

Rinnai

**Financial Results of Fiscal 2017,
ended March 31, 2017**

May 9, 2017

Fiscal 2017: Consolidated Performance Overview

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Net sales: ¥ 330.2 billion (up 3.2% year on year)

Buoyed by healthy overseas local-currency sales and consolidation of Gostar, despite foreign exchange factors

Record-high level

Operating income: ¥ 34.0 billion

(down 1.6%; operating margin: 10.3%)

Lower income due to poorer product mix in Japan and reduced sales of kitchen appliances and home heaters

Ordinary income: ¥ 35.2 billion

(down 1.5%; ordinary income ratio: 10.7%)

Down due to decline in operating income, despite increases in interest and dividend income and decrease in foreign exchange loss

Net income attributable to owners of the parent company: ¥ 22.3 billion

(down 1.7%; return on sales: 6.8%)

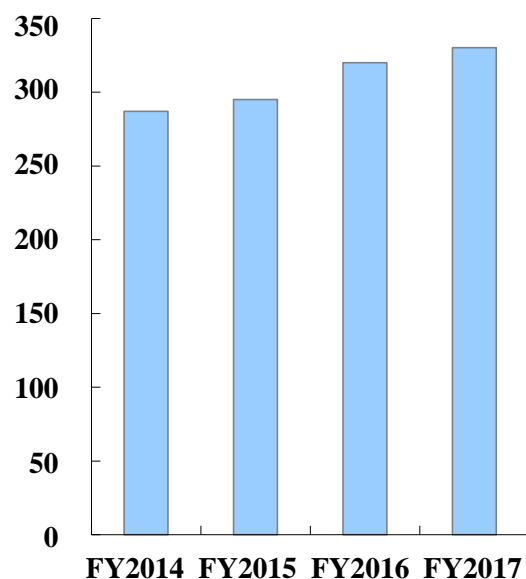
Down due to decline in ordinary income and increase in non-controlling shareholder profit, despite decrease in taxation rate

- Forecasts for the second term of medium-term business plan (Evolution and Succession 2017) revised downward in third quarter
- Net sales exceeded revised forecast in second half thanks to healthy conditions in water heater sector

Consolidated Financial Results

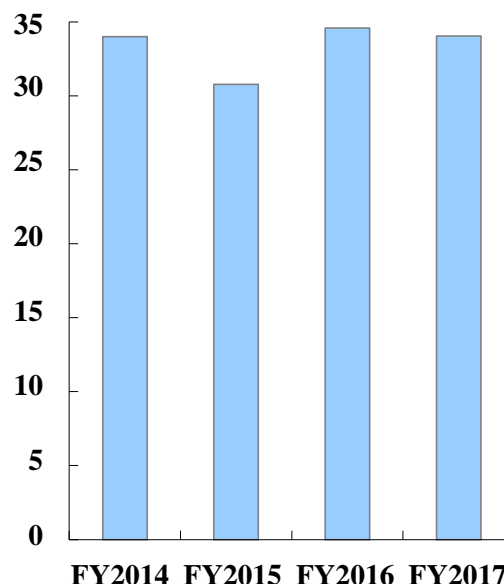
Net Sales

[Billions of Yen]



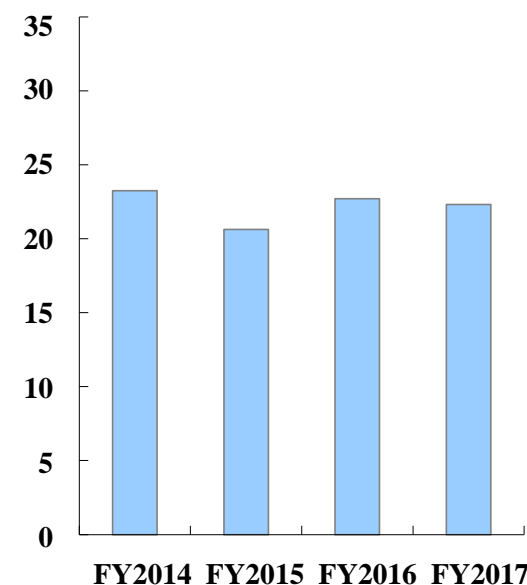
Operating Income

[Billions of Yen]



