

FY2012 2nd Quarter Results ***(from April 1, 2012 to September 30, 2012)***

November 2, 2012

This is a translation of materials used for the analyst meeting held in Tokyo, Japan on November 2, 2012

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.

Today's Presentation

Summary of financial results for FY2012 2nd Quarter

(Ended September 30, 2012)

Forecast for FY2012

(Ended March 31, 2013)

Segment Information

Medium-term Business Plan

R&D / Capital Expenditure

Financial Condition



(4/2012– 9/2012)	2Q FY2011	2Q FY2012	Growth ratio
(¥ Bil.)			
<i>Net Sales</i>	122.8	121.7	-1%
<i>Operating Income</i>	15.8	11.3	-28%
<i>Ordinary Income</i>	14.7	8.0	-46%
<i>Net Income</i>	10.9	1.2	-89%

Previous quarter's results have been retroactively adjusted to reflect a change in accounting policies

Revised on 9/2012

2Q Results Sales and Income decreased, especially Net income

- Power Business remained roughly flat. Automotive related products of Ceramics Business in Japan and US remained strong, but there were advance costs mainly due to capital investment. Electronics Business remained generally weak.
- As a result exchange losses and provision of an allowance for NAS battery safety measures, non-operating expense increased.
- Net income significantly decreased due to valuation of investment securities.



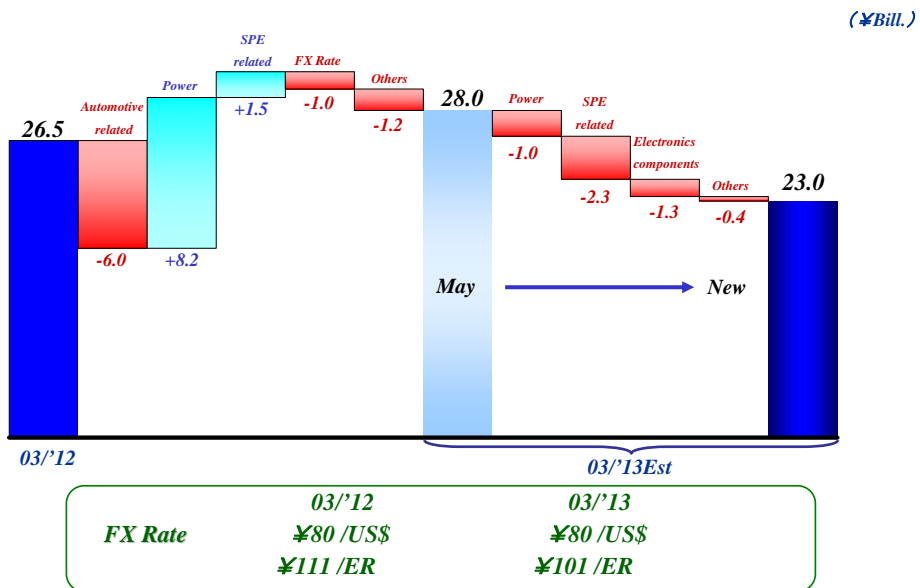
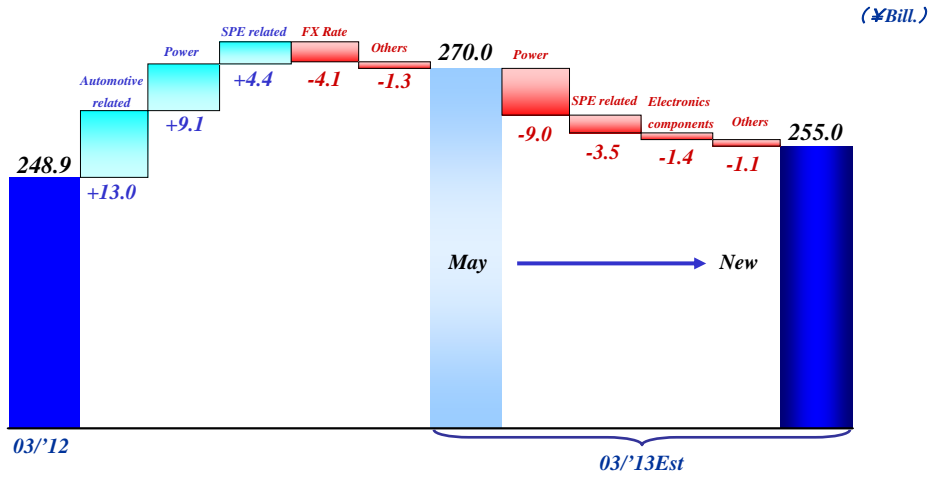
(4/2012– 3/2013)	FY2011	FY2012	Growth ratio
(¥ Bil.)			
<i>Net Sales</i>	248.9	255.0	+2%
<i>Operating Income</i>	26.5	23.0	-13%
<i>Ordinary Income</i>	29.1	24.0	-18%
<i>Net Income</i>	-35.4	16.0	-

