

uponor

Financial statements 2014



Important dates in 2015

Annual General Meeting

Uponor Corporation's Annual General Meeting is to be held on Tuesday, 17 March 2015 at 5 p.m. at the Helsinki Exhibition and Convention Centre, Messuaukio 1, Helsinki, Finland.

Financial accounts bulletin for 2014	12 February	8 a.m. EET
Financial statements for 2014	12 February	-
Annual General Meeting	17 March	5 p.m. EET
Record date for dividend payment	19 March*	-
Date for dividend payment	26 March*	-
Interim report: January–March	28 April	8 a.m. EET
Interim report: January–June	21 July	8 a.m. EET
Interim report: January–September	29 October	8 a.m. EET

* Proposal of the Board of Directors

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Change of address

Shareholders are requested to notify their custodian bank, their brokerage firm, or any other financial institution responsible for maintaining their book-entry securities account of any changes in their mailing address.

Disclosure policy

Information on Uponor's disclosure policy is available on our investor website at <http://investors.uponor.com> > IR policy.

Publications

The company's financial statements are published in Finnish and English and they are available on our investor website at <http://investors.uponor.com> > News & downloads > IR downloads and reports. The financial statements will be sent out to shareholders who have subscribed to them.

The interim reports and corporate releases will be published in Finnish and English on the company website.

You can subscribe to Uponor's investor publications conveniently via the company website, at <http://investors.uponor.com> > News & downloads > Subscription services, where you can also modify your contact information or cancel your subscription.

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Insider register

The public register of Uponor Corporation's insiders may be viewed at Uponor's Legal Department at Äyritie 20, Vantaa, Finland, tel. +358 (0)20 129 2837. E-mail address to the Legal Department is legal@uponor.com. The share and stock option holdings of the company's permanent insiders are also available on the website at <http://investors.uponor.com> > Shareholders.



Uponor in brief

Uponor is a leading provider of plumbing and indoor climate solutions for the international building markets. We are present in key markets in Europe and North America and sell and export our offering into roughly one hundred countries.

Uponor is also a prominent supplier of infrastructure pipe systems and technology in Northern Europe and North America.

Our safe and reliable solutions provide invisible comfort in homes as well as in commercial and public facilities in urban and non-urban neighbourhoods. In addition to being technologically advanced, Uponor's solutions are sustainable and energy efficient.

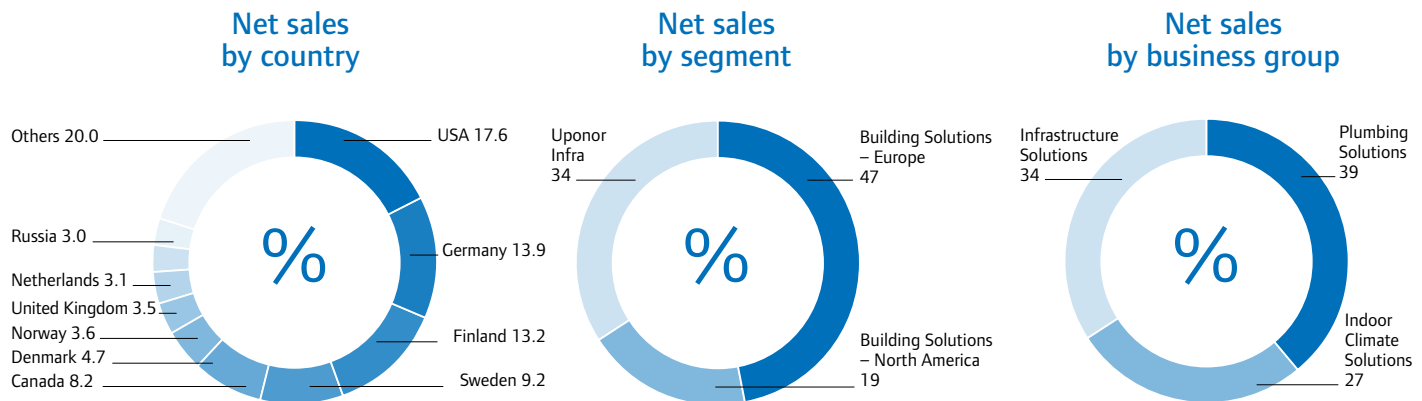
Our businesses

Uponor operates its business through three segments: Building Solutions – Europe, Building Solutions – North America and Uponor Infra. Each of these business segments is in a different stage of development, serving markets and customers in varying situations and with

versatile needs. Uponor's strategy and way forward are tailored to meet those specific needs.

