



Presentation of Financial Results
for the First Half in September 2017

November 8, 2017
DAIKIN INDUSTRIES, LTD.

Daikin achieved record highs for sales and profits.

In the Air Conditioning business, sales expanded in each of the main regions centering on the Americas, China, and Europe. In the Chemicals business, we promoted sales to the semiconductor and automotive markets. Even as prices for raw materials soared, in addition to expanding sales, we promoted total cost reductions, such as in the curtailment of fixed costs, to achieve an increase in operating income.

(billion yen)	FY2016 1H Results	FY2017 1H		Y/y changes
		Forecast	Results	
Net Sales	1,044.8	1,130.0	1,174.5	112%
Operating Income (Percentage of income to net sales)	140.4 (13.4%)	143.0 (12.7%)	149.1 (12.7%)	106%
Ordinary Income (Percentage of income to net sales)	139.8 (13.4%)	143.0 (12.7%)	149.7 (12.7%)	107%
Net Income Attributable to Owners of Parent (Percentage of income to net sales)	96.4 (9.2%)	97.0 (8.6%)	101.5 (8.6%)	105%

USD/JPY	¥105	¥108	¥111
EUR/JPY	¥118	¥118	¥126
RMB/JPY	¥15.9	¥16.0	¥16.4

※FX Effect (Year-on-year)

On Sales:
+40.1 billion yen

On Operating Income:
+0.5 billion yen

(billion yen)		FY2016 1H Results	FY2017 1H Results	Y/y Changes
Total	Sales	1,044.8	1,174.5	112%
	Operating Income <small>(Percentage of income to net sales)</small>	140.4 <small>(13.4%)</small>	149.1 <small>(12.7%)</small>	106%
Air-Conditioning	Sales	950.9	1,065.5	112%
	Operating Income <small>(Percentage of income to net sales)</small>	131.7 <small>(13.9%)</small>	135.0 <small>(12.7%)</small>	103%
Chemicals	Sales	72.5	86.6	119%
	Operating Income <small>(Percentage of income to net sales)</small>	7.3 <small>(10.0%)</small>	12.4 <small>(14.3%)</small>	170%
Others	Sales	21.3	22.4	105%
	Operating Income <small>(Percentage of income to net sales)</small>	1.4 <small>(6.6%)</small>	1.7 <small>(7.5%)</small>	120%

(billion yen)

	FY2016 1H	FY2017 1H	Changes from the last year
	<u>97</u>	<u>112</u>	
Net sales	1,044.8	1,174.5	+129.7
Cost of sales	660.8	756.7	-96.0
(Percentage to net sales)	(63.2%)	(64.4%)	
Gross income	384.0	417.8	+33.7
(Percentage of income to net sales)	(36.8%)	(35.6%)	
Selling general and administrative expenses	243.7	268.7	-25.1
	(23.3%)	(22.9%)	
Operating income	140.4	149.1	+8.7
(Percentage of income to net sales)	(13.4%)	(12.7%)	
Non-operating gain or losses	-0.6	0.6	+1.2
Ordinary income	139.8	149.7	+9.9
(Percentage of income to net sales)	(13.4%)	(12.7%)	
Extraordinary gains or losses	-0.1	-0.2	-0.1
Income before income taxes	139.6	149.5	+9.8
(Percentage of income to net sales)	(13.4%)	(12.7%)	
Corporate taxes, etc.	40.1	44.9	-4.8
Tax burden ratio	28.7%	30.0%	
Net income attributable to non-controlling interests	3.1	3.1	+0.1
Net income attributable to owners of parent	96.4	101.5	+5.1
(Percentage of income to net sales)	(9.2%)	(8.6%)	

※1 Changes in selling, general and administrative expense:

Labor costs	-9.8
Product shipping costs	-3.8
R&D expense	-3.3

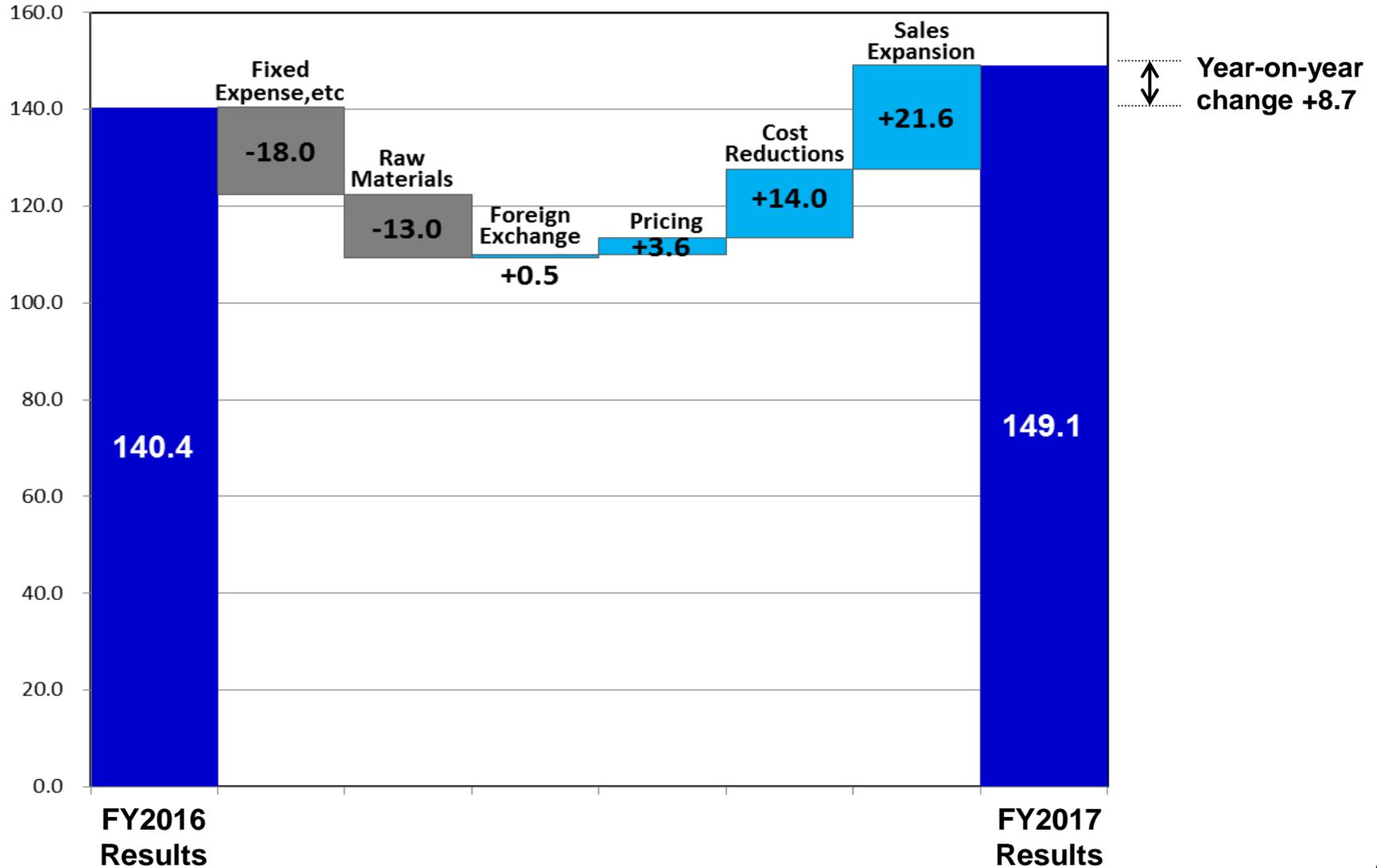
※2 Non-operating gain or losses

Exchange loss	+2.1 (-2.0 → +0.1)
Interest	-0.9 (-1.5 → -2.3)

Breakdown of Changes in Operating Income



(Unit: billion yen)



(billion yen)

	2016/9E	2017/9E	Y/y change
Cash and cash equivalents	331.6	401.6	+69.9
Receivables	<u>58days</u> 330.3	<u>62days</u> 396.7	+66.3
Inventories	<u>55days</u> 314.3	<u>58days</u> 376.0	+61.7
Fixed assets	884.2	984.2	+100.1
Investment and others	160.8	215.5	+54.7
Others	116.7	144.6	+28.0
Total assets	2,138.0	2,518.7	+380.7

	2016/9E	2017/9E	Y/y change
Trade payables	152.7	179.9	+27.1
Interest bearing (Interest-bearing ratio)	620.2 (29.0%)	593.0 (23.5%)	-27.2
Others	371.5	466.8	+95.3
Total liabilities	1,144.4	1,239.7	+95.3
Total equity (Equity ratio)	969.4 (45.3%)	1,251.9 (49.7%)	+282.5
Share warrant	1.3	1.5	+0.3
Non-controlling interests	22.9	25.5	+2.6
Total net assets	993.6	1,279.0	+285.4
Total	2,138.0	2,518.7	+380.7

※Breakdown of interest-bearing debt

	2016/9E	2017/9E	Y/y change
Short-term borrowings	46.9	58.9	+12.0
CP	20.0	37.0	+17.0
Bonds	120.0	120.0	0
Long-term borrowings	422.4	365.9	-56.5
Lease debt	10.9	11.2	+0.3
Total	620.2	593.0	-27.2

