



ACURA NSX

*Investor Presentation  
August 2015*

## **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:**

*Our consolidated financial information is prepared in conformity with U.S. generally accepted accounting principles.*

*This information is presented as of August 2015 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.*

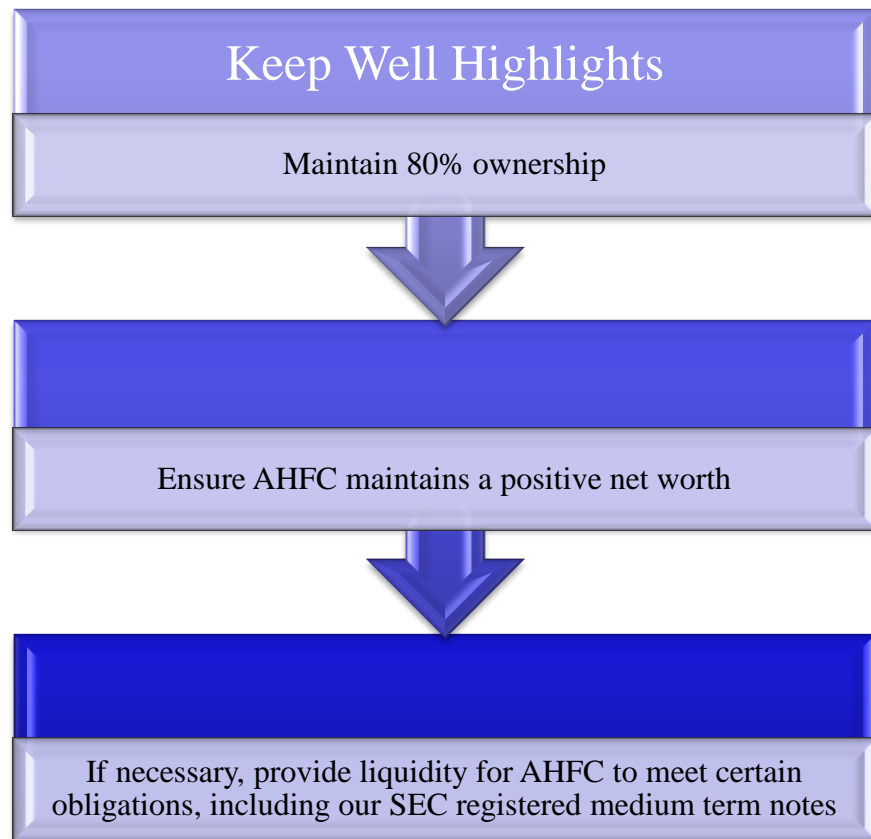
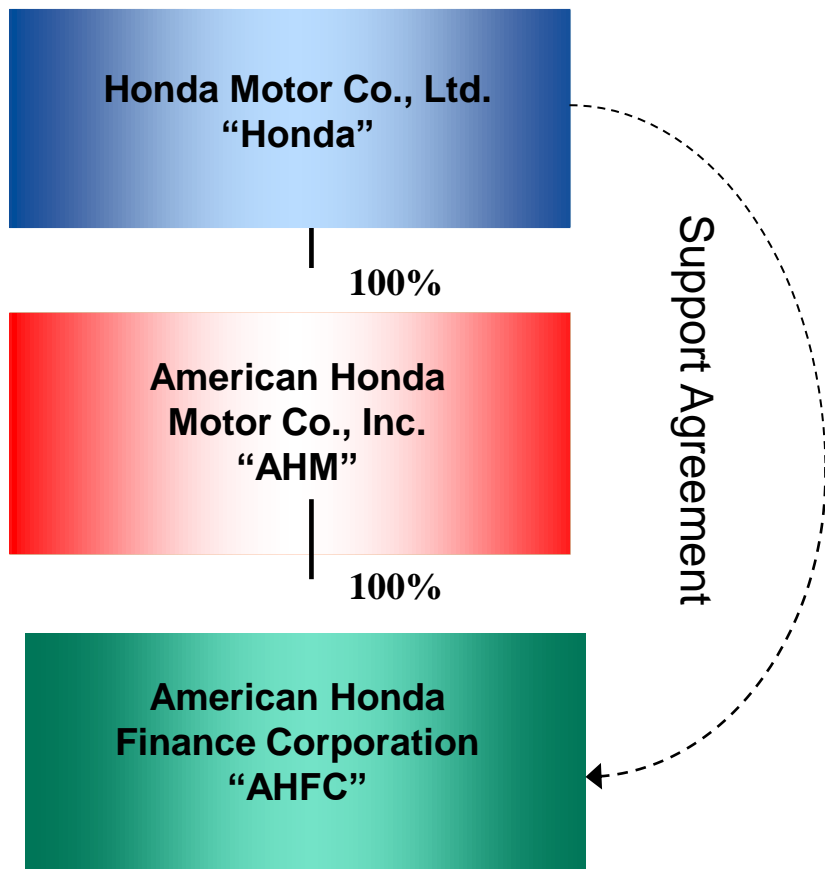
## **Foreign Currency Translation:**

