

Uponor



Nordbygg exhibition, Stockholm, Sweden, 1-4 April 2014

Financial results briefing – Q1/2014

Jyri Luomakoski
President and CEO
Uponor Corporation

Q1

Q1/2014 market overview

Northern Europe

- Activity in the residential segment, as a whole, was satisfactory but civil engineering and non-residential construction has been weaker
- Finland experienced notable deterioration in most construction segments while housing starts (Q4) in Sweden reached their highest level since 2007

Central Europe

- The German market posted consistent growth and Central Europe benefited from the mild winter weather











Southern Europe

- Flat or weakening development in most of Southwest Europe
- The UK continued to show signs of improvement

North America

- A harsh winter resulted in slower-than-expected construction growth in the U.S., but the underlying fundamentals remain positive

Leading indicators in major markets

	Indicator	% change YTD	Data through	Trend since Q4 update
Germany	Housing permits	+16%	January 2014	
USA	Housing starts ¹⁾	-6%	March 2014	
Finland	Housing permits	+3%	January 2014	
Sweden	Housing starts	+46%	December 2013	
Canada	Housing starts ¹⁾	-11%	March 2014	
Denmark	Housing starts	-35%	December 2013	
UK	Housing starts ²⁾	+23%	December 2013	
Norway	Housing starts	-35%	February 2014	
Netherlands	Housing permits	-30%	December 2013	
Spain	Housing permits	-20%	January 2014	

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

Q1/2014: Growth supported by mild winter and stable economy in Europe

January – March	1-3/2014	1-3/2013	Change
Net sales	230.9	177.7	30.0%
Operating profit	4.8	6.1	-20.8%
- Operating profit w/o non-recurring costs	8.6	6.1	+40.8%

Net sales

- Recovering demand in key markets, such as much of Central Europe, Sweden and Russia, supported by the mild winter
- Double-digit growth in North America (in local currency) despite the severe winter
- Uponor Infra integration and a modest growth (from historic figures)
- Currency impact €-7.5 million

Operating profit

- Operational leverage in large markets
- Stability of input costs
- Burdened by a €3.8m provision for the CE distribution centre relocation

Highlights of Q1/2014

- + Stability of key western European markets increased, supporting consumer and business confidence
- + Despite inclement weather, growth and expansion in North America continued
- + The integration of Uponor Infra on track; targeted savings coming along as planned
- + Significant new product launches attracting genuine customer interest
- + Renovation concept supports building solutions sales in a declining Finnish market
- Continued sluggishness in public infrastructure and non-residential investments
- Political risks raising their head and disturbing a fragile market development in Europe and globally

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International Builders' Show, Las Vegas, USA, 4-6 February 2014

Financial statements

Riitta Palomäki
CFO
Uponor Corporation

Q1

Interim January – March 2014

Key figures

M€	1-3 2014	1-3 2013	Change Y/Y	1-12 2013
Net sales, continuing operations	230.9	177.7	+30.0%	906.0
Operating profit, continuing operations	4.8	6.1	-20.8%	50.2
Operating profit margin, continuing operations	2.1%	3.4%	-1.3% pts	5.5%
Earnings per share (diluted), €	0.04	0.05	-20.0%	0.38
Return on equity, % (p.a.)	2.6%	6.8%	-4.2% pts	10.8%
Return on investment, % (p.a.)	3.5%	7.0%	-3.5% pts	12.5%
Net interest bearing liabilities	147.8	142.1	+4.0%	96.9
Gearing, %	56.9%	77.6%	-20.7% pts	33.7%
Net working capital of Net sales, % (p.a.)	13.1%	12.9%	+1.2%	12.1%
Average number of employees, continuing operations	4 161	3 024	+37.6%	3 649
Number of employees, end of period, continuing operations	4 166	3 030	+37.5%	4 141

Interim January – March 2014

Income statement

M€	1-3 2014	1-3 2013	Change Y/Y	1-12 2013
Continuing operations				
Net sales	230.9	177.7	+30.0%	906.0
Cost of goods sold	152.8	108.5	+40.9%	585.9
Gross profit	78.1	69.2	+12.9%	320.1
- % of net sales	33.8%	39.0%	-5.1% pts	35.3%
Other operating income	0.2	0.1	+181.6%	0.8
Expenses	73.5	63.2	+16.4%	270.7
Operating profit	4.8	6.1	-20.8%	50.2
- % of net sales	2.1%	3.4%	-1.3% pts	5.5%
Financial expenses, net	2.1	1.1	+100.3%	7.1
Share of result in associated companies	0.0	0.0		0.1
Profit before taxes	2.7	5.0	-46.7%	43.2
Profit for the period	1.8	3.3	-46.8%	27.1
EBITDA	13.9	13.2	+5.1%	83.2

