

## DEAL OF THE WEEK

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## Major HVAC manufacturer plans \$417M Houston campus

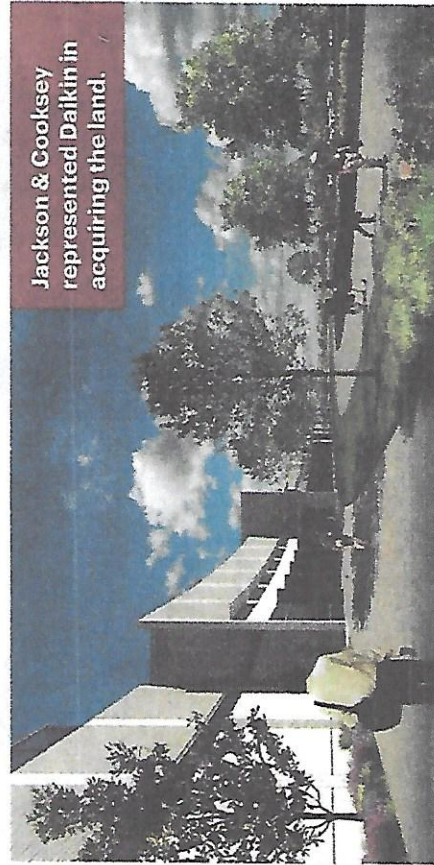
## THE SKINNY

Japan's **Daikin Industries Ltd.** is consolidating its Houston manufacturing operations into a **\$417 million** campus in Hockley, Texas. Daikin will close facilities in Texas and Tennessee, and about 3,000 employees in Texas and 1,000 in Tennessee will be asked to relocate.

Construction will start later this year, and the campus is expected to be operational by mid-2016. The new 3 million- to 4 million-square-foot campus on 90 acres will reduce manufacturing costs and allow faster customization for U.S. consumers.

## THE BACK STORY

Daikin bought Houston-based **Goodman Global Group Inc.** for **\$3.7 billion** in 2012 to expand its heating and cooling business in the U.S. However, Goodman still maintains its company brand name. Before the Goodman deal, Daikin offered some industrial HVAC products in the U.S., but did not have significant residential products. The two companies have since blended their technologies and products and have benefited from booming new home construction. Daikin wants to increase sales of its higher-end residential systems, and has begun airing TV commercials aimed at consumers — which is unusual in the U.S.



COURTESY

## ► CLOSER LOOK

## DAIKIN INDUSTRIES LTD.

HQ: Osaka, Japan

Founded: 1924

Employees: 44,000

What it does: Heating, ventilation and air conditioning manufacturer

2014 U.S. sales: \$3.6 billion

**Biggest competitor:** Ireland-based Ingersoll-Rand PLC (NYSE: IR), which just bought the centrifugal compression business unit of Houston-based Cameron International Corp. (NYSE: CAM) for \$850 million.

but common in Japan.

## THE BACK, BACK STORY

The new campus will include one of the largest and most technologically advanced HVAC manufacturing facilities in the country. It will manufacture both ducted and ductless HVAC products, which is a first for Daikin, and the manufacturing operations will consist of Daikin, Goodman- and Amana-branded residential and commercial heating and cooling systems.

*“We know that Houston is one of the best cities in the U.S. for this type of expansion program.”*

TAKESHI EBISU, president and CEO of Goodman Manufacturing Company LP

