



*2019 Passport*

*Investor Presentation  
June 2019*

## **Caution with Respect to Forward-Looking Statements:**

*These slides may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 that involve a number of risks and uncertainties. Certain such forward-looking statements can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "scheduled," or "anticipates" or similar expressions or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions. Such forward-looking statements are necessarily dependent on assumptions, data, or methods that may be incorrect or imprecise and that may be incapable of being realized. Factors such as declines in the financial condition or performance of Honda or AHFC or the sales of Honda or Acura products, changes in general business and economic conditions, and fluctuations in interest rates and currency exchange rates, among others, could cause actual results and other matters to differ materially from those in such forward-looking statements.*

## **Use and Definition of Non-GAAP Financial Measure:**

*This presentation includes the following financial measure defined as a non-GAAP financial measure by the SEC: Income before income taxes excluding valuation adjustments and reclassifications. This measure has limitations as an analytical tool and should not be considered as an alternative to, or more meaningful than, net income as determined in accordance with GAAP or as an indicator of our liquidity. Our presentation of this non-GAAP financial measure should also not be construed as an inference that our results will be unaffected by unusual or non-recurring items. Our computations of this non-GAAP financial measure may not be comparable to other similarly titled measures of other companies.*

*We define income before income taxes excluding valuation adjustments and reclassifications as income before income taxes excluding realized (gains)/losses on derivatives and foreign currency denominated debt, (gain)/loss on derivative instruments, and (gain)/loss on foreign currency revaluation of debt. Management believes income before income taxes excluding valuation adjustments and reclassifications is useful because it allows management to evaluate our operating performance and compare the results of our operations from period to period and against our peers without regard to fluctuations in performance resulting from currency related charges and interest rate swaps.*

*A reconciliation of our net income as determined in accordance with GAAP to income before taxes excluding valuation adjustments and reclassifications is provided in Appendix A to these slides.*

## **Accounting Standards:**

### **Honda Motor Co., Ltd.**

*Financial information is prepared in conformity with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).*

### **American Honda Finance Corp.**

*Financial information is prepared in conformity with U.S. generally accepted accounting principles.*

*This information is presented as of June 13, 2019 and does not purport to be accurate as of any other date. We undertake no obligation to update this information.*

*This presentation does not constitute an offer to sell or a solicitation of an offer to purchase any securities. Any offer or sale of securities will be made only by means of an offering memorandum and related documents.*

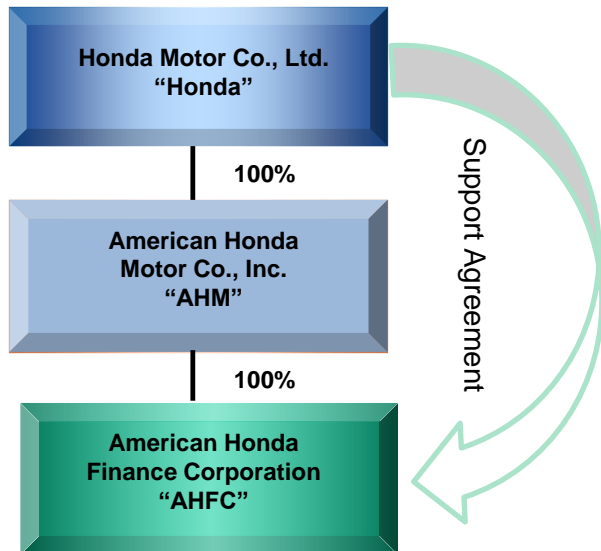
## **Foreign Currency Translation:**

*The financial data in these slides is presented on a consolidated basis unless otherwise noted. Upon consolidation, the assets and liabilities are translated at year-end exchange rates, and the revenues and expenses are translated at the average rates of exchange during the respective years. Foreign currency denominated debt is translated at year-end exchange rates, and the foreign currency transaction gains and losses are recognized through earnings.*

