Uponor Corporation   Stock exchange release   2 Feb. 2005   11:15

Restructuring paves the way for Uponor's improved profit performance

* Net sales came to EUR 1,072.8m (1,021.0m), up 5.1% in spite of divestments - comparable growth of 11.0%
* Operating profit EUR 97.9m (30.7m) - comparable growth of 22.2%
* Profit after financial items EUR 92.3m (20.8m)
* Cash flow before financing EUR 189.8m (146.8m) and gearing 5% (18%)
* The Board proposes a EUR 0.70 dividend payment as well as buying back own shares at a value of ca EUR 20m in 2005
* Group profitability is expected to improve in 2005, supported by further organic growth

(Comparable figures have been adjusted to take account of the impact of restructuring, exchange rate fluctuations and divestments.)

CEO, Jan Lång, commented on the 2004 financial statements as follows:

- Our focus on our strategic priorities bore fruit in 2004. The commitment and efforts of our personnel helped produce clear profitability gains, both in relative and absolute terms.
- We take most pleasure from our robust organic growth, based in particular on our performance in North America, as well as that in Central Europe.
- Our extensive restructuring programme, largely completed as planned by the year-end, formed one of our key themes in 2004. Thanks to this far-reaching, ambitious programme, we clarified our core competencies and achieved greater production efficiency, giving us an excellent platform on which to build.

Dividend proposal

The Board proposes to the AGM that a dividend of EUR 0.55 + EUR 0.15, or EUR 0.70 per share, be paid for the 2004 financial year.

The Chairman of the Board, Pekka Paasikivi, commented on the Board's proposal as follows:

- Our withdrawal from the domestic Real Estate business, carried out last year, clarified Uponor's focus and increased its transparency, while strengthening the Group's financial basis. The Board thus proposes to the AGM that a dividend of EUR 0.70 be approved, to consist of two elements: EUR 0.55 based on normal business and profitability improvements, and EUR 0.15 based on the return to the shareholders of funds released from the divestment of non-core business operations.
- In addition, the Board plans to request authorisation from the AGM to reacquire own shares and plans a share buyback programme of ca EUR 20m in 2005, thus returning the capital to the shareholders.

The Board will decide on any other proposals to the AGM later.

The presentation material on the financial statements 2004 is available on the company's website at http://www.uponor.com/investors/investors_10.html.

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Uponor Corporation

Tarmo Anttila
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ANNEX:
Review by the Board of Directors
Tables

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Review by the Board of Directors:

Markets

Construction-sector markets continued their satisfactory and steady trends during 2004. Although demand varied by region, Europe and North America – Uponor's main market areas – showed favourable market development as a whole.

Germany's residential construction market remained relatively stable despite the continued decline in the total construction market; the reduction in housing starts was partly offset by an increase in renovation and modernisation projects. When it came to residential construction activity, Uponor experienced two, relatively buoyant periods between fairly quiet periods early and late in the year: demand in the spring and summer was boosted by the launch of a large number of construction projects based on building permits granted during 2002–03.

In other important European markets, such as the Nordic countries, the U.K. and Iberian Peninsula, residential construction volumes largely remained at the previous year’s satisfactory level. Clear improvements in the Swedish and Spanish markets for housing solutions constituted a major exception to this overall trend.

In North America, residential construction saw its second successive record year in 2004: the number of housing starts remained at an unusually high level, with no signs of the expected slowdown despite higher interest rates.

Similarly, the municipal infrastructure market remained stable in the Nordic countries and the U.K., i.e. areas where Uponor is involved in the municipal and environmental infrastructure business on a large scale.

Net sales

In 2004, Uponor posted consolidated net sales of EUR 1,072.8 million (2003: EUR 1,021.0 million), which was 5.1 per cent higher than the previous year . The growth was mainly achieved through satisfactory market situation and good demand for Uponor’s products. In comparable terms, net sales grew organically by 11.0 per cent, taking account of business divestments, restructuring costs and exchange-rate changes.

