



# *FY17 2nd Quarter Financial Results*



**Honda Motor Co., Ltd.**

October 31, 2016

**Freed  
(Japan)**

- *News Topics*
- *FY17 2nd Quarter Financial Results*
- *FY17 Financial Forecasts*
- *Dividend*

➤ **New Freed, Freed+ sales start** (Sep.: Japan)

- Accumulated orders totaling 27,000 units in the first month following the launch
- Adopts the world's first hybrid vehicle motor magnet free of heavy rare earth elements



➤ **New Civic hatchback sales start** (Sep.: N. America)

- Produced at Honda's Swindon Plant in the U.K.



➤ **New Acura CDX sales start** (July: China)

- First Acura model produced locally in China



➤ **Production at the Kumamoto Plant resumed normal production utilization** (Sep.: Japan)

➤ **Honda and Yamaha begin discussion of possible collaboration in the area of small-sized scooters in the Japanese market** (Oct. 5th)

**Results Summary**

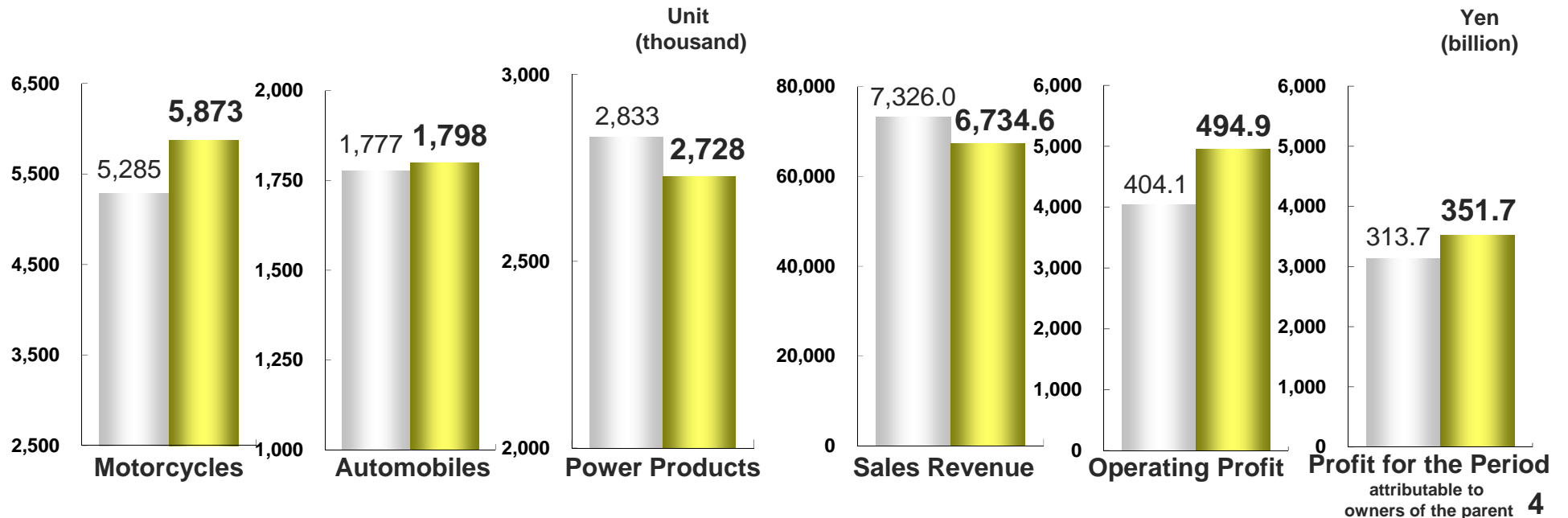
Negative FOREX effects due to a stronger yen was more than offset by the positive effect of new model introductions and full model changes of existing models, cost reduction efforts, a decline in quality related expenses, and the impact of pension accounting treatment resulting in operating profit of 494.9 billion yen, a 22.5 % increase from the same period a year ago.

**First Half Results FY16 and FY17**

■ FY16 ■ FY17

**Consolidated Unit Sales**

**Sales Revenue / Operating Profit / Profit for the Period**

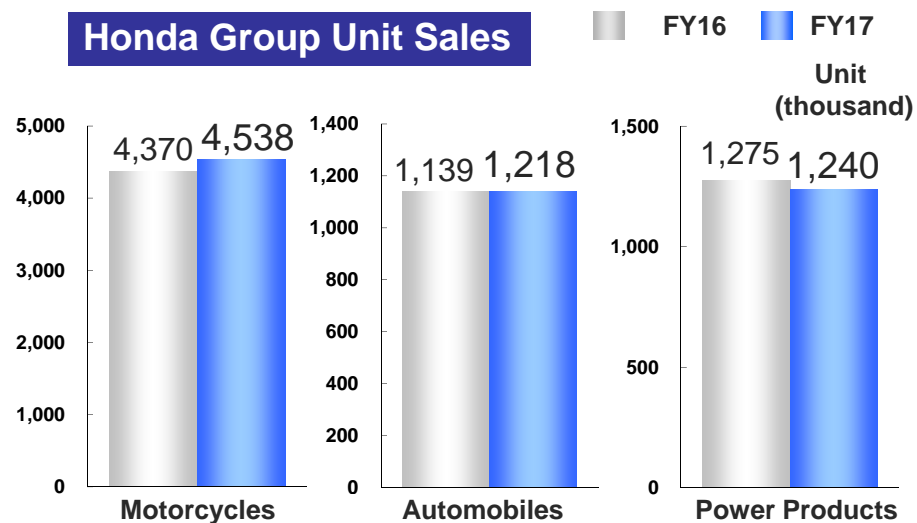


## FY17 2nd Quarter Unit Sales

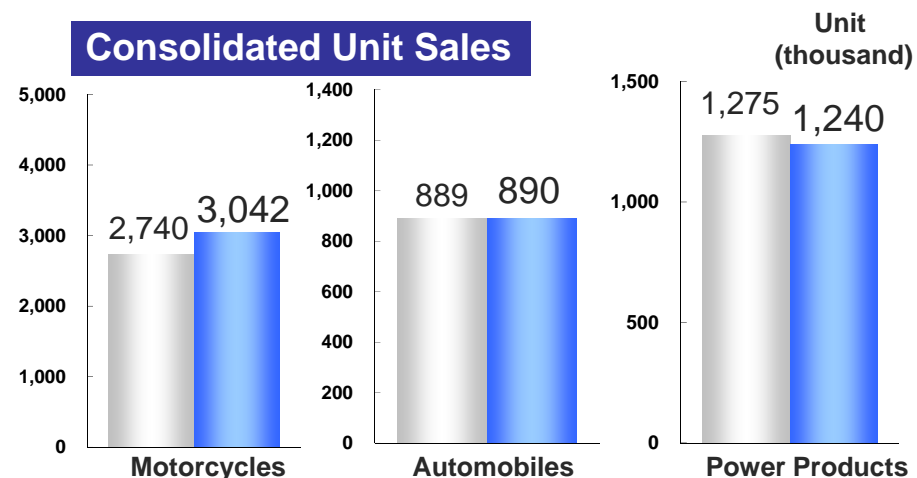
Honda Group Unit Sales (thousand)	2Q Results (3 Months)		
	FY16	FY17	Change
Motorcycles	4,370	<b>4,538</b>	+ 3.8%
Automobiles	1,139	<b>1,218</b>	+ 6.9%
Power Products	1,275	<b>1,240</b>	- 2.7%

Consolidated Unit Sales (thousand)	2Q Results (3 Months)		
	FY16	FY17	Change
Motorcycles	2,740	<b>3,042</b>	+ 11.0%
Automobiles	889	<b>890</b>	+ 0.1%
Power Products	1,275	<b>1,240</b>	- 2.7%

**Honda Group Unit Sales**



**Consolidated Unit Sales**



### Honda Group Unit Sales

- Increase in motorcycle unit sales due mainly to sales growth in India, despite decline in sales in Indonesia and Brazil
- Increase in automobile unit sales due primarily to sales growth in China

## FY17 2nd Quarter Financial Results (Consolidated)

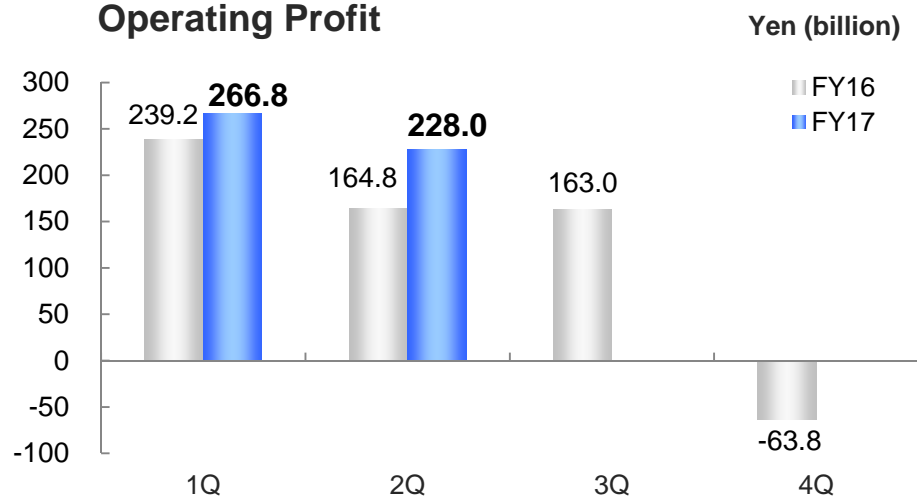
Financial Results Yen (billion)	2Q Results (3 Months)		
	FY16	FY17	Change
Sales revenue	3,621.2	<b>3,262.9</b>	- 9.9%
Operating profit	164.8	<b>228.0</b>	+ 38.4%
Operating margin	4.6%	<b>7.0%</b>	+ 2.4pt
Share of profit of investments accounted for using the equity method	34.1	<b>39.8</b>	+ 16.6%
Profit before income taxes	210.9	<b>270.5</b>	+ 28.3%
Profit for the period attributable to owners of the parent	127.7	<b>177.0</b>	+ 38.6%
Earnings per share *1 (Yen) attributable to owners of the parent	70.88	<b>98.26</b>	+ 27.38
<b>Market average rates (Yen)</b> For *1, please refer to the footnote on page 35			
US Dollar	122	<b>102</b>	Yen up by 20 yen

### Financial Summary

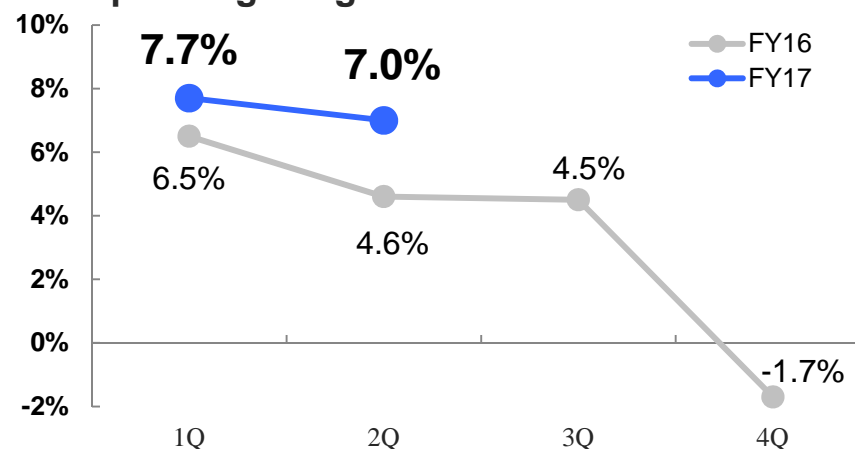
Sales revenue decreased by 9.9% primarily due to negative foreign currency translation impact, despite increases in automobile, financial services, and motorcycle business operations.

Operating profit increased by 38.4% due primarily to cost reduction efforts, a decline in SG&A expenses, including quality related expenses, as well as the impact of pension accounting treatment, despite negative foreign currency effects.

