



Business Outlook

Rinnai

November 4, 2011

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

Fiscal 2010

Fiscal 2011

Fiscal 2012

Reinforce operating foundation through core reforms that envisage economic stagnation.

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

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”

Heat appliances are fundamental to our everyday lives

Kitchen appliances



Air-conditioning products



Hot-water units



Commercial-use products



We develop and supply high-quality heating appliances optimized for the lifestyles, climate, and energy resources of each country.

Motivated by an uncompromising commitment to quality, Rinnai develops and produces core components in-house in line with its commitment to key technologies for creating and controlling heat.

Combustion control	Heat exchange	Temperature control	Fluid control

We use sensors and electronic units to achieve precise heat control, we pursue total safety and zero defects.

Commitment to Quality

= Commitment to Manufacturing Products

Rinnai

Rinnai's commitment to manufacturing core components that affect quality is reflected in its integrated production system, which encompasses everything from raw materials to assembly of the final product.

Integrated
production

Just-in-time production and
supply

In-house
production

Streamlined
production



- * We undertake exhaustive quality control by manufacturing core units and components within the Rinnai Group.
- * We also undertake the in-house development, improvement, and maintenance of key production equipment, molds, and information systems.

**Using our own production and logistics systems,
we deploy just-in-time production and supply
and individuals controls for each and every item we make.**

Basic Policy: Local Production and Sales

Manufacturing and sales companies (9 countries) and Sales Companies (8 countries) in 16 Countries
(*The following chart indicates principal companies)



Rinnai receives strong worldwide acclaim for the quality of the products.

Positive Factors

- Rising affinity toward energy-saving products that use minimal electricity
- Slowdown in demand for all-electric homes amid electricity shortages
- Japan: New housings starts on recovery path
- Emerging nations: Growing demand for heating products due to rising living standards and populations
- Advanced nations: Higher demand for high-efficiency appliances due to government measures to protect environment and save energy
- Raw materials prices remain lower than expected

Negative Factors

- Export products impacted by strong yen
- Fixed costs up due to inflationary trends overseas
- Intensified price competition with rival companies



