

# Consolidated Financial Results for the Second Quarter, Fiscal 2018

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## I . Consolidated Financial Results for the First Half, Fiscal 2018

## Consolidated Financial Results Forecast for Fiscal 2018

## II . Supplementary Data

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SHARP CORPORATION  
October 30, 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, 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 First Half, Fiscal 2018**

## **Consolidated Financial Results Forecast for Fiscal 2018**

## Consolidated Financial Results for the First Half, Fiscal 2018 (1)

- Despite a shift to *quality above quantity*, the impact of typhoons on logistics, and other factors, net sales were higher year on year, while profit performance was favorable
- Due in part to ongoing structural improvement, growth in profit attributable to owners of parent approached 20%, while we saw record-high profit margin for any half in our history
- Equity ratio continued to grow, reaching 21.7%

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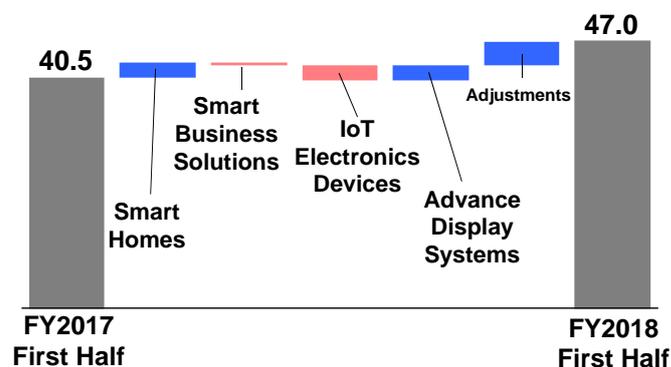
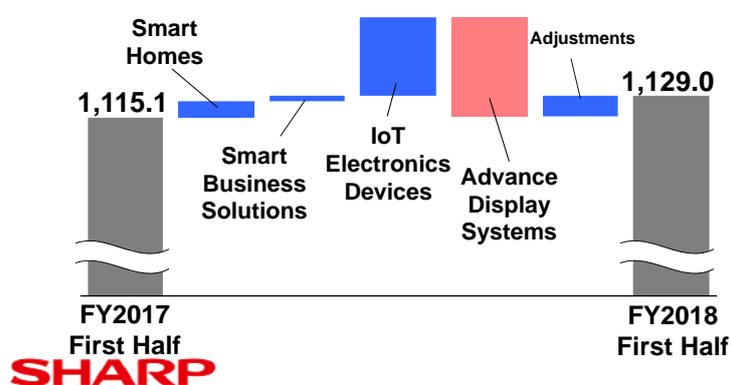
## Consolidated Financial Results for the First Half, Fiscal 2018 (2)

(Billions of Yen)

	FY2017	FY2018		FY2018 First-Half Forecast (10/24)
	First Half	First Half	Y on Y	
Net Sales	1,115.1	1,129.0	+1.2%	1,125.0
Operating Profit	40.5	47.0	+15.9%	46.5
Ordinary Profit	41.1	43.2	+5.1%	43.0
Profit Attributable to Owners of Parent	34.7 (3.1%)	40.9 (3.6%)	+17.8%	40.0
Avg. Exchange Rate				
USD/JPY	110.07	109.27		
Euro/JPY	124.79	128.34		

