



FY2014 Results

(from April 1, 2014 to March 31, 2015)

May 13, 2015

This is a translation of materials used for the analyst meeting held in Tokyo, Japan on May 13, 2015

This document contains forward-looking statements that are based on management's expectations, estimates, projection and assumptions that were available and reasonable at the time of release. Actual future results and trends may differ materially from those in the forecasts due to a variety of factors.

Agenda

Summary of financial results for FY2014

(Ended March 31, 2015)

Forecast for FY2015

(End in March 31, 2016)

Segment Information

Capital Expenditure/Depreciation Cost

Priority Issues/Ratio of new products to total sales

(2017 Challenge 30)

New products/ R&D

Financial Condition

	(¥Bil.)	FY2013	FY2014	Growth ratio
Net Sales		308.7	378.7	+ 23%
Operating Income		44.3	61.6	+ 39%
Ordinary Income		45.8	61.1	+ 33%
Extraordinary Gains/Losses		-7.9*1	-4.7*2	
Net Income		27.0	41.5	+ 53%

*1 Subsidiary of Insulators segment in China
 Impairment loss -¥5.4bil
 Loss from liquidation -¥2.9bil etc

*2 Allowance for loss from competition law -¥9.3bil
 Gain on change in equity +¥3.5bil etc

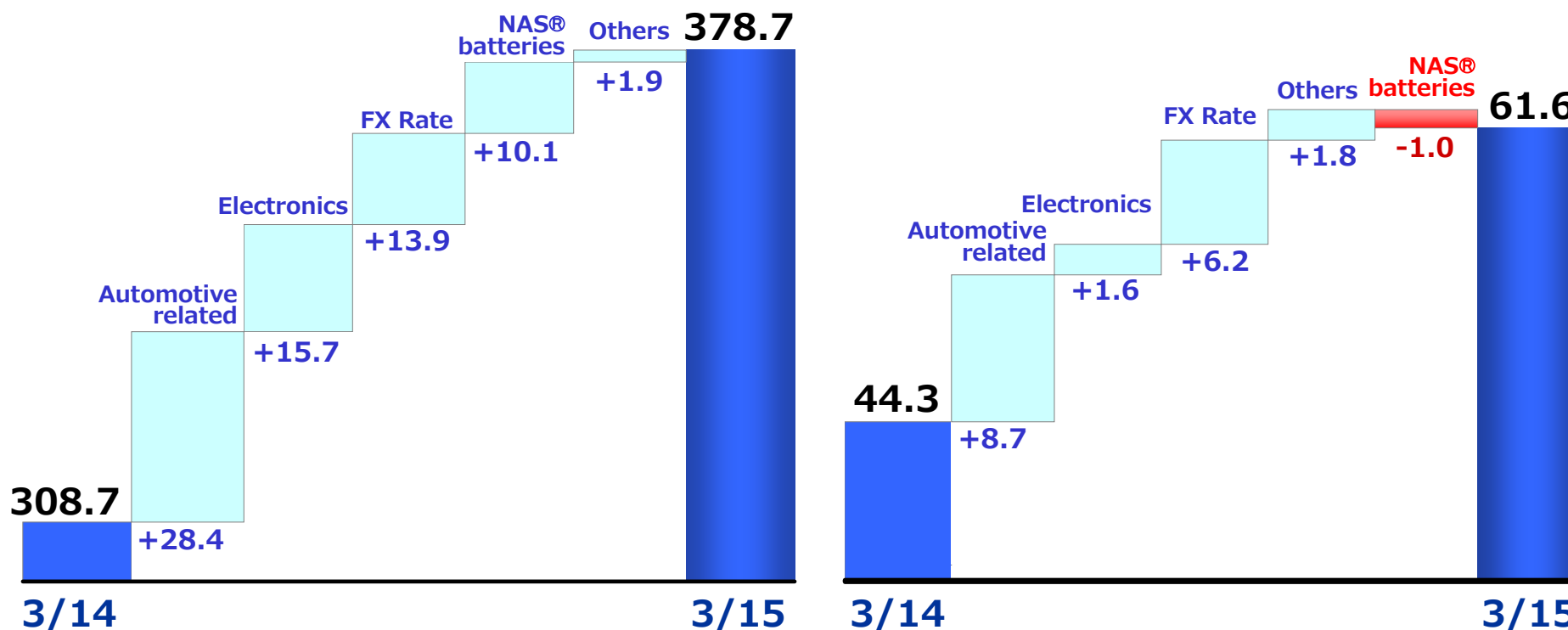
Higher sales and income compared with the same period last year
Highest sales ever*3 *3 FY2007 ¥364.9bil

- **Ceramics** Demand for automotive-related products increased due to strong sales of trucks in the US and Japan, and passenger cars in the US, Europe and China.
- **Electronics** Ceramic products' demand for semiconductor manufacturing equipment increased.
 Reflected the Jan. to Mar. results of NGK ELECTRONICS DEVICES INC. (formerly NIPPON STEEL & SUMIKIN Electronics Devices Inc.) which NGK acquired in January 2015.
- **Power** NAS batteries sales increased due to large-scale projects abroad.
 Insulators business achieved a profit.

Sales

Op. Income

(¥ Bil.)



	3/14	3/15
FX Rate	¥100 /US\$ ¥134 /ER€	¥110 /US\$ ¥139 /ER€

	(¥Bil.)	FY2014	FY2015	Growth ratio
Net Sales		378.7	420.0	+11%
Operating Income		61.6	68.0	+10%
Ordinary Income		61.1	69.0	+13%
Net Income		41.5	48.0	+16%

Sales and income growing for four consecutive years

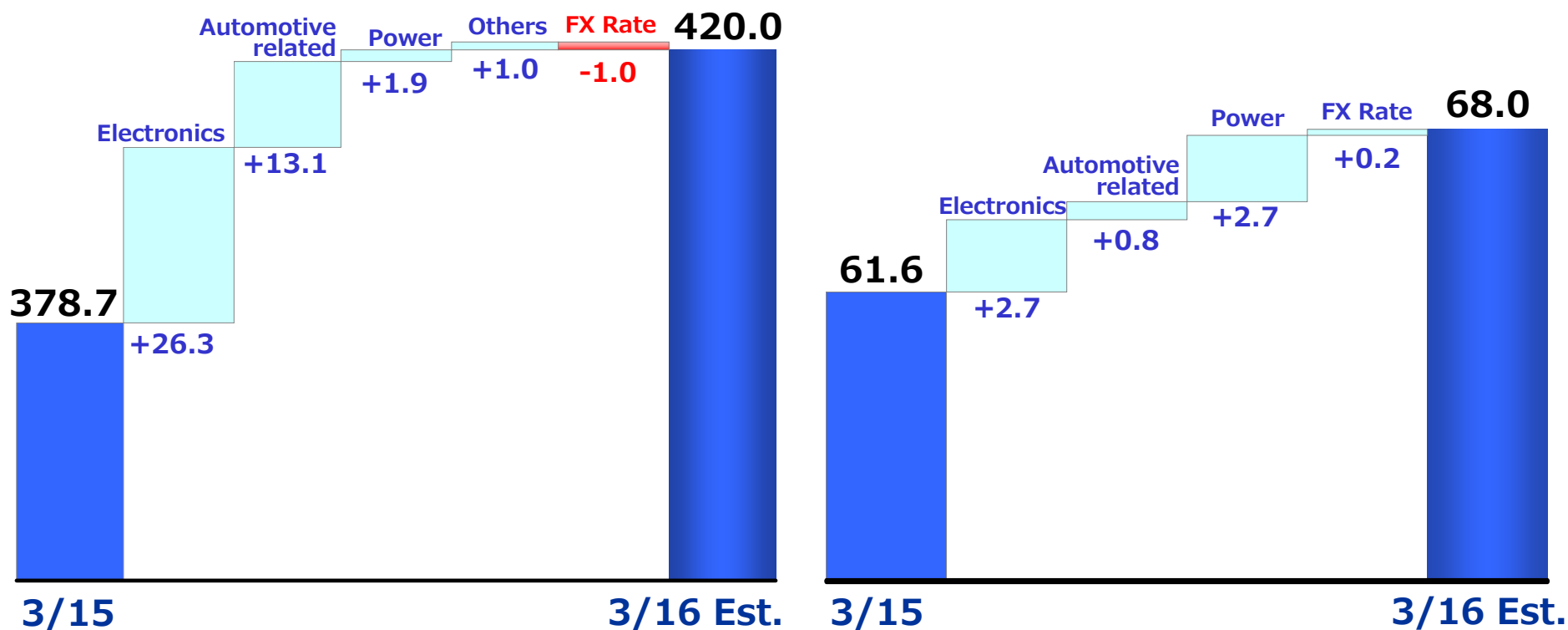
- **Ceramics** Demand for Automotive related products remains high due to strong sales of passenger cars in the US, Europe, and China. Sales recovery in emerging nations and tighter emission regulations make contribution to increased demand. Modest profit increase due to upfront investments for production expansion.
- **Electronics** Sales and income increases due to the full-year contribution of ceramic package business.
- **Power** Aiming to achieve break-even by reducing costs.

