

Consolidated Financial Results for the First Quarter, Fiscal 2017

I . Consolidated Financial Results for the First Quarter, Fiscal 2017

II . Transition to a Path of Growth

III . Supplementary Data

SHARP CORPORATION

July 28, 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 Quarter, Fiscal 2017

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Consolidated Financial Results for the First Quarter, Fiscal 2017

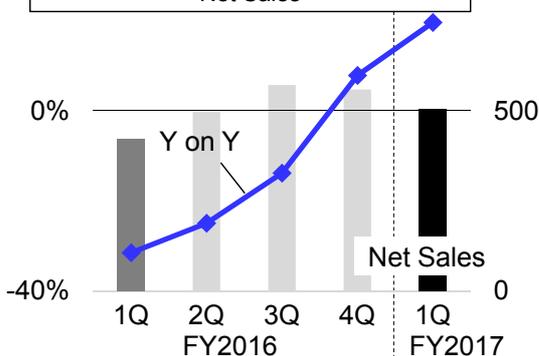
• Net sales for the first quarter of fiscal 2017 were higher year on year; profits also improved significantly.

• No change to first half and fiscal 2017 forecast as announced previously.

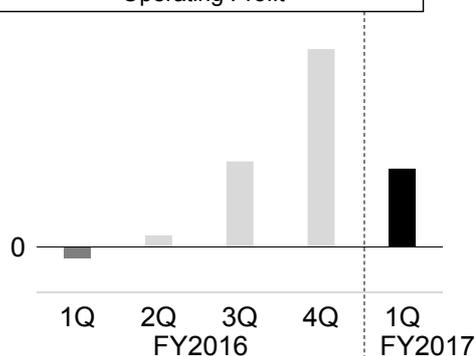
(Billions of Yen)

	FY2016	FY2017		FY2017	
	1Q	1Q	Y on Y	First Half Forecast	Fiscal Year Forecast
Net Sales	423.3	506.4	+19.6%	1,100.0	2,510.0
Operating Profit	-2.5	17.1	-	37.0	90.0
Ordinary Profit	-22.3	17.1	-	33.0	79.0
Profit Attributable to Owners of Parent	-27.4	14.4	-	25.0	59.0
Avg. Exchange Rate					
USD/JPY	107.16	110.10		110.00	110.00
Euro/JPY	120.53	120.69		114.00	114.00

