



uponor

Interim results briefing

Jyri Luomakoski – President and CEO
Riitta Palomäki – CFO

1–3 / 2016

Q1/2016: Steady progress in Europe, strong growth in North America

January - March, M€	1-3/ 2015	1-3/ 2016	Change
Net sales	237.1	246.9	4.1%
Operating profit	11.3	11.9	5.0%
Operating profit without NRI	11.3	14.9	31.4%

Net sales

- Healthy U.S. market drives growth in Building Solutions – North America, pick up reported in Canada
- Building Solutions – Europe up by 2.1% organically, further growth from acquisitions
- In addition to divestments in 2015, Uponor Infra reports weak net sales development

Operating profit

- Excluding NRIs, Uponor's operating profit at €14.9 million, up by 31.4%
- Building Solutions – North America's growth driven by operational leverage and careful cost management
- Building Solutions – Europe improves, excluding the NRIs, driven by cost savings and acquisitions
- Uponor Infra progresses in transformation, but savings not yet visible in figures

Market overview: first quarter 2016



Nordic countries

Sweden continues to outpace its neighbours, especially in the new residential segment. Other markets are generally stable, very fragile signs of recovery in Finland

Central Europe

Germany gaining strength, with the non-residential segment also beginning to show signs of improvement. The Netherlands remains robust, but growth has moderated significantly

Southern Europe

Although the markets continue to be characterised by significant volatility, an upward trend is detectable in most countries

North America

The U.S. construction market has continued to improve across nearly every building segment. In Canada, depressed energy market continues to take a toll on construction activity

Developments by segment: Building Solutions – Europe

- The KaMo/Delta acquisition completed
- Actively leveraging acquired technologies
- Markets mainly subdued in Europe, positive progress in Denmark, Spain and Sweden
- Transformation programme advanced as planned in most markets
 - Targeting simpler organisation, more agility
 - Jobs reduced 116 by end of Q1
- Development of our offering meets the growing demand for health and water hygiene, such as Smatrix Aqua and prefabricated assembly units
- Seamless composite pipe Uni Pipe Plus roll out continues with good market response



Developments by segment: Building Solutions – North America

- Net sales growth continued strong, driven by healthy demand in the U.S. and a lively first quarter in Canada, compared to last year
- Growth reported in all U.S. geographies
- Strongest growth in plumbing, driven by growth in the commercial sector
- Uponor's biennial convention, Connections 2016, attracted close to 1,000 industry professionals
- Focus on training, new technologies and product launches presented by Uponor and key suppliers
- New manufacturing building completed, production starting up during Q2



Developments by segment: Uponor Infra

- Transformation programme implementation proceeding according to plan, including optimisation of manufacturing footprint in Finland
- The co-determination negotiations in Finland completed, a cut of 126 jobs by autumn 2016
 - 11 jobs reduced by end of Q1, the majority will be in step with production relocations
- Net sales declined due to:
 - a peak in orders in the mild Q4/2015
 - persistently weak and competitive markets
 - divestments carried out in Q1/2015



The Uponor logo is positioned in the top right corner of the slide. It consists of the word "uponor" in a white, lowercase, sans-serif font. The background of the slide is a photograph of a modern building with a prominent cantilevered section and a glass facade, set against a clear blue sky.

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Financial statements

Riitta Palomäki – CFO

1–3 / 2016

January – March 2016: Key figures

M€	1-3 2015	1-3 2016	Change Y/Y	1-12 2015
Net sales, continuing operations	237.1	246.9	+4.1%	1,050.8
Operating profit, continuing operations	11.3	11.9	+5.0%	71.4
Operating profit margin, continuing operations	4.8%	4.8%	+0.0% pts	6.8%
Earnings per share (diluted), continuing operations, €	0.06	0.09	+50.0%	0.51
Return on equity, % (p.a.)	5.5%	7.9%	2.4% pts	12.1%
Return on investment, % (p.a.)	7.2%	8.9%	1.7% pts	15.5%
Net interest bearing liabilities	130.9	176.5	+34.8%	91.3
Gearing, %	46.7%	62.4%	+15.7% pts	29.3%
Net working capital of Net sales, % (p.a.)	11.0%	11.8%	+0.8% pts	8.1%
Average number of employees, continuing operations	3,909	3,823	-2.2%	3,842
Number of employees, end of period, continuing operations	3,785	3,810	+0.7%	3,735

