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Medium-Term Management Plan for Fiscal 2013 ~ 2015

For Recovery and Growth

May 14, 2013
Sharp Corporation

Agenda

- I. Summary of Financial Results for Fiscal 2012
- II. Preconditions for Recovery and Growth
- III. Medium-Term Management Plan for Fiscal 2013 ~ 2015
 1. Basic Strategy and Targeted Goals of the Medium-Term Management Plan
 2. Actions for Fiscal 2013
 3. 5 Major plans to Realize Recovery and Growth
 4. Organization / Governance Innovation
 5. For Sustainable Growth

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I. Summary of Financial Results for Fiscal 2012

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Summary of Financial Results for Fiscal 2012

- Net sales in second half increased by approx. 270 billion yen from the first half
- Net sales and operating income surpassed the previous announced forecast, and net surplus was achieved in the second half in operating income basis
- Meanwhile, net loss increased from the previous forecast due to additional restructuring charges

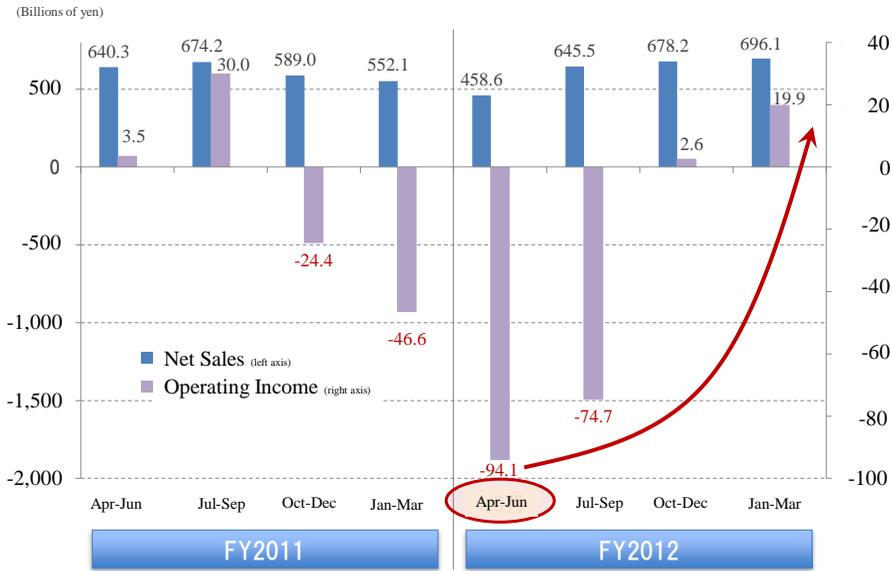
(Billions of yen)

	FY2011	FY2012								
	Full Year	1H	2H			Change from 1H	Full Year	Difference from previous forecast	Change (Y on Y)	Full Year Previous Forecast
			3Q	4Q	2H					
Net Sales	2,455.8	1,104.1	678.2	696.1	1,374.4	+270.2	2,478.5	+18.5	+0.9%	2,460.0
Operating Income (Loss)	-37.5 (-1.5%)	-168.8 (-15.3%)	2.6 (0.4%)	19.9 (2.9%)	22.6 (1.6%)	+191.5	-146.2 (-5.9%)	+8.7	-	-155.0
Net Income (Loss)	-376.0 (-15.3%)	-387.5 (-35.1%)	-36.7 (-5.4%)	-121.0 (-17.4%)	-157.7 (-11.5%)	+229.8	-545.3 (-22.0%)	-95.3	-	-450.0

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Transition of Net Sales / Operating Income by Quarter



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Extraordinary Items in Other Expenses / Income Taxes, etc

Recorded impairment loss and additional restructuring charges in corresponding to changes in the business environment such as the rapid depreciation of the yen and demand fluctuations in small-and medium-size LCDs.

(Billions of Yen)

	FY2011		FY2012					Difference from previous forecast	Full Year previous forecast
	Full Year	1H	3Q	4Q	2H	Full Year			
Operating Income	-37.5	-168.8	2.6	19.9	22.6	-146.2	+8.7	-155.0	
Other Income (expenses)	-200.8	-153.9	-34.9	-131.0	-165.9	-319.9			
Impairment loss	-6.6	0.0	0.0	-47.3	-47.3	-47.3			
Restructuring charges	-117.1	-98.6	-27.3	-17.3	-44.7	-143.3			
Settlement package, etc.	-18.8	-15.8	-2.0	-32.3	-34.3	-50.2			
Others	-58.2	-39.4	-5.5	-33.9	-39.4	-78.9			
Income Taxes, etc.	-137.6	-64.7	-4.5	-9.9	-14.4	-79.1			
Reversal of deferred tax assets	-115.9	-61.0	0.0	-4.5	-4.5	-65.5			
Others	-21.7	-3.6	-4.5	-5.4	-9.9	-13.6			
Total	-338.5	-218.6	-39.4	-140.9	-180.3	-399.0	-104.0	-295.0	
Net Income	-376.0	-387.5	-36.7	-121.0	-157.7	-545.3	-95.3	-450.0	

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Results of FY2012 Financial Structure Improvement Measures

Overall 90% achievement against annual targets with the off-balance-sheet arrangements of large-size LCD business, optimizing inventory, and reduction of noncurrent assets etc.

