

# Consolidated Financial Results for the Second Quarter, Fiscal 2017

- 
- 
- I . Consolidated Financial Results for the First Half, Fiscal 2017**  
**Consolidated Financial Results Forecast for Fiscal 2017**
  
  - II . Supplementary Data**
- 
- 

**SHARP CORPORATION**

**October 27, 2017**

## 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 First Half, Fiscal 2017 Consolidated Financial Results Forecast for Fiscal 2017**

# Consolidated Financial Results for the First Half, Fiscal 2017 (1)

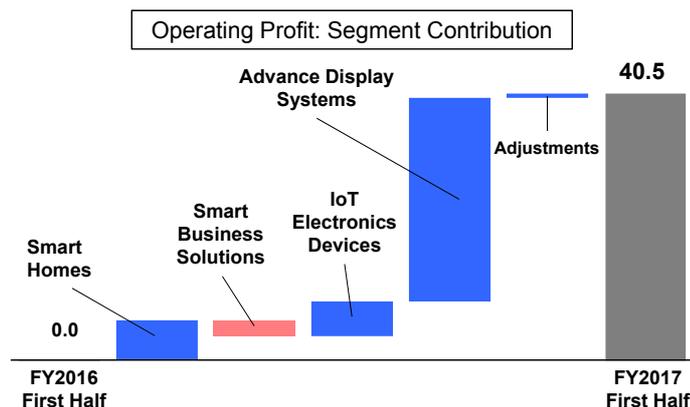
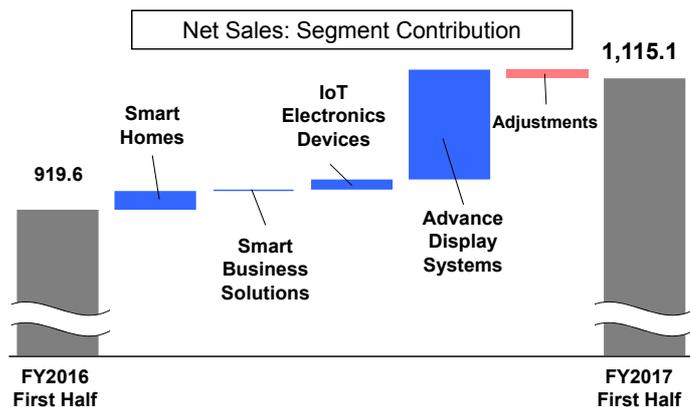
- Net sales and profit results outperform first-half forecasts announced on May 26
- Net sales up sharply, more than 20% year on year
- Profits show significant improvement year on year; all profit figures in positive territory
- Profit attributable to owners of parent back to pre-Lehman levels

**SHARP**

2

# Consolidated Financial Results for the First Half, Fiscal 2017 (2)

	(Billions of Yen)			FY2017 First Half Forecast
	FY2016 First Half	FY2017 First Half	Y on Y	
<b>Net Sales</b>	<b>919.6</b>	<b>1,115.1</b>	<b>+21.3%</b>	<b>1,100.0</b>
<b>Operating Profit</b>	<b>0.0</b>	<b>40.5</b>	<b>516.3-fold</b>	<b>37.0</b>
<b>Ordinary Profit</b>	<b>-32.0</b>	<b>41.1</b>	<b>-</b>	<b>33.0</b>
<b>Profit Attributable to Owners of Parent</b>	<b>-45.4</b>	<b>34.7</b>	<b>-</b>	<b>25.0</b>
Avg. Exchange Rate				
USD/JPY	104.30	110.07		110.00
Euro/JPY	116.66	124.79		114.00

