NGK INSULATORS, LTD.

Summary of Consolidated Financial Results for the Year Ended March 31, 2019 [Japanese GAAP]

April 26, 2019

Company Name : NGK INSULATORS, LTD.
Stock Exchange Listings : Tokyo and Nagoya
Listing Code : 5333
URL : https://www.ngk-insulators.com/en/
Representative : President Taku Oshima (Mr.)
Contact : Vice President, General Manager Finance & Accounting Dept. Hideaki Shindo (Mr.) (TEL) +81-52-872-7230

Date of the Annual Shareholders' Meeting (Scheduled) : June 21, 2019
Date of the Filing of Securities Report "Yuka Shoken Hokokusho" (Scheduled) : June 21, 2019
Date of Year-End Dividend Payment (Scheduled) : June 24, 2019
Availability of Supplementary Explanatory Materials Prepared for Financial Results : Available
Briefing Session on Financial Results to be held : Yes (for securities analysts and institutional investors)

(All yen amounts are rounded down to the nearest million.)

1. Consolidated Financial Results for the Year Ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(1) Consolidated Operating Results

(Percentage figures represent increase (decrease) from previous period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2019	463,504	2.7	64,705	(7.6)	64,410	(8.8)	35,506	(22.5)
March 31, 2018	451,125	12.4	70,026	10.8	70,615	9.4	45,814	25.9

(Note) Comprehensive income : Year ended March 31, 2019 31,164 million yen (46.4%)
: Year ended March 31, 2018 58,154 million yen 71.2%

	Profit per share	Diluted profit per share	Ratio of profit to net worth	Ratio of ordinary income to total assets	Ratio of operating income to net sales
Year ended	Yen	Yen	%	%	%
March 31, 2019	110.35	110.17	7.6	7.6	14.0
March 31, 2018	142.42	142.18	10.4	8.9	15.5

(Reference) Equity in earnings of unconsolidated subsidiaries and associated companies : Year ended March 31, 2019 1,565 million yen
: Year ended March 31, 2018 1,279 million yen

(2) Consolidated Financial Position

	Total assets	Total net assets	Ratio of net worth to total assets	Net worth per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2019	863,636	489,245	55.3	1,483.98
March 31, 2018	826,243	472,863	55.8	1,432.67

(Reference) Net worth : As of March 31, 2019 477,516 million yen, As of March 31, 2018 460,983 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash & cash equivalents, end of year
Year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2019	61,224	(109,743)	3,564	123,984
March 31, 2018	50,554	(49,413)	22,546	169,918

2. Dividend Payment

	Cash dividends per share					Total amounts of dividends	Dividend payout ratio (Consolidated)	Ratio of dividends to net worth (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total (Full-year)			
Year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2018	—	21.00	—	23.00	44.00	14,156	30.9	3.2
March 31, 2019	—	25.00	—	25.00	50.00	16,088	45.3	3.4
Year ending March 31, 2020 (forecast)	—	25.00	—	25.00	50.00		34.2	

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2020

(Percentage figures represent increase (decrease) from previous period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2019	230,000	0.8	27,000	(24.4)	25,000	(27.0)	17,000	(31.2)	52.83
Year ending March 31, 2020	490,000	5.7	70,000	8.2	71,000	10.2	47,000	32.4	146.06

Notes

(1) Significant changes in subsidiaries during this period (changes in specified subsidiaries, "tokutei kogaisha" defined in the "Cabinet Office Ordinance on Disclosure of Corporate Information, etc.", involving a change of the scope of consolidation during this period): Yes

New — company ( ) , Exclusion 1 company (NGK INSULATORS SUZHOU CO., LTD.)

(2) Changes in accounting policies, accounting estimates or retrospective restatements

i. Changes due to revisions of accounting standards : Yes
ii. Changes in accounting policies other than the above (i) : None
iii. Changes in accounting estimates : None
iv. Retrospective restatement : None

(Note) For details, please refer to “4. Consolidated Financial Statements and Notes (5) Notes to Consolidated Financial Statements (Changes in Accounting Policy)” on page 14 of the Appendix.

(3) Number of shares outstanding (Common Shares)

i. Number of shares outstanding at period end including treasury stocks	March 31, 2019	327,560,196 shares	March 31, 2018	327,560,196 shares
ii. Number of treasury stocks at period end	March 31, 2019	5,779,637 shares	March 31, 2018	5,794,181 shares
iii. Average number of shares outstanding over period	March 31, 2019	321,772,501 shares	March 31, 2018	321,694,271 shares

(Reference) Overview of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Year Ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(1) Non-Consolidated Operating Results

(Percentage figures represent increase (decrease) from previous period.)

	Net sales		Operating income		Ordinary income		Net income	
Year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2019	265,936	10.4	34,511	6.5	53,730	(8.5)	27,936	(39.5)
March 31, 2018	240,885	12.4	32,393	29.9	58,713	24.2	46,161	75.3

	Net income per share	Diluted net income per share
Year ended	Yen	Yen
March 31, 2019	86.82	86.68
March 31, 2018	143.49	143.25

(2) Non-Consolidated Financial Position

	Total assets	Total net assets	Ratio of net worth to total assets	Net worth per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2019	584,525	304,385	51.9	943.07
March 31, 2018	541,680	295,234	54.3	914.88

(Reference) Net worth: As of March 31, 2019 303,462 million yen, As of March 31, 2018 294,376 million yen

* **These financial statements are not subject to the audit procedure of certified public accountant or audit firm.**

* **Explanation of appropriate use of results forecasts and other notes**

This document contains forward-looking statements that are based on information and certain assumption NGK INSULATORS, LTD. ("NGK") has acquired and deemed reasonable as of the time of the release and NGK does not guarantee the achievement of them. Actual future results and trends may differ materially from those in the forecasts due to a variety of factors.

Contents of Appendix

1. Overview of Business Results and Others

(1) Overview of Business Results for the Fiscal Year Ended March 31, 2019

During the fiscal year ended March 31, 2019, the Japanese economy continued to recover moderately due to improvements in the employment and income environments. Overseas, the economies of the U.S., European states and other developed countries continued to recover while the Chinese economy decelerated as reflected in its slower pace of growth.

