



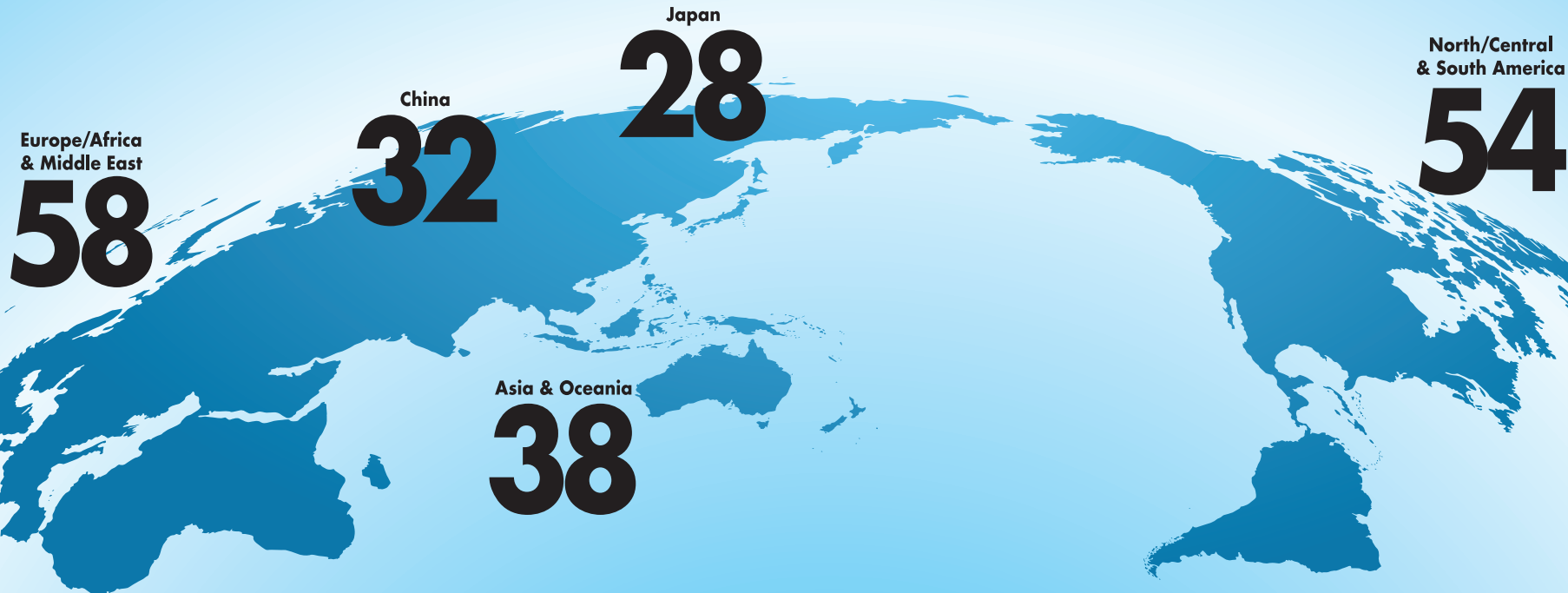
# Create **世界** New Worlds

Daikin has steadily opened new global markets over the past decade to expand business. As of 2015, we do business in 145 countries around the world.

## Create New Worlds

82 manufacturing sites  
and 210 Group companies  
in 145 countries

Entering the 21st century, Daikin Industries has achieved a level of success unparalleled in its history. In fiscal year 2014, we recorded annual net sales of 1.915 trillion yen to approach the milestone of 2 trillion yen. We do business in 145 countries through 210 Group companies and 82 manufacturing sites. Our success reflects an advanced management approach and a dedicated global workforce which puts strategy into continuous action.



\*The figures above represent the number of Group companies.

## Create New Worlds

# Five independent regions to lead our growth

Daikin develops an independent marketing strategy for each global region and performs localization of production and sales corresponding to the individual needs of local markets. Strategy focuses primarily on the five regions of Europe, China, Asia/Oceania, the United States, and Japan.

In Europe, we acquired sole agent distributors and transformed them to our wholly-owned affiliates. In China, we created our own independent Daikin sales network, and in Asia/Oceania we launched a product lineup customized to local needs and preferences. In the United States, we utilize products and sales channels obtained through acquisitions of local companies. Meanwhile, Daikin Industries in Japan serves as the global headquarters.

Each region generates annual sales exceeding 300 billion yen.



Daikin Europe N.V. celebrates 40th anniversary (2013)



Event recognizing distributors held by Daikin China (2014)



Daikin Industries (Thailand) Ltd. celebrates 20th anniversary (2010)



Goodman Global Inc. begins production of "VRV systems" in the U.S. (2014)



Training camp in Japan for new employees (2012)

# Create New Business

事業

Daikin is continuing to hone its strengths to break new business ground in an era of constant change.



*Heat exchanger manufacturing line at McQuay Air-Conditioning & Refrigeration (Wuhan)*

## Create New Business

# Creating business through acquisitions and alliances

Daikin has made a series of strategic acquisitions and business alliances over the past decade. Among them, two major acquisitions and one major alliance have become key drivers behind our global strategy.

