

Annual results briefing 2003

Helsinki, 3 Feb. 2004

Market and business review

Jan Lång, CEO

Financial statement 2003

Jyri Luomakoski, CFO

Update on the restructuring programme

Jan Lång

New organisation at 1 March 2004

Jan Lång

Outlook

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Questions

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Market and business review 2003

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Jan Lång, CEO

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Year 2003: residential building markets

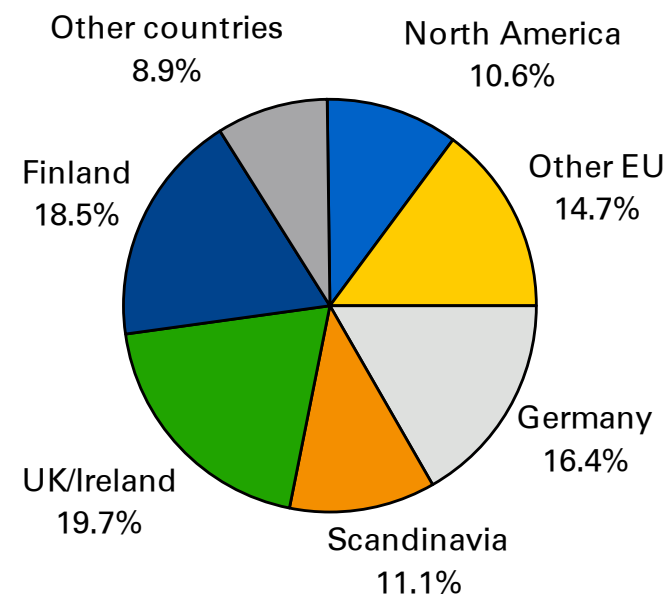
- Demand remained at satisfactory level, no major changes to year 2002
 - EU markets on the previous year's level, but with regional variations
 - Strong demand continued in North America
- Largest EU market is Germany, despite market contraction to almost half of its high level in 1999
 - Full year figures decreased, modest growth during two last quarters
 - Decrease in single-family segment smaller than in the total housing market
 - Residential construction permissions exceeded 2002 figures
- UK, Spain and Nordic countries: demand remained good
- Demand for infrastructure and environment systems stable
 - UK and Portugal weak

Year 2003: net sales

- Net sales 1 021,0 MEUR, decrease 10.2%
 - Decrease in reported figures due to divestments and strong euro
 - Growth in comparable terms +4.9%

- Housing Solutions businesses developed favourably
 - Growth in Europe +4.8%
 - Growth in North America +21% (in USD)

- Infrastructure and environment business decreased –13.0%
 - Mainly due to divestments
 - In comparable terms –0.4%



Year 2003: profitability

- Operating profit 30.7 (114.2) MEUR, decrease 73.2%
 - Restructuring costs 54.9 (9.0) MEUR
 - Profit on sales of fixed assets (mostly real estate) 7.3 (35.6) MEUR
- Profitability improved in comparable terms
 - Earlier restructuring measures
 - Positive development during the last two quarters
- Profit after financing items MEUR 20.8 (100.7)
- Cash flow from operations continued to improve

Year 2003: positives and negatives

- + Favourable development of the plumbing and heating businesses in North America
- + Unipipe tap water system successful in Europe, especially in renovation
- + Improved market position for Housing solutions in the UK, Spain and Finland
- + Group sales to Germany grew by 1.3%
- + Cash flow from operations increased for the 5th consecutive year

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

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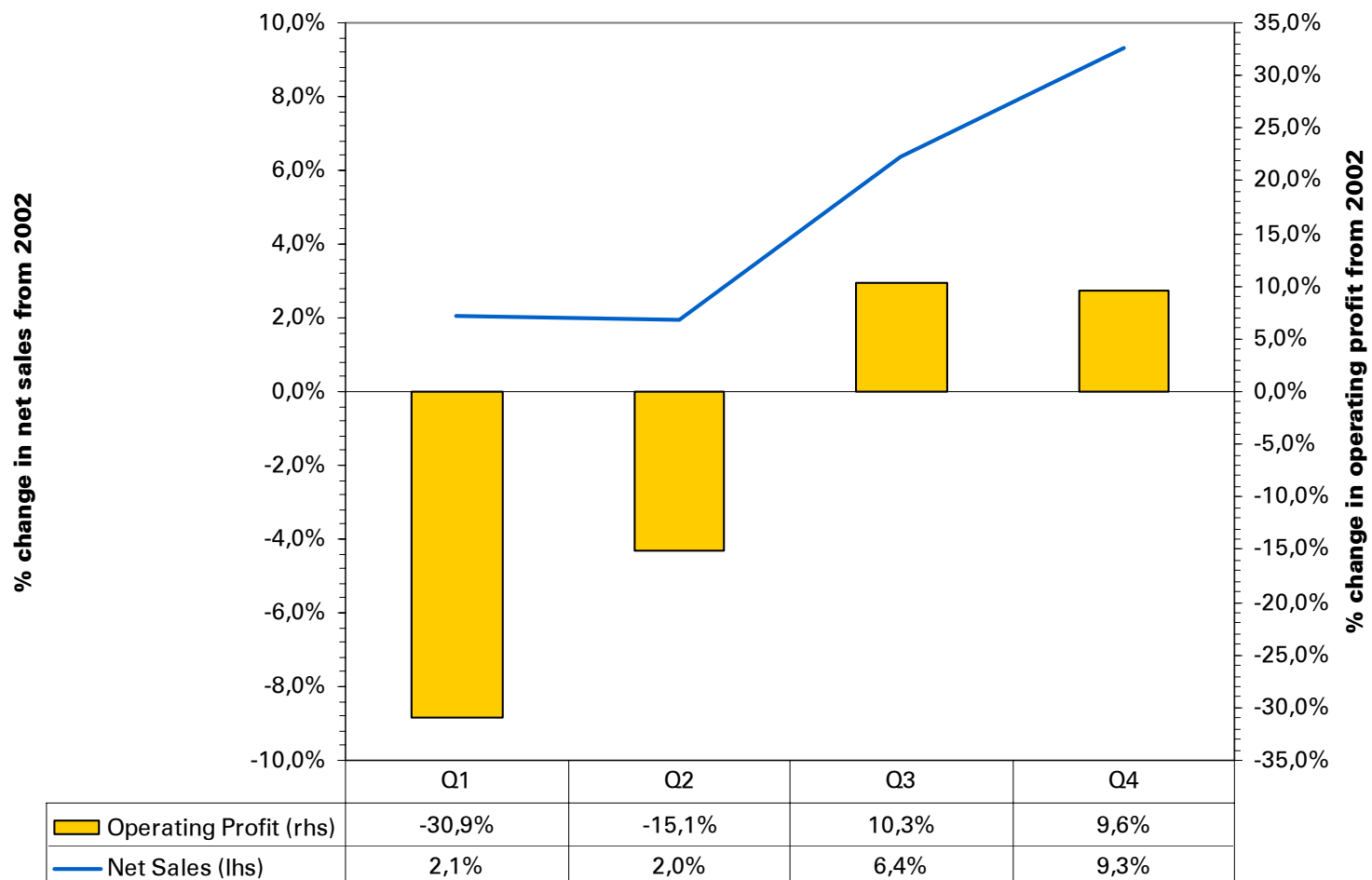
Year 2003: last quarter

- Housing Solutions business growth accelerated during the last quarter:
 - Europe 10.5% and US 36% (USD)
 - Growth generated by increased demand, also in Germany (Eigenheimzulage)
 - Lack of U.S. production capacity in the summer resulted in larger supplies in the autumn
 - Investments for production enhancements running

- Profitability improved during second half of the year
 - Operating profit excl. restructuring costs and divestments clearly above 2002 figures:

Q3+Q4/2003: 48.7 MEUR	Q3+Q4/2002: 40.7 MEUR	+19,5 %
op. profit-%: 9.5 %	op. profit-%: 8.2 %	

Net sales and operating profit development 2003 vs 2002



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Financial accounts 2003

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Jyri Luomakoski, CFO, Deputy CEO

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Income statement 2003

	2003 MEUR	Change%	2002 MEUR
Net sales	1.021,0	-10,2%	1.137,2
Other operating income	6,8	-81,0%	35,7
Expenses	997,1	-5,8%	1.058,7
Operating profit	30,7	-73,1%	114,2
Net financial expenses	9,9	-26,7%	13,5
Profit after financial items	20,8	-79,3%	100,7
Profit before taxes	20,8	-79,3%	100,7
Net income	1,6	-97,5%	64,2

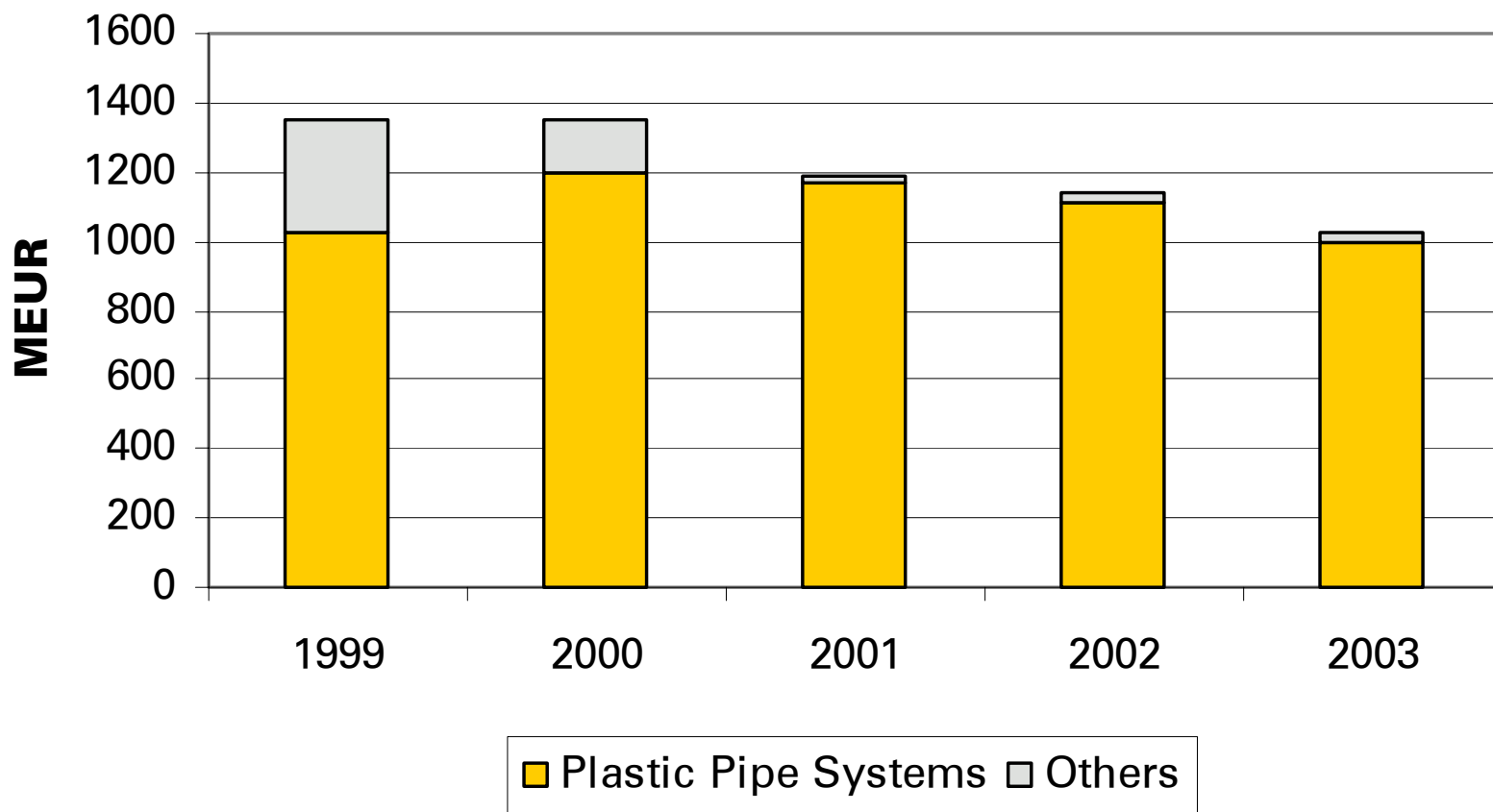
NB: "Expenses" contains 54,9 MEUR restructuring charges in 2003

