



Presentation of Financial Results for the First Quarter in June 2011

August 8, 2011

DAIKIN INDUSTRIES, LTD.

Financial Results for the First Quarter in June 2011

- Summary of First Quarter Financial Results.....P.3
- Results by SegmentsP.4-11
 - First Quarter Sales and Operating Profit by Division
 - Sales by region: Air-conditioning Business, Chemicals
 - Overall First Quarter Divisional Performance

Summary of First Quarter Financial Results



○ Concentrated measures * were linked to the supply chain for the problem of parts shortages resulting from the earthquake, and the impact to the product supply was minimized.

***Concentrated measures for parts shortage:**

Recovery support to suppliers, substitution parts development, frontloading the development period, close inspection and management of parts and parts inventory, etc.

○ Demand was captured for electric power conservation from power shortages, and efforts were made to increase sales of energy-saving equipment and power conservation solutions.

○ Sales expanded in both the air conditioning and chemicals businesses by capitalizing on increased demand in emerging countries such as those in Asia.

○ Price hikes were implemented to absorb the soaring market prices for raw materials.

(Unit: billion yen)

	1Q(Apr.-Jun.)		
	FY10	FY11	Y/y changes
Net Sales	260.9	297.7	114%
Operating Income <small>(Percentage of income to net sales)</small>	15.7 <small>(6.0%)</small>	20.4 <small>(6.9%)</small>	130%
Ordinary Income <small>(Percentage of income to net sales)</small>	15.0 <small>(5.8%)</small>	20.8 <small>(7.0%)</small>	138%
Net Income <small>(Percentage of income to net sales)</small>	6.6 <small>(2.5%)</small>	12.5 <small>(4.2%)</small>	188%

FY2011 Forecast			
1H	Y/y changes	Total	Y/y changes
630.0	110%	1310.0	113%
41.0 <small>(6.5%)</small>	101%	85.0 <small>(6.5%)</small>	113%
41.0 <small>(6.5%)</small>	105%	82.0 <small>(6.3%)</small>	110%
20.0 <small>(3.2%)</small>	366%	41.0 <small>(3.1%)</small>	206%

FX rate

Yen/1USD	¥92	¥82	—
Yen/1EUR	¥117	¥117	—

¥80
¥115

***Effects of FX (Year on year)**

On sales: ▲9.0 billion yen

On Operating Income: ▲1.5 billion yen

*Numerical values for forecast results in the first half and the fiscal year remain unchanged.

■ First Quarter Sales and Operating Profit by Division

		FY2010 1Q Result	FY2011 1Q Result	Y/y Changes	FY2011 Forecast	Y/y changes
Total	Sales	260.9	297.7	114%	1,310.0	113%
	Operating Income <small>(Percentage of income to net sales)</small>	15.7 (6.0%)	20.4 (6.9%)	130%	85.0 (6.5%)	113%
Air-Conditioning	Sales	229.5	259.5	113%	1,126.0	112%
	Operating Income <small>(Percentage of income to net sales)</small>	15.9 (6.9%)	16.6 (6.4%)	104%	70.0 (6.2%)	108%
Chemicals	Sales	25.4	30.9	122%	140.0	122%
	Operating Income <small>(Percentage of income to net sales)</small>	0.7 (2.6%)	4.3 (14.0%)	664%	14.0 (10.0%)	129%
Others	Sales	6.0	7.3	121%	44.0	107%
	Operating Income <small>(Percentage of income to net sales)</small>	▲ 0.9 —	▲ 0.5 —	—	1.0 (2.3%)	—

Sales by region: Air-conditioning Business



Unit: Billion yen

<Reference>
Published in May

	FY07 1Q		FY08 1Q		FY09 1Q		FY10 1Q		FY11 1Q		FY11 Forecast	
Japan	110%	91.9	101%	93.2	84%	78.0	103%	80.6	119%	95.6	104%	380.0
Europe	212%	111.2	79%	88.3	68%	59.7	96%	57.6	106%	60.8	114%	244.0
China	180%	24.7	124%	30.7	70%	21.4	145%	31.0	120%	37.1	120%	195.0
Asia	193%	22.0	126%	27.7	70%	19.4	126%	24.4	123%	30.2	125%	137.0
America	2440%	24.4	98%	24.0	82%	19.7	103%	20.2	107%	21.7	110%	99.0
Oceania	145%	9.6	111%	10.7	77%	8.2	113%	9.3	86%	8.0	110%	44.0
Middle east	430%	4.3	149%	6.4	50%	3.2	142%	4.5	103%	4.7	111%	20.0
Africa	225%	1.8	106%	1.9	126%	2.4	81%	1.9	80%	1.6	100%	7.0
Total	170%	289.9	98%	282.9	75%	212.0	108%	229.5	113%	259.5	112%	1,126.0

