

# ***NGK INSULATORS, LTD.***

***May 2010***

# *Today's Speakers*

*Name*

*Title*

*Shun Matsushita*

*President & Chief Executive Officer*

*Susumu Sakabe*

*Vice President*

*Finance and Accounting Dept.*

# *Consolidated Financial Results*

*for the Fiscal Year Ended March 2010*

(¥Bil.)

	<i>03/'09</i>	<i>03/'10</i>	<i>Growth ratio</i>
<i>Net Sales</i>	<i>273.2</i>	<i>235.5</i>	<i>-14%</i>
<i>Operating Income</i>	<i>32.8</i>	<i>23.5</i>	<i>-29%</i>
<i>Ordinary Income</i>	<i>31.5</i>	<i>24.9</i>	<i>-21%</i>
<i>Net Income</i>	<i>24.5</i>	<i>17.8</i>	<i>-27%</i>
<i>Exchange Rate</i>	<i>104</i>	<i>94</i>	<i>¥/US\$</i>
	<i>153</i>	<i>130</i>	<i>¥/ER</i>

# Highlights of Fiscal Year 2009

◆ *Sales & Income :A second consecutive years of negative growth, but headed to recovery from the 2nd Half.*

## *<Advantages >*

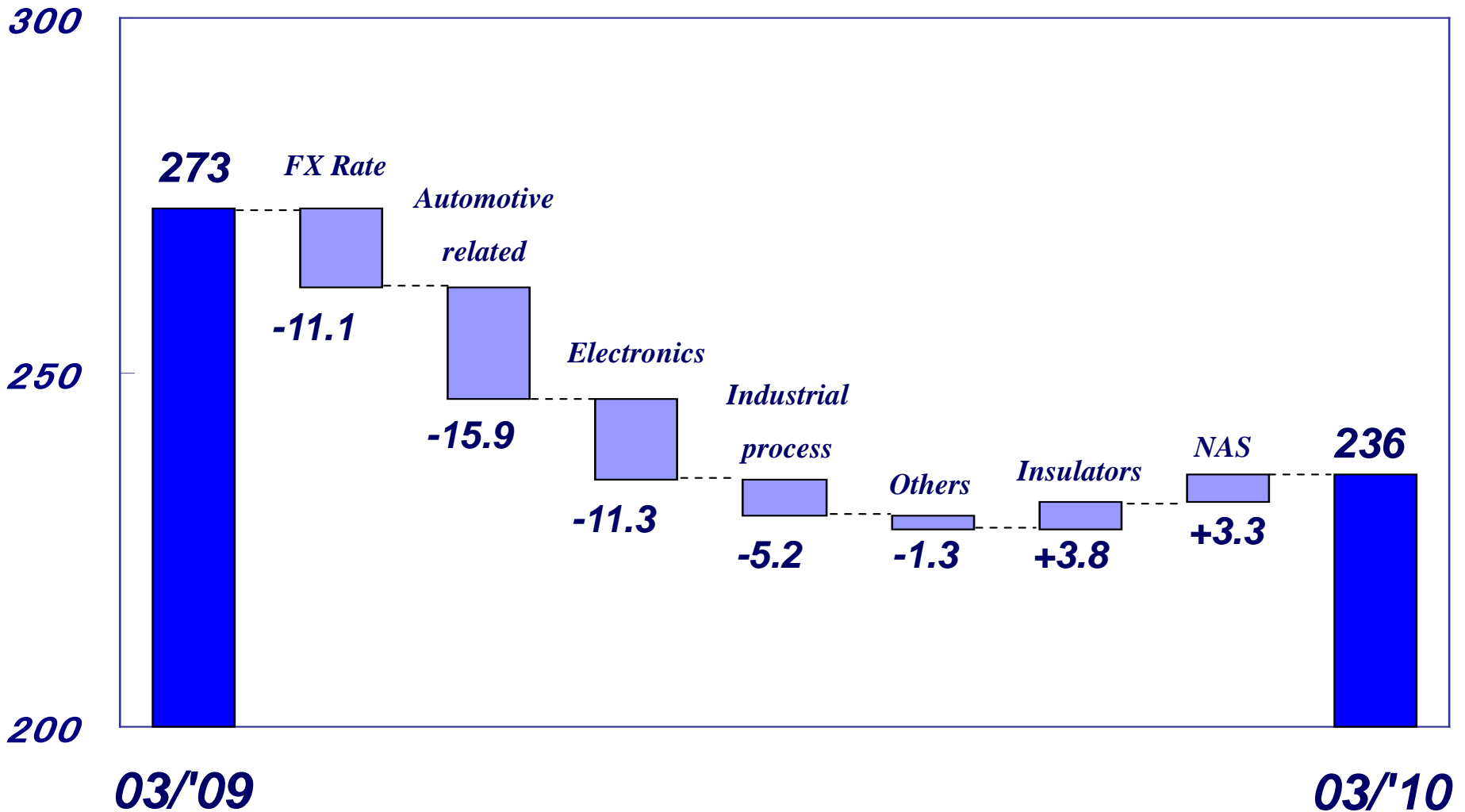
- *Demand for NAS batteries increased, especially in overseas markets.*
- *Domestic demand for 500KV transmission line project and demand for substations and transmission lines in China are active.*

## *<Disadvantages >*

- *Demand for automotive related products and electronics related products was slack during the 1st Half.*
- *Stronger Yen versus US\$ and EUR.*

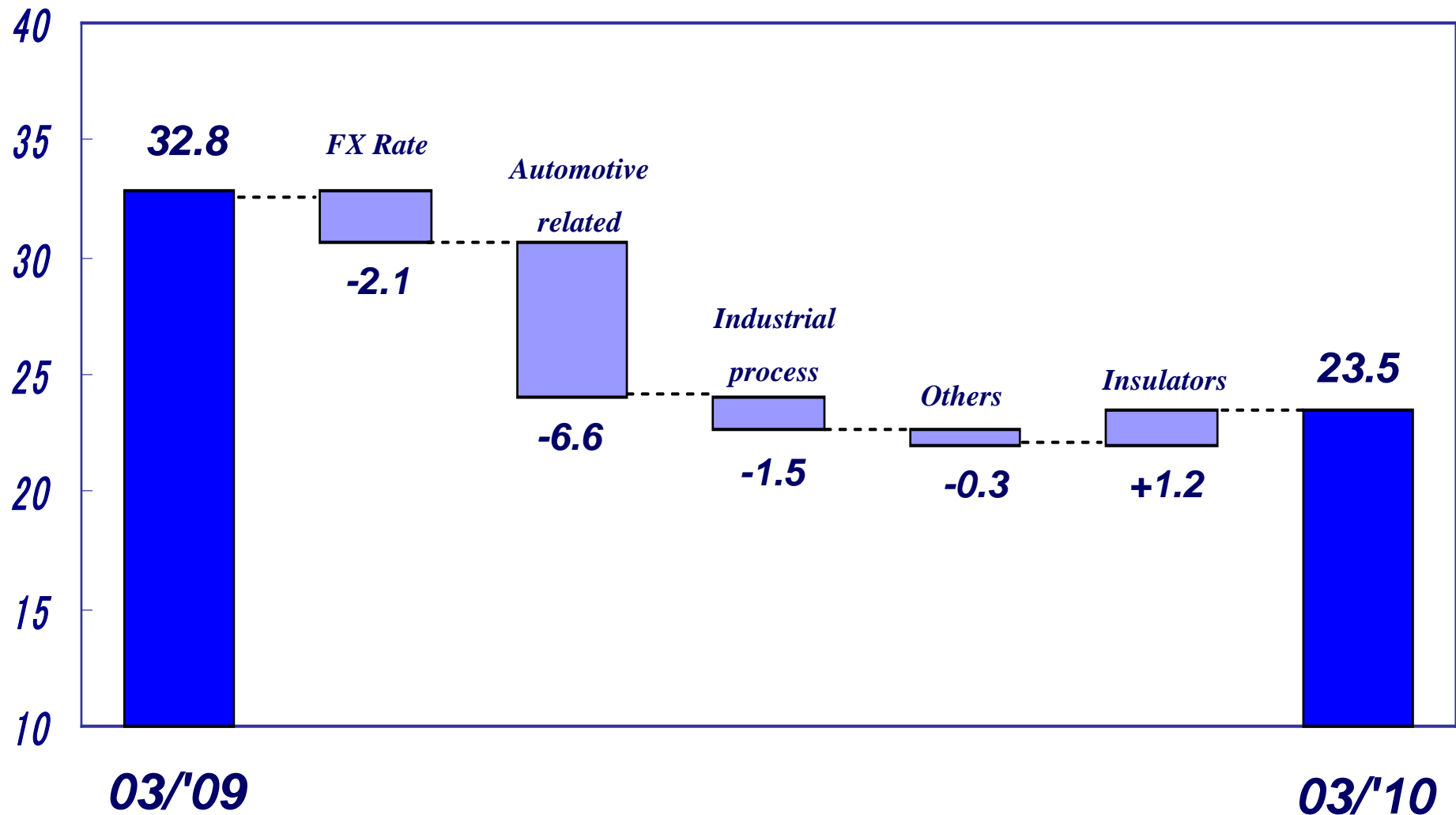
# Factors of Sales Variation

¥ Bil.



# Factors of Op. Income Variation

¥ Bil.



# Forecast for Fiscal Year Ended March 2011

(¥Bil.)

	<i>03/'10</i>	<i>03/'11</i>	<i>Growth ratio</i>
<i>Net Sales</i>	<i>235.5</i>	<i>270.0</i>	<i>+15%</i>
<i>Operating Income</i>	<i>23.5</i>	<i>34.0</i>	<i>+45%</i>
<i>Ordinary Income</i>	<i>24.9</i>	<i>34.0</i>	<i>+37%</i>
<i>Net Income</i>	<i>17.8</i>	<i>25.0</i>	<i>+40%</i>
<i>Exchange Rate</i>	<i>94</i>	<i>90</i>	<i>¥/US\$</i>
	<i>130</i>	<i>120</i>	<i>¥/ER</i>

# *Highlights of Fiscal Year 2010*

◆ *Sales & Income : Increase from last fiscal year, and return to a growth path.*

## *<Advantages >*

- *Recovery of car sales, especially in emerging countries, and the increasing demand to meet emission regulations.*
- *Continuous increase of the demand for NAS batteries, especially in overseas.*
- *Recovery of demand for Ceramic Components for Semiconductor Production Equipment .*

