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FINANCIAL STATEMENTS BULLETIN 2012  
12 February 2013

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## Uponor achieves solid performance improvement in 2012, despite weak markets in Europe

- Net sales grows in North America in October-December, operating profit improves in Building Solutions – Europe and in North America
- Net sales 1-12: €811.5m (2011: 806.4m), up 0.6%; organic growth at 3.2%
- Operating profit 1-12: €57.7m (€35.4m), up 63.0%; operating profit improvement excluding the 2011 non-recurring items was +25.8%
- Earnings per share at €0.45 (€0.03), earnings per share excluding non-recurring items at €0.45 (€0.32)
- Guidance for the year 2013: Uponor expects its net sales and operating profit to show a modest organic growth from 2012
- The Board's dividend proposal is €0.38 (€0.35) per share

### President and CEO Jyri Luomakoski comments on the reporting period:

- I am happy to report that we are witnessing a steady, long-term pick-up in demand in North America, which has resulted in Uponor achieving double-digit growth there for the last six quarters. This has resulted in an improved performance, despite the fact that we are simultaneously rebuilding our capacity to the levels we had before the crisis back in 2007.
- In Europe, the building markets mostly continue to be weak – with the notable exception of Europe's largest economy, Germany – and to some extent they are likely to weaken further in 2013. Despite that, I believe that we are close to touching bottom and signs of stabilisation are visible. We forecast the year 2013 to mirror 2012 to a great extent, although 2013 is likely to begin with a clearly slower first quarter.
- Our biggest news last year was the joint plan with the KWH Group to merge our infrastructure businesses. The business environment has changed rapidly over the last few years, with the Nordic markets becoming truly international in terms of products and services offered. Both companies view this merger as a key step in developing the business further and offering our customers systems that will continue to meet their needs. This plan is currently awaiting the approval of the Finnish Competition Authority.

### The Board's dividend proposal

The Board proposes to the Annual General Meeting a dividend of €0.38 (€0.35) per share. This corresponds to a payout ratio of 84.4%. When making the proposal, the Board considered the solvency of the company, the company's dividend policy and the outlook.

**Information on the financial statements bulletin**

This document is a condensed version of Uponor's 2012 financial statements bulletin, which is attached to this release. It is also available on the company website. The figures in brackets are the reference figures for the equivalent period in the previous year. Unless otherwise stated, figures refer to continuing operations. Any change percentages were calculated from the exact figures and not from the rounded figures published here.

**Webcast and presentation**

A webcast of the results briefing in English will be broadcast on 12 February at 10:00 am EET. Connection details are available at [www.uponor.com](http://www.uponor.com) > Investors. Questions can be sent in advance to [ir@uponor.com](mailto:ir@uponor.com). The recorded webcast can be viewed at [www.uponor.com](http://www.uponor.com) > Investors shortly after publishing. The presentation document will be available at [www.uponor.com](http://www.uponor.com) > Investors > News & downloads.

**Next interim results**

Uponor Corporation will publish its Q1 interim results on 29 April 2013. During the silent period from 1 April to 28 April, Uponor will not comment on market prospects or factors affecting business and performance.

## Interim results October – December 2012

General market trends in Q4/2012 closely reflected the patterns already prevalent in the previous quarter. Highly promising development was recorded in North America, where the U.S. housing markets continued their brisk pick-up, a trend that had already begun in the second half of 2011. In Europe, the markets remained weak – even declining further – in many of the southwest European markets, while in Central Europe the trend ranged from slightly negative to stable. In Germany, signs of stalling became evident in the general economy but did not yet impact on demand in the building market. In Northern Europe, construction activity mainly remained flat or weakened, but with somewhat diverging trends from one country to another. This was true for both infrastructure solutions and building solutions markets. In Eastern Europe and the Far East, demand either remained flat or achieved a modest growth. As an exception to the general trend, the Russian building market continued to post growth figures in the final quarter of 2012.

### Net sales

Uponor's consolidated net sales came to €189.6m (€197.0m), down 3.8% from the final quarter of 2011. Growth was nearly flat at -0.2% in comparable terms, i.e. adjusted for the divestment of Hewing in the first quarter of 2012, driven by the weak development of the largest segment, Building Solutions – Europe, which continued to suffer from the slow economy in most of its key markets. The fourth quarter was also characterised by caution exercised by customers, which led them to target low year-end inventory levels, as well as by the fact that the number of business days in December 2012 was particularly low.

Continued strong progress was recorded in Building Solutions – North America, reflecting the recovery of the building and construction markets in the USA and the sustained high level of activity in Canada.

The early onset of winter had an influence on demand for the Infrastructure Solutions' products in Northern Europe.

### Breakdown of net sales, October – December:

M€	10-12 2012	10-12 2011	Reported change
Building Solutions – Europe	121.6	132.9	-8.6%
Building Solutions – North-America	38.1	32.1	19.0%
(Building Solutions – North-America, M\$)	49.8	43.2	15.2%)
Infrastructure Solutions	31.4	34.3	-8.4%
Eliminations	-1.5	-2.3	
Total	189.6	197.0	-3.8%

### Profits and profitability

In line with developments throughout 2012, Uponor also recorded a rather satisfactory performance improvement towards the end of the year, with gross profit improving by 2.6 percentage points in the final quarter of 2012, and ending up at €72.2 (€70.0) million or 38.1% (35.5%). This favourable performance in gross profit was mainly driven by good

volume development in North America and efficient price management throughout the Group.

Group operating profit ended up at €10.2 (€-3.0) million. In comparable terms this represents an improvement of €2.7m, considering that the 2011 figure included a €10.5m impairment related to the divestment of Hewing GmbH as a non-recurring item.

Despite the tough market situation in most markets, Uponor was able to achieve a clear improvement in profitability in Building Solutions - Europe, supported, among other things, by successful sales price management and a more beneficial sales mix than in 2011. In North America, the profitability improvement was very much driven by higher volumes, as well as careful cost management. Infrastructure Solutions profitability deteriorated due to falling volumes, especially towards the end of the year, and some additional costs related to personnel reductions.

#### Breakdown of operating profit, October – December:

M€	10-12 2012	10-12 2011	Reported change
Building Solutions – Europe	9.4	7.8	19.6%
Building Solutions – North-America	3.5	1.8	90.5%
(Building Solutions – North-America, M\$)	4.6	2.4	89.5%
Infrastructure Solutions	-2.6	-1.5	-81.7%
Others	0.3	-10.4	
Eliminations	-0.4	-0.7	
Total	10.2	-3.0	438.4%

#### Events during the period

In October, Uponor joined forces with other actors in the Nordic building sector and established a set of principles aimed at delivering sustainable solutions. These principles are listed in the Nordic Built Charter, signed by leading companies in the industry, in order to lead the way to delivering competitive solutions for sustainable construction. The objectives of the Nordic Built Charter are in line with principles to which Uponor is already committed, having signed up to the ENCORD sustainability charter in 2011, for instance.

A new distribution centre for Uponor's building solutions business in the Nordic countries was completed in Sweden and subsequently taken into use already in December 2012.