Attributable to owners of the parent company Net Income

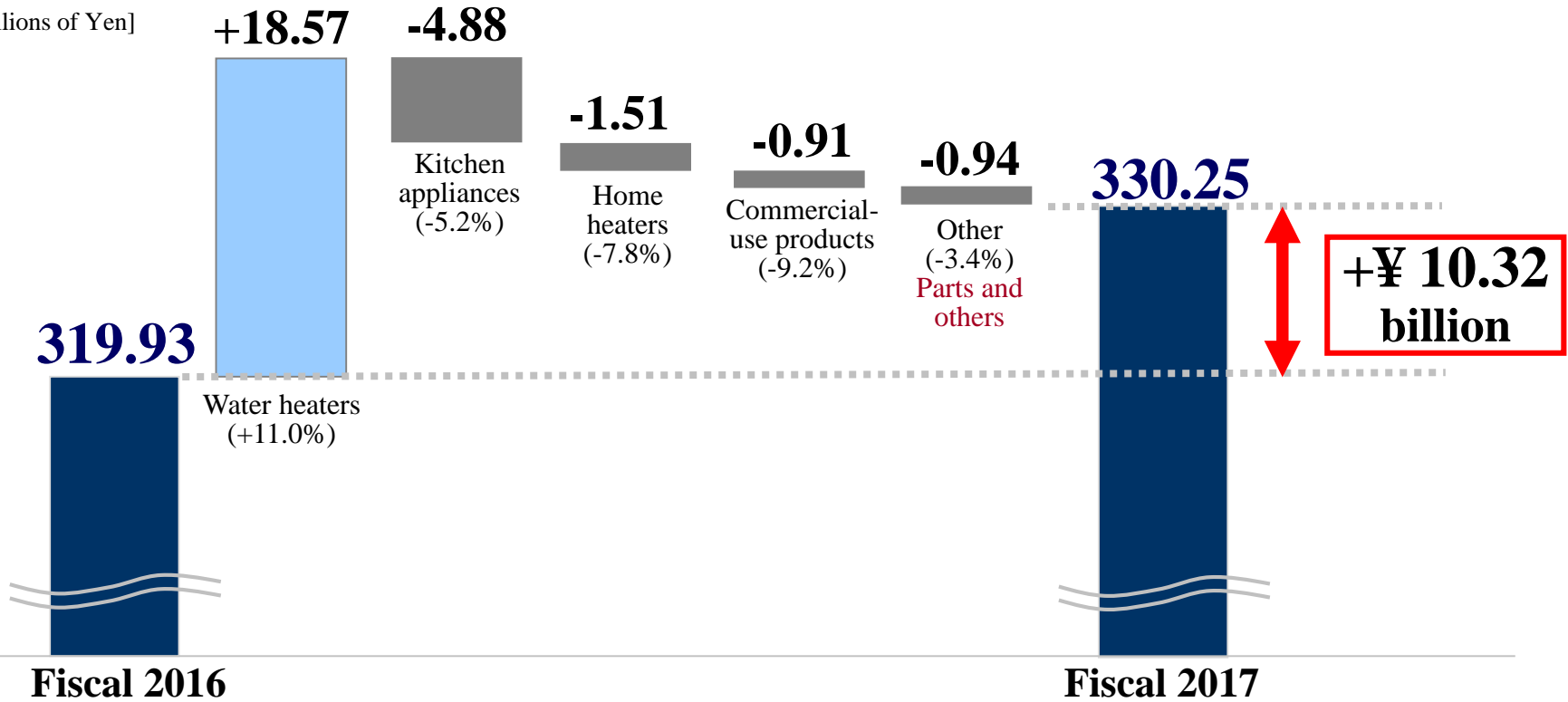
[Billions of Yen]



- Net sales up year on year for seventh consecutive period; record high
- Operating margin remained high at over 10%

Fiscal 2017: Consolidated Net Sales by Products

[Billions of Yen]



- **Water heaters: Major increase in sales, with healthy sales maintained in Japan and overseas**
- **Kitchen appliances: Sales down due to lower domestic sales of tabletop cookers and foreign exchange factors, despite healthy overseas sales**
- **Home heaters: Sluggish in Japan; lower overseas sales due to foreign exchange factors**

Fiscal 2017: Consolidated Sales/Income Results

[Billions of Yen]