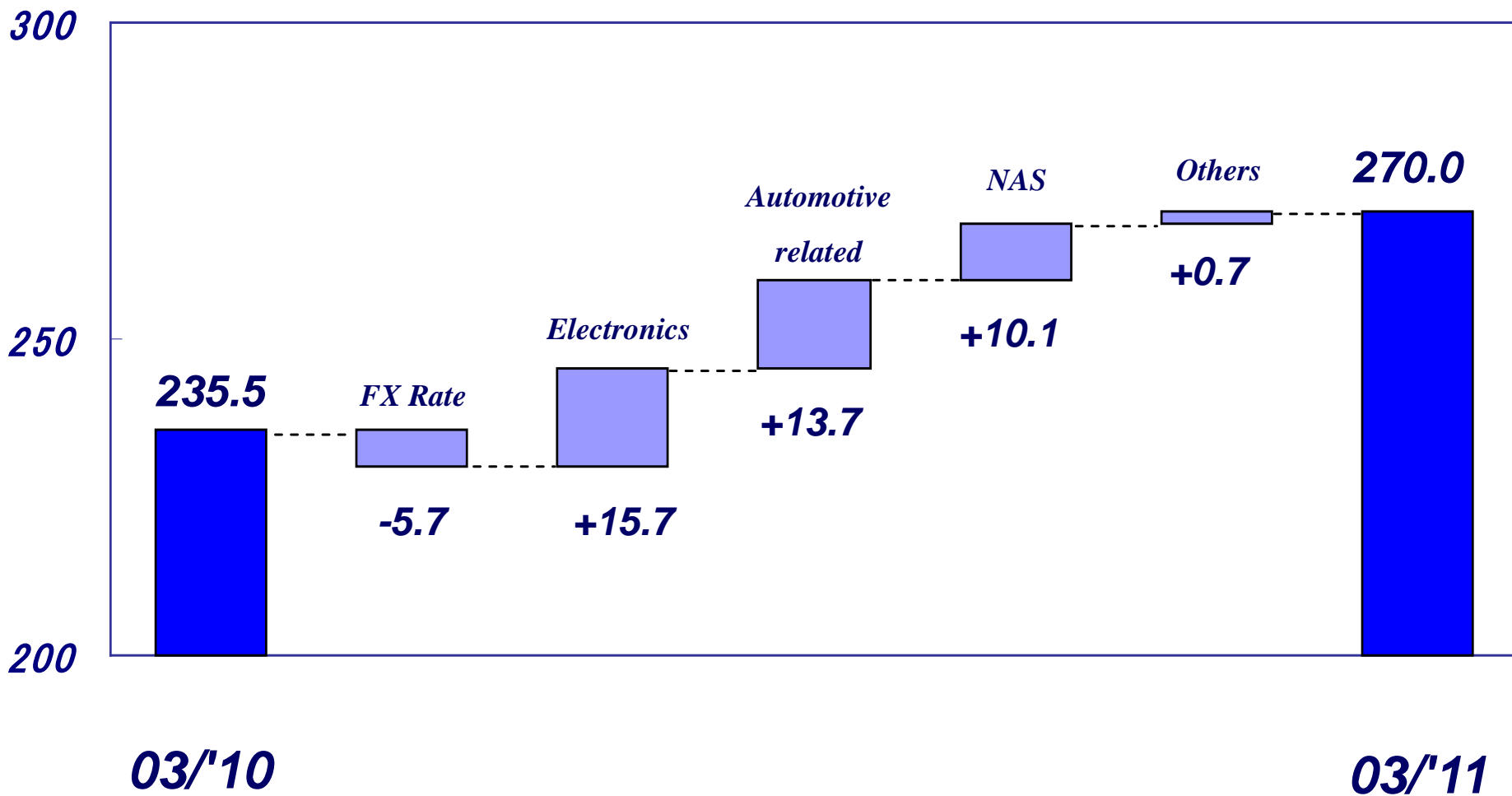
## *<Disadvantages >*

- *Concern about the backlash from the end of incentives for car sales in EU.*
- *Stronger Yen versus US\$ and EUR.*



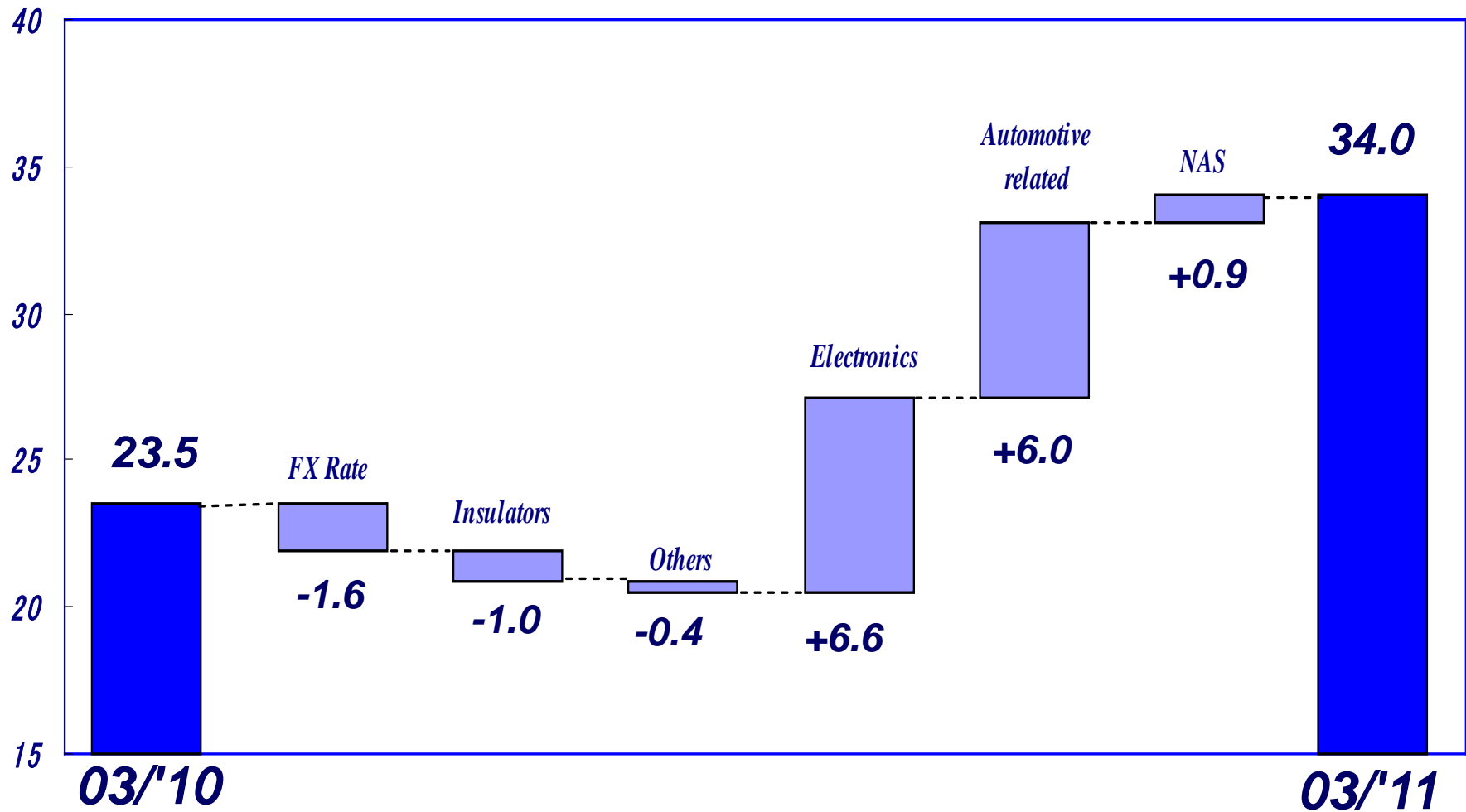
# *Factors of Sales Variation*

¥ Bil.



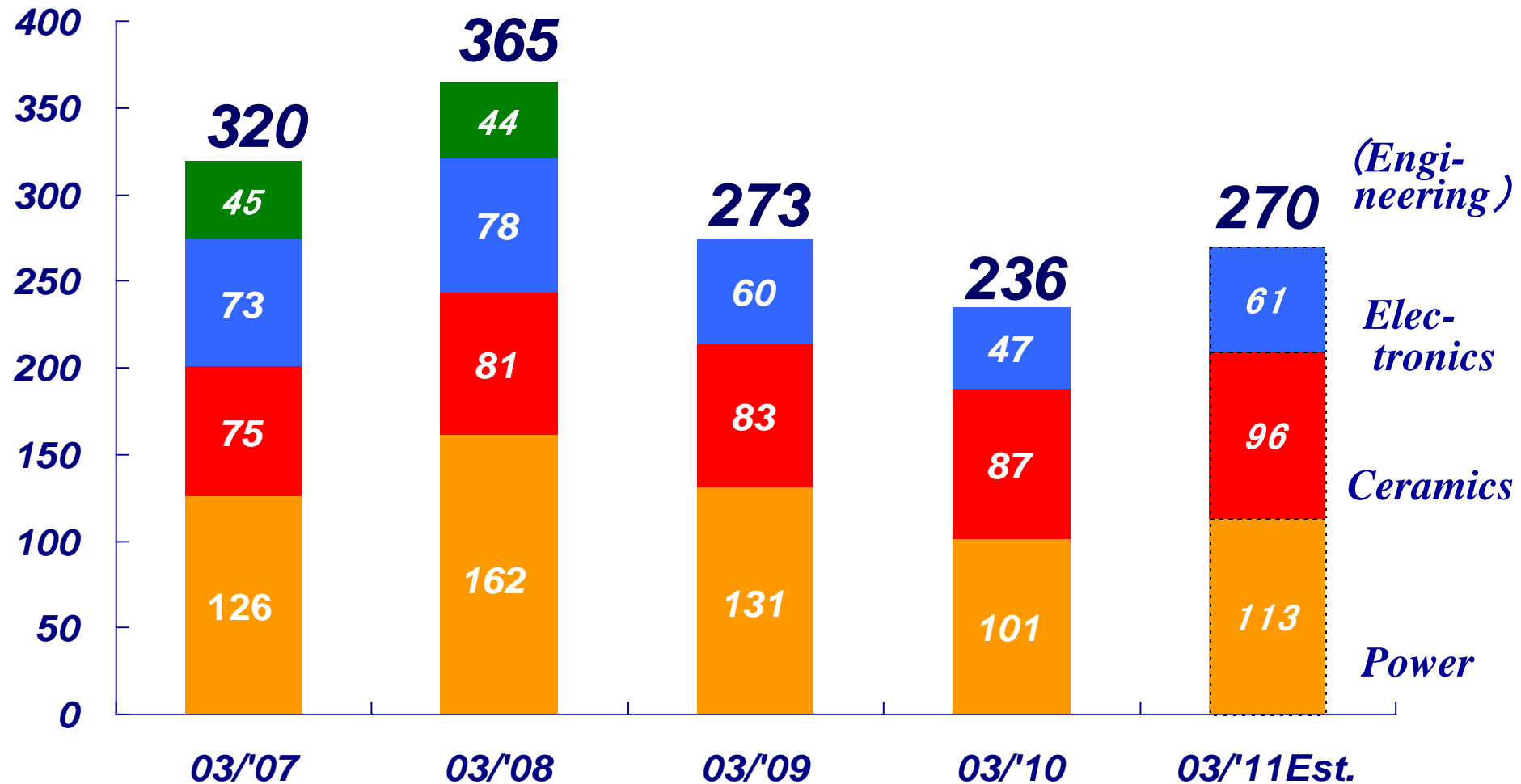
# Factors of Op. Income Variation

¥ Bil.