A common platform

Uponor's three business segments all stand firmly on our common platform: the Uponor brand, our vision and mission, and our values that together form the foundation for partnership with customers and for the profitable growth of our business. The business segments benefit from the common Uponor denominators, such as leadership, the technology platforms, systems development as well as the common distribution channels and Key Account Management.





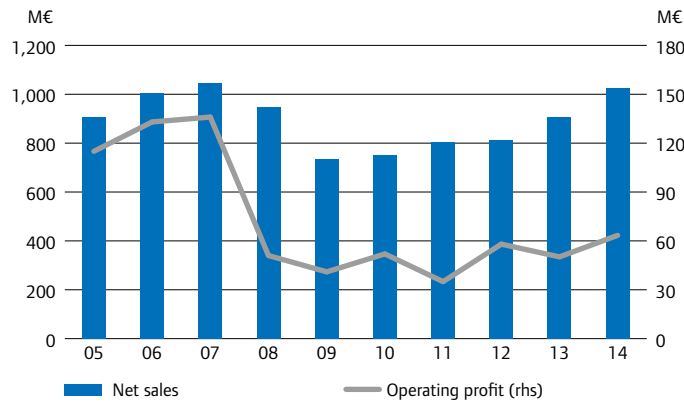
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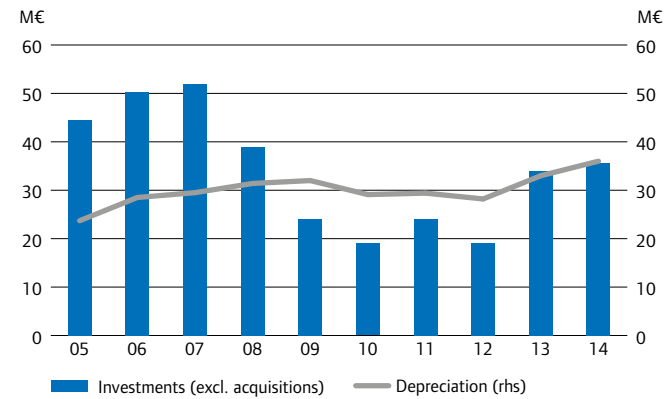
10 years at a glance



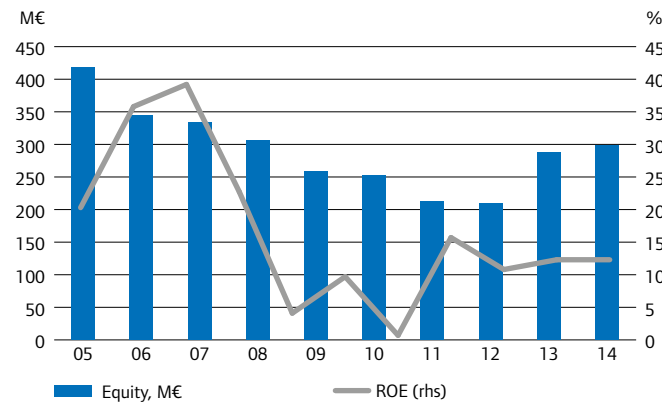
Net sales and operating profit 2005–2014



