

Correction to “Presentation slides for Fiscal Year 2013 Consolidated Financial Results”

TOKYO, Japan, May 16, 2014 – Japan Display Inc. (JDI) today announced that the company has made corrections on its English version of “Presentation slides for Fiscal Year 2013 Consolidated Financial Results” released on May 15, 2014. The corrections are underlined as stated below and the correct version of the presentation slides is attached.

Note

P5

<Before correction>

Q4-FY13 Net income 4.3

<After correction>

Q4-FY13 Net income 0.4

P14

<Before correction>

1H-FY14 EBITDA 37.3

1H-FY14 Depreciation 38.3

<After correction>

1H-FY14 EBITDA 38.3

1H-FY14 Depreciation 37.3

P15

<Before correction>

* JDI recognized an income tax benefit of 175 billion yen due mainly to recognizing deferred tax assets related to tax losses carried forward.

<After correction>

* JDI recognized an income tax benefit of 17.5 billion yen due mainly to recognizing deferred tax assets related to tax losses carried forward.

About JDI

Japan Display Inc. (JDI) is the leading global manufacturer of advanced small- and medium-sized LTPS LCD panels. By leveraging its advanced technologies and the world's largest LTPS production capacity, JDI provides high resolution, low power consumption and ultra-thin displays for smartphones, tablets, automotive electronics, digital cameras, medical equipment and other electronic devices. JDI, which commenced operations in April 2012, was formed through the consolidation of the display panel businesses of Sony, Hitachi and Toshiba. The company listed its stock on the First Section of Tokyo Stock Exchange on March 19 2014 under the trading code of 6740. Please visit <http://www.j-display.com/english/> for more information.



Japan
Display
Inc.
Group

Japan Display Inc.

Fiscal Year 2013

Consolidated Financial Results

May 15, 2014

Disclaimer

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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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Agenda

- 1. FY2013 Q4 and Full Year Results**
- 2. FY2014 Financial Forecast**
- 3. Small- Medium Display Market Environment and JDI's Strategy**

On April 1, 2013, Japan Display Inc. (“former JDI”) was merged with its wholly-owned subsidiaries Japan Display East Inc. (“JDE”), Japan Display West Inc., Japan Display Central Inc., and Japan Display East Products, Co., Ltd. JDE was the surviving entity, and all other entities merged into JDE were dissolved after the merger. JDE subsequently changed its name to Japan Display, Inc. (“JDI”). The financial results for FY2012 noted above are the consolidated financial results of the pre-merger JDE, not the results of former JDI.

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Q4-FY2013 Consolidated Results of Operations

Net sales and operating income decreased QoQ in Q4-FY2013 due mainly to seasonal factors but improved YoY. EBITDA increase was significant.

(Billion yen)	Q4-FY13	Q4-FY12	YoY (%)	Q3-FY13	QoQ (%)
Net sales	131.8	108.0	22.0%	161.8	-18.5%
Gross profit	15.6	10.0	57.4%	19.4	-19.3%
Operating income	5.5	(0.2)	-	8.2	-32.9%
Ordinary income	0.4	2.5	-83.1%	9.0	-95.1%
Net income	0.4	(0.6)	-	6.9	-93.7%
EBITDA	23.4	10.2	129.0%	24.4	-4.1%
Depreciation ⁽¹⁾	18.0	10.8	67.3%	17.4	3.9%
R&D expenses ⁽²⁾	3.5	5.0	-29.9%	4.3	-19.3%
Avg. FX rate (JPY/USD)	102.7	92.4	-	100.5	-
Mobile sales ratio ⁽³⁾	73%	65%	-	78%	-

Notes: (1) Depreciation cost includes amortization of goodwill and non-operating depreciation cost.

(2) R&D expenses are a total of expenses booked in COGS and SG&A.

(3) Mobile sales ratio is the ratio of sales of displays for mobile devices (including smartphones and tablets) to total net sales.

FY2013 Original Forecast vs. Actual Results

(Billion yen)	FY2013			Changes	
	Forecast as of Mar 19 (A)	Revised Forecast as of Apr 28	Actual Results (B)	(B-A)	(%)
Net sales	623.4	614.2	614.6	(8.8)	-1.4%
Operating income	30.4	27.2	27.6	(2.8)	-9.2%
Ordinary income	22.6	19.3	19.1	(3.5)	-15.9%
Net income	36.6	-	33.9	(2.7)	-7.4%
EBITDA	93.0	-	90.3	(2.7)	-2.9%

At the end of the consolidated fourth quarter, JDI experienced reduced purchases at customer request as well as reduced purchases of certain products due to difficult price negotiations in light of a decline in market prices for displays for medium price-range smartphones.

FY2013 Consolidated Results of Operations

FY 2013 net sales and profits increased largely from last year due to increase in shipments of Full HD mainly produced at the Mobara G6 line which started production in June 2013.

