Second Quarter of FY 2014
Consolidated Financial Results

Japan Display Inc.

November 13, 2014

1. 2Q-FY2014 Financial Results & FY2014 Forecast

2. Measures for Improving Earnings

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Summary of 2Q-FY 2014 Financial Results Meeting

- Downward revision of the financial forecast for FY2014 was made on Oct 15

1H:	Net sales:	¥310.0 bn	→	¥285.6 bn
	OP:	¥1.0 bn	→	a loss of ¥20.3 bn
Full term:	Net sales:	¥750.0 bn	→	¥740.0bn
	OP:	¥40.0 bn	→	¥6.5 bn

- 2Q financial results fell below initial forecasts due mainly to product shipment delays, lower-than-expected Full-HD sales and a recorded inventory write-down

- Net sales and operating profit to improve in the 2H due to recovery in production for a large customer, higher sales of Full-HD/WQHD and Pixel Eyes™ to China and other Asian customers and cost-cutting measures

- Extraordinary loss of 2.1 bn yen for provision for doubtful accounts established in 2Q

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1H-FY 2014 Consolidated Operating Results

(Billion yen)

	1H-FY14 Actual	1H-FY14 Est. May 15	Increase/ Decrease	1H-FY14 Est. Oct 15	Increase/ Decrease
Net sales	285.6	310.0	(24.4)	286.3	(0.7)
Operating income	(20.3) -7.1%	1.0 0.3%	(21.3)	(20.9) -7.3%	0.6
Ordinary income	(22.5) -7.9%	(3.2) -1.0%	(19.3)	(22.5) -7.9%	0.0
Net income	(27.8) -9.7%	(3.2) -1.0%	(24.6)	(25.3) -8.8%	(2.5)
EBITDA	14.2 5.0%	38.3 12.4%	(24.1)	-	-

- 1H and full-term forecast announced May 15 revised on October 15 due to product shipment delays in the 2Q, lower shipments of Full-HD (HD720 shipments increased) and an inventory write-down
- Actual results for 1H were almost the same as the estimate announced on Oct.15 except for net income because of extraordinary loss booked for accounts receivables of our overseas subsidiaries

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Extraordinary Loss Taken on Accounts Receivable

- An extraordinary loss of 2.13 bn yen was recorded in 2Q for 4.26 bn yen accounts receivable from Taiwan's Wintek Corporation, a customer of JDI's subsidiaries that has filed for corporate reorganization proceedings

- Corporate reorganization proceeding in Taiwan may become a prolonged process. Since it is unclear how much Wintek can pay off receivables under a corporate reorganization plan, the remaining amount of accounts receivable will be addressed later

- The distribution of products to a smartphone maker, one of our display users, was changed prior to the filing for corporate reorganization proceedings. Outstanding receivables from Wintek will not increase in future

- For the purpose of collecting accounts receivable, negotiations with Wintek and JDI display users continue. JDI will strengthen its credit management of customers designated by our display users

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2Q-FY 2014 Financial Results

(Billion yen)

	2Q-FY14	2Q-FY13	YoY Chg.	1Q-FY14	QoQ Chg.
Net sales	160.4	175.6	-8.6%	125.2	28.2%
Cost of sales	155.6	156.8		126.0	
Gross profit	4.8	18.8	-74.3%	(0.9)	-
	3.0%	10.7%		-0.7%	
SG&A	12.4	11.1		11.8	
Operating income	(7.6)	7.6	-	(12.7)	-
	-4.7%	4.3%		-10.1%	
Non-operating profit (loss)	2.0	(2.7)		(4.2)	
Ordinary income	(5.6)	4.9	-	(16.9)	-
	-3.5%	2.8%		-13.5%	
Extraordinary income (loss)	(2.1)	(2.3)		0.0	
Net income	(11.0)	2.2	-	(16.8)	-
	-6.9%	1.3%		-13.4%	
EBITDA	9.8	23.8	-58.7%	4.3	126.5%
	6.1%	13.6%		3.4%	
Depreciation & amortization	17.5	16.3	7.4%	17.1	2.2%
R&D expenses	4.0	4.2	-4.9%	3.5	14.7%
Avg. FX rate (JPY/USD)	103.8	98.9	-	102.2	-
Mobile Category sales ratio	74.9%	77.9%	-	72.2%	-
Unit shipments			-5.0%		+19%
Blended ASP			-4.0%		+8%

