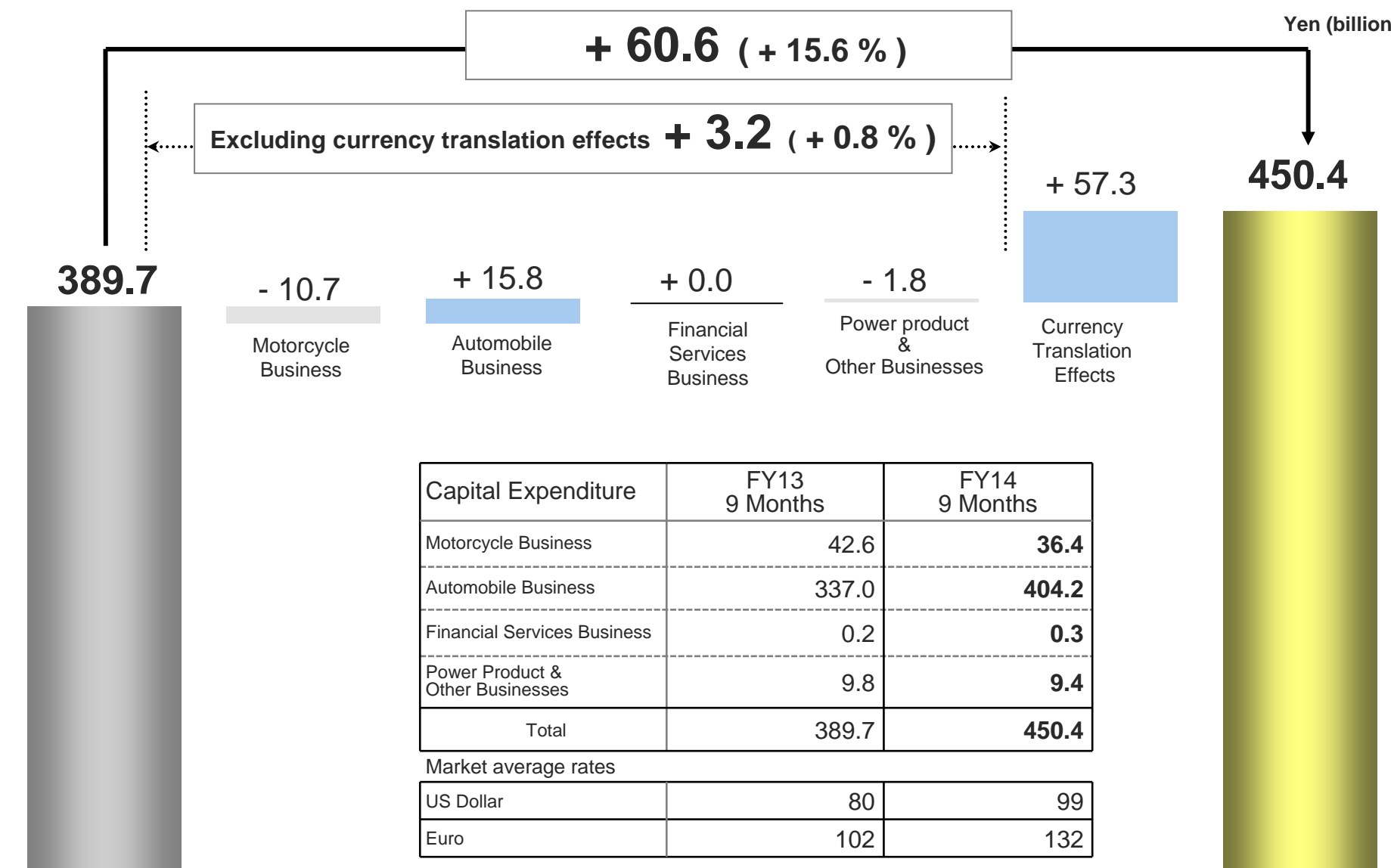


	FY13				FY14		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
From Asia	20.8	25.3	18.0	13.9	25.1	28.3	28.0

Yen (billion)



