



NGK INSULATORS, LTD.

May 2011

Today's Speakers

<i>Shun Matsushita</i>	<i>Chairman of the Board and Chief Executive Officer</i>
<i>Taro Kato</i>	<i>President</i>
<i>Susumu Sakabe</i>	<i>Director and Vice President Finance and Accounting Dept.</i>

Consolidated Financial Results

	Revised on 03/18/11		(¥Bil.)
	03/'10	03/'11	Growth Ratio
Net Sales	235.5	239.4	+2 %
Operating Income	23.5	32.2	+37 %
Ordinary Income	24.9	32.7	+32 %
Net Income	17.8	24.5	+37 %
Exchange Rate	94	88	¥/US\$
	130	116	¥/ER

Highlights of Fiscal Year 2010

- ◆ Sales & Income increased for the first time in three years.
- ◆ Strong results in Ceramic and Electronics Businesses, but sharp decrease in Power Business despite expectations.

<Advantages >

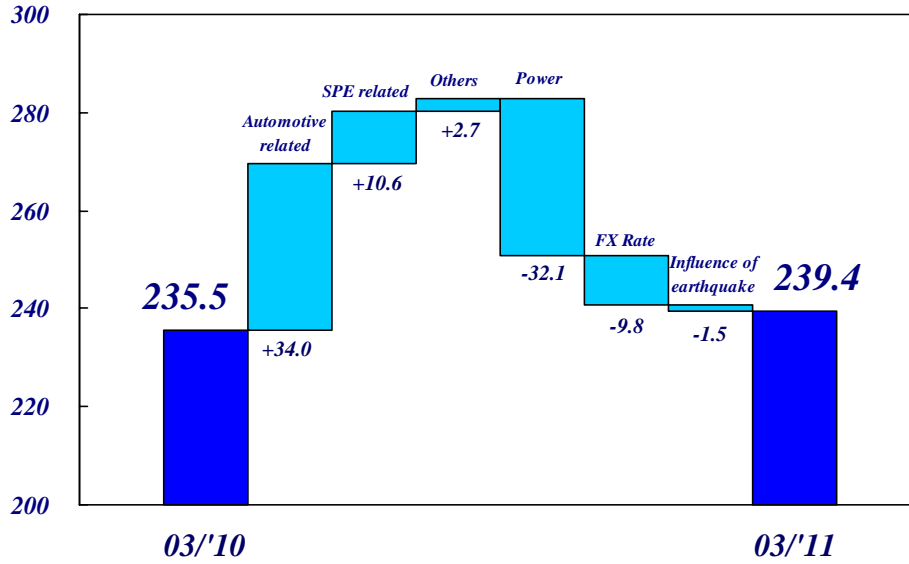
- Automotive-related products increased due to the recovery of car sales and tightened emission regulations.
- Electronics Products Business recovered sharply due to increasing demand for Ceramic Components for Semiconductor Production Equipment.

<Disadvantages >

- Electrical Insulators : Demand for UHV transmission insulators in Chinese Market is stagnated.
- NAS batteries : Demand in overseas and domestic markets is sluggish due to economic instability.
- Stronger Yen versus US\$ and EUR.

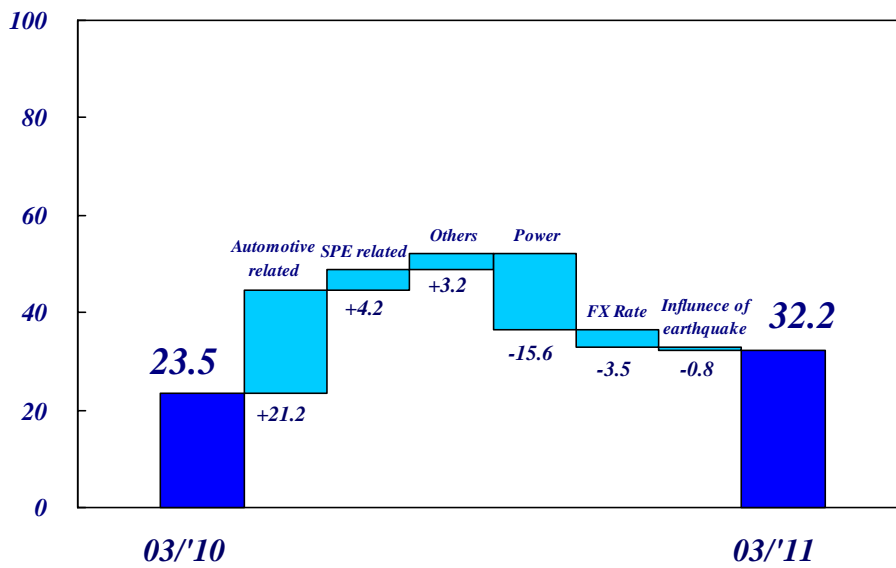
Factors of Sales Variation

(¥Bil.)



Factors of Op. Income Variation

(¥Bil.)



Forecast for Fiscal Year 2011

For the Fiscal Year 2011 Ended March 2012

	03/'11	03/'12	(¥Bil.) Growth Ratio
<i>Net Sales</i>	239.4	260.0	+9%
<i>Operating Income</i>	32.2	30.0	△7%
<i>Ordinary Income</i>	32.7	32.0	△2%
<i>Net Income</i>	24.5	23.0	△6%
<i>Exchange Rate</i>	88	80	¥/US\$
	116	110	¥/ER

Highlights of Fiscal Year 2011

- ◆ Higher Sales, but Lower Income from last fiscal year.
- ◆ Forecast for fiscal year 2011 is uncertain due to the influence of the Great East Japan Earthquake of March '11.