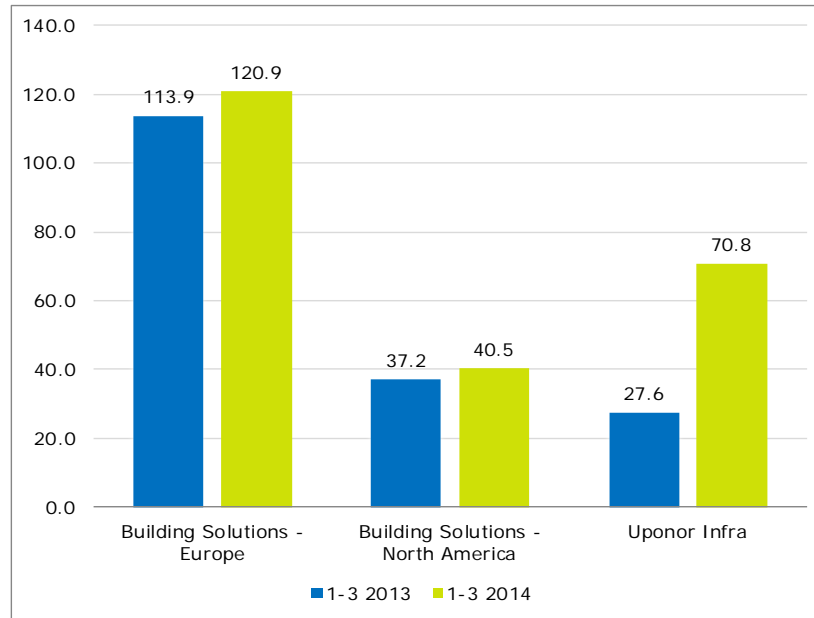
- **Compared to the combined historic figures net sales growth** at 6.5%, supported by the mild winter and the weak comparison period, even though FX reduced net sales by 3.1%
- **Gross profit margin** diluted due to higher share of the infrastructure solutions business
- **Expenses** burdened by €3.1m costs related to the plan to relocate the German distribution centre
- **Operating profit** w/o NRI at €8.6m, or 3.7% of net sales, a growth of 40.8% y-o-y
- **Financial expenses, net** up due to FX

Interim January – March 2014

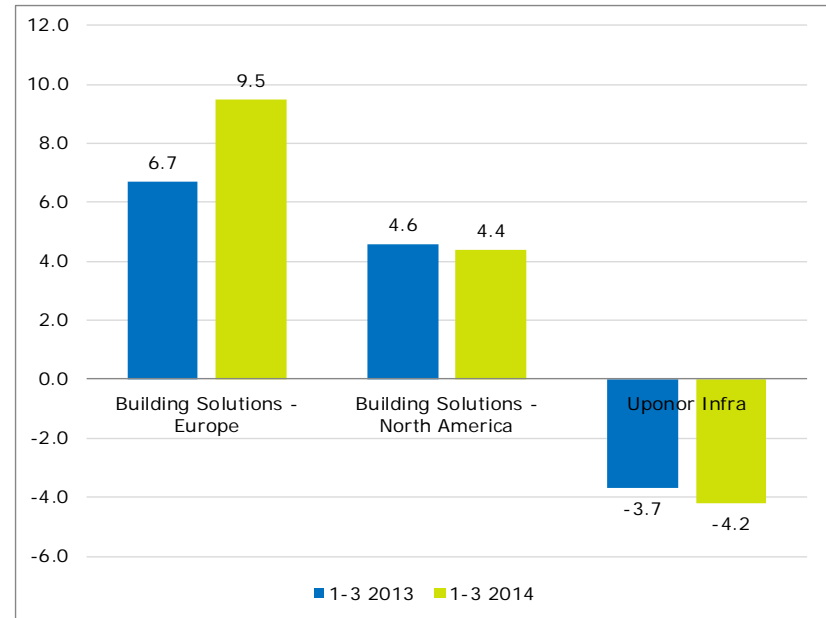
Net sales & operating profit by segment

Currency: M€

Net sales



Operating profit, w/o non-recurring items

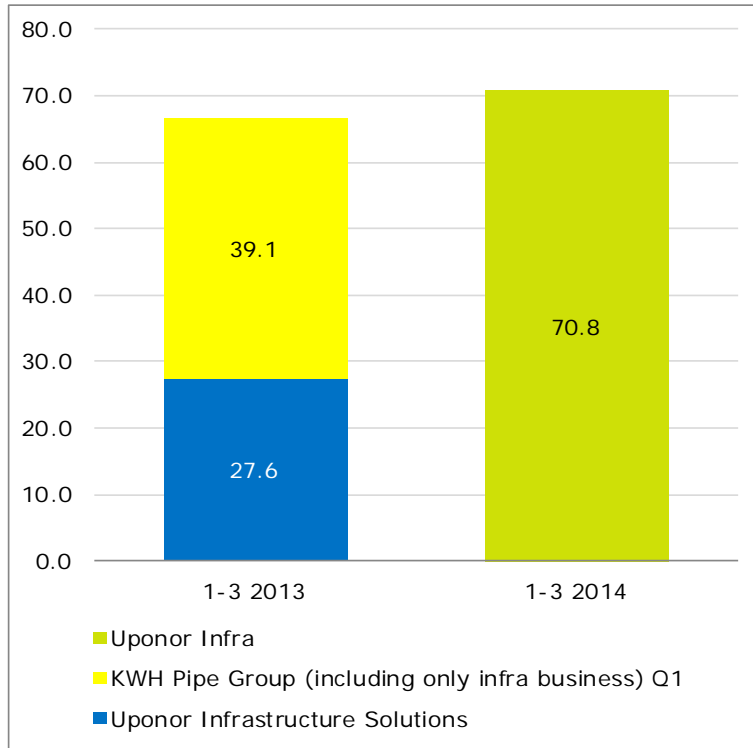


- Building Solutions – Europe profit supported by operational leverage as a result of higher sales
- Building Solutions – North America profit burdened by the weaker USD and CAD
- Increase in Uponor Infra net sales mainly due to the new Uponor Infra units; a modest growth in like-for-like sales

