



# Business Strategy for FY2011

## I . Forecast for FY2011 Financial Results

## II . LCD Business Restructuring

**SHARP CORPORATION**

**Mikio Katayama, President**

**June 3, 2011**

**SHARP**

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#### Forward-Looking Statements

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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) Sharp's ability to respond to rapid technological changes and changing consumer preferences with timely and cost-effective introductions of new products and services
- (5) Regulations such as trade restrictions in other countries
- (6) Litigation and other legal proceedings against Sharp

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## I . Forecast for FY2011 Financial Results

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## I . Forecast for FY2011 Financial Results

(Billions of yen)

	FY2010		FY2011	
	Results	Change	Forecast	Change
Net Sales	3,021.9	+9.7%	3,050.0	+0.9%
Operating Income	78.8	+52.0%	97.0	+22.9%
Net Income	19.4	+341.2%	6.0	-69.1%
Capital Investment	172.5	-20.0%	160.0	-7.3%
Depreciation and Amortization	254.0	+3.0%	240.0	-5.5%
R&D Expenditures	173.9	+4.5%	170.0	-2.3%

Foreign Exchange Rates (Average)

(Yen)

US\$	84.73	83.00
Euro	111.64	118.00

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## Focus of FY2011 Financial Results Forecast

- Steep profit decline in 1Q due mainly to suspension of the glass input at large-size LCD plants
- Work to improve profit with 1Q as bottom by pushing ahead with LCD business restructuring

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### Forecast for FY2011(1Q/2Q/1<sup>st</sup> Half/2<sup>nd</sup> Half)

(Billions of yen)

	Forecast for FY2011					
	1Q	2Q	1 <sup>st</sup> Half	Change (Y on Y)	2 <sup>nd</sup> Half	Change (Y on Y)
<b>Net Sales</b>	650.0	830.0	1,480.0	-1.6%	1,570.0	+3.4%
<b>Operating Income</b>	2.0	30.0	32.0	-26.4%	65.0	+83.5%
<b>Net Income</b>	-50.0	13.0	-37.0	-	43.0	+748.3%

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## Extraordinary Items in Other Expenses

(Billions of yen)

	Forecast for FY2011				
	1Q	2Q	1st Half	2nd Half	Change from 1st Half
	Restructuring charges (a)	6.0	6.0	12.0	3.0
Operating loss in large-size LCDs (b)	27.0	0	27.0	0	-27.0
<b>Total (a+b)</b>	<b>33.0</b>	<b>6.0</b>	<b>39.0</b>	<b>3.0</b>	<b>-36.0</b>

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## II. Information by Product Group

### Forecast for Main Products & Devices

(Billions of Yen)

	FY2010		FY2011		Change
	Results	Change	Forecast	Change	
<b>LCD Color TVs</b>	<b>803.5</b>	<b>+20.5%</b>	<b>680.0</b>	<b>-15.4%</b>	<b>-123.5</b>
(Millions of units)	14.82	+45.5%	15.00	+1.2%	+0.17
<b>Mobile Phones</b>	<b>413.2</b>	<b>-9.1%</b>	<b>390.0</b>	<b>-5.6%</b>	<b>-23.2</b>
(Millions of units)	9.74	-7.6%	9.60	-1.4%	-0.14
<b>LCDs *</b>	<b>1,026.9</b>	<b>+17.0%</b>	<b>1,020.0</b>	<b>-0.7%</b>	<b>-6.9</b>
<b>Solar Cells *</b>	<b>265.5</b>	<b>+27.2%</b>	<b>320.0</b>	<b>+20.5%</b>	<b>+54.4</b>
(MW)	1,242	+56.8%	1,700	+36.9%	+458

\*Including internal sales between segments (Consumer/Information Products and Electronic Components).

