

A graphic of a water splash with ripples, set against a blue background.

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Interim Q3 / 2004 results briefing

Helsinki, 21 October 2004

Market and business review

Jan Lång, President and CEO

Financial statements

Jyri Luomakoski, CFO and Deputy CEO

Outlook

Jan Lång

Questions

Market and business review

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Interim Q3 / 2004: Markets

- Residential building markets mostly at a good/satisfactory level in all key geographic markets
 - German construction market stabilised on a low level
 - Temporary positive development in one/two-family housing and renovation demand (change in government aid)
 - Nordic, UK, Spain/Portugal continue satisfactory
 - U.S. market still on very high level
 - Housing starts in Canada rebound after weaker start
- Infrastructure and Environment systems market in Europe satisfactory
 - Nordic countries stable
 - Slight growth continued in the UK and Ireland
 - Decentralised wastewater treatment systems continued brisk growth

Interim Jan. –Sept. 2004: Positive development in net sales

Net sales, MEUR	2004	2003	Rep. change %	Comp. change %
January-Sept.	829.5	773.3	7.3	12.8
July-Sept.	292.7	277.0	5.7	8.8

- Net sales growth slows down as expected
- Growth driven by
 - continued good/satisfactory demand in all key geographic markets
 - active and successful marketing efforts pay back
 - substitution continues
- Strong growth especially in Germany (underfloor heating project sales and tap water systems) and North America (UFH and TW)
- In Germany, sales have grown since Q3/2003

Interim Jan. – Sept. 2004: Net sales by Region

Pipe Systems net sales by Region

	January-September		July-September	
	MEUR	Comp. change %	MEUR	Comp. change %
Central Europe	267.4	14.8	91.6	13.7
Nordic	220.8	6.4	79.9	2.0
Europe – WES	244.6	8.6	85.4	7.0
North America				
	- EUR	115.7	33.4	41.5
- USD	141.3	33.4	50.6	19.4
Others (Municipal Americas), EUR	34.3	28.9	12.2	17.7

- Central Europe picks up from more moderate Q2 growth
- North America continues strong but down from H1
- Nordic growth slows down against strong comparables

Interim Jan. – Sept. 2004: Profitability

- January-September operating profit 84.7 (63.1) MEUR
 - 10.2 (8.2) % of net sales
 - reported growth 34.1%, comparable growth 30.1%
- July-September operating profit 39.9 (33.9) MEUR
 - reported growth 17.8%, comparable growth 16.9%
- Profitability improved mainly due to
 - favourable market situation
 - increased efficiency in operations, economies of scale
 - Germany and North America
- Cash flow continues strong: 56.0 (44.4) MEUR

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Interim Q3 / 2004: positives and negatives

- + Growth in key product groups continued
- + Good sales performance and stronger profitability in Germany and the U.S.
 - + Velta project sales
- + Continued manufacturing enhancements progress as planned in North America
- + Operational cash flow strong
- + Exit from North American municipal business completed
- + Restructuring progresses bringing efficiency impacts

- Continued and strengthening increases in plastic resin prices impact European IE business
 - > Impact on Group gross profit in Q4/2004
- High metal costs
- Slowdown of organic growth in the Nordic countries
- No developments in Real Estate divestments

Restructuring update

- No new actions announced in Q3
- Germany:
 - completed investment in automated fittings production
 - production outsourcing for wall-mounted toilet installation systems
 - closure of the Buchholz warehouse
 - PEXa pipe production move from Germany to Sweden is approaching completion
- Sweden:
 - transfer of manufacturing from Vårgårda to Fristad, to be completed during January
- Norway:
 - integration of HS and IE activities
- To be completed for the most part by year-end
- Further measures to be announced during Q4

Interim Q3 / 2004: Results

Helsinki, 19 October 2004

Jyri Luomakoski, CFO and deputy CEO

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Financial performance, January – September 2004

