

Rinnai

**Financial Results of Fiscal 2016,
ended March 31, 2016**

May 10, 2016

Fiscal 2016: Consolidated Highlights

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Net sales: ¥319.9 billion (up 8.4% year o year)

Boosted by healthy overseas sales and favorable forex factors;
domestic sales also steady

Operating income: ¥34.5 billion (up 12.4%; operating margin:10.8%)

Boosted by higher net sales and cost-reduction efforts, despite expenses
associated with acquiring a consolidated subsidiary

Ordinary income: ¥35.8 billion (up 8.7%; ordinary income ratio:11.2%)

Increase thanks to higher operating income, despite foreign exchange loss

Net income attributable to owners of the parent company : **¥22.7 billion**

(up 10.0%; return on sales:7.1%)

Increase owing to high ordinary income

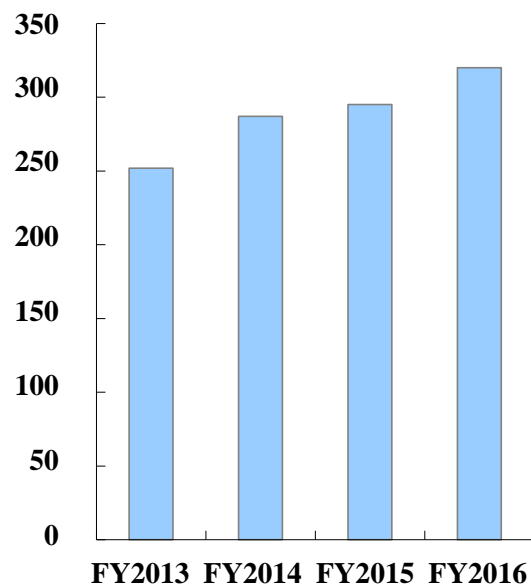
* Maintained healthy performance overseas, in addition to solid domestic results;
operating margin remained at high level

* Achieved operating income target set under medium-term business plan, Evolution and
Succession 2017

Consolidated Financial Results

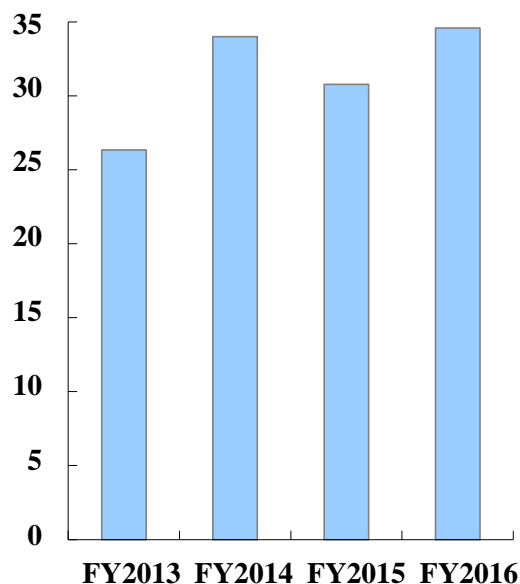
Net Sales

[Billions of Yen]



Operating Income

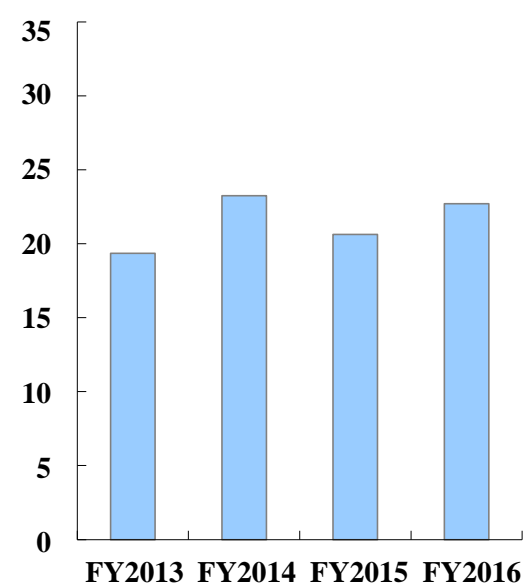
[Billions of Yen]



