

An aerial night view of a city skyline, likely Copenhagen, featuring a river and a bridge. The city lights are reflected in the water, and the sky is a deep blue.

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Interim results briefing

Jyri Luomakoski – President and CEO
Maija Strandberg – CFO

1 – 3 / 2017

Market overview: first quarter 2017



Nordic countries

Construction activity is generally favourable across the region, with the residential segment leading the way. Infrastructure solutions demand driven by an increase in non-residential building

Central Europe

In Germany, lively demand continues in the commercial segment, growth in other segments is more modest. Growth rate in the Netherlands has moderated but remains satisfactory

Southern Europe

By and large positive developments, with France experiencing the largest tailwinds

North America

Building construction markets remain largely healthy, but with some limitations to growth present. In Canada, demand in Uponor's core infrastructure market segments is returning

Q1/2017: Net sales grows in all segments driven by several key markets picking up from Q1 2016

January - March, M€	1-3/ 2016	1-3/ 2017	Change
Net sales	246.9	265.1	7.4%
Operating profit	11.9	14.6	22.8%
Comparable operating profit	14.9	15.0	0.8%

Net sales

- Building Solutions – Europe grows firmly in most key markets, offset only by weak German and UK sales
- Growth continues steady in Building Solutions – North America despite the strong comparison numbers
- Uponor Infra reports two-digit net sales growth boosted by Canada and the Nordic countries

Operating profit

- Operating profit slightly improving, suppressed by gross margin pressures
- Building Solutions – Europe affected by German sales decline, higher marketing costs and start-up costs in Asia
- Building Solutions – North America solid, but burdened by sales mix and repercussions from the EP resin issue
- Uponor Infra profits improve as a result of increased sales and transformation programme savings

Developments by segment: Building Solutions – Europe

- Broad-based recovery in net sales in key European markets – with the exception of Germany and the UK
- At the biennial ISH trade fair in late March, Uponor presented its solutions under the concept “Build on innovation”, including the technologies acquired in early 2016
- Transformation programme finalisation still pending, expected to close in Q2
 - Transfer of PEX production to Sweden completed successfully
- Business growth and production start-up in China progress well, despite a one-off machine issue



Developments by segment: Building Solutions – North America

- Overall demand stable in the U.S., but with monthly variations; Canada faces a strong, temporary drop compared to lively Q1 2016
- Net sales growth remains healthy but behind the strong comparison period
- Sales trends impacted by irregular order patterns, sales mix and weather issues



Developments by segment: Uponor Infra

- Recovery in market demand in Canada and in the Nordic countries supports growth in net sales and operating profit
- Transformation programme carried through as planned and with planned savings
- Recent upward trend in plastic resins likely to impact cost of goods sold from Q2 onwards, although materially offset by price increases after a delay



A photograph of a modern building with a prominent cantilevered upper section, illuminated at dusk. The sky transitions from blue to orange. The building's facade features a grid-like metal mesh on the cantilevered part and glass panels on the lower part.

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Financial statements

Maija Strandberg – CFO

1 – 3 / 2017

January – March 2017: Key figures

Uponor Group - continuing operations		1-3 2016	1-3 2017	Change Y/Y	1-12 2016
Net sales	M€	246.9	265.1	+7.4%	1,099.4
Operating profit	M€	11.9	14.6	+22.8%	71.0
Comparable operating profit	M€	14.9	15.0	+0.8%	90.7
Comparable operating profit margin	%	6.0%	5.7%	-0.4% pts	8.2%
Earnings per share (diluted)	€	0.09	0.11	+22.2%	0.57
Return on equity (p.a.)	%	7.9%	9.4%	+1.5% pts	13.1%
Return on investment (p.a.)	%	8.9%	9.9%	+1.0% pts	14.1%
Net interest bearing liabilities	M€	176.5	224.0	+26.9%	159.5
Gearing	%	62.4%	74.5%	+12.1% pts	48.8%
Net working capital of net sales (p.a.)	%	11.8%	14.5%	+2.7% pts	10.2%
Number of employees, end of period	FTE	3,810	3,866	+1.5%	3,868

January – March 2017: Income statement

Uponor Group - continuing operations, M€	1-3 2016	1-3 2017	Change Y/Y	1-12 2016
Net sales	246.9	265.1	+7.4%	1,099.4
Cost of goods sold	159.1	173.7	+9.1%	723.4
Gross profit	87.8	91.4	+4.2%	376.0
Gross profit margin (%)	35.5%	34.5%	-1.1% pts	34.2%
Other operating income	0.6	0.3	-47.9%	4.2
Expenses	76.5	77.1	+0.8%	309.2
Operating profit	11.9	14.6	+22.8%	71.0
Operating profit margin (%)	4.8%	5.5%	+0.7% pts	6.5%
Financial expenses, net	3.4	2.8	-18.9%	10.0
Share of result in associated companies	0.1	-0.5	-972.3%	-0.6
Profit before taxes	8.6	11.3	+32.2%	60.4
Profit for the period	5.4	7.4	+36.4%	41.5
EBITDA	21.7	24.0	+10.5%	112.6