(Billions of yen)

	Annual Target (announced Aug.2)	Annual Result	Achievement rate	Remarks
Off-balance-sheet arrangements of large-size LCD business	110.0	110.0	100%	- Partial Transfer of Shares of Sakai Display Products shares: 66 billion yen - Decrease in debt due to off-balance-sheet arrangements: 44 billion yen
Issue new shares through third party allotment	66.9	15.2	23%	- Payment from Qualcomm: 4.9 billion yen - Payment from Samsung: 10.3 billion yen
Reduce inventories and noncurrent assets	150.0	144.9	97%	- Inventory reduction from Fiscal end of March, 2012: 133.4 billion yen (Amount before applying inventory write-down) - Sales of business bases and securities: 11.5 billion yen
Reduce capital investment	70.0	90.9	130%	- Depreciation and amortization : 173.3 billion yen - Capital investment: 82.4 billion yen
Total	400.0	361.0	90%	

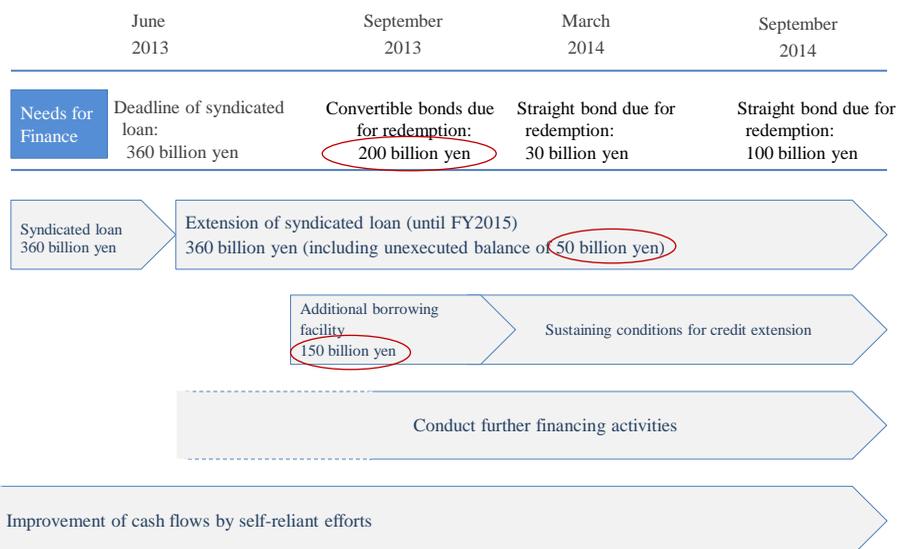
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II. Preconditions for Recovery and Growth

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Financing Activities

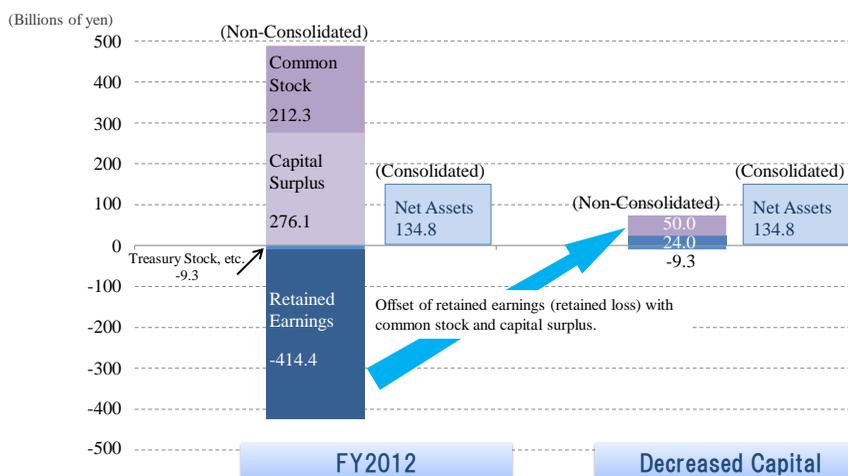


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Cleanup of Balance Sheet (Net Assets Section)

Decreased capital for restoring fiscal health and exercising agile capital policy.
No impact of this account classification process on total amount of net assets, total number of issued shares, etc.



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III. Medium-Term Management Plan for Fiscal 2013 ~ 2015

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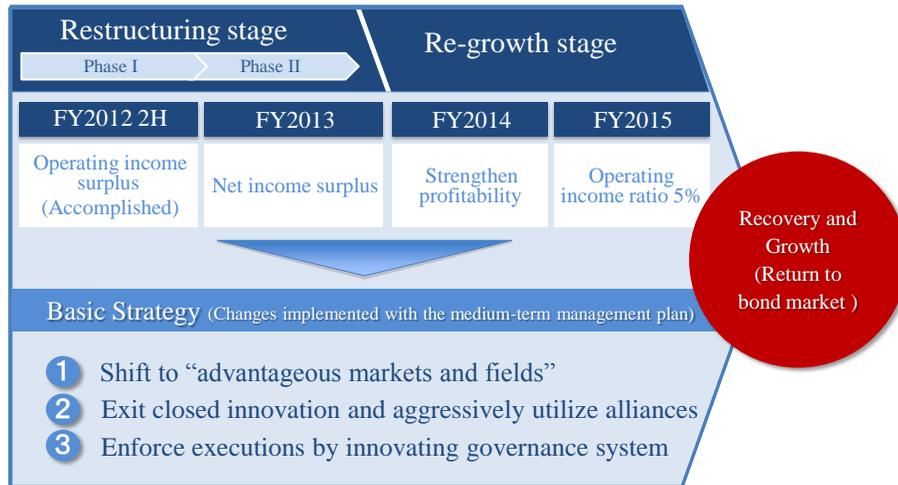
1. Basic Strategy and Targeted Goals of the Medium-Term Management Plan

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Basic Strategy of Medium-Term Management Plan

Bid a farewell to the past to create a new Sharp with the mindset to change everything other than our business philosophy represented with our creed "Sincerity and Creativity."



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Goals for the Medium-Term Management Plan

Net income surplus in FY2013, and 5% operating income rate will be targeted in FY2015.