<Advantages >

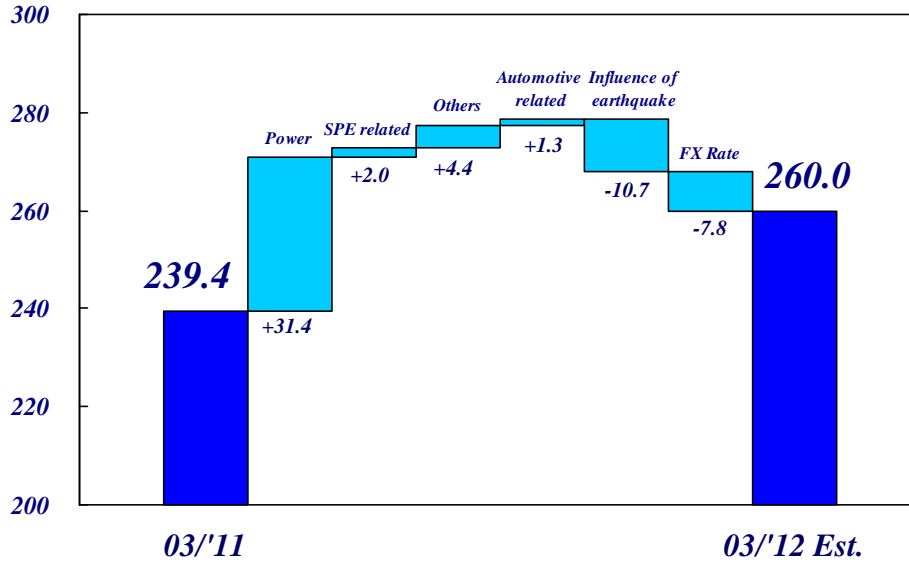
- Automotive-related products increases due to recovery of car and truck markets and emission regulations continuing being tightened.
- Demand for NAS battery increases due to review of electric power quality.

<Disadvantages >

- Insulators : Chinese market continues to be weak.
Domestic demand decreases due to the influence of the earthquake.
- Ceramic Business :
Start-up costs of new Factories (Mexico & Ishikawa)
- Influence of the earthquake :
Sales -10.7 ¥ Bil, Op Income -5.4 ¥ Bil.

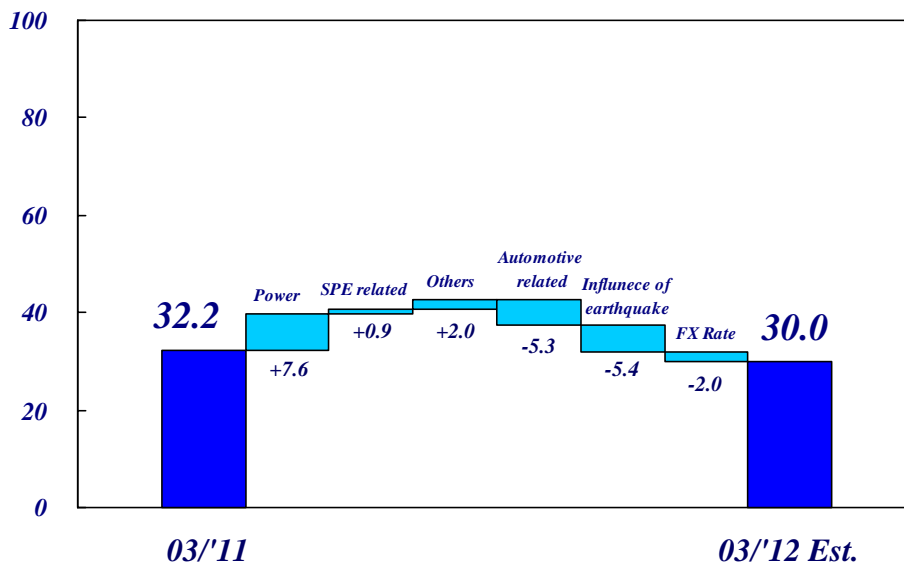
Factors of Sales Variation

(¥Bil.)



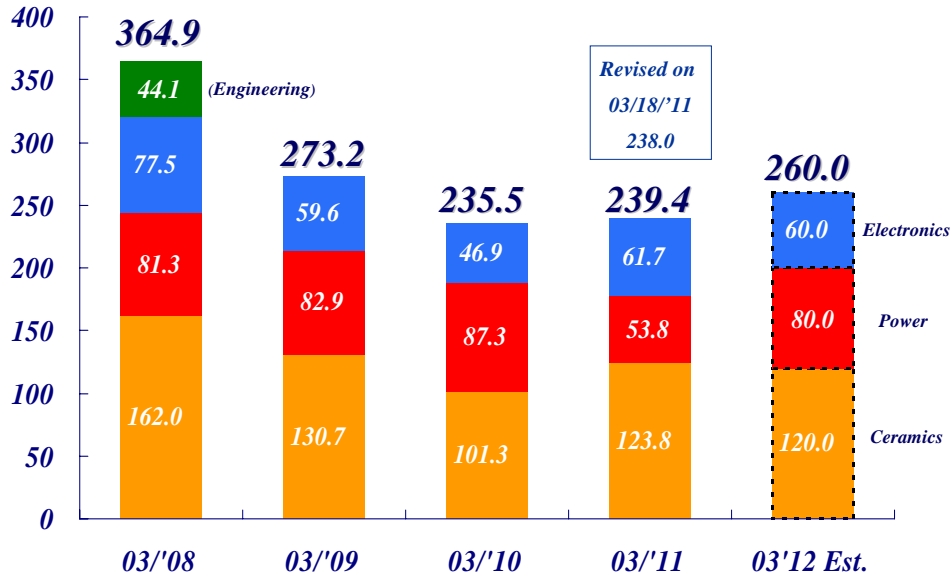
Factors of Op. Income Variation

(¥Bil.)



