Uponor celebrates its centenary in 2018

SHK Essen
Germany

Aquatherm
Moscow, Russia

Nordbygg
Stockholm, Sweden

100-year anniversary celebration:
Bucharest, Romania

100-year anniversary celebration:
Budapest, Hungary

Annual General Meeting 2018
Helsinki, Finland
Uponor at a glance

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. As of January 2018, the company is listed in the Large Cap category.

FACTS & FIGURES

1.2
billion euro Net sales 2017

30
countries with Uponor operations

15
production sites worldwide

4,000
worldwide staff
Uponor globally

- 15 production sites
- Countries with Uponor operations
- Countries where Uponor operates through partners
- Countries where Uponor sells through export
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 4,000 committed employees in 30 countries, Uponor is at your service all over the world.

OUR VALUES

CONNECT
BUILD
INSPIRE
Throughout the world, our solutions enrich people’s way of life

MLC riser system for a cruise ship, cutting installation time to a bare minimum: Carnival Cruises

PE pressure pipes and prefabricated fittings for the Copenhagen metro: Copenhagen, Denmark

Radiant heating & cooling, snowmelt and plumbing: football team Vikings headquarters and practice facility, Minnesota, USA

Uponor heating & cooling solutions - winner of Diamond & Gold awards from German Sustainable Building Council (DGNB): 50Hertz headquarters, Berlin, Germany

Radiant cooling solution to create the most advanced learning environment: New campus for the International School of Kuala Lumpur (ISKL), Kuala Lumpur

Reducing energy consumption with Uponor TABS – shortlisted for a prestigious H&V News award: Dudley College, UK

First villa project in China - radiant heating & cooling to save energy and ensure high comfort: Changjia Villa, Kunshan, China

Weholite stormwater tank to attenuate runoffs at the new Children’s Hospital: Helsinki, Finland
Our business groups

Plumbing solutions
49% (*)

Indoor climate solutions
24% (*)

Infrastructure solutions
27% (*)

*) share of Group net sales
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
Uponor’s infrastructure offering
Transporting water, air, electricity, telecommunications and data

Standard Solutions

360° Project Services

Weholite® Technology Licensing
Investment in R&D and technology

After 2016, another year of historically high R&D expenditure, with a total expenditure at €23.2 million or 2.0% of net sales

- Key projects steered by Group Technology function, established in 2016
- Investment in digitalisation and hygienic initiatives continued

- New smart water offering, Phyn Plus
- UWater online monitoring maturing into market entry through Uponor Infra
- Hygienic fresh water stations
- Prefabricated offering development
Phyn Plus smart water assistant with nationwide installer network being built up in North America

- Introduced in the U.S. market in January 2018 at leading trade shows
- Won a number of ‘Smart Home’ awards
- Commercial sales started in Q2/2018
- European introduction planned for ISH 2019
- Authorised network of installers, the Uponor Pro Squad
- In February 2018, Uponor invested an additional USD10 million to boost Phyn expansion, bringing total investment to USD25 million, or 50%
The Uponor online water quality monitoring

- The Uponor online water quality monitoring technology was acquired in Dec 2015
- The innovative online technology will make the potable water distribution safer
- Uponor currently pioneering in infrastructure applications for potable water networks
- The flexible technology can be applied to industry, residential and public premises, such as hospitals, nursing homes and hotels
Uponor’s sustainability statement

Uponor is committed to addressing the key issues of our time through innovations that help reduce environmental impact. Through partnerships, we strive to provide leadership in sustainable solutions for the mutual well-being of both people and the planet, while ensuring the long-term viability of our operations.