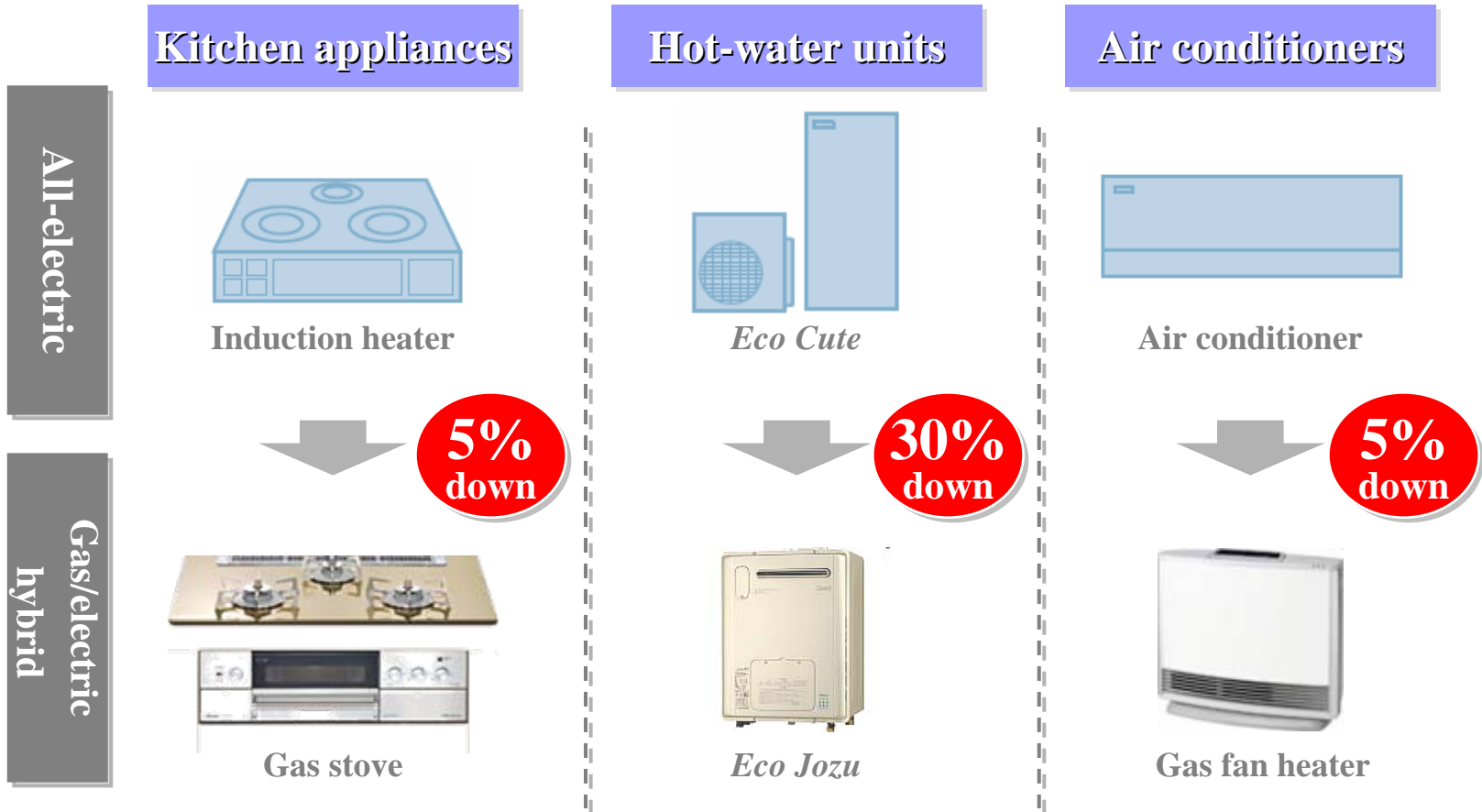
**Domestic demand expected to grow;
overseas demand to continue long-term expansion**

Domestic Products Information



Simply by switching three appliances from electricity to gas, you can reduce overall household power consumption by around 40%!

※ Calculated from power consumption of all-electric homes (Rinnai research)



