JDI Japan Display Inc.

# Japan Display Inc. Revises FY 2014 Earnings Forecast and Dividend Forecast

TOKYO, Japan, October 15, 2014 – Japan Display Inc. (JDI) today announced that it has revised its first-half FY 2014 (April 1, 2014 to September 30, 2014) and full-year FY 2014 (April 1, 2014 to March 31, 2015) financial earnings forecasts and its first-half FY 2014 dividend forecast that were earlier announced on May 15, 2014.

Earnings results for the second quarter of FY 2014 are scheduled to be announced on November 13, 2014.

## 1. Earnings forecast

(1) First-half FY 2014 revised consolidated earnings forecast (April 1, 2014 to September 30, 2014)

(Million yen, except per share amounts)

| | Net sales | Operating income (loss) | Ordinary income (loss) | Net income (loss) | Net income (loss) per share |
|---|---|---|---|---|---|
| Previous forecast (A) | 310,000 | 1,000 | (3,200) | (3,200) | (5.33) |
| Revised forecast (B) | 286,300 | (20,900) | (22,500) | (25,300) | (42.11) |
| Difference (B-A) | (23,700) | (21,900) | (19,300) | (22,100) | - |
| % increase / decrease | (7.6) | - | - | - | - |
| (For reference) First-half FY 2013 consolidated results | 320,964 | 13,925 | 9,657 | 26,535 | 132.42 |

**Note:** On January 28, 2014, JDI split its common stock based on the ratio of 100 shares per one share. The calculations of net income per share are based on the assumption that the share split occurred as of the beginning of each period presented.

(2) FY 2014 revised consolidated earnings forecast (April 1, 2014 to March 31, 2015)

(Million yen, except per share amounts)

| | Net sales | Operating income (loss) | Ordinary income (loss) | Net income (loss) | Net income (loss) per share |
|---|---|---|---|---|---|
| Previous forecast (A) | 750,000 | 40,000 | 31,500 | 26,800 | 44.61 |
| Revised forecast (B) | 740,000 | 6,500 | 1,500 | (10,000) | (16.64) |
| Difference (B-A) | (10,000) | (33,500) | (30,000) | (36,800) | - |
| % increase / decrease | (1.3) | (83.8) | (95.2) | - | - |
| (For reference) FY 2013 consolidated results | 614,567 | 27,624 | 19,072 | 33,918 | 135.09 |

**Note:** On January 28, 2014, JDI split its common stock based on the ratio of 100 shares per one share. The calculations of net income per share are based on the assumption that the share split occurred as of the beginning of each period presented.

(3) Reason for the revision

In regard to business results for the first half of FY 2014, JDI's preliminary net sales result fell short of its initial forecast due to delays in shipments to a major customer and an unanticipated slower ramp up of China’s LTE compatible smartphones using Full-HD (1080 x 1920 pixels) displays. In addition to the lower net sales reducing earnings, sluggish demand for tablet displays and cost reductions that lag behind display price erosion are now expected to cause operating income to fall below JDI's initial forecast, resulting in the revision to the first-half forecast.

For the full term, an increase in sales of Full-HD displays aimed at China and other East Asian countries in the second-half of the fiscal year as well as an increase in shipments of WQHD (1440 x 2560 pixels) displays in the fourth quarter is expected. Consequently, second-half net sales are now forecast to surpass JDI's initial forecast. However, with second-half net sales unable to compensate for the first-half net sales shortfall, a downward revision has been made to the initial full-term forecast. With regards to operating income, second-half operating income should show significant improvement relative to the first half on the back of a profit contribution from increasing Full-HD and WQHD sales as well as a higher sales ratio for Pixel Eyes™. Nevertheless, second-half operating income is unlikely to meet JDI's initial forecast due mainly to a decrease in sales to traditional global smartphone manufactures. Also, an extraordinary loss of approximately seven billion yen related to the streamlining of operations for strengthening medium-term competitiveness, as described in today's "Japan Display Inc. to Close Fukaya Plant and Record Extraordinary Loss" news release, has been factored into the revised full-year forecast.

As for foreign exchange considerations for the second half, JDI is assuming a rate of 105 yen to the US dollar.

**2. Dividend forecast**

(1) Reason for the revision

JDI understands that returning value to shareholders is an important management priority.

In regard to dividends in consolidated FY 2014, JDI believes it is important to strike a balance between the distribution of profits and sustained capital investment in improvements to manufacturing. The importance of this balance requires the company to take into consideration market trends, the timing of strategic investment, the company's financial condition and other relevant factors.

At this time, after taking into account the revised earnings forecast for the first half and the fiscal 2014 full year the company has decided to pay no dividend for the first half.

A decision about a dividend for the full fiscal year will depend on continuing to take into consideration market trends, the timing of strategic investment and the company's financial condition, as well as other relevant factors. Prompt announcement will be made when a decision is made concerning a full-year dividend.

(2) Revisions to dividend forecasts

| | Dividends per share (yen) | | |
|---|---|---|---|
| | End of 2Q, (September 30) | Year end (March 31) | Full Year |
| Previous forecast | Not decided | Not decided | Not decided |
| Revised forecast | 0 yen | Not decided | Not decided |
| Current fiscal year results(FY 2014) | | | |
| Previous fiscal year results(FY 2013) | 0 yen | 0 yen | 0 yen |

**Note:** The earnings forecast contained in this document is based on information available at the time this document was produced. Please be advised that actual results could differ materially from those expected due to a variety of factors.

**About Japan Display Inc.**

Japan Display Inc. (JDI) is the leading global manufacturer of advanced small- and medium-sized LTPS LCDs. By leveraging its advanced technologies and the world's largest LTPS production capacity, JDI provides high-resolution, low-power consumption and ultrathin 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's stock was listed on the First Section of Tokyo Stock Exchange in March 2014 (trading code: 6740). For more information visit http://www.j-display.com/english/.