

# ***FY2011 2<sup>nd</sup> Quarter Results*** ***(from April 1, 2011 to September 30, 2011)***

*November 1, 2011*

*This is a translation of materials used for the analyst meeting held in Tokyo, Japan on November 1, 2011*

*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 FY2011 2<sup>nd</sup> Quarter***

*( Ended September 30, 2011 )*

### ***Forecast for FY2011***

*( Ended March 31, 2012 )*

### ***Segment Information***

### ***R&D / Capital expenditure***



(4/2011- 9/2011)	(¥Bil.)	2Q FY2010	2Q FY2011	Growth ratio
Net Sales		120.0	122.3	+2%
Operating Income		16.5	15.4	-6%
Ordinary Income		14.3	14.4	+0%
Net Income		10.9	10.7	-3%
Exchange Rate		91	82	¥/US\$
		121	115	¥/ER

2Q Results : Sales increased slightly, but Op. income decreased.

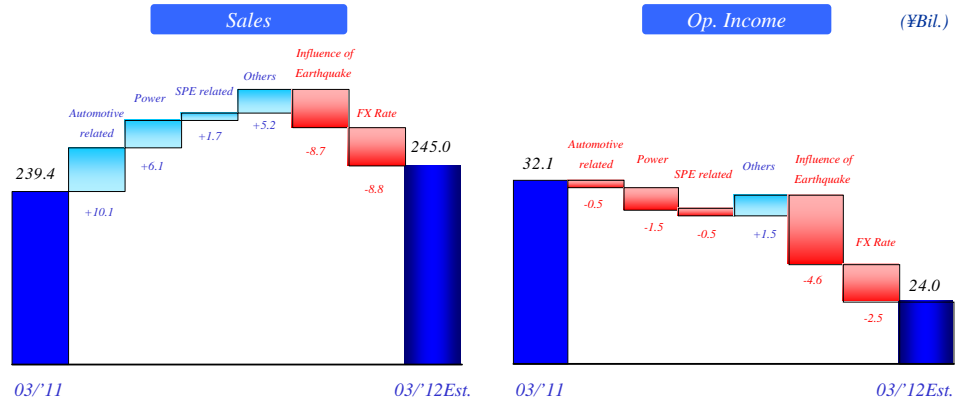
- Power Insulators : Domestic demand decreased due to the influence of Earthquake.  
NAS Battery : Operation remains at low-level.
- Ceramics Despite of adverse effects of earthquake, total demand of Automotive related products increased due to increase of car & truck sales in overseas markets
- Electronics Income decrease due to depression of semiconductor market & the influence of Earthquake.



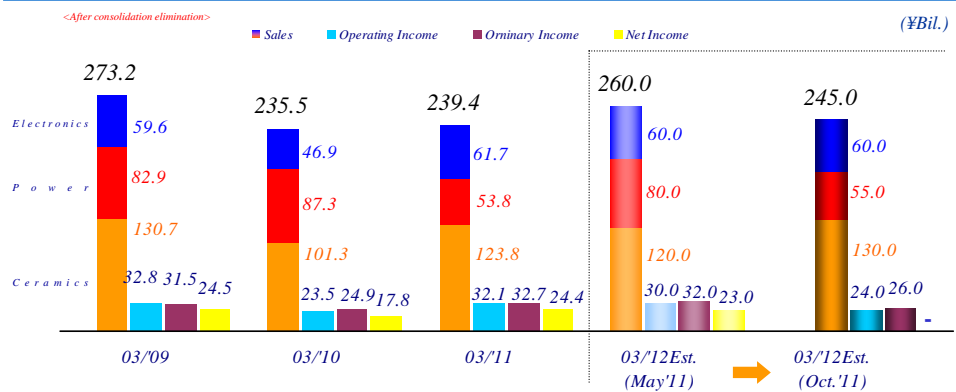
(4/2011- 3/2012)	(¥Bil.)	FY2010	FY2011	Growth ratio
Net Sales		239.4	245.0	+2%
Operating Income		32.1	24.0	-25%
Ordinary Income		32.7	26.0	-20%
Net Income		24.4	undetermined	-
Exchange Rate		88	79	¥/US\$
		116	111	¥/ER

