

February 14, 2019

[English Translation]

## **Notice Regarding Revisions to the FY 2018 Consolidated Earnings and Dividend Forecasts**

Japan Display Inc. (JDI) has revised down its consolidated earnings forecasts for the fiscal year 2018 (ending March 31, 2019) announced on November 12, 2018. JDI also revised its previous undetermined dividend forecast and has determined that it is unable to pay a year-end dividend for FY 2018.

We regret that the downward revision of our earnings forecast and decision to forego a dividend payment may cause inconvenience to our shareholders and other stakeholders and raise concerns.

Further details appear below.

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### **1. Revisions to the Forecast of Consolidated Financial Results for the FY 2018**

The mobile device category, which is the main business area of JDI, experiences significant seasonality, with the third quarter (October to December) usually being the highest sales period of the fiscal year. In addition, due to the shipments of narrow-bezel LCD FULL ACTIVE™ that expanded from the end of the second quarter of FY 2018, JDI had expected sales and profits to increase significantly in the second half of the fiscal year.

However, the smartphone market as a whole was sluggish in the third quarter due to factors such as the economic slowdown in China and the longer life cycle of smartphones, resulting in a greater than expected impact on JDI's display demand. Although the company managed to achieve a certain recovery in volume through negotiations with customers, it was unable to overcome the decline in sales and profits resulting from lower demand for FULL ACTIVE™ that was partly caused by a shift in customer demand to less profitable products. Accordingly, the FY 2018 full-year forecast announced on November 12, 2018 (a net sales increase of 5-15% from the previous fiscal year and an operating profit margin of 1-2%) is being revised today to now estimate net sales decrease of approximately 10% and an operating loss of over 20 billion yen. Under the new forecast JDI also estimates it will be difficult to achieve its previously announced target for net profit attributable to the shareholders of the parent company for the full fiscal year 2018.

In light of changes in the market environment, which played a role in revising the forecast, and intensifying competition in the smartphone display market, JDI recognizes the need for additional measures to improve profitability and is considering further structural reforms.

Furthermore, JDI is continuing negotiations with several parties to strengthen its market competitiveness and financial base, with the aim of reaching an alliance agreement in the near future. JDI has been promoting these negotiations in cooperation with INCJ, Ltd., our largest shareholder, which has stated that it will continue providing support, including holding company stock and providing credit, even after the conclusion of alliances with external parties.

[Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2019]

	FY 2017 Results	Previous forecast (Nov. 12, 2018)	Revised forecast (Feb. 14, 2019)
Net sales	¥717.5 billion	Up 5% to 15% YoY	Down approx. 10% YoY
Operating income (loss)	(¥61.7 billion)	Operating income margin of 1-2%	(Over ¥20 billion)

## 2. Dividend forecast revision

	Cash dividends per share (yen)		
	End of 2Q	Year end	Total
Previous forecast		Undetermined	Undetermined
Revised forecast		0	0
Results for the fiscal year under review	0		
Results for the previous fiscal year (FY ended March 31, 2018)	0	0	0

JDI recognizes that returning profits to shareholders is an important management issue. Regarding the payment of a year-end dividend, JDI examined such payment against a comprehensive consideration of the level of company business performance and other factors. Regrettably, it has decided not to pay a dividend because the company's current financial results forecast is now lower than initially expected.

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The information contained in the press release is as of the date of the announcement and is subject to change without prior notice. Of the information contained in this press release, our forecasts, forecasts, plans and other forward-looking statements are based on our analysis and judgments subject to the information available to us as of the date of announcement, and actual results may differ materially from those expressed or implied by such forward-looking statements.