



# *FY15 Financial Results*



**Honda Motor Co., Ltd.**

April 28, 2015

**S660  
(Japan)**

- - *FY15 Consolidated Financial Results (U.S. GAAP)*
- - *FY16 Consolidated Financial Forecast (IFRS)*
- - *Dividend*

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

**Results Summary**

Strong sales growth in Asia, cost down effects and positive currency effects were more than offset by lower unit sales in Japan due to severe market conditions, higher SG&A expenses, including quality related costs, as well as other factors, leading to a decline in operating income to 651.6 billion yen.

**12-month results FY14 and FY15**

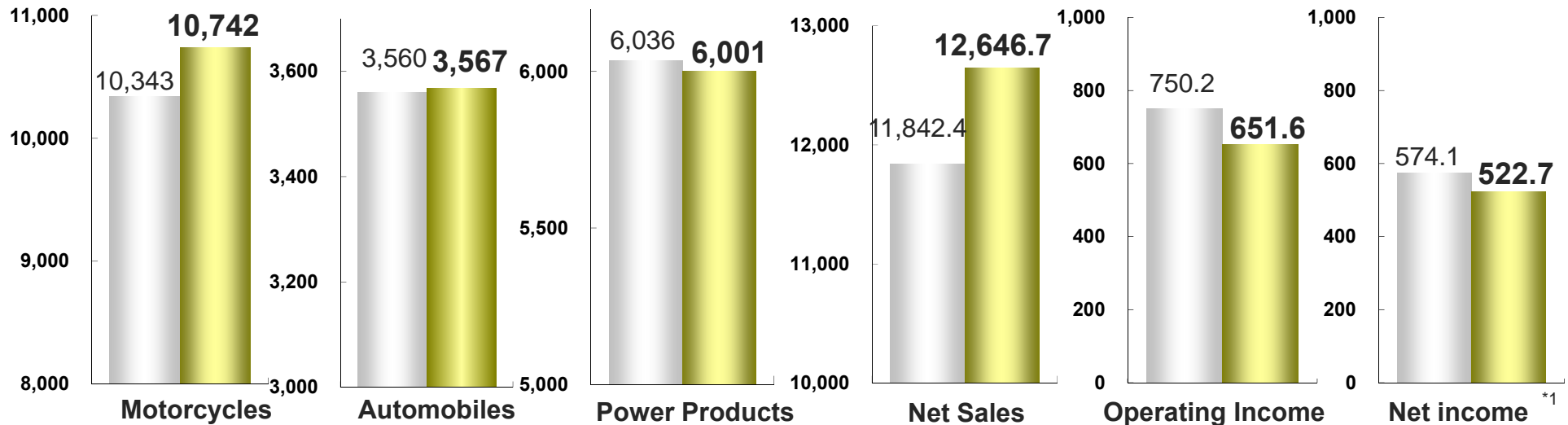
FY14 FY15

**Consolidated Unit Sales**

Unit (thousand)

**Net Sales / Operating Income**

Yen (billion)



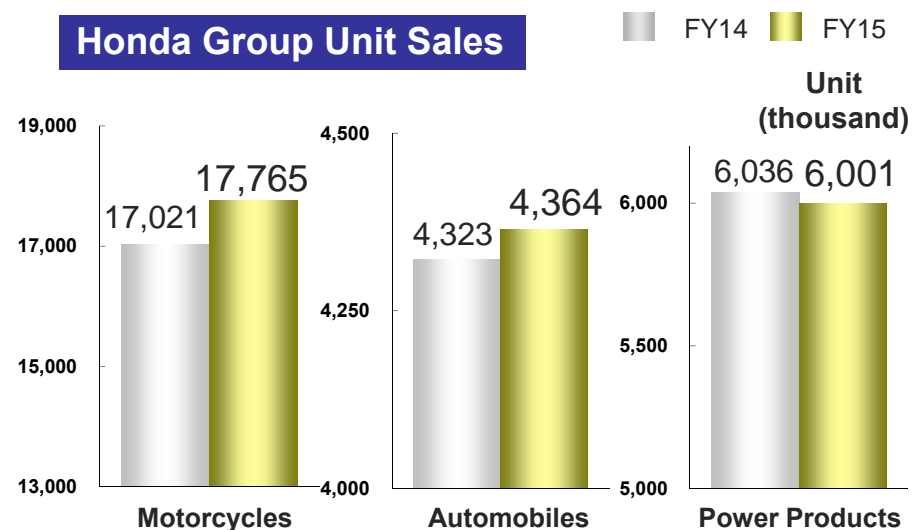
For \*1, please refer to footnotes on page 35

## FY15 Unit Sales Results

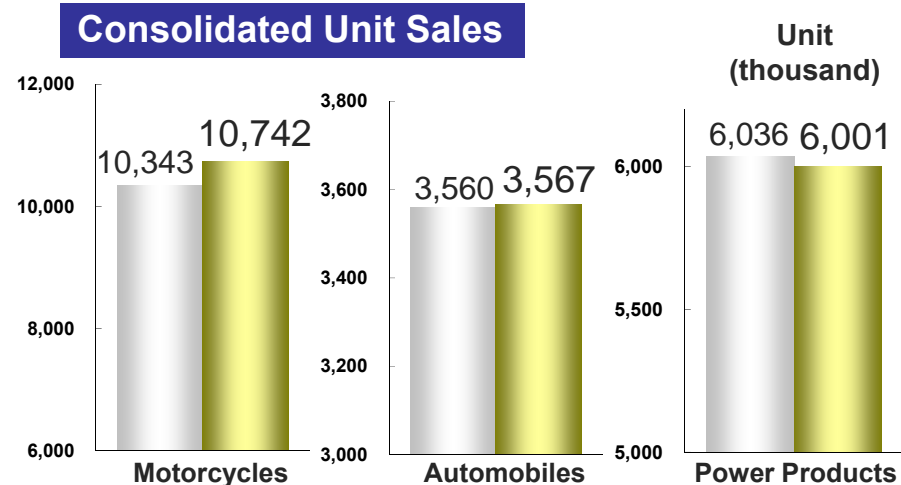
Honda Group Unit Sales (thousand)	12-Month Results		
	FY14	FY15	Change
Motorcycles	17,021	<b>17,765</b>	+ 4.4%
Automobiles	4,323	<b>4,364</b>	+ 0.9%
Power Products	6,036	<b>6,001</b>	- 0.6%

Consolidated Unit Sales (thousand)	12-Month Results		
	FY14	FY15	Change
Motorcycles	10,343	<b>10,742</b>	+ 3.9%
Automobiles	3,560	<b>3,567</b>	+ 0.2%
Power Products	6,036	<b>6,001</b>	- 0.6%

**Honda Group Unit Sales**



**Consolidated Unit Sales**



### Honda Group Unit Sales

-Increase in motorcycle unit sales in India, Indonesia and Vietnam more than offset decreases in S. America, Thailand  
 -Increase in automobile unit sales due to the positive impact of new model introductions in Indonesia, India and China, which more than offset the negative impact of severe market conditions in Japan and Thailand

## FY15 Financial Results (consolidated)

Financial Results Yen (billion)	12 Months		
	FY14	FY15	Change
Net sales	11,842.4	<b>12,646.7</b>	+ 6.8%
Operating income	750.2	<b>651.6</b>	- 13.1%
Operating margin	6.3%	<b>5.2%</b>	- 1.1pt
Income before income taxes	728.9	<b>689.6</b>	- 5.4%
Equity in income of affiliates	132.4	<b>126.5</b>	- 4.5%
Net income <sup>*1</sup>	574.1	<b>522.7</b>	- 8.9%
EPS (Yen) <sup>*2</sup>	318.54	<b>290.06</b>	- 28.48

### Financial Summary

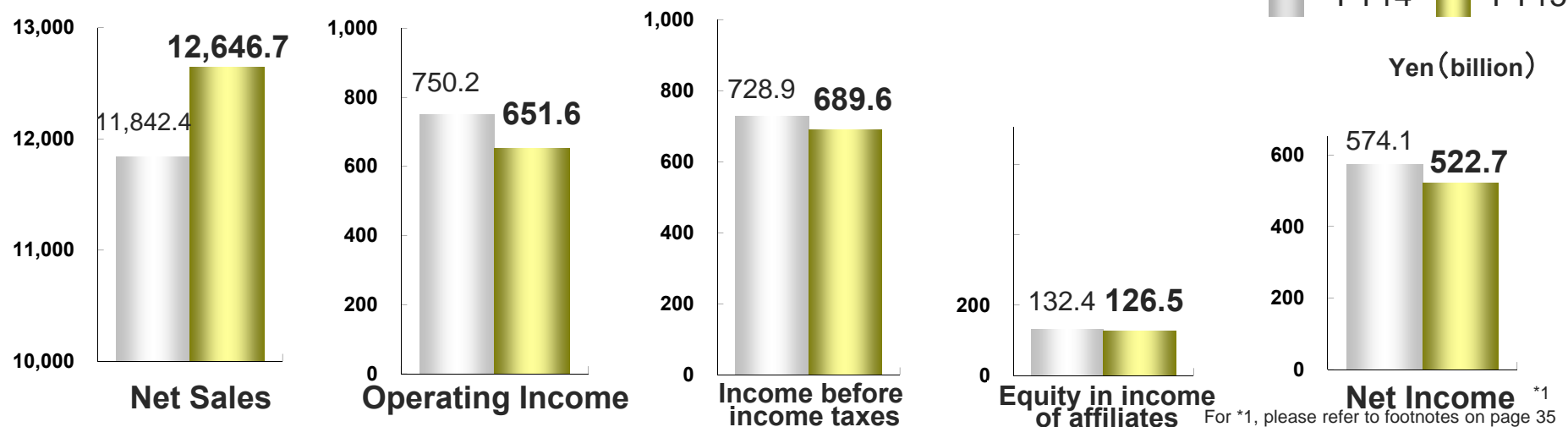
-Revenue increased by 6.8% mainly due to increased revenue from motorcycle business operations, as well as favorable foreign currency translation effects.

-Operating income decreased by 13.1% due to an increase in SG&A expenses, including quality related costs, as well as the negative impact on income from volume and model mix despite a cost reduction contribution and positive favorable foreign currency effects.

### Average Rates (Yen)

US Dollar	100	<b>110</b>	Yen down by 10 yen
Euro	136	<b>139</b>	Yen down by 3 yen

For \*1 and \*2, please refer to footnotes on page 35



## FY16 Financial Forecast (Consolidated)

Yen (billion)

	FY15 Results	FY16 Forecast	FY16 Forecast (Reference)	Change	
	U.S. GAAP	IFRS	U.S. GAAP	Amount	%
Sales revenue <small>Note 1</small>	<b>12,646.7</b>	<b>14,500.0</b>	<b>13,850.0</b>	+ 1,203.2	+ 9.5%
Operating profits	<b>651.6</b>	<b>685.0</b>	<b>660.0</b>	+ 8.3	+ 1.3%
(as a percentage of sales revenue)	<b>5.2%</b>	<b>4.7%</b>	<b>4.8%</b>	- 0.4 pt	
Share of profit from investments accounted for using the equity method <small>Note 2</small>	—	<b>135.0</b>	—	-	-
Profit before income taxes	<b>689.6</b>	<b>805.0</b>	<b>650.0</b>	- 39.6	- 5.7%
Equity in income of affiliates	<b>126.5</b>	—	<b>140.0</b>	+ 13.4	+ 10.6%
Profit for year attributable to owners of the parent <small>Note 3</small>	<b>522.7</b>	<b>525.0</b>	<b>525.0</b>	+ 2.2	+ 0.4%
EPS (Yen) <small>Note 4</small>	<b>290.06</b>	<b>291.30</b>	<b>291.30</b>	+ 1.24	
Average Rates (Yen)					
US Dollar (Yen)	110	<b>115</b>	115	Yen down by 5 yen	
Euro (Yen)	139	<b>125</b>	125	Yen up by 14 yen	

**Honda's forecast for the year ending March 31, 2016 is based on IFRS.**

Note 1: "Net sales and other operating revenue" in U.S. GAAP is stated as "Sales revenue"

Note 2: "Equity in income of affiliates" in U.S. GAAP is stated as "Share of profit of investments accounted for under the equity method"

Note 3: "Net income attributable to Honda Motor Co., Ltd." in U.S. GAAP is stated as "Profit for the year attributable to owners of the parent"

Note 4: "Basic net income attributable to Honda Motor Co., Ltd. Per common share" is stated as "Basic profit for the year attributable to owners of the parent per common share". \*2

# Dividend

(Yen)

Dividend per Share	FY14	FY15 Results ( Projection)	Increase/ Decrease from FY14	FY16	Increase/ Decrease from FY15
				(Expectation)	
1 <sup>st</sup> Quarter End	20	22	+ 2	( 22 )	-
2 <sup>nd</sup> Quarter End	20	22	+ 2	( 22 )	-
3 <sup>rd</sup> Quarter End	20	22	+ 2	( 22 )	-
4 <sup>th</sup> Quarter End	<b>22</b>	( 22 )	-	( 22 )	-
Fiscal Year	<b>82</b>	( 88 )	( + 6 )	( 88 )	-

- *FY15 Financial Results (U.S. GAAP)*
  - *4<sup>th</sup> 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 Expenditures*
- *FY16 Financial Forecast (IFRS)*

***Kohei Takeuchi***  
***Managing Officer and Director***  
***Chief Financial Officer***



**Results Summary**

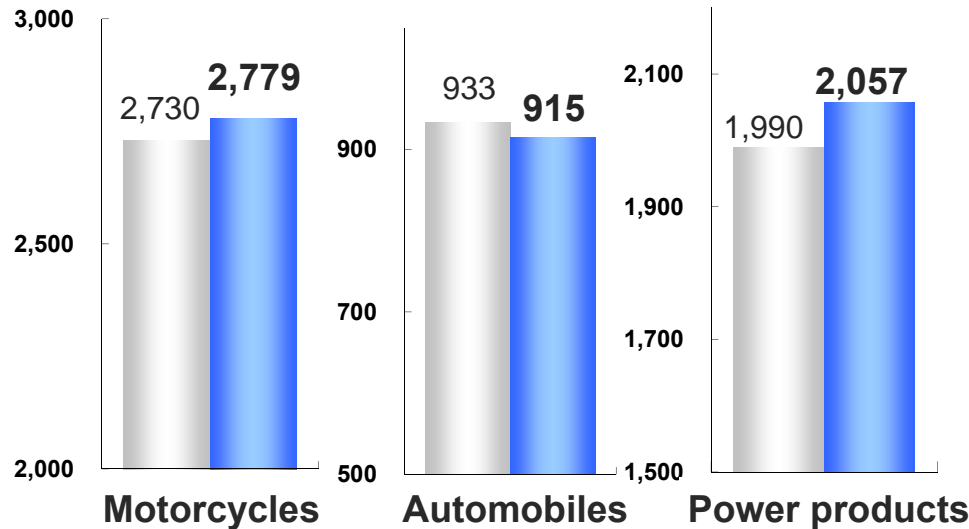
Strong sales growth in Asia and positive currency effects were more than offset by lower unit sales in Japan due to severe market conditions, higher SG&A expenses, including quality related costs, as well as other factors, leading to a decline in operating income to 111.9 billion yen.