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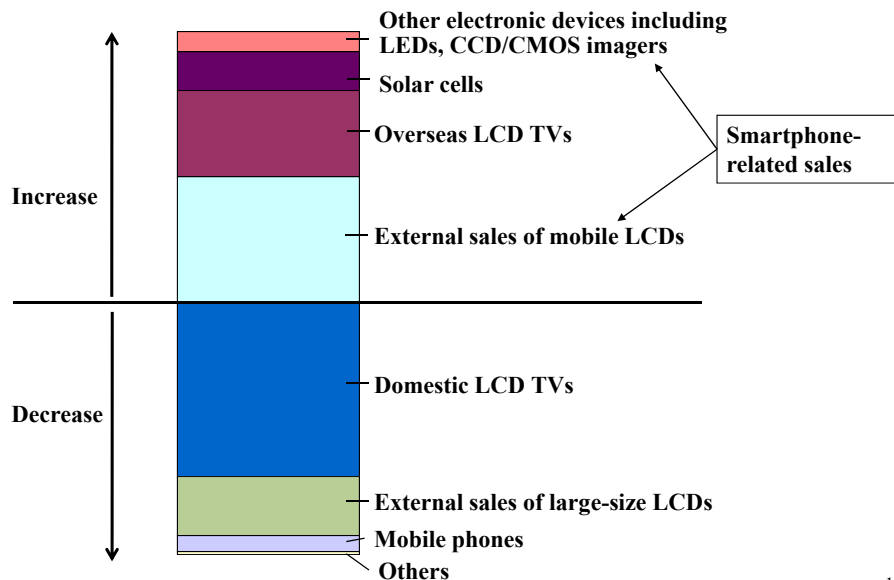
## Sales by Product Group

(Billions of yen)

	FY2010		FY2011		Change
	Results	Change	Forecast	Change	
Audio-Visual and Communication Equipment	1,426.7	+7.1%	1,220.0	-14.5%	-206.7
Health and Environmental Equipment	269.8	+10.5%	280.0	+3.7%	+10.1
Information Equipment	273.9	+2.6%	280.0	+2.2%	+6.0
Consumer/Information Products	1,970.5	+6.9%	1,780.0	-9.7%	-190.5
LCDs	1,026.9	+17.0%	1,020.0	-0.7%	-6.9
Solar Cells	265.5	+27.2%	320.0	+20.5%	+54.4
Other Electronic Devices	261.5	-9.6%	290.0	+10.9%	+28.4
Electronic Components	1,554.0	+13.0%	1,630.0	+4.9%	+75.9
Sub Total	3,524.5	+9.5%	3,410.0	-3.3%	-114.5
Adjustments	-502.6	-	-360.0	-	+142.6
Total	3,021.9	+9.7%	3,050.0	+0.9%	+28.0
Domestic Sales	1,592.9	+11.5%	1,330.0	-16.5%	-262.9
Overseas Sales	1,429.0	+7.7%	1,720.0	+20.4%	+290.9

Sales of each product group include internal sales between segments (Consumer/Information Products and Electronic Components). 9

## FY2011 Analysis of Sales Increase/Decrease



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## Operating Income by Product Group

(Billions of yen)

	FY2010			FY2011			Change
	Results	Ratio to net sales	Change	Forecast	Ratio to net sales	Change	
Audio-Visual and Communication Equipment	40.7	2.9%	+161.8%	23.0	1.9%	-43.6%	-17.7
Health and Environmental Equipment	19.9	7.4%	+22.7%	25.0	8.9%	+25.3%	+5.0
Information Equipment	18.5	6.8%	-12.7%	23.0	8.2%	+24.0%	+4.4
Consumer/Information Products	79.2	4.0%	+49.3%	71.0	4.0%	-10.4%	-8.2
LCDs	17.0	1.7%	-6.8%	32.0	3.1%	+87.3%	+14.9
Solar Cells	2.1	0.8%	-58.7%	8.0	2.5%	+280.0%	+5.8
Other Electronic Devices	11.5	4.4%	-1.0%	16.0	5.5%	+38.7%	+4.4
Electronic Components	30.7	2.0%	-12.4%	56.0	3.4%	+82.2%	+25.2
Sub Total	109.9	3.1%	+24.7%	127.0	3.7%	+15.5%	+17.0
Adjustments	-31.0	-	-	-30.0	-	-	+1.0
Total	78.8	2.6%	+52.0%	97.0	3.2%	+22.9%	+18.1