### Operating Profit



### Operating Margin



## FY17 Six Months Financial Results (Consolidated)

Honda Group Unit Sales (Consolidated Unit Sales) (thousand)	Six Month Results		
	FY16	FY17	Change
Motorcycles	8,475 (5,285)	<b>8,890</b> <b>(5,873)</b>	+ 4.9% (+ 11.1%)
Automobiles	2,286 (1,777)	<b>2,431</b> <b>(1,798)</b>	+ 6.3% (+ 1.2%)
Power Products	2,833 (2,833)	<b>2,728</b> <b>(2,728)</b>	- 3.7% (- 3.7%)

Financial Results Yen (billion)	Six Month Results		
	FY16	FY17	Change
Sales revenue	7,326.0	<b>6,734.6</b>	- 8.1%
Operating profit	404.1	<b>494.9</b>	+ 22.5%
Operating margin	5.5%	<b>7.3%</b>	+ 1.8pt
Share of profit of investments accounted for using the equity method	72.5	<b>67.0</b>	- 7.5%
Profit before income taxes	493.2	<b>559.0</b>	+ 13.3%
Profit for the period attributable to owners of the parent	313.7	<b>351.7</b>	+ 12.1%
Earnings per share <sup>*1</sup> (Yen) attributable to owners of the parent	174.11	<b>195.19</b>	+ 21.08

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

### Market average rates (Yen)

US Dollar	122	<b>105</b>	Yen up by 17 yen
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## FY17 Financial Forecasts (Consolidated)

Yen (billion)

	FY16 Results	FY17 Forecast	Change		Change from previous forecast
			amount	%	
Sales revenue	14,601.1	<b>13,400.0</b>	- 1,201.1	- 8.2%	- 350.0
Operating profit	503.3	<b>650.0</b>	+ 146.6	+ 29.1%	+ 50.0
Operating margin	3.4%	<b>4.9%</b>	+ 1.5 pt		+ 0.5 pt
Share of profit of investments accounted for using the equity method	126.0	<b>140.0</b>	+ 13.9	+ 11.1%	+ 10.0
Profit before income taxes	635.4	<b>770.0</b>	+ 134.5	+ 21.2%	+ 65.0
Profit for the year attributable to owners of the parent	344.5	<b>415.0</b>	+ 70.4	+ 20.5%	+ 25.0
<b>Earnings per share</b> *1 (Yen) attributable to owners of the parent	191.16	<b>230.26</b>	+ 39.10		+ 13.87

For \*1, please refer to the footnote on page 35

### Market average rates (Yen)

US Dollar	120	<b>103</b> (1H 105 / 2H 100)	Yen up by 17 yen	Yen up by 2 yen
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## Dividend

Yen

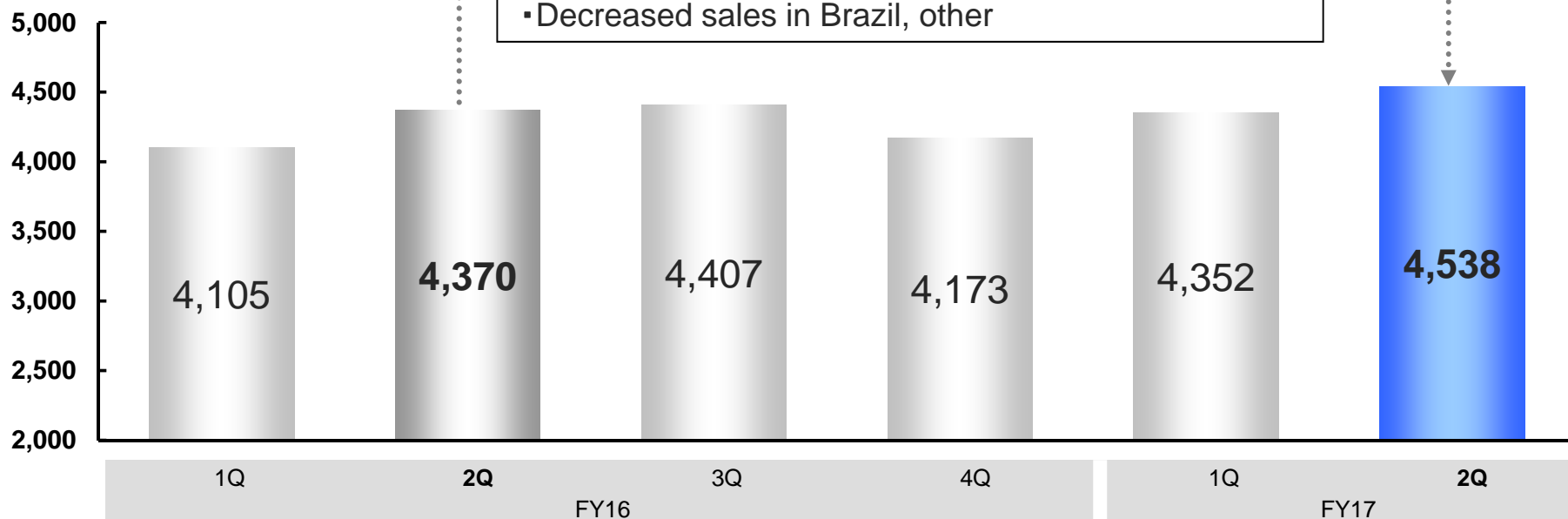
Dividend per Share	FY16	FY17 (Expectation)	Increase / Decrease from FY16
1 <sup>st</sup> Quarter End	22	22	-
2 <sup>nd</sup> Quarter End	22	22	-
3 <sup>rd</sup> Quarter End	22	( 22 )	( - )
4 <sup>th</sup> Quarter End	22	( 22 )	( - )
Fiscal Year	88	( 88 )	( - )

- *FY17 2nd Quarter and Six Month Financial Results*
  - *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*
  - *Capital Expenditures*
- *FY17 Financial Forecast*

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



Activa (India)



Japan	47	50	41	42	29	33
North America	75	75	69	89	78	71
Europe	66	48	33	57	72	48
Asia	3,571	3,851	3,968	3,743	3,885	4,125
Other Regions	346	346	296	242	288	261
<b>Total</b>	<b>4,105</b>	<b>4,370</b>	<b>4,407</b>	<b>4,173</b>	<b>4,352</b>	<b>4,538</b>

## Automobiles - Honda Group Unit Sales



Civic (China)

<Japan>

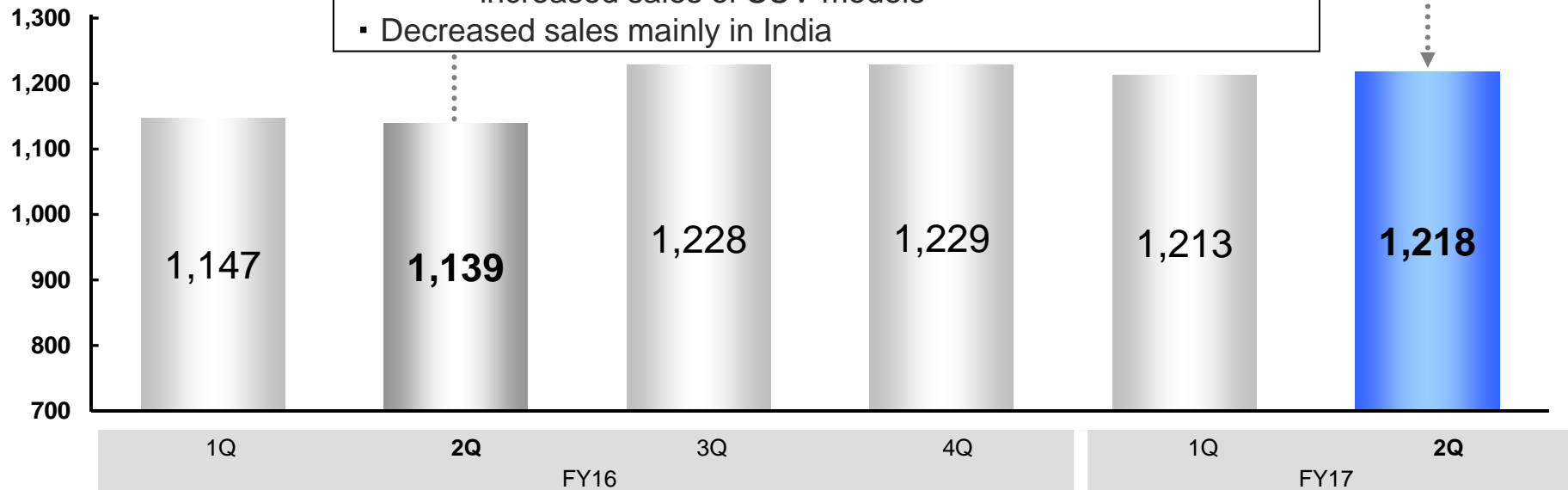
- Decreased sales mainly due to impact of Kumamoto earthquake (mini commercial vehicles)

<Asia>

- China: positive impact of Civic full model change increased sales of SUV models
- Decreased sales mainly in India

Unit (thousand)

**+ 79**  
**(+ 6.9 %)**



Japan	147	<b>168</b>	151	202	146	<b>156</b>
North America	497	<b>473</b>	466	493	510	<b>479</b>
Europe	32	<b>42</b>	43	55	45	<b>45</b>
Asia	405	<b>395</b>	503	420	453	<b>482</b>
Other Regions	66	<b>61</b>	65	59	59	<b>56</b>
<b>Total</b>	<b>1,147</b>	<b>1,139</b>	1,228	1,229	1,213	<b>1,218</b>

## Power Products - Honda Group Unit Sales

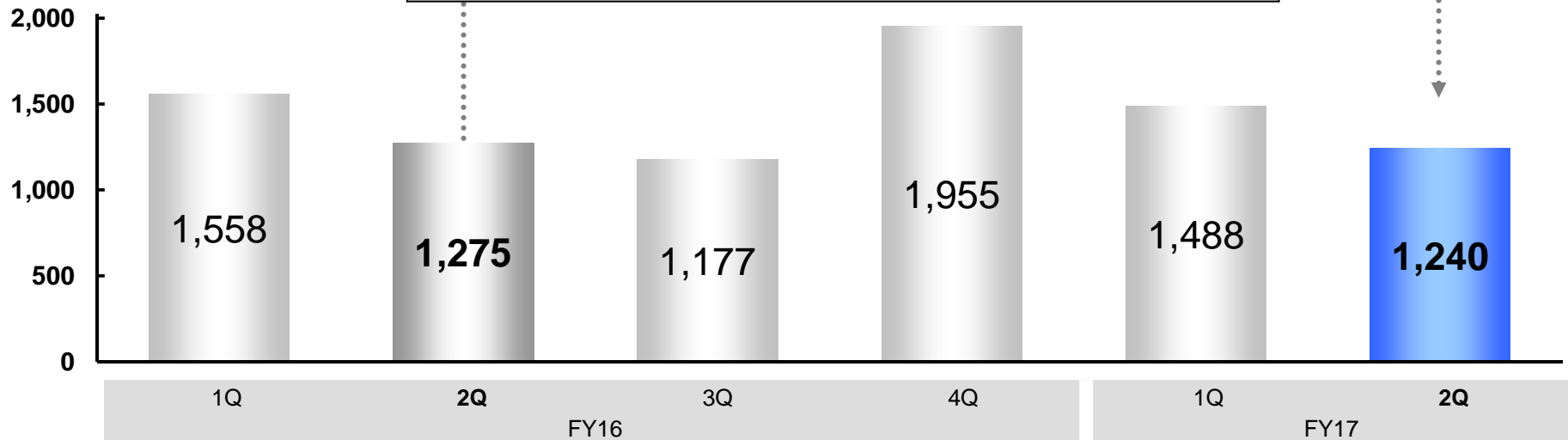


HRR216 (Lawn mower)

- <Japan>
  - Decrease in water pump OEM engines, other
- <North America>
  - Decrease in high pressure washer OEM engines, other
  - Increased sales of lawn mowers, other
- <Asia>
  - China : increase in water pump OEM engines, other

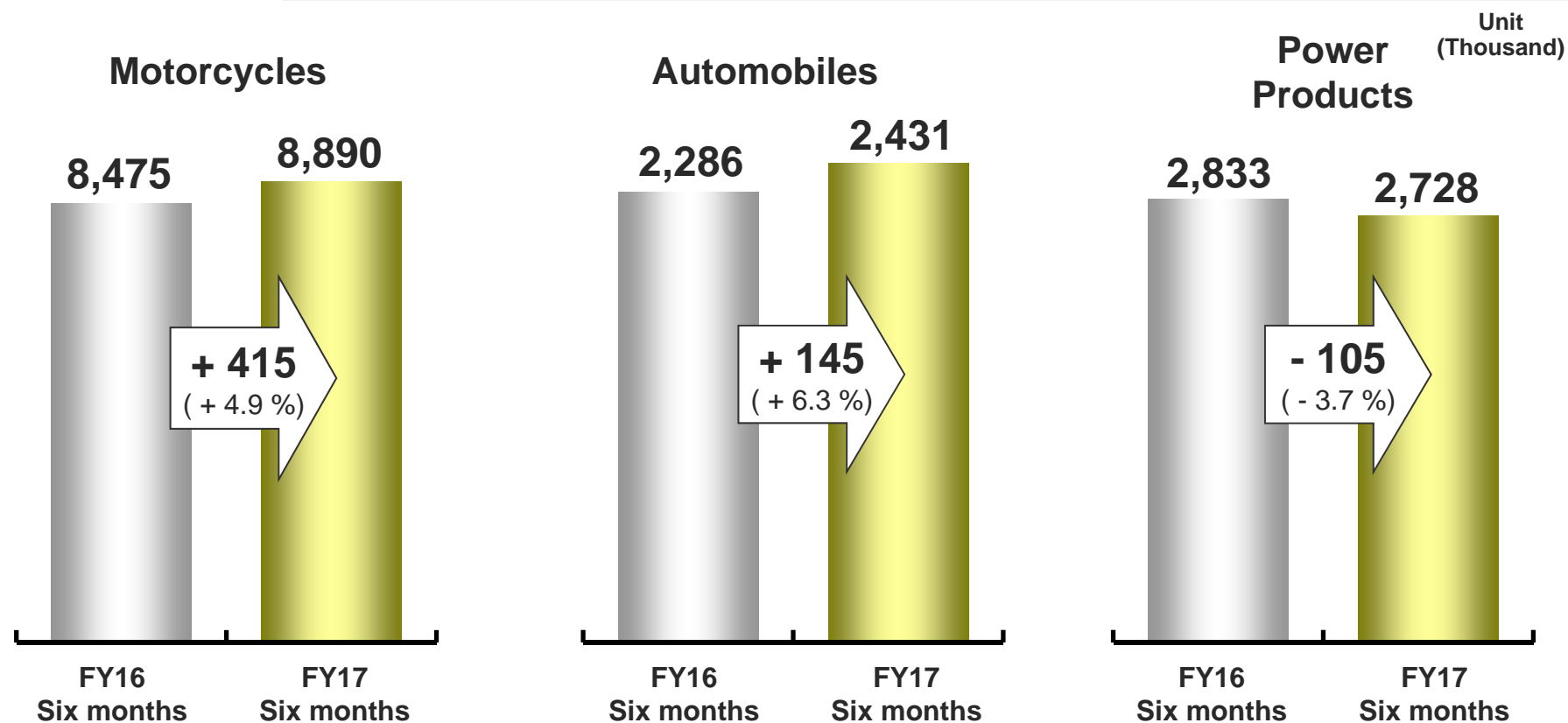
Unit (thousand)