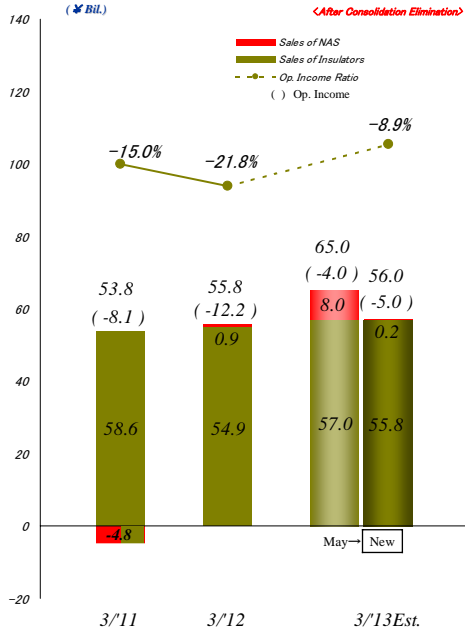
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Revised on 9/2012

Forecast Sales increase but Operating income and Ordinary income decrease

- Business environment of Electronics Business remains severe. Operating loss of Power Business decreases compared with previous year, but large order for NAS batteries is deferred to next year. Ceramic Business could slow down due to decreased production at Japanese automobile companies.
- Despite loss on valuation of investment securities in the 2nd quarter, net income significantly improves compared with previous year which recorded extraordinary loss related to NAS battery safety measures.





Business environment

◆ **Insulators**

- (Domestic)
 - Power companies maintain low capital expenditures.
 - Replacement demand gradually increases.
- (Overseas)
 - In China, UHV project is shelved due to slowdown of electrical demand.
 - Demand for high-quality insulators such as DC in Canada and UHV in Asia remains strong.

◆ **NAS Battery**

- Shipment Overseas order is deferred to next year.
- Production Put priority on safety measures and plan to resume production from Nov 2012.

Tasks

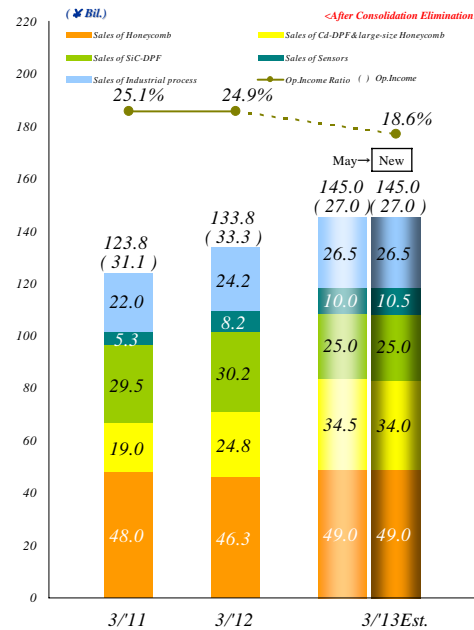
◆ **Insulators**

- Ascertain trends for Chinese market.
- Review functions and roles of four factories in Japan and China.

◆ **NAS Battery**

- Implement safety measures to restore market confidence.
- Meet overseas demand.

