



FY18 2nd Quarter Financial Results



Honda Motor Co., Ltd.

November 1, 2017

**Accord
(U.S.)**

- *Outline of FY18 Six Months Results Summary*
- *Honda Group Unit Sales*
- *Main Markets*
- *News Topics*
- *FY18 Six Months Financial Results*
- *FY18 Financial Forecasts*
- *Dividend*

Results Summary

Operating profit was 422.1 billion yen, a 14.7% decrease compared to the same period last year. Excluding FOREX effects, the multi-district class action litigation settlement and the reverse impact of the pension accounting treatment during the same period last year, robust motorcycle sales, cost reduction efforts and other factors resulted in a real term profit increase of 53.1 billion yen.

Profit for the quarter attributable to owners of the parent increased 381.3 billion yen, an 8.4% increase compared to the same period a year ago, due to an increase in share of profit of investments accounted for using the equity method.

Six Months Results FY17 and FY18

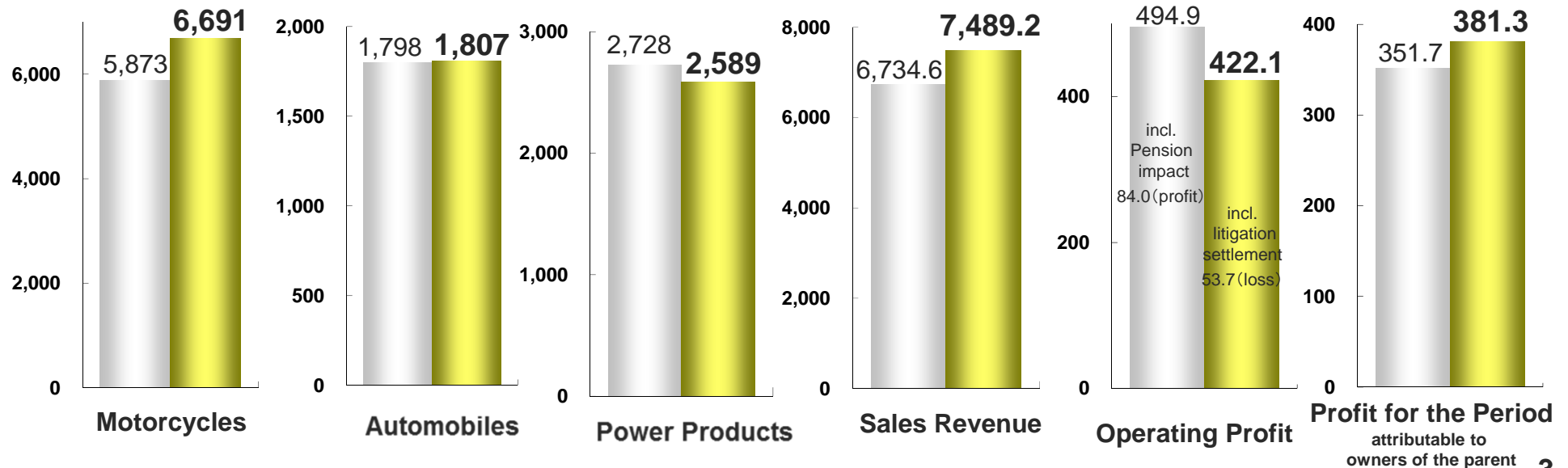
FY17 FY18

Consolidated Unit Sales

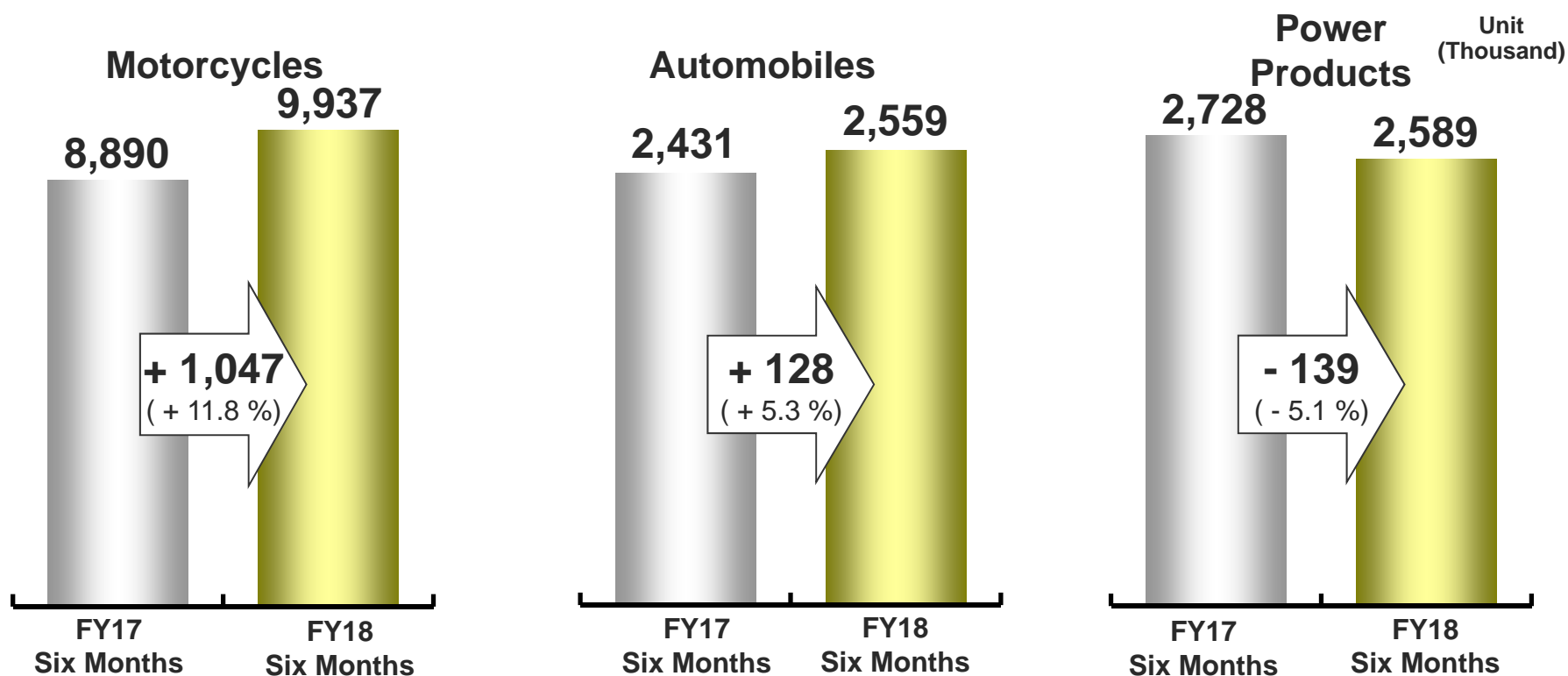
Unit (Thousand)

Sales Revenue / Operating Profit / Profit for the Period

Yen (billion)



Honda Group Unit Sales <FY18 Six Months>



	FY17 Six Months	FY18 Six Months	Change
Japan	62	84	+ 22
North America	149	163	+ 14
Europe	120	134	+ 14
Asia	8,010	9,023	+ 1,013
Other Regions	549	533	- 16
Total	8,890	9,937	+ 1,047

	FY17 Six Months	FY18 Six Months	Change
Japan	302	324	+ 22
North America	989	933	- 56
Europe	90	85	- 5
Asia	935	1,093	+ 158
Other Regions	115	124	+ 9
Total	2,431	2,559	+ 128

	FY17 Six Months	FY18 Six Months	Change
Japan	146	138	- 8
North America	1,291	1,141	- 150
Europe	390	406	+ 16
Asia	736	741	+ 5
Other Regions	165	163	- 2
Total	2,728	2,589	- 139

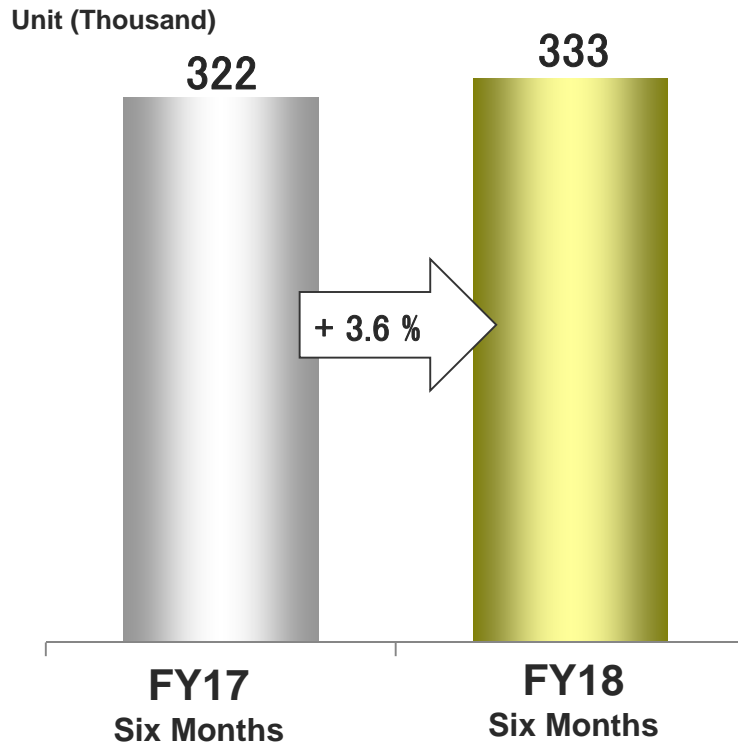
Honda Group Unit sales include those of Honda, its subsidiaries and affiliates which are accounted for using the equity method (mainly wholesale basis).

Main Market (Automobiles – Japan)

Japan	Retail
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	Unit (Thousand)	Vs. FY17
Industry Demand:	2,482	(107.6%)
Unit Sales :	333	(103.6%)

(Source : Japan Automobile Dealers Association)



▪ N-Box series was the best-selling model in Japan in fiscal first half

- 94 thousand units sold making it the best-selling model in Japan, even including registered vehicles
- The new edition, launched in September generated over 52 thousand unit orders in first month on the market

▪ New Civic launched (Sept.)

▪ Expansion of Honda SENSING as standard equipment across all trim levels

- starting with N-Box followed by Shuttle (Sept.) and Step WGN models (Sept.)



N-BOX

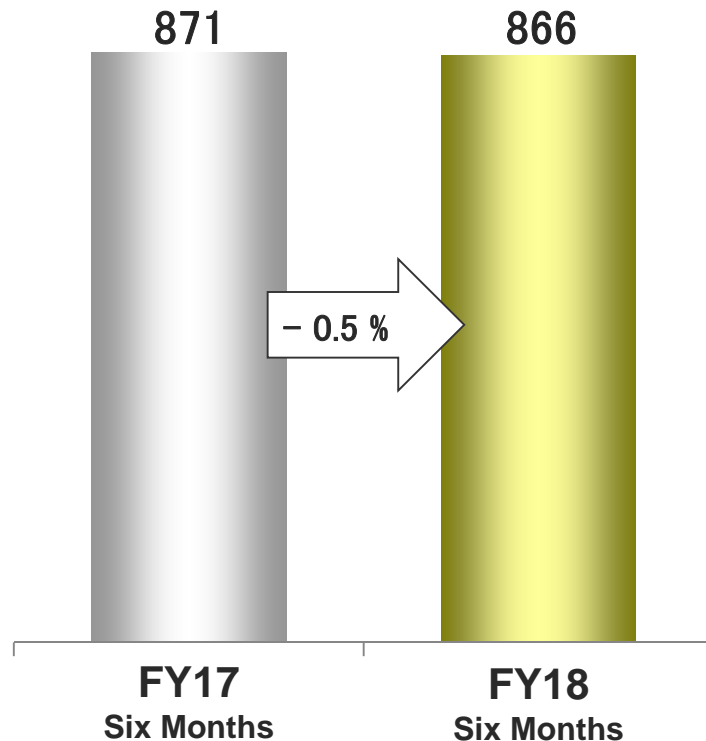
Main Market (Automobiles – U.S.)

U.S	Retail
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	Unit (Thousand)	vs. FY17
Industry Demand:	8,842	(98.1%)
Unit Sales :	866	(99.5%)

(Source: Autodata)

Unit (Thousand)



- **Despite decrease in industry demand, Honda's retail sales were on par with the same period last year.**

-Strong sales of Civic, HR-V and Acura RDX

- **Production of the brand-new Accord began (Sept.)**

- **Enhancing Honda's supply network for light truck models**

-Production of Acura MDX was shifted from Alabama plant to East Liberty Plant in Ohio (May)



Civic Hatchback



Acura RDX

Main Market (Automobiles – China)

China

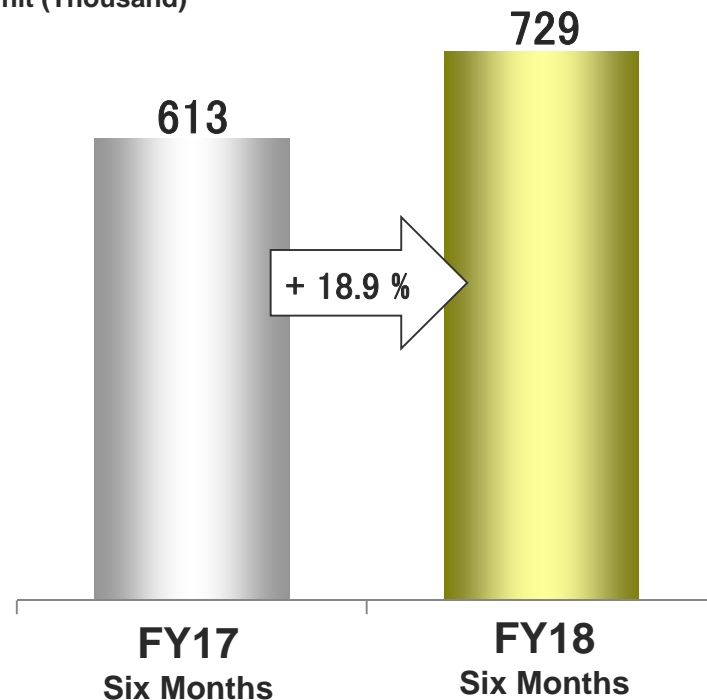
Retail

	Unit (Thousand)	vs. FY17
Industry Demand *	13,218	(103.5%)
Unit Sales :	729	(118.9%)

*Industry demand is wholesale basis

(source: China Association of Automobile Manufacturers)

Unit (Thousand)



- **729 thousand unit sales in fiscal first half is the highest in history**
-Strong sales of Civic, UR-V and Avancier

- **CR-V Sports Hybrid model launched (Sept.)**

- **Announced joint development of EVs for the Chinese market with a local IT company named Neusoft (Sept.)**



Avancier



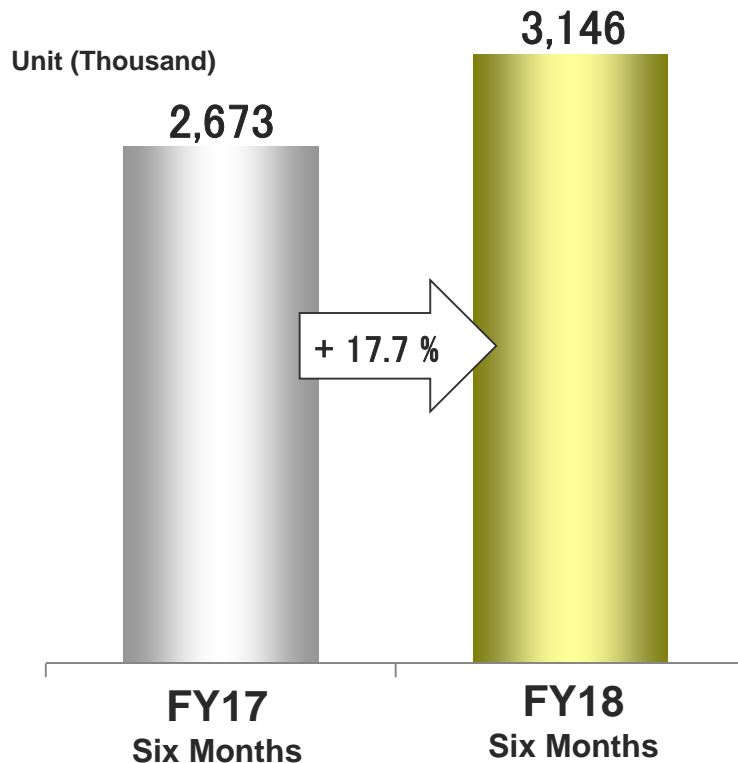
CR-V

Main Market (Motorcycle – India)

