



Japan
Display
Inc.
Group

**Japan Display Inc.
Third Quarter of FY 2014
Consolidated Financial Results**

February 12, 2015

1. 3Q-FY2014 Financial Results

2. Outlook & Recent Topic

FY 2014 3Q Financial Results Summary

- Large demand from a major customer & weaker yen enabled 3Q sales and op. income to finish above our expectations as of the announcement of 2Q results.
- The weak yen brought major improvement in 3Q net income.
- Improved operating cash flow resulted in positive free cash flow & helped returning to net cash (cash and deposits minus interest-bearing liabilities).
- With demand running strong, Mobara G6 line started to expand to 50K sheets/mo. 3Q capacity utilization was above 80% (pilot production included).
- However, customer mfg. issues & new smartphone development delays slowed sales to China. Also, the cost of rapid production increases & other factors undercut optimal earnings.

3Q-FY 2014 Financial Results

(Billion yen)

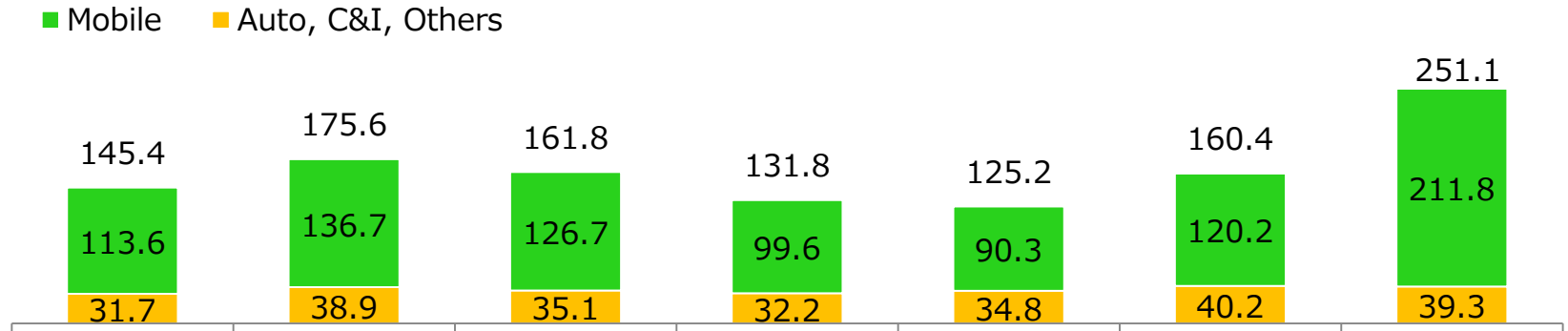
	3Q-FY14	3Q-FY13	YoY Chg.	2Q-FY14	QoQ Chg.
Net sales	251.1	161.8	+55.2%	160.4	+56.6%
Cost of sales	224.4	142.4		155.6	
Gross profit	26.7	19.4	+37.7%	4.8	+455.0%
	10.6%	12.0%		3.0%	
SG&A	12.0	11.2		12.4	
Operating income	14.7	8.2	+79.5%	(7.6)	-
	5.9%	5.1%		-4.7%	
Non-operating profit (loss)	3.6	0.8		2.0	
Ordinary income	18.3	9.0	+104.0%	(5.6)	-
	7.3%	5.6%		-3.5%	
Extraordinary income (loss)	1.1	0.0		(2.1)	
Net income	19.2	6.9	+175.8%	(11.0)	-
	7.6%	4.3%		-6.8%	
EBITDA	32.0	24.4	+30.9%	9.8	+225.3%
	12.7%	15.1%		6.1%	
Depreciation & amortization	17.4	17.4	-0.1%	17.5	-0.7%
R&D expenses	3.3	4.3	-23.9%	4.0	-17.4%
Avg. FX rate (JPY/USD)	114.4	100.4	-	103.8	-
Mobile Category sales ratio	84.4%	78.3%	-	74.9%	-
Unit shipments			+27%		+23%
Blended ASP			+23%		+29%

