



April 28, 2020

Company Name: NGK INSULATORS, LTD.  
Listing Code: 5333  
Stock Exchange Listings: Tokyo and Nagoya  
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Notice Regarding Revision to Consolidated Financial Results Forecasts for the full year ended March 31, 2020 and Recognition of Impairment Loss, Loss on valuation of shares of subsidiaries and associates and other related losses (Extraordinary losses)

As NGK INSULATORS, LTD. ("NGK") announced on April 15, 2020 that it expects a while for the settlement of accounts, the date of announcement for consolidated financial results for the fiscal year ended March 31, 2020 is scheduled on May 18, 2020. NGK hereby announces that it has revised the consolidated financial results forecasts for the full year ended March 31, 2020 announced on October 31, 2019 based on currently available information. As it is difficult to clearly assume a recovery of car sales in decline due to the spread of COVID-19 as of this moment, NGK decided to recognize impairment loss in a foreign subsidiary which has a large number of undepreciated balance of fixed assets based on conservatism principle. As a result of above, the financial results forecasts incorporating impairment loss on fixed assets (consolidated), loss on valuation of shares of subsidiaries and associates and other related losses (non-consolidated) have been revised as below (2. Revisions to the consolidated financial results forecasts for the full year ended March 31, 2020).

1. Recognition of Impairment loss (consolidated) and loss on valuation of shares of subsidiaries and associates and other related losses (non-consolidated)

NGK established NGK Ceramics (Thailand) Co., Ltd. ("NGK Thailand") in 2015 and has continued to make capital investment to boost production in response to demand expected to grow in mid-long term with tightening emission regulations in China and Asian emerging countries. However, the production volume in NGK Thailand continues lower than the expectation due to a delay in implementing emission regulation for trucks in China (China 6) and decline in global car sales and productions incurred by the spread of COVID-19. Though NGK expects sales growth through the strength of the tightening of emission regulations, as it assumes a while for impact of COVID-19 being settled down, NGK Thailand will recognize impairment loss of approximately ¥10 billion. In addition, as net asset value of NGK Thailand will be damaged by recognition of its impairment loss, in terms of non-consolidated statement of income, NGK will recognize loss on valuation of shares of subsidiaries and associates, provision of allowance for doubtful accounts for subsidiaries and associates and other related losses, totaling of ¥17 billion. However, those extraordinary losses to be recognized in non-consolidated statement of income are to be eliminated in consolidated accounting procedure, no impact is on the consolidated financial results.

2. Revisions to the consolidated financial results forecasts for the full year ended March 31, 2020

Forecasts of consolidated financial results for the full year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Profit per share
Previous forecast (A)	450,000	60,000	60,000	42,000	(yen) 131.28
Revised forecast (B)	442,000	55,000	52,000	27,000	84.31
Change (B-A)	(8,000)	(5,000)	(8,000)	(15,000)	—
Change (%)	(1.8%)	(8.3%)	(13.3%)	(35.7%)	—
For Reference: Results from previous year (the year ended March 31, 2019)	463,504	64,705	64,410	35,506	110.35

3. Reason for revisions

In terms of net sales, in the Ceramics Business Segment, shipments and productions mainly of ceramic substrates for catalytic conversion (HONEYCERAM) fell short of the prediction in conjunction with decreases in global car sales and productions to the end of a term due to the impact of the spread of COVID-19. In the Electronics Business Segment, demand for package products was sluggish on the backdrop of stagnant capital investments for mobile phone base stations in China. As a result, net sales are expected to fall short of previous forecasts.

In terms of earnings, mainly a decrease in net sales causes operating income and ordinary income to fall short of previous forecasts. Profit attributable to owners of parent will be greatly less than previous forecasts due to impairment loss.

The year-end dividend forecast (¥25 per share) remains unchanged.

The consolidated financial results forecasts for the fiscal year assume that average exchange rates during the period: ¥109 to the U.S. dollar and ¥121 to the euro. Financial results forecasts are based on information available at the time of the release, but are subject to many uncertainties. Actual results therefore may vary from forecasts due to changes in business conditions and other factors. Your understanding is appreciated.

(Reference)

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NGK INSULATORS, LTD.

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

(Billions of yen)

Total	FY2018 Results
Consolidated Sales	463.5
Consolidated Op. Income	64.7
Op. Income Ratio	14%

FY2019	
Previous Forecast	Revised Forecast
450.0	442.0
60.0	55.0
13%	12%

Power Business \*

Consolidated Sales	49.8
Consolidated Op. Income	(8.5)
Op. Income Ratio	-

44.0	43.0
(5.5)	(5.0)
-	-

\*Power Business was renamed Energy Infrastructure Business as of April 1, 2020

Ceramics Business

Consolidated Sales	251.4
Consolidated Op. Income	55.9
Op. Income Ratio	22%

258.0	252.0
58.0	53.5
22%	21%

Electronics Business

Consolidated Sales	58.8
Consolidated Op. Income	(0.3)
Op. Income Ratio	-

56.0	55.0
1.0	0.0
2%	-

Process Technology Business

Consolidated Sales	103.4
Consolidated Op. Income	17.6
Op. Income Ratio	17%

92.0	92.0
6.5	6.5
7%	7%