



Japan
Display
Inc.
Group

Second Quarter of FY 2018
(July 1, 2018 – Sep 30, 2018)
Consolidated Financial Results

Japan Display Inc.

November 12, 2018

Today's Speakers

Yoshiyuki Tsukizaki

Chief Operating Officer and President

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Chief Financial Officer

2Q-FY18 Topics

- 2Q sales: ¥111bn, up 8% QoQ. Full shipments of slim bezel LCD FULL ACTIVE™ started later than planned due to delayed supplies of some components etc.
- 2Q saw big YoY drop in sales but lower fixed costs enabled by FY 2017 structural reforms led to a lower operating loss. One-month Sep. OP was in the black.

(Billion yen)

	Net sales	Operating income	Ordinary income	Net income	Dep. & Amort.	R&D expense	FX rate (¥/US\$)
2Q-FY18	111.0	(4.7)	(6.3)	(7.8)	11.0	2.8	110.3
1Q-FY18	103.3	(9.8)	(12.7)	(1.8)	12.1	4.1	109.1
2Q-FY17	185.3	(12.4)	(19.6)	(36.6)	22.8	5.3	111.0

2Q-FY18 main non-operating income & expenses

Non-operating income: Forex gains ¥1.5bn

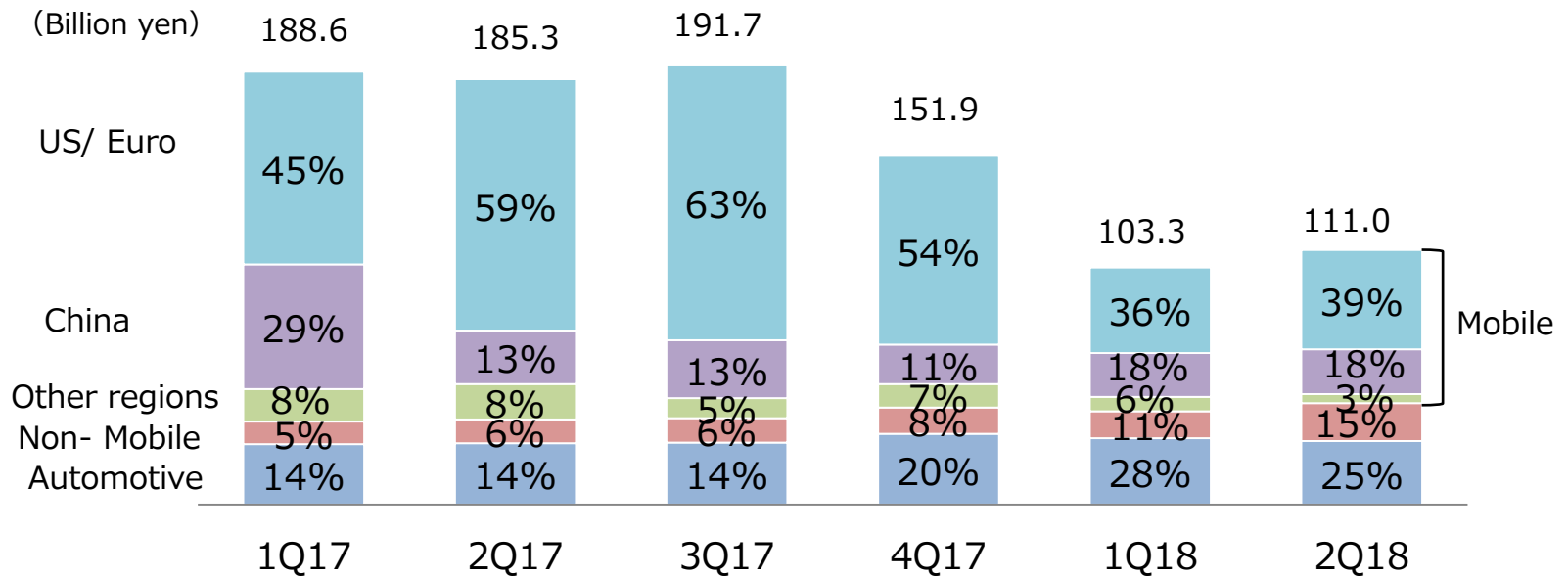
Non-operating expenses: Equity in losses of affiliates ¥1.9bn

Business Conditions

Biz
Conditions

- 2Q: Expected sales to rise 40%-50% vs. 1Q backed by higher shipments of FULL ACTIVE™ for mobile, but sales were short of forecast due to component supply delays causing display module production delays.
- In mobile displays business in China and other regions remains difficult due to customers adopting OLED & increased competition. In the non-mobile category wearable & DSC display sales were strong, up QoQ and YoY.

