



Financial Results for First Quarter of Fiscal 2012, ending March 31, 2012

Rinnai

August 5, 2011

Fiscal 2012 (1Q): Consolidated Financial Highlights **Rinnai**

Net sales: ¥ 54.17 billion (up 3.7% year-on-year)

Solid demand both in Japan and overseas

Operating income: ¥4.96 billion (up 9.8%)

Earnings boosted by good performances in Japan, Australia, and Brazil

Ordinary income: ¥5.64 billion (up 14.2%)

Bolstered by improved operating income

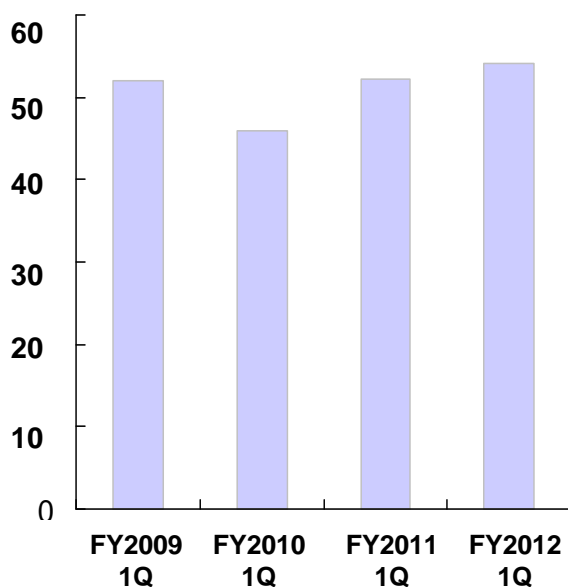
Net income: ¥2.35 billion (down 16.5%)

Due to extraordinary loss on valuation of investment securities

- Operating margin of 9.2% highest 1Q result in history
- Healthy start to “Reform and Breakthrough” (theme of final year of medium-term business plan)

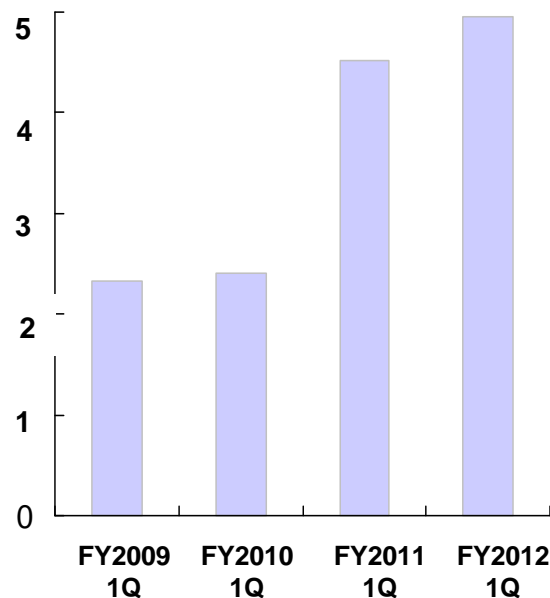
Net Sales

[Billions of yen]



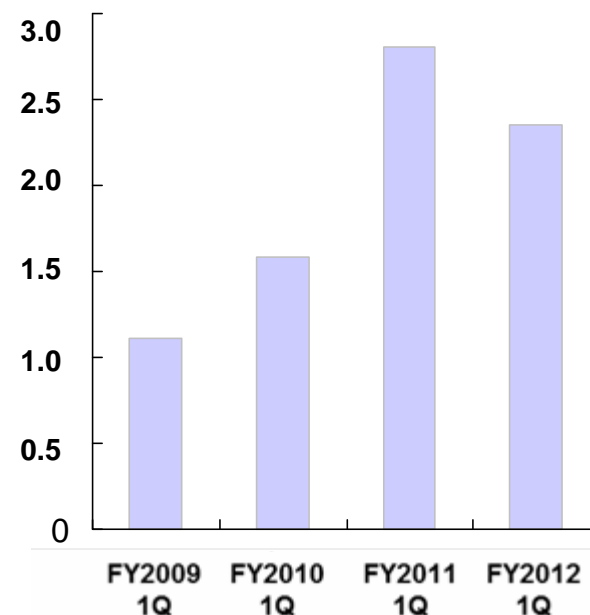
Operating Income

[Billions of yen]



Net Income

[Billions of yen]



- Continued increases in revenue and earnings despite net income decline on extraordinary loss
- Highest net sales and operating income figures in history

