



*NSX*

**Investor Update**  
**January 19, 2016**

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

*These slides contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 of the United States 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 Honda Canada Finance Inc. (“HCFI”) 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.*

## **Accounting standards:**

*Consolidated financial information and HCFI financial information in this presentation are prepared in conformity with U.S. generally accepted accounting principles.*

## **Exchange rates:**

*Throughout this presentation, U.S. dollar amounts described with respect to Honda Motor Co., Ltd. have been translated from Japanese yen solely for the convenience of the reader at the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31 of the relevant year for which such dollar amounts are presented, unless otherwise noted.*

*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.*

*This information is presented as of January 19, 2016 and does not purport to be accurate as of any other date. We undertake no obligation to update this information. This presentation is posted on the American Honda Financial Services website:*

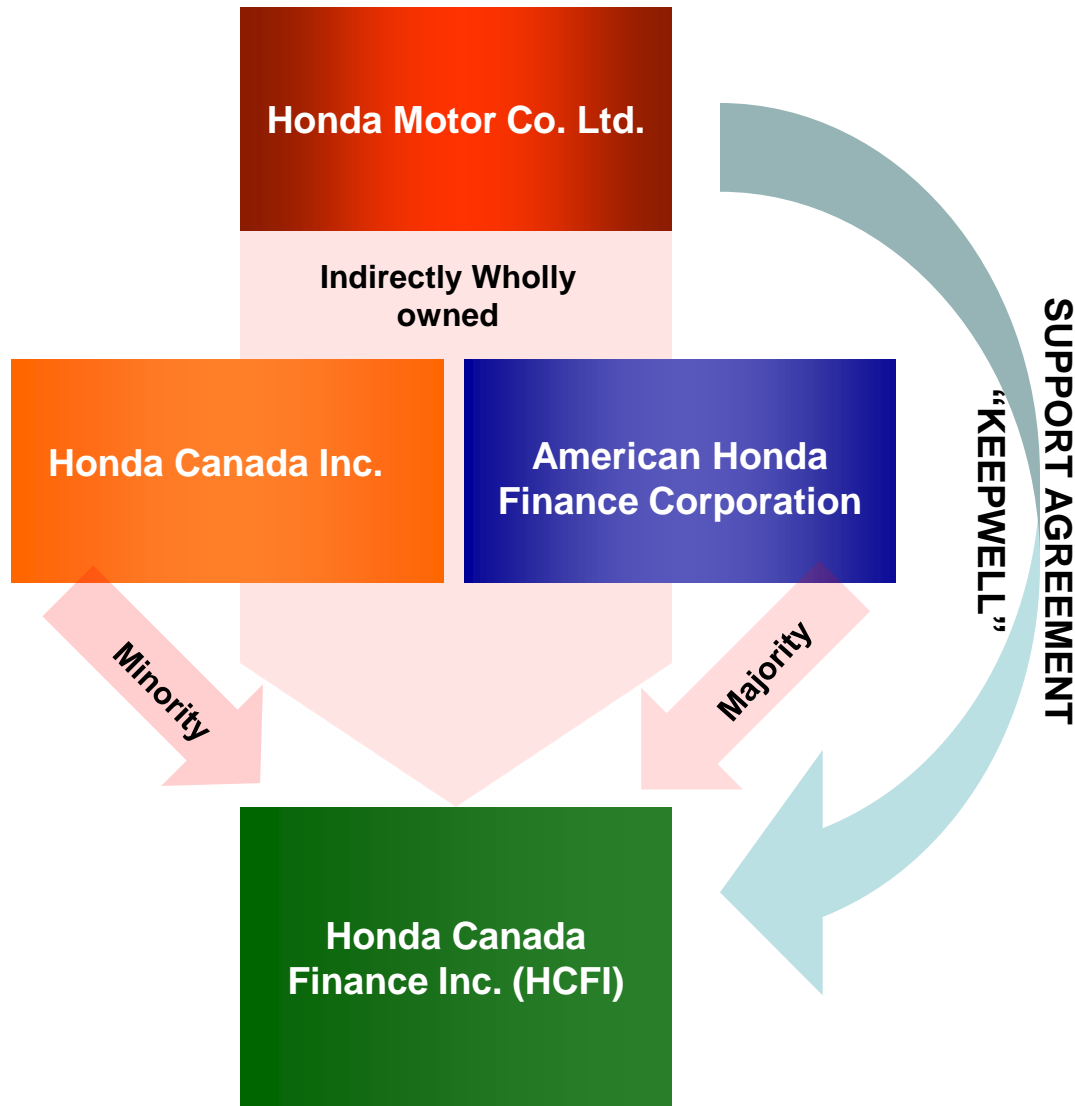
**<http://www.hondafinancialservices.com/investor-relations>**

- *Honda Motor Co., Ltd. (HM)*  
***Corporate Profile***
- *Honda Canada Finance Inc (HCFI)*  
*Honda in Canada*  
*Business Environment*  
*Performance*  
*Funding*

- **Established:** September 24, 1948
- **Headquarters:** Tokyo, Japan
- **Segments of Business:**
  - Motorcycles (from 1948)
  - Power Products (from 1953)
  - Automobiles (from 1963)
- **Regions of Operation:** Japan, North America, Europe, Asia & Other Regions
- **Number of Employees:** 204,730 as of March 31, 2015
- **Market Capitalization:** ¥86 billion as of March 31, 2015

