



Japan
Display
Inc.
Group

First Quarter of FY 2018

Consolidated Financial Results

Japan Display Inc.

August 8, 2018

1Q-FY18 Results & FY 2018 Guidance

Takanobu Oshima
Chief Financial Officer

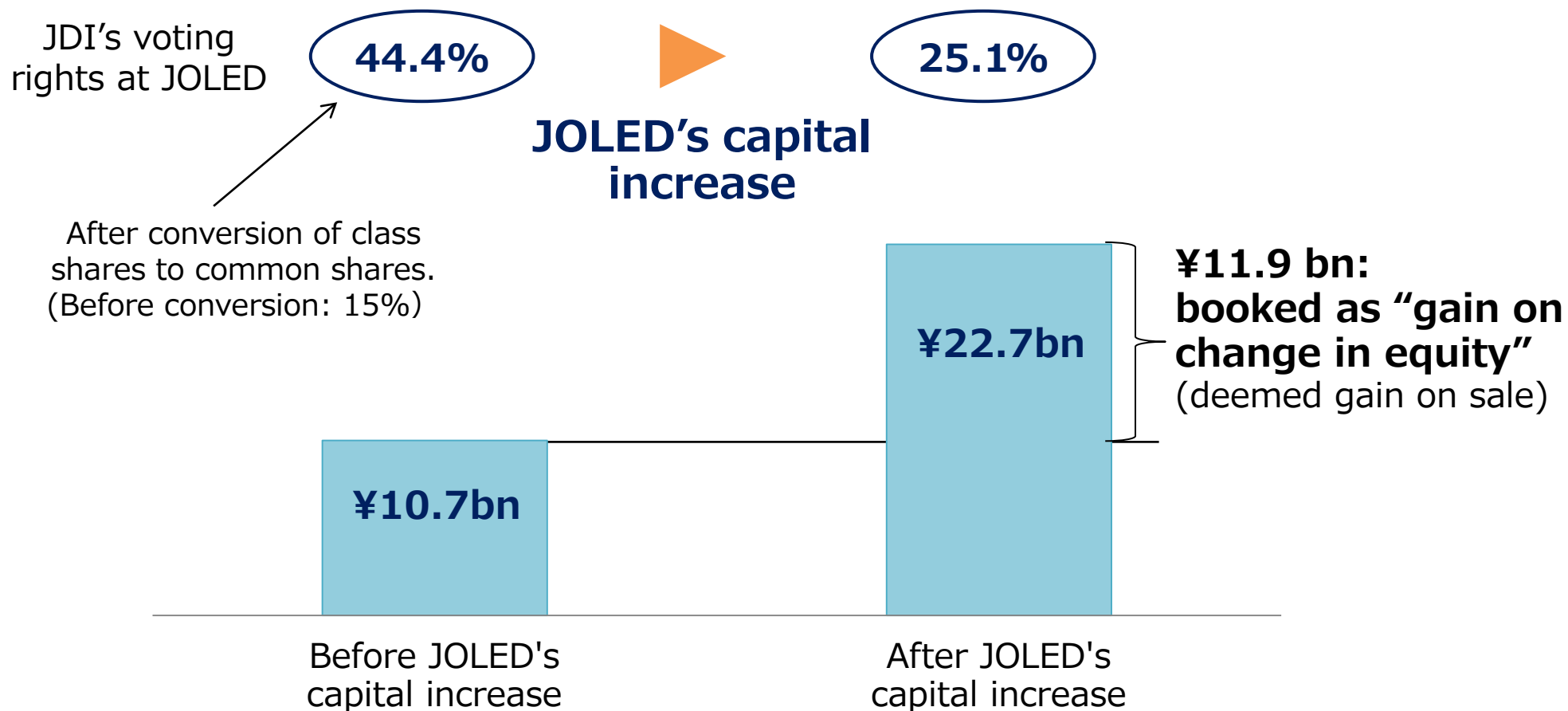
1Q-FY18 Topics

- 1Q sales were down YoY & QoQ due to lower smartphone display demand but restructuring-related fixed cost benefits shrunk op. loss
- Forex gain: ¥2.3bn (non-operating income)
Equity-method loss: ¥3.1bn (non-operating expense)
Gain on change in equity: ¥11.9bn (extraordinary income)
- Extraordinary income contributed to reducing the 1Q net loss to ¥1.8bn
- Nomi Plant transferred on June 29 & ¥20bn was received. Together with a 3rd-party allotment of ¥35bn, ¥55bn will be applied to boosting production of FULL ACTIVE™.

