



Press release

Danfoss A/S Financial statement 2006

Danfoss is one of Denmark's largest industrial companies. The global Group is a leader within research, development, production, sales and service of mechanical and electronic components and solutions for a number of industries. Danfoss' activities are divided into three main business areas: Danfoss Refrigeration & Air Conditioning Division, Danfoss Heating Division and Danfoss Motion Controls Division, each leading within its industry. Danfoss has a large ownership share in one of the world's leading manufacturers and suppliers of mobile hydraulics, Sauer-Danfoss. Danfoss seeks to attain its goals with the least possible consumption of raw materials and energy, a minimum impact on its surroundings and the most efficient use of resources. Danfoss has a long tradition of social responsibility towards both employees and the surrounding environment.

"2006 was a really good year for Danfoss and we end the year with a very reasonable result. Focusing on our core business in recent years has given us a strengthened and more profitable business which is also reflected in the result. The good result means that we are within realistic reach of the ambitious targets of Danfoss reaching net sales of 24 billion DKK and an EBIT margin of 10% by 2008."

Jørgen M. Clausen, President and CEO, Danfoss A/S

Highlights from 2006:

- **Net sales** increased by 18% to 19.4bn DKK from 16.4bn DKK in the same period last year. Growth was 14%, when converted at last year's level of exchange rates and adjusted for acquisitions and divestments, compared to 5% in 2005
- **Operating profit (EBIT)** increased to 1,601 million DKK from 947 million DKK
- **Profit before tax** increased by 39% to 1,402 million DKK
- **The number of employees** increased to 20,612 from 18,168 at the same time in 2005

Expectations for 2007:

- The net sales are expected to be between 21 and 22 billion DKK. Compared to 2006, this will equal growth of between 8% and 13%.
- The operating profit (EBIT) is expected to be between 1.6 and 1.8 billion DKK, of which acquired companies are expected to contribute with 50 million DKK. The full impact on the result of the companies acquired in 2006 is not expected to show until the 2008 profits. The EBIT margin is expected to be around 8%
- Any impact of future acquisitions and divestments has not been included in the expectations

The Annual Report 2006 is available at www.Danfoss.com on March 19, 2007, at 12:00 noon.

Nordborg, March 19, 2007

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Further information about Danfoss is available on the Danfoss website: www.danfoss.com

Financial highlights

Million DKK (unless otherwise stated) All quarterly figures are unaudited.	Q4 2005	Q4 2006	Change in %	2005	2006	Change in %	2006 EUR
Profit and Loss Accounts							
Net sales	4,272	5,372	26%	16,416	19,428	18%	2,605
EBITDA	503	546	9%	1,699	2,425	43%	325
<i>EBITDA Margin</i>	11.8%	10.2%		10.4%	12.5%		12.5%
Operating profit (EBIT)	317	380	20%	947	1,601	69%	215
<i>EBIT Margin</i>	7.4%	7.1%		5.8%	8.2%		8.2%
Profit before tax	270	262	-3%	1,007	1,402	39%	188
<i>Return on Sales</i>	6.3%	4.9%		6.1%	7.2%		7.2%
Key figures¹⁾:							
Free cash flow				-434	-1.699 ³⁾		-228
Net interest bearing debt				825	2.866	247%	384
RONA ²⁾	3,8%	3,5%		12,3%	16,8%		

¹⁾ In those cases where the key figures have been defined by the Danish Society of Financial Analysts, they have been calculated accordingly.

²⁾ RONA (Return On Net Assets): Result of operating profit as percentage of average net assets. Net assets are total assets deducting investments in associates and joint ventures, cash and cash equivalents, total provisions and non-interest bearing debt.

³⁾ Acquisitions of subsidiaries and activities amount to -1,995 million DKK.

Improved profitability provides record result

The Danfoss Group's **net sales** were 19.4 billion DKK in 2006, equalling growth of 18%. Growth was 14%, when converted at last year's level of exchange rates and adjusted for acquisitions and divestments. The operating profit (EBIT) increased to 1,601 million DKK from 947 million DKK, compared to 2005.

The financial year somewhat exceeded the expectations that the Group had at the beginning of the year. The final quarter of 2005 was characterised by very high demand and expectations for 2006 were that such high demand would not continue into the second half of 2006. After the first half-year, however, it was apparent that growth continued at a high level and this development continued for the rest of the year. The high growth rates meant that Danfoss was able to raise expectations both with regard to its half-year, third quarter as well as fourth quarter accounts.

