

Consolidated Financial Results for the Third Quarter, Fiscal 2018

I . Consolidated Financial Results for the Third Quarter, Fiscal 2018 Consolidated Financial Results Forecast for Fiscal 2018

II . Supplementary Data

SHARP CORPORATION
January 30, 2019

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, 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.

*Year-on-year change has been calculated based on 100 million yen units. Percentage change has been calculated based on actual figures.

I . Consolidated Financial Results for the Third Quarter, Fiscal 2018 Consolidated Financial Results Forecasts for Fiscal 2018

Consolidated Financial Results for the Third Quarter, Fiscal 2018 (1)

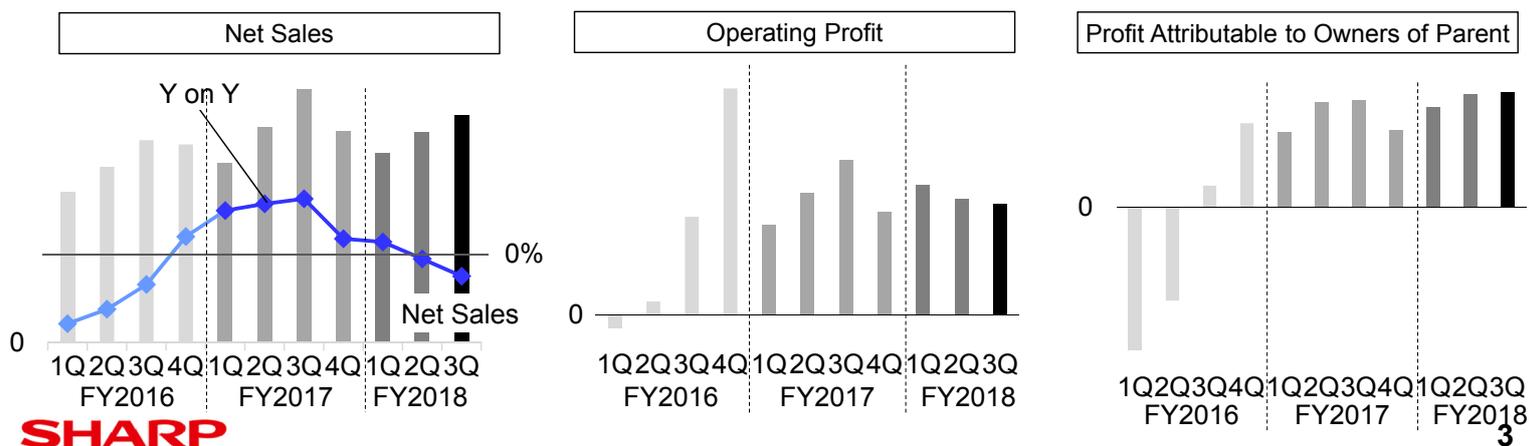
- We are moving further in the shift to *quality above quantity* in consideration of the current business environment
- Although U.S.-China trade frictions, fluctuations in demand among major customers, and other issues impacted sales, we secured bottom-line profit and profit margin outperforming the same period in the prior fiscal year
- Cumulative profit margin from the beginning of the period is a record high for the company

