

November 26, 2018

Acquisition of Austrian Refrigerating and Freezing Showcases Manufacturer AHT
Expanding Products Covering Cold Chain and
Bolstering Integration of Refrigeration Systems with Air Conditioning

Daikin Industries, Ltd. (Headquarters: Osaka, Japan; President and CEO: Masanori Togawa) has reached an agreement for the acquisition of AHT Group (Headquarters: Austria), a leading company in the commercial refrigeration market in Europe.

The transaction value is 881 million euros (114.5 billion yen at an exchange rate of 1 euro = 130 yen). Through its subsidiary Daikin Europe N.V., (Headquarters: Belgium, President: Masatsugu Minaka), Daikin will obtain all company shares from Bridgepoint (Headquarters: United Kingdom), the Private Equity shareholder of AHT Group. Completion of the acquisition is planned for January 2019 after conclusion of all necessary procedures.

In the strategic management plan “Fusion 20”, Daikin has established priority measures to expand its commercial refrigeration business, and capitalize on environmental regulations relating to energy savings and refrigerants. In Europe, the company has begun sales of highly-efficient refrigeration and freezing systems for supermarkets and convenience stores since 2000. Moreover, in 2016, Daikin has acquired Italian commercial refrigeration manufacturer, Zanotti, extending its business to industrial refrigeration equipment for food processing and warehouse storage in addition to refrigeration equipment used in shipping such as marine containers and overland trucks and vans. On the other hand, Daikin saw the opportunity for a strategic reinforcement by extending its position at the consumer-facing end of the cold chain, namely the refrigeration showcases segment.

AHT develops, manufactures and sells refrigerating and freezing showcases specifically suited for food retailers. Leading the “plug-in” type showcases segment, AHT leads the market by the active launch of new products corresponding to evolving store layouts. Furthermore, utilizing its technological capabilities and business resources, AHT serves large accounts which include major food retail chains worldwide.

With this acquisition, Daikin is adding AHT showcases to its own wide range of products, services, and solutions based on its air conditioning and refrigeration equipment. This will enable the company to become a one-stop provider offering complete coordination of air conditioning and refrigeration products. This acquisition is also expected to solidify Daikin’s business foundation in Europe and promote full-scale expansion of its refrigeration business in the United States as well as Asia, a region of remarkable growth in both population and economic prosperity.

The refrigerator and freezer business is a highly social issue as it contributes to one of the crucial world challenges of food preservation and food waste reduction, especially faced in developing countries. The refrigeration business presents great opportunities for Daikin to utilize the advanced technologies it has cultivated including energy saving, inverters, and refrigerant control. Because the refrigeration business shares a close affinity with the company’s main business of air conditioning, expectations run high for Daikin to achieve synergies with current operations. Daikin intends to offer new value with service solutions focused on energy and the environment as it works to make its own unique contribution to resolving global issues.

1. Refrigeration Equipment Market

The refrigeration equipment market is said to have a global scale of 4 trillion yen, and commercial refrigeration, which includes supermarkets and discount stores, is estimated to be 1.7 trillion yen. With a market of 500 billion yen, Europe trails only the United States in scale. Store-use equipment occupies roughly half of that with an estimated 5% annual growth. Refrigerated showcases exceed freezer showcases in terms of replacement frequency, and 6% annual growth is anticipated for this market segment.

As a major trend in developed countries including Europe, the number of food purchases at food retail stores has increased over those made at specialty stores, and expansion of small- to medium-sized stores and convenience stores in urban communities are expected to surpass that of large retail stores in the suburbs. Additionally, internet operators, especially in China and the United States, are advancing into the food retail business, and worldwide growth is expected for the food retail market.

2. Significance and Background of Acquisition

In addition to providing air conditioners and freezers to supermarket and convenience stores in Europe, Daikin has been selling products such as equipment used in shipping marine containers and air conditioners for food storage warehouses. In response to recent market changes, the company acquired Zanotti, an Italian manufacturer in 2016. Leveraging this acquisition, Daikin has worked to build a business foundation providing solutions in all phases of the cold chain with a wide lineup of refrigeration equipment ranging from industrial use to overland transport and commercial use.

In addition to conventional products, Daikin aims to incorporate AHT's showcases in its offering and approach retail customers as it strives to expand its own customer base. Moreover, the services extending from equipment installation, commissioning to maintenance will be further strengthened. In addition to the overall design of stores including showcases, low temperature storage, and air conditioning, Daikin aims to expand its solutions business which includes remote control and monitoring, failure prediction, and proposals for optimum control for multiple stores management.

Furthermore, in addition to air conditioning, heating, and applied systems, Daikin will be able to propose total systems that cover the entire cold chain ranging from food product management to climate comfort of stores as it works to further strengthen its business as a comprehensive air conditioning and refrigeration manufacturer.

3. Approach after Acquisition

Daikin intends to build on AHT's strong business foundation and operations. In the future, Daikin plans to further reinforce its sales and after sales service structure to become a one-stop provider of refrigerators, freezers, and air conditioning equipment to major food retailers.

【Summary of AHT Group】

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|------------------------------|---|
| 1) Company Name: | AHT Cooling Systems GmbH |
| 2) Place of Incorporation: | Rottenmann, Austria |
| 3) Representative: | Michael Davy, Chairman |
| 4) Capital: | 35,000 euros |
| 5) Establishment: | 1983 |
| 6) Shareholders: | Bridgepoint |
| 7) Description of Business: | Manufacture and sale of commercial refrigerator and freezer showcases |
| 8) Recent Financial Results: | 481 million euros Revenues
(62.5 billion yen*, FY 2017) |
| 9) Number of Employees: | 1,600 people (as of FY2017 end) |

【Summary of Bridgepoint】

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| 1) Company Name: | Bridgepoint |
| 2) Place of Incorporation: | London, United Kingdom |
| 3) Description of Business: | Private equity fund management |
| 4) Relationship of Daikin and Bridgepoint: | There are no noteworthy relationships, including personal, capital, and business relationships, between Daikin and Bridgepoint. |

【Summary of Daikin Europe N.V.】

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| 1) Company Name: | Daikin Europe N.V. |
| 2) Place of Incorporation: | Ostend, Belgium |
| 3) Representative: | Masatsugu Minaka |
| 4) Capital: | 155 million euros |
| 5) Establishment: | 1972 |
| 6) Description of Business: | Manufacture and sales of HVAC equipment |
| 7) Main Business Locations: | 22 countries in the area of EU, Middle East and Africa |
| 8) Recent Financial Results: | 2,529 billion euros
(328.8 billion yen*, FY2017 Consolidation) |
| 9) Number of Employees: | 6,881 people (Consolidation) |

* Calculation of 1 euro = 130 yen

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