Net Sales

Operating Profit

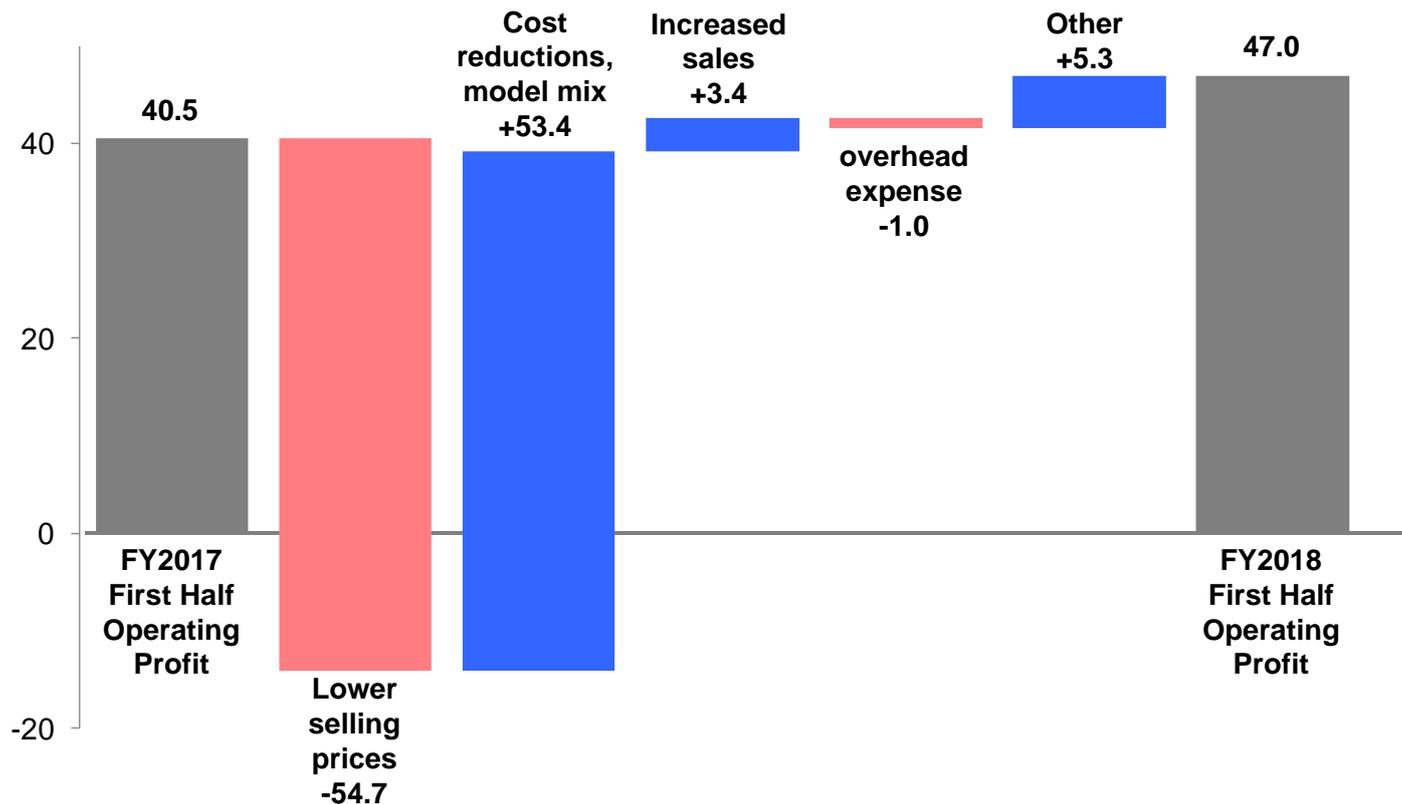


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# Operating Profit Analysis: Y on Y Change Factors, First Half FY2018

(Billions of Yen)



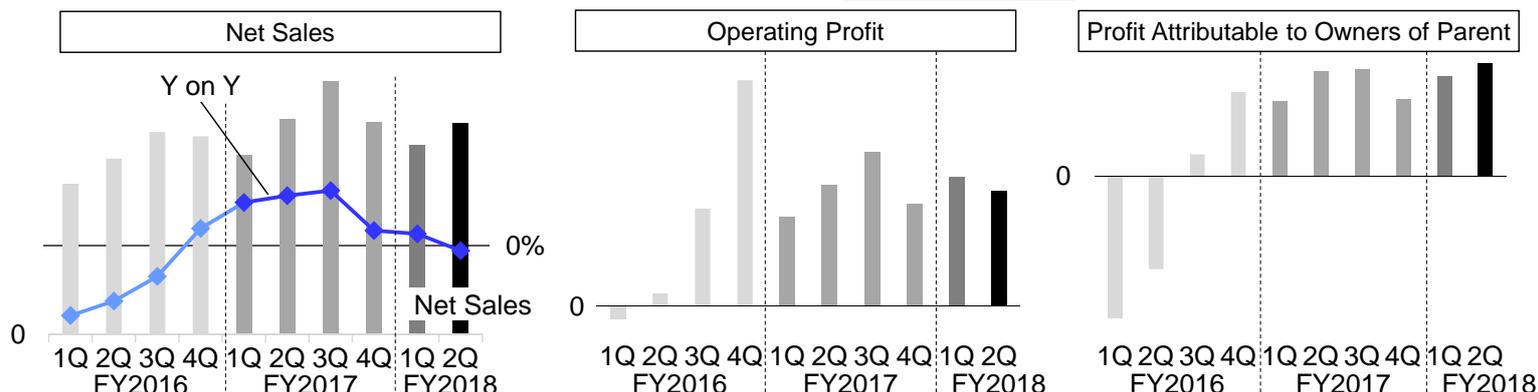
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## Consolidated Financial Results for the Second Quarter, Fiscal 2018