The original expectations at the beginning of 2006 were for net sales between 17.0 and 17.5bn DKK and an operating profit (EBIT) of between 1.0 and 1.1bn DKK. The high growth rate meant that expectations after the fourth quarter were upwardly adjusted to net sales of 19.4bn DKK and an EBIT between 1.55 and 1.6bn DKK. Danfoss ended 2006 with a result that was significantly above the level originally expected.

All three divisions contributed to the achievement of such high operating profits with growth rates in double digits. The main European market, including in particular the important German market, together with the markets of Russia, Latin and North America and China were the driving forces behind this development.

The USA is now Danfoss' second-largest market after Germany, followed by France and Italy.

The high level of activity throughout the year allowed for more efficient capacity utilisation and led to significantly improved earnings. Despite major growth in business as a whole, through the previously implemented projects within the Danfoss Business System, it was possible to maintain a relatively lower increase in costs, which also had a positive effect on the bottom line.

The operating profit (EBIT) was 1,601 million DKK compared with 947 million DKK in 2005, equalling growth of 69%. The operating profit developed significantly better than the Group's expectations at the beginning of the year. The operating profit is therefore considered very satisfactory.

Income from joint ventures and associates amounted to 91 million DKK, which is an increase of 11% in comparison with the previous year. This item also includes the share of operating profit from Sauer-Danfoss Inc. which was 129 million DKK compared with 118 million DKK in 2005.

Financial net items showed a deficit of 290 million DKK compared to a deficit of 22 million DKK in the year before. This development was primarily due to positive exchange rate adjustments in 2005 of 95 million DKK, compared to -76 million DKK in 2006. In addition, 106 million DKK has been spent on the Group's share remuneration schemes, compared to 32 million DKK in 2005. Furthermore, the net interest expenses increased by 40 million DKK as a result of loans and an increased level of interest.

Net interest-bearing debt amounted to 2,866 million DKK at the end of 2006 as opposed to 825 million DKK in 2005. This increase in debt can primarily be attributed to loans in connection with acquisitions during the year. For the same reason, the group's leverage (net interest-bearing debts as a percentage of Shareholders' Equity) rose to 32% from 10% in the previous year.

The profit before tax rose to 1,402 million DKK from 1,007 million DKK, while the result for the year was 1,038 million DKK compared with 740 million DKK in the year before.

The shareholders' equity was 9,035 million DKK at the end 2006 as opposed to 8,485 million DKK in the previous year. The increase in the equity is primarily due to the result for the year, deducting the dividend of the year, including the demerger of Danfoss Bionics A/S (340 million DKK).

The free cash flow, which is a combination of cash flows from operating activities of 1,321 million DKK and cash flows from investing activities of -3,020 million DKK, was -1,699 million DKK compared with -434 million DKK in 2005. The positive development in earnings was balanced by an increased level of binding liquidity in connection with the Group's acquisitions and the higher level of activity.

The research and development costs were 739 million DKK in 2006, compared to 646 million DKK the year before. This equals an increase of 14%, which corresponds to approx. 3.8% of net sales.

Acquisitions and sale of companies

In November, Danfoss entered into an agreement to take over the American company Sea Recovery. The company is a supplier of advanced desalination systems, it employed 60 people in 2005 and had net sales of 84 million DKK.

In December, Danfoss entered into an agreement to take over the American company Aztec Energy Partners. The company has a leading position in the USA within energy-saving solutions for supermarkets. Aztec Energy Partners had net sales of 153 million DKK in 2005 and employed 33 people.

Also in December, Danfoss sold Danfoss Esco A/S, Norway, with effect from December 31, 2006, to the company's management. Danfoss Esco had net sales of 124 million DKK in 2005 and employed 80 people.

Changes in employee numbers

At the end of 2006, the Danfoss Group employed 20,612 people, an increase of 2,444 employees compared to the year before. The number of employees increased by 1,293 in 2006 in connection with the acquisition of new companies, while the number was reduced by 460 as a result of the divestment of subsidiaries and activities. Therefore, the real growth in the number of employees was 9%.

