



Presentation of Financial Results for Third Quarter in Dec.2008

2009/2/10

DAIKIN INDUSTRIES, LTD.

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■ FY2008.3Q Business Results(Company-wide)

(¥1billion)

| | 3Q(Oct.-Dec.) | | |
|--|----------------|-----------------------|-------------|
| | FY07 | FY08 | Y/y changes |
| Net Sales | 296.6 | 274.5 | ▲7% |
| Operating Income (Percentage of income to net sales) | 22.9 (7.7%) | 4.4 (1.6%) | ▲81% |
| Ordinary Income (Percentage of income to net sales) | 23.5 (7.9%) | 2.2 (0.8%) | ▲91% |
| Net Income (Percentage of income to net sales) | 14.8 (5.0%) | ▲ 6.0 (—) | — |

| 1-3Q(Apr.-Dec.) | | |
|------------------|-----------------------|-------------|
| FY07 | FY08 | Y/y changes |
| 952.1 | 941.4 | ▲1% |
| 103.6 (10.9%) | 69.6 (7.4%) | ▲33% |
| 100.2 (10.5%) | 64.8 (6.9%) | ▲35% |
| 63.9 (6.7%) | 32.7 (3.5%) | ▲49% |

FX rate

| | | | |
|----------|------|-------------|---|
| Yen/1USD | ¥113 | ¥96 | — |
| Yen/1EUR | ¥164 | ¥127 | — |

| | | |
|------|-------------|---|
| ¥117 | ¥103 | — |
| ¥163 | ¥151 | — |

■ FY2008.3Q Business Results by segments

(¥1billion)

| Net sales | 3Q(Oct.-Dec.) | | |
|------------------|---------------|-------|-------------|
| | FY07 | FY08 | Y/y changes |
| Air-conditioning | 258.8 | 242.2 | ▲6% |
| Chemicals | 26.3 | 22.7 | ▲14% |
| Others | 11.5 | 9.5 | ▲17% |
| Total | 296.6 | 274.5 | ▲7% |

| 1-3Q(Apr.-Dec.) | | |
|-----------------|-------|-------------|
| FY07 | FY08 | Y/y changes |
| 841.5 | 829.5 | ▲1% |
| 83.7 | 83.7 | — |
| 26.9 | 28.2 | +5% |
| 952.1 | 941.4 | ▲1% |

| Operating Income | 3Q(Oct.-Dec.) | | |
|------------------|---------------|------|-------------|
| | FY07 | FY08 | Y/y changes |
| Air-conditioning | 23.2 | 9.6 | ▲59% |
| Chemicals | ▲0.5 | ▲4.9 | — |
| Others | 0.1 | ▲0.3 | — |
| Total | 22.9 | 4.4 | ▲81% |

| 1-3Q(Apr.-Dec.) | | |
|-----------------|------|-------------|
| FY07 | FY08 | Y/y changes |
| 99.2 | 71.3 | ▲28% |
| 4.6 | ▲1.1 | — |
| ▲0.2 | ▲0.6 | — |
| 103.6 | 69.6 | ▲33% |

■ 3Q Business Review by Segments

Air-conditioning business

Domestic: ▪ Industry demand showed a decline for the same period of the previous year for both RA and PA due to the impact of suppressed capital expenditures and sluggish consumer spending.

- We had aimed for expansion of sales through our proposal business directed at obtaining replacement demand and development of sales promotion activities centered on high value-added products; however, results fell below those of last year.

Europe: ▪ Within the decline in demand in all regions centered on the main countries, emphasis was placed on a shift to commercial air conditioning and expansion of share.

- Although we had attempted new business expansion looking for mid- to long-term growth in such areas as heating systems and sales in Russia and the regions of Central and East Europe, total sales were lower than the previous year.
- Sales for heat pump equipped heating system were favorable and achieved a substantial expansion that was four times that of the previous year.

China: (from July to November) ▪ The contraction in the economy and worsening of the real estate market became strikingly apparent at the time of Beijing Olympics, but demand was solid due to a sales expansion achieved through meticulous sales activities, ranging from VRV building type systems to residential air conditioners, and development of regional sales outlets.

■ 3Q Business Review by Segments

America : · Even within the stagnant residential construction market in North America, sales of building air conditioning systems were solid and maintained a level of sales on par with the previous year.

Asia/Oceania: · A decline in demand due to the slowdown was particularly acute in Australia where the number of sales fell below the previous year.

Chemicals

The chemicals business was substantially impacted from reduced demand due to simultaneous recessions occurring worldwide, and there was a steep drop in sales from the second half of the fiscal year.