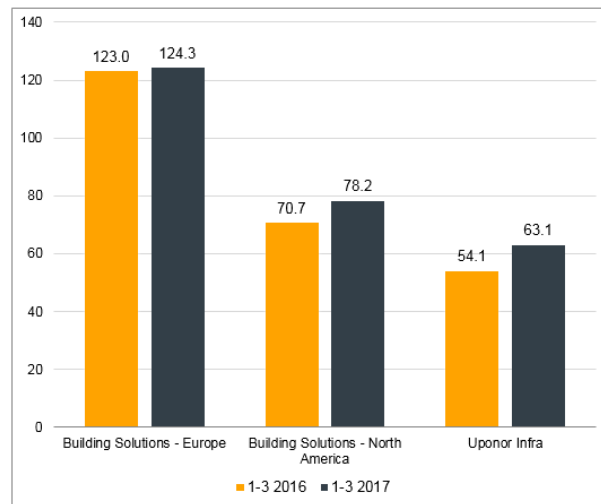
- **Net sales** growth +5.8% in constant currency terms – a positive currency impact of €3.7m mainly driven by USD and CAD
- **Comparable gross profit margin** 34.6% (35.8%)
- **Comparable operating profit** €15.0m which is slightly above prior year (€14.9m)

January – March 2017:

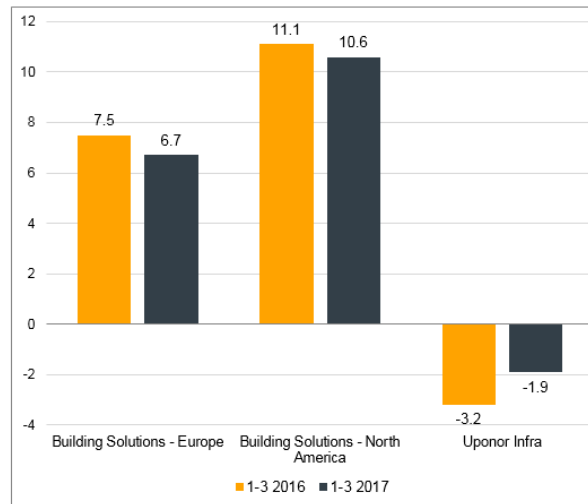
Net sales & comparable operating profit by segment

