



**Financial Results for First Three Quarters of
Fiscal 2016, ending March 31, 2016**

February 5, 2016

Fiscal 2016 (3Q): Consolidated Highlights

1

Net sales: ¥ 236.8 billion (up 8.5%)

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

Operating income: ¥ 26.6 billion

(up 12.3%; operating margin: 11.3%)

Increase due to higher overseas sales and cost reduction efforts

Ordinary income: ¥ 28.1 billion

(up 8.9%; ordinary income ratio: 11.9%)

Boosted by improved operating income

Net income attributable to owners of the parent company: ¥ 17.5 billion

(up 9.9%; return on sales: 7.4%)

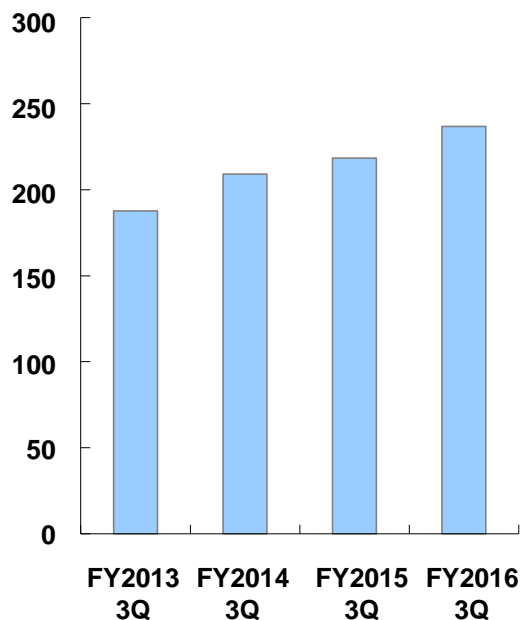
Increase owing to high ordinary income

- * Continued healthy performance overseas; maintained high level of profit margin
- * First year of medium-term business plan “Evolution and Succession 2017” progressing smoothly

Consolidated Financial Results (3Q)

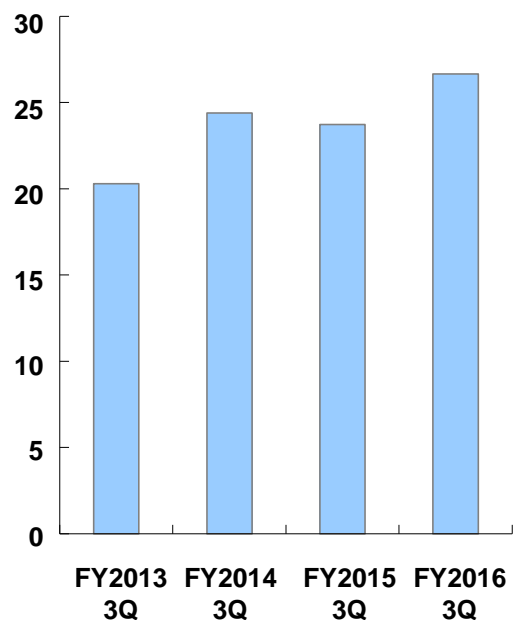
Net Sales

[Billions of yen]



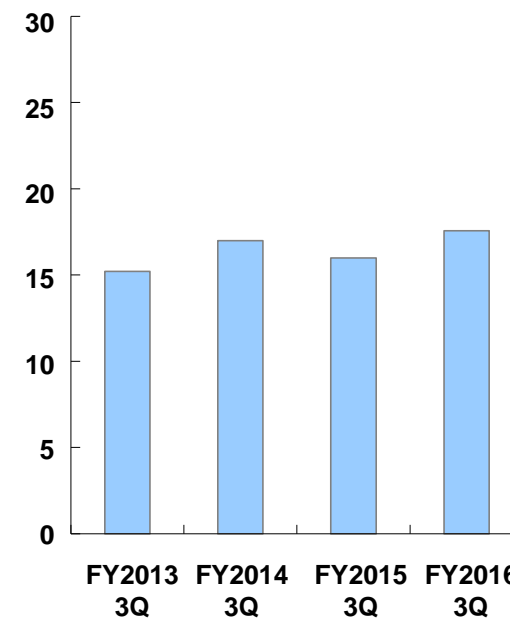
Operating Income

[Billions of yen]



