

Consolidated Financial Results for the Third Quarter, Fiscal 2017

- I . Consolidated Financial Results
for the Third Quarter, Fiscal 2017
Consolidated Financial Results Forecast
for Fiscal 2017**
 - II . Supplementary Data**
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SHARP CORPORATION

January 31, 2018

Forward-Looking Statements

This presentation contains certain statements about the future plans, strategies, and performance of Sharp Corporation and its consolidated subsidiaries (“the Company” or “Sharp”). Statements not based on historical or present facts are assumptions and estimates based on information available at the time. Future plans, strategies, and performance are subject to known and unknown risks, uncertainties, and other factors. Actual performance, business activities, and financial position may differ materially from the assumptions and estimates provided herein due to risks, uncertainties, and other factors. Sharp is under no obligation to update these forward-looking statements in light of new information, future events, or other factors. Risks, uncertainties, and other matters that could affect actual results include, but are not limited to, to the following factors:

- (1) The economic conditions in which Sharp operates
- (2) Sudden, rapid fluctuations in demand for Sharp products and services, as well as intensified price competition
- (3) Exchange rate fluctuations (particularly between the yen and the U.S. dollar, the euro, and other currencies)
- (4) Regulations, including trade restrictions with 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.

**I . Consolidated Financial Results
for the Third Quarter, Fiscal 2017
Consolidated Financial Results
Forecast for Fiscal 2017**

Consolidated Financial Results for the Third Quarter, Fiscal 2017 (1)

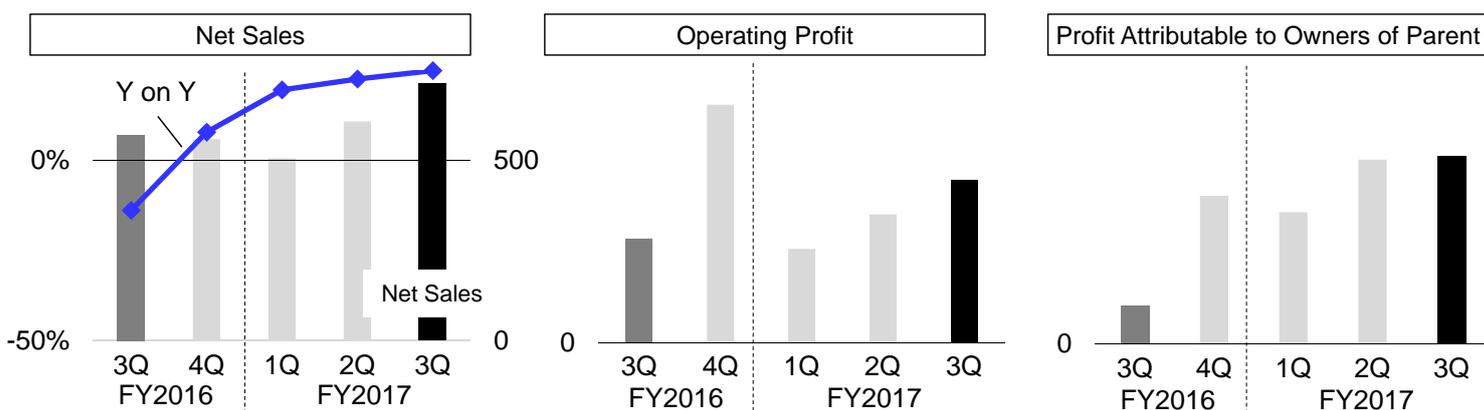
- Third quarter results continue to drive performance steadily toward full-year forecasts
- Net sales up 25% year on year; all segments report double-digit growth
- Profits continue to show significant improvement and ongoing results remain in positive territory; profits have grown year on year for five consecutive quarters since our transition to a new management structure
- Profit attributable to owners of parent shows significant improvement, higher nearly five times compared to the same period in the prior fiscal year

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2

Consolidated Financial Results for the Third Quarter, Fiscal 2017 (2)

	(Billions of Yen)				
	FY2016	FY2017			Y on Y
	3Q	1Q	2Q	3Q	
Net Sales	571.5	506.4	608.7	714.2	+25.0%
Operating Profit	18.8	17.1	23.4	29.7	+57.8%
Ordinary Profit	16.7	17.1	23.9	29.9	+78.7%
Profit Attributable to Owners of Parent	4.2	14.4	20.2	20.6	4.9-fold
Avg. Exchange Rate					
USD/JPY	108.32	110.10	110.04	111.98	
Euro/JPY	116.29	120.69	128.88	131.51	