**- 35**  
**( - 2.7 % )**



Japan	85	115	62	101	59	87
North America	804	532	469	1,006	769	522
Europe	231	174	190	413	225	165
Asia	340	346	344	319	360	376
Other Regions	98	108	112	116	75	90
<b>Total</b>	<b>1,558</b>	<b>1,275</b>	<b>1,177</b>	<b>1,955</b>	<b>1,488</b>	<b>1,240</b>

## Honda Group Unit Sales <FY17 Six months>



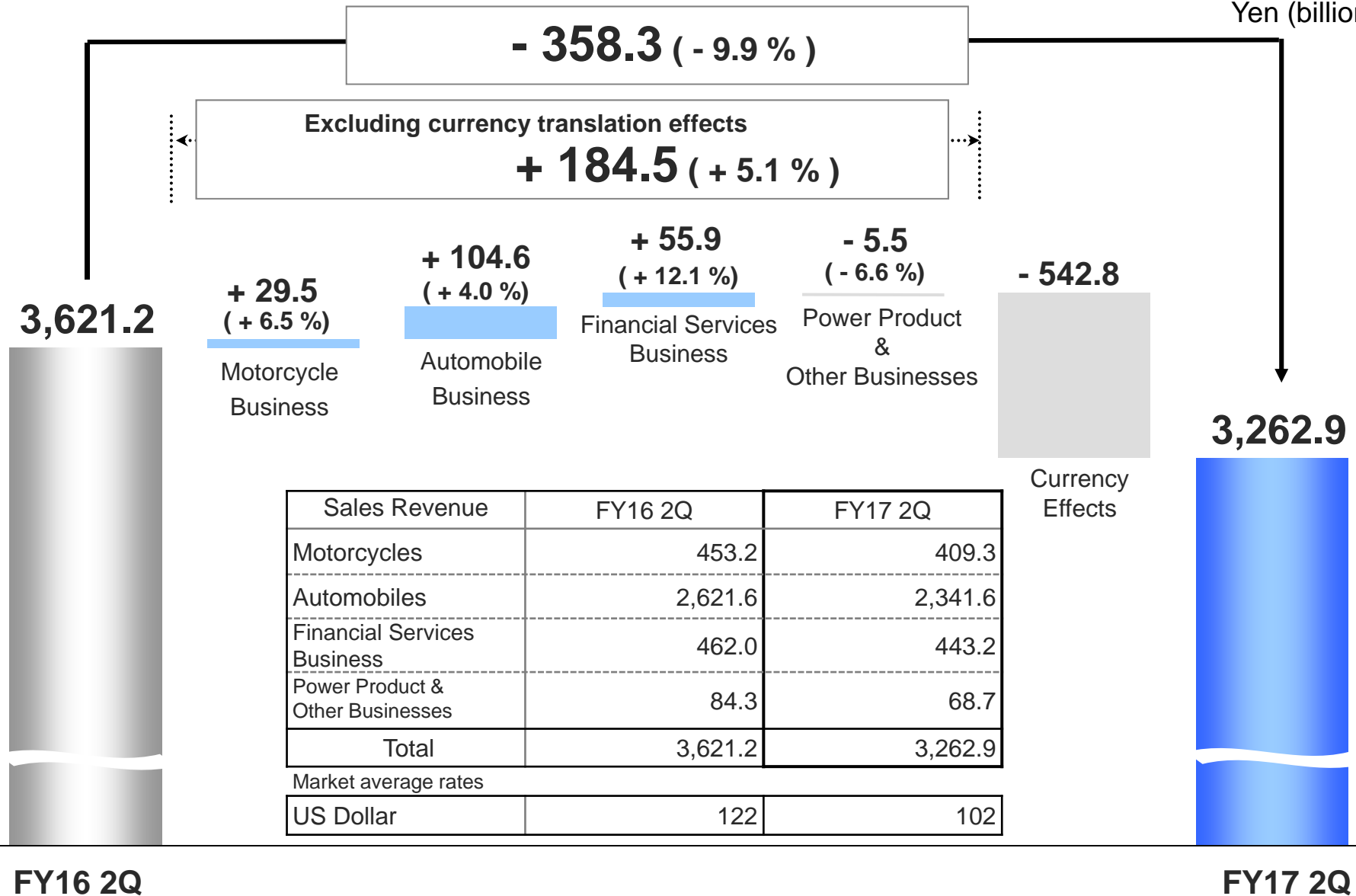
	FY16 Six Months	FY17 Six Months	Change
Japan	97	62	- 35
North America	150	149	- 1
Europe	114	120	+ 6
Asia	7,422	8,010	+ 588
Other Region	692	549	- 143
<b>Total</b>	<b>8,475</b>	<b>8,890</b>	<b>+ 415</b>

	FY16 Six Months	FY17 Six Months	Change
Japan	315	302	- 13
North America	970	989	+ 19
Europe	74	90	+ 16
Asia	800	935	+ 135
Other Region	127	115	- 12
<b>Total</b>	<b>2,286</b>	<b>2,431</b>	<b>+ 145</b>

	FY16 Six Months	FY17 Six Months	Change
Japan	200	146	- 54
North America	1,336	1,291	- 45
Europe	405	390	- 15
Asia	686	736	+ 50
Other Region	206	165	- 41
<b>Total</b>	<b>2,833</b>	<b>2,728</b>	<b>- 105</b>

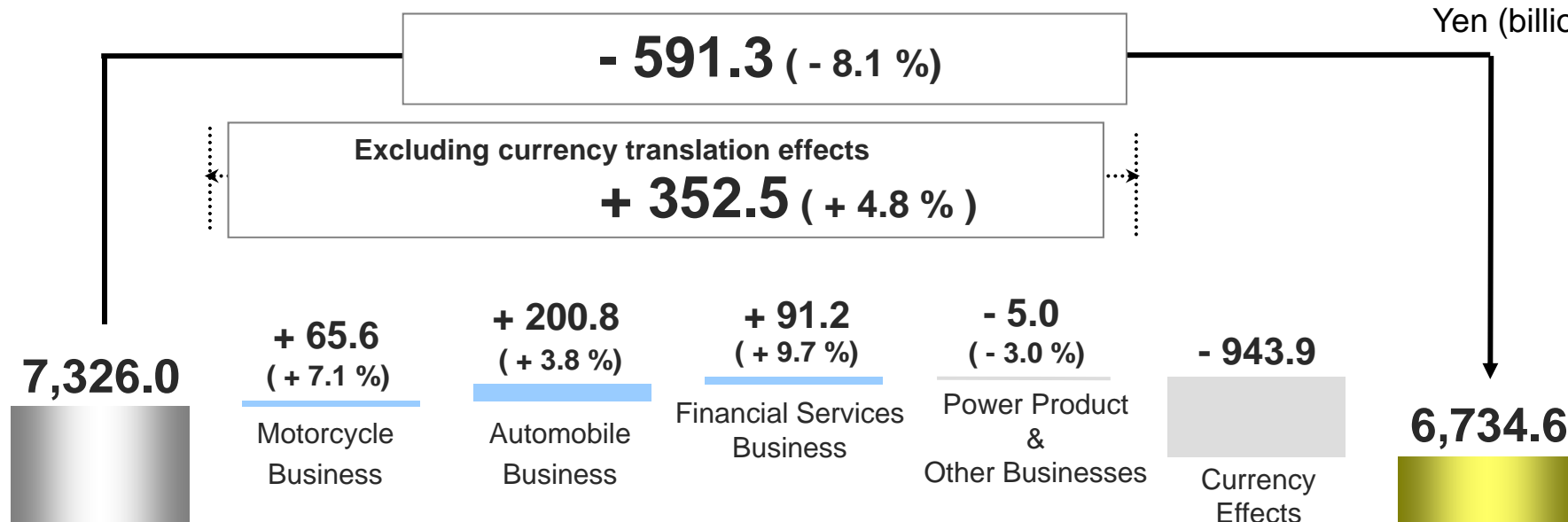
## Change in Sales Revenue <FY17 2nd Qtr>

Yen (billion)



## Change in Sales Revenue <FY17 Six months>

Yen (billion)



Sales Revenue	FY16 Six Months	FY17 Six Months
Motorcycles	925.9	841.7
Automobiles	5,297.5	4,840.6
Financial Services Business	935.6	907.8
Power Product & Other Businesses	166.8	144.3
<b>Total</b>	<b>7,326.0</b>	<b>6,734.6</b>

