

**Rinnai**

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**Financial Results of Fiscal 2015,  
ended March 31, 2015**

**May 8, 2015**

# Fiscal 2014: Consolidated Highlights

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**Net sales: ¥295.0 billion** (up 2.8% year on year)

Record-high figure; healthy overseas sales and favorable forex factors compensated for lower domestic sales

**Operating income: ¥30.7 billion** (down 9.5%; operating margin: 10.4%)

Impacted by lower income in Japan (which has a high contribution ratio) and Australia, despite higher income overseas

**Ordinary income: ¥32.9 billion** (down 10.8%; ordinary income ratio: 11.2%)

Decline due to lower operating income, but maintained high ordinary income ratio of 11.2%

**Net income: ¥20.6 billion** (down 11.2%; return on sales: 7.0%)

Decline due lower ordinary income and increased minority interests, despite lower tax burden

- Reached initial targets of Jump Up 2014 medium-term plan one year earlier than planned
- Downward revision of performance forecasts in 3rd quarter; reached as expected

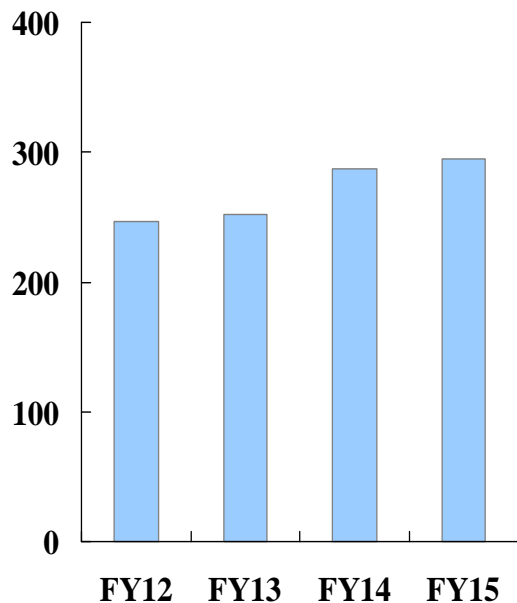
**Rinnai Indonesia became consolidated subsidiary**

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

# Consolidated Financial Results

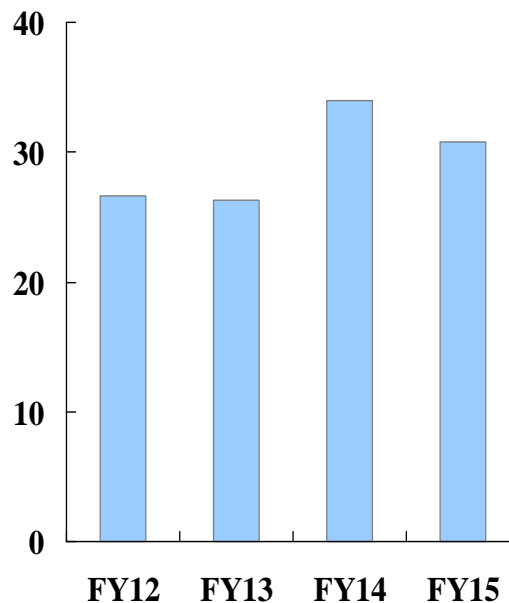
## Net Sales

[Billions of Yen]



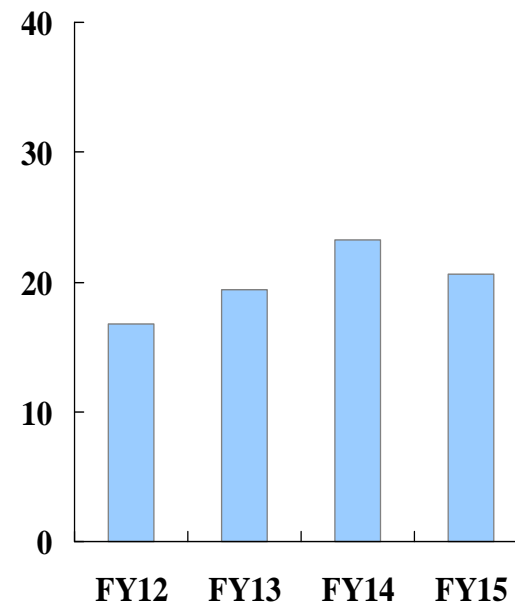
## Operating Income

[Billions of Yen]



