



Consolidated Financial Results for the Third Quarter Fiscal 2014

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SHARP CORPORATION

February 3, 2015



Forward-Looking Statements

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- (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 2014

Financial Results for 3Q Fiscal 2014

- Significant profit decline for the FY2014 3Q (Oct.-Dec.) due to price competition in the small- and medium-size LCDs and other device businesses, and to the absence of transient factors* in the same period last year.
- Negative net income due to allowance for additional tax by China transfer pricing taxation.

(Billions of Yen)

	FY2013		FY2014							
	3Q	1Q to 3Q Accumulated Total	1Q	2Q	3Q	Change (Q on Q)	Difference (Q on Q)	Change (Y on Y)	1Q to 3Q Accumulated Total	Change (Y on Y)
Net Sales	815.2	2,157.2	619.7	707.9	762.7	+7.7%	+54.8	-6.4%	2,090.4	-3.1%
Operating Income (margin)	47.6 (5.8%)	81.4 (3.8%)	4.6 (0.8%)	24.5 (3.5%)	22.0 (2.9%)	-10.2%	-2.5	-53.8%	51.2 (2.5%)	-37.1%
Net Income (margin)	22.0 (2.7%)	17.7 (0.8%)	-1.7 (-0.3%)	6.5 (0.9%)	-11.9 (-1.6%)	-	-18.4	-	-7.1 (-0.3%)	-

*Profit on sales of project assets of US solar project developer subsidiary and engineering income in LCD business

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Consolidated financial results for the third quarter (October - December) recorded net sales of 762.7 billion yen, down 6.4% over the same period last year, operating income of 22.0 billion yen, down 53.8%, and a net loss of 11.9 billion yen, down from net income of 22.0 billion yen.

Net sales were down due to factors including intensifying competition in LCD TVs and small- and medium-size LCDs and slumping demand in Japan for solar cells.

The fall in operating income was due mainly to the absence of temporary factors that were present last year, a decline in profits in the Product Business, and a worsened LCD model mix.

Owing to an allowance for additional tax incurred via China's transfer pricing taxation and the reversal of deferred tax assets from the sale of a solar project developer subsidiary, a net loss was recorded for the quarter.

Other Income (Expenses)

(Billions of Yen)

	FY2013		FY2014					
	3Q	1Q to 3Q Accumulate d Total	1Q	2Q	3Q	1Q to 3Q		Difference (Y on Y)
						Difference (Y on Y)	Accumulate d Total	
Operating Income	47.6	81.4	4.6	24.5	22.0	-25.6	51.2	-30.2
Other Income (Expenses)	-15.0	-44.0	-6.0	-9.5	-19.6	-4.6	-35.2	+8.8
Equity in earnings of affiliates	+1.0	+1.0	+2.3	+1.6	+0.6	-0.3	+4.7	+3.6
Gain on sales of investment securities	+0.0	+1.6	+0.1	+5.7	+5.7	+5.7	+11.6	+10.0
Reversal of provision for loss on litigation	-	-	+19.2	-	-	-	+19.2	+19.2
Interest expense	-5.8	-14.8	-6.0	-5.7	-5.6	+0.2	-17.4	-2.5
Impairment loss	-	-	-0.8	-1.6	-1.9	-1.9	-4.4	-4.4
Restructuring charges	-	-	-	-5.7	-8.9	-8.9	-14.6	-14.6
Settlement	-	-	-14.3	-	-	-	-14.3	-14.3
Income Taxes, etc.	-10.5	-19.6	-0.4	-8.4	-14.2	-3.7	-23.1	-3.5
Net Income	22.0	17.7	-1.7	6.5	-11.9	-33.9	-7.1	-24.8

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This slide shows other income (expenses).

While a gain on sales of investment securities mainly related to Renesas SP Drivers, Inc. was recorded as other income, as in the second quarter, restructuring charges related to structural reform in Europe were recorded as other expenses.

Consolidated Balance Sheets

- Cash and time deposits at the end of Dec. 2014 decreased 37.6 billion yen due to increased inventories.
- The equity ratio increased from 10.6% at the end of Sep. 2014 to 10.8%.

(Billions of Yen)

	FY2013	FY2014	
	End of Mar. 2014	End of Sep. 2014	End of Dec. 2014
Cash, time deposits and restricted cash	379.5	291.4	253.8
Notes and accounts receivable	568.8	614.9	679.3
Inventories	295.1	307.5	371.5
Other current assets	130.6	126.0	118.0
Current Assets	1,374.2	1,339.9	1,422.7
Plant and Equipment	519.7	512.4	498.3
Investments and Other Asset	287.5	286.5	287.5
Deferred Assets	0.1	0.0	0.0
Total assets	2,181.6	2,139.0	2,208.6

	FY2013	FY2014	
	End of Mar. 2014	End of Sep. 2014	End of Dec. 2014
Short-term borrowings	793.1	717.9	726.6
Notes and accounts payable	409.9	466.3	500.7
Other current liabilities	348.5	328.4	341.7
Current Liabilities	1,551.6	1,512.7	1,569.1
Long-term Liabilities	422.8	387.0	387.5
Liabilities	1,974.5	1,899.7	1,956.6
Net Assets	207.1	239.2	252.0
Total liabilities and net assets	2,181.6	2,139.0	2,208.6

Equity Ratio	8.9%	10.6%	10.8%
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This slide shows the consolidated balance sheets.

Inventories expanded as a result of an increase in manufacturing in preparation for sales of small- and medium-size LCDs from January 2015 onwards. This was one factor leading to a decrease of 37.6 billion yen in cash and time deposits from the second quarter.

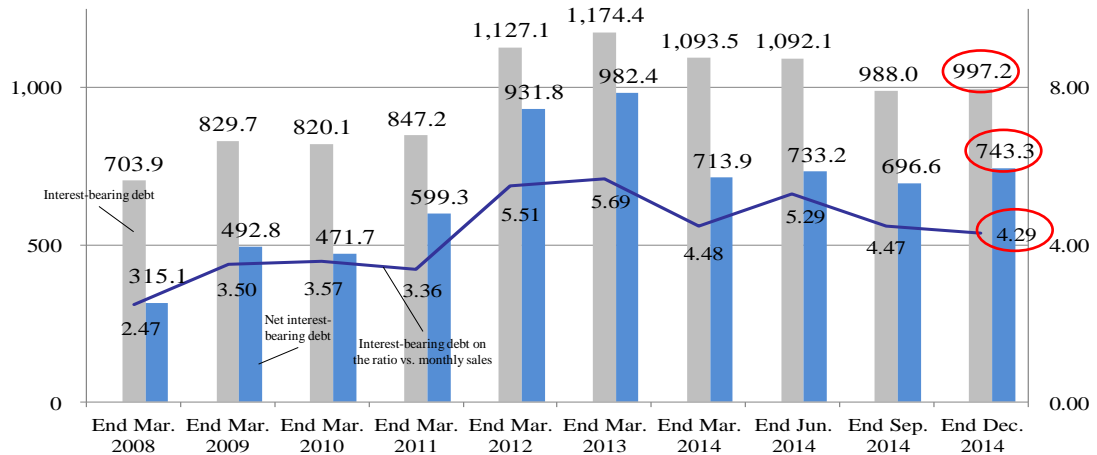
The equity ratio increased from 10.6% to 10.8% due to factors including an increase in foreign currency translation adjustments resulting from a weak yen.