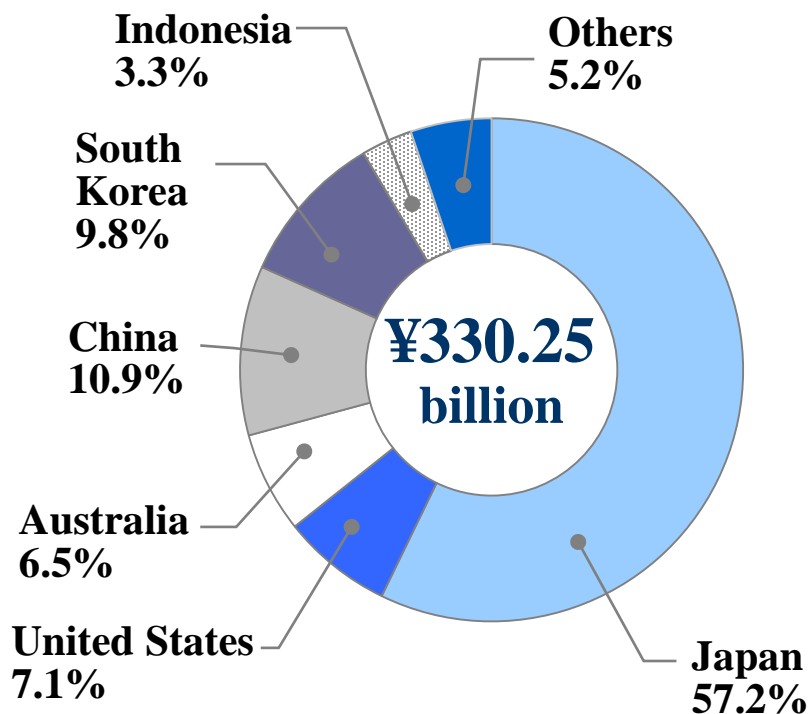
	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Consolidated	330.25	+3.2%	34.05	-1.6%	10.3%	-0.5P



	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Rinnai	198.87	+0.6%	18.81	-6.8%	9.5%	-0.8P
Domestic	124.80	+25.3%	3.62	+42.1%	2.9%	+0.3P
Overseas	149.91	-0.0%	12.45	+7.0%	8.3%	+0.5P
Total	473.59	+5.9%	34.89	+1.5%	7.4%	-0.3P