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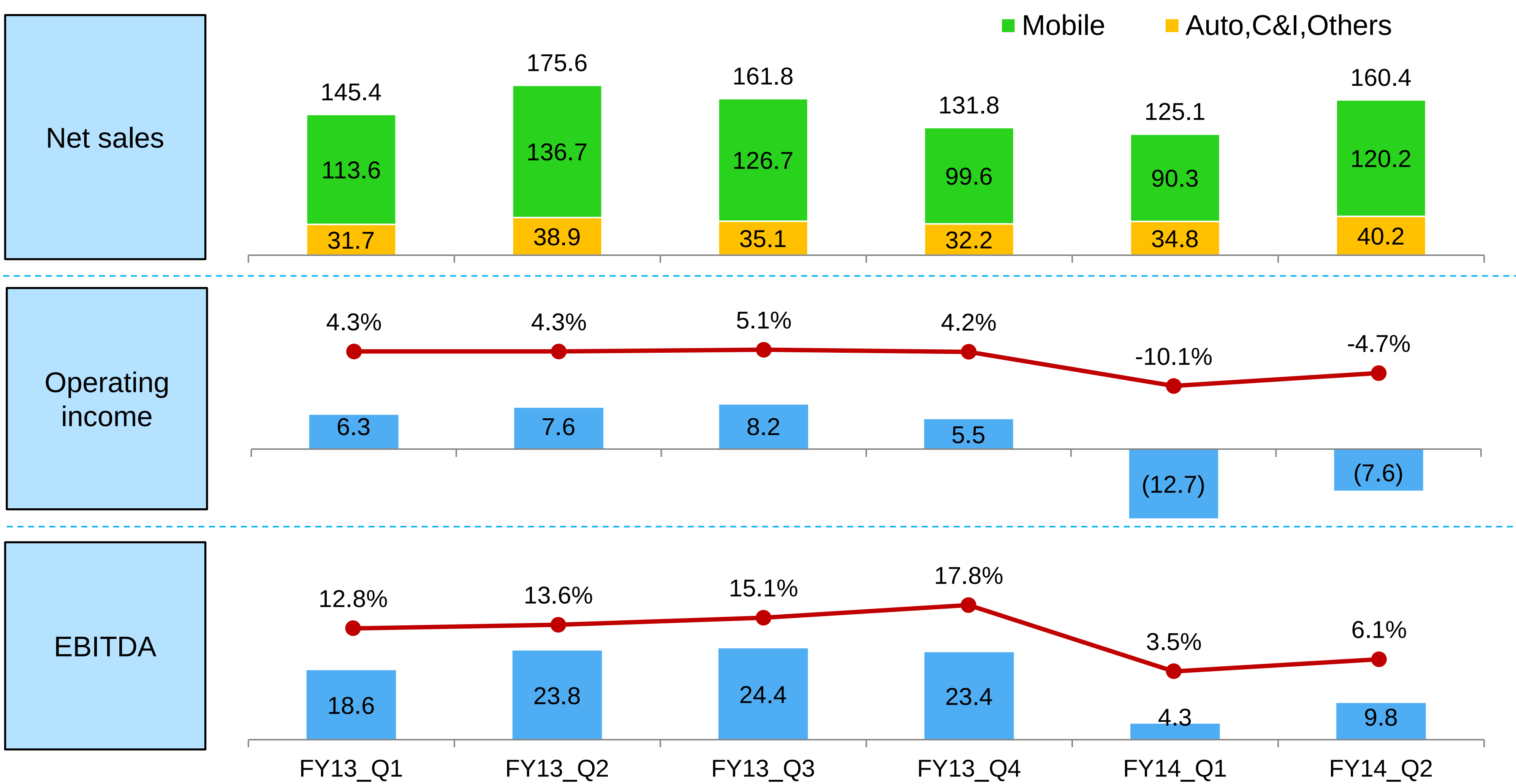
Quarterly Results of Operations

