

A nighttime photograph of a city skyline, likely New York City, viewed from an elevated position. The foreground shows a river with a multi-arched bridge. The city lights are reflected in the water. The sky is a deep blue.

uponor

# Building Solutions – North America

## Steady the course, full steam ahead

Bill Gray  
President, Building Solutions - North America  
2 June 2016

**CMD**  
**2016**  
Capital Markets Day

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2 **By the numbers**

3 **Strategy and focus**

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## 3 Strategy and focus

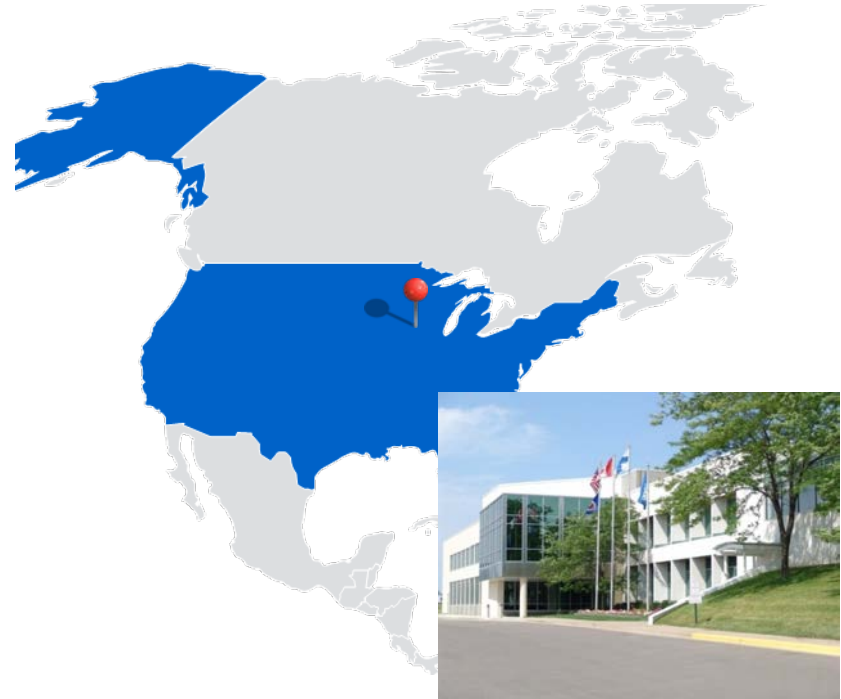
## 4 Opportunities

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# Who is Uponor Building Solutions – North America?

- Headquartered in Apple Valley, Minnesota (since 1990)
- 2015 Sales: ~\$304.6 million
- More than 1/3 of all PEX tubing sold in North America
- Over ~5 billion feet of PEX tubing produced



# Building Solutions – North America Locations

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**Apple Valley, Minn.** – Headquarters

**Lakeville, Minn.** – Distribution Centre / Customer and Technical Support

**Mississauga, Ontario** – Canadian Headquarters / Sales / Customer Service

**Calgary, Alberta** – Distribution Centre

**Brampton, Ontario** – Distribution Centre

**Regina, Saskatchewan** – Technical Design Centre

**Laval, Quebec** – Sales



# Building Solutions – North American headquarters

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# Milestones

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**1984**  
Wirsko opens North American operations in Rockford, Ill. And introduces Engel-method PEX for radiant heating to the market



**1993**  
Launches AquaPEX® tubing for plumbing



**1995**  
Launches engineered polymer (EP) fittings



**2000**  
Introduces AquaSAFE™ fire safety system for homes

**2008**  
Consolidates North American manufacturing in Apple Valley, Minn.

Canadian headquarters moves to Mississauga, Ont.



**2010**  
Opened 11,000-square-foot Uponor Academy Training Center

**2013**  
Manufacturers Alliance named Uponor 2013 Manufacturer of the Year



Groundbreaking: Apple Valley expands to 230,000 square feet

Launches Uponor Innovations, Inc.