On 20 December, the Finnish Market Court granted the Finnish Competition Authority an extension, until 25 Feb 2013, of the time taken to decide on the plan between Uponor and KWH Group to merge their infrastructure businesses as published on 21 September 2012. This request for an extension was primarily justified by the complexity of the case, which requires preparations such as a deeper analysis of various markets, such as the industrial segment. Neither Uponor nor KWH opposed the request.

## Financial statements January – December 2012

### Markets

After a lengthy period of global uncertainty, both financial and political, the year 2012 began in a rather optimistic manner but, as the year progressed, became more static, and ended resembling 2011. Lack of visibility and a general caution among investors, whether they represented public, private consumer or business target groups, remained, hindering growth in building and construction markets. As the year drew to a close, general sentiments seemed to begin levelling out, in anticipation of a more stable future.

Apart from the brisk pick-up in residential building in North America and the resilient German residential market, building and construction markets elsewhere in Europe echoed the general economic trends and remained subdued. Overall, new-build investments were at a low level, while increasing renovation activity only partially compensated for lost volumes. The Nordic markets maintained a nearly satisfactory level of demand, while the large southwest European markets continued to decline further.

As far as the municipal infrastructure markets are concerned, overall demand remained more or less flat, with the Baltic countries showing some growth and most of the Nordic countries facing a trend characterised by flat demand.

Despite the low-growth market environment, some trends had a favourable impact on Uponor's business. Increasing concern about sustainability, and the drive towards conserving energy and utilising renewable energy, benefited Uponor's radiant heating and cooling systems, thus offsetting the slowdown in new build activity. Within plumbing, increased renovation activity and the trend away from traditional metallic pipes and components continued, favouring Uponor's PEX and composite pipe offering.

In all product and geographical markets, the tight competitive situation continued to put pressure on margins.

### Net sales

Uponor's 2012 net sales from continuing operations amounted to €811.5 (2011: €806.4) million, up 0.6% year on year. In comparable terms, i.e. excluding the effects of the divested business of Hewing GmbH and the acquired Zent-Frenger business for the first quarter of 2012, Uponor's organic net sales growth reached 3.2%, or 0.8% if adjusted for the currency impact.

Building Solutions – Europe, whose growth in comparable terms, i.e. adjusting for the divestment and acquisition, was -1.2%, and Infrastructure Solutions both reported a modest drop in net sales for the full year, mainly due to weakening market demand in key markets. In Building Solutions – Europe, the emerging project business partly offset the decline in the Benelux markets, while the development of Central Europe's largest market, Germany, was flat in organic terms. In Southwest Europe, the Iberian and Italian markets contracted further from the already very low levels they reached during several years of decline, affecting net sales, while promising development was recorded in France and, to a lesser extent, the UK. The Nordic countries – with the exception of Norway – witnessed an overall decline in net sales, with Sweden and Denmark seeing the worst decline. Further to the above, sales rapidly picked up in Russia and the Baltic markets.

Strong positive progress was recorded in Building Solutions – North America, where steady relative growth has been reported for six consecutive quarters, reflecting improving market conditions in the USA in particular.

In terms of business groups, Plumbing Solutions' development was supported by reasonably healthy demand in the renovation and refurbishment segments of the market. The introduction of new products and technologies in 2011 and 2012, such as the unique RTM press fitting, the new generation of expansion tools for the Quick&Easy range of fittings, the new Q&E ring as well as modifications in the multilayer composite pipe range, pushed sales up. Uponor significantly increased its plumbing sales in several focus countries, thus offsetting the effects of the weak overall economy. In Indoor Climate Solutions, good progress was made in starting up commercial projects in some countries, thus supporting the ambition of rolling out the TABS heating and cooling technology, which utilises the energy stored in the building mass, in new European markets. However, growth in net sales was somewhat repressed by the low number of housing starts and the intense price competition that followed. Infrastructure Solutions strengthened its market position throughout the Nordic region, greatly aided by the introduction of new products and technologies in 2012.

In 2012, the share of Plumbing Solutions of Group net sales grew to 47% (46%), Indoor Climate Solutions was at 35% (37%) and Infrastructure Solutions at 18% (17%).

#### Net sales by segment for 1 January – 31 December 2012:

M€	1-12 2012	1-12 2011	Reported change, %
Building Solutions – Europe	517.7	543.9	-4.8%
Building Solutions - North America	151.1	121.5	24.4%
(Building Solutions - North America (M\$))	195.4	170.1	14.9%
Infrastructure Solutions	149.0	149.7	-0.5%
Eliminations	-6.3	-8.7	
<b>Total</b>	<b>811.5</b>	<b>806.4</b>	<b>0.6%</b>

The largest 10 countries, in terms of reported net sales, and their respective share of consolidated net sales, were as follows (2011 figures in brackets): Germany 17.9% (18.7%), USA 14.1% (11.0%), Finland 11.6% (11.5%), Sweden 9.8% (10.5%), Norway 4.8% (4.6%), Canada 4.5% (4.1%), Denmark 4.1% (4.6%), the Netherlands 4.0% (4.4%), the United Kingdom 3.8% (3.5%) and Spain 3.8% (4.8%).

## Results

Uponor's quarterly gross profit in 2012 consistently outperformed the equivalent figures for 2011. The consolidated full-year gross profit ended up at €310.8 (€292.9) million, an improvement of €17.9 million or 2.0 percentage points. This favourable development in gross profit was mainly driven by healthy volume development in North America and efficient price management throughout the Group, with the divestment of Hewing GmbH also contributing to the gross profit margin.

The other operating expenses reported in 2011 included an impairment of €10.5 million as a non-recurring item, related to the divestment of Hewing GmbH. In 2012, expenses remained slightly below the previous year's figure, excluding the above-mentioned non-

recurring item, despite increased expenses related to mergers and acquisitions activity and a considerable growth from currency impact.

Consolidated operating profit was €57.7 (35.4) million, up 63.0% from the previous year. Operating profit margin came to 7.1% (4.4%) of net sales. The 2011 operating profit was burdened by the January 2012 decision to divest the German subsidiary Hewing GmbH, reported in the segment Other. Consolidated operating profit improvement, excluding the 2011 non-recurring items, was +25.8%.

All segments recorded favourable development in operating profit, and with the exception of Infrastructure Solutions, they all contributed positively to consolidated operating profit.

### Operating profit by segment for 1 January – 31 December 2012:

M€	1-12 2012	1-12 2011	Reported change, %
Building Solutions – Europe	47.2	41.7	13.0%
Building Solutions – North-America	17.8	10.1	75.5%
(Building Solutions – North-America (M\$))	23.0	14.2	62.1%
Infrastructure Solutions	0.0	-2.4	98.6%
Other	-6.1	-14.0	
Eliminations	-1.2	0.0	
<b>Total</b>	<b>57.7</b>	<b>35.4</b>	<b>63.0%</b>

Uponor's financial expenses at €8.6 million came back to more normal levels from the exceptionally high 2011 figure of €17.7 million. In 2011, the financial expenses included interest on delayed payments, totalling €3.2 million due to decisions made by the Finnish tax authority at the end of December 2011, as well as an impairment of €6.0 million due to a vendor note published in February 2012, related to the divestment of a municipal business in the UK and Ireland. In comparable terms, the 2011 financial expenses were €8.5 million. Net currency exchange differences in 2012 were €-1.9 (-1.3) million.