Fiscal 2012 (1Q): Net Sales by Product

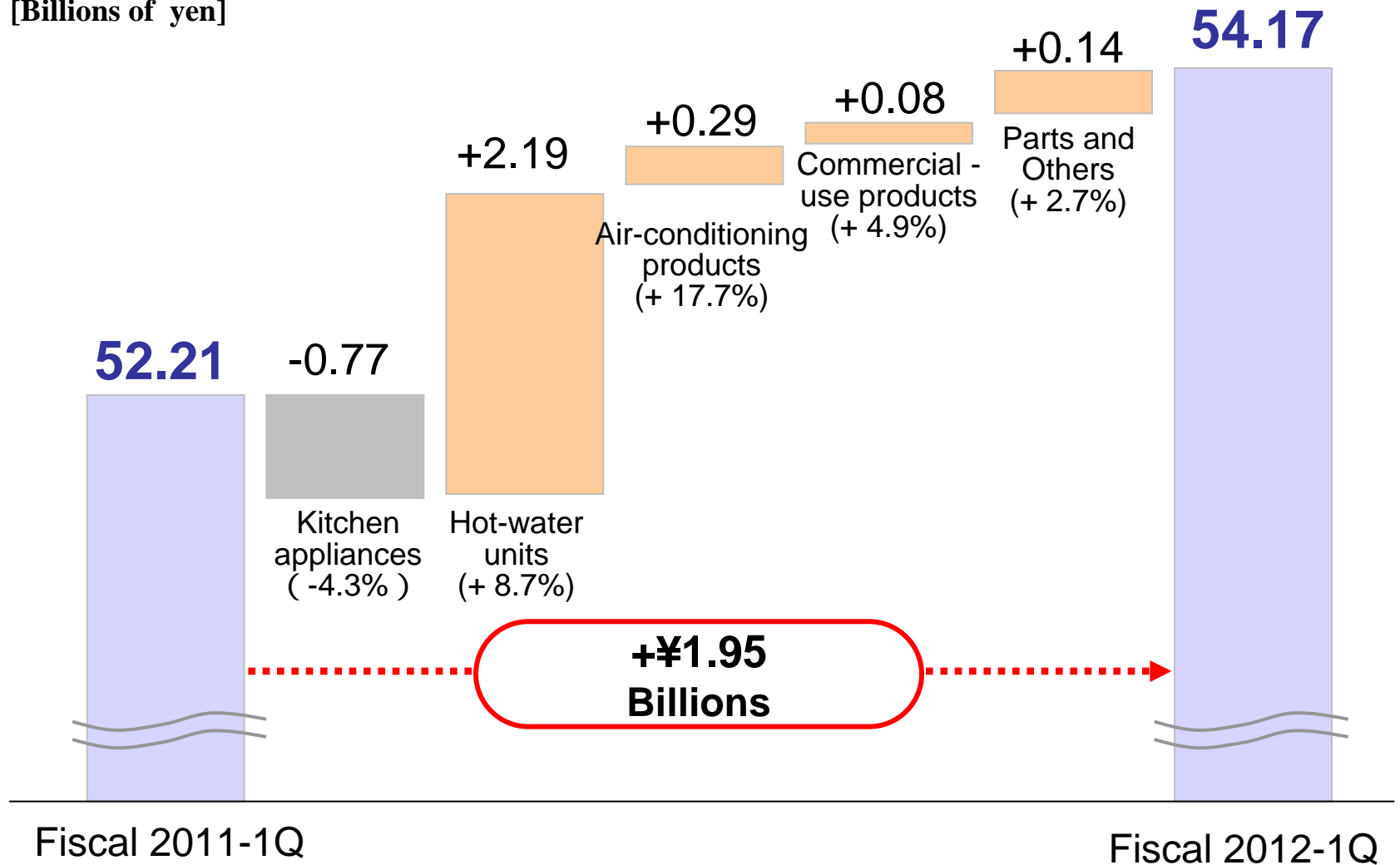
[Billions of yen]		Fiscal 2011-1Q		Fiscal 2012-1Q		
		Net Sales	Composition ratio	Net Sales	Composition ratio	YOY change
Net Sales		52.2	100.0%	54.1	100.0%	+ 3.7%
Net Sales by Product	Kitchen appliances	18.1	34.7%	17.3	32.0%	- 4.3%
	Hot-water units	25.1	48.2%	27.3	50.5%	+ 8.7%
	Air-conditioning products	1.6	3.2%	1.9	3.7%	+ 17.7%
	Commercial-use products	1.6	3.2%	1.7	3.2%	+ 4.9%
	Others *	5.5	10.6%	5.7	10.5%	+ 2.7%

* "Others" consists mainly of product components (sold in Japan and overseas) and clothes dryers.

- **Kitchen appliances: Sales down due to post-earthquake distribution turmoil and growth in low-priced products**
- **Revenue increase driven by growth in hot-water units on rise in sales volume**

Fiscal 2012 (1Q): Consolidated Net Sales by Products **Rinnai**

[Billions of yen]



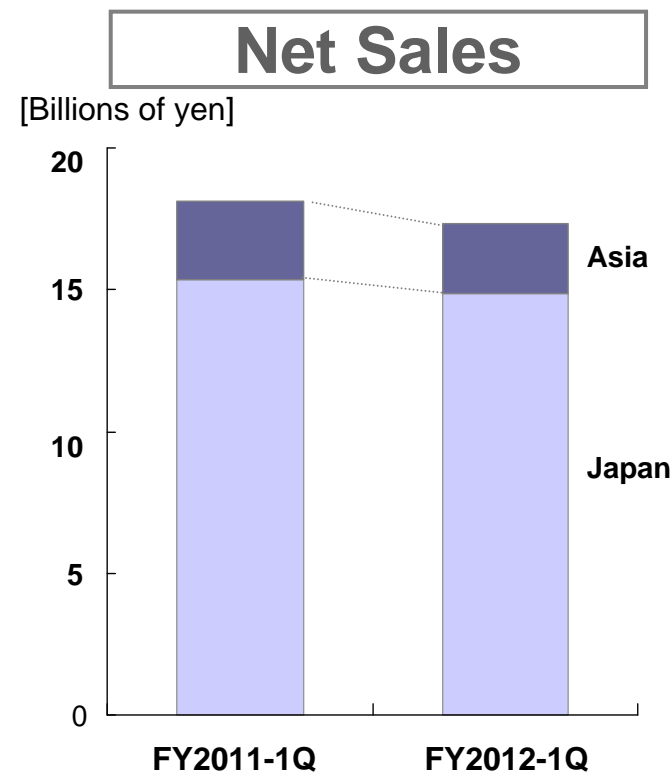
Sales by Business Segment (Kitchen appliances)

Composition ratio:

32.0%

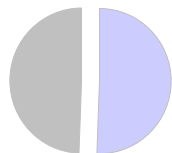


[Billions of yen]	FY2011 1Q	FY2012 1Q	YOY Change
Japan	15.38	14.87	- 3.3%
Asia	2.74	2.47	- 9.7%
Total	18.12	17.35	- 4.3%

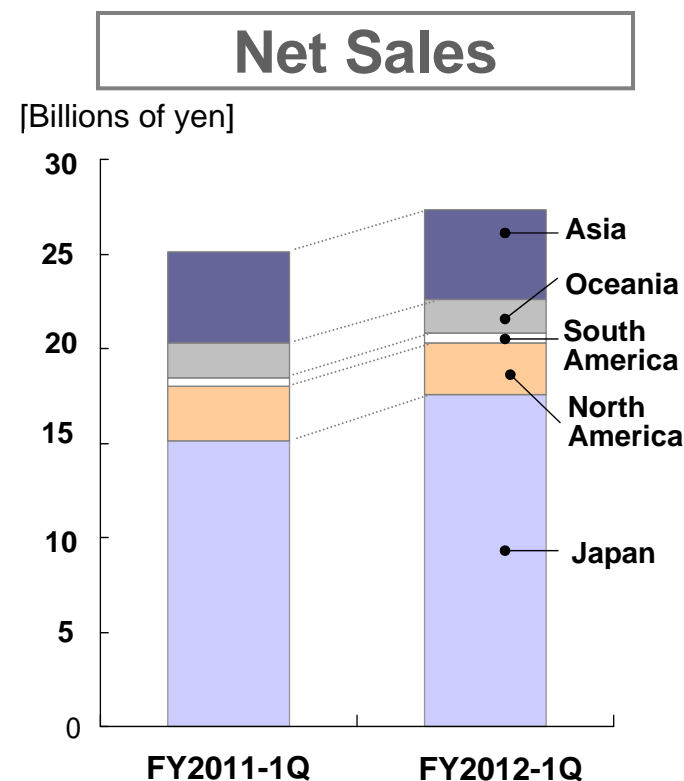


Sales by Business Segment (Hot-water units)

