



Consolidated Financial Results for the Third Quarter Fiscal 2015

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SHARP CORPORATION

February 4, 2016

Forward-Looking Statements

This presentation material contains certain statements describing the future plans, strategies and performance of Sharp Corporation and its consolidated subsidiaries (hereinafter "Sharp"). These statements are not based on historical or present fact, but rather assumptions and estimates based on information currently available. These future plans, strategies and performances are subject to known and unknown risks, uncertainties and other factors. Sharp's actual performance, business activities and financial position may differ materially from the assumptions and estimates provided on account of the risks, uncertainties and other factors. Sharp is under no obligation to update these forward-looking statements in light of new information, future events or any other factors. The risks, uncertainties and other factors that could affect actual results include, but are not limited to:

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- (2) Sudden, rapid fluctuations in demand for Sharp's products and services, as well as intense price competition;
- (3) Changes in exchange rates (particularly between the yen and the U.S. dollar, the euro, and other currencies);
- (4) Regulations such as trade restrictions in 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.

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I . Financial Results for 3Q Fiscal 2015 Financial Results Forecast for Fiscal 2015

Financial Results for 3Q Fiscal 2015

- Net sales in the 3Q of FY2015 were 663.3 billion yen, down 13.0% from the same period last year.
- The downturn in Energy Solutions was offset by other product groups, resulting in sales as forecasted.
- Structural reforms are progressing steadily.

(Billions of Yen)

	FY2014	FY2015					
	3Q	1Q	2Q	3Q	Change (Y on Y)	1Q to 3Q Accumulated Total	Change (Y on Y)
Net Sales	762.7	618.3	661.3	663.3	-13.0%	1,943.0	-7.1%
Operating Income (margin)	22.0 (2.9%)	-28.7 (-4.7%)	3.5 (0.5%)	-3.8 (-0.6%)	-	-29.0 (-1.5%)	-
Net Income Attributable to Sharp Corporation (margin)	-11.9 (-1.6%)	-33.9 (-5.5%)	-49.6 (-7.5%)	-24.7 (-3.7%)	-	-108.3 (-5.6%)	-

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- Net sales were 663.3 billion yen, down 13.0% year-on-year.
Operating loss was 3.8 billion yen.
Net loss attributable to Sharp Corporation was 24.7 billion yen.
- In Energy Solutions, there was a revaluation of the price of polysilicon.
However, this was offset by other product groups, hence the overall financial results were as forecasted.
We are also making steady progress with structural reforms.

Financial Results Forecast for Fiscal 2015

- Based on results up to the 3Q, the current business environment, and future estimates, the forecast for FY2015 remains unchanged.
- The forecast for sales and operating income between segments was revised.
- Sharp intends to announce the forecast for net income (loss) attributable to Sharp Corporation once it becomes possible to make a reasonable estimate of the impact on consolidated financial statements of the materialization of structural reforms currently under consideration or in progress.

(Billions of Yen)

	FY2015					
	1Q to 3Q Accumulated Total	Change (Y on Y)	4Q Forecast	Change (Y on Y)	Fiscal Year Forecast	Change (Y on Y)
Net Sales	1,943.0	-7.1%	756.9	+8.8%	2,700.0	-3.1%
Operating Income (margin)	-29.0 (-1.5%)	-	+39.0 (5.2%)	-	10.0 (0.4%)	-

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- Considering results up to the third quarter, the current business environment, and future estimates, we have revised sales between segments. Even so, we have left the previous forecast for fiscal 2015 unchanged.
- We intend to announce the forecast for net income (loss) attributable to Sharp Corporation once it becomes possible to make a reasonable estimate of the impact on consolidated financial statements of the materialization of structural reforms currently under consideration or in progress.

Other Income (Expenses)

(Billions of Yen)

	FY2015					
	1Q	2Q	3Q	Difference (Y on Y)	1Q to 3Q Accumulated Total	Difference (Y on Y)
Operating Income	-28.7	3.5	-3.8	-25.9	-29.0	-80.2
Other Income (Expenses)	-1.5	-48.5	-14.2	+5.3	-64.3	-29.1
Equity in earnings of affiliates	+1.7	+1.3	-0.1	-0.8	+2.8	-1.8
Gain on sales of investment securities	+1.7	+0.0	-0.0	-5.7	+1.8	-9.8
Reversal of provision for loss on litigation	+2.0	-	-	-	+2.0	-17.1
Receipt of settlement package	+6.2	+0.8	+1.3	+1.3	+8.5	+8.5
Interest expense	-5.5	-4.4	-4.5	+1.1	-14.5	+2.9
Impairment loss	-6.5	-4.6	-2.7	-0.7	-13.8	-9.4
Restructuring charges	-	-35.3	-1.4	+7.5	-36.7	-22.0
Settlement	-	-	-	-	-	+14.3
Pretax Income	-30.3	-44.9	-18.1	-20.5	-93.4	-109.4
Income Taxes, etc.	-3.6	-4.7	-6.5	+7.7	-14.9	+8.2
Net Income Attributable to Sharp Corporation	-33.9	-49.6	-24.7	-12.8	-108.3	-101.1

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- Restructuring charges and an impairment loss were calculated as other expenses.

Sales by Segment

(Billions of Yen)

	FY2015								FY2015
	1Q	2Q	3Q	Change (Y on Y)	1Q to 3Q Accumulated Total	Change (Y on Y)	(2/4) Fiscal Year Forecast	Change (Y on Y)	(10/30) Fiscal Year Forecast
Consumer Electronics	201.9	233.6	204.2	-24.8%	639.8	-16.5%	870.0	-11.5%	870.0
Energy Solutions	36.8	41.8	34.5	-35.6%	113.3	-42.4%	170.0	-37.2%	180.0
Business Solutions	80.6	91.7	88.8	+3.3%	261.2	+3.6%	360.0	+4.9%	350.0
Electronic Components and Devices	136.6	114.6	146.4	-10.4%	397.6	+23.1%	530.0	+13.6%	530.0
Display Devices	187.8	203.3	226.2	-5.0%	617.4	-11.7%	870.0	-4.1%	870.0
Subtotal	643.9	685.1	700.3	-13.8%	2,029.4	-9.3%	2,800.0	-5.7%	2,800.0
Adjustments	-25.6	-23.7	-36.9	-	-86.3	-	-100.0	-	-100.0
Total	618.3	661.3	663.3	-13.0%	1,943.0	-7.1%	2,700.0	-3.1%	2,700.0

