



FY18 1st Quarter Financial Results



Honda Motor Co., Ltd.

August 1, 2017

**Odyssey
(North America)**

- *News Topics*
- *FY18 1st Quarter Financial Results*
- *FY18 Financial Forecast*
- *Dividend*

- **Takuma Sato became the first Japanese driver to win the prestigious Indianapolis 500 in the 101st running of the race (May)**



- **Launch of the 250cc class supersports CBR250RR (May: Japan)**
- **New Odyssey sales start (May: N. America)**
- **New Civic Type R sales start (June: N. America)**
- **Launch of all-new CR-V (July: China)**



CBR250RR

- Dual type lineup “SPORT TURBO” and “SPORT HYBRID”*

*“SPORT HYBRID” will be launched in September

- **Automobile sales in China reached 340,000 units in 1Q, an all-time record for the fiscal first quarter**



Civic Type R

- **Establishment of a joint venture for electric vehicle motors with Hitachi Automotive Systems (July)**



CR-V

- **Established a research project related to artificial intelligence with Kyoto University Graduate School of Informatics (April)**
- **Initiated a joint research project with Boston University focusing on information security for artificial intelligence (May)**

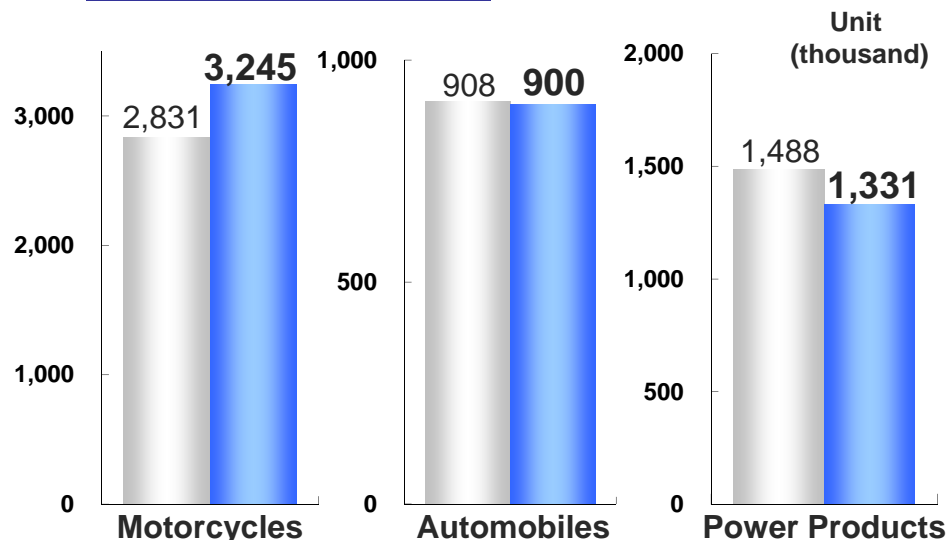
Results Summary

Despite a negative impact from an increase in SG&A expenses and FOREX currency effects, robust motorcycle sales in Asia, cost reduction efforts and the reverse effect of the impact of the 2016 Kumamoto Earthquake on business operations during the same period last year resulted in operating profit of 269.2 billion yen, a 0.9% increase compared to the same period last year.

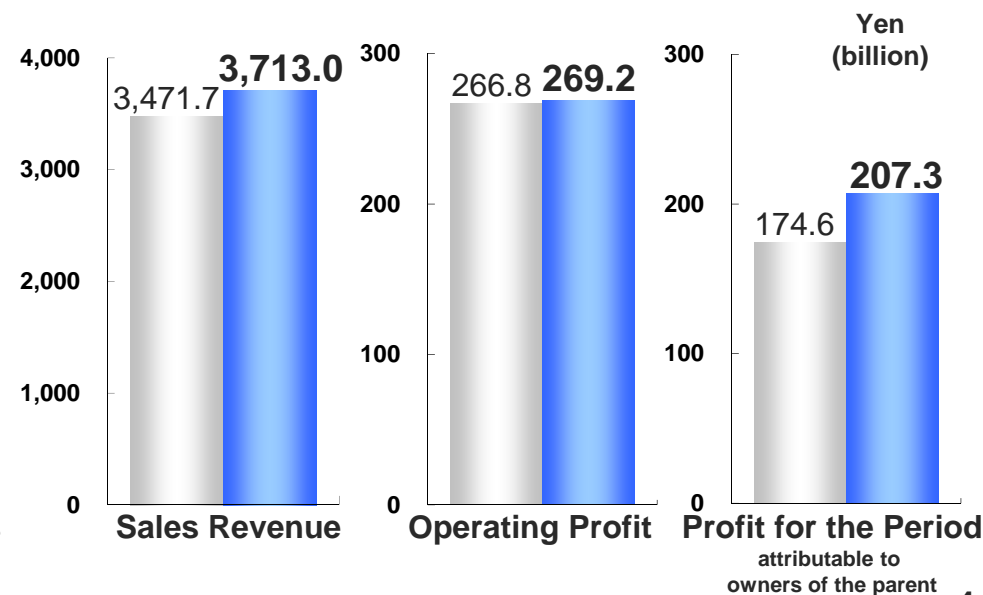
1st Quarter Results FY17 and FY18

■ FY17 ■ FY18

Consolidated Unit Sales



Sales Revenue / Operating Profit / Profit for the Period

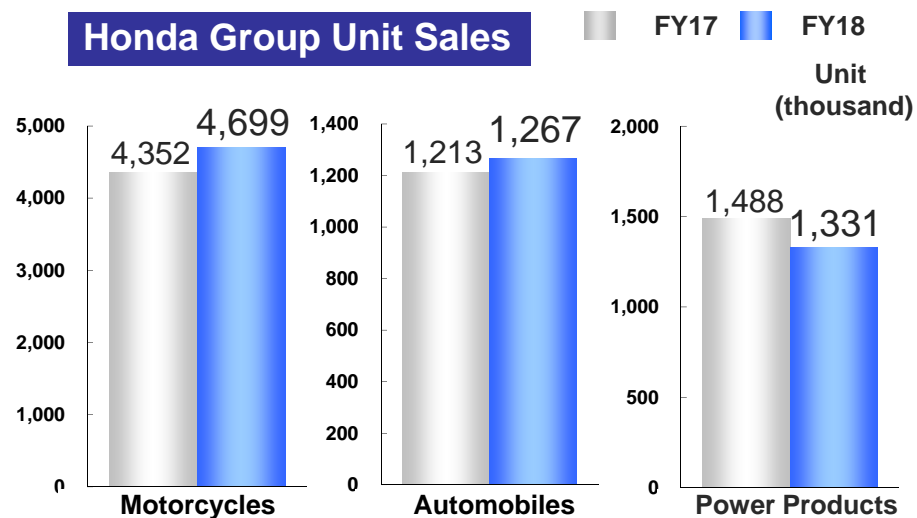


FY18 1st Quarter Unit Sales

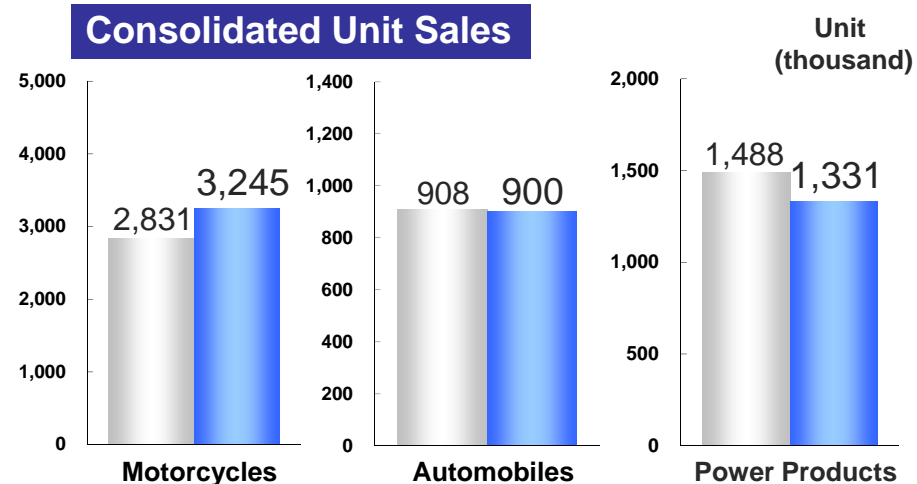
Honda Group Unit Sales (thousand)	1Q Results (3 Months)		
	FY17	FY18	Change
Motorcycles	4,352	4,699	+ 8.0%
Automobiles	1,213	1,267	+ 4.5%
Power Products	1,488	1,331	- 10.6%

Consolidated Unit Sales (thousand)	1Q Results (3 Months)		
	FY17	FY18	Change
Motorcycles	2,831	3,245	+ 14.6%
Automobiles	908	900	- 0.9%
Power Products	1,488	1,331	- 10.6%

Honda Group Unit Sales



Consolidated Unit Sales



Honda Group Unit Sales

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

FY18 1st Quarter Financial Results (Consolidated)

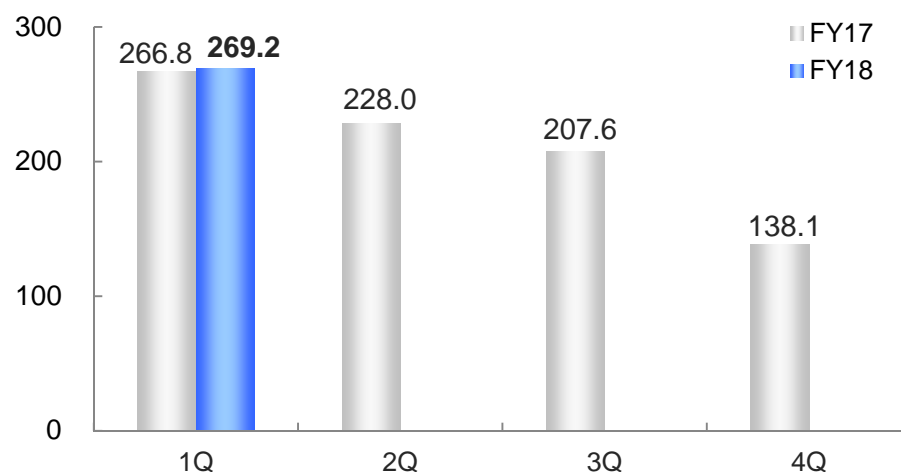
Financial Results Yen (billion)	1Q Results (3 Months)		
	FY17	FY18	Change
Sales revenue	3,471.7	3,713.0	+ 7.0%
Operating profit	266.8	269.2	+ 0.9%
Operating margin	7.7%	7.3%	- 0.4pt
Share of profit of investments accounted for using the equity method	27.2	52.9	+ 94.5%
Profit before income taxes	288.4	335.0	+ 16.1%
Profit for the period attributable to owners of the parent	174.6	207.3	+ 18.7%
Earnings per share *1 (Yen) attributable to owners of the parent	96.93	115.04	+ 18.11
Market average rates (Yen) For *1, please refer to the footnote on page 29			
US Dollar	108	111	Yen down by 3yen

