NGK SPARK PLUG CO., LTD.

Business Highlights

for the financial year ended 31st March 2014

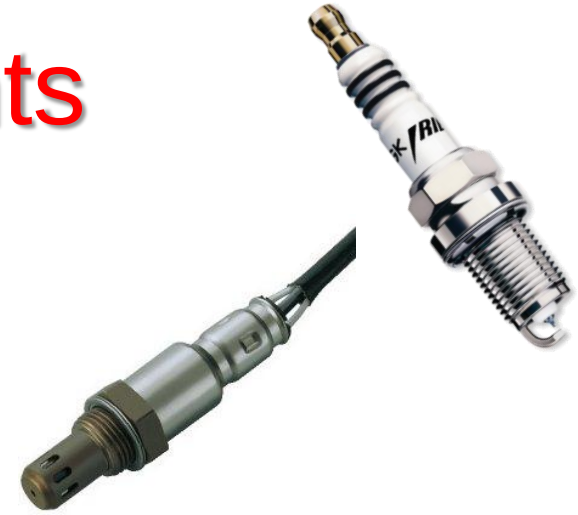
Shinichi Odo
President and Chief Executive Officer

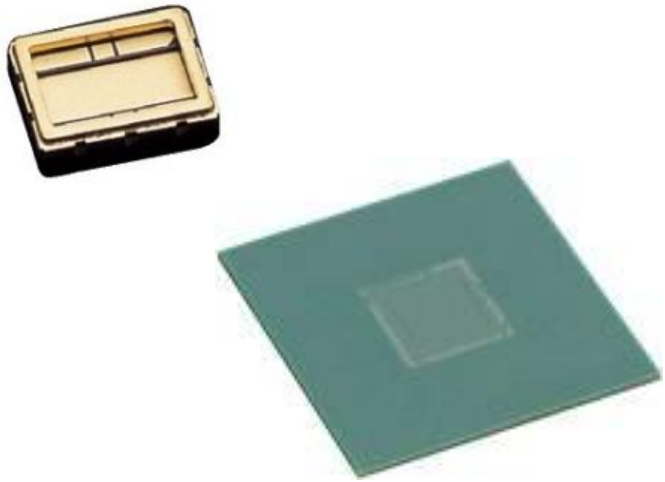
May 16, 2014

Overview of FY 2013 results and the Future

Automotive Components

From Steady Growth
to Dramatic Growth





Technical Ceramic

From Reconstruction
to Regeneration

Summary of Financial Results FY 2013

NGK SPARK PLUGS | NTK TECHNICAL CERAMICS
NGK SPARK PLUG CO., LTD.

(Unit：Millions of yen)

		FY 2012	FY 2013	Change	
				increase	ratio
Net Sales		302,798	**329,758**	26,960	8.9%
Operating income (ratio)		23,754 (7.8%)	**51,661 (15.7%)**	27,907	117.5%
Ordinary income (ratio)		27,674 (9.1%)	**54,960 (16.7%)**	27,286	98.6%
Net income (ratio)		20,909 (6.9%)	**32,704 (9.9%)**	11,795	56.4%
Forex	US dollar	82.80	**100.20**	Weak yen	17.40 yen
	Euro	106.75	**134.58**	Weak yen	27.83 yen

Financial Results FY 2013
Automotive Components Group

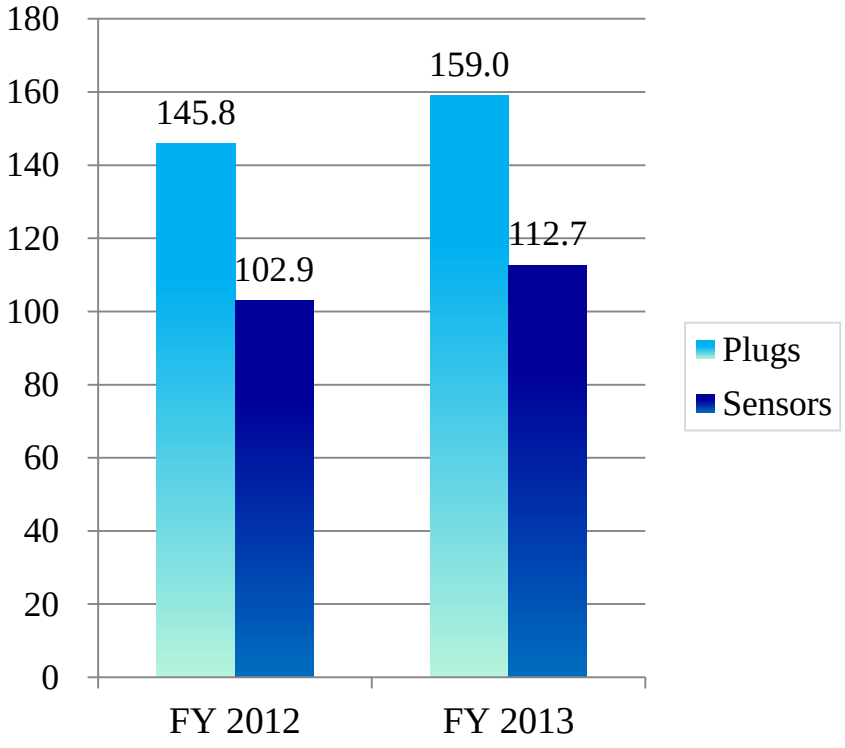
NGK SPARK PLUGS | NTK TECHNICAL CERAMICS
NGK SPARK PLUG CO., LTD.

Net Sales

248.7 Billion ¥ ⇒ 271.8 Billion ¥

FY 2012 FY 2013

[Unit : Billions of yen]

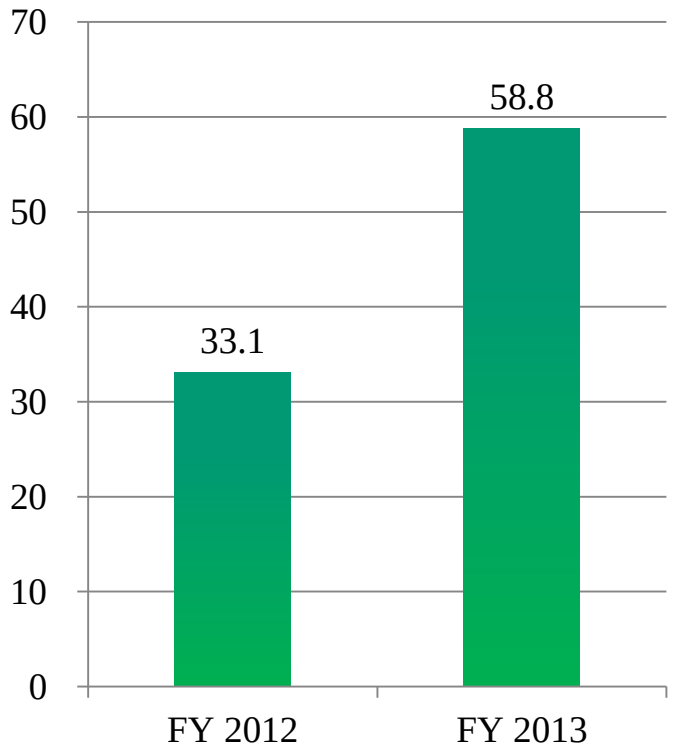


Operating Income

33.1 Billion ¥ ⇒ 58.8 Billion ¥

FY 2012 FY 2013

[Unit : Billions of yen]