Overseas Sales ratio	68%	67%	63%	65%	63%	66%
FX rate(USD/Yen)	¥121	¥105	¥97	¥92	¥82	¥80
(EUR/Yen)	¥163	¥163	¥133	¥117	¥117	¥115

※Year-on-year sales in local currency

	FY2010 1Q	FY2011 1Q	FY2011
Europe	110%	106%	112%
China	148%	125%	125%
America	108%	121%	119%

Sales by region: Chemicals



Unit: Billion yen

<Reference>
Published in May

	FY07 1Q		FY08 1Q		FY09 1Q		FY10 1Q		FY11 1Q		FY11 Forecast	
Japan	105%	11.5	105%	12.1	53%	6.4	157%	10.1	116%	11.7	111%	52.0
America	86%	7.3	105%	7.7	60%	4.6	146%	6.7	86%	5.8	115%	31.0
Asia	106%	1.9	123%	2.4	63%	1.5	156%	2.3	182%	4.3	141%	15.0
China	114%	2.7	121%	3.3	61%	2.0	182%	3.7	165%	6.0	154%	29.5
Europe	148%	2.6	113%	2.9	46%	1.3	172%	2.3	124%	2.9	111%	11.0
Others	85%	0.02	753%	0.2	142%	0.3	87%	0.2	123%	0.3	143%	1.5
Total	102%	26.0	110%	28.5	57%	16.1	157%	25.4	122%	30.9	122%	140.0

Overseas sales ratio	56%	58%	60%	60%	62%	63%
FX rate(USD/Yen)	¥121	¥105	¥97	¥92	¥82	¥80
(EUR/Yen)	¥163	¥163	¥133	¥117	¥117	¥115

※Year-on-year sales in local currency

	FY2010 1Q	FY2011 1Q	FY2011
America	154%	97%	123%
China	190%	176%	160%
Europe	201%	124%	109%

Overall First Quarter Divisional Performance

Air-conditioning business

Japan

- Replacement demand rose for energy-saving products from the need to conserve electric power in residential and commercial use equipment, and industry demand exceeded initial projections.
- Efforts were made for residential use to expand sales of high value-added products that are highly energy efficient and feature Daikin's propriety technology ("Ururu humidification," "Four-directional airflow: up, down, left, and right," and "Flash Streamer").
- For commercial use, in addition to sales expansion of the highly energy-efficient *『Eco-ZEAS80』*, Daikin launched the Electric Power Saving Control Center and is currently developing solution proposals for electric power conservation under an organization on the scale of 400 people nationwide.

<Unit Shipment of AC for the entire Japanese market, Daikin>

	(1000units)	1Q Result	Y/y
Residential	Market	2,838	130%
	Daikin	—	126%
Commercial	Market	223	123%
	Daikin	—	112%
Eco-cute	Market	132	101%
	Daikin	—	94%

Overall First Quarter Divisional Performance

Air-conditioning business

Europe

- Within the severe demand trends in which there are also financial problems and unseasonable weather, sales exceeded the previous year by having dealers thoroughly follow up on sales leads centering on Italy and the UK, doubling efforts to expand sales of the VRV flagship, and developing sales expansion measures to capitalize on increased demand in Russia and the Central Europe.
- In addition to the primary market of France, preparations for a sales network in the UK and Germany proceeded forward in the heating business, and sales exceeded the previous year.
- Sales for the Applied Systems business (large-size air conditioners) significantly expanded from increased sales of energy-efficient products.

