



**Financial Results for the First Two Quarters
of Fiscal 2016
(April 1 – September 30, 2015)**

November 5, 2015

Fiscal 2016 (2Q): Consolidated Highlights

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Net sales: ¥149.4 billion (up 9.3 %; vs target: +¥ 5.4 billion)

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

Operating income: ¥ 15.2 billion (up 16.1 %; vs target: +¥ 1.2 billion)

Increase due to higher overseas sales and cost reduction efforts

[operating margin: 10.2%]

Ordinary income: ¥ 16.1 billion (up 13.1 %; vs target: +¥ 1.1 billion)

Boosted by improved operating income

[ordinary income ratio: 10.8%]

**Net income attributable to owners of the parent company:
¥9.9 billion** (up 14.1 %; vs target: +¥ 0.9 billion)

Increase owing to high ordinary income

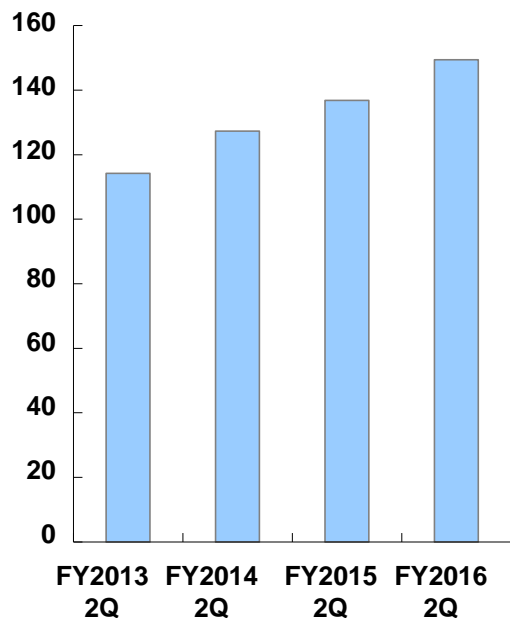
[return on sales: 6.6%]

- * Achieved targets for first half thanks to continued healthy overseas sales and demand recovery in Japan
- * First year of medium-term business plan (“Evolution and Succession 2017”) progressing smoothly

Consolidated Financial Results (2Q)

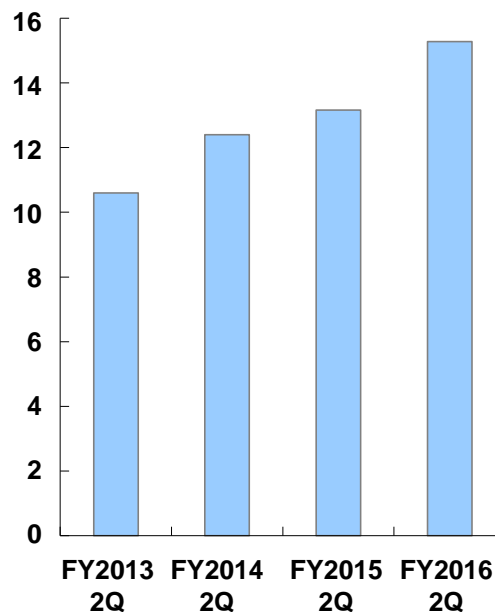
Net Sales

[Billions of yen]



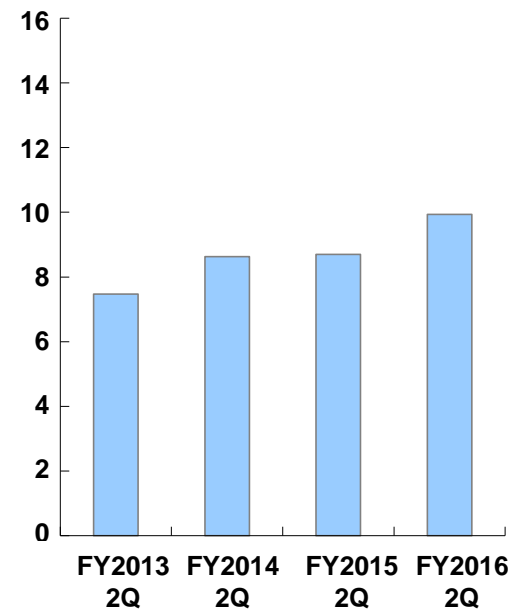
Operating Income

[Billions of yen]



