



Rinnai

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

February 7, 2013

Fiscal 2013 (3Q): Consolidated Highlights

1

Net sales: ¥187.7 billion (up 1.6% year-on-year)

Higher sales in Japan; overseas situation returning to normal after revenue declines in Australia and North America in first two quarters

Operating income: ¥20.3 billion (down 1.9%)

Earnings down due to cost of product inspections, but magnitude of decline shrinking

Ordinary income: ¥22.1 billion (down 0.5%)

Decrease in line with lower operating income, but magnitude of decline shrinking

Net income: ¥15.2 billion (up 24.6%)

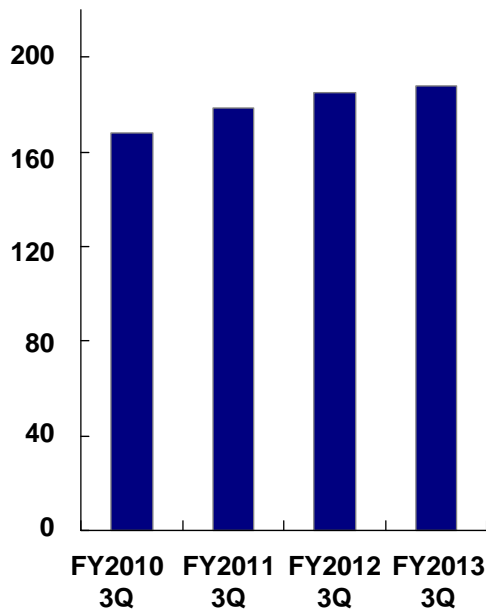
Boosted compared with previous corresponding period, in which booked loss on valuation of securities

- Revenue up thanks to solid domestic sales and recovery in overseas sales
- No change in full-year forecasts due to declining costs, despite lower operating income due to cost of product inspections

Consolidated Financial Results (3Q)

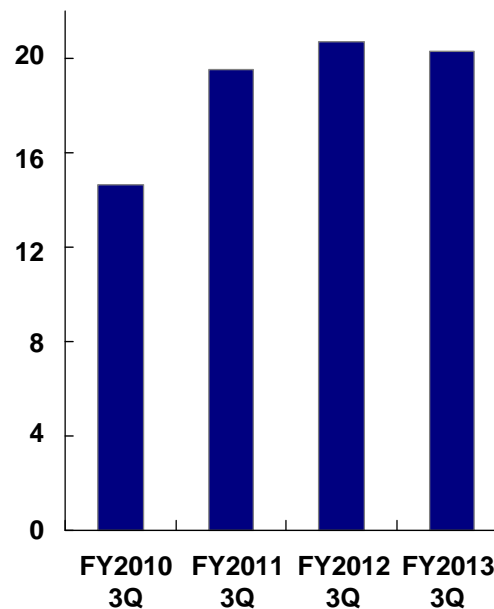
Net Sales

[Billions of yen]



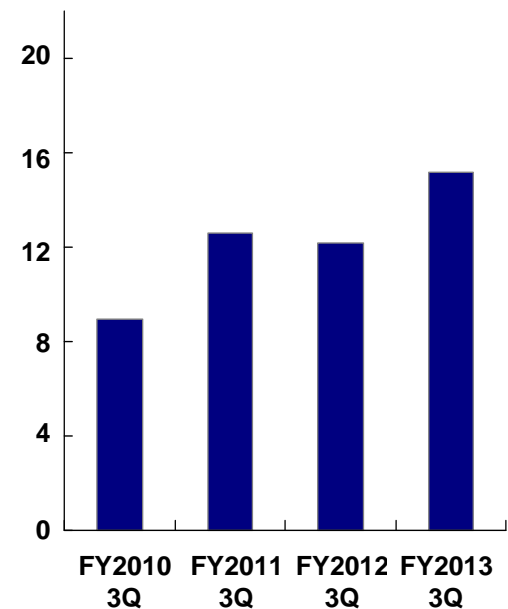
Operating Income

[Billions of yen]



