



Japan Display Inc.

FY21/3 Q3  
Corporate Presentation

February 10, 2021



Japan Display Inc.

# Earnings Review

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## Q3 Cumulative (9 months)

- Sales decreased JPY 115.2bn YOY due to decline in smartphone display orders
- Despite sales decline, operating loss and net loss shrank due to structural reform effects, asset sale, & other cost reduction efforts.
  - Gross profit : Turned positive
  - Operating loss : JPY 14.0bn improvement YOY
  - Net loss : JPY 88.0bn improvement YOY (lower restructuring costs, extraordinary gain)
  - EBITDA : JPY 9.7bn improvement YOY

## Q3 (3 months)

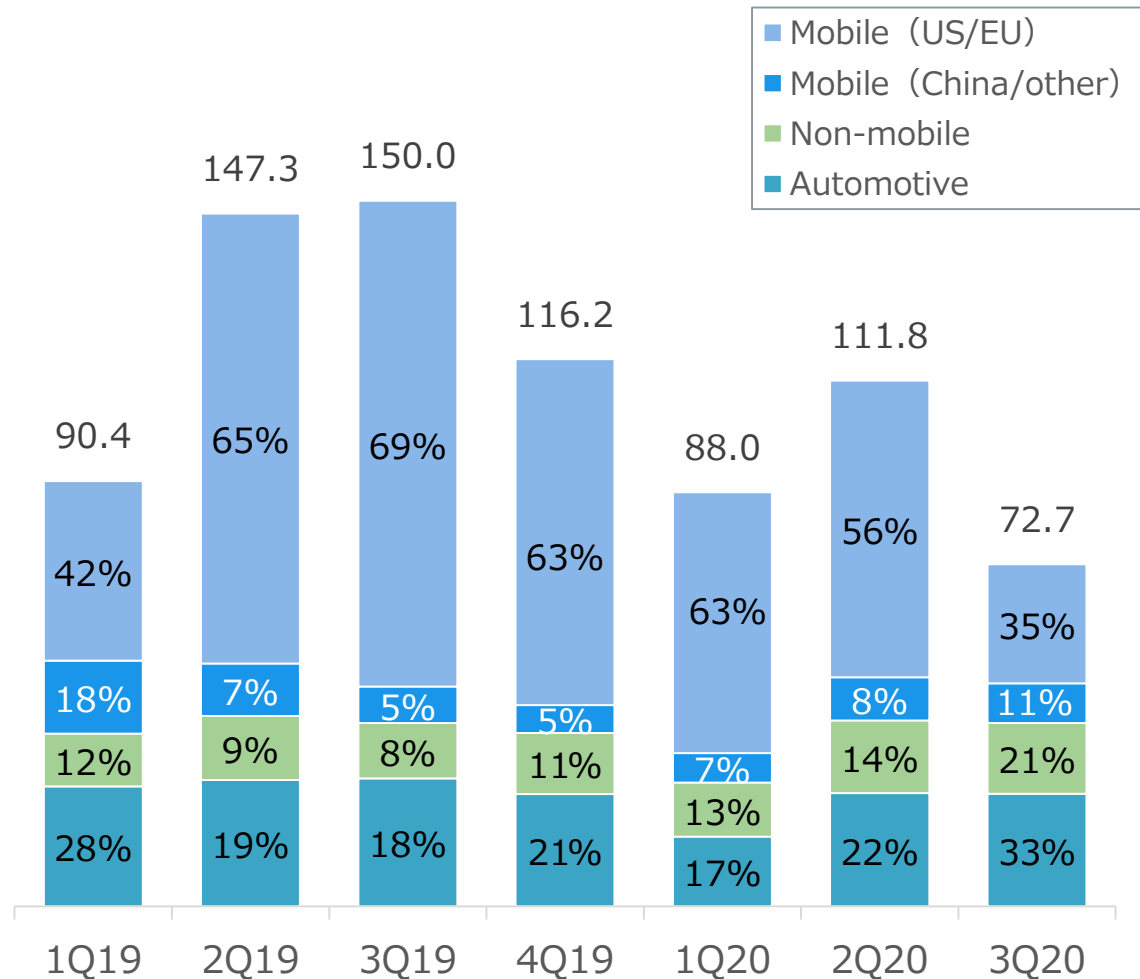
- Sales halved YoY due a large drop in smartphone display orders
- Sold Hakusan plant on Oct 1, 2020, generating extraordinary gain
  - Gain on sale: JPY 19.1bn\*
  - FX gain on advances received: JPY 5.6bn

\*JPY 19.1bn includes JPY 18.6bn gain on sale of Hakusan plant & JPY 0.5bn gain on sale of other assets.