Net income attributable to owners of the parent company

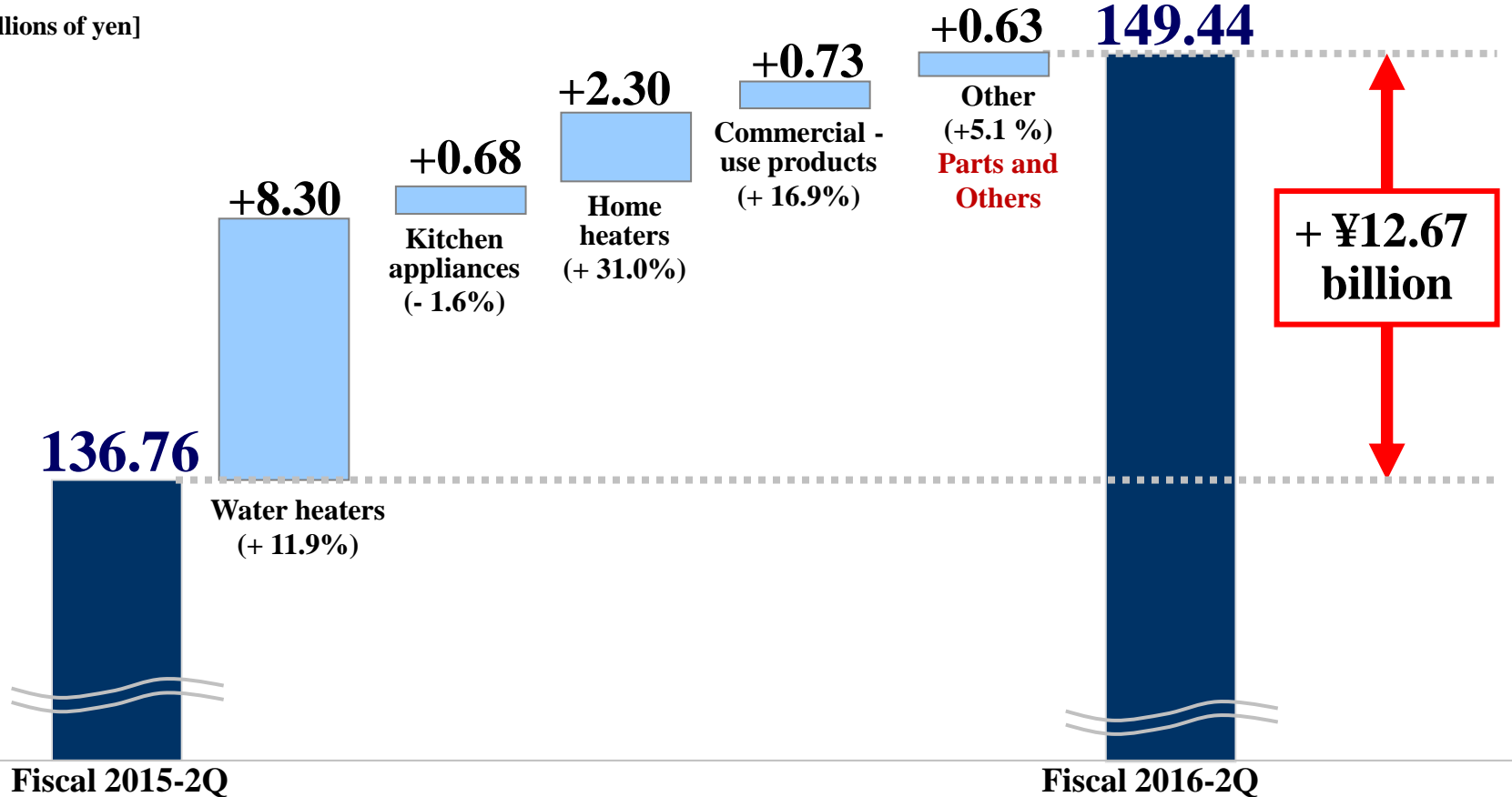
[Billions of yen]



