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Interim Jan—June/ 2005 results briefing

Helsinki, 4 August 2005

Market and business review

Jan Lång, President and CEO

Financial results

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Outlook

Jan Lång

Questions



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Interim Jan—June 2005: **Market and business review**

Interim Q2 / 2005: Market trends and developments

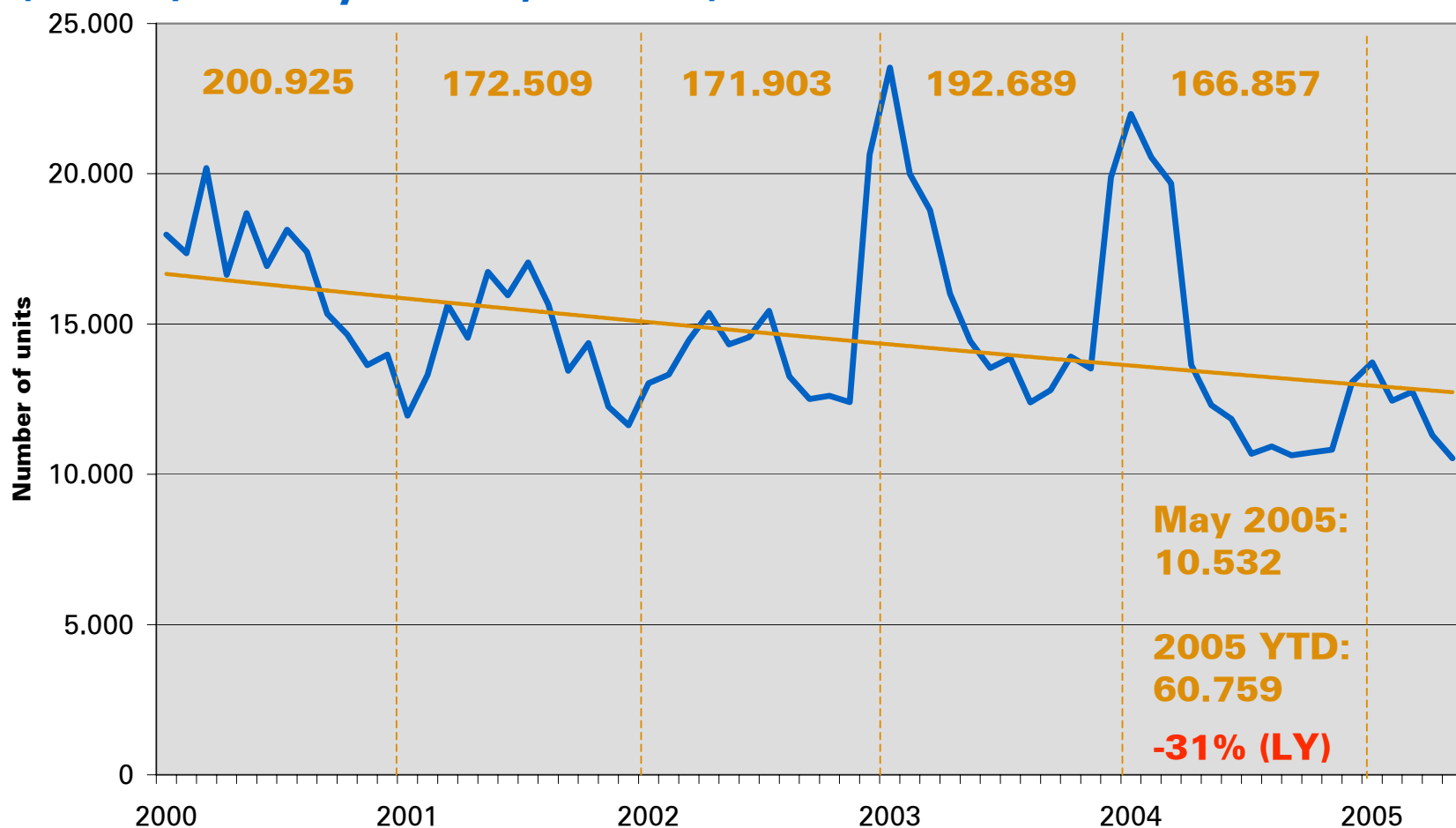
- Market polarisation strengthened
 - North America, Nordic and other Europe sustained their positive trend
 - Germany continued on a very low level
- Germany clearly weaker than in 2004
 - “German construction industry on its lowest level since mid 1990s”
 - Residential construction slowdown mainly in new build but also in renovation
 - 2006 forecast shows a less negative trend in single houses
- U.S. market continued on a very high level
 - Long-term rates remain low
 - Faith prevails in the strength of the N.A. residential construction in 2005
- Nordic: average to good demand both in the housing and municipal sector
- Europe – WES:
 - Lively demand in UK and Spain; Italy and France stable
 - Portugal disappointing

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Germany: Decline in building permits continued

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Monthly Development of Permits 2000 – 2005 (new 1-/2-family houses, in units)



Interim Q2 / 2005:

Net sales in Q2 recover from the weaker Q1

Net sales, MEUR	2005	2004	Reported change	Comparable change
Continuing operations				
Q2	276.1	274.9	0.4%	7.5%
Q1 (restated)	217.6	246.7	-11.8%	0.1%
H1	493.7	509.6	-3.1%	4.1%

- Comparable change by Region**

	Q2	Q1
Central Europe	- 2.0%	- 4.0%
Nordic	8.6%	7.2%
Europe – WES	15.9%	0.0%
North America	14.5%	2.9%
- Net sales recovered from the weaker start of the year
 - N.A. (Wirsbo brand) and Nordic (HS+IE) sales developed favourably
 - Decline in Germany continued in Q2, but the rest of CE compensated

