

## Summary of Consolidated Financial Results for the Three Months Ended June 30, 2015 [Japanese GAAP]

July 30, 2015

Company Name : NGK INSULATORS, LTD.  
 Stock Exchange Listings : Tokyo and Nagoya  
 Listing Code : 5333  
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Date of the Filing of Securities Report "Shihanki Hokokusho" (Scheduled) : August 7, 2015  
 Date of Dividend Payment (Scheduled) : —  
 Availability of supplementary explanatory materials prepared for financial results : None  
 Briefing session on financial results to be held : None

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

### 1. Consolidated financial results for the Three months ended June 30, 2015 (From April 1, 2015 to June 30, 2015)

#### (1) Consolidated operating results

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

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2015	104,535	27.2	19,937	35.4	19,906	43.4	13,845	22.1
Three months ended June 30, 2014	82,206	20.1	14,720	71.7	13,879	53.7	11,340	87.7

(Note) Comprehensive Income : Three months ended June 30, 2015 24,722 million yen 102.1%  
 : Three months ended June 30, 2014 12,234 million yen (26.1)%

	Profit per share	Diluted profit per share
	Yen	Yen
Three months ended June 30, 2015	42.40	42.32
Three months ended June 30, 2014	34.73	34.67

#### (2) Consolidated financial position

	Total assets	Total net assets	Ratio of net worth to total assets
	Millions of yen	Millions of yen	%
June 30, 2015	722,563	423,978	57.0
March 31, 2015	702,234	404,001	55.8

(Reference) Net worth : As of June 30, 2015, 411,598 million yen  
 : As of March 31, 2015, 392,054 million yen

### 2. Dividend payment

	Cash dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total (Full-year)
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2015	-	13.00	-	15.00	28.00
Year ending March 31, 2016	-	-	-	-	-
Year ending March 31, 2016 (forecast)	-	18.00	-	18.00	36.00

(Note) Revision of cash dividend forecast during this period : Yes.

### 3. Forecasts of consolidated financial results for the fiscal year ending March 31, 2016

(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, 2015	210,000	25.0	35,000	21.7	34,000	26.5	24,000	19.4	73.50
Year ending March 31, 2016	420,000	10.9	68,000	10.4	69,000	13.0	48,000	15.6	147.00

(Note) Revision of forecasts of consolidated financial results during this period : None.

#### 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) : None  
New — company ( ), Exclusion — company ( )

(2) Application of special accounting methods for preparing quarterly consolidated financial statements : None

(3) 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 "2. Consolidated Financial Statements (3) Notes to Consolidated Financial Statements (Changes in accounting policy)" on page 8 of the Appendix.

(4) Number of shares outstanding (Common Shares)

i. Number of shares outstanding at period end including treasury stocks	June 30, 2015	327,560,196 shares	March 31, 2015	327,560,196 shares
ii. Number of treasury stocks at period end	June 30, 2015	1,037,361 shares	March 31, 2015	1,033,304 shares
iii. Average number of shares outstanding over period	June 30, 2015	326,524,763 shares	June 30, 2014	326,546,985 shares

#### \* Presentation regarding the implementation status of review procedures

These financial statements are outside the scope of review procedures in accordance with the Financial Instruments and Exchange Law of Japan. At the time of disclosure of this report, the review procedures of the consolidated financial statements in accordance with the Financial Instruments and Exchange Law of Japan are in progress.

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

This document contains forward-looking statements that are based on information and certain assumption the Company has acquired and deemed reasonable as of the time of the release and the Company 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.

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## **1. Qualitative Information on Quarterly Financial Statements**

### **(1) Explanation of Business Results**

During the three months ended June 30, 2015, the Japanese economy remained on a moderate recovery course underpinned by improving corporate earnings and the employment and income environment. Overseas economies also continued on a path of moderate recovery, primarily in the developed economies, as indicated by such factors as the U.S. economic recovery as well as improvements in the European economy, despite concern about a slowdown in Chinese economic growth.

The NGK Group, thanks mainly to strong sales for diesel engine-automobiles in the European market and trucks in the U.S. market, saw solid demand for automotive ceramics in its Ceramics Business Segment. In the Electronics Business Segment, demand for ceramic components for semiconductor manufacturing equipment grew, on the back of the expansion of capital investment by semiconductor manufacturers. In addition, NGK Electronics Devices, Inc., which became a consolidated subsidiary in January 2015, contributed to the Group's sales. Furthermore, in the Power Business Segment, a large order of NAS® (sodium-sulfur) batteries for overseas was shipped.

As a result of the above, consolidated net sales for the three months ended June 30, 2015 increased by 27.2% year on year to ¥104,535 million. In terms of earnings, as a result of increased net sales and the effect of the weak yen, among other factors, operating income increased by 35.4% year on year to ¥19,937 million, ordinary income increased by 43.4% to ¥19,906 million and profit attributable to owners of the parent increased by 22.1% to ¥13,845 million.

