

September 14, 2015

Production of Electric Storage-Type Water Heaters to commence in Australia

Rinnai Australia Pty Ltd (Managing Director: Greg Ellis), headquartered in Melbourne, Australia, is a consolidated subsidiary of Rinnai Corporation, a comprehensive manufacturer of heat and energy appliances. Rinnai Australia has contracted to acquire land and buildings and in July 2016 will commence the manufacture of electric storage-type (tank-based) water heaters, with the aim of increasing market share for such products and improving total earnings.

Rinnai Australia began selling room heaters in the 1970s, and since the 1990s has gained strong growth selling gas instant-heating (tankless) water heaters. It has grown to become one of the top manufacturers in Australia's gas appliance market. However, storage-type water heaters account for around 60% of the Australian market, so since the turn of the century Rinnai Australia has expanded its business by importing and selling electric storage-type water heaters. At one stage, the Australian government tightened regulations to restrict the installation of electric storage-type water heaters, however it relaxed those regulations in 2012. Accordingly, we forecast solid demand for storage-type water heaters in line with Australia's growing population.

Seeking to seize upon demand for storage-type water heaters and improve earnings in light of the weak Australian dollar, Rinnai Australia contracted to acquire land and buildings for the production of electric storage-type water heaters in September 2015. It is planning the installation of production equipment with a view to the commencement of production in July 2016. At present Rinnai Australia imports and sells around 40,000 electric storage-type water heaters per year. The new production facility is planned to increase that number to around 100,000 in 2020.

Overview of New Plant

Address: 82-88 Mills Road, Braeside, VIC 3195

Land area: 66,400m²

Building floor space: 24,800m²

Items to be manufactured: Electric storage-type water heaters

Production capacity: 100,000 units/year

Total investment (land, buildings, equipment): Approx. AUD31 million (¥2.6 billion)

Production start: July 2016 (plan)



Since its foundation, Rinnai's corporate spirit has embodied the themes of "heat and lifestyles," "product quality," and "contributing to local communities." Carrying on this spirit, we will continue developing overseas operations matched to local needs.

Inquiries concerning this matter:

Rinnai Corporation Corporate Communication Office: 052-361-8211 (Main)

Corporate Profile of Rinnai Australia

Name: Rinnai Australia Pty Ltd

Address: 100 Atlantic Drive, Keysborough, VIC 3173

President: Greg Ellis

Capitalization: AUD2 million

Annual net sales: AUD161 million (¥15.3 billion; FY2014)

Employees: 246 (as of December 31, 2104)

Main products: Instant-heating water heaters, storage-type water heaters, room heaters, solar water heating systems

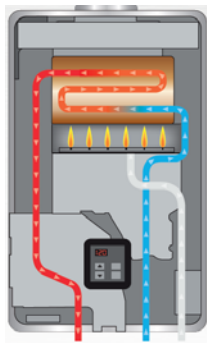
Established: September 29, 1971

Equity breakdown: 100% held by Rinnai Holdings (Pacific) Pte Ltd (consolidated subsidiary)

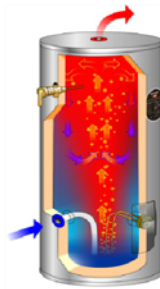
Supplementary Information

1. Differences between gas instant-heating (tankless) water heaters and electric storage-type (tank-based) water heaters

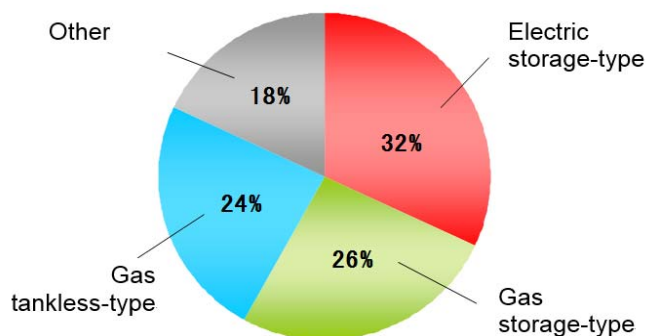
Gas instant-heating
water heater



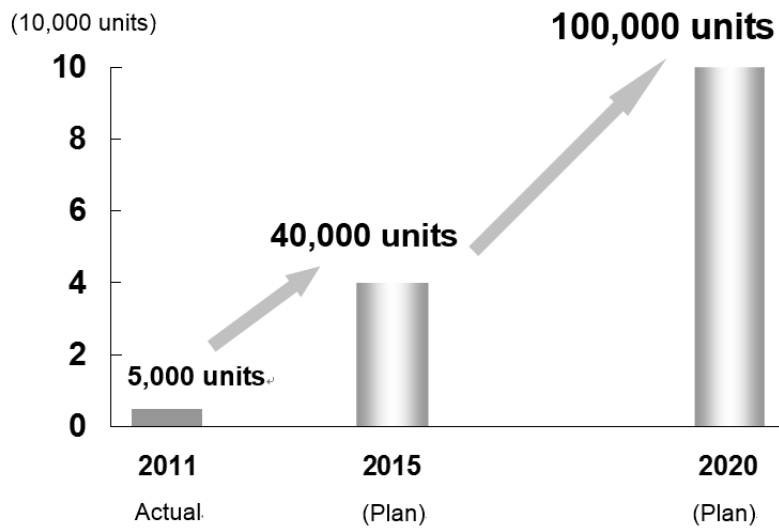
Electric storage-type
water heater



2. Australian Water Heater Market



3. Sales Trajectory for Storage-Type Water Heaters



Note: Information contained herein is valid at the date of this report's release.
Please be aware that such information may change at any time.