



Japan
Display
Inc.
Group

Structural Reform & Outline of Medium-Term Management Plan

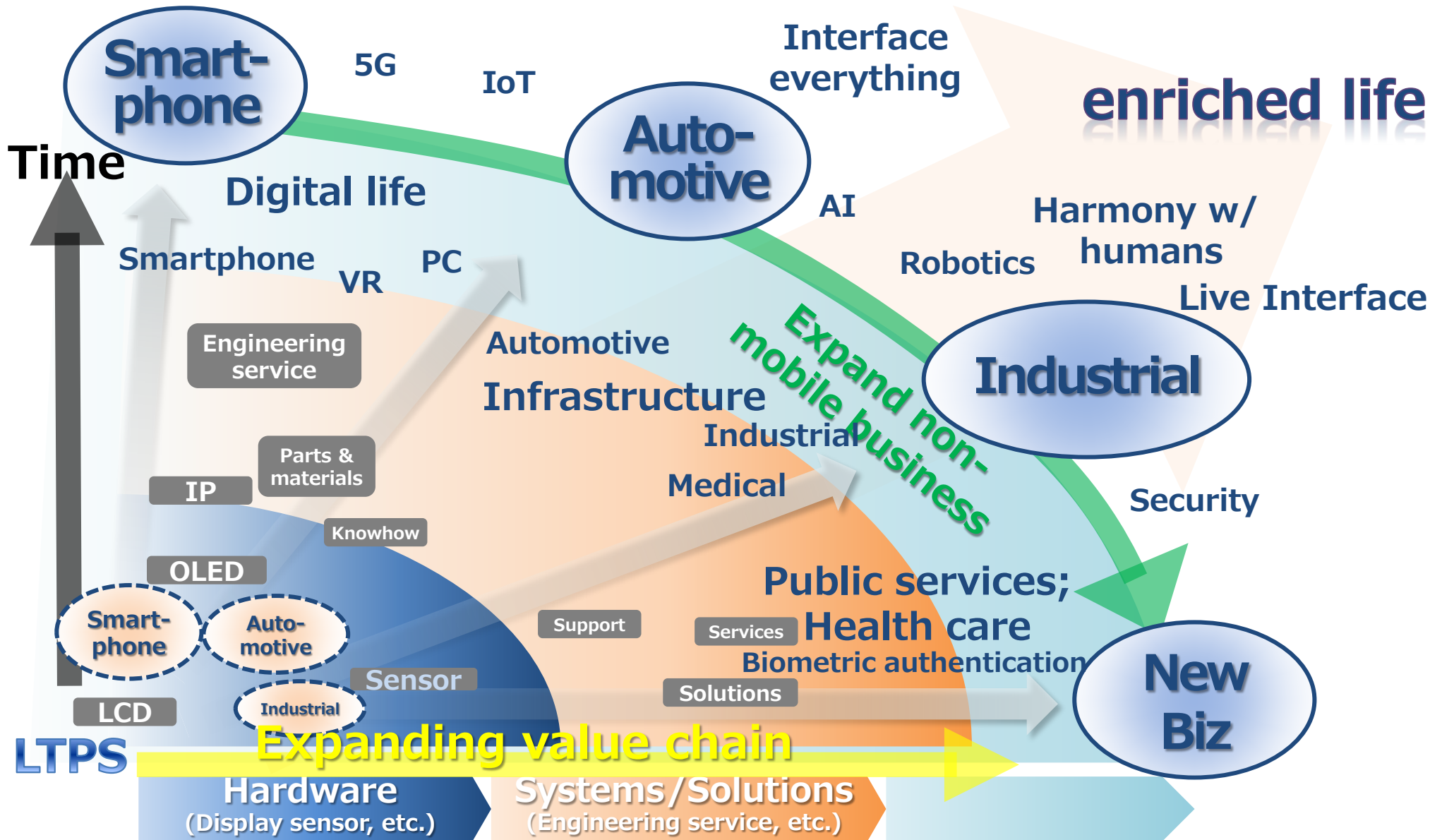
Nobuhiro Higashiiriki
Chairman & CEO

August 9, 2017

Agenda

- **JDI's vision**
- **2 months review since in office**
 - JDI's strength
 - Past 5 years performance
 - Fundamental reforms required
- **Management reform policy:
“the Foundation of New JDI”**
- **Outline of medium-term management plan**
 - Medium-term roadmap
 - Outline of structural reforms
 - Output of structural reforms
 - Business portfolio of New JDI
- **New JDI's commitment**