North America and Central Europe were the Regions experiencing the strongest growth, however, also the other Regions increase their net sales and achieved the long-term targets.

Distribution of net sales from 1 Jan to 31 Dec 2004:

	2004 Jan-Dec	2003 Jan-Dec	Reported change, %	Comparable change, %
Central Europe	334.4	310.4	7.7	12.6
Nordic	290.6	274.4	5.9	6.4
Europe – West, East, South	330.0	300.0	10.0	9.3
North America, EUR	155.1	132.7	16.9	27.7
(North America, USD	193.0	151.2	27.7	27.7)
Others, EUR	60.7	83.9		
Eliminations	-98.0	-80.4		
Total	1,072.8	1,021.0	5.1	11.0

The largest geographical markets and their share of consolidated net sales in 2004 were as follows: North America 17.3 (18.5) per cent, other EU 20.6 (19.7) per cent, Germany 15.8 (16.4) per cent, Scandinavia 14.7 (14.7) per cent, UK and Ireland 11.6 (11.1) per cent, Finland 10.4 (10.6) per cent and other countries 9.6 (9.0) per cent.

The sales for the last quarter of 2004 were, as expected, below the development of the beginning of the year. The net sales totalled EUR 243.3 (247.7) million, i.e. 1.8 per cent lower as previous year. In comparable terms the net sales increased with 5.0 per cent.

Distribution of net sales from 1 Oct to 31 Dec 2004:

	2004 Oct-Dec	2003 Oct-Dec	Reported change, %	Comparable change, %
Central Europe	73.9	70.3	5.2	10.9
Nordic	69.8	65.5	6.6	6.2
Europe – West, East, South	78.4	76.8	2.1	2.3
North America, EUR	39.4	38.0	3.8	14.4
(North America, USD	51.8	45.3	14.4	14.4)
Others, EUR	5.8	16.9		
Eliminations	-24.0	-19.8		
Total	243.3	247.7	-1.8	5.0

Results

Consolidated operating profit reported for the period came to EUR 97.9 (30.7) million, which is 9.1 per cent of the net sales. The profit was up 219.9 per cent on the previous year. In comparable terms the profit improved with 22.2 per cent. The results of the restructuring and efficiency measures are starting to bear fruit.

Profit for October-December 2004 was EUR 13.2 (-32.5) million. The 2003 figure includes provisions for the restructuring programme, change in comparable terms was –10.2 per cent.

Profit after financial items increased by 344.9 per cent, to EUR 92.3 (20.8) million. Profit before appropriations and taxes amounted to EUR 92.3 (20.8) million. Taxes totalled EUR 31.4 (19.2) million. Profit for the financial year was EUR 60.9 (1.6) million.

Group net financial expenses decreased to EUR 5.6 (9.9) million as a result of improved balance.

Return on equity was 13.6 (0.3) per cent and return on investment reached 19.2 (4.9) per cent.

Earnings per share came to EUR 0.82 (0.02) and equity per share was EUR 5.68 (6.34). The difference in the per share figures from last year derives from the bonus issue effected in 2004.

Year on year, cash flow from business operations totalled EUR 113.4 (148.0) million.

Investment and financing

Gross investments amounted to EUR 37.8 (36.7) million, i.e. EUR 20.6 million less than the value of depreciation. The amount of net investments was due to divestments negative, i.e. EUR –76.4 (1.2) million. Investments were mainly allocated to restructuring businesses, improving productivity and maintenance. The largest investments were allocated to the enhancements in production capacity in North America.

The Group’s R&D expenditure remained at the previous year’s level, totalling EUR 16.0 (16.0) million, or 1.5 (1.6) per cent of net sales.

With a marked improvement in the Group’s financial position, net interest-bearing liabilities decreased as a result of favourable cash flow and divestments. The solvency ratio was 62.4 (59.8) per cent and gearing was 5 (18) per cent.

