



**Financial Results for First Two Quarters of
Fiscal 2013, ending March 31, 2013**

November 5, 2012

Fiscal 2013 (2Q): Consolidated Highlights

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Net sales: ¥114.2 billion (down 0.1% year-on-year)

Revenue declines in Australia and North America outweighed by higher domestic sales

Operating income: ¥10.6 billion (down 7.9% year-on-year)

Impacted by revenue declines at overseas subsidiaries and cost of product inspections

Ordinary income: ¥11.5 billion (down 7.0% year-on-year)

Decrease in line with lower operating income, but maintained strong ordinary income ratio, at 10.1%

Net income: ¥7.4 billion (up 13.7% year-on-year)

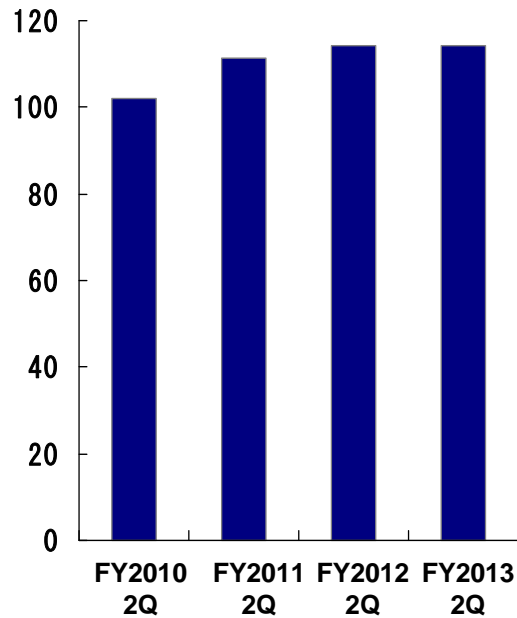
Boosted by loss on valuation of securities in previous corresponding period

- Sluggish performances in some regions and cost of product inspections led to slight revenue decrease and earnings decline
- No change in full-year forecasts due to recovery trends overseas and declining costs

Consolidated Financial Results (2Q)

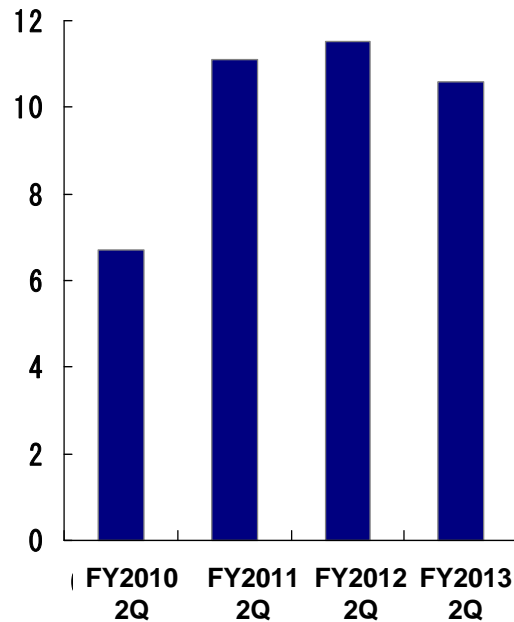
Net Sales

[Billions of yen]



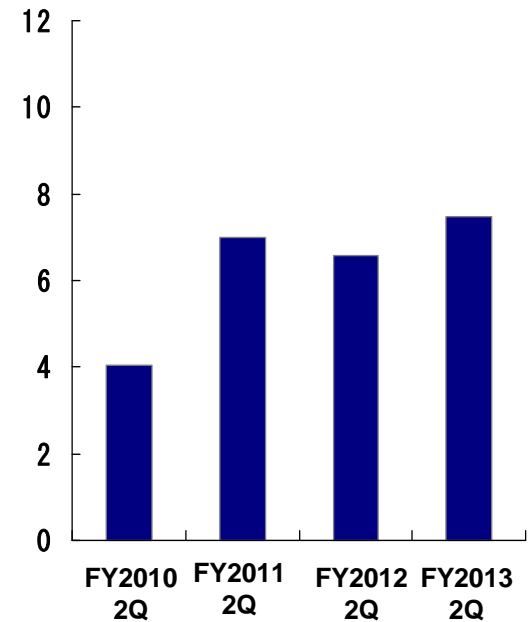
Operating Income

[Billions of yen]