There were 15,577 employees in Europe (14,460); 2,533 in North America, including Mexico (1,536); 2,173 in Asia-Pacific, including China (1,688); and 329 in other regions (484). In Denmark, 6,124 people were employed at the end of 2006, compared to 5,810 in the year before.

Events following the close of the financial year

In January, Danfoss received official approval to sell its 25% ownership share in Damcos A/S, which makes systems for the remote control of valves and tank measurement for use on ships, to the American company Emerson Electric. The profit from the sale is 236 million DKK.

Expectations for 2007

Danfoss expects the positive growth from 2006 to continue into 2007, however at a slightly lower level. Growth is primarily expected to come from existing business, but as a part of the Group's growth strategy, acquisitions will continue to be made which will contribute to the growth.

The Danfoss Group expects the following for 2007:

- Net sales are expected to be between 21 and 22 billion DKK. This equals growth of between 8% and 13% compared to 2006. Companies acquired in 2006 are expected to contribute to the net sales by approximately 1.5 billion DKK in 2007
- The operating profit (EBIT) is expected to be between 1.6 and 1.8 billion DKK. The acquired companies are expected to make up around 50 million DKK of this amount. The full impact of the companies acquired is first expected to show until the 2008 profits
- The EBIT margin is expected to be around 8%
- Any impact of future acquisitions and divestments has not been included in the expectations

Assumptions and risks:

In 2007, growth is expected to be generated primarily from the North and Latin American markets, Asia and, not least, the Chinese market. Also the markets in Central and Eastern Europe, including particularly Germany and Russia, are estimated to continue the growth rates in 2007.

A large part of Danfoss' sales outside Europe are settled in dollars. A low dollar exchange rate could therefore mean a moderate growth in net sales, when converted to Danish Kroner. The expectations are based on a dollar exchange rate of 5.90 DKK/USD.

The price of raw materials in 2007 is expected to be subject to major fluctuations, but the general expectation is that prices will remain high. Danfoss will try to hedge selected raw materials and thereby try to even out some of the major fluctuations in raw material prices.

Dividends and Annual General Meeting

The Board proposes that the dividend for the accounting year of 2006 is fixed at 20%, corresponding to 204 million DKK (2005: 184 million DKK). The dividend will be paid in Danish Kroner and 28% Danish dividend tax will be deducted from Danish shareholders, whilst for shareholders outside Denmark, dividend tax will be deducted according to the joint taxation agreements registered with the VP Securities Services.

The Ordinary Annual General Meeting will take place in Nordborg, Denmark, on April 20, 2007.

Danfoss' core business areas

*“The strategic projects implemented in **Danfoss Refrigeration & Air Conditioning Division** really showed in the profit for 2006, so the profits are back on the right track in the business area. The positive development continued in 2007, however, the fierce price competition and the high raw material prices could put a pressure on the 2007 profits.”*

Niels B. Christiansen, Vice Chief Executive Officer and COO, Danfoss A/S

Danfoss Refrigeration & Air Conditioning Division experienced a positive development of both net sales and the profit. Net sales rose by 17%, to 9,782 million DKK from 8,351 million DKK. Calculated at last year's level of exchange rate and adjusted for acquisitions and divestments, the growth was 15% compared to 4% in the year before.

Danfoss Refrigeration & Air Conditioning Division							
Million DKK (unless otherwise stated). All quarterly figures are unaudited.	Q4 2005	Q4 2006	Change in %	2005	2006	Change in %	2006 EUR
Net sales	2,017	2,544	26%	8,351	9,782	17%	1,311
Operating profit (EBIT)	125	86	-31%	449	761	69%	102
EBIT Margin	6.2%	3.4%		5.4%	7.8%		7.8%
Net assets				4,005	5,636	41%	756
Capital expenditure				669	2,214	231%	297
Number of employees				9,093	10,787	19%	

Growth in the important European markets was 12%. The positive financial development in Germany in particular resulted in an impressive growth of 25%. Financial activity was also high in the Eastern European markets. Not least Russia, with growth of over 50%, was one force behind this development. Growth in the North American market continued the highly positive development from the year before and was very satisfactory at 26%. The Latin American markets, however, did not show any increased growth, with sales just a few percentage points over the year before.

In Asia, market growth in 2006 reached the expected level and with growth rates of around 18%, this market made up for almost 13% of the total net sales for the Division. The most significant factor was China, where sales growth of 34% was significantly more powerful than the rest of Asia.

