

Interim results briefing 1–9/2019

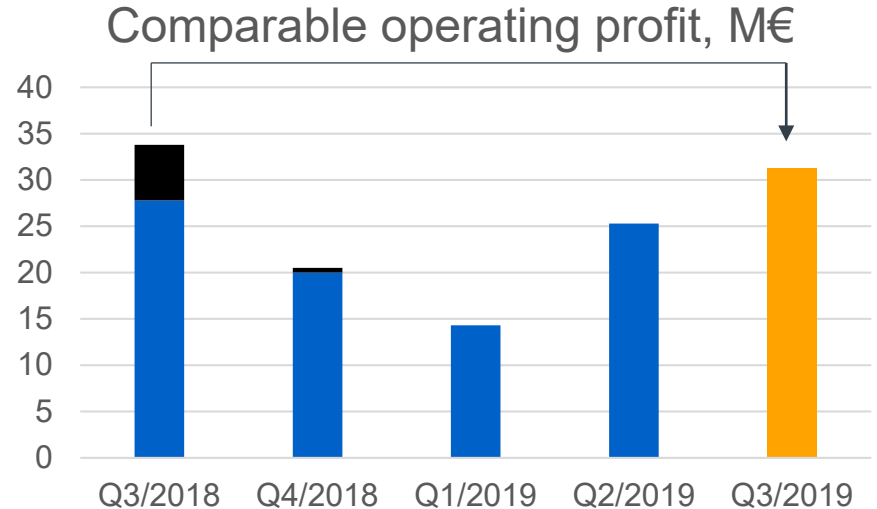
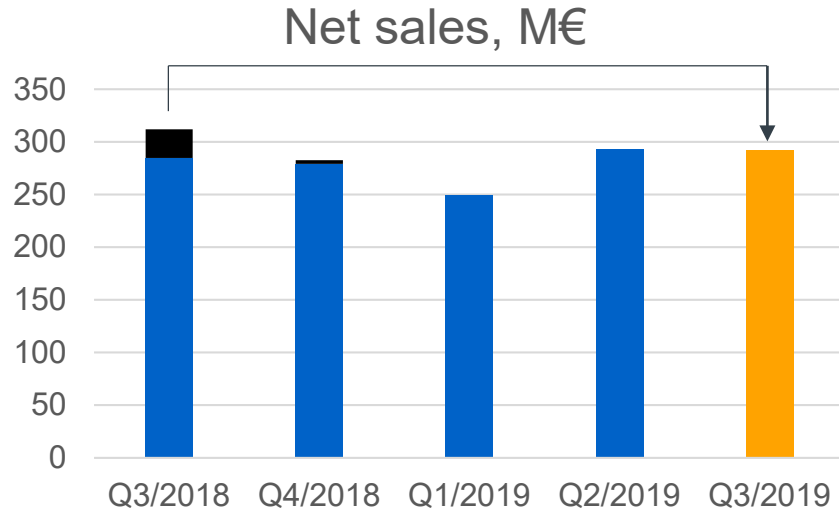
Jyri Luomakoski – President and CEO
Minna Yrjönmäki – CFO

Highlights of Q3

- Net sales were €292.4 (311.9) million, organic growth 1.6% in constant currency terms
- Comparable operating profit was €31.3 (33.8) million, growth 12.3% without divested Uponor Infra's North American business and Zent-Frenger
- In Building Solutions – Europe, net sales declined slightly, but profitability improved
- Both net sales and profitability improved in Building Solutions – North America
- Uponor Infra's net sales declined slightly and profitability improved



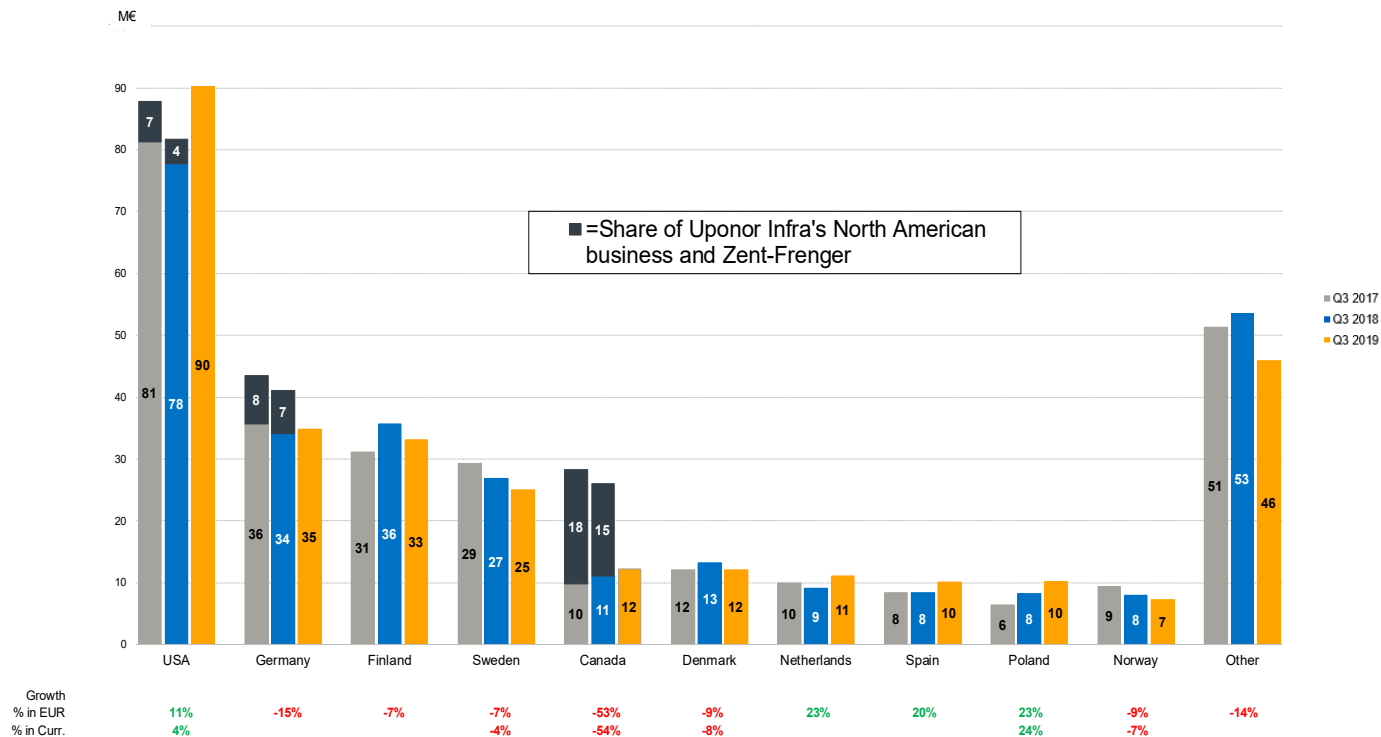
Group net sales and comparable operating profit