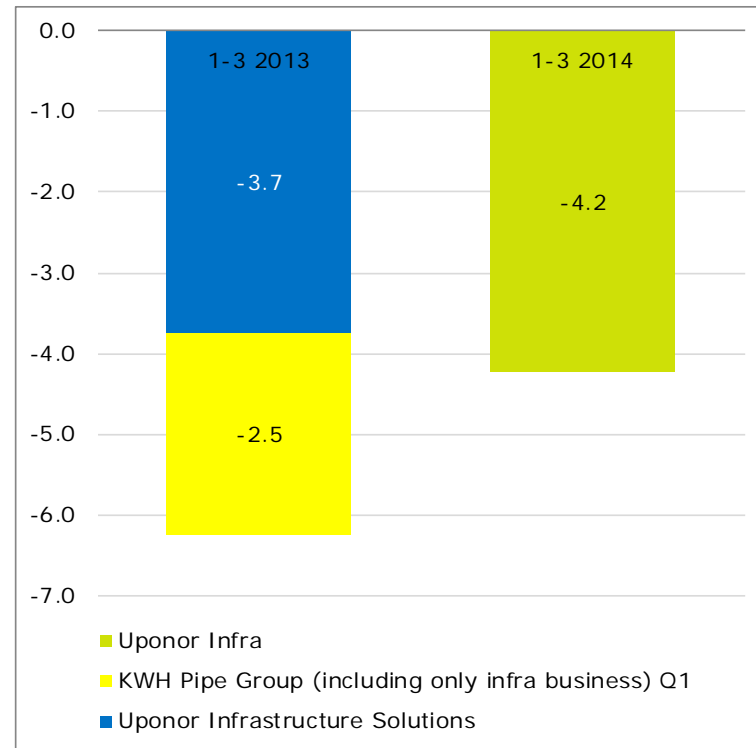
Interim January – March 2014

Uponor Infra, historic comparison

Currency: M€
Net sales



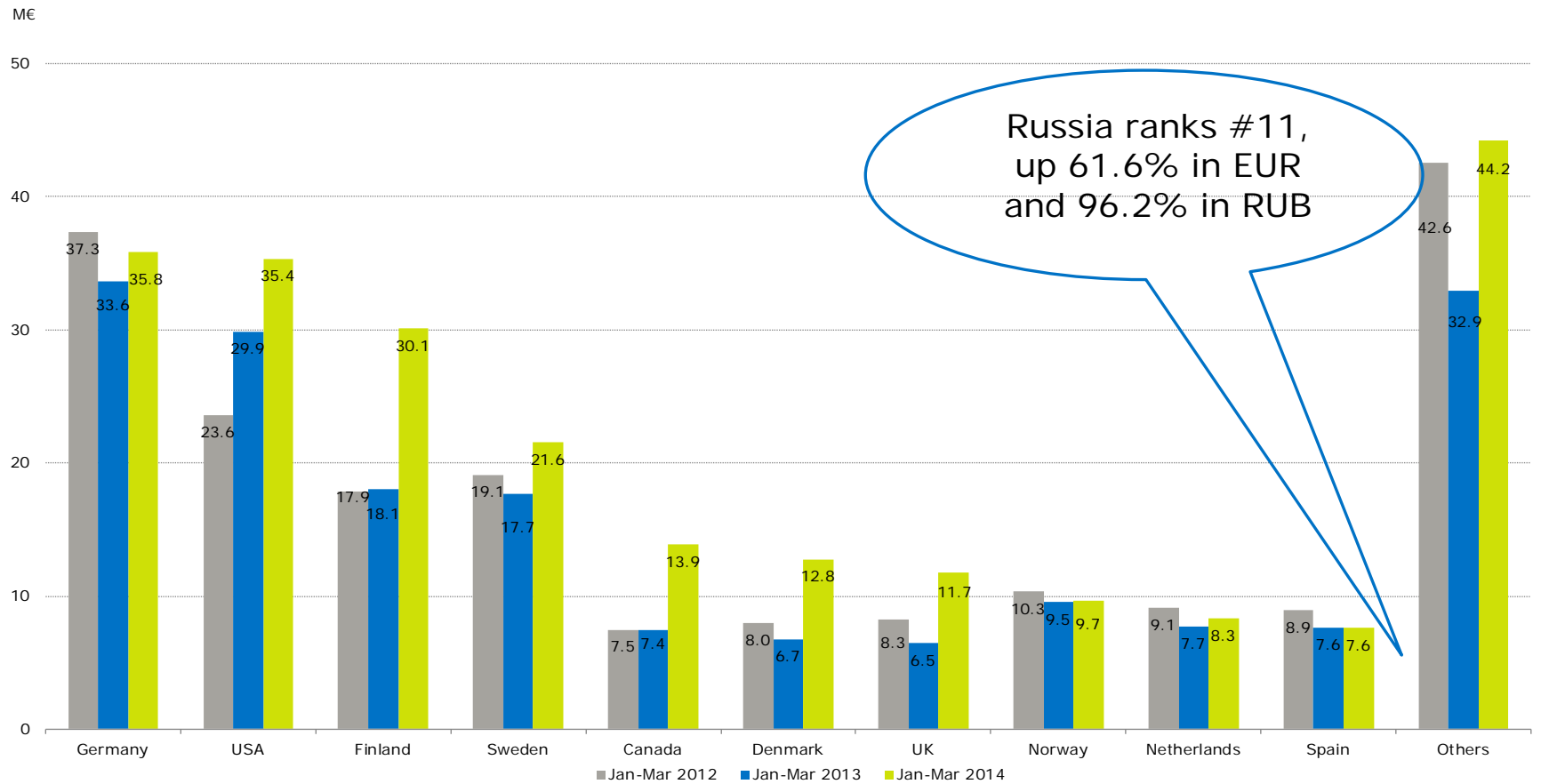
Operating profit



- Modest growth (6%) in I-for-I net sales supported by the mild winter in Europe
- Integration programme executed according to plan, some consolidation savings already visible

