



# *FY12 1st Quarter Financial Results*



**Honda Motor Co., Ltd.**

August 1, 2011

***Fit Shuttle Hybrid  
(Japan)***

# **FY12 1st Quarter Financial Results & FY12 Financial Forecasts**

***Fumihiko Ike***

***Senior Managing Officer***

***Chief Operating Officer for Business Management Operations***

- (1) FY12 1st Quarter Consolidated Financial Results*
- (2) FY12 Financial Forecasts*
- (3) Dividend*

***Kohei Takeuchi***

***Operating Officer, General Manager of Accounting Division***

- (1) FY12 1st Quarter Consolidated Financial Results*
  - Net Sales and Other Operating Revenue*
  - Change in Income before Income Taxes*
  - Business Segment Information*
  - Geographical Information*
  - Change in Equity in Income of Affiliates*
  - Consolidated Capital Expenditures*
- (2) FY12 Financial Forecasts*

# Outline of FY12 1st Quarter Financial Results (Consolidated)

Unit (Sales) Unit (thousands)	1Q Results (Three Months)		
	FY11	FY12	Change
Motorcycles	2,887	<b>2,751</b>	- 4.7%
Automobiles	899	<b>547</b>	- 39.2%
Power Products	1,440	<b>1,512</b>	+ 5.0%

Financial results Yen (billions)	1Q Results (Three Months)		
	FY11	FY12	Change
Net sales & other operating revenue	2,361.4	<b>1,714.5</b>	- 27.4%
Operating income	234.4	<b>22.5</b>	- 90.4%
Income before income taxes	256.1	<b>29.2</b>	- 88.6%
Equity in income of affiliates	35.6	<b>28.6</b>	- 19.8%
Net income attributable to Honda Motor Co., Ltd.	272.4	<b>31.7</b>	- 88.3%

EPS attributable to Honda Motor Co., Ltd. (Yen)	150.27	<b>17.64</b>	- 132.63
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Note : Shares which are based on calculation of EPS approx. 1,813,288,000 shares (weighted average number of shares outstanding) approx. 1,802,301,000 shares (weighted average number of shares outstanding)

## Average Rates (Yen)

US Dollar	92	<b>82</b>	Yen up by 10 yen
Euro	118	<b>118</b>	—

## Business Environment

**US:** The growth of consumer spending and capital expenditures moderated and a high unemployment rate and sluggish housing market continue. Concerns of deterioration in the economy remain although a slow recovery could be seen.

**Europe:** The economy has gradually recovered, although conditions varied widely by country. Concerns remain including low confidence in the financial system and continued high unemployment.

**Asia:** The economy in China continued to expand. The pace of economic expansion moderated in India. The economies of other Asian countries also achieved overall recovery although the pace of recovery slowed.

**Japan:** The economy has remained severe due to the adverse effect of the Earthquake, although signs of improvement such as steady capital spending and consumer spending could be seen. Concerns remain due to limited electricity supply, nuclear power plant disasters and oil price hikes.

### Motorcycle Market:

-Markets expanded in India, Indonesia, Vietnam, Thailand and Brazil  
-Gradual decline in total U.S. demand

### Automobile Market:

-Markets in the U.S., Brazil, Russia and India expanded  
-Demand in China, Europe and Japan declined

## Major Change Factors

**Despite the significant decline in auto sales due to the impact of the Earthquake, the company posted operating profit, income before income taxes and net income, due to the expansion of motorcycle business profit as well as the strong performance of financial services business primarily for automobile purchases.**

### Unit Sales:

**Motorcycle:** Increased sales in Other regions including Latin America  
Decreased knockdown components sale to Asia  
Decreased sales in North America

**Automobile:** Decreased in all regions due to the Earthquake impact

**Power Products** Increased sales in Europe, Asia and Japan  
Decreased sales in North America

### Net sales & other operating revenue

-Increased in Motorcycle business  
-Decreased in automobile business due to the impact of the Earthquake and negative currency translation effect

### Operating income

**<Increase Factors>**  
Decrease in SG&A expenses

**<Decrease Factors>**  
The change in revenue, model mix, etc.,  
Increased costs due to decreased production  
Negative currency effect

## FY12 Financial Forecasts (Consolidated)

Yen (billions)

	FY11 Results	FY12 Revised Forecasts	Change		Change from previous forecasts as of June 14
			amount	%	
Net sales & other operating revenue	8,936.8	<b>8,700.0</b>	- 236.8	- 2.7%	+ 400.0
Operating income	569.7	<b>270.0</b>	- 299.7	- 52.6%	+ 70.0
Income before income taxes	630.5	<b>285.0</b>	- 345.5	- 54.8%	+ 70.0
Equity in income of affiliates	139.7	<b>100.0</b>	- 39.7	- 28.4%	± 0
Net income attributable to Honda Motor Co., Ltd.	534.0	<b>230.0</b>	- 304.0	- 56.9%	+ 35.0
EPS attributable to Honda Motor Co., Ltd. (Yen)	295.67	<b>127.61</b>	- 168.06		

Note : Shares which are based on calculation of EPS

 approx.  
 1,806,360,000 shares  
 (weighted average number of shares outstanding )

 approx.  
 1,802,301,000 shares  
 (weighted average number of shares outstanding )

### Average Rates (Yen)

US Dollar	86	<b>80</b>	Yen up by 6 yen	—
Euro	114	<b>112</b>	Yen up by 2 yen	Yen down by 2 yen

## FY12 Financial Forecasts (Unconsolidated)

Yen (billions)

	FY11 Results	FY12 Revised Forecasts	Change		Change from previous forecasts as of Jun. 14
			amount	%	
Net sales	2,915.4	<b>2,900.0</b>	- 15.4	- 0.5%	+ 180.0
Operating income	13.9	<b>- 180.0</b>	- 193.9	—	+ 20.0
Ordinary income	229.7	<b>- 10.0</b>	- 239.7	—	+ 30.0
Net income	86.6	<b>40.0</b>	- 46.6	- 53.8%	+ 25.0

### Average Rates (Yen)

US Dollar	86	<b>80</b>	Yen up by 6 yen	—
Euro	114	<b>112</b>	Yen up by 2 yen	Yen down by 2 yen

(Yen)

Dividend per share	FY11 Results	FY12 Results (Projections)	Increase/Decrease from FY11 Results
1 <sup>st</sup> quarter End	12	15	+ 3
2 <sup>nd</sup> quarter End	12	( 15 )	( + 3 )
3 <sup>rd</sup> quarter End	15	( 15 )	( ± 0 )
4 <sup>th</sup> quarter End	15	( 15 )	( ± 0 )
<b>Fiscal Year</b>	<b>54</b>	<b>( 60 )</b>	<b>( + 6 )</b>

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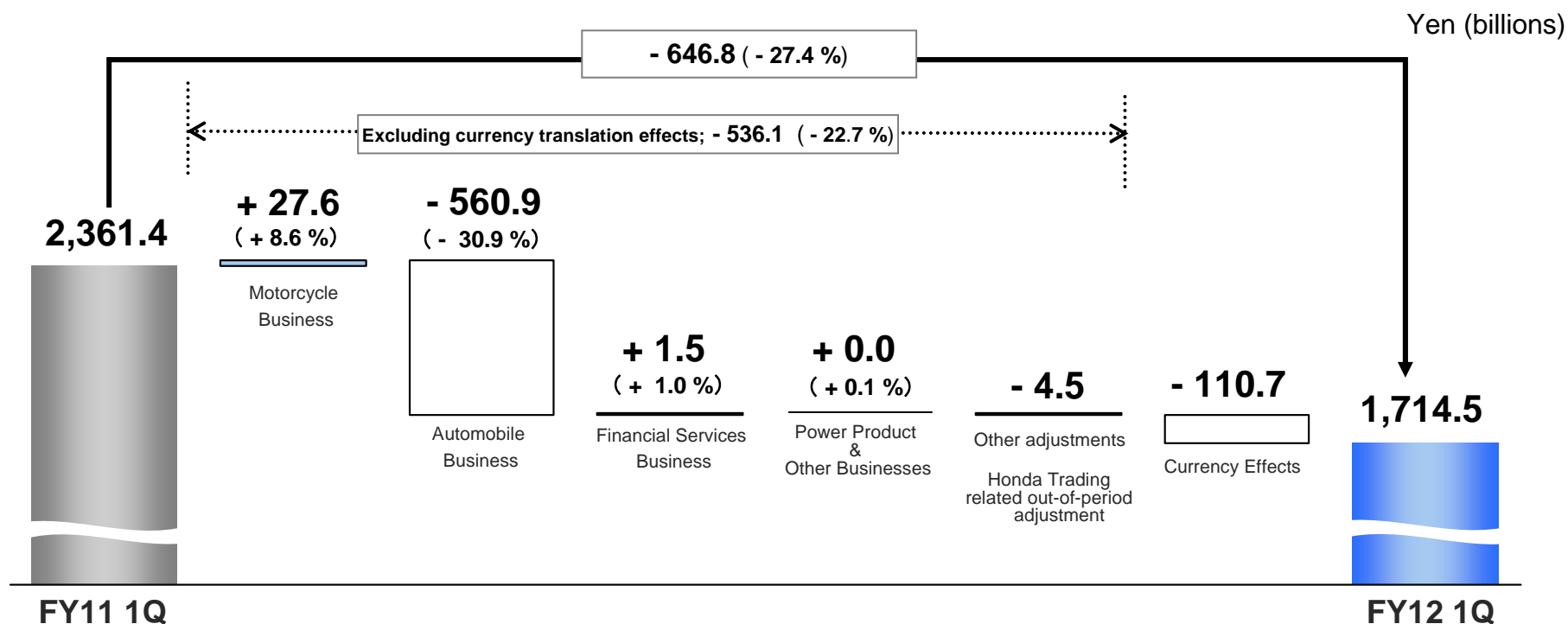
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***(2) FY12 Financial Forecasts***

# Net Sales and Other Operating Revenue



FY11 1Q	
Motorcycle Business	320.2
Automobile Business	1,813.0
Financial Services Business	149.4
Power Product & Other Businesses	74.1
Other adjustments	4.5
<b>Total</b>	<b>2,361.4</b>

Market average rates

US Dollar	92.01
Euro	116.99

FY12 1Q	
Motorcycle Business	330.3
Automobile Business	1,176.9
Financial Services Business	135.8
Power Product & Other Businesses	71.4
<b>Total</b>	<b>1,714.5</b>

