

NGK Insulators, Ltd.

Nov. 2009

Today's Speakers

Name

Title

Shun Matsushita

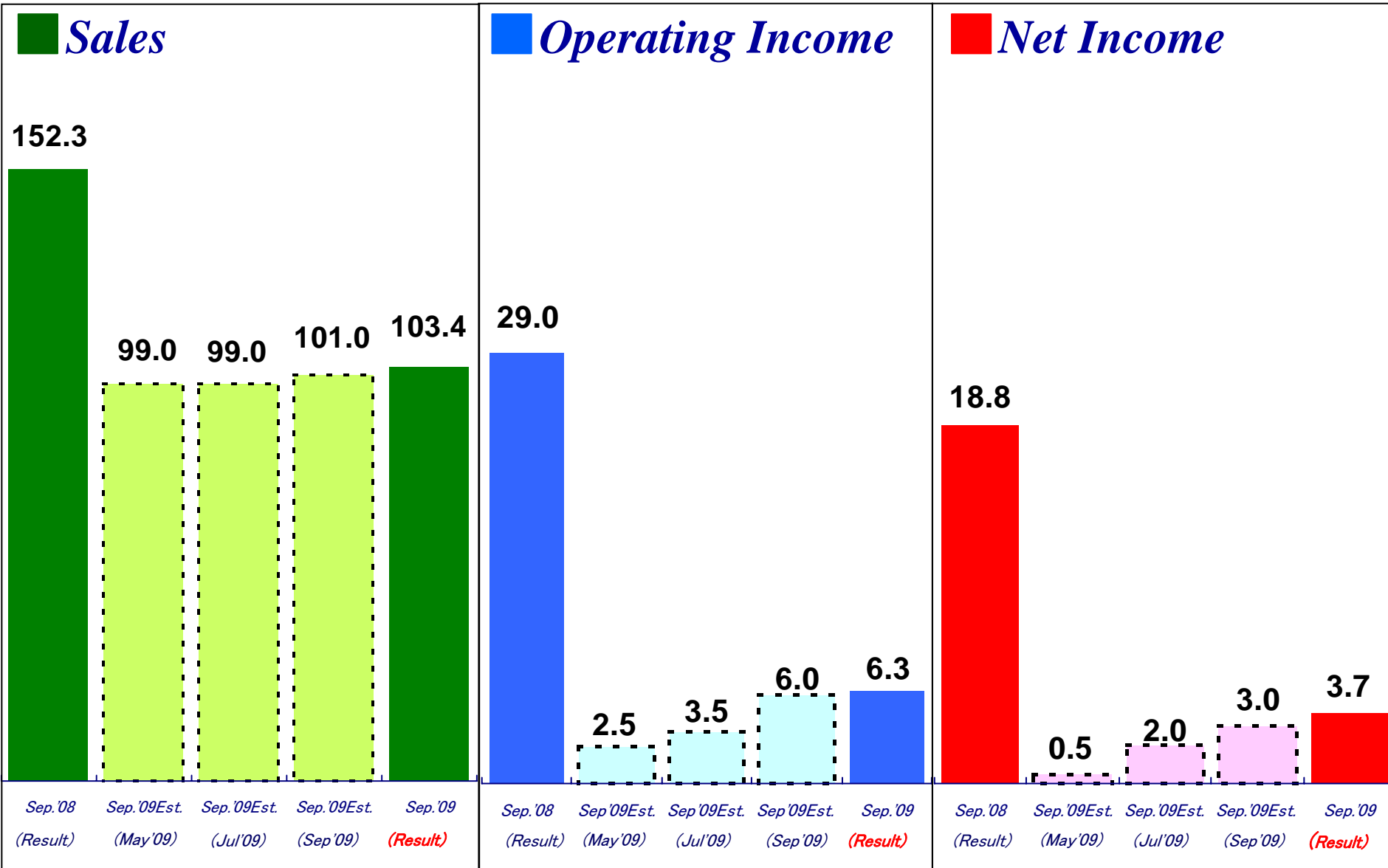
President & Chief Executive Officer

Hiroshi Wada

Director & Senior Vice President

1st Half Result

¥ Bil.



■ *Points of 1stH Result* (Unit : ¥ Bil.)

◆ *Sales & Income decreased from the 1stH of previous year*

Due to worldwide economic slowdown, demand for automotive related ceramic products, ceramic components for semi-conductor production equipment and Beryllium Copper products decreased sharply.

【*Change from the 1stH of previous year*】

Sales Δ48.9 (Power +3.0, Ceramic Δ35.5, Electronics Δ16.4)

Op. Income Δ22.7 (Power +0.6, Ceramic Δ16.7, Electronics Δ6.6)

Impact of stronger yen (¥95/\$, ¥128/ER) Sales Δ5.8 Op.Income Δ1.4

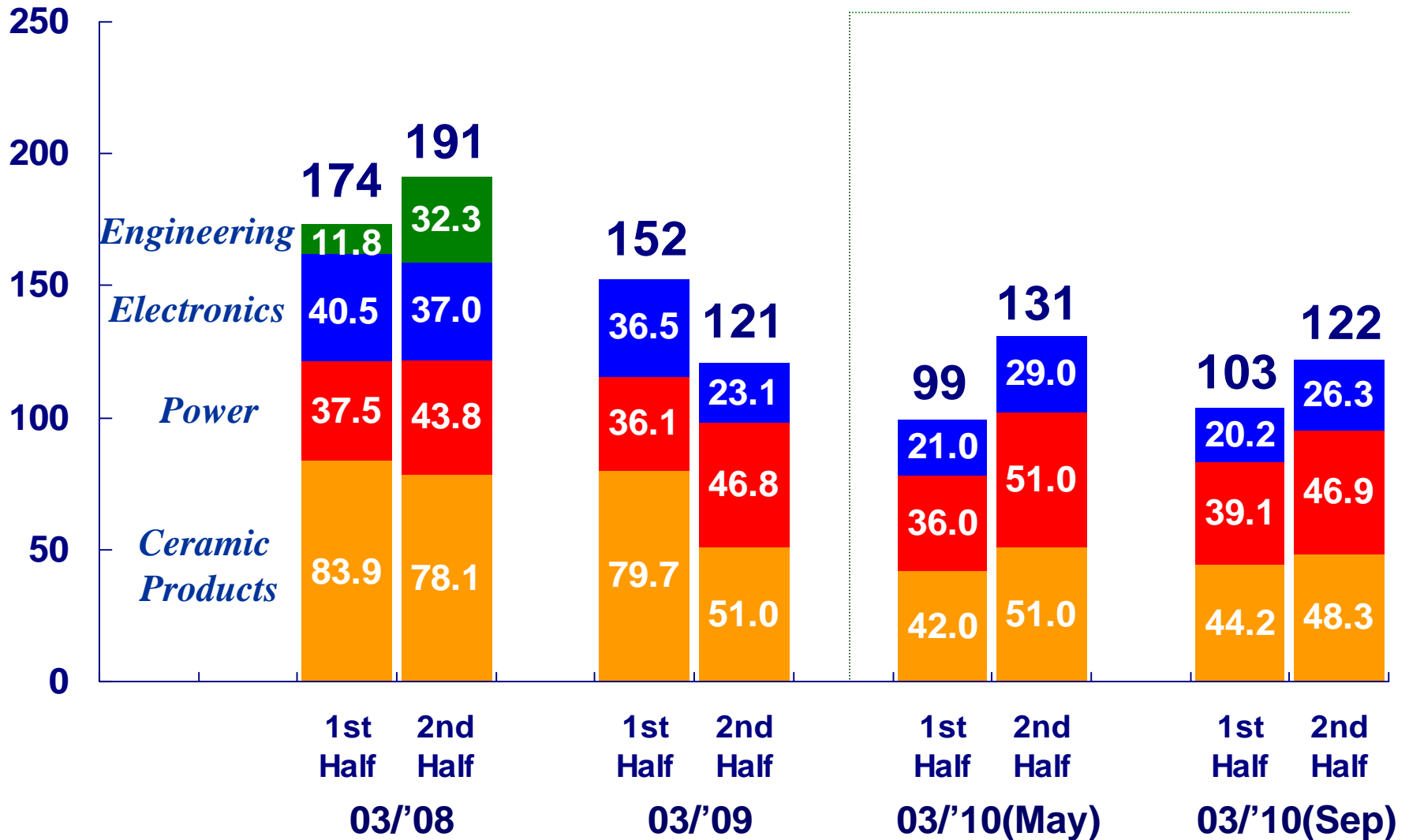
■ *Forecast for Fiscal year Ending March 2010*

- ◆ *Sales & Income will decrease from previous year due to weaker demand for automotive related ceramic products, ceramic components for semi-conductor production equipment, Beryllium Copper products and so on, even though the business trend for the Power business is firm.*

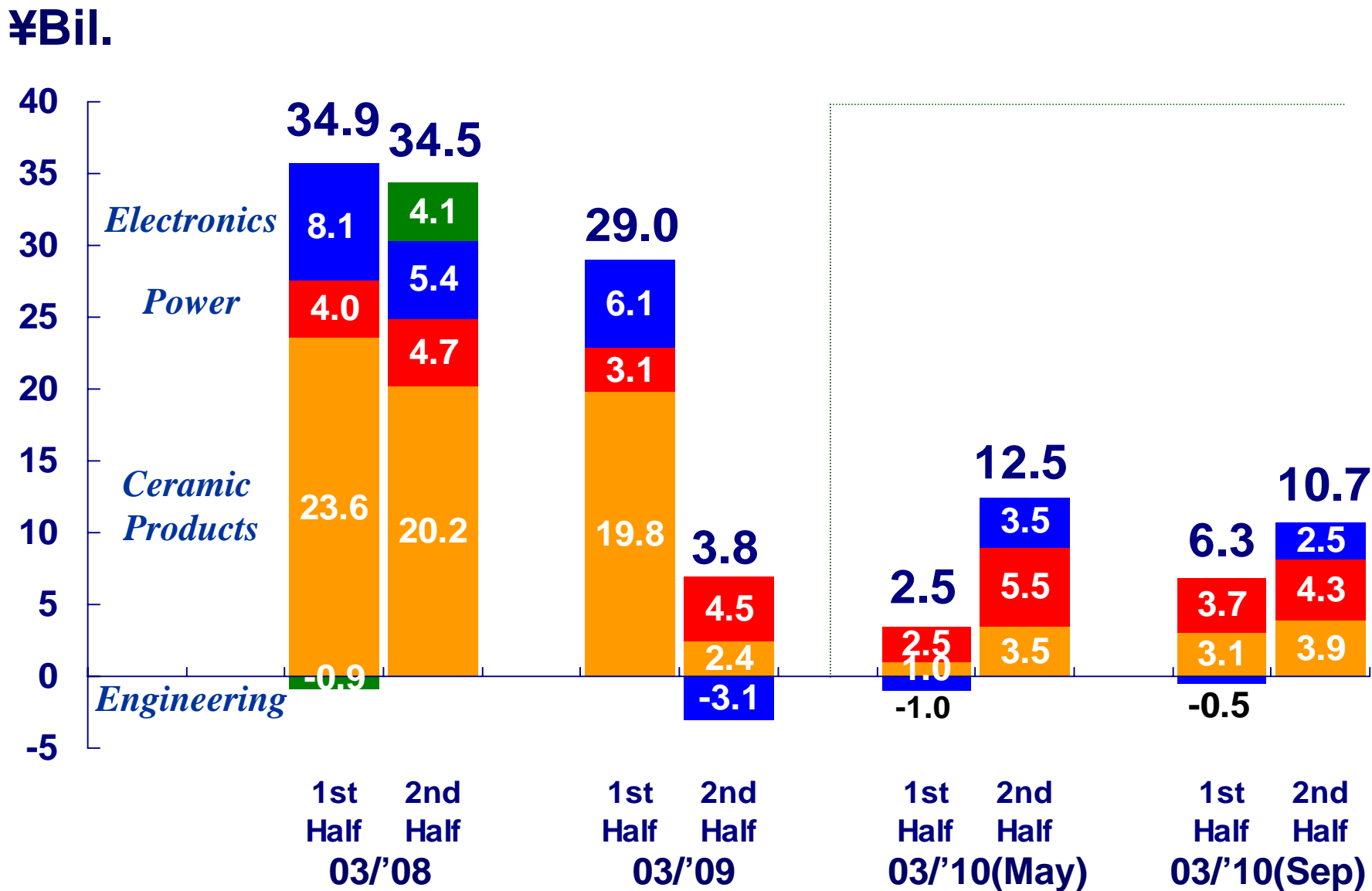
Net Sales of NGK / Half Term

¥Bil.

