Uponor roadshow presentation
Q3/2019

Jyri Luomakoski – President and CEO
Minna Yrjönmäki – CFO
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 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
Our references from 2018

- 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
Megatrends create opportunities to improve our living environments

<table>
<thead>
<tr>
<th>Megatrends affect societies fundamentally and over a long period of time</th>
<th>…raising new requirements and opportunities to Uponor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate change and scarcity or resources</td>
<td>Sustainability and energy efficiency</td>
</tr>
<tr>
<td>Urbanisation</td>
<td>Quality and management of water</td>
</tr>
<tr>
<td>Digital transformation</td>
<td>Multi-family homes</td>
</tr>
<tr>
<td></td>
<td>Offsite construction and pre-fabrication</td>
</tr>
<tr>
<td></td>
<td>Building Information Modelling (BIM)</td>
</tr>
<tr>
<td></td>
<td>Shift from manufacturing to services</td>
</tr>
</tbody>
</table>
Reviewed purpose, vision and strategic pillars give a direction for our profitable growth

**PURPOSE**

Rethinking water for future generations

**VISION**

Recognized leader in sustainable building solutions

**STRATEGIC PILLARS**

1. Our employees are empowered and engaged
2. Customer experience drives brand preference and loyalty
3. Innovative products and services add value and enable our customers to work more efficiently
4. Operational excellence is the foundation
An operational excellence programme to improve processes and increase efficiencies

- On 25 Oct 2019, Uponor announced an operational excellence programme to improve processes and increase efficiencies.
- The aim is to deliver cost improvements of around €20 million with full effects realised by the end of 2021.
- The estimated costs of the programme are expected to be around €20 million, majority of which is expected to realise during 2020, and they will be recorded as items affecting comparability.
Embedding sustainability into our daily operations

Our sustainability strategy is built on UN’s sustainable development goals:

<table>
<thead>
<tr>
<th>SDG</th>
<th>Focus area</th>
<th>SDG</th>
<th>Focus area</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Improving water efficiency &amp; quality</td>
<td>8</td>
<td>Sustainable and transparent value chain</td>
</tr>
<tr>
<td></td>
<td>Mitigating water risk</td>
<td></td>
<td>Employee safety and wellbeing</td>
</tr>
<tr>
<td>12</td>
<td>Zero uncontrolled waste</td>
<td></td>
<td>Carbon neutrality in production</td>
</tr>
<tr>
<td></td>
<td>Sustainable products and packing</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Our sustainability strategy is built on UN's sustainable development goals:
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 September 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 2.9%
- 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 22.5%
- Others 33.6%

- 19,776 shareholders at the end of September 2019
- Foreign shareholding was 22.5% at the end of September 2019 vs 23.5% at the end of December 2018
Shareholder value development
1998–2018

Market Cap 31 Dec
Dividends
Total Shareholder Return (rhs)

* FAS
Share price development
2003–2018
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
Highlights of Q3

- Net sales were €292.4 (311.9) million, organic growth 1.6% in constant currency terms
- Comparable operating profit was €31.3 (33.8) million, growth 12.3% without divested Uponor Infra’s North American business and Zent-Frenger
- In Building Solutions – Europe, net sales declined slightly, but profitability improved
- Both net sales and profitability improved in Building Solutions – North America
- Uponor Infra’s net sales declined slightly and profitability improved
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
Jul-Sep 2019

Growth
% in EUR 11% -15% -7% -7% -53% -9% 23% 20% 23% -9% -14%
% in Curr. 4% -4% -54% -8% 24% -7% 81 78 90 34 35 36 34 35 31 29 27 25 18 15 12 12 12 10 11 10 10 9 5 7 51 53 46

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

Growth % in EUR % in Curr.
Development by segment: Building Solutions – Europe

![Graph showing net sales and comparable operating profit percentage from Q3/2018 to Q3/2019. The graph indicates a decreasing trend in net sales and a slight increase in comparable operating profit percentage.]
Development by segment:
Building Solutions – North America

