

Consolidated Financial Results for the First Quarter, Fiscal 2017

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SHARP CORPORATION

July 28, 2017

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, 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.

I . Consolidated Financial Results for the First Quarter, Fiscal 2017

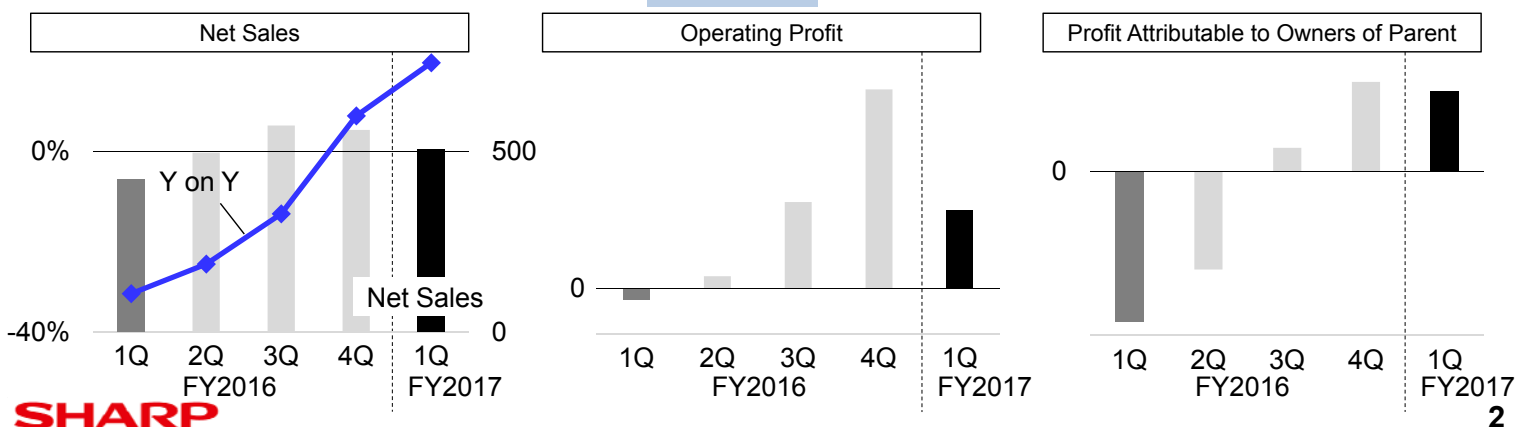
Consolidated Financial Results for the First Quarter, Fiscal 2017

• Net sales for the first quarter of fiscal 2017 were higher year on year; profits also improved significantly.

• No change to first half and fiscal 2017 forecast as announced previously.

(Billions of Yen)

	FY2016	FY2017		FY2017	
	1Q	1Q	Y on Y	First Half Forecast	Fiscal Year Forecast
Net Sales	423.3	506.4	+19.6%	1,100.0	2,510.0
Operating Profit	-2.5	17.1	-	37.0	90.0
Ordinary Profit	-22.3	17.1	-	33.0	79.0
Profit Attributable to Owners of Parent	-27.4	14.4	-	25.0	59.0
Avg. Exchange Rate					
USD/JPY	107.16	110.10		110.00	110.00
Euro/JPY	120.53	120.69		114.00	114.00