Our sustainability pillars

- Strongly integrating sustainability into our corporate mindset
- Driving down our environmental impact
- Enriching life through our innovative solutions
- Engaging external stakeholders in our sustainability journey
Uponor’s non-financial performance

- Overall sustainability performance supported by operational streamlining, including production concentration to fewer sites
- Exceeded our goal of reducing GHG emissions by 20% per net sales by 2020 (from the 2015 levels)
- Renewed sustainability section in the Annual report 2017 following the EU guidelines on non-financial reporting
- Uponor has been reporting through CDP Climate change survey since 2010
## Development of environmental indicators

<table>
<thead>
<tr>
<th>Measure</th>
<th>Unit</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Environmental indicators</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total energy consumption</td>
<td>1,000 MWh</td>
<td>198.5</td>
<td>198.5</td>
<td>185.1</td>
<td>184.2</td>
<td>149.3</td>
</tr>
<tr>
<td>- Electricity purchased</td>
<td>1,000 MWh</td>
<td>157.3</td>
<td>149.6</td>
<td>138.3</td>
<td>130.6</td>
<td>101.7</td>
</tr>
<tr>
<td>- of which, certified green electricity</td>
<td>1,000 MWh</td>
<td>20.7</td>
<td>14.5</td>
<td>11.5</td>
<td>11.1</td>
<td>2.2</td>
</tr>
<tr>
<td>- Self-generated electricity</td>
<td>1,000 MWh</td>
<td>0.4</td>
<td>0.9</td>
<td>1.1</td>
<td>1.0</td>
<td>1.2</td>
</tr>
<tr>
<td>- Fossil fuels used</td>
<td>1,000 MWh</td>
<td>41</td>
<td>48.9</td>
<td>46.8</td>
<td>53.6</td>
<td>47.6</td>
</tr>
<tr>
<td>- Heating</td>
<td>1,000 MWh</td>
<td>26.5</td>
<td>33.7</td>
<td>31.6</td>
<td>35.9</td>
<td>33.1</td>
</tr>
<tr>
<td>- of which renewable</td>
<td>%</td>
<td>17.1</td>
<td>14.7</td>
<td>13.4</td>
<td>12.9</td>
<td>3.5</td>
</tr>
<tr>
<td>- Own fleet vehicles (including leasing)</td>
<td>1,000 MWh</td>
<td>14.6</td>
<td>15.2</td>
<td>15.2</td>
<td>17.7</td>
<td>14.5</td>
</tr>
<tr>
<td>Raw materials used</td>
<td>1,000 tonnes</td>
<td>140.8</td>
<td>132.7</td>
<td>127.1</td>
<td>122.5</td>
<td>84.6</td>
</tr>
<tr>
<td>Water consumption</td>
<td>1,000 m³</td>
<td>156.4</td>
<td>168.4</td>
<td>190.9</td>
<td>190.0</td>
<td>111.4</td>
</tr>
<tr>
<td><strong>Total GHG emissions (Scope 1)</strong></td>
<td>1,000 tonnes</td>
<td>7.5</td>
<td>8.7</td>
<td>8.5</td>
<td>9.6</td>
<td>9.3</td>
</tr>
<tr>
<td><strong>Total GHG emissions (Scope 2)</strong></td>
<td>1,000 tonnes</td>
<td>32.1</td>
<td>32.2</td>
<td>33.5</td>
<td>31.1</td>
<td>24.3</td>
</tr>
<tr>
<td><strong>Total waste</strong></td>
<td>1,000 tonnes</td>
<td>18.8</td>
<td>16.4</td>
<td>16.4</td>
<td>15.1</td>
<td>11.1</td>
</tr>
<tr>
<td>- Waste recycled</td>
<td>%</td>
<td>92.4</td>
<td>97.4</td>
<td>97.5</td>
<td>95.3</td>
<td>95.9</td>
</tr>
<tr>
<td>- Waste to landfills</td>
<td>%</td>
<td>7.6</td>
<td>2.6</td>
<td>2.5</td>
<td>4.7</td>
<td>4.1</td>
</tr>
<tr>
<td>Hazardous waste, of total waste</td>
<td>%</td>
<td>4.5</td>
<td>1.5</td>
<td>1.1</td>
<td>1.1</td>
<td>1.5</td>
</tr>
</tbody>
</table>
**Major shareholders**
30 June 2018

