

Consolidated Financial Results for the First Quarter, Fiscal 2019

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

II . Supplementary Data

SHARP CORPORATION

August 1, 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 First Quarter, Fiscal 2019

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

- Despite a continued challenging business environment, structural improvements and other factors led to operating margin and profit margin outperforming Q4, with performance recovering from Q4, FY2018
- Sharp recorded an 11th consecutive quarter of net profits
- The purchase and cancellation of Class A shares has resulted in steady qualitative improvement in equity

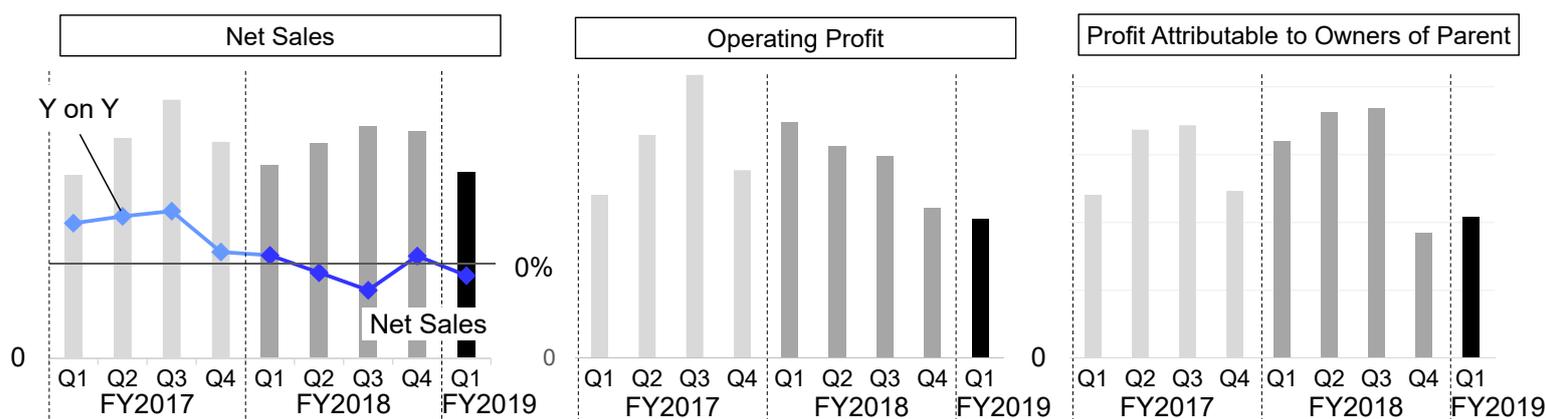
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Consolidated Financial Results for the First Quarter, Fiscal 2019 (2)

(Billions of Yen)

	FY2018				FY2019	
	Q1	Q2	Q3	Q4	Q1	Y on Y
Net Sales	533.8	595.1	642.5	628.5	514.9	-3.5%
Operating Profit	24.8	22.2	21.2	15.8	14.6	-41.1%
Ordinary Profit	21.2	21.9	18.8	6.9	13.9	-34.5%
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%)	-34.7%
Avg. Exchange Rate						
USD/JPY	108.07	110.46	111.90	109.21	108.90	
Euro/JPY	128.56	128.12	127.28	123.66	121.99	