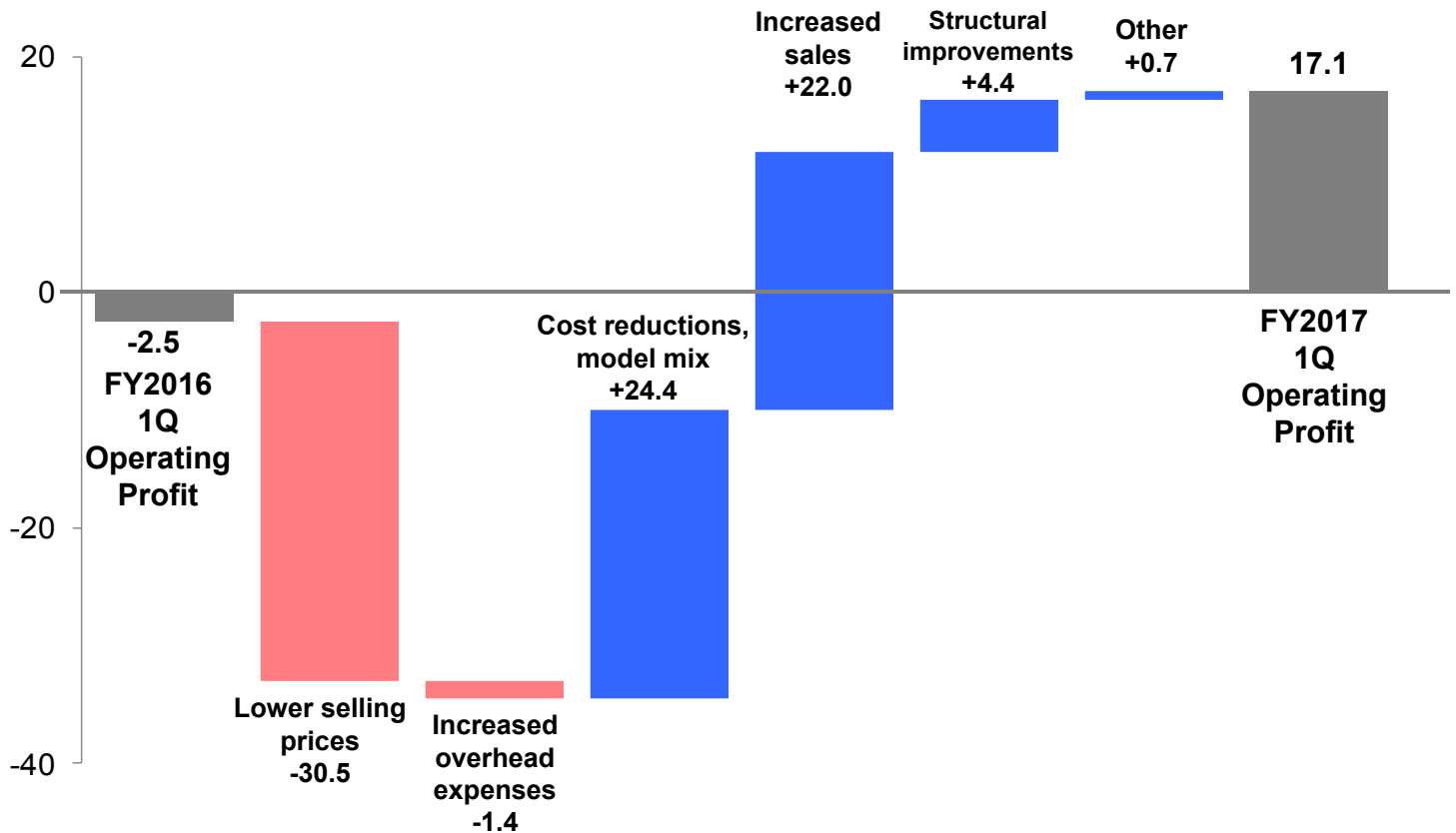


- First, let's take a look at consolidated earnings for the first quarter of fiscal 2017.
- Net sales rose 19.6% year on year to 506.4 billion yen. Growth this quarter expanded from 7.9% mark we recorded for the fourth quarter of fiscal 2016.
- Double-digit growth in sales, cost reductions, and model mix improvements resulted in significant year-on-year improvement for operating profit, which amounted to 17.1 billion yen compared to an operating loss for the same quarter in the prior fiscal year. Improved non-operating income had a positive impact on ordinary profit, which amounted to 17.1 billion yen. Profit attributable to owners of parent was 14.4 billion yen.
- We have not made any changes to the fiscal 2017 earnings forecasts we announced on May 26.

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Operating Profit Analysis (Y on Y) for the First Quarter, Fiscal 2017

(Billions of Yen)