Profit before taxes increased by 177.9%, to €49.4 (17.7) million. At a tax rate of 33.4% (88.8%), income taxes totalled €16.5 (15.8) million. All three non-recurring items in 2011, described in the next paragraph, were non-deductible expenses for taxation purposes.

Profit for the period totalled €32.8 (1.6) million, of which continuing operations accounted for €32.9 (1.9) million. In 2011, profit for the period included impairments related to the divestment of Hewing GmbH and the above mentioned vendor note as well as the surtaxes and interest related to the Finnish tax decisions, booked as non-recurring items.

Return on equity increased to 15.5% (0.7%). Return on investment reached 16.7% (11.0%).

Earnings per share were €0.45 (0.03), and €0.45 (0.03) for continuing operations. Equity per share was €2.87 (2.86). For other share-specific information, please see the Tables section.

Consolidated cash flow from operations was €32.7 (58.4) million, while cash flow before financing came to €22.5 (29.3) million. Cash flow from operations remained satisfactory, thanks to improved profitability and despite the surtaxes paid in the first quarter 2012.



Cash flow from investments decreased as a result of a low investment level and net cash received from the Hewing divestment.

Key figures are reported for a five year period in the financial section.

### **Investment, research and development, and financing**

Overall, the key target of keeping investments low and focussing on maintenance and productivity improvements was continued. However, funds were addressed towards the expansion of manufacturing capacity in the Apple Valley factory in the U.S., mainly by taking spare machines, from a former Canadian factory, into use.

Gross investments into fixed assets totalled €19.2 (24.0) million, a decrease of €4.8 million year on year. Net investments totalled €18.1 (23.1) million.

Research and development costs amounted to €15.9 (16.3) million, or 2.0% (2.0%) of net sales.

Uncertainties in the global economy continued in 2012. However, as Uponor monitored the situation very closely, there was no need to react in terms of long-term funding. The two long term bonds, issued in 2011, provided a solid backbone for securing liquidity and the funding of operations.

The main existing funding programmes on 31 December 2012 included an €80 million bond maturing in 2018 and a €20 million bond maturing in 2016. Committed bilateral revolving credit facilities, maturing in 2015, totalled €190 million; none of these back-up facilities were in use during the year.

With the bond issues, Uponor has extended the maturity structure and diversified its sources of funding. For short-term funding needs Uponor's main tool is its domestic commercial paper programme, totalling €150 million. On the balance sheet date, none of it was outstanding. At the end of the year, Uponor had €17.7 million in cash and cash equivalents.

Accounts receivable and credit risks received special attention throughout the year. The amount of bad debt remained low at €0.5 (0.5) million.

Consolidated net interest-bearing liabilities increased to €94.1 (83.9) million. The solvency ratio was 42.1% (41.2%) and gearing came to 44.8% (39.3%). Average quarterly gearing was 64.0 (55.8), in line with the range of 30-70 set in the company's financial targets.

### **Events during the period**

On 17 February, with reference to the December 2011 taxation adjustment decisions by the Finnish tax authorities, Uponor notified that it had filed an appeal against the decisions and a request for rectification to the Board of Adjustment. This case is still in progress. Uponor made the payment of €15.0 million in taxes, surtaxes and interest in the first quarter of 2012. A total of €9.8 million in taxes relating to the increase in taxable income was booked as receivables and they are included in income tax receivables in the 2012 consolidated balance sheet.

On 12 March, Uponor reported that it had acquired the remaining 49.7% of shares in the German company Zent-Frenger Gesellschaft für Gebäudetechnik mbH, and now holds 100% of its share capital.

At the end of the first quarter, Uponor completed the divestment of its German OEM component manufacturing unit, Hewing GmbH, as first announced in January 2012.

On 21 September, Uponor Corporation and KWH Group Ltd, also a Finnish company, announced a plan which involves the merger of both companies' infrastructure pipe businesses into a new company. The new company would be jointly owned by Uponor (55.3%) and KWH Group (44.7%) and would focus on providing infrastructure pipe systems in northern Europe and elsewhere. The case is currently pending approval by the Finnish Competition Authorities, with a decision expected during the first quarter of 2013.

Considerable effort was put into developing the structure and performance of the supply chain in 2012, with a focus on warehousing and distribution. Since spring, the logistics centre in Wetztingen, north-western Germany began to serve all central European countries and is being developed into a logistics hub for the entire region, delivering the complete Uponor building solutions product range. A new distribution centre for Uponor's building solutions business in the Nordic countries was completed in Sweden and subsequently taken into use in December 2012.

Uponor continued the active marketing of its indoor climate systems to project customers, achieving good progress in some European countries, such as Switzerland. Among several other projects in new markets, it also agreed its first major cooling project in India and a new partnership in Korea.

### Events after the period

There were no major events after the period.

### Personnel and organisation

At the end of the year, the Group had 3,052 (3,228) employees. In full-time-equivalent terms, this is 176 less than at the end of 2011. The average number of employees for the year was 3,098 (3,288). In 2012, Uponor divested the German non-core subsidiary Hewing GmbH, whereby the number of personnel fell by 211. North America saw an increase of 66 persons, while the number of employees in Infrastructure Solutions was reduced by 31, both reflecting the changes in the market environment.

The geographical breakdown of the Group's personnel was as follows: Germany 860 (28.2%), Sweden 493 (16.2%), Finland 450 (14.7%), the USA 429 (14.1%), Spain 192 (6.3%), the UK 149 (4.9%), Italy 55 (1.8%), Denmark 49 (1.6%), other countries 375 (12.2%).

A total of €184.7 (€183.9) million was recorded in salaries, other remunerations and employee benefits during the financial period.

Effective on 15 February 2012, William (Bill) Gray, 46, a Canadian and British citizen, was appointed President, Uponor North America and a member of the Executive Committee at Uponor Group.

## Key risks associated with business

Uponor's financial performance may be affected by several market, operational, financial, and hazard risks.

### Market risks

Uponor's principal areas of business are Europe and North America, where exposure to political risks is considered relatively low. Due to the protracted delicate economic conditions in Europe, particularly in the euro-zone, Uponor has, however, executed internal assessments of potential risks facing the euro area and their possible repercussions on Uponor's operations.

Demand for Uponor's products depends on business cycles in the construction sector. Traditionally, Uponor's main end market has comprised single-family housing. However, the company's products are increasingly being supplied for commercial and public building. Fluctuations in demand often differ between these sectors. Fluctuations are also being offset to a certain degree by demand for renovation projects, which is not always as discretionary as new housing projects. Nearly a fifth of the company's net sales are generated by the infrastructure solutions business. In addition to construction sector cycles, demand for infrastructure products depends on civil engineering and publicly funded investments in municipal development. To safeguard against risks associated with economic cycles and fluctuations in demand, the company has developed its sales forecasting processes and enhanced the flexibility of its organisation and supply chain.