Upgrading lineup to meet diversified needs

Premium

DELICIA



Mid-level

Verie **NEW**



New functions in industry now included in mid-level range

“Heat off” function prevents food burning

“Smoke off” function minimizes smoke and odors



Standard

Mytone



メタル Metal



ガラストップ Glass



Table-top stoves

Lineup easier to use and safer than ever



Peace of mind guaranteed

“Heat off” function prevents food burning

“No saucepan detection” function prevents flame from burning clothing



Dishwasher/Dryers

Developing products to meet customer demands



プラズマクラスターイオン発生
プラスマイクログラスター Plasmacluster
シャープ株式会社の特許です。

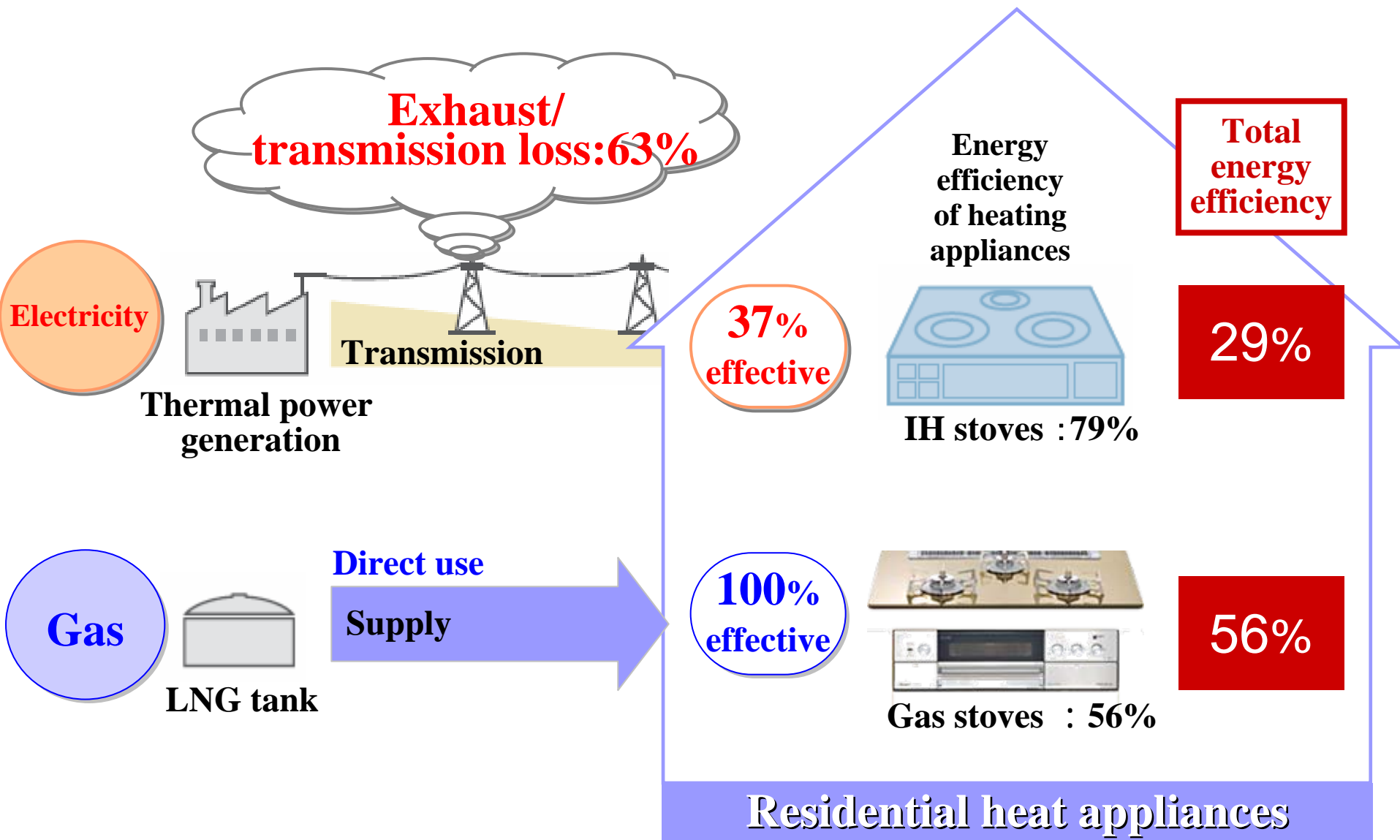


Range hoods

Well received as sets with SK stoves



AirPRO
(Non-filter, slim type)



