



Uponor

Interim Jan-Sept 2006 results briefing

Helsinki 26 October 2006

Q3/2006: Strong demand in Europe, U.S. declining

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- Strong demand for Uponor solutions
 - Sales boosted particularly in plumbing systems
- Central Europe:
 - Good demand in Germany and its surrounding markets
- Nordic and Europe – West, East, South:
 - Construction markets remain buoyant
 - Lively demand especially in Spain and the Nordic countries
- North America:
 - The decline in residential housing construction stronger than expected
 - Stable development of plastics penetration

Q3/2006:
**Net sales growth above
 long-term target level**



Net sales	MEUR	7-9/ 2006	7-9/2005	Change
Uponor		319.7	276.2	+15.8%
<i>Central Europe</i>		<i>96.9</i>	<i>77.6</i>	<i>+24.9%</i>
<i>Nordic</i>		<i>101.2</i>	<i>89.5</i>	<i>+13.0%</i>
<i>Europe-WES</i>		<i>106.8</i>	<i>87.8</i>	<i>+21.7%</i>
<i>North America</i>		<i>53.1</i>	<i>47.3</i>	<i>+12.5%</i>
<i>(North America, USD)</i>		<i>67.5</i>	<i>57.5</i>	<i>+17.5%</i>

- Growth supported by strong demand, successful marketing efforts and the price increases implemented
- High metal prices boosted market share for plastic pipes and fittings
- Deliveries to other region organisations in Central Europe and Nordic
- In North America, growth recovered from previous quarter and approached historic levels

Q3/2006:
**Strong profitability improvement
 in Europe**



Operating profit, MEUR	7-9/ 2006	7-9/2005	Change
Uponor	52.1	40.7	+27.9%
<i>Central Europe</i>	<i>15.2</i>	<i>10.8</i>	<i>+40.0%</i>
<i>Nordic</i>	<i>19.2</i>	<i>15.2</i>	<i>+26.9%</i>
<i>Europe-WES</i>	<i>13.6</i>	<i>9.2</i>	<i>+48.9%</i>
<i>North America</i>	<i>7.0</i>	<i>8.0</i>	<i>-11.5%</i>
<i>(North America, USD)</i>	<i>8.9</i>	<i>9.9</i>	<i>-9.5%</i>

- Positive performance was mainly attributable to
 - Leverage provided by volume growth
 - Price increases that compensated for higher material costs
 - Bigger share of housing solutions business
- In North America, reduced gross profit margins due mainly to tougher competitive environment
- Clear benefits from improved operational efficiency and single-brand strategy

- + Ability to capitalise on good market demand and cost benefit compared to competitors in all key markets
- + Good progress in plumbing systems and plastic fittings continued
- + Sales in the U.S. recovered from Q2
- + Several high-rise projects were started in Europe

- Supply chain bottle-necks affected cost effectiveness especially in the Nordic and Central Europe regions
- Lack of volume growth in infrastructure business

Interim January – September 2006:
Key figures

MEUR	1-9 2006	1-9 2005	Change Y/Y	1-12 2005
Net sales	871,1	769,9	+13,1%	1 031,4
Operating profit	113,8	90,7	+25,5%	123,0
Operating profit margin	13,1%	11,8%	+1,3%	11,9%
Earning per share (diluted), EUR	1,05	0,82	+28,0%	1,12
Return on equity, %	24,4%	20,2%	+4,2%	20,3%
Return on investment, %	34,8%	27,6%	+7,2%	28,1%
Net interest bearing liabilities	-21,1	21,2	+199,5%	-26,9
Gearing, %	-5,0%	5,2%	-10,2%	-6,4%
Average number of employees	4 243	4 174	+1,7%	4 169

Interim January – September 2006: Income statement

MEUR	1-9 2006	1-9 2005	Change Y/Y	1-12 2005
Net sales	871,1	769,9	13,1%	1 031,4
Cost of goods sold	557,5	499,0	11,7%	667,6
Gross profit	313,6	270,9	15,7%	363,8
- % of net sales	36,0 %	35,2 %	0,8%	35,3 %
Other operating income	2,1	4,0	-45,6%	6,2
Expenses	201,9	184,2	9,6%	247,0
Operating profit	113,8	90,7	25,5%	123,0
- % of net sales	13,1 %	11,8 %	1,3%	11,9 %
Financial expenses, net	1,3	1,2	-13,4%	2,5
Profit before taxes	112,5	89,5	25,6%	120,5
Profit for the period	77,1	60,9	26,5%	82,7
EBITDA	140,0	116,0	20,6%	154,8