Restructuring

In 2004, Uponor implemented an extensive restructuring programme with a view to establishing larger, specialised production units and integrating production and logistics beyond regional borders. The programme also aimed to achieve higher profitability and focus on markets and products that provide Uponor with the prospect of achieving the leading position in the industry.

Covering both the housing solutions and infrastructure and environment businesses, the restructuring programme was mainly completed during 2004 as planned, reducing the Group’s staff by around 400.

One of the most significant individual measures involved in the programme included discontinuing the manufacture of Unipipe composite pipe systems in Ahlen, Germany, and Móstoles, Spain, and concentrating the production to Zella-Mehlis, Germany. As a result, the Ahlen plant was closed down.

In early 2004, Uponor divested its cable and tap water protection pipe businesses and certain industrial-product and metallic component businesses in Germany on an MBO basis. In addition, the company discontinued downstream equipment manufacture in the pipe extrusion line and divested the business before the summer.

As part of its more focused product offerings, Uponor decided to discontinue globally the manufacture and marketing of its tap water and underfloor heating pipe systems based on the PEX-b technology, resulting in a focus on PEX-a and PEX-c pipes, whose features are ideal for underfloor heating and tap water systems. Deliveries of PEX-b pipes from the Móstoles plant came to an end in the late summer, while their sales in North America ceased at the end of the year. The plant in southwestern Canada will be closed during the first quarter of 2005.

Uponor decided to discontinue its municipal infrastructure business in Portugal and Spain in the first months of 2005, and close the plant in Vila Nova de Gaia (Porto), Portugal, and sales offices in Spain. This withdrawal is due mainly to the business's weak market position and poor profitability.

In the Nordic countries, Uponor closed an MBO deal to divest its municipal infrastructure pipe production in Furuflaten, northern Norway. In Sweden, Uponor moved production from the Vårgårda plant, closed at the end of the year, to the Fristad plant. Additional investments improved the Fristad production unit's capabilities to serve the markets in the whole Nordic region. These restructuring measures sought to strengthen Uponor's Nordic market position and profitability by enhancing logistics operations and streamlining the organisational structure.

Other events

Municipal Americas

In September, Uponor closed a deal to exit its gas pipe business in the U.S., whereby its wholly owned subsidiary, Uponor Aldyl Company, Inc., sold its business including the majority of the related assets and liabilities to PW Poly, a U.S company, for around EUR 12.5 million (USD 15 million). With a staff of 165, Uponor Aldyl posted net sales of over USD 40 million (EUR 36 million) in 2003. The company was part of Uponor's Municipal Americas division, with which Uponor integrated the Group's municipal infrastructure businesses in North and South America in 2002 with the aim of gradually abandoning the businesses.

Exit from the real estate business

Late November saw Uponor's withdrawal from the domestic real estate business, when it divested its real estate subsidiary, Renor Ltd, to Grouse Holding Oy, a Finnish company. The debt-free sale price amounted to around EUR 90 million, the majority of which was paid at closing while the remaining EUR 18 million will be paid during the next seven years. Simultaneously, Uponor sold its 10.4 per cent holding in Sato-Yhtymä Oyj, a building services company, to Varma

Mutual Pension Insurance Company for around EUR 14.8 million. These two deals generated around EUR 86.3 million in cash flow for 2004.

With a staff of 30 on the date of the agreement, the divested real estate subsidiary posted annual net sales of roughly EUR 18 million.

This divestment marked an end to the industrial restructuring process initiated within the Group in the mid-1990s, whereby Uponor, at that time named Asko Group, decided to abandon its non-core businesses and focus on the Uponor plastic pipe business.

Training for professional installers and engineers

Uponor continued its heavy investment in training professional installers and engineers. Such training is aimed at providing designers with information on Uponor’s housing solutions and their benefits both in adding living comfort and in building projects, while improving installers’ knowledge of modern installation tools and methods with the aim of streamlining project implementation and improving project turnaround times. The year saw extensions in training programmes, and especially in customer loyalty programmes for authorised Uponor installers. New training centres and facilities where opened in countries including the U.K., France, Finland and Russia.