![Graph showing net sales and comparable operating profit percentage from Q3/2018 to Q3/2019.](image)
Development by segment: Uponor Infra

North America
Net sales
Comparable operating profit %
Comparable operating profit % wo. North America
Financial statements 1–9/2019
Gross profit margin increased year-over-year driven by strategic divestitures
Cash flow from operations exceeded last year’s level

- EBITDA: 110 M€
- Change in NWC: -28 M€
- Taxes, financial items and other adjustments: -34 M€
- Cash flow from operations: 47 M€
- Cash flow from investments: -11 M€
- Cash flow before financing: 36 M€
Positive cash flow improvement driven by lower investments in all segments

- Cash flow from operations (YTD)
- Cash flow before financing (YTD)

- Gross investments
- % of net sales
Gearing improved year-over-year when excluding the impact of IFRS 16

- IFRS16 impact on net interest-bearing liabilities
- Net interest-bearing liabilities
- Gearing, average across quarters
- Gearing, avg, w/o IFRS16 impact


M€
Outlook for the future
US: Residential construction is stabilising while non-residential is flat

Business investment growth has slowed from last year due, in part, to uncertainty created by tariff escalation. However, increased personal consumption, supported by a 50-year-low unemployment rate, continues to drive expansion in the economy.

Within the construction industry:

- Residential construction stabilised but remained behind 2018 levels, while non-residential was flat
- Residential permits and starts moderated in September from the decade-high August levels, but remain above 2018 levels
- The HMI, a leading residential indicator, has risen to a 20-month high of 71
- The ABI, a leading non-residential indicator, continued to soften in the commercial and industrial sub-segments
Germany: The construction industry has so far been insulated from manufacturers’ challenges

Germany’s export-oriented industries continue to be the hardest hit by geopolitical turbulence, with September’s PMI index reading reaching a 10-year low. Meanwhile, consumer spending continues to benefit from strong employment and low interest rates.

In the construction industry:

- Construction companies still assess their operating environment as being excellent, but less so than in previous months
- Residential permits from January to July were down 4% compared to 2018
- New orders in the construction industry rose 10.9% in July compared to July 2018

Source: Eurostat
Finland: Stable construction activity levels, but forward indicators softening further

The economy has continued to expand, but the pace of growth has clearly slowed from previous periods. While employment levels remain healthy, consumers’ estimates about economic growth and unemployment have deteriorated in recent months.

Within the construction industry:

- Permits from January to July were down 16% in residential and 12% in non-residential segments
- The sales volumes of construction companies during the summer months was roughly flat compared to 2018
- Having fallen during the beginning of the year, builder confidence appeared to stabilise during the summer months

Source: Statistics Finland and Eurostat
Sweden: Non-residential and civil engineering are softening the residential slowdown

Factory activity has slowed significantly in recent months, with manufacturers hampered by trade uncertainties. However, unlike in many other countries, the spill over effects to other areas of the economy are becoming visible, with unemployment rising and consumer sentiment dropping notably.

Within the construction industry:

• Residential building permits fell 15% during the first six months of the year, while non-residential permits grew 13% during the same period
• Housing starts through the first six months of the year fell 12% compared with the same period in 2018
• The downward trend in builder confidence that began at the beginning of 2018 has continued

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: Builder confidence moderated, but order books and business activity levels were still solid

Manufacturers across the continent report slowing business activity, while the service industry and consumer confidence have remained more resilient.

Within the construction industry:

• Residential permits slowed notably in June, though it is difficult to determine whether a trend is materialising. Some Nordic markets continue to slow, developments are largely flat in Central Europe, and Spain is exhibiting growth.

• Builder confidence has trended downward since reaching a four-decade high last summer, but remains relatively strong. Builders continue to report solid order books and business activity levels.