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Interim January – September 2006: Comments to income statement

- Gross profit increase by 0.8%-points supported by benefits from restructuring and faster than prior year compensation for higher input costs
- Total expenses up by 17.7 M€ mainly driven by variable sales costs, brand introduction costs and ERP programme
- Tax rate 31.5%

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Interim July – September 2006: Income statement

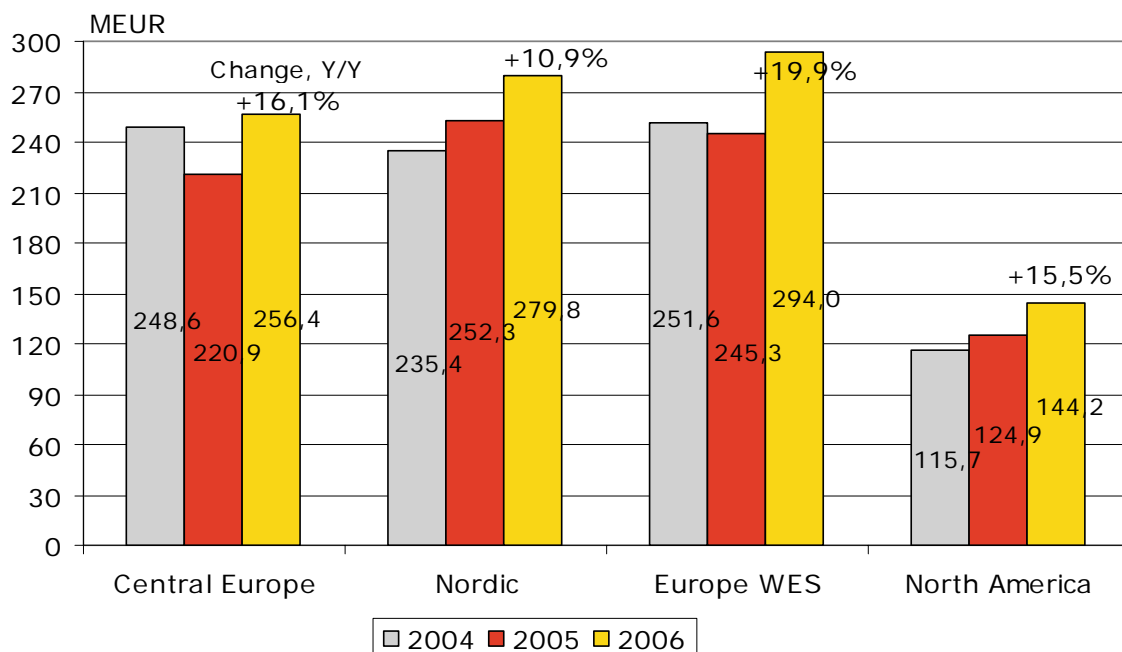
MEUR	7-9 2006	7-9 2005	Change Y/Y
Net sales	319,7	276,2	15,8%
Cost of goods sold	202,3	174,3	16,1%
Gross profit	117,4	101,9	15,2%
% of net sales	36,7 %	36,9 %	-0,2%
Other operating income	0,9	1,2	-17,1%
Expenses	66,2	62,4	6,2%
Operating profit	52,1	40,7	27,9%
% of net sales	16,3 %	14,7 %	1,6%
Financial expenses, net	0,2	0,5	-44,2%
Profit before taxes	51,9	40,2	28,6%
Profit for the period	35,2	26,9	30,8%
EBITA	61,0	49,0	24,4%

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Interim January – September 2006: Revenue development by region

