

Financial Results for First Two Quarters of Fiscal 2020, ending March 31, 2020

November 7, 2019

Rinnai Corporation

Rinnai

Fiscal 2020 (2Q) : Consolidated Performance Overview

Net sales: ¥ 160.3 billion (down 1.5% year on year ; vs target: down 2.2 %)
On recovery path despite year-on-year revenue decline due to lower water heater sales in China, South Korea, and elsewhere

Operating income: ¥13.2 billion (up 7.3 % year on year; vs target: up 15.1%)
[operating income to net sales ratio: 8.3%]
Increase thanks to higher domestic sales and improved profits stemming from cost reduction activities

Ordinary income: ¥13.8 billion (down 2.1% year on year; vs target: up 14.5%)
[ordinary income to net sales ratio: 8.6%]
Decrease due to foreign exchange loss stemming from strong yen, despite higher operating income

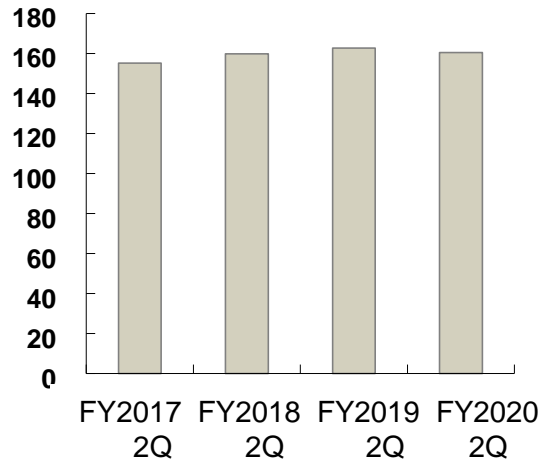
Net income attributable to owners of the parent company: **¥7.9 billion**
(down 9.2% year on year; vs target: down 3.8%)
[net income to net sales ratio: 5.0%]
Decrease due to early premium retirement allowance at Rinnai Korea

- Medium-term business plan “G-shift 2020” progressing smoothly in first half of fiscal year
- Year-on-year increase in operating income driven by strong domestic market

Fiscal 2020 (2Q) : Consolidated Financial Results

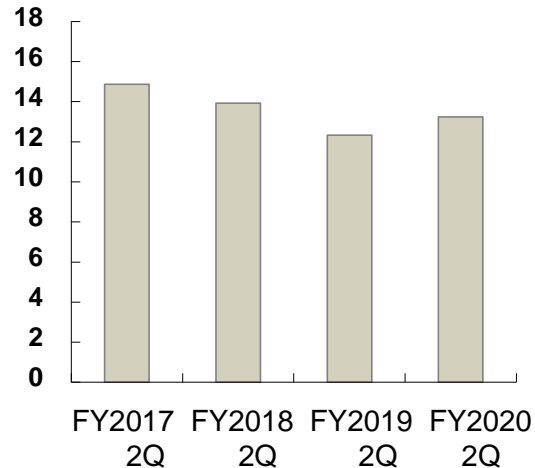
Net Sales

[Billions of Yen]



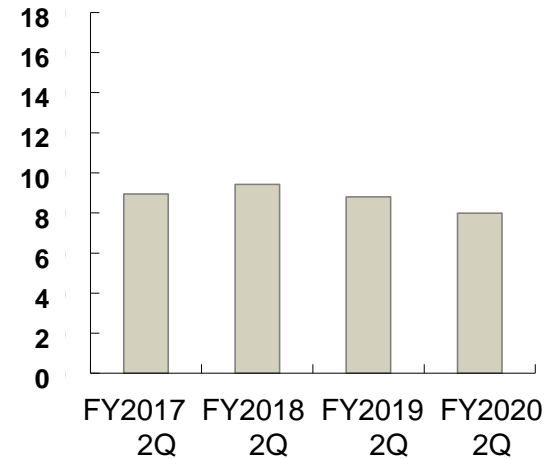
Operating Income

[Billions of Yen]



Attributable to owners of the parent company Net Income

[Billions of Yen]



- Slight year-on-year decrease in net sales due to lower overseas sales, despite record-high non-consolidated net sales
- Significant improvement in domestic income thanks to cost reductions; year-on-year operating income up for first time in three fiscal terms.