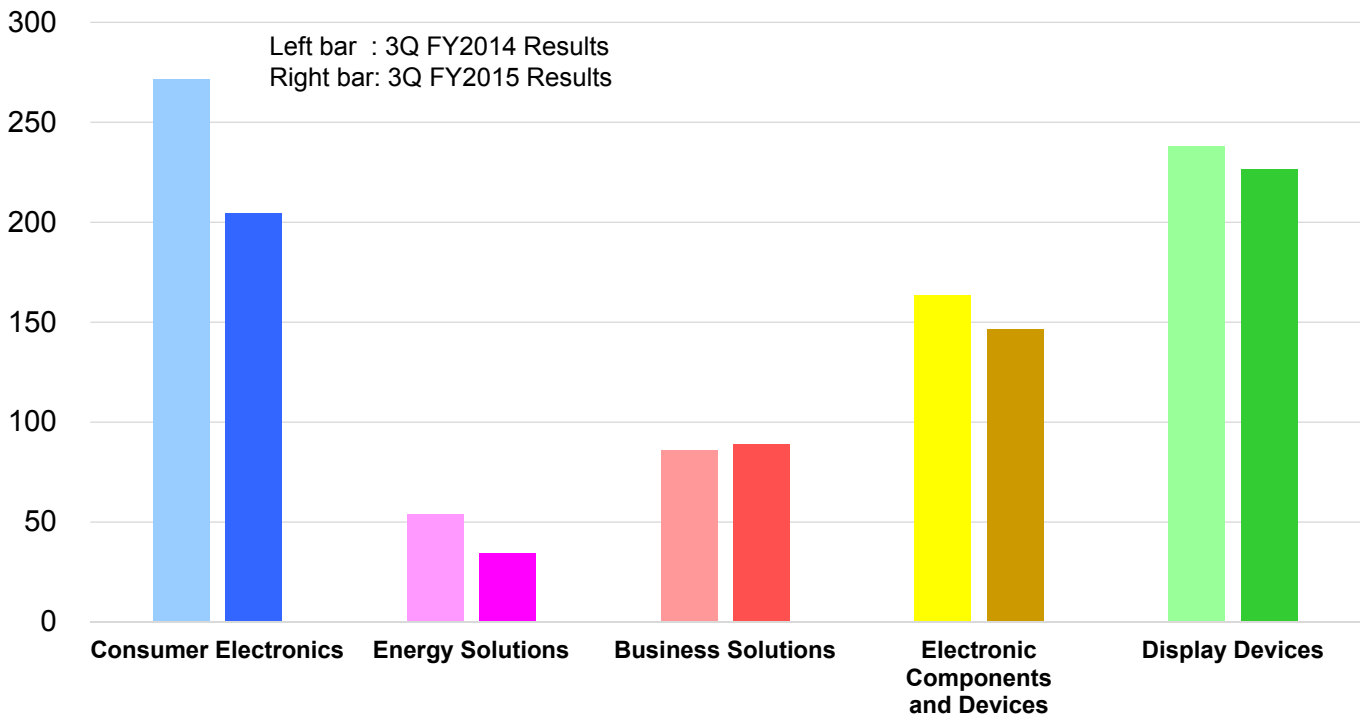
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*Sales include internal sales between segments. **5**

- We have revised the fiscal year sales forecasts for Energy Solutions and Business Solutions.

Sales by Segment

(Billions of Yen)



*Sales include internal sales between segments.

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Operating Income by Segment

(Billions of Yen)

	FY2015								FY2015
	1Q	2Q	3Q	Change (Y on Y)	1Q to 3Q Accumulated Total	Change (Y on Y)	(2/4) Fiscal Year Forecast	Change (Y on Y)	(10/30) Fiscal Year Forecast
Consumer Electronics	-11.7 (-5.8%)	9.7 (4.2%)	7.5 (3.7%)	-15.9%	5.5 (0.9%)	-77.0%	20.0 (2.3%)	+4.8%	16.0 (1.8%)
Energy Solutions	-3.9 (-10.7%)	1.3 (3.2%)	-5.0 (-14.7%)	-	-7.7 (-6.8%)	-	-7.0 (-4.1%)	-	3.0 (1.7%)
Business Solutions	6.8 (8.4%)	9.9 (10.8%)	7.1 (8.0%)	-7.0%	23.8 (9.1%)	+1.2%	38.0 (10.6%)	+21.4%	36.0 (10.3%)
Electronic Components and Devices	2.8 (2.1%)	5.1 (4.5%)	1.9 (1.4%)	-24.2%	10.0 (2.5%)	60.7-fold	18.0 (3.4%)	26.6-fold	18.0 (3.4%)
Display Devices	-13.7 (-7.3%)	-12.7 (-6.3%)	-10.7 (-4.7%)	-	-37.2 (-6.0%)	-	-30.0 (-3.4%)	-	-30.0 (-3.4%)
Subtotal	-19.7 (-3.1%)	13.3 (2.0%)	0.8 (0.1%)	-97.0%	-5.4 (-0.3%)	-	39.0 (1.4%)	-	43.0 (1.5%)
Adjustments	-9.0	-9.7	-4.7	-	-23.5	-	-29.0	-	-33.0
Total	-28.7 (-4.7%)	3.5 (0.5%)	-3.8 (-0.6%)	-	-29.0 (-1.5%)	-	10.0 (0.4%)	-	10.0 (0.4%)