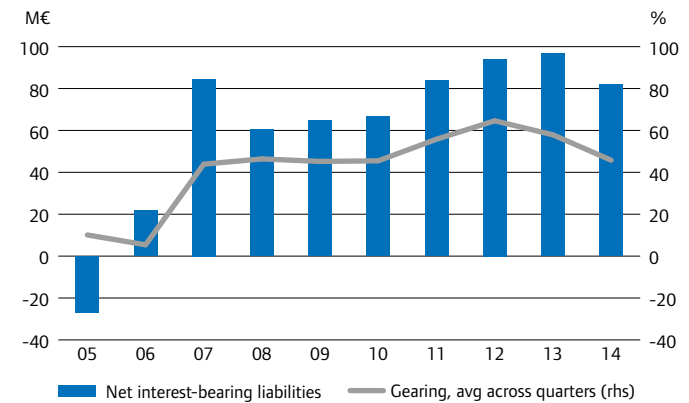
Investments and depreciation 2005–2014



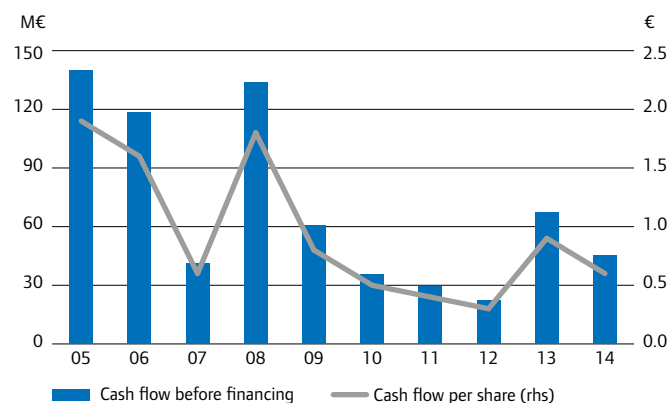
Equity and ROE 2005–2014



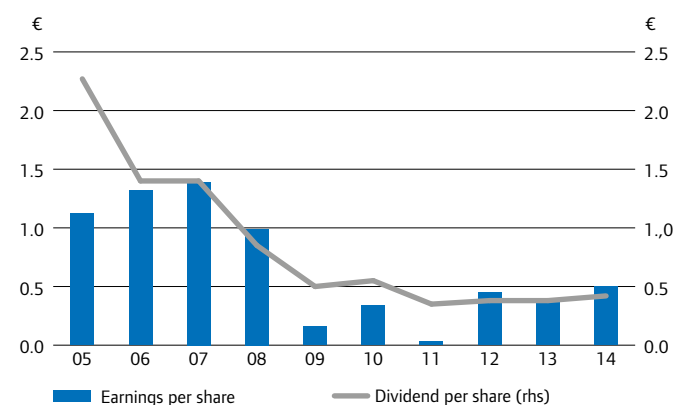
Net interest-bearing liabilities and gearing 2005–2014



Cash flow before financing 2005–2014



EPS and DPS 2005–2014





The year 2014 in brief

Building Solutions – Europe

Mild weather conditions in the first quarter raised expectations of a good year ahead. Unfortunately, the succeeding months were governed by an unpredictable, volatile business environment in most of our key markets, confirming the challenging nature of the economic situation in Europe. The German heating market remained soft in particular.

We continued to actively align our way of working across Europe, focusing on best practice sharing and leveraging our size and competencies. Our efforts in the commercial segment, in particular, were concentrated on our presence in the market in the early stages of the construction process. This will create 'pull' and promote our individually customised concepts among key stakeholders.

We made intensified efforts to enhance and customise our offering to meet increasing demand for pre-fabricated plumbing, heating and cooling solutions. Price pressures remained high due to excess capacity. In response, we introduced a differentiated offering structure supported by new pricing schemes, in order to secure a firmer foothold in various price categories. We implemented a new marketing structure to strengthen our brand and drive key strategic initiatives.

In particular, we continued our efforts to strengthen the position of Uponor's tap water systems as a high-quality, premium solution. A unique innovation, the seamless aluminium composite pipe technology, was launched in Central Europe and Italy. This further enhanced the differentiation of our premium offering. We had already launched this technology in Iberia in 2013. The pipe's new seamless aluminium layer delivers superior performance, adding flexibility so that the pipe can endure a greater degree of modulation and kinking is considerably

reduced. Our seamless technology also forms the basis of the Uponor Metallic Pipe Plus launched in the Nordic countries in the second half of 2014. This novelty product is a perfect fit with renovation needs, while combining a multi-layer pipe's advantages in usability and reliability with the appealing metallic look of on-wall installations.

In our Indoor Climate business, the Uponor Comfort Pipe Plus – with its better usability – was launched Europe-wide. Uponor also launched a new app for mobile devices called U@Home, which provides a better user experience and after sales service.