Sales by
Region/
Application



2Q-FY 2018 Operating Results

(Billion yen)

	Q2-FY18	Q2-FY17	YoY Chg.		Q1-FY18	QoQ Chg.	
Net sales	111.0	185.3	(74.3)	-40.1%	103.3	+7.7	+7.5%
Cost of sales	103.6	183.2	(79.6)	-43.4%	102.1	+1.5	+1.5%
Gross profit (loss)	7.4 6.6%	2.1	+5.3	+258.6%	1.2	+6.2	+516.0%
SG&A	12.0	14.4	(2.4)	-16.5%	11.0	+1.0	+9.4%
Operating income (loss)	(4.7) -4.2%	(12.4)	+7.7	-	(9.8)	+5.1	-
Net non-op. income (expenses)	(1.6)	(7.2)	+5.6	-	(2.9)	+1.3	-
Ordinary income (loss)	(6.3) -5.7%	(19.6)	+13.2	-	(12.7)	+6.4	-
Net extraordinary income (loss)	0.0	(15.3)	+15.3	-	11.9	(11.9)	-
Income (loss) before income taxes	(6.3) -5.7%	(34.9)	+28.5	-	(0.8)	(5.5)	-
Income taxes	1.2	1.2			0.9		
Net income (loss) attributable to owners of the parent	(7.8) -7.0%	(36.6)	+28.8	-	(1.8)	(6.0)	-
EBITDA	6.2 5.6%	8.1	(1.9)	-23.2%	2.0	+4.2	+206.2%
		4.4%			2.0%		
Avg. FX rate (JPY/USD)	110.3	111.0			109.1		
Q-End FX rate (JPY/USD)	113.6	112.7			110.5		

1H-FY 2018 Operating Results

(Billion yen)

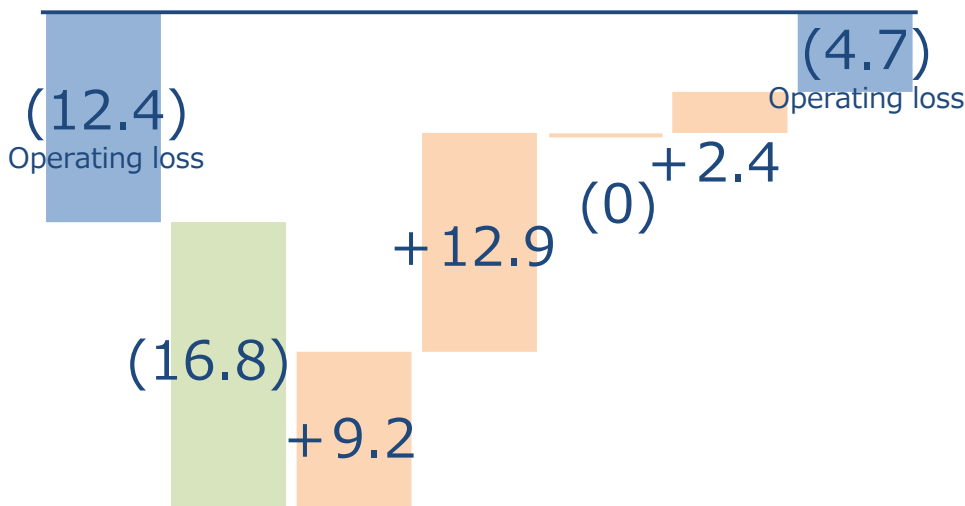
	1H-FY18	1H-FY17	YoY Chg.	
Net sales	214.3	373.9	(159.6)	-42.7%
Cost of sales	205.7	370.8	(165.1)	-44.5%
Gross profit	8.6	3.1	+5.5	+176.7%
	4.0%	0.8%		
SG&A	23.0	29.9	(6.9)	-23.0%
Operating income (loss)	(14.5)	(26.8)	+12.3	-
	-6.8%	-7.2%		
Net non-op. income (expenses)	(4.6)	(13.4)	+8.8	
Ordinary income (loss)	(19.0)	(40.2)	+21.1	-
	-8.9%	-10.7%		
Net extraordinary income (loss)	11.9	(17.9)	+29.9	
Income (loss) before income taxes	(7.1)	(58.1)	+51.0	-
	-3.3%	-15.5%		
Income taxes	2.0	9.1		
Net income (loss) attributable to owners of the parent	(9.5)	(68.0)	+58.5	-
	-4.4%	-18.2%		
EBITDA	8.3	16.2	(8.0)	-49.1%
	3.9%	4.3%		
Avg. FX rate (JPY/USD)	110.3	111.0		