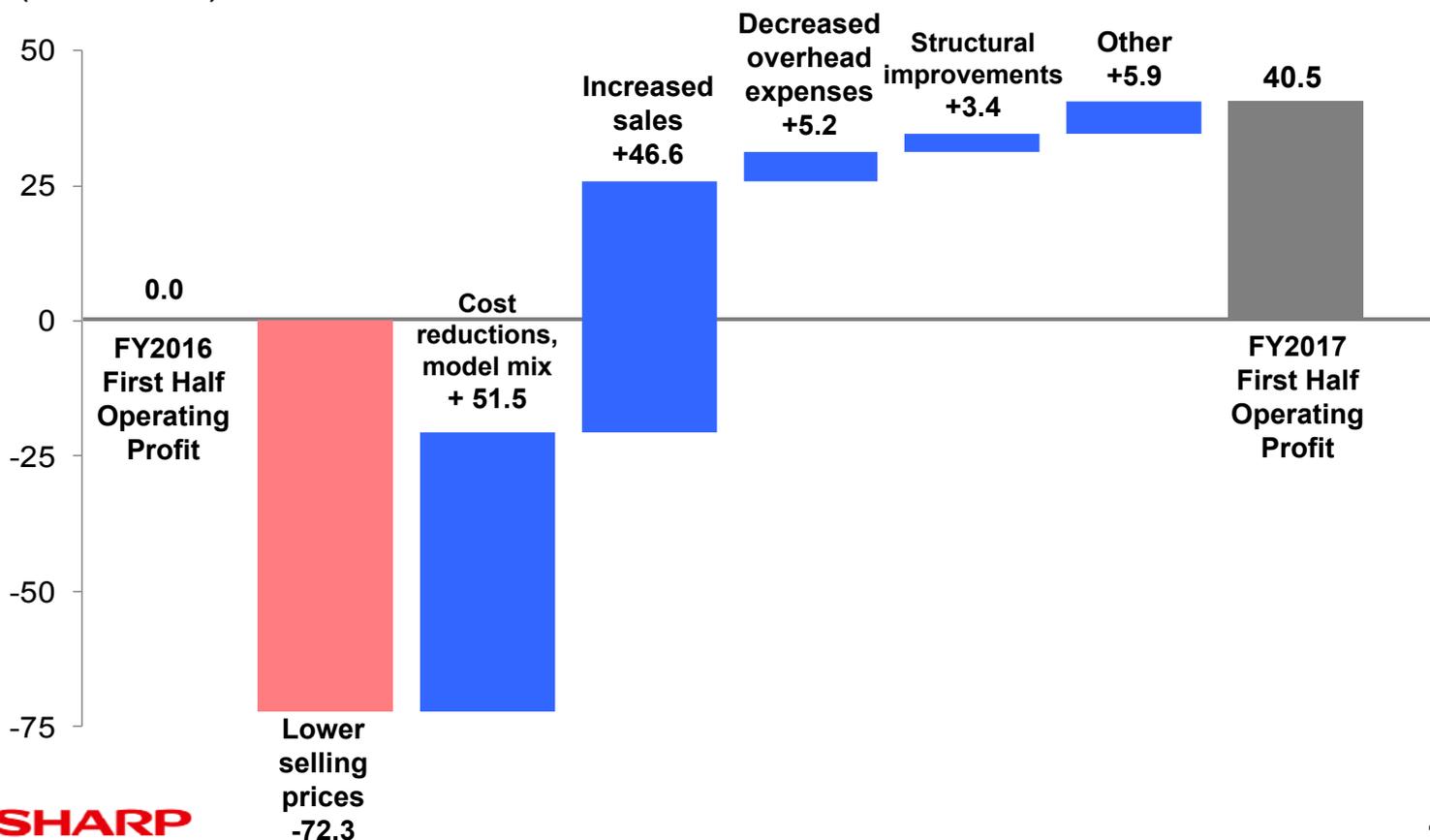


**SHARP**

3

# Operating Profit Analysis: Y on Y Change Factors, First Half FY2017

(Billions of Yen)



**SHARP**

4

## Consolidated Financial Results for the Second Quarter, Fiscal 2017

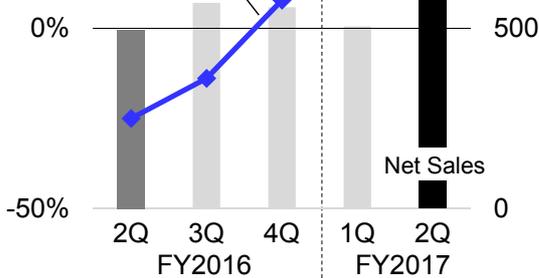
- Net sales for the second quarter up year on year and vs. prior quarter; profits also improved significantly.