We continued activities to leverage our supply chain, while remaining focused on our ability to introduce new innovative solutions in the years to come. In 2014, we initiated the reorganisation of our supply chain in Central Europe, including the relocation of Ecoflex insulated pipe production to Hassfurt, Germany. This relocation is due for completion upon the opening of the new distribution centre in spring 2015. The move will clearly optimise material flows.

Building Solutions – North America

Throughout 2014, we enjoyed a reasonably healthy business environment in most of North America and achieved strong results by focusing our activities and resources on the most viable opportunities.

Our focus on the commercial plumbing market is resulting in a considerable number of customer conversions from copper pipe to our PEX-based systems. Our AquaPEX® plumbing system has been warmly embraced wherever value-engineering, coupled with superior long-term performance, is being sought by plumbing engineers and specifiers. Though our plumbing systems provide benefits in all types of commercial build-

ings, we were particularly successful in the hospitality, institutional and apartment segments.

The U.S. new housing market continued its recovery in 2014. Uponor enjoys a relatively high market share in the single-family new build segment, and we have been able to capitalise on that position as housing starts have increased. The Canadian market, both residential and commercial, was somewhat stronger than expected in 2014. We were able to take advantage of those market conditions and increased our sales. We were quite successful in the multi-family segment, which represents most of the new housing market in Canada.

In both the U.S. and Canada, plumbing renovation is a growing market. Uponor's plumbing system is particularly suitable for use in renovation applications, due to the minimal amount of deconstruction required. We have therefore expanded our efforts to capture market share in the renovation and refurbishment business.

Our Indoor Climate sales showed slight growth over the prior year. Because indoor climate systems have not yet penetrated the market for new homes, the housing recovery has not had a substantial impact on our sales of indoor climate systems. For this reason, the housing recovery has not had a substantial impact on our sales of indoor climate systems. However, mainly due to sustainable building considerations, the use of indoor climate systems in commercial buildings continues to show promise, with a focus on radiant cooling in particular, due to its contribution to energy conservation, architectural freedom and thermal comfort.

We continued to expand our manufacturing capacity in 2014. In addition, our supply chain continued to improve in terms of responding to our customers and efficiency. We saw improvements



to our delivery, inventory and efficiency metrics.

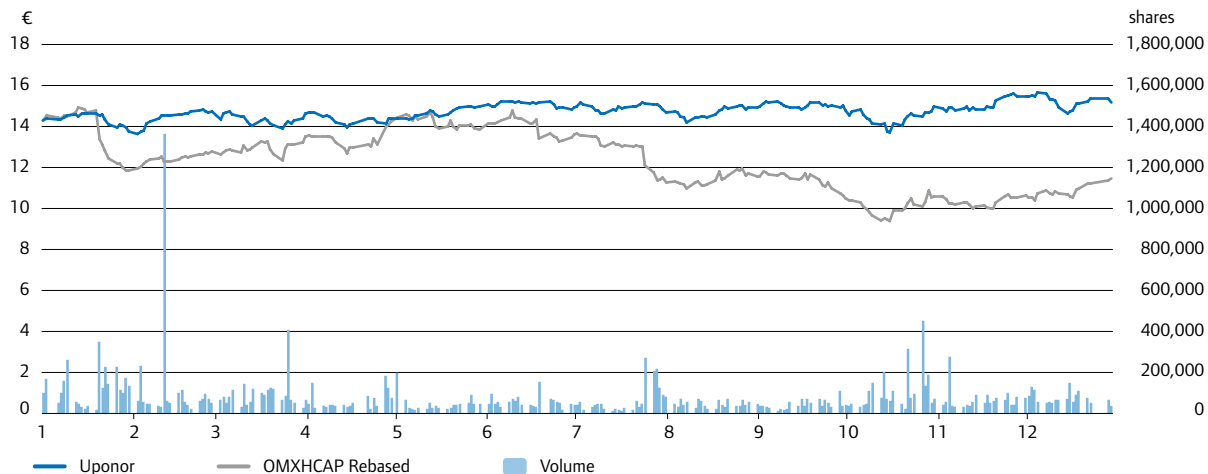
Uponor Infra

For years, the infrastructure pipe markets have been characterised by overcapacity, a slowdown in public investments and fierce competition. The same trend continued in 2014, with flattish demand in most regions in which we are active. The notable exception was Finland, where the market deteriorated further.