JDI's Vision

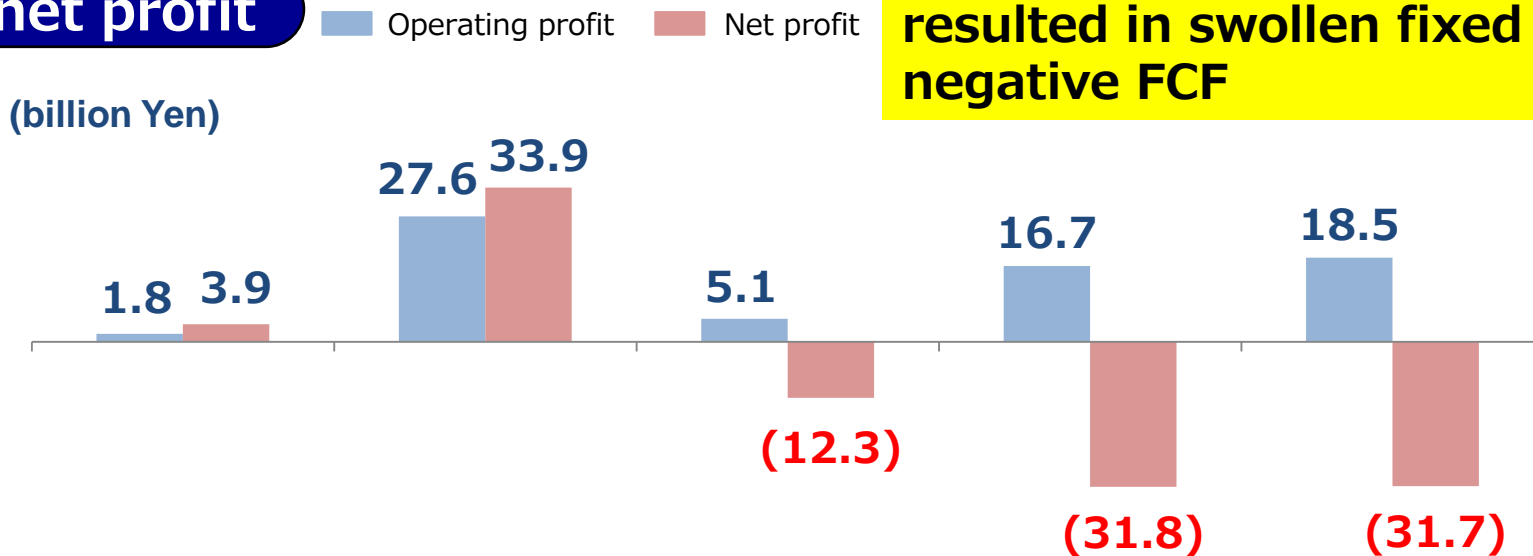


2 Months Review Since in Office: JDI's Strength

- **World's No. 1 LTPS technology for displays (high resolution, low power consumption, narrow bezels, etc.)**
- **Outstanding product lines and strong relationship between world's first-class partners**
- **JOLED, leading printing OLED technology firm, as a group company**

