

Q&A Summary of Investors Meeting for FY2017 1st Quarter Business Results

Presentation Date and Time: August 2, 2016 (Tuesday); 16:45 to 17:45

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Abbreviations: PPA = Purchase Price Allocation

1. CITIC & CP related

Q: What is the progress on developing synergies with CITIC in 1Q?

A: We are discussing the creation of synergies in several fields, including natural resources and medical-related fields. We executed an investment in a fintech business in China with CP Group. For existing businesses, Bosideng is performing steadily. We discuss specific initiatives before F2F commences full-scale operations. Furthermore, we are continuing to discuss the creation of synergies in chemical, automobile, and food-related areas, but we have not yet reached a stage where we can make an announcement.

Q: Is the adjustment related to PPA of the CITIC investment included in the 1Q CITIC-related profit? Also, are the receivables booked after the investments also included in the scope of PPA?

A: Adjustment related to the PPA of financial receivables is partially included in the 1Q CITIC-related profit and will be also included in 2Q figures. Assets included in the scope of PPA are assets at the time of investment. As such, the allowance of receivables booked after the investment is not included in PPA at this moment.

Q: According to an announcement by CITIC, net profit for the first half of the year will decrease 40-50% compared with the same period of the previous fiscal year. Is it possible to achieve ¥70 billion annual forecasts?

A: Our CITIC-related profit of ¥12.6 billion for this 1Q includes interest expenses associated with the CITIC investment. We believe the provision of loans from private financial institutions is absolutely essential for future economic growth in China, therefore we presume that CITIC Bank would perform steadily. The impact of CITIC securities is not material as it accounts for less than 20% of profit brought in. Since the impairment risk of natural resources and the risk from loan receivables were already anticipated in PPA at the time of acquisition, therefore we are confident that we can achieve our forecast of ¥70 billion at this moment.

2. FY2017 1Q Financial results

Q: What is the status of the one-time profit that was included in the FY2017 plan?

A: We cannot disclose any details at this time.

Q: What is the reason behind the improvement in net interest income/expense compared with the same period in the previous fiscal year?

A: Interest income increased ¥0.9 billion, interest expense decreased ¥0.6 billion, and total net interest income /expense improved ¥1.5 billion.

Q: What is the reason for the ¥4.0 billion improvement in the Machinery segment compared with the same period in the previous fiscal year? Also, is it the ¥60 billion forecast achievable?

A: Profit from sales of Japan MDM, a medical-device-related company and one-time profit of discontinued recognition of investment by the equity method of a rig-related company, were the factors that contributed to the

increase. The ¥4.0 billion one-time profit is included in the 1Q results. As such, basic profit after excluding one-time factors was ¥12.5 billion, which is in line with Company plans.

Q: Looking at the 1Q result of ¥9.1 billion, the progress of the Others, Adjustments & Eliminations segment appears to be weak against the annual forecast.

A: CITIC-related profit of ¥12.6 billion, equity pick up from CPP of ¥1.3 billion, and FX evaluation loss of approximately ¥3.0 billion—mainly booked in the stand-alone financial statement—were the factors of 9.1 billion yen. The FX evaluation loss was temporarily booked in the Others, Adjustments & Eliminations segment; however, this loss will be gradually absorbed by each segment. Accordingly, this segment appears to be showing slower progress in 1Q.

Q: Could you tell us the amount, by segment, of the approximately ¥7.0 billion loss from the appreciation of Japanese yen? Does yen appreciation have a positive impact on the Food segment?

A: We are unable to disclose the exact amount by segment; however, the descending order of segments that are affected by yen appreciation is Machinery, Metals & Minerals, and Energy & Chemicals. There is no segment in which yen appreciation has an impact of more than 20% of net profit. For the Food segment, yen appreciation is favorable for Dole. At the same time, there are businesses that are impacted negatively by yen appreciation. Therefore, the overall impact of yen appreciation for the Food segment is minimal.

3. Resources related

Q: As far as I understand from Company explanations, there is a possibility of an upward swing in the annual forecast for the Metals & Minerals segment. What are the factors of the strong 1Q results based on the 1Q commodity price?

A: We cannot disclose the assumption price within our budget. However, the assumption price, which is lower than the current actual price, is the main reason behind the strong 1Q results compared to the budget. There was some cost reductions in the mineral resources business due to, and the progress of trading businesses such as MISI and ITOCHU Metals was also steady.

Q: What are the factors concerning the increase and decrease in IMEA compared with the same period of the previous fiscal year?

A: The factors are as follows: Iron ore decreased ¥0.7 billion yen (from price: -¥1.5billion, from cost: +¥1.0billion) while coal increased ¥1.0 billion (from price: -¥1.0billion, from quantity & cost: +¥1.5 billion, others: +0.5 billion).

Q: Is the one-time profit included in the Energy segment? What is the relationship between one-time profit and sensitivity?

A: At the time of making our budget, sensitivity was ¥0.33 billion. However this was revised to ¥0.13 billion in 1Q. The planned net profit for the Energy segment is ¥0. If the oil price remains below \$40, we cannot expect profit contributions from Azerbaijan. Oil prices also affect the dividend income, including dividend income from Sakhalin-I project. Therefore, as long as the oil price remains at its current level, profit contributions will be limited. As a result of hedging oil prices, there was an evaluation loss recorded in 1Q. However, as this loss was due to a time difference, it will be recovered after 2Q.

4. Individual businesses

Q: Why was Dole's 1Q progress high against the annual forecast?

A: The reasons behind improvement at Dole remained unchanged from those explained at the FY2016 year-end.

Dole has been continuously processing to improve in production (farm expansion, breed improvement, improvement of irrigation, improvement in productivity, etc.). In addition, despite the decrease in volume, Asia Fresh achieved a solid performance due to the improvement in the profitability resulting from yen appreciation and cost improvements. Packaged Foods maintained higher selling prices compared with the previous fiscal year. Furthermore, continuous cost improvements were made at each location. We believe that a strong yen will continue to Dole going forward.

Q Can we assume that MISI is undergoing a trend of recovery? What is the outlook for MISI?

A: As a whole, MISI, including its major business of steel pipes, has not improved its condition compared with 2 years ago.