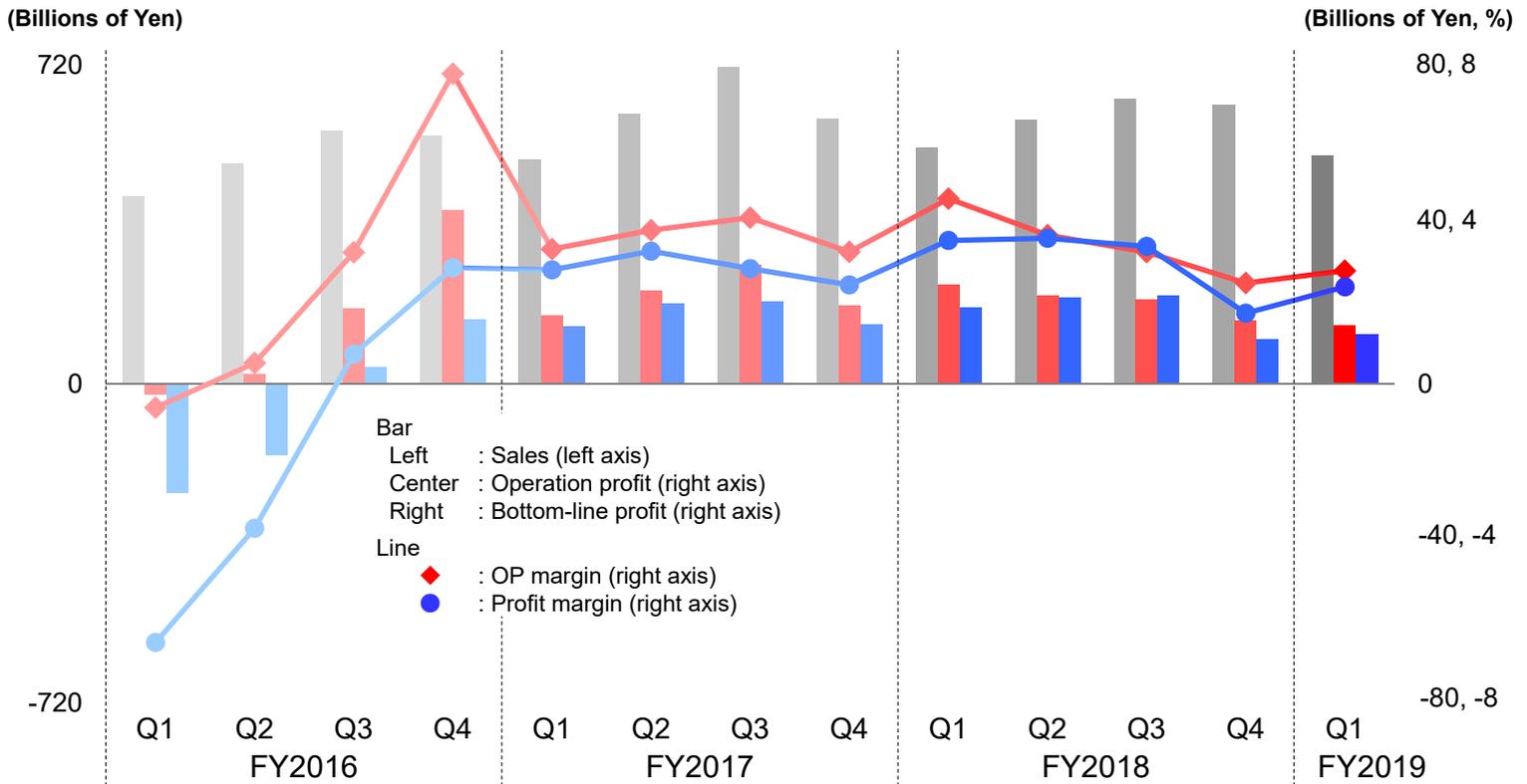


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Consolidated Financial Results for the First Quarter, Fiscal 2019 (3)

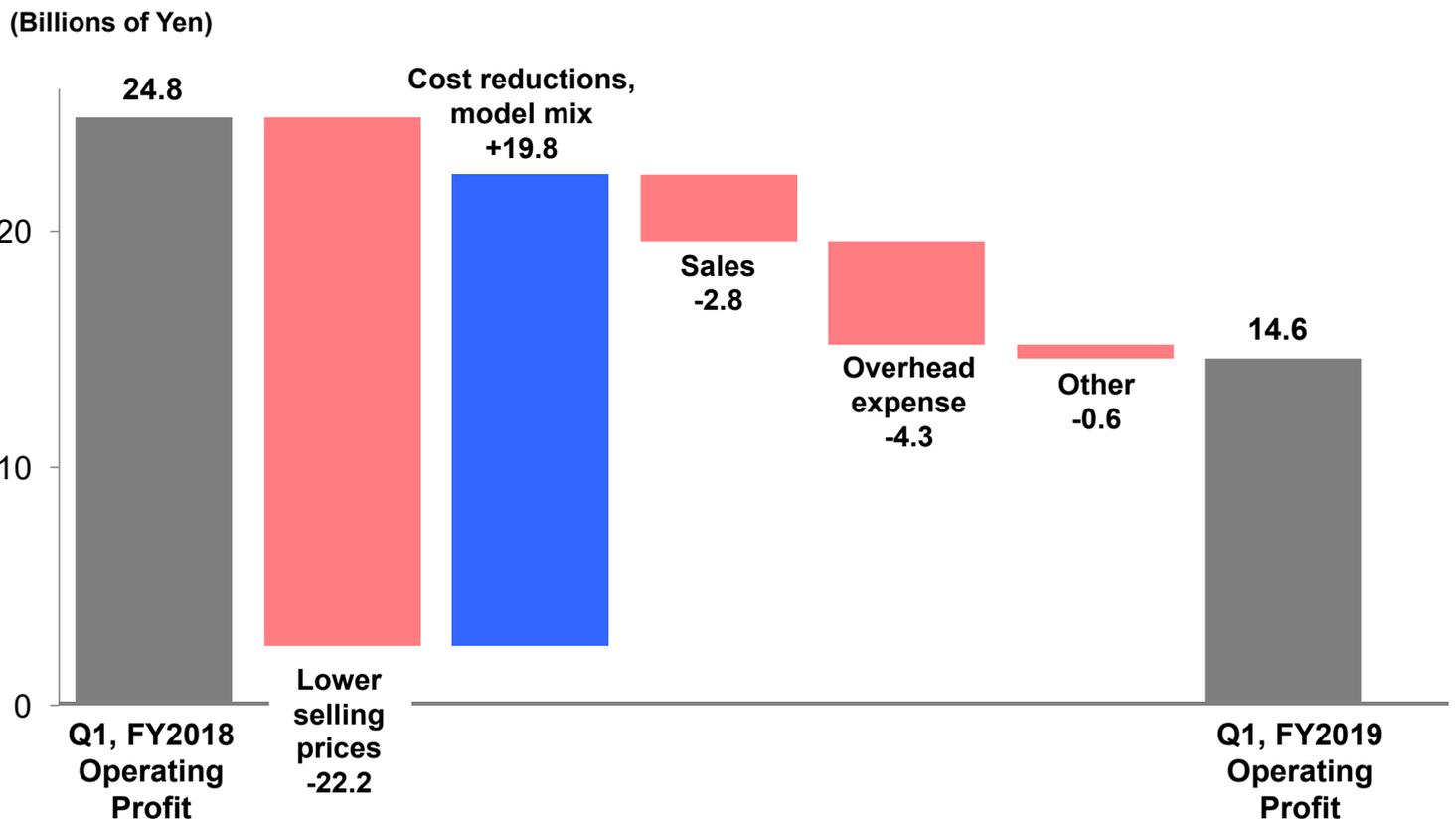
- Performance improvement, rebounding from Q4, FY2018.
- Q1, FY2019 operating margin and profit margin outperformed Q4, even though Q1 net sales were lower than Q4 due to seasonality.