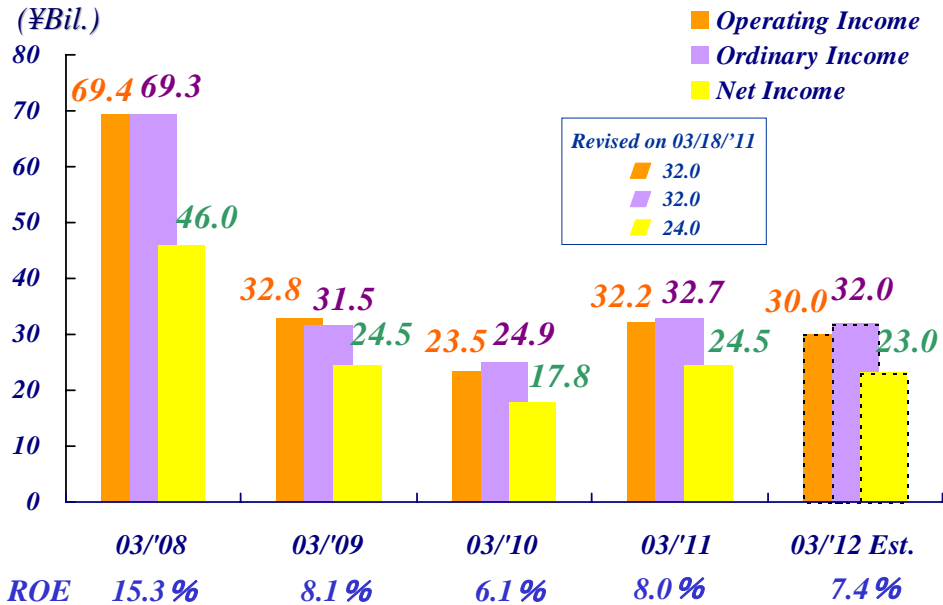
Net Sales of NGK

(¥Bil.) After consolidation elimination



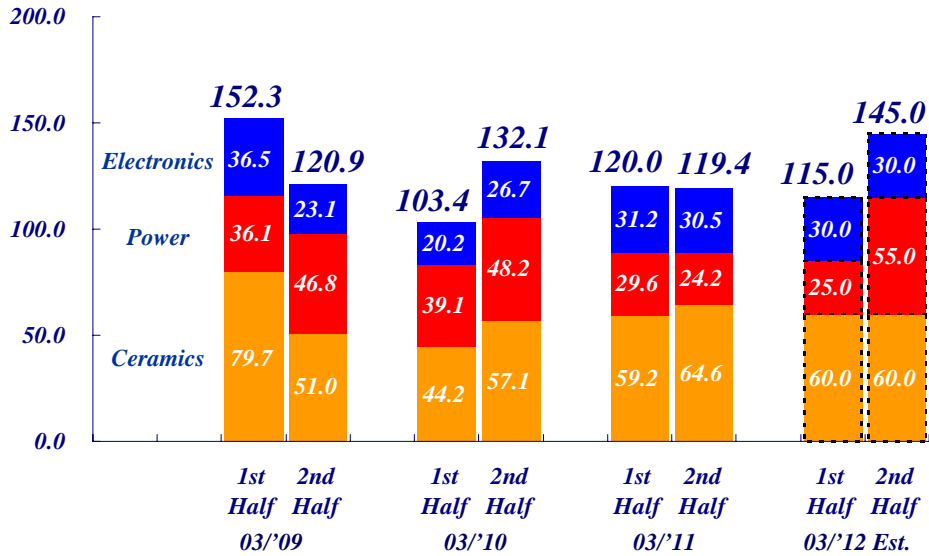
Income of NGK

(¥Bil.)



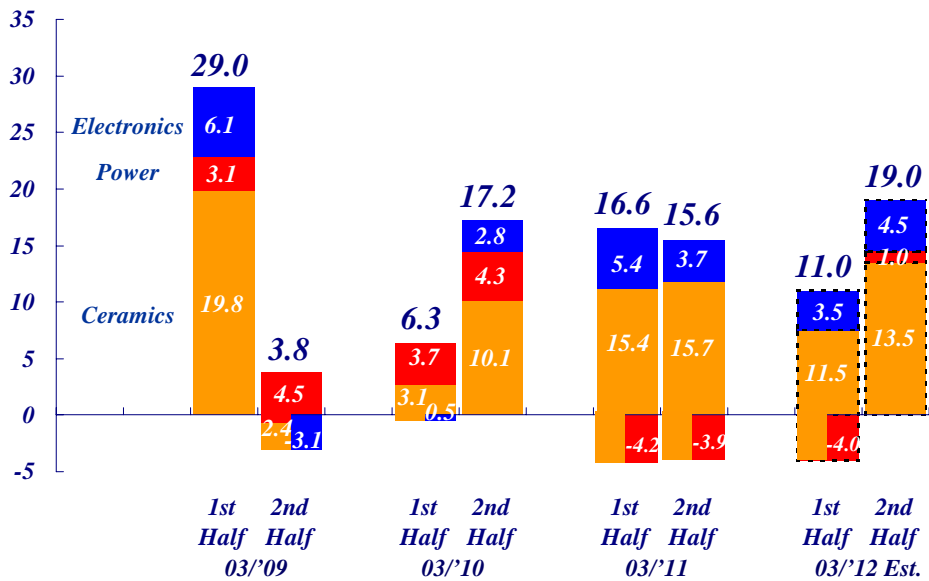
Net Sales of NGK / Half Term

(¥Bil.) *After consolidation elimination*

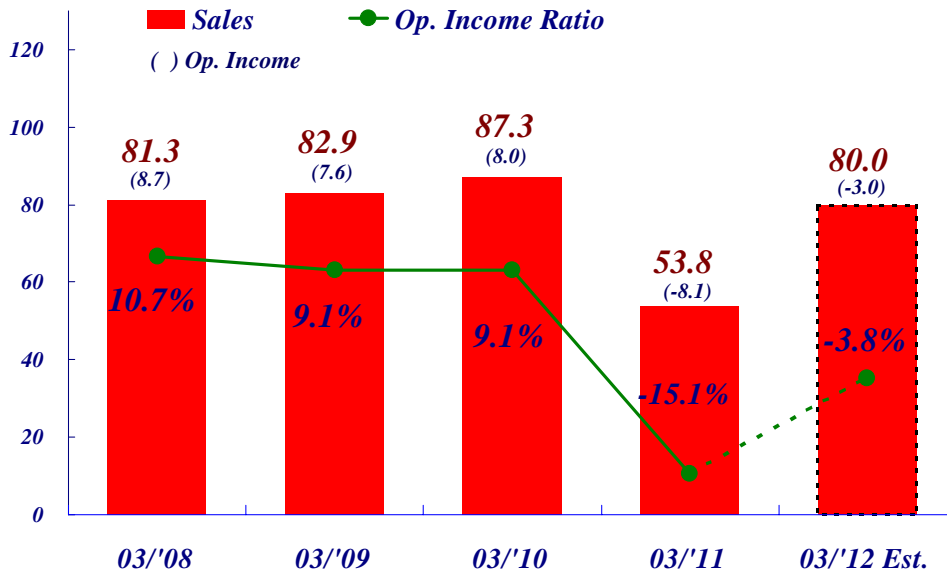


Income of NGK / Half Term

(¥Bil.)