Market average rates

US Dollar	81.74
Euro	117.40

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

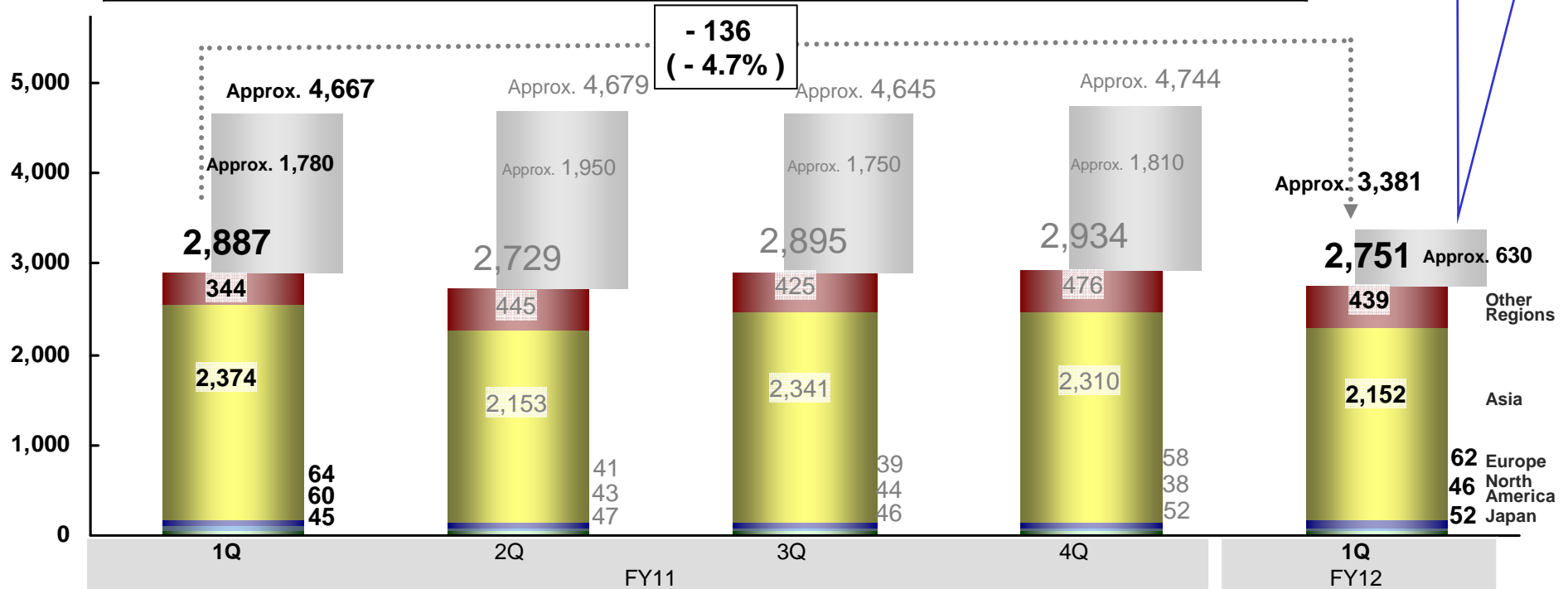
Unit (thousands)	FY12 1Q	Change from FY11 1Q	Major increase / decrease factors
Japan	52	+ 7	- Increased sales of <i>GIORNO</i> - Positive impact of the introduction of <i>CBR250R</i>
North America	46	- 14	- Positive impact of the introduction of <i>CBR250R</i> - Decreased sales of <i>Fury</i> , <i>GOLDWING</i> , <i>VFR1200F</i> and Sport ATV models
Europe	62	- 2	- Positive impact of the introduction of <i>CBR250R</i> in Germany and the U.K. - Decreased sales of large scooter models such as <i>SH300</i> , etc. in Italy
Asia	2,152	- 222	- Increased sales of <i>Wave</i> series motorcycles in Thailand and Vietnam - Increased sales of <i>Scoopy-i</i> in Thailand and <i>CB Shine</i> in India - Increased sales of <i>Air Blade</i> and positive impact of the introduction of <i>PCX</i> in Vietnam - Exclusion of sales of parts for overseas production after the dissolution of the joint venture in India and a delay of shipment to Indonesia
Other Regions	439	+ 95	- Increased sales of <i>CG150FAN</i> , <i>BIZ125</i> , and <i>CB300R</i> in Brazil
<b>Total</b>	<b>2,751</b>	<b>- 136</b>	



**CBR 250R (Japan)**

Unit sales of Honda-brand motorcycle products that are manufactured and sold by overseas affiliates accounted for under the equity method, but do not use any parts supplied by Honda and its subsidiaries

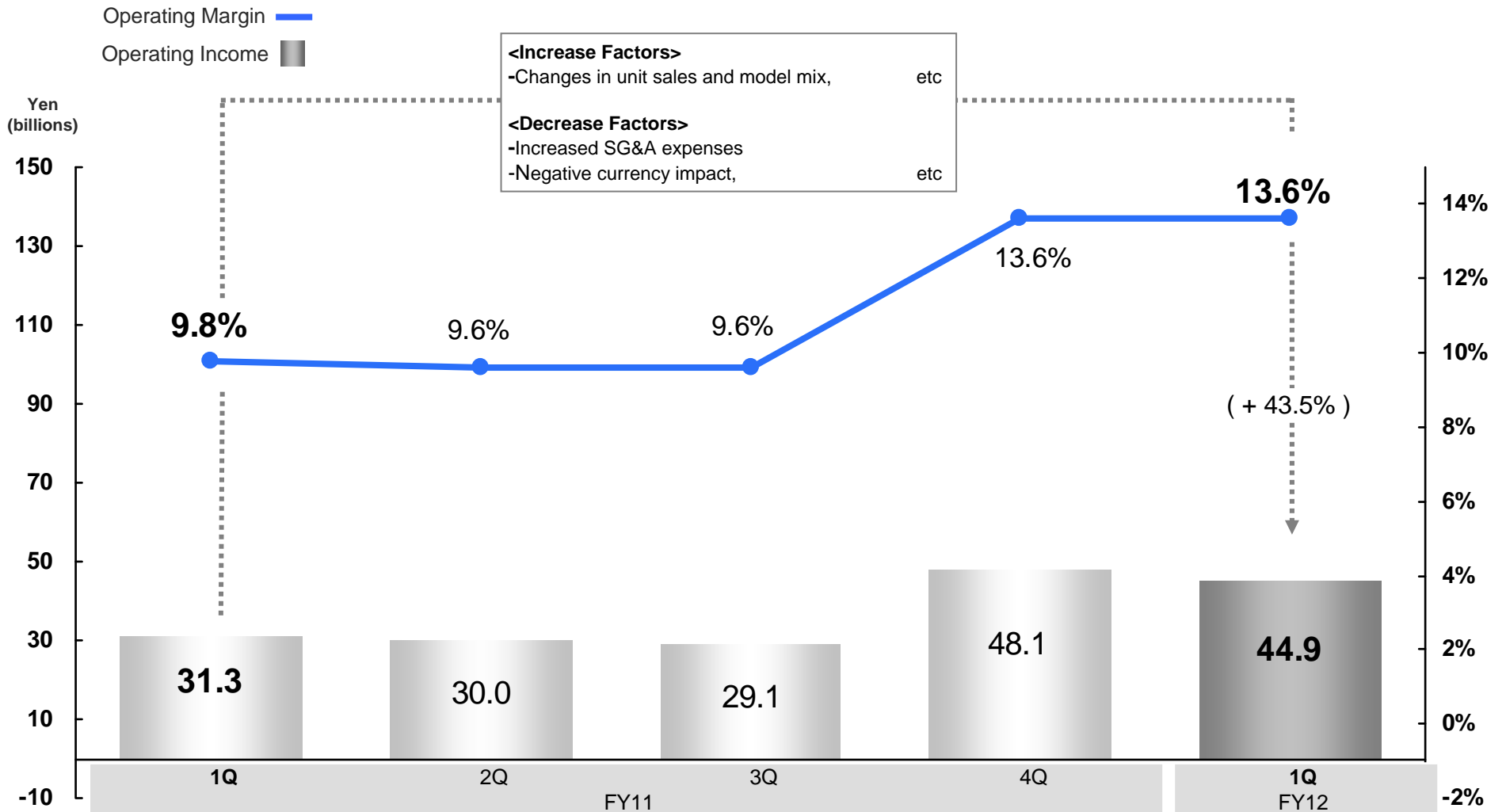
Unit (thousands)



\* Unit sales is the total of sales of completed products of Honda and its consolidated subsidiaries and sales of parts to Honda's affiliates accounted for under the equity method.

# Motorcycle Business Net Sales/Operating Income (Margin)

	FY11				FY12	
	1Q	2Q	3Q	4Q	1Q	
Net Sales	<b>320.2</b>	312.8	301.9	353.1	<b>330.3</b>	Yen (billions)
	(+ 3.2%)				Currency Effect - 17.5 (Revenue from sales to external customers)	

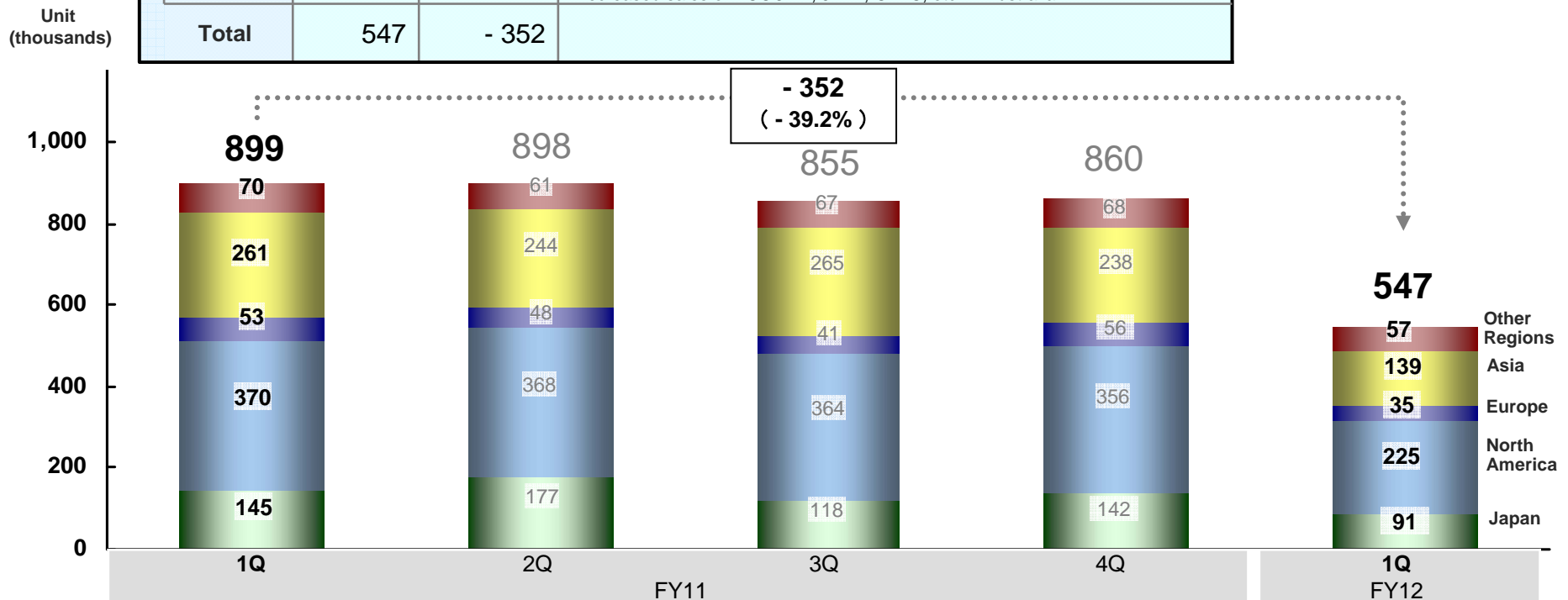


# Automobile Unit Sales

Unit (thousands)	FY12 1Q	Change from FY11 1Q	Major increase / decrease factors
Japan	91	- 54	- Decreased sales as the government's subsidy expired - Decreased sales of <i>STEPWGN</i> , <i>FIT</i> , <i>INSIGHT</i> , etc due to the adverse impact of the Earthquake, etc.
North America	225	- 145	- Increased sales of <i>FIT</i> , positive impact of the introduction of <i>CR-Z</i> - Decreased sales due to production decline as a result of the adverse impact of the Earthquake, etc.
Europe	35	- 18	- Increased sales of <i>JAZZ HYBRID</i> , increased sales in Russia - Decreased sales of <i>CIVIC</i> in major countries due to adverse impact of the Earthquake, etc.
Asia	139	- 122	- Decreased sales of parts for manufacturing to China and a decline of production units in Thailand due to the adverse impact of the Earthquake - Positive impact of the introduction of <i>BRIO</i>
Other Regions	57	- 13	- Decreased sales of <i>FIT</i> and <i>CIVIC</i> , etc. in Brazil - Decreased sales in the Middle East due to declined supply as a result of the adverse impact of the Earthquake, etc. - Decreased sales of <i>ACCORD</i> , <i>JAZZ</i> , <i>CIVIC</i> , etc. in Australia
<b>Total</b>	<b>547</b>	<b>- 352</b>	