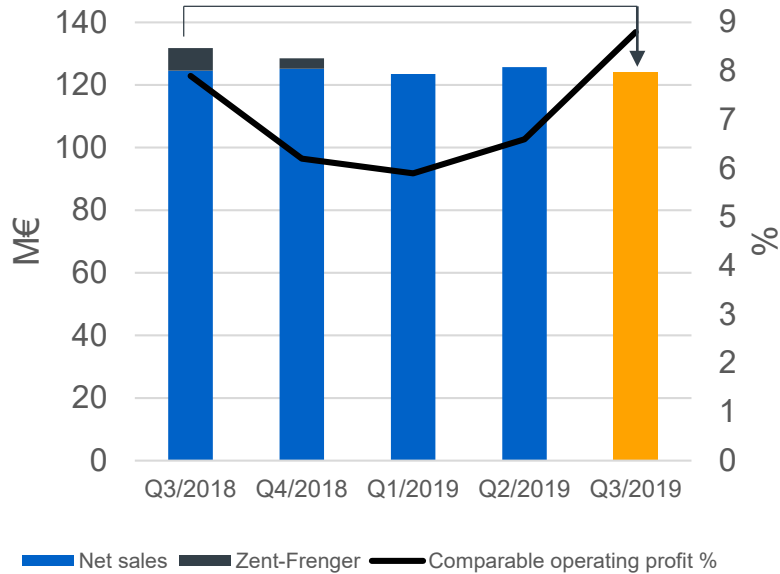
■ = share of Uponor Infra's North American business and Zent-Frenger

Net sales development by key markets

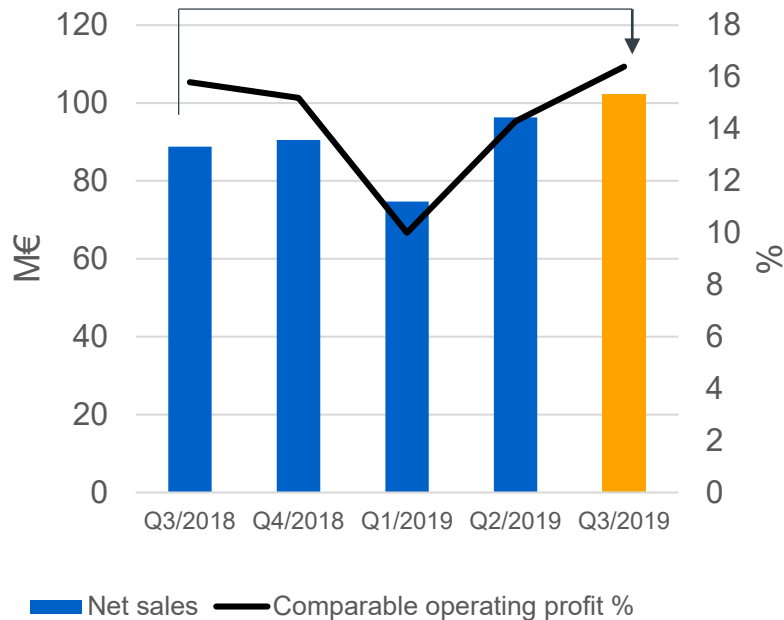
Jul-Sep 2019



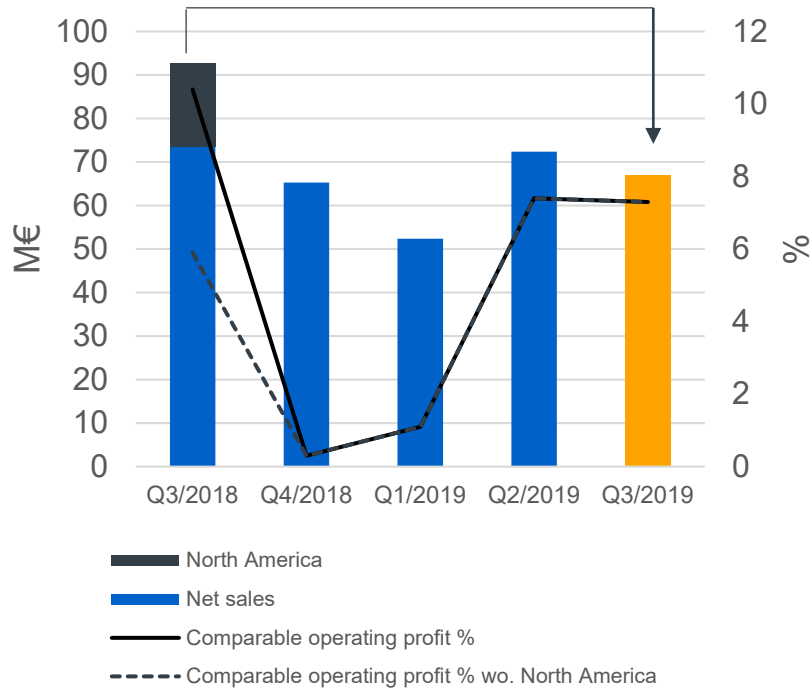
Development by segment: Building Solutions – Europe