Market average rates		
US Dollar	122	105

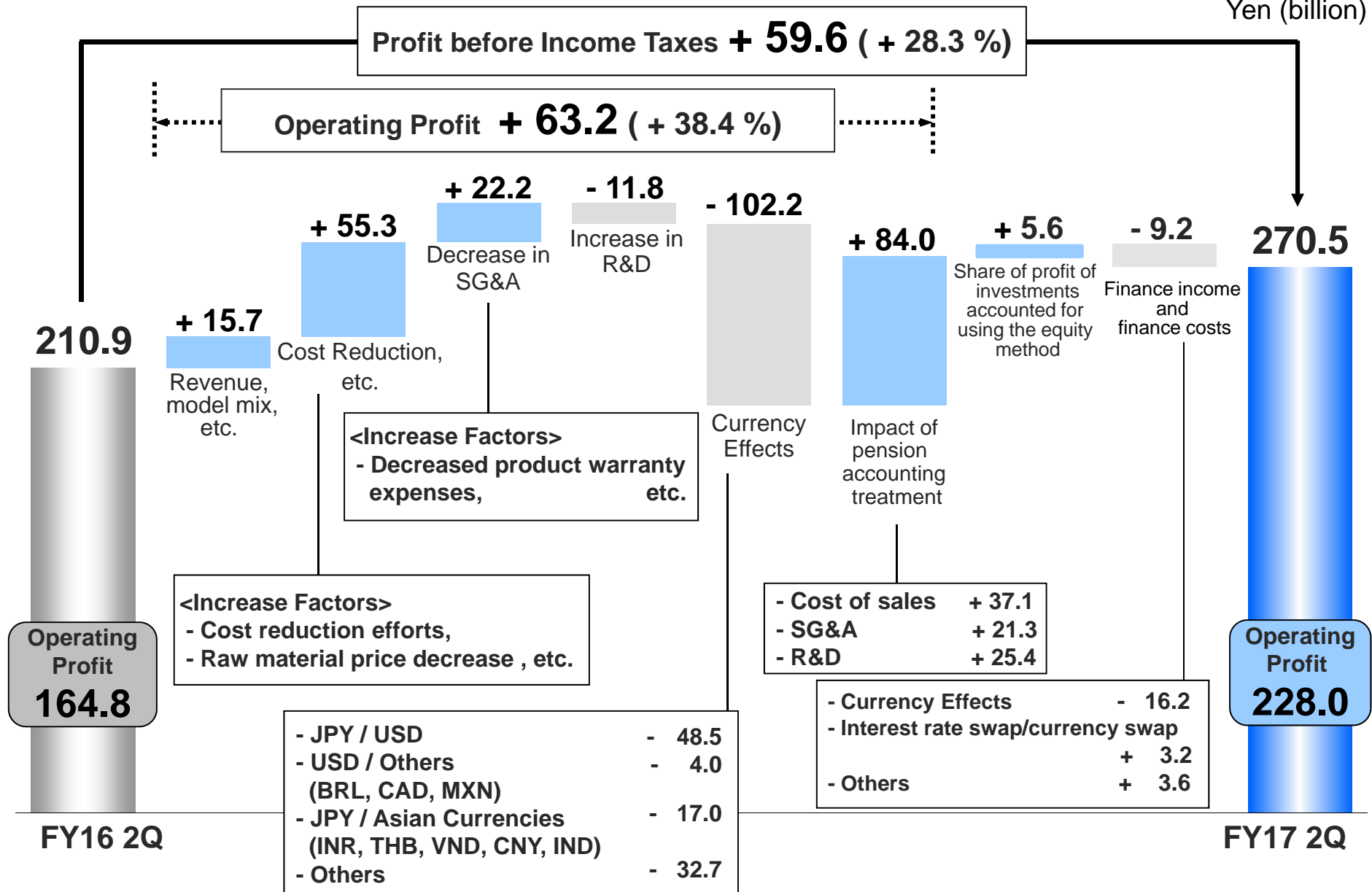
**FY16**  
**Six Months**

**FY17**  
**Six Months**



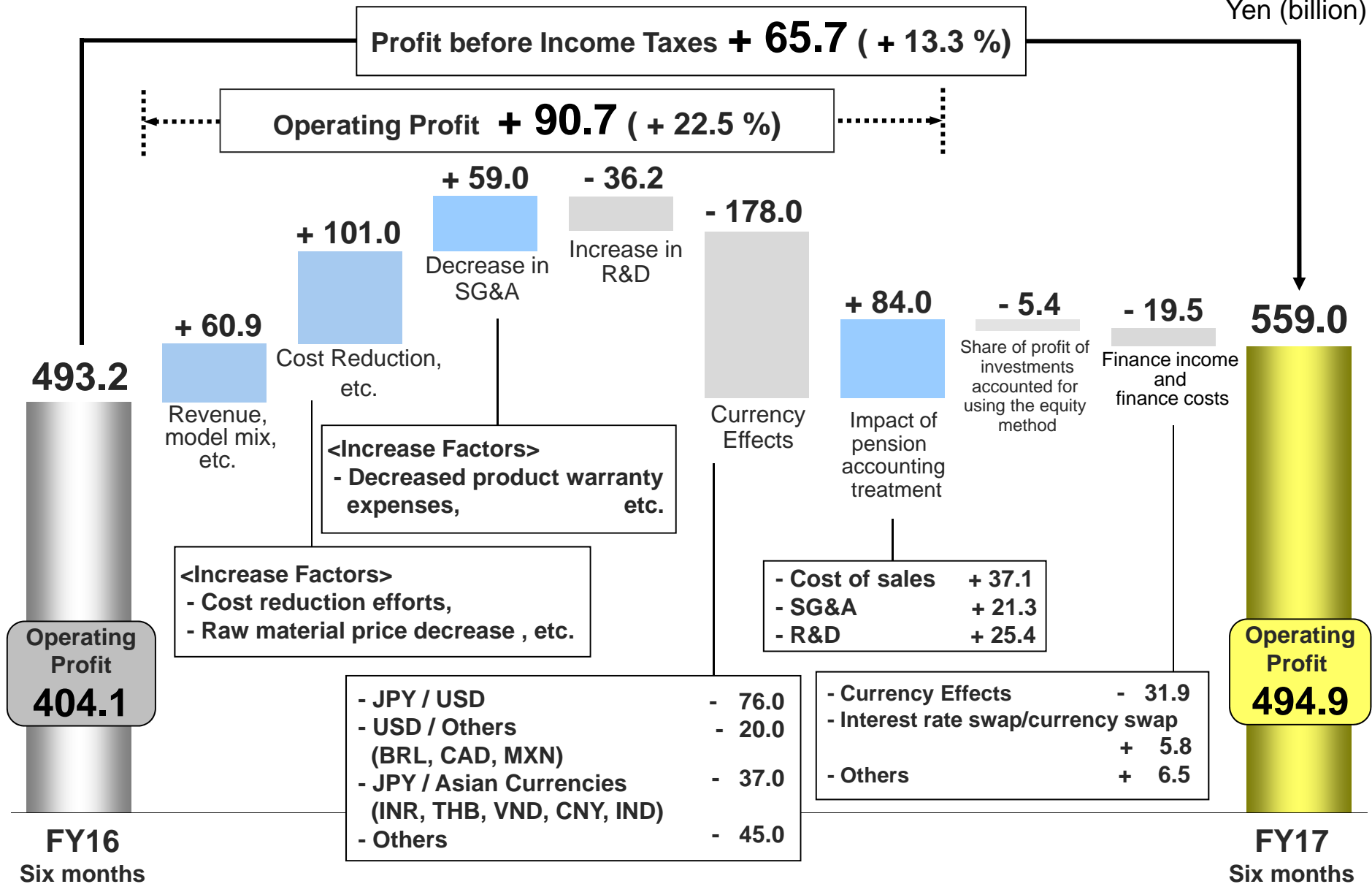
## Change in Profit before Income Taxes <FY17 2nd Qtr>

Yen (billion)



## Change in Profit before Income Taxes <FY17 Six months>

Yen (billion)

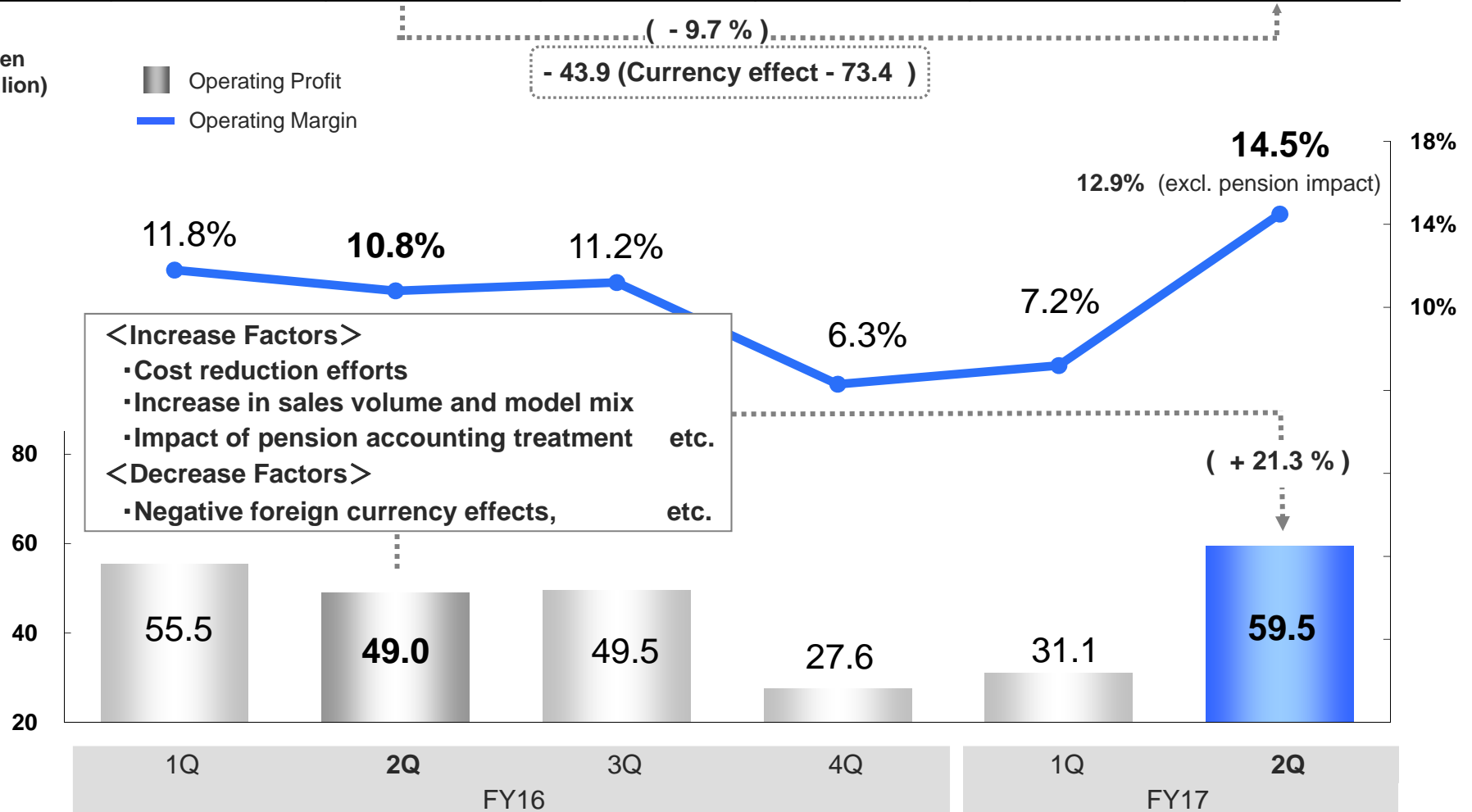


**Motorcycle Business Sales Revenue /Operating Profit (Margin)**

Unit (thousand) Yen (billion)	FY16				FY17	
	1Q	2Q	3Q	4Q	1Q	2Q
Honda Group Unit Sales (Consolidated Unit Sales)	4,105 (2,545)	<b>4,370</b> <b>(2,740)</b>	4,407 (2,654)	4,173 (2,633)	4,352 (2,831)	<b>4,538</b> <b>(3,042)</b>
Sales Revenue	472.7	<b>453.2</b>	442.1	437.2	432.4	<b>409.3</b>

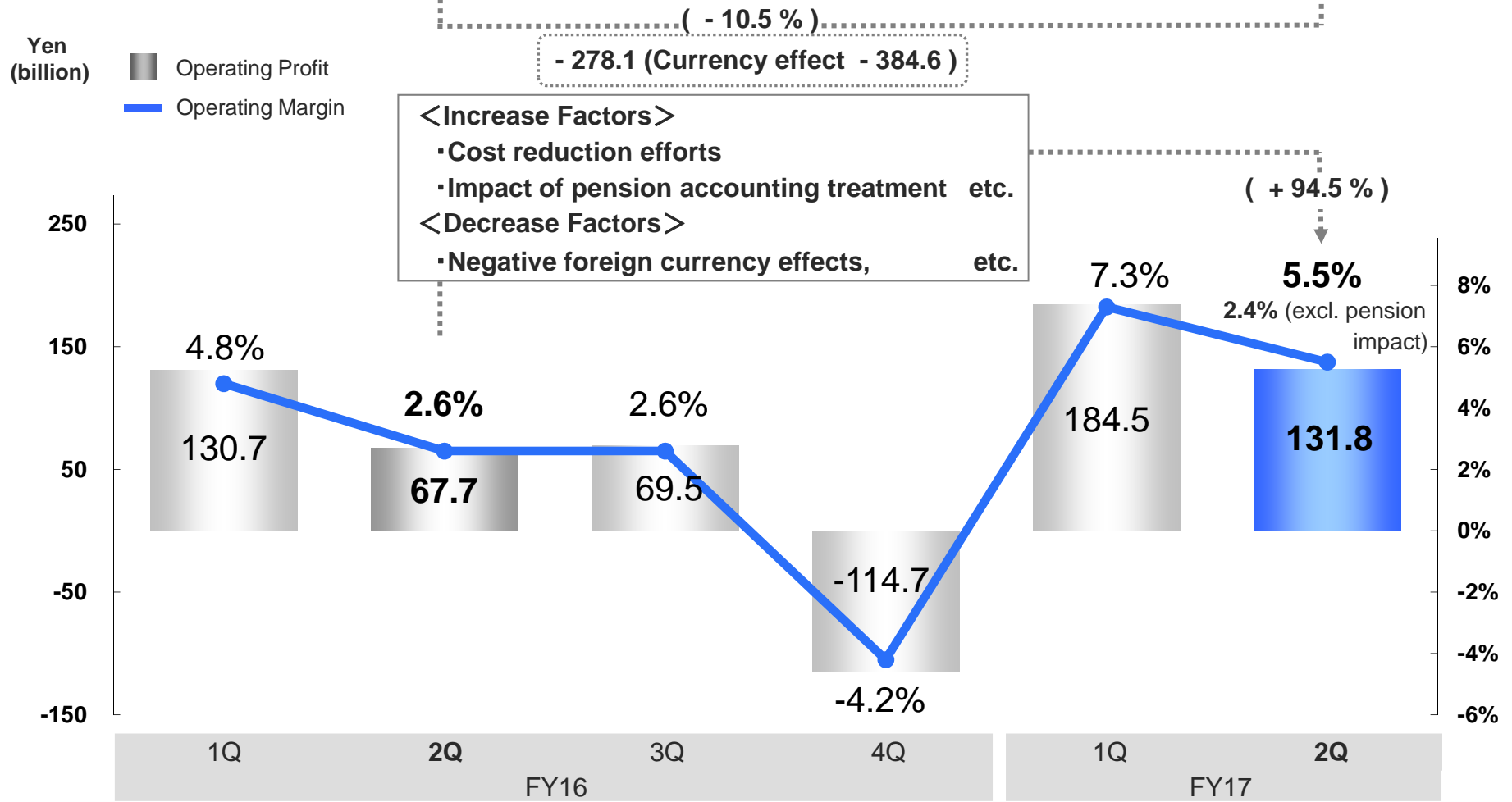
Yen  
(billion)

■ Operating Profit  
— Operating Margin



**Automobile Business Sales Revenue/Operating Profit (Margin)**

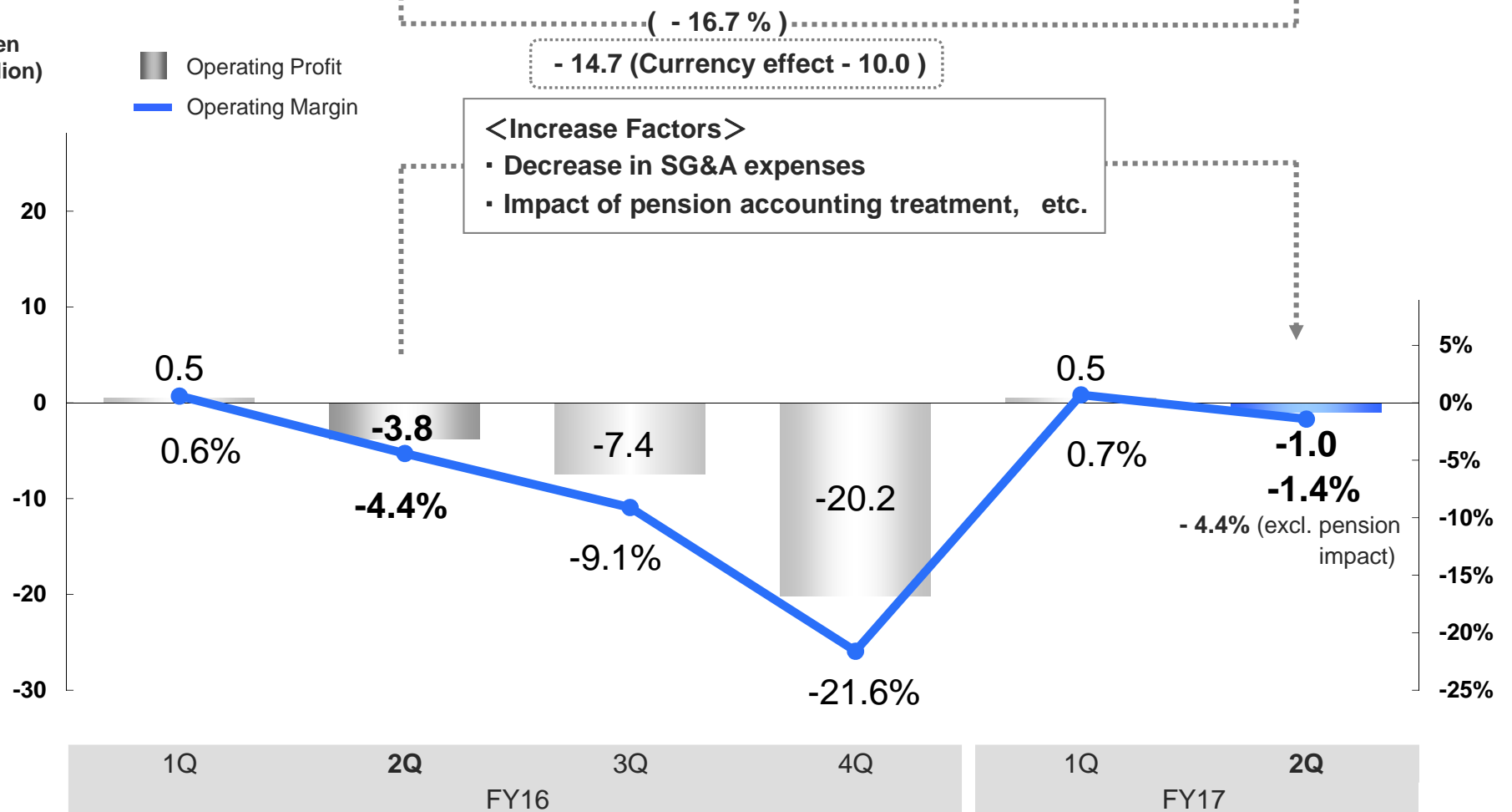
Unit (thousand) Yen (billion)	FY16				FY17	
	1Q	2Q	3Q	4Q	1Q	2Q
Honda Group Unit Sales (Consolidated Unit Sales)	1,147 (888)	<b>1,139</b> <b>(889)</b>	1,228 (879)	1,229 (980)	1,213 (908)	<b>1,218</b> <b>(890)</b>
Sales Revenue	2,706.0	<b>2,655.5</b>	2,684.5	2,721.5	2,536.1	<b>2,377.4</b>