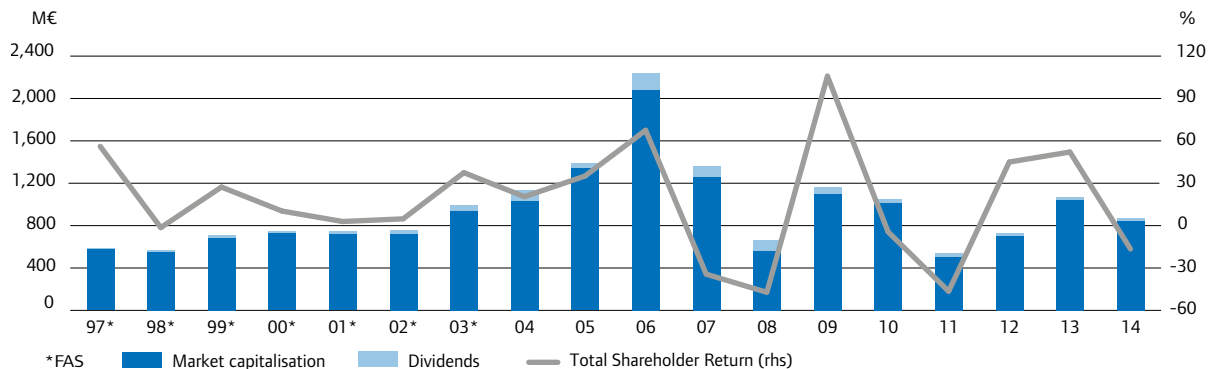
Uponor Infra began operating on 1 July 2013 as a result of the merger between the infrastructure businesses of Uponor and KWH Pipe. The new company is jointly owned by Uponor (55.3%) and KWH Group (44.7%). The combined strengths of the two companies make Uponor Infra, with its wide product range and experience, the leader in the Nordic infrastructure pipe market. The company also has international operations in North America and Asia.

In 2014, we were active in pushing forward with the integration of the two businesses, in accordance with the original plan drafted in connection with the merger. These efforts progressed well. The planned production facility closures were executed and production lines were moved to the remaining Uponor locations. ERP integration work in the Nordic and Baltic countries was completed, with some overlapping functions and operations being removed.

Share performance and trading 2014



Shareholder value development 1997–2014



You can find Uponor's investor website at <http://investors.uponor.com>.



The year 2014, in brief

A second restructuring programme was initiated in Finland due to the weakening market situation and the ERP implementation, which made room for further streamlining. As a result of this, 90 employees will leave the company by the second quarter of 2015.

The integration efforts and related savings achieved the objectives of the original plan, which targeted €10 million in integration savings. Due to the second

wave of streamlining, additional savings of approximately €5 million are expected.

With the completion of the above mentioned efficiency programmes, the main short-term activities related to the creation of Uponor Infra have been brought to a close. We are now well placed to leverage the business benefits of Uponor Infra. The strategic direction has been set, the organisation is in place and we have the systems to support the

latter. Going forward, the focus will be on the customer and the business.

The merger was aimed at creating efficiencies and improving profitability, while continuing to offer customers quality products on competitive terms. We have combined the strengths of both companies, based on which we are developing operating models to ensure the efficient fulfilment of our customers' needs.

Share-specific key figures

	2014	2013	2012	2011	2010	2009
Market value of share capital at year-end, M€	841.1	1,041.0	702.8	502.2	1,013.2	1,098.1
Earnings per share (fully diluted), €	0.50	0.38	0.45	0.03	0.34	0.16
Dividend, total, M€	¹⁾ 30.7	27.8	27.8	25.6	40.2	36.5
Dividend per share, €	¹⁾ 0.42	0.38	0.38	0.35	0.55	0.50
Effective share yield, %	3.7	2.7	4.0	5.1	4.0	3.3
Issue-adjusted share prices						
- highest, €	14.94	15.85	10.00	14.25	15.66	15.10
- lowest, €	9.11	9.65	6.77	6.03	10.58	6.80
Number of shareholders	15,846	15,480	17,788	19,828	22,087	20,214

¹⁾ proposal of the Board of Directors
The definitions of key ratios are presented in the financial statements.