(¥Bil.) *After consolidation elimination*



Overview

◆ **Electrical Insulators :**

- Domestic: Demand decreases due to influence of the earthquake.
- Overseas Demand remains low in Chinese market, and competition tends to be fierce in China.

◆ **NAS batteries :**

- Domestic: Demand increases due to the concern about domestic electricity shortage and reevaluation of renewable energy.
- Overseas: Economic instability in various countries
Stronger Yen versus US\$ and EUR.

Tasks

◆ **Electrical Insulators :**

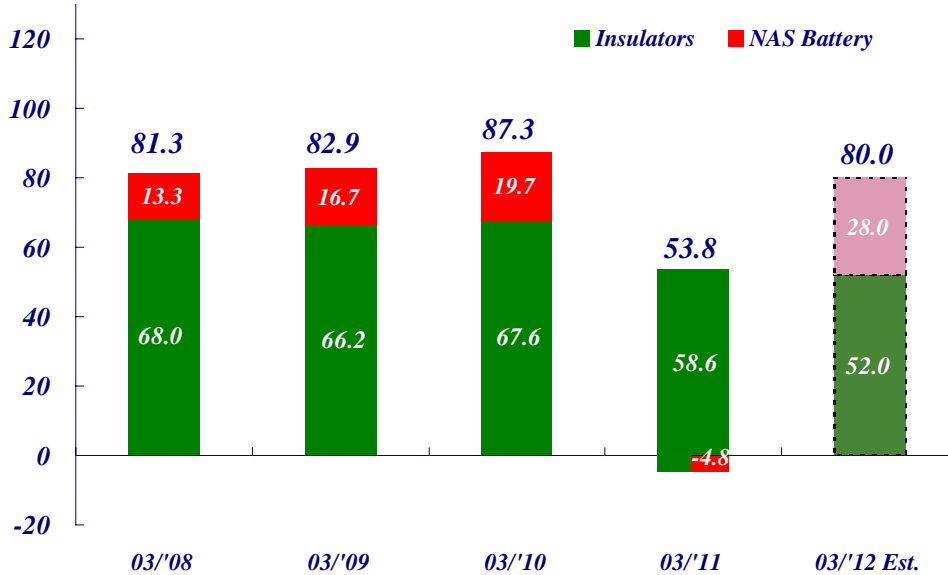
- Supply of insulators and related machinery for power equipment restoration.
- Differentiation by producing high performance products for Chinese market.

◆ **NAS batteries**

- Meeting domestic demand steadily.
- Development of high energy power battery and opening up new markets.

Sales detail of Power Business

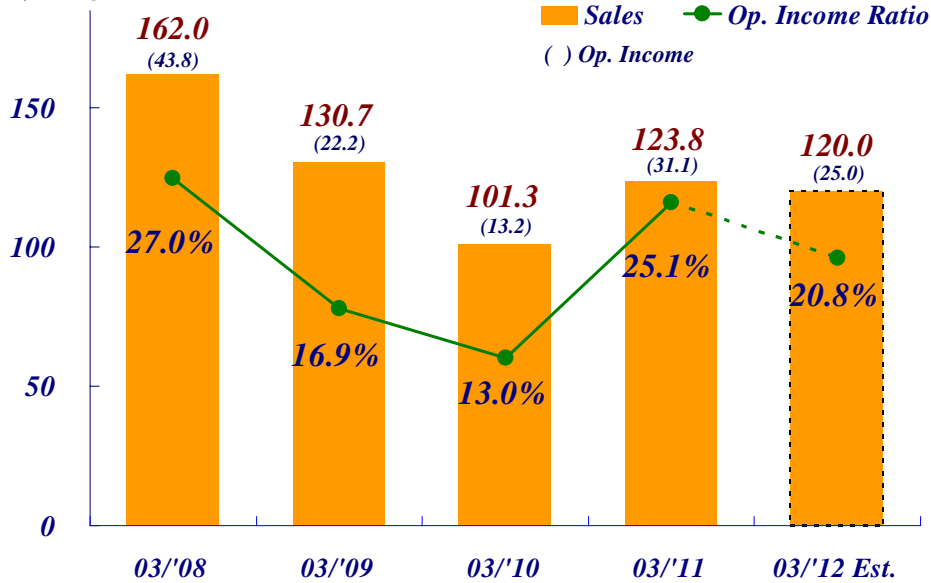
(¥Bil.) After consolidation elimination



Comparison image of NAS battery vs other rechargeable battery (fixed type)

		NAS	Lithium ion	Lead-Acid (high performance)	Nickel-Metal Hydride
System size (Based on delivery record)		Large 200MWh	Middle 32MWh	Middle 10MWh	Small 0.1MWh
Compactness		Small (compact) 10m ³ /MWh	Middle 15m ³ /MWh	Big 20m ³ /MWh	Big 50m ³ /MWh
Life expectancy		Long 15 years	Middle 10 years	Long 17 years	Short 7 years
System Price	per quantity of electricity (kWh)	Low 50 thousands yen/kWh	High 500 thousands yen/kWh	Middle 120 thousands yen/kWh	High 150 thousands yen/kWh
	per output (kW)	Middle 300 thousands yen/kW	Low 250 thousands yen/kW	High 350 thousands yen/kW	Middle 300 thousands yen/kW
Main application		Load leveling Emergency electric power source Power conditioning new energy (high capacity)	Power conditioning of house use solar energy Adjustment of supply and demand	Emergency electric power source Power conditioning new energy (intermediate capacity)	Peak shaving Power conditioning new energy (small capacity)

(¥Bil.) After consolidation elimination



Overview

◆ Automotive related

- Influence to supply chain caused by the earthquake is uncertain.
- The number of car sales in emerging countries is increasing and U.S. markets are firm.
- Recovery of truck sales in U.S. and Europe .
- Start of tighter regulations for off-road vehicles.
- Emission regulations being tightened in Europe, U.S., Japan and emerging countries.

◆ Industrial process

- Expansion of Lithium cell for vehicle.
- Influence on domestic capital expenditures is uncertain.