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Interim Q2 / 2005:

Profitability supported by higher sales and improved margins

Operating profit, MEUR	2005	2004	Reported change	Comparable change
Continuing operations				
Q2	36.3	30.7	18.2%	21.0%
Q1 (restated)	13.7	15.8	-13.3%	-18.5%
H1	50.0	46.5	7.5%	6.8%

- Comparable change by Region**

	Q2	Q1
Central Europe	- 1.0%	- 20.4%
Nordic	19.7%	38.1%
Europe – WES	41.4%	- 40.0%
North America	15.2%	- 35.4%
- Profitability enhanced by:
 - Efficiency improvements supported by higher sales volumes in most Regions
 - Price increases helped recovery of margins
 - North American sales mix improved

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Interim Q2 / 2005: **Positives and negatives**

- + Profitability development in Uponor Europe – WES and Uponor Nordic after non-core divestments
- + Margin recovery through price increases with stable resin prices
- + Steady progress in Group projects aiming at One Unified Uponor (ERP, brand)

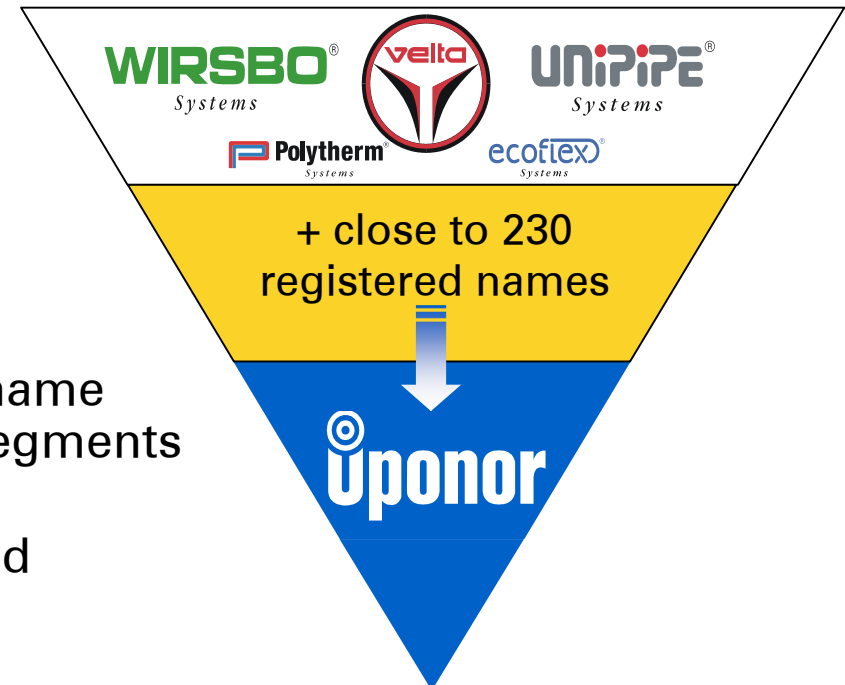
- German building and construction market development in 2005
- Increase in investment into net working capital



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New brand strategy focuses on the Uponor brand

- New brand strategy from 1 Jan 2006 onwards
 - supports the One Unified Uponor target
- All businesses will be Uponor
 - current system brands to move under the Uponor name
 - few exceptions for special segments
- New brand story, positioning and visual identity
- Targeted to support the business
 - focus on the development of a stronger Uponor brand
 - clearer brand profile in the key customer segments
 - more efficient sales organisation (Germany)



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Interim Jan—June 2005: **Results**

Interim January – June 2005: Net sales by Region

MEUR	1-6 2005	1-6 2004	1-12 2004	Reported change	Comparable change
Central Europe	152.0	172.1	334.0	-11.7 %	-3.3 %
Nordic	153.0	140.9	290.6	8.6 %	8.1 %
Europe - West, East, South	157.5	163.9	330.0	-3.9 %	7.9 %
North America	77.6	74.2	155.1	4.6 %	9.2 %
Others (incl. RE)	7.3	35.4	60.2		
Eliminations	-53.7	-48.8	-97.5		
Total	493.7	537.7	1072.4	-8.2 %	4.1 %
Continuing operations	493.7	509.6	1026.9	-3.1 %	4.1 %
Discontinued operations	0.0	28.1	45.5		

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Interim April – June 2005: Net sales by Region

MEUR	Q2 2005	Q2 2004	Reported change	Comparable change
Central Europe	79.2	86.1	-8.0 %	-2.0 %
Nordic	91.8	84.4	8.8 %	8.6 %
Europe - West, East, South	86.7	86.3	0.5 %	15.9 %
North America	44.6	40.3	10.7 %	14.5 %
Others (incl. RE)	3.3	20.2		
Eliminations	-29.5	-26.3		
Total	276.1	291.0	-5.1 %	7.5 %
Continuing operations	276.1	274.9	0.4 %	7.5 %
Discontinued operations	0.0	16.1		

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Interim January – June 2005: Income statement, continuing operations