※ Graph figures haven't been retroactively adjusted



Business environment

◆ **Automotive related**

- Trends for tighter emission regulations continue.
- Sales of passenger cars have increased due to automotive subsidy, but could decrease with its rebound.
- Economic slowdown in Europe and emerging countries.

◆ **Industrial process**

- Demand from environmental and pharmaceutical market is strong.
- Domestic investment in electronics component market is weak.

Tasks

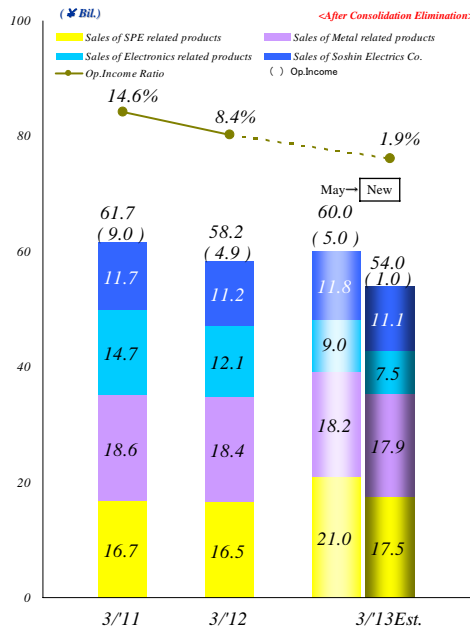
◆ **Automotive Related**

- Secure technological advantage with regard to new regulations.
- Meet the demand for off-road vehicles in emerging countries.
- Reduce costs while increasing global production capacity.

◆ **Industrial process**

- Focus on growth areas.

※ Graph figures haven't been retroactively adjusted



Business environment

- ◆ **Semiconductor production equipment related**
 - Market demand remains weak compared with previous estimate.
- ◆ **Beryllium Copper**
 - Promising automotive material market in Asia is highly competitive.
- ◆ **Electronics components**
 - Market share of components for inkjet printers and lighting decreased.

Tasks

- ◆ **Semiconductor production equipment related**
 - Increase sales of electrostatic chucks and expand business through thermal spray applications.
- Beryllium Copper**
 - Increase sales and differentiate products in China, where demand for automobile and industrial equipment is expanding.
- ◆ **Electronics components**
 - Accelerate development of sophisticated and new products.

※ Graph figures haven't been retroactively adjusted

<After Consolidation Elimination>

(¥ Bil.)

	March '12	March '13 Est.	Future Trends
Insulators	54.9	55.8	→ Domestic demand for replacement increases.
NAS	0.9	0.2	↗ Expect overseas demand.
Power Business	55.8	56.0	
Honeycomb Ceramics	46.3	49.0	→ Growth rate slows, but demand increases.
SiC-DPF	30.2	25.0	→ Shipping quantities gradually increase, but sales amount remains flat.
Cd-DPF/LSH	24.8	34.0	↗ Demand for off-road and in emerging countries expands because of tighter regulations.
Sensors	8.2	10.5	↗ Demand expands due to introduction of Euro6 regulation.
Industrial Process	24.2	26.5	↗ Expect increase of demand in environmental and pharmaceutical fields.
Ceramics Business	133.8	145.0	
Metal related	18.4	17.9	→ Demand from Asia remains weak in the near future.
SPE related	16.5	17.5	↗ Market rally is after next year.
Electric related	12.1	7.5	→ Develop sophisticated products.
Soshin Electric Co.	11.2	11.1	→ Improvement in business environment in the short term is difficult.
Electronics Business	58.2	54.0	
Total	247.8	255.0	