Income statement Q4/2003

MEUR	10-12 2003	Change Y/Y	10-12 2002
Net sales	247,7	-7,0%	266,4
Other operating income	0,0	-100,0%	4,9
Operating profit	-32,4	-408,6%	10,5
Financial expenses, net	5,3	65,6%	3,2
Profit after financial items	-37,7	-616,4%	7,3
Extraordinary items	0,0		0,0
Profit before taxes	-37,7	-616,4%	7,3
Profit for the period	-36,9	-1466,7%	2,7

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Group net sales 1999 – 2003



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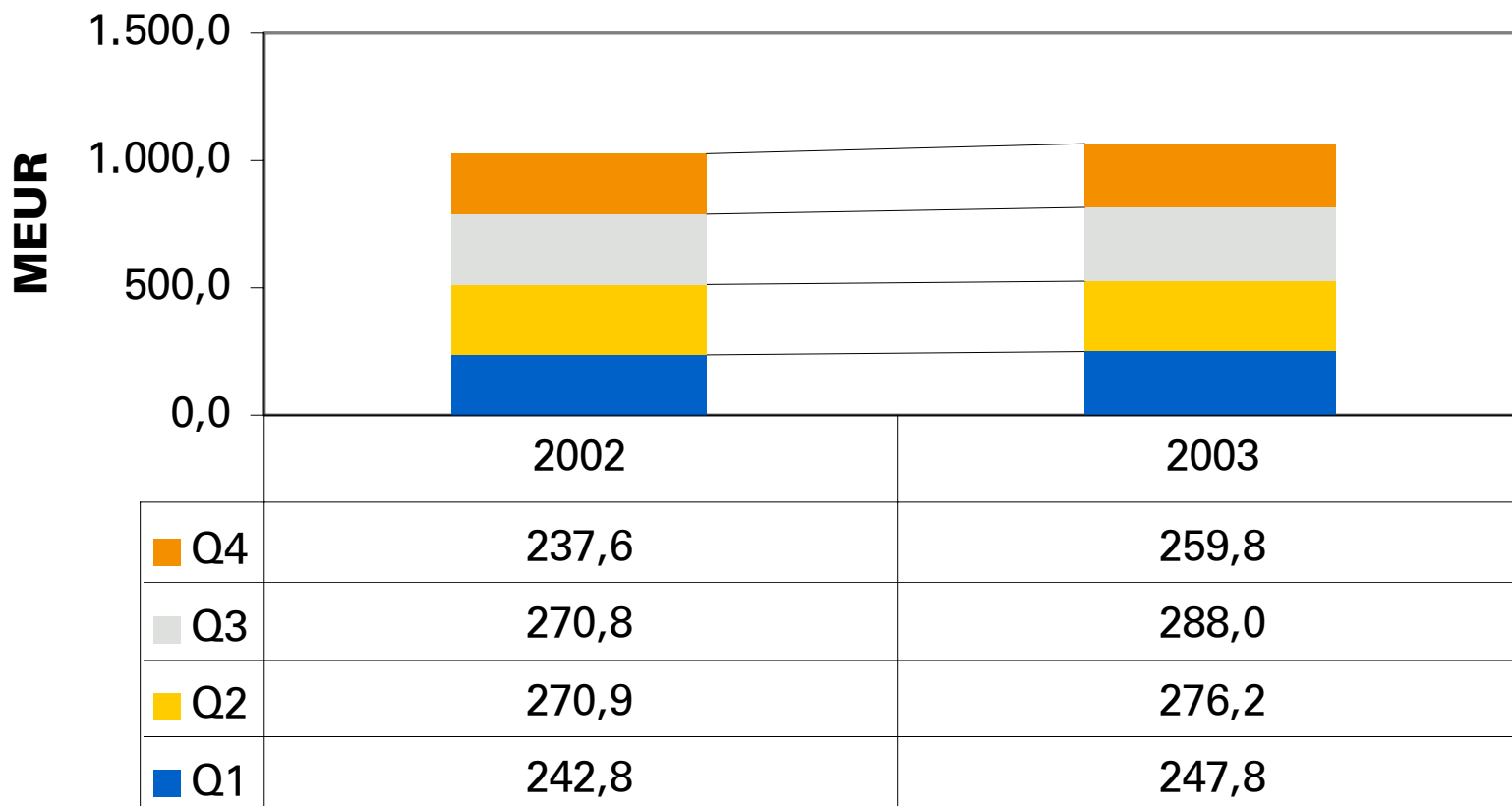
Net sales by segment

MEUR	1-12 2003	Change Y/Y	1-12 2002
Pipe Systems	999,7	-10,2%	1.112,9
Real Estate	21,1	-11,0%	23,7
Others	0,2	-66,7%	0,6
Uponor Group	1.021,0	-10,2%	1.137,2

MEUR	10-12 2003	Change Y/Y	10-12 2002
Pipe Systems	242,6	-6,9%	260,5
Real Estate	5,2	-10,3%	5,8
Others	-0,1	-200,0%	0,1
Uponor Group	247,7	-7,0%	266,4

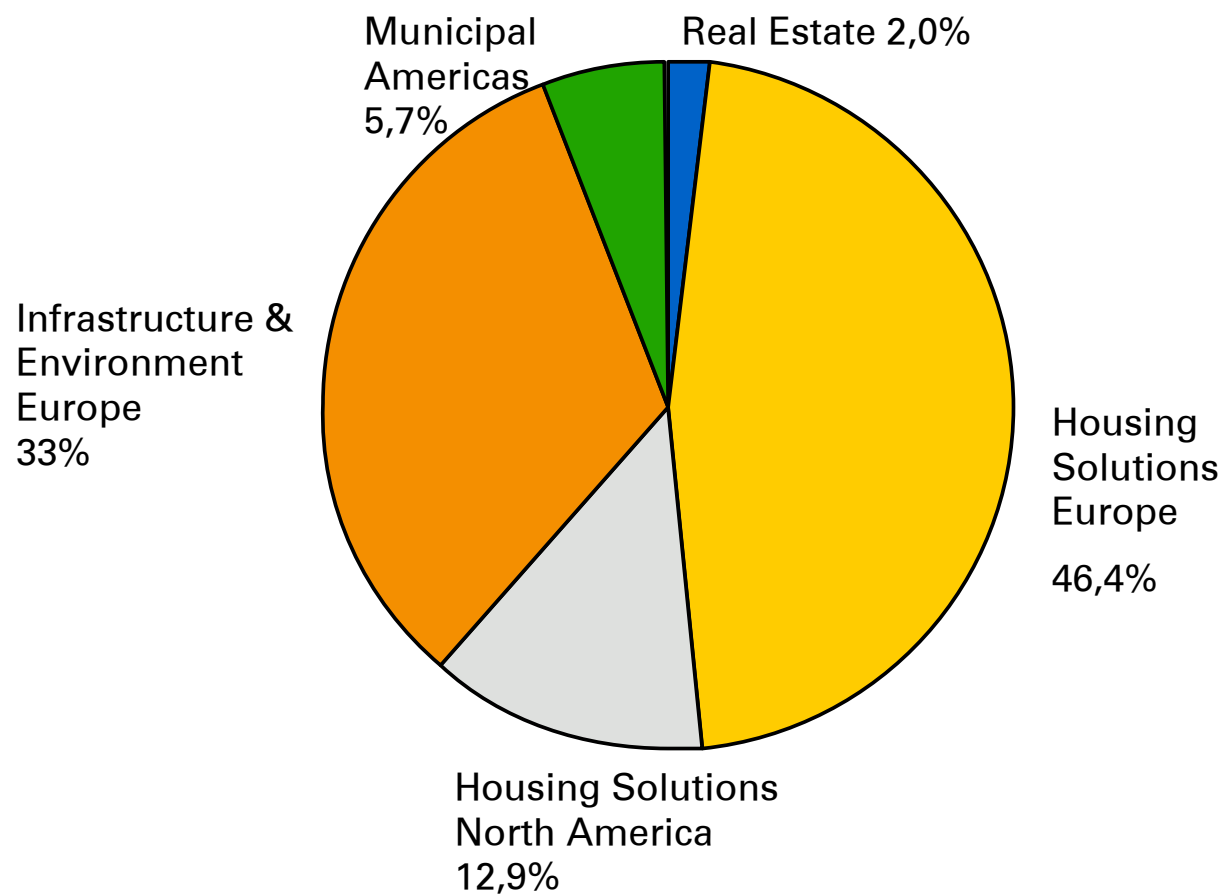
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Group comparable net sales per quarter



Using 2002 FX rates, divested units excluded

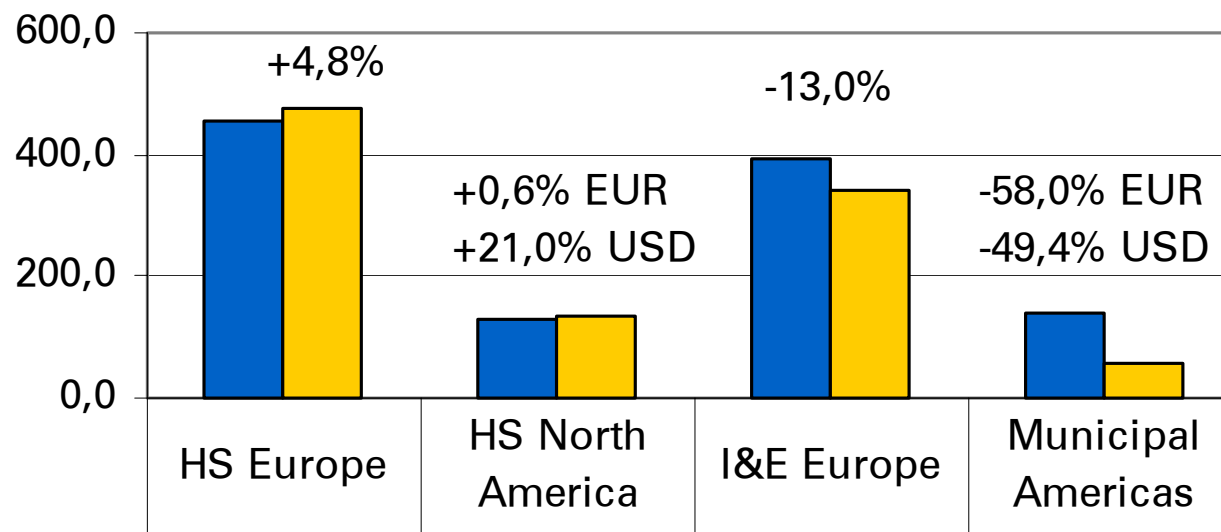
Net Sales by division 2003



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Pipe systems: Net sales development 2002 – 2003 YTD December