	Net sales	Operating profit	Ordinary income	Net income	Dep. & Amort.	R&D expense	FX rate (¥/US\$)
1Q-FY18	103.3	(9.8)	(12.7)	(1.8)	12.1	4.1	109.1
4Q-FY17	151.9	(22.9)	(35.1)	(146.6)	21.4	4.5	108.2
1Q-FY17	188.6	(14.4)	(20.6)	(31.5)	24.8	5.6	111.1

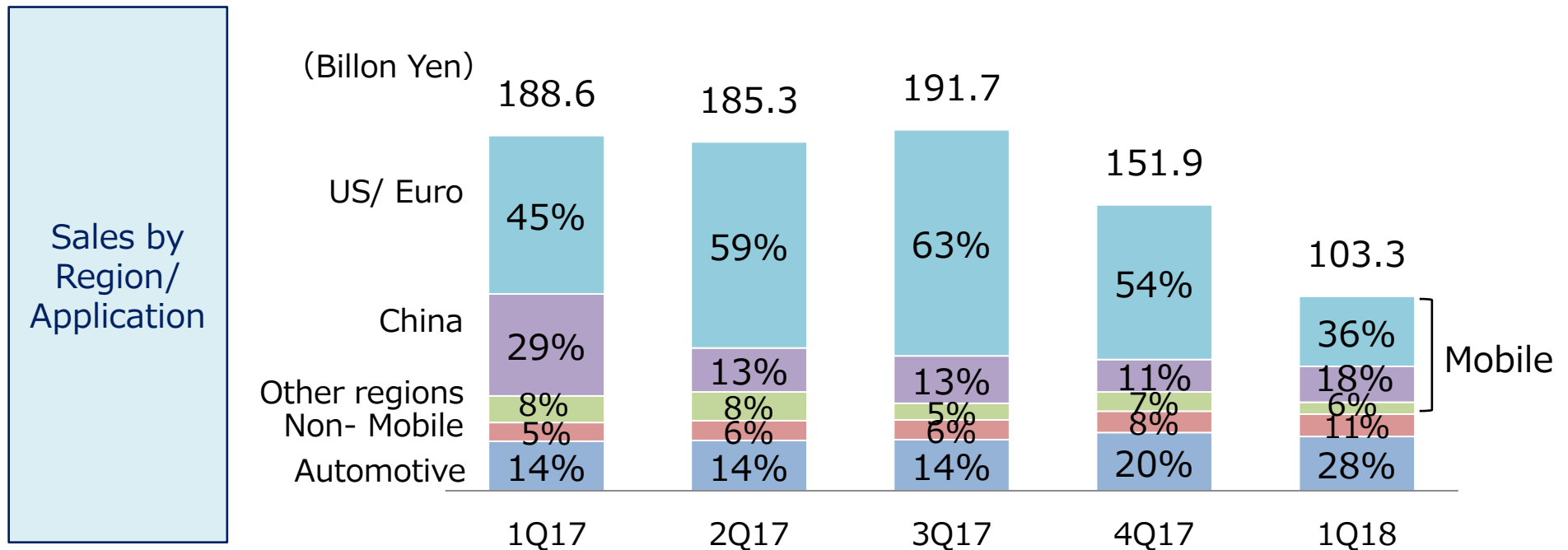
Gain on Change in Equity (Extraordinary Income)

JDI's share of JOLED's net assets (June end)



Business Conditions

- 1Q18 total sales roughly in line with forecast (down 30% QoQ)
- 1Q18 US/Eur sales greatly lower due to seasonal factors & inventory adjustments. China sales down greatly YoY due to customers adopting OLED and stiffer competition but up QoQ. Steady automotive sales.
- 2Q18 sales expected to be up 40-50% QoQ on higher shipments of FULL ACTIVE™. Forecast further sales increase in 2H.