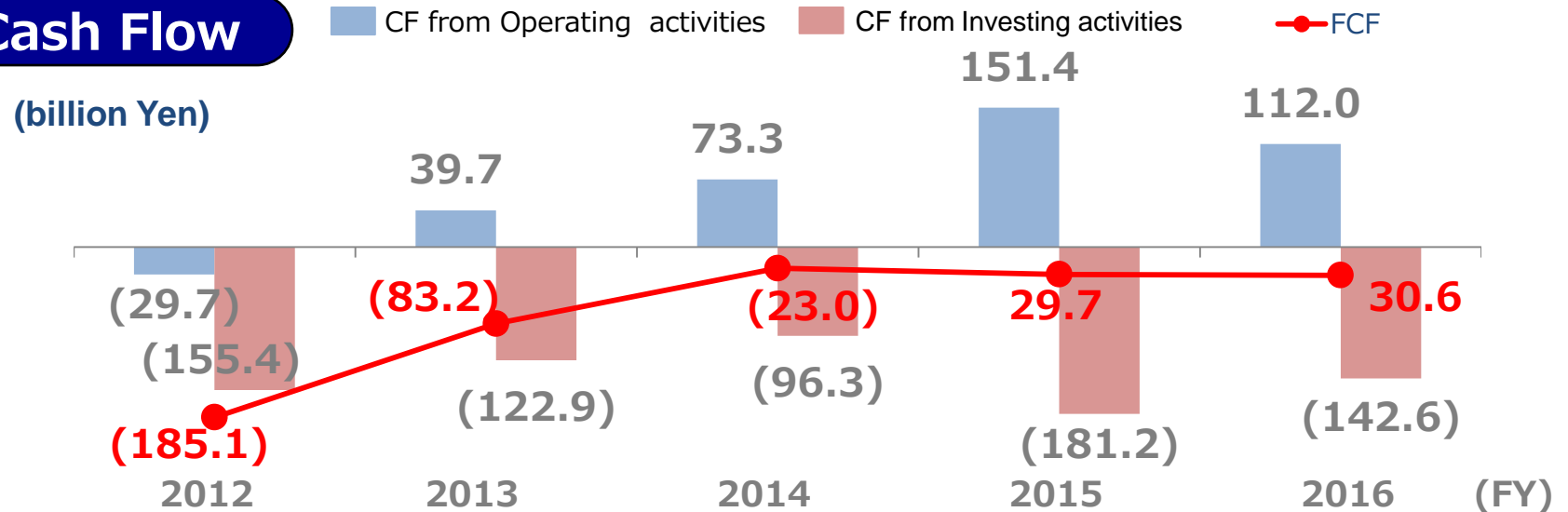
2 Months Review: Past 5 Years Performance

Op. & net profit



Past massive capital expenditures resulted in swollen fixed cost & negative FCF

Free Cash Flow



2 Months Review: Fundamental Reforms Required

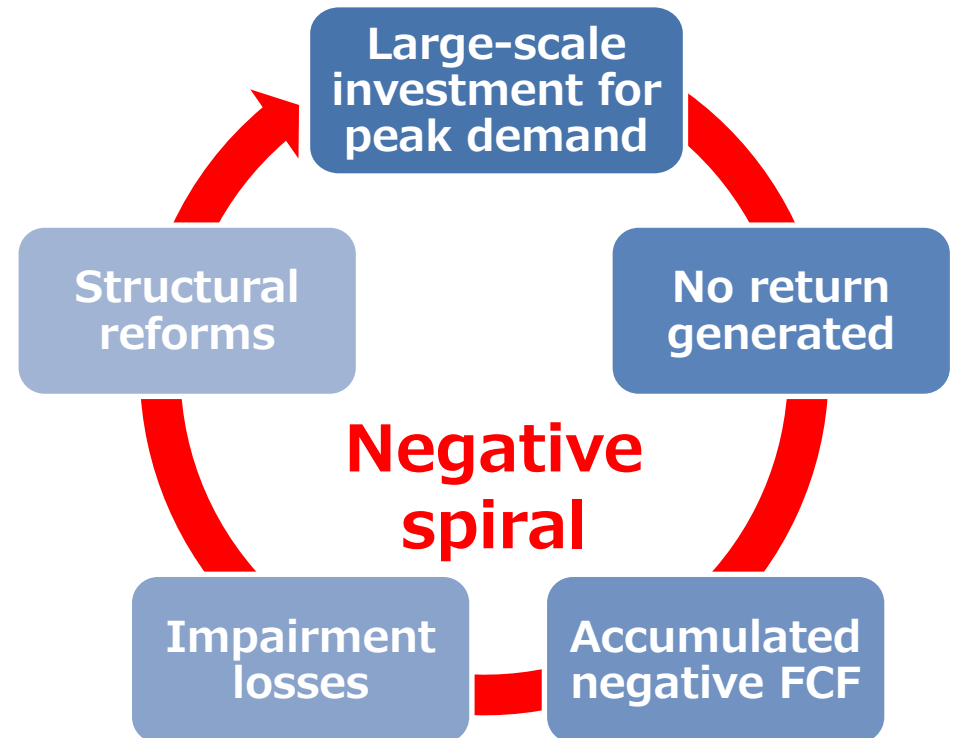
Departure from “negative spiral of business”,
“Scrap and Build” with No Boundaries

