

FY2013 Results ***(from April 1, 2013 to March 31, 2014)***

May 16, 2014

This is a translation of materials used for the analyst meeting held in Tokyo, Japan on May 16, 2014

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 FY2013

(Ended March 31, 2014)

Forecast for FY2014

(End March 31, 2015)

Segment Information

Priority issues/Ratio of new products to total sales

Capital Expenditure/Financial Condition



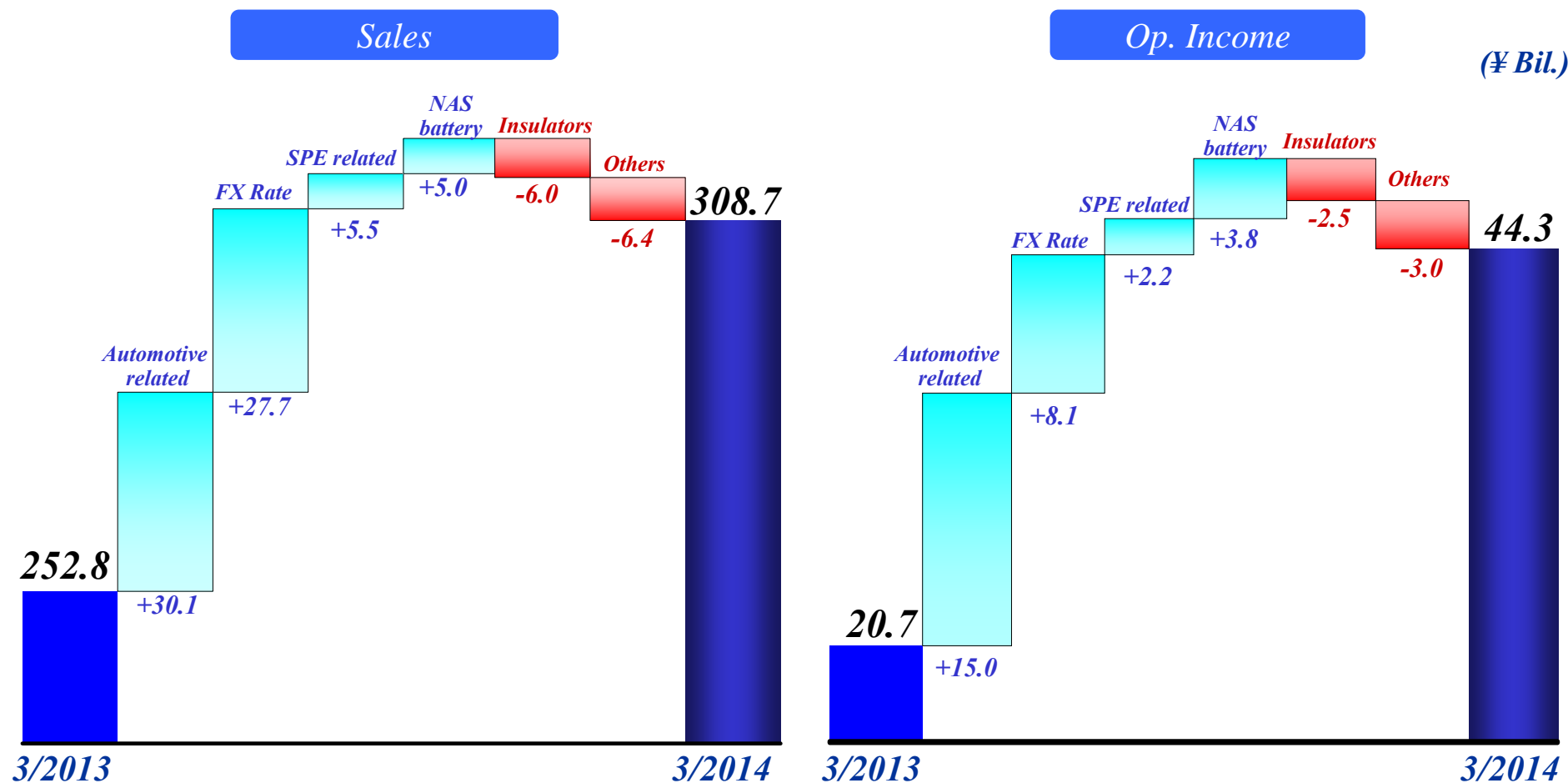
	(¥ Bil.)	FY2012	FY2013	Growth ratio
Net Sales		252.8	305.0 308.7	+22%
Operating Income		20.7	42.0 44.3	+114%
Ordinary Income		22.0	45.0 45.8	+108%
Net Income		11.4	27.0 27.0	+137%

Announced in 1/2014

Sales increased and operating income doubled compared with the previous year due to depreciating yen.

- **Ceramics** Demand for Automotive related products increased due to strong automobile sales in the US and Chinese markets and new emission regulations for trucks in China.
- **Electronics** Demand for SPE related products increased.
- **Power** Resumption of NAS battery shipments contributed to a reduced deficit.
- **Extraordinary loss** Impairment loss on fixed assets in the Insulators business (2Q, 3Q)
Decided to resolute a subsidiary in China (4Q)

Change Analysis for FY2013



	3/2013	3/2014
FX Rate	¥ 83 /USD	¥100 /USD
	¥108 /EUR	¥134 /EUR

	(¥ Bil.)	FY2013	FY2014	Growth ratio
<i>Net Sales</i>		308.7	340.0	+10%
<i>Operating Income</i>		44.3	48.0	+8%
<i>Ordinary Income</i>		45.8	50.0	+9%
<i>Net Income</i>		27.0	34.0	+26%

Forecasting higher sales and income compared with the previous year.

- **Ceramics** Although demand for Automotive related products may increase due to tighter emission regulations, income increase slightly because of fiercer competition and upfront costs of capital investment.
- **Electronics** Demand for SPE related products may increase due to expansion of the mobile device market.
- **Power** NAS battery sales may greatly increase due to overseas shipments.
 Restructuring of Insulators business may contribute to improved profitability.

