

# Danfoss continues the positive development despite increasing headwinds in the global economy

*In 2023, Danfoss continued to make bold investments in expanding the offering of competitive and innovative solutions.*

JOHANNESBURG, SOUTH AFRICA, March 7, 2024 /EINPresswire.com/ -- In 2023, [Danfoss](#) continued to make bold investments in expanding the offering of competitive and innovative solutions. Despite a slower growth environment in 2023, Danfoss reported a 10% increase in earnings (EBITA) and a 49% increase in cash flow. In 2023, scope 1 and 2 emissions (before acquisitions) decreased by 18%, decoupled from organic sales growth of 2%.



Kim Fausing, Danfoss President and CEO

- Sales in 2023 up 7% in local currency and 4% reported to EUR 10.7 billion.



I am excited to see how our global teams continued to implement our green growth strategy and at the same time decouple our organic growth from our own emissions."

*Kim Fausing, Danfoss  
President and CEO*

- Operating profits (EBITA) up 10% to EUR 1,345 million, with a margin of 12.6%, up from 11.9%. EBITA excluding integration cost and other operating income and expenses, reached 13.7%.
- Record level of free operating cash flow after financial items and tax of EUR 692 million, up 49%.
- Positive growth in North America and Europe. Asia Pacific sales growth was negative, mainly driven by the economic slowdown in China. India continued to deliver a strong growth performance.
- Investments in innovation up 7% at record level EUR 487 million, and investments in capacity and digitalization up

12% at a record high of EUR 596 million.

- Plans in place to decarbonize our own operations (scope 1 and 2) by 2030. We already now have agreements in place, to deliver 30% of our 2030 decarbonization target. All segments have roadmaps in place to deliver on their scope 3 emission targets to reduce our carbon footprint by 15% from 2019 to 2030.
- Outlook 2024 sales in the range of EUR 10.0-11.5 billion and EBITA margin in the range of 11.8-13.3%.

NORDBORG, DENMARK – With our 2023 results, the positive development of Danfoss continued with bold investments in our green growth strategy, Core & Clear 2025. Despite market headwinds in the second half of the year, Danfoss reported financial results within the range of guidance.

Sales grew 7% in local currency compared to 2022, with the EBITA margin reaching 12.6% in 2023. This is combined with a record-level free operating cash flow after financial items and tax of EUR 692 million, an increase of 49% compared to 2022. EBITA increased 10% to EUR 1,345 million compared to 2022.

“We are entering a new era where the future energy system is electric, and improving energy efficiency in machines, infrastructure, and industry is critical to delivering an affordable, secure, and decarbonized future. In 2023, we continued with bold investments in expanding our offering of competitive and innovative solutions for our core business and high-growth opportunities like data centers, the electrification of heating systems, EVs, on- and off-highway vehicles, as well as marine vessels, and hydrogen production,” says Kim Fausing, President & CEO of Danfoss.

Besides the significant investments in our core business and new high-growth opportunities, we continued to invest in building a more resilient supply chain by further regionalization and adding new capacity.

In 2023, the integration of our recent acquisitions continued to be on track.

With the acquisition of Eaton’s hydraulics business in 2021, we built a leading position within mobile and industrial hydraulics. We are targeting a leading position in power semiconductor modules and assemblies with Semikron Danfoss, established in 2022. With the acquisition of BOCK® Compressors in 2023, Danfoss now offers one of the most comprehensive compressor portfolios in the cooling industry.

“During the second half of 2023, high inflation and interest rates impacted the market. The more challenging business environment has continued into 2024, but we remain focused on implementing our green growth strategy and delivering strong value to our customers and partners around the world,” says Kim Fausing, President & CEO of Danfoss.

Danfoss has a clear plan to decarbonize operations by 2030, and we already have agreements in place that ensure a 30% reduction in emissions. These agreements include two long-term power

purchase agreements in China and North America, effective from 2024 and 2025, respectively. In 2023, we continued to decarbonize our own operations. Scope 1 and 2 emissions decreased by 18% (before acquisitions), decoupled from organic sales growth of 2%.

"I am excited to see how our global teams continued to implement our green growth strategy and at the same time decouple our organic growth from our own emissions," says Kim Fausing.

## Financial outlook 2024

Danfoss has a continued ambition to expand or maintain market share. Sales are expected to be in the range of EUR 10.0-11.5 billion for the full year. The EBITA margin is expected to be in the range of 11.8-13.3%, 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 stability, the geopolitical environment, and inflation, as well as general global growth rates.

## Key figures for 2023

- Sales in 2023 up 7% in local currency and 4% reported to EUR 10.7bn (2022: 10.3bn).
- Scope 1 and 2 emissions decreased 18%, adjusted for the acquisition of Semikron and BOCK® Compressors.
- Investments in innovation (R&D) increased 7% to EUR 487m (2022: 457m), corresponding to 4.6% of sales (2022: 4.5%).
- Investments (CapEx) excluding M&A increased 12% to EUR 596 million (2022: 531m).
- Operating profit (EBITA) increased 10% to EUR 1,345 million (2022: 1,224m), leading to an EBITA margin of 12.6% (2022: 11.9%).
- Net profit increased 20% to EUR 819 million (2022: 683m).
- Free operating cash flow (after financial items and tax) amounted to EUR 692 million (2022: 465m).
- Lost Time Injury Frequency (LTIF) at record low 1.2 (2022: 1.6).
- 42,054 employees (2022: 41,928).

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