

Consolidated Financial Results for the Third Quarter, Fiscal 2019

I . Consolidated Financial Results for the Third Quarter, Fiscal 2019

Consolidated Financial Results Forecast for Fiscal 2019

II . Supplementary Data

Revised on February 13, 2020

SHARP CORPORATION
February 4, 2020

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 2019

Consolidated Financial Results Forecast for Fiscal 2019

SHARP

1

Consolidated Financial Results for the Third Quarter, Fiscal 2019 (1)

- Despite a continued challenging business environment, including the prolonged U.S.-China trade frictions, Sharp recorded steady profits for Q3, FY2019 as well, owing to our steady transformation.
- Sharp began recovering from a low in Q4, FY2018, and every profit measure for Q3 grew from Q2 significantly.
- Profit margin continued to grow, while operating profit margin exceeded 4.5% for the first time in six quarters
Final profit margin has closed in 4%.

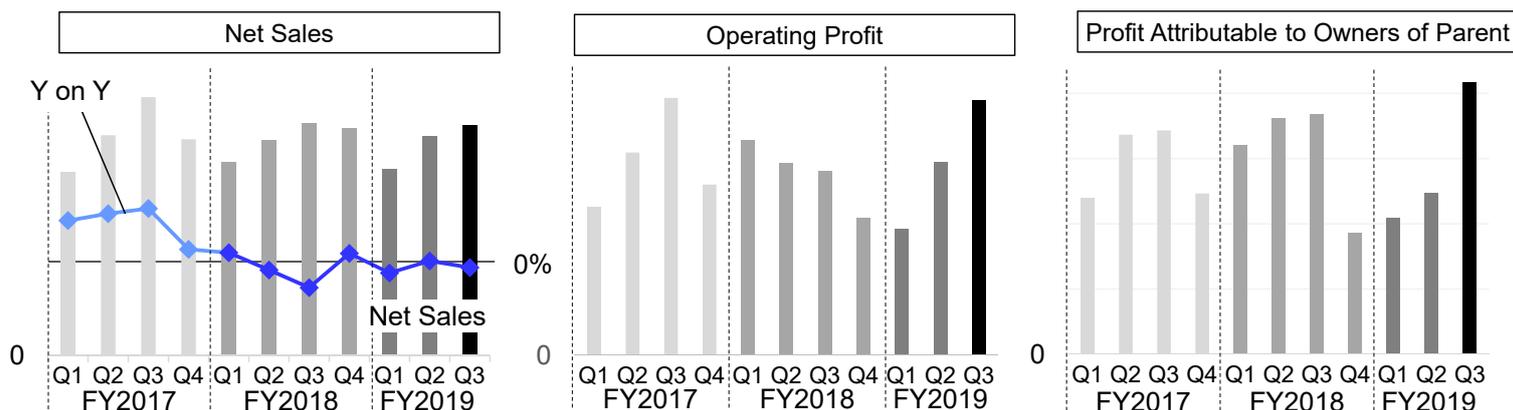
SHARP

2

Consolidated Financial Results for the Third Quarter, Fiscal 2019 (2)

(Billions of Yen)

	FY2018				FY2019				Y on Y
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Y on Y	
Net Sales	533.8	595.1	642.5	628.5	514.9	605.6	634.9	-1.2%	
Operating Profit	24.8 (4.6%)	22.2 (3.7%)	21.2 (3.3%)	15.8 (2.5%)	14.6 (2.8%)	22.3 (3.7%)	29.4 (4.6%)	+38.5%	
Ordinary Profit	21.2 (4.0%)	21.9 (3.7%)	18.8 (2.9%)	6.9 (1.1%)	13.9 (2.7%)	19.1 (3.2%)	31.0 (4.9%)	+64.9%	
Profit Attributable to Owners of Parent	19.2 (3.6%)	21.7 (3.7%)	22.1 (3.4%)	11.1 (1.8%)	12.5 (2.4%)	14.8 (2.5%)	25.0 (3.9%)	+13.1%	
Avg. Exchange Rate									
USD/JPY	108.07	110.46	111.90	109.21	108.90	106.35	107.76		
Euro/JPY	128.56	128.12	127.28	123.66	121.99	117.84	118.82		