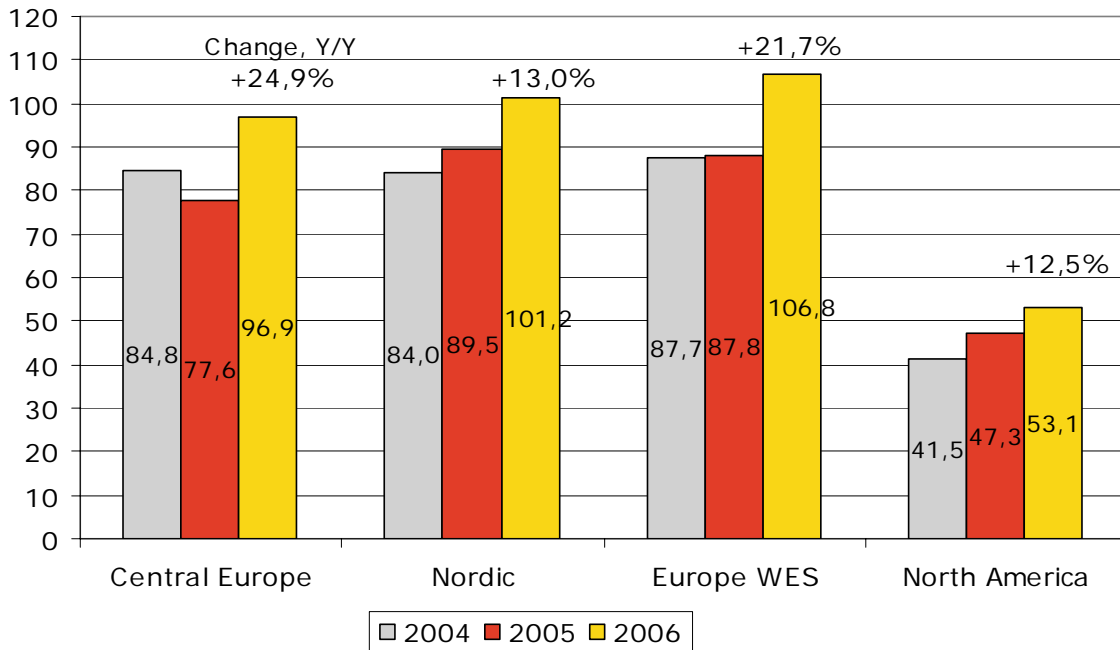


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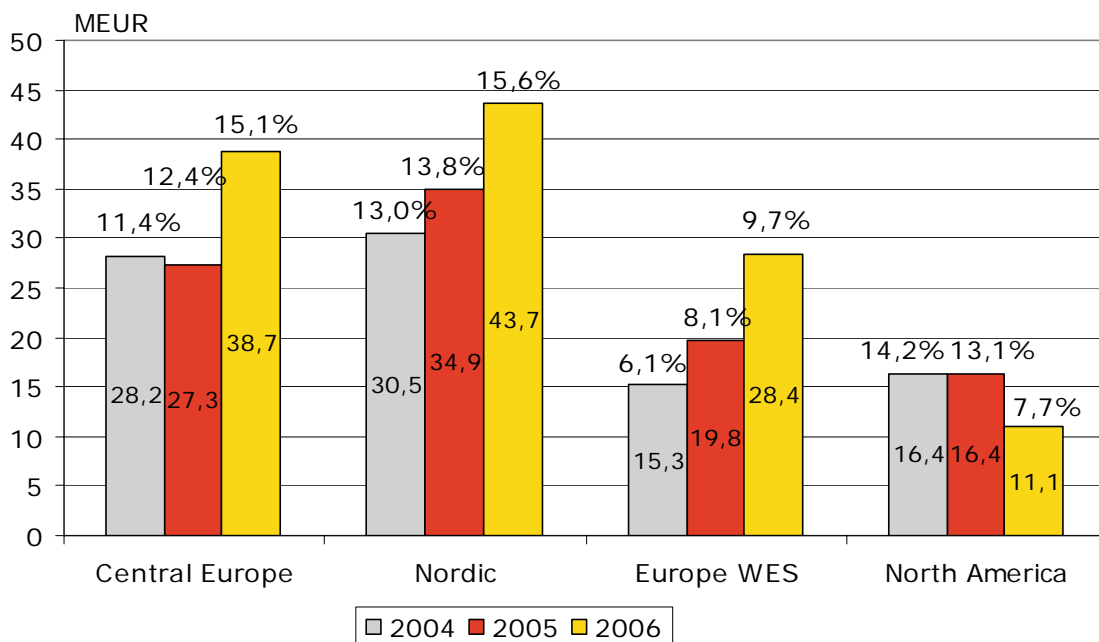
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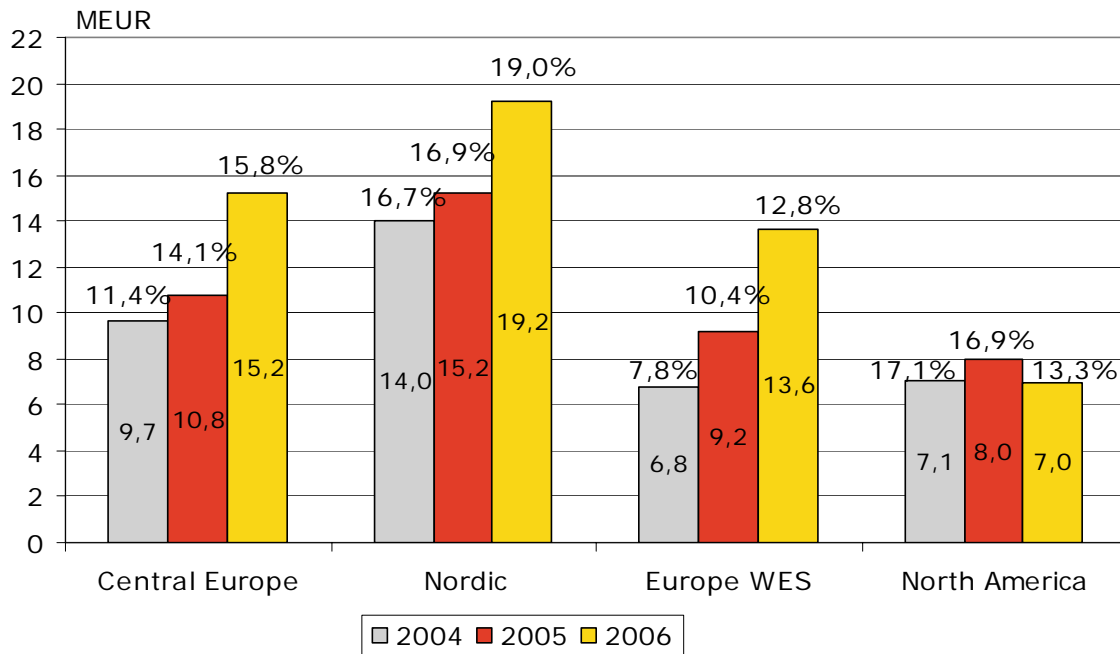