India	Wholesale
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	Unit (Thousand)	vs. FY17
Industry Demand	:10,504	(110.2%)
Unit Sales :	3,146	(117.7%)

(Source: Honda)



- Sales surpass pace of overall market for fiscal first half (vs. FY17 :117.7%)

- Strong sales of scooters such as Activa and DIO

- Expansion of production at Number 4th line of the Number 3rd plant in Narsapura, Karnataka

- Honda's overall motorcycle production capacity in India increased to 6.4 million units



“Line-off ceremony” of the Number 4th line at the 3rd plant

- **Announced evolution of automobile production system to further enhance Mono-zukuri (the art of making things/manufacturing) in Japan**

- To produce new technologies such as for the electrification of vehicles, automobile production at the Sayama Plant and Yorii Plant will be consolidated at the Yorii Plant by the fiscal year ending March 31, 2022
- Within the Yorii Plant, a function to create, standardize and globally share new automotive production technologies, including electrification, to be established

- **100 Million-Unit Cumulative Global Production Milestone for Super Cub Series (Oct.)**

- Production of Super Cub 110 began at Yamato Plant in Saitama in August, 1958
- Currently produced at 16 plants in 15 countries and sold in more than 160 countries



Yorii Plant

Super Cub 110
commemoration
model

- **Selected as a component of the Dow Jones Sustainability World Index (Sept.)**

- Selected for the first time as a component of “Dow Jones Sustainability World Index”, which benchmarks for socially responsible companies
- Selected for 3rd cumulative year as a component of “Dow Jones Sustainability Asia/Pacific Index”, which targets companies in Asia/Pacific

FY18 Six Months Financial Results (Consolidated)

Financial Results Yen (billion)	Six Month Results		
	FY17	FY18	Change
Sales revenue	6,734.6	7,489.2	+ 11.2%
Operating profit	494.9	422.1	- 14.7%
Operating margin	7.3%	5.6%	- 1.7pt
Share of profit of investments accounted for using the equity method	67.0	135.2	+ 101.6%
Profit before income taxes	559.0	577.6	+ 3.3%
Profit for the period attributable to owners of the parent	351.7	381.3	+ 8.4%
Earnings per share *1 (Yen) attributable to owners of the parent	195.19	211.59	+ 16.40
For *1, please refer to footnote on page 43			
Market average rates (Yen)			
US Dollar	105	111	Yen down by 6 yen

FY18 Financial Forecasts (Consolidated)

Yen (billion)

	FY17 Results	FY18 Forecast	Change		Change from previous forecast
			Amount	%	
Sales revenue	13,999.2	15,050.0	+ 1,050.8	+ 7.5%	+ 550.0
Operating profit	840.7	745.0	- 95.7	- 11.4%	+ 20.0
Operating margin	6.0%	5.0%	- 1.0pt		-
Share of profit of investments accounted for using the equity method	164.7	205.0	+ 40.2	+ 24.4%	+ 25.0
Profit before income taxes	1,006.9	955.0	- 51.9	- 5.2%	+ 55.0
Profit for the year attributable to owners of the parent	616.5	585.0	- 31.5	- 5.1%	+ 40.0
Earnings per share ^{*1} (Yen) attributable to owners of the parent	342.10	326.26	- 15.84		+ 23.87

For *1, please refer to the footnote on page 43

Market average rates (Yen)

US Dollar	108	109 (1H 111 / 3Q 110 / 4Q 105)	Yen down by 1 yen	Yen down by 2 yen
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FY18 Shareholders' return

(Yen)

Dividend per Share	FY17	FY18	
		(Expectation)	change
1 st Quarter End	22	24	+ 2
2 nd Quarter End	22	24	+ 2
3 rd Quarter End	24	(24)	(-)
4 th Quarter End	24	(24)	(-)
Fiscal Year	92	(96)	(+ 4)

【Acquisition of the Company's Own Shares】

- Total number of shares to be acquired : Up to 24 million shares (shares of common stock)
(1.3% of total number of issued shares (excluding treasury stock))
- Total amount of shares to be acquired : Up to 90 billion yen
- Period of acquisition: Starting on November 2, 2017 and ending on January 31, 2018
- Method of acquisition: Market purchases on the Tokyo Stock Exchange
 1. Purchases through the Tokyo Stock Exchange Trading Network Off-Auction Own Share Repurchase Trading System (ToSTNeT-3)
 2. Market purchases based on the discretionary investment contracts regarding acquisition of own shares

【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%

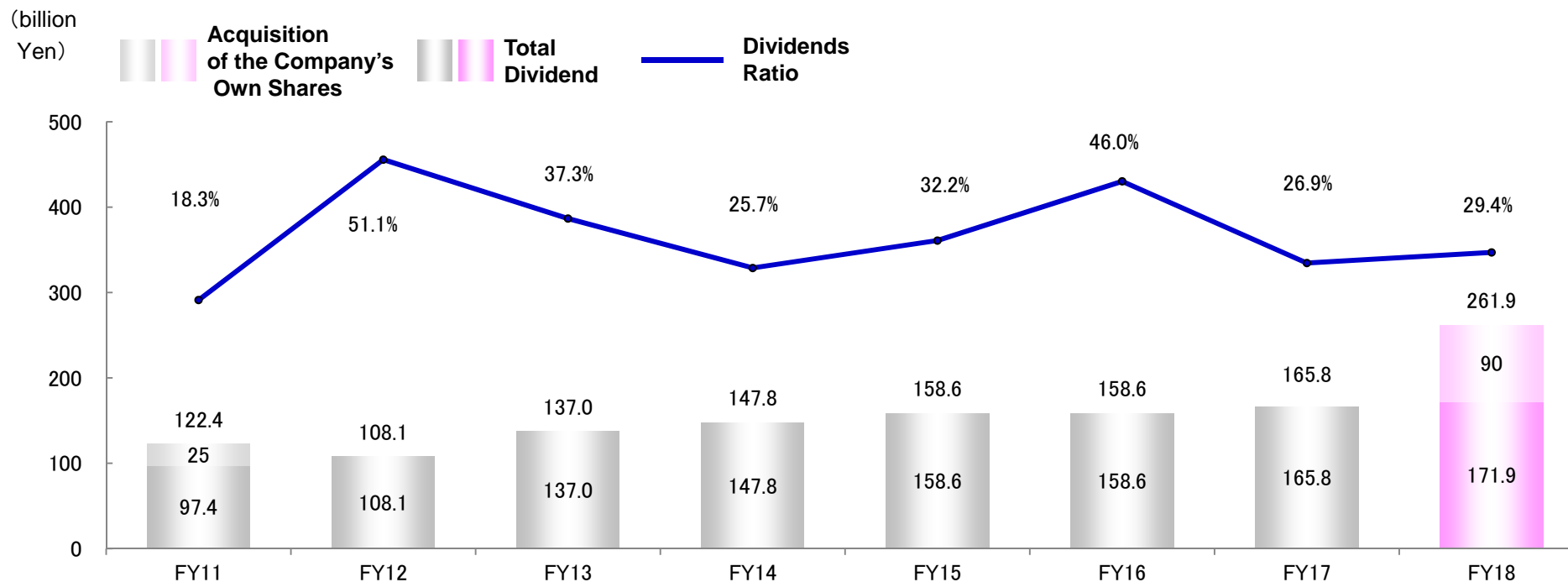
Acquisition of the Company's own shares at a timing that it deems optimal

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.

Recent Shareholders' Return Summary Trend

		FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Actual	FY17 Actual	FY18 (Estimated)
Dividend (Yen)	1 st Quarter End	12	15	19	20	22	22	22	24
	2 nd Quarter End	12	15	19	20	22	22	22	24
	3 rd Quarter End	15	15	19	20	22	22	24	(24)
	4 th Quarter End	15	15	19	22	22	22	24	(24)
	Fiscal Year	54	60	76	82	88	88	92	(96)
Dividends ratio*		18.3%	51.1%	37.3%	25.7%	32.2%	46.0%	26.9%	(29.4%)
Acquisition of the Company's Own Shares (billion)		25.0	0	0	0	0	0	0	(90)



* US GAAP up to FY15 , IFRS from FY16

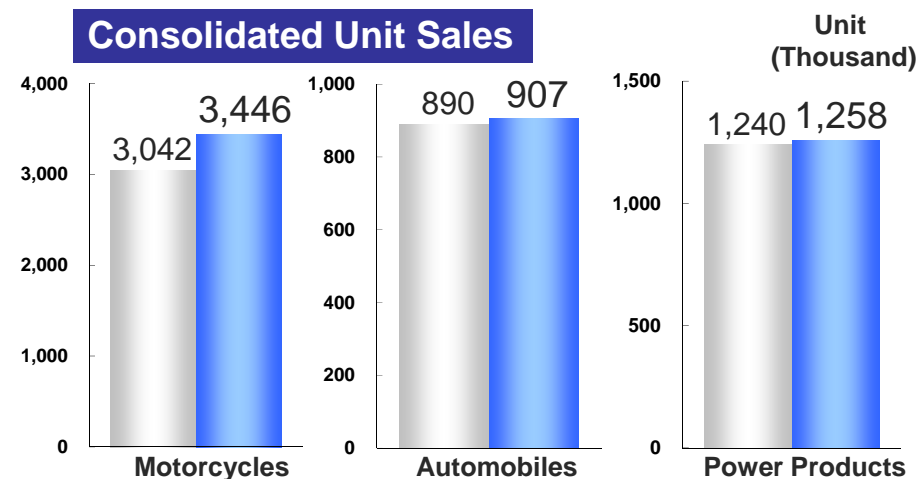
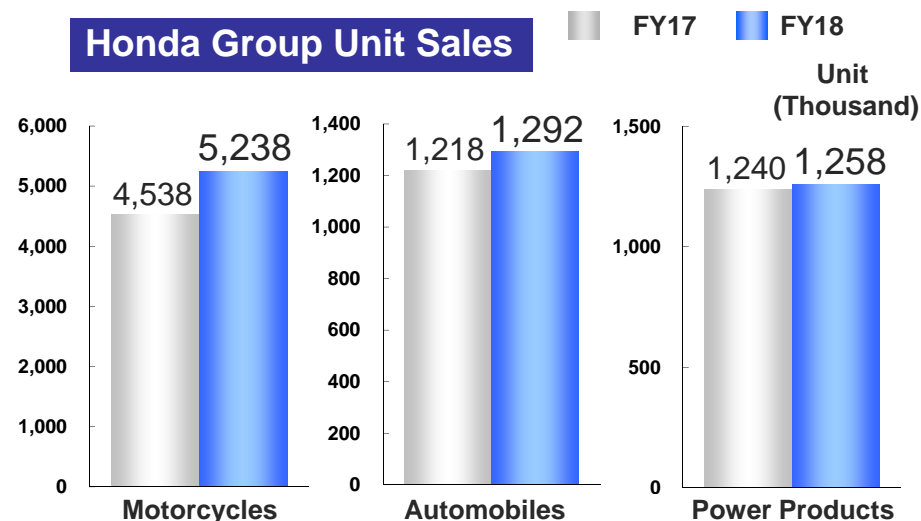
- ***FY18 2nd Quarter and Six Month Financial Results***
 - *Unit Sales*
 - *Financial Results (Consolidated)*
 - *Honda Group Unit Sales*
 - *Change in Sales Revenue*
 - *Change in Profit before Income Taxes*
 - *Business & Geographical Segment Information*
 - *Share of Profit of Investments Accounted for Using the Equity Method*
 - *Consolidated Capital Expenditures*

- ***FY18 Financial Forecast***

FY18 2nd Quarter Unit Sales

Honda Group Unit Sales (Thousand)	2Q Results (3 Months)		
	FY17	FY18	Change
Motorcycles	4,538	5,238	+ 15.4%
Automobiles	1,218	1,292	+ 6.1%
Power Products	1,240	1,258	+ 1.5%

Consolidated Unit Sales (Thousand)	2Q Results (3 Months)		
	FY17	FY18	Change
Motorcycles	3,042	3,446	+ 13.3%
Automobiles	890	907	+ 1.9%
Power Products	1,240	1,258	+ 1.5%



Honda Group Unit Sales

- Increase in motorcycle unit sales due mainly to sales growth in India, Indonesia and Vietnam.
- Increase in automobile unit sales due mainly to sales growth in China and Japan despite a decline in sales in North America

FY18 2nd Quarter Financial Results (Consolidated)

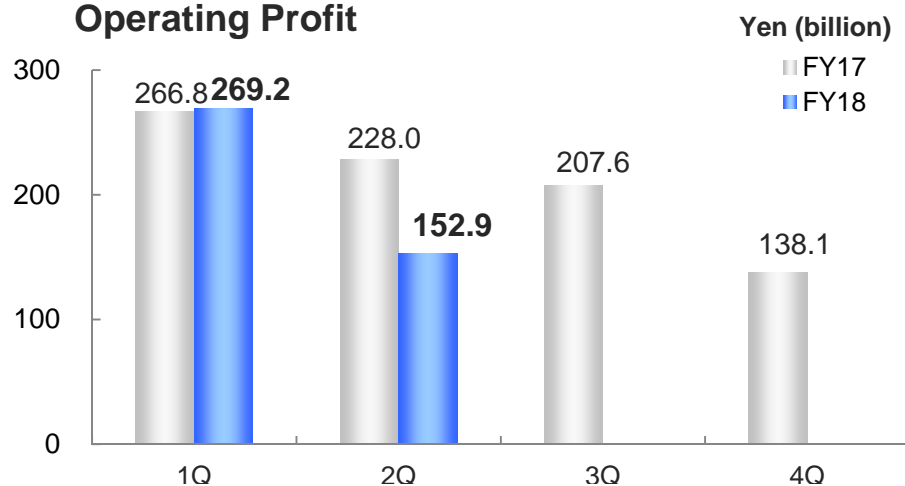
Financial Results Yen (billion)	2Q Results (3 Months)		
	FY17	FY18	Change
Sales revenue	3,262.9	3,776.1	+ 15.7%
Operating profit	228.0	152.9	- 32.9%
Operating margin	7.0%	4.1%	- 2.9pt
Share of profit of investments accounted for using the equity method	39.8	82.2	+ 106.4%
Profit before income taxes	270.5	242.6	- 10.3%
Profit for the period (Yen) attributable to owners of the parent	177.0	174.0	- 1.7%
Earnings per share *1 attributable to owners of the parent	98.26	96.55	- 1.71
Market average rates (Yen) For *1, please refer to the footnote on page 43			
US Dollar	102	111	Yen down by 9 yen

Financial Summary

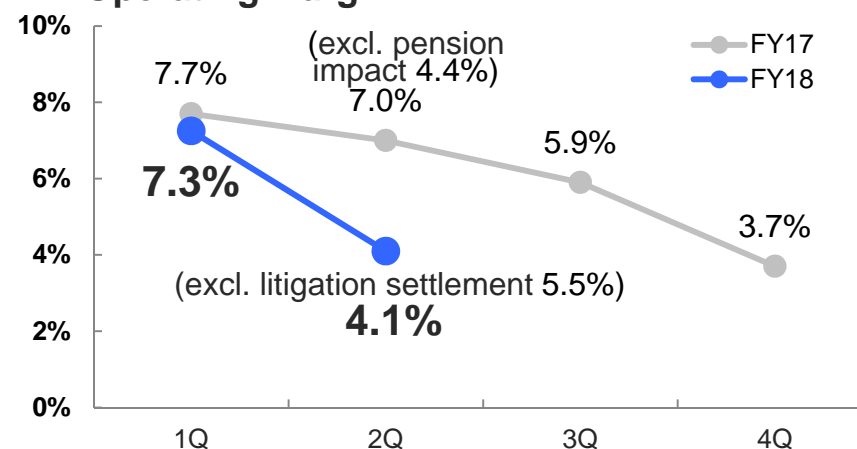
Sales revenue increased by 15.7% primarily due to sales increases in all business operations and positive foreign currency translation effects.

Operating profit decreased by 32.9% due primarily to the multi-discript class action litigation settlement and the impact of the pension accounting treatment during the same period last year, despite the positive impact from revenue and model mix and a decline in SG&A expenses.