Attributable to owners of the parent company

Net Income

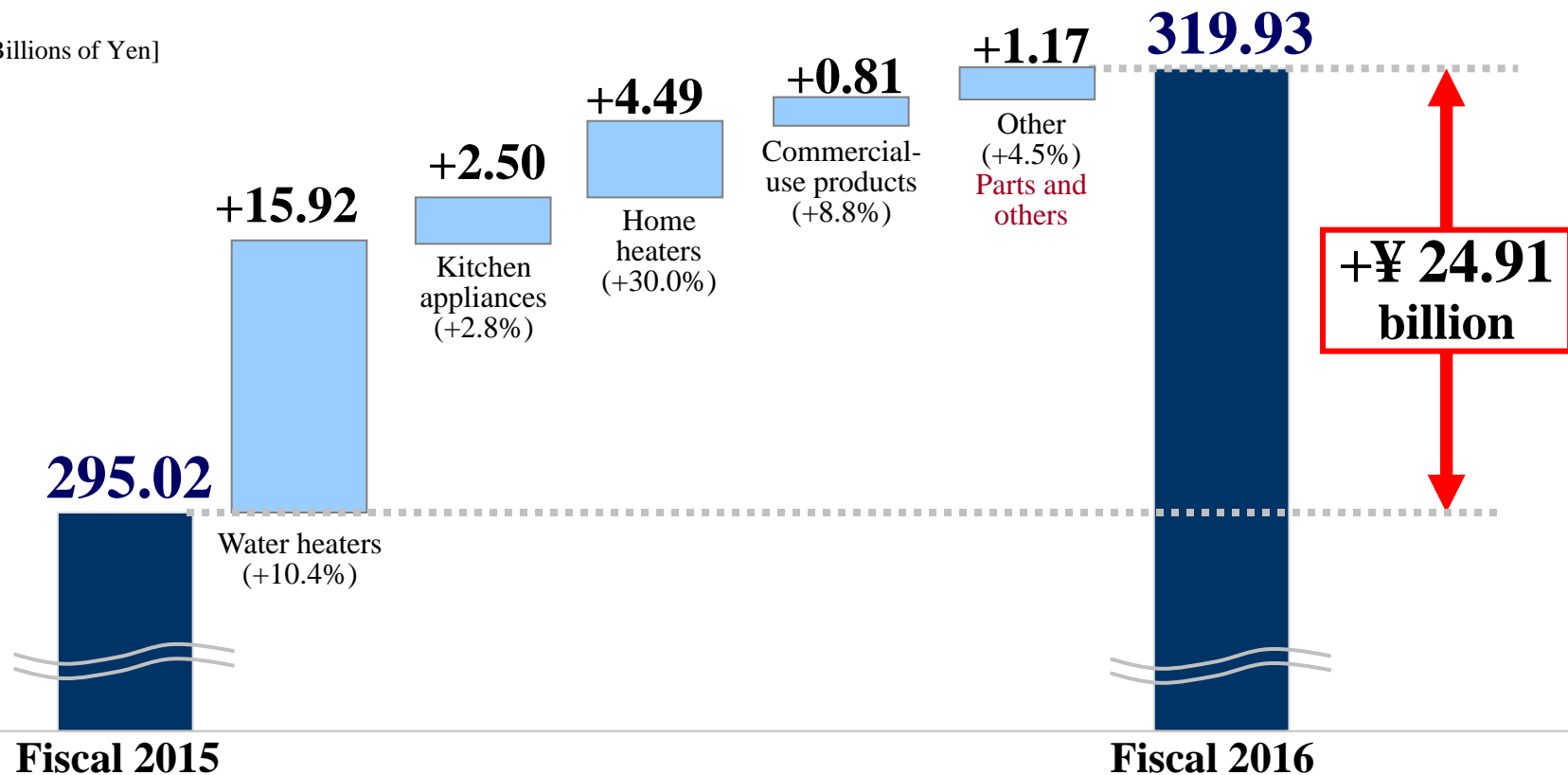
[Billions of Yen]



