Uponor roadshow presentation
Q1/2019

Jyri Luomakoski –
President and CEO, Uponor Corporation
Uponor at a glance

Uponor is a leading international provider of plastic based piping systems for buildings and infrastructure.

We provide safe drinking water delivery systems, energy-efficient radiant heating and cooling and reliable infrastructure solutions.

Uponor is listed on Nasdaq Helsinki since 1988.

FACTS & FIGURES

1.2 billion euro net sales in 2018

30 countries with Uponor operations

17 manufacturing facilities worldwide

4,100 employees worldwide
Uponor operates in 30 countries, serving customers worldwide
Our solutions enrich people’s way of life

Our vision
Throughout the world, our solutions enrich people’s way of life

Our mission
Partnering with professionals to create better plumbing, indoor climate and infrastructure solutions

Our people
We will build an exciting environment for growth and achievement both for the company and our employees
Shared values guide our operations

With 4,100 committed employees in 30 countries, Uponor is at your service all over the world.
Throughout the world, our solutions enrich people’s way of life

Award winning district cooling, reducing electricity consumption and emissions by about 65-70%, compared to cooling from local cooling units: Helsingborg, Sweden

Prefabricated Uponor Riser Port for quick and easy installation in a 6 floor apartment building: Helsinki, Finland

Radiant cooling system for the world’s largest concrete pour in the 10th tallest building in the USA: Wilshire Grand, Los Angeles, USA

Decentralised heating and cooling for the tallest residential building in Germany: Grand Tower, Frankfurt, Germany

Uponor TABS offering safe and comfortable temperatures for train maintenance teams in one of the largest rail depots in Europe: London, UK

Uponor’s Contec ceiling radiant cooling system for a sustainable international school: Kuala Lumpur, Malaysia

Delivery of sustainable, easy to transport and handle fish farming pipes under harsh conditions: North Atlantic

Durable, sustainable Weholite® at a modern pulp and fine paper mill: Nymölla, Sweden
Uponor’s strategy focuses on sustainable growth

We defend our strong position in distribution business and residential markets

We expand in commercial markets with an aim to significantly grow designed solutions sales

We build options for future growth: e.g. sustainable hygienic solutions, advanced product and production technologies
Our business groups

Plumbing solutions
52% (*

Indoor climate solutions
24% (*

Infrastructure solutions
24% (*

*) share of Group net sales, the impact of Uponor Infra’s North American business eliminated
Uponor’s plumbing offering
For efficient and hygienic drinking water delivery

Flexible pipe systems
Multilayer pipe systems
Risers
Press fittings
Prefabricated units
Quick & Easy fittings
Tools
Intelligent water and hygiene
Uponor’s indoor climate offering
The basis for a comfortable and energy-efficient ambiance

- Radiant heating and cooling
- Thermally active slabs
- Ceiling cooling
- Heating and cooling distribution
- Manifold stations
- Controls
- Local heat distribution
- Ventilation
Uponor’s infrastructure offering
Transporting water, air, electricity, telecommunications and data

Standard Solutions
360° Project Services
Weholite® Technology Licensing
Sustainability shapes the future of building

One third of the world’s energy consumption is associated with heating, cooling, ventilation and lighting

Uponor offers sustainable products and systems

Uponor radiant systems can reduce CO\textsuperscript{2} emissions for any building type

Uponor plumbing and wastewater systems and installation technologies meet stringent water quality requirements

Plastic pipe solutions boost a good ‘cradle-to-grave’ life-cycle performance
During 2018, Uponor reviewed its sustainability strategy and defined four focus areas: **clean water and sanitation**, **responsible production and consumption**, **climate action**, as well as **decent work and economic growth**. The selected focus areas are those that have the greatest impact potential on the business, including major opportunities, and are aligned with Uponor's business scope.

### Financial impact on stakeholders 2018

- **Customers**
  - Net sales €1,196.3 million

- **Investors**
  - Dividends paid €35.8 million

- **Society**
  - Taxes and social costs paid €63.3 million

- **Personnel**
  - Salaries and remunerations €226.6 million

- **Product and service suppliers**
  - Purchases €857.9 million
Development in sustainability topics

<table>
<thead>
<tr>
<th></th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total energy consumption</td>
<td>1,000 MWh</td>
<td>200</td>
<td>226.9</td>
</tr>
<tr>
<td>Raw material used</td>
<td>1,000 tonnes</td>
<td>140.9</td>
<td>151.2</td>
</tr>
<tr>
<td>Water consumption</td>
<td>1,000 m3</td>
<td>155.2</td>
<td>207.1</td>
</tr>
<tr>
<td>Total GHG emissions</td>
<td>1,000 tonnes</td>
<td>7.5</td>
<td>8.5</td>
</tr>
<tr>
<td>(Scope 1)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total GHG emissions</td>
<td>1,000 tonnes</td>
<td>32.1</td>
<td>30.8</td>
</tr>
<tr>
<td>(Scope 2)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total waste</td>
<td>1,000 tonnes</td>
<td>18.8</td>
<td>20.2</td>
</tr>
<tr>
<td>Incident rate (LTIF)</td>
<td>per million work hours</td>
<td>8.9</td>
<td>12.7</td>
</tr>
</tbody>
</table>

- **Opening of Hutchinson manufacturing facility** is notable in the increase of total energy consumption, used raw materials and waste.