Quarterly results

(Billion yen)



	FY13_Q1	FY13_Q2	FY13_Q3	FY13_Q4	FY14_Q1	FY14_Q2
Net sales	145.4	175.6	161.8	131.8	125.1	160.4
Mobile	113.6	136.7	126.7	99.6	90.3	120.2
Auto,C&I,Others	31.7	38.9	35.1	32.2	34.8	40.2
Operating income	6.3	7.6	8.2	5.5	(12.7)	(7.6)
Operating margin	4.3%	4.3%	5.1%	4.2%	-10.1%	-4.7%
EBITDA	18.6	23.8	24.4	23.4	4.3	9.8
EBITDA margin	12.8%	13.6%	15.1%	17.8%	3.5%	6.1%

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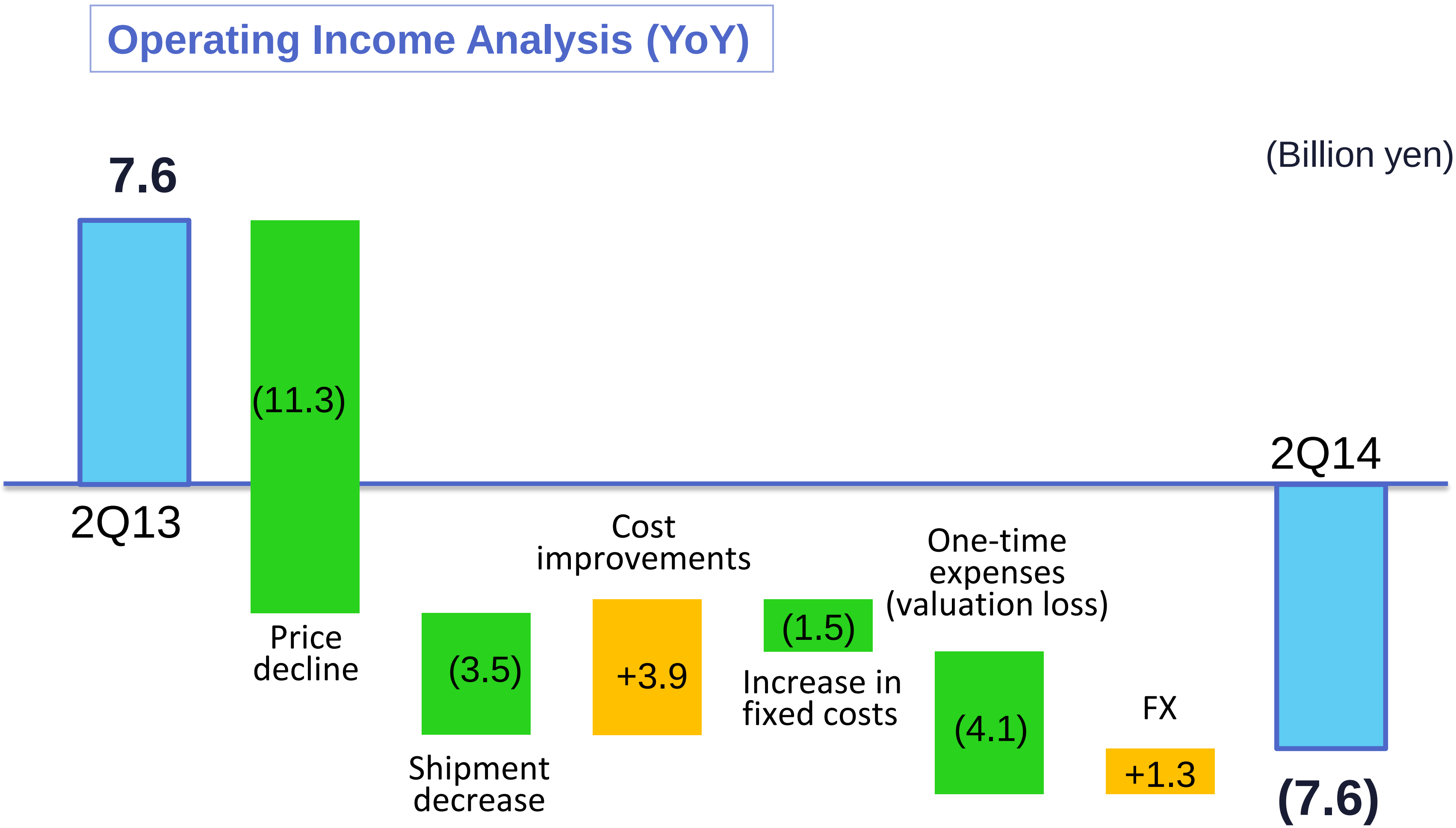
2Q-FY2014 Operating Income Analysis (YoY)