**Consolidated Capital Expenditures <FY14 Nine Months>**



**FY13  
Nine Months**

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

**FY14  
Nine Months** 25

# Topics



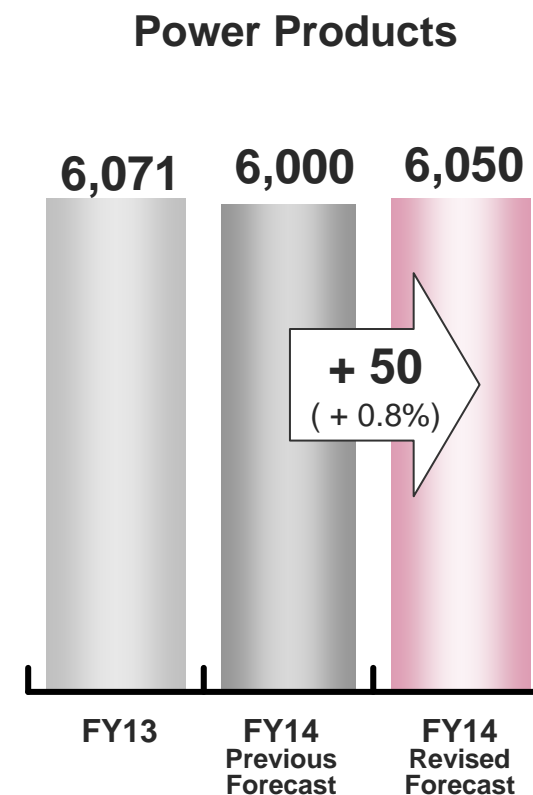
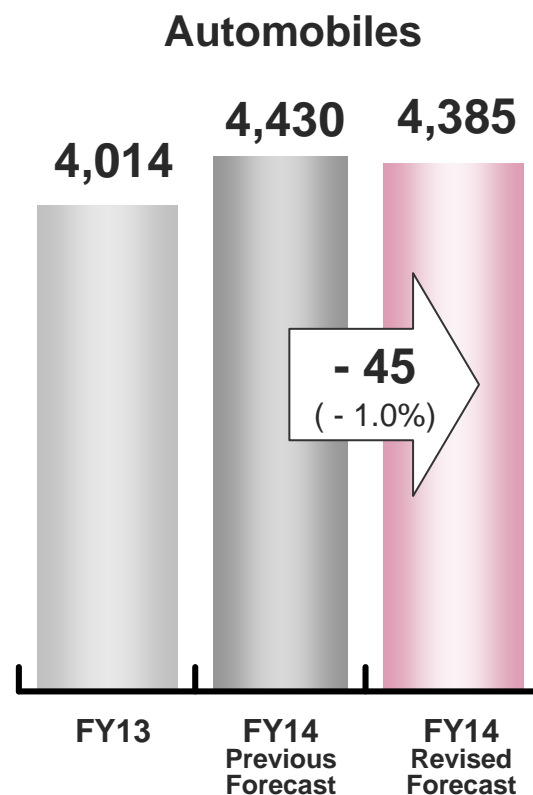
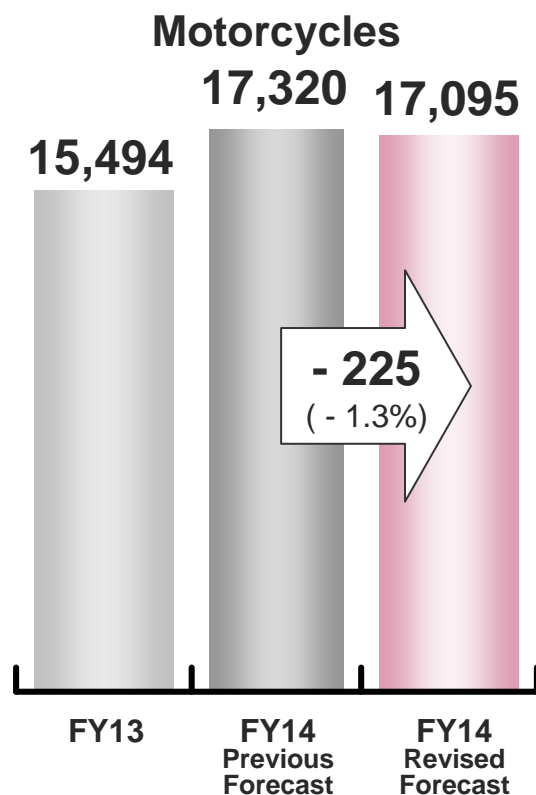
- *FY14 3rd Quarter Financial Results*
  - *Net Sales and Other Operating Revenue*
  - *Change in Income before Income Taxes*
  - *Business & Geographical Segment Information*
- *FY14 Financial Forecasts*

***Kohei Takeuchi***

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

## Forecast: Honda Group Unit Sales

Unit (thousand)



