



***2018 Acura TLX***

*Investor Presentation  
May 2018*

## **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 May 17, 2018 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.*

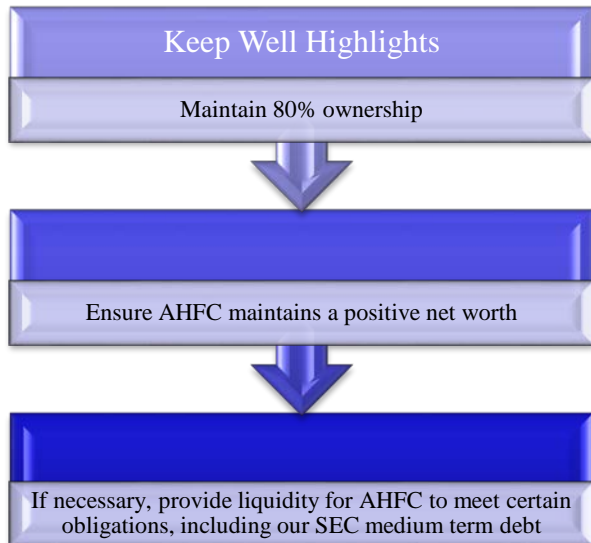
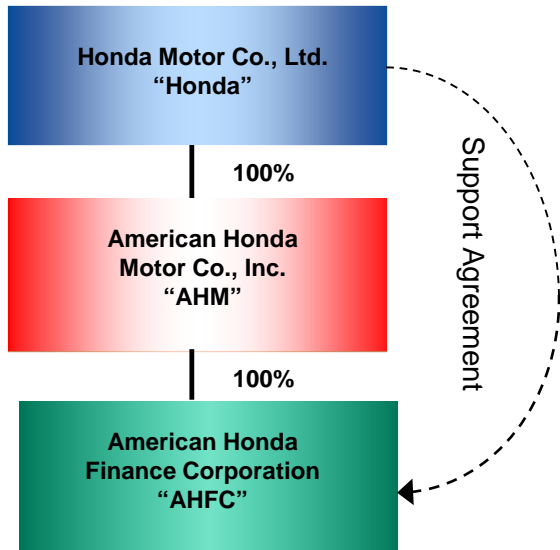
## **Foreign Currency Translation:**

*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+ Negative*

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





Financial  
Services



Financial  
Services

# AHFC Operations in US



8 Regional Auto offices  
1 National Motorcycle  
office

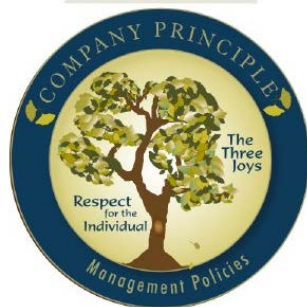


Approximately  
3.4 million  
customers  
(@12/31/17)