Change Analysis for FY2015

Sales

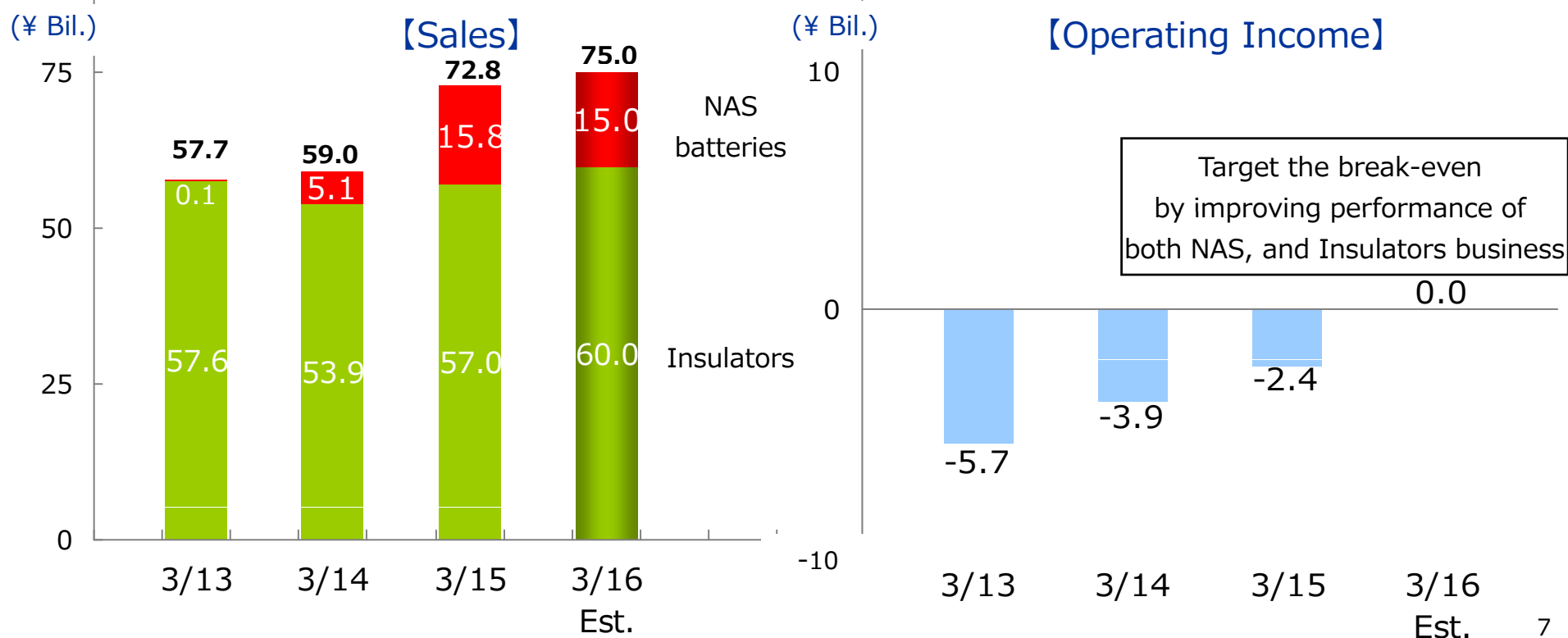
Op. Income

(¥ Bil.)



	3/2015	3/2016
FX Rate	¥110 /US\$	¥115 /US\$
	¥139 /ER€	¥125 /ER€

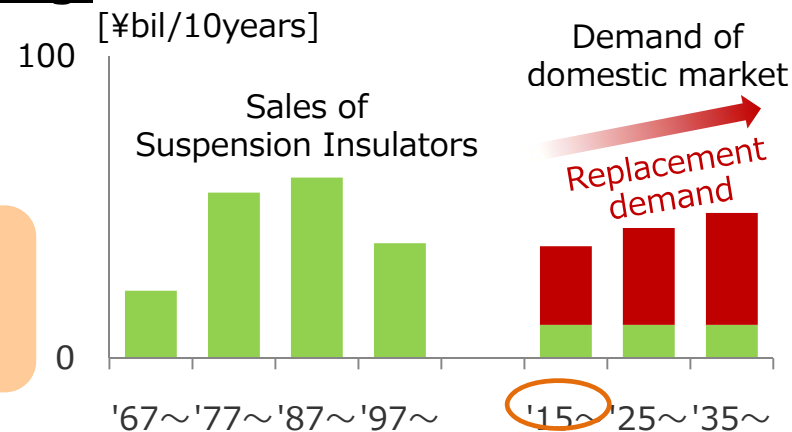
- <Insulators>**
- Business in Southeast Asia, the Middle East, and North America remains steady.
 - Capex of Japanese power companies show a recovery trend.
 - In Japan, replacement demand for insulators, installed after the high-speed growth era, is steadily increasing.
 - Aim to improve profit by capturing replacement demand and making further cost reductions.
- <NAS>**
- Some overseas large-scale shipments are planned, as in the previous year.
 - NAS is expected to be fully-fledged business by around 2020 when renewable energies are widely used.
 - In the near term, aim to win orders continuously by promoting systematic introduction of storage batteries.
 - Further cost-cutting by introducing container model and other measures.



■ In the Japanese market, demand for replacement insulators, which were installed after high speed growth era, increasing.



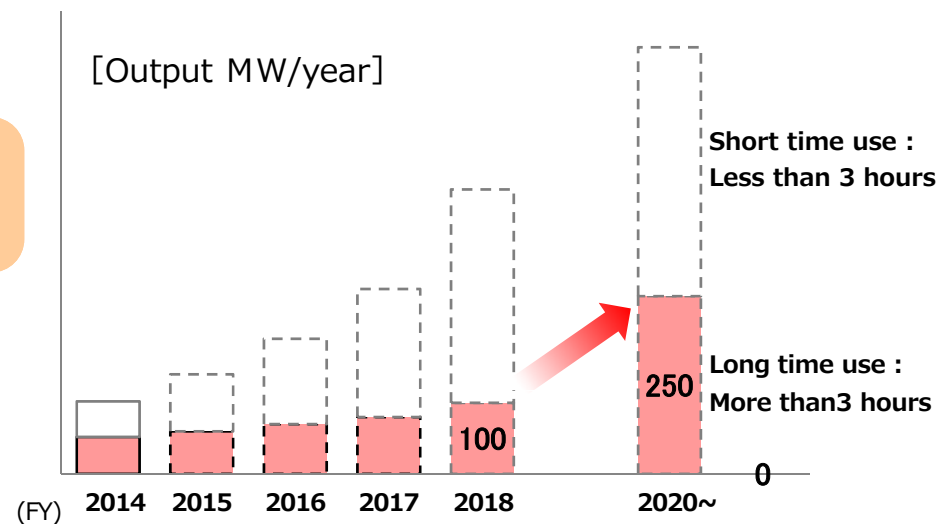
Replacement demand for Insulators will expand



■ Necessity for power system stabilization measures is increasing as renewable energies are becoming more widely used.

(NGK's Est.)

Expect future demand for NAS batteries



<Electronics Components>

- Increase sales and profit significantly by reflecting full-year results of package business, acquired in January 2015.
- Aim to expand profitability in growth areas by creating synergy effects.