Transition of Interest-bearing Debt

- Interest-bearing debt at the end of Dec. 2014 totaled 997.2 billion yen. Yen-basis debt increased to 9.1 billion yen over the end of Sep. 2014 due to fluctuations in exchange rate, while the ratio vs. monthly sales decreased from 4.47 months to 4.29 months.
- Net interest-bearing debt* increased from 696.6 billion yen at the end of Sep. 2014 to 743.3 billion yen.

(Billions of Yen)

(Months)



Net D/E ratio	0.3	0.5	0.5	0.6	1.5	7.9	3.7	3.7	3.1	3.1
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*Net interest-bearing debt: interest-bearing debt - cash, time deposits, and short-term investments

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This slide shows interest-bearing debt.

Interest-bearing debt at the end of December was 997.2 billion yen, an increase of 9.1 billion yen from the end of September 2014. Net interest-bearing debt was 743.3 billion yen, due to factors including a decrease in cash and time deposits.

II. Financial Results Forecast for Fiscal 2014

Financial Results Forecast for Fiscal 2014

- Review of financial results forecast due to channel inventory adjustments, increased competition, falling prices, and worsened model mix in LCD TVs and small- and medium-size LCDs for Chinese smartphones.
- Net result has been revised to 30 billion yen loss due mainly to allowance for additional tax by China transfer pricing taxation in addition to a review of operating income.

(Billions of Yen)

	FY2014			Details
	Previous Full Year Forecast	Revised Full Year Forecast	Difference	
Net sales	2,900.0	2,900.0	0.0	-
Operating Income	100.0	50.0	-50.0	<ul style="list-style-type: none"> • Domestic profitability of the Product Business is worsening. • Worsened model mix of small- and medium-size LCDs
Other Income (Expenses)	-50.0	-50.0	0.0	
Income Taxes, etc.	-20.0	-30.0	-10.0	• Additional tax by China transfer pricing taxation, etc.
Net Income	30.0	-30.0	-60.0	-

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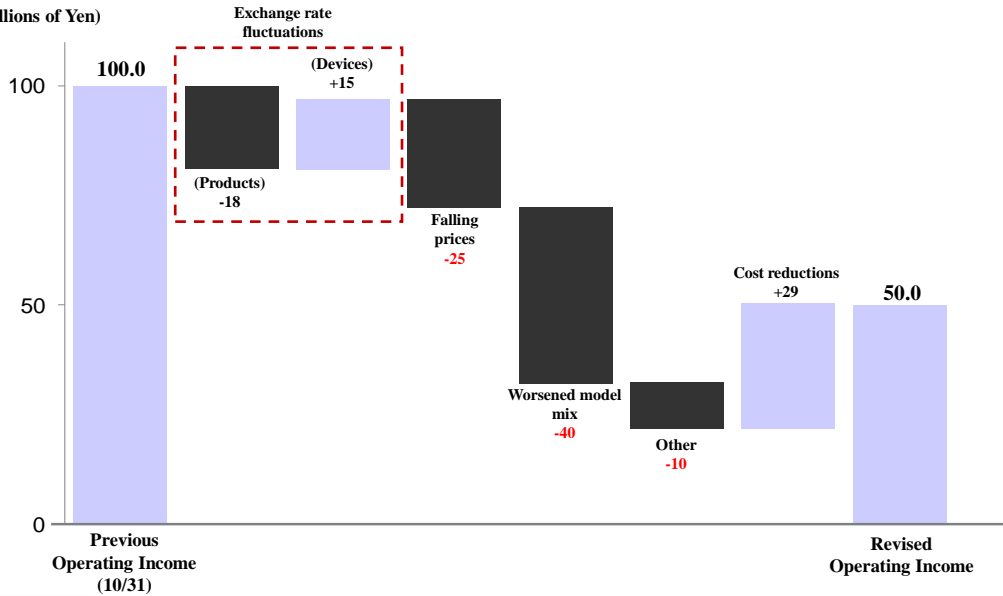
Based on the current situation and estimates for the January to March period, the full-year forecast for fiscal 2014 calls for net sales of 2.9 trillion yen, as previously announced, with a downwardly revised operating income of 50.0 billion yen and a net loss of 30.0 billion yen.

Revised forecasts reflect effects on earnings such as declining profits in the Product Business and falling prices, as well as a worsened model mix in LCD TVs and small- and medium-size LCDs.

Breakdown of Operating Income by Factors (Previous FY2014 Forecast/Revised Forecast)

• Key factors in revising operating income include: Profitability deterioration of domestic sales, lower prices and worsened model mix of LCDs.

(Billions of Yen)



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This slide is a graph of the reasons for revisions in the forecast for operating income.

Sales by Product Group

Product Business

(Billions of Yen)

	FY2014									Corrected Amount	FY2014 <i>(10/31) Previous Full Year Forecast</i>
	1H	3Q	Change (Y on Y)	1Q to 3Q Accumulated Total	Change (Y on Y)	Revised 4Q Forecast	Change (Y on Y)	Revised Full Year Forecast	Change (Y on Y)		
Digital Information Equipment	220.5	122.6	-11.2%	343.2	-5.9%	106.7	-11.6%	450.0	-7.3%	-20.0	470.0
Communications	112.1	72.0	-8.4%	184.2	-1.3%	55.7	-8.7%	240.0	-3.1%	0.0	240.0
Digital Information Equipment	332.7	194.7	-10.2%	527.5	-4.4%	162.4	-10.6%	690.0	-5.9%	-20.0	710.0
Health and Environmental Equipment	162.8	77.6	-5.4%	240.5	-0.6%	89.4	+5.4%	330.0	+1.0%	-10.0	340.0
Energy Solutions	142.9	53.6	-50.6%	196.6	-29.0%	83.3	-48.6%	280.0	-36.2%	-10.0	290.0
Business Solutions	164.5	85.1	+10.5%	249.7	+6.0%	90.2	+8.3%	340.0	+6.6%	0.0	340.0
Product Business	803.1	411.3	-15.1%	1,214.4	-7.0%	425.5	-16.9%	1,640.0	-9.8%	-40.0	1,680.0

*Sales of each product group include internal sales between segments (Product Business / Device Business)

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Let's look at sales by product group and forecasts for the full year.

To make the profit situation for each business easier to understand, Digital Information Equipment is shown as two separate businesses: Digital Information Equipment, whose main product is LCD TVs, and Communications, whose main products are mobile phones and smartphones.

In the third quarter, sales were up in Business Solutions and Electronic Devices, while other product groups showed lower sales compared with the same period last year.

Sales by Product Group

Device Business/Total

(Billions of Yen)

	FY2014									Corrected Amount	FY2014 <i>(10/31) Previous Full Year Forecast</i>
	1H	3Q	Change (Y on Y)	1Q to 3Q Accumulated Total	Change (Y on Y)	Revised 4Q Forecast	Change (Y on Y)	Revised Full Year Forecast	Change (Y on Y)		
LCDs	460.9	238.0	-14.2%	698.9	-7.6%	271.0	+15.3%	970.0	-2.1%	-30.0	1,000.0
Electronic Devices	149.7	156.1	+46.7%	305.9	+20.3%	134.0	+86.0%	440.0	+34.8%	+20.0	420.0
Device Business	610.7	394.2	+2.7%	1,004.9	-0.5%	405.0	+31.9%	1,410.0	+7.0%	-10.0	1,420.0
Sub Total	1,413.8	805.5	-7.3%	2,219.3	-4.2%	830.6	+1.4%	3,050.0	-2.7%	-50.0	3,100.0
Adjustments	-86.1	-42.7	-	-128.9	-	-21.0	-	-150.0	-	+50.0	-200.0
Total	1,327.6	762.7	-6.4%	2,090.4	-3.1%	809.5	+5.2%	2,900.0	-0.9%	0.0	2,900.0

*Sales of each product group include internal sales between segments (Product Business / Device Business)

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Forecasts for the full year have been revised for all product groups except Communications and Business Solutions.

