

A photograph showing a man in a blue shirt and dark vest, a woman in a grey blazer, and a young child sitting on a table. They are all looking at a set of architectural plans spread out on the table. A white hard hat is also on the table. The background shows a modern interior with a large orange wall and a white radiator.

# Uponor

## **Interim Jan-March 2007 results briefing**

Helsinki 26 April 2007

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Jan Lång  
President and CEO

# Positive market environment in Europe, decline in U.S. continues

- Lively demand for Uponor solutions
  - Strong development in both housing solutions and infrastructure businesses in the European markets
  - Mild weather conditions enabled infrastructure construction activities
- Central Europe:
  - Demand good in most markets. Germany believed to be driven by strong residential permit growth in H1/2006
- Nordic:
  - Lively demand in all Nordic countries, including IE segment
- Europe – West, East, South:
  - Construction markets remain buoyant, also the big markets
- North America:
  - The decline in residential housing construction continues
  - Stable development of plastics penetration

Q1/2007:

## Net sales growth above target level

Net sales	MEUR	1-3/2007	1-3/2006	Change
<b>Uponor</b>		<b>300.8</b>	<b>250.5</b>	<b>+20.1%</b>
<i>Central Europe</i>		94.1	73.6	+27.7%
<i>Nordic</i>		94.5	74.5	+27.0%
<i>Europe-WES</i>		116.4	87.7	+32.8%
<i>North America</i>		35.8	44.7	-19.9%
<i>(North America, USD)</i>		47.1	53.7	-12.4%

- Growth supported mainly by lively demand
- Plastic pipe penetration in plumbing continues and is supported by high metal prices, also underfloor heating (UFH) performed well
- High growth of internal deliveries between Regions
- North America declined, driven by contracting market demand

# Q1/2007: Strong performance in Europe

<b>Operating profit, MEUR</b>	<b>1-3/2007</b>	<b>1-3/2006</b>	<b>Change</b>
<b>Uponor</b>	<b>31.3</b>	<b>21.8</b>	<b>+43.6%</b>
<i>Central Europe</i>	<i>10.9</i>	<i>9.8</i>	<i>+11.1%</i>
<i>Nordic</i>	<i>10.0</i>	<i>6.2</i>	<i>+59.8%</i>
<i>Europe-WES</i>	<i>13.2</i>	<i>7.0</i>	<i>+87.2%</i>
<i>North America</i>	<i>0.8</i>	<i>1.7</i>	<i>-54.4%</i>
<i>(North America, USD)</i>	<i>1.0</i>	<i>2.0</i>	<i>-50.0%</i>

- Positive performance was achieved through
  - Leverage effect resulting from increased volume
  - Price increases to offset higher material costs
- Offset by increased cost for strategic initiatives implementation
- In North America, reduced operating profit due to volume losses, but offset by cost level adjustments

# Q1/2007: Highlights



- + Strong performance supported by lively demand in all key markets in Europe and a strengthened market position
- + Participation in several high-rise projects
- + Good demand also for infrastructure products
- + Improved growth rate in underfloor heating
  
- Sluggish demand in the U.S. market
- Current demand levels increasing outsourcing leading to somewhat diluted margin



# Uponor

## Jan-Mar 2007 results

Helsinki 26 April 2007

Jyri Luomakoski  
CFO and deputy CEO

# Interim January – March 2007: Key figures

MEUR	1-3 2007	1-3 2006	Change Y/Y	1-12 2006
Net sales	300,8	250,5	+20,1%	1 157,0
Operating profit	31,3	21,8	+43,6%	143,7
Operating profit margin	10,4%	8,7%	+1,7%	12,4%
Earning per share (diluted), EUR	0,29	0,21	+38,1%	1,32
Return on equity, %	28,4%	15,9%	+12,5%	25,3%
Return on investment, %	32,5%	21,8%	+10,7%	35,8%
Net interest bearing liabilities	161,4	46,0	+250,9%	21,7
Gearing, %	62,0%	12,6%	+49,4%	6,3%
Average number of employees	4 354	4 175	+4,3%	4 260