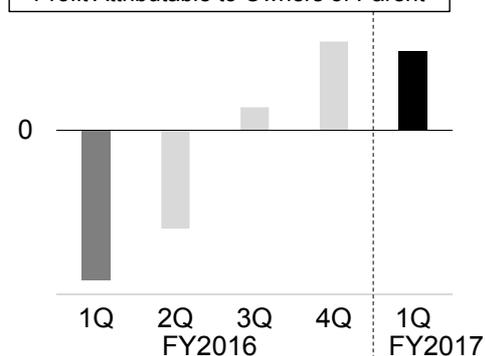
Net Sales



Operating Profit



Profit Attributable to Owners of Parent

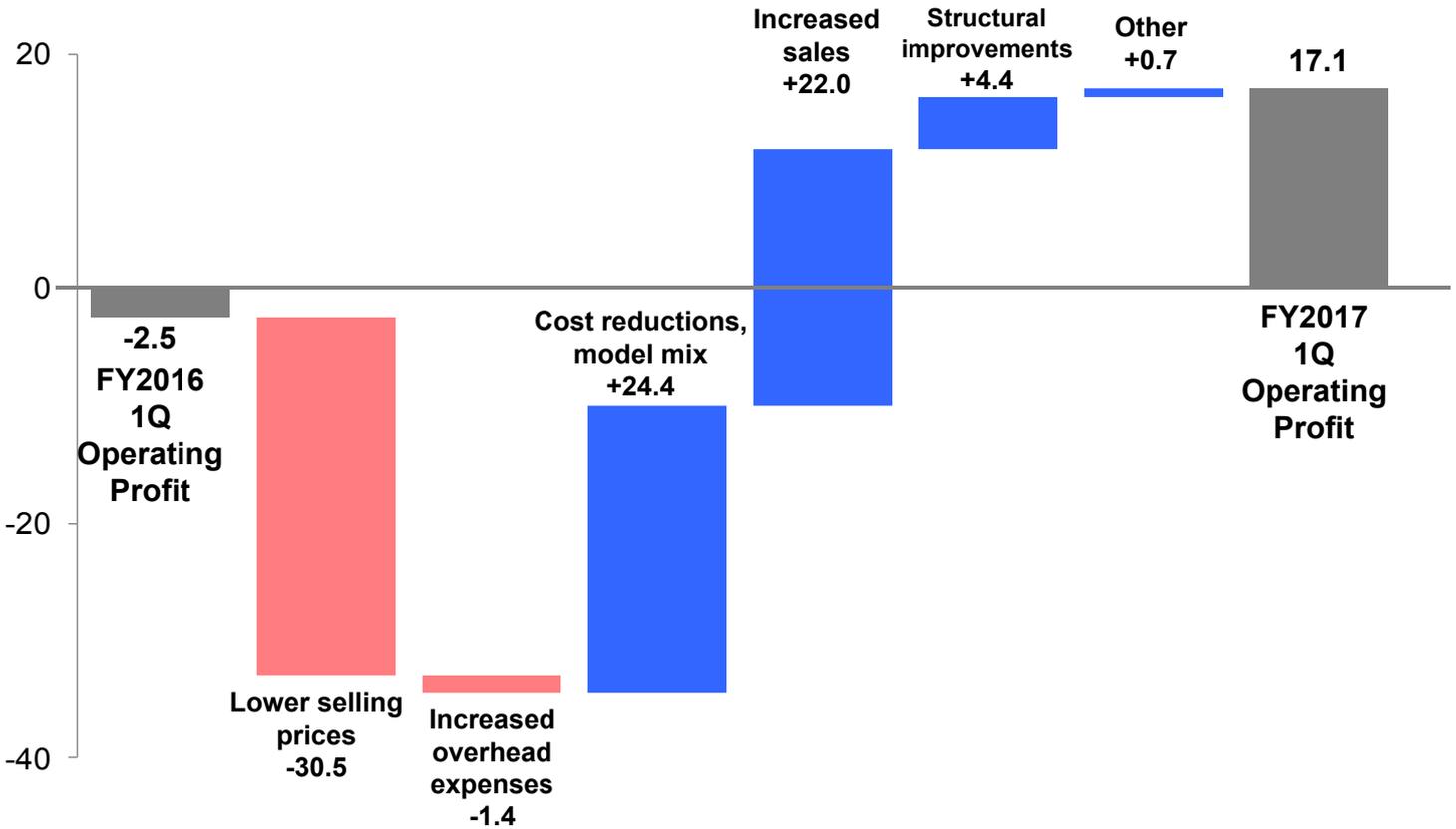


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Operating Profit Analysis (Y on Y) for the First Quarter, Fiscal 2017

(Billions of Yen)