	FY14 Previous Forecasts	FY14 Revised Forecasts	Change
Japan	225	230	+ 5
North America	280	275	- 5
Europe	170	170	0
Asia	14,800	14,600	- 200
Other Regions	1,845	1,820	- 25
<b>Total</b>	<b>17,320</b>	<b>17,095</b>	<b>- 225</b>

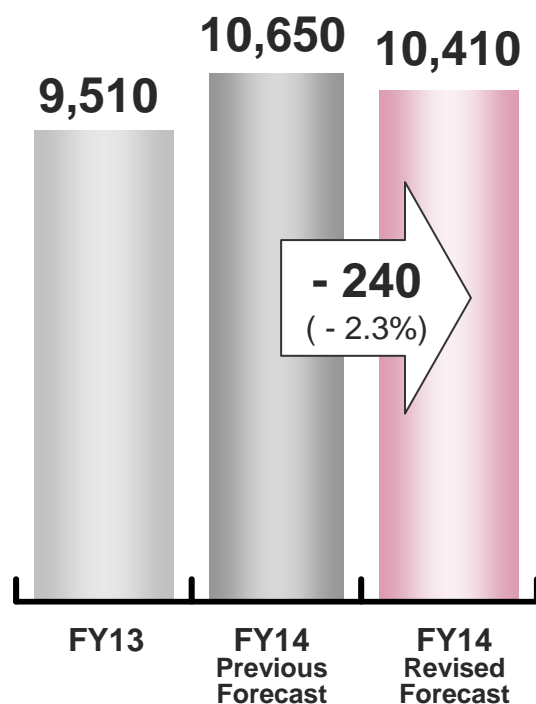
	FY14 Previous Forecasts	FY14 Revised Forecasts	Change
Japan	825	825	0
North America	1,795	1,785	- 10
Europe	185	180	- 5
Asia	1,325	1,305	- 20
Other Regions	300	290	- 10
<b>Total</b>	<b>4,430</b>	<b>4,385</b>	<b>- 45</b>

	FY14 Previous Forecasts	FY14 Revised Forecasts	Change
Japan	315	310	- 5
North America	2,740	2,760	+ 20
Europe	965	990	+ 25
Asia	1,485	1,510	+ 25
Other Regions	495	480	- 15
<b>Total</b>	<b>6,000</b>	<b>6,050</b>	<b>+ 50</b>

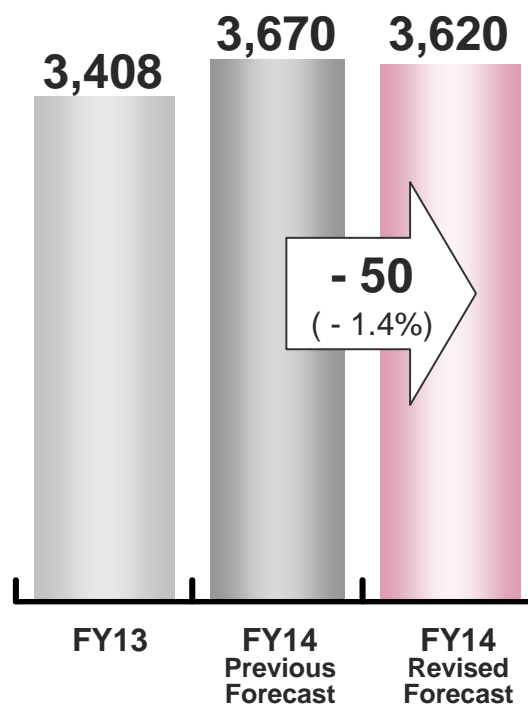
## Forecast: Consolidated Unit Sales

Unit (thousand)

