

Q&A Summary of Investors Meeting for FY2015 Business Results
and FY2016-2018 Medium-Term Management Plan

Presentation Date and Time: May 8, 2015 (Friday); 13:30 to 15:00
Speakers: Masahiro Okafuji, President & Chief Executive Officer
Hitoshi Okamoto, Senior Managing Executive Officer, CSO
Tsuyoshi Hachimura, Managing Executive Officer, CFO
Kunihiro Nakade, Managing Executive Officer, General Manager,
General Accounting Control Division

Abbreviations: —Charoen Pokphand Group: CP Group; C.P. Pokphand Co. Ltd.: CP;
Cash Flow: CF; Free Cash Flow: FCF;

①【Financial result for FY2015 and the plan for FY2016】

Q1: What is the situation in regard to extraordinary gains/losses and core earnings for the FY2016 net income forecast?

A1: For FY2015, net extraordinary gains/losses were approx. -5.0 billion yen. Hence, our actual earnings were supposed to be approx. 305.0 billion yen. For FY2016 we expect approx. 60.0 billion yen in extraordinary profit that includes the recognition of deferred tax assets from the Energy segment. On the other hand, we expect a loss of approx. -50.0 billion yen from the decline in iron ore and coal prices. In addition, the equity pick up from CITIC and CP, profit from new investments, organic growth from existing businesses, and a buffer of -20.0 billion yen added up to the 330.0 billion yen plan for FY2016.

Q2: What were the reasons for the increase/loss for the IMEA result for FY2015 compared with the previous fiscal year?

A2: IMEA iron ore: -21.6 billion yen compared to the previous fiscal year. This is from the impacts of price down (approx. -45.0 billion yen), quantity up (approx. +7.0 billion yen), cost down (approx. +9.0 billion yen); foreign exchange (approx. +8.0 billion yen); and other factors. IMEA coal: +23.1 billion yen compared to the previous fiscal year. This is from the impacts of price down (approx. -9.0 billion yen), cost down (approx. +8.0 billion yen), foreign exchange (approx. +4.0 billion yen), the absence of impairment losses +22.0 billion yen, and other factors.

Q3: What is the situation of the Food company? (Dole, or Ting Hsing, etc.)

A3: For Dole, profit will recover as we have found prospective partners in China for the future core business in China. We will take immediate actions as the 2-year-management continued employment contract has ended. For Ting Hsing, we expect to reduce the exposures as much as possible within one year, and steadily carry out measures to solve other issues.

②【Cash Flow / Investment Policy】

Q4: How do you look at new investments, including CITIC related, in the Medium-Term Management Plan? What will be the size of the investment related CITIC? And how do you look at new investments not related CTIC / CP?

A4: We set the framework of Investment Policy, but it depends on the details of each investment. We can see new opportunities regarding new investments and new businesses through the Business Alliance with the CITIC Group and the CP Group. We will decide each investment based on the details, amounts, and risks. We will focus on investments in businesses related to domestic consumption and sales in China. We will arrange many kinds of Japanese products that have good qualities and safety for Chinese people and want to set up a situation in which Chinese people can get them more conveniently. The top managements of the CITIC Group, the CP Group, and ITOCHU will discuss and promote the joint projects, meeting two or three times a year. The first meeting will be held in May 2015. We will discuss the investment policy for consumer related business in Asia, including China.

We set the cap for new investments, which will be made only within the aggregate amount generated by substantial operating cash flow and withdrawal from existing projects. This is a significant change from before.

Divisions that are not related to CITIC / CP will have investments based on each business policy. We will check and monitor each investment more strictly than before.

Q5: What is the reason for changing the investment policy so there is a cap on new investments, which will be made only within the aggregate amount generated by substantial operating cash flow and withdrawal from existing projects? You set the gross amount of investments in the previous investment policy before, but you don't have any type of this policy in the new Medium-Term Management Plan.

A5: We have emphasized operating CF, but there were many big investments before and FCF was negative in FY2012. We really recognize the importance of CF more because we have major borrowing for the CITIC investment. We decided the new management policy, including THE investment policy, will focus more on CF in the process of making decisions about the CITIC investment. But it's not a major change,. We will keep the size of borrowing based on the appropriate level of NET DER and keep the payment of dividends within FCF.