After consolidation elimination



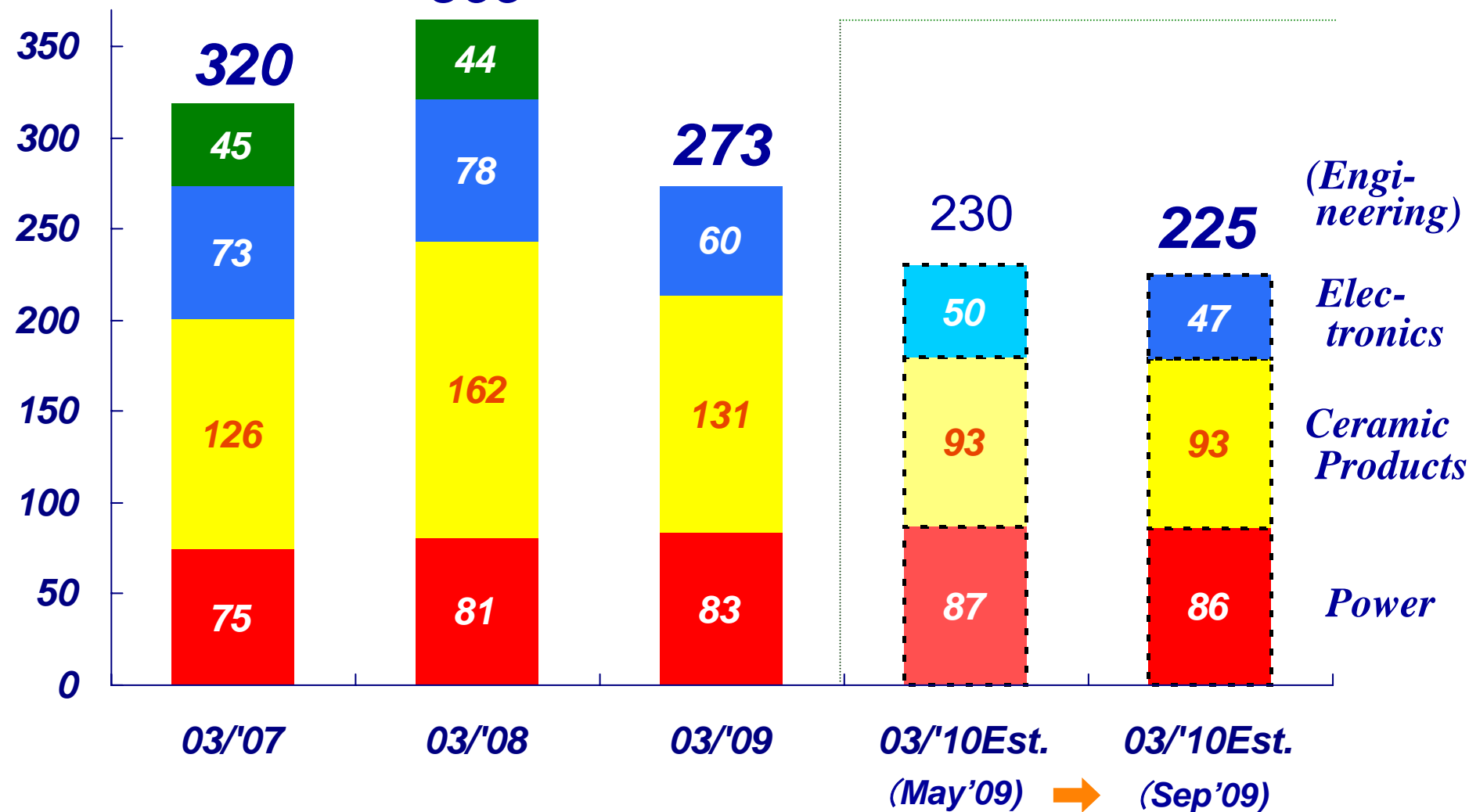
Income of NGK / Half Term



Net Sales of NGK

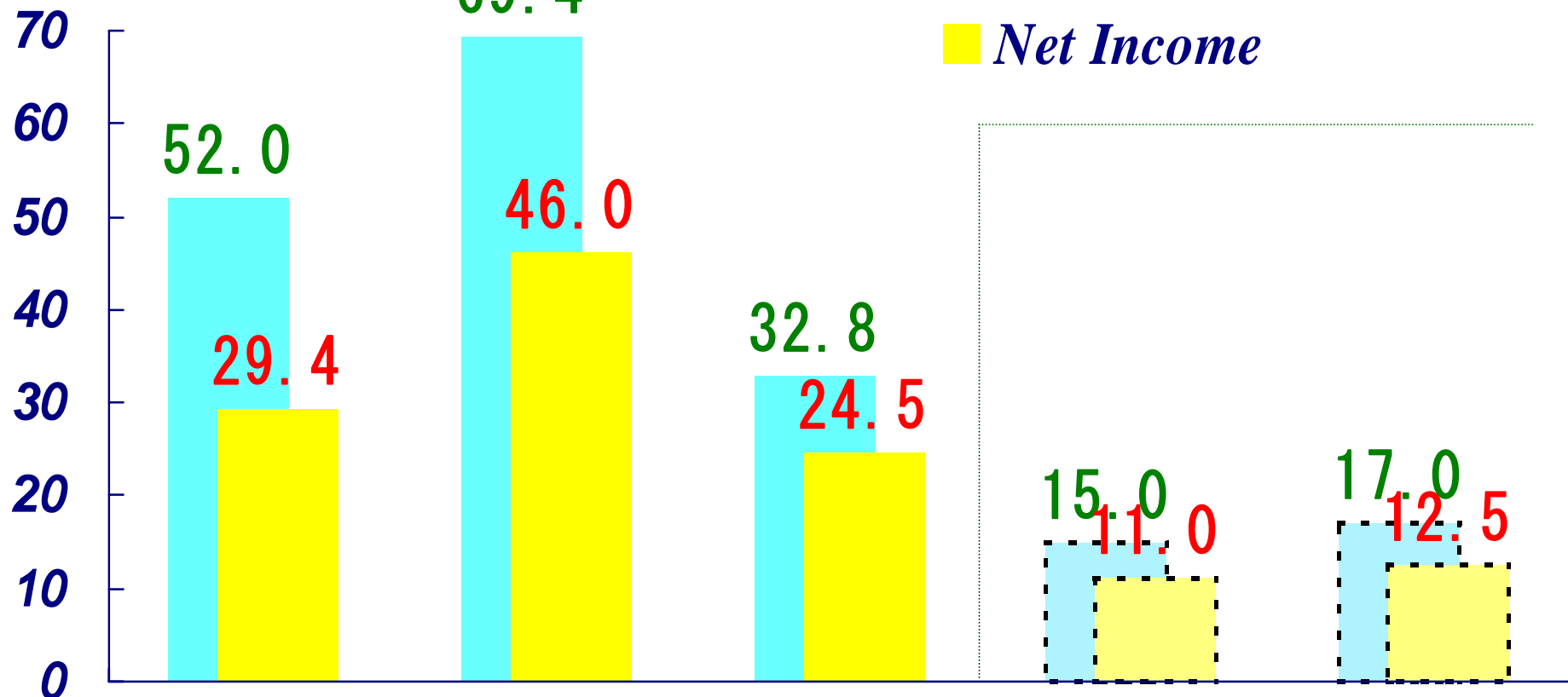
After consolidation elimination

¥ Bil.



Income of NGK

¥ Bil.



Operating Income

Net Income

03/07

03/08

03/09

03/10Est.

03/10Est.

annual average

(May'09)

(Sep'09)