Unit (thousand) Yen (billion)	FY16				FY17	
	1Q	2Q	3Q	4Q	1Q	2Q
Honda Group Unit Sales	1,558	<b>1,275</b>	1,177	1,955	1,488	<b>1,240</b>
(Consolidated Unit Sales)	(1,558)	<b>(1,275)</b>	(1,177)	(1,955)	(1,488)	<b>(1,240)</b>
Sales Revenue	88.1	<b>88.2</b>	82.0	93.6	80.9	<b>73.5</b>

Yen  
(billion)

■ Operating Profit  
— Operating Margin



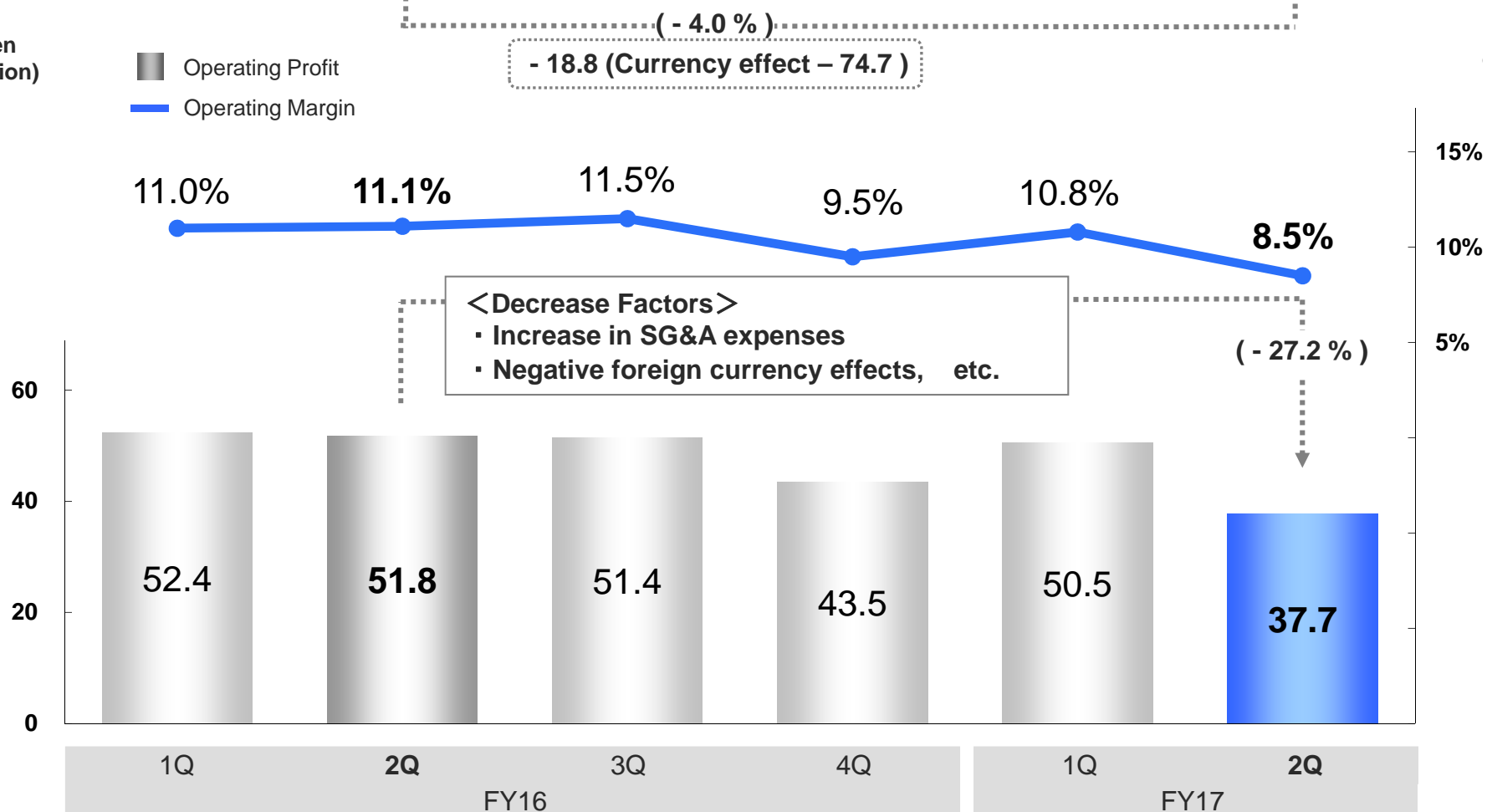
# Financial Services Business

Total Assets/Sales Revenue/Operating Profit (Margin)

Yen (billion)	FY16				FY17	
	1Q	2Q	3Q	4Q	1Q	2Q
Total Assets of Finance Subsidiaries	9,560.2	<b>9,377.7</b>	9,431.9	9,071.8	8,538.3	<b>8,440.3</b>
Sales Revenue	476.8	<b>465.1</b>	447.8	459.8	467.9	<b>446.3</b>

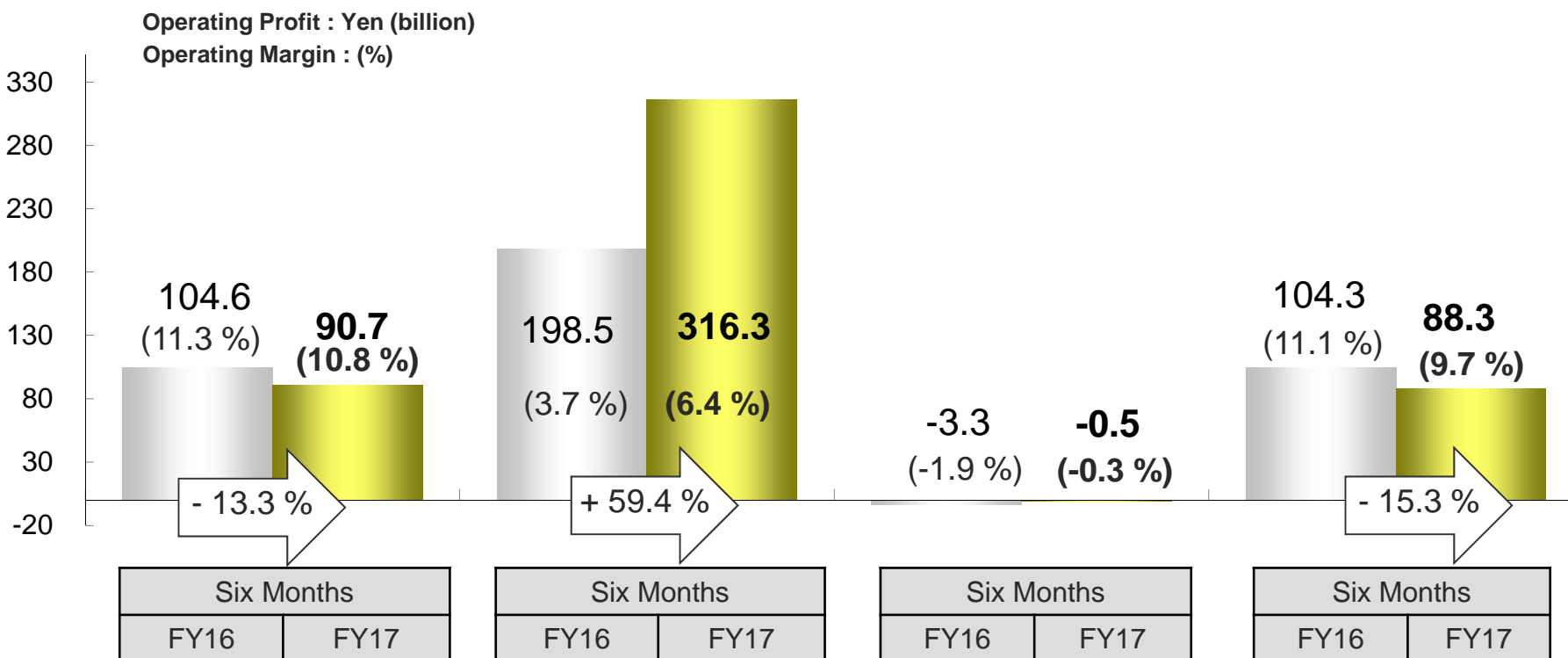
Yen (billion)

■ Operating Profit  
— Operating Margin



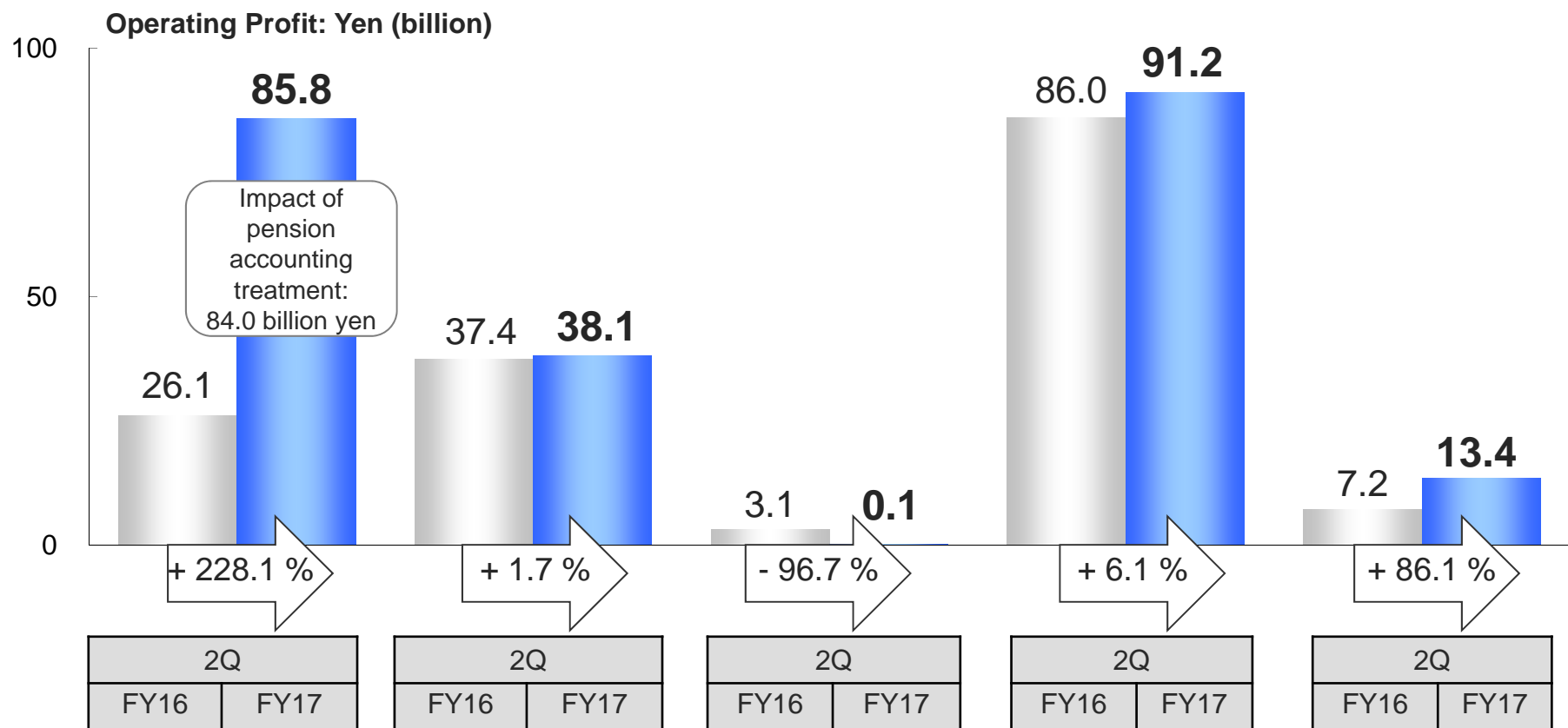
**Sales Revenue/Operating Profit (Margin)  
by Business Segment <FY17 Six months >**