Interim July - September 2006: Revenue development by region



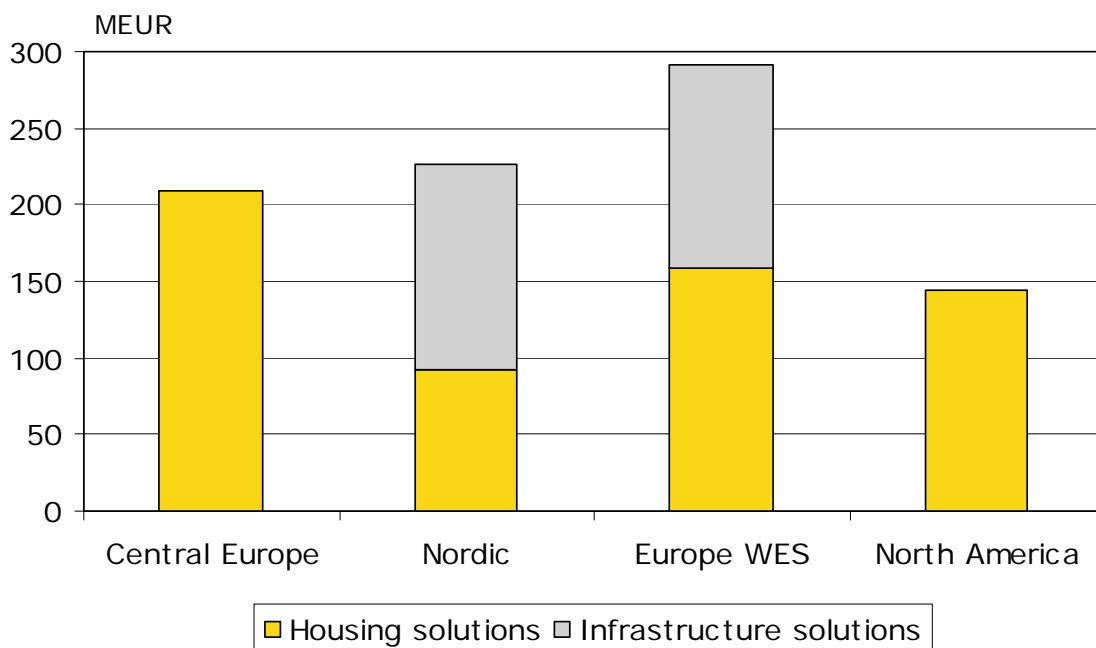
Interim January – September 2006: Result development by region