<¥/\$> <116>

<118>

<104>

<90>

<93>

<¥/Euro> <147>

<162>

<153>

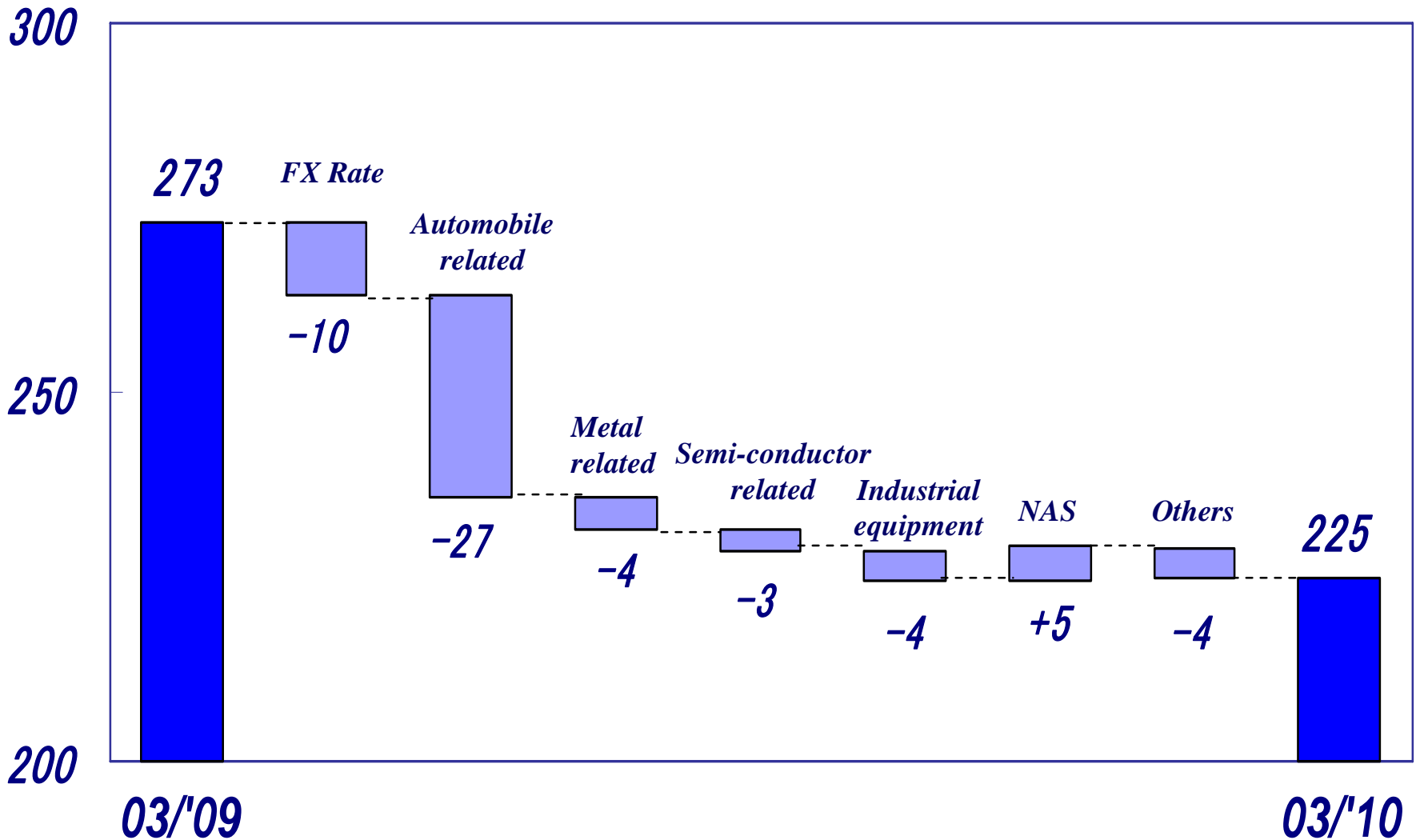
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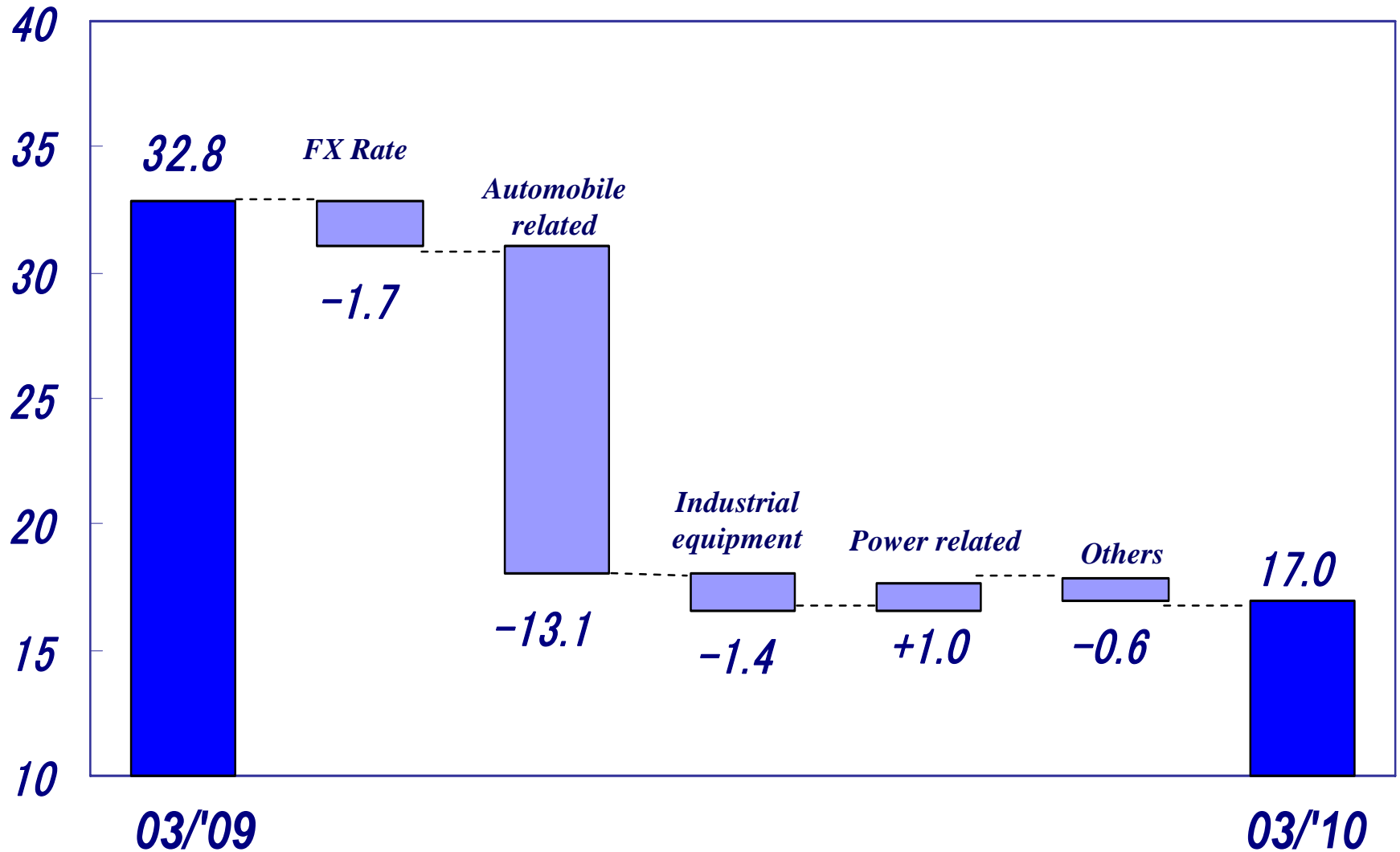
Factors of Sales Variation

¥ Bil.

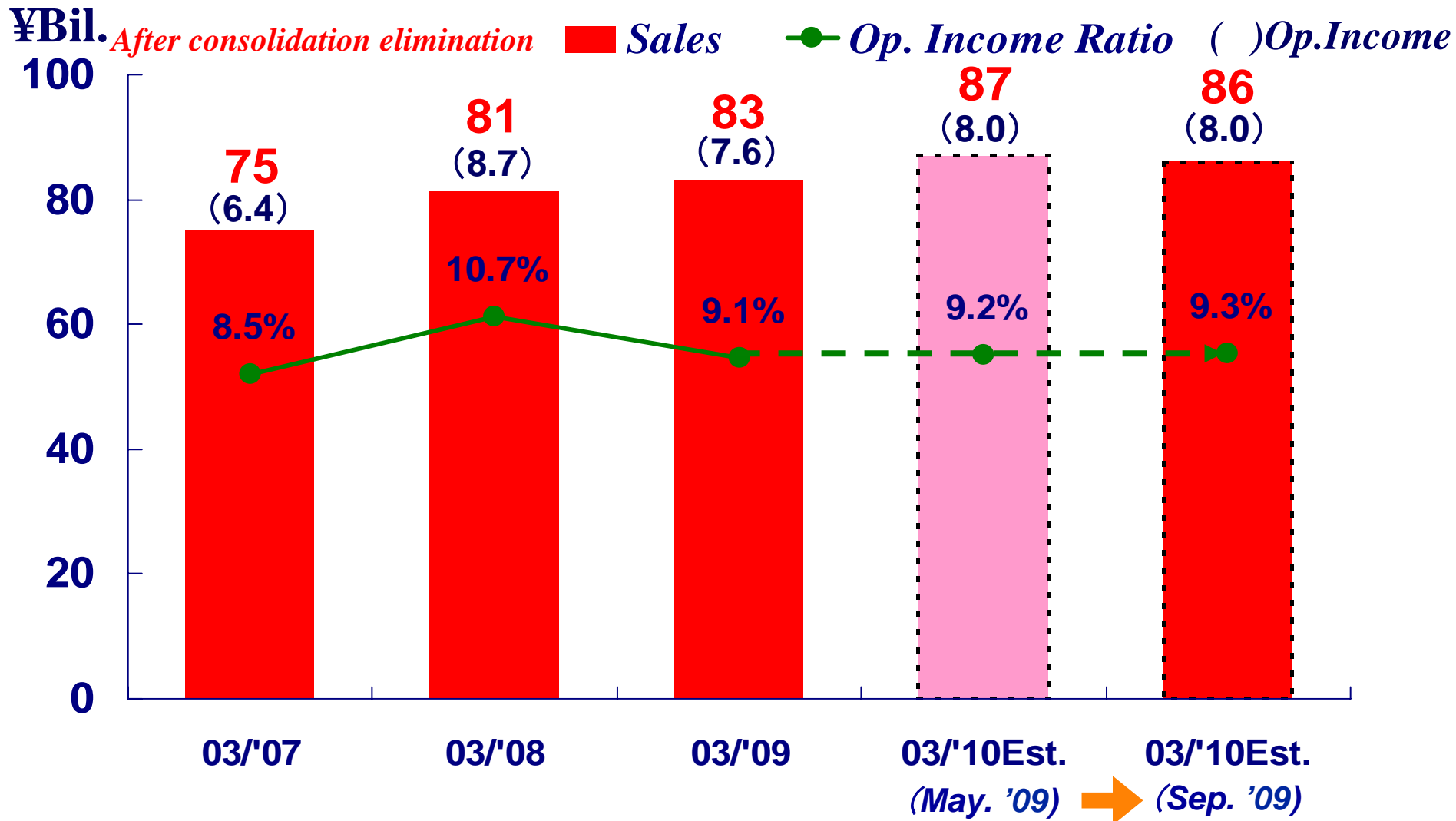


Factors of Op. Income Variation

¥ Bil.



Power Business Sales & Operating Income



Overview

✦ *Electrical Insulators :*

- Domestic demand for 500KV transmission line project is at peak.
- Domestic power demand for industrial use is decreasing.
- Demand for UHV and direct current in China is active.
- Construction of transmission lines in the Middle East is active.

✦ *NAS batteries :*

- Overseas market is active due to orders received from Abudhabi and EDF-EN.
- Demand for stabilization of the power distribution system is expected to increase due to the spreading use of renewal energy.

Tasks

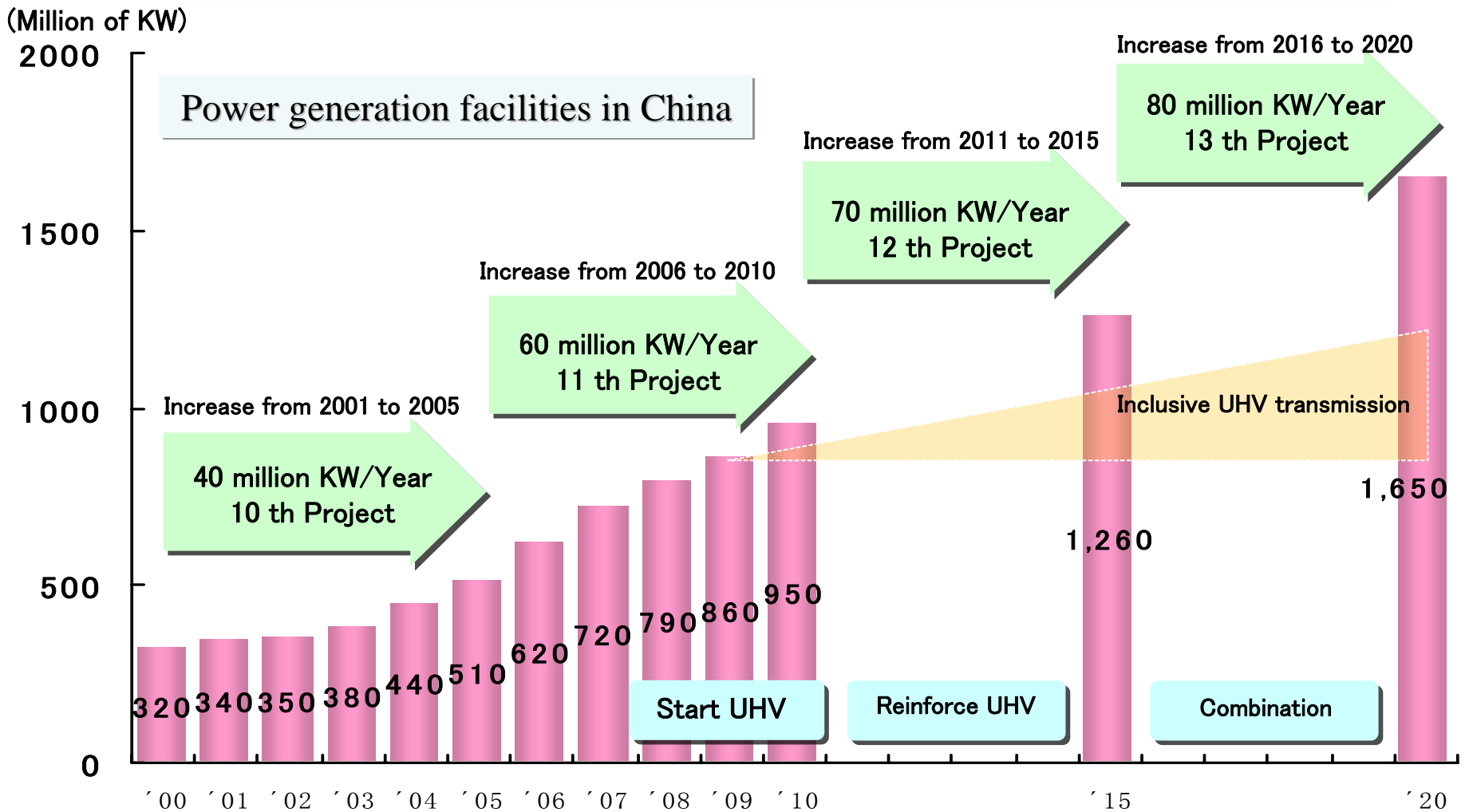
✦ *Electrical Insulators :*

- Reinforce and expand production base in China.
- Establish stable goods supply.