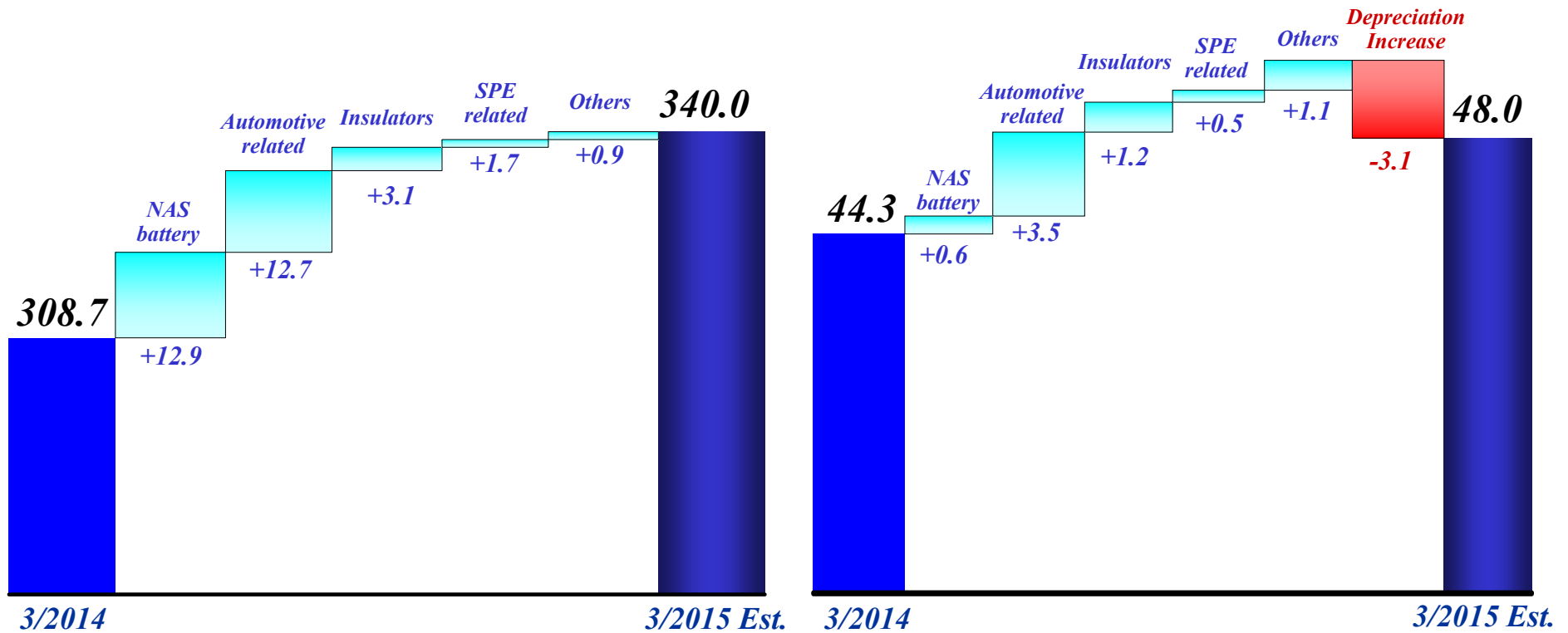


Change Analysis for FY2014

Sales

Op. Income

(¥ Bil.)



	3/2014	3/2015
FX Rate	¥100 /USD	¥100 /USD
	¥134 /EUR	¥135 /EUR

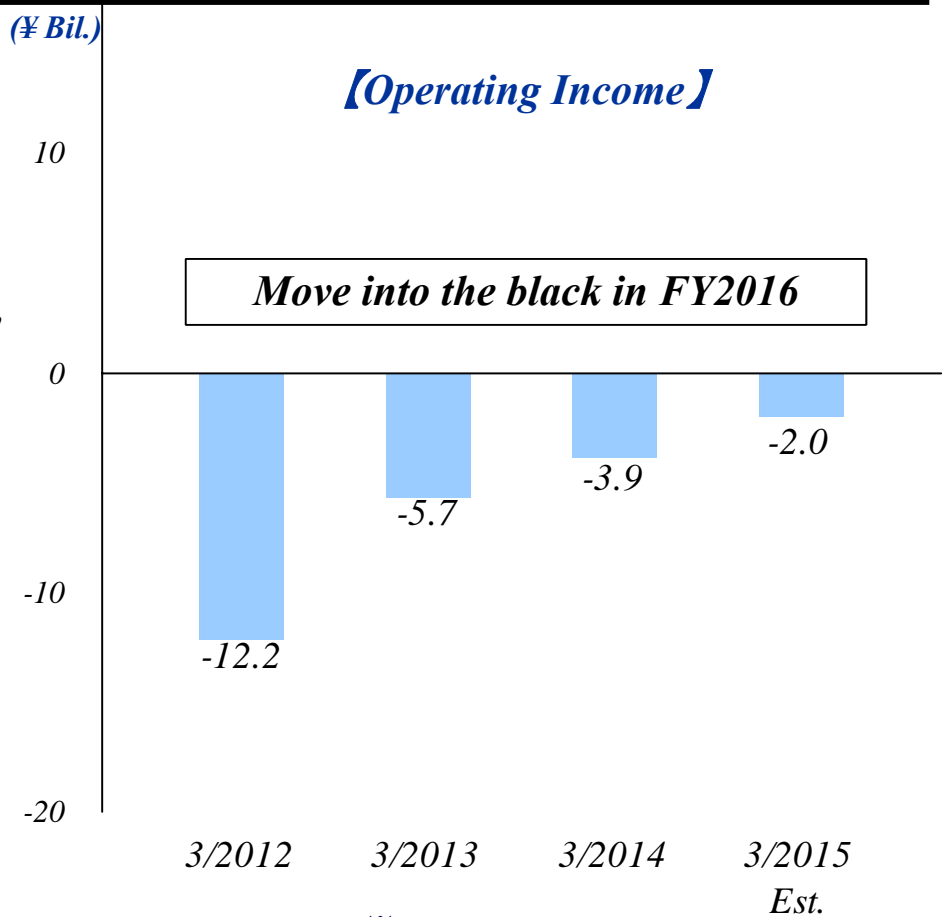
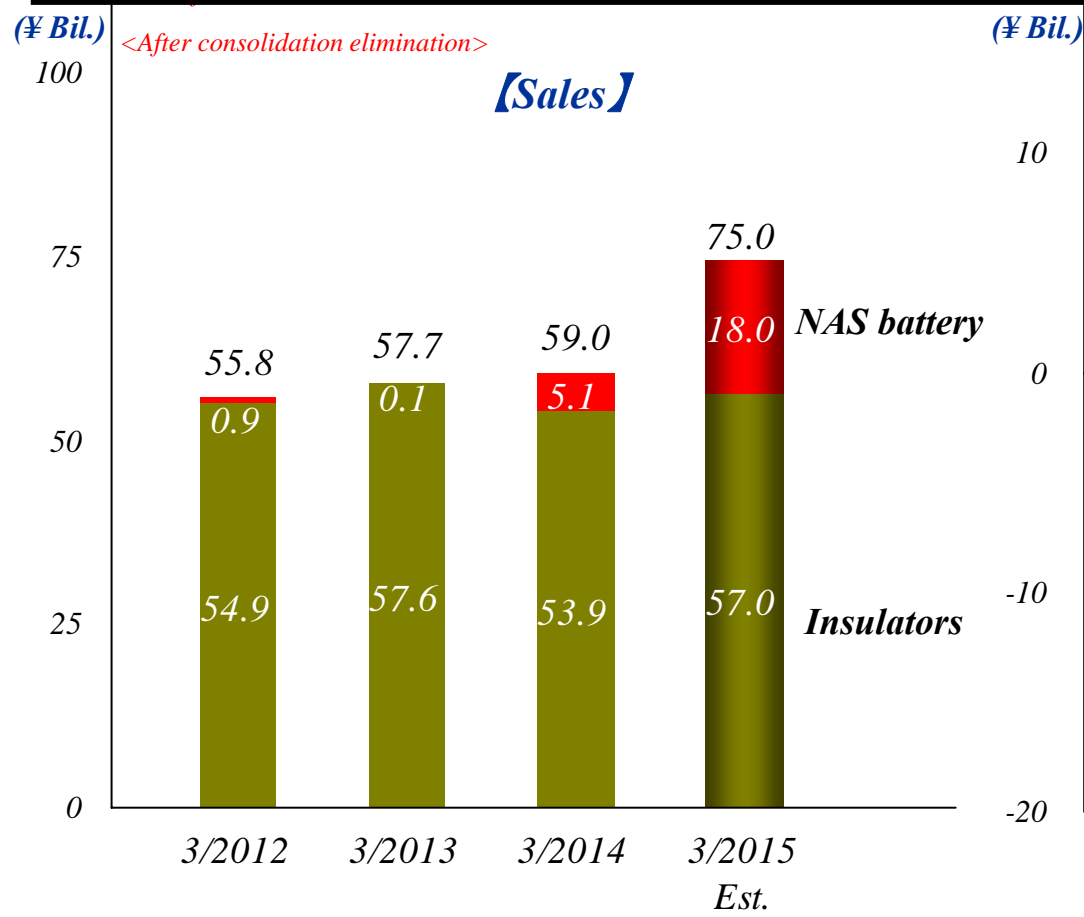
Power Business

<Insulators>

- Domestic power companies maintain lower capital expenditure.
- Improve profitability by securing replacement demand and further cost-cutting.
- Demand from Southeast Asia and Middle East remains strong.
- Sales increase due to deferred shipments from FY2013.