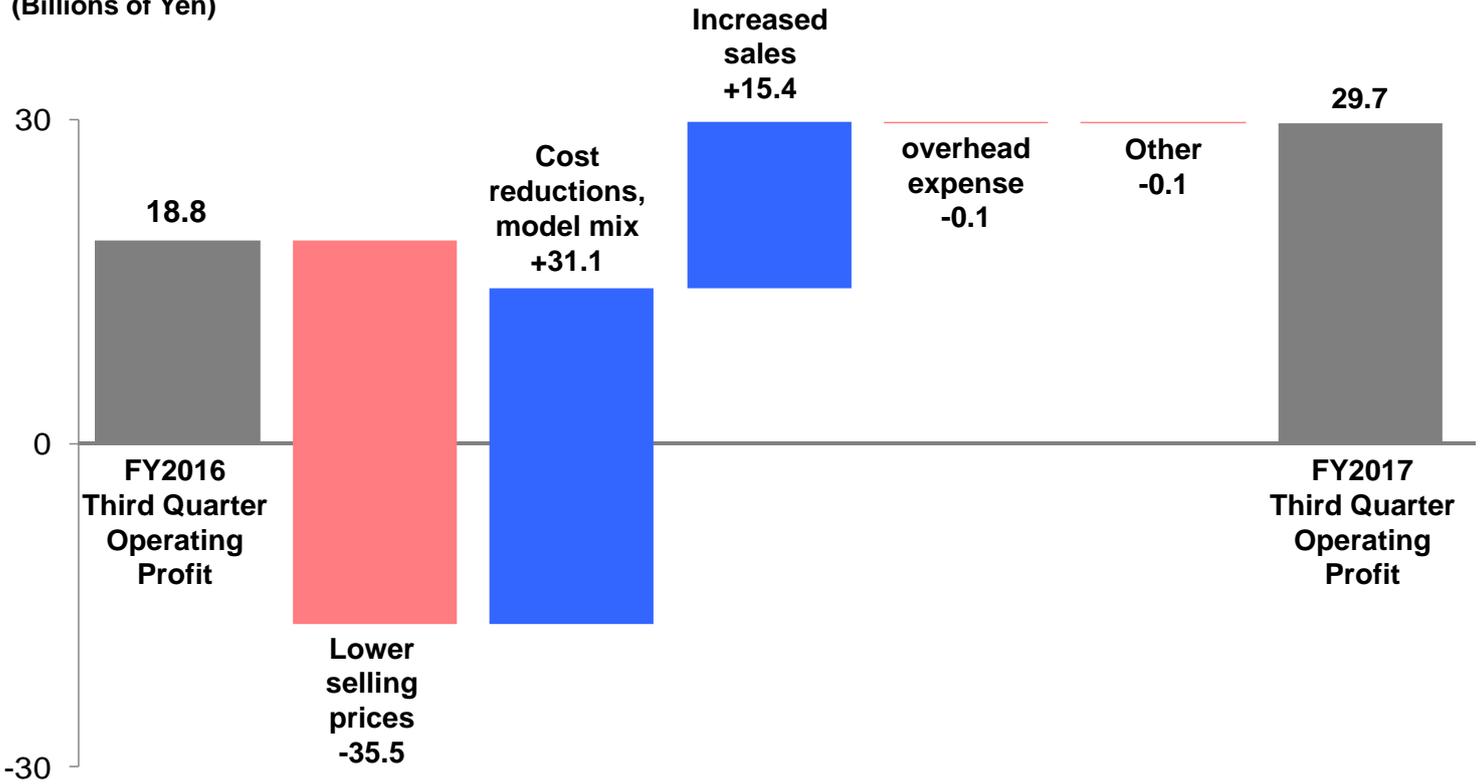


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3

Operating Profit Analysis: Y on Y Change Factors, Third Quarter FY2017

(Billions of Yen)