*The financial data in these slides is presented on a consolidated basis unless otherwise noted. Upon consolidation, the assets and liabilities of Honda Canada Finance Inc. (HCFI), a majority-owned subsidiary of AHFC, 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** *A1 Stable*  
**S&P** *A+ Stable*

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





Financial  
Services



Financial  
Services

Incentive programs have increased our lease portfolio

Underwriting standards remain consistent

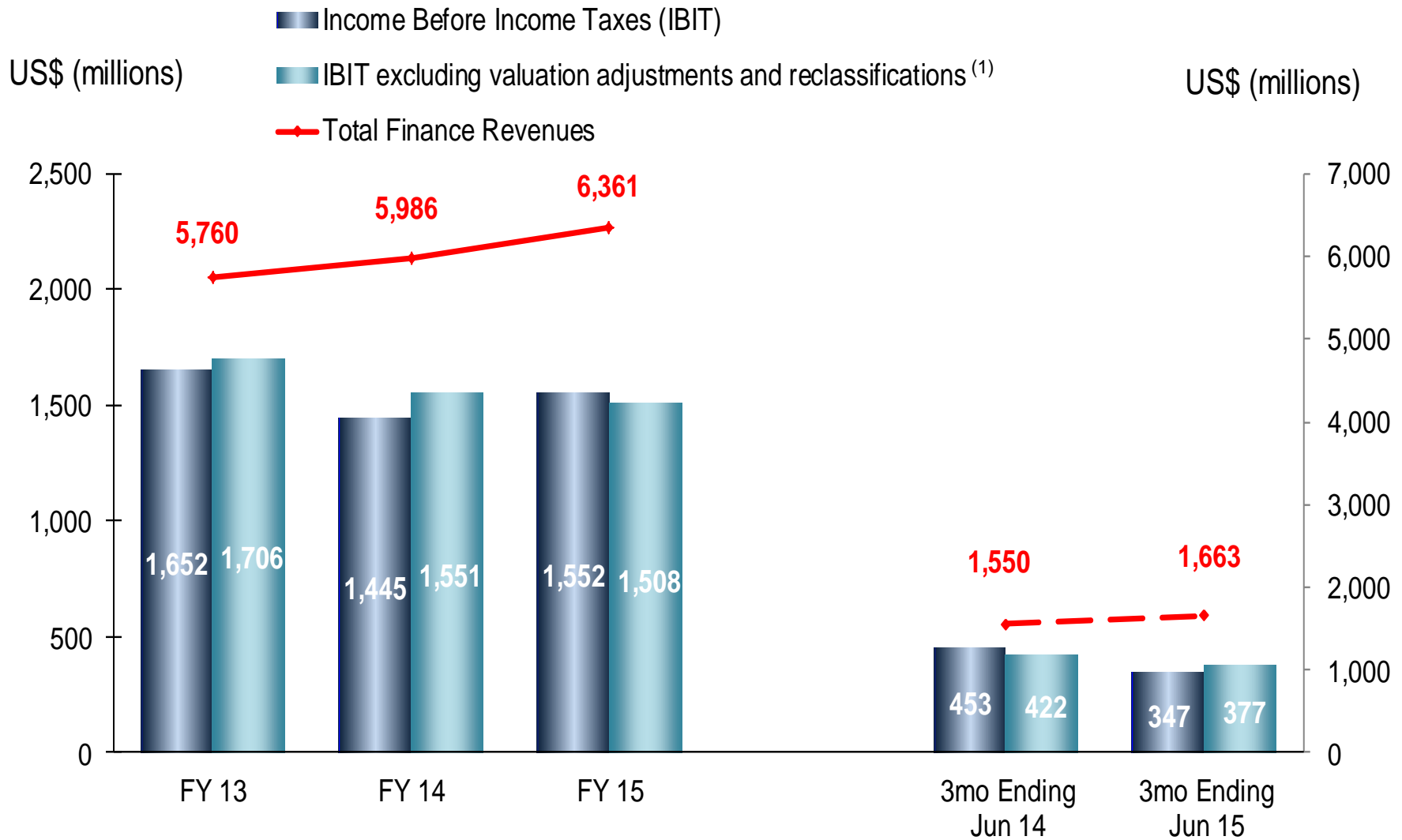
Low charge-offs continue