# Honda Corporate Structure

- Rating Information: *Moody's A2 Stable*  
*S&P A Stable*

- Fiscal year of Honda Motor Co., Ltd. ends on March 31



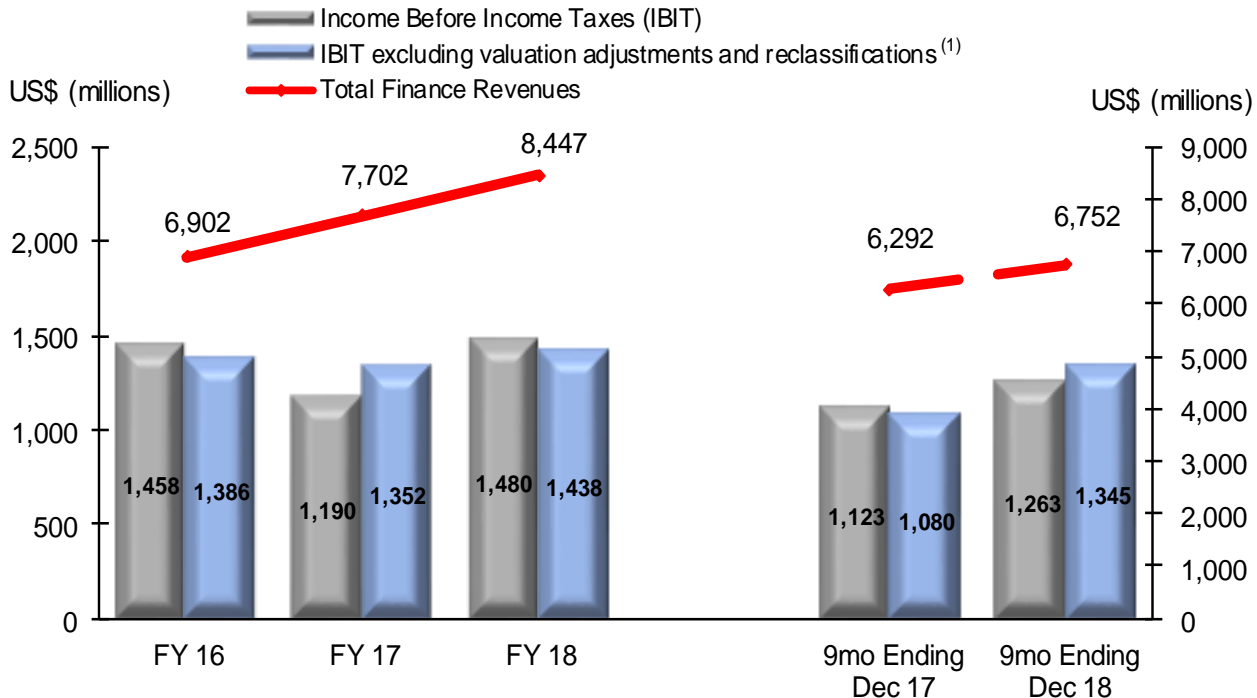


Financial  
Services



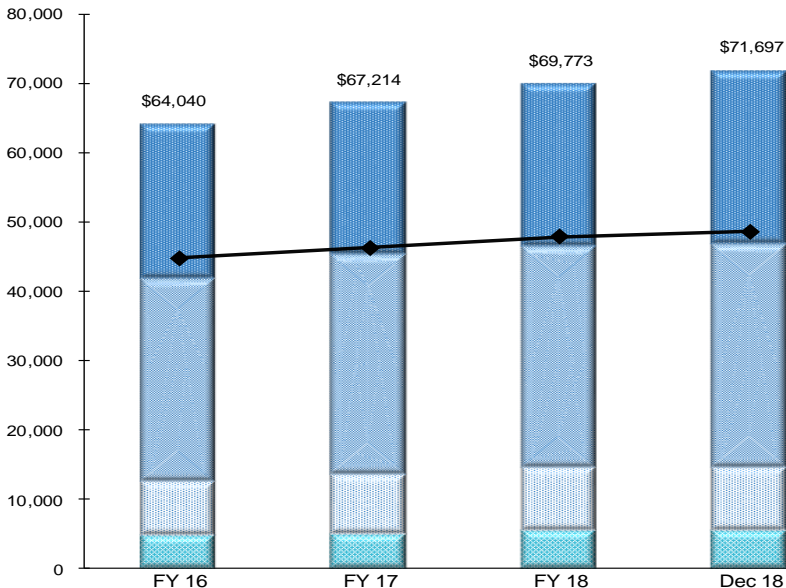
Financial  
Services





(1) For a reconciliation of IBIT excluding valuation adjustments and reclassifications see Appendix A

US\$ (millions)



As of Dec 31, 2018:

Retail Loans:

includes ABS assets, approx.47% of outstanding receivables

Leases:

approx. 45% of outstanding receivables