Operating Income by Product Group

Product Business

(Billions of Yen)

	FY2014									Corrected Amount	FY2014
	1H	3Q	Change (Y on Y)	1Q to 3Q Accumulated Total	Change (Y on Y)	Revised 4Q Forecast	Change (Y on Y)	Revised Full Year Forecast	Change (Y on Y)		(10/31)
											Previous Full Year Forecast
Digital Information Equipment	0.0 (-0.0%)	-3.5 (-2.9%)		-3.5 (-1.0%)		-8.4 (-7.9%)		-12.0 (-2.7%)		-18.0	6.0 (1.3%)
Communications	7.5 (6.7%)	8.2 (11.5%)	+62.2%	15.8 (8.6%)	5.6-fold	-1.8 (-3.3%)		14.0 (5.8%)	3.6-fold	0.0	14.0 (5.8%)
Digital Information Equipment	7.5 (2.3%)	4.7 (2.4%)	-44.6%	12.2 (2.3%)	+31.2%	-10.2 (-6.3%)		2.0 (0.3%)	-84.4%	-18.0	20.0 (2.8%)
Health and Environmental Equipment	7.7 (4.8%)	4.2 (5.5%)	-25.1%	12.0 (5.0%)	-21.8%	5.9 (6.7%)	+5.7%	18.0 (5.5%)	-14.4%	-1.0	19.0 (5.6%)
Energy Solutions	-0.2 (-0.2%)	-1.6 (-3.0%)		-1.9 (-1.0%)		-3.0 (-3.7%)		-5.0 (-1.8%)		-8.0	3.0 (1.0%)
Business Solutions	15.9 (9.7%)	7.6 (9.0%)	+25.2%	23.6 (9.4%)	+6.9%	6.3 (7.1%)	-24.5%	30.0 (8.8%)	-1.8%	0.0	30.0 (8.8%)
Product Business	30.9 (3.9%)	15.0 (3.7%)	-42.8%	45.9 (3.8%)	-26.6%	-0.9 (-0.2%)		45.0 (2.7%)	-53.5%	-27.0	72.0 (4.3%)

*Figures within parentheses indicate operating income margin.

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In the third quarter, operating income increased for Communications and Business Solutions, while Digital Information Equipment and Energy Solutions were in the red. Furthermore, operating income fell in Health and Environmental Equipment, LCDs, and Electronic Devices.

Operating Income by Product Group

Device Business/Total

(Billions of Yen)

	FY2014									Corrected Amount	FY2014
	1H	3Q	Change (Y on Y)	1Q to 3Q Accumulated Total	Change (Y on Y)	Revised 4Q Forecast	Change (Y on Y)	Revised Full Year Forecast	Change (Y on Y)		(10/31) Previous Full Year Forecast
LCDs	20.8 (4.5%)	11.4 (4.8%)	-55.9%	32.2 (4.6%)	-6.9%	7.7 (2.8%)	+11.7%	40.0 (4.1%)	-3.8%	-15.0	55.0 (5.5%)
Electronic Devices	-2.4 (-1.6%)	2.6 (1.7%)	-37.5%	0.1 (0.1%)	-98.3%	2.8 (2.1%)	-	3.0 (0.7%)	-8.1%	0.0	3.0 (0.7%)
Device Business	18.3 (3.0%)	14.1 (3.6%)	-53.3%	32.4 (3.2%)	-26.5%	10.5 (2.6%)	14.8-fold	43.0 (3.0%)	-4.1%	-15.0	58.0 (4.1%)
Sub Total	49.2 (3.5%)	29.1 (3.6%)	-48.4%	78.4 (3.5%)	-26.5%	9.5 (1.2%)	-72.5%	88.0 (2.9%)	-37.9%	-42.0	130.0 (4.2%)
Adjustments	-20.0	-7.1	-	-27.1	-	-10.8	-	-38.0	-	-8.0	-30.0
Total	29.2 (2.2%)	22.0 (2.9%)	-53.8%	51.2 (2.5%)	-37.1%	-1.2 (-0.2%)	-	50.0 (1.7%)	-53.9%	-50.0	100.0 (3.4%)

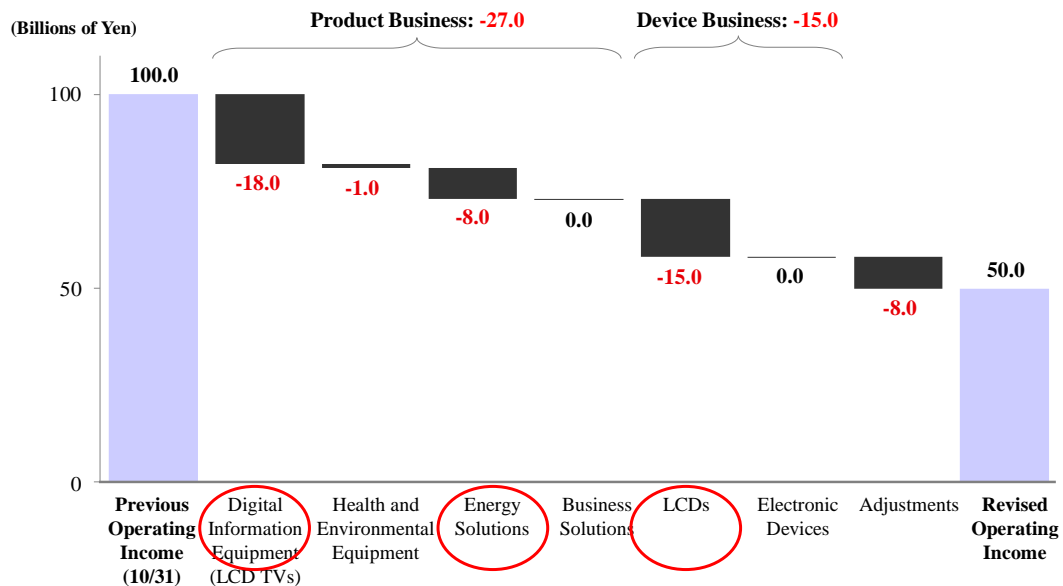
*Figures within parentheses indicate operating income margin.

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The operating income forecast for the full year has been revised for the four product groups other than Communications, Business Solutions, and Electronic Devices.

Breakdown of Operating Income by Product Group (Previous FY2014 Forecast/Revised Forecast)



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This slide shows the increases and decreases in operating income by product group in relation to forecasts for the full year.

The forecast revisions are largely a result of changes in Digital Information Equipment, Energy Solutions, and LCDs.

We will explain the reasons for the deteriorations in these three product groups and our future policies.

