



Presentation of Financial Results
for the First Half in September 2016

November 9, 2016
DAIKIN INDUSTRIES, LTD.

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«Reference»

Note: This material presents the cumulative 2Q results (April-September).

In the Air Conditioning business, sales significantly expanded in Japan, the Americas, China, Asia, and Europe. High profits were maintained, even in China where growth continued for residential-use, multi-split air conditioners. Despite a substantial negative impact from the sharp appreciation of the yen, we fortified our sales and marketing capabilities and launched high value-added products to each region while promoting total cost reductions with global procurement and fixed cost reductions. As a result, Daikin achieved record high profits.

(Unit: billion yen)	FY2015 1H Results	FY2016 1H		Y/y changes
		Forecast	Results	
Net Sales	1,078.7	1,080.0	1,044.8	97%
Operating Income	124.2	125.0	140.4	113%
(Percentage of income to net sales)	(11.5%)	(11.6%)	(13.4%)	
Ordinary Income	123.0	123.5	139.8	114%
(Percentage of income to net sales)	(11.4%)	(11.4%)	(13.4%)	
Net Income Attributable to Owners of Parent	80.1	81.0	96.4	120%
(Percentage of income to net sales)	(7.4%)	(7.5%)	(9.2%)	

USD/JPY	¥122	¥110	¥105
EUR/JPY	¥135	¥125	¥118
RMB/JPY	¥19.4	¥17.0	¥15.9

※FX Effect (Year-on-year)

On Sales:

▲136.7 billion yen

On Operating Income:

▲24.0 billion yen

(Unit: billion yen)		FY2015 1H Results	FY2016 1H Results	Y/y Changes
Total	Sales	1,078.7	1,044.8	97%
	Operating Income <small>(Percentage of income to net sales)</small>	124.2 (11.5%)	140.4 (13.4%)	113%
Air-Conditioning	Sales	975.2	950.9	98%
	Operating Income <small>(Percentage of income to net sales)</small>	113.8 (11.7%)	131.7 (13.9%)	116%
Chemicals	Sales	78.8	72.5	92%
	Operating Income <small>(Percentage of income to net sales)</small>	8.8 (11.2%)	7.3 (10.0%)	82%
Others	Sales	24.8	21.3	86%
	Operating Income <small>(Percentage of income to net sales)</small>	1.6 (6.3%)	1.4 (6.6%)	90%

Profit and Loss Statement



(billion yen)

	FY2015 1H	FY2016 1H	Changes from the last year	
	<u>111</u>	<u>97</u>		
Net sales	1,078.7	1,044.8		▲ 33.9
Cost of sales	704.6	660.8		+43.8
(Percentage to net sales)	(65.3%)	(63.2%)		
Gross income	374.1	384.0		+9.9
(Percentage of income to net sales)	(34.7%)	(36.8%)		
Selling general and administrative expenses	249.9	243.7	※1	+6.2
	(23.2%)	(23.3%)		
Operating income	124.2	140.4		+16.2
(Percentage of income to net sales)	(11.5%)	(13.4%)		
Non-operating gain or losses	▲ 1.2	▲ 0.6	※2	+0.6
Ordinary income	123.0	139.8		+16.8
(Percentage of income to net sales)	(11.4%)	(13.4%)		
Extraordinary gains or losses	▲ 0.8	▲ 0.1	※3	+0.7
Income before income taxes	122.1	139.6		+17.5
(Percentage of income to net sales)	(11.3%)	(13.4%)		
Corporate taxes, etc.	39.3	40.1		▲ 0.8
Tax burden ratio	32.2%	28.7%		
Net income attributable to non-controlling interests	2.6	3.1		▲ 0.5
Net income attributable to owners of parent	80.1	96.4		+16.3
(Percentage of income to net sales)	(7.4%)	(9.2%)		