By segment, the Power Business Segment posted ¥17,872 million in net sales, an increase of 30.7% year on year, and an operating income of ¥87 million, compared to an operating loss of ¥631 million in the same period of the previous year. In the Ceramics Business Segment, net sales increased by 13.4% year on year to ¥59,104 million and operating income increased by 19.8% year on year to ¥16,794 million. In the Electronics Business Segment, net sales increased by 68.0% year on year to ¥27,590 million and operating income increased by 130.2% year on year to ¥3,055 million.

### **(2) Explanation of Financial Position**

As of June 30, 2015, total assets were ¥722,563 million, an increase of ¥20,329 million from the previous fiscal year-end. This was mainly due to increases in cash and bank deposits, inventories and investment securities, etc., despite a decrease in securities.

Total liabilities remained at roughly the same level as at the previous fiscal year-end, increasing by ¥352 million to ¥298,584 million.

Total net assets stood at ¥423,978 million, or ¥19,977 million higher than the previous fiscal year-end, due to increases in retained earnings and foreign currency translation adjustments.

### **(3) Explanation of Forward-looking Statements including Forecasts for Consolidated Financial Statements**

With regard to the financial results forecasts for the full year ending March 31, 2016, no revisions have been made to those announced on May 12, 2015 and the previous forecasts remain unchanged. If there is any necessity to revise the full year forecasts, updated information will be disclosed immediately.

Financial results forecasts are based on information that are currently available and actual results may differ materially from those in the forecasts due to various factors.

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheet

(Millions of yen)

	As of June 30, 2015	As of March 31, 2015
<b>Assets</b>		
Current assets		
Cash and bank deposits	82,598	69,958
Notes and accounts receivable trade	87,117	88,979
Securities	87,894	98,104
Inventories	119,741	111,498
Other	27,464	29,841
Allowance for doubtful accounts	(1,288)	(1,220)
Total current assets	403,528	397,160
Non-current assets		
Tangible assets		
Buildings and structures	65,059	63,621
Machinery and vehicles	92,215	89,258
Other	48,183	46,380
Total tangible assets	205,459	199,259
Intangible assets	3,971	4,185
Investments and other assets		
Investment securities	85,991	78,856
Other	23,776	22,935
Allowance for doubtful accounts	(163)	(162)
Total investments and other assets	109,604	101,629
Total non-current assets	319,035	305,074
<b>Total assets</b>	<b>722,563</b>	<b>702,234</b>

(Millions of yen)

	As of June 30, 2015	As of March 31, 2015
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable trade	36,790	36,057
Short-term borrowings	6,340	4,320
Income taxes payable	2,031	3,480
Provision for NAS battery safety measures	7,140	7,342
Provision for loss related to competition law	9,300	9,300
Other	42,072	46,624
Total current liabilities	103,675	107,126
Long-term liabilities		
Long-term borrowings	146,393	145,537
Net defined benefit liability	20,415	20,222
Other	28,100	25,345
Total long-term liabilities	194,909	191,106
<b>Total liabilities</b>	<b>298,584</b>	<b>298,232</b>
<b>Net assets</b>		
Shareholders' equity		
Common stock	69,849	69,849
Capital surplus	72,099	72,099
Retained earnings	232,987	224,040
Treasury stock	(1,420)	(1,403)
Total shareholders' equity	373,516	364,585
Accumulated other comprehensive income		
Unrealized gain on available -for-sale securities	29,961	26,394
Deffered gain on derivatives under hedge accounting	4	7
Foreign currency translation adjustments	14,927	7,983
Remeasurements of defined benefits plans	(6,811)	(6,915)
Total accumulated other comprehensive income	38,081	27,469
Stock acquisition rights	846	886
Non-controlling interests	11,534	11,060
<b>Total net assets</b>	<b>423,978</b>	<b>404,001</b>
<b>Total liabilities and net assets</b>	<b>722,563</b>	<b>702,234</b>

**(2) Consolidated Statements of Income  
and Consolidated Statements of Comprehensive Income**

**Consolidated Statements of Income**

(Millions of yen)

	Three months ended June 30,2015	Three months ended June 30,2014
<b>Net sales</b>	<b>104,535</b>	<b>82,206</b>
Cost of sales	68,516	52,649
<b>Gross profit</b>	<b>36,018</b>	<b>29,556</b>
Selling, general and administrative expenses	16,080	14,835
<b>Operating income</b>	<b>19,937</b>	<b>14,720</b>
Non-operating income		
Interest income	189	164
Dividend income	781	574
Foreign Exchange gain	266	-
Other	226	346
Total non-operating income	1,463	1,085
Non-operating expenses		
Interest expense	500	542
Foreign Exchange loss	-	493
Loss on valuation of derivative	316	-
Equity in loss of unconsolidated subsidiaries and associated companies	571	700
Other	106	190
Total non-operating expense	1,494	1,926
<b>Ordinary income</b>	<b>19,906</b>	<b>13,879</b>
Extraordinary income		
Gain on sales of fixed assets	17	546
Total extraordinary income	17	546
Extraordinary loss		
Loss on sales and disposals of fixed assets	55	40
Total extraordinary loss	55	40
<b>Income before income taxes and non controlling interests</b>	<b>19,868</b>	<b>14,385</b>
Income taxes -current	3,035	1,993
Income taxes -deferred	2,882	855
<b>Income taxes - total</b>	<b>5,918</b>	<b>2,848</b>
<b>Profit</b>	<b>13,949</b>	<b>11,536</b>
<b>Profit attributable to non-controlling interests</b>	<b>104</b>	<b>196</b>
<b>Profit attributable to owners of parent</b>	<b>13,845</b>	<b>11,340</b>