Composition ratio:
50.5%



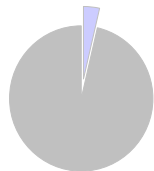
[Billions of yen]	FY2011 1Q	FY2012 1Q	YOY Change
Japan	15.09	17.59	+ 16.7%
North America	2.90	2.68	- 7.6%
South America	0.46	0.52	+ 12.3%
Oceania	1.84	1.80	- 2.4%
Asia	4.84	4.75	- 1.9%
Total	25.16	27.35	+ 8.7%



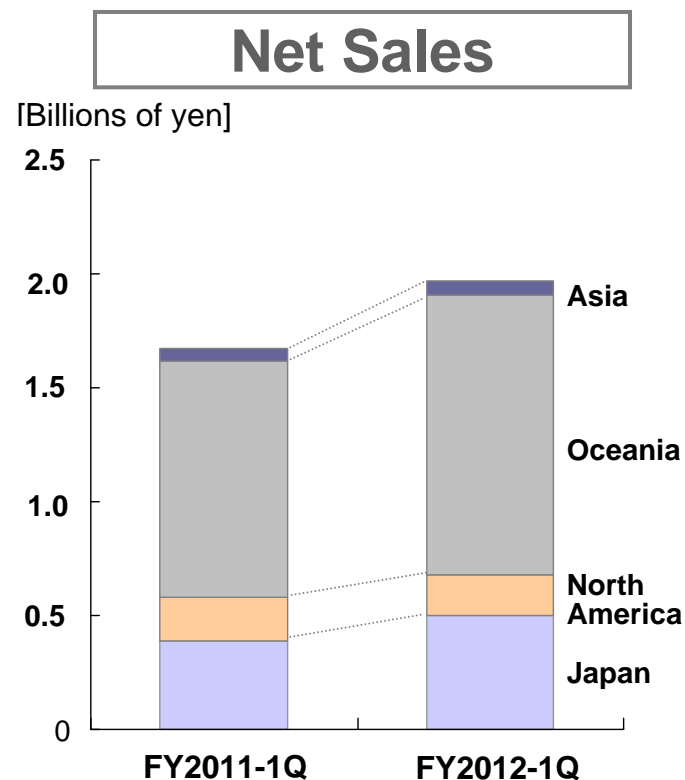
Sales by Business Segment (Air-conditioning products) **Rinnai**

Composition ratio:

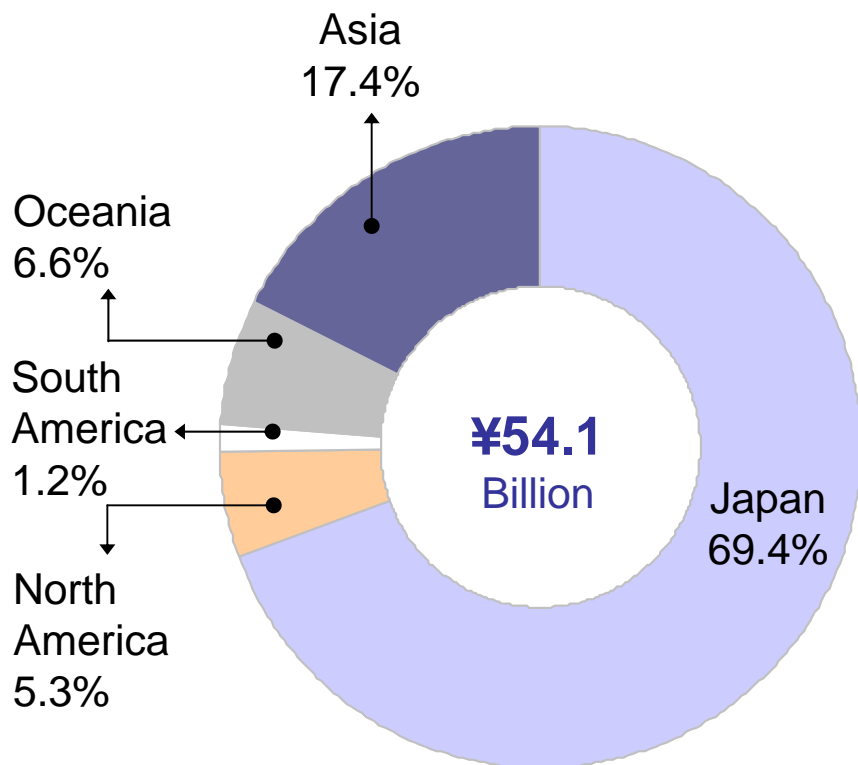
3.7%



[Billions of yen]	FY2011 1Q	FY2012 1Q	YOY Change
Japan	0.39	0.50	+ 27.3%
North America	0.19	0.18	- 1.9%
Oceania	1.04	1.23	+ 18.1%
Asia	0.05	0.06	+ 11.0%
Total	1.69	1.99	+ 17.7%



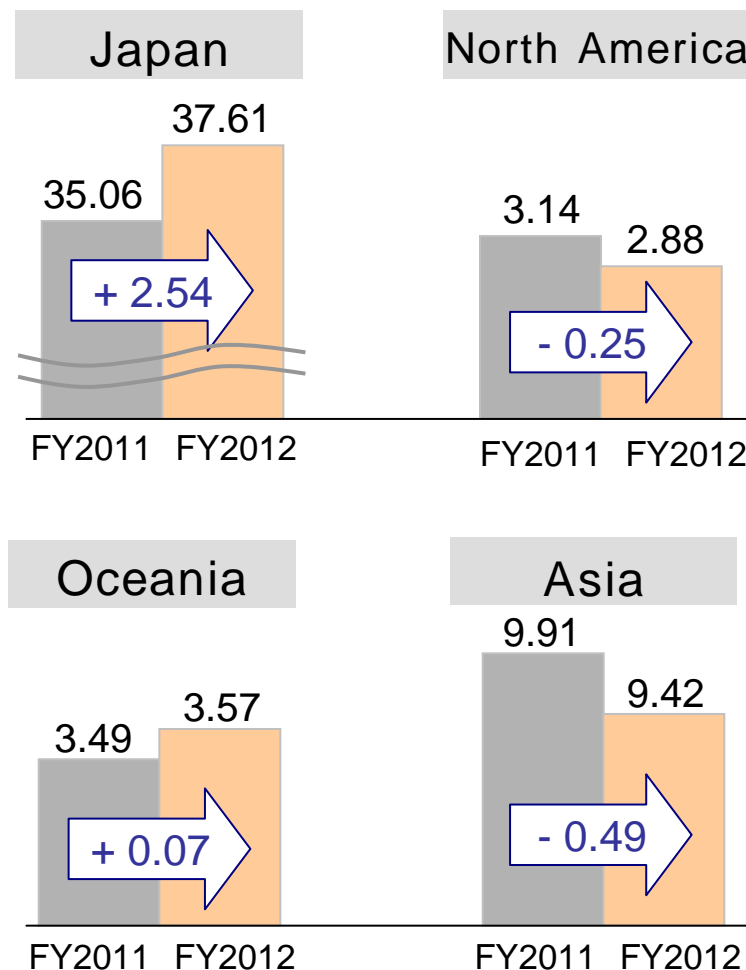
Fiscal 2012-1Q Consolidated Net Sales



The above geographic segments are based on its production and sales system of consolidated subsidiaries.