Quarterly Results of Operations

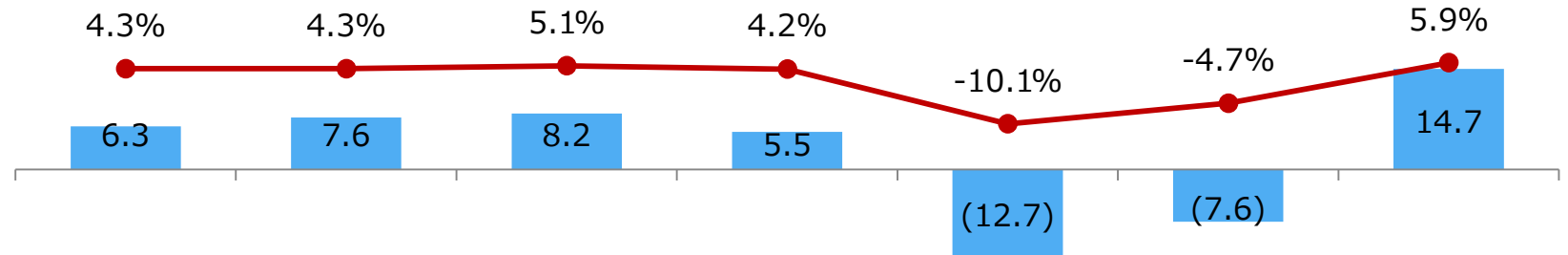
Quarterly Results

(Billion yen)

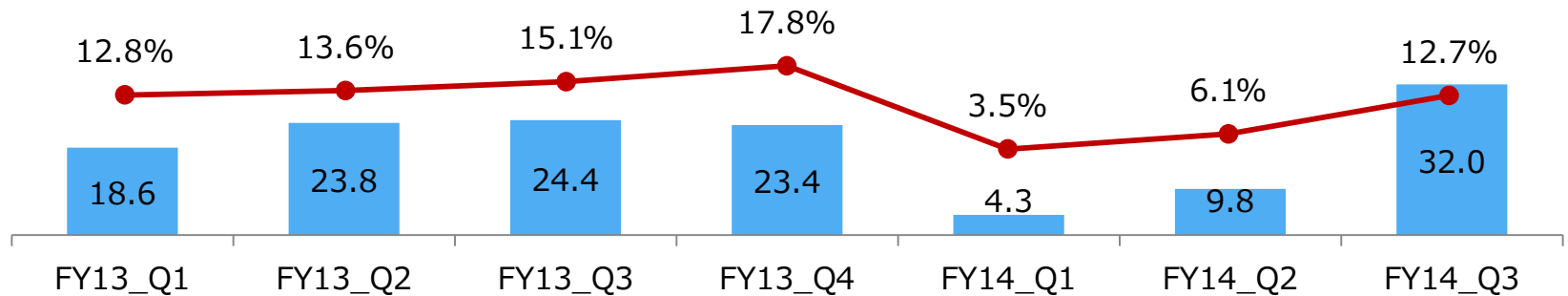
Net sales



Operating income



EBITDA



3Q-FY2014 Operating Income Analysis (YoY)

Operating Income Analysis (YoY)



Note: JDI's ASP rose YoY mainly due to higher shipments of larger size display panels and display modules with cover glass. However, a same-product comparison shows selling prices fell YoY in the 3Q, resulting in an overall negative earnings impact.

3Q-FY2014 Balance Sheet

Returned to net cash; big improvement in days in inventory

(Billion yen)

	12/2014	9/2014	3/2014
Cash and deposits	89.1	71.2	141.4
Accounts receivable	159.6	124.9	97.1
Other receivables	78.6	48.3	23.4
Inventories	109.7	103.0	90.6
Total current assets	463.4	376.9	378.5
Property, plant and equipment	356.4	360.3	343.8
Total assets	858.1	775.2	759.0
Accounts payable	221.2	147.6	101.6
Interest-bearing debt	86.6	96.3	102.5
Advance payments	52.1	56.1	66.8
Total liabilities	452.2	394.4	353.8
Total net assets	406.0	380.7	405.1
Shareholders' equity ratio	47.1%	49.0%	53.3%
Net debt to equity ratio	-0.6%	6.6%	-9.6%
Merchandise and finished good	12	20	17
Work in process	18	26	33
Raw materials and supplies	9	12	12
Days in inventory	39	58	62

3Q-FY 2014 Cash Flow

Free cash flow was positive for the first time in 3Q

(Billion yen)