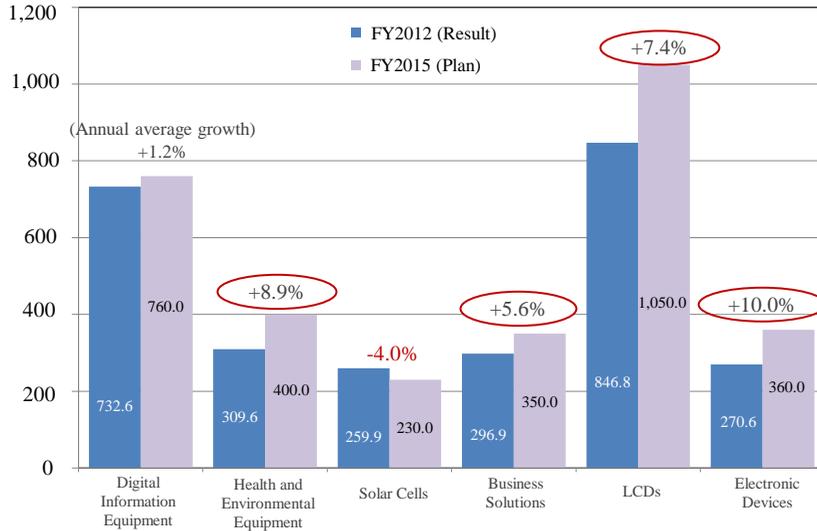
	FY2012 2H Result	FY2013 Forecast	FY2014 Plan	FY2015 Plan
Consolidated Net Sales (Year on Year)	1,374.4 billion yen (+20.4%)	2,700.0 billion yen (+8.9%)	2,820.0 billion yen (+4.4%)	3,000.0 billion yen (+6.4%)
Operating Income (Ratio)	22.6 billion yen (1.6%)	80.0 billion yen (3.0%)	110.0 billion yen (3.9%)	150.0 billion yen (5.0%)
Net Income (Ratio)	-157.7 billion yen (-11.5%)	5.0 billion yen (0.2%)	40.0 billion yen (1.4%)	80.0 billion yen (2.7%)

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Sales by Product Group Comparing FY2012 and FY2015

(Billions of yen)

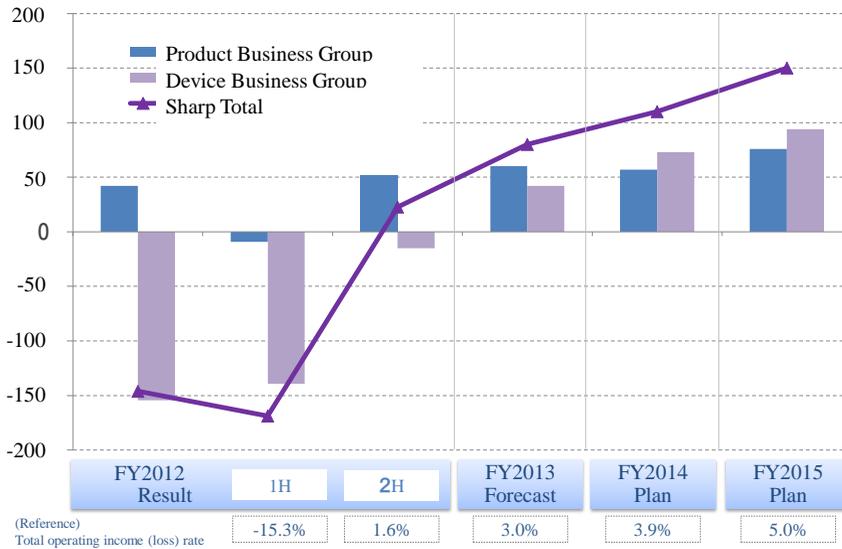


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Transition of Operating Income for FY2012 ~ FY2015

(Billions of yen)



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2. Actions for FY2013

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Consolidated Business plan for FY2013

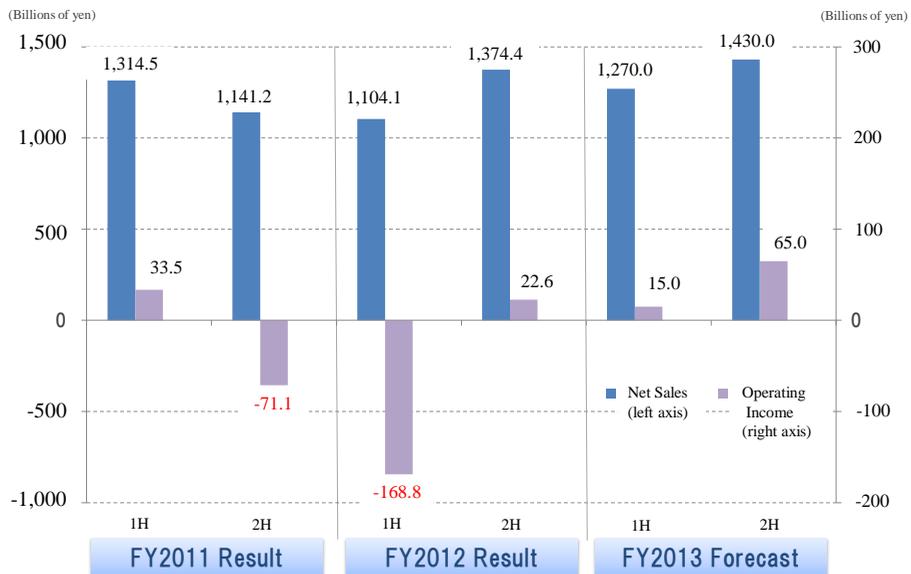
(Billions of yen)

	FY2012	FY2013					
	Full Year Result	1H Forecast	Change against FY2012 1H	2H Forecast	Change against FY2012 2H	Full Year Forecast	Change (Y on Y)
Net Sales	2,478.5	1,270.0	+15.0%	1,430.0	+4.0%	2,700.0	+8.9%
Domestic	1,007.2	500.0	+9.7%	520.0	-5.7%	1,020.0	+1.3%
Overseas	1,471.3	770.0	+18.7%	910.0	+10.6%	1,680.0	+14.2%
Operating Income (Loss)	-146.2	15.0	-	65.0	+187.2%	80.0	-
Net Income (Loss)	-545.3	-20.0	-	25.0	-	5.0	-

