

A vertical blue bar on the left side of the slide. At the top, there is a graphic of a water splash with ripples. Below the splash, the text 'Bringing comfort to life' is written in a white, serif font. At the bottom of the bar, the Uponor logo is displayed in white.

Interim H1 / 2004 results briefing

Helsinki, 3 August 2004

Market and business review

Jan Lång, President and CEO

Financial statements

Jyri Luomakoski, CFO and Deputy CEO

Outlook

Jan Lång

Questions

Market and business review

Helsinki, 3 August 2004

Jan Lång, President and CEO

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Interim H1 / 2004: Building markets

- Residential building markets remained at a satisfactory level in all key geographic markets
 - German market stable but on a low level
 - Adapting to low demand level still ongoing
 - Positive development in the Nordic countries, UK, Spain and Russia
 - U.S. market still on very high level, the amount of new housing starts decreased slightly in June
 - Slight downturn in housing starts in Canada during the second quarter

- Infrastructure and environment systems market in Europe satisfactory
 - In the Nordic countries markets continued stable
 - Markets for gas and water systems (UK) and opto-cable installations, as well as decentralised wastewater treatment systems (Germany and Finland) showed recovery
 - Spain and Portugal still at very low level

Interim H1 /2004: Positive development in net sales

Net sales, MEUR	2004	2003	Rep. change %	Comp. change %
January-June	536.8	496.2	8.2	15.1
January-March	247.2	232.1	6.5	19.2
April-June	289.6	264.1	9.6	11.3

- Net sales growth clearly exceeded the long term target in comparable terms
- Growth boosted by
 - satisfactory demand in all key geographic markets
 - increased market share from metal pipes and other competitors
 - deliveries in North America shifted over year-end (Q1)
- Strong growth in both underfloor heating and tap water systems
- In Germany, sales have grown since Q3/2003

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Interim H1 / 2004: Net sales by Region

Pipe Systems net sales by Region

	January-June		April-June	
	MEUR	Comp. change %	MEUR	Comp. change %
Central Europe	175.8	15.4	87.1	9.7
Nordic	140.9	9.1	84.4	9.4
Europe – WES	159.3	9.4	83.9	8.0
North America				
- EUR	74.2	42.6	40.3	31.5
- USD	90.7	42.6	48.8	31.5
Others (Municipal Americas), EUR	22.0	36.1	13.2	50.5

- All Regions exceeded the Group's long-term organic growth target (>5 %)

Interim H1 / 2004: Profitability

- January-June operating profit 44.8 (29.3) MEUR
 - 8.3 (5.9) % of net sales
 - reported growth 53.0 %, comparable growth 44.7 %
- April-June operating profit 30.6 (19.2) MEUR
 - reported growth 59.2 %, comparable growth 38.2 %
- Profitability improved mainly due to
 - increased efficiency in operations, economies of scale
 - improved net sales in favourable market situation
- Cash flow from operations positive already after H1: +12.6 (-6.2) MEUR

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Interim H1 / 2004: positives and negatives

- + Restructuring programme proceeds and the results start to show
- + Growth in the key product groups continued to exceed market growth
 - + Tap water business in Europe (especially Unipipe) and in the U.S.; supported by high prices of metal pipes
 - + Non-urban wastewater treatment systems in Germany and in Finland
- + Clearly stronger profitability and structural renewal in the Housing Solutions business in Germany
- + Second phase of manufacturing enhancements in North America completed
- + Strong development in customer/installer training continues: altogether 19,000 training days planned for 2004

- Occasional production/logistics challenges in the U.S., Germany and the UK
- Increase in metal prices has also increased costs for metal fittings
- Protracted losses in the IE business in Spain and Portugal
- Housing Solutions business in the UK failed to reach targets
- Weak profitability in the Unicor machine construction business
- No significant sales in the Real Estate business