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

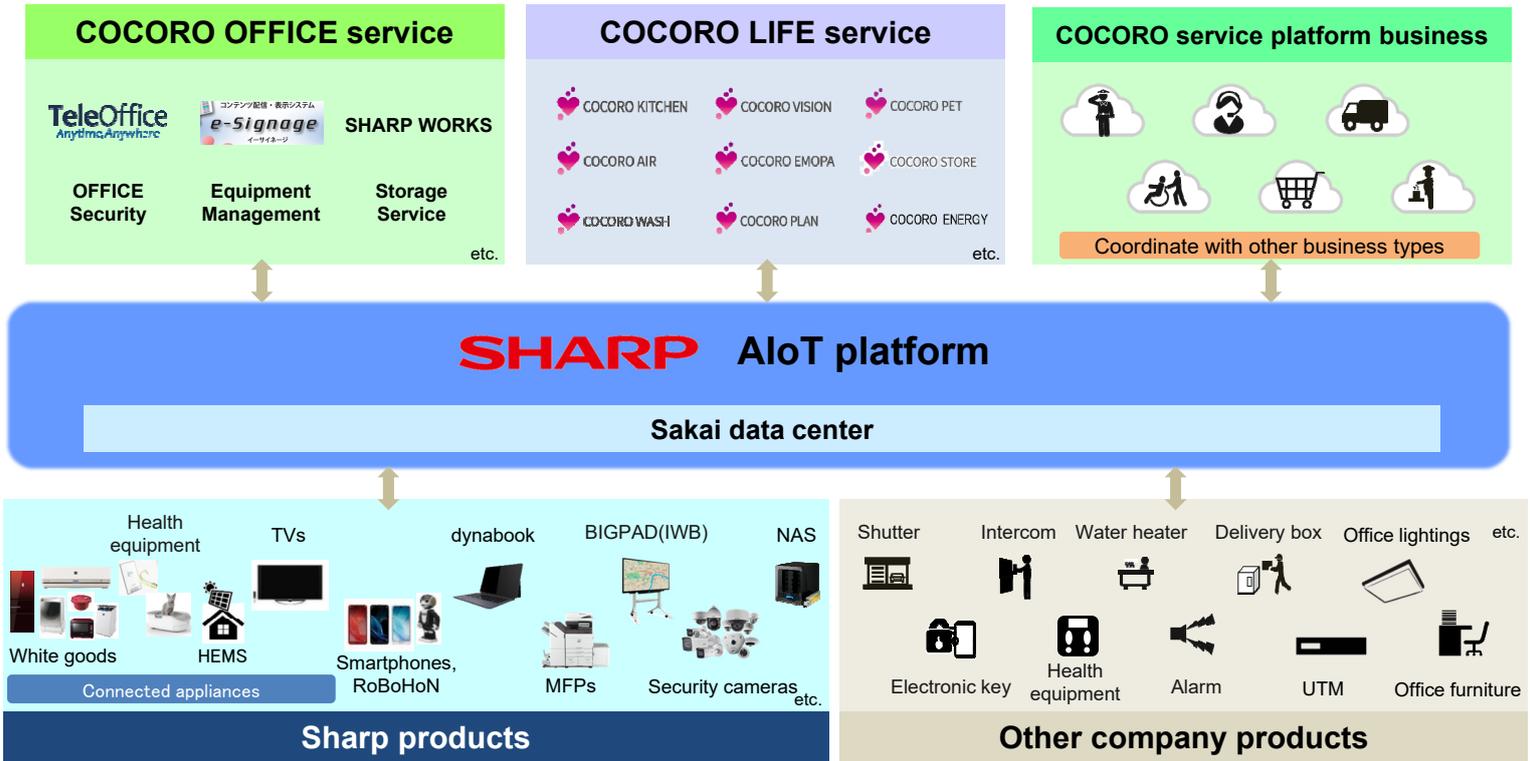


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Initiatives for Business Reform

Leverage the Sharp AIoT platform to work with other companies, accelerating the creation of smart life services and smart office services



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Reorganize to Achieve Business Reform

Engaging in business reinvention as One SHARP through three business groups, striving to create an *8K+5G Ecosystem* and an *AIoT World*

Smart Life	8K Ecosystem	ICT
<p><u>(1) HE business integration</u></p> <ul style="list-style-type: none"> Integrate domestic and overseas HE business to strengthen coordination between operations. <p><u>(2) Establish dedicated organization for B2B business under HE</u></p> <ul style="list-style-type: none"> Establish dedicated organization to expand B2B business. 	<p><u>(1) Revise system for executing 8K+5G Ecosystem strategy</u></p> <ul style="list-style-type: none"> Reorganize to accelerate 8K+5G Ecosystem strategy. <p><u>(2) Restructure system for COCORO OFFICE service business expansion</u></p> <ul style="list-style-type: none"> Restructure project system between Business Solutions BU and domestic/overseas sales affiliates 	<p><u>(1) Create new COCORO Plus preparatory office</u></p> <ul style="list-style-type: none"> New organization established looking toward a future spin-off of the AIoT technology-based COCORO LIFE service business <p><u>(2) Structural revision for IoT BU</u></p> <ul style="list-style-type: none"> Reorganize structure looking toward a future spin-off to accelerate work with other companies using the Sharp AIoT platform.