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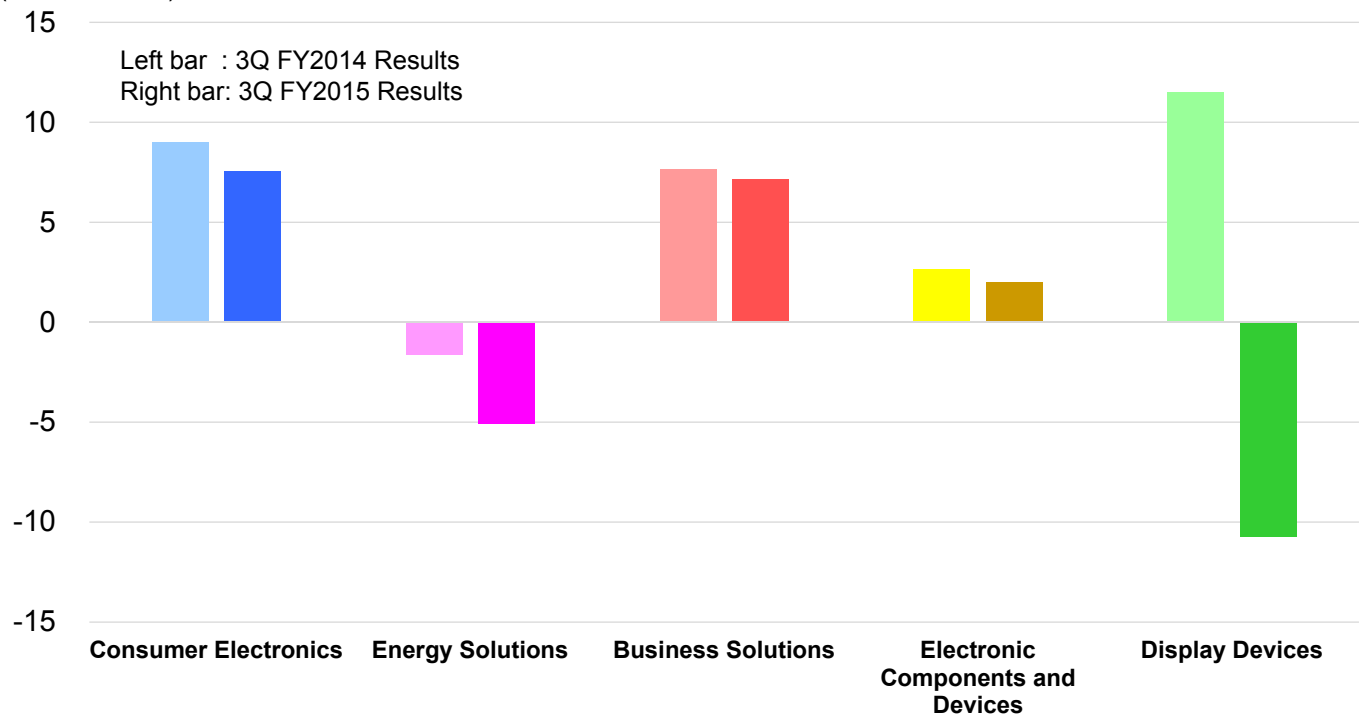
*Figures within parentheses indicate operating margin.

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- We have revised fiscal year operating income forecasts for Energy Solutions, Business Solutions and Consumer Electronics.
- We will explain the details of the sales and operating income of each segment accordingly.

Operating Income by Segment

(Billions of Yen)



Consolidated Balance Sheets

- Cash, time deposits and restricted cash increased from 175.0 billion yen at the end of September 2015 to 234.5 billion yen at the end of December 2015.
- The equity ratio decreased from 9.4% at the end of September 2015 to 8.6% at the end of December.

(Billions of Yen)

	FY2014	FY2015			FY2014	FY2015	
	End of Mar. 2015	End of Sep. 2015	End of Dec. 2015		End of Mar. 2015	End of Sep. 2015	End of Dec. 2015
Cash, time deposits and restricted cash	258.4	175.0	234.5	Short-term borrowings	848.9	666.4	664.6
Notes and accounts receivable	605.6	574.2	469.3	Notes and accounts payable	468.0	422.7	404.6
Inventories	338.3	294.2	299.0	Other current liabilities	369.9	324.9	310.2
Other current assets	96.7	106.4	97.9	Current Liabilities	1,686.9	1,414.1	1,379.6
Current Assets	1,299.1	1,149.8	1,100.8	Long-term Liabilities	230.4	191.9	191.4
Plant and Equipment	400.5	377.1	368.4	Liabilities	1,917.3	1,606.1	1,571.0
Investments and Other Assets	262.0	259.8	261.9	Net Assets	44.5	180.9	160.2
Deferred Assets	0.0	0.0	0.0	Total Liabilities and Net Assets	1,961.9	1,787.0	1,731.3
Total Assets	1,961.9	1,787.0	1,731.3	Equity Ratio	1.5%	9.4%	8.6%

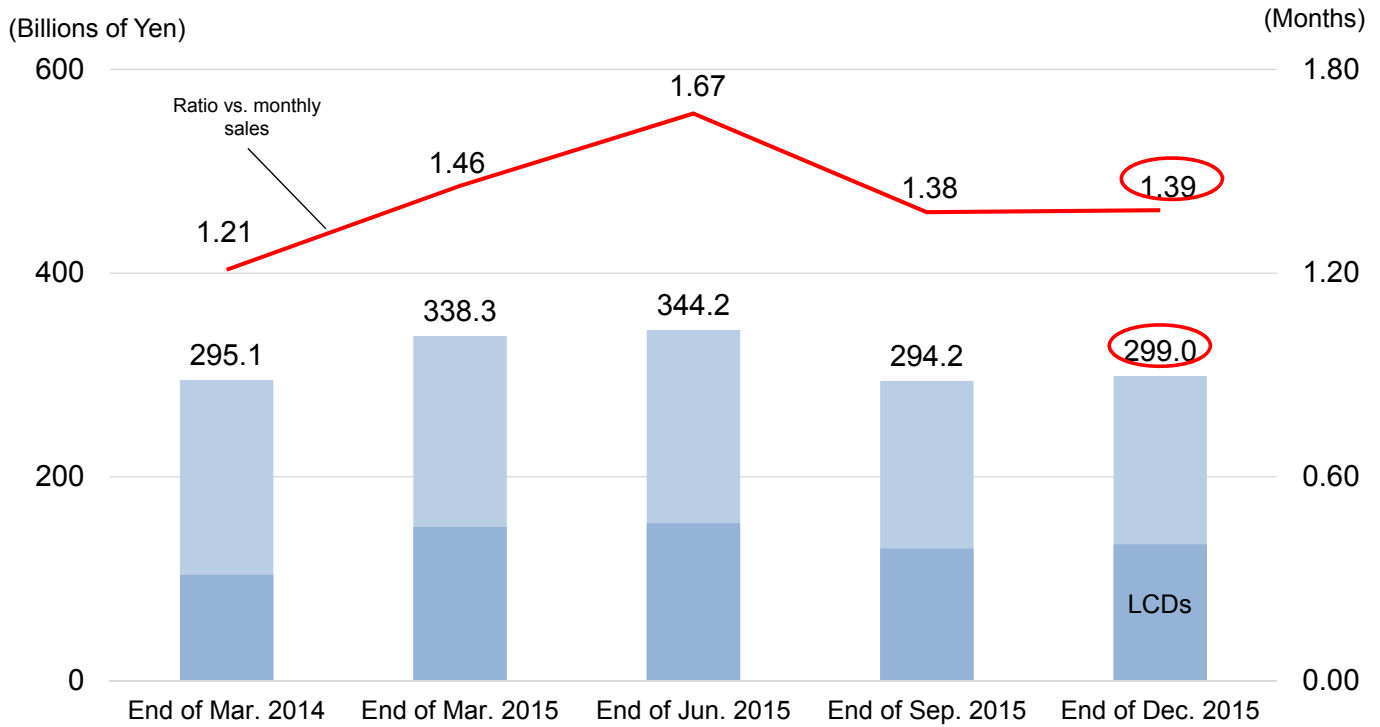
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- Net assets at the end of December 2015 were 160.2 billion yen, a 20.6 billion yen decrease compared to the end of September 2015, due to factors including restructuring charges and an impairment loss. The equity ratio decreased from 9.4% to 8.6%.

