

# ***NGK Insulators, Ltd.***

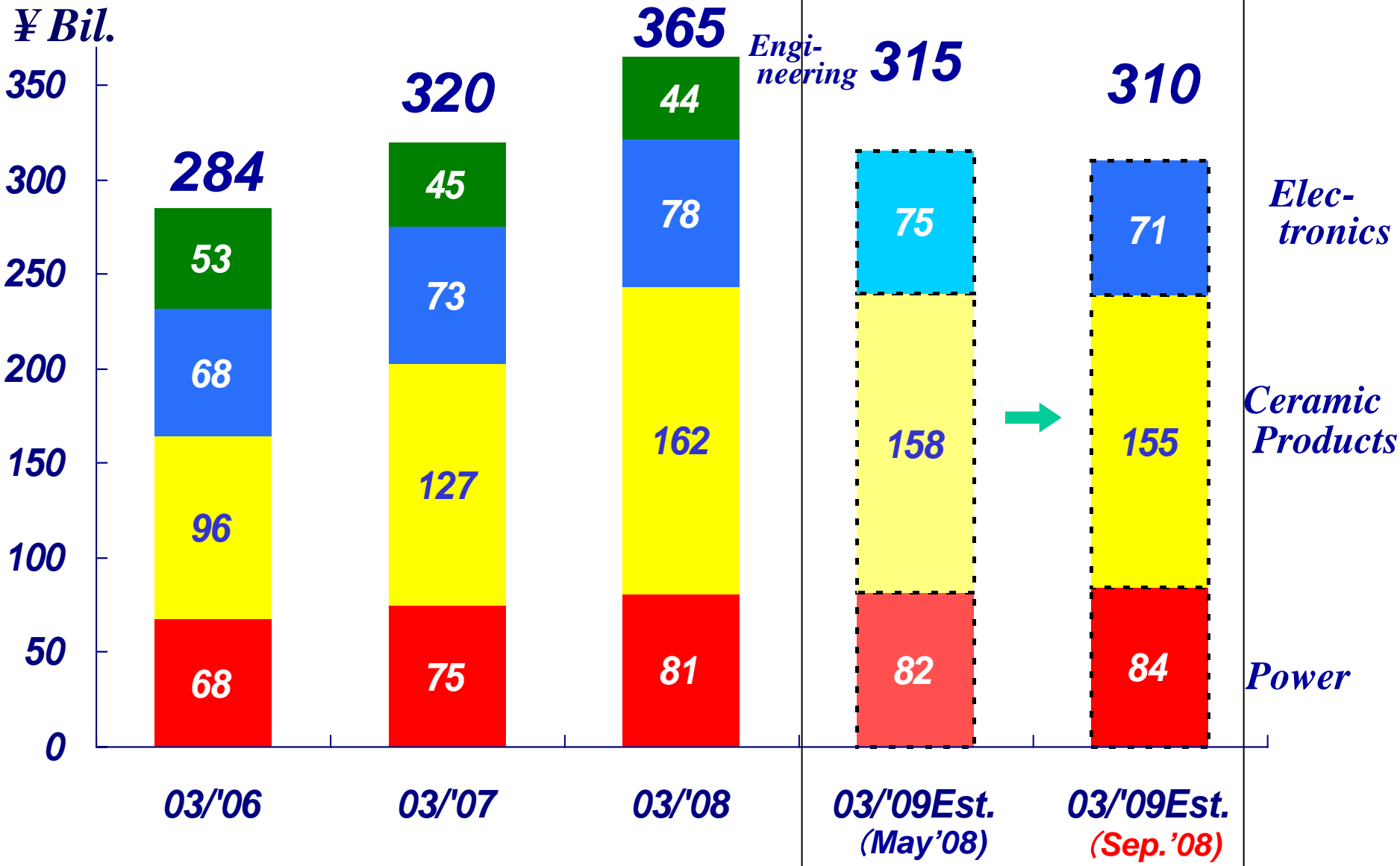
***Sept. 2008***

## *Disclaimer regarding forward-looking statement*

*The foregoing materials contains forward-looking statements that were based on management's expectations, estimates, projections and assumptions that were available and reasonable at the time of announcement. Actual future results and trends may differ materially from what is the forecast in forward-looking statements due to a variety of factors.*

# Net Sales of NGK

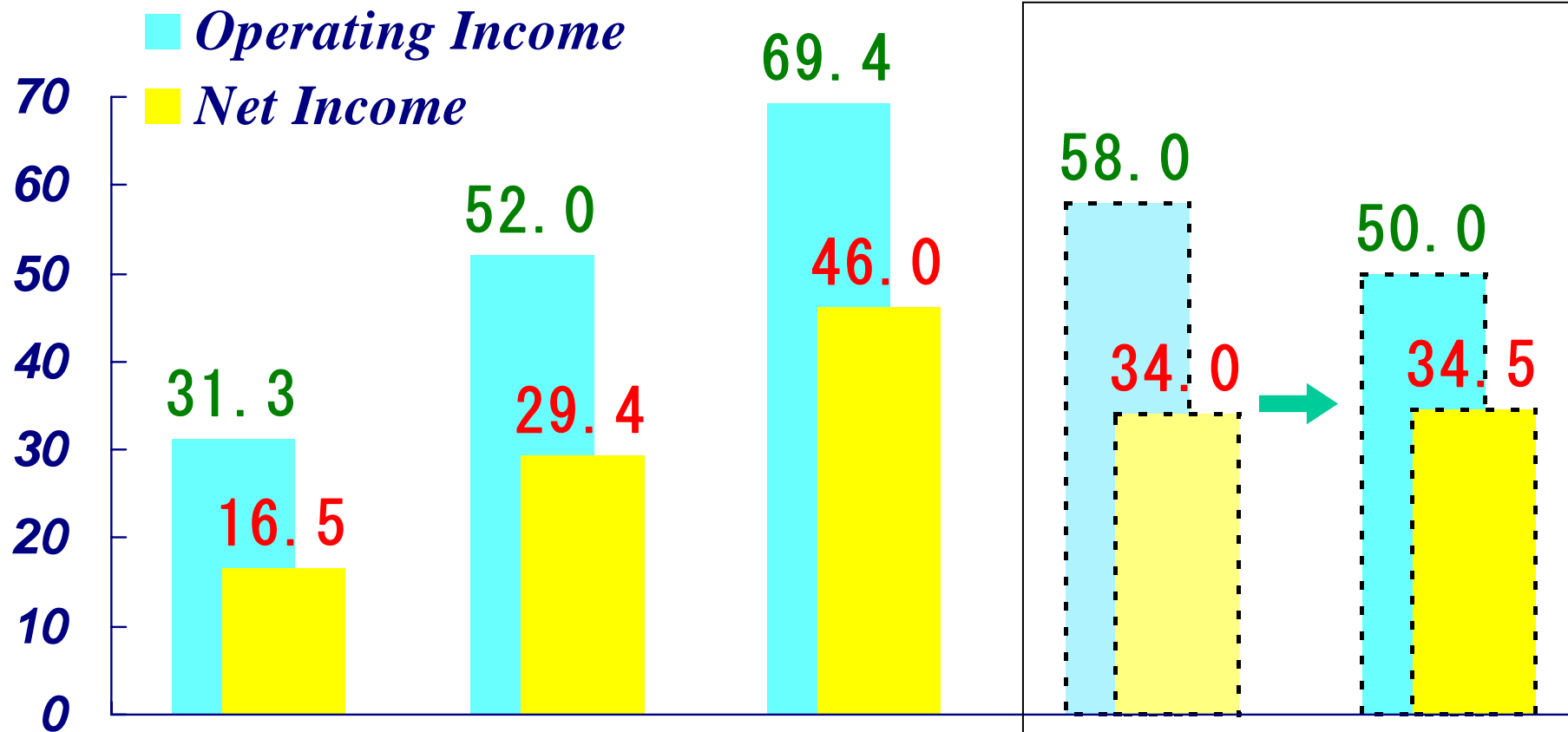
After consolidation elimination



# Income of NGK

¥ Bil.

