

Review of the year 2003

**Presentation to the Annual General Meeting
Finlandia Hall, Helsinki, 17 March 2004**

Jan Lång, CEO

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Year 2003 in brief

- + Favourable development of the heating and plumbing businesses in North America
- + Unipipe tap water system successful in Europe
- + Strengthened market position for Housing solutions business in the UK, Spain and Finland
- + Group sales to Germany showed growth
- + Cash flow from operations increased for the fifth consecutive year

- IE business profitability weak in Sweden, Norway, Spain and Portugal
- Diminished order levels from utility customers in the UK
- Loss-making No-Dig business
- Housing Solutions business growth stagnated in Italy

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A satisfactory year, in comparable terms

- Net sales 1,021.0 MEUR, a decrease of 10.2%
 - growth +4.9% in comparable terms
- Operating profit 30.7 MEUR, a decrease of 73.2%
 - includes 54.9 MEUR in restructuring costs
- Profitability improved, in comparable terms
- Cash-flow from operations continued to improve

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Restructuring programme

- Divestments in the U.S., Germany and Poland
- Operations centralised into larger units
- Closing-down of non-profitable production units/lines
- More efficient organisational structure
- EUR 45,3 million provisions, asset and goodwill write-downs entered in the financial statements for 2003
- To be completed, for the most part, during 2004

Uponor's market position

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	Residential offering		Infrastructure offering	
	Underfloor heating systems	Tap water systems	Utilities (gas&water)	Utilities (sewer&storm)
Segment share of net sales in 2003				
Nordic countries	● ● ●	● ● ●	● ●	● ● ●
Central Europe	● ● ●	● ●		●
Other Europe	● ●	●	● ●	● ●
North America	● ● ●	● ●		

- ● ● in top 1 or 2
- ● in top 3-5
- market presence

New members in the Executive Committee

Group



Finance and Administration
Jyri Luomakoski
(Deputy CEO)



Development
Kari Norbäck



Human Resources
Paula Aarnio



Supply Chain
Lauri Rintanen



Marketing
Georg von Graevenitz
(from 29 March)

Regions



Central Europe
Jan Lång (acting)



Europe Other
Jukka Kallioinen



Nordic countries
Anders Tollsten



North America
Jim Bjork

Long-term financial goals

- Organic growth in net sales of a minimum of 5% per annum
- Operating profit (EBITA) accounting for a minimum of 12% of net sales
- Return on investment (ROI) in the core business of a minimum of 20%
- Solvency ratio exceeding 50% (gearing at less than 70)
- Dividend policy:
minimum of 50% of the profit for the period shall be paid out annually