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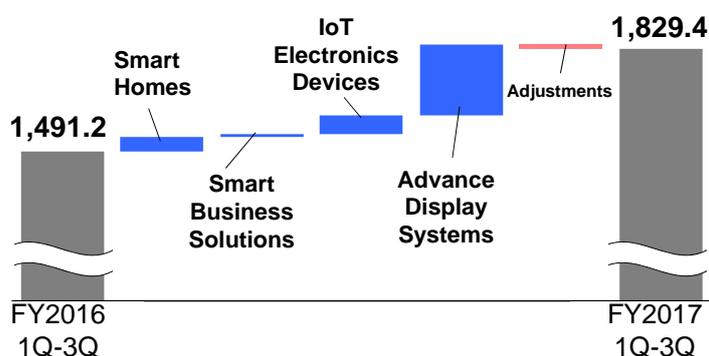
4

Consolidated Financial Results for the Nine Months Ended December 31, FY2017

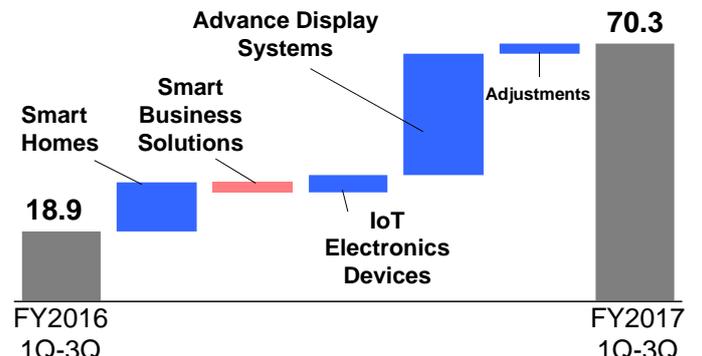
(Billions of Yen)

	FY2016	FY2017	
	1Q-3Q	1Q-3Q	Y on Y
Net Sales	1,491.2	1,829.4	+22.7%
Operating Profit	18.9	70.3	3.7-fold
Ordinary Profit	-15.2	71.1	-
Profit Attributable to Owners of Parent	-41.1	55.3	-
Avg. Exchange Rate			
USD/JPY	105.64	110.71	
Euro/JPY	116.53	127.03	

Net Sales: Segment Contribution



Operating Profit: Segment Contribution



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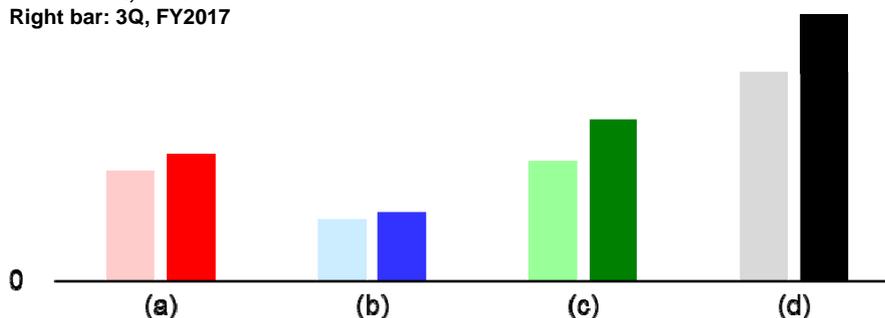
5

Sales by Segment

(Billions of Yen)

	FY2016	FY2017					
	3Q	1Q	2Q	3Q	Y on Y	1Q to 3Q Cumulative Total	Y on Y
(a) Smart Homes	128.9	130.2	160.4	148.9	+15.5%	439.6	+12.0%
(b) Smart Business Solutions	72.3	72.1	90.5	80.1	+10.8%	242.9	+4.7%
(c) IoT Electronics Devices	140.5	83.2	109.0	189.3	+34.8%	381.6	+20.1%
(d) Advance Display Systems	245.4	249.6	271.9	314.6	+28.2%	836.3	+38.7%
Subtotal	587.3	535.3	631.9	733.2	+24.8%	1,900.4	+23.0%
Adjustments	-15.7	-28.8	-23.1	-18.9	-	-71.0	-
Total	571.5	506.4	608.7	714.2	+25.0%	1,829.4	+22.7%

Left bar: 3Q, FY2016
Right bar: 3Q, FY2017



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*Sales include inter-segment sales and transfers.