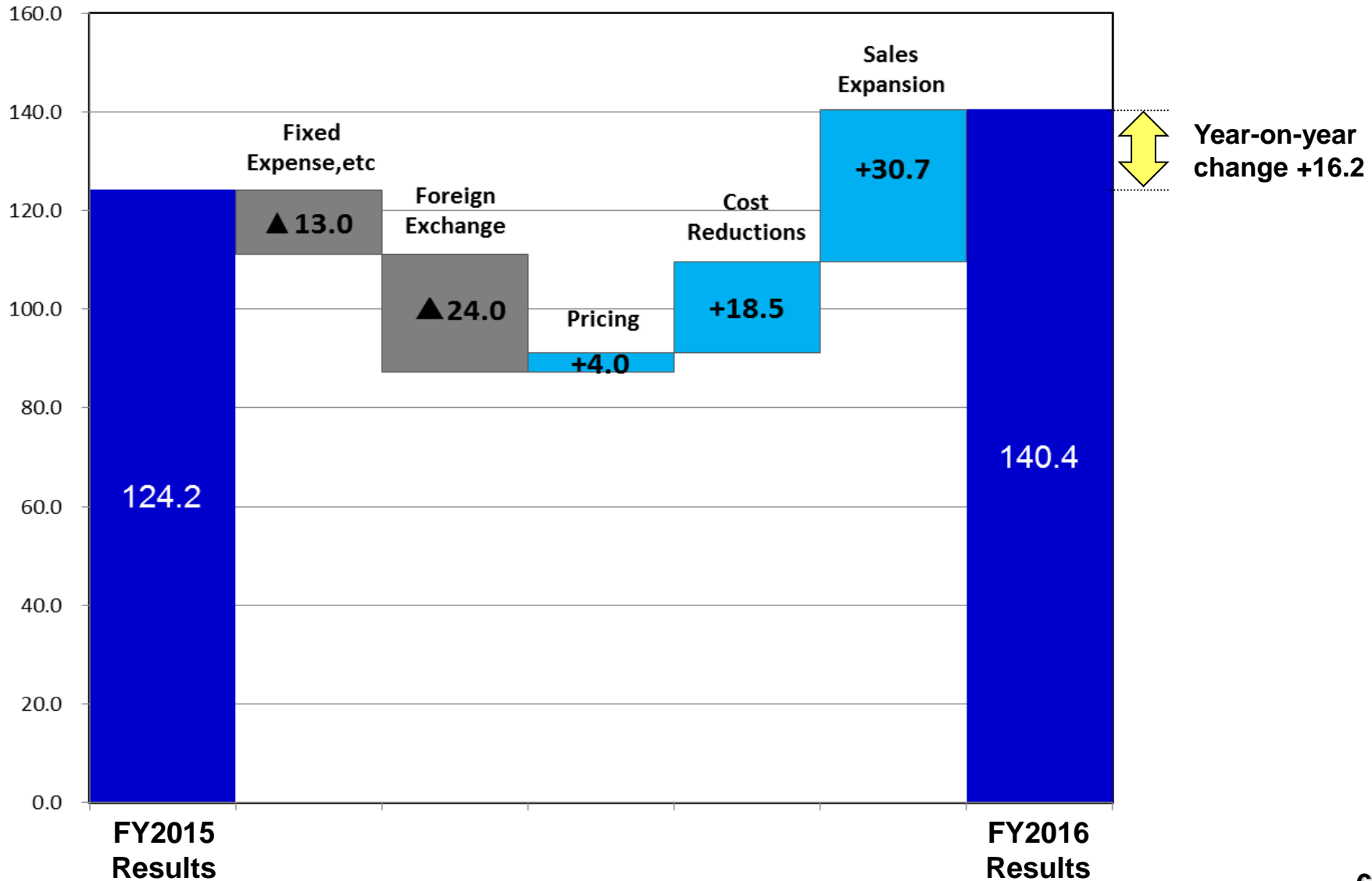
※1 **Changes in selling, general and administrative expense:**
 Labor costs +2.9
 Product shipping costs +1.7
 Sale promotion costs +0.7
 R&D expense ▲3.5

※2 **Non-operating gain or losses**
 Exchange loss +2.5 (▲4.6→▲2.0)
 Interest ▲0.9 (▲0.6→▲1.5)

※3 **Extraordinary Income**
 Securities valuation loss +0.6 (▲0.6→0)

Breakdown of Changes in Operating Income

(Unit: billion yen)



(billion yen)

	2015/9E	2016/9E	Y/y change
Cash and cash equivalents	333.3	331.6	▲ 1.6
Receivables	<u>62days</u> 364.5	<u>58days</u> 330.3	▲ 34.1
Inventories	<u>57days</u> 338.2	<u>55days</u> 314.3	▲ 23.9
Fixed assets	927.9	884.2	▲ 43.7
Investment and others	181.5	160.8	▲ 20.7
Others	136.0	116.7	▲ 19.3
Total assets	2,281.3	2,138.0	▲ 143.3

	2015/9E	2016/9E	Y/y change
Trade payables	158.3	152.7	▲ 5.6
Interest bearing (Interest-bearing ratio)	654.8 (28.7%)	620.2 (29.0%)	▲ 34.6
Others	400.0	371.5	▲ 28.5
Total liabilities	1,213.1	1,144.4	▲ 68.7
Total equity (Equity ratio)	1,042.5 (45.7%)	969.4 (45.3%)	▲ 73.0
Share warrant	1.2	1.3	+0.0
Non-controlling interests	24.6	22.9	▲ 1.6
Total net assets	1068.2	993.6	▲ 74.6
Total	2,281.3	2,138.0	▲ 143.3