Source: [world.honda.com](http://world.honda.com)

**Rating Information:****Moody's****A1 Stable****S&P****A+ Stable****DBRS****A (High) Stable**



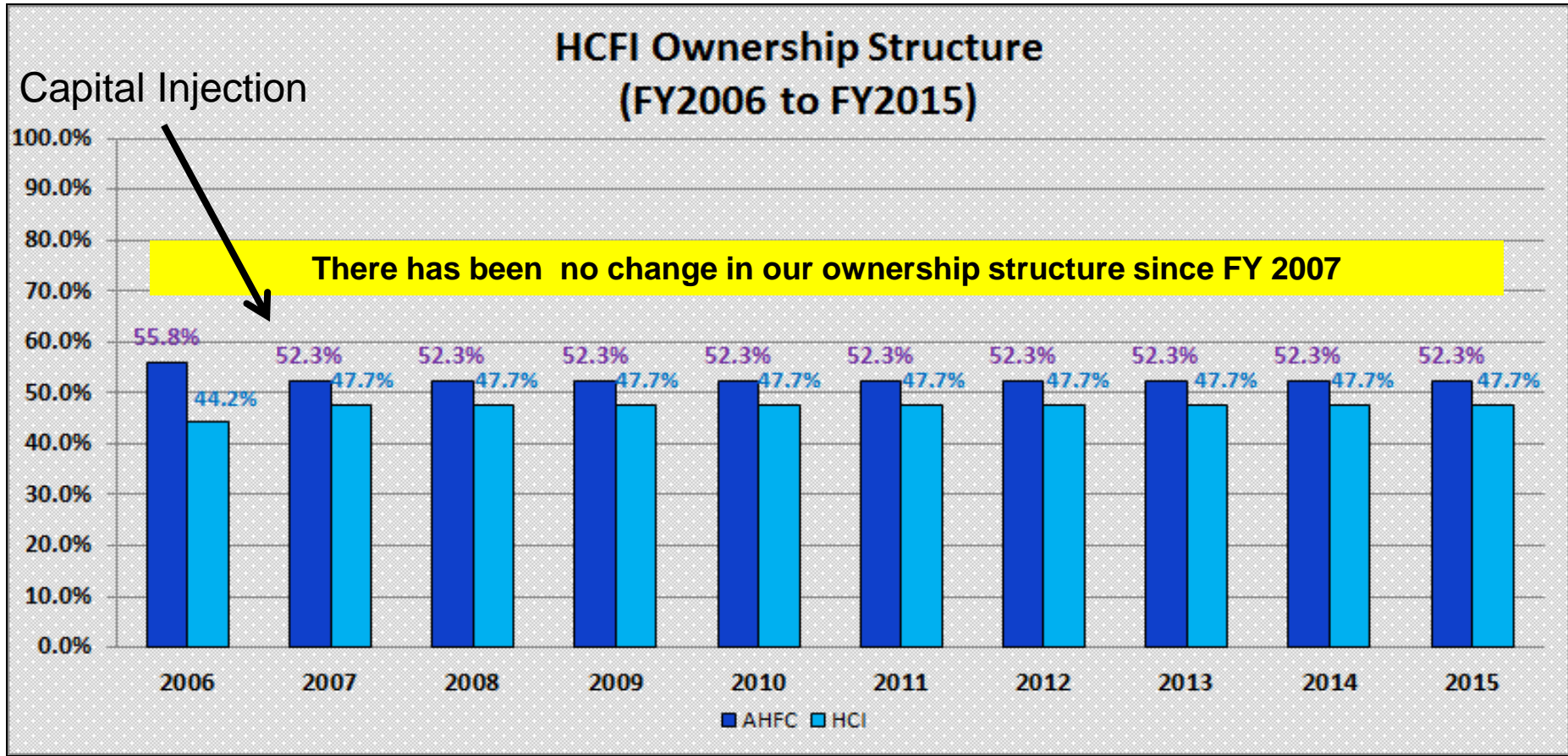
## OWNERSHIP STRUCTURE

- *Honda Motor Co. Ltd is 'the Parent' company of both Honda Canada Inc. and American Honda Finance Corp.*
- *HCFI is jointly owned by AHFC and Honda Canada Inc.*
- *AHFC holds a majority of the equity and HCFI is consolidated with AHFC.*

## HONDA SUPPORT AGREEMENT HIGHLIGHTS

- *Maintain 80% ownership*
- *Ensure HCFI maintains a positive net worth*
- *Cause HCFI to maintain liquidity to meet obligations*

# HCFI OWNERSHIP STRUCTURE



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>% Ownership</b>	<b>82 Ki</b>	<b>83 Ki</b>	<b>84 Ki</b>	<b>85 Ki</b>	<b>86 Ki</b>	<b>87 Ki</b>	<b>88 Ki</b>	<b>89 Ki</b>	<b>90 Ki</b>	<b>91 Ki</b>
AHFC	55.8%	52.3%	52.3%	52.3%	52.3%	52.3%	52.3%	52.3%	52.3%	52.3%
HCI	44.2%	47.7%	47.7%	47.7%	47.7%	47.7%	47.7%	47.7%	47.7%	47.7%

## **Honda Canada Finance Inc.**

*( O/A HFS - Honda Financial Services and AFS - Acura Financial Services)* **is a captive auto finance company incorporated on January 21, 1987 to assist with sales of all types of Honda manufactured products in the Canadian Market.**