◆ Major extraordinary items ;  
03/'08 ¥10.1Bil. Gain on sales of securities



annual average

<¥/\$> <111>

<116>

<118>

<100>

<105>

<¥/Euro> <137>

<147>

<162>

<155>

<159>

# Forecast for Fiscal Year Ended March 2009

(¥Bil.)

	03/'08		03/'09 Est.	
		<i>Prev.</i>	<i>Rev.</i>	<i>Change</i>
<i>Net Sales</i>	364.9	315.0	310.0	- 2%
<i>Operating Income</i>	69.4	58.0	50.0	-14%
<i>Ordinary Income</i>	69.3	58.0	53.0	- 9%
<i>Net Income</i>	46.0	34.0	34.5	+ 1%
<i>FOREX Rates</i>	118	100	105	¥/US\$
	162	155	159	¥/ER

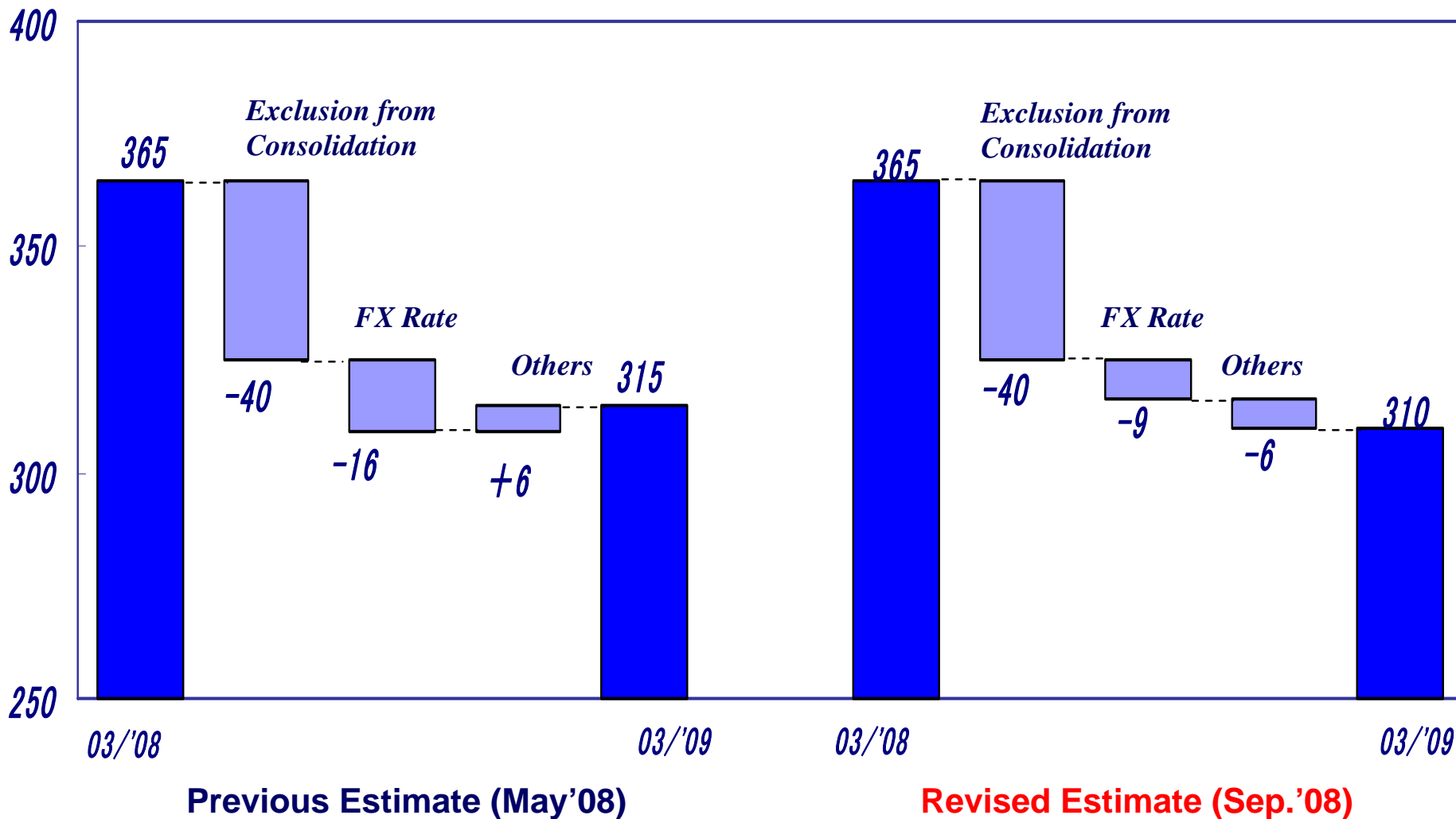
## *The Points of Fiscal Year 2008*

*- Significant change from previous announcement*

- ◆ *Ceramic Products Business has been affected by slow down auto sales, especially in U.S.*
- ◆ *Ceramic components for Semi-conductor Production Equipment has been down due to a difficult semiconductor industry environment.*
- ◆ *Strong demand for Insulators in China and Middle-East.*
- ◆ *Tax effect on retained earnings of foreign, mainly European, subsidiaries.*

# Factors of Sales Variation

¥ Bil.