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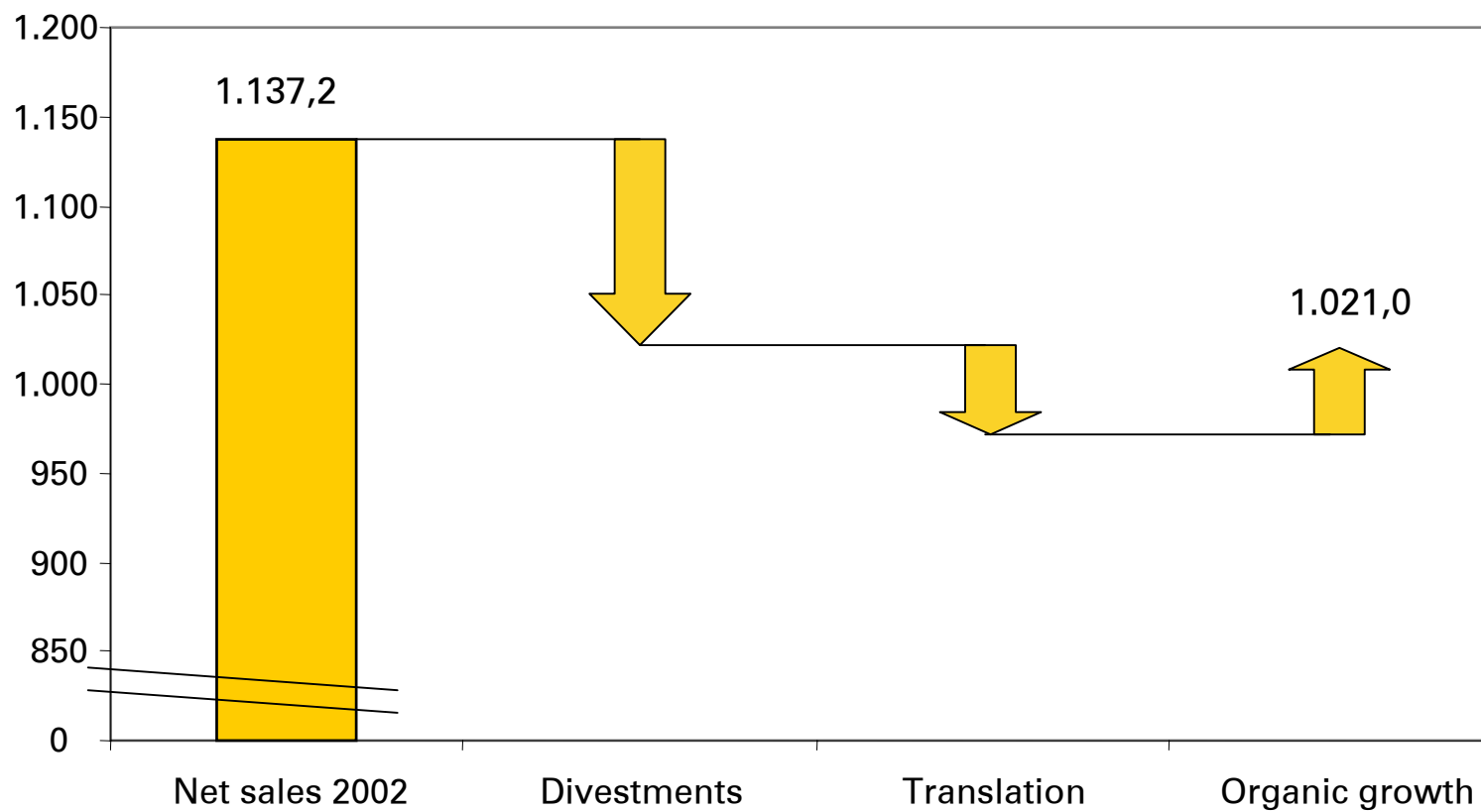
Financial statements 2003

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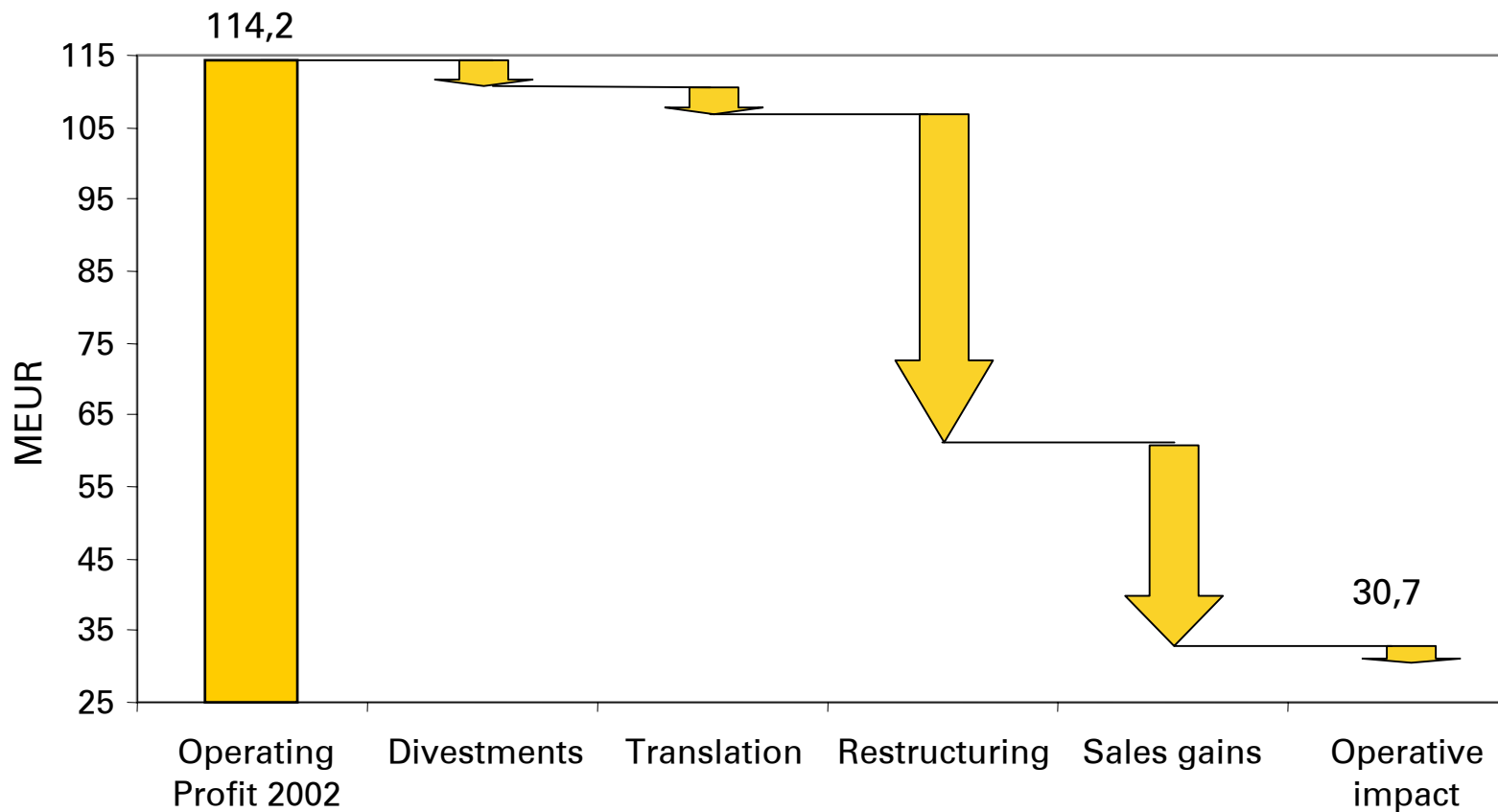
Jyri Luomakoski, CFO and deputy CEO