The core mandate continues to remain unchanged, but in recent years we have also focused in supporting the Honda Canada's effort in "LOL" customer "Lifetime Owner Loyalty"

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- **Established a Canadian presence:** 1969
- **Canadian Manufacturing Facilities:** In 2016, Honda will be celebrating 30 years of manufacturing in Alliston, Ontario (2 vehicle and 1 engine plant)
- **Production Capacity:** 390,000 vehicles
- **Number of Employees:** 19,000
- **Vehicles Manufactured in Canada:** Honda: CRV, Civic Sedan, Si and Coupe

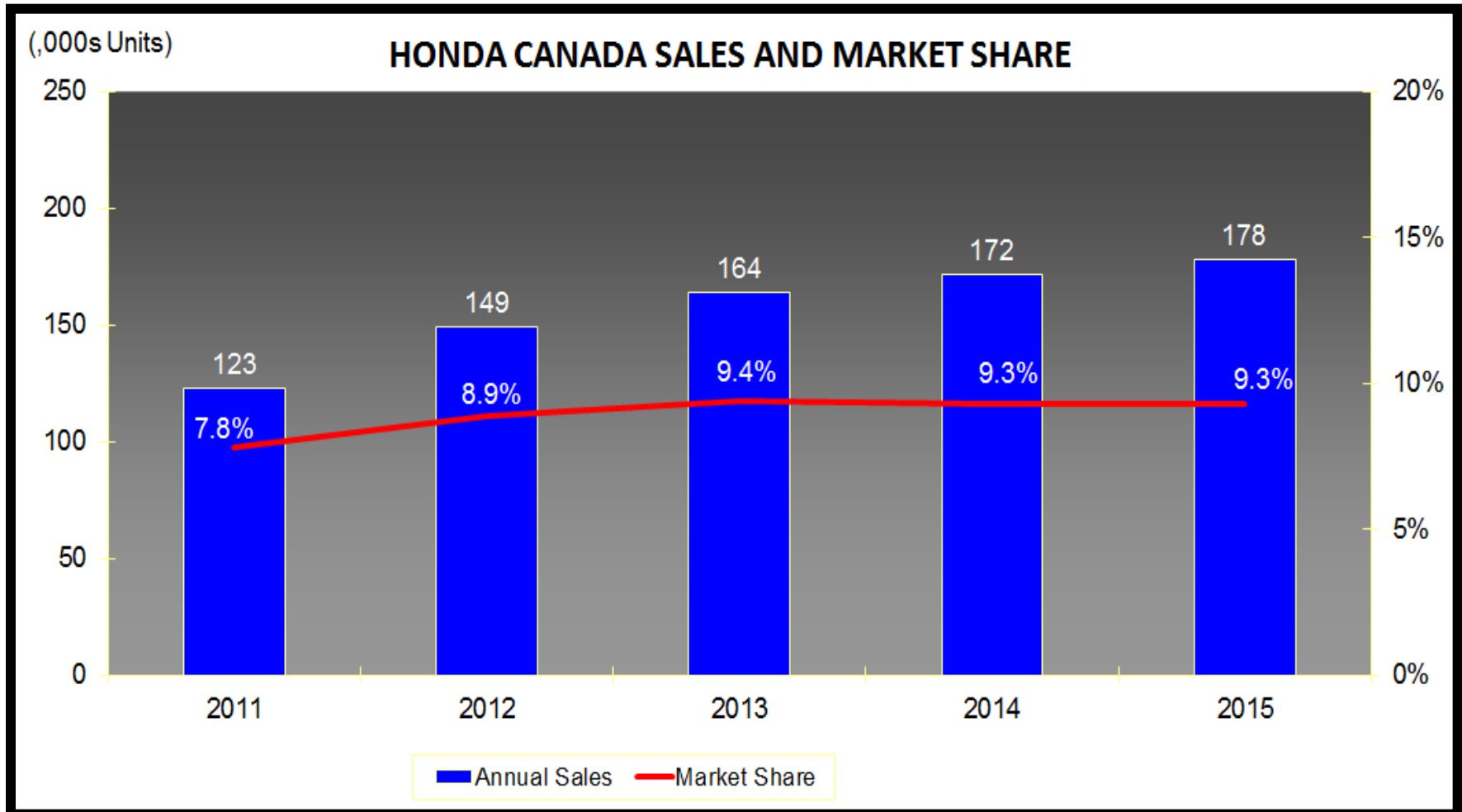


## Canadian Sales Flash December 2015

	December 2015	Market Share	December 2014	Market Share	YTD 2015	Market Share	YTD 2014	Market Share	% Changes
<b>Honda/Acura</b>	<b>11,718</b>	9.1%	<b>13,818</b>	10.5%	<b>177,506</b>	9.3%	<b>172,426</b>	9.3%	<b>2.9%</b>
<b>Acura</b>	<b>1,630</b>	1.3%	<b>1,884</b>	1.4%	<b>21,003</b>	1.1%	<b>19,533</b>	1.1%	<b>7.5%</b>
ILX	267	0.2%	163	0.1%	2,551	0.1%	2,752	0.1%	-7.3%
RLX	7	0.0%	24	0.0%	182	0.0%	243	0.0%	-25.1%
TLX	337	0.3%	488	0.4%	5,075	0.3%	3,497	0.2%	45.1%
<b>Acura Passenger Car</b>	<b>611</b>	0.5%	<b>675</b>	0.5%	<b>7,808</b>	0.4%	<b>6,698</b>	0.4%	<b>16.6%</b>
MDX	552	0.4%	658	0.5%	5,814	0.3%	6,272	0.3%	-7.3%
RDX	467	0.4%	551	0.4%	7,380	0.4%	6,557	0.4%	12.6%
<b>Acura Light Truck</b>	<b>1,019</b>	0.8%	<b>1,209</b>	0.9%	<b>13,195</b>	0.7%	<b>12,835</b>	0.7%	<b>2.8%</b>
<b>Honda</b>	<b>10,088</b>	7.8%	<b>11,934</b>	9.1%	<b>156,503</b>	8.2%	<b>152,893</b>	8.3%	<b>2.4%</b>
Accord	1,035	0.8%	1,031	0.8%	14,465	0.8%	16,962	0.9%	-14.7%
Civic	3,987	3.1%	4,031	3.1%	64,950	3.4%	66,057	3.6%	-1.7%
Fit	455	0.4%	898	0.7%	9,088	0.5%	11,732	0.6%	-22.5%
<b>Honda Passenger Car</b>	<b>5,477</b>	4.2%	<b>5,966</b>	4.5%	<b>88,558</b>	4.7%	<b>94,851</b>	5.1%	<b>-6.6%</b>
CR-V	2,478	1.9%	4,603	3.5%	38,961	2.1%	37,684	2.0%	3.4%
HR-V	779	0.6%	0	0.0%	8,959	0.5%	0	0.0%	0.0%