Consolidated Net Sales by Geographical Segment

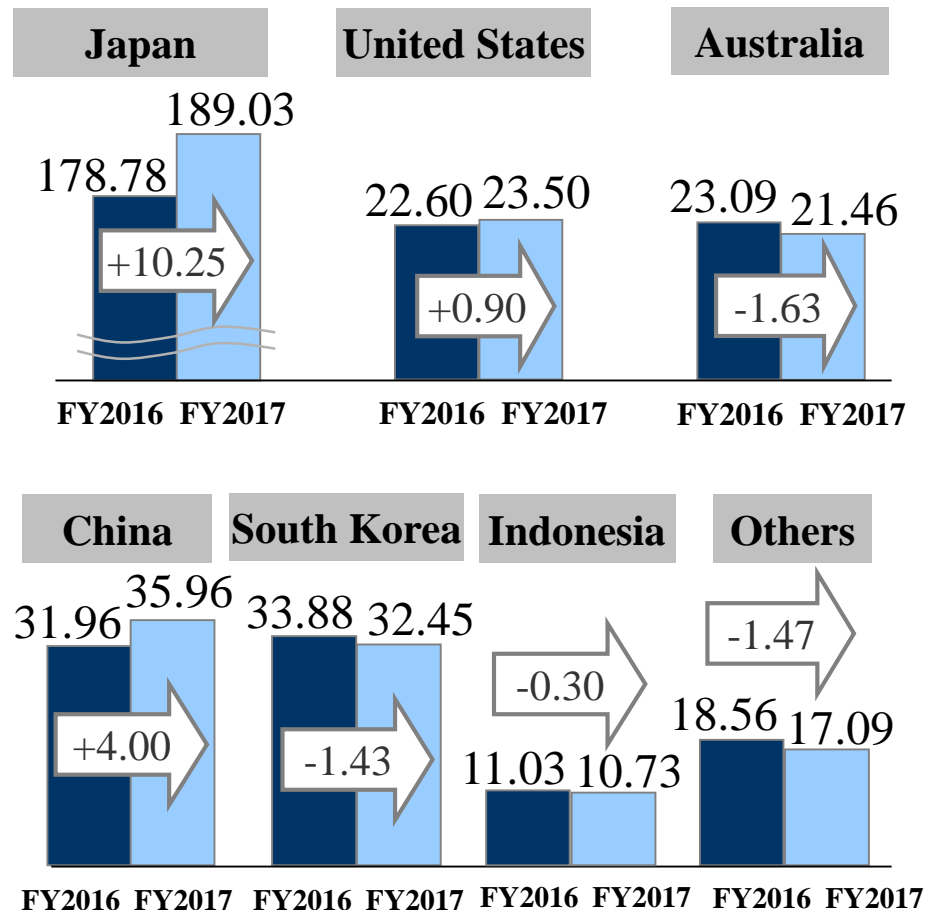
Fiscal 2017 Consolidated Net Sales



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 2016	Fiscal 2017	YOY Change
Japan	87.60	102.59	+17.1%
United States	20.11	21.00	+4.4%
Australia	9.94	8.91	-10.4%
China	27.26	30.91	+13.4%
South Korea	15.57	15.89	+2.0%
Others	9.10	8.87	-2.6%
Total	169.62	188.20	+11.0%

Composition ratio 57.0%



- **Japan:** Sales boosted by consolidation of Gastar, despite poorer product mix due to higher sales of water heaters with basic functions
- **Sales in United States** buoyed by healthy economy and environmental measures; healthy sales in **China** due to rising living standards
- **Australia:** Healthy sales of storage-type (tank-based) water heaters despite lower OEM sales of tankless models

Sales by Business Segment (Kitchen appliances)

[Billions of Yen]

	Fiscal 2016	Fiscal 2017	YOY Change
Japan	63.70	61.67	-3.2%
China	4.06	4.12	+1.6%
South Korea	9.65	7.86	-18.5%
Indonesia	10.11	9.75	-3.5%
Others	5.80	5.03	-13.3%
Total	93.34	88.45	-5.2%

Composition ratio : 26.8%



Japan



South Korea



Indonesia

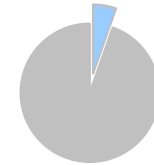
- **Japan:** Healthy sales of dishwasher/dryers (replacement demand) and range hoods, but lower overall revenue due to reduced sales of tabletop cookers
- **South Korea:** Sluggish sales of tabletop cookers. Lower revenue due to intensified price competition, and foreign exchange factors
- **Indonesia:** Recovery in sales of tabletop cookers, but sales down due to foreign exchange factors

Sales by Business Segment (Home Heaters)

[Billions of Yen]

	Fiscal 2016	Fiscal 2017	YOY Change
Japan	7.11	6.17	-13.2%
United States	2.08	2.03	-2.4%
Australia	9.28	8.87	-4.3%
South Korea	0.17	0.15	-11.1%
Others	0.79	0.69	-12.0%
Total	19.46	17.95	-7.8%

Composition ratio : 5.4%



Japan

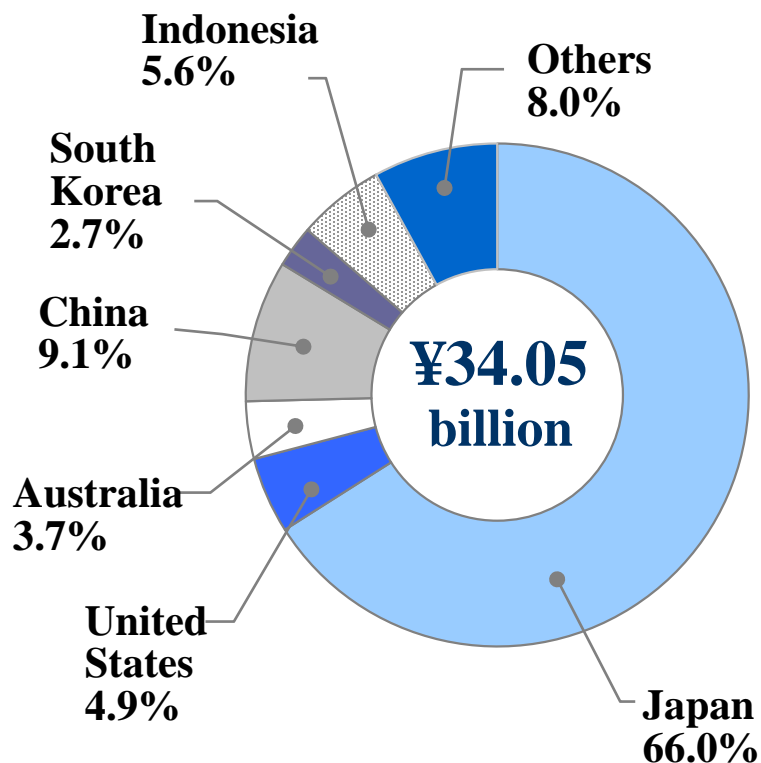


Australia

- **Australia:** Impacted by warm winter and foreign exchange factors, despite healthy sales of ducted air-conditioning systems
- **Japan:** Decline in unit sales of mainstay fan heaters