- * 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 (2Q): Consolidated Net Sales by Products 3

[Billions of yen]



- * **Water heaters:** Healthy sales in major overseas nations; favorable shift in Japan to highly functional products
- * **Kitchen appliances:** Recovery in domestic demand compensated for delays in 1Q
- * **Home heaters:** Growth in Australia contributed to higher segment revenue, despite sluggish sentiment in Japan

Fiscal 2016 (2Q): Consolidated Sales/Income Results 4

[Billions of yen]

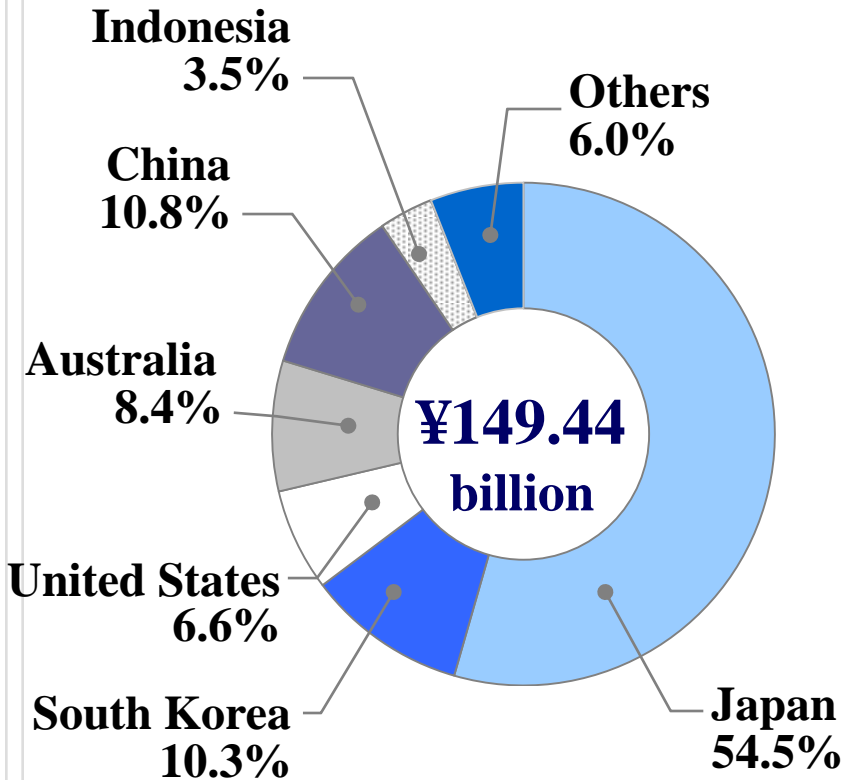
	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Consolidated	149.44	+ 9.3%	15.28	+ 16.1%	10.2%	+ 0.6P



	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Rinnai	91.59	+ 5.0%	8.11	+ 6.2%	8.9%	+ 0.1P
Domestic	44.98	- 5.5%	1.07	- 5.7%	2.4%	- 0.0P
Overseas	72.42	+ 20.1%	6.14	+ 26.4%	8.5%	+ 0.4P
Total	209.00	+ 7.1%	15.33	+ 12.4%	7.3%	+ 0.3P

