



**Financial Results for First Two Quarters of
Fiscal 2015, ending March 31, 2015**

November 5, 2014

Fiscal 2015 (2Q) : Consolidated Highlights

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Net sales: ¥136.7 billion (up 7.4% year on year)

Revenue driven by healthy overseas sales

Operating income: ¥13.1 billion (up 6.1%)

Substantial increase owing to improved earnings in China and South Korea, as well as consolidation of Rinnai Indonesia

Ordinary income: ¥14.2 billion (up 3.3%)

Boosted by improved operating income, despite lower foreign exchange gain

Net income: ¥8.7 billion (up 0.8%)

Slight increase due to change in minority interests

- New record-high figures for net sales, operating income, ordinary income, and net income, despite not achieving first-half targets under JUMP UP 2014 plan
- Operating margin high, at 9.6%

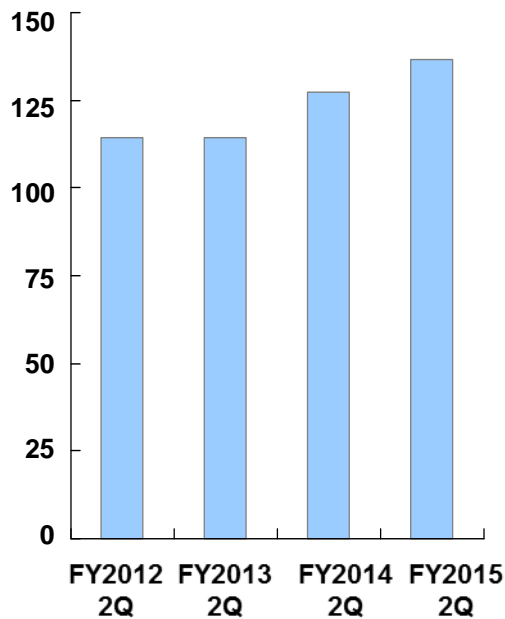
Rinnai Indonesia became consolidated subsidiary

(included in Balance Sheets from fiscal 2014, and in Statements of Income from fiscal 2015)

Consolidated Financial Results (2Q)

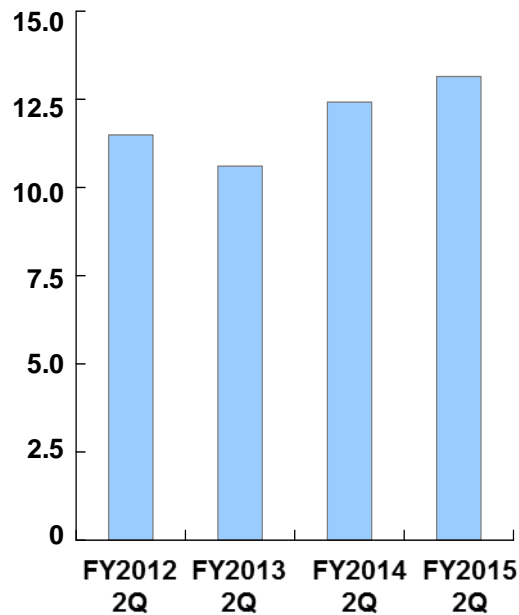
Net Sales

[Billions of yen]



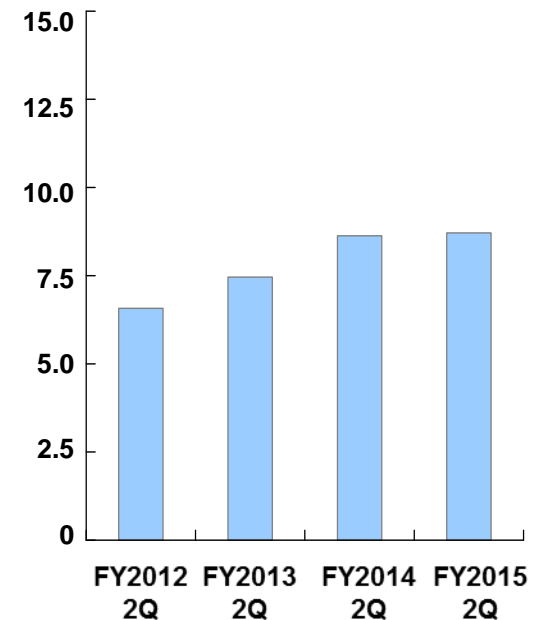
Operating Income

[Billions of yen]