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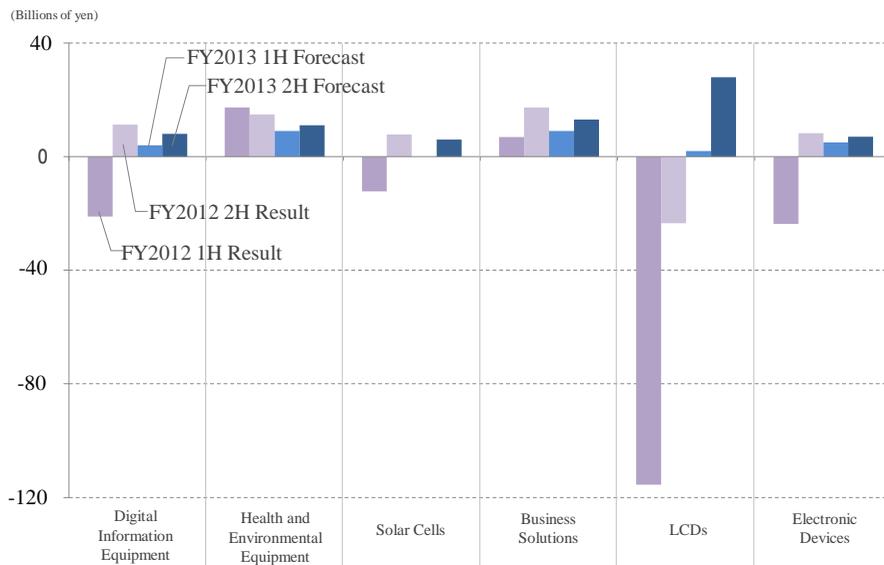
Transition of Net Sales / Operating Income (1H / 2H)



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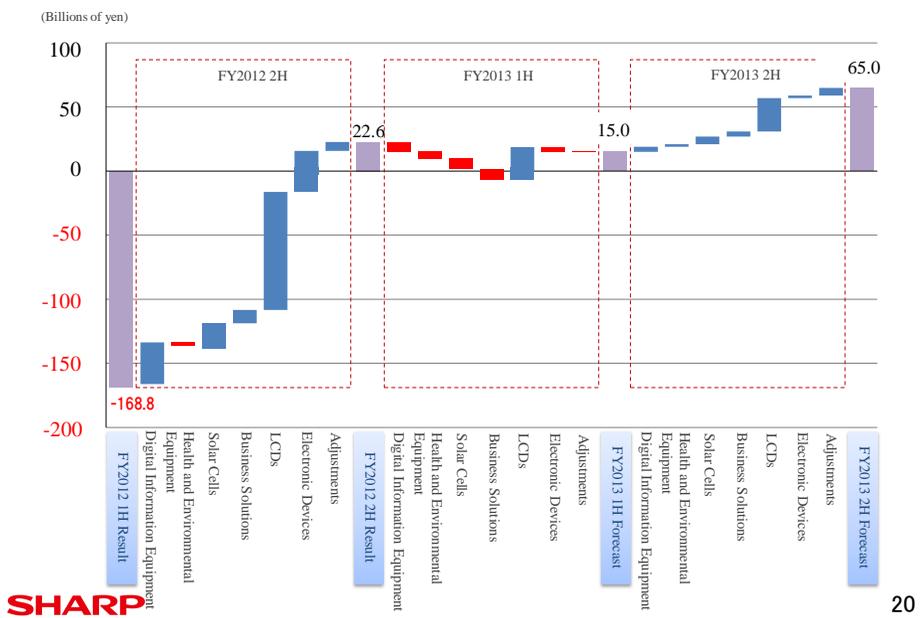
Transition of Operating Income by Product Group (1H / 2H)



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Transition of Operating Income Increase and Decrease by Product Group (1H / 2H)



3. 5 Major Plans to Realize Recovery and Growth

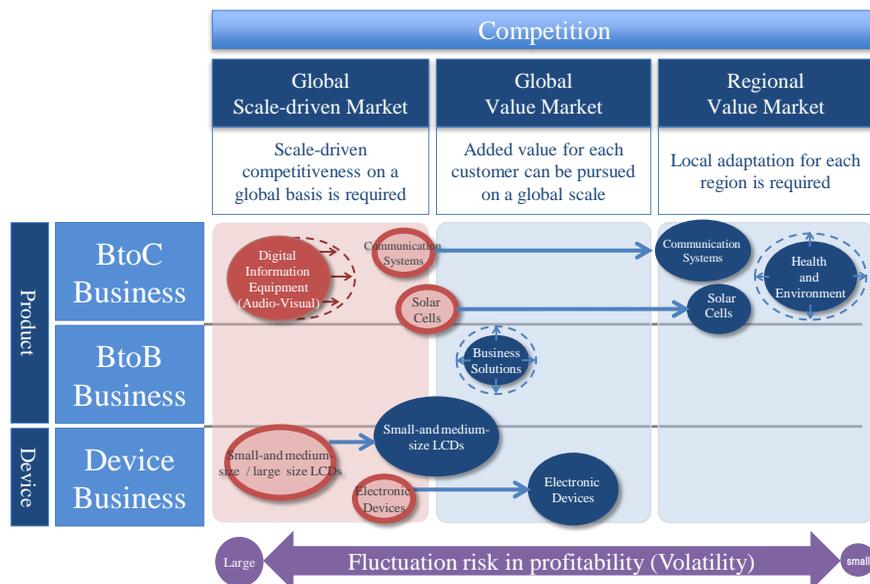
5 Major Plans to Realize Recovery and Growth

- 1 Restructuring Business Portfolio
- 2 Improving Profitability of LCD Business
- 3 Expanding Overseas Businesses Focusing on the ASEAN Market
- 4 Reducing Fixed Costs by Reformation of Cost Structure
- 5 Improving Financial Position

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Restructuring Business Portfolio (Competing in Advantageous Fields)



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Directions of Innovation per Business

	Business	Basic Policy	Details
Product	Digital Information Equipment	Focusing on profitable businesses and areas	- Focus on large-size LCD TVs - Improve profitability of TV business in Europe and blu-ray business
	Communication Systems	Focusing on the domestic market	- Maintain and enforce the No.1 domestic maker position by strengthening products
	Health and Environmental Equipment	Concentrating resources overseas	- Business expansion by shifting emphasis to ASEAN by forming the most powerful supply chain in the area
	Solar Cells	Implementing restructured and innovating business models	- Shrink businesses in Europe and U.S. and focus on the domestic market - Shift to a energy solution business system
	Business Solutions	Sustainable growth as a cash cow business	- Develop office solutions of MFP / display collaboration including consideration of forming alliances
Device	Display Devices (LCDs)	Shift to a growing force driver	- Stabilize profitability by enforcing relationships with major clients - Expand added value zones with higher profitability
	Electronic Devices	Concentrating on No.1 categories	- Thorough concentration on camera module and sensor fields - Expand added values by built-in / systemization

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5 Major Plans to Realize Recovery and Growth