Operating Profit



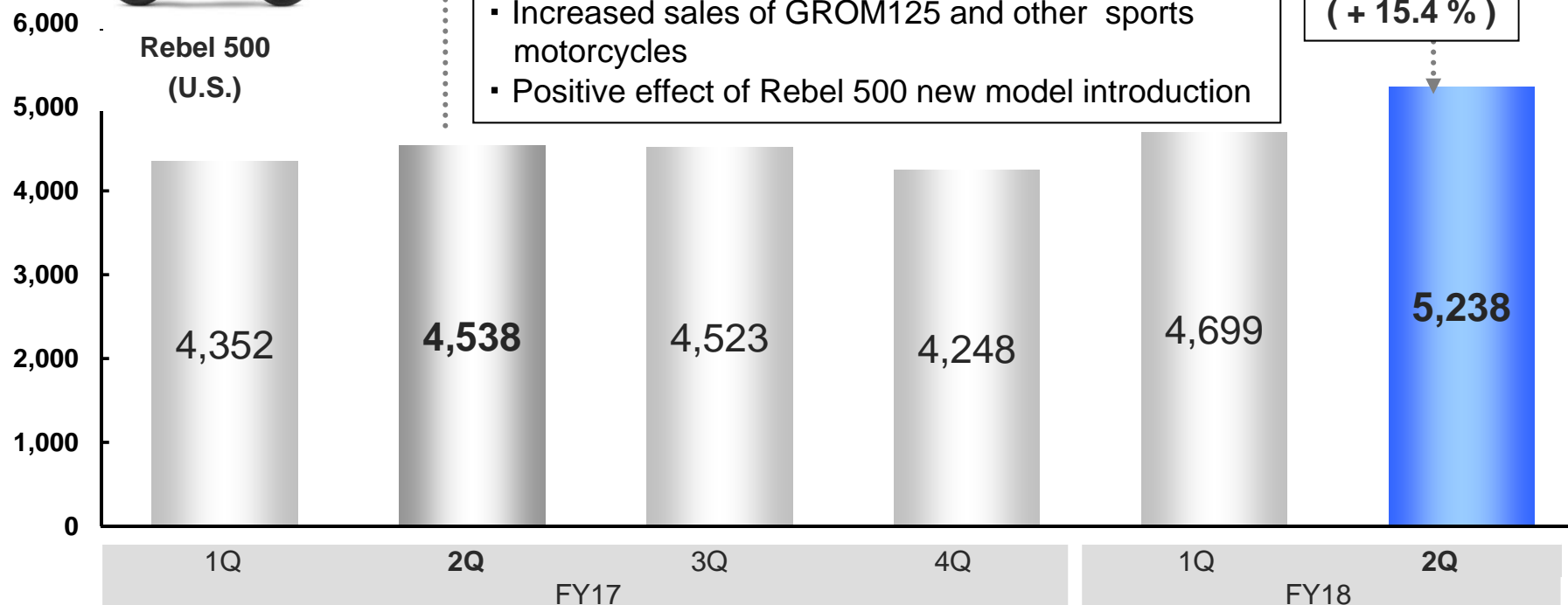
Operating Margin



Motorcycles - Honda Group Unit Sales
(Motorcycles, All-Terrain Vehicles, Side-by-Side etc.)



Rebel 500
(U.S.)



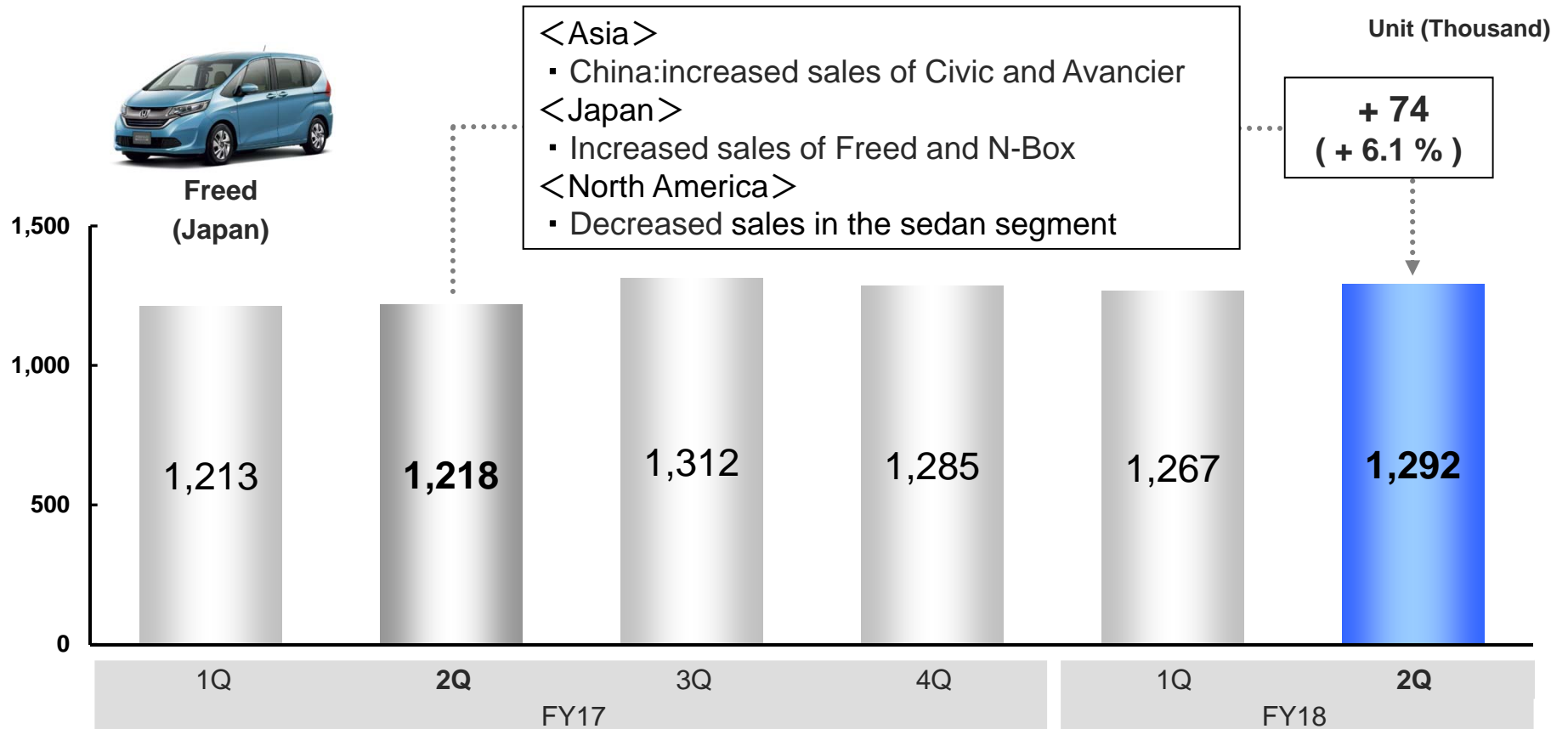
<Asia>
 ▪ Increased sales in India, Indonesia and Vietnam
 <North America>
 ▪ Increased sales of GROM125 and other sports motorcycles
 ▪ Positive effect of Rebel 500 new model introduction

Japan	29	33	49	45	42	42
North America	78	71	68	77	80	83
Europe	72	48	31	66	81	53
Asia	3,885	4,125	4,115	3,812	4,219	4,804
Other Regions	288	261	260	248	277	256
Total	4,352	4,538	4,523	4,248	4,699	5,238

Automobiles - Honda Group Unit Sales



Freed
(Japan)



Japan	146	156	170	196	157	167
North America	510	479	510	471	481	452
Europe	45	45	43	51	42	43
Asia	453	482	527	502	523	570
Other Regions	59	56	62	65	64	60
Total	1,213	1,218	1,312	1,285	1,267	1,292

Power Products - Honda Group Unit Sales

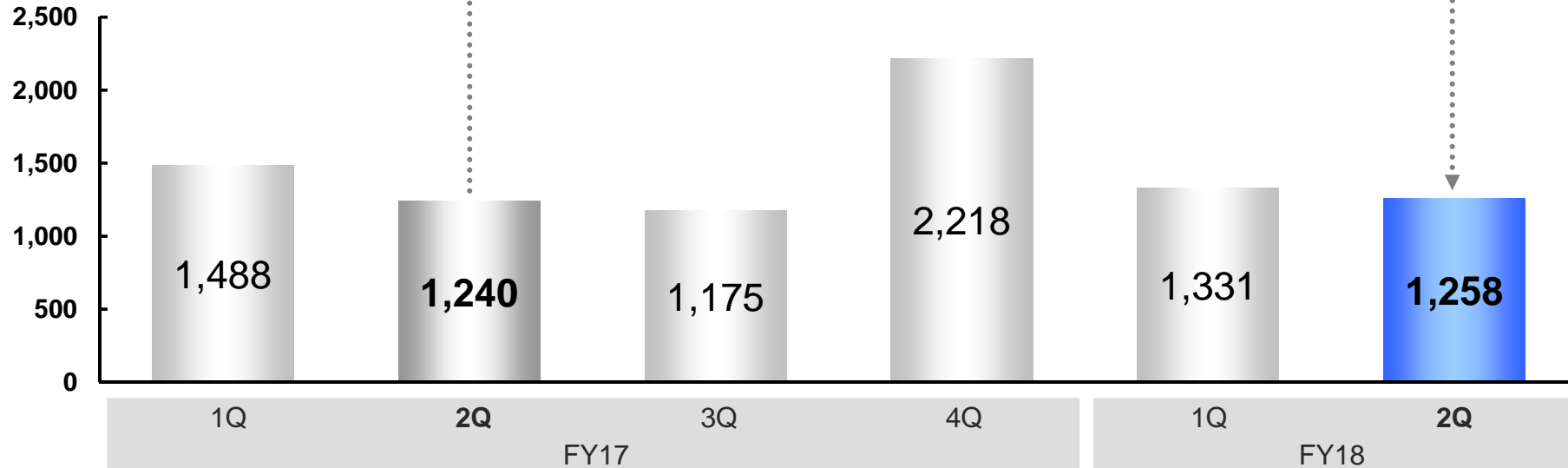


EU2000i
(generator)

Unit (Thousand)

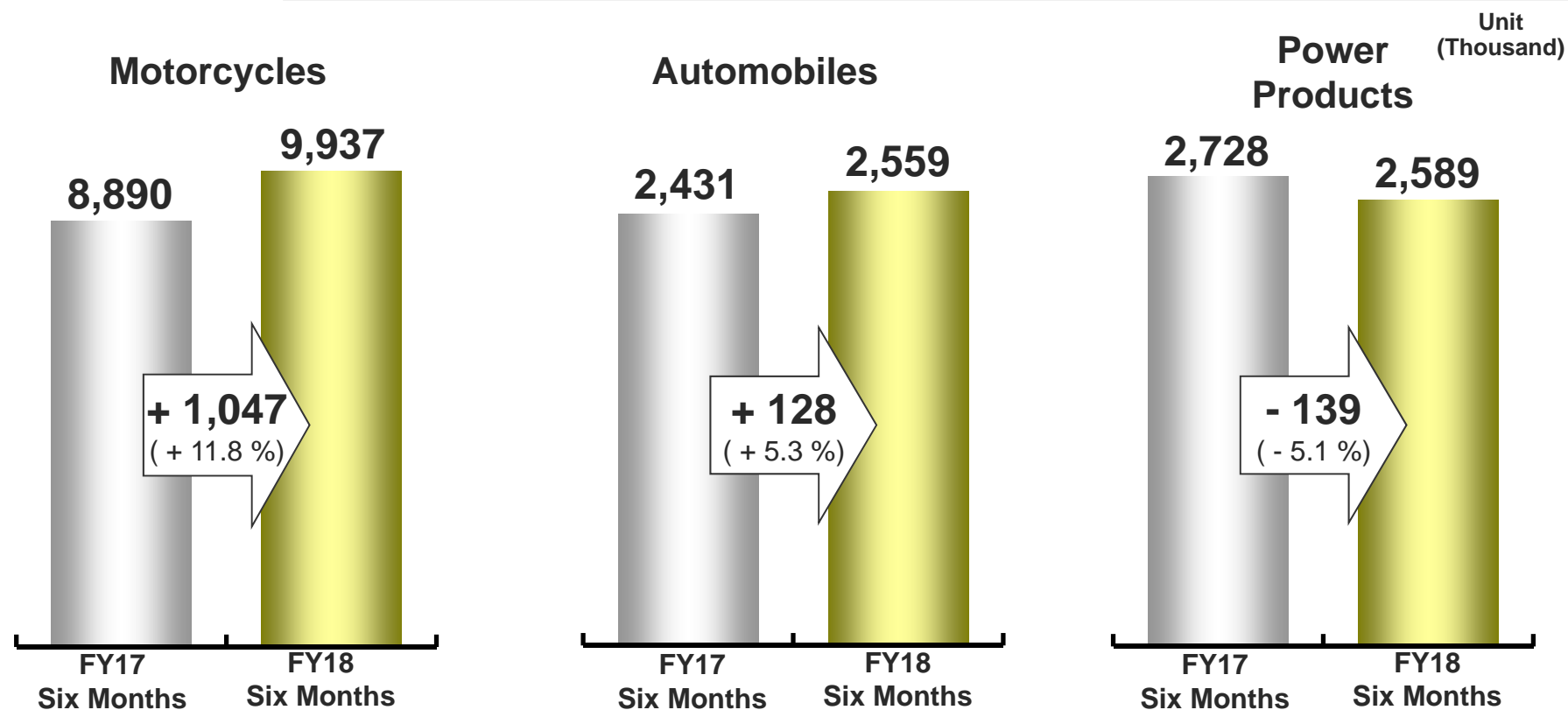
- <North America>
 ▪ Increased sales of generators in the U.S.
 <Japan>
 ▪ Decreased sales of OEM engines

+ 18
(+ 1.5 %)



Japan	59	87	54	101	59	79
North America	769	522	521	1,165	596	545
Europe	225	165	190	455	240	166
Asia	360	376	311	383	362	379
Other Regions	75	90	99	114	74	89
Total	1,488	1,240	1,175	2,218	1,331	1,258

Honda Group Unit Sales <FY18 Six Months>



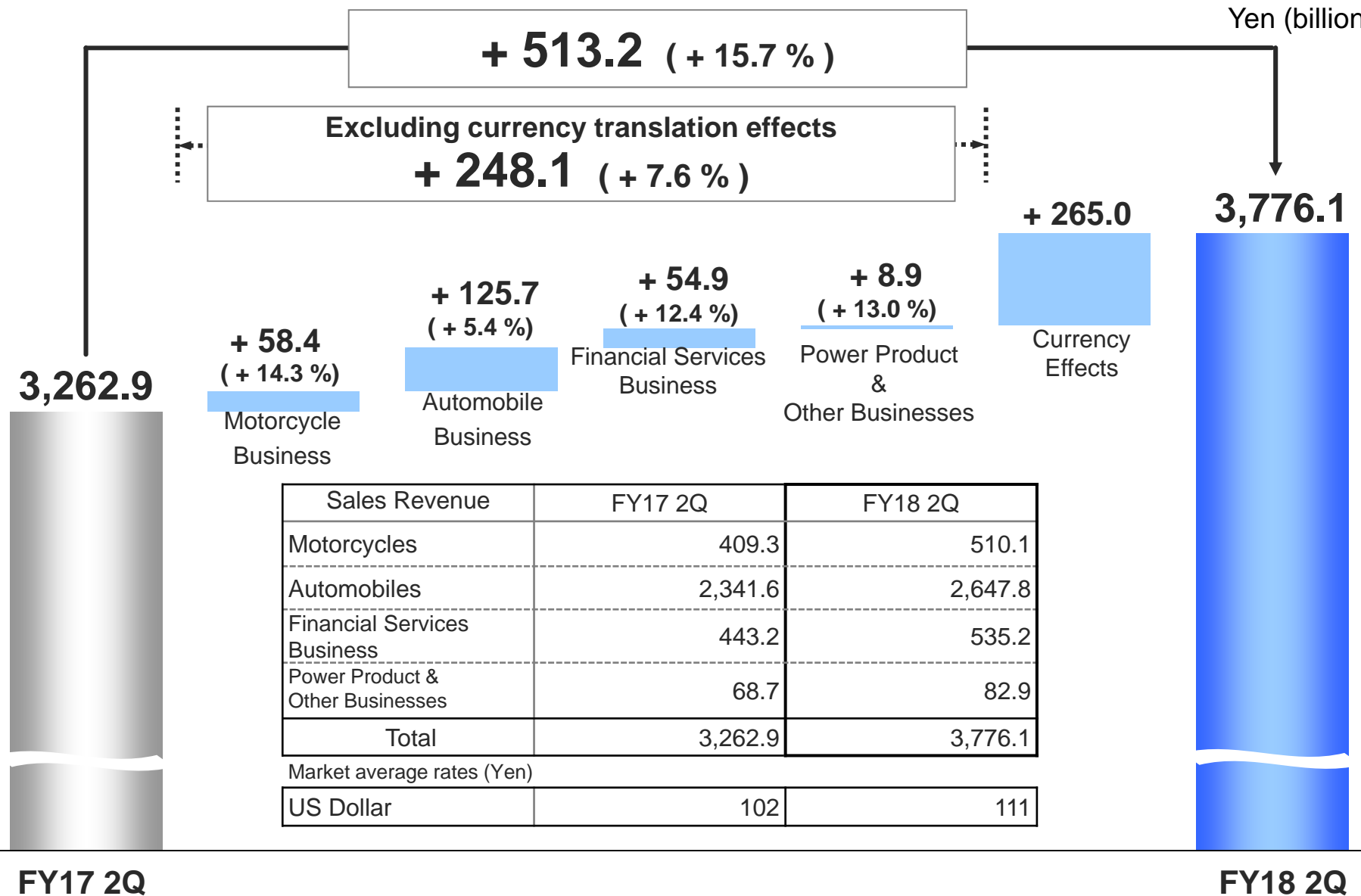
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Other Regions	165	163	- 2
Total	2,728	2,589	- 139