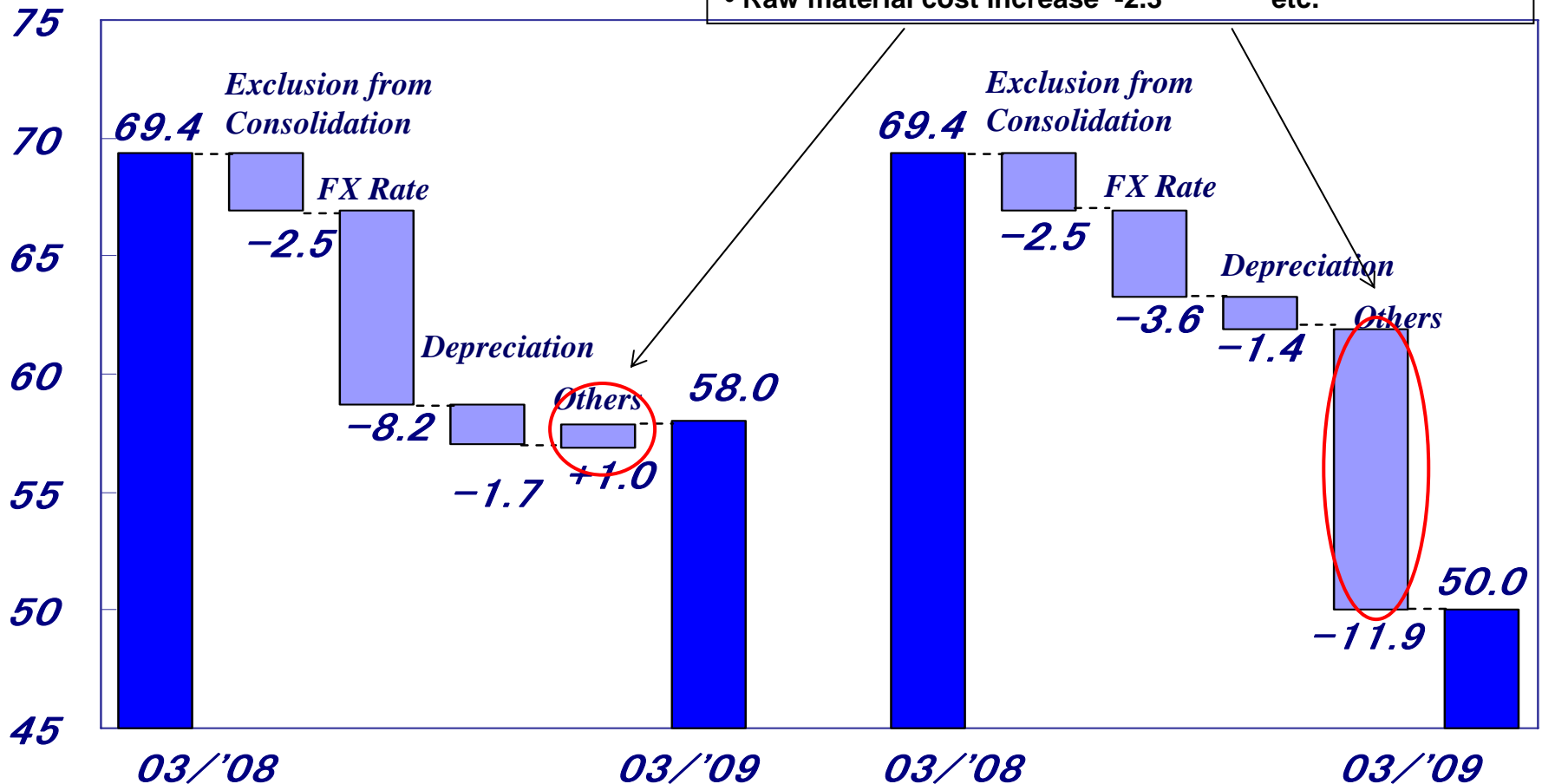


# Factors of Op. Income Variation

¥ Bil.

Principal factors of change of "Others" from +1.0 to -11.9

- Slow down U.S. auto sales -6.9
- Stagnation of Ceramics components for SPE -2.5
- Raw material cost increase -2.3 etc.



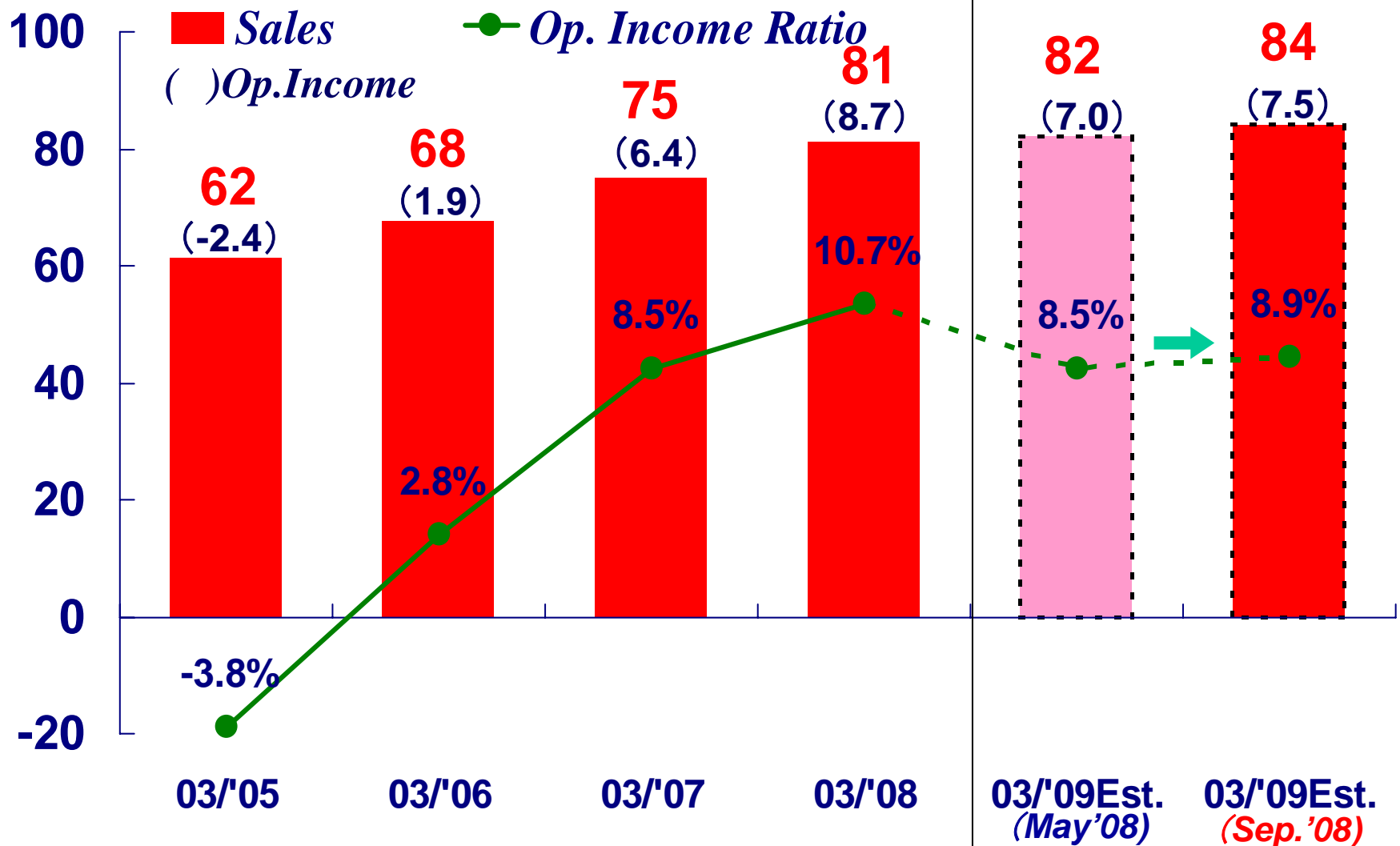
Previous Estimate (May'08)

Revised Estimate (Sep.'08)

# Power Business Sales & Operating Income

After consolidation elimination

¥Bil.



# *Overview / Tasks in Power Business - Insulators*

## *◆ Insulators - Expanding Chinese market.*

### *➤ Domestic market*

*Promote replacement of insulators.*

### *➤ Overseas market*

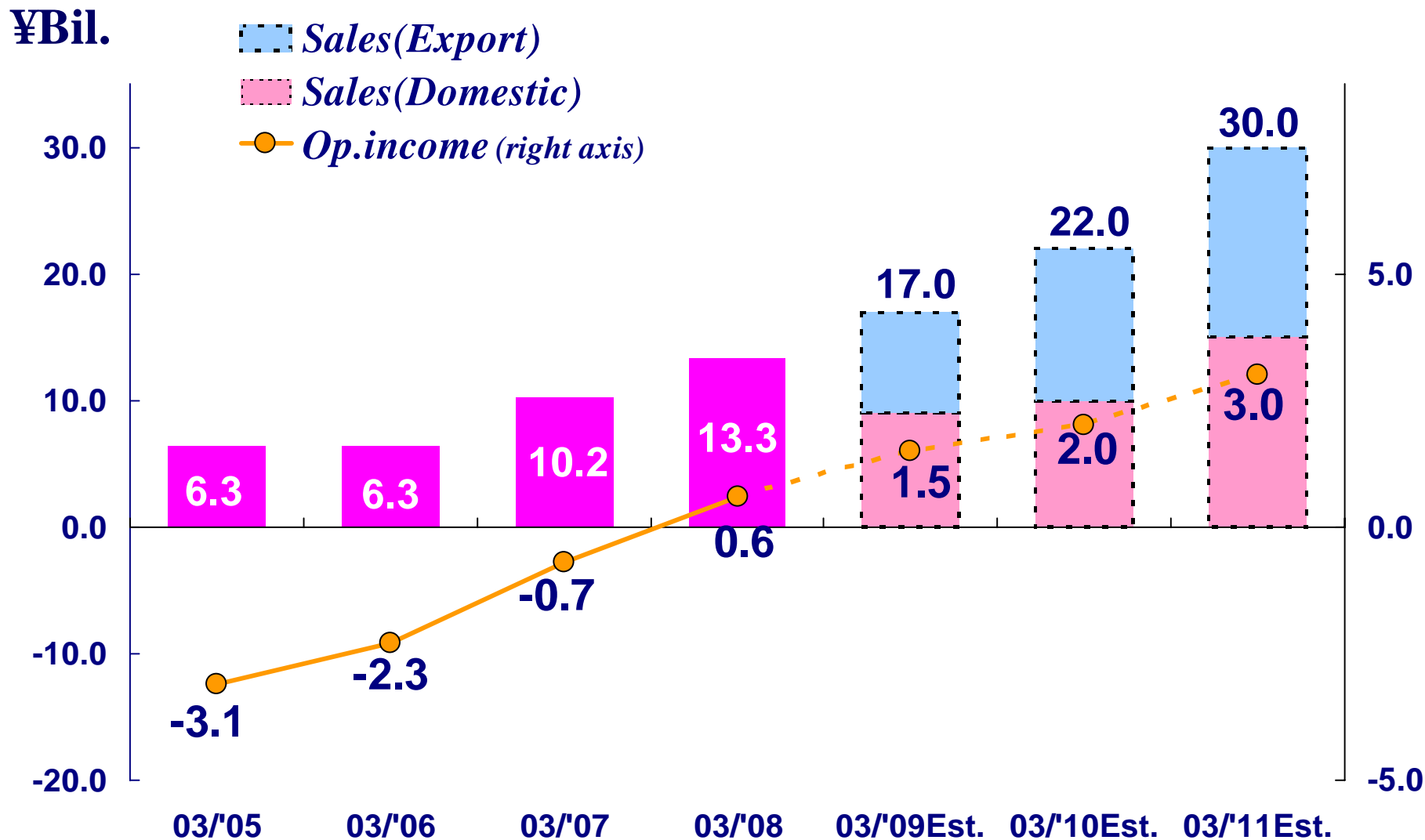
*Chinese market has been growing continuously;*