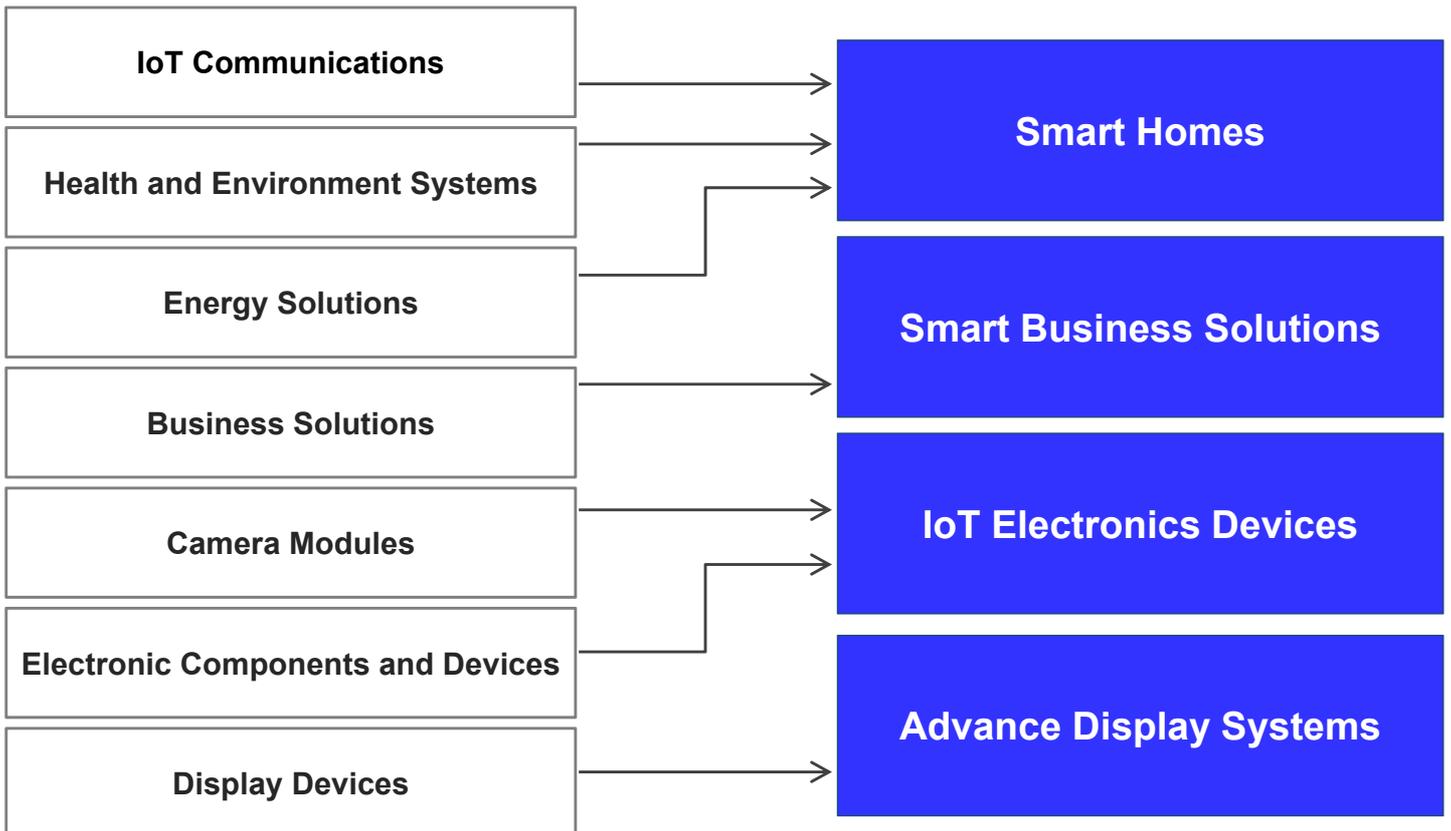
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Segment Changes

Before Change

After Change



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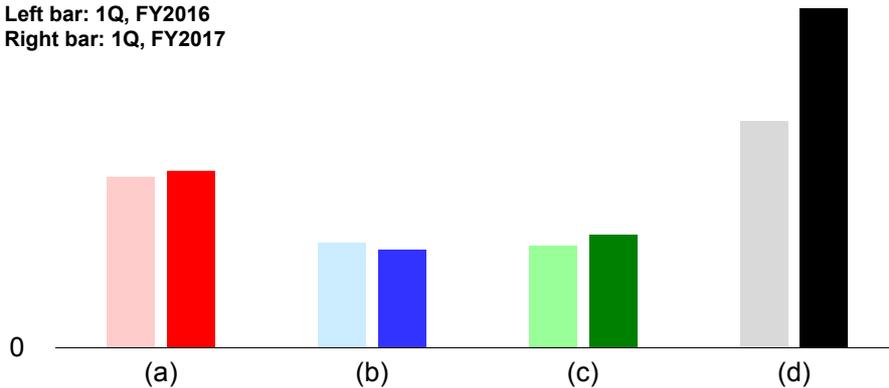
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Sales by Segment

(Billions of Yen)

	FY2016	FY2017	
	1Q	1Q	Y on Y
(a) Smart Homes	125.0	130.2	+4.2%
(b) Smart Business Solutions	77.5	72.1	-6.9%
(c) IoT Electronics Devices	75.0	83.2	+11.0%
(d) Advance Display Systems	167.1	249.6	+49.4%
Subtotal	444.7	535.3	+20.4%
Adjustments	-21.3	-28.8	-
Total	423.3	506.4	+19.6%

Left bar: 1Q, FY2016
Right bar: 1Q, FY2017



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*Sales include inter-segment sales and transfers.

