

Half year results briefing 1–6/2019

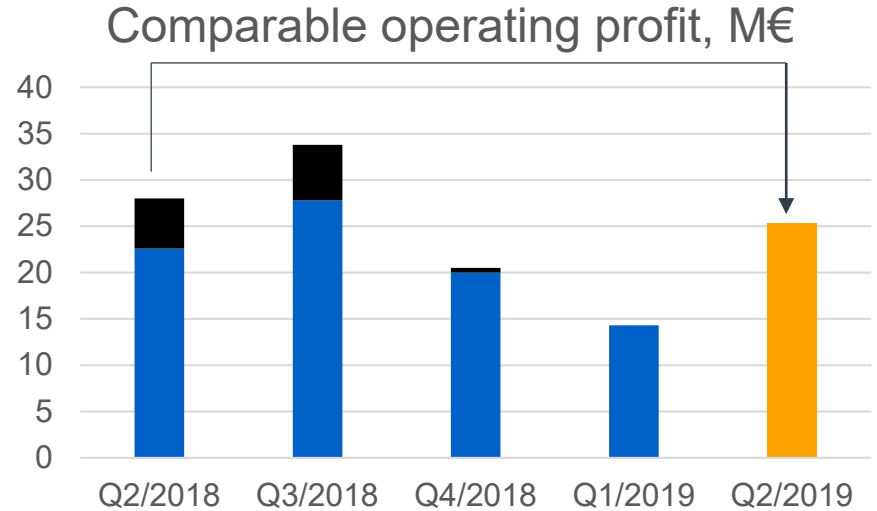
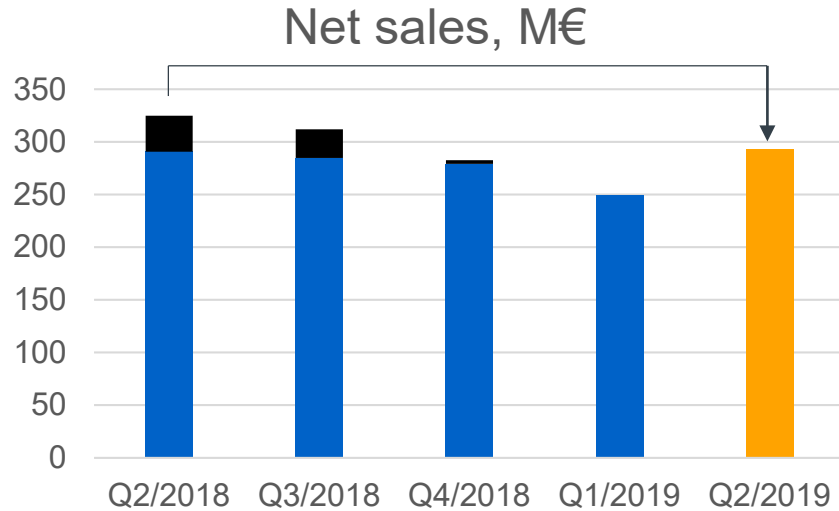
Jyri Luomakoski –
President and CEO, Uponor Corporation

Highlights of Q2

- Net sales were €292.6 (324.9) million, organic growth -0.5% in constant currency terms
- Operating profit was €25.3 (28.0) million, growth 12.4% without the divested Uponor Infra North America and Zent-Frenger
- In Building Solutions – Europe, both net sales and operating profit decreased
- Net sales and operating profit developed positively in Building Solution – North America
- Uponor Infra continued to improve its profitability level



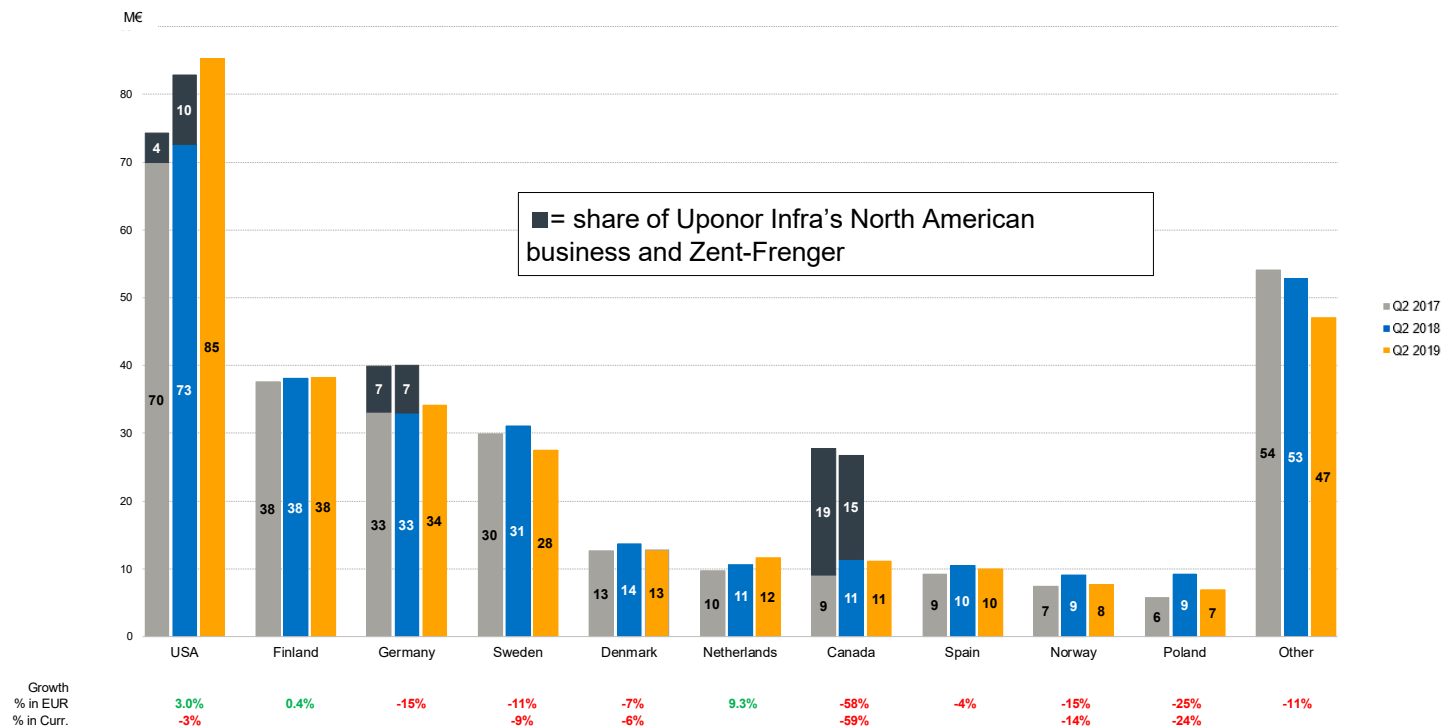
Group net sales and comparable operating profit