*44,500 km of Ultra High Voltage (UHV) transmission lines including 53 substations, and 52,300 km of DC transmission lines are projected by 2020.*

*– From HP of State Grid (article dated on Jan. 23, 2008)*

*NGK is expanding of capacity of Chinese plants to capture big demand.*

# Sales and Income of NAS batteries Business



# *Overview / Tasks in Power Business - NAS batteries*

◆ *NAS (sodium-sulfur) batteries - Demand is increasing*

➤ *Domestic market*

*Capturing demand for application of renewable energy.*

➤ *Overseas market*

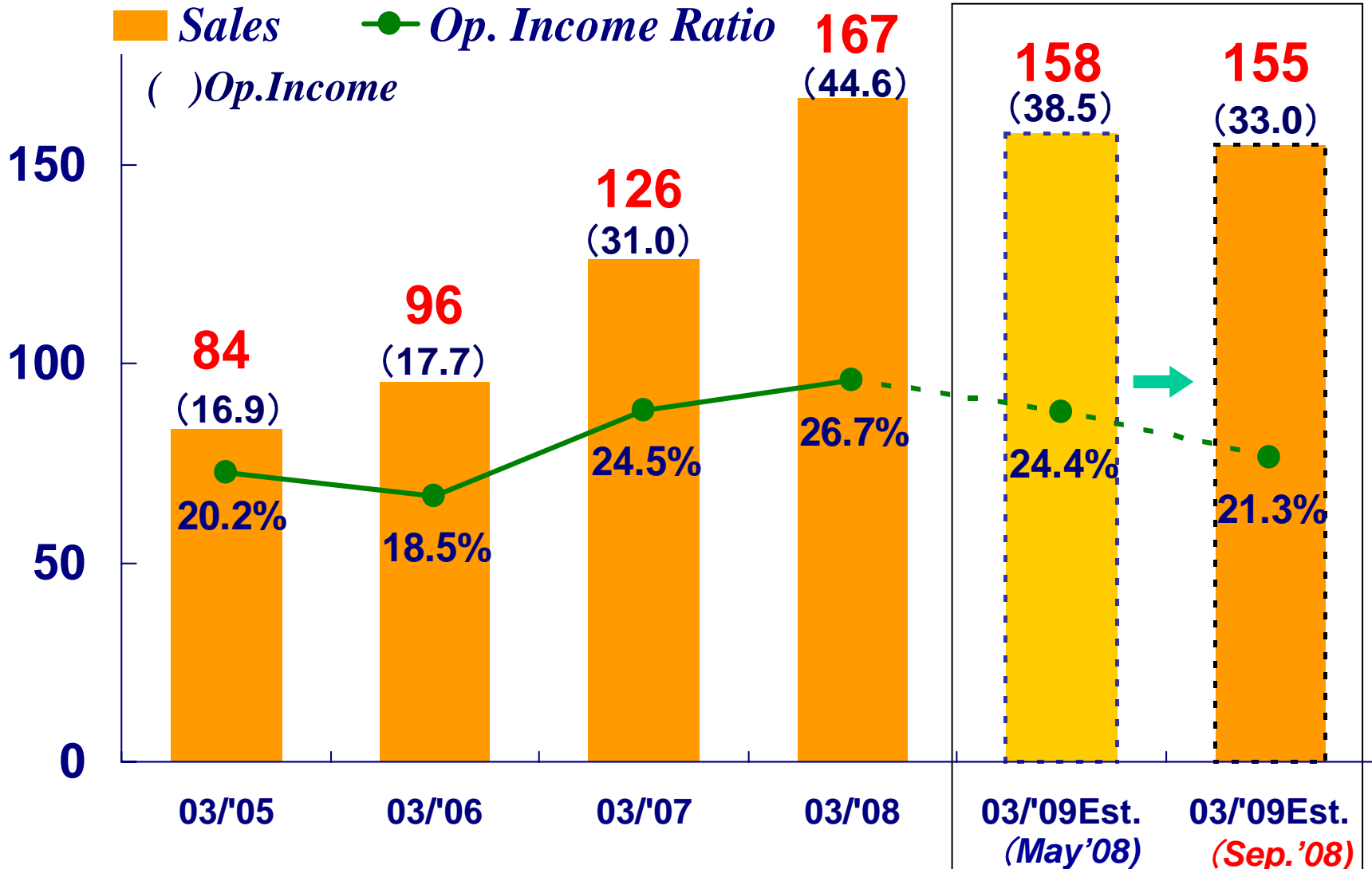
*Various demand, not only for renewable energy but also for Load leveraging and for Peak saving, has been appearing.*

*To correspond to growing demand, NGK has decided to expand its production capacity from 90MW to 150MW with investment of 11billion yen.*

