



Financial statements 2014 briefing

Jyri Luomakoski
President and CEO
Uponor Corporation

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Posco Green Building in Yeosu, Republic of South Korea, features Uponor heating and cooling system with ceiling comfort panels

Q4/2014: All segments improved y-o-y against a weak comparison period

Uponor Group	10-12/ 2014	10-12/ 2013	Change
Net sales	251.5	237.6	5.9%
Building Solutions – Europe	112.7	112.0	0.6%
Building Solutions – North America	56.1	43.6	28.4%
Uponor Infra	84.9	83.7	1.5%
Operating profit (without NRI)	12.7	0.1	n/m
Building Solutions – Europe	5.3	0.3	n/m
Building Solutions – North America	9.3	5.8	59.9%
Uponor Infra	-0.6	-5.1	n/m

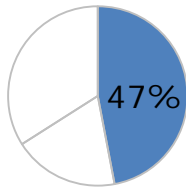
- Group figures driven mostly by the continued strong growth in North America
- Building Solutions – Europe’s performance improved from 2013, which was impacted by the temporary product approval issue in 2013
- Uponor Infra suffered from declining net sales in Finland, but successfully offset this through positive trends in North America, technology sales and increased project business in Asia

Full year 2014: Sustained positive progress despite diverse challenges

Uponor Group	1-12/ 2014	1-12/ 2013	Change
Net sales	1,023.9	906.0	13.0%
Building Solutions – Europe	479.1	479.5	-0.1%
Building Solutions – North America	200.8	171.5	17.1%
Uponor Infra	351.3	261.4	34.4%
Operating profit (without NRI)	67.7	55.2	22.6%
Building Solutions – Europe	38.7	32.7	18.3%
Building Solutions – North America	31.5	24.7	27.4%
Uponor Infra	0.1	2.7	n/m

- Building Solutions – Europe reported growth in profits despite flattish markets and the softer German market in particular
- Building Solutions – North America stayed steady on the growth path, thanks to advances in both the residential and commercial markets and the expanded geographical presence across the U.S.
- Uponor Infra, consolidated for the first full year, declined in like-for-like terms, mainly driven by a currency impact but also due to plummeting demand and sales in some key markets

Developments by segment: Building Solutions – Europe



- Renovation driving brisk growth in Finland despite the overall weak building market
- The unique seamless aluminium composite pipe (SACP) launch started in major markets after a successful launch in Iberia in 2013
- Good progress in Russia so far, despite political and economical crisis affecting Russia and parts of Eastern Europe
- New Central European distribution centre relocation on time and in budget, targeting cost savings, customer service improvements and lower environmental footprint from Q2/2015 onwards
- Softening German demand in H2/2014 after a strong weather-supported H1, as a contrast to improvements in some neighbouring markets



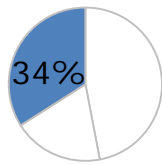
Developments by segment: Building Solutions – North America

19%

- Continued market share gain in the single-family residential market
- Good continued penetration into the commercial segments of the market, especially plumbing, in the hospitality, institutional, and apartment segments
- Execution of the manufacturing expansion to meet demand growth



Developments by segment: Uponor Infra



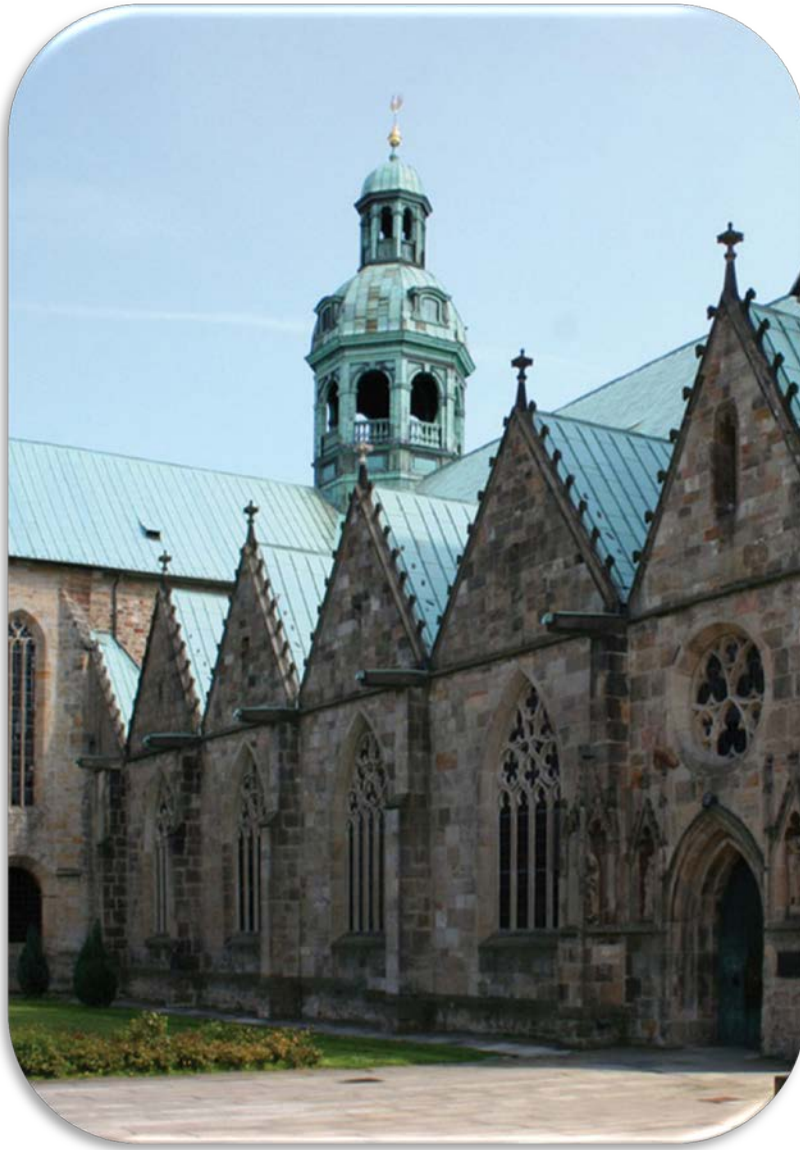
- Execution of original integration plan, the targeted benefits already visible
- Rapid reaction as a response to the weak developments in Finland
- Stabilisation of distributor relationships
- Market share loss to alternative business models continued
- Offering integration harmonisation still ongoing



Sustainable progress in CSR targets

- Sustainability and environmental management ambitions are key drivers for a 'greener' construction industry
- Uponor engages with various professional bodies, incl. partners, customers, suppliers, trade organisations
- Uponor's targets for 2015 have been renewed and extend to 2020

Environmental target 2020	Progress by 2014
<i>Reduce CO₂ emissions by 20%</i>	Achieved a 15% reduction from 2009
<i>100% green electricity</i>	German production 100% certified green electricity
<i>Continued improvement from the current 130g/km fleet average target</i>	New fleet in 2014 at 124g/km, below EU targets
<i>Zero waste to landfill</i>	Already reduced to below 5%



St. Mary's Cathedral, Hildesheim, Germany, utilises Uponor Ecoflex Thermo Twin system to transport heating energy

Financial statements Q4 and FY/2014

Riitta Palomäki

CFO

Uponor Corporation

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January – December 2014

Key figures

M€	1-12 2014	1-12 2013	Change Y/Y
Net sales, continuing operations	1,023.9	906.0	+13.0%
Operating profit, continuing operations	63.4	50.2	+26.3%
Operating profit margin, continuing operations	6.2%	5.5%	0.7% pts
Earnings per share (diluted), €	0.50	0.38	+31.6%
Return on equity, % (p.a.)	12.3%	10.8%	1.5% pts
Return on investment, % (p.a.)	14.2%	12.5%	1.7% pts
Net interest bearing liabilities	82.0	96.9	-15.4%
Gearing, %	27.6%	33.7%	-6.1% pts
Net working capital of Net sales, % (p.a.)	10.6%	12.1%	-1.5% pts
Average number of employees, continuing operations	4,127	3,649	+13.1%
Number of employees, end of period, continuing operations	3,982	4,141	-3.8%

October – December 2014

Income statement

M€	10-12 2014	10-12 2013	Change Y/Y
Continuing operations			
Net sales	251.5	237.6	+5.9%
Cost of goods sold	168.3	165.6	+1.7%
Gross profit	83.2	72.0	+15.4%
- % of net sales	33.1%	30.3%	+2.7% pts
Other operating income	0.3	0.5	
Expenses	71.7	76.3	-6.1%
Operating profit	11.8	-3.8	n/m
- % of net sales	4.7%	-1.6%	+6.3% pts
Financial expenses, net	0.2	2.1	-95.0%
Share of result in associated companies	0.2	0.1	
Profit before taxes	11.8	-5.8	n/m
Profit for the period	8.3	-5.7	n/m
EBITDA	21.3	5.3	n/m

- All segments reported **net sales** growth. In local currency, net sales grew by 5.7%.
- **Operating profit** w/o NRI at €12.7m (Q4/2013: €0.1m). All segments improved profitability.