Strong residual values continue

Strong ratings

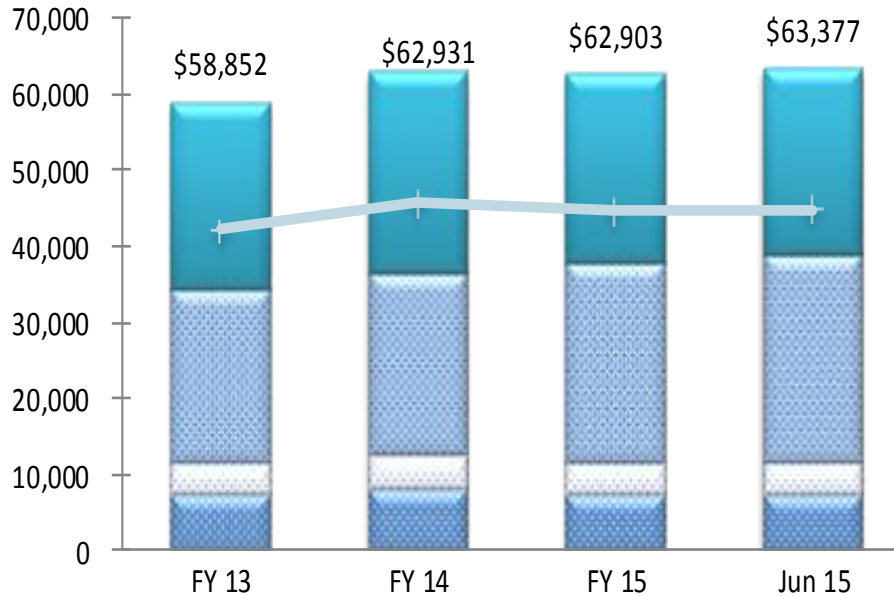
Established a SEC registered MTN program (2013)






# Net Income



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

US\$ (millions)



 Retail	\$24,356	\$26,430	\$25,054	\$24,562
 Lease	\$22,706	\$23,952	\$26,239	\$27,134
 Dealer	\$4,208	\$4,372	\$4,256	\$4,366
 Securitized Assets	\$7,582	\$8,177	\$7,354	\$7,315
 Debt	\$42,149	\$45,634	\$44,689	\$44,781

As of June 30, 2015:

Retail Loans are approx. 50% of outstanding receivables (including ABS assets)

