



Presentation of Financial Results for the First Quarter in Jun.2009

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DAIKIN INDUSTRIES, LTD.

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**. Financial Results for the 1Q
in Jun.2009**

Business Results (Company-wide)



(Unit: Billion yen)

	1Q(Apr.-Jun.)		
	FY08	FY09	Y/y changes
Net Sales	318.5	232.3	▲27%
Operating Income <small>(Percentage of income to net sales)</small>	3.3 (1.0%)	0.5 (0.2%)	▲84%
Ordinary Income <small>(Percentage of income to net sales)</small>	34.2 (10.7%)	6.5 (2.8%)	▲81%
Net Income <small>(Percentage of income to net sales)</small>	18.8 (5.9%)	2.3 (1.0%)	▲88%

Y/y change
excluding the
effect of FX

▲19%

▲69%

<Reference>

1st half(Apr.-Sep.)		
FY08	FY09	Y/y changes
667.3	525.0	▲21%
65.6 (9.8%)	18.0 (3.4%)	▲73%
63.1 (9.5%)	15.0 (2.9%)	▲76%
38.9 (5.8%)	3.0 (0.6%)	▲92%

FX rate

Yen/1USD	¥105	¥97	—
Yen/1EUR	¥163	¥133	—

¥106	¥90	—
¥163	¥120	—

※Effects of FX(Y/y) On sales: ▲24.4 billion yen

On operating Income: ▲5.1 billion yen

<Business Environment>

- Within the measures taken for economic stimulus and financial stabilization in each country, signs of economic recovery can be seen in parts of the emerging economies beginning with China; however, a full-scale recovery has not yet been reached in the main market such as Japan, Europe, and the United States.
- Generally, though there is a difference in each region or commodity, the tough situation continues concerning the world demand for air-conditioning equipment, Fluorochemical, and Oil Hydraulic equipment which is our main business.

<Daikin>

- Under such a business environment, we work for share increase of existing products and sales expansion of an environmental related product which has steady demand under the recession. We also promote the reduction of costs, capital expenditure, and compression of the inventory, strategic relocation of personnel etc..
- Sales and the operating profit in 1Q became great decrease compared with the previous year, but the results almost the same as the original forecast.
- Though the business environment since the second quarter is also opaque, we continuously promote the constitution reform aiming at the forecast achievement at this year.

■ Business Review by Segments



(Unit: Billion yen)

Net sales	1Q(Apr.-Jun.)		
	FY08	FY09	Y/y changes
Air-conditioning	282.9	212.0	▲ 25%
Chemicals	28.5	16.1	▲ 44%
Others	7.1	4.2	▲ 41%
Total	318.5	232.3	▲ 27%

Operating Income	1Q(Apr.-Jun.)		
	FY08	FY09	Y/y changes
Air-conditioning	34.1	8.8	▲ 74%
Chemicals	0.3	▲ 2.1	—
Others	▲ 0.6	▲ 1.4	—
Total	33.9	5.3	▲ 84%

Business Review by Segments



Japanese Air-conditioning

- Industry demand in both residential-use and commercial-use declined over the previous year and was impacted by weak consumer spending and restraint in capital expenditures.
- In residential-use, sales of energy-saving products which is the target equipment for eco-point system were favorable, but non-target equipment were sluggish and total sales volume declined from the previous year.

■ Unit sales of AC for entire Japanese AC market

(1,000units)	FY2009			
	1Q	Y/y	Yearly plan	Y/y
Residential	1,924	▲6%	6,800	▲10%
Commercial	156	▲18%	680	▲6%

■ Unit sales of Daikin for the entire Japanese AC market

Residential	—	▲6%	—	+2%
Commercial	—	▲17%	—	▲1%

Overseas Air-conditioning

<Europe>

- Severe condition for the air-conditioning demand continues because of the economic stagnation in Europe that is the main market.
- Italy and Spain were blessed with good weather from the middle of May, and sales centering on residential-use have expanded, but in the markets in the major countries of Western Europe, demand decreases continuously last year.
- Sales for heat pump type hot water heating system has exceeded in the previous year by launching new products and the expansion of the selling area.

<China(Jan.-Mar.)>

- The economic recession and deterioration in the real estate market coming on the heels of the last year's Beijing Olympics was remarkable. Demand in both residential-use and commercial-use have substantially dropped, and sales fell below the previous year.
- In the economic environment that has been in a recovery since May, we aim to exceed sales we planned by rapidly developing the important measures such as sales expansion that has followed from coastal areas to the inland areas and applied products along with progress being made due to greater demand related to public works projects and also starting up of heating business.