Securitized Assets:

are Retail Loans. We do not currently securitize other asset classes

Dealer Loans:

Flooring 31% of the Honda/Acura Auto dealers

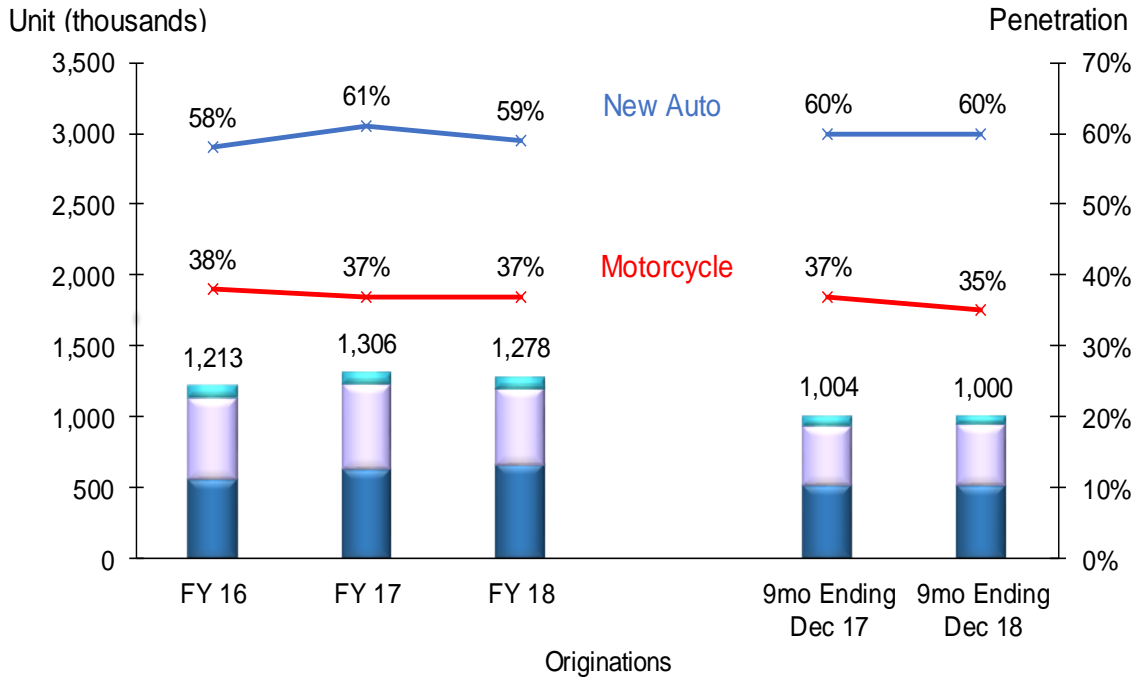
Flooring 97% of the Honda/Acura Motorcycle dealers

Retail	\$22,381	\$22,011	\$23,425	\$25,009
Lease	\$29,182	\$31,685	\$31,958	\$32,233
Securitized Assets	\$7,706	\$8,512	\$8,895	\$9,012
Dealer	\$4,771	\$5,006	\$5,495	\$5,443
Debt	\$44,776	\$46,227	\$47,861	\$48,578

Lease includes both direct finance leases and operating leases.

