



Fulfilling NITTOKU SHINKARON Initiatives Under the 2nd SHINKA (Renovating)

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NITTOKU SHINKARON (The Evolution of NGK SPARK PLUG)

In fiscal 2010, the NGK SPARK PLUG Group formulated a long-term management plan called NITTOKU SHINKARON (The Evolution of NGK SPARK PLUG), which sets out the vision for NGK SPARK PLUG in 2020. Under this plan, our goal is to become a distinguished manufacturing company, a highly profitable company, a progressive company, and a personnel “assets” company. Having achieved these goals, we will deliver real value to stakeholders around the world.

The Evolution of NGK SPARK PLUG has been broken down into three separate three-year stages called the 1st SHINKA (Delving), 2nd SHINKA (Renovating), and 3rd SHINKA (Evolving). In the Delving stage that lasted until fiscal 2012 we focused efforts on changing the foundation of the company, or our organizational structure and culture, as well as adopted the corporate officer system and formulated new human resources systems.

For the three-year period of the 2nd SHINKA (Renovating) launched in fiscal 2013 we have adopted a basic policy to fully leverage our management resources to tackle bold challenges in new business domains and fields, with the aim of evolving to the final stage of the long-term management plan. Using the foundation constructed during the three years of the 1st SHINKA (Delving), we now accelerate decision making and execution as well as work on launching new products.

Overview of Long-Term Management Plan NITTOKU SHINKARON



Towards “Evolution” Under NITTOKU SHINKARON

Fiscal 2015 is the final year of NITTOKU SHINKARON representing the 2nd SHINKA (Renovating). Currently, we are making steady progress on our most important issues that include further enhancing our spark plugs and sensors, exiting or restructuring unprofitable businesses, and quickly commercializing new products and business ventures.

Specifically, in February 2015 we completed the acquisition of Nihon Ceratec Co., Ltd. This acquisition will enable us to utilize Nihon Ceratec’s advanced technical strengths and cost competitiveness from small-lot, high mix production in the field of components for semiconductor manufacturing equipment. We will be able to expand our lineup to include all new products never offered before. We also determined that synergies can be realized between both companies by combining these with our overseas sales network and technological development capabilities from materials. From now on, we will work to deliver new value in the growing components business for semiconductor manufacturing equipment.

In May 2015, we determined the acquisition of Wells Vehicle Electronics from UCI Holdings of the United States. We examined various possibilities for further strengthening our Automotive Components Business, and among these we focused on ways to utilize our worldwide sales network, which is one of our greatest strengths. This brought us to Wells, which is a leading company in the United States automotive repair market. We determined that an acquisition would enable us to expand our product lineup further. We will continue to embrace new challenges going forward as we work to strengthen our Automotive Components Business further.

As for new business ventures, we have committed management resources predominantly to the environment/energy, healthcare, and next-generation vehicle segments. We finalized a partnership with United States venture company Spirometrix in order to gain a foothold in the healthcare sector as part of our medium- to long-term strategy. Under this partnership, we will aim to create new products together utilizing our existing sensor technologies. At the same time, we will continue to launch new products and new businesses, but to beat out competition globally, we will improve company-wide productivity, including not only the production floor but also the back office, and proactively engage in the development of personnel “assets” who will power these activities.

Promotion of CSR Management

To fulfill NITTOKU SHINKARON and achieve sustainable growth, we are strengthening our governance system across the entire group and steadily addressing important risks, including crisis management and raising awareness about compliance in accordance with our CSR policy. However, in fiscal 2014 business transactions from the past fiscal year were found to be in violation of competition and anti-trust laws in the United States and South Korea. We take this matter very seriously and have implemented a preventive program across the entire group to prevent future reoccurrences.

Additionally, we are actively developing environmentally-friendly products and reducing our CO₂ emissions to help preserve the natural environment. At the same time, we are carrying out citizenship activities closely in tune with our philosophy and policy. The NGK SPARK PLUG Group is committed to fulfilling its corporate social responsibilities and accountability as a corporation. Going forward, we will provide succinct and easy-to-understand information disclosures to all of our stakeholders about the processes we use to select important issues and the progress of such processes, among other information.

We are pleased to announce the release of CSR Report 2015, which details our activities during fiscal 2014.

We very much appreciate your honest and unreserved comments and opinions.