Tasks

◆ Automotive related

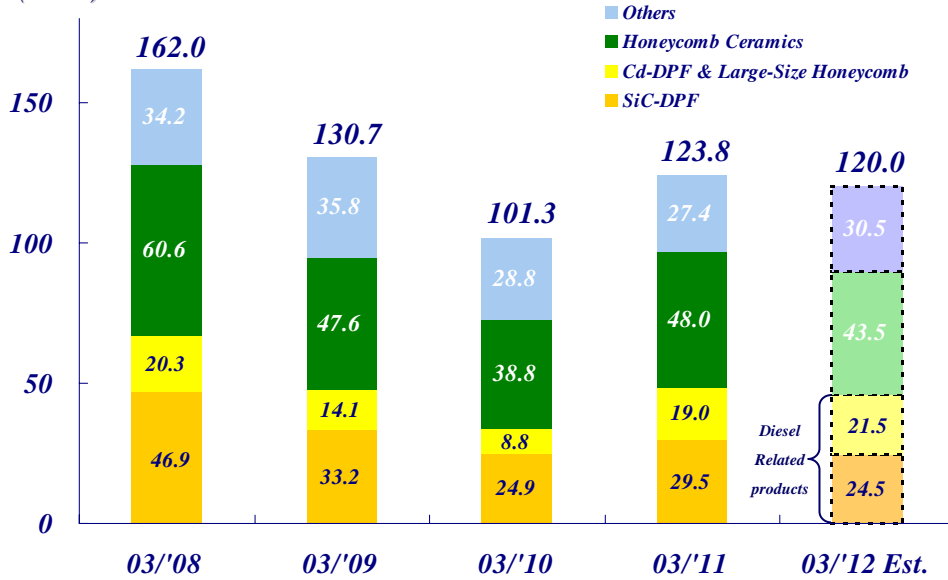
- Meet expanding demands in emerging countries and for off-road vehicles.
- Build global production system and achieve structural innovation.
- Start-up of Ishikawa factory in Japan for business continuity plan.
- Improvement of profitability and respond to expanding demand for NOx sensors.

◆ Industrial process

- Meet demands of growing markets (Lithium battery, Solar battery, etc.)

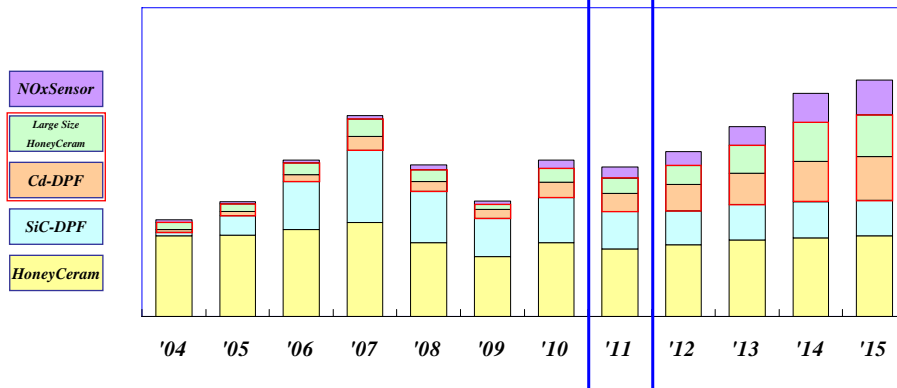
Sales detail of Ceramics Business

(¥Bil.) After consolidation elimination

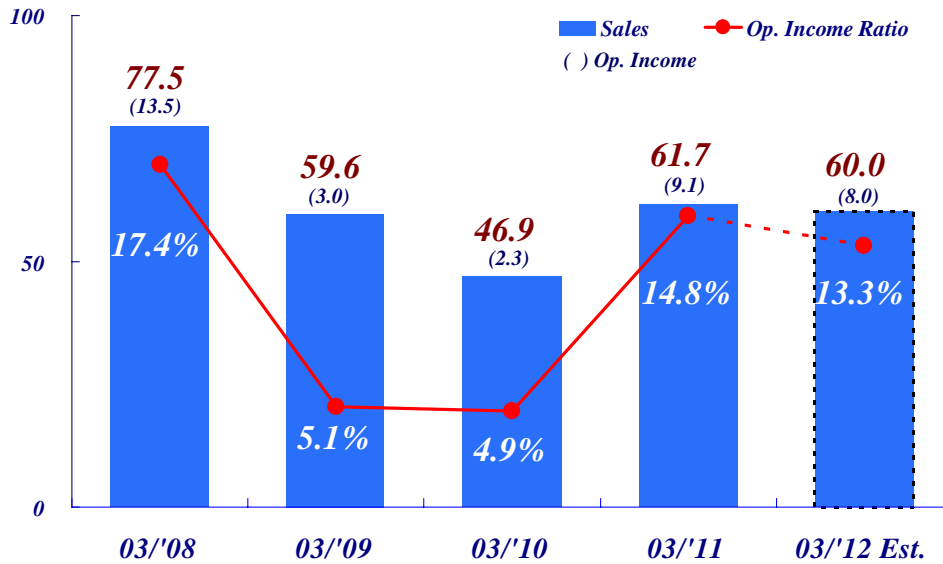


Long Term Forecast of Automotive related Products

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Passenger Car	Japan	New Short		New Long-Term				Post New Long-Term				
	US	Tier2/Bin#8										
	EU	Euro III		Euro IV				Euro V		Euro VI		
Truck	Japan	New Short		New Long-Term				Post New Long-Term				
	US	US'04		US'07				US'10				
	EU	Euro III		Euro IV				Euro V		Euro VI		
Off-Road	Japan	Same as Tier4a										
	US	Tier4a										
	EU	Step-3					Step-4					