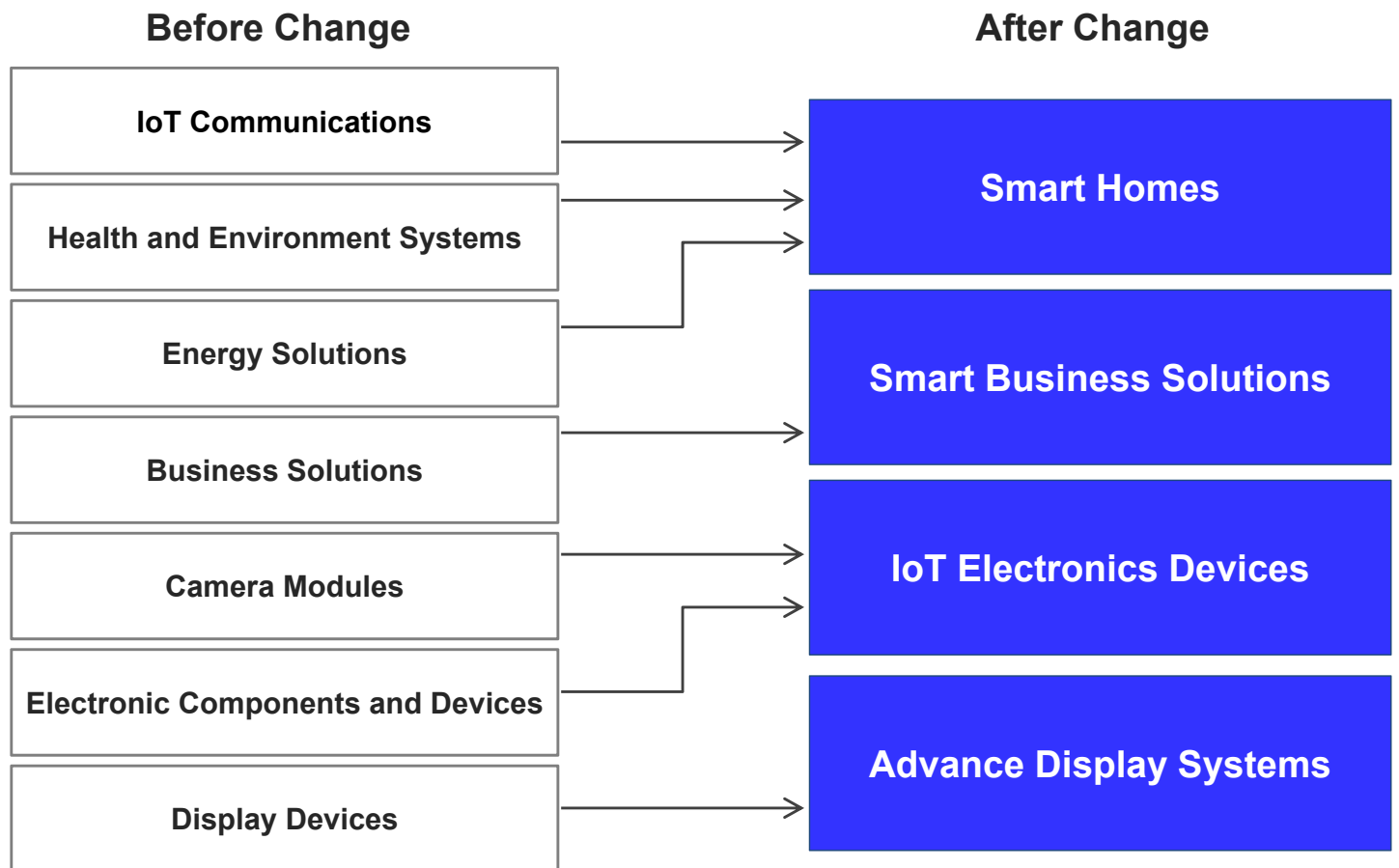


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- This graph shows our analysis of year-on-year changes in operating profit. As you can see, we recorded operating profit of 17.1 billion yen for the first quarter, making a significant improvement compared to our operating loss of 2.5 billion yen for the same period in the prior fiscal year.
- Higher sales was one major contributor to the profit increase of 22.0 billion yen. Price reductions led to 30.5 billion in lower profits, while higher revenues led to 1.4 billion yen in higher overhead expenses. These factors were offset primarily by cost reduction measures and model mix improvements of 24.4 billion yen.

Segment Changes



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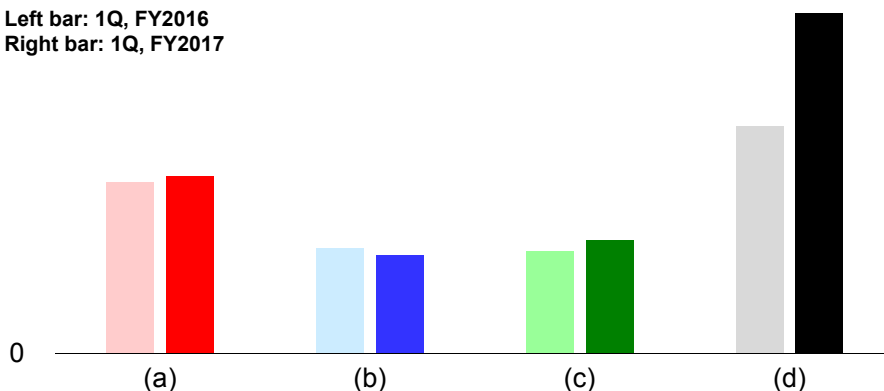
- The next slide describes our reclassification of segments.
- As we announced when publishing our medium-term management plan, we defined four business domains.
In conjunction with this change, we modified the classification of our reportable business segments into four new segments, namely, Smart Homes, Smart Business Solutions, IoT Electronics Devices, and Advance Display Systems.
- Our former IoT Communications, Health and Environment Systems, and Energy Solutions segments now fall under the Smart Homes segment.
Our Smart Business Solutions segment is what we previously called our Business Solutions segment.
The IoT Electronics Devices segment consists of our former Camera Modules and Electronic Components and Devices segments.
Finally, our former Display Systems segment is now the Advance Display Systems segment.

Sales by Segment

(Billions of Yen)

	FY2016	FY2017	
	1Q	1Q	Y on Y
(a) Smart Homes	125.0	130.2	+4.2%
(b) Smart Business Solutions	77.5	72.1	-6.9%
(c) IoT Electronics Devices	75.0	83.2	+11.0%
(d) Advance Display Systems	167.1	249.6	+49.4%
Subtotal	444.7	535.3	+20.4%
Adjustments	-21.3	-28.8	-
Total	423.3	506.4	+19.6%

Left bar: 1Q, FY2016
Right bar: 1Q, FY2017



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*Sales include inter-segment sales and transfers.