- Profit margin for profit attributable to owners of parent was the highest ever since we began quarterly disclosure for this figure

	(Billions of Yen)		
	FY2017	FY2018	
	2Q	2Q	Y on Y
Net Sales	608.7	595.1	-2.2%
Operating Profit	23.4	22.2	-5.3%
Ordinary Profit	23.9	21.9	-8.4%
Profit Attributable to Owners of Parent	20.2 (3.3%)	21.7 (3.7%)	+7.2%
Avg. Exchange Rate			
USD/JPY	110.04	110.46	
Euro/JPY	128.88	128.12	



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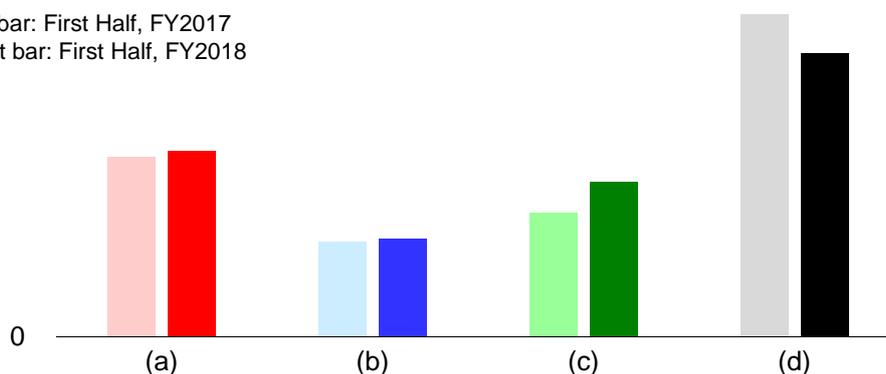
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# Sales by Segment

(Billions of Yen)

	FY2017			FY2018			
	1Q	2Q	First Half	1Q	2Q	First Half	Y on Y
(a) Smart Homes	130.2	160.4	290.6	150.5	150.0	300.6	+3.4%
(b) Smart Business Solutions	70.3	84.0	154.4	76.5	81.9	158.4	+2.6%
(c) IoT Electronics Devices	85.0	115.4	200.4	113.3	137.4	250.8	+25.1%
(d) Advance Display Systems	249.6	271.9	521.6	211.1	247.1	458.2	-12.1%
<b>Subtotal</b>	<b>535.3</b>	<b>631.9</b>	<b>1,167.2</b>	<b>551.5</b>	<b>616.6</b>	<b>1,168.1</b>	<b>+0.1%</b>
<b>Adjustments</b>	<b>-28.8</b>	<b>-23.1</b>	<b>-52.0</b>	<b>-17.6</b>	<b>-21.4</b>	<b>-39.1</b>	<b>-</b>
<b>Total</b>	<b>506.4</b>	<b>608.7</b>	<b>1,115.1</b>	<b>533.8</b>	<b>595.1</b>	<b>1,129.0</b>	<b>+1.2%</b>

Left bar: First Half, FY2017  
Right bar: First Half, FY2018



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\*Sales include inter-segment sales and transfers.

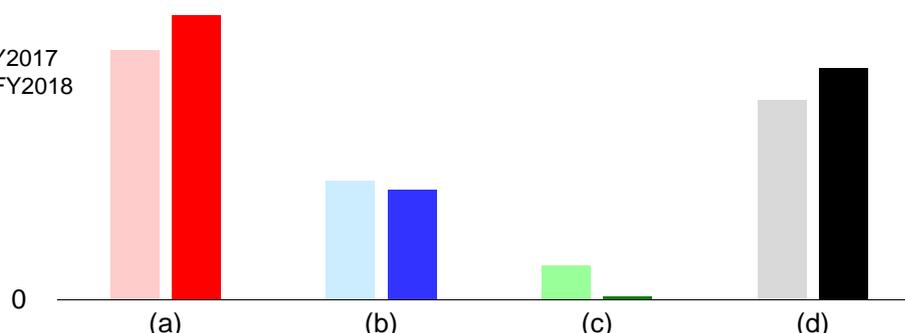
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# Operating Profit by Segment

