



Financial Results for First Two Quarters of Fiscal 2012, ending March 31, 2012

Rinnai

November 4, 2011

Net sales: ¥114.2 billion (+2.6% YOY change)

Solid demand both in Japan and overseas; overseas sales down due to forex impact

Operating income: ¥11.5 billion (+3.7%)

Boosted by healthy earnings in Japan, Australian, and Brazil

Ordinary income: ¥12.3 billion (+4.8%)

Boosted by improved operating income

Net income: ¥6.5 billion (−6.3%)

Down due to loss on valuation of investment securities (extraordinary loss)

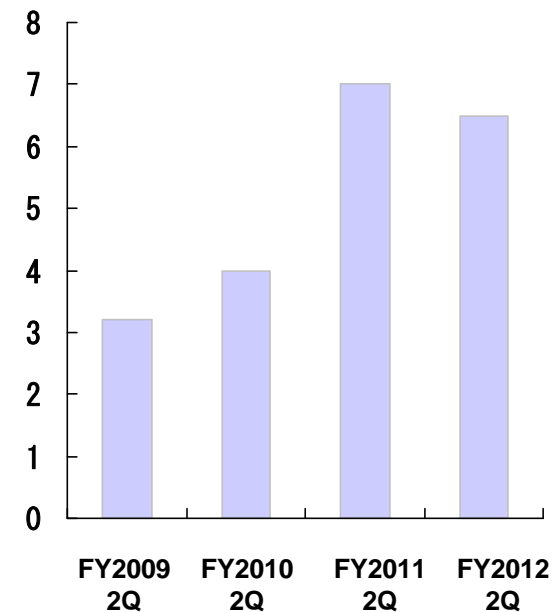
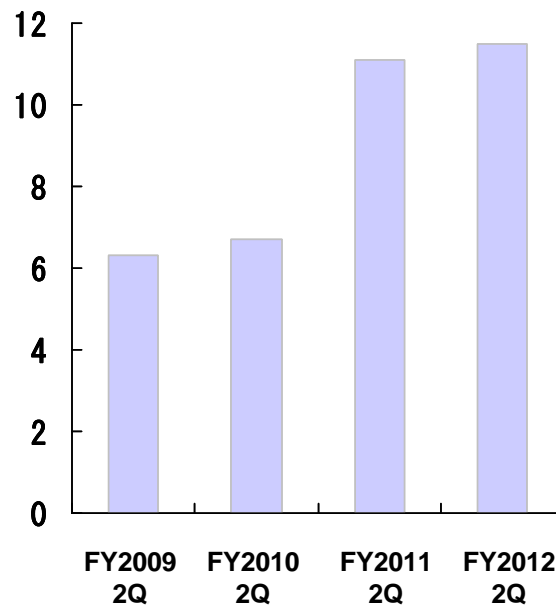
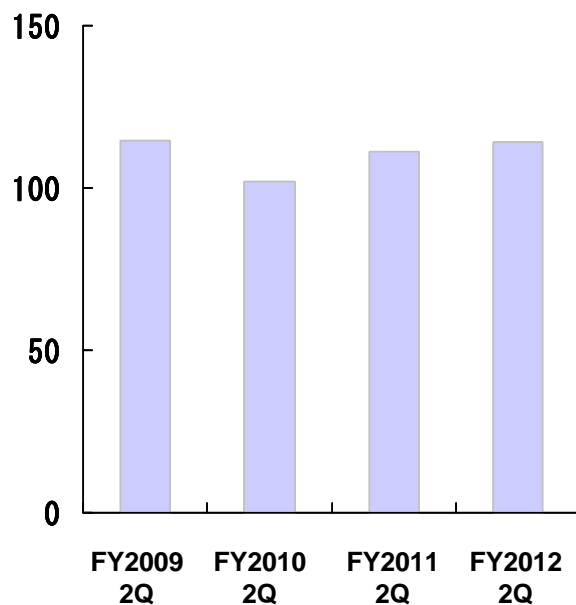
- **Operating income ratio: 10% (record high for first half of FY)**
- **Final year of medium-term business plan (“Reform and Breakthrough”) progressing well**