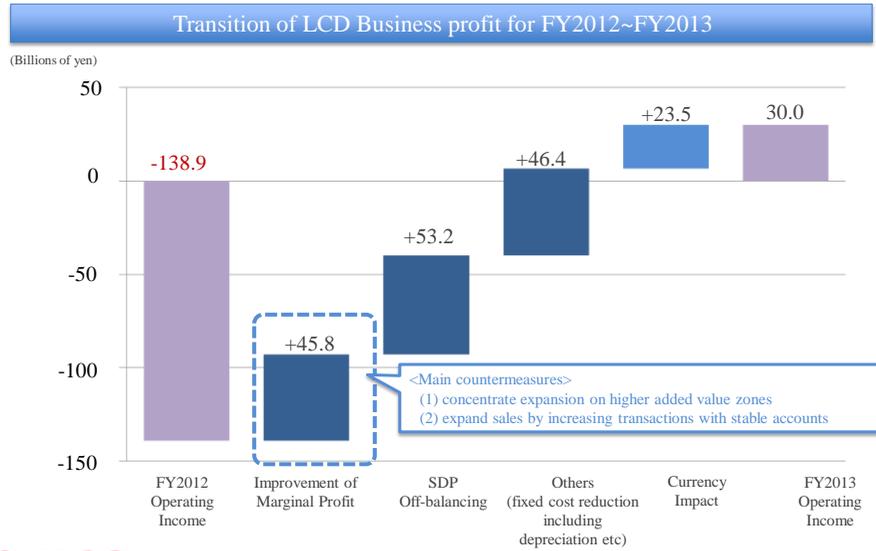
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Improving Profitability of LCD Business (FY2012~FY2013)

Reduce fluctuation risk in profitability and shift into a driving force of growth

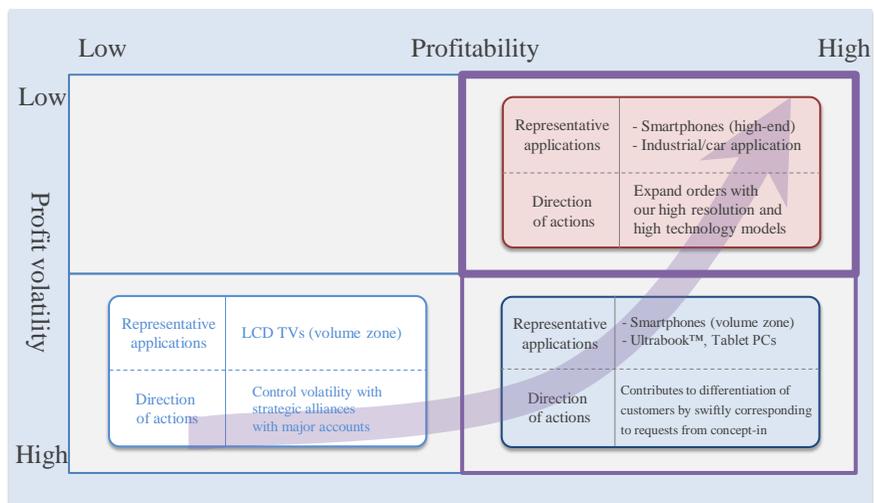


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(1) Concentrate on Expanding Added Value Zone

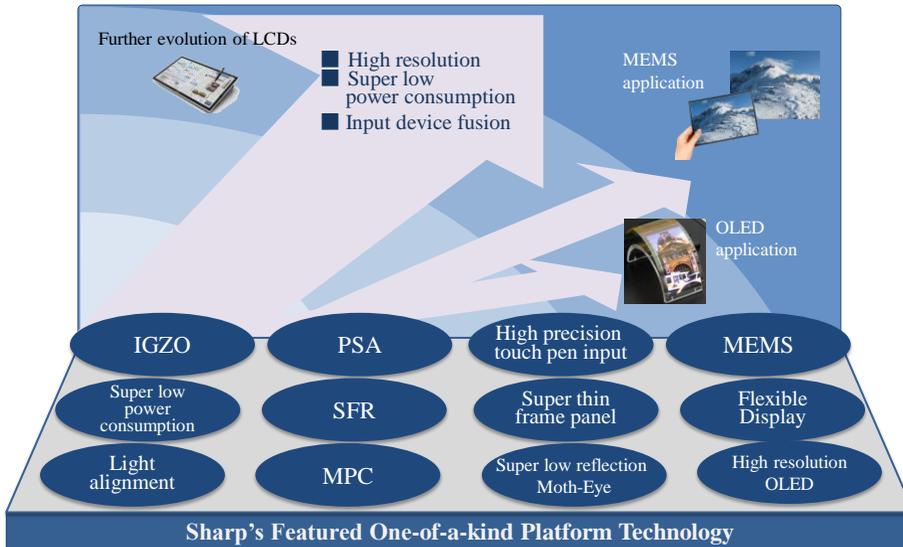
Place emphasis on high added value zones that best match our technologies and product lineup, and improve profitability with our strengths such as IGZO and high resolution touch panels etc.



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Superiority of Sharp Display Technology

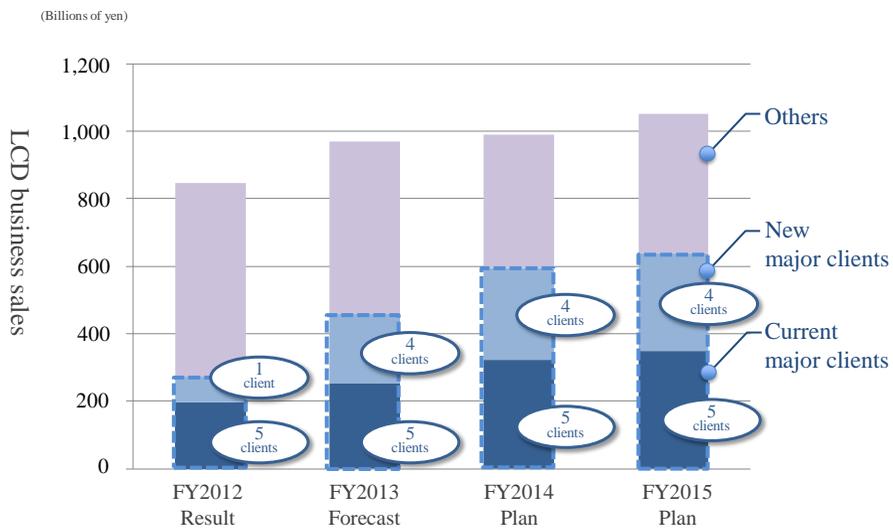


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(2) Sales Increase by Expanding Transactions with Stable Accounts