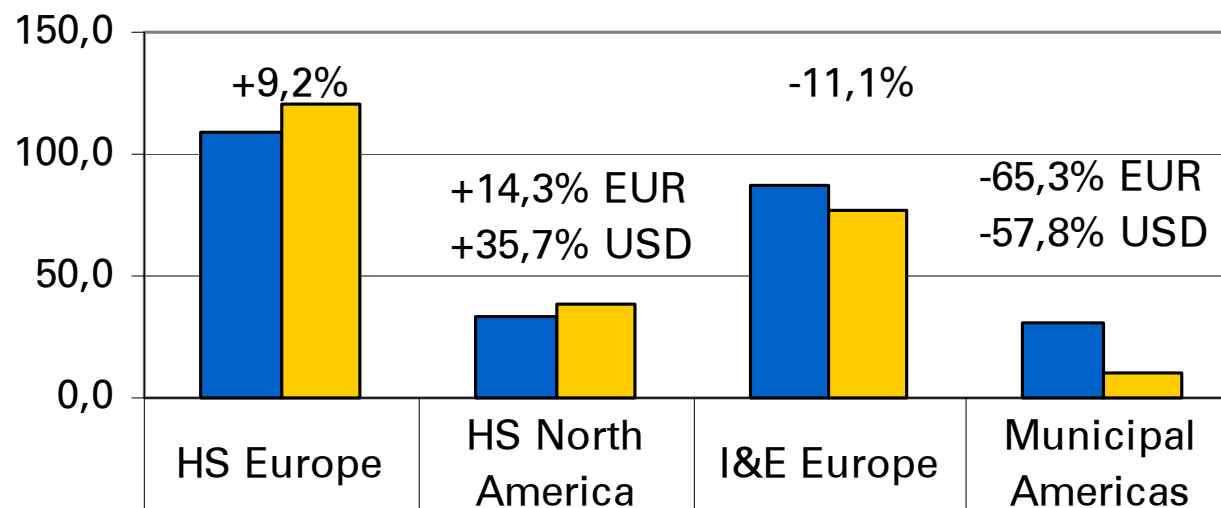
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■ 2002	456,1	131,8	391,4	140,4
■ 2003	478,2	132,7	340,3	59,0
Currency effect	-4,4	-24,1	-10,3	-12,0

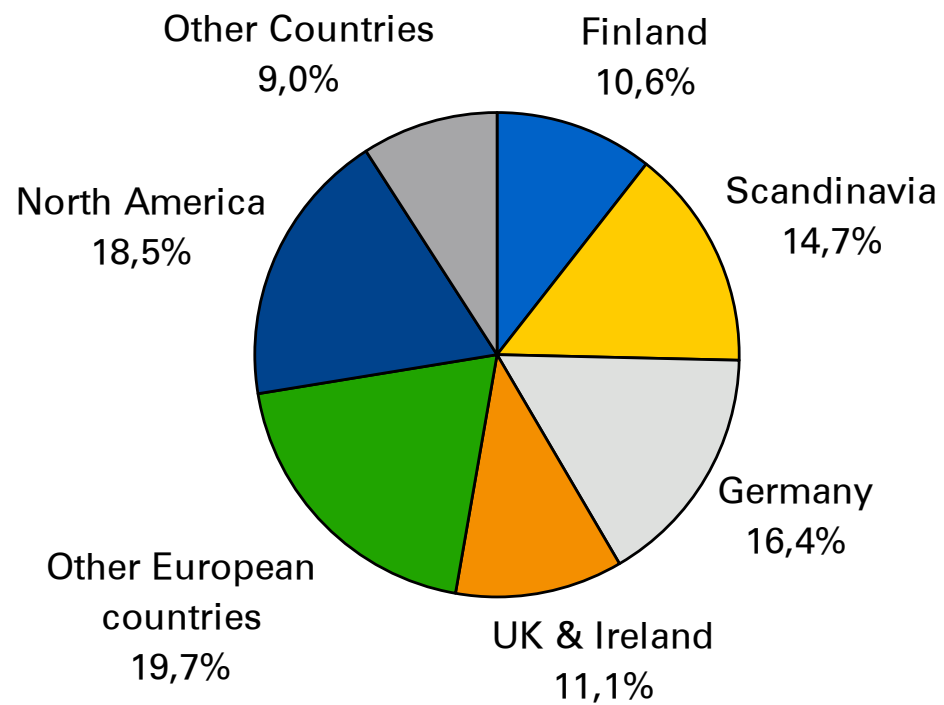
Pipe systems: Net sales development 2002 – 2003 Q4

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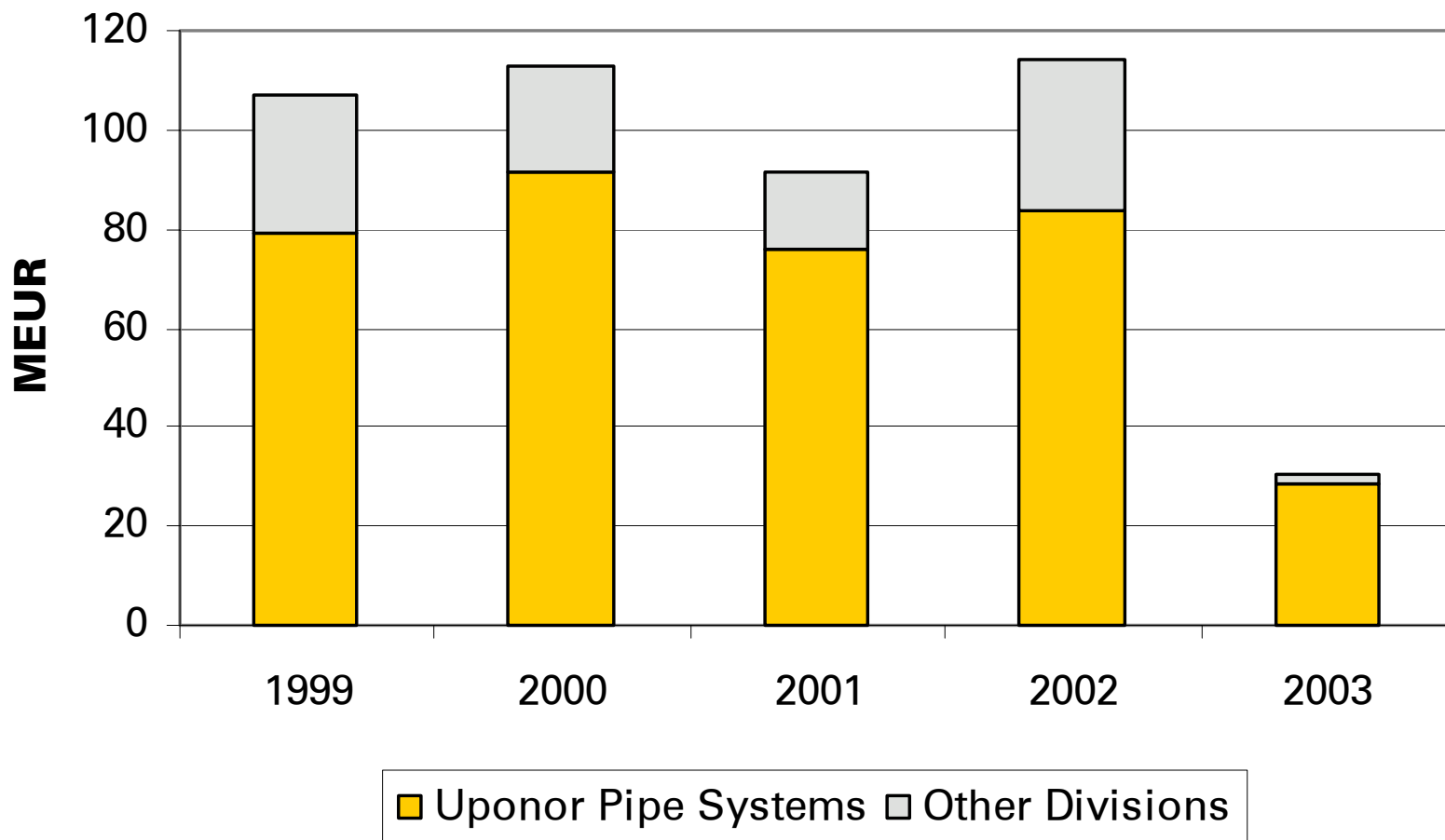
■ 2002	108,7	33,3	86,7	31,1
■ 2003	120,4	38,0	77,1	10,8
Currency effect	-1,4	-6,5	-2,1	-2,1

Group net sales 2003



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Group operating profit 1999 - 2003



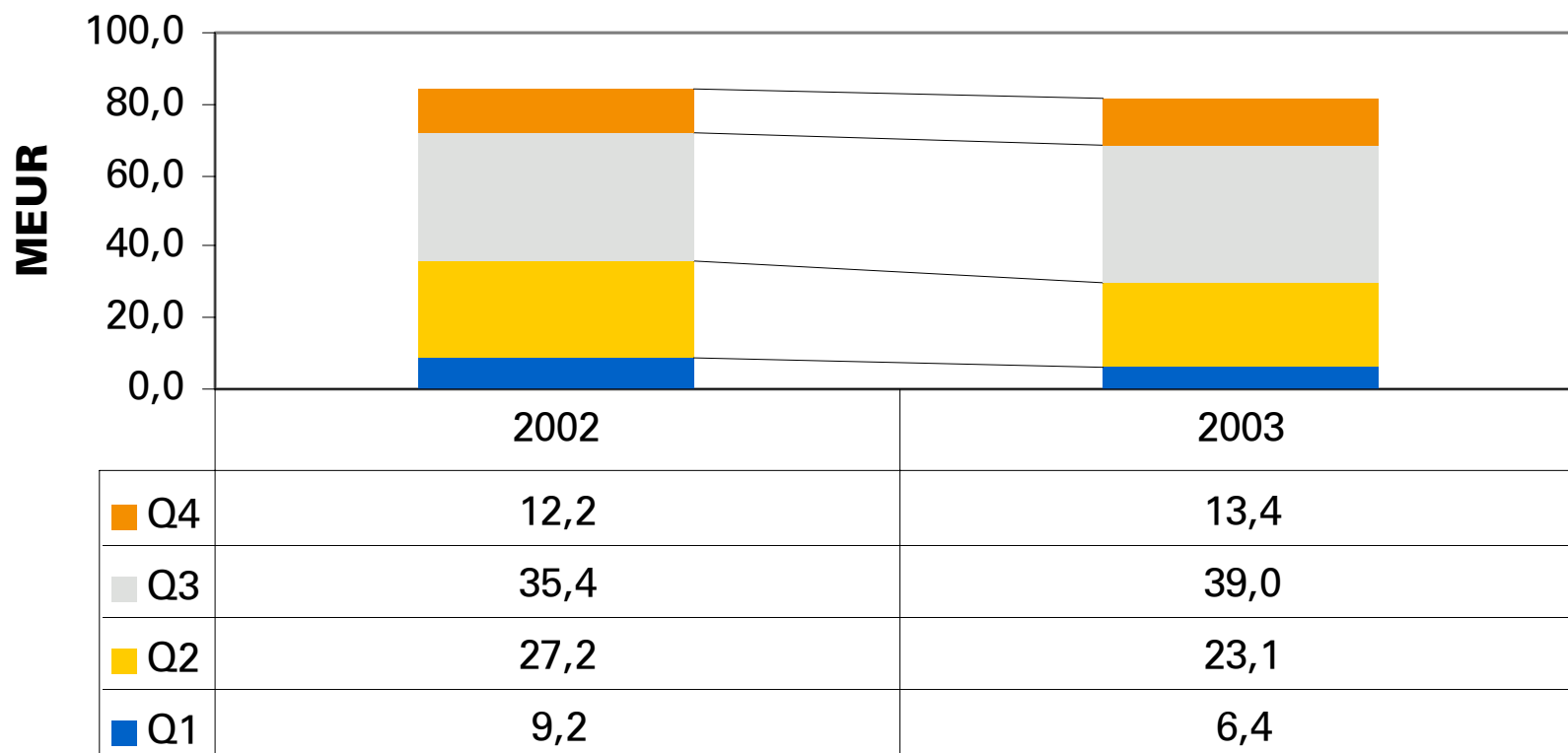
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Operating profit by segment