**<Digital Information Equipment (LCD TVs)>
Factors in Deterioration of Performance and Future Policies**

Deterioration factors

Market downturn and intensifying competition in the main markets

- ✓ **Japan** : Delay in enhancing lineup and intensified price competition in large-size LCD TVs
- ✓ **North America** : Intensified price competition in large-size LCD TVs
- ✓ **China** : Intensified price competition driven by increase in channel inventory, sluggish sales

Future policies

- ✓ **Japan** : Expand the lineup and strengthen cost competitiveness by revamping the value chain
- ✓ **North America** : Create high-value-added models including enhancement of 4K lineup and commercialization of next-generation high-resolution models
- ✓ **China** : Reduce channel inventory and revamp the sales channels

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Looking at Digital Information Equipment, we foresee worsening profits from the major product, LCD TVs, due to a market downturn and intensifying competition in our main markets.

In Japan, we will expand our product lineup and revamp the value chain to become more cost competitive.

In North America, we will create high-value-added models by enhancing our 4K lineup and by commercializing next-generation high-resolution TVs.

In China, we will reduce channel inventory and revamp sales channels.

Through these measures, we will carry out fundamental restructuring that includes a thorough reduction of fixed costs, so that we can return to profitability at the earliest possible date.

In Europe, meanwhile, we will continue the steady implementation of structural reforms so that we can ensure we return to profitability in fiscal 2015 and beyond.

<Energy Solutions>

Factors in Deterioration of Performance and Future Policies

Deterioration factors

- ✓ **Profitability reduction in the domestic business due to slow response to exchange rate fluctuations**
- ✓ **A decrease in new home construction and slow demand for industrial-use**

Future policies

- ✓ **Reduce costs by streamlining the organizational structure and revamping the value chain**
- ✓ **Globalize the energy solutions business**
- ✓ **Keep up steady efforts in structural reform in Europe**

The reasons for our worsening performance in Energy Solutions were declining profits in businesses in Japan due to a slow response to exchange rate fluctuations, a decrease in new home construction, and low demand for industrial-use products.

To counter this situation, we will reduce costs by streamlining our organizational structure in line with market scale and by revamping the value chain. Also, we will globalize our energy solution business. Through these measures, we will push ahead with fundamental reforms. At the same time, we will make steady efforts at structural reform in Europe, thus improving profitability.

<LCDs>

Factors in Deterioration of Performance and Future Policies

Deterioration factors

- ✓ Slow demand growth in the medium-size LCD market (tablets, etc.)
- ✓ Increased channel inventory in the Chinese smartphone market
 - Falling panel prices due to competition
 - Slow demand growth in the high-resolution smartphone market
- ✓ Worsened model mix

Future policies

- ✓ Expand sales and develop new customers in medium-size LCDs
- ✓ Establish a competitive advantage in the Chinese market
 - Enhance the sales structure in the South China region
 - Increase high-added value with IGZO LCDs, implement cost innovation
 - Early mass-production of in-cell touch panels
- ✓ Optimize the mix of small- and medium-size / large-size LCD application

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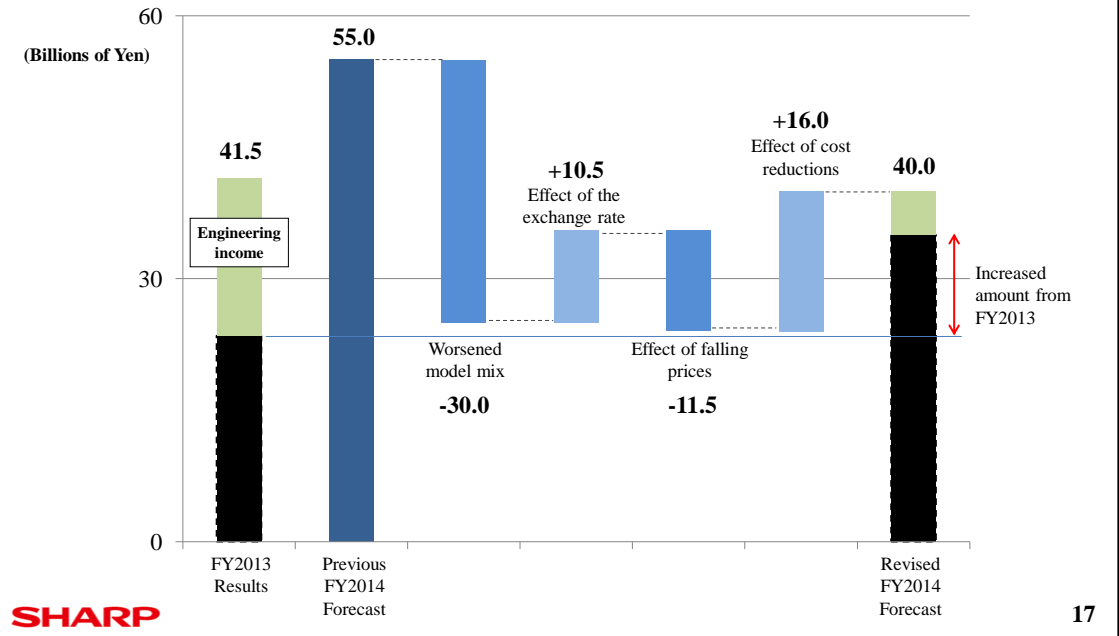
Sales of LCDs were below initial forecasts, due to factors including slow demand growth in the market for tablets and other medium-size LCDs and an increase in channel inventory in China.

As well, profitability dropped due mainly to a worsened model mix that resulted from lower sales of high-value added models, reflecting slow demand growth in the high-resolution LCD market.

We are aiming to stabilize our income base by expanding sales of medium-size LCDs, by strengthening our sales structure and improving our product offerings in China, where market competition is undergoing change, and by optimizing the mix of LCD applications we offer.

Factors in Fluctuations for LCD Business Operating Income

• FY2014 operating income forecast has changed from 55.0 billion to 40.0 billion yen, which represents in an increase of nearly 1.5-fold if not factoring in the engineering income from operating income in FY2013.



This slide shows the factors fluctuations in LCD business operating income.

Fiscal 2013 operating income was affected by temporary factors such as engineering income. Excluding such factors, base operating income was approximately 23 billion yen.

As for the forecast for fiscal 2014, while we expect a positive influence from currency fluctuations, there will also be negative influences from factors such as falling prices, a drop in sales, and a worsened model mix.

Excluding engineering income, we expect an improvement in profits compared to fiscal 2013, and we will work towards greater profitability.

Improving Profit Structure

- We have been implementing Medium-Term Management Plan initiatives to achieve the goals of "Recovery and Growth".
- Future business growth through existing measures is becoming increasingly difficult due to rapid changes in the business environment such as fluctuating market conditions and intensifying competition.
- To achieve recovery through maintaining a steady profit structure, we will establish a new Medium-Term Management Plan based on fundamental structure reform, which will be announced in May together with the FY2014 financial results.

Fundamental structural reform

- LCD TVs and Energy Solutions
 - ◆ Return to profit in the loss-making regions, channels, and categories
- Cost reduction through re-establishment of supply chain
- Reduce fixed costs, without exception, by streamlining the organizational structure and carrying out institutional reforms
- Establish new profit models by shifting management resources to new and growing markets

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This slide summarizes the efforts we are making to improve our income base.

Sharp has been implementing its Medium-Term Management Plan initiatives to achieve the goals of "Recovery and Growth."

However, due to rapid changes in the business environment, such as fluctuating market conditions and intensifying price competition, existing measures are no longer enough to achieve the business growth we seek.

To achieve recovery by maintaining a steady profit structure, we will establish a new Medium-Term Management Plan based on fundamental structural reform. This will be announced in May, together with the fiscal 2014 financial results.

