Uponor roadshow presentation
Q2/2019

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
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 CO₂ 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
Sustainability at Uponor

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 (Scope 1)</td>
<td>1,000 tonnes</td>
<td>7.5</td>
<td>8.5</td>
</tr>
<tr>
<td>Total GHG emissions (Scope 2)</td>
<td>1,000 tonnes</td>
<td>32.1</td>
<td>30.8</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
30 June 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%
- Nordea Bank Ltd 1.9%
- Pekka Paasikivi 1.2%
- The State Pension Fund 0.9%
- Nordea Pro Finland Fund 0.8%
- Nominee registrations 22.6%
- Others 33.6%

• 20,060 shareholders at the end of June 2019
• Foreign shareholding was 22.6% at the end of June 2019 vs 23.6% at the end of March 2018
Shareholder value development
1998–2018

Market Cap 31 Dec  
Dividends  
Total Shareholder Return (rhs)

* FAS
Share price development
2003–2018

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

<table>
<thead>
<tr>
<th>Target Description</th>
<th>Achievement in 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic net sales growth to exceed annual GDP growth* by 3 ppts</td>
<td>4.9% (target 5.4%*)</td>
</tr>
<tr>
<td>EBIT margin to exceed 10%</td>
<td>8.3% (comparable EBIT 8.3%)</td>
</tr>
<tr>
<td>ROI to exceed 20%</td>
<td>17.2%</td>
</tr>
<tr>
<td>Gearing to stay within 40 to 80 as an annual average of the quarters</td>
<td>53.0</td>
</tr>
<tr>
<td>Dividend pay-out to be at least 50% of annual earnings (considering the gearing target)</td>
<td>70.8%</td>
</tr>
</tbody>
</table>

* GDP growth based on a weighted average growth in the top 10 countries
Half year results briefing 1–6/2019

Jyri Luomakoski, President and CEO, Uponor Corporation
Highlights of Q2

• Net sales were €292.6 (324.9) million, organic growth -0.5% in constant currency terms
• Operating profit was €25.3 (28.0) million, growth 12.4% without the divested Uponor Infra North America and Zent-Frenger
• In Building Solutions – Europe, both net sales and operating profit decreased
• Net sales and operating profit developed positively in Building Solution – North America
• Uponor Infra continued to improve its profitability level
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

Apr-Jun 2019

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

Growth % in EUR
% in Curr.

USA  3.0%  -3%
Finland  0.4%  0.4%
Germany  -15%  -9%
Sweden  -11%  -6%
Denmark  -7%  -6%
Netherlands  9.3%  -59%
Canada  -56%  -59%
Spain  -4%  -14%
Norway  -15%  -25%
Poland  -25%  -24%
Other  -11%

INF, North America +
Zent-Frenger
M€
Development by segment: Building Solutions – Europe

- Net sales
- Zent-Frenger
- Comparable operating profit %
Development by segment: Building Solutions – North America
Development by segment: Uponor Infra

- North America
- Net sales
- Comparable operating profit %
- Comparable operating profit % wo. North America
Gross profit margin increased year-over-year driven by strategic divestitures.

Gross profit margin:
- Q2/2018: 32.0%
- Q3/2018: 32.5%
- Q4/2018: 33.0%
- Q1/2019: 33.5%
- Q2/2019: 34.0%

Gross profit:
- Q2/2018: €110 M€
- Q3/2018: €110 M€
- Q4/2018: €80 M€
- Q1/2019: €80 M€
- Q2/2019: €120 M€
Cash flow from operations was on last year’s level

Cash flow from operations was on last year’s level
Gross investments declined in all segments
Gearing improved year-over-year when excluding the impact of IFRS 16

M€


- IFRS16 impact on net interest-bearing liabilities
- Net interest-bearing liabilities
- Gearing, average across quarters

Roadshow presentation

July 2019

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Outlook for the future
US - Some signs of a cooling residential market, while non-residential building is steady

Although trade tensions have continued to create uncertainty and the growth in business investments has slowed in the absence of stimulus, the economy continues to expand at a healthy rate and the labour market is supporting consumer confidence.

Within the construction industry:

- Residential construction spending slowed in May compared to a year earlier, but was mostly offset by growth in the non-residential segment.
- June 2019 housing starts rose 6.2% compared to a year earlier, while permits were essentially flat.
- The HMI, which gauges home builder confidence, continues to imply expansion at a reading of 64.
- The ABI, a leading non-residential indicator, softened in recent months.

U.S. construction spending and leading indicators

Source: Census Bureau, AIA, NAHB.
Germany - Construction has performed better than other industries

Deteriorating manufacturer order books have further dampened business sentiment, while increased wages and low unemployment are sustaining consumer consumption.