MEUR	1-12 2003		Change Y/Y	1-12 2002	
Pipe Systems	28,3	2,8	-66,3%	83,9	7,5
Real Estate	12,8		-58,6%	30,9	
Others	-10,4		1633,3%	-0,6	
Uponor Group	30,7	3,0	-73,1%	114,2	10,0

MEUR	10-12 2003		Change Y/Y	10-12 2002	
Pipe Systems	-32,4	-13,4	-452,2%	9,2	3,5
Real Estate	3,1		-55,7%	7,0	
Others	-3,1		-45,6%	-5,7	
Uponor Group	-32,4	-13,1	-408,6%	10,5	3,9

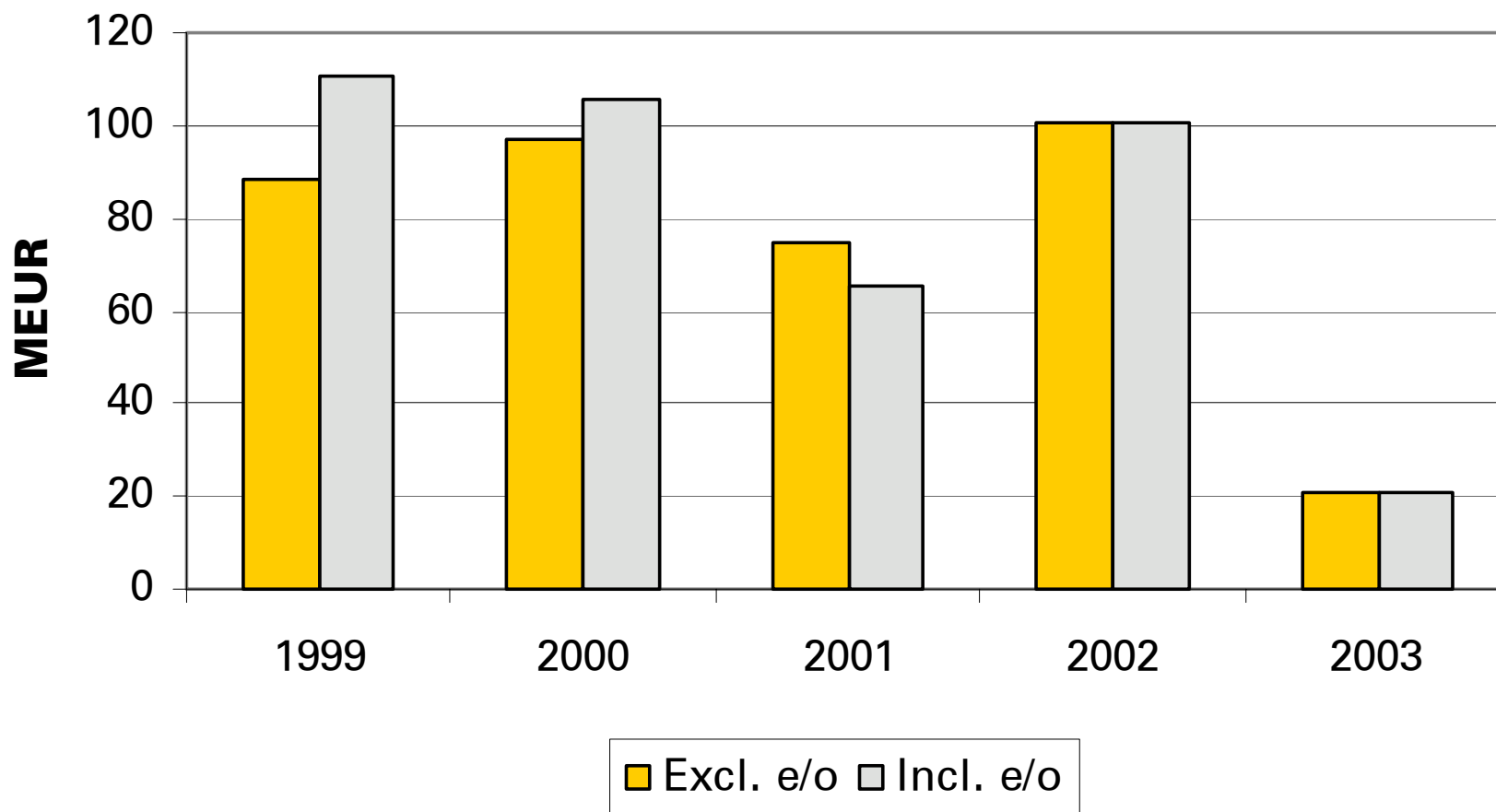
Group comparable operating profit per quarter



Using 2002 FX rates, excluding sales gains, divested units and restructuring costs

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Pretax profit 1999 - 2003

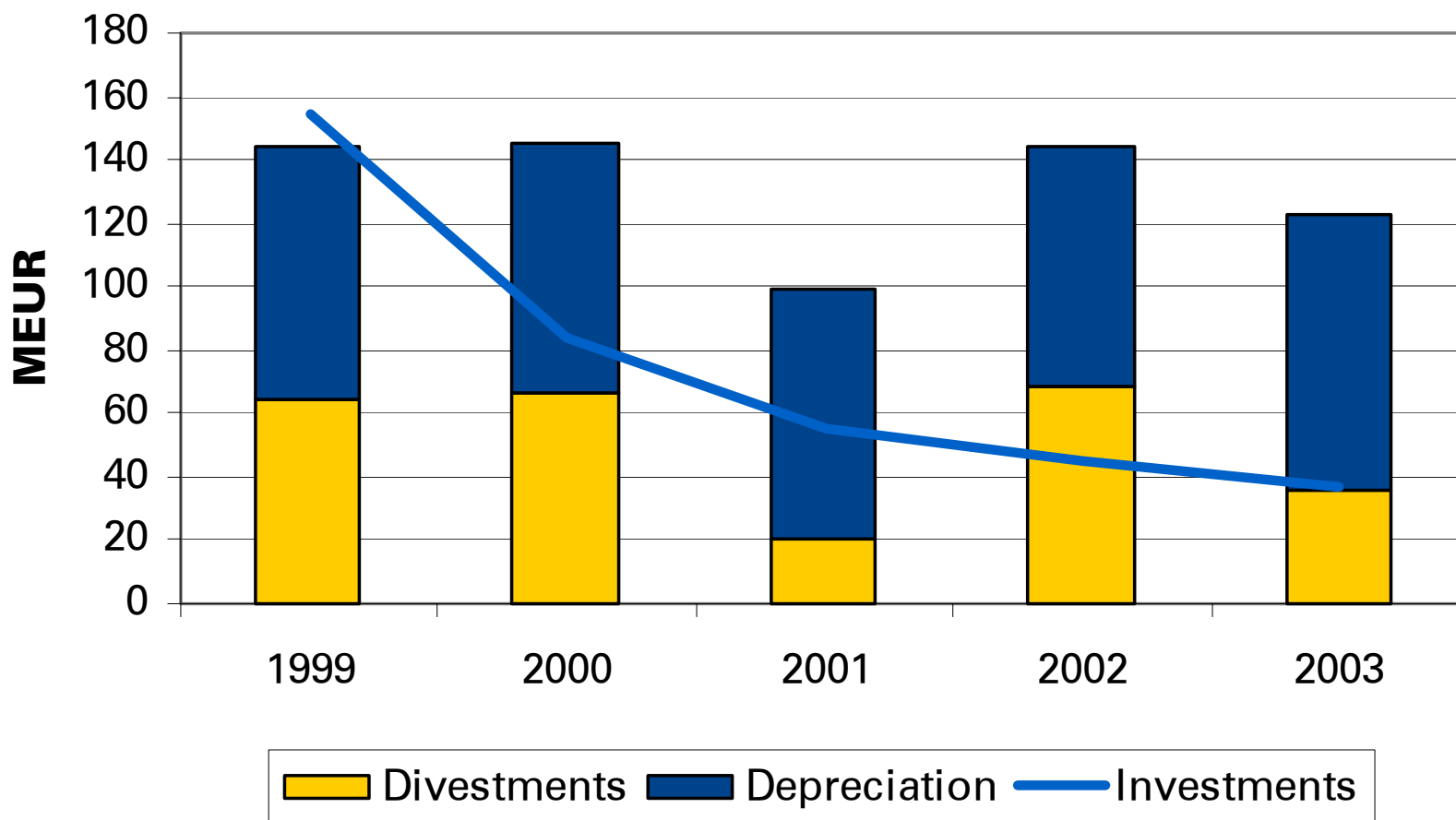


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Balance sheet 31 December 2003

	2003 MEUR	Change%	2002 MEUR
Non-current assets	449,0	-17,9%	547,0
Stocks	135,5	-18,6%	166,5
Other current assets	187,8	-9,3%	207,0
Cash in hand and banks	16,9	168,3%	6,3
Shareholders' equity	470,0	-13,0%	540,2
Minority interest	0,9	-83,3%	5,4
Obligatory provisions	31,4	175,4%	11,4
Long-term interest bearing liabilities	59,5	-40,6%	100,1
Short-term interest bearing liabilities	41,5	-40,7%	70,0
Non-interest bearing liabilities	185,9	-6,9%	199,7
Balance sheet total	789,2	-14,8%	926,8