(Billions of Yen)

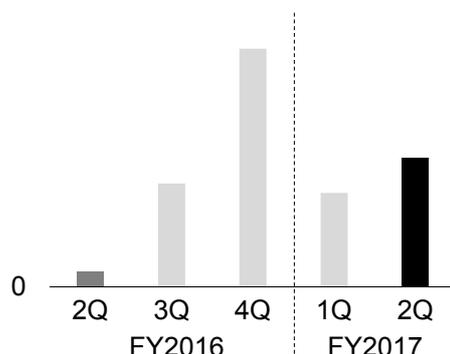
	FY2016	FY2017		Y on Y
	2Q	1Q	2Q	
Net Sales	496.2	506.4	608.7	+22.7%
Operating Profit	2.5	17.1	23.4	9.0-fold
Ordinary Profit	-9.7	17.1	23.9	
Profit Attributable to Owners of Parent	-17.9	14.4	20.2	
Avg. Exchange Rate				
USD/JPY	101.44	110.10	110.04	
Euro/JPY	112.78	120.69	128.88	

Net Sales

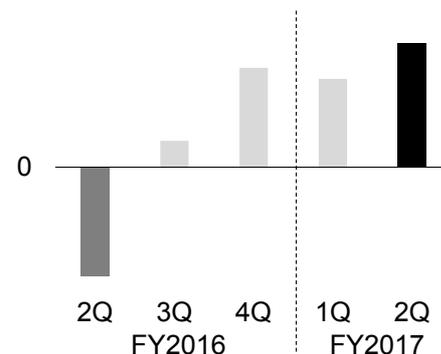
Y on Y



Operating Profit



Profit Attributable to Owners of Parent



**SHARP**

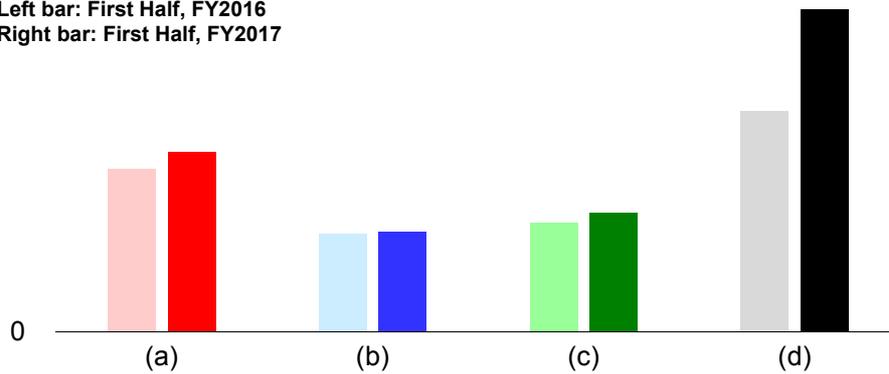
5

# Sales by Segment

(Billions of Yen)

	FY2016	FY2017			Y on Y
	First Half	1Q	2Q	First Half	
(a) Smart Homes	263.6	130.2	160.4	290.6	+10.2%
(b) Smart Business Solutions	159.6	72.1	90.5	162.7	+1.9%
(c) IoT Electronics Devices	177.1	83.2	109.0	192.2	+8.5%
(d) Advance Display Systems	357.5	249.6	271.9	521.6	+45.9%
<b>Subtotal</b>	<b>958.0</b>	<b>535.3</b>	<b>631.9</b>	<b>1,167.2</b>	<b>+21.8%</b>
<b>Adjustments</b>	<b>-38.3</b>	<b>-28.8</b>	<b>-23.1</b>	<b>-52.0</b>	<b>-</b>
<b>Total</b>	<b>919.6</b>	<b>506.4</b>	<b>608.7</b>	<b>1,115.1</b>	<b>+21.3%</b>

Left bar: First Half, FY2016  
Right bar: First Half, FY2017



\*Sales include inter-segment sales and transfers.