Training is also playing a more important role in the municipal infrastructure business. A case in point is an extensive road show covering nine cities in Denmark arranged for municipal engineering professionals last year, providing them with information on Uponor’s new wastewater systems.

Greater production capacity

In addition to the restructuring programme and streamlined operations management, challenges for 2004 included increasing Uponor’s production capacity in order to support its strongly expanding business operations. In North America, Uponor implemented its greatest ever capacity increase, expanding the pipe production capacity by the end of 2004 by more than half over the beginning of the year and restoring delivery reliability to a satisfactory level.

Higher raw-material prices

Sharp price increases in raw materials, including a range of resins and metals, affected Uponor’s business and profitability during the report year. These higher prices were particularly due to stronger materials demand in Asia and Eastern Europe. Also the prices of many resin types used for plastic pipes showed an extraordinary upward trend, which had the most marked effect on Uponor’s municipal infrastructure business that uses a proportionately large amount of plastics in product manufacture. Uponor has passed most raw-material price increases onto selling prices.

Price increases were also noted in the otherwise quite stable prices for resins used for PEX pipe systems within the housing solutions business. In the meantime, copper prices have long remained at high levels, encouraging a switchover from copper tubing to plastic pipe systems in plumbing installations.

New products

The year saw a few highlights in the launch of product and solution innovations, such as the Velta Minitec radiant underfloor heating system for renovation projects targeted at the first stage at the German market, and new control units and boxes for radiant underfloor heating systems for easier planning and installation launched in the North American market. Introduced in Central Europe, new underfloor-heating design software common to Uponor’s main brands met with a very favourable reception in the market. In the Nordic countries, Uponor introduced its municipal-engineering customers to ProFuse pipes with a peelable protective outer skin, which can be used to improve the cost-efficiency of water supply network installation and maintenance.

Personnel

As a result of streamlining efforts and divestments due to the restructuring programme, the number of the Group’s employees continued to fall. The Group had a staff of 4,475 (4,803) at the end of the year, while the reported average number of employees came to 4,684 (4,962).

The geographical breakdown of personnel was as follows: Germany 1,385 (30.9 per cent), Scandinavia 860 (19.2 per cent), North America 581 (13.0 per cent), the UK and Ireland 490 (10.9 per cent), Finland 429 (9.6 per cent), other EU 455 (10.2 per cent), and other countries 275 (6.2 per cent).

At the end of the year, Uponor carried out a Group-wide working-climate survey among its employees with the aim of providing tools to develop employee competencies and well-being.

Administration and audit

The 2004 Annual General Meeting (AGM) on 17 March re-elected Anne-Christine Silfverstolpe Nordin, Matti Niemi, Pekka Paasikivi and Aimo Rajahalme as members of the Board of Directors and elected Rainer S. Simon as a new member. Horst Rahn withdrew from Board membership. During 2004, Pekka Paasikivi chaired the Board of Directors and Horst Rahn acted as Deputy Chairman until 17 March 2004, since when Matti

Niemi has held deputy chairmanship. The AGM appointed KPMG Wideri Oy Ab, Authorised Public Accountants, as the company's auditor, with Sixten Nyman, Authorised Public Accountant, acting as the principal auditor.

At the beginning of March, Uponor adopted a new organisational structure replacing its divisional organisation with a regional one, with a view to creating a more simplified and coherent corporate structure and speeding up decision-making processes. The resulting organisational coherence helps create more consistent Group-wide processes and supports Uponor's efforts to build a more unified company. One organisation responsible for all of the business operations in each geographical area will also strengthen Uponor's market position and the marketing power of the company's product portfolio, with the new organisation being divided into the four following regions: Nordic, Central Europe, Europe – West, East, South and North America. The Group functions supporting the regional organisation-based business management – Finance and Administration, Supply Chain, Human Resources, and Marketing and Development – ensure the creation of consistent processes and guidelines for Group-wide management and development.