In 2006, we acquired OYL Industries and with it the McQuay applied air conditioning business, OYLM's low-cost room air conditioning business, and American Air Filter's filter business. The acquisition also offered a stepping stone to reenter the North American market. In 2008, we formed business ties with Gree Electric Appliances, China's largest air conditioner manufacturer and are working to set a new standard for energy-efficient air conditioning in China by supplying rival Gree with our innovative inverter technology. We also are setting our sights on establishing global standards. In 2012, we acquired U.S. company Goodman and are using its sales network to launch our own unique ductless-type air conditioners into the North American market and to make a full-scale entry into the duct-type unitary residential air conditioning business. Daikin aims to be a truly global and excellent company by succeeding in the increasingly expanding U.S. market where our global rivals are gathered.

## Creating new markets

Even during the global economic downturn, Daikin never spared investment in growing markets. In 2020, the global heating, ventilating, and air conditioning (HVAC) market is expected to grow to about 30 trillion yen, and we are leading the industry in establishing footholds in emerging markets. In India, we have launched the "VRV system," HFC32 room air conditioners, and applied systems. In Turkey, inroads were rapidly made, and business there serves as a base of operations for expansion into the Middle East market. In Brazil, air conditioner production has begun in Manaus. With management foresight, we are creating new markets.



*Announcing the Goodman Global Inc. acquisition*



*Ceremony for signing business alliance agreement with Gree Electric Appliances Co., Ltd.*



*Daikin Applied Americas's Staunton Factory*



*AAF's Columbia Factory*



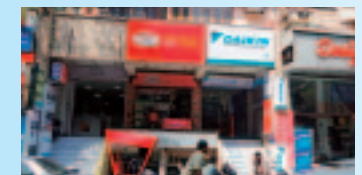
*OYLM's air conditioner inspection room*



*Daikin exhibition in Brazil*



*Daikin organizes PROSHOPs in Turkey*



*Sales outlet in India*

Create New Business

# Creating new domains

Environment and after sales service are new growth fields for Daikin. With an approach seeking both business growth and contribution to a sustainable society, Daikin has made substantial human and capital investments in environmental fields. Part of our environmental contribution has been the reduction of greenhouse gas emissions during the manufacturing process and worldwide promotion of inverter products. We have also developed heat-pump technology and an energy-saving solutions business featuring our "AirNet." Recently, we have developed the "DESICA" air treatment unit and acquired an air filter company. "Daikin Alterma," our heat-pump type hot-water supply and heating system, has globally expanded from Europe to China. Our air purifier business, meanwhile, has extended from Japan to China. We are combining a diverse range of businesses to expand our domains worldwide.



Ventilation and humidity control business featuring "DESICA"



Energy-efficient solutions business leveraging "AirNet"



Hot-water supply and heating business featuring "Daikin Alterma"

# Creating new standards



Daikin offers information on next-generation refrigerant at the Montreal Climate Change Conference



HFC32 air conditioner manufacturing line at Thai Plant



HFC32 promoted at exhibition in Milan, Italy

With its low warming potential, the next-generation refrigerant HFC32 has been receiving attention for its potential to help mitigate the impact of global warming. Daikin was the first company in the world to adopt HFC32 to its residential- and commercial-use air conditioners. In aiming for both environmental contribution and business growth, Daikin is steadily increasing results and establishing new industry standards by promoting new environmental initiatives around the globe.

## Create New Business



Tablet using Daikin's anti-fouling surface coating agent

## Pursuit of business expansion in every field

With a fixed gaze at the changing times, Daikin has pursued a wide range of new business opportunities. Our Chemicals Division has also been actively investing in the growing market of China and enlarging its product lineup to become the No. 1 chemicals company. At the same time, it has been building on its success in the semiconductor and automobile industries, expanding sales in the textile and IT (LAN cables) industries, and developing new applications in the information terminal and new energy industries to stimulate future growth.

In the oil hydraulic business, we are leveraging our hybrid oil hydraulic units in aiming for the No. 1 position in the Japanese industrial machine tool market. We are also strengthening our global presence by entering the U.S. market and seeking opportunities in Southeast Asia.

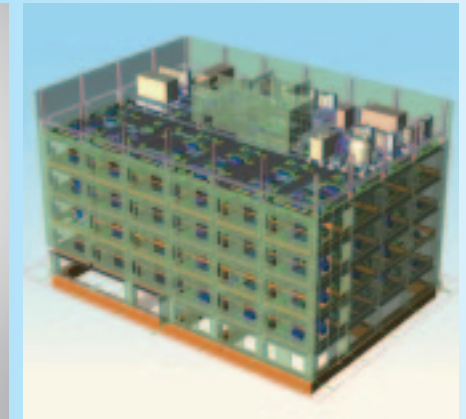
We are also globalizing our mobile oil hydraulic business including hydrostatic transmission (HST), mainly through growth in the United States and China.



