



Supply chain management

Capital Markets Day
September 2009

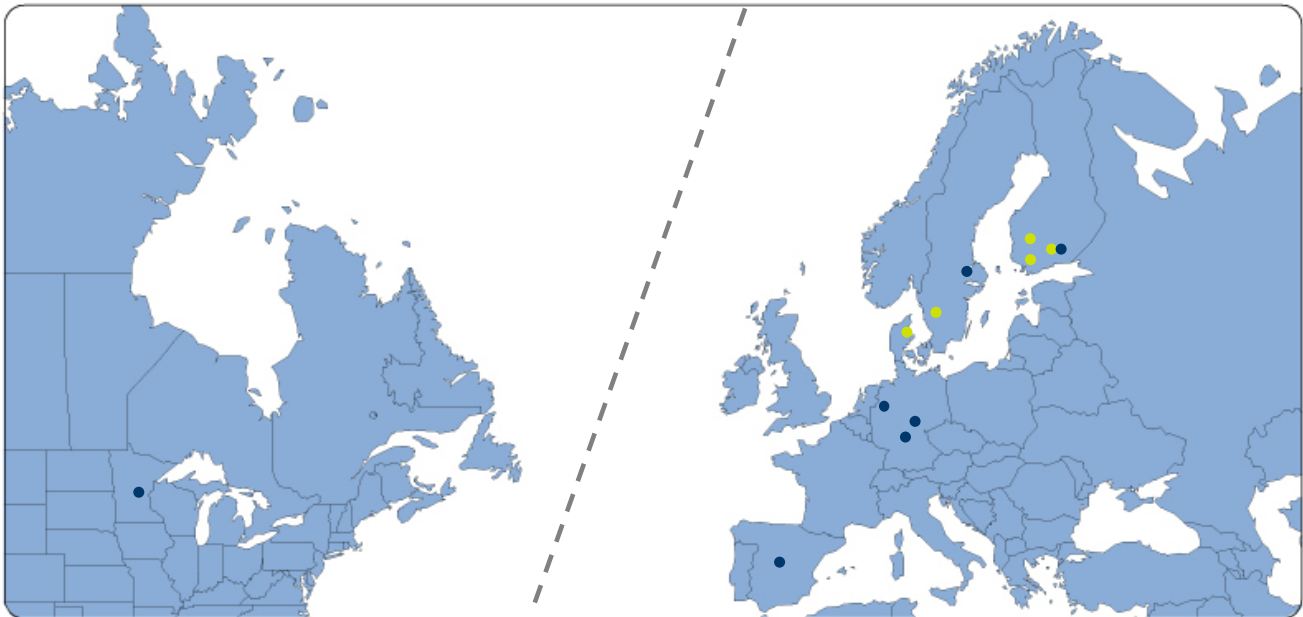
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Supply chain in Uponor

- Uponor operates based on forecasts and by producing to stock, due to the high amount of items and the short lead times established in the value chain
- This environment requires a high degree of integration from Offering, Demand and Supply to manage and improve availability and cost
- The logical Supply Chain integration units are
 - Building Solutions Europe
 - Building Solutions North America
 - Infrastructure Nordic
- Current Uponor business model is prioritising customer intimacy ahead of cost and innovation



Uponor's supply chain structure



• Building Solutions production	7 factories
• Infrastructure Solutions production	2+2 factories (planned)
Total	10 (one shared factory)
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Warehouses	23 + factory warehouses

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Supply chain strategic focus areas

- **Sourcing**
 - leverage global volumes and create competence by organising sourcing into categories
- **Operations** (production)
 - drive continuous improvement and best practice implementation
- **Warehouse & Logistics**
 - focus on availability to ensure customer satisfaction
 - Inventory reduction
- **Quality, Environment and Safety**
 - implement harmonised processes and continuous improvement
- **Integrated Business Management**
 - further development of the process
 - Supply Chain is hosting the Sales & Operations planning process
- **ERP (Oracle) system**
 - roll-out and leverage of the platform

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Investing in Sourcing

Step 1: Category organisation Q1/2007

- Uponor as one buyer
 - Leverage size where possible
 - Bundle purchases
- Uponor as one partner
 - Ensure one common voice towards suppliers



Step 2: Increased focus Q3/2008

- Increasing sourcing competence by combining resources

Step 3: Non-core is outsourced

- OEM metal components sold Q1/2009

Operations - Driving operational excellence and best practice implementation

- One common structured approach to continuous improvement
- Overall Equipment Efficiency (OEE) is the main KPI
- Using Total Productive Management methodology
 - Defined improvement methodology for each loss
 - Visibility for training and motivation
- Common approach will ensure speed
 - Same language
 - Best practice sharing regardless of technology
- Increased time and focus on bringing operations to 'technical' level before investment