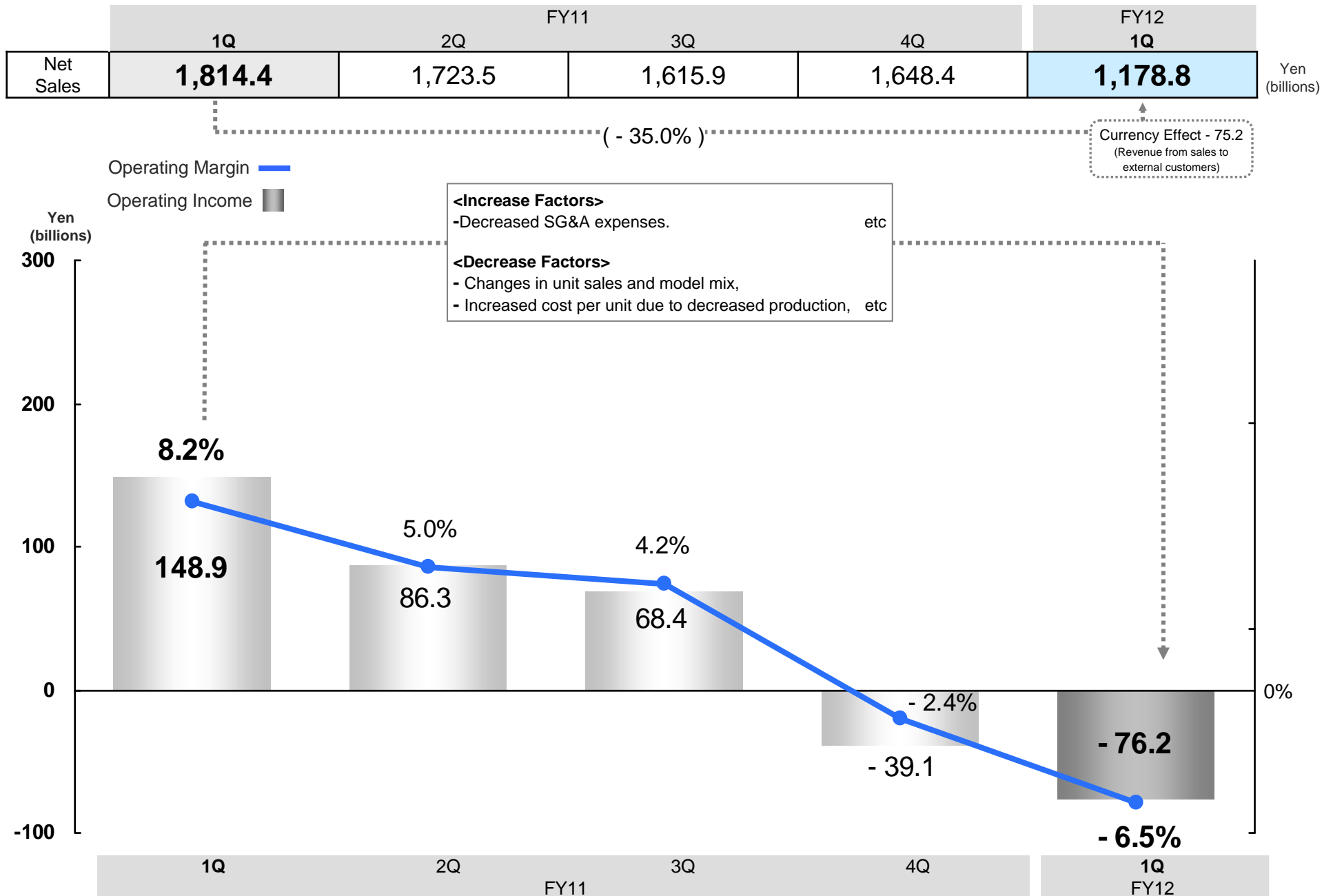
**BRIO (Thailand)**



\* Unit sales is the total of sales of completed products of Honda and its consolidated subsidiaries and sales of parts to Honda's affiliates accounted for under the equity method.

\*\* Certain sales of automobiles that are financed with residual value type auto loans by our domestic finance subsidiaries are accounted for as operating leases in conformity with U.S. generally accepted accounting principles. As a result, they are not included in total sales of our automobile segment or in our measure of unit sales.

# Automobile Business Net Sales/Operating Income (Margin)

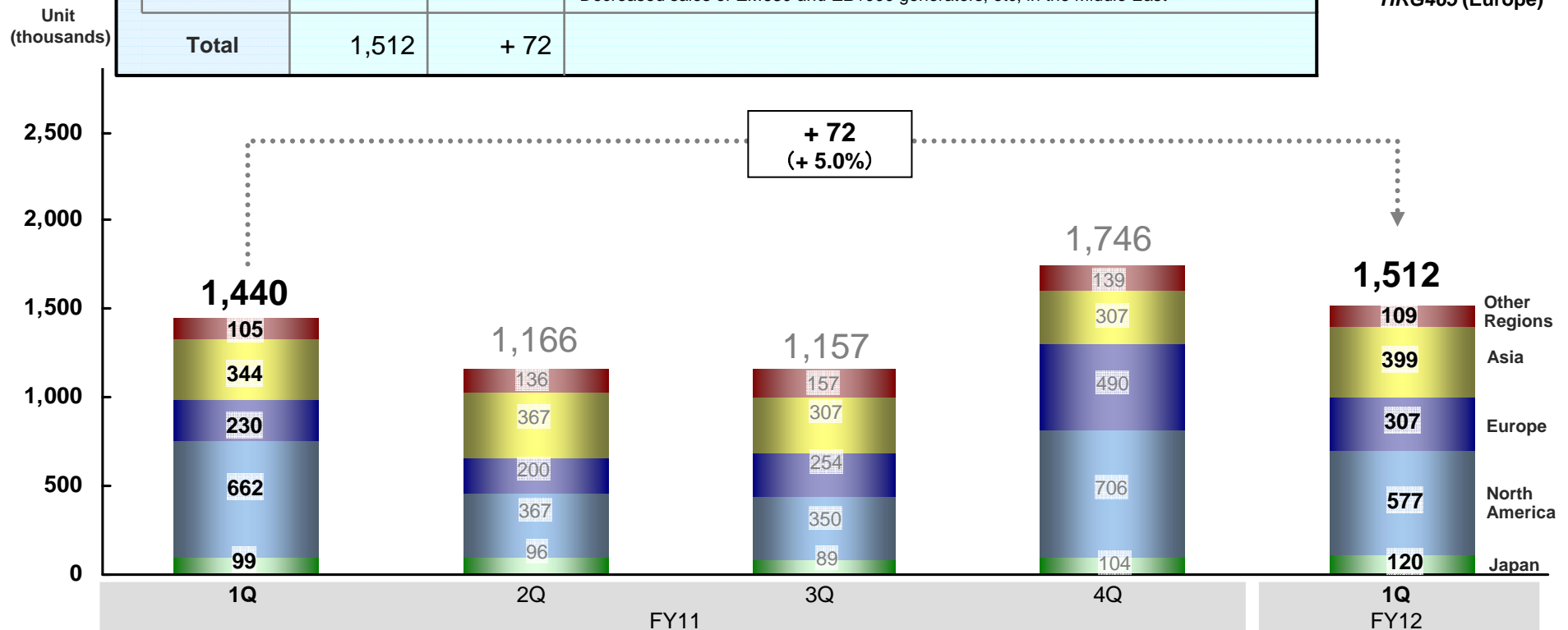


# Power Products Unit Sales

Unit (thousands)	FY12 1Q	Change from FY11 1Q	Major increase / decrease factors
Japan	120	+ 21	- Increased sales of <i>EU16i</i> , <i>EU9i</i> and <i>ENEPO</i> due to increased demand for generators after the Earthquake
North America	577	- 85	- Decreased sales of <i>GCV160</i> , <i>GCV190</i> , <i>GC190</i> , general-purpose engines, etc., for lawnmowers in the U.S. - Increased sales of <i>EU2000i</i> generators and <i>HRR216</i> lawn mowers in Canada
Europe	307	+ 77	- Increased sales of <i>GCV135</i> , <i>GX390</i> general-purpose engines in East Europe, Russia, etc. - Increased sales of <i>HRG465</i> , <i>HRG415</i> push lawnmowers in Germany
Asia	399	+ 55	- Increased sales of <i>UMK435</i> brush cutters, etc., in Thailand - Increased sales of <i>GX160</i> general-purpose engines for OEM use in Indonesia - Increased sales of <i>GX</i> series general-purpose engines for OEM use for construction machineries due to increasing demand in China
Other Regions	109	+ 4	- Increased sales of <i>GX160</i> general purpose engines and <i>WB20</i> pumps in South Africa - Increased sales of <i>UMS425</i> and <i>UMK425</i> brush cutters in Australia - Decreased sales of <i>EM650</i> and <i>EB1000</i> generators, etc, in the Middle East
<b>Total</b>	<b>1,512</b>	<b>+ 72</b>	