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Overview of New Business Segments

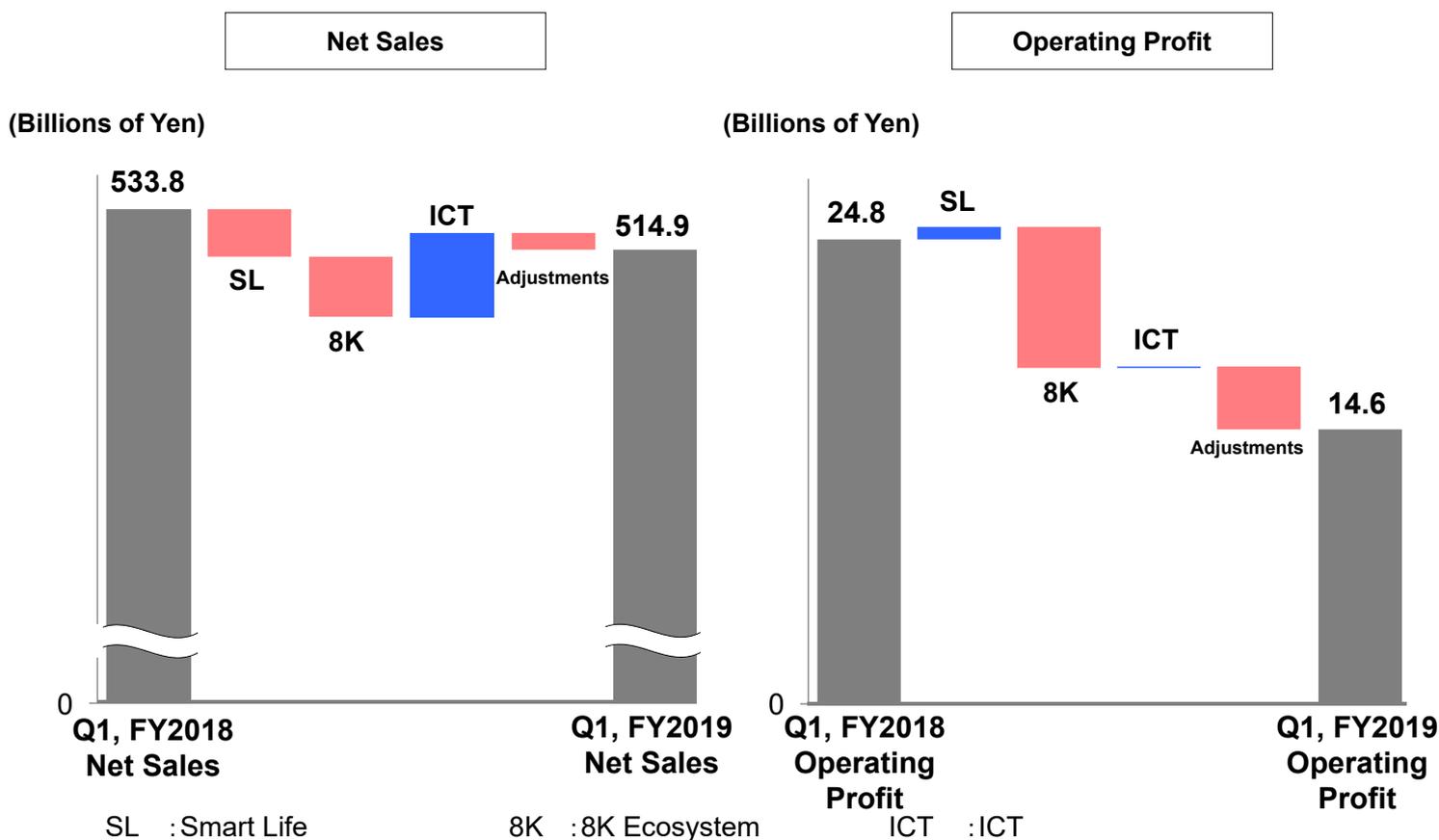
Transition to three business segments beginning Q1, FY2019

Business group	Smart Life	8K Ecosystem	ICT
	Katsuaki Nomura Executive Vice President	J.W. Tai Chairman President & CEO	Yoshihisa Ishida Executive Vice President
Business / company	<ul style="list-style-type: none"> Health and environment systems Camera modules Sharp Energy Solutions Corporation Sharp Fukuyama Semiconductor Co., Ltd. 	<ul style="list-style-type: none"> TV systems Business solutions Display devices Corporate research & development 	<ul style="list-style-type: none"> Mobile communications AIoT COCORO LIFE services Dynabook Inc.

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



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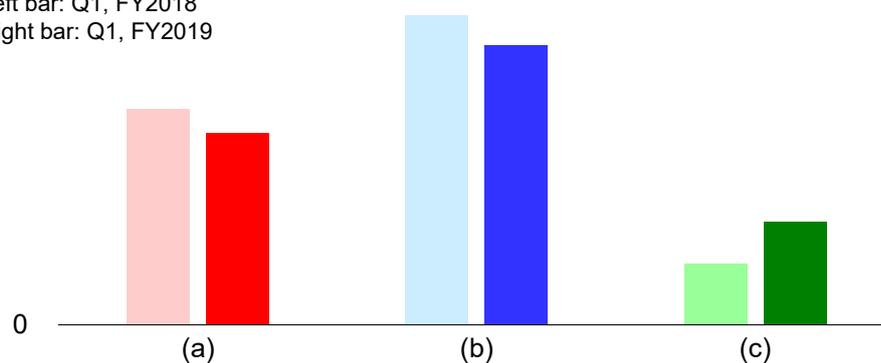
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Sales by Segment

(Billions of Yen)

	FY2018				FY2019	
	Q1	Q2	Q3	Q4	Q1	Y on Y
(a) Smart Life	203.1	235.3	233.1	224.9	180.6	-11.1%
(b) 8K Ecosystem	291.1	337.6	350.4	334.2	262.5	-9.8%
(c) ICT	56.9	43.5	78.2	104.1	96.5	+69.5%
Subtotal	551.3	616.4	661.8	663.4	539.8	-2.1%
Adjustments	-17.4	-21.3	-19.3	-34.8	-24.8	-
Total	533.8	595.1	642.5	628.5	514.9	-3.5%

Left bar: Q1, FY2018
Right bar: Q1, FY2019



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*Sales include inter-segment sales and transfers.