III. Information by Product Group

Digital Information Equipment

(Billions of Yen)

	FY2014										FY2014
	1Q	2Q	3Q	Change		4Q	Change		Revised Full Year Forecast	Change (Y on Y)	FY2014 (10/31) Previous Full Year Forecast
				(Q on Q)	(Y on Y)		(Q on Q)	(Y on Y)			
Sales	101.9	118.5	122.6	+3.5%	-11.2%	106.7	-13.0%	-11.6%	450.0	-7.3%	470.0
LCD TVs	85.7	103.3	104.3	+0.9%	-12.2%	86.5	-17.0%	-14.3%	380.0	-8.2%	400.0
Operating Income (margin)	-5.6 (-5.6%)	5.6 (4.8%)	-3.5 (-2.9%)	-	-	-8.4 (-7.9%)	-	-	-12.0 (-2.7%)	-	6.0 (1.3%)

*Sales of each product group include internal sales between segments (Product Business / Device Business)

[FY2014 3Q Results]

- Japan: Profitability deterioration due to effect of market downturns and intensified price competition.
- North America: Increased price competition
- China: Increased price competition and slump in sales due to downturns in the market and excess channel inventory.

[Future Initiatives]

- Japan: Expand the lineup and strengthen cost competitiveness revamping the value chain
- North America: Create high-value added models including enhancement of 4K lineup and commercialization of next-generation high-resolution models
- China: Reduce channel inventory and revamp the sales channels

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Sales of Digital Information Equipment were down 11.2% over the same period last year to 122.6 billion yen. The operating loss was 3.5 billion yen.

We will carry out fundamental structural reform aimed at returning to profitability.

Communications

(Billions of Yen)

	FY2014										FY2014
	1Q	2Q	3Q	Change		4Q	Change		Revised Full Year Forecast	Change (Y on Y)	FY2014 (10/31) Previous Full Year Forecast
				(Q on Q)	(Y on Y)		(Q on Q)	(Y on Y)			
Sales	66.6	45.5	72.0	+58.4%	-8.4%	55.7	-22.7%	-8.7%	240.0	-3.1%	240.0
Mobile Phones	49.6	36.2	64.1	+76.8%	-7.4%	49.9	-22.2%	+2.2%	200.0	-2.7%	200.0
Operating Income (margin)	8.3 (12.5%)	-0.7 (-1.6%)	8.2 (11.5%)	-	+62.2%	-1.8 (-3.3%)	-	-	14.0 (5.8%)	3.6-fold	14.0 (5.8%)

*Sales of each product group include internal sales between segments (Product Business / Device Business)

[FY2014 3Q Results]

- Secure profits through launch of high-value added models and cost reductions.

[Future Initiatives]

- Expand sales of smartphones with special features to increase domestic market share and achieve further cost reduction.
- Create models with unique features distinguished from competitors such as next-generation mobile phones.

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Sales of Communications were down 8.4% over the same period last year to 72.0 billion yen. However, operating income was up 62.2% to 8.2 billion yen, thanks to factors including the launch of high-value-added models and cost reductions.

Although the profit in this product group fluctuates from quarter to quarter, it is expected to be in the black for the fiscal year as a whole.

We will continue to come out with new-generation mobile phones and other specialized models so that we can increase our share of the Japanese market.

Health and Environmental Equipment

(Billions of Yen)

	FY2014										FY2014
	1Q	2Q	3Q	Change		4Q	Change		Revised Full Year Forecast	Change (Y on Y)	(10/31) Previous Full Year Forecast
				(Q on Q)	(Y on Y)		(Q on Q)	(Y on Y)			
Sales	82.1	80.7	77.6	-3.7%	-5.4%	89.4	+15.2%	+5.4%	330.0	+1.0%	340.0
Operating Income (margin)	3.1 (3.9%)	4.5 (5.7%)	4.2 (5.5%)	-7.1%	-25.1%	5.9 (6.7%)	+40.3%	+5.7%	18.0 (5.5%)	-14.4%	19.0 (5.6%)

*Sales of each product group include internal sales between segments (Product Business / Device Business)

[FY2014 3Q Results]

- Reduction in sales due to slow demand in the domestic white goods market.
- Decreased profitability due to slow response to exchange rate fluctuations.

[Future Initiatives]

- Create products that will stimulate demand and launch unique specialized products.
- Enhancement of sales structure and sale of products designed for specific regions such as new products that are energy-efficient and have excellent cooling performance to ASEAN countries.
- Japanese production of some high-value-added products.

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Sales of Health and Environmental Equipment were down 5.4% over the same period last year to 77.6 billion yen, and operating income was down 25.1% to 4.2 billion yen.

Overseas sales of air purifiers were solid. But domestic sales of this product group were down due to sluggish overall demand for white goods.

Profits were down in Japan due to currency fluctuations.

We will cope with the currency fluctuations by increasing domestic production of high-value-added products, and by strengthening our local production for local consumption approach. The latter involves pushing products specifically geared to ASEAN markets and strengthening our sales structure for the region.

Energy Solutions

(Billions of Yen)

	FY2014										FY2014
	1Q	2Q	3Q	Change (Q on Q)	Change (Y on Y)	4Q	Change (Q on Q)	Change (Y on Y)	Revised Full Year Forecast	Change (Y on Y)	(10/31) Previous Full Year Forecast
Sales	69.0	73.9	53.6	-27.4%	-50.6%	83.3	+55.4%	-48.6%	280.0	-36.2%	290.0
Operating Income (margin)	0.1 (0.3%)	-0.4 (-0.6%)	-1.6 (-3.0%)	-	-	-3.0 (-3.7%)	-	-	-5.0 (-1.8%)	-	3.0 (1.0%)

(Reference) *Sales of each product group include internal sales between segments (Product Business / Device Business)
 Volume (Solar Cells) (MW) 360 537 349 -35.1% -24.0% 655 1.9-fold -11.1% 1,900 -9.5% 2,000

[FY2014 3Q Results]

- Decline in sales from the overseas developer business and decline in sales from the residential-use and industrial-use businesses domestically.
- Operating income suffered a loss due to significant decrease in sales.

[Future Initiatives]

- Reduce fixed costs by streamlining the organizational structure and revamping the value chain.
- Globalize the energy solutions business

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Sales of Energy Solutions were down 50.6% over the same period last year to 53.6 billion yen, and the operating loss was 1.6 billion yen.

We will carry out fundamental structural reform aimed at returning to profitability in this product group.

Business Solutions

(Billions of Yen)

	FY2014										FY2014
	1Q	2Q	3Q	Change		4Q	Change		Revised Full Year Forecast	Change (Y on Y)	(10/31) Previous Full Year Forecast
				(Q on Q)	(Y on Y)		(Q on Q)	(Y on Y)			
Sales	79.2	85.2	85.1	-0.1%	+10.5%	90.2	+5.9%	+8.3%	340.0	+6.6%	340.0
Operating Income (margin)	7.7 (9.8%)	8.1 (9.6%)	7.6 (9.0%)	-5.9%	+25.2%	6.3 (7.1%)	-16.8%	-24.5%	30.0 (8.8%)	-1.8%	30.0 (8.8%)

*Sales of each product group include internal sales between segments (Product Business / Device Business)

[FY2014 3Q Results]

- Increased sales and profits due to robust sales of MFPs in overseas markets, in addition to growth of information display in Japan and overseas.

[Future Initiatives]

- Expand sales of high-speed MFPs in developed countries and strengthen sales of color MFPs in emerging countries.
- Expand convenience store print services and improve the menu selections.
- Enhance solution proposals focused on large-size displays.
- Develop new customers using work-style proposals that incorporate MFPs, displays, and tablets.

