

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

Rinnai

February 7, 2012

Net sales: ¥184.7 billion (up 3.5% year on year)

Domestic sales boosted by electricity-saving sentiment; overseas sales negatively affected by forex factors

Operating income: ¥20.6 billion (up 5.9%)

Boosted by good performances in Japan, Australia, and Brazil

Ordinary income: ¥22.2 billion (up 8.2%)

Boosted by higher operating income

Net income: ¥12.2 billion (down 3.2%)

Negatively affected by extraordinary loss (loss on valuation of investment securities)

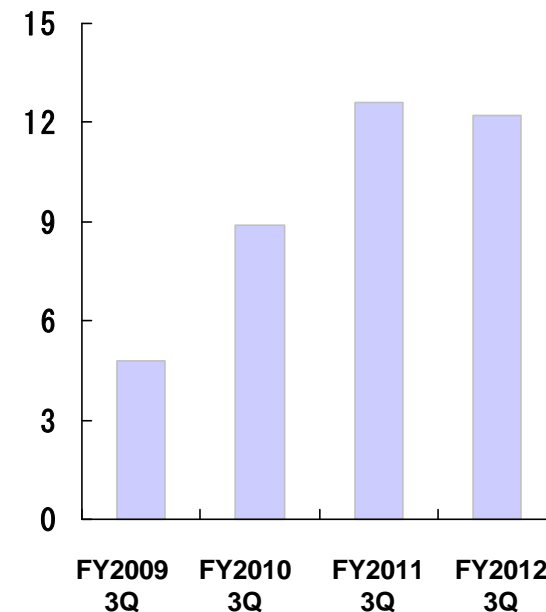
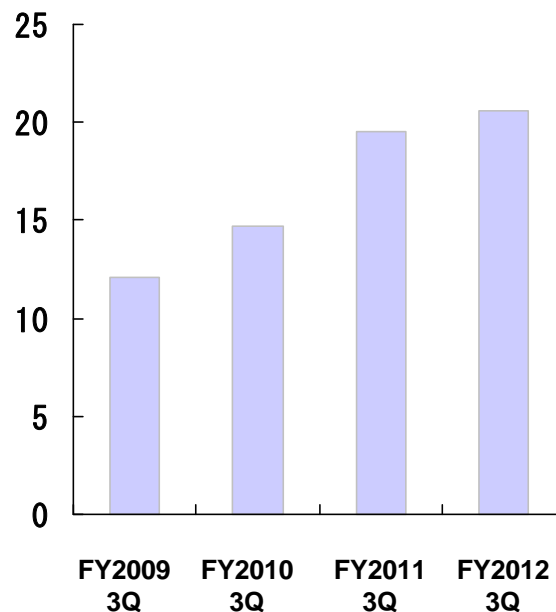
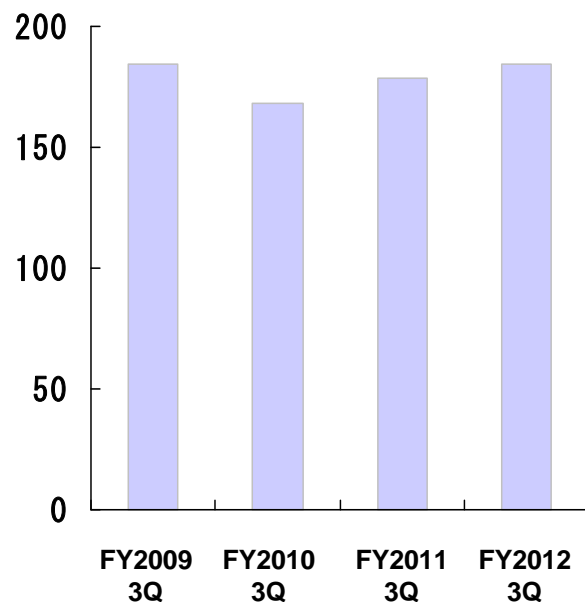
- 11.2% operating margin highest in history for 3Q
- Solid progress toward achievement of “Reform and Breakthrough” medium-term business plan