Net Income

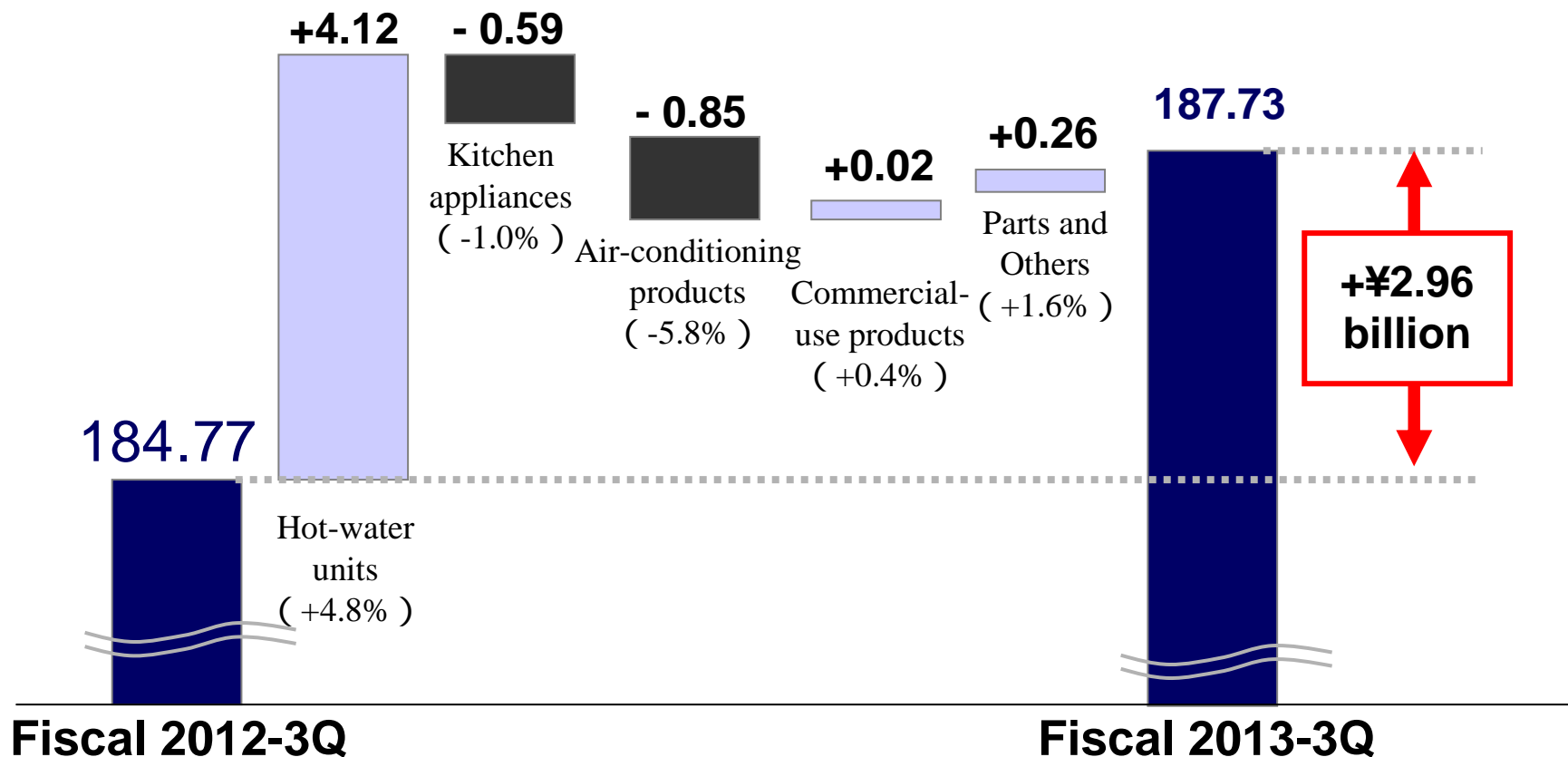
[Billions of yen]



- High operating margin maintained, at 10.8%, despite lower operating income; continuation of real growth trajectory
- Record-high figures for net sales and net income

Fiscal 2013 (3Q): 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 (3Q): Consolidated Sales/Income Results

4

[Billions of yen]