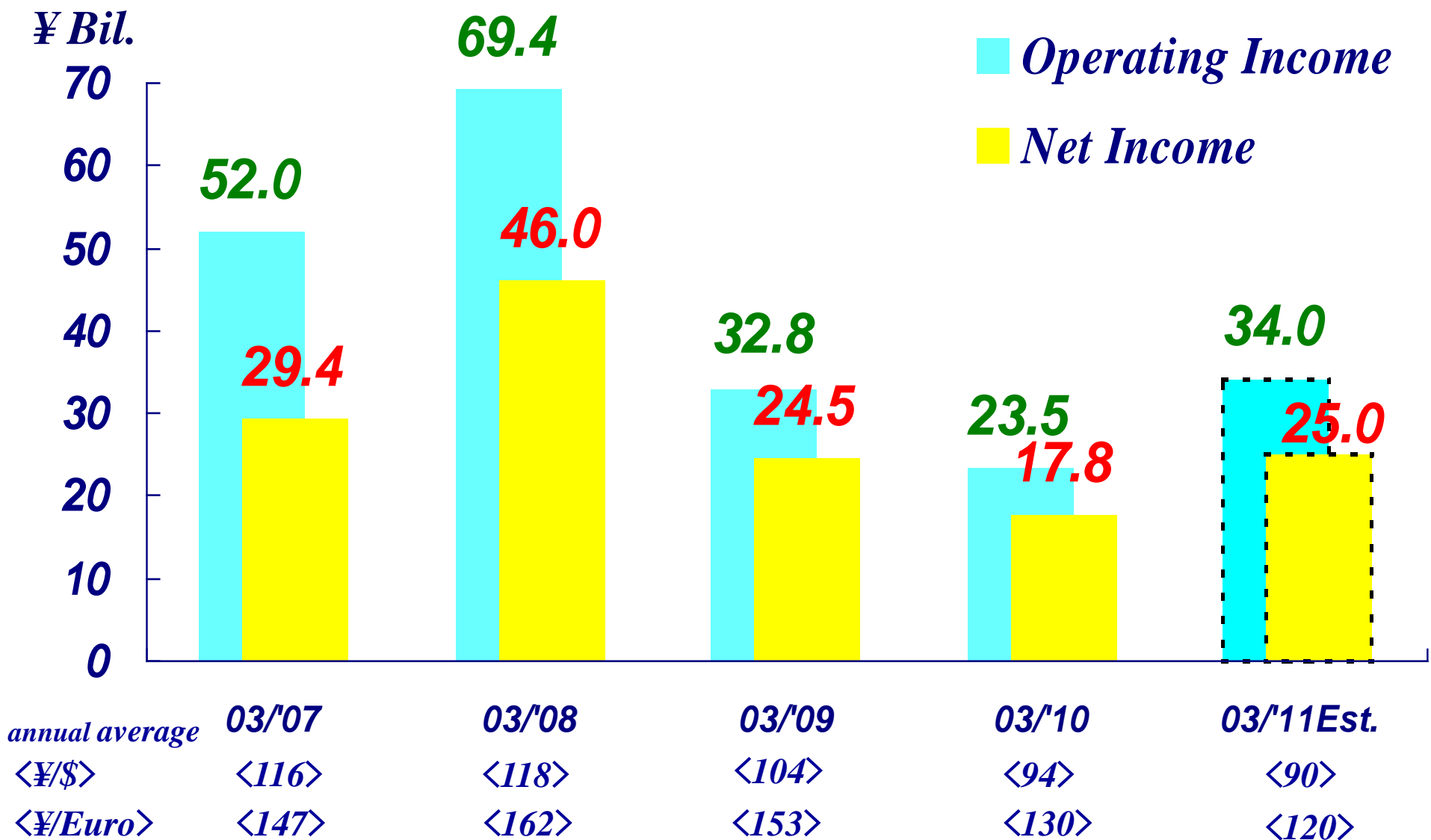


# Net Sales of NGK

¥ Bil. *After consolidation elimination*

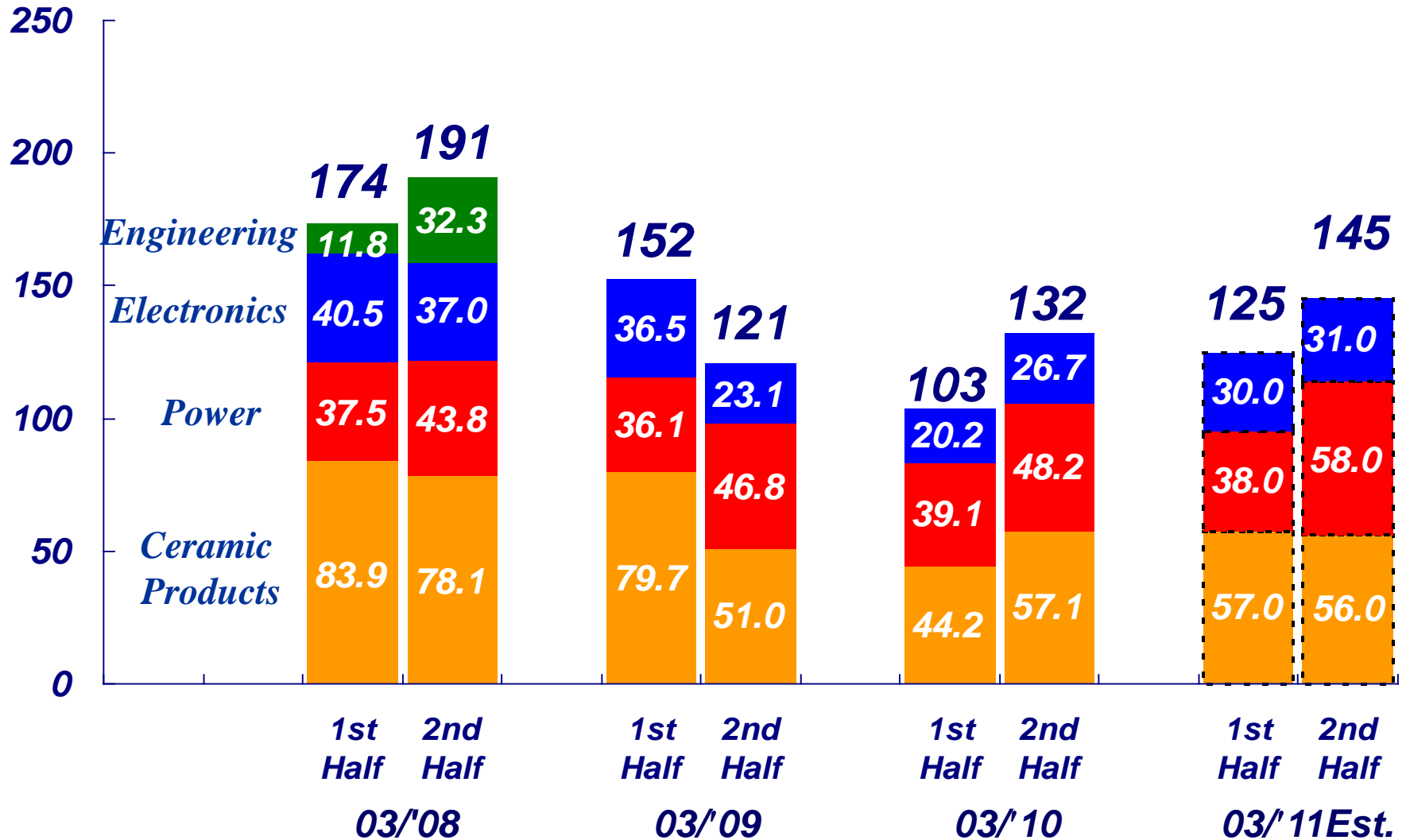


# Income of NGK



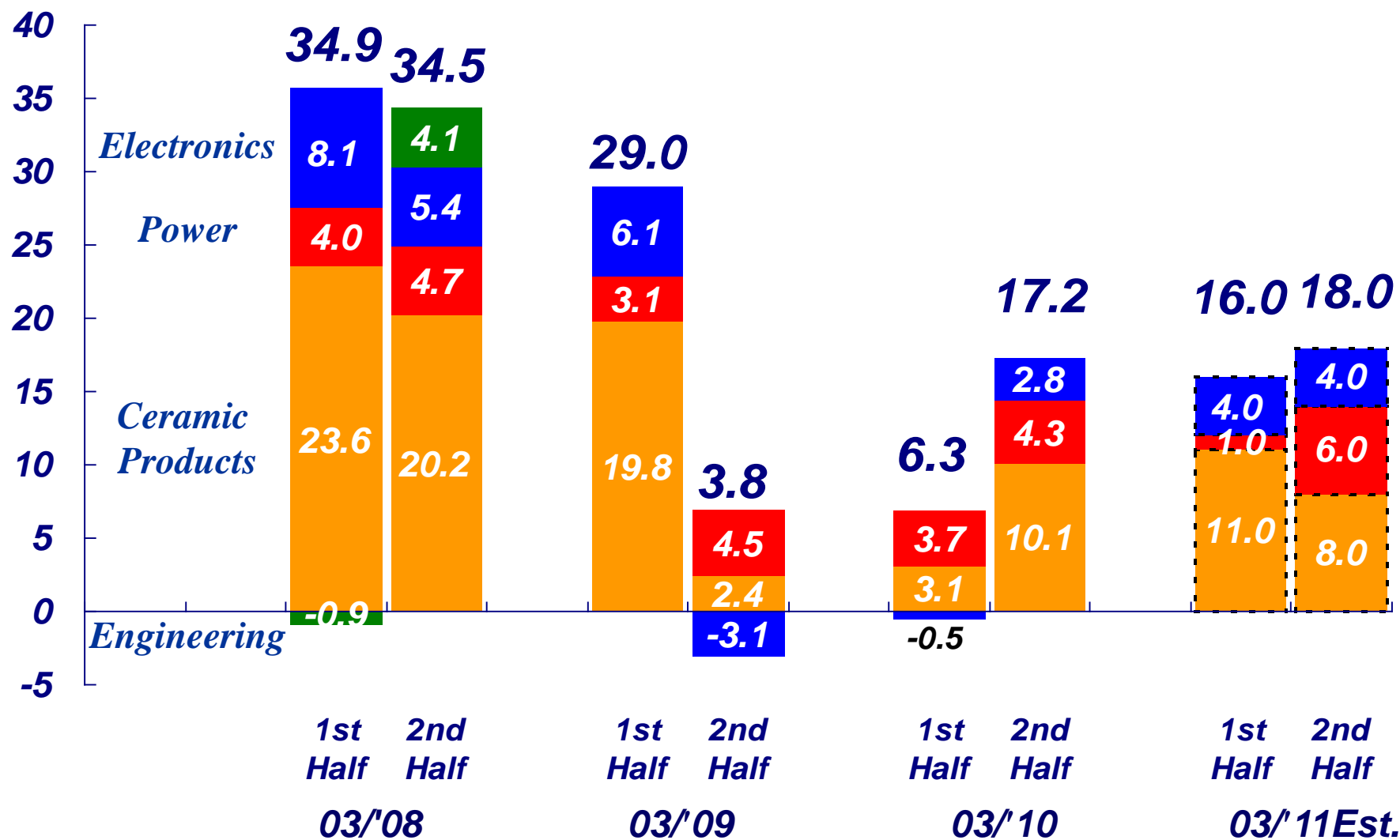
# Net Sales of NGK / Half Term

¥ Bil. *After consolidation elimination*



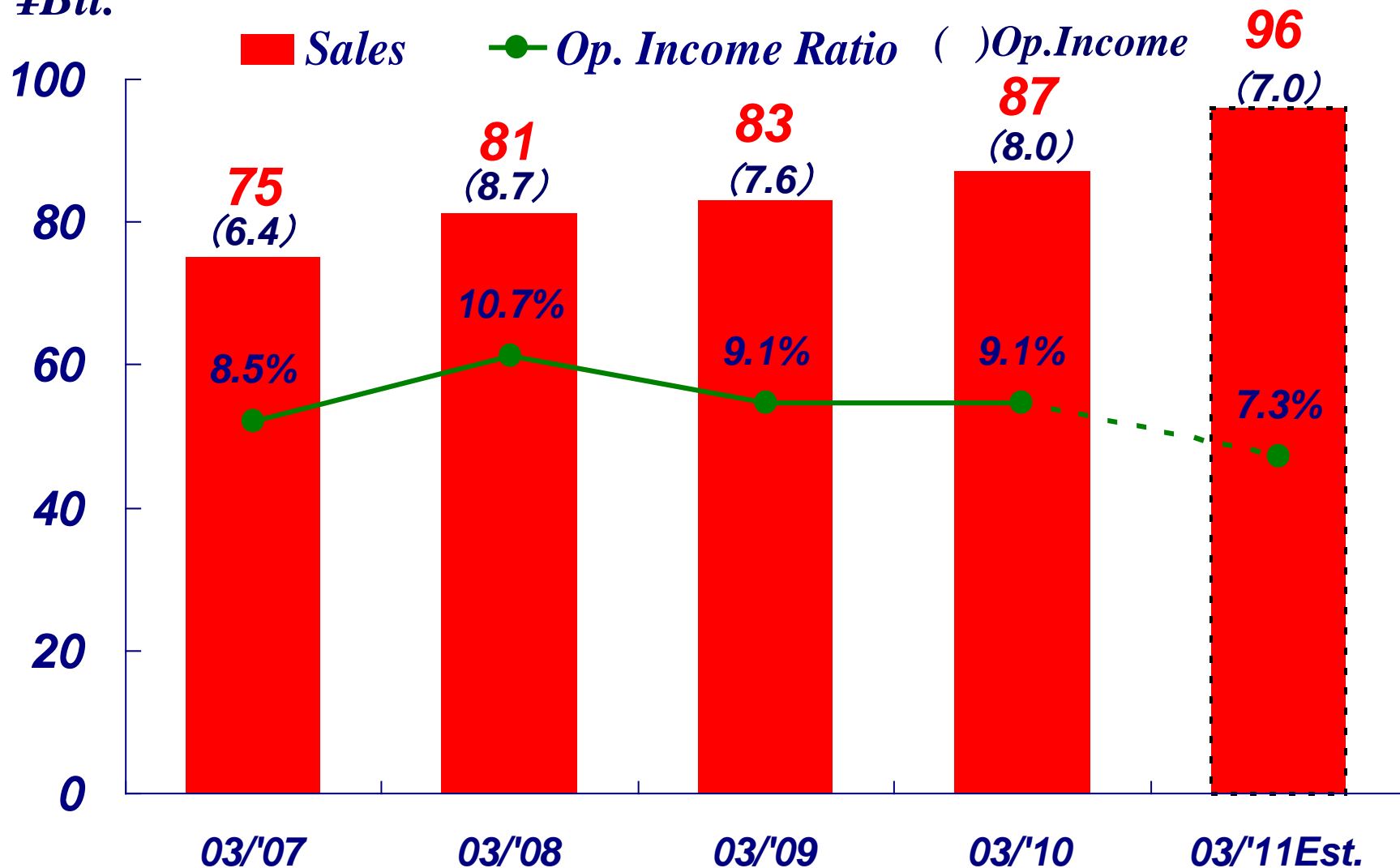
# Income of NGK / Half Term

¥ Bil.