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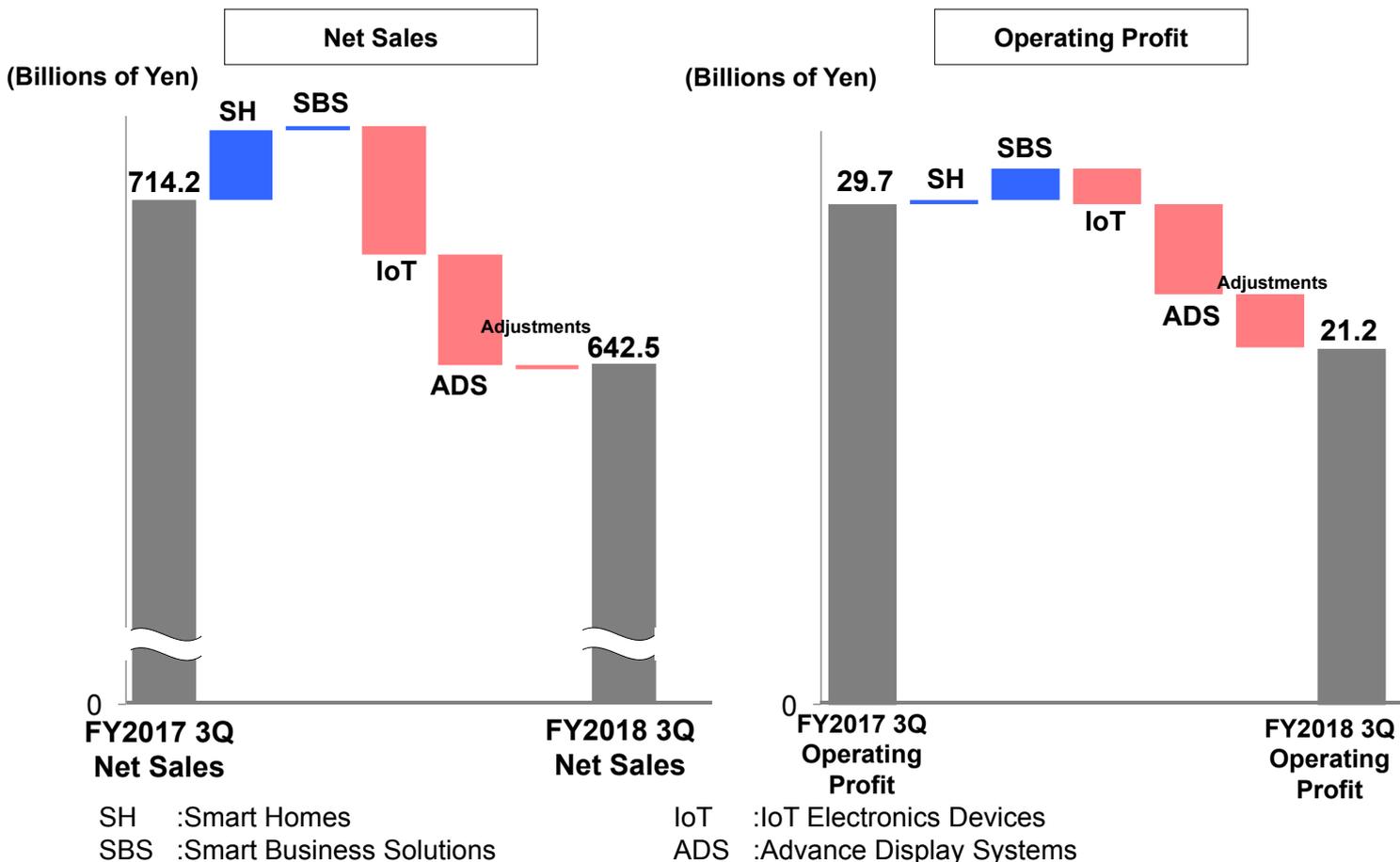
Consolidated Financial Results for the Third Quarter, Fiscal 2018 (2)

	(Billions of Yen)		
	FY2017	FY2018	
	3Q	3Q	Y on Y
Net Sales	714.2	642.5	-10.0%
Operating Profit	29.7	21.2	-28.6%
Ordinary Profit	29.9	18.8	-37.3%
Profit Attributable to Owners of Parent	20.6 (2.9%)	22.1 (3.4%)	+7.3%
Avg. Exchange Rate			
USD/JPY	111.98	111.90	
Euro/JPY	131.51	127.28	