However, continued material increases in the price of copper, brass and steel, among other things, resulted in a pressure on the profit, but as a result of the very high activity level, a decent profit was maintained.

Operating profit (EBIT) was 761 million DKK compared with 449 million DKK in the previous year. This equals an increase of 69%.

*“The high energy prices and the increasing demand for energy-saving products mean that Danfoss’ large commitment to exactly these types of products has developed into a good business for **Danfoss Heating Division.**”*

Ole Steen Andersen, Executive Vice President and CFO, Danfoss A/S

Danfoss Heating Division (including Danfoss Water Controls) experienced an increase in both net sales and the profit in 2006. Net sales rose by 22% to 5,664 million DKK from 4,640 million DKK. Calculated at last year’s level of exchange rate and adjusted for acquisitions and divestments, growth amounted to 13% compared to 4% in the year before.

Danfoss Heating Division (incl. Danfoss Water Controls)							
Million DKK (unless otherwise stated). All quarterly figures are unaudited.	Q4 2005	Q4 2006	Change in %	2005	2006	Change in %	2006 EUR
Net sales	1,405	1,745	24%	4,640	5,664	22%	759
Operating profit (EBIT)	205	240	17%	505	726	44%	97
EBIT Margin	14.6%	13.8%		10.9%	12.8%		12.8%
Net assets				3,014	3,683	22%	494
Capital expenditure				812	810	0%	109
Number of employees				4,437	5,088	15%	

Demand in the Division’s established Western European markets rose due to factors including the high level of activity in the construction industry, rising energy prices and increased focus on the environment and energy saving from the political as well as the consumer angles. The EU directive for the use of energy in buildings has increased the demand in a number of the Division’s core markets in 2006.

The positive development in Eastern Europe was further accelerated in 2006 for all business areas in the Division. In the Russian market sales rose by some 43% compared to the previous year.

The continued high raw material prices throughout 2006 again put pressure on the Division’s earnings.

The operating profit (EBIT) rose to 726 million DKK from 505 million DKK, which is an increase of 44%. The result was negatively affected by costs connected with the integration of the acquisitions undertaken in 2005.

*“The investments which **Danfoss Motion Controls Division** made in China in recent years are beginning to positively improve the profitability. In 2006, the Division reinforced its position on the Chinese market and, thanks to growth of 50%, it has the foundation for additional growth over the next years.”*

Hans Kirk, Executive Vice President and CDO, Danfoss A/S

Danfoss Motion Controls Division achieved an increase in both net sales and the profit in 2006. Net sales rose to 3,759 million DKK from 3,211 million DKK, an increase of 17%. When calculated at last year’s exchange rate and adjusted for acquisitions and divestments, the growth in net sales was 14% compared to 9% in 2005.

Danfoss Motion Controls Division							
Million DKK (unless otherwise stated). All quarterly figures are unaudited.	Q4 2005	Q4 2006	Change in %	2005	2006	Change in %	2006 EUR
Net sales	826	984	19%	3,211	3,759	17%	504
Operating profit (EBIT)	85	88	4%	252	342	36%	46
EBIT Margin	10.3%	9.0%		7.9%	9.1%		9.1%
Net assets				991	1,002	1%	134
Capital expenditure				273	180	-34%	24
Number of employees				3,176	3,387	7%	

The markets showed very positive sales rates, particularly in Europe, Latin America, Russia, and China, where the Division gained market shares and a strengthened market position. Growth in the markets in Russia and China amounted to more than 50%.

The operating profit (EBIT) was 342 million DKK compared to 252 million DKK the year before. This corresponds to growth of 36%.

Sauer-Danfoss Inc. is listed on the stock exchange in New York, USA.

The company is recorded in the accounts as a joint venture of Danfoss A/S, and the Group owns 38.2 % of the shares in Sauer-Danfoss Inc.

Sauer-Danfoss Inc			
Million USD (unless otherwise stated).	2005	2006	Change in %
Net sales	1,548	1,739	12%
Net profit	39	54	38%

Sauer-Danfoss Inc. is included in the Danfoss A/S Group accounts under the item “Income from associates and joint ventures after tax”.