# Ceramic Products Business Sales & Operating Income

After consolidation elimination

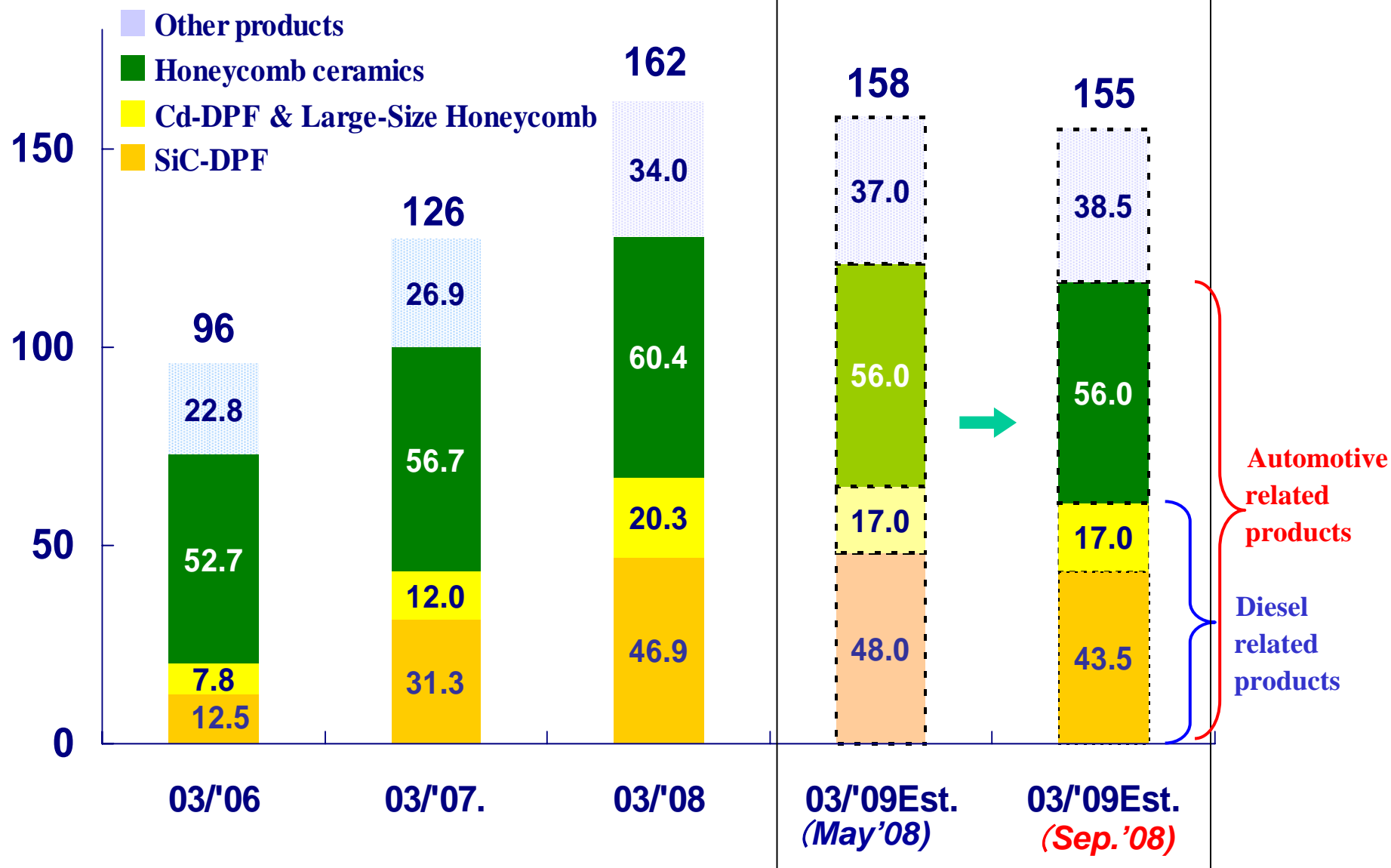
¥Bil.



# Sales Breakdown of Ceramic Products Business

¥Bil.

After consolidation elimination



# *Overview / Tasks in Ceramics Products Business*

## *◆ Slowing U.S. market*

- Decrease of light vehicle sales in U.S. from 16.1mil vehicles in 2007 to 14.2mil vehicles in 2008.*
- Soaring gas price drives a shift in consumer demand from trucks to smaller fuel-efficient models. SiC-DPF demand for U.S. pickups decreases from 210K units to 80K units.*

## *◆ Competition in DPF materials*

- Although SiC-DPF dominate majority in passenger cars market in Europe, another material, AT-DPF (Aluminum-Titanium) has been increasing.*

# *Overview / Tasks in Ceramics Products Business*

## *◆ Emission regulations being tightened worldwide*

*➤ Automotive catalytic Converters “Honeycomb Ceramics”;  
Emerging countries will adopt EURO 4\* and demand  
is increasing.*

*\*Brazil (2009), Russia (2010), India (2010), China (2010).*

*➤ SiC-DPF;*

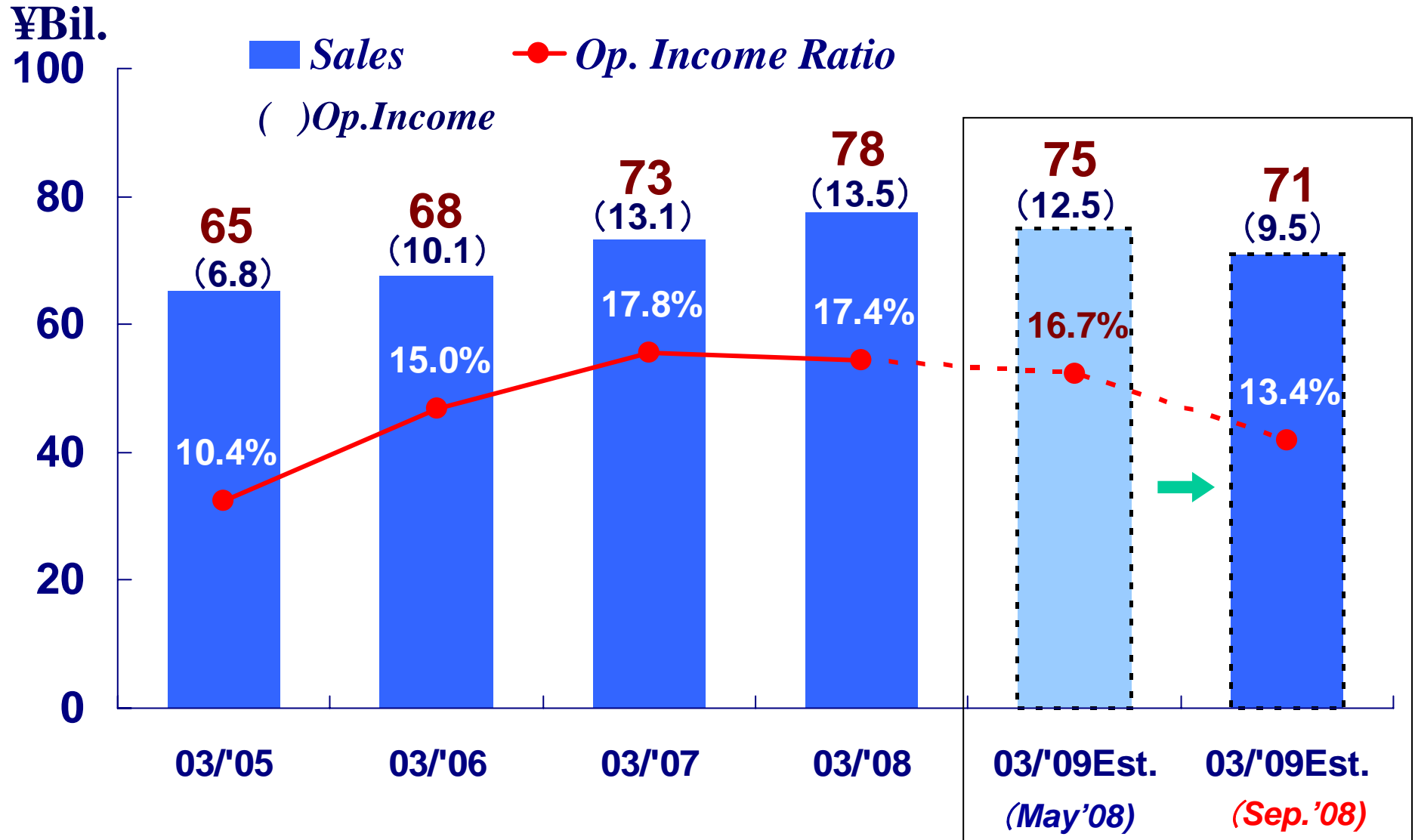
*In European passenger cars market, demand has been  
increasing to meet EURO 5 due to come into effect by  
Sept. 2009.*

*➤ Cd-DPF & Large-Size Honeycomb (LSH);*

*To meet tighter standards for truck and bus engines  
and off-road vehicles, greater demand for Cd-DPF  
and LSH are expected in 2010 and after.*

# Electronics Business Sales & Operating Income

After consolidation elimination



# *Overview / Tasks in Electronics Business*

## ➤ *“Beryllium Copper”;*

*Target automotive electronics and electric appliances in Asia, especially in China.*

