



**Financial Results for First Two Quarter  
of Fiscal 2018, ending March 31, 2018**

November 7, 2017

# Fiscal 2018 (2Q) : Consolidated Highlights

1

Record-high level

**Net sales: ¥ 159.7 billion** (up 3.0% year on year ; vs target: down ¥0.2 billion)

Boosted by healthy sales of water heaters, especially in U.S. and China

**Operating income: ¥13.9 billion**

(down 6.4%; vs target: down ¥1.5 billion)

[operating income to net sales ratio: 8.7%]

Earnings down due to higher overseas sales promotion costs and raw materials prices

**Ordinary income: ¥14.9 billion**

(down 0.0% year on year; vs target: down ¥1.0 billion)

[ordinary income to net sales ratio: 9.4%]

Mostly unchanged thanks to lower foreign exchange loss

**Net income attributable to owners of the parent company: ¥9.4 billion**

(up 5.4% year on year; vs target: down ¥0.2 billion)

[net income to net sales ratio: 5.9%]

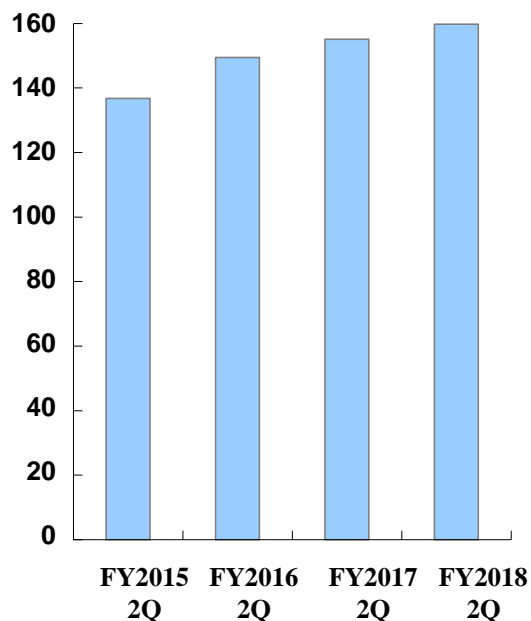
Up thanks to extraordinary income (including insurance received)

- Did not achieve targets for first half of final year of medium-term business plan, “Evolution & Succession 2017”
- Solid overseas results and domestic recovery ahead of busy season should benefit second-half performance

# Consolidated Financial Results (2Q)

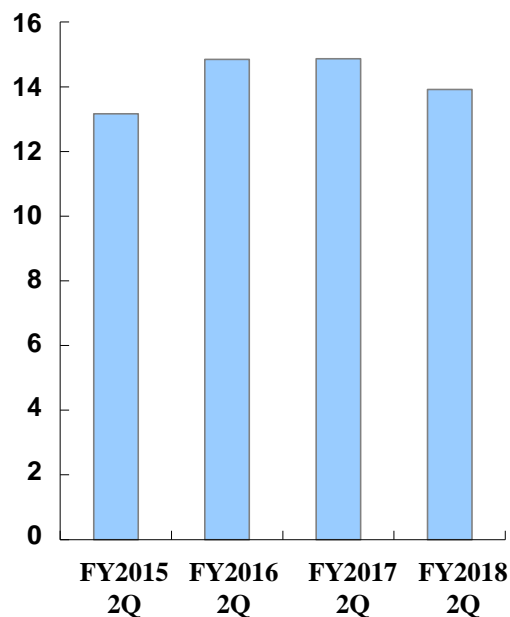
## Net Sales

[Billions of yen]



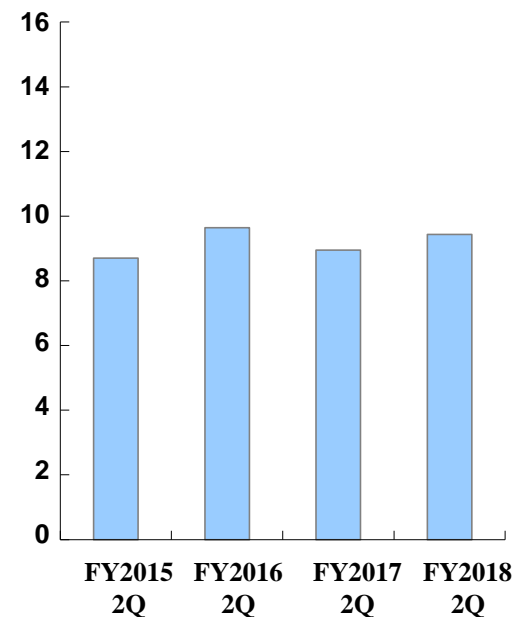
## Operating Income

[Billions of yen]