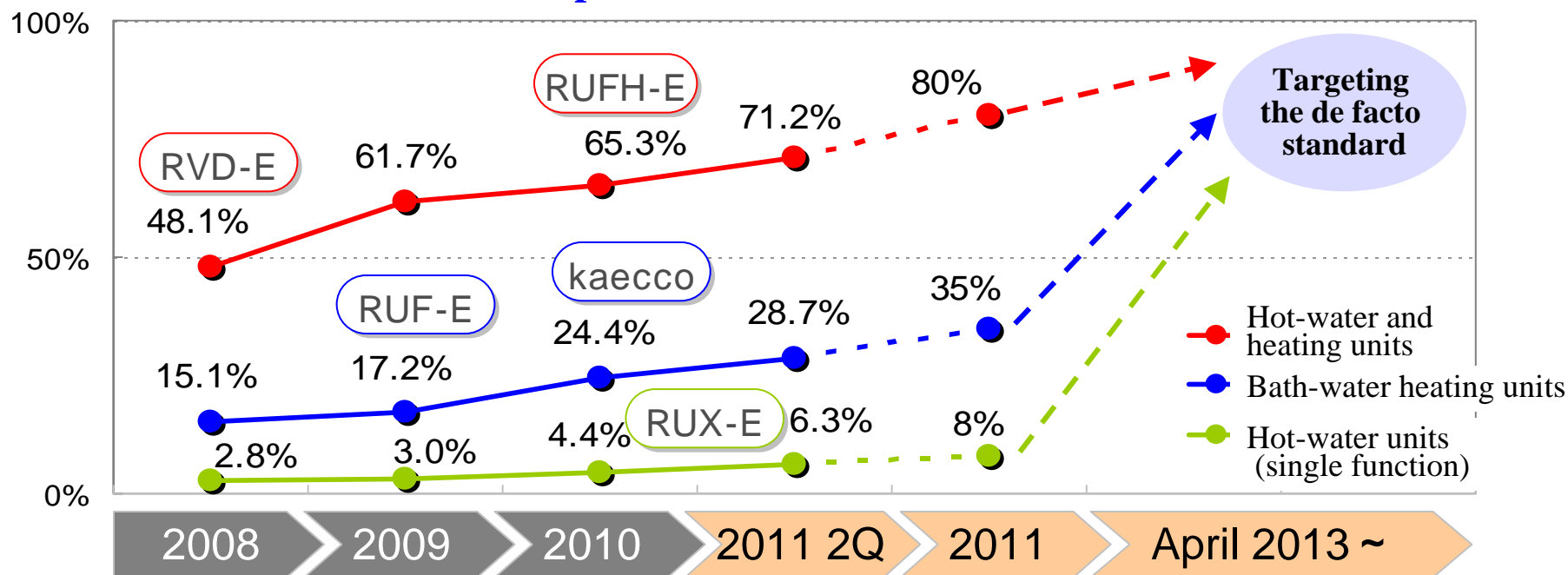
Voluntary Industry Standard



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%

22.6%

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

Radiation, conduction, and convection deliver natural warmth (like being in the sun)



Radiation heat: Infrared rays warm body to the core

(Infrared rays radiate throughout room, reaching walls and ceiling)

Conduction heat: Warms the floor below

(Prevents concentration of heat near ceiling)

Convection heat: Minimizes in-room temperature discrepancy

(Cool air warmed at floor level, allowing natural air circulation)

Enjoy user-friendly has hot-water/heating: Launch of simple hot-water mats



RUM series

【Launched August 22】

Simple construction: No need for under-floor installation

Roll up and put away during off season

Low-energy operation with 50 water circulation

No worry about low-heat skin burns or electromagnetic waves

No major under-floor
construction required
**Easy
installation**

Running cost
Only ¥66 per day
(8-hour operation)
(Using LPG)

In the off season,
roll it up and
Stow it away
Put in cardboard box for storage

Comfortable, warm gas fan heater offering high efficiency and lower electric power consumption



No odors emitted when switching on or off

No need for bothersome refueling

Fans delivers comfortable warmth in just 5 seconds after switching on

Safety features, such as incomplete combustion prevention device

Infrared gas stoves use infrared rays to warm body to the core



Dry cell battery ignition: No need for electric (AC 100V) power source

No odors emitted when switching on or off

No need for bothersome refueling

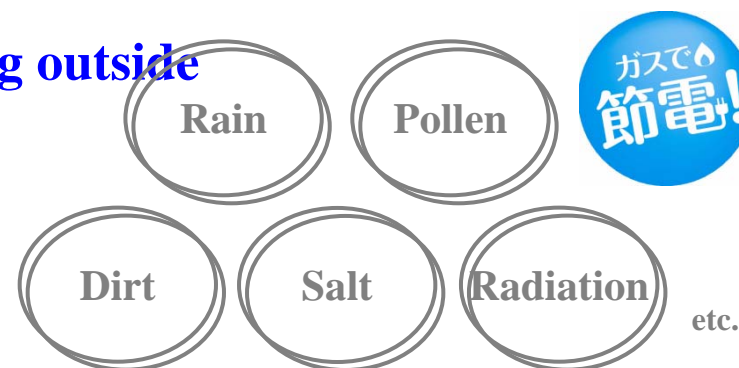
Safety features, such as incomplete combustion prevention device