Expanding business while reducing profit volatility is aimed through strategic alliances with major clients



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Overview of Strategic Alliances

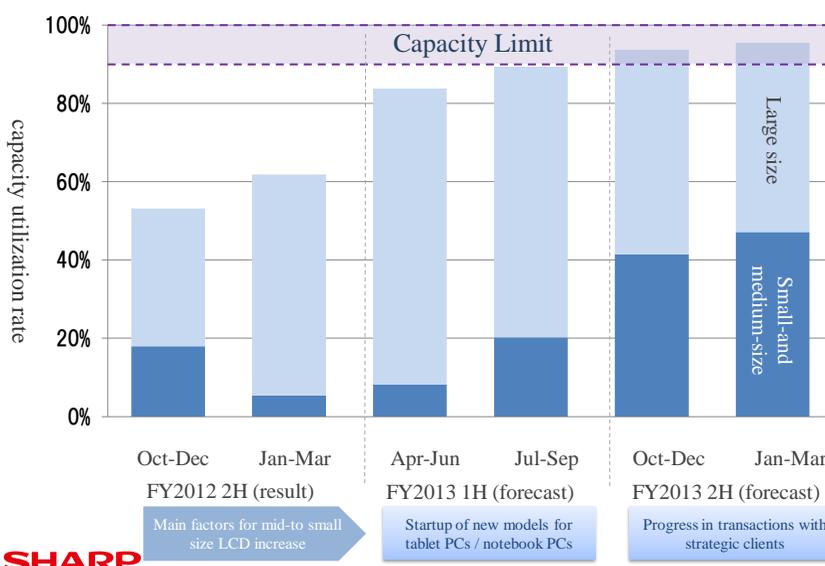
Partner	Initial Target	Current Status (achievements)
Hon Hai	<ul style="list-style-type: none"> Off-balancing of Sakai Display Products / improvement of capacity utilization rate/ reinforcing cost competitiveness 66.9 billion yen investment in Sharp 	<ul style="list-style-type: none"> Surplus of SDP in FY2012 2H (more than 50 billion yen improvement compared to FY2012 1H)
Qualcomm	<ul style="list-style-type: none"> Joint development of the next generation display (MEMS) utilizing IGZO technology (30 million US dollars payment for development fee) 120 million US dollars investment in Sharp (split payment based on development status) 	<ul style="list-style-type: none"> 60 million US dollars investment / 15 million US dollars development fee paid MEMS development is under progress as scheduled aiming for the establishment of technology for practical use
Samsung	<ul style="list-style-type: none"> Sign long term agreement for large-size LCDs 10.4 billion yen investment in Sharp Supply small-and medium-size LCDs and electronic devices for mobile appliances 	<ul style="list-style-type: none"> Stable orders of large-size LCD panels (capacity utilization rate for Kameyama No.2 plant improved) 10.4 billion yen investment paid Expanded orders of electronic devices

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Transition of Kameyama No. 2 Plant Capacity Utilization Rate

Stable operations and improvement of profitability is to be realized by improving model combination ratio



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5 Major Plans to Realize Recovery and Growth

- 1 Restructuring Business Portfolio
- 2 Improving Profitability of LCD Business
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Outline of Overseas Strategy by Region

Resources will be allocated with modulation – emphasize on developing Asian market

Area	Sales Configuration*	Regional Strategy (basic policy)
Asia	2012 21% → 2015 31%	- Targeted as a driving force, where resources will be concentrated thoroughly for business expansion. - The most powerful value chain will be structured based on production bases in Indonesia and Thailand
Middle East / Africa	2012 4% → 2015 8%	- Targeted as a driving force following the Asian market. Business structures will be formed to match the characteristics of each region in the Middle East / North Africa / Sub-Sahara / CIS to expand business
China	2012 20% → 2015 22%	- Improve profitability by innovating distribution mix-up / product mix-up - Grasp the demands of each region and exploit mid-size cities of inland China
Americas	2012 38% → 2015 29%	- Shift to a business style emphasizing on profitability - Creating new development opportunities with new product categories and new sales routes
Europe	2012 17% → 2015 10%	- Concentrate on growing areas and products efficiently - Structure a business promoting system to efficiently operate in all of Europe

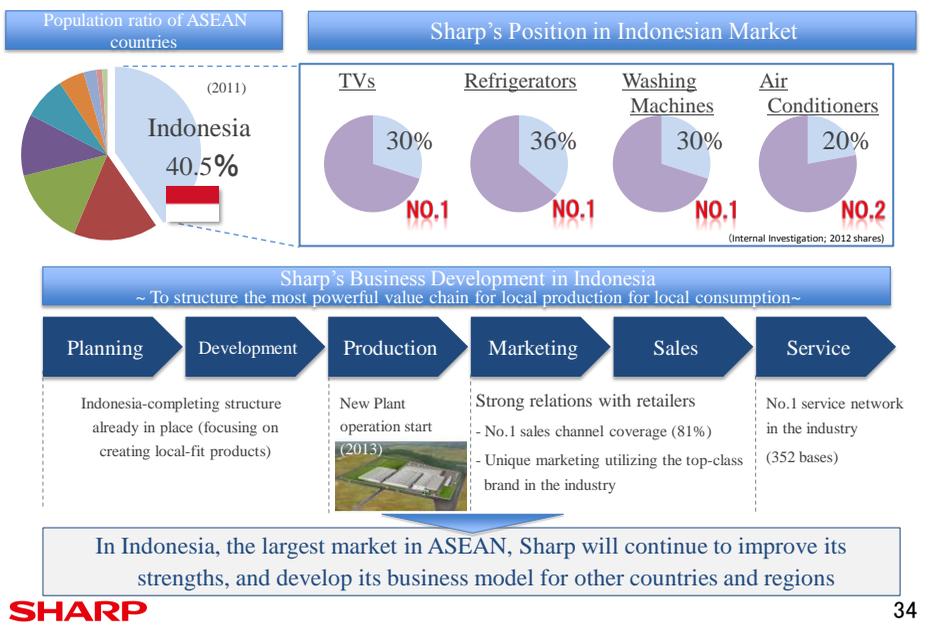
Resource shift

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*sales configuration of product business by overseas region