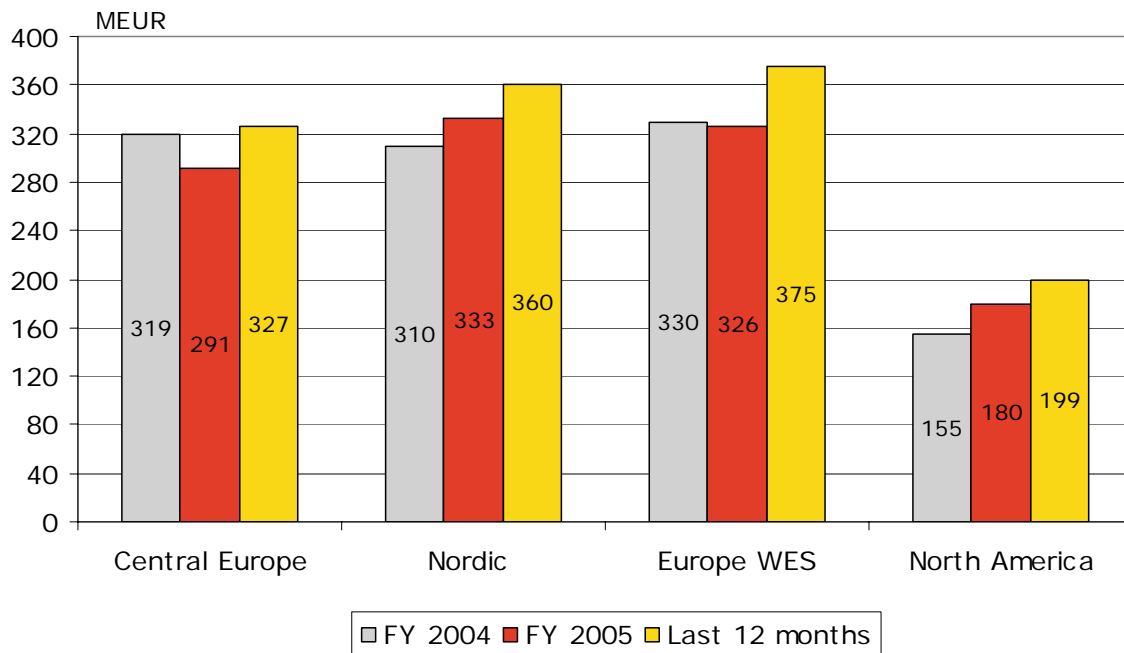
Interim July – September 2006: Result development by region