# Power Business Sales & Operating Income

¥Bil. *After consolidation elimination*



## *Overview*

### *Electrical Insulators :*

*-Domestic Demand for 500KV transmission line project passed a peak.*

*Promote the replacement of insulators in Japan.*

*-Overseas China / Part of the shipments of demand for transmission line project are delayed, but power demand continues increasing.*

*Middle East and North America / Construction of transmission lines is active.*

### *NAS batteries :*

*- Overseas market is firm due to big orders.*

*- Demand for stabilization of the power distribution system is expected to increase due to the spreading use of renewal energy.*

*ex. Ancillary of EU, Isolate island microgrid of EDF-EN, etc.*

## *Tasks*

### *Electrical Insulators :*

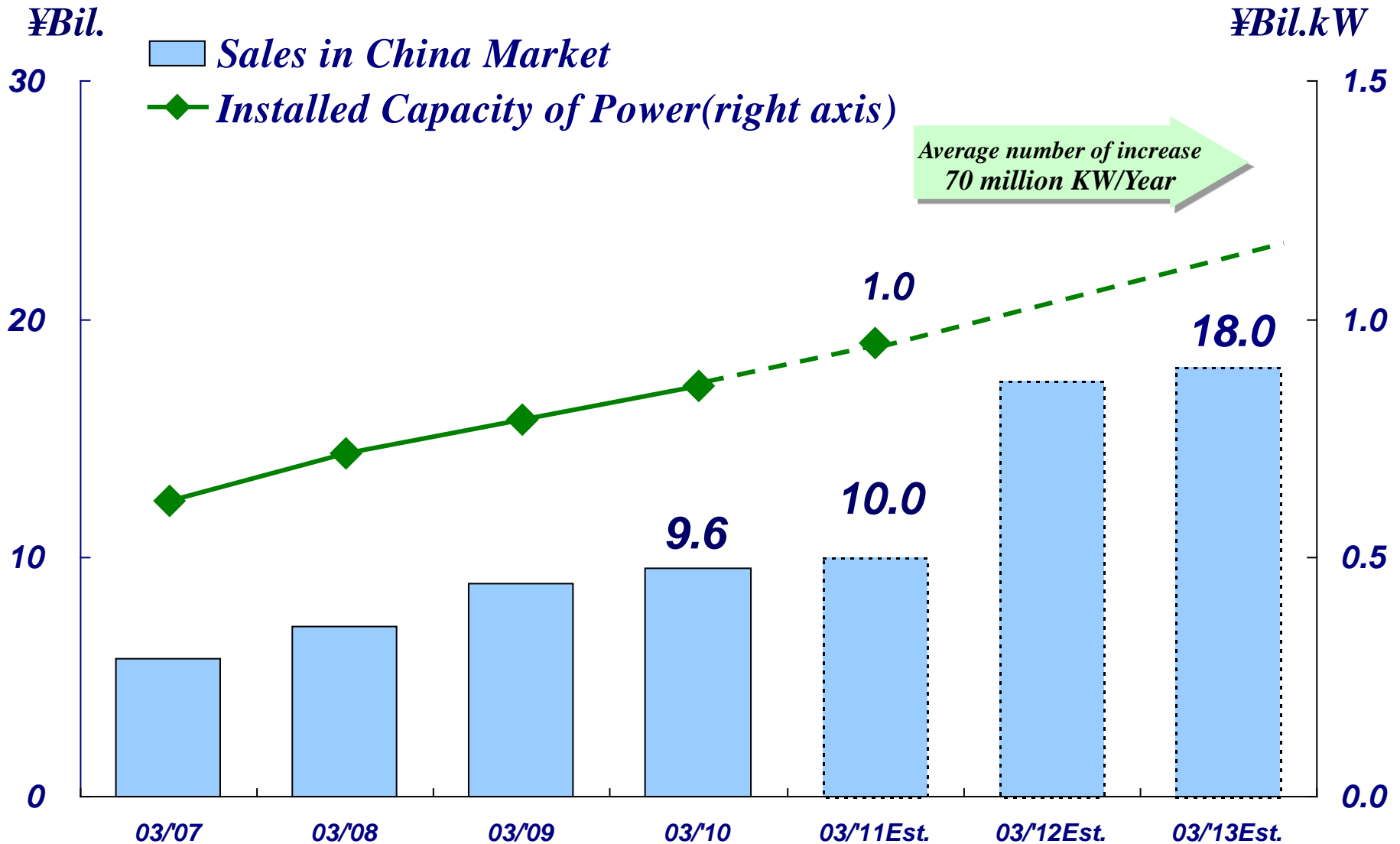
*- Establish a stable production base in China.*

### *NAS batteries*

*- Establish increased production for 150MW and **consider investment for further increased production.***

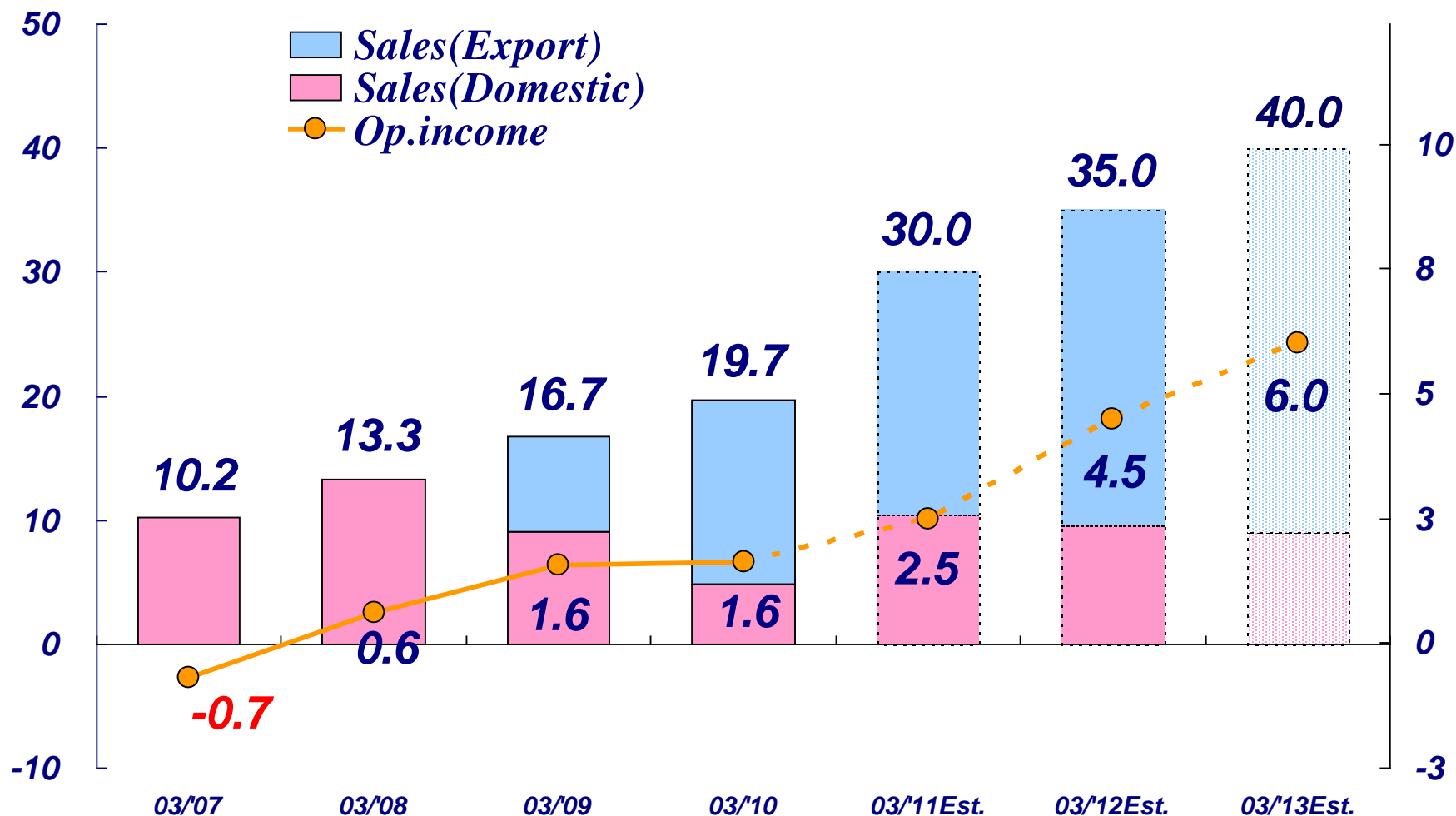


# Sales of Insulators in China Market

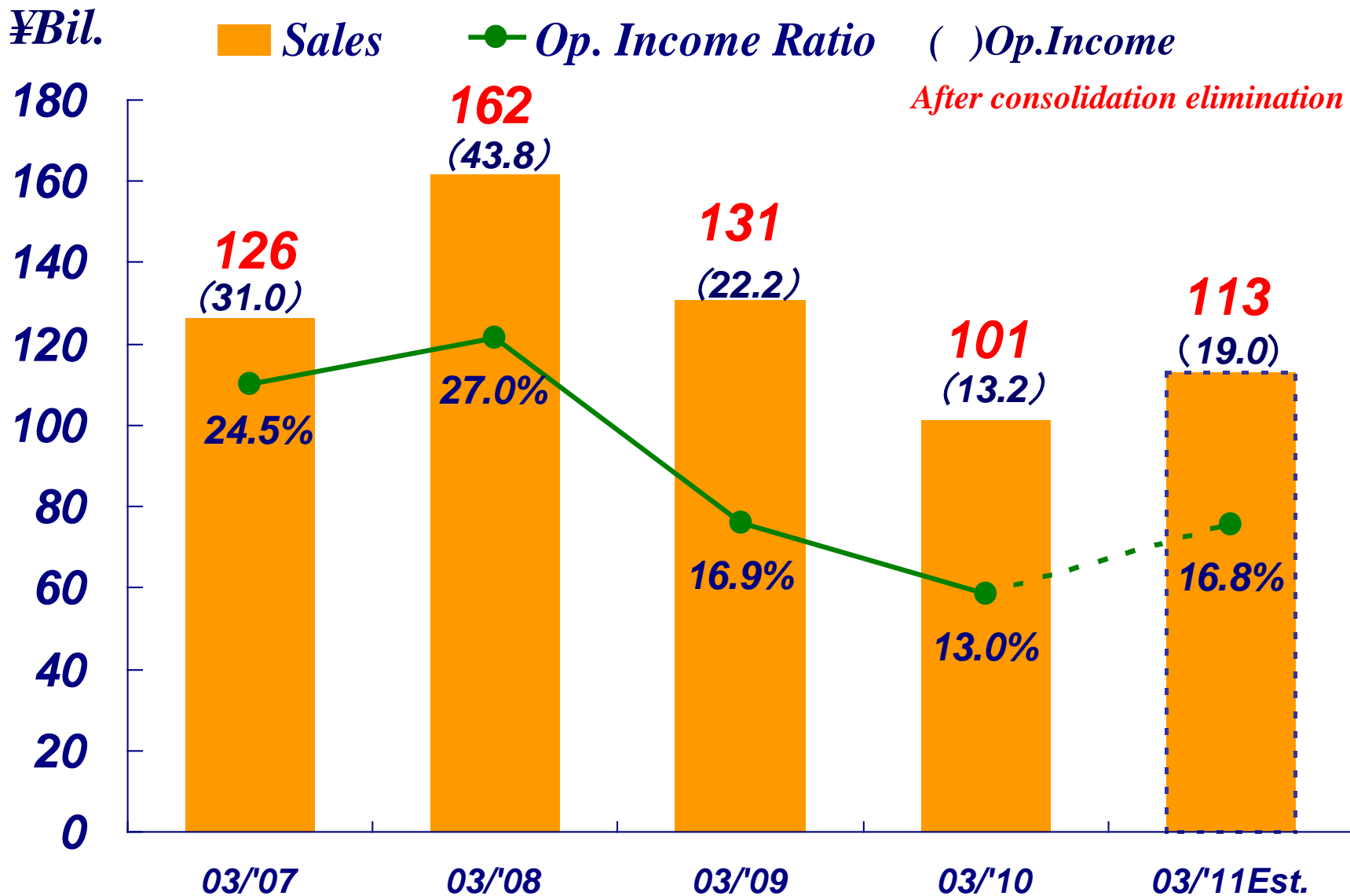


# Sales & Income of NAS batteries business

¥Bil.