NET SALES	1-9	1-9	Reported	Comparable
MEUR	2004	2003	change %	change %
Pipe Systems	813.2	757.1	7.4%	13.0%
Real Estate	15.8	15.9	-0.6%	0.0%
Others & Elim.	0.5	0.3	66.7%	66.7%
Uponor Group	829.5	773.3	7.3%	12.8%
OPERATING PROFIT	1-9	1-9	Reported	Comparable
MEUR	2004	2003	change %	change %
Pipe Systems	86.3	60.7	42.2%	37.6%
Real Estate	7.3	9.7	-24.7%	-24.7%
Others	-8.9	-7.3	21.9%	21.9%
Uponor Group	84.7	63.1	34.1%	30.1%

Note:

Comparable change incl. divestments 2003 and 2004 (Uponor ETI Company, MBO in Germany), exchange rate effect and restructuring in 2003 (Wirsbo Pex GmbH in Germany)

Uponor Others Operating Profit includes restructuring provisions in 2004 and gains from divestment of Hausabflusstechnik in 2003.

Financial performance, July - September 2004

NET SALES	7-9	7-9	Reported	Comparable
MEUR	2004	2003	change %	change %
Pipe Systems	287.3	272.1	5.6%	8.8%
Real Estate	5.1	5.0	2.0%	2.8%
Others & Elim.	0.3	0.0		
Uponor Group	292.7	277.1	5.7%	8.8%
OPERATING PROFIT	7-9	7-9	Reported	Comparable
MEUR	2004	2003	change %	change %
Pipe Systems	39.2	31.9	22.9%	21.8%
Real Estate	2.4	3.8	-36.8%	-37.5%
Others	-1.7	-1.9	-10.5%	-10.5%
Uponor Group	39.9	33.8	17.8%	16.9%

Note:

Comparable change incl. divestments 2003 and 2004 (Uponor ETI Company, MBO in Germany), exchange rate effect and restructuring in 2003 (Wirsbo Pex GmbH in Germany)

Uponor Others Operating Profit includes restructuring provisions in 2004.

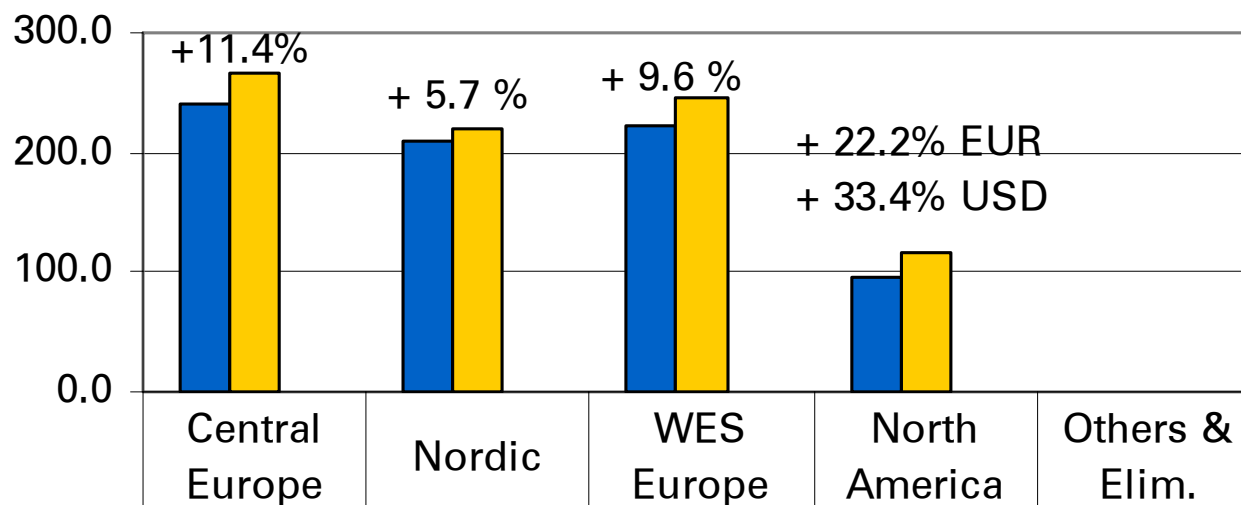
Interim January – September 2004 Income statement