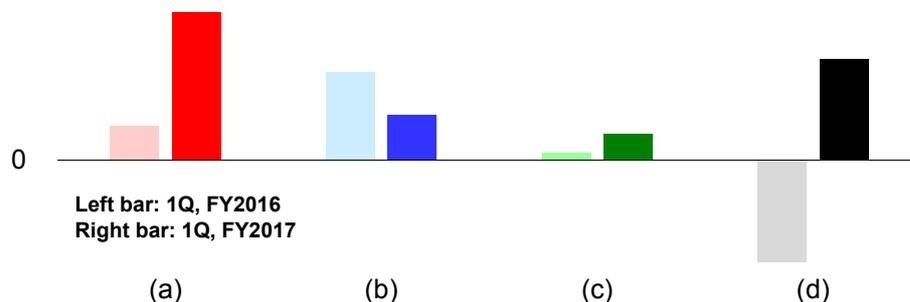
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Operating Profit by Segment

(Billions of Yen)

*Figures within parentheses
indicate operating margin.

	FY2016	FY2017	
	1Q	1Q	Y on Y
(a) Smart Homes	2.3 (1.9%)	9.9 (7.6%)	4.2-fold
(b) Smart Business Solutions	5.9 (7.7%)	3.0 (4.2%)	-48.8%
(c) IoT Electronics Devices	0.5 (0.7%)	1.7 (2.1%)	3.5-fold
(d) Advance Display Systems	-6.8 (-4.1%)	6.7 (2.7%)	-
Subtotal	1.9 (0.4%)	21.4 (4.0%)	11.1-fold
Adjustments	-4.4	-4.3	-
Total	-2.5 (-0.6%)	17.1 (3.4%)	-



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

(Billions of Yen)

	FY2016		FY2017	
	1Q	Fiscal Year	1Q	Difference (Y on Y)
Operating Profit	-2.5	62.4	17.1	+19.6
Non-operating Income (Expenses)	-19.8	-37.3	+0.0	+19.8
Interest expenses	-2.4	-6.3	-1.2	+1.2
Share of profit (loss) of entities accounted for using equity method	-11.0	-18.6	+0.5	+11.6
Ordinary Profit	-22.3	25.0	17.1	+39.5
Extraordinary Income (Losses)	-1.0	-25.6	-0.7	+0.2
Gain on sales of investment securities	-	+3.2	-	-
Loss on step acquisitions	-	-	-0.9	-0.9
Receipt of settlement package	-	+6.2	-	-
Impairment loss	-1.5	-34.6	-	+1.5
Pretax Profit	-23.3	-0.5	16.4	+39.8
Income Taxes, etc.	-4.0	-24.2	-1.9	+2.1
Profit Attributable to Owners of Parent	-27.4	-24.8	14.4	+41.9

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Consolidated Balance Sheets

• Net assets as of June 30, 2017 amounted to 331.8 billion yen compared to 307.8 billion yen as of March 31, 2017.

• Equity ratio improved to 17.5%.

(Billions of Yen)