(¥Bil.) After consolidation elimination



Overview

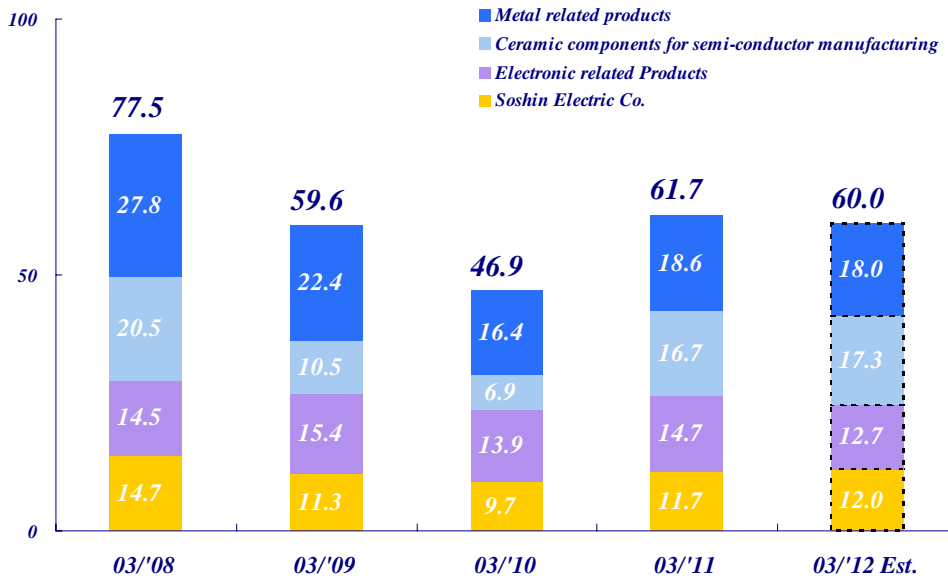
- ◆ Influence of stagnation of the supply chain caused by the earthquake is uncertain.
- ◆ **Beryllium Copper:** Domestic demand, especially for automotive production, decreases while demand increases in the emerging countries.
- ◆ **Ceramic Components for Semi-conductor Production Equipment:** Capital expenditures of semiconductor companies might be uncertain in spite of recent strong results.
- ◆ **Ceramic Actuators for Ink-jet Heads:** Slowdown of growth in ink-jet printer market.
- ◆ **Soshin Electric Products:** Demand for data & communications related products increases strongly.

Tasks

- ◆ Enhancement of competitiveness by reducing costs and providing high-performance improvements to existing products.
- ◆ Strengthen the basis for growth by introduction of new products. (Electrostatic chuck, piezoelectric parts for next generation technology, translucent alumina ceramics for ceramic metal halide lamps, etc.)

Sales detail of Electronics Business

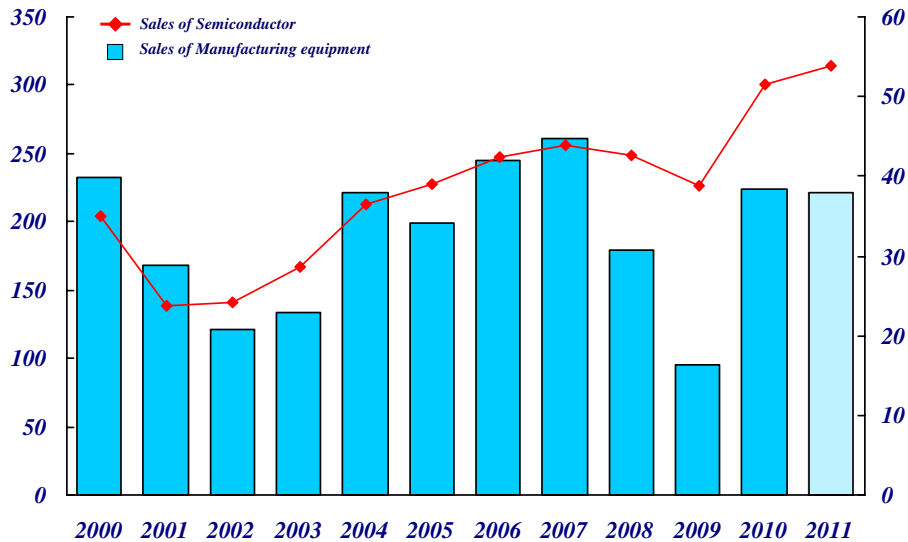
(¥Bil.) After consolidation elimination



Semiconductor & Semiconductor-manufacturing equipment markets

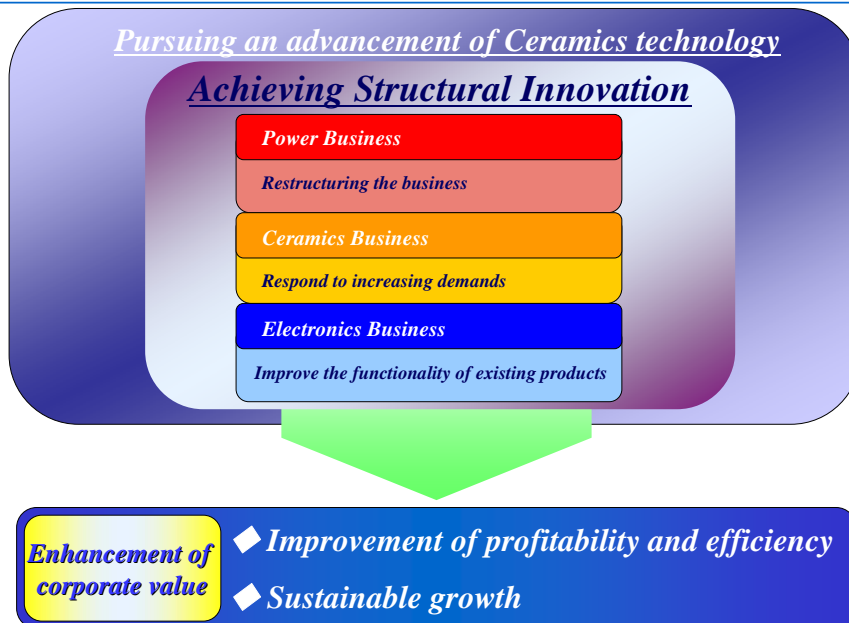
Semiconductor (\$B)

Manufacturing equipment (\$B)