Consolidated Net Sales by Geographical Segment

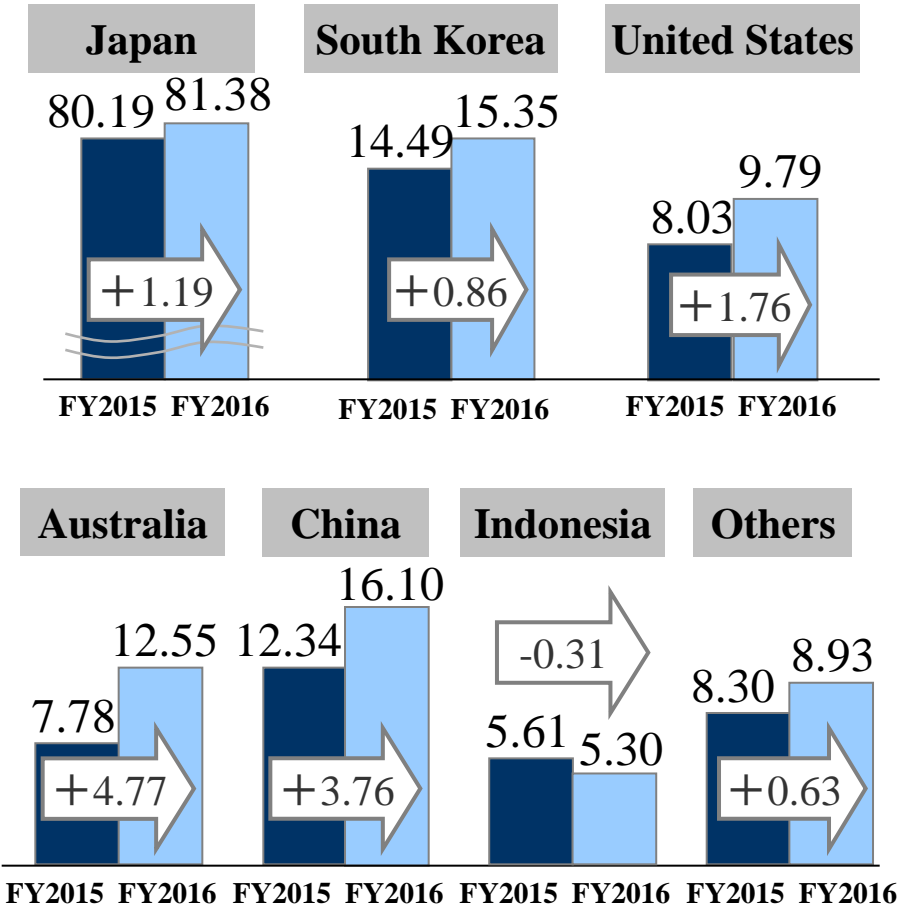
Fiscal 2016-2Q Consolidated Net Sales



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 2Q	Fiscal 2016 2Q	YOY Change
Japan	37.66	39.06	+3.7%
South Korea	6.01	6.66	+10.7%
United States	7.35	8.99	+22.3%
Australia	3.87	5.04	+30.1%
China	10.38	13.92	+34.1%
Others	4.45	4.36	- 2.1%
Total	69.75	78.05	+11.9%

Composition ratio : 52.2%



Japan



United States



China

- * **Japan: Steady growth in Japan thanks to continued shift to highly functional products**
- * **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)

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[Billions of yen]

	Fiscal 2015 2Q	Fiscal 2016 2Q	YOY Change
Japan	29.38	29.38	0.0%
South Korea	4.36	4.47	+2.7%
China	1.63	1.87	+14.6%
Indonesia	5.21	4.88	- 6.4%
Others	2.03	2.69	+32.8%
Total	42.62	43.31	+1.6%

Composition ratio : 29.0%



Japan



South
Korea



Indonesia

- * **Japan:** Recovery in demand compensated for delays in 1Q; steady sales of products sets that include range hoods
- * **South Korea:** Decline in unit sales due to economic weakness and intensified market competition
- * **Indonesia:** Sluggish demand for mainstay tabletop cookers amid economic stagnation