All numbers in M€, unless
otherwise noted

January – March 2016:

Income statement

M€	1-3 2015	1-3 2016	Change Y/Y	1-12 2015
Continuing operations				
Net sales	237.1	246.9	+4.1%	1,050.8
Cost of goods sold	151.9	159.1	+4.8%	680.6
Gross profit	85.2	87.8	+2.9%	370.2
% of net sales	35.9%	35.5%	-0.3% pts	35.2%
Other operating income	0.7	0.6	-14.1%	2.4
Expenses	74.6	76.5	+2.4%	301.2
Operating profit	11.3	11.9	+5.0%	71.4
% of net sales	4.8%	4.8%	+0.0% pts	6.8%
Financial expenses, net	5.1	3.4	-33.3%	8.9
Share of result in associated companies	0.1	0.1	+0.0%	0.3
Profit before taxes	6.3	8.6	+36.3%	62.8
Profit for the period	4.0	5.4	+36.7%	37.1
EBITDA	20.6	21.7	+5.6%	110.5

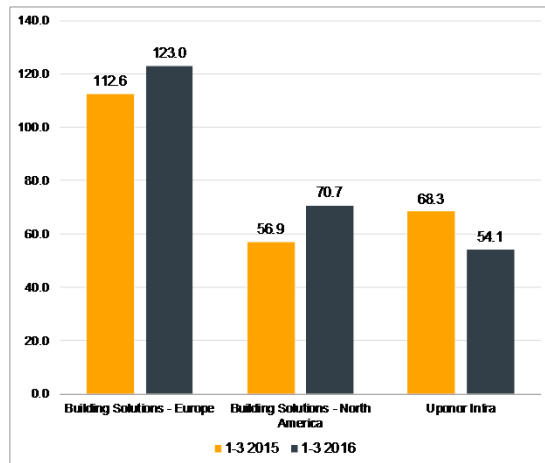
- **Organic net sales** growth +2.6%
- **Non-recurring items** €3.0m, of which
€0.7m in cost of goods sold and
€2.3m in expenses
No NRIs in Q1/2015
- **Expenses** up due to NRIs, the
KaMo/Delta acquisition and Building
Solutions - North America, offsetting the
favourable progress in cost savings from
the European transformation
programmes
- **Operating profit** w/o NRI €14.9m
(6.0%), up 31.4%
- Decrease in **net financial expenses**
due to FX

January – March 2016:

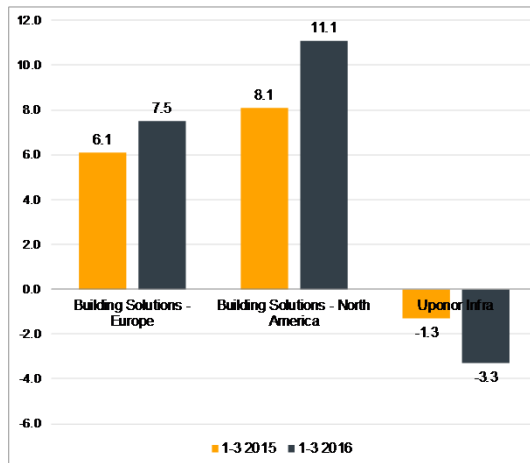
Net sales & operating profit by segment

Currency: M€

Net sales



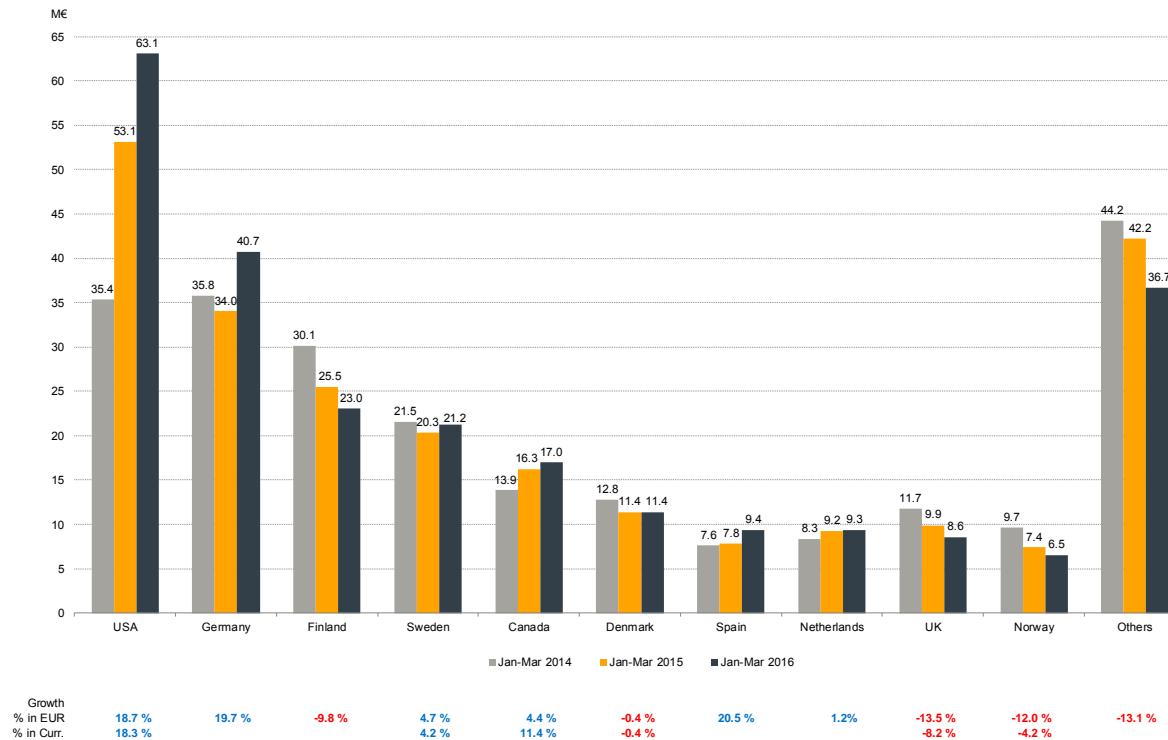
Operating profit, w/o non-recurring items



- Building Solutions – Europe: net sales growth driven by the KaMo/Delta acquisition in Germany; Operating profit margin (w/o non-recurring items) at 6.1%, up from 5.4% in Q1/2015
- Building Solutions – North America: strong topline growth continued, +24.2% in euro. Operating profit up by 36.6%
- Uponor Infra: reported net sales down by 20.7%, like-for-like sales down by 15.5%. Deteriorating profits driven by lower sales

January – March 2016:

Net sales development by key markets



- Growth in Germany driven by the KaMo/Delta acquisition
- Decrease in Finland due to Uponor Infra

January – March 2016: Balance sheet

M€	31 Mar 2015	31 Mar 2016	Change Y/Y	31 Dec 2015
Property, plant and equipment	209.3	219.0	+9.7	221.4
Intangible assets	97.5	123.3	+25.8	94.7
Securities and long-term investments	10.6	20.7	+10.1	21.0
Inventories	135.2	130.8	-4.4	112.4
Cash and cash equivalents *)	16.1	20.9	+4.8	49.2
Other current and non-current assets	223.8	234.0	+10.2	209.1
Total equity	280.4	282.9	+2.5	311.7
Non-current interest-bearing liabilities	126.2	144.6	+18.4	91.2
Provisions	16.5	24.5	+8.0	25.0
Current non-interest-bearing liabilities	248.6	243.9	-4.7	231.6
Current interest-bearing liabilities	20.8	52.8	+32.0	48.3
Balance sheet total	692.5	748.7	+56.2	707.8

- Increase in the balance sheet due to the KaMo/Delta acquisition
- Non-controlling interest represents €62.4m of the total equity at €282.9m

*) In 31 March 2016 and 31 December 2015, cash and cash equivalents include €1.0 million in restricted cash.