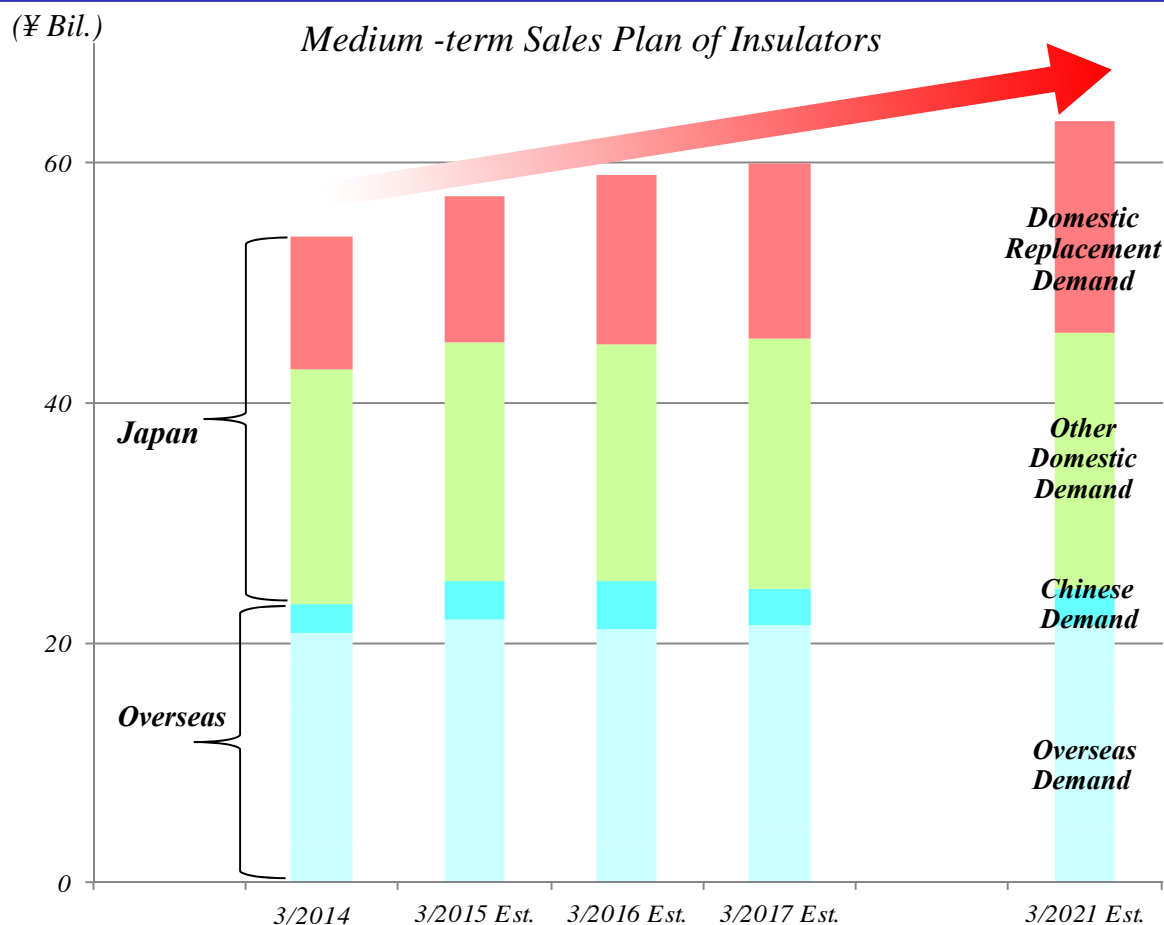
<NAS battery>

- Project shipments for Italy and Abu Dhabi in FY2014.
- Aim to acquire continuous orders by using subsidies and improve income by cost-cutting design and manufacturing.



※ Figures have not been retroactively adjusted.

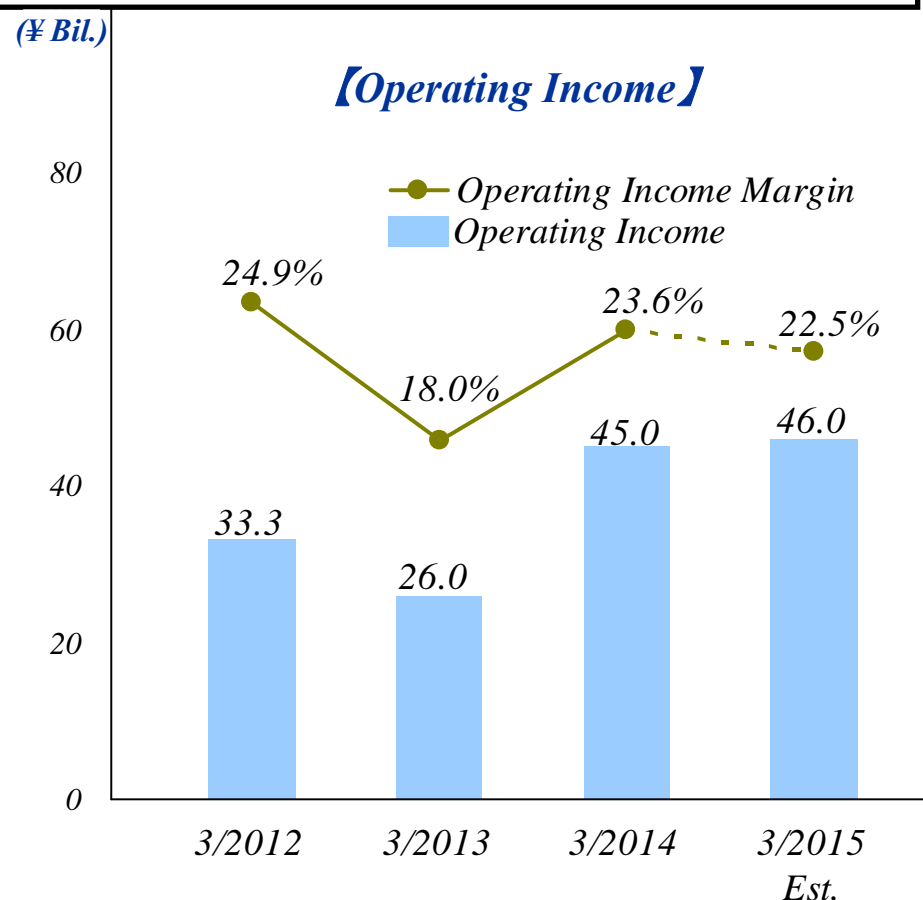
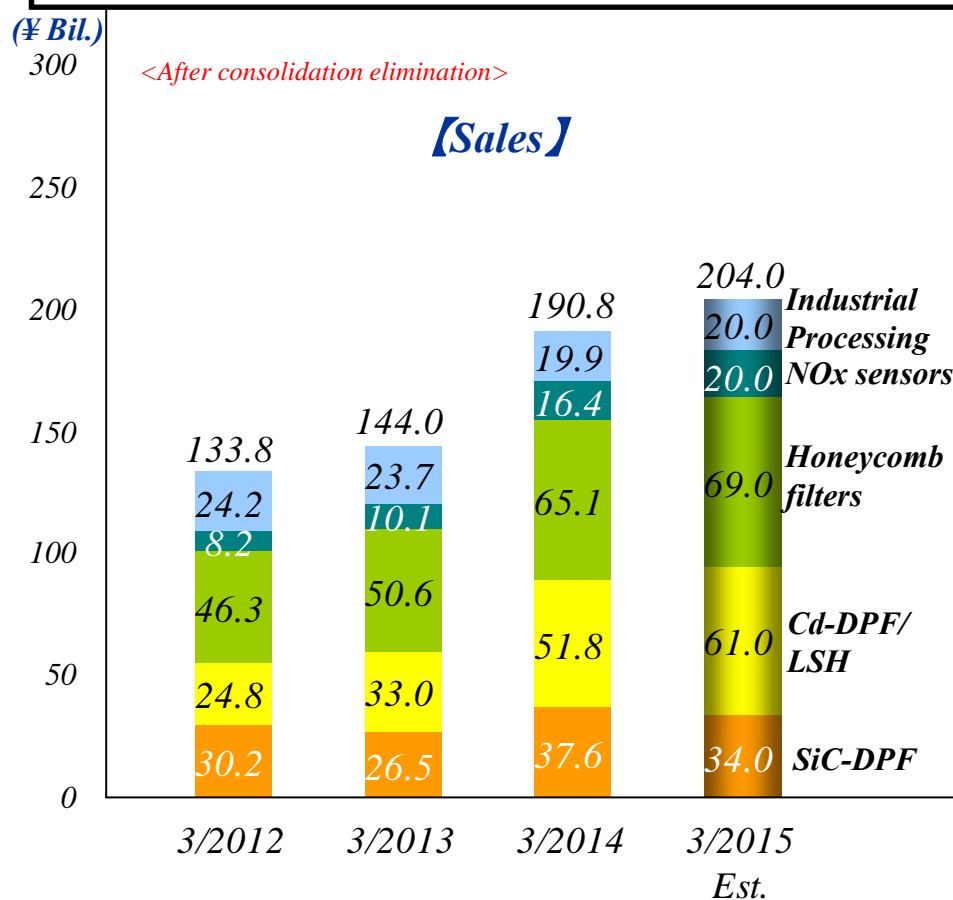
- Decided to resolute a Chinese subsidiary which manufactures substation insulators (NGK INSULATORS SUZHOU).
⇒ Consolidate production to the Chita factory in Japan
- Improve profitability by securing domestic replacement demand and further cost-cutting.