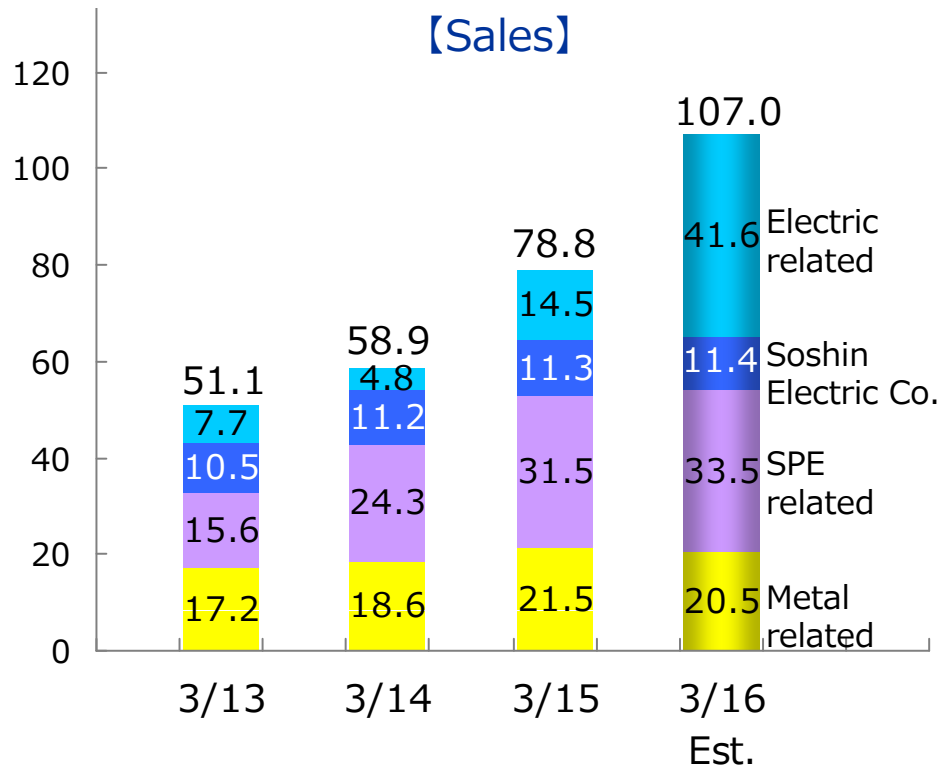
<Semiconductor Production Equipment-Related Ceramic (SPE-related products)>

- Demand is increasing due to expanding market for mobile products.
- Focus on cost reduction by improving technical advancement of products and innovative production methods.

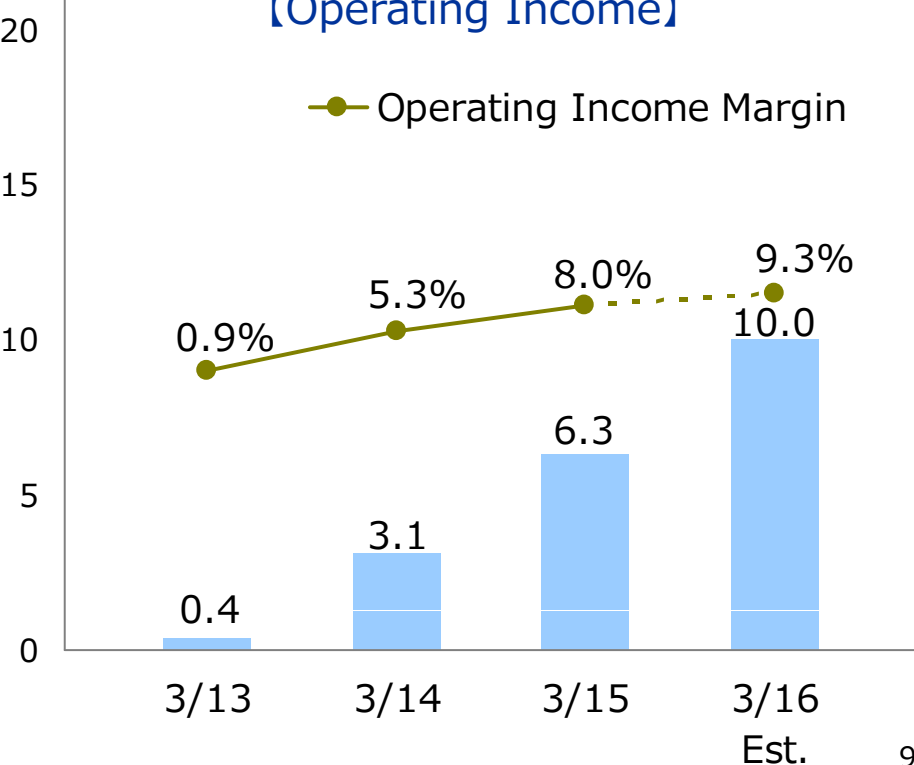
<Beryllium Copper (Metal related products)>

- China's market expands. Grow business by developing new materials and new products.

(¥ Bil.) <After consolidation elimination>



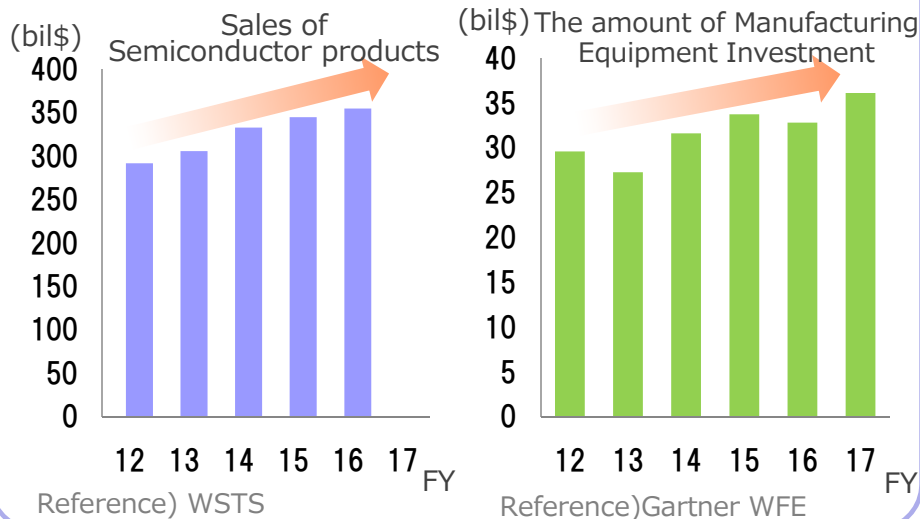
(¥ Bil.)



Market

Ceramic Components for Semiconductor Manufacturing

Sales increase of mobile and semiconductor products, semiconductor manufacturing keeps high standards of demand.



M&A

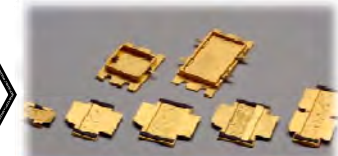
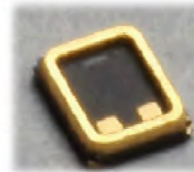
Ceramic Package business

Acquired NGK Electronics Devices, Inc. (Formerly NIPPON STEEL & SUMIKIN Electronic Devices Inc.) in January 5, 2015.