Fail to “Select and Eliminate”
resources to business demand

“Negative spiral of business”

Drastic Management Reforms
to become a profitable company

“Foundation of
New JDI”



Selection and Elimination

Establish "new JDI" that can secure robust profit

Scrap and Build

Reform earning structure & accelerate growth strategy for new business areas

Outline of Medium-Term Management Plan

Scrap and Build

FY16

FY17

FY18

FY19

Drastic Reforms

OLED & automotive as core biz

Complete in one year

**Structural Reform/
Earning Structure**

- Reduce excess production capacity
- Toward ¥650bn break-even sales

Scrap

**Op. profit: ¥40bn+
(OPM 5%)
FCF: ¥30bn+**

Build

Accelerate OLED mfg. technology & commercialization

- Become a leading company of OLED with evaporation & printing tech.
- Develop partnerships with global companies

Shift resources to growth areas

- Strengthen growth areas (automotive, industrial & new biz)
- Implement "company system" by biz scheme

Outline of Medium-Term Mgmt Plan: Structural Reforms

¥50bn/year fixed cost reduction through “Scrap & Build”

Strategic Direction

Select & eliminate, Shift resources to growth area (OLED, automotive, new biz)

Reduce excess production capacity

Clarify lines of responsibility for earnings

Redesign role & responsibility

Create responsive structure

Reform HR scheme

Structural reforms

Front-end mfg. in Japan

Dec. 2017: Production halt at Nomi Plant. Plant may be used by JOLED afterward.

Back-end mfg. overseas

Eliminate & consolidate oversea mfg. sites; and use of EMS

Write down biz & idle assets

Write down assets for fixed cost reduction

Integration of OLED pilot line

Abolish Ishikawa OLED pilot line & integrate to Mobara G6 OLED line

“Company system”

Establish organization system by customer

Organization streamlining

Improve production efficiency. Reduce workforce & streamline layers

(Approx. ¥170bn extraordinary losses expected in FY17, of which ¥30bn is cash payments)