- **Water consumption** increased due to leakage in our cooling water systems in Hutchinson, which are corrected as well as extremely hot summer in Virsbo.

- **Incident rate (LTIF)** increased due to increase in home-to-work accidents and business trip accidents.
Major shareholders
31 March 2019

- Oras Invest Ltd 24.6%
- Varma Mutual Pension Insurance Company 5.3%
- Nordea Nordic Small Cap Fund 4.3%
- Mandatum Life Insurance Company Ltd 2.8%
- Ilmarinen Mutual Pension Insurance Company 2.6%
- The Local Government Pensions Institution 1.3%
- Pekka Paasikivi 1.2%
- The State Pension Fund 0.9%
- Jukka Paasikivi 0.8%
- Nominee registrations 23.6%
- Others 32.6%

- 19,969 shareholders at the end of March 2019
- Foreign shareholding was 23.6% at the end of March 2019 vs 23.5% at the end of December 2018
Shareholder value development
1998–2018

* FAS

Market Cap 31 Dec  Dividends  Total Shareholder Return (rhs)
Share price development
2003–2018

Uponor, €
OMX Helsinki Cap PI rebased
**Long-term financial targets**
Since 13 February 2019

- Organic net sales growth to exceed annual GDP growth* by **3 ppts**
- EBIT margin to exceed **10%**
- ROI to exceed **20%**
- Gearing to stay within **40 to 80** as an annual average of the quarters
- Dividend pay-out to be at least **50%** of annual earnings (considering the gearing target)

**Achievement in 2018**

- **4.9%** (target **5.4%**)  
- **8.3%** (comparable EBIT **8.3%**)  
- **17.2%**  
- **53.0**  
- **70.8%**

* GDP growth based on a weighted average growth in the top 10 countries
Interim results briefing 1–3/2019

Jyri Luomakoski, President and CEO, Uponor Corporation
Highlights of Q1

• Net sales were €248.9 (276.9) million, organic growth in constant currency terms was -2.2%
• Operating profit was €14.3 (17.0) million
• Restructuring activities start to impact positively on Building Solutions – Europe’s profitability
• Building Solutions – North America was impacted by customers’ purchasing patterns
• Uponor Infra improved its profitability
Group net sales and comparable operating profit

Net sales, M€

Comparable operating profit, M€

= share of Uponor Infra’s North American business and Zent-Frenger
Net sales development by key markets
January – March 2019

= share of Uponor Infra’s North American business and Zent-Frenger

May 2019 | © Uponor | Roadshow presentation
Development by segment: Building Solutions – Europe

![Graph showing net sales and comparable operating profit percentage for Building Solutions – Europe from Q1/2018 to Q1/2019.](image)
Development by segment: Building Solutions – North America

![Graph showing net sales and comparable operating profit percentage for Q1/2018 to Q1/2019.]
Development by segment: Uponor Infra

North America
Net sales
Comparable operating profit %
Comparable operating profit % wo. North America
Cash flow included dividend payment, totalling €18.2 million
Gross profit margin improved
Gross investments declined due to lower investment level in North America

![Graph showing gross investments and their percentage of net sales over quarters from Q1/2018 to Q1/2019.](image-url)
Net interest-bearing liabilities and gearing increased from year-over-year due to IFRS 16

M€


- IFRS16 impact on net interest-bearing liabilities
- Net interest-bearing liabilities
- Gearing, average across quarters
Outlook for the future
Despite some external headwinds and diminishing impacts of fiscal stimulus, the economy continues to expand and consumers remain generally optimistic.

Within the construction industry:
- Residential construction spending slowed in February compared to a year earlier, but was offset by growth in the non-residential segment.
- March 2019 housing starts fell 14% compared to a year earlier, although permits fared better.
- The HMI, which gauges home builder confidence, continues to imply expansion at a reading of 62.
- The ABI, a leading non-residential indicator, remains barely in expansionary territory at 50.3.
Germany - Construction has so far been insulated from slowing trade

While the labour market and consumer demand has thus far remained solid, continued trade uncertainties have had a significant negative impact on businesses, with manufacturers’ confidence at three-year lows

In the construction industry:
- Construction sentiment has retreated from the all-time highs of 2018, but builders continue to be very satisfied by historical standards
- Both permits and construction volumes rose in the first month of the year compared to 2018

Source: Eurostat
Finland - Leading indicators point towards slowing, but a backlog of projects is supporting demand

The economy appears set to continue growing, but at a reduced pace from previous years. Meanwhile, consumer confidence remains at a good level, supported in part by improving employment levels.

