

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

February 12, 2020

Rinnai Corporation

**Rinnai**

# Fiscal 2020 (3Q) : Consolidated Performance Overview

**Net sales: ¥251.8 billion** (down 2.0% year on year)

Down due to overseas sales decline and foreign exchange factors, despite increase in domestic sales

**Operating income: ¥24.4 billion**

(up 10.2% year on year, operating income to net sales ratio: 9.7%)

Up thanks to improved domestic earnings and overseas recovery

**Ordinary income: ¥25.4 billion**

(up 5.5% year on year, ordinary income to net sales ratio: 10.1%)

Return to profitability owing to operating income boost in third quarter

**Net income attributable to owners of the parent company: ¥15.3 billion**

(up 2.2%, net income to net sales ratio: 6.1%)

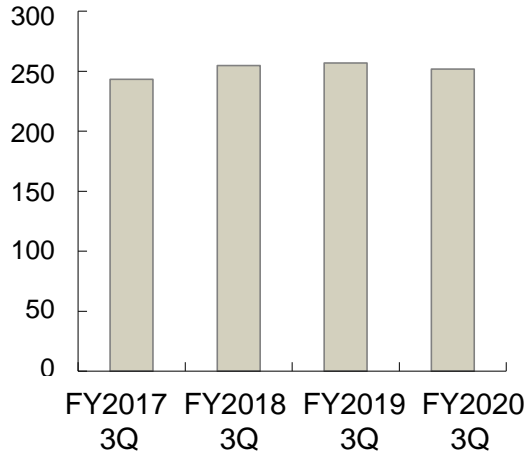
Return to profitability thanks to ordinary income increase, despite provision for early retirement allowance in South Korea in second quarter

- Medium-term business plan (G-shift 2020) progressing in line with projections
- Maintained increase in domestic sales and improved earnings despite recoil in demand following consumption tax hike

# Fiscal 2020 (3Q) : Consolidated Financial Results

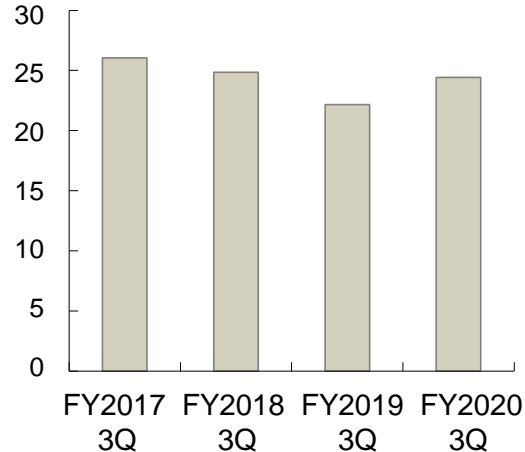
## Net Sales

[Billions of Yen]



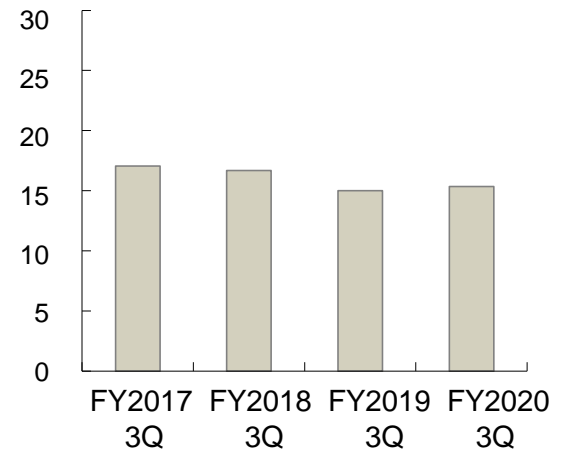
## Operating Income

[Billions of Yen]



## Attributable to owners of the parent company Net Income

[Billions of Yen]



- Slight year-on-year decrease due to lower overseas sales and foreign exchange factors, despite posting record-high domestic sales
- Domestic income up thanks to cost reductions and other factors; overseas income up due to recovery trend

# Fiscal 2020 (3Q): Net Sales by Product

[Billions of Yen]	Fiscal 2019 3Q		Fiscal 2020 3Q		YOY Change	
	Amount	% of total	Amount	% of total	Amount	(%)
Water heaters	147.37	57.4%	141.79	56.3%	-5.58	-3.8%
Kitchen appliances	67.38	26.2%	66.32	26.3%	-1.06	-1.6%
Air conditioning appliances	14.96	5.8%	14.69	5.8%	-0.27	-1.8%
Commercial-use equipment	6.15	2.4%	6.26	2.5%	+0.10	+1.7%
Others	21.00	8.2%	22.77	9.0%	+1.76	+8.4%
<b>Total</b>	<b>256.90</b>	<b>100.0%</b>	<b>251.85</b>	<b>100.0%</b>	<b>-5.04</b>	<b>-2.0%</b>