(Billion yen)	FY2013		FY2012		Increase/ Decrease	YoY (%)
Net sales	614.6	100.0%	457.4	100.0%	+157.2	+34.4%
Gross profit	71.3	11.6%	47.0	10.3%	+24.3	+51.7%
SG&A	43.7	7.1%	45.2	9.9%	(1.5)	-3.4%
Operating income	27.6	4.5%	1.8	0.4%	+25.8	-
Ordinary income	19.1	3.1%	5.5	1.2%	+13.5	+244.1%
Net income	33.9	5.5%	3.9	0.9%	+30.0	+772.2%
EBITDA	90.3	14.7%	38.7	8.5%	+51.5	+133.2%
Depreciation ⁽¹⁾	64.2		38.1		+26.1	+68.6%
R&D expenses ⁽²⁾⁽³⁾	15.7		17.2		(1.5)	-8.9%
Avg. FX rate (JPY/USD)	100.2		82.9			
Mobile sales ratio ⁽⁴⁾	77%		64%			

Notes: (1) Depreciation cost includes amortization of goodwill and non-operating depreciation cost.

(2) R&D expenses are a total of expenses booked in COGS and SG&A.

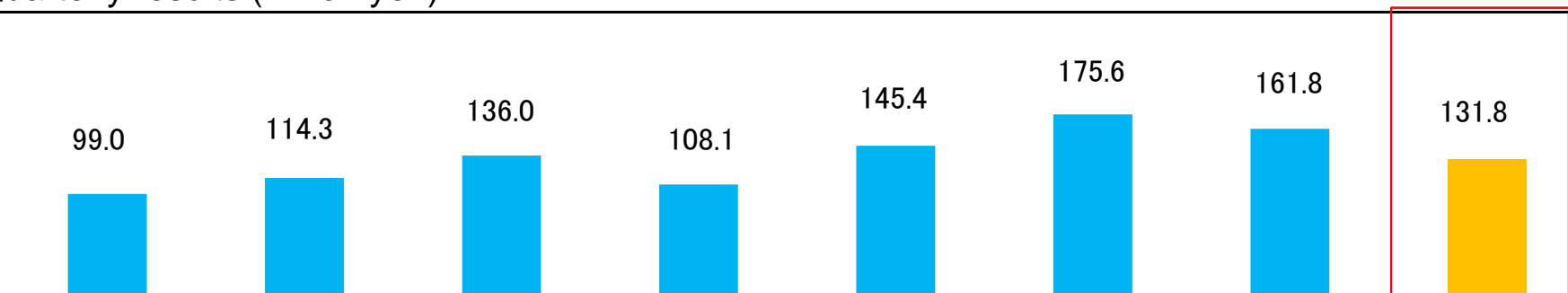
(3) In FY2012 the pre-merger companies each used different methods to calculate R&D expenses. In same-same terms, however, FY2013 and FY2012 were about the same.

(4) Mobile sales ratio is the ratio of sales of displays for mobile devices (including smartphones and tablets) to total net sales.

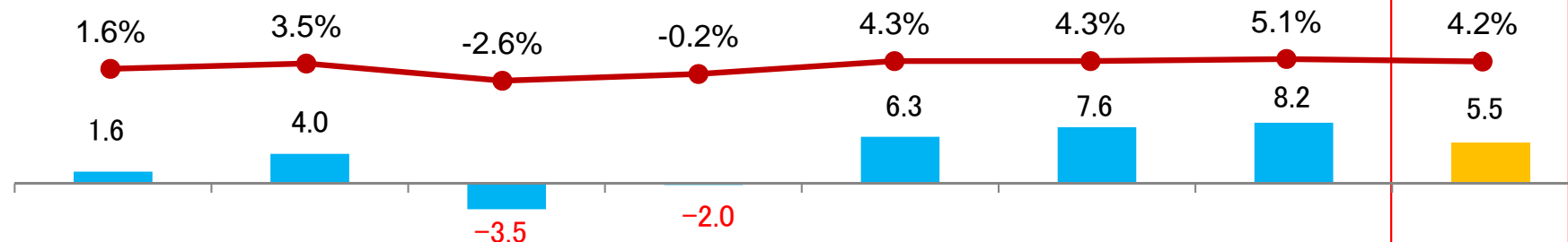
Summary Results of 8 Quarters

Quarterly results (Billion yen)

