Business review 2004

Annual General Meeting
Helsinki, 15 March 2005

Jan Lång, President and CEO
**Strengthened growth**

- Net sales 1,072.8 MEUR
  - reported growth 5.1 %
  - comparable organic growth 11.0 %

- All Regions achieved the long term growth targets
  - Growth by Region in comparable terms
    - North America +27.7 %
    - Central Europe +12.6 %
    - Europe – WES + 9.3 %
    - Nordic + 6.4 %
Strategic focus areas

• Leading market position

• Core businesses are underfloor heating, tap water and infrastructure
  – training programmes
  – strengthening of the sales organisation
  – customer-oriented product and service offering

• Unified, integrated company
  – common processes across country and unit borders
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
Uponor Corporation’s financial statements
2004

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Jyri Luomakoski, CFO, Deputy CEO
Income statement  (Annual Report page 41)

- Comparison difficult due to the restructuring costs of 55 MEUR booked in 2003

- Net sales increased by 51.8 MEUR (5.1 %)
  - comparable growth 11 %

- Gross margin increased in comparable terms
  + improved efficiency in the production structure
  - higher raw material prices

- Fixed costs slightly increasing in comparable terms
  - incl. costs for sales, marketing, development and administration
Balance sheet  (Annual Report pages 42–43)

- Divestments decreased the fixed assets
- Material costs increased the value of the inventories
- Accounts receivables decreased despite net sales growth
- Dividend pay-out decreased the equity by 48.3 MEUR
- Obligatory provisions back to normal level as the restructuring programme draws to its end
- Interest bearing liabilities at 23.1 MEUR – down by 60.9 MEUR
Cash flow statement  (Annual Report page 44)

- Net cash from operations increased along with improved results

- Investments in working capital at 2.7 MEUR
  - net sales grew by 50 MEUR

- Cash flow from investments positive as a consequence of divestments

- Cash flow was used:
  - 50 MEUR in loans
  - 107 MEUR in dividends