(Billion yen)

	FY20/3 Q3 (9mo)	FY21/3 Q3 (9mo)	FY21/3 Q3 (9mo) 11/13 Fcst.	FY20/3 Q3 (3mo)	FY21/3 Q3 (3mo)	FY21/3 Q3 (3mo) 11/13 Fcst.	FY21/3 Q2 (3 mo)
Net sales	387.8	272.5	269.8	150.0	72.7	70.0	111.8
Gross profit (loss)	(4.8)	4.9	-	10.9	(0.8)	-	4.6
Operating income (loss)	(32.6)	(18.6)	(19.9)	2.5	(8.7)	(10.0)	(2.9)
Net income (loss)	(110.9)	(22.9)	-	(6.7)	13.4	-	(20.0)
EBITDA	(17.5)	(7.8)	-	6.7	(5.7)	-	1.0

## Quarterly Sales



## Product Category Details

Note: Q3 (3 months) sales are in parentheses

### ■ Mobile (US/Europe: JPY 25.3bn, China/other: JPY 8.5bn, Total: -70% YoY)

- Weak on lower demand due to expanded customer adoption of OLED smartphones

### ■ Automotive (JPY 24.0bn, -12% YoY)

- Sales fell YoY as decline in automobile shipments continued in major countries (except China). Have recovered since Q2 after unprecedented sales drop in Q1

### ■ Non-mobile (JPY 15.0bn, +27% YoY)

- Sales increased due to increased orders for OLED for wearables and ultra-high resolution LCD for VR, both new business areas

# FY21/3 Q3 Operating Results (9mo & 3mo)



	FY20/3 (9mo)	FY21/3 (9mo)	YoY Chg	FY20/3 Q3 (3mo)	FY21/3 Q3 (3mo)	YoY Chg	FY21/3 Q2 (3mo)	QoQ Chg
<b>Net sales</b>	<b>387.8</b>	<b>272.5</b>	<b>(115.2)</b>	<b>150.0</b>	<b>72.7</b>	<b>(77.3)</b>	<b>111.8</b>	<b>(39.0)</b>
Cost of sales	392.5	267.6	(124.9)	139.1	73.5	(65.6)	107.2	(33.7)
Gross profit (loss)	(4.8)	4.9	+9.6	10.9	(0.8)	(11.7)	4.6	(5.4)
SG&A	27.9	23.5	(4.3)	8.4	8.0	(0.4)	7.5	+0.5
<b>Operating income (loss)</b>	<b>(32.6)</b>	<b>(18.6)</b>	<b>+14.0</b>	<b>2.5</b>	<b>(8.7)</b>	<b>(11.3)</b>	<b>(2.9)</b>	<b>(5.9)</b>
Net non-op. income (expenses)	(14.1)	(7.3)	+6.8	(5.9)	(2.0)	+3.9	(3.5)	+1.5
Ordinary income (loss)	(46.7)	(26.0)	+20.8	(3.4)	(10.8)	(7.4)	(6.4)	(4.3)
Net extraordinary income (loss)	(62.6)	3.9	+66.5	(2.9)	24.2	+27.1	(13.1)	+37.3
Income (loss) before income taxes	(109.3)	(22.0)	+87.3	(6.3)	13.4	+19.7	(19.5)	+32.9
<b>Net income (loss) attributable to owners of the parent</b>	<b>(110.9)</b>	<b>(22.9)</b>	<b>+88.0</b>	<b>(6.7)</b>	<b>13.4</b>	<b>+20.1</b>	<b>(20.0)</b>	<b>+33.4</b>
<b>EBITDA</b>	<b>(17.5)</b>	<b>(7.8)</b>	<b>+9.7</b>	<b>6.7</b>	<b>(5.7)</b>	<b>(12.4)</b>	<b>1.0</b>	<b>(6.7)</b>
Avg. FX rate (JPY/USD)	108.7	106.1		108.8	104.5		106.2	
Q-End FX rate (JPY/USD)	109.6	103.5		109.6	103.5		105.8	