Net Income

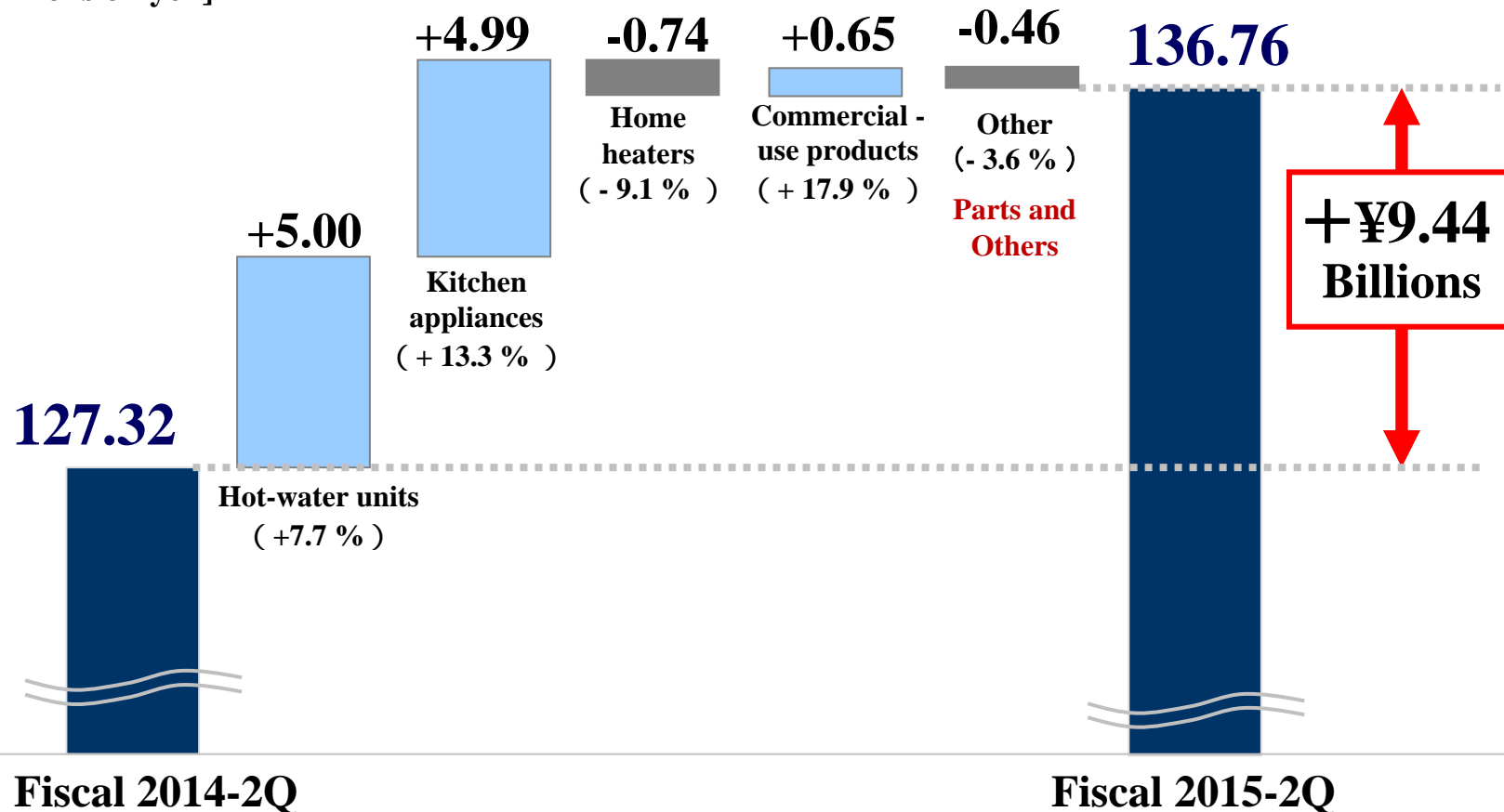
[Billions of yen]