Package for quartz crystal device

RF package

High-frequency power amplifier package for mobile communication base station



《 Main Products 》

NGK Electronics Devices
Technologies in high-mix production & mass-production

NGK
Technologies in materials & high-precision production

“Synergy”

Aim to expand profitability in growth areas

Ultra micro quartz crystal package

Package for CMOS image sensor

Package for optical communication device

New Products

Extend the Range of Wafer Products

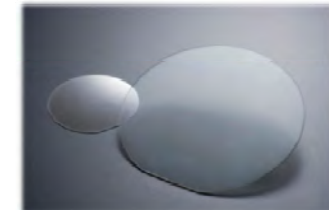
Bonded wafers for SAW filters



Wide spread use of LTE increases the demand of temperature compensated SAW filters

Translucent alumina wafer (HICERAM™ wafer)

Gallium Nitride (GaN) Wafer



【Example of final products】

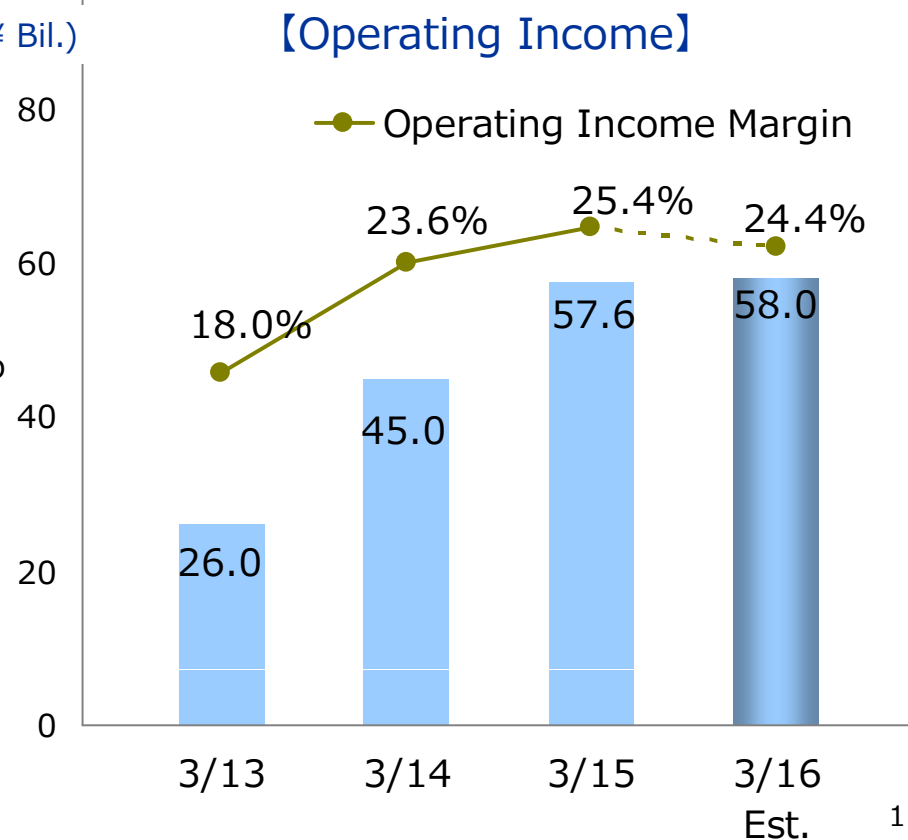
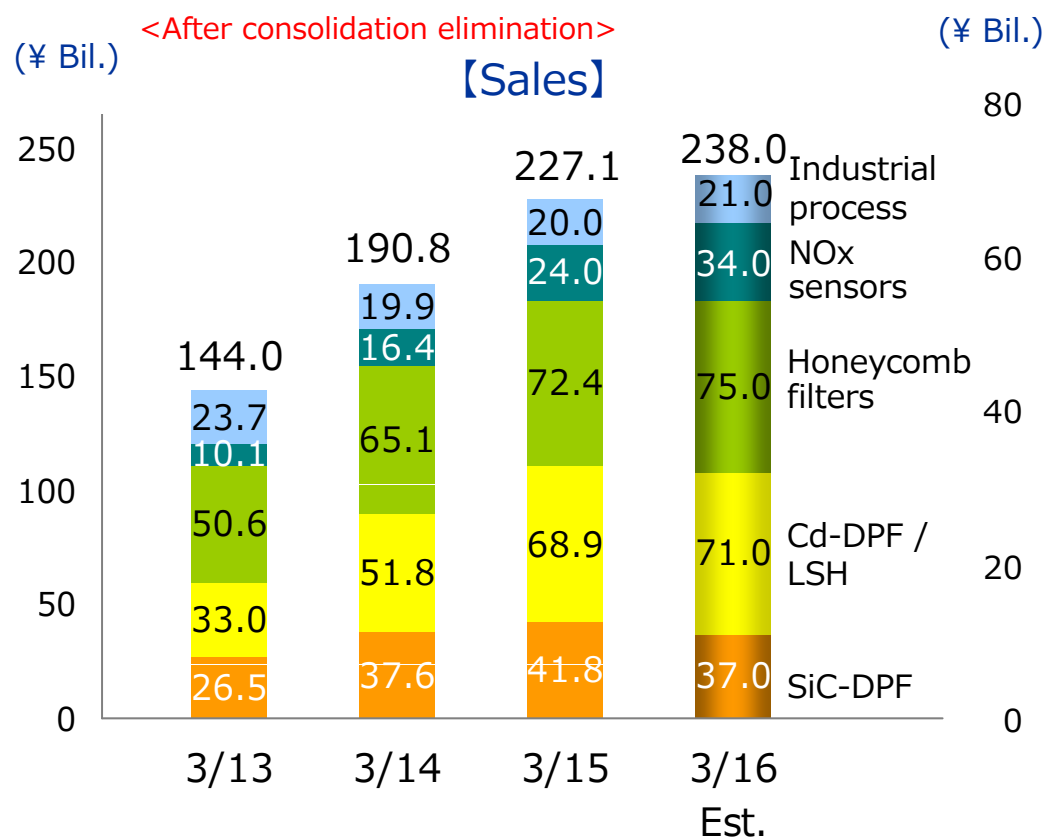
- High-frequency device
- Alternative use of Sapphire and Alumina substrate
- Ultra bright LED
- High-power blue/green laser
- Power device

<Automotive-related> • Sales of passenger cars remain strong in the U.S., Europe, and China. Also emerging nations' economic recovery leads to increase in the demand for honeycomb filters.

- Strong world wide sales of trucks, and emission regulation –“China 4”– boost the demand for LSH.
- Demand for Cd-DPF decreases temporarily since some diesel-vehicles switch from Cd-DPF to SiC-DPF.
- Extension of the scope of Euro6 application to diesel-vehicles greatly increases the demand for NOx sensors in Europe.
- Upfront investment for production expansion will offset the profit increase.

<Industrial process> • Capex in Japan shows signs of recovery, with improvement of medical, electronic, and chemical industries.

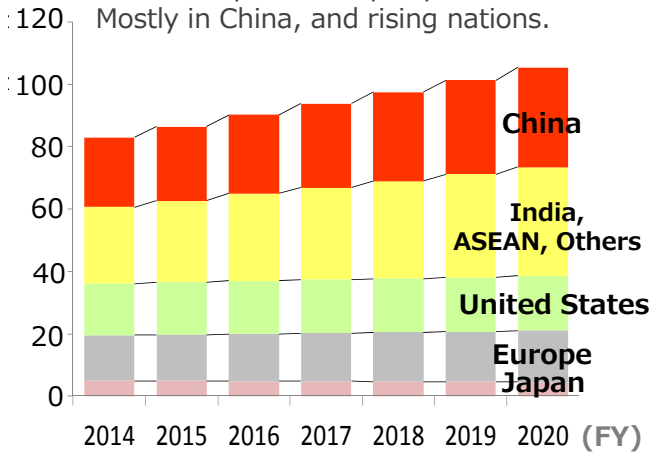
- Streamline operation and reduce costs through business restructuring.





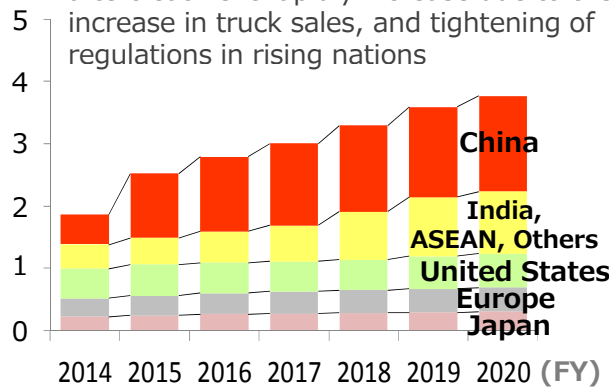
■ Sales of passenger cars(mil. cars)

Increase by 4 to 5% per year.
Mostly in China, and rising nations.