## ➤ *“Ceramic Components for Semi-conductor Production Equipment” ;*

*Besides Ceramic Heaters, promote Electrostatic Chuck for further growth.*

## ➤ *“Ceramic Actuators for Color Printer Heads”;*

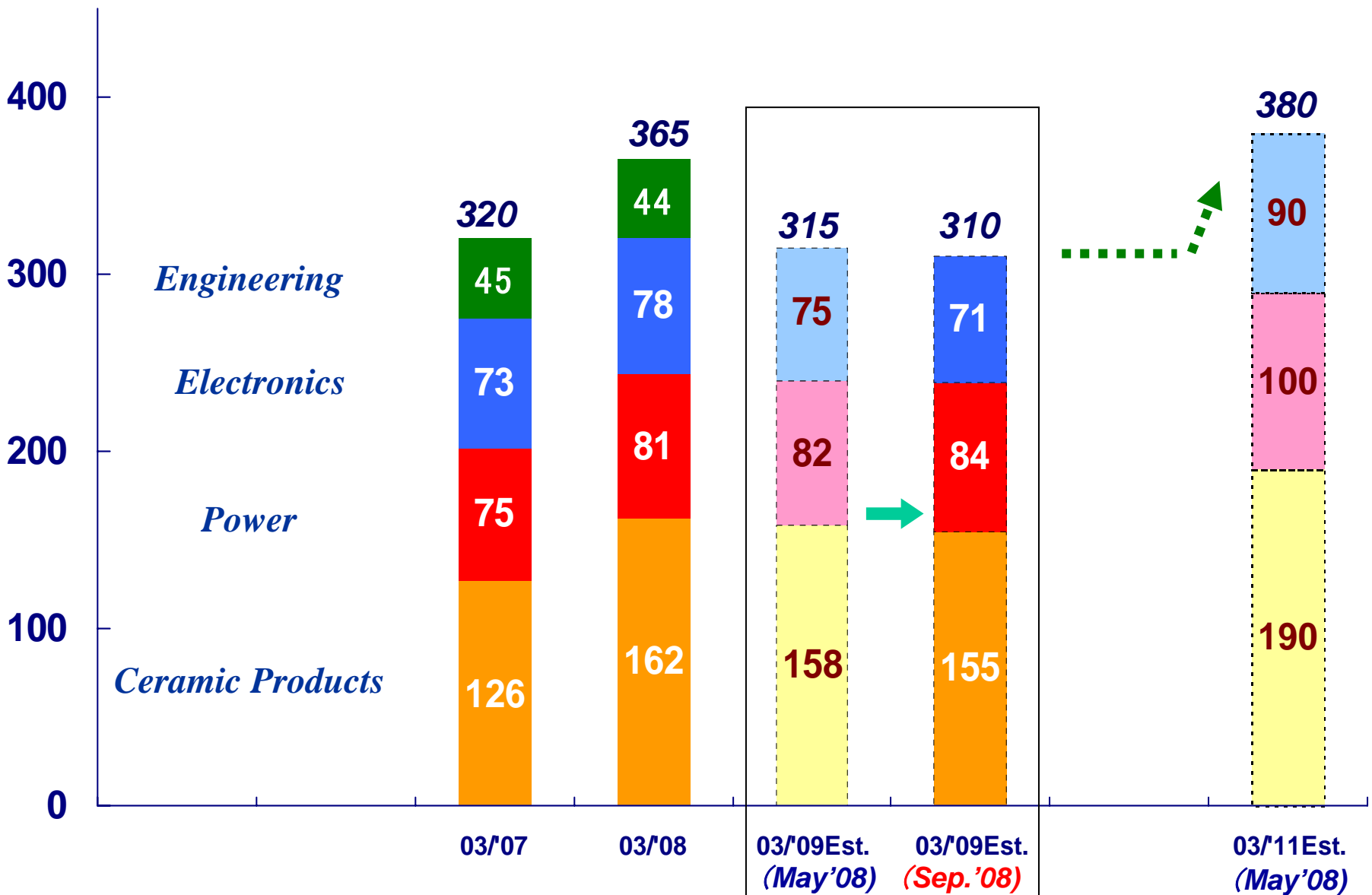
*Demand increases due to sales of ink-jet printers of our customer SEIKO EPSON.*

## ➤ *“Soshin Electric Products”;*

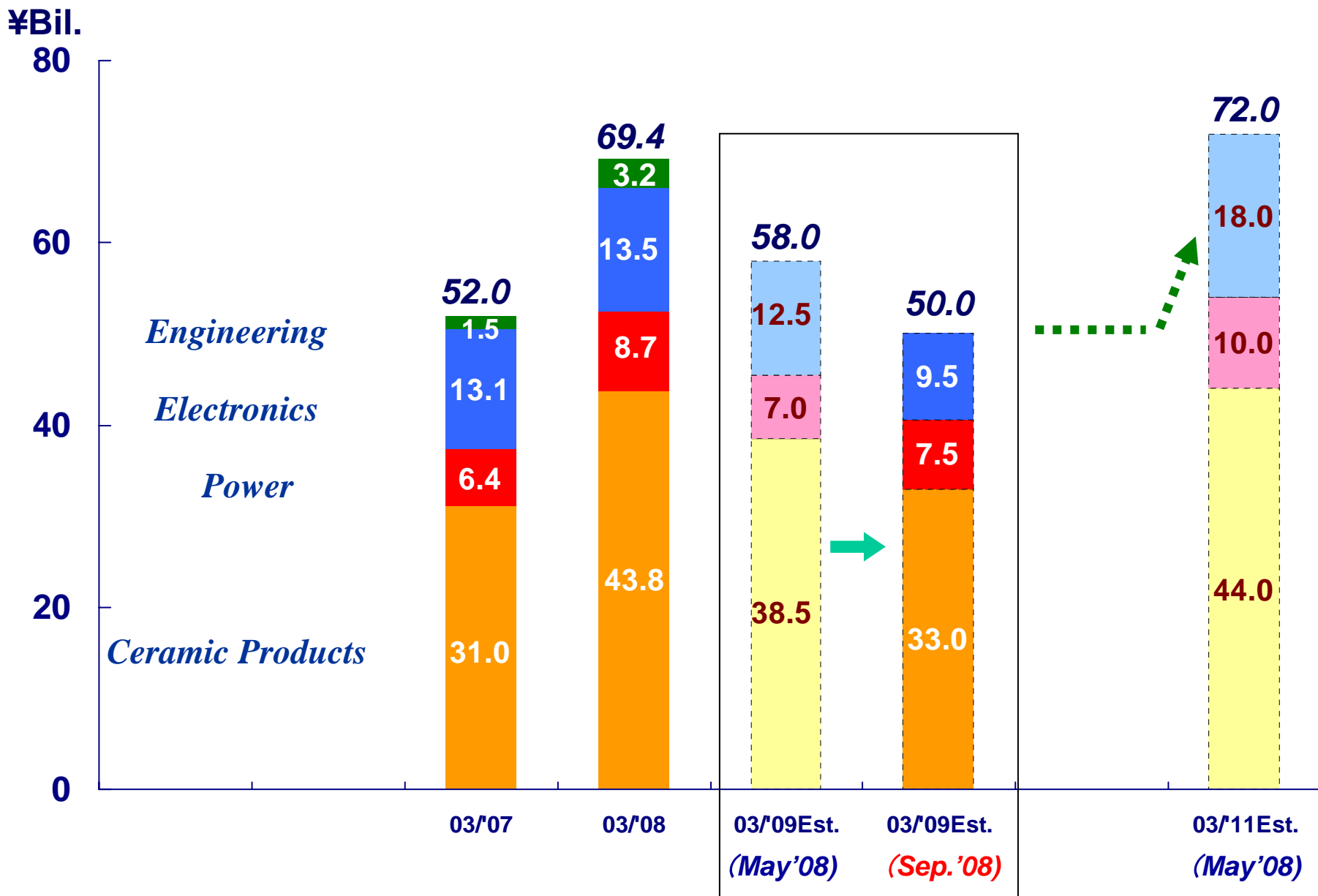
*Market for Electronic Components slows down.*