# Interim January – March 2007: Income statement

MEUR	1-3 2007	1-3 2006	Change Y/Y	1-12 2006
Net sales	300,8	250,5	+20,1%	1 157,0
Cost of goods sold	195,8	163,1	+20,0%	743,8
Gross profit	105,0	87,4	+20,2%	413,2
- % of net sales	34,9 %	34,9 %	+0,0%	35,7 %
Other operating income	0,5	0,3	+99,6%	3,7
Expenses	74,2	65,9	+12,8%	273,2
Operating profit	31,3	21,8	+43,6%	143,7
- % of net sales	10,4 %	8,7 %	+1,7%	12,4 %
Financial expenses, net	0,0	-0,8	-97,4%	2,2
Profit before taxes	31,3	22,6	+38,8%	141,5
Profit for the period	21,5	15,6	+37,8%	96,5
EBITDA	40,6	30,6	+32,8%	179,3



# Interim January – March 2007: Comments to income statement

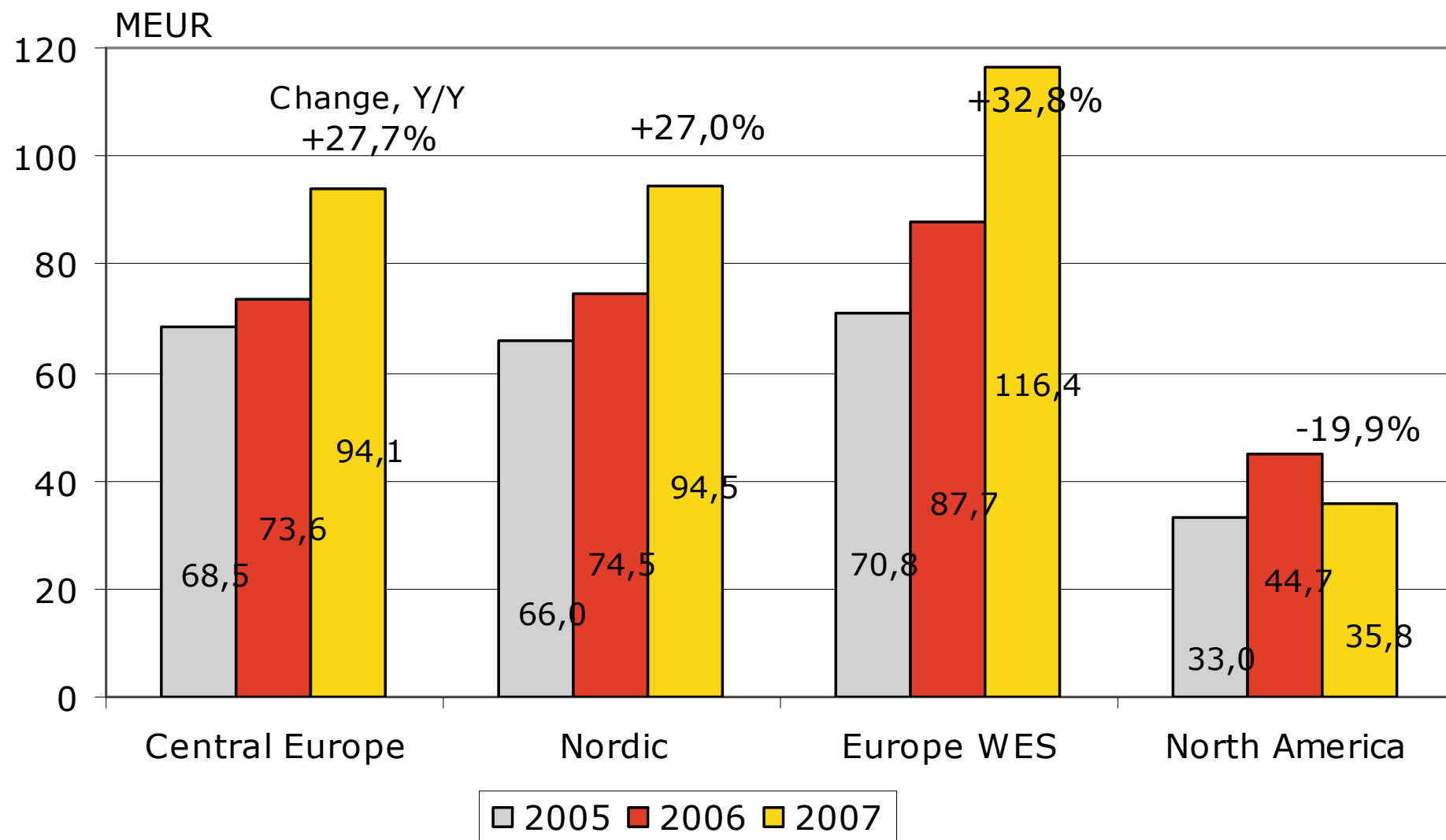
- Gross profit margin at the same level as last year