SHARP

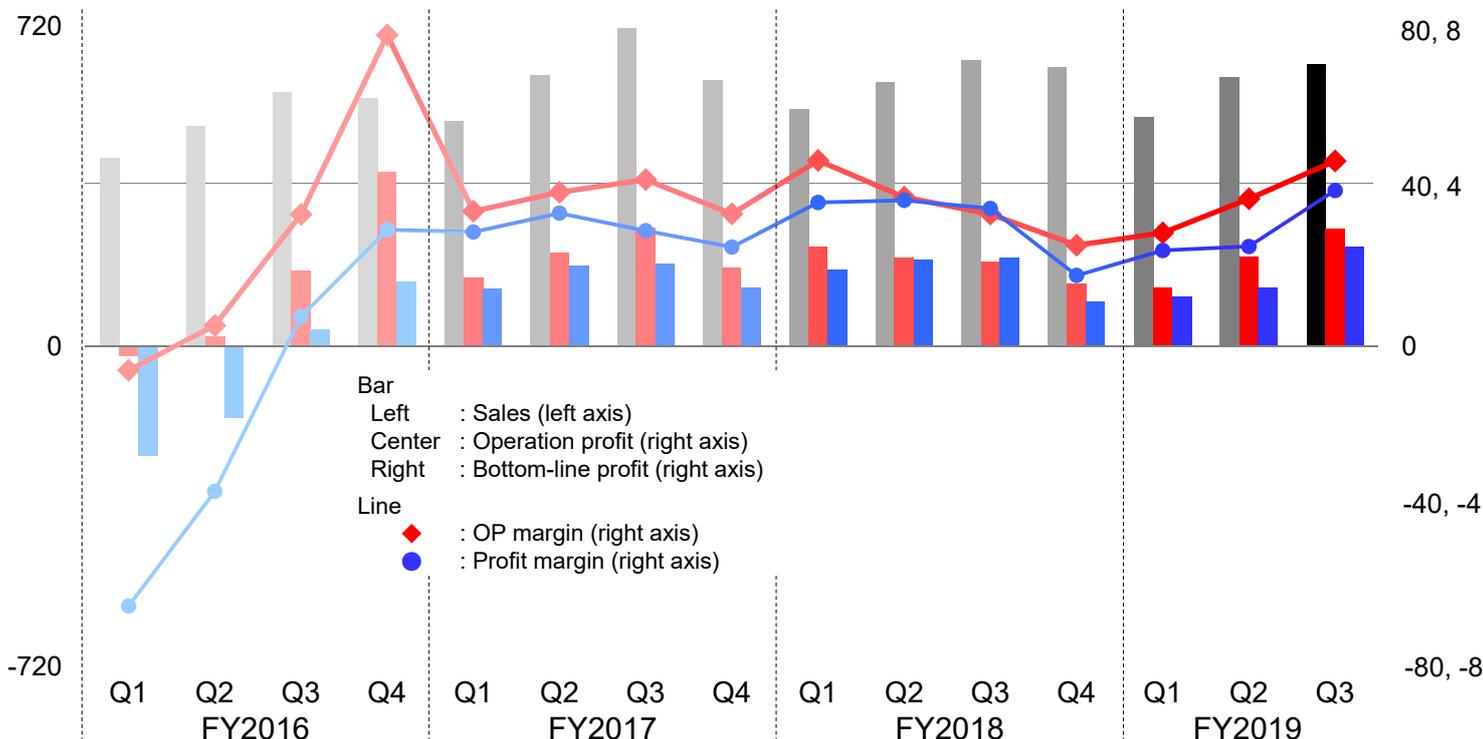
3

Consolidated Financial Results for the Third Quarter, Fiscal 2019 (3)

- Q3, FY2019 performance continued to recover from a low in Q4, FY2018.
- Operating profit margin and final profit margin improved for a third consecutive quarter.
- Operating profit margin, an indicator of profit in our core businesses, exceeded 4.5% for the first time in six quarters.

(Billions of Yen)

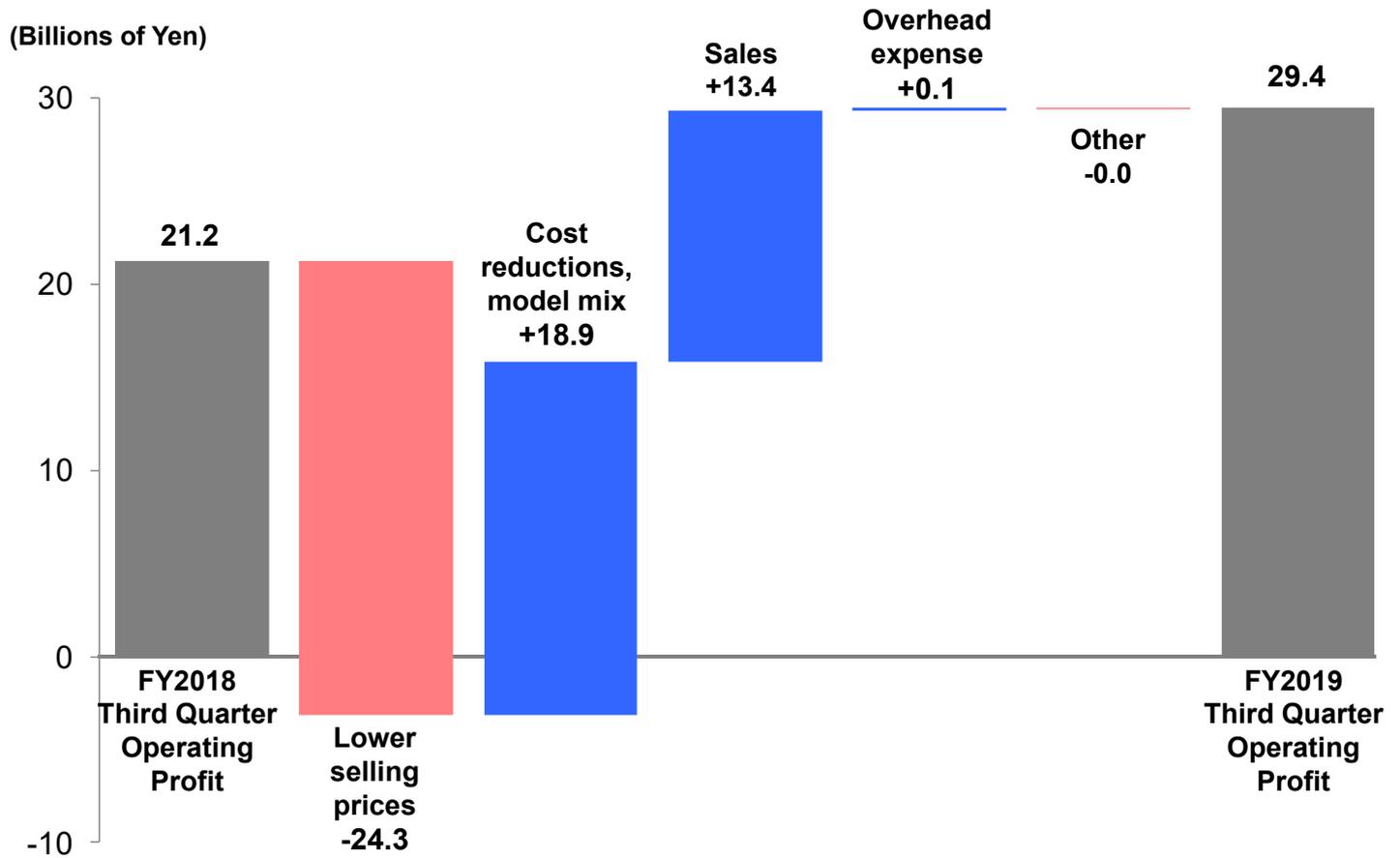
(Billions of Yen, %)