MEUR	1-9		Change Y/Y	1-9		1-12	
	2004	%		2003	%	2003	%
Net sales	829,5		7,3%	773,3		1 021,0	
Other operating income	3,2	0,4	-52,9%	6,8	0,9	6,8	0,7
Gross Profit	267,8	32,3	11,3%	240,7	31,1	281,0	27,5
EBITDA	126,8	15,3	23,8%	110,9	14,3	117,8	11,5
EBITA	92,5	11,2	29,2%	71,6	9,3	44,9	4,4
Operating profit (EBIT)	84,7	10,2	34,2%	63,1	8,2	30,7	3,0
Financial expenses, net	5,0	0,6	8,7%	4,6	0,6	9,9	1,0
Profit after financial items	79,7	9,6	36,2%	58,5	7,6	20,8	2,0
Profit for the period	52,6	6,3	35,9%	38,7	5,0	1,6	0,2
EPS	1,42			1,04		0,04	
EPS excl. GW amortisation	1,63			1,27		0,43	

Interim July – September 2004 Income statement

MEUR	7-9		Change Y/Y	7-9		1-12	
	2004	%		2003	%	2003	%
Net sales	292,7		5,6%	277,1		1 021,0	
Other operating income	1,5	0,5	-11,8%	1,7	0,6	6,8	0,7
Gross Profit	96,3	32,9	3,9%	92,7	33,5	281,0	27,5
EBITDA	53,5	18,3	7,6%	49,7	17,9	117,8	11,5
EBITA	42,5	14,5	16,1%	36,6	13,2	44,9	4,4
Operating profit (EBIT)	39,9	13,6	18,0%	33,8	12,2	30,7	3,0
Financial expenses, net	2,1	0,7	10,5%	1,9	0,7	9,9	1,0
Profit after financial items	37,8	12,9	18,5%	31,9	11,5	20,8	2,0
Profit for the period	24,1	8,2	13,7%	21,2	7,7	1,6	0,2
EPS	0,65			0,57		0,04	
EPS excl. GW amortisation	0,72			0,64		0,43	

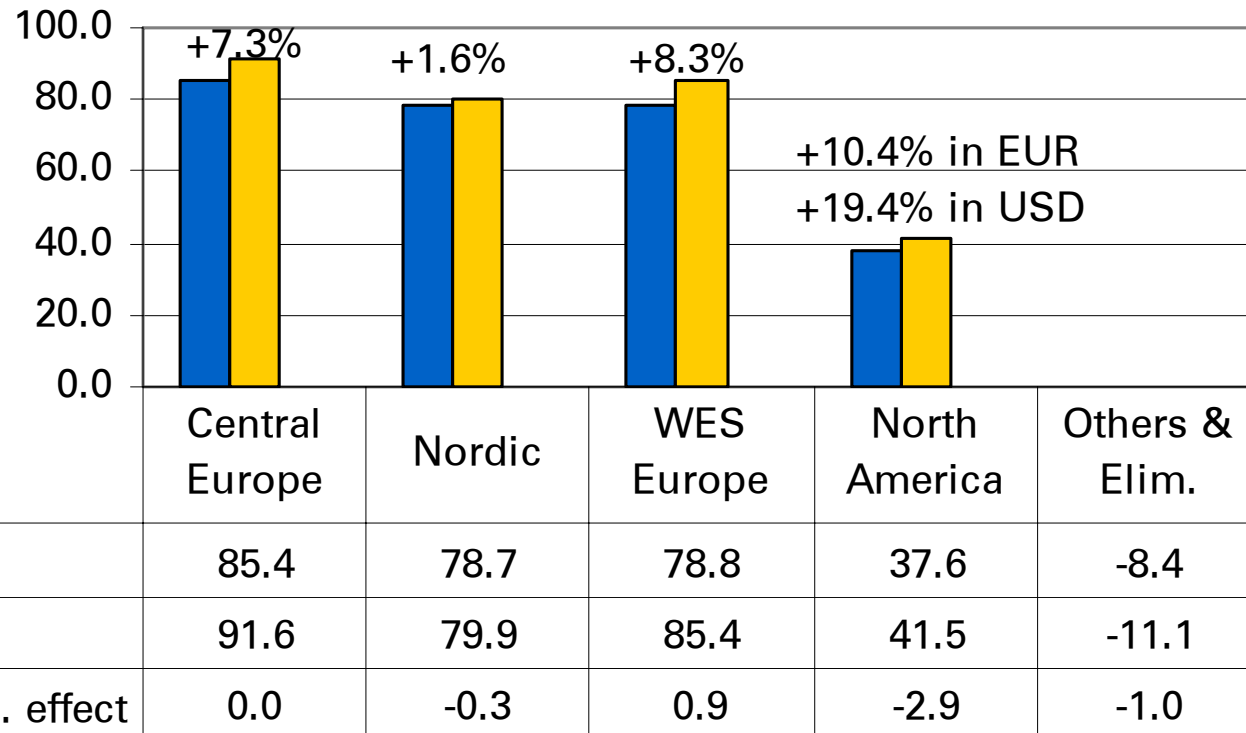
Interim January – September 2004 Pipe Systems net sales by Region