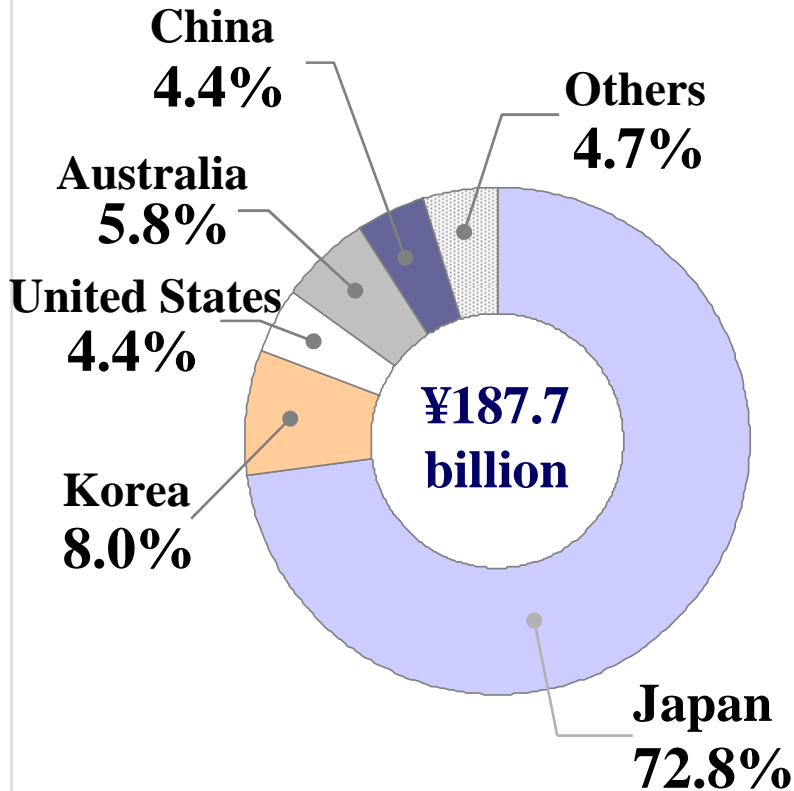
| | Net Sales | YOY Change | Operating Income | YOY Change | Operating Margin | YOY Change |
|---------------------|---------------|--------------|------------------|--------------|------------------|--------------|
| Consolidated | 187.73 | +1.6% | 20.30 | -1.9% | 10.8% | -0.4P |



| | Net Sales | YOY Change | Operating Income | YOY Change | Operating Margin | YOY Change |
|-----------------|---------------|--------------|------------------|---------------|------------------|--------------|
| Rinnai | 141.77 | +3.4% | 13.64 | -2.7% | 9.6% | -0.6P |
| Domestic | 72.07 | -0.6% | 2.02 | +34.5% | 2.8% | +0.7P |
| Overseas | 55.37 | -3.0% | 4.52 | -9.6% | 8.2% | -0.6P |
| Total | 269.21 | +0.9% | 20.19 | -1.7% | 7.5% | -0.2P |