Odyssey	611	0.5%	744	0.6%	11,272	0.6%	11,480	0.6%	-1.8%
Pilot	742	0.6%	413	0.3%	8,230	0.4%	6,113	0.3%	34.6%
Ridgeline	1	0.0%	114	0.1%	229	0.0%	1,803	0.1%	-87.3%
<b>Honda Light Truck</b>	<b>4,611</b>	3.6%	<b>5,968</b>	4.5%	<b>67,945</b>	3.6%	<b>58,042</b>	3.1%	<b>17.1%</b>
<b>Totals - Canadian Vehicle Market:</b>									
<b>Total Passenger Car</b>	<b>40,819</b>	31.7%	<b>48,002</b>	36.5%	<b>715,719</b>	37.7%	<b>763,792</b>	41.3%	<b>-6.3%</b>
<b>Total Light Truck</b>	<b>88,055</b>	68.3%	<b>83,391</b>	63.5%	<b>1,182,766</b>	62.3%	<b>1,085,812</b>	58.7%	<b>8.9%</b>
<b>Total Light Vehicle Sales</b>	<b>128,874</b>	100.0%	<b>131,393</b>	100.0%	<b>1,898,485</b>	100.0%	<b>1,849,604</b>	100.0%	<b>2.6%</b>

In 2015, Honda Canada sales reached a record of over 177,500 units with the sales growth matching the overall Canadian Auto market

# Honda Canada – Market Share & Annual Sales



**Market share stable at ~ 9.3% (over the past 3 years) with Honda sales climbing steadily following the Japanese Great Earthquake/Tsunami**

## Consumer Finance & Leasing

### **Type**

### **Terms**

#### **Loans**

Automobiles New	24 – 84 Months
Automobiles Used	24 – 72 Months
*Motorcycles	24 – 60 Months
ATV, Marine & Power Equipment	24 – 60 Months

#### **Leases**

### **Terms**

Automobiles	24 to 60 months
**Motorcycles (high end)	24 to 48 months

\* Up to 72 months term for High-end MC

\*\* Dealer buy back at Residual Value

## Dealer Finance

### **Type**

Floor Plan Financing  
Construction Loans  
Commercial Mortgages  
Equipment Finance

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## ***Auto Sales Environment***

- New auto sales are at record levels
- Used car prices are strong
- Average age of a car in Canada is over 9.5 years old (DesRosiers)

## ***Auto Financing Environment***

- Leasing and customer retention key competitive advantages for Honda and Acura
- Cost of funds are at very low levels
- Monetary policy remains accommodative