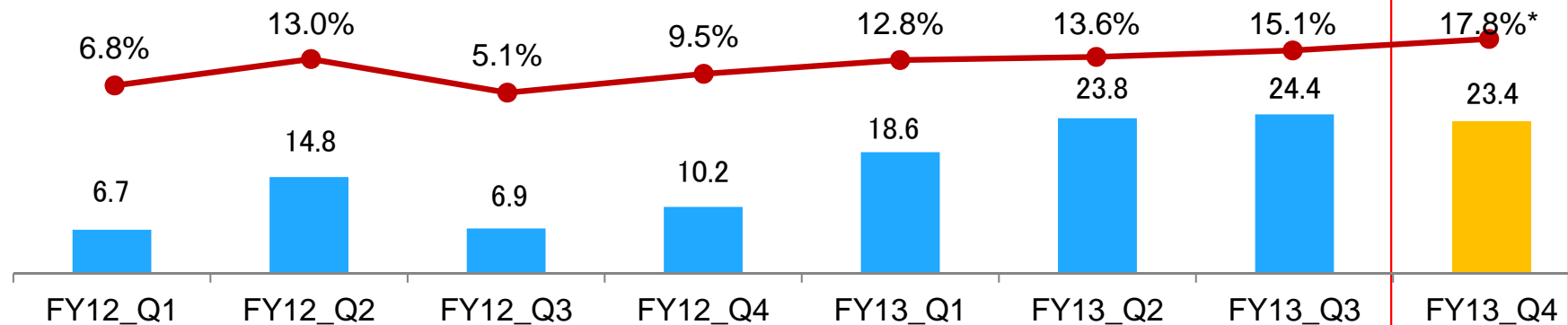
Net sales



Operating income



EBITDA



FY2013 Balance Sheet

(Billion yen)	3/2014	3/2013	12/2013
Cash and deposits	141.4	69.9	40.2
Accounts receivable	97.1	95.4	120.1
Inventories	90.6	62.9	82.0
Total current assets	378.5	284.1	308.0
Property plant and equipment	343.8	289.2	342.6
Total assets	759.0	615.1	689.4
Accounts payable	101.6	115.8	132.7
Interest-bearing debt	102.5	66.2	113.5
Advance payments	66.8	86.7	71.8
Total liabilities	353.8	363.0	396.9
Total net assets	405.1	2,521	292.6
Shareholders' equity ratio	53.5%	41.0%	42.4%
Net debt to equity ratio	-9.5%	-1.4%	25.1%

Inventory Level

Inventory reduction is an important challenge

(Billion yen)	3/2014	3/2013	12/2013
Inventory (amount)			
Merchandise and finished goods	25.3	31.1	33.1
Work in process	48.3	16.2	32.3
Raw materials and supplies	16.9	15.6	16.6
Total inventory	90.6	62.9	82.0
Other receivables ⁽¹⁾	23.4	45.0	38.4
Inventory + Other receivables	114.0	107.9	120.4
Inventory days (days) ⁽²⁾			
Total inventory	62	52	46
Other receivables	16	37	21
Inventory + Other receivables	78	90	67

Notes: (1) Majority of other receivables is from paid supply to JDI's back-end subcontractors.

(2) Inventory days = inventory at the end of period / quarterly net sales X 90 days

FY2013 Cash flow

(Billion yen)	FY2013	FY2012	Increase/ decrease
Cash flow from operating activities	39.7	(29.7)	+69.4
Cash flow from investing activities	(122.9)	(155.4)	+32.5
Cash flow from financing activities	152.0	8.3	+143.7
Other, net	2.8	3.6	(0.8)
Ending balance, cash and cash equivalents	141.4	69.9	+71.5
Free cash flow ⁽¹⁾	(83.2)	(185.1)	+101.9

(1) Free cash flow: Cash flow from operating activities + Cash flow from investing activities

FY2013 Achievements and Issues

Achievements

- 4 companies merged on April 1, 2013 with Japan Display East Inc. as the surviving company; IT systems and personnel management systems were unified. Integration and reconfiguration was done for business functions and personnel.
- Mass production started at Mobara G6 line (J1) in June 2013. Investment decision was made for 50K sheets/month expansion
- Taiwan Display Inc. (TDI) founded to prepare for entering into China's medium price-range smartphone market (volume zone)
- Automotive display productions were consolidated into Tottori Plant; Ishikawa G3 a-Si line closed in March 2014
- Production equipment was installed in a new OLED pilot line in Ishikawa
- Shipments of Full HD and higher resolution displays for mobile increased
- Reflective LCD shipments started
- IPO and Tokyo Stock Exchange listing

Issues

- Delayed response to medium price-range smartphone market → Working for recovery in 2H-FY2014
- Lack of speed in recovering a slump in sales from large customers and new products
- Significant manufacturing yield losses generated in ramping up Mobara G6 (J1) line

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1. FY2013 Q4 and Full Year Results

2. FY2014 Financial Forecast

**3. Small- to Medium Display Market Environment
and JDI's Strategy**

FY2014 Earnings Forecast

(Billion yen)	1H-FY2014 (Forecast)		FY2014 (Forecast)		FY2013 (Results)		Increase/ decrease	YoY (%)
Net sales	310.0	100.0%	750.0	100.0%	614.6	100.0%	+135.4	+22.0%
Operating income	1.0	0.3%	40.0	5.3%	27.6	4.5%	+12.4	+44.8%
Ordinary income	(3.2)	-1.0%	31.5	4.2%	19.1	3.1%	+12.4	+65.2%
Net income	(3.2)	-1.0%	26.8	3.6%	33.9	5.5%	(7.1)	- 21.0%
EBITDA	38.3	12.0%	118.4	15.8%	90.3	14.7%	+28.1	+31.2%
Depreciation ⁽¹⁾	37.3		78.4		64.2			
R&D expenses ⁽²⁾	-		22.9		15.7			
Avg. FX rate (JPY/USD)	101.0		101.0		100.2			
Mobile sales ratio ⁽³⁾	77%		81%		77%			