Since Uponor's net sales are divided among a large number of customers, the majority of which are distributors (wholesalers), end-market demand for the company's products is distributed across a wide customer base. The five largest customer groups generate roughly one third of Uponor's net sales, which are distributed between 26 countries.

In many countries, Uponor's operations are regulated by local legislation. Uponor closely monitors laws and regulations under preparation, to anticipate their impact on Uponor and its customers.

### Operational risks

Prices of raw materials used in the manufacture of plastic pipe systems are susceptible to other petrochemical and metal product price fluctuations. In recent years, Uponor has been capable of passing the effects of such fluctuations on to its selling prices with a reasonable delay, in such a way that this has not resulted in any major losses in income. Uponor manages the risk of fluctuations in the price of metals and plastics raw materials through supply agreements with fixed prices, whenever feasible. Uponor uses financial instruments to manage price risks associated with electricity prices at Nordic level.

With respect to component and raw material purchases, Uponor aims to use supplies and raw materials available from several suppliers. Any sole raw material supplier used should have at least two production plants manufacturing goods used by Uponor. Uponor implements systems for material and raw material quality control and supplier accreditation.

Uponor manages its organisational and management risks, such as employee turnover and distortion of the age distribution by continuously analysing its human resources and ensuring that its organisational structure supports efficient operations. Personnel development programmes focus on enhancing management skills in a multicultural matrix organisation. Uponor's annual employee survey provides important information on our employees' engagement, by measuring various aspects of competence, the working

environment and motivation. Based on the survey results, action plans are agreed and followed up, resulting in improved job satisfaction.

Uponor's business processes are managed using several IT applications, the most important being the ERP systems for the company's European and North American operations. System criticality review and contingency planning are included in the implementation and lifecycle management of major IT systems. Risks are also evaluated as part of Uponor's risk management process. Contingency plans can include, for example, failover planning, backup and restore management and testing. Disaster recovery tests are held on a biennial basis for key systems. External third-party audits are also performed.

Uponor applies an ISO 9001 quality management system and an ISO 14001 environmental management system, or comparable systems, which enhance production safety and productivity while reducing the environmental impact and risks of Uponor's operations.

In its Project Business operations, Uponor seeks to manage risks related, for example, to project-specific timing and costs. As far as possible, such risks are covered in project and supplier agreements. Furthermore, the staff's project management skills are actively enhanced.

### **Financial risks**

Continuous uncertainty in the financial markets is posing considerable potential risks to the availability of financing. Uponor aims to ensure the availability, flexibility and affordability of financing by maintaining sufficient credit limit reserves and a well-balanced maturity distribution of loans, as well as by using several counterparties and various forms of financing.

The Group manages its liquidity through efficient cash management solutions and by applying risk-averse investment policy, investing solely in low-risk instruments that can be liquidated rapidly and at a clear market price.

Interest rate movements expose the Group to changes in interest expense, as well as in the fair value of fixed rate financial items. Interest rate risk is managed by spreading the Group funding across fixed and floating rate instruments.

The international nature of its operations exposes the Group to currency risks associated with different currencies. A significant part of Uponor's net sales are created in currencies other than the euro. Subsequently, a major part of expenses associated with these net sales are also denominated in the same local currencies, decreasing the currency risks. The Group Treasury function is responsible for managing and hedging Group-level net currency flows in external currency markets, mainly by using currency forward contracts and currency options as hedging instruments.

Uponor is also exposed to currency translation risk, which manifests itself in the translation of non-euro-area subsidiaries' equity into euros. According to the company's hedging policy, non-euro-area balance sheet items are not hedged, with the exception of internal loans, which are classified as net investments and included in hedge accounting.

### **Hazard risks**

Uponor operates nine production plants in five countries. Products manufactured at these plants generate the majority of the company's net sales. Uponor co-ordinates indemnity and business interruption insurance at Group level on a centralised basis, in order to achieve extensive insurance cover neutralising the financial damage caused by any risks associated

with machine breakdowns, fire, etc. Another major hazard risk is associated with product liability related to products manufactured and sold by Uponor. Product liability is also addressed through insurance programmes at Group level.

Various measures are taken to manage risks of indemnity and business interruptions. These include safety training for personnel, adherence to maintenance schedules, and actions to maintain the availability of major spare parts. Audits and training conducted at Uponor's production sites by, and in cooperation with, insurance companies are also an essential part of Group risk management.

### **Risk management in 2012**

No major risks materialised in 2012. As market conditions deteriorated after the strong start of the year, management and monitoring of market risk, once again, played a key role in the field of risk management.

With regard to Uponor's critical commodities, the price development in 2012 was smoother and calmer than during the previous year. Despite that, continuous risk management is an important and well acknowledged component in sourcing.

In the first half of the year, risks were again comprehensively mapped and risk management plans updated accordingly. The analysis of the impacts of possible business interruptions, begun during the autumn of 2011, was continued. The aim is to develop a Group-wide tool for analysing the impacts of possible business interruptions.

In 2012, in cooperation with insurance companies, Uponor assessed the functionality and preparedness of risk management in four production units. The results showed that the level of risk management was sound in all units.

With volatility still dominating the global economic arena, concern about the availability of bank finance on favourable terms remained on the agenda. To secure long term funding, Uponor has diversified its financing risks by using various sources of funding and multiple counterparties and markets. When funding is not raised from money or capital markets, special attention is paid to the quality of the counterparties. Only solid, well rated banks or financial institutions are used.

As in 2011, special attention was paid to the monitoring of account receivables and the handling of credit risk.

Together with changing tax policies, global economic volatility has increased companies' tax risk exposure, giving tax risk management more prominence during 2012, including within Uponor. The company has proactively endeavoured to focus on good tax governance and has assigned tax risk assessment a more explicit role in its risk assessment process.

Uponor is involved in several judicial proceedings in various countries. The year saw no materialisation of risks, pending litigation or other legal proceedings, or measures by the authorities that, based on current information, might have been of material significance to the Group.

### **Administration and audit**

The Annual General Meeting (AGM) of 15 March 2012 re-elected the following Board members for a term of one year: Anne-Christine Silfverstolpe Nordin, Eva Nygren, Jorma

Eloranta, Jari Paasikivi and Rainer S. Simon. In addition, Mr Jari Rosendal, a Finnish citizen, was elected as the sixth member. Jari Paasikivi was elected Chairman of the Board and Jorma Eloranta Deputy Chairman.

The AGM elected Deloitte & Touche Oy, Authorised Public Accountants, as the company's auditor, with Mikael Paul, Authorised Public Accountant, acting as the principal auditor.

The general meeting resolved to establish a permanent Nomination Board comprising shareholders or representatives of shareholders, to annually prepare the proposals for the election of the members of the Board of Directors and the remuneration of members of the Board of Directors. The resolution was based on the Board of Directors' proposal. Their view was that it is in the interests of the company and its shareholders that the biggest shareholders in the company participate in preparations for the election and remuneration of Board members.