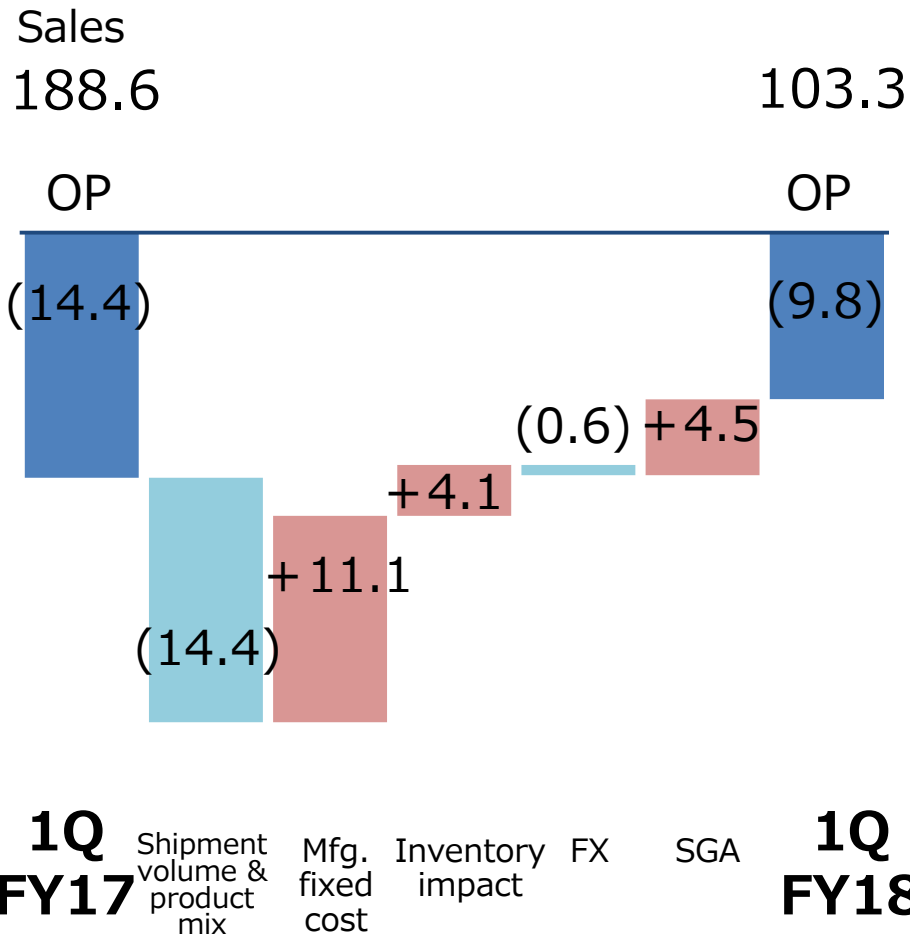
Operating Results

(Billion yen)

