



**Rinnai**

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# **Business Outlook**

**November 5, 2012**

# Medium-Term Business Plan

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## Medium-Term Business Plan “Jump UP 2014”

(From April 1, 2012 to March 31, 2015)

**Contribute to people’s lives worldwide and the global environment as a comprehensive heat-energy appliance manufacturer**

### 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

### “Three Jump Up” Priorities

- 1 **Raise product quality** in pursuit of zero defects
- 2 **Raise versatility** through reforms of development, production, and sales processes
- 3 **Raise organizational strength** through human resource development and Groupwide interaction

### Fiscal 2015 Targets

Net Sales	280 billion yen
Operating income	33 billion yen
Operating income ratio	11.8%

# Rinnai: Creator of Heat and Lifestyles

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## Hot-water units

**Producer country** : Japan, South Korea, China, Taiwan, Brazil, Thailand, Australia, and New Zealand



## Air-conditioning and heating units

**Producer country** : Japan, and New Zealand



## Kitchen appliances

**Producer country** : Japan, South Korea, China, Taiwan, Indonesia, Vietnam, and Thailand



## Commercial-use equipment

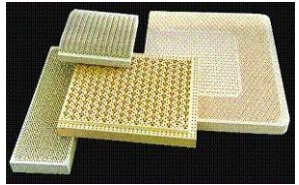
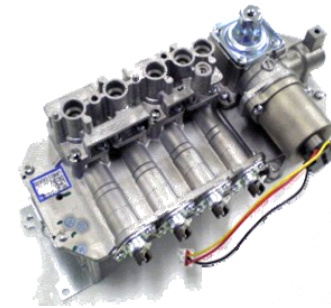
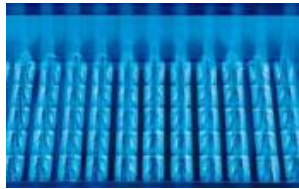
**Producer country** : Japan, South Korea, and Australia



- Developing and supplying to various world nations heating equipment optimized to people's lifestyles (in 73 countries)
- Contributing to local communities through environmental protection and energy conservation, with basic policy of local production and sales

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## In-house development of core technologies related to heat



Burners

Heat exchangers

Electronic units

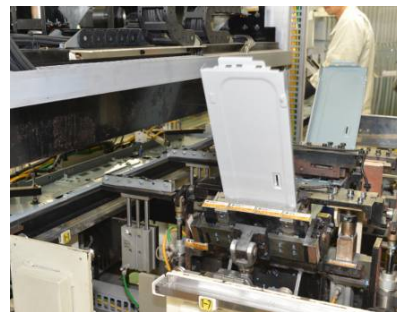
Gas valves

Water valves

## In-house manufacture of key units and components: Integrated production system, from processing to assembly



Press work



Sheet-metal processing



Cutting work



Assembly

Key components are made in-house in pursuit of zero defects

# Medium-Term Business Plan, Targets

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《 Consolidated 》		Actual	Medium-Term Business Plan “Jump UP 2014”				
		Fiscal 2012 (A)	Fiscal 2013	Fiscal 2014	Fiscal 2015 (B)	B/A	B-A
[Billions of yen]							
Net Sales		246.6	257.0	268.0	280.0	113.5%	33.3
Breakdown	Domestic	168.2	172.0	176.0	180.0	107.0%	11.8
	Overseas	78.4	85.0	92.0	100.0	127.6%	21.6
	Overseas ratio	31.8%	33.1%	34.3%	35.7%	-	3.9 p
Operating Income		26.6	28.0	30.0	33.0	123.9%	6.3
Operating Margin		10.8%	10.9%	11.2%	11.8%	-	1.0 p

“Jump Up” to the next generation by following a medium-to-long-term growth trajectory

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# Lineup of Built-In Stoves

Using original Rinnai functions to propose comfortable kitchen spaces

## Original Rinnai functions

Smoke OFF

Heat OFF

Easy-to-clean grill

Linked with range hood



DELICIA



Verie



Udea<sup>ユーディアエフ</sup> ef



Mytone



Featuring high-grade functions



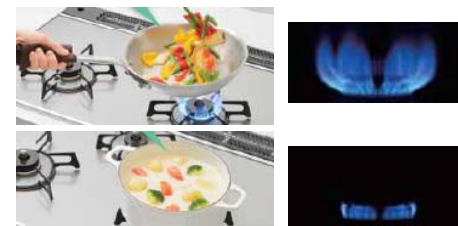
Starts/stops automatically when built-in stove flame is lighted/extinguished

Easy-to-clean grill



Flat baking grill is easy to wash in the sink

Wide heat-range burners



Wide range of heat, from strong to weak flame

# Lineup of Other Kitchen Appliances

## Tabletop stoves

Strong emphasis on ease of use and safety functions

### Compact stoves



Burner rings and top plate in single unit for easier cleaning

### Middle-grade stoves



Visual appeal boosted by improved design and operability

### Internet-only stoves



White-tone stoves with both safety and good design

## Rice-cooking function



Simple rice-cooking using stove

## Gas rice cookers

Direct flame from gas delivers oven-like deliciousness



Sweetness, perfume, and texture of rice maximized by use of high-heat flame that only gas can provide



- Traditional white rice cooking mode
- Heat-stored pressure kettle
- Top-surface display panel

