

From left: Dave Anderson, President and CEO; **Karl Schmidt**, Executive Vice President and CFO; **Wolfgang Schramm**, Executive Vice President and President Controls Division; **Thomas Kittel**, Executive Vice President and President Propel Division; **Jim Wilcox**, Executive Vice President and President Work Function Division; **Hans Jørgen Cornett**, Executive Vice President and Chief Marketing Officer.

Know-How in Motion

Financial Perspectives 2006

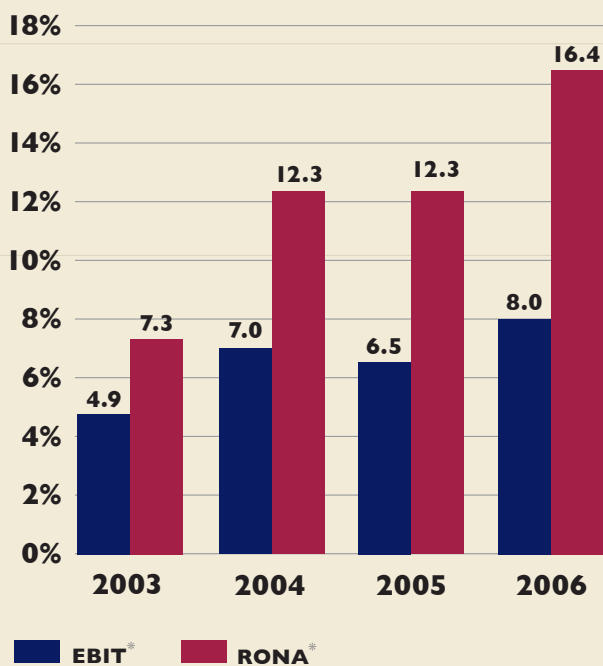
Our Strategic Financial Goals Since 2003

- We are striving for an **EBIT margin of ~12%**. Our earnings before interest and taxes (EBIT) to sales ratio is improving.
- We look for a **Return on Net Assets (RONA) of 16%**. We want more profitability from our assets in use.
- We grow our business through continuous **Market Share** growth.

Financial Overview: Consistent Growth

\$ in Millions	2004	2005	2006
Sales	1,404	1,548	1,739
EBITDA *	170	172	206
EBIT*	88	84	110
Net Income	33	39	54
Capital Expenditures	79	95	116
Earnings per share (\$)			
As Reported - Diluted	0.70	0.81	1.11
Excl. Restructuring	0.80	0.81	1.32

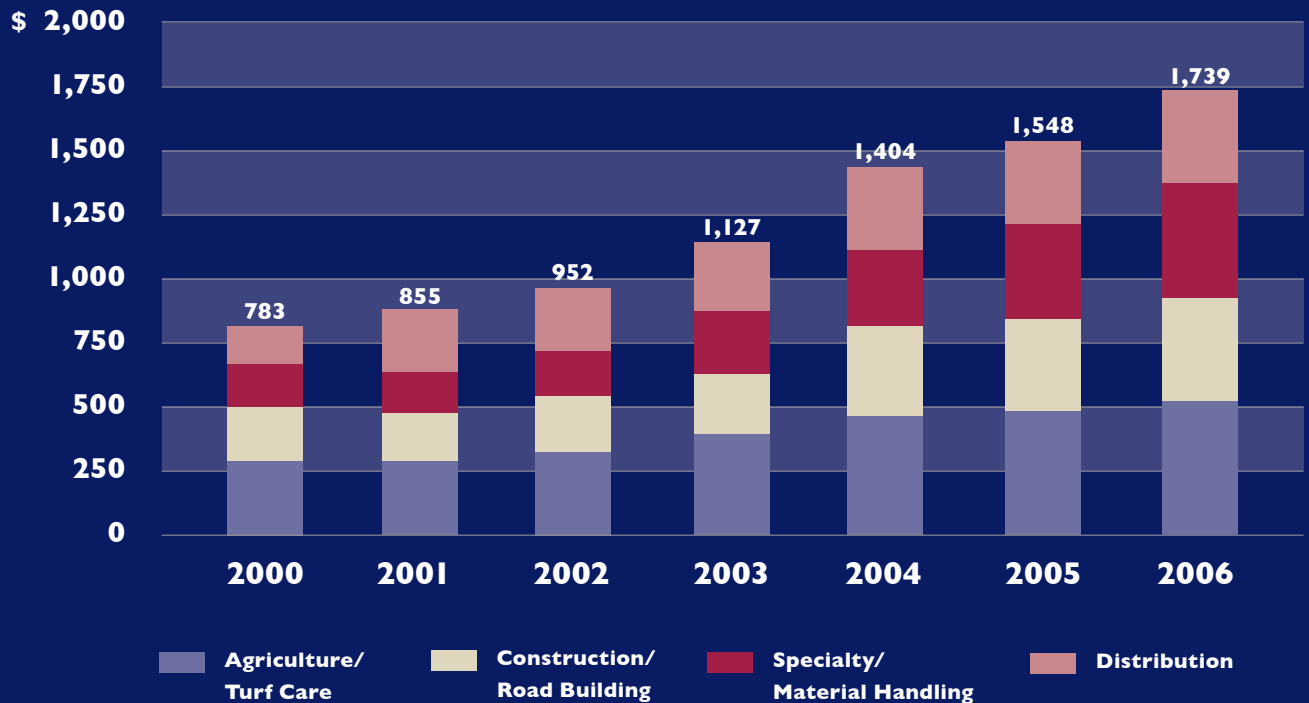
* Before Deducting Minority Interest



* Excluding Restructuring and SAP Roll-out Costs

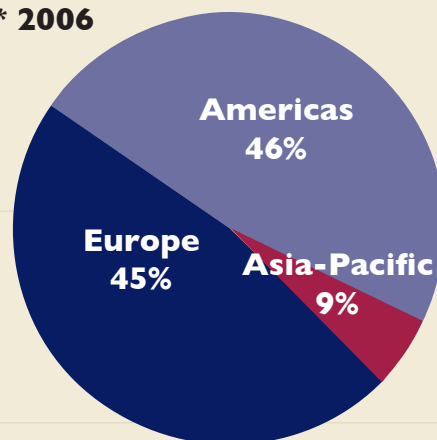
Double-Digit Organic Growth in All Market Segments