Net Sales

Operating Income

Net Income

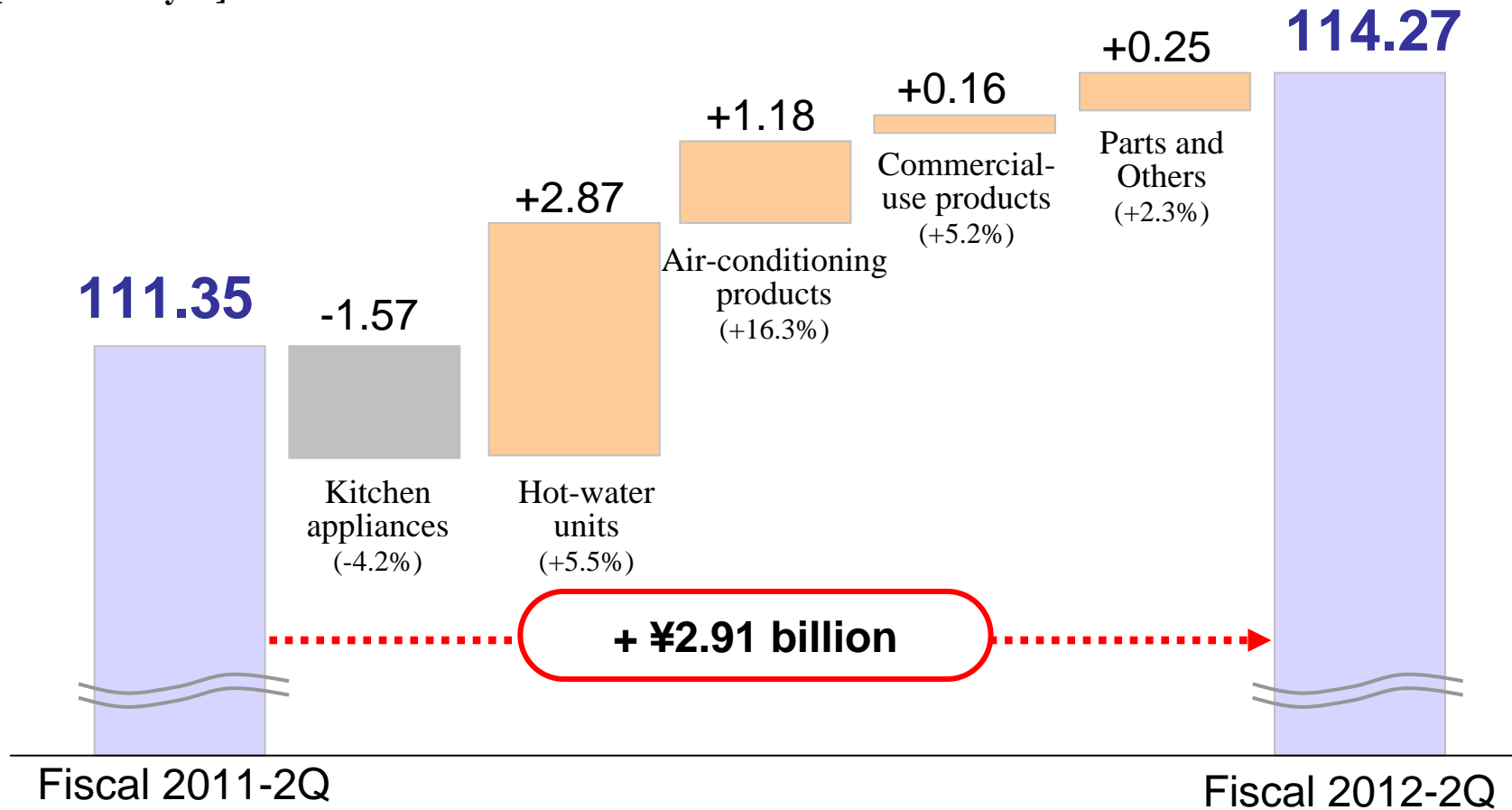
[Billions of yen]