※Breakdown of interest-bearing debt

	2015/9E	2016/9E	Y/y change
Short-term borrowings	39.6	46.9	+7.3
CP	36.0	20.0	▲ 16.0
Bonds	140.0	120.0	▲ 20.0
Long-term borrowings	434.6	422.4	▲ 12.1
Lease debt	4.6	10.9	+6.3
Total	654.8	620.2	▲ 34.6

Although assumptions have changed for foreign exchange rates in the second half (1 US\$ = 100 JPY, 1 EUR = 110 JPY) due to yen appreciation, we are upwardly revising the target for operating income from the original budget (220.0 billion yen announced in May) and are aiming for a level higher.

By further increasing earning potential in the Air Conditioning business, expanding sales in high-growth regions such as Asia, aggressively launching high value-added products, and promoting total cost reductions, such as reductions of fixed costs, we will strive even further to expand business results and enhance our management constitution.

(Unit: billion yen)	FY2015 Results			FY2016 Forecast (May.)	FY2016 Revised Forecast (Nov.)			
	1H	2H	Total	Total	1H Results	2H	Total	Y/y Changes
Sales	1,078.7	965.0	2,043.7	2,080.0	1,044.8	955.2	2,000.0	98%
Operating Income (Percentage of income to net sales)	124.2 (11.5%)	93.7 (9.7%)	217.9 (10.7%)	220.0 (10.6%)	140.4 (13.4%)	81.6 (8.5%)	222.0 (11.1%)	102%
Ordinary Income (Percentage of income to net sales)	123.0 (11.4%)	86.6 (9.0%)	209.5 (10.3%)	217.0 (10.4%)	139.8 (13.4%)	80.2 (8.4%)	220.0 (11.0%)	105%
Net Income Attributable to Owners of Parent (Percentage of income to net sales)	80.1 (7.4%)	56.8 (5.9%)	137.0 (6.7%)	140.0 (6.7%)	96.4 (9.2%)	48.6 (5.1%)	145.0 (7.3%)	106%
USD/JPY	¥122	¥118	¥120	¥110	¥105	¥100	¥103	
EUR/JPY	¥135	¥131	¥133	¥125	¥118	¥110	¥114	
RMB/JPY	¥19.4	¥18.4	¥18.9	¥17.0	¥15.9	¥14.6	¥15.3	

※FX Effect (Year-on-year)

On Sales:

▲264.0 billion yen

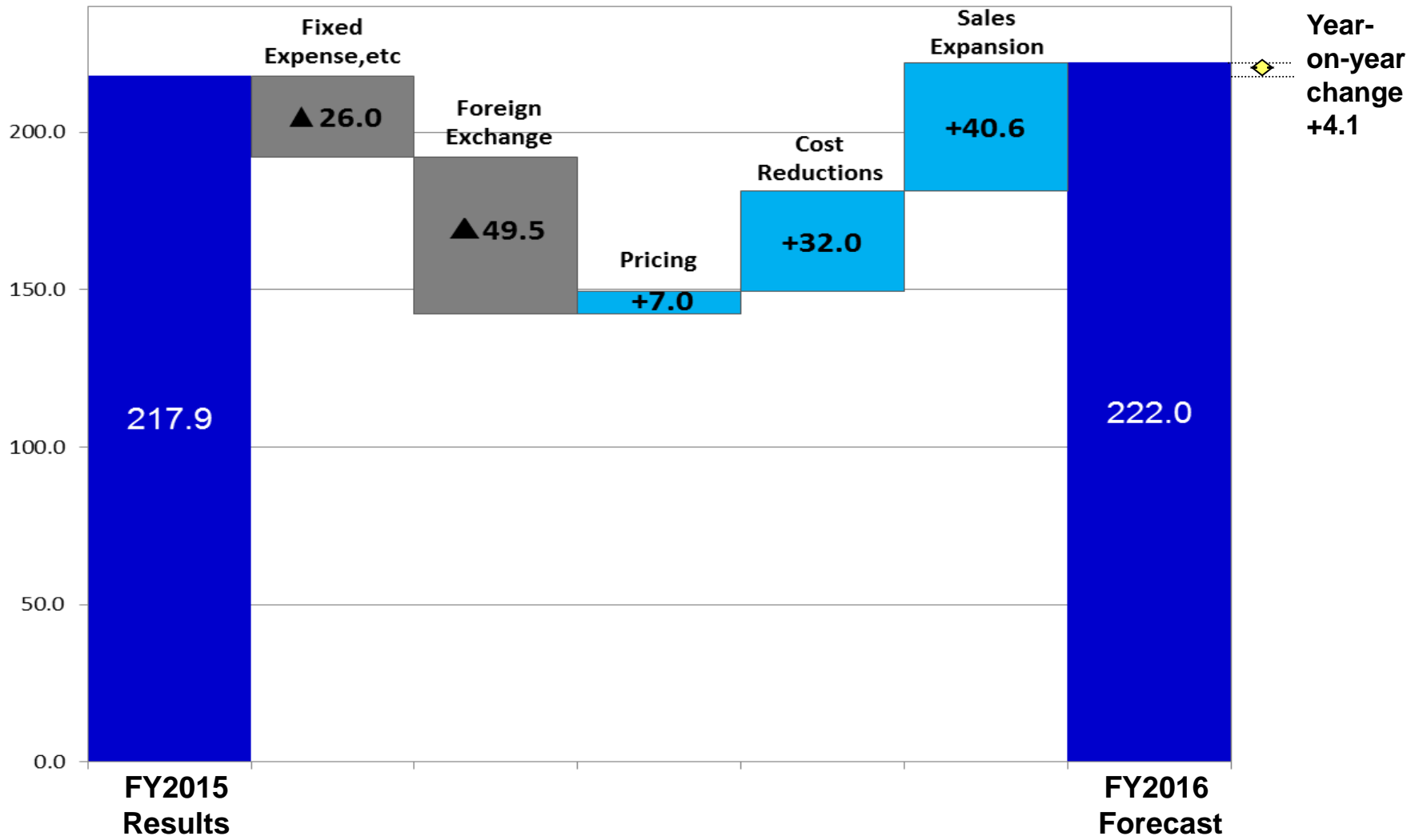
On Operating Income:

▲49.5 billion yen

(Unit:billion yen)		FY2015 Results	FY2016 Forecast (May.)	FY2016 Revised Forecast (Nov.)			
				1H Results	2H	Total	Y/y Changes
Total	Sales	2,043.7	2,080.0	1,044.8	955.2	2,000.0	98%
	Operating Income <small>(Percentage of income to net sales)</small>	217.9 (10.7%)	220.0 (10.6%)	140.4 (13.4%)	81.6 (8.5%)	222.0 (11.1%)	102%
Air-Conditioning	Sales	1,828.0	1,860.0	950.9	846.6	1,797.5	98%
	Operating Income <small>(Percentage of income to net sales)</small>	193.8 (10.6%)	195.0 (10.5%)	131.7 (13.9%)	66.8 (7.9%)	198.5 (11.0%)	102%
Chemicals	Sales	162.3	166.0	72.5	77.5	150.0	92%
	Operating Income <small>(Percentage of income to net sales)</small>	20.6 (12.7%)	21.5 (13.0%)	7.3 (10.0%)	12.7 (16.4%)	20.0 (13.3%)	97%
Others	Sales	53.4	54.0	21.3	31.2	52.5	98%
	Operating Income <small>(Percentage of income to net sales)</small>	3.5 (6.6%)	3.5 (6.5%)	1.4 (6.6%)	2.1 (6.7%)	3.5 (6.7%)	99%

Breakdown of Changes in Operating Income

(Unit: billion yen)



(Reference) May

FY2015 Operating Income	217.9	Fixed Expense, etc.	▲26.0	Foreign Exchange	▲26.5	Pricing	+4.0	Cost Reductions	+32.0	Sales Expansion	+18.6	FY2016 Operating Income	+220.0
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First Half Overall

A heat wave in Western Japan from June propelled industry demand for residential use, and sales exceeded the previous year. Industry demand for commercial use showed sluggish construction starts, but a rebound in demand from the downturn after the revision in the Rationalization in Energy Use Law enabled sales to surpass the previous year.

Daikin expanded high value-added products for both residential and commercial use, and market share grew due to the strengthening of marketing capabilities. A pricing policy was thoroughly implemented, and Daikin achieved record highs for sales and profits .

Second Half Measures

In residential use, we will launch differentiated products, including **Urusara 7**, a product that provides outstanding comfort, and multi-split air conditioners that excel in design. Together with expanding sales of high value-added products, such as **FIVE STAR ZEAS** and **VRV systems** for cold regions, we will be enhancing 'spec in' activities. Even in Applied systems, we will launch new high energy-efficient products equipped with a new type of compressor. In this way, Daikin aims to capture the rapidly-growing demand for redevelopment in the Tokyo metropolitan area and to increase market share.