Sales by Business Segment (Home Heaters)

[Billions of yen]

	Fiscal 2015 2Q	Fiscal 2016 2Q	YOY Change
Japan	3.51	3.20	- 8.8%
South Korea	0.05	0.01	- 65.8%
United States	0.61	0.56	- 8.4%
Australia	2.81	5.51	+95.7%
Others	0.44	0.45	+1.8%
Total	7.44	9.75	+31.0%

Composition ratio : 6.5%



Japan



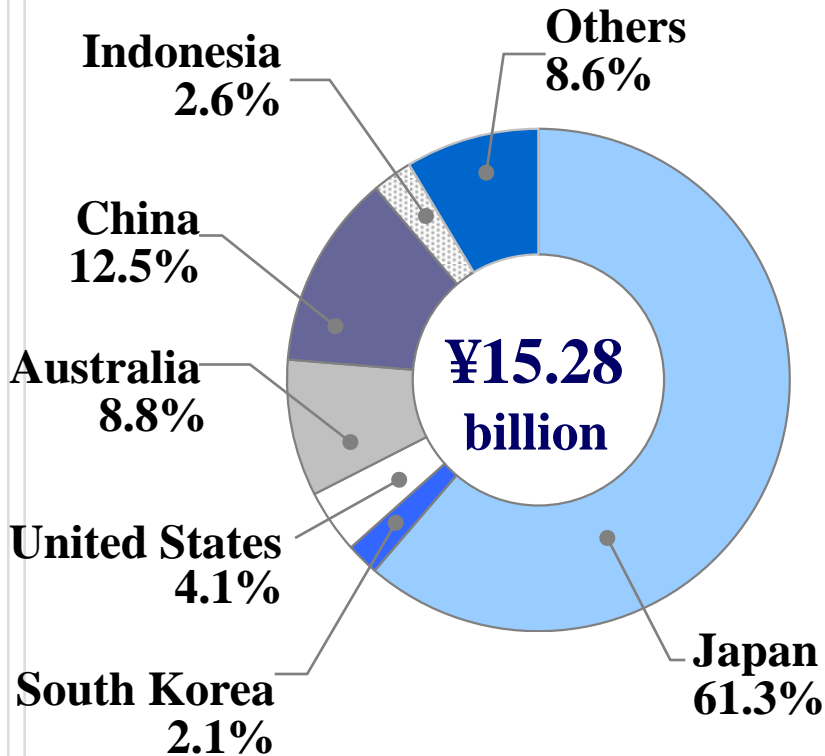
Australia

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

* **Japan:** Decline in early orders for mainstay fan heaters