Net Sales

Operating Income

Net Income

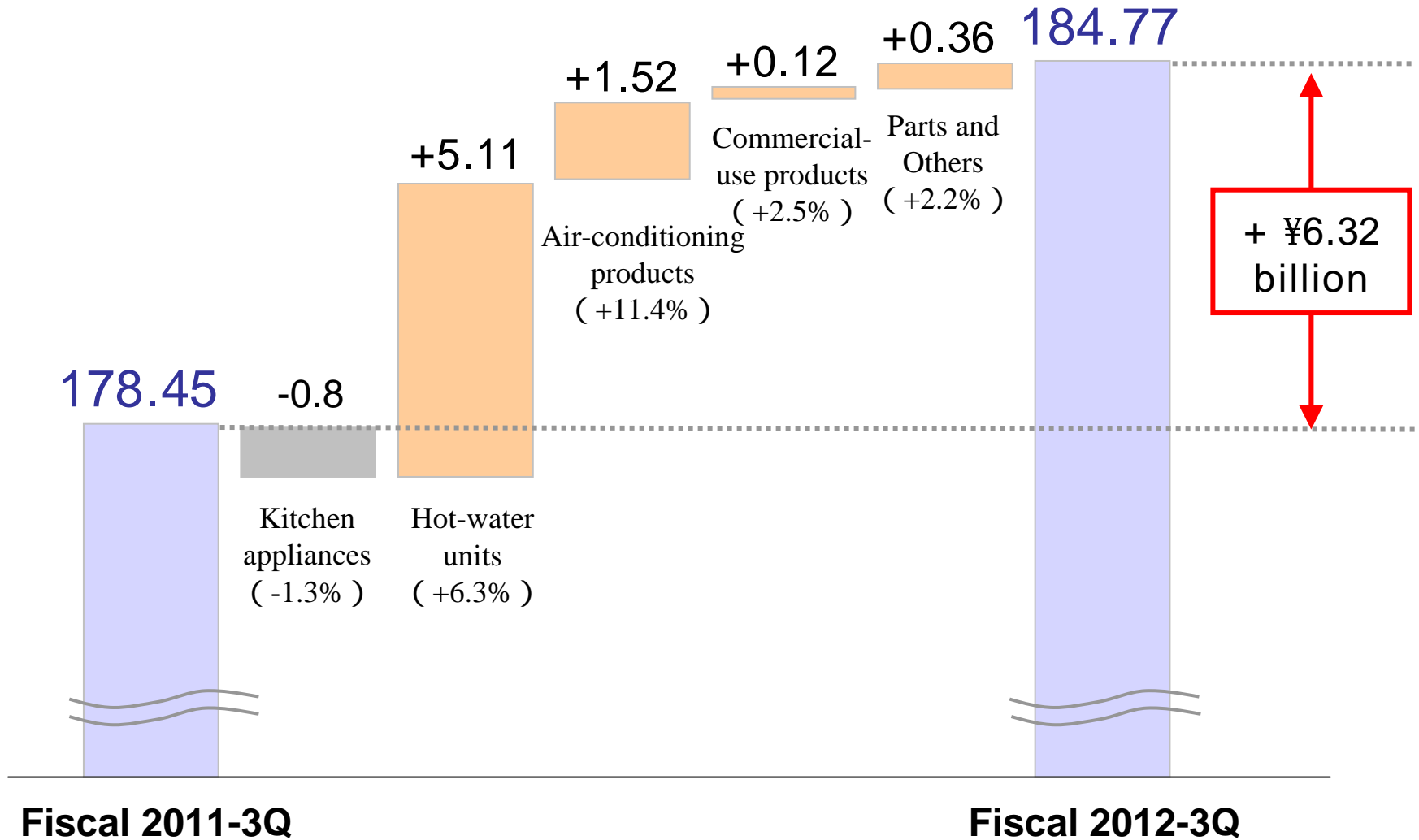
[Billions of yen]



- Net sales up for second consecutive period; operating income up for third consecutive period
- Net sales and operating income reach highest historical levels

Fiscal 2012 (3Q): Consolidated Net Sales by Products

[Billions of yen]



Fiscal 2012 (3Q): Consolidated Sales/Income Results

[Billions of yen]