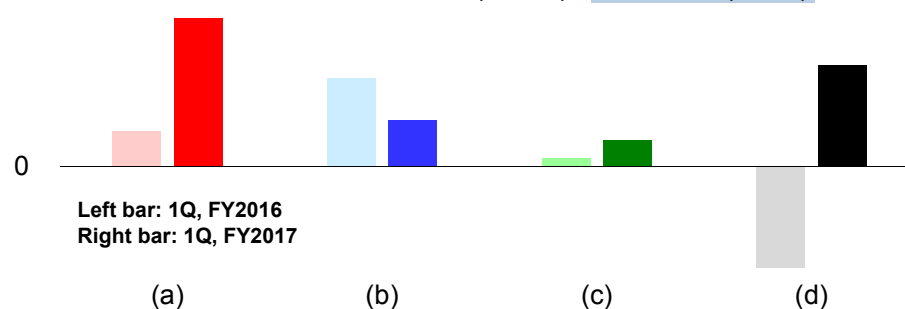
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- This next slide shows sales by segment.
- The Smart Homes segment grew 4.2% year on year sales of 130.2 billion yen. This result was mainly due to the impact of expanded sales channels leading to strong sales of mobile phones, and strong sales of PCI-related products, washing machines, and vacuum cleaners in Japan. Other contributing factors included the comparative firm sales in our EPC business.
- Our Smart Business Solutions segment experienced a year-on-year decrease of 6.9%, recording 72.1 billion yen in sales. Despite favorable performance of signage-related sales in our visual solutions business, this could not compensate for sluggishness in the multi-function printer market.
- Our IoT Electronics Devices segment recorded 11.0% higher year on year sales of 83.2 billion yen. Lower demand in sensor modules for smartphones were offset by expanded sales of smartphone camera modules, as well as higher sales of our unique devices in semiconductor and laser applications.
- Our Advance Display Systems business recorded significantly higher sales year on year at 249.6 billion yen, up 49.4%. This result was mainly due to growth in our LCD TV business in the Chinese market and converting SKYTEC UMC to a subsidiary in Europe. In our display business, we experienced solid sales of panels for smartphones to major manufacturers. We also recorded favorable sales of medium-size panels for PCs, tablets, and automotive applications.

Operating Profit by Segment

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

	FY2016	FY2017	
	1Q	1Q	Y on Y
(a) Smart Homes	2.3 (1.9%)	9.9 (7.6%)	4.2-fold
(b) Smart Business Solutions	5.9 (7.7%)	3.0 (4.2%)	-48.8%
(c) IoT Electronics Devices	0.5 (0.7%)	1.7 (2.1%)	3.5-fold
(d) Advance Display Systems	-6.8 (-4.1%)	6.7 (2.7%)	-
Subtotal	1.9 (0.4%)	21.4 (4.0%)	11.1-fold
Adjustments	-4.4	-4.3	-
Total	-2.5 (-0.6%)	17.1 (3.4%)	-



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- Let's turn to the next slide, which shows operating profit by segment. Each segment continues to report operating profits, improving significantly compared to the same period in the prior fiscal year.
- Smart Homes operating profit for the first quarter amounted to 9.9 billion yen, a 7.5 billion yen increase and a 4.2-fold improvement year on year. Profits here improved dramatically, mainly due to higher sales via expanded sales channels for mobile phone products, new products in our health and environment business, and an expanded product lineup via new unique products. Profits were also aided by efforts to reduce costs and overhead expenses.
- The Smart Business Solutions segment recorded a profit of 3.0 billion yen, down 48.8% year on year. This result stemmed mainly from lower sales, despite our work in reducing costs and overhead expenses.
- The IoT Electronics Devices segment recorded a 3.5-fold increase in profits year on year at 1.7 billion yen. In addition to model mix improvements related to sensor modules and other unique devices, we continued to engage in cost reduction measures.
- Our Advance Display Systems segment saw profit of 6.7 billion yen, which was a substantial improvement compared to segment operating losses during the same period in the prior fiscal year. While the LCD TV business experienced selling price reductions and a deterioration in route mix, favorable sales trends led to a consecutive quarter of profits. Our display business recorded significant profit improvements for the quarter. This result was mainly due to higher profitability associated with a higher ratio of sales for medium-size panels for PCs and tablets, as well as for automotive panels. Profits were also aided by efforts to reduce costs.