Transition of Inventories

- Inventory was 299.0 billion yen, up 4.8 billion yen compared to the end of September 2015, and the ratio vs. monthly sales remained mostly unchanged.

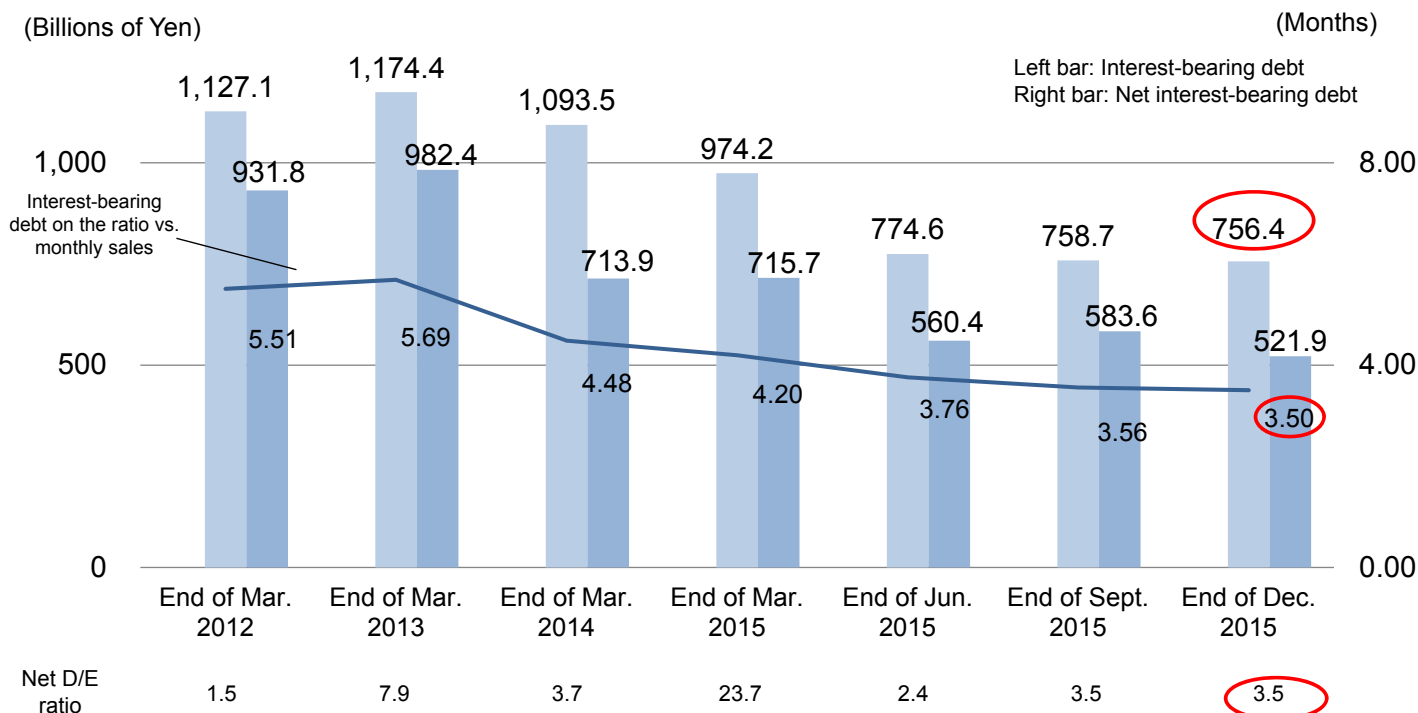


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- Inventory was 299.0 billion yen, up 4.8 billion yen compared to the end of September 2015, and ratio vs. monthly sales remained mostly unchanged.

Transition of Interest-Bearing Debt

- Interest-bearing debt at the end of December 2015 declined by 2.2 billion yen in comparison to the end of September 2015. The ratio vs. monthly sales decreased from 3.56 months to 3.50 months.
- Net interest-bearing debt* decreased from 583.6 billion yen at the end of September 2015 to 521.9 billion yen.



*Net interest-bearing debt: interest-bearing debt – cash, time deposits, and restricted cash