※ Table figures haven't been retroactively adjusted

Create new products as next core business

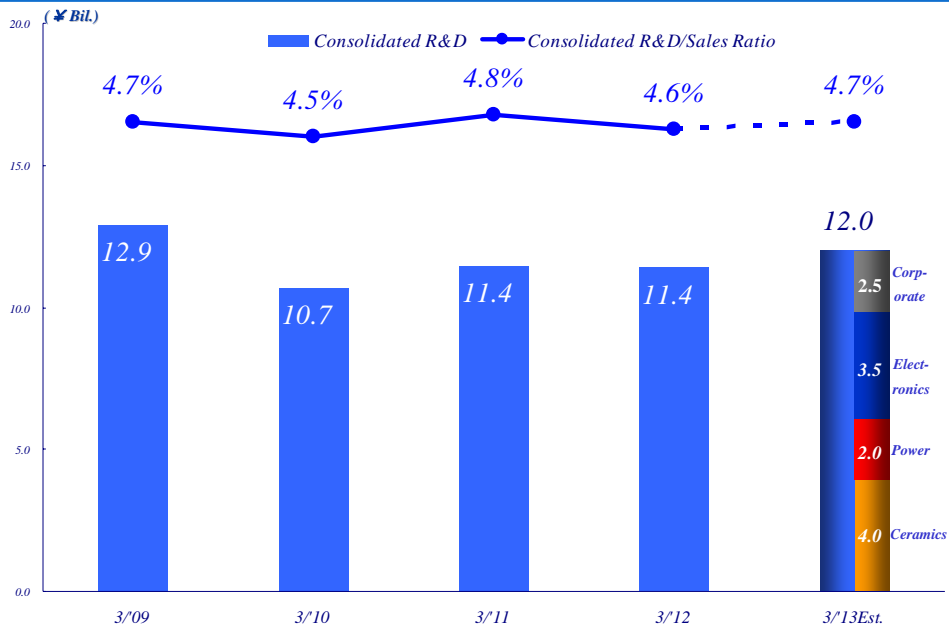
- ▶ Using innovative technology, create new products following automotive related products

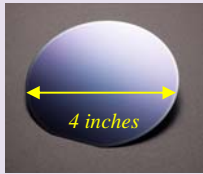
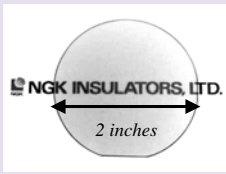






Strengthen strong business

- ▶ Establish global manufacturing system for automotive related products
- ▶ Strengthen business further by expanding related business areas

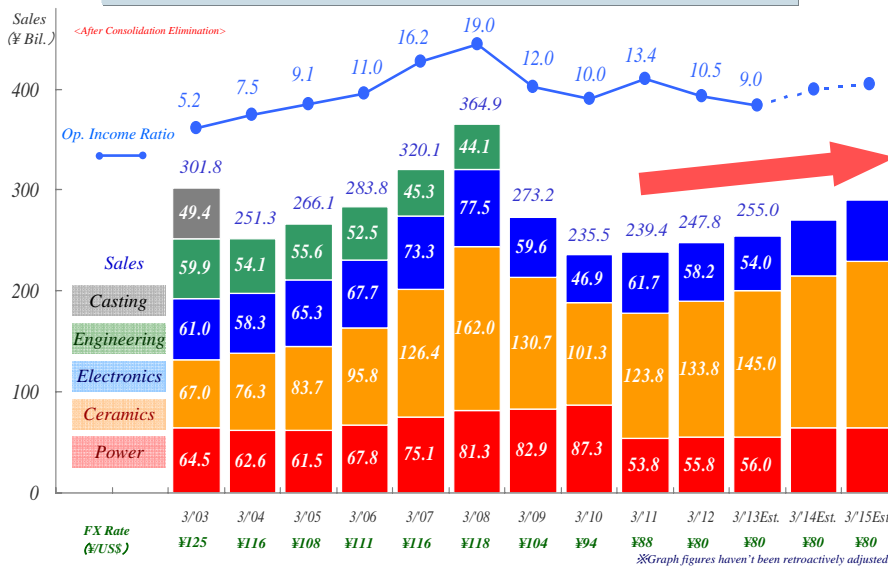
Improve profit performance in Power Business

- ▶ Expand sales of NAS batteries overseas and in renewable energy field
- ▶ Reorganize Insulator Business