At the end of 2003, Uponor revised its Corporate Governance practices to be in line with the recommendation issued by the Central Chamber of Commerce, Helsinki Stock Exchange and the Confederation of Finnish Industry and Employers (TT). Approved by the Board of Directors in December, the revised Corporate Governance came into force on 1 January 2004.

Share capital and shares

At the beginning of 2004, Uponor Corporation's share capital came to EUR 74,834,444 and the number of shares totalled 37,417,222, while the year-end share capital was worth EUR 149,640,888 with the number of shares totalling 74,820,444. With a nominal value of EUR 2, each share entitles its holder to one vote at the shareholders' meeting.

The share capital and shares underwent several changes during 2004, resulting mainly from share subscriptions based on the company's stock option plan. In addition, the Annual General Meeting of March decided to reduce the share capital by cancelling treasury shares and the Extraordinary General Meeting (EGM) of November decided to double the share capital and the number of shares, based on a bonus issue. The table below provides more detailed information on changes in the share capital.

Changes in share capital in 2004

Date	Cause	Change, EUR	Share capital, EUR	No. of shares

1 Jan. 2004			74,834,444	37,417,222
19 Jan. 2004	Increase (stock options)	542,000	75,376,444	37,688,222
22 March 2004	Reduction (invalidation of own shares)	1,120,000	74,256,444	37,128,222
28 April 2004	Increase (stock options)	216,000	74,472,444	37,236,222
23 Sept. 2004	Increase (stock options)	348,000	74,820,444	37,410,222
19 Nov. 2004	Increase (bonus issue 1:1)	74,820,444	149,640,888	74,820,444
31 Dec. 2004			149,640,888	74,820,444

Under the stock option plan 1999/2002, the end of 2003 saw the subscription of 271,000 shares, resulting in the share capital increase of EUR 542,000 registered in the Trade Register in January 2004. During 2004, the number of new shares subscribed totalled 282,000. The number of shares subscribed based on A stock options totalled 89,500 and that on B stock options 192,500, with the respective subscription prices amounting to EUR 13.46 and EUR 17.75. As a result, the share capital increased by EUR 216,000 in April and EUR 348,000 in September. The shares subscribed in 2004 will entitle their holders to receive dividends for 2004; other share-based entitlements became effective upon the registration of the share capital increase with the Trade Register.

Uponor Corporation’s stock option plan came to an end on 31 August 2004 i.e., related shares may not be subscribed any longer. Under this stock option plan, a total of 553,000 Uponor Corporation shares were subscribed, each at a par value of EUR 2, increasing the company’s share capital by a total of EUR 1,106,000. A total of 7,000 shares were left unsubscribed. The stock option plan had no dilution effect on the value of a share. The company has no other stock option plans in place and the Board of Directors has no valid authorisation to decide to issue new stock options.

The AGM of 17 March decided to reduce the share capital by EUR 1,120,000 through invalidation without payment, a total of 560,000 treasury shares, whereas the EGM of 16 November decided to increase the share capital from EUR 74,820,444 to EUR 149,640,888, based on a bonus issue of EUR 74,820,444. The bonus issue was executed by issuing one bonus share for each existing share without payment, the number of bonus shares totalling 37,410,222 each at a nominal value of EUR 2.

The share capital increase was implemented by transferring an amount equal to the combined nominal value of the bonus shares, or EUR 74,820,444, from the capital reserve to the share capital. The new bonus shares entered in shareholders' book-entry securities accounts on 22 November 2004 entitle their holders to a full dividend for 2004. Other share-based entitlements took effect upon the registration of the share capital increase with the Trade Register on 19 November 2004. The bonus issue did not change the proportions of shareholding and voting rights. However, the bonus issue required Uponor to alter its Articles of Association with respect to its minimum and maximum share capital. Accordingly, based on the EGM's decision, the company's new minimum share capital is EUR 75,000,000 and maximum share capital EUR 300,000,000, within which limits the company may increase or reduce its share capital without amending its Articles of Association.