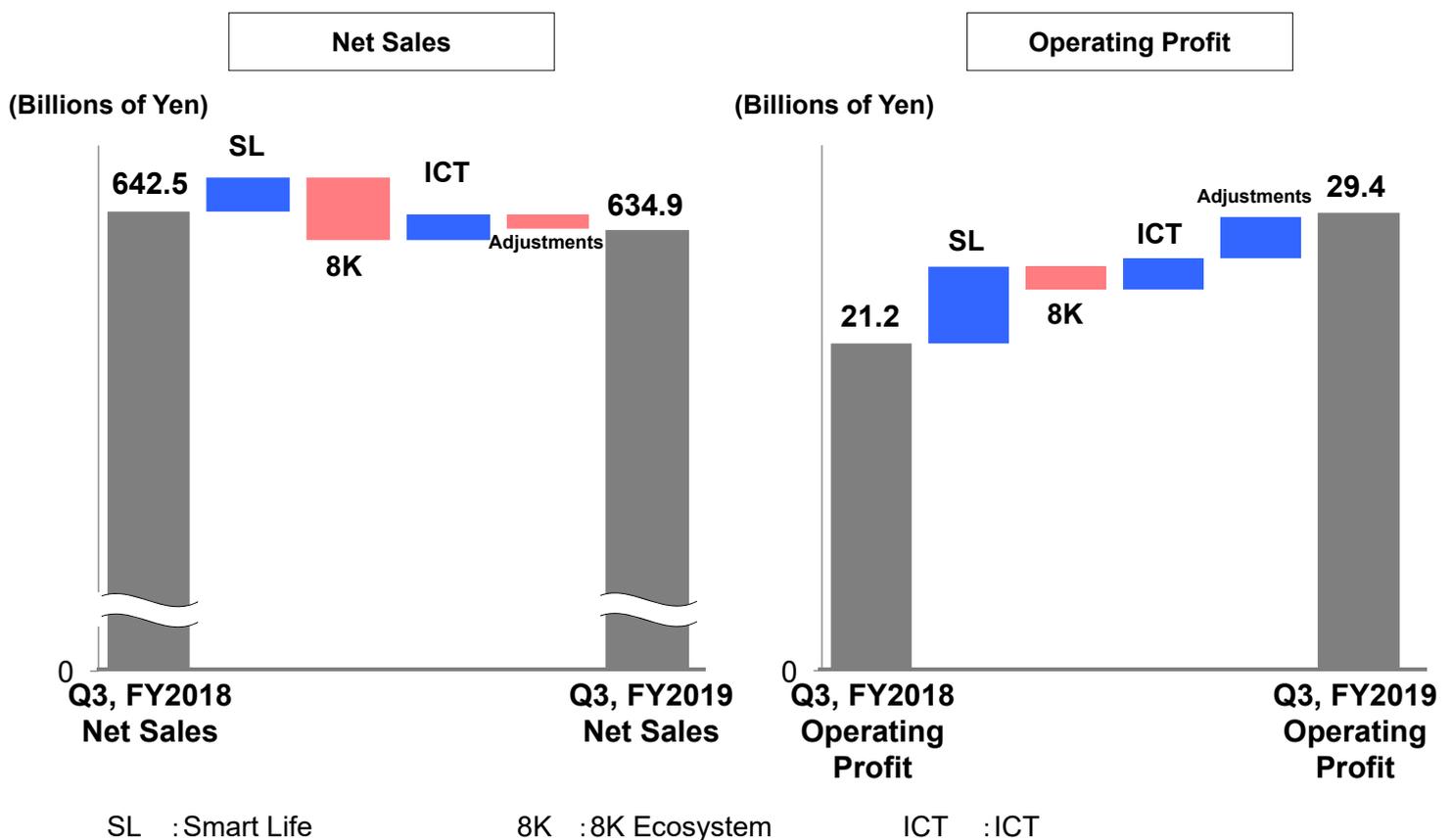
SHARP

4

Operating Profit Analysis : Y on Y Change Factors for the Third Quarter, Fiscal 2019



Sales and Operating Profit Analysis: Y on Y Change by Segment for the Third Quarter, Fiscal 2019