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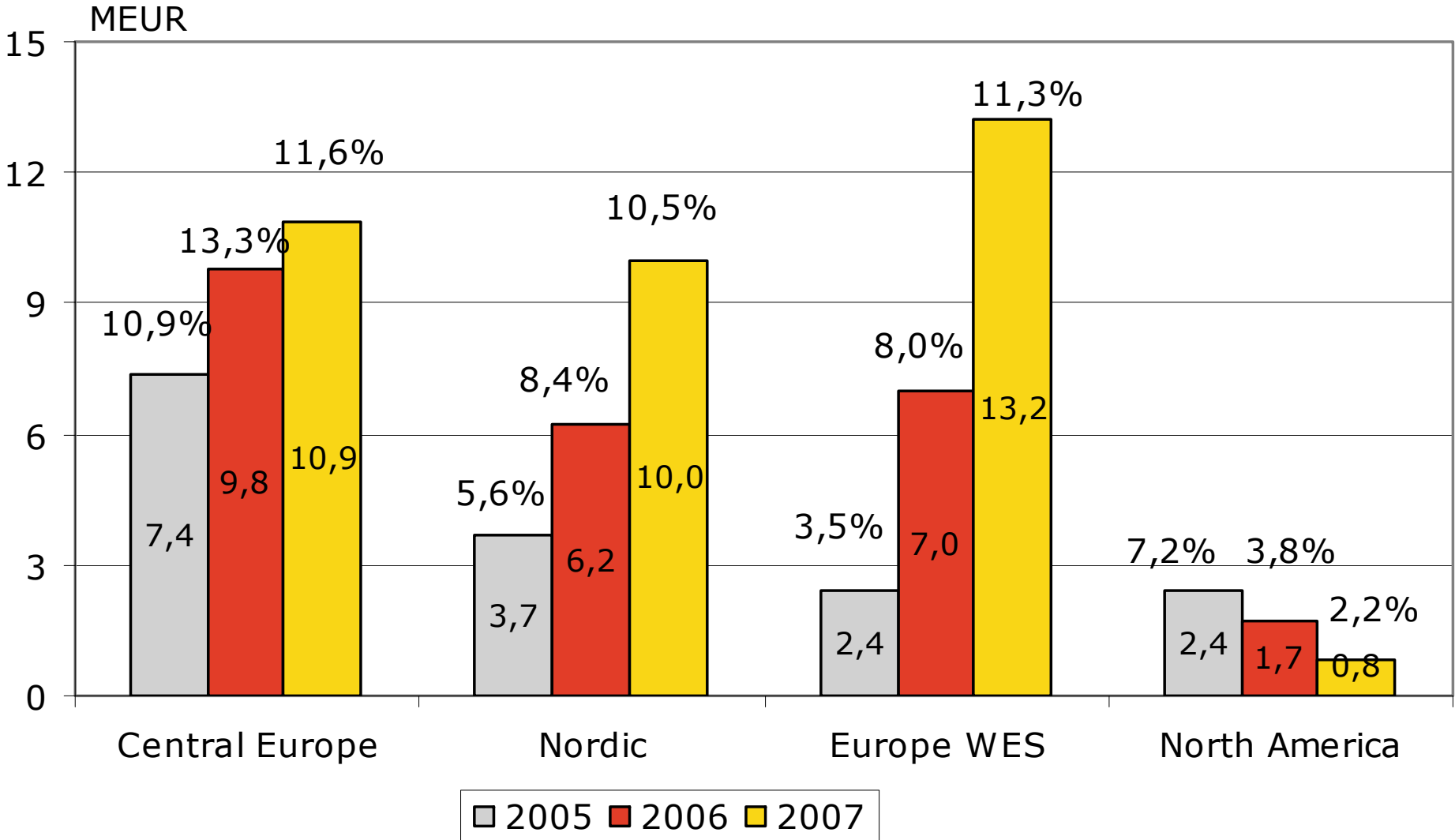
- Total expenses up by 8.3 M€ mainly driven by increased spend into sales and marketing