	1Q-3Q FY14	3Q-FY14	2Q-FY14	1Q-FY14
Income before income taxes	(5.2)	19.4	(7.7)	(16.9)
Depreciation and amortization	52.0	17.4	17.5	17.1
Working capital ⁽¹⁾	(2.4)	14.6	(6.5)	(10.6)
Decrease in advance receipts	(14.8)	(4.0)	(5.5)	(5.2)
Cash flow from operating activities	28.5	43.0	(1.3)	(13.3)
Acquisitions of property and equipment	(70.4)	(22.2)	(24.6)	(23.6)
Cash flow from investing activities	(62.4)	(14.9)	(24.7)	(22.9)
Cash flow from financing activities	(20.4)	(10.9)	4.0	(13.5)
Beginning balance, cash and equivalents	141.4	71.2	91.2	141.4
Increase in cash and equivalents	(52.3)	17.9	(20.0)	(50.2)
Ending balance, cash and equivalents	89.1	89.1	71.2	91.2
Free cash flow ⁽²⁾	(34.0)	28.2	(25.9)	(36.2)

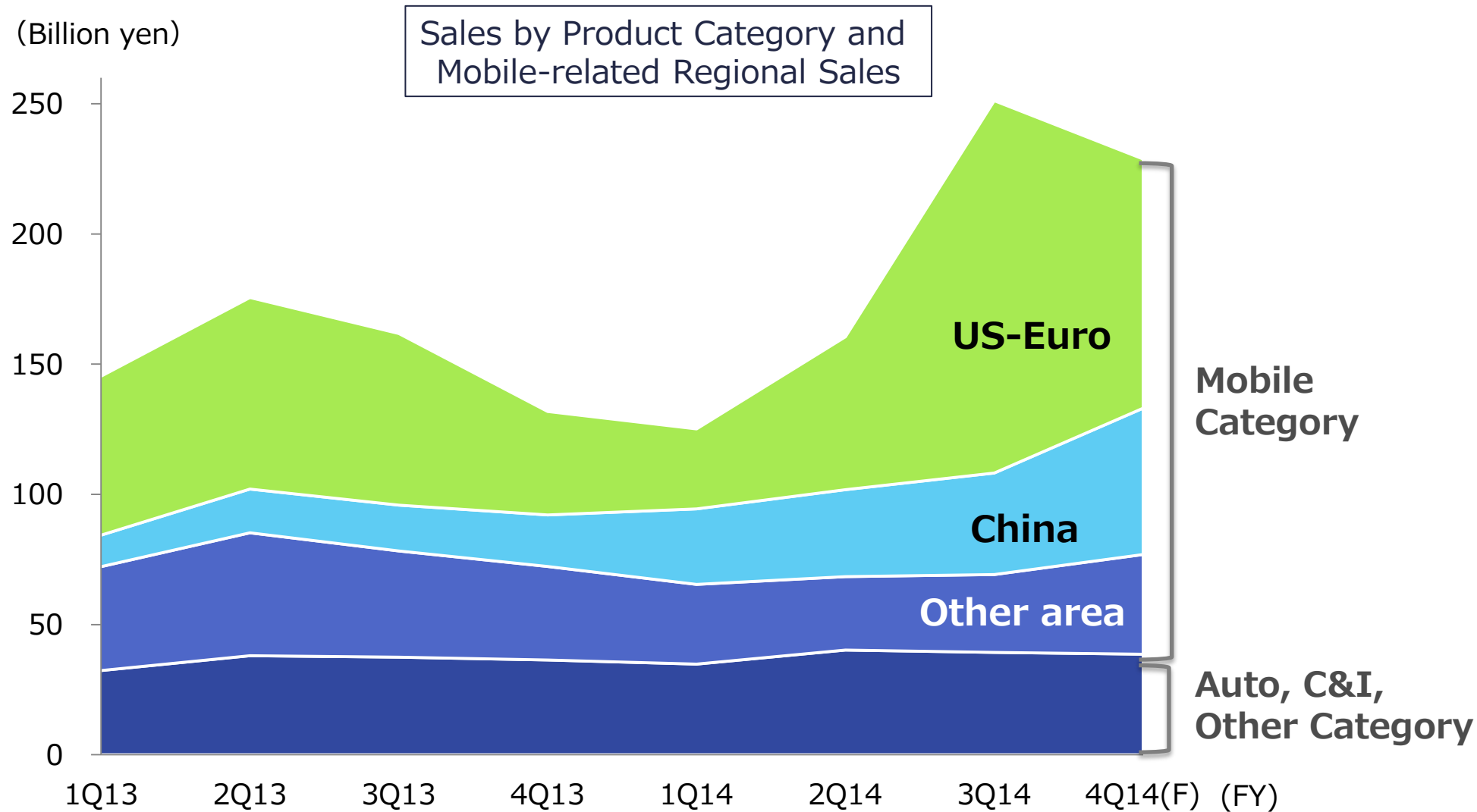
(1) Working capital = + Accounts receivable + Inventories + Accounts payable + Other receivables