Q6: What will be the amounts of Net Investing CF, Substantial FCF, and the repayments of borrowings during the term of the new Medium-Term Management Plan ?

A6: We don't have the specific amounts of investment in the new investment policy, and we will decide based on the level of Substantial Operating CF. We will keep FCF positive after dividend payments. There are many possibilities of investments, including the businesses with synergies with CITIC, but we set the covenant of investment CF toward each business segment internally, therefore they can decide investments within this covenant. We plan to make the FCF positive excluding the CITIC investment, 600 billion yen, from this fiscal year. We also think that our borrowing will come back the current level in FY2018, assuming the repayment of borrowing from FCF after dividend payment.

Q7: Do you have any changes in the policy regarding the acceleration of asset replacement? You are focusing on accelerating asset replacement more than before.

A7: It has been a tough situation for us to decide the acceleration of asset replacement, considering the relationship with our exciting customers and the profitability through the business with them. We can estimate the growth in profit from the Business Alliance with the CITIC Group

and the CP Group and we can decide to accelerate asset replacement dramatically. We already decided the exit from Prime Source. We recognized the best timing of the exit, considering the overheating in the US investment market, the strong demand from US investment funds, and the possibility of declining demand from the funds in the future.

We strongly recognize that the Asian market is the most important for increasing our revenues. There are many kinds of views of China, as a risk or a growth market. But we strongly recognize that the Chinese market will offer many possibilities, therefore we will develop businesses with our partners, considering the protective measures and hedging the risks. This is the acceleration of asset replacement for strengthening our financial position

Q8: What are the estimated amounts of EXIT? Will there be a large amount from EXIT? How will manage the timing of investment regarding the control of cash in and cash out?

A8: We recognize that we will have large amounts of EXIT like Prime Source , around 100 billion yen. And we will control the balance of the amounts of investments and exits in the Medium-Term Management Plan.

③【CITIC /CP】

Q9: What are your estimates of increases in net profit from the alliance with CITIC /CP and new investments?

A9: We estimate a contribution of about 15 billion yen of net profit from CITIC and about 7 billion yen from CP in FY2016. We can also expect certain profit contribution from new investments which we have already released.

Q10: The news article mentioned that CITIC made the comment that they thought of another business alliance with other foreign companies besides ITOCHU and CP. Would you tell us the priority level of the business alliance with ITOCHU/CP from the point of view of CITIC? Is there any restriction to selling the stocks of CITIC?

A10: CITIC explained to us that the mentioned article did not report CITIC's intention correctly. The possibility of another business alliance with other companies is not be excluded for both ITOCHU and CITIC. But we think further capital participation of other companies to CITIC would be very difficult because of the existence of strict restriction. We have no intention to sell CITIC's stocks, but there are many companies which want to buy CITIC's stocks. We think our investment in CITIC is a precious opportunity. When we try to expand our business in consumer-related areas, we have to take steps in Chinese markets. We have a good partner in CP. Please take a longer view about the results of the business alliance with CITIC/CP.

Q11: How do you manage human resources with respect to the business alliance with CITIC/CP?

A11: CP & CITIC Business Development Department handles related matters mainly. In addition to persons in charge of this matter on a full-time basis, we assign excellent personnel in a concurrent basis, such as Chief Operating officers of the Food Company and the Textile Company, General Manager of Planning & Administration Department of each Division

Company, and so on.

Q12: What do you expect as the contribution of net profit from CITIC and CP, as you strive to increase net profit towards the 400 billion yen level in your new medium-term management plan?

A12: We think CITIC can earn net profit of 700 billion yen annually, although they recognized an impairment loss in the last fiscal year. We are going to start to recognize equity in earnings of CITIC from the 4th Quarter in FY2016. We think we can expect about 70 billion yen of equity in earnings of CITIC three years later. When we can earn another net profit contribution of 30 billion yen from equity in CPP and profit from new investments, we can achieve net profit of 400 billion yen. In order to achieve net profit of 400 billion yen, we have to accumulate further profit from new synergy investments. We have achieved our plan of net profit for five consecutive fiscal years. We have a strong will to achieve our plan for net profit. We have strong confidence that we will achieve net profit of 400 billion yen three years later.