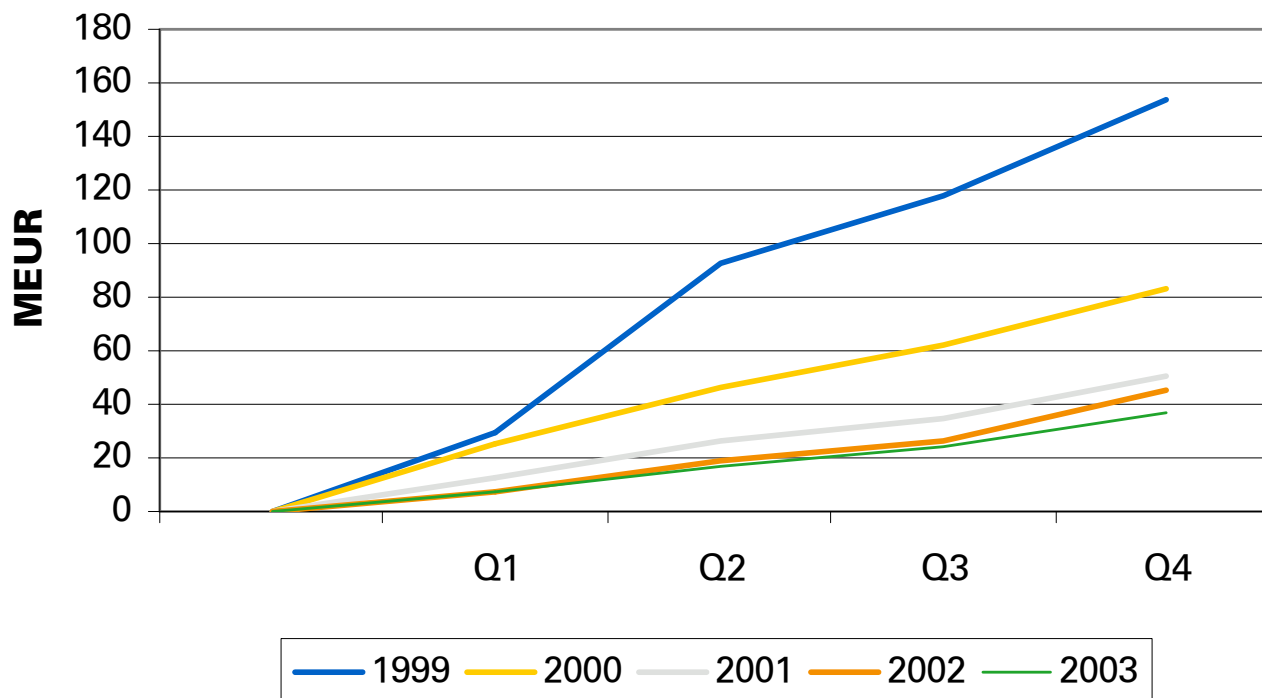
Net investments 1999 - 2003



NB: Depreciation in 2003 contains 23,6 MEUR from the restructuring programme

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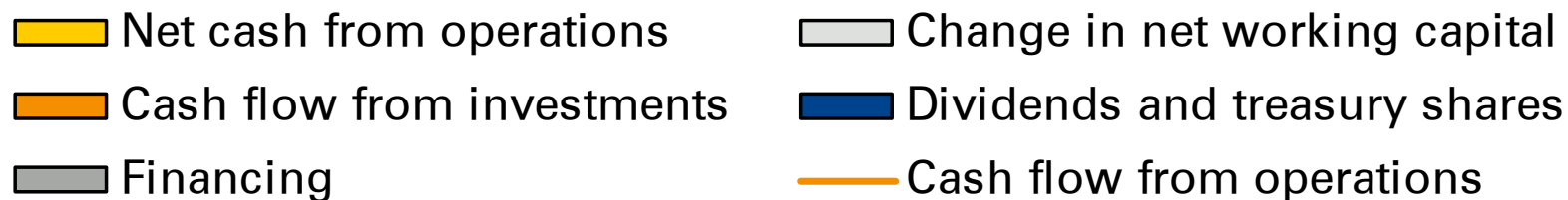
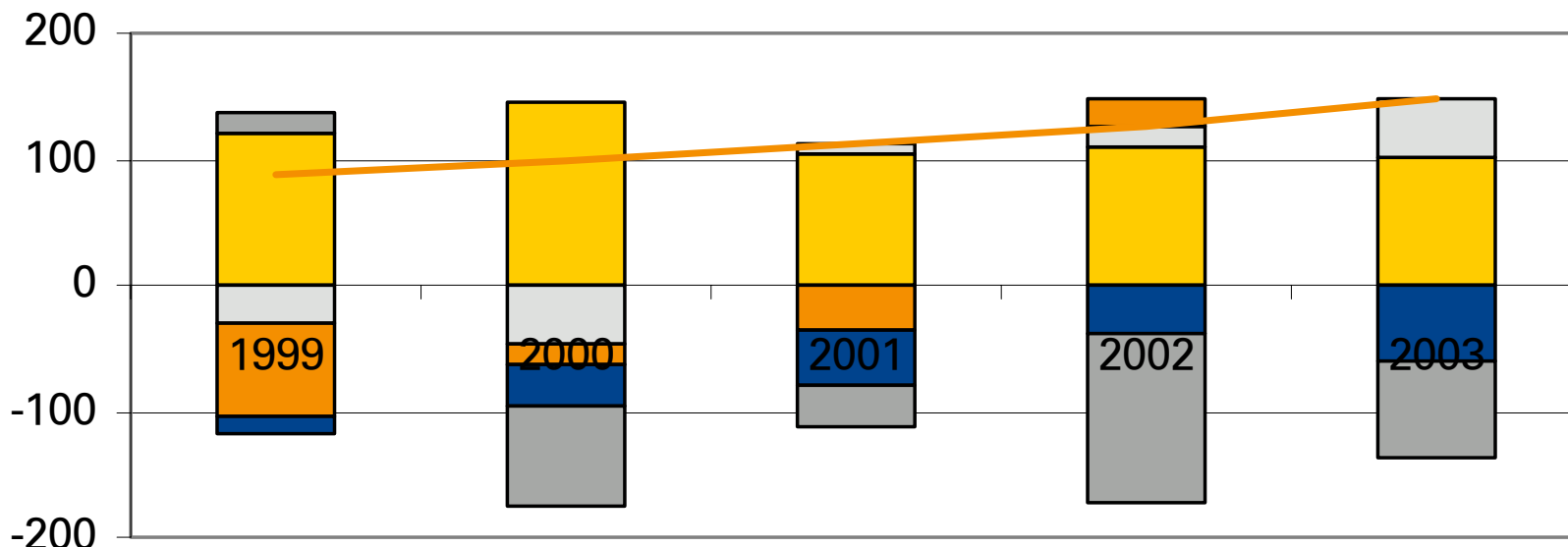
Gross investments by quarter



January - December 2003			
Gross investments	36,7	Write-offs, restructuring	20,8
Disposals, cash eff.	35,5	Amortisation	11,4
Depreciation	52,1	Amortisation, restructuring	2,8

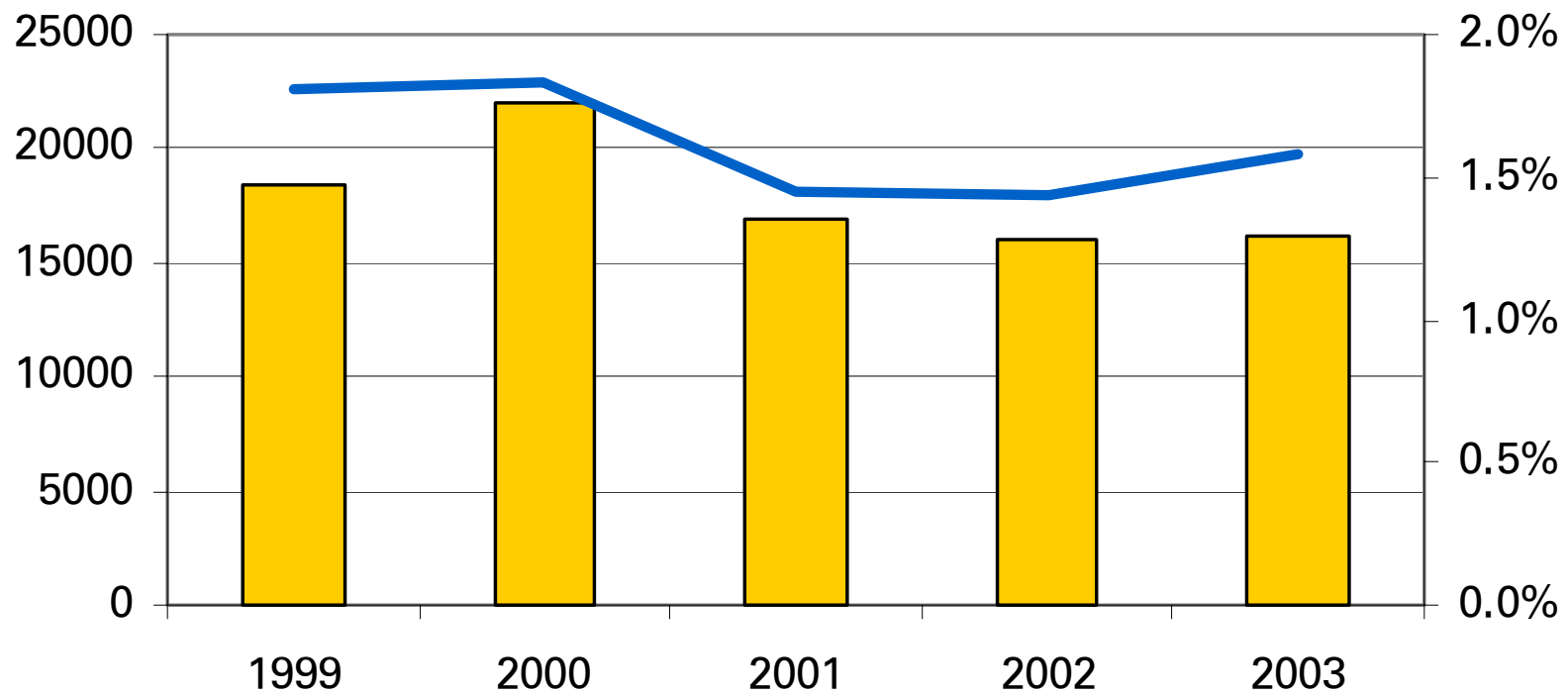
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Cash flow 1999 - 2003



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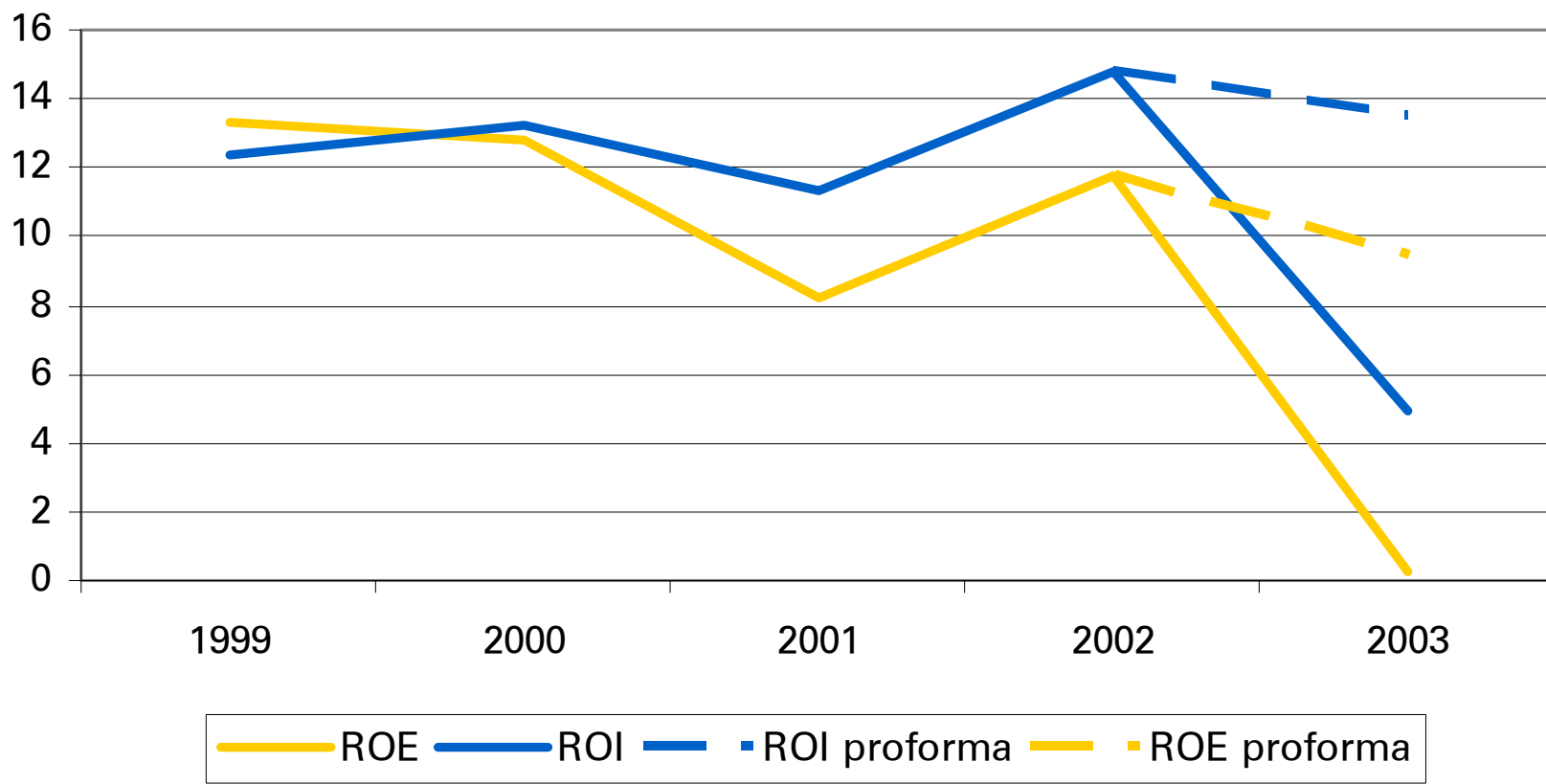
Pipe Systems R&D costs