Forecast : Sales increase but Op. income decrease in each business segment

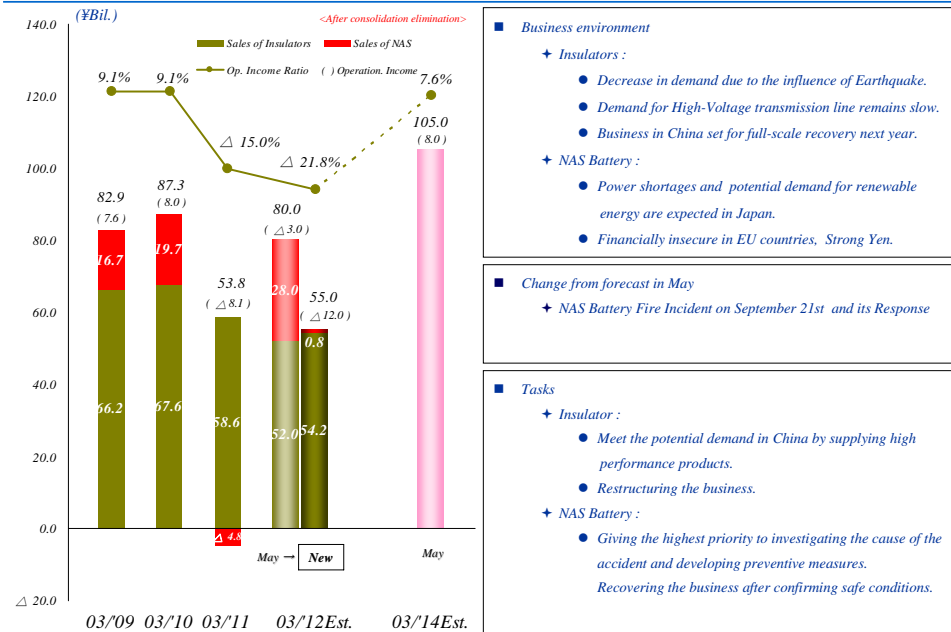
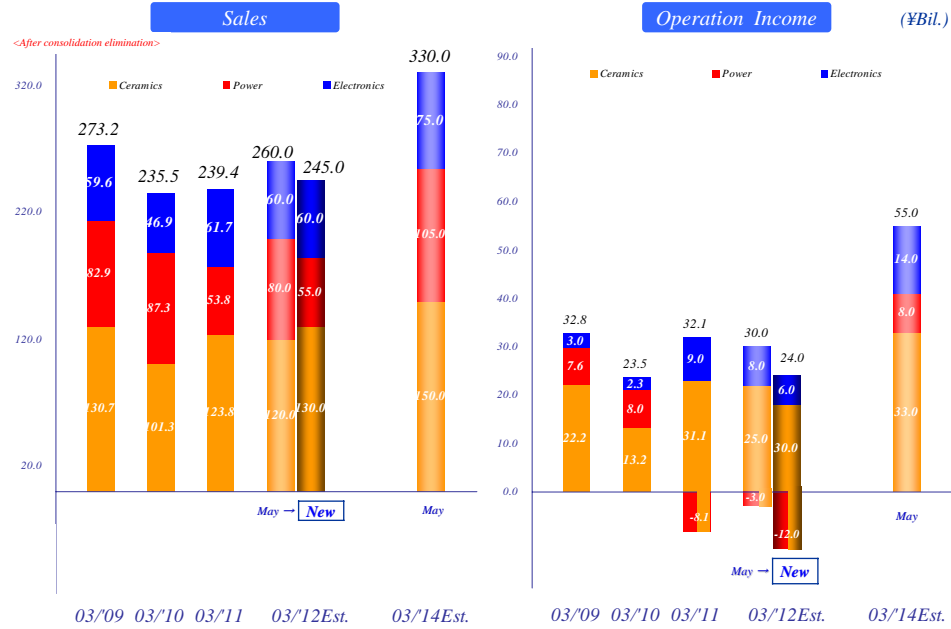
- Power Income decreases due to the influence of Earthquake on Insulator business.
- Ceramics Sales of automotive related products remains strong but Income decrease due to start-up cost of new factories.
- Electronics Income decreases due to depression of semiconductor market & the influence of Earthquake.  
Net Income is uncertain because the expenditure related to the fire incident of NAS Battery is not yet known.

