

Q&A at Investor Meeting

Financial Results for Three Months Ended June 2018

Presentation Date: Thursday, August 2, 2018 17:45 to 18:30

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Questions and Answers

(1) Overall results

Q. How would you evaluate the performance of the three months ended June 2018? In addition, are the one-off gains and losses in this quarter factored into the results forecast for the year ending March 2019?

A. ● The performance of the three months ended June 2018 marked a very strong start to the fiscal year. As for the one-off gains and losses, the amounts are not exactly as anticipated, but they are already roughly factored into our results forecast.

Q. Are there any business fields in which you see signs of irregularities or downside risk because of trade friction or currency fluctuations in emerging countries?

A. ● The scale of our trading in affected areas is limited, and the impact on MC's revenue is minor. However, those factors could affect markets or alter trade flows, leading to indirect impacts. As such, we are watching them carefully.

Q. You mentioned that some businesses recorded a particularly large portion of annual income in the three months ended June 2018. Could you be more specific?

A. ● The Australian coal business and Asia automotive business, among others, recorded a large portion of annual income in the three months ended June 2018.

Q. Could you explain the year-over-year decrease in dividends received from equity-method affiliates shown on page 25 of the IR material, "Supplementary Information For the Three Months Ended June 2018"?

A. ● The year-over-year decrease was due to extraordinary factors at equity-method affiliates in the business-related sector in the three months ended June 2017 and not to the results of any individual company.

(2) Investment and Portfolio Re-Profiling

Q. Approximately how much investment in growth are you currently considering?

- A. ● Our policy of disciplined investment to avoid buying high is unchanged, and we continue to carefully review individual potential investments.

(3) Midterm Corporate Strategy

Q. When will you present the new midterm corporate strategy? Could you tell us its basic outline?

- A. ● We are currently putting it together, with the aim of unveiling it in the latter half of the year ending March 2019.
- We plan to include topics related to business portfolio strategy, growth mechanisms, organizational structure, human resource development, and the evaluation of and incentives for management professionals. We will let you know when the new Midterm Corporate Strategy is finalized.

(4) Individual businesses

Q. Why has performance in the Southeast Asian automotive business been so strong?

- A. ● Demand across Asia has been gradually recovering, and as a result, automotive sales in Indonesia, Thailand, and elsewhere were stronger than expected, rising year over year. However, going forward, we expect competition to intensify, and the market outlook may slowdown due to exchange rates, interest rates, or other economic conditions. As such, we are not assuming that sales will continue at this level.

Q. Why did the Australian metallurgical coal business record a decrease in profit from the three months ended March 2018?

- A. ● The Australian metallurgical coal business recorded net income of ¥58.5 billion in the three months ended June 2018. The business recorded a ¥24.7 billion year-over-year increase in net income as a result of recovery in both production and sales from the impact of the cyclone occurred in the three months ended June 2017.
- Compared with the three months ended March 2018, net income dropped ¥14 billion. To break this down a little, price fluctuations and royalties decreased profit by approximately ¥16 billion, while sales volume and cost improvements boosted profit by approximately ¥10 billion. In addition, rebound of gain on the sale of our interest in the Warkworth coal mines caused income to decrease.

Q. Aside from Escondida, your copper business projects recorded a year-over-year decrease in profit. Was there some kind of production or other problem?

- A. ● The main reason for the decrease in profit at MCRD is the rebound from the reversal of impairment losses on the El Soldado mine that was recognized in the three months ended June 2017.
- Antamina and Los Pelambres faced decreases in net income due to the dividend schedule.

Q. Why did the Living Essentials Group record a year-over-year decrease in profit?

- A. ● Decreases in profit at Lawson and Indiana Packers were the main factors.
- The decline in profit at Indiana Packers reflected lower manufacturing margins due to falling U.S. pork prices following an increase in pork processing capacity and supply in the country.

Q. Why did dividends received in the LNG-related business increase year-over-year?

- A. ● The main factors were the increase in oil prices and extraordinary dividends received, etc.