**HRG465 (Europe)**



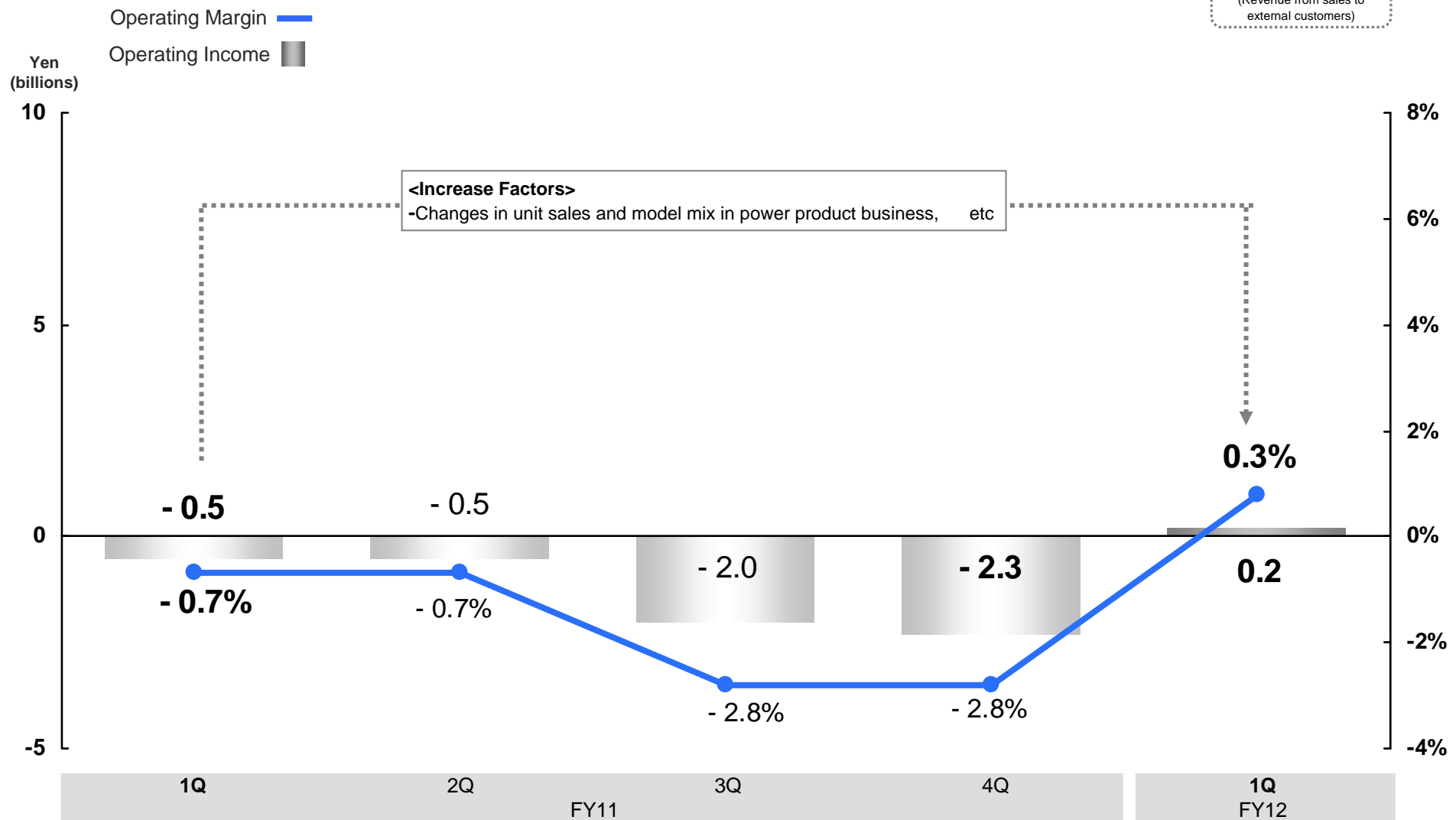
\* Unit sales is the total of sales of completed products of Honda and its consolidated subsidiaries and sales of parts to Honda's affiliates accounted for under the equity method.

	FY11				FY12
	1Q	2Q	3Q	4Q	1Q
Net Sales	81.2	76.3	75.1	85.5	76.4

Yen (billions)

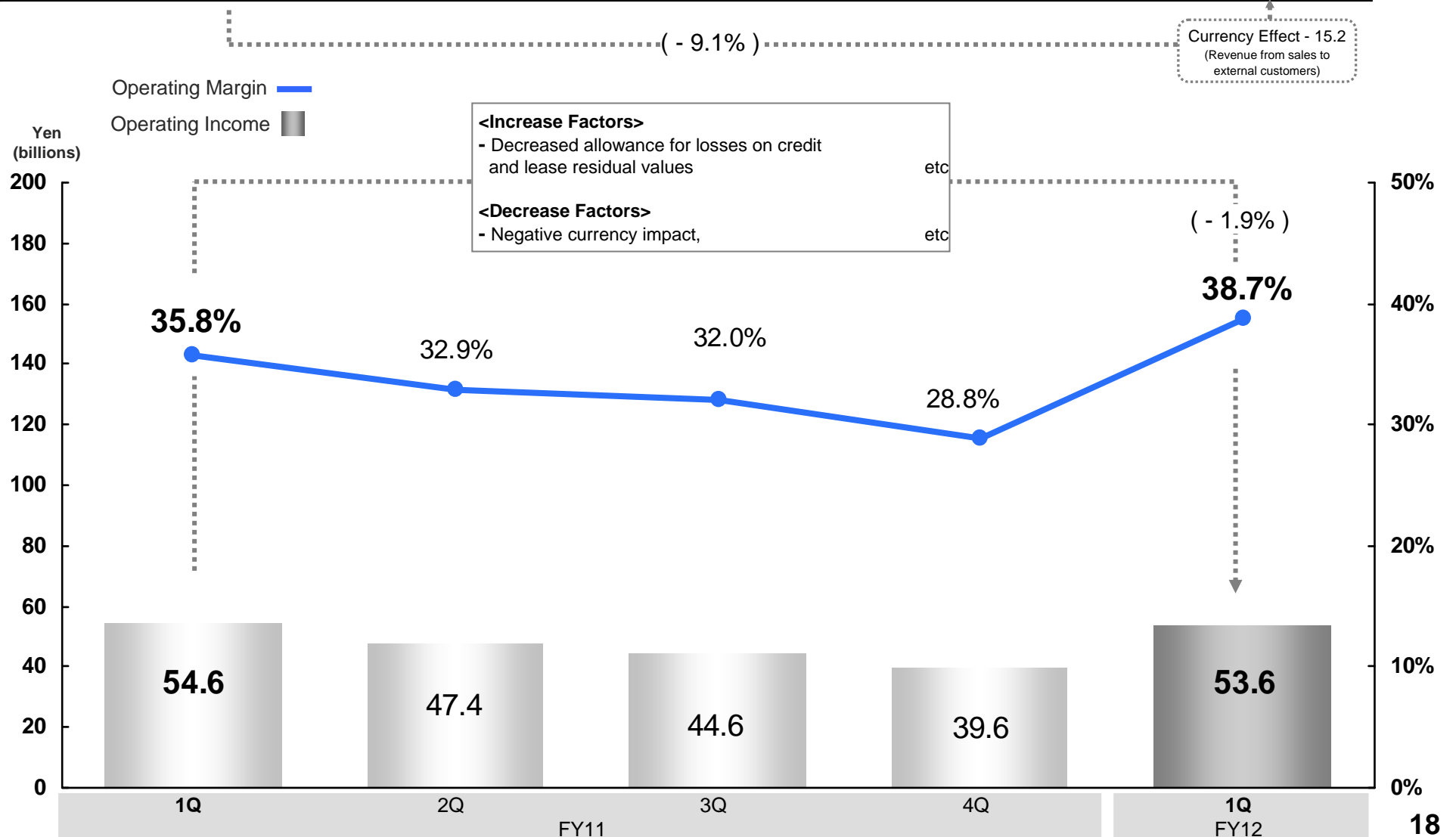
( - 5.9% )

Currency Effect - 2.7  
(Revenue from sales to external customers)



# Financial Services Business Total Assets/Net Sales/Operating Income (Margin)

	FY11				FY12	
	1Q	2Q	3Q	4Q	1Q	
Total Assets of Finance Subsidiaries	<b>5,558.0</b>	5,480.3	5,427.2	5,572.1	<b>5,445.7</b>	Yen (billions)
Net Sales	<b>152.5</b>	144.2	139.2	137.3	<b>138.6</b>	



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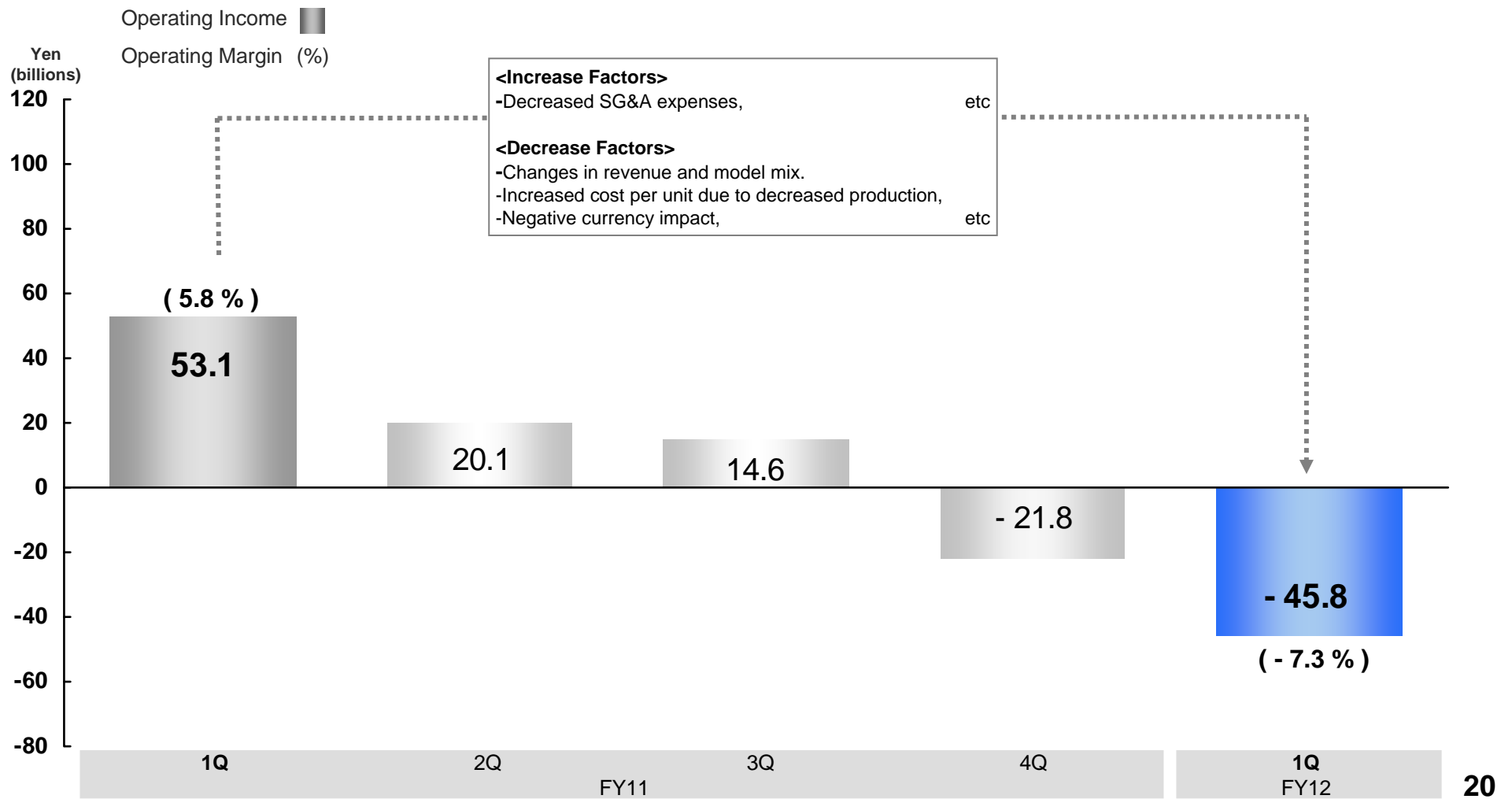
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***(2) FY12 Financial Forecasts***