MEUR	1-6		Change Y/Y	1-6		1-12	
	2005	%		2004	%	2004	%
Net sales	493.7		-3.1%	509.6		1,026.9	
Costs of goods sold	324.7	65.8	-3.6%	338.0	66.3	686.8	66.9
Gross profit	169.0	34.2	-1.5%	171.6	33.7	340.1	33.1
Other operating income	-1.5	-0.3	-66.7%	-0.9	-0.2	-1.7	-0.2
Expenses excl. depreciations	103.5	21.0	-3.3%	107.0	21.0	205.8	20.0
EBITDA	67.0	13.6	2.3%	65.5	12.9	136.0	13.2
Operating profit (EBIT)	50.0	10.1	7.5%	46.5	9.1	95.2	9.3
Financial expenses, net	0.7	0.1	-77.4%	3.1	0.6	5.9	0.6
Profit after financial items	49.3	10.0	14.7%	43.4	8.5	89.3	8.7
Net profit from continuing operations	34.0	6.9	10.7%	30.7	6.0	63.8	6.2
Net profit from discontinued operations	0.0	0.0		3.4	0.7	24.6	2.4
Profit for the period	34.0	6.9	-0.3%	34.1	6.7	88.4	8.6
EPS continuing operations	0.46		0.04	0.42		0.86	
EPS discontinuing operations	0.0		-0.04	0.04		0.33	
Total fully diluted earning per share	0.46		0.00	0.46		1.19	

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Interim April – June 2005: Income statement, continuing operations

MEUR	4-6		Change Y/Y	4-6	
	2005	%		2004	%
Net sales	276.1		0.4%	274.9	
Costs of goods sold	178.1	64.5	-1.0%	180.4	65.6
Gross profit	98.0	35.5	3.7%	94.5	34.4
Other operating income	-0.3	-0.1	50.0%	-0.6	-0.2
Expenses excl. depreciations	53.6	19.4	-2.9%	55.2	20.1
EBITDA	44.7	16.2	12.0%	39.9	14.5
Operating profit (EBIT)	36.3	13.1	18.2%	30.7	11.2
Financial expenses, net	0.5	0.2	-58.3%	1.2	0.4
Profit after financial items	35.8	13.0	22.5%	29.5	10.7
Net profit from continuing operations	24.7	8.9	19.9%	20.6	7.5
Net profit from discontinued operations	0.0	0.0		2.2	0.8
Profit for the period	24.7	8.9	8.3%	22.8	8.3
EPS continuing operations	0.34		0.06	0.28	
EPS discontinuing operations	0.00		-0.03	0.03	
Total fully diluted earning per share	0.34		0.03	0.31	

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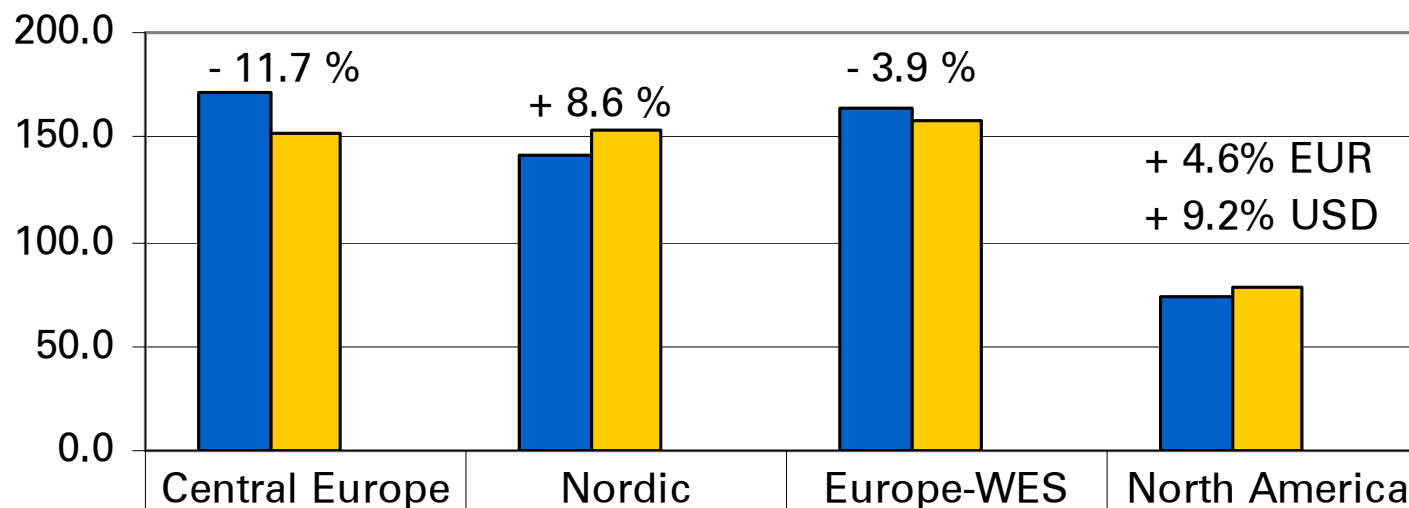
Interim January – June 2005: Income statement, total operations

MEUR	1-6		Change Y/Y	1-6		1-12	
	2005	%		2004	%	2004	%
Net sales	493.7		-8.2%	537.7		1,072.4	
Costs of goods sold	324.7	65.8	-9.6%	360.4	67.0	723.8	67.5
Gross profit	169.0	34.2	-4.7%	177.3	33.0	348.6	32.5
Other operating income	-1.5	-0.3	-7.1%	-1.4	-0.3	-31.2	-2.9
Expenses excl. depreciations	103.5	21.0	-2.3%	106.0	19.7	204.2	19.0
EBITDA	67.0	13.6	-7.9%	72.7	13.5	175.6	16.4
Operating profit (EBIT)	50.0	10.1	-2.6%	51.3	9.5	130.6	12.2
Financial expenses, net	0.7	0.1	-80.0%	3.5	0.7	7.0	0.7
Profit after financial items	49.3	10.0	4.2%	47.8	8.9	123.6	11.5
Profit for the period	34.0	6.9	-0.3%	34.1	6.3	88.4	8.2
Fully diluted earning per share	0.46		0.00	0.46		1.19	

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Interim January – June 2005: Net sales by Region