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Net sales development 2002 - 03



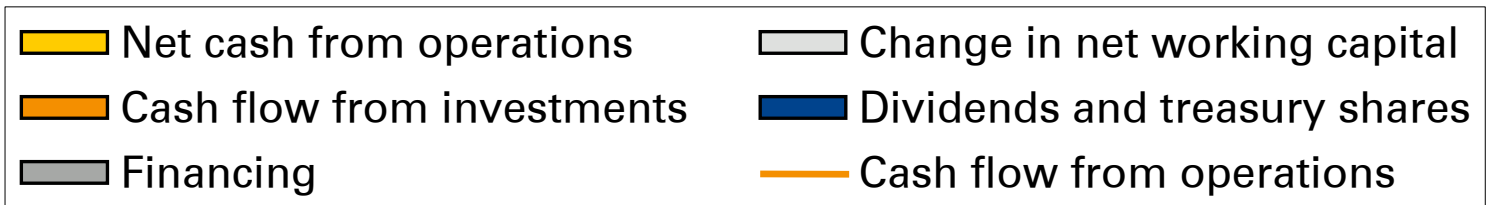
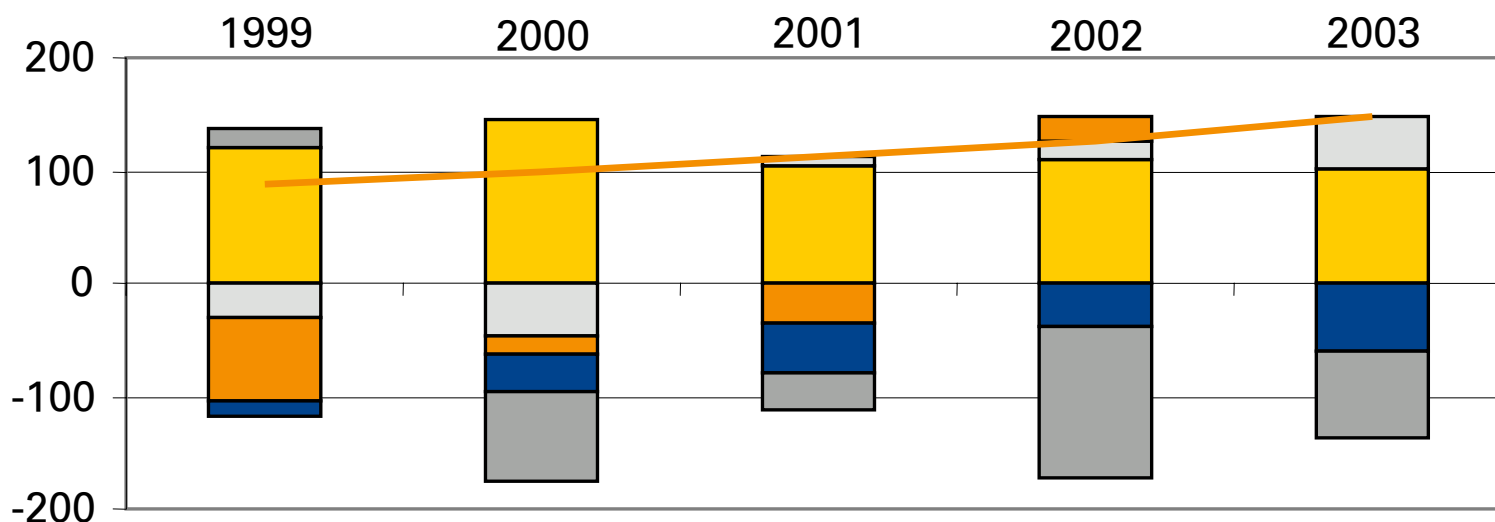
Operating profit development 2002 - 03



