CEO’s review

Annual General Meeting, 18 March 2019
Jyri Luomakoski – President and CEO, Uponor Corporation
Uponor today

1.2 billion euro net sales in 2018
18 manufacturing facilities worldwide
4,100 employees worldwide

- 51% Infrastructure solutions
- 25% Indoor climate solutions
- 24% Plumbing solutions

Net sales by business group
Throughout the world, our solutions enrich people’s way of life

Award-winning district cooling, reducing electricity consumption and emissions by about 65–70%, compared to cooling from local cooling units: Helsingborg, Sweden

Prefabricated Uponor Riser Port for quick and easy installation – and quick repair, if necessary – in a 6 floor apartment building: Helsinki, Finland

Radiant cooling system for the world’s largest concrete pour in the 10th tallest building in the USA: Wilshire Grand, Los Angeles, USA

Decentralised heating and cooling for the tallest residential building in Germany: Grand Tower, Frankfurt, Germany

Uponor TABS offering safe and comfortable temperatures for train maintenance teams in one of the largest rail depots in Europe: London, UK

Uponor’s Contec ceiling radiant cooling system for a sustainable international school: Kuala Lumpur, Malaysia

Delivery of sustainable, easy to transport and handle fish farming pipes under harsh conditions in the North Atlantic: North Atlantic, Denmark

Durable, sustainable Weholite at a modern pulp and fine paper mill: Nymölla, Sweden
Overview of the year 2018
## Key figures 2018

<table>
<thead>
<tr>
<th>Uponor Group</th>
<th>2017</th>
<th>2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales, M€</td>
<td>1,170.4</td>
<td>1,196.3</td>
<td>2.2%</td>
</tr>
<tr>
<td>Operating profit, M€</td>
<td>95.9</td>
<td>106.7</td>
<td>11.3%</td>
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<tr>
<td>Comparable operating profit, M€</td>
<td>97.2</td>
<td>99.3</td>
<td>2.1%</td>
</tr>
<tr>
<td>Comparable operating profit margin, %</td>
<td>8.3</td>
<td>8.3</td>
<td></td>
</tr>
<tr>
<td>Cash flow from operations, M€</td>
<td>101.5</td>
<td>79.9</td>
<td>-21.3%</td>
</tr>
<tr>
<td>Return on equity, %</td>
<td>19.4</td>
<td>18.0</td>
<td></td>
</tr>
<tr>
<td>Return on investment, %</td>
<td>16.3</td>
<td>17.2</td>
<td></td>
</tr>
<tr>
<td>EPS, €</td>
<td>0.83</td>
<td>0.72</td>
<td>-13.3%</td>
</tr>
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</table>
January–December 2018: Net sales development by key markets

Growth in net sales was driven by USA, Finland and Poland
Development by segment: Building Solutions – Europe

- Net sales
- Comparable operating profit %
Development by segment: Building Solutions – North America

- Net sales
- Comparable operating profit %
Development by segment: Uponor Infra

- Net sales
- Comparable operating profit %
Cash flow

Cash flow from operations
Cash flow before financing

2014: 80
2015: 60
2016: 40
2017: 100
2018: 70
Net interest-bearing liabilities and gearing
Development in sustainability topics

• Uponor renewed its sustainability strategy and defined four focus areas from UN's sustainable development goals:

• In 2019, the work continues and more detailed action plans and targets are created.
### Long-term financial targets

<table>
<thead>
<tr>
<th></th>
<th>Target</th>
<th>Actual 2017</th>
<th>Actual 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic net sales growth to exceed GDP growth(^1) by 3 ppts</td>
<td>2018E: 5.4%</td>
<td>6.5</td>
<td>4.9</td>
</tr>
<tr>
<td>Comparable(^2) EBIT margin</td>
<td>&gt;10%</td>
<td>8.3</td>
<td>8.3</td>
</tr>
<tr>
<td>Return on investment, ROI (p.a.)</td>
<td>&gt;20%</td>
<td>16.3</td>
<td>17.2</td>
</tr>
<tr>
<td>Gearing (annual average for the four latest quarters)(^3)</td>
<td>30–70</td>
<td>58.4</td>
<td>53.0</td>
</tr>
<tr>
<td>Dividend payout</td>
<td>&gt; 50% of earnings</td>
<td>59.0</td>
<td>70.8</td>
</tr>
</tbody>
</table>

\(^1\)GDP growth based on weighted average growth in the top 10 countries, measured by net sales.  
\(^2\)The targets issued in February 2013 referred to reported EBIT margin.  
\(^3\)As a result of adoption of IFRS 16 Leases standard as of 1 January 2019, Uponor converted its gearing target range from 30–70 to 40–80
The Board’s dividend proposal is €0.51 (0.49) per share, of which €0.25 will be paid in March 2019 and €0.26 is planned to be paid in September 2019.

When making the proposal, the Board considered the solvency of the company, the company’s dividend policy, the business outlook and planned investments, recognising the high availability of the external funding for the company’s growth.
Overview of strategy
Megatrends create opportunities to improve our living environments

Megatrends affect societies fundamentally and over a long period of time

- Climate change and scarcity or resources
- Urbanisation
- Digital transformation

...raising new requirements and opportunities to Uponor

- Sustainability and energy efficiency
- Quality and management of water
- Multi-family homes
- Offsite construction and pre-fabrication
- Building Information Modelling (BIM)
- Shift from manufacturing to services
Strategic direction remains valid but a need for acceleration and further focusing is mandatory.

We defend our strong position in distribution business and residential markets.

We expand in commercial markets.

We build options for future growth.
Focus areas for 2019

We build **options for future growth**

- New product launches in Europe: smart water monitoring system, Phyn Plus, and the Smatrix Pulse cloud-based smart home control system
- Growth of Phyn Plus in North America

We **expand** in commercial markets

- Focus on offsite construction solutions and designed solutions sales

We **defend** our strong position in distribution business and residential markets

- Operational improvement initiatives continue in all manufacturing facilities
- New product launch in Europe: S-Press PLUS
Market outlook and guidance statement for 2019

Uponor expects the markets to remain at a healthy level during Q1:

• In the USA, market growth has slowed down, but a slight growth is expected to continue throughout 2019.
• The market stays at a stable level in Germany.
• Although the market is weakening in Sweden, it still remains at a good level.
• In Finland as well, the market will remain at a good level, despite signs of weakening.

Guidance statement for 2019:

Excluding the impact of currencies, Uponor expects its net sales to reach the level of the year 2018 net sales excluding the divested Uponor Infra’s North American business and Zent-Frenger (€1,107.7 million), and comparable operating profit to improve from the year 2018 comparable operating profit excluding the divested Uponor Infra’s North American business and Zent-Frenger (€83.5 million).
Thank you!