

Daikin Europe to acquire German heating manufacturer Rotex

On August 29, 2008, Daikin Europe N.V., a 100% subsidiary of Daikin Industries Ltd. headquartered in Osaka, Japan, announced an agreement with the principal shareholders to acquire 100% of Rotex Group Companies with headquarters in GÜglingen, Germany. Rotex is engaged in the production and distribution of heating products and complete heating systems. This acquisition –subject to the approval of the antitrust clearance authorities in Germany – strengthens Daikin's offerings and market presence in its heating segment. The final transfer of business is expected to take place by 1 October 2008.

1. Synergies related to product line and sales network

The acquisition of Rotex will contribute significantly to the execution of Daikin's strategy to expand its heating business alongside its other strategic business pillars of air conditioning, applied systems and refrigeration.

A close look at the European heating market reveals that it is undergoing a structural change. Driven by higher gas and oil prices and changing legislation, the share of renewable and energy efficient heating sources is rapidly increasing. Supported by government incentives in most EU countries, solar panels and heat pumps are becoming well-established technologies. Daikin entered the European heating market two years ago with its innovative 'Altherma' offering: an air-to-water heat pump, based on Daikin's advanced heat pump technology.

Daikin's heat pump range will be complemented by Rotex heating solutions consisting of efficient boilers, solar and underfloor heating. Rotex will now get the opportunity to integrate an air to water heat pump boiler into their advanced heating solution. Furthermore, it will also enable the integration of both companies' heating know-how and thus to expand their dedicated heating portfolio. Finally, the acquisition of Rotex will further contribute to Daikin's environmental strategy of promoting energy efficient building climate solutions.

2. Rotex Heating Systems GmbH: leader in hybrid installations

Rotex, headquartered in South Germany, is a midsized heating company with 360 employees engaged in the production and distribution of heating products in Europe. Established in 1973 by Mr G. Rambacher, Rotex is known as a technology leader for advanced heating solutions combining highly efficient hybrid systems of gas/oil/bio-oil condensing boilers and solar panels. The product range is completed by a domestic hot water tank and underfloor heating.

Rotex offers a complete hybrid heating system with the choice of traditional and renewable energy sources for a customised solution. In addition to Germany, Rotex has sales affiliates in the main heating markets of Italy, France, Spain, UK and Poland. In 2007, Rotex had a turnover of 62.7 million euro.



3. Daikin Europe N.V.: Advanced climate control products and services for Europe, Africa and the Middle East

Daikin Europe N.V., located in Ostend, Belgium has more than 4,000 employees, is the Daikin sales and manufacturing headquarters for Europe, parts of Africa and the Middle East. Daikin Europe was established in 1972 and over the years has grown into the most advanced comfort climate plant in Europe. A comprehensive range of heating, air conditioning and refrigeration products and systems for commercial, residential and industrial applications is produced and supplied from the Ostend plant, supported by two factories in the Czech Republic. Daikin Europe enjoyed sales of 1.9 billion euro in 2007.

Reference 1: About Rotex Heating Group

(1) Name	Rotex Heating Systems GmbH
(2) Headquarters	Langwiesenstr. 10, 74363 Göglingen, Germany
(3) Established	1973
(4) Directors Schmitz	Gerhard Rambacher, Franz Grammling, Torsten
(5) Business	Manufacturer and distributor of heating products and systems
(6) Fiscal year end	December
(7) Employees	360
(8) Ownership:	Private
(9) Turnover:	62.7 million euro
(10) Foreign affiliates:	Italy, France, Spain, UK, Poland
(11) Website:	http://www.rotex-heating.com



Reference 2: About Daikin Europe N.V.

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| (1) EMEA Headquarters | Ostend, Belgium |
| (2) Registered address | Zandvoordestraat 300; 8400 Ostend, Belgium |
| (3) Parent company | Daikin Industries Ltd. (Osaka, Japan) |
| (4) Established | 1972 |
| (5) Capital | 57.5 million euro |
| (6) Consolidated revenue | 1,916.7 million euro |
| (7) Consolidated total assets | 1,128.2 million euro |
| (8) Chairman | Frans Hoorelbeke |
| (9) President | Masatsugu Minaka |
| (10) Fiscal year end | March |
| (11) Consolidated employees | 4,069 |
| (12) Business performance (consolidated) | |

Mil euro	FY07	FY06	FY05
Net sales	1,916.7	1,515.5	1,222.5
Operating result	223.1	175.8	97.1
Net income	147.7	113.5	60.4
Total assets	1,128.2	807.5	726.0
Total equity	592.5	444.5	331.3

- (13) Website <http://www.daikin.eu>