Net Income

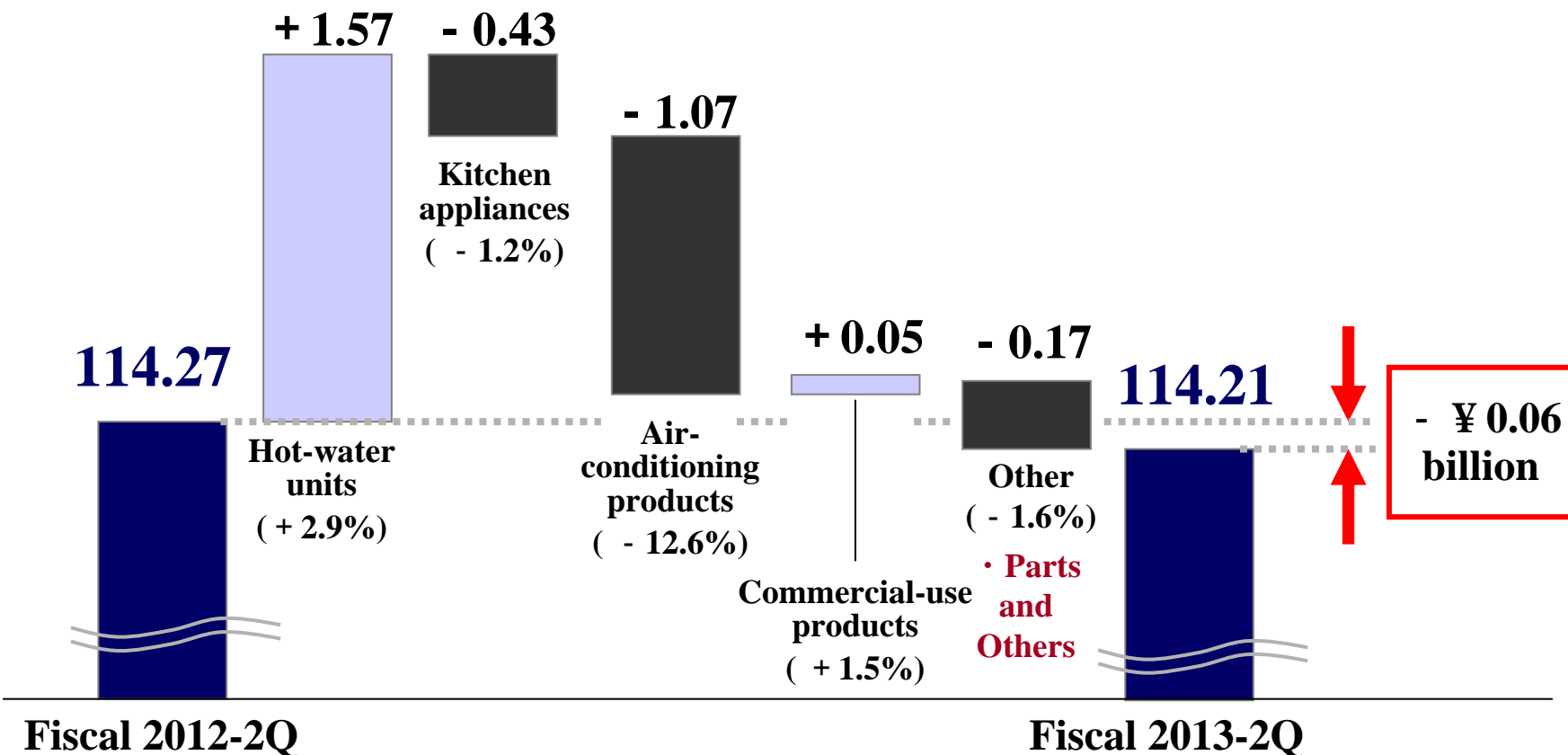
[Billions of yen]