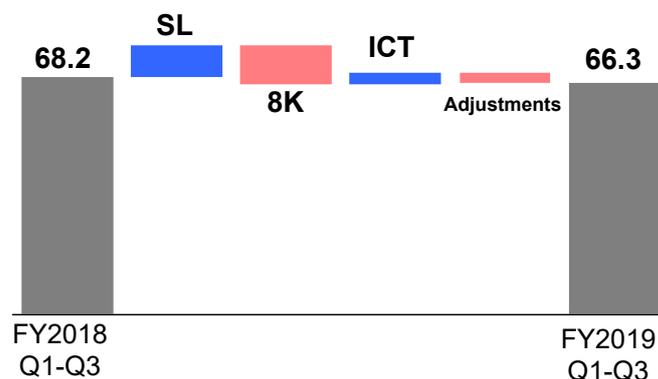
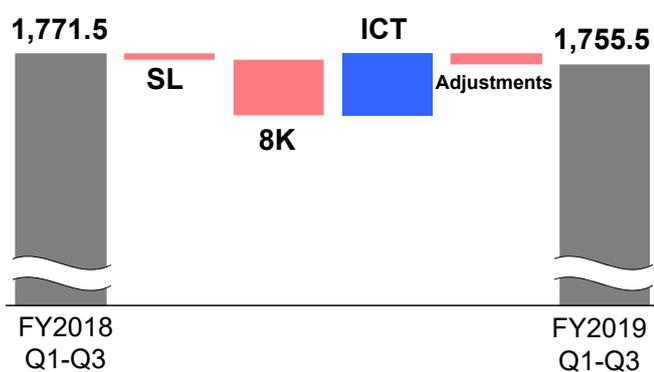
Cumulative Consolidated Financial Results for the Third Quarter, Fiscal 2019

(Billions of Yen)

	FY2018	FY2019	
	Q1-Q3	Q1-Q3	Y on Y
Net Sales	1,771.5	1,755.5	-0.9%
Operating Profit	68.2 (3.9%)	66.3 (3.8%)	-2.7%
Ordinary Profit	62.0 (3.5%)	64.1 (3.7%)	+3.4%
Profit Attributable to Owners of Parent	63.0 (3.6%)	52.4 (3.0%)	-16.9%
Avg. Exchange Rate			
USD/JPY	110.15	107.67	
Euro/JPY	127.99	119.55	

Net Sales

Operating Profit



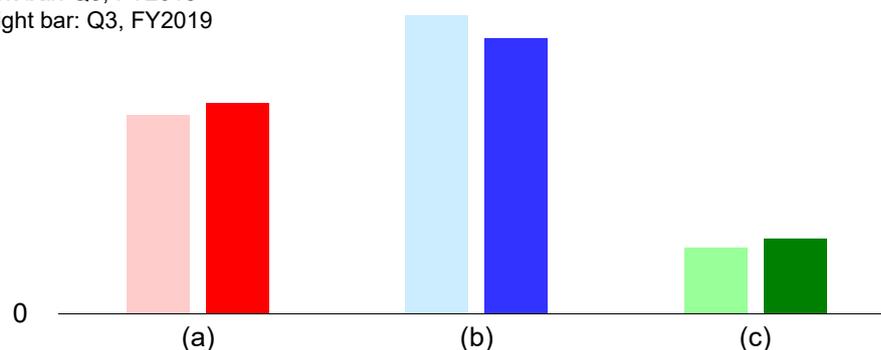
SHARP

Sales by Segment

(Billions of Yen)

	FY2018				FY2019					
	Q1	Q2	Q3	Q1-Q3	Q1	Q2	Q3	Y on Y	Q1-Q3	Y on Y
(a) Smart Life	203.6	235.7	233.6	673.0	181.0	233.9	247.5	+6.0%	662.6	-1.6%
(b) 8K Ecosystem	291.1	337.6	350.4	979.2	262.5	311.8	324.3	-7.4%	898.8	-8.2%
(c) ICT	56.4	43.1	77.7	177.3	96.2	83.1	88.4	+13.7%	267.7	+51.0%
Subtotal	551.3	616.4	661.8	1,829.6	539.8	628.9	660.3	-0.2%	1,829.2	-0.0%
Adjustments	-17.4	-21.3	-19.3	-58.1	-24.8	-23.3	-25.4	-	-73.6	-
Total	533.8	595.1	642.5	1,771.5	514.9	605.6	634.9	-1.2%	1,755.5	-0.9%

Left bar: Q3, FY2018
Right bar: Q3, FY2019



SHARP

*Sales include inter-segment sales and transfers.