4th Quarter Results FY14 and FY15

FY14 FY15

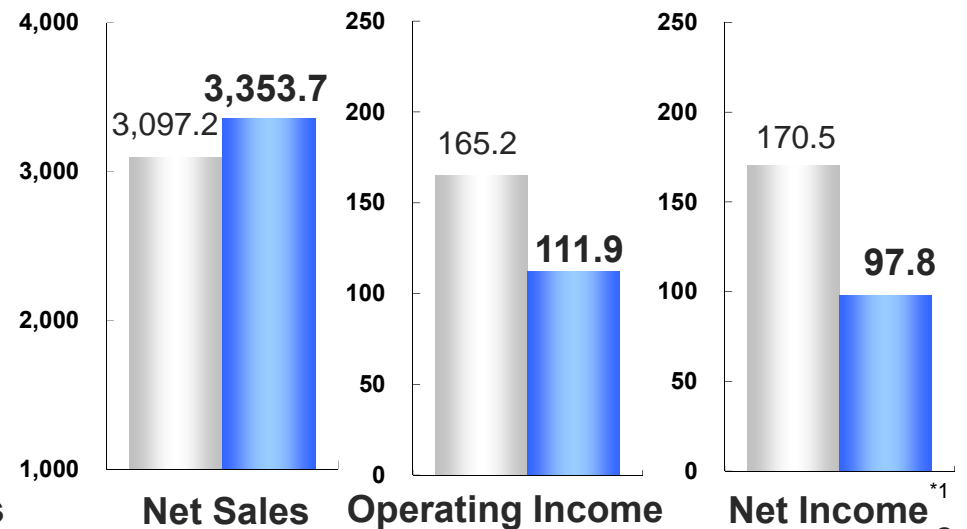
Consolidated Unit Sales

Unit (thousand)



Net Sales / Operating Income

Yen (billion)



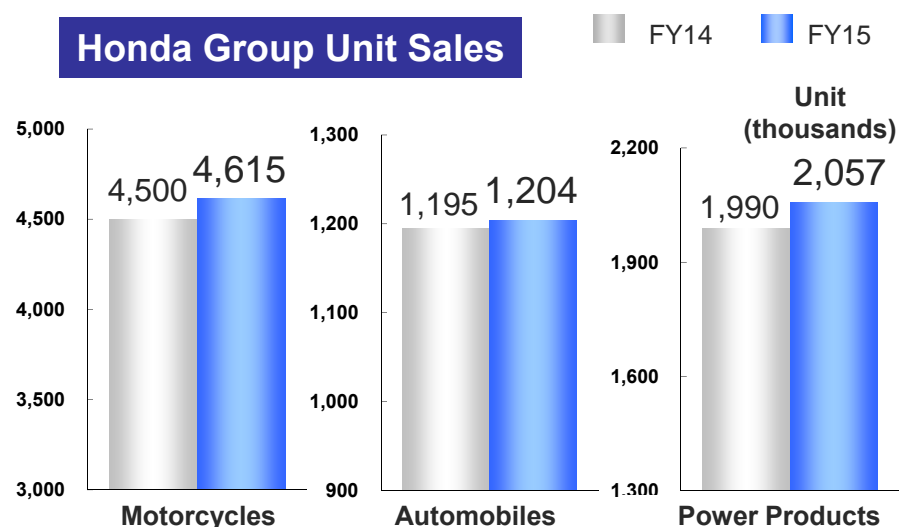
For \*1, please refer to footnotes on page 35 9

## FY15 4th Quarter Unit Sales Results

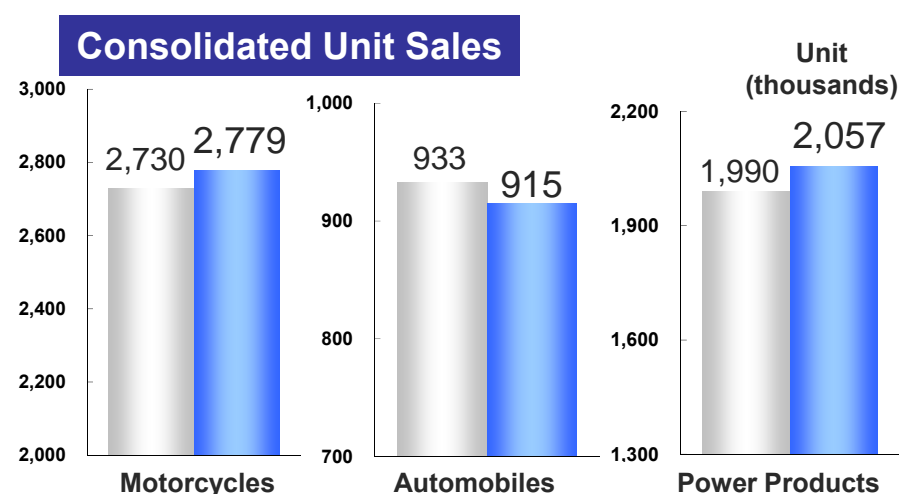
Honda Group Unit Sales (Thousands)	4Q Results ( 3 Months)		
	FY14	FY15	Change
Motorcycles	4,500	<b>4,615</b>	+ 2.6%
Automobiles	1,195	<b>1,204</b>	+ 0.8%
Power Products	1,990	<b>2,057</b>	+ 3.4%

Consolidated Unit Sales (Thousands)	4Q Results ( 3 Months)		
	FY14	FY15	Change
Motorcycles	2,730	<b>2,779</b>	+ 1.8%
Automobiles	933	<b>915</b>	- 1.9%
Power Products	1,990	<b>2,057</b>	+ 3.4%

**Honda Group Unit Sales**



**Consolidated Unit Sales**



### Honda Group Unit Sales

- Increase in motorcycle unit sales due to strong growth in Asia and elsewhere despite a decrease in South America.
- Increase in automobile unit sales due to higher sales in Asia and some other countries, while severe market conditions led to a decrease in Japan.

## FY15 4th Quarter Financial Results (Consolidated)

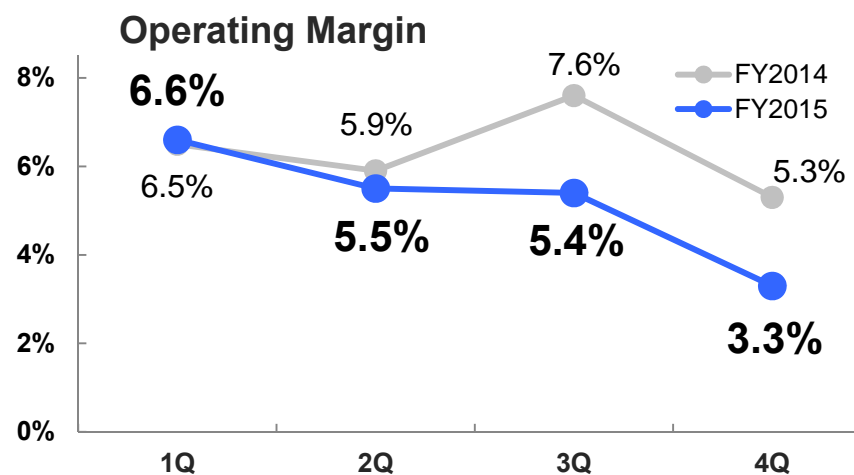
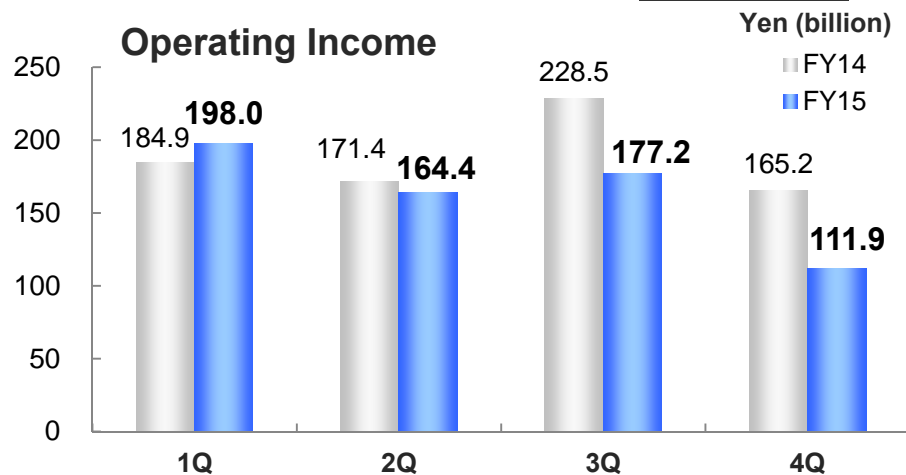
Financial Results Yen (billion)	4Q Results ( 3 Months )		
	FY14	FY15	Change
Net sales	3,097.2	<b>3,353.7</b>	+ 8.3%
Operating income	165.2	<b>111.9</b>	- 32.3%
Operating margin	5.3%	<b>3.3%</b>	- 2.0pt
Income before income taxes	174.7	<b>116.8</b>	- 33.1%
Equity in income of affiliates	37.3	<b>36.6</b>	- 1.9%
Net income *1	170.5	<b>97.8</b>	- 42.6%
EPS (Yen) *2	94.61	<b>54.29</b>	- 40.32
<b>Average Rates (Yen)</b>			
US Dollar	103	<b>119</b>	Yen down by 16 yen
Euro	141	<b>134</b>	Yen up by 7 yen

### Financial Summary

- Net sales and other operating revenue increased by 8.3% mainly due to a sales increase in motorcycle business operations as well as the positive impact of foreign exchange effects, despite a sales decline in automobile business operations.

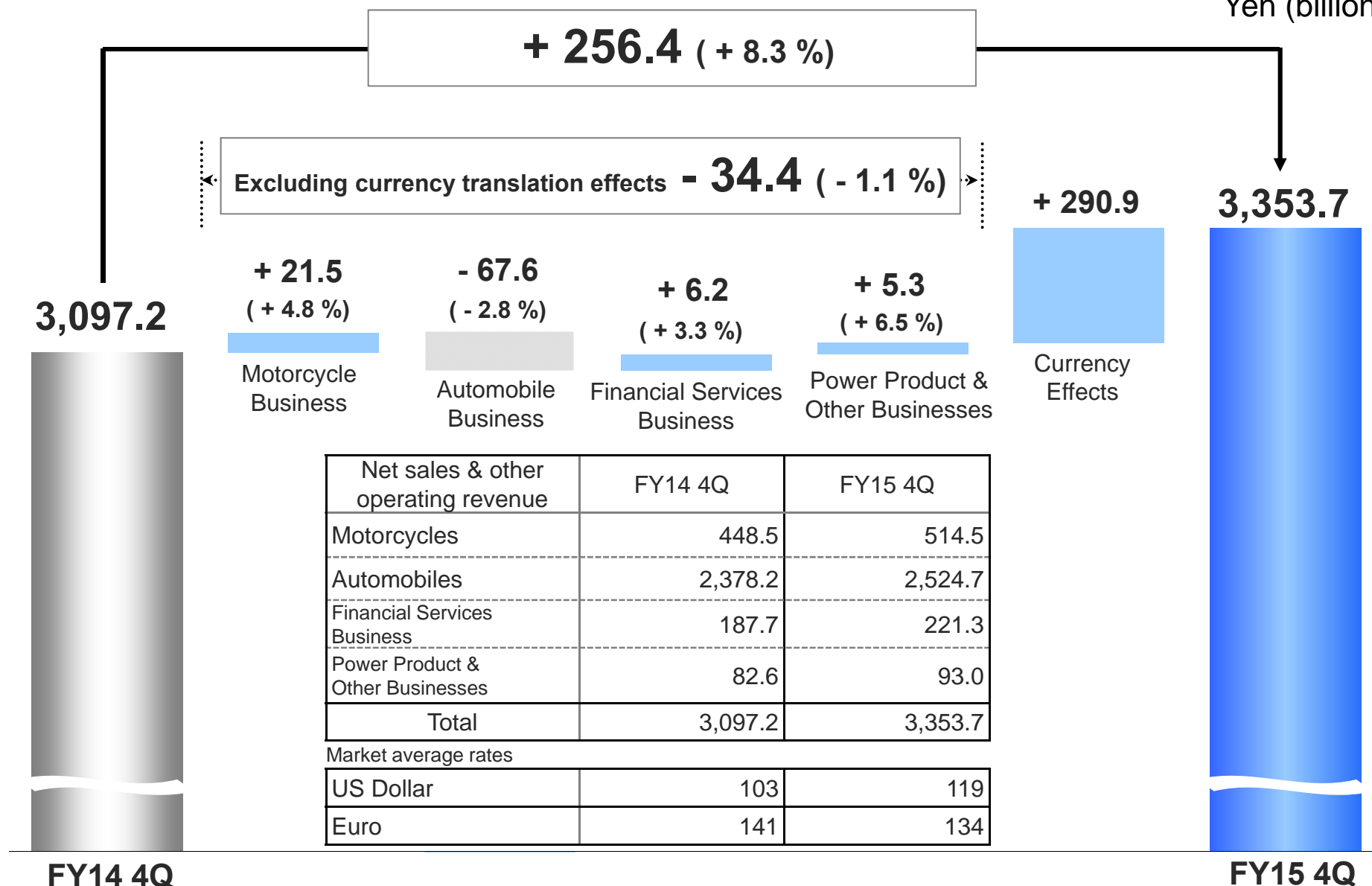
- Operating income decreased by 32.3% mostly due to a rise in SG&A expenses, including quality related costs, a decline in income associated with a negative impact on sales volume and model mix, as well as other factors, despite positive currency effects.

