

Press release

Group Communications
Danfoss A/S

Interim announcement for the first half of 2021

Date: August 19, 2021

Danfoss Announces Best Half-Year Results Ever

- **Sales grew 18% against H1 2020.**
- **Operating profits (EBITA) increased by 45% against H1 2020.**
- **The Eaton Hydraulics transaction closed on August 2, 2021.**
- **Danfoss growth strategy is driven by our energy-efficient, low emission and electrification solutions, and unmatched innovation and R&D capabilities.**
- **Our top priority remains the health and wellbeing of our employees who continue to navigate the challenges created by the pandemic while delivering strong results.**

NORDBORG, DENMARK – In the first half of 2021, Danfoss sales grew to EUR 3.3 billion – a growth of 18% in local currency. Danfoss saw extensive growth in all regions, despite some parts of the world are still affected by the COVID-19 pandemic. The company continued significant investments in innovation (R&D), amounting to 4.7% of sales. At the same time, Danfoss delivered a 45% increase in operating profits with EBITA of EUR 449 million – an operating profit that even outperformed the strong level of the first half of 2019, pre-COVID. Net profit was up 74%, amounting to EUR 286 million.

"I am very proud to present the best half-year results ever. We reported record level topline, profitability and cash flow. At a time when the effects of climate change are increasing, as per the recently published IPCC climate change report, Danfoss is taking the lead in the transformation towards a carbon neutral future. Our unmatched innovation and R&D capabilities and our ready-to-use energy-efficient, low emission and electrification solutions are enabling the green transition," says Kim Fausing, President and CEO of Danfoss.

"With these strong results, we are ready for the second half of the year. It's exciting to close the Eaton Hydraulics acquisition and welcome our 10,000 new colleagues. We have just begun our journey together – two talented and highly competent teams joining forces to become an even stronger technology partner for our customers and distributors," says Kim Fausing.

"Like other companies in the world, we have seen challenges in our supply chain due to holdups in logistics, shortages of electronic components and price increases on freight and raw materials. Across our businesses, we continue to do everything we can to serve our customers and ensure a minimum of impact. At the same time, I want to thank all Danfoss colleagues for the outstanding teamwork and resilience they demonstrate in navigating the challenges of the pandemic. I am extremely proud of how we continue to keep health and safety top of mind to protect our people, communities and customers while also securing our growth strategy," Kim Fausing concludes.

Key figures for first half of 2021

- Sales increased 14% to EUR 3,265 million (H1 2020: 2,864m), corresponding to 18% growth in local currency.
- Operating profit before acquisition-related amortization (EBITA) increased by 45% to EUR 449 million (H1 2020: 309m). The EBITA margin increased to 13.8% (H1 2020: 10.8%).
- Net profit was EUR 286 million (H1 2020: 164m), 74% better than in the first half last year.
- Cash flow from operating activities before M&A increased to EUR 63 million (H1 2020: EUR 33m).
- Investments in innovation (R&D) reached a high level of EUR 154 million (H1 2020: 130m), corresponding to 4.7% of sales (H1 2020: 4.6%).

Outlook 2021

Danfoss, excluding Eaton Hydraulics, expects to continue to expand or maintain our market share, while maintaining or improving profitability measured as margin versus the 2020 level, following continued investments in the development of new products and solutions.

Taking into account the anticipated additional Eaton Hydraulics sales following closing of the acquisition, Danfoss expects a significant increase in Group sales for the year 2021. We expect profitability will be impacted by purchase-price allocation, depreciation and amortization, and integration costs related to merging with Eaton Hydraulics. The acquisition was financed with debt and will result in an increase in financial expenses.

Danfoss continues the work to make the campus at our 250,000 m² headquarters in Nordborg CO₂ neutral in 2021 by using green electricity. We plan to cover the heating demand through CO₂ neutral district energy systems. We will do this by using excess heat from data centers and other operations and installing heat pumps to cover the remaining heating demand – in other words, by applying our own solutions.

Danfoss is committed to decarbonizing its global operations by 2030.

More information:

Danfoss Media Relations

Tel: +45 70 20 44 88

Relevant links:

<https://www.danfoss.com/en/about-danfoss/company/financials/>

Danfoss is engineering technologies that enable the world of tomorrow to be better, smarter, and more effective. In growing cities, we ensure the supply of fresh food and optimal comfort in homes and offices, while meeting the need for energy-efficient infrastructure, connected systems and integration of renewable energy. Our solutions are used, for example, for cooling, air conditioning, heating, controlling electric motors and mobile equipment. Our innovative engineering can be tracked back to 1933, and today Danfoss is a global leader with 37,000 employees and sales in more than 100 countries. We are privately owned by the founder's family.

Read more about us at www.danfoss.com.