- Both net sales and operating income down but remain at high levels and continue on real growth trajectory
- Record-high figure for net income

Fiscal 2013 (2Q): Consolidated Net Sales by Products

[Billions of yen]



- Hot-water units: Sales boosted by healthy domestic performance
- Air-conditioning products: Revenue down compared with previous corresponding period, which saw special demand for heaters for schools in Australia

Fiscal 2013 (2Q): Consolidated Sales/Income Results

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[Billions of yen]

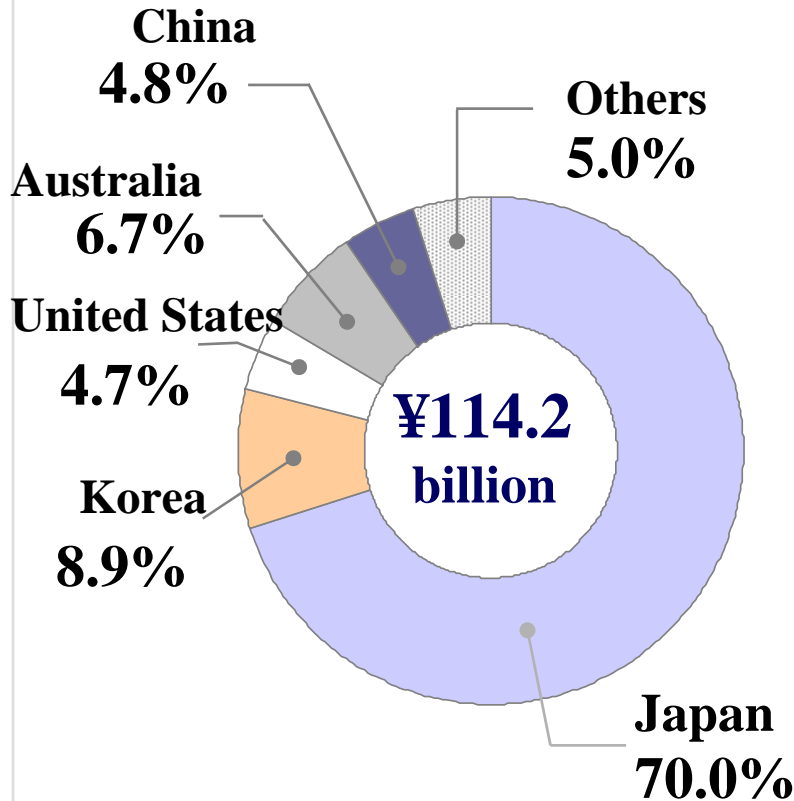
	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Consolidated	114.2	- 0.1%	10.6	- 7.9%	9.3%	- 0.8P



	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Rinnai	84.2	+ 2.1%	6.5	- 7.1%	7.7%	- 0.8P
Domestic	43.3	- 4.5%	0.7	- 2.9%	1.7%	+ 0.0P
Overseas	37.0	- 5.0%	3.2	- 17.7%	8.8%	- 1.4P
Total	164.7	- 1.3%	10.5	- 10.4%	6.4%	- 0.6P