Consolidated Operating Income by Geographical Segment 9

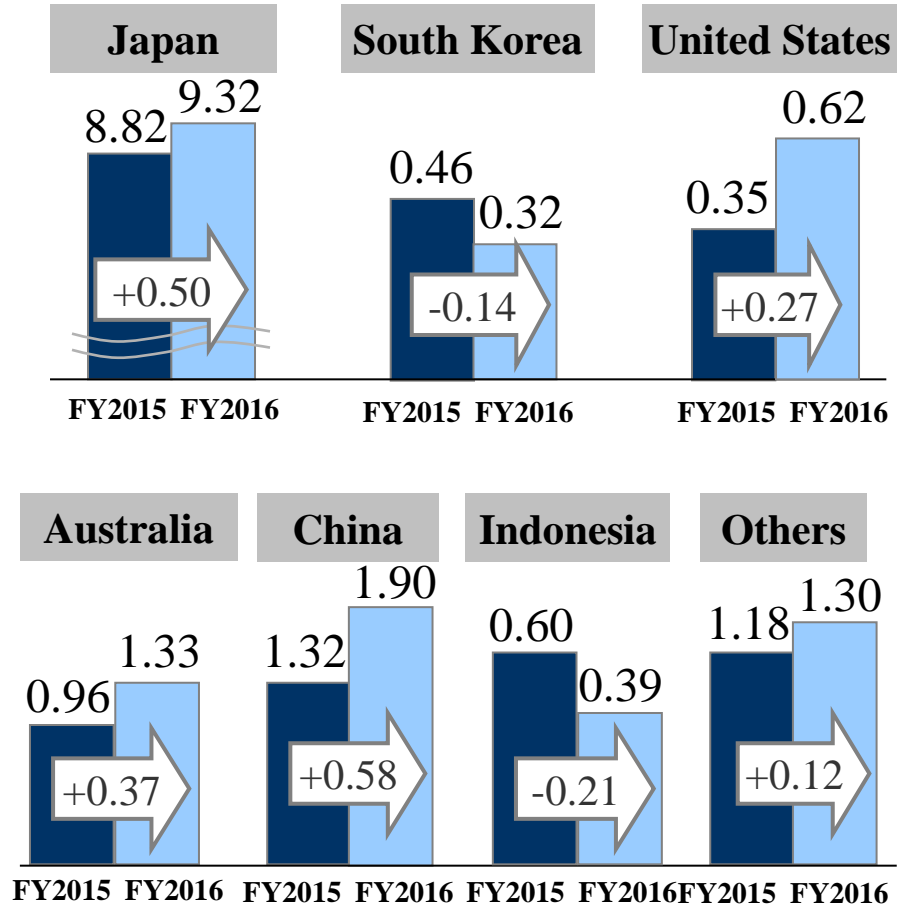
Fiscal 2016-2Q Consolidated Operating Income



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

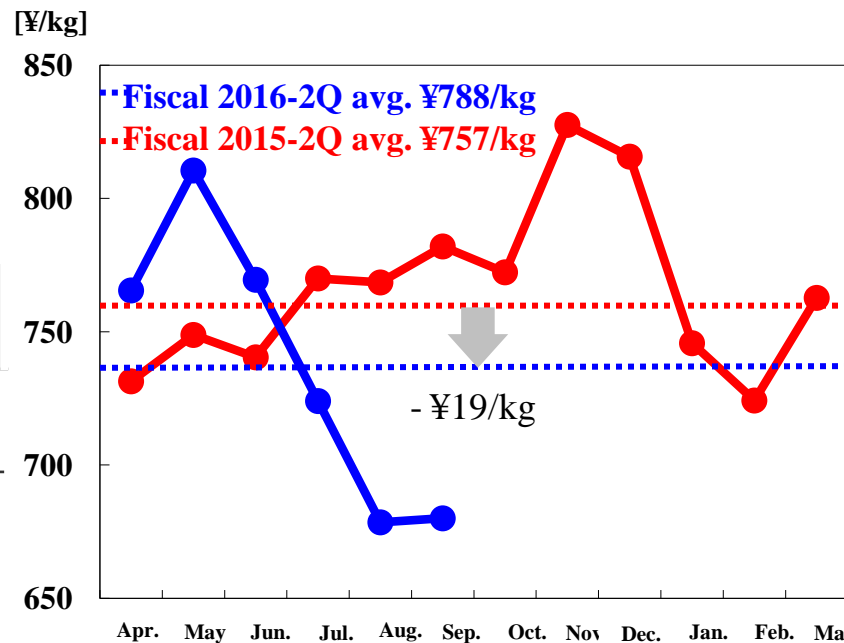
YOY Change by Geographical Segment

[Billions of yen]



Electrolytic Copper

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



[¥/kg]	Fiscal 2015 2Q avg.	Fiscal 2016 2Q avg.	YOY change
Avg. price	757	738	- 2.5%