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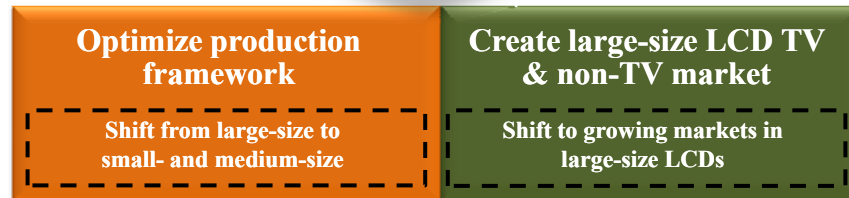
## II. LCD Business Restructuring

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## Concept of LCD Business Restructuring

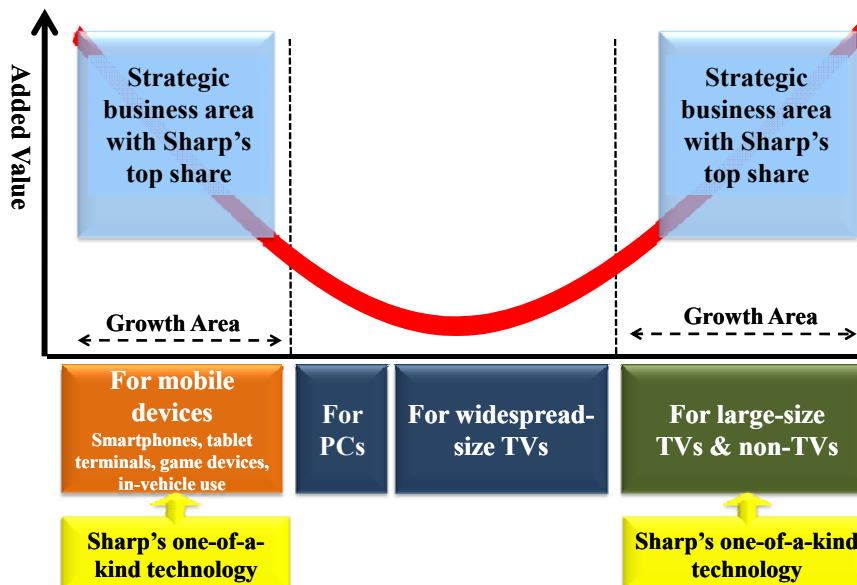
Respond to change in LCD market  
-Shift to growing markets-

While maximizing efficiency in use of management resources, how do we:  
-improve profit of large-size LCDs?  
-respond to growing small- and medium-size LCD demand?



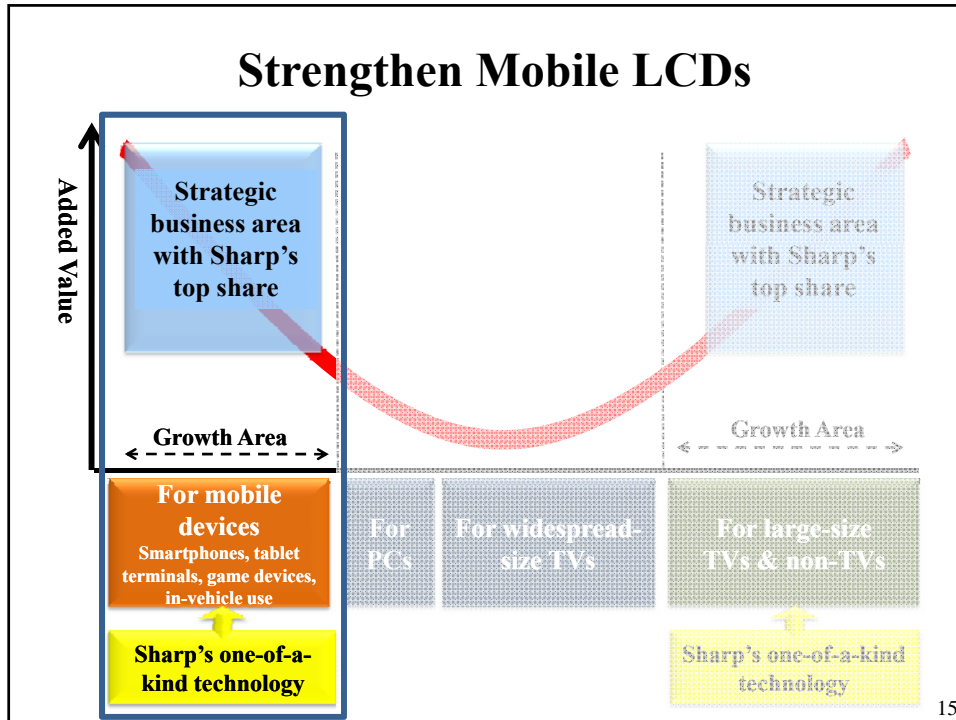
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## Business Area Targeted by Sharp