More and more households do not hang washing outside

– Overseas: Culture emphasizing visual appeal of buildings

– Japan: Impact of wet season, pollen, dirt

⇒ Growing demand, especially in Tohoku region, due to radiation concerns after earthquake



Gas clothes dryer: Dries large loads (5kg) in around 150 minutes

Drying time: 6 hours (electric) ⇔ 2.5 hours (gas)



Speedy performance: Dries clothes in **less than half the time**

Hot-blast drying delivers high antibacterial performance

Large 5kg capacity suited to drying heavy loads

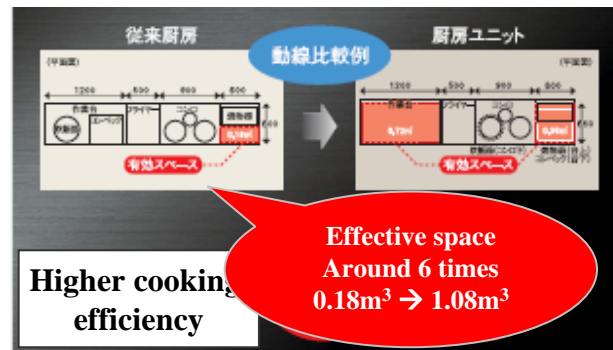
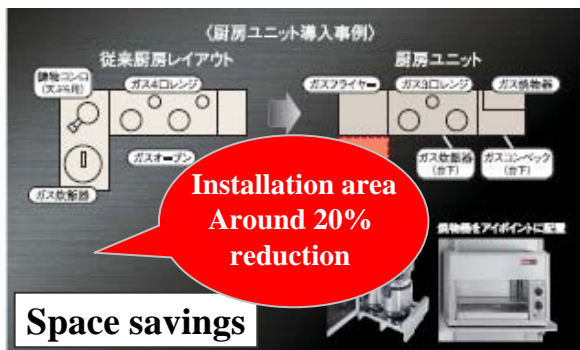
Powerful, highly heat-efficient, and economical