Consolidated Net Sales by Geographical Segment

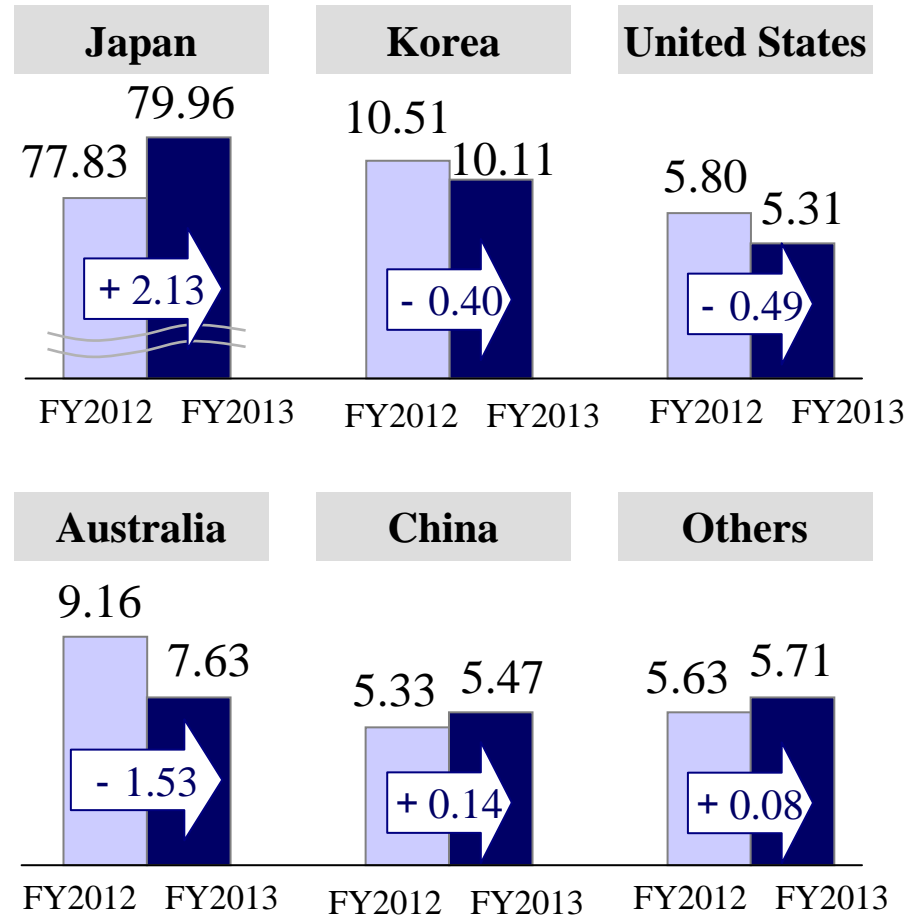
Fiscal 2013-2Q Consolidated Net Sales



Composition of Others :
Local group companies in Taiwan, Thailand, Vietnam,
New Zealand, Brazil and etc.

YOY Change by Geographical Segment

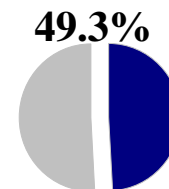
[Billions of yen]



Sales by Business Segment (Hot-water units)

[Billions of yen]	Fiscal 2012-2Q	Fiscal 2013 -2Q	YOY Change
Japan	34.1	36.1	+ 5.8%
Korea	4.3	4.3	+ 0.7%
United States	5.3	4.9	- 8.3%
Australia	3.9	3.7	- 5.5%
China	4.2	4.4	+ 3.6%
Others	2.6	2.6	+ 1.9%
Total	54.7	56.2	+ 2.9%

Composition ratio :



Japan



United States



Australia

- **Japan:** Healthy sales owing to rising demand for gas appliances and shift to high-value-added products
- **United States:** Shrinking magnitude of revenue decline despite delayed economic recovery
- **Australia:** Sustained growth in mainstay gas hot-water units, but sales of solar systems down

Sales by Business Segment (Kitchen appliances)

Composition ratio : 31.4%

[Billions of yen]	Fiscal 2012-2Q	Fiscal 2013-2Q	YOY Change
Japan	30.9	30.9	-0.2%
Korea	2.9	2.6	-8.0%
China	0.8	0.7	-12.0%
Others	1.4	1.4	-3.4%
Total	36.2	35.8	-1.2%



Japan



Korea



China

- Japan: Sales of tabletop stoves down but sales of built-in stoves and range hoods up
- South Korea: Stove sales down due to market contraction and intensified competition