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

(Billions of Yen)

	FY2016		FY2017	
	1Q	Fiscal Year	1Q	Difference (Y on Y)
Operating Profit	-2.5	62.4	17.1	+19.6
Non-operating Income (Expenses)	-19.8	-37.3	+0.0	+19.8
Interest expenses	-2.4	-6.3	-1.2	+1.2
Share of profit (loss) of entities accounted for using equity method	-11.0	-18.6	+0.5	+11.6
Ordinary Profit	-22.3	25.0	17.1	+39.5
Extraordinary Income (Losses)	-1.0	-25.6	-0.7	+0.2
Gain on sales of investment securities	-	+3.2	-	-
Loss on step acquisitions	-	-	-0.9	-0.9
Receipt of settlement package	-	+6.2	-	-
Impairment loss	-1.5	-34.6	-	+1.5
Pretax Profit	-23.3	-0.5	16.4	+39.8
Income Taxes, etc.	-4.0	-24.2	-1.9	+2.1
Profit Attributable to Owners of Parent	-27.4	-24.8	14.4	+41.9

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- The next slide addresses non-operating income, and extraordinary income.
- Non-operating income for the first quarter of fiscal 2017 improved year on year. This result was mainly due to 1.2 billion yen in lower interest expense associated with effective structural reforms, as well as share of profit of entities accounted for using equity method, compared to significant losses for the same period in the prior fiscal year.
- We recorded an extraordinary loss related to loss on step acquisitions arising from converting an equity method affiliate to a consolidated subsidiary.
This loss on step acquisitions had an immaterial impact on net assets. Most of the loss stemmed from exchange rate differences, and had been accounted for in foreign currency translation adjustments under net assets using the equity method.

Consolidated Balance Sheets

• Net assets as of June 30, 2017 amounted to 331.8 billion yen compared to 307.8 billion yen as of March 31, 2017.

• Equity ratio improved to 17.5%.

	FY2016		FY2017	(Billions of Yen)			
	End of Dec.	End of Mar.	End of Jun.	End of Dec.	End of Mar.	End of Jun.	
Cash and deposits	451.7	482.1	466.0	Notes and accounts payable - trade	352.2	350.5	376.0
Notes and accounts receivable - trade	386.5	375.5	414.1	Short-term loans payable	104.5	113.5	114.5
Inventories	209.9	217.8	219.6	Current portion of bonds payable	0.0	0.0	0.0
Other current assets	138.5	118.1	116.7	Other current liabilities	353.9	337.5	312.7
Current Assets	1,186.8	1,193.7	1,216.5	Current Liabilities	810.8	801.6	803.3
Property, plant and equipment	363.9	349.6	358.2	Bonds payable	40.0	40.0	40.0
Intangible assets	38.7	42.3	42.2	Long-term loans payable	490.4	490.3	490.2
Investments and other assets	186.8	187.9	191.1	Other non-current liabilities	138.6	133.9	142.8
Non-current Assets	589.4	579.9	591.7	Non-current liabilities	669.0	664.2	673.0
Deferred Assets	0.0	0.0	0.0	Net Assets	296.4	307.8	331.8
Total Assets	1,776.4	1,773.6	1,808.3	Total Liabilities and Net Assets	1,776.4	1,773.6	1,808.3
Exchange Rate, End of Period				Equity Ratio	16.1%	16.6%	17.5%
USD/JPY	115.53	111.20	111.00				
Euro/JPY	121.23	118.28	126.45				