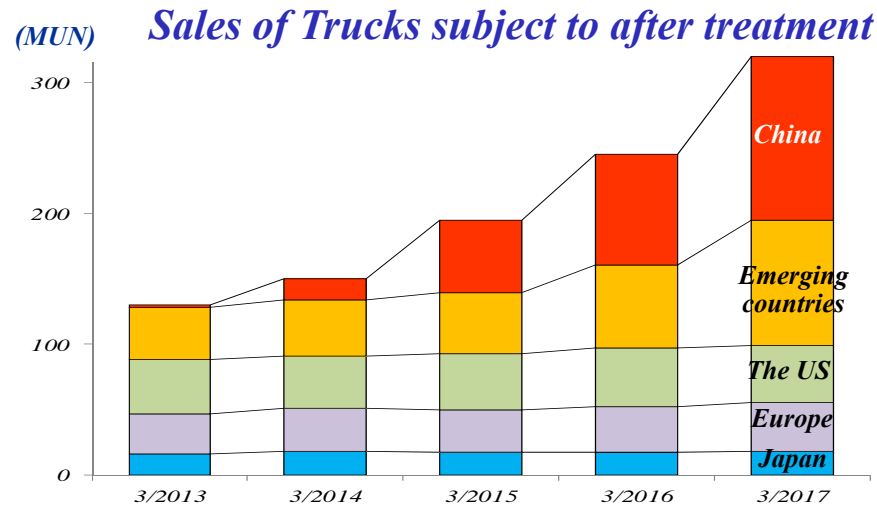
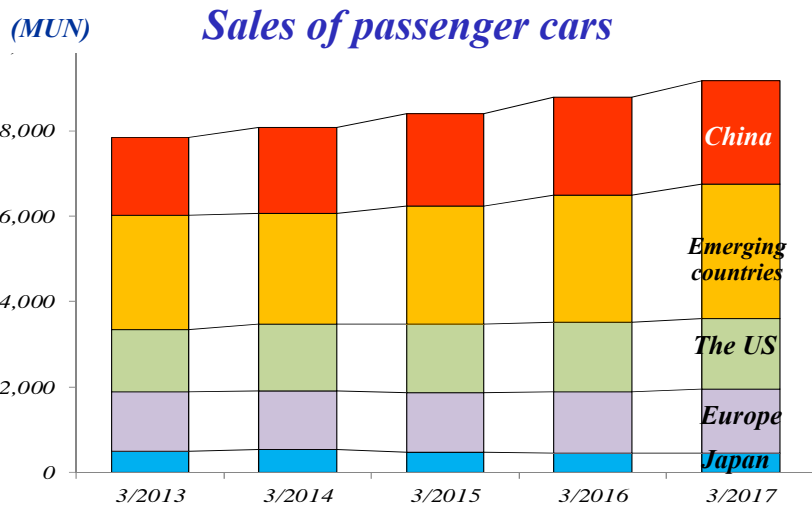


<Automotive related> •Sales of passenger cars in China and emerging countries remains strong.
 •Demand for LSH and NOx sensors increases due to tighter emission regulations for trucks in China and Europe, and for off-road vehicles in Japan, the US and Europe. Fiercer competition and upfront investments cause a slight increase in earnings.
 •Improve profitability by securing technological advantages for emission regulations and promoting cost reductions.

<Industrial Processing> •Although domestic capital investment shows signs of recovery, progress still remains slow. Aim to promote streamlining and cut costs by restructuring.



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		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(Cities),Euro3(Others)					Euro4				Euro5
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(Cities),Euro III(Others)					Euro IV				Euro V
Off-Road	Japan	JP11			JP14		(JP17)				
	US	Tier4a			Tier4b		(Tier5)				
	Europe	Step3			Step4		(Step4b)				

Sales of Cd-DPF, LSH and NOx sensors increase, because of tighter emission regulations for trucks in China and Europe, and for off-road vehicles in Japan, the US and Europe.

Electronics Business

<Semiconductor Production Equipment related products (SPE)>

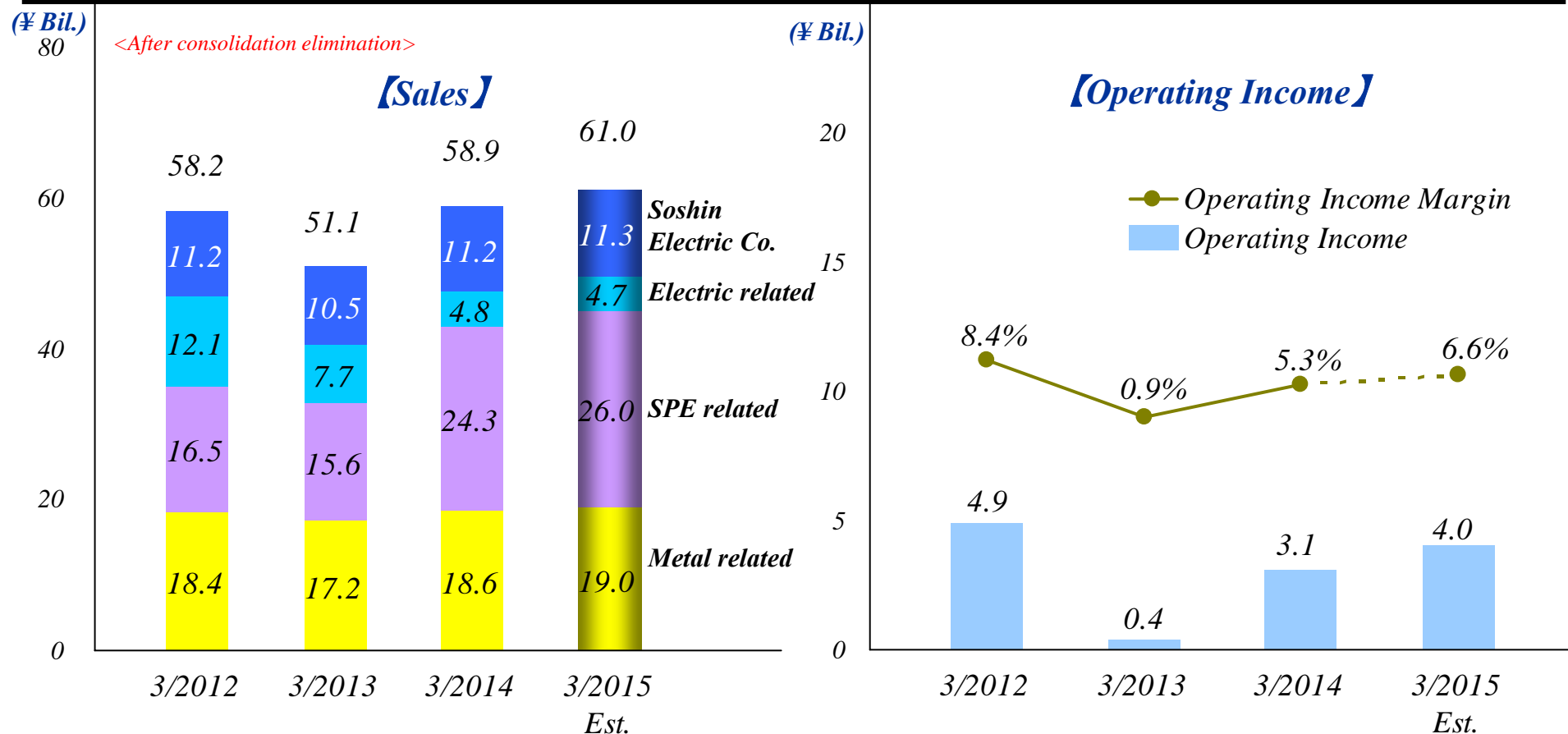
- Expansion of the mobile device market contributes to increase demand.
- Focus on technological development and cost-cutting.