For \*1 and \*2, please refer to footnotes on page 35



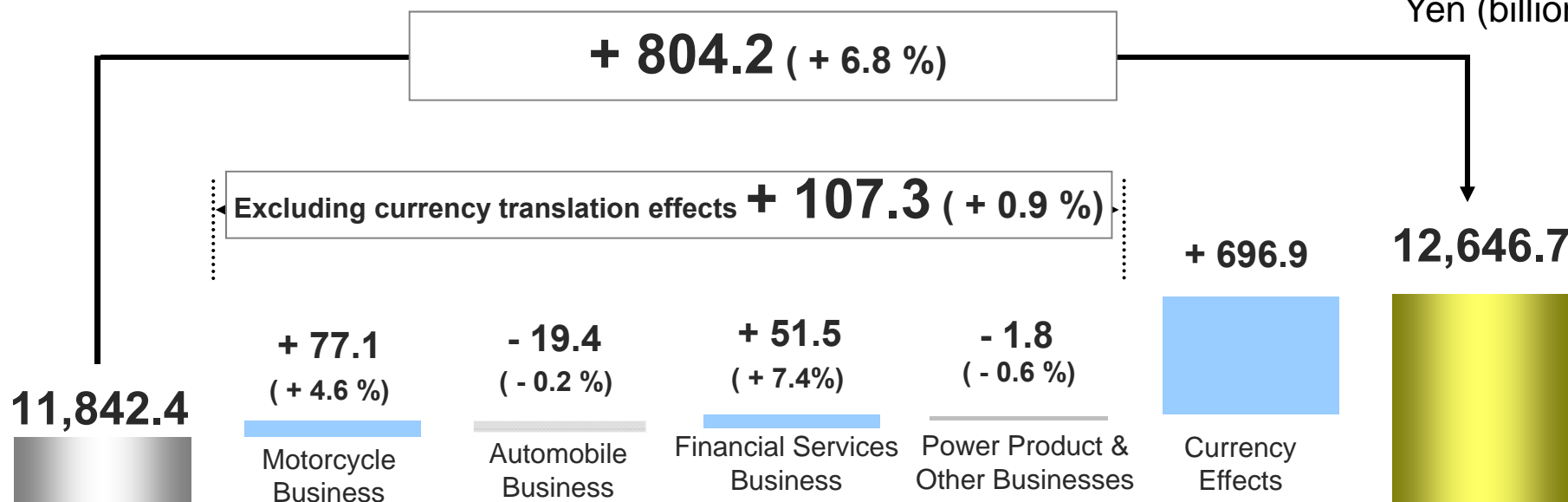
## Net Sales and Other Operating Revenue <FY15 4th Qtr>

Yen (billion)



**Net Sales and Other Operating Revenue <FY15 Twelve Months>**

Yen (billion)



Net sales & other operating revenue	FY14 Twelve Months	FY15 Twelve Months
Motorcycles	1,663.6	1,824.1
Automobiles	9,176.3	9,693.2
Financial Services Business	698.1	814.4
Power Product & Other Businesses	304.2	314.8
<b>Total</b>	<b>11,842.4</b>	<b>12,646.7</b>

Market average rates

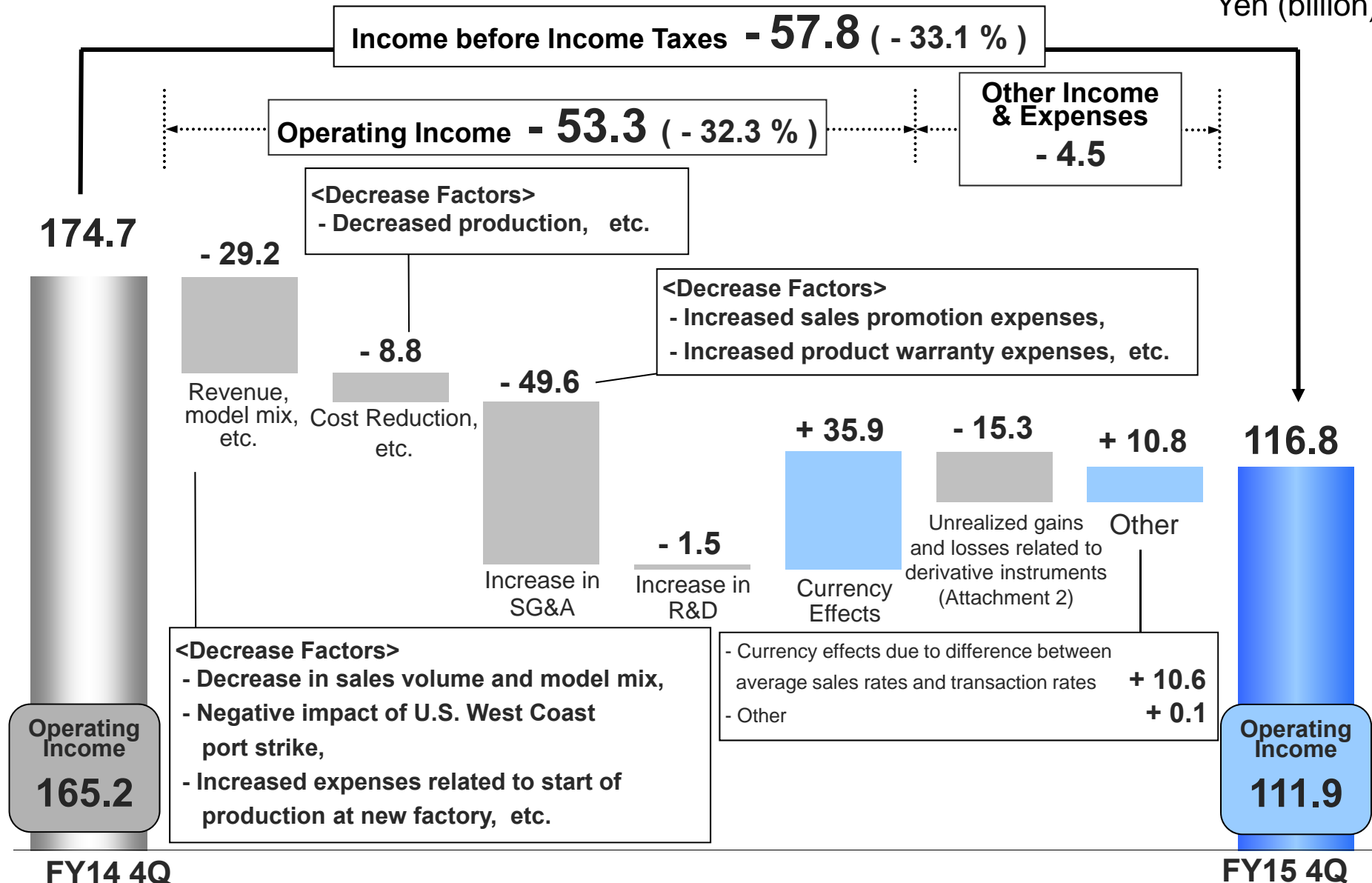
US Dollar	100	110
Euro	134	139

**FY14  
Twelve Months**

**FY15  
Twelve Months**

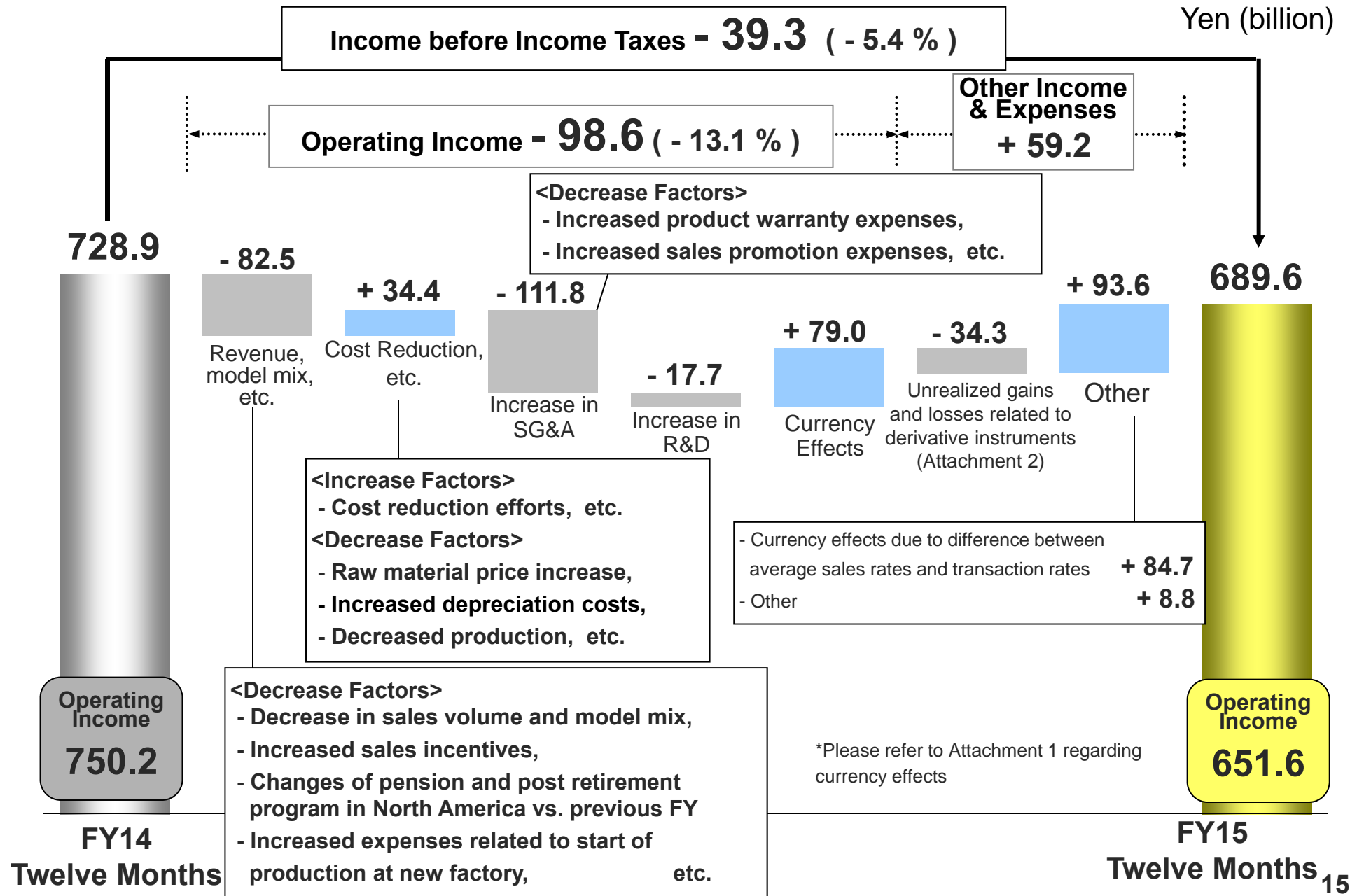
## Change in Income before Income Taxes <FY15 4th Qtr>

Yen (billion)



\*Please refer to Attachment 1 regarding currency effects

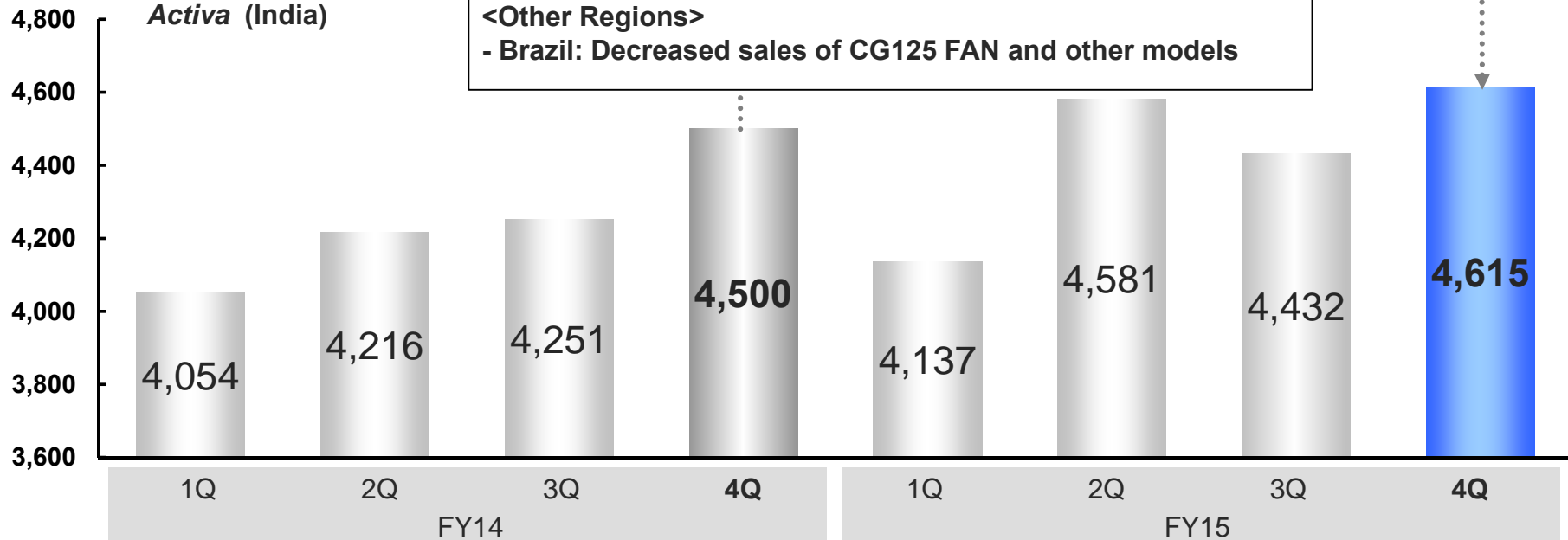
**Change in Income before Income Taxes <FY15 Twelve Months>**



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



Activa (India)



**<ASIA>**  
 - India: Increased sales of Activa Series, positive impact of CB Unicorn 160 and CD110 Dream launches  
 - Indonesia: Increased sales of BeAT-FI, Vario FI and other models

**<Other Regions>**  
 - Brazil: Decreased sales of CG125 FAN and other models

Unit (Thousand)  
**+ 115**  
 (+ 2.6 %)