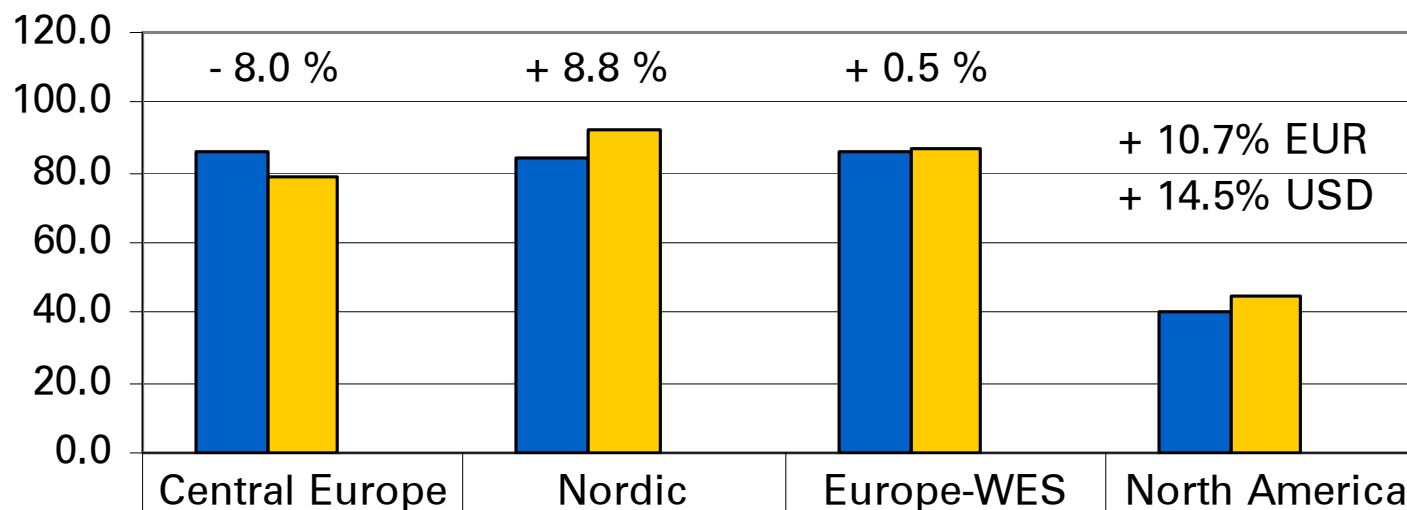
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■ 2004	172.1	140.9	163.9	74.2
■ 2005	152.0	153.0	157.5	77.6
Transl. effect	0.8	0.7	-0.6	-2.6

Interim April – June 2005: Net sales by Region

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■ 2004	86.1	84.4	86.3	40.3
■ 2005	79.2	91.8	86.7	44.6
Transl. effect	0.5	0.1	-0.2	-1.0

Interim January – June 2005: Operating profit by Region

MEUR	1-6 2005	1-6 2004	1-12 2004	Reported change	Comparable change
Central Europe	18.1 <i>11.9 %</i>	20.3 <i>11.8 %</i>	39.6 <i>11.9 %</i>	-10.8 %	-10.8 %
Nordic	18.1 <i>11.8 %</i>	14.7 <i>10.4 %</i>	32.0 <i>11.0 %</i>	23.1 %	22.3 %
Europe - West, East, South	10.6 <i>6.7 %</i>	8.5 <i>5.2 %</i>	16.4 <i>5.0 %</i>	24.7 %	8.2 %
North America	8.4 <i>10.8 %</i>	9.3 <i>12.5 %</i>	22.2 <i>14.3 %</i>	-9.7 %	-6.1 %
Others (incl. RE)	-3.7	1.3	28.5		
Eliminations	-1.5	-2.8	-8.1		
Total	50.0 <i>10.1 %</i>	51.3 <i>9.5 %</i>	130.6 <i>12.2 %</i>	-2.5 %	6.8 %
Continuing operations	50.0 <i>10.1 %</i>	46.5 <i>9.1 %</i>	95.2 <i>9.3 %</i>	7.5 %	6.8 %
Discontinued operations	0.0	4.8 <i>17.1 %</i>	35.4		

Note:

Comparable change includes exchange rate effect and the following divestments:

- 2004: Finnish real estate business, MBO in Germany and Uponor Aldyl Company
- 1 Jan. 2005: IE France, Asko Norge AS, IE Hungary, Unicor MTS business in Germany
- 1 April 2005: IE Iberia.

Operating profit includes IFRS restructuring provisions in December 2004 (13.4 M€) and the gain from the divestment of the Finnish real estate business (28.7 M€).

Interim April – June 2005: Operating profit by Region

MEUR	Q2 2005		Q2 2004		Reported change	Comparable change
Central Europe	9.9	12.5 %	10.9	12.7 %	-9.2 %	-1.0 %
Nordic	15.2	16.6 %	12.6	14.9 %	20.6 %	19.7 %
Europe - West, East, South	8.2	9.5 %	5.1	5.9 %	60.8 %	41.4 %
North America	6.0	13.5 %	5.4	13.4 %	11.1 %	15.2 %
Others (incl. RE)	-3.1		1.4			
Eliminations	0.1		-1.7			
Total	36.3	13.1 %	33.7	11.6 %	7.7 %	21.0 %
Continuing operations	36.3	13.1 %	30.7	11.2 %	18.2 %	21.0 %
Discontinued operations	0.0		3.0			

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Operating profit with YTD December 2004 adjusted with restructuring costs