# Ceramic Products Business Sales & Operating Income



## *Overview*

- ◆ *In spite of concern about a backlash from the end of incentives, automotive production recovered sharply due to the increase in car sales, especially in emerging countries.*
- ◆ *Demand will increase in mid to long term due to CO2 and emission regulations being tightened worldwide.*

*Automotive catalytic converters (“Honeycomb Ceramics”),  
Cd-DPF & Large-size honeycombs:*

*Expansion of the coverage area of regulations.*

*Tighter regulations for truck and construction equipment.*

*SiC-DPF : Tighter emission regulations in EU.*

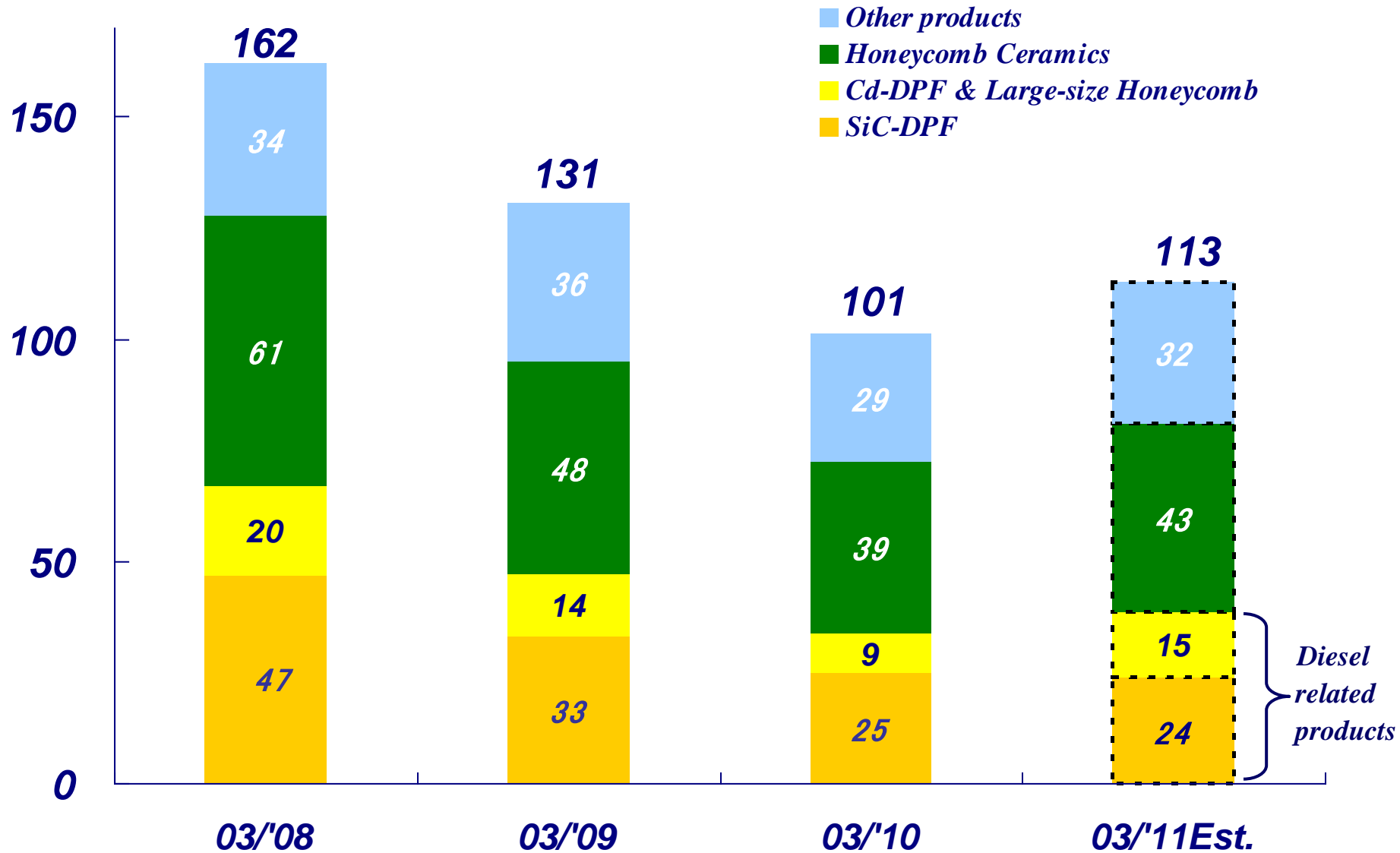
*Stiff competition with other materials.*

## *Tasks*

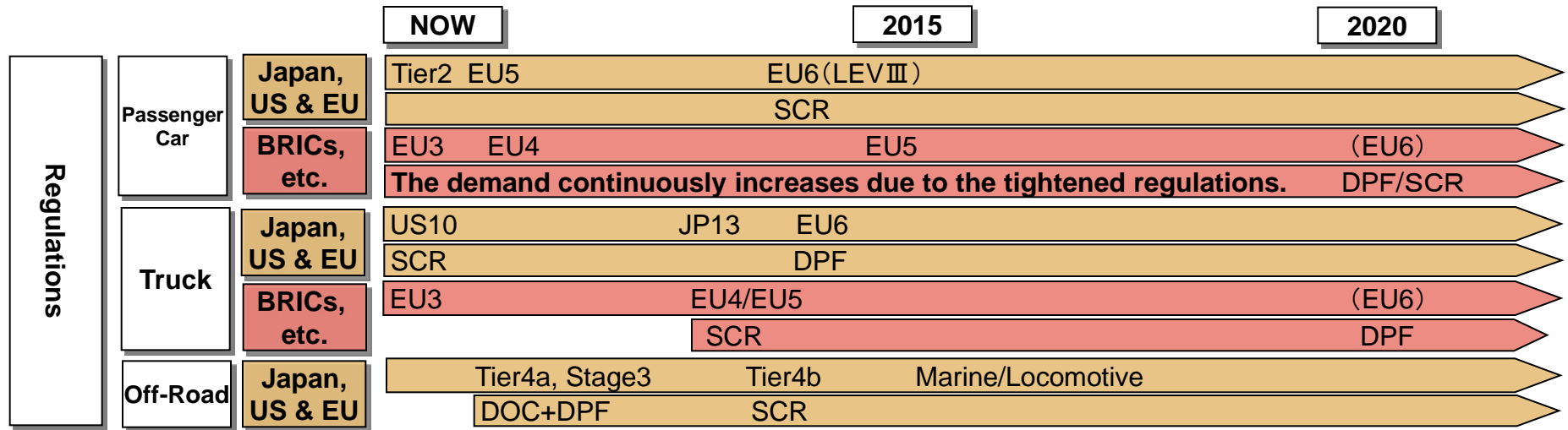
- ◆ *Honeycomb Ceramics & Cd-DPF & Large-size honeycomb :*  
*Meet new demands of the market and  
establish a more optimum production framework.*
- ◆ *SiC-DPF : Differentiation from other materials*

# Sales of Ceramic Products Business

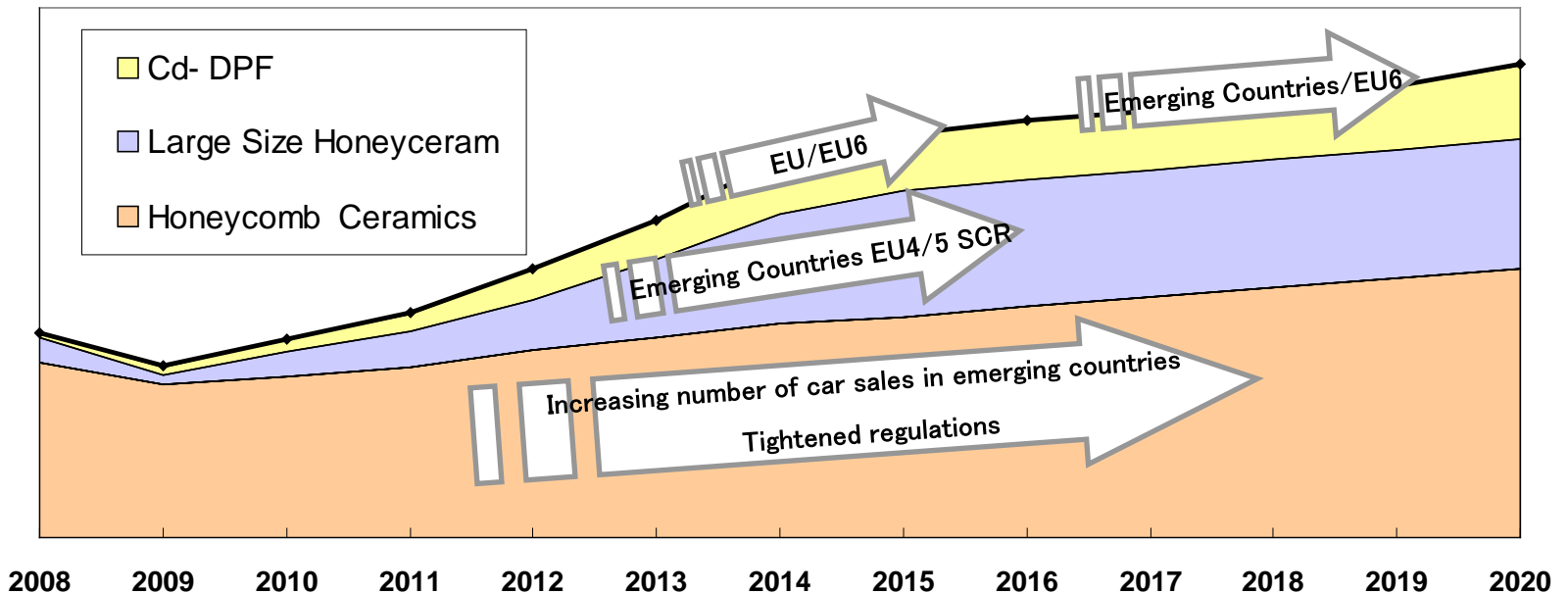
¥Bil. *After consolidation elimination*



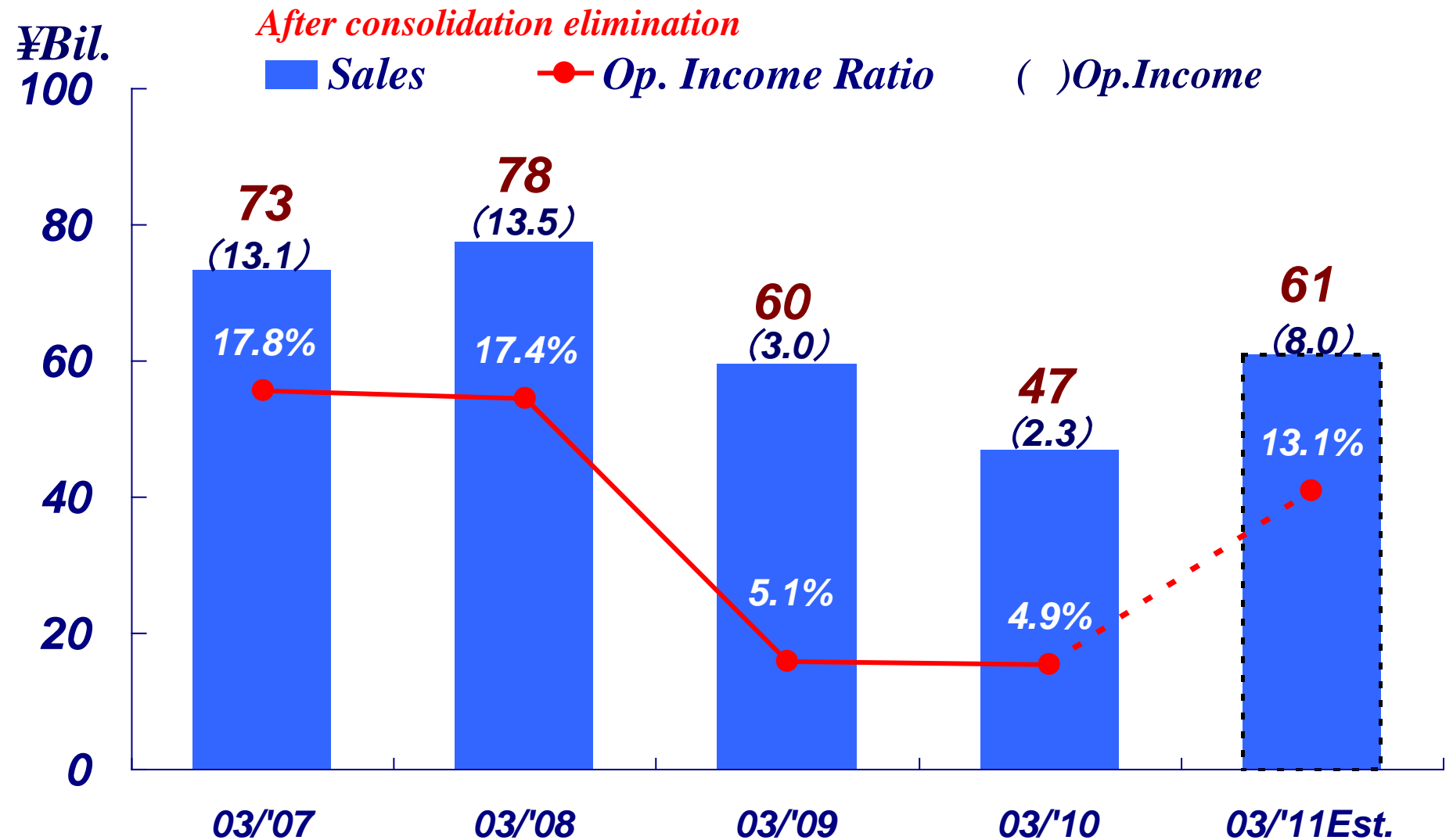
# Emission regulations and market expansion