Financial Results FY 2013
Technical Ceramics Group -Semiconductor Div-

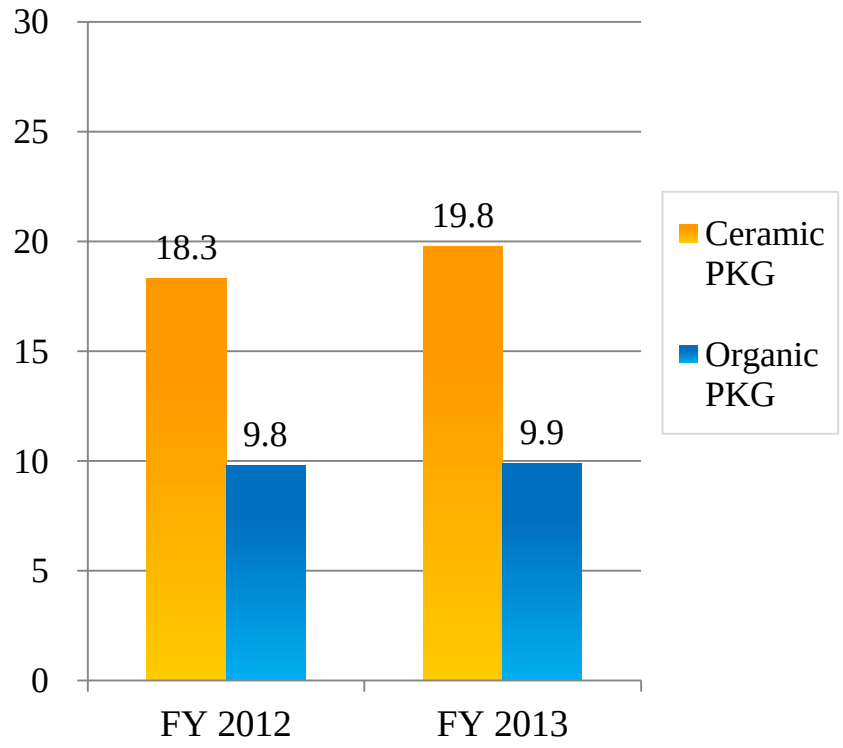
NGK SPARK PLUGS | NTK TECHNICAL CERAMICS
NGK SPARK PLUG CO., LTD.

Net Sales

28.2 Billion ¥ ⇒ 29.7 Billion ¥

FY 2012 FY 2013

[Unit : Billions of yen]

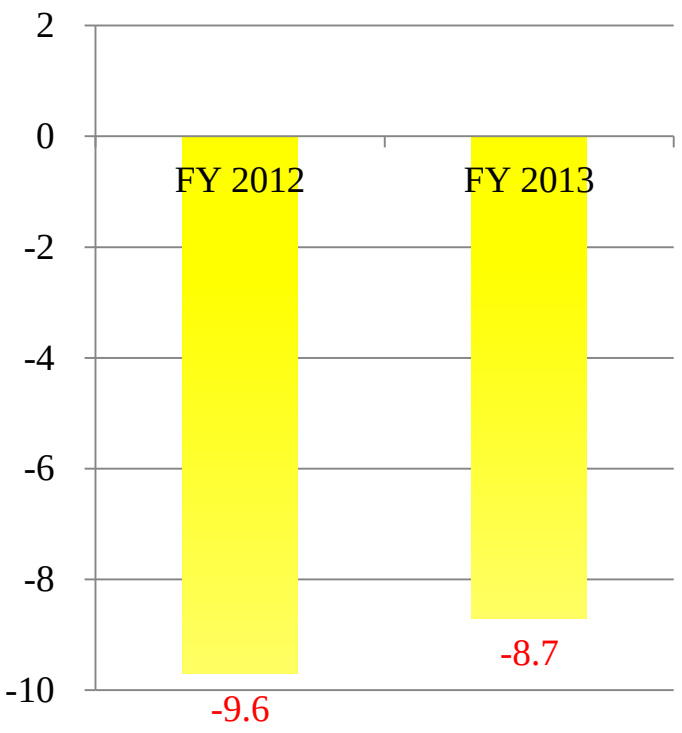


Operating Income

Δ9.6 Billion ¥ ⇒ Δ8.7 Billion ¥

FY 2012 FY 2013

[Unit : Billions of yen]



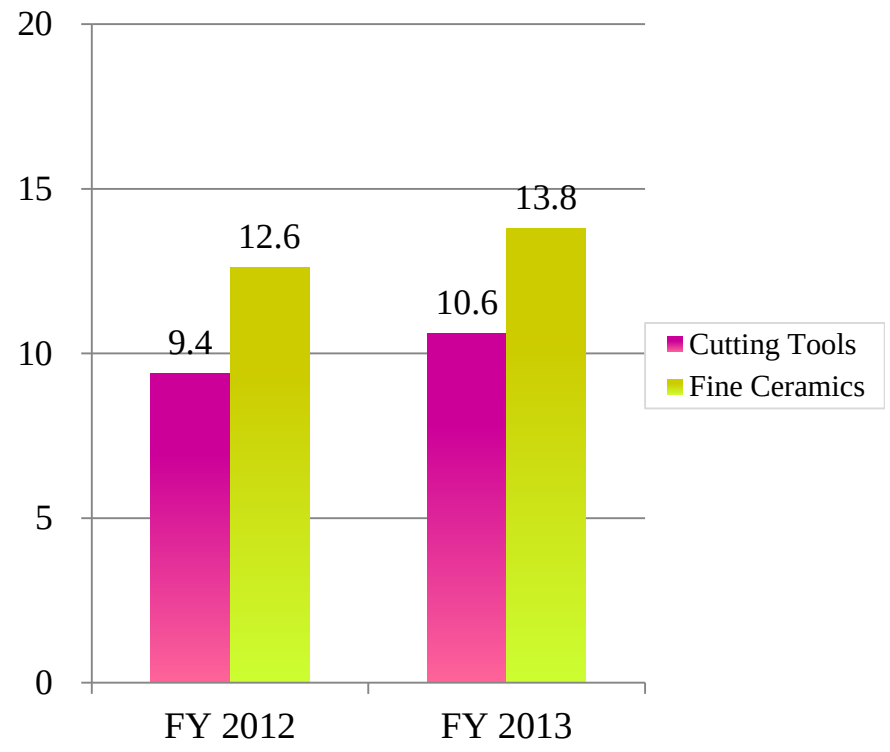
Financial Results FY 2013
Technical Ceramics Group -Ceramics Div-

Net Sales

22.0 Billion ¥ ⇒ 24.4 Billion ¥

FY 2012 FY 2013

[Unit : Billions of yen]