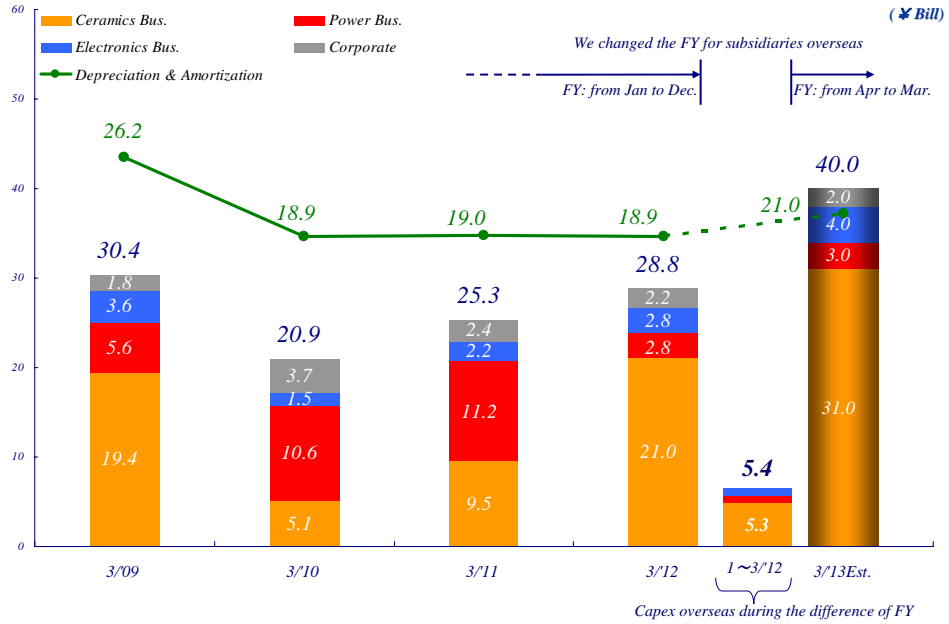


	Bonded Wafer	Gallium Nitride (GaN) Wafer
		
Features	By bonding wafers made from different materials, you can manufacture high functional telecommunication devices at low cost, which enables communication with less noise and almost no disconnections.	GaN wafers have low defect density and colorless transparency over the whole wafer surface. This wafer enables the creation of ultra high brightness LEDs which reduce power consumption by more than 50%.
Devices	<ul style="list-style-type: none"> •Temperature compensated SAW filter for LTE •RF antenna switch •Silicon sensor 	<ul style="list-style-type: none"> •Ultra bright blue and green LEDs •High-power blue and green laser •Next generation power semiconductor for inverters
Final Products	 Smart Phone  Tablet Device	 Projector for business use  Home appliance  Head light  Electric vehicle