## Net income attributable to owners of the parent company

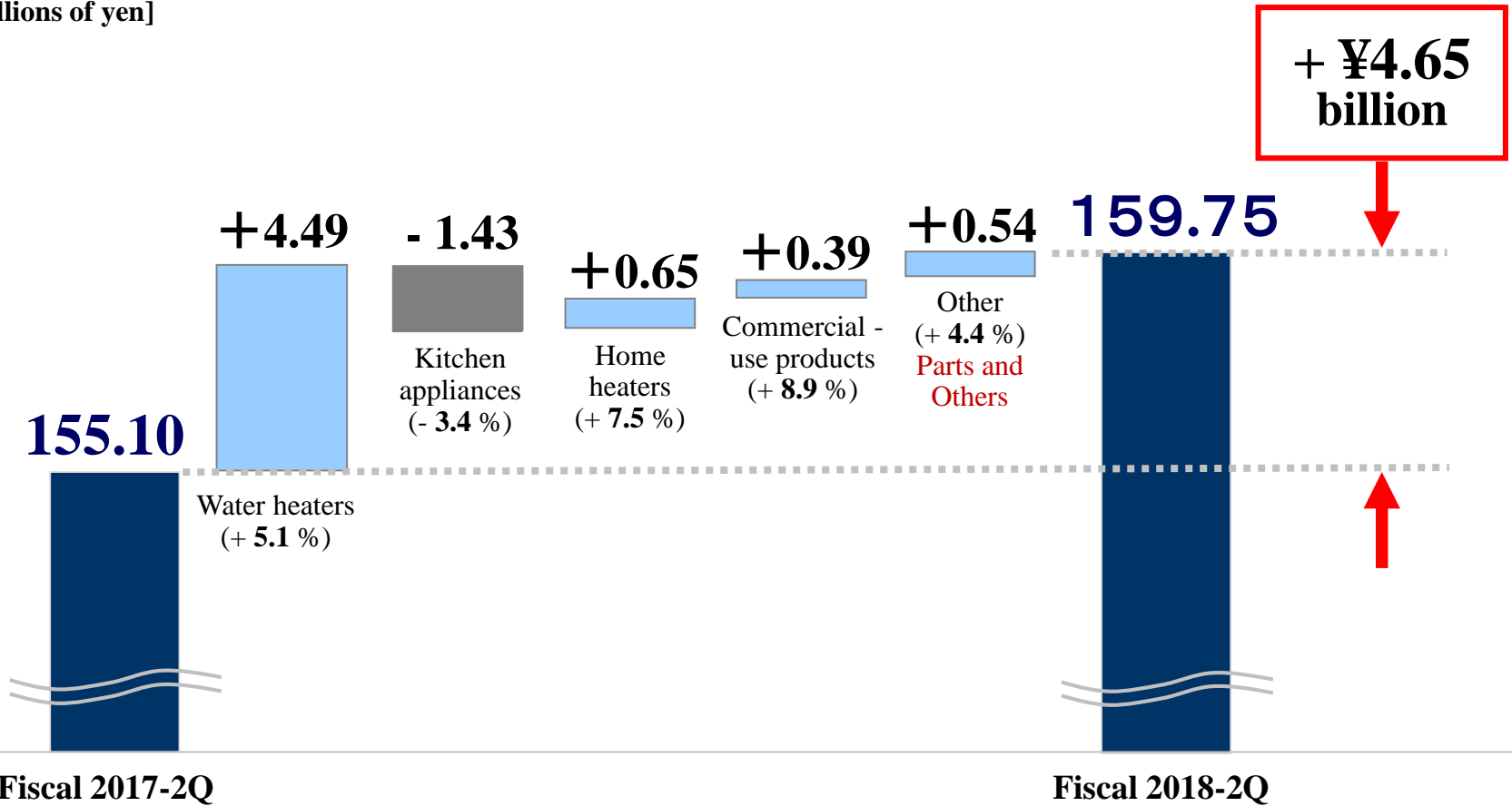
[Billions of yen]