# '08 Medium-Term Estimates / Sales

¥Bil. **After consolidation elimination**



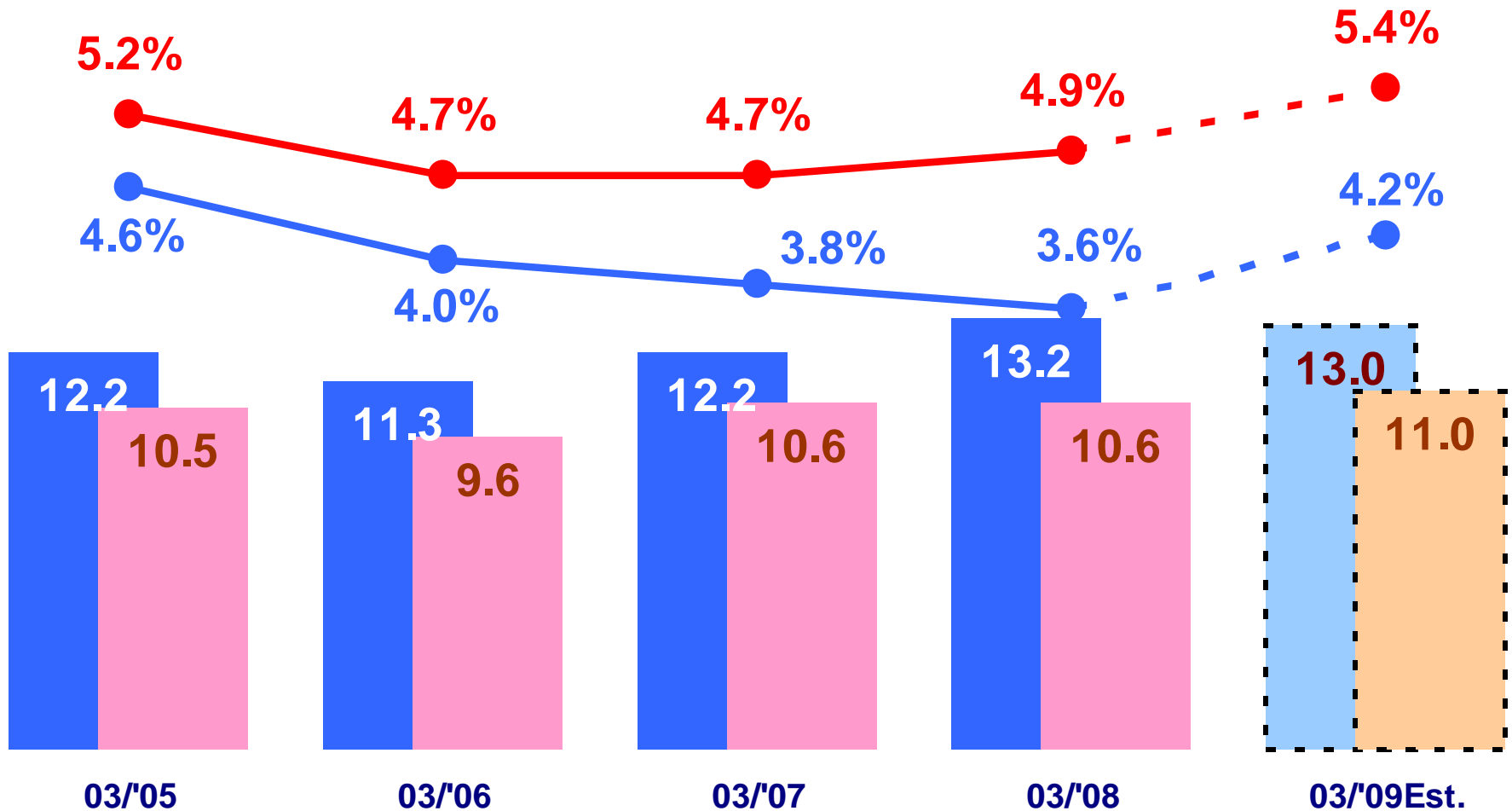
# '08 Medium-Term Estimates / Operating Income



# R&D Input (¥ Bil.)

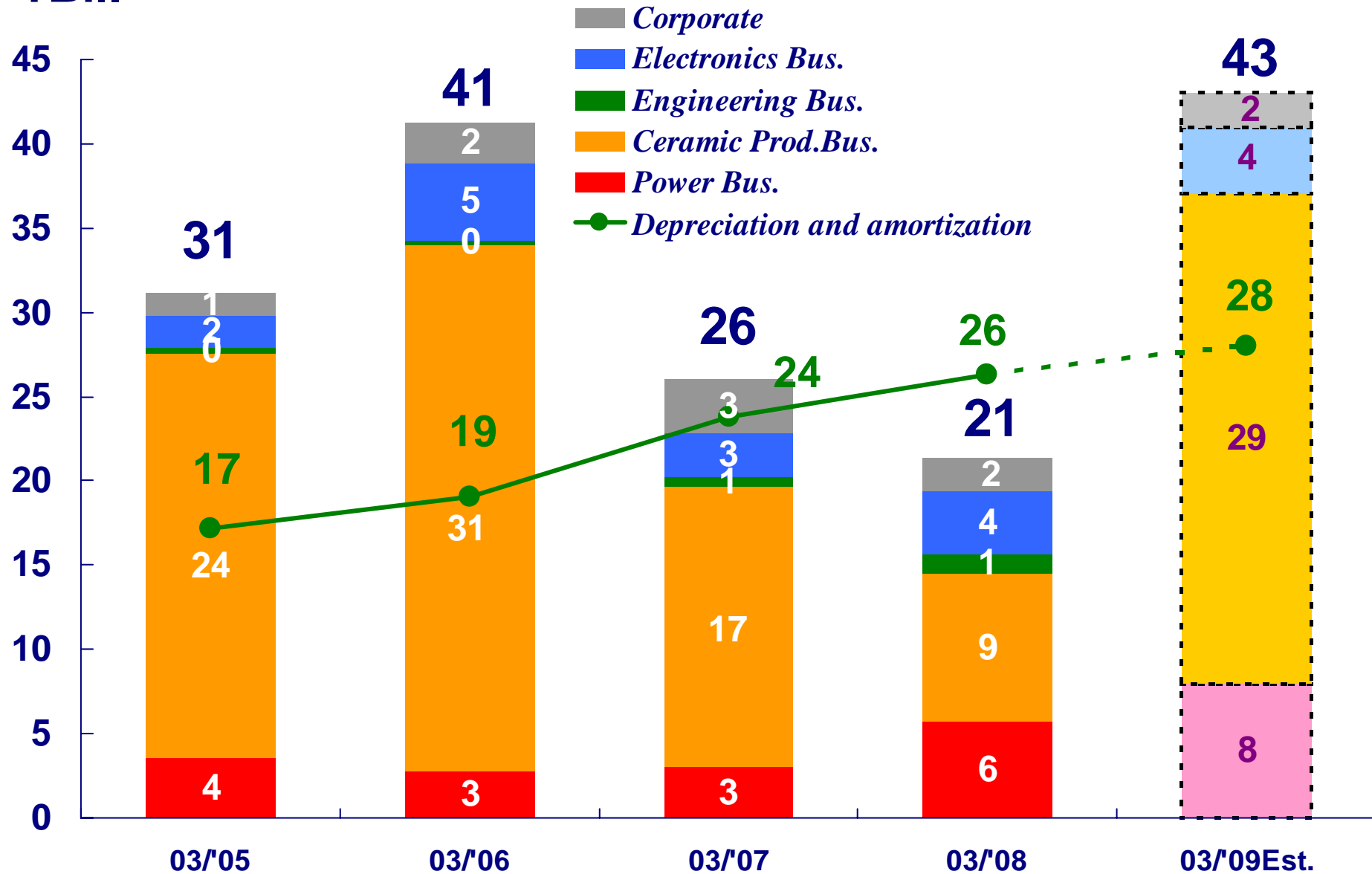
Consolidated R&D  
Consolidated R&D/Sales Ratio

Parent R&D  
Parent R&D/Sales Ratio



# Capital Expenditures

¥Bil.