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2Q-FY2014 Balance Sheet

(Billion yen)

	9/2014	3/2014	Increase/Decrease
Cash and deposits	71.2	141.4	(70.2)
Accounts receivable	124.9	97.1	27.8
Other receivables	48.3	23.4	24.9
Inventories	103.0	90.6	12.4
Total current assets	376.9	378.5	(1.6)
Property, plant and equipment	360.3	343.8	16.5
Total assets	775.2	759.0	16.2
Accounts payable	147.6	101.6	46.0
Interest-bearing debt	96.3	102.5	(6.2)
Advance payments	56.1	66.8	(10.7)
Total liabilities	394.4	353.8	40.6
Total net assets	380.7	405.1	(24.4)
Shareholders' equity ratio	49.0%	53.3%	
Net debt to equity ratio	6.6%	-9.6%	

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1H-FY 2014 Cash Flow

(Billion yen)

	1H-FY2014	1H-FY2013	Increase/ Decrease
Income before income taxes	(24.6)	7.3	(31.9)
Depreciation and amortization	34.6	28.8	5.8
Working capital (1)	(17.0)	(19.2)	2.1
Decrease in advance receipts	(10.7)	(11.0)	0.3
Cash flow from operating activities	(14.6)	8.9	(23.4)
Acquisitions of property and equipment	(48.2)	(71.6)	23.4
Cash flow from investing activities	(47.6)	(72.8)	25.3
Cash flow from financing activities	(9.6)	40.6	(50.2)
Beginning balance, cash and equivalents	141.4	23.5	117.9
Increase in cash and equivalents	(70.2)	(22.0)	(48.1)
Increase in cash and equivalents resulting from merger	0.0	46.3	(46.3)
Ending balance, cash and equivalents	71.2	47.8	23.4
Free cash flow (2)	(62.2)	(64.0)	1.8

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

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

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FY 2014 Earnings Forecast

(Billion yen)

	FY2014 Est. Nov 13 (A)	FY2014 Est. May 15 (B)	Increase/ Decrease (A-B)	FY2013 Actual (C)	Increase/ Decrease (A-C)
Net sales	740.0	750.0	(10.0)	614.6	125.4
Operating income	6.5	40.0	(33.5)	27.6	(21.1)
	0.9%	5.3%		4.5%	
Ordinary income	1.5	31.5	(30.0)	19.1	(17.6)
	0.2%	4.2%		3.1%	
Net income	(12.1)	26.8	(38.9)	33.9	(46.1)
	-1.6%	3.6%		5.5%	
EBITDA	77.1	118.4	(41.3)	90.3	(13.2)
	10.4%	15.8%		14.7%	
Depreciation and amortization	70.6	78.4	(7.8)	64.2	6.4
Capital Expenditures	95.0	97.0	(2.0)	121.5	(26.5)
R&D expenses	20.4	22.9	(2.5)	15.7	4.7
Avg. FX rate (JPY/USD)	0.1	101.0	4.0	100.2	4.8
Mobile Category sales ratio	81.1%	81.0%	-	77.6%	-

Note: The 2.1 bn yen extraordinary loss related to Wintek Corporation is an additional revision to the business results forecast announced on October 15 and included in the new forecast as of Nov.13 (A). Extraordinary loss of 7.0 bn yen for the closure of Fukaya plant is also included in (A).