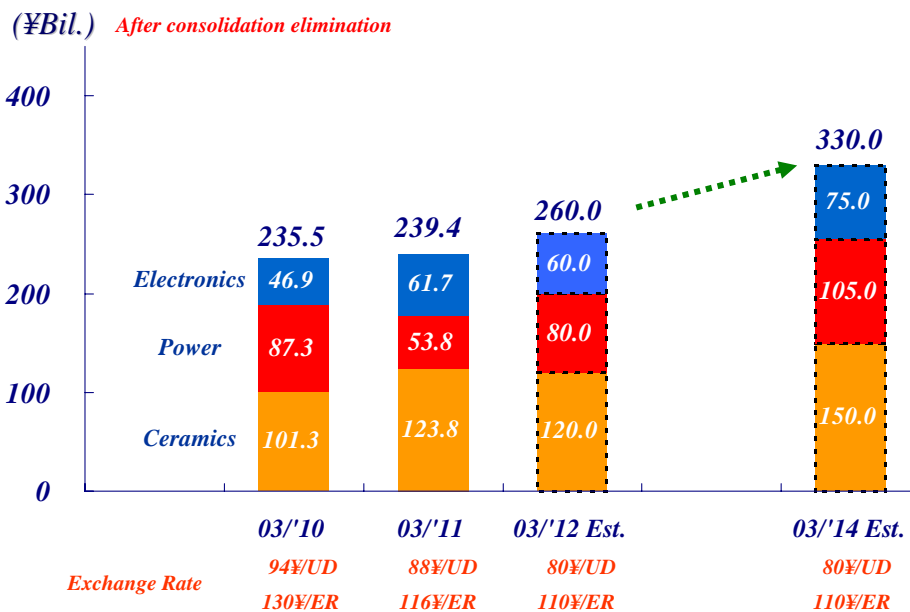


WSTS 12/'10
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Important Tasks for Business



Medium-Term Estimates / Sales



Achieving structural innovation

Structural innovation for manufacturing (started in '09)

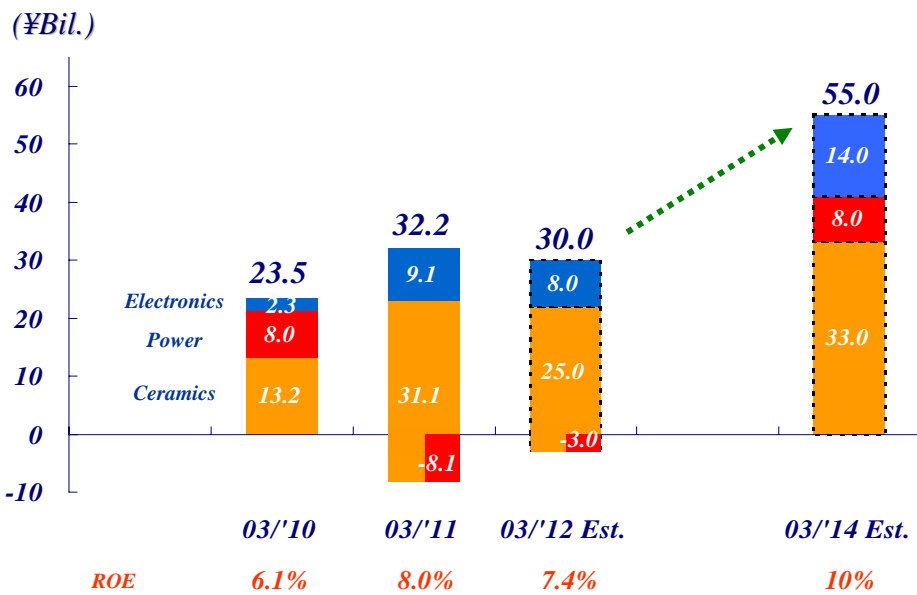
Concept : Reviewing traditional business processes, systems and customs.

- Challenging the limits of design and manufacturing
- Challenging innovations by reviewing traditional processes
- Not only domestic factories, but overseas factories, sales and administration.

