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Interim Jan—Sept 2005 results briefing

Helsinki, 27 October 2005

Market and business review

Jan Lång, President and CEO

Financial results

Jyri Luomakoski, CFO and Deputy CEO

Outlook

Jan Lång

Questions



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Interim Jan—Sept 2005

Market and business review

Interim Jan - Sept 2005

Market demand

- No major changes in market demand compared to Q2
 - North America continued strong despite long-expected softening
 - Possible issues are mortgage rates, energy costs, consumer confidence
 - Nordic sustained its positive trend
 - Europe – WES continued in aggregate on a good level
 - Italian market demand softened
 - Germany continued on a very low level
 - no real signs of change
 - building permit decline continues but recent months approaching prior year level

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Business environment

- Some structural changes in the industry
 - Ownership changes in Europe and the US, mainly in the Infrastructure sector
 - Similar moves expected in the wholesale sector
- Raw material prices
 - Plastic resins stable in Q3
 - Metals continue on a high level



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Interim Jan - Sept 2005: **Key issues**

- Quality of business improved leading to a satisfactory development of profitability
 - Especially Europe – WES pleasing
 - Gross margin improved
- Market demand remained at a satisfactory level
 - Germany still weak, however our performance continued solid considering the environment
- Efforts to invest resources in creating a uniform platform continued
 - Brand strategy well received internally and externally
 - European ERP programme progressed according to plan towards the roll-out phase
- Uponor was awarded a 3 – 5 years supply contract by United Utilities broadening our reach to the multi-utility market in the UK

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Interim Jan - Sept 2005

Net sales growth continued in Q3

Net sales, MEUR	2005	2004	Rep. change % Y/Y	Comp. change % Y/Y
January-Sept.	769.9	786.1	-0.1	5.2
July-Sept.	276.2	276.5	-2.1	7.2

- **Comparable change by Region**

	Q3	Q2	Q1
Central Europe	1.1%	- 2.0%	- 4.0%
Nordic	6.5%	8.6%	7.2%
Europe – WES	16.3%	15.9%	0.0%
North America	13.6%	14.5%	2.9%

- Comparable net sales growth has continued after the weak Q1
 - Good sales for housing solutions in Europe – WES
 - N.A. and Nordic continued to develop favourably
 - Decline in Germany continued but the rest of CE compensated
 - Plumbing continues as the stronger source of growth

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Interim Jan - Sept 2005: **Profitability supported by higher sales and improved margins**

Operating profit, MEUR	2005	2004	Reported chg Y/Y	Comparable chg Y/Y
Continuing operations				
Q3	40.7	34.7	17.3%	12.4%
Q2	36.3	30.7	18.2%	21.0%
Q1	13.7	15.8	-13.3%	-18.5%

- **Comparable change by Region**

	Q3	Q2	Q1
Central Europe	4.4%	- 1.0%	- 20.4%
Nordic	6.8%	19.7%	38.1%
Europe – WES	17.9%	41.4%	- 40.0%
North America	13.8%	15.2%	- 35.4%

- Profitability enhanced by:
 - Business portfolio quality improvement from non-core restructuring
 - More focussed supply structure yielding improved gross margins with stable material prices
 - Increased spending into development programmes partly offsetting the gain in gross margin

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Interim Jan - Sept 2005: **Results**

Helsinki, 27 October 2005

Jyri Luomakoski, CFO and deputy CEO

Interim January – September 2005: Net sales by Region

MEUR	1-9 2005	1-9 2004	1-12 2004	Reported change	Comparable change
Central Europe	233.5	259.9	334.0	-10.2 %	-1.8 %
Nordic	238.2	220.8	290.6	7.9 %	7.5 %
Europe - West, East, South	245.3	251.6	330.0	-2.5 %	10.7 %
North America	124.9	115.7	155.1	8.0 %	10.8 %
Others (incl. RE)	10.0	54.9	60.2		
Eliminations	-82.0	-73.9	-97.5		
Total	769.9	829.0	1072.4	-7.1 %	5.2 %
Continuing operations	769.9	786.1	1026.9	-2.1 %	5.2 %
Discontinued operations	0.0	42.9	45.5		