- Net sales up year on year for fifth consecutive period; record high
- Operating income down but maintained at high level

# Fiscal 2018 (2Q): Consolidated Net Sales by Products

[Billions of yen]



- **Water heaters: Higher sales thanks to healthy overseas demand**
- **Kitchen appliances: Lower sales due to declining domestic sales of stoves and sluggish overseas sales**

# Fiscal 2018 (2Q): Consolidated Sales/Income Results 4

[Billions of yen]

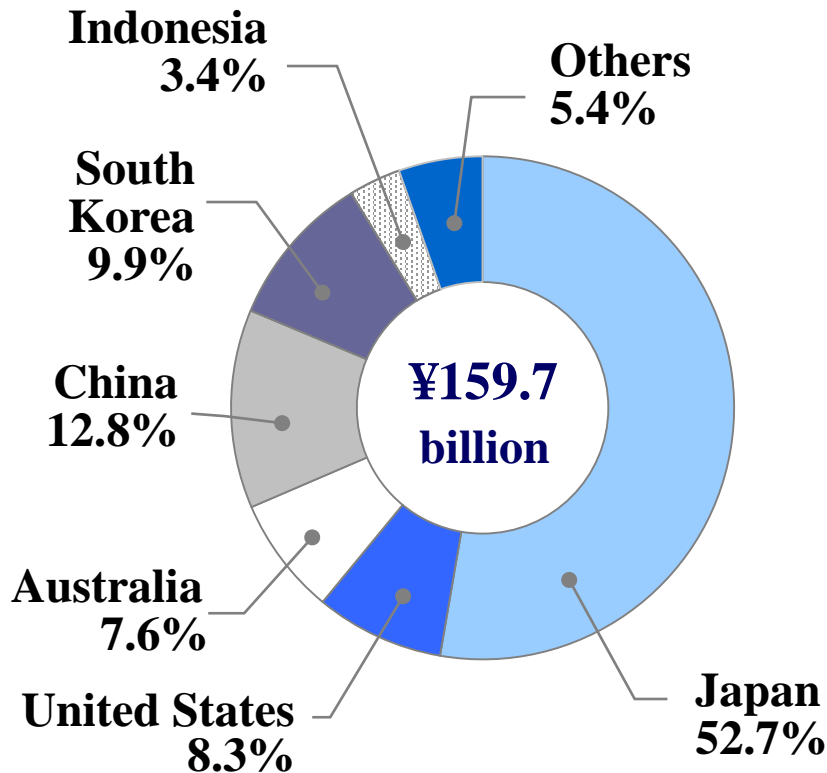
	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
<b>Consolidated</b>	<b>159.75</b>	<b>+ 3.0%</b>	<b>13.92</b>	<b>- 6.4%</b>	<b>8.7%</b>	<b>- 0.9P</b>



	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
<b>Rinnai</b>	<b>92.58</b>	<b>+ 1.5%</b>	<b>6.64</b>	<b>- 6.8%</b>	<b>7.2%</b>	<b>- 0.6P</b>
<b>Domestic</b>	<b>57.21</b>	<b>+ 1.2%</b>	<b>1.10</b>	<b>- 17.2%</b>	<b>1.9%</b>	<b>- 0.4P</b>
<b>Overseas</b>	<b>79.91</b>	<b>+ 9.7%</b>	<b>6.44</b>	<b>- 0.9%</b>	<b>8.1%</b>	<b>- 0.9P</b>
<b>Total</b>	<b>229.71</b>	<b>+ 4.1%</b>	<b>14.19</b>	<b>- 5.2%</b>	<b>6.2%</b>	<b>- 0.6P</b>