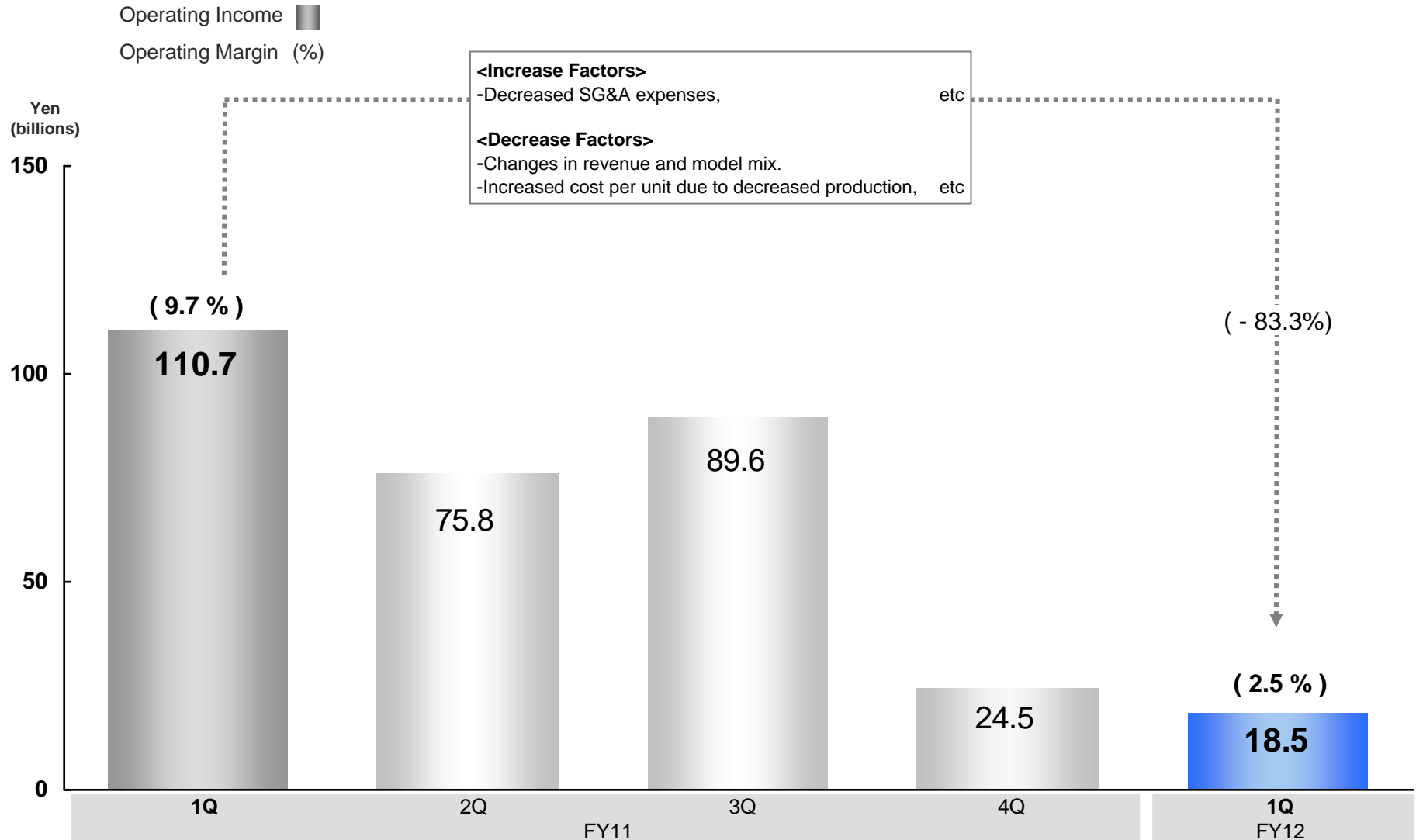
# Japan

## Net Sales/Operating Income (Margin)

	FY11				FY12	
	1Q	2Q	3Q	4Q	1Q	
Net Sales	<b>921.5</b>	928.2	867.5	893.8	<b>625.3</b>	Yen (billions)
	( - 32.1% )					



	FY11				FY12	
	1Q	2Q	3Q	4Q	1Q	
Net Sales	<b>1,137.8</b>	1,021.6	1,011.8	976.6	<b>733.9</b>	Yen (billions)
	( - 35.5% )					



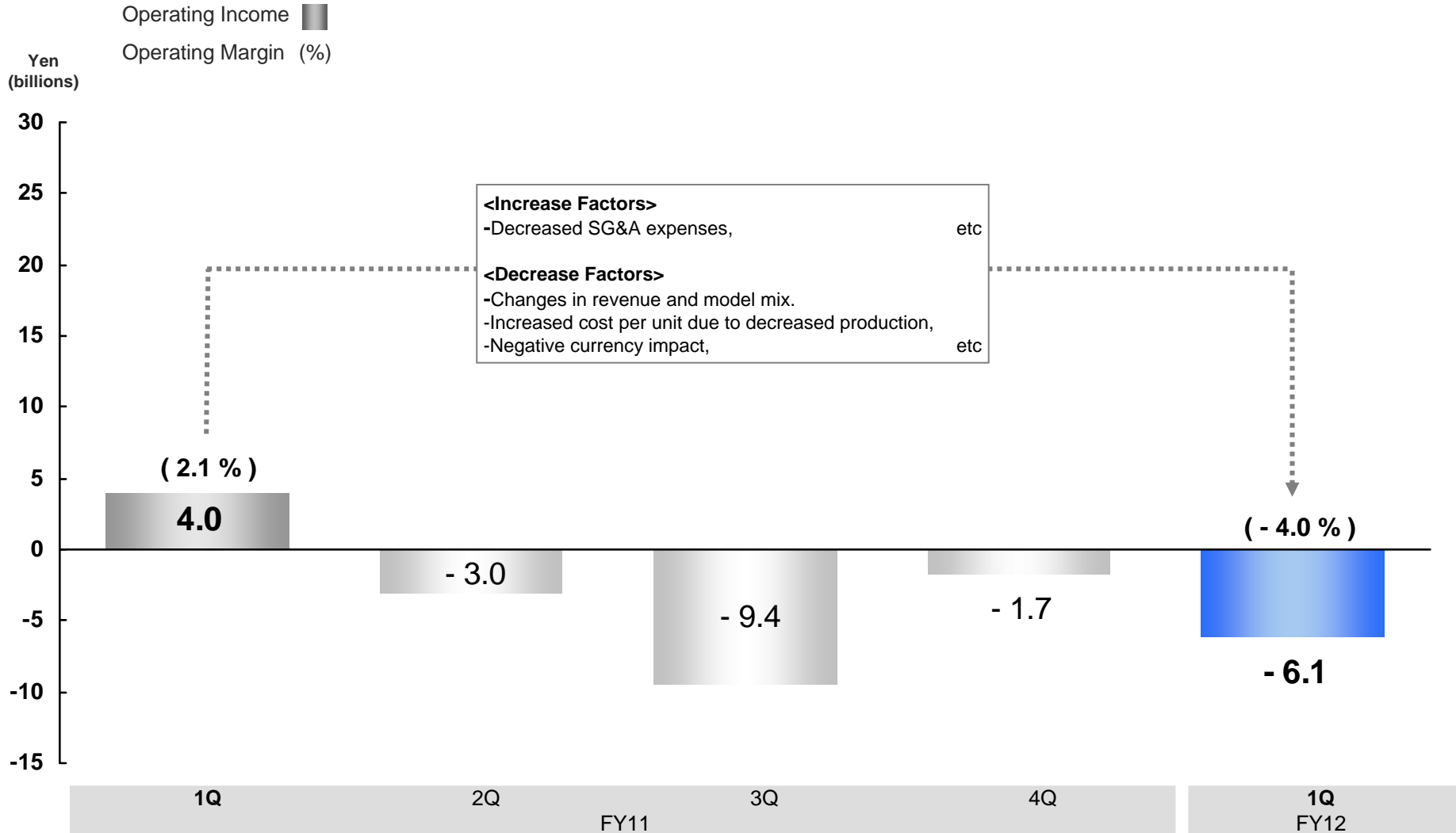
# Europe

## Net Sales/Operating Income (Margin)

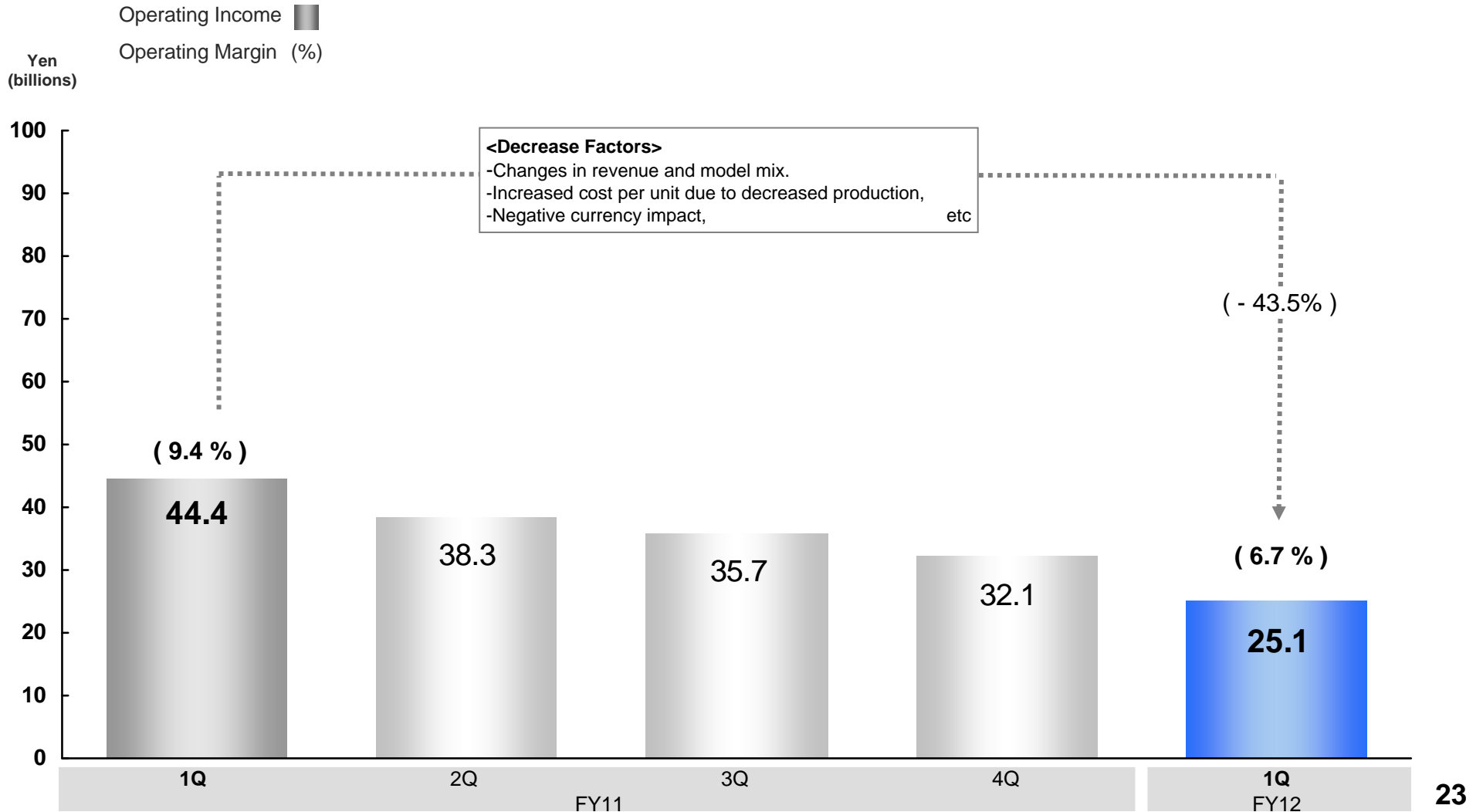
	FY11				FY12
	1Q	2Q	3Q	4Q	1Q
Net Sales	189.8	161.3	150.7	197.3	150.9