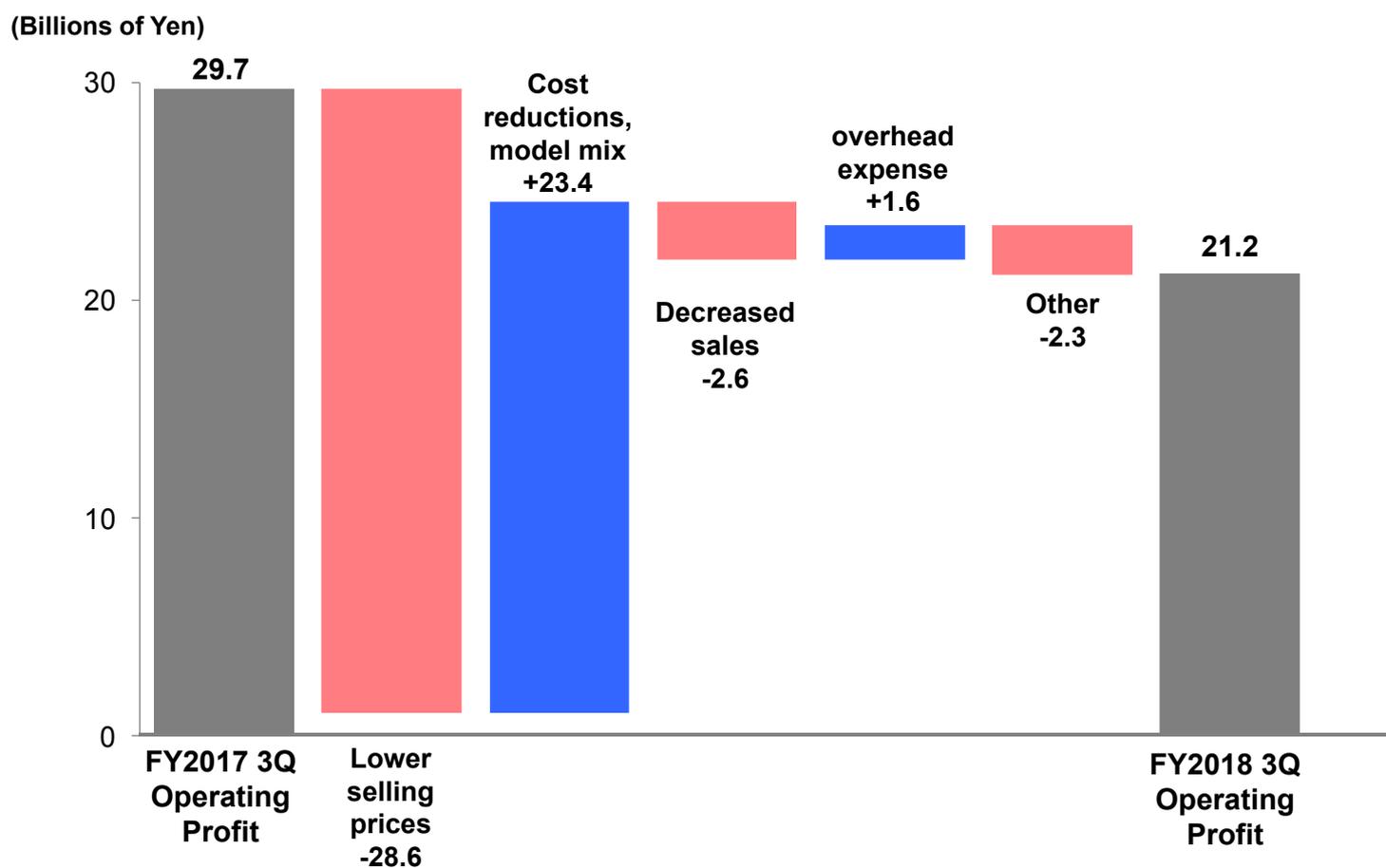


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Sales and Operating Profit Analysis: Y on Y Change by Segment, Third Quarter FY2018



Operating Profit Analysis: Y on Y Change Factors, Third Quarter FY2018

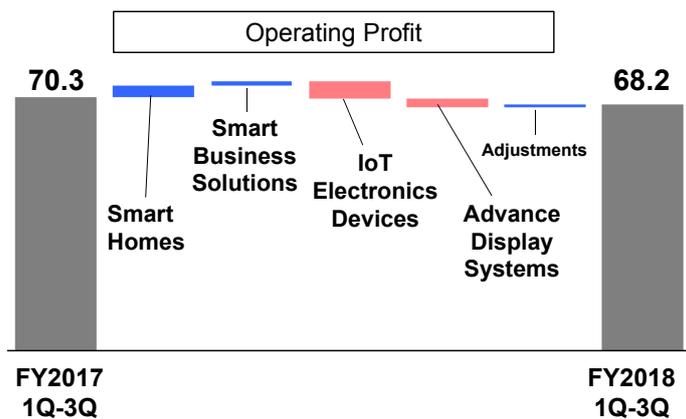
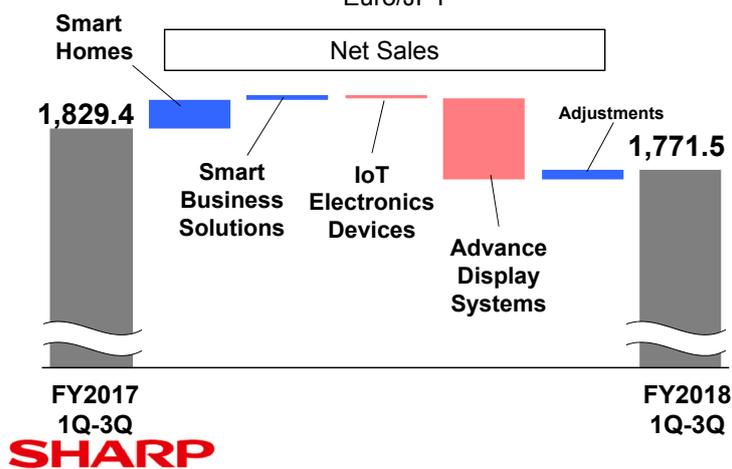


Cumulative Consolidated Financial Results for the Third Quarter, Fiscal 2018

- As with the first six months of the fiscal year, cumulative third quarter profit attributable to owners of parent reached a record high

(Billions of Yen)

	FY2017	FY2018	
	1Q-3Q	1Q-3Q	Y on Y
Net Sales	1,829.4	1,771.5	-3.2%
Operating Profit	70.3	68.2	-3.0%
Ordinary Profit	71.1	62.0	-12.8%
Profit Attributable to Owners of Parent	55.3 (3.0%)	63.0 (3.6%)	+13.9%
Avg. Exchange Rate			
USD/JPY	110.71	110.15	
Euro/JPY	127.03	127.99	



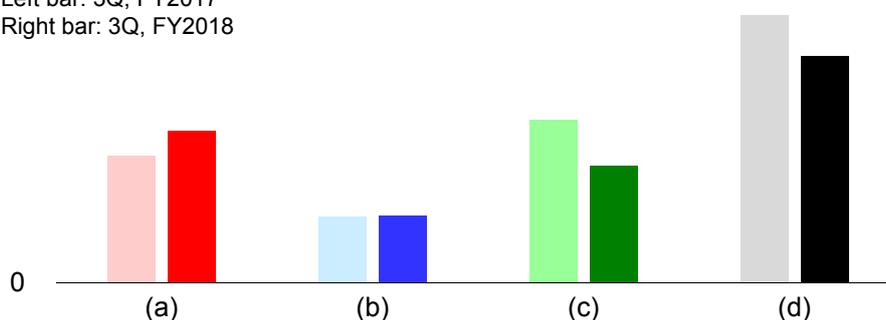
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Sales by Segment