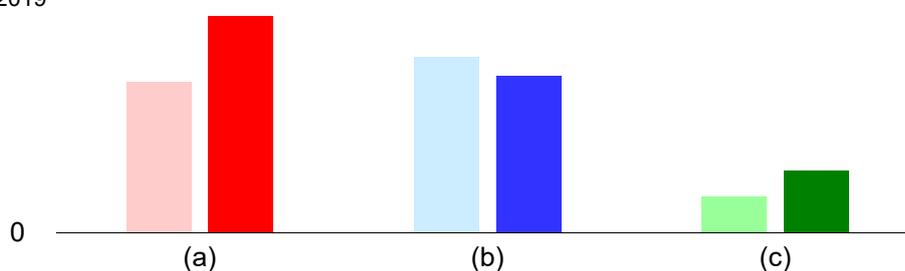
8

Operating Profit by Segment

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

	FY2018				FY2019					
	Q1	Q2	Q3	Q1-Q3	Q1	Q2	Q3	Y on Y	Q1-Q3	Y on Y
(a) Smart Life	5.7 (2.8%)	9.0 (3.9%)	11.2 (4.8%)	26.1 (3.9%)	6.2 (3.5%)	12.5 (5.4%)	16.2 (6.6%)	+44.2%	35.1 (5.3%)	+34.5%
(b) 8K Ecosystem	14.1 (4.9%)	13.1 (3.9%)	13.2 (3.8%)	40.5 (4.1%)	6.5 (2.5%)	11.0 (3.5%)	11.7 (3.6%)	-11.1%	29.3 (3.3%)	-27.6%
(c) ICT	7.2 (12.8%)	2.2 (5.3%)	2.7 (3.5%)	12.2 (6.9%)	7.3 (7.6%)	3.5 (4.3%)	4.7 (5.3%)	+70.5%	15.5 (5.8%)	+27.4%
Subtotal	27.0 (4.9%)	24.5 (4.0%)	27.2 (4.1%)	78.8 (4.3%)	20.1 (3.7%)	27.2 (4.3%)	32.7 (5.0%)	+20.0%	80.0 (4.4%)	+1.5%
Adjustments	-2.2	-2.3	-5.9	-10.6	-5.5	-4.8	-3.2	-	-13.6	-
Total	24.8 (4.6%)	22.2 (3.7%)	21.2 (3.3%)	68.2 (3.9%)	14.6 (2.8%)	22.3 (3.7%)	29.4 (4.6%)	+38.5%	66.3 (3.8%)	-2.7%

Left bar: Q3, FY2018
Right bar: Q3, FY2019



SHARP

9

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

(Billions of Yen)

	FY2018		FY2019					
	Q3	Q1-Q3	Q1	Q2	Q3	Difference (Y on Y)	Q1-Q3	Difference (Y on Y)
Operating Profit	21.2	68.2	14.6	22.3	29.4	+8.2	66.3	-1.9
Non-operating Income (Expenses)	-2.4	-6.2	-0.6	-3.1	+1.5	+3.9	-2.2	+4.0
Interest expense	-1.1	-3.3	-1.2	-1.0	-1.3	-0.2	-3.6	-0.3
Foreign exchange gain (loss)	-0.7	-4.4	+0.1	-0.7	+1.7	+2.4	+1.1	+5.5
Share of profit (loss) of entities accounted for using equity method	-1.9	-5.2	-0.9	-1.6	-0.7	+1.2	-3.2	+2.0
Ordinary Profit	18.8	62.0	13.9	19.1	31.0	+12.2	64.1	+2.1
Extraordinary Income (Losses)	+6.5	+7.9	+0.0	+0.1	+0.2	-6.3	+0.4	-7.5
Pretax Income	25.3	69.9	13.9	19.3	31.3	+6.0	64.5	-5.4
Income Taxes, etc.	-3.2	-6.8	-1.4	-4.4	-6.2	-3.0	-12.1	-5.3
Profit Attributable to Owners of Parent	22.1	63.0	12.5	14.8	25.0	+2.9	52.4	-10.6

SHARP

10

Consolidated Balance Sheets

• Cash and deposits amounted to 215.9 billion yen, compared to a balance of 211.7 billion yen as of Sep. 30, 2019.

• Due to the recording of steady profits, net assets and equity ratio increased.

(Billions of Yen)