Interim January – March 2014

Net sales development in key markets



Russia ranks #11,
up 61.6% in EUR
and 96.2% in RUB

	Germany	USA	Finland	Sweden	Canada	Denmark	UK	Norway	Netherlands	Spain	Others
Growth % in EUR	+6.4	+18.4	+66.5	+22.1	+87.2	+89.2	+81.6	+1.3	+7.7	-0.5	+34.2
% in Curr.	+6.4	+23.3	+66.5	+27.9	+113.6	+89.3	+75.2	+13.1	+7.7	-0.5	

Note: Countries are sorted by YTD 2014 net sales

Interim January – March 2014

Balance sheet

M€	31 Mar 2014	31 Mar 2013	Change Y/Y	31 Dec 2013
Property, plant and equipment	197.4	153.2	+44.2	201.8
Intangible assets	101.5	92.5	+9.0	102.8
Securities and long-term investments	10.8	0.8	+10.0	10.8
Inventories	130.6	93.6	+37.0	115.4
Cash and cash equivalents	30.2	8.1	+22.1	53.7
Other current and non-current assets	220.0	184.6	+35.4	176.5
Total equity	260.0	183.2	+76.8	287.7
Non-current interest-bearing liabilities	136.4	107.6	+28.8	136.4
Provisions	23.7	19.7	+4.0	22.1
Non-interest-bearing liabilities	228.7	179.7	+49.0	200.6
Current interest-bearing liabilities	41.7	42.6	-0.9	14.2
Balance sheet total	690.5	532.8	+157.7	661.0

- Total recognised assets related to the new Uponor Infra at €165.2m (1 July 2013)
- Non-controlling interest represents €65.9m of the total equity at €260.0m