**SHARP**

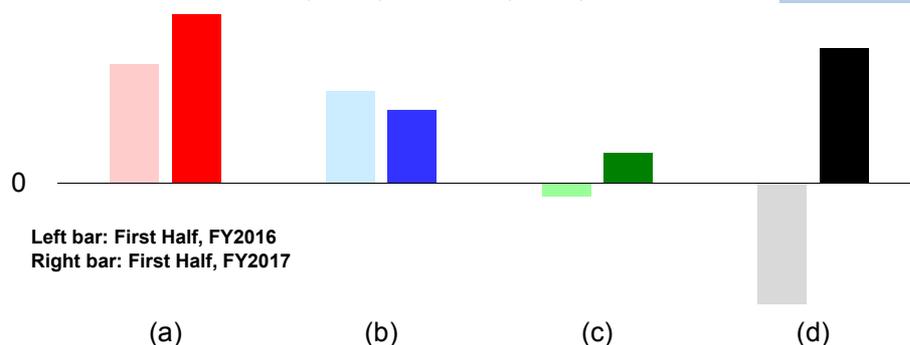
6

# Operating Profit by Segment

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

	FY2016	FY2017			Y on Y
	First Half	1Q	2Q	First Half	
(a) Smart Homes	14.4 (5.5%)	9.9 (7.6%)	10.5 (6.6%)	20.4 (7.0%)	+41.2%
(b) Smart Business Solutions	11.2 (7.0%)	3.0 (4.2%)	5.8 (6.5%)	8.9 (5.5%)	-20.8%
(c) IoT Electronics Devices	-1.5 (-0.9%)	1.7 (2.1%)	1.8 (1.7%)	3.6 (1.9%)	-
(d) Advance Display Systems	-14.6 (-4.1%)	6.7 (2.7%)	9.6 (3.5%)	16.3 (3.1%)	-
<b>Subtotal</b>	<b>9.5</b> <b>(1.0%)</b>	<b>21.4</b> <b>(4.0%)</b>	<b>27.8</b> <b>(4.4%)</b>	<b>49.3</b> <b>(4.2%)</b>	<b>5.2-fold</b>
<b>Adjustments</b>	<b>-9.4</b>	<b>-4.3</b>	<b>-4.4</b>	<b>-8.7</b>	<b>-</b>
<b>Total</b>	<b>0.0</b> <b>(0.0%)</b>	<b>17.1</b> <b>(3.4%)</b>	<b>23.4</b> <b>(3.9%)</b>	<b>40.5</b> <b>(3.6%)</b>	<b>516.3-fold</b>

Left bar: First Half, FY2016  
Right bar: First Half, FY2017



**SHARP**

7

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

(Billions of Yen)

	FY2016	FY2017			
	First Half	1Q	2Q	First Half	Difference (Y on Y)
<b>Operating Profit</b>	<b>0.0</b>	<b>17.1</b>	<b>23.4</b>	<b>40.5</b>	+40.4
<b>Non-operating Income (Expenses)</b>	<b>-32.1</b>	<b>+0.0</b>	<b>+0.4</b>	<b>+0.5</b>	+32.7
Foreign exchange gains	+0.4	+2.3	+3.3	+5.7	+5.2
Interest expenses	-4.0	-1.2	-1.2	-2.4	+1.5
Share of profit (loss) of entities accounted for using equity method	-19.1	+0.5	+0.3	+0.9	+20.0
<b>Ordinary Profit</b>	<b>-32.0</b>	<b>17.1</b>	<b>23.9</b>	<b>41.1</b>	+73.2
<b>Extraordinary Income (Losses)</b>	<b>-2.4</b>	<b>-0.7</b>	<b>+0.0</b>	<b>-0.6</b>	+1.7
Gain on sales of investment securities	+1.3	-	-	-	-1.3
Loss on step acquisitions	-	-0.9	-0.5	-1.4	-1.4
Impairment loss	-5.7	-	-	-	+5.7
<b>Pretax Profit</b>	<b>-34.5</b>	<b>16.4</b>	<b>23.9</b>	<b>40.4</b>	+74.9
<b>Income Taxes, etc.</b>	<b>-10.8</b>	<b>-1.9</b>	<b>-3.7</b>	<b>-5.6</b>	+5.1
<b>Profit Attributable to Owners of Parent</b>	<b>-45.4</b>	<b>14.4</b>	<b>20.2</b>	<b>34.7</b>	+80.1