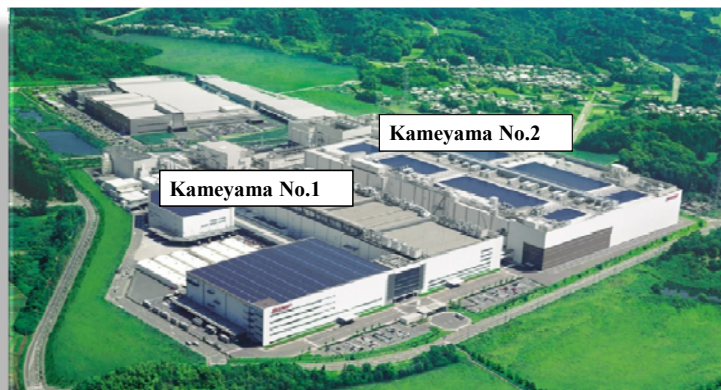
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## Strengthen Mobile LCDs



## Strengthen Mobile LCDs

**Produce small- and medium-size LCDs (mobile LCDs) at Kameyama Plants**



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# Advantage of Sharp's Mobile LCDs

## CG Silicon LCDs

**Bright & high resolution as gravure printing**  
**Super-high resolution(300ppi) & light weight**  
**Smartphones**

Tenri (Fab1), Mie No.3 (Fab2)  
 Kameyama No.1 (plan)

Feature

Main Application

Production line

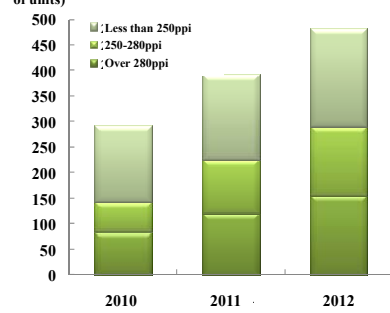
## IGZO LCDs

**Introduce new material (IGZO) at cutting-edge lines**  
**High resolution, high picture quality & super low power consumption**

**Tablet terminals**

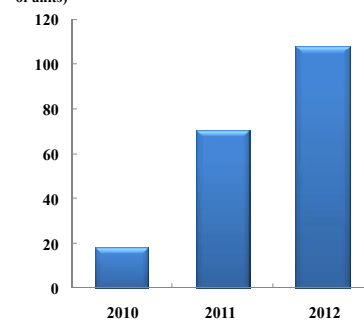
Kameyama No.2 (plan)

(Millions of units) **【Market for smartphones】**



(Source: Canals & DisplaySearch)

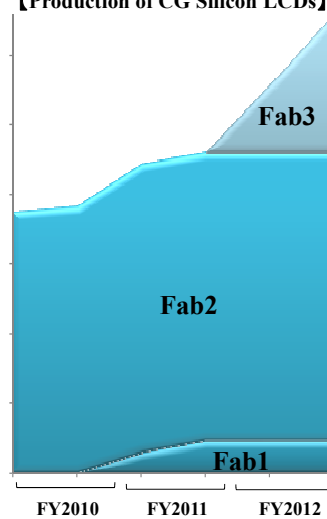
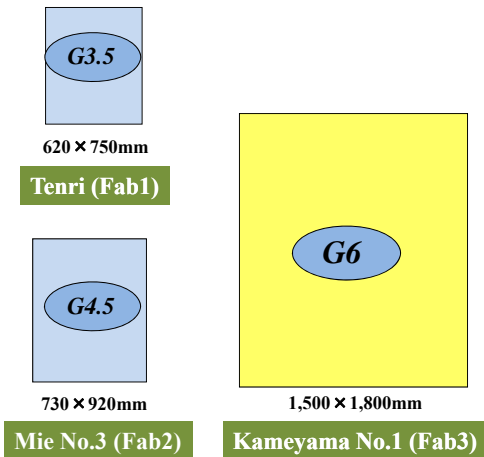
(Millions of units) **【Market for tablet terminals】**