Euro area building permits and construction confidence index

Source: Eurostat
Leading residential indicators: Mostly healthy with some markets moderating from high levels

<table>
<thead>
<tr>
<th>Indicator</th>
<th>YTD % Change</th>
<th>Rolling 12-month % Change</th>
<th>Data through</th>
<th>Trend since Q2 update</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA Housing starts</td>
<td>+2%</td>
<td>N/A</td>
<td>September 2019</td>
<td></td>
</tr>
<tr>
<td>Germany Housing permits</td>
<td>-4%</td>
<td>-3%</td>
<td>July 2019</td>
<td></td>
</tr>
<tr>
<td>Finland Housing permits</td>
<td>-16%</td>
<td>-19%</td>
<td>July 2019</td>
<td></td>
</tr>
<tr>
<td>Sweden Housing starts</td>
<td>-15%</td>
<td>-19%</td>
<td>June 2019</td>
<td></td>
</tr>
<tr>
<td>Denmark Construction index</td>
<td>+2%</td>
<td>N/A</td>
<td>July 2019</td>
<td></td>
</tr>
<tr>
<td>Netherlands Housing permits</td>
<td>-20%</td>
<td>-8%</td>
<td>July 2019</td>
<td></td>
</tr>
<tr>
<td>Canada Housing starts</td>
<td>+16%</td>
<td>N/A</td>
<td>September 2019</td>
<td></td>
</tr>
<tr>
<td>Spain Housing permits</td>
<td>+10%</td>
<td>+14%</td>
<td>July 2019</td>
<td></td>
</tr>
<tr>
<td>Norway Housing starts</td>
<td>+10%</td>
<td>+8%</td>
<td>August 2019</td>
<td></td>
</tr>
<tr>
<td>Poland Housing completions</td>
<td>+11%</td>
<td>+7%</td>
<td>August 2019</td>
<td></td>
</tr>
</tbody>
</table>

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

Source: National Statistics Offices

© Uponor
## Income statement
### Jul-Sep 2019

<table>
<thead>
<tr>
<th>Uponor Group, M€</th>
<th>7-9 2018</th>
<th>7-9 2019</th>
<th>Change Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>311.9</td>
<td>292.4</td>
<td>-6.2%</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>205.8</td>
<td>191.1</td>
<td>-7.1%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>106.1</td>
<td>101.3</td>
<td>-4.5%</td>
</tr>
<tr>
<td>Gross profit margin (%)</td>
<td>34.0%</td>
<td>34.6%</td>
<td>+0.6% pts</td>
</tr>
<tr>
<td>Other operating income</td>
<td>12.3</td>
<td>0.0</td>
<td>-99.8%</td>
</tr>
<tr>
<td>Expenses</td>
<td>73.8</td>
<td>70.0</td>
<td>-5.1%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>44.6</td>
<td>31.3</td>
<td>-29.9%</td>
</tr>
<tr>
<td>Operating profit margin (%)</td>
<td>14.3%</td>
<td>10.7%</td>
<td>-3.6% pts</td>
</tr>
<tr>
<td>Financial expenses, net</td>
<td>2.6</td>
<td>1.9</td>
<td>-30.0%</td>
</tr>
<tr>
<td>Share of result in associated companies</td>
<td>-0.6</td>
<td>-1.1</td>
<td>-62.3%</td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>41.4</td>
<td>28.3</td>
<td>-31.5%</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>30.0</td>
<td>20.5</td>
<td>-31.4%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>55.1</td>
<td>44.2</td>
<td>-19.7%</td>
</tr>
</tbody>
</table>
# Income statement