- Oras Invest Ltd 22.6%
- Varma Mutual Pension Insurance Company 5.3%
- Nordea Nordic Small Cap Fund 3.8%
- Ilmarinen Mutual Pension Insurance Company 2.5%
- Mandatum Life Insurance Company Ltd 1.4%
- The Local Government Pensions Institution 1.3%
- Nordea Pro Finland Fund 0.9%
- SEB Gyllenberg Finlandia Fund 0.9%
- Nominee registrations 26.5%
- Others 35.8%

**Currently valid foreign notifications**
20 March 2017: the holdings of Franklin Resources, Inc., went down to below 5.0%

- 19,459 shareholders at the end of June 2018
- Foreign shareholding at 26.5%, vs 26.4% at the end of December 2017
Shareholder value development
1997 - 2017
Long-term financial targets
Since 12 February 2013

- 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 **30 to 70** as an annual average of the quarters
- Dividend pay-out to be at least **50%** of annual earnings (considering the gearing target)

Achievement in 2017

- **6.5%** (target 5.4%*)
- **8.2%** (comparable EBIT 8.3%)
- **16.3%**
- **43.5**
- **59.0%**

* GDP growth based on a weighted average growth in the top 10 countries
Share price development
2002 – 2017
Q2/2018: Growth was driven by Uponor Infra’s strong performance

<table>
<thead>
<tr>
<th>April - June, M€</th>
<th>4-6/2017</th>
<th>4-6/2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>308.4</td>
<td>324.9</td>
<td>5.3%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>22.9</td>
<td>28.0</td>
<td>22.3%</td>
</tr>
<tr>
<td>Comparable operating profit</td>
<td>23.8</td>
<td>28.0</td>
<td>17.9%</td>
</tr>
</tbody>
</table>

**Net sales**
- Net sales of Building Solutions – Europe grew moderately in most of the European markets.
- Net sales of Building Solutions – North America grew although the biggest customers had already been building up their stocks in Q1.
- Uponor Infra’s net sales grew, particularly in North America, Sweden and Poland.

**Operating profit**
- Building Solutions – Europe's profitability was impacted by higher raw material prices and promotional activities.
- Operating profit of Building Solutions – North America declined due to rising raw material costs and freight rates as well as start-up costs from the Hutchinson manufacturing facility.
- Improvements in both North America and Europe increased Uponor Infra’s operating profit.
Development by segment: Building Solutions – Europe

- Market environment remains positive
  - Bottle necks in planning and installation capacity
- Temporary production challenges in prefabricated production in Germany impacted on net sales
- Modernisation of fitting production line in Hassfurt finalised, enabling more efficient production process
Development by segment: Building Solutions – North America

• Despite increasing competition, the business environment has stayed healthy
• Successful start-up of new Hutchinson manufacturing facility ahead of schedule
  – Start-up costs burdened profitability
• Sales of Phyn Plus smart water monitoring and shut-off device began
Development by segment: Uponor Infra

- Market demand has been strong in North America, Sweden and Poland
- Benefits from the transformation programme are clearly visible in Europe
- Growth in the share of higher margin products in the sales mix
Financial statements
Maija Strandberg – CFO, Uponor Corporation
1–6 / 2018
### January – June 2018: Key figures