EUR thousand
 % -age of net sales

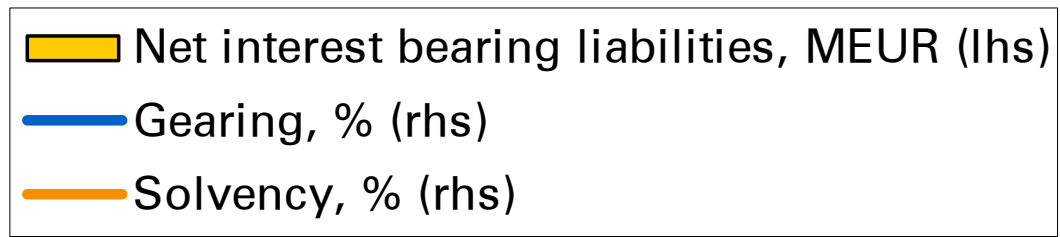
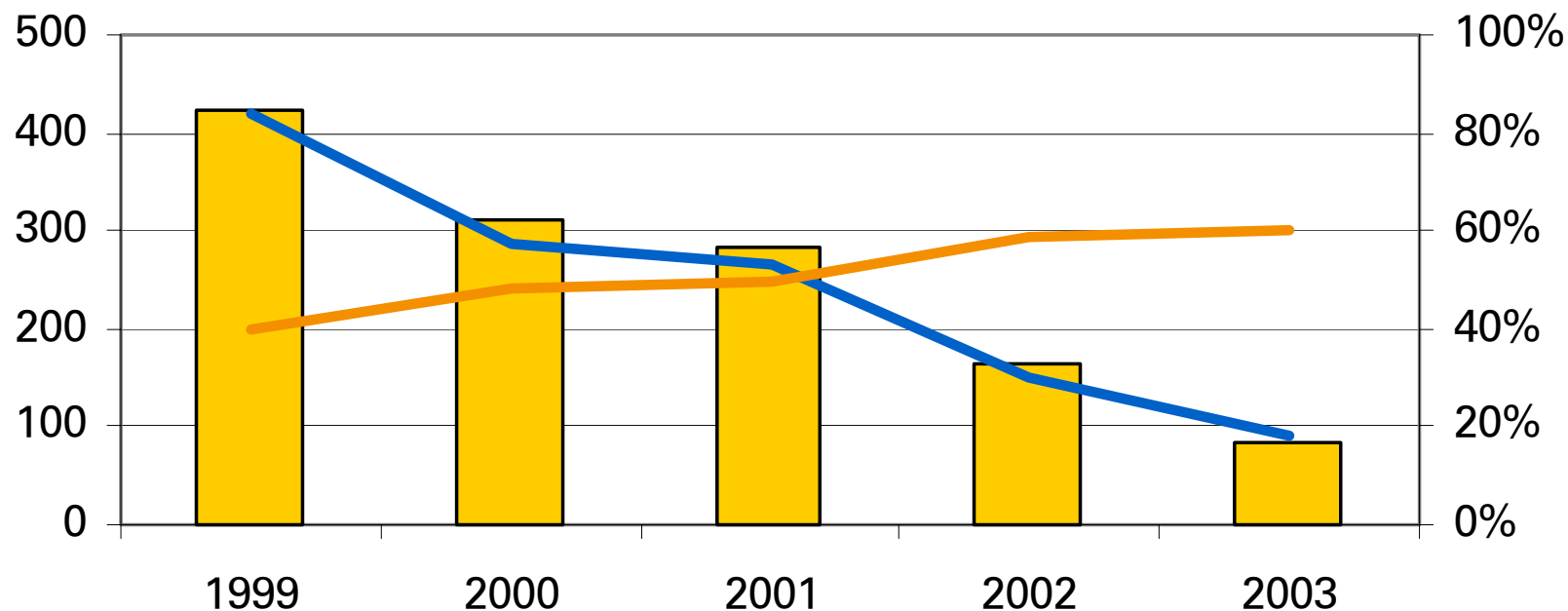
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Return on investment and on equity



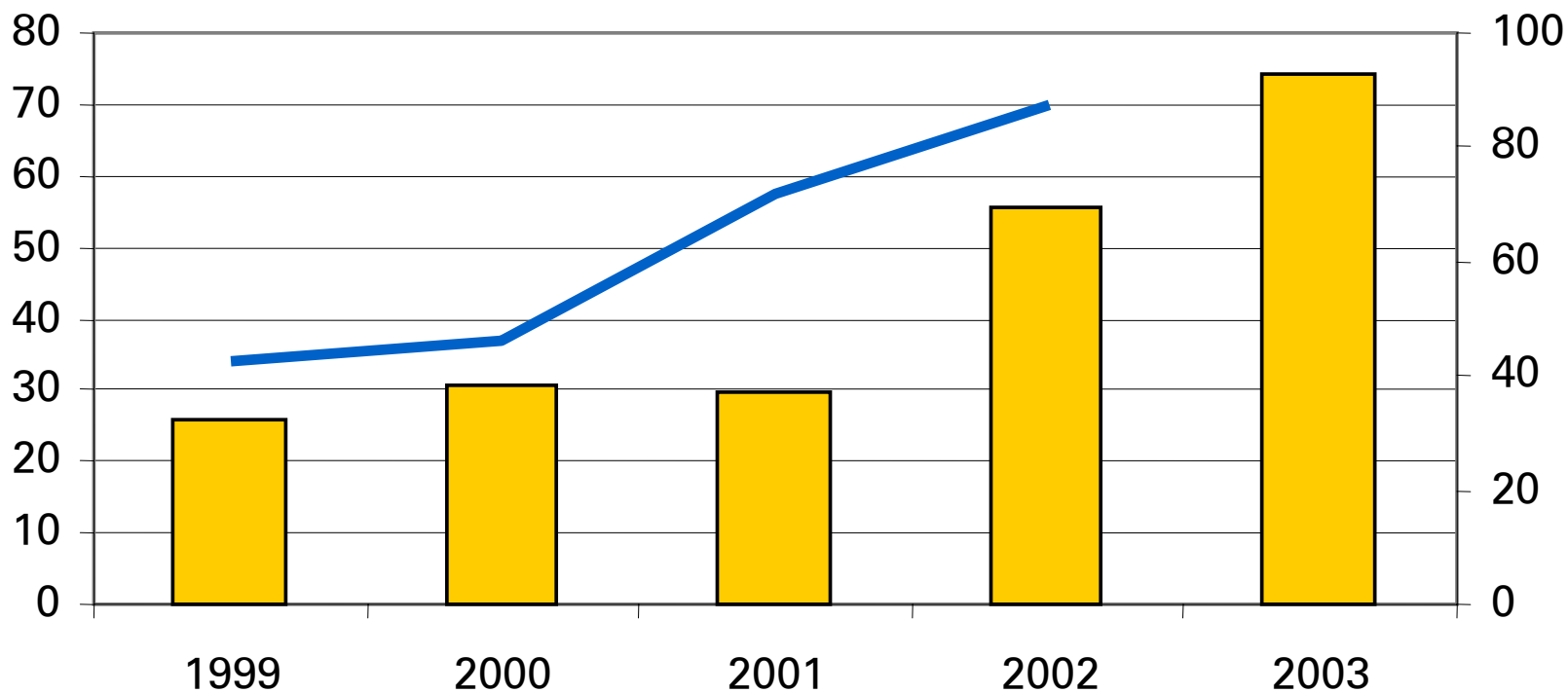
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Net Interest bearing liabilities and capital structure



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Dividends 1999 - 2003



Total dividend MEUR (lhs)
 Payout as % of EPS (rhs)

N.B.: Dividend 2003 as proposed by the Board

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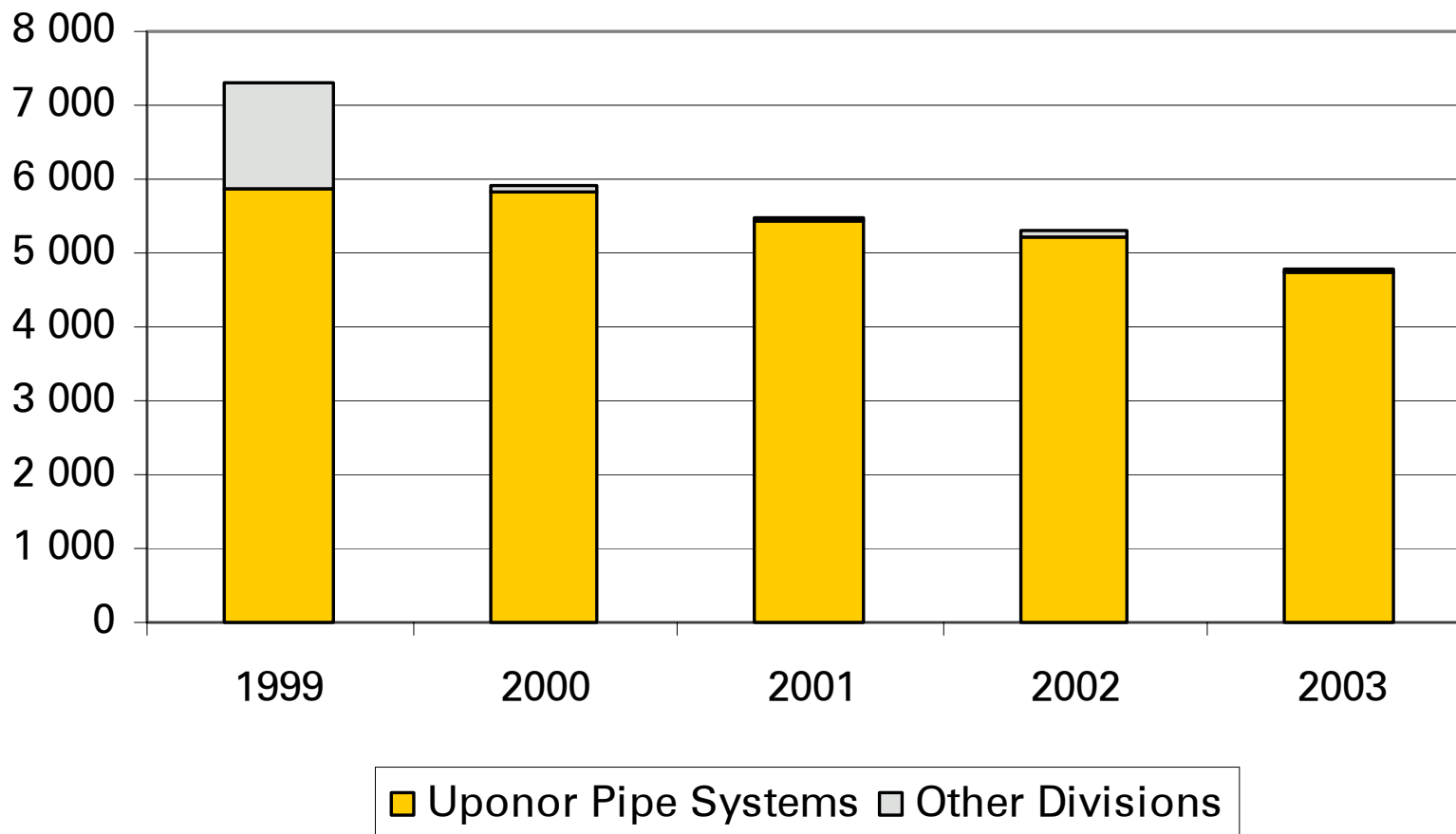
Key figures