<AC shipments by product (volume basis)>

(Y/y change)		1H Results	FY2016 Forecast
Residential	Market	102%	100%
	Daikin	107%	101%
Commercial	Market	103%	102%
	Daikin	108%	106%
Applied	Market	97%	102%
	Daikin	92%	106%

<Indexes relating to market demand>

(Y/y change)	FY2015	FY2016 Forecast (in Mar.)	FY2016 Forecast (in Sep.)
Personal spending	▲0.2%	+1.2%	+0.7%
New housing starts	+4.6%	▲1.2%	+4.4%
Private capital investment	+2.1%	+2.4%	+0.6%
Floor areas of new construction of commercial building (Less than 3000m ²)	▲1.3%	▲2.5%	▲2.5%

First Half Overall

In residential unitary, we capitalized on demand created by a heat wave from June, and sales expanded for high efficiency air conditioners equipped with inverters.

Ductless sales in residential use trended favorably for new **VRV system** products aimed at the high-end market. We worked to improve our sales capabilities by market, distribution channel, and region and were able to expand sales for RA and SKY.

For Applied systems, chiller sales slowed because of aggressive pricing by competing companies; however, sales grew for air handling units, which are high value-added products, and for the after sales business.

Second Half Measures

In residential unitary, we will improve product appeal, including expanding the inverter product lineup, and strengthen marketing capabilities. Production starts in October at a new factory, and we will strive to expand sales further.

For ductless, we will promote ductless air conditioners to architectural firms and contractors related to construction and strengthen our sales system as we look to accelerate widespread market acceptance.

For Applied systems, we will launch new chiller products. Together with equipment sales, we intend to also expand sales in the After sales business.

<AC sales by product (volume basis)>

(Y/y change)	1H Results	FY2016 Forecast	
		Market	Daikin
Ducted unitary for houses	111%	108%	110%
Residential & SKY	127%	118%	130%
VRV	117%	116%	119%
Applied	104%	101%	110%

※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

Although large-scale real estate investment remained stagnant, a recovery was seen in the residential market. Daikin fortified retail and direct sales to capitalize on strong personal consumption, and sales grew in all regions. Efforts were made to reduce costs centering on in-house production of parts, and we maintained high profits.

- In the residential-use market, we utilized the proposal-making and installation capabilities of our PROSHOP specialty shops and expanded sales in the middle- to high-end residential markets centering on the **New Life Style Series** that offers various lifestyles to customers.
- In the commercial-use market, we improved ‘spec in’ activities to architectural firms and advertised products to users. Focusing on **VRV systems**, we capitalized on remodeling needs for shops and general offices for which there is relatively high demand.
- In the Applied systems market, meticulous sales activities were developed utilizing an enhanced product lineup and improved sales system. Consequently, we captured demand for small- to medium-sized bids, and sales exceeded the previous year.

Second Half Measures

In the residential-use market, sales expansion will continue centering on residential-use multi-split air conditioners by strengthening the sales capabilities of PROSHOPS and expanding the product lineup of IAQ/heating products. We will maintain the favorable results of the first half.

In the commercial-use market, we will continue to develop and thoroughly perform ‘spec in’ activities as we make efforts to strengthen sales capabilities.

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

(Y/y change)	1H Results	FY2016 Forecast	
		Market	Daikin
Residential ※	114%	100%	115%
Commercial	100%	98%	101%
Applied	106%	95%	105%

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

First Half Overall (including the Middle and Near East, and Africa)

In the residential use market where demand grew because of last year's heat wave, sales were bullish centering on the main market of Southern Europe. Even in Turkey, which was adversely impacted from the attempted coup d'état in July, sales grew by efforts to strengthen the sales system. Sales for the overall region substantially exceeded the previous year.

- For residential use, sales expanded by capitalizing on increased demand in Southern and Central Europe through a timely supply of products that utilized improved local production capabilities. Sales were particularly bullish in Italy for new products adopting R32.
- In commercial use, we gained demand for small bid proposals centering on **VRV systems** corresponding to regional needs through detailed sales activities during visits to dealers. Consequently, sales grew.

Second Half Measures

Sales promotion will continue in Southern and Central Europe for residential use. Detailed sales activities for orders will be made in commercial use centering on **VRV systems** as we aim for an even greater increase in market share.

Together with striving for sales growth in the heating business for which the season is in full swing, we will aim in the refrigerator and freezer business for early synergy creation from the Zanotti acquisition.