Leases are 43% of outstanding receivables

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

Dealer Loans

Flooring 30% of the Honda/Acura Auto dealers

Flooring 97% of the Honda/Acura Motorcycle dealers

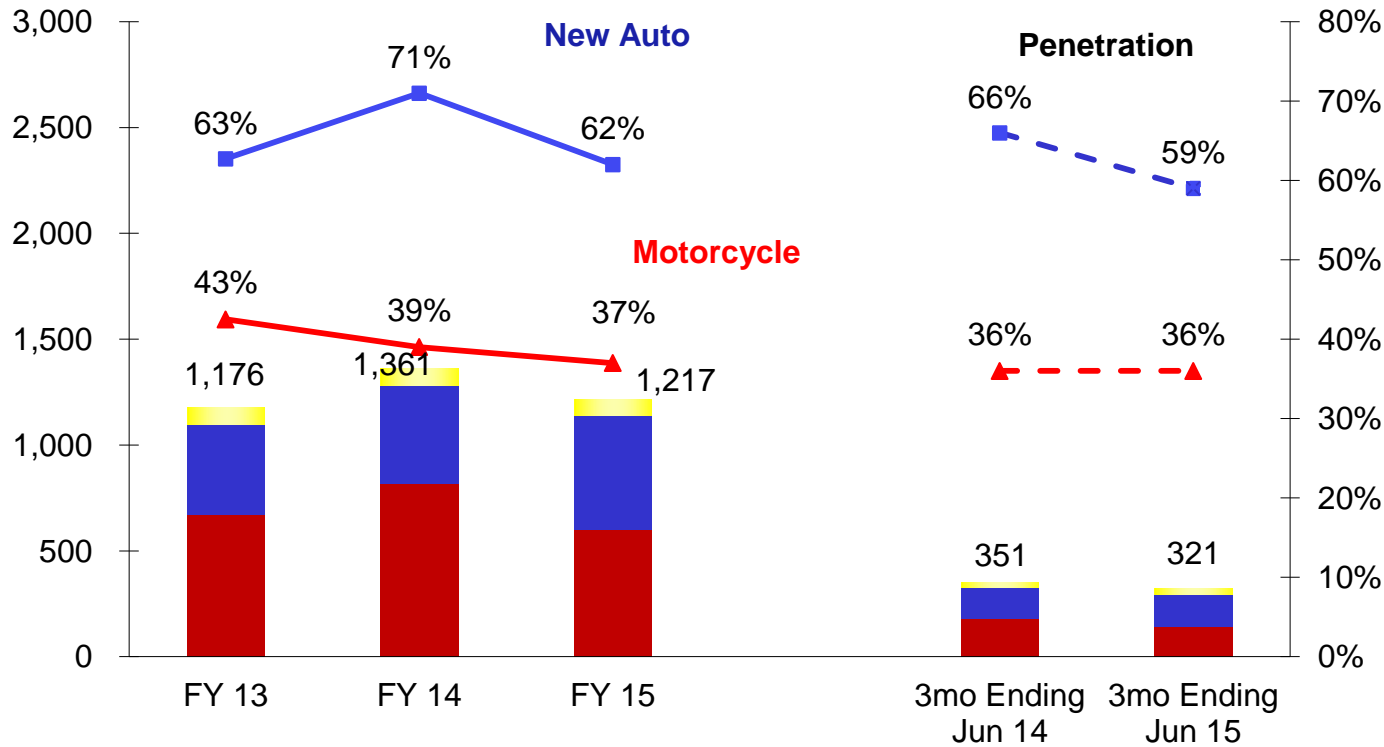
Securitized Assets are Retail Loan receivables

Lease includes both direct finance leases and operating leases.

Retail excludes securitized assets

# Consumer Finance Business

Unit (thousands)



Penetration  
FY 14 shows higher new auto penetration as a result of higher incentive programs sponsored by our parent, American Honda Motor Co., Inc. and our affiliate Honda Canada Inc.

## Originations

■ Retail Auto      ■ Lease Auto      ■ Other

Outstanding    3,491      3,660      3,749      3,713      3,749



AHFC's underwriting standards are reflected in our low charge-off and delinquency numbers.

	<u>Fiscal Year ended March 31,</u>			<u>3 mo. ended</u>	
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Jun 14</u>	<u>Jun 15</u>
Delinquency (60 or more days) <sup>(1),(3)</sup>	0.10%	0.10%	0.10%	0.13%	0.15%
Allowance for Credit Losses <sup>(1),(3)</sup>	0.23%	0.24%	0.22%	0.23%	0.25%
Charge-Offs (Net of Recoveries) <sup>(2),(3),(4)</sup>	0.28%	0.27%	0.26%	0.18%	0.21%

(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 for the 3 months ended June 30, 2014 and 2015 have been annualized

- *Strong liquidity including committed credit facilities and investment reserves*
- *Access to various unsecured domestic and international markets*
- *Benchmark program in the ABS markets*
- *Deep and solid relationships with our investor community*
- *Continuously developing new investor relationships*

# SEC-registered Debt Program

Sept. 5 ,2013  
Shelf Registration  
(S-3)