(Billions of Yen)

	FY2017		FY2018					
	3Q	1Q-3Q	1Q	2Q	3Q	Y on Y	1Q-3Q	Y on Y
(a) Smart Homes	148.9	439.6	150.5	150.0	178.6	+19.9%	479.2	+9.0%
(b) Smart Business Solutions	77.3	231.7	76.5	81.9	79.2	+2.5%	237.7	+2.6%
(c) IoT Electronics Devices	192.2	392.7	113.3	137.4	137.7	-28.4%	388.5	-1.1%
(d) Advance Display Systems	314.6	836.3	211.1	247.1	267.2	-15.1%	725.5	-13.2%
Subtotal	733.2	1,900.4	551.5	616.6	662.8	-9.6%	1,831.0	-3.7%
Adjustments	-18.9	-71.0	-17.6	-21.4	-20.3	-	-59.5	-
Total	714.2	1,829.4	533.8	595.1	642.5	-10.0%	1,771.5	-3.2%

Left bar: 3Q, FY2017
Right bar: 3Q, FY2018



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*Sales include inter-segment sales and transfers.

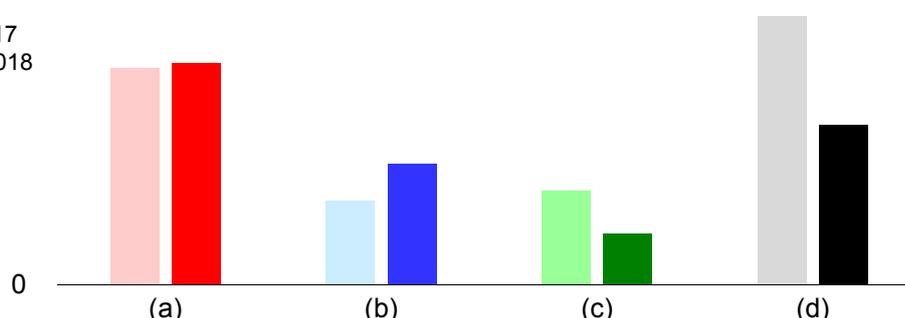
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Operating Profit by Segment

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

	FY2017		FY2018					
	3Q	1Q-3Q	1Q	2Q	3Q	Y on Y	1Q-3Q	Y on Y
(a) Smart Homes	10.6 (7.2%)	31.1 (7.1%)	11.8 (7.9%)	11.4 (7.6%)	10.8 (6.1%)	+2.1%	34.2 (7.1%)	+9.9%
(b) Smart Business Solutions	4.1 (5.3%)	13.8 (6.0%)	3.9 (5.2%)	5.0 (6.1%)	5.9 (7.5%)	+44.4%	14.9 (6.3%)	+8.1%
(c) IoT Electronics Devices	4.6 (2.4%)	7.4 (1.9%)	0.6 (0.6%)	-0.3 (-0.3%)	2.5 (1.8%)	-45.4%	2.8 (0.7%)	-62.1%
(d) Advance Display Systems	13.1 (4.2%)	29.5 (3.5%)	10.5 (5.0%)	8.4 (3.4%)	7.8 (2.9%)	-40.3%	26.8 (3.7%)	-9.1%
Subtotal	32.6 (4.4%)	81.9 (4.3%)	27.0 (4.9%)	24.5 (4.0%)	27.2 (4.1%)	-16.5%	78.8 (4.3%)	-3.8%
Adjustments	-2.8	-11.6	-2.2	-2.3	-5.9	-	-10.6	-
Total	29.7 (4.2%)	70.3 (3.8%)	24.8 (4.6%)	22.2 (3.7%)	21.2 (3.3%)	-28.6%	68.2 (3.9%)	-3.0%

Left bar: 3Q, FY2017
Right bar: 3Q, FY2018



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

(Billions of Yen)

	FY2017		FY2018					
	3Q	1Q-3Q	1Q	2Q	3Q	(Y on Y)	1Q-3Q	(Y on Y)
Operating Profit	29.7	70.3	24.8	22.2	21.2	-8.5	68.2	-2.1
Non-operating Income (Expenses)	+0.2	+0.7	-3.5	-0.2	-2.4	-2.6	-6.2	-6.9
Interest expense	-1.1	-3.6	-1.1	-1.0	-1.1	0.0	-3.3	+0.3
Foreign exchange gain (loss)	+1.5	+7.2	-4.6	+0.9	-0.7	-2.2	-4.4	-11.6
Share of profit (loss) of entities accounted for using equity method	+1.2	+2.2	-2.3	-0.9	-1.9	-3.1	-5.2	-7.4
Ordinary Profit	29.9	71.1	21.2	21.9	18.8	-11.1	62.0	-9.1
Extraordinary Income (Losses)	-0.3	-1.0	+0.8	+0.5	+6.5	+6.8	+7.9	+8.9
Gain on bargain purchase	-	+0.8	-	-	+3.9	+3.9	+3.9	+3.1
Pretax Income	29.6	70.0	22.1	22.4	25.3	-4.3	69.9	-0.1
Income Taxes, etc.	-8.9	-14.6	-2.9	-0.6	-3.2	+5.7	-6.8	+7.8
Profit Attributable to Owners of Parent	20.6	55.3	19.2	21.7	22.1	+1.5	63.0	+7.7