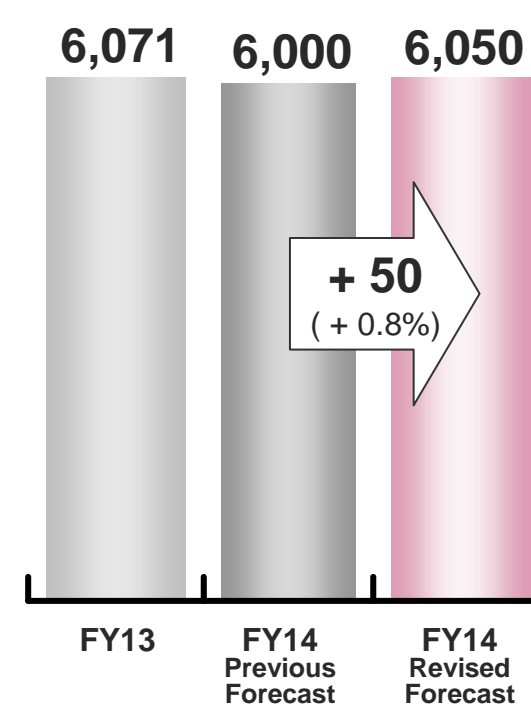
### Motorcycles



### Automobiles



### Power Products



	FY14 Previous Forecasts	FY14 Revised Forecasts	Change
Japan	225	230	+ 5
North America	280	275	- 5
Europe	170	170	0
Asia	8,130	7,915	- 215
Other Regions	1,845	1,820	- 25
<b>Total</b>	<b>10,650</b>	<b>10,410</b>	<b>- 240</b>

	FY14 Previous Forecasts	FY14 Revised Forecasts	Change
Japan	815	815	0
North America	1,795	1,785	- 10
Europe	185	180	- 5
Asia	575	550	- 25
Other Regions	300	290	- 10
<b>Total</b>	<b>3,670</b>	<b>3,620</b>	<b>- 50</b>

	FY14 Previous Forecasts	FY14 Revised Forecasts	Change
Japan	315	310	- 5
North America	2,740	2,760	+ 20
Europe	965	990	+ 25
Asia	1,485	1,510	+ 25
Other Regions	495	480	- 15
<b>Total</b>	<b>6,000</b>	<b>6,050</b>	<b>+ 50</b>

**FY14 Financial Forecasts (Consolidated)**

Yen (billion)