Uponor prepares a separate corporate governance statement and a remuneration statement, which will both be available online after the financial statement has been published, on Uponor's website at [www.uponor.com](http://www.uponor.com) > Investors > Governance > Corporate governance.

### Share capital and shares

In 2012, Uponor's share turnover on the NASDAQ OMX Helsinki stock exchange was 22.0 (38.2) million shares, totalling €186.1 (€366.2) million. The share quotation at the end of 2012 was €9.60 (€6.86), and market capitalisation of the outstanding shares was €702.8 (€502.2) million. At the end of the year, there were a total of 17,788 (19,828) shareholders. Foreign shareholding in Uponor accounted for 30.2% (24.5%) of all shareholding in the company at the end of the reporting period. More detailed information is available in the financial statements.

In 2012, Uponor Corporation's share capital totalled €146,446,888 and the number of shares stood at 73,206,944. No changes were made in share capital during the year.

Uponor received the following notifications of changes in ownership in 2012: on 2 March, the holdings of Franklin Resources, Inc., a U.S. company, had reached 5.05%; on 4 September, as a result of corporate re-organisation, the total holdings of The Capital Group Companies Inc., also a U.S. company, amounted to 8.85%. No other notifications of changes in holdings were made during the year. Further information on shares and holdings is reported in the financial statements.

### Board authorisations

The AGM authorised the Board to buy back a maximum of 3.5 million of the company's own shares, which equals 4.8 per cent of the total number of shares of the company. These shares may be bought back using distributable earnings from unrestricted equity. The authorisation is valid until the end of the next annual general meeting and for no longer than 18 months.

Further, the AGM authorised the Board of Directors to resolve on issuing a maximum of 7.2 million new shares or transferring the company's own shares. The authorisation is valid for three years from the date of resolution. The maximum amount of issued shares is 9.8 per cent of the total number of the shares of the company. The Board of Directors is authorised

to resolve on all the conditions of the issuance of shares. The issuance of shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue).

### **Treasury shares**

By the end of the year, Uponor held 140,378 treasury shares, representing approximately 0.2% of the company's shares and voting rights.

### **Management shareholding**

The members of the Board of Directors, the CEO and his deputy, along with corporations known to the company, in which they exercise control, held a total of 709,547 Uponor shares on 31 December 2012 (717,269 on 31 December 2011). These shares accounted for 0.97% of all shares and votes in the company.

### **Share-based incentive programme**

In March 2012, the Board of Directors approved the establishment of a new long-term share-based incentive plan to be offered to the key management of the company. The plan will cover a maximum of twelve members of the Group's key management. Details of the plan, which covers the years 2012-2014, are presented on the company's website.

The purpose of the plan is to retain key management, as well as motivating and rewarding the management for a good performance that supports the company's profitability and the implementation of the company's strategy. The plan also encourages the key management to further acquire and own Uponor's shares, which will contribute to aligning the interests of the management, the company and shareholders.

### **Short-term outlook**

The global economic environment continues to be fragile and uncertain, but in the shorter term the previous volatility seems to have subsided to some extent. In Europe, much work has been done to lay the foundations for stable development of the euro-zone, in particular. So far, the economies involved have been able to sustain a fixed course. In North America, the economic environment has begun to improve slowly from a low level, a development which is likely to continue in 2013. In Asia too, the macroeconomic environment has remained rather solid, but at a lower level of activity than in recent years.

As far as Uponor's key building and construction markets are concerned, general development in 2013 is expected to mirror the year 2012. Europe is expected to face continued weak market development in the southwest parts of the continent, while central and northern Europe should continue at a more stable pace or, at worst, decline modestly. In North America, it is anticipated that the markets will grow further.

Even in subdued markets, there are factors supporting business growth, such as the need for renovation and refurbishment, sustainability and low-energy building as growing trends, and preparation for extreme weather conditions. All of these may support demand for Uponor's indoor climate, plumbing and infrastructure solutions.

In recent years, Uponor has done much to fine-tune the company's operative structure, organisational setup and offering. Uponor is thus well positioned to take advantage of growth opportunities, or to scale up its operations should the need arise.

The management is keeping a sharp eye on the company's focus, cost-efficiency, and cash flow, in order to secure a solid financial position in the longer term, while simultaneously

being alert for new business opportunities. If the outlook remains weak, further action to cut overheads and other costs may become necessary in selected markets.

Uponor issues the following guidance for 2013:

Uponor expects its net sales and operating profit to show modest organic growth from 2012. This guidance is based on the current business portfolio and organisational setup and on the company's anticipation that the external environment faces no major, unexpected changes.

Uponor's financial performance may be affected by a range of strategic, operational, financial and hazard risks. A more detailed risk analysis is provided in the 'Key risks associated with business' section of the Financial Statements 2012.

Uponor Corporation  
Board of Directors

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## Financial statements bulletin January –December 2012

### Table part

This interim report has been compiled in accordance with the IAS 34 reporting standards and it is unaudited. The figures in brackets are the reference figures for the equivalent period in 2011. The change percentages reported have been calculated from the exact figures and not from the rounded figures published in the interim report.

#### CONDENCED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

M€	1-12/ 2012	1-12/ 2011	10-12/ 2012	10-12/ 2011
<b>Continuing operations</b>				
Net sales	811.5	806.4	189.6	197.0
Cost of goods sold	500.7	513.5	117.4	127.0
Gross profit	310.8	292.9	72.2	70.0
Other operating income	0.9	1.4	0.1	1.0
Dispatching and warehousing expenses	31.8	31.1	8.2	7.8
Sales and marketing expenses	161.3	157.9	41.0	40.0
Administration expenses	44.6	43.0	8.4	11.0
Other operating expenses	16.3	26.9	4.5	15.2
Operating profit	57.7	35.4	10.2	-3.0
Financial expenses, net	8.6	17.7	1.5	13.3
Share of results in associated companies	0.3	-	0.2	-
Profit before taxes	49.4	17.7	8.9	-16.3
Income taxes	16.5	15.8	1.7	4.7
Profit for the period from continuing operations	32.9	1.9	7.2	-21.0
<b>Discontinued operations</b>				
Profit for the period from discontinued operations	-0.1	-0.3	-0.1	-0.3
<b>Profit for the period</b>	<b>32.8</b>	<b>1.6</b>	<b>7.1</b>	<b>-21.3</b>
<b>Other comprehensive income</b>				
Translation differences	0.6	2.0	-3.1	5.5
Cash flow hedges	-0.7	-2.8	0.0	-0.7
Net investment hedges	-3.5	-4.6	2.3	-7.3
Other comprehensive income for the period	-3.6	-5.4	-0.8	-2.5
Total comprehensive income for the period	29.2	-3.8	6.3	-23.7
Profit/loss for the period attributable to				
- Equity holders of parent company	32.8	2.5	7.1	-21.0
- Non-controlling interest	-	-0.9	-	-0.4
Comprehensive income for the period attributable to				
- Equity holders of parent company	29.2	-2.9	6.3	-23.3
- Non-controlling interest	-	-0.9	-	-0.4
Earnings per share, €				
- Continuing operations	0.45	0.03	0.10	-0.29
- Discontinued operations	0.00	0.00	0.00	0.00
Diluted earnings per share, €				
- Continuing operations	0.45	0.03	0.10	-0.29
- Discontinued operations	0.00	0.00	0.00	0.00