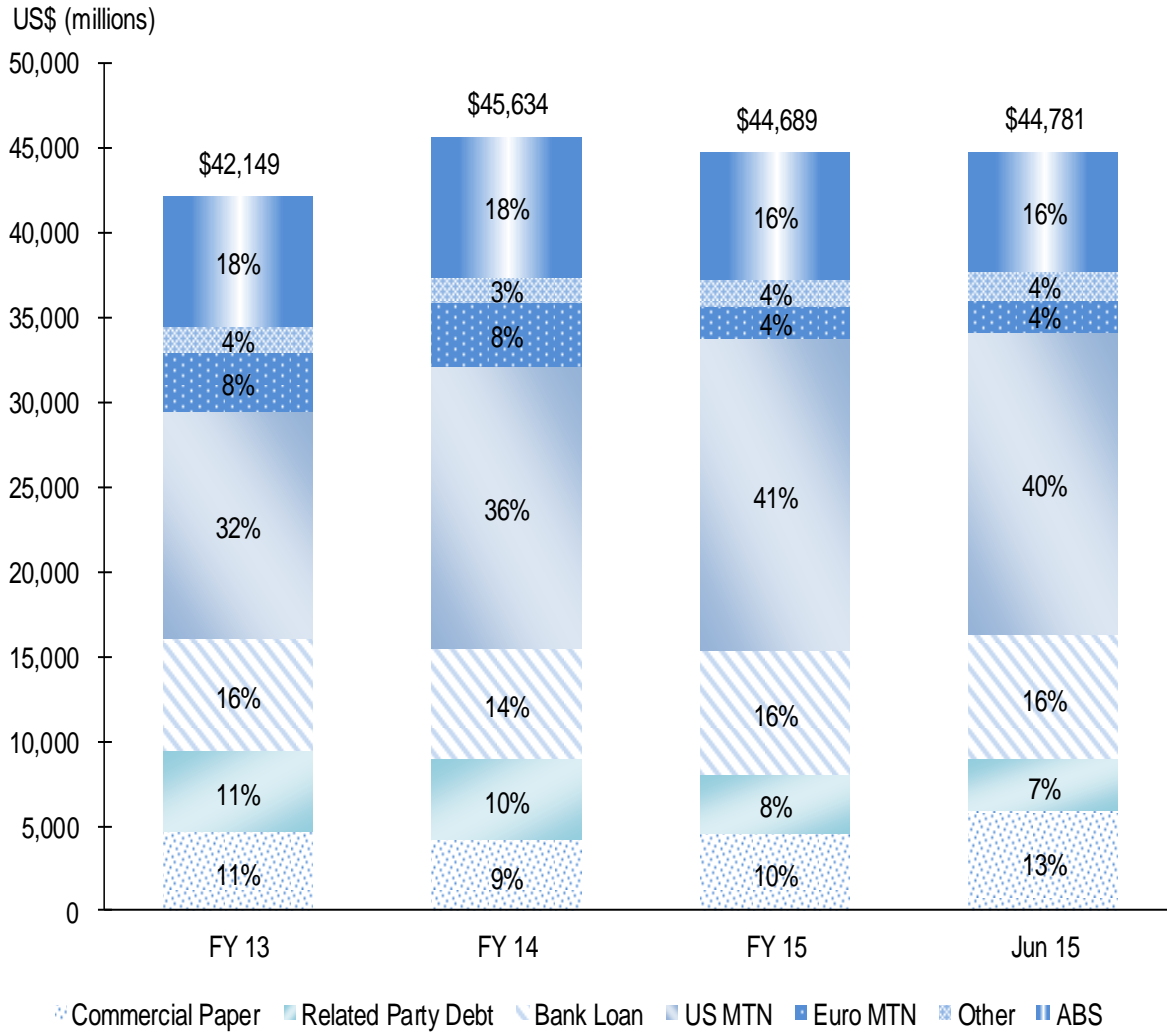
Sept. 25, 2013  
MTN Program  
Active

Oct. 3, 2013  
Inaugural  
Transaction

## Benefits of this program

- Greater transparency to the investor community
- Quarterly & Annual reporting (10-Q's; 10-K's)
- 8-K filings for material events
- Notes may be NYSE listed