Sales by Region – Air Conditioning Business



※includes chiller and filter businesses

※Percentage expresses year on year comparison

(billion yen)	FY2013 1H		FY2014 1H		FY2015 1H		FY2016 1H		FY2017 1H		FY2017 Forecast (Nov.)		FY2017 Forecast (May)	
	YoY %	Value	YoY %	Value	YoY %	Value								
Japan	101%	217.6	99%	214.8	99%	211.9	104%	220.8	105%	232.9	105%	453.0	103%	445.0
Europe	127%	116.1	101%	116.9	110%	128.6	98%	126.4	115%	145.6	115%	287.0	110%	275.0
China	145%	161.7	111%	179.0	106%	189.9	88%	166.8	117%	195.2	114%	340.0	108%	320.0
Americas	399%	203.3	111%	225.5	121%	273.0	99%	270.7	112%	304.4	111%	572.0	110%	565.0
Asia	144%	92.0	114%	104.7	116%	121.1	97%	117.3	107%	126.0	110%	256.0	110%	256.0
Oceania	119%	19.3	102%	19.8	108%	21.4	108%	23.2	142%	32.9	137%	70.0	101%	52.0
Middle East	136%	23.5	82%	19.2	127%	24.4	91%	22.1	113%	25.1	111%	55.0	103%	51.0
Africa	151%	4.8	96%	4.6	106%	4.9	72%	3.5	101%	3.6	92%	8.0	92%	8.0
Total	147%	838.4	105%	884.4	110%	975.2	98%	950.9	112%	1065.5	111%	2,041.0	107%	1,972.0
Overseas Sales ratio	74%		76%		78%		77%		78%		78%		77%	
USD/JPY	¥99		¥103		¥122		¥105		¥111		¥110		¥108	
EUR/JPY	¥130		¥139		¥135		¥118		¥126		¥126		¥118	
RMB/JPY	¥16.1		¥16.6		¥19.4		¥15.9		¥16.4		¥16.4		¥16.0	

Sales by Region - Chemicals Business



※Percentage expresses year on year comparison

(billion yen)	FY2013 1H		FY2014 1H		FY2015 1H		FY2016 1H		FY2017 1H		FY2017 Forecast (Nov.)		FY2017 Forecast (May)	
	YoY %	Revenue	YoY %	Revenue	YoY %	Revenue	YoY %	Revenue						
Japan	82%	17.6	99%	17.4	110%	19.1	102%	19.4	119%	23.2	112%	47.0	106%	44.5
Americas	124%	17.5	101%	17.6	120%	21.1	87%	18.4	112%	20.5	109%	46.0	109%	46.0
China	126%	14.8	112%	16.6	102%	16.9	91%	15.4	119%	18.3	106%	33.0	101%	31.5
Asia	122%	6.4	110%	7.1	128%	9.0	86%	7.8	135%	10.5	124%	22.0	110%	19.5
Europe	123%	6.3	119%	7.5	163%	12.3	91%	11.2	120%	13.5	122%	28.0	103%	23.5
Others	136%	1.0	44%	0.4	70%	0.3	122%	0.4	170%	0.6	—	—	—	—
Total	109%	63.6	105%	66.6	118%	78.8	92%	72.5	119%	86.6	112%	176.0	105%	165.0

Overseas sales ratio	72%	74%	76%	73%	73%	73%	73%
USD/JPY	¥99	¥103	¥122	¥105	¥111	¥110	¥108
EUR/JPY	¥130	¥139	¥135	¥118	¥126	¥126	¥118
RMB/JPY	¥16.1	¥16.6	¥19.4	¥15.9	¥16.4	¥16.4	¥16.0

The business forecast was upwardly revised.

Although a negative impact is anticipated due to high prices for raw materials exceeding initial estimates, we are aiming for profits that surpass the currently announced projections by strengthening sales capabilities, promoting sales of high value-added products, thoroughly implementing a selling price policy, and promoting total cost reductions.

Together with ensuring short-term profits, we will implement forward-looking investments for future growth and aim to achieve the mid-term implementation plan of Fusion 20 (quantified targets for fiscal year 2018).

(billion yen)	FY2016 Results			FY2017 Forecast (May)	FY2017 Revised Forecast (Nov.)			
	1H	2H	Total	Total	1H Results	2H	Total	Y/y Changes
Sales	1,044.8	999.2	2,044.0	2,190.0	1,174.5	1,095.5	2,270.0	111%
Operating Income <small>(Percentage of income to net sales)</small>	140.4 (13.4%)	90.4 (9.0%)	230.8 (11.3%)	243.0 (11.1%)	149.1 (12.7%)	100.9 (9.2%)	250.0 (11.0%)	108%
Ordinary Income <small>(Percentage of income to net sales)</small>	139.8 (13.4%)	91.2 (9.1%)	231.0 (11.3%)	242.0 (11.1%)	149.7 (12.7%)	99.3 (9.1%)	249.0 (11.0%)	108%
Net Income Attributable to Owners of Parent <small>(Percentage of income to net sales)</small>	96.4 (9.2%)	57.5 (5.8%)	153.9 (7.5%)	160.0 (7.3%)	101.5 (8.6%)	63.5 (5.8%)	165.0 (7.3%)	107%
USD/JPY	¥105	¥111	¥108	¥108	¥111	¥108	¥110	
EUR/JPY	¥118	¥119	¥118	¥118	¥126	¥125	¥126	
RMB/JPY	¥15.9	¥16.3	¥16.0	¥16.0	¥16.4	¥16.3	¥16.4	