Restructuring update

- Completed centralisation of the production of the Unipipe composite pipes in Germany
- Completed consolidation of the IE production in Portugal
- Decision reached to close the Maintal factory in Germany during the autumn and to transfer the production of PEX plastic pipes to Sweden
- Assembly of some special applications outsourced in Germany
- In Sweden, the decision made to close the Vårgårda factory and to transfer the production to the Fristad plant close-by
 - will be completed by year-end

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Interim H1 / 2004: Results

Helsinki, 3 August 2004

Jyri Luomakoski, CFO and deputy CEO

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Financial performance, Jan – June 2004

NET SALES	1-6	1-6	Reported	Comparable
MEUR	2004	2003	change %	change %
Pipe Systems	525.9	485.0	8.4%	15.5%
Real Estate	10.7	10.9	-1.8%	-1.3%
Others & Elim.	0.2	0.3	-33.3%	-33.3%
Uponor Group	536.8	496.2	8.2%	15.1%

OPERATING PROFIT	1-6	1-6	Reported	Comparable
MEUR	2004	2003	change %	change %
Pipe Systems	47.1	9.0 28.8	63.5%	54.4%
Real Estate	4.9	5.9	-16.9%	-16.4%
Others	-7.2	-5.4	33.3%	33.3%
Uponor Group	44.8	8.3 29.3	52.9%	44.7%

Note:

Comparable change incl. divestments 2003 and 2004 (Uponor ETI Company, MBO in Germany), exchange rate effect and restructuring in 2003 (Wirsbo Pex GmbH in Germany)

Uponor Others Operating Profit includes restructuring provisions in 2004 and gains from divestment of Hausabflusstechnik in 2003.

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Financial performance, April - June 2004

NET SALES	4-6	4-6	Reported	Comparable
MEUR	2004	2003	change %	change %
Pipe Systems	284.1	258.6	9.9%	12.0%
Real Estate	5.4	5.4	0.0%	1.1%
Others & Elim.	0.1	0.1	0.0%	0.0%
Uponor Group	289.6	264.1	9.7%	11.7%

OPERATING PROFIT	4-6	4-6	Reported	Comparable	
MEUR	2004	2003	change %	change %	
Pipe Systems	31.7	11.2	19.7	60.9%	44.5%
Real Estate	2.6	2.6	-0.8%	0.8%	
Others	-3.7	-3.0	23.3%	45.4%	
Uponor Group	30.6	10.6	19.3	58.4%	39.0%

Note:

Comparable change incl. divestments 2003 and 2004 (Uponor ETI Company, MBO in Germany), exchange rate effect and restructuring in 2003 (Wirsbo Pex GmbH in Germany)

Uponor Others Operating Profit includes restructuring provisions in 2004.

Interim January – June 2004 Income statement

MEUR	1-6		Change Y/Y	1-6		1-12	
	2004	%		2003	%	2003	%
Net sales	536.8		8.2%	496.2		1,021.0	
Other operating income	1.7	0.3	-66.7%	5.1	1.0	6.8	0.7
Gross Profit	171.5	31.9	15.9%	148.0	29.8	281.0	27.5
EBITDA	73.3	13.7	19.8%	61.2	12.3	117.8	11.5
EBITA	50.0	9.3	42.9%	35.0	7.1	44.9	4.4
Operating profit (EBIT)	44.8	8.3	52.9%	29.3	5.9	30.7	3.0
Financial expenses, net	2.9	0.5	7.4%	2.7	0.5	9.9	1.0
Profit after financial items	41.9	7.8	57.5%	26.6	5.4	20.8	2.0
Profit for the period	28.5	5.3	62.9%	17.5	3.5	1.6	0.2
EPS	0.77			0.47		0.04	
EPS excl. GW amortisation	0.91			0.63		0.43	