Currency: M€

Net sales



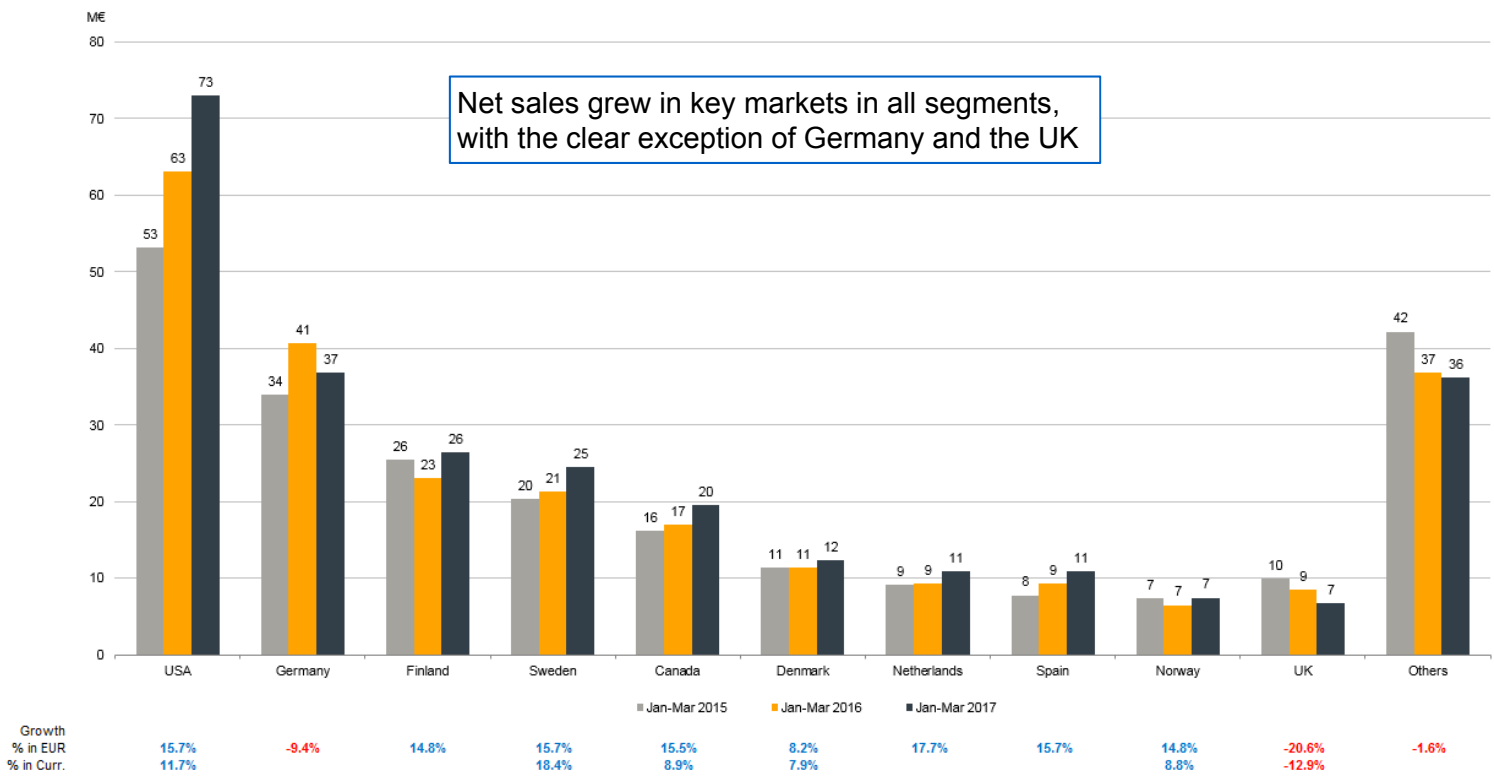
Comparable operating profit



- Building Solutions – Europe:** Modest net sales growth on segment level (1.1%), comparable operating profit declined (-11.2%) due to intensifying competition and higher marketing costs
- Building Solutions – North America:** Net sales continued on a healthy growth path (+10.5%), but the operating profit declined by 3.9% from the strong comparison period
- Uponor Infra:** Net sales growth at 16.7% driven by North American operations. Profitability improved by 40.5% but remained negative

January – March 2017

Net sales development by key markets



January – March 2017: Balance sheet

Uponor Group, M€	31 Mar 2016	31 Mar 2017	Change Y/Y	31 Dec 2016
Property, plant and equipment	219.0	239.3	+20.3	240.9
Intangible assets	123.3	118.5	-4.8	119.0
Securities and long-term investments	20.7	33.7	+13.0	34.7
Inventories	130.8	152.4	+21.6	139.3
Cash and cash equivalents *	20.9	18.0	-2.9	16.3
Other current and non-current assets	234.0	251.0	+17.0	217.3
Assets total	748.7	812.9		767.5
Total equity	282.9	300.7	+17.8	326.9
Non-current interest-bearing liabilities	144.6	157.7	+13.1	158.2
Provisions	24.5	27.2	+2.7	28.8
Non-interest-bearing liabilities	243.9	243.0	-0.9	236.0
Current interest-bearing liabilities	52.8	84.3	+31.5	17.6
Shareholders' equity and liabilities total	748.7	812.9	+64.2	767.5

*) On 31 March 2016, cash and cash equivalents include €1.0 million in restricted cash.

- Property, plant and equipment increased mainly due to investments in capacity expansion and efficiency improvement
- Non-controlling interest represents €62.9m of the equity at €300.7m
- Net interest-bearing liabilities were €224.0m (€176.5m), the increase mainly being driven by the acquisition of the minority holding in the joint venture Phyn in the summer of 2016 as well as an increase in net working capital

January – March 2017: Cash flow

Uponor Group, M€	1-3 2016	1-3 2017	Change Y/Y	1-12 2016
Net cash from operations	+21.5	+22.5	+1.0	+105.3
Change in NWC	-26.2	-40.6	-14.4	-16.6
Net payment of income tax and interest	-9.8	-4.9	+4.9	-28.8
Cash flow from operations	-14.5	-23.0	-8.5	+59.9
Cash flow from investments	-34.5	-7.8	+26.7	-91.8
Cash flow before financing	-49.0	-30.8	+18.2	-31.9
Dividends paid	-32.2	-33.6	-1.4	-32.2
Other financing	+54.0	+66.1	+12.1	+32.0
Cash flow from financing	+21.8	+32.5	+10.7	-0.2
Conversion differences	-0.1	+0.0	+0.1	+0.2
Change in cash and cash equivalents	-27.3	+1.7	+29.0	-31.9

- Gross investments came to €7.8m (€5.3m), remaining clearly below depreciation
- Cash flow from investments in the comparison period includes a net cash flow effect of -€31.4m from the acquisition of Delta & KaMo Group























