



Uponor Corporation's Annual General Meeting on 15 March 2005

Jan Lång, President and CEO

Dear shareholders, ladies and gentlemen!

For Uponor, 2004 proved a successful year that will go down in history as epoch-making in many respects.

Many of you, as long-standing Uponor shareholders, still remember how our company was once engaged in diversified businesses under the name of Asko. Since the end of last year, we have focused on one core business following the divestment of our non-core real property business.

As a result, Uponor is now an integrated and focused corporation – one of the world's strongest players in the industry.

Last year also marked an end to the restructuring programme we implemented over many years in order to strengthen and reshape Group structures, which was reflected in focusing operations on larger units and entities to improve our competitiveness and provide solid foundations for future growth.

This was an extensive process due to Uponor having expanded through company acquisitions over the years, operating a highly decentralised group of businesses. The scale of this large-scale process is best represented by the fall in the number of our pipe systems plants from 45 in the late 90s to the current 22.

Last year, we took most pride in Uponor's robust organic growth, i.e. our success in expanding sales through our own business operations. In this respect, North America, where markets for residential housing construction remained extremely brisk, showed the strongest growth. The U.S. experienced its second consecutive record year in

terms of housing starts and Uponor succeeded in improving its net sales in the region by almost 30 per cent.

With North America playing an increasingly important role for Uponor, we aim to strengthen our position further in this market. As a result of major production expansion investments completed last year, we increased our pipe production capacity by more than half, which will provide us with excellent opportunities to continue consolidating our position.

In Germany – Uponor’s other significant market area – construction-industry demand seems to have steadied at about half the level we enjoyed during the boom years of the late 90s. The next few years are unlikely to see major growth.

However, Uponor has done well in Germany. Last year, we posted a marked improvement in net sales; in particular plumbing system sales showed convincing growth. While radiant underfloor heating systems have already established their position in the new housing markets in Central Europe, we can now also provide interesting solutions for renovation and modernisation projects.

In the Nordic countries, we have invested heavily, particularly in markets for plumbing systems for the past couple of years, which has strengthened our position as a provider of housing solution products. In 2004, we reorganised our municipal infrastructure solution production and logistics, with the aim of better meeting our customers’ needs.

We heard mostly good news from other markets as well. For example in Russia, we reinforced our organisation and made determined efforts to create firm foundations for future operations.

Although countries differ considerably in their construction markets, Uponor’s business model has proved effective and solid in all of the markets where we operate.

Strategic cornerstones

From our strong strategic position, we were successful in continuing to sharpen our focus during 2004, concentrating on product segments in which we excel on a global basis and have great potential for profitable growth.

When it comes to the company's strategic development, we have consistently abandoned products, brands and plants of less significance. It has been necessary to take these measures in order to establish the bedrock for future business.

In 2004, the Executive Committee and our Region organisations made concerted efforts to develop our strategic position further, their work resulting in the following crystallised Uponor goals:

- We aim to be or become the market leader in those segments in which we operate. This will also involve the fundamental aspect of strengthening the Uponor brand, i.e. our image and reputation, and enhancing its recognition.
- Our core businesses, in which we offer outstanding expertise, are radiant underfloor heating, tap water systems and municipal infrastructure technology, on whose basis we will seek future growth.
In this respect, our tools include training for professional installers, reinforcing our sales organisation and continuously developing our product and service offerings according to customer needs and expectations.
- Professional installers, designers and wholesalers play a key role in Uponor's business model. By providing these target groups with our expert know-how, we can help them succeed in order to ensure our business success.
- We seek to turn Uponor into a unified, integrated company resting on consistent operating policies and processes beyond national borders and units.

Our future will be built on strengthening these strategic cornerstones and the resulting profitable organic growth, with, of course, higher profitability as our key target.

In December 2003, the Board of Directors confirmed Uponor's long-term financial goals presented in our Annual Report and website. Accordingly, we have aimed to develop our business to meet these goals, progressing in the right direction since then. However, as you can see from these traffic lights, we cannot rest on our laurels in terms of our results and profitability.

In 2004, we managed to record a marked improvement in profitability both in relative and absolute terms, thanks not only to higher sales but also our improved cost structure resulting from our restructuring programme.

I am delighted to see that this Annual General Meeting has attracted shareholders in record numbers, a natural consequence of the recent year's strong growth in the number of shareholders. While Uponor had 4,300 shareholders a year ago, the current number is almost 6,000, which represents growth of almost 40 per cent.

I hope that Uponor will continue to serve as an attractive investment in the future, too.