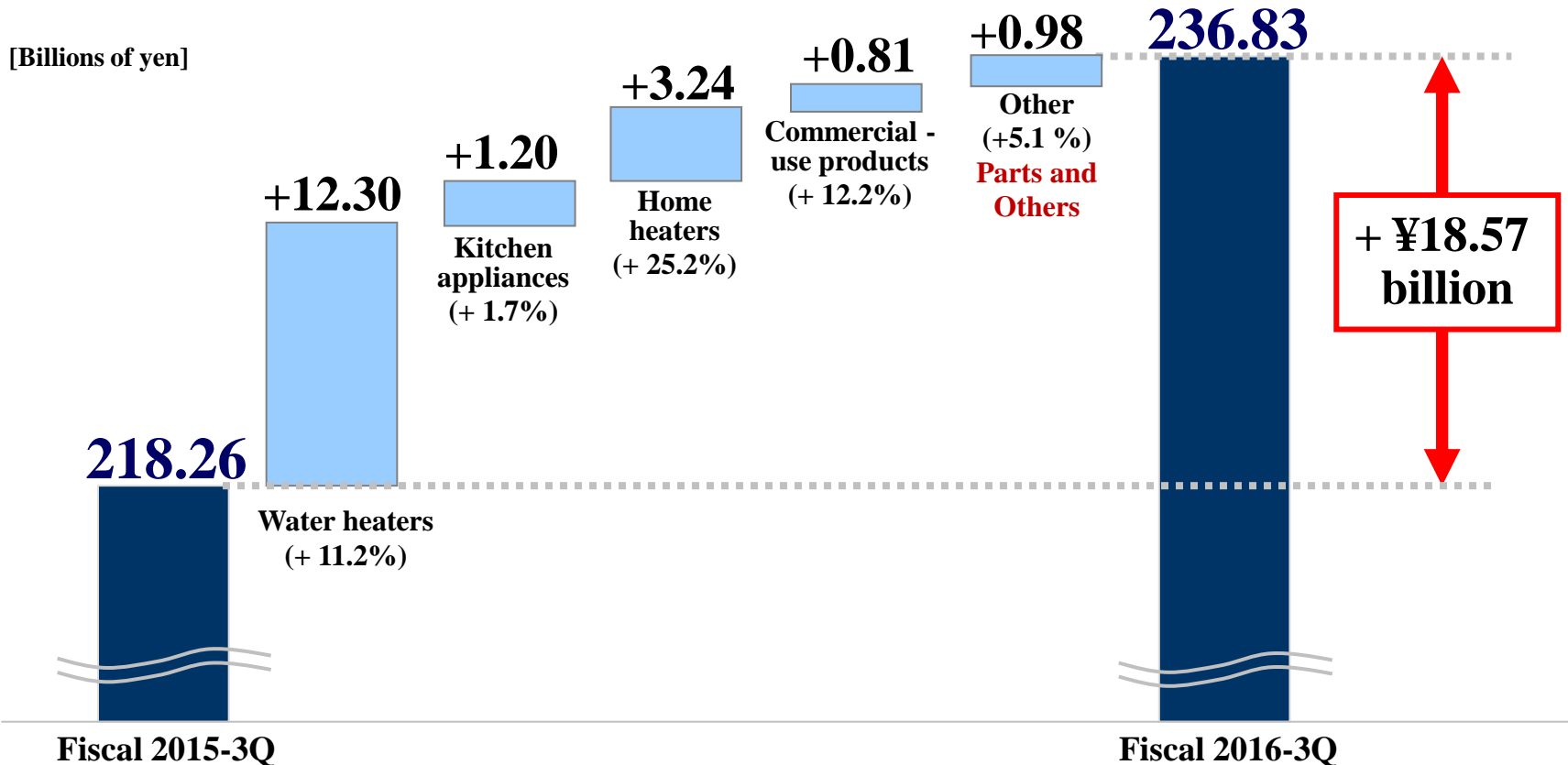
Net income attributable to owners of the parent company

[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 (3Q): Consolidated Net Sales by Products 3



- * **Water heaters:** Healthy sales in major overseas nations; favorable shift in Japan to highly functional products
- * **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 (3Q): Consolidated Sales/Income Results 4

[Billions of yen]

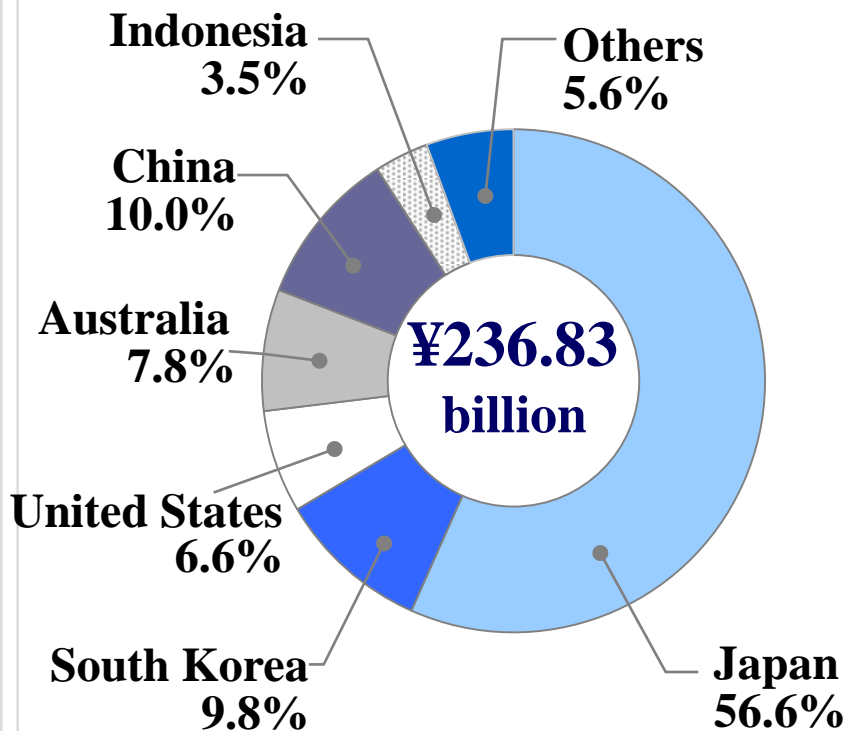
	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Consolidated	236.83	+8.5%	26.65	+12.3%	11.3%	+0.4P