**Jan-Sep 2019**

<table>
<thead>
<tr>
<th>Uponor Group, M€</th>
<th>1-9 2018</th>
<th>1-9 2019</th>
<th>Change Y/Y</th>
<th>1-12 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>913.7</td>
<td>833.9</td>
<td>-8.7%</td>
<td>1,196.3</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>607.1</td>
<td>548.8</td>
<td>-9.6%</td>
<td>795.5</td>
</tr>
<tr>
<td>Gross profit</td>
<td>306.6</td>
<td>285.1</td>
<td>-7.0%</td>
<td>400.8</td>
</tr>
<tr>
<td>Gross profit margin (%)</td>
<td>33.6%</td>
<td>34.2%</td>
<td>+0.6% pts</td>
<td>33.5%</td>
</tr>
<tr>
<td>Other operating income</td>
<td>12.6</td>
<td>1.2</td>
<td>-90.5%</td>
<td>16.4</td>
</tr>
<tr>
<td>Expenses</td>
<td>229.6</td>
<td>215.5</td>
<td>-6.2%</td>
<td>310.5</td>
</tr>
<tr>
<td>Operating profit</td>
<td>89.6</td>
<td>70.9</td>
<td>-20.9%</td>
<td>106.7</td>
</tr>
<tr>
<td>Operating profit margin (%)</td>
<td>9.8%</td>
<td>8.5%</td>
<td>-1.3% pts</td>
<td>8.9%</td>
</tr>
<tr>
<td>Financial expenses, net</td>
<td>7.0</td>
<td>8.5</td>
<td>+21.9%</td>
<td>8.5</td>
</tr>
<tr>
<td>Share of result in associated companies</td>
<td>-3.6</td>
<td>-3.1</td>
<td>+16.3%</td>
<td>-4.7</td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>79.0</td>
<td>59.3</td>
<td>-24.9%</td>
<td>93.5</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>56.5</td>
<td>43.0</td>
<td>-23.9%</td>
<td>63.2</td>
</tr>
<tr>
<td>EBITDA</td>
<td>119.2</td>
<td>109.6</td>
<td>-8.1%</td>
<td>149.2</td>
</tr>
</tbody>
</table>
## Balance sheet

### September 2019

<table>
<thead>
<tr>
<th>Uponor Group, M€</th>
<th>30 Sep 2018</th>
<th>30 Sep 2019</th>
<th>Change Y/Y</th>
<th>31 Dec 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>253.4</td>
<td>288.8</td>
<td>+35.4</td>
<td>258.3</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>105.2</td>
<td>97.8</td>
<td>-7.4</td>
<td>101.0</td>
</tr>
<tr>
<td>Securities and long-term investments</td>
<td>26.2</td>
<td>24.2</td>
<td>-2.0</td>
<td>25.7</td>
</tr>
<tr>
<td>Inventories</td>
<td>150.5</td>
<td>150.1</td>
<td>-0.4</td>
<td>147.9</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>20.9</td>
<td>31.5</td>
<td>+10.6</td>
<td>38.1</td>
</tr>
<tr>
<td>Other current and non-current assets</td>
<td>286.6</td>
<td>262.6</td>
<td>-24.0</td>
<td>215.6</td>
</tr>
<tr>
<td><strong>Assets total</strong></td>
<td>842.8</td>
<td>855.1</td>
<td>+12.3</td>
<td>786.6</td>
</tr>
<tr>
<td>Total equity</td>
<td>371.7</td>
<td>359.8</td>
<td>-11.9</td>
<td>353.6</td>
</tr>
<tr>
<td>Non-current interest-bearing liabilities</td>
<td>176.5</td>
<td>204.8</td>
<td>+28.3</td>
<td>175.6</td>
</tr>
<tr>
<td>Provisions</td>
<td>28.5</td>
<td>30.5</td>
<td>+2.0</td>
<td>30.2</td>
</tr>
<tr>
<td>Non-interest-bearing liabilities</td>
<td>265.0</td>
<td>242.9</td>
<td>-22.1</td>
<td>225.5</td>
</tr>
<tr>
<td>Current interest-bearing liabilities</td>
<td>1.1</td>
<td>17.1</td>
<td>+16.0</td>
<td>1.7</td>
</tr>
<tr>
<td><strong>Shareholders’ equity and liabilities total</strong></td>
<td>842.8</td>
<td>855.1</td>
<td>+12.3</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:
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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

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