FX sensitivity (full-year):

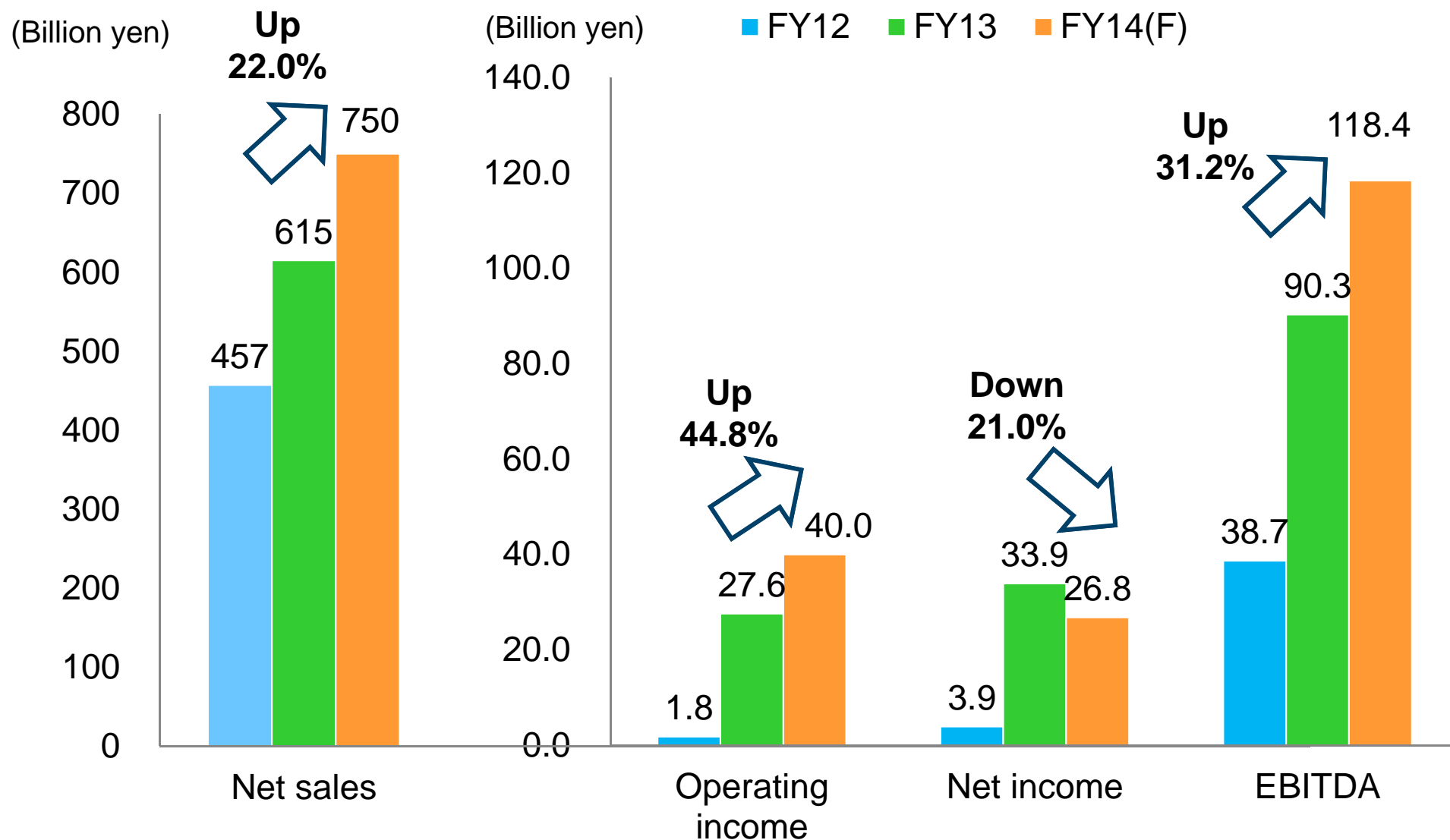
Impact of 5.5 billion yen to net sales and 1.6 billion yen to operating income is estimated for 1 yen change against the U.S. dollar.

Notes: (1) Depreciation cost includes amortization of goodwill and non-operating depreciation cost.

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3-Year Performance



* JDI recognized an income tax benefit of 17.5 billion yen due mainly to recognizing deferred tax assets related to tax losses carried forward.