## ***Residual Loss Environment***

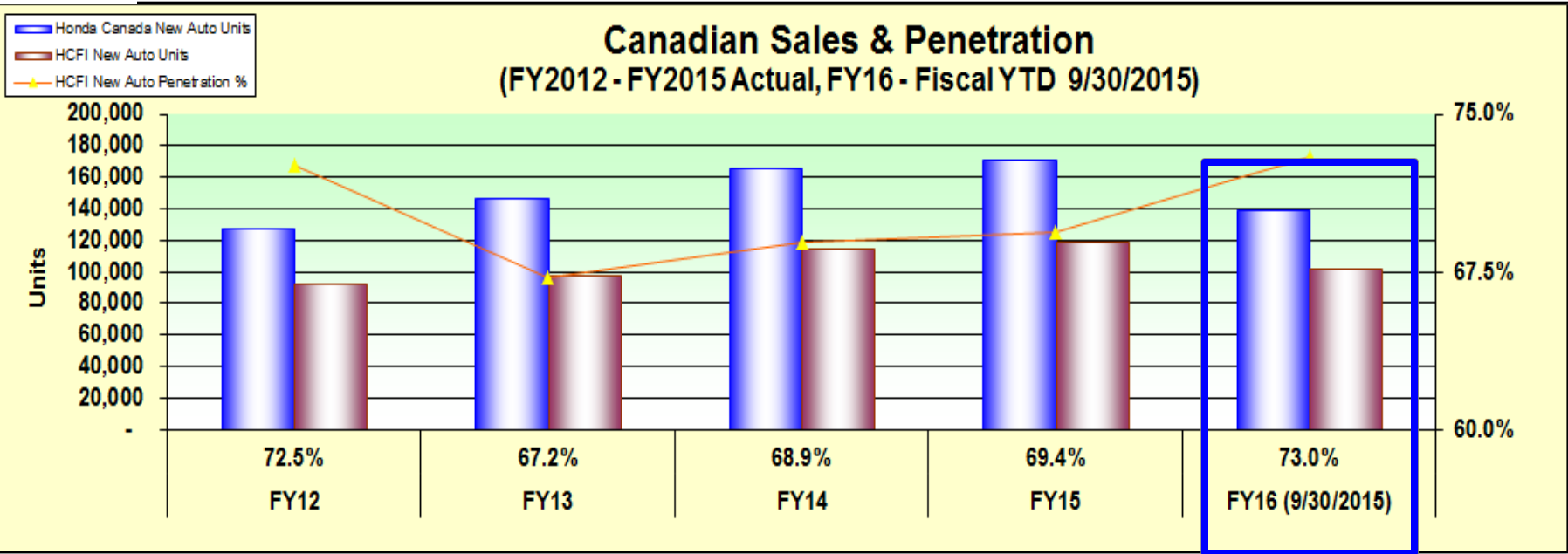
- Residual loss has declined due to the strong used car market with Honda and Acura holding #2 in ALG ranking



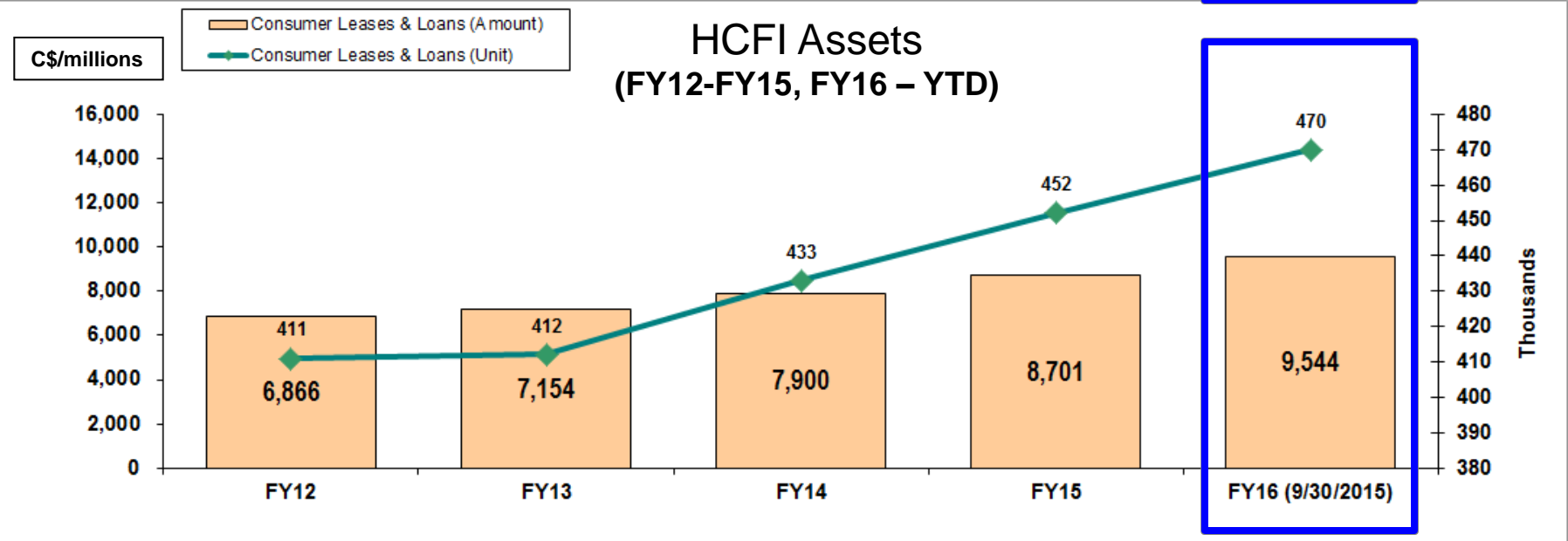
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# HCFI Penetration of Canadian Sales