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





Six Rinnai Group products awarded in 2011



**Built-in stove for ASEAN region
“Stainless Top” series**



**Built-in stove for ASEAN region
“Glass Top” series**



**Remote control hot-water and floor
heating system**



**Built-in dishwasher/dryer
(Heavy-load washing;
with Plasma Cluster function)**

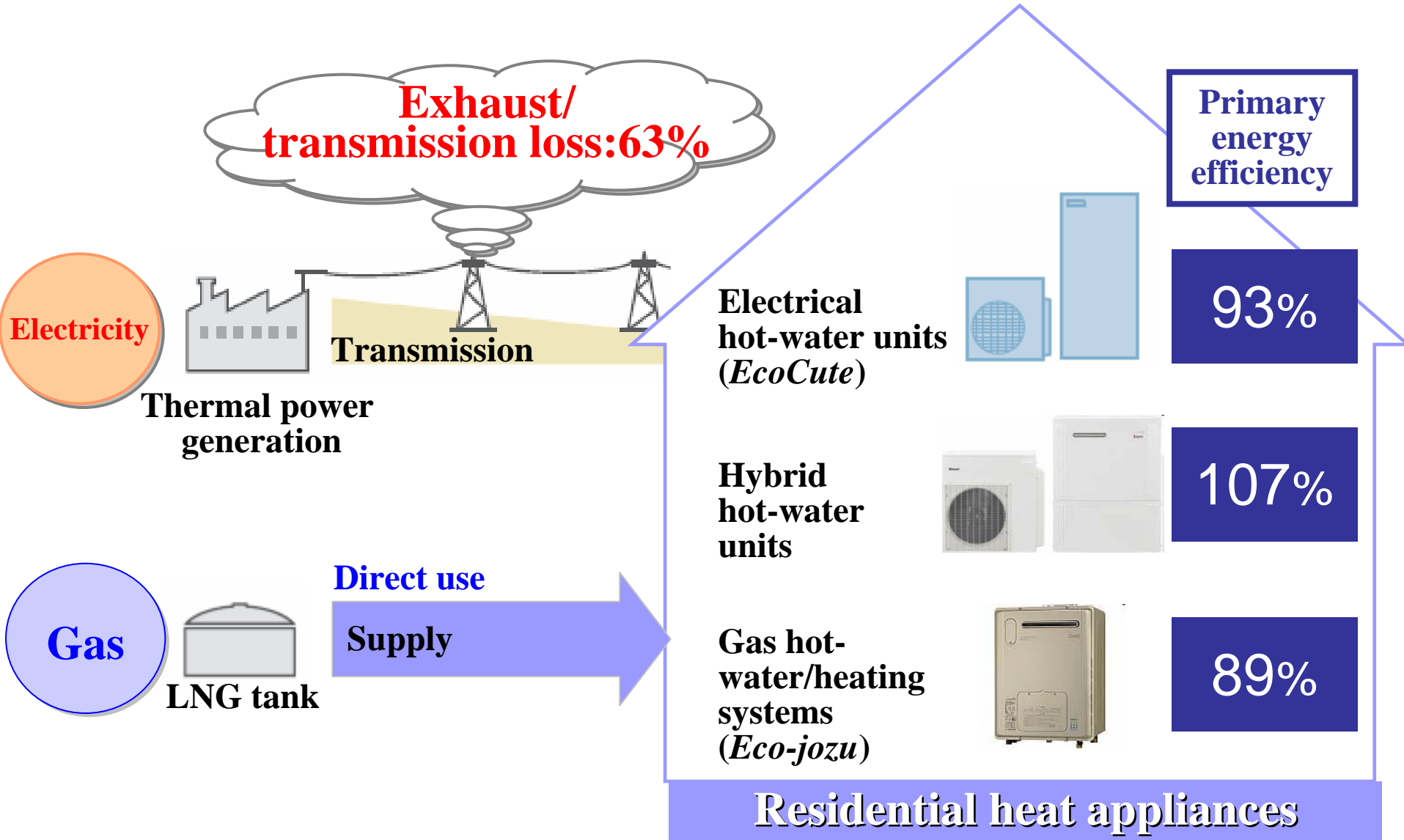


Commercial-use kitchen unit

Awarded to Rinnai Korea



Gas built-in cooktop



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

General market

Combined heater-tank model

10,000 kcal heating capacity model

ハイブリッド給湯・暖房システム
ECO ONE



Separated heater-tank model

10,000 kcal heating capacity model



据置台は別売です。

15,000 kcal heating capacity model



据置台は別売です。

Cold region model

ハイブリッド給湯・暖房システム
ECO ONE



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

Advanced technologies deliver world-class energy-saving performance



Hybrid hot-water/heating system

ECO ONE

**Heat pump
used by air-con**

**Eco Jozu
for enhanced efficiency**

**Energy
Savings**

Primary energy ratio

107%

**Environmental
Friendly**

CO₂ reduction (max)