# Fiscal 2020 (3Q): Consolidated Sales/Income Results

[Billions of Yen]	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
<b>Consolidated</b>	251.85	-2.0%	24.44	+10.2%	9.7%	+1.1P



	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
<b>Rinnai</b>	157.73	+1.6%	14.12	+21.9%	9.0%	+1.5P
<b>Domestic</b>	78.02	-15.4%	2.81	+10.8%	3.6%	+0.9P
<b>Overseas</b>	122.39	-3.8%	7.06	-18.3%	5.8%	-1.0P
<b>Total</b>	358.15	-4.4%	23.99	+5.4%	6.7%	+0.6P

\* Early retirement payments in South Korea had ¥690 million negative impact on operating income (recorded as extraordinary loss at time of consolidation)

# Rinnai (non-consolidated basis), Fiscal 2020 (3Q) Results

## Performance

[Billions of Yen]	Fiscal 2019 3Q	Fiscal 2020 3Q	YOY Change
Net Sales	155.17	157.73	+1.6%
Operating Income	11.58	14.12	+21.9%

◆ Operating income up thanks to higher revenue buoyed by healthy sales of gas clothes dryers, as well as cost reduction benefits

## Main Products (Domestic Sales)

[Sales Volume]	YOY Change
Water heater with heating systems (including hybrid water heater)	+2.9% (-7.5%)
Water heater with bath-filling systems	-2.4%
Built-in hobs (stovetops)	+2.3%



Hybrid water heater with heating systems



Built-in hobs (stovetops)



Gas clothes dryers

# Rinnai America, Fiscal 2020 (3Q) Results

## Performance

Established:1974

[Billions of Yen]	Fiscal 2019 3Q	Fiscal 2020 3Q	YOY Change (yen)	YOY Change (local currency)
Net Sales	21.47	23.89	+11.2%	+11.8%
Operating Income	0.57	1.21	+110.4%	+111.5%

◆ Revenue up thanks to new products introduced (water heaters in previous fiscal year and boilers in year under review); income up significantly, boosted by decrease in sales promotion expenses

## Main Products

[Sales Volume]	YOY Change
Tankless water heaters	+7.6%

**SENSEI™**



Tankless water heaters



Fanned flue heaters



Commercial-use water heaters

# Rinnai Australia, Fiscal 2020 (3Q) Results

## Performance

Established:1971

[Billions of Yen]	Fiscal 2019 3Q	Fiscal 2020 3Q	YOY Change (yen)	YOY Change (local currency)
Net Sales	18.95	18.23	-3.8%	+4.8%
Operating Income	1.86	0.86	-53.7%	-49.5%

◆ Despite healthy sales of water heaters and air conditioners, sales down due to foreign exchange factors; income down due to higher purchasing costs

## Main Products

[Sales Volume]

YOY Change

Tankless water heaters

+4.9%

Electric tank-based water heaters

+13.8%

Duct-type air-conditioning and heating systems

-1.5%

Room air conditioners

+147.0%



Tankless water heaters



Electric tank-based water heaters



Duct-type air-conditioning and heating systems



# Shanghai Rinnai, Fiscal 2020 (3Q) Results

## Performance

Established: 1993

[Billions of Yen]	Fiscal 2019 3Q	Fiscal 2020 3Q	YOY Change (yen)	YOY Change (local currency)
Net Sales	34.10	29.74	-12.8%	- 7.9%
Operating Income	2.71	2.55	- 5.9%	- 0.7%

◆ Decreases in both sales and income due to significant fall in boiler demand, despite healthy sales of water heaters (which are on recovery trend)

## Main Products

[Sales Volume]	YOY Change
Water heaters	-2.8%
Stoves	+2.4%
Range hoods	+20.5%
Boilers	-33.9%



Gas water heaters



Built-in hobs  
(stovetops)



Boilers

# Rinnai Korea, Fiscal 2020 (3Q) Results

## Performance

Established:1974

[Billions of Yen]	Fiscal 2019 3Q	Fiscal 2020 3Q	YOY Change (yen)	YOY Change (local currency)
Net Sales	22.84	19.45	-14.9%	-9.1%
Operating Income	-0.34	-1.24	-	-

◆ Sales down due to market contraction stemming from economic slowdown; operating loss posted

\* Early retirement payments in South Korea had ¥690 million negative impact on operating income (recorded as extraordinary loss at time of consolidation)