Retail excludes securitized assets

# AHFC CFS Originations, Penetration & Outstanding



Outstanding	FY 16	FY 17	FY 18	9mo Ending Dec 17	9mo Ending Dec 18
	3,764	3,860	3,932	3,956	3,972



	<u>Fiscal Year Ending</u>			<u>9 mo Ending</u>	
	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>Dec 17</u>	<u>Dec 18</u>
Delinquency (60 or more days) <sup>(1),(3)</sup>	0.15%	0.13%	0.17%	0.27%	0.35%
Allowance for Credit Losses <sup>(1),(3)</sup>	0.26%	0.36%	0.46%	0.46%	0.49%
Charge-Offs (Net of Recoveries) <sup>(2),(3),(4)</sup>	0.33%	0.41%	0.44%	0.42%	0.45%

(1) Percentages based on ending receivable balances for respective periods.

(2) Percentages based on average receivable balances for respective periods.

(3) Ending and average receivable balances exclude the allowance for credit losses, write-down of lease residual values, unearned subvention income related to our incentive financing programs and deferred origination costs. Average receivable balances are calculated based on the average of each month's ending receivables balance for that fiscal period.

(4) Percentages of the nine months ended December 31, 2017 and 2018 have been annualized



# AHFC Funding Programs

(US Operations Only)

- \$30 Bil SEC Unsecured Global MTN Program (USD, EUR, GBP)

A2 Stable  
A Stable



- SEC ABS Shelf

Honda Auto  
Receivables  
Owner Trust



- \$7 Bil Commercial Paper

A-1 / P-1



- Bilateral Term Loans

Various  
Banks



# AHFC Available Liquidity

(US Operations Only)