January – December 2014

Income statement

- **Net sales** grew by 3.9% compared to the combined Infra historic figures and excluding FX impacts
- **Gross profit margin** diluted due to increased share of infrastructure business
- **Operating profit** burdened by €4.3m NRI mainly related to BLD Europe. In 2013, €5.0m Uponor Infra related NRI
- **Financial expenses, net**
Fin expenses €7.4m (€7.8m)
Fin income €1.2m (€1.3m)
FX differences, net -€1.2m (-€0.6m)
- **Tax rate** at 35.5%, down from 37.3% in 2013

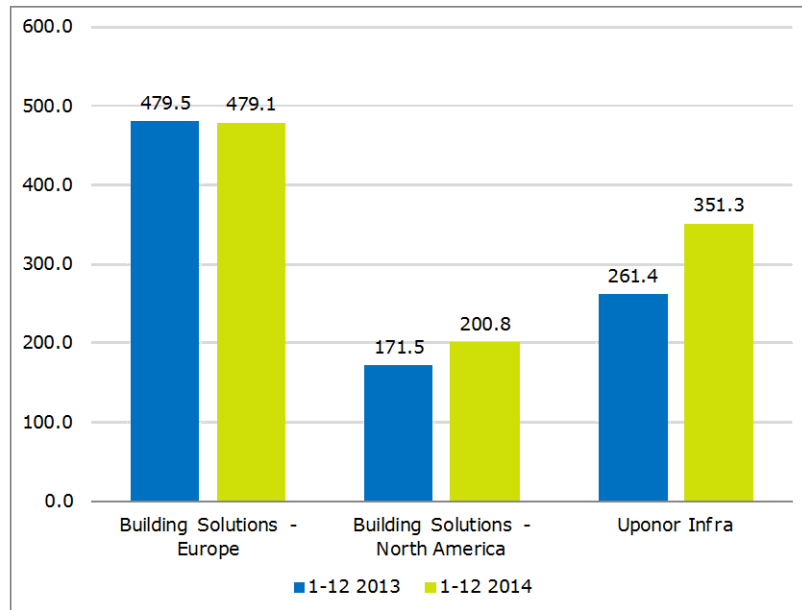
M€	1-12 2014	1-12 2013	Change Y/Y
Continuing operations			
Net sales	1,023.9	906.0	+13.0%
Cost of goods sold	683.8	585.9	+16.7%
Gross profit	340.1	320.1	+6.2%
- % of net sales	33.2%	35.3%	-2.1% pts
Other operating income	2.4	0.8	+205.7%
Expenses	279.1	270.7	+3.1%
Operating profit	63.4	50.2	+26.3%
- % of net sales	6.2%	5.5%	+0.7% pts
Financial expenses, net	7.4	7.1	+3.6%
Share of result in associated companies	0.3	0.1	
Profit before taxes	56.3	43.2	+30.3%
Profit for the period	36.3	27.1	+33.9%
EBITDA	99.9	83.2	+20.1%

January – December 2014

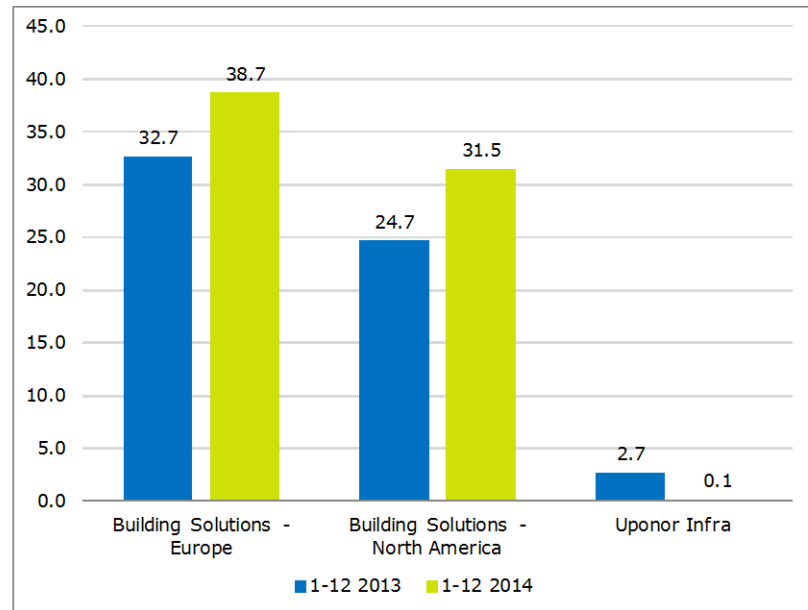
Net sales & operating profit by segment

Currency: M€

Net sales



Operating profit, w/o non-recurring items

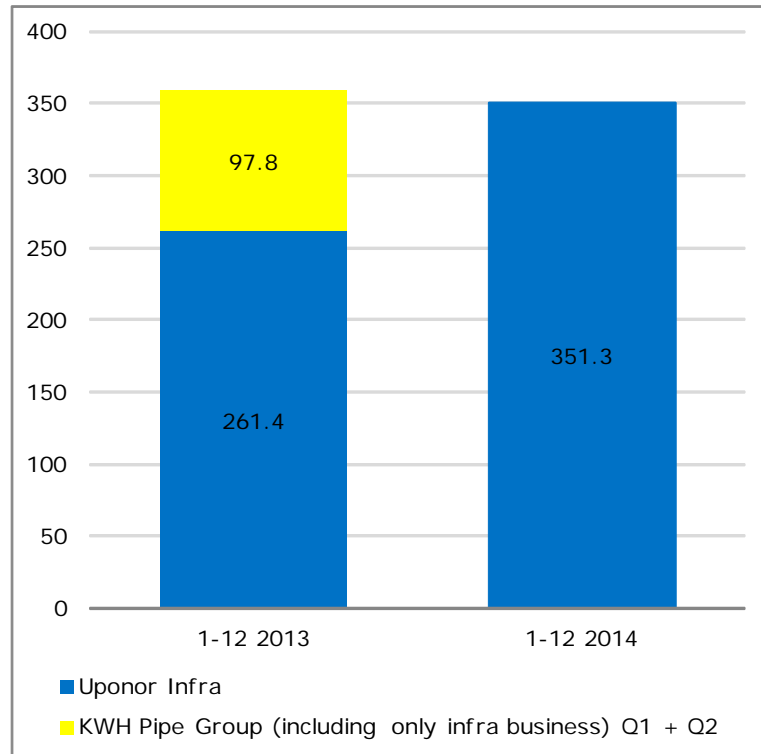


- Stable net sales in Building Solutions – Europe. Operating profit in 2013 was burdened by €5 million costs related to the temporary cancellation of a product approval in France
- Building Solutions – North America’s double-digit net sales growth (17.1% in €, 16.2% in \$) returns a double-digit growth in operating profit
- Cost savings from the restructuring measures in Uponor Infra were not enough to offset the impact of the declining volume development in the Finnish market