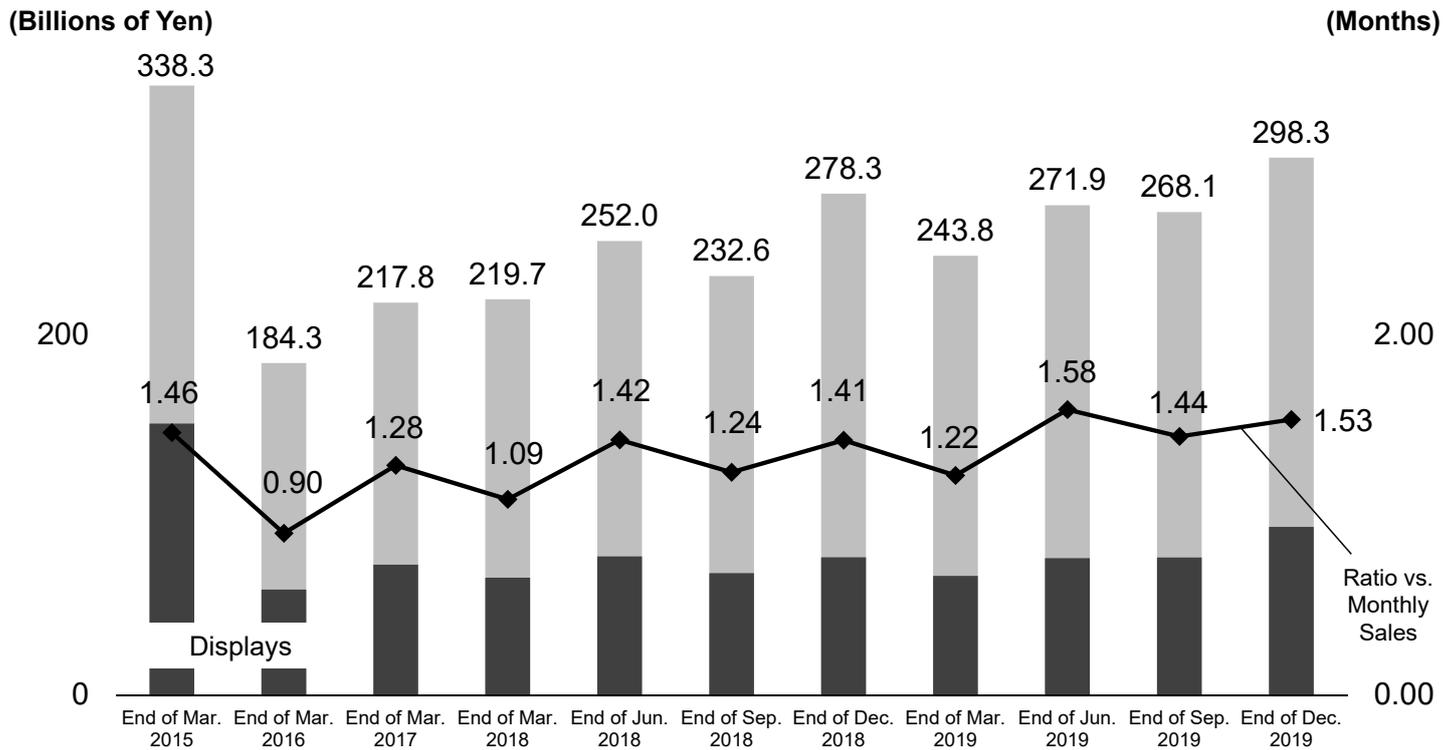
	FY2018	FY2019			FY2018	FY2019	
	End of Mar.	End of Sep.	End of Dec.		End of Mar.	End of Sep.	End of Dec.
Cash and deposits	266.6	211.7	215.9	Notes and accounts payable - trade	410.3	379.4	392.7
Notes and accounts receivable - trade	539.9	510.0	511.9	Short-term loans payable	81.4	219.2	237.0
Inventories	243.8	268.1	298.3	Current portion of bonds payable	30.0	0.0	0.0
Other current assets	90.9	120.7	128.2	Other current liabilities	291.3	300.8	291.6
Current Assets	1,141.3	1,110.7	1,154.4	Current Liabilities	813.1	899.5	921.4
Property, plant and equipment	405.0	410.8	423.1	Bonds payable	0.0	0.0	0.0
Intangible assets	39.6	43.3	44.6	Long-term loans payable	538.2	537.3	539.0
Investments and other assets	280.2	300.3	308.3	Other non-current liabilities	142.5	135.2	134.2
Non-current Assets	724.9	754.5	776.0	Non-current Liabilities	680.7	672.5	673.3
Deferred Assets	0.0	0.0	0.0	Net Assets	372.4	293.1	335.7
Total Assets	1,866.3	1,865.2	1,930.4	Total Liabilities and Net Assets	1,866.3	1,865.2	1,930.4
Exchange Rate, End of Period				Equity Ratio	18.8%	14.7%	16.3%
USD/JPY	110.01	106.96	108.55	Equity	350.6	273.8	313.7
Euro/JPY	123.06	116.54	121.01				