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

M€	31.12.2012	31.12.2011
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	152.4	161.6
Intangible assets	93.7	97.3
Securities and long-term investments	0.8	2.6
Deferred tax assets	13.6	13.2
<b>Total non-current assets</b>	<b>260.5</b>	<b>274.7</b>
<b>Current assets</b>		
Inventories	78.7	81.8
Accounts receivable	107.3	106.6
Other receivables	34.3	22.8
Cash and cash equivalents	17.7	29.1
<b>Total current assets</b>	<b>238.0</b>	<b>240.3</b>
<b>Total assets</b>	<b>498.5</b>	<b>515.0</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Equity attributable to the owners of the parent company	209.9	209.2
Non-controlling interest	-	2.9
<b>Total equity</b>	<b>209.9</b>	<b>212.1</b>
<b>Non-current liabilities</b>		
Interest-bearing liabilities	107.6	110.2
Deferred tax liability	14.8	12.2
Provisions	5.1	5.2
Employee benefits and other liabilities	19.2	21.3
<b>Total non-current liabilities</b>	<b>146.7</b>	<b>148.9</b>
<b>Current liabilities</b>		
Interest-bearing liabilities	4.2	2.8
Provisions	15.5	16.8
Accounts payable	43.3	45.7
Other liabilities	78.9	88.7
<b>Total current liabilities</b>	<b>141.9</b>	<b>154.0</b>
<b>Total equity and liabilities</b>	<b>498.5</b>	<b>515.0</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

M€	1-12/2012	1-12/2011
Cash flow from operations		
Net cash from operations	77.4	66.8
Change in net working capital	-7.6	12.4
Income taxes paid	-30.2	-16.5
Interest paid	-7.4	-6.3
Interest received	0.5	2.0
<b>Cash flow from operations</b>	<b>32.7</b>	<b>58.4</b>
Cash flow from investments		
Proceeds from disposal of subsidiaries and businesses*	7.6	-
Acquisition of subsidiary shares	-	-6.4
Proceeds from disposal of shares	0.0	0.1
Purchase of fixed assets	-19.2	-24.0
Proceeds from sale of fixed assets	1.2	1.1
Dividends received	0.2	0.0
Loan repayments	0.0	0.1
<b>Cash flow from investments</b>	<b>-10.2</b>	<b>-29.1</b>
Cash flow from financing		
Borrowings of debt	46.3	162.1
Repayment of debt	-47.3	-113.7
Change in other short-term loan	0.5	-18.3
Dividends paid	-25.6	-40.2
Acquisition of non-controlling interest	-6.2	-
Payment of finance lease liabilities	-1.5	-2.0
<b>Cash flow from financing</b>	<b>-33.8</b>	<b>-12.1</b>
Conversion differences for cash and cash equivalents	-0.1	0.0
<b>Change in cash and cash equivalents</b>	<b>-11.4</b>	<b>17.2</b>
Cash and cash equivalents at 1 January	29.1	11.9
Cash and cash equivalents at end of period	17.7	29.1
<b>Changes according to balance sheet</b>	<b>-11.4</b>	<b>17.2</b>

\*) The above presented proceeds from disposal of subsidiaries and businesses equals to cash received from sale and the cash and cash equivalents disposed of.

## STATEMENT OF CHANGES IN EQUITY

M€	A	B	C	D*	E	F	G	H	I
Balance at 1 Jan 2012	146.4	50.2	0.2	-12.5	-1.2	26.1	209.2	2.9	212.1
Total comprehensive income for the period			-0.7	-2.9		32.8	29.2		29.2
Dividend paid (€0.35 per share)						-25.6	-25.6		-25.6
Share-based incentive plan					0.2	0.2	0.4		0.4
Acquisition of non-controlling interest						-3.3	-3.3	-2.9	-6.2
Other adjustments			0.0			0.0	-		-
Balance at 31 December 2012	146.4	50.2	-0.5	-15.4	-1.0	30.2	209.9	-	209.9
Balance at 1 Jan 2011	146.4	50.2	2.9	-9.8	-1.2	63.6	252.1	0.0	252.1
Total comprehensive income for the period			-2.8	-2.6		2.5	-2.9	-0.9	-3.8
Dividend paid (€0.55 per share)						-40.2	-40.2		-40.2
Share-based incentive plan						0.1	0.1		0.1
Other adjustments			0.1	-0.1		0.1	0.1	3.8	3.9
Balance at 31 December 2011	146.4	50.2	0.2	-12.5	-1.2	26.1	209.2	2.9	212.1

\*) Includes a -€16.5 (-13.0) million effective part of net investment hedging at the end of period.

A – Share capital

B – Share premium

C – Other reserves

D\* – Translation reserve

E – Treasury shares

F – Retained earnings

G – Equity attributable to owners of the parent company

H – Non-controlling interest

I – Total equity

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### ACCOUNTING PRINCIPLES

The interim report has been prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by the EU and IAS 34 Interim Financial Reporting. In its interim reports, Uponor Group follows the same principles as in the annual financial statements for 2011.

### PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

M€	1-12/2012	1-12/2011
Gross investment	19.2	24.0
- % of net sales	2.4	3.0
Depreciation	28.2	29.4
Impairments	-	10.5
Book value of disposed fixed assets	1.1	1.8

### PERSONNEL

Converted to full time employees	1-12/2012	1-12/2011
Average	3,098	3,288
At the end of the period	3,052	3,228

### OWN SHARES

	31.12.2012	31.12.2011
Own shares held by the company, pcs	140,378	160,000
- of share capital, %	0.2	0.2
- of voting rights, %	0.2	0.2
Accounted par value of own shares held by the company, M€	0.3	0.3

### SEGMENT INFORMATION

M€	1-12/2012			1-12/2011		
	External	Internal	Total	External	Internal	Total
<b>Segment revenue, continuing operations</b>						
Building Solutions – Europe	517.3	0.4	517.7	543.2	0.7	543.9
Building Solutions - North America	151.1	-	151.1	121.5	-	121.5
Infrastructure Solutions	143.1	5.9	149.0	141.7	8.0	149.7
Eliminations	-	-6.3	-6.3	-	-8.7	-8.7
Total	811.5	-	811.5	806.4	-	806.4

M€	10-12/2012			10-12/2011		
	External	Internal	Total	External	Internal	Total
<b>Segment revenue, continuing operations</b>						
Building Solutions – Europe	121.5	0.1	121.6	132.7	0.2	132.9
Building Solutions - North America	38.1	-	38.1	32.1	-	32.1
Infrastructure Solutions	30.0	1.4	31.4	32.2	2.1	34.3
Eliminations	-	-1.5	-1.5	-	-2.3	-2.3
Total	189.6	-	189.6	197.0	-	197.0