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Sales of Business Solutions were up 10.5% over the same period last year to 85.1 billion yen, and operating income was up 25.2% to 7.6 billion yen.

We will strive to expand this business by strengthening our solution services, mainly with respect to unique displays—one of our areas of strength—and MFPs.

LCDs

(Billions of Yen)

	FY2014										FY2014
	1Q	2Q	3Q	Change		4Q	Change		Revised Full Year Forecast	Change (Y on Y)	(10/31) Previous Full Year Forecast
				(Q on Q)	(Y on Y)		(Q on Q)	(Y on Y)			
Sales	206.9	253.9	238.0	-6.3%	-14.2%	271.0	+13.8%	+15.3%	970.0	-2.1%	1,000.0
Operating Income (margin)	2.1 (1.0%)	18.6 (7.4%)	11.4 (4.8%)	-38.6%	-55.9%	7.7 (2.8%)	-32.8%	+11.7%	40.0 (4.1%)	-3.8%	55.0 (5.5%)

*Sales of each product group include internal sales between segments (Product Business / Device Business)

[FY2014 3Q Results]

- Slow demand growth in the medium-size LCD market
- Increased channel inventory in the Chinese smartphone market
- Worsened model mix and decreased revenue and profit over FY2014 2Q.
- The ratio of small- and medium-size LCDs at Kameyama No. 2 Plant remains at 35% in FY2014 3Q.

[Future Initiatives]

- Expand sales and develop new customers for medium-size LCDs
- Establish a competitive advantage in the Chinese market
- Optimize the mix of small- and medium-size / large-size LCD application

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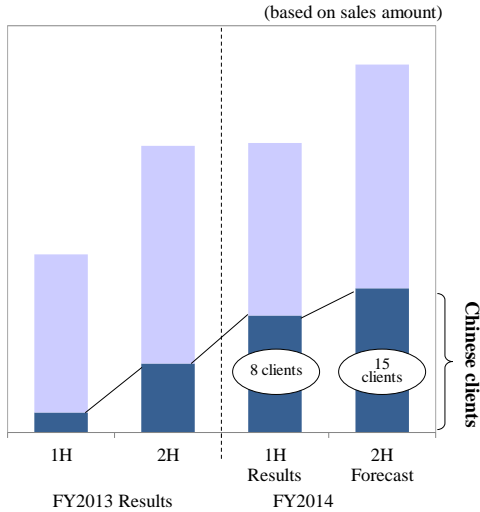
25

Sales of LCDs were down 14.2% over the same period last year to 238.0 billion yen, and operating income was down 55.9% to 11.4 billion yen, due to the reasons explained earlier.

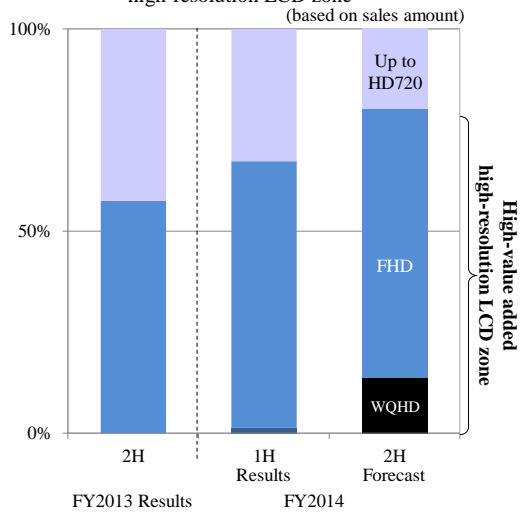
Sales and Trends in LCDs for Smartphones

- Steady progress in sales amount and high-resolution shift.
- To increase sales, enhance the sales structure, create appealing products, and strengthen cost competitiveness.

Sales of LCDs for smartphones
- Expanded client base in China -



Composition ratio of sales of LCDs for smartphones*
- Expanded high-value added high-resolution LCD zone -

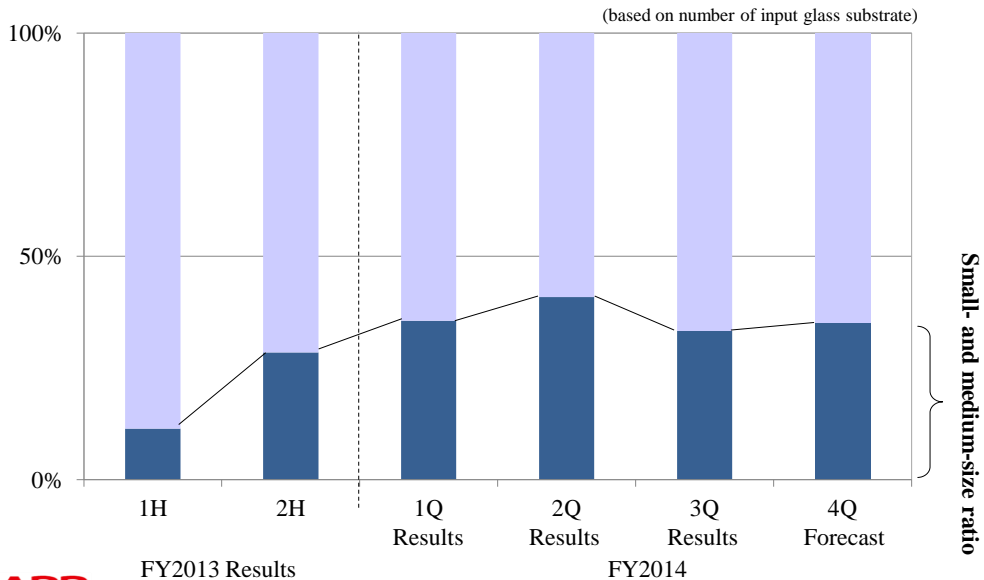


*Excluding the Kameyama No.1 Plant

This slide shows Chinese clients as a percentage of sales of LCDs for smartphones, and the sales ratio by definition of LCDs for smartphones. Although both figures were below the initial forecast, sales are increasing steadily and the shift to high-resolution LCDs is progressing. We will enhance our sales structure, improve our product offerings, and strengthen our cost-competitiveness, with a view to further expanding sales.

Small- and Medium-size LCD Production Ratio at Kameyama No. 2 Plant

- With expected expansion in the small- and medium-size segments, the 2Q (Jul.-Sep.) increased by 40% but the total average for the second half is forecasted to remain at 35%.
- Optimized application mix through development of new customers and expansion of sales for medium-size LCDs.



This slide shows the small- and medium-size production ratio at the Kameyama No. 2 Plant.

From July to September, small- and medium-size LCDs accounted for an average of 40% of total production volume at the Kameyama No. 2 Plant. However, owing to a delay in improving the application mix, we estimate that the average for the second half of the fiscal year will be 35%.

We will continue to optimize the mix of LCD applications we offer in order to stabilize our income base.

Electronic Devices

(Billions of Yen)

	FY2014										FY2014
	1Q	2Q	3Q	Change		4Q	Change		Revised Full Year Forecast	Change (Y on Y)	(10/31) Previous Full Year Forecast
				(Q on Q)	(Y on Y)		(Q on Q)	(Y on Y)			
Sales	58.9	90.8	156.1	+71.9%	+46.7%	134.0	-14.2%	+86.0%	440.0	+34.8%	420.0
Operating Income (margin)	-3.5 (-5.9%)	1.0 (1.1%)	2.6 (1.7%)	2.5-fold	-37.5%	2.8 (2.1%)	+7.8%	-	3.0 (0.7%)	-8.1%	3.0 (0.7%)

*Sales of each product group include internal sales between segments (Product Business / Device Business)

[FY2014 3Q Results]

- Strong sales of camera modules for smartphones.
- Operating income maintains profitability due to increased sales.