<AC sales by product (volume basis) >

(Y/y change)		1H Results	FY2016 Forecast	
			Market	Daikin
Residential		131%	94%	113%
Commercial	SKY	113%	98%	113%
	VRV	112%	105%	114%
Heating		103%	104%	111%
Applied		102%	100%	110%

- ※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

Efforts were made to capture demand of a growing middle class by promoting dealer development, expanding sales of differentiated, energy-saving products based on regional needs, and strengthening after sales service. Consequently, sales substantially exceeded the previous year.

- RA sales were bullish for inverter-type, cooling-only air conditioners that excel in energy-saving performance. Sales largely expanded in Vietnam, Indonesia, and Thailand. Even in India, Daikin launched products corresponding to the special qualities of each region, and sales substantially grew.
- For **VRV systems**, by strengthening of ‘spec in’ activities and concentrating on dealer training, sales expanded centering on Vietnam, Indonesia, and Thailand. **VRV system** sales to affluent residences grew even in Australia where activities have advanced with the reform of sales capabilities.

■ Year-on-year sales of main countries (local currency basis)
 Vietnam: 126%; India: 134%; Australia: 123%;
 Malaysia: 114%; Thailand: 121%; Indonesia: 130%

Second Half Measures

The sales network will be strengthened and sales teams reinforced as we strive to capture demand of the growing regional cities centering on Vietnam, India, Indonesia, and Thailand.

We will accelerate lineup enhancement for differentiated products by market segment with products utilizing inverters and R32 refrigerant and with residential-use multi-split air conditioners.

<AC sales by product (volume basis)>

(Y/y change)		1H Results	FY2016 Forecast	
			Market	Daikin
Residential		127%	111%	121%
Commercial	SKY	127%	108%	117%
	VRV	139%	118%	127%
Applied		112%	104%	125%

※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

Although efforts were made to expand sales of fluorocarbon gas and anti-fouling surface coating agents, business was adversely affected by markdowns in price by competing companies in China and the United States and the impact of foreign currency exchange. As a result, there was a decline in both revenue and profits.

- For fluorocarbon gas, strong sales were seen in after sales service in the Americas and to car air conditioner manufacturers in Europe.
- Polymers and Fluoroelastomers
 - Although semiconductor-related demand centering on Asia shifted favorably for fluoropolymers, the business was adversely impacted by a drop in selling price for commodities in China and the United States. Consequently, sales fell below the previous year.
 - For fluoroelastomers, sales did not grow in Europe and Asia, and results declined against the previous year.
- In fine chemicals, sales expanded for surface antifouling agents used on smartphones (**OPTOOL**); however, sales for water and oil repellent agents fell, and results declined against the previous year.

Second Half Measures

Sales promotion will be accelerated in favorable fields such as semiconductors as we strive to expand business.

Profitability will be enhanced by reducing fixed costs, curtailing total costs, and reducing inventory.

<Chemical sales by product (aggregate sales) >

(Y/y changes)	1H Results	FY2016 Forecast	
		Market	Daikin
For all fluorochemical products	92%	92%	92%
Fluorocarbon Gas	112%	93%	98%
Polymers&Fluoro-elastomers	89%	92%	91%
Fine Chemicals etc	91%	92%	92%

First Half Overall

In the Air Filter business, we leveraged the acquisition of US manufacturer Flanders to strengthen the sales structure for synergy creation and promote total cost reductions (such as productivity improvements, centralized purchasing, and increases in ratio of in-house production).

At P&I※, the After Sales Service business grew in Asia. Cost reductions were also thoroughly performed, and efforts were made to promote major reforms.

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

Second Half Measures

In the Air Filter business, we will accelerate integration with Flanders for synergy creation. We will also strengthen sales capabilities to expand sales in growth fields such as cleanroom equipment for pharmaceuticals and medical equipment centering on the United States.

We will launch new products for large gas turbines and expand the after sales service business at P&I in the United States and Asia.

First Half Overall

In the Oil Hydraulics business, Daikin was greatly impacted by stagnant demand for industrial machinery in Japan and China, and results decreased.

In Defense Systems, sales of artillery shells for the Japanese Ministry of Defense were postponed from the third quarter, and reduced demand for home oxygen concentrators adversely impacted business results.

In the Electronics business, sales grew for the main force of R&D support systems (Visual R&D).

Second Half Measures

In the Oil Hydraulic business, efforts will be made to expand sales in the US 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 strive to enhance its sales capabilities and product appeal as it moves forward in the development of new applications.

As currently announced, Daikin plans an annual dividend of 120 yen (interim 60 yen and term-end 60 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.