	1-12 2003	1-12 2002	1-12 2001
Earnings per share, EUR	0,04	1,72	1,15
Return on equity, %	0,3	11,8	8,2
Return on investment, %	4,9	14,8	11,3
Solvency ratio, %	59,8	58,9	49,8
Gearing	18	30	53
Equity per share, diluted, EUR	12,68	14,58	14,06
Proforma w/o restructuring			
Earnings per share, EUR	1,29		
Return on equity, %	9,4		
Return on investment, %	13,5		

Shareholders 31 Dec 2003

Oras Companies	22,0%	Share capital
Sampo Life	7,5%	74,8 MEUR
Varma	5,4%	
Tapiola Companies	4,5%	Number of shares
Ilmarinen	2,8%	37.417.222
Odin Funds	1,8%	Treasury shares
Nominee registration	28,2%	645.000
Others	27,8%	
	<hr/> 100,0%	

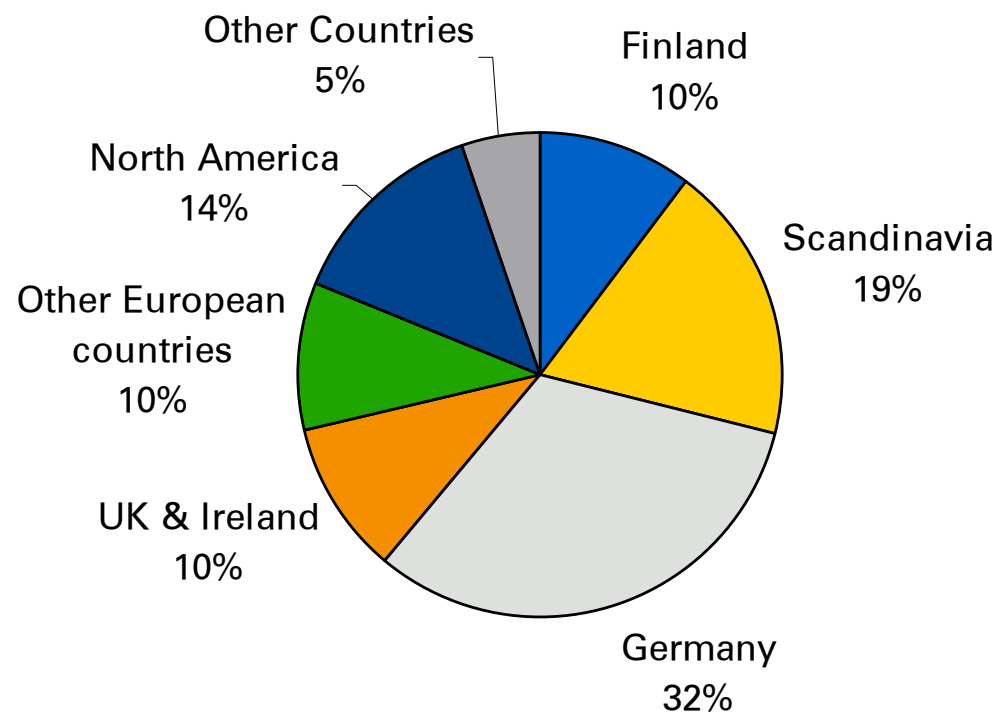
Group personnel 1999 - 2003



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Uponor group personnel 31 Dec 2003

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Restructuring update

Annual results briefing
Helsinki, 3 Feb. 2004

Jan Lång, CEO

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Actions in 2003

Divestments:

- Uponor ETI /USA and Uponor Hausabflusstechnik /Germany, Poland
 - Annual net sales cut by EUR 135 million, personnel with 445

Several restructuring measures:

- Housing Solutions Europe:
 - Factory in Buchholz/Mendt, Germany closed
 - Production closed in Westheim and in Maintal, both in Germany
 - New organisation for Central Europe
- Infrastructure and Environment Europe:
 - Factory in Hungary closed down
 - Programme to increase efficiency in operations in Finland
 - Business unit for decentralised wastewater management dissolved
 - Vila do Conde factory in Portugal will be closed in spring 2004
- Restructuring actions decreased staff by 330 persons in 2003

Restructuring 2004

Goal: “One unified Uponor”

- EUR 45,3 million provisions, asset and goodwill write-downs entered in the financial statements for 2003 for further measures
 - cash flow impact 12 MEUR in 2004 from further investments
- aimed at increasing productivity by combining operations, disposing of production plants and withdrawing from non-strategic businesses
- continuation of the projects carried out in recent years, paving the way for further streamlining the administration and structure as well as harmonising processes
- targeted for completion in the main during 2004
- the role of the businesses, which are less central to the future development of the Group, will be analysed in connection with the restructuring programme

Restructuring 2004: Announced actions

- Zella-Mehlis in Germany to become the centre of Unipipe production
 - production in Ahlen, Germany and Mostoles, Spain will be transferred to Germany by the end of Q2
 - Ahlen will be closed down by May 2004
 - Mostoles to concentrate on the production of PEX-a pipes
 - PEX-b pipe and corrugated pipe production will be discontinued
- Exit from post-extrusion related equipment business in Zella-Mehlis by the end of June
- Automation investments in fittings production in Hassfurt, Germany
- Letter of intent to divest (mbo) cable and tap water protection pipe, industrial-product and metal component businesses in Germany
 - 110 persons, net sales MEUR 16.7
- Cash outflow payback time will be less than one year
- The actions will cut 100 + 110 jobs in 2004

New organisation 1 March 2004

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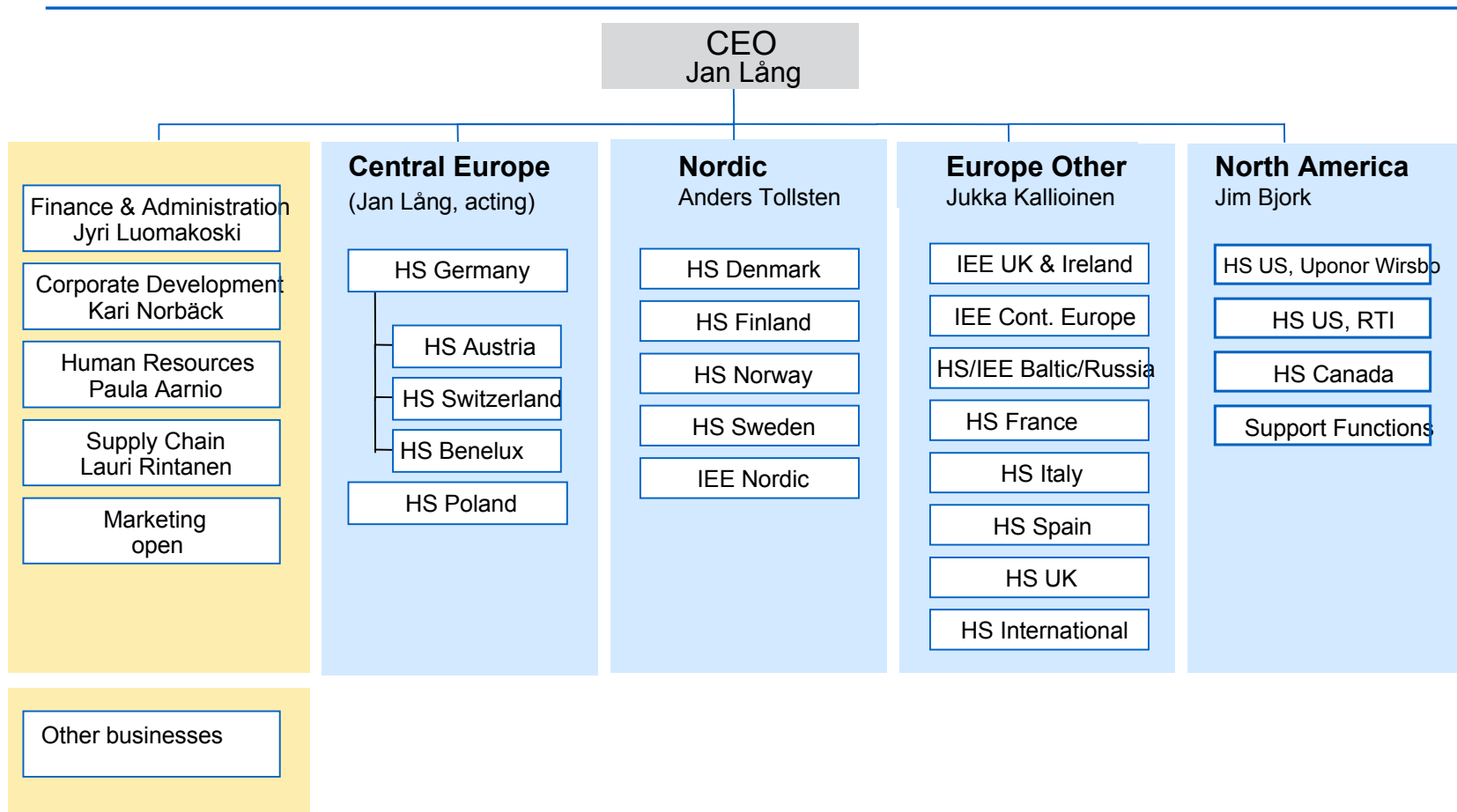
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New organisation from 1 March 2004

- The Board accepted on 3 February the management's proposal to replace the divisional organisation with a regional one
 - Aims at streamlining the organisational structure and at speeding up decision-making and the creation of harmonised group-wide processes
- The restructuring of the Group during the last few years has paved the way for a more simplified organisational structure
 - Combines under one management the businesses in each region, which now belong to different divisions
- Faster decision-making and ability to react to changes better
- One organisation responsible for all Uponor business in its region will strengthen the company's market position and the marketing power of the product portfolio