[Future Initiatives]

- Stabilize profits and improve customer and model mix through the following initiatives.
 - Expand sales of high-value-added devices (high-color rendering LEDs for small- and medium-size LCDs, touch panel solutions, proximity and illuminance sensors, etc.) by strengthening cooperation with the display device section.
 - Expand customer base through codevelopment of camera modules for smartphones with Chinese smartphone manufacturers.
 - Promote cost saving measures throughout the supply chain.

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Sales of Electronic Devices increased by 46.7% over the same period last year to 156.1 billion yen, as sales of camera modules for smartphones increased dramatically. However, operating income was down 37.5% to 2.6 billion due to factors including intensifying price competition and a worsened model mix.

To expand business in the integration of Sharp's displays and electronic devices, we will strengthen cooperation between these product groups. We will shift to high-value-added growth areas, including high-color-rendering LEDs and touch-panel solutions, and we will promote cost-saving measures throughout the supply chain, thus improving the product mix and stabilizing the income base.

Conclusion

Taking the deteriorated financial performances seriously, we will work hard on a recovery with firm determination.

We forecast much lower financial results for the full year. I know this must be of great concern to all of you.

Starting in February 2015, we are further decreasing monthly compensation for Sharp directors.

Also, we are aiming to decrease the monthly compensation for outside directors and audit & supervisory board members, based on a voluntary offer.

Since we have been entrusted with running Sharp, we take these financial results very seriously and we are determined to do everything possible to bring our company back to recovery.

IV. Supplementary Data

Sales by Product Group

Product Business

(Billions of Yen)

	FY2013					FY2014				
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	Change (Q on Q)	Change (Y on Y)
Digital Information Equipment	97.4	129.2	138.2	120.7	485.6	101.9	118.5	122.6	+3.5%	-11.2%
Communications	61.5	46.3	78.6	61.0	247.7	66.6	45.5	72.0	+58.4%	-8.4%
Digital Information Equipment	158.9	175.6	216.9	181.8	733.3	168.6	164.0	194.7	+18.7%	-10.2%
Health and Environmental Equipment	82.3	77.5	82.1	84.9	326.8	82.1	80.7	77.6	-3.7%	-5.4%
Energy Solutions	84.3	83.9	108.5	162.1	439.0	69.0	73.9	53.6	-27.4%	-50.6%
Business Solutions	77.6	80.7	77.1	83.3	318.8	79.2	85.2	85.1	-0.1%	+10.5%
Product Business	403.3	417.9	484.7	512.2	1,818.1	399.1	403.9	411.3	+1.8%	-15.1%

*Sales of each product group include internal sales between segments (Product Business / Device Business)

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Sales by Product Group

Device Business/Total

(Billions of Yen)

	FY2013					FY2014				
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	Change (Q on Q)	Change (Y on Y)
LCDs	193.8	284.7	277.5	234.9	991.0	206.9	253.9	238.0	-6.3%	-14.2%
Electronic Devices	61.2	86.5	106.4	72.0	326.3	58.9	90.8	156.1	+71.9%	+46.7%
Device Business	255.0	371.3	384.0	307.0	1,317.4	265.9	344.7	394.2	+14.3%	+2.7%
Sub Total	658.3	789.2	868.7	819.2	3,135.6	665.0	748.7	805.5	+7.6%	-7.3%
Adjustments	-50.4	-55.1	-53.4	-49.3	-208.4	-45.3	-40.8	-42.7	-	-
Total	607.9	734.1	815.2	769.8	2,927.1	619.7	707.9	762.7	+7.7%	-6.4%

*Sales of each product group include internal sales between segments (Product Business / Device Business)

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Operating Income by Product Group

Product Business

(Billions of Yen)

	FY2013					FY2014				
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	Change (Q on Q)	Change (Y on Y)
Digital Information Equipment	-2.1 (-2.2%)	5.2 (4.1%)	3.3 (2.4%)	2.4 (2.0%)	8.9 (1.8%)	-5.6 (-5.6%)	5.6 (4.8%)	-3.5 (-2.9%)	-	-
Communications	0.7 (1.2%)	-3.0 (-6.5%)	5.1 (6.5%)	1.0 (1.8%)	3.9 (1.6%)	8.3 (12.5%)	-0.7 (-1.6%)	8.2 (11.5%)	-	+62.2%
Digital Information Equipment	-1.3 (-0.9%)	2.2 (1.3%)	8.4 (3.9%)	3.4 (1.9%)	12.8 (1.8%)	2.6 (1.6%)	4.9 (3.0%)	4.7 (2.4%)	-4.7%	-44.6%
Health and Environmental Equipment	6.4 (7.8%)	3.2 (4.2%)	5.6 (6.9%)	5.6 (6.7%)	21.0 (6.4%)	3.1 (3.9%)	4.5 (5.7%)	4.2 (5.5%)	-7.1%	-25.1%
Energy Solutions	6.8 (8.1%)	3.0 (3.7%)	5.9 (5.5%)	16.5 (10.2%)	32.4 (7.4%)	0.1 (0.3%)	-0.4 (-0.6%)	-1.6 (-3.0%)	-	-
Business Solutions	7.5 (9.8%)	8.3 (10.3%)	6.1 (8.0%)	8.4 (10.2%)	30.5 (9.6%)	7.7 (9.8%)	8.1 (9.6%)	7.6 (9.0%)	-5.9%	+25.2%
Product Business	19.4 (4.8%)	16.8 (4.0%)	26.2 (5.4%)	34.1 (6.7%)	96.8 (5.3%)	13.7 (3.4%)	17.2 (4.3%)	15.0 (3.7%)	-12.7%	-42.8%

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*Figures within parentheses indicate operating income margin. **33**

Operating Income by Product Group

Device Business/Total

(Billions of Yen)

	FY2013					FY2014				
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	Change (Q on Q)	Change (Y on Y)
LCDs	-9.5 (-4.9%)	18.1 (6.4%)	26.0 (9.4%)	6.9 (2.9%)	41.5 (4.2%)	2.1 (1.0%)	18.6 (7.4%)	11.4 (4.8%)	-38.6%	-55.9%
Electronic Devices	0.1 (0.2%)	5.1 (5.9%)	4.2 (4.0%)	-6.1 (-8.6%)	3.2 (1.0%)	-3.5 (-5.9%)	1.0 (1.1%)	2.6 (1.7%)	2.5-fold	-37.5%
Device Business	-9.3 (-3.7%)	23.3 (6.3%)	30.2 (7.9%)	0.7 (0.2%)	44.8 (3.4%)	-1.3 (-0.5%)	19.7 (5.7%)	14.1 (3.6%)	-28.5%	-53.3%
Sub Total	10.0 (1.5%)	40.1 (5.1%)	56.4 (6.5%)	34.8 (4.3%)	141.6 (4.5%)	12.3 (1.9%)	36.9 (4.9%)	29.1 (3.6%)	-21.1%	-48.4%
Adjustments	-7.0	-9.3	-8.8	-7.8	-33.0	-7.6	-12.4	-7.1	-	-
Total	3.0 (0.5%)	30.8 (4.2%)	47.6 (5.8%)	27.0 (3.5%)	108.5 (3.7%)	4.6 (0.8%)	24.5 (3.5%)	22.0 (2.9%)	-10.3%	-53.8%

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*Figures within parentheses indicate operating income margin.