Development by segment: Building Solutions – North America



Development by segment: Uponor Infra



Reviewed purpose, vision and strategic pillars give a direction for our profitable growth

PURPOSE	Rethinking water for future generations			
VISION	Recognised leader in sustainable building and infrastructure solutions			
STRATEGIC PILLARS	Our employees are empowered and engaged	Customer experience drives brand preference and loyalty	Innovative products and services add value and enable our customers to work more efficiently	Operational excellence is the foundation

An operational excellence programme to improve processes and increase efficiencies

- Uponor starts an operational excellence programme to improve processes and increase efficiencies
- The aim is to deliver cost improvements of around €20 million with full effects realised by the end of 2021
- The estimated costs of the programme are expected to be around €20 million, majority of which is expected to realise during 2020, and they will be recorded as items affecting comparability





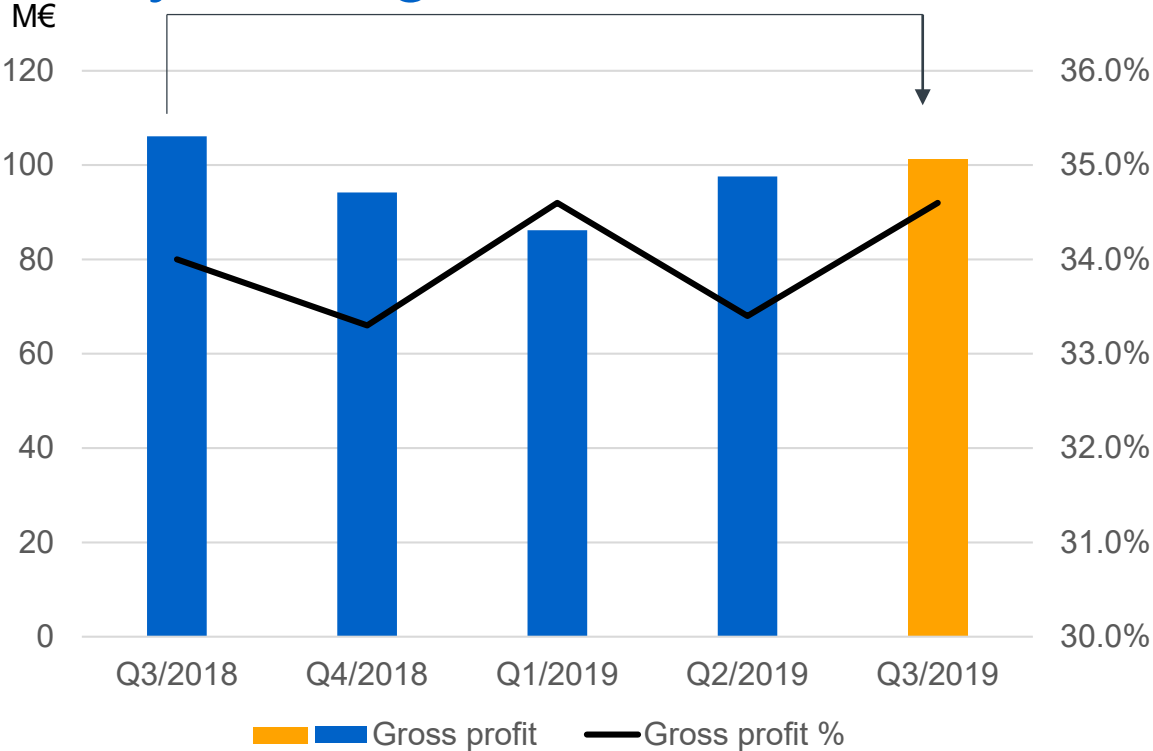
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Financial statements