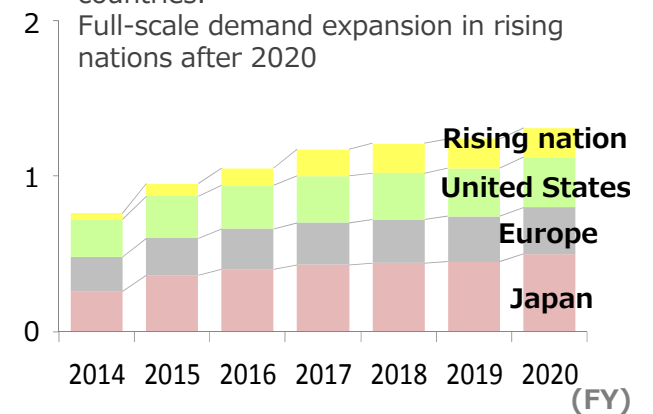
■ Trucks requiring aftertreatment (mil. trucks)

The number of trucks requiring aftertreatment rapidly increase due to the increase in truck sales, and tightening of regulations in rising nations



■ Non-roads requiring aftertreatment (mil. cars)

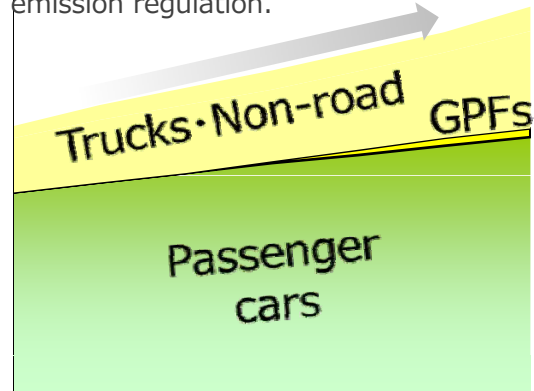
Tightening of regulations in developed countries.
Full-scale demand expansion in rising nations after 2020



■ Total demand forecast for products

(Volume) **Honeycomb Cd-DPF·LSH**

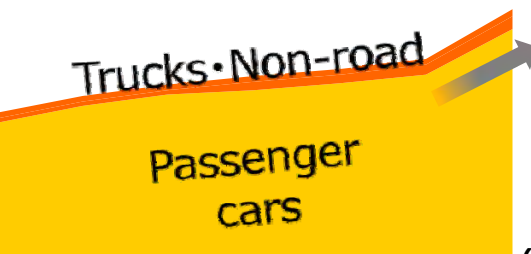
Demand steadily expands due to the increase in sales of cars and tightening emission regulation.



2014 2015 2016 2017 2018 2019 2020 (FY)

(Volume) **SiC-DPF**

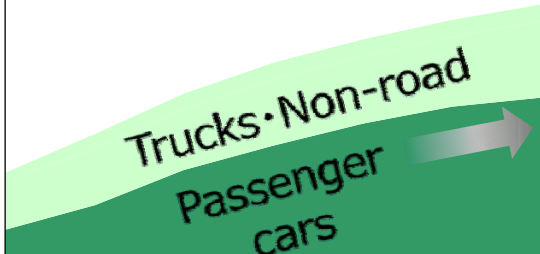
Tightening of regulations for diesel-vehicle in rising nation until 2020



2014 2015 2016 2017 2018 2019 2020 (FY)

(Num. of Sensors) **NOx sensors**

Extend the range of Euro6 to diesel-vehicle strongly increase the demand of NOx sensors.

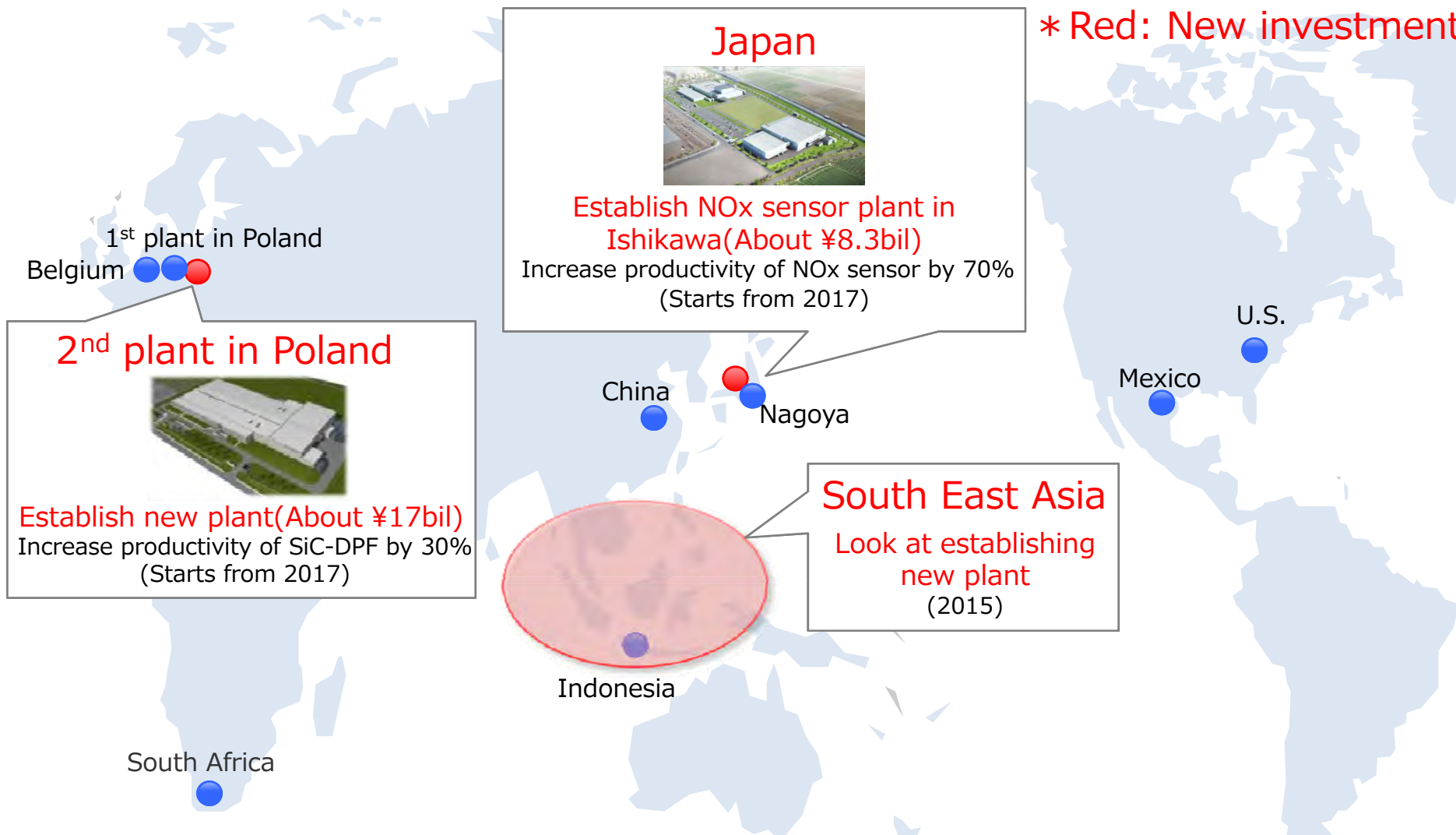


2014 2015 2016 2017 2018 2019 2020 (FY)