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Outlook for the future

Jyri Luomakoski – President and CEO

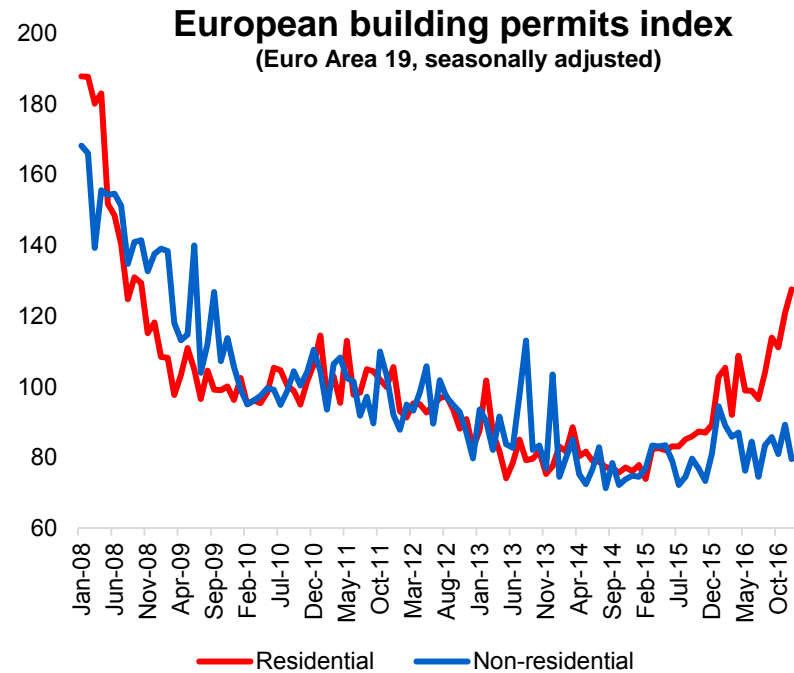
Leading indicators: confirming a positive outlook

		Indicator	YTD % Change	Rolling 12-month % Change	Data through	Trend since Q4 update
	USA	Housing starts	+9% ¹⁾	N/A	March 2017	
	Germany	Housing permits	+3%	+19%	January 2017	
	Finland	Housing permits	+4%	+13%	January 2017	
	Sweden	Housing starts	+28	+34	December 2016	
	Canada	Housing starts	+25 ¹⁾	N/A	March 2017	
	Denmark	Housing starts	+20%	+20%	December 2016	
	Netherlands	Housing permits	-5%	-5%	December 2016	
	Spain	Housing permits	+26%	+28%	January 2017	
	UK	Housing starts ²⁾	+5%	+5%	December 2016	
	Norway	Housing starts	+14%	+18%	February 2017	

¹⁾ Seasonally adjusted, annualised rate vs. same month in 2016 ²⁾ England only

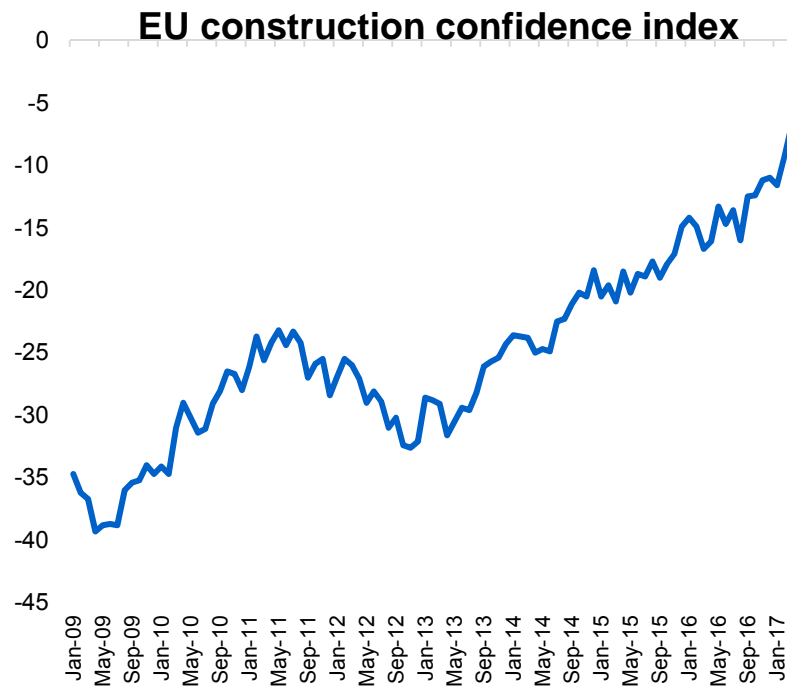
Permit activity in Europe points towards broad-based strengthening within the new multi-family segment

- Data through December 2016 shows a broad-based and significant rise in residential building permits across Europe compared to the same time last year
- Within the residential segment, multi-family buildings are driving growth
- Developments in the non-residential segment have been mixed, with about half of all markets making gains while the other half have fallen since the same time last year

