

# Outlook 2023

## Decarbonizing with our customers and driving long-term sustainable value creation.

Our growth projections for 2023 remain positive as energy efficiency and electrification are gaining traction worldwide. Danfoss is in a good position with our three strong business segments engineering solutions that increase machine productivity, reduce emissions, lower energy consumption, and enable electrification.

The solutions are available today, and they are meeting many of the challenges generated by climate change, urbanization, and food and water supply scarcity while capturing opportunities in digitalization and electrification. This will continue to drive demand for our solutions and products.

However, the global economy is slowing down and in combination with global supply chain disruptions, the war in Ukraine, the inflationary business environment, and the COVID-19 pandemic, it is creating a high level of volatility and uncertainty. As a result, visibility is low.

Our key focus continues to be on ensuring profitable growth, while maintaining a high level of investments in our core businesses, new digital and electric solutions, and sustainability. Our profitable growth and strong free cash flow will allow us to invest significantly in the future.

## 2023 expectations

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 the 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 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.

## Forward-looking statements

This Annual Report includes forward-looking statements on various matters, e.g., expected earnings, future expansion of market share, and future profitable growth. Such statements are subject to risks and uncertainties, because various factors, many of which are beyond Danfoss' control, may cause actual developments and results to differ materially from the expectations set out in the Annual Report. Such factors include, but are not limited to, the geopolitical environment, general economic and business conditions, changes in commodity prices impacting the demand for Danfoss' solutions and services, competition in the industrial sectors, in which the business segments are operating, fluctuations in foreign exchange rates, interest rates or our own raw material prices, changes in climate policy, legislation, regulation or standards, and uncertainty in connection with acquisitions or potential acquisitions and divestments. Unless required by law, Danfoss has no duty and undertakes no obligation to update or revise any forward-looking statements after the publication of this Annual Report.