Sales by Business Segment (Air-conditioning products)

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[Billions of yen]	Fiscal 2012-2Q	Fiscal 2013-2Q	YOY Change
Japan	3.5	3.7	+ 4.7%
Korea	0.1	0.0	-77.1%
United States	0.4	0.3	-9.9%
Australia	4.0	2.9	-26.8%
Others	0.3	0.2	-6.8%
Total	8.4	7.4	-12.6%

Composition ratio : 6.5%



Japan

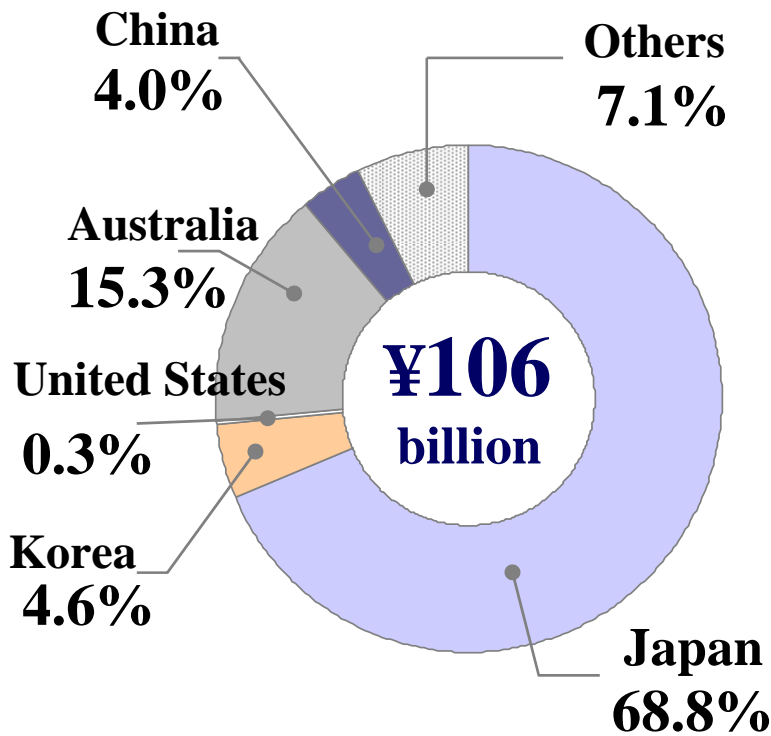


Australia

- **Japan:** Continued shift to gas heaters amid heightened electricity-reduction sentiment (32.0% increase compared with 2Q of fiscal 2011)
- **Australia:** Sales down compared with first half of fiscal 2012, which saw special demand due to government subsidies

