

Financial Results of First Quarter of Fiscal 2020, ending March 31, 2020

August 6, 2019

Rinnai Corporation

Rinnai

Fiscal 2020 (1Q) : Consolidated Performance Overview

Net sales: ¥73.9 billion (down 6.7% year on year)

Decline due to lower sales in China, South Korea, and elsewhere

Operating income: ¥4.5 billion

(down 18.4 %) [operating income to net sales ratio: 6.1%]

Down due to lower overseas sales and increased material costs, despite higher domestic earnings

Ordinary income: ¥5.0 billion

(down 22.0%) [ordinary income to net sales ratio: 6.9%]

Decrease due to fall in operating income and higher foreign exchange loss

Net income attributable to owners of the parent company: **¥3.2 billion**

(down 20.1%) [net income to net sales ratio: 4.4%]

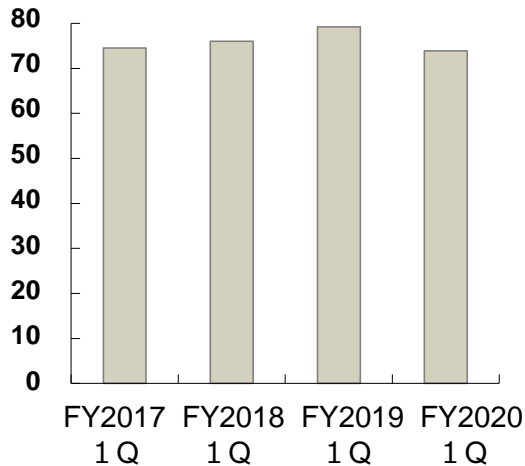
Down due to decrease in ordinary income

- Entered second year of medium-term business plan, “G-shift 2020”: Plan progressing within initial assumptions although profit started declining
- Guangzhou Rinnai Gas and Electric Appliance Co., Ltd. became consolidated subsidiary (effective current fiscal year)

Fiscal 2020 (1Q) : Consolidated Financial Results

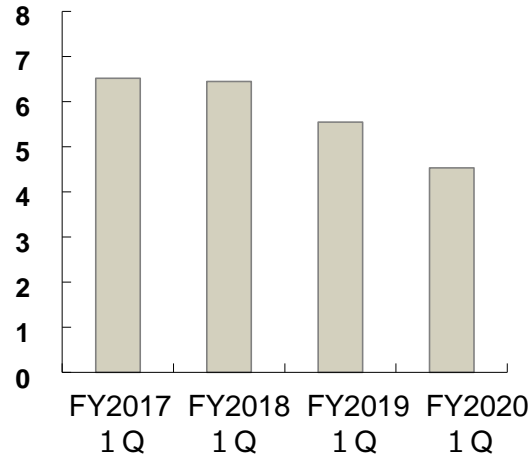
Net Sales

[Billions of Yen]



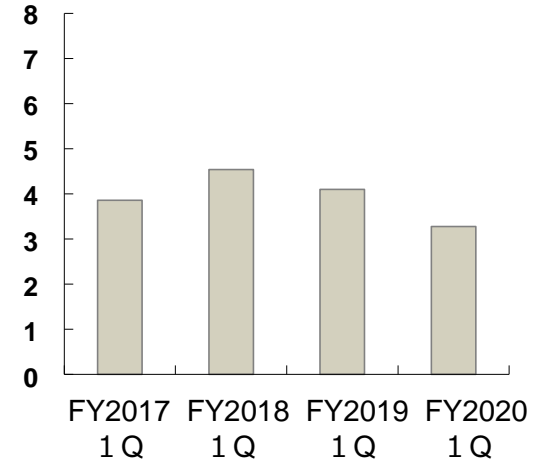
Operating Income

[Billions of Yen]



Attributable to owners of the parent company Net Income

[Billions of Yen]



- Sales down for the first time in seven years
- Income down due to decline in overseas sales, despite improved earnings in Japan

Fiscal 2020 (1Q): Net Sales by Product

[Billions of Yen]	Fiscal 2019 1Q		Fiscal 2020 1Q		YOY Change	
	Amount	% of total	Amount	% of total	Amount	(%)
Water heaters	47.85	60.4%	42.98	58.1%	-4.86	-10.2%
Kitchen appliances	19.38	24.5%	18.69	25.3%	-0.69	-3.6%
Air conditioning appliances	2.94	3.7%	3.42	4.6%	+0.48	+16.3%
Commercial-use equipment	2.25	2.9%	1.81	2.5%	-0.44	-19.5%
Others	6.82	8.6%	7.00	9.5%	+0.18	+2.7%
Total	79.26	100.0%	73.93	100.0%	-5.33	-6.7%