- Net sales and operating income up for second consecutive period; net income up for third consecutive period
- Continuation of steady growth in real terms

Fiscal 2015 (2Q): Consolidated Net Sales by Products 3

[Billions of yen]



- **Water heaters:** Healthy sales in China, United States, and South Korea; Firm sales of high-value-added products in Japan
- **Kitchen appliances:** Significant increase in sales of tabletop cookers due to consolidation of Rinnai Indonesia

Fiscal 2015 (2Q): Consolidated Sales/Income Results 4

[Billions of yen]

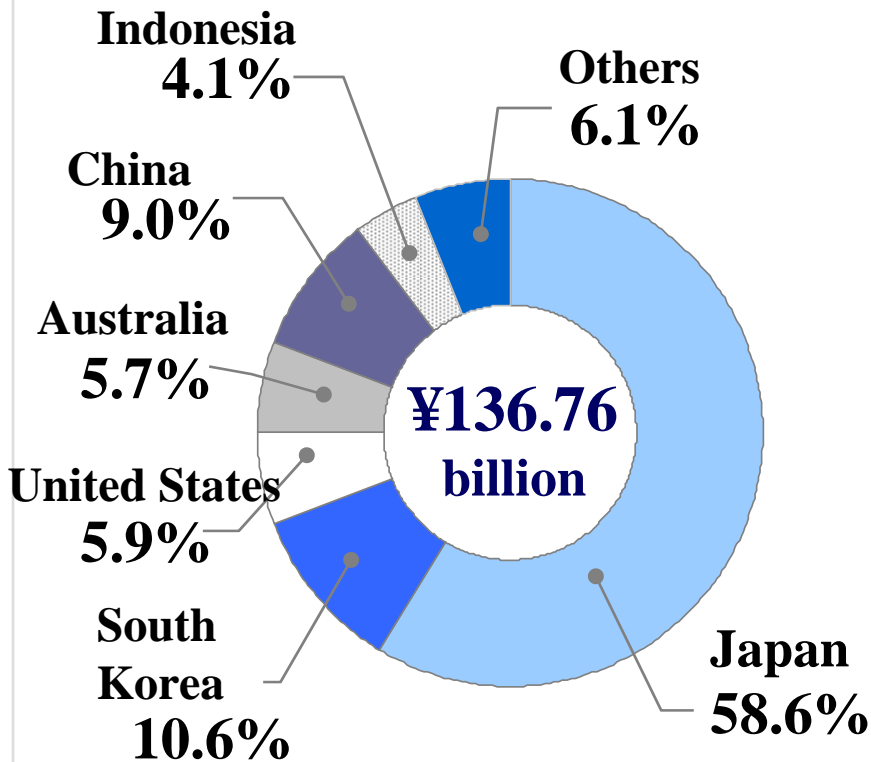
	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Consolidated	136.76	+7.4%	13.16	+6.1%	9.6%	-0.1P



	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Rinnai	87.25	-1.9%	7.64	-8.3%	8.8%	-0.6P
Domestic	47.59	+5.8%	1.13	+83.2%	2.4%	+1.0P
Overseas	60.32	+27.4%	4.86	+40.2%	8.1%	+0.7P
Total	195.17	+7.7%	13.64	+9.8%	7.0%	+0.1P

