

Uponor Corporation's Annual General Meeting, 15 March 2007
Jan Lång, CEO and President

Dear Shareholders, Ladies and Gentlemen,

I would like to welcome all shareholders, both old and new, to our Annual General Meeting.

We reached all our targets set for 2006, and our economic indicators were good. During 2006 we made great strides in achieving our strategic targets.

In 2006 the marketing environment for Uponor was good, but there were a few surprises, too. The German markets picked up significantly after 10 years of sluggishness, and the construction markets in Europe remained active. We knew to expect a slowdown in construction markets in the USA, but we were still taken by surprise by the sharpness of the slowdown.

Supported by its excellent marketing environment, Uponor's net sales in 2006 grew by 12.1 per cent, which exceeds the Group's long-term financial targets by a significant margin.

This growth was influenced by improved market shares for our company, especially in the plumbing business. Uponor's share of this market grew thanks to the increased use of plastic and composite pipes, instead of copper piping. An increase in the cost of raw materials was offset by price rises. Our plumbing business grew faster than our underfloor heating and infrastructure businesses.

Our operating profit in 2006 was the best ever, both in absolute terms and relatively speaking. The Group's excellent sales, combined with the cost benefits brought by our strategic changes, helped to generate a 143 Million euro operating profit. The cost benefits can be seen, for instance, in the fact that a 12 per cent higher turnover was achieved by the same number of employees as previously. Our investments in the marketing of the Uponor brand and in our ERP system have increased certain capital costs.

Guided by our strategy, we last year took steps that enabled us to move ahead in our strategic focal areas. Our main aim was to unify the Group, which in turn enables us to create the foundation for continued sustainable growth.

At our last AGM, I introduced the single-brand strategy. This strategy has now been put into practice, and today we market our product systems under a single Uponor brand. The project has been challenging, but our customer research findings support the belief that we have succeeded. In order to implement the brand promise we made to our customers, to help *them* to succeed, we must deploy the values that lie behind the brand promise in such a way that they become an integral part of our activities, throughout the entire Uponor organisation. In other words, there is still a lot to be done!

Other key measures in the past year have been the integration of our operating processes, and the implementation of the new Oracle ERP system in Germany. These are challenging projects and a financially significant investment that will tie up a lot of resources. They are, however, necessary, in order for us to achieve unity at Uponor.

With the foundations of Uponor about to be completed, it is now time for us to concentrate on strengthening our market position. For this reason, we last year

spent time on renewing our growth strategy. This work culminated in the so-called 3E Strategy, the name of which originates in the words Enhance, Explore and Establish. In other words, the strategy is based on three basic principles, through which we seek to enhance our single-family leadership, to exploit our IE leadership, and to establish high-rise leadership.

We hope that this growth strategy will help us to establish the foundations for Uponor's long-term success. To this end, we have allocated more resources and earmarked these for implementing this growth strategy. This is long-term work that aims to increase our turnover in future years. We want to ensure that Uponor has a product selection which is based on the current successful segments, whilst keeping abreast of new developments and seeking success in business sectors that have prospects for future growth.

One such area of potential growth is the cooling business, which we hope will become a significant core part of Uponor's future activities. The radiant cooling system that we have developed is based on the same principles as our underfloor heating. We believe that the demand for Uponor's cooling solutions will grow in line with the growing demand for systems that are energy-efficient and environmentally friendly and comply with the ever-tightening building standards in domestic housing and commercial building.

As well as working to generate growth, we will continue working to strengthen the Uponor brand, and consequently, to establish stronger links with our customers. We will also seek to improve efficiency in production, logistics and other key processes.

We had an excellent year in 2006, but we must not rest on our laurels for too long. 2007 will present us with new challenges as we, once again, seek to strengthen Uponor's market position and improve the result. There are two sides to our market environment: in Europe, a favourable situation is expected to continue, whereas in the USA, the situation will continue to be problematic. In this environment we believe that the organic growth of Uponor's turnover will exceed the long-term target of above six per cent and that the Group's operating profit will exceed that which was achieved in 2006.

Today, Uponor is a financially sound and successful company. Our financial strength provides an excellent basis for a stable dividend payment policy as evidenced by the Board's dividend proposal on today's agenda. I am confident that, in the years to come, Uponor will continue to be a strong dividend payer in line with the Board's dividend distribution targets.

Dear Shareholders, Ladies and Gentlemen, I thank you for your trust in Uponor.