(2) Free cash flow = Cash flow from operating activities + Cash flow from investing activities

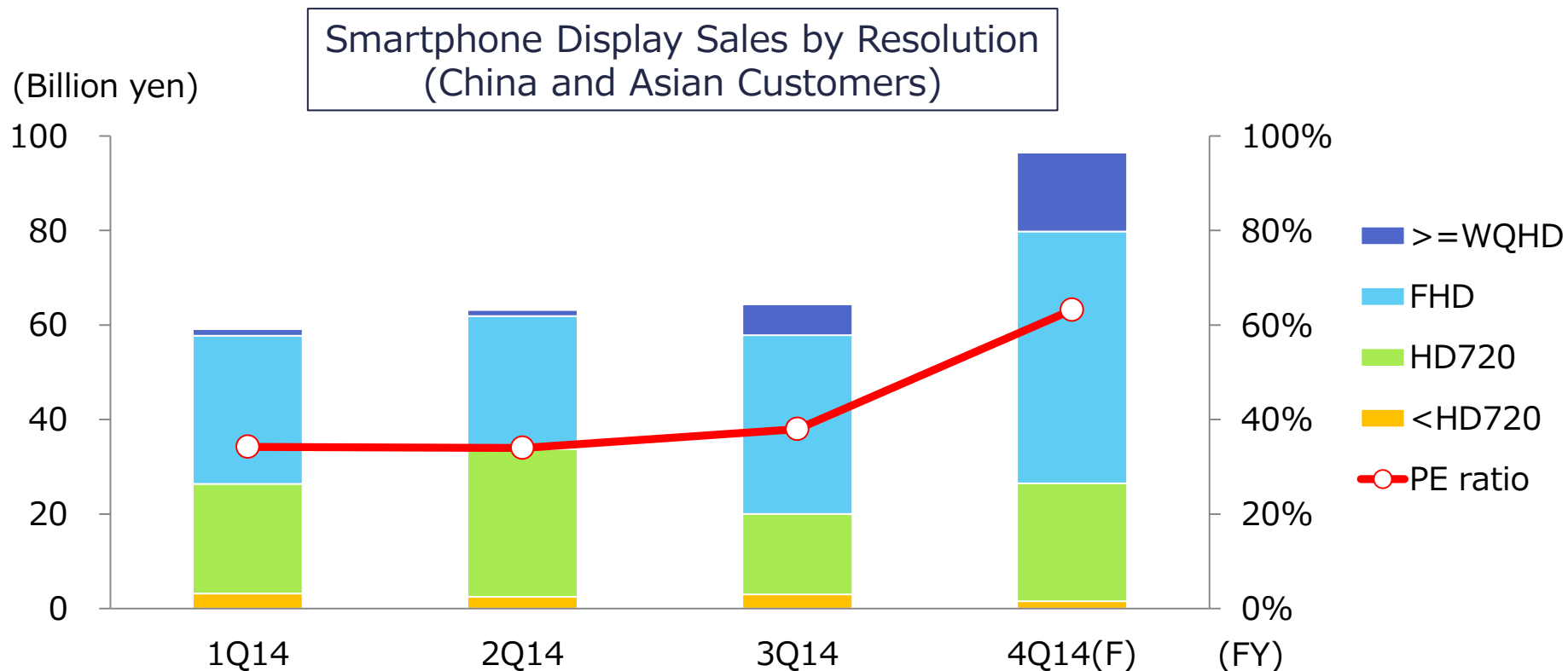
1. 3Q-FY2014 Financial Results

2. Outlook & Recent Topic

Quarterly Sales by Product Category and Sales Region



Smartphone Display Sales to China/Asian by Resolution



- 3Q: Short of expectations due to customer product development delays & other issues
- 4Q and after: Higher resolutions & trend of higher Pixel Eyes™ ratio to continue, but progress of new product intros by China/Asia customers & competition with strong-selling iPhone 6 in China market require caution.
- FY 2014 Y180bn sales-to-China forecast likely to fall 10% short. 4Q and after: High possibility of tight mfg. capacity expected. JDI will place emphasis on profitability.