SHARP

11

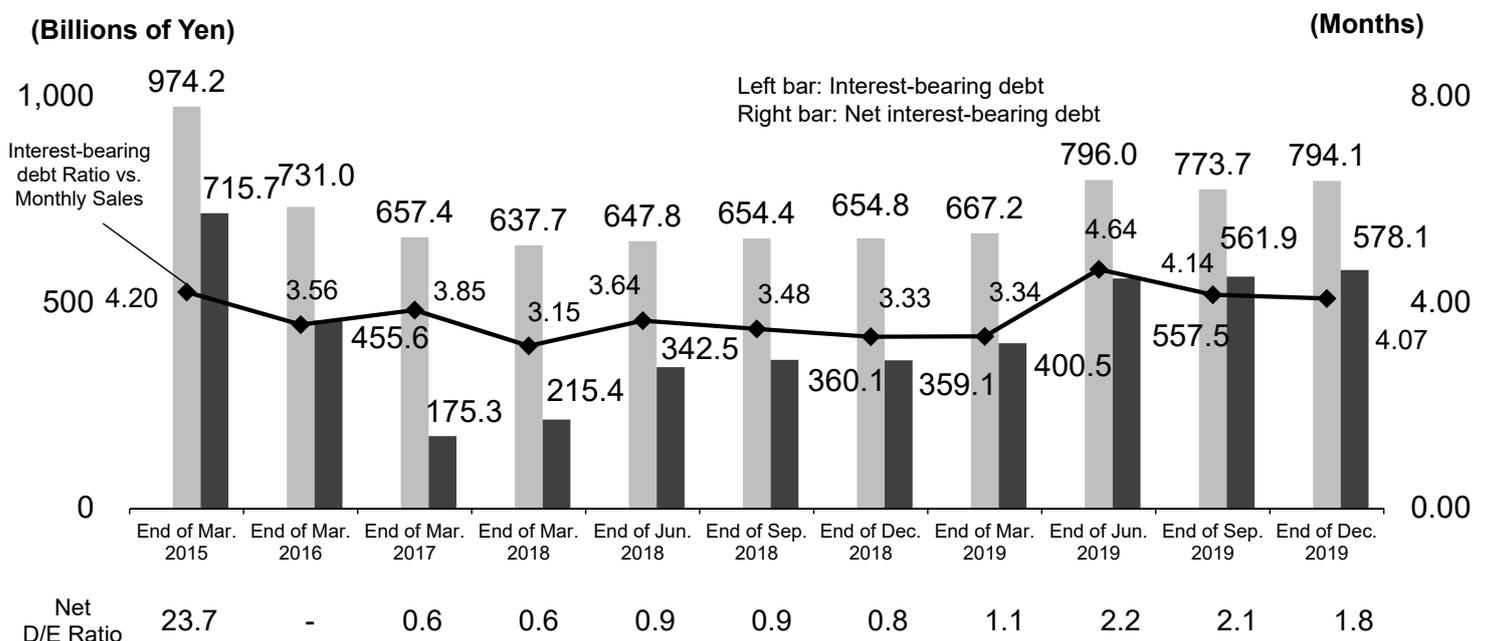
Inventory Trends

- Inventory amounted to 298.3 billion yen, compared to a balance of 268.1 billion yen as of Sep. 30, 2019.
- We will continue to maintain appropriate levels of inventory in response to our sales plans.



Interest-Bearing Debt Trends

- Interest-bearing debt was 794.1 billion yen, compared to a balance of 773.7 billion yen as of Sep. 30, 2019. Interest-bearing debt to monthly sales ratio was 4.07 months, compared to 4.14 months as of Sep. 30, 2019.
- Net interest-bearing debt* was 578.1 billion yen, compared to 561.9 billion yen as of Sep. 30, 2019.



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

Consolidated Financial Results Forecast for Fiscal 2019 (1)

- Despite ongoing uncertainties, including the prolonged U.S.-China trade friction, we continue to experience a recovering trend from a low in Q4, FY2018.
- We project Q4 to outperform Q3 in both sales and profits.
- We have recommitted to policies giving priority to quality above quantity, seeing a longer-than predicted delay in device business demand recovery and materials bottlenecks in certain areas.
- In conjunction, we have revised our full-year results forecast for net sales, while leaving our projections for profits as forecast originally.

SHARP

14

Consolidated Financial Results Forecast for Fiscal 2019 (2)

(Billions of Yen)								
	FY2018	FY2019						FY2019
	Fiscal Year	Q1	Q2	Q3	Q4 Forecast	Fiscal Year Forecast	Y on Y	Previous Forecast
Net Sales	2,400.0	514.9	605.6	634.9	694.4	2,450.0	+2.1%	2,650.0
Operating Profit	84.1	14.6	22.3	29.4	33.6	100.0	+18.8%	100.0
(margin)	(3.5%)	(2.8%)	(3.7%)	(4.6%)	(4.8%)	(4.1%)		(3.8%)
Ordinary Profit	69.0	13.9	19.1	31.0	30.8	95.0	+37.7%	95.0
(margin)	(2.9%)	(2.7%)	(3.2%)	(4.9%)	(4.4%)	(3.9%)		(3.6%)
Profit Attributable to Owners of Parent	74.2	12.5	14.8	25.0	27.5	80.0	+7.8%	80.0
(margin)	(3.1%)	(2.4%)	(2.5%)	(3.9%)	(4.0%)	(3.3%)		(3.0%)
Avg. Exchange Rate								
USD/JPY	109.91	108.90	106.35	107.76				
Euro/JPY	126.90	121.99	117.84	118.82				

*We have not included the impact of the novel coronavirus in our latest earnings forecast

SHARP

15

Fiscal 2019 Major Second-Half Initiatives

Toward Changing the World with 8K+5G and AIoT,
we are strengthening our capacity for growth through
an accelerated transformation

- (1) Steadily capture recovering customer demand for a significant recovery in device and display businesses
- (2) Capture new customers to expand our global business mainly in Europe, the Americas, and China
- (3) Strengthen B2B businesses in energy, white goods, and TVs
- (4) Introduce compatible devices in a timely manner in conjunction with the start of 5G services
- (5) Strengthen businesses in 8K devices and other new products
- (6) Expand IoT, Cloud, Smart Life, and other services
- (7) Leverage cross-industry partnerships, M&A, and other means to steadily achieve the measures above

II . Supplementary Data

Consolidated Financial Results

(Billions of Yen)

	FY2018			FY2019		
	First Half	Second Half	Fiscal Year	First Half	Second Half Forecast	Fiscal Year Forecast
Net Sales	1,129.0	1,271.0	2,400.0	1,120.6	1,329.3	2,450.0
Operating Profit	47.0	37.1	84.1	36.9	63.0	100.0
(margin)	(4.2%)	(2.9%)	(3.5%)	(3.3%)	(4.7%)	(4.1%)
Ordinary Profit	43.2	25.7	69.0	33.1	61.8	95.0
(margin)	(3.8%)	(2.0%)	(2.9%)	(3.0%)	(4.7%)	(3.9%)
Profit Attributable to Owners of Parent	40.9	33.2	74.2	27.3	52.6	80.0
(margin)	(3.6%)	(2.6%)	(3.1%)	(2.4%)	(4.0%)	(3.3%)

SHARP

18

Consolidated Quarterly Financial Results

(Billions of Yen)