MEUR	1-6 2005		1-6 2004		1-12 2004		adjusted 1-12 2004	
Central Europe	18,1	11,9 %	20,3	11,8 %	39,6	11,9 %	42,3	12,7 %
Nordic	18,1	11,8 %	14,7	10,4 %	32,0	11,0 %	33,2	11,4 %
Europe - West, East, South	10,6	6,7 %	8,5	5,2 %	16,4	5,0 %	19,9	6,0 %
North America	8,4	10,8 %	9,3	12,5 %	22,2	14,3 %	23,4	15,1 %
Others (incl. RE)	-3,7		1,3		28,5		28,5	
Eliminations	-1,5		-2,8		-8,1		-3,3	
Total	50,0	10,1 %	51,3	9,5 %	130,6	12,2 %	144,0	13,4 %
Continuing operations	50,0	10,1 %	46,5	9,1 %	95,2	9,3 %	108,6	10,6 %
Discontinued operations	0,0		4,8	17,1 %	35,4		35,4	

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Interim January – June 2005: Balance sheet

- Further decrease in investment property after the divestment of Asko Norge AS 1 Jan. 2005. (All of the Finnish real estate business was divested in November 2004.)
- Inventories down by 23 M€ from June 2004 and slightly down from year-end 2004, partly due to businesses divested in the beginning of 2005.
- Non interest-bearing liabilities have decreased due to lower Accounts Payable from divested companies.
- Positive conversion difference impact of 8.2 M€ on the equity from year-end 2004.
- Net interest-bearing liabilities still 37.9 M€ above December 2004 due to dividend pay-out in March 2005.

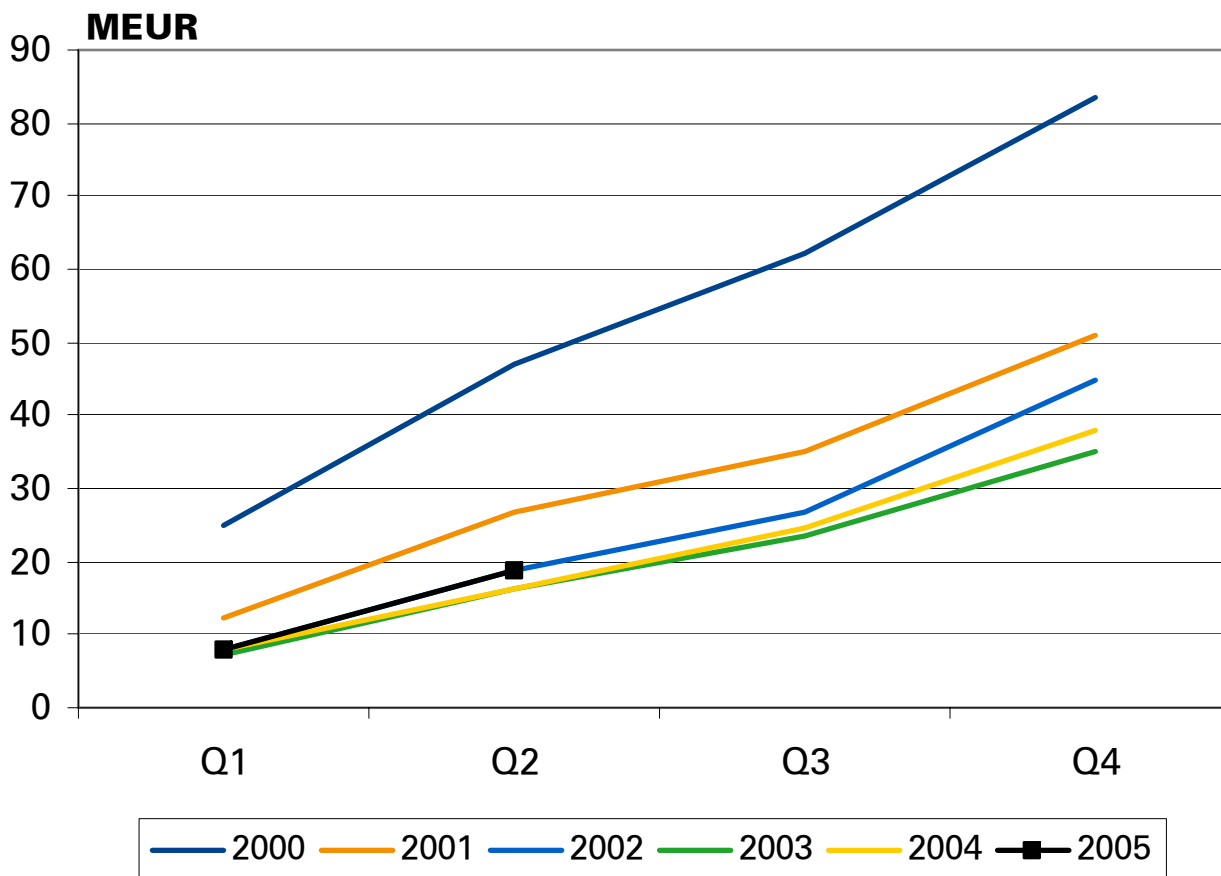
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Interim January – June 2005: Balance sheet

MEUR	30 Jun. 2005	Change %	30 Jun. 2004	31 Dec. 2004
Intangible assets	77.4	3.6 %	74.7	74.9
Tangible assets	208.6	-0.6 %	209.9	208.0
Investment property	10.5	-89.7 %	101.9	26.7
Securities and long-term investments	23.0	58.6 %	14.5	21.0
Inventories	132.8	-14.6 %	155.5	136.5
Cash in hand and banks	10.9	45.3 %	7.5	29.5
Other current assets	232.3	-15.4 %	274.5	193.2
Shareholders' equity	382.9	-0.7 %	385.5	397.0
Minority interest	0.0	-100.0 %	0.9	0.0
Provisions	18.5	-3.6 %	19.2	9.8
Long-term interest bearing liabilities	23.2	-66.9 %	70.0	22.3
Short-term interest bearing liabilities	59.2	-44.5 %	106.7	40.8
Non-interest bearing liabilities	211.7	-17.4 %	256.2	219.9
Balance sheet total	695.5	-17.1 %	838.5	689.8