Financial Summary

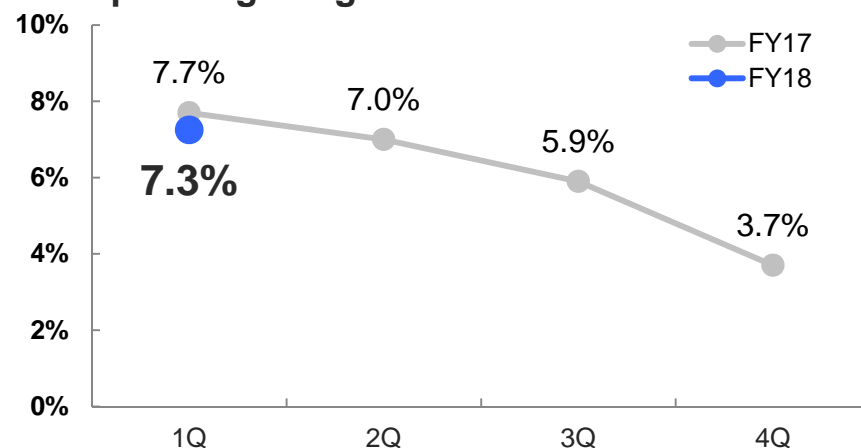
Sales revenue increased by 7.0% primarily due to an increase in sales revenue in motorcycle and financial services business operations as well as the positive impact of foreign currency translation effects.

Operating profits increased by 0.9% mostly due to increased revenue related to the positive impact of revenue and model mix as well as cost reduction efforts, despite an increase in SG&A expenses and other factors.

Operating Profit



Operating Margin



FY18 Financial Forecast (Consolidated)

	FY17 Results	FY18 Forecast	Change		Change from previous forecast
			amount	%	
Sales revenue	13,999.2	14,500.0	+ 500.8	+ 3.6%	+ 300.0
Operating profit	840.7	725.0	- 115.7	- 13.8%	+ 20.0
Operating margin	6.0%	5.0%	- 1.0 pt		-
Share of profit of investments accounted for using the equity method	164.7	180.0	+ 15.2	+ 9.2%	+ 5.0
Profit before income taxes	1,006.9	900.0	- 106.9	- 10.6%	+ 25.0
Profit for the year attributable to owners of the parent	616.5	545.0	- 71.5	- 11.6%	+ 15.0
Earnings per share ^{*1} (Yen) attributable to owners of the parent	342.10	302.39	- 39.71		+ 8.32

For *1, please refer to the footnote on page 29

Market average rates (Yen)

US Dollar	108	107 (1Q 111 / 2 - 4Q 105)	Yen up by 1 yen	Yen down by 2 yen
-----------	-----	-------------------------------------	-----------------	----------------------

Dividend

(Yen)

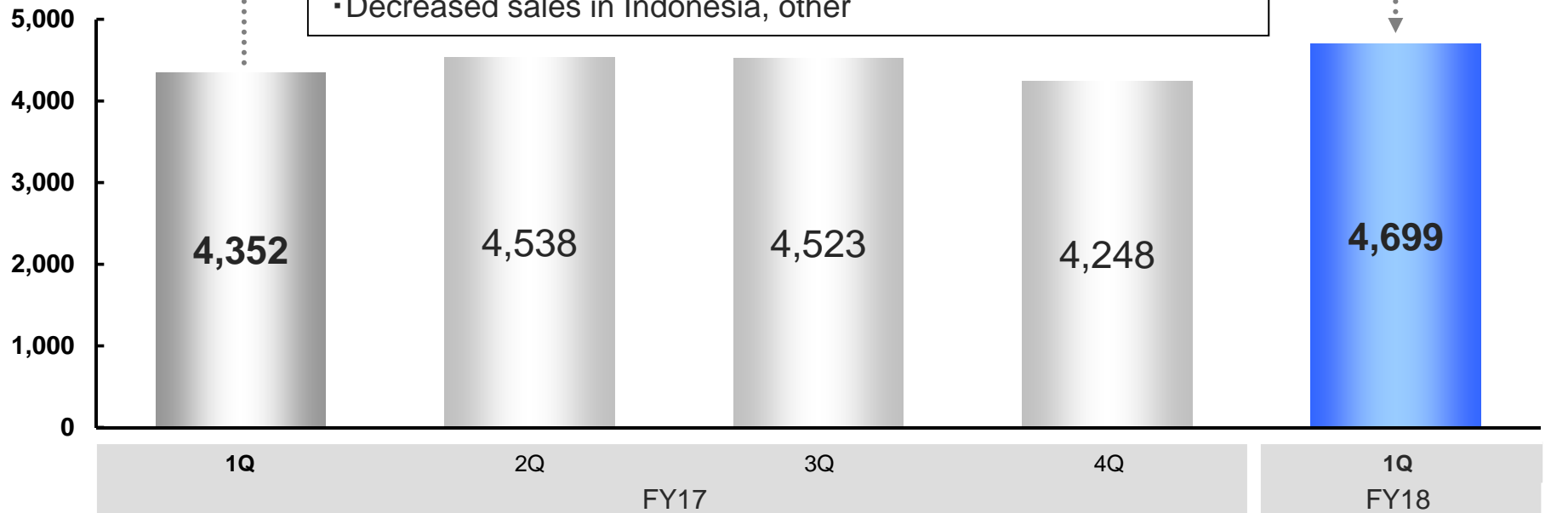
Dividend per Share	FY17	FY18 (Expectation)	Increase / Decrease from FY17
1 st Quarter End	22	24	+ 2
2 nd Quarter End	22	(24)	(+ 2)
3 rd Quarter End	24	(24)	(-)
4 th Quarter End	24	(24)	(-)
Fiscal Year	92	(96)	(+ 4)

- *FY18 1st Quarter 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*
- *FY18 Financial Forecast*

Motorcycles* - Honda Group Unit Sales



CBR250RR
(Japan)



- <Japan>
- Positive impact of the new CBR250RR introduction
 - Reverse effect of the impact of the 2016 Kumamoto Earthquake
- <Asia>
- Increased sales in India, Vietnam and Thailand
 - Decreased sales in Indonesia, other

	1Q	2Q	3Q	4Q	1Q
	FY17				FY18
Japan	29	33	49	45	42
North America	78	71	68	77	80
Europe	72	48	31	66	81
Asia	3,885	4,125	4,115	3,812	4,219
Other Regions	288	261	260	248	277
Total	4,352	4,538	4,523	4,248	4,699

Automobiles - Honda Group Unit Sales



Avancier
(China)

<Asia>

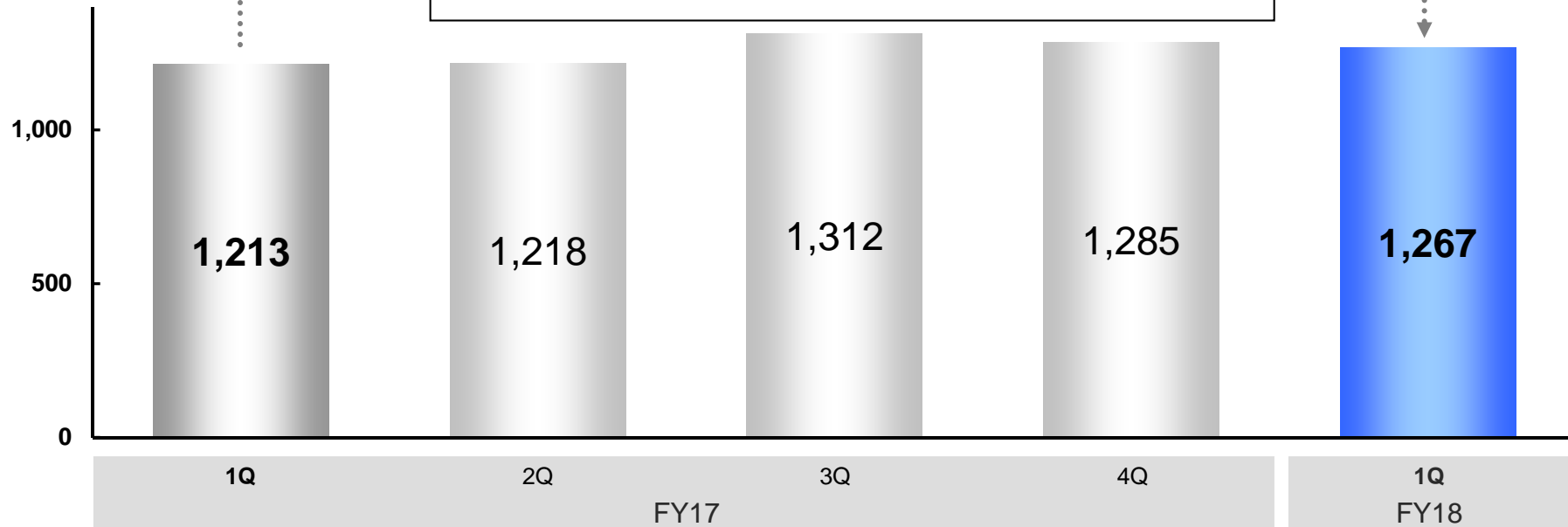
- Increased sales of Civic, Avancier and others in China
- Positive impact of the new WR-V introduction in India

<North America>

- Decline in sales of sedan models

Unit (thousand)

+ 54
(+ 4.5 %)