## Net Income

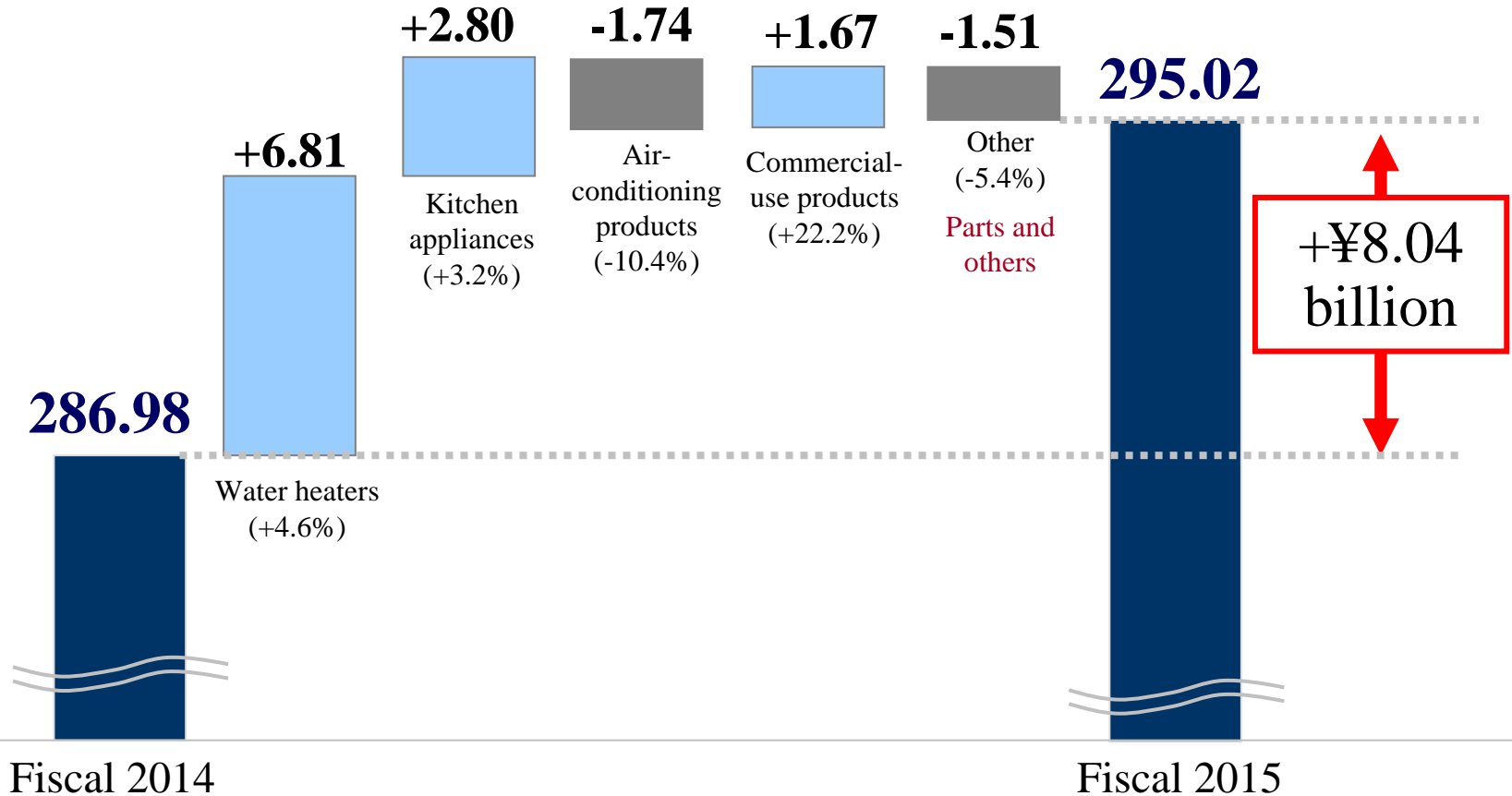
[Billions of Yen]