<table>
<thead>
<tr>
<th>Uponor Group</th>
<th>1-6 2017</th>
<th>1-6 2018</th>
<th>Change Y/Y</th>
<th>1-12 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales M€</td>
<td>573.5</td>
<td>601.8</td>
<td>+4.9%</td>
<td>1,170.4</td>
</tr>
<tr>
<td>Operating profit M€</td>
<td>37.5</td>
<td>45.0</td>
<td>+19.9%</td>
<td>95.9</td>
</tr>
<tr>
<td>Comparable operating profit M€</td>
<td>38.8</td>
<td>45.0</td>
<td>+16.0%</td>
<td>97.2</td>
</tr>
<tr>
<td>Comparable operating profit margin %</td>
<td>6.8%</td>
<td>7.5%</td>
<td>0.7% pts</td>
<td>8.3%</td>
</tr>
<tr>
<td>Earnings per share (diluted) €</td>
<td>0.29</td>
<td>0.30</td>
<td>+3.4%</td>
<td>0.83</td>
</tr>
<tr>
<td>Return on equity (p.a.) %</td>
<td>13.6%</td>
<td>15.4%</td>
<td>+1.8% pts</td>
<td>19.4%</td>
</tr>
<tr>
<td>Return on investment (p.a.) %</td>
<td>13.6%</td>
<td>13.5%</td>
<td>-0.1% pts</td>
<td>16.3%</td>
</tr>
<tr>
<td>Net interest bearing liabilities M€</td>
<td>208.9</td>
<td>218.3</td>
<td>+4.5%</td>
<td>151.5</td>
</tr>
<tr>
<td>Gearing %</td>
<td>67.6%</td>
<td>64.2%</td>
<td>-3.4% pts</td>
<td>43.5%</td>
</tr>
<tr>
<td>Net working capital of net sales (p.a.) %</td>
<td>13.5%</td>
<td>14.0%</td>
<td>+0.5% pts</td>
<td>10.4%</td>
</tr>
<tr>
<td>Number of employees, end of period FTE</td>
<td>4,077</td>
<td>4,351</td>
<td>+6.7%</td>
<td>4,075</td>
</tr>
</tbody>
</table>
April – June 2018:
Income statement

<table>
<thead>
<tr>
<th>Uponor Group, M€</th>
<th>4-6</th>
<th>4-6</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
<td>Y/Y</td>
</tr>
<tr>
<td>Net sales</td>
<td>308.4</td>
<td>324.9</td>
<td>+5.3%</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>210.0</td>
<td>217.6</td>
<td>+3.6%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>98.4</td>
<td>107.3</td>
<td>+9.1%</td>
</tr>
<tr>
<td>Gross profit margin (%)</td>
<td>31.9%</td>
<td>33.0%</td>
<td>+1.1% pts</td>
</tr>
<tr>
<td>Other operating income</td>
<td>2.3</td>
<td>0.2</td>
<td>-89.9%</td>
</tr>
<tr>
<td>Expenses</td>
<td>77.8</td>
<td>79.5</td>
<td>+2.4%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>22.9</td>
<td>28.0</td>
<td>+22.3%</td>
</tr>
<tr>
<td>Operating profit margin (%)</td>
<td>7.4%</td>
<td>8.6%</td>
<td>+1.2% pts</td>
</tr>
<tr>
<td>Financial expenses, net</td>
<td>1.2</td>
<td>2.7</td>
<td>+108.9%</td>
</tr>
<tr>
<td>Share of result in associated companies</td>
<td>-0.6</td>
<td>-0.9</td>
<td>-56.1%</td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>21.1</td>
<td>24.4</td>
<td>+16.3%</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>14.3</td>
<td>17.3</td>
<td>+20.8%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>33.1</td>
<td>37.6</td>
<td>+13.6%</td>
</tr>
</tbody>
</table>

- **Net sales**
  Negative translation impact from USD, CAD and SEK vs last year. In constant currency terms, net sales growth was 9.6%.

- **Comparable gross profit** came to €107.3 (99.2) million, with the comparable gross profit margin improving slightly to 33.0% (32.1%).