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Interim July – September 2005: Net sales by Region

MEUR	7-9 2005	7-9 2004	Reported change	Comparable change
Central Europe	81.5	87.8	-7.2 %	1.1 %
Nordic	85.2	79.9	6.6 %	6.5 %
Europe - West, East, South	87.8	87.7	0.1 %	16.3 %
North America	47.3	41.5	14.0 %	13.6 %
Others (incl. RE)	2.7	19.5		
Eliminations	-28.3	-25.1		
Total	276.2	291.3	-5.2 %	7.2 %
Continuing operations	276.2	276.5	-0.1 %	7.2 %
Discontinued operations	0.0	14.8		

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Interim January – September 2005: Income statement, continuing operations

MEUR	1-9		Change Y/Y	1-9		1-12	
	2005	%		2004	%	2004	%
Net sales	769.9		-2.1%	786.1		1,026.9	
Costs of goods sold	499.0	64.8	-4.3%	522.9	66.5	686.8	66.9
Gross profit	270.9	35.2	2.9%	263.2	33.5	340.1	33.1
Other operating income	-1.8	-0.2	-263.6%	1.1	0.1	-1.7	-0.2
Expenses excl. depreciations	156.7	20.4	2.7%	152.6	19.4	205.8	20.0
EBITDA	116.0	15.1	5.9%	109.5	13.9	136.0	13.2
Operating profit (EBIT)	90.7	11.8	11.7%	81.2	10.3	95.2	9.3
Financial expenses, net	1.2	0.2	-79.3%	5.8	0.7	5.9	0.6
Profit after financial items	89.5	11.6	19.8%	75.4	9.6	89.3	8.7
Net profit from continuing operations	60.9	7.9	18.9%	51.2	6.5	63.8	6.2
Net profit from discontinued operations	0.0	0.0		7.0	0.9	24.6	2.4
Profit for the period	60.9	7.9	4.6%	58.2	7.4	88.4	8.6
EPS continuing operations	0.82		0.13	0.69		0.86	
EPS discontinuing operations	0.0		-0.09	0.09		0.33	
Total fully diluted earning per share	0.82		0.04	0.78		1.19	

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Interim July – September 2005: Income statement, continuing operations

MEUR	7-9		Change Y/Y	7-9	
	2005	%		2004	%
Net sales	276.2		-0.1%	276.5	
Costs of goods sold	174.3	63.1	-5.4%	184.9	66.9
Gross profit	101.9	36.9	11.2%	91.6	33.1
Other operating income	-0.3	-0.1	-115.0%	2.0	0.7
Expenses excl. depreciations	53.2	19.3	16.7%	45.6	16.5
EBITDA	49.0	17.7	11.4%	44.0	15.9
Operating profit (EBIT)	40.7	14.7	17.3%	34.7	12.5
Financial expenses, net	0.5	0.2	-81.5%	2.7	1.0
Profit after financial items	40.2	14.6	26.7%	32.0	11.6
Net profit from continuing operations	26.9	9.7	31.2%	20.5	7.4
Net profit from discontinued operations	0.0	0.0		3.6	1.3
Profit for the period	26.9	9.7	11.6%	24.1	8.7
EPS continuing operations	0.36		0.09	0.27	
EPS discontinuing operations	0.00		-0.05	0.05	
Total fully diluted earning per share	0.36		0.04	0.32	

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Interim January – September 2005: Income statement, total operations

MEUR	1-9		Change Y/Y	1-9		1-12	
	2005	%		2004	%	2004	%
Net sales	769.9		-7.1%	829.0		1,072.4	
Costs of goods sold	499.0	64.8	-10.1%	557.0	67.2	723.8	67.5
Gross profit	270.9	35.2	-0.4%	272.0	32.8	348.6	32.5
Other operating income	-1.8	-0.2	25.0%	-2.4	-0.3	-31.2	-2.9
Expenses excl. depreciations	156.7	20.4	3.7%	151.1	18.2	204.2	19.0
EBITDA	116.0	15.1	-5.9%	123.3	14.9	175.6	16.4
Operating profit (EBIT)	90.7	11.8	-0.8%	91.4	11.0	130.6	12.2
Financial expenses, net	1.2	0.2	-79.7%	5.9	0.7	7.0	0.7
Profit after financial items	89.5	11.6	5.8%	85.5	10.3	123.6	11.5
Profit for the period	60.9	7.9	4.6%	58.2	7.0	88.4	8.2
Fully diluted earning per share	0.82		0.04	0.78		1.19	

