



Update on current strategy



Jan Lång
President and CEO

The strategic actions launched in 2003 have mostly been completed



Growth	Brand	Operational excellence
Build on current platforms	Strengthen the Uponor corporate brand	Integrate the company
Grow essentially organically Increased focus on customers Enhance product offering through innovation Strengthen position in Europe	Single brand strategy 2006 → Unified culture Strengthen the image on the market Allows to leverage the product portfolio	Integrated processes, incl. ERP system Competence transfer Leverage the supply chain

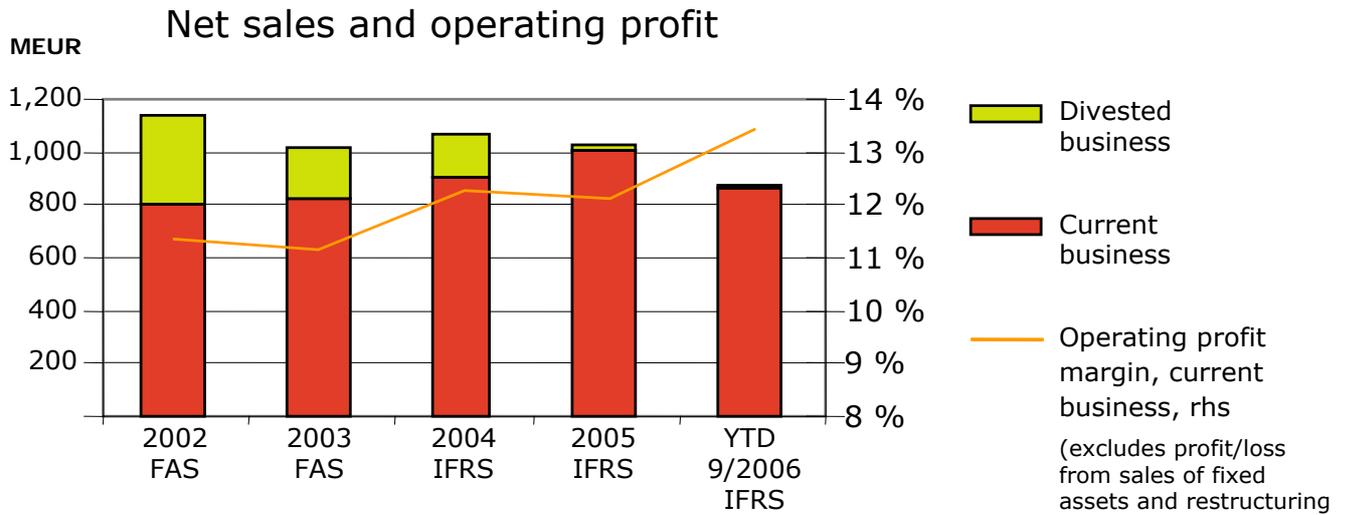
The result is a unified, integrated and a more efficient enterprise

- Efficient manufacturing structure and capacity utilisation
 - Number of manufacturing sites at 15 (from 45 in 1999)
- Company integration well on its way
 - European ERP launched in summer 2006, proceeding till 2008
 - Processes harmonised
- One brand externally and internally
 - Performance improvement through avoiding duplicate work and investment, portfolio leveraging (item numbers), organisation streamlining
 - Internal efficiencies through process and cultural harmonisation, competence transfer, etc.
 - Focus on the customer