✦ *NAS batteries*

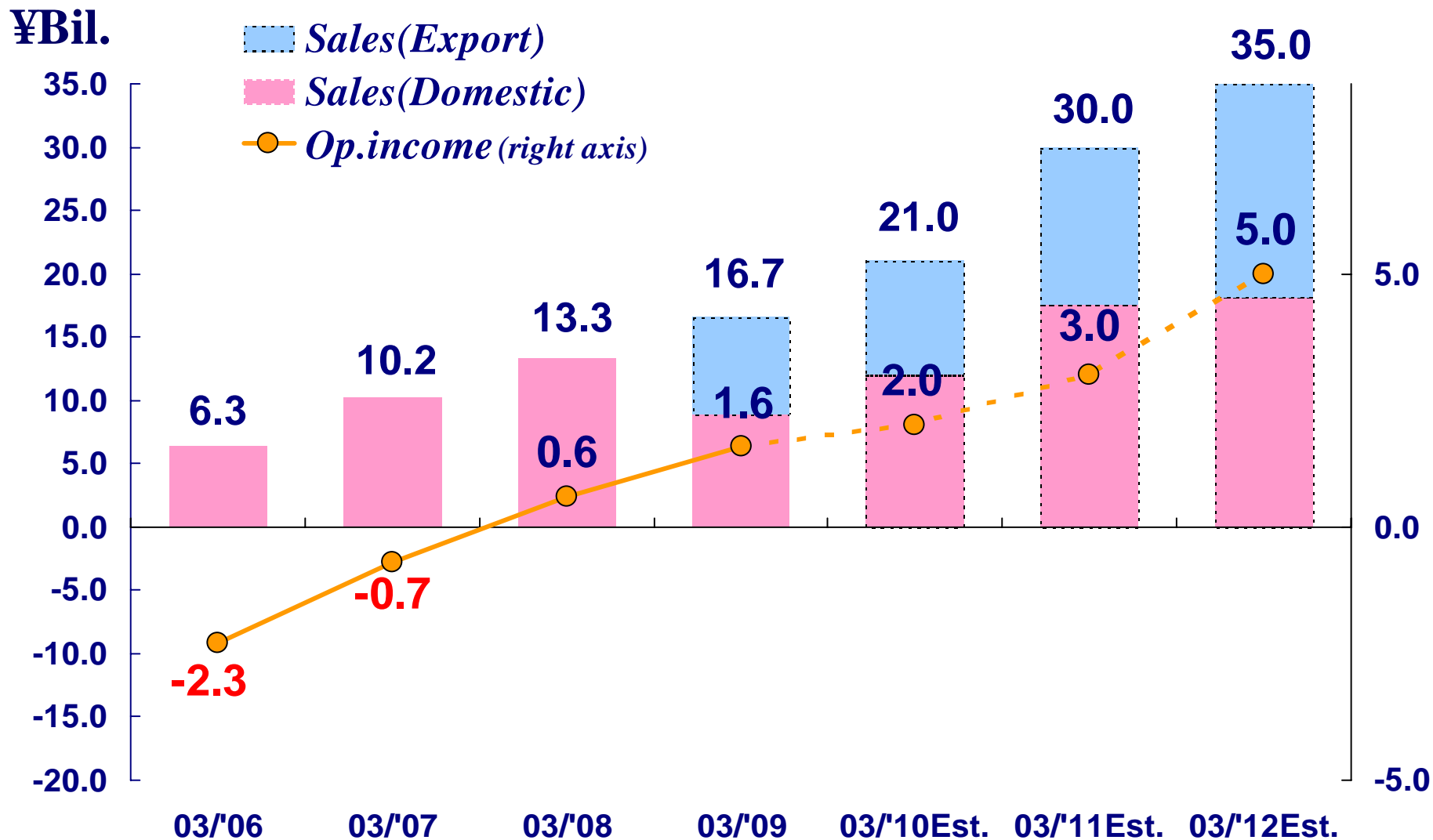
- Establish increased production.
- Promote cost reduction.

Expansion of Power Market in China

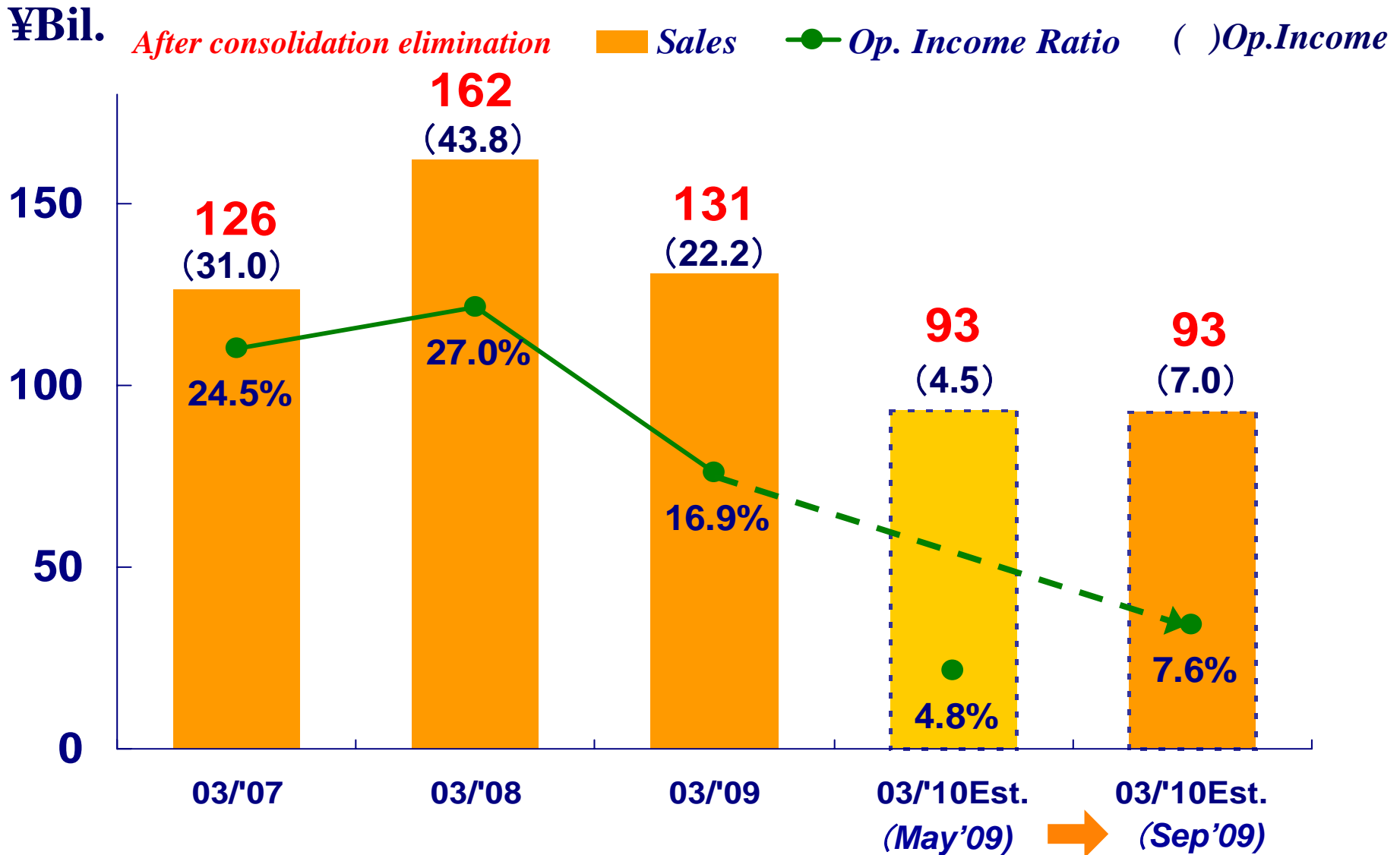


Sales Forecast in China	'08	'09	'10	'15	(Unit: Billion of Yen)
	8.9	10.8	15.5	20.0	

Sales & Income of NAS batteries business



Ceramic Products Business Sales & Operating Income



Overview

- ✦ *Due to worldwide economic slowdown, car sales have decreased sharply.*
- ✦ *Demand will tend to increase mid & long-term due to CO2 and emission regulations being tightened worldwide.*

Automotive catalytic converters (“Honeycomb Ceramics”) :

Worldwide introduction of emissions regulations.

Cd-DPF & Large-size honeycombs :Tighter regulations for truck and construction equipment.

SiC-DPF : Tighter emission regulations in EU.

Stiff competition with other materials.

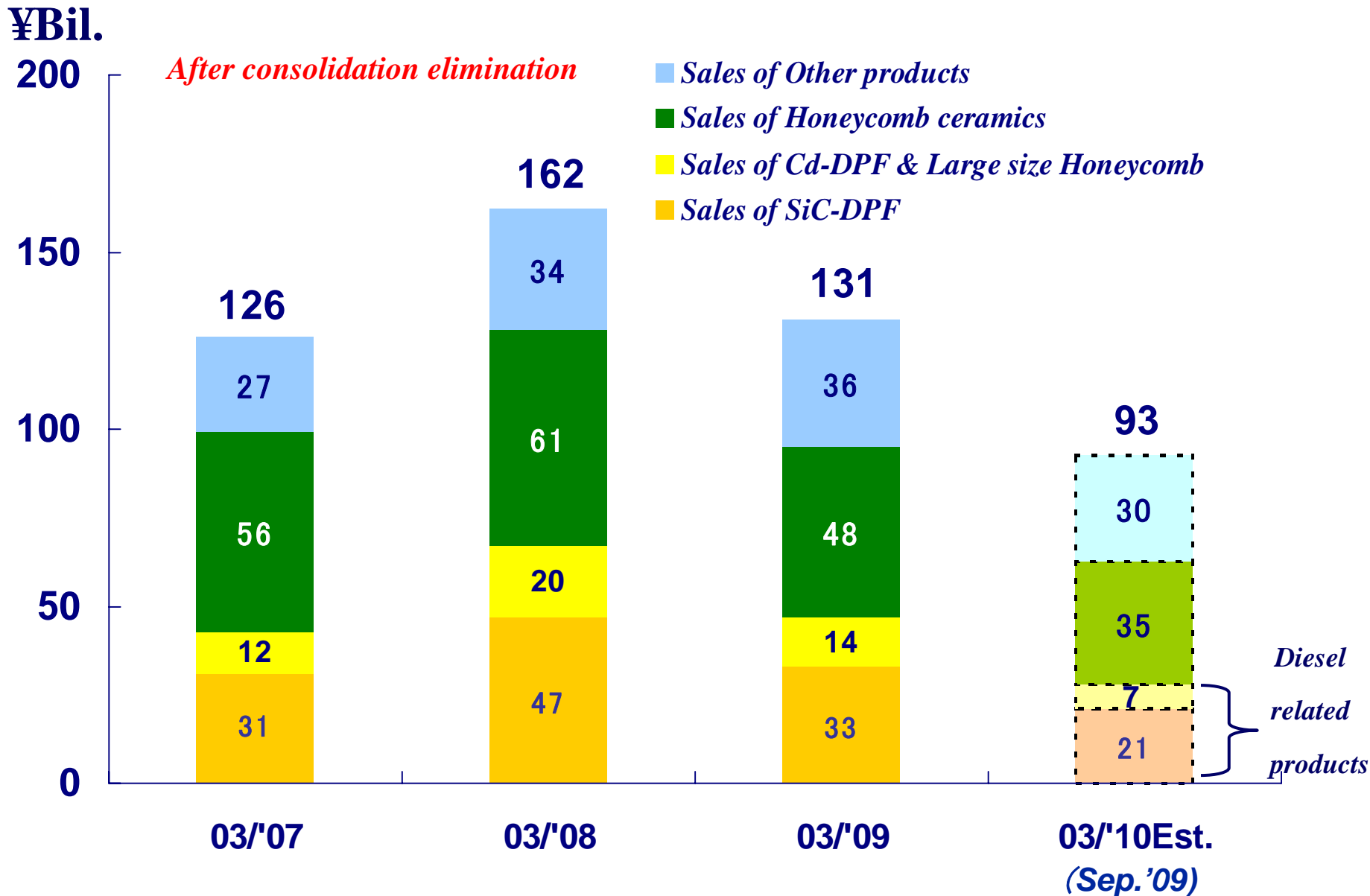
Tasks

- ✦ *Honeycomb Ceramics & Cd-DPF & Large-size honeycomb & SiC-DPF:*

Establish the optimum production framework to deal with reduced demand for production.