■ 2003	240.1	209.0	223.3	94.7	-10.0
■ 2004	267.4	220.8	244.6	115.7	-35.3
Transl. effect	-0.5	-1.4	2.0	-9.4	-3.2

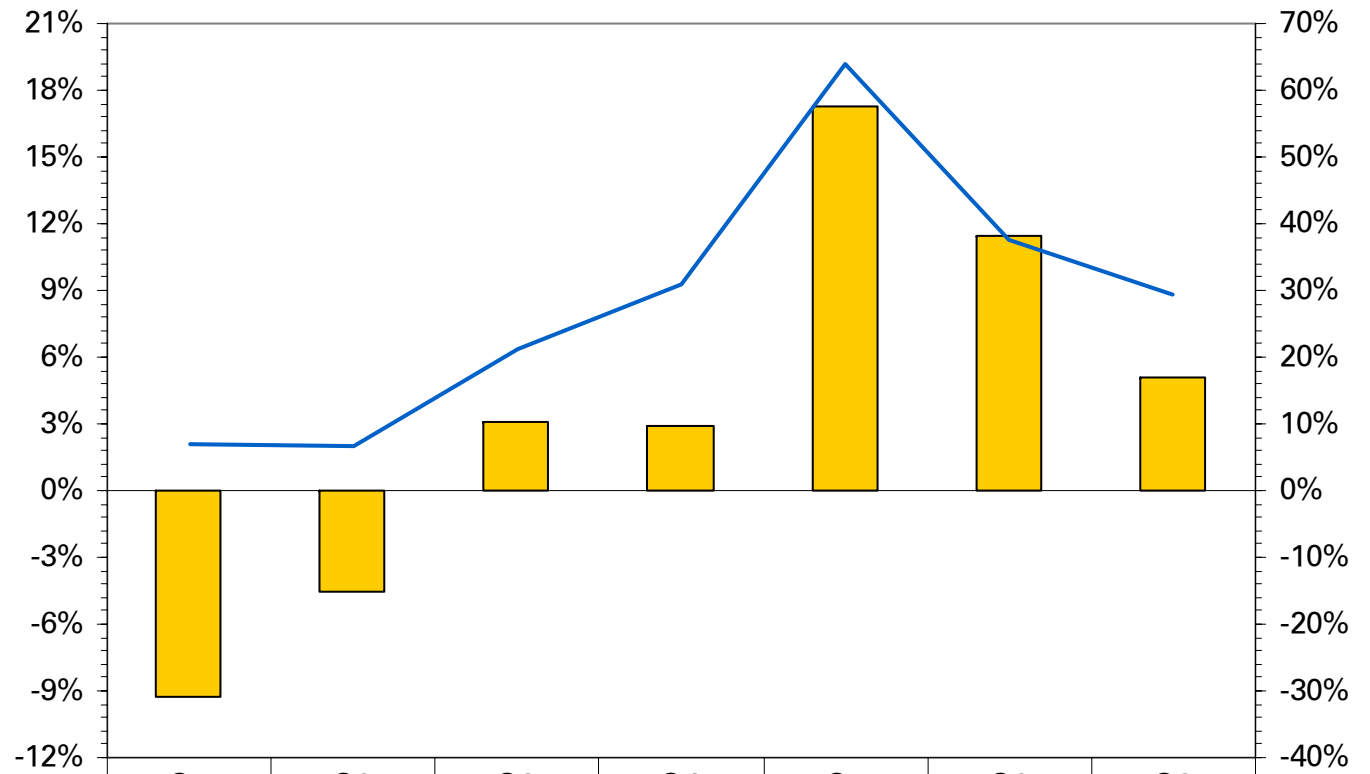
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Interim July - September 2004 Pipe Systems net sales by Region