- 2Q sales up for two consecutive years; operating income up for six consecutive years, to record-high level
- Net income down due to extraordinary factors, but remained on uptrend in practical terms

Fiscal 2012 (2Q): Consolidated Net Sales by Products

[Billions of yen]



- Kitchen appliances down due to post-earthquake distribution turmoil and growth of low-priced products
- Sales driven by growth of hot-water units and air-conditioning and heating units (due to higher sales volume)

Fiscal 2012 (2Q): Consolidated Sales/Income Results

[Billions of yen]

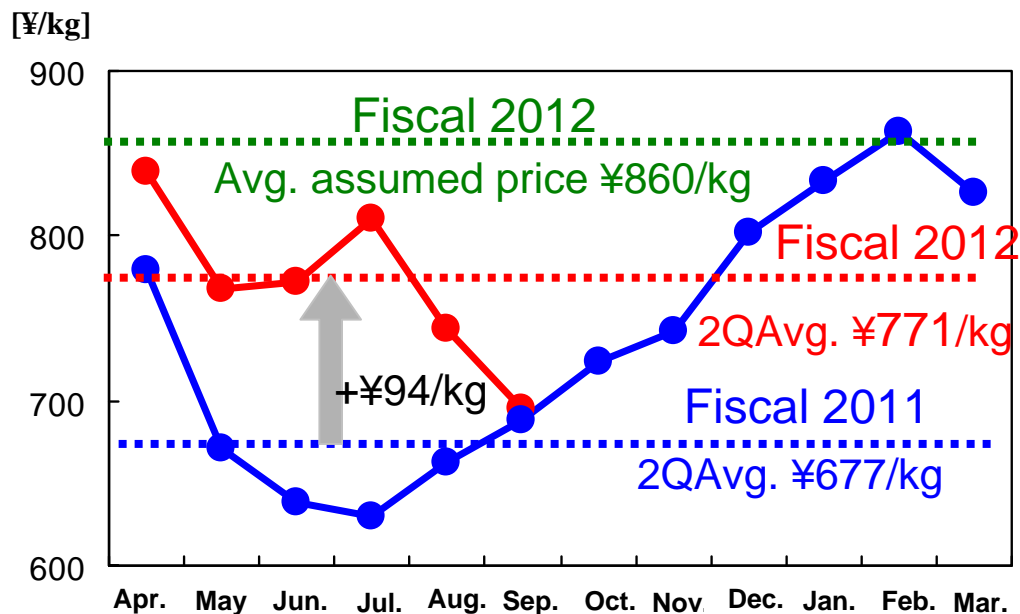
	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Consolidated	114.2	+2.6%	11.5	+3.7%	10.1%	+0.1P



	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Rinnai	82.5	+4.5%	7.0	+8.3%	8.5%	+0.3P
Domestic	45.3	+9.7%	0.7	+20.6%	1.7%	+0.2P
Overseas	39.0	-4.3%	3.9	+1.5%	10.1%	+0.5P
Total	166.9	+3.6%	11.7	+6.6%	7.0%	+0.2P

Electrolytic Copper

- Fiscal 2012 average assumed price: ¥860/kg
- Prices trending lower than assumed price



Fiscal 2012-2Q avg.	¥771/kg
Fiscal 2011-2Q avg.	¥677/kg
YOY change	+13.8%
Used in	Hot-Water units (Heat exchangers, etc.)