Consolidated Net Sales by Geographical Segment

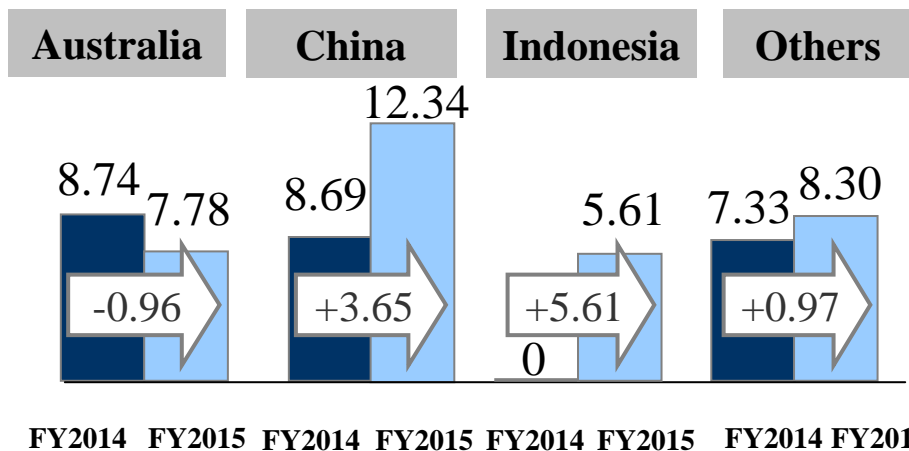
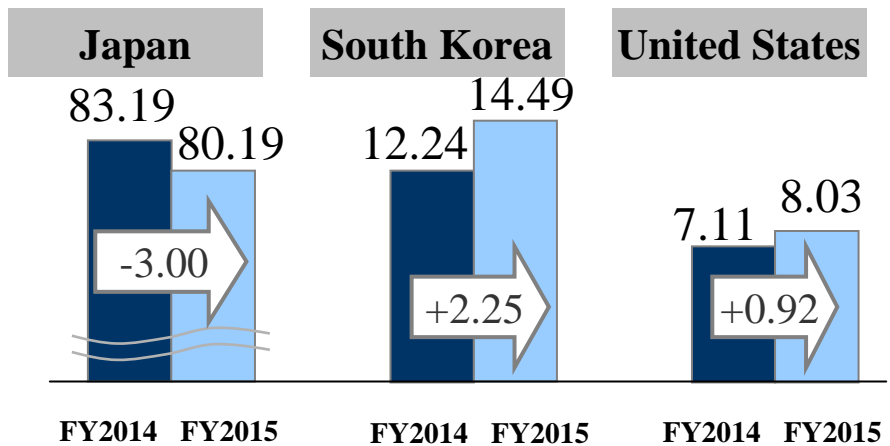
Fiscal 2015-2Q Consolidated Net Sales



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

YOY Change by Geographical Segment

[Billions of yen]



Sales by Business Segment (Water Heaters)

[Billions of yen]	Fiscal 2014 2Q	Fiscal 2015 2Q	YOY Change
Japan	38.62	37.66	-2.5%
South Korea	4.55	6.01	+32.3%
United States	6.65	7.35	+10.5%
Australia	4.25	3.87	-8.9%
China	7.03	10.38	+47.5%
Others	3.62	4.45	+23.0%
Total	64.74	69.75	+7.7%

Composition ratio : 51.0%



- **Japan:** Firm sales of high-value-added products, such as water heaters with heating systems
- **Healthy local sales in United States** amid economic recovery, and in **China** due improved living standards
- **South Korea:** Increased sales of high-efficiency boilers for floor heating, especially in housing projects

Sales by Business Segment (Kitchen Appliances)

Composition ratio : 31.2%



[Billions of yen]	Fiscal 2014 2Q	Fiscal 2015 2Q	YOY Change
Japan	31.05	29.38	-5.4%
South Korea	3.44	4.36	+26.6%
China	1.33	1.63	+22.7%
Indonesia	-	5.21	-
Others	1.80	2.03	+12.7%
Total	37.63	42.62	+13.3%



Japan



South Korea



Indonesia

- **Japan:** Consumption tax hike caused decline in sales, especially of tabletop cookers
- **South Korea:** Sales up, boosted by high unit prices due to law mandating sensors on each burner
- **Indonesia:** Added to results from current fiscal year (mainly tabletop cookers)