# Funding Flexibility

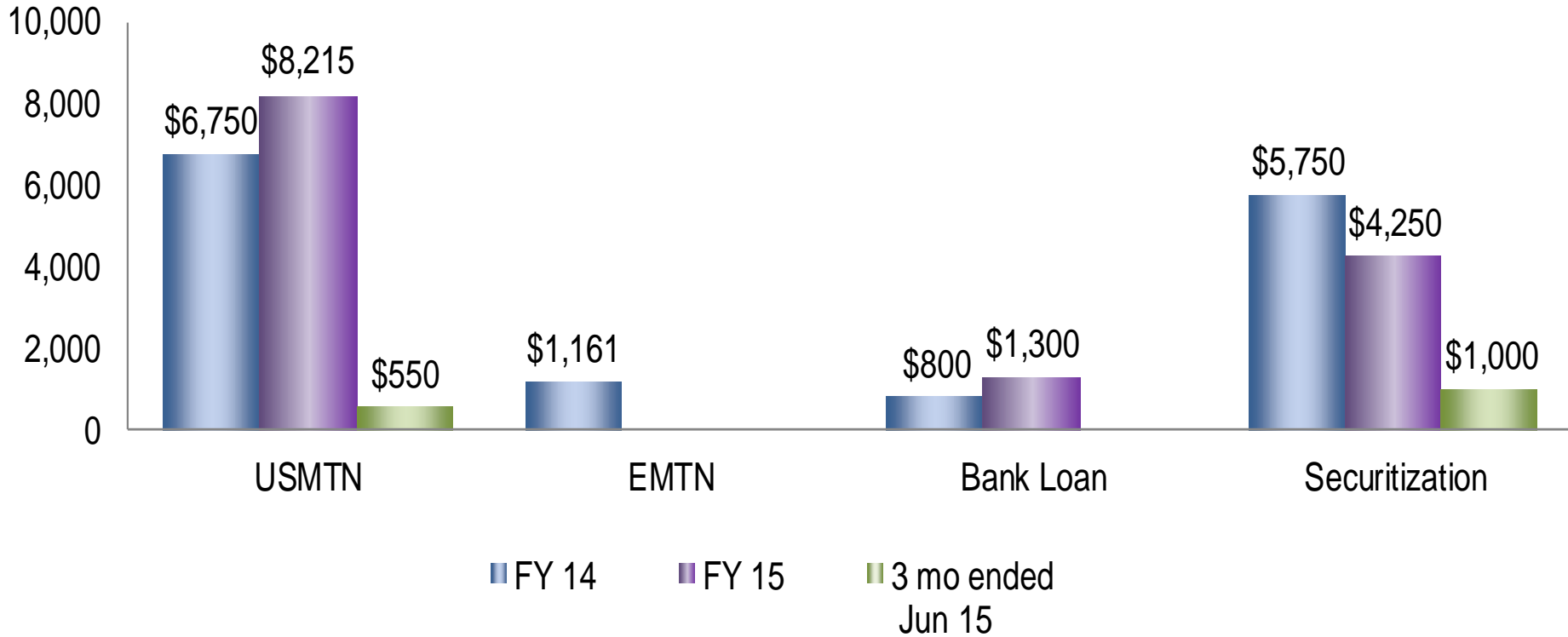


## Diversified AHFC Funding Programs

- Commercial Paper Program  
US \$7 billion, CAD \$2 billion (HCFI)  
(supported by US \$7 billion and CAD \$1.6 billion (HCFI) Bank Credit Facilities)
- Related Party Debt
- Bank Loans
- US \$16 billion Shelf USMTN Public Program
- US \$25 billion USMTN Private 144a Program (Inactive)
- US \$11 billion EMTN Program (Inactive)
- Private Placement Issuance (HCFI)
- Public & Private Securitization (AHFC & HCFI)

# FY Debt Issuance

(US Operations Only)