- **Comparable operating profit** came to €28.0 (23.8) million, a change of 17.9%.
January – June 2018:
Income statement

<table>
<thead>
<tr>
<th>Uponor Group, M€</th>
<th>1-6 2017</th>
<th>1-6 2018</th>
<th>Change Y/Y</th>
<th>1-12 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td></td>
<td></td>
<td>+4.9%</td>
<td>1,170.4</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td></td>
<td></td>
<td>+4.6%</td>
<td>776.3</td>
</tr>
<tr>
<td>Gross profit</td>
<td>189.8</td>
<td>200.5</td>
<td>+5.7%</td>
<td>394.1</td>
</tr>
<tr>
<td>Gross profit margin (%)</td>
<td>33.1%</td>
<td>33.3%</td>
<td>+0.2% pts</td>
<td>34.5%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>2.6</td>
<td>0.3</td>
<td>-88.8%</td>
<td>3.1</td>
</tr>
<tr>
<td>Operating profit margin (%)</td>
<td>154.9</td>
<td>155.8</td>
<td>+0.7%</td>
<td>301.2</td>
</tr>
<tr>
<td>Expenses</td>
<td>37.5</td>
<td>45.0</td>
<td>+19.9%</td>
<td>95.9</td>
</tr>
<tr>
<td>Expenses, net</td>
<td>6.5%</td>
<td>7.5%</td>
<td>+0.9% pts</td>
<td>5.5%</td>
</tr>
<tr>
<td>Operating profit margin (%)</td>
<td>4.0</td>
<td>4.4</td>
<td>+7.1%</td>
<td>5.4</td>
</tr>
<tr>
<td>Share of result in associated companies</td>
<td>-1.1</td>
<td>-3.0</td>
<td>-171.2%</td>
<td>-2.3</td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>32.4</td>
<td>37.6</td>
<td>+16.3%</td>
<td>88.2</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>21.7</td>
<td>26.5</td>
<td>+22.4%</td>
<td>65.4</td>
</tr>
<tr>
<td>EBITDA</td>
<td>57.1</td>
<td>64.2</td>
<td>+12.3%</td>
<td>135.1</td>
</tr>
</tbody>
</table>

- **Net sales** grew 9.4% in constant currency terms – A negative currency impact of €25.4 million mainly driven by the USD, CAD and SEK
- **Comparable gross profit margin** stayed on par 33.3% (33.3%) year-on-year.
- **Comparable operating profit** came to €45.0 (38.8) million, a change of 16.0%
January – June 2018:

Net sales & operating profit by segment

- **Building Solutions – Europe**'s net sales grew in most of the European markets but the increasing raw material prices and promotional activities had an impact on operating profit.

- **Building Solutions – North America**'s net sales grew but the rising level of freight rates as well as the start-up costs of the new manufacturing facility in Hutchinson reduced operating profit. On the positive side, the start-up of Hutchinson in the second quarter was successful and ahead of schedule.

- **Uponor Infra** benefited from strong sales in both North America and Europe. Also growing the share of higher margin products in the sales mix improved the comparable operating profit.
January – June 2018

Net sales development by key markets

Net sales growth driven by USA, Sweden, Canada and Poland
January – June 2018:
Balance sheet

<table>
<thead>
<tr>
<th>Uponor Group, M€</th>
<th>30 Jun 2017</th>
<th>30 Jun 2018</th>
<th>Change Y/Y</th>
<th>31 Dec 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>233.8</td>
<td>259.9</td>
<td>+26.1</td>
<td>252.2</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>117.3</td>
<td>113.4</td>
<td>-3.9</td>
<td>116.0</td>
</tr>
<tr>
<td>Securities and long-term investments</td>
<td>31.9</td>
<td>26.8</td>
<td>-5.1</td>
<td>20.2</td>
</tr>
<tr>
<td>Inventories</td>
<td>146.7</td>
<td>158.4</td>
<td>+11.7</td>
<td>132.7</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>24.3</td>
<td>32.1</td>
<td>+7.8</td>
<td>107.0</td>
</tr>
<tr>
<td>Other current and non-current assets</td>
<td>271.9</td>
<td>314.5</td>
<td>+42.6</td>
<td>237.7</td>
</tr>
<tr>
<td>Assets total</td>
<td>825.9</td>
<td>905.1</td>
<td>+79.2</td>
<td>865.8</td>
</tr>
<tr>
<td>Total equity</td>
<td>309.0</td>
<td>339.8</td>
<td>+30.8</td>
<td>348.4</td>
</tr>
<tr>
<td>Non-current interest-bearing liabilities</td>
<td>77.5</td>
<td>176.6</td>
<td>+99.1</td>
<td>176.6</td>
</tr>
<tr>
<td>Provisions</td>
<td>28.0</td>
<td>28.8</td>
<td>+0.8</td>
<td>28.9</td>
</tr>
<tr>
<td>Non-interest-bearing liabilities</td>
<td>255.7</td>
<td>286.1</td>
<td>+30.4</td>
<td>230.0</td>
</tr>
<tr>
<td>Current interest-bearing liabilities</td>
<td>155.7</td>
<td>73.8</td>
<td>-81.9</td>
<td>81.9</td>
</tr>
<tr>
<td>Shareholders’ equity and liabilities total</td>
<td>825.9</td>
<td>905.1</td>
<td>+79.2</td>
<td>865.8</td>
</tr>
</tbody>
</table>