Yen (billions)

( - 20.5% )



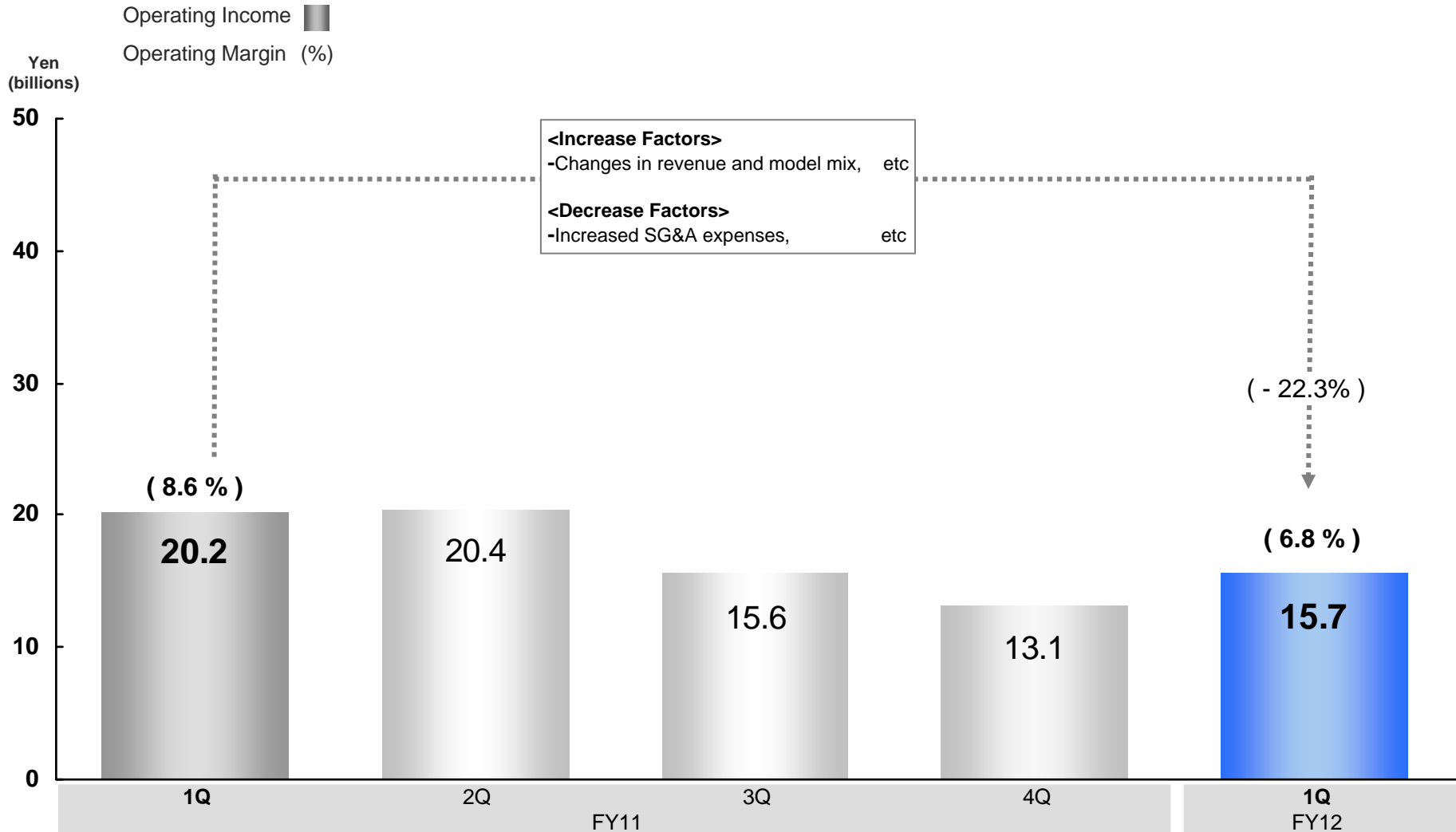
	FY11				FY12	
	1Q	2Q	3Q	4Q	1Q	
Net Sales	<b>470.2</b>	452.9	445.5	472.4	<b>373.4</b>	Yen (billions)
	( - 20.6% )					



# Other Regions

## Net Sales/Operating Income (Margin)

	FY11				FY12	
	1Q	2Q	3Q	4Q	1Q	
Net Sales	<b>236.3</b>	242.5	238.8	264.3	<b>229.9</b>	Yen (billions)
	( - 2.7% )					



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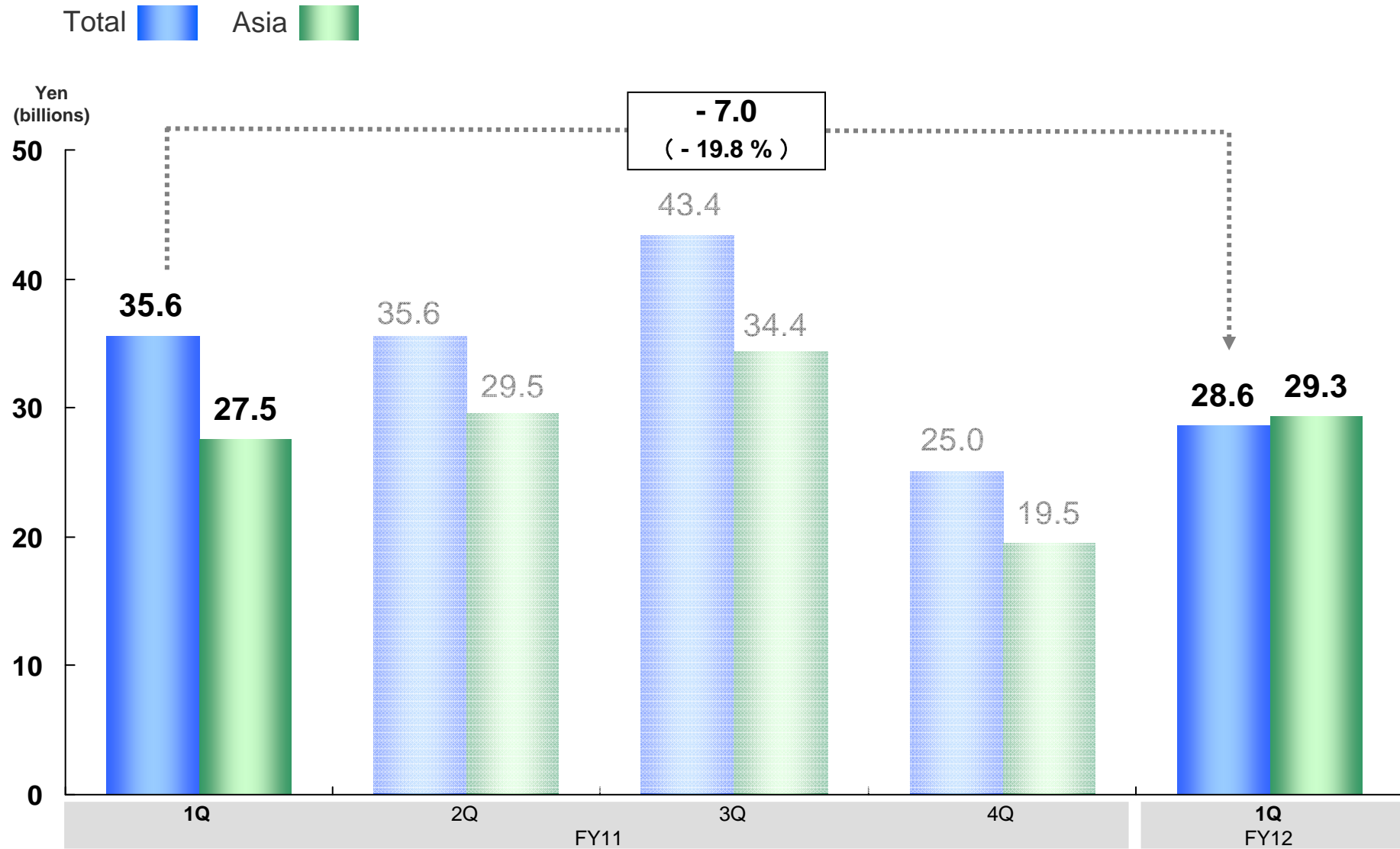
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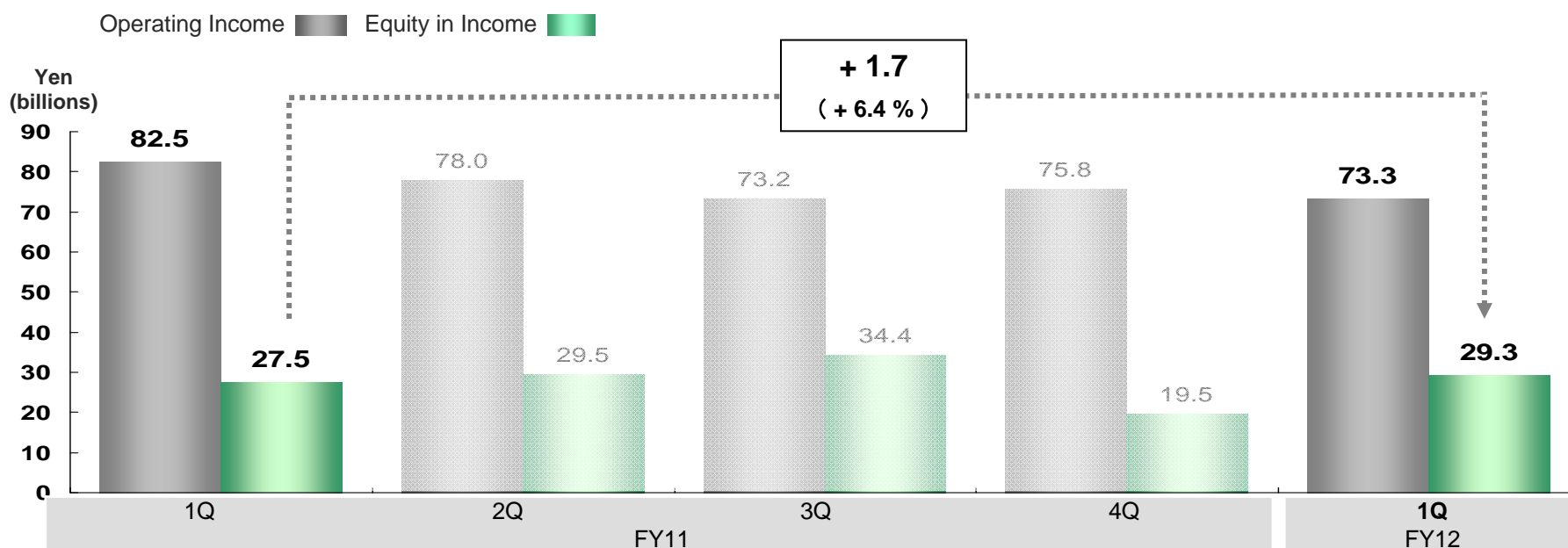
## Change in Equity in income of affiliates