		FY2012	FY2013	FY2014	FY2015	FY2016 (Forecast)
Dividend per share	Interim	¥18	¥23	¥40	¥55	¥60
	Annual	¥36	¥50	¥100 ※	¥120	¥120
Earning per share	1H	¥30.9	¥203.0	¥259.3	¥274.6	¥330.1
	Annual	¥149.7	¥315.2	¥410.2	¥469.2	¥496.2

※includes a 90th anniversary commemorative dividend of 10 yen

Reference)	FY2014	FY2015	FY2016 (Forecast)
DOE trends	3.2%	3.4%	3.4%

※includes chiller and filter businesses

※Percentage expresses year on year comparison

(billion yen)	FY2012 1H		FY2013 1H		FY2014 1H		FY2015 1H		FY2016 1H		FY2016 Forecast (Nov.)		FY2016 Forecast (May.)	
	%	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%	Value
Japan	110%	216.0	101%	217.6	99%	214.8	99%	211.9	104%	220.8	104%	433.0	103%	430.0
Europe	84%	91.4	127%	116.1	101%	116.9	110%	128.6	98%	126.4	96%	242.0	99%	250.0
China	117%	111.5	145%	161.7	111%	179.0	106%	189.9	88%	166.8	88%	275.0	92%	290.0
Americas	107%	50.9	399%	203.3	111%	225.5	121%	273.0	99%	270.7	100%	497.0	108%	534.0
Asia	108%	63.8	144%	92.0	114%	104.7	116%	121.1	97%	117.3	102%	243.0	102%	243.0
Oceania	103%	16.2	119%	19.3	102%	19.8	108%	21.4	108%	23.2	102%	48.0	98%	46.0
Middle East	172%	17.3	136%	23.5	82%	19.2	127%	24.4	91%	22.1	95%	51.5	104%	56.0
Africa	94%	3.2	151%	4.8	96%	4.6	106%	4.9	72%	3.5	71%	8.0	98%	11.0
Total	106%	570.2	147%	838.4	105%	884.4	110%	975.2	98%	950.9	98%	1,797.5	102%	1,860.0
Overseas Sales ratio	62%		74%		76%		78%		77%		76%		77%	
USD/JPY	¥79		¥99		¥103		¥122		¥105		¥103		¥110	
EUR/JPY	¥101		¥130		¥139		¥135		¥118		¥114		¥125	
RMB/JPY	¥12.6		¥16.1		¥16.6		¥19.4		¥15.9		¥15.3		¥17.0	

Sales by Region - Chemicals Business



※Percentage expresses year on year comparison

(billion yen)	FY2012 1H		FY2013 1H		FY2014 1H		FY2015 1H		FY2016 1H		FY2016 Forecast (Nov.)		FY2016 Forecast (May.)	
Japan	89%	21.5	82%	17.6	99%	17.4	110%	19.1	102%	19.4	102%	40.5	103%	41.0
Americas	107%	14.1	124%	17.5	101%	17.6	120%	21.1	87%	18.4	92%	41.0	103%	46.0
China	87%	11.7	126%	14.8	112%	16.6	102%	16.9	91%	15.4	84%	28.5	100%	34.0
Asia	68%	5.3	122%	6.4	110%	7.1	128%	9.0	86%	7.8	95%	17.5	109%	20.0
Europe	98%	5.2	123%	6.3	119%	7.5	163%	12.3	91%	11.2	91%	22.5	101%	25.0
Others	122%	0.7	136%	1.0	44%	0.4	70%	0.3	122%	0.4	—	—	—	—
Total	91%	58.4	109%	63.6	105%	66.6	118%	78.8	92%	72.5	92%	150.0	102%	166.0

Overseas sales ratio	63%	72%	74%	76%	74%	73%	75%
USD/JPY	¥79	¥99	¥103	¥122	¥105	¥103	¥110
EUR/JPY	¥101	¥130	¥139	¥135	¥118	¥114	¥125
RMB/JPY	¥12.6	¥16.1	¥16.6	¥19.4	¥15.9	¥15.3	¥17.0

■ Exchange Rate

	FY2015 Results			FY2016		
	1H	2H	Total	1H Results	2H Forecast	Total
USD	¥ 122	¥ 118	¥ 120	¥ 105	¥ 100	¥ 103
EUR	¥ 135	¥ 131	¥ 133	¥ 118	¥ 110	¥ 114
THB	¥ 3.6	¥ 3.2	¥ 3.4	¥ 3.0	¥ 2.9	¥ 3.0
RMB	¥ 19.4	¥ 18.4	¥ 18.9	¥ 15.9	¥ 14.6	¥ 15.3
AUD	¥ 92	¥ 84	¥ 88	¥ 79	¥ 74	¥ 77