YOY Change by Geographical Segment

[Billions of yen]

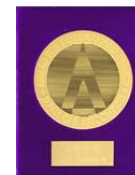


2011: Received “Top Technology Prize” from Japan Gas Association (2nd consecutive year)

Development of SOLAMO gas-assisted solar hot-water system

* Prize received jointly by seven companies (Gastar, Sankyo Tateyama Aluminium, Takagi Industrial, Chofu Seisakus Noritz, Yazaki, and Rinnai)

- Solar hot-water system installed on balconies of new condominium buildings
- Collected hot water heated by the sun used for hot water and indoor heating
- Eco Jozu takes over when solar heat is inadequate



2011: Received “Excellent Product/Technology Prize” from Japan Far Infrared Rays Association

Smoke-free gas far infrared ray grill

- Dedicated burner installed inside grill compartment at rear
- Major reductions in smoke and odors from grill exhaust when cooking grilled fish



煙の量がここまで違う!

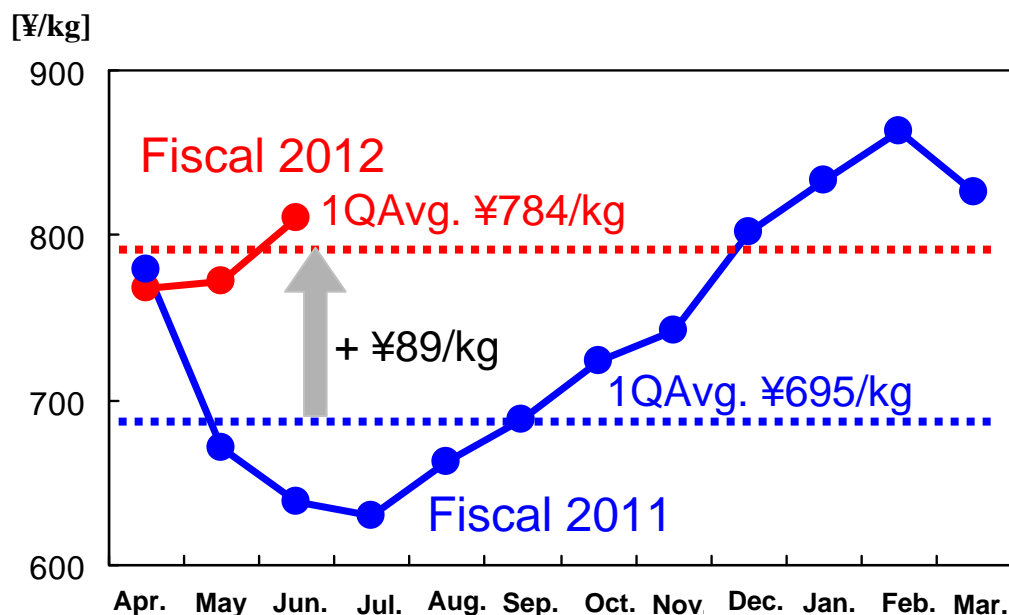
■比較実験<魚を焼く時に発生する煙量>



Compared with existing models: **81%** cut in smoke; **more than 99%** cut in odors

Electrolytic Copper

- Fiscal 2012 average assumed price: ¥860/kg
- Assumed price to remain high despite current decline



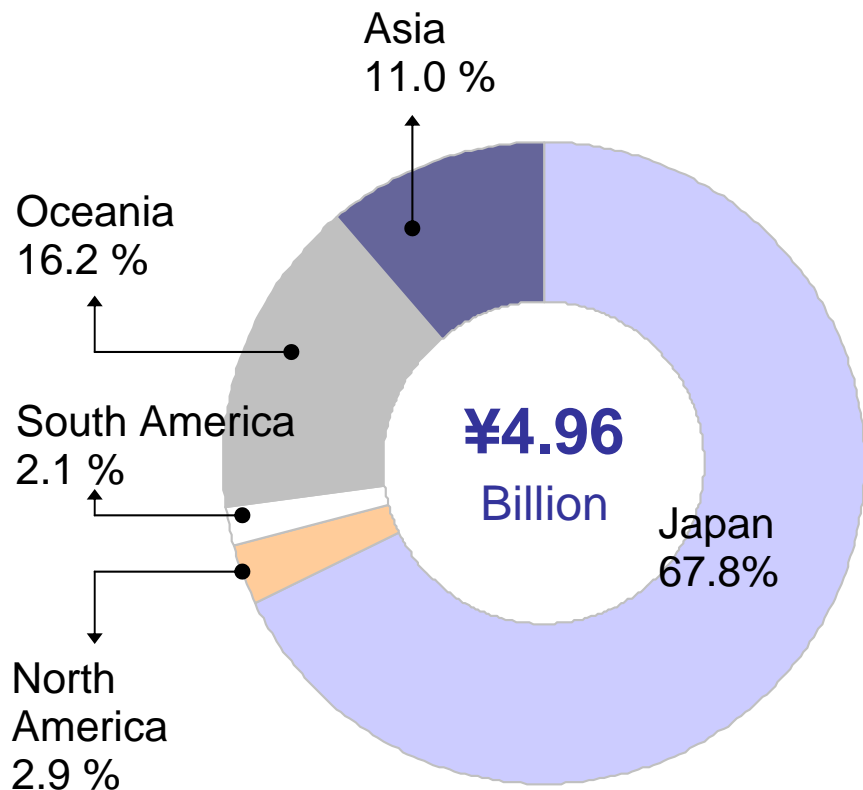
Fiscal 2012-1Q avg.	¥784/kg
Fiscal 2011-1Q avg.	¥695/kg
YOY change	+ 12.8%
Used in	Hot-Water units (Heat exchangers, etc.)