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

	FY2017			FY2018			
	1Q	2Q	First Half	1Q	2Q	First Half	Y on Y
(a) Smart Homes	9.9 (7.6%)	10.5 (6.6%)	20.4 (7.0%)	11.8 (7.9%)	11.4 (7.6%)	23.3 (7.8%)	+13.9%
(b) Smart Business Solutions	3.8 (5.4%)	5.9 (7.0%)	9.7 (6.3%)	3.9 (5.2%)	5.0 (6.1%)	9.0 (5.7%)	-7.3%
(c) IoT Electronics Devices	0.9 (1.1%)	1.8 (1.6%)	2.7 (1.4%)	0.6 (0.6%)	-0.3 (-0.3%)	0.2 (0.1%)	-89.9%
(d) Advance Display Systems	6.7 (2.7%)	9.6 (3.5%)	16.3 (3.1%)	10.5 (5.0%)	8.4 (3.4%)	19.0 (4.1%)	+16.1%
<b>Subtotal</b>	<b>21.4 (4.0%)</b>	<b>27.8 (4.4%)</b>	<b>49.3 (4.2%)</b>	<b>27.0 (4.9%)</b>	<b>24.5 (4.0%)</b>	<b>51.6 (4.4%)</b>	<b>+4.6%</b>
<b>Adjustments</b>	<b>-4.3</b>	<b>-4.4</b>	<b>-8.7</b>	<b>-2.2</b>	<b>-2.3</b>	<b>-4.6</b>	<b>-</b>
<b>Total</b>	<b>17.1 (3.4%)</b>	<b>23.4 (3.9%)</b>	<b>40.5 (3.6%)</b>	<b>24.8 (4.6%)</b>	<b>22.2 (3.7%)</b>	<b>47.0 (4.2%)</b>	<b>+15.9%</b>

Left bar: First Half, FY2017  
Right bar: First Half, FY2018



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

(Billions of Yen)

	FY2017			FY2018			Difference (Y on Y)
	1Q	2Q	First Half	1Q	2Q	First Half	
<b>Operating Profit</b>	17.1	23.4	40.5	24.8	22.2	47.0	+6.5
<b>Non-operating Income (Expenses)</b>	+0.0	+0.4	+0.5	-3.5	-0.2	-3.7	-4.2
Interest expense	-1.2	-1.2	-2.4	-1.1	-1.0	-2.1	+0.3
Foreign exchange gain (loss)	+2.3	+3.3	+5.7	-4.6	+0.9	-3.6	-9.3
Share of profit (loss) of entities accounted for using equity method	+0.5	+0.3	+0.9	-2.3	-0.9	-3.2	-4.1
<b>Ordinary Profit</b>	17.1	23.9	41.1	21.2	21.9	43.2	+2.1
<b>Extraordinary Income (Losses)</b>	-0.7	+0.0	-0.6	+0.8	+0.5	+1.3	+1.9
Loss on step acquisitions	-0.9	-0.5	-1.4	-	-	-	+1.4
<b>Pretax Income</b>	16.4	23.9	40.4	22.1	22.4	44.5	+4.1
<b>Income Taxes, etc.</b>	-1.9	-3.7	-5.6	-2.9	-0.6	-3.6	+2.0
<b>Profit Attributable to Owners of Parent</b>	14.4	20.2	34.7	19.2	21.7	40.9	+6.2

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## Consolidated Balance Sheets

- Cash and deposits amounted to 294.3 billion yen compared to 305.2 billion yen as of June 30; this change was mainly due to an increase in accounts receivable stemming from device sales growth
- Net assets as of September 30, 2018 amounted to 431.7 billion yen, an increase of 28.1 billion yen compared to June 30, 2018.
- Equity ratio was 21.7%, further improving compared to our ratio as of June 30, 2018

(Billions of Yen)