- Investments were mainly related to capacity expansion and efficiency improvement
- Uponor invested a further USD 10 million (€8.1 million) in Phyn in February 2018, bringing total to USD 25 million
- Repayment of €80 million bond in June was mostly covered by issuing commercial papers of €70 million
- €35.8 million in dividends was declared
  - Two instalments: 1st part was paid in March, 2nd scheduled for September
- Gearing at 64.2% (67.6%), four-quarter rolling gearing at 55.6% (61.9%)
January – June 2018:
Cash flow

<table>
<thead>
<tr>
<th>Uponor Group, M€</th>
<th>1-6</th>
<th>1-6</th>
<th>Change</th>
<th>1-12</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
<td>Y/Y</td>
<td>2017</td>
</tr>
<tr>
<td>Net cash from operations</td>
<td>+59.2</td>
<td>+60.7</td>
<td>+1.5</td>
<td>+141.8</td>
</tr>
<tr>
<td>Change in NWC</td>
<td>-45.9</td>
<td>-60.5</td>
<td>-14.6</td>
<td>-7.2</td>
</tr>
<tr>
<td>Net payment of income tax and interest</td>
<td>-11.8</td>
<td>-16.7</td>
<td>-4.9</td>
<td>-33.1</td>
</tr>
<tr>
<td>Cash flow from operations</td>
<td>+1.5</td>
<td>-16.5</td>
<td>-18.0</td>
<td>+101.5</td>
</tr>
<tr>
<td>Cash flow from investments</td>
<td>-16.8</td>
<td>-32.3</td>
<td>-15.5</td>
<td>-59.5</td>
</tr>
<tr>
<td><strong>Cash flow before financing</strong></td>
<td>-15.3</td>
<td>-48.8</td>
<td>-33.5</td>
<td>+42.0</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>-33.6</td>
<td>-17.6</td>
<td>+16.0</td>
<td>-33.6</td>
</tr>
<tr>
<td>Other financing</td>
<td>+57.3</td>
<td>-8.4</td>
<td>-65.7</td>
<td>+82.6</td>
</tr>
<tr>
<td><strong>Cash flow from financing</strong></td>
<td>+23.7</td>
<td>-26.0</td>
<td>-49.7</td>
<td>+49.0</td>
</tr>
<tr>
<td>Conversion differences</td>
<td>-0.4</td>
<td>-0.1</td>
<td>+0.3</td>
<td>-0.3</td>
</tr>
<tr>
<td>Change in cash and cash equivalents</td>
<td>+8.0</td>
<td>-74.9</td>
<td>-82.9</td>
<td>+90.7</td>
</tr>
</tbody>
</table>

- Gross investments came to €24.9 (19.3) million
- Cash flow from business operations came to €-16.5 million, due to an increase in net working capital
- Cash flow from financing includes the first dividend instalment of a total of €35.8 million
Outlook for the future

Jyri Luomakoski – President and CEO, Uponor Corporation
Leading indicators: Still solid, but moderating from recent highs