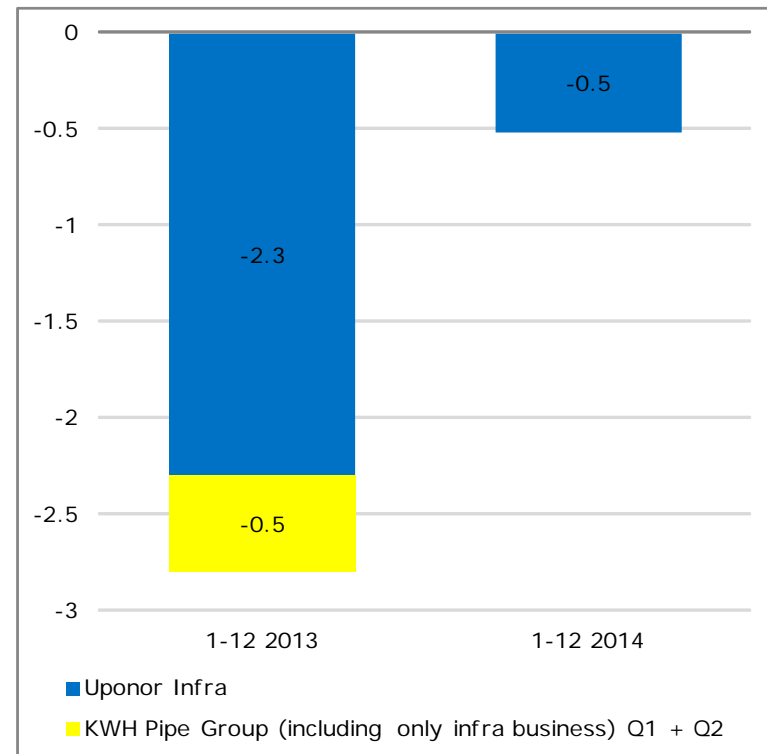
January – December 2014

Uponor Infra – combined historic figures

Currency: M€
Net sales



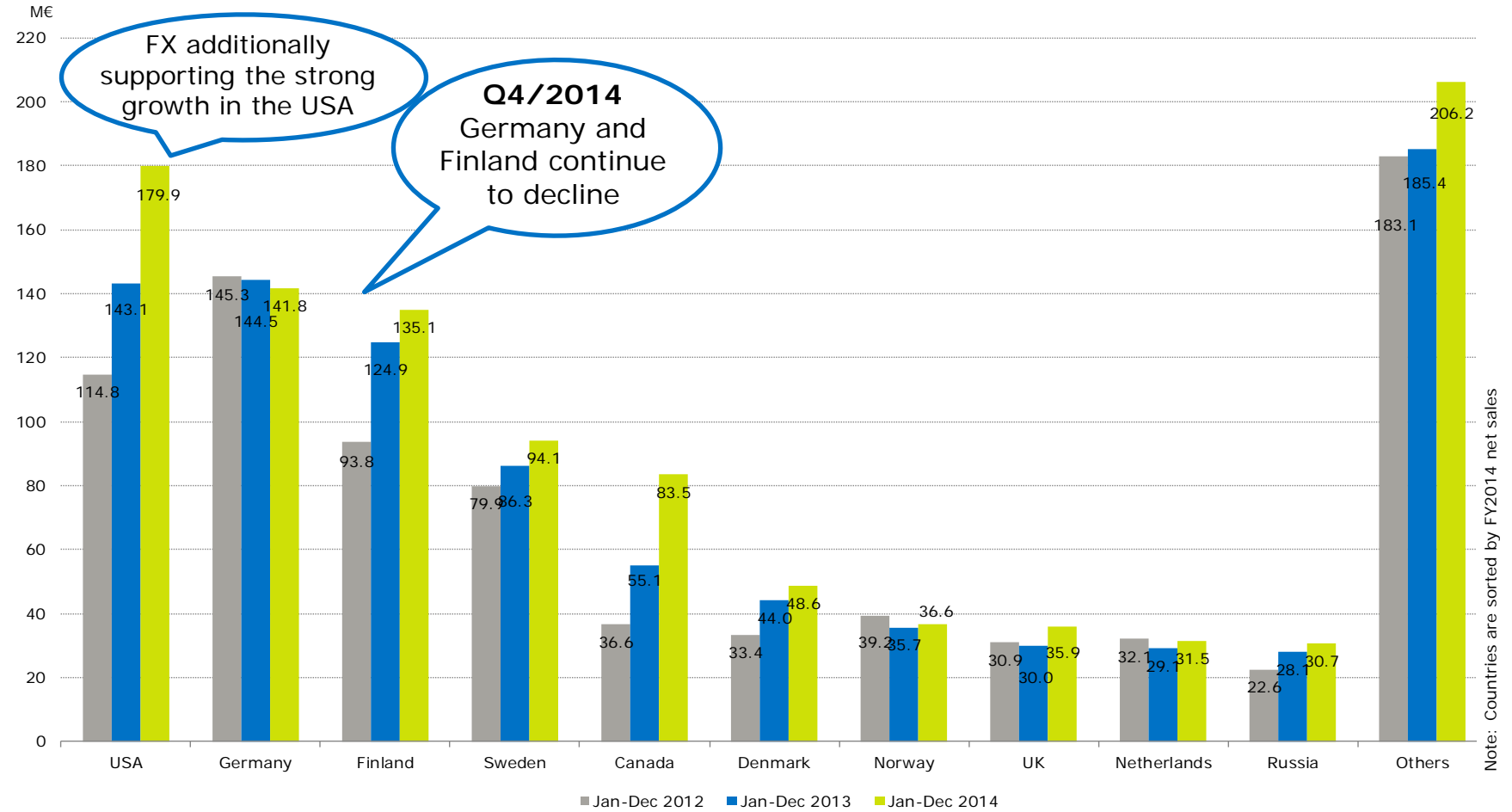
Operating profit



- Net sales declined by 2.2%
- Synergy savings achieved as planned when establishing the JV in July 2013. However, an additional plan for adjusting operations was needed due to declining volume development in Finland in 2014

January – December 2014

Net sales development by key markets



	USA	Germany	Finland	Sweden	Canada	Denmark	Norway	UK	Netherlands	Russia	Others
Growth % in EUR	25.7	-1.8	8.3	8.9	51.6	10.4	2.8	19.6	8.2	9.5	11.2
% in Curr.	24.8			14.6	61.1	10.3	9.7	13.0		33.5	

January – December 2014

Balance sheet

M€	31 Dec 2014	31 Dec 2013	Change Y/Y
Property, plant and equipment	207.8	201.8	+6.0
Intangible assets	98.4	102.8	-4.4
Securities and long-term investments	11.2	10.8	+0.4
Inventories	117.4	115.4	+2.0
Cash and cash equivalents	60.2	53.7	+6.5
Other current and non-current assets	186.8	176.5	+10.3
Total equity	297.9	287.7	+10.2
Non-current interest-bearing liabilities	126.3	136.4	-10.1
Provisions	16.2	22.1	-5.9
Non-interest-bearing liabilities	225.5	200.6	+24.9
Current interest-bearing liabilities	15.9	14.2	+1.7
Balance sheet total	681.8	661.0	+20.8

- Net interest bearing liabilities at €82.0m, down by 15.4% from LY
- Non-controlling interest represents €66.8m of the total equity at €297.9m

January – December 2014

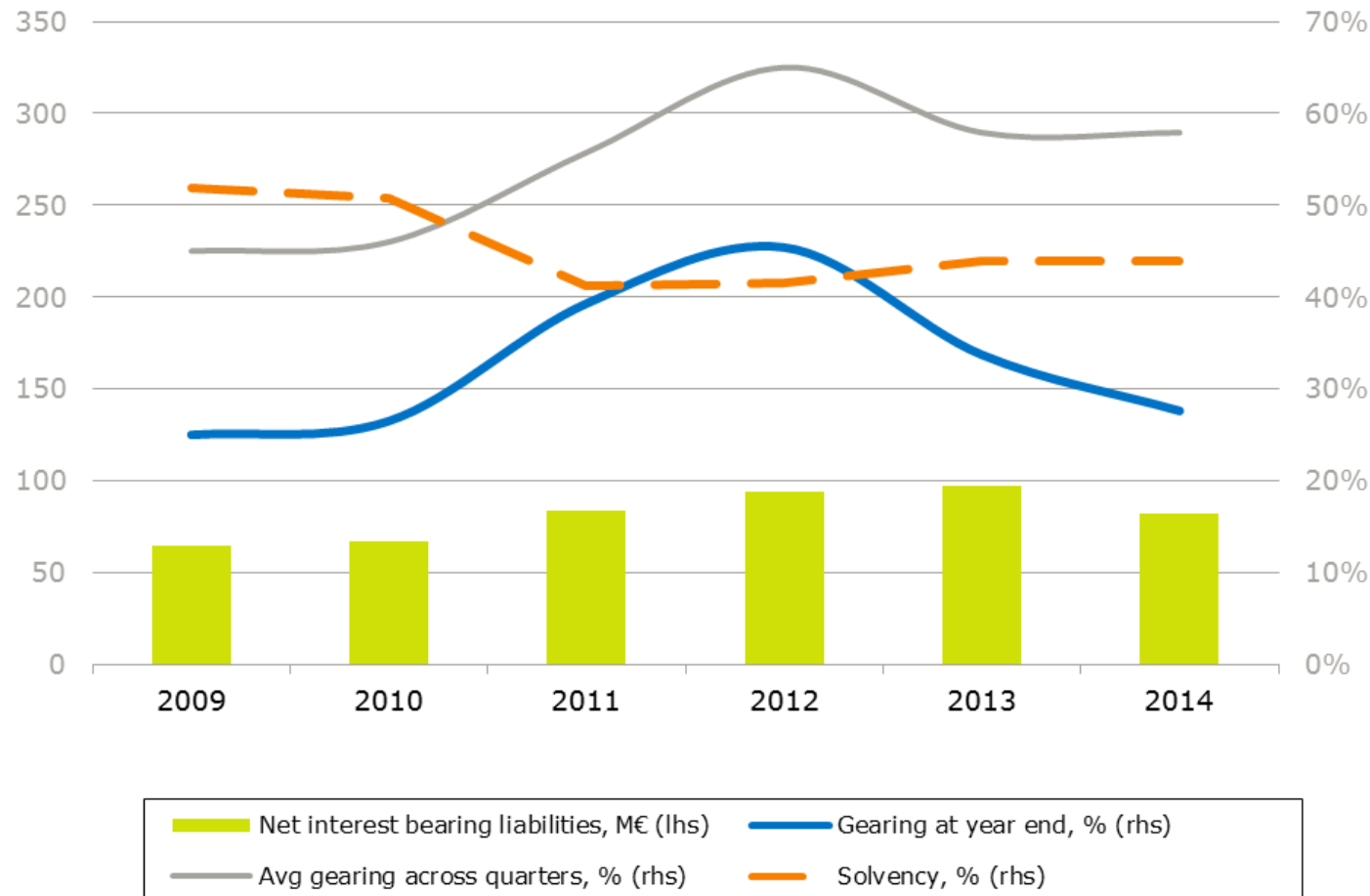
Cash flow

M€	1-12 2014	1-12 2013	Change Y/Y
Net cash from operations	+99.0	+87.9	+11.1
Change in NWC	-3.5	+22.3	-25.8
Net payment of income tax and interest	-19.8	-18.1	-1.7
Cash flow from operations	+75.7	+92.1	-16.4
Cash flow from investments	-30.6	-24.9	-5.7
Cash flow before financing	+45.1	+67.2	-22.1
Dividends and buy backs	-27.8	-27.8	+0.0
Other financing	-9.9	-2.2	-7.7
Cash flow from financing	-37.7	-30.0	-7.7
Change in cash and cash equivalents	+6.5	+36.0	-29.5