(Source: Gartner)

# Introduce CG Silicon Technology at Kameyama No.1

**【Production of CG Silicon LCDs】**



## Introduce IGZO Technology at Kameyama No.2

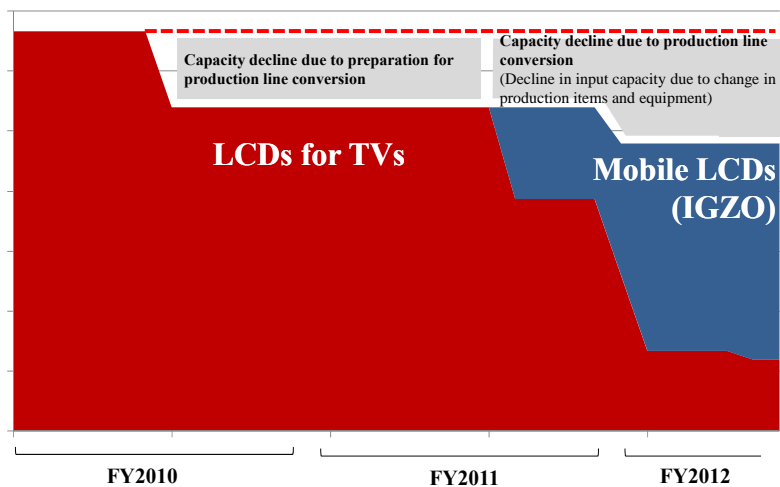
- Introduce new material IGZO at cutting-edge production lines
- Produce high-resolution, high-picture-quality, super-low-power-consumption mobile LCDs

**High resolution & high picture quality**

**Super low power consumption**

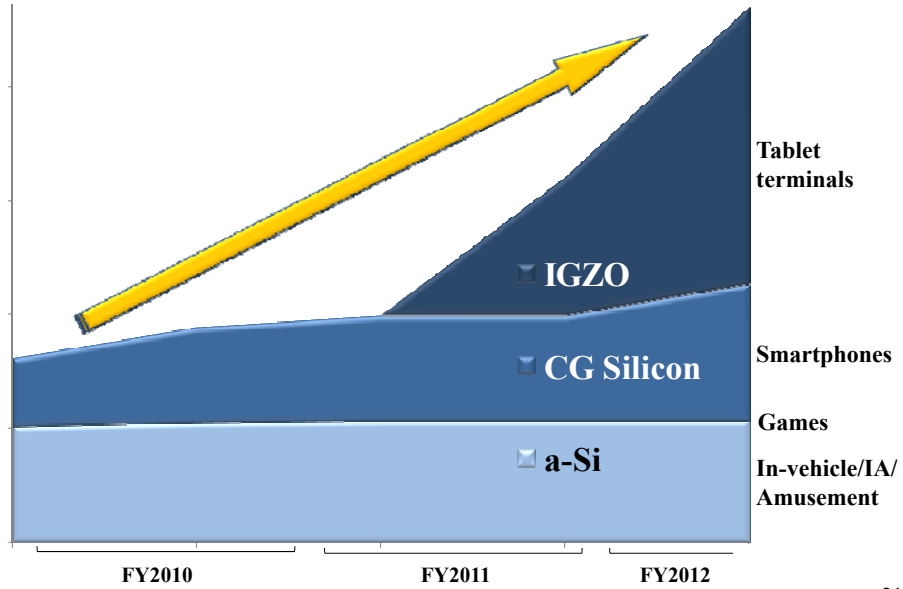
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## Expansion of IGZO at Kameyama No.2