# Consolidated Net Sales by Geographical Segment

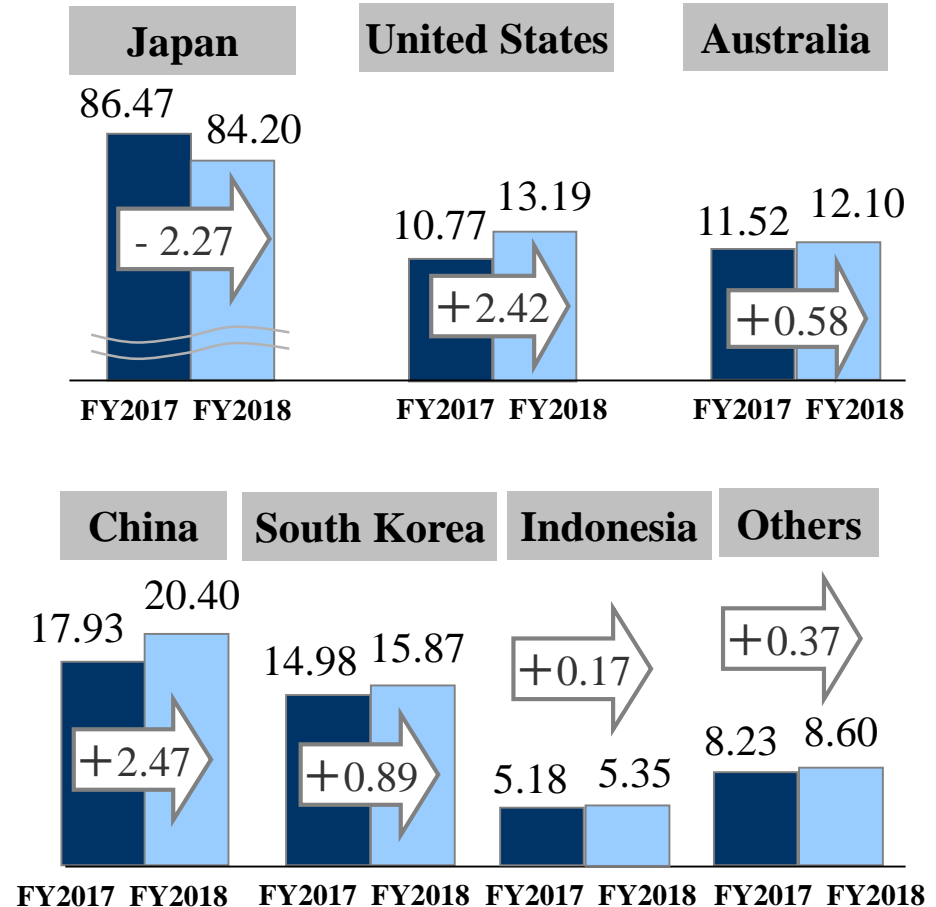
## Fiscal 2018-2Q Consolidated Net Sales



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 2017 2Q	Fiscal 2018 2Q	YOY Change
<b>Japan</b>	46.11	44.61	-3.2%
<b>United States</b>	10.09	12.27	+21.5%
<b>Australia</b>	4.24	4.44	+4.8%
<b>China</b>	15.61	18.28	+17.2%
<b>South Korea</b>	7.15	7.88	+10.2%
<b>Others</b>	4.06	4.26	+5.0%
<b>Total</b>	<b>87.28</b>	<b>91.77</b>	<b>+5.1%</b>

Composition ratio : 57.5%



- **Japan:** Lower sales of water heaters via some sales channels, despite higher sales of hybrid water heaters
- **United States:** Strong sales of tankless water heaters reflecting healthy market for housing appliances
- **China:** Higher sales of water heaters amid rising living standards; boiler sales boosted by environmental policies

# Sales by Business Segment (Kitchen Appliances)

[Billions of yen]

	Fiscal 2017 2Q	Fiscal 2018 2Q	Fiscal 2018 2Q
<b>Japan</b>	29.28	27.73	-5.3%
<b>China</b>	1.93	1.67	-13.2%
<b>South Korea</b>	3.75	4.04	+7.6%
<b>Indonesia</b>	4.74	4.77	+0.5%
<b>Others</b>	2.48	2.54	+2.5%
<b>Total</b>	<b>42.21</b>	<b>40.77</b>	<b>-3.4%</b>