**SHARP**

8

## Consolidated Balance Sheets

- **Net assets as of September 30, 2017 amounted to 357.7 billion yen, compared to 331.8 billion yen as of June 30, 2017.**
- **Equity ratio improved to 18.2%.**

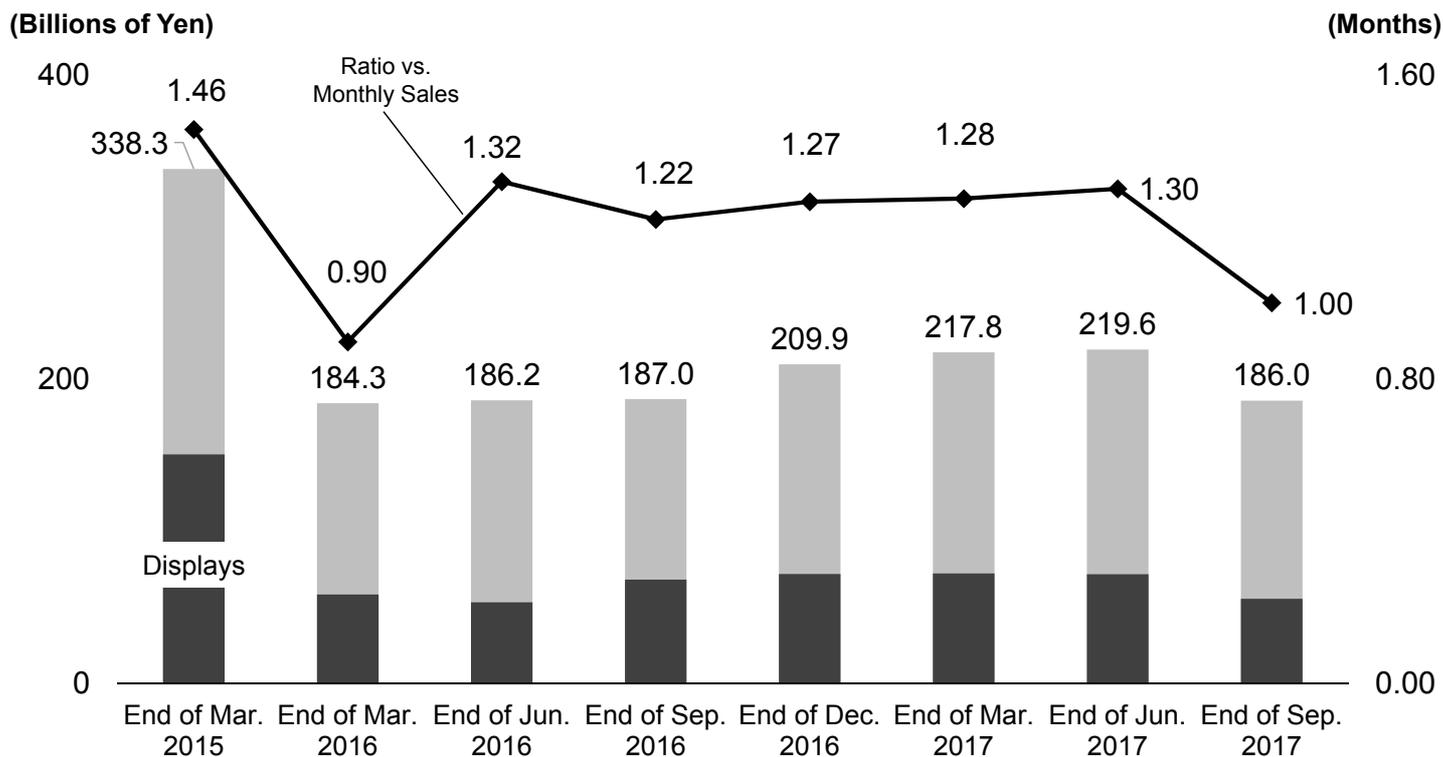
	FY2016	FY2017			FY2016	FY2017	
	End of Mar.	End of Jun.	End of Sep.		End of Mar.	End of Jun.	End of Sep.
Cash and deposits	482.1	466.0	435.4	Notes and accounts payable - trade	350.5	376.0	405.5
Notes and accounts receivable - trade	375.5	414.1	478.9	Short-term loans payable	113.5	114.5	115.7
Inventories	217.8	219.6	186.0	Current portion of bonds payable	0.0	0.0	0.0
Other current assets	118.1	116.7	131.7	Other current liabilities	337.5	312.7	338.7
<b>Current Assets</b>	<b>1,193.7</b>	<b>1,216.5</b>	<b>1,232.3</b>	<b>Current Liabilities</b>	<b>801.6</b>	<b>803.3</b>	<b>860.1</b>
Property, plant and equipment	349.6	358.2	402.6	Bonds payable	40.0	40.0	40.0
Intangible assets	42.3	42.2	45.1	Long-term loans payable	490.3	490.2	490.2
Investments and other assets	187.9	191.1	208.7	Other non-current liabilities	133.9	142.8	140.7
<b>Non-current Assets</b>	<b>579.9</b>	<b>591.7</b>	<b>656.5</b>	<b>Non-current liabilities</b>	<b>664.2</b>	<b>673.0</b>	<b>671.0</b>
<b>Deferred Assets</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>Net Assets</b>	<b>307.8</b>	<b>331.8</b>	<b>357.7</b>
<b>Total Assets</b>	<b>1,773.6</b>	<b>1,808.3</b>	<b>1,888.9</b>	<b>Total Liabilities and Net Assets</b>	<b>1,773.6</b>	<b>1,808.3</b>	<b>1,888.9</b>
Exchange Rate, End of Period				Equity Ratio	16.6%	17.5%	18.2%
USD/JPY	111.20	111.00	111.74				
Euro/JPY	118.28	126.45	131.31				