- Tax rate 31.5%

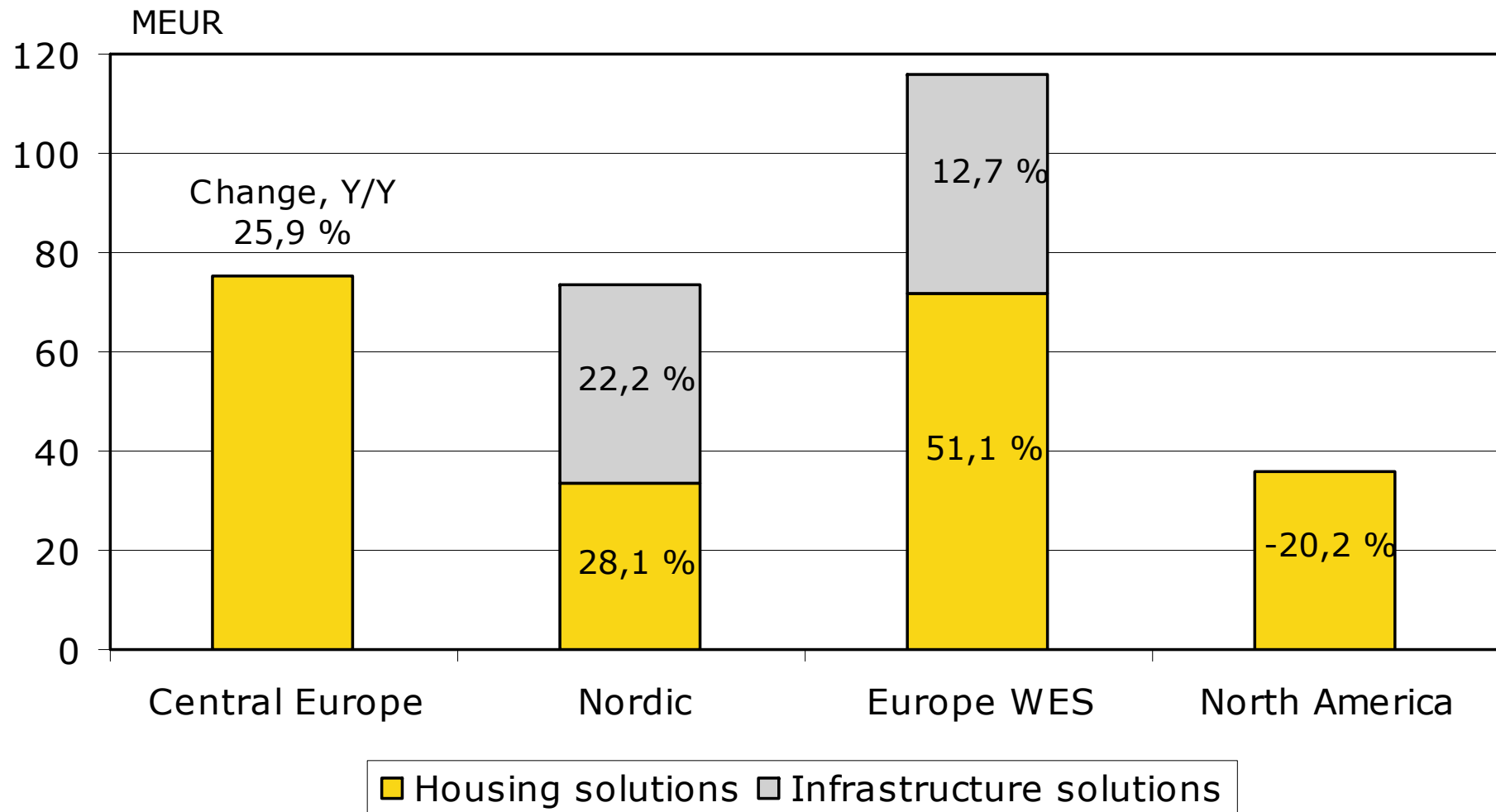
# Interim January – March 2007: Revenue development by region