**2013-2015**  
Uponor makes Minneapolis Star Tribune Top Workplaces list



**1988**  
Uponor acquires Wirsko

1990

2000

2010

2013

2015

2016

**1990**  
Apple Valley, Minn. headquarters opened



**WIRSKO**  
*Life. Safety. Comfort Systems*

**2006**  
Uponor Wirsko changes name to Uponor

**uponor**

**2001**  
Wirsko changes name to Uponor Wirsko



**2009**  
Begins partnership with Milwaukee® Tool

Introduces lead-free fittings  
Lakeville and Calgary distribution centers open



**2015**  
Introduces new PEX technology and Uponor helioPEX™ to Canadian market

Launches 2½" and 3" diameter pipe and fittings



**2016**  
Adds 90,000 square feet in \$18M annex manufacturing expansion project in Apple Valley, Minn.



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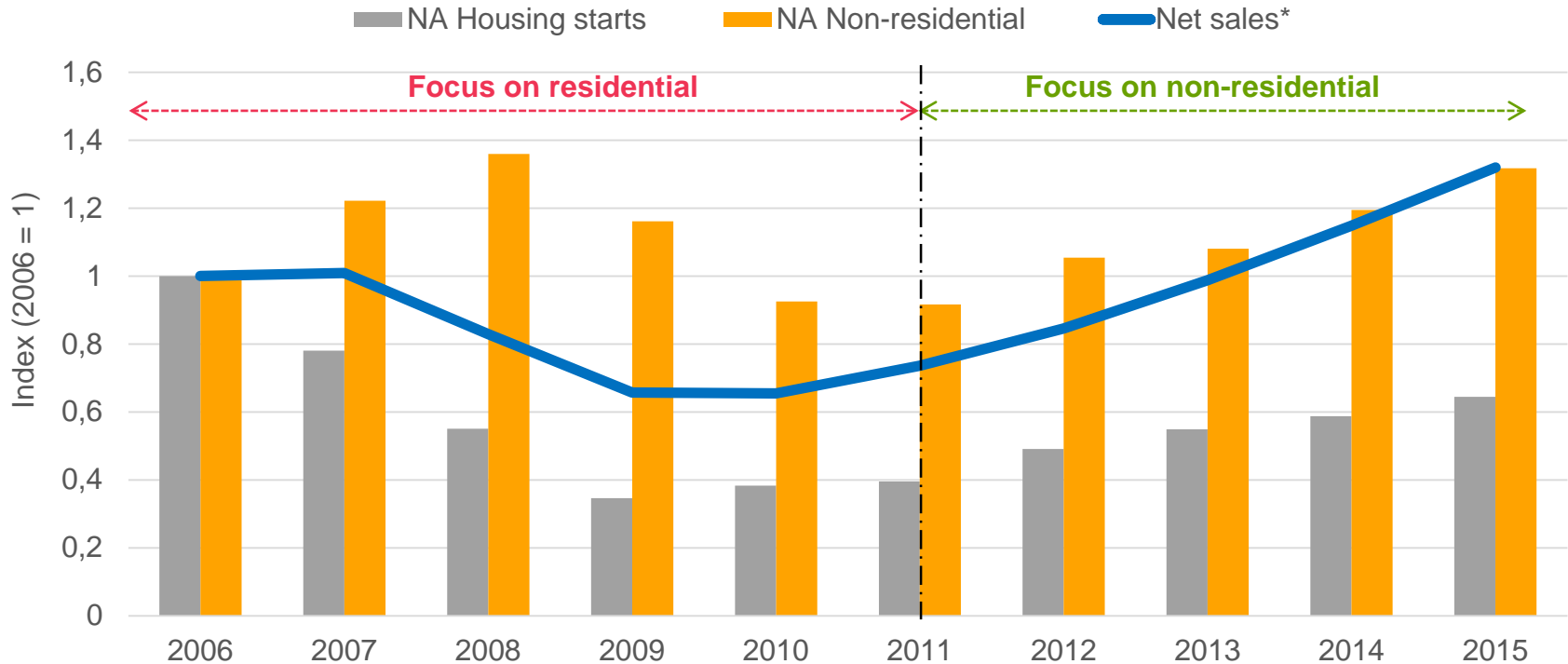
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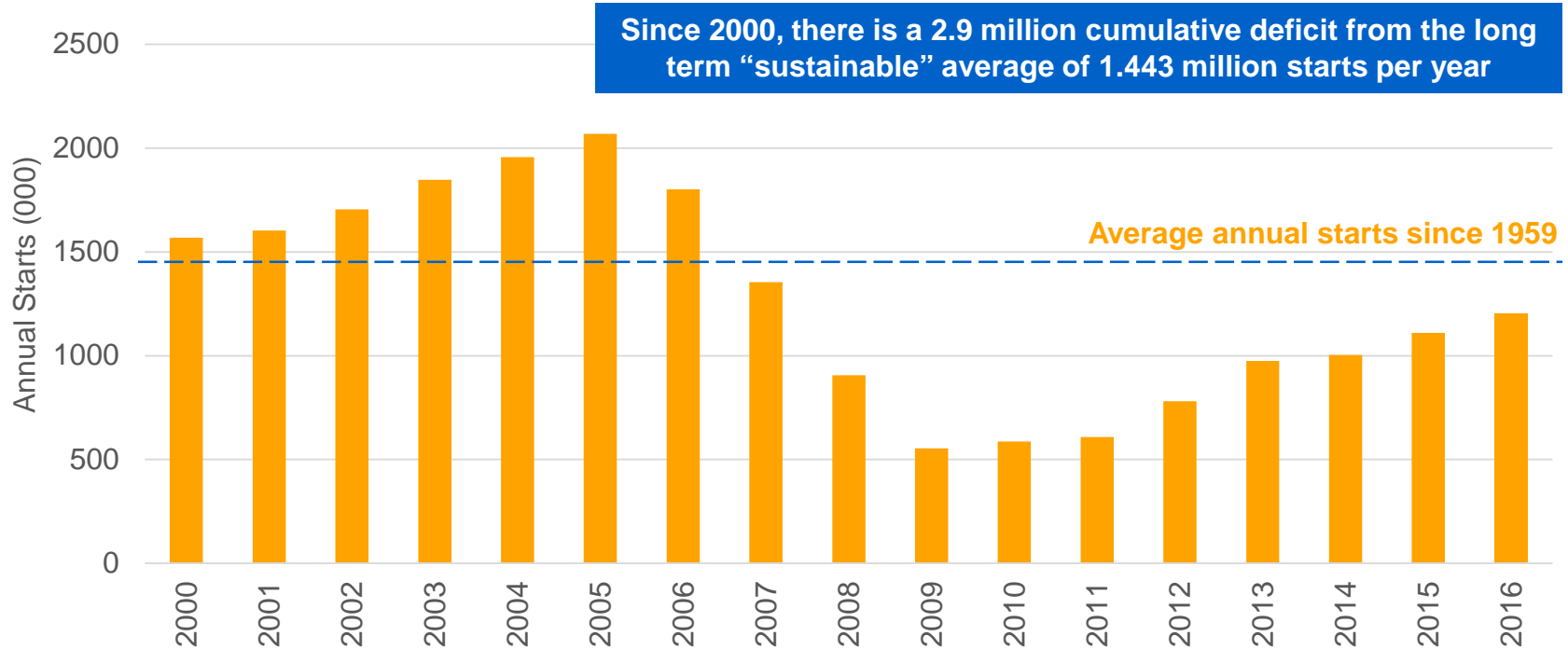