Fresh start in sustainable growth in FY2012



Capital Expenditures

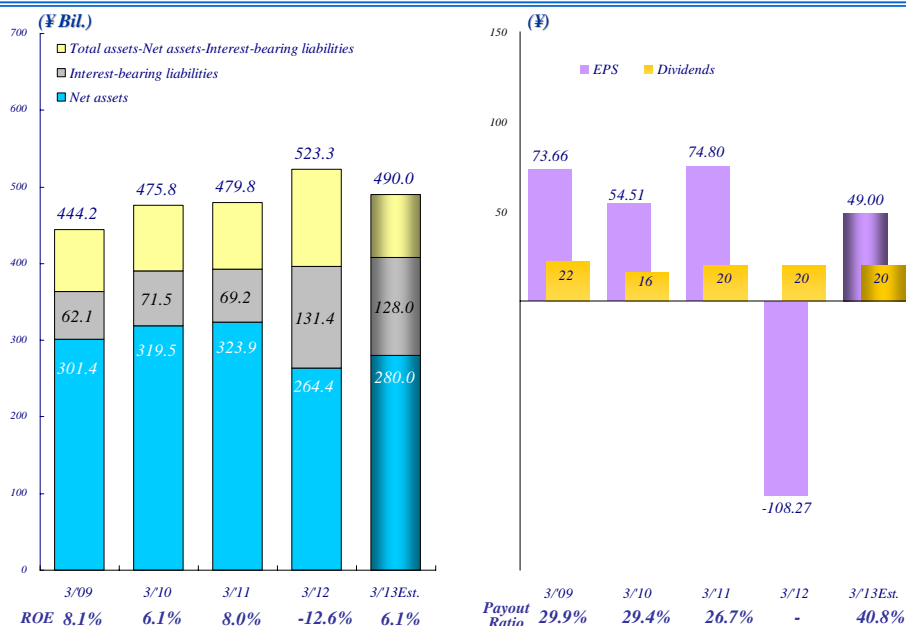


Trends for Emission Regulations

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Light Vehicle	Japan	PNLT					PPNLT					
	US	Tier2 / Bin5						(Tier3)				
	Europe	Euro5			Euro6							(Euro7)
	China	Euro4		Euro5			(Euro6)					
	India	Euro4 (13 Cities), Euro3 (Others)				Euro5 (13 Cities), Euro4 (Others)						
Truck Bus	Japan	PNLT					PPNLT					
	US	US10						(US16)				
	Europe	Euro V		Euro VI							(Euro VII)	
	China	Euro III			Euro IV					(Euro V)		
	India	Euro IV (13 Cities), Euro III (Others)				Euro V (13 Cities), Euro IV (Others)						
Off-Road	Japan	JP11		JP14			(JP17)					
	US	Tier4a			Tier4b				(Tier5)			
	Europe	Step3		Step4				(Step4b)				

(¥ Bil.)

	3/11	3/12	3/13Est.
<i>Operating Activities</i>	36.7	13.9	-3.0
<i>Investing Activities</i>	-17.9	-45.4	-7.0
<i>Financing Activities</i>	-5.1	56.6	-12.0
<i>Effect of exchange rate change</i>	-4.0	-2.9	-4.4
<i>Net Change in Cash & Eq.-.</i>	9.6	22.1	-26.4
<i>Effect of changing the FY period (1~3/'12)</i>	-	-	-0.7
<i>Cash & Eq-. at the End of Year</i>	63.0	85.1	58.0



Sales by Product (annual)

 FY2012 2nd Quarter
 Presentation

<After consolidation elimination>

(¥ Bil.)

	March '10	March '11	March '12	March '13 Est.
Insulators	67.5	58.5	54.9	55.8
NAS	19.7	-4.8	0.9	0.2
Power Business	87.3	53.8	55.8	56.0
Honeycomb Ceramics	38.8	48.0	46.3	49.0
SiC-DPF	24.9	29.5	30.2	25.0
Cd-DPF / LSH	8.8	19.0	24.8	34.0
Sensors	2.4	5.3	8.2	10.5
Industrial Process	26.4	22.1	24.2	26.5
Ceramics Business	101.3	123.8	133.8	145.0
Metal related	16.4	18.6	18.4	17.9
SPE related	6.9	16.7	16.5	17.5
Electric related	13.9	14.7	12.1	7.5
Soshin Electric Co.	9.7	11.7	11.2	11.1
Electronics Business	46.9	61.7	58.2	54.0
Total	235.5	239.4	247.8	255.0

※Table figures haven't been retroactively adjusted

Sales by Product (semi-annual)

 FY2012 2nd Quarter
 Presentation

<After Consolidation Elimination>

(¥ Bil.)

	March '12		March '13 Est.	
	1 st . Half	2 nd . Half	1 st . Half	2 nd . Half
Insulators	26.9	28.0	26.7	29.1
NAS	0.5	0.4	0	0.2
Power Business	27.4	28.4	26.7	29.3
Honeycomb Ceramics	22.6	23.7	24.7	24.3
SiC-DPF	15.3	14.9	13.0	12.0
Cd-DPF / LSH	11.5	13.3	16.0	18.0
Sensors	3.7	4.5	4.7	5.8
Industrial Process	10.2	14.1	10.1	16.4
Ceramics Business	63.3	70.5	68.5	76.5
Metal related	10.0	8.5	8.7	9.2
SPE related	9.3	7.3	8.0	9.5
Electric related	6.5	5.5	4.5	3.0
Soshin Electric Co.	5.8	5.4	5.3	5.8
Electronics Business	31.6	26.6	26.5	27.5
Total	122.3	125.5	121.7	133.3

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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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