- The positive change in NWC in 2013 was due to the new Uponor Infra units entering the Group at high season
- Gross CAPEX at €35.7m, at depreciation level (€36.0m). Capital was allocated to new pipe technology in Building Solutions – Europe and capacity expansions in Building Solutions – North America

January – December 2014

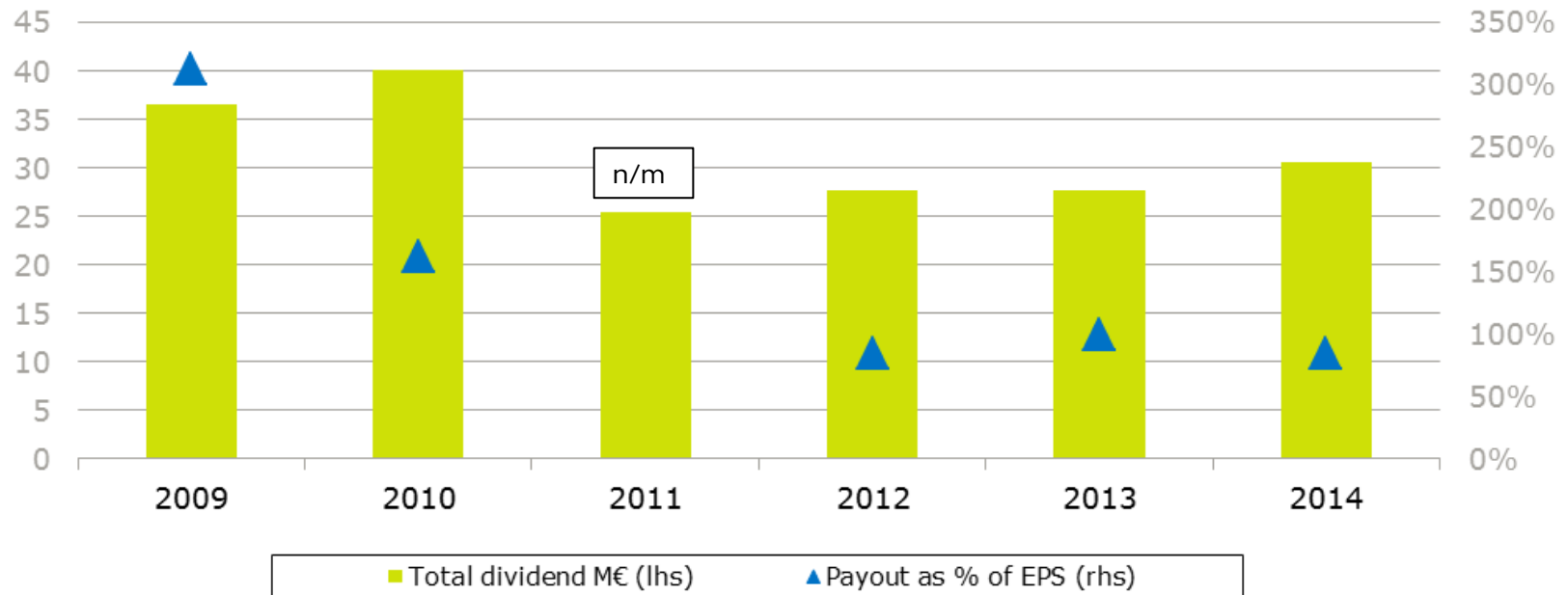
Capital structure development



Average gearing across quarters at 45.8, down from 57.9 in 2013 and in line with the long-term target between 30 and 70

January – December 2014

Dividends and payout ratio

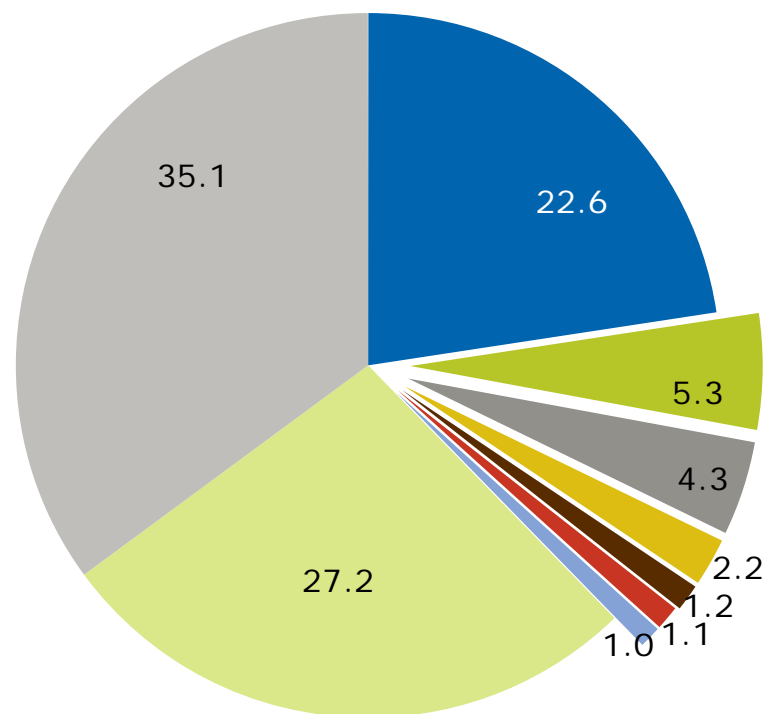


Board's dividend proposal for 2014: €0.42 per share

Major shareholders

31 Dec 2014

- Oras Invest Ltd 22.6%
- Varma Mutual Pension Insurance Co 5.3%
- Nordea Nordic Small Cap Fund 4.3%
- Ilmarinen Mutual Pension Insurance Co 2.2%
- Nordea Fennia Fund 1.2%
- Sigrid Juselius Foundation 1.1%
- State Pension Fund 1.0%
- Nominee registrations 27.2%
- Others 35.1%



Currently valid foreign notifications

12 March 2013: the holdings of Franklin Resources, Inc. reached 10.0%

2 Jan 2014: the Capital Group Companies Inc.'s ownership fell below 5.0%

- 15,846 shareholders at the end of Dec 2014
- Foreign shareholding was 28.3%, down from 33.9% in Dec 2013













The Weholite 'infra tunnel' in a new city district in Linköping, Sweden collects pipes and cables in one easy-to-maintain tunnel

Outlook for the future

Jyri Luomakoski
President and CEO
Uponor Corporation

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Leading indicators in major markets

	Indicator	% change YTD	Data through	Trend since Q3 update
USA	Housing starts ¹⁾	+5%	December 2014	
Germany	Housing permits	+4%	November 2014	
Finland	Housing starts	-21%	October 2014	
Sweden	Housing starts	+23%	September 2014	
Canada	Housing starts ¹⁾	-3%	December 2014	
Denmark	Housing starts	+12%	September 2014	
UK	Housing starts ²⁾	+15%	September 2014	
Norway	Housing permits	-10%	December 2014	
Netherlands	Housing permits	+45%	October 2014	
Russia	Construction output	-5%	November 2014	

¹⁾ Seasonally adjusted, annualised rate vs. same month in 2013; ²⁾ England only

Strategic agenda for the future

- Uponor has focussed considerable effort in recent years on strengthening its foothold in key markets
 - intensifying partnerships in the value chain
 - enhancing the product and services offering in order to fulfil the diversified needs of customers and partners
 - further expanding towards a more sustainable building industry
- Internal strengthening
 - customer service
 - new offering development
 - supply chain and distribution
 - environmental footprint
- Investment in platforms for future growth
 - securing supply and customer service capacity in growing markets, such as North America
 - ensuring the optimal allocation of resources in areas that enable short and long term growth
 - at the same time, a sharp eye on focus, cost-efficiency and cash flow