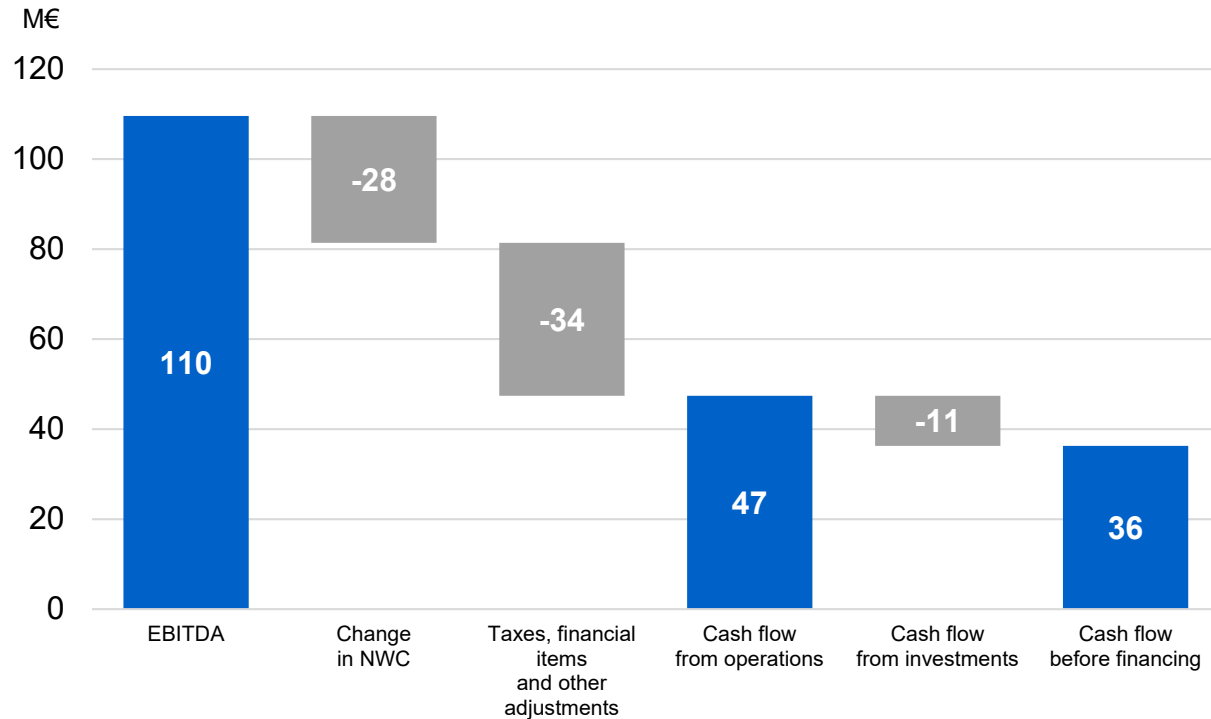
Minna Yrjönmäki, CFO

7–9 / 2019

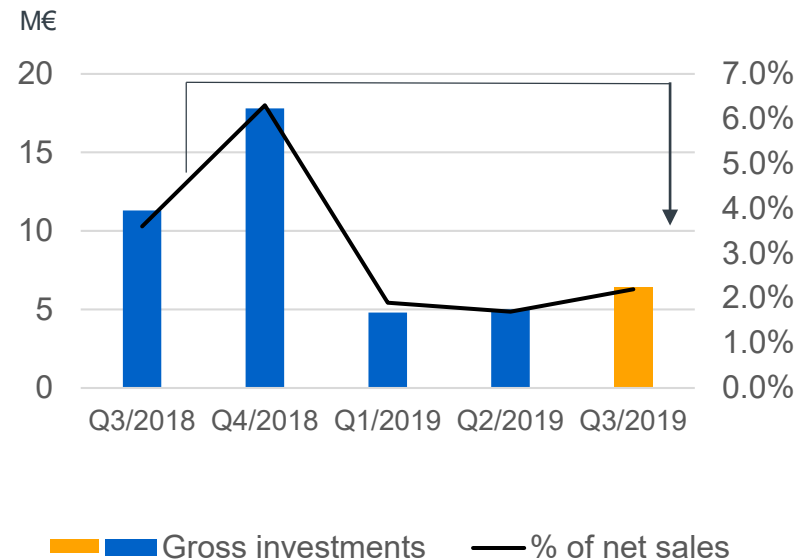
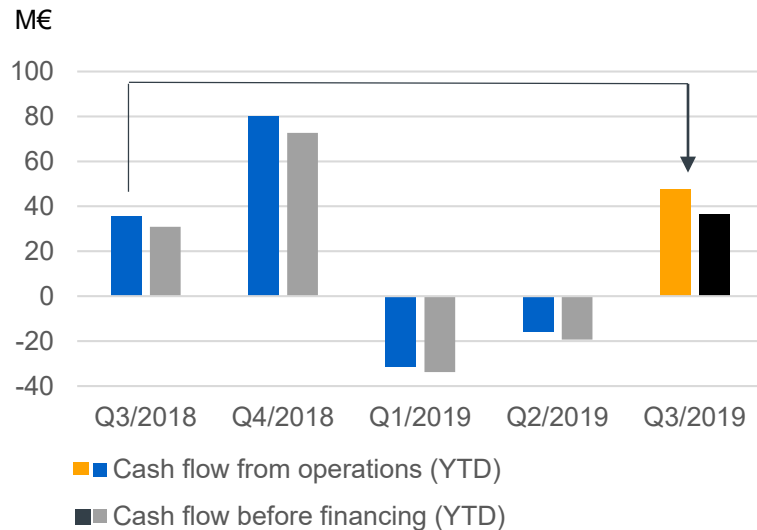
Gross profit margin increased year-over-year driven by strategic divestitures