# Net sales\* vs. construction activity

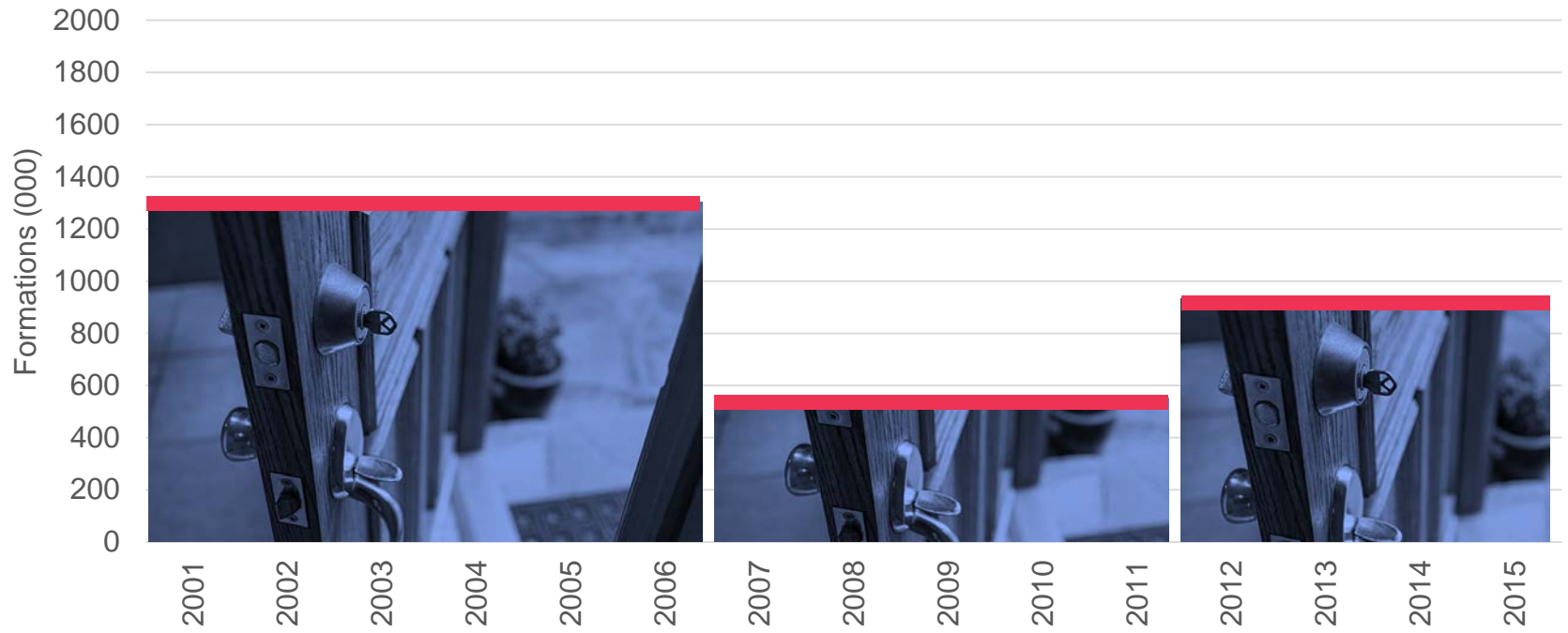


\* Building Solutions – North America

# U.S. housing starts



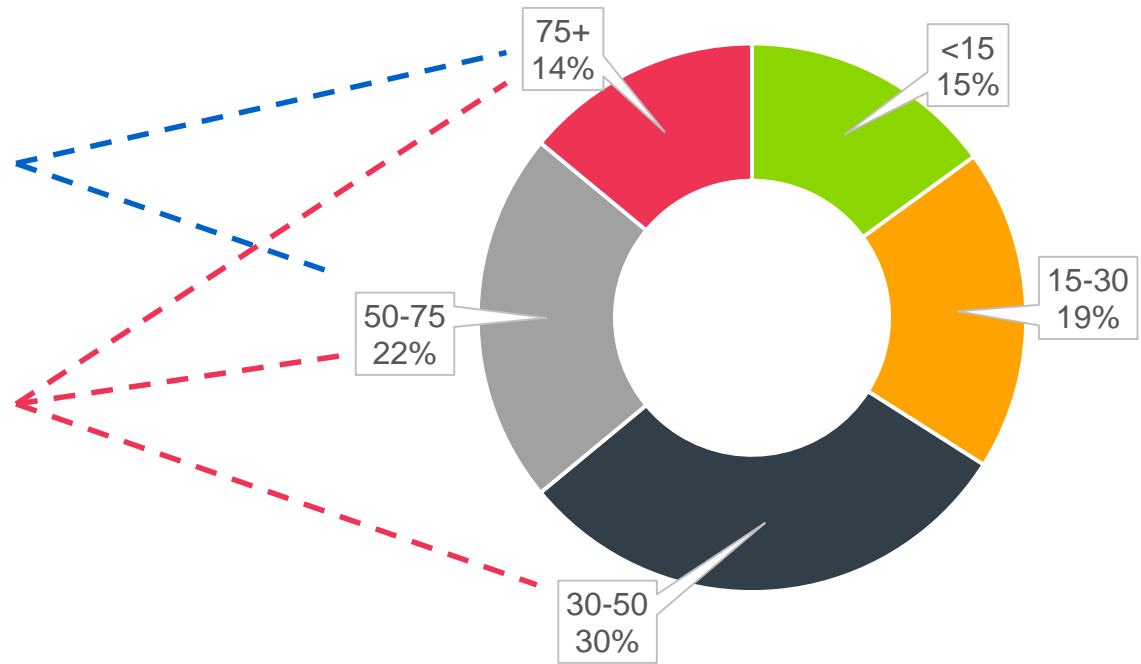
# Household formations



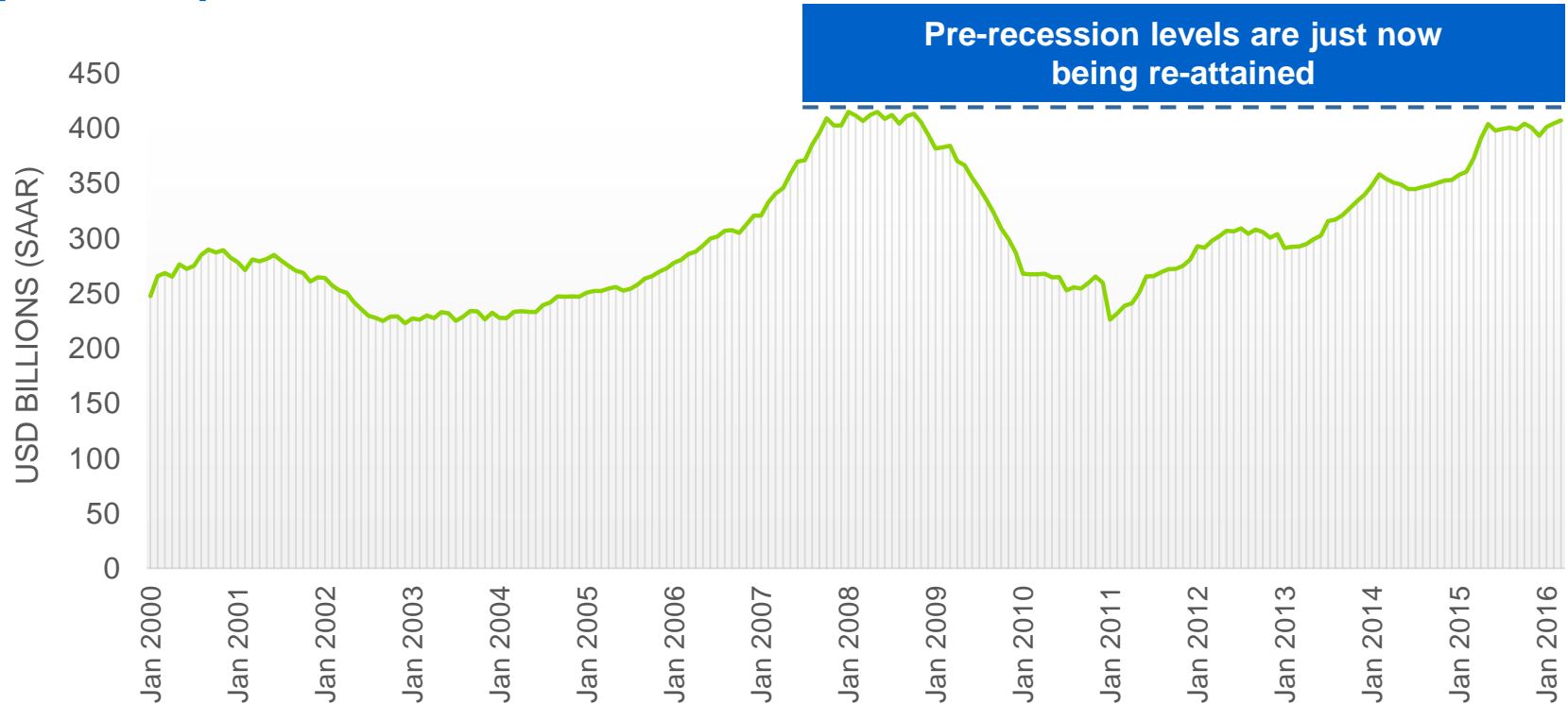
# Age of U.S. housing inventory

About 1/3 of the housing inventory is more than 50 years old

2/3 of the housing inventory is more than 30 years old



# U.S. non-residential construction put-in-place



# Focused investments enabling growth

- Bays 4B, 5A and 5B - capacity expansion
- Ecoflex production line - product innovation
- Lakeville, Calgary, Brampton distribution centers
- Apollo Technology (PEX-X) - product innovation
- Remodeled Apple Valley Training Center
- Resin receiving facility - improved margins
- Automated packaging line - improved margins, sustainability
- 3rd mixing operation
- Renovation/expansion of Annex facility (2015)
- Close to 60% growth of PEX extruders from 2011 to 2015