	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Rinnai	148.61	+4.2%	15.68	+6.1%	10.6%	+0.2P
Domestic	73.42	- 3.5%	2.25	+2.0%	3.1%	+0.2P
Overseas	109.51	+20.1%	8.55	+22.7%	7.8%	+0.2P
Total	331.55	+7.0%	26.49	+10.6%	8.0%	+0.3P

Consolidated Net Sales by Geographical Segment

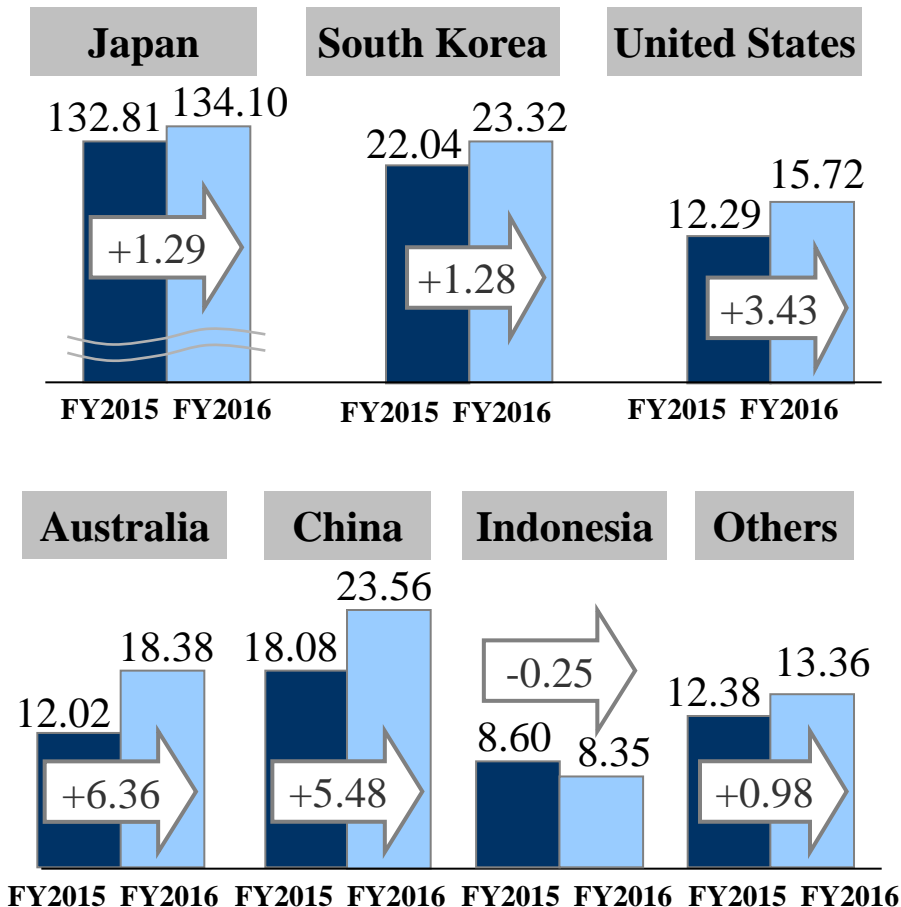
Fiscal 2016-3Q Consolidated Net Sales



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 3Q	Fiscal 2016 3Q	YOY Change
Japan	61.49	63.44	+3.2%
South Korea	8.93	10.00	+11.9%
United States	11.00	14.03	+27.5%
Australia	6.51	7.65	+17.6%
China	15.17	20.26	+33.6%
Others	6.60	6.63	+0.4%
Total	109.73	122.03	+11.2%

Composition ratio : 51.5%



- * **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)

[Billions of yen]

	Fiscal 2015 3Q	Fiscal 2016 3Q	YOY Change
Japan	48.90	48.98	+0.2%
South Korea	6.98	7.16	+2.5%
China	2.41	2.84	+17.6%
Indonesia	8.01	7.63	- 4.8%
Others	3.09	4.00	+29.3%
Total	69.42	70.62	+1.7%