Fiscal 2020 (1Q): Consolidated Sales/Income Results

[Billions of Yen]	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Consolidated	73.93	-6.7%	4.53	-18.4%	6.1%	-0.9P



	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Rinnai	46.01	-0.5%	2.77	+34.4%	6.0%	+1.6P
Domestic	23.51	-20.3%	0.42	-29.4%	1.8%	-0.2P
Overseas	37.71	-11.6%	1.51	-49.3%	4.0%	-3.0P
Total	107.24	-9.4%	4.70	-16.6%	4.4%	-0.4P

Rinnai (non-consolidated basis), Fiscal 2020 (1Q) Results

Performance

[Billions of Yen]	Fiscal 2019 1Q	Fiscal 2020 1Q	YOY Change
Net Sales	46.22	46.01	-0.5%
Operating Income	2.06	2.77	+34.4%

*Income up thanks to new products and cost reduction efforts, despite sales down due to shrinking water heater market

Main Products (Domestic Sales)

[Sales Volume]	YOY Change
Water heater with heating systems (including hybrid water heater)	+1.7% (-3.3%)
Water heater with bath-filling systems	-5.2%
Built-in hobs (stovetops)	+0.8%



Hybrid water heater with heating systems



Built-in hobs (stovetops)



Gas clothes dryers

Rinnai America, Fiscal 2020 (1Q) Results

Performance

Established:1974

[Billions of Yen]	Fiscal 2019 1Q	Fiscal 2020 1Q	YOY Change	YOY Change (local currency basis)
Net Sales	6.93	7.79	+12.3%	+10.7%
Operating Income	0.40	0.23	-43.1%	-43.9%

*Operating income down due to increased purchasing costs, despite higher sales stemming from new products released in previous fiscal year

Main Products

[Sales Volume]	YOY Change
Tankless water heaters	+10.0%

SENSEI



Tankless water heaters



Fanned flue heaters



Commercial-use water heaters

Rinnai Australia, Fiscal 2020 (1Q) Results

Performance

Established:1971

[Billions of Yen]	Fiscal 2019 1Q	Fiscal 2020 1Q	YOY Change	YOY Change (local currency basis)
Net Sales	4.98	5.46	+9.5%	+18.6%
Operating Income	0.22	-0.02	-	-

*Revenue up thanks to strong sales of mainstay water heaters and air conditioners, but operating loss incurred due to increased purchasing costs and local production costs

Main Products

[Sales Volume]	YOY Change
Tankless water heaters	+12.7%
Electric tank-based water heaters	+25.2%
Duct-type air-conditioning and heating systems	+4.1%



Tankless water heaters



Electric tank-based water heaters



Duct-type air-conditioning and heating systems

Shanghai Rinnai, Fiscal 2020 (1Q) Results

Performance

Established: 1993

[Billions of Yen]	Fiscal 2019 1Q	Fiscal 2020 1Q	YOY Change	YOY Change (local currency basis)
Net Sales	12.69	7.78	-38.7%	-36.0%
Operating Income	0.98	0.31	-68.5%	-67.1%

*Sales and income down due to lower sales of water heaters (stemming from market deterioration) and recoil in demand for boilers

Main Products

[Sales Volume]	YOY Change
Water heaters	-18.7%
Stoves	-2.6%
Range hoods	-3.7%
Boilers	-73.2%



Gas water heaters



Built-in hobs
(stovetops)



Boilers

Rinnai Korea, Fiscal 2020 (1Q) Results

Performance

Established:1974

[Billions of Yen]	Fiscal 2019 1Q	Fiscal 2020 1Q	YOY Change	YOY Change (local currency basis)
Net Sales	8.78	7.40	-15.7%	-13.0%
Operating Income	0.25	-0.01	-	-

*Sales down and operating loss incurred due to market shrinkage and intensified competition stemming from economic downturn

Main Products

[Sales Volume]	YOY Change
Boilers	-8.6%
Gas stoves	-21.6%
IH cooking heaters	+8.8%



Gas stoves



IH cooking heaters



Boilers

P.T. Rinnai Indonesia, Fiscal 2020 (1Q) Results

Performance				Established:1988
[Billions of Yen]	Fiscal 2019 1Q	Fiscal 2020 1Q	YOY Change	YOY Change (local currency basis)
Net Sales	2.71	2.28	-15.7%	-12.8%
Operating Income	0.33	0.20	-38.3%	-36.1%

*Sales and income down due to distribution inventory adjustments, despite growing market for tabletop stoves