40%

Economy

Hot-water expenses
Under **50%**
of existing costs

Comfort

Connecting floor heating,
bath heating, and hot
water heating

Lower power consumption

Lower running cost

**Major reductions in both electricity
and gas!**

Electricity

**45%
OFF**

Gas

**70%
OFF**

ガス × 電気

Eco Cute

Hybrid hot-water/heating system

Eco Jozu

**Hybrid hot-water/heating system
will change your life**

Hybrid Hot-Water/Heating System Using Solar Power **Rinnai**

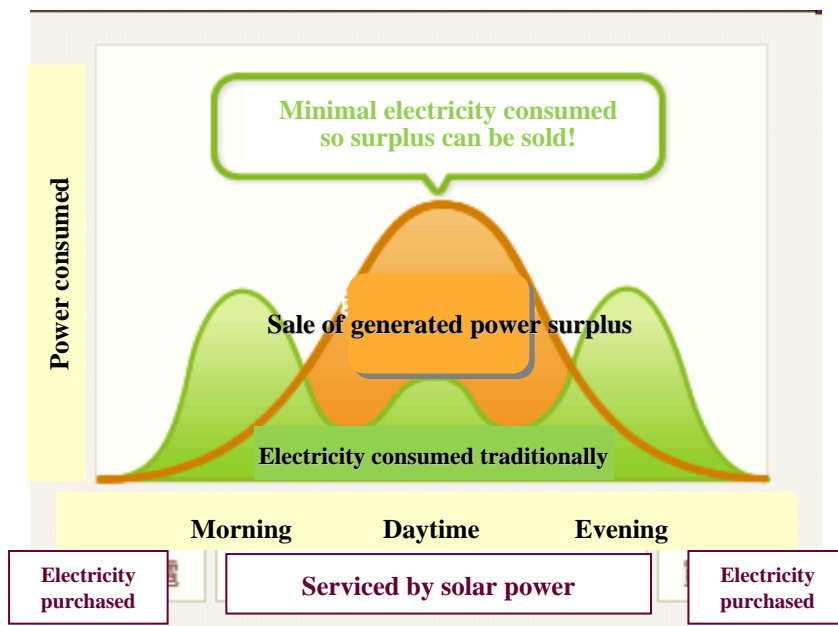
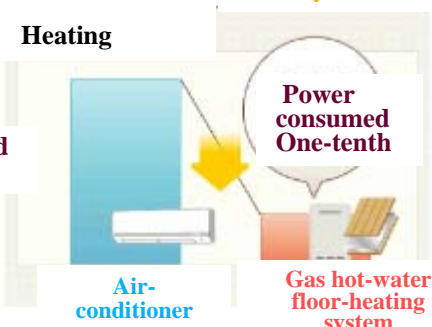
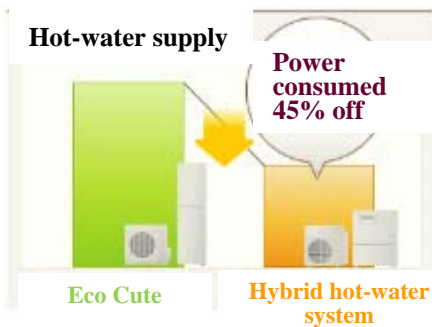
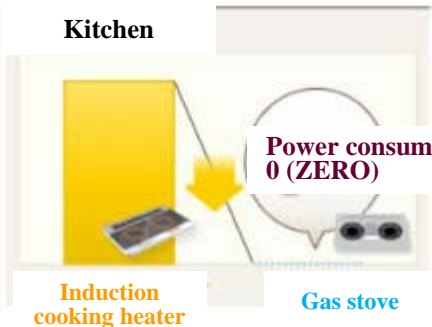