**SHARP**

9

# Inventory Trends

- Inventory amounted to 186.0 billion yen as of September 30, 2017, compared to a balance of 219.6 billion yen as of June 30, 2017.
- The Company will continue to maintain appropriate levels of inventory in response to our sales plans.

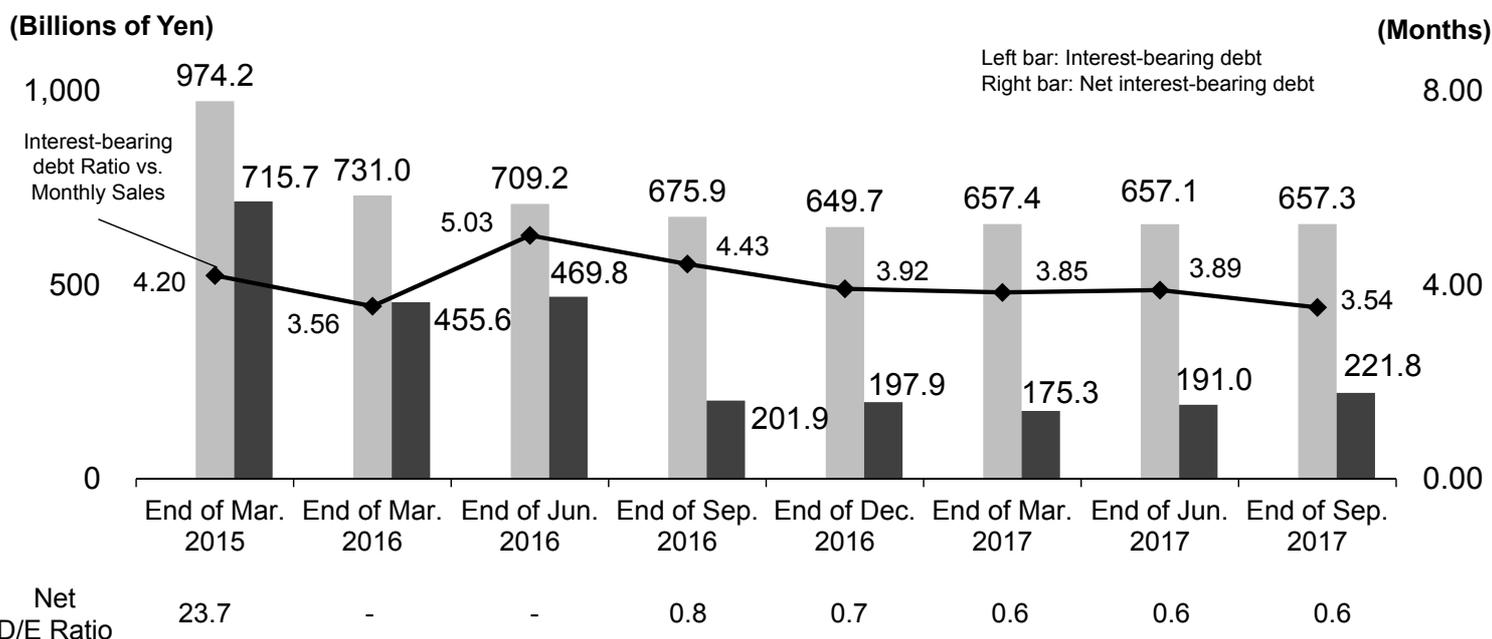


SHARP

10

# Interest-Bearing Debt Trends

- Interest-bearing debt as of September 30, 2017 amounted to 657.3 billion yen, nearly level with the balance as of June 30, 2017.
- Interest-bearing debt to monthly sales ratio decreased from 3.89 months to 3.54 months.
- Net interest-bearing debt\* increased from 191.0 billion yen to 221.8 billion yen.



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

SHARP

11

# Consolidated Financial Results Forecast for Fiscal 2017

- We have revised our fiscal 2017 forecast in response to our first-half results.
- Upward revisions for forecasts of operating profit, ordinary profit, and profit attributable to owners of parent.

(Billions of Yen)

	FY2017				FY2017 (5/26)		
	First Half	Second Half Forecast	Fiscal Year Forecast	Y on Y	First Half Forecast	Second Half Forecast	Fiscal Year Forecast