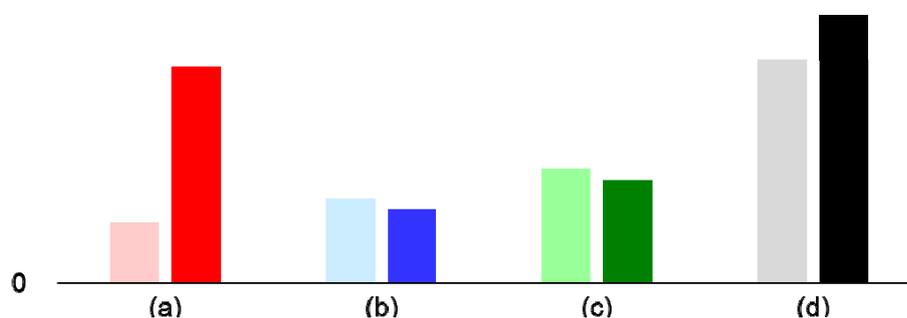
6

Operating Profit by Segment

*Figures within parentheses indicate operating margin. (Billions of Yen)

	FY2016	FY2017					
	3Q	1Q	2Q	3Q	Y on Y	1Q to 3Q Cumulative Total	Y on Y
(a) Smart Homes	2.9 (2.3%)	9.9 (7.6%)	10.5 (6.6%)	10.6 (7.2%)	3.6-fold	31.1 (7.1%)	+78.1%
(b) Smart Business Solutions	4.1 (5.8%)	3.0 (4.2%)	5.8 (6.5%)	3.6 (4.5%)	-12.9%	12.5 (5.2%)	-18.6%
(c) IoT Electronics Devices	5.6 (4.0%)	1.7 (2.1%)	1.8 (1.7%)	5.1 (2.7%)	-9.3%	8.7 (2.3%)	2.1-fold
(d) Advance Display Systems	11.0 (4.5%)	6.7 (2.7%)	9.6 (3.5%)	13.1 (4.2%)	+19.8%	29.5 (3.5%)	-
Subtotal	23.8 (4.1%)	21.4 (4.0%)	27.8 (4.4%)	32.6 (4.4%)	+36.9%	81.9 (4.3%)	2.5-fold
Adjustments	-4.9	-4.3	-4.4	-2.8	-	-11.6	-
Total	18.8 (3.3%)	17.1 (3.4%)	23.4 (3.9%)	29.7 (4.2%)	+57.8%	70.3 (3.8%)	3.7-fold

Left bar: 3Q, FY2016
Right bar: 3Q, FY2017



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7

Non-operating Income (Expenses) / Extraordinary Income (Losses)

(Billions of Yen)

	FY2016	FY2017					
	3Q	1Q	2Q	3Q	Difference (Y on Y)	1Q to 3Q Cumulative Total	Difference (Y on Y)
Operating Profit	18.8	17.1	23.4	29.7	+10.9	70.3	+51.3
Non-operating Income (Expenses)	-2.0	+0.0	+0.4	+0.2	+2.2	+0.7	+35.0
Foreign exchange gains	+1.9	+2.3	+3.3	+1.5	-0.4	+7.2	+4.8
Interest expenses	-1.3	-1.2	-1.2	-1.1	-0.2	-3.6	+1.7
Share of profit (loss) of entities accounted for using equity method	-0.5	+0.5	+0.3	+1.2	+1.7	+2.2	+21.8
Ordinary Profit	16.7	17.1	23.9	29.9	+13.2	71.1	+86.4
Extraordinary Income (Losses)	-5.5	-0.7	+0.0	-0.3	+5.1	-1.0	+6.9
Gain on sales of investment securities	+0.2	-	-	-	-0.2	-	-1.5
Loss on step acquisitions	-	-0.9	-0.5	-0.4	-0.4	-1.9	-1.9
Impairment loss	-12.0	-	-	-0.9	+11.1	-0.9	+16.8
Pretax Income	11.2	16.4	23.9	29.6	+18.3	70.0	+93.3
Income Taxes, etc.	-6.9	-1.9	-3.7	-8.9	-2.0	-14.6	+3.1
Profit Attributable to Owners of Parent	4.2	14.4	20.2	20.6	+16.3	55.3	+96.5

Reversal of deferred tax assets in connection with reduced corporate tax rates in the U.S. -2.8

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8

Consolidated Balance Sheets

- Net assets as of December 31, 2017 amounted to 389.5 billion yen, compared to 357.7 billion yen as of September 30, 2017.
- Equity ratio improved to 18.7%.