Interim January – March 2014

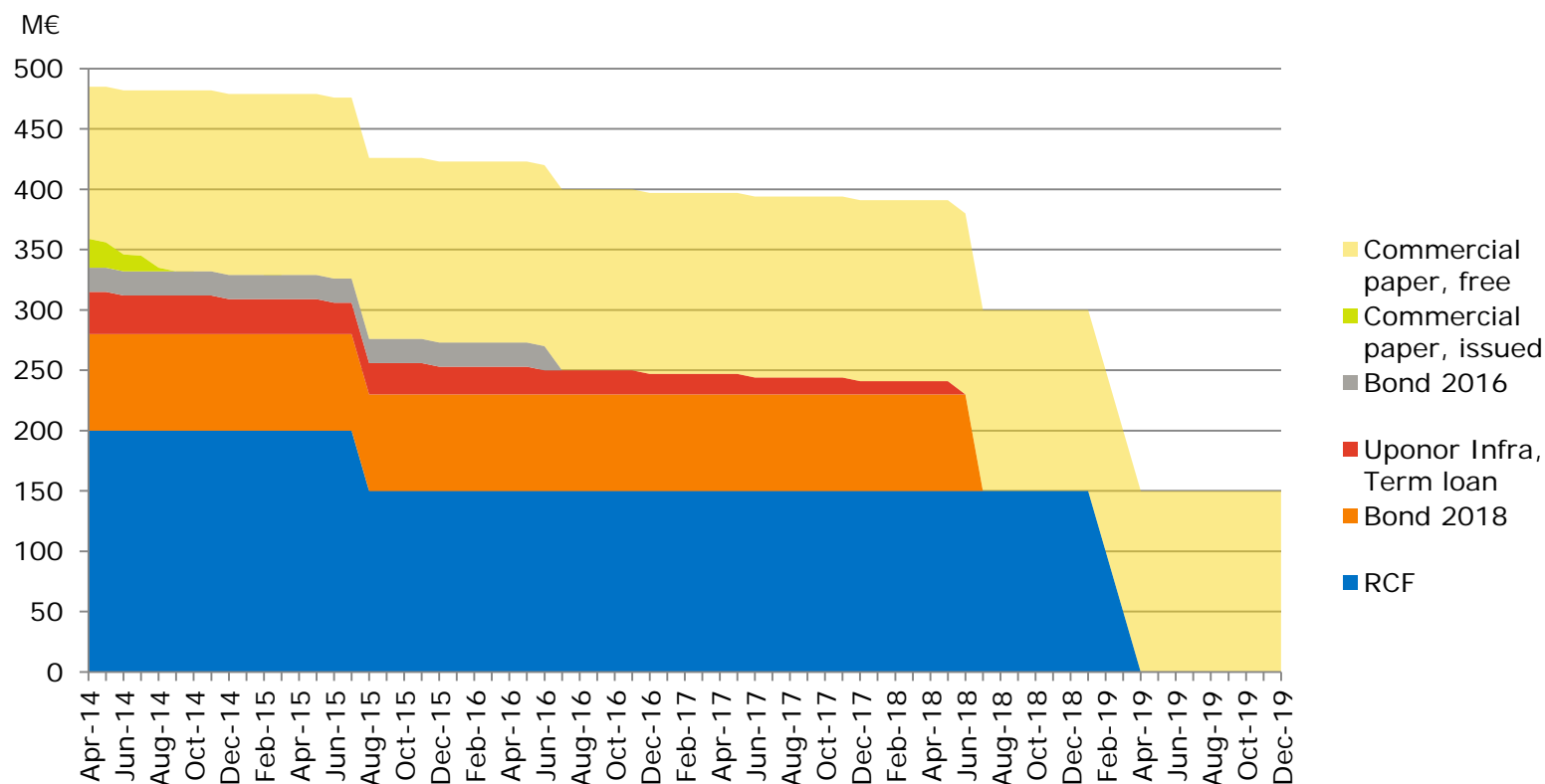
Cash flow

M€	1-3 2014	1-3 2013	Change Y/Y	1-12 2013
Net cash from operations	+13.5	+11.2	+2.3	+87.9
Change in NWC	-28.6	-22.6	-6.0	+22.3
Net payment of income tax and interest	-3.3	-4.1	+0.8	-18.1
Cash flow from operations	-18.4	-15.5	-2.9	+92.1
Cash flow from investments	-4.1	-4.6	+0.5	-24.9
Cash flow before financing	-22.5	-20.1	-2.4	+67.2
Dividends and buy backs	-27.8	-27.8	+0.0	-27.8
Other financing	+27.3	+38.2	-10.9	-2.2
Cash flow from financing	-0.5	+10.4	-10.9	-30.0
Change in cash and cash equivalents	-23.5	-9.6	-13.9	+36.0

- Gross CAPEX at €4.4m, down €0.2m from Q1/2013, and clearly below depreciation at €9.1m

Interim January – March 2014

Credit facilities



- The revolving bilateral credit facilities (RCF) have been rearranged
- The RCFs now total €200m, consisting of four equal €50m tranches
- The rearrangement of the facilities improved the terms and diversified the maturity structure of the facilities

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Mostra Convegno exhibition, Milan, Italy, 18-21 March 2014