World wide demand expansion in mid-long term → Enlarge global production system



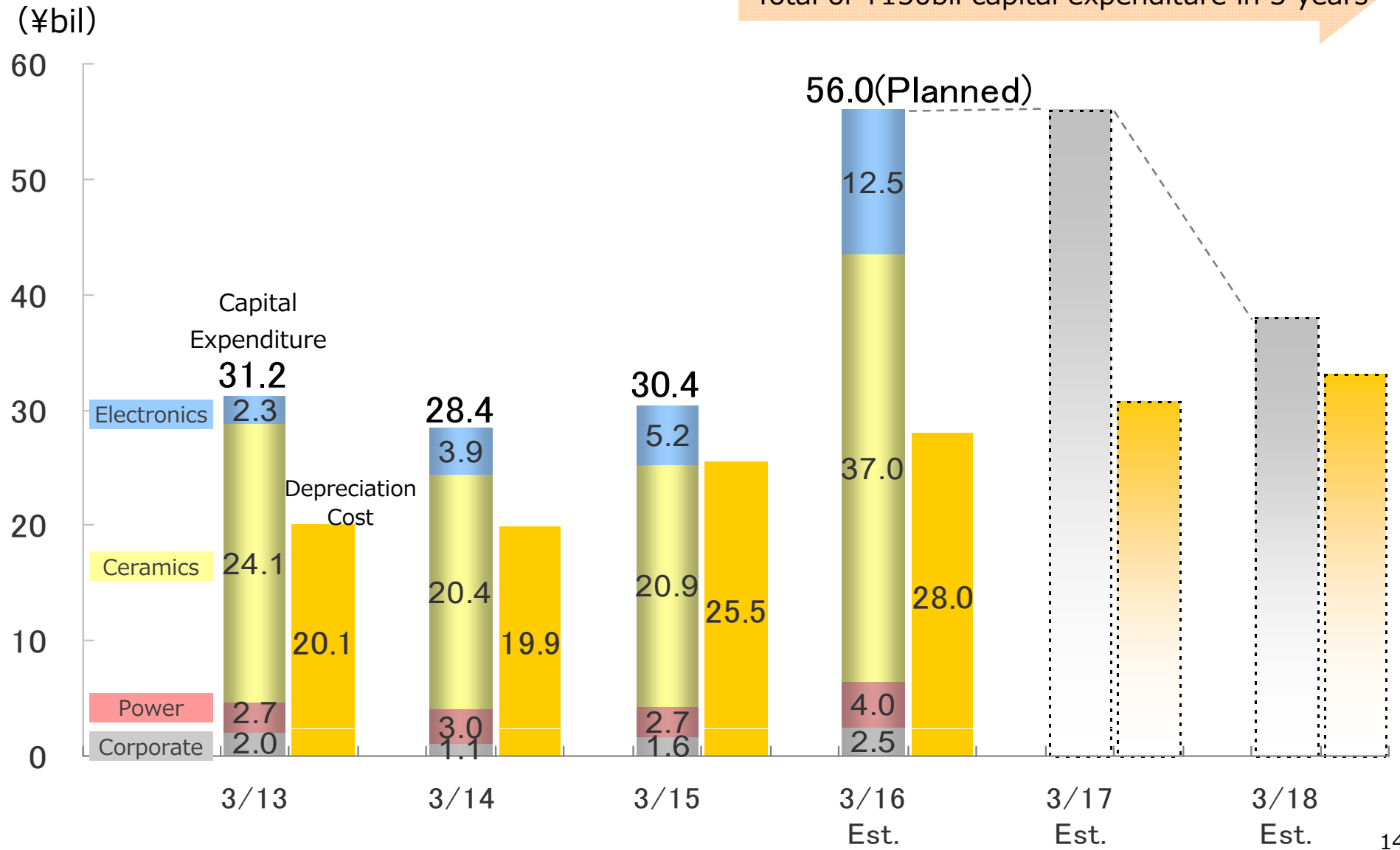
* Red: New investment

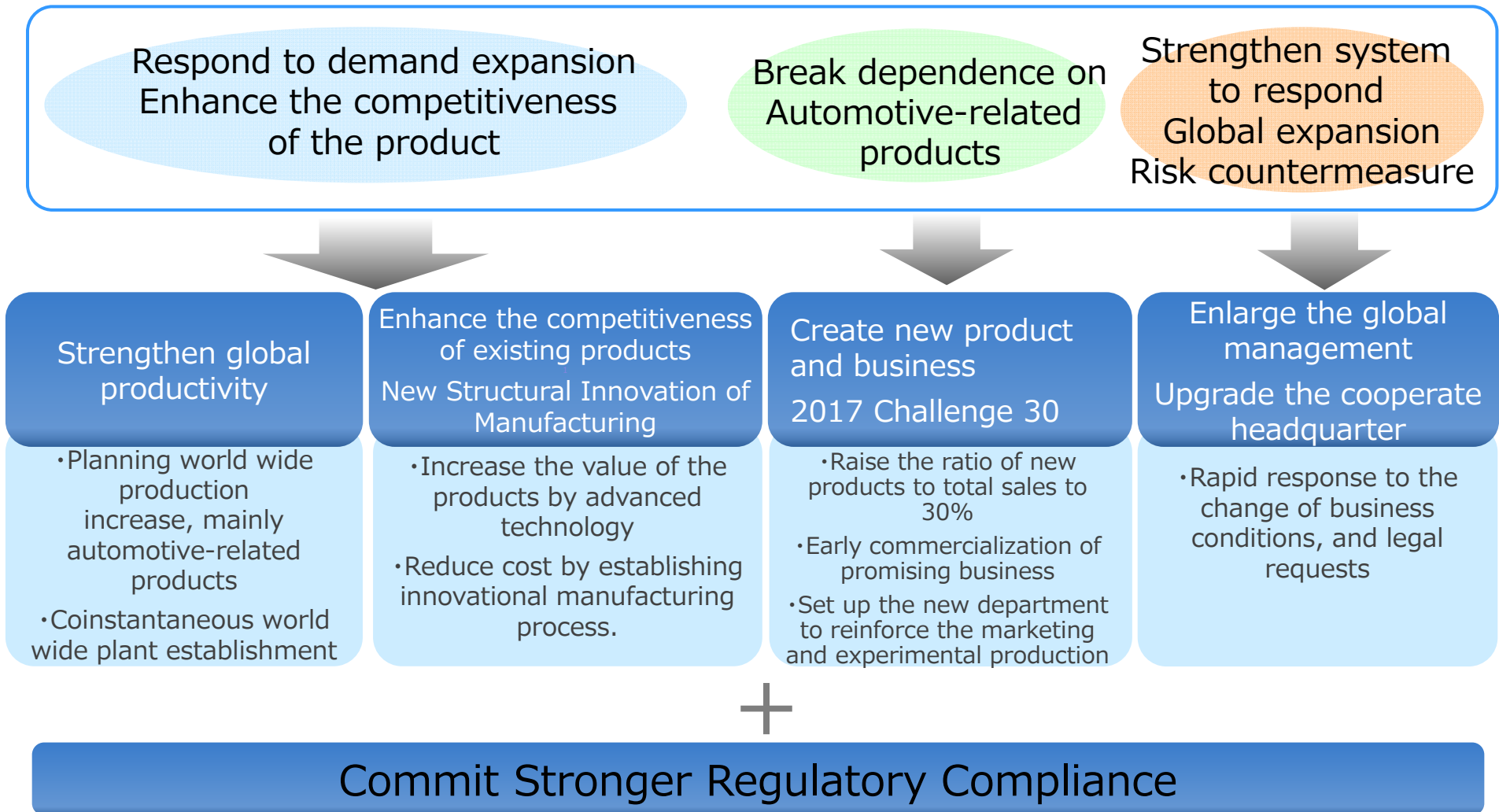


Establish new factories in Poland (SiC-DPF), and in Japan(NOx sensor)
Including new plant in South East Asia, increase productivity world wide