## Main Products

[Sales Volume]	YOY Change
Boilers	-5.3%
Gas stoves	-20.4%
IH cooking heaters	-12.9%



Gas stoves



IH cooking heaters



Boilers

# P.T. Rinnai Indonesia, Fiscal 2020 (3Q) Results

## Performance

Established:1988

[Billions of Yen]	Fiscal 2019 3Q	Fiscal 2020 3Q	YOY Change (yen)	YOY Change (local currency)
Net Sales	10.00	8.41	-15.9%	-14.4%
Operating Income	1.38	1.00	-27.5%	-26.2%

◆ Declines in sales and income due to lack of strength in market for mainstay tabletop stoves

## Main Products

[Sales Volume]	YOY Change
Table-top cookers	-21.2%
Built-in hobs (Stovetops)	-4.6%



Table-top cookers



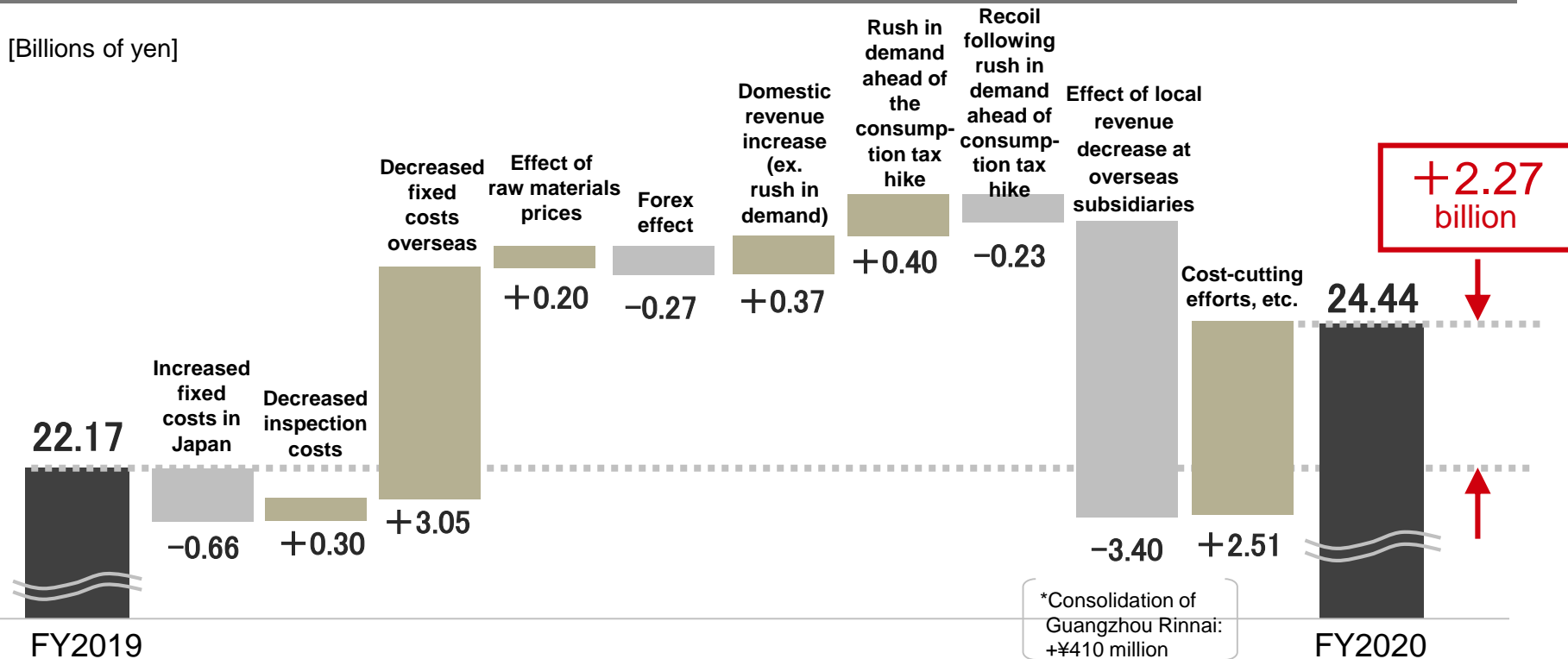
Built-in hobs (stovetops)



Range hoods

# Fiscal 2020 (3Q): Consolidated Operating Income Analysis

[Billions of yen]



# Micro Bubble Bath Unit (New Product)

## Micro Bubble Bath Unit



Amazing Experience  
Amazing Technology

**Retail price: ¥118,000 (Micro Bubble Bath Unit)**

Scheduled for release on April 21, 2020

\*Retail price for bath water heating system with Micro Bubble Bath Unit embedded: ¥450,000–495,000