Fiscal 2020 (2Q): Net Sales by Product

[Billions of Yen]	Fiscal 2019 2Q		Fiscal 2020 2Q		YOY Change	
	Amount	% of total	Amount	% of total	Amount	(%)
Water heaters	95.58	58.7%	90.63	56.6%	-4.89	-5.1%
Kitchen appliances	40.23	24.7%	41.67	26.0%	+1.44	+3.6%
Air conditioning appliances	8.69	5.3%	9.37	5.8%	+0.67	+7.8%
Commercial-use equipment	4.09	2.5%	3.96	2.5%	-0.13	-3.2%
Others	14.13	8.7%	14.65	9.1%	+0.52	+3.7%
Total	162.75	100.0%	160.36	100.0%	-2.38	-1.5%

Fiscal 2020 (2Q): Consolidated Sales/Income Results

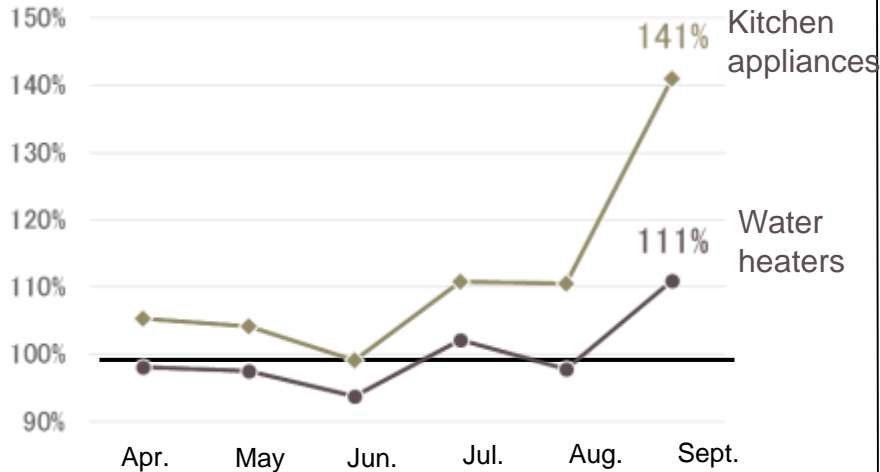
[Billions of Yen]	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Consolidated	160.36	-1.5%	13.24	+7.3%	8.3%	+0.7P



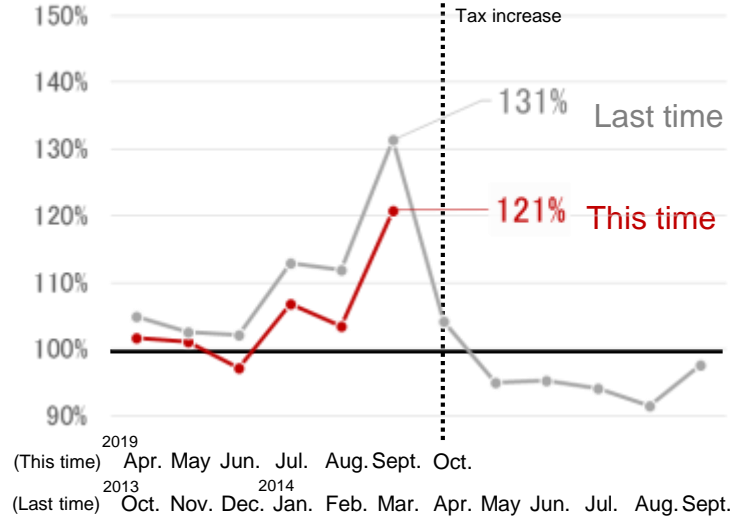
	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Rinnai	99.33	+3.7%	7.87	+44.6%	7.9%	+2.2P
Domestic	48.88	-15.6%	1.15	+6.7%	2.4%	+0.5P
Overseas	80.11	-5.8%	3.98	-36.1%	5.0%	-2.4P
Total	228.32	-4.4%	13.01	+2.0%	5.7%	+0.4P