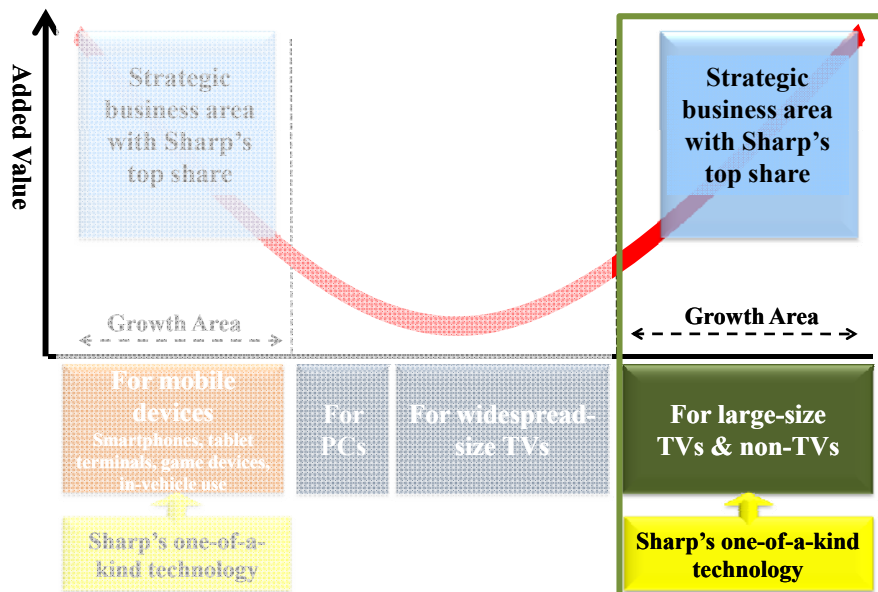
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## Expand Production of Mobile LCDs



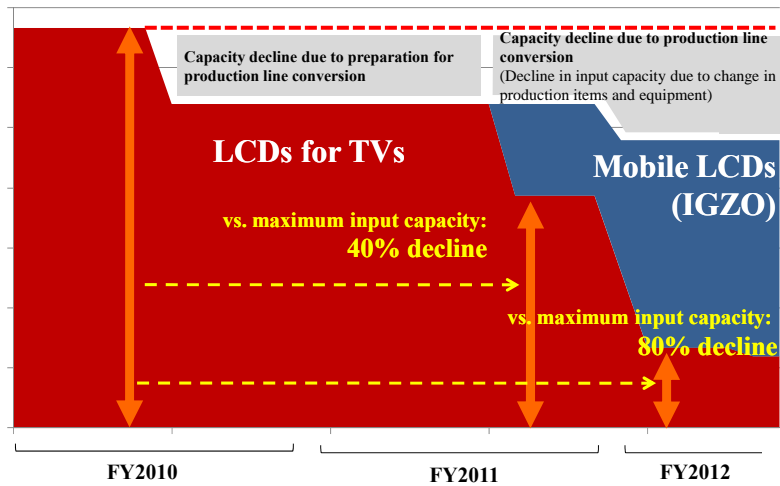
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## Strengthen Large-size LCDs for TVs & Non-TVs



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## Decline in Production of LCDs for TVs (Smaller Than 40") at Kameyama No.2