FY 2014 Earnings Forecast and 4Q guidance

	9 mo ended Dec 31, 2014 (A)	FY2014 Forecast (B)	(B-A)	Advance- ment
Net sales	536.7	740.0	203.3	72.5%
Operating income	▲ 5.6	6.5	12.1	-
Ordinary income	▲ 4.2	1.5	5.7	-
Net income	▲ 8.6	▲ 12.1	▲ 3.5 ⁽¹⁾	-
EBITDA	46.2	77.1	30.9	59.9%
Annual Dividend		0 yen		

(1) 4Q set to record extraordinary loss of ¥7bn on closure of Fukaya Plant (announced Oct. 15, 2014)

Guidance for 4Q-FY14

- Sales: Although sales to a major customer fall QoQ demand should stay solid; higher Pixel Eyes™ shipments to other customers expected.
- Operating income: Product development delays at China/Asia customers etc. could cause shipments to slip. There is room to reduce the cost of rapid production increases.
- Recurring & net income: Forex losses possible if yen strengthens compared with end-Dec.

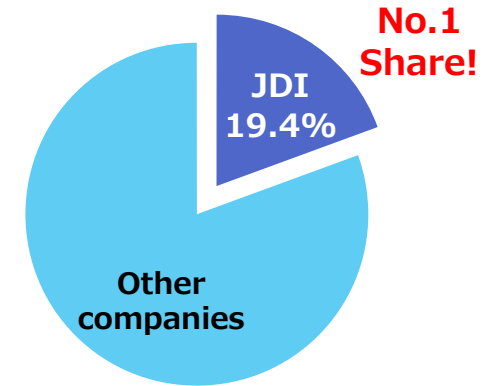
Sales Expectation by Resolution and Customer Region

		3Q14 Sales (A)		4Q14 Sales	1Q15 Sales
		vs. Nov.13 expectation	QoQ	QoQ FCST	QoQ FCST
WQHD	China/Asia				
Full-HD	Global smartphone manufacturers				
	Largest customer				
HD720	China/Asia				
	Pixel Eyes™				

Recent Topic: Automotive Display Module Assembly Capacity Enlarged

- Given expected automotive display demand, Kaohsiung Opto-Electronics Inc. (KOE, a Taiwan subsidiary) will expand module assembly capacity for automobile displays (announced Jan. 22)
- Goal by end-FY 2016 is to boost 7-inch and above display module assembly capacity from current 180K pcs./mo. to 450K pcs./mo. (group total: Above 1.2mn pcs./mo.)

CY14 automotive display market share

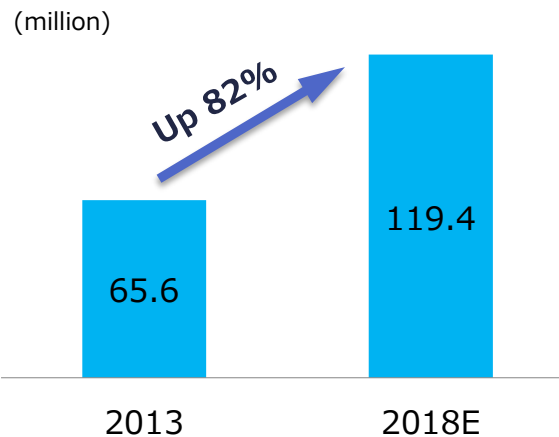


Source: DisplaySearch (January 2015)

Cockpit display (Innovation Vehicle 2014)



Automotive display market



Source: DisplaySearch (January 2015)

JDI automotive sales forecast





Forward Looking Statement:

Any information related to market trends or industries mentioned in this document is based on information available at present and JDI does not guarantee that this information is accurate or complete.

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