Composition ratio : 25.5%



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:** Increase in unit sales despite intensified price competition for stoves
- **Indonesia:** Higher year-on year sales owing to price increases, despite lower unit sales of tabletop cookers

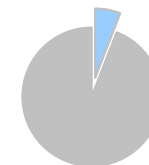


# Sales by Business Segment (Home Heaters)

[Billions of Yen]

	Fiscal 2017 2Q	Fiscal 2018 2Q	YOY Change
<b>Japan</b>	2.57	2.85	+10.9%
<b>United States</b>	0.45	0.65	+44.3%
<b>Australia</b>	5.28	5.41	+2.3%
<b>South Korea</b>	0.00	0.00	-9.1%
<b>Others</b>	0.41	0.46	+11.8%
<b>Total</b>	<b>8.74</b>	<b>9.39</b>	<b>+7.5%</b>

Composition ratio : 5.9%



Japan

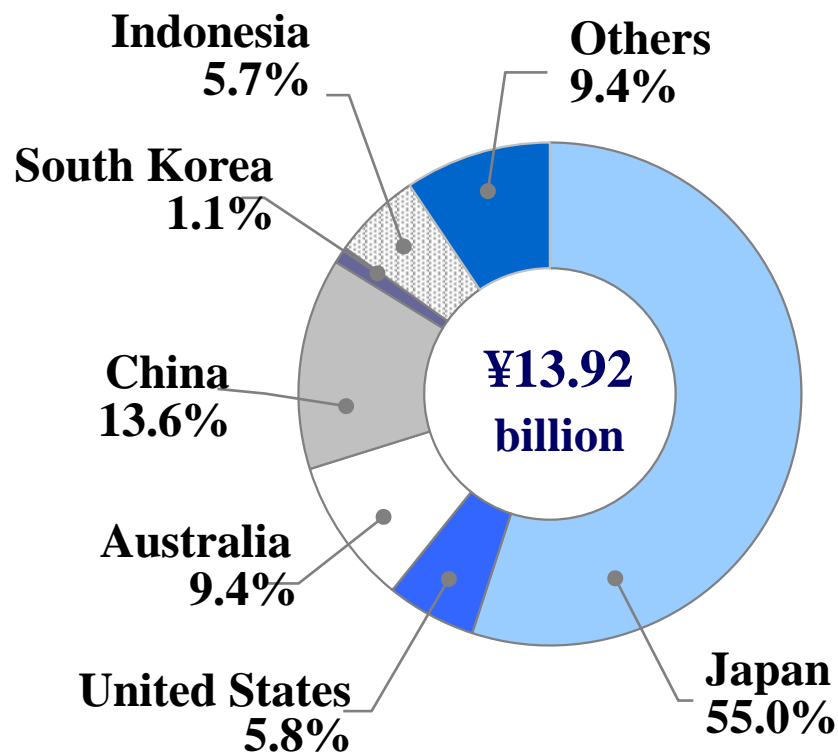


Australia

- **Australia:** Higher sales of ducted heating/cooling systems and air conditioners
- **Japan:** Increase in early-season orders for mainstay fan heaters