# Summary of Cash Flow (¥ Bil.)

	<i>03/'07</i>	<i>03/'08</i>	<i>03/'09Est.</i>
<i>Income before taxes</i>	<i>51.3</i>	<i>78.2</i>	<i>51.5</i>
<i>Income taxes paid</i>	<i>-17.0</i>	<i>-21.6</i>	<i>-23.6</i>
<i>Depreciation</i>	<i>23.8</i>	<i>26.3</i>	<i>27.7</i>
<i>Increase in Acct. Rec.</i>	<i>-3.8</i>	<i>3.4</i>	<i>-5.8</i>
<i>Increase in inventories</i>	<i>-4.1</i>	<i>-7.1</i>	<i>-0.8</i>
<i>Other changes</i>	<i>-11.9</i>	<i>-12.5</i>	<i>-12.7</i>
<hr/> <i>Operating Activities</i>	<hr/> <i>38.3</i>	<hr/> <i>66.7</i>	<hr/> <i>36.3</i>
<i>Property, plant &amp; equip.</i>	<i>-24.2</i>	<i>-21.0</i>	<i>-43.1</i>
<i>Proceed, investment securities</i>	<i>4.7</i>	<i>1.1</i>	<i>-</i>
<i>Other investments</i>	<i>-1.8</i>	<i>3.2</i>	<i>-0.9</i>
<hr/> <i>Investing Activities</i>	<hr/> <i>-21.3</i>	<hr/> <i>-16.7</i>	<hr/> <i>-44.0</i>

	<i>03/'07</i>	<i>03/'08</i>	<i>03/'09Est.</i>
<i>Acquisition of treasury stock</i>	<i>-0.3</i>	<i>-0.6</i>	<i>-7.7</i>
<i>Cash dividends</i>	<i>-4.7</i>	<i>-6.7</i>	<i>-7.4</i>
<i>Redemption of bonds</i>	<i>-</i>	<i>-</i>	<i>-10.0</i>
<i>Proceeds from new borrowings</i>	<i>6.4</i>	<i>-</i>	<i>-</i>
<i>Other</i>	<i>-0.5</i>	<i>-2.8</i>	<i>-2.7</i>
<hr/>			
<i>Financing Activities</i>	<i>0.9</i>	<i>-10.1</i>	<i>-27.8</i>
<i>Effect of exchange rate change</i>	<i>1.3</i>	<i>1.6</i>	<i>-</i>
<i>Net Changes in Cash &amp; eq.</i>	<i>19.2</i>	<i>41.5</i>	<i>-35.5</i>
<i>Change in consolidated subsidiaries</i>			<i>-4.2</i>
<i>Cash &amp; eq. at End of Year</i>	<i>78.3</i>	<i>119.8</i>	<i>80.1</i>

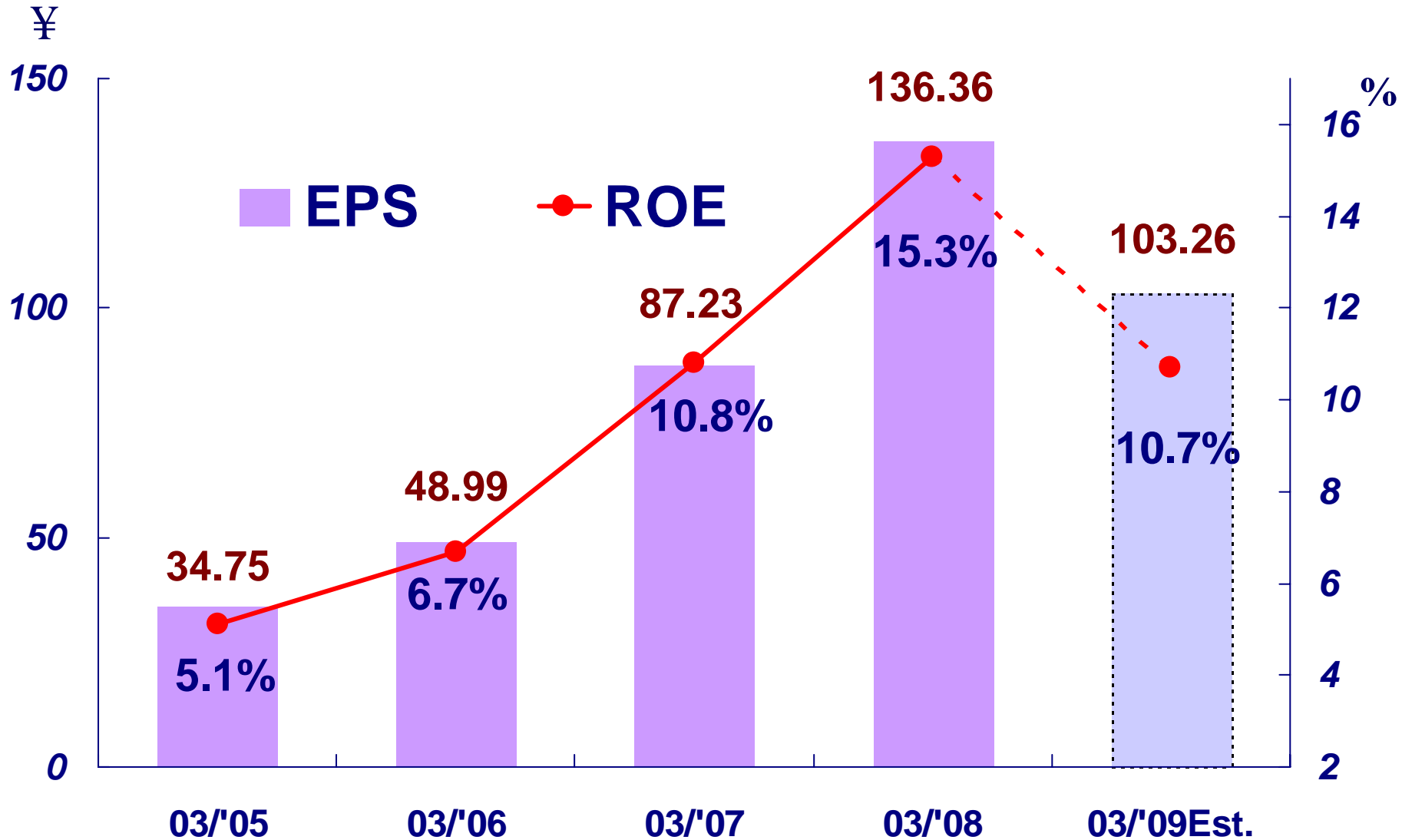
# *Number of Outstanding Shares*

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<i>Mar. '96</i>	<i>355 Mil. Shares</i>	
	<i>-10</i>	<i>Buyback of Stocks</i>
<i>Mar. '97</i>	<i>345</i>	
	<i>+29</i>	<i>Exercise of Warrants</i>
	<i>-10</i>	<i>Buyback of Stocks</i>
<i>Mar. '98</i>	<i>364</i>	
	<i>-10</i>	<i>Buyback of Stocks</i>
<i>Mar. '99</i>	<i>354</i>	
	<i>-15</i>	<i>Buyback of Stocks</i>
<i>Mar. '00</i>	<i>339</i>	
	<i>+37</i>	<i>Conversion of CBs</i>
	<i>-10</i>	<i>Buyback of Stocks</i>
<i>Mar. '01</i>	<i>367</i>	
	<i>-10</i>	<i>Buyback of Stocks</i>
<i>Mar. '02</i>	<i>357</i>	
	<i>-10</i>	<i>Buyback of Stocks</i>
<i>Mar. '03</i>	<i>346</i>	
	<i>-8.4</i>	<i>Buyback of Stocks</i>
<i>Mar. '07</i>	<i>337</i>	
	<i>-0.2</i>	<i>Buyback of Stocks from subsidiary</i>
<i>Mar. '08</i>	<i>337</i>	
	<i>-5</i>	<i>Buyback of Stocks</i>
<i>Sep. '08</i>	<i>332</i>	

*Accumulated  
Buyback  
88.6Mil. Shares  
¥99Bil.*

# ROE & EPS





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