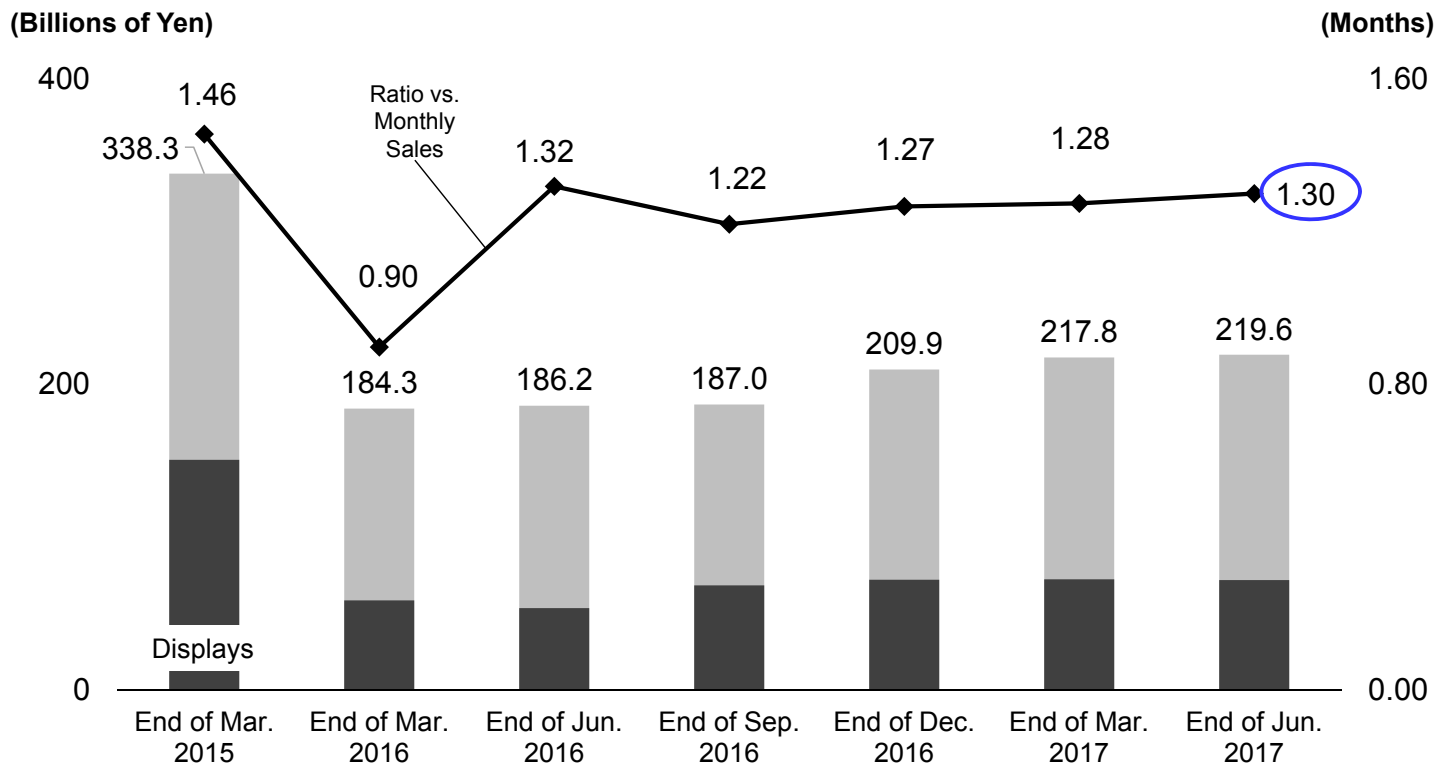
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- The next slide provides information about our balance sheets.
- Cash and deposits decreased to 466.0 billion yen at the end of the first quarter from 482.1 billion yen at the end of fiscal 2016. This decrease was primarily due to investments for business expansion and higher need for working capital associated with trends in sales growth. These factors outpaced the steady first-quarter recover in profits.
- Net assets as of the end of the first quarter of fiscal 2017 amounted to 331.8 billion yen, an increase of 24.0 billion yen compared to the end of fiscal 2016. This result was mainly due to profit attributable to owners of parent and the impact of foreign exchange.
- Our equity ratio likewise improved, moving from 16.6% at the end of the fiscal 2016 to 17.5% at the end of the first quarter.

Inventory Trends

- Inventory amounted to 219.6 billion yen as of June 30, 2017, a slight increase compared to the balance as of March 31, 2017.
- The Company will continue to maintain appropriate levels of inventory in response to our sales plans.