Assumptions for FY 2014 Financial Forecast

FY2014:

- Factor in such risks as losses on new product starts, speed of TDI launch
- Estimate rapid YoY growth (4x) in Pixel Eyes™ shipment volume
- Sales growth to back estimated sales of 180bn yen (up 2.7-fold YoY) in China market

1Q:

- Estimated sales of no more than 120bn yen on lower demand (seasonal factors) & lower shipments to US & European customers.
- Lower marginal profit ratio due to price declines & shipments of low-profit products, resulting in estimated 10bn yen-plus operating loss

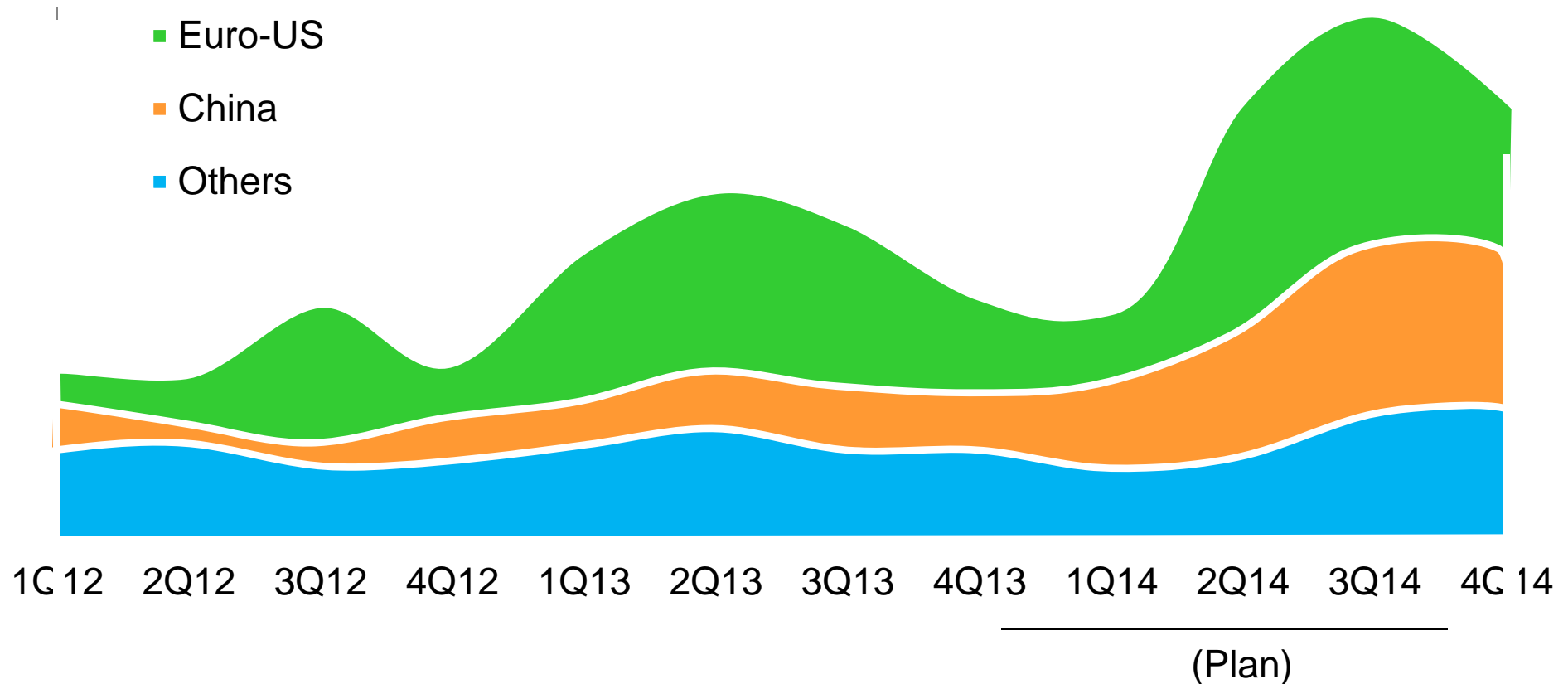
2Q onward:

- New product production, growth in shipments to US & EUR customers brings expected higher sales from 2Q onward
- 2H intro of Pixel Eyes™ products results in increased shipments of semi-customized products to China market. With back-end & procurement cost improvements and recovery of marginal profit ratio, much higher operating income expected