Profit and loss worsened severely in the 3rd Quarter over the previous year by such influences as declining sales, appreciating yen in the currency exchanges, and soaring market conditions for raw materials.

- Sales for fluoropolymers decreased severely due to the steep decline in demand in markets related to semiconductors and automobiles.
 - The situation for fine chemicals declined in sales for the 3rd Quarter compared to the previous year with a large decrease in demand for products such as water and oil repellents in the United States and other countries.
-

■ Annual Business Forecast for FY2008(Company-wide)

(¥1billion)

| | FY2007 Actual Result | FY2008 Previous Forecast (Revised on Nov.) | FY2008 Revised Forecast | Changes from the previous forecast | Y/y Changes |
|--|-------------------------------------|---|--|---|------------------------|
| Net Sales | 1,290.9 | 1,300.0 | 1,200.0 | ▲100.0 | ▲7% |
| Operating Income (Percentage of income to net sales) | 128.5 (10.0%) | 105.0 (8.1%) | 60.0 (5.0%) | ▲45.0 | ▲53% |
| Ordinary Income (Percentage of income to net sales) | 122.1 (9.5%) | 100.0 (7.7%) | 52.0 (4.3%) | ▲48.0 | ▲57% |
| Net Income (Percentage of income to net sales) | 75.2 (5.8%) | 61.0 (4.7%) | 25.0 (2.1%) | ▲36.0 | ▲67% |
| FX rate | | | | | |
| Yen/1USD | ¥114 | ¥103 | ¥100 | — | — |
| Yen/1EUR | ¥162 | ¥144 | ¥142 | — | — |

*Effects of FX(Y/y)

On Net Sales: ▲100.5billion yen

On Operating Income: ▲27.5billion yen

■ Annual Business Forecast for FY2008(by Segments)

(¥1billion)

| Net sales | FY2007 Actual Result | FY2008 Previous Forecast (Revised on Nov.) | FY2008 Revised Forecast | Changes from the Previous Forecast | Y/y Changes |
|------------------|----------------------|--|-------------------------|------------------------------------|-------------|
| Air-conditioning | 1,131.7 | 1,132.0 | 1,057.0 | ▲75.0 | ▲7% |
| Chemicals | 116.1 | 120.0 | 100.0 | ▲20.0 | ▲14% |
| Others | 43.1 | 48.0 | 43.0 | ▲5.0 | — |
| Total | 1,290.9 | 1,300.0 | 1,200.0 | ▲100.0 | ▲7% |

| Operating Income | FY2007 Actual Result | FY2008 Previous Forecast (Revised on Nov.) | FY2008 Revised Forecast | Changes from the Previous Forecast | Y/y Changes |
|------------------|----------------------|--|-------------------------|------------------------------------|-------------|
| Air-conditioning | 124.6 | 96.5 | 68.0 | ▲28.5 | ▲45% |
| Chemicals | 3.5 | 7.0 | ▲7.5 | ▲14.5 | — |
| Others | 0.4 | 1.5 | ▲0.5 | ▲2.0 | — |
| Total | 128.5 | 105.0 | 60.0 | ▲45.0 | ▲53% |

■ Main reasons for revision of Business Forecast FY2008

| | Net Sales | Operating Income |
|---------------------------------------|----------------|------------------|
| Previous Forecast | 1,300.0 | 105.0 |
| Demand decline | ▲100.0 | ▲52.0 |
| Air-conditioning | ▲75.0 | ▲35.0 |
| Chemicals | ▲20.0 | ▲14.5 |
| Others | ▲5.0 | ▲2.5 |
| Cost reduction/Supress fixed expenses | — | +7.0 |
| Exchange fluctuations | — | — |
| Revised Forecast | 1,200.0 | 60.0 |

(¥1billion)

■ Themes for Securing Profits

We have prepared for the risk of a further worsening of the economy and are currently executing with an intention to definitely achieve the essential points of measures to secure short-term profits.

1. Suppression of fixed costs
 - Reduction of expenses and careful suppression of expense outflows to outsourcing companies
2. Reduction and postponement of investment in facilities
3. Reduction in the amount of variable costs
 - Confront the weakening of the market before us
 - Attempt to maximize the merits of yen appreciation by expanding global procurement
4. Further expansion of favorable fields, regions, and products such as heating systems in Europe.