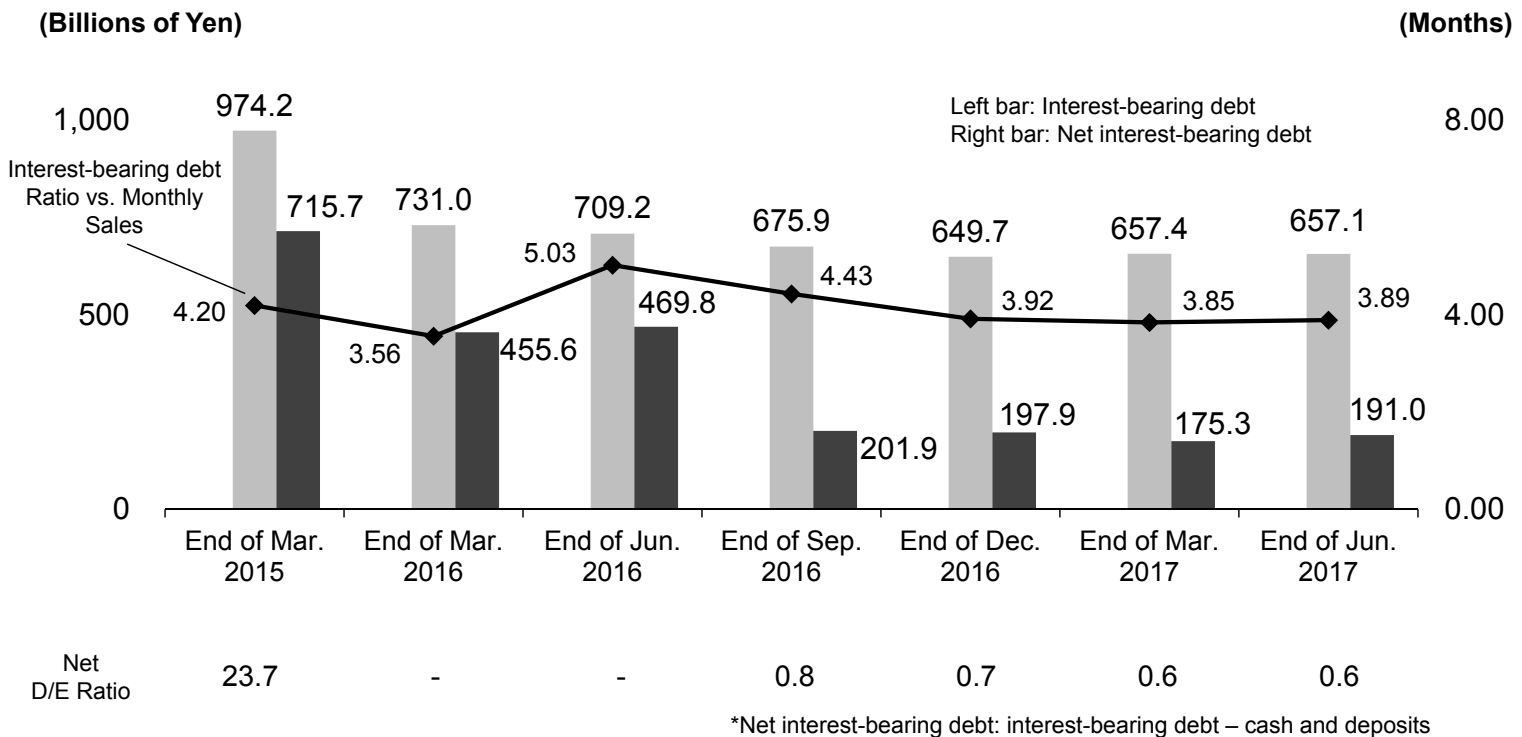


- The next slide discusses our inventory trends.
- Inventory at the end of the first quarter of fiscal 2017 amounted to 219.6 billion yen, a slight increase compared to the end of fiscal 2016. This increase was mainly due to seasonal factors and preparation for the introduction of new products.
The ratio of inventory to monthly sales rose 0.02 months to 1.30 months.

We intends to maintain appropriate inventory levels reflecting demand trends and sales risks for the second quarter and beyond.

Interest-Bearing Debt Trends

- Interest-bearing debt as of June 30, 2017 amounted to 657.1 billion yen, down slightly compared to the balance as of March 31, 2017;
- interest-bearing debt to monthly sales ratio increased from 3.85 months to 3.89 months.
- Net interest-bearing debt* increased from 175.3 billion yen to 191.0 billion yen.



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- Next, let's take a look at interest-bearing debt.
- Interest-bearing debt at the end of the first quarter of fiscal 2017 was 657.1 billion yen, a slight decrease compared to the end of fiscal 2016. This result was mainly due to repayments of lease obligations, which offset the impact of foreign currency translation on increasing the yen value of foreign currency-denominated debt after converting to the yen.
Net interest-bearing debt was 191.0 billion yen, up 15.7 billion yen, mainly due to a decrease in cash and deposits.
- We will continue to optimize inventories and invest more efficiently in equipment to improve cash flows.

II . Transition to a Path of Growth

- Next, allow me to discuss our initiatives to transition to a path of growth.

Transition to a Path of Growth

~From Structural Reform to Business Expansion~

**Next
100 Years**
Sustained
Growth

Transformation From Defense to Offense

- **People-Oriented IoT**
- **8K Ecosystem**

Survival

Structural Reform

- Stronger business management
- Stronger cost competitiveness
- Prepare for growth

FY2016

FY2017

FY2018

FY2019

FY2020~

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- As we explained during the announcement of our medium-term management plan, we plan to pivot from defense to offense and from structural reform to business expansion in fiscal 2017. We aim to become a company capable of sustainable growth for the next 100 years, making good on the promises of our medium-term management plan.

Ⅲ. Supplementary Data

- As supplementary data, we have provided you with sales and operating profit by segment and other information which you can look over at your leisure.
- Thank you for your attention.

Consolidated Financial Results

(Billions of Yen)

	FY2016			FY2017		
	First Half	Second Half	Fiscal Year	First Half Forecast	Second Half Forecast	Fiscal Year Forecast
Net Sales	919.6	1,130.9	2,050.6	1,100.0	1,410.0	2,510.0
Operating Profit	0.0	62.3	62.4	37.0	53.0	90.0
(margin)	(0.0%)	(5.5%)	(3.0%)	(3.4%)	(3.8%)	(3.6%)
Ordinary Profit	-32.0	57.1	25.0	33.0	46.0	79.0
(margin)	(-3.5%)	(5.1%)	(1.2%)	(3.0%)	(3.3%)	(3.1%)
Profit Attributable to Owners of Parent	-45.4	20.5	-24.8	25.0	34.0	59.0
(margin)	(-4.9%)	(1.8%)	(-1.2%)	(2.3%)	(2.4%)	(2.4%)

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Consolidated Quarterly Financial Results

(Billions of Yen)

	FY2016				FY2017
	1Q	2Q	3Q	4Q	1Q
Net Sales	423.3	496.2	571.5	559.3	506.4
Operating Profit	-2.5	2.5	18.8	43.5	17.1
(margin)	(-0.6%)	(0.5%)	(3.3%)	(7.8%)	(3.4%)
Ordinary Profit	-22.3	-9.7	16.7	40.3	17.1
(margin)	(-5.3%)	(-2.0%)	(2.9%)	(7.2%)	(3.4%)
Profit Attributable to Owners of Parent	-27.4	-17.9	4.2	16.2	14.4
(margin)	(-6.5%)	(-3.6%)	(0.7%)	(2.9%)	(2.9%)