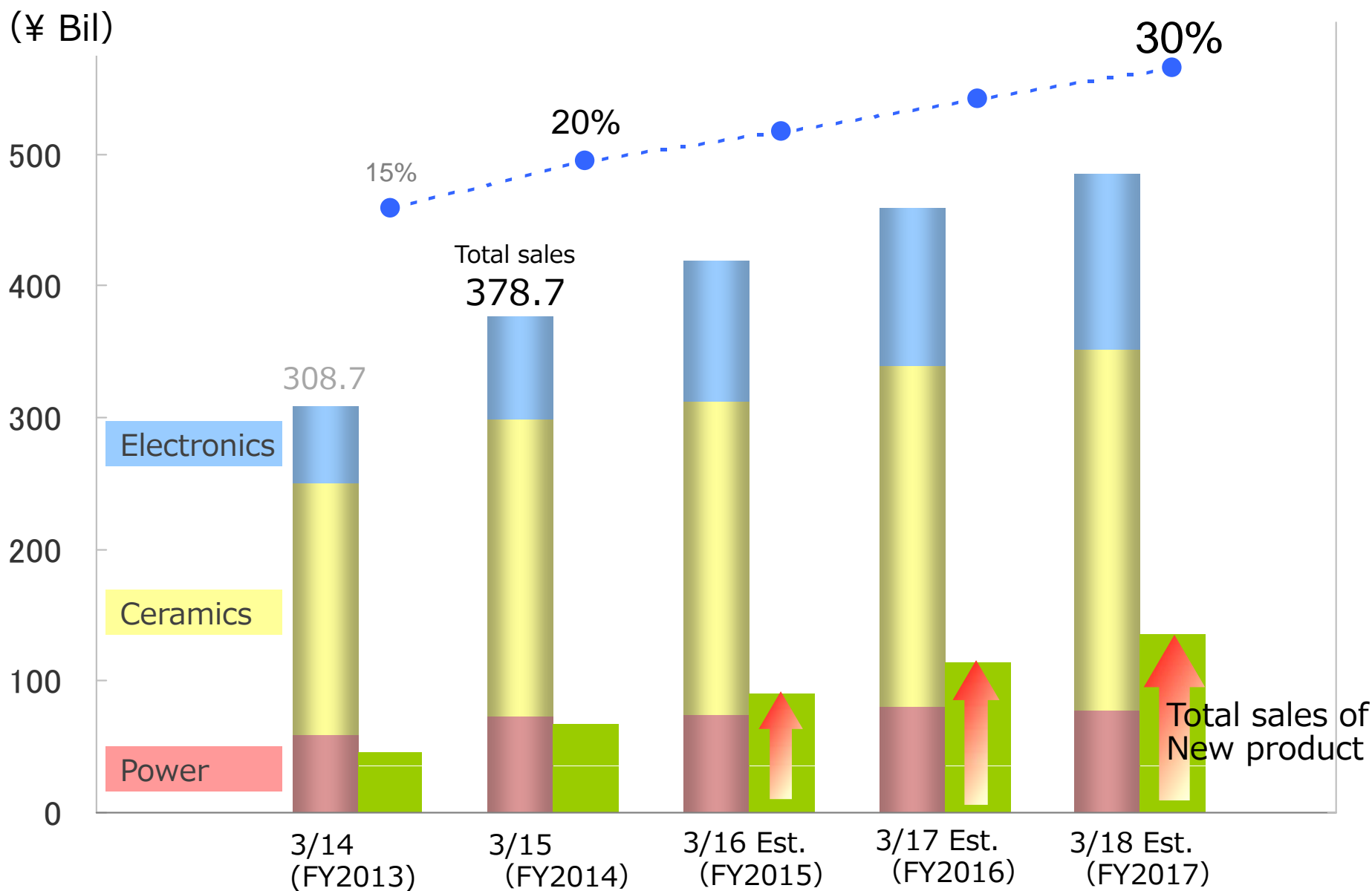
Total of ¥150bil capital expenditure in 3 years





Become a world-class global company

Raise the ratio of new products to total sales to 30% by FY2017



Zinc Secondary Battery

Applying newly invented OH ion-conducting ceramics materials for battery separators enables us to develop a zinc secondary battery.

Set up a new project team.

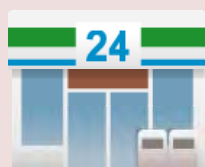
- A considerable problem which was obstructing practical use of a zinc secondary battery was a short circuit problem caused by zinc dendrite in the negative electrode. –By applying ceramic materials which only pass OH ions, this problem was solved.
- NGK's zinc secondary battery has large capacity, operates at normal temperatures, and has high safety since it uses an aqueous electrolyte. Due to these features, it can be installed in various locations.

Application

Zinc secondary battery is the most suitable small to medium sized secondary battery which fit the present situation.



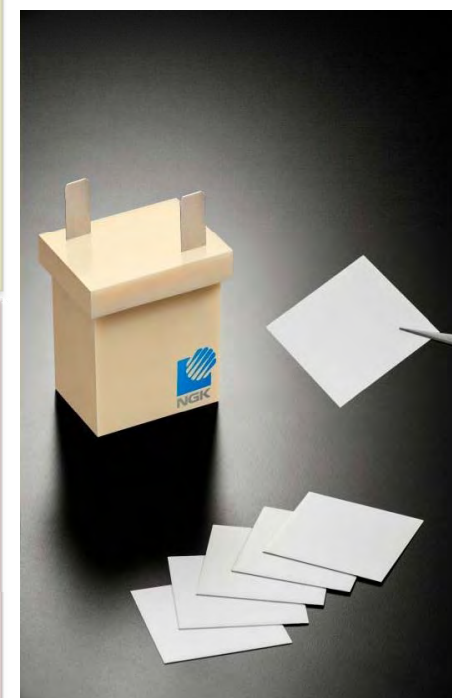
House



Convenience store
Commercial building



Basement of the building

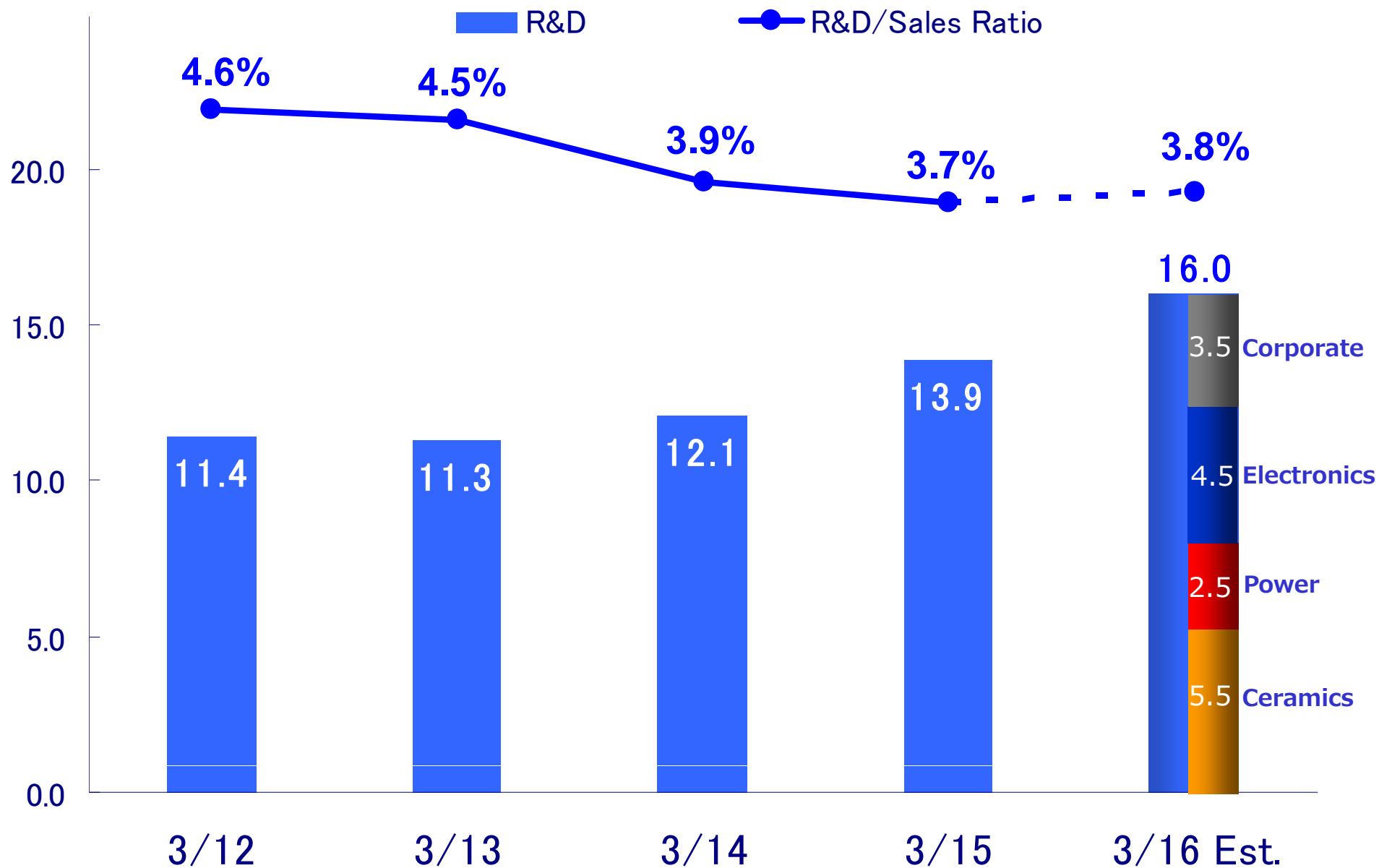


Future Plan

**Establish enlarged modularization technology by the end of this fiscal year
Establish long-term reliability, and aim for commercialization during fiscal 2017**

R&D Input

(¥ Bil.)