Consolidated Net Sales by Geographical Segment

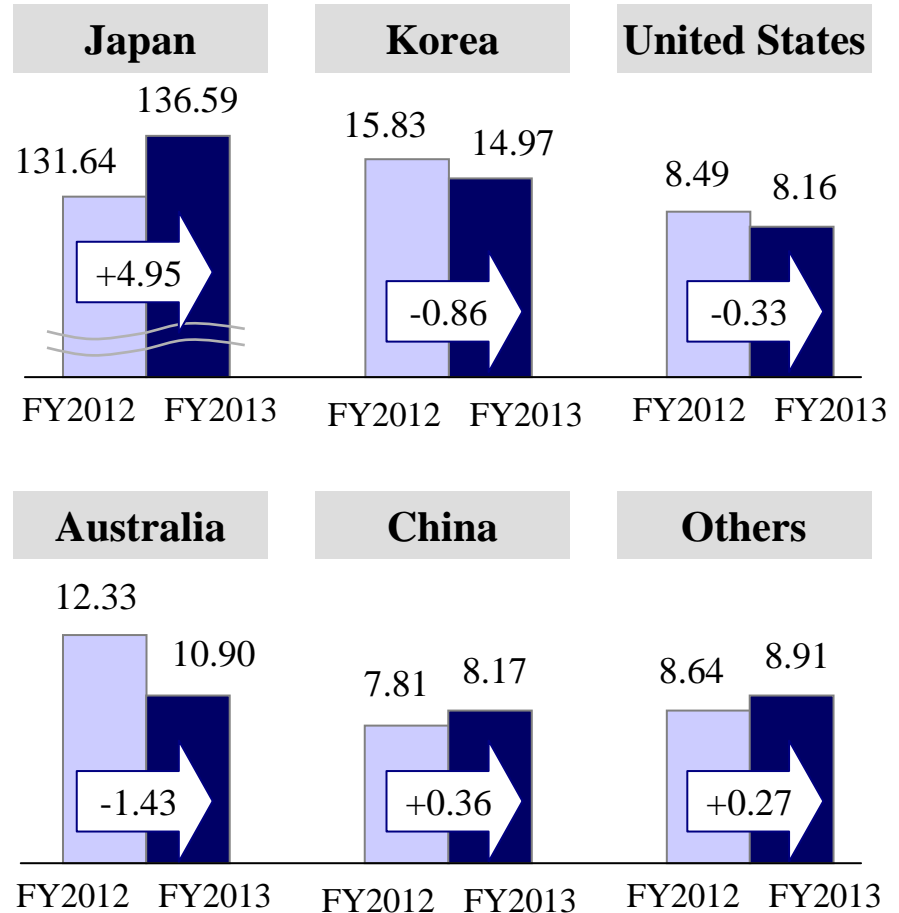
Fiscal 2013-3Q Consolidated Net Sales



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 (Hot-water units)

Composition ratio : 48.2%

| [Billions of yen] | Fiscal 2012-3Q | Fiscal 2013 -3Q | YOY Change |
|----------------------|-------------------|--------------------|---------------|
| Japan | 55.52 | 60.21 | +8.5% |
| Korea | 6.53 | 6.36 | -2.6% |
| United States | 7.69 | 7.45 | -3.0% |
| Australia | 6.10 | 5.64 | -7.5% |
| China | 6.32 | 6.72 | +6.3% |
| Others | 4.14 | 4.04 | -2.4% |
| Total | 86.31 | 90.44 | +4.8% |



Japan



United States



Australia

- Japan: Healthy sales owing to rising demand for gas appliances and shift to high-value-added products
- North America: 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)

7

Composition ratio : 32.3%

| [Billions of yen] | Fiscal 2012-3Q | Fiscal 2013-3Q | YOY Change |
|-------------------|----------------|----------------|---------------|
| Japan | 53.21 | 53.08 | -0.2% |
| Korea | 4.59 | 4.05 | -11.9% |
| China | 1.22 | 1.26 | +3.1% |
| Others | 2.15 | 2.19 | +1.9% |
| Total | 61.19 | 60.60 | -1.0% |



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)