The NGK Group experienced weak overseas shipments of insulators in the Power Business Segment. In the Ceramics Business Segment, shipments of automotive ceramics increased due mainly to the tightening of emission regulations in Europe. In the Electronics Business Segment, demand for ceramic packages declined against the backdrop of stagnant capital investment for mobile phone base stations in China. In the Process Technology Business Segment, the distribution volume of products for semiconductor manufacturing equipment rose in response to the trend toward multi-layered semiconductors and their microfabrication. As a result of the above, consolidated net sales for the fiscal year ended March 31, 2019 increased 2.7% year on year to ¥463,504 million.

In terms of earnings, despite increased net sales, depreciation and R&D costs increased, causing operating income to fall 7.6% year on year to ¥64,705 million, and ordinary income was down 8.8% year on year to ¥64,410 million. Profit attributable to owners of the parent decreased 22.5% year on year to ¥35,506 million due to the recording of an extraordinary loss including an impairment loss of ¥10,935 million and a loss on business of subsidiaries and associated companies of ¥2,961 million following the decision in March 2019 to dissolve an insulator production subsidiary in China.

Financial results by segment are as follows.

[Power Business Segment]

Net sales of the Power Business Segment decreased by 8.4% year on year to ¥49,853 million.

Sales of insulators decreased due to sluggish domestic shipments against the backdrop of reduced capital investment by electric power companies, coupled with a decrease in overseas shipments to China, North America, and the Middle East. Sales of NAS® batteries were sluggish due to a lack of large shipments.

In terms of earnings, there was an operating loss of ¥8,498 million compared with an operating loss of ¥4,714 million in the previous fiscal year.

[Ceramics Business Segment]

Net sales of the Ceramics Business Segment increased by 4.5% year on year to ¥251,450 million.

Regarding automotive ceramics, shipments of ceramic substrates for automotive catalytic converters (HONEYCERAM) and SiC-based diesel particulate filters (DPF) dropped in conjunction with a slowdown in passenger car sales in the Chinese market and the lower ratio of diesel passenger cars in Europe. On the other hand, the distribution volumes of sensors and gasoline particulate filters (GPF) for passenger cars increased, due to the tightening of emission regulations in Europe.

In terms of operating income, although net sales increased, costs of launching equipment for production expansion increased in addition to increases in depreciation and R&D costs. As a result, operating income decreased 1.4% year on year to ¥55,920 million.

[Electronics Business Segment]

Net sales of the Electronics Business Segment decreased by 4.0% year on year to ¥58,843 million.

Regarding metals, shipments of tire molds decreased. Regarding electronic components, the distribution volumes of bonded wafers for SAW filters and piezoceramics actuators for HDD increased. On the other hand, the distribution volume of ceramic packages dropped against the backdrop of stagnant capital investment for mobile phone base stations in China. Shipments of noise filters decreased at Soshin Electric Co., Ltd., our consolidated subsidiary, due to a deterioration of market conditions in China.

In terms of earnings, due to a decrease in the distribution volume of ceramic packages, there was an operating loss of ¥314 million yen compared with an operating profit of ¥916 million in the previous fiscal year.

[Process Technology Business Segment]

Net sales of the Process Technology Business Segment increased by 9.3% year on year to ¥106,508 million.

The distribution volume of products for semiconductor manufacturing equipment increased from the previous fiscal year, despite a slowdown in the second-half period, as capital investment of semiconductor manufacturers remained high in response to the trend toward multi-layered semiconductors and their microfabrication. Regarding components for industrial equipment, sales increased, reflecting an increase in shipments of low-level radioactive waste treatment systems and industrial heating systems.

In terms of earnings, while depreciation costs increased, sales of products for semiconductor manufacturing equipment and components for industrial equipment increased. As a result, operating income increased by 3.1% year on year to ¥17,629 million.

From the beginning of fiscal year ended March 31, 2019, following organizational changed, the segment classification of the NGK Group has been changed from the “Power Business Segment,” “Ceramics Business Segment,” and “Electronics Business Segment” to the “Power Business Segment,” “Ceramics Business Segment,” “Electronics Business Segment,” and “Process Technology Business Segment.” Figures in each business segment for the previous fiscal year have been restated to reflect the change in segment classification to facilitate year-on-year comparisons of business performance.

(2) Summary of Financial Position for the Fiscal Year Ended March 31, 2019

As of March 31, 2019, total assets were increased by 4.5% from the previous fiscal year-end to ¥863,636 million.
Current assets decreased by 2.8% from the previous fiscal year-end to ¥443,370 million, mainly reflecting decreases in cash and bank deposits despite an increase in inventories. Non-current assets were increased by 13.5% from the previous fiscal year-end to ¥420,265 million, mainly due to an increase in tangible assets.

Current liabilities increased by 16.5% from the previous fiscal year-end to ¥147,786 million. This was mainly due to increases in current portion of long-term borrowings and notes and accounts payable trade despite a decrease in income taxes payable. Long-term liabilities were comparable to the result of the previous fiscal year-end at ¥226,604 million, mainly reflecting transferring long-term borrowings into current portion of long-term borrowings despite an increase in bonds payable.

Total net assets stood at ¥489,245 million, up 3.5% year on year, due to an increase in retained earnings despite a decrease in foreign currency translation adjustments.
As a result, the ratio of net worth to total assets as of March 31, 2019 was 55.3% (compared with 55.8% at the previous fiscal year-end), with net worth per share standing at ¥1,483.98, up ¥51.31 from the previous fiscal year-end.

(3) Summary of Cash Flows for the Fiscal Year Ended March 31, 2019

There was a net decrease ¥45,933 million in cash and cash equivalents from the previous fiscal year-end to ¥123,984 million. This reflected ¥61,224 million in net cash provided by operating activities, ¥109,743 million in net cash used in investing activities, and ¥3,564 million in net cash provided by financing activities.

[Cash flows from operating activities]

Net cash provided by operating activities was total ¥61,224 million. This was mainly attributable to posting an income before income taxes and non-controlling interests of ¥50,448 million and depreciation and amortization, despite cash outflows mainly due to increases in income taxes paid, inventories and other current assets. In comparison with the previous fiscal year, net cash provided by operating activities increased by ¥10,670 million.

[Cash flows from investing activities]

Net cash used in investing activities was total ¥109,743 million. This was mainly due to purchases of property, plant and equipment and marketable securities, despite cash inflows due to proceeds from sales and redemption of marketable securities. In comparison with the previous fiscal year, net cash used in investing activities increased by ¥60,329 million.