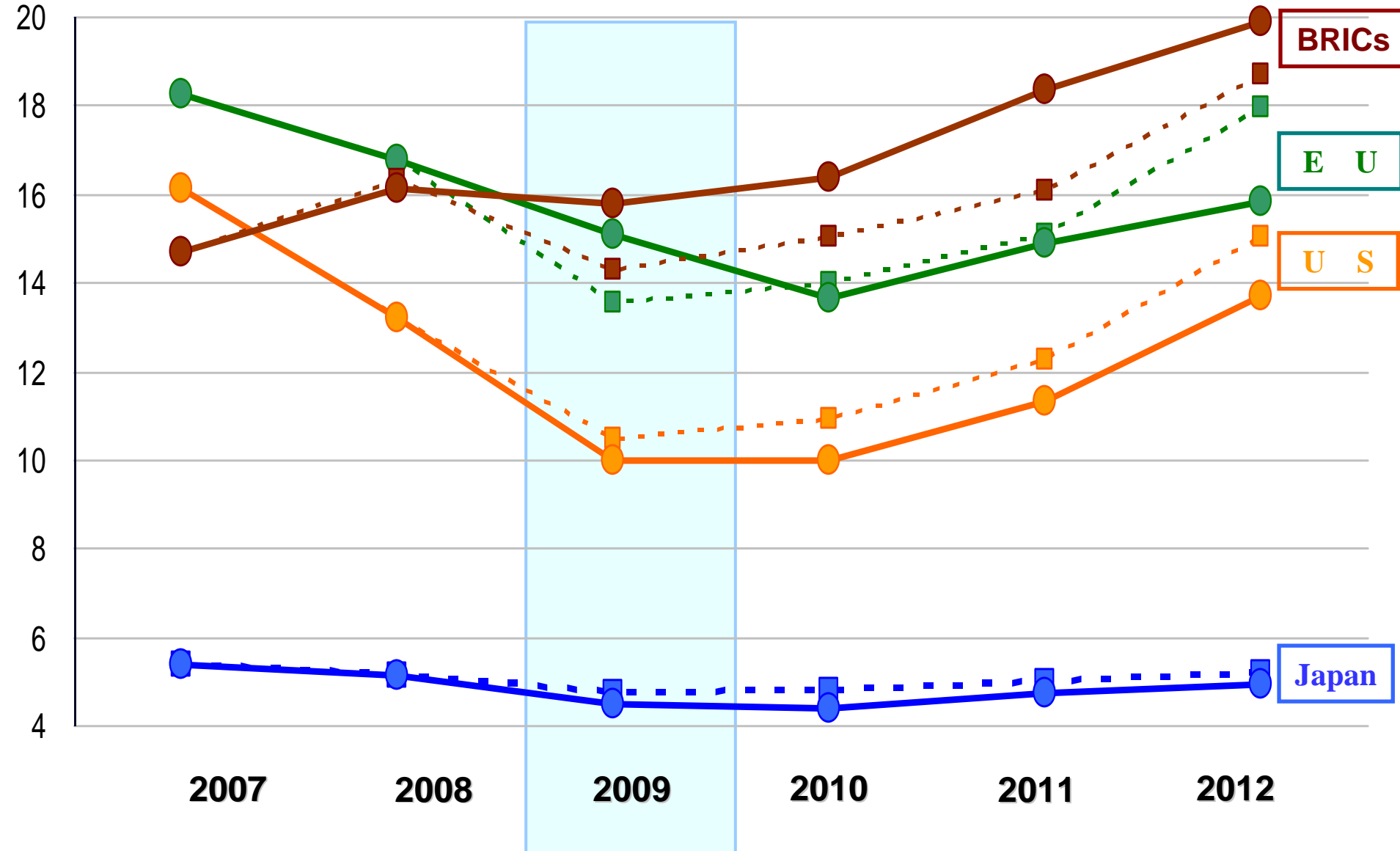
- ✦ *SiC-DPF :Differentiate from other materials in terms of performance and price.*

Sales Forecast of Ceramic Products Business



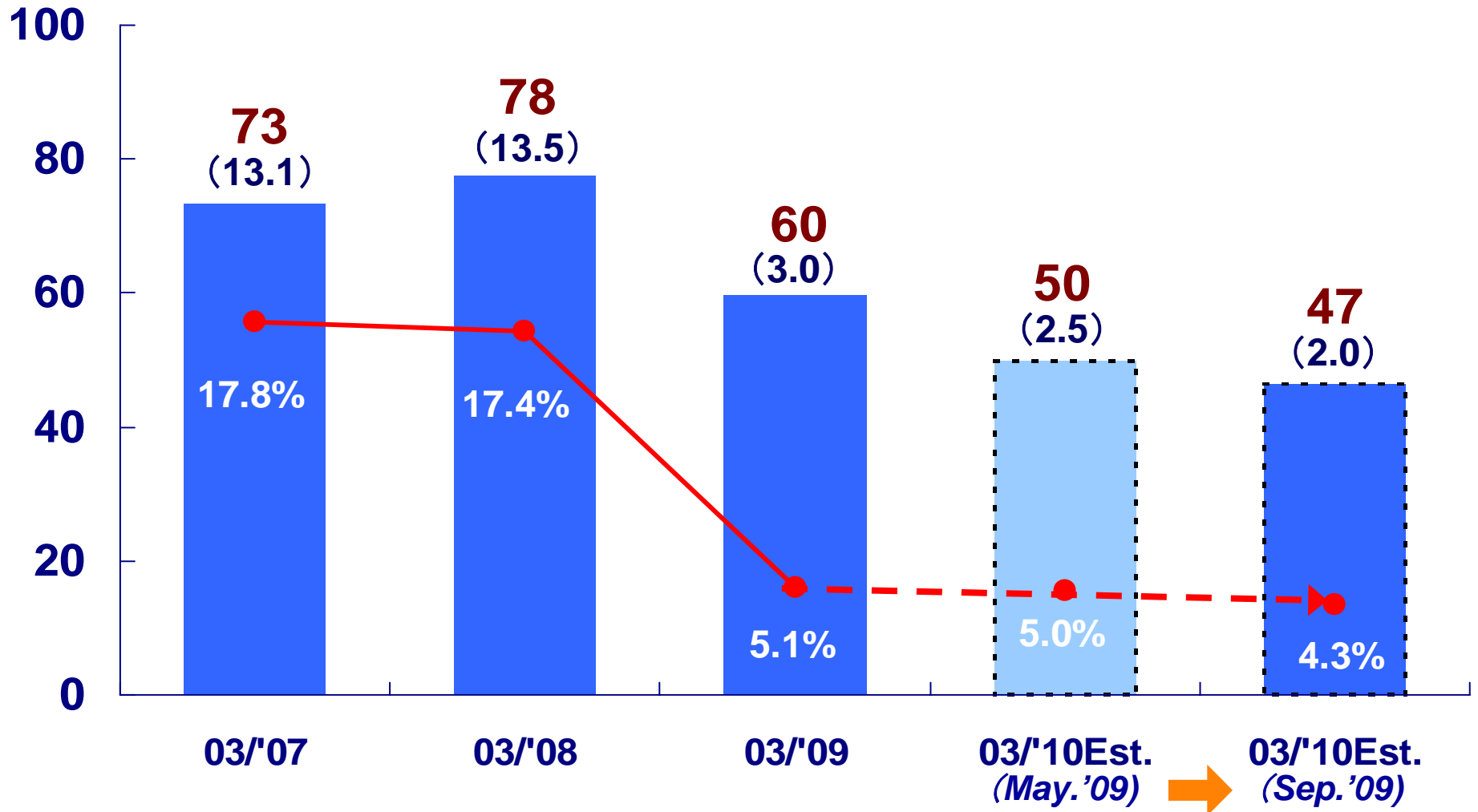
Automobile Sales Forecast

(Million of Car) *Broken Line : Previous Forecast / Solid Line : Current Forecast*