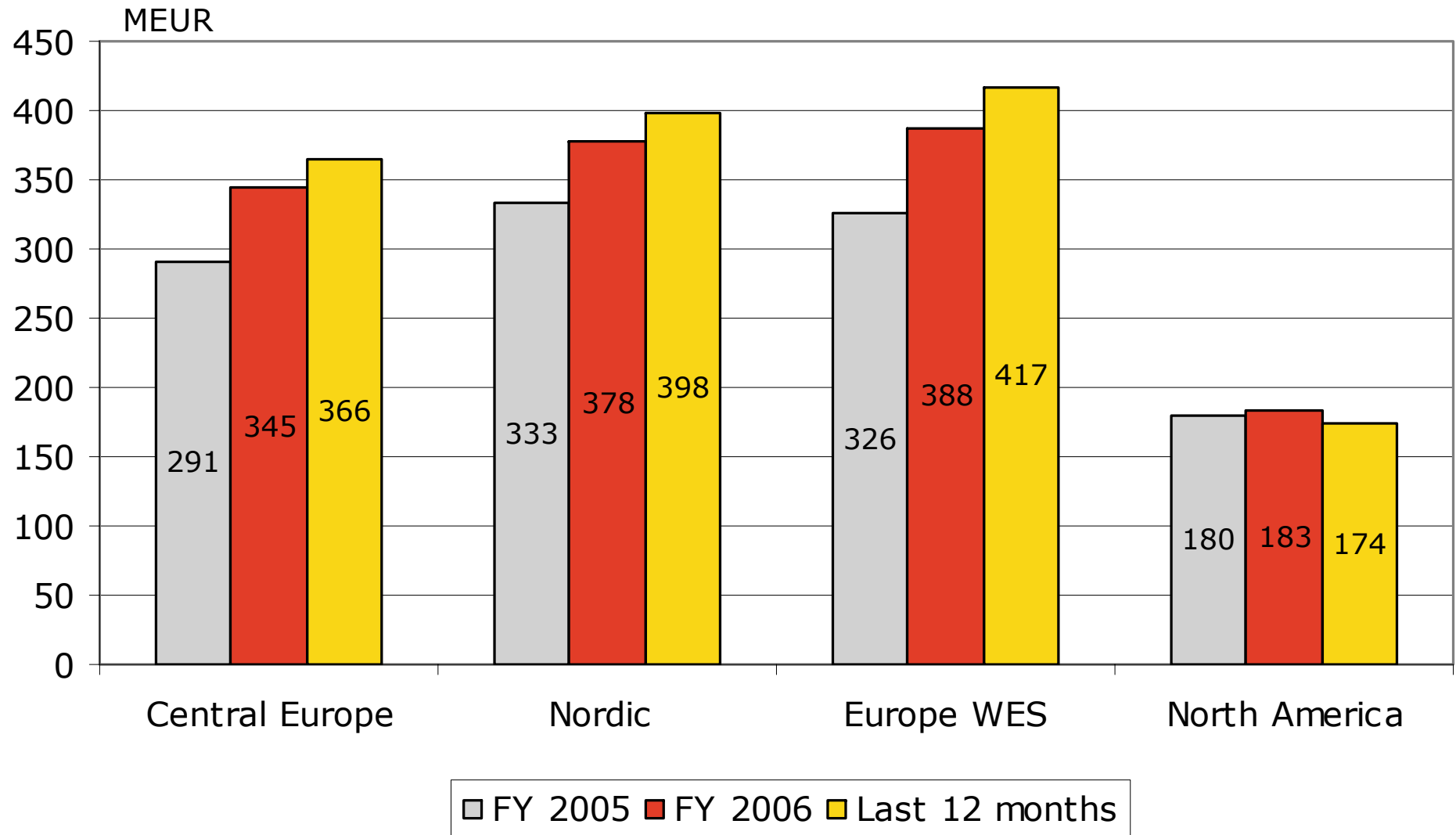
# Interim January – March 2007: Result development by region