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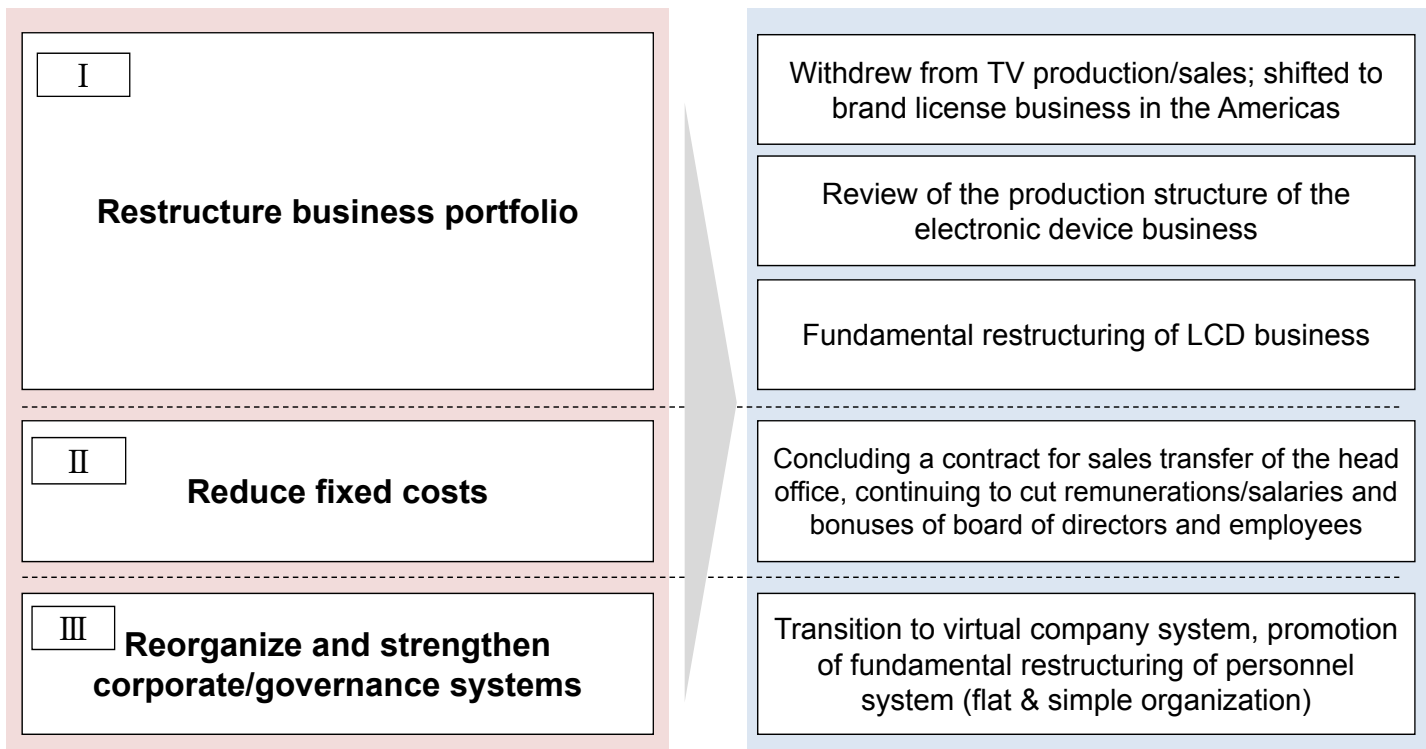
- Interest-bearing debt at the end of December 2015 was 756.4 billion yen, a decline of 2.2 billion yen in comparison to the end of September 2015. The net interest-bearing debt decreased by 61.7 billion yen to 521.9 billion yen.
- Through continuous optimization of inventories and a decrease in capital investment, we will pursue improvement in our cash flow.

Implementation Status of Medium-Term Management Plan

Implementation of the three key strategies announced in the Medium-Term Management Plan is currently making steady progress.

Medium-Term Management Plan Three Key Strategies

Current Implementation Status



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- As shown in the chart, we are making steady progress on the three key strategies announced in the medium-Term Management Plan.
- We have been holding negotiations with several companies regarding our initiatives for management reconstruction, such as fundamental structural reforms of our LCD business.

As of today, we have narrowed down the candidates to two companies: Innovation Network Corporation of Japan (INCJ) and Hon Hai Precision Industry Co., Ltd.

Sharp will hold negotiations with each company, aiming to select a definitive partner in around a month and conclude an agreement then.

II . Information by Segment

Introduction to Virtual Company System and Vision

Company	Vision	Current Measures & Achievements
Consumer Electronics	Innovation by fusions of technology in Japan and Asia as the main market	<ul style="list-style-type: none"> Expanding share of 4K TVs in Japan (Oct-Dec 2014: 19.3%→ Oct-Dec 2015: 25.6%) Proceeding with AIoT Cocoro Project (AI+IoT) Creating Sharp one-of-a-kind new products (RoBoHoN, Healsio Hot Cook, etc.) Sharp front load washing machine won the Energy Conservation Award
Energy Solutions	Shift to local fit solution business	<ul style="list-style-type: none"> The industry's first DC hybrid air conditioner, minimizing conversion loss between AC power and DC power by combining with cloud storage battery, won the Energy Conservation Award Solar power generation system (Black Solar and Roof-fit design maximizing usage of roof space) won the Good Design Award Expanding EPC business in Thailand with establishment of new company
Business Solutions	Utilization of current product line-up and customer basis & Global solution business expansion with proactive investment increase	<ul style="list-style-type: none"> Sharp's MFP caught the early demands for printing services in convenience stores by adopting a system for Japan's new social security card system Expansion of line-up for large displays including 4K 80-inch displays Aggressive promotions of new businesses, the future key segments; for example, presenting the laser MEMS projector module at Wearable Expo in Tokyo
Electronic Components and Devices	Shift to value-added segment centered by sensing business	<ul style="list-style-type: none"> Establishment of a system for achieving stable profits by improving production efficiency and reducing fixed costs Shift to high-value-added fields with new devices <ul style="list-style-type: none"> Started sales in high potential fields for color night-vision camera Obtaining new customers of new sensor products for detecting dust, PM2.5, and environmental factors
Display Devices	Gaining stable customers by utilizing the technology advantage and expansion of high-value-added panels	<ul style="list-style-type: none"> Shift towards highly profitable business structure to expand business in PC, automotive, and medium-size display fields Differentiating products from other competitors by one-of-a-kind technology and new product expansion Expansion of high-value-added panels (curved Free-Form Display won the Minister of Economy, Trade and Industry Award in Good Design Awards)

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- We are making steady progress in restructuring our business portfolio in line with the process outlined in our Medium-Term Management Plan.

Consumer Electronics

(Billions of Yen)

	FY2015							
	1Q	2Q	3Q	Change (Y on Y)	1Q to 3Q Accumulated Total	Change (Y on Y)	Fiscal year Forecast	Change (Y on Y)
Sales	201.9	233.6	204.2	-24.8%	639.8	-16.5%	870.0	-11.5%
Operating Income	-11.7	9.7	7.5	-15.9%	5.5	-77.0%	20.0	+4.8%
(margin)	(-5.8%)	(4.2%)	(3.7%)		(0.9%)		(2.3%)	

*Sales include internal sales between segments

FY2015 3Q Results (Y on Y)	FY2015 Fiscal Year Forecast (vs Oct. 30 Forecast)
<ul style="list-style-type: none"> Sales: 24.8% decrease Operating income: 1.4 billion yen decrease 	<ul style="list-style-type: none"> Sales: No change Operating income : Upturn to 4 billion yen

Current Measures & Achievements

- Expanding share of 4K TVs in Japan (Oct-Dec 2014: 19.3%→ Oct-Dec 2015: 25.6%*)
- Proceeding with AIoT Cocoro Project (AI+IoT)
- Creating Sharp one-of-a-kind new products (RoBoHoN, Healsio Hot Cook, etc.)
- Sharp front load washing machine won the Energy Conservation Award

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*Source: Gfk. 15

- The Consumer Electronics was formed by integrating the Digital Information Equipment, Communications, and Health and Environmental Equipment divisions.
- Despite the strong sales in Japan of 4K TVs and Healsio series products like the Healsio Hot Cook, overall sales declined due to the shift to a brand license business for the LCD TV business in Europe. The sales result was down 24.8% year-on-year to 204.2 billion yen. However, operating income returned to the black. While we went through ongoing aggressive structural reforms in the LCD TV business, positive measures included benefits from last year's structural reforms and an improved model mix.
- We are integrating AI and IoT in our "AIoT Cocoro Project". This project aims to generate products, such as our RoBoHoN, that incorporate proprietary technologies and as close partners in people's everyday lives.
- We are upwardly adjusting our operating income forecast for fiscal 2015 to 20.0 billion yen. Reasons include the potential of measures such as improving earnings through structural reforms in the LCD TV business, coming out with new mobile phone models that help boost sales, and increased sales of Plasmacluster-related products achieved through improvements to the product mix.