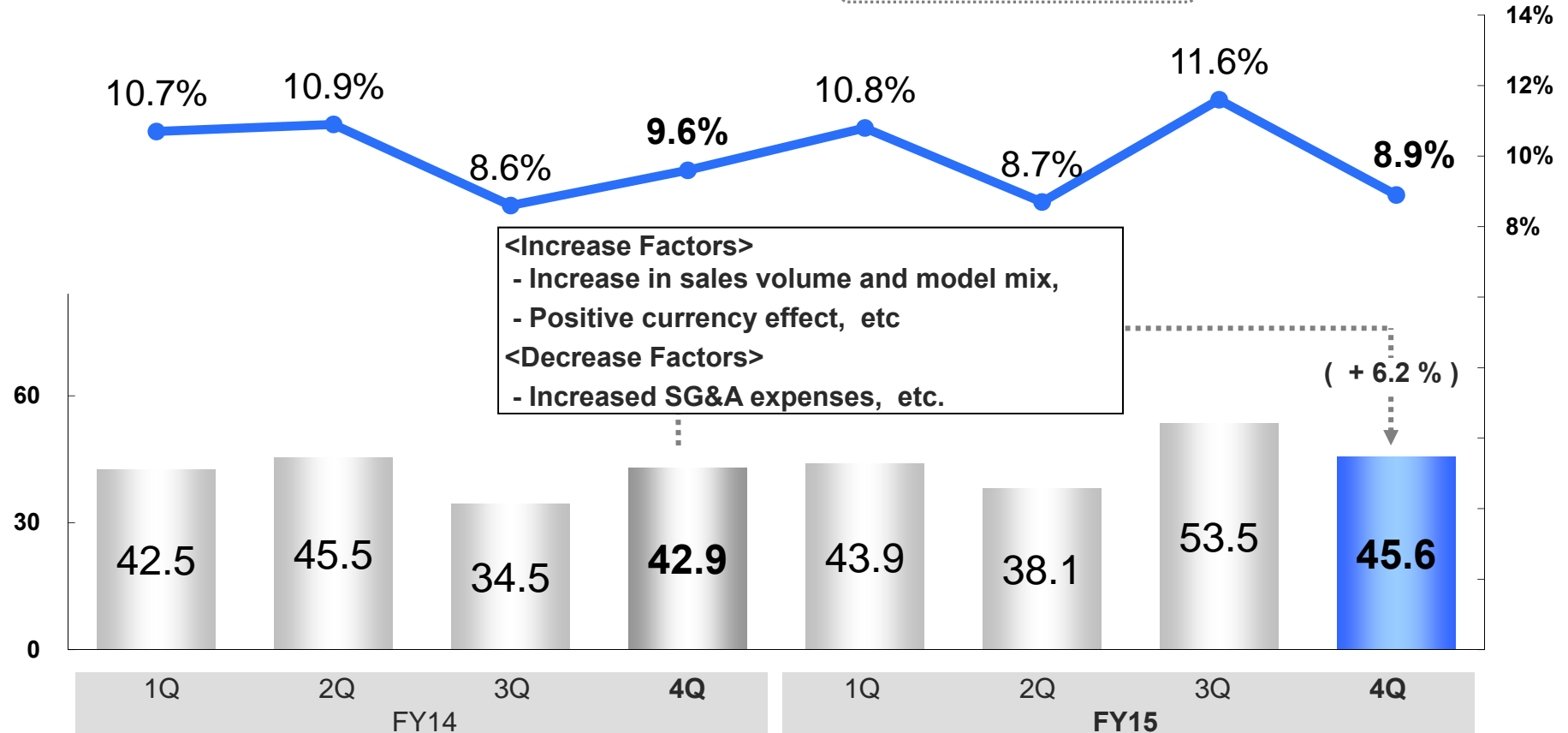
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Japan	54	63	52	57	48	50	49	52
North America	62	68	63	83	62	69	69	85
Europe	52	38	27	49	60	47	32	53
Asia	3,479	3,536	3,678	3,843	3,593	3,998	3,872	4,041
Other Regions	407	511	431	468	374	417	410	384
<b>Total</b>	<b>4,054</b>	<b>4,216</b>	<b>4,251</b>	<b>4,500</b>	<b>4,137</b>	<b>4,581</b>	<b>4,432</b>	<b>4,615</b>



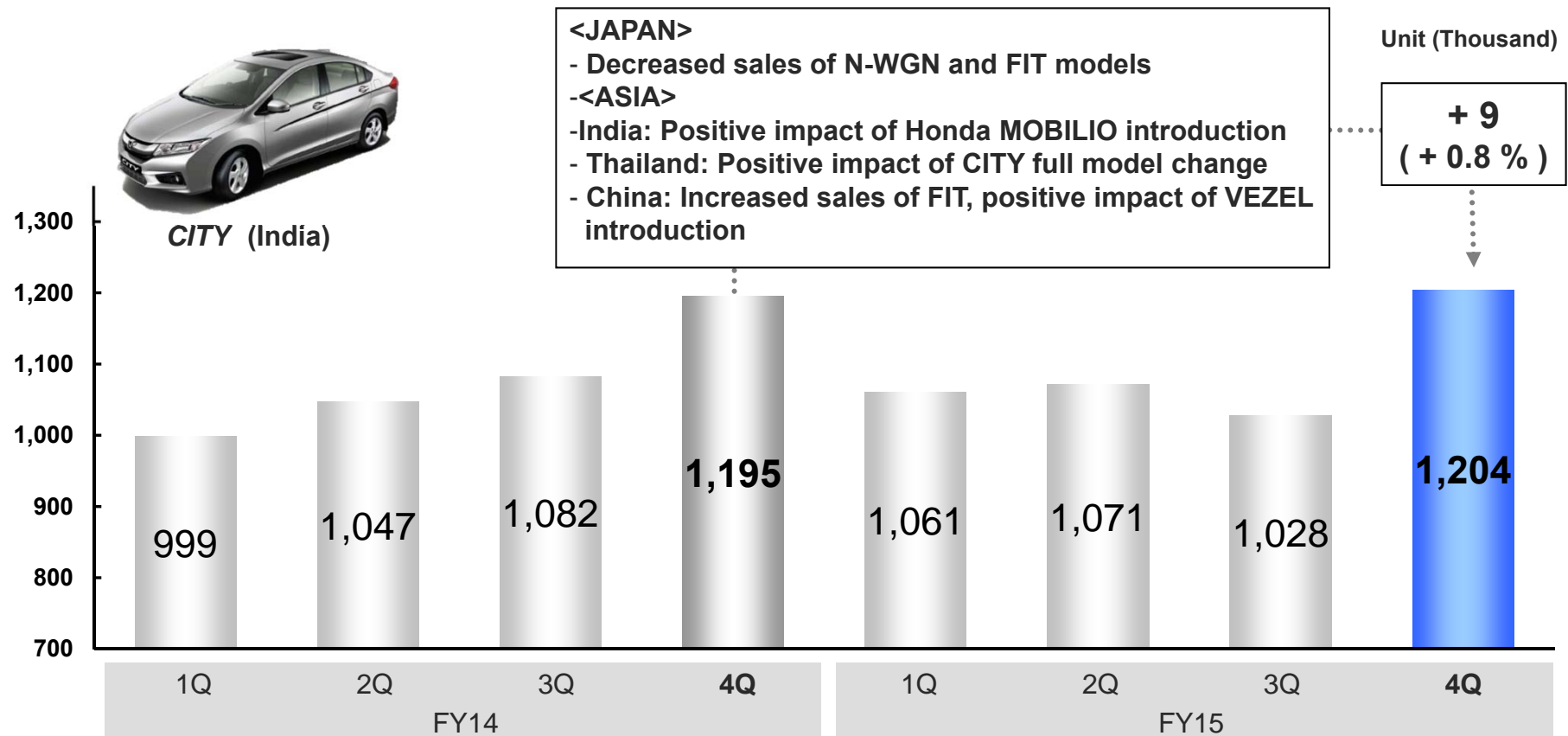
## Motorcycle Business Net Sales/Operating Income (Margin)

Unit (thousand) Yen (billion)	FY14				FY15			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Honda Group Unit Sales (Consolidated Unit Sales)	4,054 (2,371)	4,216 (2,585)	4,251 (2,657)	<b>4,500</b> <b>(2,730)</b>	4,137 (2,457)	4,581 (2,743)	4,432 (2,763)	<b>4,615</b> <b>(2,779)</b>
Net Sales	396.8	418.0	400.1	<b>448.5</b>	407.7	438.3	463.4	<b>514.5</b>

Yen (billion)  Operating Income  
 Operating Margin



## Automobiles - Honda Group Unit Sales

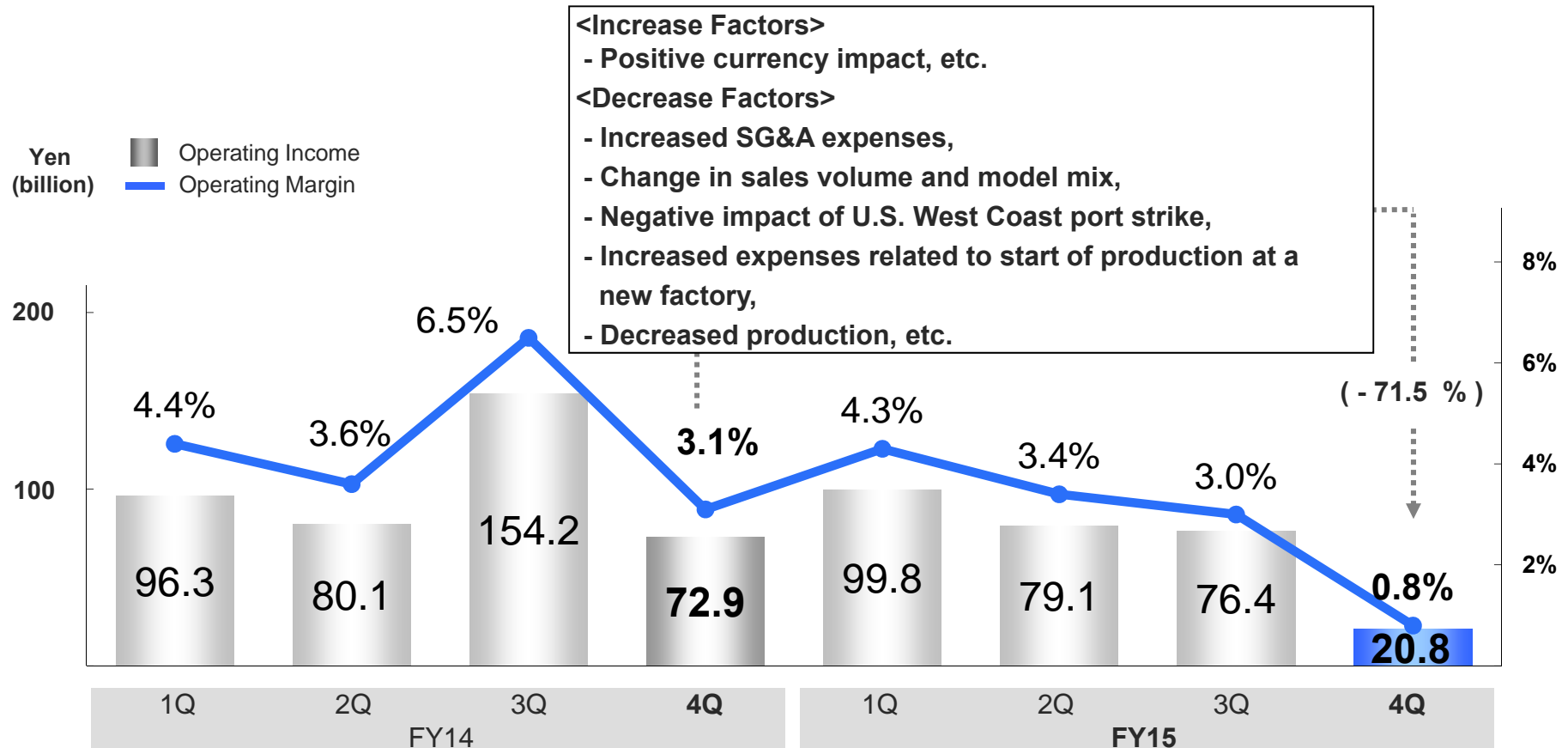


Japan	140	180	216	<b>282</b>	202	176	162	<b>221</b>
North America	459	447	465	<b>386</b>	445	434	470	<b>397</b>
Europe	40	40	38	<b>51</b>	40	45	34	<b>48</b>
Asia	285	309	287	<b>405</b>	316	350	295	<b>464</b>
Other Regions	75	71	76	<b>71</b>	58	66	67	<b>74</b>
<b>Total</b>	<b>999</b>	<b>1,047</b>	<b>1,082</b>	<b>1,195</b>	<b>1,061</b>	<b>1,071</b>	<b>1,028</b>	<b>1,204</b>

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

Unit (thousand) Yen (billion)	FY14				FY15			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Honda Group Unit Sales (Consolidated Unit Sales)	999 (858)	1,047 (869)	1,082 (900)	<b>1,195 (933)</b>	1,061 (895)	1,071 (880)	1,028 (877)	<b>1,204 (915)</b>
Net Sales	2,200.9	2,233.1	2,377.7	<b>2,383.0</b>	2,323.7	2,316.4	2,549.1	<b>2,534.1</b>

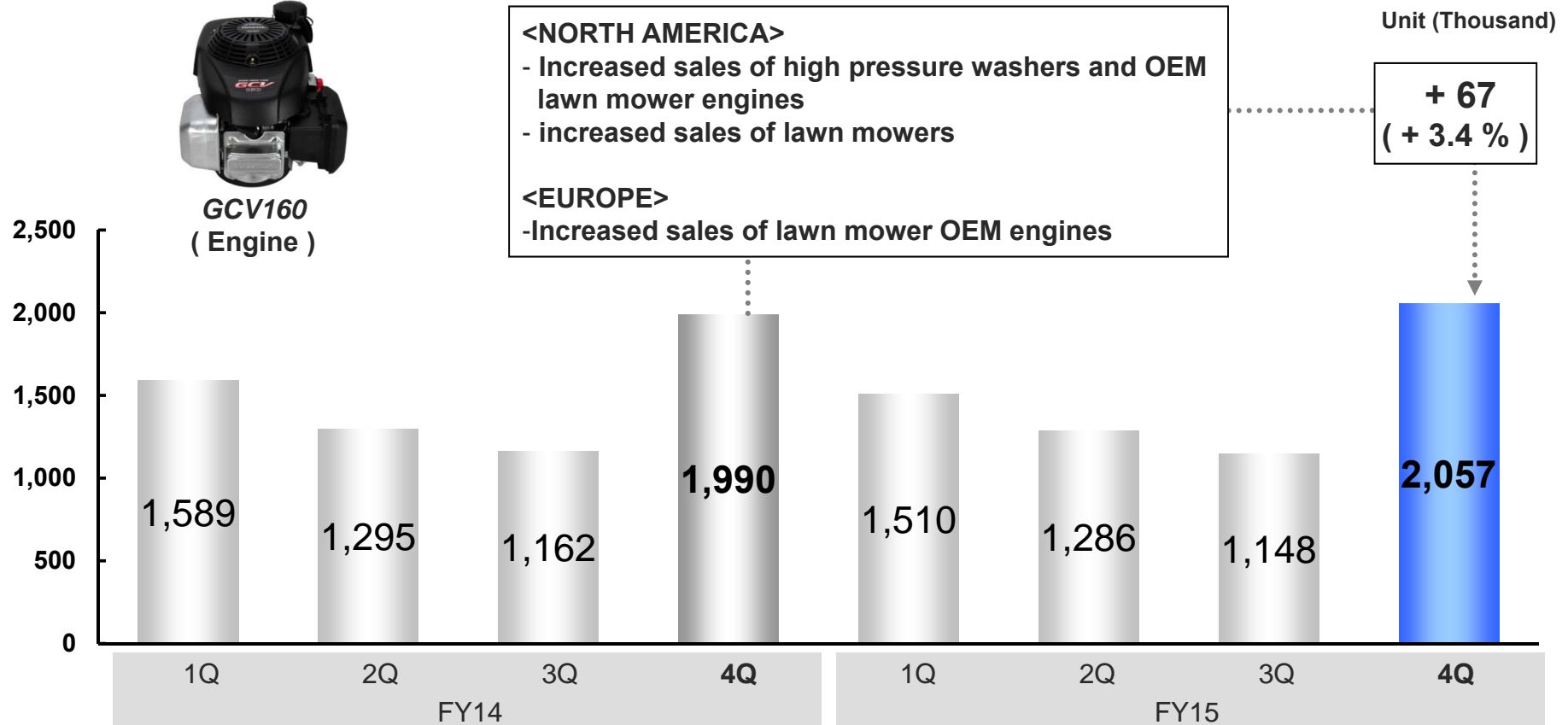
( + 6.3 % )  
+ 151.1 (Currency effect + 214.1)