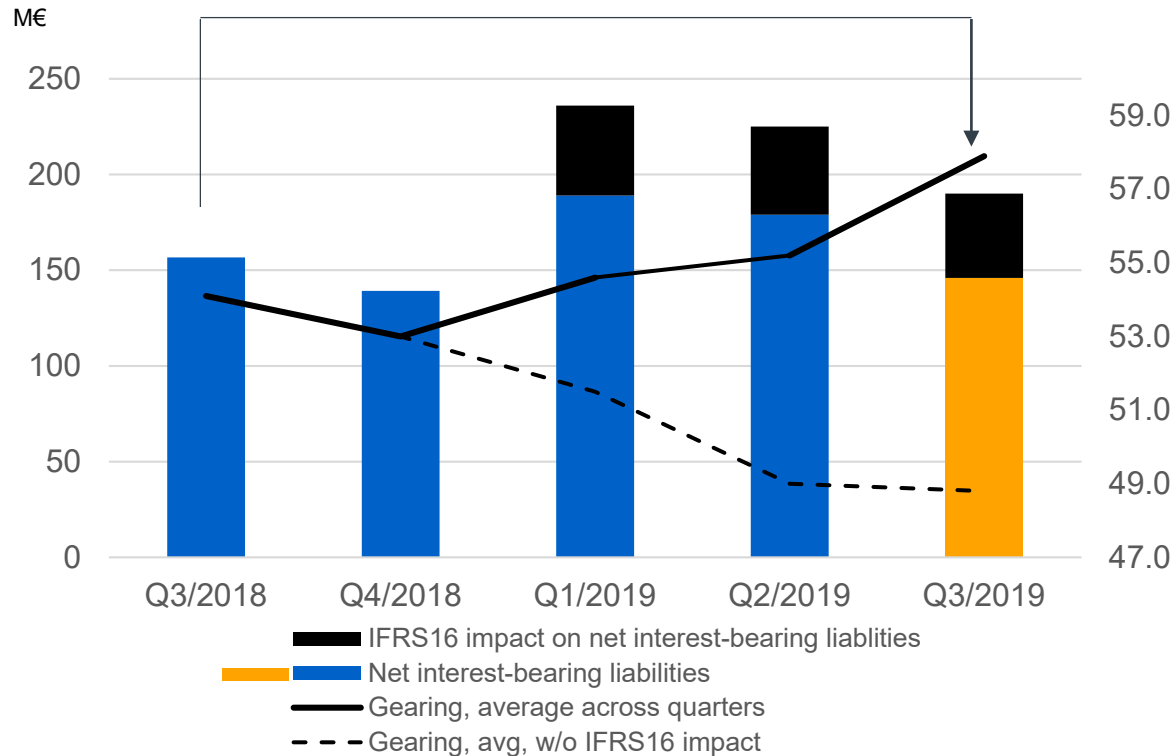
Cash flow from operations exceeded last year's level



Positive cash flow improvement driven by lower investments in all segments



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





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Outlook for the future

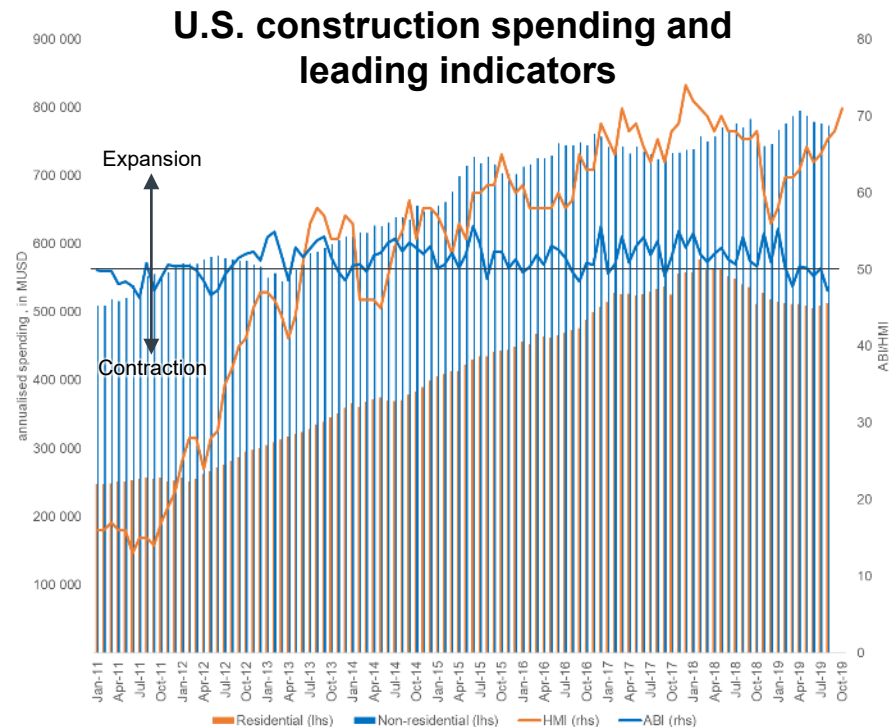
Jyri Luomakoski, President & CEO

US: Residential construction is stabilising while non-residential is flat

Business investment growth has slowed from last year due, in part, to uncertainty created by tariff escalation. However, increased personal consumption, supported by a 50-year-low unemployment rate, continues to drive expansion in the economy.

Within the construction industry:

- Residential construction stabilised but remained behind 2018 levels, while non-residential was flat
- Residential permits and starts moderated in September from the decade-high August levels, but remain above 2018 levels
- The HMI, a leading residential indicator, has risen to a 20-month high of 71
- The ABI, a leading non-residential indicator, continued to soften in the commercial and industrial sub-segments