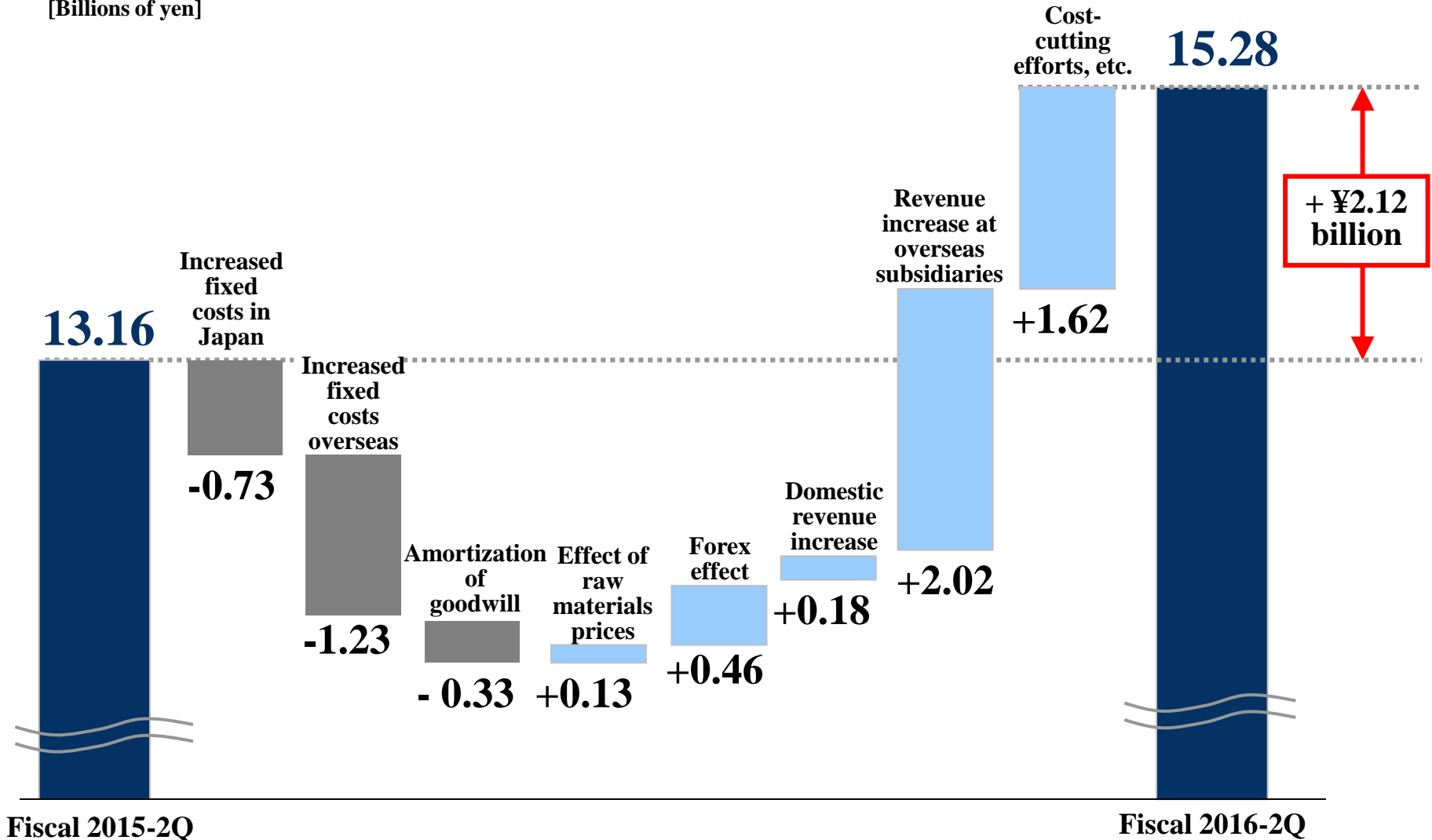
Used in: Water heaters (Heat exchangers, etc.)

Steel

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

Fiscal 2016 (2Q): Consolidated Operating Income

[Billions of yen]



Rinnai

EXPERIENCE OUR INNOVATION

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