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

Power Products - Honda Group Unit Sales

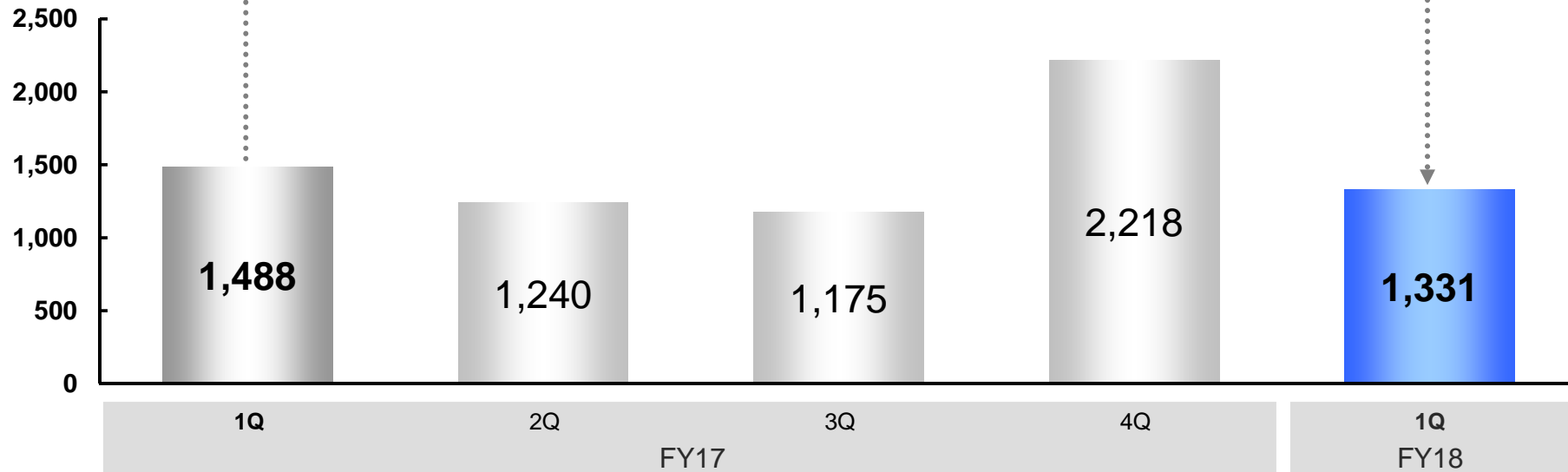


**GX160
(Engine)**

<Europe>
▪ Increased sales of lawn mower/construction equipment OEM engines, other
<North America>
▪ Decreased sales of lawn mower/pressure washer OEM engines, other

Unit (thousand)

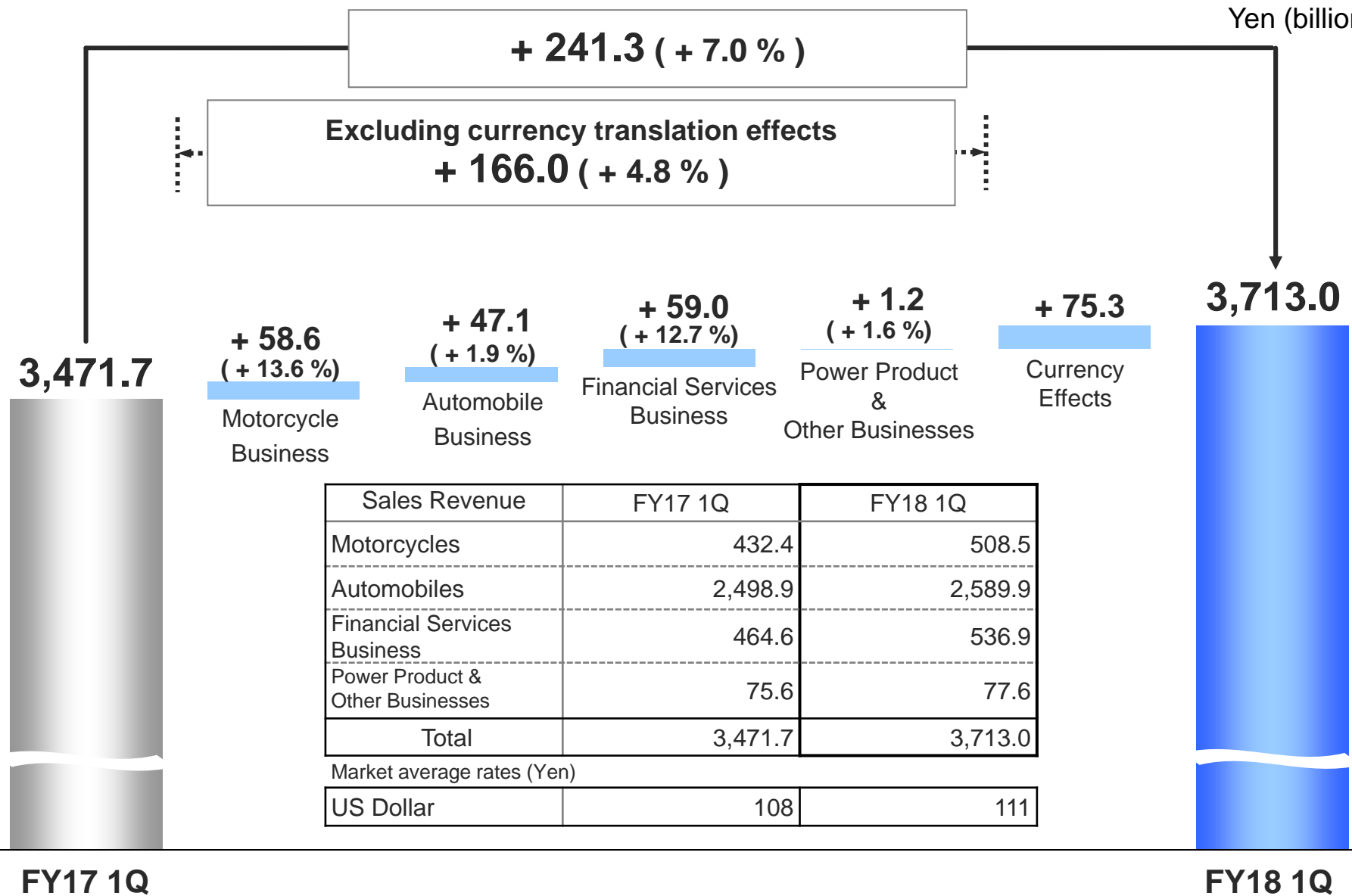
**- 157
(- 10.6 %)**



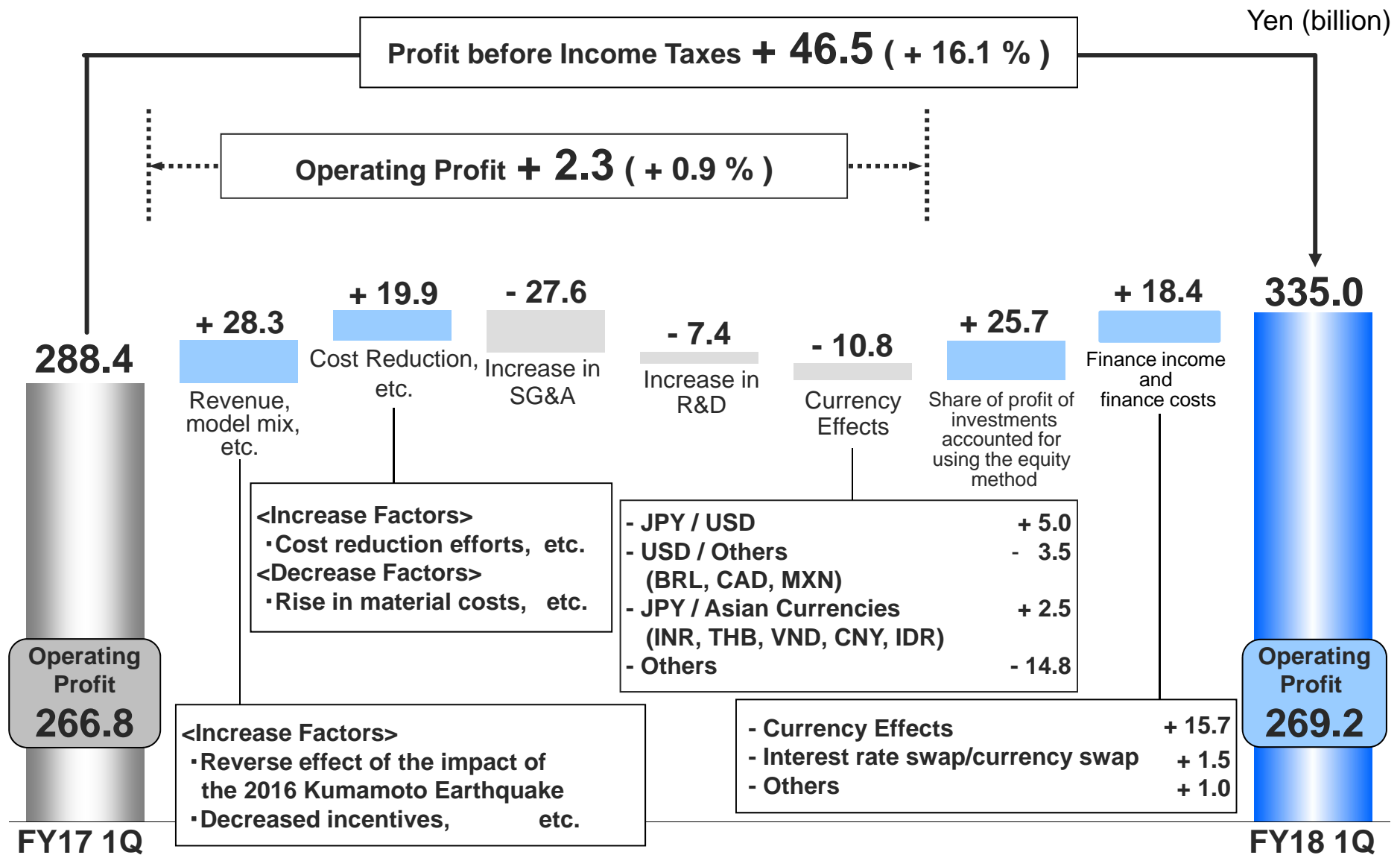
	1Q	2Q	3Q	4Q	1Q
	FY17				FY18
Japan	59	87	54	101	59
North America	769	522	521	1,165	596
Europe	225	165	190	455	240
Asia	360	376	311	383	362
Other Regions	75	90	99	114	74
Total	1,488	1,240	1,175	2,218	1,331

Change in Sales Revenue <FY18 1st Qtr>

Yen (billion)