# Consolidated Operating Income by Geographical Segment 9

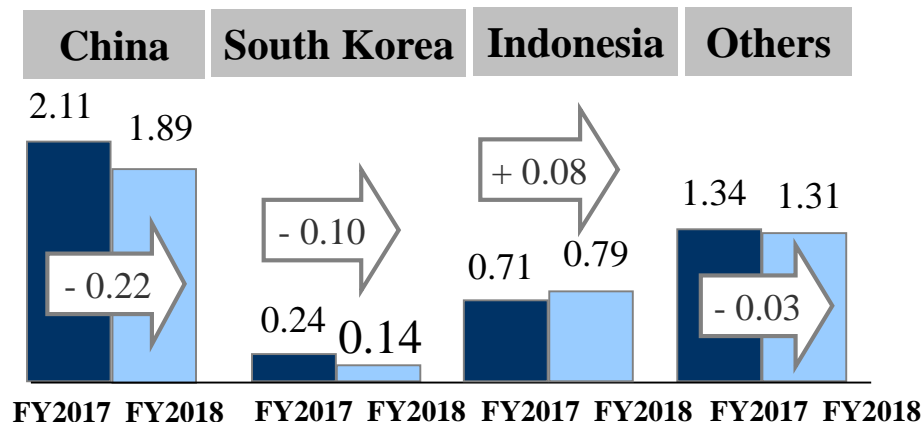
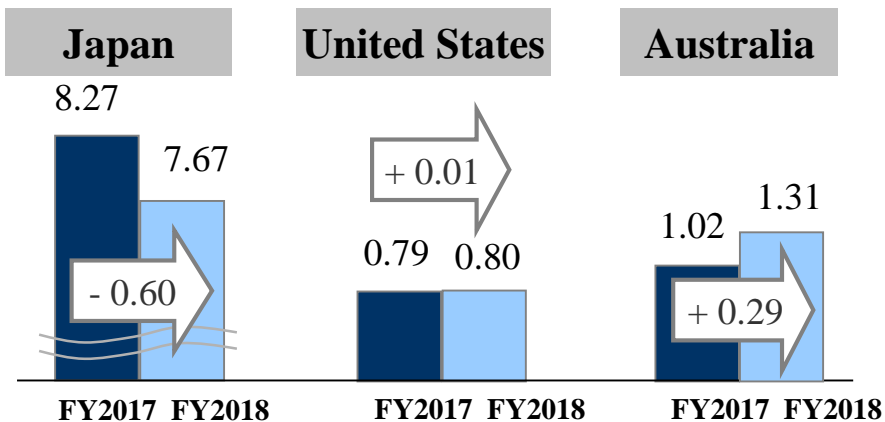
## Fiscal 2018-2Q Consolidated Operating Income



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

## YOY Change by Geographical Segment

[Billions of yen]

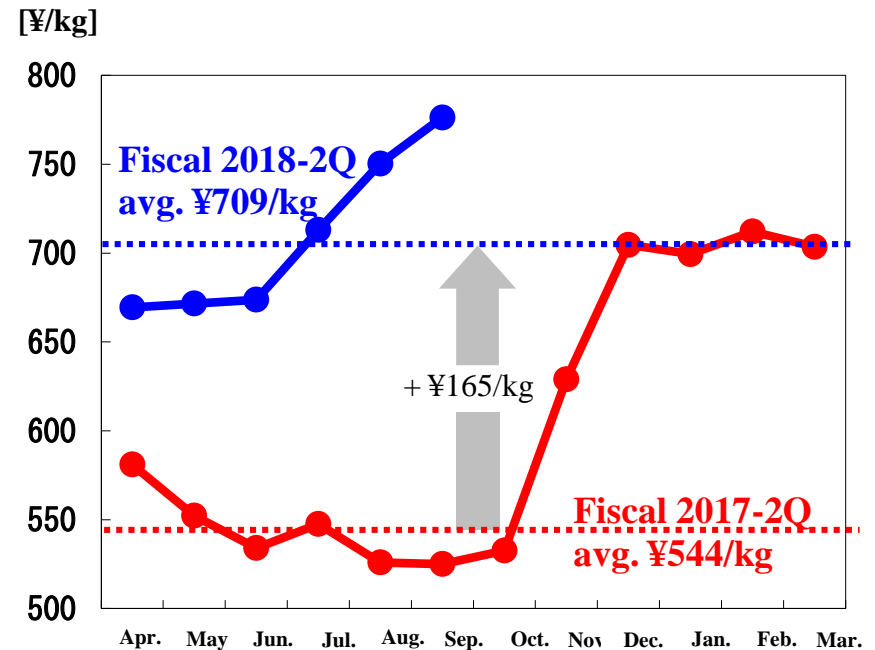


## Electrolytic Copper

- Copper prices moving higher  
¥715/kg or below, per assumption prediction at beginning of year