Consolidated Operating Income by Geographical Segment 9

Fiscal 2017 Consolidated Operating Income

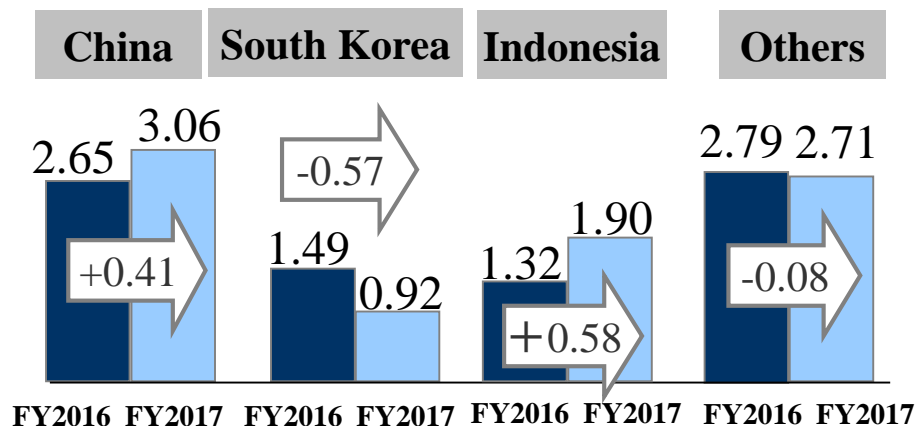
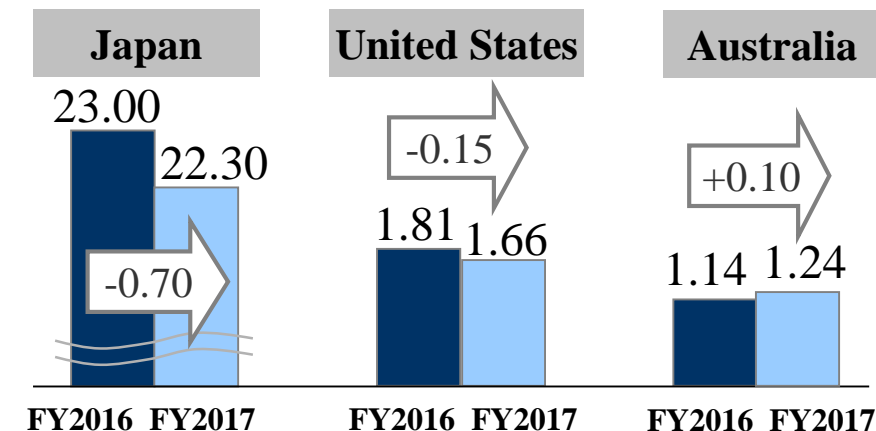


Composition of Others:

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

YOY Change by Geographical Segment

[Billions of Yen]

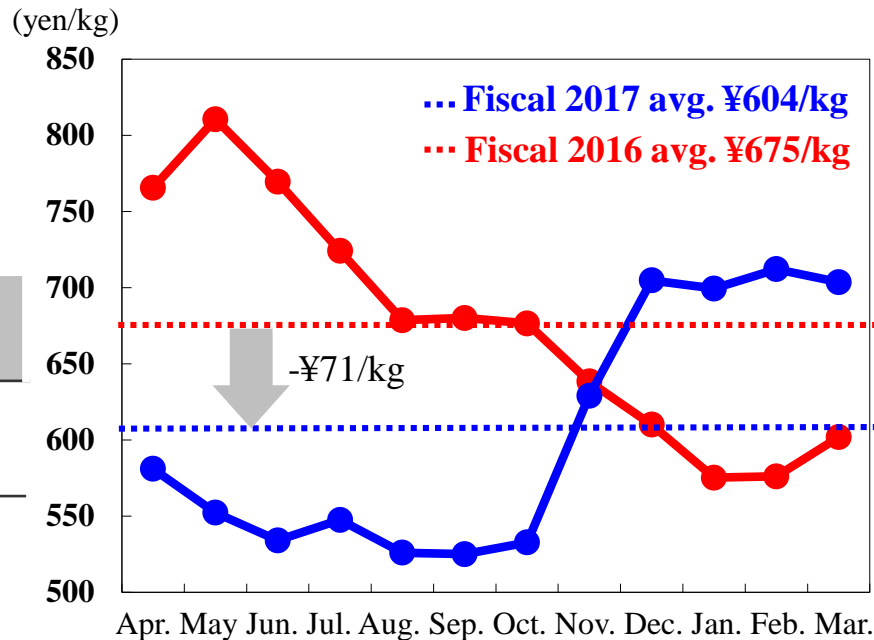


Electrolytic Copper

Electrolytic copper prices on uptrend, exceeding previous-year price from December 2016
(Initial forecast: ¥650/kg)