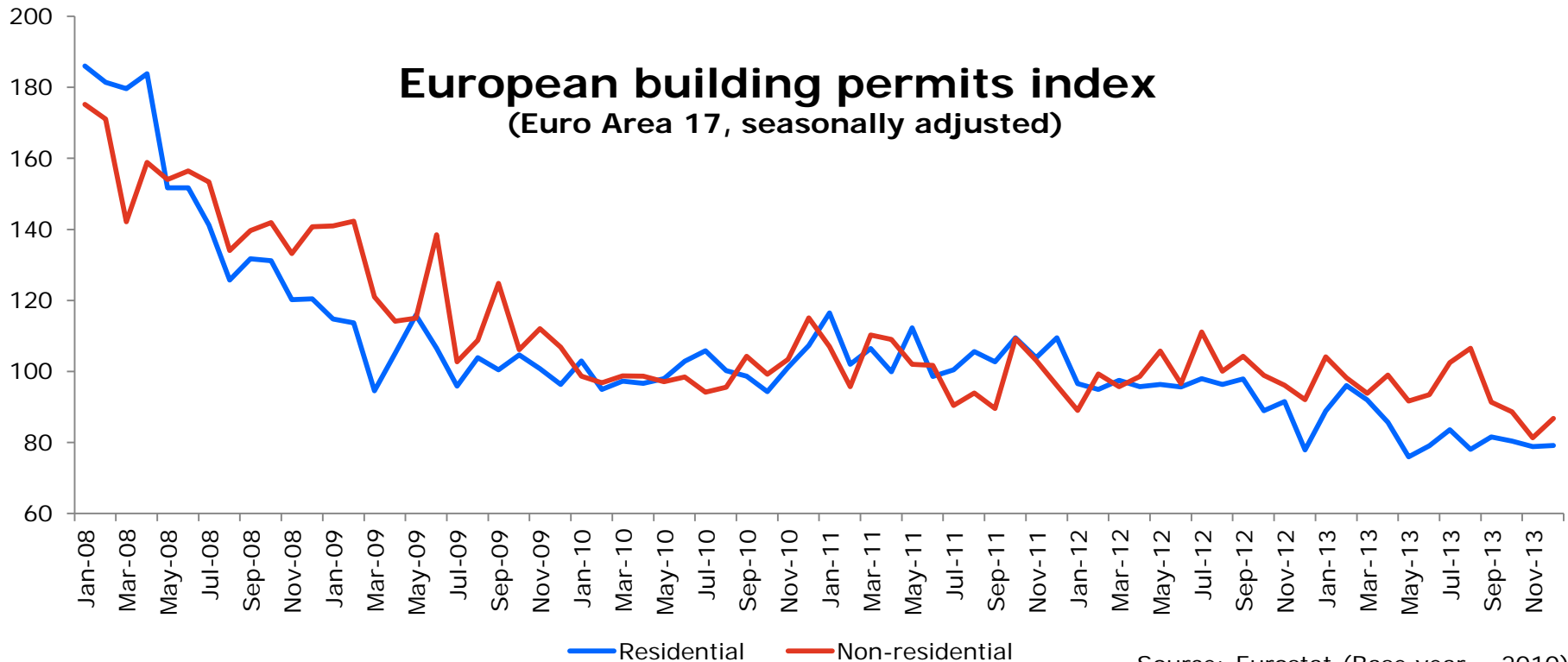
Outlook for the future

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Building permits in Europe

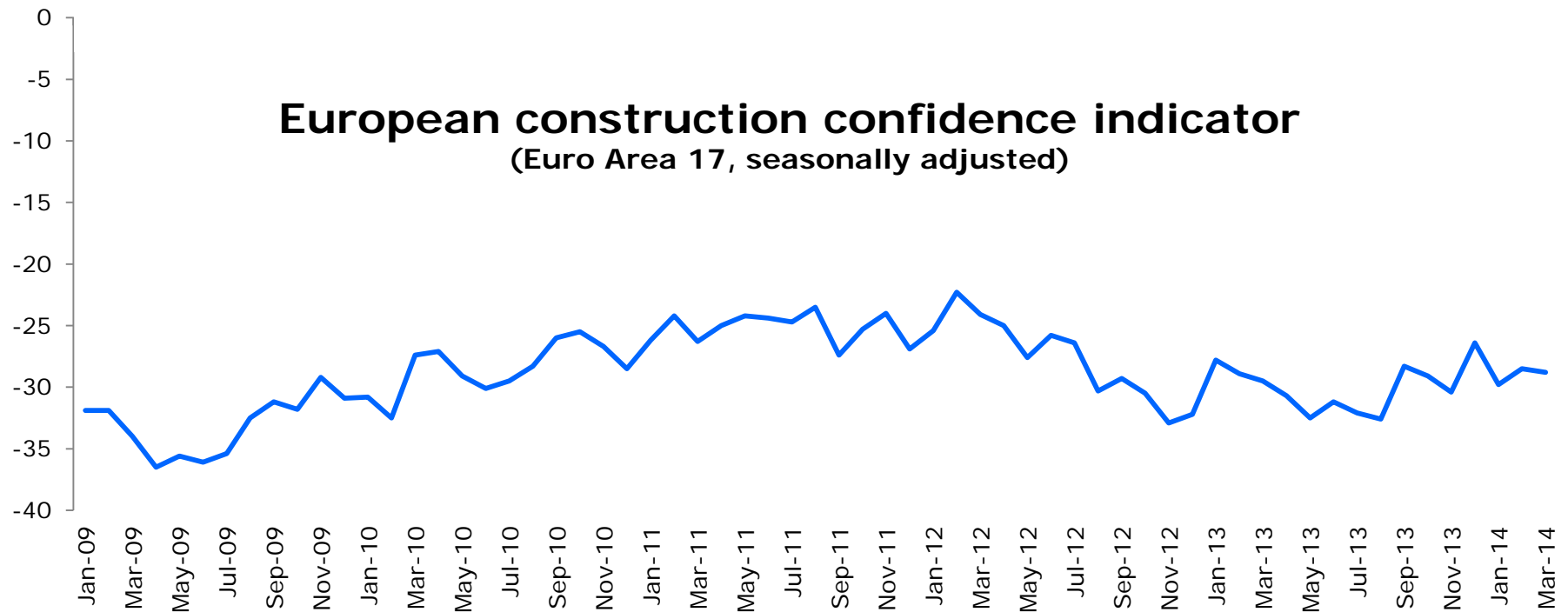
- Following a brief rally in early 2013, residential permits have returned to their historic low
- Minor gains in non-residential permits logged during last summer were lost during the winter months



Source: Eurostat (Base year = 2010)

Construction sentiment in Europe

- Sentiment within the European construction sector has remained stable during the first quarter of 2014
- Respondents are reporting slightly improved activity compared to the autumn