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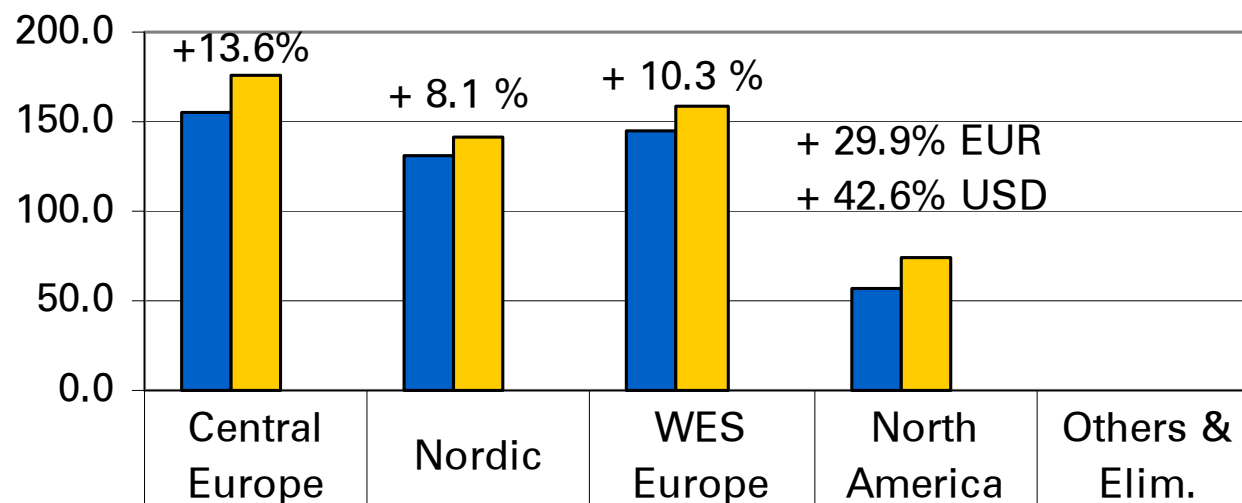
Interim April – June 2004 Income statement

MEUR	4-6		Change Y/Y	4-6		1-12	
	2004	%		2003	%	2003	%
Net sales	289.6		9.7%	264.1		1,021.0	
Other operating income	1.1	0.4	10.0%	1.0	0.4	6.8	0.7
Gross Profit	95.0	32.8	17.6%	80.8	30.6	281.0	27.5
EBITDA	44.7	15.4	28.8%	34.7	13.1	117.8	11.5
EBITA	33.2	11.5	50.2%	22.1	8.4	44.9	4.4
Operating profit (EBIT)	30.6	10.6	58.5%	19.3	7.3	30.7	3.0
Financial expenses, net	1.2	0.4	232.4%	0.4	0.1	9.9	1.0
Profit after financial items	29.4	10.2	55.2%	18.9	7.2	20.8	2.0
Profit for the period	20.3	7.0	63.7%	12.4	4.7	1.6	0.2
EPS	0.55			0.33		0.04	
EPS excl. GW amortisation	0.62			0.42		0.43	

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Interim January – June 2004 Pipe Systems net sales by Region