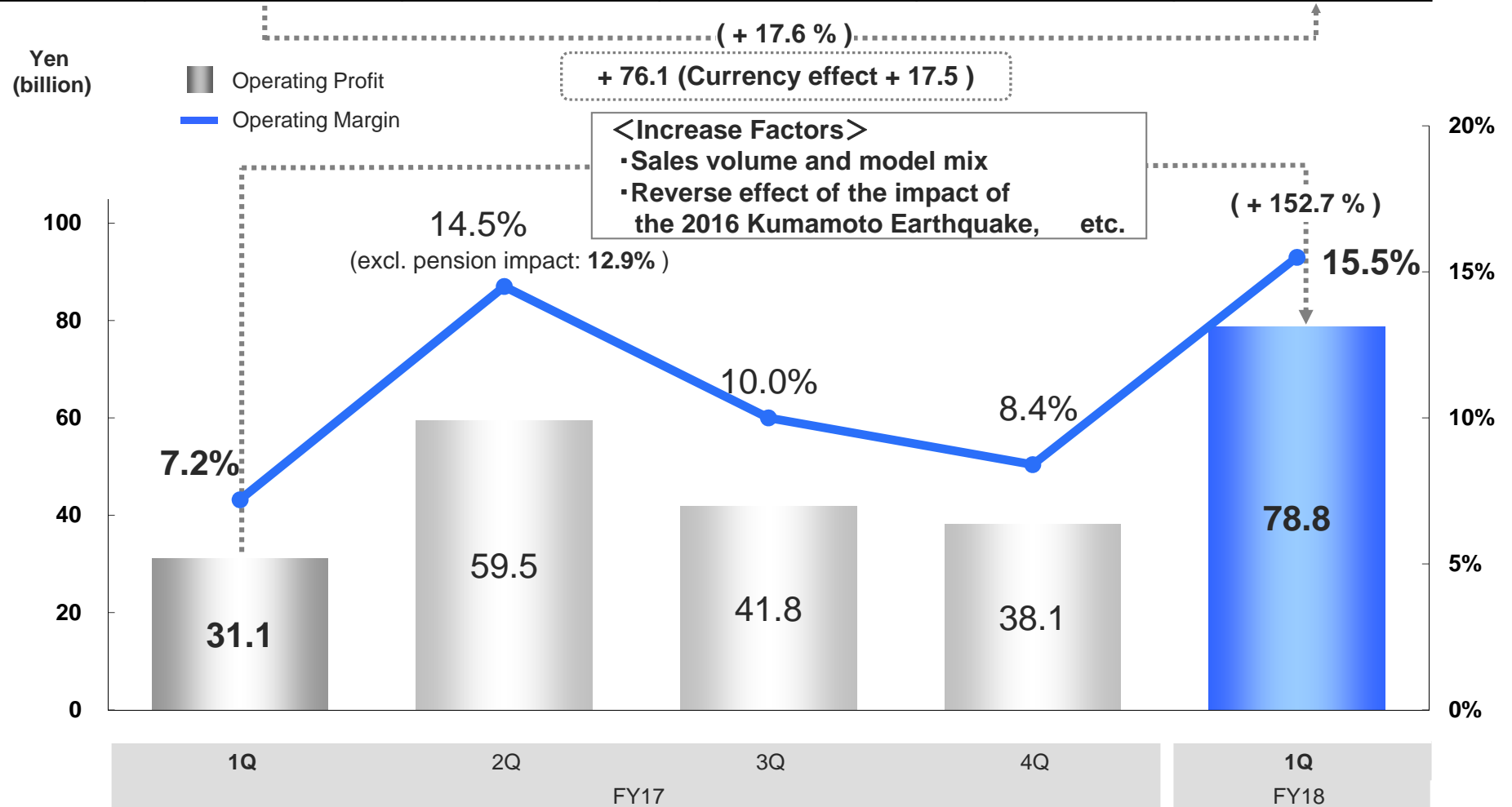


Change in Profit before Income Taxes <FY18 1st Qtr>

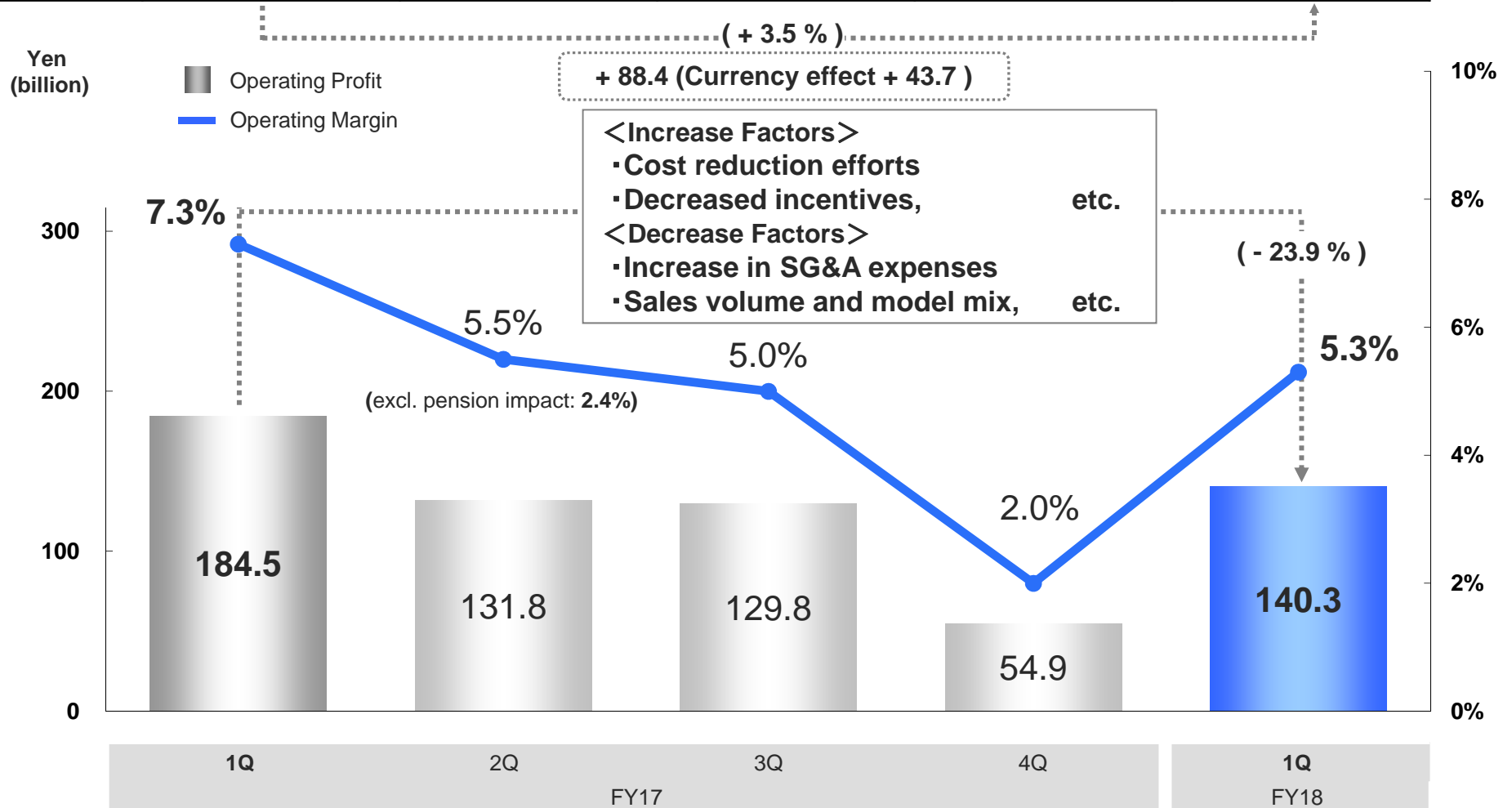


Motorcycle Business Sales Revenue / Operating Profit (Margin)

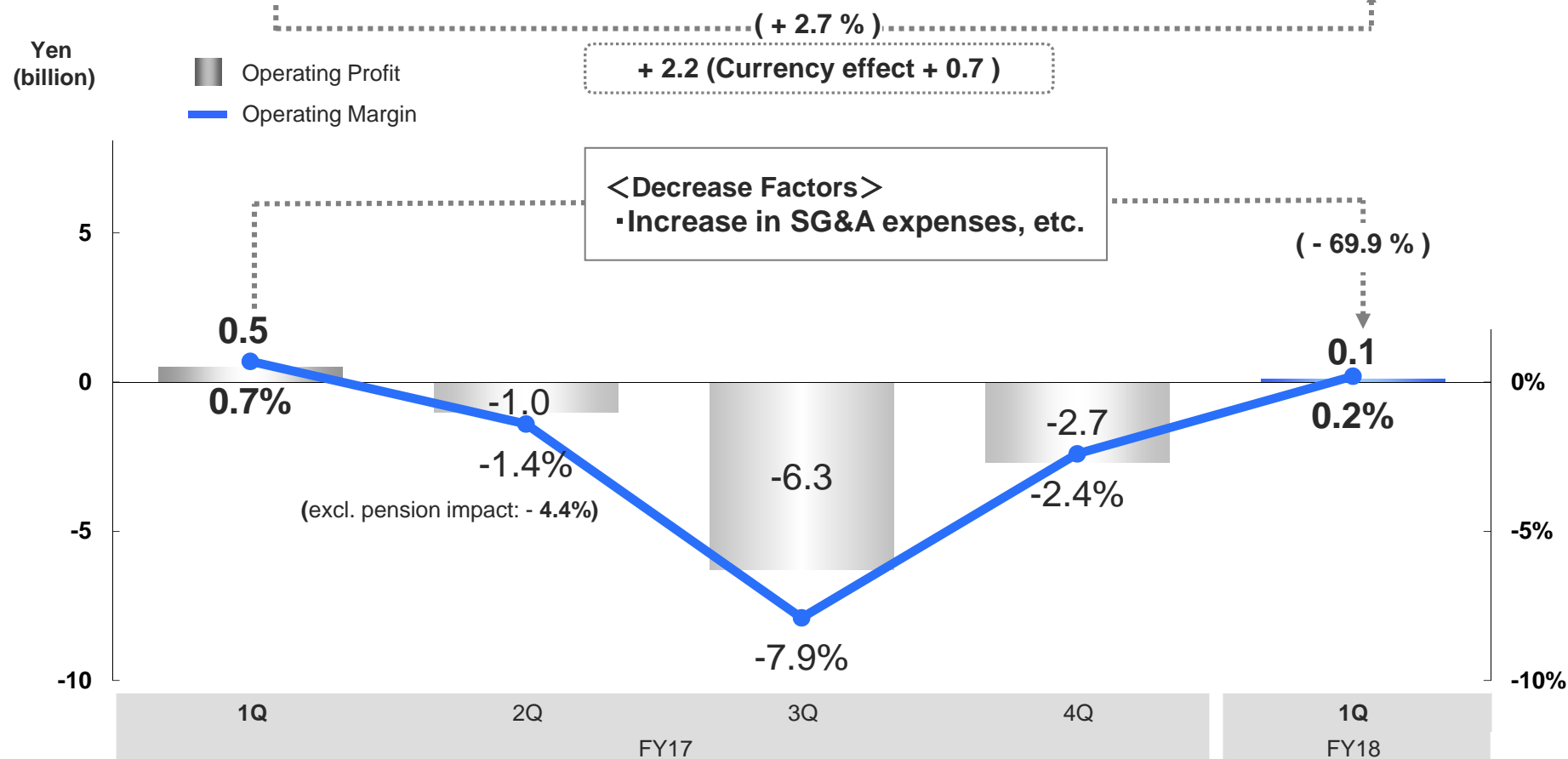
Unit (thousand) Yen (billion)	FY17				FY18
	1Q	2Q	3Q	4Q	1Q
Honda Group Unit Sales (Consolidated Unit Sales)	4,352 (2,831)	4,538 (3,042)	4,523 (2,675)	4,248 (2,689)	4,699 (3,245)
Sales Revenue	432.4	409.3	420.6	453.7	508.5