January – March 2016: Cash flow

M€	1-3 2015	1-3 2016	Change Y/Y	1-12 2015
Net cash from operations	+16.0	+21.5	+5.5	+105.6
Change in NWC	-32.4	-26.2	+6.2	-15.0
Net payment of income tax and interest	-6.0	-9.8	-3.8	-32.4
Cash flow from operations	-22.4	-14.5	+7.9	+58.2
Cash flow from investments	-2.1	-34.5	-32.4	-41.7
Cash flow before financing	-24.5	-49.0	-24.5	+16.5
Dividends and buy backs	-30.7	-32.2	-1.5	-30.7
Other financing	+10.3	+54.0	+43.7	+2.3
Cash flow from financing	-20.4	+21.8	+42.2	-28.4
Conversion differences	+0.8	-0.1	-0.9	-0.1
Change in cash and cash equivalents	-44.1	-27.3	+16.8	-12.0

- Cash flow from investments includes net cash flow-out related to the KaMo/Delta acquisition (€31.4m)
- Gross CapEx (€5.3m) slightly down year-on-year
- Cash flow from investments in the comparison year includes a net cash flow effect of €+5.9m from the divestments of the Thai infrastructure business and Extron Engineering Oy in Finland, both in Uponor Infra





















A close-up photograph of a modern, curved chrome faucet pouring water into a clear glass. The water is captured mid-pour, creating a dynamic splash and bubbles within the glass. The background is softly blurred, showing hints of a kitchen or dining area with warm tones.

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Outlook for the future

Jyri Luomakoski – President and CEO

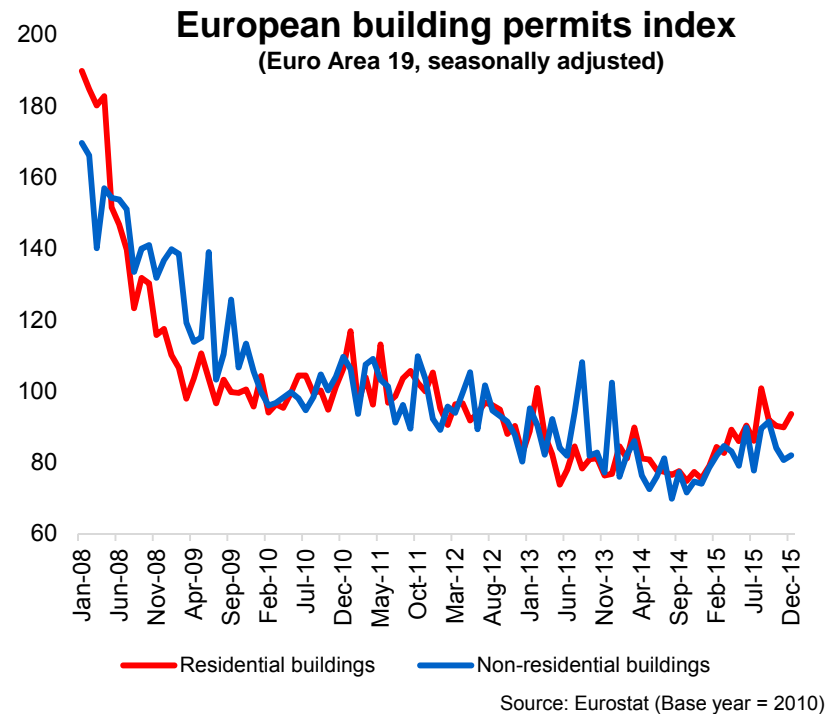
Leading indicators: stable market outlook overall