Within the construction industry:
- Builders continue to be satisfied with their order books and current activity levels.
- Although permit levels have continued to moderate, a backlog of projects has sustained building activity at elevated levels.
- The turnover of construction companies has increased during the first months of the year compared to the same period in 2018, especially in the infrastructure segment.

Source: Statistics Finland and Eurostat
Sweden - Weaker residential building is being countered by other construction segments

With firms and especially consumers less optimistic than in years past, the rate of economic growth is clearly positive, but slowing

Within the construction industry:
- While residential construction continues to slow, non-residential and civil engineering segments are healthier
- Having declined throughout 2018, building permit levels may be stabilising
- Despite some softening, house prices remain largely stable

Source: Statistics Sweden and Eurostat
Uponor repeats its full-year guidance announced on 13 February 2019:
Excluding the impact of currencies, Uponor expects its net sales to reach the level of the year 2018 net sales excluding the divested Uponor Infra’s North American business and Zent-Frenger (€1,107.7 million), and comparable operating profit to improve from the year 2018 comparable operating profit excluding the divested Uponor Infra’s North American business and Zent-Frenger (€83.5 million).
Europe - Building permits remain at high levels while confidence has retreated from all-time highs

Continued trade and political uncertainties are taking a toll on businesses with the effect of dampening economic growth expectations for the year, though consumer confidence remains mostly positive.

Within the construction industry:

- Both residential and non-residential building permits ended 2018 ahead of previous years’ levels, with growth in Germany, Spain and the Netherlands able to offset slowing permit levels in the Nordics and France.

- Builder confidence has moderated from last autumn’s 40-year high, but builders continue to report very strong construction activity and order book levels.

Source: Eurostat
Leading residential indicators: Many markets are moderating from multi-year highs

<table>
<thead>
<tr>
<th>Indicator</th>
<th>YTD % Change</th>
<th>Rolling 12-month % Change</th>
<th>Data through</th>
<th>Trend since Q4 update</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing starts</td>
<td>-14%1)</td>
<td>N/A</td>
<td>March 2019</td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>+9%</td>
<td>+1%</td>
<td>January 2019</td>
<td></td>
</tr>
<tr>
<td>Housing permits</td>
<td>-10%</td>
<td>-16%</td>
<td>January 2019</td>
<td></td>
</tr>
<tr>
<td>Finland</td>
<td>-10%</td>
<td>-16%</td>
<td>January 2019</td>
<td></td>
</tr>
<tr>
<td>Housing starts</td>
<td>-15%</td>
<td>-15%</td>
<td>December 2018</td>
<td></td>
</tr>
<tr>
<td>Housing starts</td>
<td>+7%</td>
<td>+9%</td>
<td>January 2019</td>
<td></td>
</tr>
<tr>
<td>Denmark</td>
<td>+1%</td>
<td>N/A</td>
<td>January 2019</td>
<td></td>
</tr>
<tr>
<td>Housing permits</td>
<td>+32%</td>
<td>+20%</td>
<td>January 2019</td>
<td></td>
</tr>
<tr>
<td>Housing starts</td>
<td>+6%</td>
<td>-8%</td>
<td>February 2019</td>
<td></td>
</tr>
<tr>
<td>Housing starts</td>
<td>-14%1)</td>
<td>N/A</td>
<td>March 2019</td>
<td></td>
</tr>
<tr>
<td>Housing starts</td>
<td>-9%</td>
<td>-5%</td>
<td>February 2019</td>
<td></td>
</tr>
</tbody>
</table>