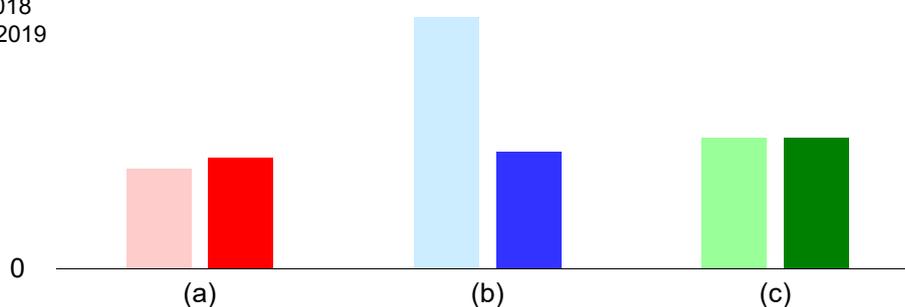
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Operating Profit by Segment

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

	FY2018				FY2019	
	Q1	Q2	Q3	Q4	Q1	Y on Y
(a) Smart Life	5.6 (2.8%)	8.9 (3.8%)	11.1 (4.8%)	5.1 (2.3%)	6.2 (3.5%)	+11.4%
(b) 8K Ecosystem	14.1 (4.9%)	13.1 (3.9%)	13.2 (3.8%)	6.8 (2.1%)	6.5 (2.5%)	-53.6%
(c) ICT	7.3 (12.9%)	2.3 (5.5%)	2.8 (3.7%)	8.7 (8.4%)	7.3 (7.6%)	+0.1%
Subtotal	27.0 (4.9%)	24.5 (4.0%)	27.2 (4.1%)	20.8 (3.1%)	20.1 (3.7%)	-25.6%
Adjustments	-2.2	-2.3	-5.9	-4.9	-5.5	-
Total	24.8 (4.6%)	22.2 (3.7%)	21.2 (3.3%)	15.8 (2.5%)	14.6 (2.8%)	-41.1%

Left bar: Q1, FY2018
Right bar: Q1, FY2019



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

(Billions of Yen)

	FY2018				FY2019	
	Q1	Q2	Q3	Q4	Q1	Difference (Y on Y)
Operating Profit	24.8	22.2	21.2	15.8	14.6	-10.2
Non-operating Income (Expenses)	-3.5	-0.2	-2.4	-8.8	-0.6	+2.9
Interest expense	-1.1	-1.0	-1.1	-1.0	-1.2	-0.1
Foreign exchange gain (loss)	-4.6	+0.9	-0.7	-1.3	+0.1	+4.7
Share of profit (loss) of entities accounted for using equity method	-2.3	-0.9	-1.9	-4.1	-0.9	+1.4
Ordinary Profit	21.2	21.9	18.8	6.9	13.9	-7.3
Extraordinary Income (Losses)	+0.8	+0.5	+6.5	-1.3	+0.0	-0.8
Pretax Income	22.1	22.4	25.3	5.6	13.9	-8.2
Income Taxes, etc.	-2.9	-0.6	-3.2	+5.4	-1.4	+1.5
Profit Attributable to Owners of Parent	19.2	21.7	22.1	11.1	12.5	-6.7

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Consolidated Balance Sheets

• We used cash on hand to purchase and cancel Class A shares

(January 30, 2019: 92,000 shares for approximately 85.1 billion yen June 21, 2019: 108,000 shares for approximately 97.0 billion yen)

• Excluding this transaction, cash and net assets improved compared to Dec. 31, 2018, prior to the transaction.

	FY2018		FY2019		FY2018		FY2019
	End of Dec.	End of Mar.	End of Jun.		End of Dec.	End of Mar.	End of Jun.
Cash and deposits	295.7	266.6	238.4	Notes and accounts payable - trade	467.4	410.3	379.2
Notes and accounts receivable - trade	540.6	539.9	497.1	Short-term loans payable	68.3	81.4	205.9
Inventories	278.3	243.8	271.9	Current portion of bonds payable	40.0	30.0	30.0
Other current assets	105.2	90.9	110.3	Other current liabilities	269.1	291.3	288.6
Current Assets	1,220.0	1,141.3	1,117.9	Current Liabilities	844.9	813.1	903.9
Property, plant and equipment	419.9	405.0	405.8	Bonds payable	0.0	0.0	0.0
Intangible assets	43.9	39.6	39.3	Long-term loans payable	528.6	538.2	537.7
Investments and other assets	278.8	280.2	283.3	Other non-current liabilities	144.3	142.5	137.3
Non-current Assets	742.6	724.9	728.5	Non-current Liabilities	673.0	680.7	675.1
Deferred Assets	0.0	0.0	0.0	Net Assets	444.6	372.4	267.3
Total Assets	1,962.6	1,866.3	1,846.4	Total Liabilities and Net Assets	1,962.6	1,866.3	1,846.4
Exchange Rate, End of Period				Equity Ratio	21.6%	18.8%	13.5%
USD/JPY	109.91	110.01	106.75	Equity	423.2	350.6	248.7
Euro/JPY	125.38	123.06	120.96				