Unit (thousand) Yen (billion)	Motorcycle Business		Automobile Business		Power Product and Other Businesses		Financial Services Business	
	Six Months		Six Months		Six Months		Six Months	
	FY16	FY17	FY16	FY17	FY16	FY17	FY16	FY17
Honda Group Unit Sales (Consolidated Unit Sales)	8,475 (5,285)	8,890 (5,873)	2,286 (1,777)	2,431 (1,798)	2,833 (2,833)	2,728 (2,728)	— (—)	— (—)
Sales Revenue	925.9	841.7	5,361.6	4,913.5	176.4	154.4	942.0	914.3



**Sales Revenue/Operating Profit  
by Geographical Segment <FY17 2nd Qtr>**

Yen (billion)	Japan		North America		Europe		Asia		Other Regions	
	2Q		2Q		2Q		2Q		2Q	
	FY16	FY17	FY16	FY17	FY16	FY17	FY16	FY17	FY16	FY17
Sales Revenue	981.9	<b>977.5</b>	2,096.1	<b>1,839.2</b>	188.9	<b>161.0</b>	881.4	<b>831.2</b>	210.5	<b>173.6</b>

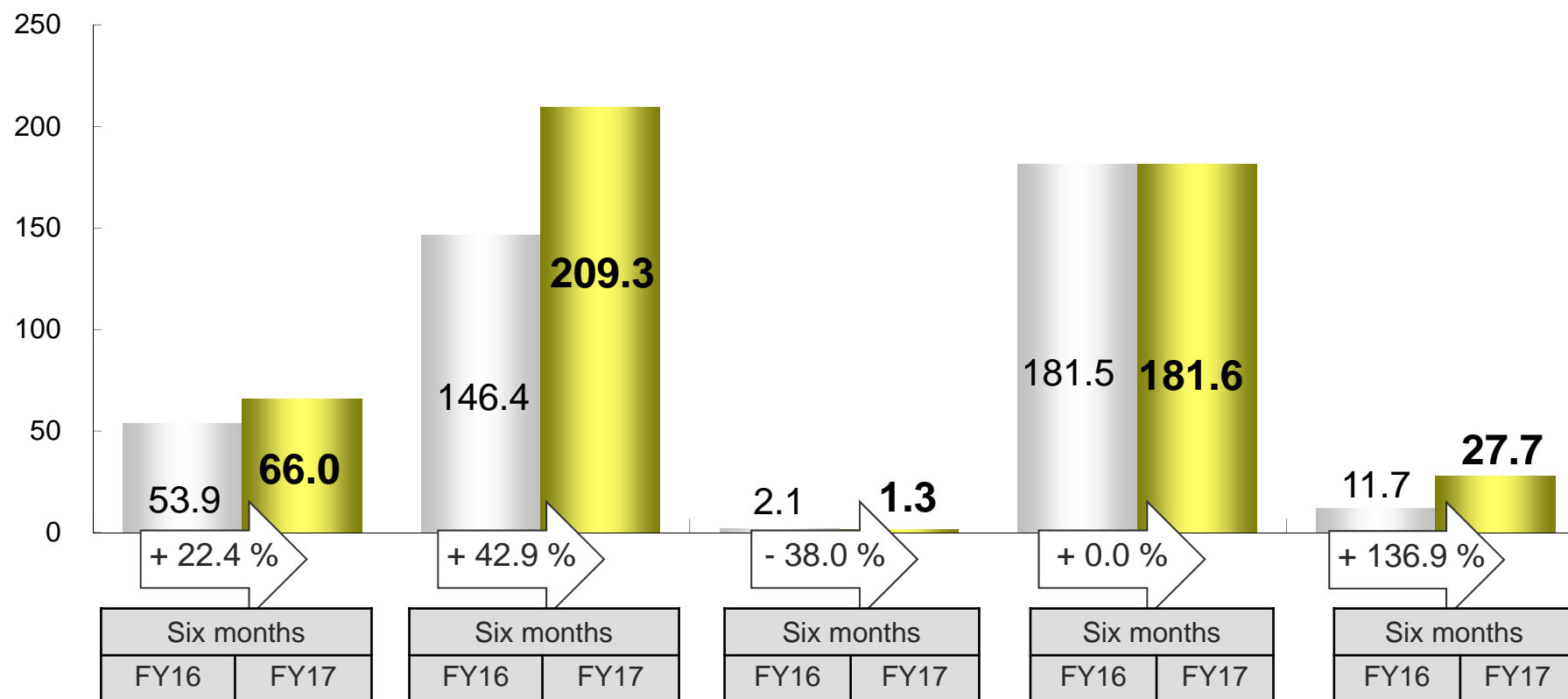




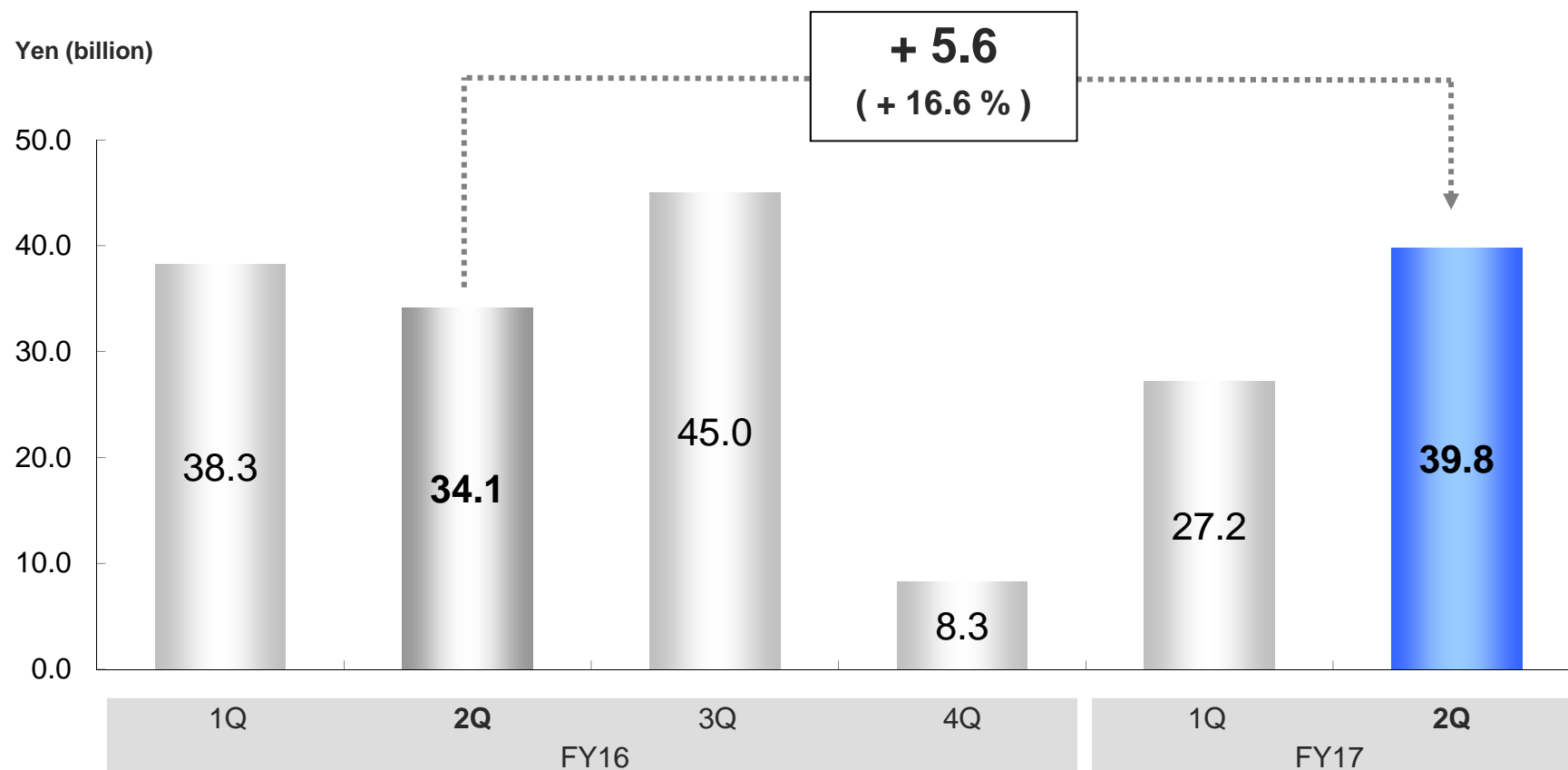
## Sales Revenue/Operating Profit (Margin) by Geographical Segment <FY17 Six months>

Yen (billion)	Japan		North America		Europe		Asia		Other Regions	
	Six months		Six months		Six months		Six months		Six months	
	FY16	FY17	FY16	FY17	FY16	FY17	FY16	FY17	FY16	FY17
Sales Revenue	1,898.5	<b>1,883.2</b>	4,287.7	<b>3,908.0</b>	359.7	<b>344.0</b>	1,780.3	<b>1,662.5</b>	451.1	<b>346.5</b>

Operating Profit: Yen (billion)



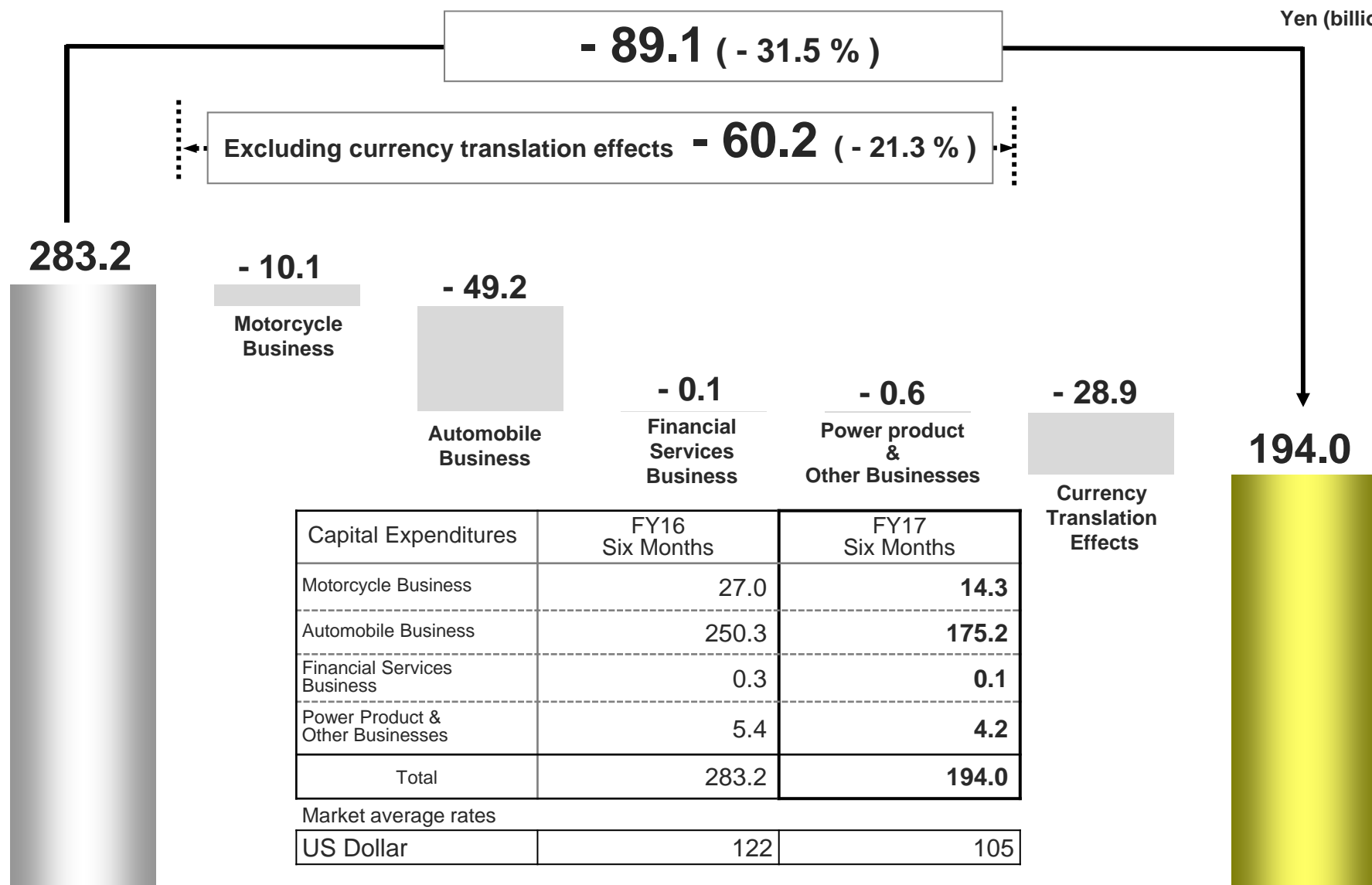
## Share of Profit of Investments Accounted for Using the Equity Method



	Yen (billion)					
From Asia	32.5	28.9	39.4	24.3	39.3	36.2

## Consolidated Capital Expenditures <FY17 Six months>

Yen (billion)



**FY16  
Six Months**

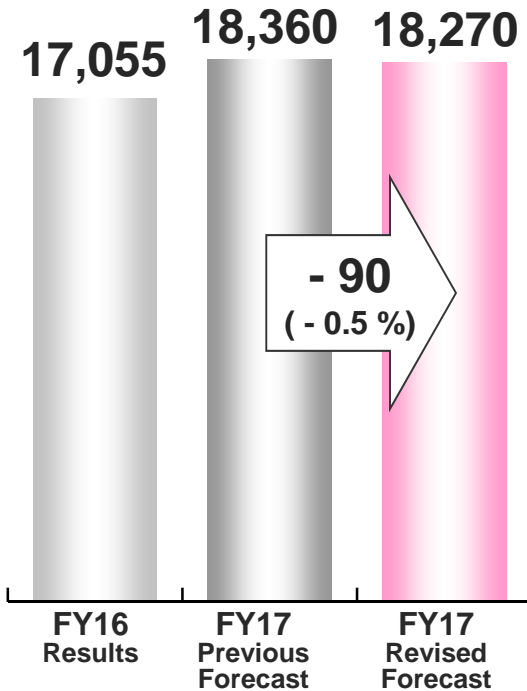
•Capital expenditures in results aforementioned exclude investment in operating leases, capital leases and intangible assets