[Cash flows from financing activities]

Net cash provided by financing activities was total ¥3,564 million. This was mainly due to proceeds from long-term borrowings and issuance of bonds payable, despite cash outflows due to cash dividends paid and repayment of long-term borrowings. In comparison with the previous fiscal year, net cash provided by financing activities decreased by ¥18,981 million.

(4) Forecast for the Next Fiscal Years

With regard to the outlook for the future economy, although there remain concerns over trade policies of major countries, trends in global economic conditions, and geopolitical risks, etc., the economy is expected to recover moderately with the conditions for employment and income continuing to improve.

Under such circumstances, the NGK Group expects a year-on-year sales increase, mainly of automotive ceramics, on the strength of the tightening of emission regulations and an increase in sales of passenger cars and trucks. In terms of profits, although depreciation and development costs will rise for boosting production input to meet growing demand, earnings are forecast to grow year on year due to sales growth and other factors.

With regard to the forecast for consolidated financial results for the fiscal year ending March 31, 2020, NGK aims to achieve net sales of ¥490.0 billion (up 5.7% year on year), operating income of ¥70.0 billion (up 8.2% year on year), ordinary income of ¥71.0 billion (up 10.2% year on year), and profit attributable to owners of parent of ¥47.0 billion (up 32.4% year on year), assuming that the yen trades at ¥110 to the U.S. dollar and ¥125 to the euro.

(5) Basic Policy for Profit Sharing and Dividends for the Current and Next Fiscal Years

NGK views the return of profits to shareholders as one of its most important management policies.

As a basic policy, we strive for shareholder-oriented management that emphasizes return on equity (ROE), and distribute the benefits of successful management with a medium-term target consolidated payout ratio of approximately 30% after consideration of a comprehensive range of factors, including business performance, financial position, and future business development.

NGK plans to pay a year-end dividend of ¥25 per share for the fiscal year ended March 31, 2019. This and the interim dividend of ¥25, which has already been paid, will bring the total annual dividend per share to ¥50.

Considering forecast of dividend payout ratio and ratio of dividends to net worth, NGK expects both of the interim and the fiscal year-end dividend per share in ¥25. The total annual dividend per share will result in ¥50.

Meanwhile, NGK plans to utilize retained funds primarily to extend its existing core business and capital investments in new business projects, with a view to enhancing its corporate value.

2. Management Policies

(1) Basic Management Policies of the Company

NGK marked the 100th anniversary of its founding in 2019. On this occasion, we reviewed the NGK Group Philosophy with the aim of conveying the Company's purpose of existence to the Group's broad-ranging group member companies operating globally, employees showing greater initiative, and all the stakeholders, while succeeding the spirit we have adhered to since the founding of the Company.

<NGK Group Philosophy>

Our Mission

"Enriching Human Life by Adding New Value to Society."

Our Values

"Quality of People	Embrace challenges and teamwork"
"Quality of Products	Exceed expectations"
"Quality of Management	Social trust is our foundation"

The NGK Group's basic management policies for fulfilling its corporate philosophy are as follows.

First, through selective concentration of resources and investment, the NGK Group will establish new technologies surpassing those of its competitors, to create new products that will secure the top positions in their respective fields ("Strategic Growth").

Next, the NGK Group will seek to increase return on equity (ROE) by implementing efficient management that makes the most of each company's capacity for dynamism and individuality, all based on consolidated group business management ("A Highly Efficient Organization").

Furthermore, the NGK Group will disclose information to shareholders and investors and communicate information broadly to society at large in a timely and proactive manner. In addition, the company, bearing the social development goals (SDGs) in mind, will fulfill its social responsibilities through means such as protecting the environment, respecting human rights, and creating a safe and comfortable workplace environment, and contribute to the development of regional communities and society ("Being a Good Corporate Citizen").

(2) Targeted Management Indicators and Capital Policy

Regarding ROE as an important indicator of business performance, the NGK Group promotes management with a focus on its shareholders. Aiming to achieve a minimum medium-/long-term target ROE of 10%, we will implement a capitalization strategy that is conducive to a sustained enhancement of corporate value by accommodating changes in business risks.

The NGK Group will strive to reduce capital costs through communication with shareholders and investors, as well as investing business resources efficiently to expand existing core businesses, reduce costs, and launch new businesses, to secure earnings beyond capital costs. In addition, we will take a proactive approach to shareholder returns by referring to key indicators including the dividend payout ratio and the dividend on equity (DOE) ratio, while seeking to maintain financial soundness. Through these measures, we will aim to maintain good levels of profitability measured by ROE, capital turnover, and financial leverage consistent with our business strategies.

(3) Medium- to Long-Term Management Strategies and Issues to Be Addressed

Business opportunities are expected to increase in the medium to long term in the NGK Group's business domains of energy, ecology, and electronics backed by the need for public/environmental solutions and technological innovations including the IoT, AI, and 5G. The NGK Group will work to expand revenues from its existing businesses based on the ceramics technologies it has cultivated since its foundation. In addition, the NGK Group will create new products that exceed expectations of society, and will continue to provide inputs to development, etc. with an eye to becoming a company that continues to grow globally.

To this end, we will work on the following initiatives in FY2019.

(i) Enhancing the competitiveness of existing businesses: New/reformed manufacturing structures
(ii) Creating new products and new businesses: "Keep up 30"
(iii) Enhancing global management and compliance/governance
(iv) Ensuring active participation by a diverse range of human resources and work style reforms

(i) Enhancing the competitiveness of existing businesses: New/reformed manufacturing structures

The NGK Group, as part of new/reformed manufacturing structures, is working to improve product value based on advanced technologies and enhance productivity through innovative manufacturing processes. The NGK Group focuses on improving the efficiency of equipment using overall equipment efficiency (OEE) as the indicator, and also makes prioritized, carefully selected new capital investments, among others, to ensure it achieves results with the return on invested capital (ROIC) in mind.

In the Ceramics Business Segment, the NGK Group aims to achieve sustainable business growth by building a cutting-edge, highly efficient global production system in response to the globally increased demand due to the reinforcement of emission regulations in various countries and growing sales of automobiles. In FY2019, the NGK Group will move ahead steadily with the launch of new equipment with the main focus on the second plant in China that produces GPF (Gasoline Particulate Filters) whose demand is expected to grow significantly with the tightening of emission regulations in China, as well as capital investments to boost production in the Thailand Plant (large-size HONEYCERAM).