(vs. Dec. 2018)
Acquisition of Class A shares -182.1
Other +124.8

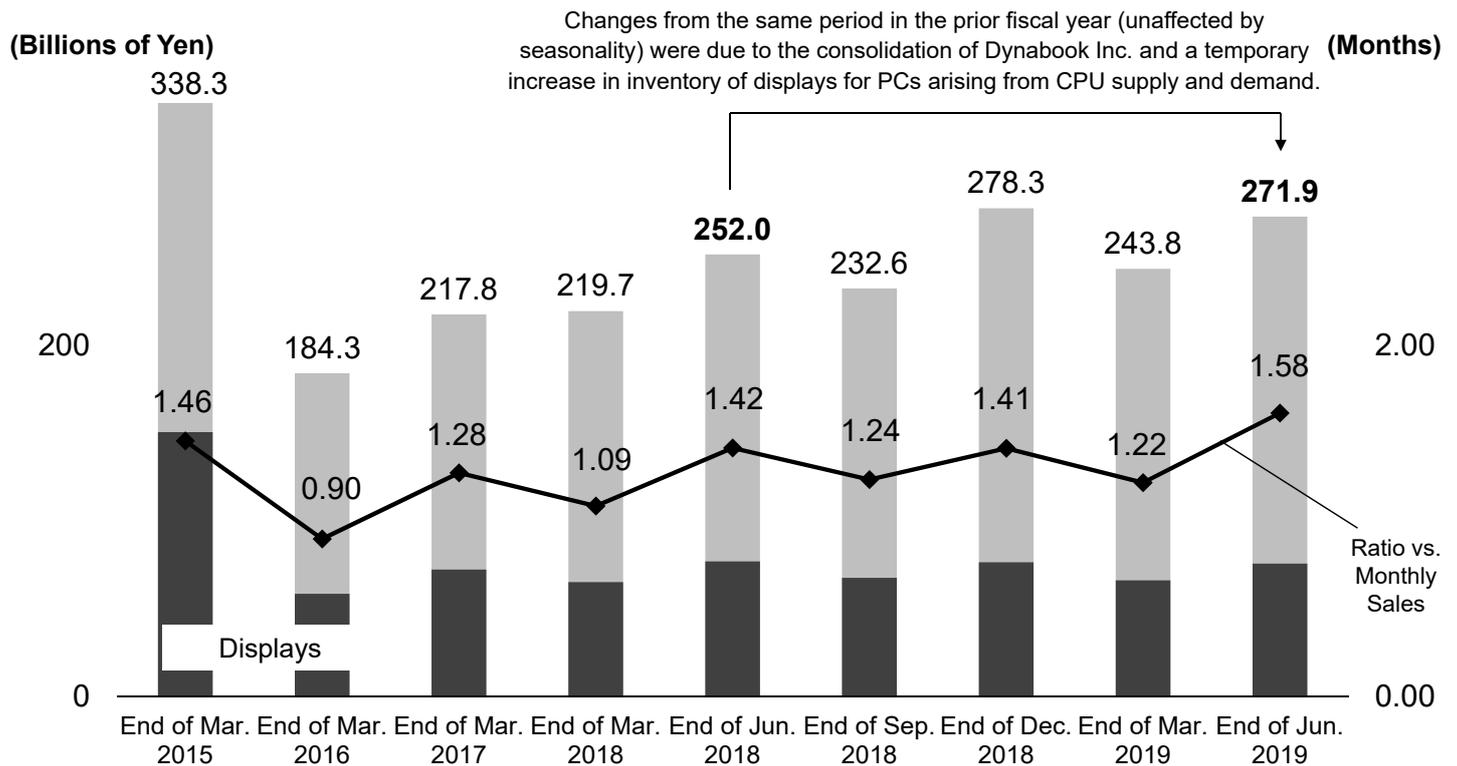
(vs. Dec. 2018)
Acquisition of Class A shares -182.1
Other +4.8

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Inventory Trends

- Inventory amounted to 271.9 billion yen, compared to a balance of 243.8 billion yen as of Mar. 31, 2019.
- We will continue to maintain appropriate levels of inventory in response to our sales plans