<Beryllium Copper (Metal related products)>

- Chinese and Indian markets expand. Expand business through developing new markets and applications.

<Electric related products>

- Expand wafer business and facilitate the commercialization of new products.

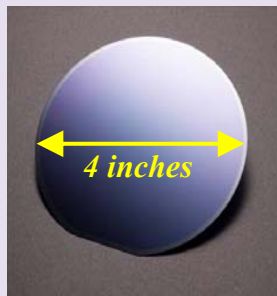


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New Wafer Products

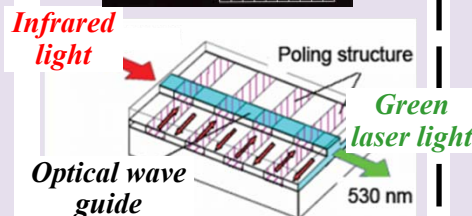
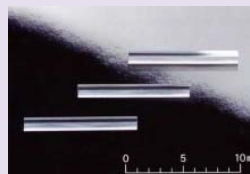
Bonded wafers

Bonded wafers for SAW filters



Maintain stable filter function under temperature changes

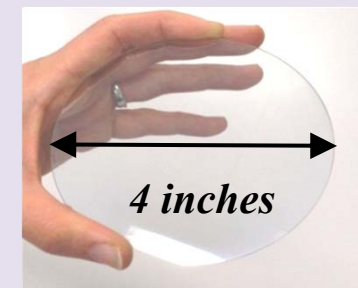
Wavelength conversion element



Creates green laser light using wavelength conversion technology

Prospective products

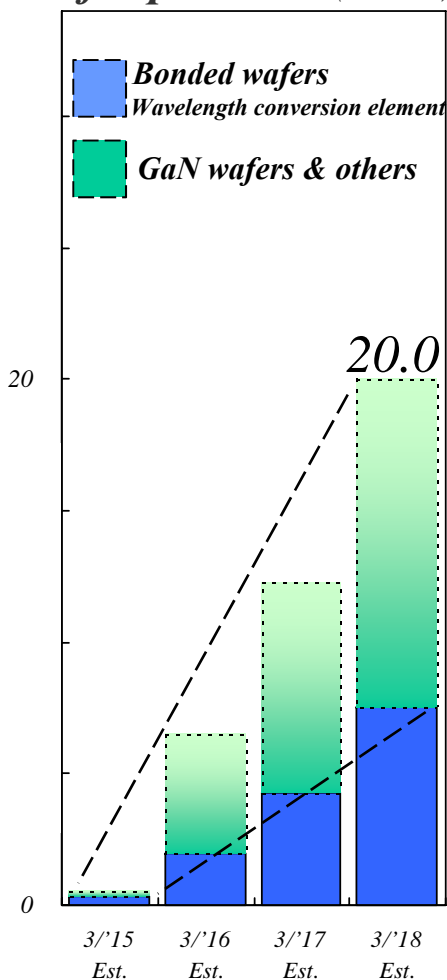
Gallium Nitride (GaN) Wafer



Creates high-brightness LED light sources that can reduce energy consumption by more than 50%

- Ultra bright blue and green LEDs
- High-power blue and green lasers
- Next generation power semiconductor

Sales target of new wafer products (¥ Bil.)



Devices

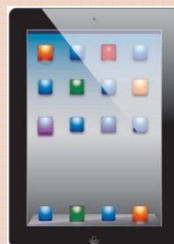
SAW filters

Ultra small green lasers

Final products



Smart phones



Tablet devices



Cinema projectors

Laser microscopes



Projectors for business use



Store illuminations



Head lights



Electric vehicles

1. *Further strengthen strong business from a medium to long-term perspective*

- ▶ *Accelerate company-wide “ Structural Innovation of Manufacturing ”*
- ▶ *Construct global production system in order to respond to demand expansion in emerging countries*
- ▶ *Steady implementation of restructuring (Insulators, Industrial Processing)*

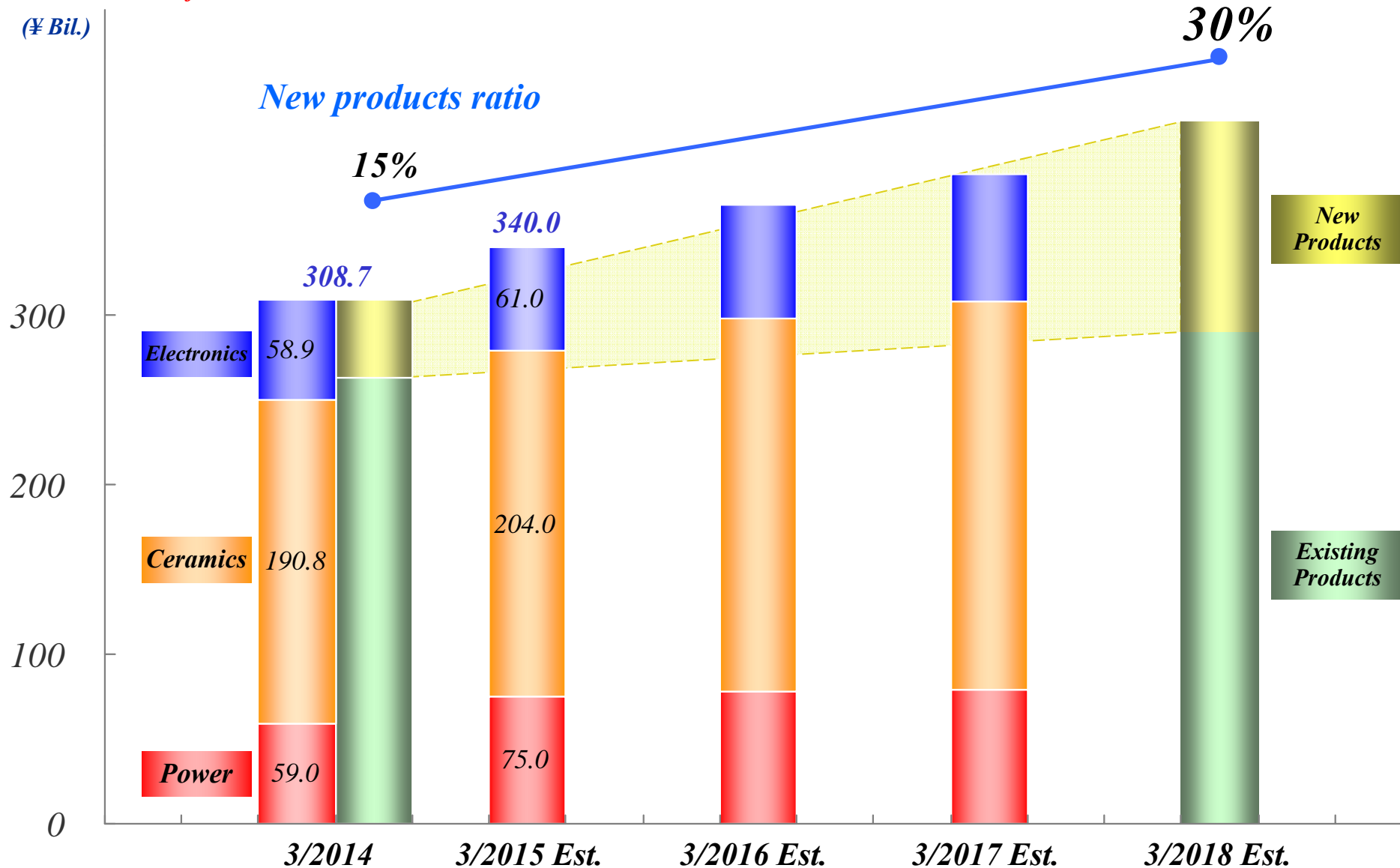
2. *Creation of new products and business - 2017 Challenge 30*