Guidance for 2015

- The economic outlook in Uponor's key markets is likely to remain twofold in 2015:
 - demand for building solutions is expected to remain lively in North America
 - Europe is expected to remain flat, although supported by growing confidence in a gradual revival of the European economy
- The scenario is subject to risks, some of which are geopolitical
- Assuming that no major risks materialise, Uponor issues the following guidance for 2015:

Uponor's guidance for 2015

The Group's net sales and operating profit (excluding any non-recurring items) are expected to improve from 2014

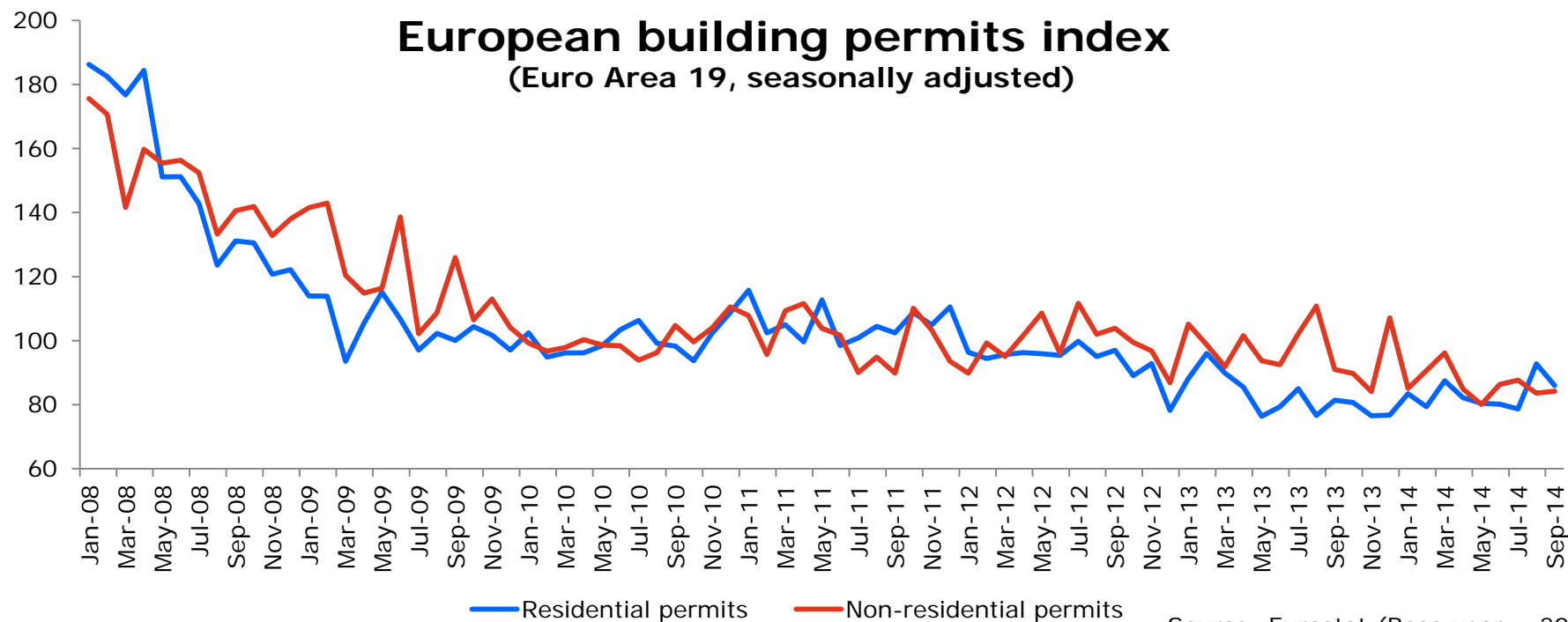
Uponor

simply more

The text may contain forward-looking statements, which are based on the present business scope and the management's present expectations and beliefs about the future. The actual result may differ materially from such statements.

Building permits in Europe

- Residential permits through September were up from the same period in 2013, supported by increases in Spain and Sweden but slowed by developments in France and Norway
- Non-residential permits fell further from 2013, with only Sweden exhibiting notable growth in permit activity

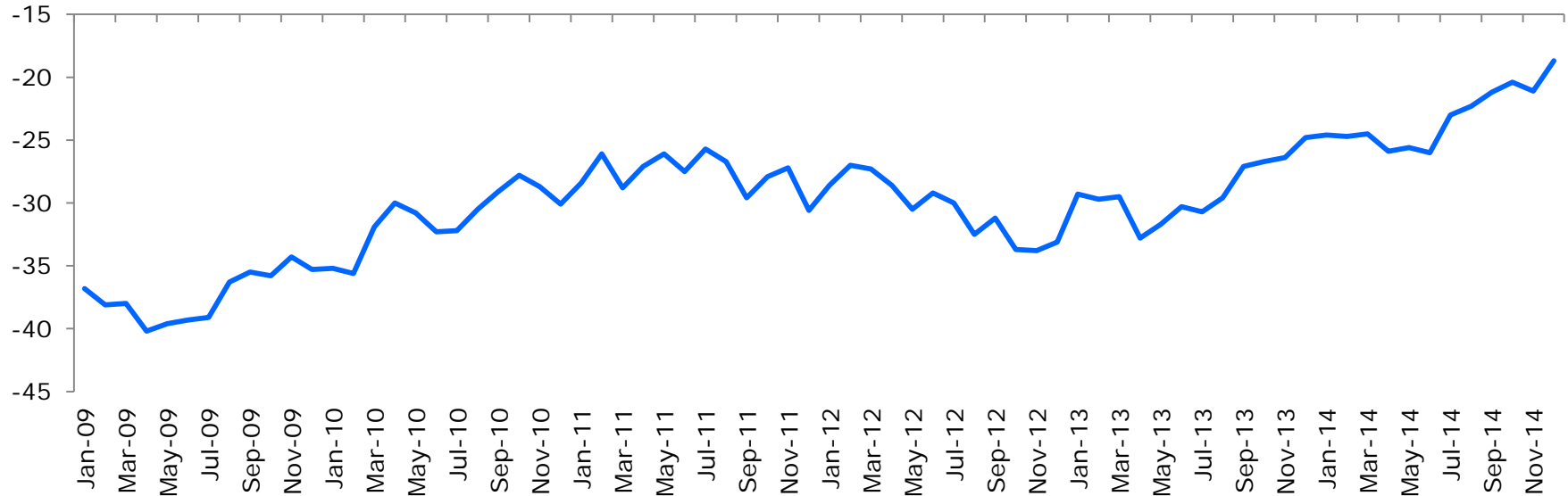


Source: Eurostat (Base year = 2010)

Construction sentiment in Europe

- Construction sentiment continued to rise from its very low base during the final quarter of 2014
- Notable improvements materialised in Spain, the Netherlands, Sweden and the UK, while sentiment suffered in Italy and France

European construction confidence indicator
(European Union, seasonally adjusted)