- * Record-high figures for net sales, operating income, ordinary income, and net income
- * Steady continuation of real growth; no change in rising revenue and earnings trajectories

Fiscal 2016: Consolidated Net Sales by Products

[Billions of Yen]



- * **Water heaters:** Healthy sales in major overseas nations; overall sales of water heaters also firm in Japan
- * **Kitchen appliances:** Progressive popularity of system-based kitchens in Japan; healthy performance in Taiwan
- * **Home heaters:** Weak performance in Japan due to warm winter; growth in Australia contributed to revenue increase

Fiscal 2016: Consolidated Sales/Income Results

[Billions of Yen]

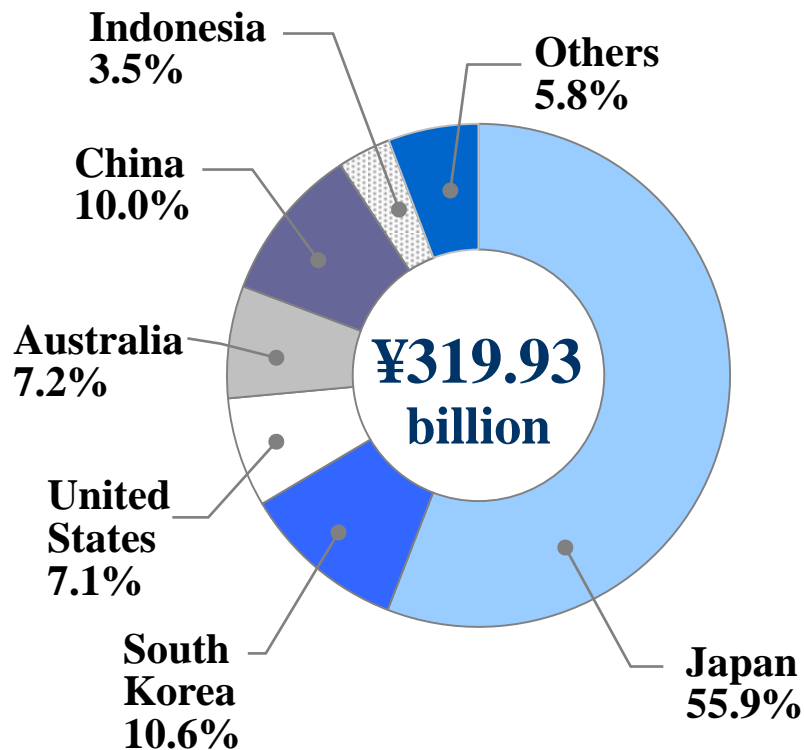
	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Consolidated	319.93	+8.4%	34.59	+12.4%	10.8%	+0.4P



	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Rinnai	197.59	+3.7%	20.19	+8.1%	10.2%	+0.4P
Domestic	99.59	-0.4%	2.55	+22.3%	2.6%	+0.5P
Overseas	149.98	+18.2%	11.63	+17.3%	7.8%	-0.1P
Total	447.17	+7.2%	34.38	+12.0%	7.7%	+0.3P