Electricity reduction benefits improved by using gas to cook rice **Rinnai**

# Optimal Hot-Water-Type Heating Systems

Single heating unit controls everything from hot water to room heating: Gas hot-water/heating system provides more comfortable lifestyles



Bathroom heater/dryer



Fan convector



Panel heater



Floor heating

ECO ONE



Heating unit  
〔 Hybrid hot-water/heating system 〕



Utaseyu bath



Mist sauna



Micro Air Bubble Bath



Flooring




Tatami type





Simple mat



## Lineup enhanced in response to needs of all regions

 **Hot water**  
Primary energy efficiency  
**125%**

 **Hot-water utility cost**  
Approx. **55%** down

 **Hybrid floor heating system utility cost**  
Approx. **37%** down

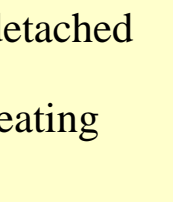


**Double hybrid hot-water/heating system**

For new detached houses



For new detached houses (Higher heating capacity)




Cold areas of Honshu Island

**New**




**Single hybrid hot-water/heating system**

For detached houses



For new condominiums




3-piece type easily installed even on verandahs



**Hybrid Bathtub filling unit (No floor heating system)**

For detached houses




For Hokkaido

**New**



**Plans to sell 30,000 units annually by 2014, taking advantage of mass production benefit**

## Demand for gas heaters to continue increasing this year thanks to electricity reduction sentiment

### Gas fan heaters

Full lineup of highly efficient, power-saving products



- No noticeable gas odor when switching on and off
- Simple fuel replenishment; warm air starts flowing in just 5 seconds
- Safety functions, including incomplete combustion prevention device

### Gas fan-forced heaters

Clean heating that offers better comfort without polluting the air

- Original Rinnai eco-operational mode
- Supply/exhaust obstruction detector for peace of mind
- Main body design enhances interior visual appeal



# “Good Design Award” Received

Highly acclaimed product design; awarded in 2012 for fifth time



Hybrid hot-water/heating system

**ECO ONE**



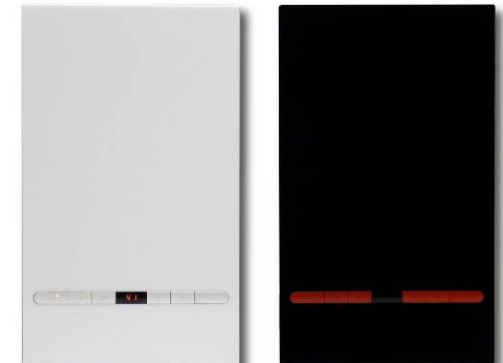
Remote Control  
MBC-220



Stoves for overseas  
markets



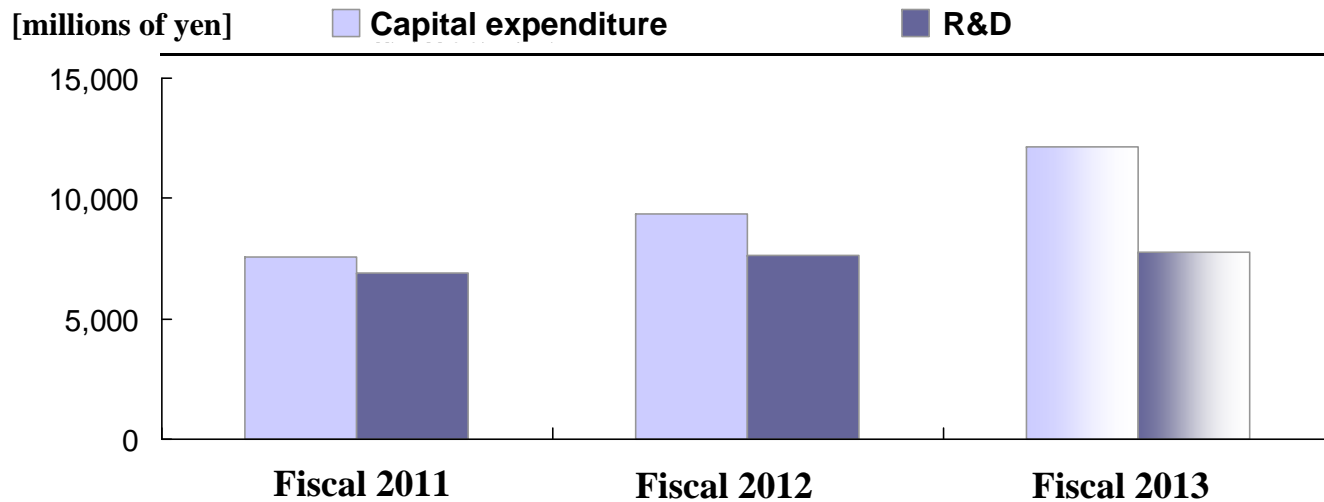
Built-in stove  
**Mytone**



Hot-water units for  
overseas markets

# Consolidated Capital Expenditure Plan

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## Investment aims

### Japan

- Expand facilities to raise productivity of mainstay products (*Eco Jozu*, etc.)
- Expand facilities to accommodate upgraded lineup of hybrid hot-water/heating systems
- Strengthen and upgrade sales bases and service system

### Overseas

- Expand production capacity (in China, Indonesia, Thailand, etc.) to cater for growing demand in emerging nations
- Raise standard of in-house manufacturing technologies for local production; increase product quality

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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.