Sales by Business Segment (Home Heaters)

[Billions of yen]	Fiscal 2014 2Q	Fiscal 2015 2Q	YOY Change
Japan	3.99	3.51	-11.9%
South Korea	0.02	0.05	+150.7%
United States	0.39	0.61	+57.4%
Australia	3.38	2.81	-16.8%
Others	0.39	0.44	+11.6%
Total	8.18	7.44	-9.1%

Composition ratio : 5.4%



Japan

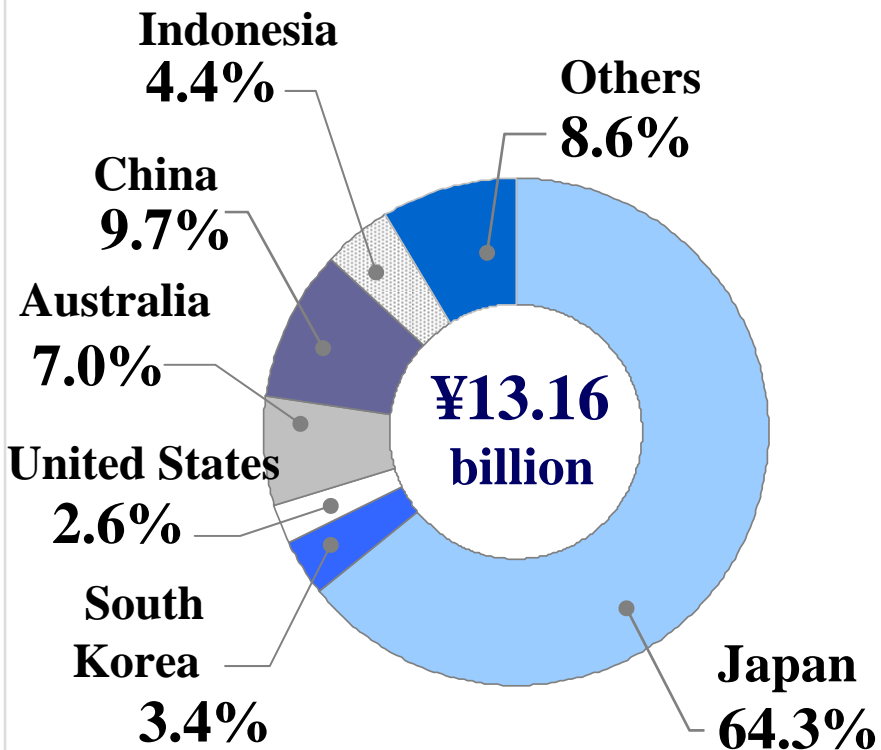


Australia

- **North America:** Higher sales of fan-forced heaters owing to cold snap early in the year and growth in early orders
- **Australia:** Lower sales of heaters due to record-breaking warm winter
- **Japan:** Decline in early orders of mainstay fan heaters