HQ located in  
Torrance, CA



HONDA  
PHILOSOPHY

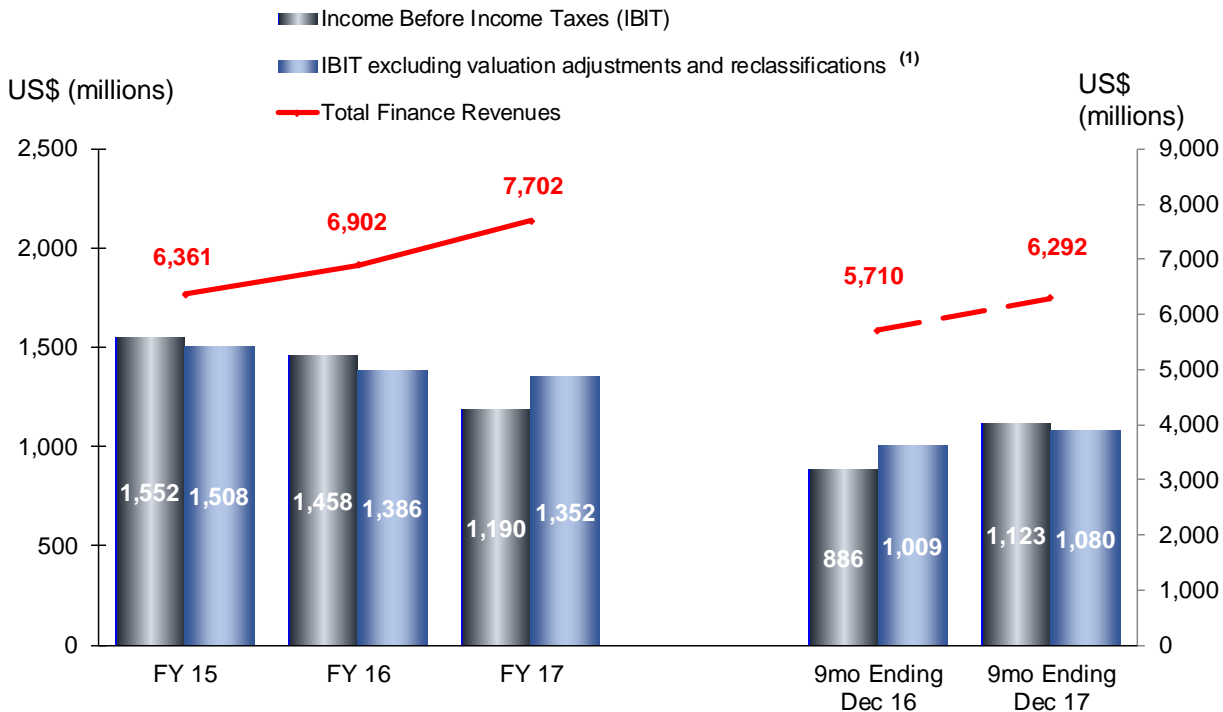


1,477  
Employees  
(@ 3/31/18)



Service Center in Irving TX

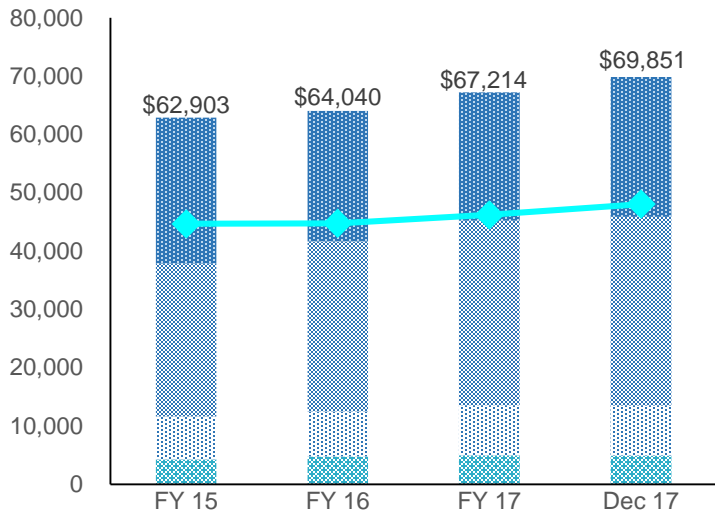
# AHFC Net Income



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

# AHFC Portfolio Mix

US\$ (millions)



As of Dec 31, 2017:

Retail Loans:  
includes ABS assets, approx. 47% of outstanding receivables

Leases:  
approx. 46% of outstanding receivables

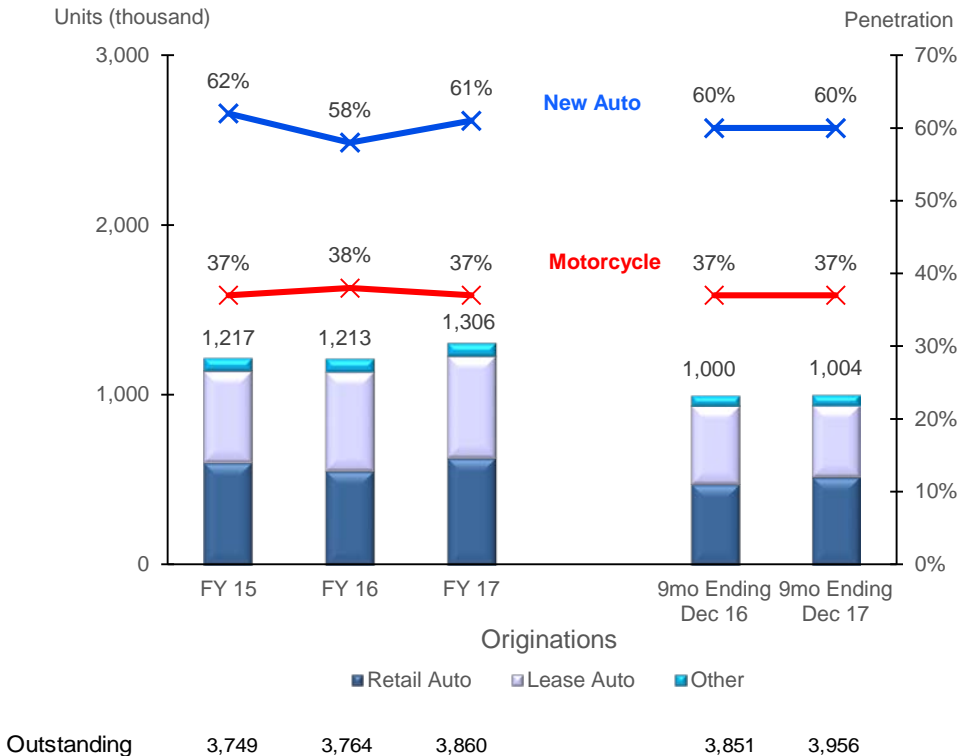
Securitized Assets:  
are Retail Loans. We do not currently securitize other asset classes

Dealer Loans:  
Flooring 28% % of the Honda/Acura Auto dealers  
Flooring 97% % of the Honda/Acura Motorcycle dealers

Retail	\$25,054	\$22,381	\$22,011	\$23,980
Lease	\$26,239	\$29,182	\$31,685	\$32,409
Securitized Assets	\$7,354	\$7,706	\$8,512	\$8,534
Dealer	\$4,256	\$4,771	\$5,006	\$4,928
Debt	\$44,689	\$44,776	\$46,227	\$48,065

Lease includes both direct finance leases and operating leases.  
Retail excludes securitized assets

# AHFC CFS Originations, Penetration & Outstanding





# AHFC Performance Data

- Focus on prime customers
- Loan maturity up to 72 payments

	<u>Fiscal Year Ending</u>			<u>9 mo Ending</u>	
	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>Dec 16</u>	<u>Dec 17</u>
Delinquency (60 or more days) <sup>(1),(3)</sup>	0.10%	0.15%	0.13%	0.24%	0.27%
Allowance for Credit Losses <sup>(1),(3)</sup>	0.22%	0.26%	0.36%	0.35%	0.46%
Charge-Offs (Net of Recoveries) <sup>(2),(3),(4)</sup>	0.26%	0.33%	0.41%	0.39%	0.42%