<b>Net Sales</b>	1,115.1	1,394.8	2,510.0	+22.4%	1,100.0	1,410.0	2,510.0
<b>Operating Profit</b> (margin)	40.5 (3.6%)	52.4 (3.8%)	93.0 (3.7%)	+48.9%	37.0 (3.4%)	53.0 (3.8%)	90.0 (3.6%)
<b>Ordinary Profit</b> (margin)	41.1 (3.7%)	45.8 (3.3%)	87.0 (3.5%)	3.5-fold	33.0 (3.0%)	46.0 (3.3%)	79.0 (3.1%)
<b>Profit Attributable to Owners of Parent</b> (margin)	34.7 (3.1%)	34.2 (2.5%)	69.0 (2.7%)	-	25.0 (2.3%)	34.0 (2.4%)	59.0 (2.4%)

**SHARP**

12

## II . Supplementary Data

**SHARP**

13

# Consolidated Financial Results

(Billions of Yen)

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

**SHARP**

14

# Consolidated Quarterly Financial Results

(Billions of Yen)

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

**SHARP**

15

# Sales by Segment

	FY2016			(Billions of Yen)
				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
<b>Subtotal</b>	<b>958.0</b>	<b>1,166.0</b>	<b>2,124.0</b>	<b>1,167.2</b>
<b>Adjustments</b>	<b>-38.3</b>	<b>-35.0</b>	<b>-73.4</b>	<b>-52.0</b>
<b>Total</b>	<b>919.6</b>	<b>1,130.9</b>	<b>2,050.6</b>	<b>1,115.1</b>

\*Sales include inter-segment sales and transfers.