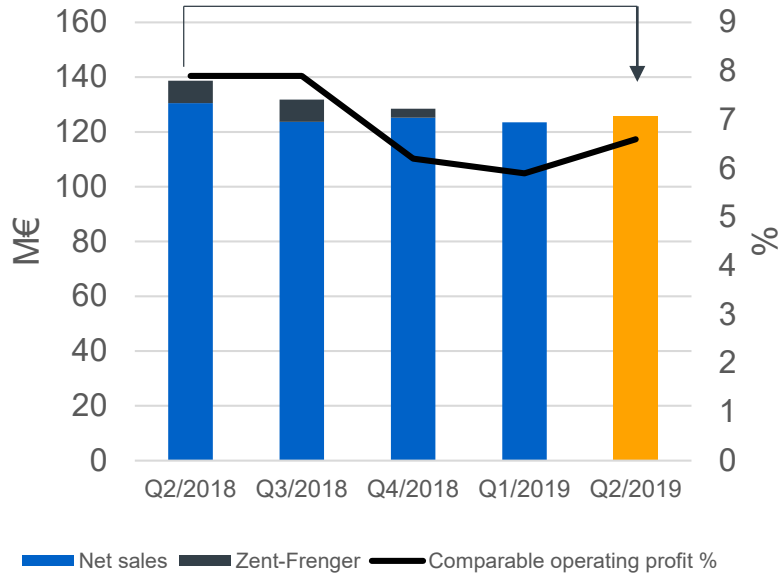
■ = share of Uponor Infra's North American business and Zent-Frenger