Quarterly Sales Trend

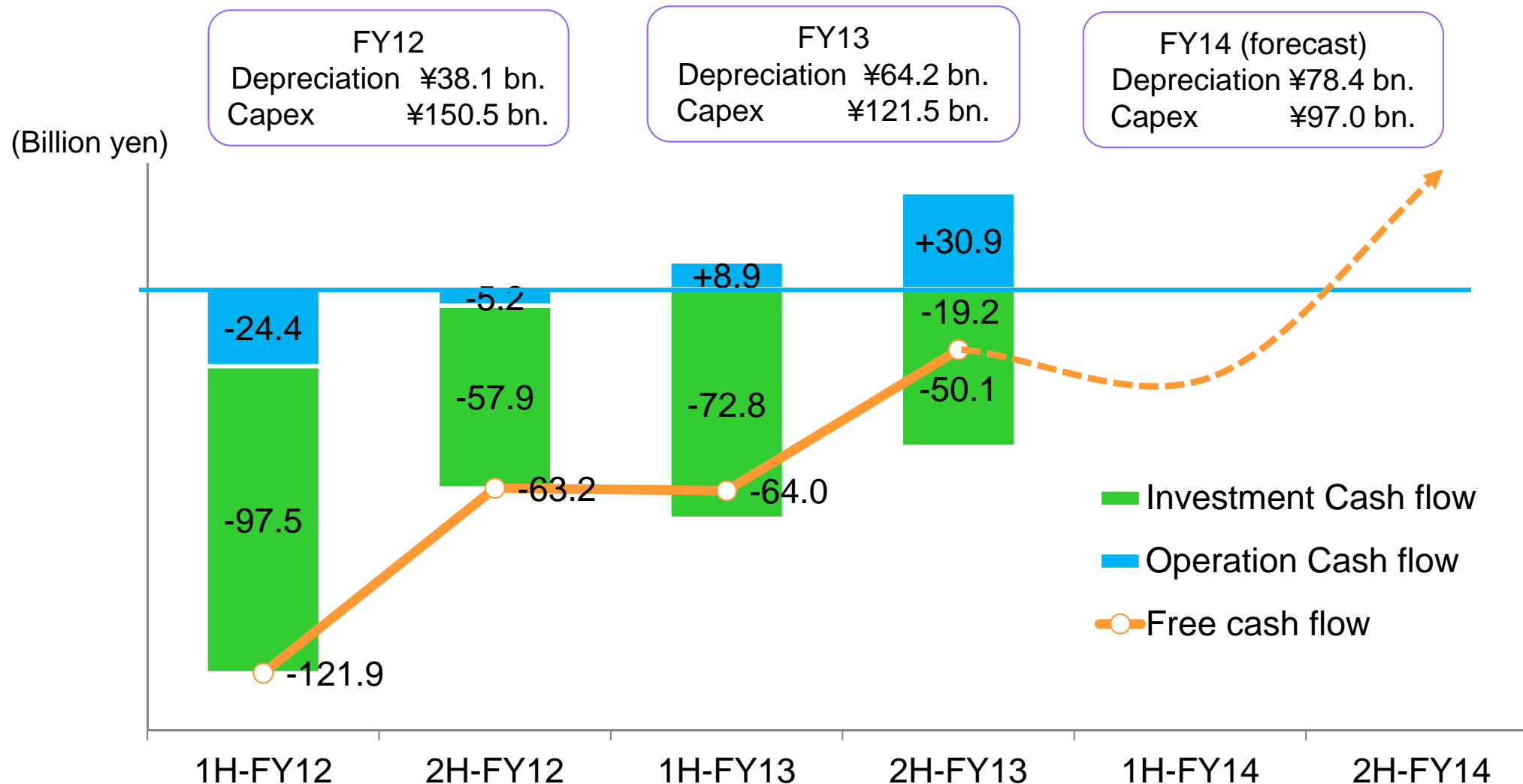
Expect higher shipments to US/European customers to contribute from Q2 onward. With customer development in China and cost reductions now underway, shipments to grow from 2H onward

Quarterly mobile display sales by customer area



Cash Flow Estimate

EBITDA improvements will result in FY2014 free cash flow improvements.
Positive free cash flow is expected in the 2H of FY2014



Agenda

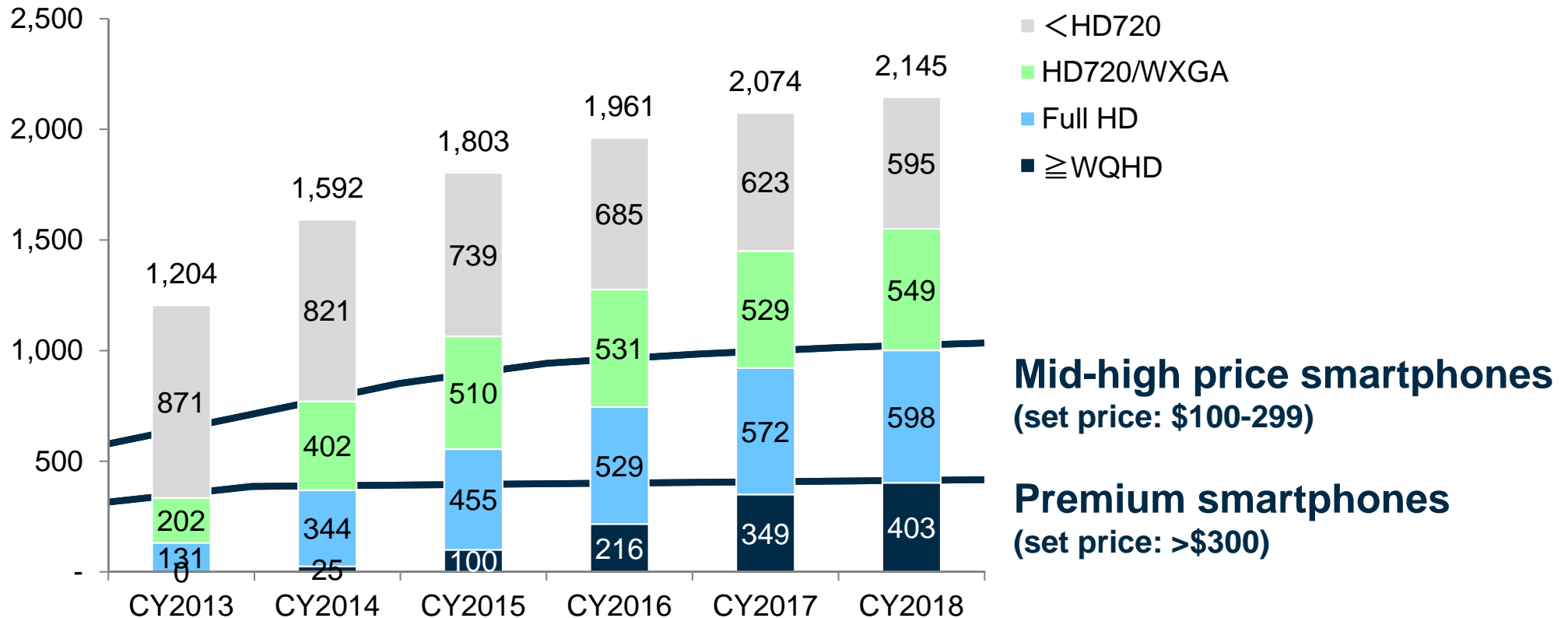
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Understanding the Business Environment & JDI's Strategy