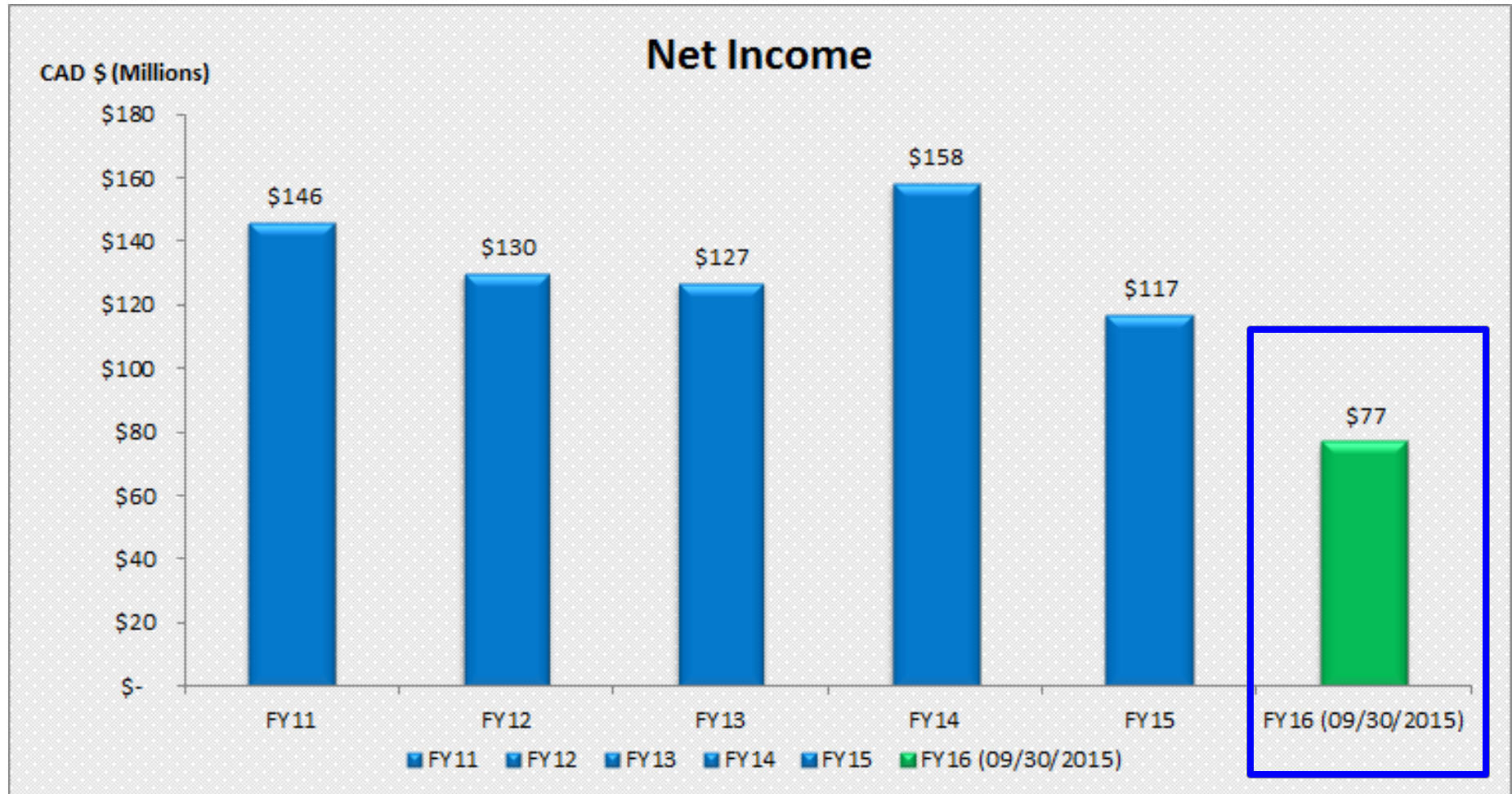
## Canadian Sales & Penetration (FY2012 - FY2015 Actual, FY16 - Fiscal YTD 9/30/2015)



## HCFI Assets (FY12-FY15, FY16 - YTD)







Net income is based upon US GAAP

## HCFI Performance Data

### CFS Portfolio

	Mar-12	Mar-13	Mar-14	Mar-15	Sep-15
Delinquency 60+	0.07%	0.06%	0.08%	0.11%	0.14%
Net Charge-Offs	0.20%	0.19%	0.17%	0.16%	0.23%
Allowance for Credit Loss	0.23%	0.20%	0.17%	0.17%	0.17%