Net sales development by key markets

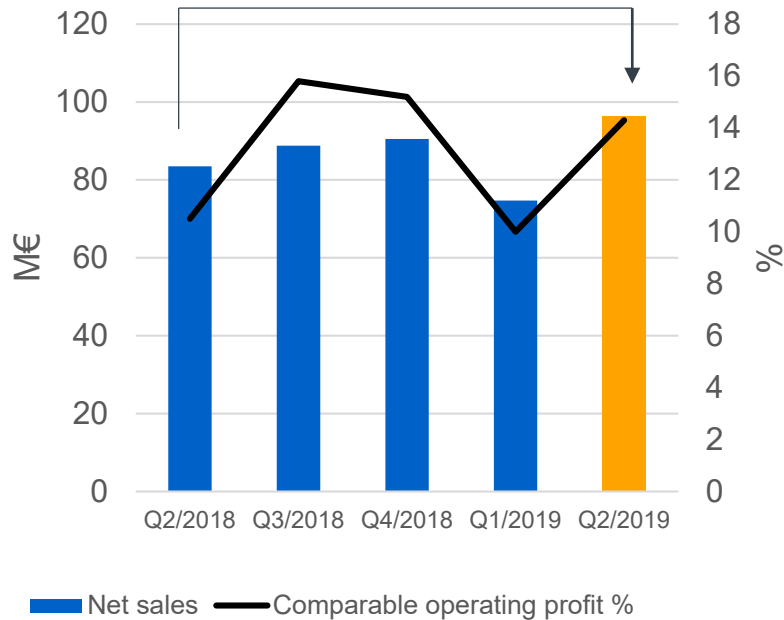
Apr-Jun 2019



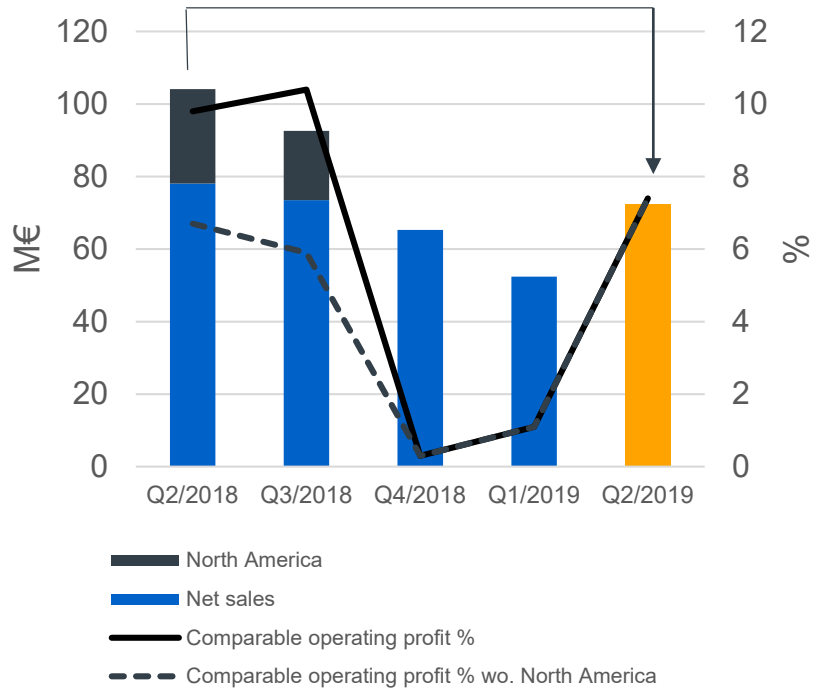
Development by segment: Building Solutions – Europe