Steel

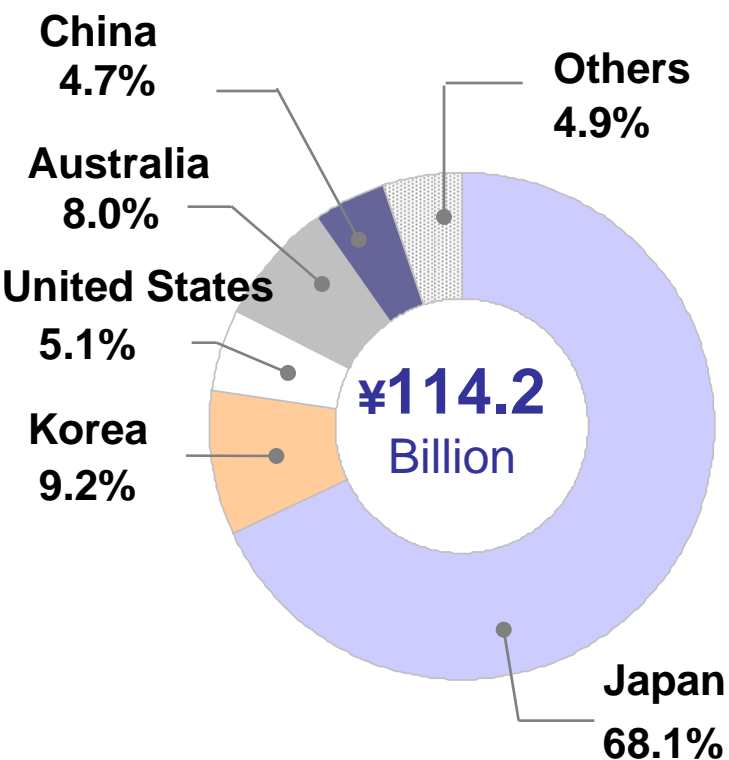
- Iron and steel prices rising → Reflecting price hikes from July (average unit prices up around 10%)

Consolidated Net Sales by Geographical Segment

Fiscal 2012-2Q Consolidated Net Sales

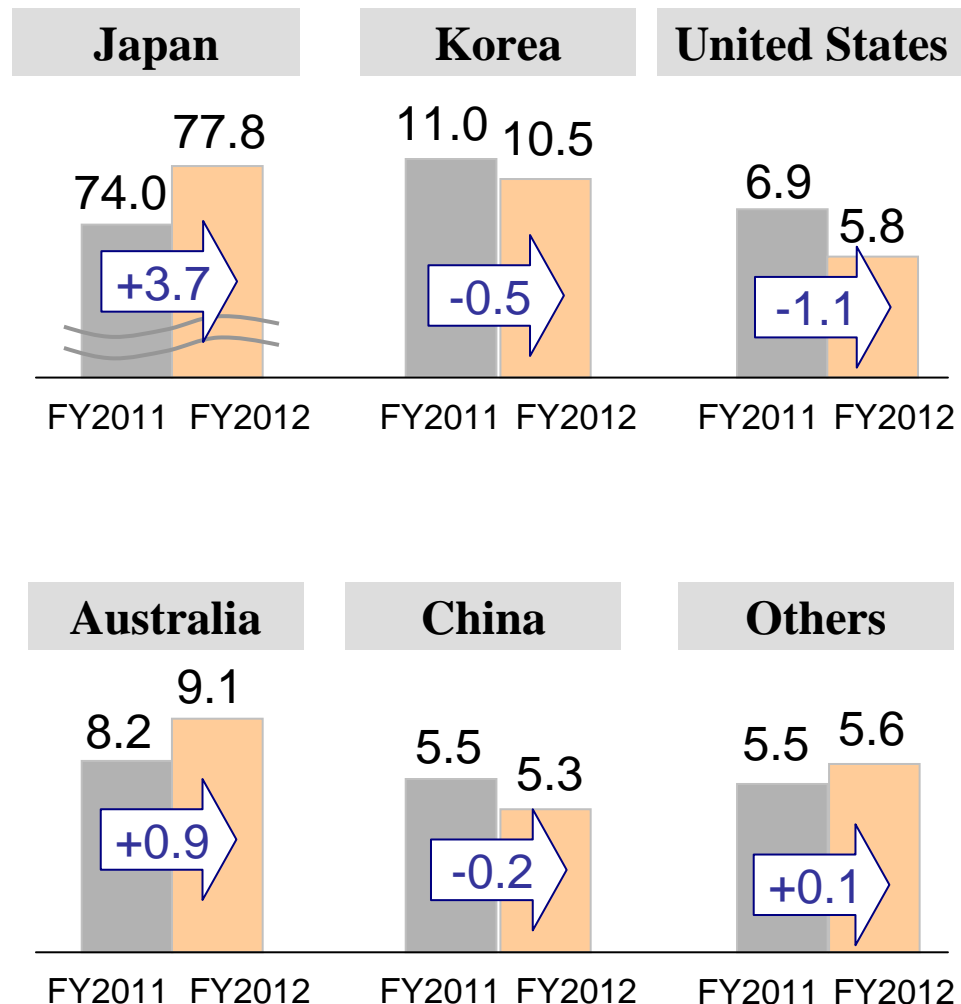
YOY Change by Geographical Segment

[Billions of yen]