8

Composition ratio : 7.5%

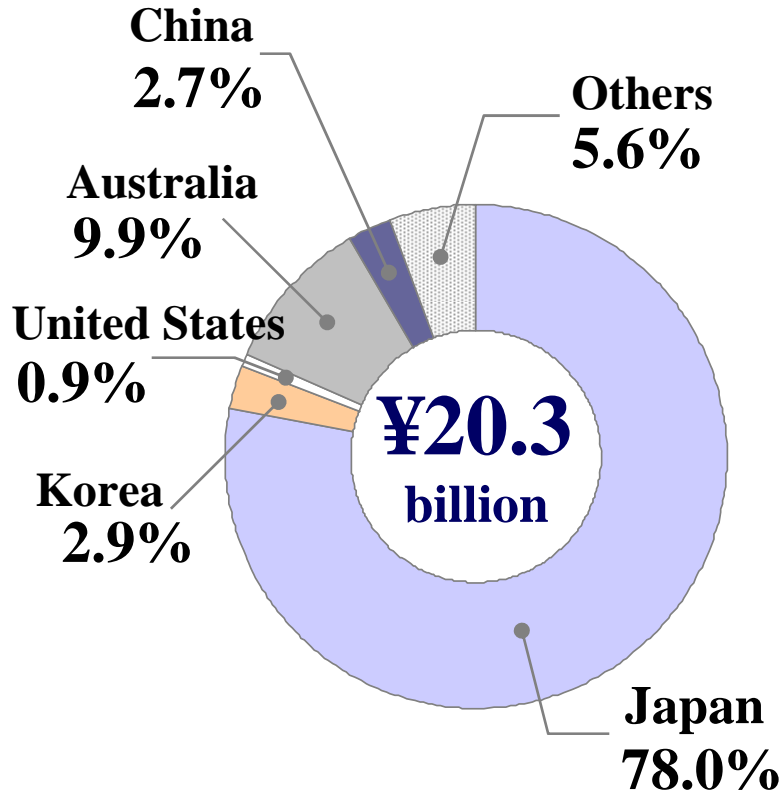
| [Billions of yen] | Fiscal 2012-3Q | Fiscal 2013-3Q | YOY Change |
|----------------------|-------------------|-------------------|---------------|
| Japan | 8.92 | 9.04 | +1.4% |
| Korea | 0.13 | 0.07 | -47.4% |
| United States | 0.71 | 0.63 | -11.2% |
| Australia | 4.59 | 3.81 | -17.0% |
| Others | 0.48 | 0.43 | -10.6% |
| Total | 14.86 | 14.01 | -5.8% |



- Japan: Continued shift to gas heaters amid heightened electricity reduction sentiment (25.9% increase compared with 3Q of fiscal 2011)
- Australia: Sales recoiling downward compared with previous fiscal year, which saw special demand due to government subsidies in first half

Consolidated Operating Income by Geographical Segment

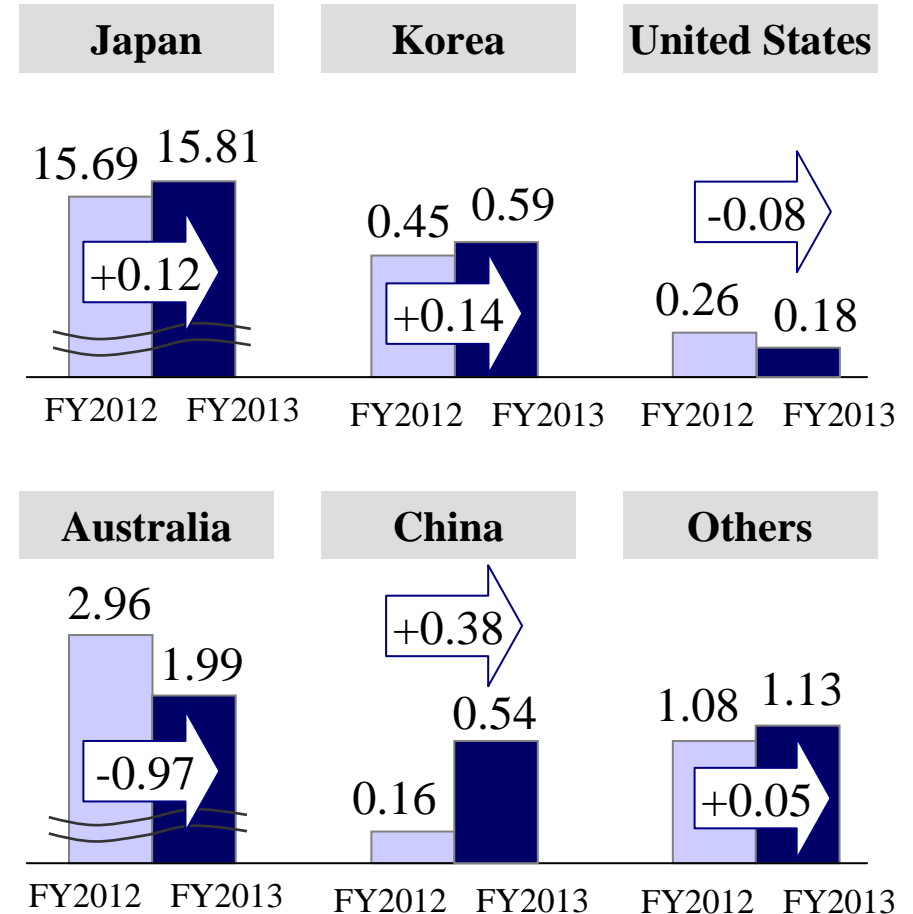
Fiscal 2013-3Q Consolidated Operating Income



