

**Extract of President and CEO Jyri Luomakoski's address to  
Uponor Corporation Annual General Meeting on 15 March 2012**

Dear shareholders and participants in this Annual General Meeting,

In our meeting one year ago, I said that looking ahead I saw more opportunities than reasons for anxiety. I was right that we would encounter many business opportunities, and we were able to take advantage of these. For example, we succeeded in increasing our sales and market share in certain segments important to the future, we brought new and unique products to the markets and convinced our business partners that Uponor is the best long-term partner for them. Above all, we wanted to show our customers that we are focussed on partnership and are there to serve and support them during challenging times. The benefits of these efforts will only be clear after several quarters.

Unfortunately, last year also brought some difficulties and unforeseeable developments. The optimism clearly emerging in the construction market in the spring of 2011 faded rapidly, as economic concerns spread throughout the world, especially Europe. This had a strong impact on consumers' and companies' willingness to invest, not to mention the public sector's precarious situation. Profitability in our own sector was burdened by rapidly rising raw material prices, whose impact could not be properly offset until the final quarter of 2011. This affected our Infrastructure Solutions business group in particular.

From a geographical point of view, there were notable differences between market conditions. Predictably, demand developed slowly in southern and south-western Europe. This was unsurprising, considering the difficulties faced by national economies in those regions. Our own business activities there fared markedly better, despite our slightly negative growth figures. The total figures presented to the public hide the fact that, in certain important product areas, we achieved double-digit growth percentages in the countries of south-western Europe.

In the Nordic countries and Central Europe, the markets were relatively strong. For the most part, we were able to exploit our strong market position according to expectations.

The most substantial positive surprise came in North America, where the markets remained stable, but at a very low level. However, despite this we achieved significant improvements in net sales and operating profit. We have persistently developed our offering in North America and have invested in existing and new customer relationships. We were now able to benefit from these strengths.

Examining Uponor Group's development from the Finnish perspective, it is easy to forget that most of our business – about one fourth – comes from countries where the markets are now historically low – at levels never before seen in peacetime.

As a summary of last year, I would like to point out that we returned to our growth path, achieving over EUR 800 million in net sales. In 2011, we were able to introduce a range of unique new products. This was possible because we did not cut our product development when the recession began in 2007. Instead, we focused our efforts even more intensively on integral development projects. As I already mentioned, the results of our persistence are now visible in places like North America.

The last quarter of 2011 was characterised by various, independent non-recurring items. In January 2012, we made the decision to sell our German subsidiary Hewing GmbH, on the basis of the company's technology no longer being a key technology in which Uponor is investing globally. Hewing's business concept involved acting as an OEM manufacturer. In our view, the development potential of this business model had been

irreversibly weakened. We believe we made the right decision for both Uponor and Hewing.

The Finnish Tax Administration sent Uponor Christmas and New Year greetings, in the form of tax adjustment decisions concerning the transfer pricing of the Group's internal service charges.

The third nonrecurring item in the financial statement, which we announced at the beginning of February, was the impairment of a vendor note related to the 2008 divestment of the infrastructure solutions business in the British Isles. If you recall, we sold the whole business to a private equity firm for approximately EUR 125 million and made a sales profit of nearly EUR 50 million. Four million pounds were withheld from the selling price as 7-year vendor note. In hindsight, I might add that the sale of this unit, which had become non-strategic to us, could not have occurred at a better time. Even with the impairment, we managed to get an excellent price for the business.

Within our business sector in Europe, large-scale M&A activity is underway after a few slow years. The Mexican chemicals industry group, Mexichem, made an offer for our Dutch competitor Wavin. Mexichem manufactures PVC, which Wavin uses in large quantities. Every now and again, the markets have anticipated a merger between Uponor and Wavin. However, together with the Board of Directors, we have clearly outlined that such a merger would be against Uponor's strategy. For this reason, we did not show an interest in buying Wavin.

In another recent development, another competitor of ours, Pipelife, engaged in an M&A, when the chemicals industry group Solvay decided to sell its share of the company to Pipelife's other owner, the Austrian Wienerberger. Neither of these acquisitions is expected to lead to structural changes in our European playing field.

Dear listeners, just like a year earlier, looking ahead I see more opportunities than reasons for anxiety. You have all received our English-language Yearbook, which discusses international megatrends and their importance to Uponor. One of these is sustainable development, to which energy efficiency is closely linked. Both of these issues are closely related to Uponor's business activities. I am happy to say that life cycle comparisons with rival solutions, conducted by an external specialist, show that we are in an excellent starting position. We aim to strongly exploit this trend in our product development and marketing, by helping our customers and end users to make their homes and lives more environmentally friendly, comfortable and affordable.

In Finland, spring is coming and the days are getting longer. I believe that the economy too is brightening. Although the economic outlook remains uncertain, there is clearly greater economic stability and, in certain key markets such as Germany and the US, the outlook for construction appears to be relatively favourable. In many markets, however, it must be accepted that there is no going back. This is the 'new normal' now, and the amount of construction business has changed, as have our customers' valuations. At Uponor, in recent years we have implemented a significant adjustment and streamlining programme. We have comprehensively updated our product line and our products are now an excellent fit with market demand and major trends. I view Uponor as being in a good starting position to achieve profitable growth, in our relatively stable but slowly growing markets, in the near future.