Operating Profit Change Factors

vs. Previous Year (2Q-FY17)

Sales
185.3

111.0



2Q
FY17

Shipment volume & product mix

Mfg. fixed cost

Inventory impact

FX

SGA

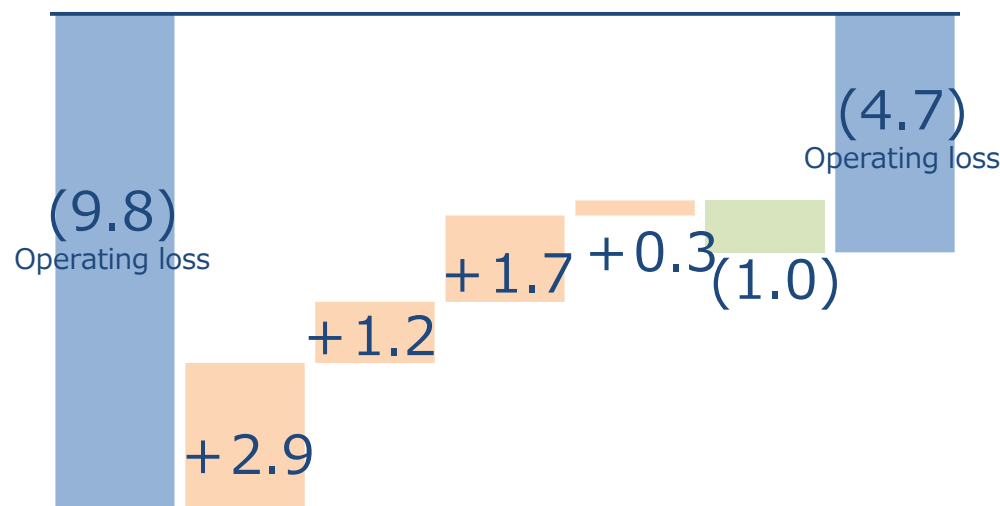
2Q
FY18

vs. Previous quarter (1Q-FY18)

Sales
103.3

(Billion yen)

111.0



1Q
FY18

Shipment volume & product mix

Mfg. fixed cost

Inventory impact

FX

SGA

2Q
FY18

Balance Sheet

	(Billion yen)			
	9/2018	6/2018	3/2018	9/2017
Cash and deposits	62.2	78.9	80.9	66.8
Accounts receivable - trade	80.9	64.2	82.9	99.8
Accounts receivable - other	67.3	37.6	42.8	84.6
Inventories	78.1	69.2	58.2	105.9
Other	20.1	8.4	6.1	5.8
Total current assets	308.5	258.4	270.8	362.9
Total non-current assets	339.9	327.9	343.9	478.1
Total assets	648.4	586.2	614.6	841.1
Accounts payable - trade	149.7	98.3	117.8	192.7
Interest-bearing debt	183.1	175.9	188.1	153.7
Advances received	115.2	121.0	128.3	143.8
Other liabilities	93.5	76.8	98.4	88.6
Total liabilities	541.5	472.0	532.6	578.8
Total net assets	106.8	114.2	82.0	262.2
Shareholders' equity ratio	16.2%	19.2%	13.1%	30.8%
Net debt	120.9	97.0	107.2	86.8
Merchandise and finished goods	25	20	10	22
Work in process	28	29	15	23
Raw materials and supplies	15	13	8	7
Days in inventory*	68	61	33	52