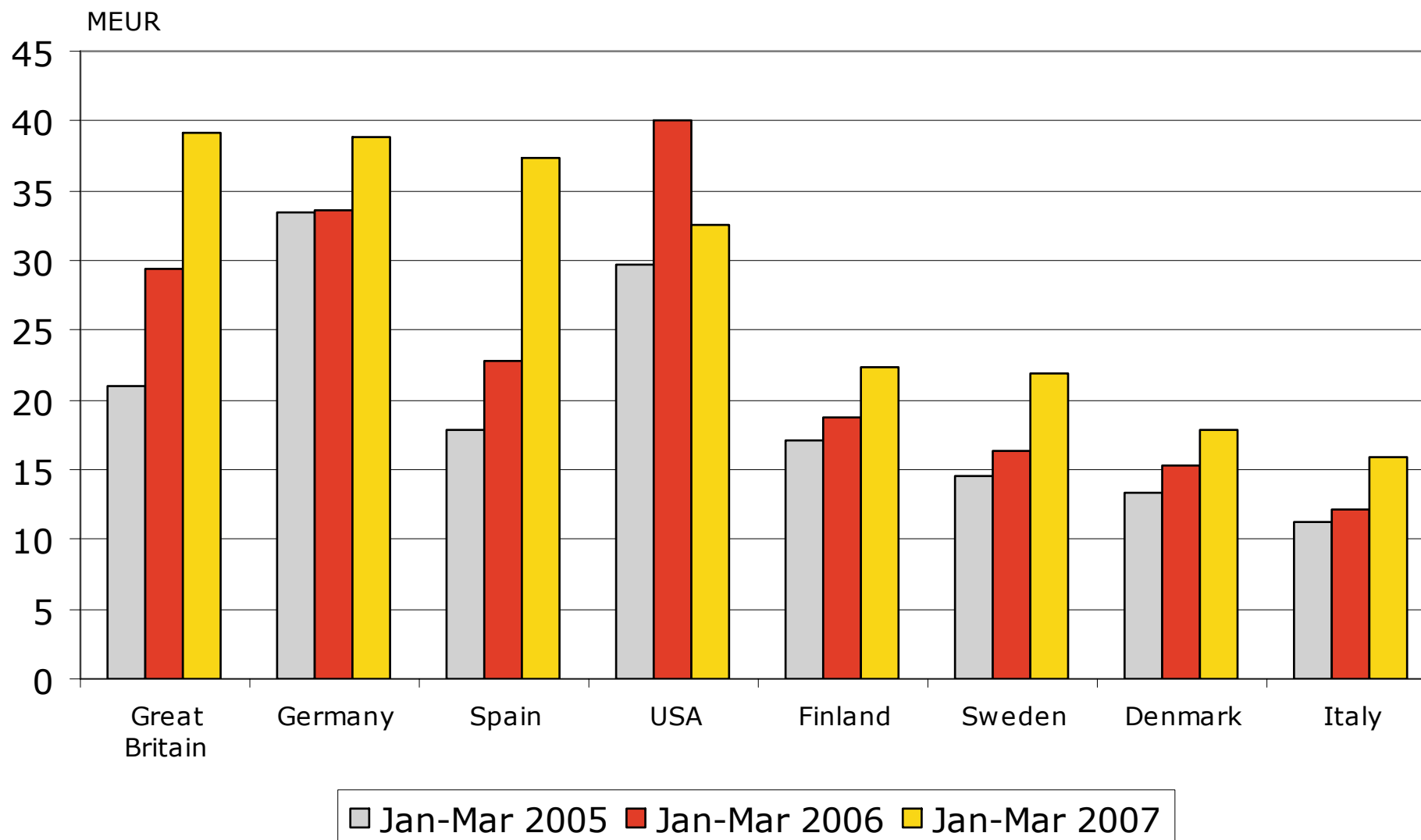
# Interim January – March 2007: External revenue by region