- Committed Bilateral Lines of Credit

\$1 Bil



- Syndicated Bank Credit Facilities

\$7 Bil



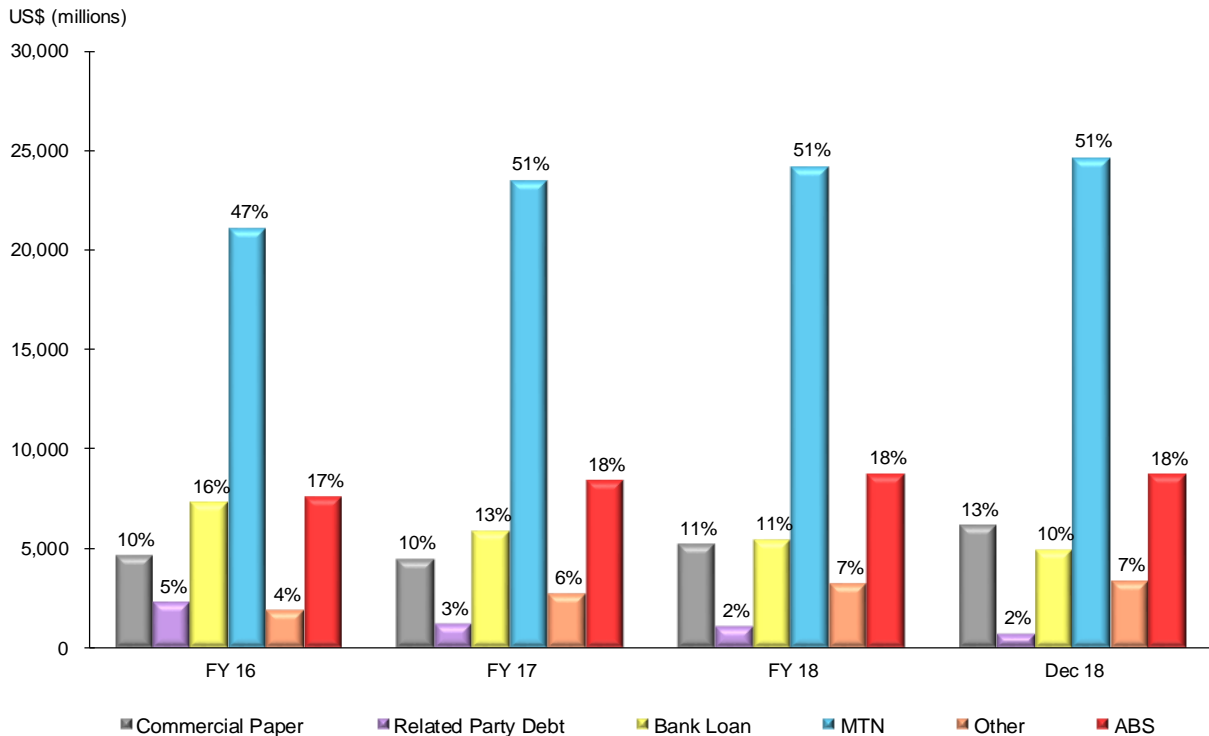
- Intercompany Loans



- Cash Reserves



# AHFC Funding Flexibility

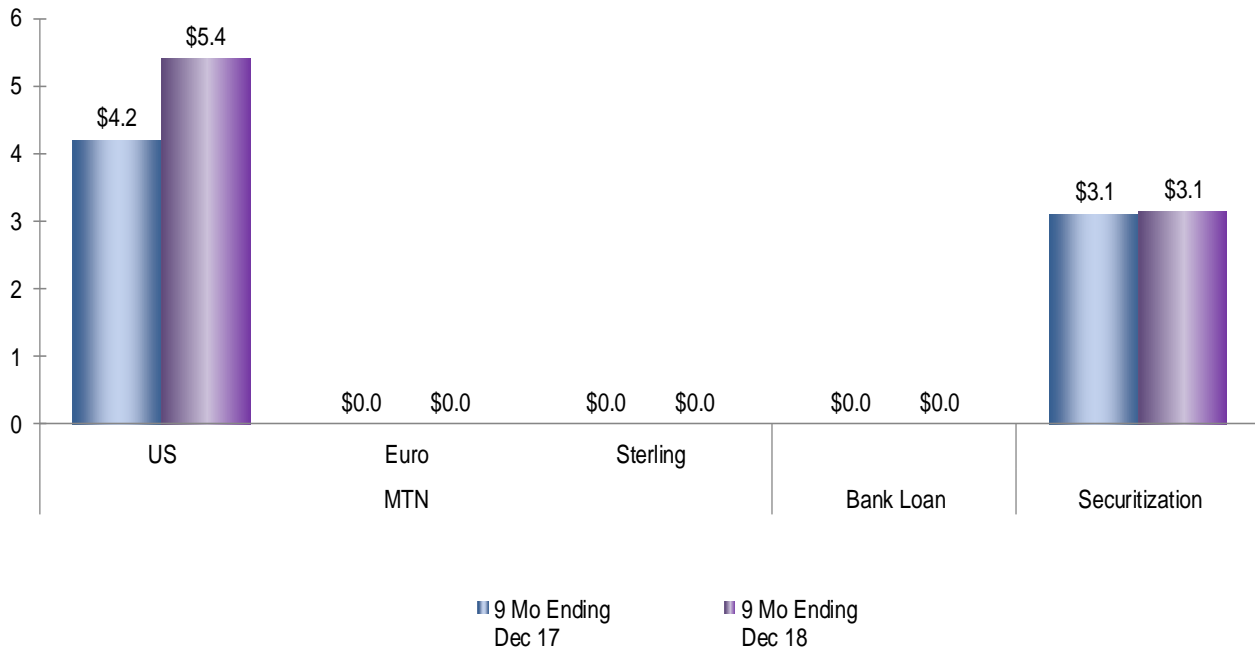


*MTN includes outstanding debt from SEC, 144a and EMTN Programs*

# FYTD Debt Issuance

US\$ (billions)