Electronics Business Sales & Operating Income

¥Bil. *After consolidation elimination* ■ Sales ● Op. Income Ratio () Op.Income



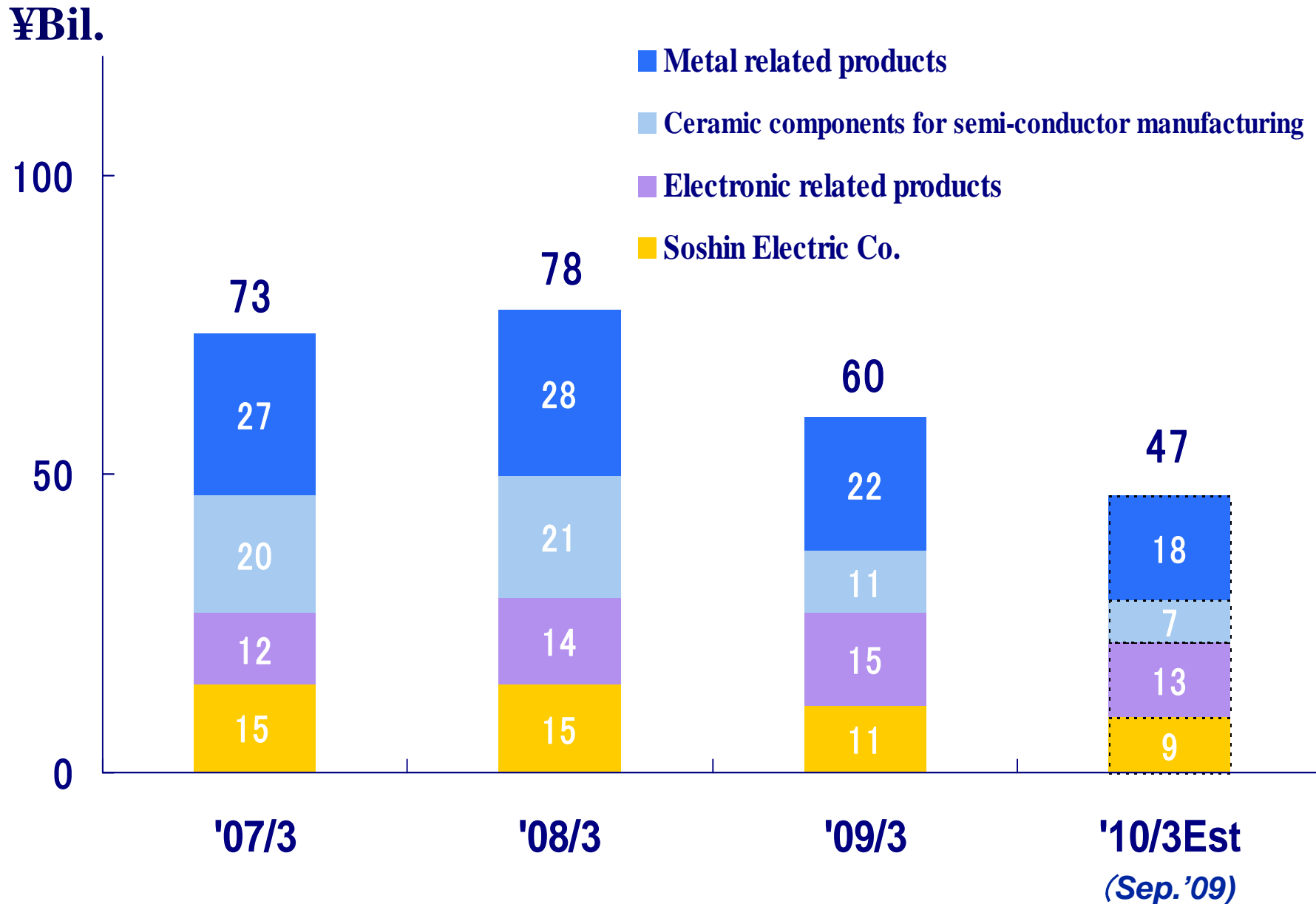
Overview

- ✦ *“Beryllium Copper”*: Demand decreases due to economic slow down.
- ✦ *“Ceramic Components for Semi-conductor Production Equipment”*: Demand decreases due to decline of investments of semi-conductor makers.
- ✦ *“Ceramic Actuators for Color Printer Heads”*: Demand decreases due to worldwide slow down in printer market.
- ✦ *“Soshin Electric Products”*: Demand for industrial equipment and data & communications related products tends to decrease.

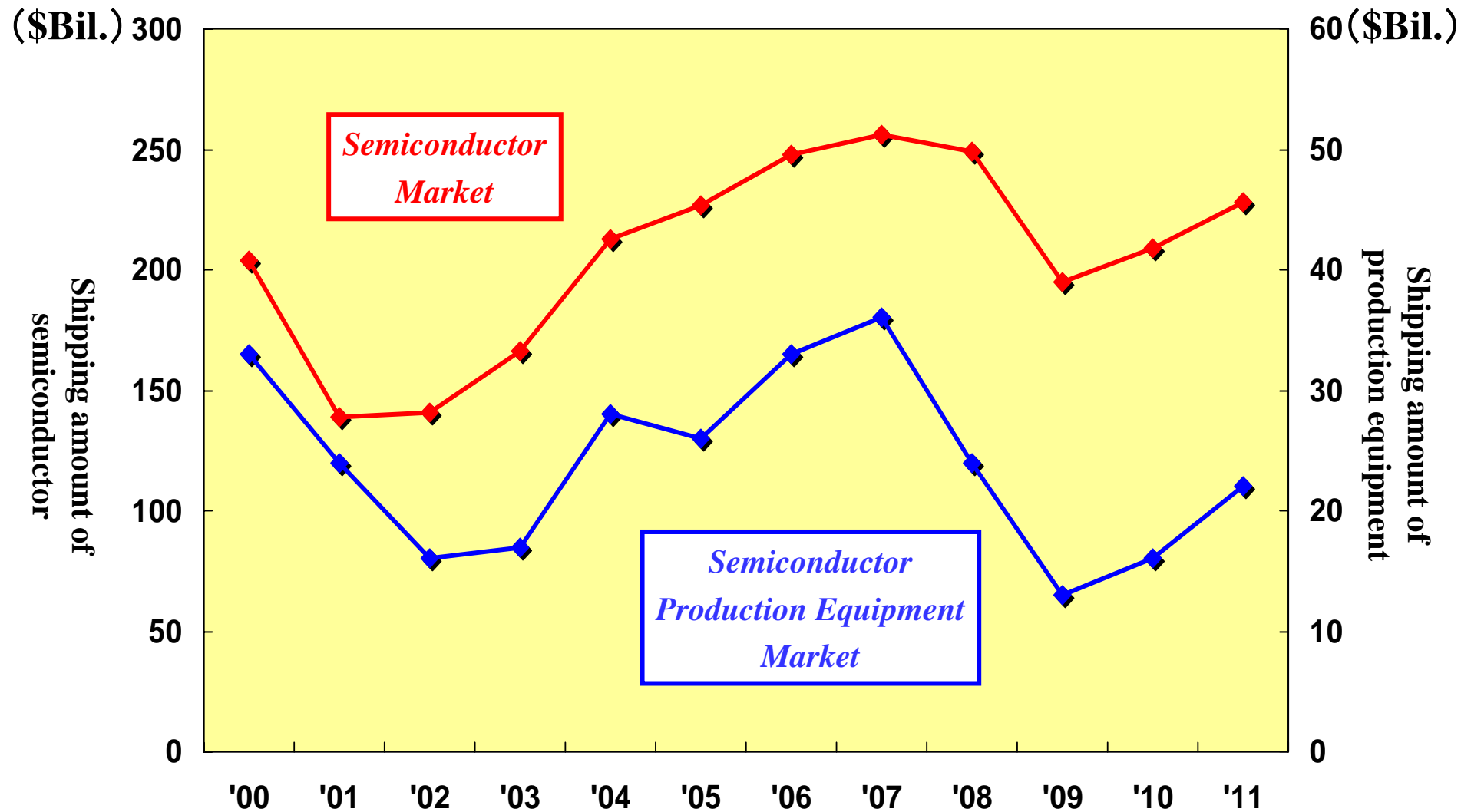
Tasks

- ✦ *Review production framework to cope with declining demand.*
- ✦ *Promote development and expansion of new product sales.*

Sales Forecast of Electronics Products Business



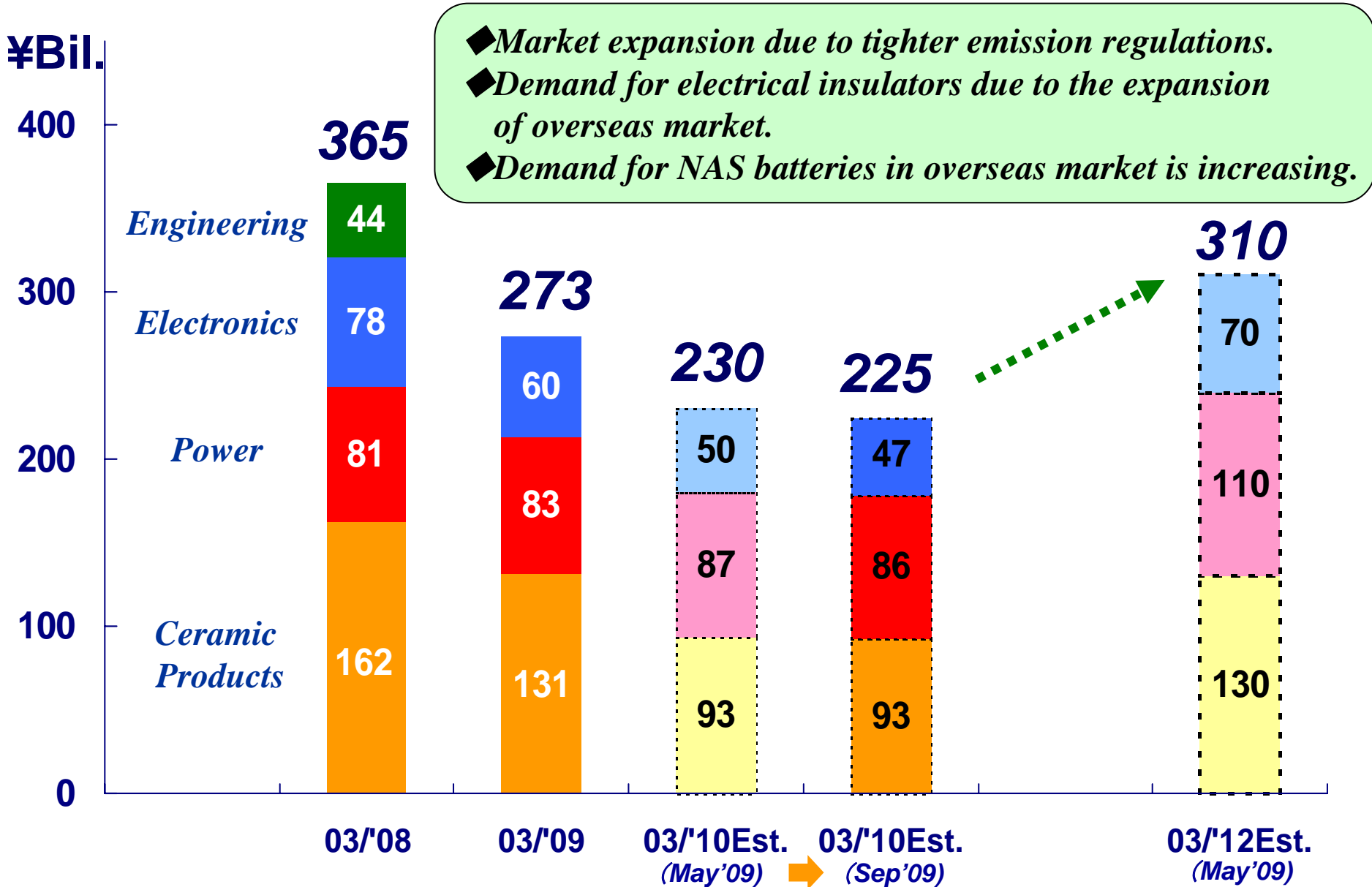
Forecast of Market Scale of Semiconductor and Production Equipment