**Consolidated Statement of Comprehensive Income**

(Millions of yen)

	Three months ended June 30,2015	Three months ended June 30,2014
Profit	13,949	11,536
Other comprehensive income		
Unrealized gain on available-for-sale securities	3,571	3,501
Deferred losses on hedges	(2)	(4)
Foreign currency translation adjustments	7,105	(3,127)
Remeasurements of defined benefit plans	72	292
Share of other comprehensive income of associates accounted for by using the equity method	24	36
Total other comprehensive income	10,772	698
Comprehensive Income	24,722	12,234
Comprehensive Income attributable to:		
Owners of parent	24,457	12,005
Non-controlling interests	264	229

### **(3) Notes to Consolidated Financial Statements**

#### **(Changes in accounting policy)**

Effective from the first quarter of fiscal 2015, the Company adopted the Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013, hereinafter, “Business Combinations Standard”), Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013, hereinafter, “Consolidated Financial Statements Standard”) and the Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013, hereinafter, “Business Divestitures Standard”) and others. Accordingly, the Company’s accounting policies have been changed; the difference arising from a change in the Company’s ownership interest in a subsidiary over which the Company continues to have control is recorded as capital surplus and acquisition-related costs are expensed in the consolidated fiscal year when they are incurred. In addition, for business combinations to be performed at and after the beginning of the first quarter of fiscal 2015, a method was changed to recognize an adjustment to the provisional amount arising from the finalization of the tentative accounting treatment relating to the allocation of acquisition cost in the consolidated financial statements for the quarter where the date of business combination belongs. In addition, the Company has changed the presentation of net income and other related items, and the presentation of “minority interests” to “non-controlling interests.” To reflect this change in presentation, the reclassification of accounts has been made to the consolidated financial statements for the three months ended June 30, 2014 and the fiscal year ended March 31, 2015.

The Business Combinations Standard and others were adopted in accordance with transitional treatments stipulated in Paragraph 58-2 (4) of the Business Combinations Standard, Paragraph 44-5 (4) of the Consolidated Financial Statements Standard and Paragraph 57-4 (4) of the Business Divestitures Standard, and they have been prospectively adopted from the beginning of the first quarter of the fiscal 2015.

These changes have no impact on the consolidated financial statements for the first three months ended June 30, 2015.

#### **(Note on the assumption as a going concern)**

Not applicable

#### **(Significant changes in stockholder's equity)**

Not applicable

#### **(Consolidated Balance Sheet)**

##### Contingent liabilities

The NGK Group is subject to an international investigation on the situation of competition, and the investigation is ongoing. In the previous fiscal year-end, the NGK Group recognized the estimated amount for potential losses as “Provision for loss related to competition law”, however, additional losses may arise if new facts become known. Detailed information of this investigation is not disclosed because it may influence the investigation and result in putting the NGK Group at an extreme disadvantage.

**(Segment information)**

(1) Three months ended June 30, 2015 ( from April 1, 2015 to June 30, 2015 )

(Millions of yen)

	Business Segment				Elimination or Adjustment	Consolidated
	Power	Ceramics	Electronics	Total		
Sales						
Sales to customers	17,866	59,077	27,590	104,535	-	104,535
Intersegment sales	6	26	-	33	(33)	-
Total sales	17,872	59,104	27,590	104,568	(33)	104,535
Operating income	87	16,794	3,055	19,937	-	19,937

(2) Three months ended June 30, 2014 ( from April 1, 2014 to June 30, 2014 )

(Millions of yen)

	Business Segment				Elimination or Adjustment	Consolidated
	Power	Ceramics	Electronics	Total		
Sales						
Sales to customers	13,668	52,110	16,427	82,206	-	82,206
Intersegment sales	8	18	-	27	(27)	-
Total sales	13,677	52,128	16,427	82,233	(27)	82,206
Operating income (loss)	(631)	14,015	1,327	14,710	10	14,720

(Notes) 1. Elimination or adjustment of operating income (loss) is an adjustment of intersegment transactions.

## 2. Main products by business segment

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, corrosion-resistant ceramic apparatuses, for chemical industries, gas analyzer, industrial heating systems, refractory products and radioactive waste treatment systems
Electronics	Beryllium copper wrought products, molds and ceramic components for electronics and semiconductor manufacturing equipment