



September 1, 2008

Strengthen product lineup and sales force towards full-scale entry into heating business in Europe

Acquisition of German Heating Manufacturer ROTEX

In order to implement a full-scale entry into the residential heating market in Europe, Daikin Europe N.V., a wholly owned subsidiary of Daikin Industries, has reached an agreement to acquire ROTEX Heating Systems GmbH. The final transfer of business, subject to the approval of antitrust clearance in Germany, is expected to take place by October 1, 2008.

In Europe, heating systems using hot water generated from fossil fuel boilers that burn gas and oil are commonly used for homes and account for approximately 2 trillion yen of the heating market (as recorded in 2006).

Recently, increased environmental awareness has drawn attention to low CO2 heating systems such as highly efficient condensing boilers with minimized heat waste and hot water heating systems utilizing ground and air source heat pumps. Since the launch of heat pump type hot water heating systems in 2006, the Daikin heating business in Europe has been favorably recognized for providing high energy-efficiency and has achieved an expansion in sales from approximately 4 billion yen in 2006 to 10 billion yen in 2007.

ROTEX is a company based in Germany as well as in other countries including Italy and France that manufactures and sells highly efficient condensing boilers, floor heating systems, solar water heaters, and other products. The company also possesses a solid sales network and extensive know-how in the heating business.

This acquisition will allow the Daikin Group to accelerate expansion of its heating business by enhancing its lineup of low CO2 heating products and reinforcing its sales network.

Through this acquisition, Daikin aims to establish its position as a leading manufacturer in the European low carbon heating market and achieve sales of 50 billion yen in 2010 for its European heating business as outlined in Daikin's mid-term strategic management plan.

[ROTEX Heating Systems GmbH Profile]

- 1) Company name: ROTEX Heating Systems GmbH
- 2) Place of incorporation: Güglingen, Germany
- 3) Representative: President Franz Grammling
- 4) Share capital: approximately 431,000 euros (69 million yen)
- 5) Established: 1973
- 6) Description of business: manufacture, sales, and after sales service of heating equipment
- 7) Sales: approximately 10 billion yen (Fiscal year 2007)
- 8) Number of employees: 360 people (as of July 2008)

[Daikin Europe N.V. Profile]

- 1) Company name: Daikin Europe N.V.
- 2) Place of incorporation: Ostend, Belgium
- 3) Share capital: approximately 7.8 billion yen
- 4) Investment ratio: wholly owned subsidiary of Daikin Industries, Ltd.
- 5) Established: March 1972
- 6) Representative: President Masatsugu Minaka
- 7) Description of business: manufacture and sales of commercial and industrial air-conditioning equipment
- 8) Sales: 1,917 million euros (306 billion yen: as of March 2008, consolidated)
- 9) Number of employees: approximately 4,060 (as of March 2008, consolidated)