Forecast of the demand of Cordierite Products



# Electronics Business Sales & Operating Income



## Overview

- ✦ *“Beryllium Copper”*: Demand increases due to economic recovery.
- ✦ *“Ceramic Components for Semi-conductor Production Equipment”*:  
Demand increases due to recovery of investments of semi-conductor makers.
- ✦ *“Ceramic Actuators for Color Printer Heads”*: Demand increases due to increasing demand for printers in emerging market.
- ✦ *“Soshin Electric Products”*: Demand for industrial equipment and car electronics related products tends to increase.

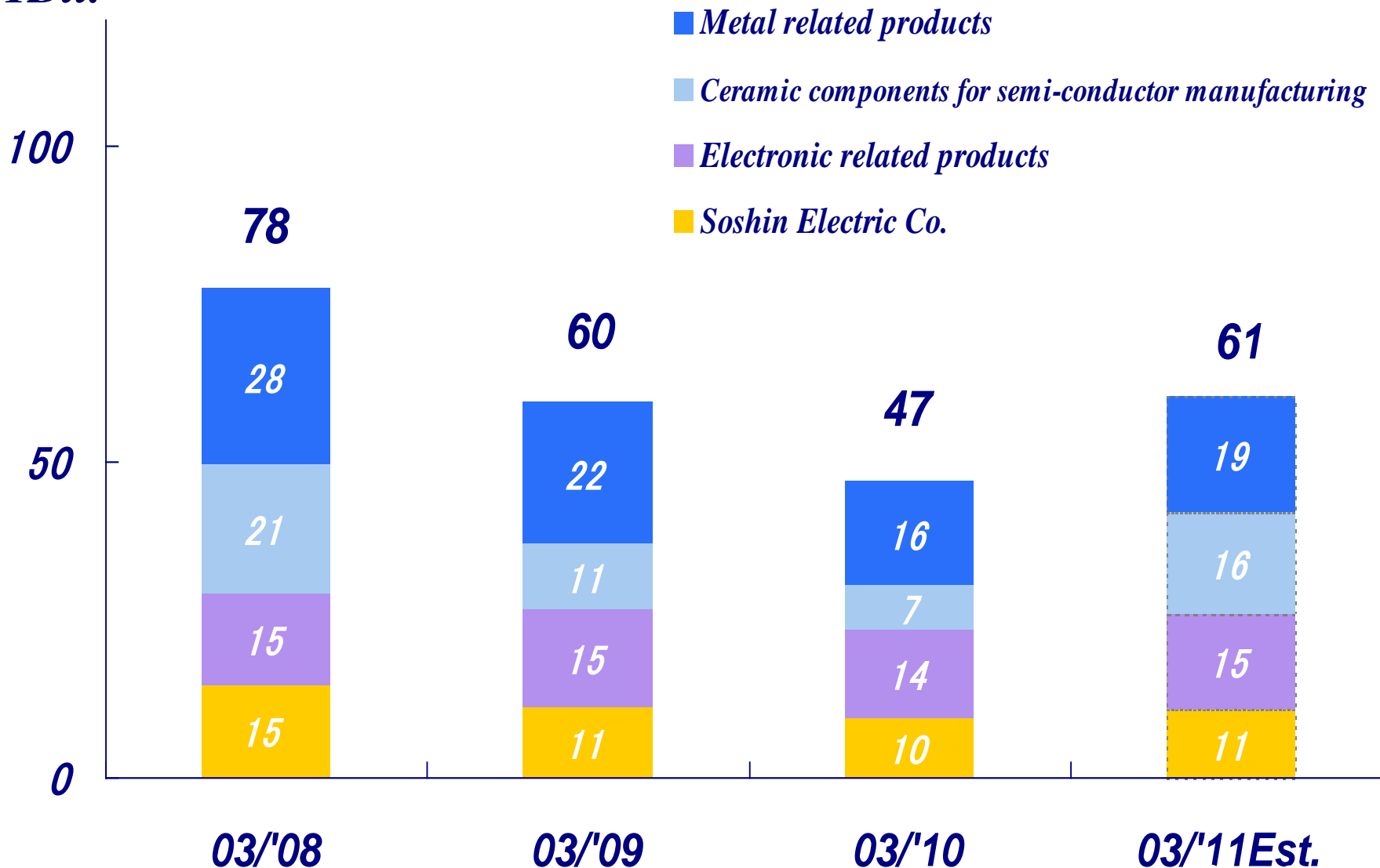
## Tasks

- ✦ *Enhancement of price competitiveness in recovering demand .*
- ✦ *Promote development and expansion of Sales for new products. (Electrostatic chuck, Ceramics Actuators with higher performance, Translucent alumina ceramics for ceramic metal halide lamps etc.)*

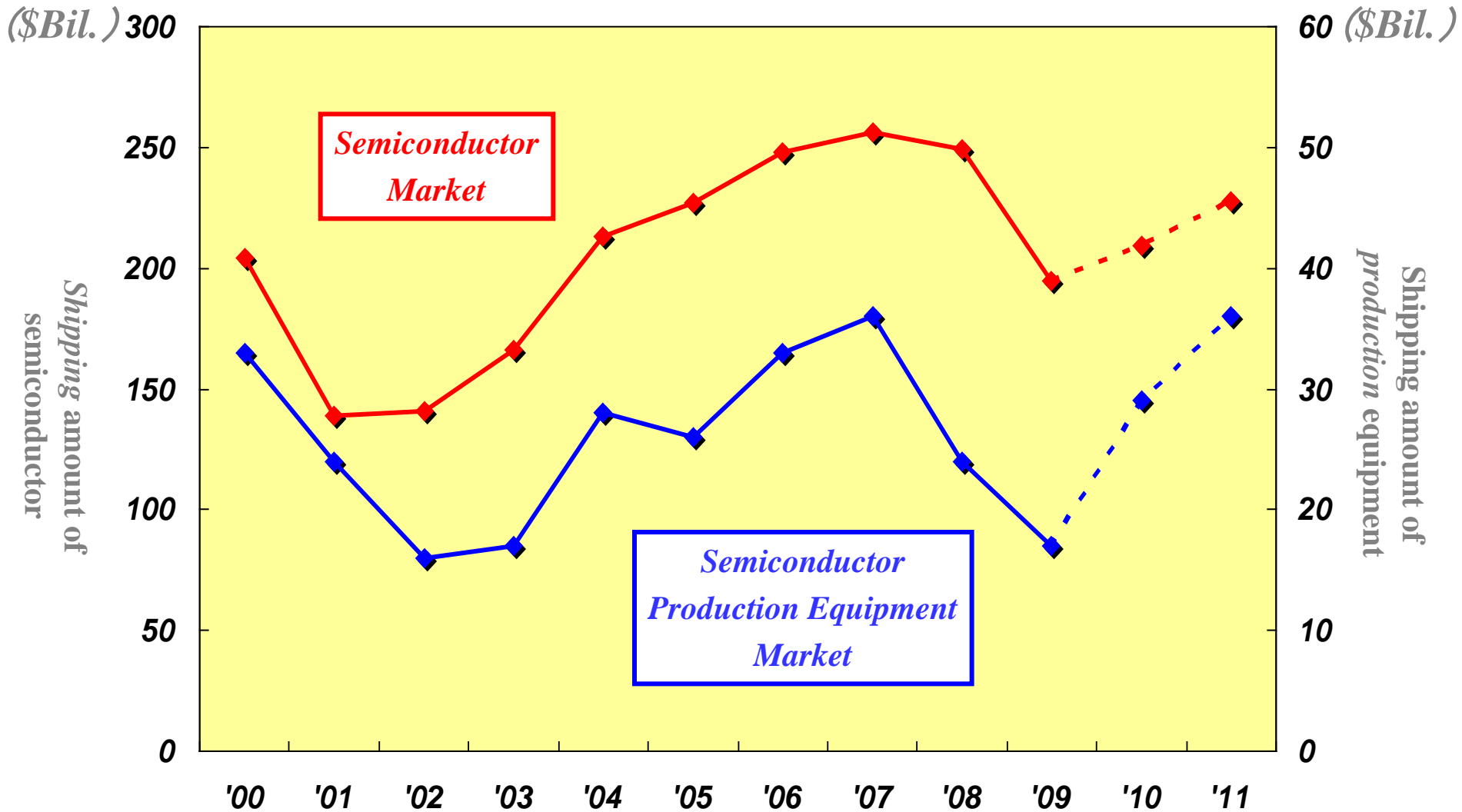


# *Sales of Electronics Products Business*

¥Bil.



# Forecast of Market Scale of Semiconductor and Production Equipment

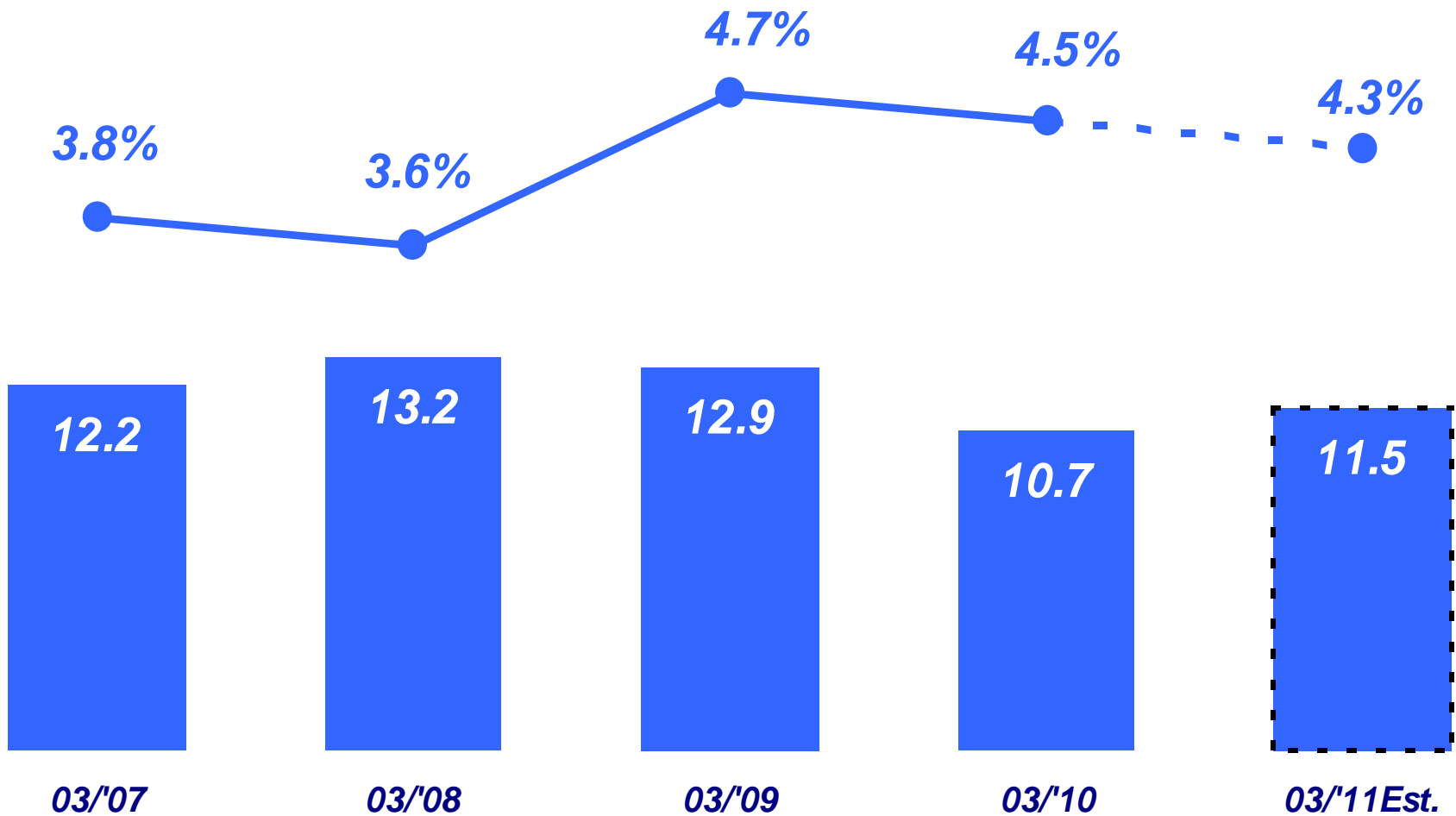


From WSTS & Gartner

# *R&D Input* (¥ Bil.)

■ *Consolidated R&D*

●— *Consolidated R&D/Sales Ratio*



# Capital Expenditures

¥ Bil.