- Smartphone market achieving higher resolutions in line with JDI expectations
 - Expect move to WQHD for premium smartphones, FHD for mid-high price set (From yield standpoint a-Si fab will have difficulties in maintaining cost competitiveness.)
 - Accelerating TDI strategy, pushing hard on cost innovations in medium price-range smartphone area
- With industry's largest LTPS capacity, JDI will use "unique strength" of its cost solutions to quickly recover
 - Unique strength 1: Industry's largest LTPS capacity
 - Unique strength 2: Competitive LTPS yields in high-resolution (e.g., FHD)
 - Unique strength 3: Cutting-edge system integration technology (e.g., Pixel Eyes)
- The above strengths are the core of JDI's mobile market strategy. We will also tackle the automotive/other stable markets

Smartphone Market Trend

Display market for smartphones (Units, M pcs)



Source : NPD DisplaySearch (April 2014), Strategy Analytics (April 2014)

Smartphone market is shifting to high-resolution consistent with JDI's estimates. Mid-high price range smartphones expected to shift to Full HD class where cost competitiveness of LTPS can be maximized

JDI's Advantages in Capturing Smartphone Market

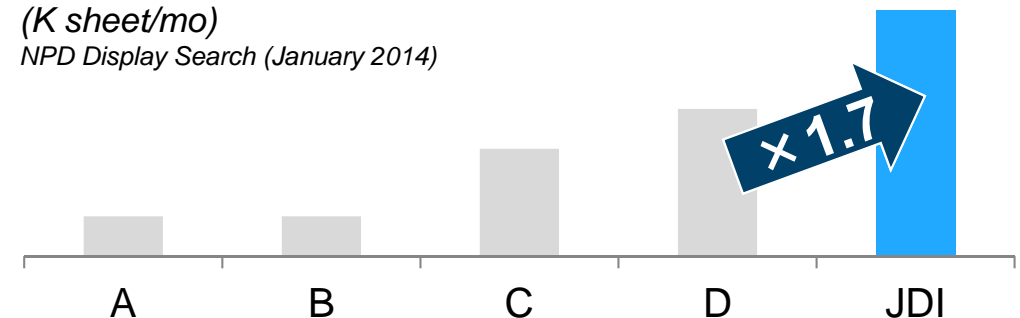
1. World's largest LTPS capacity

1.7 times larger capacity than 2nd place competitor (NPD DisplaySearch estimate)

[LTPS Capacity in CY14]

(K sheet/mo)

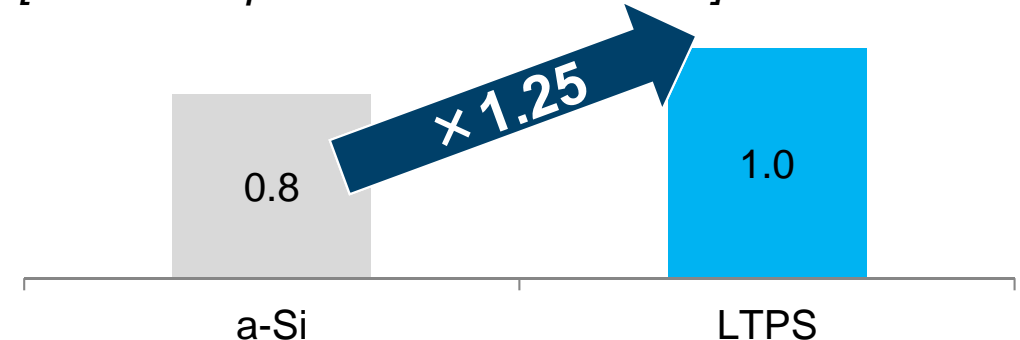
NPD Display Search (January 2014)



2. Competitive high manufacturing yield in high-resolution display production

LTPS is superior to a-Si in the high-resolution area due to yield advantage

[Yield comparison: JDI's 5" FHD]