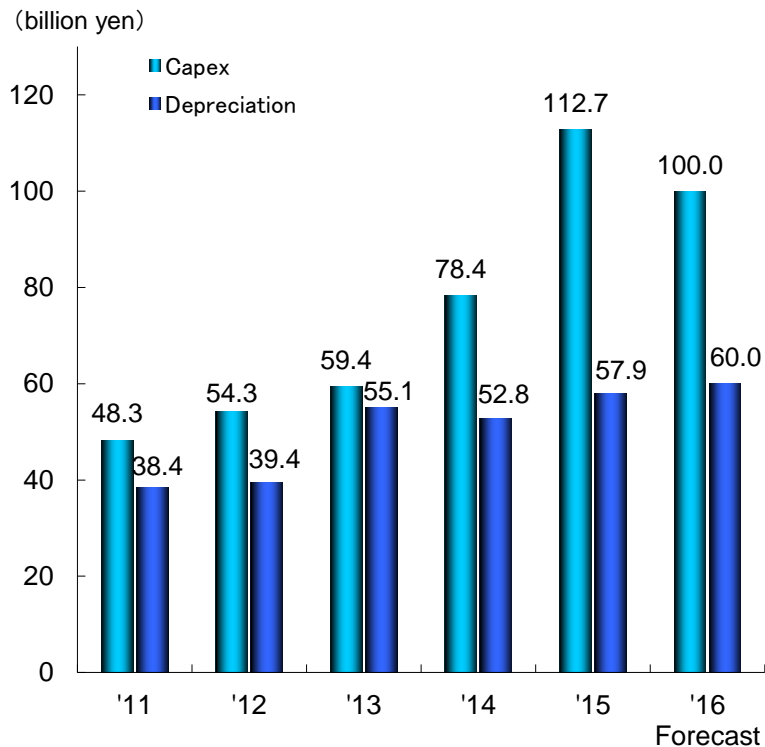
■ Sensitivity of Foreign Exchange

(Impact of change by 1 yen to operating income)

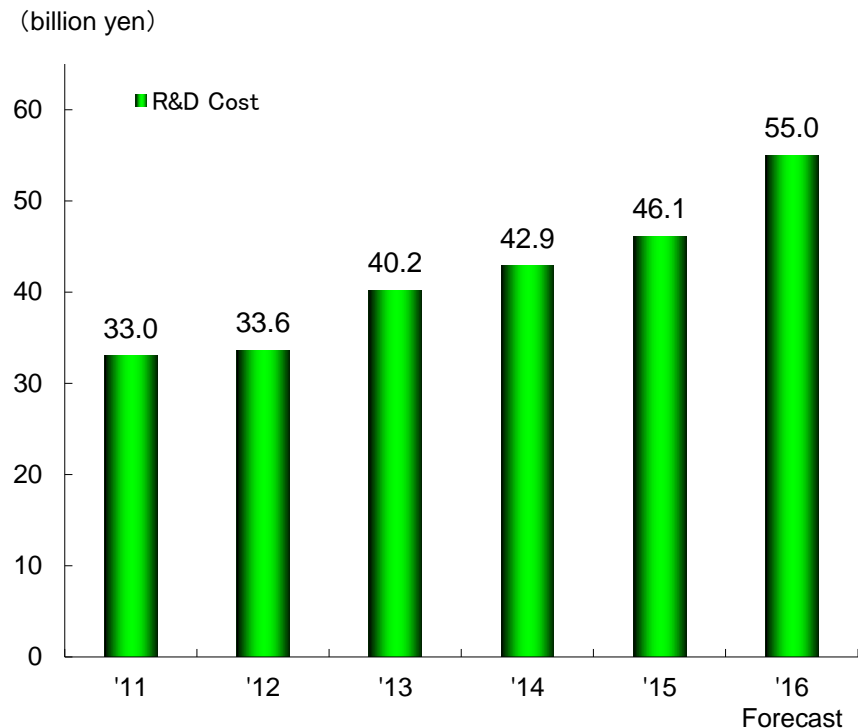
	FY2016 Forecast
USD	*1.4 billion yen
EUR	0.5 billion yen

*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)	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Capex	17.6	26.6	28.8	38.9	49.1	39.7
Depreciation	18.0	18.3	26.5	24.9	28.6	28.3
R&D Cost	16.9	16.9	19.2	21.3	22.7	26.1



DAIKIN INDUSTRIES, LTD.

Notes on forecast

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