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Interim January – June 2005: Investment activity



January - June 2005

Gross investments	18.9
Disposals at book	22.3
Depreciation	17.0

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Interim January – June 2005: Cash flow

	1-6 2005	1-6 2004	1-12 2004
Cash flow from operations	+7.3	+13.7	+114.1
Cash flow from investments	+3.4	-8.3	+76.4
Cash flow from financing	-29.3	-14.8	-177.9

- The biggest impact on cash flow before financing comes from the share divestments:
 - YTD December 2004 – 86.3 M€
 - YTD June 2005 – 14.6 M€
- Net working capital change on the same level as in Q2 2004

Interim January – June 2005: Abridged cash flow

	1-6 2005	1-6 2004	1-12 2004
Cash flow from operations			
Net profit for the period	+34.0	+34.1	+88.4
Sales gains	-1.5	-1.4	-31.2
Depreciation	+17.0	+21.5	+45.0
Change in net working capital	-42.2	-40.5	+7.8
Cash flow adjustment items			+4.1
	+7.3	+13.7	+114.1
Cash flow from investments			
Share acquisitions			
Share divestments	+14.6		+86.3
Investment in fixed assets	-18.9	-16.2	-37.8
Income from sales of fixed assets	+7.7	+7.9	+27.9
	+3.4	-8.3	+76.4
Cash flow before financing	+10.7	+5.4	+190.5
Cash flow from financing			
Dividends	-52.0	-74.1	-106.9
Net change of loans	+27.4	+58.7	-69.5
Subscription of shares		+1.8	+4.6
Purchase of own shares	-4.4		-4.9
Finance lease payments	-1.1	-1.1	-1.3
Other financial items	+0.8	-0.1	+0.1
	-29.3	-14.8	-177.9
Change in cash	-18.6	-9.4	+12.6

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Interim April – June 2005: Abridged cash flow

	4-6 2005	4-6 2004
Cash flow from operations		
Net profit for the period	+24.7	+22.8
Sales gains	-0.3	-0.8
Depreciation	+8.4	+10.5
Change in net working capital	-13.0	-12.6
Cash flow adjustment items		
	+19.8	+19.9
Cash flow from investments		
Share acquisitions		
Share divestments		
Investment in fixed assets	-11.0	-8.1
Income from sales of fixed assets	+5.7	+2.6
	-5.3	-5.5
Cash flow before financing	+14.5	+14.4
Cash flow from financing		
Dividends		
Net change of loans	-13.6	-20.9
Subscription of shares		+1.8
Purchase of own shares	-4.4	
Finance lease payments	-0.6	-0.6
Other financial items	+0.6	-0.3
	-18.0	-20.0
Change in cash	-3.5	-5.6

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Interim January – June 2005: Financial indicators

	1-6 2005	1-6 2004	1-12 2004
Earnings per share (diluted), EUR	0.46	0.46	1.19
Return on equity, %	17.4	16.9	21.7
Return on investment, %	22.8	19.4	27.0
Solvency ratio, %	55.3	46.5	57.7
Gearing, %	18.7	43.8	8.5
Equity per share (diluted), EUR	5.17	5.17	5.34
Net interest-bearing debt	71.5	169.2	33.6

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Interim Jan—June 2005: **Outlook**