※FX Effect (Year-on-year)

On Sales:
+31.0 billion yen

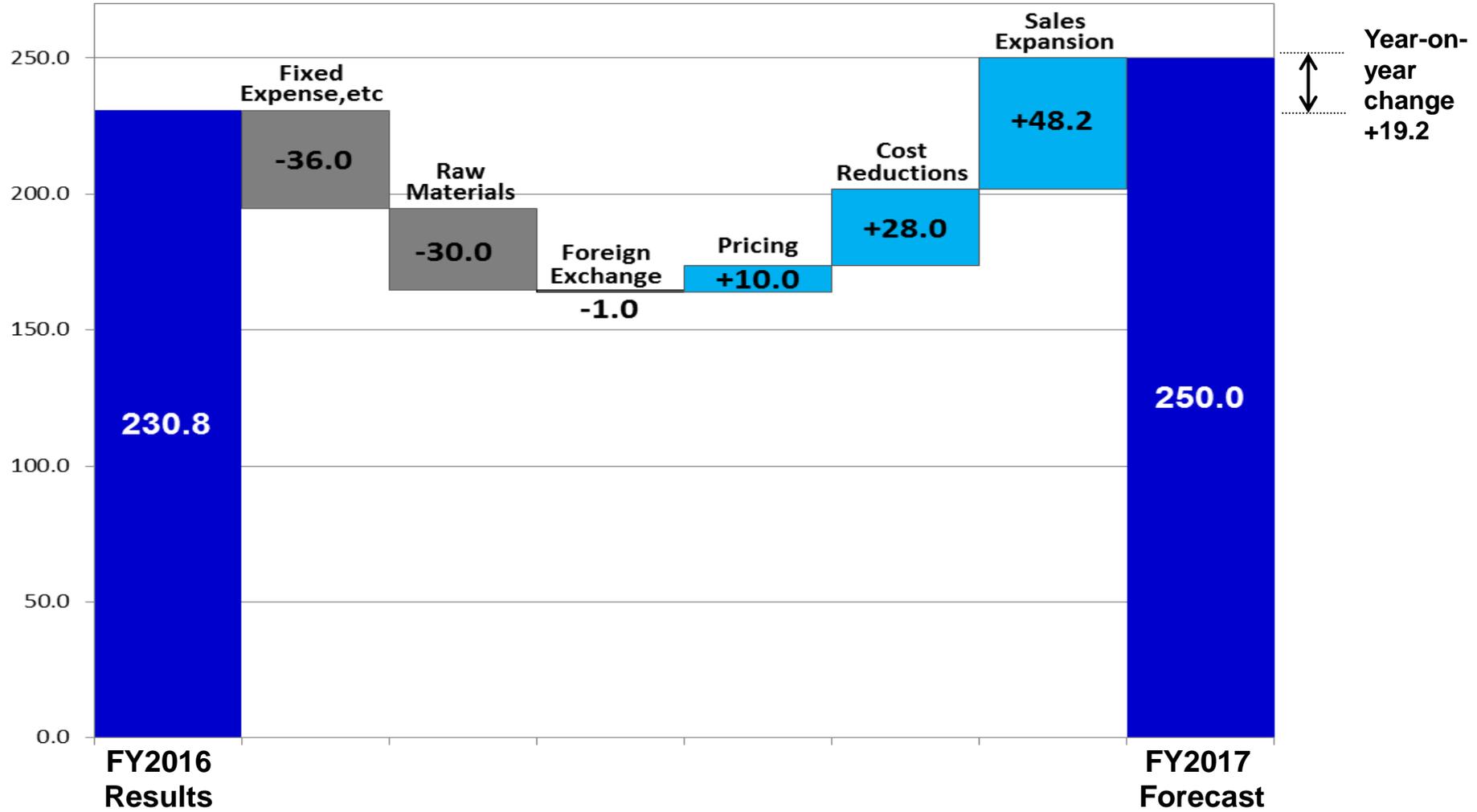
On Operating Income:
-1.0 billion yen

(billion yen)		FY2016 Results	FY2017 Forecast (May)	FY2017 Revised Forecast (Nov.)			
				1H Results	2H	Total	Y/y Changes
Total	Sales	2,044.0	2,190.0	1,174.5	1,095.5	2,270.0	111%
	Operating Income <small>(Percentage of income to net sales)</small>	230.8 (11.3%)	243.0 (11.1%)	149.1 (12.7%)	100.9 (9.2%)	250.0 (11.0%)	108%
Air-Conditioning	Sales	1,835.4	1,972.0	1065.5	975.5	2,041.0	111%
	Operating Income <small>(Percentage of income to net sales)</small>	208.7 (11.4%)	219.0 (11.1%)	135.0 (12.7%)	87.5 (9.0%)	222.5 (10.9%)	107%
Chemicals	Sales	156.8	165.0	86.6	89.4	176.0	112%
	Operating Income <small>(Percentage of income to net sales)</small>	18.3 (11.7%)	20.0 (12.1%)	12.4 (14.3%)	11.1 (12.4%)	23.5 (13.4%)	128%
Others	Sales	51.8	53.0	22.4	30.6	53.0	102%
	Operating Income <small>(Percentage of income to net sales)</small>	3.7 (7.2%)	4.0 (7.5%)	1.7 (7.5%)	2.3 (7.6%)	4.0 (7.5%)	107%

Breakdown of Changes in Operating Income



(Unit: billion yen)



(Reference) May	FY2016 Operating Income 230.8	Fixed Expense, etc. -38.0	Raw Materials -18.0	Foreign Exchange -6.0	Pricing +1.5	Cost Reductions +28.0	Sales Expansion +44.7	FY2017 Operating Income +243.0
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First Half Overall

Industrial demand for residential use has been impacted by unseasonable weather in East Japan since August; however, due to a recovery in personal consumption and replacement purchases trending toward energy-saving products, sales exceeded the previous year.

Industrial demand for commercial use benefitted from solid growth in capital investments and construction starts, and sales exceeded the previous year.

Daikin maintained selling price and increased sales for both residential and commercial use.

For residential use, sales for high value-added products were promoted.

Commercial use incorporated brisk replacement demand by expansion of the product lineup, including **machi Multi**, a multi-split air conditioner featuring a slim design, and market share grew.

In Applied systems, sales greatly expanded by bolstering the Tokyo metropolitan area.

Second Half Measures

For residential use, we will focus on sales of high value-added products such as **Urusara 7**, which provides even greater comfort.

For commercial use, detailed sales activities will be promoted to gain replacement demand through air conditioner inspections as required by the Law Concerning the Discharge and Control of Fluorocarbons.