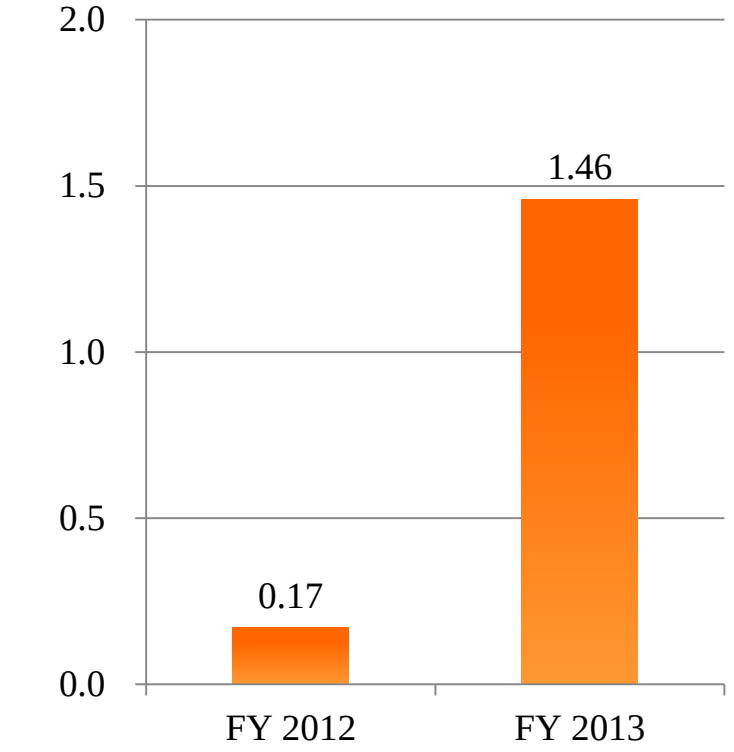


Operating Income

0.17 Billion ¥ ⇒ 1.46 Billion ¥

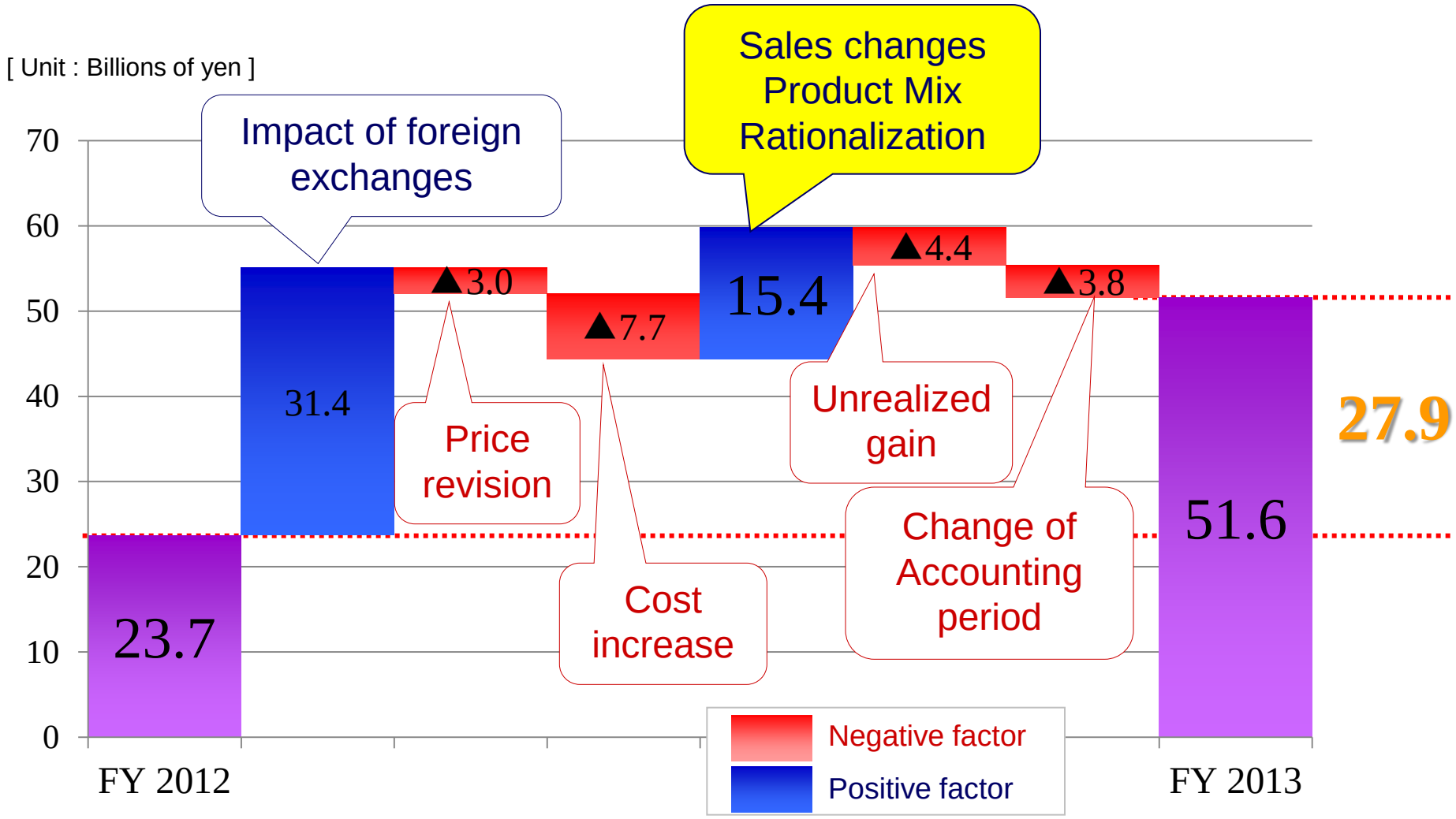
FY 2012 FY 2013

[Unit : Billions of yen]



FY 2013 Variance Analysis on Operating Income

NGK SPARK PLUGS | NTK TECHNICAL CERAMICS
NGK SPARK PLUG CO., LTD.



Outlook for FY 2014

(Unit：Millions of yen)

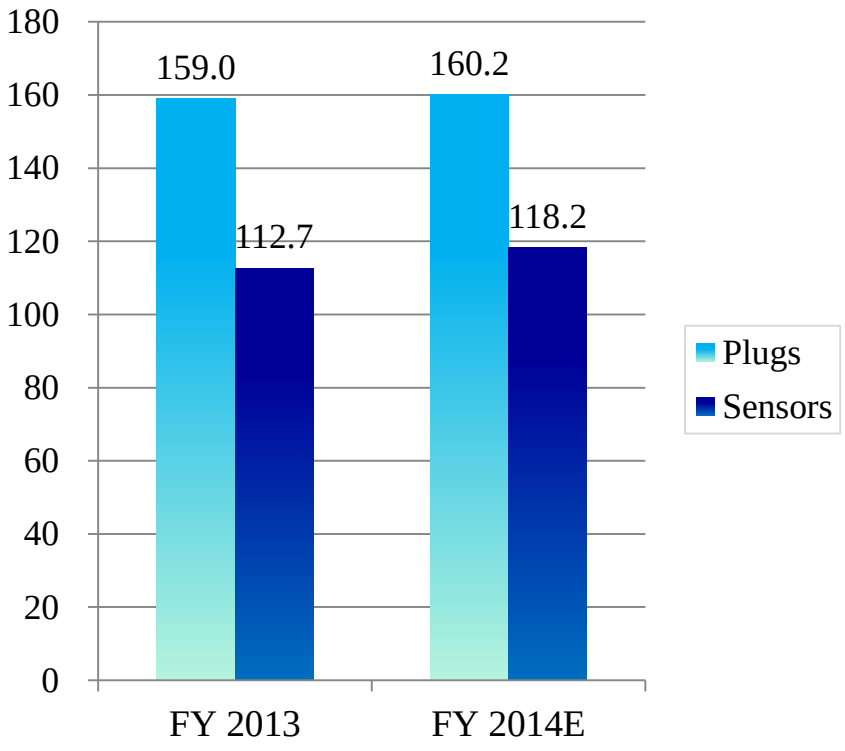
		FY 2013	FY 2014 E	Change	
				increase	ratio
Net Sales		329,758	**334,000**	4,242	1.3%
Operating income (ratio)		51,661 (15.7%)	**62,000 (18.6%)**	10,339	20.0%
Ordinary income (ratio)		54,960 (16.7%)	**64,000 (19.2%)**	6,040	16.4%
Net income (ratio)		32,704 (9.9%)	**40,500 (12.1%)**	7,796	23.8%
Forex	US dollar	100.20	**95.00**	Strong yen	5.20 yen
	Euro	134.58	**135.00**	Weak yen	0.42 yen