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Consolidated Balance Sheets

- Cash and deposits as of Dec. 31, 2018 amounted to 295.7 billion yen, compared to 294.3 billion yen as of Sept. 30, 2018
- Net assets as of Dec. 31, 2018 amounted to 444.6 billion yen, up 12.9 billion yen compared to the balance as of Sept. 30, 2018

(Billions of Yen)

	FY2017	FY2018			FY2017	FY2018	
	End of Mar.	End of Sep.	End of Dec.		End of Mar.	End of Sep.	End of Dec.
Cash and deposits	422.3	294.3	295.7	Notes and accounts payable - trade	429.4	400.6	467.4
Notes and accounts receivable - trade	471.5	512.7	540.6	Short-term loans payable	81.2	68.6	68.3
Inventories	219.7	232.6	278.3	Current portion of bonds payable	10.0	40.0	40.0
Other current assets	103.6	109.0	105.2	Other current liabilities	312.7	266.7	269.1
Current Assets	1,217.1	1,148.8	1,220.0	Current Liabilities	833.4	776.0	844.9
Property, plant and equipment	428.5	425.2	419.9	Bonds payable	30.0	0.0	0.0
Intangible assets	44.7	45.3	43.9	Long-term loans payable	507.0	529.0	528.6
Investments and other assets	217.8	258.7	278.8	Other non-current liabilities	136.2	141.4	144.3
Non-current Assets	691.2	729.3	742.6	Non-current Liabilities	673.2	670.4	673.0
Deferred Assets	0.0	0.0	0.0	Net Assets	401.7	431.7	444.6
Total Assets	1,908.4	1,878.1	1,962.6	Total Liabilities and Net Assets	1,908.4	1,878.1	1,962.6

Exchange Rate, End of Period

USD/JPY	105.27	112.58	109.91
Euro/JPY	129.08	130.65	125.38

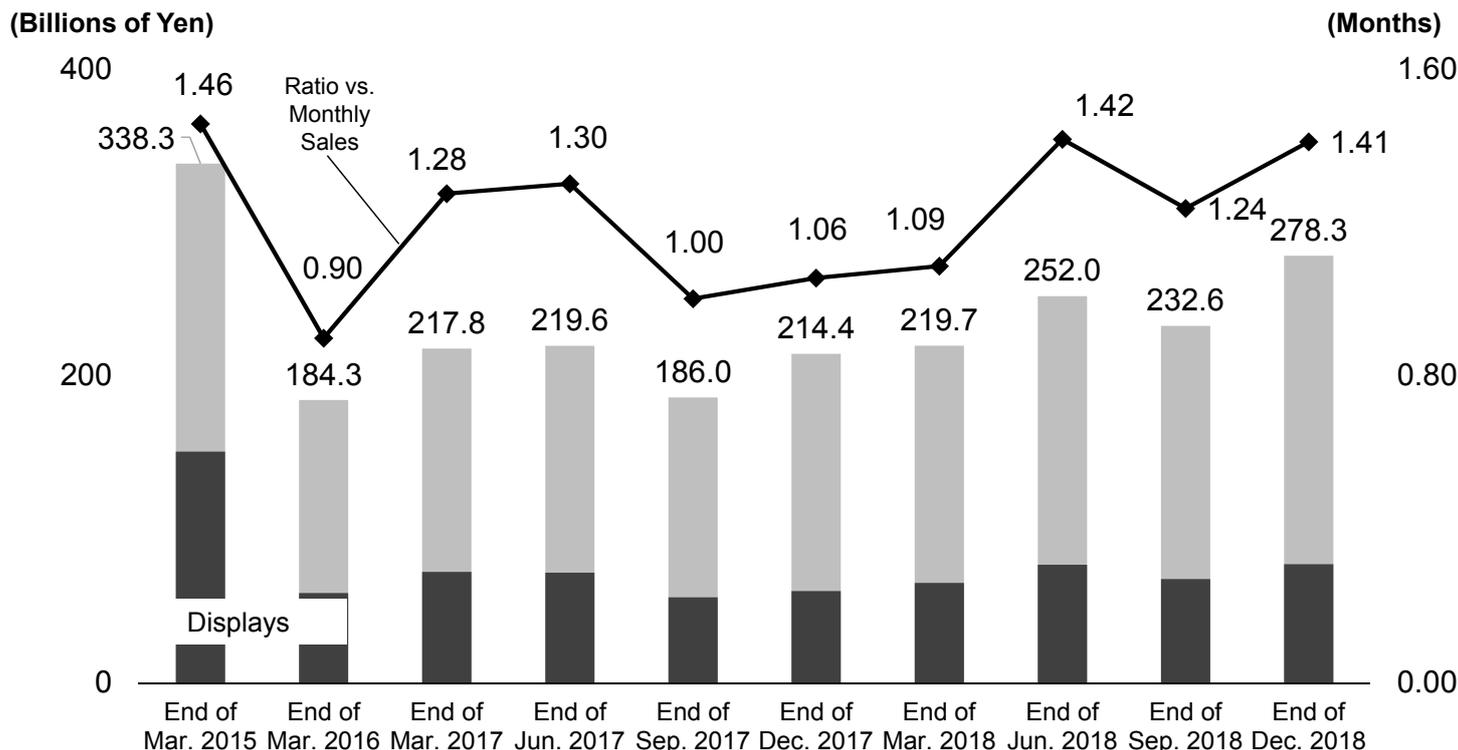
Equity Ratio	19.8%	21.7%	21.6%
Equity	378.3	408.0	423.2