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Expansion of Indonesia Business



5 Major Plans to Realize Recovery and Growth

- 1

Restructuring Business Portfolio
- 2

Improving Profitability of LCD Business
- 3

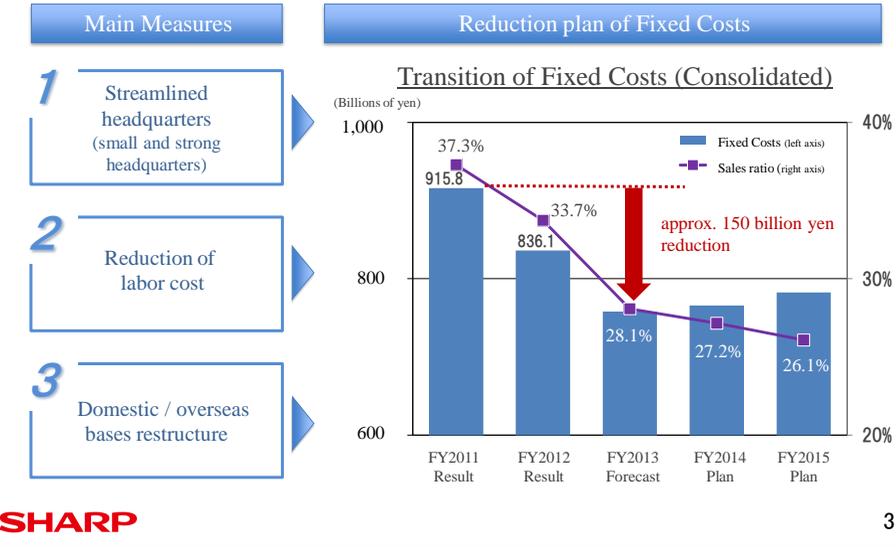
Expanding Overseas Businesses
Focusing on the ASEAN Market
- 4

Reducing Fixed Costs by Reformation
of Cost Structure
- 5

Improving Financial Position

Lowering Break-Even Point with Thorough Cost Restructuring

Fundamental cost restructuring out of conventional measures conducted considering the negative impact of the depreciation of the yen



Details to Cut Down Fixed Costs

Measures	Details
<ol style="list-style-type: none"> Streamlined headquarters (small and strong headquarters) 	<ul style="list-style-type: none"> Propelling outsourcing Stock transfer of IT service trust corporation (SI Solutions Inc.) (completed) Specialize headquarters as a strategic force
<ol style="list-style-type: none"> Reduction of labor charge 	<ul style="list-style-type: none"> Voluntary retirement program (completed) Natural decrease in personnel Controlling new employment Cost reduction including overtime work fees
<ol style="list-style-type: none"> Domestic / overseas bases restructure 	<ul style="list-style-type: none"> Concentration / sell out of domestic and overseas freight transport bases Additional cost reduction of overseas bases

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5 Major Plans to Realize Recovery and Growth

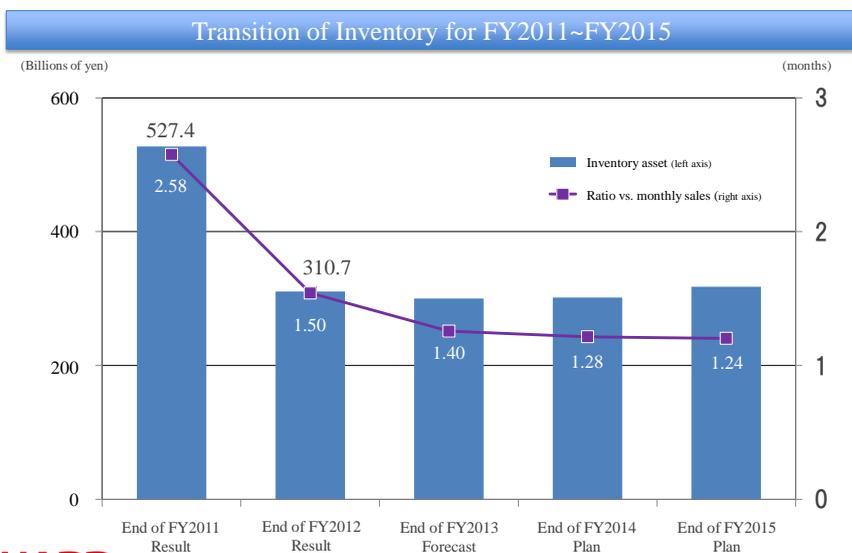
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Cutting Down on Inventory

Improve financial efficiency by optimizing inventory level



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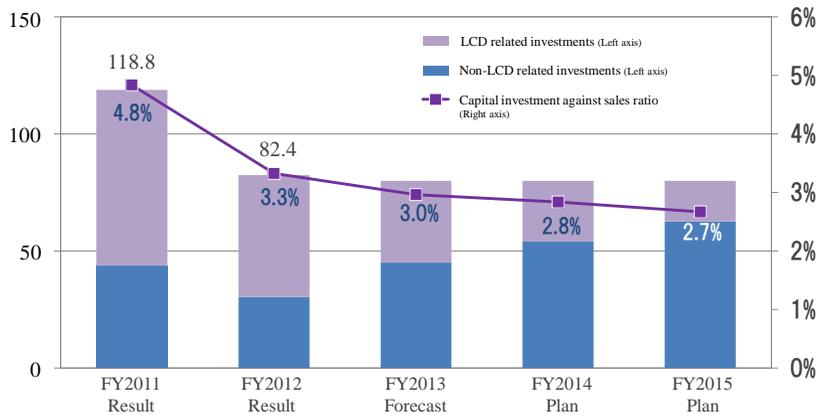
Reduction of Capital Investment