Outlook for FY 2014
Automotive Components Group

Net Sales

271.8 Billion ¥ ⇒ 278.5 Billion ¥

FY 2013 FY 2014E

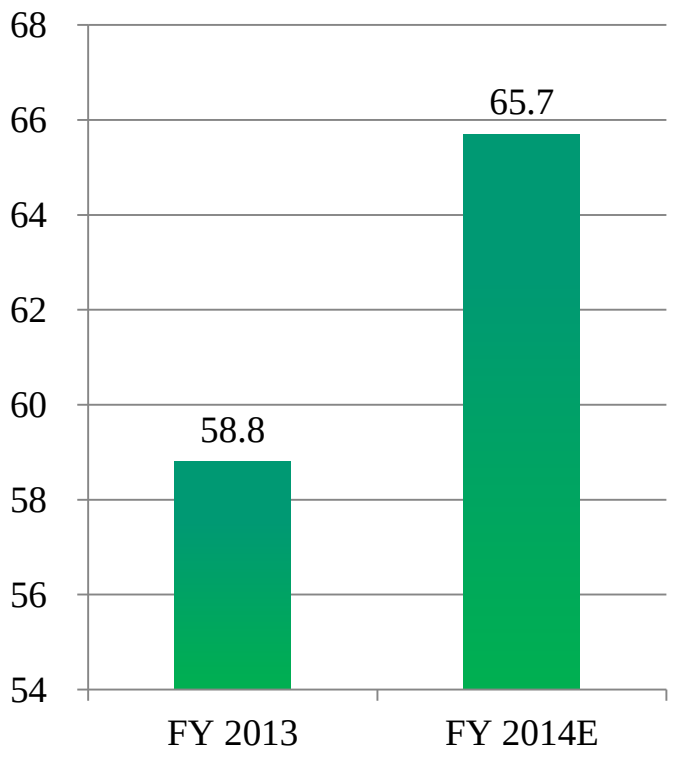


Operating Income

58.8 Billion ¥ ⇒ 65.7 Billion ¥

FY 2013 FY 2014E

[Unit : Billions of yen]



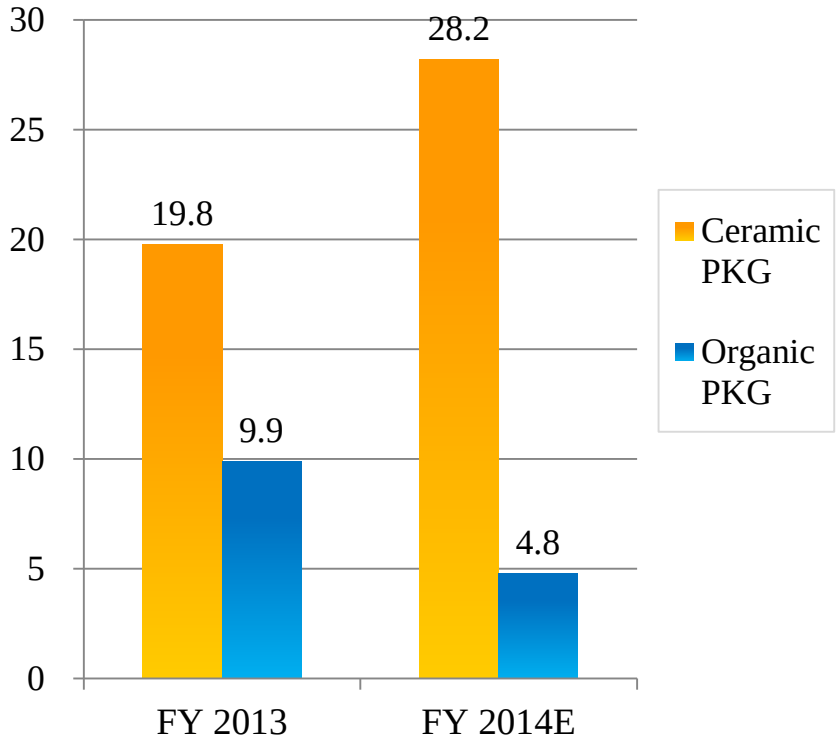
Outlook for FY 2014
Technical Ceramics Group -Semiconductor Div-

Net Sales

29.7 Billion ¥ ⇒ 33.0 Billion ¥

FY 2013 FY 2014E

[Unit : Billions of yen]

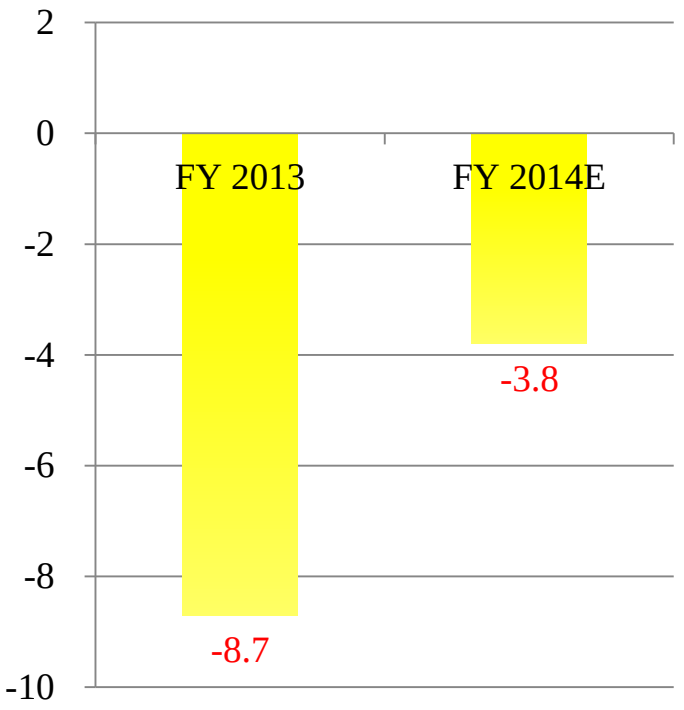


Operating Income

Δ8.7 Billion ¥ ⇒ Δ3.8 Billion ¥

FY 2013 FY 2014E

[Unit : Billions of yen]