Development by segment: Building Solutions – North America



Development by segment: Uponor Infra



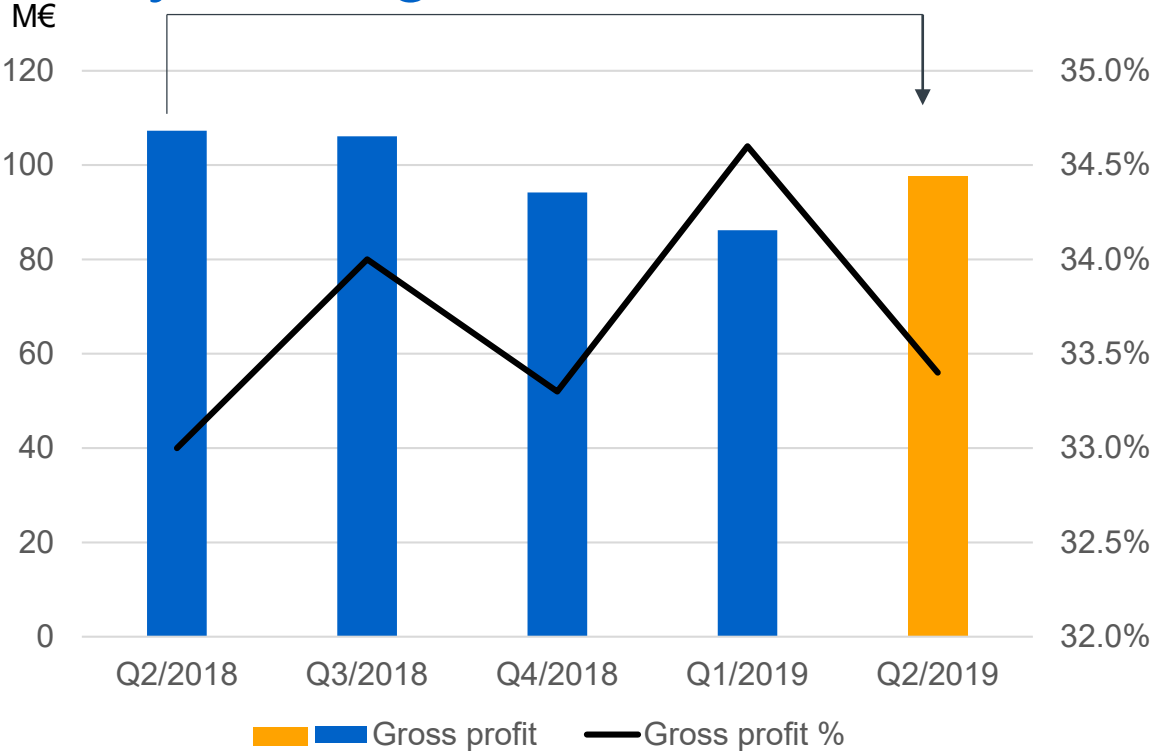


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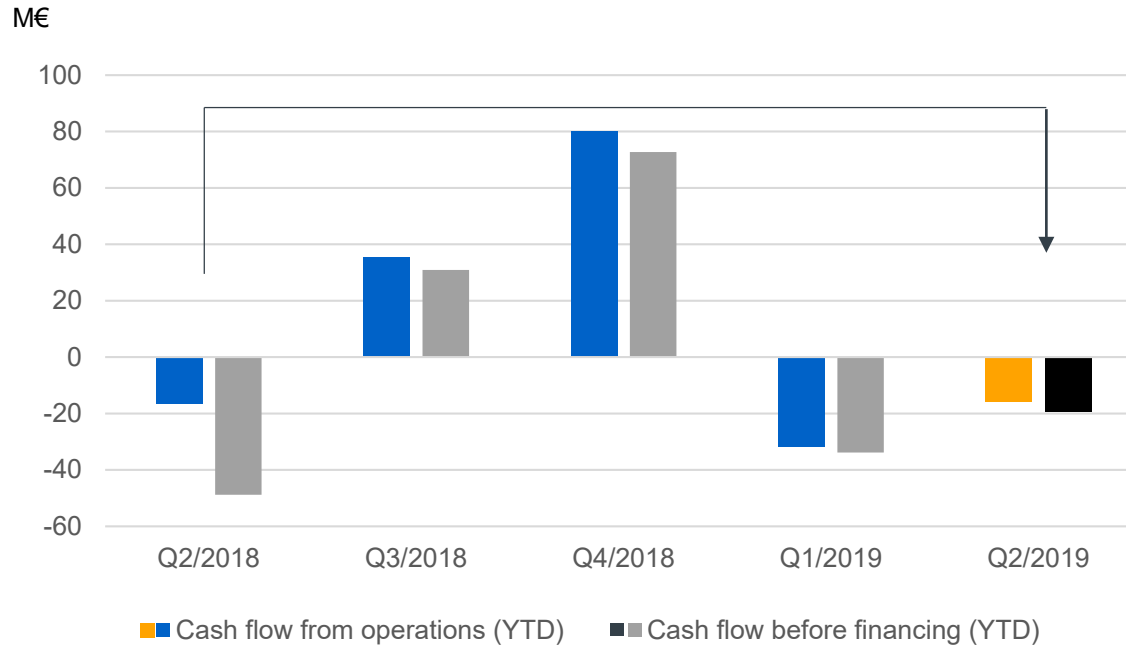
Financial statements

4-6 / 2019

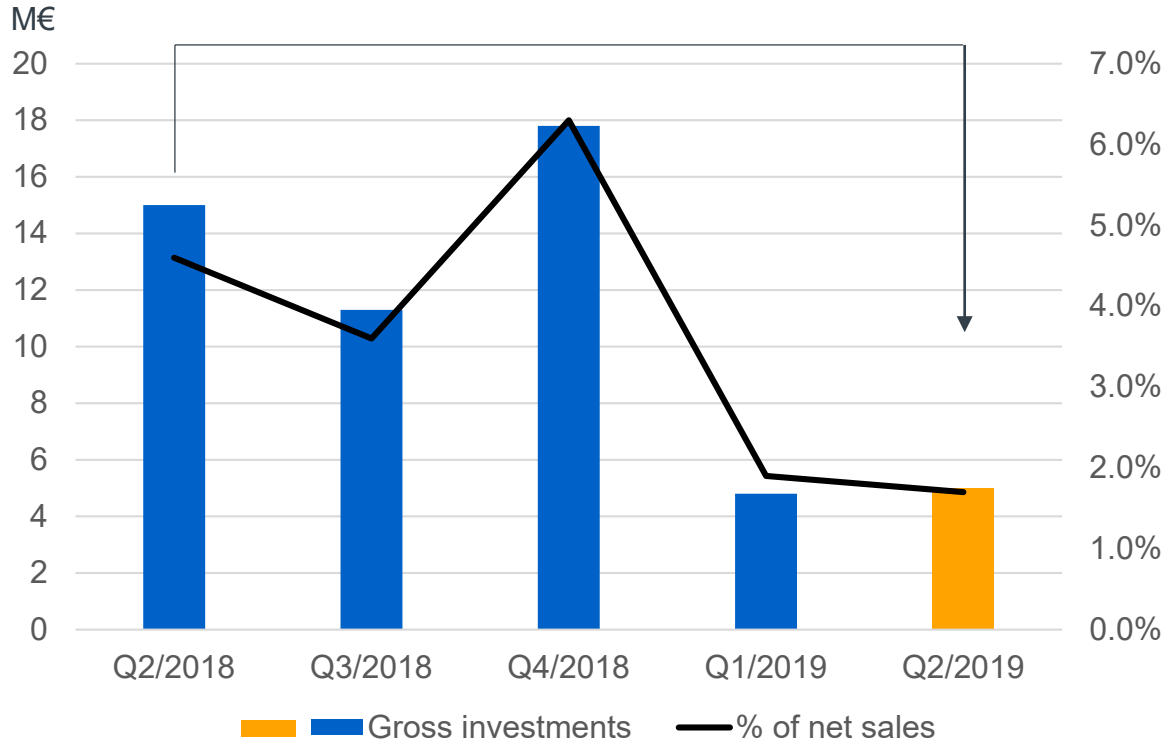
Gross profit margin increased year-over-year driven by strategic divestitures