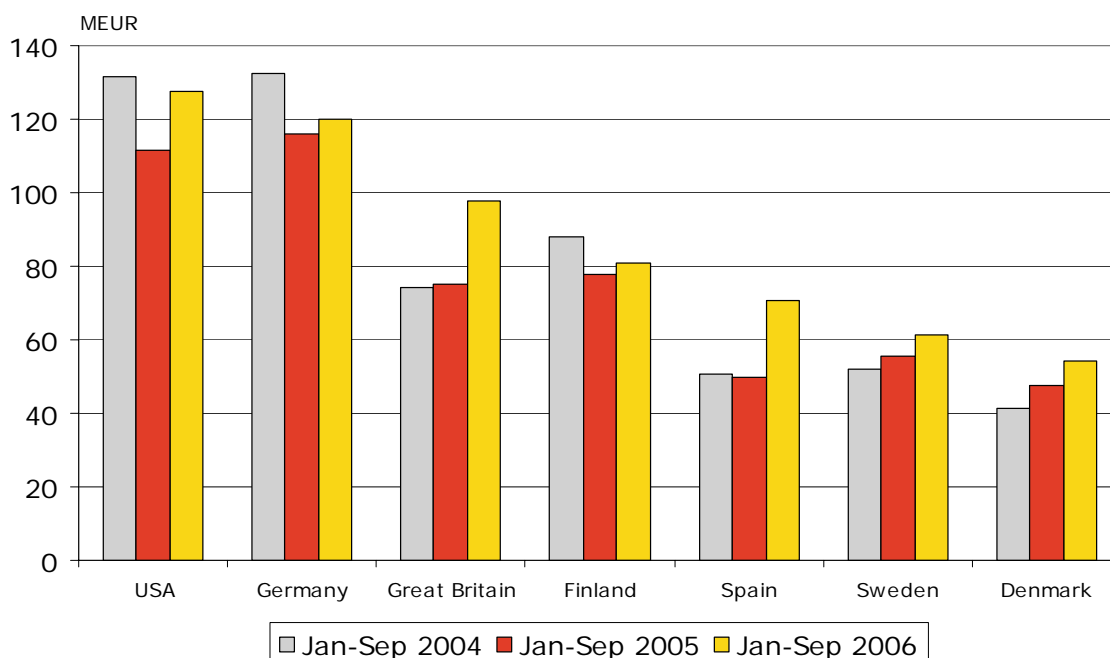
Interim January – September 2006: External revenue by region



Revenue development by region, last 12 months



Net sales development by key national markets (> 5% of Uponor net sales)



Interim January – September 2006: Balance sheet

MEUR	30 Sep 2006	30 Sep 2005	Change Y/Y	31 Dec 2005
Intangible assets	93,1	79,8	+13,3	85,1
Tangible assets	205,1	219,0	-13,9	214,9
Securities and long-term investments	10,6	22,2	-11,6	19,4
Inventories	125,6	122,2	+3,4	111,4
Cash and cash equivalents	45,6	23,8	+21,8	48,9
Other current and non-current assets	264,4	237,9	+26,5	183,6
Shareholders' equity	425,5	407,8	+17,7	418,4
Non-current interest-bearing liabilities	21,5	22,4	-0,9	19,4
Provisions	17,0	19,4	-2,4	14,8
Non-interest-bearing liabilities	277,4	232,7	+44,7	208,1
Current interest-bearing liabilities	3,0	22,6	-19,6	2,6
Balance sheet total	744,4	704,9	+39,5	663,3

Interim January – September 2006: Comments to balance sheet

	MEUR	30 Sep 2006	30 Sep 2005	Change Y/Y	31 Dec 2005
• Increase of intangible assets (ERP) 13.3 MEUR compared to prior year	Intangible assets	93,1	79,8	+13,3	85,1
• Loan repayments of 10.4 MEUR from earlier divestments	Tangible assets	205,1	219,0	-13,9	214,9
• Net working capital turnover improved from prior year	Securities and long-term investments	10,6	22,2	-11,6	19,4
	Inventories	125,6	122,2	+3,4	111,4
	Cash and cash equivalents	45,6	23,8	+21,8	48,9
	Other current and non-current assets	264,4	237,9	+26,5	183,6
• Net interest-bearing liabilities at –21.1 MEUR	Shareholders' equity	425,5	407,8	+17,7	418,4
	Non-current interest-bearing liabilities	21,5	22,4	-0,9	19,4
	Provisions	17,0	19,4	-2,4	14,8
	Non-interest-bearing liabilities	277,4	232,7	+44,7	208,1
	Current interest-bearing liabilities	3,0	22,6	-19,6	2,6
	Balance sheet total	744,4	704,9	+39,5	663,3