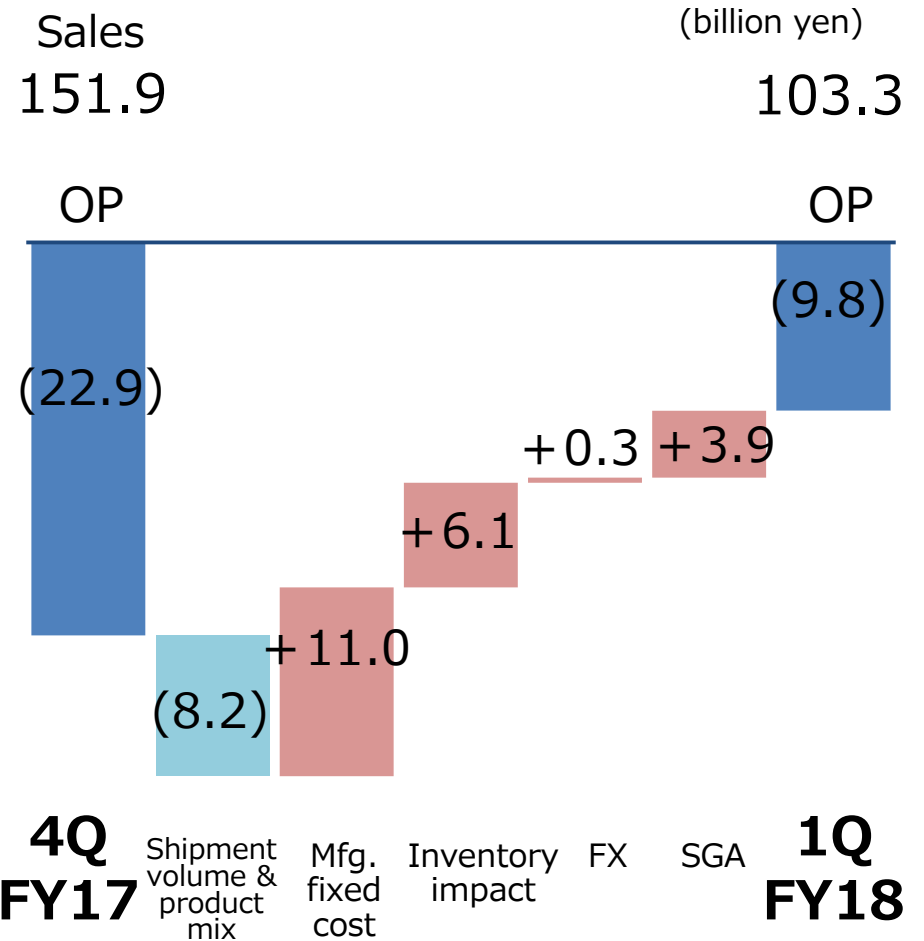
	Q1-FY18	Q1-FY17	YoY Chg.		Q4-FY17	QoQ Chg.	
Net sales	103.3	188.6	(85.3)	-45.2%	151.9	(48.7)	-32.0%
Cost of sales	102.1	187.5	(85.5)	-45.6%	159.9	(57.8)	-36.1%
Gross profit (loss)	1.2	1.0	+0.2	+15.0%	(7.9)	+9.1	-
	1.2%	0.6%			-5.2%		
SG&A	11.0	15.5	(4.5)	-28.9%	14.9	(3.9)	-26.2%
Operating profit (loss)	(9.8)	(14.4)	+4.6	-	(22.9)	+13.0	-
	-9.5%	-7.7%			-15.0%		
Net non-op. income (expenses)	(2.9)	(6.2)	+3.3	-	(12.3)	+9.4	-
Ordinary income (loss)	(12.7)	(20.6)	+7.9	-	(35.1)	+22.4	-
	-12.3%	-10.9%			-23.1%		
Net extraordinary income (loss)	11.9	(2.7)	+14.6	-	(111.1)	+123.0	-
Income (loss) before tax	(0.8)	(23.3)	+22.5	-	(146.2)	+145.4	-
	-0.7%	-12.3%			-96.2%		
Income taxes	0.9	7.9			0.4		
Income (loss) attributable to owners of the parent	(1.8)	(31.5)	+29.7	-	(146.6)	+144.8	-
	-1.7%	-16.7%			-96.5%		
EBITDA	2.0	8.1	(6.1)	-75.0%	(4.7)	+6.8	-
	2.0%	4.3%			-3.1%		
Avg. FX rate (JPY/USD)	109.1	111.1			108.2		
Q-End FX rate (JPY/USD)	110.5	112.0			106.2		

Operating Profit Change Factors

vs. Previous Year (1Q-FY17)



vs. Previous quarter (4Q-FY17)



Balance Sheet

(Billion yen)

	6/2018	3/2018
Cash and deposits	78.9	80.9
Accounts receivable	64.2	82.9
Other receivables	37.6	42.8
Inventories	69.2	58.2
Others	8.4	6.1
Total current assets	258.4	270.8
Non-current assets	327.9	343.9
Total assets	586.2	614.6
Accounts payable	98.3	117.8
Interest-bearing debt	175.9	188.1
Advance receipts	121.0	128.3
Other liabilities	76.8	98.4
Total liabilities	472.0	532.6
Total net assets	114.2	82.0
Shareholders' equity ratio	19.2%	13.1%
Net debt	97.0	107.2
Merchandise and finished goods	20	10
Work in process	29	15
Raw materials and supplies	13	8
Days in inventory*	61	33