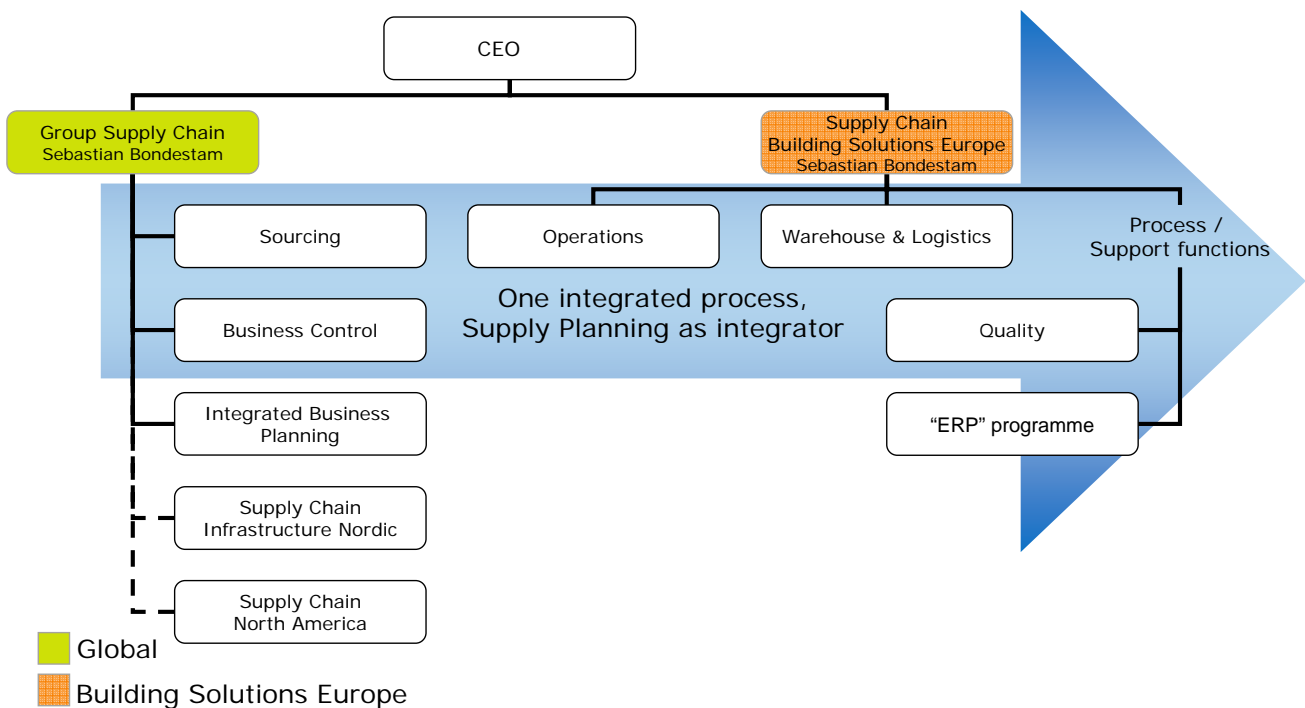
Warehouse & Logistics

- One common shared inventory in Europe

- 20 warehouses, managed jointly by Supply Chain and sales units
 - Oracle sites by Supply Chain
 - Other sites by Sales
- Integrated European supply planning utilising the new system platform
- Main KPIs
 - On Time delivery
 - Inventory reduction



Supply chain organisation



Structural development projects

- Consolidation of North American production
 - closure of St John plant in Canada Q4/08
- Opening of new distribution centres in North America in second half of 2009
- Consolidation of metal components production in Europe
 - closure of metal components production in Kungsör, Sweden Q1/09
- Closure of warehouses in Sweden, Denmark and Lithuania
- Nordic Infrastructure Solutions supply chain structural developments in 2009-2010

Main operational achievements

- Since 2004 Uponor has been implementing new working processes and a new integrated ERP system platform in Europe
 - The platform is implemented in 70% of the European Building Solutions business
 - Target is 90% adoption by the end of 2010
- In 2008, Uponor changed the Building Solutions organisation in Europe, integrating the Supply Chain from previously separate Sourcing, Production, Warehousing and Logistics

Benefits

- > Transparent inventories in Europe
- > Planning possible on European level
- > Results of the integrated Supply Chain
 - > On Time Delivery performance exceeds 90%
 - > Inventory reduction -50% since June 2008

Challenges

- Supply Chain has not been unaffected by the sharp market decline
- Current scenario is that near-term growth within current business portfolio and business model is modest
- Project business model will require new ways of working and new sets of competencies
- The trend towards product commoditisation in Uponor's target segments continues to be present and cost pressures are increasing further

Supply Chain way forward

- **Continue with the chosen strategy**
- Sourcing categories
 - Opportunities in transportation and indirect sourcing
 - Outsourcing of non-core operations
- Operations
 - *World Class Operations* kick-off in June, roll-out started
- Europe-wide planning further integrating the whole Supply Chain
 - Supply planning
 - Financial forecasting and performance
- Quality, Environment and Safety strategies implementation
- Completion of ERP system roll-out



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