## Power Products - Honda Group Unit Sales



GCV160  
( Engine )

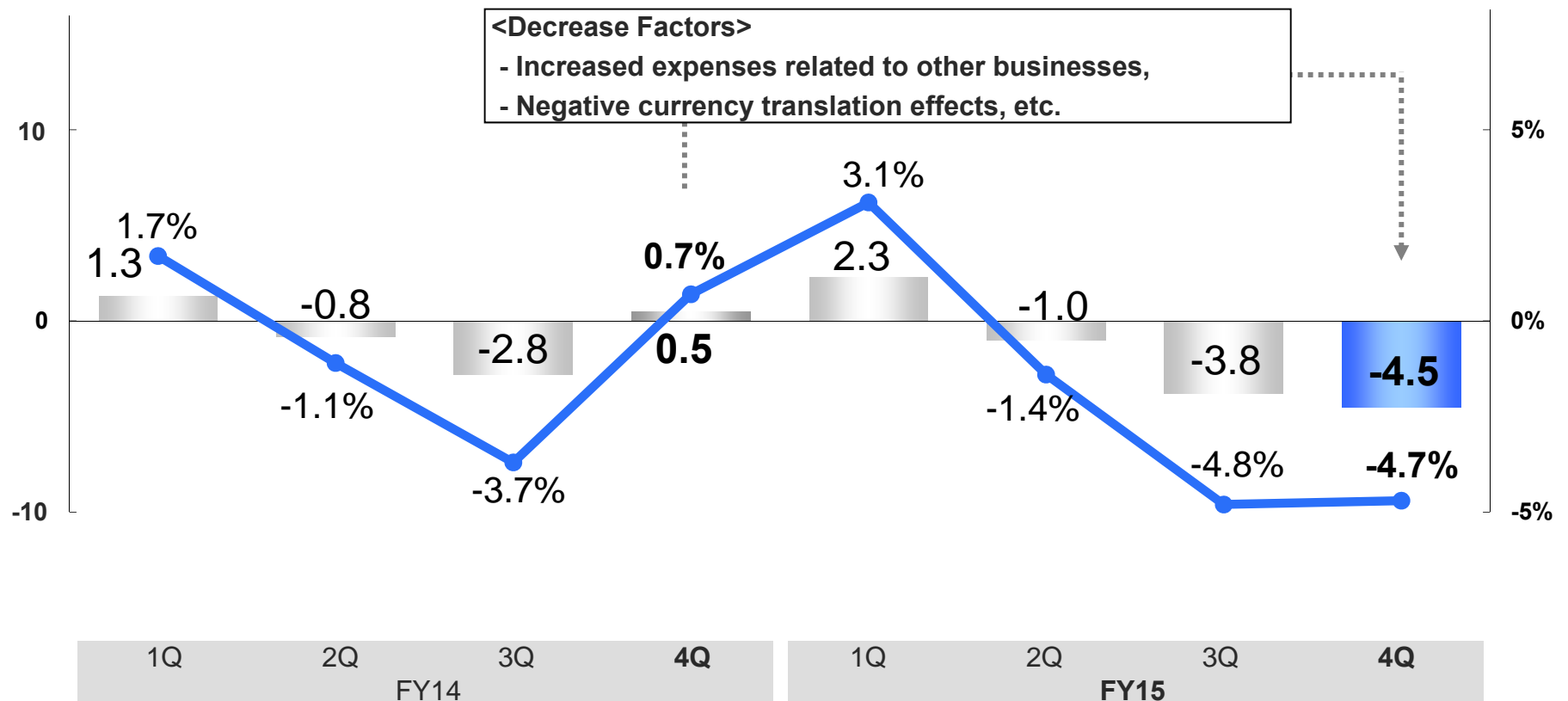


Japan	63	93	63	95	68	85	83	102
North America	828	504	427	959	773	497	423	1,005
Europe	237	156	198	441	240	191	197	465
Asia	364	426	338	372	336	410	304	353
Other Regions	97	116	136	123	93	103	141	132
<b>Total</b>	<b>1,589</b>	<b>1,295</b>	<b>1,162</b>	<b>1,990</b>	<b>1,510</b>	<b>1,286</b>	<b>1,148</b>	<b>2,057</b>

Unit (thousand) Yen (billion)	FY14				FY15			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Honda Group Unit Sales (Consolidated Unit Sales)	1,589 (1,589)	1,295 (1,295)	1,162 (1,162)	<b>1,990</b> <b>(1,990)</b>	1,510 (1,510)	1,286 (1,286)	1,148 (1,148)	<b>2,057</b> <b>(2,057)</b>
Net Sales	77.9	75.9	78.6	<b>85.6</b>	77.0	75.4	79.8	<b>95.3</b>

Yen (billion) ■ Operating Income  
■ Operating Margin

( + 11.4 % )  
+ 9.7 (Currency effect + 5.0)

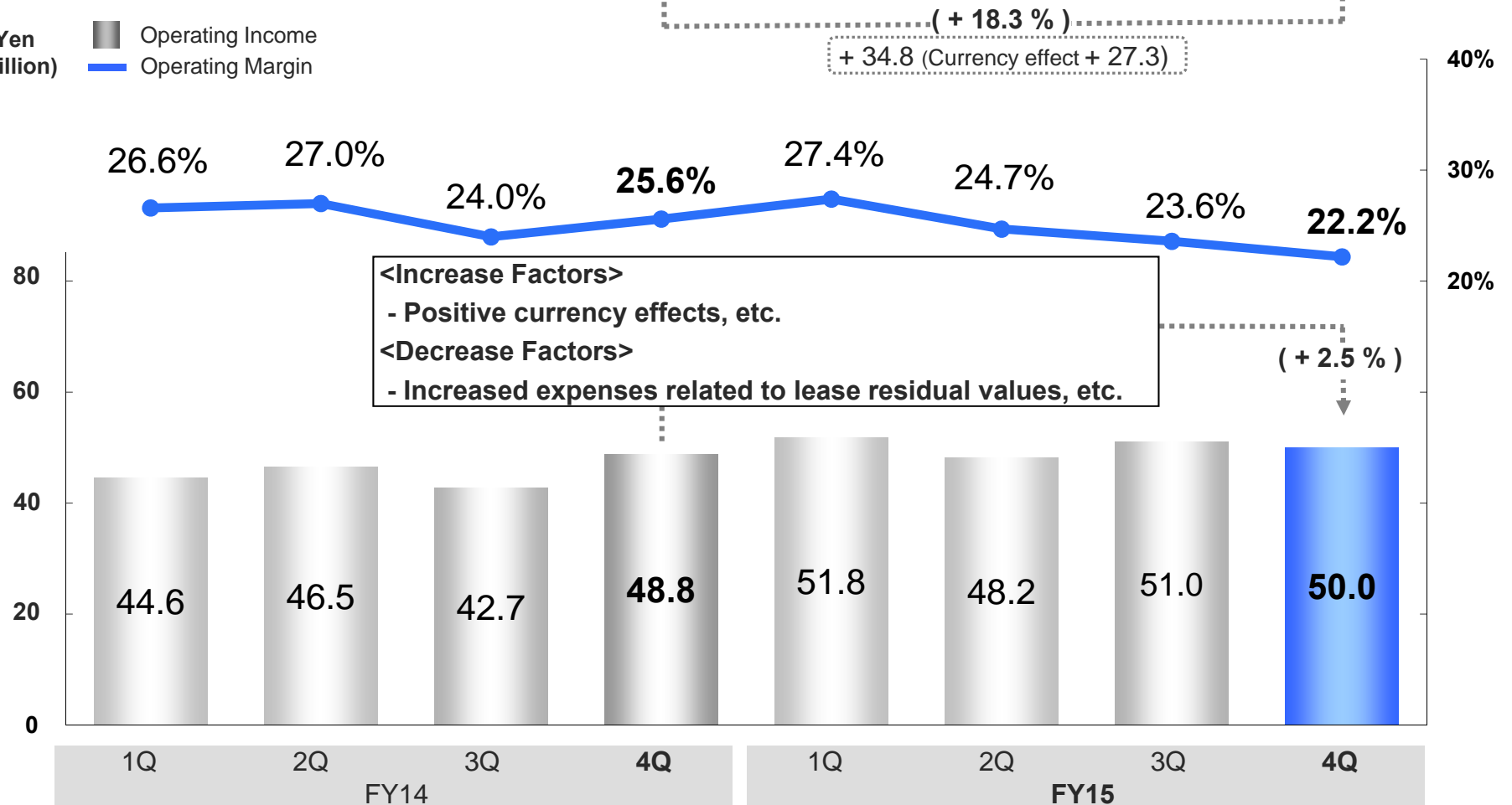


# Financial Services Business

Total Assets/Net Sales/Operating Income (Margin)

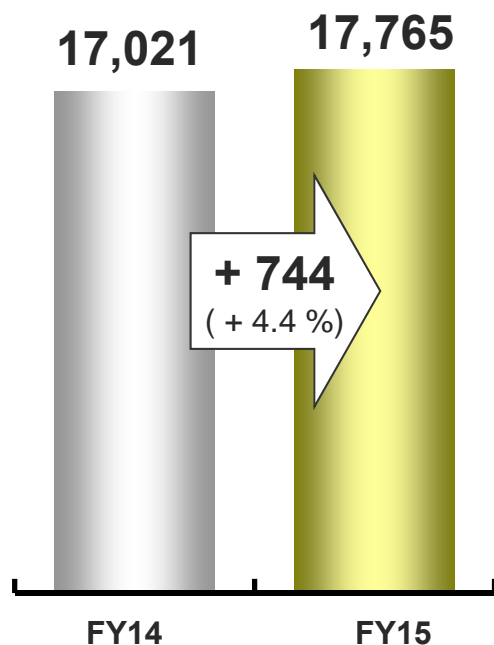
Yen (billion)	FY14				FY15			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Total Assets of Finance Subsidiaries	7,206.8	7,404.6	8,082.7	<b>7,980.9</b>	8,009.0	8,659.0	9,457.4	<b>9,340.9</b>
Net Sales	167.9	172.5	177.6	<b>190.4</b>	189.3	195.6	216.3	<b>225.2</b>

Yen (billion) ■ Operating Income  
■ Operating Margin



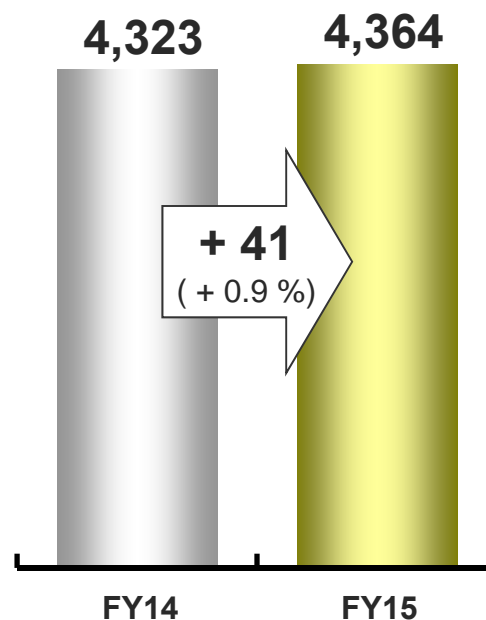
# Honda Group Unit Sales <Twelve Months>

## Motorcycles



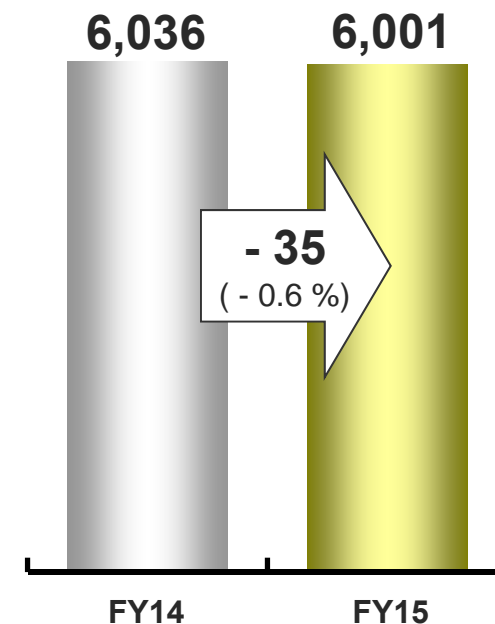
	FY14	FY15	Change
Japan	226	199	- 27
North America	276	285	+ 9
Europe	166	192	+ 26
Asia	14,536	15,504	+ 968
Other Regions	1,817	1,585	- 232
<b>Total</b>	<b>17,021</b>	<b>17,765</b>	<b>+ 744</b>

## Automobiles



	FY14	FY15	Change
Japan	818	761	- 57
North America	1,757	1,746	- 11
Europe	169	167	- 2
Asia	1,286	1,425	+ 139
Other Regions	293	265	- 28
<b>Total</b>	<b>4,323</b>	<b>4,364</b>	<b>+ 41</b>