Summary of Cash Flow

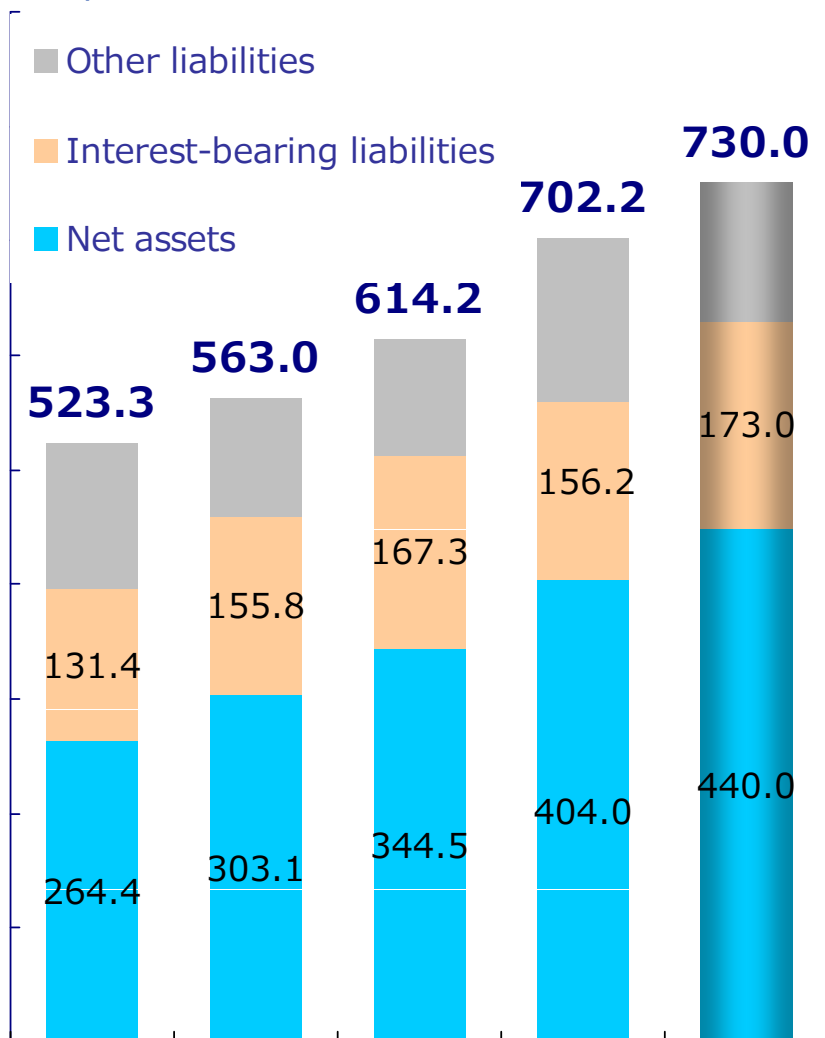
(¥ Bil.)

	3/14	3/15	3/16 Est.
Operating Activities	32.6	73.0	60.0
Investing Activities	-21.2	-39.5	-59.0
Financing Activities	2.0	-26.0	10.0
Effect of exchange rate change	3.4	1.3	-1.0
Net Change in Cash &Eq-	16.9	8.8	10.0
Cash & Eq- at the End of Year	119.8	128.6	138.6



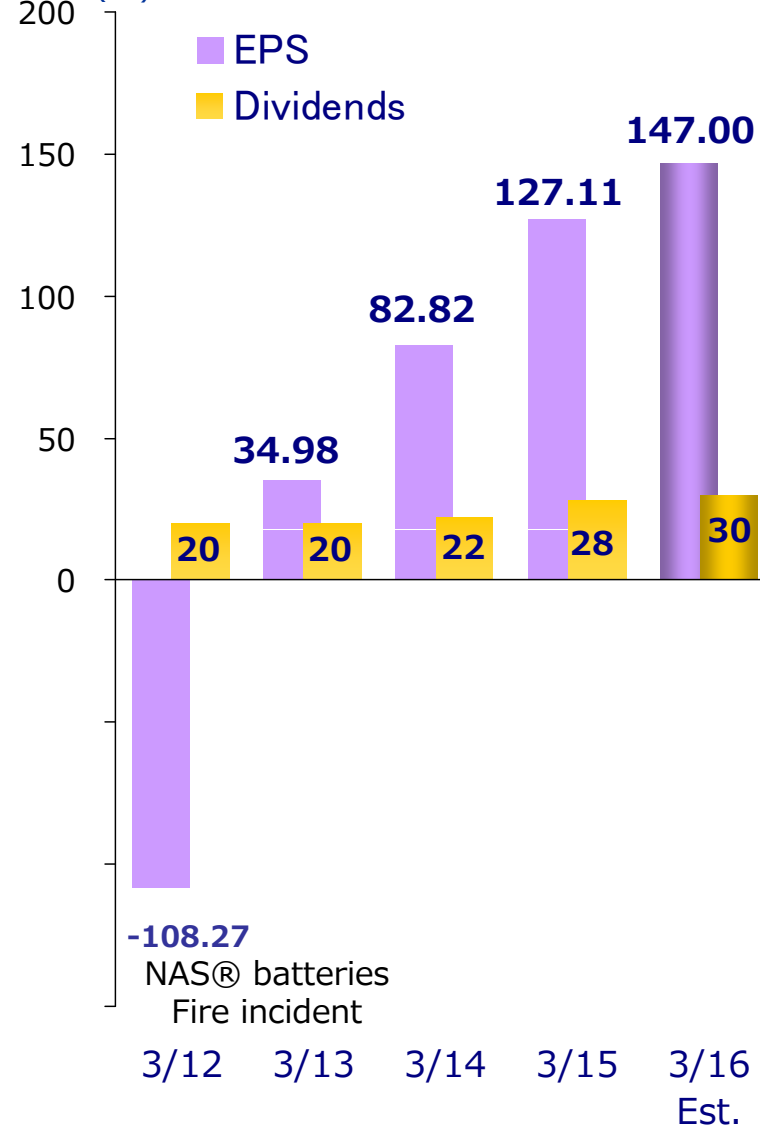
Total Assets & ROE / EPS & Dividends

(¥ Bil.)



ROE△12.6% 4.2% 8.6% 11.4% 11.7%

(¥)



Payout Ratio - 57.2% 26.6% 22.0% 20.4%

Sales by Product (Annual)

FY2014

Presentation

<After Consolidation Elimination>

(¥ Bil.)

	3/13	3/14	3/15	3/16 Est.
Insulators	57.6	53.9	57.0	60.0
NAS	0.1	5.1	15.8	15.0
Power Business	57.7	59.0	72.8	75.0
Honeycomb filters	50.6	65.1	72.4	75.0
SiC-DPF	26.5	37.6	41.8	37.0
Cd-DPF / LSH	33.0	51.8	68.9	71.0
Sensors	10.1	16.4	24.0	34.0
Industrial Process	23.7	19.9	20.0	21.0
Ceramics Business	144.0	190.8	227.1	238.0
Metal related	17.2	18.6	21.5	20.5
SPE related	15.6	24.3	31.5	33.5
Electric Related	7.7	4.8	14.5	41.6
Soshin Electric CO.	10.5	11.2	11.3	11.4
Electronics Business	51.1	58.9	78.8	107.0
Total	252.8	308.7	378.7	420.0

<After Consolidation Elimination>

(¥ Bil.)

	3/15		3/16 Est.	
	1 st . Half	2 nd . Half	1 st . Half	2 nd . Half
Insulators	26.7	30.3	29.0	31.0
NAS	1.5	14.3	11.0	4.0
Power Business	28.2	44.6	40.0	35.0
Honeycomb filters	35.1	37.3	37.5	37.5
SiC-DPF	20.4	21.4	19.5	17.5
Cd-DPF / LSH	32.0	36.9	35.0	36.0
Sensors	11.4	12.6	16.0	18.0
Industrial Process	7.7	12.3	9.0	12.0
Ceramics Business	106.6	120.5	117.0	121.0
Metal related	10.7	10.8	10.0	10.5
SPE related	14.4	17.1	16.5	17.0
Electric Related	2.4	12.1	21.0	20.6
Soshin Electric CO.	5.8	5.5	5.5	5.9
Electronics Business	33.3	45.5	53.0	54.0
Total	168.0	210.7	210.0	210.0

The purpose of this brief is information disclosure for better understanding of NGK Group's policies, projections and financial condition. This brief does not solicit buying and selling of NGK's shares.

The figures included in this 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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