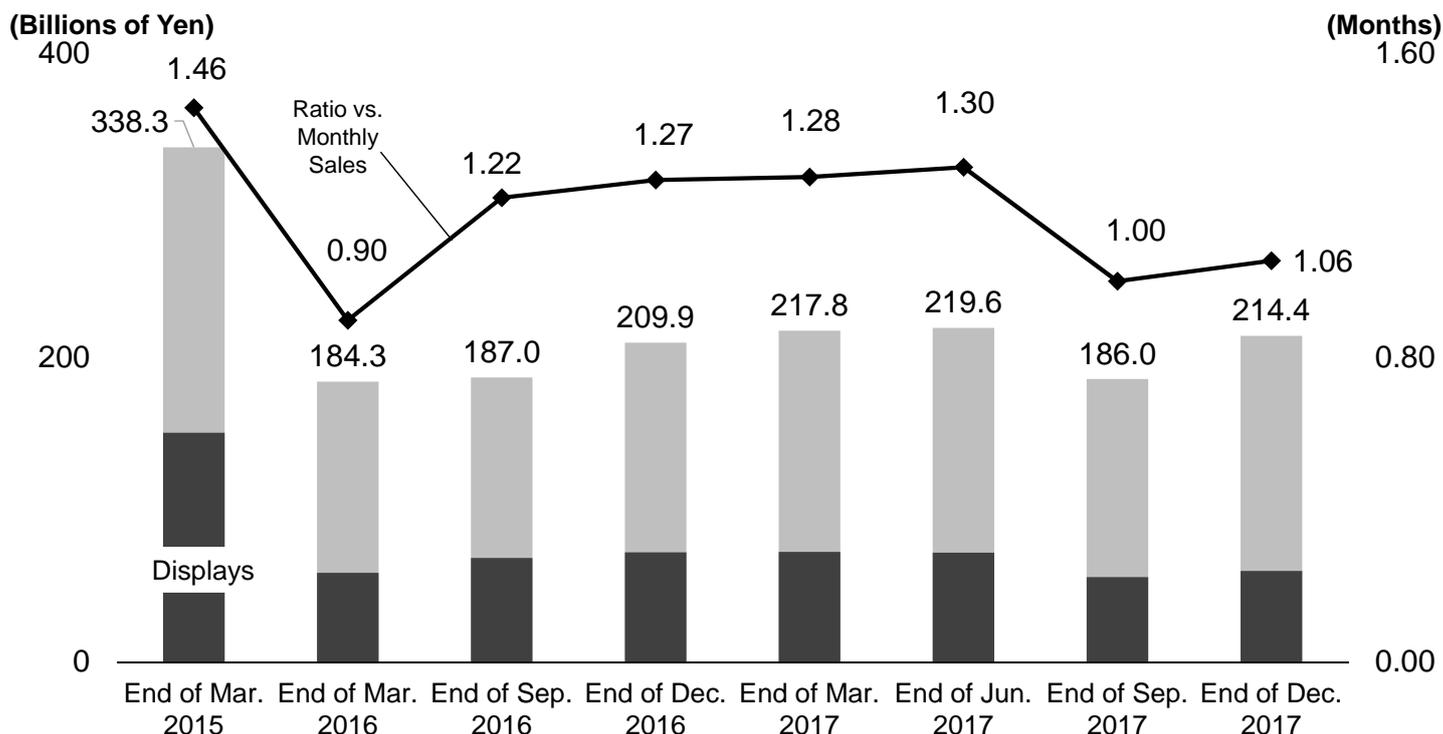
	FY2016	FY2017			FY2016	FY2017	
	End of Mar.	End of Sep.	End of Dec.		End of Mar.	End of Sep.	End of Dec.
Cash and deposits	482.1	435.4	397.6	Notes and accounts payable - trade	350.5	405.5	510.4
Notes and accounts receivable - trade	375.5	478.9	578.8	Short-term loans payable	113.5	115.7	79.2
Inventories	217.8	186.0	214.4	Current portion of bonds payable	0.0	0.0	0.0
Other current assets	118.1	131.7	123.6	Other current liabilities	337.5	338.7	334.0
Current Assets	1,193.7	1,232.3	1,314.7	Current Liabilities	801.6	860.1	923.7
Property, plant and equipment	349.6	402.6	419.0	Bonds payable	40.0	40.0	40.0
Intangible assets	42.3	45.1	43.5	Long-term loans payable	490.3	490.2	505.2
Investments and other assets	187.9	208.7	220.6	Other non-current liabilities	133.9	140.7	139.5
Non-current Assets	579.9	656.5	683.2	Non-current Liabilities	664.2	671.0	684.7
Deferred Assets	0.0	0.0	0.0	Net Assets	307.8	357.7	389.5
Total Assets	1,773.6	1,888.9	1,997.9	Total Liabilities and Net Assets	1,773.6	1,888.9	1,997.9
Exchange Rate, End of Period				Equity Ratio	16.6%	18.2%	18.7%
USD/JPY	111.20	111.74	112.05				
Euro/JPY	118.28	131.31	133.45				