[¥/kg]	Fiscal 2017 2Q avg.	Fiscal 2018 2Q avg.	YOY change
<b>Avg. price</b>	544	709	+30.3%

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

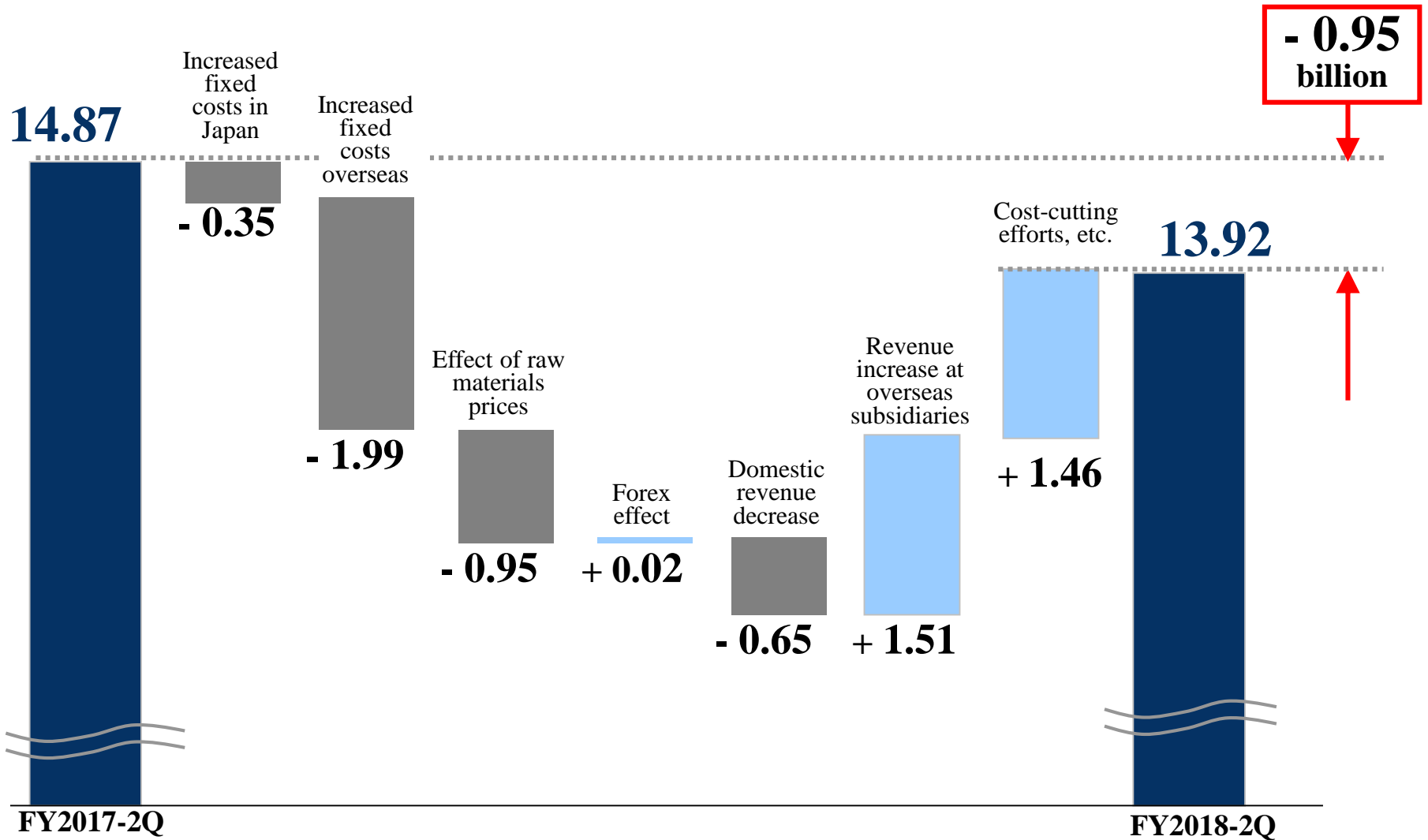


## Steel

- Steel prices at higher levels than previous year

# Fiscal 2018 (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.**