Efficient deployment of solar rays reduces household electricity consumption

Heat pump not engaged during peak sunshine periods

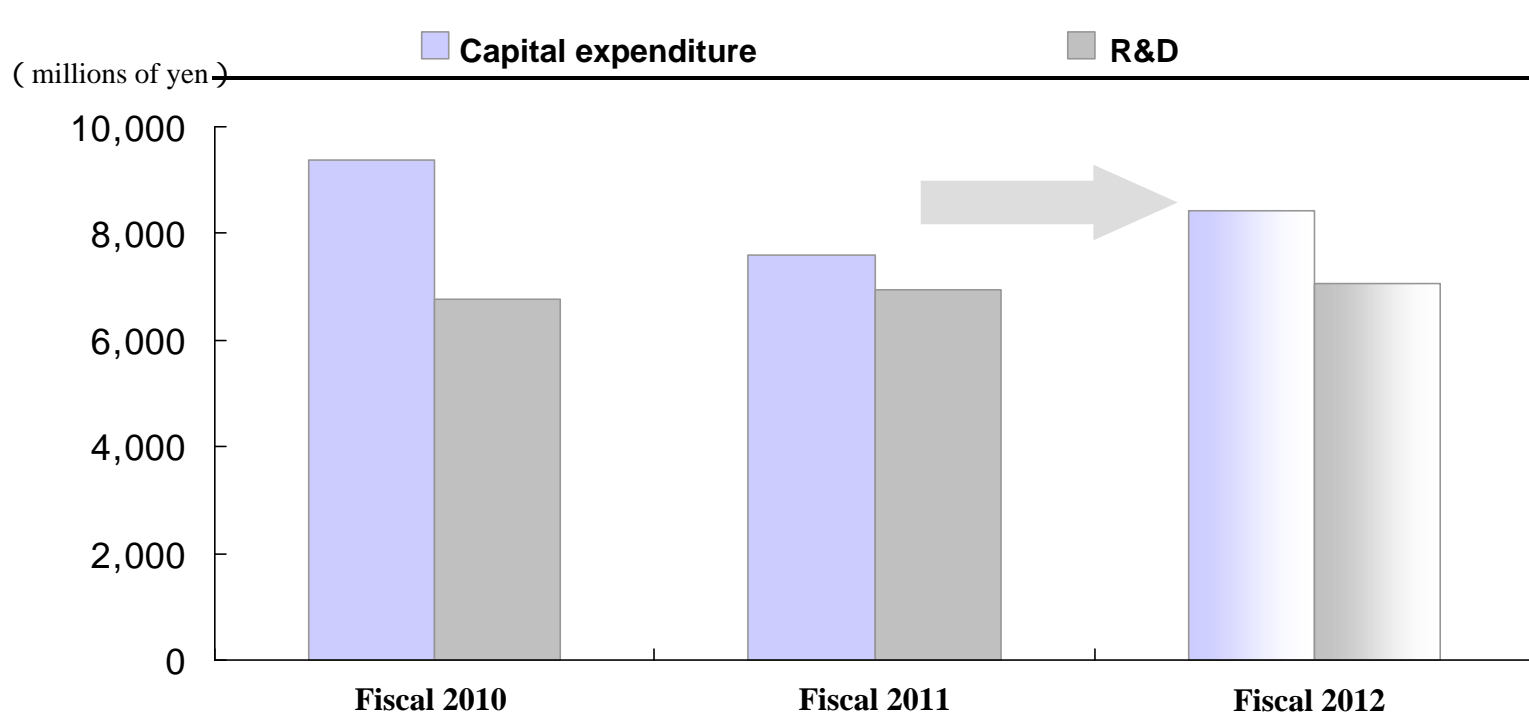
⇒ Power generated during day provided to society to maximum extent (sold)

**Solar electric power
×
Hybrid**




Capital Expenditure Plan

Consolidated Capital Expenditure Plan



Investment aims

- Japan:** Expand facilities in raise productivity of mainstay products (*Eco Jozu*, etc.)
Expand facilities to accommodate upgraded lineup of hybrid hot-water/heating systems
- Overseas:** Build production system (e.g. in China) to cater for growing demand and improving living standards in emerging nations
Raise standard of in-house manufacturing technologies for local production;
increase product quality



**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

Performance forecasts and other future-oriented predictions contained in these materials are based on the Company's judgments using available information. Actual results may differ from such forecasts and predictions due to changing future circumstances.