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9

Inventory Trends

- Inventory amounted to 214.4 billion yen as of December 31, 2017, compared to a balance of 186.0 billion yen as of September 30, 2017.
- The Company will continue to maintain appropriate levels of inventory in response to our sales plans.

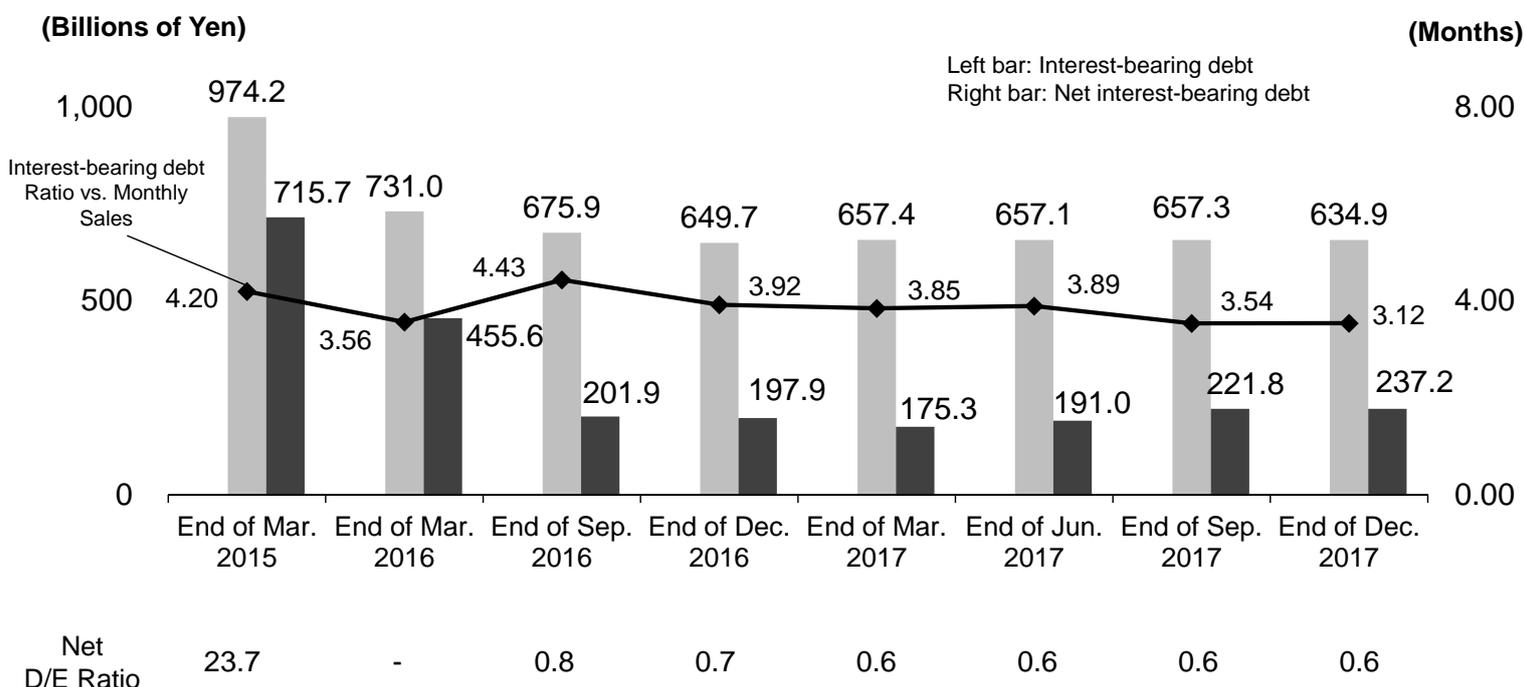


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10

Interest-Bearing Debt Trends

- Interest-bearing debt as of December 31, 2017 amounted to 634.9 billion yen, a decrease of 22.3 billion yen compared to the balance as of September 30, 2017. Interest-bearing debt to monthly sales ratio changed from 3.54 months to 3.12 months.
- Net interest-bearing debt* changed from 221.8 billion yen to 237.2 billion yen.