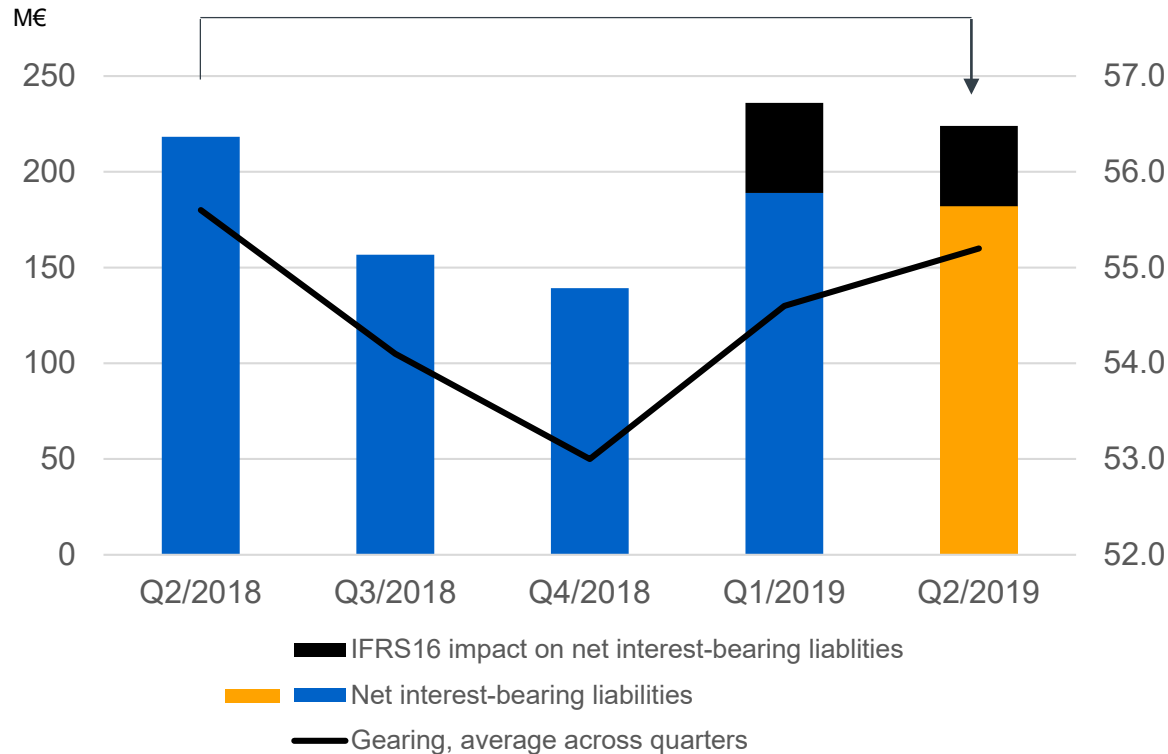
Cash flow from operations was on last year's level



Gross investments declined in all segments



Gearing improved year-over-year when excluding the impact of IFRS 16



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Outlook for the future

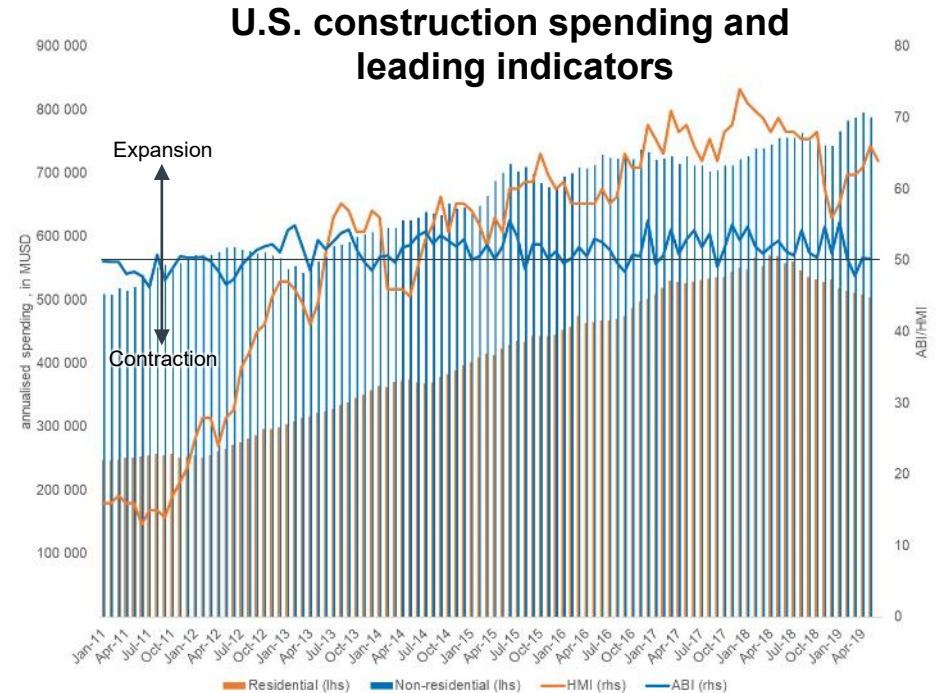


US - Some signs of a cooling residential market, while non-residential building is steady

Although trade tensions have continued to create uncertainty and the growth in business investments has slowed in the absence of stimulus, the economy continues to expand at a healthy rate and the labour market is supporting consumer confidence

Within the construction industry:

- Residential construction spending slowed in May compared to a year earlier, but was mostly offset by growth in the non-residential segment
- June 2019 housing starts rose 6.2% compared to a year earlier, while permits were essentially flat
- The HMI, which gauges home builder confidence, continues to imply expansion at a reading of 64
- The ABI, a leading non-residential indicator, softened in recent months