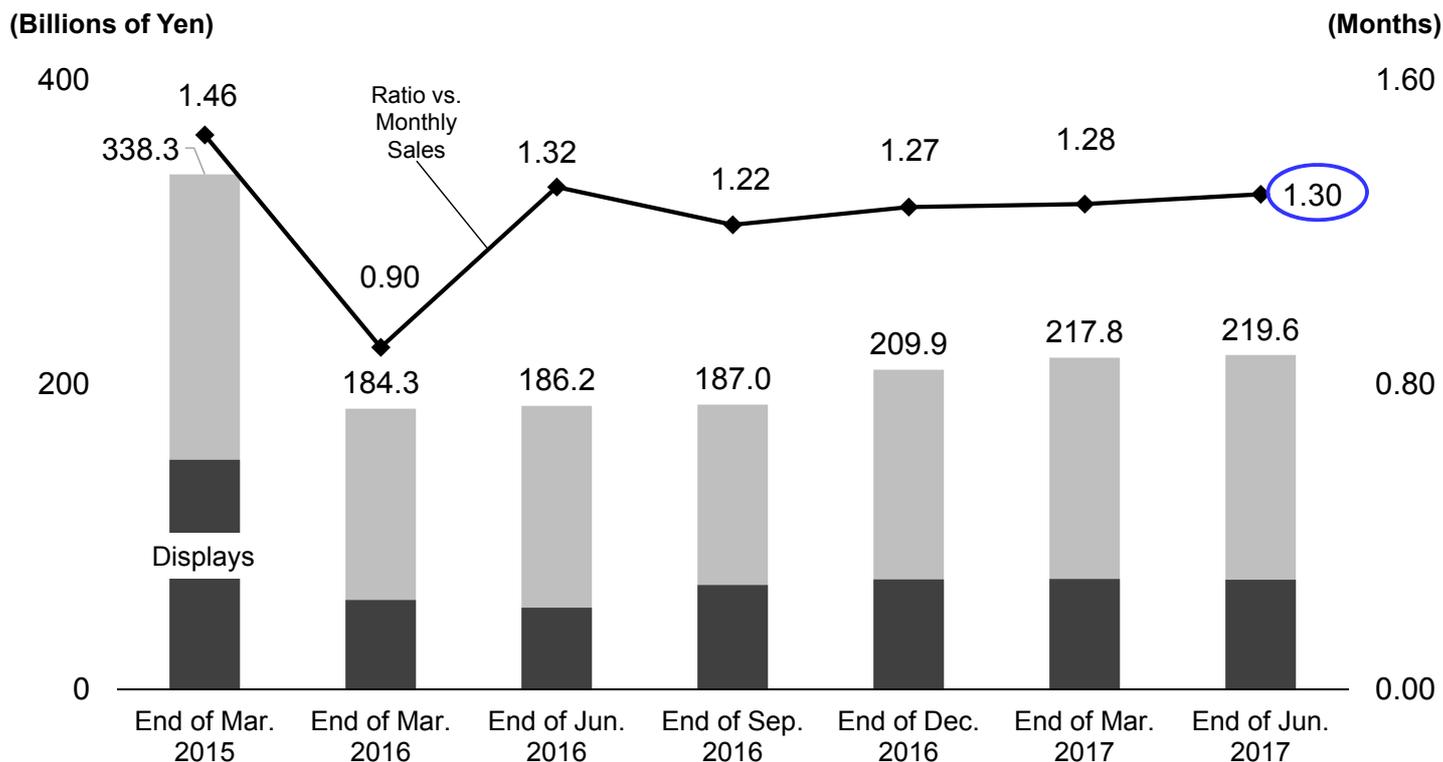
	FY2016		FY2017	FY2016		FY2017	
	End of Dec.	End of Mar.	End of Jun.	End of Dec.	End of Mar.	End of Jun.	
Cash and deposits	451.7	482.1	466.0	Notes and accounts payable - trade	352.2	350.5	376.0
Notes and accounts receivable - trade	386.5	375.5	414.1	Short-term loans payable	104.5	113.5	114.5
Inventories	209.9	217.8	219.6	Current portion of bonds payable	0.0	0.0	0.0
Other current assets	138.5	118.1	116.7	Other current liabilities	353.9	337.5	312.7
Current Assets	1,186.8	1,193.7	1,216.5	Current Liabilities	810.8	801.6	803.3
Property, plant and equipment	363.9	349.6	358.2	Bonds payable	40.0	40.0	40.0
Intangible assets	38.7	42.3	42.2	Long-term loans payable	490.4	490.3	490.2
Investments and other assets	186.8	187.9	191.1	Other non-current liabilities	138.6	133.9	142.8
Non-current Assets	589.4	579.9	591.7	Non-current liabilities	669.0	664.2	673.0
Deferred Assets	0.0	0.0	0.0	Net Assets	296.4	307.8	331.8
Total Assets	1,776.4	1,773.6	1,808.3	Total Liabilities and Net Assets	1,776.4	1,773.6	1,808.3
Exchange Rate, End of Period				Equity Ratio	16.1%	16.6%	17.5%
USD/JPY	115.53	111.20	111.00				
Euro/JPY	121.23	118.28	126.45				