<Major changes in non-operating & extraordinary items>

	FY20/3 Q3 (9mo)	FY21/3 Q3 (9mo)	FY20/3 Q3 (3mo)	FY21/3 Q3 (3mo)	(Billion yen)
Equity method investment loss (non-operating expense)	-8.5	-	-4.3	-	
Restructuring expenses & impairment losses (extraordinary loss)	-62.2	-21.4	-2.5	-0.7	
Gains on sale of assets & FX gain (extraordinary gain)	+0.1	+24.7	+0.1	+24.7	

# FY21/3 Q3 Operating Income Change Factors



vs. FY20/3 Q3 (YOY)

vs. FY21/3 Q2 (QOQ)

(Billion yen)

**FY20/3 Q3**  
(Previous year)

**FY21/3 Q3**

**FY21/3 Q2**  
(Previous quarter)

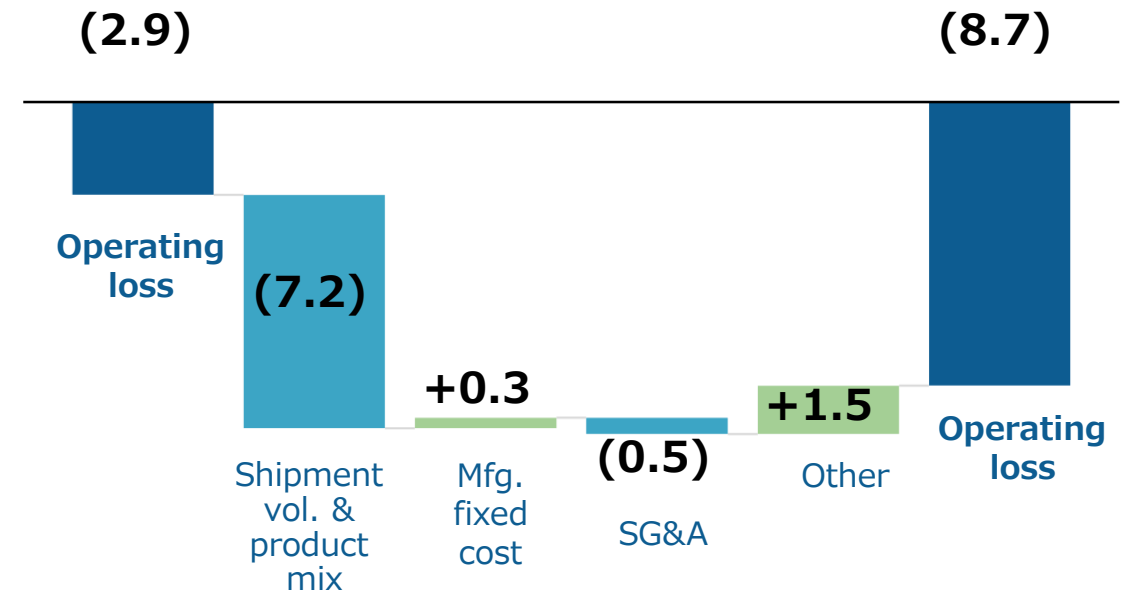
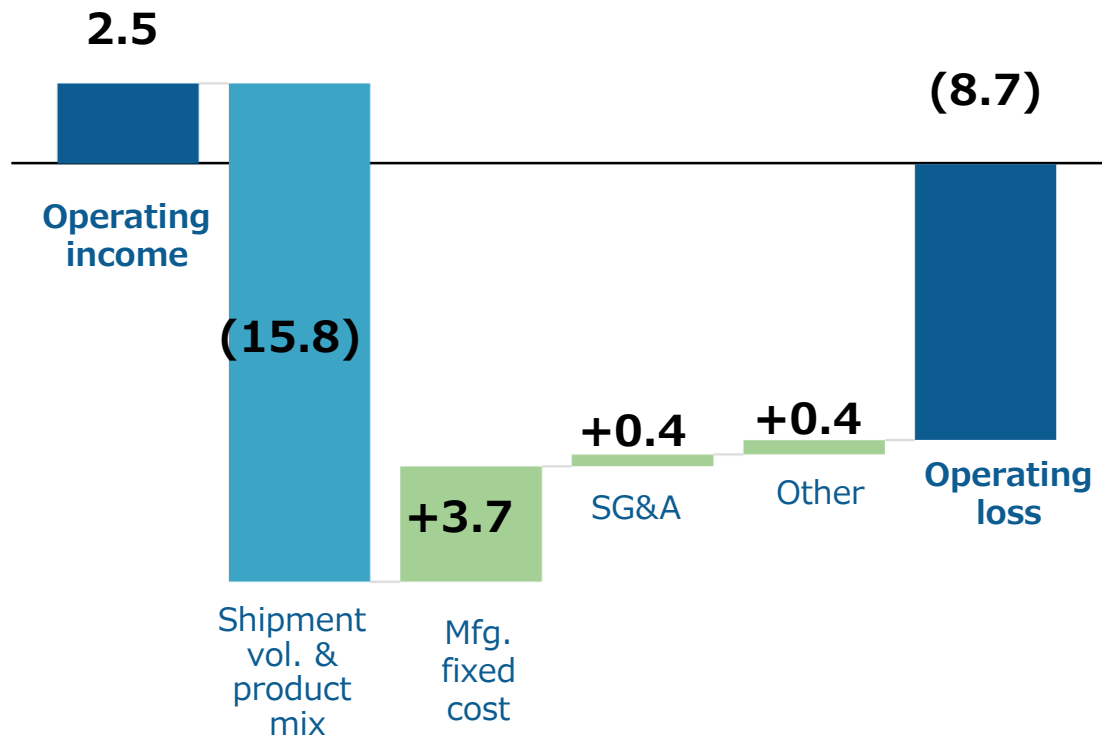
**FY21/3 Q3**