## Operating Income of Affiliates in Asia and Honda's Equity in Income from Asia

	FY11				FY12	
	1Q	2Q	3Q	4Q	1Q	
Operating Income	<b>82.5</b>	78.0	73.2	75.8	<b>73.3</b>	Yen (billions)
Net Income	<b>71.1</b>	64.1	60.2	66.5	<b>62.5</b>	

Operating Income of Affiliates and Honda's Equity in Income



Affiliates accounted for under the equity method in Asia

As of the end of June 30, 2011

**Motorcycle Business :**

- China Sundiro Honda Motorcycle Co., Ltd.\*  
Wuyang-Honda Motors (Guangzhou) Co., Ltd.\*
- Indonesia P.T. Astra Honda Motor \*
- Malaysia Boon Siew Honda Sdn. Bhd
- Pakistan Atlas Honda Ltd.
- Thailand A.P. Honda Co., Ltd.

**Automobile Business :**

- China Guangqi Honda Automobile Co., Ltd.\*  
Dongfeng Honda Engine Co., Ltd.\*  
Dongfeng Honda Automobile Co., Ltd.\*

**Others 34 , Total 43 companies**

Fiscal term of companies marked "\*" differs from that of Honda Motor Co., Ltd.

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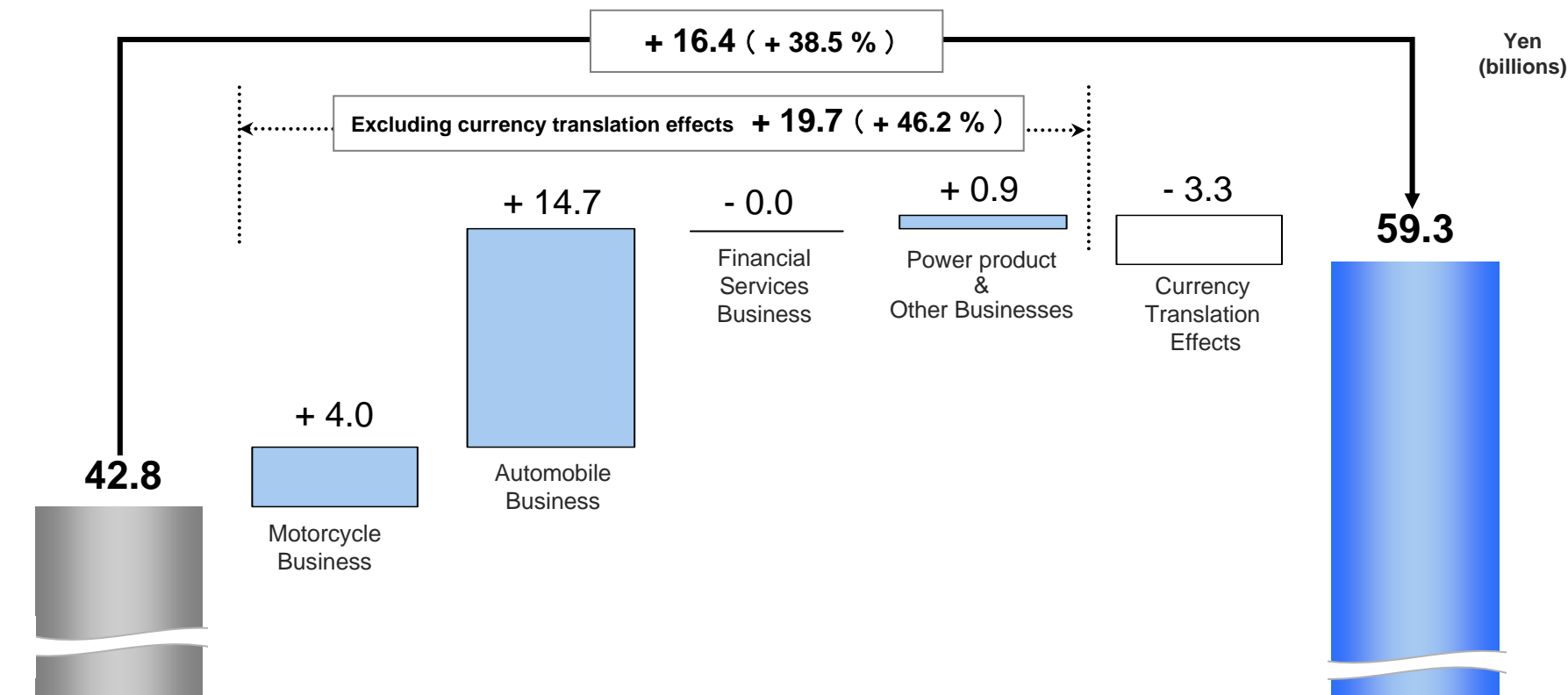
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***Consolidated Capital Expenditures***

*(2) FY12 Financial Forecasts*

# Consolidated Capital Expenditures <FY12 Three Months>



## FY11 1Q

Market average rates  
US\$ 1= JPY 92.01  
Euro 1= JPY 116.99

	Yen (billions)
Motorcycle Business	7.7
Automobile Business	33.8
Financial Services Business	0.0
Power Product & Other Businesses	1.1
<b>Total</b>	<b>42.8</b>

※ Capital expenditures in results aforementioned exclude investment in operating leases and intangible assets

## FY12 1Q

Market average rates  
US\$ 1= JPY 81.74 (Yen up by 10.27 yen)  
Euro 1= JPY 117.40 (Yen down by 0.41 yen)

	Yen (billions)
Motorcycle Business	11.1
Automobile Business	46.0
Financial Services Business	0.0
Power Product & Other Businesses	2.0
<b>Total</b>	<b>59.3</b>

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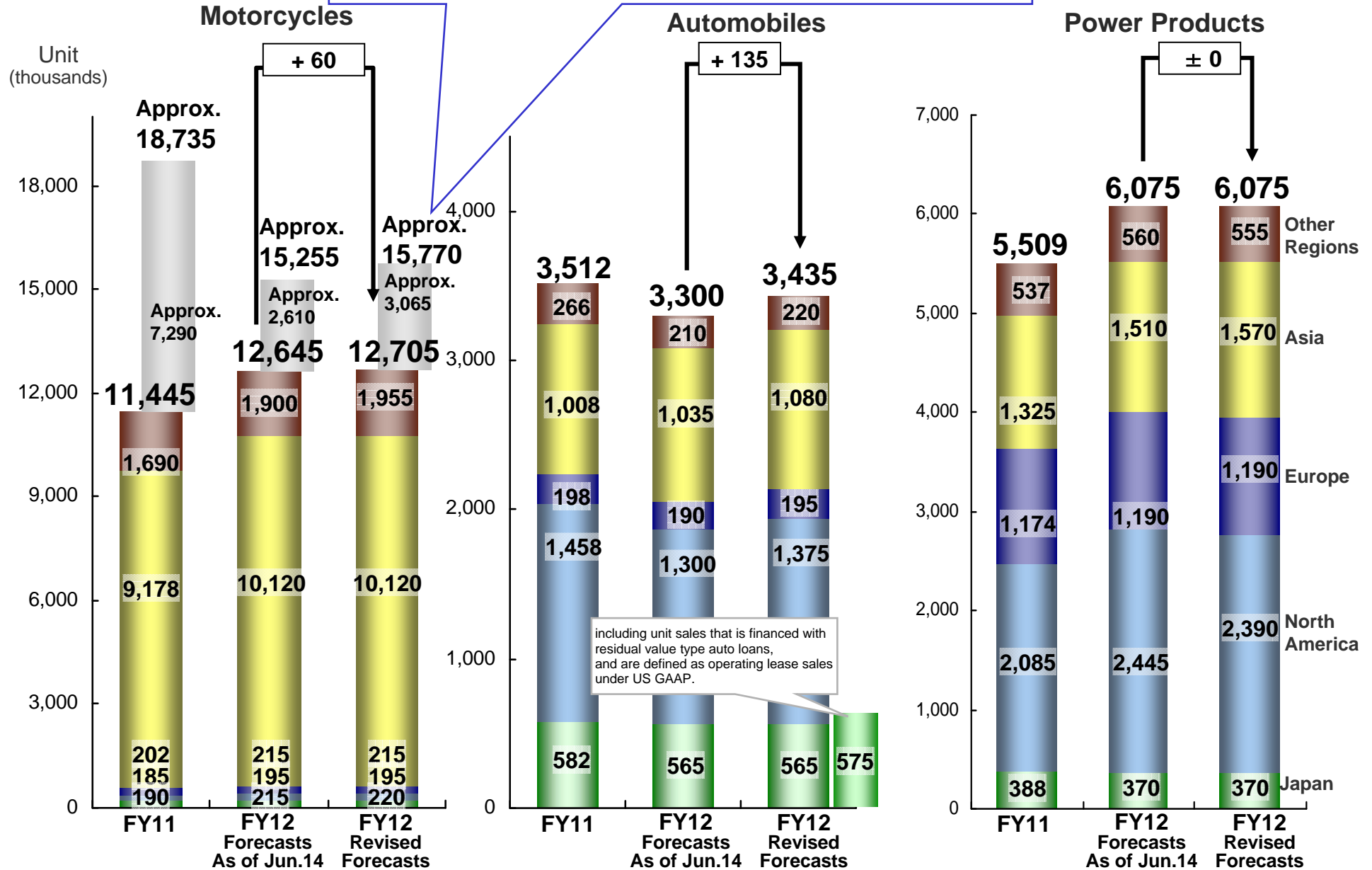
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# Forecast: Unit Sales by Business Segment

Unit sales of Honda-brand motorcycle products that are manufactured and sold by overseas affiliates accounted for under the equity method, but do not use any parts supplied by Honda and its subsidiaries



Unit sales is the total of sales of finished products of Honda and its consolidated subsidiaries and sales of parts for Honda's affiliates accounted for under the equity method.