(yen/kg)	Fiscal 2016 Avg.	Fiscal 2017 Avg.	YOY change
Average price	675	604	-10.6%

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

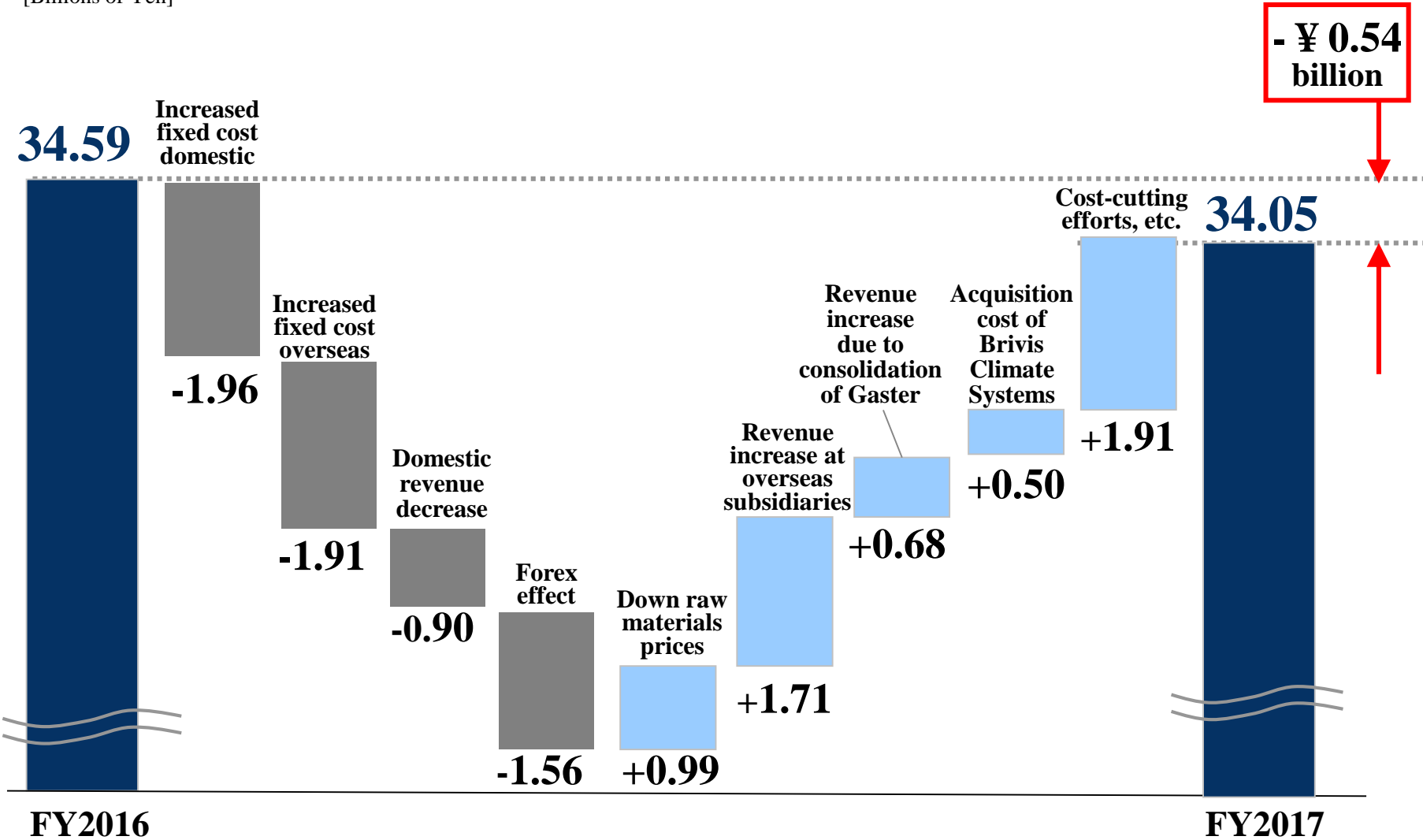


Steel

Steel prices at below previous-year level

Fiscal 2017: 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.