

Quarterly statement of accounts, January – March 2002

Danfoss:

Small signs of improvement

In the first quarter of 2002 the Danfoss Group generated net sales of 481 million EUR, an operating income (EBIT) of 11 million EUR and a result before tax of 15 million EUR. Results are a little higher than expected and there are small signs of growth, which indicate a change in the global economic downturn that characterised 2001.

Compared with the first quarter of 2001, there is a slight reduction in net sales and a reduction in the result. The first quarter of 2001 was however very positive, and was not influenced by the economic downturn that characterised the rest of that year. Extraordinary earnings of almost 4 million EUR were also realised in the first quarter of 2001 from the sale of operational equipment.

There was a negative organic growth of one percent in the first quarter of 2002, compared with the first quarter of 2001. This meets expectations, since zero growth was calculated for the first six months of this year. In the meantime however the volume of orders has increased considerably, which gives rise to optimism.

Sales in the EU and USA are still low, but several business areas are beginning to show signs of improvement. The most significant growth took place in Russia, China and Eastern Europe.

The Sauer-Danfoss share of income amounted to 7 million EUR, compared with 10 million EUR in the first quarter of 2001.

Expectations for 2002

The Danfoss Group expects net sales to reach 1,946 to 2,013 million EUR by yearend 2002, (compared with 1,930 million EUR in 2001); operating income (EBIT) is expected to reach 87 to 101 million EUR, (compared with 79 million EUR in 2001).

Positive and stable organic growth is not expected until the second half of 2002 and is expected to match the level seen in 2001, which totalled four percent.

Business Segments (Danfoss' main markets)

Refrigeration & Air Conditioning experienced a slight decline in sales in the first quarter of 271 million EUR, compared with 272 million EUR during the same period last year. Operating income declined from 19 to 10 million EUR.

There are increasing signs of improvement. The demand for compressors and refrigerator thermostats has increased dramatically and new customers have been gained. The air conditioning market has however diminished drastically compared with last year and, despite an increased market share, this market has had a negative influence on results.

Markets in Europe, North America and Latin America are stagnant, whereas growth continues to be high in Asia, with China and Russia leading. In these countries in particular the segment has had positive earnings.

Heating & Water achieved a slight increase in sales, from 103 million EUR to 105 million EUR. Operating income increased from 6 million EUR to 8 million EUR.

The level of activity in Germany and Scandinavia continues to be low, whereas satisfactory development and growth can be seen in Eastern Europe and China. Restructuring and efficiency improvement programs have positively influenced operating income.

Motion Controls experienced a decline in sales, from 102 million EUR to 99 million EUR. Operating income improved from 2 million EUR to 3 million EUR.

The weak market development in Europe and Latin America account for reduced sales, whereas growth and development in the USA and Asia is satisfactory. Improved efficiency of production units and a reduction of operational costs have had a positive effect on operating income.

Note: All income figures for the Business Segments are expressed as EBIT.

For further information:

President and CEO Jørgen M. Clausen: +45 74 88 28 51

Vice Executive President, CFO Ole Steen Andersen: +45 74 88 21 46

Enclosed: Quarterly figures of the Danfoss Group

Quarterly figures of the Danfoss Group January-March 2002

EUR	2001	First quarter 2001	First quarter 2002
Net sales [million EUR]	1,930	481	481
Operating income added and depreciations and amortisation (EBITDA)	188	49	38
Operating income (EBIT)	79	21	11
Result before tax	64	23	15
Number of employees (end of year)	16.544	17.400	16.769
Return on sales (result before tax as percentage of net sales)	3,3	4,8	3,0
EBIT margin (operating income as percentage of net sales)	4,1	4,5	2,3

Net sales, segments [million EUR]	2001	First	First
-----------------------------------	------	-------	-------

		quarter 2001	quarter 2002
Refrigeration & Air Conditioning	1,071	272	271
Heating & Water	439	103	105
Motion Controls	402	102	99
Operating income, segments [million EUR]			
EBIT			
Refrigeration & Air Conditioning	63	19	10
Heating & Water	50	6	8
Motion Controls	5	2	3

As costs and net sales are not fully allocated to the segments, these cannot be reconciled directly with group figures. Accounting method is the same as previous years.