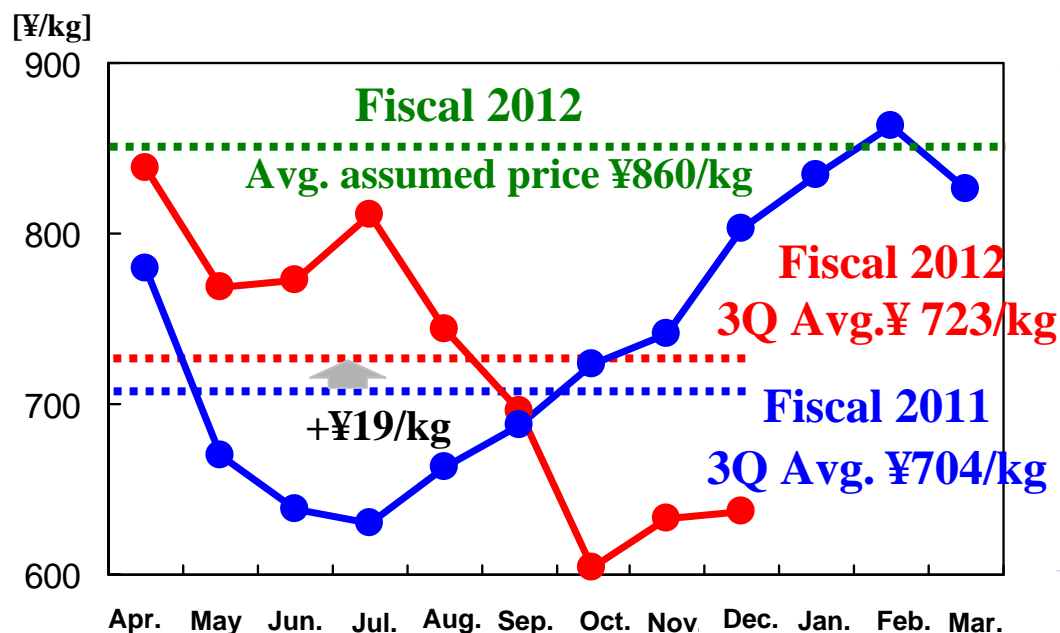
	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Consolidated	184.7	+3.5%	20.6	+5.9%	11.2%	+0.2P



	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Rinnai	137.1	+5.3%	14.0	+10.6%	10.2%	+0.5P
Domestic	72.5	+6.5%	1.5	-7.1%	2.1%	-0.3P
Overseas	57.1	-4.4%	5.0	-6.8%	8.8%	-0.2P
Total	266.7	+3.3%	20.5	+4.4%	7.7%	+0.1P

Electrolytic Copper

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



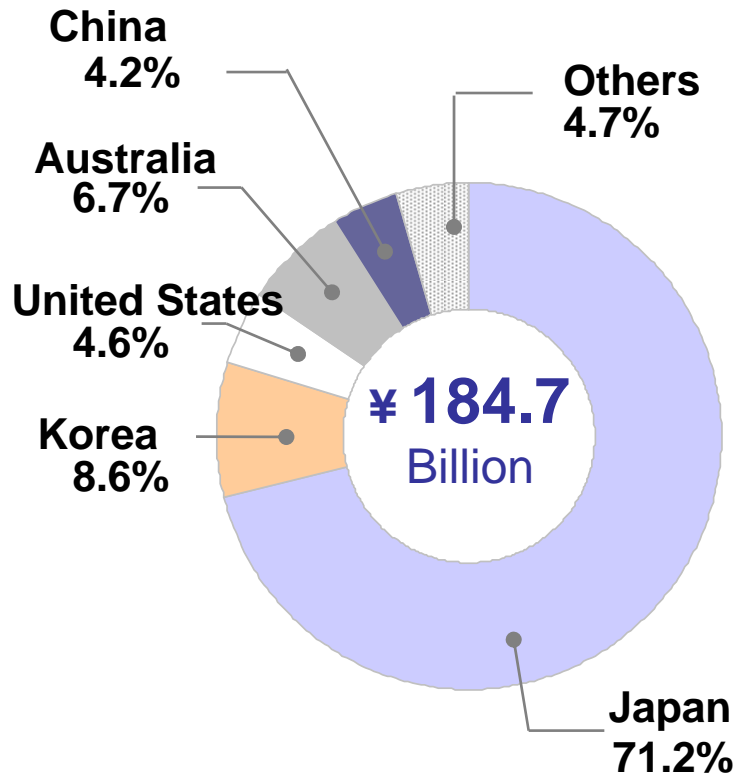
Fiscal 2012 -3Q avg.	¥723/kg
Fiscal 2011 -3Q avg.	¥704/kg
YOY change	+2.7%
Used in	Hot-Water units (Heat exchangers, etc.)