- Year-on-year increase in net sales for fifth consecutive period, to record-high cumulative three quarter figure
- Maintained high income margins; ongoing stable growth trend

# Fiscal 2015: Consolidated Net Sales by Products

[Billions of Yen]



- **Water heaters: Healthy sales in China and South Korea; weak sales in Japan due to lack of growth in busy period**
- **Kitchen appliances: Increase in sales due to consolidation of P.T. Rinnai Indonesia, despite strong impact of consumption tax hike**

# Fiscal 2015: Consolidated Sales/Income Results

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[Billions of Yen]

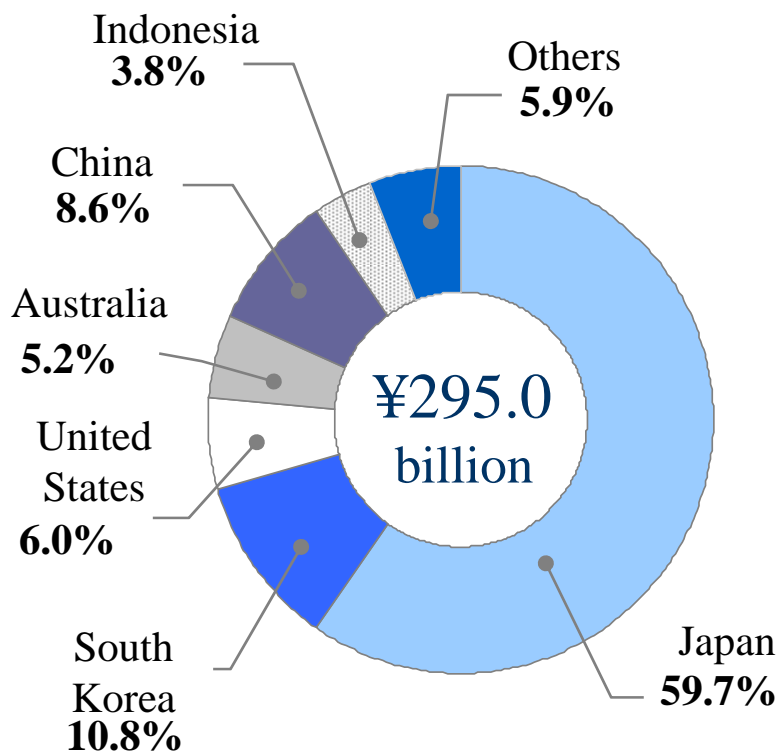
	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
<b>Consolidated</b>	<b>295.02</b>	<b>+2.8%</b>	<b>30.78</b>	<b>-9.5%</b>	<b>10.4%</b>	<b>-1.4P</b>



	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
<b>Rinnai</b>	<b>190.47</b>	<b>-7.4%</b>	<b>18.67</b>	<b>-23.1%</b>	<b>9.8%</b>	<b>-2.0P</b>
<b>Domestic</b>	<b>99.96</b>	<b>-4.9%</b>	<b>2.08</b>	<b>-24.8%</b>	<b>2.1%</b>	<b>-0.6P</b>
<b>Overseas</b>	<b>126.88</b>	<b>+28.0%</b>	<b>9.92</b>	<b>+36.7%</b>	<b>7.8%</b>	<b>+0.5P</b>
<b>Total</b>	<b>417.32</b>	<b>+1.8%</b>	<b>30.68</b>	<b>-10.6%</b>	<b>7.4%</b>	<b>-1.0P</b>