Composition ratio : 29.8%



Japan



South Korea



Indonesia

- * **Japan: Solid performance by new built-in hobs (stovetops) with upgraded grilling function**
- * **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 3Q	Fiscal 2016 3Q	YOY Change
Japan	7.34	6.37	- 13.1%
South Korea	0.07	0.05	- 20.8%
United States	1.16	1.39	+19.1%
Australia	3.69	7.66	+107.6%
Others	0.63	0.65	+4.4%
Total	12.91	16.16	+25.2%

Composition ratio : 6.8%



Japan

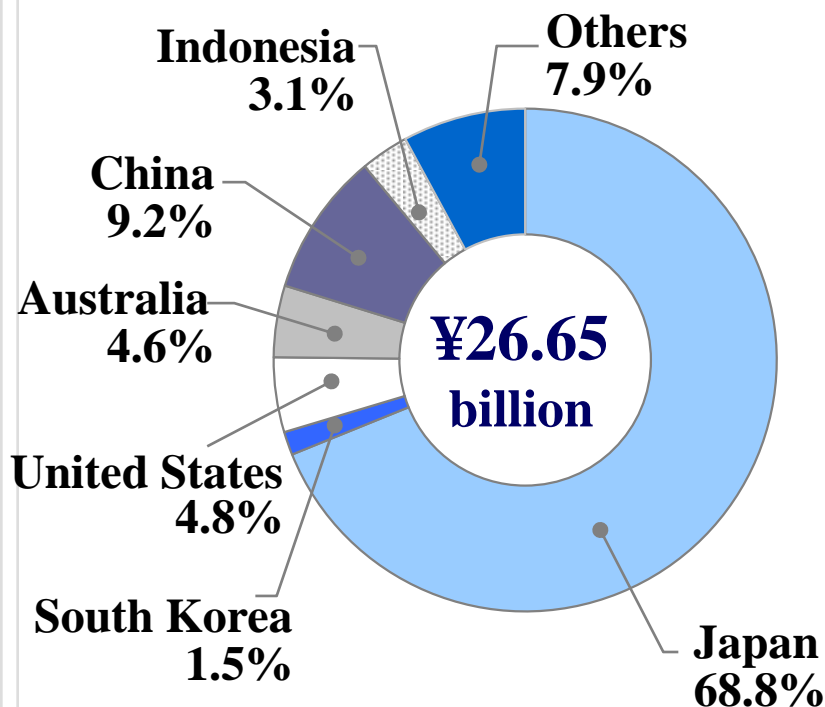


Australia

- * **Australia:** Major expansion of business scope due to recovering demand for heaters and acquisition of Bravis Climate Systems
- * **Japan:** Decline in unit sales of mainstay fan heaters due to warm winter

Consolidated Operating Income by Geographical Segment 9

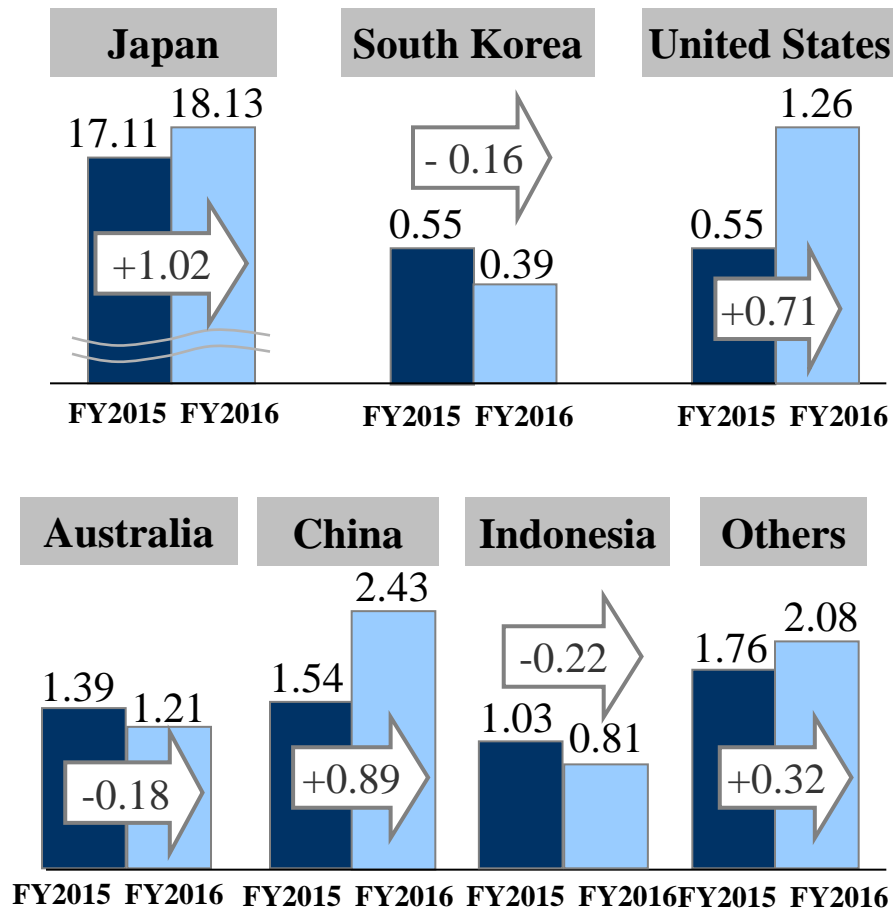
Fiscal 2016-3Q Consolidated Operating Income