**FY17  
Six Months**

- *FY17 2nd Quarter and Six Month Financial Results*
  - *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*
  - *Capital Expenditures*
- *FY17 Financial Forecast*

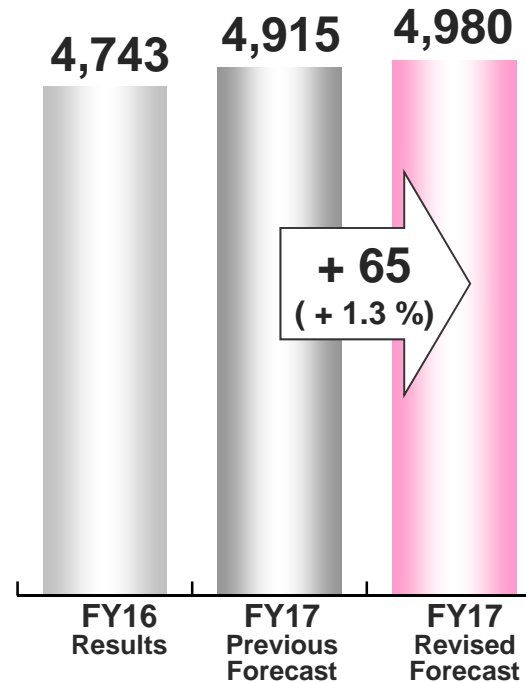
## Forecast: Honda Group Unit Sales

### Motorcycles



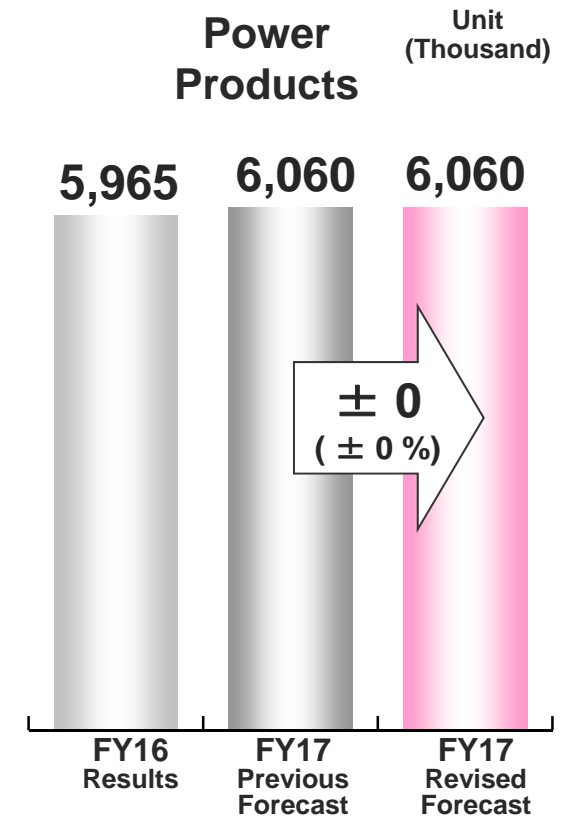
	FY17 Previous Forecast	FY17 Revised Forecast	Change
Japan	150	160	+ 10
North America	310	315	+ 5
Europe	180	210	+ 30
Asia	16,595	16,535	- 60
Other Region	1,125	1,050	- 75
<b>Total</b>	<b>18,360</b>	<b>18,270</b>	<b>- 90</b>

### Automobiles



	FY17 Previous Forecast	FY17 Revised Forecast	Change
Japan	650	655	+ 5
North America	1,990	1,985	- 5
Europe	190	180	- 10
Asia	1,850	1,915	+ 65
Other Region	235	245	+ 10
<b>Total</b>	<b>4,915</b>	<b>4,980</b>	<b>+ 65</b>

### Power Products

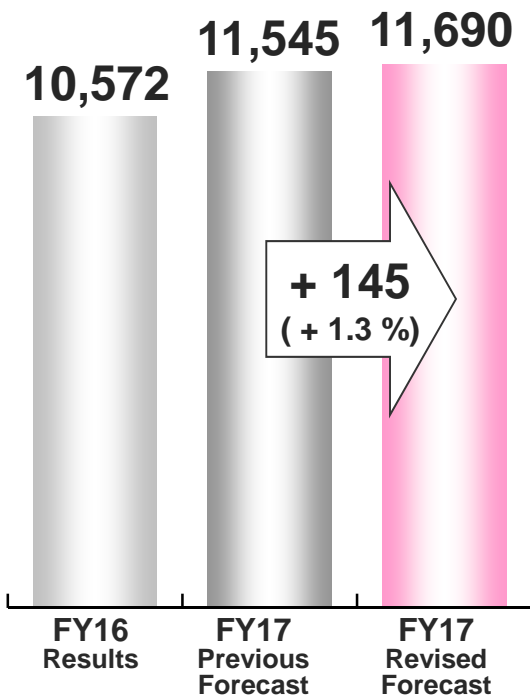


	FY17 Previous Forecast	FY17 Revised Forecast	Change
Japan	330	300	- 30
North America	2,950	2,955	+ 5
Europe	1,035	1,030	- 5
Asia	1,360	1,405	+ 45
Other Region	385	370	- 15
<b>Total</b>	<b>6,060</b>	<b>6,060</b>	<b>-</b>

Unit  
(Thousand)

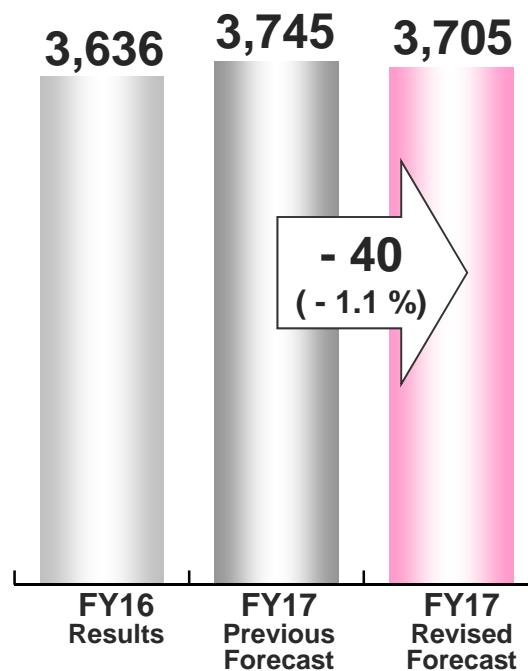
## Forecast: Consolidated Unit Sales

### Motorcycles



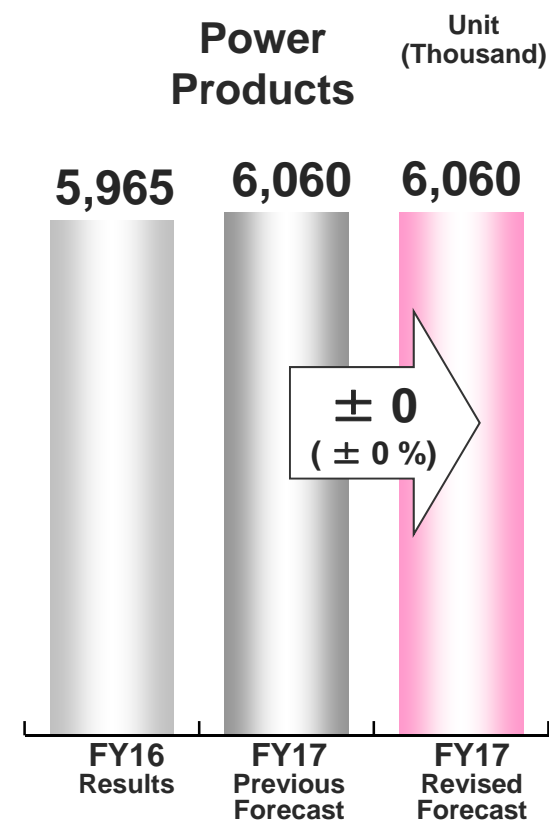
	FY17 Previous Forecast	FY17 Revised Forecast	Change
Japan	150	160	+ 10
North America	310	315	+ 5
Europe	180	210	+ 30
Asia	9,780	9,955	+ 175
Other Region	1,125	1,050	- 75
<b>Total</b>	<b>11,545</b>	<b>11,690</b>	<b>+ 145</b>

### Automobiles



	FY17 Previous Forecast	FY17 Revised Forecast	Change
Japan	600	595	- 5
North America	1,990	1,985	- 5
Europe	190	180	- 10
Asia	730	700	- 30
Other Region	235	245	+ 10
<b>Total</b>	<b>3,745</b>	<b>3,705</b>	<b>- 40</b>

### Power Products



	FY17 Previous Forecast	FY17 Revised Forecast	Change
Japan	330	300	- 30
North America	2,950	2,955	+ 5
Europe	1,035	1,030	- 5
Asia	1,360	1,405	+ 45
Other Region	385	370	- 15
<b>Total</b>	<b>6,060</b>	<b>6,060</b>	<b>-</b>

## FY17 Financial Forecasts (Consolidated)

Yen (billion)

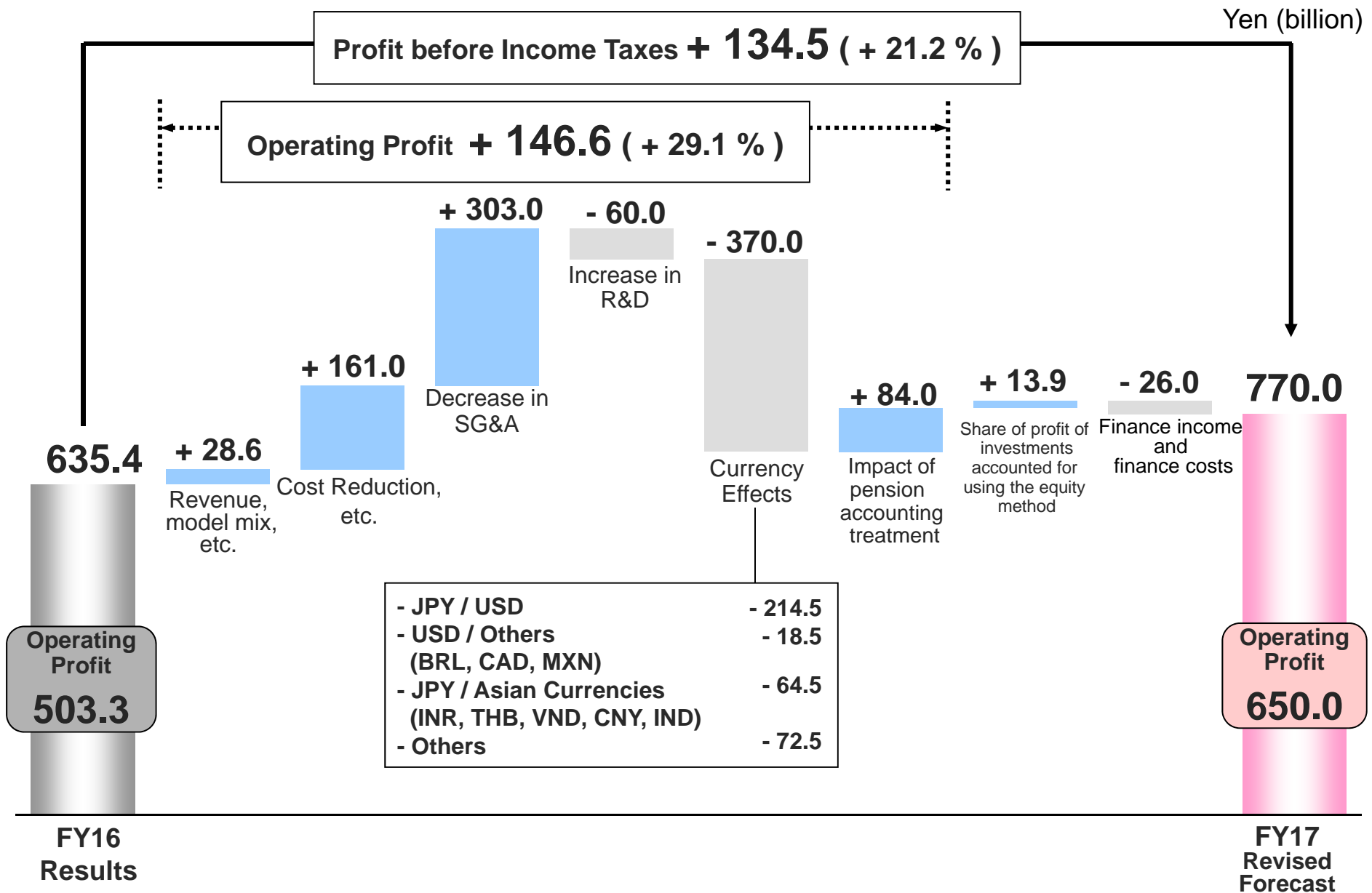
	FY16 Results	FY17 Forecast	Change		Change from previous forecast
			amount	%	
Sales revenue	14,601.1	<b>13,400.0</b>	- 1,201.1	- 8.2%	- 350.0
Operating profit	503.3	<b>650.0</b>	+ 146.6	+ 29.1%	+ 50.0
Operating margin	3.4%	<b>4.9%</b>	+ 1.5 pt		+ 0.5 pt
Share of profit of investments accounted for using the equity method	126.0	<b>140.0</b>	+ 13.9	+ 11.1%	+ 10.0
Profit before income taxes	635.4	<b>770.0</b>	+ 134.5	+ 21.2%	+ 65.0
Profit for the year attributable to owners of the parent	344.5	<b>415.0</b>	+ 70.4	+ 20.5%	+ 25.0
Earnings per share <sup>*1</sup> (Yen) attributable to owners of the parent	191.16	<b>230.26</b>	+ 39.10		+ 13.87