■ Power Bus.

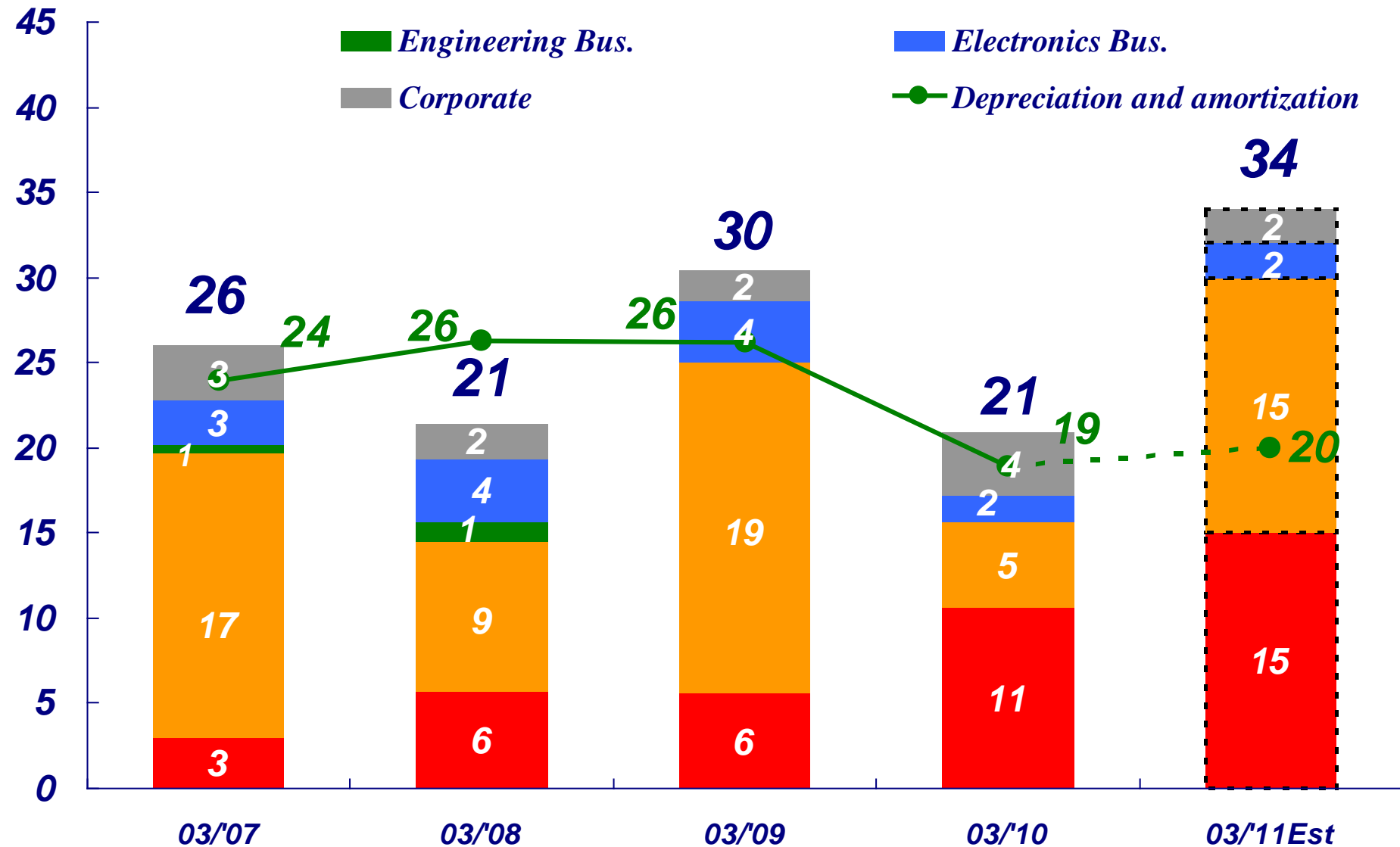
■ Engineering Bus.

■ Corporate

■ Ceramic Prod.Bus.

■ Electronics Bus.

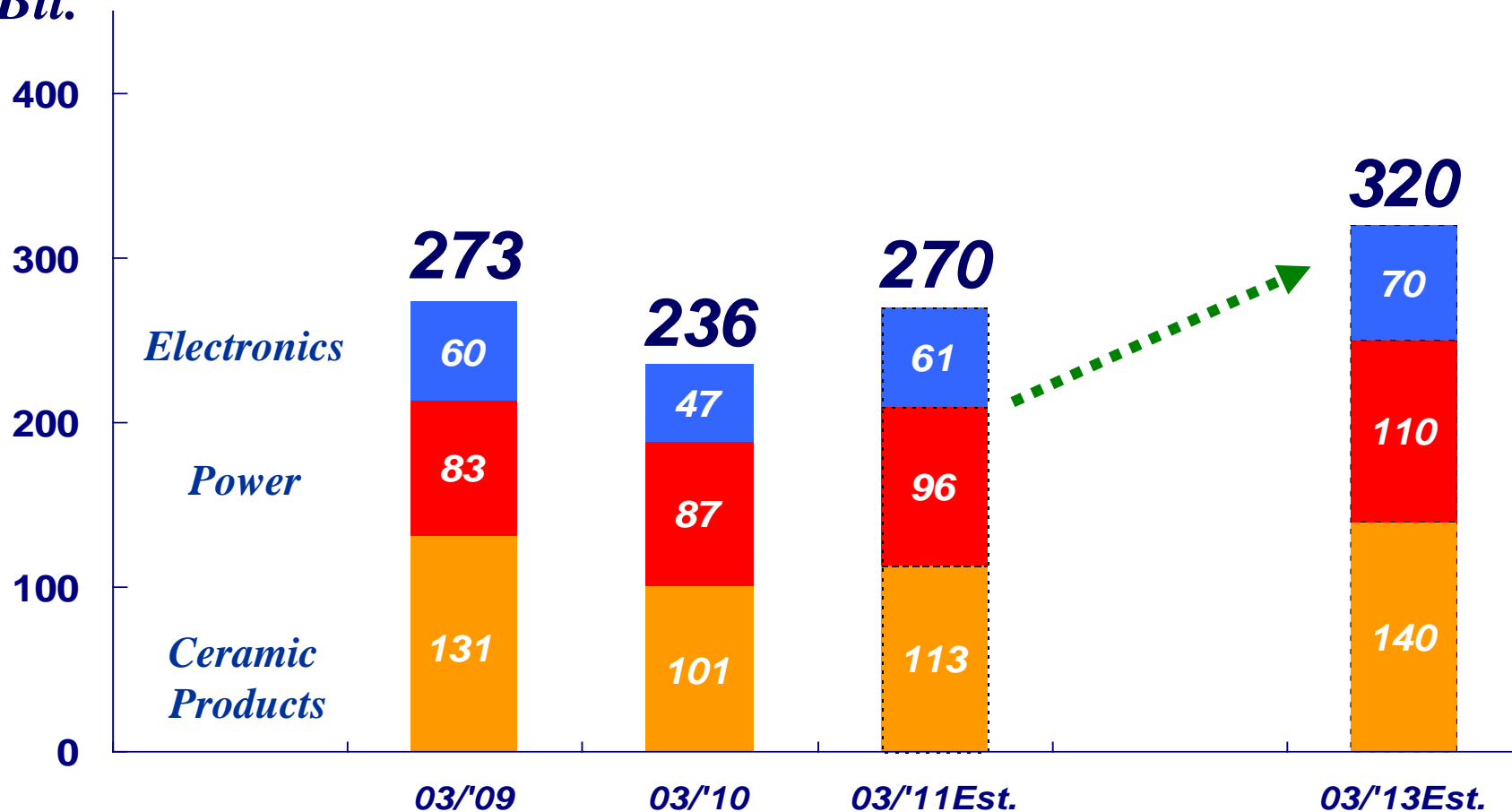
● Depreciation and amortization



# Medium Term Estimates / Sales

After consolidation elimination

¥ Bil.



Exchange Rate

104¥/\$

94¥/\$

90¥/\$

90¥/\$

153¥/ER

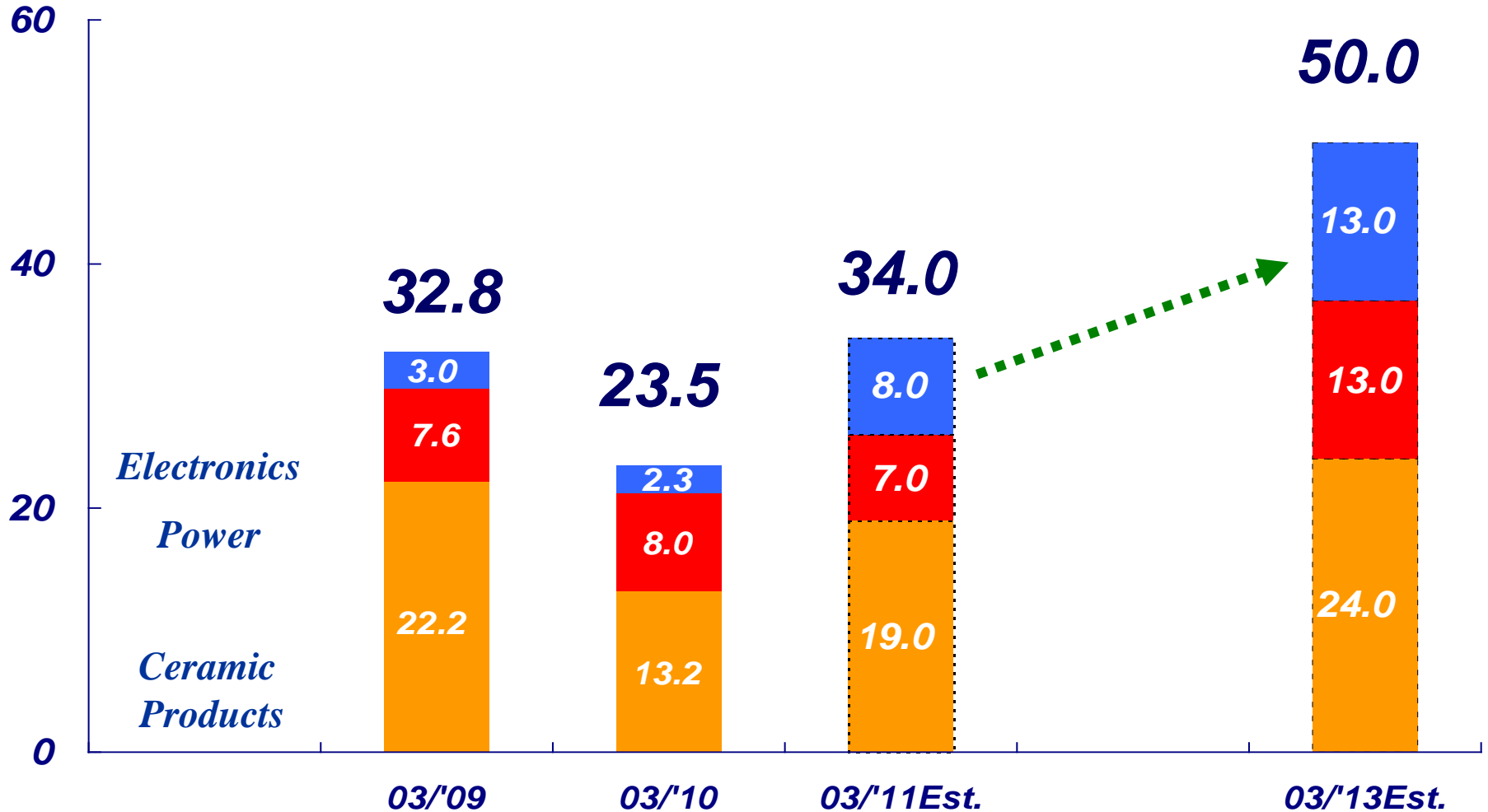
130¥/ER

120¥/ER

120¥/ER

# Medium Term Estimates / Operating Income

¥ Bil.