Main Products

[Sales Volume]	YOY Change
Table-top cookers	-12.4%
Built-in hobs (Stovetops)	+14.4%



Table-top cookers



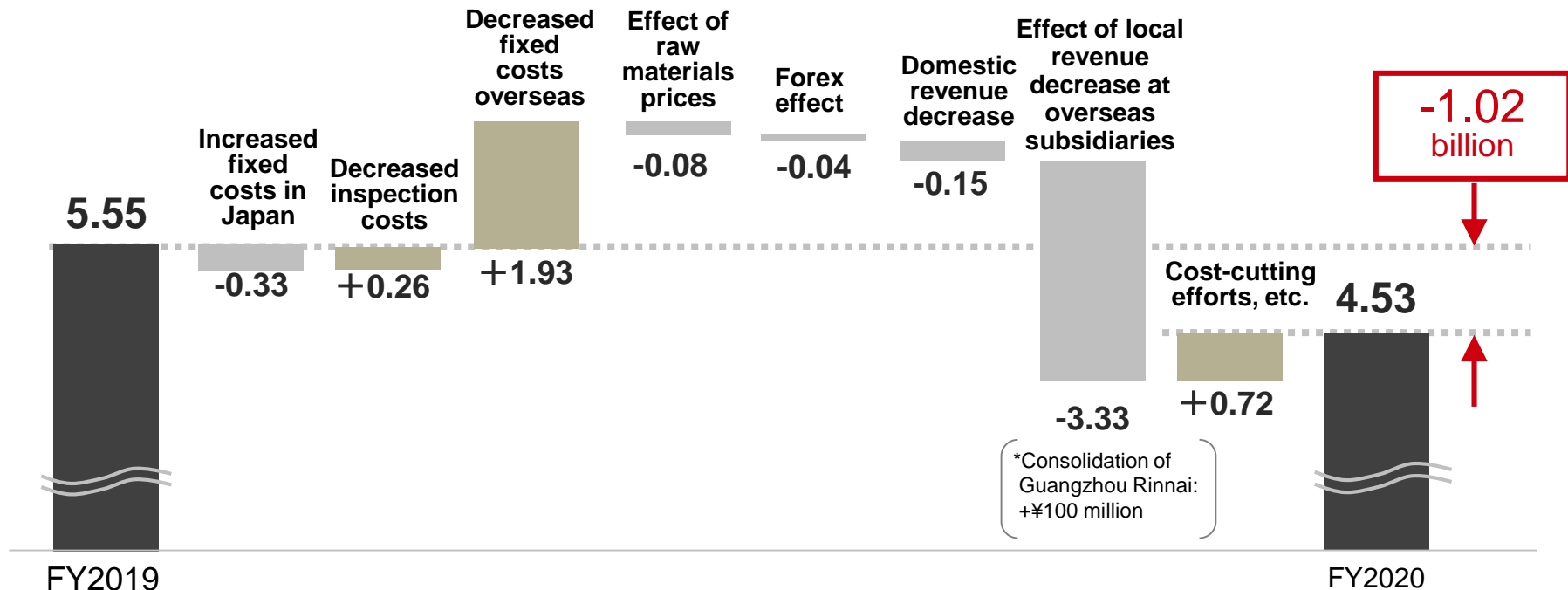
Built-in hobs (stovetops)



Range hoods

Fiscal 2020 (1Q): Consolidated Operating Income

[Billions of yen]



Built-in Stove DELICIA

DELICIA



Retail price:
¥280,000–¥319,000

Launch:
August 1, 2019

Retail price with “The Cocotte”
included: ¥296,000–¥319,000

◆ “The Cocotte” enables a variety of cooking options



The Cocotte

Put in stove for water-free cooking
and low-temperature cooking

Vertical cooking
Insert in grill for oven cooking or defrosting

- *Water-free cooking can be done automatically (meat and potatoes, rolled cabbage, pot-au-feu, etc.)
- *Lighter and easier than using popular enamel saucepans (same level of evaporation)
- *Light weight means it can be placed on a table or stored in a refrigerator



“DELICIA App” (released to coincide with the launch of new DELICIA and The Cocotte) provides dedicated recipe selection. More than 250 authentic recipes available in combination with other cooking utensils.