Consolidated Net Sales by Geographical Segment

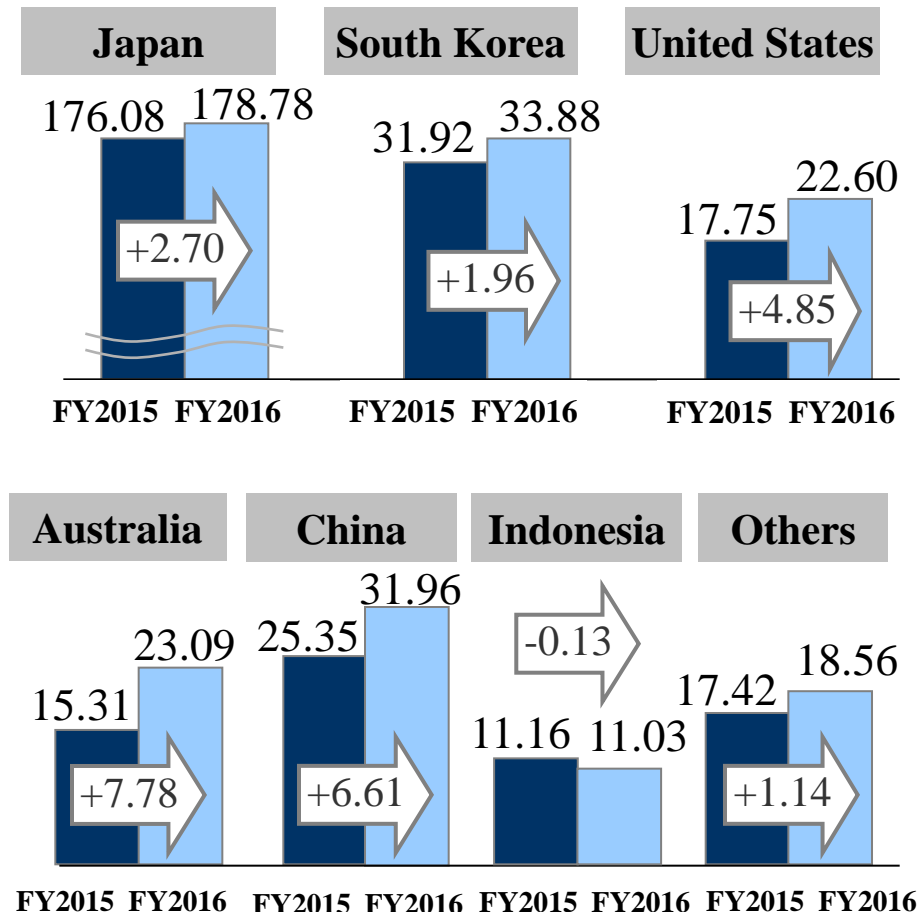
Fiscal 2016 Consolidated Net Sales



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 (Water heaters)

[Billions of Yen]

	Fiscal 2015	Fiscal 2016	YOY Change
Japan	84.63	87.60	+3.5%
South Korea	13.94	15.57	+11.7%
United States	15.64	20.11	+28.6%
Australia	8.90	9.94	+11.7%
China	21.26	27.26	+28.2%
Others	9.30	9.10	-2.1%
Total	153.69	169.62	+10.4%

Composition ratio 53.0%



- * **Japan:** Healthy performances overall, including for single-function products, bathtub-filling equipment, water heaters with heating systems, and *ECO ONE*
- * **Benefited from economic recovery in the United States; healthy local sales in China accompanied by rising living standards**
- * **Australia:** Growth in storage-type (tank-based) water heaters as well as mainstay tankless models

Sales by Business Segment (Kitchen appliances)

[Billions of Yen]

	Fiscal 2015	Fiscal 2016	YOY Change
Japan	63.19	63.70	+0.8%
South Korea	9.30	9.65	+3.7%
China	3.38	4.06	+20.1%
Indonesia	10.38	10.11	-2.6%
Others	4.56	5.80	+27.2%
Total	90.83	93.34	+2.8%

Composition ratio : 29.2%



Japan



South Korea



Indonesia

- * **Japan:** Decline in demand for tabletop cookers offset by healthy sales of built-in hobs (stovetops)
- * **South Korea:** Increase in sales backed by turnaround trend due to end of decline in demand for cookers
- * **Indonesia:** Sluggish sales due to market saturation for tabletop stoves