With regard to the Process Technology Business Segment, the NGK Group will establish a system to boost production at the new plant in Tajimi, Gifu, for products for semiconductor manufacturing equipment whose demand is expected to grow increasingly in response to the trend toward multi-layered semiconductors and their microfabrication with the advancement of the IoT and introduction of 5G. In addition, the NGK Group will launch next-generation products to meet high technology and performance requirements. In the Industrial Process Business Segment, the NGK Group is expanding sales of kilns for cathode materials used in lithium-ion batteries and refractories used for the manufacture of electronic components, and is continuing to focus on low-level radioactive waste treatment systems for nuclear power plants, etc.

With regard to the Electronics Business Segment, the NGK Group expects demand growth for its high-functionality bonded wafers for SAW filters and piezoceramics actuators for HDD against the backdrop of the proliferation of technologies which allow for ever-faster mobile communication speeds and the expansion of investment in datacenter infrastructure. In addition, the NGK Group will work to expand sales of insulated circuit boards for on-board power modules in response to the trend toward adopting electromotors in the automobile industry. For these lines of products, the NGK Group will work to enhance production capacities at its production sites in Yamanashi and Malaysia.

In the Power Business Segment, due to the restraint of capital investments by domestic electric power companies and tough business environment overseas, the NGK Group decided in March 2019 to dissolve an insulator production subsidiary in China. With regard to the insulator business, the NGK Group will work to bring the business back to profitability early by taking measures such as withdrawing unprofitable products and reallocating personnel. With regard to the NAS business, it is taking time to get orders to take off on a full-scale basis, despite increasing demand in Japan and overseas against the backdrop of the proliferation of renewable energy. Accordingly, we will work to keep the loss to a minimum by streamlining the business system, while steadily capturing opportunities to turn them into business growth.

(ii) Creating new products and new businesses: “Keep up 30”

With the company-wide goal of “Keep up 30”—which means maintaining the sales ratio of new products at 30% or more—the NGK Group aims to create next-generation new and commercialized products. Through such initiative, the NGK Group developed the EnerCera series of small, thin and high-capacity ceramic secondary batteries. The EnerCera series have gained a good reputation and received the Innovation Award at CES 2019, the world’s largest consumer electronics trade show held in Las Vegas in January 2019, and the products were commercialized in April 2019. We plan to successively launch mass-production of the EnerCera series of ceramic secondary batteries, assuming their adoption for various applications such as smart cards, IoT devices, and wearable devices. In February 2019, NGK’s large ceramic membrane capable of separating and recovering CO2 (DDR-type zeolite membrane) was adopted for use in a demonstration test to be conducted at an oil field in the U.S. jointly with Japan Oil, Gas and Metals National Corporation (JOGMEC) and JGC Corporation (JGC). The project represents the first-ever use of large ceramic membranes in CO2 recovery from associated gas during oil production. Based on the demonstration test, the NGK Group will strengthen product development. Furthermore, the NGK Group will continue to work on themes such as zinc secondary batteries and all-solid-state batteries, in order to create next-generation new and commercialized products using its unique ceramics technologies.

(iii) Enhancing global management and compliance/governance

The NGK Group operates 45 affiliates in 20 countries outside of Japan. Of those affiliates, 21 engage in manufacturing. In step with the increasing expansion of its operations overseas, the NGK Group is enhancing transparency and autonomy of management, and will strive to create an environment in which all members of the NGK Group can act in accordance with a fair set of values and valuation criteria of international standards.

Furthermore, the NGK Group, in January 2019, revised the NGK Group Code of Conduct that defines the behavioral guidelines for everyone within the NGK Group to comply with in performing their tasks by placing a premium on realizing a sustainable society through business activities, having respect for human rights, and strictly adhering to compliance. Taking this opportunity, the NGK Group estalblished the ESG Meeting in April 2019 as a forum for sharing information, exchanging opinions, and discussing policies regarding E (Environment), S (Social), and G (Governance) within the governance system at the management level.

Regarding environmental management, the Fourth Five-Year Environmental Action Plan, which the NGK Group initiated in FY2016, has been steadily in progress toward achieving the FY2020 targets for the sales growth of products contributing to environmental production and reducing CO2 emissions, etc. The NGK Group will continue to promote the development and proliferation of products and services contributing to reducing environmental impact, while focusing on the development and introduction of production technologies capable of reducing environmental impact, to help preserve the global environment.

With regard to enforcement of compliance with various competition laws, the Foreign Corrupt Practices Act and other regulations, the NGK Group is ensuring thorough enforcement of compliance by means such as continually delivering top management messages, providing compliance training to directors and employees of the NGK Group companies in Japan and overseas, implementing the Competition Law Compliance Program in accordance with international standards, and utilizing the Competition Law Compliance Handbook.

With regard to quality compliance, in order to prevent the recurrence of an incident involving a delivery test discrepancy relating to insulators and other products, the NGK Group revised the internal compliance rules to clarify the quality compliance obligations of its directors and employees, and strengthened activities from the perspective of quality management, such as implementing a quality compliance program led by top management and providing direct guidance by top management at the Quality Committee, and thoroughly providing quality education to the management and employees. From the perspective of safety at work, the NGK Group is working to reduce risks of work injuries by taking measures such as strengthening the safety management system and promoting risk assessment at the Group companies in Japan and overseas.

With regard to corporate governance, to ensure transparent management and strengthen the supervision and monitoring functions of the Board of Directors, the NGK Group established the Nomination and Compensation Advisory Committee, the majority of whose members are Outside Directors, and the Business Ethics Committee, comprised mainly of Outside Directors, that manages fraud or illegalities involving senior management. These committees report to and make recommendations, etc. to the Board of Directors.

As a mechanism to prevent fraud or legal violations, in addition to the existing Helpline, an internal reporting system (Hotline) linked directly to the Business Ethics Committee was established with the aim of strengthening the Group's compliance structure. Through these initiatives, the NGK Group works to further enhance compliance awareness, reduce risks, and strengthen and reinforce the governance system to underpin its global management.