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Sales by Segment

(Billions of Yen)

	FY2016		
	First Half	Second Half	Fiscal Year
Smart Homes	263.6	286.9	550.6
Smart Business Solutions	159.6	158.0	317.7
IoT Electronics Devices	177.1	236.4	413.6
Advance Display Systems	357.5	484.5	842.0
Subtotal	958.0	1,166.0	2,124.0
Adjustments	-38.3	-35.0	-73.4
Total	919.6	1,130.9	2,050.6

*Sales include inter-segment sales and transfers.

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Operating Profit by Segment

(Billions of Yen)

	FY2016		
	First Half	Second Half	Fiscal Year
Smart Homes	14.4 (5.5%)	33.9 (11.8%)	48.4 (8.8%)
Smart Business Solutions	11.2 (7.0%)	11.2 (7.1%)	22.5 (7.1%)
IoT Electronics Devices	-1.5 (-0.9%)	9.5 (4.1%)	8.0 (1.9%)
Advance Display Systems	-14.6 (-4.1%)	18.2 (3.8%)	3.5 (0.4%)
Subtotal	9.5 (1.0%)	73.0 (6.3%)	82.5 (3.9%)
Adjustments	-9.4	-10.6	-20.1
Total	0.0 (0.0%)	62.3 (5.5%)	62.4 (3.0%)

*Figures within parentheses indicate operating margin.

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Quarterly Sales by Segment

(Billions of Yen)

	FY2016				FY2017
	1Q	2Q	3Q	4Q	1Q
Smart Homes	125.0	138.6	128.9	157.9	130.2
Smart Business Solutions	77.5	82.1	72.3	85.7	72.1
IoT Electronics Devices	75.0	102.1	140.5	95.9	83.2
Advance Display Systems	167.1	190.3	245.4	239.0	249.6
Subtotal	444.7	513.3	587.3	578.6	535.3
Adjustments	-21.3	-17.0	-15.7	-19.3	-28.8
Total	423.3	496.2	571.5	559.3	506.4

*Sales include inter-segment sales and transfers.

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Quarterly Operating Profit by Segment

(Billions of Yen)

	FY2016				FY2017
	1Q	2Q	3Q	4Q	1Q
Smart Homes	2.3 (1.9%)	12.1 (8.8%)	2.9 (2.3%)	30.9 (19.6%)	9.9 (7.6%)
Smart Business Solutions	5.9 (7.7%)	5.2 (6.4%)	4.1 (5.8%)	7.1 (8.3%)	3.0 (4.2%)
IoT Electronics Devices	0.5 (0.7%)	-2.0 (-2.0%)	5.6 (4.0%)	3.9 (4.1%)	1.7 (2.1%)
Advance Display Systems	-6.8 (-4.1%)	-7.8 (-4.1%)	11.0 (4.5%)	7.1 (3.0%)	6.7 (2.7%)
Subtotal	1.9 (0.4%)	7.6 (1.5%)	23.8 (4.1%)	49.1 (8.5%)	21.4 (4.0%)
Adjustments	-4.4	-5.0	-4.9	-5.6	-4.3
Total	-2.5 (-0.6%)	2.5 (0.5%)	18.8 (3.3%)	43.5 (7.8%)	17.1 (3.4%)

*Figures within parentheses indicate operating margin.

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Capital Investment/Depreciation and Amortization

	(Billions of Yen)			
	FY2016			FY2017
	First Half	Second Half	Fiscal Year	Fiscal Year Forecast
Capital Investment	27.4	50.3	77.7	140.0
Displays	12.7	21.4	34.1	60.0
Depreciation and Amortization	27.4	32.3	59.7	80.0
R&D Expenditures	55.8	50.2	106.1	120.0
	(Yen)			
Avg. Exchange Rate	FY2016			FY2017
	First Half	Second Half	Fiscal Year	Fiscal Year Forecast
US Dollar	104.30	110.48	107.39	110.00
Euro	116.66	117.93	117.29	114.00

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Quarterly Capital Investment and Depreciation, etc.

	(Billions of Yen)				
	FY2016				FY2017
	1Q	2Q	3Q	4Q	1Q
Capital Investment	10.2	17.2	35.4	14.8	18.8
Displays	5.6	7.0	14.1	7.2	3.2
Depreciation and Amortization	13.5	13.8	16.2	16.1	14.1
R&D Expenditures	29.7	26.1	29.3	20.8	28.7
	(Yen)				
Avg. Exchange Rate	FY2016				FY2017
	1Q	2Q	3Q	4Q	1Q
US Dollar	107.16	101.44	108.32	112.64	110.10
Euro	120.53	112.78	116.29	119.58	120.69

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