Change in Sales Revenue <FY18 2nd Qtr>

Yen (billion)

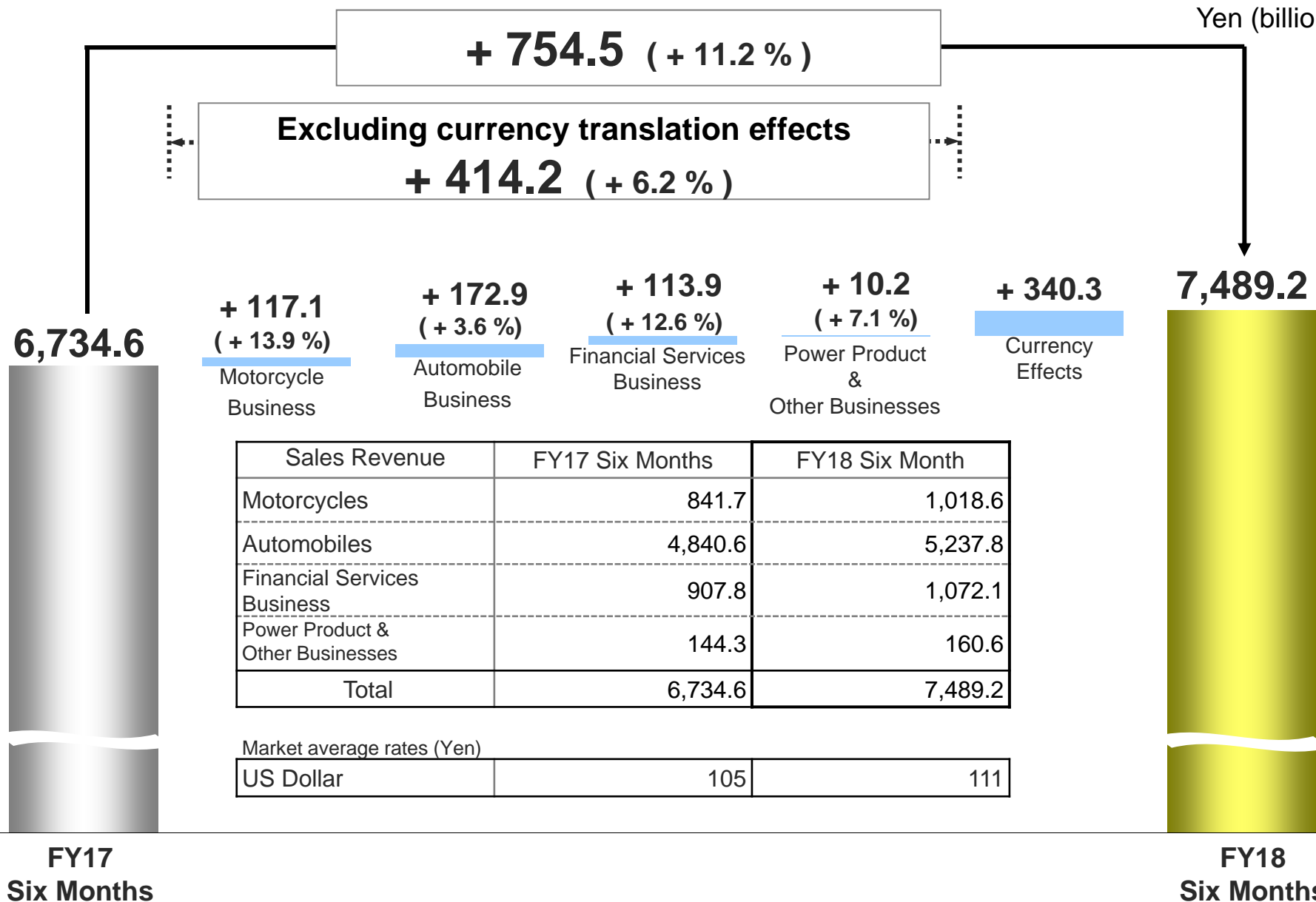


FY17 2Q

FY18 2Q

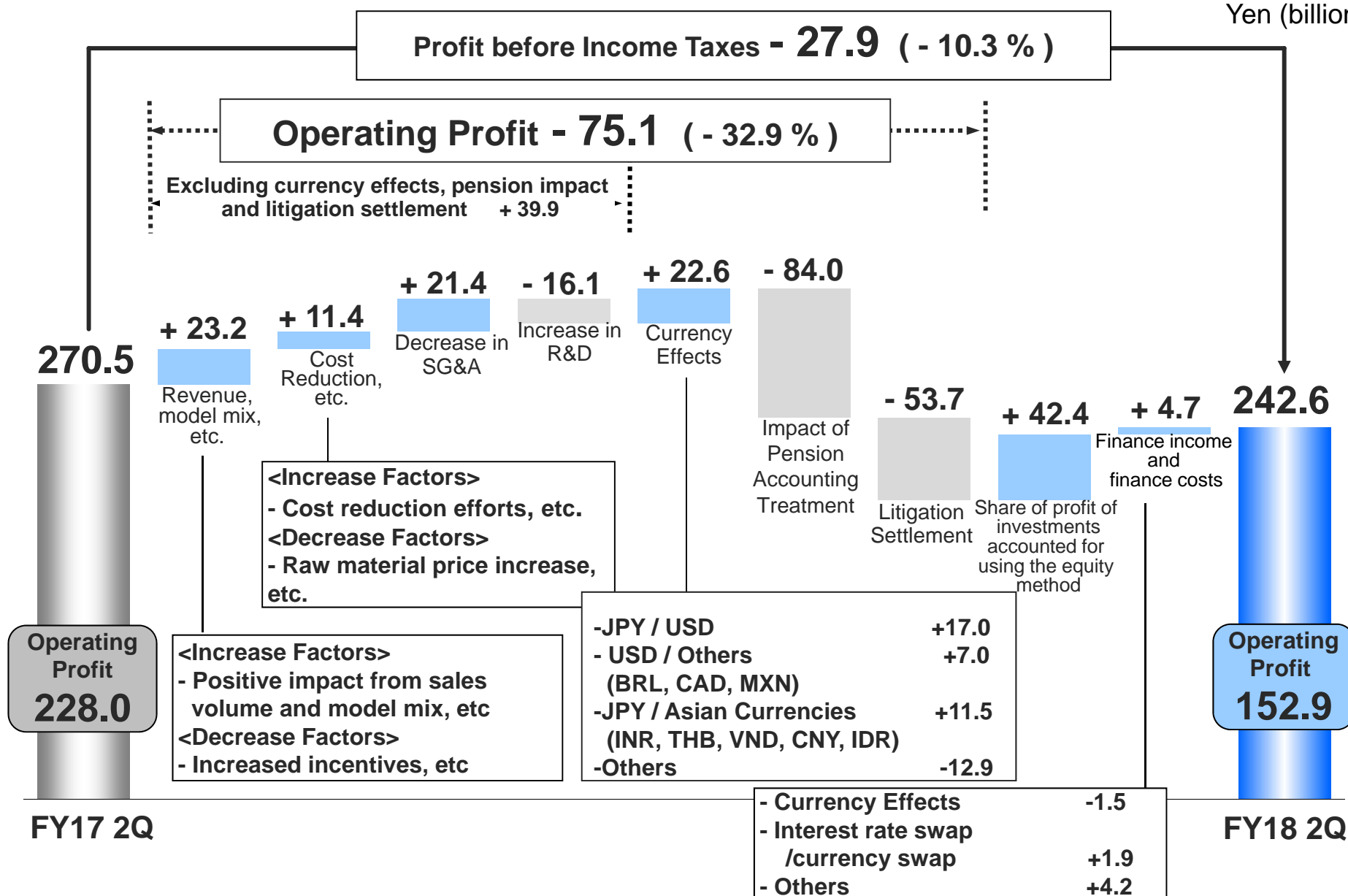
Change in Sales Revenue <FY18 Six Months>

Yen (billion)

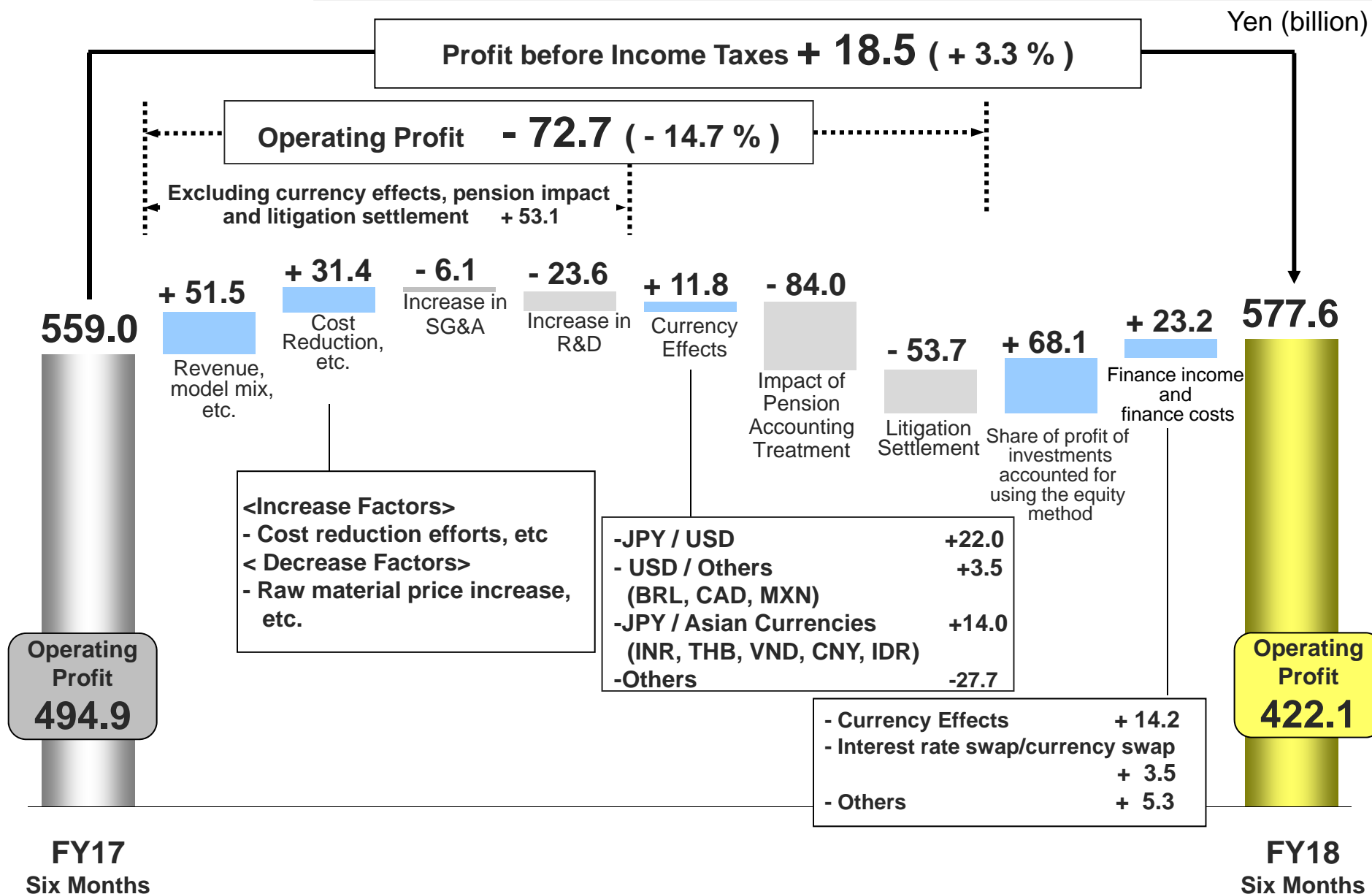


Change in Profit before Income Taxes <FY18 2nd Qtr>

Yen (billion)