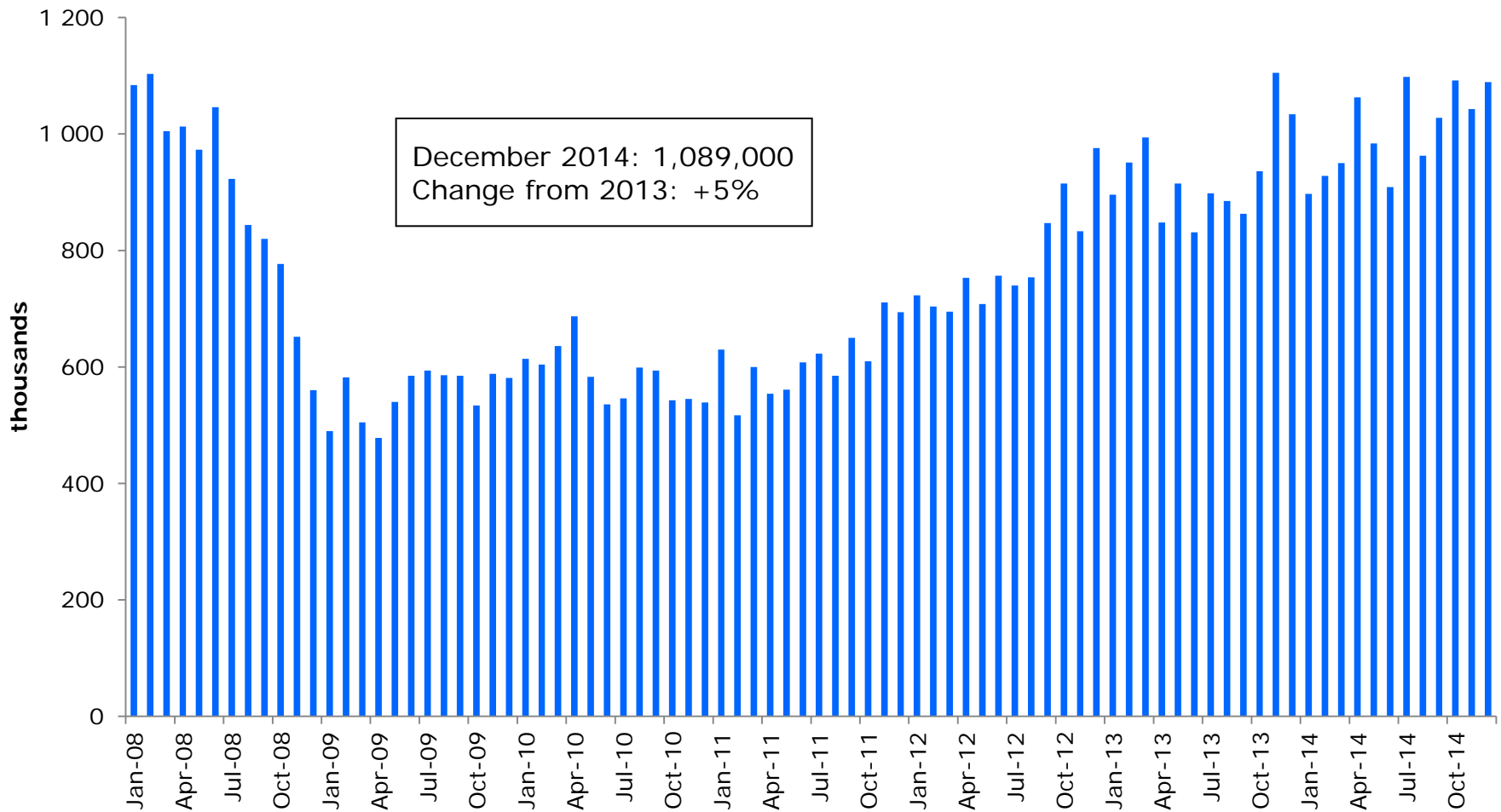


Source: Eurostat

Country overview- USA

- With Q3 GDP expanding at the fastest pace in more than a decade, an improving employment market, and consumer spending on the rise, the economic recovery has gained speed
- Within the construction industry:
 - The housing market has continued to exhibit signs of a gradual, broad-based recovery
 - Builder sentiment remains in expansionary territory
 - Non-residential building is benefiting from the effects of increased business investments

Housing starts in USA (Seasonally adjusted, annual rate)



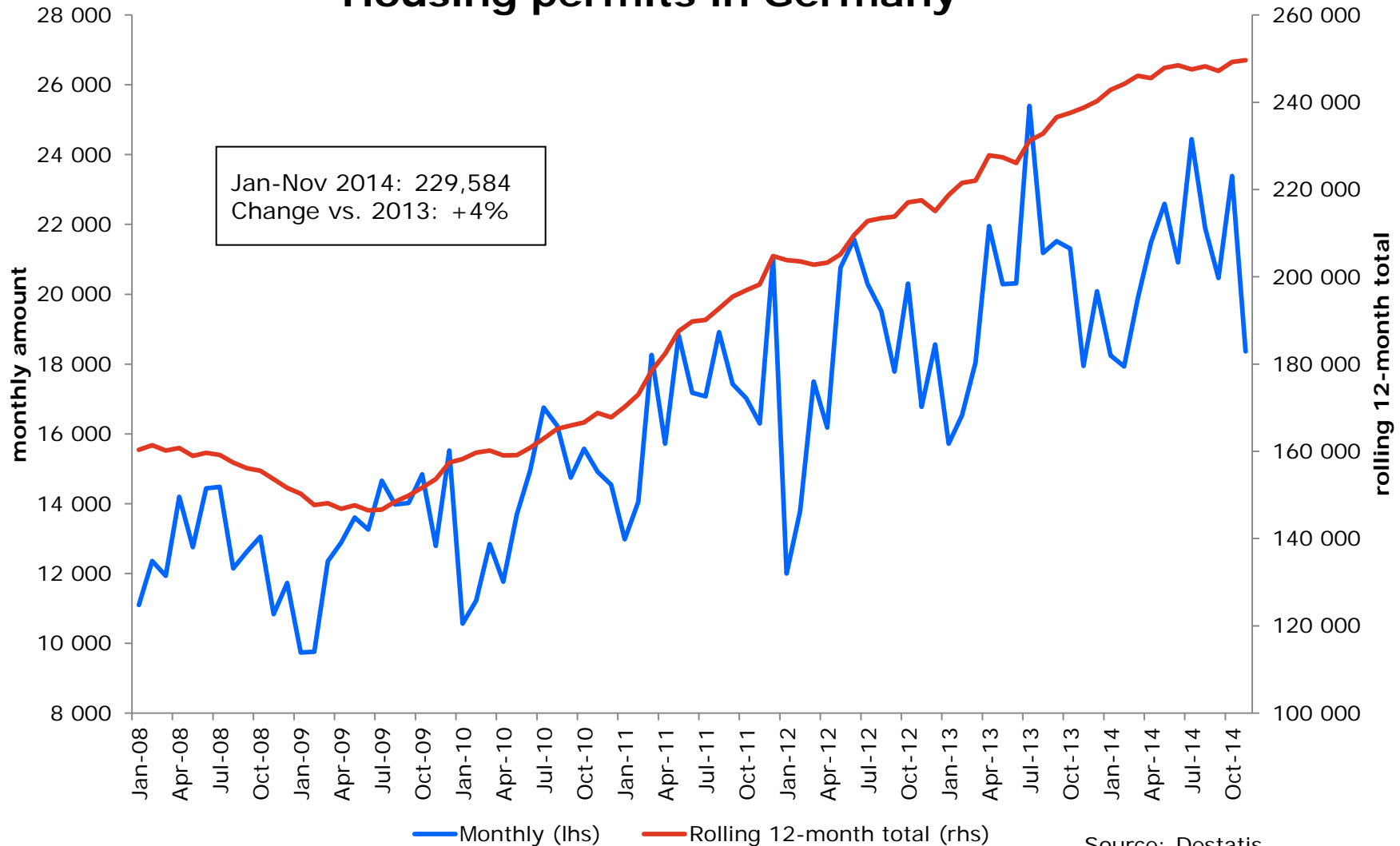
Source: U.S. Census Bureau

Country overview- Germany

- Softening demand from the rest of the Eurozone has weakened industrial activity, but consumer spending and a strong employment market appear to be supporting economic growth
- Within the construction industry:
 - Construction sentiment has fallen since earlier in the year, but remains at a good level
 - Residential construction continues to outperform the non-residential segment
 - The growth rates witnessed earlier in the year have slowed significantly

