Review of business in 2015

Jyri Luomakoski – President and CEO

Annual General Meeting 2016
Net sales

<table>
<thead>
<tr>
<th>Uponor Group, in M€</th>
<th>2014</th>
<th>2015</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>1,023.9</td>
<td>1,050.8</td>
<td>2.6%</td>
</tr>
</tbody>
</table>

- Organic growth of 5.2%, excluding divested businesses with net sales of €28.6 million in 2014
- Currency impact of €35 million, mainly from the USD
- Building Solutions – Europe – down by 2.5%
- Building Solutions – North America – up by 37.4% (14.8% in local currency)
- Uponor Infra – down by 11.2%, mainly driven by divestments; comparable net sales down by 4.4%
- The announced acquisitions in Germany will contribute to net sales from early 2016 onwards
January – December 2015

Net sales development by key markets
Developments by segment:

Building Solutions – Europe

• Markets largely flat, full-year net sales down by 2.5%
• The Netherlands, Sweden, and Spain as brighter spots
• New Central European distribution centre opened at the end of Q1/2015
• New production unit inaugurated in Annolovo, close to St. Petersburg, Russia 1 Oct 2015
• Announced a plan to start manufacturing in China in late 2016
• New leadership and operational structure as of 1 September, targeting a boost in growth while streamlining operations
Developments by segment:

Building Solutions – North America

- Favourable business conditions continue to prevail in the U.S., whereas in Canada development was rather flat
- The amount of new residential housing projects in the U.S. grew by 10.8% y-o-y
- Uponor made good progress throughout the regions and customer segments
- Penetration into the commercial sector is proceeding successfully
Uponor, Inc. manufacturing expansion progressing on time and as planned
Developments by segment:

**Uponor Infra**

- Thai and Extron business units as well as OmegaLiner® relining business divested as part of strategic focussing
- Good progress in the strategically important designed solutions sales
- Overall, business suffered from weak or declining markets, especially in Canada and Poland
- Transformation programme started in Finland to rationalise manufacturing footprint, and initiatives will continue throughout 2016
Developments by segment:

**Uponor Infra manufacturing footprint**

- Existing Uponor Infra manufacturing
- Closed Uponor Infra manufacturing

Further, Extron Engineering in Finland and the business unit in Thailand were divested in Q1/2015
Corporate responsibility

- Further integration of sustainability into company strategy

- Reduced CO₂ emissions from 2009 baseline
  - By 14.6% in absolute tonnes CO₂ emitted
  - By 37.9% in relation to production volumes, against a target of 15%
  - Our new target for 2020: a further reduction of 20% relative to net sales of 2015

- First production units have been certified with ISO 50001, and the target is to have all production units ISO 50001 compliant by 2017
Plumbing

Increased need for fresh water
Higher demand for hygiene
Ease of installation and reliability

Demands are driven by megatrends that change our way of life: urbanisation, higher standards of living, prefabrication…
Indoor climate

- Uponor Smatrix, the intelligent control system for radiant heating and cooling, giving more comfort for less energy, equipped with mobile access
- Comfort Pipe Plus, a more flexible pipe satisfying more demanding needs
Infrastructure solutions

In line with corporate strategy, Uponor Infra’s focus is on adding designed solutions sales
• Increase significantly designed solution sales
• Focus on selected growth segments
• Leverage global competence
### Megatrends bring business opportunities

Megatrends affect societies fundamentally and over a long period of time, raising new requirements and opportunities to improve living environments:

<table>
<thead>
<tr>
<th>Megatrends</th>
<th>Business Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate change and scarcity of resources</td>
<td>Sustainability and energy efficiency</td>
</tr>
<tr>
<td>Urbanisation</td>
<td>Quality and management of water</td>
</tr>
<tr>
<td>Digital transformation</td>
<td>Plastic taking share from metal</td>
</tr>
<tr>
<td>Shift of economic power towards emerging markets</td>
<td>Pre-fabrication</td>
</tr>
<tr>
<td>Demographic split to aging and growing populations</td>
<td>BIM (Building Information Modelling)</td>
</tr>
<tr>
<td></td>
<td>Shift from manufacturing to services</td>
</tr>
<tr>
<td></td>
<td>Expanding middle class</td>
</tr>
<tr>
<td></td>
<td>Increasing need for comfort</td>
</tr>
</tbody>
</table>
Uponor solutions improve living environments and enhance people’s way of life

**Uponor is in the business of providing solutions for water management and indoor climate**

<table>
<thead>
<tr>
<th>Comfort</th>
<th>Health</th>
<th>Efficiency</th>
<th>Sustainability</th>
<th>Safety</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invisible and silent comfort for living and working environments</td>
<td>Clean water for drinking, cooking and bathing</td>
<td>Pre-fabrication to speed up construction process</td>
<td>Driving down our environmental impact</td>
<td>Reliable during installation and operation</td>
</tr>
<tr>
<td>Enhanced architectural freedom with seamless integration into buildings and infrastructure</td>
<td>Avoiding draught, moist walls, dust circulation and pollution</td>
<td>Ease and speed for design and installation</td>
<td>Reduce water and energy consumption</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Solutions designed to last for a lifetime</td>
<td></td>
</tr>
</tbody>
</table>
Uponor has a strategy to generate sustainable growth in the shorter and longer term.

- We **defend** our strong position in the distribution business and the residential markets.
- We **expand** in commercial markets with an aim to significantly grow designed solution sales.
- We **build options** for future growth, e.g., sustainable hygienic solutions, digitalisation and new production technologies.
Outlook for 2016

- Europe – no support from the markets; Uponor has announced transformation initiatives, including manufacturing footprint optimisation
- North America – continued promising outlook
- Asia – Uponor has announced a plan to establish a factory in China in 2016

- Uponor’s guidance for 2016: the Group’s net sales and operating profit (excluding any non-recurring items) are expected to improve from 2015
Thank you

Follow us on

Twitter: @UponorIR
www.uponor.com

LinkedIn: Uponor
investors.uponor.com

Uponor's IRapp

Google play
Download on the
App Store