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



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



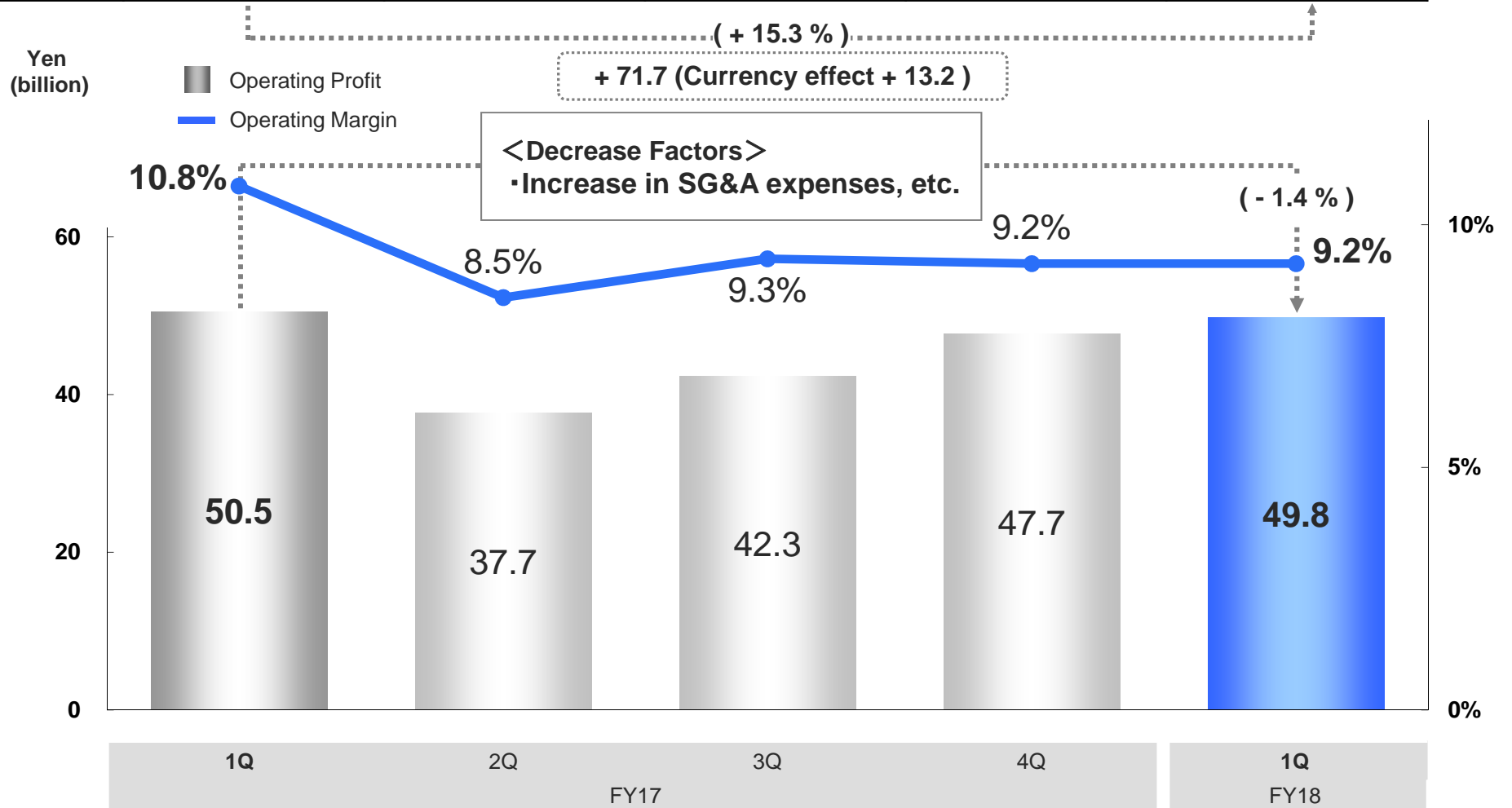
(For reference)

Operating profit from aircraft and aircraft engine	1Q	2Q	3Q	4Q	1Q
	- 8.8	- 10.6	- 12.3	- 12.0	- 8.5

Financial Services Business

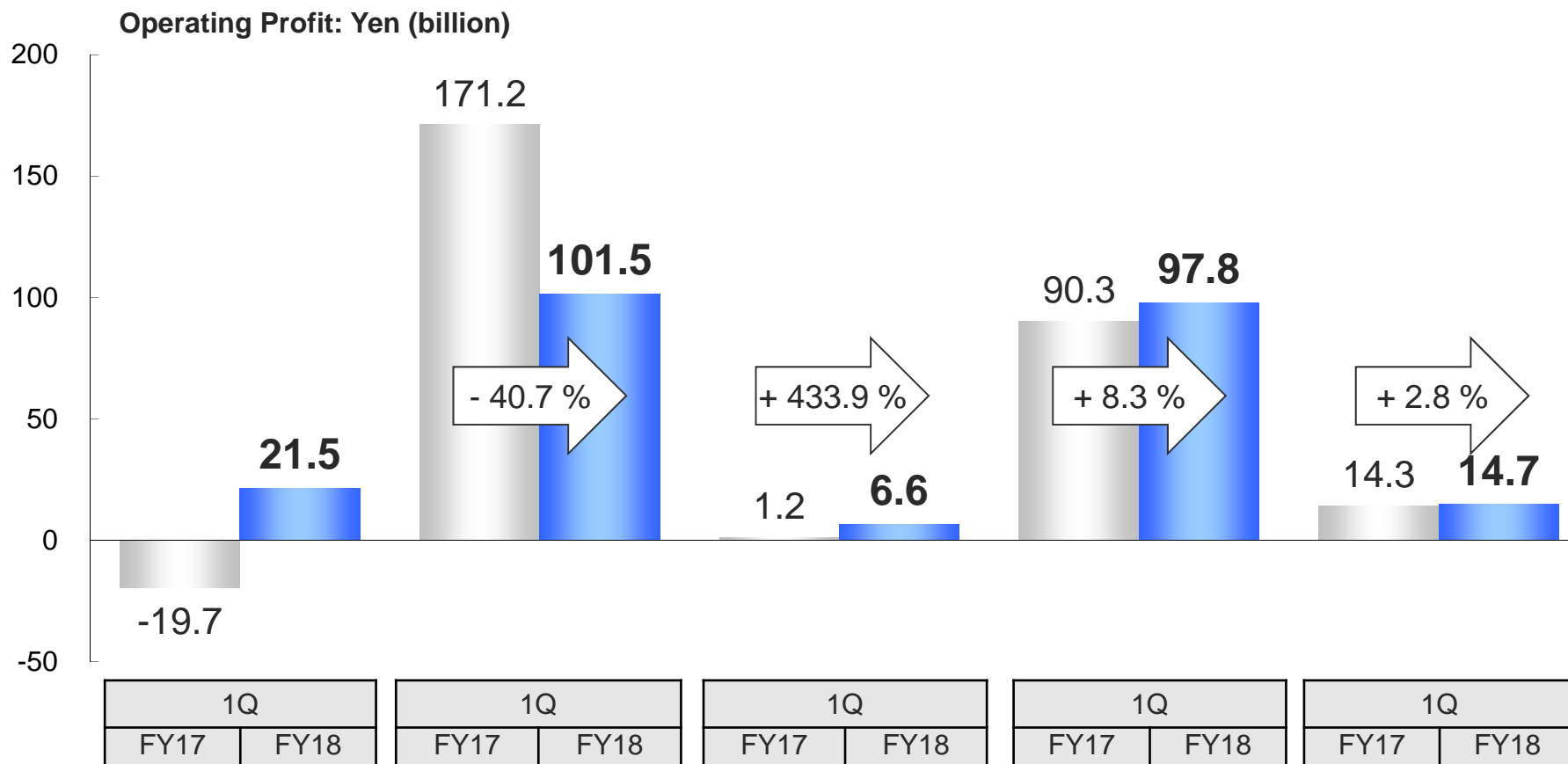
Total Assets/Sales Revenue/Operating Profit (Margin)