(iv) Ensuring active participation by a diverse range of human resources and work style reforms

The NGK Group set the retirement age at 65 in FY2017 to allow employees with abundant experience and advanced expertise to play active roles in the workplace. In addition, the NGK Group has a financial support system including lump sum payment for nursing care support for employees who need to provide home healthcare for family members or who have serious health conditions, as well as flexible working arrangements including the introduction of short working hours and three-day work weeks, in an effort to support work-life balance.

To encourage women's active participation, the NGK Group has taken steps such as integrating job groups aimed at expanding the scope of jobs and providing training for employees returning from childcare leave, as well as career design training. The NGK Group has also introduced an early return support system for employees returning from childcare leave and a work-from-home system. We will also focus on programs for candidates for management-level positions.

Furthermore, the NGK Group is working to expand the employment of persons with disabilities.

The NGK Group will focus on work style reforms by making efforts to create systems and environments to provide opportunities for diverse human resources to fulfill their abilities and work with a sense of security, and utilizing ICT (information and communication technology) and RPA (robotic process automation).

As the organization expands in step with the growth of its operations, all of us at the NGK Group will work on the underlying elements of our operations — "Safety," "Quality," "the Environment," and "CSR" — while acting proactively with a high degree of automony and accomplishing challenges with our best possible performance in order to be a global company accepted all over the world.

Through the implementation of the above initiatives in order to further strengthen the operating foundation, the NGK Group will continue to pursue sustainable growth and the realization of higher corporate value as it operates its businesses by placing importance on capital efficiency and shareholders.

3. Basic Policies Concerning Selection of Accounting Standards

The NGK Group applies Japanese GAAP, on the other hand, the NGK Group has already unified its accounting standards for accounting period and depreciation and amortization methods, etc. to standards which are same as those of IFRS, in order to make a financial report more appropriate.

4. Consolidated Financial Statements and Notes Thereto
(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2019	As of March 31, 2018
Assets		
Current assets		
Cash and bank deposits	97,133	133,928
Notes and accounts receivable trade	106,413	104,029
Securities	67,029	68,428
Inventories	※1 148,031	※1 130,816
Other	24,886	18,855
Allowance for doubtful accounts	(124)	(123)
Total current assets	443,370	455,934
Non-current assets		
Tangible assets		
Buildings and structures	94,934	76,331
Machinery and vehicles	135,880	123,162
Tools and equipment	6,454	6,410
Land	30,648	27,474
Construction in progress	58,144	36,722
Total tangible assets	326,061	270,100
Intangible assets		
Software	2,858	2,496
Other	841	1,163
Total intangible assets	3,700	3,659
Investments and other assets		
Investment securities	69,860	74,649
Deferred tax assets	10,441	11,020
Net defined benefit asset	7,468	7,815
Other	2,879	3,208
Allowance for doubtful accounts	(147)	(145)
Total investments and other assets	90,503	96,548
Total non-current assets	420,265	370,308
Total assets	**863,636**	**826,243**

(Millions of yen)

	As of March 31, 2019	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable trade	51,353	46,551
Short-term borrowings	4,230	5,969
Current portion of long-term borrowings	29,198	10,572
Accounts payable others	21,858	17,376
Accrued expenses	18,417	17,167
Income taxes payable	※2 11,731	※2 16,509
Provision for NAS battery safety measures	2,029	2,561
Provision for loss related to competition law	1,177	1,174
Other	7,790	9,017
Total current liabilities	147,786	126,899
Long-term liabilities		
Bonds payable	25,000	10,000
Long-term borrowings	170,994	185,032
Deferred tax liabilities	1,869	1,568
Provision for product warranties	1,631	2,836
Net defined benefit liability	20,934	20,909
Other	6,174	6,132
Total long-term liabilities	226,604	226,480
Total liabilities	**374,391**	**353,380**
Net assets		
Shareholders' equity		
Common stock	69,849	69,849
Capital surplus	71,978	71,948
Retained earnings	343,323	322,622
Treasury stock	(12,122)	(12,153)
Total shareholders' equity	473,029	452,266
Accumulated other comprehensive income		
Unrealized gain on available -for-sale securities	21,260	24,659
Deferred loss on derivatives under hedge accounting	(136)	(31)
Foreign currency translation adjustments	(11,056)	(7,990)
Defined retirement benefit plans	(5,580)	(7,919)
Total accumulated other comprehensive income	4,486	8,717
Stock acquisition rights	923	857
Non-controlling interests	10,805	11,021
Total net assets	**489,245**	**472,863**
Total liabilities and net assets	**863,636**	**826,243**

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	Year ended March 31, 2019	Year ended March 31, 2018
Net sales	**463,504**	**451,125**
Cost of sales	323,224	312,107
Gross profit	**140,280**	**139,018**
Selling, general and administrative expenses	※1 75,574	※1 68,991
Operating income	**64,705**	**70,026**
Non-operating income		
Interest income	680	638
Dividend income	1,261	1,584
Equity in earnings of unconsolidated subsidiaries and associated companies	1,565	1,279
Reversal of allowance for doubtful accounts	32	750
Other	1,835	3,140
Total non-operating income	5,374	7,393
Non-operating expenses		
Interest expense	2,763	2,418
Foreign exchange loss	735	2,070
Loss on liquidation of subsidiaries and affiliates	※2 1,425	1,804
Other	745	511
Total non-operating expense	5,669	6,804
Ordinary income	**64,410**	**70,615**
Extraordinary income		
Gain on sales of fixed assets	167	480
Gain on sales of investment securities	675	1,286
Subsidy income	—	103
Total extraordinary income	843	1,869
Extraordinary loss		
Loss on sales and disposals of fixed assets	519	799
Impairment loss	※3 10,935	3,768
Loss on business of subsidiaries and associates	※4 2,961	—
Provision of reserve for loss related to competition law	389	2,145
Total extraordinary loss	14,805	6,713
Income before income taxes and non-controlling interests	**50,448**	**65,772**
Income taxes -current	13,824	18,773
Income taxes -deferred	1,013	664
Income taxes - total	14,837	19,437
Profit	**35,611**	**46,335**
Profit attributable to non-controlling interests	104	520
Profit attributable to owners of parent	**35,506**	**45,814**