# Consolidated Net Sales by Geographical Segment

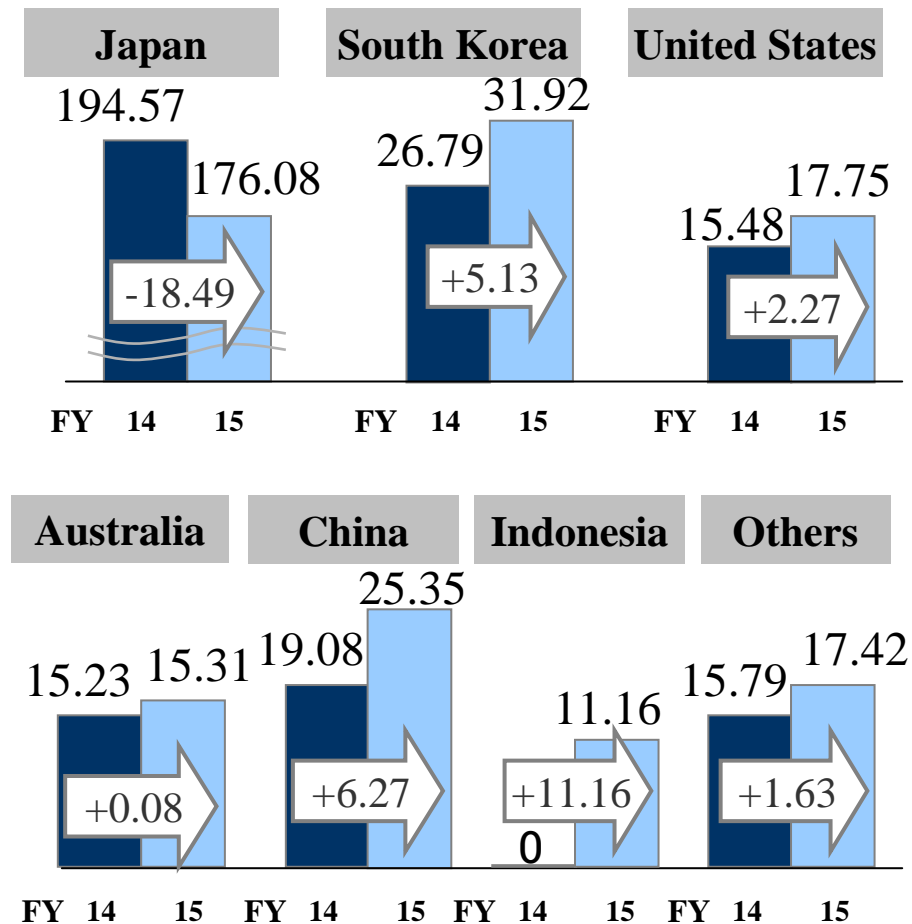
## Fiscal 2015 Consolidated Net Sales



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 2014	Fiscal 2015	YOY Change
<b>Japan</b>	90.61	84.63	-6.6%
<b>South Korea</b>	10.71	13.94	+30.1%
<b>United States</b>	14.01	15.64	+11.6%
<b>Australia</b>	8.23	8.90	+8.1%
<b>China</b>	15.43	21.26	+37.7%
<b>Others</b>	7.86	9.30	+18.3%
<b>Total</b>	<b>146.88</b>	<b>153.69</b>	<b>+4.6%</b>

Composition ratio 52.1%



- **Japan:** Intensified competition for high-value-added products, including 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)

[Billions of Yen]	Fiscal 2014	Fiscal 2015	YOY Change
<b>Japan</b>	73.25	63.19	-13.7%
<b>South Korea</b>	7.66	9.30	+21.4%
<b>China</b>	2.88	3.38	+17.0%
<b>Indonesia</b>	-	10.38	-
<b>Others</b>	4.21	4.56	+8.2%
<b>Total</b>	<b>88.03</b>	<b>90.83</b>	<b>+3.2%</b>