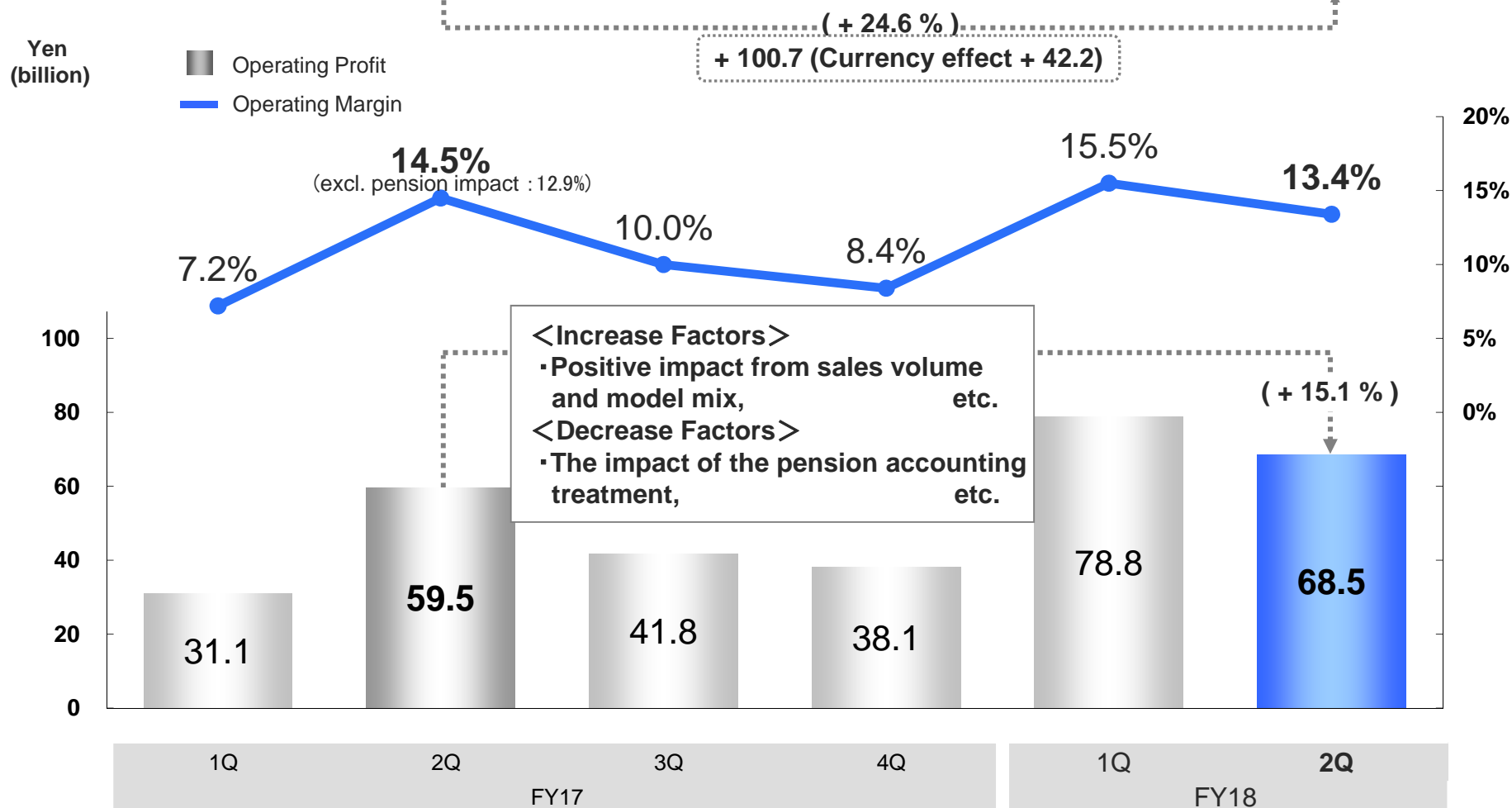


Change in Profit before Income Taxes <FY18 Six Months>



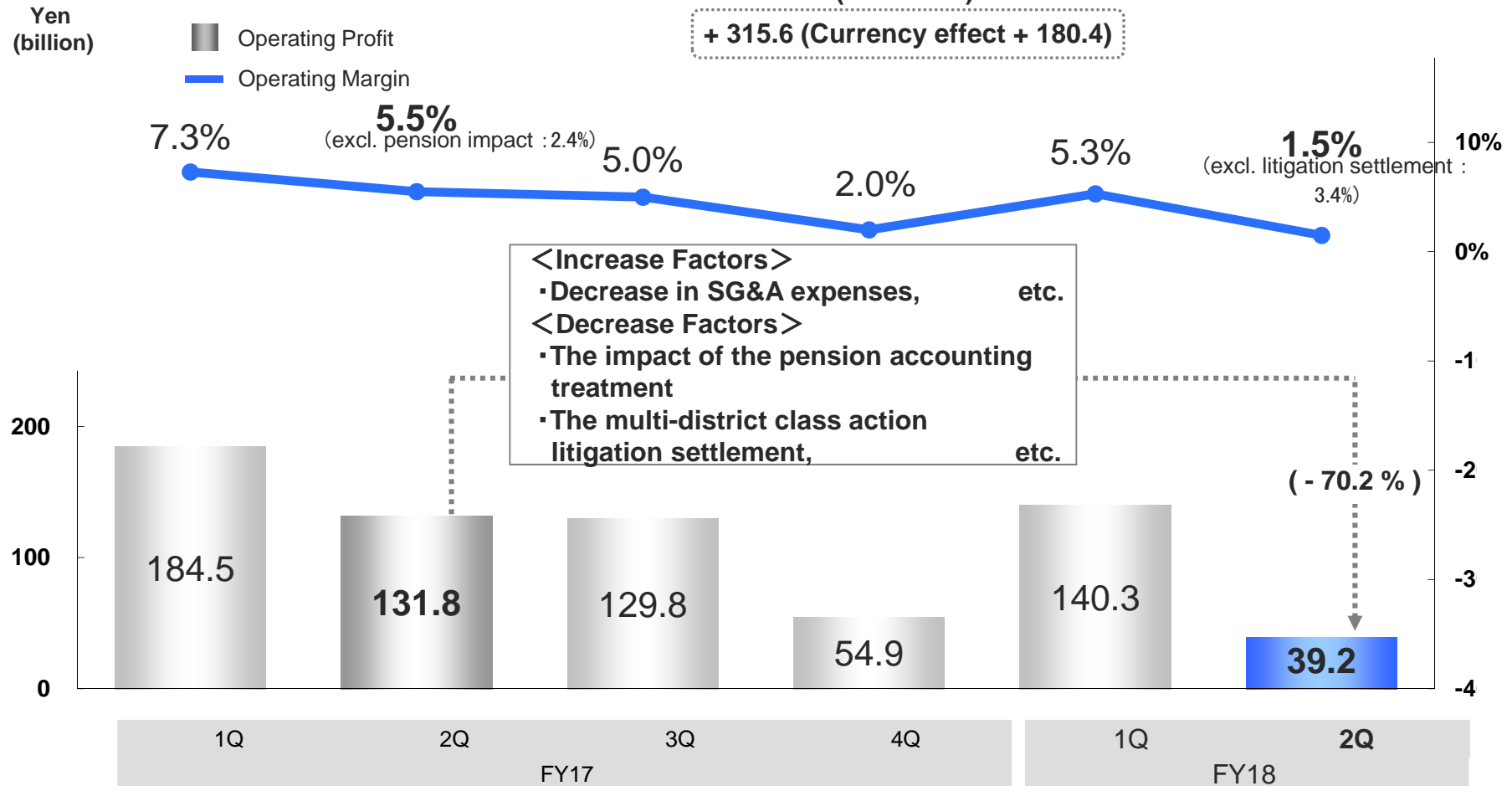
Motorcycle Business Sales Revenue /Operating Profit (Margin)

Unit (Thousand) Yen (billion)	FY17				FY18	
	1Q	2Q	3Q	4Q	1Q	2Q
Honda Group Unit Sales (Consolidated Unit Sales)	4,352	4,538	4,523	4,248	4,699	5,238
	(2,831)	(3,042)	(2,675)	(2,689)	(3,245)	(3,446)
Sales Revenue	432.4	409.3	420.6	453.7	508.5	510.1



Automobile Business Sales Revenue/Operating Profit (Margin)

Unit (Thousand) Yen (billion)	FY17				FY18	
	1Q	2Q	3Q	4Q	1Q	2Q
Honda Group Unit Sales (Consolidated Unit Sales)	1,213 (908)	1,218 (890)	1,312 (925)	1,285 (960)	1,267 (900)	1,292 (907)
Sales Revenue	2,536.1	2,377.4	2,596.4	2,746.7	2,624.5	2,693.0



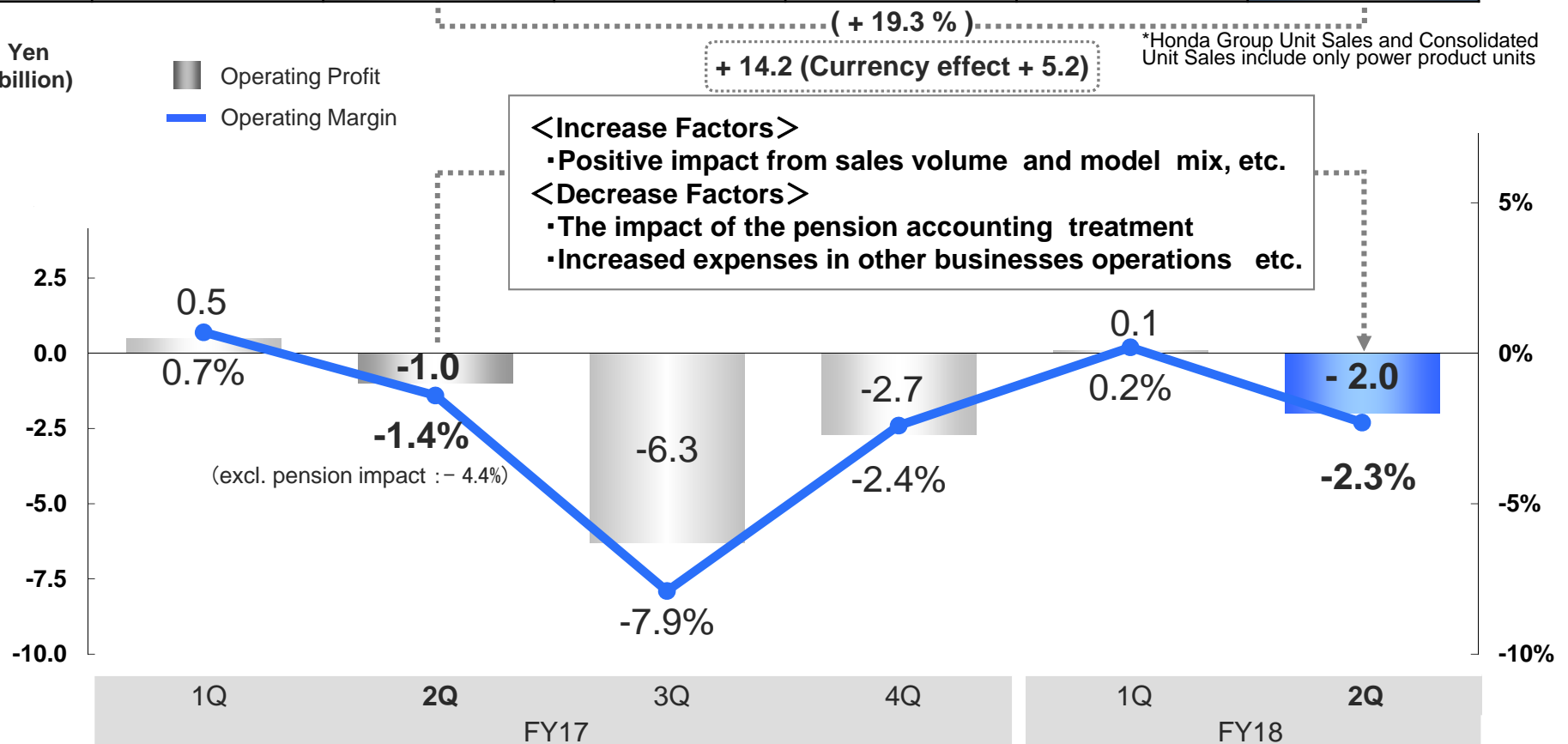
Power Product & Other Businesses

Sales Revenue/Operating Profit (Margin)

Unit (Thousand) Yen (billion)	FY17				FY18	
	1Q	2Q	3Q	4Q	1Q	2Q
Honda Group * Unit Sales	1,488	1,240	1,175	2,218	1,331	1,258
(Consolidated Unit Sales)	(1,488)	(1,240)	(1,175)	(2,218)	(1,331)	(1,258)
Sales Revenue	80.9	73.5	80.3	114.8	83.1	87.8

Yen
(billion)

■ Operating Profit
— Operating Margin



(For reference)

Operating profit from aircraft and aircraft engines	- 8.8	- 10.6	- 12.3	- 12.0	- 8.5	- 13.6
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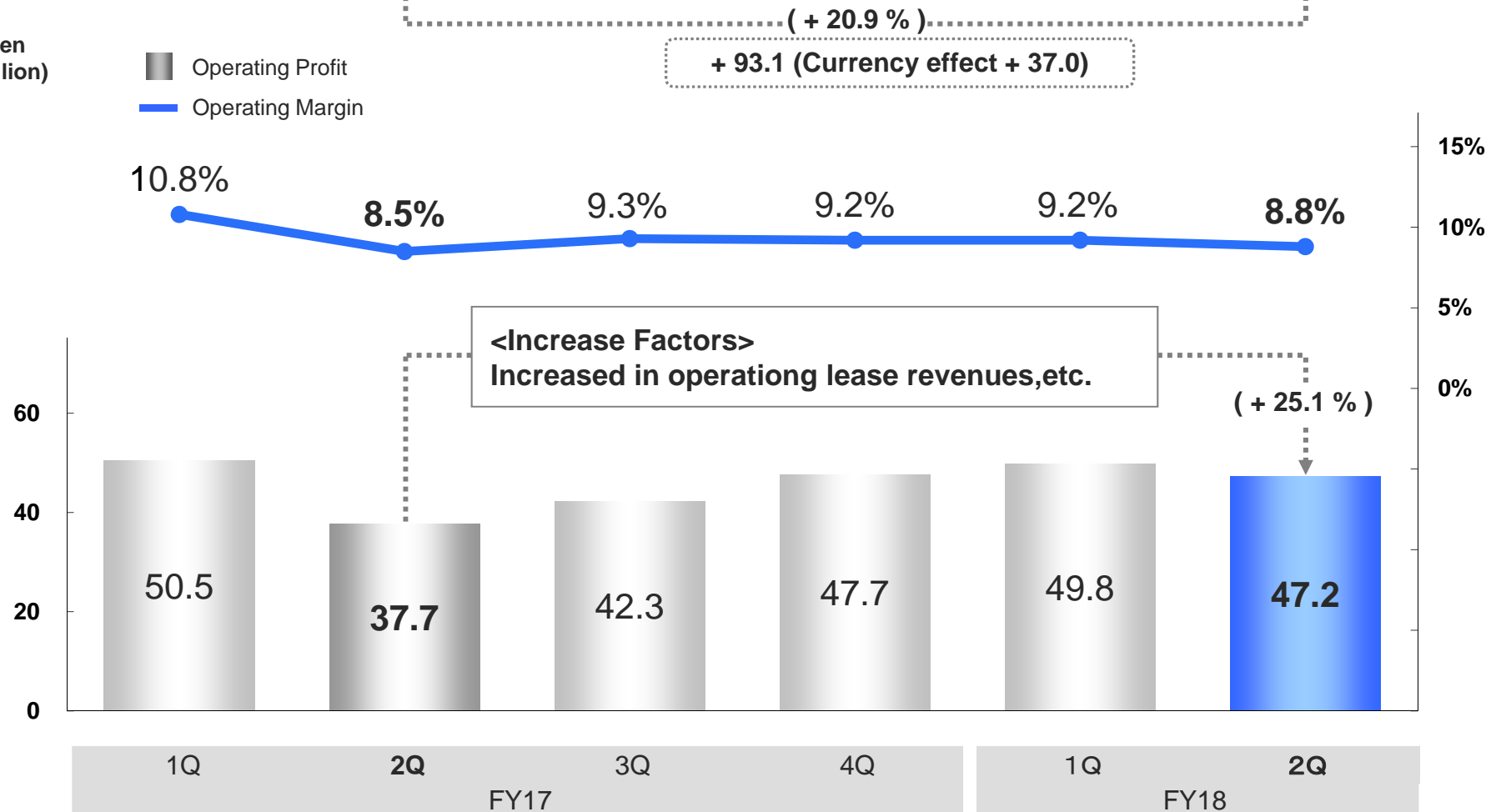
Financial Services Business

Total Assets/Sales Revenue/Operating Profit (Margin)

Yen (billion)	FY17				FY18	
	1Q	2Q	3Q	4Q	1Q	2Q
Total Assets of Finance Subsidiaries	8,538.3	8,440.3	9,643.3	9,437.0	9,494.4	9,688.7
Sales Revenue	467.9	446.3	455.7	521.1	539.6	539.5

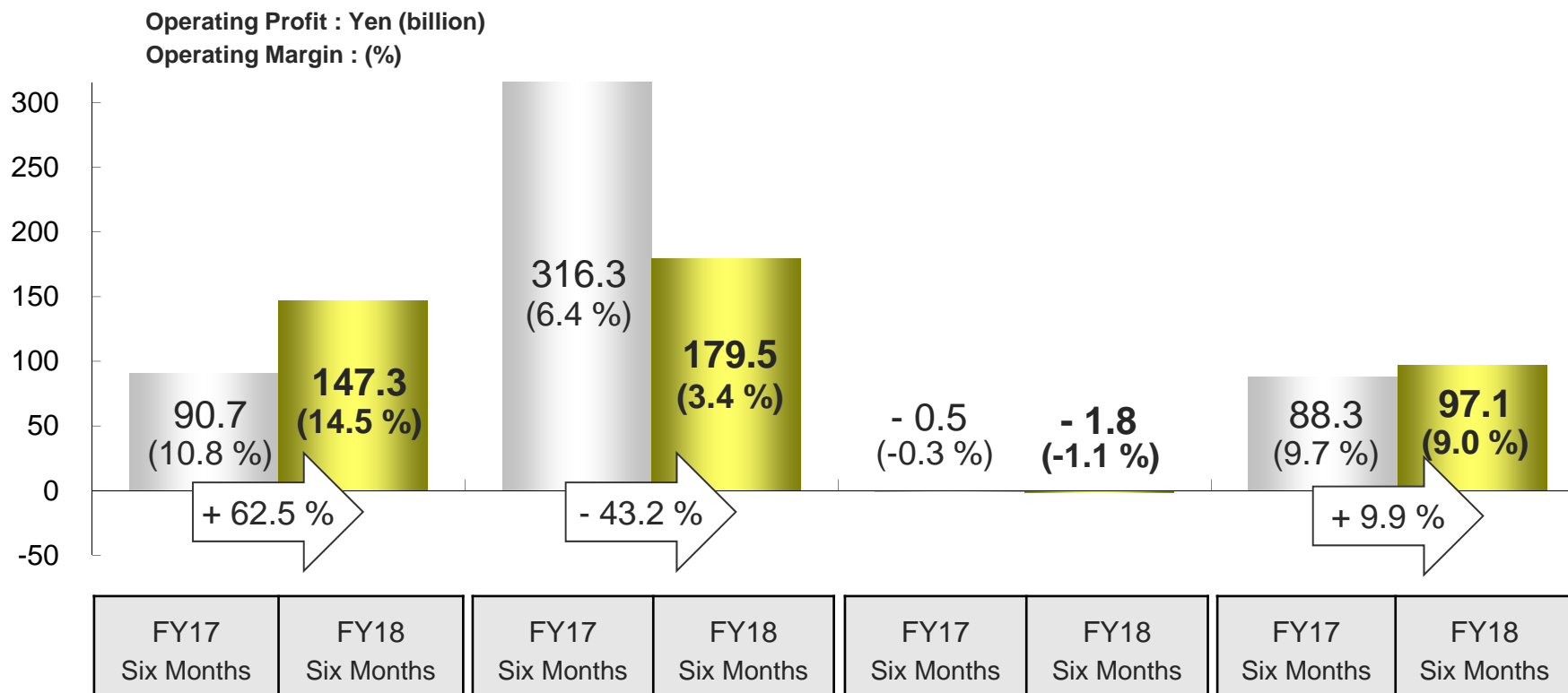
Yen (billion)

