



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

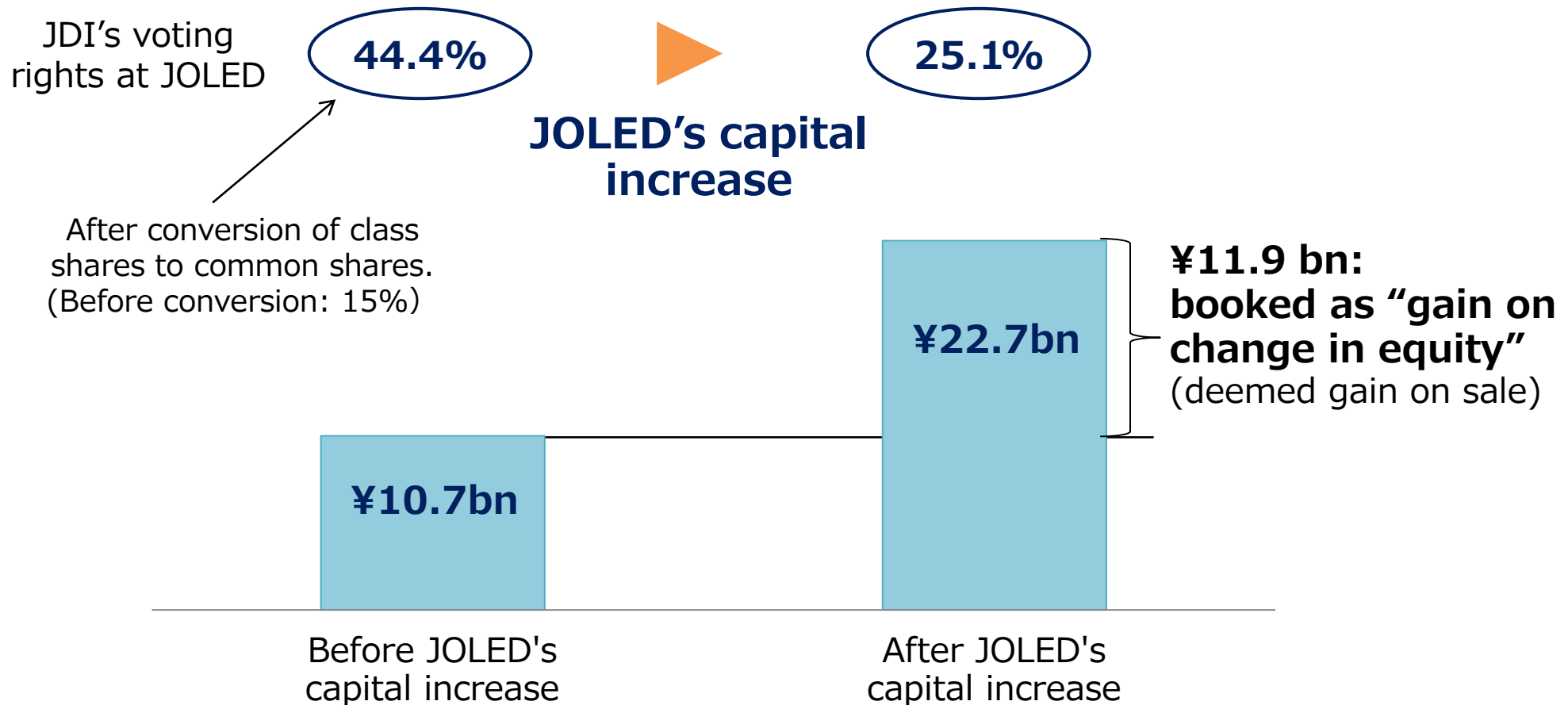
1Q-FY18 Topics

- 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