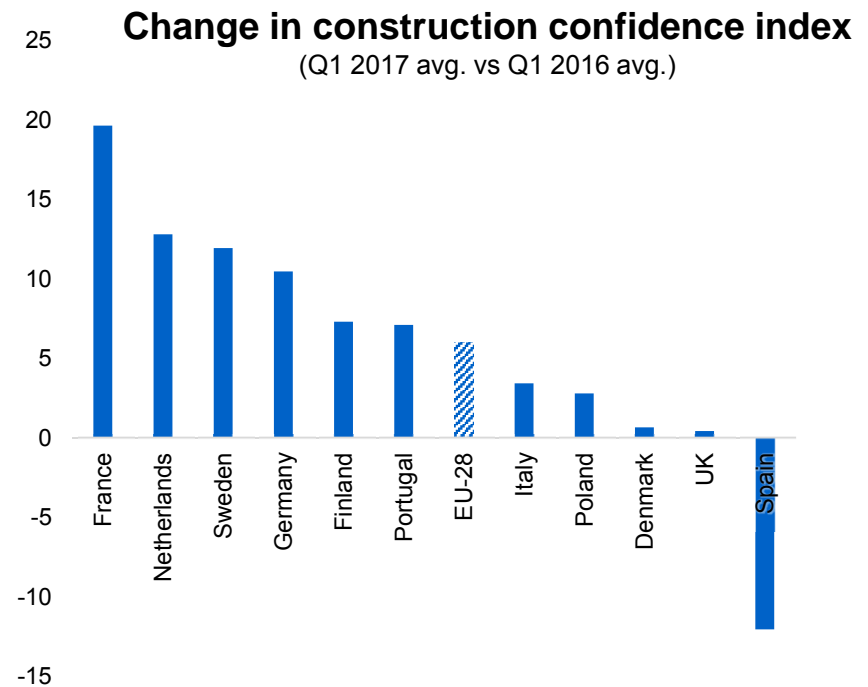


Source: Eurostat (Base year = 2010)

Builder confidence continues to strengthen in most European markets, driven by improved order books



Source: Eurostat

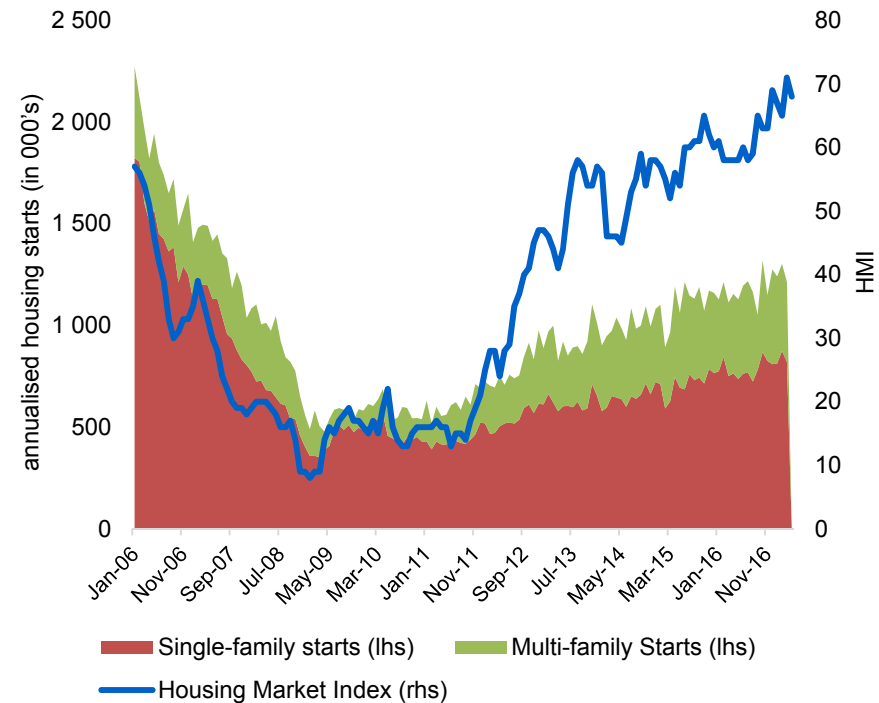


USA - Continued expansion but at more moderate levels

The economy continues to expand, driven by sustained job growth and very solid consumer confidence. However, lacklustre business investments, labour shortages in some industries and rising interest rates are tempering growth

Within the construction industry:

- Private residential construction spending has reached its highest level since August 2007
- Builder confidence (HMI) reached its highest level since 2005
- Many non-residential building segments, such as offices and commercial space, continue to expand