■ Business Review by Segments



Overseas Air-conditioning

<America>

- Because of the stagnant demand in housing and construction, the tough situation continues concerning for air-conditioning demand.
- We aim to increase share against the background of the rise of environmental awareness by promoting the expansion of the applied solution business which make use of energy-saving and inverter technology.

<Asia/Oceania>

- Demand in Australia has also increased through support measures for home purchasing, and the sales volume of residential-use air-conditioning exceeded the previous year. There has been a favorable shift to East Asia as well.

Chemicals

- Though the demands for fluorochemicals are still severe, the signs of economic recovery can be seen in part of the demand toward the markets relating to semiconductors and automobiles.
- Sales expansion of new products for fluoropolymers in the American LAN market has proceeded.
- We proceed forward to reform the business constitution (reducing expenses, narrowing down of capital expenditures, shifting personnel, etc.) and aim at the turnaround.

Oil Hydraulics

- Demand for Hydraulic equipment for both industrial machinery and construction and automobile has been struggling, and the recovery is not seen still.
- We persist in the reduction of costs to reduce the profit deterioration now.

II. Reference

■ Capex and Depreciation

	FY2008		FY2009	
	1Q	Total	1Q Actual Results	Total plan
Capex	134	606	72	350
Depreciation	100	438	93	410

■ Exchange rate

	FY2008 Actual Result			FY2009 Plan	
	1Q	1st half	Total	1Q Actual Result	Total
Yen/USD	¥105	¥106	¥101	¥97	¥90
Yen/EUR	¥163	¥163	¥143	¥133	¥120

■ Sensibility of Foreign Exchange

(Impact of change by one yen to operating income)

	2009年度計画
US\$	*0.5億円
EUR	0.5億円

*Including Chinese Yuan,AUS\$,THB

■ Sales by region (Air-conditioning)



Unit: Billion yen

	FY05 1Q		FY06 1Q		FY07 1Q		FY08 1Q		FY09 1Q	
Japan	103%	80.4	104%	83.9	110%	91.9	101%	93.2	84%	78.0
Europe	129%	49.9	105%	52.4	212%	111.2	79%	88.3	68%	59.7
China	107%	11.1	123%	13.7	180%	24.7	124%	30.7	70%	21.4
Asia	136%	8.0	141%	11.4	194%	22.0	126%	27.7	70%	19.4
America	168%	0.6	178%	1.0	2367%	24.4	98%	24.0	82%	19.7
Oceania	107%	5.9	111%	6.6	146%	9.6	111%	10.7	77%	8.2
Middle east	109%	1.4	72%	1.0	429%	4.3	151%	6.4	49%	3.2
Africa	108%	0.6	130%	0.8	230%	1.8	105%	1.9	127%	2.4
Total	112%	158.0	108%	170.8	170%	289.9	98%	282.9	75%	212.0

Overseas Sales ratio	49%	51%	68%	67%	63%
FX rate(USD/Yen)	¥108	¥115	¥121	¥105	¥97
(EUR/Yen)	¥136	¥144	¥163	¥163	¥133

■ Sales by region (Chemicals)



Unit: Billion yen

	FY05 1Q		FY06 1Q		FY07 1Q		FY08 1Q		FY09 1Q	
Japan	108%	10.7	102%	11.0	105%	11.5	105%	12.1	53%	6.4
America	101%	7.1	119%	8.5	86%	7.3	105%	7.7	60%	4.6
Asia	96%	2.7	67%	1.8	106%	1.9	123%	2.4	63%	1.5
China	113%	2.0	121%	2.4	114%	2.7	121%	3.3	61%	2.0
Europe	101%	1.5	114%	1.7	148%	2.6	113%	2.9	46%	1.3
Others	153%	0.04	64%	0.03	85%	0.02	753%	0.18	142%	0.25
Total	104%	24.1	105%	25.4	102%	26.0	110%	28.5	57%	16.1

Overseas sales ratio	55%	57%	56%	58%	60%
FX rate(USD/Yen)	¥108	¥115	¥121	¥105	¥97
(EUR/Yen)	¥136	¥144	¥163	¥163	¥133



DAIKIN INDUSTRIES, LTD.

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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