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Inventory Trends

- Inventory amounted to 278.3 billion yen, compared to a balance of 232.6 billion yen as of Sept. 30, 2018. This increase was due to several factors, including the impact of consolidating Dynabook Inc. (formerly Toshiba Client Solutions Co., Ltd.)
- We will continue to maintain appropriate levels of inventory in response to our sales plans

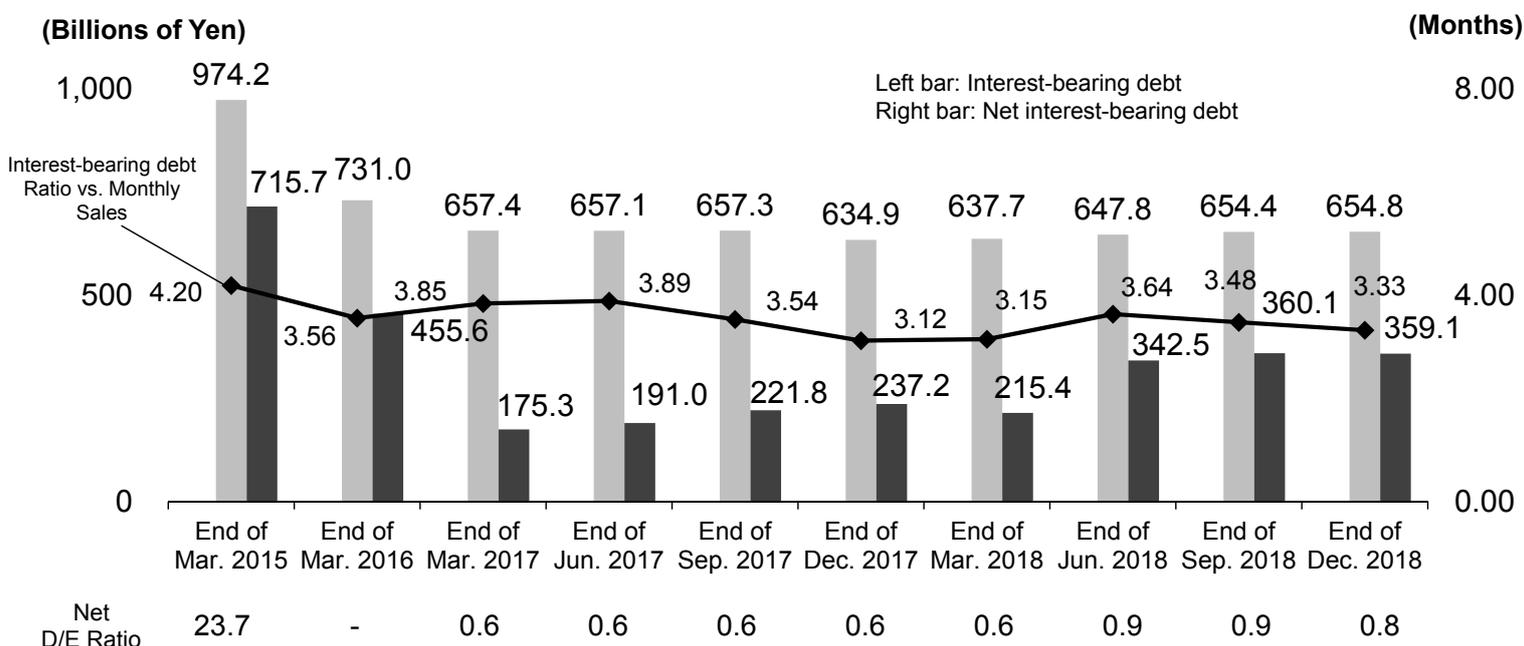


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Interest-Bearing Debt Trends

- Interest-bearing debt amounted to 654.8 billion yen as of Dec. 30, 2018, essentially unchanged from Sept. 30, 2018
- Interest-bearing debt to monthly sales ratio changed from 3.48 months to 3.33 months
- Net interest-bearing debt* amounted to 359.1 billion yen, compared to 360.1 billion yen as of Sept. 30, 2018



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

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Consolidated Financial Results Forecast for Fiscal 2018 (1)

- Trade friction between the U.S. and China and other factors have resulted in fluctuations in demand among device customers and others, leading us to revise our financial result forecast for the fiscal year.
- As we transition to *quality above quantity* and make further structural improvements, we expect to achieve our forecast for profit attributable to owners of parent as revised upward on October 30.
- We expect final margin to reach the highest level in 30 years.