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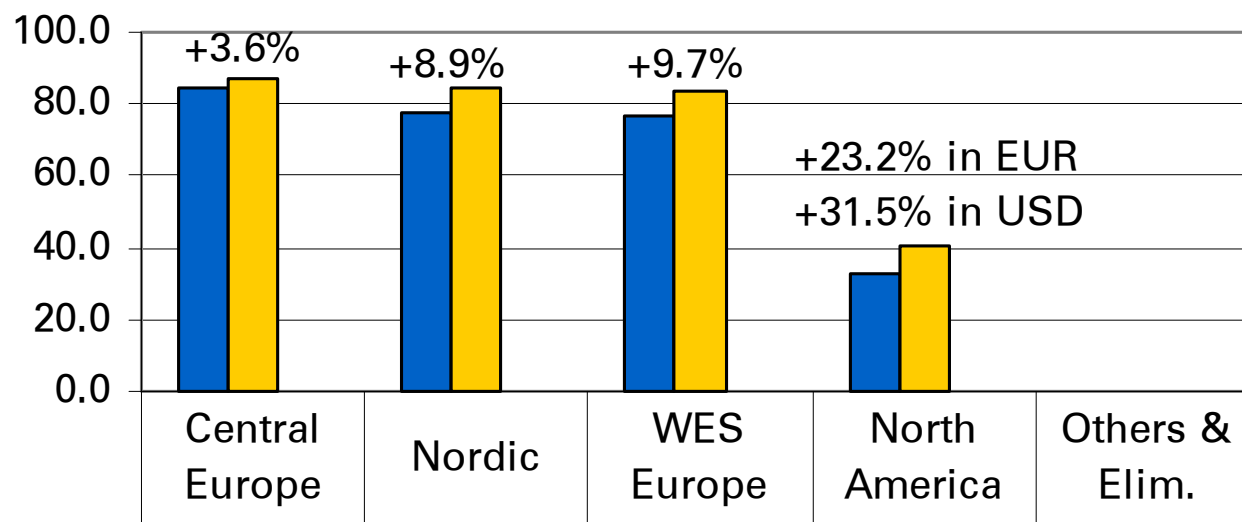


■ 2003	154.8	130.3	144.4	57.1	-1.3
■ 2004	175.8	140.9	159.3	74.2	-24.1
Transl. effect	-0.5	-1.2	1.1	-6.5	-2.2

Interim April - June 2004

Pipe Systems net sales by Region

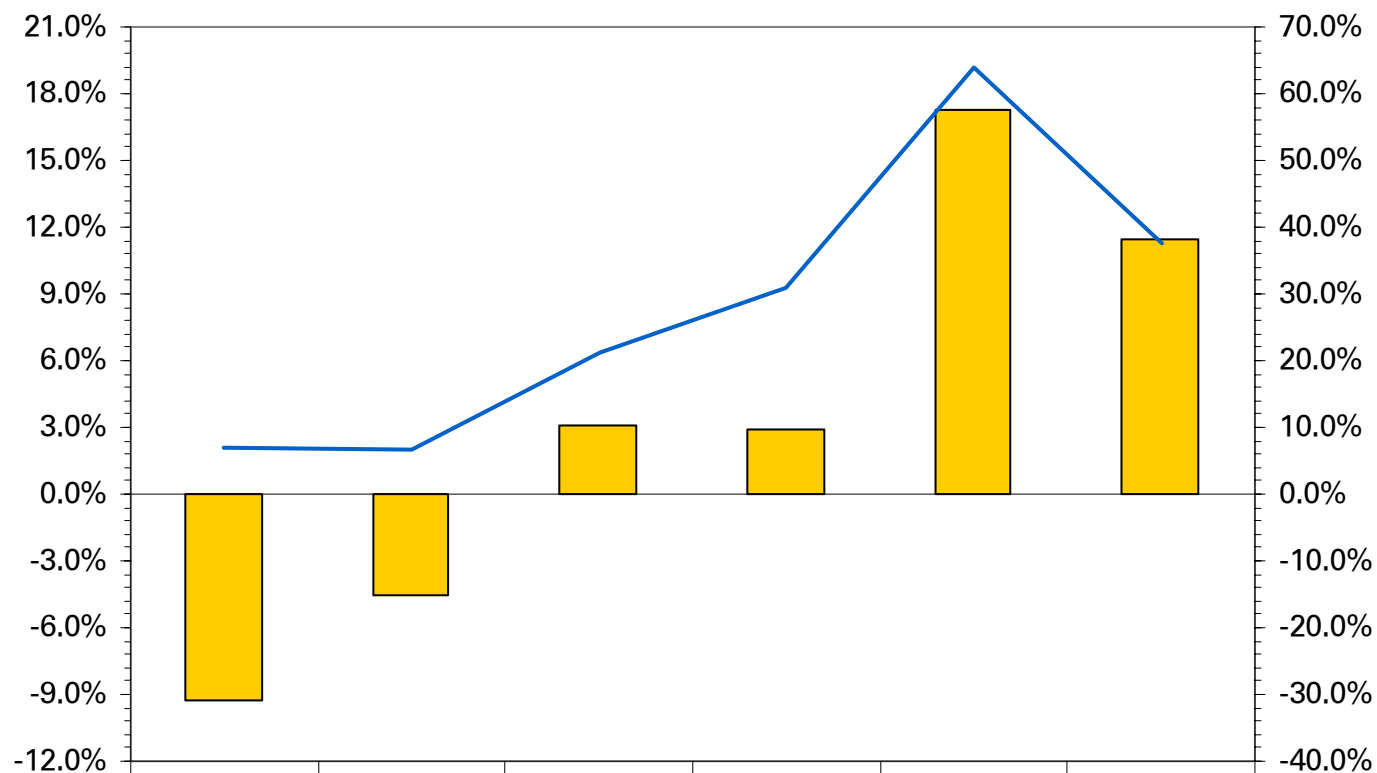
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■ 2003	84.1	77.5	76.5	32.7	-12.1
■ 2004	87.1	84.4	83.9	40.3	-11.5
Transl. effect	-0.2	-0.3	1.2	-2.3	-1