Sales by Business Segment (Home Heaters)

[Billions of Yen]

	Fiscal 2015	Fiscal 2016	YOY Change
Japan	8.14	7.11	-12.6%
South Korea	0.23	0.17	-24.8%
United States	1.81	2.08	+15.0%
Australia	4.02	9.28	+130.6%
Others	0.74	0.79	+7.0%
Total	14.97	19.46	+30.0%

Composition ratio : 6.1%

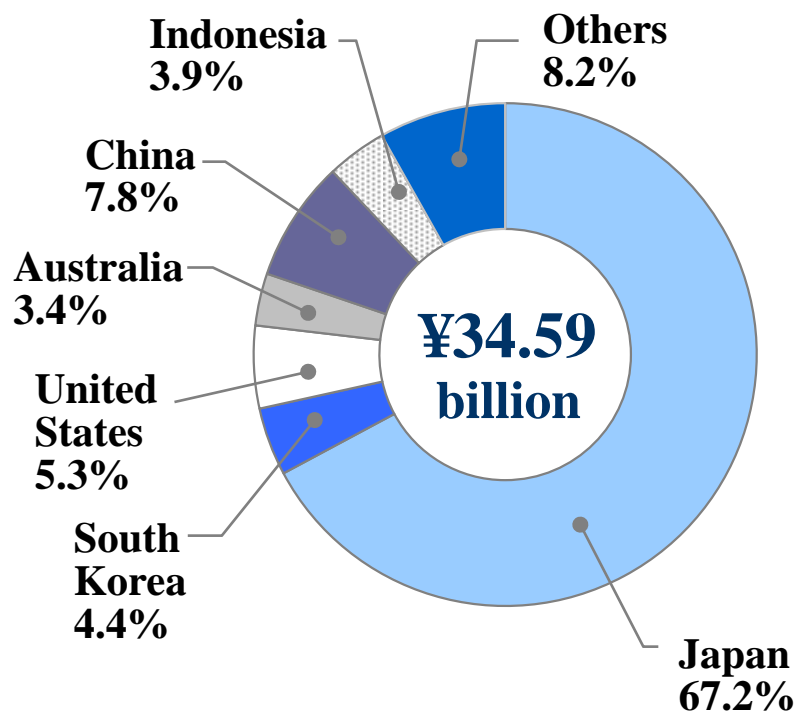


*** Australia: Major expansion of business scope due to recovering demand for heaters and acquisition of Brivis Climate Systems**