From WSTS & Gartner

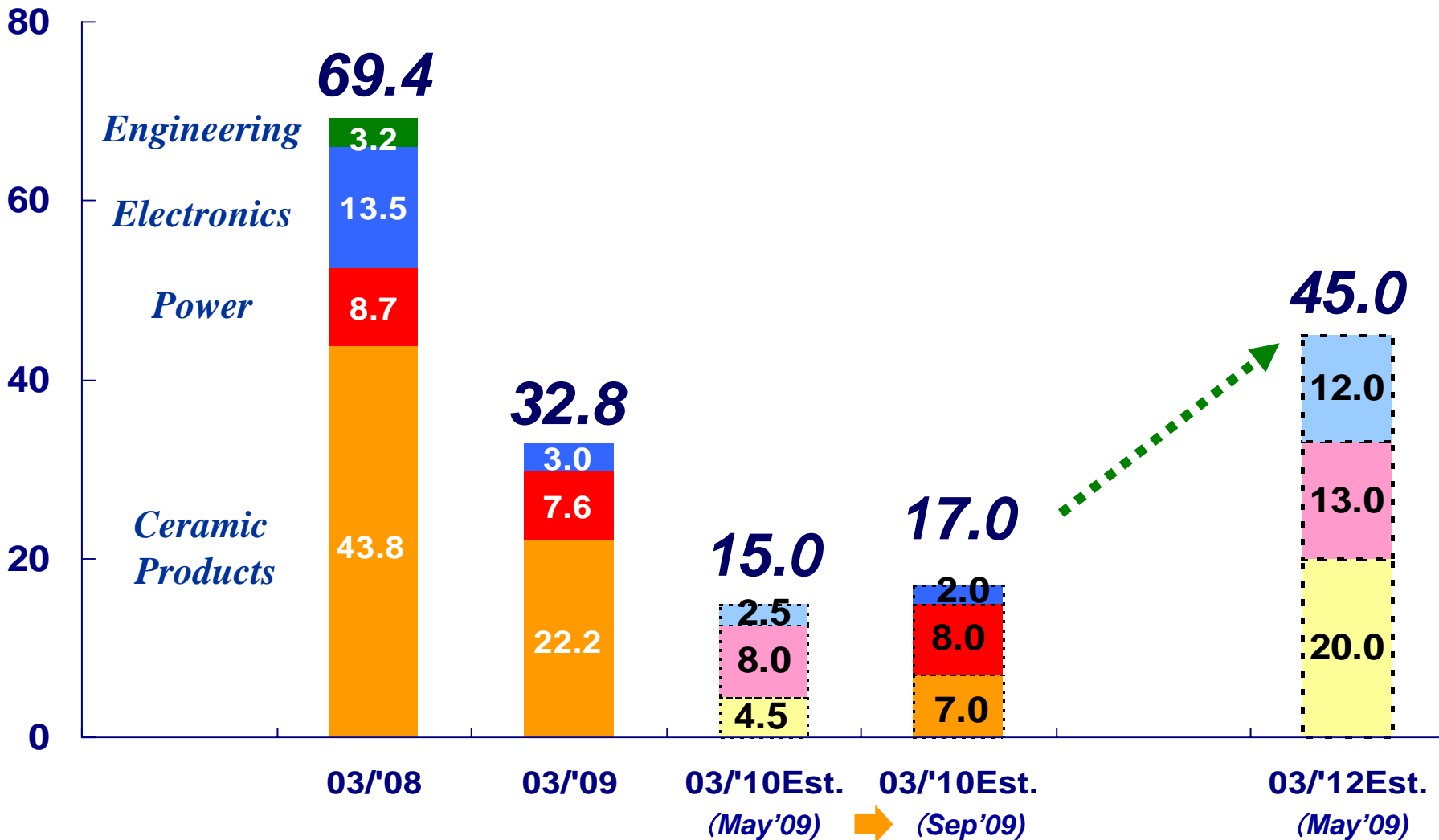
'09 Medium Term Estimates / Sales

After consolidation elimination



'09 Medium Term Estimates / Operating Income

¥Bil.



OP/Sales

19.0%

12.0%

6.5%

7.6%

14.5%

ROE

15.3%

8.1%

3.9%

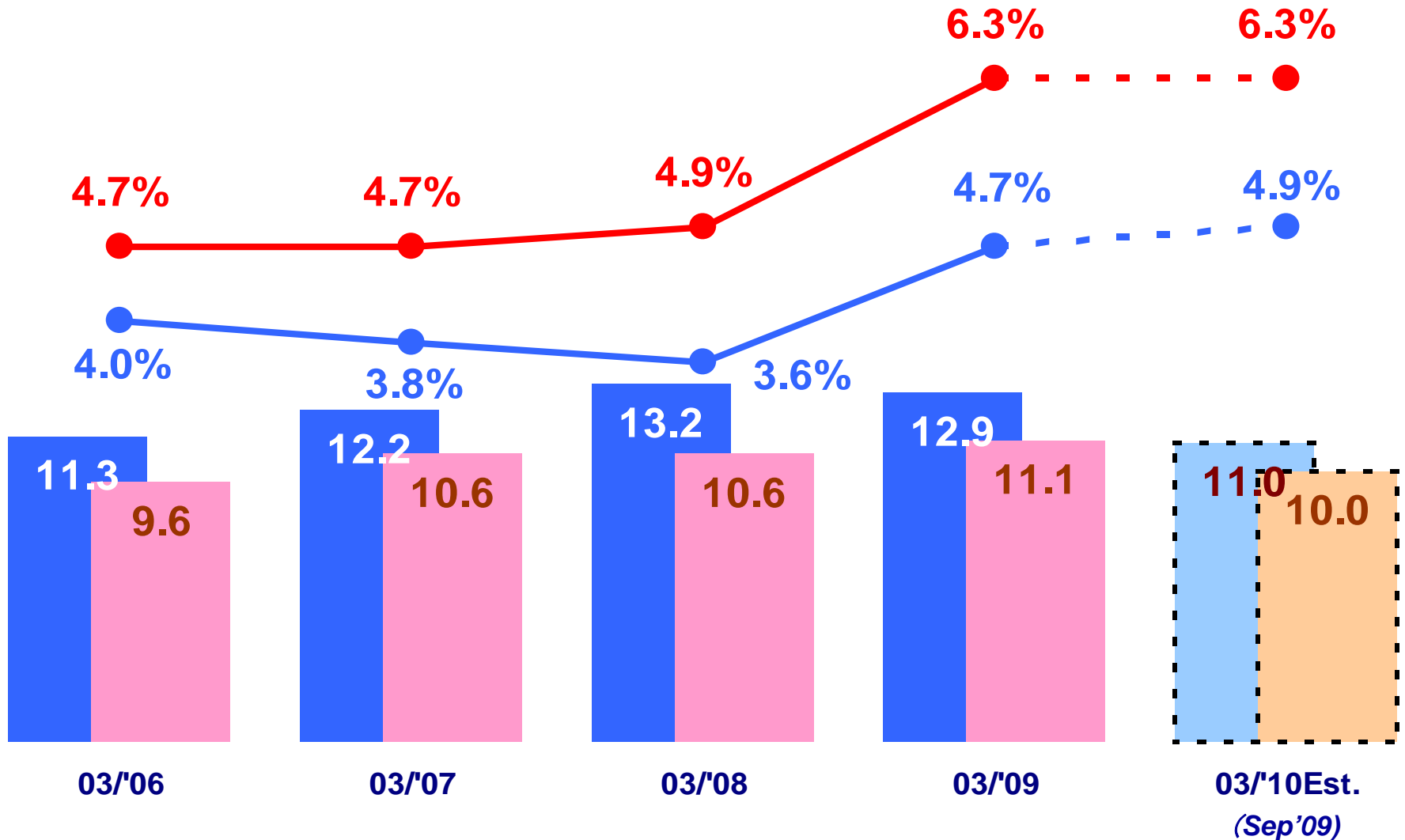
4.3%

10.0%

R&D Input (¥ Bil.)

■ Consolidated R&D
● Consolidated R&D/Sales Ratio

■ Parent R&D
● Parent R&D/Sales Ratio



Capital Expenditures

¥Bil.

■ *Power Bus.*

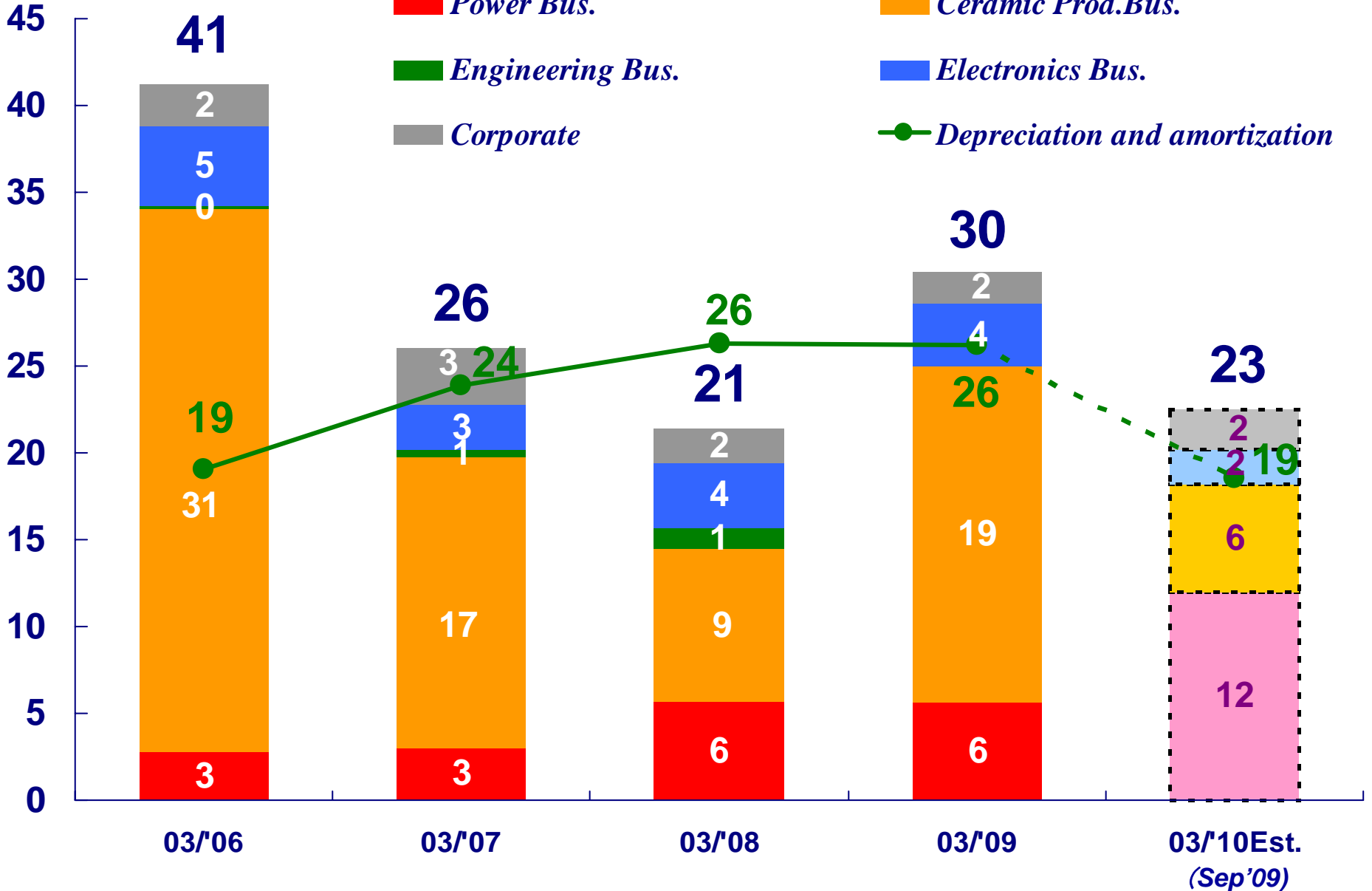
■ *Engineering Bus.*

■ *Corporate*

■ *Ceramic Prod. Bus.*

■ *Electronics Bus.*

● *Depreciation and amortization*



Summary of Cash Flow (¥ Bil.)