Development of shareholders' equity, MEUR

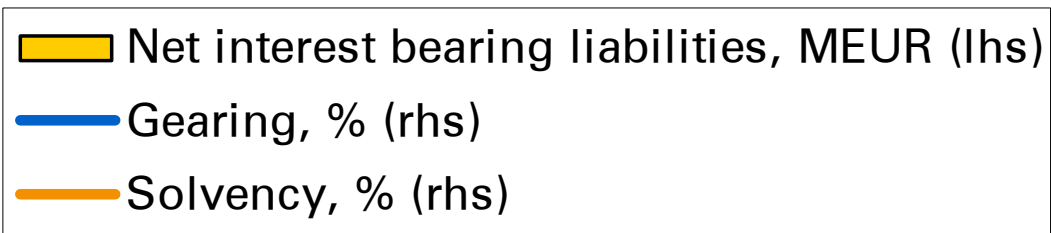
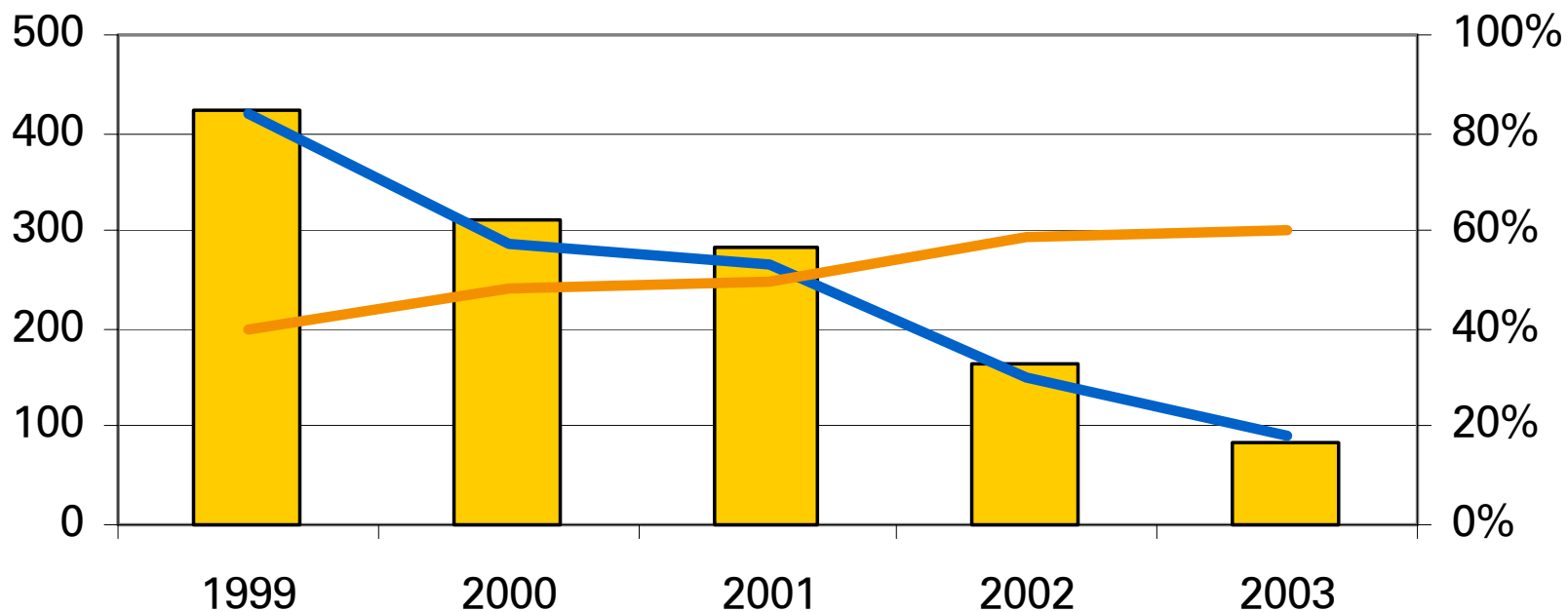
Equity end of 2002		540,1
Dividends	-55,5	
Bought in own shares	-4,6	
Share issue	+4,5	-55,6
Book Result	+1,6	+1,6
Conversion differences	-14,8	
Decrease in revaluation reserve	-1,3	-16,1
Equity end of 2003		470,0