Steel

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

Consolidated Net Sales by Geographical Segment

Fiscal 2012-3Q Consolidated Net Sales

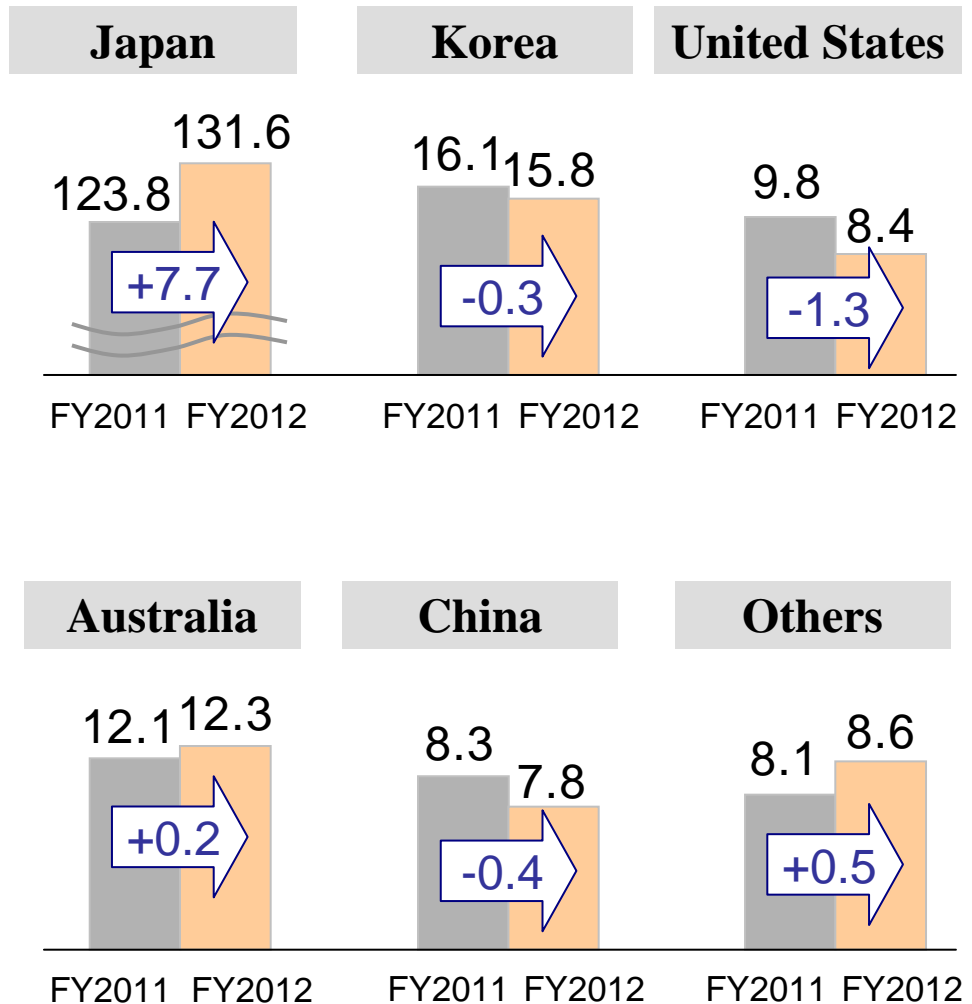


Composition of Others :

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

YOY Change by Geographical Segment

[Billions of yen]



Sales by Business Segment (Kitchen appliances)

Composition ratio
33.1%



[Billions of yen]	Fiscal 2011 3Q	Fiscal 2012 3Q	YOY Change
Japan	53.4	53.2	-0.4%
Korea	5.1	4.5	-10.6%
China	1.1	1.2	+4.5%
Others	2.2	2.1	-4.4%
Total	62.0	61.1	-1.3%



Japan



Korea



China

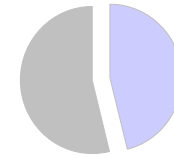
- Japan: Lower sales of both built-in and tabletop stoves
- South Korea: Lower sales of stoves due to intensified competition

Sales by Business Segment (Hot-water units)

[Billions of yen]	Fiscal 2011 3Q	Fiscal 2012 3Q	YOY Change
Japan	50.4	55.5	+10.1%
Korea	5.7	6.5	+13.7%
United States	9.0	7.6	-15.2%
Australia	5.3	6.1	+14.1%
China	6.9	6.3	-9.6%
Others	3.6	4.1	+14.3%
Total	81.2	86.3	+6.3%

Composition ratio

46.7%



Japan



United States



Australia

- Japan: Revenue solid thanks to higher sales ratio of *Eco Jozu* products
- Americas: Unit sales growth (number of units) prevented by delayed economic recovery

Sales by Business Segment (Air-conditioning products)

[Billions of yen]

	Fiscal 2011 3Q	Fiscal 2012 3Q	YOY Change
Japan	7.1	8.9	+24.2%
Korea	0.2	0.1	-38.0%
United States	0.7	0.7	-0.1%
Australia	4.6	4.5	-1.1%
Others	0.5	0.4	-14.5%
Total	13.3	14.8	+11.4%

