

Danfoss Press Release

01. 03. 2023

Danfoss sales above EUR 10 billion with highest investment levels ever

Danfoss continues its transformation driven by the shift in energy systems to renewable energy and the need for significantly higher energy productivity in machines and infrastructure. With bold investments, Danfoss is focused on long-term value creation and has never seen better opportunities.

- Sales in 2022 exceeded expectations, up 36% to EUR 10.3 billion. Organic growth was up 15%.
- Operating profits (EBITA) up 26% to a strong EUR 1.2 billion with a margin of 11.9%, which was within range of guidance.
- Growth in all regions and especially in North America that grew by 71% over the past year.
- Strongly positioned for future growth with significant investments in electrification with the creation of Semikron Danfoss, taking a leading position in power electronics and electrification.
- Innovation spend up 39% to EUR 457 million, and investments in production capacity, regionalization, and digital solutions up 44% to EUR 531 million.
- ESG data quality improved and we report solid progress towards our target to reach zero emissions in scope 1 & 2 in 2030 in our global operations.
- Outlook 2023 sales in the range of EUR 10.4-11.9 billion and EBITA margin in the range of 11.5-13.0%.

NORDBORG, DENMARK – Danfoss' very strong 2022 results demonstrate the huge growth potential in products and solutions that contribute to meeting global and regional climate goals.

Sales grew 36% compared to 2021. Organic growth was 15% with EBITA margin reaching 11.9% in 2022. This is combined with a strong free operating cash flow before M&A of EUR 465 million, an increase of 16% compared to 2021. After

continued high levels of strategic investments in innovation, production capacity, digital transformation, and regional growth initiatives, EBITA increased 26% to EUR 1,224m compared to 2021. Earnings were affected by the exit from Russia and the creation of Semikron Danfoss and driven by the higher topline and continued traction in managing sourcing, factory performance, and pricing.

"Danfoss is better positioned for growth across all regions than we have ever been. Our sales are almost distributed evenly across the Americas, Europe, and Asia with significant opportunities in all regions. As an example, we increased our sales significantly again this year in North America. With our record levels of investments in production capacity, regionalization, and digital solutions, we are targeting to further improve the service to our customers globally," **says Kim Fausing, President & CEO of Danfoss.**

Danfoss' Core & Clear 2025 strategy, a green growth strategy, was launched in April 2022 with the aim of ensuring further investments in strengthening Danfoss' three business segments and sustaining strong application know-how, sustainable innovation, and leading positions.

"By increasing innovation spend by 39%, we are again demonstrating our commitment to offering best-in-class technology and solutions. We continue to invest in technologies for sustainable datacenters, the fast-growing market for heat pumps and energy efficiency solutions, autonomous vehicles, the electrification of machines and marine vessels, and mobile machinery as well as Power-to-X and battery energy-storage systems. Finally, it was a true highlight to launch Semikron Danfoss in August and thereby establish a leading position in power electronics and electrification," **says Kim Fausing.**

Danfoss is determined to decouple its carbon impact from its own business growth with technologies for energy efficiency, sector integration, linking various energy carriers, and electrification. Adjusted for acquisitions, Danfoss delivered a 7% decrease in scope 1 and 2 emissions in 2022 while growing 15% organically. At the same time, Danfoss is taking critical steps towards promoting Diversity & Inclusion through global employee resource groups.

"Our results are truly driven by our high-performing diverse teams across the world. We are taking critical steps to move the needle on Diversity & Inclusion, and it's been great to follow the growing engagement across the organization. In 2022, we faced a number of challenges, and I am proud to see how we worked together with our customers and partners to handle those challenges best possible. Results are created by people. We are now close to 42,000 people in Danfoss, and I would like to thank all my colleagues who made our results possible. Together we build a better future," **adds Kim Fausing.**

Outlook 2023

Danfoss has a continued ambition to expand or maintain market share. Sales are expected to be in the range of EUR 10.4-11.9bn for the full year. The EBITA margin is expected to be in the range of 11.5-13.0%, following continued integration of already acquired businesses as well as investments in the

development of new products and solutions. The expected growth and profitability performance is dependent on the development of global supply chain disruptions, the war in Ukraine, inflation, and the pandemic, as well as the general growth rates in the world economy.

Together with our customers, Danfoss has a huge potential to contribute to global and regional climate goals through the technologies and solutions we bring to market. Danfoss remains committed to decarbonizing our global operations by 2030, which is included in the targets of our three step-change initiatives on Decarbonization, Circularity, and Diversity & Inclusion. We will continue to invest in sustainability, improve our climate footprint, and deliver on our ESG ambition.

Key figures for 2022

- Sales increased 36% to EUR 10,256 million (2021: 7,539m), corresponding to a significant organic growth of 15%.
- Investments in innovation (R&D) increased 39% to EUR 457 million (2021: 328m), corresponding to 4.5% of sales (2021: 4.4%).
- Investments (CAPEX) excluding M&A increased 44% to EUR 531 million (2021: 368m).
- Operating profit (EBITA) increased 26% to EUR 1,224 million (2021: 969m), leading to a strong EBITA margin of 11.9% (2021: 12.8%).
- Free operating cash flow after financial items and tax (before M&A) increased 16% to EUR 465 million (2021: 401m).
- Net profit reached EUR 683 million, up 8% (2021: 631m).
- Scope 1 and 2 emissions decreased 7% (2021: 3%) when adjusting for the 2021 acquired hydraulics business.
- Lost Time Injury Frequency (LTIF) ended at the record-low level of 1.6 (2021: 1.7).
- 41,928 employees (2021: 40,043).
- 21% women in leadership positions (2021: 20%).

[View the full Annual Report 2022 here](#)

Ends

For further information please contact:

Kasper Elbjørn, VP, Head of Communication

Ph: +45 26 13 70 01

Email: Kasper.elbjorn@danfoss.com

About Danfoss A/S:

Danfoss engineers solutions that increase machine productivity, reduce emissions, lower energy consumption, and enable electrification. Our solutions are used in such areas as refrigeration, air conditioning, heating, power conversion, motor control, industrial machinery, automotive, marine, and off-



and on-highway equipment. We also provide solutions for renewable energy, such as solar and wind power, as well as district-energy infrastructure for cities. Our innovative engineering dates back to 1933. Danfoss is family-owned, employing more than 42,000 people, serving customers in more than 100 countries through a global footprint of 95 factories.

www.danfoss.com