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2H-FY 2014 Earnings Forecast

(Billion yen)

	2H-FY14 Est. Nov 13 (A)	2H-FY14 Est. May 15 (B)	Increase/ Decrease (A-B)	2H-FY13 Actual (C)	Increase/ Decrease (A-C)
Net sales	454.4	440.0	14.4	293.6	160.8
Operating income	26.8 5.9%	39.0 8.9%	(12.2)	13.7 4.7%	13.1
Ordinary income	24.0 5.3%	34.7 7.9%	(10.7)	9.4 3.2%	14.6
Net income	15.7 3.5%	30.0 6.8%	(14.3)	7.4 2.5%	8.3
EBITDA	62.9 13.8%	80.1 18.2%	(17.2)	47.9 16.3%	15.0
Depreciation and amortization	36.0	41.1	(5.1)	35.4	0.6
Capital Expenditures	46.8	-	-	71.6	(24.8)
Avg. FX rate (JPY/USD)	105.0	101.0	-	101.6	-
Mobile Category sales ratio	86%	84%	-	77%	-

Foreign exchange impact -- 1 yen depreciation/US$: Add 100 mn yen/month to operating profit

- 2H earnings recovery expected due to increasing sales to a large customer, expansion of shipments to China, bigger sales of Full-HD/WQHD and Pixel Eyes™ and cost reduction measures.
- Also, free cash flow likely to become profitable in 2H.

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1. 2Q-FY2014 Financial Results & FY2014 Forecast

2. **Measures for Improving Earnings**

JDI Japan Display Inc. Group
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Closure of Fukaya Plant

October 15: Decision to close the Fukaya Plant (located in Saitama Prefecture) announced.
Closure process expected to be completed by April 2016.

- Reasons for closure
  Closure of Fukaya's G3.0 line (550mm x 670mm), which is inefficient relative to other plants, helps to improve business efficiency and competitiveness

- Impact on business results
  - Expect to record a FY2014 2H extraordinary loss of 7.0 bn yen due to an asset impairment loss in the noncurrent assets category
  - Fukaya Plant closure expected to lower annual fixed costs by about 7.0 bn yen

Since its establishment JDI has expanded new manufacturing capacity while closing inefficient lines to consistently reallocate resources to more advanced lines

FY 2012	✓ Mobara G3.5 a-Si line closure
FY 2013	✓ Ishikawa G3.0 a-Si line closure
FY 2014	✓ Fukaya G3.0 LTPS line closure decision (Closure in FY 2016)