Steel

- Rising prices of steel → Respective price increases to be reflected from July 2011 (average prices up around 10%)

Consolidated Operating Income by Geographical Segment **Rinnai**

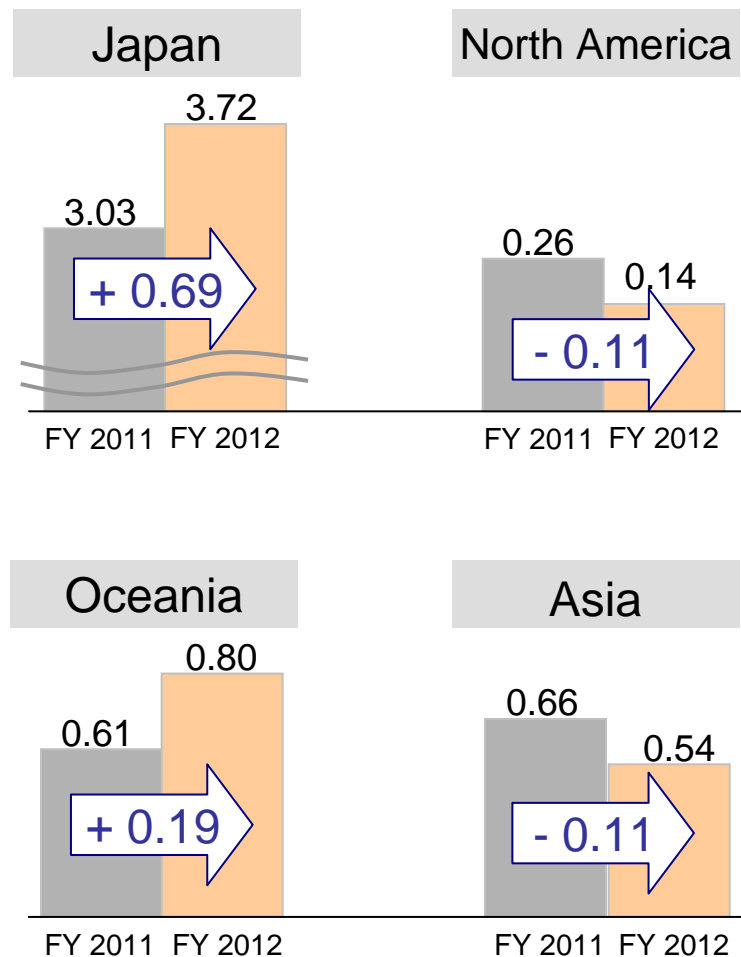
Fiscal 2012-1Q Consolidated Operating Income



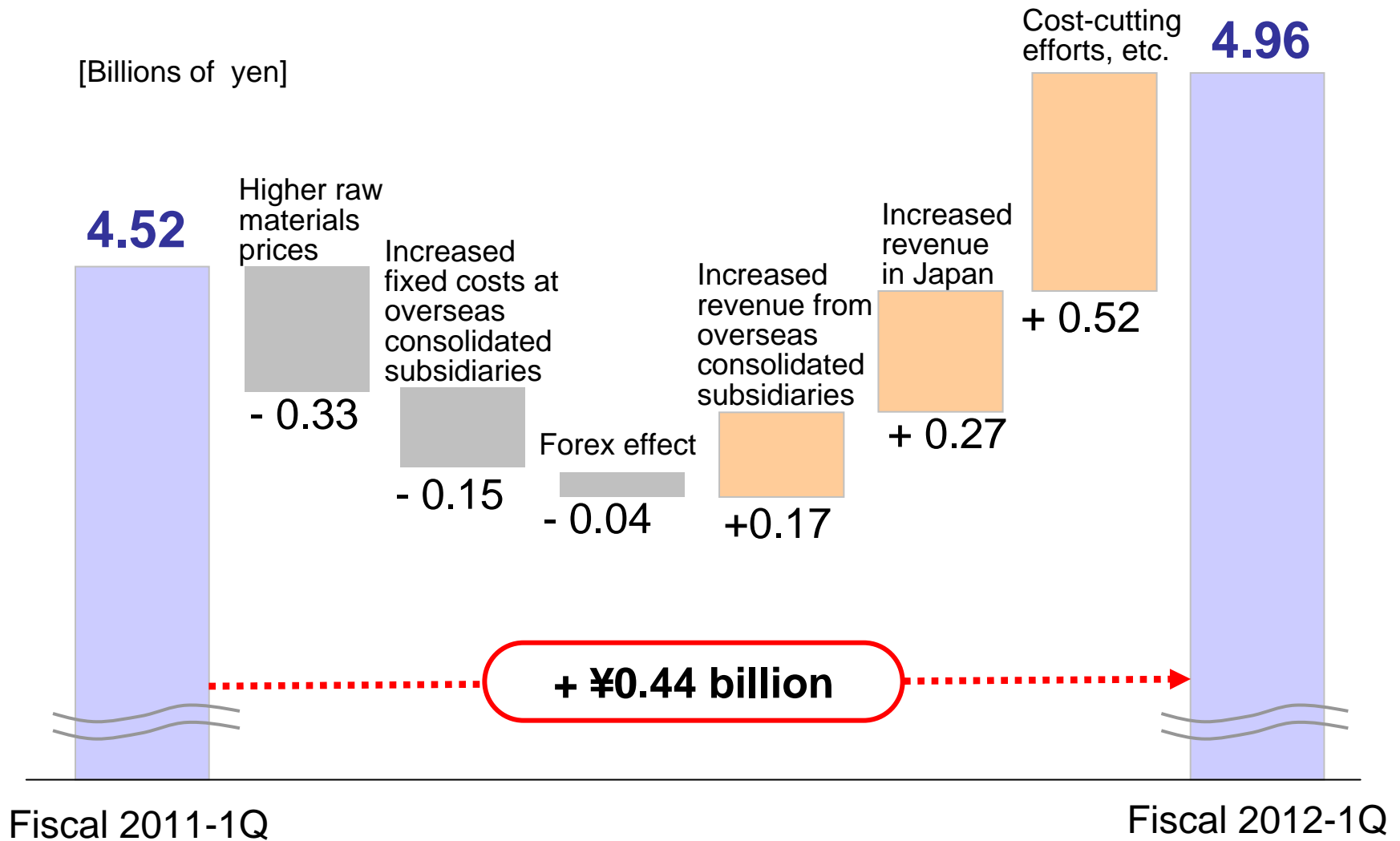
The above geographic segments are based on its production and sales system of consolidated subsidiaries.