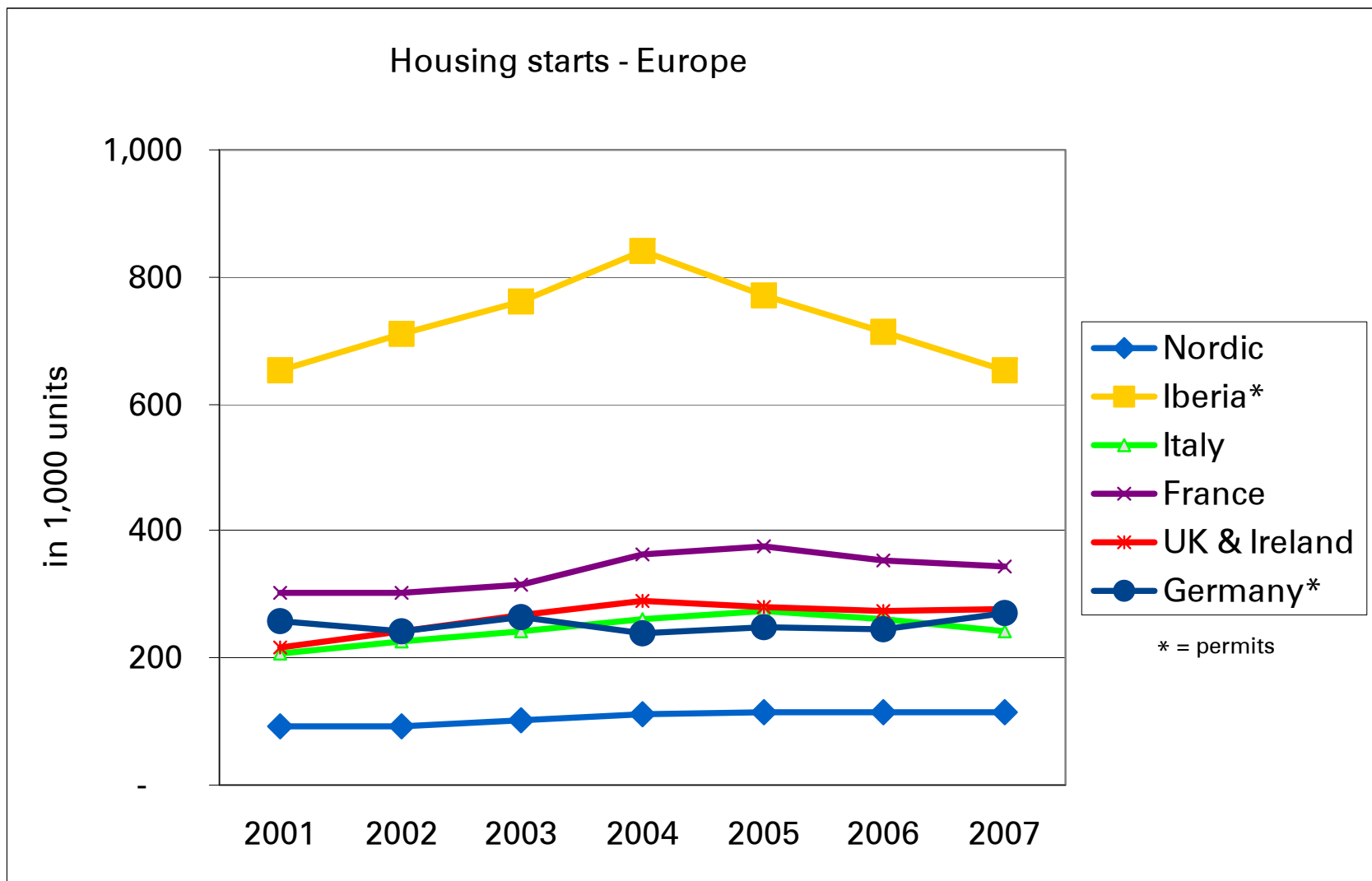
Market update: Current developments

- Developments in residential construction market demand:
 - German market down on "the lowest level since 1995"
 - Nordic economies sustain a healthy building demand
 - UK and Ireland building markets continue to develop favourably
 - Spain doing well but Portugal GDP slows down
 - Italy stable
 - USA continues strong supported by low long-term rates
 - Canada healthy with occasional softness

Resident. new building	Germany	Nordic	UK & Ireland	Iberia	Italy	USA	Canada
2005 vs. 2004							
Outlook 2006							

Residential construction trends: Europe — units

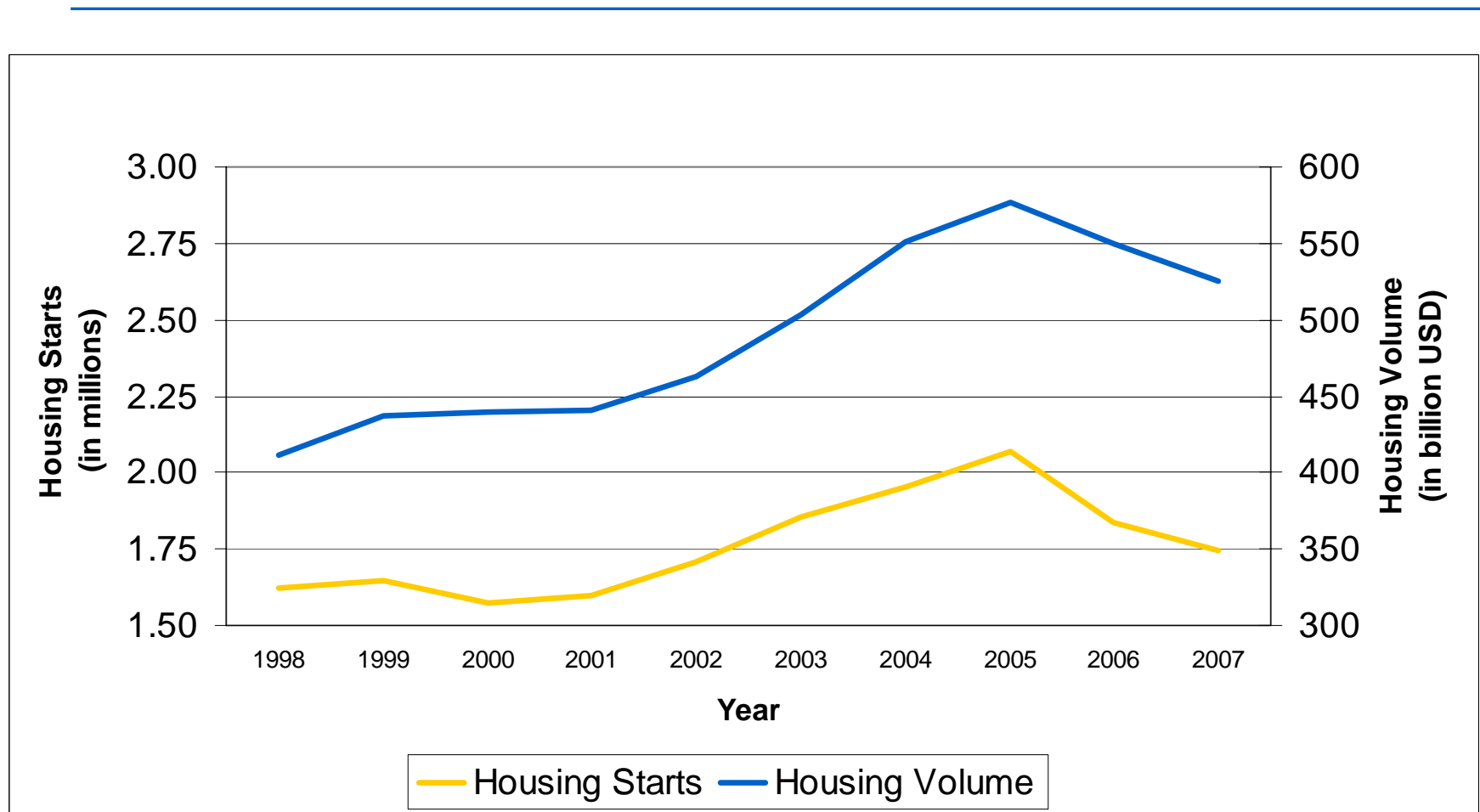
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Source: Euroconstruct June 2005