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

YOY Change by Geographical Segment

[Billions of yen]

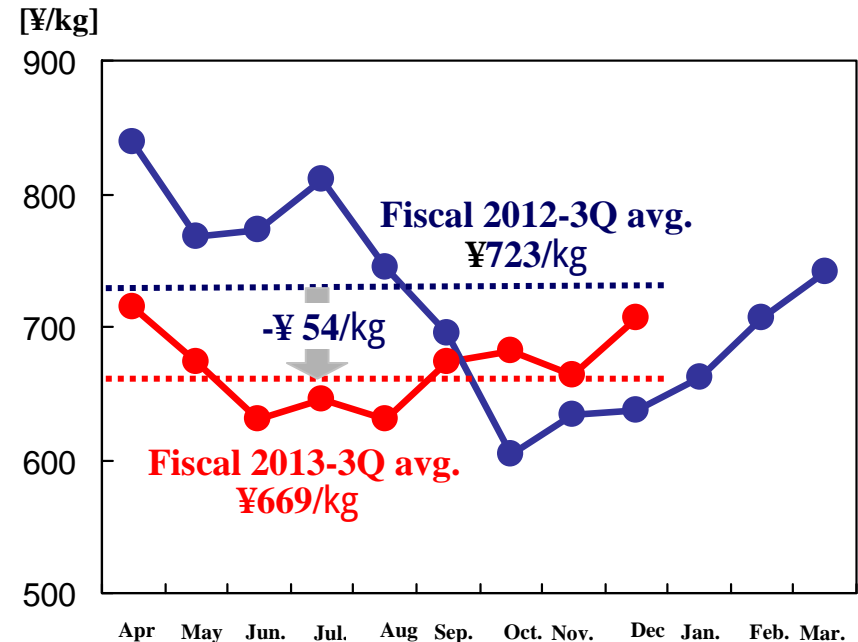


Electrolytic Copper

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

| | Fiscal 2013-3Q | Fiscal 2012-3Q | YOY change |
|-------------------|----------------|----------------|------------|
| Avg. price | 669 | 723 | -7.4% |