*OP/Sales*

12.0%

10.0%

12.6%

15.6%

*ROE*

8.1%

6.1%

8.0%

10.0%

# Summary of Cash Flow (¥ Bil.)

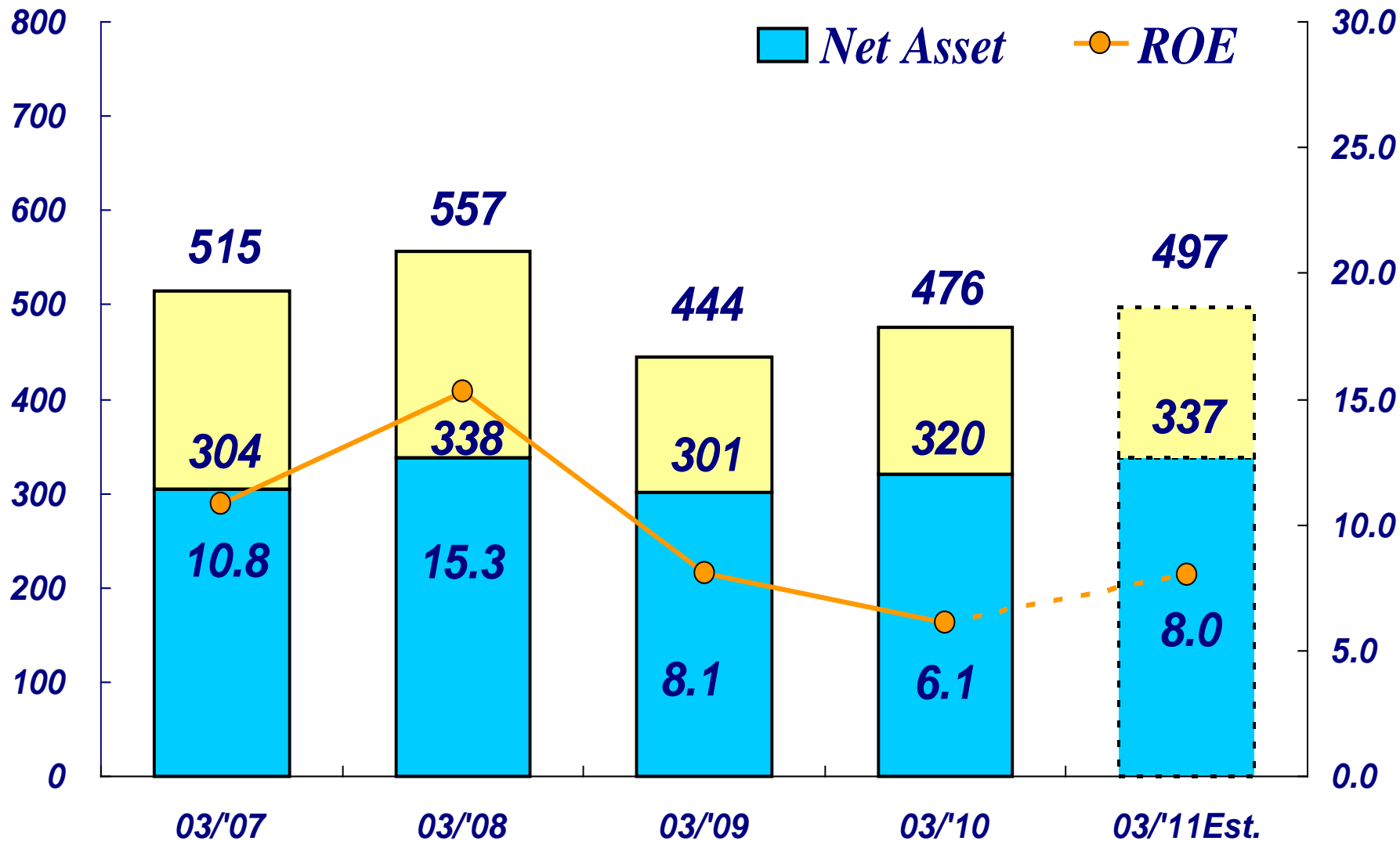
	<i>03/'09</i>	<i>03/'10</i>	<i>03/'11Est.</i>
<i>Income before taxes</i>	<i>21.0</i>	<i>23.0</i>	<i>34.0</i>
<i>Income taxes paid</i>	<i>-23.0</i>	<i>-0.5</i>	<i>-5.1</i>
<i>Depreciation</i>	<i>26.2</i>	<i>18.9</i>	<i>20.5</i>
<i>Decrease in Acct. Rec.</i>	<i>12.4</i>	<i>-15.5</i>	<i>-7.0</i>
<i>Decrease in inventories</i>	<i>-21.3</i>	<i>15.5</i>	<i>-0.5</i>
<i>Other changes</i>	<i>17.4</i>	<i>3.0</i>	<i>-0.9</i>
<hr/> <i>Operating Activities</i>	<i>32.7</i>	<i>44.4</i>	<i>41.0</i>
<i>Property, plant &amp; equip.</i>	<i>-30.0</i>	<i>-20.5</i>	<i>-34.0</i>
<i>Proceed, investment securities</i>	<i>1.4</i>	<i>1.9</i>	<i>2.3</i>
<i>Other investments</i>	<i>7.0</i>	<i>-52.6</i>	<i>6.7</i>
<hr/> <i>Investing Activities</i>	<i>-21.6</i>	<i>-71.2</i>	<i>-25.0</i>

	<i>03/'09</i>	<i>03/'10</i>	<i>03/'11Est.</i>
<i>Acquisition of treasury stock</i>	<i>-13.7</i>	<i>-</i>	<i>-</i>
<i>Cash dividends</i>	<i>-7.4</i>	<i>-6.2</i>	<i>-5.9</i>
<i>Repayment and redemption</i>	<i>-15.2</i>	<i>-31.6</i>	<i>1.9</i>
<i>Bond issues, etc.</i>	<i>-</i>	<i>40.0</i>	<i>-</i>
<i>Other</i>	<i>0.2</i>	<i>-0.5</i>	<i>-</i>
<hr/>			
<i>Financing Activities</i>	<i>-36.1</i>	<i>1.7</i>	<i>-4.0</i>
<i>Effect of exchange rate change</i>	<i>-14.1</i>	<i>2.0</i>	<i>-</i>
<i>Net Changes in Cash &amp; eq.</i>	<i>-39.1</i>	<i>-23.1</i>	<i>12.0</i>
<i>Change in consolidation subsidiaries</i>	<i>-4.2</i>	<i>-</i>	<i>-</i>
<i>Cash &amp; eq. at End of Year</i>	<i>76.5</i>	<i>53.4</i>	<i>65.4</i>



# Total Asset & ROE

¥ Bil.



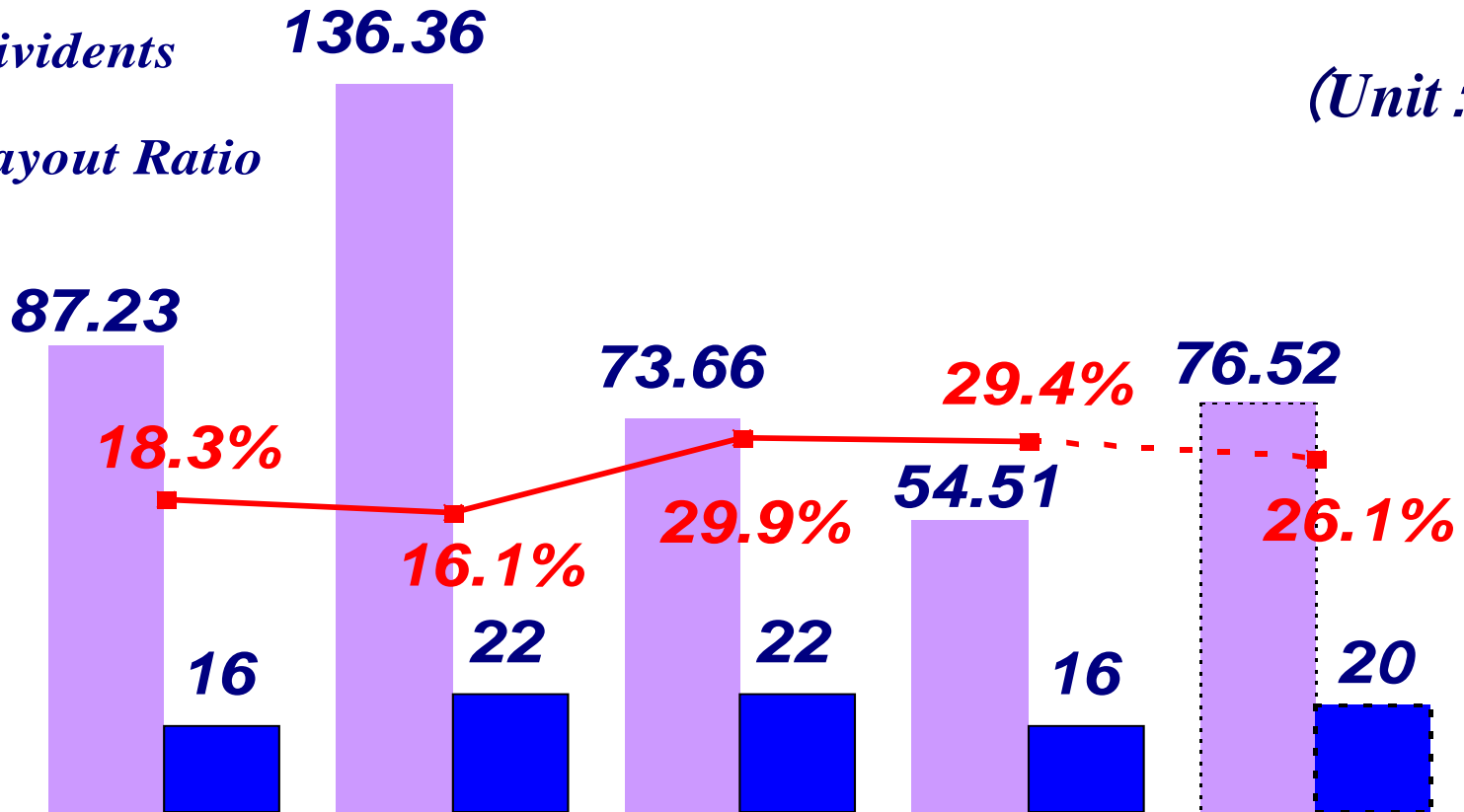
# *EPS & Payout Ratio*

■ *EPS*

■ *Dividends*

—■ *Payout Ratio*

*(Unit : ¥)*



**03/'07**

**03/'08**

**03/'09**

**03/'10**

**03/'11 Est.**

*Number of Stocks Issued*

**357Mil**

**338Mil**

**338Mil**

**338Mil**

**338Mil**

*Number of Outstanding Stocks*

**337Mil**

**337Mil**

**327Mil**

**327Mil**

**327Mil**

*The figures included in the following brief, including the business performance targets and figures are all projected data based on the information currently available to the NGK Group, and are subject to variable factors such as economic conditions, competitive environments and future demands. Accordingly, please be advised that the actual results of business performance may differ substantially from the projections described here.*

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