Composition ratio

8.0%



Japan

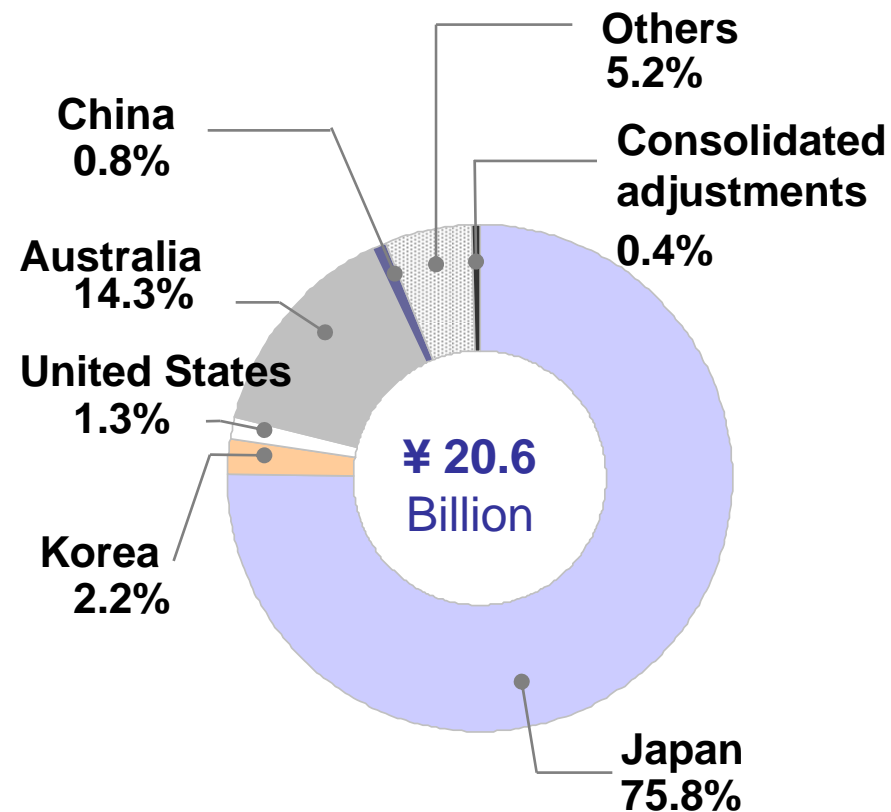


Australia

- Japan: Shift to gas heaters due to electricity-saving sentiment
- Australia: Sales down due to end of subsidy system

Consolidated Operating Income by Geographical Segment **Rinnai**

Fiscal 2012-3Q Consolidated Operating Income



Composition of Others :

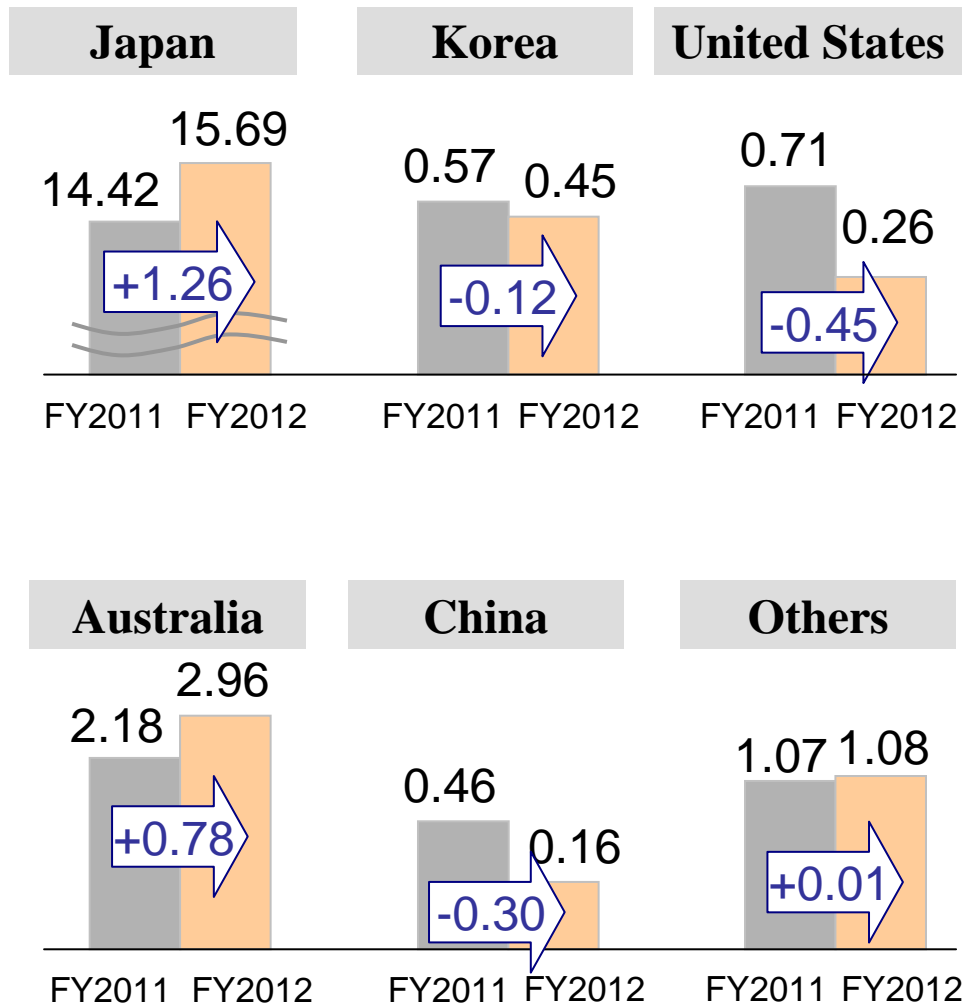
Local group companies in Taiwan, Thailand, Vietnam, New Zealand, Brazil and etc.