- ▶ *Launch full-fledged expansion of wafer business*
- ▶ *Quickly commercialize prospective products*
- ▶ *Narrow down the priority fields of research and expand development themes*



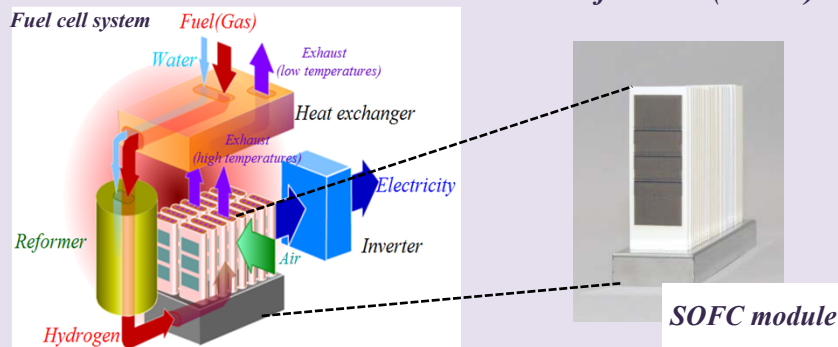
Target ratio of new products to total sales

<After Consolidation Elimination>

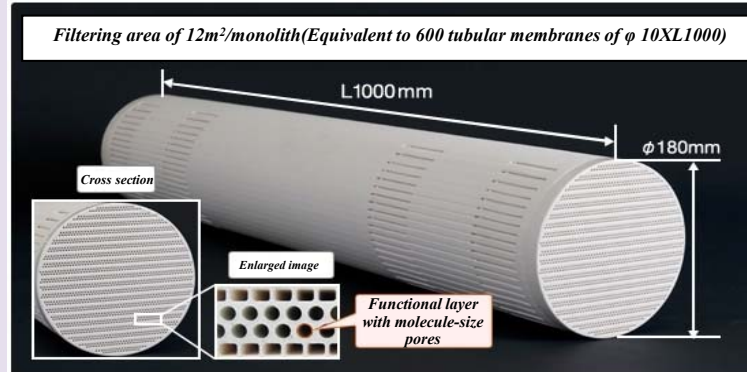


Ceramic fuel cell* module

*Solid oxide fuel cell (SOFC)



Ceramic membrane filter (DDR membrane)



Features

Highly efficient and durable power generation component

This component creates a chemical reaction using gas to generate electricity and heat, which is then used to heat water and contribute to energy conservation.

Uses

Residential use (Power 1kW)
Industrial use (Power 10kW)

Ceramic membrane that has molecule-size pores

This filter enables removal and recovery of specific constituents by separating mixed gases and liquids.

Natural gas and biogas purification (CO2 removal)
Purification of chemicals like acetic acid (dehydration)

Examples of final products

Smart houses (fuel cell for residential use)



Chemical plants (dehydration)



Progress

Under evaluation at large fuel cell system companies for commercialization

Started several field tests

NGK developed “chip type ceramic secondary batteries” which are ultra-slim, high energy dense and operable under high temperatures.

Features

- *The positive electrode plate made by NGK’s original crystalline orientation technology enables batteries to be ultra-thin and have an high energy density of above 300Wh/l.*
- *Operable under high temperatures (120 degrees Celsius), since every component is made from solid materials.*



The battery enables adjacent mounting with semiconductor components (IC, memory, diode) on the circuit board and contributes to reducing the size of electronic devices.