■ Operating Profit
— Operating Margin



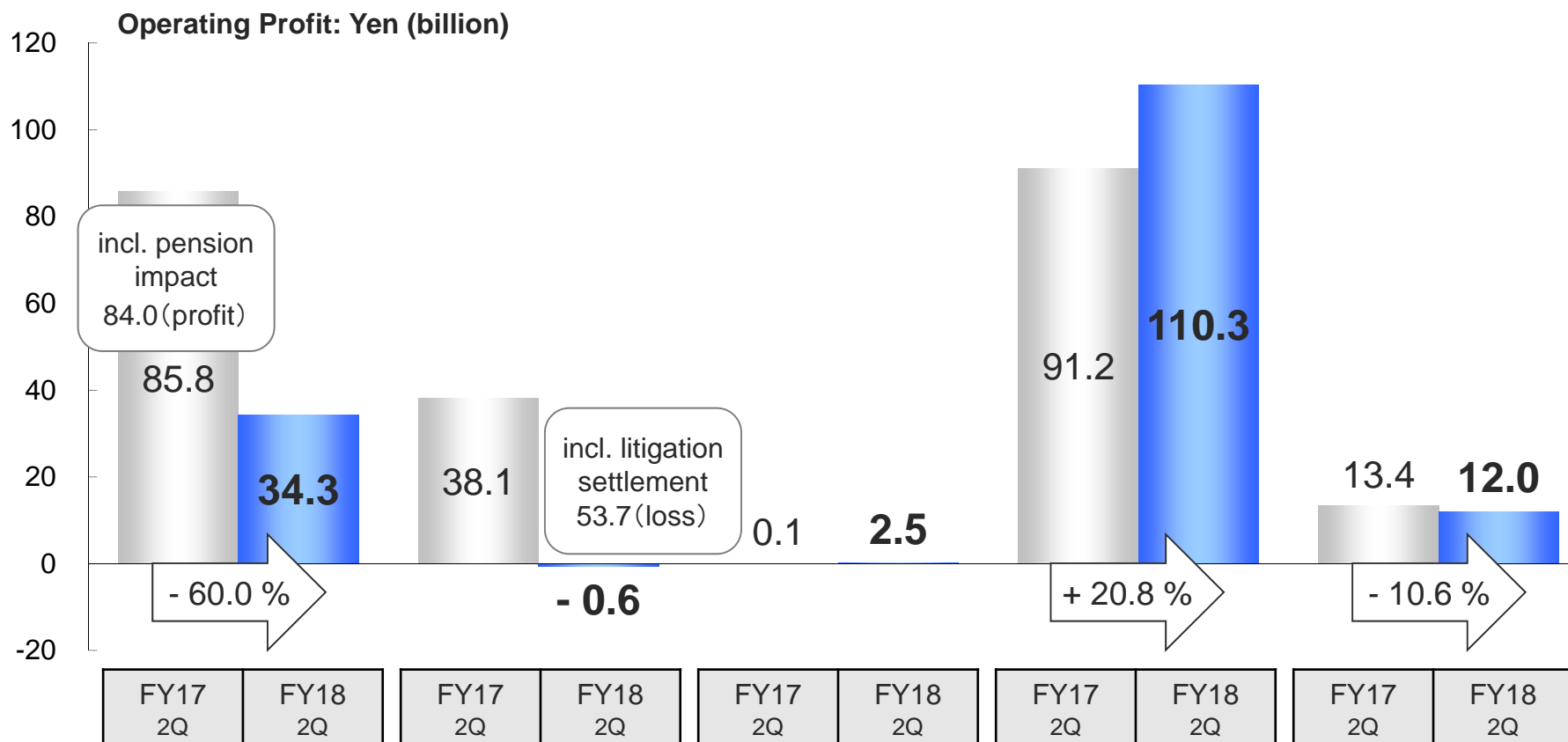
Sales Revenue/Operating Profit (Margin) by Business Segment <FY18 Six Months >

Unit (Thousand) Yen (billion)	Motorcycle Business		Automobile Business		Power Product and Other Businesses		Financial Services Business	
	FY17 Six Months	FY18 Six Months	FY17 Six Months	FY18 Six Months	FY17 Six Months	FY18 Six Months	FY17 Six Months	FY18 Six Months
Honda Group Unit Sales (Consolidated Unit Sales)	8,890 (5,873)	9,937 (6,691)	2,431 (1,798)	2,559 (1,807)	2,728 (2,728)	2,589 (2,589)	— (—)	— (—)
Sales Revenue	841.7	1,018.6	4,913.5	5,317.6	154.4	170.9	914.3	1,079.2



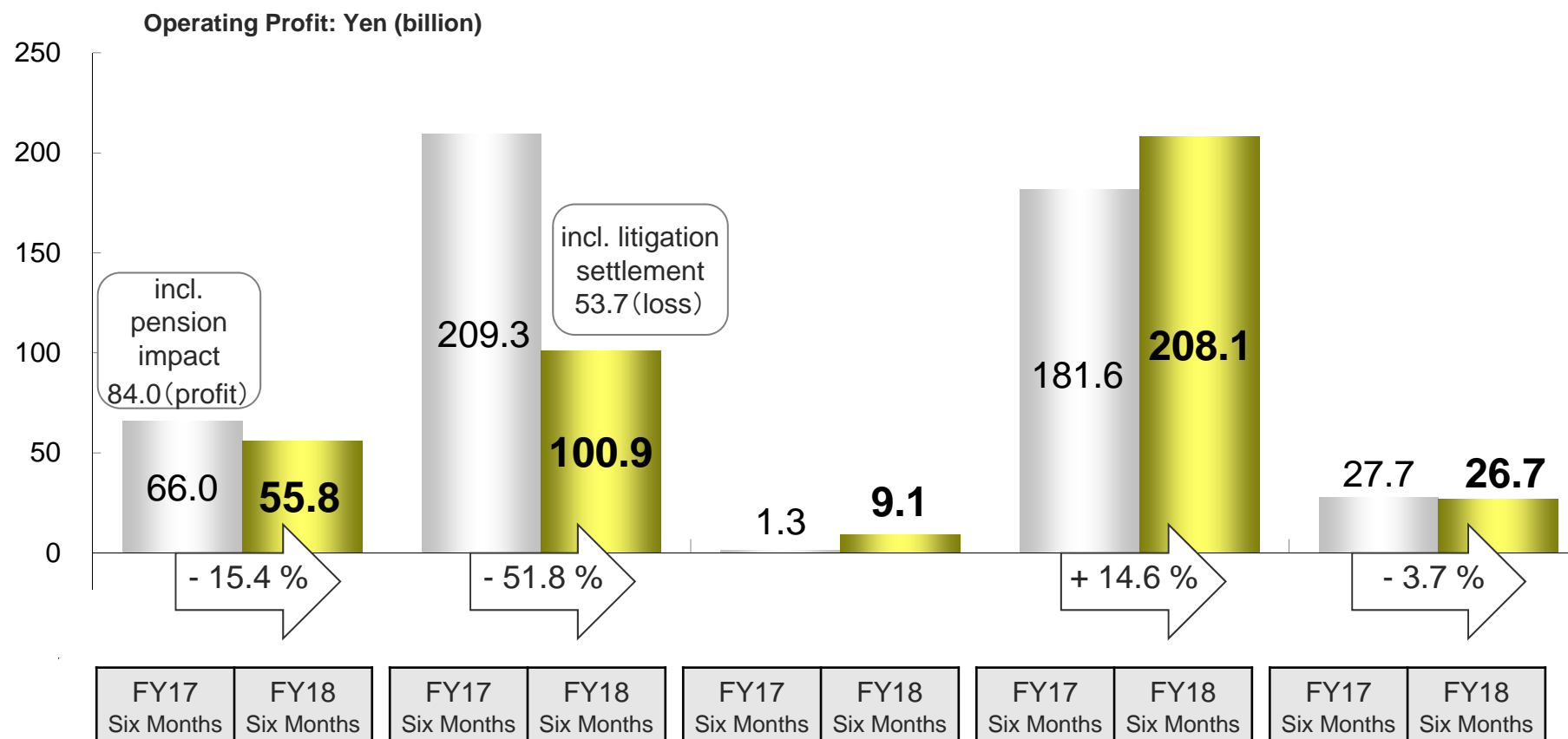
Sales Revenue/Operating Profit by Geographical Segment <FY18 2nd Qtr>

	Japan		North America		Europe		Asia		Other Regions	
Yen (billion)	FY17 2Q	FY18 2Q	FY17 2Q	FY18 2Q	FY17 2Q	FY18 2Q	FY17 2Q	FY18 2Q	FY17 2Q	FY18 2Q
Sales Revenue	977.5	1,058.2	1,839.2	2,067.9	161.0	208.9	831.2	1,094.2	173.6	202.6

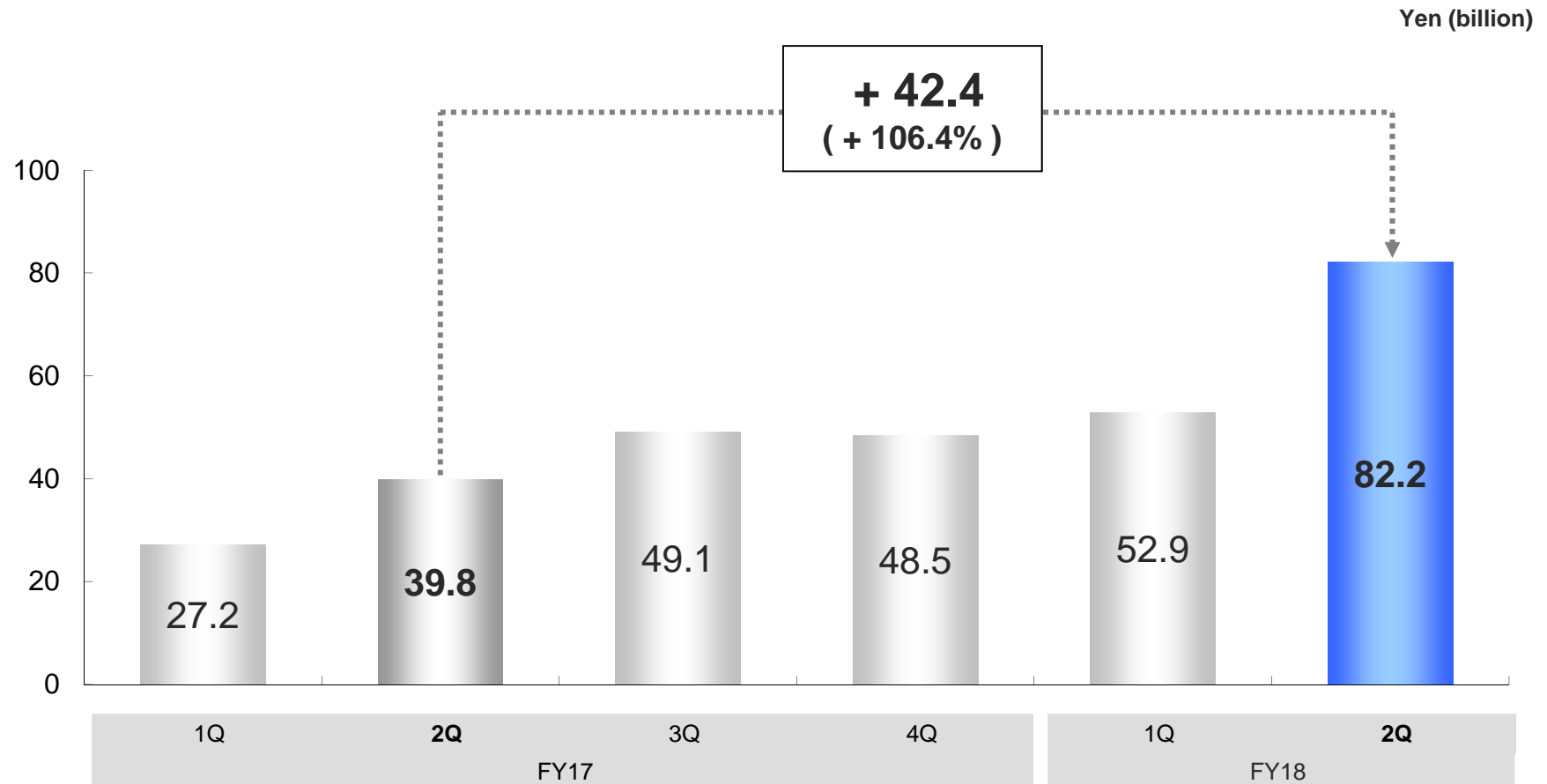


Sales Revenue/Operating Profit (Margin) by Geographical Segment <FY18 Six Months>

	Japan		North America		Europe		Asia		Other Regions	
Yen (billion)	FY17 Six Months	FY18 Six Months	FY17 Six Months	FY18 Six Months	FY17 Six Months	FY18 Six Months	FY17 Six Months	FY18 Six Months	FY17 Six Months	FY18 Six Months
Sales Revenue	1,883.2	2,083.2	3,908.0	4,198.1	344.0	422.2	1,662.5	2,075.9	346.5	406.5



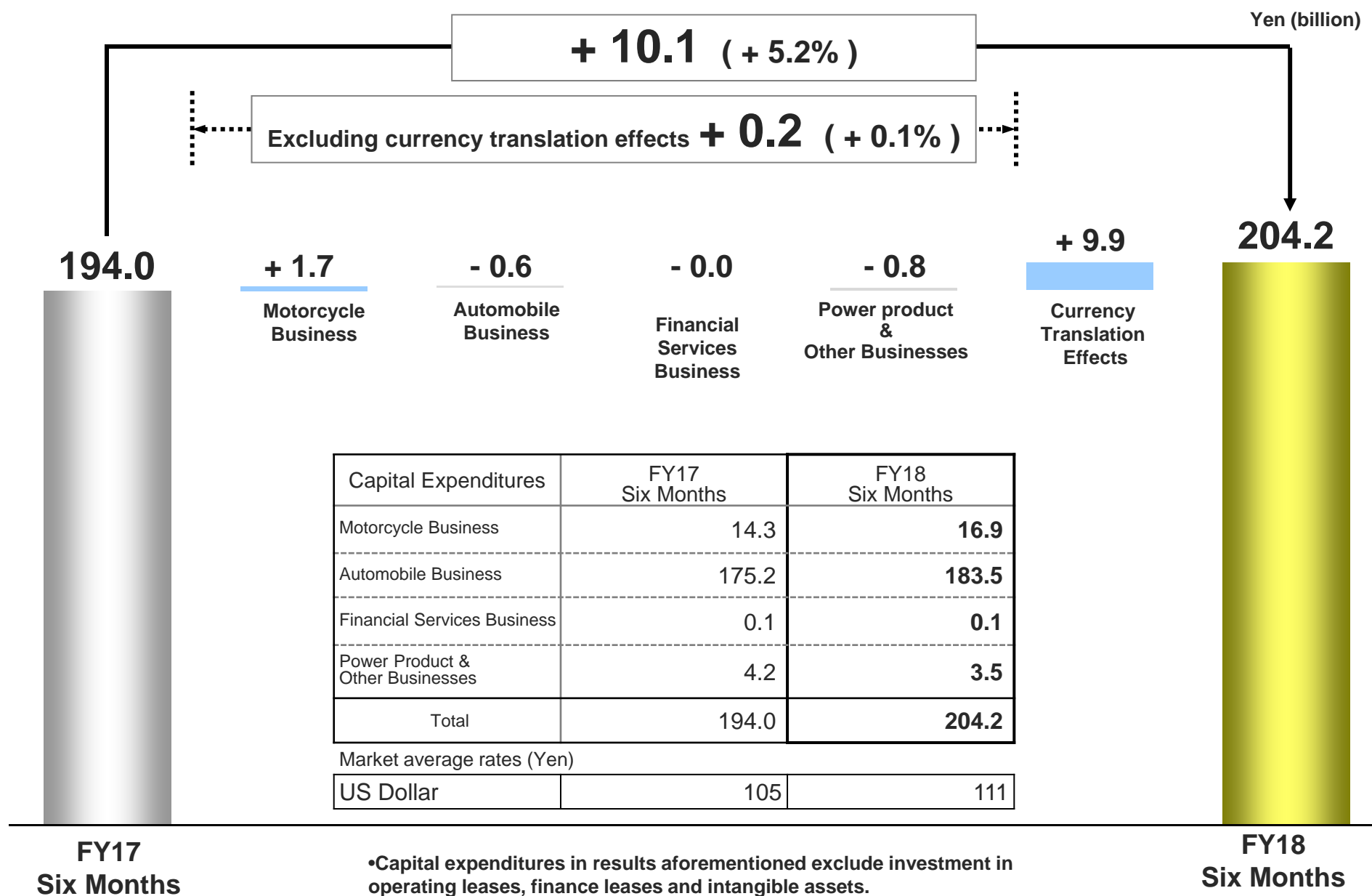
**Share of Profit of Investments
Accounted for Using the Equity Method**