Germany

Housing permits in Germany



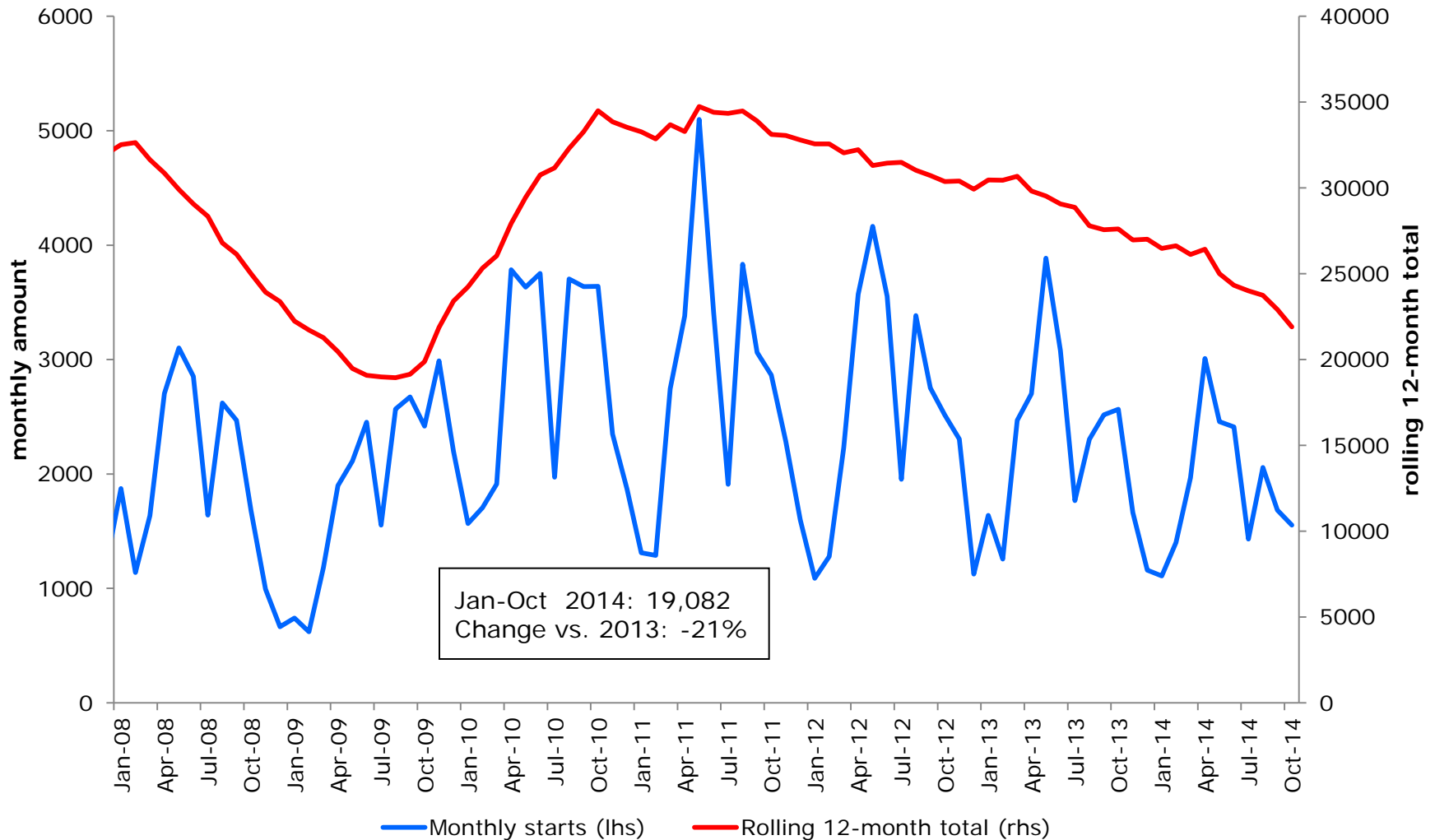
Source: Destatis

Country overview - Finland

- In all likelihood, the economy was unable to grow in 2014, the third consecutive year of either contracting or flat GDP
- Within the construction industry:
 - While residential building permits have stabilised, this has not yet translated into an increase in starts
 - With the exception of a large bounce in December, construction sentiment has remained low
 - Non-residential construction activity continues to slow

Finland

Housing starts in Finland



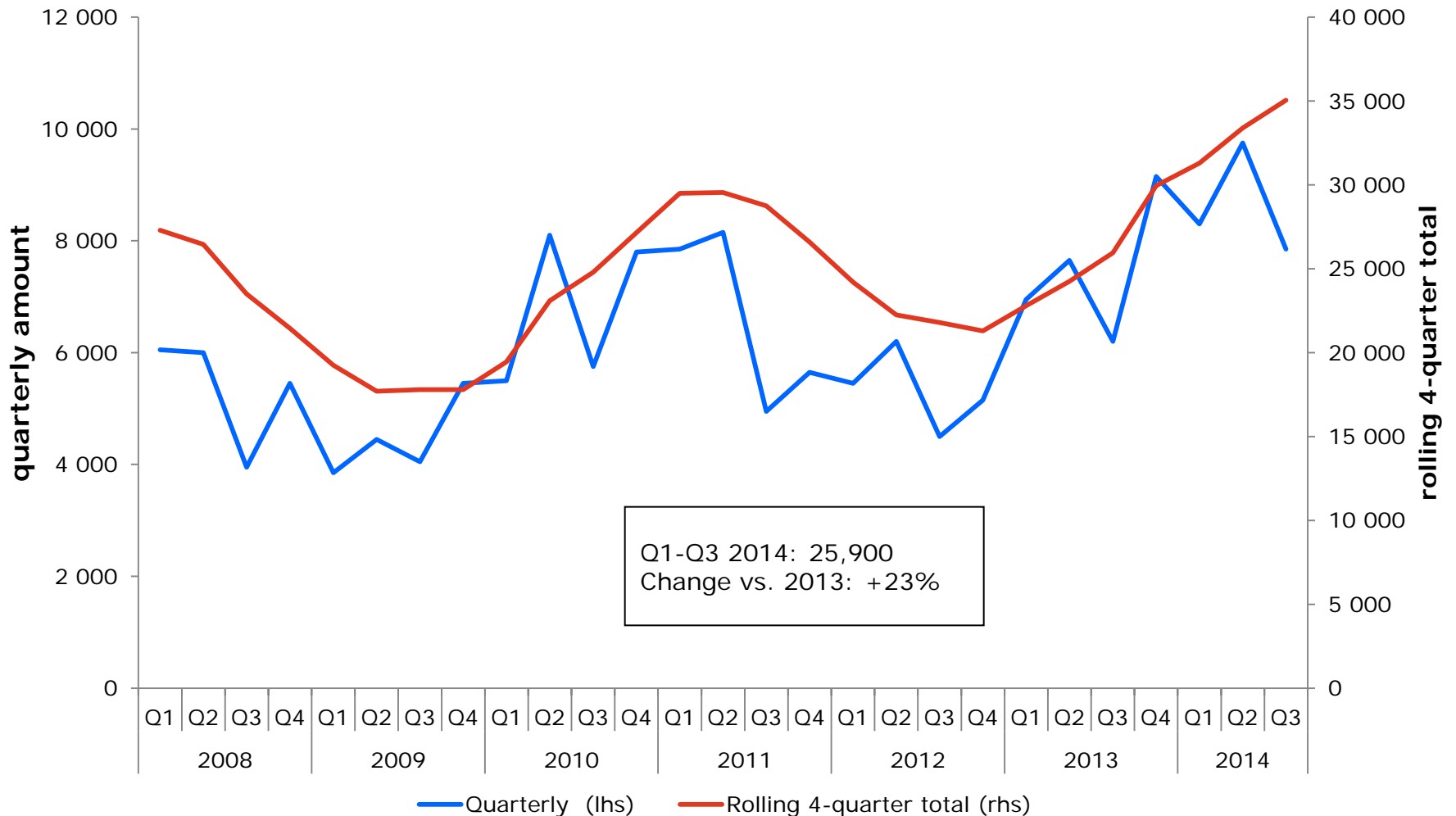
Source: Statistics Finland

Country overview- Sweden

- While weakening demand from abroad has negatively impacted exports, the economy continues to expand at a healthy pace
- Within the construction industry:
 - Sentiment within the industry remained positive throughout the final months of the year
 - Housing starts have continued to rise and are well above average levels
 - The non-residential and civil engineering segments are both robust