Interim January – September 2006: Cash flow

MEUR	1-9/ 2006	1-9/ 2005	Change Y/Y	1-12/ 2005
Net cash from operations	140,7	103,5	+37,2	153,5
Change in NWC	-33,7	-16,2	-17,5	22,8
Net payment of income tax and interest	-25,5	-16,4	-9,1	-17,7
Cash flow from operations	81,5	70,9	+10,6	158,6
Cash flow from investments	-15,5	-5,4	-10,1	-18,8
Cash flow before financing	66,0	65,5	+0,5	139,8
Dividends and buy backs	-65,8	-60,1	-5,7	-72,0
Other financing	-3,5	-11,1	+7,6	-48,4
Cash flow from financing	-69,3	-71,2	+1,9	-120,4
Change in cash and cash equivalents	-3,3	-5,7	+2,4	19,4

- Net cash from operations improved due to positive result development
- Net sales growth increased accounts receivable

Interim July – September 2006: Cash flow

MEUR	7-9/ 2006	7-9/ 2005	Change Y/Y
Net cash from operations	60,7	39,1	+21,6
Change in NWC	8,2	24,2	-16,0
Net payment of income tax and interest	-5,6	0,3	-5,9
Cash flow from operations	63,3	63,6	-0,3
Cash flow from investments	-12,1	-8,8	-3,3
Cash flow before financing	51,2	54,8	-3,6
Dividends and buy backs	0,0	-3,7	+3,7
Other financing	-10,3	-38,2	+27,9
Cash flow from financing	-10,3	-41,9	+31,6
Change in cash and cash equivalents	40,9	12,9	+28,0



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Outlook

Outlook largely positive for the remainder of 2006

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- Demand for housing solutions expected to remain strong in the Nordic countries, Western and Eastern Europe and Russia
- Healthy seasonal demand expected for Germany during Q4
- Slowing down of the housing construction market in North America is expected to continue
 - Volumes should remain relatively good in long-term comparisons
- Demand for infrastructure solutions is anticipated to remain at its present level

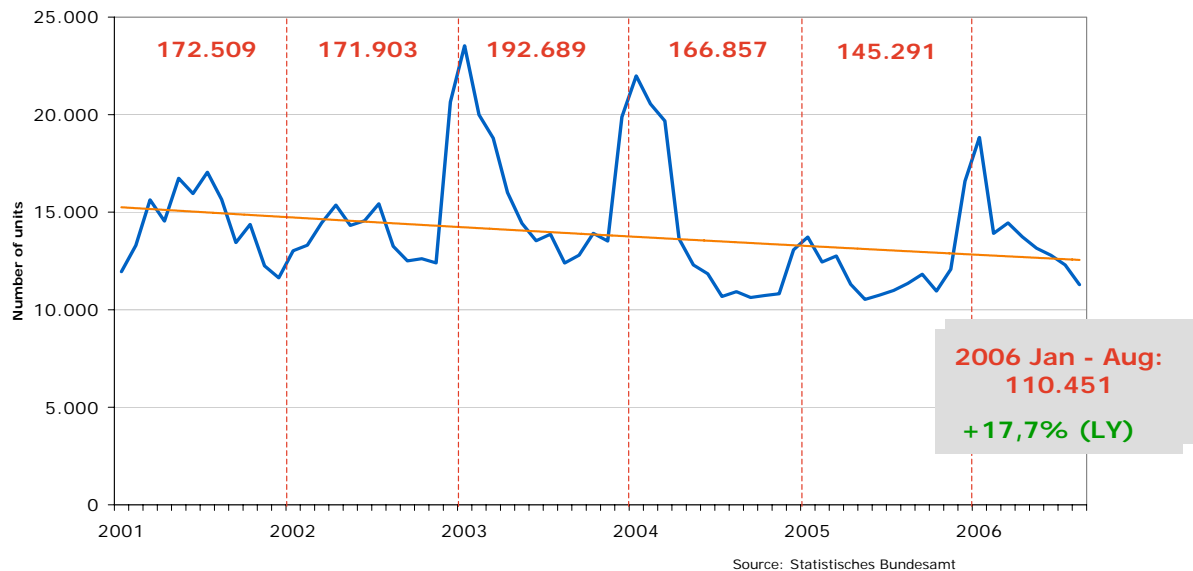
Outlook largely positive for the remainder of 2006