Cash flow 1999 – 2003



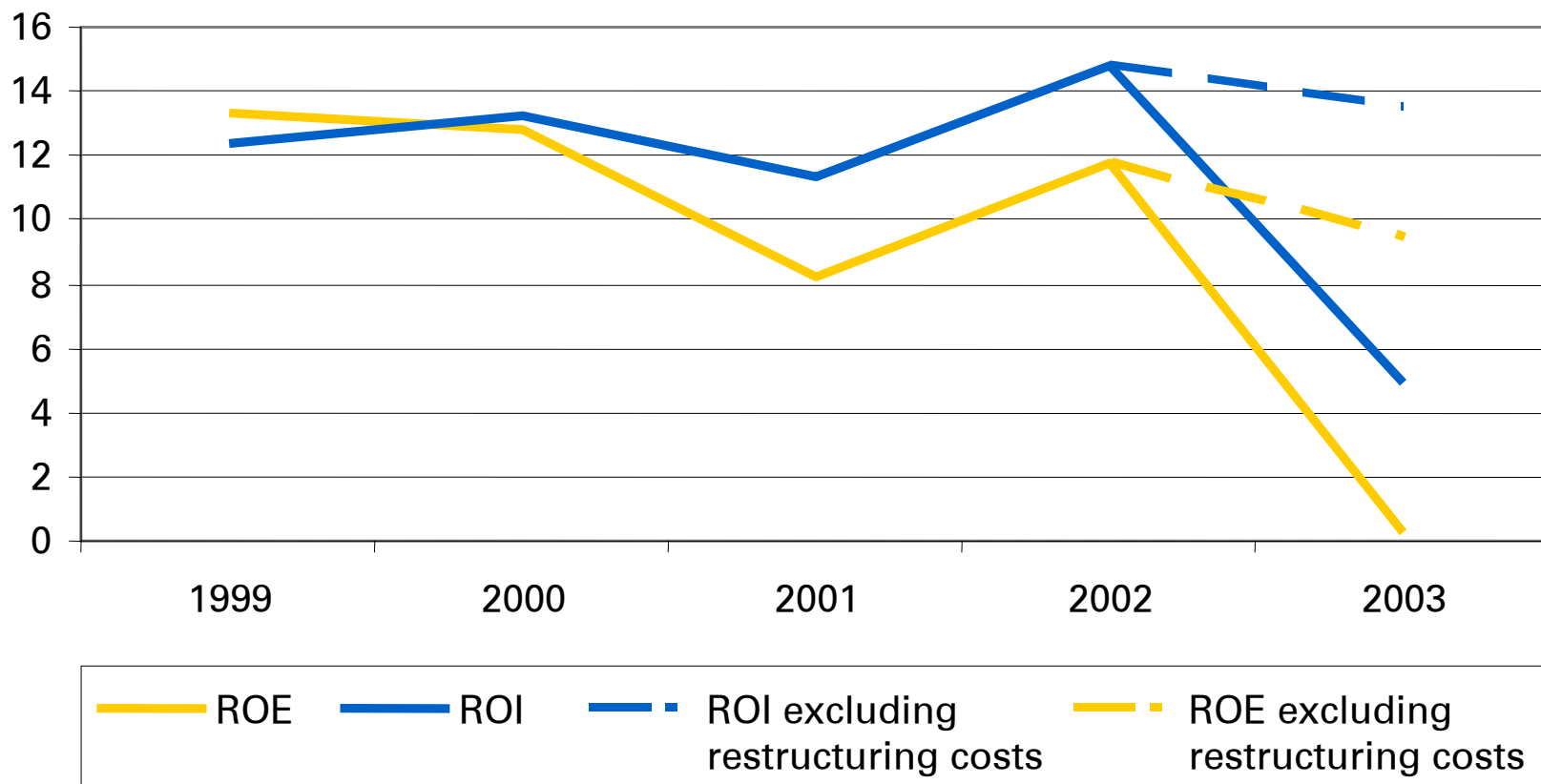
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Net interest bearing liabilities and capital structure



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Return on investment and on equity



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