In the construction industry:

- Residential building permits are on par with 2018 levels, while non-residential permits are on a similar level.
- Builder confidence has moderated since last summer, but remains near multi-decade highs.
- Construction companies have reported significantly higher turnover compared to 2018.

Source: Eurostat
Finland - Construction activity is stable while leading indicators are weakening

Growth momentum in the economy has slowed as the effects of trade uncertainties and decreased consumer optimism have become more apparent in recent months.

Within the construction industry:
- Permit levels in both residential and non-residential projects are trending downwards.
- However, data through April indicates that construction turnover remained relatively stable compared to a year earlier.
- Further, while builder confidence has fallen during the first half of the year, firms report solid building activity levels.

Source: Statistics Finland and Eurostat
Sweden - Increased civil engineering investments is helping to counter the residential slowdown

While the economy has continued to expand, cooling labour and housing markets have curtailed consumers’ ability to drive growth at levels seen in previous years

Within the construction industry:

- Building permits in the residential segment weakened again in Q1

- Significant investment in civil engineering projects has softened the impact of the slowing residential segment

- Builder confidence has continued to trend downward, with the exception of a positive jump in June

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).
Appendix
Europe - Building permits are solid overall, but with significant differences across countries

Economic growth rates have slowed compared to recent years, with businesses across the continent increasingly reporting a challenging export environment

Within the construction industry:

- Building permit levels remained healthy overall in the first quarter of the year, with significant gains in Iberia helping to offset reduced permit levels in the Nordics and some countries in Central Europe

- Builder confidence has moderated from last autumn’s 40-year high, principally driven by increased pessimism of builders in the UK and Sweden
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 Q1 update</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA Housing starts</td>
<td>+6%&lt;sup&gt;1)&lt;/sup&gt;</td>
<td>N/A</td>
<td>June 2019</td>
<td></td>
</tr>
<tr>
<td>Finland Housing permits</td>
<td>-15%</td>
<td>-17%</td>
<td>April 2019</td>
<td></td>
</tr>
<tr>
<td>Germany Housing permits</td>
<td>-2%</td>
<td>-1%</td>
<td>April 2019</td>
<td></td>
</tr>
<tr>
<td>Sweden Housing starts</td>
<td>-18%</td>
<td>-21%</td>
<td>March 2019</td>
<td></td>
</tr>
<tr>
<td>Denmark Construction index</td>
<td>+0%</td>
<td>N/A</td>
<td>April 2019</td>
<td></td>
</tr>
<tr>
<td>Netherlands Housing permits</td>
<td>-12%</td>
<td>-1%</td>
<td>April 2019</td>
<td></td>
</tr>
<tr>
<td>Canada Housing starts</td>
<td>+0&lt;sup&gt;1)&lt;/sup&gt;</td>
<td>N/A</td>
<td>June 2019</td>
<td></td>
</tr>
<tr>
<td>Spain Housing permits</td>
<td>+23%</td>
<td>+25%</td>
<td>April 2019</td>
<td></td>
</tr>
<tr>
<td>Norway Housing starts</td>
<td>+11%</td>
<td>+0%</td>
<td>May 2019</td>
<td></td>
</tr>
<tr>
<td>Poland Housing completions</td>
<td>+13%</td>
<td>+6%</td>
<td>May 2019</td>
<td></td>
</tr>
</tbody>
</table>

<sup>1)</sup> Seasonally adjusted, annualised rate vs. same month in previous year

Source: National Statistics Offices
# Income statement

**Apr-Jun 2019**

<table>
<thead>
<tr>
<th>Uponor Group, M€</th>
<th>4-6 2018</th>
<th>4-6 2019</th>
<th>Change Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>324.9</td>
<td>292.6</td>
<td>-9.9%</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>217.6</td>
<td>195.0</td>
<td>-10.4%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>107.3</td>
<td>97.6</td>
<td>-9.0%</td>
</tr>
<tr>
<td>Gross profit margin (%)</td>
<td>33.0%</td>
<td>33.4%</td>
<td>+0.3% pts</td>
</tr>
<tr>
<td>Other operating income</td>
<td>0.2</td>
<td>0.6</td>
<td>+177.8%</td>
</tr>
<tr>
<td>Expenses</td>
<td>79.6</td>
<td>72.9</td>
<td>-8.3%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>28.0</td>
<td>25.3</td>
<td>-9.6%</td>
</tr>
<tr>
<td>Operating profit margin (%)</td>
<td>8.6%</td>
<td>8.6%</td>
<td>+0.0% pts</td>
</tr>
<tr>
<td>Financial expenses, net</td>
<td>2.7</td>
<td>3.2</td>
<td>+23.0%</td>
</tr>
<tr>
<td>Share of result in associated companies</td>
<td>-0.9</td>
<td>-1.0</td>
<td>-10.6%</td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>24.4</td>
<td>21.1</td>
<td>-13.8%</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>17.3</td>
<td>15.3</td>
<td>-11.6%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>37.6</td>
<td>33.0</td>
<td>-12.4%</td>
</tr>
</tbody>
</table>
## Income statement
### Jan-Jun 2019