Energy Solutions

(Billions of Yen)

	FY2015							
	1Q	2Q	3Q	Change (Y on Y)	1Q to 3Q Accumulated Total	Change (Y on Y)	Fiscal year Forecast	Change (Y on Y)
Sales	36.8	41.8	34.5	-35.6%	113.3	-42.4%	170.0	-37.2%
Operating Income	-3.9	1.3	-5.0	-	-7.7	-	-7.0	-
(margin)	(-10.7%)	(3.2%)	(-14.7%)		(-6.8%)		(-4.1%)	

*Sales include internal sales between segments

FY2015 3Q Results (Y on Y)	FY2015 Fiscal Year Forecast (vs Oct. 30 Forecast)
<ul style="list-style-type: none"> Sales: 35.6% decrease Operating income: 3.4 billion yen decrease 	<ul style="list-style-type: none"> Sales: Downturn by 10 billion yen Operating income : Downturn by 10 billion yen

Current Measures & Achievements

- The industry's first* DC hybrid air conditioner, minimizing conversion loss between AC power and DC power by combining with cloud storage battery, won the Energy Conservation Award
- Solar power generation system (Black Solar and Roof-fit design maximizing usage of roof space) won the Good Design Award
- Expanding EPC business in Thailand with establishment of new company

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*As of Nov. 27, 2015 **16**

- Sales were down by 35.6% year-on-year to 34.5 billion yen. Contributing factors included lower demand in the residential and industrial sectors in Japan.
- Operating income was in the red, mainly due to a revaluation of the price of polysilicon.
- We will continue efforts on a number of fronts, shifting to solutions businesses as mentioned in our Medium-Term Management Plan:
 - Proceed to promote energy solutions that match the needs of regional markets
 - Increase sales of storage batteries and HEMS
 - Expand the EPC business in Japan and overseas, for example, through mega-solar power plants that help revitalize local communities.
- As for the fiscal year forecast, we have downwardly adjusted figures for both sales and operating income due to lower demand in Japan, and to reflect a revaluation of the price of polysilicon, which was not previously considered in the fiscal year forecast.

Business Solutions

(Billions of Yen)

	FY2015							
	1Q	2Q	3Q	Change (Y on Y)	1Q to 3Q Accumulated Total	Change (Y on Y)	Fiscal year Forecast	Change (Y on Y)
Sales	80.6	91.7	88.8	+3.3%	261.2	+3.6%	360.0	+4.9%
Operating Income	6.8	9.9	7.1	-7.0%	23.8	+1.2%	38.0	+21.4%
(margin)	(8.4%)	(10.8%)	(8.0%)		(9.1%)		(10.6%)	

*Sales include internal sales between segments

FY2015 3Q Results (Y on Y)	FY2015 Fiscal Year Forecast (vs Oct. 30 Forecast)
<ul style="list-style-type: none"> • Sales: 3.3% increase • Operating income: 0.5 billion yen decrease 	<ul style="list-style-type: none"> • Sales : Upturn by 10 billion yen • Operating income : Upturn by 2 billion yen

Current Measures & Achievements

- Sharp's MFP caught the early demands for printing services in convenience stores by adopting a program for Japan's new social security card system.
- Expansion of line-up for large displays including 4K 80-inch displays
- Aggressive promotions of new businesses, the future key segments; for example, presenting the compact laser MEMS projector module at Wearable Expo in Tokyo

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- Sales were up 3.3% year-on-year to 88.8 billion yen. Operating income was down 7.0% to 7.1 billion yen, by reducing sell-in to optimize the channel inventories when new colour MFP models were introduced. Nevertheless, we maintained steady profitability.
- We will continue to boost not just sales of hardware but also solutions and services as we aim to increase earnings.
- Looking to a new business that will drive further growth, we are launching products for the robot business. Here, we are enjoying gradual success; for example, we have released security robots, concierge robots, and commercial cleaning robots. We will step up efforts in order to expand our profit base in this business.
- Regarding the forecast for fiscal 2015, we have upwardly adjusted our sales to 360.0 billion yen and our operating income to 38.0 billion yen. Sales expansion of supplies contribute to higher sales and earnings, from brisk sales of new color MFPs—the first model change in three years—. Additionally the new business to be the positive factor.

Electronic Components and Devices

(Billions of Yen)

	FY2015							
	1Q	2Q	3Q	Change (Y on Y)	1Q to 3Q Accumulated Total	Change (Y on Y)	Fiscal year Forecast	Change (Y on Y)
Sales	136.6	114.6	146.4	-10.4%	397.6	+23.1%	530.0	+13.6%
Operating Income	2.8	5.1	1.9	-24.2%	10.0	60.7-fold	18.0	26.6-fold
(margin)	(2.1%)	(4.5%)	(1.4%)		(2.5%)		(3.4%)	

*Sales include internal sales between segments

FY2015 3Q Results (Y on Y)	FY2015 Fiscal Year Forecast (vs Oct. 30 Forecast)
<ul style="list-style-type: none"> • Sales: 10.4% decrease • Operating income: 0.6 billion yen decrease 	<ul style="list-style-type: none"> • Sales: No change • Operating income: No change

Current Measures & Achievements

- Establishment of a system for achieving stable profits by improving production efficiency and reducing fixed costs
- Shift to high-value-added fields with new devices
 - Started sales in high potential fields for color night-vision camera
 - Obtaining new customers of new sensor products for detecting dust, PM2.5, and environmental factors

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- Sales decreased by 10.4% year-on-year to 146.4 billion yen. Operating income was down by 24.2% to 1.9 billion yen. Nevertheless, the effects of structural reforms starting last year resulted in achieving steady earnings.
- We are making steady progress regarding our shift to value-added fields centered on the sensing device business, which we mentioned in our Medium-Term Management Plan. We are getting more orders from customers in the sensor device field to design-in our devices—for example, in automotive cameras, security cameras, and proximity sensors.
- We will continue to expand our flagship business of camera modules, as well as expand growth areas such new devices and high-value-added devices.
- Our fiscal 2015 forecast for sales and operating income remains unchanged. While camera modules sales will decline, we are improving the earnings through sales expansion of high-value-added sensor devices.