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

YOY Change by Geographical Segment

[Billions of yen]

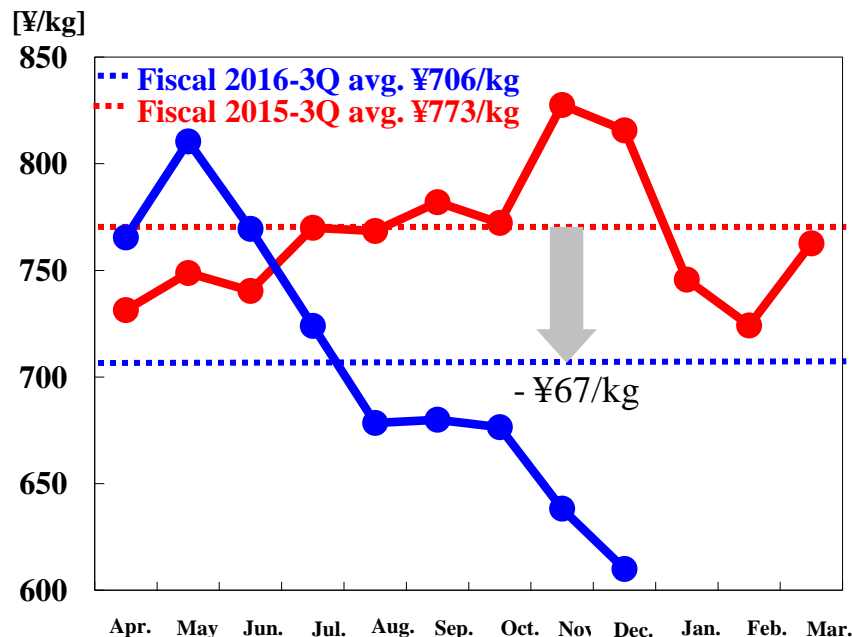


Electrolytic Copper

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

[¥/kg]	Fiscal 2015 3Q avg.	Fiscal 2016 3Q avg.	YOY change
Avg. price	773	706	- 8.7%