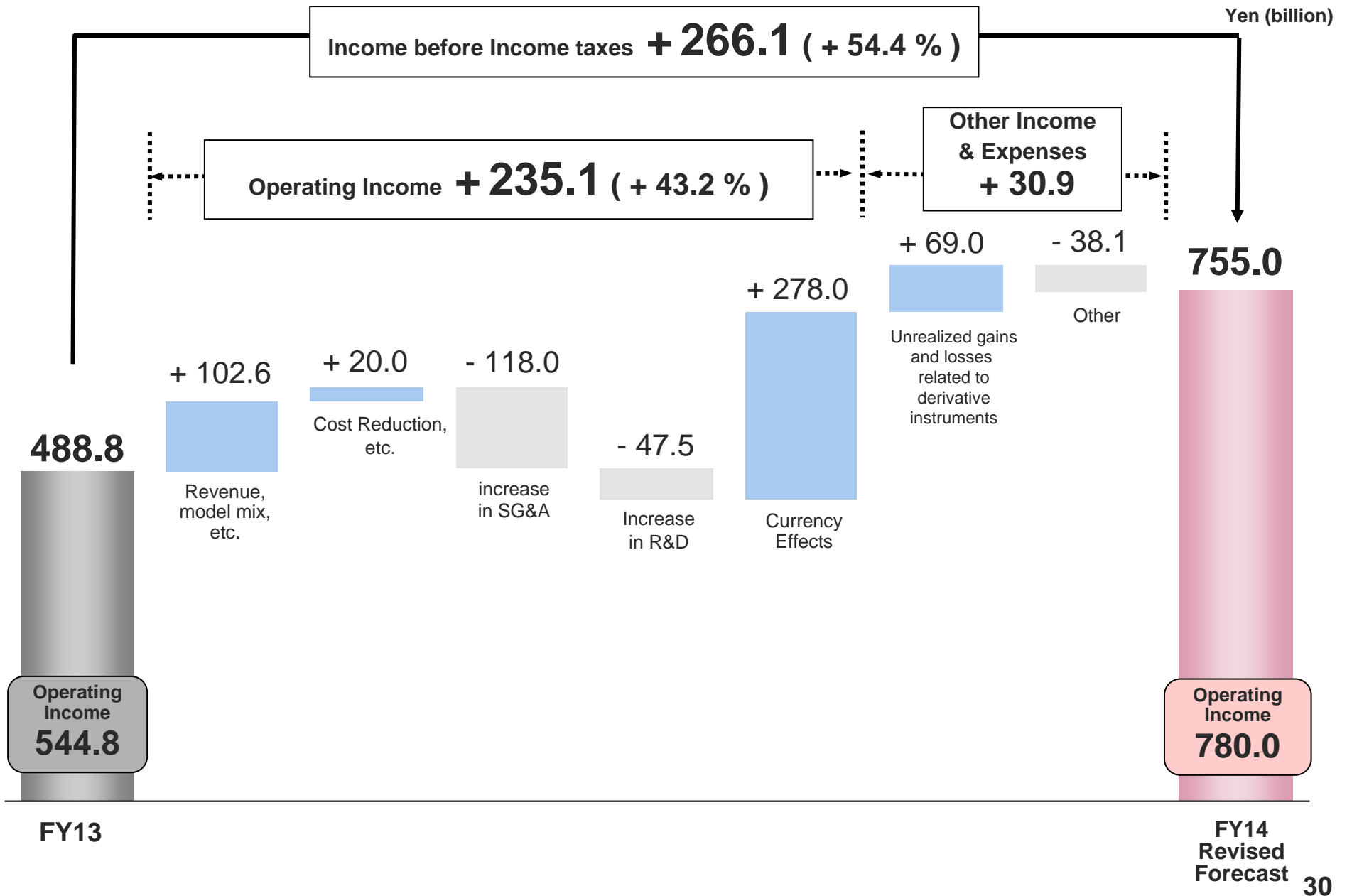
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			amount	%	
Net sales & other operating revenue	9,877.9	<b>12,100.0</b>	+ 2,222.0	+ 22.5%	0.0
Operating income	544.8	<b>780.0</b>	+ 235.1	+ 43.2%	0.0
Operating margin	5.5%	<b>6.4%</b>	-	-	-
Income before income taxes	488.8	<b>755.0</b>	+ 266.1	+ 54.4%	- 10.0
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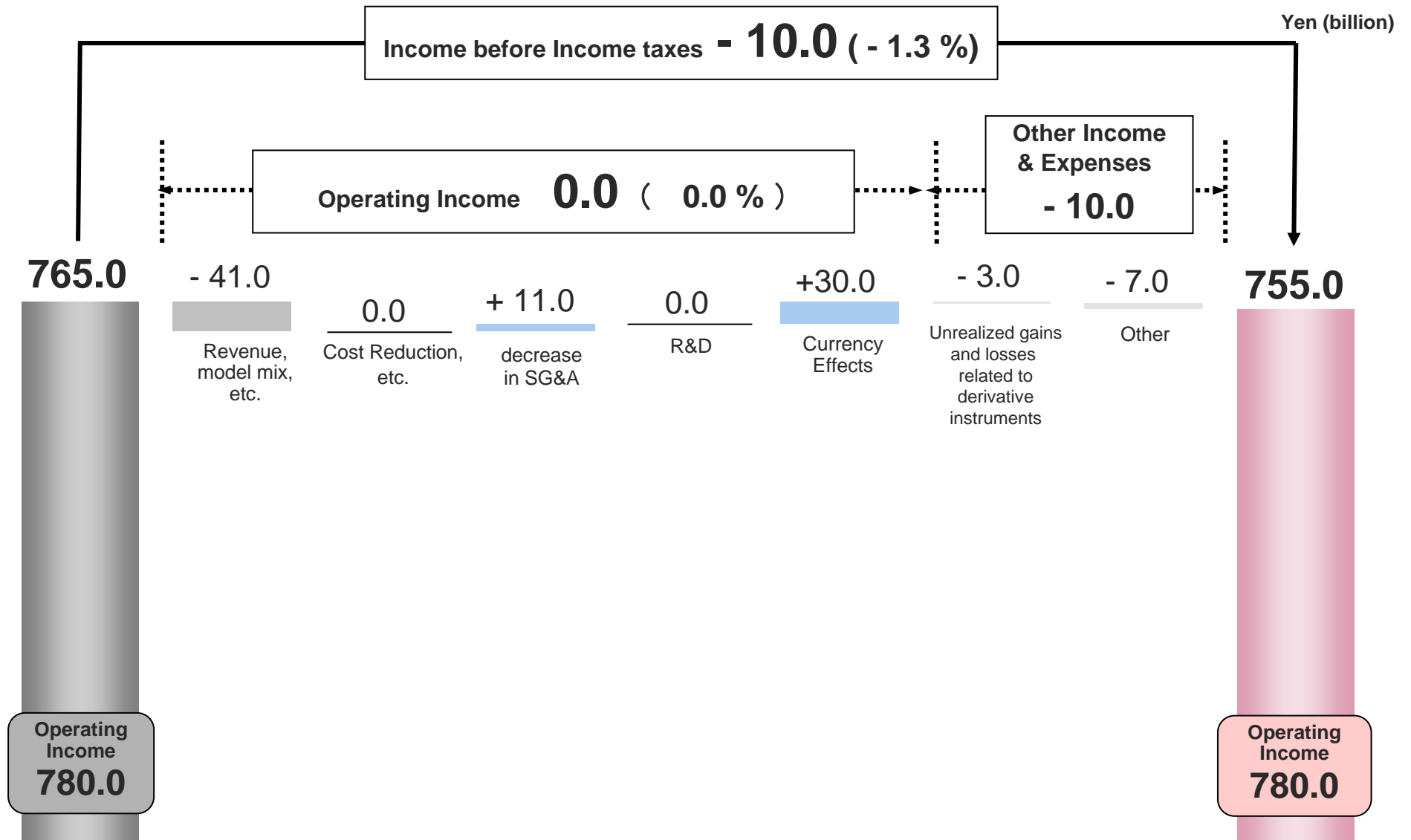
**Average Rates (Yen)**