YOY Change by Geographical Segment

[Billions of yen]



Fiscal 2012 (1Q): Consolidated Operating Income



Medium-Term Business Plan, “Reform and Breakthrough” (Apr. 2009 – Mar. 2012)

Fiscal 2010

Reinforce operating foundation through core reforms that envisage economic stagnation.

Fiscal 2011

Make global breakthroughs as a comprehensive heat-energy appliance manufacturer amid emerging environmental and energy-saving trends and growth of emerging countries.

Fiscal 2012

Aims

- Product vision:** Comprehensive heating appliance manufacturer that delivers environmentally responsible products
- Regional vision:** Global company that improves the lifestyles of people all over the world
- Business vision:** Company with a unique business model that attracts people and business partners

Inheriting the “Rinnai Way”(Spirit)

“Heat and life” “Quality is our destiny” “Contributing to local communities”

Positive factors

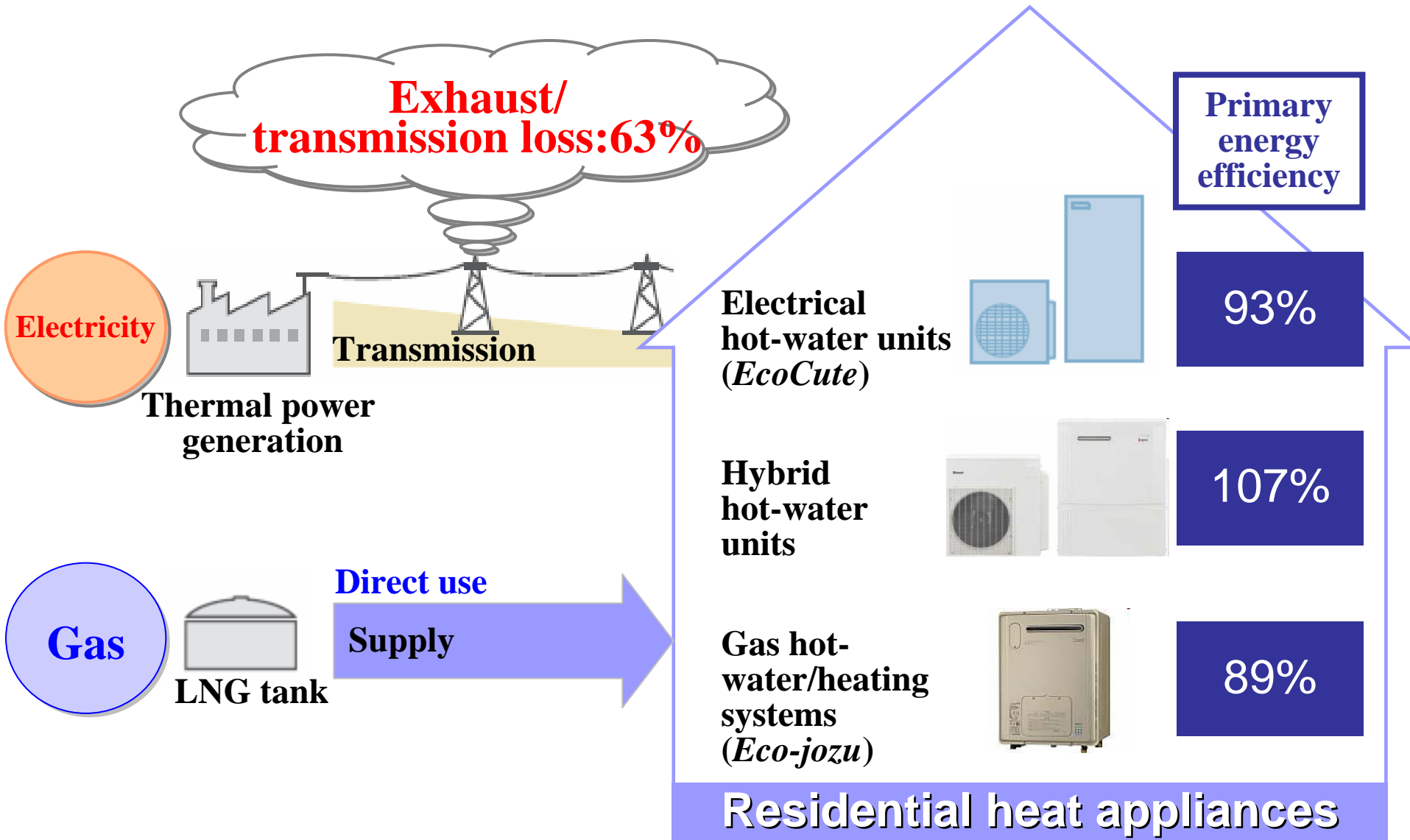
- **Japan: Firm replacement demand; new demand also growing on increase in household numbers**
- **Reassessment of electricity-gas energy balance on horizon due to prolonged shortage of electric power**
- **Slowdown in growth of all-electric product materials; increase recognition of gas as way to reduce electricity consumption and save energy**
- **Emerging nations: Continued demand growth for heat appliances thanks to rising living standards and populations**
- **Industrialized nations: Ongoing switch to high-efficiency appliances due to expedited government measures to protect environment and save energy**