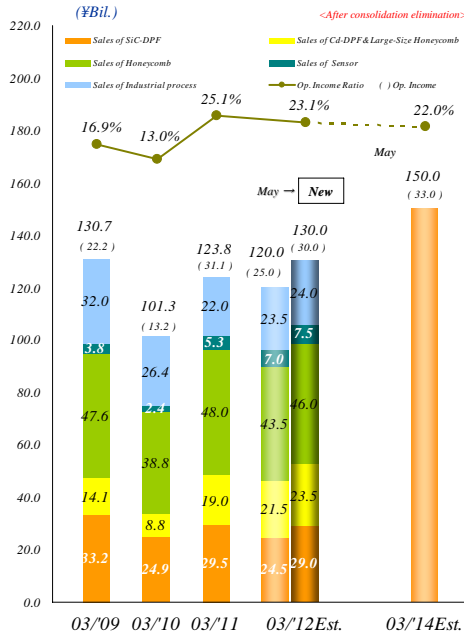


	Sales		Operation Income	
	Influence of Earthquake	FX Rate	Influence of Earthquake	FX Rate
Power	-3.5	-1.4	-2.1	-0.3
Ceramics	-2.7	-5.1	-1.0	-1.0
Electronics	-2.5	-2.3	-1.5	-1.2
<b>Total</b>	<b>-8.7</b>	<b>-8.8</b>	<b>-4.6</b>	<b>-2.5</b>



■ Power	Fire incident of NAS Battery delays the big business shipments to next FY and reduces the productivity, which results in drastic negative earnings.
■ Ceramics	Forecast is revised upward because demand for Automotive related products remains strong in emerging countries, Europe and the U.S..
■ Electronics	Income decrease due to depression of semiconductor market. Net Income is uncertain because the expenditure related to the fire incident of NAS Battery is not yet known.

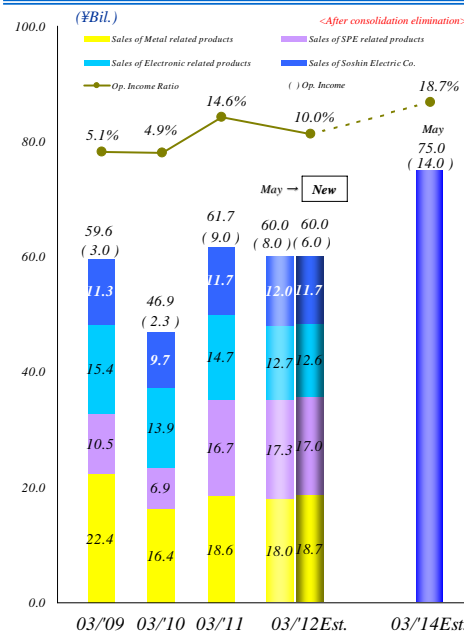




- Business environment
  - Automotive related :
    - Car sales increase in emerging countries and remains strong in Europe & U.S.
    - Truck sales recovery in main-market of Europe & U.S.
    - Start of emission regulation for off-Road vehicles
    - Concerns about slowdown in world economy due to financial insecurity in Europe and the influence of flooding in Thailand
  - Industrial process :
    - Increase in capital investment in growth field such as Li-ion Battery related products.
    - New Energy & nuclear system projects are frozen due to influence of Earthquake

- Change from forecast in May
  - Automotive related : Increase in sales of vehicles from the previous forecast, Decreases in adverse effects of Earthquake due to early recovery of production of Japanese car manufacturers.

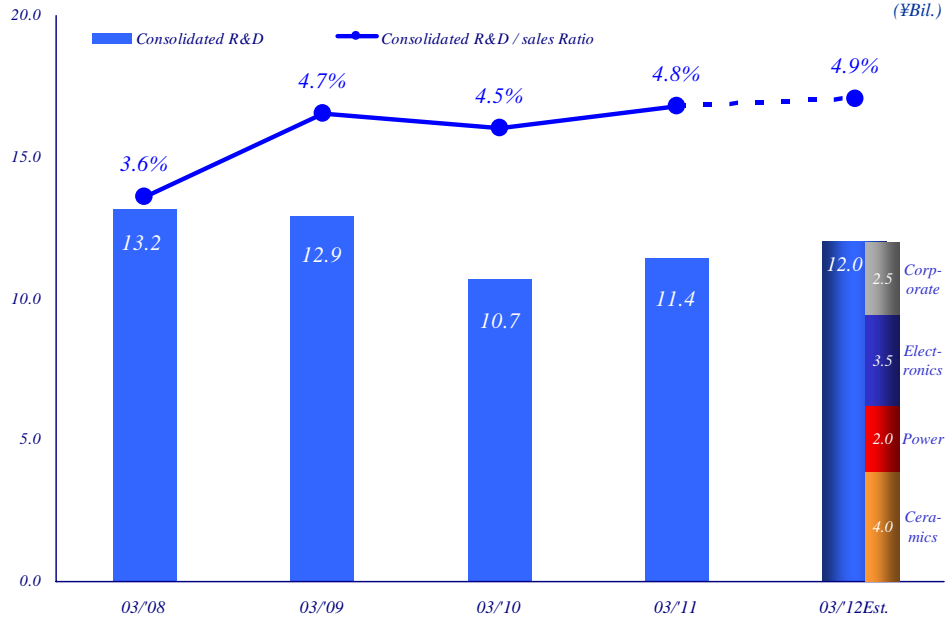
- Tasks
  - Automotive related :
    - Meeting the demand of off-road vehicles in emerging countries
    - Full production in new factories in Ishikawa, Japan & Mexico on schedule
    - Optimizing global manufacturing system to meet the expanding demand.
  - Industrial process :
    - Energy & nuclear system to focus on supporting reconstruction from Earthquake