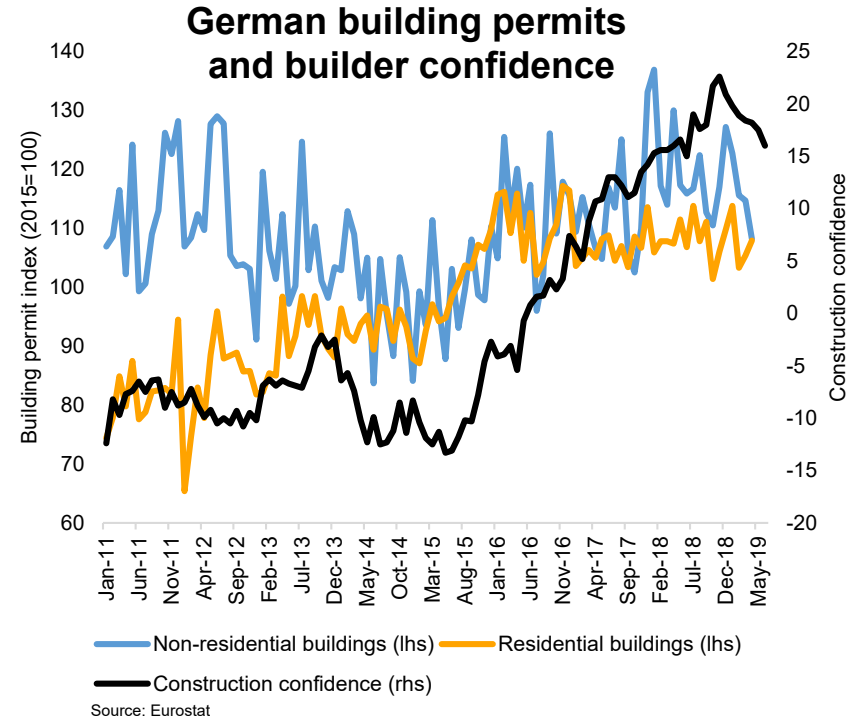
Source: Census Bureau, AIA, NAHB

Germany - Construction has performed better than other industries

Deteriorating manufacturer order books have further dampened business sentiment, while increased wages and low unemployment are sustaining consumer consumption

In the construction industry:

- Residential building permits are on par with 2018 levels, while non-residential permits are on a similar level
- Builder confidence has moderated since last summer, but remains near multi-decade highs
- Construction companies have reported significantly higher turnover compared to 2018

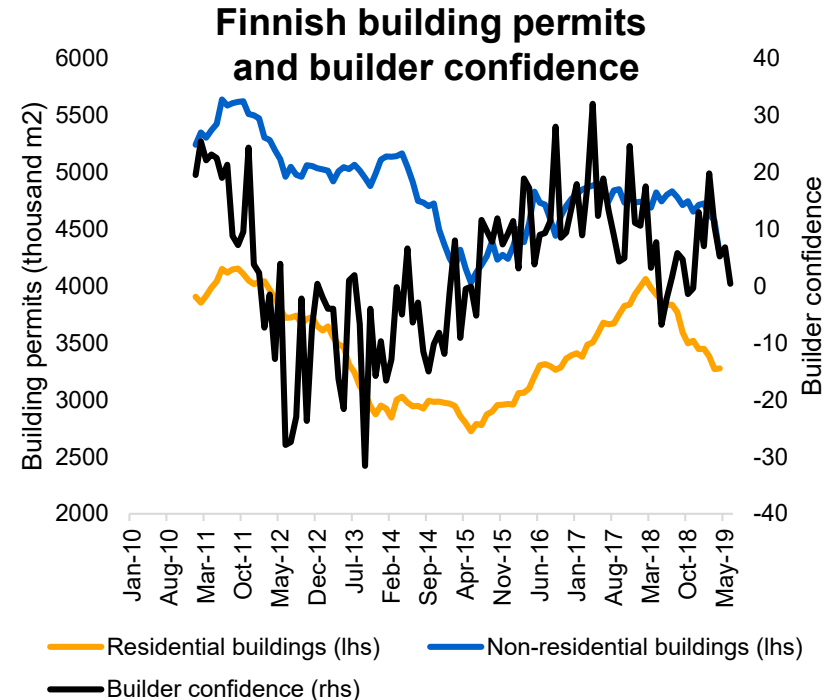


Finland - Construction activity is stable while leading indicators are weakening

Growth momentum in the economy has slowed as the effects of trade uncertainties and decreased consumer optimism have become more apparent in recent months

Within the construction industry:

- Permit levels in both residential and non-residential projects are trending downwards
- However, data through April indicates that construction turnover remained relatively stable compared to a year earlier
- Further, while builder confidence has fallen during the first half of the year, firms report solid building activity levels