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

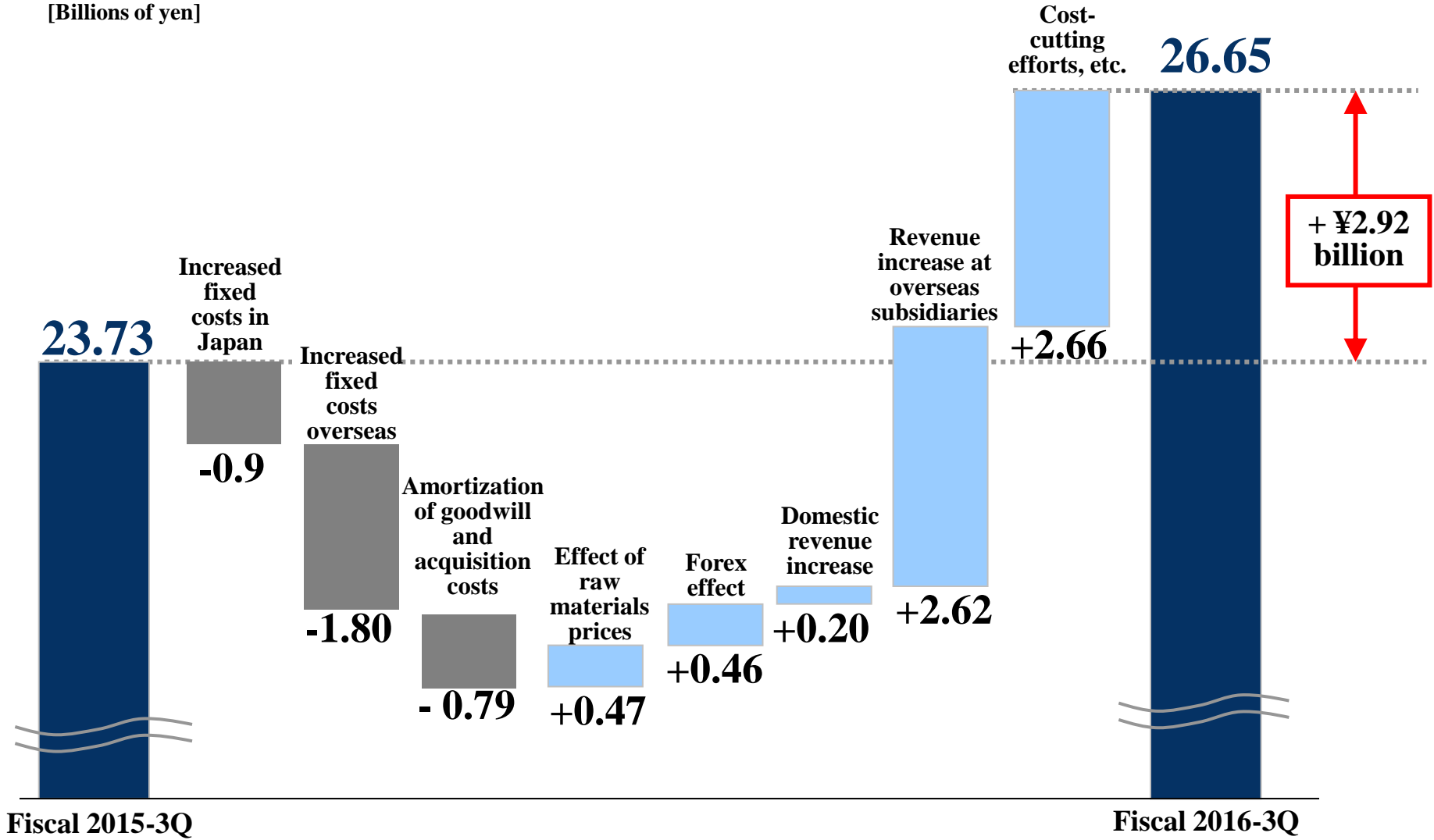


Steel

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

Fiscal 2016 (3Q): Consolidated Operating Income

[Billions of yen]



Fiscal 2015-3Q

Fiscal 2016-3Q

Hybrid Water Heater with Heating System **ECO ONE** 12

Third generation **ECO ONE** to be launched in fiscal 2016

April 2015
Single, one-body, heat supply



More energy efficient!
Primary energy efficiency of 138%

More environmentally friendly!
R32 used as refrigerant for heat pump

Easier to install!
Flexible layout possible, including horizontal installation

December 2015
Single, split-system, heat supply (and bath)
50 liter (low height type)



Low boy model with 50-liter tank is even more compact
(*100-liter model also available)

New lineup based on R32 heat pumps

July 2015
Single, split-system, bath



September 2015
Single, split-system, heat supply

Tank and water heater separated, allowing installation in narrow spaces

October 2015
Double, split-system, heat supply



Double hybrid type offering floor heating in addition to existing water heating

Major reduction in floor heating costs

**Received Good Design award in fiscal 2016
in recognition of styling and ease of installation**

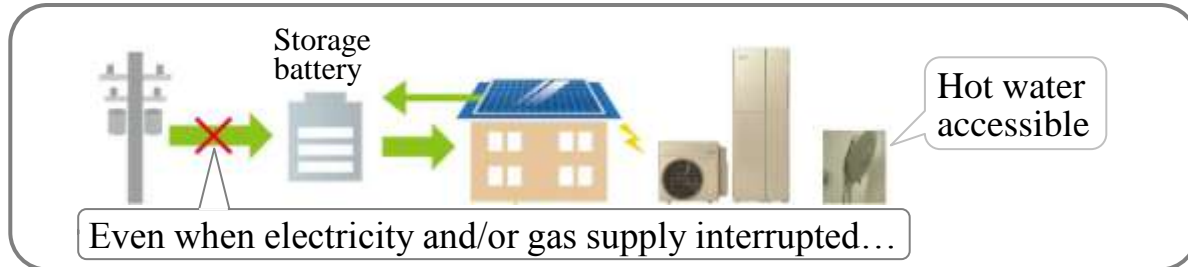
Rollout of *ECO ONE* E Series in Fiscal 2017