In Applied systems, we will capture redevelopment demand for the Tokyo metropolitan area.

<AC shipments by product (volume basis)>

(Y/y change)		1H Results	FY2017 Forecast
Residential	Market	108%	103%
	Daikin	105%	104%
Commercial	Market	104%	104%
	Daikin	109%	108%
Applied	Market	101%	114%
	Daikin	128%	127%

<Indexes relating to market demand>

(Y/y change)	FY2016	FY2017 Forecast (in Mar.)	FY2017 Forecast (in Sep.)
Personal spending	+0.7%	+0.7%	+1.5%
New housing starts	+5.8%	-6.1%	-2.3%
Private capital investment	+2.5%	+3.2%	+3.5%
Floor areas of new construction of non-residential building	+2.7%	+3.0%	+4.0%

First Half Overall

The market shifted to bullish in the background of solid personal consumption and capital investments. Together with enhancing the production and product development systems with the opening of the new Goodman factory Daikin Texas Technology Park, we promoted expansion of the sales network. Despite the impact of the hurricanes, sales exceeded the previous year.

- In residential unitary, we experienced growth in sales from expansion of our own dealers and boosting sales personnel.
- For ductless, sales of **VRV systems** trended bullish in the residential high-end market.
- In Applied systems, we promoted sales for air handling units, a high value-added product, and the after sales service business grew.

Second Half Measures

For residential unitary, we continue to reinforce the sales network by expanding dealers in priority regions and providing training and support.

For ductless, we will strengthen direct sales activities to users centering on the northeastern region and improve the market penetration rate.

In Applied systems, together with making efforts for further expansion on air handling units, which enjoy strong sales, and the after sales service business, we will attempt to strengthen sales capabilities, even in Central and South America.

< AC sales by product (volume basis) >

(Y/y change)	1H Results	FY2017 Forecast	
		Market	Daikin
Ducted unitary for houses	105%	105%	109%
Residential & SKY	110%	116%	128%
VRV	127%	124%	132%
Applied	113%	103%	121%

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

※VRV・・・Multi-split system for buildings

※Applied is based on aggregate sales in local currency.

First Half Overall

To capitalize on bullish personal consumption and private sector demand, we continued strengthening direct sales, and sales significantly expanded in all regions and markets. Although impacted by the soaring prices of raw materials, we maintained high profitability by promoting cost reductions, which included in-house production of products and improvements in productivity.