Sales: 150.0

Sales: 72.7

Sales: 111.8

Sales: 72.7



# Balance Sheet & Cash Flow Statement



## Balance Sheet

	(Billion yen)		
	FY20/3 Q4	FY21/3 Q2	FY21/3 Q3
Cash and deposits	66.7	49.8	54.2
Accounts receivable - trade	70.9	42.3	27.9
Accounts receivable - other	48.1	32.8	19.2
Inventories	39.1	41.5	40.7
Other	4.6	5.8	2.2
<b>Total current assets</b>	<b>229.4</b>	<b>172.1</b>	<b>144.2</b>
<b>Total non-current assets</b>	<b>160.3</b>	<b>143.3</b>	<b>92.5</b>
<b>Total assets</b>	<b>389.7</b>	<b>315.4</b>	<b>236.7</b>
Accounts payable - trade	89.3	66.5	46.9
Interest-bearing debt	98.0	97.4	97.2
Advances received	89.1	81.5	2.3
Other liabilities	59.9	46.8	53.3
<b>Total liabilities</b>	<b>336.4</b>	<b>292.3</b>	<b>199.8</b>
<b>Total net assets</b>	<b>53.4</b>	<b>23.1</b>	<b>36.9</b>
Shareholders' equity ratio	13.1%	6.6%	14.5%

## Cash Flow

	(Billion yen)	
	FY20/3 Q3 (9mo)	FY21/3 Q3 (9mo)
Income before income taxes	(109.3)	(22.0)
Dep. & Amort.	16.1	11.8
Working capital	(10.6)	26.8
Advances received	(11.7)	(9.8)
Structural reform cost	62.2	10.5
Other	(5.3)	(23.1)
<b>CF from operating activities</b>	<b>(58.6)</b>	<b>(5.8)</b>
Purchase of non-current assets	(13.8)	(6.1)
Other	(1.5)	(1.7)
<b>CF from investing activities</b>	<b>(15.3)</b>	<b>(7.8)</b>
<b>CF from financing activities</b>	<b>54.6</b>	<b>1.2</b>
Ending balance, cash & equiv.	49.1	53.9
<b>Free cash flow</b>	<b>(72.4)</b>	<b>(11.8)</b>