ECO ONE

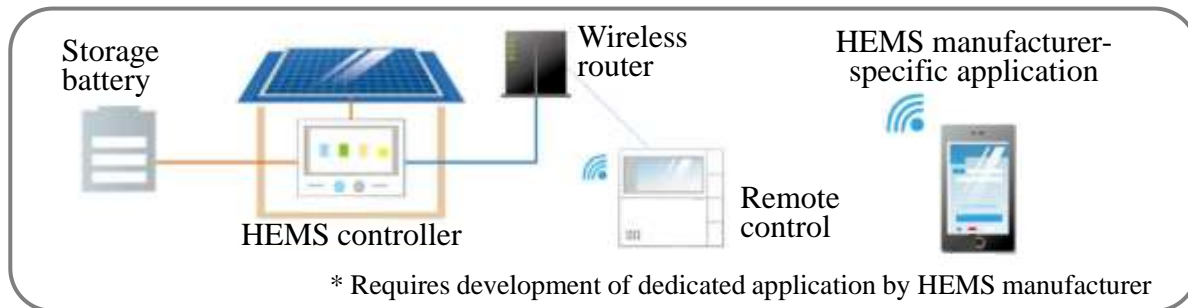


ECO ONE E Series
Retail price: ¥ 650,000 ~ 910,000
Launch: May 10, 2016

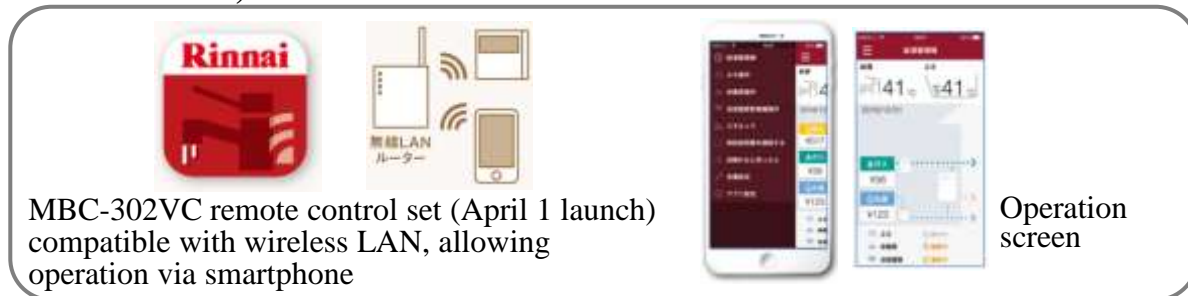
- ◆ Access to hot water even when electricity and/or gas supply interrupted, because connected to solar power generator and storage battery



- ◆ Can be connected to HEMS (equipped with ECHONET Lite communication function)



- ◆ New remote control allows long-distance operation of hot water beam, floor heater, etc.



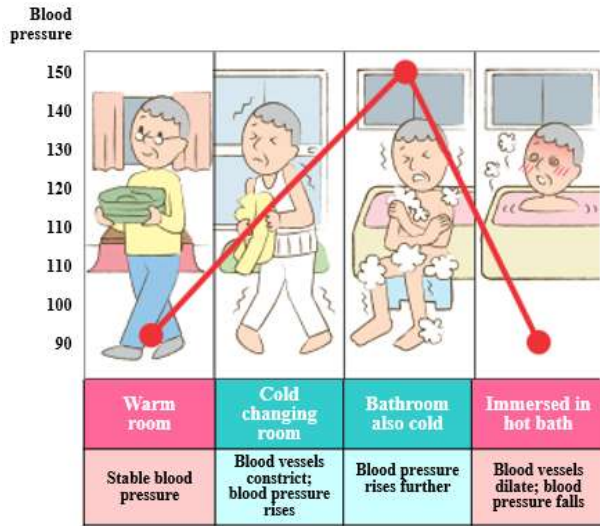
Kitchen remote control **Bathroom remote control**

MBC-301VC remote control set
Retail price: ¥ 55,000
Launch: May 10, 2016

Quickly heats bathroom to prevent heat shock

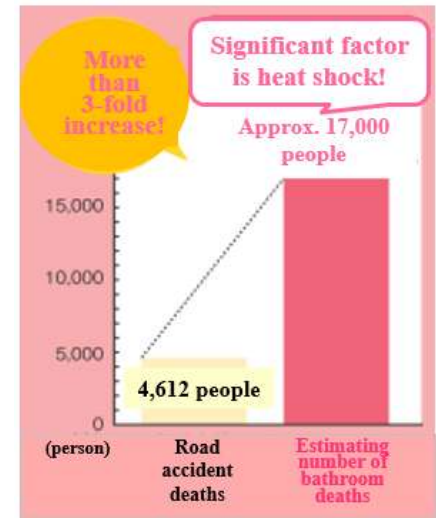
Sudden temperature changes cause heat shock

Around 17,000 people per year die from bathroom accidents



Road accidents deaths vs bathroom deaths (2011)

*Source: Tokyo Metropolitan Institute of Gerontology



Post-bath drying prevents bathroom mold and odors



Models with Plasmacluster Ion function also eliminate mold bacteria in the bathroom air.

* The Plasmacluster Ion logo and name (in Japanese and English) are registered trademarks of Sharp Corporation.

Comfortable bathing with Mist Sauna function



This function wraps your entire body with mist to make you sweat. It also has esthetic and rejuvenation benefits.

Dries clothes properly even on rainy days



Dries clothes in one-quarter of the time (compared with bathrooms heated by electric heaters), and reduces utility cost.