Consolidated Adjustments:

Elimination of intersegment transactions

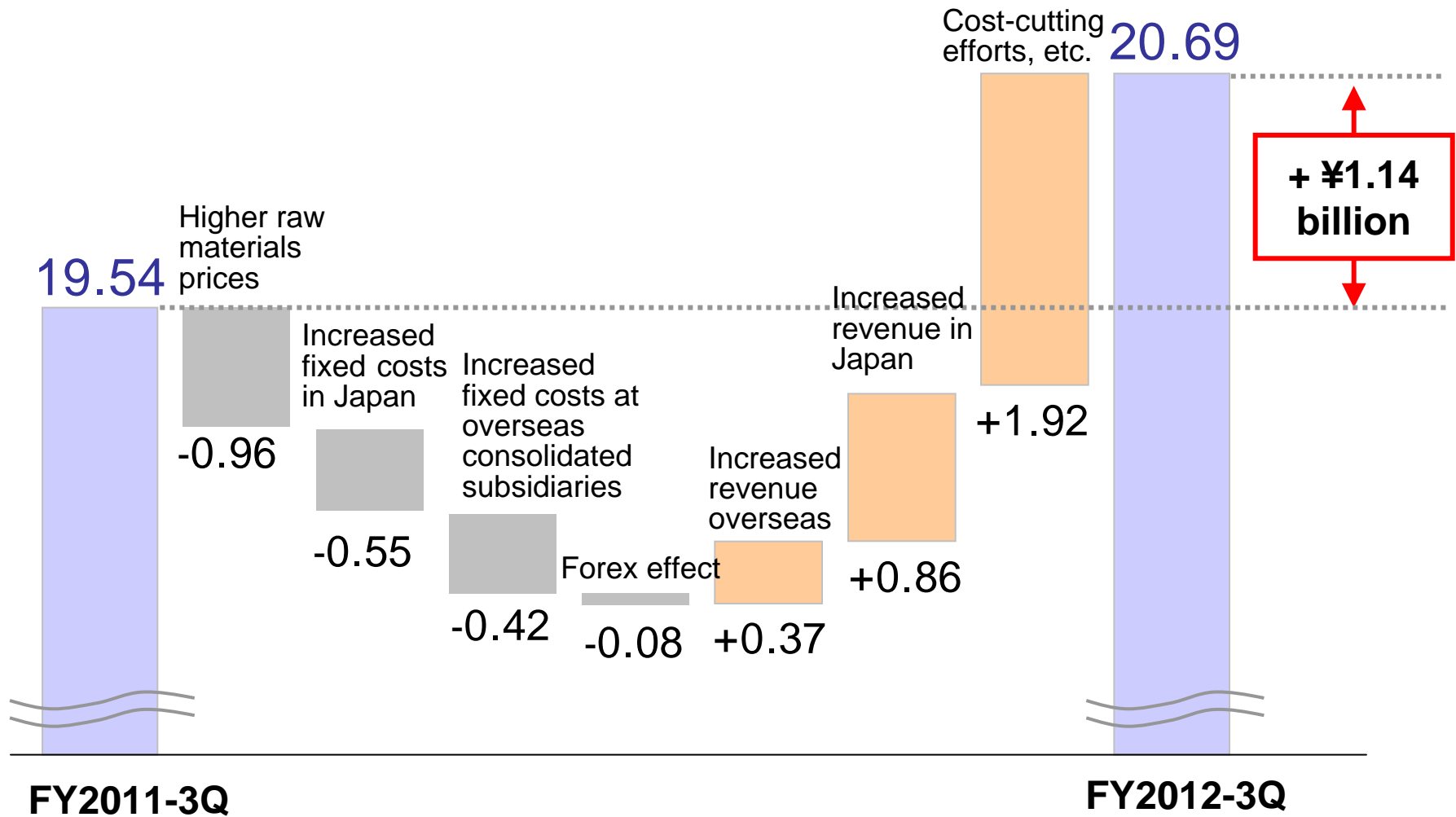
YOY Change by Geographical Segment

[Billions of yen]



Fiscal 2012 (3Q): Consolidated Operating Income