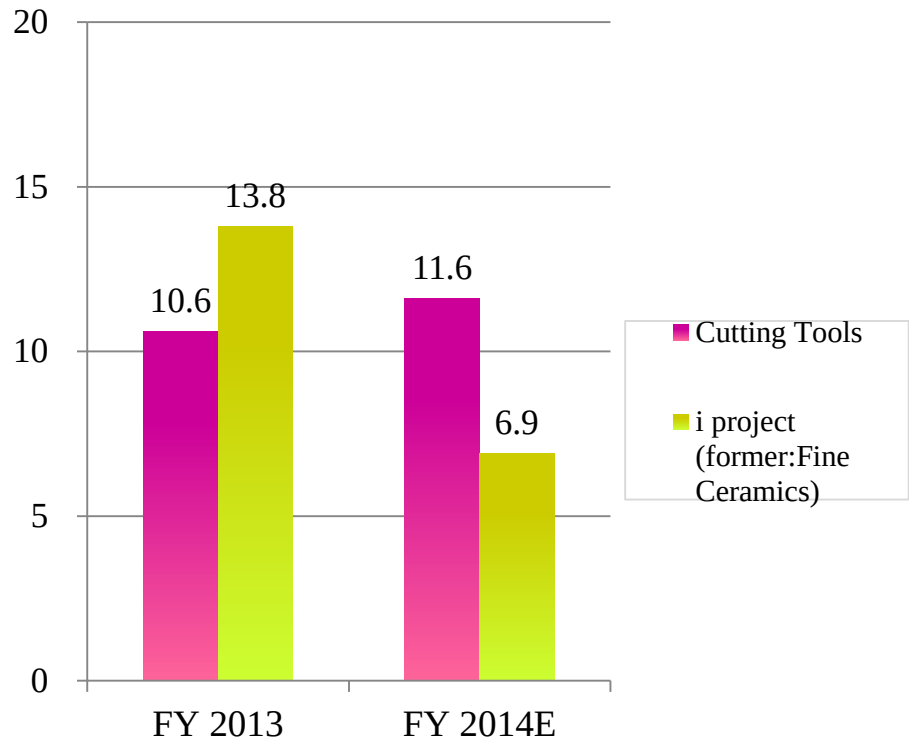
Outlook for FY 2014
Technical Ceramics Group -Ceramics Div-

Net Sales

24.4 Billion ¥ ⇒ 18.6 Billion ¥

FY 2013 FY 2014E

[Unit : Billions of yen]

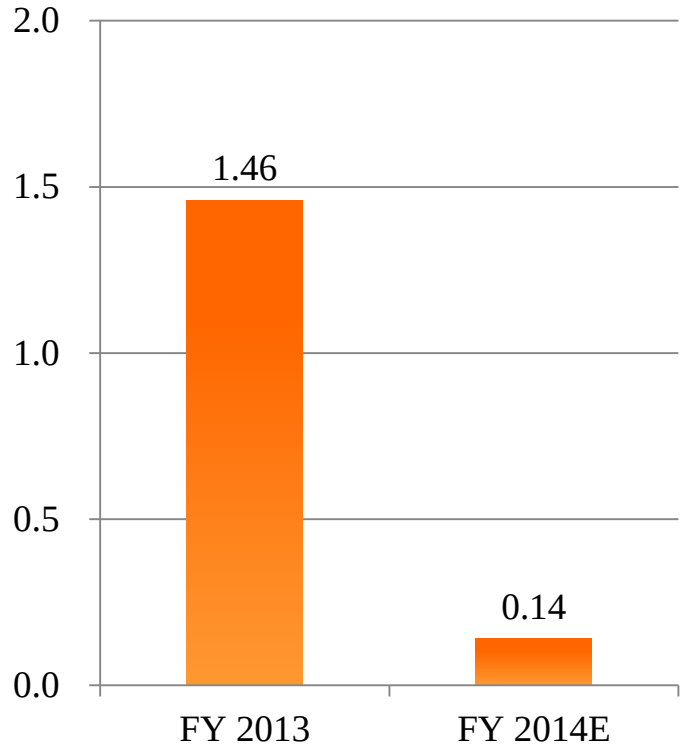


Operating Income

1.46 Billion ¥ ⇒ 0.14 Billion ¥

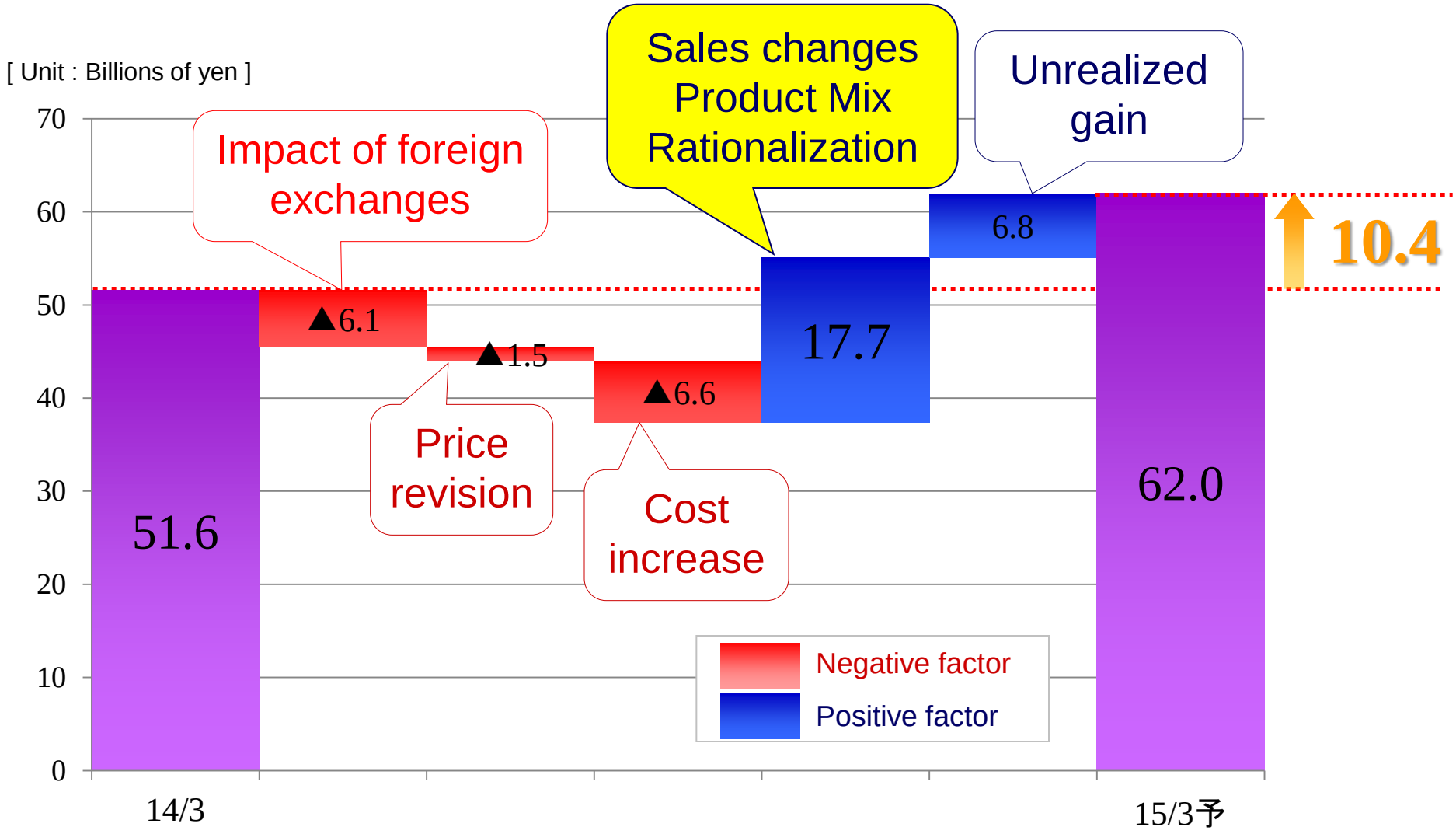
FY 2013 FY 2014E

[Unit : Billions of yen]



FY 2014 Variance Analysis on Operating Income

NGK SPARK PLUGS | NTK TECHNICAL CERAMICS
NGK SPARK PLUG CO., LTD.