Yen (billion)

From Asia	39.3	36.2	40.8	43.8	46.3	57.9
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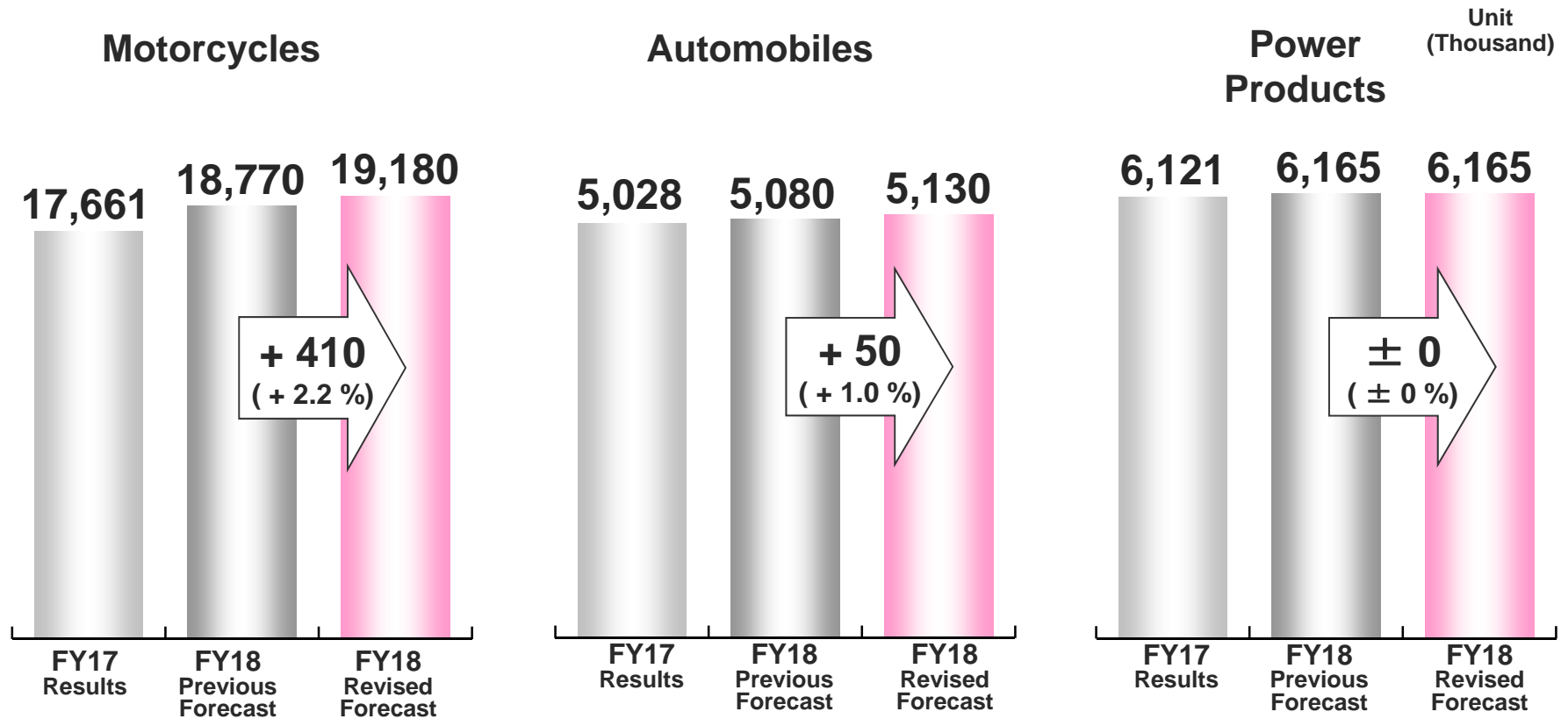
Consolidated Capital Expenditures <FY18 Six Months>



- ***FY18 2nd Quarter and Six Month Financial Results***
 - *Unit Sales*
 - *Financial Results (Consolidated)*
 - *Honda Group Unit Sales*
 - *Change in Sales Revenue*
 - *Change in Profit before Income Taxes*
 - *Business & Geographical Segment Information*
 - *Share of Profit of Investments*
Accounted for Using the Equity Method
 - *Consolidated Capital Expenditures*

- ***FY18 Financial Forecast***

Forecast: Honda Group Unit Sales



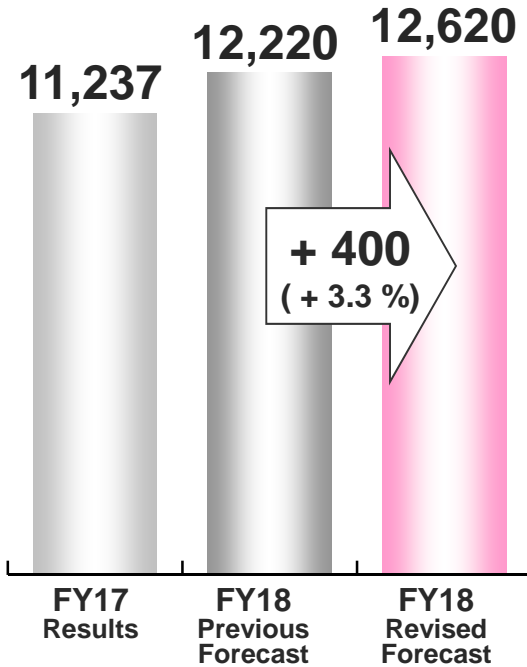
	FY18 Previous Forecast	FY18 Revised Forecast	Change
Japan	170	165	- 5
North America	315	315	-
Europe	220	225	+ 5
Asia	17,015	17,375	+ 360
Other Regions	1,050	1,100	+ 50
Total	18,770	19,180	+ 410

	FY18 Previous Forecast	FY18 Revised Forecast	Change
Japan	680	690	+ 10
North America	1,920	1,920	-
Europe	175	175	-
Asia	2,060	2,100	+ 40
Other Regions	245	245	-
Total	5,080	5,130	+ 50

	FY18 Previous Forecast	FY18 Revised Forecast	Change
Japan	265	280	+ 15
North America	3,010	3,010	-
Europe	1,030	1,015	- 15
Asia	1,460	1,455	- 5
Other Regions	400	405	+ 5
Total	6,165	6,165	-

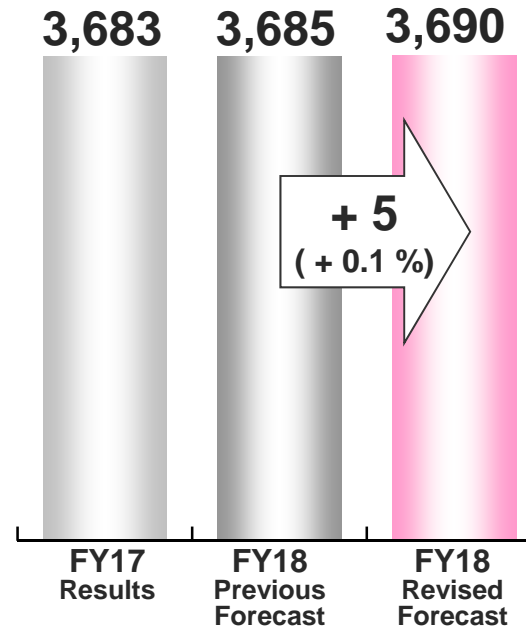
Forecast: Consolidated Unit Sales

Motorcycles



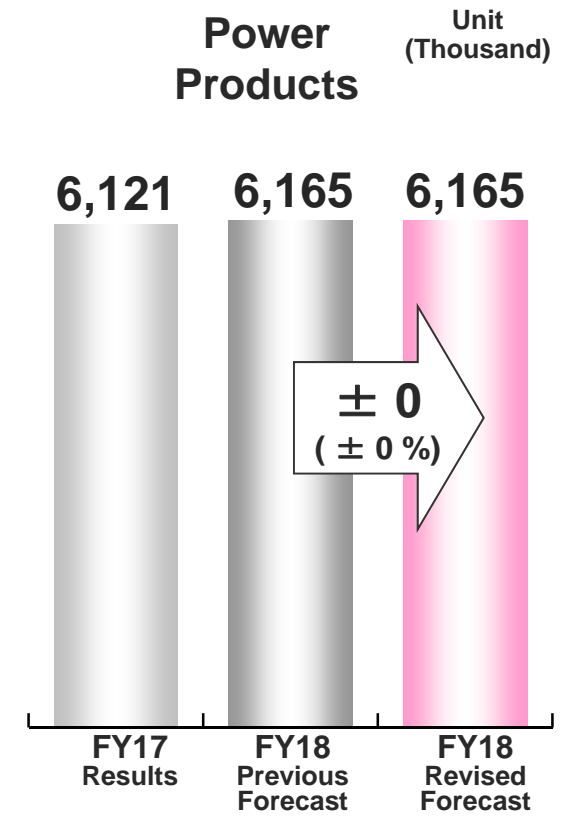
	FY18 Previous Forecast	FY18 Revised Forecast	Change
Japan	170	165	- 5
North America	315	315	-
Europe	220	225	+ 5
Asia	10,465	10,815	+ 350
Other Regions	1,050	1,100	+ 50
Total	12,220	12,620	+ 400

Automobiles



	FY18 Previous Forecast	FY18 Revised Forecast	Change
Japan	615	620	+ 5
North America	1,920	1,920	-
Europe	175	175	-
Asia	730	730	-
Other Regions	245	245	-
Total	3,685	3,690	+ 5

Power Products



	FY18 Previous Forecast	FY18 Revised Forecast	Change
Japan	265	280	+ 15
North America	3,010	3,010	-
Europe	1,030	1,015	- 15
Asia	1,460	1,455	- 5
Other Regions	400	405	+ 5
Total	6,165	6,165	-

Unit
(Thousand)

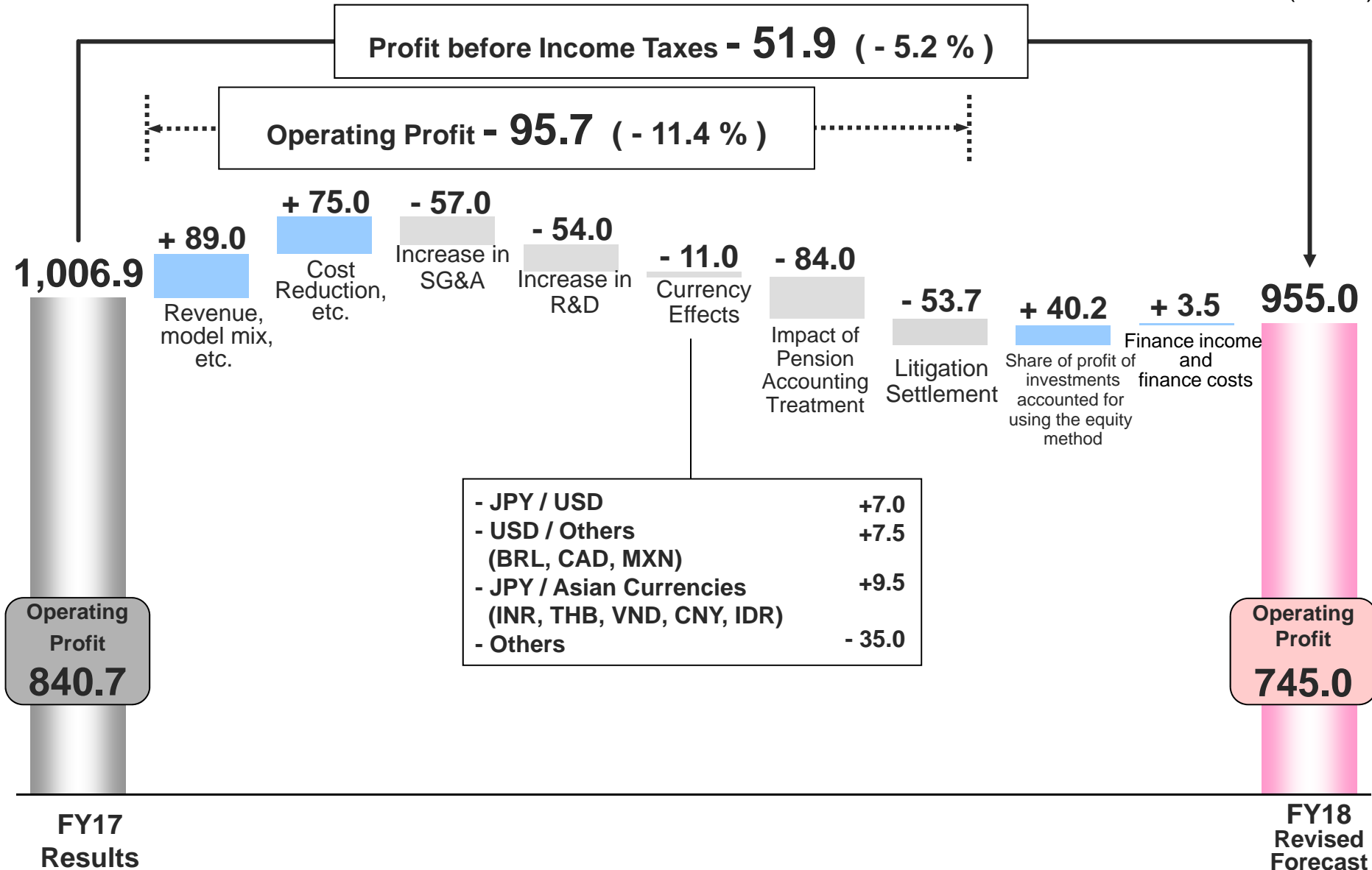
FY18 Financial Forecasts (Consolidated)

Yen (billion)

	FY17 Results	FY18 Forecast	Change		Change from previous forecast
			Amount	%	
Sales revenue	13,999.2	15,050.0	+ 1,050.8	+ 7.5%	+ 550.0
Operating profit	840.7	745.0	- 95.7	- 11.4%	+ 20.0
Operating margin	6.0%	5.0%	- 1.0pt		-
Share of profit of investments accounted for using the equity method	164.7	205.0	+ 40.2	+ 24.4%	+ 25.0
Profit before income taxes	1,006.9	955.0	- 51.9	- 5.2%	+ 55.0
Profit for the year attributable to owners of the parent	616.5	585.0	- 31.5	- 5.1%	+ 40.0
Earnings per share *1 (Yen) attributable to owners of the parent	342.10	326.26	- 15.84		+ 23.87
For *1, please refer to the footnote on page 43					
Market average rates (Yen)					
US Dollar	108	109 (1H 111/ 3Q 110/4Q 105)	Yen down by 1 yen		Yen down by 2 yen