Note: 3rd-party allotment (¥35bn) implemented April 25

*Days in inventory = Inventory / Cost of goods sold × 90days

Cash Flows

■ Financial Report: JGAAP

(advance receipts are included in Operating CF)

(Billion yen)

	Q1-FY18	Q1-FY17
Income bef. income taxes	(0.8)	(23.3)
Dep. & Amort.	12.1	24.8
Working capital	(5.3)	7.4
Advance receipts	(7.3)	(17.9)
Structural reform cost	-	2.7
Other	(23.9)	2.4
CF from operating activities	(25.1)	(3.9)
Acquisitions of P&E	(11.6)	(16.2)
Other	11.3	(1.5)
CF from investing activities	(0.3)	(17.7)
CF from financing activities	22.9	0
Ending bal., cash & equiv.	78.9	60.9
Free cash flow	(25.4)	(21.6)

Operating CF "Other" items:

Decrease in accrued expenses ¥(5.2) bn

Gain on change in equity: ¥(11.9) bn

Investing CF "Other" items:

Proceeds from sale of non-current assets ¥18.8 bn

Payments for sales of shares of subsidiaries ¥(6.6) bn

■ Internal business administration

(advance receipts are regarded as long-term liabilities & included in CF)

(Billion yen)

	Q1-FY18	Q1-FY17
Income bef. income taxes	(0.8)	(23.3)
Dep. & Amort.	12.1	24.8
Working capital	(5.3)	7.4
Structural reform cost	-	2.7
Other	(23.9)	2.4
CF from operating activities	(17.9)	14.0
Acquisitions of P&E	(11.6)	(16.2)
Other	11.3	(1.5)
CF from investing activities	(0.3)	(17.7)
Advance receipts	(7.3)	(17.9)
Other	22.9	0.0
CF from financing activities	15.6	(17.8)
Ending bal., cash & equiv.	78.9	60.9
Free cash flow	▲ 18.1	(3.7)

Note: JDI views "Advance receipts" as equivalent to long-term liabilities and manages them internally by situating them in cash flow from financing activities.

Business Conditions

- Impact of record heavy rains in July in western Japan on suppliers etc. expected to be limited.
- Now revising medium-term plan in light of changes in the market. Plan to announce revised plan in Nov.
- Choosing a global partner continues while taking into account OLED mass mfg. investment timing
- ¥107.0bn commitment line contract renewed (contract period: Aug. 8, 2018 to Aug. 7, 2019)

FY 2018 Guidance

- Process of boosting FULL ACTIVE™ production on schedule
- 2Q sales forecast: up 40-50% QoQ; operating loss expected to continue due to product mix etc. but smaller loss QoQ (expecting black in Sept)
- No change in full-term outlook. Sales & income expected to improve based on big sales jump in 2H
- Anticipate a full-term net profit based on better 2H operating income, lower equity-method losses & non-operating depreciation and 1Q booking of extraordinary gain etc.

(Billion yen)	FY16 Actual	FY17 Actual	FY18 Est.
Net Sales	884.4	717.5	YoY up 10-20%
Operating profit (loss)	18.5	(61.7)	OP Margin 2-3%
Depreciation	90.2	91.2	(5/15 Est. 54.0) ⇒ 51.0
R&D Costs	13.9	19.2	20.0
Capex	133.4	49.5	(5/15 Est. 67.0) ⇒ 58.0

FY18 FX assumption : 1UD\$ = JPY105

FY2018 Key Action Items

Yoshiyuki Tsukizaki
President & COO

FY2018 Key Action Items

■ Ensuring operating performance recovery

- ✓ Reap structural reform benefits & operations reforms (CFT) continue
- ✓ Generate a net profit this fiscal year
- ✓ Regain the market's confidence

■ Maximize enterprise value

- ✓ Further strengthen relations with customers & suppliers
- ✓ Develop new business domains
- ✓ Create partnership with a global corporate while considering changes in display market



Forward Looking Statement:

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