[Billions of yen]



Step up sales of set products combining built-in stoves and range hoods



DELICIA

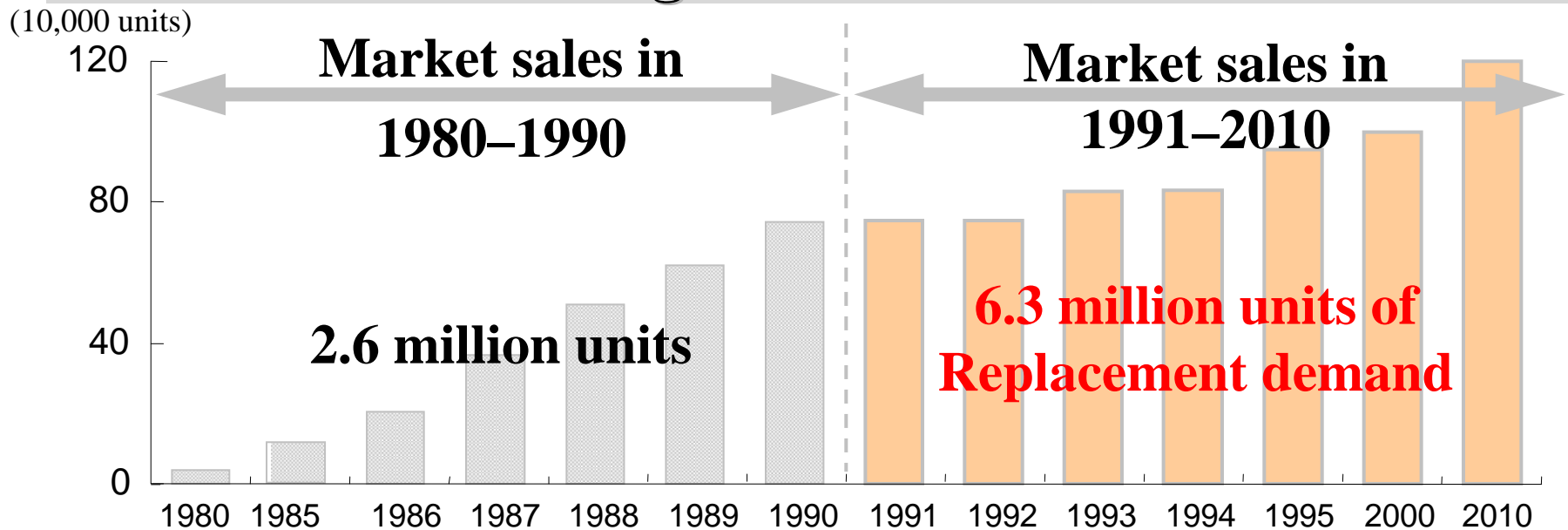


Verie



AirPRO
(Non-filter slim type)