Reduction in total capital investment costs by controlling LCD investments
(continuing investment in non-LCD areas)

Accelerating investment shift from plants to human resources / technology / marketing

Transition of capital investment for FY2011~FY2015

(Billions of yen)



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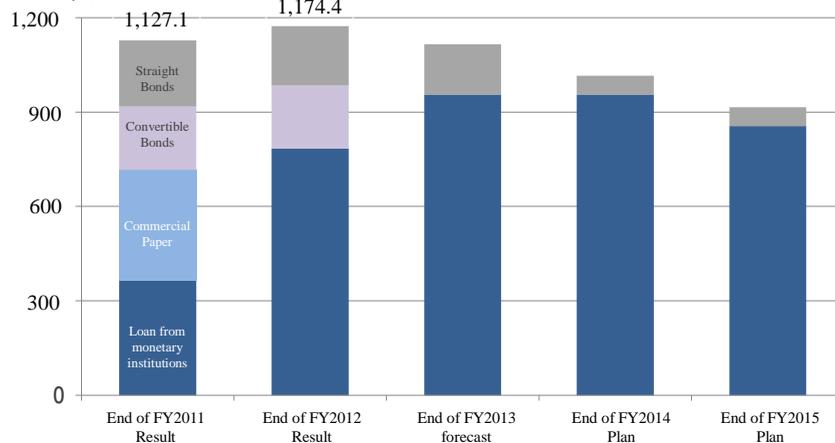
Cutting Down on Interest-Bearing Debt

Shift from direct financing to indirect financing

Interest-bearing debt will be cut down with the end of FY2012 as its peak

Transition of Interest-Bearing Debt for FY2011~FY2015

(Billions of yen)



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4. Organization / Governance Innovation

Strengthening Governance Structure

Measures	Actions
1 Introduction of Business Group System	<ul style="list-style-type: none">■ Transformation into a one-stop quick responding organization from the customers' viewpoint■ Thorough and precise management based on business characteristics
2 Introducing Corporate Management Group and Structural Reform Group	<ul style="list-style-type: none">■ Strengthening headquarters control / governance function■ Strengthening action forces to complete the medium-term management plan
3 Management Participation from 2 Main Banks	<ul style="list-style-type: none">■ Strengthening management reconstruction together with 2 main banks

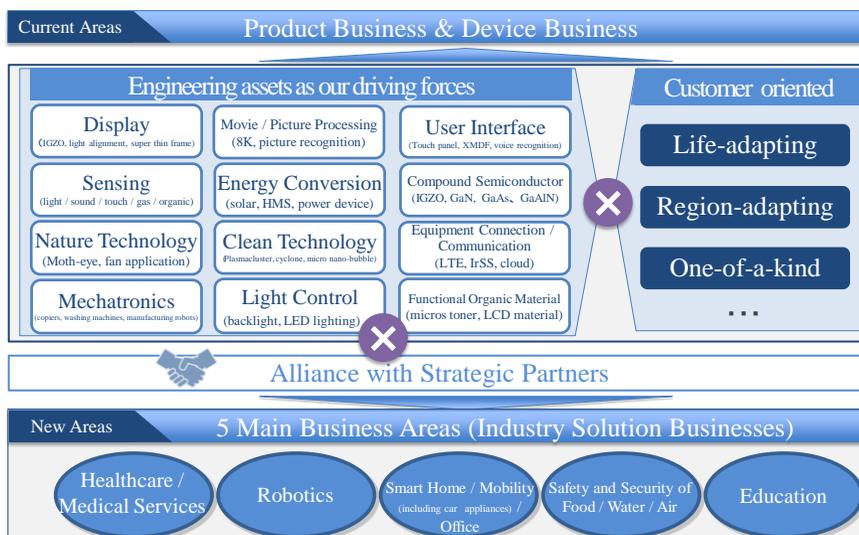
5. For Sustainable Growth

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Future Development Strategy and Main Business Areas

With our strengths in manufacturing, we will accelerate “development of current areas” and exploit “5 new business areas” utilizing strategic alliances.



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Actions for New Business Areas Utilizing Featured Technology

	Immediate Target	Main applied technologies	Partners / Collaborators
Healthcare / Medical Services	High sensitive sensors for Initial diagnosis in healthcare	Sensing Compound Semiconductor	Foods Chemical Automotive Parts DIY Home Facilities Medical Equipment Communication Infrastructure Transportation Real Estate University / Hospital ▪ ▪
Robotics	Robot marketing reducing workload	Mechatronics Movie / Picture Processing	
Smart Home / Mobility (including car appliances) / Office	Information services utilizing Sharp products (power saving / observation etc)	Energy Conversion Device Connection / Communication	
Safety and Security of Food / Water / Air	Plant factories and environmental sensors to support safe and secure lifestyles	Clean Technology Light Control	
Education	Tablet PCs and BIG PAD to promote IT solutions in the education field	Display User Interface	

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Key Concept Defined in the Medium-Term Management Plan

To continue to deliver new values and joy to people around the world

Refine Technology with Customers First

Technology to Customers

Sharp will absolutely accomplish recovery and growth.

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Forward-Looking Statements

This presentation material contains certain statements describing the future plans, strategies and performance of Sharp Corporation and its consolidated subsidiaries (hereinafter "Sharp"). These statements are not based on historical or present fact, but rather assumptions and estimates based on information currently available. These future plans, strategies and performance are subject to known and unknown risks, uncertainties and other factors. Sharp's actual performance, business activities and financial position may differ materially from the assumptions and estimates provided on account of such risks, uncertainties and other factors. Sharp is under no obligation to update these forward-looking statements in light of new information, future events or any other factors. The risks, uncertainties and other factors that could affect actual results include, but are not limited to:

- (1) The economic situation in which Sharp operates
- (2) Sudden, rapid fluctuations in demand for Sharp's products and services, as well as intense price competition
- (3) Changes in exchange rates (particularly between the yen and the U.S. dollar, the euro and other currencies)
- (4) Regulations such as trade restrictions in other countries
- (5) The progress of collaborations and alliances with other companies
- (6) Litigation and other legal proceedings against Sharp
- (7) Rapid technological changes in products and services, etc.

*Amounts less than 100 million yen shown in this presentation material have been rounded down.

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