For further information, please refer to the Sauer-Danfoss homepage: www.sauer-danfoss.com

Financial Highlights

Mill. DKK (unless otherwise stated). All quarterly figures are unaudited.	Q4 2005	Q4 2006	Change in %	2005	2006	Change in %	2006 EUR
Profit and loss account:							
Net sales ¹⁾	4,272	5,372	26%	16,416	19,428	18%	2,605
EBITDA	503	546	9%	1,699	2,425	43%	325
Operating profit excl. other income and expenses	294	308	5%	914	1,411	54%	189
Operating profit (EBIT)	317	380	20%	947	1,601	69%	215
Income from associates and joint ventures	2	-8	***	82	91	11%	12
Financial income/expenses	-49	-110	124%	-22	-290	***	-39
Profit before Tax (EBT)	270	262	-3%	1,007	1,402	39%	188
Net Profit	174	190	9%	740	1,038	40%	139
¹⁾ Total growth in net sales:	11%	26%		0%	18%		
Real growth in %	7%	19%		5%	14%		
Exchange rates in %	2%	-2%		-1%	0%		
Acquired/sold activities net in %	2%	9%		-4%	4%		
Balance Sheet:							
Total non-current assets				7,665	10,132		1,359
Assets				14,562	18,534		2,486
Total shareholders' equity				8,485	9,035		1,212
Net interest-bearing debt				825	2,866	247%	384
Net assets				8,373	10,736	28%	1,440
Capital expenditure				1,867	3,401	82%	456
Cash flow statement:							
Cash flows from operating activities				1,192	1,321		177
Cash flows from investing activities				-1,626	-3,020		-405
hereof net investments of assets				-1,028	-915		-122
hereof net investments in companies				-504	-1,936		-260
Free cash flow				-434	-1,699		-228
Cash flows from financing activities				177	1,877		252
Key figures:							
Number of employees (end of period)				18,168	20,612	13%	
EBIT margin	7.4%	7.1%		5.8%	8.2%		
EBITDA margin	11.8%	10.2%		10.4%	12.5%		
RONA ¹⁾	3.8%	3.5%		12.3%	16.8%		
Return on equity				9.2%	11.9%		
Equity ratio				58.2%	48.6%		
Leverage ratio				9.7%	31.8%		

¹⁾ RONA (Return On Net Assets)

Result of operating profit as percentage of average net assets. Net assets are total assets deducting investments in associates and joint ventures, cash and cash equivalents, total provisions and non-interest bearing debt.

Profit & Loss Account

Mill. DKK (unless otherwise stated) All quarterly figures are unaudited.	Q4 2005	Q4 2006	Change in %	2005	2006	Change in %	2006 EUR
Net sales	4,272	5,372	26%	16,416	19,428	18%	2,605
Net sales Danfoss Services etc.	114	137	20%	452	474	5%	64
Cost of sales	-2,993	-3,973	33%	-11,861	-14,053	18%	-1,885
Gross profit	1,393	1,536	10%	5,007	5,849	17%	784
	32.6%	28.6%		30.5%	30.1%		30.1%
Distribution expenses	-938	-1,052	12%	-3,443	-3,756	9%	-504
Administrative expenses	-161	-176	9%	-650	-682	5%	-91
Operating profit excl. other income and expenses	294	308	5%	914	1,411	54%	189
	6.9%	5.7%		5.6%	7.3%		7.3%
Other operating income and expenses	23	72	213%	33	190	476%	26
Operating profit (EBIT)	317	380	20%	947	1,601	69%	215
	7.4%	7.1%		5.8%	8.2%		8.2%
Income from associates and joint ventures	2	-8	***	82	91	11%	12
Financial income/expenses	-49	-110	124%	-22	-290	***	-39
Profit before tax	270	262	-3%	1,007	1,402	39%	188
Corporate tax expenses	-96	-72	-25%	-267	-364	36%	-49
Net profit	174	190	9%	740	1,038	40%	139

Balance sheet

Mill. DKK.	2005	2006	2006 EUR
ASSETS			
Non-current assets			
Intangible fixed assets	1,772	3,874	520
Tangible fixed assets	4,339	4,612	619
Non-current financial assets	1,554	1,646	220
Total non-current assets	7,665	10,132	1,359
Current assets			
Inventories	2,396	2,799	375
Accounts receivable	3,765	4,717	633
Cash and cash equivalents	736	886	119
Total current assets	6,897	8,402	1,127
Total assets	14,562	18,534	2,486
LIABILITIES AND SHAREHOLDERS' EQUITY			
Total shareholders' equity	8,485	9,035	1,212
Non-current liabilities	2,344	3,732	500
Current liabilities	3,733	5,767	774
Total liabilities	6,077	9,499	1,274
Total liabilities and shareholders' equity	14,562	18,534	2,486