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Consolidated Financial Results Forecast for Fiscal 2018 (2)

- Considering the impact of U.S.-China trade friction and other issues on demand, we have revised our forecasts for net sales, operating profit and ordinary profit
- Due to progress in structural improvements, we expect to achieve our previous forecast for profit attributable to owners of parent

(Billions of Yen)

	FY2018					FY2018
	1Q	2Q	3Q	Fiscal Year Forecast	Y on Y	Previous Forecast
Net Sales	533.8	595.1	642.5	2,500.0	+3.0%	2,690.0
Operating Profit (margin)	24.8 (4.6%)	22.2 (3.7%)	21.2 (3.3%)	107.0 (4.3%)	+18.7%	112.0 (4.2%)
Ordinary Profit (margin)	21.2 (4.0%)	21.9 (3.7%)	18.8 (2.9%)	96.0 (3.8%)	+7.5%	101.0 (3.8%)
Profit Attributable to Owners of Parent (margin)	19.2 (3.6%)	21.7 (3.7%)	22.1 (3.4%)	90.0 (3.6%)	+28.2%	90.0 (3.3%)

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FY2018 Major Second-Half Initiatives

Transitioning to *quality above quantity* through 8K and AIoT

Europe

- Expand TV lineup, featuring **AQUOS 8K**

China

- Chairman Tai to lead the way in the transition to quality above quantity
 - **Higher added value for TVs through 8K and AIoT**
 - Expand product lineup of white goods, etc. in addition to TVs

ASEAN

- Communicate our business strategy, initiate **product promotions**
- Introduce products tailored to **local needs**
- Build strong relationships with governments in each country

Japan

TV

- Introduce new **4K and 8K TVs** in advance of new 4K/8K satellite broadcasting
- Expand AIoT Functionality

Mobile Phones

- Introduce **models using organic EL display** produced domestically by Sharp

White Goods

- Expand lineup of **AIoT home appliances**
- Bolster functionality and options for **device-connected services**

Devices

IoT Electronics Devices

- Leverage our long track record of technology development to capture demand in shift toward **multiple-camera modules** for smartphones

Display

- Leverage unique Sharp IGZO and other technologies to accelerate shift to **medium-size panels** for use in PCs, tablets, automotive displays, etc.

Other

- Convert Dynabook Inc. to a subsidiary; other measures



Direction of Medium- to Long-Term Growth

Display Technology

8K Ecosystem



Changing the World with 8K and AIoT

8K TVs, 8K products, 8K devices



SMART HOME

SMART FACTORY

AIoT Platform

SMART OFFICE

AIoT World

SMART CITY

Home appliances



AIoT products, AIoT services



Office products

Electronics Technology



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Consolidated Financial Results

(Billions of Yen)

	FY2017			FY2018		
	First Half	Second Half	Fiscal Year	First-Half Results	Second-Half Target	Fiscal Year Forecast
Net Sales	1,115.1	1,312.1	2,427.2	1,129.0	1,370.9	2,500.0
Operating Profit	40.5	49.5	90.1	47.0	59.9	107.0
(margin)	(3.6%)	(3.8%)	(3.7%)	(4.2%)	(4.4%)	(4.3%)
Ordinary Profit	41.1	48.1	89.3	43.2	52.7	96.0
(margin)	(3.7%)	(3.7%)	(3.7%)	(3.8%)	(3.9%)	(3.8%)
Profit Attributable to Owners of Parent	34.7	35.4	70.2	40.9	49.0	90.0
(margin)	(3.1%)	(2.7%)	(2.9%)	(3.6%)	(3.6%)	(3.6%)

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Consolidated Quarterly Financial Results

(Billions of Yen)

	FY2017				FY2018		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Net Sales	506.4	608.7	714.2	597.8	533.8	595.1	642.5
Operating Profit	17.1	23.4	29.7	19.7	24.8	22.2	21.2
(margin)	(3.4%)	(3.9%)	(4.2%)	(3.3%)	(4.6%)	(3.7%)	(3.3%)
Ordinary Profit	17.1	23.9	29.9	18.2	21.2	21.9	18.8
(margin)	(3.4%)	(3.9%)	(4.2%)	(3.0%)	(4.0%)	(3.7%)	(2.9%)
Profit Attributable to Owners of Parent	14.4	20.2	20.6	14.8	19.2	21.7	22.1
(margin)	(2.9%)	(3.3%)	(2.9%)	(2.5%)	(3.6%)	(3.7%)	(3.4%)

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Sales by Segment

(Billions of Yen)

	FY2017			FY2018
	First Half	Second Half	Fiscal Year	First Half
Smart Homes	290.6	317.3	607.9	300.6
Smart Business Solutions	154.4	163.6	318.0	158.4
IoT Electronics Devices	200.4	304.0	504.5	250.8
Advance Display Systems	521.6	564.9	1,086.5	458.2
Subtotal	1,167.2	1,349.9	2,517.2	1,168.1
Adjustments	-52.0	-37.8	-89.9	-39.1
Total	1,115.1	1,312.1	2,427.2	1,129.0

*Sales include inter-segment sales and transfers.