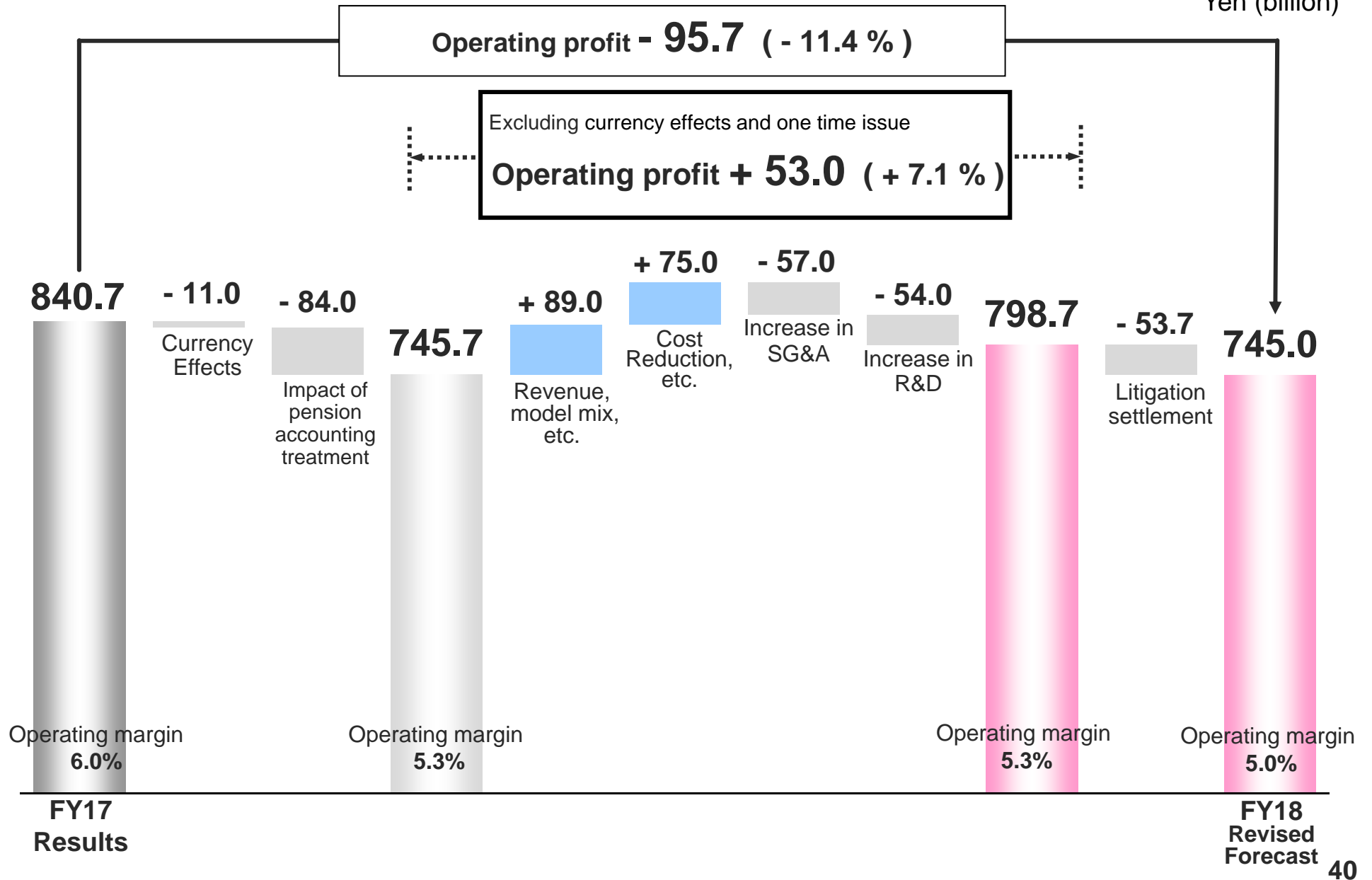
FY18 Forecast: Change in Profit before Income Taxes

Yen (billion)



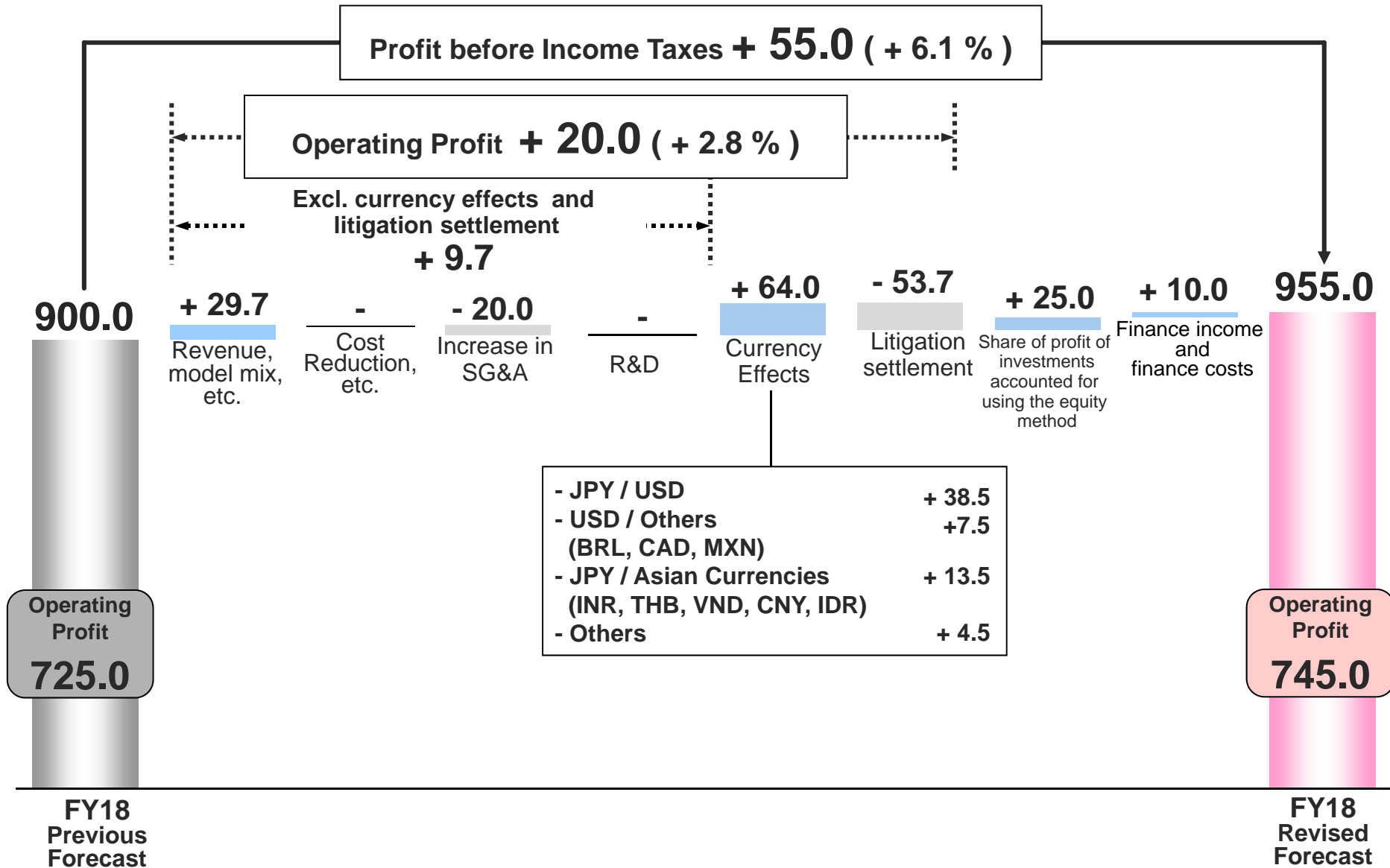
FY18 Forecast: Change in Operating Profit

Yen (billion)



FY18 Forecast: Change in Profit before Income Taxes

Yen (billion)



FY18 Forecast: Capital Expenditures, Depreciation and R&D

Yen (billion)

	FY17 Results	FY18 Forecast	Change	Change from previous forecast
Capital expenditures *	541.0	505.0	- 36.0	- 25.0
Depreciation *	437.6	465.0	+ 27.3	+ 15.0
Research and development expenditures **	685.3	750.0	+ 64.6	-

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

** Research and development expenditures are research and development activity related costs incurred during the reporting period. In accordance with 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 our Consolidated Statement of Income. Research and development expenditures aforementioned exclude decrease of 25.4 billion yen due to the impact of pension accounting treatment in FY17 2nd quarter.

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 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-Side 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.

Power Product Businesses

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 Power Product 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.

*1 Earnings per share attributable to owners of the parent is calculated based on weighted average number of shares outstanding as shown below: (Page 10, 11, 17, 38)

- 2 nd Quarter	FY17: 1,802,283,000 (approx) (page 17),	FY18: 1,802,279,000 (approx) (page 17)
- Six Months	FY17: 1,802,283,000 (approx) (page 10),	FY18: 1,802,280,000 (approx) (page 10)
- Fiscal year	FY17: 1,802,282,000 (approx) (page 11 and 38),	FY18 forecast: 1,793,049,000 (approx) (pages 11 and 38)

HONDA

The Power of Dreams

Appendix

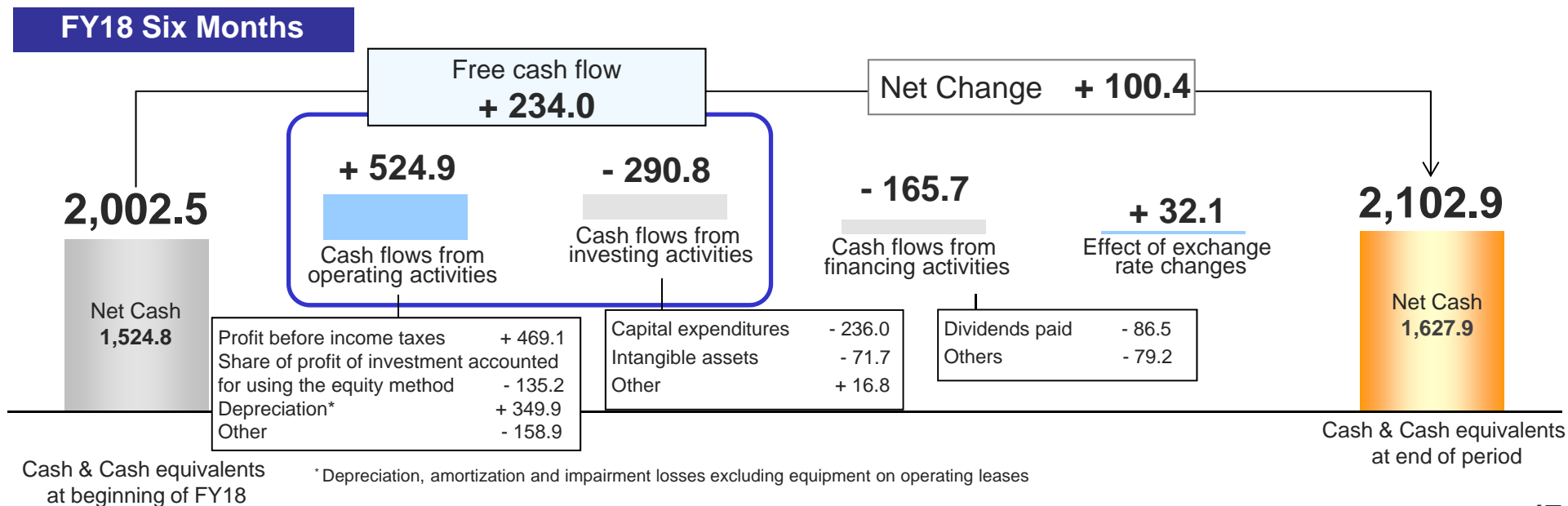
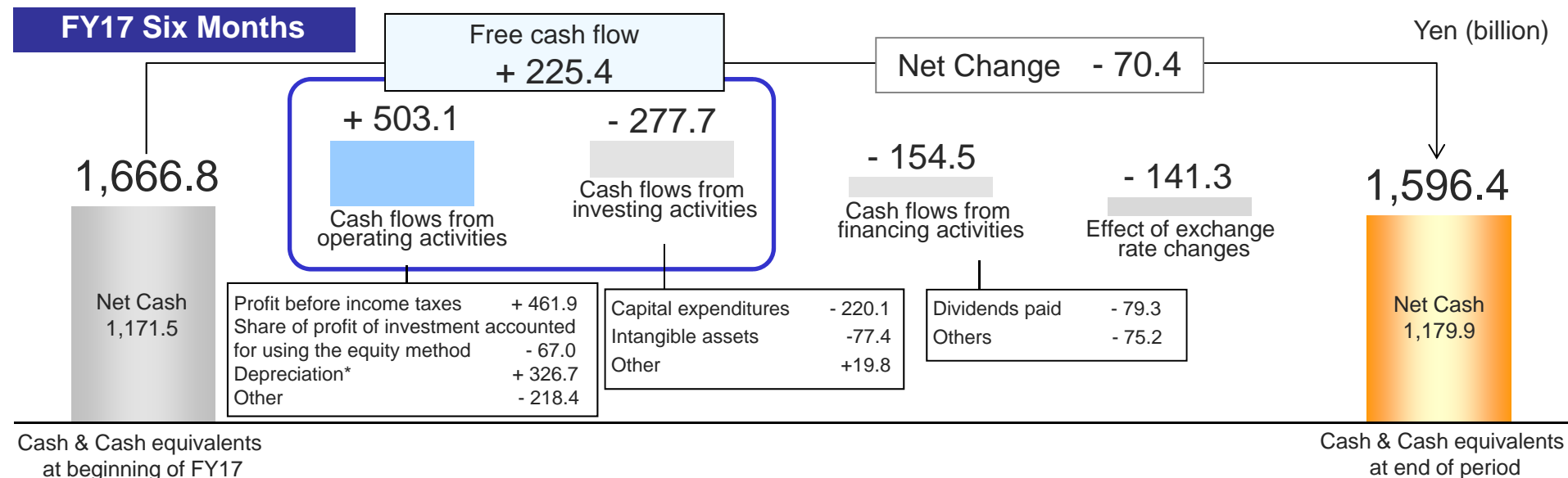
Yen (billion)

	2Q			Six Months		
	FY17	FY18	Change	FY17	FY18	Change
Capital expenditures *	92.8	126.3	+ 33.5	194.0	204.2	+ 10.1
Depreciation *	102.4	114.2	+ 11.8	207.5	230.2	+ 22.6
Research and development expenditures **	148.3	167.4	+ 19.0	308.0	331.4	+ 23.4

* Capital expenditures as well as Depreciation and amortization in results aforementioned exclude investment in operating leases, finance leases and intangible assets.

** Research and development expenditures are research and development activity related costs incurred during the reporting period. In accordance with 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 our Consolidated Statement of Income. Research and development expenditures aforementioned exclude decrease of 25.4 billion yen due to the impact of pension accounting treatment in FY17 2nd quarter.

Cash Flows of Non-financial Services Businesses



Quarterly Consolidated Unit Sales

Unit (Thousand)	FY17					FY18		6 Months	
	1Q	2Q	3Q	4Q	12 Months	1Q	2Q	Change	%
Japan	29	33	49	45	156	42	42	+ 22	+ 35.5%
North America	78	71	68	77	294	80	83	+ 14	+ 9.4%
Europe	72	48	31	66	217	81	53	+ 14	+ 11.7%
Asia	2,364	2,629	2,267	2,253	9,513	2,765	3,012	+ 784	+ 15.7%
Other Regions	288	261	260	248	1,057	277	256	- 16	- 2.9%
Motorcycles	2,831	3,042	2,675	2,689	11,237	3,245	3,446	+ 818	+ 13.9%

Japan	132	143	154	174	603	144	151	+ 20	+ 7.3%
North America	510	479	510	471	1,970	481	452	- 56	- 5.7%
Europe	45	45	43	51	184	42	43	- 5	- 5.6%
Asia	162	167	156	199	684	169	201	+ 41	+ 12.5%
Other Regions	59	56	62	65	242	64	60	+ 9	+ 7.8%
Automobiles	908	890	925	960	3,683	900	907	+ 9	+ 0.5%

Japan	59	87	54	101	301	59	79	- 8	- 5.5%
North America	769	522	521	1,165	2,977	596	545	- 150	- 11.6%
Europe	225	165	190	455	1,035	240	166	+ 16	+ 4.1%
Asia	360	376	311	383	1,430	362	379	+ 5	+ 0.7%
Other Regions	75	90	99	114	378	74	89	- 2	- 1.2%
Power Products	1,488	1,240	1,175	2,218	6,121	1,331	1,258	- 139	- 5.1%