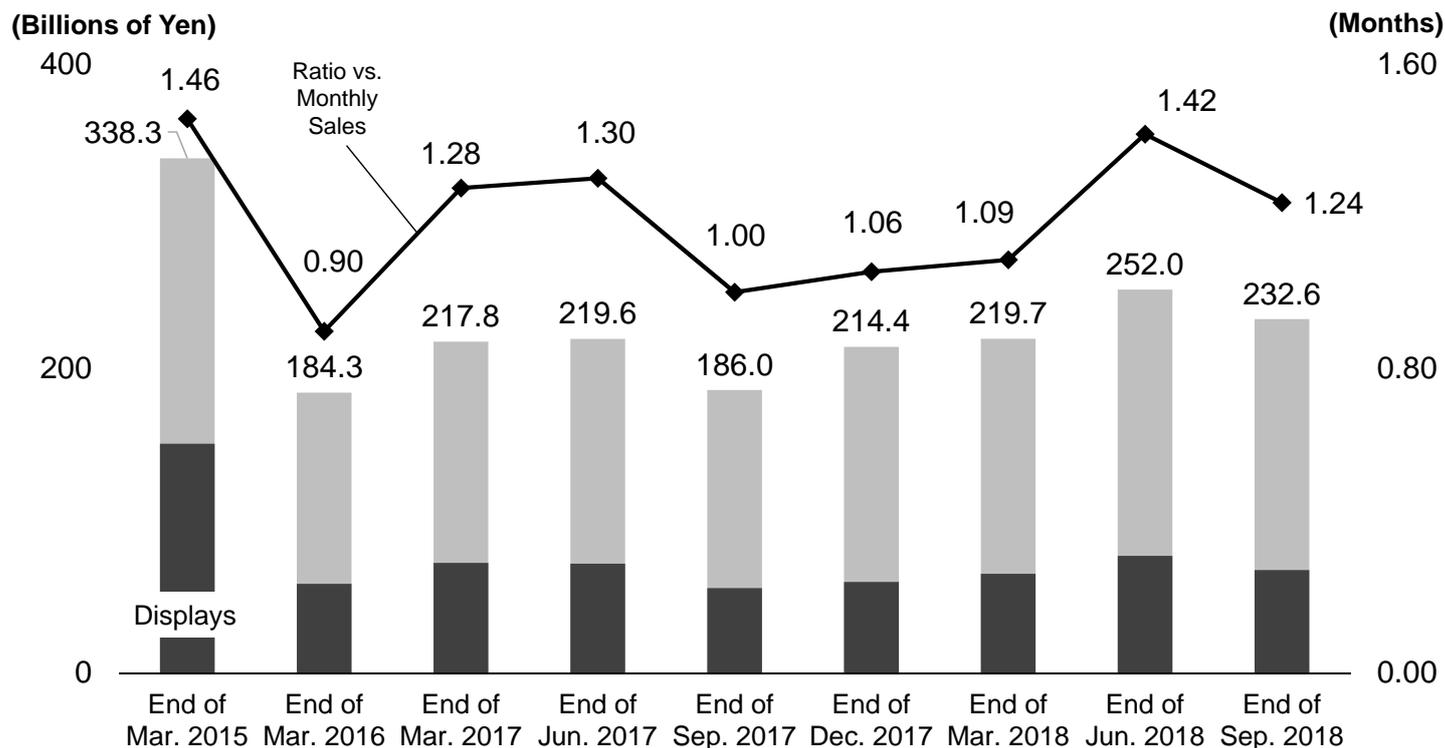
	FY2017	FY2018			FY2017	FY2018	
	End of Mar.	End of Jun.	End of Sep.		End of Mar.	End of Jun.	End of Sep.
Cash and deposits	422.3	305.2	294.3	Notes and accounts payable - trade	429.4	385.3	400.6
Notes and accounts receivable - trade	471.5	442.1	512.7	Short-term loans payable	81.2	83.2	68.6
Inventories	219.7	252.0	232.6	Current portion of bonds payable	10.0	10.0	40.0
Other current assets	103.6	120.8	109.0	Other current liabilities	312.7	272.2	266.7
<b>Current Assets</b>	<b>1,217.1</b>	<b>1,120.3</b>	<b>1,148.8</b>	<b>Current Liabilities</b>	<b>833.4</b>	<b>750.8</b>	<b>776.0</b>
Property, plant and equipment	428.5	422.7	425.2	Bonds payable	30.0	30.0	0.0
Intangible assets	44.7	45.8	45.3	Long-term loans payable	507.0	506.7	529.0
Investments and other assets	217.8	244.8	258.7	Other non-current liabilities	136.2	142.4	141.4
<b>Non-current Assets</b>	<b>691.2</b>	<b>713.3</b>	<b>729.3</b>	<b>Non-current Liabilities</b>	<b>673.2</b>	<b>679.2</b>	<b>670.4</b>
<b>Deferred Assets</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>Net Assets</b>	<b>401.7</b>	<b>403.6</b>	<b>431.7</b>
<b>Total Assets</b>	<b>1,908.4</b>	<b>1,833.7</b>	<b>1,878.1</b>	<b>Total Liabilities and Net Assets</b>	<b>1,908.4</b>	<b>1,833.7</b>	<b>1,878.1</b>
Exchange Rate, End of Period				Equity Ratio	19.8%	20.9%	21.7%
USD/JPY	105.27	109.54	112.58				
Euro/JPY	129.08	126.38	130.65				