Negative factors

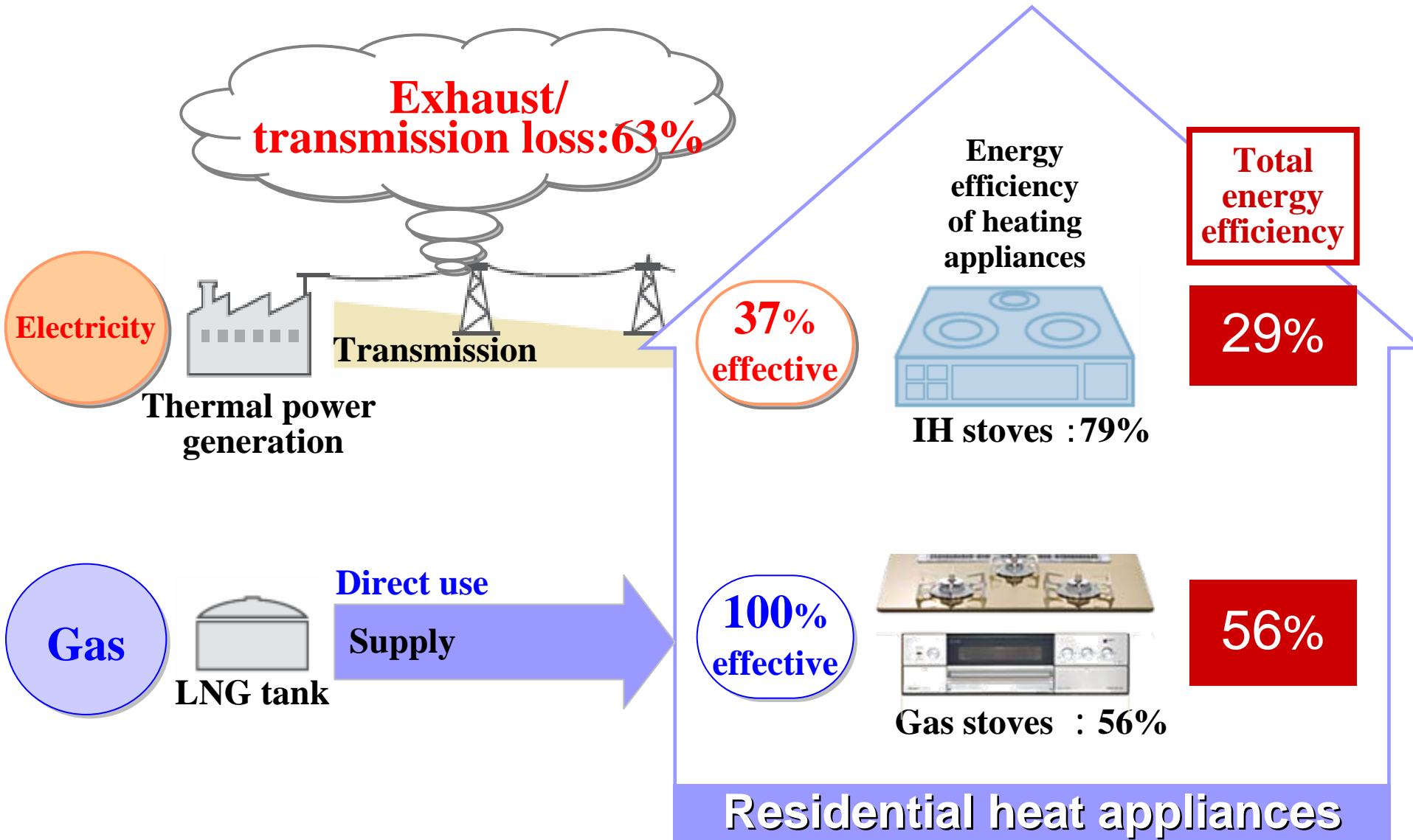
- **Rising prices of raw materials (copper to remain high despite current downturn; steel to continue rising)**
- **Exports to be impacted by strong yen and stalled economic recovery in USA**
- **Temporary slowdown in orders (2Q) due to increased distribution inventories after earthquake**

- **Japan: To calm down and become firm following post-earthquake distribution turmoil**
- **Overseas: Monthly sales up and down but full-year growth to continue**

Hot-Water/Heating Systems: Saving Energy and Electricity **Rinnai**



Hot-Water/Heating Systems: Saving Energy and Electricity **Rinnai**



Gas Appliances Not Requiring Power Source (Electricity-Saving Products)

Gas stoves help reduce residential electricity use by 15%



Rice cooker

Monthly power consumption down 2%!
7,400wh

Automatic rice cooking and flame off



Kettles

Monthly power consumption down 1.6%!
6,300wh



Reheating

Monthly power consumption down 0.02%!
870wh



Toast

Monthly power consumption down 0.7%!
2,800wh



Other products not requiring AC power

Batteries not needed

Battery-powered

Gas infrared stoves



Table-top stove



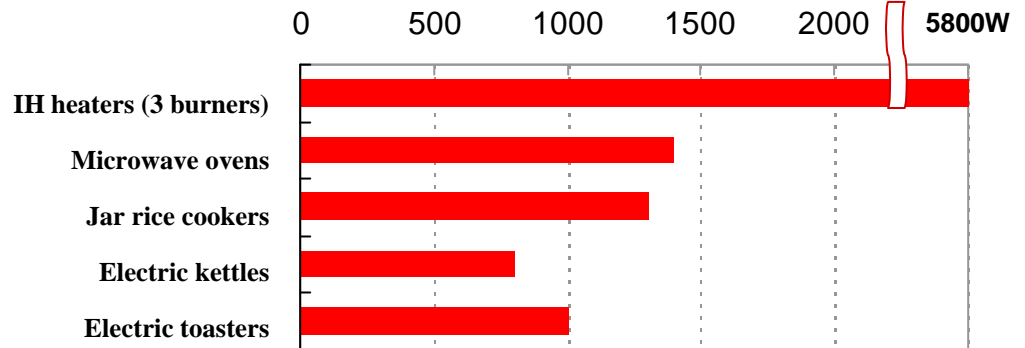
Single-burner stoves



Gas rice cookers



Kitchen appliances that use significant electricity



* Rated electric power examples only; actual consumption may differ according to product type and usage method

* Source: Agency for Natural Resources and Energy

SK Stoves

Addressing needs with upgraded lineup

New DELICIA

【Launched in August 2010】



- Heat-off glass top
- Smoke-free grill

Mytone+

Upgrade of mid-level series
(Launch scheduled for summer)



Udea ユーデア



Tabletop Stoves

Standardized spill catcher-less type

サツとひと拭き
フラット
&
クリーン

Glass top



Pearl Crystal



Metal top



Dishwasher/Dryers

Developing products to meet customer demands



Environmentally Friendly
New Built-in Dishwasher
With Plasmacluster
Technology & Baking
Soda Wash Mode!



* Plasmacluster is registered trademark of Sharp Corporation.