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Year ended March 31, 2019	Year ended March 31, 2018
Profit	**35,611**	**46,335**
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	(3,452)	1,195
Deferred loss on derivatives under hedges accounting	(109)	(12)
Foreign currency translation adjustments	(3,046)	7,731
Defined retirement benefits plans	2,055	2,808
Share of other comprehensive income of associates accounted for by using the equity method	106	97
Total other comprehensive income (loss)	(4,446)	11,819
Comprehensive income	**31,164**	**58,154**
Comprehensive income attributable to:		
Owners of parent	31,276	57,283
Non-controlling interests	(111)	871

(3) Consolidated Statement of Changes in Equity

Year Ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholder's equity
Balance at the beginning of the year (as previously reported)	69,849	71,948	322,622	(12,153)	452,266
Cumulative effect of accounting change			639		639
Balance at the beginning of the year (as restated)	69,849	71,948	323,262	(12,153)	452,906
Changes during the period					
Cash dividends			(15,444)		(15,444)
Profit attributable to owners of parent			35,506		35,506
Purchase of treasury stock				(4)	(4)
Disposal of treasury stock		(6)		35	29
Change in the parent's ownership interest due to transactions with non-controlling interests		36			36
Net changes other than shareholders' equity					
Total changes during the period	—	30	20,061	31	20,122
Balance at the end of the year	69,849	71,978	343,323	(12,122)	473,029

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized gain on available-for-sale securities	Deferred loss on derivatives under hedge accounting	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the year (as previously reported)	24,659	(31)	(7,990)	(7,919)	8,717	857	11,021	472,863
Cumulative effect of accounting change							(29)	610
Balance at the beginning of the year (as restated)	24,659	(31)	(7,990)	(7,919)	8,717	857	10,991	473,473
Changes during the period								
Cash dividends								(15,444)
Profit attributable to owners of parent								35,506
Purchase of treasury stock								(4)
Disposal of treasury stock								29
Change in the parent's ownership interest due to transactions with non-controlling interests								36
Net changes other than shareholders' equity	(3,398)	(105)	(3,065)	2,339	(4,230)	65	(185)	(4,350)
Total changes during the period	(3,398)	(105)	(3,065)	2,339	(4,230)	65	(185)	15,772
Balance at the end of the year	21,260	(136)	(11,056)	(5,580)	4,486	923	10,805	489,245

Year Ended March 31, 2018 (Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholder's equity
Balance at the beginning of the year	69,849	72,055	289,996	(12,407)	419,492
Changes during the period					
Cash dividends			(13,188)		(13,188)
Profit attributable to owners of parent			45,814		45,814
Purchase of treasury stock				(3)	(3)
Disposal of treasury stock		(106)		258	151
Net changes other than shareholders' equity					
Total changes during the period	—	(106)	32,625	254	32,773
Balance at the end of the year	69,849	71,948	322,622	(12,153)	452,266

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized gain on available-for-sale securities	Deferred loss on derivatives under hedge accounting	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the year	23,458	(20)	(15,475)	(10,713)	(2,751)	898	9,953	427,593
Changes during the period								
Cash dividends								(13,188)
Profit attributable to owners of parent								45,814
Purchase of treasury stock								(3)
Disposal of treasury stock								151
Net changes other than shareholders' equity	1,200	(10)	7,484	2,794	11,469	(41)	1,068	12,495
Total changes during the period	1,200	(10)	7,484	2,794	11,469	(41)	1,068	45,269
Balance at the end of the year	24,659	(31)	(7,990)	(7,919)	8,717	857	11,021	472,863

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Year ended March 31, 2019	Year ended March 31, 2018
Cash flows from operating activities		
Income before income taxes and non-controlling interests	50,448	65,772
Depreciation and amortization	35,728	30,316
Impairment loss	10,935	3,768
Decrease (increase) in net defined benefit asset	1,821	2,691
Increase (decrease) of provision for NAS battery safety measures	(531)	(1,088)
Increase (decrease) of provision for loss related to competition law	2	(7,993)
Interest and dividend income	(1,941)	(2,223)
Interest expenses	2,763	2,418
Equity in earnings of unconsolidated subsidiaries and associated companies	(1,565)	(1,279)
Gain on sales of investment securities	(675)	(1,236)
Decrease (increase) in notes and accounts receivable - trade	(3,595)	(10,196)
Decrease (increase) in inventories	(18,193)	(10,342)
Decrease (increase) in other current assets	(6,352)	(426)
Increase (decrease) in notes and accounts payable - trade	5,453	7,317
Increase(decrease) in other current liabilities	1,995	(2,856)
Other, net	3,821	(826)
Sub-total	80,115	73,814
Interest and dividends received	2,010	2,157
Dividends received from associated companies	450	435
Interest paid	(2,944)	(2,546)
Income taxes paid	(18,406)	(23,306)
Net cash provided by operating activities	**61,224**	**50,554**
Cash flows from investing activities		
Purchases of marketable securities	(67,999)	(57,399)
Proceeds from sales and redemption of marketable securities	62,220	55,804
Purchases of property, plant and equipment	(102,826)	(67,061)
Proceeds from sales and redemption of investment securities	830	12,181
Net decrease (increase) in time deposits	(806)	6,480
Other, net	(1,160)	580
Net cash used in investing activities	**(109,743)**	**(49,413)**
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,918)	13
Proceeds from long-term borrowings	16,852	32,443
Repayment of long-term borrowings	(10,844)	(6,824)
Proceeds from issuance of bonds	15,000	10,000
Cash dividends paid	(15,444)	(13,188)
Other, net	(80)	102
Net cash provided by financing activities	**3,564**	**22,546**
Foreign currency translation adjustments on cash and cash equivalents	(980)	1,538
Net increase (decrease) in cash and cash equivalents	(45,933)	25,225
Cash and cash equivalents, beginning of the year	169,918	144,692
Cash and cash equivalents, end of the year	**123,984**	**169,918**

(5) Notes to Consolidated Financial Statements

(Note on the Assumption as a Going Concern)

Not applicable

(Significant Items Underlying the Preparation of Consolidated Financial Statements)

Accounting standards

Accounting standards for significant allowances

1) Provision for NAS battery safety measures

   In response to the fire involving NGK-manufactured NAS® batteries that occurred in September 2011, NGK reserved an allowance as "Provision for NAS battery safety measures" to cover anticipated future expenses on safety measures necessary to expand the NAS battery business.