#### Notes:

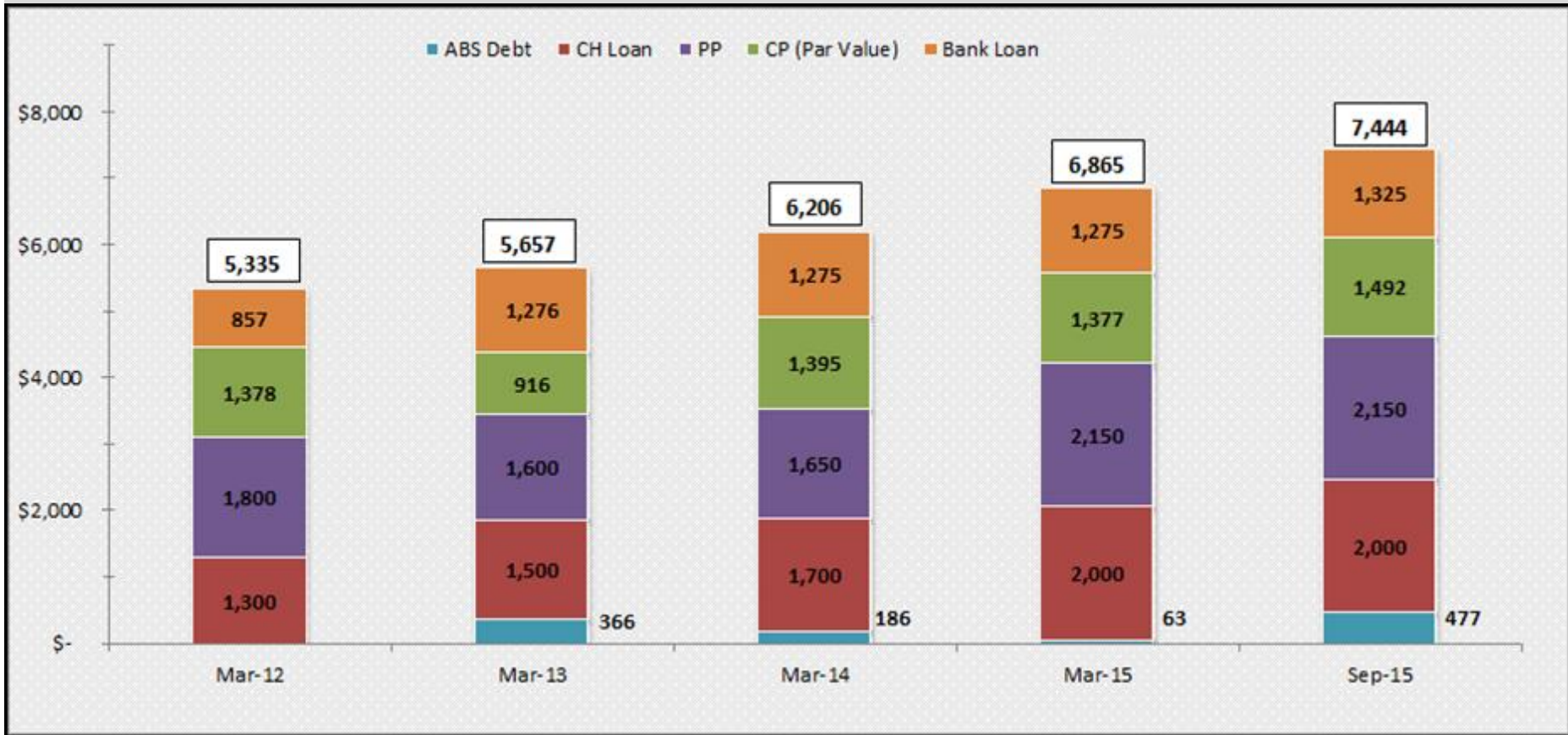
- (1) Percentage based on ending receivable balances for respective periods
- (2) Ending Receivable balance exclude allowance for credit losses
- (3) Delinquency are accounts that are 60 days or more past due
- (4) September 2015 charge off is annualized
- (5) Reported on IFRS Basis

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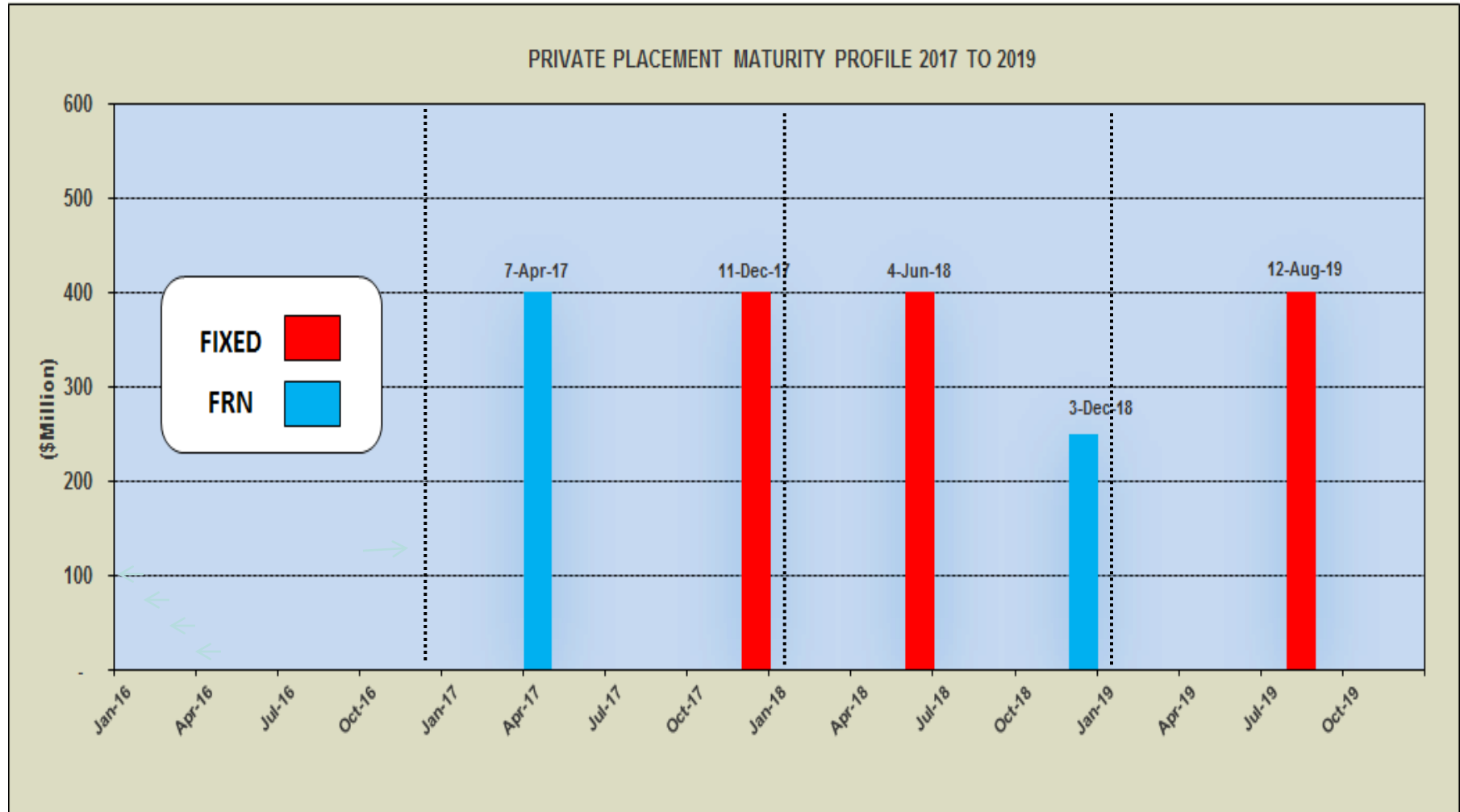
- \$2.0 Billion Commercial Paper Program
- \$1.6 Billion Syndicated Credit Facility
- Private Placement Term Debt Program
- Securitization
- Inter-Company Loans (Term < 120 days)
- Bank Loans