Board authorisations

The AGM authorised the Board of Directors to decide to buy back own shares. The company may use such shares for strengthening its capital structure or financing investments, in consideration of any company acquisitions and other industrial restructuring, or it can dispose of them in some other way or cancel them. This authorisation will be valid until 17 March 2005. The Board of Directors has no other authorisations.

Own shares

Pursuant to the authorisation given by the AGM, the Board of Directors decided on 8 December 2004 to buy back a maximum of 2,000,000 own shares. At the beginning of the report year, the company held a total of 645,000 own shares (treasury shares) bought back based on previous authorisations, 560,000 of which the AGM invalidated in March 2004. The number of the remaining treasury shares doubled to 170,000 shares as a result of the bonus issue.

In December 2004, Uponor Corporation bought back a total of 355,000 own shares, traded on the Helsinki Stock Exchange, for EUR 4.9 million. At the end of the report year, it held 525,000 treasury shares, at a total nominal value of EUR 1,050,000, accounting for 0.7 per cent of the share capital and total votes at the end of the year. The share buybacks have no significant effect on the distribution of shareholdings and votes. Treasury shares carry no balance-sheet value in the financial statements.

Management shareholding

The members of the Board of Directors, CEO and his deputy, as well as corporations known to the company, in which they exercise influence, held a total of 379,418 Uponor shares on 31 December 2004. These shares accounted for 0.5 per cent of the share capital and total votes.

Share-based incentive programme

In April, Uponor Corporation’s Board of Directors decided to launch a new incentive programme aimed at Executive Committee members, who would have the opportunity to receive a share-based reward in 2007, based on the attainment of a pre-determined cumulative EBITA target set for the period of three years from 2004 to 2006, corresponding to the maximum net value of 80,000 Uponor shares. The CEO and CFO are not entitled to dispose of the shares earned under this programme during their term of employment without the consent of the Board of Directors. For other Executive Committee members, half of the shares earned are subject to the same restriction. The Board of Directors has the possibility to raise or reduce the number of shares by ten per cent, depending on whether the company’s other long-term objectives are achieved.

Events after the financial year

On 1 February Uponor decided on measures to exit the municipal infrastructure business in France and give up the factory in Eastern France. The factory employs approximately 90 persons. The decision was based on the poor profitability of the business and its unpromising outlook.

Outlook

Uponor has entered 2005 as a stronger and more streamlined company. Initiated in late 2003, the Group’s restructuring programme was mainly completed during 2004 as planned, involving revamping corporate structures, concentrating business to larger units and focusing on growth areas and products.

Efforts to create a unified Uponor are still underway, with the near-term emphasis on establishing and adopting consistent policies and processes beyond regional borders while harmonising and strengthening the Uponor corporate culture and brand. The required measures will continue to tie up the company’s resources and present long-term challenges to personnel, but once these are completed, Uponor will have the efficiency required for an international company to cater for its customers’ needs on a competitive basis, while providing customised products and services based on those needs.

The construction market, especially residential construction with related utility water and energy supply and sewer projects, is expected to stay steady during the current year. Uponor does not expect any major movements up or down in the large European markets, although prospects for the German residential construction market seem somewhat bleaker than a year ago. In North America, the market for residential construction is expected to remain brisk, albeit more subdued due to a tighter economic policy. In Europe, renovation and modernisation projects are expected to play a more significant role in stabilising overall demand.

The strength of the euro against the US dollar will curtail consolidated net sales, since North American operations account for 17 per cent of the Group turnover. Exchange rates will have only a minor effect on the North American organisation because it mainly operates on a local scale and production factor prices are chiefly determined in local currencies.

Uponor expects its organic business growth to continue in Europe and North America in line with its targets. The Group expects its cash flow from business operations to remain strong and operating profit and margin to improve from 2004 levels.

From the beginning of 2005, Uponor will prepare IFRS-compliant financial statements, the January–March interim report being the first of these. In March, it will also publish a report containing IFRS accounting principles, comparative data from 2004 and a review of the IFRS’s major effects on financial reporting and statements.