Display Devices

(Billions of Yen)

	FY2015							
	1Q	2Q	3Q	Change (Y on Y)	1Q to 3Q Accumulated Total	Change (Y on Y)	Fiscal year Forecast	Change (Y on Y)
Sales	187.8	203.3	226.2	-5.0%	617.4	-11.7%	870.0	-4.1%
Operating Income	-13.7	-12.7	-10.7	-	-37.2	-	-30.0	-
(margin)	(-7.3%)	(-6.3%)	(-4.7%)		(-6.0%)		(-3.4%)	

*Sales include internal sales between segments

FY2015 3Q Results (Y on Y)	FY2015 Fiscal Year Forecast (vs Oct. 30 Forecast)
<ul style="list-style-type: none"> • Sales: 5.0% decrease • Operating income: 22.2 billion yen decrease 	<ul style="list-style-type: none"> • Sales: No change • Operating income: No change

Current Measures & Achievements

- Shift towards highly profitable business structure to expand business in PC, automotive, and medium-size display fields
- Differentiating products from other competitors by one-of-a-kind technology and new product expansion
- Expansion of high-value-added panels (curved Free-Form Display won the Minister of Economy, Trade and Industry Award in Good Design Awards)

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- Sales were down by 5.0% year-on-year to 226.2 billion yen. Despite strong sales to large smartphone customers, there was a decrease in sales and prices of smartphone panels to China and of TV panels.
- The operating loss was 10.7 billion yen. This was the result of a decline in sales, continuous adjustments in utilization rates in plants, and delays in the timing of cost-reduction measures.
- Although there was a slight delay in approaching profitability for products made for Chinese smartphone manufacturers, we are making steady progress in shifting to high-value-added medium-size LCD panels for tablets and notebook PCs.
- For fiscal year 2015, our forecasts for sales and operating income remain unchanged, considering results up to the third quarter. For the fourth quarter, we expect to improve earnings through an improved product mix with higher sales of in-cell touchscreens and medium-size LCD panels, a higher factory utilization rate, and cost reductions.

Display Devices

Progress in Profitability Improvement Measures for FY2015 2H

	Measures to Improve Earnings in 2H	Progress and Prospects
Sales decline of Smartphone LCDs	<ul style="list-style-type: none"> Shift away from omnidirectional customer strategy <ul style="list-style-type: none"> Rearrange customer portfolio by focusing resources on priority customers Strengthen user support system centered on new local sales company in Shenzhen (dedicated support system for each priority customer) (No. of models developed: 1.8 times vs. 1H) 	<ul style="list-style-type: none"> Projects changes due to the Chinese smartphone market change Focusing the resource to medium-size displays from smartphone panels of highly volatile Chinese manufacturers (No. of models developed in 2H: 1.3 times vs. 1H)
	<ul style="list-style-type: none"> Shift to high-value-added areas centered on medium-size displays, such as notebook PCs and industrial appliances <ul style="list-style-type: none"> Enhance lineup of high-resolution, narrow-bezel, low-power-consumption models (Medium-size LCD sales: 1.6 times vs. 1H) (Market share increase for notebook PCs/Tablets: 1H 14%→2H 25%) 	<ul style="list-style-type: none"> Strong growth in tablets and automotive applications, but stagnant in notebook PCs and game consoles Strengthen system by shifting resources from smartphone field (Medium-size LCD sales in 2H : 1.3 times vs. 1H) Expansion of medium-size displays and advancement of new model developments (Market share increase for notebook PCs/Tablets: 1H 14%→2H 19%)
	<ul style="list-style-type: none"> Implement thorough structural reforms related to costs across entire supply chain (Cost reduction ratio: Double vs. 1H) <ul style="list-style-type: none"> Material and processing cost reduction through strategic development and procurement Implement joint cost-reduction projects with priority users Strengthen support system for in-cell customers in joint effort with manufacturers of touchscreen controllers (No. of in-cell display equipped models: 4 times vs. 1H) 	<ul style="list-style-type: none"> Cost reduction by generalizing and commonalizing the parts, despite the smartphone orders decline effect. (Cost reduction ratio in 2H : Same as 1H) Major users newly adapted Sharp's in-cell display Accelerating the business of the new competitive in-cell display (No. of in-cell display equipped models in 2H: 3 times vs. 1H)
Inadequate product appeal and cost competitiveness		

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- One effort we are focusing on is a change in our business portfolio through a shift from small panels for smartphones and large panels for TVs, which are both low-earnings areas, to medium-size panels for products such as PCs, automotive devices, and industrial appliances.

To this end, as we announced in the press release today, we will conduct a capital investment in order to increase production capacity and further improve the performance of small- medium-size high-value added LCD panels at its Kameyama Plant No. 2.

- We will also proceed with cost reductions and carry out structural reforms with the goal of staying in the black long-term.

III. Supplementary Data

- Sharp has been in a difficult business environment for some time now, but we will accelerate our structural reform efforts and work towards achieving the targets we have announced for fiscal 2015.

Sales and Operating Income by Segment

(Billions of Yen)

	FY2015 Sales				Change (Y on Y)	FY2015 Operating Income				Change (Y on Y)
	1H	2H Forecast	Fiscal Year Forecast			1H	2H Forecast	Fiscal Year Forecast		
Consumer Electronics	435.5	434.4	870.0	-11.5%	Consumer Electronics	-1.9 (-0.5%)	21.9 (5.1%)	20.0 (2.3%)	+4.8%	
Energy Solutions	78.7	91.2	170.0	-37.2%	Energy Solutions	-2.6 (-3.4%)	-4.3 (-4.8%)	-7.0 (-4.1%)	-	
Business Solutions	172.3	187.6	360.0	+4.9%	Business Solutions	16.7 (9.7%)	21.2 (11.3%)	38.0 (10.6%)	+21.4%	
Electronic Components and Devices	251.2	278.7	530.0	+13.6%	Electronic Components and Devices	8.0 (3.2%)	9.9 (3.6%)	18.0 (3.4%)	26.6-fold	
Display Devices	391.2	478.7	870.0	-4.1%	Display Devices	-26.4 (-6.8%)	-3.5 (-0.7%)	-30.0 (-3.4%)	-	
Subtotal	1,329.0	1,470.9	2,800.0	-5.7%	Subtotal	-6.3 (-0.5%)	45.3 (3.1%)	39.0 (1.4%)	-	
Adjustments	-49.3	-50.6	-100.0	-	Adjustments	-18.8	-10.1	-29.0	-	
Total	1,279.6	1,420.3	2,700.0	-3.1%	Total	-25.1 (-2.0%)	35.1 (2.5%)	10.0 (0.4%)	-	