# HCFI Debt Outstanding

HCFI Debt Profile  
FY2012 – FY2015 Actual, FY2016 YTD 09/30/2015



# Private Placement Program

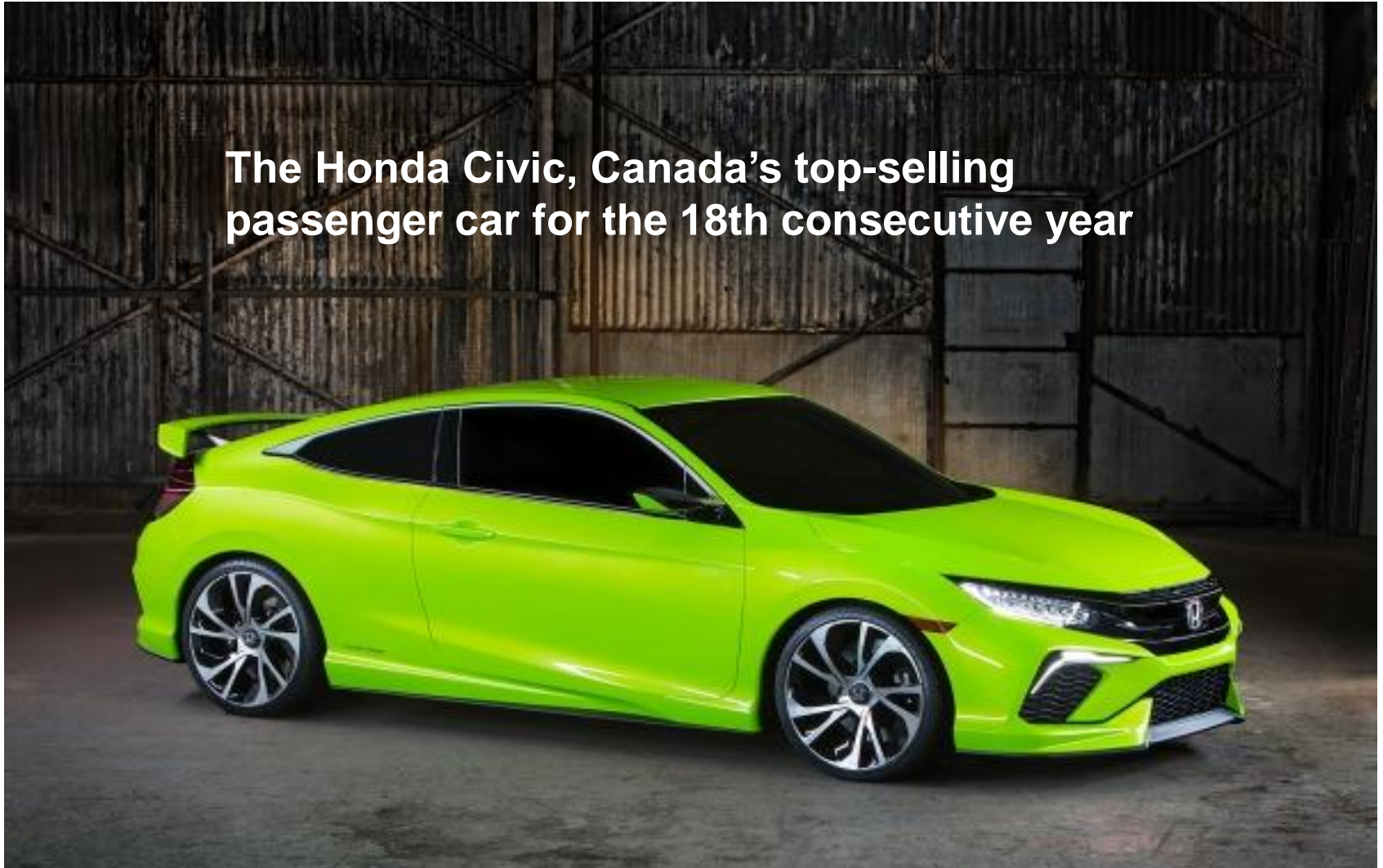


Current Outstandings: \$1.85 Billion

## ***Provide stability to support Honda/Acura sales***

- *Continue to access domestic market and bank loans*
- *Strengthen our investor relationships*
- *Conservative approach to markets*
- *Maintain prudent maturity profile*
- *Maintain Canadian Credit Curve*

**The Honda Civic, Canada's top-selling  
passenger car for the 18th consecutive year**





# QUESTIONS?



*2016 Honda Ridgeline*