TABLES

CONSOLIDATED INCOME STATEMENT	2004 MEUR	%	2003 MEUR	%
Net sales	1,072.8	100.0	1,021.0	100.0
Other operating income	3.6		6.8	
Depreciation according to plan	58.4		87.1	
Expenses	920.1		910.0	
Operating profit	97.9	9.1	30.7	2.9
Financial income and expenses	-5.6	-0.5	-9.9	-0.9
Profit after financial items	92.3	8.6	20.8	1.9
Extraordinary income	0.0	0.0	0.0	0.0
Extraordinary expenses	0.0	0.0	0.0	0.0
Profit before appropriations and taxes	92.3	8.6	20.8	1.9
Book result	60.9	5.7	1.6	0.1

CONSOLIDATED BALANCE SHEET	2004 MEUR	%	2003 MEUR	%
Non-current assets	264.7	39.0	373.1	47.3
Consolidation goodwill	64.6	9.5	75.9	9.6
Inventories	138.0	20.3	135.5	17.2
Cash and deposits	29.5	4.4	16.9	2.1
Other liquid assets	181.6	26.8	187.8	23.8
Restricted equity	190.5	28.1	186.9	23.7
Non-restricted equity	231.2	34.0	283.1	35.9
Minority interest	0.0	0.0	0.9	0.1
Obligatory provisions	11.9	1.8	31.4	4.0
Interest-bearing long-term liabilities	12.6	1.9	59.5	7.5
Interest-bearing short-term liabilities	40.0	5.9	41.5	5.3
Non-interest-bearing liabilities	192.2	28.3	185.9	23.6
Balance sheet total	678.4	100.0	789.2	100.0

NET SALES	2004 MEUR	Share, %	2003 MEUR	Change, %
Pipe Systems	1,052.5	98.2	999.7	97.9
Real Estate	19.7	1.8	21.1	2.1
Other/internal	0.6	-	0.2	-
UPONOR GROUP	1,072.8	100.0	1,021.0	100.0

OPERATING PROFIT	2004 MEUR	Share, %	2003 MEUR	Change, MEUR
Pipe Systems	102.4	104.6	28.3	92.2
Real Estate	6.3	6.4	12.8	41.7
Other/elimination	-10.8	-11.0	-10.4	-33.9
UPONOR GROUP	97.9	100.0	30.7	100.0

INVESTMENTS	2004 MEUR	Share, %	2003 MEUR	Change, MEUR
Pipe Systems	36.8	97.4	35.2	95.9
Real Estate	-	-	1.0	2.7
Other/elimination	1.0	2.6	0.5	1.4
UPONOR GROUP	37.8	100.0	36.7	100.0
- % of net sales	3.5		3.6	

PERSONNEL AT 31 DEC	2004 Number	Share, %	2003 Number	Change, %
Pipe Systems	4,442	99.3	4,740	98.7
Real Estate	-	-	35	0.7
Other	33	0.7	28	0.6
UPONOR GROUP	4,475	100.0	4,803	100.0

Average no. of personnel	4,684	4,962

DERIVATIVE CONTRACTS

Interest derivatives		
Interest rate options, bought	45.0	96.7
Interest rate options, sold	45.0	120.4
Interest rate swaps	-	10.0
Foreign currency derivatives		
Forward agreements	7.7	12.4
Commodity derivatives		
Forward agreements	2.1	1.7

CASH FLOW STATEMENT

Net cash from operations	116.1	100.3
Change in working capital	-2.7	47.7
CASH FLOW FROM OPERATIONS	113.4	148.0
Cash flow from investments	76.4	-1.2
CASH FLOW BEFORE FINANCING	189.8	146.8
Cash flow from financing	-177.3	-136.7
Exchange rate differences for liquid assets	0.1	0.5
CHANGE IN LIQUID ASSETS	12.6	10.6
Liquid assets at 1 January	16.9	6.3
Liquid assets at 31 December	29.5	16.9
Changes according to balance sheet	12.6	10.6