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# Inventory Trends

- Inventory amounted to 232.6 billion yen, compared to a balance of 252.0 billion yen as of June 30, 2018
- The company intends to maintain appropriate inventory levels reflecting future sales plans

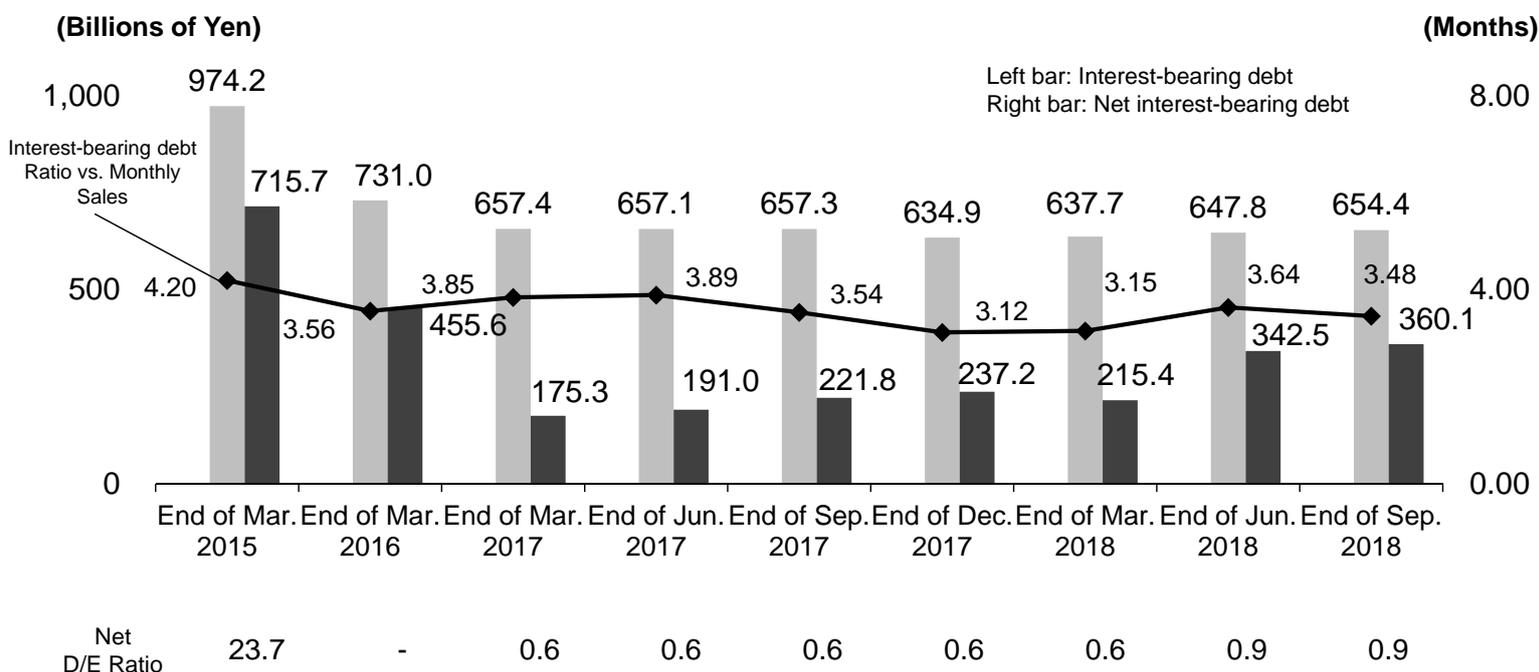


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# Interest-Bearing Debt Trends

- Interest-bearing debt amounted to 654.4 billion yen as of September 30, compared to 647.8 billion yen as of June 30, 2018
- Interest-bearing debt to monthly sales ratio changed from 3.64 months to 3.48 months
- Net interest-bearing debt\* amounted to 360.1 billion yen, compared to 342.5 billion yen as of June 30, 2018



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

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## Consolidated Financial Results Forecast for Fiscal 2018 (1)

- Medium-term management plan progressing favorably
- Considering first-half results and recent circumstances, we have revised our fiscal year forecasts
- We expect second-half sales to grow significantly compared to the first half
- Profits should be continue to be steady throughout the rest of the fiscal year; we have made upward revisions to our fiscal year forecasts for every profit measure

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## Consolidated Financial Results Forecast for Fiscal 2018 (2)