Consolidated Operating Income by Geographical Segment

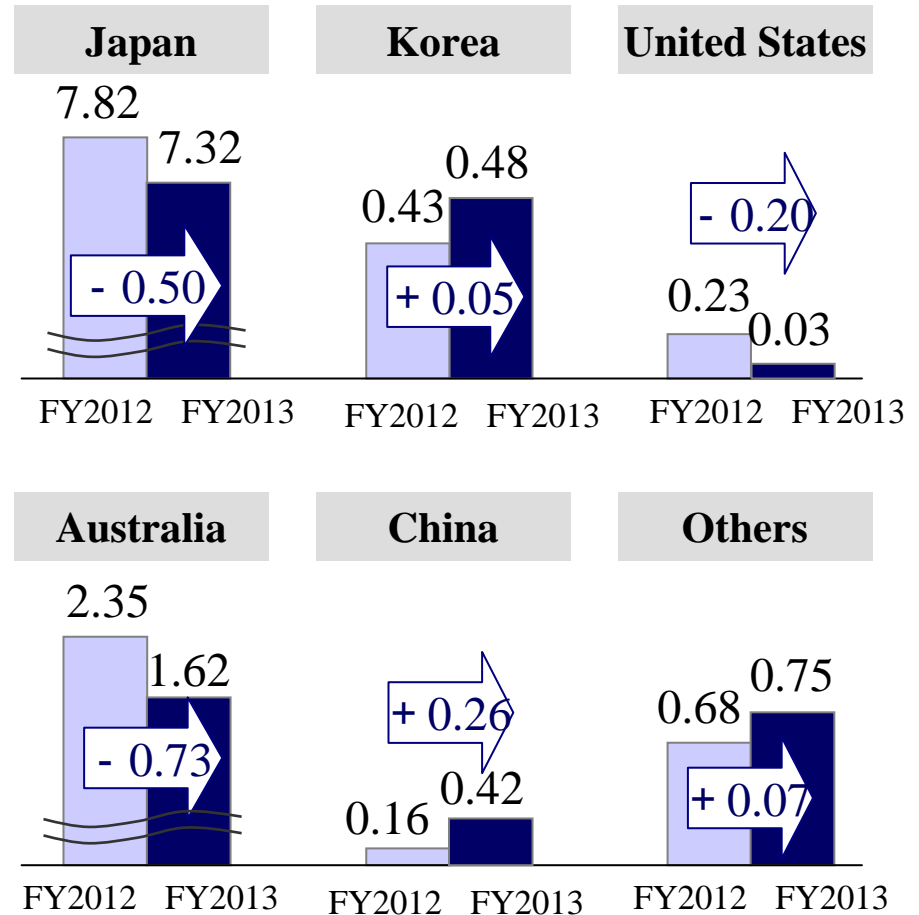
Fiscal 2013-2Q Consolidated Operating Income



Composition of Others :
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YOY Change by Geographical Segment

[Billions of yen]

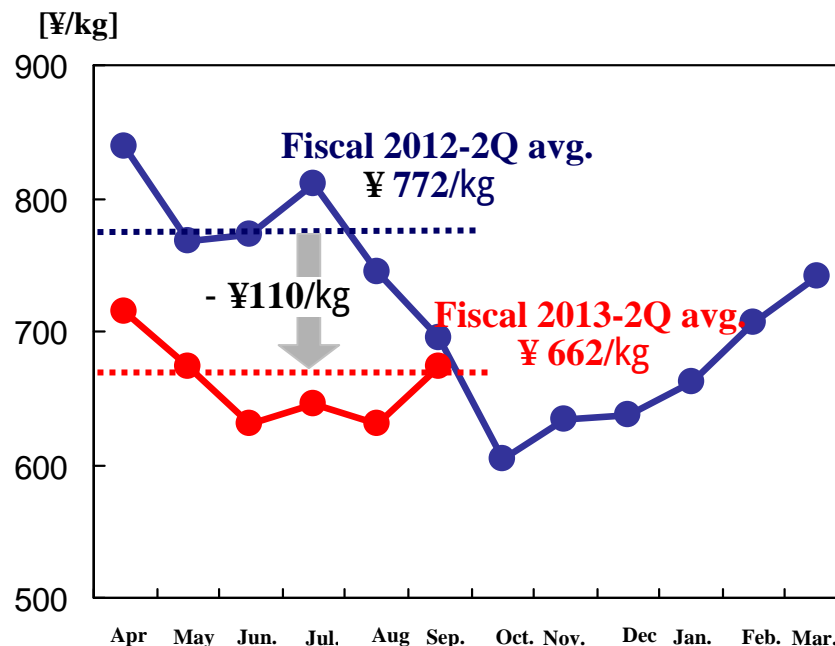


Electrolytic Copper

- Fiscal 2013 average assumed price: ¥780/kg
- Prices trending lower than assumed price

	Fiscal 2013-2Q	Fiscal 2012-2Q	YOY change
Avg. price	662	772	- 14.2%

Used in: Hot-Water units (Heat exchangers, etc.)