Statement of cash flows

Mill. DKK.	2005	2006	2006 EUR
Operating profit (EBIT)	947	1,601	215
Adjustments for non-cash transactions	687	614	82
Changes in working capital	-116	-399	-53
Cash flows generated from operations before interest	1,518	1,816	244
Financial income	24	24	3
Financial expenses	-87	-186	-25
Dividends received	48	59	8
Cash flows from operations before tax	1,503	1,713	230
Paid tax	-311	-392	-53
Cash flows from operating activities	1,192	1,321	177
Acquisition of intangible fixed assets	-165	-121	-16
Acquisition of tangible fixed assets	-1,043	-1,000	-134
Proceeds from sale of tangible fixed assets	179	206	28
Acquisition of subsidiaries etc.	-653	-1,995	-267
Proceeds from disposal of subsidiaries etc.	149	59	7
Acquisition (-) and sale of other investments etc.	-93	-169	-23
Cash flows from investing activities	-1,626	-3,020	-405
Free cash flow	-434	-1,699	-228
Financing by non-shareholders:			
Financing by Repayment of (-)/proceeds from interest bearing debt	328	2,258	303
Financing by shareholders:			
Issuing of shares	7	10	1
Repurchase/sale of own shares	0	-7	-1
Addition/disposal of minority interest	-3	0	0
Dividends paid	-155	-384	-51
Cash flows from financing activities	177	1,877	252
Net change in cash and cash equivalents	-257	178	24
Cash and cash equivalents (beginning of period)	958	736	99
Foreign exchange adjustment of cash and cash equivalents	35	-28	-4
Cash and cash equivalents (end of period)	736	886	119

Equity specification

Mill. DKK.

	Share capital	Share premium	Hedging reserve	Translation reserve	Reserve own shares	Other reserves	Reserves	Proposed dividend	Danfoss A/S' share of equity	Minority interest	Total equity
Balance at 1 January 2005	1,023	79	54	-381	-12	6,859	6,520	152	7,774	13	7,787
Impact of change in accounting policy						-134	-134		-134		-134
Balance at 1 January 2005	1,023	79	54	-381	-12	6,725	6,386	152	7,640	13	7,653
Total recognised income and expense		-79	71	229		548	848	185	954	5	959
Dividends to shareholders								-153	-153	-2	-155
Shares issued/capital reduction						7	7		7		7
Share based payments						21	21		21		21
Balance at 31 December 2005	1,023		125	-152	-12	7,301	7,262	184	8,469	16	8,485
Total recognised income and expense			51	-105		855	801	204	1,005	5	1,010
Dividends to shareholders						-340	-340	-184	-524	-3	-527
Shares issued/capital reduction	1				-7	10	3		4	10	14
Share based payment						53	53		53		53
Balance at 31 December 2006	1,024		176	-257	-19	7,879	7,779	204	9,007	28	9,035

¹⁾ Distribution of shares:

A-shares: DKK 425. mil.

B-shares: DKK 598.5 mil.

Geographical segments

Mill. DKK.

Group	EU	Rest of Europe	Asia	North America	Africa	Pacific	Latin America	Middle East	Total
Net sales 2005	10,032	1,658	1,588	1,402	485	360	553	338	16,416
Net sales 2006	11,544	2,222	2,048	1,809	487	333	633	352	19,428

Net sales are based on customer location.

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Currencies used:

The accounts were prepared in Danish Kroner. The Profit and Loss Account figures were translated into Danish Kroner at the average rate of the reporting period. The Balance Sheet figures were translated at the closing rate of the reporting period.

Currency:	Q4 2005 Closing rates	Q4 2006 Closing rates	2005 Average rates	2006 Average rates
EUR	7.46	7.46	7.45	7.46
GBP	10.89	11.10	10.90	10.94
USD	6.32	5.66	6.00	5.95

Accounting principles:

Since 2002, Danfoss has prepared the accounts according to IFRS (International Financial Reporting Standards). These were used for this Financial statement for 2006 as well as for the 2006 Annual Report. For a detailed description of these, please refer to the Danfoss A/S Annual Report 2006.