Composition ratio : 30.8%



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	Fiscal 2015	YOY Change
<b>Japan</b>	9.58	8.14	-15.0%
<b>South Korea</b>	0.34	0.23	-31.2%
<b>United States</b>	1.35	1.81	+34.3%
<b>Australia</b>	4.74	4.02	-15.2%
<b>Others</b>	0.68	0.74	+8.8%
<b>Total</b>	<b>16.71</b>	<b>14.97</b>	<b>-10.4%</b>

Composition ratio : 5.1%



Japan

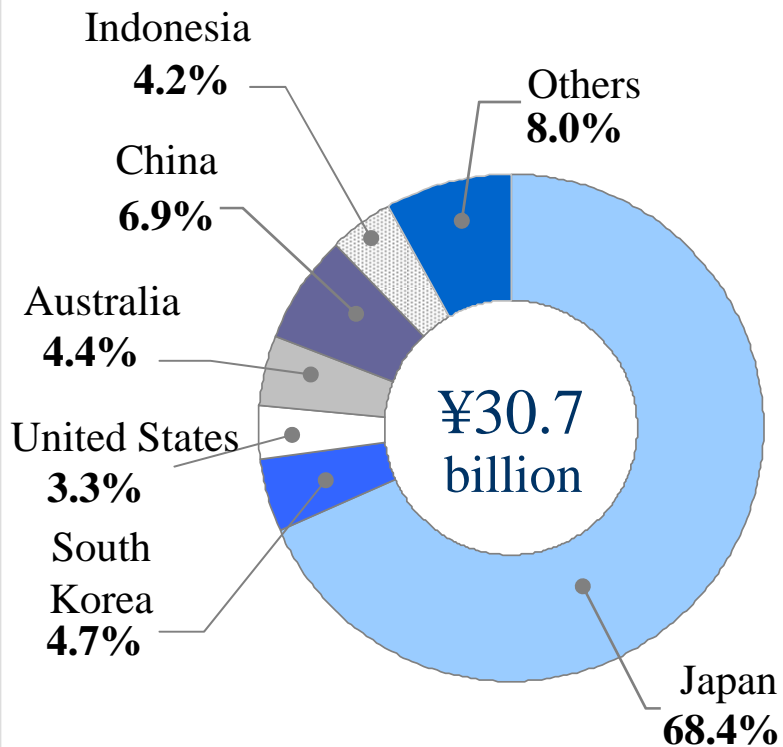


Australia

- **United States:** Growth in unit sales of fan-forced heaters due to cold snap at beginning of 2014
- **Australia:** Decline in sales of heaters due to record-breaking warm winter
- **Japan:** Decline in unit sales of mainstay fan heaters