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

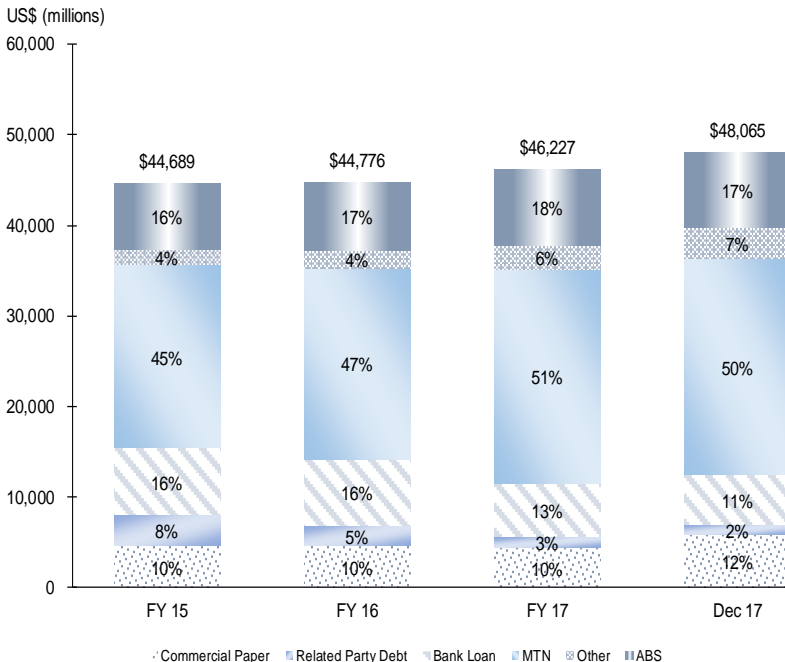
(2) Percentages based on average receivable balances for respective periods.

(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 Decemeber 31, 2015 and 2016 have been annualized

- *Strong liquidity including committed credit facilities, investment reserves and commercial paper capacity*
- *Expanding our 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*

# AHFC Funding Flexibility



## Diversified AHFC Funding Programs

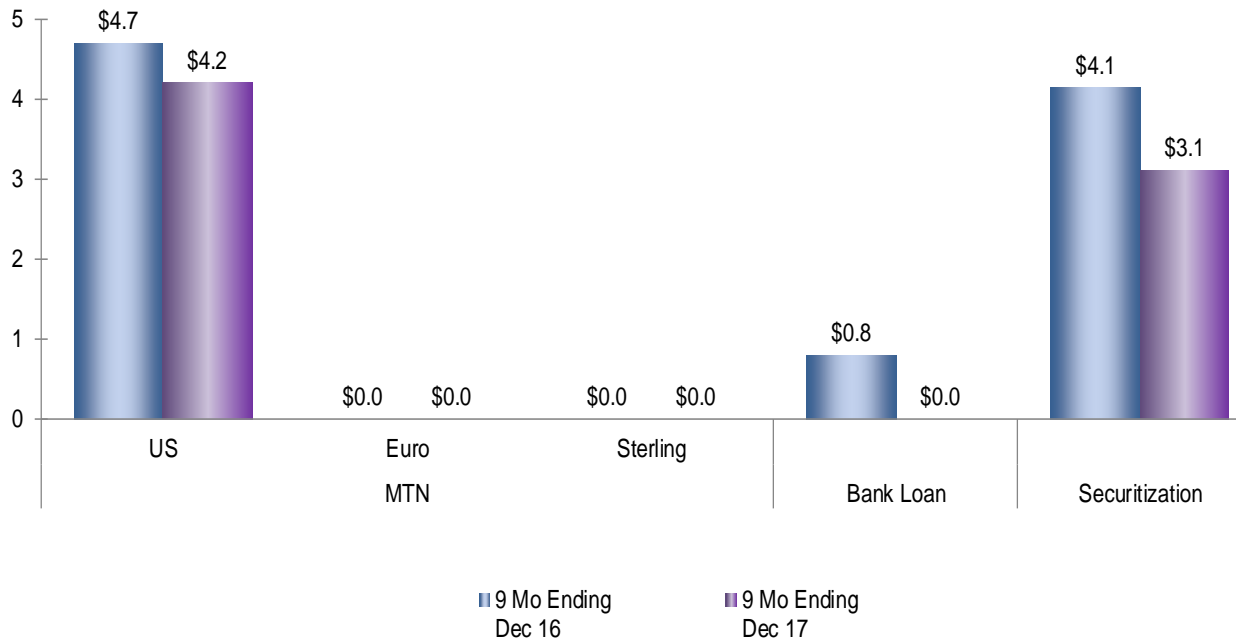
- Commercial Paper Program  
US \$7 billion, CAD \$2 billion (HCFI)  
(supported by US \$7 billion and CAD \$1.6 billion (HCFI) Bank Credit Facilities)
- Related Party Debt
- Bank Loans
- US \$30billion Shelf MTN Public Program
- US \$25 billion USMTN Private 144a Program (Inactive)
- US \$11 billion EMTN Program (Inactive)
- Private Placement Issuance (HCFI)
- Public & Private Securitization (AHFC & HCFI)