Topics of
Automotive Components Group

NGK SPARK PLUGS | NTK TECHNICAL CERAMICS
NGK SPARK PLUG CO., LTD.

Automotive Components Group Activities

Topics of **Automotive Components Group**
1. Enhancement of the Production Facility

Launch of the Nino Plant



*This plant was merged as a main plant of “SparkTec TONO Co., Ltd.” which is our 100% owned manufacturing subsidiary.

【Production item】

Insulator for Spark Plug

【Capacity】

Approximately 13.5 million/month
（Capacity will be reinforced gradually）

【Site area】

52,800 ㎡

【Start of operation】

April, 2014

【Investment amount】

Approximately 28 billion yen
(for the building and primary equipment)



The meaningful step for establishing “1 billion production” per year

Topics of **Automotive Components Group**

2. The productivity improvements repair increasing fixed costs.

NGK SPARK PLUGS | NTK TECHNICAL CERAMICS
NGK SPARK PLUG CO., LTD.

Spark Plug Div.

Negative Factors

Increasing of labor costs by hiring of Organic PKG labors accordingly

+

Increasing of depreciation by the Nino plant construction

Repair the Negative side

Positive Factors

- Production Innovation
- Increasing of Production Volume
- Rationalization
- Switching of high added value products

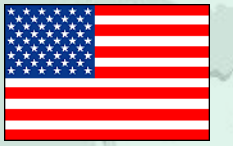
Increasing of operating income by 1.4 billion yen in Spark Plug Div.

Topics of **Automotive Components Group**

3. Effects of Environmental Regulations

NGK SPARK PLUGS | NTK TECHNICAL CERAMICS
NGK SPARK PLUG CO., LTD.

the U.S.A.



Implementation of LEV-Ⅲ

Plug: Small Diameter/ High Ignitability Plug

Sensor: UEGO Sensor

China



Implementation of China EURO5

Plug: Precious Metal Plug

Sensor: Oxygen Sensor

Euro



Implementation of EURO6

Plug: Small Diameter/ High Ignitability Plug

Sensor: UEGO Sensor

Great opportunity for NGK SPARK PLUG to expand our business. We are a global leading ceramic manufacturer and have built reliable relationship.

Topics of **Technical Ceramics Group**

NGK SPARK PLUGS | NTK TECHNICAL CERAMICS
NGK SPARK PLUG CO., LTD.

Technical Ceramics Group Activities

CPU Business

Transferred commercial rights to Taiwanese partner in December 2013

NGK SPARK PLUGS / NTK TECHNICAL CERAMICS
NGK SPARK PLUG CO., LTD.

Commercial Rights

Strategic Global Partner

Completed its transfer in December 2013

Effects

Exclude the risk of manufacturing, selling and stocks

Changing its business style to Royalty basis

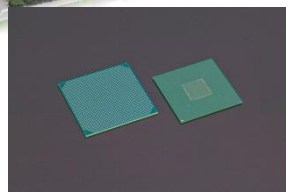
【Measure 1 toward profitability by March 2016】

Non-CPU business

Eastern firstly shipped FCBGA mass-products in April 2014

Eastern, Naka-Oshio Plant





FCBGA substrate



First shipment

Withdraw from Production

Effects

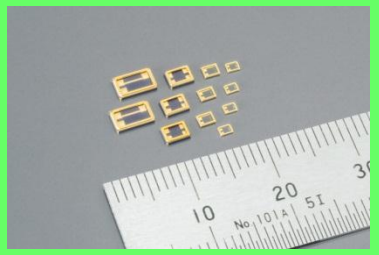
1. Running cost cut by stopping of one manufacturing plant
2. Labor cost reduction by switching its labors to Automotive business

Changing to a new business style of minimizing the risk and maximizing income

【 Measure 2 toward profitability by March 2016 】

NGK SPARK PLUGS NTK TECHNICAL CERAMICS
NGK SPARK PLUG CO., LTD.

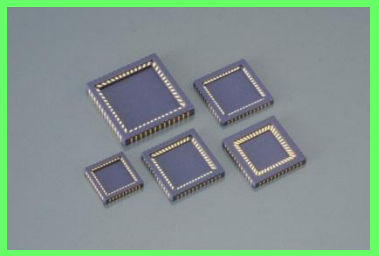
Small Crystal Device/ SAW Filter PKG



- Switching from conventional product was slow than expected in the first half.
- Inquiries have been increasing gradually.

Strengthening of promotion in China, the emerging market

CMOS PKG



- Started production to main customers.
- Proceeding activities for the next model.

Keeping a continuous business development

Become profitable in FY 2014, 2H

NGK SPARK PLUGS | NTK TECHNICAL CERAMICS
NGK SPARK PLUG CO., LTD.

Purpose

Restructuring its products and reviewing its potentialities. Finding next seeds, growing and realizing those businesses.





Electro-Static Chuck	Semiconductor Div
Bio Ceramics Oxygen Concentrator	New Business Advancement Group
Bearing Ball	Cutting Tools Div
Piezoelectric Parts Ultrasonic Wave Oscillator	i project







Make a growth strategy and its action plan for accomplishment of reconstruction

Re-examination of Medium-Term Management Plan

NGK SPARK PLUGS | NTK TECHNICAL CERAMICS
NGK SPARK PLUG CO., LTD.