*** Japan: Decline in unit sales of mainstay fan heaters due to warm winter**

Consolidated Operating Income by Geographical Segment 9

Fiscal 2016 Consolidated Operating Income

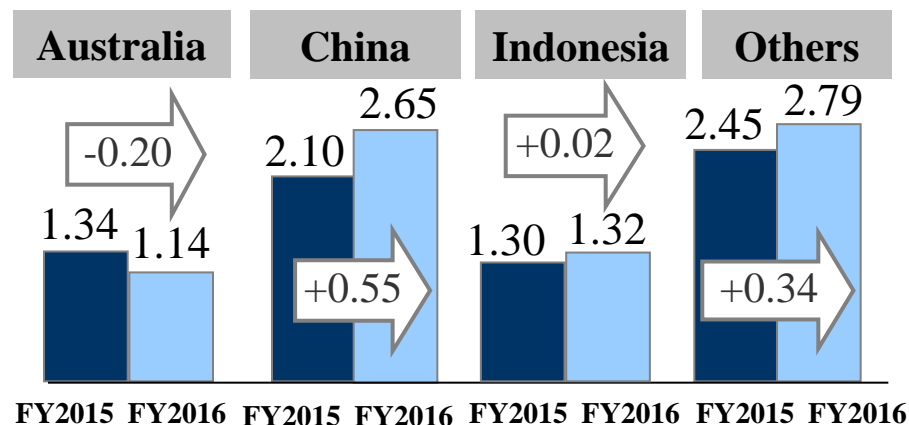
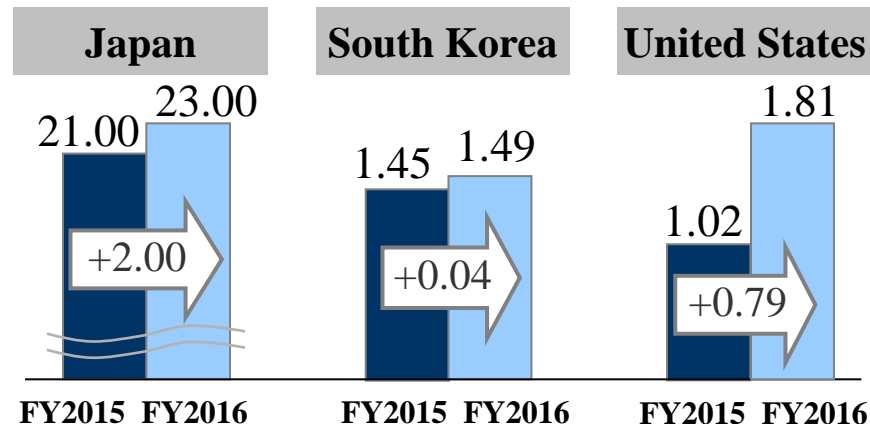


Composition of Others:

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

YOY Change by Geographical Segment

[Billions of Yen]

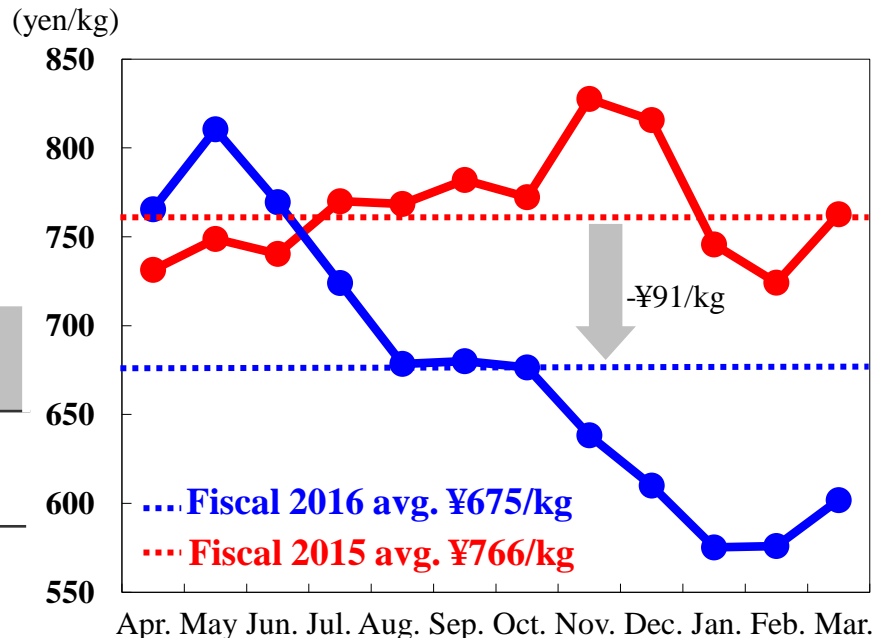


Electrolytic Copper

* Copper prices on downward trend
 Below previous-year figure since July 2015
 (Forecast at beginning of year: ¥800/kg)

(yen/kg)	Fiscal 2015 Avg.	Fiscal 2016 Avg.	YOY change
Average price	766	675	-11.8%

Used in: Water heaters (Heat exchangers, etc.)