**SHARP**

16

# Operating Profit by Segment

	FY2016			(Billions of Yen)
				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%)
<b>Subtotal</b>	<b>9.5 (1.0%)</b>	<b>73.0 (6.3%)</b>	<b>82.5 (3.9%)</b>	<b>49.3 (4.2%)</b>
<b>Adjustments</b>	<b>-9.4</b>	<b>-10.6</b>	<b>-20.1</b>	<b>-8.7</b>
<b>Total</b>	<b>0.0 (0.0%)</b>	<b>62.3 (5.5%)</b>	<b>62.4 (3.0%)</b>	<b>40.5 (3.6%)</b>

\*Figures within parentheses indicate operating margin.

**SHARP**

17

# Quarterly Sales by Segment

	(Billions of Yen)					
	FY2016				FY2017	
	1Q	2Q	3Q	4Q	1Q	2Q
Smart Homes	125.0	138.6	128.9	157.9	130.2	160.4
Smart Business Solutions	77.5	82.1	72.3	85.7	72.1	90.5
IoT Electronics Devices	75.0	102.1	140.5	95.9	83.2	109.0
Advance Display Systems	167.1	190.3	245.4	239.0	249.6	271.9
<b>Subtotal</b>	<b>444.7</b>	<b>513.3</b>	<b>587.3</b>	<b>578.6</b>	<b>535.3</b>	<b>631.9</b>
<b>Adjustments</b>	<b>-21.3</b>	<b>-17.0</b>	<b>-15.7</b>	<b>-19.3</b>	<b>-28.8</b>	<b>-23.1</b>
<b>Total</b>	<b>423.3</b>	<b>496.2</b>	<b>571.5</b>	<b>559.3</b>	<b>506.4</b>	<b>608.7</b>

\*Sales include inter-segment sales and transfers.

# Quarterly Operating Profit by Segment

	(Billions of Yen)					
	FY2016				FY2017	
	1Q	2Q	3Q	4Q	1Q	2Q
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%)
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%)
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%)
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%)
<b>Subtotal</b>	<b>1.9 (0.4%)</b>	<b>7.6 (1.5%)</b>	<b>23.8 (4.1%)</b>	<b>49.1 (8.5%)</b>	<b>21.4 (4.0%)</b>	<b>27.8 (4.4%)</b>
<b>Adjustments</b>	<b>-4.4</b>	<b>-5.0</b>	<b>-4.9</b>	<b>-5.6</b>	<b>-4.3</b>	<b>-4.4</b>
<b>Total</b>	<b>-2.5 (-0.6%)</b>	<b>2.5 (0.5%)</b>	<b>18.8 (3.3%)</b>	<b>43.5 (7.8%)</b>	<b>17.1 (3.4%)</b>	<b>23.4 (3.9%)</b>

\*Figures within parentheses indicate operating margin.

# 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
<b>Capital Investment</b>	<b>27.4</b>	<b>50.3</b>	<b>77.7</b>	<b>73.2</b>	<b>66.7</b>	<b>140.0</b>
Displays	12.7	21.4	34.1	16.7	43.2	60.0
<b>Depreciation and Amortization</b>	<b>27.4</b>	<b>32.3</b>	<b>59.7</b>	<b>28.8</b>	<b>51.1</b>	<b>80.0</b>
<b>R&amp;D Expenditures</b>	<b>55.8</b>	<b>50.2</b>	<b>106.1</b>	<b>50.2</b>	<b>69.7</b>	<b>120.0</b>

(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

**SHARP**

20

# Quarterly Capital Investment and Depreciation, etc.

(Billions of Yen)

	FY2016				FY2017	
	1Q	2Q	3Q	4Q	1Q	2Q
<b>Capital Investment</b>	<b>10.2</b>	<b>17.2</b>	<b>35.4</b>	<b>14.8</b>	<b>18.8</b>	<b>54.4</b>
Displays	5.6	7.0	14.1	7.2	3.2	13.5
<b>Depreciation and Amortization</b>	<b>13.5</b>	<b>13.8</b>	<b>16.2</b>	<b>16.1</b>	<b>14.1</b>	<b>14.6</b>
<b>R&amp;D Expenditures</b>	<b>29.7</b>	<b>26.1</b>	<b>29.3</b>	<b>20.8</b>	<b>28.7</b>	<b>21.5</b>

(Yen)

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

**SHARP**

21

# SHARP

Be Original.