Re-examination of the 6th Medium-Term Management Plan

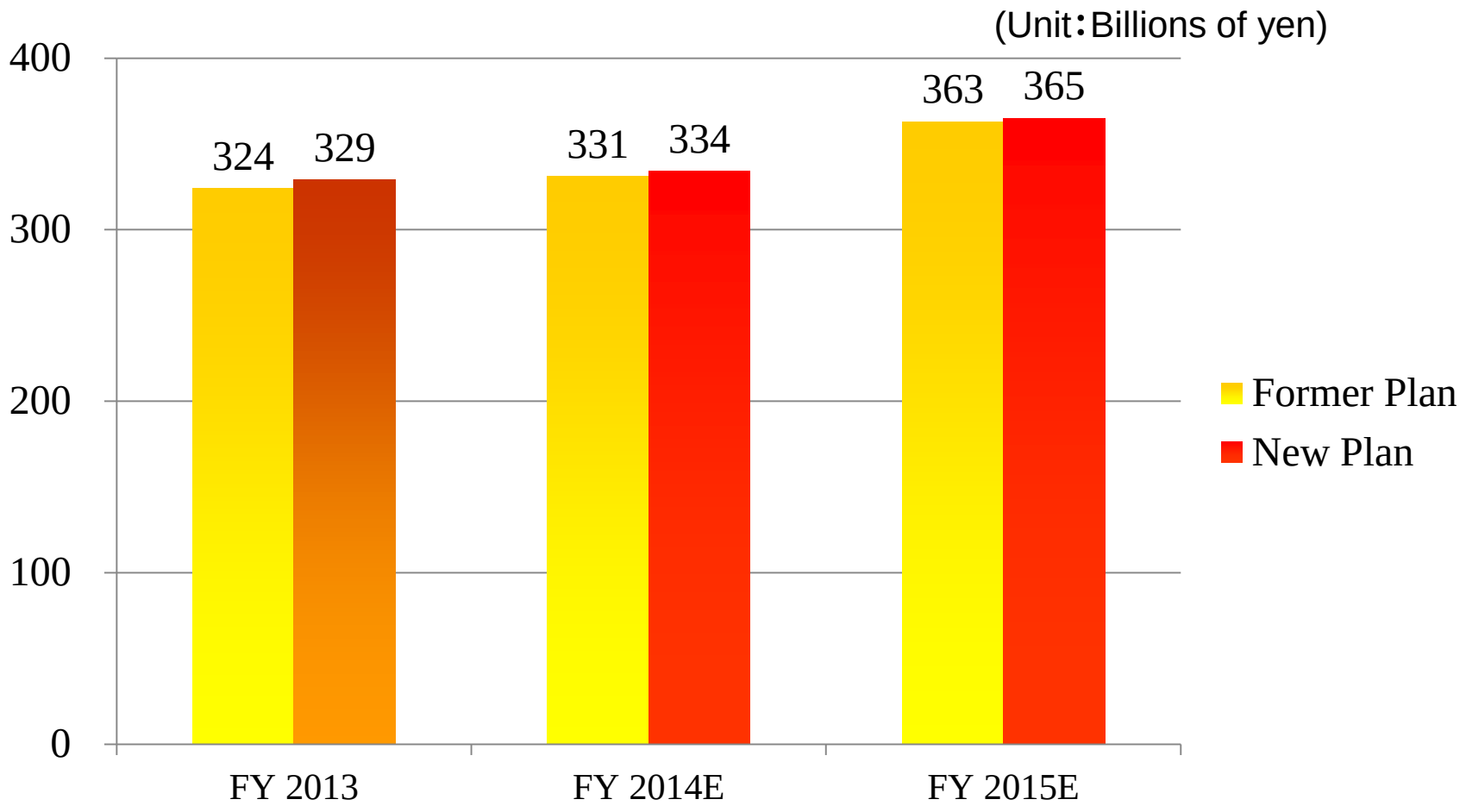


Re-examination of Medium-Term Management Plan

NGK SPARK PLUGS | NTK TECHNICAL CERAMICS
NGK SPARK PLUG CO., LTD.

Net Sales

Former Plan: 1$ = 90 yen, 1€ = 115 yen
New Plan: 1$ = 95 yen, 1€ = 135 yen



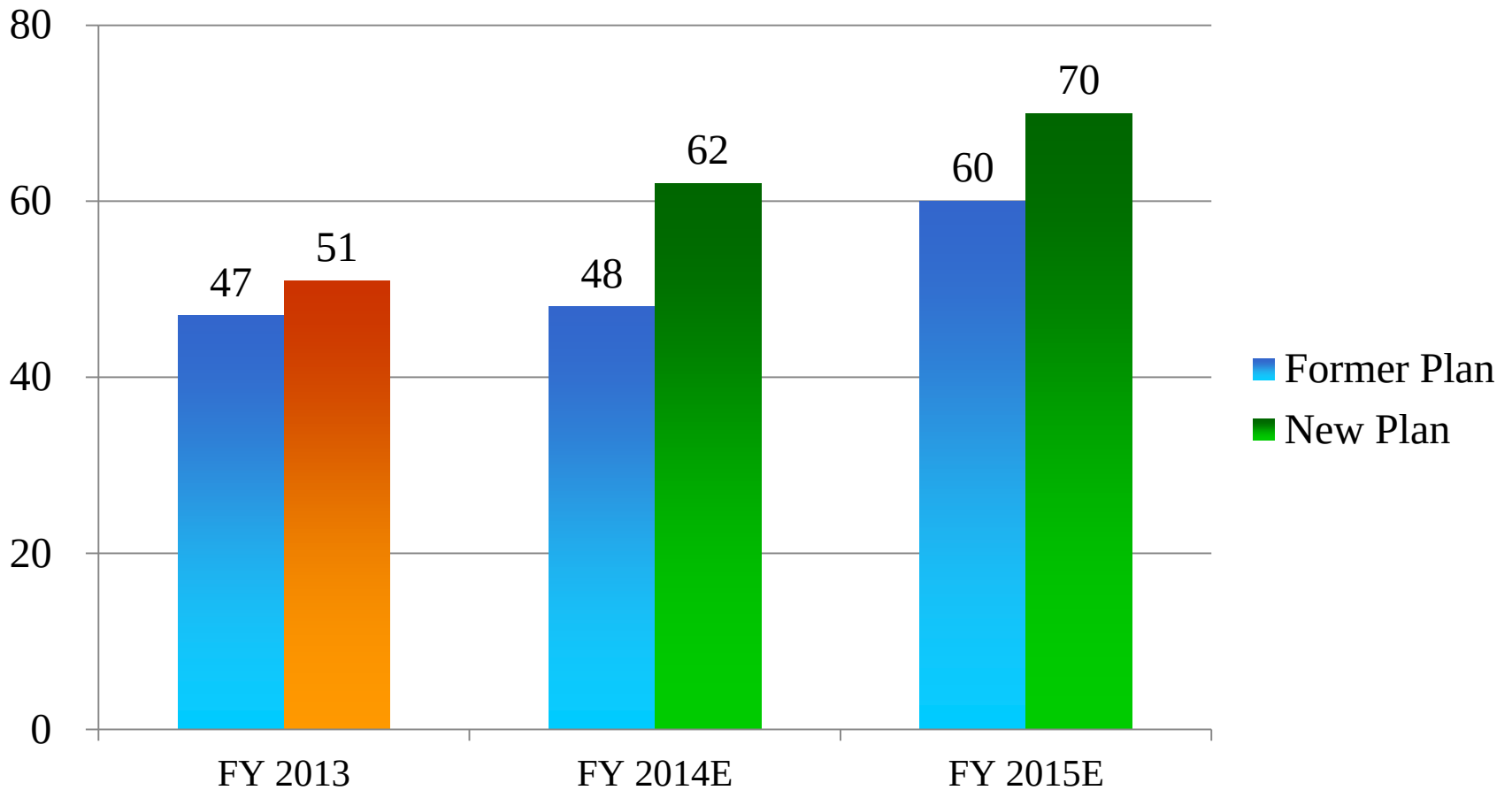
Re-examination of Medium-Term Management Plan

NGK SPARK PLUGS | NTK TECHNICAL CERAMICS
NGK SPARK PLUG CO., LTD.

