Toyota Tsusho Corporation
Earnings Briefing for the Three Month ended Jun 30, 2016
Condensed Transcript of Q&A Session

1. Date & time: July 29, 2016 (Friday) 17:45-18:20
2. Attendees:
   Hideki Yanase, Managing Director
   Hiroshi Tominaga, Executive Officer
   Hideyuki Iwamoto, Executive Officer

Q: What are the factors behind the decline in the Metals Division's operating income?
A: Yen appreciation and lower metal prices. Market conditions themselves were not bad in both Thailand and the U.S. We believe the downturn in auto production in Thailand has bottomed.

Q: What are the factors behind the electronics business's profit decline?
A: A one-time valuation loss in addition to deterioration in smartphone- and amusement-related electronic device operations' performance.

Q: What are the factors behind the decline in the Automotive Division's operating income?
A: Auto sales in Kenya, for example, have slowed due to conservative buying in response to a tax increase. In Papua New Guinea, auto sales have been worsening in the wake of resource price declines. CFAO's auto sales also have been declining. We expect the auto sales environment to remain adverse throughout the current fiscal year.

Q: How is CFAO's automotive business faring?
A: In addition to yen appreciation's currency translation effect, CFAO's auto sales have weakened in West African resource-producing countries such as the Republic of Congo and Nigeria in particular. In countries such as Senegal, Mali and Cameroon, by contrast, auto sales are tracking above forecast.

Q: What are the factors behind the decline in CFAO's consumer business and what is your outlook for the business?
A: Profits in beverage business in the Republic of Congo declined, largely as a result of economic deterioration and intensification of competition. In the retail business, profits declined as a result of one-time advanced development costs. We expect its profits to stabilize from the second quarter onward.

Q: I heard that CFAO plans to divest its retail business.
A: It merely spun out a real estate holding company. The retail business itself continues to operate as a joint venture with Carrefour and brand operations are advancing under our direction.

Q: How is the Food & Consumer Services Division performing relative to forecast?
A: It is tracking slightly below forecast, largely because CFAO's beverage business has been underperforming.

Q: Why did you start disclosing cash flows from the first quarter of this fiscal year?
A: We decided to voluntarily disclose quarterly cash flows from the current fiscal year onward to enhance our disclosures.

Q: You appear to have cut back on investment. What is your investment plan for the current fiscal year?
A: Given the highly uncertain global economic backdrop, we are intentionally curtailing investment. We have recently become more stringent in screening investment opportunities.