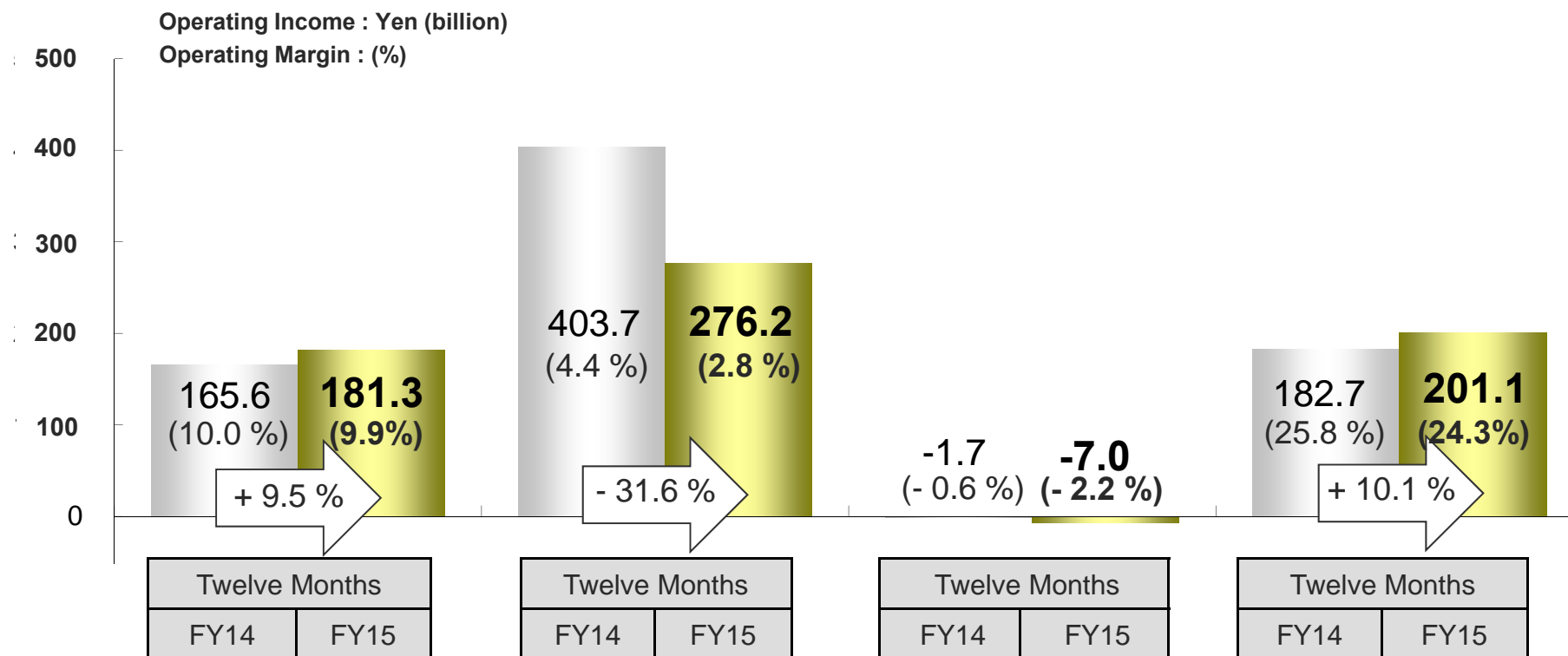
## Power Products Unit (Thousand)



	FY14	FY15	Change
Japan	314	338	+ 24
North America	2,718	2,698	- 20
Europe	1,032	1,093	+ 61
Asia	1,500	1,403	- 97
Other Regions	472	469	- 3
<b>Total</b>	<b>6,036</b>	<b>6,001</b>	<b>- 35</b>

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

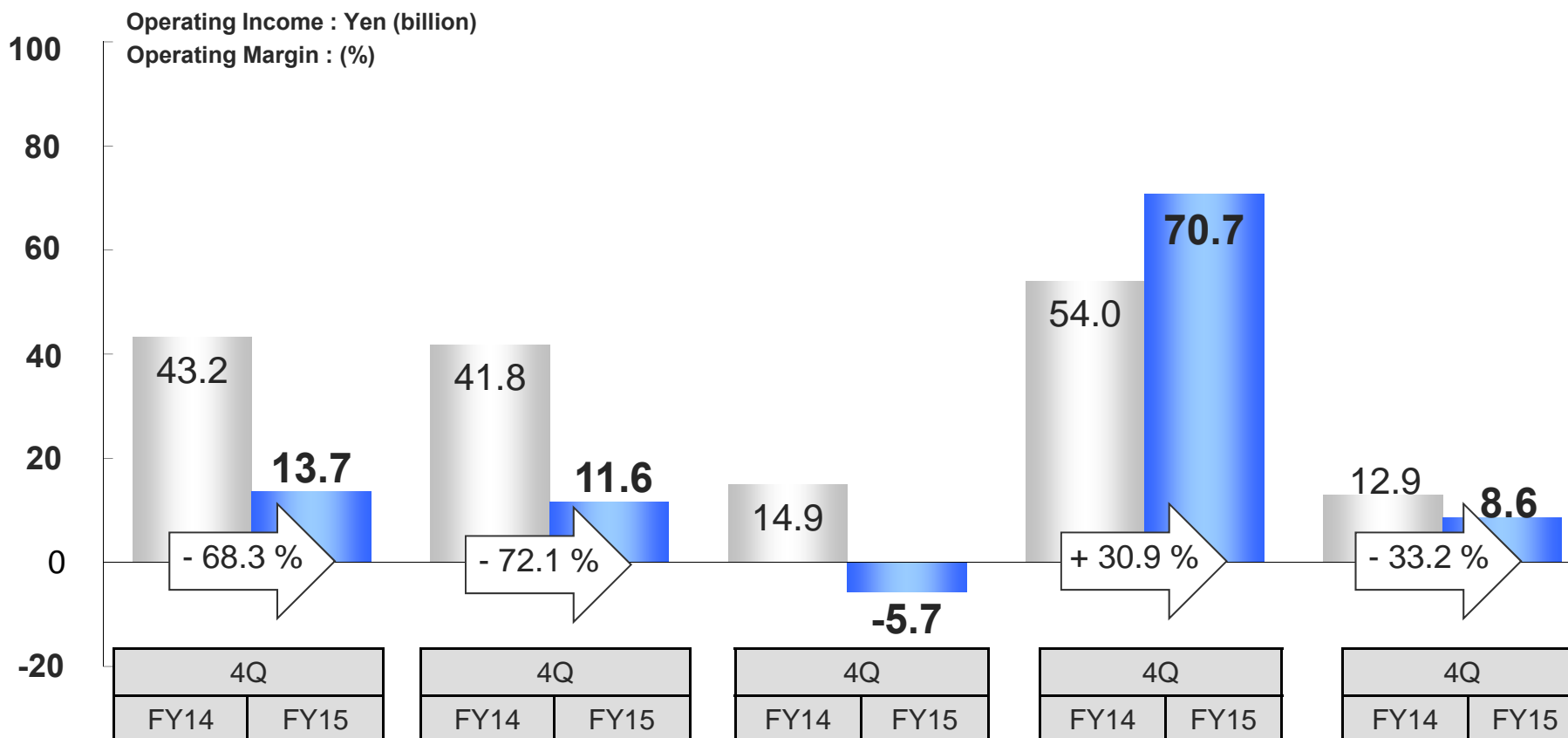
Unit (thousand) Yen (billion)	Motorcycle Business		Automobile Business		Power Product & Other Businesses		Financial Services Business	
	Twelve Months		Twelve Months		Twelve Months		Twelve Months	
	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15
Honda Group Unit Sales (Consolidated Unit Sales)	1,702.1 (1,034.3)	1,776.5 (1,074.2)	432.3 (356.0)	436.4 (356.7)	603.6 (603.6)	600.1 (600.1)	— (—)	— (—)
<b>Net Sales</b>	<b>1,663.6</b>	<b>1,824.1</b>	<b>9,194.9</b>	<b>9,723.5</b>	<b>318.1</b>	<b>327.6</b>	<b>708.5</b>	<b>826.5</b>





**Net Sales/Operating Income (Margin)  
by Geographical Segment <FY15 4th Qtr>**

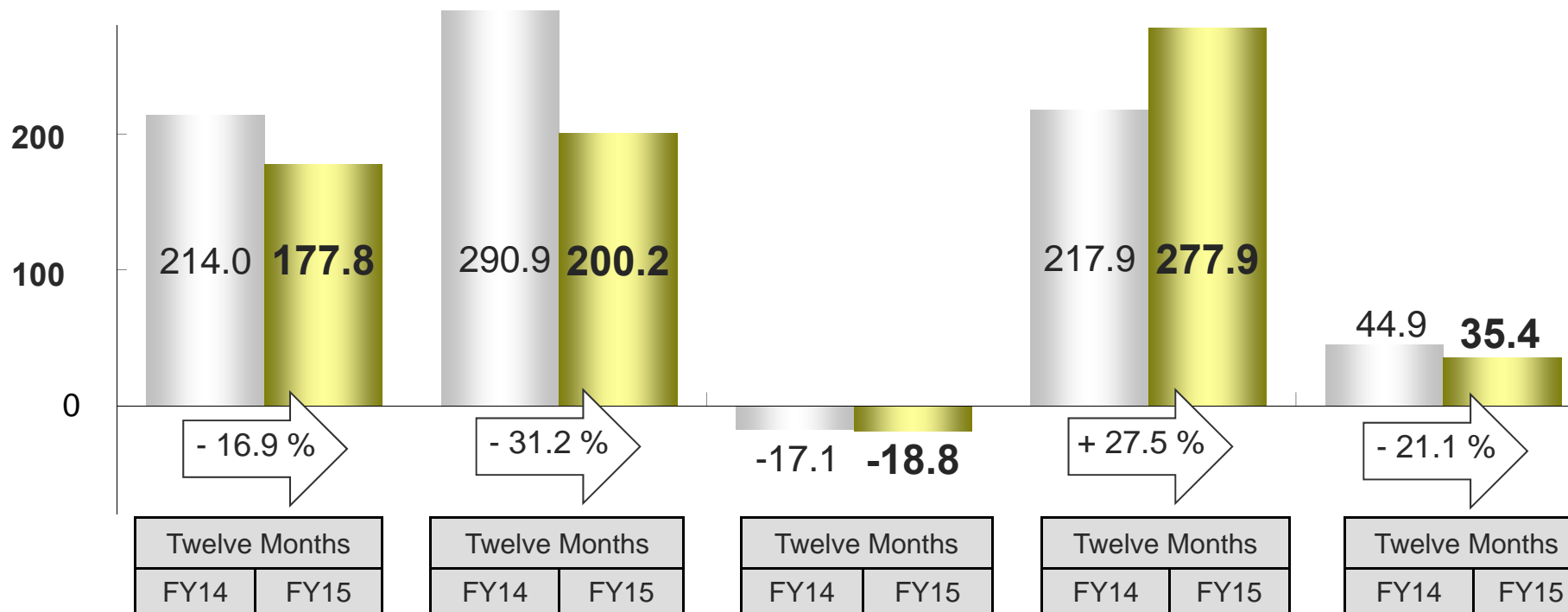
	Japan		North America		Europe		Asia		Other Regions	
Yen (billion)	4Q		4Q		4Q		4Q		4Q	
	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15
Net Sales	1,109.1	1,020.1	1,405.3	1,658.0	244.0	196.9	748.2	933.1	260.3	252.0



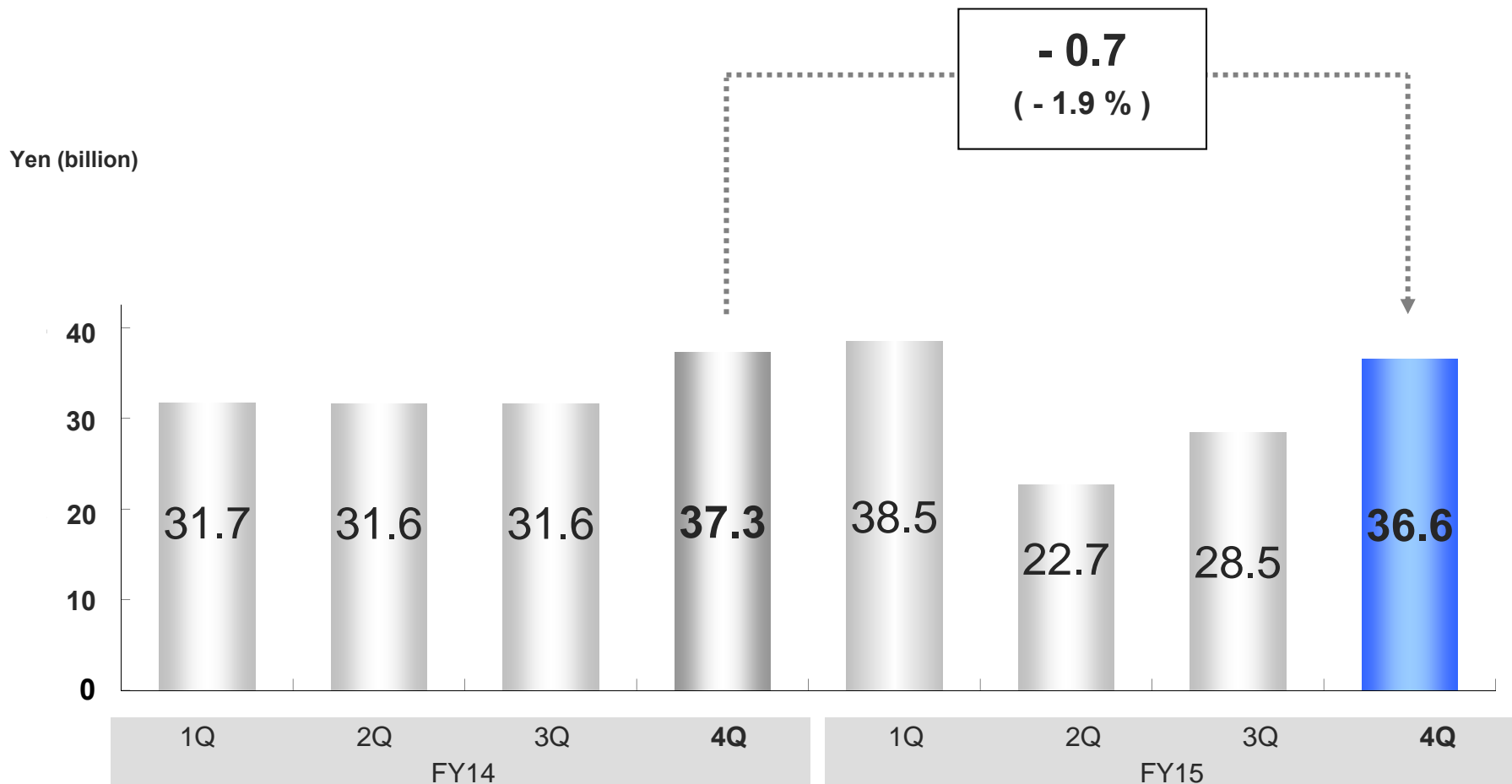
**Net Sales/Operating Income (Margin)  
by Geographical Segment <FY15 Twelve Months>**

Yen (billion)	Japan		North America		Europe		Asia		Other Regions	
	Twelve Months		Twelve Months		Twelve Months		Twelve Months		Twelve Months	
	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15
Net Sales	4,192.2	3,937.4	5,969.9	6,527.3	775.2	740.9	2,826.9	3,290.7	1,025.5	943.6

Operating Income : Yen (billion)  
Operating Margin : (%)