Usages



Wearable devices



Smart cards



Batteries for memory backup



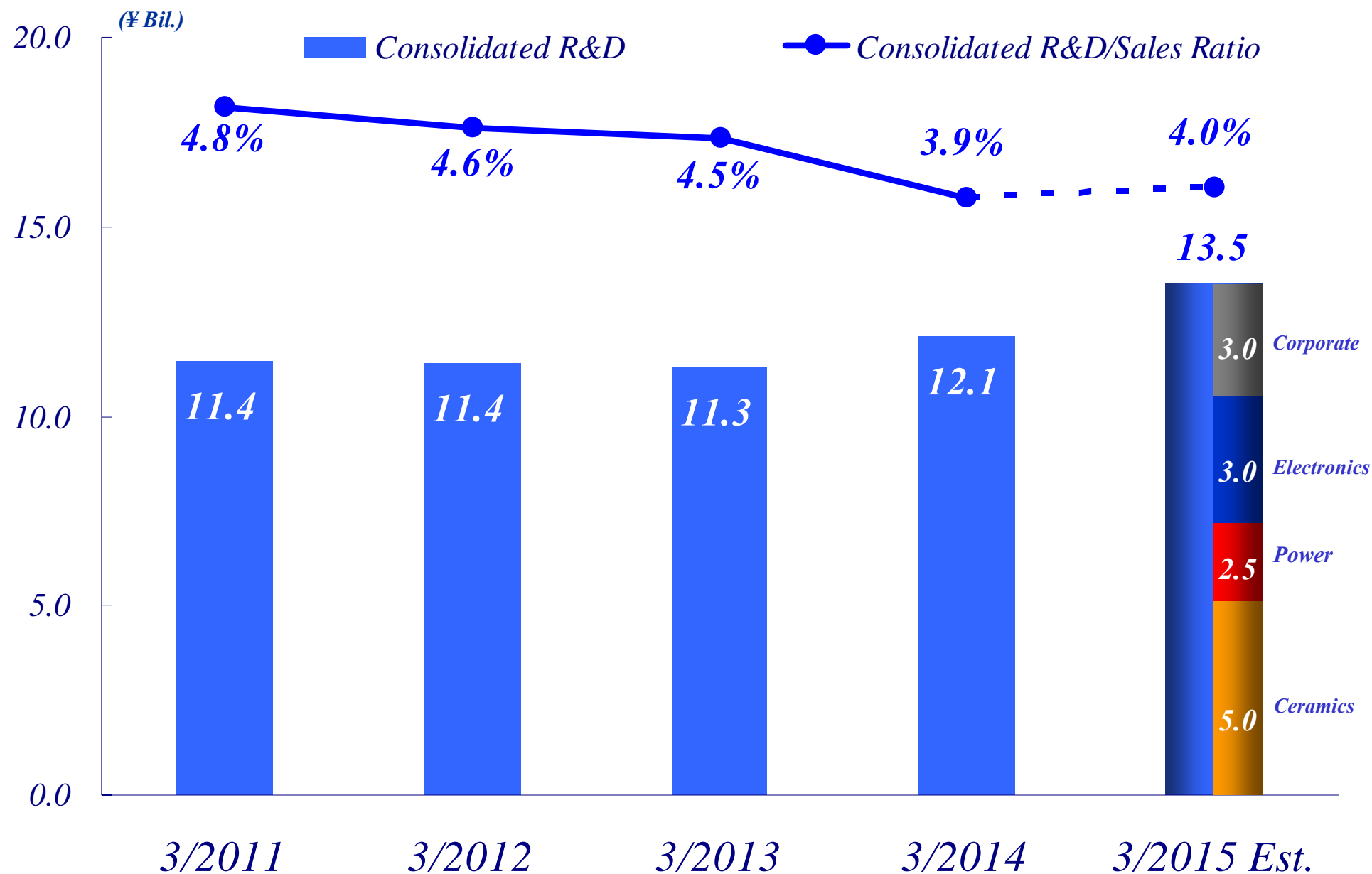
Solar watches

Plan

Design project-specific batteries and establish mass production technology. Aim to commercialize in FY2016.