US Dollar	84	<b>100</b> (4Q 100)	Yen down by 16 yen	Yen down by 3 yen
Euro	108	<b>134</b> (4Q 135)	Yen down by 26 yen	Yen down by 7 yen

**Forecast: Change in Income before Income Taxes**



## Forecast: Change in Income before Income Taxes



FY14  
Previous  
Forecast

FY14  
Revised  
Forecast

**Forecast: Capital Expenditures, Depreciation, R&D Expenses**

	Yen (billion)			
	FY13 Results	FY14 Forecasts	Change	Change from previous forecasts
Capital expenditures *	593.6	<b>710.0</b>	+ 116.4	+ 10.0
Depreciation and amortization *	286.6	<b>375.0</b>	+ 88.4	+ 5.0
R&D expenses	560.2	<b>630.0</b>	+ 69.8	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.*

\*1 Net income attributable to company for period indicated.

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

\*2: 3rd Quarter Results FY13: 1,802,298,000 (approx), FY14: 1,802,293,000 (approx) (page 5)

\*3: Nine Months Results FY13: 1,802,299,000 (approx), FY14: 1,802,295,000 (approx) (page 6)

\*4: Fiscal Year Results and Forecast FY13: 1,802,298,000 (approx), FY14: 1,802,294,000 (approx) (pages 7 and 29)

**-Currency Effects-**

(effects associated with sales transactions and translation effects)

(Attachment 1)

		Average Rates (Yen)			Yen (billion)	
		FY14 3Q	FY13 3Q	FY14 3Q	Change	FY14 Nine Months
	JPY / USD	<b>+ 24.8</b>	81	<b>100</b>	Yen down by 19 yen	<b>+ 82.7</b>
	JPY / Euro	<b>+ 3.6</b>	106	<b>139</b>	Yen down by 33 yen	<b>+ 7.8</b>
	JPY / Others	<b>+ 5.4</b>	-	-	-	<b>+ 22.5</b>
	Transactions between other currencies	<b>- 5.3</b>	-	-	-	<b>- 4.1</b>
	Difference of average rates (Impact on Operating income) *1	<b>+ 28.5</b>	*1: Impact of YoY difference of FOREX to be used for booking revenue of foreign currency transactions			<b>+ 108.9</b>
	Difference between transaction rates and average sales rates (Impact on Other income & expenses) *2	<b>+ 2.7</b>	*2: Impact of YoY difference between average FOREX and hedge rates during the period			<b>- 54.4</b>
	<b>Currency effect associated with sales transaction</b>	<b>+ 31.2</b>				<b>+ 54.5</b>
	<b>Currency effect from translation of foreign financial statements (impact on operating income) *3</b>	<b>+ 54.6</b>	*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			<b>+ 150.8</b>
	<b>Total</b>	<b>+ 85.8</b>				<b>+ 205.3</b>

**- Unrealized Gains and Losses Related to Derivative Instruments -**

Yen (billion)

	3Q		
	FY13	FY14	Change
Foreign currency forward	- 53.1	- 11.3	<b>+ 41.7</b>
Interest rate swap / Currency swap	- 1.3	- 3.1	- 1.7
Others	- 0.1	- 0.0	<b>+ 0.1</b>
Total	- 54.5	- 14.4	<b>+ 40.1</b>

Nine Months		
FY13	FY14	Change
- 28.4	<b>+ 38.2</b>	<b>+ 66.7</b>
- 1.4	- 13.5	- 12.1
- 0.0	- 0.0	<b>+ 0.0</b>
- 29.9	<b>+ 24.6</b>	<b>+ 54.5</b>

**HONDA**

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