- In the residential-use market, we utilized the proposal-making and installation capabilities of our PROSHOP specialty shops, which are our forte, and promoted sales centering on the middle to high-end residential market utilizing the **New Life Style Series**, which proposes new lifestyles to customers.
- In the commercial-use market, we strengthened PR activities for **VRV systems**, which have high energy efficiency and design flexibility. Offering proposals of unique systems, we captured a wide range of the market from commercial buildings to general offices and new construction to remodeling.
- In Applied systems, we developed detailed sales activities from small- to-medium sized bids to large-scale projects by expanding the product lineup and strengthening the after sales service business.

Second Half Measures

In the residential-use market, we will expand PROSHOPS from large urban areas to regional cities and accelerate sales activities extending to regions. We will develop new measures such as strengthening brand appeal by establishing trial showrooms as we attempt to promote sales in important cities and identify new demand.

In the commercial-use market, we will strengthen the 'spec-in' activities architectural firms and developers. We will launch new products corresponding to the diverse needs of customers and attempt to further expand sales.

< AC sales by market (aggregate sales in local currency) >

(Y/y change)	1H Results	FY2017 Forecast	
		Market	Daikin
Residential※	114%	110%	112%
Commercial	112%	106%	109%
Applied	111%	105%	108%

※Multi-split air conditioners for residential use are included.

First Half Overall

In the backdrop of strong economic recovery in Europe, sales of commercial use and heating equipment grew. In spite of continued political instability in the Middle East, sales for the region overall exceeded the previous year.

- For residential use, favorable weather in Southern Europe from June provided a tailwind. However, a failure to sufficiently reduce distribution stock in the largest market of Italy led to an overall decline for the region compared with the previous year.
- For commercial use, **SkyAir** sales increased in major European countries due to further strengthening of the sales network.
- In the Heating business, in addition to sales growth for heat pump type hot water heating systems in major European countries, sales significantly grew in Turkey and Southern Europe, even for combustion type heating equipment.

Second Half Measures

For residential use, together with promoting sales for reduction of distribution stock, we intend to expand sales, even in Northern Europe, by launching new products for cold regions.

For commercial use, we will expand the lineup of R32 units in **SkyAir**. We also intend to improve 'spec-in' activities and expand sales even for **VRV systems**.

In the Heating business, in addition to heat pump water heating systems, we will launch new products even for combustion type heaters, and strive to expand sales.

In the Refrigerator and Freezer business, we will mutually use sales networks and product lineups with Zanotti and strive to maximize synergy from the acquisition.

< AC sales by product (volume basis) >

(Y/y change)		1H Results	FY2017 Forecast	
			Market	Daikin
Residential		92%	98%	95%
Commercial	SKY	120%	103%	111%
	VRV	108%	98%	106%
Heating		110%	108%	111%
Applied		111%	102%	126%

- ※ SKY...Medium or compact size package air conditioners
- ※ VRV...Multi-split system for buildings
- ※ Applied is based on aggregate sales in local currency.

First Half Overall

By enlarging the sales network in the regional cities of each country, expanding sales of differentiated products that reflected regional needs, and strengthening the after sales service network, sales exceeded the previous year

- In residential use, Daikin expanded market share in the Asia region for Vietnam, Thailand, and Malaysia; however, a long period of rain impacted the first quarter, and sales fell below the previous year. Sales trended favorably in Indonesia and the Philippines. In India, in addition to capturing middle income demand as the result of product development matching regional characteristics and strengthening the regional sales network, favorable weather also helped to significantly boost sales. In the Oceania region, in addition to the strong demand seen in Australia, sales expanded even in New Zealand where a subsidiary was established last year.
- In commercial use, we strengthened ‘spec-in’ activities and focused attention on dealer training. Centering on Vietnam, India, Thailand, and Australia, we expanded sales in every country.

Second Half Measures

Dealer development will continue in regional cities, and sales networks will be expanded. Together with incorporating the expanding demand for commercial use in each country, we will enhance product appeal such as expansion of product lineup of inverter units using R32 refrigerant and residential use multi-split air conditioners. In India, where demand is strong, Daikin will increase RA production from October to further expand sales.

In commercial use, we will cultivate dealers who can consistently respond for design, installation, and sales and capture the expanding demand in each country.

■ Year-on-year sales of main countries (local currency basis)
 Australia: 136%; Vietnam: 100%; India: 118%;
 Malaysia: 87%; Thailand: 92%; Indonesia: 107%

< AC sales by product (volume basis) >

(Y/y change)		1H Results	FY2017 Forecast	
			Market	Daikin
Residential		98%	103%	105%
Commercial	SKY	111%	105%	111%
	VRV	115%	113%	119%
Applied		124%	107%	120%

※SKY・・・Medium or compact size package air conditioners
 ※VRV・・・Multi-split system for buildings
 ※Applied is based on aggregate sales in local currency.