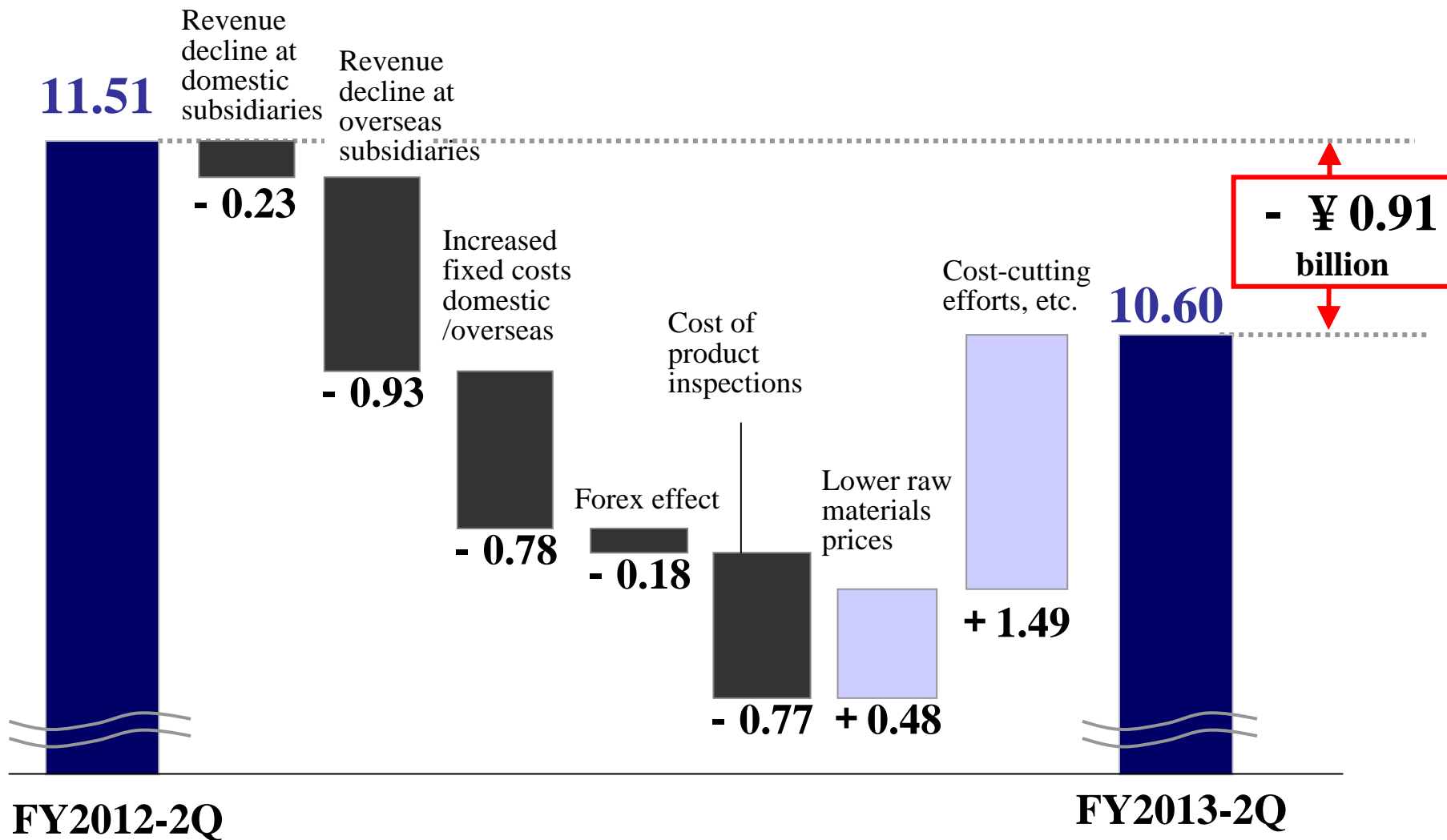


Steel

- Iron and steel prices trending lower than Fiscal 2012 prices

Fiscal 2013 (2Q): Consolidated Operating Income

[Billions of yen]



FY2012-2Q

FY2013-2Q

Rinnai

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