Composition of Others :

Local group companies in Taiwan, Thailand, Vietnam, New Zealand, Brazil and etc.



Sales by Business Segment (Kitchen appliances)

[Billions of yen]	Fiscal 2011 2Q	Fiscal 2012 2Q	YOY Change
Japan	32.1	30.9	- 3.5%
Korea	3.3	2.9	- 13.4%
United States	0.0 (¥550 thousand)	0.0 (¥980 thousand)	+77.8%
Australia	0.0	0.0	-
China	0.7	0.8	+13.4%
Others	1.5	1.4	- 5.7%
Total	37.8	36.2	- 4.2%

Composition ratio

31.7%



Japan



Korea



China

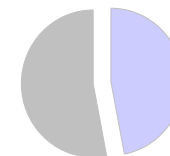
- **Japan:** Sales down due to distribution turmoil and shift to low-priced products
- **South Korea:** Sales down due to intensified competition

Sales by Business Segment (Hot-water units)

[Billions of yen]	Fiscal 2011 2Q	Fiscal 2012 2Q	YOY Change
Japan	30.7	34.1	+11.0%
Korea	3.9	4.3	+8.5%
United States	6.4	5.3	- 17.4%
Australia	3.4	3.9	+13.8%
China	4.6	4.2	- 8.0%
Others	2.4	2.6	+7.2%
Total	51.8	54.7	+5.5%

Composition ratio

47.9%



Japan



United States



Australia

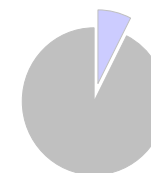
- **Japan:** Sales boosted by rising ratio of *Eco Jozu* sales to total sales
- **North America:** Volume sales increase prevented by stalled economic recovery

Sales by Business Segment (Air-conditioning products)

[Billions of yen]	Fiscal 2011 2Q	Fiscal 2012 2Q	YOY Change
Japan	2.8	3.5	+26.0%
Korea	0.1	0.1	-44.8%
United States	0.3	0.4	+4.8%
Australia	3.4	4.0	+17.3%
China	0.0	0.0	-
Others	0.4	0.3	-21.0%
Total	7.2	8.4	+16.3%

Composition ratio

7.4%



Japan



Australia

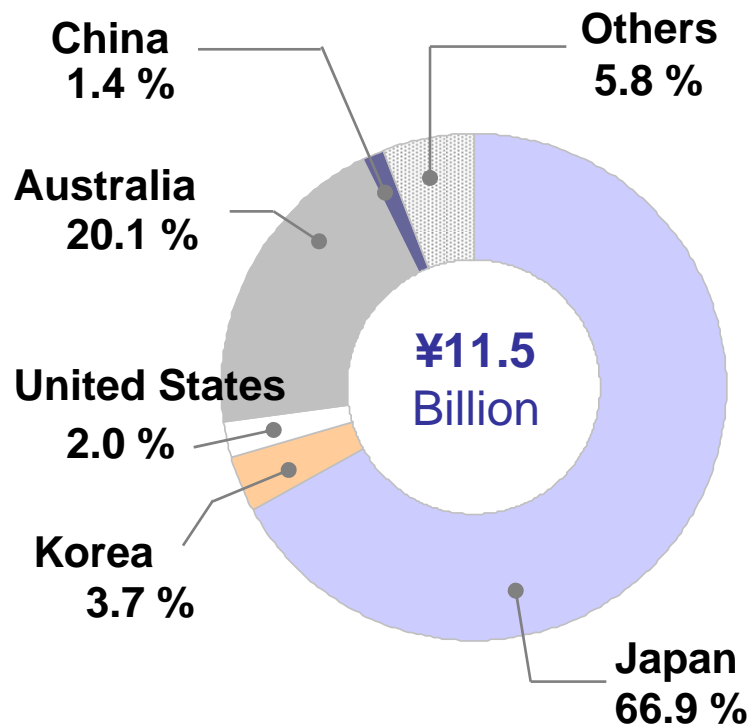
- **Japan:** Major growth in gas heaters amid trend to reduce electricity consumption
- **Australia:** Sales boosted by government subsidies for fan-forced heaters