	FY2018				FY2019		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net Sales	533.8	595.1	642.5	628.5	514.9	605.6	634.9
Operating Profit	24.8	22.2	21.2	15.8	14.6	22.3	29.4
(margin)	(4.6%)	(3.7%)	(3.3%)	(2.5%)	(2.8%)	(3.7%)	(4.6%)
Ordinary Profit	21.2	21.9	18.8	6.9	13.9	19.1	31.0
(margin)	(4.0%)	(3.7%)	(2.9%)	(1.1%)	(2.7%)	(3.2%)	(4.9%)
Profit Attributable to Owners of Parent	19.2	21.7	22.1	11.1	12.5	14.8	25.0
(margin)	(3.6%)	(3.7%)	(3.4%)	(1.8%)	(2.4%)	(2.5%)	(3.9%)

SHARP

19

Sales by Segment

(Billions of Yen)

	FY2018			FY2019
	First Half	Second Half	Fiscal Year	First Half
Smart Life	439.4	459.1	898.6	415.0
8K Ecosystem	628.7	684.7	1,313.5	574.4
ICT	99.5	181.3	280.9	179.3
Subtotal	1,167.8	1,325.2	2,493.0	1,168.8
Adjustments	-38.7	-54.2	-93.0	-48.1
Total	1,129.0	1,271.0	2,400.0	1,120.6

*Sales include inter-segment sales and transfers.

SHARP

20

Operating Profit by Segment

(Billions of Yen)

	FY2018			FY2019
	First Half	Second Half	Fiscal Year	First Half
Smart Life	14.8 (3.4%)	16.5 (3.6%)	31.4 (3.5%)	18.8 (4.5%)
8K Ecosystem	27.3 (4.3%)	20.0 (2.9%)	47.3 (3.6%)	17.6 (3.1%)
ICT	9.4 (9.5%)	11.3 (6.3%)	20.8 (7.4%)	10.8 (6.1%)
Subtotal	51.6 (4.4%)	48.0 (3.6%)	99.6 (4.0%)	47.3 (4.1%)
Adjustments	-4.6	-10.9	-15.5	-10.4
Total	47.0 (4.2%)	37.1 (2.9%)	84.1 (3.5%)	36.9 (3.3%)

*Figures within parentheses indicate operating margin.

SHARP

21

Quarterly Sales by Segment

(Billions of Yen)

	FY2018				FY2019		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Smart Life	203.6	235.7	233.6	225.5	181.0	233.9	247.5
8K Ecosystem	291.1	337.6	350.4	334.2	262.5	311.8	324.3
ICT	56.4	43.1	77.7	103.5	96.2	83.1	88.4
Subtotal	551.3	616.4	661.8	663.4	539.8	628.9	660.3
Adjustments	-17.4	-21.3	-19.3	-34.8	-24.8	-23.3	-25.4
Total	533.8	595.1	642.5	628.5	514.9	605.6	634.9

*Sales include inter-segment sales and transfers.

SHARP

22

Quarterly Sales by Segment

(Billions of Yen)

	FY2018				FY2019		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Smart Life	5.7 (2.8%)	9.0 (3.9%)	11.2 (4.8%)	5.3 (2.4%)	6.2 (3.5%)	12.5 (5.4%)	16.2 (6.6%)
8K Ecosystem	14.1 (4.9%)	13.1 (3.9%)	13.2 (3.8%)	6.8 (2.1%)	6.5 (2.5%)	11.0 (3.5%)	11.7 (3.6%)
ICT	7.2 (12.8%)	2.2 (5.3%)	2.7 (3.5%)	8.6 (8.3%)	7.3 (7.6%)	3.5 (4.3%)	4.7 (5.3%)
Subtotal	27.0 (4.9%)	24.5 (4.0%)	27.2 (4.1%)	20.8 (3.1%)	20.1 (3.7%)	27.2 (4.3%)	32.7 (5.0%)
Adjustments	-2.2	-2.3	-5.9	-4.9	-5.5	-4.8	-3.2
Total	24.8 (4.6%)	22.2 (3.7%)	21.2 (3.3%)	15.8 (2.5%)	14.6 (2.8%)	22.3 (3.7%)	29.4 (4.6%)

*Figures within parentheses indicate operating margin.

SHARP

23

Capital Investment / Depreciation and Amortization, etc.

(Billions of Yen)

	FY2018			FY2019		
	First Half	Second Half	Fiscal Year	First Half	Second Half Forecast	Fiscal Year Forecast
Capital Investment	27.8	28.1	55.9	29.3	40.7	70.0
Displays	9.2	14.5	23.8	10.2	23.2	33.4
Depreciation and Amortization	34.5	37.3	71.9	30.8	39.2	70.0
R&D Expenditures	53.8	54.7	108.5	49.9	60.1	110.0

(Yen)

Avg. Exchange Rate	FY2018			FY2019	
	First Half	Second Half	Fiscal Year	First Half	Second Half Forecast
US Dollar	109.27	110.55	109.91	107.63	105.00
Euro	128.34	125.47	126.90	119.91	120.00

SHARP

24

Quarterly Capital Investment and Depreciation, etc.

(Billions of Yen)

	FY2018				FY2019		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Capital Investment	11.3	16.4	14.7	13.4	9.0	20.2	23.8
Displays	4.4	4.7	8.3	6.2	3.6	6.6	5.5
Depreciation and Amortization	17.1	17.3	18.9	18.4	14.9	15.9	18.0
R&D Expenditures	30.4	23.3	32.0	22.6	28.9	21.0	24.9

(Yen)

Avg. Exchange Rate	FY2018				FY2019		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
US Dollar	108.07	110.46	111.90	109.21	108.90	106.35	107.76
Euro	128.56	128.12	127.28	123.66	121.99	117.84	118.82

SHARP

25

SHARP

Be Original.