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Interim January – September 2005: Operating profit by Region

MEUR	1-9 2005		1-9 2004		1-12 2004		Reported change	Comparable change
Central Europe	30.0	12.8 %	30.7	11.8 %	39.6	11.9 %	-2.3 %	-5.4 %
Nordic	32.2	13.5 %	28.0	12.7 %	32.0	11.0 %	15.0 %	15.0 %
Europe - West, East, South	19.8	8.1 %	15.3	6.1 %	16.4	5.0 %	29.4 %	12.5 %
North America	16.4	13.1 %	16.4	14.2 %	22.2	14.3 %	0.0 %	2.5 %
Others (incl. RE)	-6.1		4.1		28.5			
Eliminations	-1.6		-3.1		-8.1			
Total	90.7	11.8 %	91.4	11.0 %	130.6	12.2 %	-0.8 %	9.3 %
Continuing operations	90.7	11.8 %	81.2	10.3 %	95.2	9.3 %	11.7 %	9.3 %
Discontinued operations	0.0		10.2	23.8 %	35.4			

Note: Comparable change includes exchange rate effect and the following divestments / close downs:

- 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 (28.7M€).

Interim July – September 2005: Operating profit by Region

MEUR	7-9 2005		7-9 2004		Reported change	Comparable change
Central Europe	11.9	14.6 %	10.4	11.8 %	14.4 %	4.4 %
Nordic	14.1	16.5 %	13.3	16.6 %	6.0 %	6.8 %
Europe - West, East, South	9.2	10.5 %	6.8	7.8 %	35.3 %	17.9 %
North America	8.0	16.9 %	7.1	17.1 %	12.7 %	13.8 %
Others (incl. RE)	-2.4		2.8			
Eliminations	-0.1		-0.3			
Total	40.7	14.7 %	40.1	13.8 %	1.5 %	12.4 %
Continuing operations	40.7	14.7 %	34.7	12.5 %	17.3 %	12.4 %
Discontinued operations	0.0		5.4			

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Operating profit with December 2004 adjusted with restructuring costs

MEUR	1-9 2005	1-9 2004	1-12 2004	adjusted 1-12 2004
Central Europe	30.0 <i>12.8 %</i>	30.7 <i>11.8 %</i>	39.6 <i>11.9 %</i>	42.3 <i>12.7 %</i>
Nordic	32.2 <i>13.5 %</i>	28.0 <i>12.7 %</i>	32.0 <i>11.0 %</i>	33.2 <i>11.4 %</i>
Europe - West, East, South	18.8 <i>7.7 %</i>	15.3 <i>6.1 %</i>	16.4 <i>5.0 %</i>	19.9 <i>6.0 %</i>
North America	16.4 <i>13.1 %</i>	16.4 <i>14.2 %</i>	22.2 <i>14.3 %</i>	23.4 <i>15.1 %</i>
Others (incl. RE)	-6.1	4.1	28.5	28.5
Eliminations	-1.6	-3.1	-8.1	-3.3
Total	89.7 <i>11.7 %</i>	91.4 <i>11.0 %</i>	130.6 <i>12.2 %</i>	144.0 <i>13.4 %</i>
Continuing operations	89.7 <i>11.7 %</i>	81.2 <i>10.3 %</i>	95.2 <i>9.3 %</i>	108.6 <i>10.6 %</i>
Discontinued operations	0.0	10.2 <i>23.8 %</i>	35.4	35.4

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Interim January – September 2005: **Balance sheet**

- Further decrease in investment property after the divestment of Asko Norge AS 1.1.2005. (All of the Finnish real estate business was divested in November 2004.)
- Inventories down by 28 M€ from September 2004 and 14 M€ down from year-end 2004, partly due to businesses divested in the beginning of 2005.
- Total net working capital down by 36 M€ from September 2004.
- Positive conversion difference impact of 10 M€ on the equity from year-end 2004.
- Net interest-bearing liabilities down by 12 M€ from December 2004.