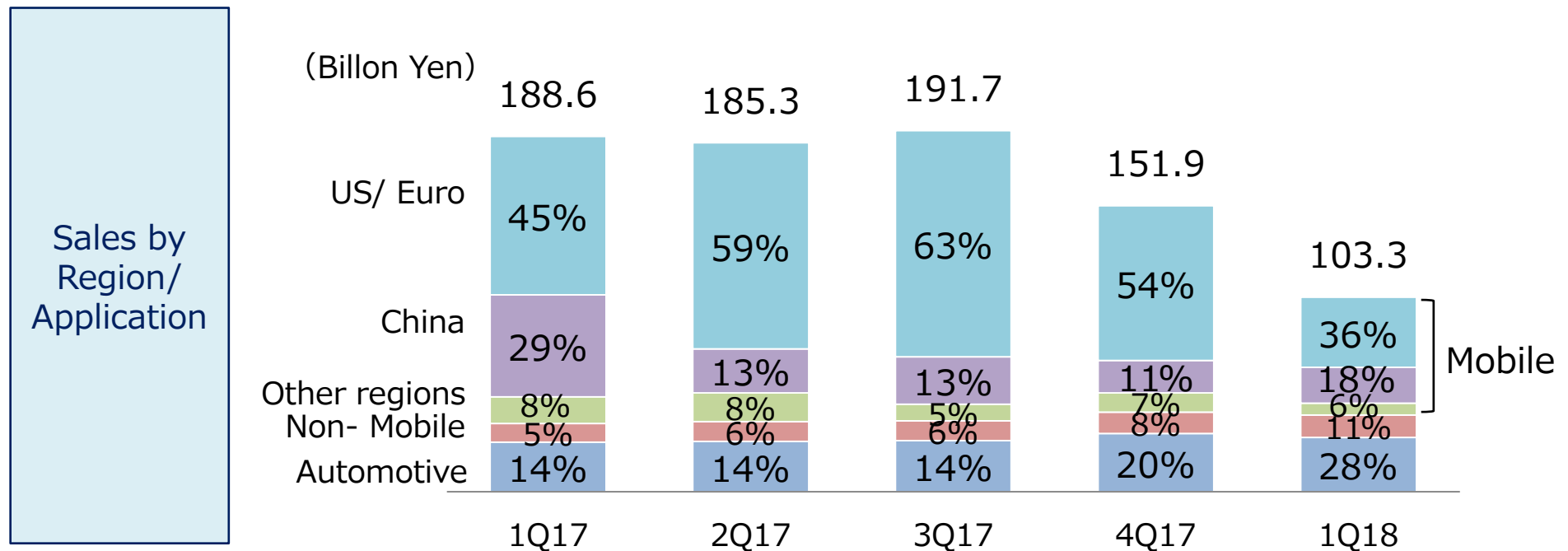
Gain on Change in Equity (Extraordinary Income)

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.