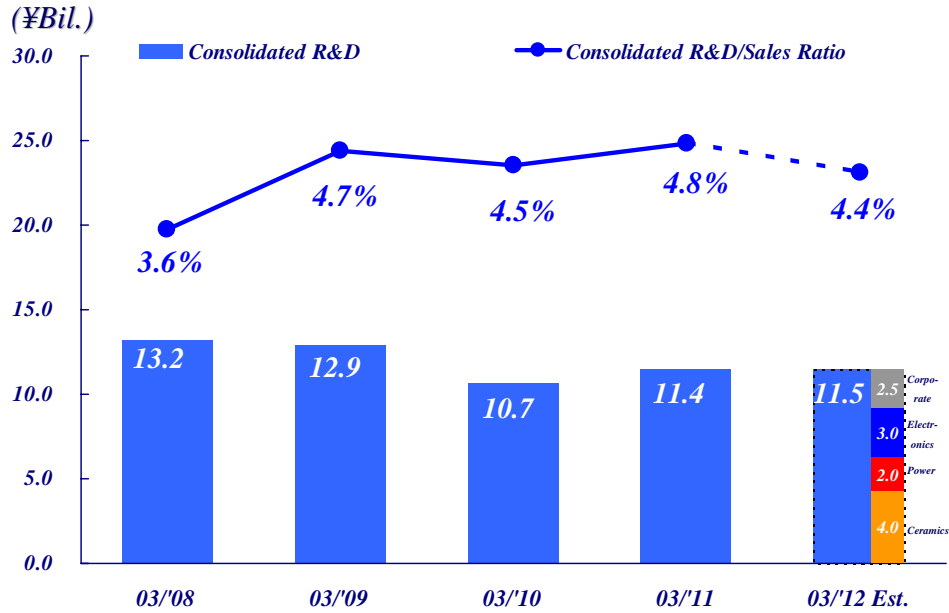


Improvement of profitability and efficiency

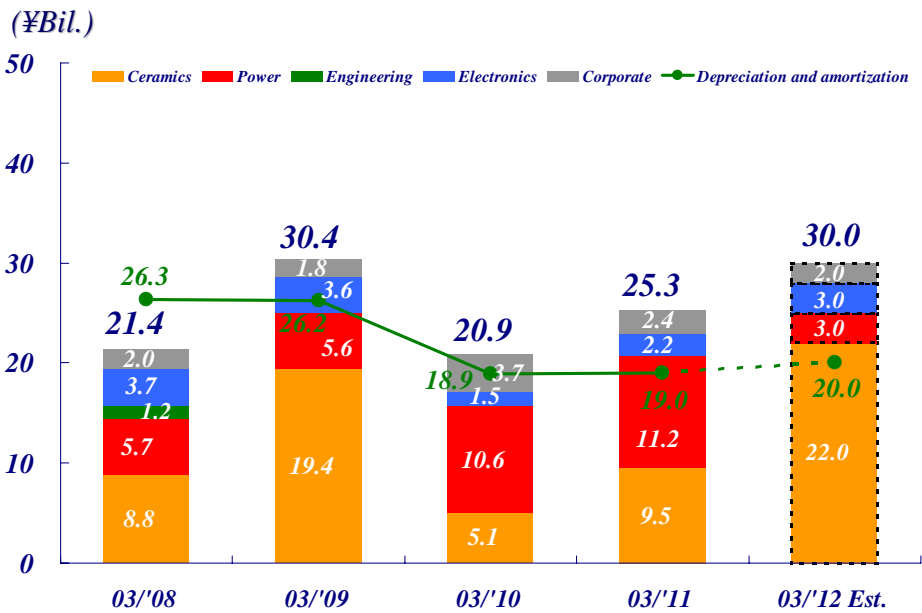
Medium-Term Estimates / Op. Income



R&D Input



Capital Expenditures



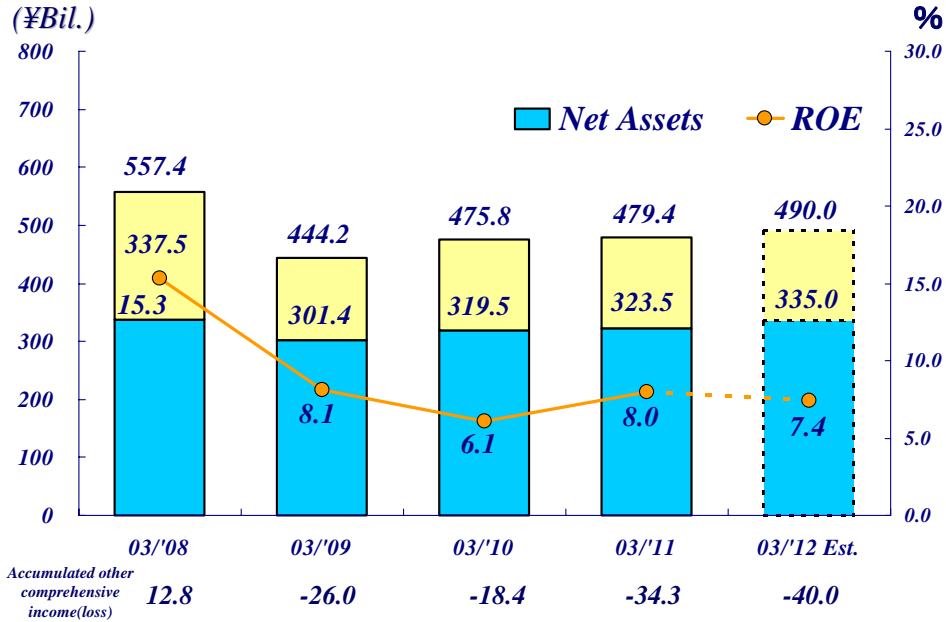
Summary of Cash Flow

(¥Bil.)	03/'10	03/'11	03/'12 Est.
<i>Income Before Taxes</i>	23.0	30.5	32.5
<i>Income Taxes Paid</i>	-0.5	-9.0	-7.0
<i>Depreciation</i>	18.9	19.0	20.0
<i>Decrease in Acct. Rec.</i>	-15.5	7.6	-26.3
<i>Decrease in Inventories</i>	15.5	-20.7	3.7
<i>Other changes</i>	3.0	9.3	11.1
<i>Operating Activities</i>	44.4	36.7	34.0
<i>Property, Plant & Equip.</i>	-20.5	-24.5	-30.0
<i>Proceed, Investment securities</i>	-14.3	-17.3	-0.7
<i>Fixed deposits</i>	-36.4	26.3	-
<i>Others</i>	-	-2.4	-0.3
<i>Investing Activities</i>	-71.2	-17.9	-31.0

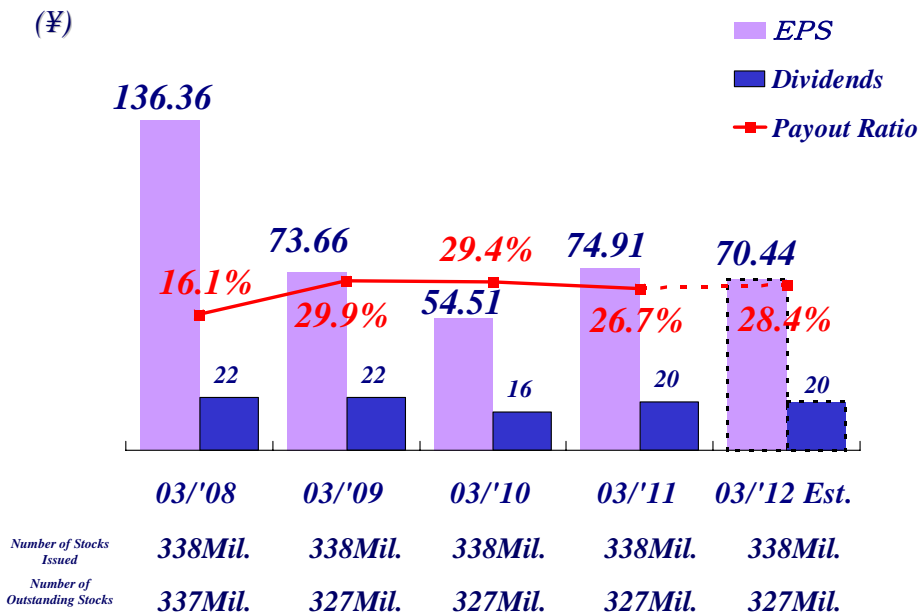
Summary of Cash Flow

(¥Bil.)	03/'10	03/'11	03/'12 Est.
<i>Acquisition of treasury stock</i>	-	-	-
<i>Cash dividends</i>	-6.2	-5.9	-6.5
<i>Repayment</i>	-11.6	1.5	-5.4
<i>Bond Issues</i>	20.0	-	-
<i>Others</i>	-0.5	-0.7	-0.1
<i>Financing Activities</i>	1.7	-5.1	-12.0
<i>Effect of exchange rate change</i>	2.0	-4.0	-
<i>Net Change in Cash & Eq.</i>	-23.1	9.6	-9.0
<i>Cash & Eq. at End of Year</i>	53.4	63.0	54.0

Total Assets & ROE



EPS & Payout Ratio



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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