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Resident. new building	Germany	Nordic	UK & Ireland	Iberia	Italy	USA	Canada
2005							
Outlook 2006							

Monthly residential housing permits in Germany

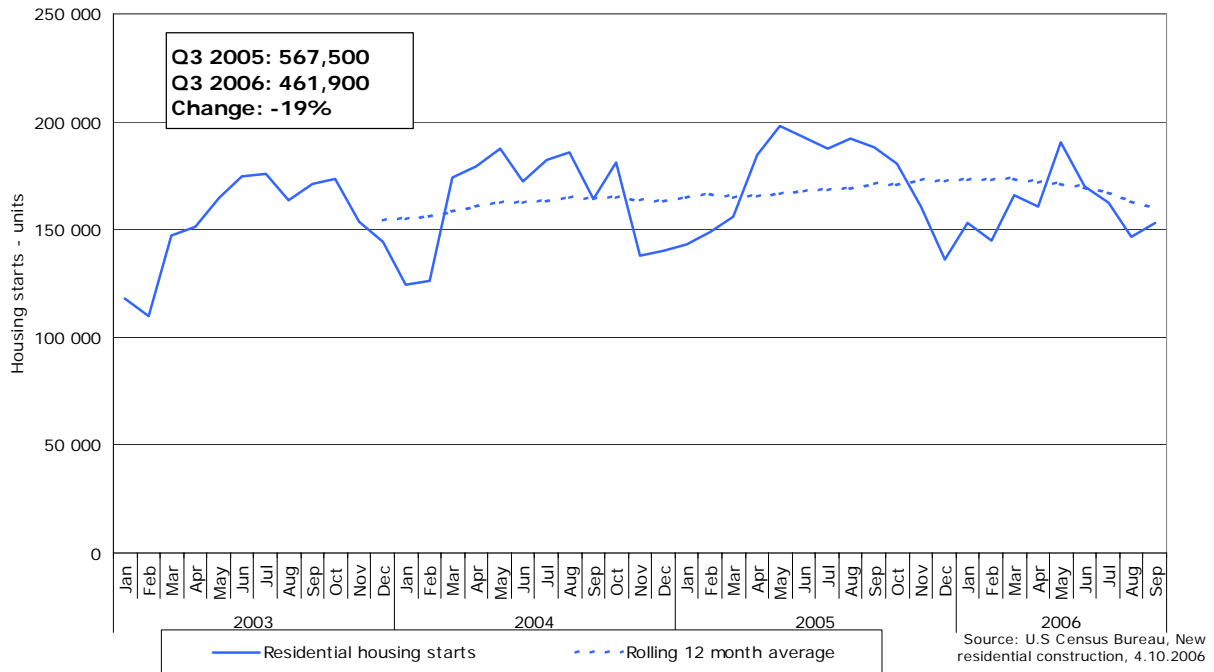
(incl. August 2006)



Monthly residential housing starts in the U.S.



(incl. September 2006)



Upgraded full-year growth guidance, no other deviations from previous statement



(updated on 26 October 2006)

- Net sales growth is expected to exceed 10 % in 2006
- Operating profit is expected to exceed the operating profit of 2005 (MEUR 123)
- Operating profit margin is expected to achieve the long-term target level ($\geq 12\%$)

- Recently revised strategy ***focuses on profitable growth***
 - accelerated growth in single-family housing and infrastructure markets
 - increased market shares in the high-rise segment
 - product and service offering and go-to-market approach
 - analysis and implementation under way

Uponor's strategic focus areas since 2003

- organic growth
 - development of the brand
 - operational excellence
- Investments done mainly in the latter two, progressing as planned
 - 2006 – new brand identity with Uponor-branded product offering, uniform offering management processes and harmonised product offering
 - ERP project– deployment in Central Europe in summer 2006 to be continued with roll-outs in rest of Europe in 2006-2008



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simply more