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Group comparable net sales and operating profit change per quarter



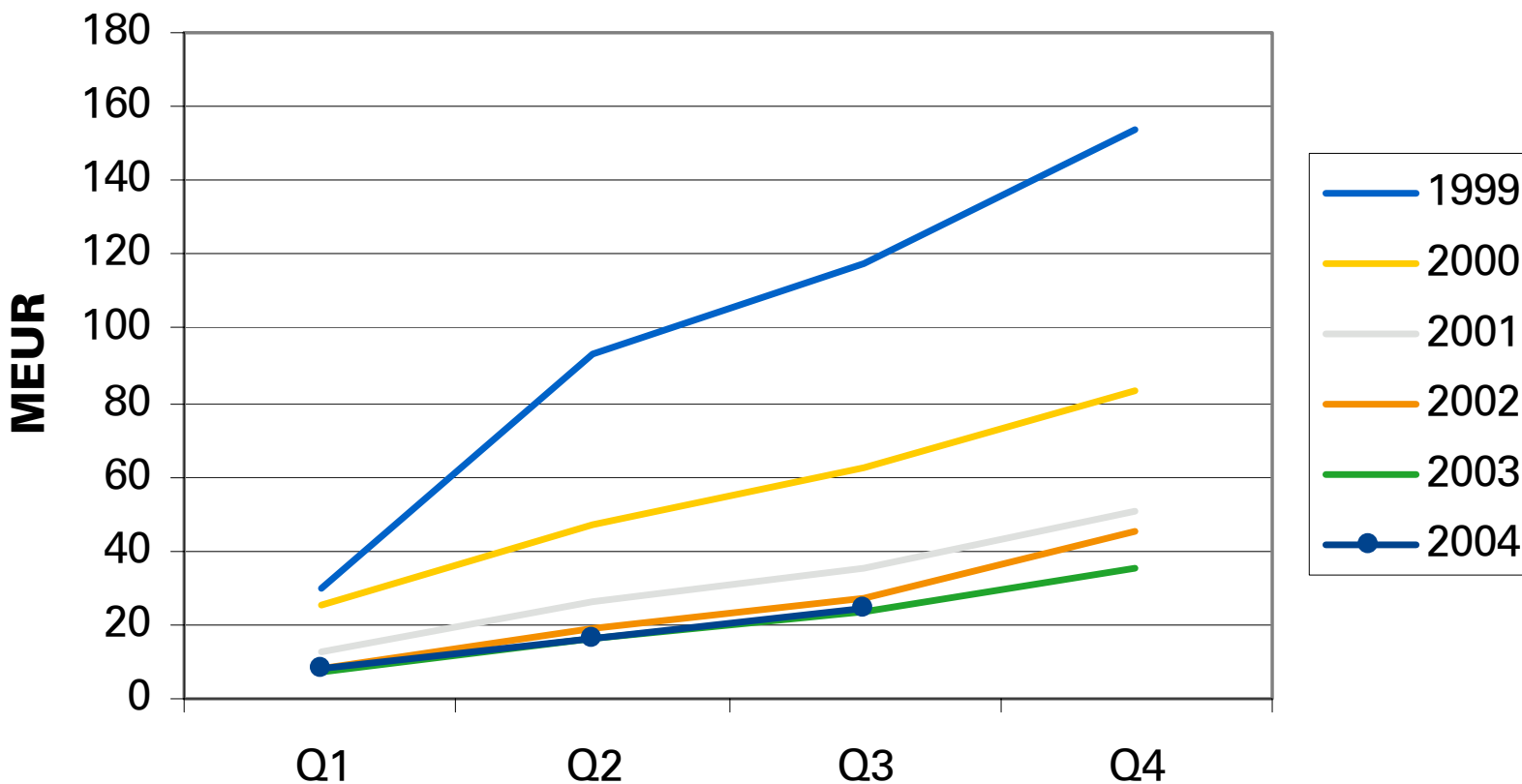
Operating Profit (rhs)	-30.9%	-15.1%	10.3%	9.6%	57.5%	38.2%	16.9%
Net Sales (lhs)	2.1%	2.0%	6.4%	9.3%	19.2%	11.3%	8.8%