M€	1-12/2012	1-12/2011	10-12/2012	10-12/2011
<b>Segment result, continuing operations</b>				
Building Solutions - Europe	47.2	41.7	9.4	7.8
Building Solutions - North America	17.8	10.1	3.5	1.8
Infrastructure Solutions	0.0	-2.4	-2.7	-1.5
Others	-6.1	-14.0	0.3	-10.4
Eliminations	-1.2	0.0	-0.3	-0.7
Total	57.7	35.4	10.2	-3.0

M€	1-12/2012	1-12/2011
<b>Segment depreciation and impairments, continuing operations</b>		
Building Solutions - Europe	11.4	13.0
Building Solutions - North America	6.0	5.5
Infrastructure Solutions	5.9	6.2
Others	4.4	14.7
Eliminations	0.5	0.5
Total	28.2	39.9

<b>Segment investments, continuing operations</b>		
Building Solutions - Europe	7.8	13.6
Building Solutions - North America	5.9	3.6
Infrastructure Solutions	4.2	5.4
Others	1.3	1.4
Total	19.2	24.0

M€	31.12.2012	31.12.2011
<b>Segment assets</b>		
Building Solutions - Europe	364.0	433.9
Building Solutions - North America	119.6	130.0
Infrastructure Solutions	84.4	83.0
Others	249.8	283.5
Eliminations	-319.3	-415.4
Total	498.5	515.0

<b>Segment liabilities</b>		
Building Solutions - Europe	286.9	296.7
Building Solutions - North America	69.2	89.6
Infrastructure Solutions	66.5	60.2
Others	210.2	285.6
Eliminations	-344.2	-429.2
Total	288.6	302.9

The presentation of segment assets and liabilities was changed between the segment Others and Eliminations from the beginning of 2012, due to a change in elimination logic of internal receivables and liabilities. The comparable data have been adjusted accordingly.

	1-12/2012	1-12/2011
<b>Segment personnel, continuing operations, average</b>		
Building Solutions - Europe	2,132	2,305
Building Solutions - North America	427	409
Infrastructure Solutions	480	516
Others	59	58
Total	3,098	3,288

## Reconciliation

M€	1-12/2012	1-12/2011
<b>Segment result, continuing operations</b>		
Segment result, total	57.7	35.4
Financial expenses, net	8.6	17.7
Share of results in associated companies	0.3	-
Group profit before taxes	49.4	17.7

The segment result equals to the operating profit presented in the condensed consolidated statement of comprehensive income.

## CONTINGENT LIABILITIES

M€	31.12.2012	31.12.2011
Group:		
Commitments of purchase of property, plant and equipment	0.6	0.6
Pledges		
- on own behalf	0.0	0.0
Mortgages		
- on own behalf	0.1	0.1
Guarantees		
- on behalf of others	7.0	5.9
Parent company:		
Guarantees		
- on behalf of a subsidiary	16.1	19.8

Uponor Corporation's subsidiary in Spain, Uponor Hispania, SA, had a tax audit in December 2011 – May 2012, covering financial years 2006 and 2007. As a result of the audit, the tax authority claims €3.9 million in taxes, delay interest and penalties from Uponor Hispania. The claim mainly relates to the tax deductibility of certain costs such as services rendered by Uponor Group and advertising. Uponor Hispania disagrees with the assessment of the tax authority and has appealed the case. While the appeal is being handled, Uponor Hispania, SA has provided a bank guarantee of €2.9 million covering the tax amount and delay interests due to the Spanish tax authority. The bank guarantee given is included in Guarantees on behalf of a subsidiary given by parent company above.

Uponor Corporation and its subsidiary Uponor Business Solutions Oy paid €15.0 million in taxes, surtaxes and penalties based on the taxation adjustment decisions made for the years 2005-2009 in the beginning of 2012. Uponor has appealed against the decisions and has submitted a request for rectification for the Board of Adjustment. Surtaxes (€1.9 million) and interest on delayed payments (€3.3 million) were recorded as expense in 2011. The paid taxes (€9.8 million) relating to increase in taxable income were booked as receivable from tax authority in 2012. If the original decisions by the Finnish tax authorities would remain in force, Uponor will start initiatives to avoid double taxation in alignment with EU legislation and OECD guidelines. If Uponor, against expectations, should fail to get the appeal approved, the surtaxes and interests would be the company's loss. If the appeal in Finland would be approved, the surtaxes and interests would be returned to the company.

M€	31.12.2012	31.12.2011
<b>OPERATING LEASE COMMITMENTS</b>	40.2	35.6

## DERIVATIVE CONTRACTS

M€	Nominal value		Fair value	
	31.12.2012	31.12.2012	31.12.2011	31.12.2011
Currency derivatives				
- Forward agreements	243.2	0.7	212.8	-2.5
- Currency options, bought	10.8	0.1	14.2	0.0
- Currency options, sold	10.8	0.0	14.2	0.0
Interest derivatives				
- Interest rate swaps	50.0	-2.5	50.0	-1.8
Commodity derivatives				
- Forward agreements	6.5	-0.7	5.8	-0.5

## BUSINESS COMBINATIONS

The final acquisition calculation of the acquisition of the 50.3% majority stake in Zent-Frenger Gesellschaft für Gebäudetechnik mbH in April 2011 is presented below. This is unchanged since the first quarter. The Group did not make any acquisitions in the reporting period.

M€

### Recognised amounts of identifiable net assets acquired and liabilities assumed

Non-current assets	3.8
Inventories	1.0
Accounts receivable and other receivables	5.9
Cash and cash equivalents	6.4
<b>Total assets</b>	<b>17.1</b>
Non-current interest-bearing liabilities	4.2
Deferred tax liability	0.1
Accounts payable and other liabilities	5.1
<b>Total liabilities</b>	<b>9.4</b>
<b>Net assets</b>	<b>7.7</b>
Acquisition cost	6.4
Non-controlling interest	3.8
<b>Acquired net assets</b>	<b>-7.7</b>
Goodwill	2.6

## ACQUISITION OF NON-CONTROLLING INTEREST

Uponor acquired the remaining 49.7% of the shares in Zent-Frenger Gesellschaft für Gebäudetechnik mbH on 12 March 2012. The cash consideration paid was €6.2 million. The acquisition of non-controlling interest has been recorded directly to equity according to IAS 27 and its effect in the retained earnings was -€3.3 million. The acquired net assets were €2.9 million.



## DISPOSAL OF SUBSIDIARIES

Uponor closed the divestment of Hewing GmbH at the end of the first quarter. The sales price of €11.9 million was received on 2 April 2012. This was later adjusted on the basis of the closing statement, ending up at €11.5 million. The net impact on the result was immaterial.