Long-term financial goals 2004-2006 have been reached

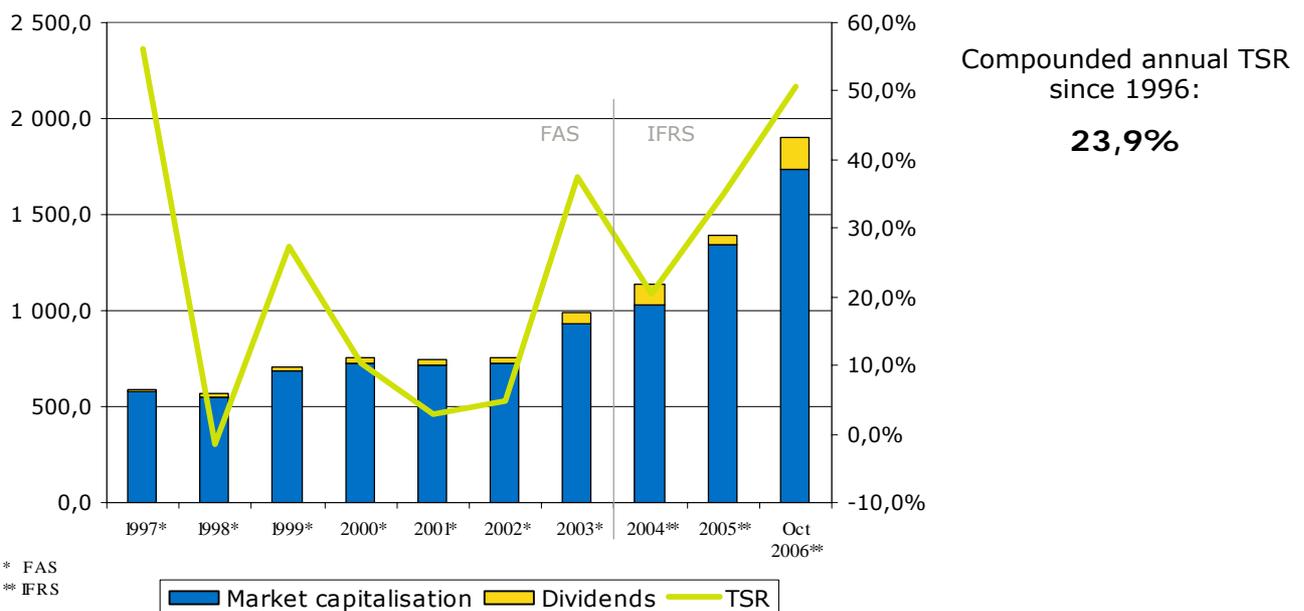
Target	Status FY 2004	Status FY 2005	Status 9M/2006
Organic growth in net sales $\geq 5\%$			
Operating profit (EBITA) $\geq 12\%$			
Core business ROI $\geq 20\%$			
Solvency ratio $> 50\%$ Gearing < 70			
Dividend policy: annual profit payout ratio $> 50\%$			

Focus on core business is bearing fruit



- Restructuring completed
- Improved operational efficiency
- Favourable demand environment
- Attractive metal vs. plastic/composite price environment
- Increased share of housing solutions business

The strong performance and non-core divestments boosted shareholder return

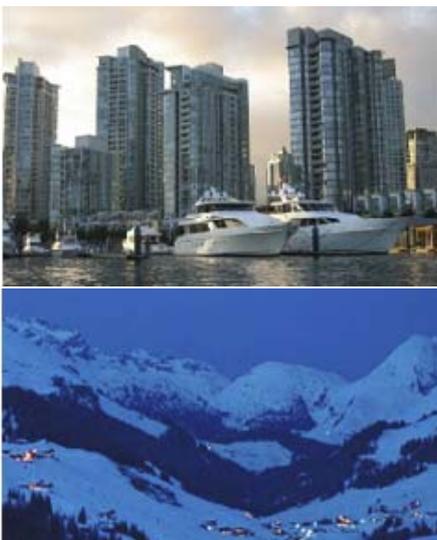


Uponor's current strategy has been successful in consolidating the company's competitive position in terms of geographies, offering and operational efficiency, and it has yielded a growing return to shareholders



Future strategic initiatives focus on growing the business

New strategic growth opportunities: High-rise and cooling



- Current strategic priorities focus on organic growth
- High-rise strategy introduced in February
- Cooling business development launched
- New long-term financial targets reflect the underlying performance potential

The radiant cooling market is almost as big as the underfloor heating market, and expected to grow strongly

- Worldwide opportunity ~ EUR 50bn
 - Radiant cooling currently at <EUR 1bn
 - Uponor has the technology and know-how available
 - Small but growing position in the high-rise cooling segment, acceptance growing also in the single-family segment
-
- Technology synergies with underfloor heating
 - Relationship synergies with the installers