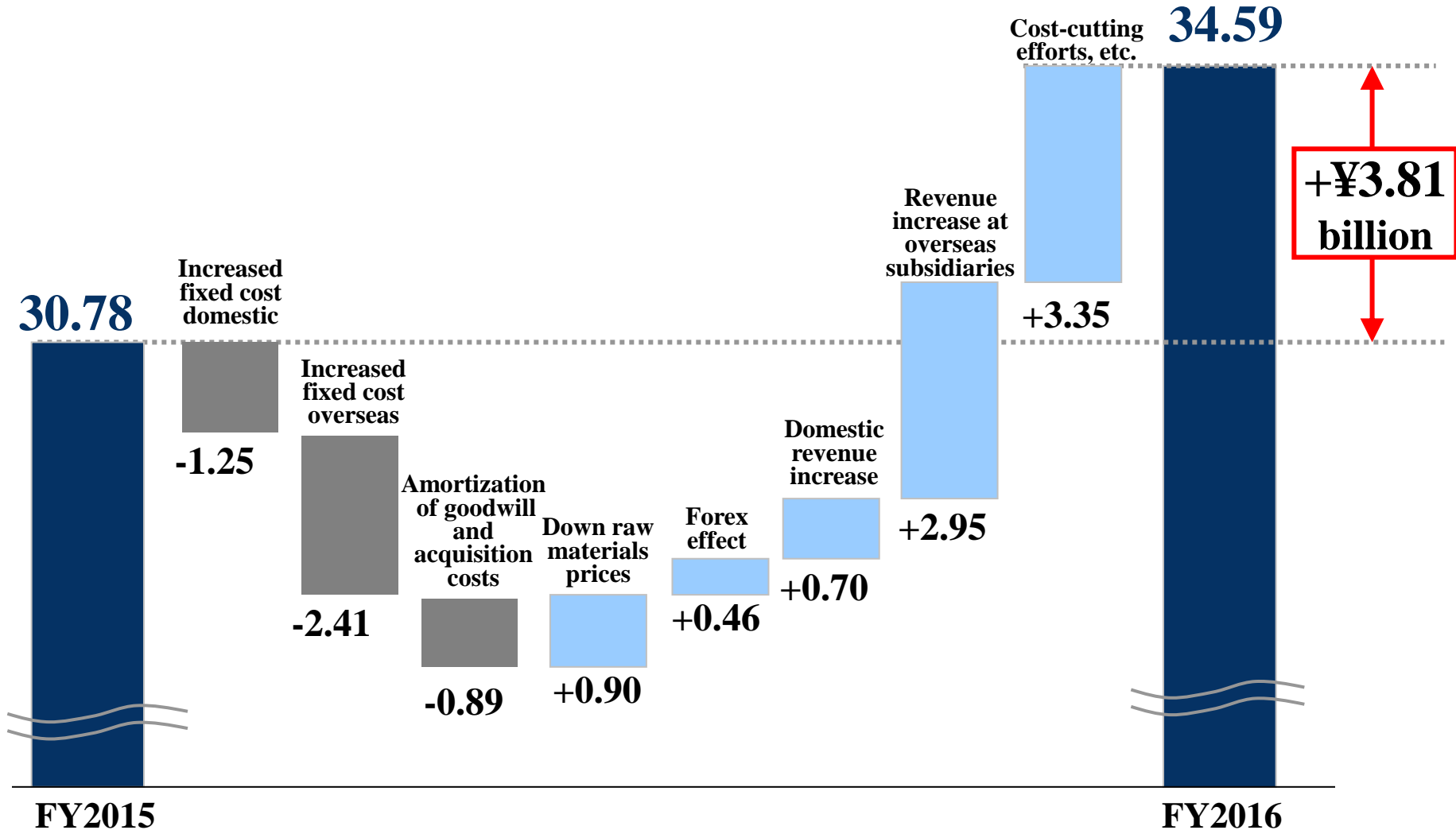


Steel

* Steel prices at below previous-year level except for some types

Fiscal 2016: Consolidated Operating Income

[Billions of Yen]



Rinnai

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.