Former Plan: 1$ = 90 yen, 1€ = 115 yen
New Plan: 1$ = 95 yen, 1€ = 135 yen

Operating Income

(Unit：Billions of yen)

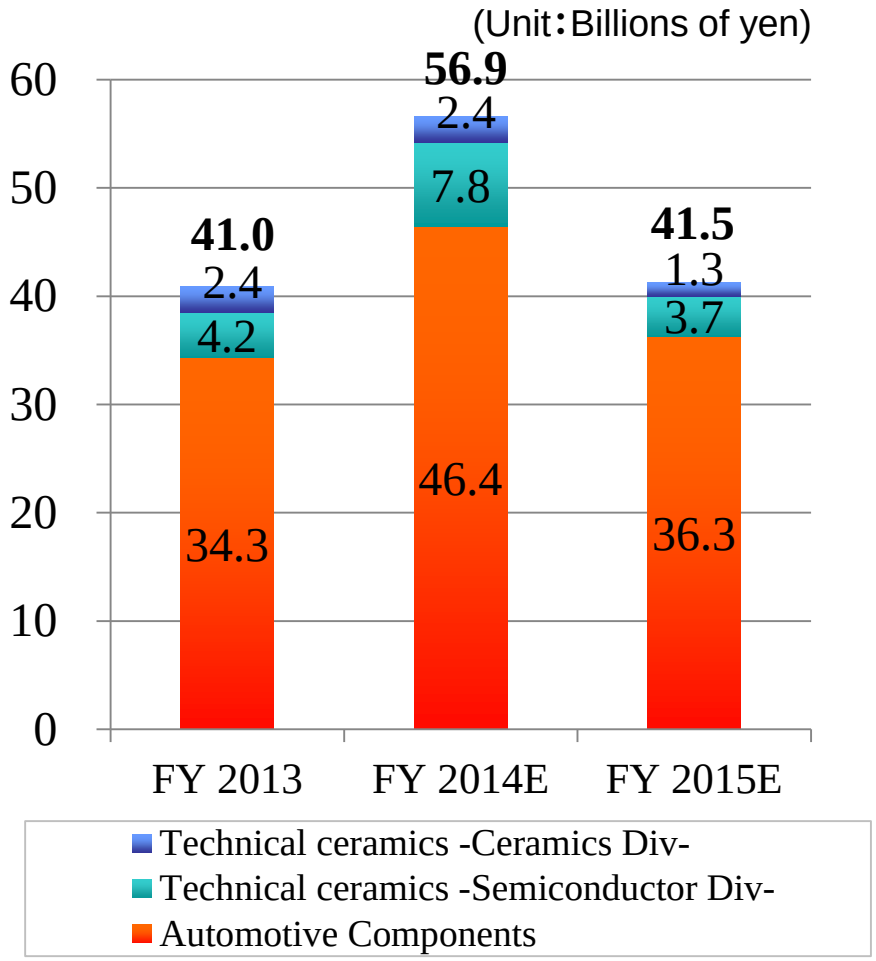


NGK SPARK PLUGS NTK TECHNICAL CERAMICS
NGK SPARK PLUG CO., LTD.

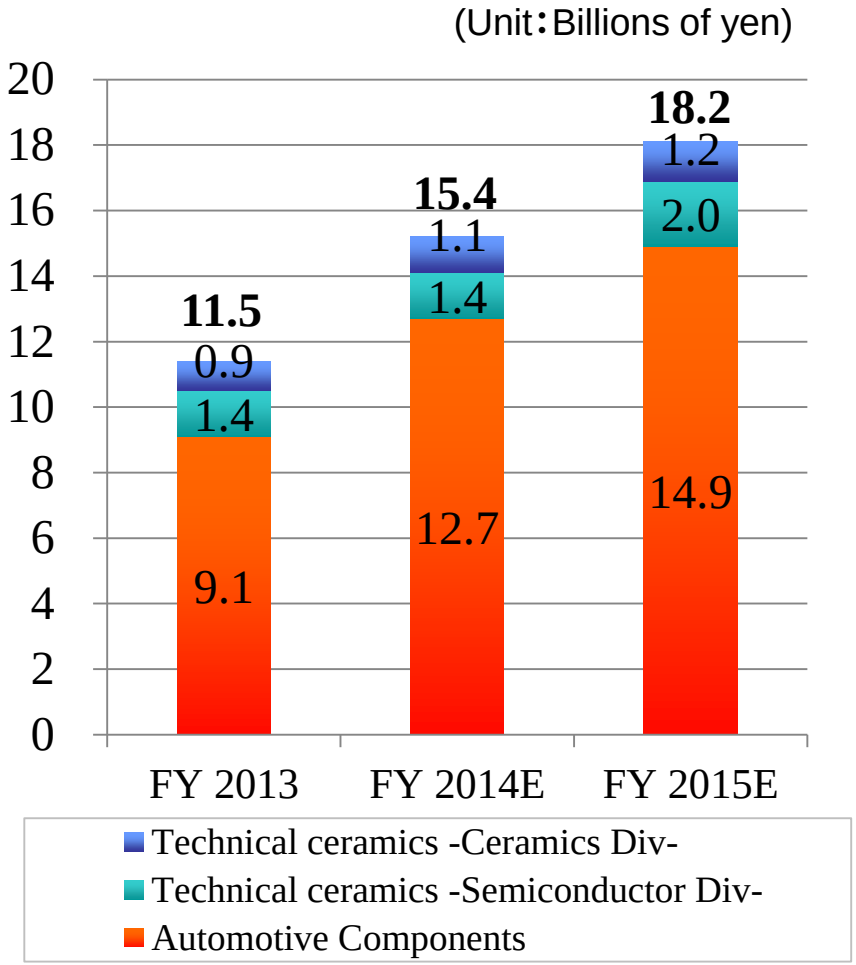
Capital Expenditures/Depreciation and New Products Development

Capital Expenditures/Depreciation

Capital Expenditures



Depreciation

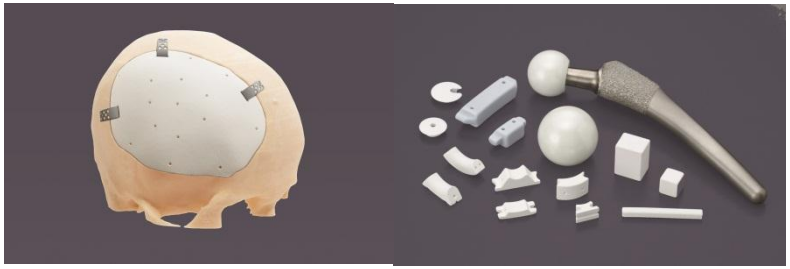


New Products Development

Launch of New Products and New Businesses



Next Generation Automobile



Medical



Environment

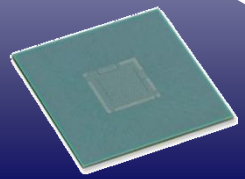
Energy



Core Technology







New Product Development
Joint Development with FOMM

NGK SPARK PLUGS | NTK TECHNICAL CERAMICS
NGK SPARK PLUG CO., LTD.

Joint Development with of compact electric vehicle with FOMM.Corporation



The vehicle announcement event held on February 19, 2014

FOMM
First One Mile Mobility



The “FOMM Concept One” was exhibited at the Bangkok Motor Show in Thailand from March 26 to April 6, 2014.

Eager to develop the Next Generation Automobile such as EV

The Evolution of NGK Spark Plug
- To “Real Value” -

NGK Spark Plug to be a company delivering **“Real Value”**



FY2010 to 2012	FY2013 to 2015	FY2016 to 2018
Delve into existing business and seek new business	Launch new products or new business	Develop existing and new business at an accelerated rate

NGK Spark Plug in 10 years

- A distinguished manufacturing company
- A highly profitable company
- A progressive company
- A personnel "assets" company



FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements concerning the future plans, strategies, beliefs and performance of NGK Spark Plug Co., Ltd. and its subsidiaries. These forward-looking statements are not historical facts. They are expectations, estimates, forecasts and projections based on information currently available to the Company and are subject to a number of risks, uncertainties and assumptions. As such, actual results may differ materially from those projected.