- Business environment
  - Decreasing demands for wide range of products in electronics market due to economic slowdown in Europe & U.S.

- Change from forecast in May
  - Less adverse influences of Earthquake than expected, but yen still strong
  - Semiconductor production equipment related :
    - Postponement or freeze on semiconductor makers' investments with the market plunging
  - Beryllium Copper :
    - Decreasing demand for digital gadgets and home-electronics

- Tasks
  - Strengthen the business basis :
    - Maintain high profitability by providing high-performance products and by achieving structural production innovation
  - Growth led by creating new business
    - Providing new products with technological innovation



Overview

NGK Innovation Laboratory was established on the campus of Nagoya Institute of Technology (NIT). It is a new scheme to quickly and consistently develop products from basic research to mass production technology through the medium of industry-university joint research of promising technologies.  
Term : 3 years started on April 1, 2011

R&D Themes

Next-Generation Semiconductor Materials

Next-Generation Battery Materials

Present materials

ITO, GaN

Polymeric Separator  
Zirconia Solid-Electrolyte

R&D Concept

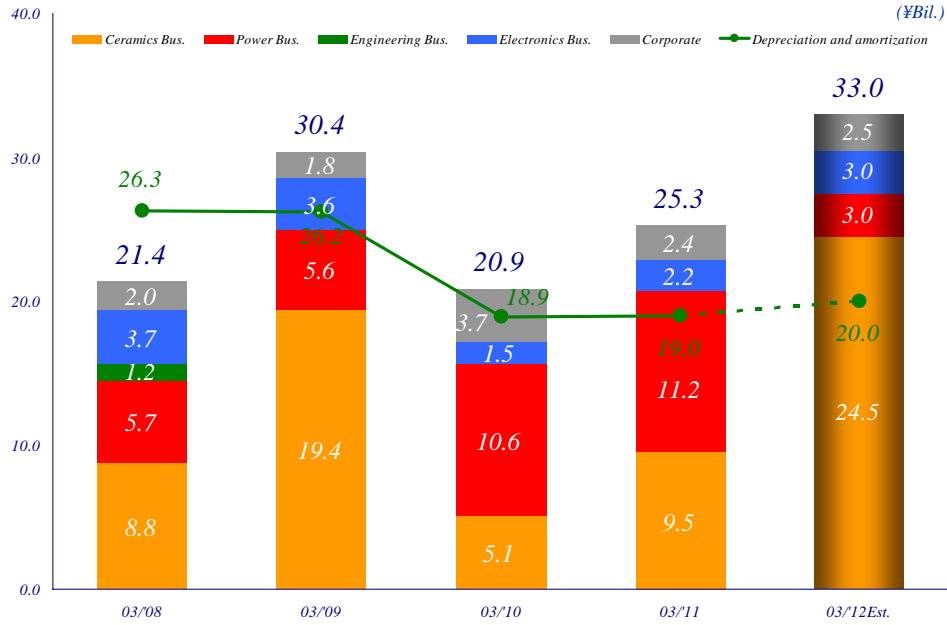
Rare Metal Free  
Novel Crystal Growth Tech.