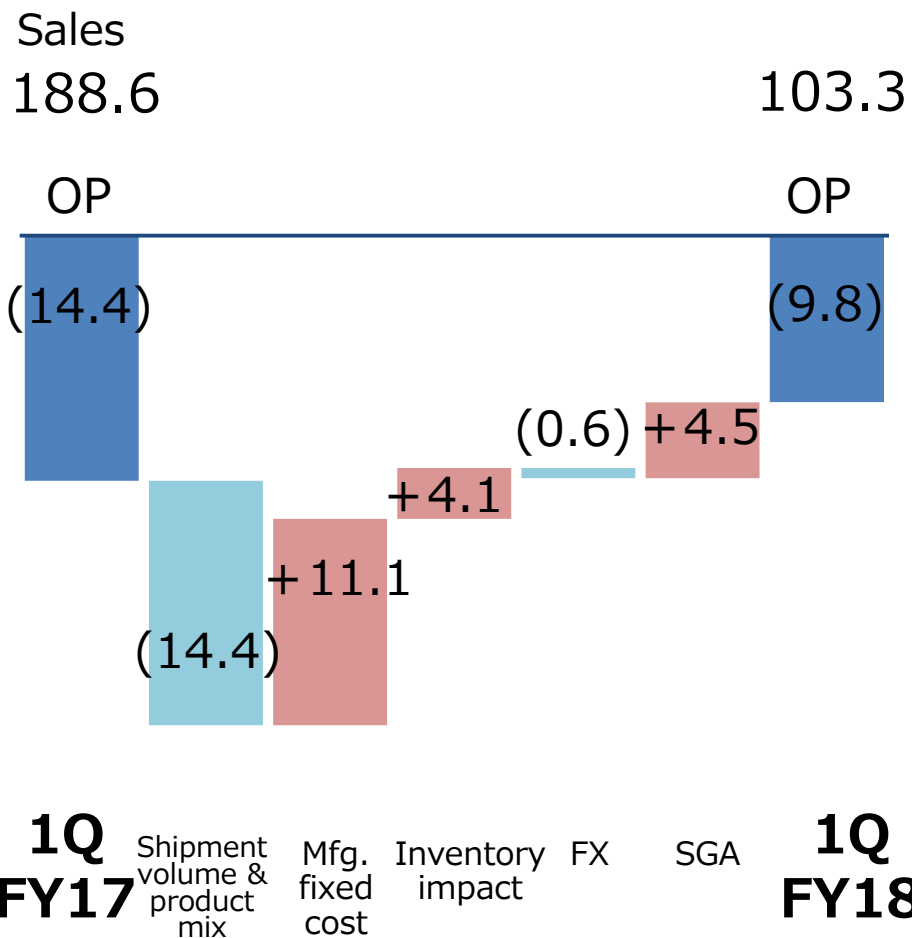


Operating Results

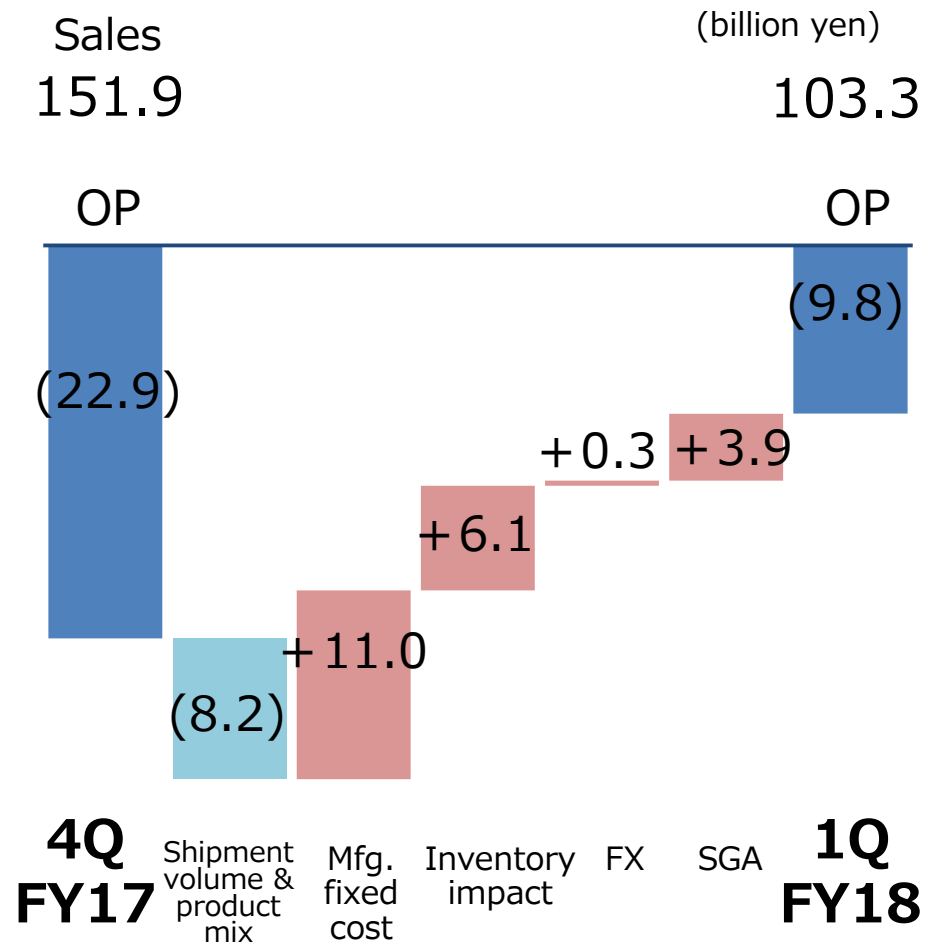
	Q1-FY18	Q1-FY17	YoY Chg.		Q4-FY17	QoQ Chg.	
Net sales	103.3	188.6	(85.3)	-45.2%	151.9	(48.7)	-32.0%
Cost of sales	102.1	187.5	(85.5)	-45.6%	159.9	(57.8)	-36.1%
Gross profit (loss)	1.2	1.0	+0.2	+15.0%	(7.9)	+9.1	-
	1.2%	0.6%			-5.2%		
SG&A	11.0	15.5	(4.5)	-28.9%	14.9	(3.9)	-26.2%
Operating profit (loss)	(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	(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:

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.