Group comparable net sales and operating profit change per quarter

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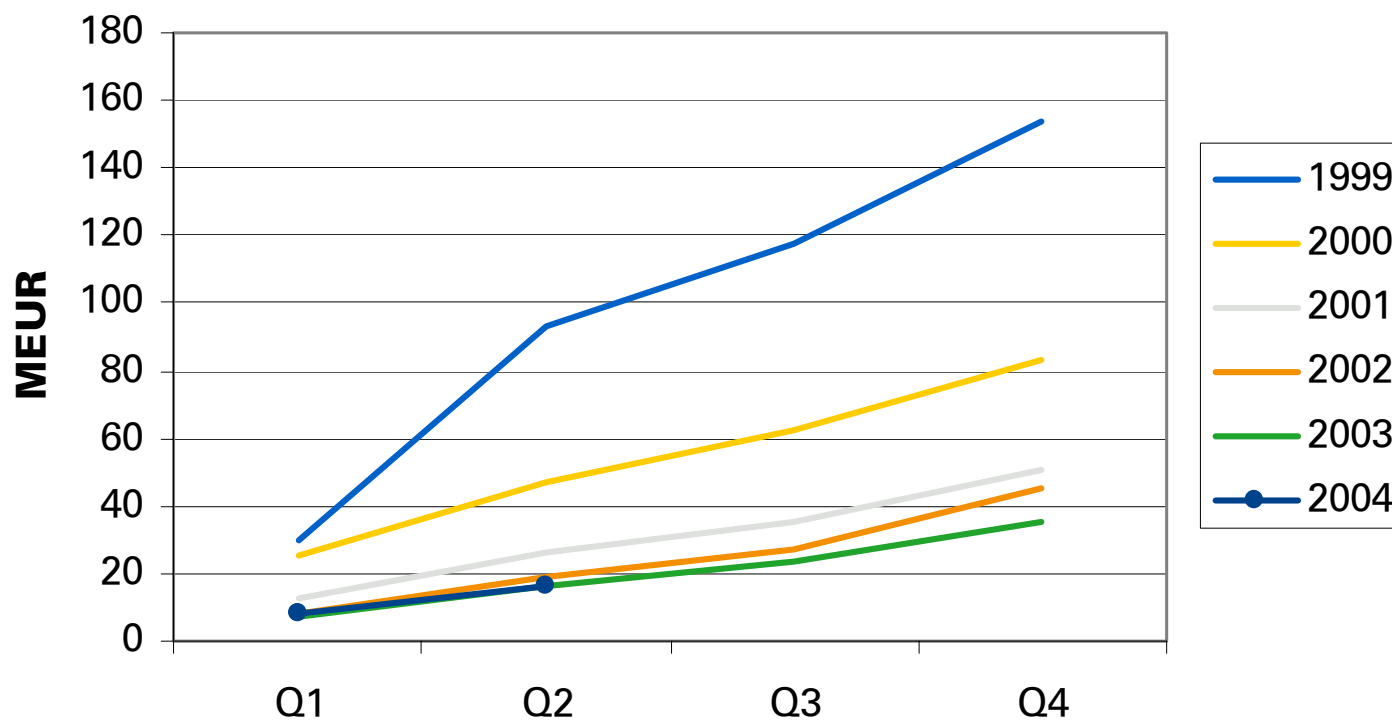
	Q1	Q2	Q3	Q4	Q1	Q2
Operating Profit (rhs)	-30.9%	-15.1%	10.3%	9.6%	57.5%	38.2%
Net Sales (lhs)	2.1%	2.0%	6.4%	9.3%	19.2%	11.3%