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Interim January – September 2005: Balance sheet

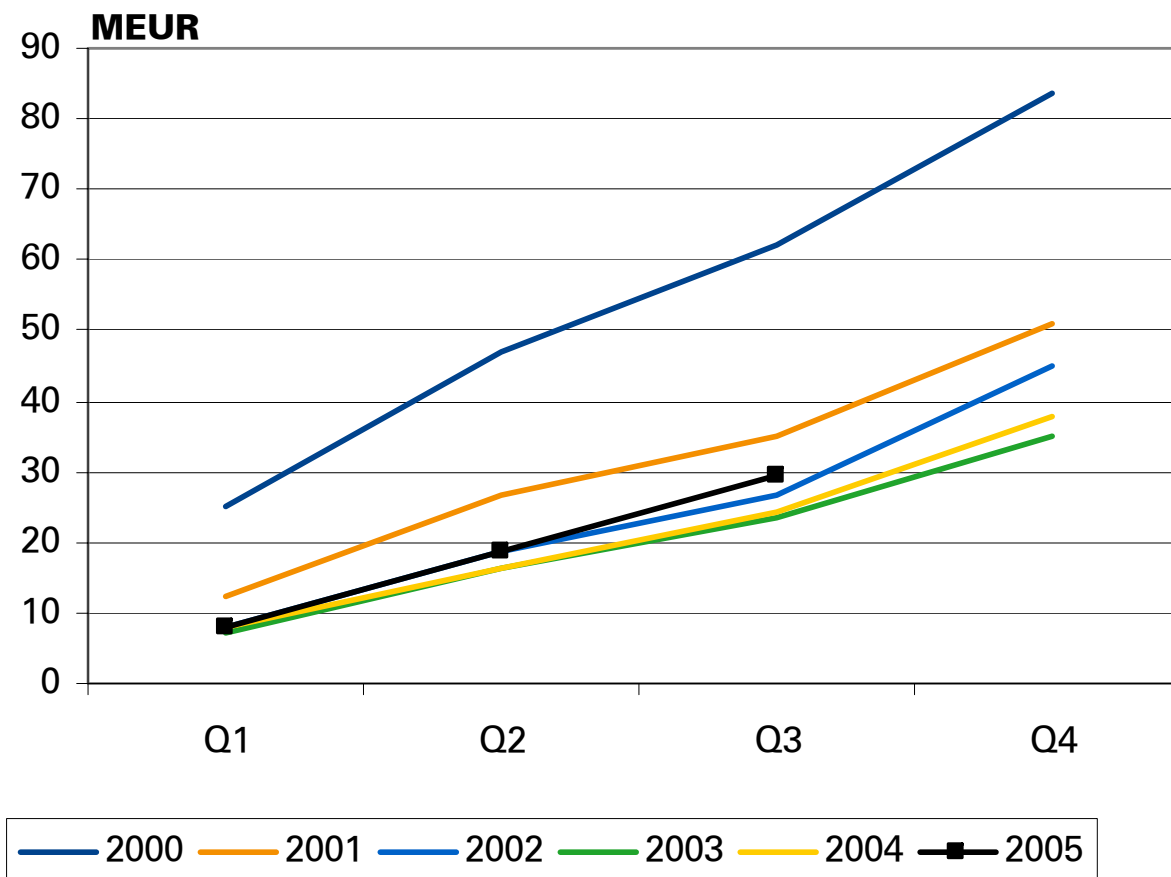
MEUR	30 Sep. 2005	Change %	30 Sep. 2004	31 Dec. 2004
Intangible assets	79.8	7.3 %	74.4	74.9
Tangible assets	208.4	3.8 %	200.7	208.0
Investment property	10.6	-89.6 %	101.8	26.7
Securities and long-term investments	22.2	62.0 %	13.7	21.0
Inventories	122.2	-19.1 %	151.1	136.5
Cash in hand and banks	23.8	124.5 %	10.6	29.5
Other current assets	237.9	-8.9 %	261.2	193.2
Shareholders' equity	407.8	-0.8 %	411.1	397.0
Minority interest	0.0	-100.0 %	0.9	0.0
Provisions	19.4	-4.0 %	20.2	20.4
Long-term interest bearing liabilities	22.5	-65.8 %	65.7	22.4
Short-term interest bearing liabilities	22.6	-66.7 %	67.8	40.7
Non-interest bearing liabilities	232.6	-6.1 %	247.8	209.3
Balance sheet total	704.9	-13.3 %	813.5	689.8