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Balance sheet

- Fixed Assets down by 27.7 MEUR from year end due to restructuring and a reasonable investment level
- Inventories and trade receivables on Sept. 2003 level despite higher business volume
- Non-interest bearing liabilities have increased due to higher Accounts Payables from increased sales volumes.
- Conversion difference has positively impacted the equity by 4.5 MEUR
- Net interest bearing liabilities decreased by 44.7 MEUR from Q2

Interim January – September 2004 Investment activity



January - September 2004

Gross investments	24,4 MEUR
Disposals at book	13,1 MEUR
Depreciation	34,3 MEUR
Amortisation	7,8 MEUR

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Cash flow January - September 2004

	1-9 2004	1-9 2003	1-12 2003
Cash flow from operations	+56.0	+44.4	+148.0
Cash flow from investments	-8.1	+6.3	-1.2
Cash flow from financing	-54.2	-44.2	-136.2

- Aldyl transaction impacts Net working capital change by 2 MEUR and proceeds from sales of fixed assets by 6.2 MEUR
- Net working capital change low in quarter
- Absolute level of Net working capital clearly below Q3/2003 level

Interim January – September 2004 Financial indicators

	1-9 2004	1-9 2003	1-12 2003
Earnings per share, EUR	1.42	1.04	0.04
Earning per share, diluted	1.42	1.04	0.04
EPS, diluted excl. GW amort.	1.63	1.27	0.43
Return on equity, %	15.1	9.8	0.3
Return on investment, %	20.2	13.0	4.9
Solvency ratio, %	55.2	57.1	59.8
Gearing, %	23	28	18
Equity per share, EUR	12.27	13.78	12.69
Equity per share, diluted	12.27	13.76	12.68

A vertical blue bar on the left side of the slide. At the top, there is a graphic of a water droplet hitting a surface, creating concentric ripples. Below the graphic, the text 'Bringing comfort to life' is written in a white, serif font. At the bottom of the bar, the Uponor logo is displayed in white.

Outlook

Helsinki, 21 October 2004

Jan Lång, President and CEO

Market and business outlook

- Market outlook for the near future
 - no major changes in sight but slight decline in demand anticipated
 - Germany's current level to continue considering seasonal fluctuations
 - no impact (from interest rates) on the North American markets visible
- For the most part of 2004, Uponor's businesses have developed well
 - Net sales in Q4 expected to be lower than in Q4/2003 due to
 - strong Q4/2003 as a basis for comparison
 - slower market growth
- Plastic resin price impact on IE business margins

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Guidance unchanged

- The Group's cash flow for the whole year is expected to remain strong and operating profit and profit margin are expected to improve from the 2003 level, excluding restructuring expenses.

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Board's proposal on extra dividend and bonus issue

- Proposal by the Board of Directors:
 - extra dividend of EUR 0.88 per share for the year 2003
 - a bonus issue (1/1)
 - doubles the share capital to EUR 149,640,888
 - Extraordinary General Meeting on 16 November 2004
- As a result of favourable business developments and divestment of non-core assets and businesses, the company shows a very strong balance sheet
- The proposed extra dividend equals the amount of disposable tax surplus
- Amendment of the Articles of Association: the minimum share capital EUR 75 million and the maximum share capital EUR 300 million

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