

Acquisition of Italian Commercial Refrigeration Manufacturer Zanotti

Daikin bolsters the Refrigerator and Freezer Business with products for the Cold Chain

Daikin Industries, Ltd. (Head Office: Osaka, Japan; President and CEO: Masanori Togawa) through its subsidiary (Daikin Europe N.V., Headquarters: Ostend, Kingdom of Belgium; President: Masatsugu Minaka) has decided to acquire Zanotti S.p.A. (Head Office: Mantova, Lombardy, Italy; President: Walter Maiocchi), an Italian manufacturer of commercial-use refrigerators and freezers. The acquisition price is 98 million euros (12.3 billion yen at an exchange rate of 1 euro = 125 yen) for which Daikin will obtain all company shares from the asset management company owned by Zanotti executive officers. Finalization of the transaction is scheduled for the end of June 2016 after completion of all the necessary procedures. Daikin intends to utilize the merger to expand its refrigerator and freezer business in Europe while continuing to enhance its business foundation as a comprehensive air conditioning and refrigeration manufacturer.

With business focused on Europe, Zanotti has developed a wide range of products for the entire cold chain that extend from those used in food production and transportation (overland shipping) to those found at retailers. With its extensive sales and service networks in each country of Europe, Zanotti has established production facilities not only in Italy but also in the large markets of the United Kingdom and Spain. This has enabled Zanotti to shorten lead time to quickly meet the diverse needs of each user and maintain a competitive advantage in regards to logistical costs.

The global market for commercial-use refrigerators and freezers operates annually on a scale of 4 trillion yen in sales. Of this, the Europe boasts sales topping 800 billion yen, second only to North America. On top of that, the people of Europe have a high awareness for environmental protection and have introduced energy-saving regulations for refrigerators and freezers in continuation of those in place for air conditioners. This type of environment underway in Europe will enable Daikin to fully leverage its energy-saving technologies.

With the proliferation of private brands and heightened concern for food safety in Europe, quality control of food products utilizes refrigerators and freezers in the storage of agricultural and processed food, container transport, and each process step of the cold chain until reaching the seller. As the bulk of grocery shopping continues to shift from conventional large stores in the suburbs to smaller urban retailers, demand is projected to be stable and expand for new sales and replacements of refrigerators and freezers. In a market evolving in this way, needs increasingly turn to manufacturers with an extensive product line capable of

providing proposals to the entire cold chain with customized systems corresponding to the conditions of each individual store.

In the field of refrigerators and freezers until now, Daikin has been providing an integrated system of air conditioners, refrigerators, and freezers to retailers, such as convenience stores in Japan and Europe, and sells products including energy-saving control systems, climate-control maritime containers, and air conditioners for food product storage. Nevertheless, its business territory had occupied only a part of the entire cold chain.

With this acquisition, Daikin can now provide a diverse product line for all aspects of the cold chain in the European market for low temperature and refrigeration equipment. Also, by applying the technologies that it has cultivated in air conditioning to Zanotti products, Daikin will be able to provide high value-added products that excel in energy savings. Even as it expands its refrigerator and freezer business in Europe, Daikin has also been enhancing its business foundation, including applied systems, as a comprehensive air conditioning and refrigeration manufacturer. Beginning with Europe, Daikin will advance forward in enlarging its refrigerator and freezer business in Asia, the United States, and China where significant market growth is anticipated.

【Summary of Zanotti】

- 1) Name: Zanotti spa
- 2) Representative : Walter Maiocchi
- 3) Place of Incorporation: Pegognaga, Mantova, Lombardy, Italy
- 4) Establishment : 1962
- 5) Description of Business: Design, manufacture, and sale of commercial use refrigerator and freezer equipment and other related products devices
- 6) Yearly Settlement: December
- 7) Number of Employees : 539 people
- 8) Main Business Locations : Italy, The United Kingdom, Spain, Germany, Russia, United Arab Emirates , United States and theirs
- 9) Capital : 20 million EUR
- 10) Total Assets : 107 million EUR
- 11) Recent financial results : 125 million EUR (FY2015)

【Summary of Daikin Europe】

- 1) Name: Daikin Europe N.V.
- 2) Representative: Masatsugu Minaka
- 3) Place of Incorporation: Ostend, Belgium
- 4) Establishment : 1972
- 5) Description of Business : Manufacture and sales of HVAC equipment
- 6) Yearly Settlement: March

- 7) Number of Employees:5,710 people
- 8) Main Business Locations : 22 countries in the area of EU, Middle-East and Africa
- 9) Capital:155 million EUR
- 10)Recent financial results: 1,845 million EUR (FY 2014)

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About Daikin Europe N.V.

Daikin Europe N.V. is a wholly-owned subsidiary of Daikin Industries Limited and a major European producer of air conditioners, heating systems and refrigeration equipment, with approximately 5,500 employees throughout Europe and major manufacturing facilities based in Belgium, the Czech Republic, Germany, Italy, Turkey and the UK.

Globally, Daikin is renowned for its pioneering approach to product development and the unrivalled quality and versatility of its integrated solutions. With more than 90 years' experience in the design and manufacture of heating and cooling technologies, Daikin is a market leader in heat pump technology.

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