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



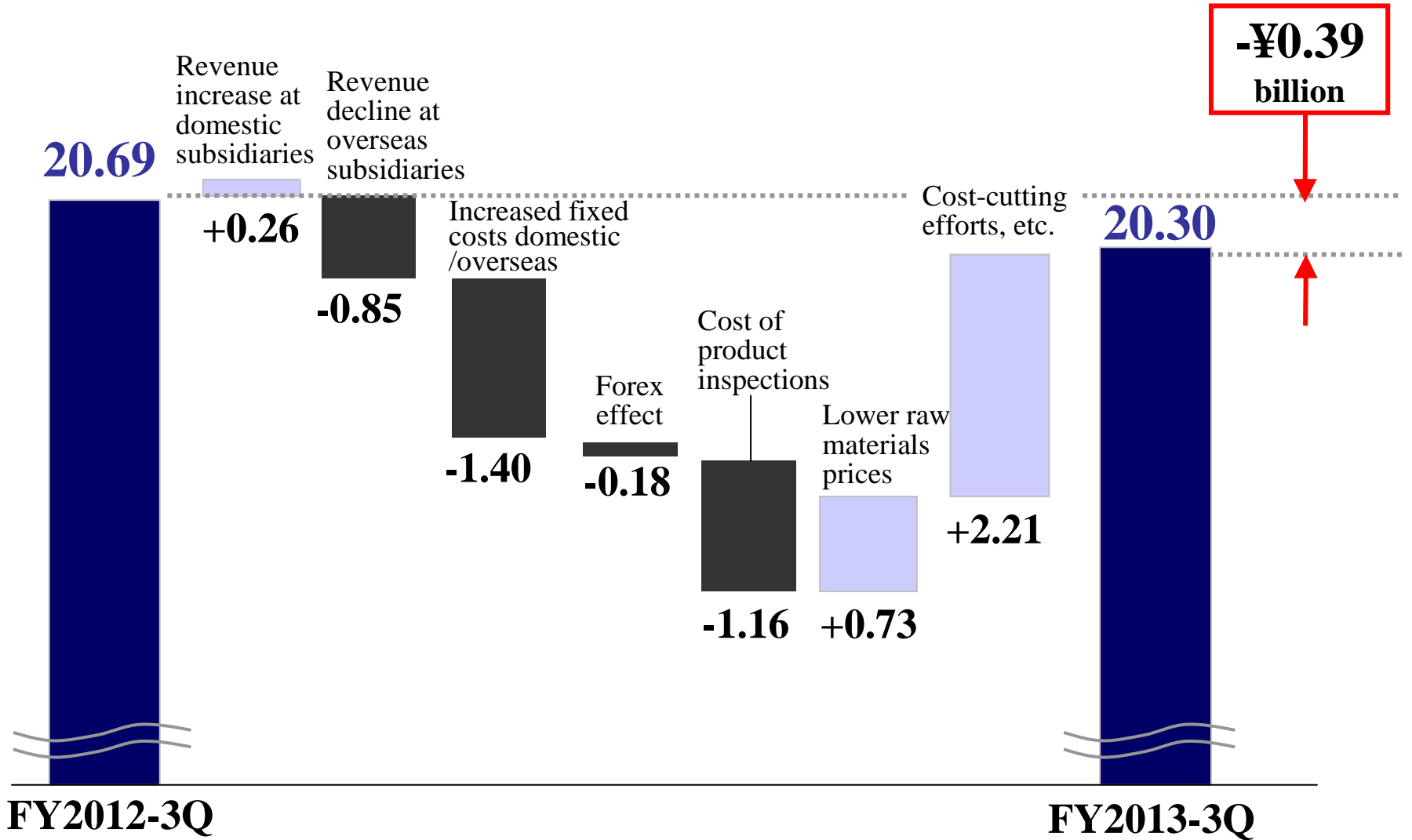
Steel

- Iron and steel prices trending lower than Fiscal 2012 prices

Fiscal 2013 (3Q): Consolidated Operating Income

11

[Billions of yen]



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



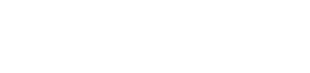
Verie



Udea ef



Mytone



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



Range hood



- No filter, so easier to clean
- Improved suction power thanks to straightening vanes
- Reduced level of irritating noise

Tabletop stoves

Lineup to meet diversified needs



Enhanced range of safety functions, such as automatic “heat off” and no-saucepan detection



Internet-only model with white color tone



Model change reflecting customer opinions (Released December 2012)

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



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




美白湯


Micro Air Bubble Bath




Future: Home energy management system (HEMS)

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

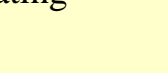


Double hybrid hot-water/heating system


For new detached houses



For new detached houses (Higher heating capacity)




Cold areas of Honshu Island




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



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

Eco Jozu lineup completed

We will promote expansion and proliferation of environmentally friendly products by offering a full lineup of *Eco Jozu* offerings!

Hot-water and heating units



Compact type Hot-water and heating units



Bath-water heating units



Bath-water heating units Slim type



Hot-water, single function



Hot-water, single function Slim type



Hot-water, single function Installation type



Indoor FF type
(Indoor installation/
Forced draught balanced flue)



Reliable drying even in wet season, unaffected by pollen and dust

Bathroom heater/dryer

Bathroom available for automatic clothes drying

New



- Universally designed remote control
- Features Plasmacluster ion technology
- Automatic drying using temperature and humidity sensors
- “Eco drying” function lowers running costs by around 30%

(Launched in February 2013)

Gas clothes dryer

Updated design and now featuring Plasmacluster ion technology

New



- Speedy: Less than half the time taken by electric models
- Hot-air drying with high anti-bacterial effect
- Large 5.0kg capacity enables big wash loads
- Powerful, highly heat-efficient, and economical

(Launch planned in June 2013)

Creating heat and comfortable lifestyles

Rinnai

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.