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

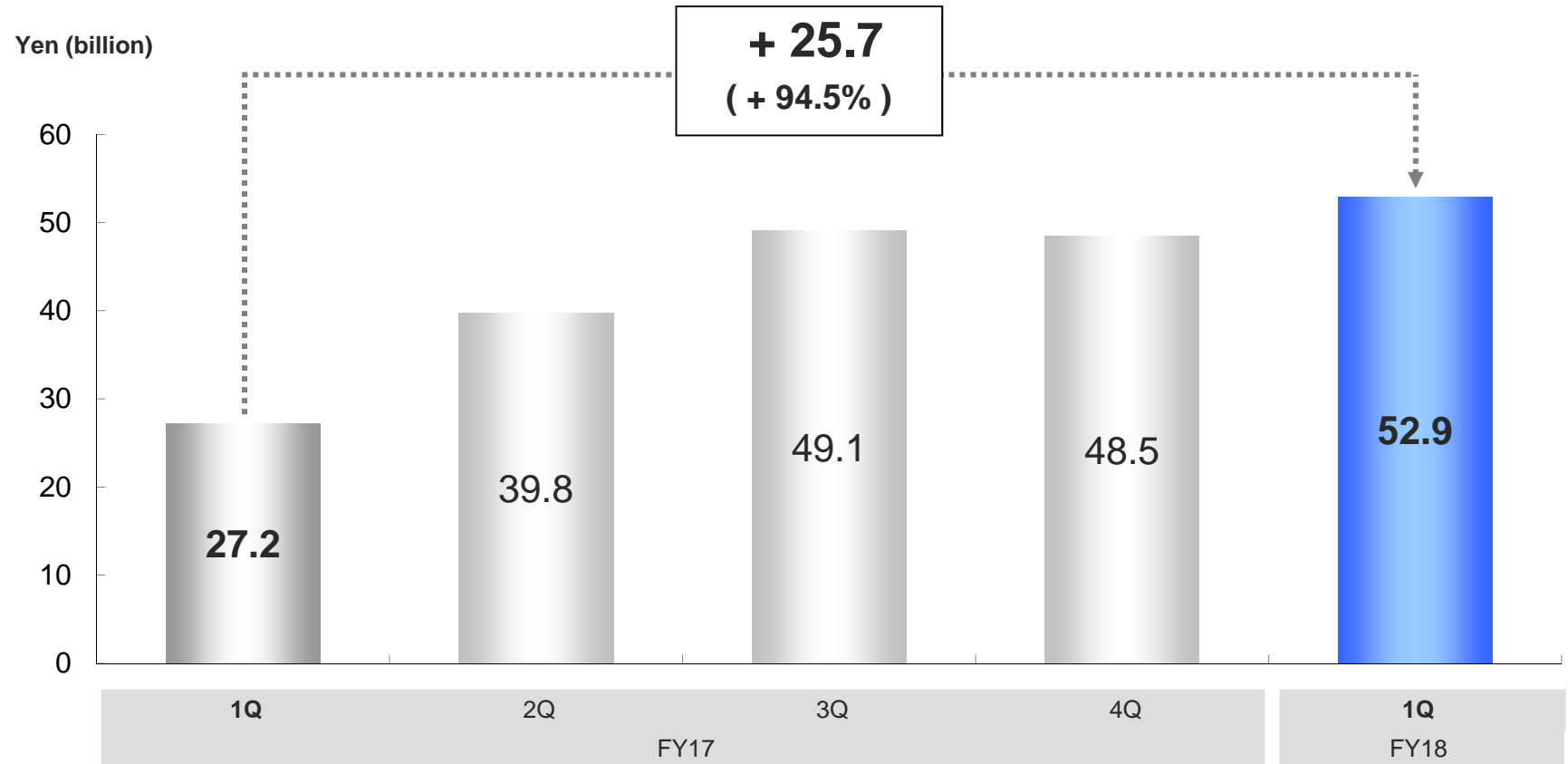


Sales Revenue/Operating Profit by Geographical Segment <FY18 1st Qtr>

	Japan		North America		Europe		Asia		Other Regions	
Yen (billion)	1Q		1Q		1Q		1Q		1Q	
	FY17	FY18	FY17	FY18	FY17	FY18	FY17	FY18	FY17	FY18
Sales Revenue	905.6	1,025.0	2,068.8	2,130.1	182.9	213.2	831.2	981.7	172.8	203.8

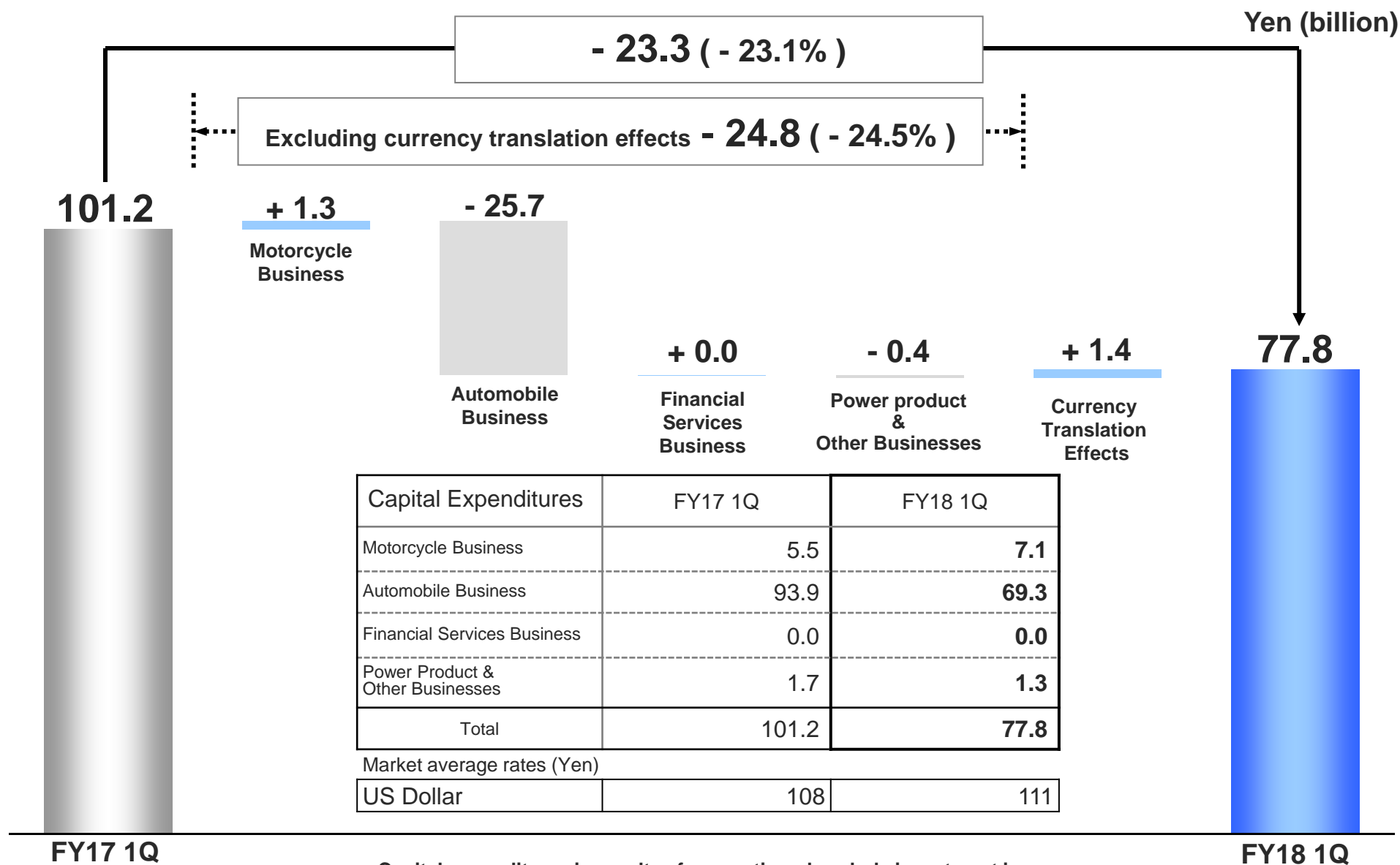


Share of Profit of Investments
Accounted for Using the Equity Method



	Yen (billion)				
From Asia	39.3	36.2	40.8	43.8	46.3

Consolidated Capital Expenditures <FY18 1st Qtr>



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

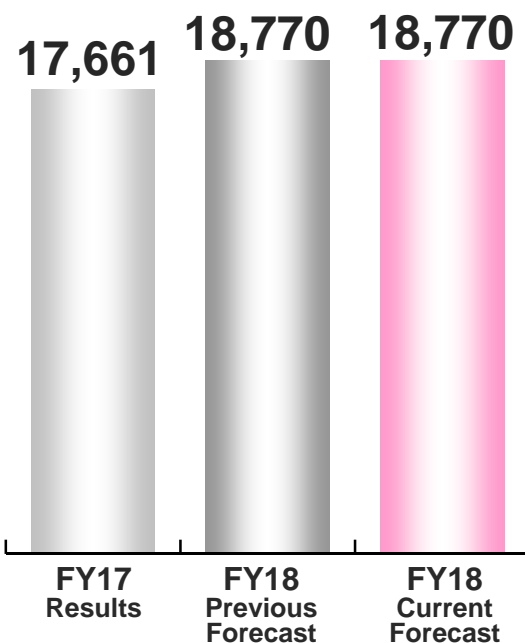
- *FY18 1st Quarter Financial Results*
 - *Honda Group Unit Sales*
 - *Change in Sales Revenue*
 - *Change in Profit before Income Taxes*
 - *Business & Geographical Segment Information*
 - *Share of Profit of Investments*
 - *Accounted for using the Equity Method*
 - *Capital Expenditures*
- *FY18 Financial Forecast*

Forecast: Honda Group Unit Sales

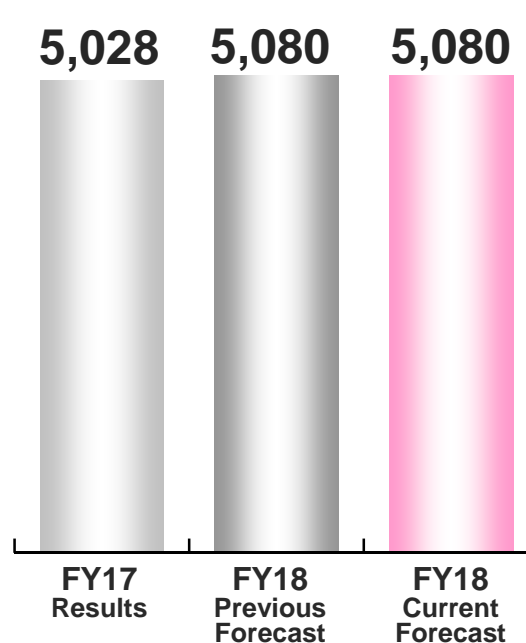
No changes have been made to the previous forecasts (on April 28, 2017)

Unit
(Thousand)

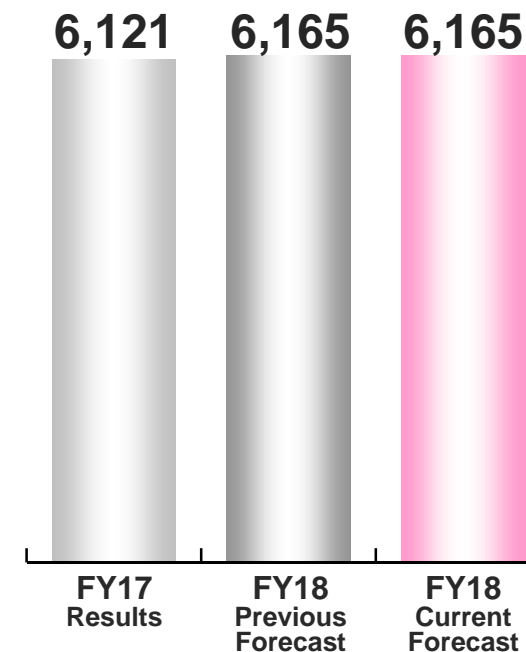
Motorcycles



Automobiles



Power Products



	FY18 Previous Forecast	FY18 Current Forecast	Change
Japan	170	170	-
North America	315	315	-
Europe	220	220	-
Asia	17,015	17,015	-
Other Region	1,050	1,050	-
Total	18,770	18,770	-