*Net interest-bearing debt: interest-bearing debt – cash and deposits

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11

Consolidated Financial Results Forecast for Fiscal 2017

- Both net sales and profit figures in every category are progressing in line with fiscal 2017 financial results forecasts.

(Billions of Yen)

	FY2017				
	1Q	2Q	3Q	Fiscal Year Forecast	Y on Y
Net Sales	506.4	608.7	714.2	2,510.0	+22.4%
Operating Profit (margin)	17.1 (3.4%)	23.4 (3.9%)	29.7 (4.2%)	93.0 (3.7%)	+48.9%
Ordinary Profit (margin)	17.1 (3.4%)	23.9 (3.9%)	29.9 (4.2%)	87.0 (3.5%)	3.5-fold
Profit Attributable to Owners of Parent (margin)	14.4 (2.9%)	20.2 (3.3%)	20.6 (2.9%)	69.0 (2.7%)	-

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12

II . Supplementary Data

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13

Consolidated Financial Results

(Billions of Yen)

	FY2016			FY2017		
	First Half	Second Half	Fiscal Year	First Half	Second Half Forecast	Fiscal Year Forecast
Net Sales	919.6	1,130.9	2,050.6	1,115.1	1,394.8	2,510.0
Operating Profit	0.0	62.3	62.4	40.5	52.4	93.0
(margin)	(0.0%)	(5.5%)	(3.0%)	(3.6%)	(3.8%)	(3.7%)
Ordinary Profit	-32.0	57.1	25.0	41.1	45.8	87.0
(margin)	(-3.5%)	(5.1%)	(1.2%)	(3.7%)	(3.3%)	(3.5%)
Profit Attributable to Owners of Parent	-45.4	20.5	-24.8	34.7	34.2	69.0
(margin)	(-4.9%)	(1.8%)	(-1.2%)	(3.1%)	(2.5%)	(2.7%)

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14

Consolidated Quarterly Financial Results

(Billions of Yen)

	FY2016				FY2017		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Net Sales	423.3	496.2	571.5	559.3	506.4	608.7	714.2
Operating Profit	-2.5	2.5	18.8	43.5	17.1	23.4	29.7
(margin)	(-0.6%)	(0.5%)	(3.3%)	(7.8%)	(3.4%)	(3.9%)	(4.2%)
Ordinary Profit	-22.3	-9.7	16.7	40.3	17.1	23.9	29.9
(margin)	(-5.3%)	(-2.0%)	(2.9%)	(7.2%)	(3.4%)	(3.9%)	(4.2%)
Profit Attributable to Owners of Parent	-27.4	-17.9	4.2	16.2	14.4	20.2	20.6
(margin)	(-6.5%)	(-3.6%)	(0.7%)	(2.9%)	(2.9%)	(3.3%)	(2.9%)

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15

Sales by Segment

	(Billions of Yen)			
	FY2016			FY2017
	First Half	Second Half	Fiscal Year	First Half
Smart Homes	263.6	286.9	550.6	290.6
Smart Business Solutions	159.6	158.0	317.7	162.7
IoT Electronics Devices	177.1	236.4	413.6	192.2
Advance Display Systems	357.5	484.5	842.0	521.6
Subtotal	958.0	1,166.0	2,124.0	1,167.2
Adjustments	-38.3	-35.0	-73.4	-52.0
Total	919.6	1,130.9	2,050.6	1,115.1

*Sales include inter-segment sales and transfers.

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16

Operating Profit by Segment

	(Billions of Yen)			
	FY2016			FY2017
	First Half	Second Half	Fiscal Year	First Half
Smart Homes	14.4 (5.5%)	33.9 (11.8%)	48.4 (8.8%)	20.4 (7.0%)
Smart Business Solutions	11.2 (7.0%)	11.2 (7.1%)	22.5 (7.1%)	8.9 (5.5%)
IoT Electronics Devices	-1.5 (-0.9%)	9.5 (4.1%)	8.0 (1.9%)	3.6 (1.9%)
Advance Display Systems	-14.6 (-4.1%)	18.2 (3.8%)	3.5 (0.4%)	16.3 (3.1%)
Subtotal	9.5 (1.0%)	73.0 (6.3%)	82.5 (3.9%)	49.3 (4.2%)
Adjustments	-9.4	-10.6	-20.1	-8.7
Total	0.0 (0.0%)	62.3 (5.5%)	62.4 (3.0%)	40.5 (3.6%)

*Figures within parentheses indicate operating margin.