<table>
<thead>
<tr>
<th>Uponor Group, M€</th>
<th>1-6 2018</th>
<th>1-6 2019</th>
<th>Change Y/Y</th>
<th>1-12 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>601.8</td>
<td>541.5</td>
<td>-10.0%</td>
<td>1,196.3</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>401.3</td>
<td>357.6</td>
<td>-10.9%</td>
<td>795.5</td>
</tr>
<tr>
<td>Gross profit</td>
<td>200.5</td>
<td>183.9</td>
<td>-8.3%</td>
<td>400.8</td>
</tr>
<tr>
<td>Gross profit margin (%)</td>
<td>33.3%</td>
<td>34.0%</td>
<td>+0.6% pts</td>
<td>33.5%</td>
</tr>
<tr>
<td>Other operating income</td>
<td>0.3</td>
<td>1.2</td>
<td>+306.3%</td>
<td>16.4</td>
</tr>
<tr>
<td>Expenses</td>
<td>155.8</td>
<td>145.5</td>
<td>-6.7%</td>
<td>310.5</td>
</tr>
<tr>
<td>Operating profit</td>
<td>45.0</td>
<td>39.5</td>
<td>-12.0%</td>
<td>106.7</td>
</tr>
<tr>
<td>Operating profit margin (%)</td>
<td>7.5%</td>
<td>7.3%</td>
<td>-0.2% pts</td>
<td>8.9%</td>
</tr>
<tr>
<td>Financial expenses, net</td>
<td>4.4</td>
<td>6.6</td>
<td>+54.1%</td>
<td>8.5</td>
</tr>
<tr>
<td>Share of result in associated companies</td>
<td>-3.0</td>
<td>-2.0</td>
<td>+34.7%</td>
<td>-4.7</td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>37.6</td>
<td>31.0</td>
<td>-17.8%</td>
<td>93.5</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>26.5</td>
<td>22.4</td>
<td>-15.5%</td>
<td>63.2</td>
</tr>
<tr>
<td>EBITDA</td>
<td>64.2</td>
<td>59.7</td>
<td>-6.9%</td>
<td>149.2</td>
</tr>
</tbody>
</table>
## Balance sheet
### June 2019

<table>
<thead>
<tr>
<th>Uponor Group, M€</th>
<th>30 Jun 2018</th>
<th>30 Jun 2019</th>
<th>Change Y/Y</th>
<th>31 Dec 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>259.9</td>
<td>288.0</td>
<td>+28.1</td>
<td>258.3</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>113.4</td>
<td>98.9</td>
<td>-14.5</td>
<td>101.0</td>
</tr>
<tr>
<td>Securities and long-term investments</td>
<td>26.8</td>
<td>23.3</td>
<td>-3.5</td>
<td>25.7</td>
</tr>
<tr>
<td>Inventories</td>
<td>158.4</td>
<td>163.2</td>
<td>+4.8</td>
<td>147.9</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>32.1</td>
<td>13.2</td>
<td>-18.9</td>
<td>38.1</td>
</tr>
<tr>
<td>Other current and non-current assets</td>
<td>314.5</td>
<td>275.6</td>
<td>-38.9</td>
<td>215.6</td>
</tr>
<tr>
<td>Assets total</td>
<td>905.1</td>
<td>862.0</td>
<td>-43.1</td>
<td>786.6</td>
</tr>
<tr>
<td>Total equity</td>
<td>339.8</td>
<td>337.3</td>
<td>-2.5</td>
<td>353.6</td>
</tr>
<tr>
<td>Non-current interest-bearing liabilities</td>
<td>176.6</td>
<td>206.0</td>
<td>+29.4</td>
<td>175.6</td>
</tr>
<tr>
<td>Provisions</td>
<td>28.8</td>
<td>29.3</td>
<td>+0.5</td>
<td>30.2</td>
</tr>
<tr>
<td>Non-interest-bearing liabilities</td>
<td>286.1</td>
<td>257.3</td>
<td>-28.8</td>
<td>225.5</td>
</tr>
<tr>
<td>Current interest-bearing liabilities</td>
<td>73.8</td>
<td>32.1</td>
<td>-41.7</td>
<td>1.7</td>
</tr>
<tr>
<td>Shareholders’ equity and liabilities total</td>
<td>905.1</td>
<td>862.0</td>
<td>-43.1</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
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Watch our quarterly release webcasts live or recorded via the app

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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

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