Sales per Market
(in Millions)



We are where our Customers are

Sales Split by Region* 2006

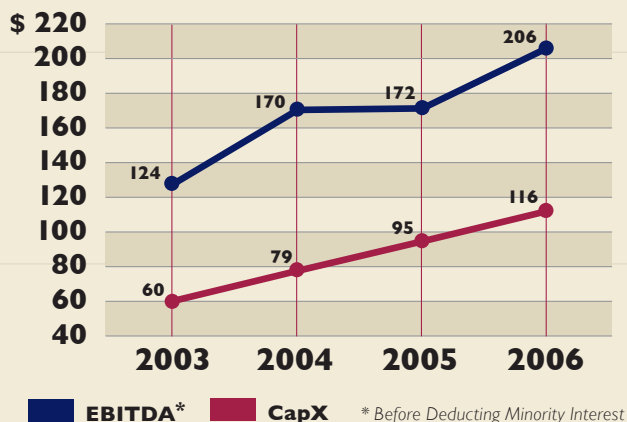


Total Sales \$1.7 billion

* Based on Destination of Sale

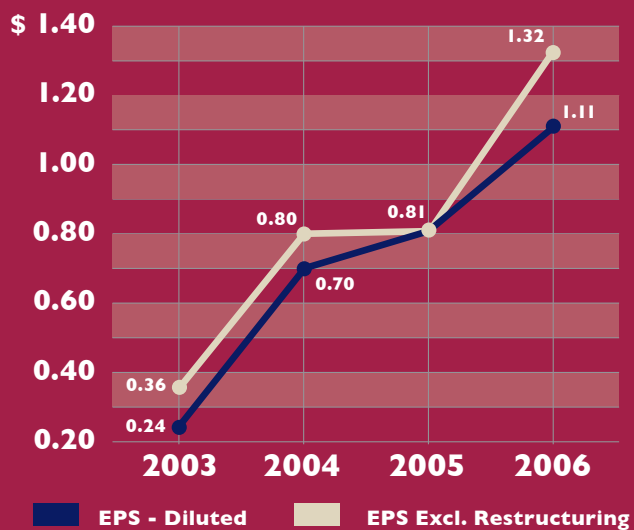
Strong Operational
Cash Flow Supports
our Capital Expenditure
Needs and Dividends

Cash Flow & Capital Expenditures
(in Millions)



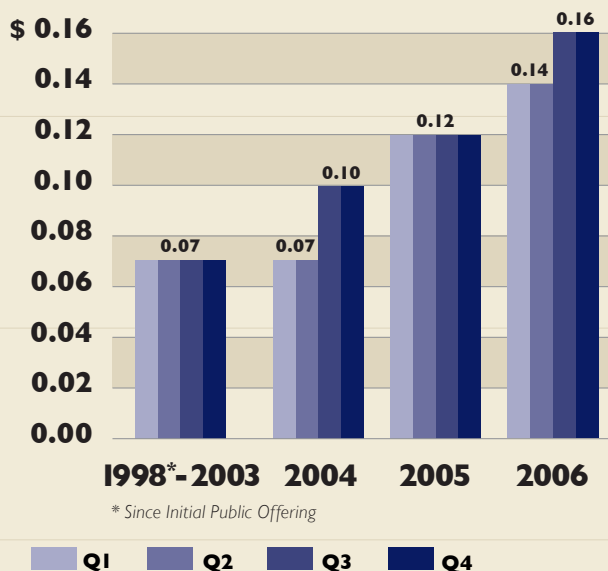
Improving our Bottom
Line Performance

Earnings Per Share



Consistent and
Increasing Returns to
our Shareholders

Quarterly Dividend Payout





Board of Directors

Upper row, left to right:

Hans Kirk

Executive Vice President and Chief Development Officer, Danfoss A/S

Klaus H. Murmann

Chairman Emeritus, Sauer-Danfoss Inc.

Jørgen M. Clausen

Chairman, Sauer-Danfoss Inc., and President and Chief Executive Officer, Danfoss A/S

Johannes F. Kirchhoff

Managing Director, FAUN Umwelttechnik GmbH & Co. KG

Kenneth D. McCuskey

Corporate Secretary, Sauer-Danfoss Inc.

Ole Steen Andersen

Executive Vice President and Chief Financial Officer, Danfoss A/S

F. Joseph Loughrey

President and Chief Operating Officer, Cummins Inc.

Lower row, left to right:

Sven Murmann

Vice Chairman, Sauer-Danfoss Inc., and Managing Director, Sauer Holding GmbH

David J. Anderson

President and Chief Executive Officer, Sauer-Danfoss Inc.

Nicola Keim

Lawyer by Profession

Steven H. Wood

Chief Financial Officer, Becker-Underwood, Inc.

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