



December 26, 2011

Establishment of Daikin's Largest AC Production Base in Suzhou, China

Daikin Industries, Ltd. (Head Office: Osaka, Japan) announces the establishment through its subsidiary Daikin (China) Investment Co., Ltd. (Head Office: Beijing, China) of Daikin Air-conditioning (Suzhou) Co., Ltd., a company established in Suzhou, China, to manufacture residential and light commercial use air conditioners. Production is scheduled to start from April 2012 at a planned capital investment of approximately 15 billion yen (1.2 billion yuan).

Production capacity for residential and light commercial use air conditioners at the new company is expected to achieve 1.5 million units on an annual basis to become Daikin's largest air conditioner production base in scale.

A production system that is competitive in the Chinese volume zone market is being built at the new company to increase cost competitiveness by raising the ratio of in-house production, including piping and resin components, and constructing a highly efficient production line that aims to minimize transportation loss by shortening flow from materials investment to shipment of finished products.

Recently, the air conditioning market in China has been rapidly expanding centering on regional cities and is seen as the No. 2 market in scale behind the United States with a market of approximately 1.9 trillion yen in 2010 (occupying 18% of global demand according to Daikin estimates). Daikin's business in China has rapidly expanded and surpassed the rate of market growth, making the production situation tighter at Daikin Air-Conditioning (Shanghai) Co., Ltd.

Residential and light commercial use air conditioners necessary for mass production are to be manufactured in the future by the new company Daikin Air-conditioning (Suzhou) Co., Ltd., to achieve cost competitiveness. Daikin Air-Conditioning (Shanghai) Co., Ltd., which had previously been manufacturing these products, will strengthen as a production base for high function products centering on commercial air conditioners.

From this we will work to strengthen and enhance manufacturing in China and ensure a stable supply of products needed for further expansion in the Chinese market.

【Summary of New Company】

- 1) Name: Daikin Air-conditioning (Suzhou) Co., Ltd.
- 2) Location: Suzhou, Jiangsu Province, China
- 3) Representative: President Hiromitsu Iwasaki
- 4) Capital: 1.2 billion yuan (approximately 15 billion yen)
- 5) Investment ratio: 100% wholly owned by Daikin (China) Investment Co., Ltd
- 6) Establishment: December 2011
- 7) Production start: April 2012
- 8) Production items: Residential use air conditioners, light commercial air conditioners
- 9) Capacity: 1.50 million units on an annual basis