Gas Clothes Dryer

はやい
乾太くん



Launch date :
January 10, 2019

Retail price: 8kg model: ¥158,000

5kg model: ¥128,000
3kg model: ¥98,000

October 1, 2018

◆ Fast drying thanks to power of gas

Gas clothes dryer *Kanta-kun*

乾太くん

Electric heat pump type
Fully automatic washing/drying machine

Approx.
162 minutes

Electric heater type
Fully automatic washing/drying machine

5kg: Dries
in approx.
52 minutes

8kg: Dries
in approx.
80 minutes

◆ Economic benefit of gas

¥102 per 8kg load; ¥63 per 5kg load

*Comfortable finish

Dries using strong warm air unique to gas, allowing fibers to rise from the roots for a comfortable finish

Exterior drying (sunlight) Height: **18cm**
Fully automatic washer/dryer Height: **19cm**

Kanta-kun
Height: **21.5cm**



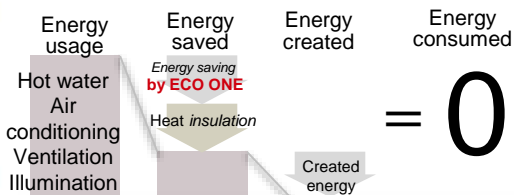
Rinnai's "Four Growth Categories"

~ From conventional products to new categories ~

ECO ONE



◆ High energy-saving performance contributes greatly to realization of zero energy housing (ZEH)



Dishwasher/dryer



*Lineup of deep-type models that can handle both frying pans and bowls



Deep-type models:
Volume around 1.5 times larger than standard types

Kanta-kun clothes dryer

ほやい 乾太くん



◆ Saves time on housework
Fast drying with the power of gas
Drying time for 5kg of clothes ~

Gas clothes dryer



5kg: Dries in approx. 52 minutes

8kg: Dries in approx. 80 minutes

Electric heat pump type Fully automatic washing/drying machine

Approx. 162 minutes

Electric heater type Fully automatic washing/drying machine

Approx. 281 minutes

Range hoods



◆ Automatically turns on when stove is lit

~ Promoting sales of stoves and range hoods as sets ~



Built-in Hobs (stovetops) with Multiple Color Choices

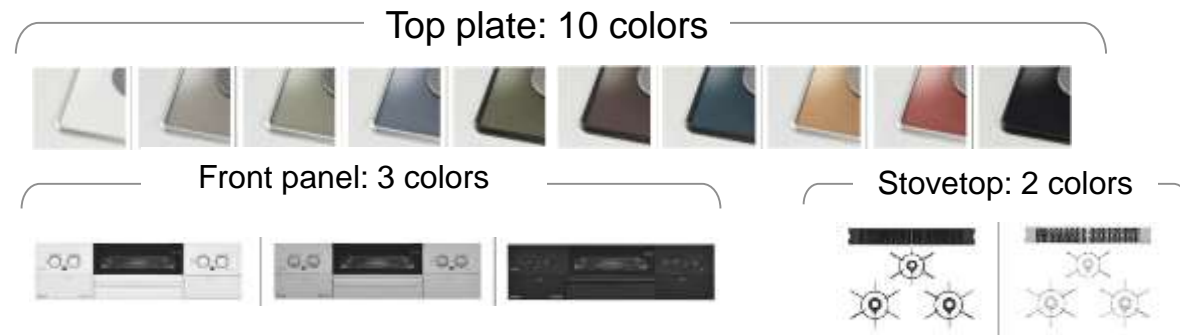
*60 possible combinations for your perfect kitchen

ILO



Retail price: ¥128,000
Launch date: April 25, 2019

Sales site:
<https://www.rinnai-style.jp/ilo/>



*Color simulation function helps find your favorite combination



Perform simulation of color combinations at the sales site, or get quote and place order directly via Internet

*Convenient function that makes cooking fun

Equipped with popular cooking functions found in other series



Auto-grill function



Cocotte plate



Rice-cooking function

Branding

With the aim of conveying a unified brand image globally, Rinnai has redesigned the basic design elements of its logo, which expresses its brand's worldview.

The new logo will be rolled out from April 1, 2019.

Old logo

Rinnai



New logo

Rinnai

Providing unique products and services based on the keywords of
“heat and living” and “health and living”

Connected in Passion for the Next 100 Years

“We want to improve people’s lives using heat.”

This is the commitment made 100 years ago by two men, impassioned by the blue flame of a stove.

That flame of passion has since overcome many challenges through multiple generations.

It still shines in the heart of every employee, reflecting our slogan, “Quality is our destiny.”

With this unwavering passion in mind, what can we do in the next 100 years?

To help people around the world live enhanced lives, we must keep moving forward.

We must “go beyond” and overcome new challenges.

Motivated by the flame of passion, unchanged since its inception, Rinnai will continue moving forward as a company that supports people’s lives around the world.



100th Anniv.

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.