< Increase ratio of sales units in Europe (volume-based) >

(Y/y change)		1Q	FY11 Forecast	
		Result	Market	Daikin
Residential		119%	102%	103%
Commercial	SKY	94%	105%	106%
	VRV	113%	107%	111%
Heating		112%	108%	126%
Applied(Sales)		121%	102%	112%

※SKY・・・Middle or compact size package air conditioners

※VRV・・・Multi-split system for building

※The forecast of Applied is based on local currency

Overall First Quarter Divisional Performance

Air-conditioning business

China

- Although the effect of monetary tightening is also seen in some large urban areas, active measures were developed to expand sales for Daikin in Midwestern and inland regions where demand continues to expand, and sales increased.
- Sales have expanded for commercial use centering on the VRV flagship.
- Demand for inverter models grew for residential use from stricter energy-saving regulations, and sales have substantially increased.
- Efforts were made to widen share for the Applied Systems business (large-size air conditioners) centering on centrifugal chillers, and sales increased.
- Price hikes were implemented for all products from June to absorb the impact of soaring market prices.
- High growth has been maintained for sales from favorable economic conditions occurring in the period from January to June.

< Increase ratio of sales units in China (volume-based) >

(Y/y change)		1Q Result	FY11 Forecast	
			Market	Daikin
Residential		138%	108%	149%
Commercial	SKY	110%	108%	131%
	VRV	116%	105%	115%
Applied(Sales)		165%	116%	124%

※SKY・・・Middle or compact size package air conditioners

※VRV・・・Multi-split system for building

※The forecast of Applied is based on local currency

Overall First Quarter Divisional Performance

Air-conditioning business

Asia/Oceania

- Although affected by unseasonable weather in Thailand and Malaysia, the overall sales amount for the region exceeded the previous year due to sales expansion in Singapore and in emerging countries such as India and Vietnam.
- Sales fell below the previous year for Australia due to such factors as delay in recovery for housing starts.
- Sales substantially increased with favorable sales conditions centering on residential use due to dealer development and strategic product launch implemented until now for India and Vietnam.
(Year-on-year sales amount: India 215%; Vietnam 183%)

< Increase ratio of sales units in Asia&Oceania (volume-based) >

(Y/y change)		1 Q Result	FY11 Forecast	
			Market	Daikin
Residential		139%	118%	129%
Commercial	SKY	109%	109%	116%
	VRV	110%	121%	122%

※SKY...Middle or compact size package air conditioners
 ※VRV...Multi-split system for building

North America

- Despite severe market conditions for Applied Systems, the sales amount exceeded the previous year due to sales expansion of products boasting high energy efficiency and enlargement of the after sales service business.
- New development of dealers and strengthening of support for ductless was successful, and VRV sales for public properties such as schools shifted favorably with the sales amount exceeding the previous year.

< Increase ratio of sales units in North America (volume-based) >

(Y/y change)		1 Q Result	FY11 Forecast	
			Market	Daikin
Residential		114%	109%	118%
Commercial	SKY	102%	110%	199%
	VRV	129%	127%	130%
Applied(Sales)		113%	99%	115%

※SKY...Middle or compact size package air conditioners
 ※VRV...Multi-split system for building
 ※The forecast of Applied is based on local currency

Overall First Quarter Divisional Performance

Chemical business

- In addition to the expansion of sales, operation profit substantially increased by frontloading of the restoration of the Kashima Plant damaged by the earthquake, maximizing the capacity for short-term supply such as reduced time for periodic maintenance, and implementing price hikes that absorb soaring market prices for raw materials.
- Semiconductor-related demand in Asia and automotive-related demand in Europe shifted favorably.
- The sales amount in China largely expanded by capitalizing due on sales related to infrastructure and environment investment and active application development (change from other materials).
- Selling activities expanded and sales doubled in Japan for 『OPTOOL』 (surface anti-fouling coating agent), which is used for displays such as for smart phones.
- Demand for new refrigerant increased in Japan, China, and Asia for fluorocarbon gas, and sales largely expanded.

< Demands by Products (Sales) >

(Y/y changes)	1Q	FY11 Forecast	
	Result	Market	Daikin
For all fluorochemical products	122%	116%	122%
Fluorocarbon Gas	229%	116%	145%
Polymers&Fluoro-elastmers	102%	113%	119%
Fine Chemicals etc	118%	—	119%



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.

- The Company asks for your own discretion in using this data. The Company accepts no liability for any loss or damage of any kind arising out of judgment for investment made solely relying on the business forecast or target figures described in the data.