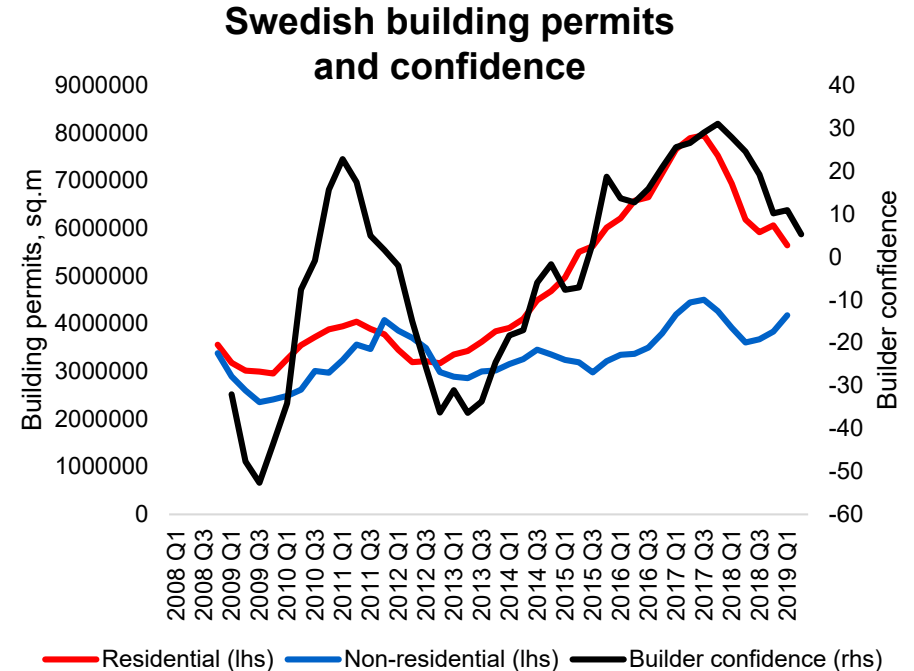
Source: Statistics Finland and Eurostat

Sweden - Increased civil engineering investments is helping to counter the residential slowdown

While the economy has continued to expand, cooling labour and housing markets have curtailed consumers' ability to drive growth at levels seen in previous years

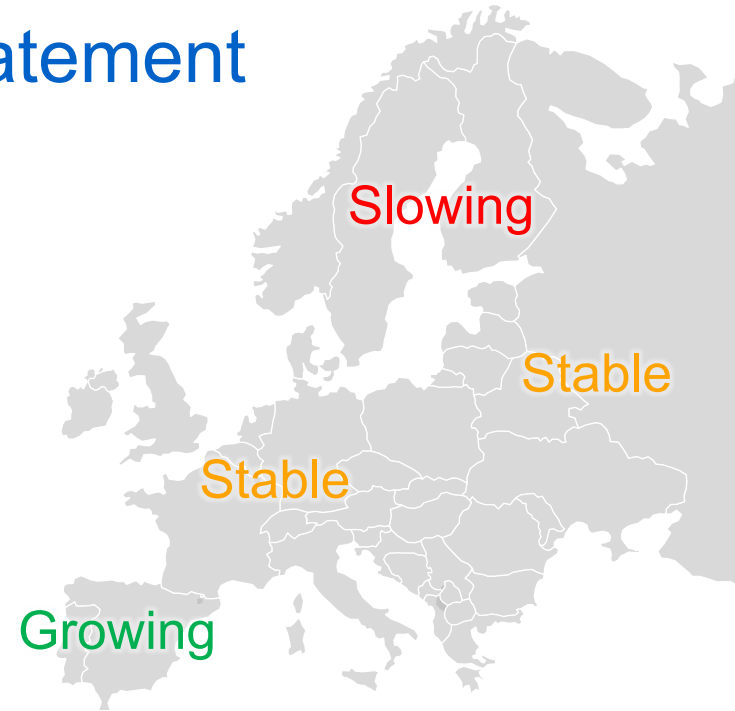
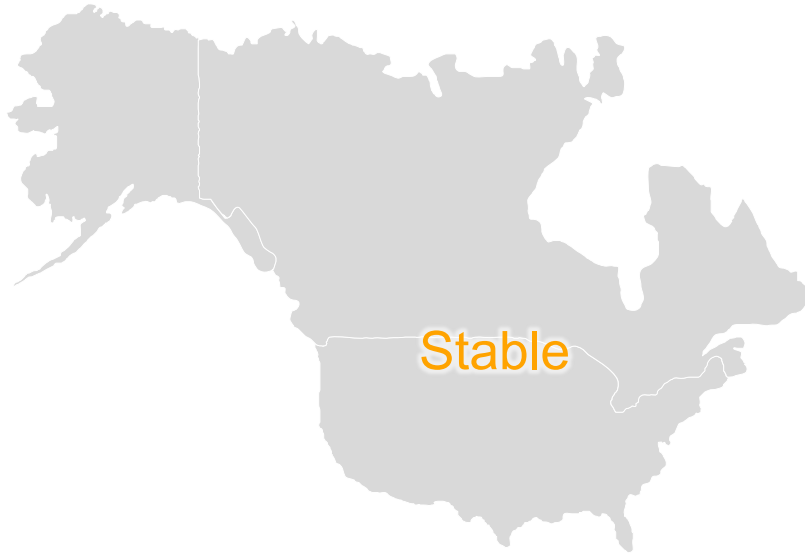
Within the construction industry:

- Building permits in the residential segment weakened again in Q1
- Significant investment in civil engineering projects has softened the impact of the slowing residential segment
- Builder confidence has continued to trend downward, with the exception of a positive jump in June



Source: Statistics Sweden and Eurostat

Market outlook and guidance statement



Uponor repeats its full-year guidance announced on 13 February 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).