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

Cash Flows

■ Financial Report: JGAAP

(Advances received are included in Operating CF)

(Billion yen)

	Q1-FY18	Q2-FY18
Income bef. income taxes	(0.8)	(6.3)
Dep. & Amort.	12.1	11.0
Working capital	(5.3)	(3.5)
Advances received	(7.3)	(5.7)
Other	(23.9)	(1.4)
CF from operating activities	(25.1)	(5.9)
Acquisitions of P&E	(11.6)	(17.7)
Other	11.3	(1.2)
CF from investing activities	(0.3)	(18.9)
CF from financing activities	22.9	7.2
Ending bal., cash & equiv.	78.9	62.2
Free cash flow	(25.4)	(24.8)

Major "Other" items:

Operating CF (1Q):

Decrease in accrued expenses (Structural reform, etc.)
¥ (5.2) bn

Gain on change in equity: ¥(11.9) bn

Investing CF (1Q):

Proceeds from sale of non-current assets +¥18.8 bn

■ Internal business administration

(Advances received are regarded as long-term liabilities & included in CF)

(Billion yen)

	Q1-FY18	Q2-FY18
Income bef. income taxes	(0.8)	(6.3)
Dep. & Amort.	12.1	11.0
Working capital	(5.3)	(3.5)
Other	(23.9)	(1.3)
CF from operating activities	(17.9)	(0.1)
Acquisitions of P&E	(11.6)	(17.7)
Other	11.3	(1.2)
CF from investing activities	(0.3)	(18.9)
Advances received	(7.3)	(5.7)
Other	22.9	7.2
CF from financing activities	15.6	1.4
Ending bal., cash & equiv.	78.9	62.2
Free cash flow	(18.1)	(19.0)

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

FY 2018 Guidance

- Full shipments of FULL ACTIVE™ started in Oct. Since Oct. total sales are more than ¥100bn, we expect 3Q sales to be much higher QoQ.
- We expect solid growth in Automotive sales in the 2H. We are also seeing an increase in new business in the Non-mobile category.
- JDI will carefully monitor and respond to any swing in demand in the Mobile category.
- As previously indicated, we are targeting positive full-term net income.

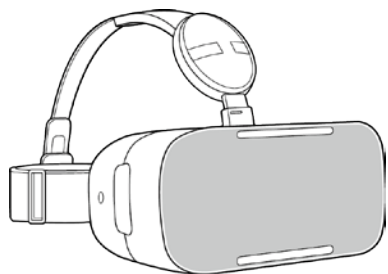
(Billion yen)	FY17 Actual	FY18 Est. (August 8)	FY18 Est. (November 12)
Net Sales	717.5	YoY up 10-20%	YoY up 5-15%
Operating income (loss)	(61.7)	OP Margin 2-3%	OP Margin 1-2%
Depreciation	91.2	51.0	48.0
R&D Costs	19.2	20.0	20.0
Capex	49.5	58.0	52.0

FY18 FX assumption : 1UD\$ = JPY105

Non-Mobile New Business Ramp Up

Ramping up new Non-Mobile businesses

VR-dedicated Ultra-high-res Display



6X higher sales vs. FY17*

- VR-dedicated ultra high-resolution/high-speed response display
- 650ppi shipments underway
- 800-1000ppi products for mass mfg. in development

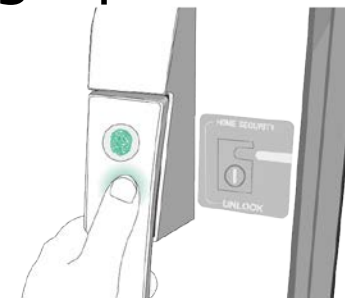
High-res Note PC Display



15X higher sales vs. FY17*

- Full Active™ like displays for PCs
- High-res & low-power consumption realized with LTPS

Glass-Based Fingerprint Sensor



Plan to start mass mfg. in FY18

- Planning start of mass mfg. of glass-based capacitive-type fingerprint sensor

* Comparison with FY18 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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