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17

Quarterly Sales by Segment

(Billions of Yen)

	FY2016				FY2017		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Smart Homes	125.0	138.6	128.9	157.9	130.2	160.4	148.9
Smart Business Solutions	77.5	82.1	72.3	85.7	72.1	90.5	80.1
IoT Electronics Devices	75.0	102.1	140.5	95.9	83.2	109.0	189.3
Advance Display Systems	167.1	190.3	245.4	239.0	249.6	271.9	314.6
Subtotal	444.7	513.3	587.3	578.6	535.3	631.9	733.2
Adjustments	-21.3	-17.0	-15.7	-19.3	-28.8	-23.1	-18.9
Total	423.3	496.2	571.5	559.3	506.4	608.7	714.2

*Sales include inter-segment sales and transfers.

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18

Quarterly Operating Profit by Segment

(Billions of Yen)

	FY2016				FY2017		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Smart Homes	2.3 (1.9%)	12.1 (8.8%)	2.9 (2.3%)	30.9 (19.6%)	9.9 (7.6%)	10.5 (6.6%)	10.6 (7.2%)
Smart Business Solutions	5.9 (7.7%)	5.2 (6.4%)	4.1 (5.8%)	7.1 (8.3%)	3.0 (4.2%)	5.8 (6.5%)	3.6 (4.5%)
IoT Electronics Devices	0.5 (0.7%)	-2.0 (-2.0%)	5.6 (4.0%)	3.9 (4.1%)	1.7 (2.1%)	1.8 (1.7%)	5.1 (2.7%)
Advance Display Systems	-6.8 (-4.1%)	-7.8 (-4.1%)	11.0 (4.5%)	7.1 (3.0%)	6.7 (2.7%)	9.6 (3.5%)	13.1 (4.2%)
Subtotal	1.9 (0.4%)	7.6 (1.5%)	23.8 (4.1%)	49.1 (8.5%)	21.4 (4.0%)	27.8 (4.4%)	32.6 (4.4%)
Adjustments	-4.4	-5.0	-4.9	-5.6	-4.3	-4.4	-2.8
Total	-2.5 (-0.6%)	2.5 (0.5%)	18.8 (3.3%)	43.5 (7.8%)	17.1 (3.4%)	23.4 (3.9%)	29.7 (4.2%)

*Figures within parentheses indicate operating margin.

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19

Capital Investment/Depreciation and Amortization, etc.

(Billions of Yen)

	FY2016			FY2017		
	First Half	Second Half	Fiscal Year	First Half	Second Half Forecast	Fiscal Year Forecast
Capital Investment	27.4	50.3	77.7	73.2	66.7	140.0
Displays	12.7	21.4	34.1	16.7	43.2	60.0
Depreciation and Amortization	27.4	32.3	59.7	28.8	51.1	80.0
R&D Expenditures	55.8	50.2	106.1	50.2	69.7	120.0

(Yen)

Avg. Exchange Rate	FY2016			FY2017	
	First Half	Second Half	Fiscal Year	First Half	Second Half Forecast
US Dollar	104.30	110.48	107.39	110.07	110.00
Euro	116.66	117.93	117.29	124.79	128.00

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20

Quarterly Capital Investment and Depreciation, etc.

(Billions of Yen)

	FY2016				FY2017		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Capital Investment	10.2	17.2	35.4	14.8	18.8	54.4	33.7
Displays	5.6	7.0	14.1	7.2	3.2	13.5	11.0
Depreciation and Amortization	13.5	13.8	16.2	16.1	14.1	14.6	19.4
R&D Expenditures	29.7	26.1	29.3	20.8	28.7	21.5	30.8

(Yen)

Avg. Exchange Rate	FY2016				FY2017		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
US Dollar	107.16	101.44	108.32	112.64	110.10	110.04	111.98
Euro	120.53	112.78	116.29	119.58	120.69	128.88	131.51

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21

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