MTN includes outstanding debt from Public, 144a and EMTN programs

# FYTD Debt Issuance

US\$ (billions)

(US Operations Only)

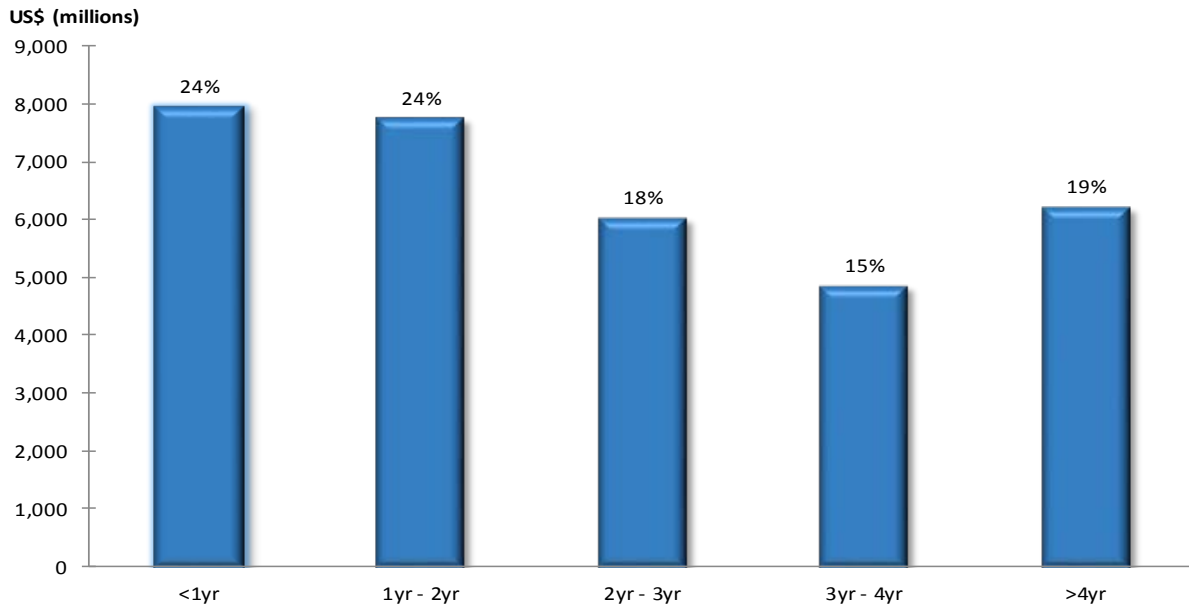


Excludes Commercial Paper and Related Party Debt

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

# Unsecured Term Debt Maturity Profile

As of December 2017



Excludes Commercial Paper and Related Party Debt  
Does not include unamortized discounts and fees  
Foreign debt based on exchange rates as of December 31, 2016

**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,			9 Mo. Ended	
	2015	2016	2017	Dec 16	Dec 17
Net income.....	\$ 992	\$ 910	\$ 753	\$ 552	\$3,840
Add:					
Income tax expense.....	560	548	437	334	(2,717)
Realized (gains)/losses on derivatives and foreign currency denominated debt.....	(17)	(31)	18	10	9
(Gain)/Loss on derivative instruments ....	326	(101)	315	337	(436)
(Gain)/Loss on foreign currency revaluation of debt.....	<u>(353)</u>	<u>60</u>	<u>(171)</u>	<u>(224)</u>	<u>384</u>
Income before income taxes excluding valuation adjustments and reclassification.....	<u>\$1,508</u>	<u>\$1,386</u>	<u>\$1,352</u>	<u>\$1,009</u>	<u>\$1,080</u>