M€	2012	2011
<b>Book value of disposed assets</b>		
Tangible assets	3.4	-
Intangible assets	0.1	-
Other non-current assets	0.3	-
Inventory	5.6	-
Accounts receivable and other receivables	6.9	-
Cash and cash equivalents	3.9	-
Total assets	20.2	-
Employee benefits and other liabilities	2.3	-
Provisions	0.5	-
Accounts payable and other current liabilities	5.9	-
Total liabilities	8.7	-
Net assets	11.5	-
Cash received from sales	11.5	-
Cash and cash equivalents disposed of	3.9	-
Cash flow effect	7.6	-

## DISCONTINUED OPERATIONS

In 2012 and 2011, the discontinued operations include costs related to the Irish infrastructure business sold in 2008. These costs incurred mainly from administrative and operative costs.

M€	1-12/2012	1-12/2011
Expenses	0.1	0.3
Profit before taxes	-0.1	-0.3
Income taxes	-	-
Profit after taxes	-0.1	-0.3
Profit for the period from discontinued operations	-0.1	-0.3
Cash flow from discontinued operations		
Cash flow from operations	-0.5	-0.3

## RELATED-PARTY TRANSACTIONS

M€	1-12/2012	1-12/2011
Continuing operations		
Purchases from associated companies	2.4	1.7
Balances at the end of the period		
Accounts receivable and other receivables	0.0	0.0
Accounts payables and other liabilities	0.0	0.2

## KEY FIGURES

	1-12/2012	1-12/2011
Earnings per share, €	0.45	0.03
- continuing operations	0.45	0.03
- discontinued operations	0.00	0.00
Operating profit (continuing operations), %	7.1	4.4
Return on equity, % (p.a.)	15.5	0.7
Return on investment, % (p.a.)	16.7	11.0
Solvency ratio, %	42.1	41.2
Gearing, %	44.8	39.3
Net interest-bearing liabilities	94.1	84.1
Equity per share, €	2.87	2.86
- diluted	2.87	2.86
Dividend per share, €	0.38 *)	0.35
Dividend per earnings, %	84.4	1,018.5
Effective share yield, %	4.0	5.1
P/E ratio	21.3	199.7
Market value of share capital	702.8	502.2
Trading price of shares		
- low, €	6.77	6.03
- high, €	10.00	14.25
- average, €	8.47	9.57
Shares traded		
- 1,000 pcs	21,963	38,155
- M€	186	366

\*) Proposal of the Board of directors.

## QUARTERLY DATA

	10-12/ 2012	7-9/ 2012	4-6/ 2012	1-3/ 2012	10-12/ 2011	7-9/ 2011	4-6/ 2011	1-3/ 2011
Continuing operations								
Net sales, M€	189.6	211.3	218.1	192.5	197.0	213.6	222.6	173.2
- Building Solutions – Europe	121.6	129.9	133.2	133.0	132.9	140.9	147.8	122.3
- Building Solutions – North America	38.1	43.1	38.9	31.0	32.1	33.2	29.5	26.7
- Building Solutions – North America, USD	49.8	54.5	49.7	41.4	43.2	46.8	42.8	37.2
- Infrastructure Solutions	31.4	40.3	47.6	29.7	34.3	42.1	47.3	26.0
Gross profit, M€	72.2	82.6	81.4	74.6	70.0	77.9	80.5	64.5
- Gross profit, %	38.1	39.1	37.3	38.7	35.5	36.5	36.2	37.2
Operating profit, M€	10.2	22.1	16.1	9.3	-3.0	19.7	15.5	3.2
- Building Solutions – Europe	9.4	13.9	12.2	11.7	7.8	13.4	13.9	6.6
- Building Solutions – North America	3.5	7.5	4.1	2.7	1.8	4.9	2.7	0.7
- Building Solutions – North America, USD	4.6	9.6	5.3	3.5	2.4	7.0	3.8	1.0
- Infrastructure Solutions	-2.7	2.4	2.2	-1.9	-1.5	1.4	1.7	-4.0
- Others	0.3	-1.4	-2.6	-2.4	-10.4	0.1	-2.6	-1.1
Operating profit, % of net sales	5.4	10.4	7.4	4.8	-1.5	9.2	7.0	1.8
- Building Solutions – Europe	7.7	10.7	9.1	8.8	5.9	9.5	9.4	5.4
- Building Solutions – North America	9.1	17.4	10.6	8.5	5.7	14.8	8.9	2.7
- Building Solutions – North America, USD	9.2	17.5	10.6	8.5	5.7	14.8	8.9	2.7
- Infrastructure Solutions	-8.6	5.8	4.7	-6.5	-4.4	3.2	3.7	-15.4
Profit for the period, M€	7.1	12.4	8.8	4.5	-21.3	12.3	9.0	1.5
Balance sheet total, M€	498.5	539.0	559.1	542.0	515.0	562.9	596.1	528.0
Earnings per share, €	0.10	0.17	0.12	0.06	-0.29	0.17	0.13	0.02
Equity per share, €	2.87	2.78	2.65	2.51	2.86	3.18	3.00	2.87
Market value of share capital, M€	702.8	600.3	517.2	632.5	502.2	451.7	837.5	880.7
Return on investment, % (p.a)	16.7	18.1	15.3	11.1	11.0	15.3	10.6	4.7
Interest-bearing net debt at the end of the period, M€	94.1	117.7	143.9	145.3	83.9	126.8	150.9	130.8
Gearing, %	44.8	57.9	74.2	79.2	39.3	53.7	67.7	62.3
Gearing, % rolling 4 quarters	64.0	48.2	61.7	60.1	55.8	52.6	49.3	46.0
Gross investment, M€	6.8	4.6	4.0	3.8	11.2	3.6	6.3	2.9
- % of net sales	3.2	2.3	1.8	2.0	5.3	1.7	2.8	1.7

## DEFINITIONS OF KEY RATIOS

Return on Equity (ROE). %

$$= \frac{\text{Profit before taxes} - \text{taxes}}{\text{Shareholder's equity} + \text{non-controlling interest, average}} \times 100$$

Return on Investment (ROI). %

$$= \frac{\text{Profit before taxes} + \text{interest and other financing costs}}{\text{Balance sheet total} - \text{non-interest-bearing liabilities, average}} \times 100$$

Solvency. %

$$= \frac{\text{Shareholder's equity} + \text{non-controlling interest}}{\text{Balance sheet total} - \text{advance payments received}} \times 100$$

Gearing. %

$$= \frac{\text{Net interest-bearing liabilities}}{\text{Shareholder's equity} + \text{non-controlling interest}} \times 100$$

Net interest-bearing liabilities

$$= \text{Interest-bearing liabilities} - \text{cash, bank receivables and financial assets}$$

Earnings per share (EPS)

$$= \frac{\text{Profit for the period}}{\text{Number of shares adjusted for share issue in financial period excluding treasury shares}}$$

Equity per share ratio

$$= \frac{\text{Equity attributable to the owners of the parent company}}{\text{Average number of shares adjusted for share issue at end of year}}$$

Dividend per earnings ratio

$$= \frac{\text{Dividend per share}}{\text{Earnings per share}}$$

Price - Earnings ratio (P/E)

$$= \frac{\text{Share price at the end of financial period}}{\text{Earnings per share}}$$

Average share price

$$= \frac{\text{Total value of shares traded (€)}}{\text{Total number of shares traded}}$$