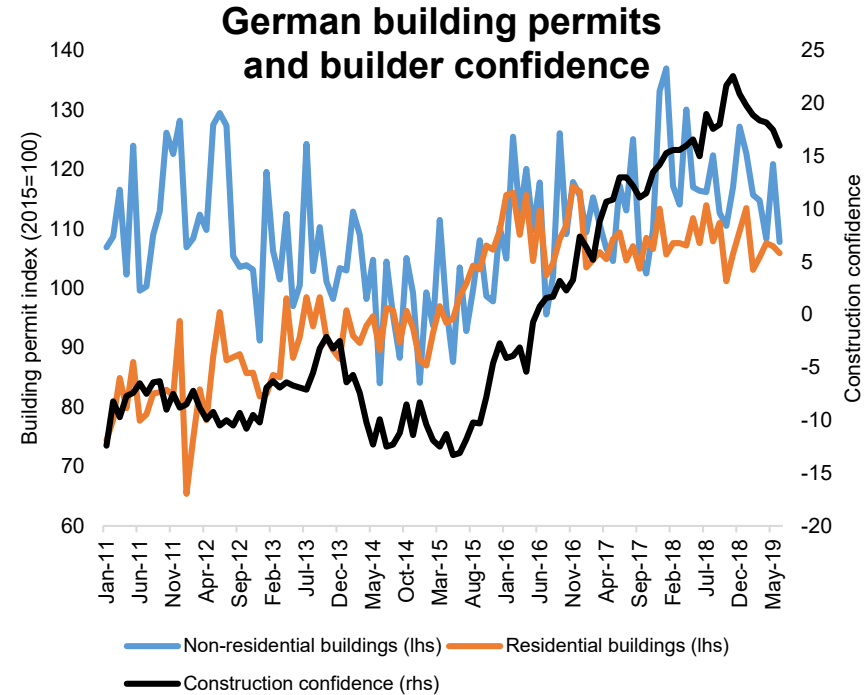
Source: Census Bureau, AIA, NAHB

Germany: The construction industry has so far been insulated from manufacturers' challenges

Germany's export-oriented industries continue to be the hardest hit by geopolitical turbulence, with September's PMI index reading reaching a 10-year low. Meanwhile, consumer spending continues to benefit from strong employment and low interest rates.

In the construction industry:

- Construction companies still assess their operating environment as being excellent, but less so than in previous months
- Residential permits from January to July were down 4% compared to 2018
- New orders in the construction industry rose 10.9% in July compared to July 2018



Source: Eurostat

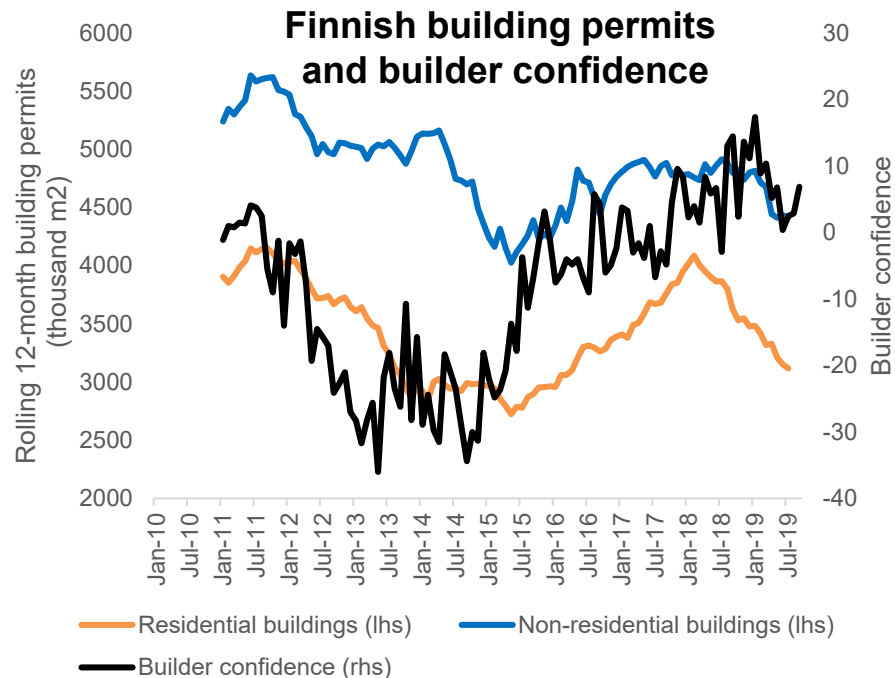
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Finland: Stable construction activity levels, but forward indicators softening further

The economy has continued to expand, but the pace of growth has clearly slowed from previous periods. While employment levels remain healthy, consumers' estimates about economic growth and unemployment have deteriorated in recent months.

Within the construction industry:

- Permits from January to July were down 16% in residential and 12% in non-residential segments
- The sales volumes of construction companies during the summer months was roughly flat compared to 2018
- Having fallen during the beginning of the year, builder confidence appeared to stabilise during the summer months