Impact of Domestic Consumption Tax Hike

Main segment sales: April–September 2019
(Rinnai Corporation; year-on-year change in domestic sales)



Comparison with previous consumption tax hike
(Rinnai Corporation; year-on-year change in domestic sales)

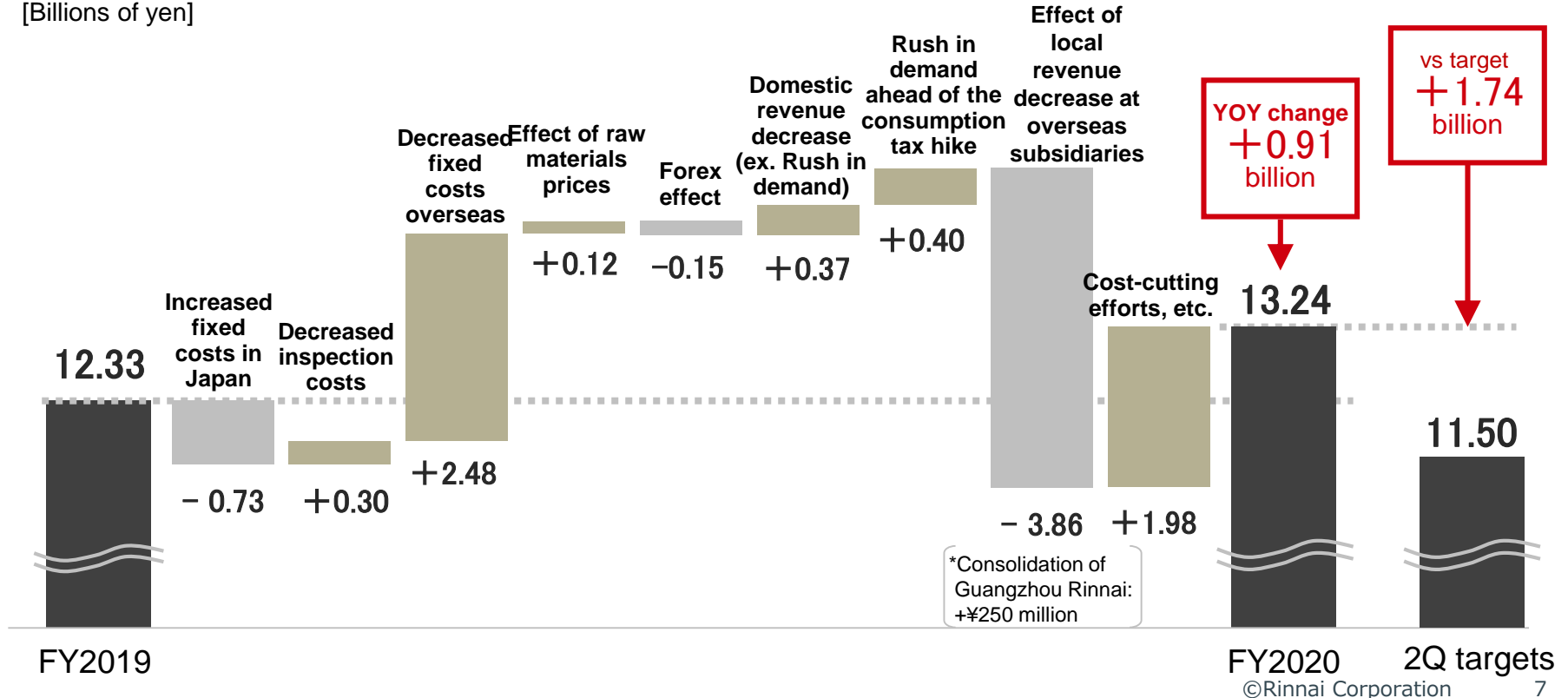


Last-minute demand rush concentrated in September (especially kitchen appliances) ahead of consumption tax hike

Impact from last-minute demand rush lower than last time, so recoil reduction in sales expected to be limited

Fiscal 2020 (2Q): Consolidated Operating Income

[Billions of yen]



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.