<table>
<thead>
<tr>
<th>Country</th>
<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</td>
<td>Housing starts</td>
<td>+20%&lt;sup&gt;1)&lt;/sup&gt;</td>
<td>N/A</td>
<td>May 2018</td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>Housing permits</td>
<td>0%</td>
<td>-4%</td>
<td>April 2018</td>
<td></td>
</tr>
<tr>
<td>Finland</td>
<td>Housing permits</td>
<td>-7%</td>
<td>+8%</td>
<td>April 2018</td>
<td></td>
</tr>
<tr>
<td>Sweden</td>
<td>Housing starts</td>
<td>-14%</td>
<td>0</td>
<td>March 2018</td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>Housing starts</td>
<td>0%&lt;sup&gt;1)&lt;/sup&gt;</td>
<td>N/A</td>
<td>May 2018</td>
<td></td>
</tr>
<tr>
<td>Denmark</td>
<td>Construction index</td>
<td>-7%</td>
<td>N/A</td>
<td>April 2018</td>
<td></td>
</tr>
<tr>
<td>Netherlands</td>
<td>Housing permits</td>
<td>+10%</td>
<td>+9%</td>
<td>April 2018</td>
<td></td>
</tr>
<tr>
<td>Spain</td>
<td>Housing permits</td>
<td>+23%</td>
<td>+39%</td>
<td>April 2018</td>
<td></td>
</tr>
<tr>
<td>Norway</td>
<td>Housing starts</td>
<td>-18%</td>
<td>-14%</td>
<td>May 2018</td>
<td></td>
</tr>
<tr>
<td>Poland</td>
<td>Housing completions</td>
<td>+10%</td>
<td>+10%</td>
<td>February 2018</td>
<td></td>
</tr>
</tbody>
</table>

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

Source: National Statistics Offices
Residential building permits remain strong in Europe, but may have plateaued

- Residential permits for January to March 2018 increased from the same period in 2017, but have retreated from the 10-year high seen in December 2017.

- Developments in the more volatile non-residential segment have been mixed, but permit activity seems to be trending upward overall.

Source: Eurostat (Base year = 2015)
Builder confidence in Europe has improved overall

**EU construction confidence index**

**Change in construction confidence index**
(Q2 2018 avg. vs Q2 2017 avg.)

Source: Eurostat
USA – strong economic growth continues

Private consumption and, especially, business investments appear to be gaining strength from recent tax cuts, contributing to strong economic growth.

Within the construction industry:

- Construction spending through May rose in nearly every residential and non-residential segment.
- Builder confidence remains high, but has fallen slightly in part because of increasing input prices.

Source: US Census, NAHB/Wells Fargo
Germany – construction confidence remains at high level

Private consumption continues to drive growth in the economy. However, some signs of weakness are present in the business sector, with investor confidence at a 5-year low and factory orders falling.

Within the construction industry:

- Construction confidence remains at all-time highs
- Although permit levels have fallen, the skilled labour shortage means a significant backlog still exists

Source: Destatis and Eurostat
Management agenda for H2/2018

• Selling price management in all segments to reflect the impacts of rising raw material costs and freight rates
• Driving our digital agenda forward, including promotion of Phyn in North America and preparation of its European launch
• While the BLD E transformation programme was carried out in line with the plans, further review of the operational footprint still needs to be done
• Secure that the good start of operations in Hutchinson continues
Guidance 2018: revised on 5 September 2018

• No signs of construction markets getting weaker in Europe or North America. Going forward, one should take a note that the comparison period in the third quarter 2017 was exceptionally strong after the recovery from the temporary production issue in Building Solutions – North America in April 2017

• The Group's capital expenditure, excluding any investment in shares, will remain at roughly the same level as in 2017, mainly driven by the capacity expansion programme in North America

• Assuming that economic development in Uponor's key geographies continues undisturbed, Uponor's full-year guidance for 2018 is:

    Excluding the impact of currencies, Uponor expects its organic net sales to grow from 2017 and comparable operating profit to remain at the same level as in 2017.
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

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- 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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