- Considering first-half results and recent circumstances, we have revised our fiscal year forecasts
- Our forecast for net sales for the second half remains nearly unchanged from our forecast published on April 26  
Moving forward with *quality above quantity*, we have revised our forecast for profit attributable to owners of parent upward in excess of 10% for the second half

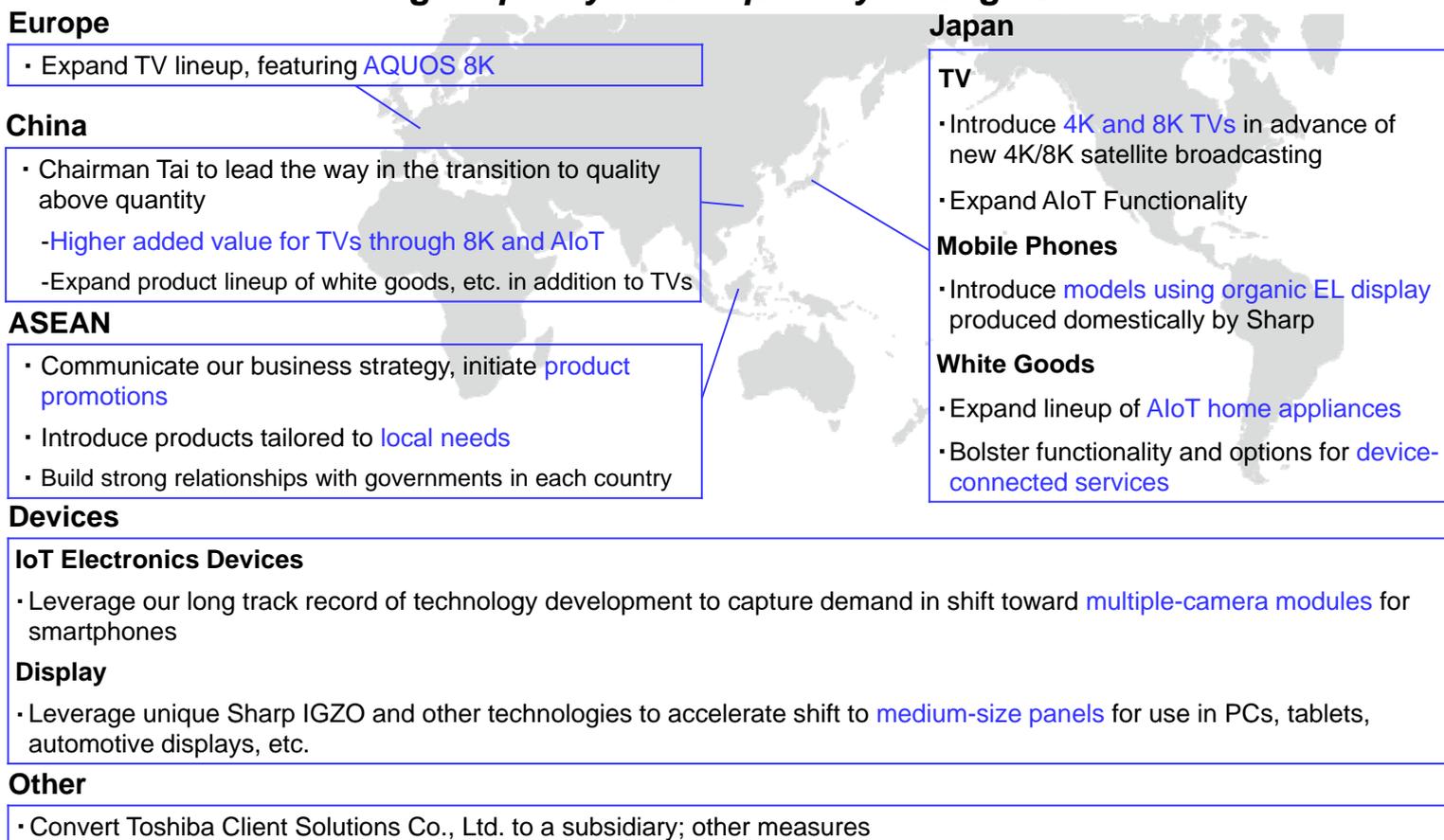
	FY2018 (Results)	(Billions of Yen)			FY2018 (4/26 Forecast)		
		FY2018 (Revised Forecast)			Y on Y	Second-Half Forecast	Fiscal Year Forecast
		First-Half Results	Second- Half Forecast	Fiscal Year Forecast			
<b>Net Sales</b>	1,129.0	<b>1,561.0</b>	<b>2,690.0</b>	+10.8%	1,590.0	2,890.0	
<b>Operating Profit</b> (margin)	47.0 (4.2%)	<b>65.0</b> (4.2%)	<b>112.0</b> (4.2%)	+24.3%	64.0 (4.0%)	110.0 (3.8%)	
<b>Ordinary Profit</b> (margin)	43.2 (3.8%)	<b>57.8</b> (3.7%)	<b>101.0</b> (3.8%)	+13.1%	57.0 (3.6%)	100.0 (3.5%)	
<b>Profit Attributable to Owners of Parent</b> (margin)	40.9 (3.6%)	<b>49.1</b> (3.1%)	<b>90.0</b> (3.3%)	+28.2%	44.0 (2.8%)	80.0 (2.8%)	