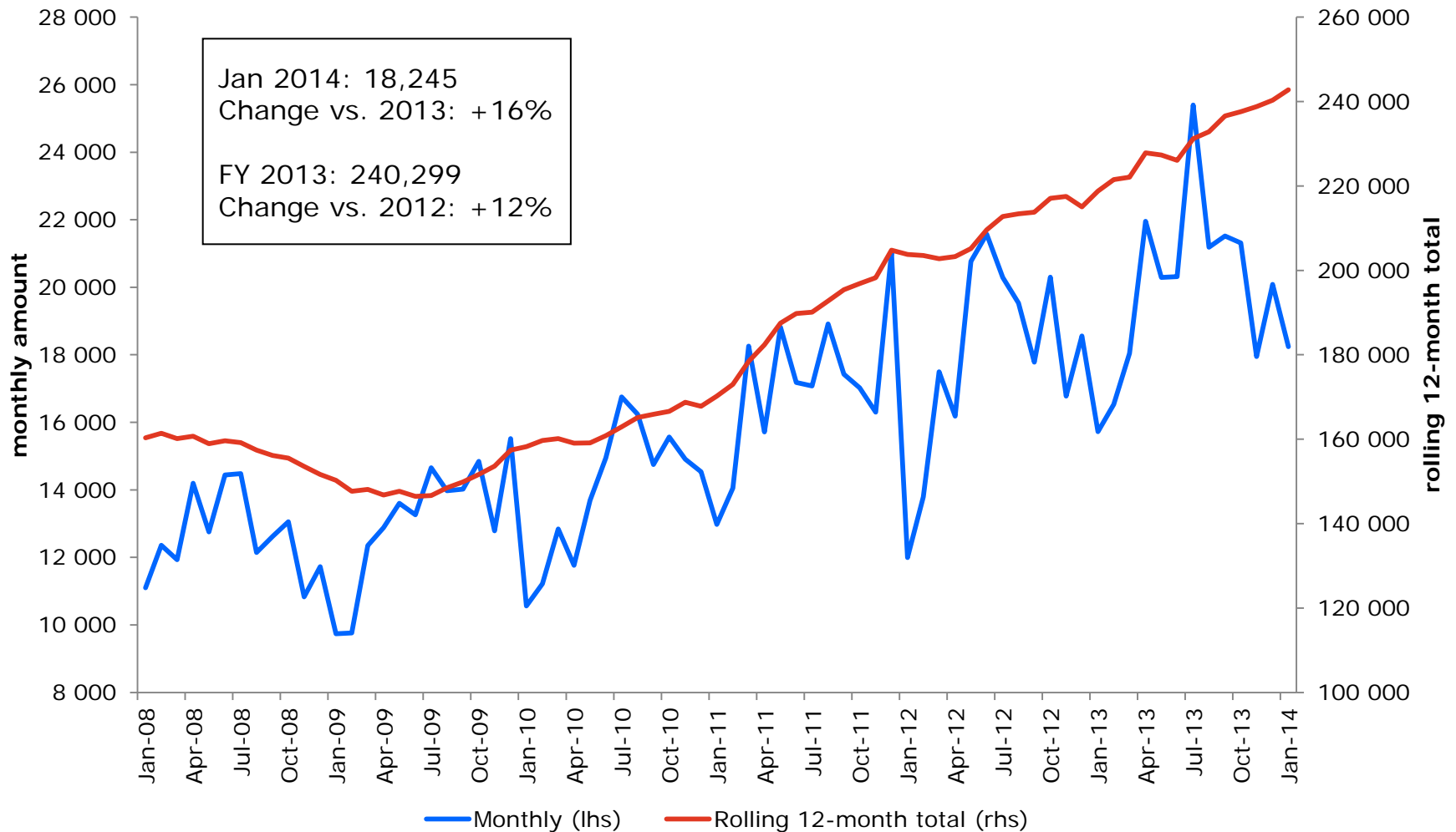


Source: Eurostat

Country overview - Germany

- With demand from trading partners continuing to slowly improve, factory orders and industrial production started the year well
- Business confidence fell in March, but remains strong
- Within the construction industry:
 - Order entry rose significantly in January over the previous year's level
 - Building permit levels continue to post year-over-year growth
 - While builders are satisfied with their current business situation, their confidence in the future has fallen slightly

Housing permits - Germany

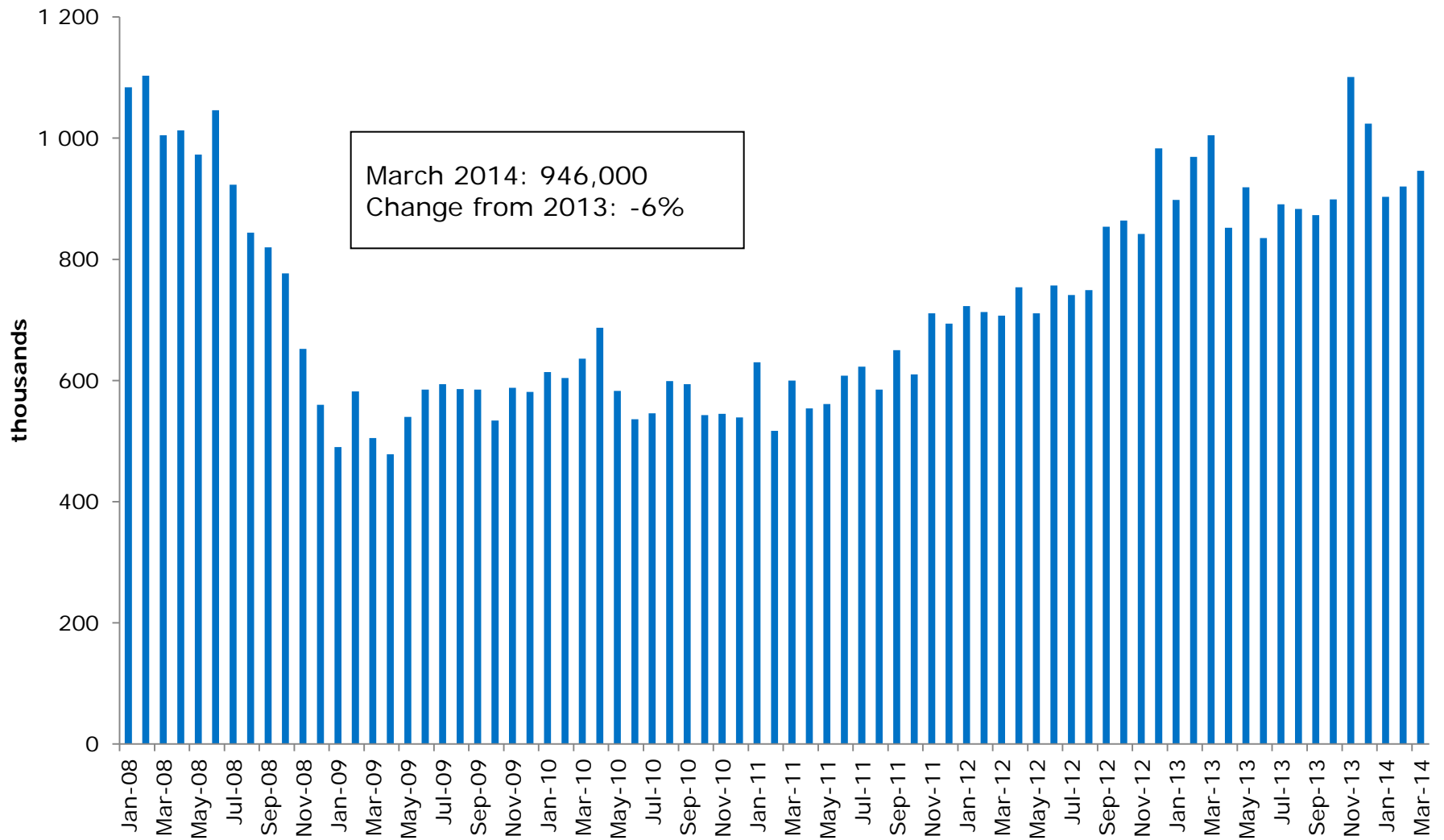


Source: Destatis

Country overview - USA

- The exceptionally cold winter has been accompanied by mixed economic data, although the economy continues to grow at a moderate pace
- The weather has had an especially harsh impact on leading construction indicators in the first months of the year:
 - Housing starts are below last year's level
 - Builder confidence continues to fall short of expansionary levels
- However, construction spending in the residential and non-residential segments has clearly outpaced 2013