Sweden

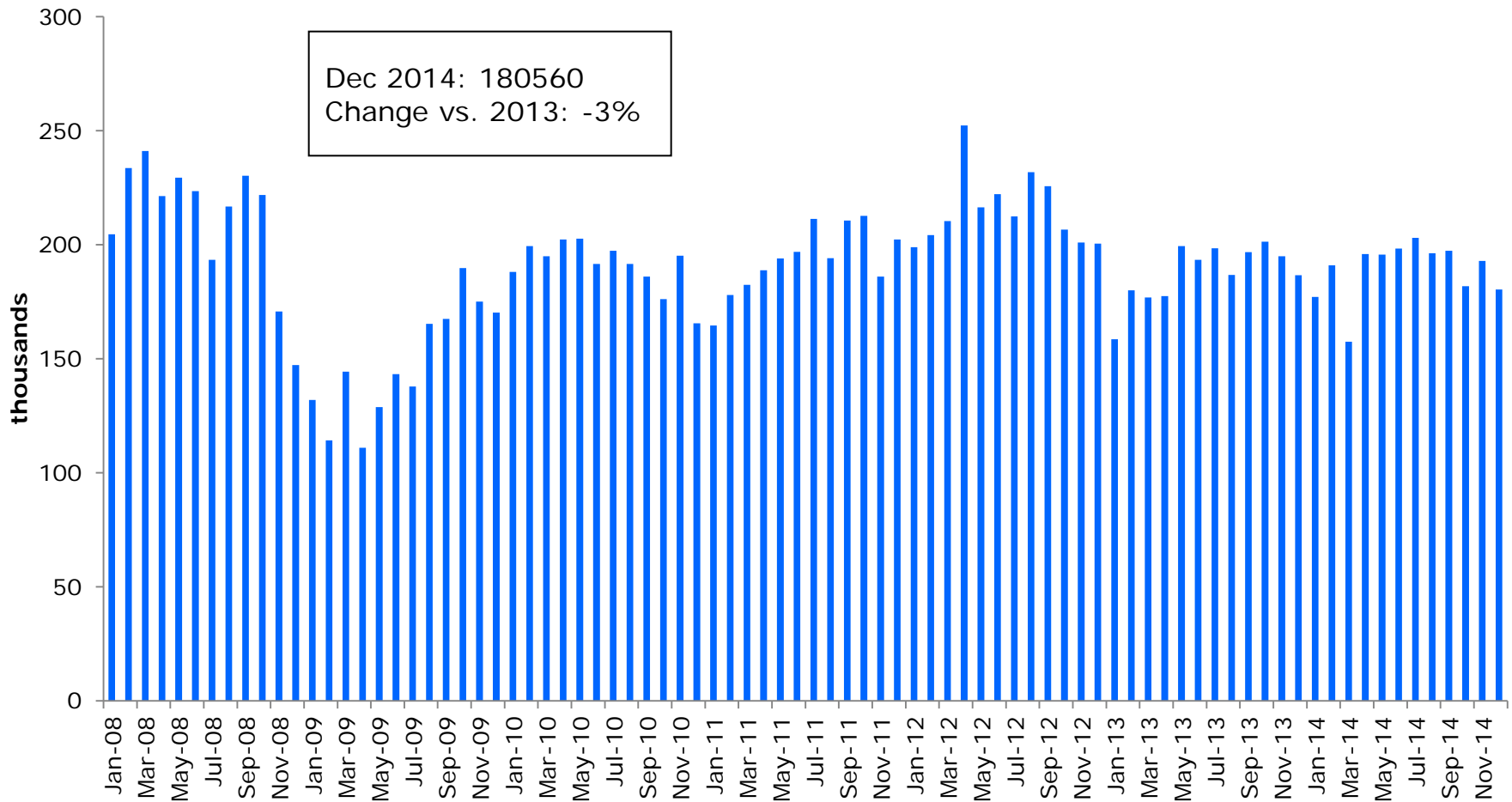
Housing starts in Sweden



Source: Statistics Sweden

Canada

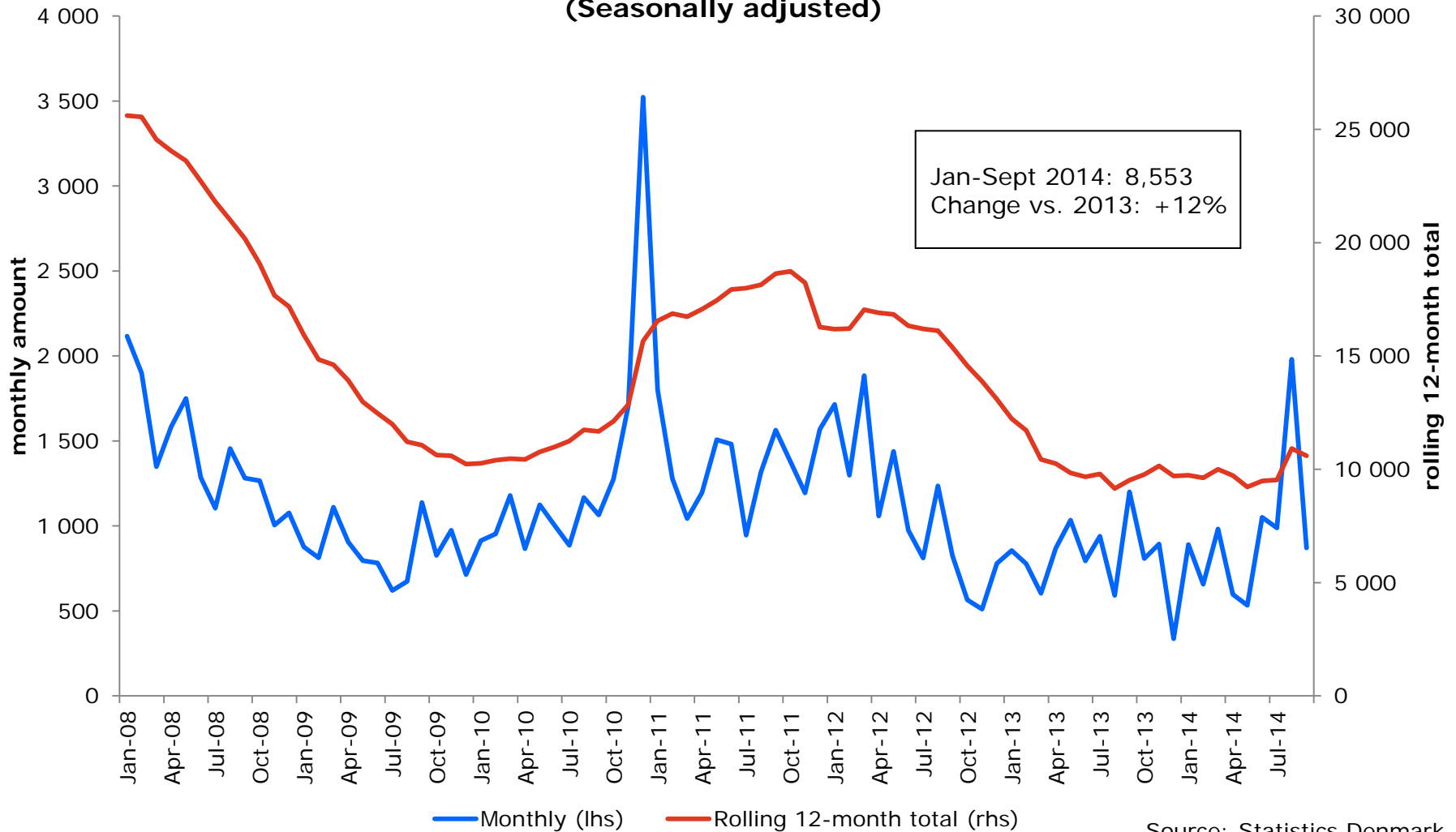
Housing starts in Canada (Seasonally adjusted, annual rate)



Source: CMHC/ Statistics Canada

Denmark

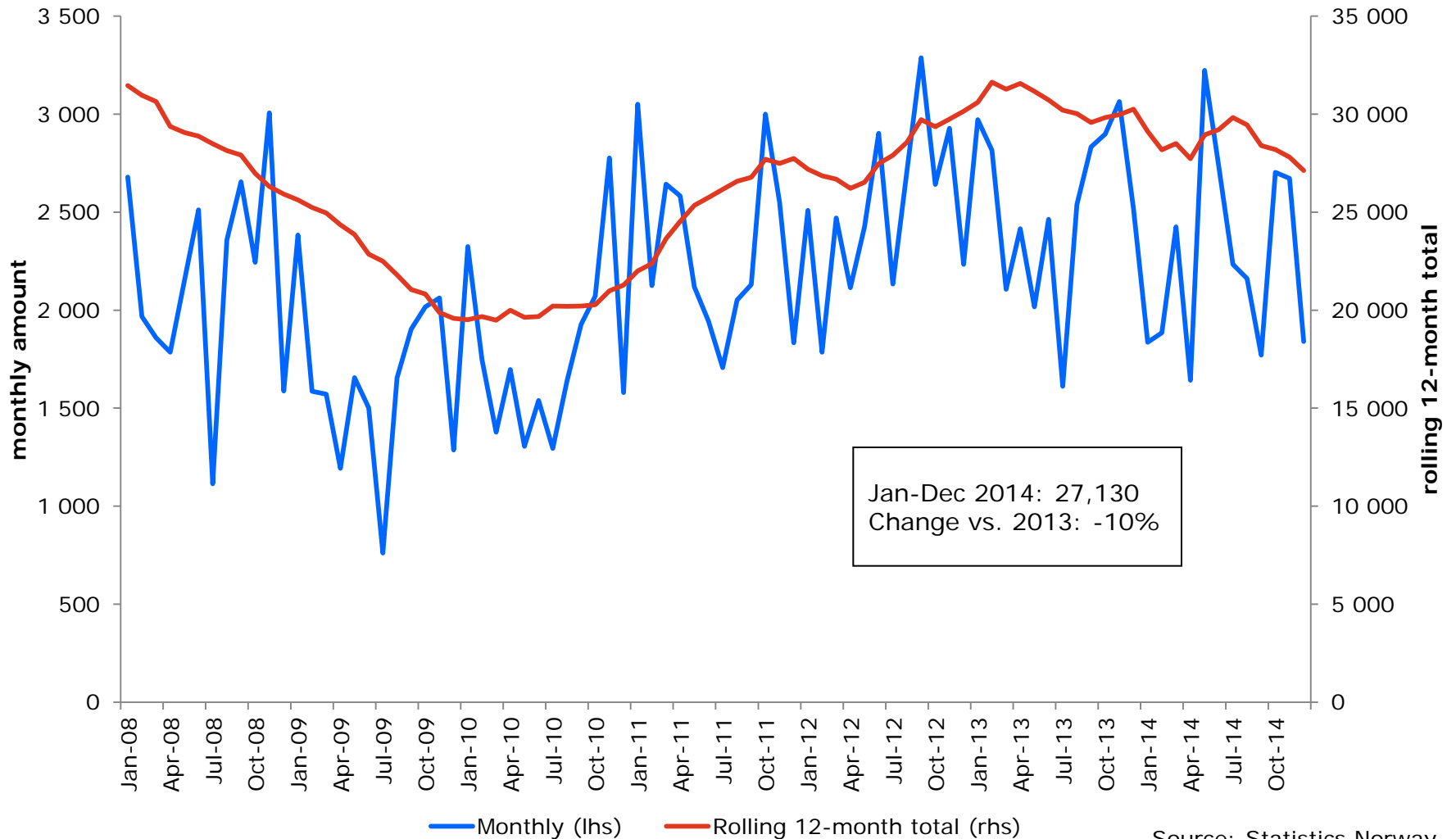
Housing starts in Denmark (Seasonally adjusted)



Source: Statistics Denmark

Norway

Housing permits in Norway



Source: Statistics Norway