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# FY2018 Major Second-Half Initiatives

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



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## II . Supplementary Data

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# Consolidated Financial Results

(Billions of Yen)

	FY2017			FY2018		
	First Half	Second Half	Fiscal Year	First-Half Results	Second-Half Forecast	Fiscal Year Forecast
<b>Net Sales</b>	<b>1,115.1</b>	<b>1,312.1</b>	<b>2,427.2</b>	<b>1,129.0</b>	<b>1,561.0</b>	<b>2,690.0</b>
<b>Operating Profit</b>	<b>40.5</b>	<b>49.5</b>	<b>90.1</b>	<b>47.0</b>	<b>65.0</b>	<b>112.0</b>
(margin)	(3.6%)	(3.8%)	(3.7%)	(4.2%)	(4.2%)	(4.2%)
<b>Ordinary Profit</b>	<b>41.1</b>	<b>48.1</b>	<b>89.3</b>	<b>43.2</b>	<b>57.8</b>	<b>101.0</b>
(margin)	(3.7%)	(3.7%)	(3.7%)	(3.8%)	(3.7%)	(3.8%)
<b>Profit Attributable to Owners of Parent</b>	<b>34.7</b>	<b>35.4</b>	<b>70.2</b>	<b>40.9</b>	<b>49.1</b>	<b>90.0</b>
(margin)	(3.1%)	(2.7%)	(2.9%)	(3.6%)	(3.1%)	(3.3%)

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# Consolidated Quarterly Financial Results

(Billions of Yen)

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

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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
Smart Homes	130.2	160.4	148.9	168.3	150.5	150.0
Smart Business Solutions	70.3	84.0	77.3	86.2	76.5	81.9
IoT Electronics Devices	85.0	115.4	192.2	111.8	113.3	137.4
Advance Display Systems	249.6	271.9	314.6	250.2	211.1	247.1
Subtotal	535.3	631.9	733.2	616.7	551.5	616.6
Adjustments	-28.8	-23.1	-18.9	-18.9	-17.6	-21.4
Total	506.4	608.7	714.2	597.8	533.8	595.1

\*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
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%)
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%)
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%)
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%)
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%)
Adjustments	-4.3	-4.4	-2.8	-4.3	-2.2	-2.3
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%)

\*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 Forecast	Fiscal Year Forecast
<b>Capital Investment</b>	<b>73.2</b>	<b>46.1</b>	<b>119.3</b>	<b>27.8</b>	<b>72.2</b>	<b>100.0</b>
Displays	16.7	18.7	35.5	9.2	30.8	40.0
<b>Depreciation and Amortization</b>	<b>28.8</b>	<b>39.6</b>	<b>68.4</b>	<b>34.5</b>	<b>45.5</b>	<b>80.0</b>
<b>R&amp;D Expenditures</b>	<b>50.2</b>	<b>50.2</b>	<b>100.5</b>	<b>53.8</b>	<b>56.2</b>	<b>110.0</b>

(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
<b>Capital Investment</b>	<b>18.8</b>	<b>54.4</b>	<b>33.7</b>	<b>12.3</b>	<b>11.3</b>	<b>16.4</b>
Displays	3.2	13.5	11.0	7.7	4.4	4.7
<b>Depreciation and Amortization</b>	<b>14.1</b>	<b>14.6</b>	<b>19.4</b>	<b>20.1</b>	<b>17.1</b>	<b>17.3</b>
<b>R&amp;D Expenditures</b>	<b>28.7</b>	<b>21.5</b>	<b>30.8</b>	<b>19.3</b>	<b>30.4</b>	<b>23.3</b>

(Yen)

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

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Be Original.