	Indicator	% Change YTD	Data through	Trend since Q4 update
 USA	Housing starts ¹⁾	+31%	February 2016	
 Germany	Housing permits	+31%	January 2016	
 Finland	Housing permits	-16%	January 2016	
 Sweden	Housing starts	+26%	December 2015	
 Canada	Housing starts ¹⁾	+1%	March 2016	
 Denmark	Housing starts	-18%	December 2015	
 Spain	Housing permits	+42%	December 2015	
 Netherlands	Housing permits	+36%	December 2015	
 UK	Housing starts ²⁾	+6%	December 2015	
 Norway	Housing permits	+16%	February 2016	

¹⁾ Seasonally adjusted, annualised rate vs. same month in 2015 ²⁾ England only

Building permits in Europe have made some gains from all-time lows

- Data through December shows that some gains were made in permit activity in both the residential and non-residential segments compared to the same time in 2014
- Comparing the winter of 2015 to 2014, the largest gains were made in Germany, Spain, and Sweden

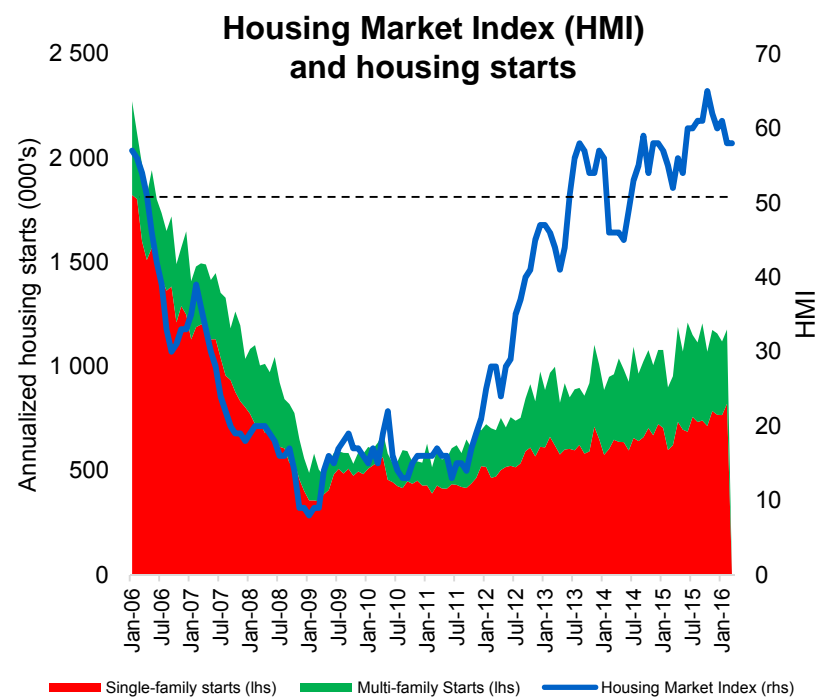


Country overview - USA

Growth in the economy shows signs of slowing, although the consumer spending and housing components have maintained their momentum

Within the construction industry:

- Housing starts have continued to log year-over-year improvements
- Builder confidence has softened, but remains clearly in expansionary territory
- Spending in nearly every construction segment is above last year's levels



Source: US Census, NAHB/Wells Fargo

Management agenda for 2016

- Complete the broad-based transformation in Europe, including manufacturing footprint optimisation, targeting a clear growth in net sales
- Start the manufacture of indoor climate and plumbing products in China
- Uphold customer satisfaction and sales growth in North America, while continuously upgrading manufacturing capacity
- Boost investment in research, technology and corporate development in order to maintain lead in sustainable building technology



Guidance

- The Group's capital expenditure will temporarily increase from that experienced in the last few years and reach circa €58 million in 2016, against €50 million in 2015, excluding any investment in shares
- Partly due to weather related issues, Q4/2015 and Q1/2016 were lively
- Volatility in the market is expected to continue, both up and down
- No sign of changes in the near future, which could materially affect demand in 2016 from the earlier forecast
- Assuming that economic development in Uponor's key geographies continues undisturbed, Uponor repeats earlier guidance from February 2016:

The Group's net sales and operating profit (excluding any non-recurring items) are expected to improve from 2015

CMD 2016

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