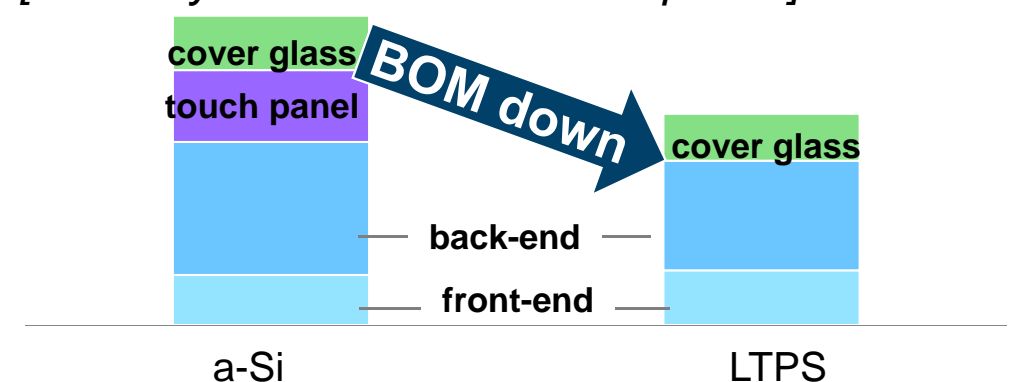


3. Drastic cost reduction in-cell technology: Pixel Eyes™

Reduce touch panel, a large % of costs

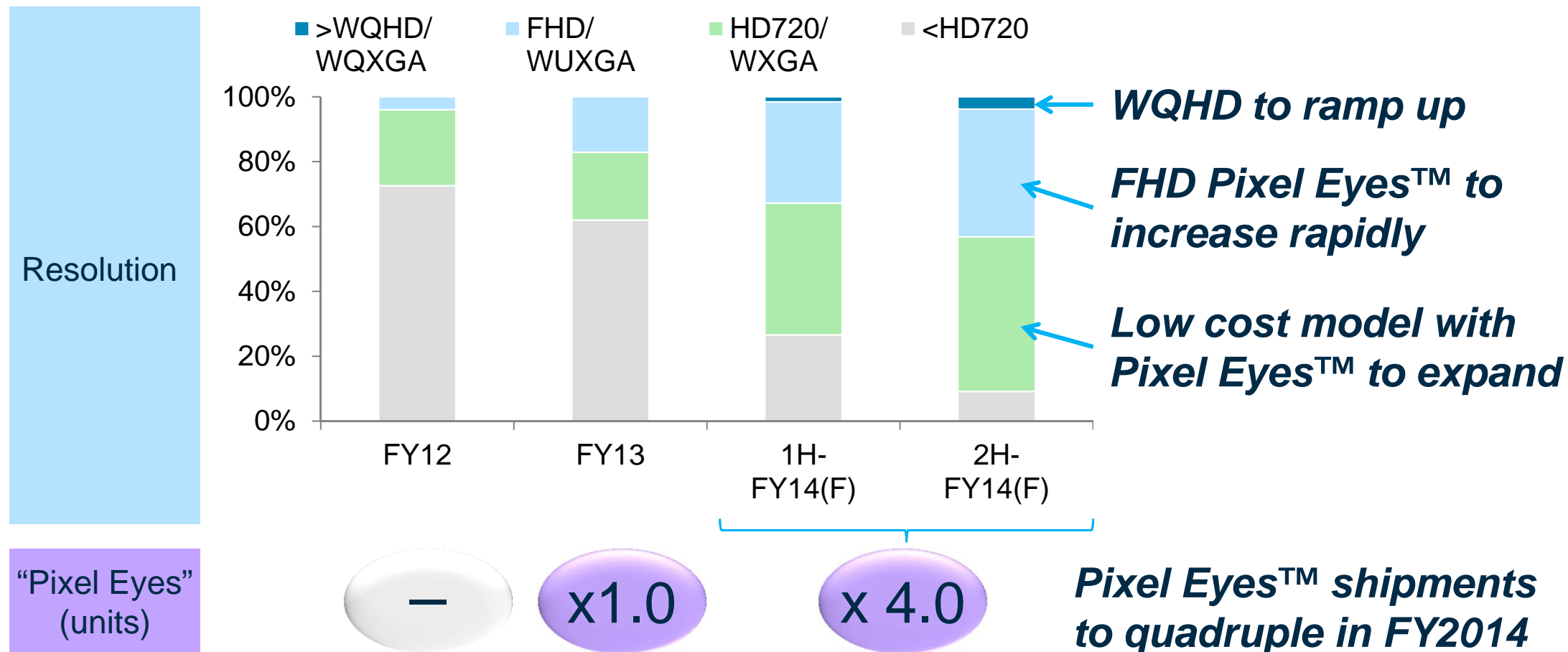
* JDI believes its in-cell solution is superior to on-cell solution due to yield advantage related to sensor patterning

[Pixel Eyes™ vs. a-Si + Touch panel]



Progress in JDI's Strategy

JDI's shipment unit breakdown by resolution for smartphones (%)



JDI is on track for capturing smartphone market by accelerating product development strategy. JDI believes it can become competitive in the medium price range smartphone market.

Pursued Business Portfolio with a Core of Mobile