エコな食器の洗い方
重曹洗淨

ダブル除菌 スチーム洗淨

Range hoods

Well received as sets with SK stoves



AirPRO

(Non-filter, slim type)

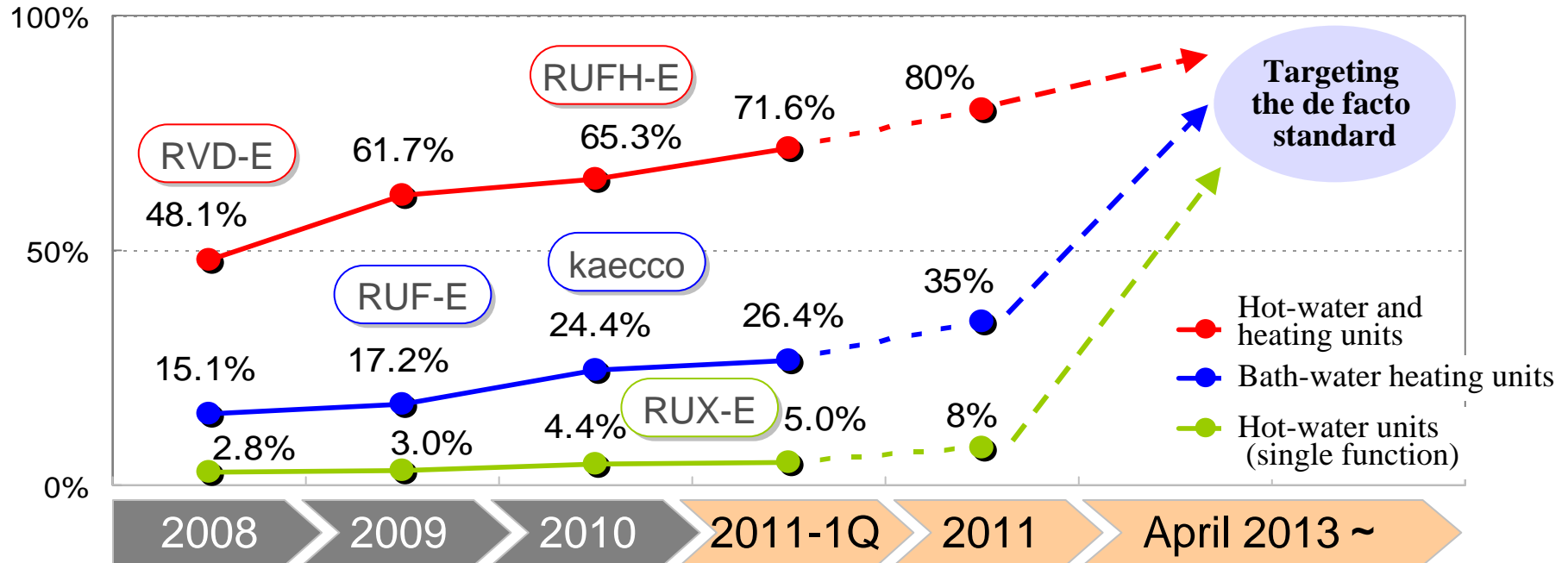
Voluntary Industry Standard



Adopt the highly efficient *Eco-Jozu* series of hot-water units for all hot-water units produced in Japan by the end of March 2013

Eco Jozu Ratio at Rinnai

Expansion of “E Series” lineup instrumental in Its adoption as the de facto standard



Total ratio 20.3% 19.7%

Increased hot-water units (single function), of which *Eco Jozu* ratio was low, after earthquake in Japan



Plasmacluster-equipped gas fan heaters in sleek colors and designs to suit any interior

【 Launched August 1 】

“Plasmacluster Mark” and “Plasmacluster” registered trademarks of Sharp Corporation.

A-styleIV



RC-L4001NP Series (#35)

- Three color variations
- Equipped with Plasmacluster ion technology
- With swing and audio message functions
- “Eco Operation” function delivers efficient heating
- Optical displays keeps you informed of operating status



RC-L5801NP (#50)



RC-L5803E (#50)

High-performance model filled with simple, eco-friendly, reliable functions

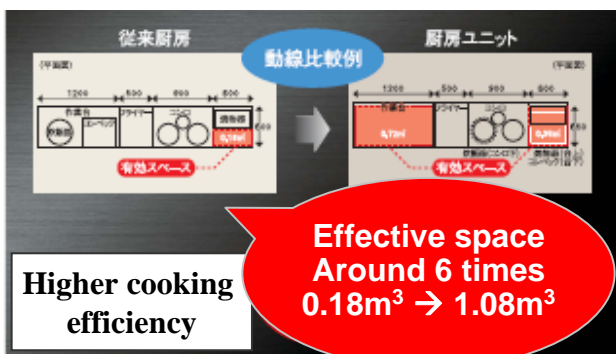
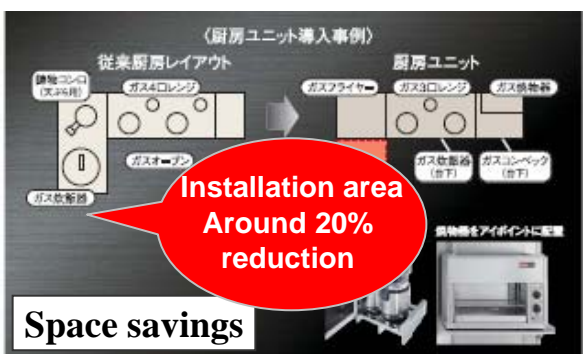
More efficient and energy-saving than air conditioners or electric heaters

Next-generation commercial kitchen appliances with emphasis on flexibility and function

【 Launched August 1 】



- Three-dimensional cooker arrangement saves space (20% reduction in installation area)
- Appliance and storage arrangement raises cooking efficiency (around 30% less moving distance when cooking; 6-fold increase in effective space)
- Back panel, dual-structure exhaust duct
- All models with “flame failure safety device”
- “Cool kitchens” with minimal radiated heat
- Original designs with flexible variations
- Stylish, updated designs



In addition to general market models, we have rolled out systems for full-scale heating in cold regions

	Combined heater-tank model	Separated heater-tank model	
	10,000 kcal heating capacity model	10,000 kcal heating capacity model	15,000 kcal heating capacity model
General market		<p>設置台は別売です。</p>	<p>設置台は別売です。</p>
			<p>【Launched in April, 2010】</p>

Cold region model

World-first hybrid hot-water/heating system
 High heat efficiency
 (270% for hot water; 200% for room heating)
 Average of 10 panel radiators can be connected together

【Launched in April, 2011】

Minimal cost and maximum energy efficiency among next-generation products

Safe, Comfortable, Eco-Friendly Hot-Water/Heating System: **Rinnai** Ideal for Aging Society

Combination of radiation, conduction, and convection heating
delivers all-round warmth

Elevation of Japanese heating culture

Hybrid hot-water units provide comfortable heating with low running costs!

Gas/solar hybrid hot-water system

Air-source heat
Heat pump

Gas
Eco Jozu

ECO ONE



“Makes every day more enjoyable and comfortable... and is eco-friendly”

Floor heating



Mist sauna




Fan convector



Bathroom heater/dryer





**Rinnai will continue improving the lives of
people around the world
and contributing to the future of the planet
by offering superior appliances
with a focus on safety, peace of mind, comfort,
and the environment.**

Rinnai

EXPERIENCE OUR INNOVATION

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