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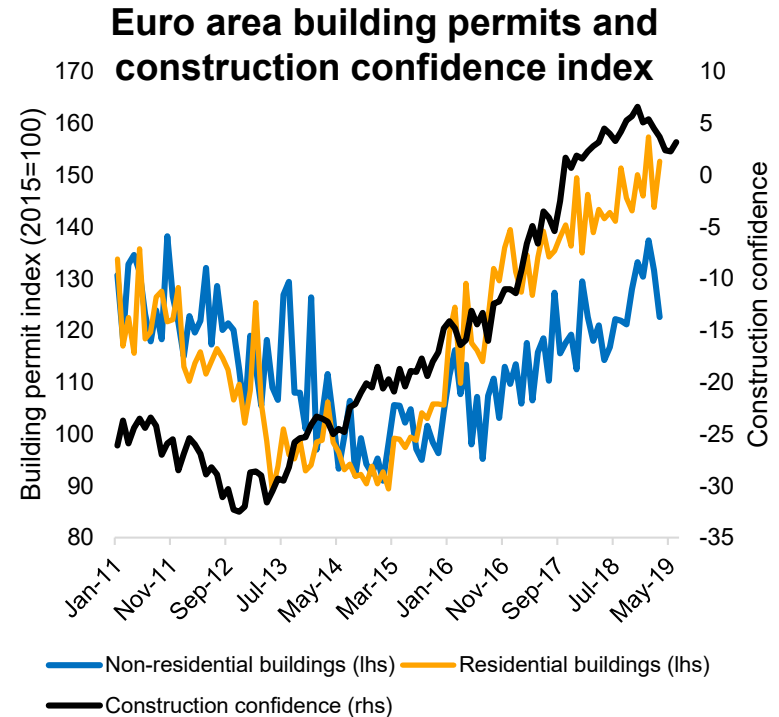
Appendix

Europe - Building permits are solid overall, but with significant differences across countries

Economic growth rates have slowed compared to recent years, with businesses across the continent increasingly reporting a challenging export environment











Within the construction industry:

- Building permit levels remained healthy overall in the first quarter of the year, with significant gains in Iberia helping to offset reduced permit levels in the Nordics and some countries in Central Europe
- Builder confidence has moderated from last autumn's 40-year high, principally driven by increased pessimism of builders in the UK and Sweden



Source: Eurostat

Leading residential indicators: Many markets are moderating from multi-year highs

	Indicator	YTD % Change	Rolling 12-month % Change	Data through	Trend since Q1 update
 USA	Housing starts	+6% ¹⁾	N/A	June 2019	➡
 Finland	Housing permits	-15%	-17%	April 2019	➡
 Germany	Housing permits	-2%	-1%	April 2019	➡
 Sweden	Housing starts	-18%	-21%	March 2019	➡
 Denmark	Construction index	+0%	N/A	April 2019	➡
 Netherlands	Housing permits	-12%	-1%	April 2019	➡
 Canada	Housing starts	+0 ¹⁾	N/A	June 2019	➡
 Spain	Housing permits	+23%	+25%	April 2019	➡
 Norway	Housing starts	+11%	+0%	May 2019	➡
 Poland	Housing completions	+13%	+6%	May 2019	➡

¹⁾ Seasonally adjusted, annualised rate vs. same month in previous year

Source: National Statistics Offices

Income statement

Apr-Jun 2019

Uponor Group, M€	4-6 2018	4-6 2019	Change Y/Y	
Net sales	324.9	292.6	-9.9%	
Cost of goods sold	217.6	195.0	-10.4%	
Gross profit	107.3	97.6	-9.0%	
Gross profit margin (%)	33.0%	33.4%	+0.3%	pts
Other operating income	0.2	0.6	+177.8%	
Expenses	79.6	72.9	-8.3%	
Operating profit	28.0	25.3	-9.6%	
Operating profit margin (%)	8.6%	8.6%	+0.0%	pts
Financial expenses, net	2.7	3.2	+23.0%	
Share of result in associated companies	-0.9	-1.0	-10.6%	
Profit before taxes	24.4	21.1	-13.8%	
Profit for the period	17.3	15.3	-11.6%	
EBITDA	37.6	33.0	-12.4%	

Income statement

Jan-Jun 2019

Uponor Group, M€	1-6 2018	1-6 2019	Change Y/Y	1-12 2018
Net sales	601.8	541.5	-10.0%	1,196.3
Cost of goods sold	401.3	357.6	-10.9%	795.5
Gross profit	200.5	183.9	-8.3%	400.8
Gross profit margin (%)	33.3%	34.0%	+0.6% pts	33.5%
Other operating income	0.3	1.2	+306.3%	16.4
Expenses	155.8	145.5	-6.7%	310.5
Operating profit	45.0	39.5	-12.0%	106.7
Operating profit margin (%)	7.5%	7.3%	-0.2% pts	8.9%
Financial expenses, net	4.4	6.6	+54.1%	8.5
Share of result in associated companies	-3.0	-2.0	+34.7%	-4.7
Profit before taxes	37.6	31.0	-17.8%	93.5
Profit for the period	26.5	22.4	-15.5%	63.2
EBITDA	64.2	59.7	-6.9%	149.2

Balance sheet

June 2019

Uponor Group, M€	30 Jun 2018	30 Jun 2019	Change Y/Y	31 Dec 2018
Property, plant and equipment	259.9	288.0	+28.1	258.3
Intangible assets	113.4	98.9	-14.5	101.0
Securities and long-term investments	26.8	23.3	-3.5	25.7
Inventories	158.4	163.2	+4.8	147.9
Cash and cash equivalents	32.1	13.2	-18.9	38.1
Other current and non-current assets	314.5	275.6	-38.9	215.6
Assets total	905.1	862.0	-43.1	786.6
Total equity	339.8	337.3	-2.5	353.6
Non-current interest-bearing liabilities	176.6	206.0	+29.4	175.6
Provisions	28.8	29.3	+0.5	30.2
Non-interest-bearing liabilities	286.1	257.3	-28.8	225.5
Current interest-bearing liabilities	73.8	32.1	-41.7	1.7
Shareholders' equity and liabilities total	905.1	862.0	-43.1	786.6