First Half Overall

Despite the deterioration in the market for raw materials, Daikin achieved an increase in revenue and profits by promoting cost reductions in addition to sales promotion in the semiconductor and automotive fields.

- For fluorocarbon gas, in addition to sales promotion for after sales service in the Americas, we succeeded with selling price measures in Europe, and sales greatly expanded.
- Polymers and Fluoroelastomers
 - Sales were promoted for fluoropolymers related to semiconductors that centered on Japan and Asia.
 - Demand for fluoroelastomers related to automobiles was incorporated, and sales expanded.
- In fine chemicals, although sales declined for the surface antifouling agent **OPTOOL**, sales grew for water and oil repellent agents in China and Asia.

Second Half Measures

Through detailed sales activities, we will work to strengthen relationships with customers and bolster product supply capabilities in order to meet the brisk demand relating to semiconductors.

We will accelerate application development, and aim for development of peripheral businesses and new markets.

<Chemical sales by product (aggregate sales)>

(Y/y changes)	1H Results	FY2017 Forecast	
		Market	Daikin
For all fluorochemical products	119%	109%	112%
Fluorocarbon Gas	145%	111%	125%
Polymers&Fluoro-elastomers	124%	109%	115%
Fine Chemicals etc	104%	106%	103%

First Half Overall

In addition to strong sales in China that captured demand in the trending markets of pharmaceuticals and semiconductors, there was a new consolidating effect from the acquisition of the Dinair, a company in Northern Europe, and sales exceeded the previous year.

- In the Air Filter business, in addition to utilizing the product lineups in the United States of both American Air Filter and Flanders Inc., and enlarging the sales network, we promoted cost reductions such as integration of the factories. In Europe, we accelerated synergy creation by acquisition of Dinair. In China, we expanded sales in growing fields including semiconductor factories.
- At P&I,※despite the harsh market environment, we promoted total cost reductions such as curtailing fixed costs and did our best to improve business constitution.

※P&I : commercial-use dust collection systems for applications including gas turbines and large-scale plants

Second Half Measures

For air filters, together with reorganization of the production system to enhance profitability, we will accelerate the strengthening of the sales system. While maximizing ‘integration synergy’ with Flanders in the United States, we will aim to improve the sales network, even in Northern Europe and Asia, and expand sales to all regions worldwide.

At P&I, we will construct a stable business foundation by strengthening the hiring and training of employees, expanding after sales service, and promoting cost reductions.

First Half Overall

In the Oil Hydraulics business, Daikin capitalized on favorable demand for industrial machinery in Japan and the United States, and sales expanded.

In Defense Systems, sales of artillery shells for the Japanese Ministry of Defense decreased, resulting in decreased revenue.

In the Electronics business, Daikin expanded sales to the electrical appliance and machinery markets with business data management systems (Visual R&D) for R&D fields. Sales also grew for facilities design CAD.

Second Half Measures

In the Oil Hydraulic business, efforts will be made to expand sales in the U.S. market. Even in the Japanese industrial machinery business, Daikin will aim to promote sales when new products are launched.

In Defense Systems, we will strive to expand sales of home oxygen concentrators in Japan and China.

In the Electronics business, Daikin will continue to strive to promote sales of R&D support systems (Visual R&D).

As currently announced, Daikin plans an annual dividend of 130 yen (interim 65 yen and term-end 65 yen)

【Daikin Dividend Policy】

Together with making every effort to maintain a ratio of dividends to shareholder equity (DOE) of 3.0% based on the principle of always providing stable dividends to shareholders, we will continue striving in our mission to provide shareholders with even greater return by aiming for an increasingly higher level of dividend payout ratio.

		FY2013	FY2014	FY2015	FY2016	FY2017 (Forecast)
Dividend per share	Interim	¥ 23	¥ 40	¥ 55	¥ 60	¥ 65
	Annual	¥ 50	¥ 100 [※]	¥ 120	¥ 130	¥ 130
Earning per share	1H	¥ 203.0	¥ 259.3	¥ 274.6	¥ 330.1	¥ 347.1
	Annual	¥ 315.2	¥ 410.2	¥ 469.2	¥ 526.8	¥ 564.3