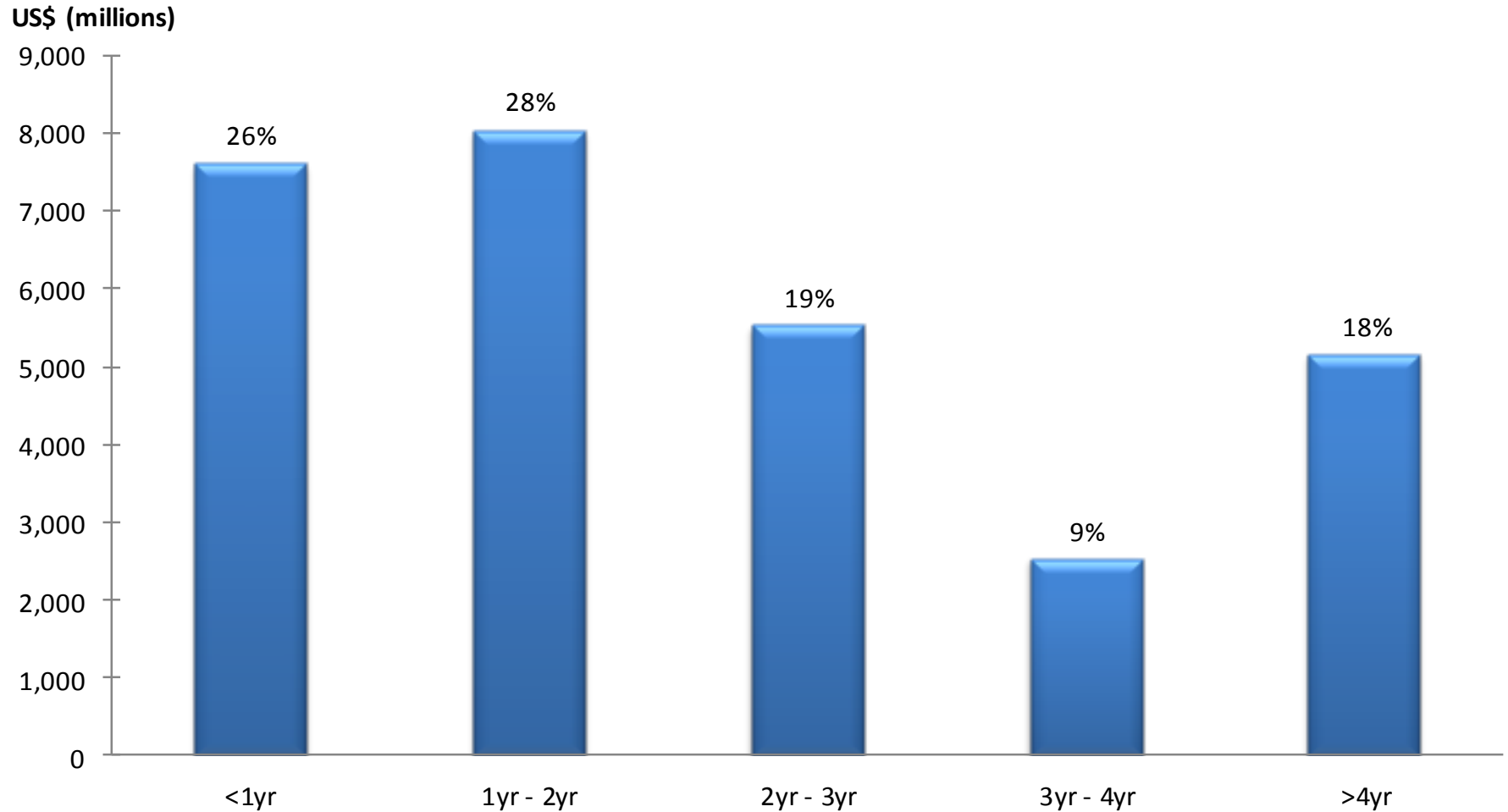


FY 2014 USMTN included issuance off 144A program  
 FY 2015 USMTN was all SEC registered

Excludes Commercial Paper and Related Party Debt

# Unsecured Term Debt Maturity Profile

As of June 2015



Excludes Commercial Paper and Related Party Debt  
Does not include unamortized discounts and fees  
Foreign debt based on exchange rates as of June 30, 2015

**HONDA**  
The Power of Dreams

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:

	US\$ (Millions)				
	Fiscal Years ended March 31,			3 mo. ended June 30,	
	2013	2014	2015	2014	2015
Net Income.....	\$ 1,002	\$ 956	\$ 992	\$ 294	\$ 227
Add:					
Income tax expense.....	650	489	560	159	120
Realized (gains)/losses on derivatives and foreign currency denominated	99	20	(17)	(1)	(9)
(Gain)/Loss on derivative instruments ....	143	(25)	326	(18)	15
(Gain)/Loss on foreign currency revaluation of	(188)	111	(353)	(12)	24
Income before income taxes excluding valuation adjustments and reclassification.....	<u>\$ 1,706</u>	<u>\$ 1,551</u>	<u>\$ 1,508</u>	<u>\$ 422</u>	<u>\$ 377</u>