For \*1, please refer to the footnote on page 35

### Market average rates (Yen)

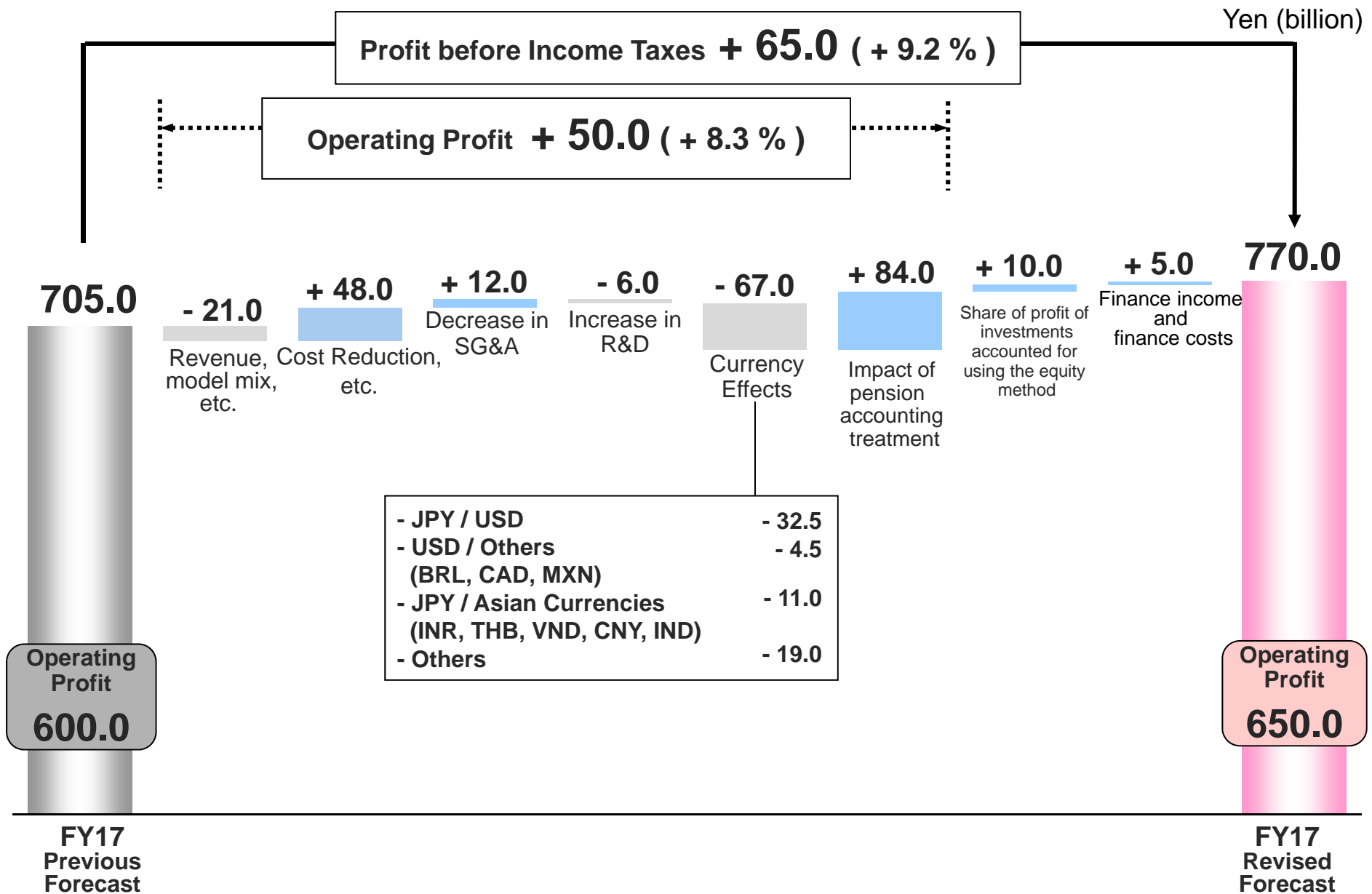
US Dollar	120	<b>103</b> (1H 105 / 2H 100)	Yen up by 17 yen	Yen up by 2 yen
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## FY17 Forecast: Change in Profit before Income Taxes





## FY17 Forecast: Change in Profit before Income Taxes



## FY17 Forecast: Capital Expenditures, Depreciation and R&D

Yen (billion)

	FY16 Results	FY17 Forecast	Change	Change from previous forecast
Capital expenditures *	647.4	<b>560.0</b>	- 87.4	-
Depreciation and amortization *	440.4	<b>440.0</b>	- 0.4	-
Research and development expenditures **	719.8	<b>690.0</b>	- 29.8	-

\* 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. 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 2<sup>nd</sup> 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 standards 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.*

\*1 Earnings per share attributable to owners of the parent is calculated based on weighted average number of shares outstanding as shown below:

- 2nd Quarter FY16: 1,802,285,000 (approx), FY17: 1,802,282,000 (approx) (page 6)
- Six Months FY16: 1,802,285,000 (approx), FY17: 1,802,282,000 (approx) (page 7)
- Fiscal Year FY16: 1,802,285,000 (approx), FY17 forecasts: 1,802,282,000 (approx) (pages 8 and 31)

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# Appendix

\* FY16 2Q results/ forecasts and FY15 results in this presentation are all based on IFRS

**- FY16 Financial Results and  
FY17 Financial Forecast (Unconsolidated) -**

Yen (billion)

	FY16 Results	FY17 Forecast	Change	
			amount	%
<b>Net sales</b>	3,303.6	<b>3,400.0</b>	+ 96.3	+ 2.9%
<b>Operating income</b>	- 191.4	<b>5.0</b>	+ 196.4	-
<b>Operating margin</b>	- 5.8%	<b>0.1%</b>		+ 5.9pt
<b>Ordinary income</b>	60.8	<b>260.0</b>	+ 199.1	+ 327.5%
<b>Net income</b>	51.9	<b>160.0</b>	+ 108.0	+ 208.2%

**Market average rates (Yen)**

<b>US Dollar</b>	120	<b>103</b> (1H 105 /2H 100)	Yen up by 17 yen
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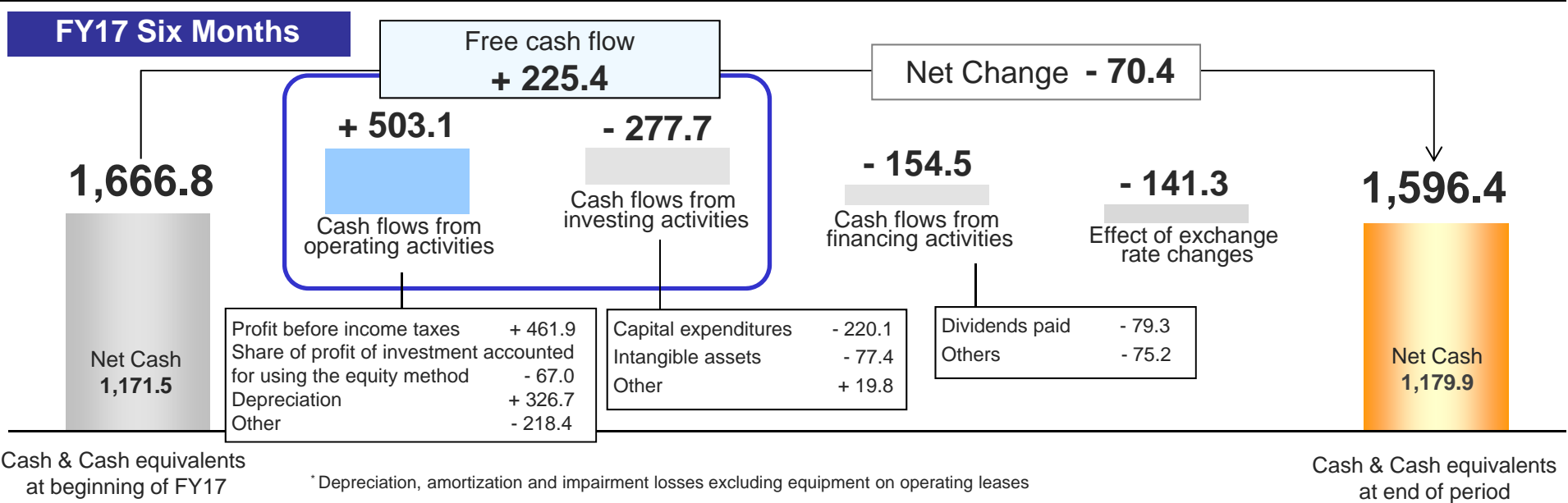
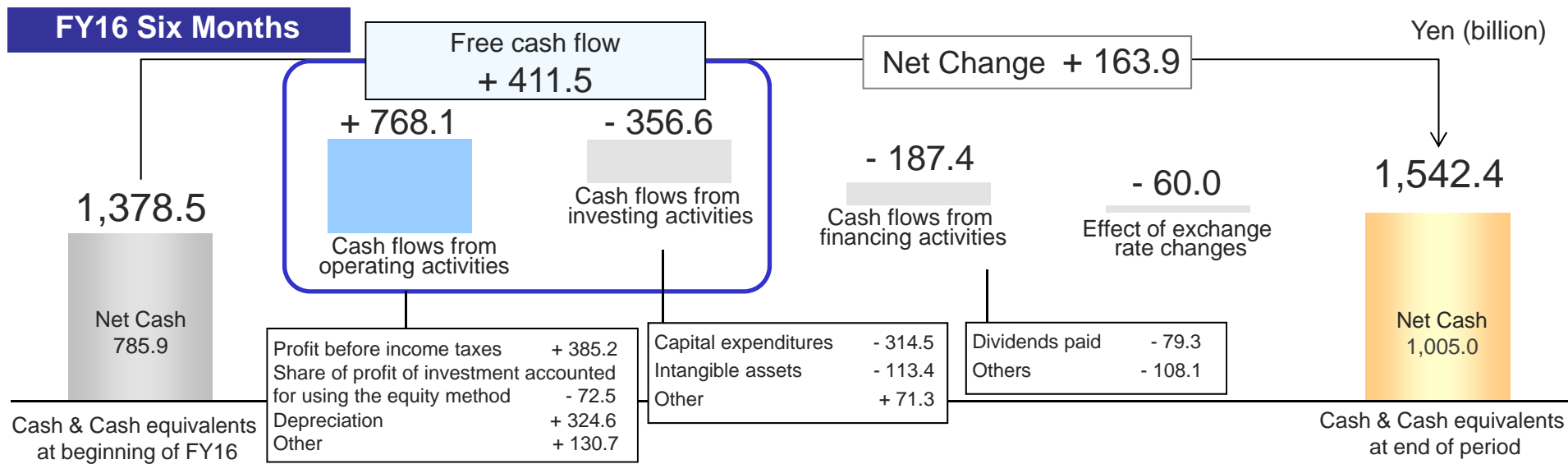
Yen (billion)

	2Q			Six Months		
	FY16	FY17	Change	FY16	FY17	Change
Capital expenditures *	119.0	<b>92.8</b>	- 26.2	283.2	<b>194.0</b>	- 89.1
Depreciation and amortization *	110.9	<b>102.4</b>	- 8.5	219.9	<b>207.5</b>	- 12.4
Research and development expenditures **	161.7	<b>148.3</b>	- 13.4	328.5	<b>308.0</b>	- 20.5

\* 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. 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 2<sup>nd</sup> quarter

## Cash Flows of Non-financial Services Businesses



\* Depreciation, amortization and impairment losses excluding equipment on operating leases



**Quarterly Consolidated Unit Sales <IFRS>**

Unit (thousand)	FY16					FY17	
	1Q	2Q	3Q	4Q	12 months	1Q	2Q
Japan	47	<b>50</b>	41	42	180	29	<b>33</b>
North America	75	<b>75</b>	69	89	308	78	<b>71</b>
Europe	66	<b>48</b>	33	57	204	72	<b>48</b>
Asia	2,011	<b>2,221</b>	2,215	2,203	8,650	2,364	<b>2,629</b>
Other Region	346	<b>346</b>	296	242	1,230	288	<b>261</b>
Motorcycles	2,545	<b>2,740</b>	2,654	2,633	10,572	2,831	<b>3,042</b>
Japan	135	<b>155</b>	140	184	614	132	<b>143</b>
North America	497	<b>473</b>	466	493	1,929	510	<b>479</b>
Europe	32	<b>42</b>	43	55	172	45	<b>45</b>
Asia	158	<b>158</b>	165	189	670	162	<b>167</b>
Other Region	66	<b>61</b>	65	59	251	59	<b>56</b>
Automobiles	888	<b>889</b>	879	980	3,636	908	<b>890</b>
Japan	85	<b>115</b>	62	101	363	59	<b>87</b>
North America	804	<b>532</b>	469	1,006	2,811	769	<b>522</b>
Europe	231	<b>174</b>	190	413	1,008	225	<b>165</b>
Asia	340	<b>346</b>	344	319	1,349	360	<b>376</b>
Other Region	98	<b>108</b>	112	116	434	75	<b>90</b>
Power Products	1,558	<b>1,275</b>	1,177	1,955	5,965	1,488	<b>1,240</b>