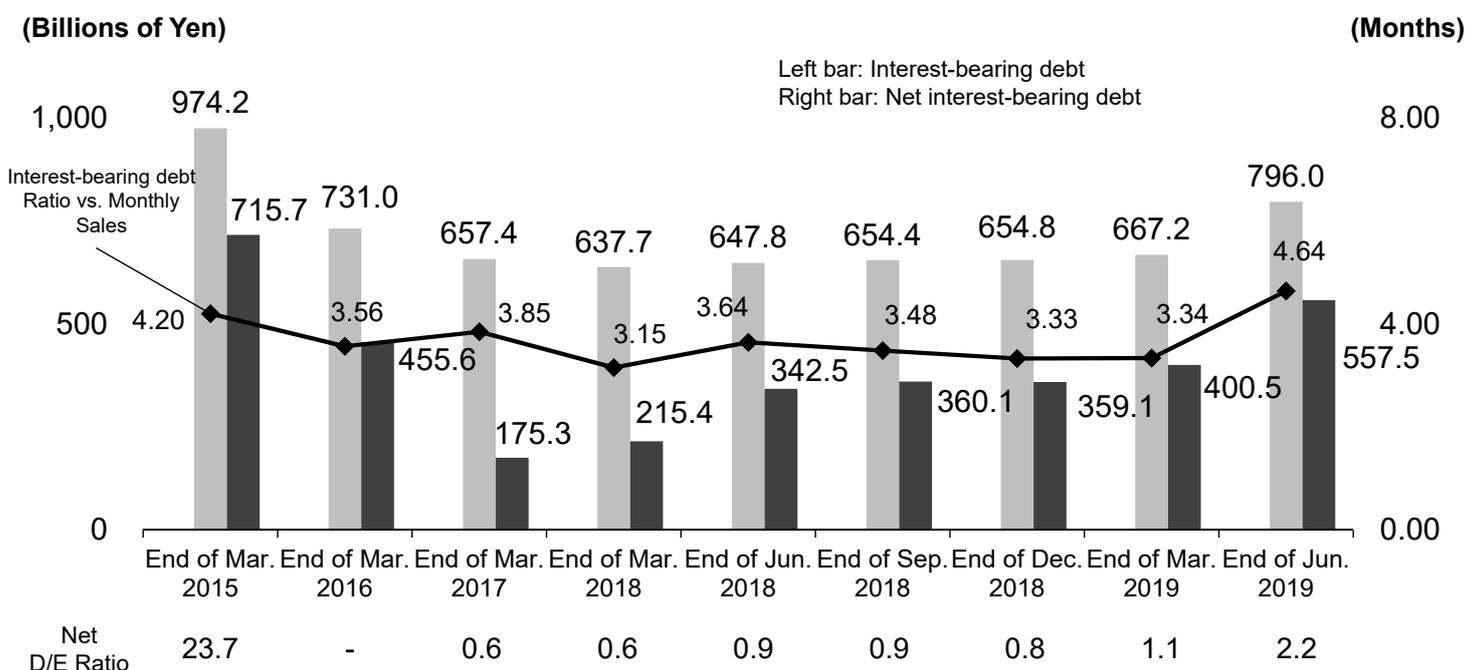


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Interest-Bearing Debt Trends

- We used commitment lines as funds for growth investments. Accordingly, interest-bearing debt as of Jun. 30, 2019 amounted to 796.0 billion yen and interest-bearing debt vs. monthly sales increased to 4.64 months.
- Net interest-bearing debt* amounted to 557.5 billion yen, compared to 400.5 billion yen as of Mar. 31, 2019. This result was mainly due to a decrease in cash and deposits associated with the purchase of Class A shares and the payment of dividends.



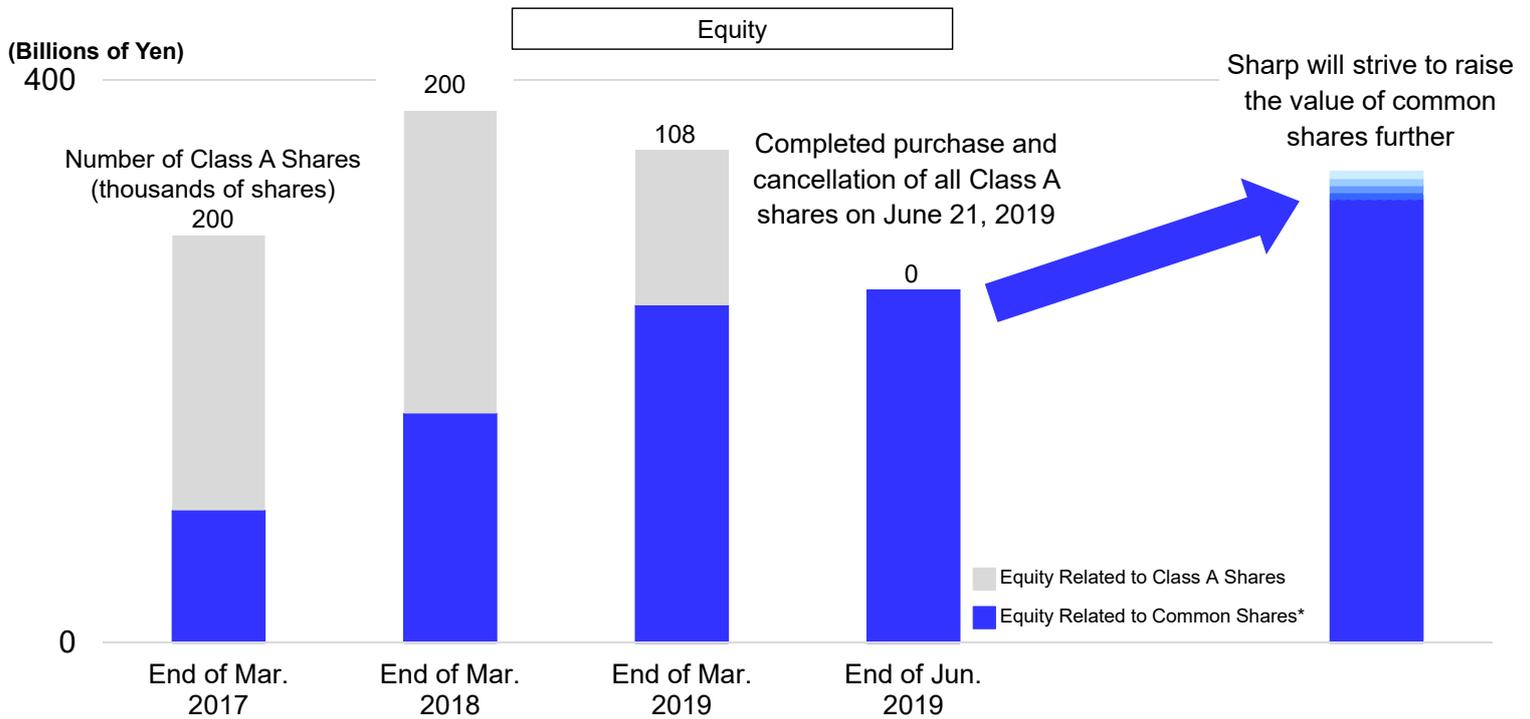
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*Net interest-bearing debt: interest-bearing debt – cash and deposits