Housing starts - USA



Seasonally adjusted annual rate

Source: U.S. Census Bureau

Management agenda for the near term

- Further operational excellence measures in Building Solutions – Europe
 - Improvements in efficiency and cost-base in the supply chain
 - Coherent brand marketing driving best practises and synergies
- Continue to drive the targeted €10 million synergies in Uponor Infra, the main impact of which comes in the next quarters
 - Efforts to grow net sales in Europe and internationally
- Focussed execution of growth programmes in North America to secure maximum gain from the market growth
- Keep overheads and investments aligned with realistic market expectations

New offerings support Uponor's differentiation strategy

- Uponor Uni Pipe Plus, the new revolutionary seamless aluminium composite pipe features **BETTER PERFORMANCE**
 - Lower cost
 - Shorter installation time
 - Safer installation
 - Better visual appearance



- *U@home*, Uponor's new control app for underfloor heating and cooling systems
- Available for Android and iOS devices this spring



Guiding forward

- Current guidance was issued on 14 February 2014
- Except for the emergence of recent political risks, no other major changes to the worse in the macro-economic trends since that date
- Therefore, the guidance remains intact:

The Group's net sales and operating profit (excluding any non-recurring items) are expected to improve from 2013

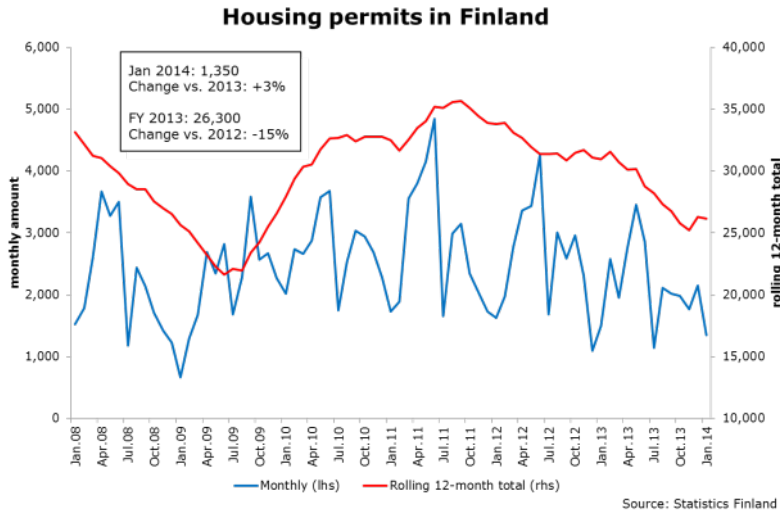
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simply more

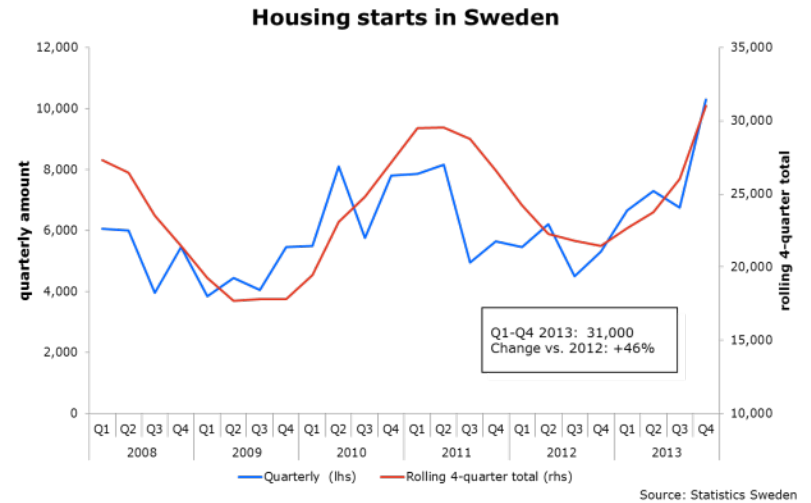
The text may contain forward-looking statements, which are based on the present business scope and the management's present expectations and beliefs about the future. The actual result may differ materially from such statements.

Residential building development in key countries

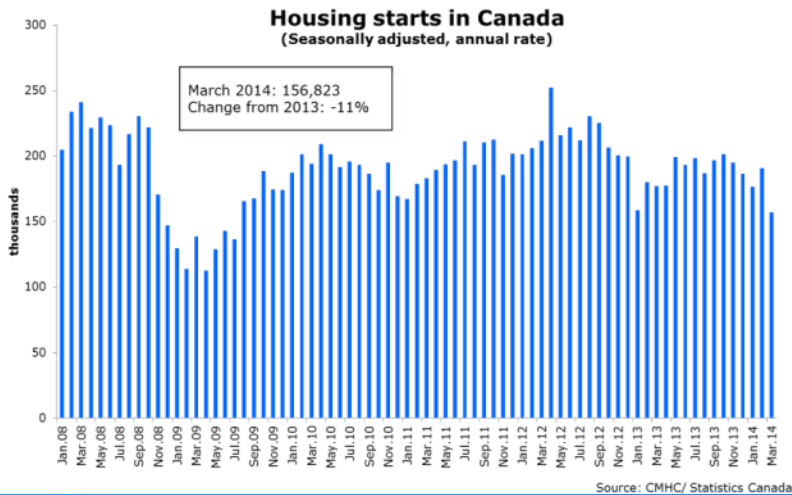
Finland



Sweden



Canada



Denmark