# Consolidated Operating Income by Geographical Segment

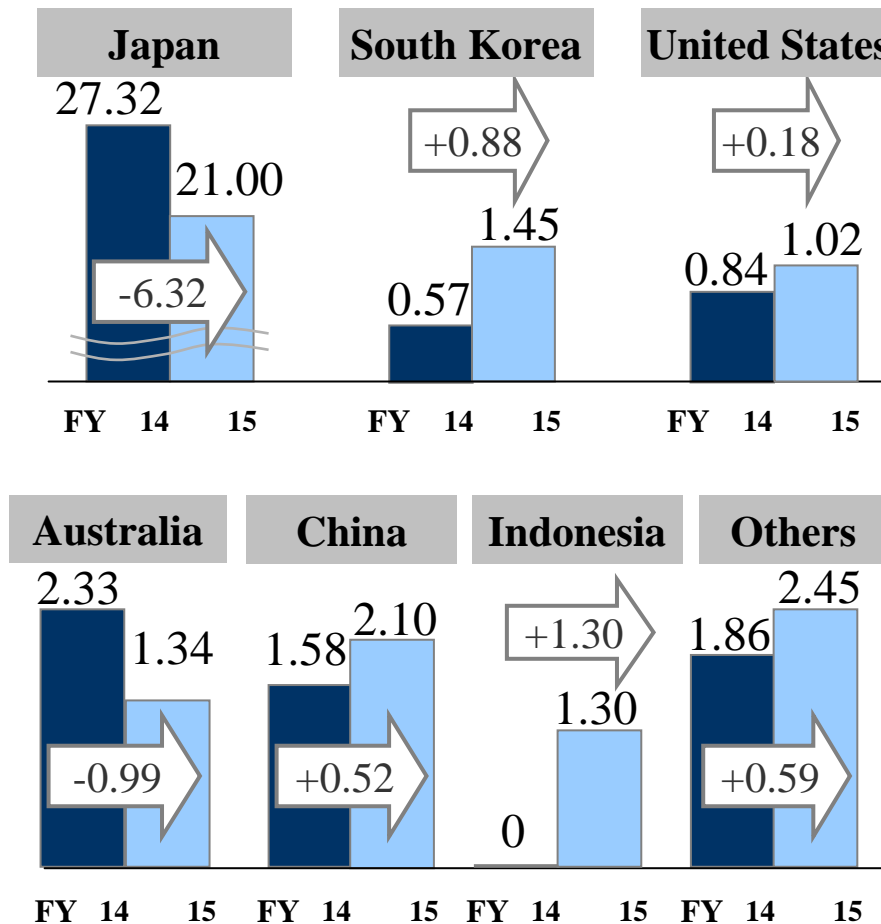
## Fiscal 2015 Consolidated Operating Income



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

## YOY Change by Geographical Segment

[Billions of Yen]

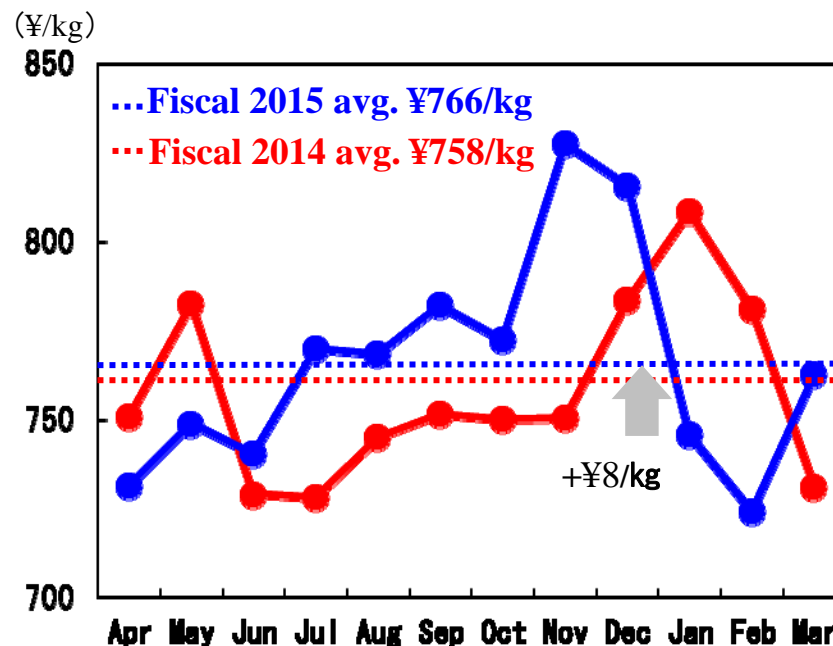


## Electrolytic Copper

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

	Fiscal 2014 Avg.	Fiscal 2015 Avg.	YOY change
<b>Average price</b>	<b>758</b>	<b>766</b>	<b>+1.1%</b>