Consolidated Operating Income by Geographical Segment ⁹

Fiscal 2015-2Q Consolidated Operating Income

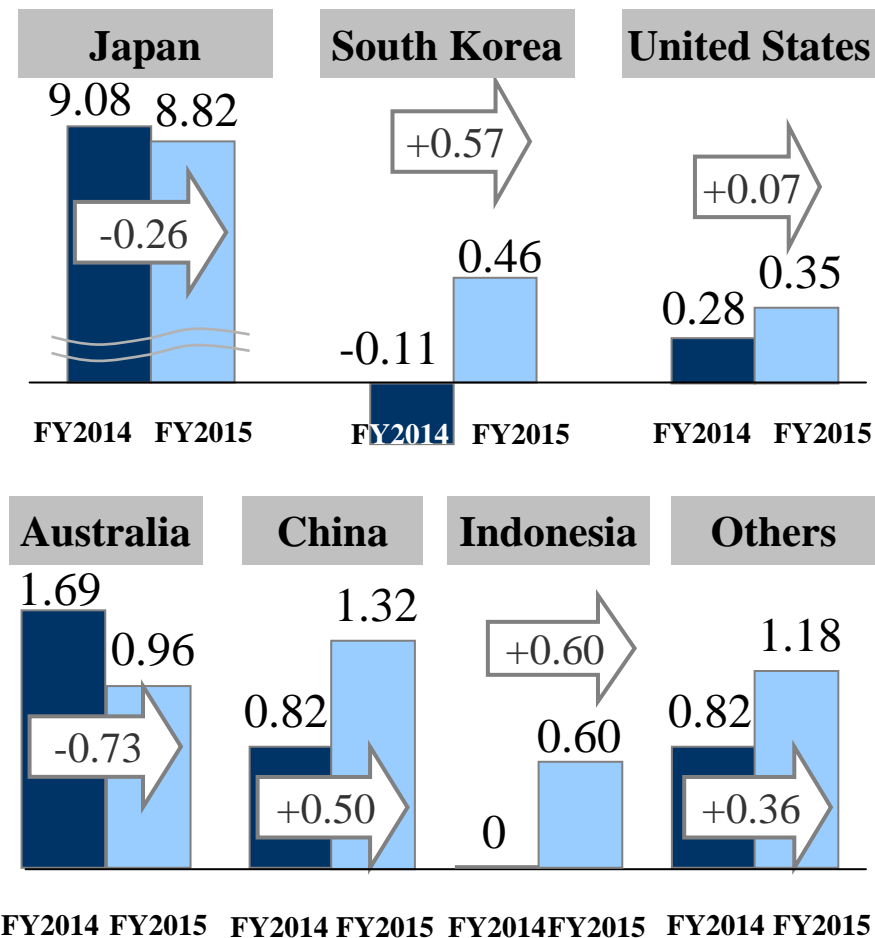


Composition of Others :

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

YOY Change by Geographical Segment

[Billions of yen]

