Daikin Europe N.V. acquires Turkish Heating and Air Conditioning Manufacturer Airfel

Brussels, July 8, 2011 --- Daikin Europe N.V., a 100% subsidiary of Daikin Industries Ltd. headquartered in Osaka, Japan (JSX:6367), announced an agreement with the principal shareholders to acquire 100% of the shares of Airfel with its headquarters in Istanbul, Turkey. Airfel's core activity is the production and distribution of heating, air conditioning and ventilation products, primarily in the Turkish market. This acquisition - subject to the approval of the antitrust clearance authorities in Turkey – strengthens Daikin's sales network in the Turkish market and extends its product offering in the EMEA markets. The final transfer of business is expected to take place by the end of August 2011.

1. Purpose of the Acquisition

Daikin has been pursuing various strategies, in order to accelerate entries into new emerging markets and expansion of business areas. Through the acquisition, Daikin aims to further grow its activities within Turkey by combining and maximizing each of Daikin's and Airfel's complementary strengths and competences within the Heating, Air Conditioning and Ventilation markets.

Daikin expects the Turkish air conditioning market to rapidly grow from €900M in 2010 to €1.700M in 2015, making it one of the biggest markets within the EMEA region. Furthermore, the Turkish market will continue to develop towards inverter driven technology products, helped by increasingly environmental policies from the government. Furthermore, Turkey's unique geographical positioning and impressive recent economic performance will make it an important player for the whole EMEA region.

Daikin has been active within the Turkish air conditioning market since 1975 and has built a strong position within the commercial segment. Airfel has been active since 1999 and has built an impressive residential and commercial sales network with over 270 dealers and almost 400 authorised service agents. Additionally, Airfel has been selling its own produced heating product (boilers/radiators) and Daikin aims to actively promote the sales of these units.

Daikin foresees to continue to manufacture residential air conditioning and ventilation products in Turkey, aiming to offer competitive solutions in combination with Daikin's high manufacturing standards. Daikin aims to serve the Turkish market with imported and locally produced products and to realise regional export sales. By combining both companies' product ranges, sales network and manufacturing capabilities, we aim to provide superior service for dealers and end-users and realise further growth in the nearby future.
2. Airfel

Airfel started its business in 1999 with the import of air conditioning equipment into Turkey. In 2001 it merged with Sanko Group, one of the biggest groups in Turkey and started investing in the HVAC sector.

Today, Airfel manufactures combi boilers, air conditioner units, infrared heaters, panel radiators, fan coil units and air handling units in Turkey. The company sells its products via its sales network of over 270 dealers and additionally has almost 400 authorized service agents in Turkey. Airfel also exports its products to over 30 countries, of which the main ones are Russia, Azerbaijan, Georgia, Germany, Hungary and Romania.

Besides distributing its own products, Airfel is currently also the official distributor for other major brands, such as McQuay (a Daikin Group brand).

3. Daikin Europe N.V.

Daikin Europe N.V. is the sales and manufacturing headquarter for Europe, Africa and Middle East for Daikin's air conditioning, heat pump and refrigeration equipment. As a 100% subsidiary of the Japan-listed Daikin Industries Ltd, its main mission is to respond to the evolving requirement of its customers for residential, commercial and industrial applications.

In 1972, Daikin Industries Ltd. established Daikin Europe N.V. in Ostend, Belgium, in order to explore the European markets. Daikin Europe was mainly used as an assembly and distribution centre for Daikin Industries Ltd. Now, Daikin Europe N.V. has developed into an advanced air conditioning, heat pump and refrigeration production facility that prides itself in being one of the most innovative players in the market. The company has currently manufacturing facilities in Belgium, Czech Republic, Germany, Italy and the UK.
**Reference 1: About Airfel**

(1) **Name**  
Airfel A.S.

(2) **Headquarters**  
Hürriyet Mh. E-5 Yan Yol Üzeri No:5734876 Kartal / ISTANBUL-TURKEY

(3) **Established**  
1999

(4) **General Manager**  
Mr. Hasan Önder

(5) **Business**  
Manufacturing and distribution of Heating, Air Conditioning and Ventilation products

(6) **Fiscal year end**  
December

(7) **Employees**  
407

(8) **Ownership:**  
Sanko Group

(9) **Turnover:**  
TL 203,6M in FY10 (approximately EUR 104,4M)

(10) **Website:**  
http://www.airfel.com.tr
Reference 2: About Daikin Europe

(1) Name Daikin Europe N.V.
(2) EMEA Headquarters Ostend, Belgium
(3) Registered address Zandvoordestraat 300; 8400 Ostend, Belgium
(4) Parent company Daikin Industries Ltd. (Osaka, Japan)
(5) Established 1972
(6) Capital EUR 57,5M
(7) Consolidated revenue EUR 1.801,8M
(8) Consolidated total assets EUR 1.227,4M
(9) Chairman Mr. Frans Hoorelbeke
(10) President Mr. Masatsugu Minaka
(11) Fiscal year end March
(12) Consolidated employees 3.757
(13) Business performance (consolidated)

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<th>(€ M)</th>
<th>FY10</th>
<th>FY09</th>
<th>FY08</th>
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<td>Net Sales</td>
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<td>Total Equity</td>
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(14) Website http://www.daikin.eu