A turbocharger hose with a fluoroelastomer inner coating

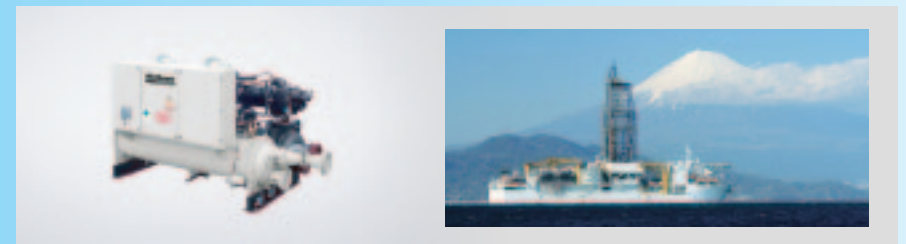


"Oil Cooling Unit" and "Super Unit," key industrial hydraulics products



Building structural diagrams made with CAD system for facility design

In the refrigeration business, we are developing new markets with a lineup of marine container refrigeration units, marine air conditioning systems, and deck units in addition to the "Conveni-Pack" refrigeration system. In the electronic systems business, we support the manufacturing innovation and advanced R&D initiatives of manufacturers.



Deep sea drilling vessel CHIKYU equipped with our refrigeration equipment



# Create Technology

技術

Anticipating future needs to create new value



## Create Technology



## Broadly expanding fields and continually innovating to develop new technologies

Daikin's technological innovation started with radiator tube metal processing. We then broadened our technology scope to encompass fluorochemicals, refrigerators, and electronics to become the world's only company involved in both refrigerants and air conditioning. In the air conditioning industry, we expanded from commercial systems to residential systems to hot-water supply systems. In recent years, we have taken our technology a step further to include air quality control through such products as air purifiers and the "DESICA Home Air" (heat pump desiccant humidity control Outdoor Air unit). Our fluorochemicals technologies, which initially yielded refrigerants, have also generated PTFE resins, fluoroelastomers, and many other new applications. With machinery, chemical, and electronics technologies, Daikin has continued to evolve with the aim of leading the world in technology innovation.

## Focusing everything on future needs

In 2010, Daikin issued a declaration reestablishing the "Daikin Technology Statement." The declaration was a three-pillared commitment to reform technical capabilities, assure product quality, and strengthen human resources capabilities that aimed to improve product innovation and quality. The "Urusara 7" air conditioner received the Prime Minister's Award at the 5th Monozukuri Nippon Grand Awards sponsored by the Ministry of Economy, Trade and Industry in 2013, reflecting the progress we had made putting our declaration into practice. Many other initiatives, including the widespread adoption of "DESICA Home Air" control unit for humidity and ventilation control, have also borne fruit.



"Urusara 7"



"DESICA Home Air"



Oxygen concentrator



"OPTOOL"



"EcoRich R"

## Create Technology

Through the fusion of technology and intelligence, spark new dreams through the collaboration of diverse talent

In November 2015, we open the Technology and Innovation Center (TIC) within the Yodogawa Plant site. The center will consolidate our R&D function and accelerate the pace of technological development through collaborative creation, or *kiyoso*, inside and outside the company. This will be the breeding ground for both technological innovation and value creation through the fusion of machinery, chemicals, and electronics. We will strive not only to develop core technologies, but to combine them with technologies from other fields of research and look to contribute to sustainable societies to create healthy air and spaces. The center will also leverage rapidly evolving information and communications technologies (ICT) aiming for innovations in manufacturing systems. To achieve this vision, we will deepen collaboration with global universities and research centers, including Kyoto University, Osaka University, and Tsinghua University, along with private enterprise in different industries. The center will be a hub for the promotion of collaborative creation combining technologies and knowledge.



Technology and Innovation Center under construction

# Create Human Potential



Release human potential by believing  
in the infinite potential of people  
Then, people come alive.



## Create Human Potential



*"Daikin Altherma" development meeting at Daikin Europe N.V.*

## Glad to be part of the team

Daikin's growth is the cumulative growth of each individual employee.

The relationship between a company and the individuals who work there must be one based on mutual preference. The company draws out people's motivation, gains understanding and acceptance, has people make efforts to improve themselves, and gives them opportunities for them to demonstrate their full potential to achieve growth. This style of human resources development is what we call People-Centered Management.

## Driving growth through diversity

As the pace of globalization accelerates, it is even more important to accept people who are viewed as "the nail that sticks out" and demonstrate teamwork that mobilizes the talents of diverse individuals to become a driving force of the organization. We offer opportunities to people who take on challenges because people have always been the source of Daikin's growth in every part of the world.



*Group Management Meeting*



*The Daikin Global Skills Competition beckons entrants from around the world*



*An electronic parts assembly area at Daikin Sunrise Settsu Factory*

## Create Human Potential

# “Fast & Flat” decision-making and execution as a team accelerate Daikin’s growth

When Daikin people gather together, that is the time for us to recognize a common direction, and this enables us to execute under pressure with astonishing speed.

With each one of us playing an important role and taking flexible action, we can maximize our abilities and rapidly realize great success.



Event recognizing distributors held by Daikin China



# Create Dreams

Fulfill your ambitions  
and realize your dreams.  
The future is up to us.