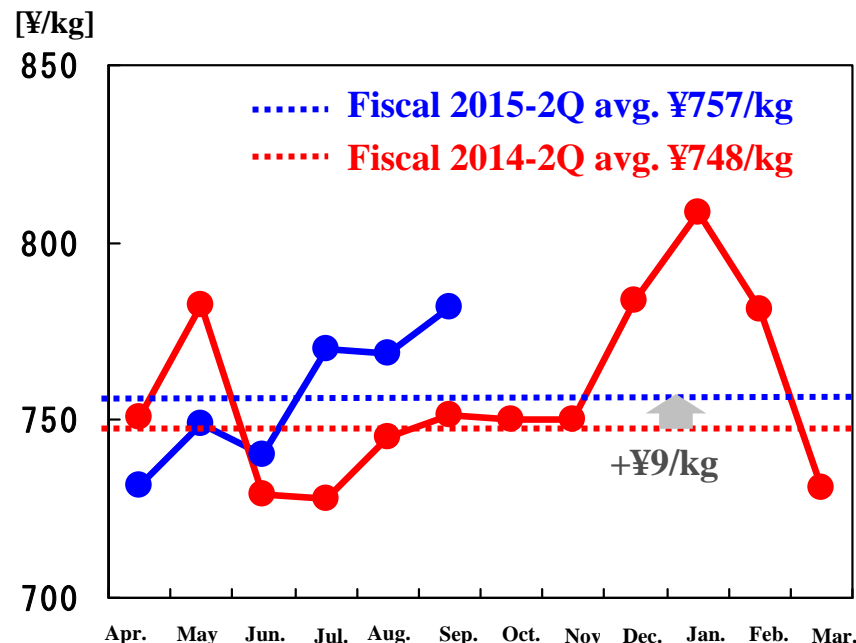


Electrolytic Copper

- Higher than last year but expected to remain below initial forecast of ¥820/kg

	Fiscal 2014 2Q avg.	Fiscal 2015 2Q avg.	YOY change
Avg. price	748	757	+1.2%

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

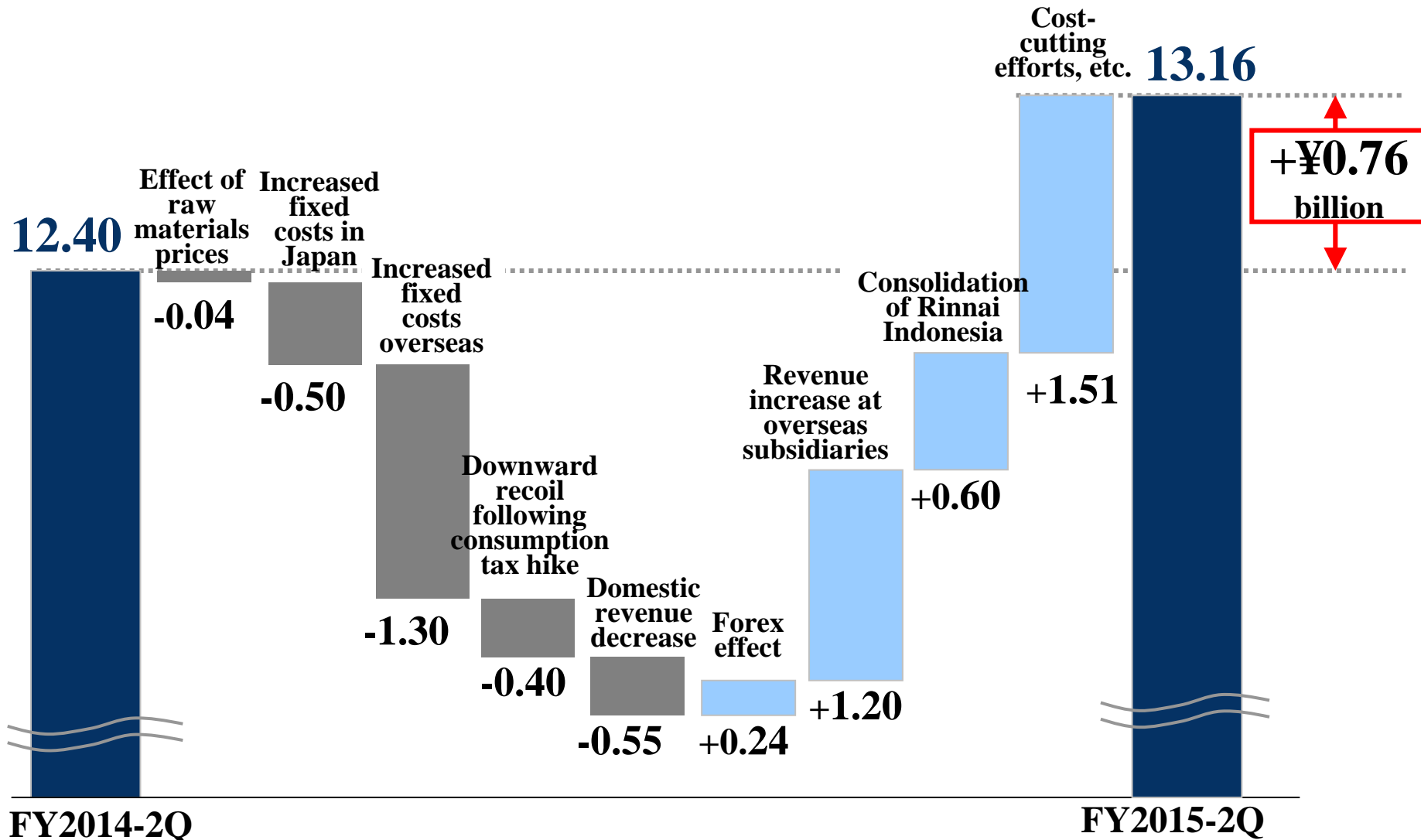


Steel

- Iron/steel prices expected to remain at previous-year levels, despite requests for price hikes

Fiscal 2015 (2Q): 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.