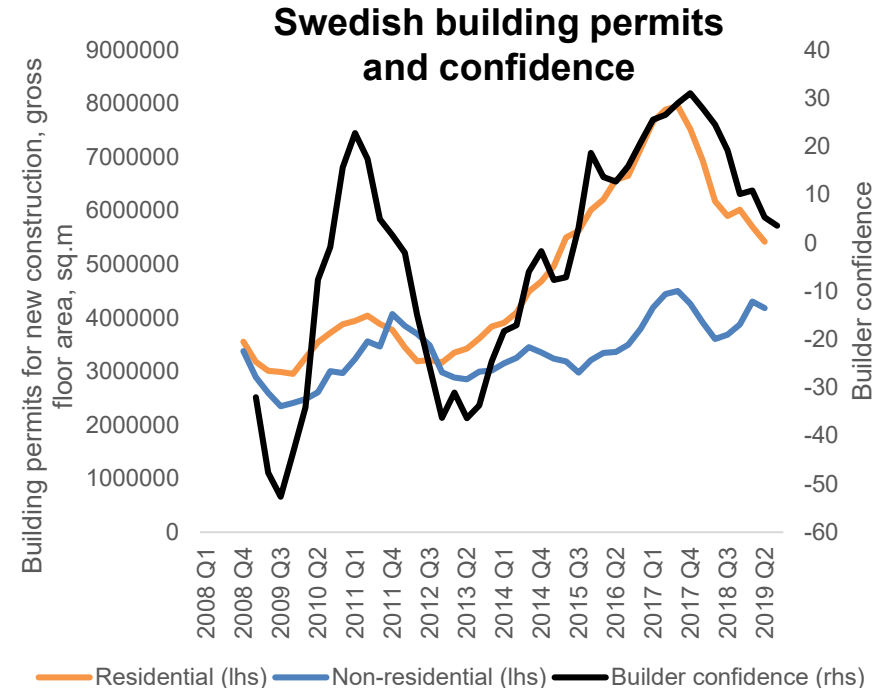
Source: Statistics Finland and Eurostat

Sweden: Non-residential and civil engineering are softening the residential slowdown

Factory activity has slowed significantly in recent months, with manufacturers hampered by trade uncertainties. However, unlike in many other countries, the spill over effects to other areas of the economy are becoming visible, with unemployment rising and consumer sentiment dropping notably.

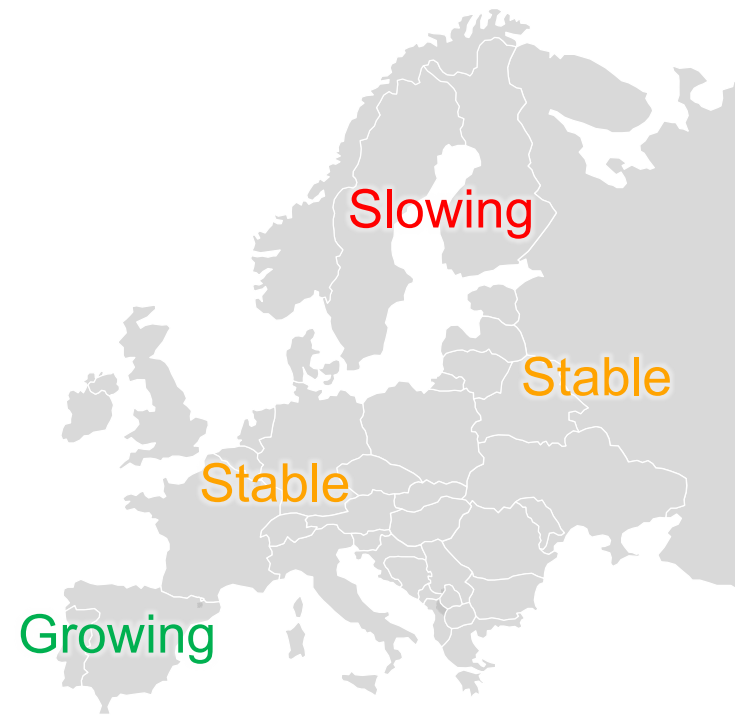
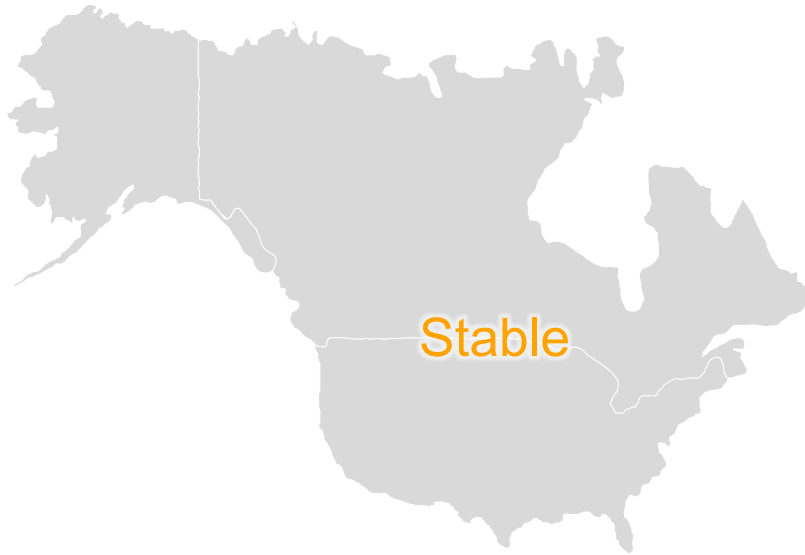
Within the construction industry:

- Residential building permits fell 15% during the first six months of the year, while non-residential permits grew 13% during the same period
- Housing starts through the first six months of the year fell 12% compared with the same period in 2018
- The downward trend in builder confidence that began at the beginning of 2018 has continued