Consolidated Operating Income by Geographical Segment **Rinnai**

Fiscal 2012-2Q Consolidated Operating Income

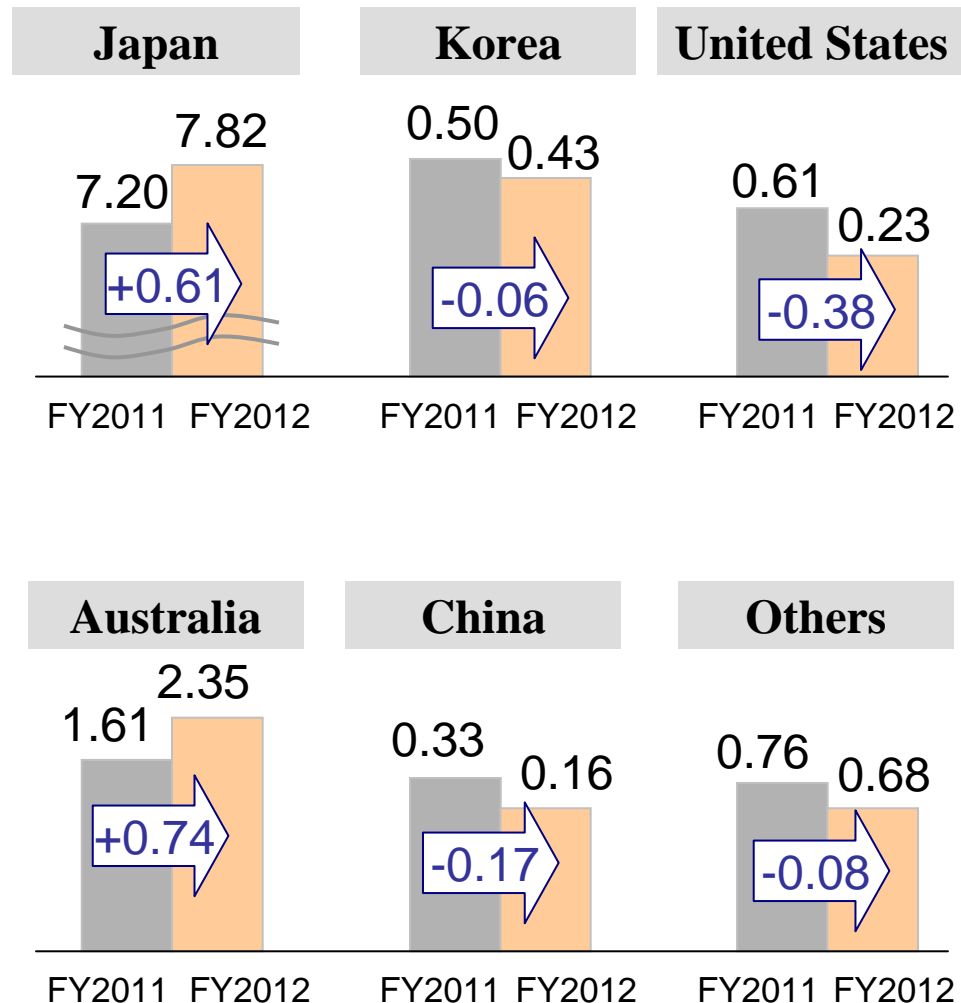
YOY Change by Geographical Segment

[Billions of yen]