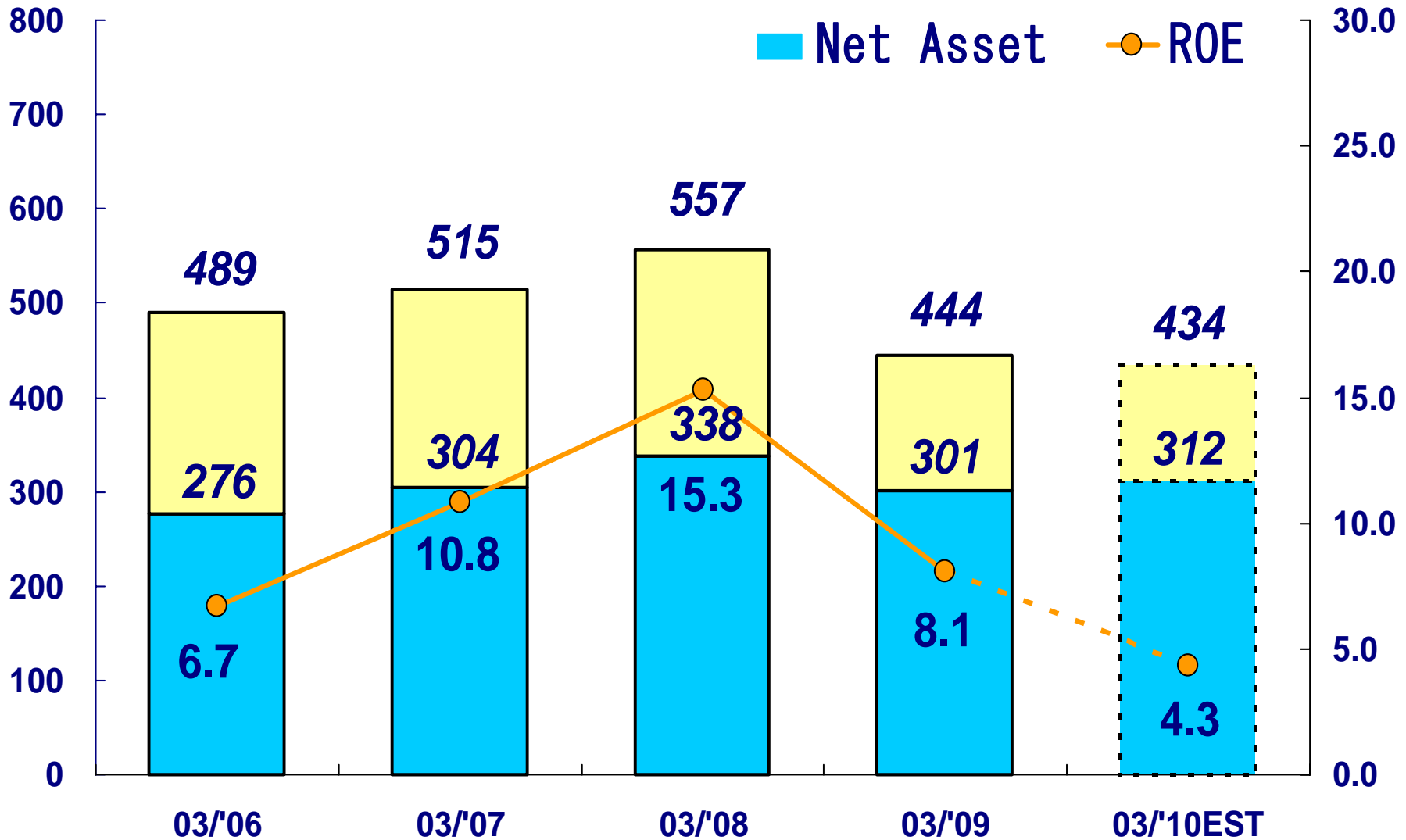
	<i>03/'08</i>	<i>03/'09</i>	<i>03/'10Est.</i>
<i>Income before taxes</i>	78.2	21.0	16.0
<i>Income taxes paid</i>	-21.6	-23.0	1.8
<i>Depreciation</i>	26.3	26.2	18.5
<i>Increase in Acct. Rec.</i>	3.4	12.4	-18.4
<i>Increase / Decrease in inventories</i>	-7.1	-21.3	5.6
<i>Other changes</i>	-12.5	17.4	-1.5
<hr/> <i>Operating Activities</i>	<i>66.7</i>	<i>32.7</i>	<i>22.0</i>
<i>Property, plant & equip.</i>	-21.0	-30.0	-22.5
<i>Disposal, investment securities</i>	1.1	1.4	4.5
<i>Other investments</i>	3.2	7.0	-2.0
<hr/> <i>Investing Activities</i>	<i>-16.7</i>	<i>-21.6</i>	<i>-20.0</i>

	<i>03/'08</i>	<i>03/'09</i>	<i>03/'10Est.</i>
<i>Acquisition of treasury stock</i>	<i>-0.6</i>	<i>-13.7</i>	<i>-</i>
<i>Cash dividends</i>	<i>-6.7</i>	<i>-7.4</i>	<i>-6.2</i>
<i>Redemption of bonds</i>	<i>-2.2</i>	<i>-15.2</i>	<i>-25.8</i>
<i>Proceeds from new borrowings</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Other</i>	<i>-0.6</i>	<i>0.2</i>	<i>-</i>
<hr/>			
<i>Financing Activities</i>	<i>-10.1</i>	<i>-36.1</i>	<i>-32.0</i>
<i>Effect of exchange rate change</i>	<i>1.6</i>	<i>-14.1</i>	<i>-</i>
<i>Net Changes in Cash & eq.</i>	<i>41.5</i>	<i>-39.1</i>	<i>-30.0</i>
<i>Change in consolidated subsidiaries</i>	<i>-</i>	<i>-4.2</i>	<i>-</i>
<i>Cash & eq. at End of Year</i>	<i>119.8</i>	<i>76.5</i>	<i>46.5</i>

Total Asset & ROE

¥Bil.

%



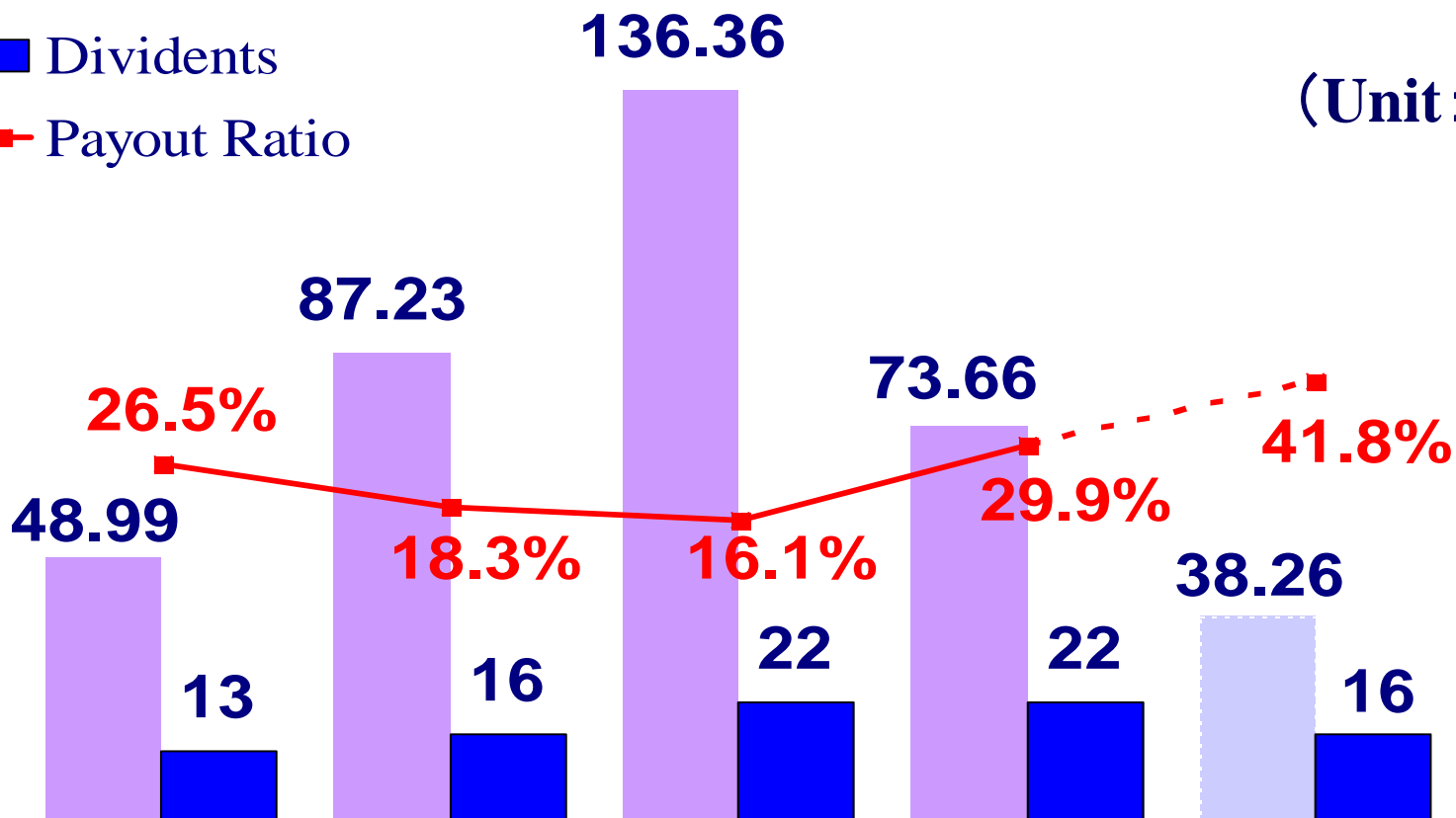
EPS & Payout Ratio

■ EPS

■ Dividends

—■ Payout Ratio

(Unit: ¥)



'06/3

'07/3

'08/3

'09/3

'10/3Est

357Mil

357Mil

338Mil

338Mil

338Mil

337Mil

337Mil

337Mil

327Mil

327Mil

Number of
Stocks Issued

Number of
Outstanding Stocks

Semi-annual Sales and Operating Income by Segment (1)

After consolidation elimination

(¥ Bil.)

Total

	<i>03/'09 Actual</i>		
	<i>1st H</i>	<i>2nd H</i>	<i>Total</i>
<i>Sales</i>	<i>152.3</i>	<i>120.9</i>	<i>273.2</i>
<i>Operating Income</i>	<i>29.0</i>	<i>3.8</i>	<i>32.8</i>
<i>OI Margin</i>	<i>19%</i>	<i>3%</i>	<i>12%</i>

	<i>03/'10 Est.</i>		
	<i>1st H</i>	<i>2nd H</i>	<i>Total</i>
<i>Sales</i>	<i>103.4</i>	<i>121.6</i>	<i>225.0</i>
<i>Operating Income</i>	<i>6.3</i>	<i>10.7</i>	<i>17.0</i>
<i>OI Margin</i>	<i>6%</i>	<i>9%</i>	<i>8%</i>

Power Business

<i>Sales</i>	<i>36.1</i>	<i>46.8</i>	<i>82.9</i>
<i>Operating Income</i>	<i>3.1</i>	<i>4.5</i>	<i>7.6</i>
<i>OI Margin</i>	<i>9%</i>	<i>10%</i>	<i>9%</i>

<i>Sales</i>	<i>39.1</i>	<i>46.9</i>	<i>86.0</i>
<i>Operating Income</i>	<i>3.7</i>	<i>4.3</i>	<i>8.0</i>
<i>OI Margin</i>	<i>9%</i>	<i>9%</i>	<i>9%</i>

Semi-annual Sales and Operating Income by Segment (2)

After consolidation elimination

(¥ Bil.)

Ceramic Products Business

	<i>03/'09 Actual</i>		
	<i>1st H</i>	<i>2nd H</i>	<i>Total</i>
<i>Sales</i>	<i>79.7</i>	<i>51.0</i>	<i>130.7</i>
<i>Operating Income</i>	<i>19.8</i>	<i>2.4</i>	<i>22.2</i>
<i>OI Margin</i>	<i>25%</i>	<i>5%</i>	<i>17%</i>

	<i>03/'10 Est.</i>		
	<i>1st H</i>	<i>2nd H</i>	<i>Total</i>
<i>Sales</i>	<i>44.2</i>	<i>48.3</i>	<i>92.5</i>
<i>Operating Income</i>	<i>3.1</i>	<i>3.9</i>	<i>7.0</i>
<i>OI Margin</i>	<i>7%</i>	<i>8%</i>	<i>8%</i>

Electronics Business

<i>Sales</i>	<i>36.5</i>	<i>23.1</i>	<i>59.6</i>
<i>Operating Income</i>	<i>6.1</i>	<i>-3.1</i>	<i>3.0</i>
<i>OI Margin</i>	<i>17%</i>	<i>-</i>	<i>5%</i>

<i>Sales</i>	<i>20.2</i>	<i>26.3</i>	<i>46.5</i>
<i>Operating Income</i>	<i>-5.0</i>	<i>2.5</i>	<i>2.0</i>
<i>OI Margin</i>	<i>-</i>	<i>9%</i>	<i>4%</i>

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