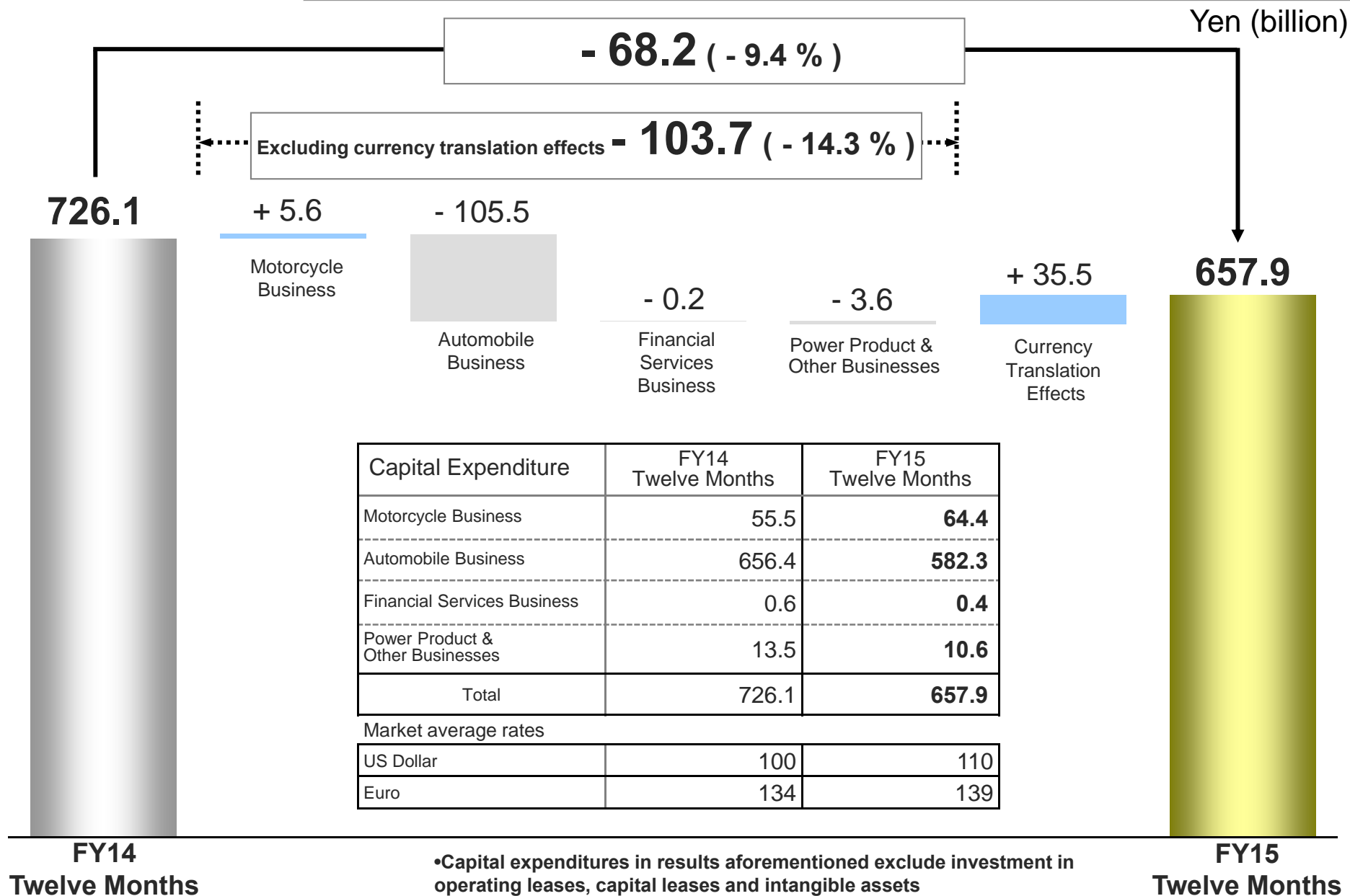
## Change in Equity in Income of Affiliates



	Yen (billion)							
(Asia)	25.1	28.3	28.0	30.0	29.5	32.5	18.8	30.4

## Consolidated Capital Expenditures <FY15 Twelve Months>

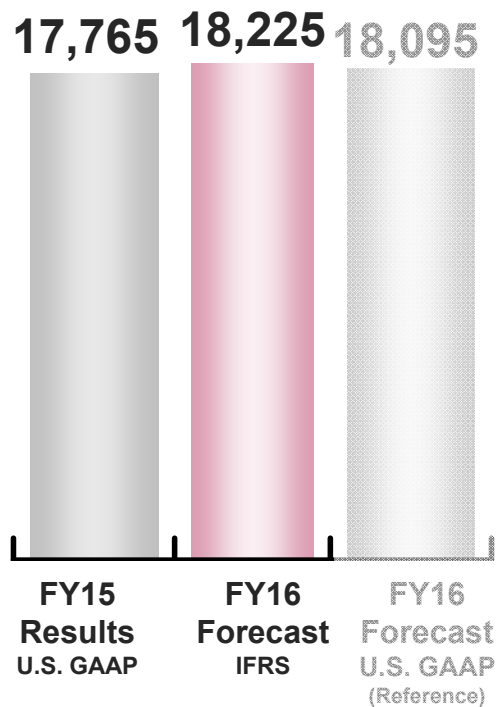
Yen (billion)



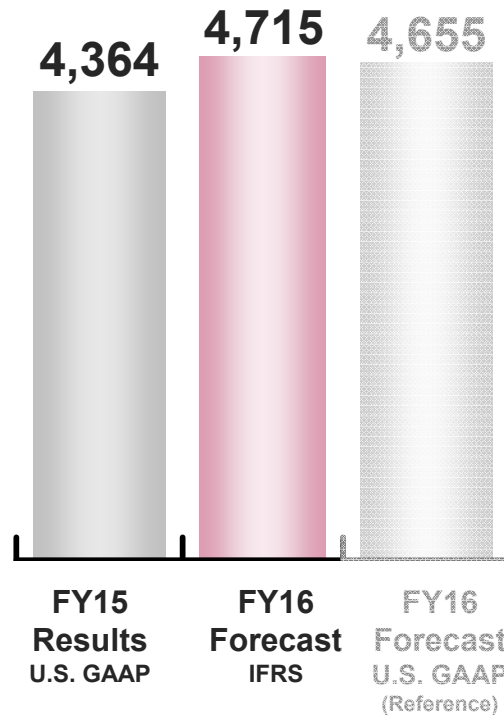
- *FY15 Financial Results (U.S. GAAP)*
  - *4<sup>th</sup> Quarter Financial Results*
  - *Net Sales and Other Operating Revenue*
  - *Change in Income before Income Taxes*
  - *Business & Geographical Segment Information*
  - *Equity in Income of Affiliates*
  - *Capital Expenditures*
- *FY16 Financial Forecast (IFRS)*

## FY16 Forecast: Honda Group Unit Sales

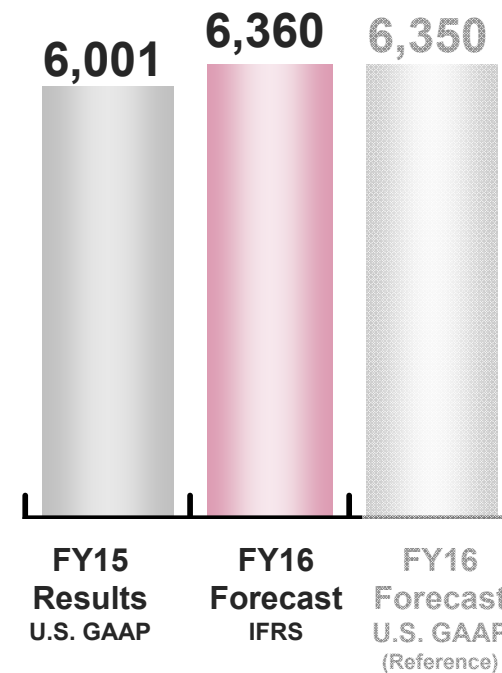
### Motorcycles



### Automobiles



### Power Products Unit (Thousand)



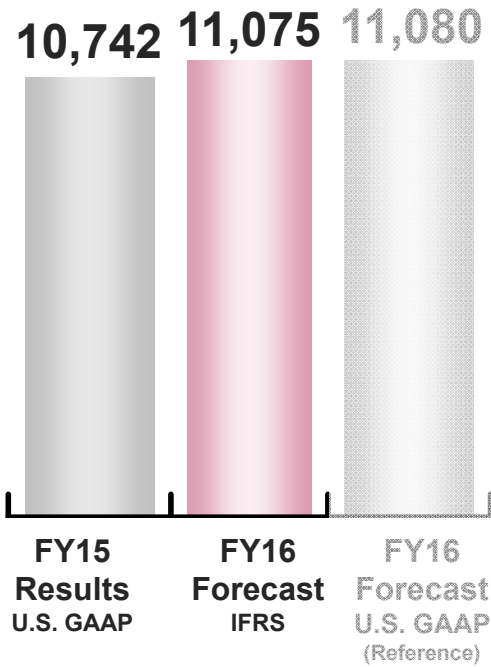
Japan	199	200	200
North America	285	325	325
Europe	192	190	190
Asia	15,504	16,065	15,925
Other Regions	1,585	1,445	1,455
<b>Total</b>	<b>17,765</b>	<b>18,225</b>	<b>18,095</b>

	761	740	740
	1,746	1,890	1,890
	167	160	160
	1,425	1,655	1,605
	265	270	260
<b>Total</b>	<b>4,364</b>	<b>4,715</b>	<b>4,655</b>

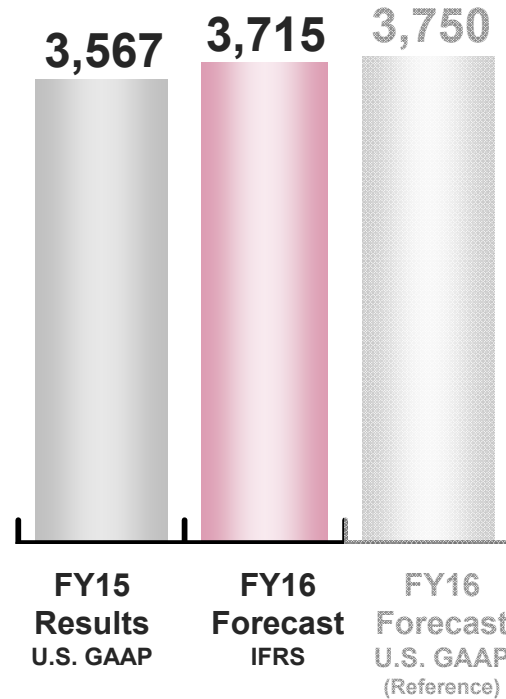
	338	340	340
	2,698	2,880	2,880
	1,093	1,090	1,090
	1,403	1,570	1,560
	469	480	480
<b>Total</b>	<b>6,001</b>	<b>6,360</b>	<b>6,350</b>

## FY16 Forecast: Consolidated Unit Sales

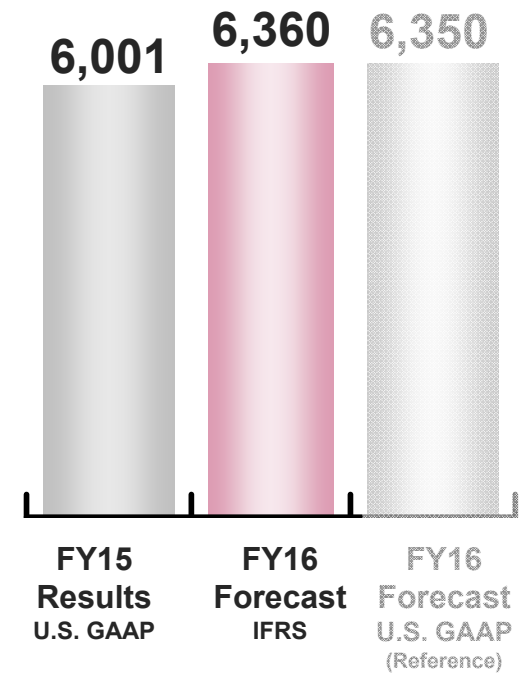
### Motorcycles



### Automobiles



### Power Products Unit (Thousand)



Japan	199	200	200
North America	285	325	325
Europe	192	190	190
Asia	8,481	8,915	8,910
Other Regions	1,585	1,445	1,455
<b>Total</b>	<b>10,742</b>	<b>11,075</b>	<b>11,080</b>

	752	690	735
	1,746	1,890	1,890
	167	160	160
	637	705	705
	265	270	260
	<b>3,567</b>	<b>3,715</b>	<b>3,750</b>

	338	340	340
	2,698	2,880	2,880
	1,093	1,090	1,090
	1,403	1,570	1,560
	469	480	480
	<b>6,001</b>	<b>6,360</b>	<b>6,350</b>

## FY16 Financial Forecast (Consolidated)

Yen (billion)

	FY15 Results	FY16 Forecast	FY16 Forecast (Reference)	Change	
	U.S. GAAP	IFRS	U.S. GAAP	Amount	%
Sales revenue <small>Note 1</small>	<b>12,646.7</b>	<b>14,500.0</b>	<b>13,850.0</b>	+ 1,203.2	+ 9.5%
Operating profits	<b>651.6</b>	<b>685.0</b>	<b>660.0</b>	+ 8.3	+ 1.3%
(as a percentage of sales revenue)	<b>5.2%</b>	<b>4.7%</b>	<b>4.8%</b>	- 0.4 pt	
Share of profit from investments accounted for using the equity method <small>Note 2</small>	—	<b>135.0</b>	—	-	-
Profit before income taxes	<b>689.6</b>	<b>805.0</b>	<b>650.0</b>	- 39.6	- 5.7%
Equity in income of affiliates	<b>126.5</b>	—	<b>140.0</b>	+ 13.4	+ 10.6%
Profit for year attributable to owners of the parent <small>Note 3</small>	<b>522.7</b>	<b>525.0</b>	<b>525.0</b>	+ 2.2	+ 0.4%
EPS (Yen) <small>Note 4</small>	<b>290.06</b>	<b>291.30</b>	<b>291.30</b>	+ 1.24	
Average Rates (Yen)					
US Dollar (Yen)	110	<b>115</b>	115	Yen down by 5 yen	
Euro (Yen)	139	<b>125</b>	125	Yen up by 14 yen	

**Honda's forecast for the year ending March 31, 2016 is based on IFRS.**

Note 1: "Net sales and other operating revenue" in U.S. GAAP is stated as "Sales revenue"

Note 2: "Equity in income of affiliates" in U.S. GAAP is stated as "Share of profit of investments accounted for under the equity method"