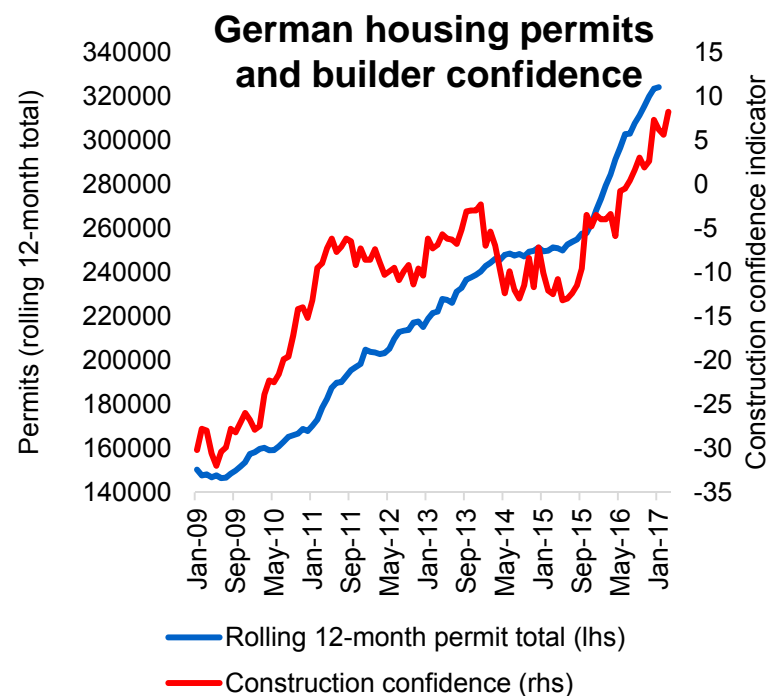
Source: US Census, NAHB/Wells Fargo

Germany - A strong labour market is supporting residential investment

Private consumption and government expenditures, combined with buoyant business confidence, have continued to boost the economy

Within the construction industry:

- Order books have improved compared to the same time in 2016
- Multi-family building permits continue to drive gains in the residential segment
- Construction sentiment stumbled in the last months of 2016, but remains encouraging



Source: Destatis and Eurostat

Management agenda for 2017

- Complete the broad-based transformation in Building Solutions – Europe and return to growth path in Germany
 - Continue with the expansion in Asia
- Maintain higher than the market average sales growth in North America and secure smooth supply of products as demand grows
- Boost the strategic initiatives in Uponor Infra to grow designed solutions sales and the segment's profitability
- Carry through the strategic investments in research, technology and corporate development to maintain lead in sustainable building technology and hygienic plumbing



Guidance

- In February 2017, Uponor estimated that the Group's capital expenditure would be in the range of €50-60 million, excluding any investment in shares. With new, planned additions included, the capital expenditure is expected to be close to €60 million in 2017
- Encouraging improvement in demand in the European markets, influencing both building solutions and infrastructure solutions, and supported by improving confidence, attractive credit terms, immigration and pent up demand
- Volatility in the market is expected to continue and political risks remain
- Assuming that economic development in Uponor's key geographies continues undisturbed, Uponor repeats earlier guidance from February 2017:

**The Group's net sales and comparable operating profit
are expected to improve from 2016**

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Q&A

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Appendix

Finland - The recovery is gaining a foothold

Private consumption and investment continue to be the source of most growth in the economy, but signs of improvement can also be seen in industry

Within the construction industry:

- Residential starts and permits have made gains compared to the same time last year
- Non-residential starts have grown, driven by an increase in industrial projects
- Construction confidence has plateaued, but remains relatively high



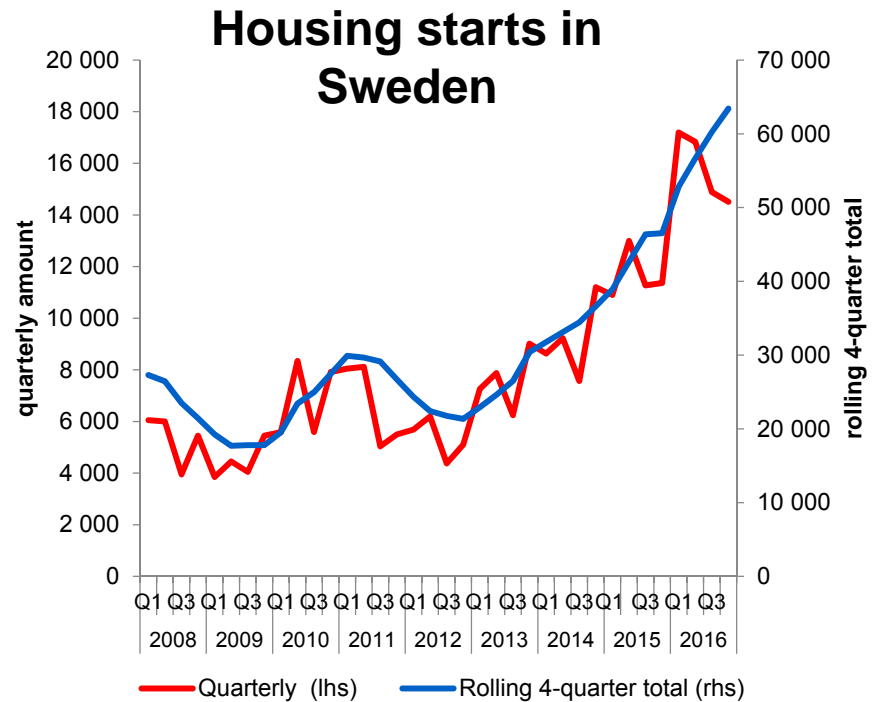
Source: Statistics Finland & Eurostat

Sweden - Fundamentals remain solid

Consumer and business sentiment are high and growth, although moderating, remains solid

In the construction industry:

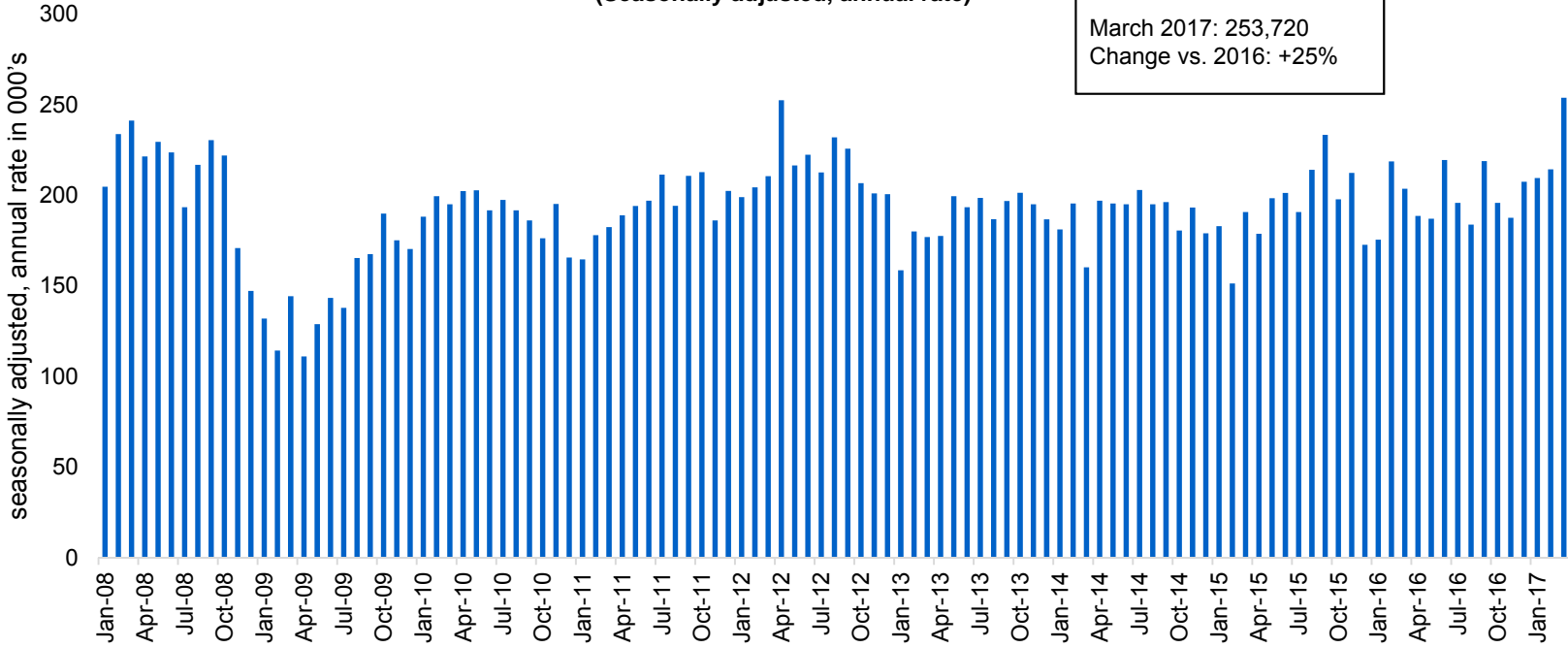
- Housing starts rose another 30% in FY 2016, driven by multi-family starts, to more than 60,000 dwellings
- Construction confidence remains high and order books are steady
- Non-residential building permits have also risen



Source: Statistics Sweden

Canada

Housing starts in Canada
(Seasonally adjusted, annual rate)