(US Operations Only)



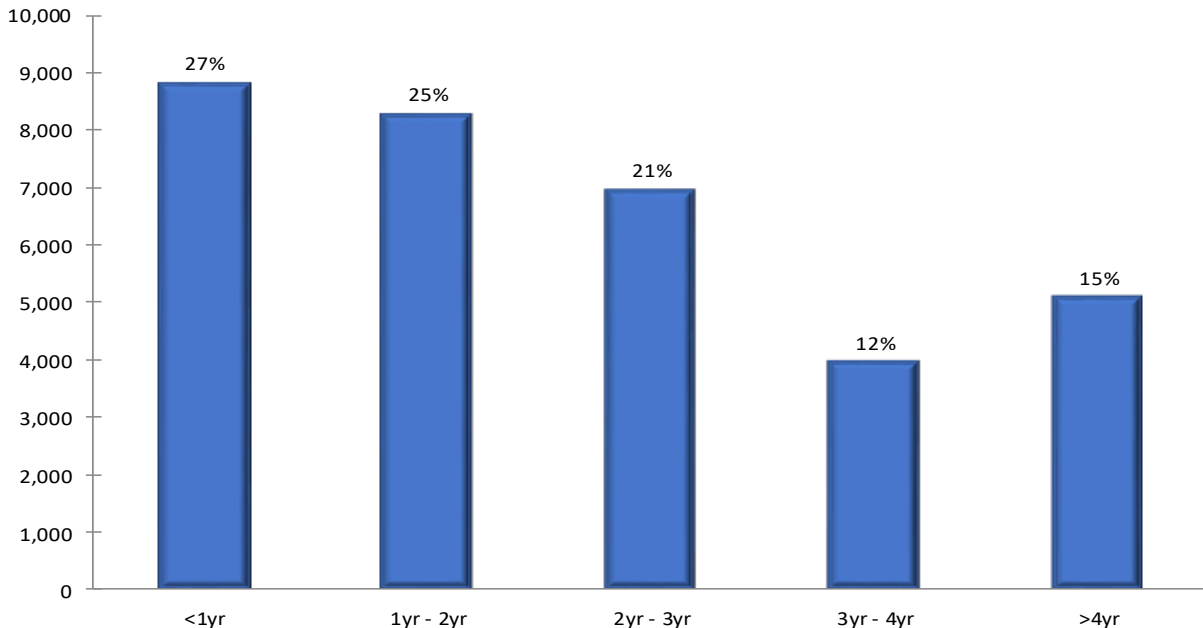
Excludes Commercial Paper and Related Party Debt

Securitization excludes retained notes and retained portion of notes for risk retention

# Unsecured Term Debt Maturity Profile

As of December 2018

US\$ (millions)



Excludes Commercial Paper and Related Party Debt  
Does not include unamortized discounts and fees  
Foreign debt based on exchange rates as of December 31, 2018

Honda  
**IN AMERICA**



60 YEARS OF  
INVESTING

**HONDA**

The table set forth below reconciles net income, calculated and presented in accordance with U.S. generally accepted accounting principles, to income before income taxes excluding valuation adjustments and reclassifications:

	Fiscal Years ended March 31,			9 Mo. Ended	
	2016	2017	2018	Dec 17	Dec 18
Net income.....	\$ 910	\$ 753	\$ 4,109	\$ 3,840	\$ 943
Add:					
Income tax expense.....	548	437	(2,629)	(2,717)	320
Realized (gains)/losses on derivatives and foreign currency denominated debt.....	(31)	18	14	9	3
(Gain)/Loss on derivative instruments ....	(101)	315	(550)	(436)	416
(Gain)/Loss on foreign currency revaluation of debt.....	60	(171)	494	384	(337)
Income before income taxes excluding valuation adjustments and reclassification.....	<u>\$ 1,386</u>	<u>\$ 1,352</u>	<u>\$ 1,438</u>	<u>\$ 1,080</u>	<u>\$ 1,345</u>