



June 11, 2020

Company Name: NGK INSULATORS, LTD.
Listing Code: 5333
Stock Exchange Listings: Tokyo and Nagoya
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Notice Concerning Consolidated Financial Results Forecast and Dividend Forecast

NGK INSULATORS, LTD. ("NGK") announces that it finalized the consolidated financial results forecast and the dividend forecast for the fiscal year ending March 2021, which were yet to be determined in the "Summary of Consolidated Financial Results for the Year Ended March 31, 2020 [Japanese GAAP]" announced on May 18, 2020, as follows.

1. Consolidated Financial Results Forecast

(1) Consolidated financial results forecast for the six months ending September 30, 2020 (April 1, 2020 to September 30, 2020)

(Millions of yen)	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Profit per share
Previous forecast (A)	—	—	—	—	(yen) —
Revised forecast (B)	190,000	3,000	1,500	1,000	3.16
Change (B-A)	—	—	—	—	—
Change (%)	—	—	—	—	—
For Reference: Results from the same period of the previous year (the six months ended September 30, 2019)	219,766	31,643	29,679	21,244	66.02

(2) Consolidated financial results forecast for the fiscal year ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Profit per share
Previous forecast (A)	—	—	—	—	(yen) —
Revised forecast (B)	420,000	30,000	29,000	17,000	53.71
Change (B-A)	—	—	—	—	—
Change (%)	—	—	—	—	—
For Reference: Results from the previous year (the fiscal year ended March 31, 2020)	441,956	55,000	51,952	27,135	84.73

(3) Reason for the consolidated financial results forecast

Although the pace of the spread of COVID-19 is gradually slowing, the global economy is expected to post negative growth due to a significant contraction in economic activities.

Under these circumstances, NGK expects the demand for automobile-related products in its mainstay ceramics business to decline substantially, even if it takes into account the positive factors resulting from tighter exhaust gas regulations, on the assumption that passenger car sales in fiscal 2020 will decline by approximately 20% from the previous year. On the other hand, in the process technology business, the impact of COVID-19 is expected to be minimal, and the demand for semiconductors for smartphones and 5G communications base stations is expected to increase, while the volume of products for semiconductor manufacturing equipment is also expected to increase. Based on the exchange rates of 1 dollar=105 yen and 1 euro=115 yen, net sales and profits are expected to fall sharply from the

previous fiscal year on a company-wide basis due to the deterioration of the performance of the ceramics business.

The adverse effect of COVID-19 is expected to amount to 80 billion yen in net sales and 50 billion yen in operating income, compared with a profit improvement of 10 billion yen due to measures such as reduced capital investment and cost reductions.

Forward-looking statements or projections are based on the information currently available to NGK and certain premises that are judged to be reasonable. They are not intended to constitute NGK's commitment to achieving them. It is unclear when the COVID-19 epidemic will come to an end, and actual results may vary significantly depending on various factors.

2. Dividend forecast

(1) Dividend payment forecast for the fiscal year ending March 31, 2021

	Annual Dividends (Yen)		
	Interim	Year-end	Total
Previous forecast	—	—	—
Revised forecast	10.00	20.00	30.00
Results for Current Period	—	—	—
For Reference: Results for the Previous Period (the fiscal year ended March 31, 2020)	25.00	25.00	50.00

*Year-end dividends for the fiscal year ended March 2020 are subject to resolution at the 154th Annual Shareholders' Meeting to be held on June 29, 2020.

(2) Reasons for the dividend forecast

NGK places a high priority on the interests of shareholders, and positions continuous improvement of corporate value and return of profits as one of the most important management policies.

NGK regards return on equity (ROE) that exceeds the cost of capital as an essential medium- to long-term goal for its major management indicators, and it is working to make improvements by using the NGK version of ROIC (calculating operating income, equipment, inventory, and accounts receivable by product), which can be managed by each business segment.

NGK pays cash dividends with a dividend rate of 3% on net assets and a consolidated dividend payout ratio of approximately 30% over the medium term, considering the management of net assets in line with changes in business risks and the linkage to business results (ROE) for approximately three years, as well as in consideration of cash flow forecasts and other factors.

(Reference)

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Consolidated Results — Segment Information
(After Elimination of Inter-Segment Transactions)

(Billions of yen)

Total	FY2019 Results	
	1st Half	YTD
Consolidated Sales	219.8	442.0
Consolidated Op. Income	31.6	55.0
Op. Income Ratio	14%	12%

FY2020 Revised Forecast	
1st Half	YTD
190.0	420.0
3.0	30.0
2%	7%

Energy Infrastructure Business*

Consolidated Sales	20.6	43.3
Consolidated Op. Income	(2.4)	(4.9)
Op. Income Ratio	—	—

20.0	43.0
(2.0)	(4.0)
—	—

*As a result of the organizational change effective April 1, 2020, the Power Business was renamed the Energy Infrastructure Business.

Ceramics Business

Consolidated Sales	128.2	251.8
Consolidated Op. Income	30.9	53.5
Op. Income Ratio	24%	21%

92.0	210.0
2.0	23.0
2%	11%

Electronics Business

Consolidated Sales	28.3	55.4
Consolidated Op. Income	0.4	0.0
Op. Income Ratio	1%	0%

25.0	57.0
(1.5)	1.0
—	2%

Process Technology Business

Consolidated Sales	42.7	91.5
Consolidated Op. Income	2.7	6.4
Op. Income Ratio	6%	7%

53.0	110.0
4.5	10.0
8%	9%