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Sales of Main Products

(Billions of Yen)

	FY2013					FY2014					
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	Change (Y on Y)	Full Year Forecast	Change (Y on Y)
LCD TVs	80.3	113.7	118.8	100.9	413.8	85.7	103.3	104.3	-12.2%	380.0	-8.2%
Unit (million units)	1.56	2.12	2.18	1.94	7.81	1.73	1.86	1.74	-19.8%	7.00	-10.5%
Mobile Phones	50.2	37.2	69.2	48.8	205.5	49.6	36.2	64.1	-7.4%	200.0	-2.7%
Unit (million units)	1.31	1.11	1.77	1.30	5.51	1.23	1.17	1.79	+1.0%	5.60	+1.6%
Refrigerators	22.9	24.6	23.2	24.9	95.7	23.9	24.0	22.1	-4.5%	95.0	-0.7%
Air Conditioners	26.1	16.4	10.9	15.4	68.9	23.6	18.4	8.0	-26.4%	65.0	-5.7%
Copiers / Printers	36.4	29.8	31.6	36.5	134.4	34.3	39.1	38.2	+21.0%	155.0	+15.3%
CCD / CMOS Imagers	34.8	49.6	84.2	49.3	218.1	38.8	64.7	129.3	+53.5%	320.0	+46.7%

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Capital Investment and Depreciation, etc.

(Billions of Yen)

	FY2013					FY2014					
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	Change (Y on Y)	Full Year Forecast	Change (Y on Y)
Capital Investment	10.5	10.9	11.2	16.6	49.4	14.5	16.6	9.3	-16.6%	70.0	+41.6%
LCDs	4.3	3.9	5.2	9.9	23.5	5.7	7.1	4.3	-17.5%	32.0	+36.0%
Depreciation and Amortization	29.9	28.7	27.7	28.1	114.6	24.4	25.5	26.5	-4.3%	110.0	-4.0%
R&D Expenditures	35.4	30.0	35.9	30.6	132.1	34.4	31.4	38.1	+6.0%	140.0	+6.0%

Exchange Rate

	FY2013					FY2014			
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q Forecast
U.S. Dollar	¥97.76	¥97.96	¥99.46	¥101.78	¥99.24	¥101.16	¥102.93	¥113.55	¥120.00
Euro	¥127.46	¥129.57	¥135.20	¥139.29	¥132.88	¥138.56	¥136.26	¥141.59	¥136.00

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Sales by Product Group and Operating Income (by half year)

Product Business

(Billions of Yen)

	Sales						Operating Income					
	FY2013			FY2014			FY2013			FY2014		
	1H	2H	Full Year	1H	2H Forecast	Full Year Forecast	1H	2H	Full Year	1H	2H Forecast	Full Year Forecast
Digital Information Equipment	226.6	259.0	485.6	220.5	229.4	450.0	3.1 (1.4%)	5.7 (2.2%)	8.9 (1.8%)	0.0 (-0.0%)	-11.9 (-5.2%)	-12.0 (-2.7%)
Communications	107.9	139.7	247.7	112.1	127.8	240.0	-2.2 (-2.1%)	6.1 (4.4%)	3.9 (1.6%)	7.5 (6.7%)	6.4 (5.0%)	14.0 (5.8%)
Digital Information Equipment	334.6	398.7	733.3	332.7	357.2	690.0	0.8 (0.3%)	11.9 (3.0%)	12.8 (1.8%)	7.5 (2.3%)	-5.5 (-1.6%)	2.0 (0.3%)
Health and Environmental Equipment	159.8	167.0	326.8	162.8	167.1	330.0	9.6 (6.0%)	11.3 (6.8%)	21.0 (6.4%)	7.7 (4.8%)	10.2 (6.1%)	18.0 (5.5%)
Energy Solutions	168.2	270.7	439.0	142.9	137.0	280.0	9.8 (5.9%)	22.5 (8.3%)	32.4 (7.4%)	-0.2 (-0.2%)	-4.7 (-3.4%)	-5.0 (-1.8%)
Business Solutions	158.4	160.4	318.8	164.5	175.4	340.0	15.9 (10.1%)	14.6 (9.1%)	30.5 (9.6%)	15.9 (9.7%)	14.0 (8.0%)	30.0 (8.8%)
Product Business	821.2	996.9	1,818.1	803.1	836.8	1,640.0	36.3 (4.4%)	60.4 (6.1%)	96.8 (5.3%)	30.9 (3.9%)	14.0 (1.7%)	45.0 (2.7%)

*Sales of each product group include internal sales between segments (Product Business / Device Business)

*Figures within parentheses indicate operating income margin.

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Sales by Product Group and Operating Income (by half year)

Device Business/Total

(Billions of Yen)

	Sales						Operating Income					
	FY2013			FY2014			FY2013			FY2014		
	1H	2H	Full Year	1H	2H Forecast	Full Year Forecast	1H	2H	Full Year	1H	2H Forecast	Full Year Forecast
LCDs	478.5	512.5	991.0	460.9	509.0	970.0	8.6 (1.8%)	32.9 (6.4%)	41.5 (4.2%)	20.8 (4.5%)	19.1 (3.8%)	40.0 (4.1%)
Electronic Devices	147.8	178.5	326.3	149.7	290.2	440.0	5.2 (3.5%)	-1.9 (-1.1%)	3.2 (1.0%)	-2.4 (-1.6%)	5.4 (1.9%)	3.0 (0.7%)
Device Business	626.4	691.0	1,317.4	610.7	799.2	1,410.0	13.9 (2.2%)	30.9 (4.5%)	44.8 (3.4%)	18.3 (3.0%)	24.6 (3.1%)	43.0 (3.0%)
Sub Total	1,447.6	1,687.9	3,135.6	1,413.8	1,636.1	3,050.0	50.2 (3.5%)	91.3 (5.4%)	141.6 (4.5%)	49.2 (3.5%)	38.7 (2.4%)	88.0 (2.9%)
Adjustments	-105.6	-102.8	-208.4	-86.1	-63.8	-150.0	-16.4	-16.6	-33.0	-20.0	-17.9	-38.0
Total	1,342.0	1,585.1	2,927.1	1,327.6	1,572.3	2,900.0	33.8 (2.5%)	74.7 (4.7%)	108.5 (3.7%)	29.2 (2.2%)	20.7 (1.3%)	50.0 (1.7%)

*Sales of each product group include internal sales between segments (Product Business / Device Business)

*Figures within parentheses indicate operating income margin.

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Overseas Sales by region (by half year)

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

		FY2013			FY2014	
		1H	2H	Full Year	1H	Changes (Y on Y)
The Americas		204.2	264.2	468.4	165.6	-18.9%
		25.6%	27.0%	26.4%	19.9%	-
Europe		77.8	66.9	144.8	71.4	-8.3%
		9.7%	6.8%	8.1%	8.6%	-
China		382.5	542.8	925.3	487.8	+27.5%
		48.0%	55.4%	52.1%	58.6%	-
Other		133.0	105.4	238.4	107.7	-19.0%
		16.7%	10.8%	13.4%	12.9%	-
Total		797.6	979.4	1,777.0	832.7	+4.4%
		100.0%	100.0%	100.0%	100.0%	-

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