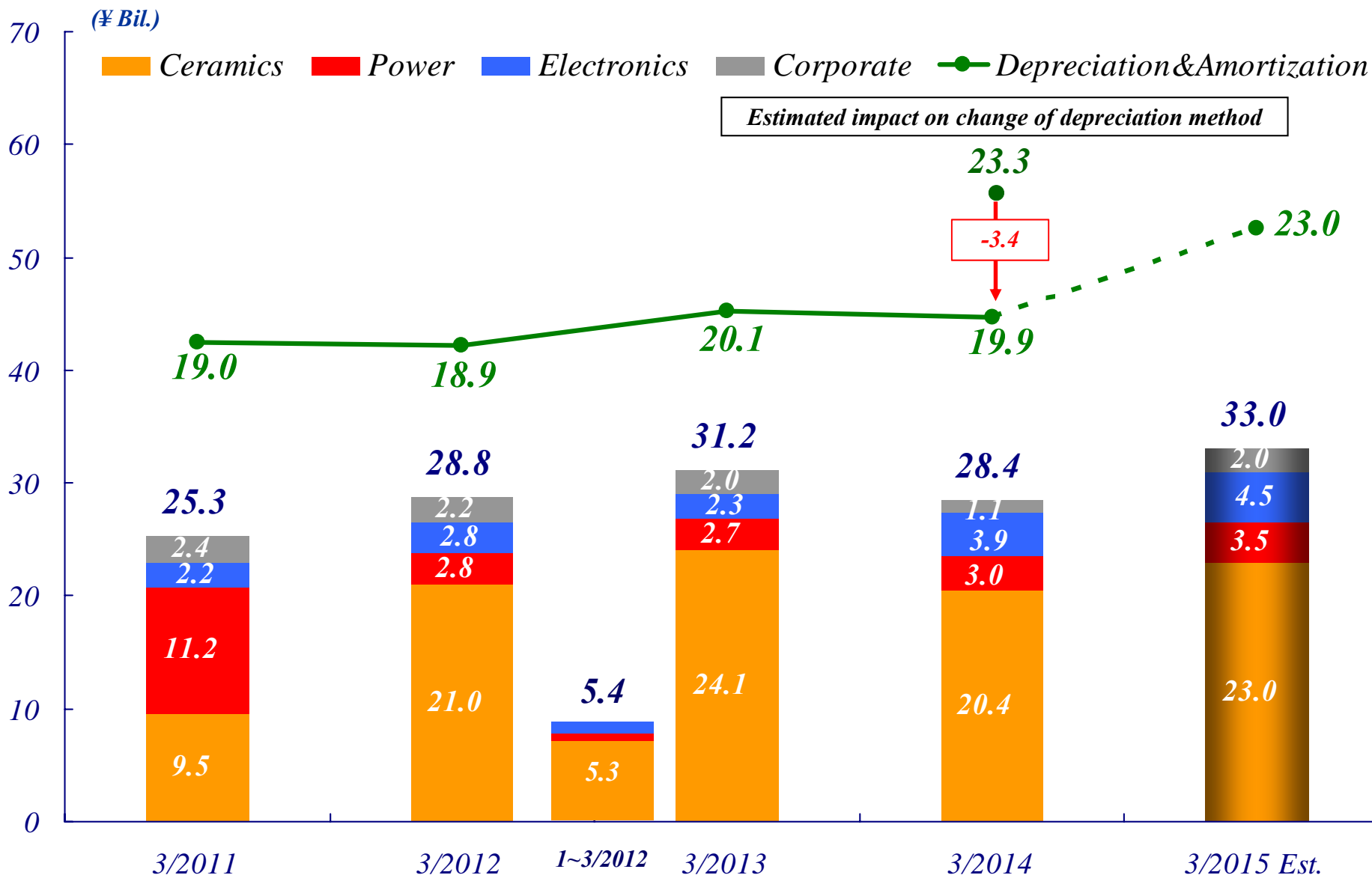


R&D Input





Capital Expenditure



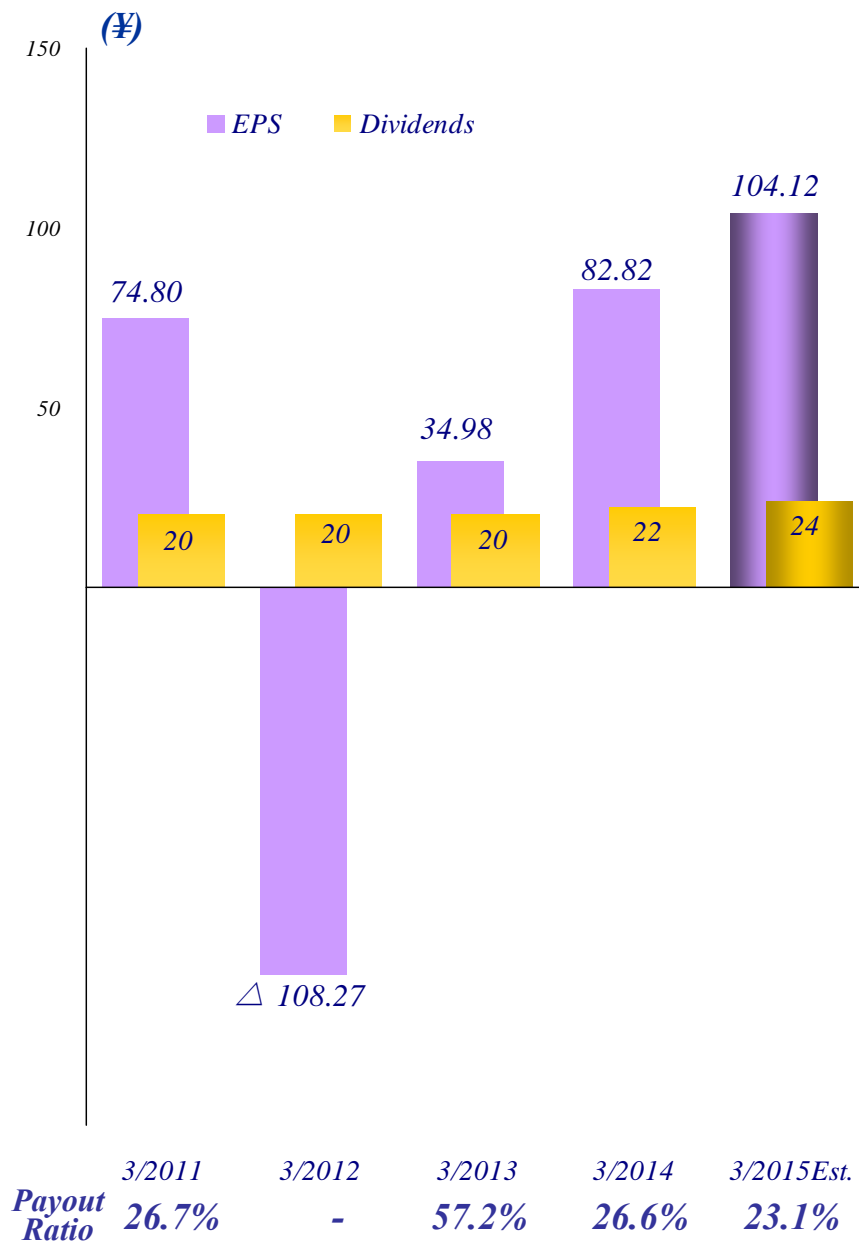
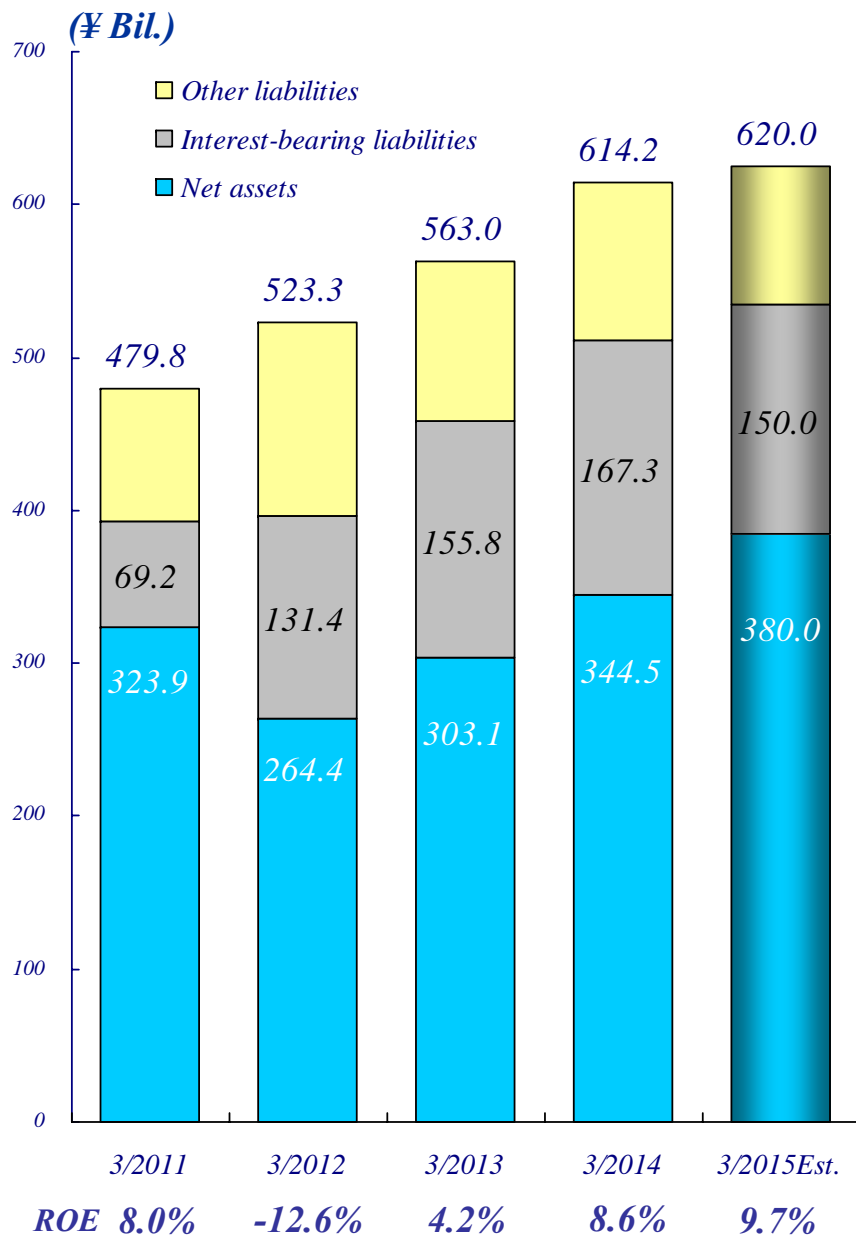
Capex overseas during the difference of FY



Summary of Consolidated Cash Flow

(¥ Bil.)

	3/2013	3/2014	3/2015Est.
<i>Operating Activities</i>	3.7	32.7	44.0
<i>Investing Activities</i>	-0.6	-21.2	-18.0
<i>Financing Activities</i>	12.4	2.0	-20.0
<i>Effect of exchange rate change</i>	2.9	3.4	-0.8
<i>Net Change in Cash & Eq-.</i>	18.4	16.9	5.2
<i>Effect of changing the FY period (1~3/12)</i>	-0.7	-	-
<i>Cash & Eq-. at the End of Year</i>	102.8	119.8	125.0



Sales by Product (annual)

<After consolidation elimination>

(¥Bil.)

	3/ 2012	3/ 2013	3/ 2014	3/ 2015 Est.
<i>Insulators</i>	54.9	57.6	53.9	57.0
<i>NAS battery</i>	0.9	0.1	5.1	18.0
<i>Power Business</i>	55.8	57.7	59.0	75.0
<i>Honeycomb Filters</i>	46.3	50.6	65.1	69.0
<i>SiC-DPF</i>	30.2	26.5	37.6	34.0
<i>Cd-DPF / LSH</i>	24.8	33.0	51.8	61.0
<i>NOx Sensors</i>	8.2	10.1	16.4	20.0
<i>Industrial Processing</i>	24.2	23.7	19.9	20.0
<i>Ceramics Business</i>	133.8	144.0	190.8	204.0
<i>Metal related</i>	18.4	17.2	18.6	19.0
<i>SPE related</i>	16.5	15.6	24.3	26.0
<i>Electric related</i>	12.1	7.7	4.8	4.7
<i>Soshin Electric Co.</i>	11.2	10.5	11.2	11.3
<i>Electronics Business</i>	58.2	51.1	58.9	61.0
<i>Total</i>	247.8	252.8	308.7	340.0

※Table figures have not been retroactively adjusted.

Sales by Product (semi-annual)

<After consolidation elimination>

(¥Bil.)

	3/ 2014		3/ 2015 Est.	
	1 st Half	2 nd Half	1 st Half	2 nd Half
<i>Insulators</i>	26.8	27.1	26.0	31.0
<i>NAS battery</i>	0	5.1	6.0	12.0
<i>Power Business</i>	26.8	32.2	32.0	43.0
<i>Honeycomb Filters</i>	31.5	33.6	34.0	35.0
<i>SiC-DPF</i>	16.9	20.7	17.0	17.0
<i>Cd-DPF / LSH</i>	23.7	28.1	30.0	31.0
<i>NOx Sensors</i>	7.2	9.2	9.0	11.0
<i>Industrial Processing</i>	7.9	11.9	8.0	12.0
<i>Ceramics Business</i>	87.3	103.5	98.0	106.0
<i>Metal related</i>	9.1	9.5	9.0	10.0
<i>SPE related</i>	10.4	13.9	13.0	13.0
<i>Electric related</i>	2.8	2.0	2.4	2.3
<i>Soshin Electric Co.</i>	5.5	5.7	5.6	5.7
<i>Electronics Business</i>	27.7	31.2	30.0	31.0
<i>Total</i>	141.8	166.9	160.0	180.0

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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