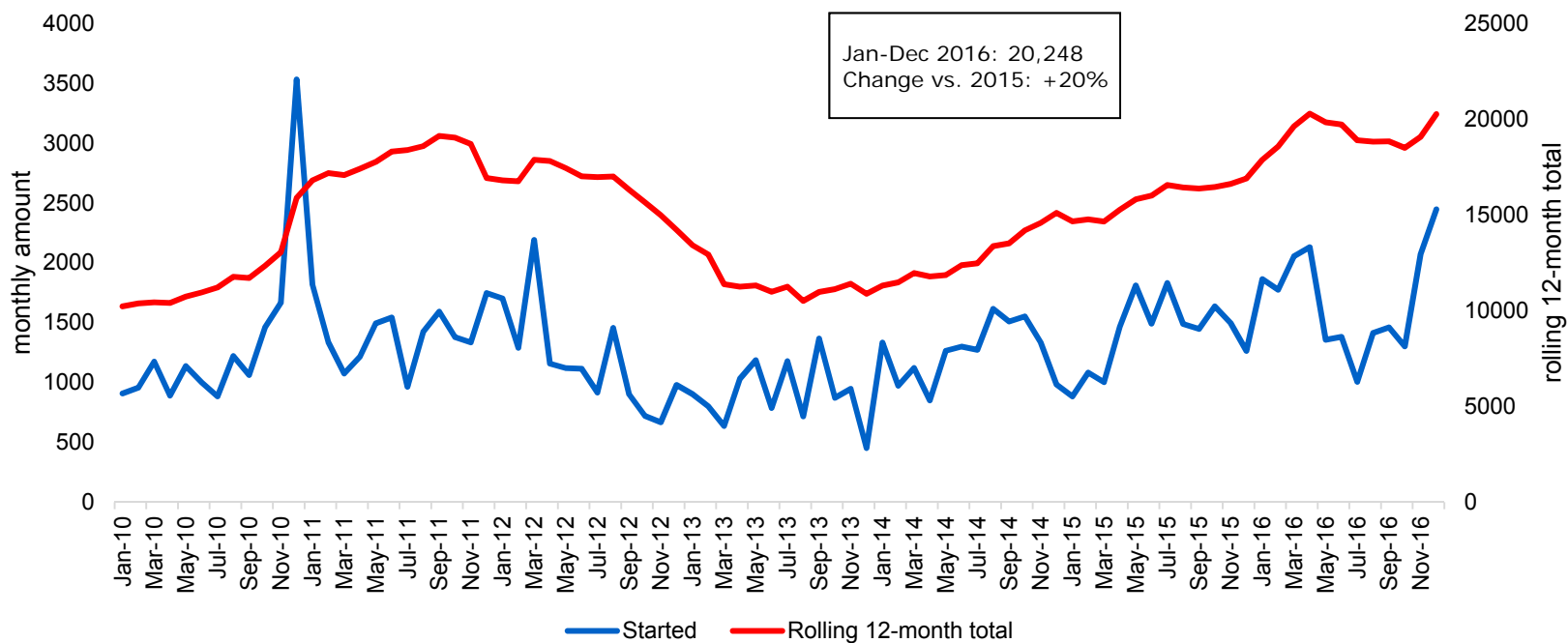


Source: CMHC/ Statistics Canada



Denmark

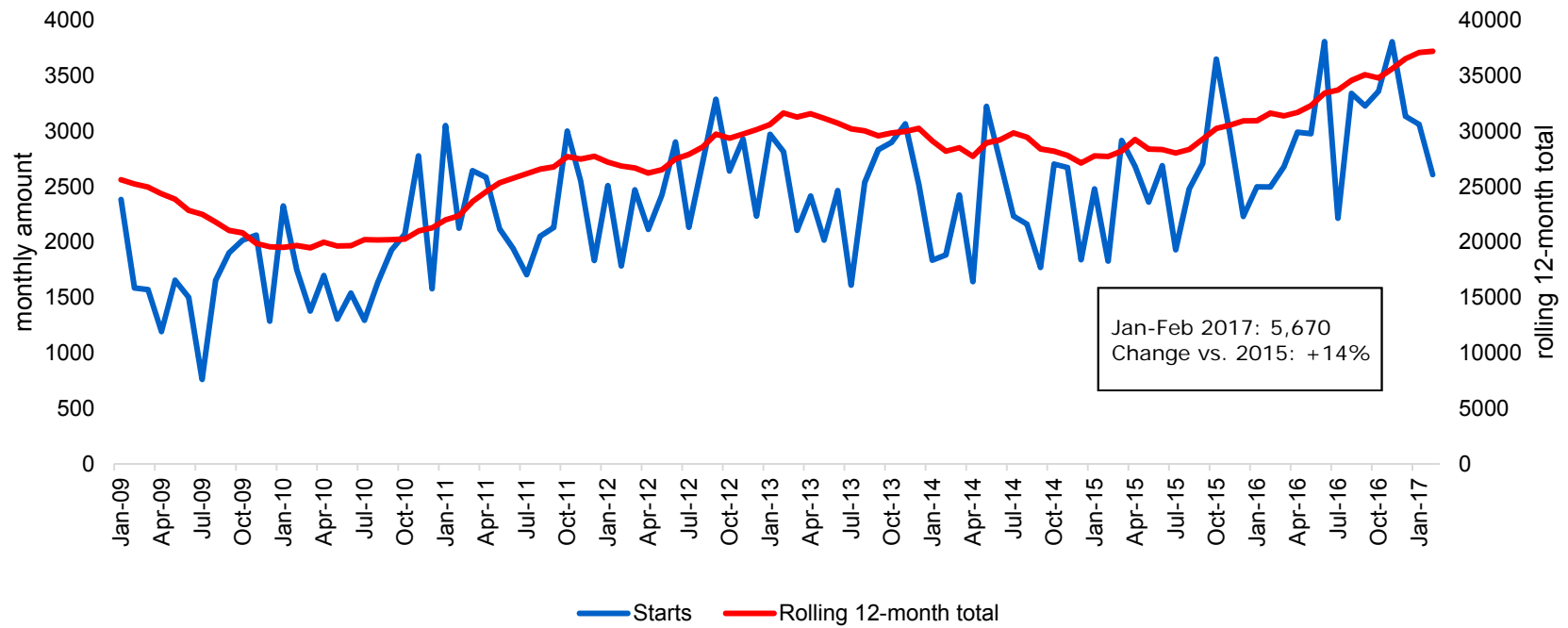
Housing starts in Denmark



Source: Statistics Denmark

Norway

Housing starts in Norway



Source: Statistics Norway