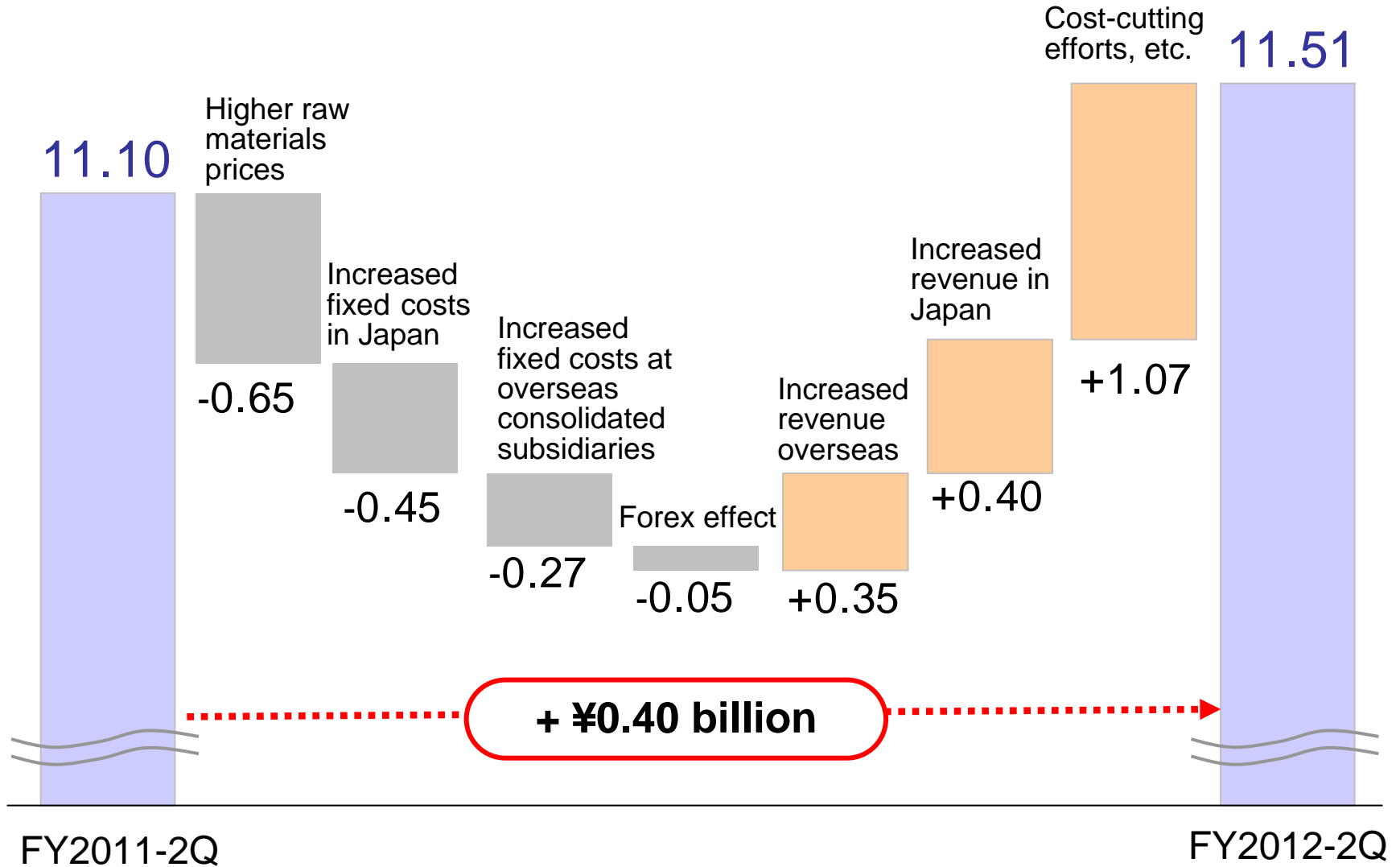
Composition of Others :

Local group companies in Taiwan, Thailand, Vietnam, New Zealand, Brazil and etc.



Fiscal 2012 (2Q): Consolidated Operating Income

[Billions of yen]



Rinnai

EXPERIENCE OUR INNOVATION

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