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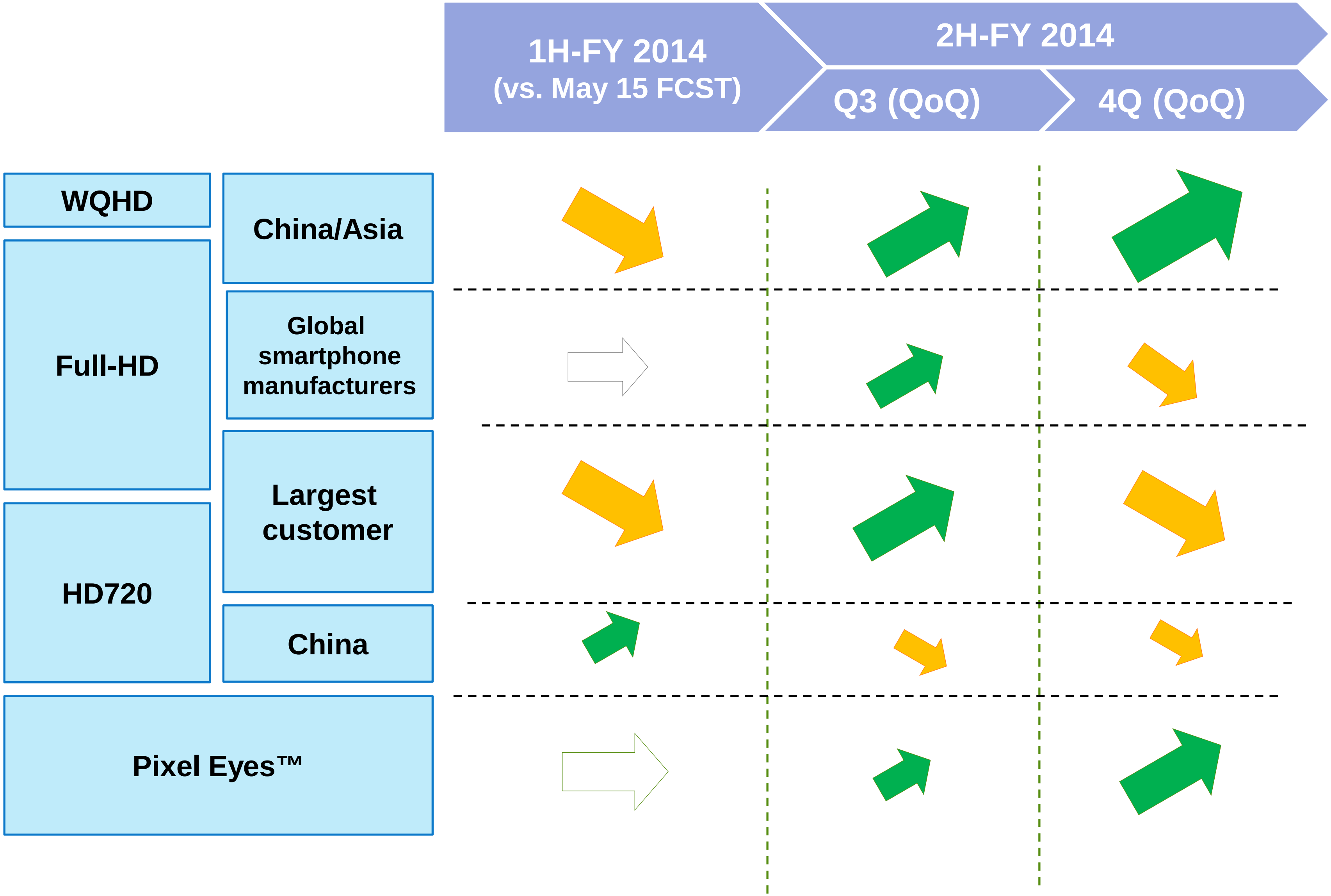
Sales Expectation by Resolution and Customer Region