1) Seasonally adjusted, annualised rate vs. same month in previous year

Source: National Statistics Offices
## Income statement

<table>
<thead>
<tr>
<th>Uponor Group, M€</th>
<th>1-3 2018</th>
<th>1-3 2019</th>
<th>Change Y/Y</th>
<th>1-12 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>276.9</td>
<td>248.9</td>
<td>-10.1%</td>
<td>1,196.3</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>183.7</td>
<td>162.7</td>
<td>-11.4%</td>
<td>795.5</td>
</tr>
<tr>
<td>Gross profit</td>
<td>93.2</td>
<td>86.2</td>
<td>-7.5%</td>
<td>400.8</td>
</tr>
<tr>
<td>Gross profit margin (%)</td>
<td>33.7%</td>
<td>34.6%</td>
<td>+1.0% pts</td>
<td>33.5%</td>
</tr>
<tr>
<td>Other operating income</td>
<td>0.1</td>
<td>0.5</td>
<td>+782.4%</td>
<td>16.4</td>
</tr>
<tr>
<td>Expenses</td>
<td>76.3</td>
<td>72.4</td>
<td>-5.0%</td>
<td>310.5</td>
</tr>
<tr>
<td>Operating profit</td>
<td>17.0</td>
<td>14.3</td>
<td>-16.0%</td>
<td>106.7</td>
</tr>
<tr>
<td>Operating profit margin (%)</td>
<td>6.1%</td>
<td>5.7%</td>
<td>-0.4% pts</td>
<td>8.9%</td>
</tr>
<tr>
<td>Financial expenses, net</td>
<td>1.7</td>
<td>3.4</td>
<td>+101.3%</td>
<td>8.5</td>
</tr>
<tr>
<td>Share of result in associated companies</td>
<td>-2.1</td>
<td>-1.0</td>
<td>+53.0%</td>
<td>-4.7</td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>13.2</td>
<td>9.8</td>
<td>-25.2%</td>
<td>93.5</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>9.2</td>
<td>7.1</td>
<td>-22.7%</td>
<td>63.2</td>
</tr>
<tr>
<td>EBITDA</td>
<td>26.5</td>
<td>26.7</td>
<td>+0.8%</td>
<td>149.2</td>
</tr>
</tbody>
</table>
## Balance sheet

<table>
<thead>
<tr>
<th>Uponor Group, M€</th>
<th>31 Mar 2018</th>
<th>31 Mar 2019</th>
<th>Change Y/Y</th>
<th>31 Dec 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>248.3</td>
<td>296.4</td>
<td>+48.1</td>
<td>258.3</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>114.7</td>
<td>99.9</td>
<td>-14.8</td>
<td>101.0</td>
</tr>
<tr>
<td>Securities and long-term investments</td>
<td>25.7</td>
<td>24.8</td>
<td>-0.9</td>
<td>25.7</td>
</tr>
<tr>
<td>Inventories</td>
<td>151.3</td>
<td>169</td>
<td>+17.7</td>
<td>147.9</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>46.9</td>
<td>10.2</td>
<td>-36.7</td>
<td>38.1</td>
</tr>
<tr>
<td>Other current and non-current assets</td>
<td>268.5</td>
<td>248.0</td>
<td>-20.5</td>
<td>215.7</td>
</tr>
<tr>
<td>Assets total</td>
<td>855.5</td>
<td>848.3</td>
<td>-7.2</td>
<td>786.6</td>
</tr>
<tr>
<td>Total equity</td>
<td>319.4</td>
<td>324.3</td>
<td>+4.9</td>
<td>353.6</td>
</tr>
<tr>
<td>Non-current interest-bearing liabilities</td>
<td>174.7</td>
<td>206.7</td>
<td>+32.0</td>
<td>175.6</td>
</tr>
<tr>
<td>Provisions</td>
<td>27.3</td>
<td>30.6</td>
<td>+3.3</td>
<td>30.2</td>
</tr>
<tr>
<td>Non-interest-bearing liabilities</td>
<td>250.1</td>
<td>247.3</td>
<td>-2.8</td>
<td>225.5</td>
</tr>
<tr>
<td>Current interest-bearing liabilities</td>
<td>84.0</td>
<td>39.4</td>
<td>-44.6</td>
<td>1.7</td>
</tr>
<tr>
<td>Shareholders’ equity and liabilities total</td>
<td>855.5</td>
<td>848.3</td>
<td>-7.2</td>
<td>786.6</td>
</tr>
</tbody>
</table>
Why invest in Uponor

The company: An industry innovator building on a century of tradition

- Established brand with a proven historic growth, organically and through acquisitions
- Stable business with a track record of profitable performance, even during downturns
- An up-to-date production network from the production technology perspective, as well as regional spread
- Committed long-term key ownership with a clear understanding of the industry's dynamics

The business: Solutions for safe drinking water delivery, energy-efficient heating and cooling and reliable infrastructure

- A leading international supplier of plastic plumbing and hydronic radiant heating systems and a strong position in civil engineering pipe systems in northern Europe
- A proven track record of superior quality supported by product, system and value chain innovation that meets customer expectations
- Total offering committed to: Comfort, Health, Efficiency, Sustainability and Safety

Read more at: https://investors.uponor.com
Uponor IR app:

Stay up to date with our latest developments effortlessly on the go

- Watch our webcasts
  Watch our quarterly release webcasts live or recorded via the app

- Create a watchlist
  Monitor our stock performance against other listed companies globally

- Share content with your network
  Share content with your connections via social media channels or through email

- Be the first to know
  Turn on the push notifications to stay posted on our current news and events

Download now!
Build on Uponor