2) Provision for loss related to competition law

   NGK estimated and recorded an allowance for potential losses related to competition law.

3) Provision for product warranties

   NGK and some consolidated subsidiaries estimate and accrue the costs of warranty repair for products sold in reserve for future expenses.

(Changes in Accounting Policy)

The NGK Group's subsidiaries reporting under IFRS have applied IFRS 15 "Revenue from Contracts with Customers" from the beginning of fiscal year ended March 31, 2019.

The impact of this change on profit or loss for the fiscal year ended March 31, 2019 is insignificant.

The Group has adopted the approach of recognizing the cumulative effect of applying this standard at the date of initial application as permitted by transitional method of IFRS 15.

(Changes in Presentation)

(Adoption of "ASBJ Guidance No. 28 Implementation Guidance on Tax Effect Accounting")

Effective from the beginning of fiscal year ended March 31, 2019, NGK adopted the "ASBJ Guidance No. 28 Implementation Guidance on Tax Effect Accounting." Accordingly, Deferred tax assets were classified as Investments and other assets and Deferred tax liabilities were classified as Long-term liabilities.

As a result, "Deferred tax assets" of ¥16,538 million yen under "Current assets" and "Deferred tax liabilities" of ¥10,092 million yen under "Long-term liabilities" for the previous fiscal year-end has been reclassified as "Deferred tax assets" ¥11,020 million yen under "Investment and other assets," "Other" of ¥5 million yen presented under "Current liabilities" has been reclassified as "Deferred tax liabilities" under "Long-term liabilities" ¥1,568 million yen.

(Additional Information)

(Action filed for the revocation of correction and correction for the subsequent fiscal years based on transfer pricing taxation)

With respect to transactions between NGK and its Polish subsidiary from the fiscal year ended March 31, 2007 through the fiscal year ended March 31, 2010, NGK received a correction based on transfer pricing taxation issued by the Nagoya Regional Taxation Bureau in March 2012. While NGK made a payment of approximately ¥6.2 billion in tax penalties including local taxes, it filed a complaint. NGK later requested the Nagoya National Tax Tribunal to carry out an administrative review, and on June 24, 2016, received a written verdict, which partially rescinded the correction. However, it went only so far as to refund approximately ¥0.1 billion of corporation taxes and local taxes, etc. Believing that cancellation should be made in the full amount, NGK filed an action for revocation of the correction with the Tokyo District Court on December 20, 2016.

While NGK believes that it could still take a considerable amount of time before judgment is passed on the claim, on June 23, 2017 NGK received a correction notice based on transfer pricing taxation for the fiscal year ended March 31, 2011 through the fiscal year ended March 31, 2015. Accordingly, based on the premise that NGK would be subject to the said correction for the fiscal year ended March 31, 2016 and the fiscal year ended March 31, 2017 as well, ¥8.5 billion in tax penalties for fiscal years from March 31, 2011 through March 31, 2015, and estimated tax amounts for the fiscal year ended March 31, 2016 and the fiscal year ended March 31, 2017 were added and factored into the financial statements for the fiscal year ended March 31, 2017. In addition, estimated tax amounts for the fiscal years subsequent to March, 2018 were recognized to the financial statement as necessary.

(Consolidated Balance Sheet)

※1. The breakdown of inventories is as follows:

	As of March 31, 2019	As of March 31, 2018
Finished products	56,746 million yen	52,442 million yen
Cost of contracts in progress	897	805
Work in process	14,980	14,630
Raw materials and supplies	75,406	62,937

※2. Income taxes payable

With respect to transactions between NGK and its Polish subsidiary, NGK received a correction notice based on transfer pricing taxation on June 23, 2017. Therefore, the amount includes estimated tax amounts based on the premise that NGK would be subject to the said correction for the fiscal years subsequent to March, 2016.

3. Contingent liabilities

The NGK Group is subject to an international investigation on the situation of competition. Since the receiving of a subpoena by a U.S. subsidiary of NGK from the U.S. Department of Justice (DOJ) in 2011, NGK has cooperated in the investigation concerning ceramic substrates for catalytic converters including establishing the Independent Committee in 2012. In September, 2015, NGK entered into a Plea Agreement with DOJ, agreeing to pay a fine of US$65.3 million based on charges that it violated U.S. laws including the antitrust law in connection with some transactions for ceramic substrates for catalytic converters, and paid the total amount in November 2015. We have entered into negotiations for compensation for damages with the relevant customers. In addition to some customers requiring monetary compensation, civil lawsuits (class action) have also been filed.

In consideration of such progresses, the NGK Group made an estimate of potential losses, and recognized the estimated amount as of the end of fiscal year ended March 31, 2019, as "provision for loss related to competition law," however, additional losses may arise with the emergence of new facts. Overall details of the investigation and negotiations are not disclosed because they may put the NGK Group at a disadvantage.

(Consolidated Statement of Income)

※1. The major items and their amounts of selling, general and administrative expenses are as follows:

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages, and bonuses	20,755 million yen	19,968 million yen
Freight outward	9,052	7,078
Research and development expenses	9,200	8,371

※2. Loss on liquidation of subsidiaries and affiliates

Year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

This loss relates to the dissolution of a consolidated subsidiary and the partial abolishment of retirement benefit plans.

※3. Impairment loss

Year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

The NGK Group recognized impairment losses as follows:

Groups	Asset category	Location	Millions of Yen
Package Business	Buildings and structures, Machinery and equipment, and other	Japan and Malaysia	5,494
Power Insulator Business	Buildings and structures, Machinery and equipment, and other	Japan and China	3,133
Other	Buildings and structures, Land, and other	Japan	1,707

The NGK Group recognized an impairment loss mainly in the asset groups which deteriorated in profitability or to be disposed, and the carrying amounts of the relevant assets were written down to the recoverable value for the year ended March 31, 2019. The NGK Group recognized impairment losses as ¥2,080 million in buildings and structures, ¥6,015 in machinery and equipment, ¥1,475 million in land and ¥1,363 million in other.

The recoverable value of those assets were measured at their net selling values, based on appraisal values assessed by a third party.

※4. Loss on business of subsidiaries and associates

Year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

This loss relates to the dissolution of a consolidated subsidiary, NGK INSULATORS TANGSHAN CO., LTD., resolved in March, 2019.