- Note 1. Difference in balances of "cash & equivalent" in cash flow statement and "cash and deposits" in balance sheet as of the end of FY21/3 Q3 is 0.3 billion yen in deposits paid.
2. Free cash Flow = Operating cash flow + Purchase of non-current assets
3. On October 1, 2020, JDI transferred the assets of its Hakusan Plant. Following the transaction, JDI offset the transfer price of USD 675 million with USD 675 million of the advances received from its customer. Therefore, in the consolidated cash flow statement for FY21/3 Q3, this US dollar-denominated transaction was treated as a series of non-cash transactions. Accounting entries have been omitted for the amount equivalent to the income from the sale of fixed assets and the offset of the amount equivalent to advances received, excluding the effect of foreign exchange gains and losses.

## Sales & Operating Income Forecast

	(Billion yen)	
	FY20/3	FY21/3
	Full-year	Full-year (Fcst)
<b>Net sales</b>	<b>504.0</b>	<b>342.5</b>
<b>Operating income</b>	<b>(38.5)</b>	<b>(29.6)</b>
	Q4	Q4 (Fcst)
<b>Net sales</b>	<b>116.2</b>	<b>70.0</b>
<b>Operating income</b>	<b>(5.9)</b>	<b>(11.0)</b>

<b>Annual CAPEX and R&amp;D</b>			(Billion yen)
	FY20/3 (Act)	FY21/3 (11/13 Fcst)	FY21/3 (2/10 Fcst)
Capex	16.1	11.5	<b>10.0</b>
Dep.& amort	20.7	15.0	<b>14.8</b>
R&D	10.3	8.6	<b>8.6</b>

## Outlook

### ■ Sales

- Revised sales forecast announced on Nov 13, 2020 from JPY 330-350bn to JPY 342.5bn
- Q4 sales to decline YoY due to drop in orders for smartphone displays and impact of global shortages of semiconductors and other components on production at JDI and its customers
- Component shortage expected to persist, at least over the near-term. Working with customers to minimize impact

### ■ Operating Income

- Despite sales decline, operating loss to shrink YOY
- Q4 operating loss to expand YoY due to sales decline, rise in electricity charges at a domestic plant caused by soaring LNG prices, & component price increases on supply shortages





Japan Display Inc.

# Strategic Direction

Scott Callon  
Chairman & CEO

# GAME CHANGE

Rebuilding JDI As A  
PersonalTech Company

# JDI Current Status

# World-Class Technology

# World-Class People

# World-Class Customer Trust

Despite These Strengths,  
We Have Been Chronically  
Unprofitable For Years

# What Do We Need To Do?



# 1. Rethink, Reposition, & Rebuild Based On First Principles

We Exist To Serve Customers  
& The World

## 2. Go All-In On Being Different

# 3. Radically Restructure

# Cut Costs

# Match The Organization To The Opportunity

3X Our Speed

# Get Our Pricing & Product Mix Right



Target EBITDA Positive  
In FY22/3 Q4

# 4. Build New Businesses

# Deploy Our Deep Technology Strengths In Radically New Ways

# Go Beyond Displays

# Go Beyond Our Existing Business Models

# Deliver Technological Innovation Centered On People's Needs

# A PersonalTech Company

Radically New  
Rooted In Technology  
Working For A Better World



Leveraging Our  
Key Device Technologies,  
Launch Multiple Service, Solution,  
Platform Businesses This Year  
Start Small & Scale Quickly

# Explore Big Data Opportunities



# PersonalTech For A Better World



# THANK YOU

## **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.

Any plan, estimation, calculation, quotation, evaluation, prediction, expectation or other forward-looking information in this document is based on the current assumptions and beliefs of JDI in light of the information currently available to it, and involves known and unknown risks, uncertainties, and other factors. Such risks, uncertainties and other factors may cause JDI's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include, without limitation: economic conditions and individual consumption trends in Japan and overseas, currency exchange rate movements, trends in the market for smartphones and other electronic equipment, the management policies of our major business partners and fluctuations in the price of raw materials.