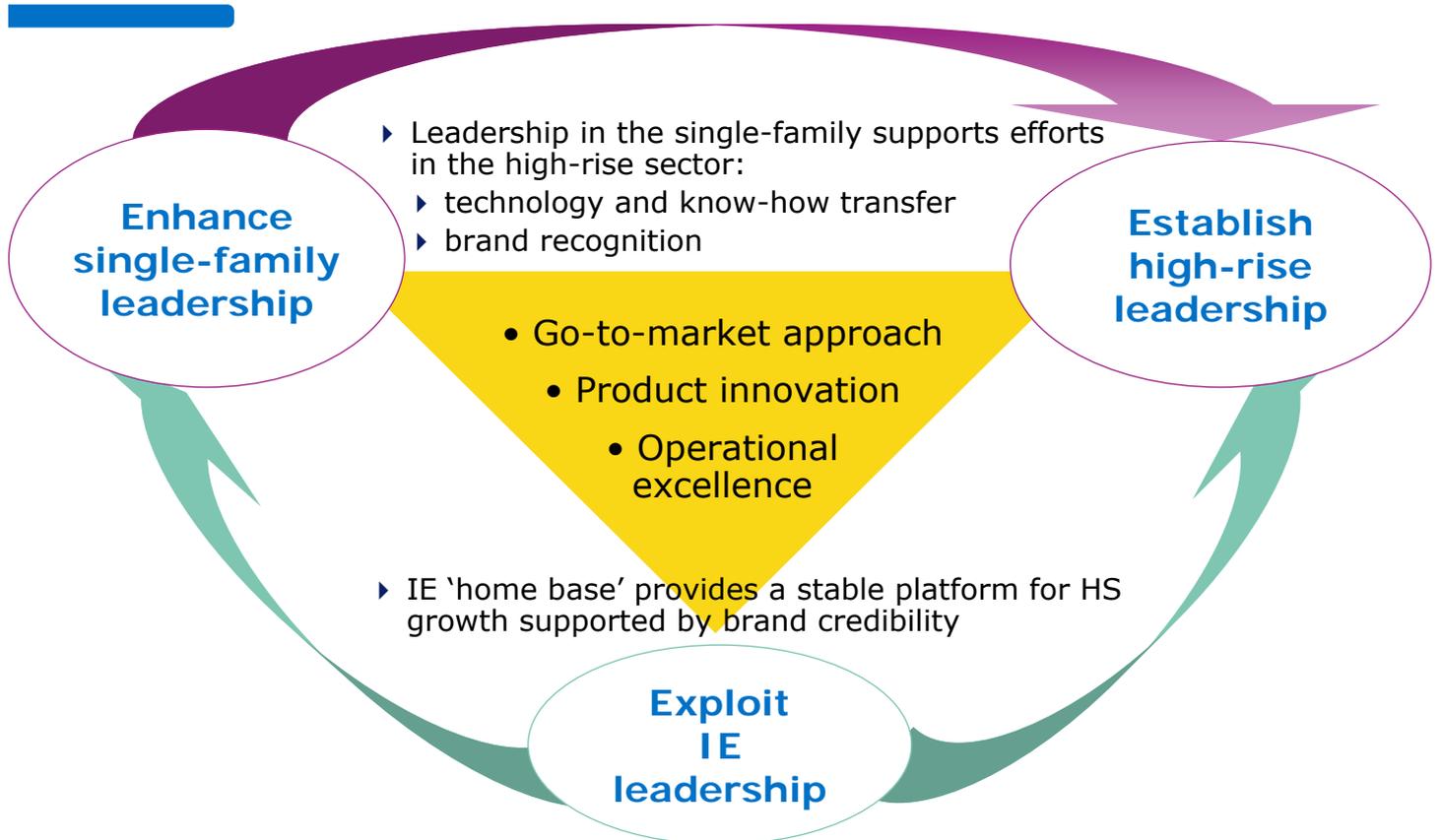
Within the next ten years, radiant cooling may play a similar role as underfloor heating today in our markets.

Targeting leadership in high-rise – heating and cooling as new spearheads

- High-rise – a segment driven by construction companies, developers, designers and general contractors

- High-rise building market value exceeds 3/4 of the single-family house markets (plumbing and heating)

- In addition to current plumbing offering, Uponor's focus is on heating and cooling
 - Overall share of plastic pipes still small
 - Utilisation of Uponor's geographic coverage and leveraging Group synergies
 - Adaptation of existing product and service offering
 - Go-to-market approach



Single-family and Infrastructure leadership

- Opportunities for organic growth remain good in the single-family segment
 - Underfloor heating penetration continues
 - Growth in markets in which Uponor's position is still undeveloped
 - Renovation and modernisation
 - Plastic and composite plumbing has overtaken copper in market share
 - Substitution will continue supported by (but regardless of) metal price development
 - Renovation and modernisation
- Infrastructure: Nordic and UK&Ireland
 - Utilise strong UK/Ireland contract base
 - New innovations and increased market penetration
 - Supply chain (Nordic ERP launch 2007→)

- **Accelerate growth in current markets**

- Strengthen position and increase market share in countries where our position does not correspond with the overall market weight of Uponor in its chosen segments

- **New markets within the current core geographies (i.e. Europe and North America)**

- Develop plans & create positions in markets identified interesting

- **New markets outside the current core geographies**

- No active plans but identify future opportunities



Long-term financial goals 2007–2009

Long-term financial targets for 2007-2009

- Previous targets achieved by 9M/2006
- New targets aim at further boosting the company's profitable growth and thereby increasing shareholder return

Target	Scale
Annual organic net sales growth	> 6%
Operating profit margin	~15%
Return on investment (ROI)	>30%
Gearing	30 – 70
A growing ordinary dividend payout	> 50% of earnings

Summary

- Challenging organic growth target will be achieved through new initiatives
 - platform for organic growth created
 - cooling and high-rise offer major opportunities in the longer term
 - synergies with current business:
 - offering & technology
 - geographic scope
- Expansion into new segments is expected to strengthen the company's performance
 - New long-term financial targets reflect the underlying performance potential

uponor

simply more