Source: Statistics Sweden and Eurostat

Market outlook



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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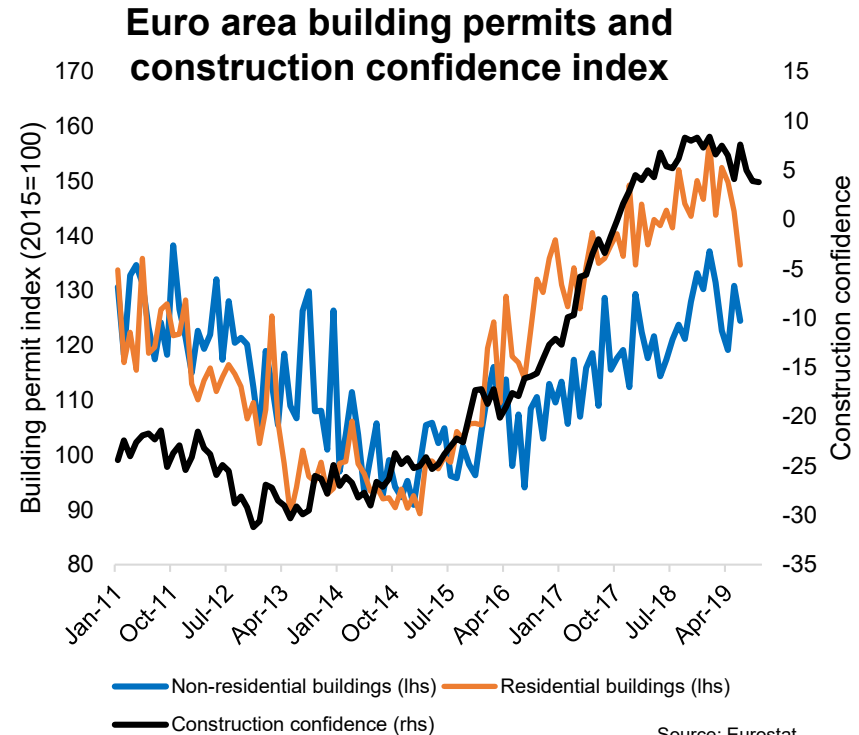
Appendix

Europe: Builder confidence moderated, but order books and business activity levels were still solid

Manufacturers across the continent report slowing business activity, while the service industry and consumer confidence have remained more resilient.





















Within the construction industry:

- Residential permits slowed notably in June, though it is difficult to determine whether a trend is materialising. Some Nordic markets continue to slow, developments are largely flat in Central Europe, and Spain is exhibiting growth
- Builder confidence has trended downward since reaching a four-decade high last summer, but remains relatively strong. Builders continue to report solid order books and business activity levels



Source: Eurostat

Leading residential indicators: Mostly healthy with some markets moderating from high levels

	Indicator	YTD % Change	Rolling 12-month % Change	Data through	Trend since Q2 update
 USA	Housing starts	+2% ¹⁾	N/A	September 2019	
 Germany	Housing permits	-4%	-3%	July 2019	
 Finland	Housing permits	-16%	-19%	July 2019	
 Sweden	Housing starts	-15%	-19%	June 2019	
 Denmark	Construction index	+2%	N/A	July 2019	
 Netherlands	Housing permits	-20%	-8%	July 2019	
 Canada	Housing starts	+16% ¹⁾	N/A	September 2019	
 Spain	Housing permits	+10%	+14%	July 2019	
 Norway	Housing starts	+10%	+8%	August 2019	
 Poland	Housing completions	+11%	+7%	August 2019	

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

Source: National Statistics Offices

Income statement

Jul-Sep 2019

Uponor Group, M€	7-9 2018	7-9 2019	Change Y/Y	
Net sales	311.9	292.4	-6.2%	
Cost of goods sold	205.8	191.1	-7.1%	
Gross profit	106.1	101.3	-4.5%	
Gross profit margin (%)	34.0%	34.6%	+0.6%	pts
Other operating income	12.3	0.0	-99.8%	
Expenses	73.8	70.0	-5.1%	
Operating profit	44.6	31.3	-29.9%	
Operating profit margin (%)	14.3%	10.7%	-3.6%	pts
Financial expenses, net	2.6	1.9	-30.0%	
Share of result in associated companies	-0.6	-1.1	-62.3%	
Profit before taxes	41.4	28.3	-31.5%	
Profit for the period	30.0	20.5	-31.4%	
EBITDA	55.1	44.2	-19.7%	

Income statement

Jan-Sep 2019

Uponor Group, M€	1-9 2018	1-9 2019	Change Y/Y	1-12 2018
Net sales	913.7	833.9	-8.7%	1,196.3
Cost of goods sold	607.1	548.8	-9.6%	795.5
Gross profit	306.6	285.1	-7.0%	400.8
Gross profit margin (%)	33.6%	34.2%	+0.6% pts	33.5%
Other operating income	12.6	1.2	-90.5%	16.4
Expenses	229.6	215.5	-6.2%	310.5
Operating profit	89.6	70.9	-20.9%	106.7
Operating profit margin (%)	9.8%	8.5%	-1.3% pts	8.9%
Financial expenses, net	7.0	8.5	+21.9%	8.5
Share of result in associated companies	-3.6	-3.1	+16.3%	-4.7
Profit before taxes	79.0	59.3	-24.9%	93.5
Profit for the period	56.5	43.0	-23.9%	63.2
EBITDA	119.2	109.6	-8.1%	149.2

Balance sheet

September 2019

Uponor Group, M€	30 Sep 2018	30 Sep 2019	Change Y/Y	31 Dec 2018
Property, plant and equipment	253.4	288.8	+35.4	258.3
Intangible assets	105.2	97.8	-7.4	101.0
Securities and long-term investments	26.2	24.2	-2.0	25.7
Inventories	150.5	150.1	-0.4	147.9
Cash and cash equivalents	20.9	31.5	+10.6	38.1
Other current and non-current assets	286.6	262.6	-24.0	215.6
Assets total	842.8	855.1	+12.3	786.6
Total equity	371.7	359.8	-11.9	353.6
Non-current interest-bearing liabilities	176.5	204.8	+28.3	175.6
Provisions	28.5	30.5	+2.0	30.2
Non-interest-bearing liabilities	265.0	242.9	-22.1	225.5
Current interest-bearing liabilities	1.1	17.1	+16.0	1.7
Shareholders' equity and liabilities total	842.8	855.1	+12.3	786.6