

Q&A at Investor Meeting

Financial Results for the Three Months Ended June 2016

Presentation Date: August 2, 2016 (Tuesday) 18:00 to 19:00

Presenters:

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Yoshifumi Hachiya: General Manager, Corporate Accounting Dept.

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[Questions and Answers]

(1) Performance/Management

Q. How do you evaluate performance in the first three months?

- A. ● The achievement rate against our full-year consolidated net income forecast was 40%, but one-off gains made up more than 30% of this amount. Furthermore, as the impact of oil prices on earnings has a time lag of three to six months, we will need to continue monitoring this factor.
- At the same time, we consider the performance as being robust, thanks to previous efforts to lower costs in the Australian coal business and the recovery of earnings in the salmon farming business.

Q. Why does your full-year forecast remain unchanged? Isn't this forecast too conservative?

- A. ● We have only reported performance for three months, and as mentioned earlier the downward impact of oil prices on earnings has a time lag of three to six months. Resource prices have become increasingly uncertain due to mounting geopolitical risk, and performance during the first three months incorporates one-off gains of 32.0 billion yen. For these reasons, we believe that maintaining our full-year forecast is appropriate.

Q. What was the content of the one-off gains/losses recorded in the first three months, and what are your expectations for such factors going forward?

- A. ● In resources, the restructuring of the shale gas business generated one-off gains of 16.0 billion yen, and gains on sales of a nickel business yielded 8.0 billion yen. One-off gains in non-resources included 7.0 billion yen related to the restructuring of affiliated companies in the meat business.
- We had factored in these one-off gains during the first three months into our full-year forecast.
- We also anticipate net gains in the second three months and beyond, although they will be less than in the first three months.

Q. In the results materials, within investing cash flows there is a positive 52.2 billion yen item labeled “corporate, etc.” What is this?

A. ● This figure is mainly from the recovery of cash due to the maturity of time deposits.

Q. How is progress on the reshaping of assets in the resource and non-resource fields?

A. ● Looking at investing cash flows for the first three months, the resource field had a net outflow of 30.0 billion yen, while the non-resource field had a net inflow of 10.0 billion yen, resulting in a total net outflow of 20.0 billion yen. We have already disclosed new investment amounts, but the major factors in sales and collection were as follows.

Approximately 14.0 billion yen in the fund-related business

Approximately 13.0 billion yen in the retail-related business

Approximately 12.0 billion yen in the real estate-related business

Approximately 8.0 billion yen in the nickel-related business

- Generally in resources, in order to maintain the investment balance amount, we pursue reshaping. In non-resources, we plan to invest proactively within the scope of cash flow.

Q. What sort of impact do you expect the yen appreciation to have?

A. ● Yen depreciation/appreciation of one yen against the U.S. dollar has an annual positive/negative impact on income of 1.5 billion yen.

(2) Individual Items

Q. Excluding one-off gains of 18.0 billion yen, the Energy Business Group recorded real profit for the period of approximately 3.0 billion yen. What is your forecast going forward?

A. ● We will need to continue monitoring the situation, as there is a time lag of around three to six months between changes in the oil price and profit increases or decreases.

- The average Dubai crude oil price between January and March 2016 was US\$30.4/bbl. This number will affect profit during and after the second three months.

Q. In the automobile-related business, profit for the period was up year on year despite yen appreciation. How would you evaluate this situation?

A. ● In Indonesia, progress was solid in the Mitsubishi Motors business.
● In Thailand, we had anticipated a decrease of unit demand in the Isuzu business by around 10% year on year, while performance in this business was stronger than we had initially expected.

Q. How was performance in the MDP business for the first three months, and what is your profit forecast for this business?

- A.
- Profit in the first three months was 6.6 billion yen, turning positive for the first time since the fourth quarter of fiscal year 2014.
 - Higher performance at BMA was mainly because production reached a historic high on a quarterly basis in the first three months, and because measures to improve productivity caused costs per ton to decrease.
 - If prices on coking coal keep the current level, profit may outpace our full-year forecasts, but weather conditions and other seasonal factors could impact operations and profits, so we maintain our forecast for the full year.

Q. How is progress at Olam toward your plans for the full fiscal year?

- A.
- Olam is a listed company that does not announce its performance forecasts, so we will refrain from commenting.

Q. What is the current business environment and results outlook for Cermaq?

- A.
- Equity in earnings on this business came to around 0.9 billion yen in the first three months.
 - In addition to higher market prices in North America, the results of farming are improving, so we anticipate improved profit in fiscal 2016.