Outline of Medium-Term Mgmt Plan: Output

Achieve ¥40bn operating profit & 5% OPM in FY 2019

Break-even sales

¥830bn

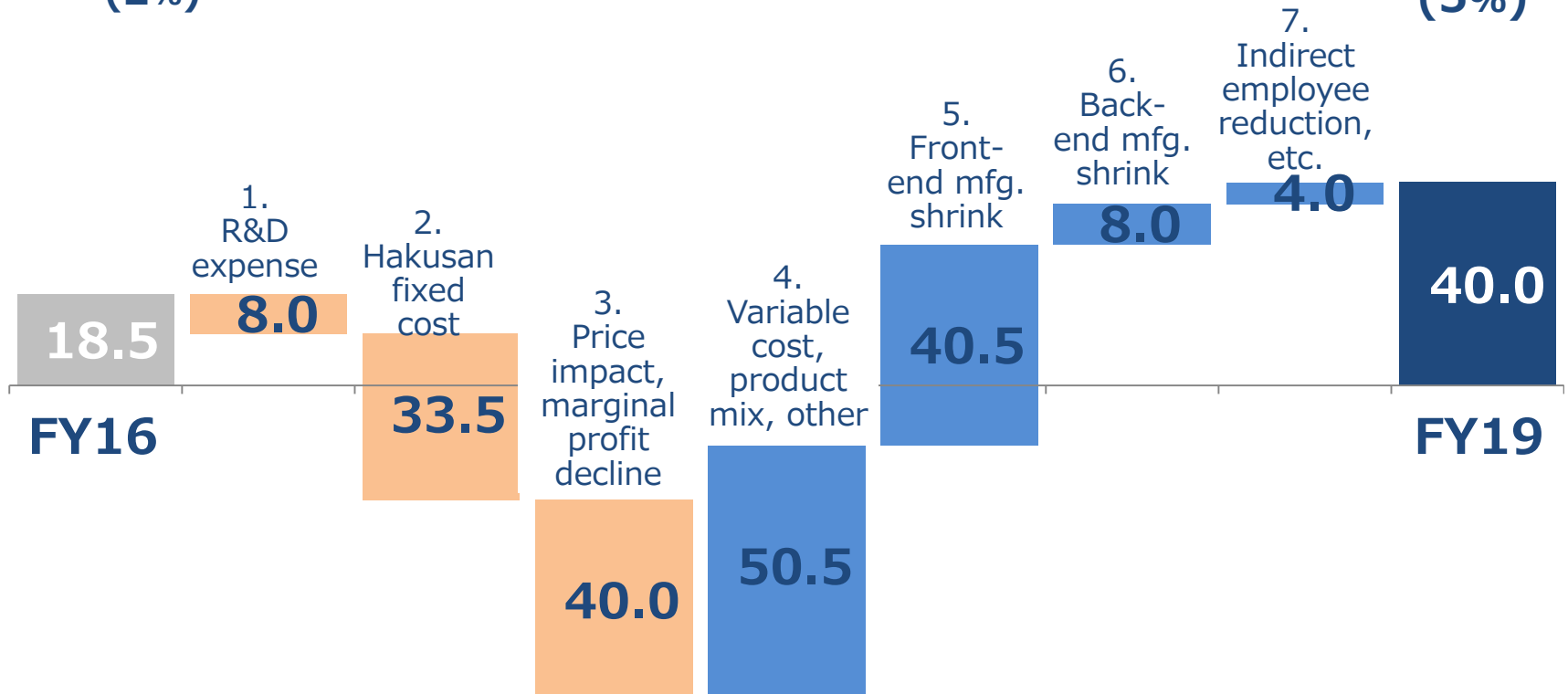
¥650bn

Op. profit (%)

¥18.5bn
(2%)

¥40bn
(5%)

FY16-19
operating profit change



Outline of Medium-Term Mgmt Plan: New JDI's Biz Portfolio

Automotive: core revenue base, Smartphone: high value-added with OLED, New business: third business pillar

19%

25%

30%

45%=<

Non-mobile

Sales
breakdown
by product
category

FA-LCD
Profit
contribution

Non-mobile
+
FA-OLED
Profit
contribution

New business
DSB

Automotive
Industrial

FA-OLED

FA-LCD

LCD

FY16

FY18

FY19

FY21

OP margin

2.1%

3%

5%

7%=<

*FA: FULL ACTIVE™

New JDI Commitment

1. Reduce annual fixed costs by ¥50bn & achieve ¥650bn break-even sales thru drastic reforms
2. Establish partnership with global companies
3. Shift company resources to growth areas for sustainable profits & positive cash flow
 - Mobile : Make Profit with FA-LCD,
Achieve high added-value with OLED
 - Automotive : Establish as core revenue base
 - New business: Nourish 3rd business pillar



Achieve ¥40bn operating profit & 5% OPM in FY 2019



Forward Looking Statement:

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