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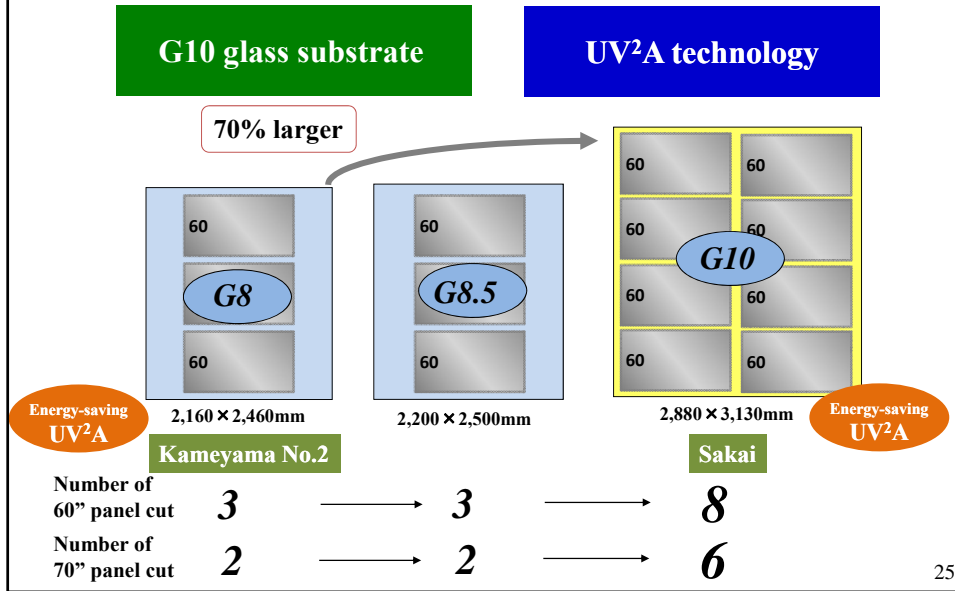
## Sakai Plant, The Only One in The World to Employ G10 Gmss Substrates



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# Advantage of Sharp's Large-size LCDs

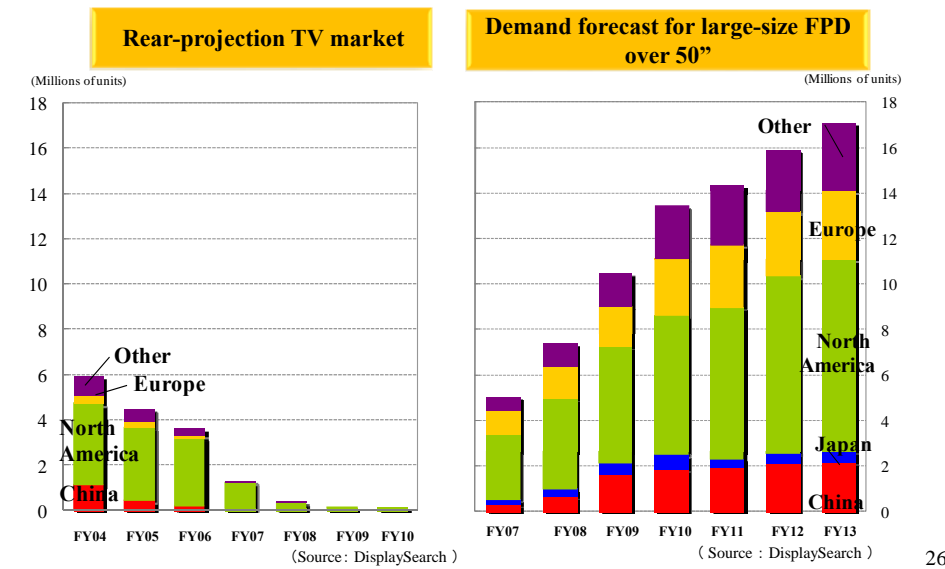
Highly-effective production of 60" & 70" LCD panels at Sakai (G10)



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# Create Large-size LCD TV & Non-TV Market

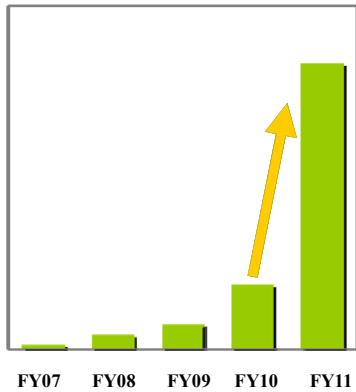
Market trend for large-size TVs over 50"



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## Sales of Large-size LCD TVs in North America

Sharp's sales of large-size TVs over 60"



Electronics retail stores



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## Expansion of Non-TV & IDP Market