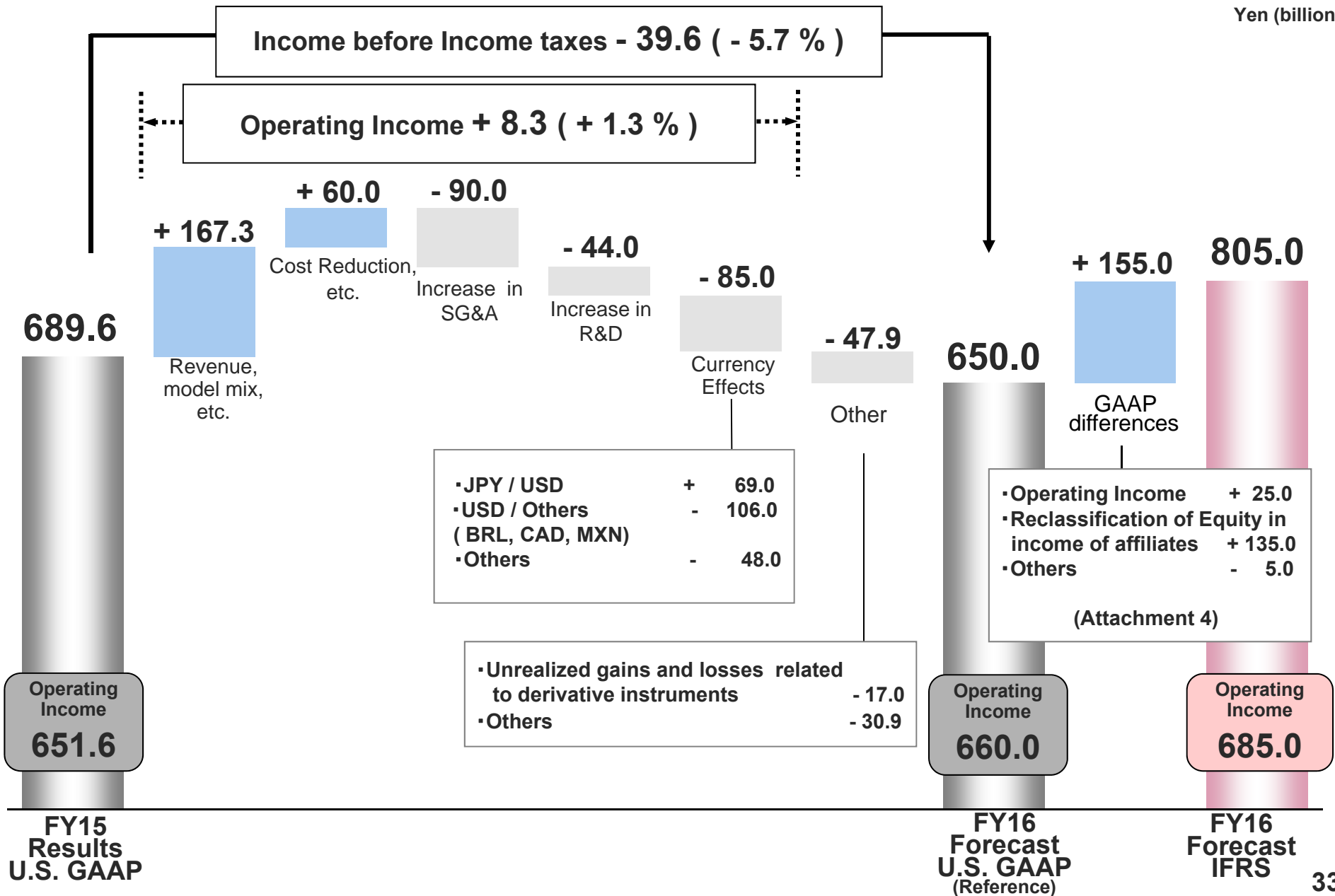
Note 3: "Net income attributable to Honda Motor Co., Ltd." in U.S. GAAP is stated as "Profit for the year attributable to owners of the parent"

Note 4: "Basic net income attributable to Honda Motor Co., Ltd. Per common share" is stated as "Basic profit for the year attributable to owners of the parent per common share". \*2



# FY16 Forecast: Change in Income before Income Taxes

Yen (billion)



## FY16 Forecast: Capital Expenditures, Depreciation and R&D

Yen (billion)

	FY15 Results	FY16 Forecast	FY16 Forecast (Reference)	Change (vs. FY15)
	U.S. GAAP	IFRS	U.S. GAAP	
Capital expenditures *	657.9	<b>670.0</b>	<b>670.0</b>	+ 12.0
Depreciation and amortization *	408.3	<b>455.0</b>	<b>455.0</b>	+ 46.6
Research and development expenditures **	662.6	<b>720.0</b>	<b>710.0</b>	+ 47.3

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

\*\* Research and development expenditures are research and development activity related costs incurred during the reporting period and are in conformity to "Research and development" on our Consolidated Statement of Income in accordance with U.S. GAAP. In accordance with IFRS, however, 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 to "Research and development" on our Consolidated Statement of Income

### **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 results for FY15 were prepared in conformity with U.S. Generally Accepted Accounting Principles and the Financial Forecast for FY16 was prepared in conformity with International Financial Reporting Standards.*

### **Notice on the Factors for Increases and Decreases in Income:**

*With respect to the discussion above of the change in operating income, management has identified the factors set forth below and used what it believes to be a reasonable method to analyze the respective changes in such factors. Each of these factors is explained below. Management has analyzed changes in these factors at the levels of the Company and its material consolidated subsidiaries.*

*(1) "Foreign currency effects" consist of translation adjustments, which come from the translation of the currency of foreign subsidiaries' financial statements into Japanese Yen, and foreign currency adjustments, which result from foreign-currency-denominated sales, which, at the levels of the Company and those consolidated subsidiaries which have been analyzed, primarily relate to the following currencies: U.S. dollar, Canada dollar, Euro, GBP, BRL and Japanese Yen.*

*(2) With respect to "cost reduction and effects of raw material cost fluctuations", management has analyzed cost reduction and effects of raw material cost fluctuations at the levels of the Company and its material foreign manufacturing subsidiaries in North America, Europe and other regions.*

*(3) With respect to "changes in net sales and model mix", management has analyzed changes in sales volume and in the mix of product models sold in major markets which have resulted in increases/decreases in profit, as well as certain other reasons for increases/decreases in net sales and cost of sales.*

*(4) With respect to "selling, general and administrative expenses", management has analyzed reasons for an increase/decrease in selling, general and administrative expenses from the previous fiscal year net of currency translation effects.*

*(5) With respect to "research and development expenses", management has analyzed reasons for an increase/decrease in research and development expenses from the previous fiscal year net of currency translation effects.*

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

\*2 : "Basic net income attributable to Honda Motor Co., Ltd. Per common share" in U.S. GAAP is stated as "Basic profit for the year attributable to owners of the parent per common share" in IFRS

EPS is calculated based on weighted average number of shares outstanding as shown below:

- Fiscal Year	FY14: 1,802,294,000 (approx), FY15: 1,802,289,000 (approx) (page 5)
- 4th Quarter	FY14: 1,802,291,000 (approx), FY15: 1,802,287,000 (approx) (page 11)
- Fiscal Year	FY15: 1,802,289,000 (approx), FY16: 1,802,286,000 (approx) (pages 6 and 32)

**HONDA**

The Power of Dreams

					Yen (billion)	
		FY15 4Q	Average Rates (Yen)		FY15 Twelve Months	
			FY14 4Q	FY15 4Q		
	JPY / USD	<b>+ 20.1</b>	103	<b>119</b>	Yen down by 16 yen	<b>+ 43.1</b>
	JPY / Euro	<b>+ 0.1</b>	141	<b>134</b>	Yen up by 7 yen	<b>+ 1.6</b>
	JPY / Others	<b>+ 3.1</b>	—	—	—	<b>+ 5.5</b>
	Transactions between other currencies	<b>- 16.5</b>	—	—	—	<b>- 53.7</b>
	<b>Difference of average rates *1 (Impact on Operating income)</b>	<b>+ 6.8</b>	*1: Impact of YoY difference of FOREX to be used for booking revenue of foreign currency transactions			<b>- 3.6</b>
	<b>Difference between transaction *2 rates and average sales rates (Impact on Other income &amp; expenses)</b>	<b>+ 10.6</b>	*2: Impact of YoY difference between average FOREX and hedge rates during the period			<b>+ 84.7</b>
	<b>Currency effect associated with sales transactions</b>	<b>+ 17.4</b>				<b>+ 81.1</b>
	<b>Currency effect from translation of foreign financial statements (impact on Operating income) *3</b>	<b>+ 29.1</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>+ 82.6</b>
	<b>Total</b>	<b>+ 46.5</b>				<b>+ 163.7</b>

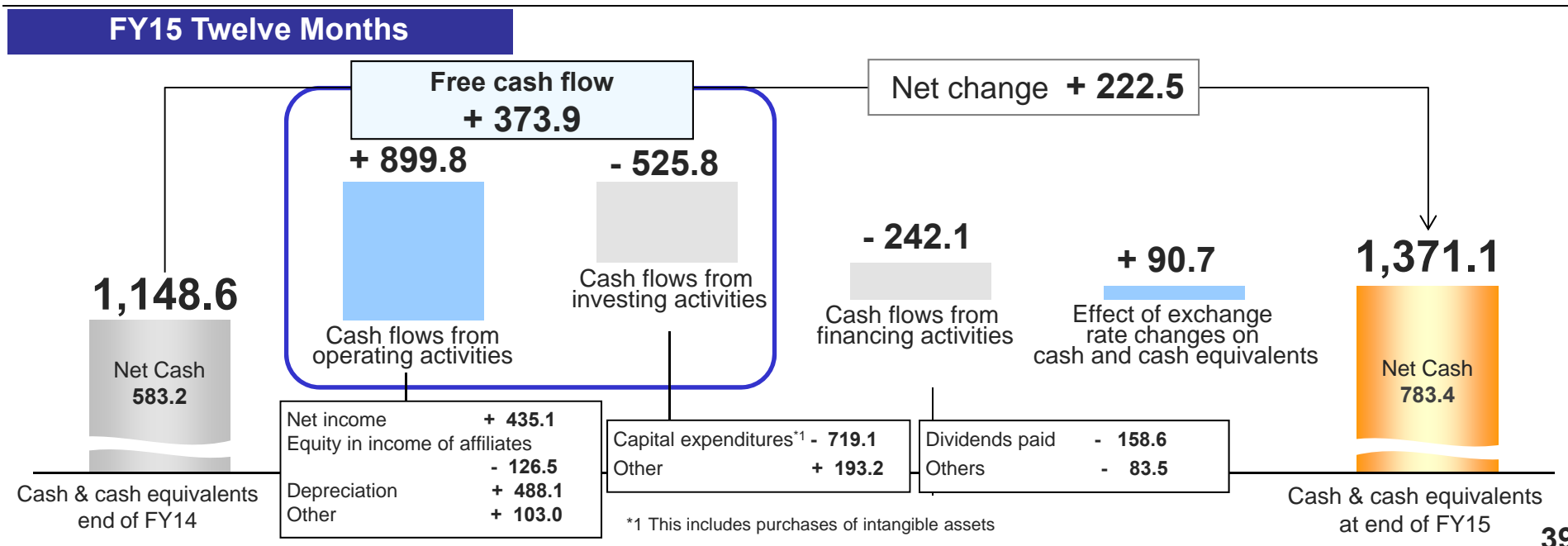
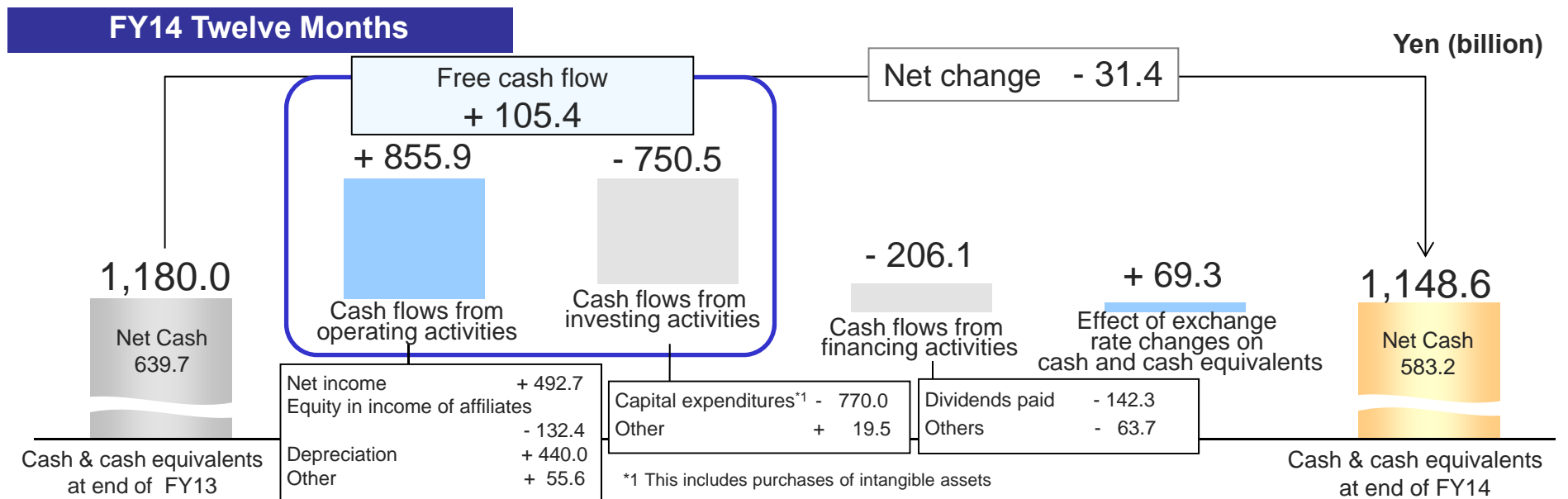
**- Unrealized Gains and Losses Related to Derivative Instruments -**

Yen (billion)

	4Q		
	FY14	FY15	Change
Foreign currency forward	+ 11.4	+ 2.3	- 9.1
Interest rate swap / Currency swap	+ 3.2	- 3.1	- 6.4
Others	- 0.0	+ 0.2	+ 0.2
Total	+ 14.7	- 0.6	- 15.3

Twelve Months		
FY14	FY15	Change
+ 49.6	+ 0.5	- 49.1
- 10.2	+ 4.1	+ 14.3
- 0.0	+ 0.3	+ 0.3
+ 39.3	+ 4.9	- 34.3

**- Cash Flows of Non-financial Services Businesses -**







**- FY15 Financial Results and  
FY16 Financial Forecast (Unconsolidated) -**

Yen (Billion)

	FY14 Results	FY15 Results	Increase / Decrease from FY14	FY16 Forecast	Increase / Decrease from FY15
<b>Net sales</b>	3,488.3	3,331.1	- 4.5%	3,500.0	+ 5.1%
<b>Operating income</b>	125.6	96.3	- 23.3%	70.0	- 27.3%
<b>Operating margin</b>	3.6%	2.9%	- 0.7pt	2.0%	- 0.9pt
<b>Ordinary income</b>	345.9	347.6	+ 0.5%	325.0	- 6.5%
<b>Net income</b>	262.9	264.6	+ 0.7%	255.0	- 3.7%

**Average Rates (Yen)**

<b>US Dollar</b>	100	110	Yen down by 10 yen	115	Yen down by 5 yen
<b>Euro</b>	136	139	Yen down by 3 yen	125	Yen up by 14 yen