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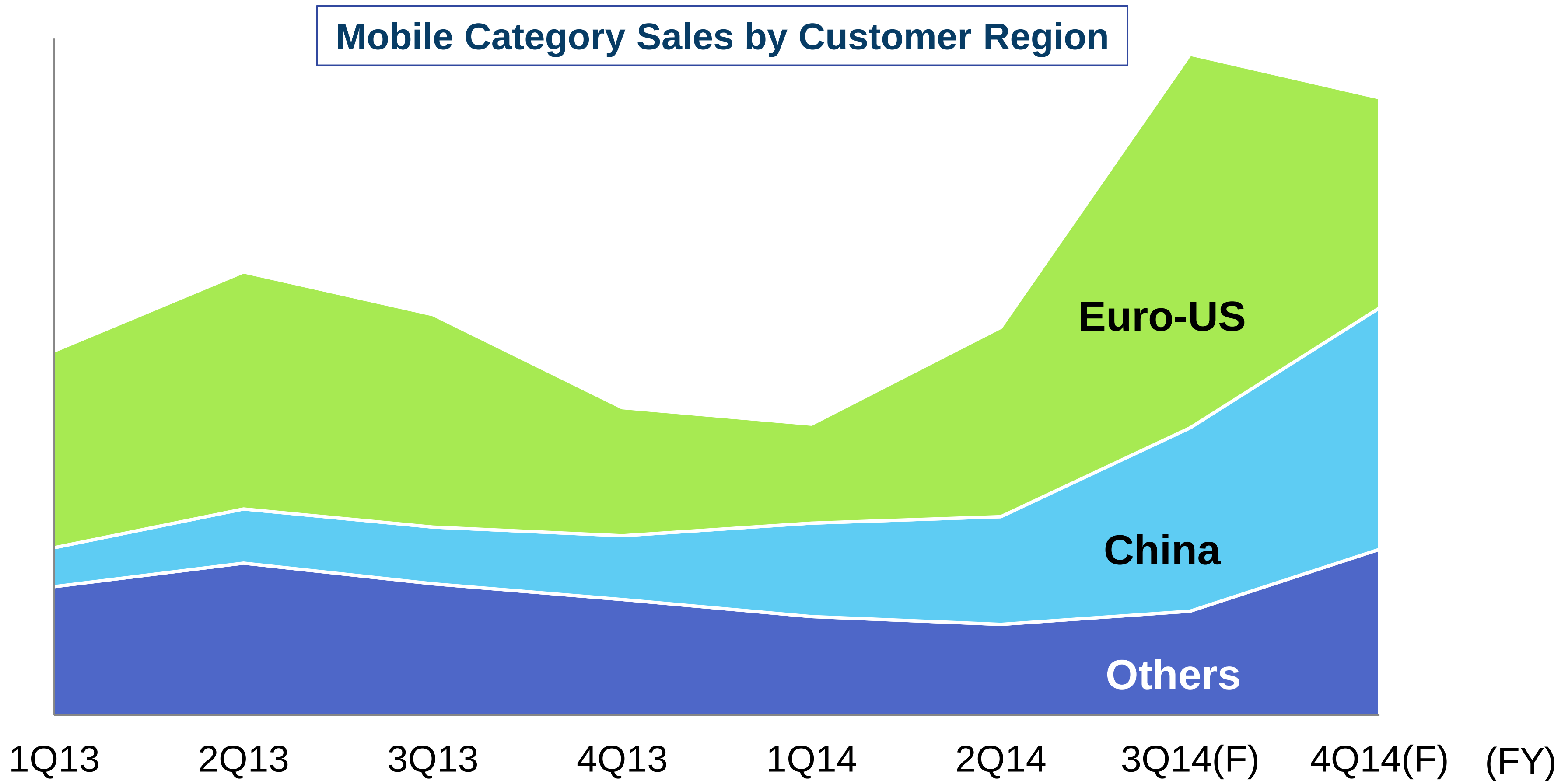
Mobile Category Sales by Customer Region



- Q3 sales to Euro-US will increase significantly to offset the delays in shipments in Q2
- Sales to China and other Asian are expected to continue growing in Q4