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

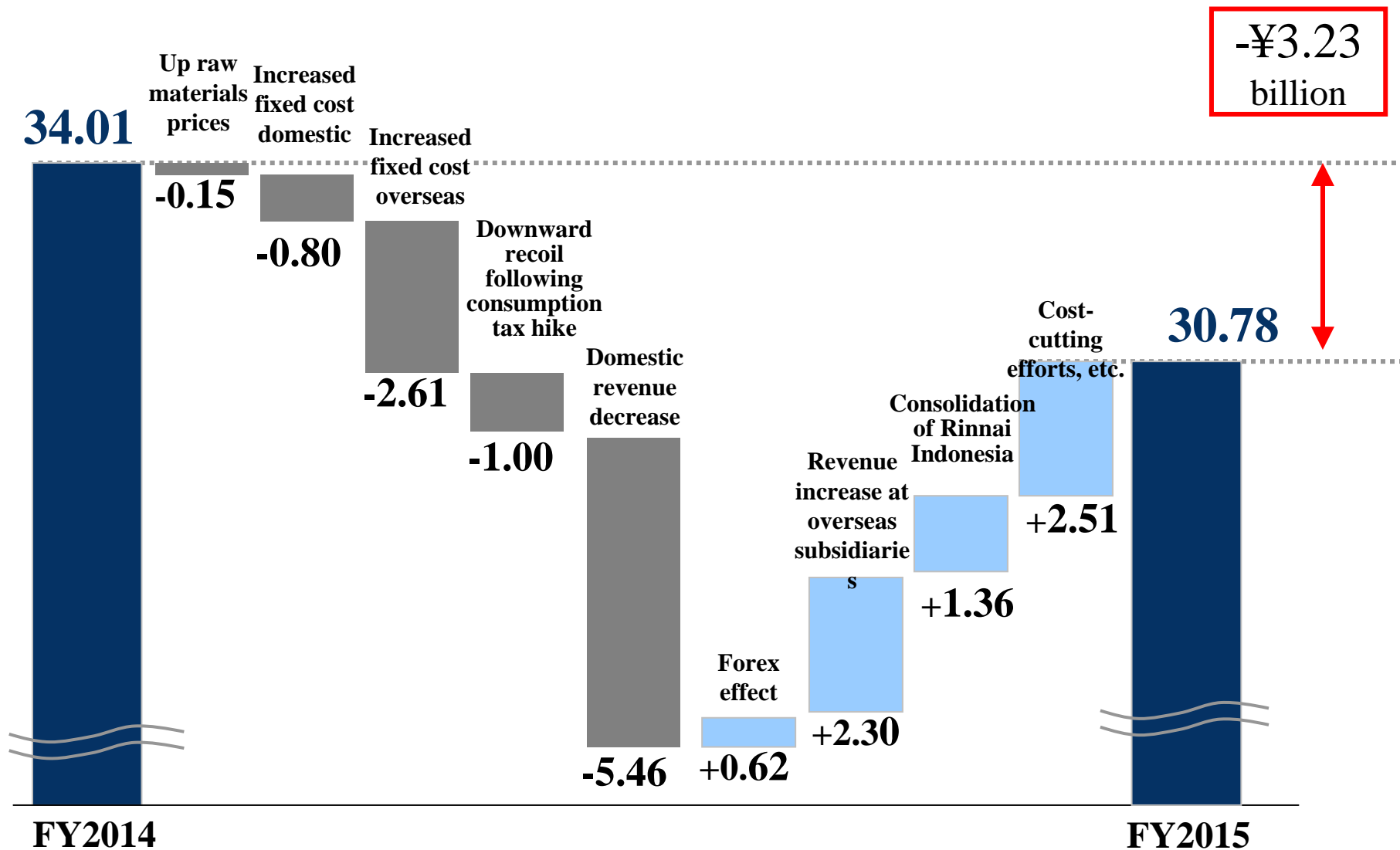


## Steel

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

# Fiscal 2015: 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.**