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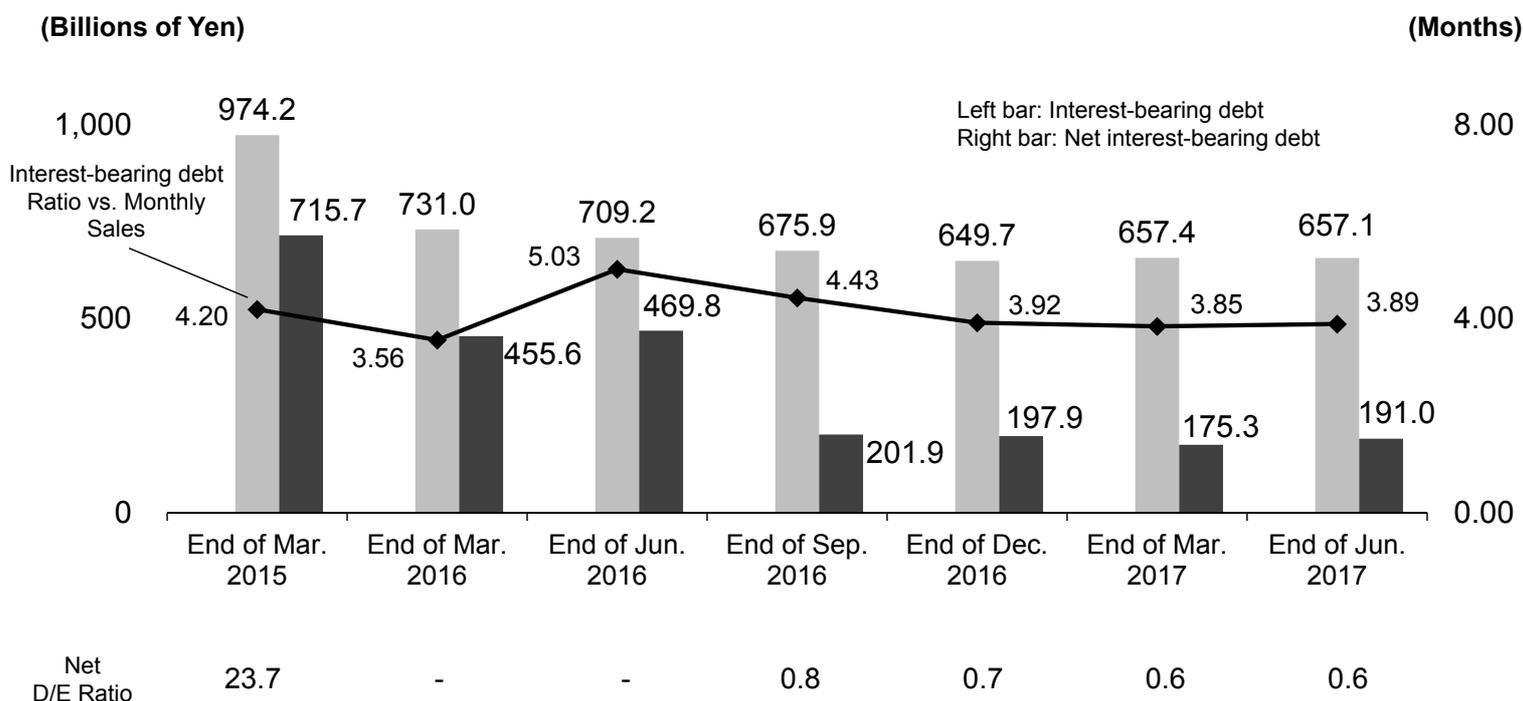
Inventory Trends

- Inventory amounted to 219.6 billion yen as of June 30, 2017, a slight increase compared to the balance as of March 31, 2017.
- The Company will continue to maintain appropriate levels of inventory in response to our sales plans.