Range Hood Market



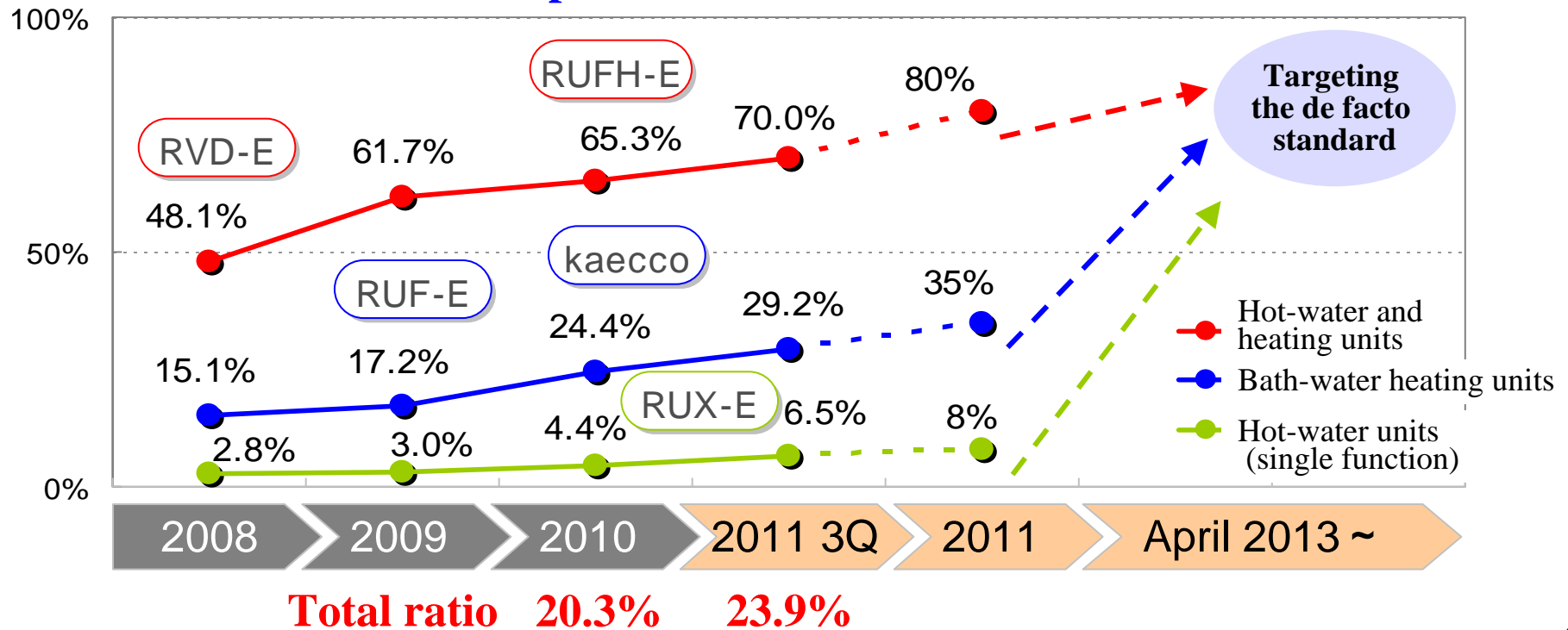
Voluntary Industry Standard



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



Heat efficiency ratio of 125%; from bath heaters to multiple-dwelling buildings; lineup to suit all lifestyles



Energy saving

Energy-saving “Top Runner” for water heating
Primary energy efficiency of **125%**

Environmentally friendly

50% reduction in CO₂ emissions

Economical

(Compared with oil and electric models)
¥20,000 annual reduction in water heating costs

Easy to install

(Compared with tank units and Eco Cute)
40% reduction in space; **25%** reduction in floor area

Gas/solar hybrid hot-water system

ECO ONE

April 2012
Market
Release

Ideal in combination with solar power generation

Economy	<ul style="list-style-type: none">- Continued high growth of emerging nations amid rising populations and internal demand- Industrialized nations unstable (due to EU crisis, etc.); economic recovery delayed- Ongoing appreciation of the yen; international FTA negotiations stepped up
Environment	<ul style="list-style-type: none">- Ongoing global warming; rising greenhouse gas emissions- Expedited environmental measures by various nations; difficult to build international regulatory frameworks- Abundance of natural disasters (earthquakes, floods) and abnormal weather patterns
Energy	<ul style="list-style-type: none">- Ongoing electricity shortages due to energy consumption growth- Power generation methods not decided (high cost of renewable energy)- Changing demand for energy (shale gas, new oil fields, etc.)- Nuclear power promotion slowing; increasing use of gas; progressive fuel conversion

International trade, energy balance, and economic conditions will continue changing, but number of households (who require heat appliances as essential survival items) will remain on steady long-term growth path

Heat appliance business: A long-term global growth industry

Current medium-term business plan

Reform and Breakthrough

- Major improvement in operating efficiency due to business process reforms
- Product appeal further reinforced by environmental, energy-saving, and safety aspects
- Stronger Group operations

Results



To be unveiled at results announcement (May 2012)

New three-year plan

- Establish framework and cement brand as comprehensive manufacturer of heating appliances
- Foster global environmental protection with hybrid and high-efficiency products
- Further strengthen overseas strategies

2009

2010

(90th anniversary)

2011

2012


2013

2014

Inheriting the Rinnai Spirit

“Heating and lifestyles” “Our survival depends on quality”

“Contributing to local communities”



**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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