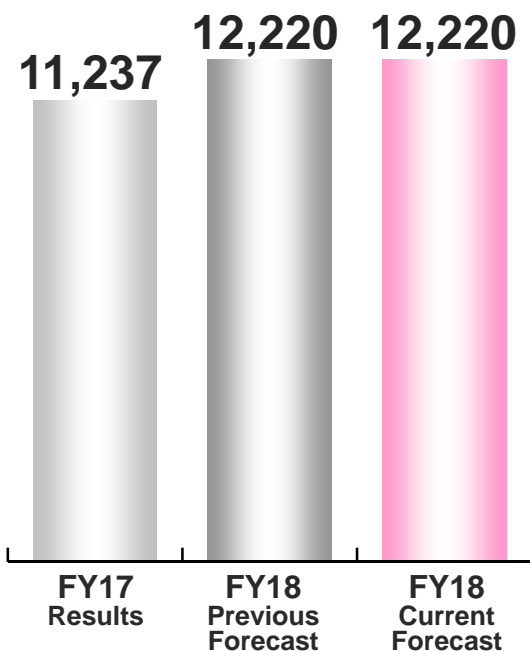
	FY18 Previous Forecast	FY18 Current Forecast	Change
Japan	680	680	-
North America	1,920	1,920	-
Europe	175	175	-
Asia	2,060	2,060	-
Other Region	245	245	-
Total	5,080	5,080	-

	FY18 Previous Forecast	FY18 Current Forecast	Change
Japan	265	265	-
North America	3,010	3,010	-
Europe	1,030	1,030	-
Asia	1,460	1,460	-
Other Region	400	400	-
Total	6,165	6,165	-

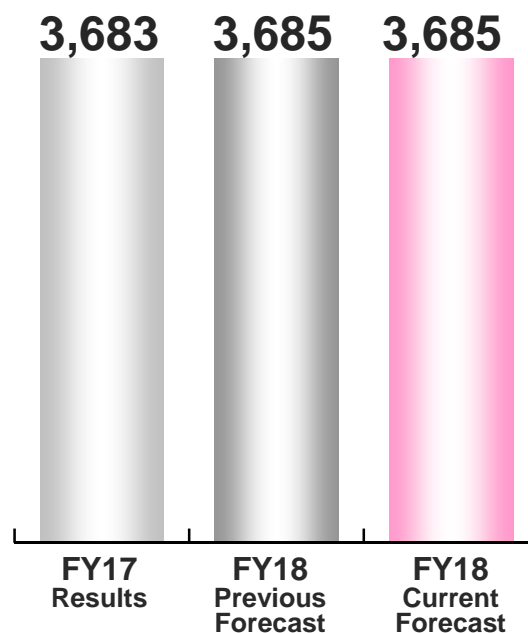
Forecast: Consolidated Unit Sales

No changes have been made to the previous forecasts (on April 28, 2017) Unit
(Thousand)

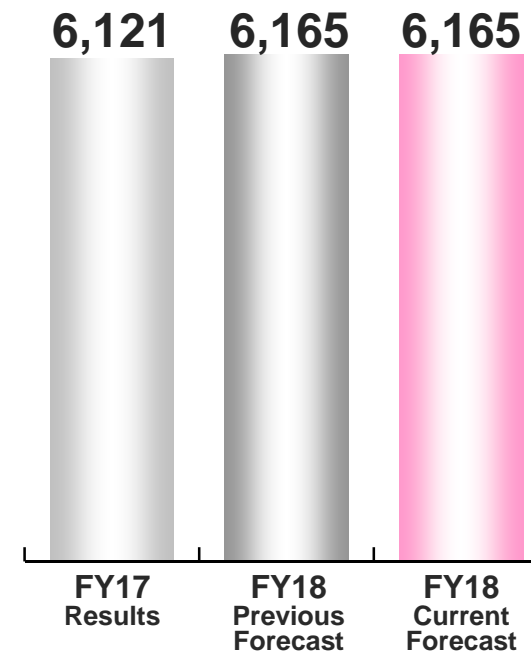
Motorcycles



Automobiles



Power Products



	FY18 Previous Forecast	FY18 Current Forecast	Change
Japan	170	170	-
North America	315	315	-
Europe	220	220	-
Asia	10,465	10,465	-
Other Region	1,050	1,050	-
Total	12,220	12,220	-

	FY18 Previous Forecast	FY18 Current Forecast	Change
Japan	615	615	-
North America	1,920	1,920	-
Europe	175	175	-
Asia	730	730	-
Other Region	245	245	-
Total	3,685	3,685	-

	FY18 Previous Forecast	FY18 Current Forecast	Change
Japan	265	265	-
North America	3,010	3,010	-
Europe	1,030	1,030	-
Asia	1,460	1,460	-
Other Region	400	400	-
Total	6,165	6,165	-

FY18 Financial Forecast (Consolidated)

	FY17 Results	FY18 Forecast	Change		Change from previous forecast
			amount	%	
Sales revenue	13,999.2	14,500.0	+ 500.8	+ 3.6%	+ 300.0
Operating profit	840.7	725.0	- 115.7	- 13.8%	+ 20.0
Operating margin	6.0%	5.0%	- 1.0 pt		-
Share of profit of investments accounted for using the equity method	164.7	180.0	+ 15.2	+ 9.2%	+ 5.0
Profit before income taxes	1,006.9	900.0	- 106.9	- 10.6%	+ 25.0
Profit for the year attributable to owners of the parent	616.5	545.0	- 71.5	- 11.6%	+ 15.0
Earnings per share ^{*1} (Yen) attributable to owners of the parent	342.10	302.39	- 39.71		+ 8.32

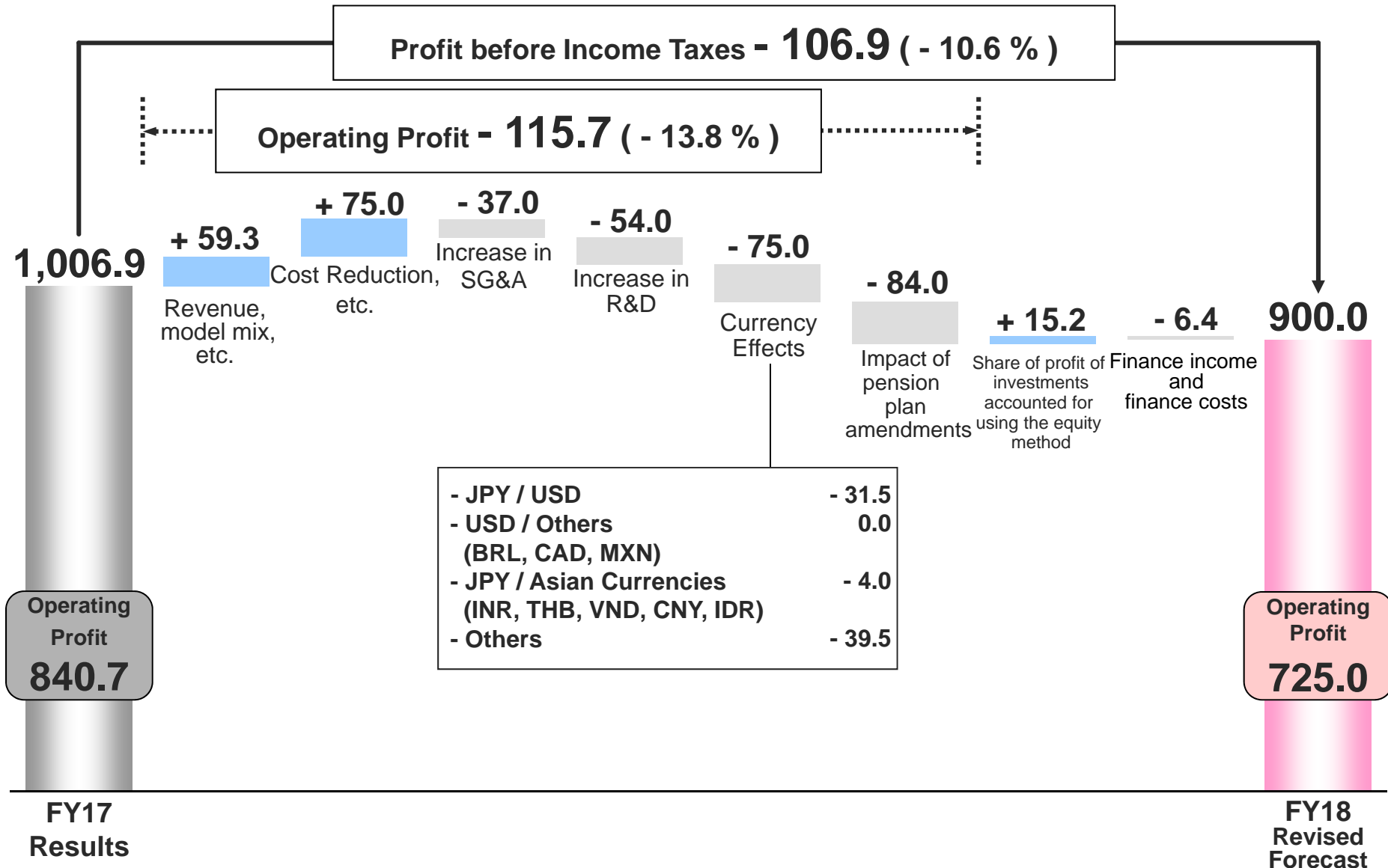
For *1, please refer to the footnote on page 29

Market average rates (Yen)

US Dollar	108	107 (1Q 111 / 2 - 4Q 105)	Yen up by 1 yen	Yen down by 2 yen
-----------	-----	-------------------------------------	-----------------	----------------------

