

H1 2026: Delivering strong organic growth and profitability; strategic M&A; full-year outlook upgraded

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Key highlights:

- Organic growth of 15% driven by North America and Asia, particularly in China and India
- Operational EBITA up 44% with a margin of 15.3%, up 3.5 percentage points
- Cash flow improved to EUR 164m (H1 2025: -168m) driven by earnings and trade working capital
- Continued strengthening of our portfolio with the acquisition of the outstanding minority shares of Semikron Danfoss and entering into an agreement to acquire Alfagomma
- Full-year guidance upgraded: sales expected at upper half of range (EUR 9.1-10.6b) and outlook for operational EBITA margin raised to 14.6-15.6% (previously 12.8-14.3%)

President and CEO Kim Fausing comments:

"Driven by our commitment to putting customers first, we delivered an excellent first half through the strong execution of our LEAP 2030 strategy and the dedication and determination of our global team.

"We continue to see heightened demand in the market for our innovative, competitive, and sustainable solutions, with solid growth momentum across our businesses, including data centers. This is driving significant organic growth and profitability, with strong contributions from North America and Asia, particularly in China and India.

"Two strategic acquisitions will further strengthen our offering, accelerate growth, and enhance our resilience and competitiveness. First, we completed the acquisition of the outstanding minority shares of Semikron Danfoss. We are now positioned to accelerate investments and build a leading position in advanced power electronics. Second, we look forward to completing the acquisition of Alfagomma, a company we have long admired for its 4,500 dedicated and highly capable people, close customer partnerships, and industry-leading expertise and service. With this acquisition, we are creating a leading global player in fluid conveyance."

Delivering strong organic growth and profitability

Danfoss grew 15% organically in the first half of the year with sales of EUR 5.3 billion, with growth and strong order intake in all three business segments. Disciplined operational execution led to an operational EBITA increase of 44%, reaching a 15.3% margin, an improvement of 3.5 percentage points over the same period last year. Cash flow improved to EUR 164 million, up from EUR -168 million in H1 2025, driven by earnings and trade working capital.

In addition to robust growth across our markets, all three business segments delivered significant growth from the rapid build-out of data centers. We work closely with our customers, including the world's leading hyperscalers, co-locaters, and chip manufacturers, to meet the increasing demand. We provide and continue to develop our broad portfolio of energy-efficient solutions for both air- and liquid-cooled data centers, including power conversion, energy storage, and heat recovery.

Danfoss Power Solutions significantly improved financial performance in the first half led by growth in data centers as well as the construction and mining markets across regions. The agriculture market remains soft with low demand for large equipment. Danfoss Climate Solutions continued to deliver excellent performance, driven by data centers and an uptake in heat pumps in buildings and industrial applications. Our Power Electronics and Drives segment delivered growth in data centers, electrification, and in its core industrial business.

Strengthening our portfolio and customer offering

In line with LEAP 2030 and our focus on putting customers first, we continue to strengthen our portfolio and Danfoss' global leading positions.

In the first quarter of the year, we acquired the outstanding minority shares of Semikron Danfoss, a global technology leader in power semiconductor modules and solutions. This acquisition strengthens Danfoss' electrification portfolio and ability to serve customers with industrial-scale power electronics solutions. The acquisition reflects our focus on electrification as a high-value growth opportunity.

The recent signing of a definitive agreement to acquire Italian fluid conveyance manufacturer Alfagomma was another significant strategic milestone. Together we will create a leading global player in fluid conveyance. The acquisition is subject to necessary approvals and is expected to close during Q4 2026.

Our commitment to delivering value to our customers through innovation and technology leadership is a strategic priority that drives our continued high level of investment in innovation and R&D across our three segments. We also continued to regionalize our footprint and increase capacity across our more than 100 factories globally to strengthen our local-for-local supply chains, improve customer service levels, and enhance our resilience.

Sustainability drives competitiveness

Sustainability remains at the core of our business and our LEAP 2030 strategy, driving value and competitiveness. Danfoss technologies and solutions are engineered to do more with less, aiming to accelerate competitive decarbonization across industries, thereby saving energy and costs, and reducing emissions.

We continue to see progress within sustainability. In the first half, we reduced our own emissions (scope 1 and 2), mainly driven by the increase in the share of renewable electricity from 67% in 2025 to 75%. We continue to focus on safety and are pleased to see the number of incidents per million hours worked reduced to 0.8, an all-time low.

Outlook for the year upgraded

We now expect sales to end in the upper half of the EUR 9.1-10.6 billion range. The expectation for our full-year operational EBITA margin range has increased to 14.6-15.6% (previously 12.8-14.3%) on the back of our strong operational performance in the first half.

Key figures for the first six months of 2026:

- Sales reached EUR 5,254 million, an organic growth of 15% (H1 2025: 4,703m).
- Investments in innovation (R&D) continued on a high level at EUR 257 million (H1 2025: 259m), corresponding to 4.9% of sales (H1 2025: 5.5%).
- Operational EBITA up 44% reaching EUR 802 million (H1 2025: 556m), leading to an operational EBITA margin of 15.3%, up 3.5 percentage points (H1 2025: 11.8%).
- Net profit reached EUR 436 million, an increase of 62% (H1 2025: 269m).
- Investments (CapEx) excluding M&A were EUR 108 million (H1 2025: 151m).
- Free operating cash flow after financial items and tax (before M&A) amounted to EUR 164 million (H1 2025: -168m).

About Danfoss A/S: Danfoss engineers solutions that increase machine productivity, reduce emissions, lower energy consumption, and enable electrification.

Our solutions are used in areas such as refrigeration, air conditioning, heating, power conversion, motor control, industrial machinery, marine, and on- and off-highway equipment. We also provide solutions for data centers, renewable energy, energy storage, heat recovery, as well as contribute to district energy solutions for cities.

Our innovative engineering dates back to 1933. Danfoss is family-owned and employs over 39,000 people. We create long-term value for our customers in more than 100 countries with a global footprint of more than 100 factories.

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