Capital Policy

- Sharp completed the purchase and cancellation of Class A shares, which entail dilution risk, preferred dividends, and other considerations, improving equity qualitatively
- Sharp has continued recording final profits since Q3, FY2016, steadily increasing equity related to common stock
- Sharp will continue to generate profits, building equity and otherwise further raising the value of common stock



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*Common shares include Class C shares, which are equivalent to common shares

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II . Supplementary Data

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Consolidated Financial Results

(Billions of Yen)

	FY2018			FY2019		
	First Half	Second Half	Fiscal Year	First Half Forecast	Second Half Forecast	Fiscal Year Forecast
Net Sales	1,129.0	1,271.0	2,400.0	1,200.0	1,450.0	2,650.0
Operating Profit	47.0	37.1	84.1	44.0	56.0	100.0
(margin)	(4.2%)	(2.9%)	(3.5%)	(3.7%)	(3.9%)	(3.8%)
Ordinary Profit	43.2	25.7	69.0	42.0	53.0	95.0
(margin)	(3.8%)	(2.0%)	(2.9%)	(3.5%)	(3.7%)	(3.6%)
Profit Attributable to Owners of Parent	40.9	33.2	74.2	37.0	43.0	80.0
(margin)	(3.6%)	(2.6%)	(3.1%)	(3.1%)	(3.0%)	(3.0%)

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Consolidated Quarterly Financial Results

(Billions of Yen)

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

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Sales by Segment

(Billions of Yen)

	FY2018		
	First Half	Second Half	Fiscal Year
Smart Life	438.4	458.1	896.6
8K Ecosystem	628.7	684.7	1,313.5
ICT	100.5	182.3	282.9
Subtotal	1,167.8	1,325.2	2,493.0
Adjustments	-38.7	-54.2	-93.0
Total	1,129.0	1,271.0	2,400.0

*Sales include inter-segment sales and transfers.

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Operating Profit by Segment

(Billions of Yen)

	FY2018		
	First Half	Second Half	Fiscal Year
Smart Life	14.5 (3.3%)	16.3 (3.6%)	30.9 (3.4%)
8K Ecosystem	27.3 (4.3%)	20.0 (2.9%)	47.3 (3.6%)
ICT	9.7 (9.7%)	11.6 (6.4%)	21.3 (7.6%)
Subtotal	51.6 (4.4%)	48.0 (3.6%)	99.6 (4.0%)
Adjustments	-4.6	-10.9	-15.5
Total	47.0 (4.2%)	37.1 (2.9%)	84.1 (3.5%)

*Figures within parentheses indicate operating margin.

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Quarterly Sales by Segment

(Billions of Yen)

	FY2018				FY2019
	Q1	Q2	Q3	Q4	Q1
Smart Life	203.1	235.3	233.1	224.9	180.6
8K Ecosystem	291.1	337.6	350.4	334.2	262.5
ICT	56.9	43.5	78.2	104.1	96.5
Subtotal	551.3	616.4	661.8	663.4	539.8
Adjustments	-17.4	-21.3	-19.3	-34.8	-24.8
Total	533.8	595.1	642.5	628.5	514.9

*Sales include inter-segment sales and transfers.

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Quarterly Operating Profit by Segment

(Billions of Yen)

	FY2018				FY2019
	Q1	Q2	Q3	Q4	Q1
Smart Life	5.6 (2.8%)	8.9 (3.8%)	11.1 (4.8%)	5.1 (2.3%)	6.2 (3.5%)
8K Ecosystem	14.1 (4.9%)	13.1 (3.9%)	13.2 (3.8%)	6.8 (2.1%)	6.5 (2.5%)
ICT	7.3 (12.9%)	2.3 (5.5%)	2.8 (3.7%)	8.7 (8.4%)	7.3 (7.6%)
Subtotal	27.0 (4.9%)	24.5 (4.0%)	27.2 (4.1%)	20.8 (3.1%)	20.1 (3.7%)
Adjustments	-2.2	-2.3	-5.9	-4.9	-5.5
Total	24.8 (4.6%)	22.2 (3.7%)	21.2 (3.3%)	15.8 (2.5%)	14.6 (2.8%)

*Figures within parentheses indicate operating margin.

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Capital Investment / Depreciation and Amortization, etc.

	(Billions of Yen)			
	FY2018			FY2019
	First Half	Second Half	Fiscal Year	Fiscal Year Forecast
Capital Investment	27.8	28.1	55.9	76.0
Displays	9.2	14.5	23.8	35.7
Depreciation and Amortization	34.5	37.3	71.9	80.0
R&D Expenditures	53.8	54.7	108.5	110.0
	(Yen)			
Avg. Exchange Rate	FY2018			FY2019
	First Half	Second Half	Fiscal Year	Fiscal Year Forecast
US Dollar	109.27	110.55	109.91	105.00
Euro	128.34	125.47	126.90	125.00

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Quarterly Capital Investment and Depreciation, etc.

	(Billions of Yen)				
	FY2018				FY2019
	Q1	Q2	Q3	Q4	Q1
Capital Investment	11.3	16.4	14.7	13.4	9.0
Displays	4.4	4.7	8.3	6.2	3.6
Depreciation and Amortization	17.1	17.3	18.9	18.4	14.9
R&D Expenditures	30.4	23.3	32.0	22.6	28.9
	(Yen)				
Avg. Exchange Rate	FY2018				FY2019
	Q1	Q2	Q3	Q4	Q1
US Dollar	108.07	110.46	111.90	109.21	108.90
Euro	128.56	128.12	127.28	123.66	121.99

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