Balance sheet

- *Fixed Assets down by 15.1 MEUR from year end due to restructuring and a reasonable investment level*
- *Inventory level clearly below Q2 level last year*
- *Shareholders` equity down to 433 MEUR due to dividend payment to shareholders of 74 MEUR*
- *Conversion difference has positively impacted the equity by 6.3 MEUR*
- *Short-term interest bearing liabilities increased by 65 MEUR due to dividend payment*
- *Non-interest bearing liabilities have increased due to higher Accounts Payables from increased sales volumes*
- *Obligatory provisions including restructuring charges on Dec. 2003 level*

Interim January – June 2004

Investment activity



January - June 2004

Gross investments	16.2
Disposals at book	6.2
Depreciation	23.3
Amortisation	5.2

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Cash flow January - June 2004

	1-6 2004	1-6 2003	1-12 2003
Cash flow from operations	+12.6	-6.2	+148.0
Cash flow from investments	-8.3	+13.8	-1.2
Cash flow from financing	-13.7	+0.8	-136.2

- *Net working capital change 35.1 MEUR better in Q2/2004 vs. Q2/2003 due to favourable inventory and payables development*
- *Investments and depreciations below Q2 2003 levels*
- *2003 CF including divestment of Uponor ETI Company and Uponor Hausabflusstechnik (26 MEUR)*
- *Higher dividend payment to shareholders in 2004 (74 MEUR vs. 56 MEUR in 2003)*

Interim January – June 2004 Financial indicators

	1-6 2004	1-6 2003	1-12 2003
Earnings per share, EUR	0.77	0.47	0.04
Earning per share, diluted	0.77	0.47	0.04
EPS, diluted excl. GW amort.	0.91	0.63	0.43
Return on equity, %	12.6	6.8	0.3
Return on investment, %	15.9	9.1	4.9
Solvency ratio, %	50.5	53.5	59.8
Gearing, %	35	40	18
Equity per share, EUR	11.64	13.19	12.69
Equity per share, diluted	11.62	13.18	12.68

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Outlook

Helsinki, 3 August 2004

Jan Lång, President and CEO

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Market and business outlook

- Market outlook for the near future positive
 - no remarkable changes in sight
 - the anticipated slight decline in U.S. market is forecast to delay till next year
 - Germany stable but no recovery in sight
- The year 2004 started well in terms of sales of Uponor's products
 - the company's organic growth is expected to continue but at a lower rate than in Q2
- Restructuring programme proceeding according to plans
 - mainly to be completed by year-end
 - efficiency improvement and streamlining are bringing results already during this year
 - full impact starts to become visible during 2005

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Guidance unchanged

- The Group's cash flow for the whole year is expected to remain strong and operating profit and profit margin are expected to improve from the 2003 level, excluding restructuring expenses.

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A high-speed photograph of a single water droplet hitting a surface, creating a series of concentric ripples. The droplet is captured at the moment of impact, with a small crown-like shape at the top. The background is a solid, vibrant blue.

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