(Segment Information)

[Segment Information]

1. Overview of reportable business segments

The NGK Group's reportable business segments are components of the NGK Group about which separate financial information is available that is evaluated regularly by the Company's management in deciding how to allocate resources and in assessing performance.

The NGK Group develops and conducts its operations under four business segments: the Power Business Segment, Ceramics Business Segment, Electronics Business Segment, and Process Technology Business Segment while planning a comprehensive strategy for domestic and overseas markets. Consequently, the NGK Group defines those four business segments as its reportable business segments.

Business segment	Main products
Power	Insulators, hardware for insulator assemblies, current limiting arching horn, bushing shells, fuse cut-outs, APM, line arrester and NAS® (sodium-sulfur) batteries
Ceramics	Automotive ceramics for exhaust gas purification
Electronics	Ceramic components for electronics, beryllium copper products, and molds
Process Technology	Components for semiconductor manufacturing equipment, corrosion-resistant ceramic apparatuses, for chemical industries, gas analyzer, industrial heating systems, refractory products and radioactive waste treatment systems

From the beginning of fiscal year ended March 31, 2019, following organizational changed, the segment classification of the NGK Group has been changed from the "Power Business Segment," "Ceramics Business Segment," and "Electronics Business Segment" to the "Power Business Segment," "Ceramics Business Segment," "Electronics Business Segment," and "Process Technology Business Segment." Figures in each business segment for the previous fiscal year have been restated to reflect the change in segment classification to facilitate year-on-year comparisons of business performance.

2. Methods of calculating sales, income or loss, assets, liabilities, and other items by business segment

The accounting methods applied to the reported business segments are generally the same as those listed in "Significant items underlying the preparation of consolidated financial statements" in the NGK's most recent securities report "Yuka Shoken Hokokusho" filed on June 26, 2018.

Business segment income is based on operating income. Intersegment sales is based on market prices.

3. Sales, income or loss, assets, liabilities, and other items by business segment

Year ended March 31, 2019 (Millions of yen)

	Business segment					Elimination or Adjustment	Consolidated
	Power	Ceramics	Electronics	Process Technology	Total		
Sales							
Sales to customers	49,802	251,442	58,838	103,421	463,504	—	463,504
Intersegment sales	51	7	4	3,086	3,150	(3,150)	—
Total sales	49,853	251,450	58,843	106,508	466,654	(3,150)	463,504
Operating income(loss)	(8,498)	55,920	(314)	17,629	64,736	(30)	64,705
Total assets	65,720	417,790	65,559	110,820	659,890	203,745	863,636
Other							
Depreciation	2,376	24,402	4,337	4,612	35,728	—	35,728
Impairment loss	3,227	253	5,780	—	9,260	1,674	10,935
Capital expenditures	1,697	61,959	4,952	23,937	92,547	12,789	105,336

(Notes)
1. Elimination or adjustment of operating income (loss) is an adjustment of intersegment transactions.
2. Corporate assets within total assets that are included in elimination or adjustment are ¥216,415 million, consisting mainly of surplus funds managed by NGK (cash and securities), long-term investment funds (investment securities) and assets related to administrative divisions.
3. Elimination or adjustment of capital expenditures is an increase at head office divisions.

Year ended March 31, 2018 (Millions of yen)

	Business segment					Elimination or Adjustment	Consolidated
	Power	Ceramics	Electronics	Process Technology	Total		
Sales							
Sales to customers	54,408	240,659	61,315	94,741	451,125	—	451,125
Intersegment sales	43	10	4	2,720	2,779	(2,779)	—
Total sales	54,451	240,670	61,320	97,461	453,904	(2,779)	451,125
Operating income(loss)	(4,714)	56,719	916	17,096	70,018	8	70,026
Total assets	72,624	381,118	75,518	75,845	605,105	221,137	826,243
Other							
Depreciation	2,544	20,676	3,981	3,114	30,316	—	30,316
Impairment loss	1,283	—	2,378	106	3,768	—	3,768
Capital expenditures	3,566	45,207	5,660	11,306	65,740	5,972	71,713

(Notes)
1. Elimination or adjustment of operating income (loss) is an adjustment of intersegment transactions.
2. Corporate assets within total assets that are included in elimination or adjustment are ¥245,547 million, consisting mainly of surplus funds managed by NGK (cash and securities), long-term investment funds (investment securities) and assets related to administrative divisions.
3. Elimination or adjustment of capital expenditures is an increase at head office divisions.

[Related information]

Year ended March 31, 2019
Information about geographical areas
Sales

(Millions of yen)

	Japan	North America			Europe			Asia			Others	Total
		Total	USA	Others	Total	Germany	Others	Total	China	Others		
Sales to customers	134,140	101,458	95,473	5,984	110,722	60,080	50,642	98,942	46,660	52,281	18,240	463,504

(Note) Sales are attributed to countries based on the location of the customers.

Year ended March 31, 2018
Information about geographical areas
Sales

(Millions of yen)

	Japan	North America			Europe			Asia			Others	Total
		Total	USA	Others	Total	Germany	Others	Total	China	Others		
Sales to customers	123,831	109,347	101,250	8,096	95,668	41,627	54,040	106,900	49,276	57,624	15,377	451,125

(Note) Sales are attributed to countries based on the location of the customers.

(Per Share Information)

	Year ended March 31, 2019	Year ended March 31, 2018
Net worth per share	1,483.98 yen	1,432.67 yen
Profit per share	110.35 yen	142.42 yen
Diluted profit per share	110.17 yen	142.18 yen

(Note) The basis for calculation of profit per share and diluted profit per share is as follows:

	Year ended March 31, 2019	Year ended March 31, 2017
Profit per share		
Profit attributable to owners of parent (Millions of yen)	35,506	45,814
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit on common stock (Millions of yen)	35,506	45,814
Average number of shares of common stock over the period (Thousand shares)	321,772	321,694
Diluted profit per share		
Adjustment to profit (Millions of yen)	—	—
Increase in common shares (Thousand shares)	523	542
(Stock options in the form of stock acquisition rights)	(523)	(542)
Summary of potentially dilutive shares not included in the calculation of diluted profit per share due to their anti-dilutive effect	—	—

(Significant Subsequent Event)

Not applicable