Compared with conventional systems, micro-bubble systems produce around twice the number of bubbles (2.7 times for nano-sized bubble systems). These bubbles are gentler to the body and provide a more relaxing bathing experience



### ◆Micro-bubble foam envelopes the body to prolong warmth

The enveloping foam transfers water heat gently to the body, which then stays warm after emerging from the bath

### ◆Gently removes dirt on the surface of the skin

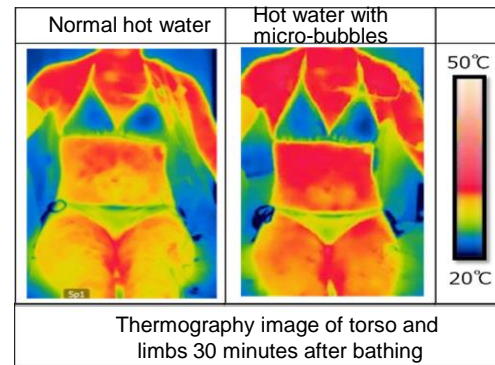
The tiny micro-bubbles gently remove grime (dirt and dust) from the skin surface

\* Not all grime on the body will be removed by using Micro Bubble Bath Unit

### ◆Flexible installation

The Micro Bubble Bath Unit can be attached to existing bathwater heater, simply by replacing the circulation bracket and remote control

\* water heater with bath-filling system with embedded Micro Bubble Bath Unit also included in lineup (only for Model 24 bathwater heaters)



# Commercial Gas Clothes Dryer (New Product)



はやい  
乾太くん

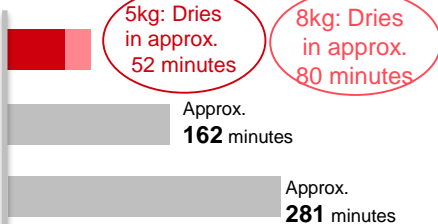
Scheduled for release  
on March 2020

Retail price: 8kg model: ¥194,000; 5kg model: ¥164,000

## ◆ Fast drying thanks to power of gas

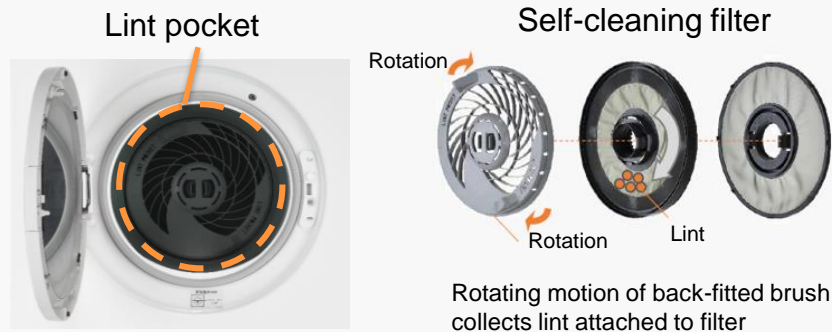
Gas clothes dryer *Kanta-kun*

はやい  
乾太くん



## ◆ Fitted with self-cleaning filter (new function)

Equipped with a self-cleaning filter that collects lint from clothing while drying (lint is collected in a compact lint pocket), reducing the required frequency of filter maintenance



Gas clothes dryers, which dry allow clothes quickly without the need for hanging outside, are being used more in medical and nursing care facilities that generate large volumes of items requiring washing

# Built-in Hobs (Stovetops) DELICIA

## DELICIA



Retail price: ¥280,000–¥319,000

Launch date: 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



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 recipes using other cooking utensils

# Environmental Initiatives

## ◆ Participated in EcoPro environmental exhibition (7th consecutive year)

In December 2019, Rinnai participated in EcoPro 2019, Japan's largest environmental exhibition (held at Tokyo Big Site), for the seventh consecutive year.

As a company that offers healthy and comfortable lifestyles to society, we explained our connection to the SDGs and introduced our products.



## ◆ “Incentive Prize” received at EcoPro Awards 2019

Rinnai Corporation received an “Incentive Prize” at the second annual EcoPro Awards (hosted by Japan Environmental Manager Association for Industry, or JEMA). The prize was in recognition of our development of optimal water heaters and room heating systems that conform to environmental conditions in each country/region.



EcoPro Awards



ECO ONE hybrid water heater  
with heating system (Japan)



SENSEI series of high-efficiency  
gas tankless water heaters (USA)

Contributing to the environment and improving our ESG credibility  
through the popularization of energy-saving water heaters



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.