Digital signage



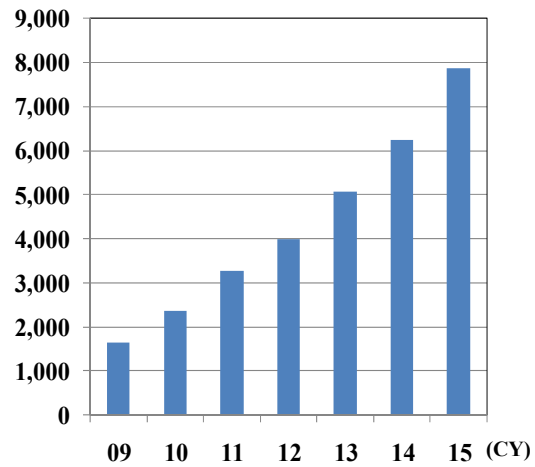
Electronic blackboard



Video conference

Expansion of digital signage market

(thousands of units)

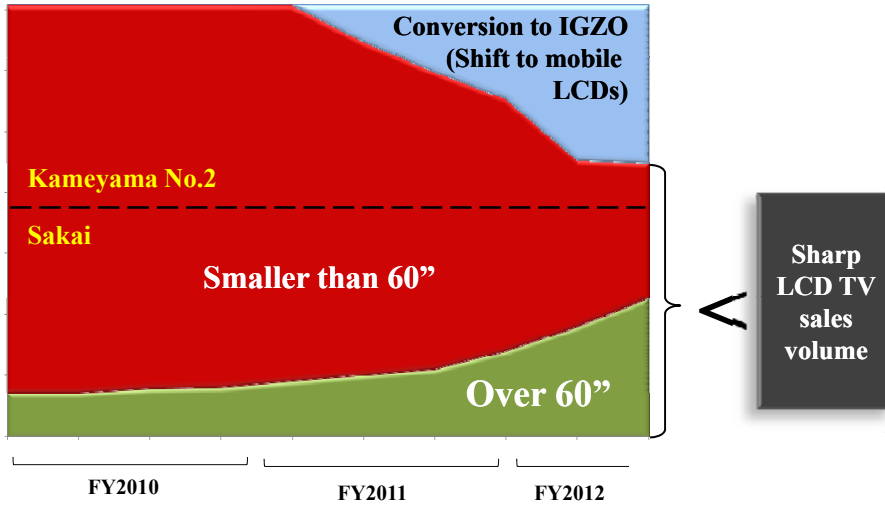


(Source: DisplaySearch)

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# Production Capacity for Large-size LCDs

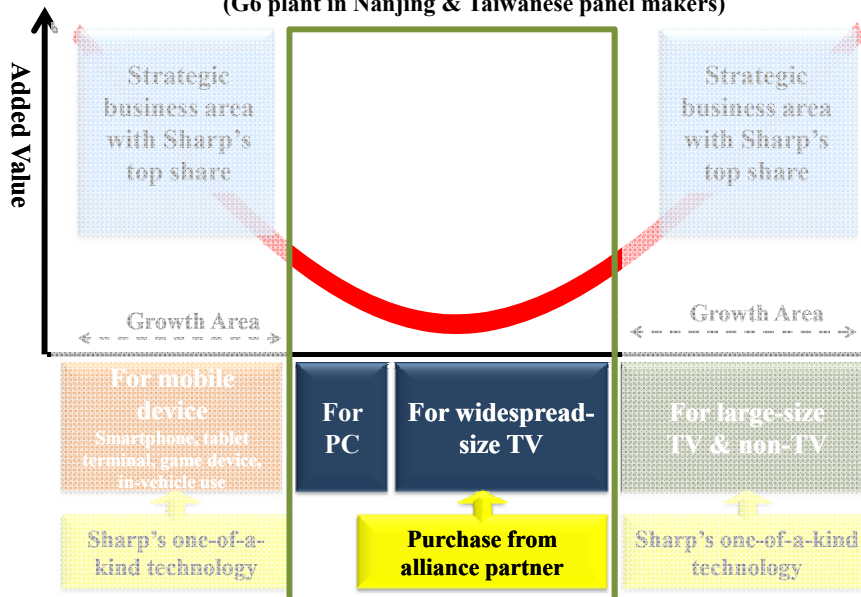
Input capacity/Percentage of production by size (Area base)



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## Business Area Where Sharp Promotes Local Production for Local Consumption and Develops Engineering Business

-Increase purchase from partners with technology licensing  
(G6 plant in Nanjing & Taiwanese panel makers)



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