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*Figures within parentheses indicate operating margin. **22**

Quarterly Sales and Operating Income by Segment

(Billions of Yen)

	FY2015 Sales				4Q Forecast	FY2015 Operating Income				4Q Forecast
	1Q	2Q	3Q			1Q	2Q	3Q		
Consumer Electronics	201.9	233.6	204.2	230.1	Consumer Electronics	-11.7 (-5.8%)	9.7 (4.2%)	7.5 (3.7%)	14.4 (6.3%)	
Energy Solutions	36.8	41.8	34.5	56.7	Energy Solutions	-3.9 (-10.7%)	1.3 (3.2%)	-5.0 (-14.7%)	0.7 (1.3%)	
Business Solutions	80.6	91.7	88.8	98.7	Business Solutions	6.8 (8.4%)	9.9 (10.8%)	7.1 (8.0%)	14.1 (14.3%)	
Electronic Components and Devices	136.6	114.6	146.4	132.3	Electronic Components and Devices	2.8 (2.1%)	5.1 (4.5%)	1.9 (1.4%)	7.9 (6.0%)	
Display Devices	187.8	203.3	226.2	252.5	Display Devices	-13.7 (-7.3%)	-12.7 (-6.3%)	-10.7 (-4.7%)	7.2 (2.9%)	
Subtotal	643.9	685.1	700.3	770.5	Subtotal	-19.7 (-3.1%)	13.3 (2.0%)	0.8 (0.1%)	44.4 (5.8%)	
Adjustments	-25.6	-23.7	-36.9	-13.6	Adjustments	-9.0	-9.7	-4.7	-5.4	
Total	618.3	661.3	663.3	756.9	Total	-28.7 (-4.7%)	3.5 (0.5%)	-3.8 (-0.6%)	39.0 (5.2%)	

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*Figures within parentheses indicate operating margin. **23**

Sales of Main Products

(Billions of Yen)

	FY2014			FY2015				Change (Y on Y)
	1H	2H	Fiscal Year	1H	2H Forecast	Fiscal Year Forecast		
LCD TVs	189.1	180.8	370.0	154.6	155.3	310.0	-16.2%	
Unit (million units)	3.60	3.43	7.03	2.99	2.90	5.90	-16.2%	
Mobile Phones	85.9	107.6	193.6	83.5	76.4	160.0	-17.4%	
Unit (million units)	2.41	3.15	5.56	2.26	1.73	4.00	-28.1%	
Refrigerators	47.9	45.6	93.5	48.2	48.7	97.0	+3.7%	
Air Conditioners	42.1	21.3	63.5	36.0	27.9	64.0	+0.7%	
Copiers / Printers	73.4	78.5	152.0	78.2	81.7	160.0	+5.2%	
CCD / CMOS Imagers	103.5	235.5	339.1	198.9	231.0	430.0	+26.8%	

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Sales of Main Products by Quarter

(Billions of Yen)

	FY2014				FY2015			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q Forecast
LCD TVs	85.7	103.3	104.3	76.5	64.1	90.5	81.8	73.5
Unit (million units)	1.73	1.86	1.74	1.68	1.41	1.58	1.72	1.17
Mobile Phones	49.6	36.2	64.1	43.5	44.1	39.4	27.4	48.9
Unit (million units)	1.23	1.17	1.79	1.35	1.01	1.25	0.54	1.18
Refrigerators	23.9	24.0	22.1	23.4	23.0	25.1	21.1	27.5
Air Conditioners	23.6	18.4	8.0	13.3	20.6	15.3	8.2	19.7
Copiers / Printers	34.3	39.1	38.2	40.3	37.2	40.9	25.0	56.7
CCD / CMOS Imagers	38.8	64.7	129.3	106.2	110.8	88.0	122.5	108.4

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Capital Investment and Depreciation, etc.

(Billions of Yen)

	FY2014			FY2015			
	1H	2H	Fiscal Year	1H	2H Forecast	Fiscal Year Forecast	Change (Y on Y)
Capital Investment	31.2	31.3	62.6	20.9	39.0	60.0	-4.2%
LCDs	12.9	19.0	31.9	8.9	19.0	28.0	-12.4%
Depreciation and Amortization	49.9	52.6	102.6	33.7	46.2	80.0	-22.0%
R&D Expenditures	65.8	75.1	141.0	68.6	71.3	140.0	-0.7%

(Yen)

Exchange Rate	FY2014			FY2015	
	1H	2H	Fiscal Year	1H	2H Forecast
US Dollar	102.05	115.83	108.94	120.80	120.00
Euro	137.41	137.14	137.28	133.57	135.00

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Capital Investment and Depreciation, etc. by Quarter

(Billions of Yen)

	FY2014				FY2015			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q Forecast
Capital Investment	14.5	16.6	9.3	22.0	9.7	11.1	8.2	30.8
LCDs	5.7	7.1	4.3	14.7	3.8	5.1	4.9	14.1
Depreciation and Amortization	24.4	25.5	26.5	26.0	18.0	15.7	17.0	29.2
R&D Expenditures	34.4	31.4	38.1	37.0	36.3	32.3	33.5	37.8

(Yen)

Exchange Rate	FY2014				FY2015		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
US Dollar	101.16	102.93	113.55	118.10	120.37	121.24	120.51
Euro	138.56	136.26	141.59	132.68	132.66	134.48	131.46

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Overseas Sales by Region

Top: Sales (Billions of yen)
Bottom: Composition ratio (%)

	FY2014			FY2015
	1H	2H	Fiscal Year	1H
The Americas	165.6 19.9%	155.2 15.8%	320.9 17.7%	160.0 18.0%
Europe	71.4 8.6%	71.0 7.2%	142.5 7.8%	69.9 7.8%
China	487.8 58.6%	653.0 66.3%	1,140.8 62.8%	554.3 62.2%
Other	107.7 12.9%	105.6 10.7%	213.4 11.7%	106.4 12.0%
Total	832.7 100.0%	985.1 100.0%	1,817.8 100.0%	890.7 100.0%

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