“Waterfall” massage for extra relaxation



“Spherical drops” promote fatigue recovery and relaxation (result of research into optimal conditions, such as speed, hot water quantity, and rhythmic feel)

はやい
乾太くん



**Hayai Kanta-kun
RTD-52S**

Retail price: ¥138,000

Reduced household work time

Powerful warm air from gas dries 5kg load in around 52 minutes

Drying time comparison

Around
one-third vs
electric dryers



And room not clouded by moist
air, even if installed indoors

乾太くん

Approx. 52 min.

Fully automatic
electric clothes
dryer

Approx. 169 min.

* Conditions: 5kg actual load (50% cotton; 50% synthetic fibers); 70% dehydration rate; drum-type washer/dryer used for electric model; LPG used for gas model; Rinnai estimates

Clean drying

Peace of mind even during flower-blooming season and air pollution;
Kanta-kun excels all year round

Rain

Pollen

PM2.5

Yellow dust

No indoor-drying odors, yet retains same antibacterial benefits as outdoor drying

Built-In Hobs (stovetops)

High-end

Mid-range

Mass market



DELICIA

Bundled with Cocotte

**DELICIA
GRILLER**

LiSSE

Mytone

Special container used in grilling unit



Cocotte Dutch Oven
Lighter-weight Cocotte Dutch Oven enables full-scale grilling



Cocotte
Delicious direct-flame grilling; perfect not only for grilled fish but also non-fry cooking, meat patties, etc.



Cocotte-cooking recipe book
(includes 100 recipes)

Scope of grilling broadened by special container and recipe book



Vamo. バーモ

ET21-2STSY-S
 Price: ¥ 48,895
 (inc. consumption tax)
 Launched:
 December 1, 2015

Rebirth of historical long-selling product; selling well with strong expectations



Features

- “Professional kitchen” image design, including stainless steel top board and large casted trivets
- 4,000kcal/h strong-flame burners (largest in the industry)
- Use of full-front top board and front-plate clear-coat processing make cleaning easier
- Fitted with safety sensors

Special site showing Vamo promotional video
https://youtu.be/YZSxmxM8_ag

3rd-generation

HOWARO ホワロ



ET33NJH4SY-W6
 Price: ¥ 24,349(inc. consumption tax)
 Launched: April 23, 2015

Hit product that meets targeted needs and thus exceeding expectations

Features

- White main body, with knobs in choice of 7 colors
- Compact 56cm unit ideal for apartments
- Waterless grilling; fluorine-processed gridiron
- Fitted with safety sensors

Online site for replacement parts and cooking goods

R.STYLE



- Enables purchase of replacement parts, such as trivets and gridirons
- Sales of cooker maintenance goods, such as cleaning detergents, as well as guidance on cleaning methods
- Introduces recipes, including daily recipes viewable via smartphones

Rinnai Selected Among “Health and Productivity Companies 2016”



- **Health and Productivity Companies:**
Publicly listed companies selected by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE) for practicing “Health Management^{*1}” (strategic practice of health management of employees, etc. with management-oriented approach)
- **25 companies selected from 3,605 listed companies^{*2}; Rinnai received award in the Metal Products Section**

^{*1} “Health Management” is a registered trademark of the Health Management Research Association (NPO)

^{*2} As of September 1, 2015

Sponsorship of FIFA Club World Cup Japan 2015



Rinnai was an official Event Sponsor of the FIFA Club World Cup Japan 2015, which took place December 10–20, 2015 (International Stadium Yokohama and Nagai Stadium Osaka).

Sponsorship agreement signed with “Reds” Australian rugby team



Rinnai has signed a sponsorship agreement with “The Queensland Reds,” and Australian rugby team, covering the period from February 2016 to October 2018. Ayumu Goromaru, a popular Japanese rugby player, has signed to play for the Reds in the 2016 season.

Japan (investments to expedite advancement of business model)

Manufacturing

Build streamlined production framework for system-based products, centered on *ECO ONE*



- * Construct new wing of Akatsuki Factory
 - Construction started in September 2015
 - Scheduled to commence operation in March 2017
- * Renovate facilities at Oguchi Factory
- * Establishment, reconstruction, etc. of manufacturing affiliate

Product development

- * Expand/upgrade R&D facilities
- * Strengthen production technology development system (Develop molds, equipment, new products)

Sales/marketing

- * Expand floor space of sales bases (Hokkaido, Chubu, South Kanto, etc.)



Chubu branch
(scheduled to commence operation in April 2016)

- Strengthen service system
- Build new distribution center

Overseas (strategic investments in new growth drivers)

- * Strengthen core bases of global technology network (Australia, South Korea, China, Indonesia, etc.)
- * Reinforce hub bases for tapping new markets (Italy, Middle East, Brazil, etc.)
- * Strengthen sales/production systems in line with growth (United States, Taiwan, New Zealand, Vietnam, etc.)

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.