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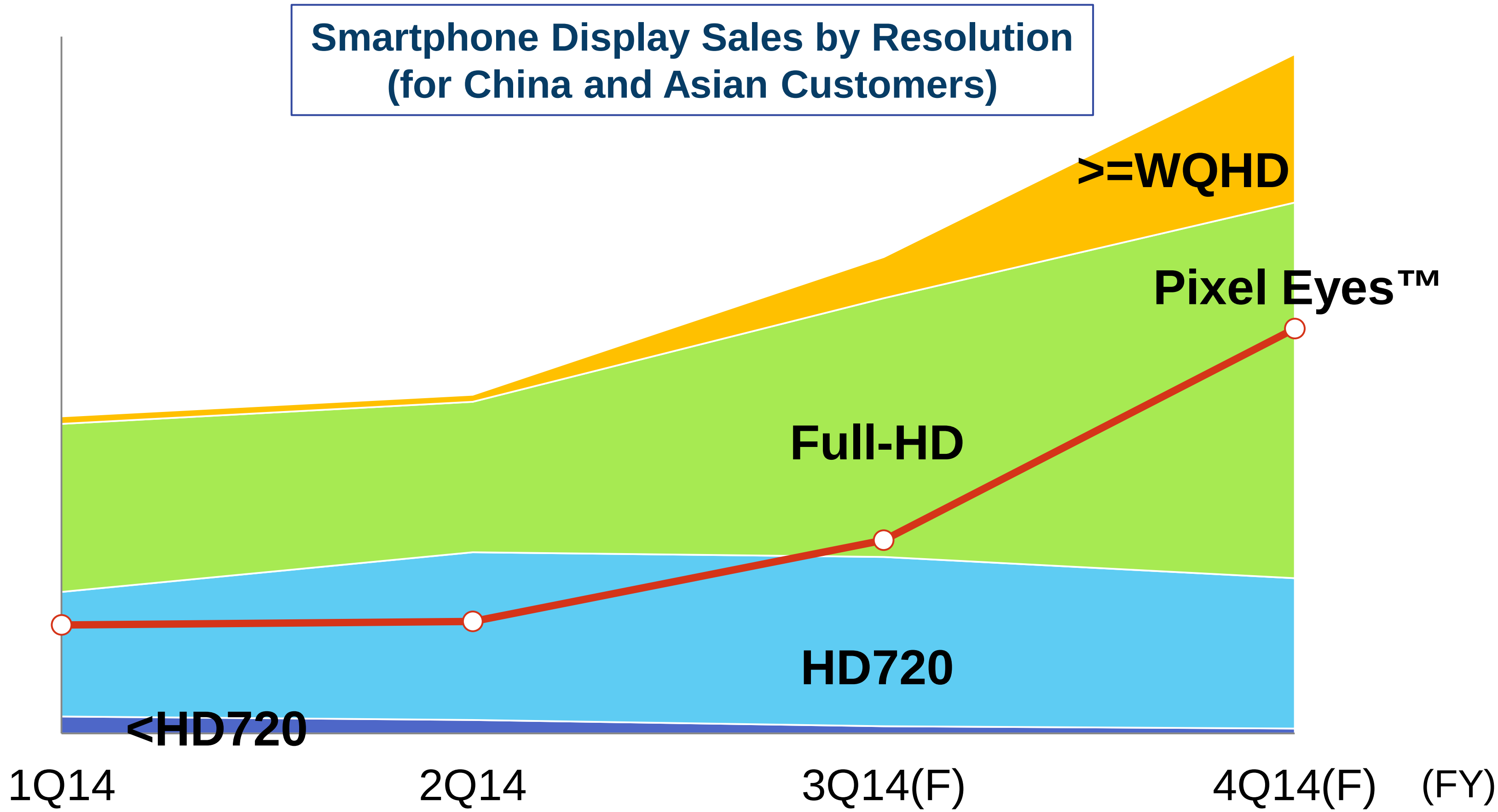
Smartphone Display Sales to China/Asian by Resolution



- In the 2H, Full-HD sales to China and other Asian customers will increase to contribute to earnings
- Sales ratio of Full-HD/WQHD is expected to continue to grow in Q4
- More smartphones to use Pixel Eyes™ in Q4

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Turnaround Factors in 2H-FY14

Turnaround Factors

- Large customer's new products seeing strong sales
- Achieved new design-wins for large business from China/Asia
- Full-HD/WQHD demand increasing for high resolution displays
- Increasing adoption of Pixel Eyes™ by smartphone makers
- Mobara G6 (J1) capacity expansion to 50K sheets/mo

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Efforts to Improve Cost Competitiveness

As part of medium-to-long term cost-reduction measures the following efforts have been underway since announcing a company reorganization in July

- Improving yields, the basis for competitiveness

- Developing new technology along with making upgrades to our existing technology portfolio. Simplifying complex manufacturing processes and existing product offerings that are based on previous technological innovations to boost efficiency

- Developing and improving the increasingly complex backend process technology that supports higher levels of display resolution. At the same time reducing backend process costs via such measures as optimizing manufacturing locations and automatization

- Improving development of new components that support higher resolutions, greater thinness and distinct design. Also, streamlining our portfolio of component parts, achieving greater standardization and commonization and simplifying the supply chain

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Forward Looking Statement:

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