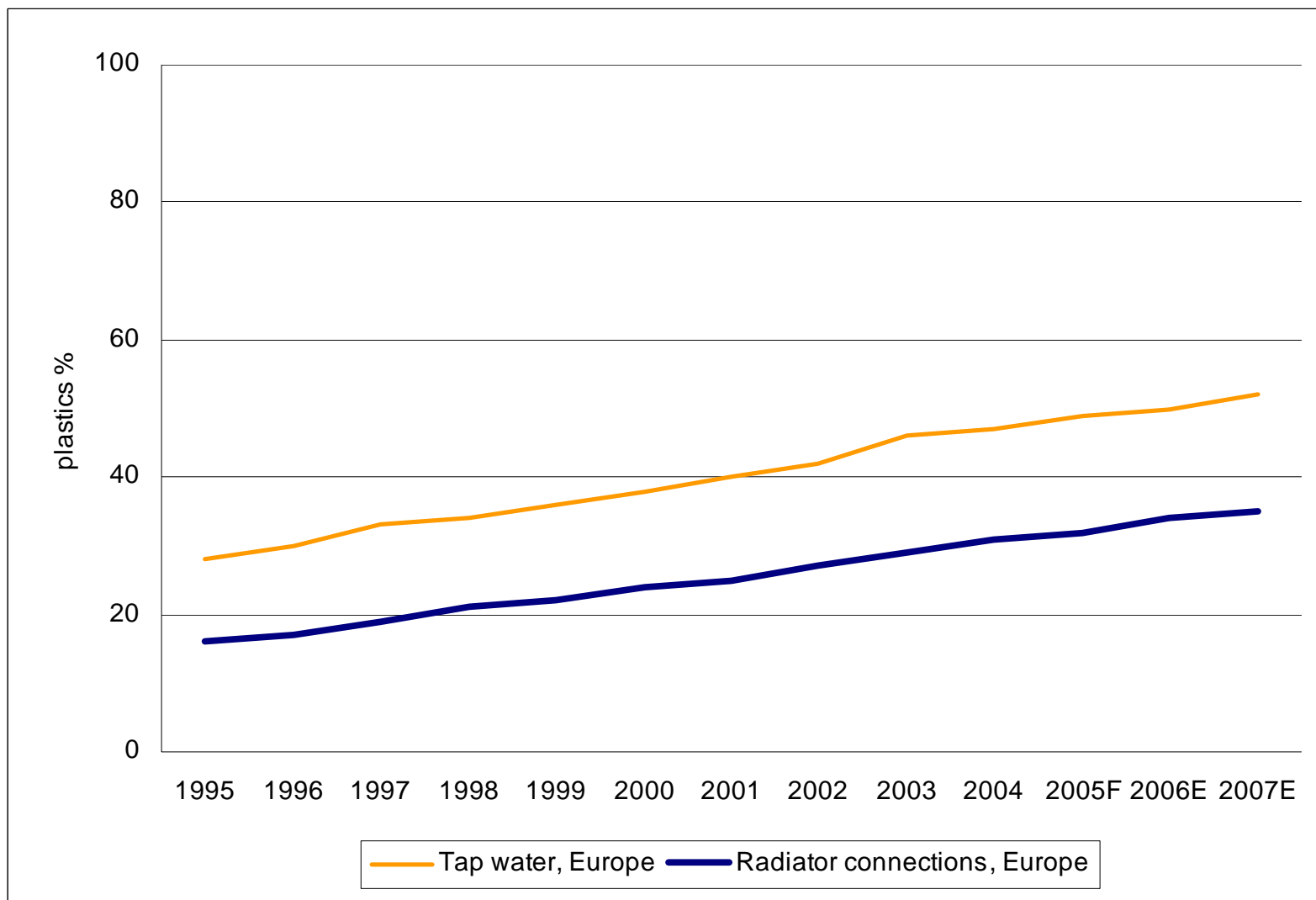
Residential construction trends: U.S. Residential construction

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Market update: Penetration continues stable

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H2/2005 market outlook

- Apart from Germany, near-term prospects look stable
 - No positive surprises expected in the German market in 2005
- Nordic, Europe – WES and North American markets expected to sustain current trends in 2005
- No other abrupt changes affecting business in sight

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Guidance unchanged

- No changes to the current guidance from 2 Feb (repeated 27 Apr)
- Business for 2005 as a whole is expected to develop according to guidance previously provided
 - Forecasting more challenging due to the German market situation
- Organic growth in continuing operations is expected to be in line with long-term targets, and operating profit and margin to improve from 2004 levels. Similarly, full year cash flow from business operations is expected to remain strong.

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Strategic focus areas in 2005

Uponor's strategic focus areas aim at improved profitability:

- Organic growth by increased efficiency in operations
 - Strong customer relations and development of product and service offering
 - Europe and North America
 - Core competencies in housing solutions are underfloor heating and tap water systems, in municipal infrastructure especially sewer systems
 - Product and service offering is focused around core competence
- More unified Group structure through integration
 - Transfer of know-how within the Group
 - Common supply chain (ERP programme, common processes)
- Strengthening of the Uponor brand continues with development of identity and supporting coherent communications

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