New Separation function  
Higher Ion Permeability

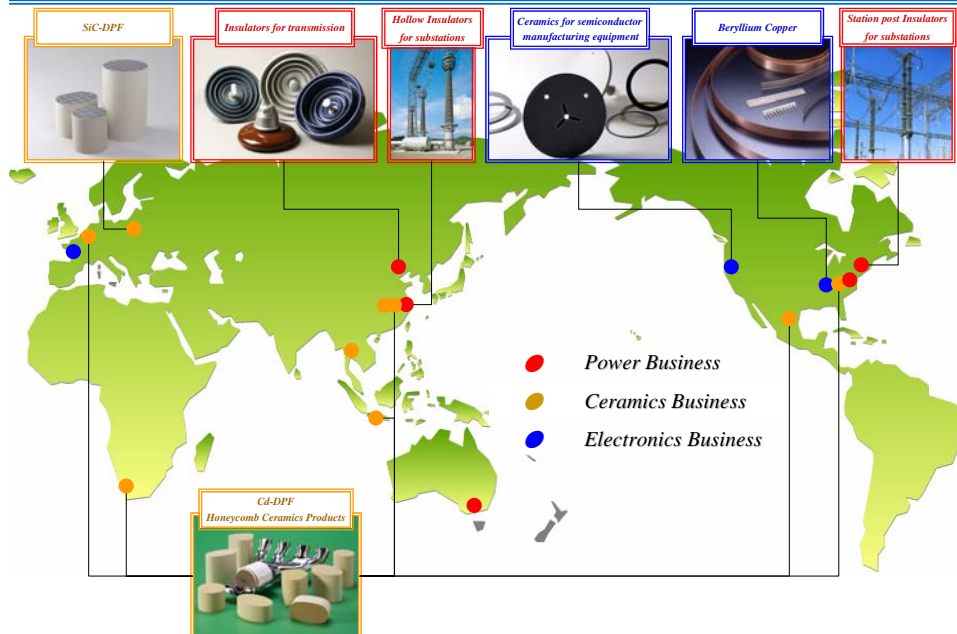
Feature of the new scheme

Five professors of NIT and four research sections of NGK collaborate, which promote research and development of various technology components in parallel.

### Capital Expenditures



### Overseas Manufacturing Bases



**Sales by Product (annual)**

 FY2011 2<sup>nd</sup> Quarter  
 Presentation

&lt;After consolidation elimination&gt;

(¥Bil.)

	March '09	March '10	March '11	March '12 Est.
<i>I n s u l a t o r s</i>	66.2	67.5	58.5	54.2
<i>N A S</i>	16.7	19.7	△4.8	0.8
<i>Power Business</i>	82.9	87.3	53.8	55.0
<i>Honeycomb Ceramics</i>	47.6	38.8	48.0	46.0
<i>S i C - D P F</i>	33.2	24.9	29.5	29.0
<i>C d - D P F / L S H</i>	14.1	8.8	19.0	23.5
<i>S e n s o r</i>	3.8	2.4	5.3	7.5
<i>Industrial Process</i>	32.0	26.4	22.1	24.0
<i>Ceramics Business</i>	130.7	101.3	123.8	130.0
<i>Metal related</i>	22.4	16.4	18.6	18.7
<i>S P E related</i>	10.5	6.9	16.7	17.0
<i>Electric related</i>	15.4	13.9	14.7	12.6
<i>Soshin Electric Co.</i>	11.3	9.7	11.7	11.7
<i>Electronics Business</i>	59.6	46.9	61.7	60.0
<i>T o t a l</i>	273.2	235.5	239.4	245.0

**Sales by Product (semi-annual)**

 FY2011 2<sup>nd</sup> Quarter  
 Presentation

&lt;After consolidation elimination&gt;

(¥Bil.)

	03/'11		03/'12 Est.	
	1 <sup>st</sup> .Half	2 <sup>nd</sup> .Half	1 <sup>st</sup> .Half	2 <sup>nd</sup> .Half
<i>I n s u l a t o r s</i>	28.5	30.0	26.9	27.3
<i>N A S</i>	1.1	△5.9	0.5	0.3
<i>Power Business</i>	29.6	24.2	27.4	27.6
<i>Honeycomb Ceramics</i>	25.0	23.0	22.6	23.4
<i>S i C - D P F</i>	15.2	14.3	15.3	13.7
<i>C d - D P F / L S H</i>	8.4	10.6	11.5	12.0
<i>S e n s o r</i>	2.3	3.0	3.7	3.8
<i>Industrial Process</i>	8.2	13.8	10.2	13.8
<i>Ceramics Business</i>	59.2	64.6	63.3	66.7
<i>Metal related</i>	9.6	9.0	10.0	8.7
<i>S P E related</i>	7.2	9.5	9.3	7.7
<i>Electric related</i>	8.4	6.3	6.5	6.1
<i>Soshin Electric Co.</i>	6.0	5.7	5.8	5.9
<i>Electronics Business</i>	31.2	30.5	31.6	28.4
<i>T o t a l</i>	120.0	119.4	122.3	122.7



*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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