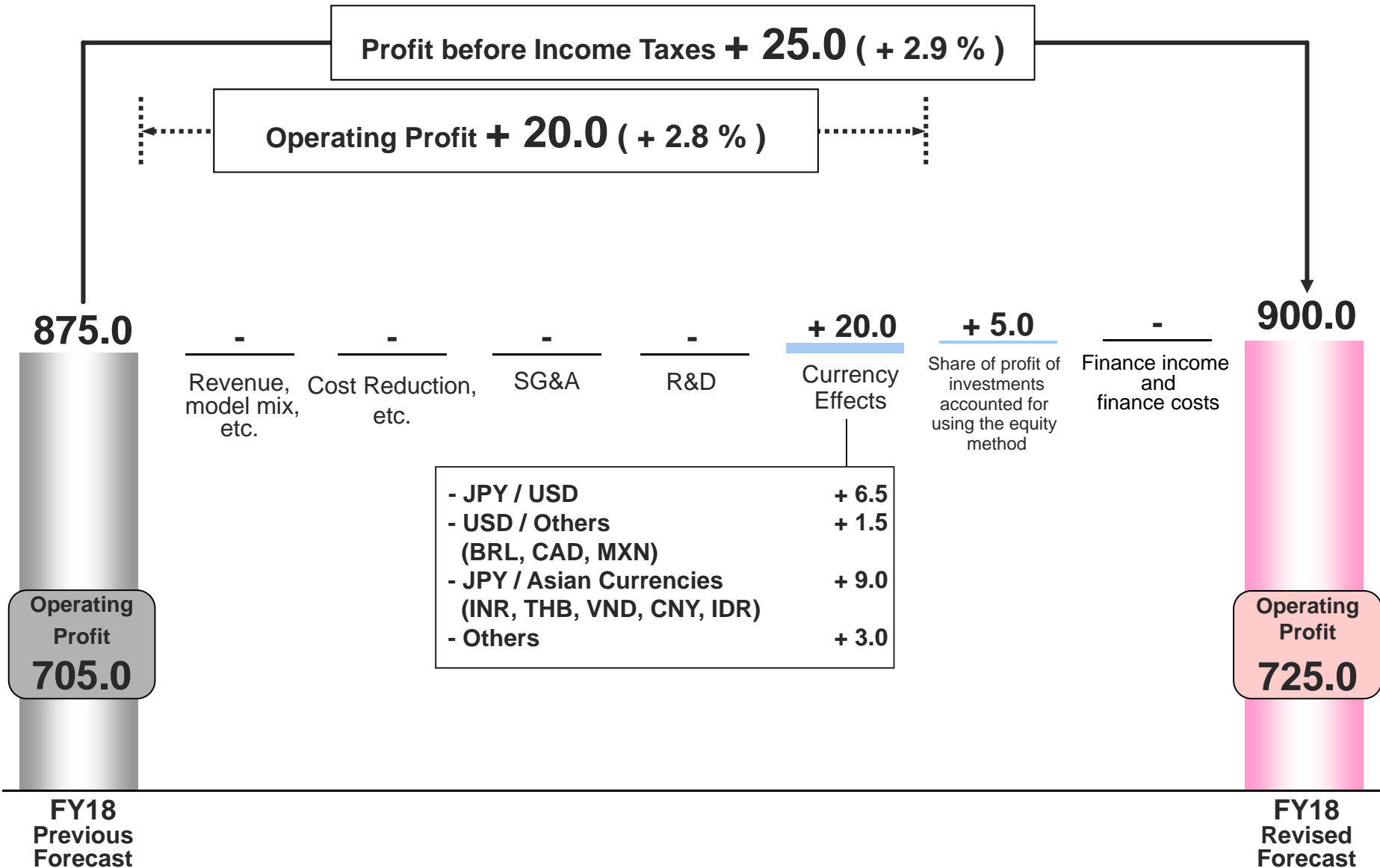
FY18 Forecast: Change in Profit before Income Taxes

Yen (billion)



FY18 Forecast: Change in Profit before Income Taxes

Yen (billion)



No changes have been made to the previous forecasts (on April 28, 2017) Yen (billion)

	FY17 Results	FY18 Forecast	Change	Change from previous forecast
Capital expenditures *	541.0	530.0	- 11.0	-
Depreciation and amortization *	437.6	450.0	+ 12.3	-
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 plan amendments 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:

- 1st Quarter FY17: 1,802,283,000 (approx), FY18: 1,802,279,000 (approx) (page 6)
- Fiscal Year FY17: 1,802,282,000 (approx), FY18 forecast: 1,802,279,000 (approx) (pages 7 and 25)

HONDA

The Power of Dreams

Appendix

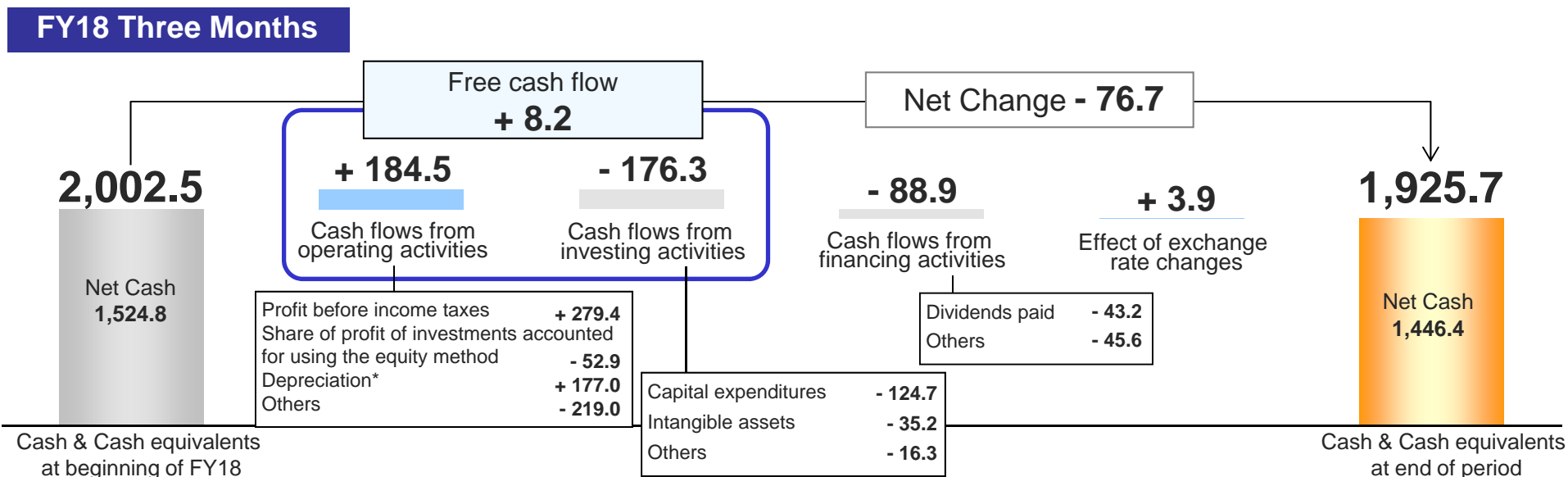
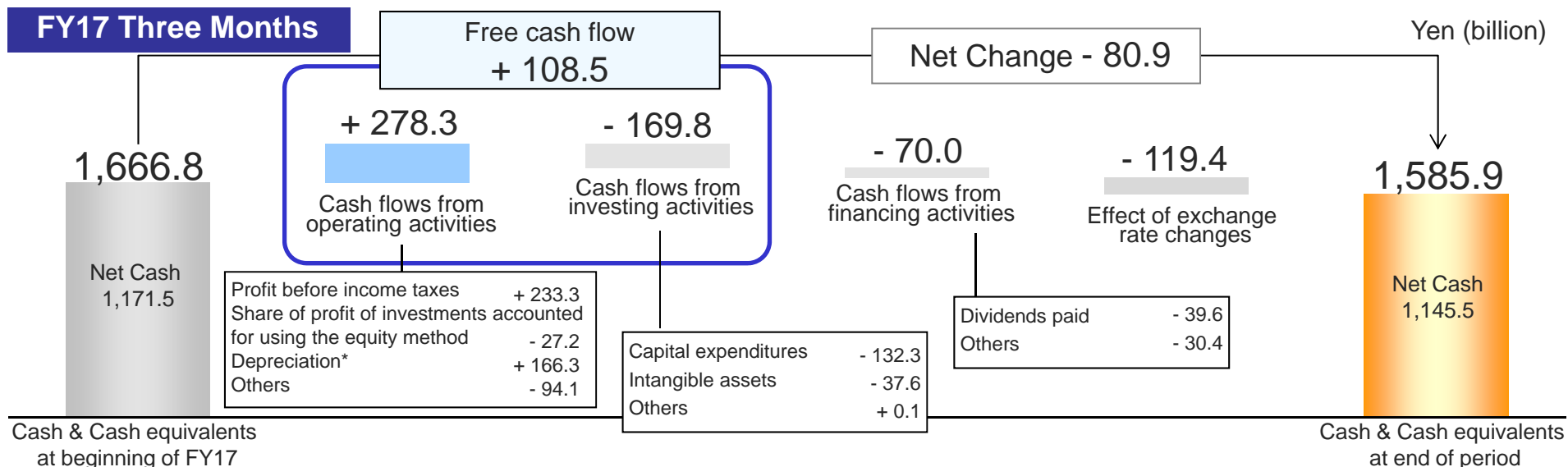
Yen (billion)

	1Q		
	FY17	FY18	Change
Capital expenditures *	101.2	77.8	- 23.3
Depreciation and amortization *	105.1	115.9	+ 10.8
Research and development expenditures **	159.6	164.0	+ 4.3

* 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.

Cash Flows of Non-financial Services Businesses



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

Quarterly Consolidated Unit Sales <IFRS>

Unit (thousand)	FY17					FY18	3 months	
	1Q	2Q	3Q	4Q	12 months	1Q	Change	%
Japan	29	33	49	45	156	42	+ 13	+ 44.8%
North America	78	71	68	77	294	80	+ 2	+ 2.6%
Europe	72	48	31	66	217	81	+ 9	+ 12.5%
Asia	2,364	2,629	2,267	2,253	9,513	2,765	+ 401	+ 17.0%
Other Region	288	261	260	248	1,057	277	- 11	- 3.8%
Motorcycles	2,831	3,042	2,675	2,689	11,237	3,245	+ 414	+ 14.6%

Japan	132	143	154	174	603	144	+ 12	+ 9.1%
North America	510	479	510	471	1,970	481	- 29	- 5.7%
Europe	45	45	43	51	184	42	- 3	- 6.7%
Asia	162	167	156	199	684	169	+ 7	+ 4.3%
Other Region	59	56	62	65	242	64	+ 5	+ 8.5%
Automobiles	908	890	925	960	3,683	900	- 8	- 0.9%

Japan	59	87	54	101	301	59	0	0.0%
North America	769	522	521	1,165	2,977	596	- 173	- 22.5%
Europe	225	165	190	455	1,035	240	+ 15	+ 6.7%
Asia	360	376	311	383	1,430	362	+ 2	+ 0.6%
Other Region	75	90	99	114	378	74	- 1	- 1.3%
Power Products	1,488	1,240	1,175	2,218	6,121	1,331	- 157	- 10.6%