# Revenue development by region, last 12 months



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



# Interim January – March 2007: Balance sheet

MEUR	31 Mar 2007	31 Mar 2006	Change Y/Y	31 Dec 2006
Property, plant and equipment	208,2	212,0	-3,8	211,8
Intangible assets	96,9	85,8	+11,1	97,6
Securities and long-term investments	3,5	17,3	-13,8	3,6
Inventories	143,1	127,1	+16,0	128,1
Cash and cash equivalents	8,4	10,6	-2,2	12,4
Other current and non-current assets	251,6	215,3	+36,3	190,4
Shareholders' equity	260,3	365,4	-105,1	344,4
Non-current interest-bearing liabilities	20,4	22,3	-1,9	17,2
Provisions	16,2	16,4	-0,2	15,5
Non-interest-bearing liabilities	265,4	229,7	+35,7	249,9
Current interest-bearing liabilities	149,4	34,3	+115,1	16,9
Balance sheet total	711,7	668,1	+43,6	643,9

# Interim January – March 2007: Comments to balance sheet

- Increase of intangible assets (ERP) by 11,1 MEUR compared to prior year

- Net working capital turnover improved from prior year

- Net interest-bearing liabilities at 161,4 MEUR

MEUR	31 Mar 2007	31 Mar 2006	Change Y/Y	31 Dec 2006
Property, plant and equipment	208,2	212,0	-3,8	211,8
Intangible assets	96,9	85,8	+11,1	97,6
Securities and long-term investments	3,5	17,3	-13,8	3,6
Inventories	143,1	127,1	+16,0	128,1
Cash and cash equivalents	8,4	10,6	-2,2	12,4
Other current and non-current assets	251,6	215,3	+36,3	190,4
Shareholders' equity	260,3	365,4	-105,1	344,4
Non-current interest-bearing liabilities	20,4	22,3	-1,9	17,2
Provisions	16,2	16,4	-0,2	15,5
Non-interest-bearing liabilities	265,4	229,7	+35,7	249,9
Current interest-bearing liabilities	149,4	34,3	+115,1	16,9
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# Interim January – March 2007: Cash flow

MEUR	1-3/ 2007	1-3/ 2006	Change Y/Y	1-12/ 2006
Net cash from operations	41,3	30,1	+11,2	180,7
Change in NWC	-57,8	-21,5	-36,3	5,2
Net payment of income tax and interest	-10,1	-7,4	-2,7	-38,6
<b>Cash flow from operations</b>	<b>-26,6</b>	<b>1,2</b>	<b>-27,8</b>	<b>147,3</b>
Cash flow from investments	-6,9	-5,0	-1,9	-28,8
<b>Cash flow before financing</b>	<b>-33,5</b>	<b>-3,8</b>	<b>-29,7</b>	<b>118,5</b>
Dividends and buy backs	-102,5	-65,8	-36,7	-166,0
Other financing	132,0	31,3	+100,7	11,0
Cash flow from financing	29,5	-34,5	+64,0	-155,0
Change in cash and cash equivalents	-4,0	-38,3	+34,3	-36,5

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

A photograph of a construction site. In the foreground, a worker in a grey shirt and white hard hat is kneeling on the ground, surrounded by white plastic piping. In the background, several workers in yellow shirts and hard hats are working on a structure of rebar. A modern building with large windows is visible in the distance.

# Uponor

## Outlook

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Jan Lång  
President and CEO

## Outlook remains positive



- Demand for Uponor's products is expected to continue at a good level in most European markets
- In Germany, growth expected to flatten out during the latter half of 2007
- Slowing down of the housing starts in North America is expected to continue

# Full-year growth guidance reviewed, **Uponor** no other deviations from previous statement

(updated on 26 April 2007)



- Net sales growth is expected to be around 10% in 2007
- Operating profit and operating profit margin are expected to improve from the levels recorded in 2006

uponor

simply more