## FY12 Financial Forecasts (Consolidated)

Yen (billions)

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			amount	%	
Net sales & other operating revenue	8,936.8	<b>8,700.0</b>	- 236.8	- 2.7%	+ 400.0
Operating income	569.7	<b>270.0</b>	- 299.7	- 52.6%	+ 70.0
Income before income taxes	630.5	<b>285.0</b>	- 345.5	- 54.8%	+ 70.0
Equity in income of affiliates	139.7	<b>100.0</b>	- 39.7	- 28.4%	± 0.0
Net income attributable to Honda Motor Co., Ltd.	534.0	<b>230.0</b>	- 304.0	- 56.9%	+ 35.0
EPS attributable to Honda Motor Co., Ltd. (Yen)	295.67	<b>127.61</b>	- 168.06		

Note : Shares which are based on calculation of EPS

 approx.  
 1,806,360,000 shares  
 (weighted average number of shares outstanding )

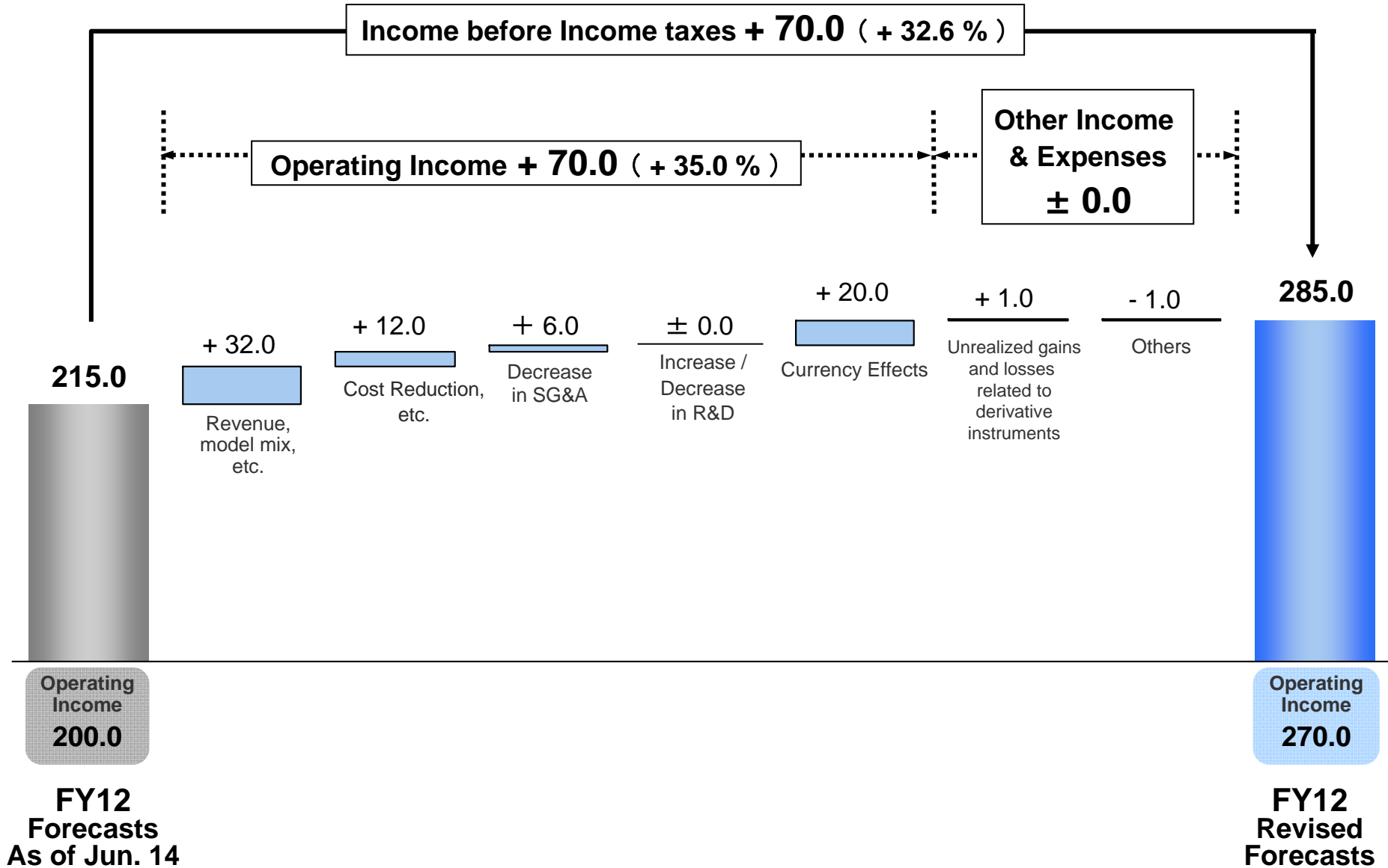
 approx.  
 1,802,301,000 shares  
 (weighted average number of shares outstanding )

### Average Rates (Yen)

US Dollar	86	<b>80</b>	Yen up by 6 yen	—
Euro	114	<b>112</b>	Yen up by 2 yen	Yen down by 2 yen

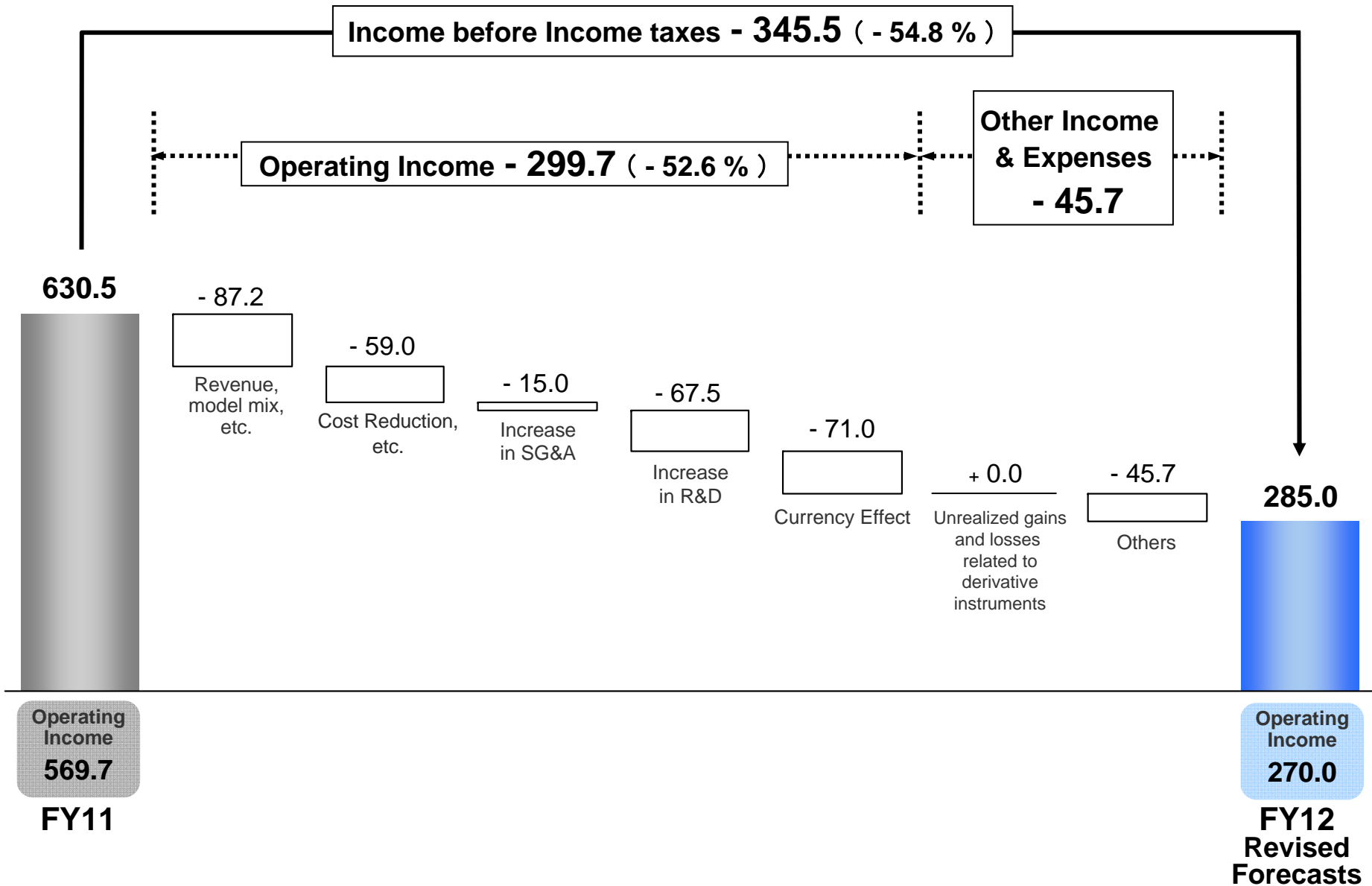
# Forecast: Change in Income before Income Taxes

Yen (billions)



# Forecast: Change in Income before Income Taxes

Yen (billions)



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

	FY11 Results	FY12 Revised Forecasts	Change	Yen (billions)  Change from previous forecasts as of Jun. 14
Capital expenditures*	311.3	<b>430.0</b>	+ 118.7	—
Depreciation and amortization*	325.2	<b>315.0</b>	- 10.2	—
R&D expenses	487.5	<b>555.0</b>	+ 67.5	—

\* “Capital expenditures” in results and the forecast aforementioned exclude investment in operating leases and acquisition of intangible assets.

\* “Depreciation and amortization” in results and the forecast aforementioned exclude depreciation of investment in operating leases and amortization of 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.*

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

(Exhibit 1)

Yen  
(billion)

		FY12 1Q	Average Rates (Yen)		
			FY11 1Q	FY12 1Q	Change
	JPY / USD	<b>- 11.5</b>	92	<b>82</b>	Yen up by 10 yen
	JPY / Euro	<b>+ 0.0</b>	118	<b>118</b>	—
	JPY / Others	<b>- 0.2</b>	—	—	—
	Transactions between other currencies	<b>- 0.9</b>	—	—	—
	<b>Difference of average rates *1 (Impact on Operating income)</b>	<b>- 12.6</b>	*1: Impact of YOY difference of FOREX to be used for booking revenue of foreign currency transactions  *2: Impact of YOY difference between average FOREX and hedge rates during the period  *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>Difference between transaction *2 rates and average rates (Impact on Other income &amp; expenses)</b>	<b>- 0.6</b>			
	<b>Currency effect associated with sales transaction</b>	<b>- 13.3</b>			
	<b>Currency effect from translation of *3 foreign financial statements (impact on operating income)</b>	<b>- 9.8</b>			
	<b>Total</b>	<b>- 23.1</b>			

Yen  
(billion)

	1Q		
	FY11	FY12	Change
Foreign currency Forward	+ 21.2	+ 8.3	<b>- 12.9</b>
Interest rate swap Currency swap	+ 13.0	+ 1.9	<b>- 11.0</b>
Others	+ 0.4	+ 0.1	<b>- 0.3</b>
Total	+ 34.7	+ 10.4	<b>- 24.3</b>

**HONDA**  
The Power of Dreams