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Operating Profit by Segment

(Billions of Yen)

	FY2017			FY2018
	First Half	Second Half	Fiscal Year	First Half
Smart Homes	20.4 (7.0%)	23.2 (7.3%)	43.7 (7.2%)	23.3 (7.8%)
Smart Business Solutions	9.7 (6.3%)	12.2 (7.5%)	21.9 (6.9%)	9.0 (5.7%)
IoT Electronics Devices	2.7 (1.4%)	0.5 (0.2%)	3.3 (0.7%)	0.2 (0.1%)
Advance Display Systems	16.3 (3.1%)	20.6 (3.7%)	37.0 (3.4%)	19.0 (4.1%)
Subtotal	49.3 (4.2%)	56.7 (4.2%)	106.0 (4.2%)	51.6 (4.4%)
Adjustments	-8.7	-7.1	-15.9	-4.6
Total	40.5 (3.6%)	49.5 (3.8%)	90.1 (3.7%)	47.0 (4.2%)

*Figures within parentheses indicate operating margin.

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Quarterly Sales by Segment

	(Billions of Yen)						
	FY2017				FY2018		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Smart Homes	130.2	160.4	148.9	168.3	150.5	150.0	178.6
Smart Business Solutions	70.3	84.0	77.3	86.2	76.5	81.9	79.2
IoT Electronics Devices	85.0	115.4	192.2	111.8	113.3	137.4	137.7
Advance Display Systems	249.6	271.9	314.6	250.2	211.1	247.1	267.2
Subtotal	535.3	631.9	733.2	616.7	551.5	616.6	662.8
Adjustments	-28.8	-23.1	-18.9	-18.9	-17.6	-21.4	-20.3
Total	506.4	608.7	714.2	597.8	533.8	595.1	642.5

*Sales include inter-segment sales and transfers.

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Quarterly Operating Profit by Segment

	(Billions of Yen)						
	FY2017				FY2018		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Smart Homes	9.9 (7.6%)	10.5 (6.6%)	10.6 (7.2%)	12.5 (7.5%)	11.8 (7.9%)	11.4 (7.6%)	10.8 (6.1%)
Smart Business Solutions	3.8 (5.4%)	5.9 (7.0%)	4.1 (5.3%)	8.1 (9.4%)	3.9 (5.2%)	5.0 (6.1%)	5.9 (7.5%)
IoT Electronics Devices	0.9 (1.1%)	1.8 (1.6%)	4.6 (2.4%)	-4.0 (-3.7%)	0.6 (0.6%)	-0.3 (-0.3%)	2.5 (1.8%)
Advance Display Systems	6.7 (2.7%)	9.6 (3.5%)	13.1 (4.2%)	7.4 (3.0%)	10.5 (5.0%)	8.4 (3.4%)	7.8 (2.9%)
Subtotal	21.4 (4.0%)	27.8 (4.4%)	32.6 (4.4%)	24.0 (3.9%)	27.0 (4.9%)	24.5 (4.0%)	27.2 (4.1%)
Adjustments	-4.3	-4.4	-2.8	-4.3	-2.2	-2.3	-5.9
Total	17.1 (3.4%)	23.4 (3.9%)	29.7 (4.2%)	19.7 (3.3%)	24.8 (4.6%)	22.2 (3.7%)	21.2 (3.3%)

*Figures within parentheses indicate operating margin.

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Capital Investment / Depreciation and Amortization

(Billions of Yen)

	FY2017			FY2018		
	First Half	Second Half	Fiscal Year	First Half	Second-Half Target	Fiscal Year Forecast
Capital Investment	73.2	46.1	119.3	27.8	72.2	100.0
Displays	16.7	18.7	35.5	9.2	30.8	40.0
Depreciation and Amortization	28.8	39.6	68.4	34.5	45.5	80.0
R&D Expenditures	50.2	50.2	100.5	53.8	56.2	110.0

(Yen)

Avg. Exchange Rate	FY2017			FY2018	
	First Half	Second Half	Fiscal Year	First Half	Second Half Forecast
US Dollar	110.07	109.64	109.86	109.27	105.00
Euro	124.79	131.62	128.20	128.34	128.00

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Quarterly Capital Investment and Depreciation, etc.

(Billions of Yen)

	FY2017				FY2018		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Capital Investment	18.8	54.4	33.7	12.3	11.3	16.4	14.7
Displays	3.2	13.5	11.0	7.7	4.4	4.7	8.3
Depreciation and Amortization	14.1	14.6	19.4	20.1	17.1	17.3	18.9
R&D Expenditures	28.7	21.5	30.8	19.3	30.4	23.3	32.0

(Yen)

Avg. Exchange Rate	FY2017				FY2018		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
US Dollar	110.10	110.04	111.98	107.30	108.07	110.46	111.90
Euro	120.69	128.88	131.51	131.73	128.56	128.12	127.28

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