※includes a 90th anniversary commemorative dividend of 10 yen

Reference)	FY2015	FY2016	FY2017 (Forecast)
DOE trends	3.4%	3.6%	3.2%

■ Exchange Rate

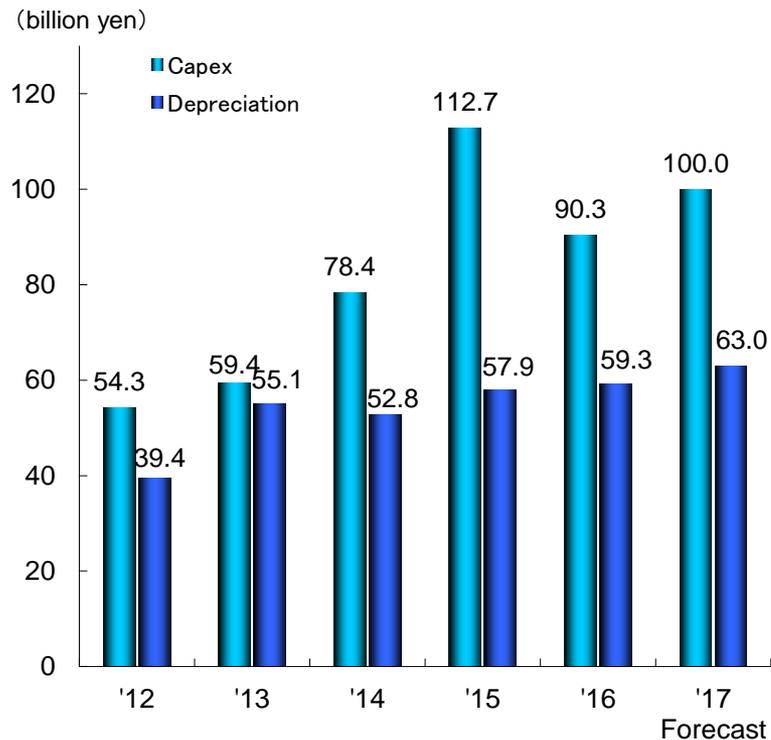
	FY2016 Results			FY2017		
	1H	2H	Total	1H Results	2H Forecast	Total
USD	¥ 105	¥ 111	¥ 108	¥ 111	¥ 108	¥ 110
EUR	¥ 118	¥ 119	¥ 119	¥ 126	¥ 125	¥ 126
THB	¥ 3.0	¥ 3.2	¥ 3.1	¥ 3.3	¥ 3.2	¥ 3.3
RMB	¥ 15.9	¥ 16.3	¥ 16.1	¥ 16.4	¥ 16.3	¥ 16.4
AUD	¥ 79	¥ 82	¥ 82	¥ 86	¥ 82	¥ 84

■ Sensitivity of Foreign Exchange
(Impact of change by 1 yen to operating income)

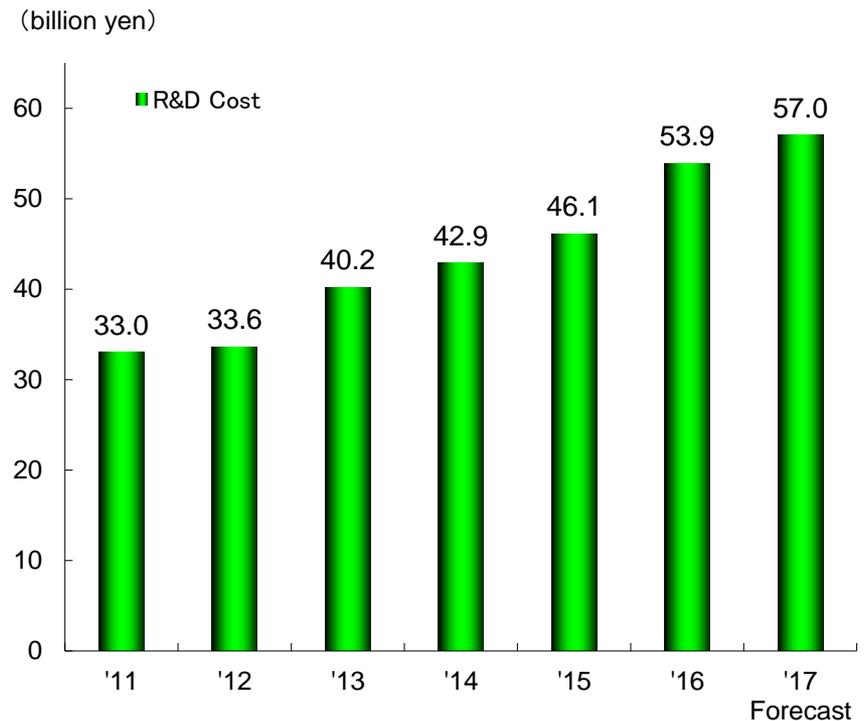
	FY2017 Forecast
USD	*1.5 billion yen
EUR	0.5 billion yen

*Fluctuations linked to the USD, such as for THB, RMB, and AUD, are assumed.

Capex and Depreciation



R&D Cost



<Reference> First Half Trends

(billion yen)	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Capex	26.6	28.8	38.9	49.1	39.7	40.4
Depreciation	18.3	26.5	24.9	28.6	28.3	32.5
R&D Cost	16.9	19.2	21.3	22.7	26.1	30.3



DAIKIN INDUSTRIES, LTD.

Notes on forecast

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