Reference

Foreign Exchange

Exchange rate

| | FY2007 Actual Result | | FY2008 Plan | | |
|---------|----------------------|------|-------------------|------|------|
| | 3Q | 2H | 3Q(Actual Result) | 4Q | 2H |
| Yen/USD | ¥113 | ¥109 | ¥96 | ¥90 | ¥93 |
| Yen/EUR | ¥164 | ¥162 | ¥127 | ¥115 | ¥121 |

Sensibility of Foreign Exchange

(Impact of change by one yen to operating income)

| | '08 2nd half (average from Oct. to Mar.) | '08 Total (Original Forecast) |
|-----|---|----------------------------------|
| USD | *0.25 billion yen | *0.6 billion yen |
| EUR | 0.25 billion yen | 0.6 billion yen |

*Including Chinese Yuan,
AUS\$,THB

■ Sales by region: Air-conditioning Business

(¥1billion)

| | FY04 1~3Q | | FY05 1~3Q | | FY06 1~3Q | | FY07 1~3Q | | FY08 1~3Q | |
|--------------|-----------|--------------|-----------|--------------|-----------|--------------|-----------|--------------|-----------|--------------|
| Japan | 111% | 235.9 | 104% | 245.0 | 107% | 262.9 | 104% | 274.7 | 103% | 282.0 |
| Europe | 146% | 127.6 | 95% | 121.1 | 128% | 155.4 | 164% | 255.5 | 87% | 221.7 |
| China | 124% | 38.6 | 116% | 44.6 | 132% | 58.9 | 174% | 102.5 | 109% | 111.3 |
| Asia | 100% | 18.0 | 129% | 23.3 | 128% | 29.7 | 249% | 74.1 | 105% | 78.1 |
| America | 151% | 1.2 | 161% | 2.0 | 243% | 4.9 | 1627% | 79.6 | 100% | 79.3 |
| Oceania | 140% | 20.8 | 99% | 20.5 | 127% | 26.0 | 131% | 34.2 | 86% | 29.4 |
| Middle east | 137% | 2.6 | 137% | 3.6 | 116% | 4.2 | 350% | 14.6 | 136% | 19.8 |
| Africa | 132% | 2.2 | 124% | 2.7 | 105% | 2.8 | 227% | 6.4 | 122% | 7.9 |
| Total | 121% | 447.0 | 104% | 462.9 | 118% | 544.9 | 154% | 841.5 | 99% | 829.4 |

| | | | | | |
|----------------------|------|------|------|------|------|
| Overseas Sales ratio | 47% | 47% | 52% | 67% | 66% |
| FX rate(USD/Yen) | ¥109 | ¥112 | ¥116 | ¥117 | ¥103 |
| (EUR/Yen) | ¥135 | ¥137 | ¥148 | ¥163 | ¥151 |

■ Sales by region: Chemicals

(¥1billion)

| | FY04 1~3Q | | FY05 1~3Q | | FY06 1~3Q | | FY07 1~3Q | | FY08 1~3Q | |
|--------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|
| Japan | 113% | 30.6 | 105% | 32.2 | 109% | 35.3 | 103% | 36.4 | 94% | 34.2 |
| America | 121% | 21.7 | 105% | 22.7 | 110% | 25.0 | 89% | 22.1 | 96% | 21.2 |
| Asia | 138% | 8.7 | 90% | 7.8 | 79% | 6.1 | 105% | 6.4 | 104% | 6.7 |
| China | 120% | 5.8 | 125% | 7.3 | 120% | 8.7 | 120% | 10.5 | 120% | 12.6 |
| Europe | 110% | 5.2 | 104% | 5.4 | 129% | 6.9 | 118% | 8.2 | 99% | 8.1 |
| Others | 157% | 0.16 | 94% | 0.15 | 101% | 0.15 | 84% | 0.13 | 731% | 0.95 |
| Total | 118% | 72.1 | 105% | 75.6 | 109% | 82.2 | 102% | 83.7 | 100% | 83.7 |

| | | | | | |
|----------------------|------|------|------|------|------|
| Overseas sales ratio | 58% | 57% | 57% | 57% | 60% |
| FX rate(USD/Yen) | ¥109 | ¥112 | ¥116 | ¥117 | ¥103 |
| (EUR/Yen) | ¥135 | ¥137 | ¥148 | ¥163 | ¥151 |



Notes on forecast

- This data is compiled for informational purposes and is not to be construed as a solicitation of any action. This data (includes management plan) was compiled by Daikin Industries, Ltd. (the Company) based on reliable information available at the time of compilation. It may include some risks and uncertainties. The Company is not responsible for its accuracy or completeness.
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