<i>MUSD</i>	2010		2011		2012		2013		2014		2015	
	% NS		% NS		% NS		% NS		% NS		% NS	
<b>Net Sales</b>	151.1		170.0		195.4		228.2		265.2		304.6	
<b>Operating Profit</b>	4.5	3.0%	12.6	7.4%	21.3	10.9%	33.0	14.5%	41.6	15.7%	56.3	18.5%
<b>Capital Investment</b>	5.7		4.7		7.7		20.8		15.0		25.0	
	<b>\$78.9</b>											

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# Uponor's strategy to generate sustainable growth in the shorter and longer term





# Uponor value chain



# Keeping focus on core markets

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Residential New  
Home Construction



Multi-Family  
Living



Institutional /  
Educational



Senior /  
Assisted Living



Hospitality /  
Hotels

## RESIDENTIAL



Residential  
Re-Pipe



Industrial / Office  
Buildings /  
Government Buildings



Hospitals /  
Clinics



Retail /  
Shopping  
Malls



Commercial  
Re-Pipe


## COMMERCIAL

# Intimately understanding the customer(s)




Uponor Sales Team      Manufacturing Reps

**Sell to Distribution  
Influence Decision Makers    Support Installers**



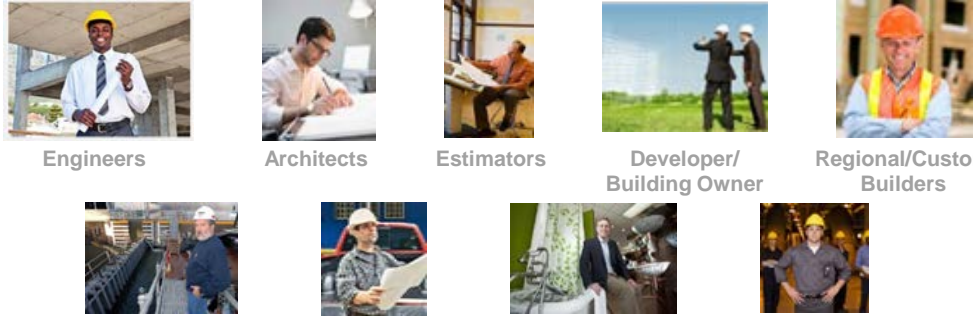
Distributor/Buying Group Management      Distributor Purchasing Agent      Distributor Counter Sales

**Stock products      Sell products to installers**



Residential Contractors      Mechanical Contractors

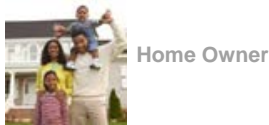
**Purchase & install product & solutions**



Engineers      Architects      Estimators      Developer/ Building Owner      Regional/Custom Builders

Facility Managers      General Contractors      National Builders      AHJ Contact

**Specify, design, approve, allow our products for projects**



# National builder focus

- **Uponor has exclusive agreements with 3 of the Top 10 U.S. builders and does business with the remaining 7**
- **Amongst the top 10 builders Uponor has a 60% share of their housing starts**
- **In addition to the direct sales impact these relationships create, an equally substantial value is created by leveraging the builder relationships to convert contractors to Uponor offerings**
- **Strategy for success**
  - Dedicated focus on developing builder relationships and driving programs
  - Leveraged Uponor's value proposition around liability management
  - Ability to manage National decisions into the local markets – ensures execution after hand-off
  - Worked with builders to jointly manage construction liability
  - Top down / bottom up strategy – Builder / Contractor / Distributor

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# Further opportunities for growth

## Enhanced customer experience

- Distribution channel alternatives
- Digitalization
- Geographic expansion (Mexico / Central America)
- Products that get us “outside the wall”
- Applications not currently served by PEX
- Services that provide more value
- Sustainable solutions



# Inorganic innovation offers a way to invest

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About Us

Submit Your Idea

FAQs



**A wholly-owned subsidiary that identifies, fosters, and accelerates innovative ideas & new technologies**

## Investments to date

- Upstream Technologies (storm water sediment separation baffles)
- Phyn LLC, a joint venture with Belkin International

## Promising investigations

- Gray water re-use systems
- Rainwater capture systems for paved surfaces
- Structural floor/wall system incorporating underfloor heating

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# Summary

## Building Solutions – North America will...

- Remain focused on Commercial and defend Residential
- Learn from our customers to enhance the customer experience
- Innovate and create new products to increase market share
- Invest resources to explore new opportunities
- Increase organizational resilience





# Building Solutions – North America

## Steady the course, full steam ahead

### Q&A

Bill Gray  
President, Building Solutions - North America