Organisation chart, effective 1 March 2004



- Further details to be finalised during February

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Outlook

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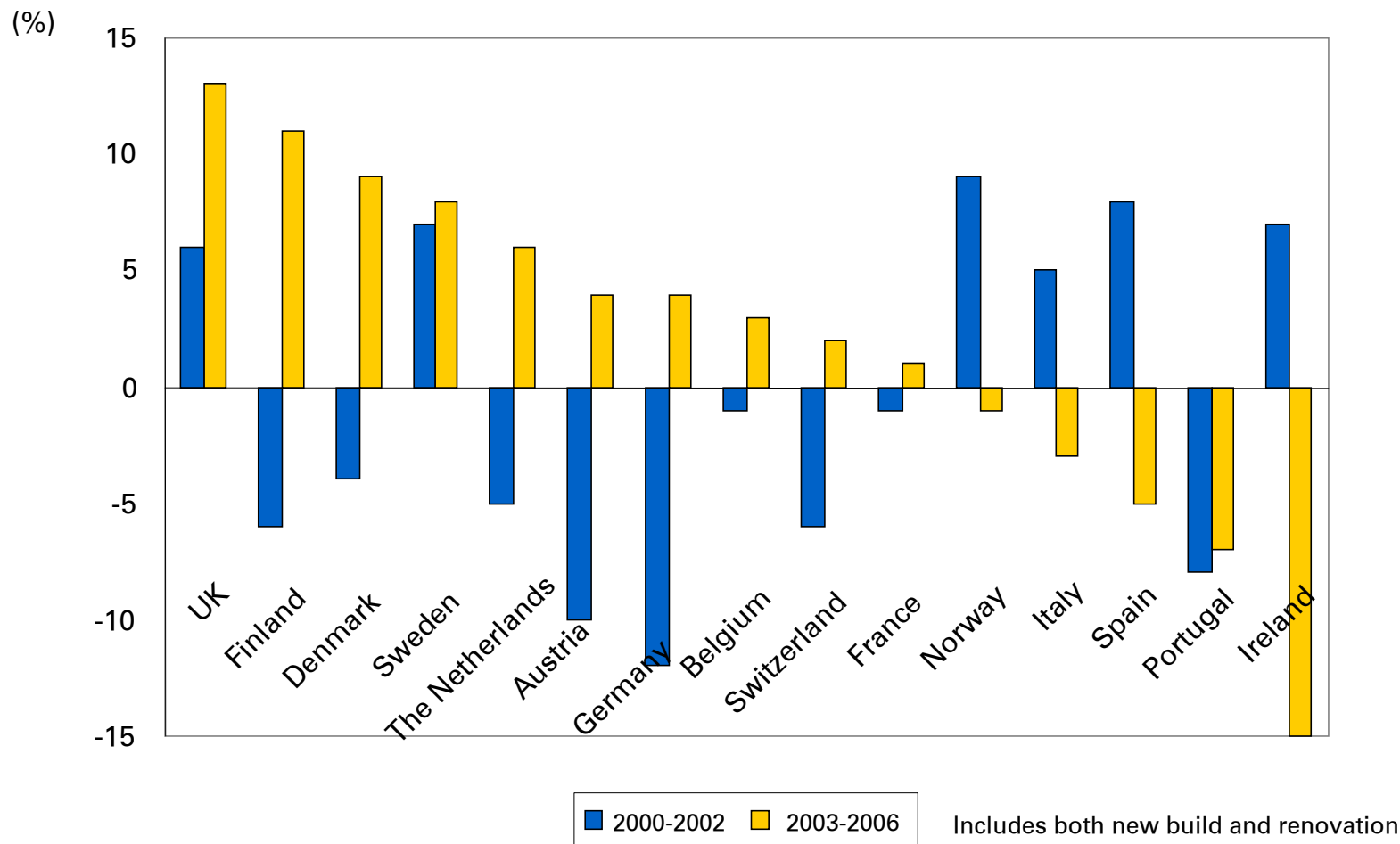
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Market outlook

- The slight picking up of the construction market started during the latter part of 2003 is expected to continue, and especially the renovation market is expected to grow
 - In Germany, the housing construction volumes are not expected to decline any more
 - Market outlook in Nordic countries and in the UK likely to remain good
 - Strong demand in Spain is expected to deteriorate slightly
 - Housing market in the U.S. is expected to slightly decrease but to remain at a high level

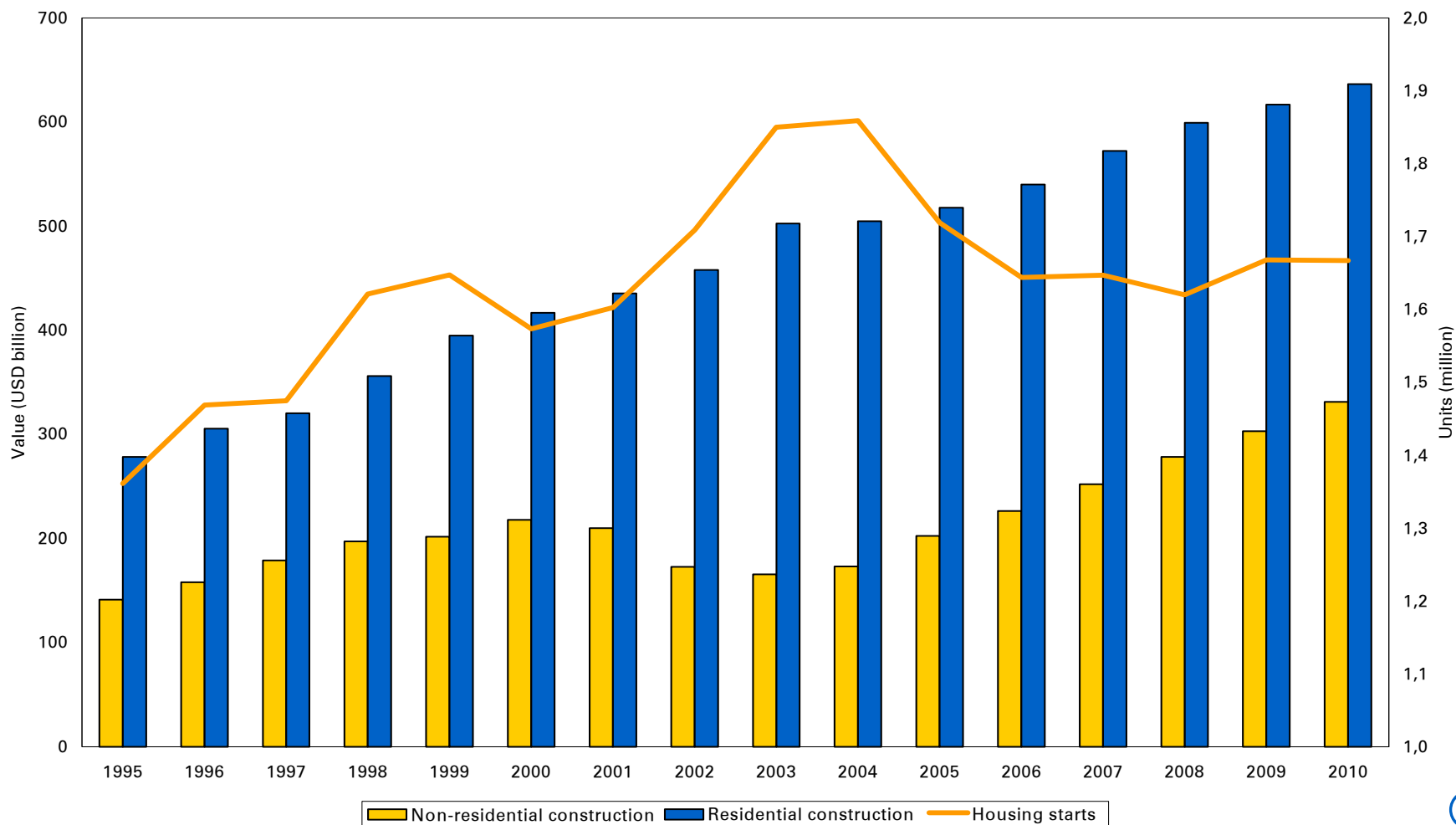
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Cumulative trend in EU residential construction value 2000-2006



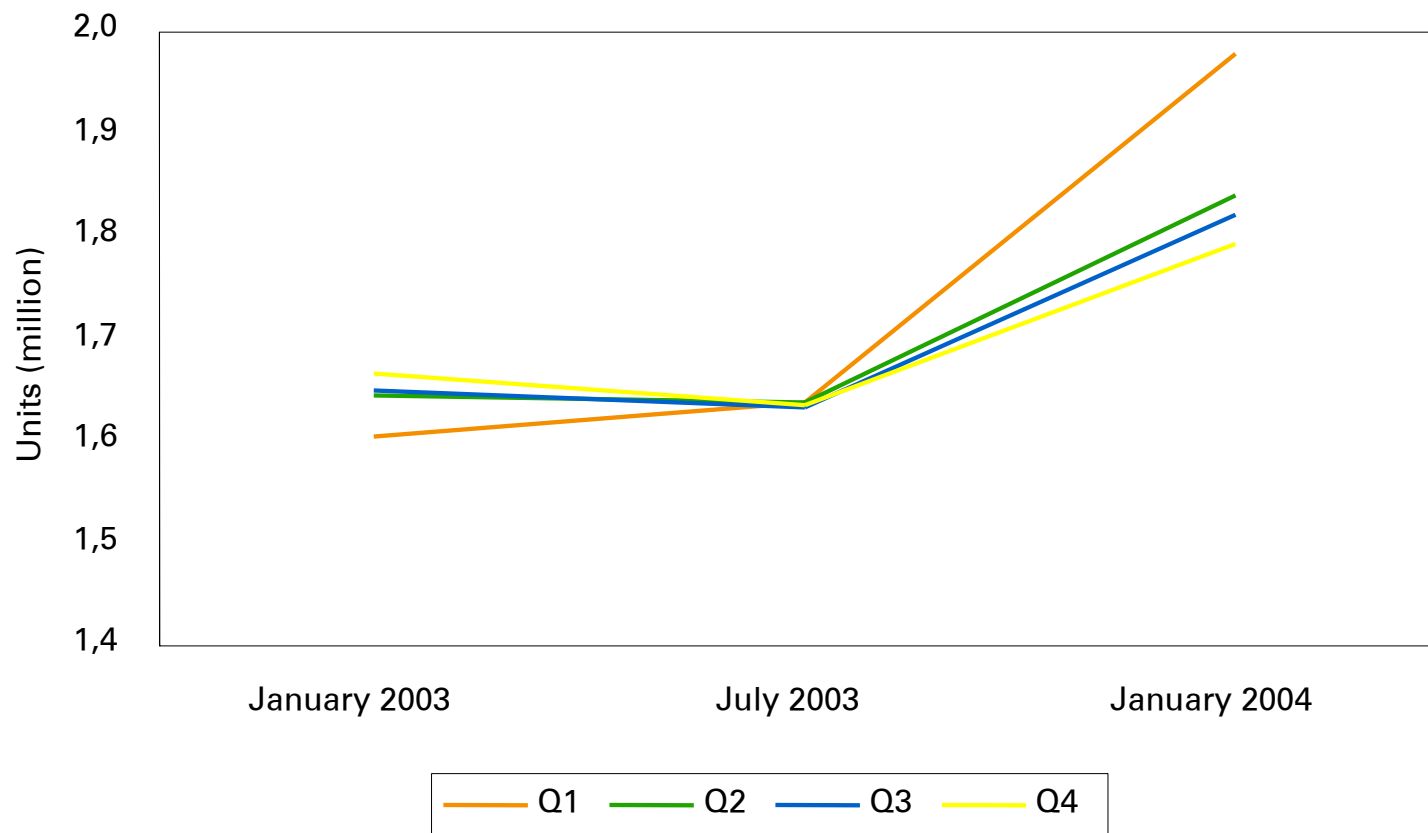
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Forecasted U.S. housing starts 1995-2010



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Development of U.S. housing forecast for 2004



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Outlook and guidance for 2004

- The restructuring measures are expected to have a positive influence on financial performance. Also the market outlook is slightly brighter than last year.
- The Group's cash flow is expected to remain strong and the 2004 operating profit and profit margin are expected to improve, excluding restructuring expenses.

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