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Interim January – September 2005: Investment activity



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January - September 2005

Gross investments	29.6
Disposals at book	23.7
Depreciation	25.3

Interim January – September 2005: Abridged cash flow

	1-9 2005	1-9 2004	1-12 2004
Cash flow from operations			
Net profit for the period	+60.9	+58.2	+88.4
Sales gains	-1.8	-2.4	-31.2
Depreciation	+25.3	+31.9	+45.0
Change in net working capital	-13.5	-30.6	+7.8
Cash flow adjustment items			+4.1
	+70.9	+57.1	+114.1
Cash flow from investments			
Share acquisitions			
Share divestments	+14.6		+86.3
Investment in fixed assets	-29.6	-24.6	-37.8
Income from sales of fixed assets	+9.1	+16.3	+27.9
	-5.9	-8.3	+76.4
Cash flow before financing	+65.0	+48.8	+190.5
Cash flow from financing			
Dividends	-52.0	-74.1	-106.9
Net change of loans	-10.0	+16.2	-69.5
Subscription of shares		+4.6	+4.6
Purchase of own shares	-8.1		-4.9
Finance lease payments	-1.7	-0.9	-1.3
Other financial items	+1.1	-0.9	+0.1
	-70.7	-55.1	-177.9
Change in cash	-5.7	-6.3	+12.6

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Interim July – September 2005: Abridged cash flow

	7-9 2005	7-9 2004
Cash flow from operations		
Net profit for the period	+26.9	+24.1
Sales gains	-0.3	-1.0
Depreciation	+8.3	+10.4
Change in net working capital	+28.7	+9.9
Cash flow adjustment items		
	+63.6	+43.4
Cash flow from investments		
Share acquisitions		
Share divestments		
Investment in fixed assets	-10.7	-8.4
Income from sales of fixed assets	+1.4	+8.4
	-9.3	+0.0
Cash flow before financing	+54.3	+43.4
Cash flow from financing		
Dividends		
Net change of loans	-37.4	-42.5
Subscription of shares		+2.8
Purchase of own shares	-3.7	
Finance lease payments	-0.6	+0.2
Other financial items	+0.3	-0.8
	-41.4	-40.3
Change in cash	+12.9	+3.1

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Interim January – September 2005: Financial indicators

	1-9 2005	1-9 2004	1-12 2004
Earnings per share (diluted), EUR	0.82	0.78	1.19
Return on equity, %	20.2	18.7	21.7
Return on investment, %	27.6	23.1	27.0
Solvency ratio, %	58.0	51.1	57.7
Gearing, %	5.2	29.8	8.5
Equity per share (diluted), EUR	5.53	5.50	5.34
Net interest-bearing debt	21.3	122.9	33.6

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Interim Jan—Sept 2005 **Outlook**

Q4/2005 market environment

- Near-term prospects look stable
 - No positive surprises expected in Germany in the near-term
 - North America continues strong
 - Softening possible during 2006
 - No sudden risks visible in Nordic and Europe – WES in the near-term

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

- Rising energy and commodity prices may affect our business
 - Plastic resin price increases will impact Uponor in Q4, mainly concerns the Infrastructure business (in Nordic and Europe – WES)
 - Metals (used in all Regions, mainly in fittings and other components)

Guidance from 2 Feb. remains unchanged

- No changes to the current guidance (2 Feb, repeated after Q1 and Q2)
- Business for 2005 as a whole is expected to develop according to guidance previously provided
- 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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