Interest-Bearing Debt Trends

- Interest-bearing debt as of June 30, 2017 amounted to 657.1 billion yen, down slightly compared to the balance as of March 31, 2017;
- interest-bearing debt to monthly sales ratio increased from 3.85 months to 3.89 months.
- Net interest-bearing debt* increased from 175.3 billion yen to 191.0 billion yen.



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

II. Transition to a Path of Growth

Transition to a Path of Growth

~From Structural Reform to Business Expansion~

**Next
100 Years**
Sustained
Growth

Transformation

From Defense to Offense

- **People-Oriented IoT**
- **8K Ecosystem**

Survival

Structural Reform

- Stronger business management
- Stronger cost competitiveness
- Prepare for growth

FY2016

FY2017

FY2018

FY2019

FY2020~

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III. Supplementary Data

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Consolidated Financial Results

(Billions of Yen)

	FY2016			FY2017		
	First Half	Second Half	Fiscal Year	First Half Forecast	Second Half Forecast	Fiscal Year Forecast
Net Sales	919.6	1,130.9	2,050.6	1,100.0	1,410.0	2,510.0
Operating Profit	0.0	62.3	62.4	37.0	53.0	90.0
(margin)	(0.0%)	(5.5%)	(3.0%)	(3.4%)	(3.8%)	(3.6%)
Ordinary Profit	-32.0	57.1	25.0	33.0	46.0	79.0
(margin)	(-3.5%)	(5.1%)	(1.2%)	(3.0%)	(3.3%)	(3.1%)
Profit Attributable to Owners of Parent	-45.4	20.5	-24.8	25.0	34.0	59.0
(margin)	(-4.9%)	(1.8%)	(-1.2%)	(2.3%)	(2.4%)	(2.4%)

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Consolidated Quarterly Financial Results

(Billions of Yen)

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

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Sales by Segment

(Billions of Yen)

	FY2016		
	First Half	Second Half	Fiscal Year
Smart Homes	263.6	286.9	550.6
Smart Business Solutions	159.6	158.0	317.7
IoT Electronics Devices	177.1	236.4	413.6
Advance Display Systems	357.5	484.5	842.0
Subtotal	958.0	1,166.0	2,124.0
Adjustments	-38.3	-35.0	-73.4
Total	919.6	1,130.9	2,050.6

*Sales include inter-segment sales and transfers.

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Operating Profit by Segment

(Billions of Yen)

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

*Figures within parentheses indicate operating margin.

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Quarterly Sales by Segment

(Billions of Yen)

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

*Sales include inter-segment sales and transfers.

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Quarterly Operating Profit by Segment

(Billions of Yen)

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

*Figures within parentheses indicate operating margin.

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Capital Investment/Depreciation and Amortization

	(Billions of Yen)			
	FY2016			FY2017
	First Half	Second Half	Fiscal Year	Fiscal Year Forecast
Capital Investment	27.4	50.3	77.7	140.0
Displays	12.7	21.4	34.1	60.0
Depreciation and Amortization	27.4	32.3	59.7	80.0
R&D Expenditures	55.8	50.2	106.1	120.0
	(Yen)			
Avg. Exchange Rate	FY2016			FY2017
	First Half	Second Half	Fiscal Year	Fiscal Year Forecast
US Dollar	104.30	110.48	107.39	110.00
Euro	116.66	117.93	117.29	114.00

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Quarterly Capital Investment and Depreciation, etc.

	(Billions of Yen)				
	FY2016				FY2017
	1Q	2Q	3Q	4Q	1Q
Capital Investment	10.2	17.2	35.4	14.8	18.8
Displays	5.6	7.0	14.1	7.2	3.2
Depreciation and Amortization	13.5	13.8	16.2	16.1	14.1
R&D Expenditures	29.7	26.1	29.3	20.8	28.7
	(Yen)				
Avg. Exchange Rate	FY2016				FY2017
	1Q	2Q	3Q	4Q	1Q
US Dollar	107.16	101.44	108.32	112.64	110.10
Euro	120.53	112.78	116.29	119.58	120.69

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