Long-term financial targets (since 12 Feb 2013)

	Target	2014	2013	2012	2011	2010	2009
Organic net sales growth*	2014E: 4.5%	2.0%	-1.5%	3.2%	4.9%	2.0%	-22.7%
EBIT margin	>10%	6.2%	5.5%	7.1%	4.4%	7.0%	5.6%
Return on investment (ROI)	>20%	14.1%	12.5%	16.7%	11.0%	14.4%	8.1%
Gearing (annual average of quarters)	30-70	45.8	57.9	64.6	55.8	45.5	45.2
Dividend payout	> 50% of earnings	84.0%	100.0%	84.4%	1,018.5%	162.5%	316.3%

^{*)} > GDP +3ppts



Connect. Build. Inspire.

Corporate responsibility and sustainability

The right kind of leadership is a major factor in the success of a company. In this area, 2014 has been a year of renewal for Uponor.

First, we wanted to revisit our values and ensure that they reflect our culture as it is today, as well as the market environment and the challenges we face in business. More than half of all Uponor employees participated in this interactive process, which led to the definition of new values: Connect, Build and Inspire. We also defined the concrete value-based behaviours that we expect to see in our everyday lives at work. These will form a shared culture and platform for a successful performance.

150 top leaders from our global organisation participated in the Leadership Event in September, to discuss the new values, our business strategy, and our brand and leadership culture. The event kicked-off our alignment of our corporate culture and leadership practices. As the next step, we organised strategy and value workshops in all countries, to cascade the same messages throughout our workforce.

A shared vision and the alignment of all activities are crucial to the successful implementation of our strategy. That is why we have put so much effort into ensuring that all employees understand the strategy and their own contribution to it. In practice, this has meant focusing more on leading performance – setting smart targets and holding continuous dialogue on achievements and development opportunities.

Sustainability

For Uponor, sustainability is a foundation of our business and an opportunity for growth in line with a key market trend. To reflect this, we have aligned

First, we wanted to revisit our values and ensure that they reflect our culture as it is today, as well as the market environment and the challenges we face in business. More than half of all Uponor employees participated in this interactive process, which led to the definition of new values:
Connect, Build and Inspire.

and integrated sustainability into our strategic plans.

Our sustainability approach is built around four 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.

In order to measure our performance and monitor progress, we have defined additional targets and indicators related to sustainability goals for each of our pillars.

Culture: Integrating sustainability into our corporate mindset

We have continued to reinforce our first pillar of sustainability, which we consider fundamental to building a culture of corporate responsibility. To this end, workshops and briefings were held within the company during 2014, and operations were “graded” against several sustainability objectives. We also incorporated sustainability messaging in many of our facilities, to serve as visual reminders of our commitment to our employees and visitors. Furthermore, our code of conduct has been revised to better reflect the commitment of our employees to

acting professionally and upholding our principles of sustainability.

The pilot project to introduce sustainability to our offices has progressed well. Our Vantaa headquarters were certified under the WWF Green Office initiative in 2014. The lessons from this are being assessed as a basis for extending the initiative to other locations.

In 2014, good progress was made towards achieving our targeted reduction of CO₂ emissions between 2009 and 2015. Furthermore, following the implementation of our revised company car policy which targeted an average of CO₂/km below 130g by 2015, we achieved a significant reduction in emission levels in 2014 and are on course to achieve our target.

We revised and communicated our sourcing policy, which now explicitly incorporates the sustainability criteria that we expect our suppliers to meet. In addition, we require that our suppliers ensure the alignment of their own supply base with these criteria. To reinforce this policy, a target has been set for the screening of all of our main suppliers against our sourcing policy.

Care: Driving down our environmental impact

In 2014, we increased our use of “green energy” in production operations. In Germany, we achieved our aim of meeting 100% of our electricity needs from



The year 2014 in brief

renewable energy suppliers, and set ourselves the target of achieving a 100% share for “green energy” in all of our operations by 2020, where energy market conditions allow. As a step towards this goal, our large distribution centre in the U.S. now acquires one third of its electricity from wind-generated sources.

Work has continued towards compliance with ISO 14001 Environmental Management systems throughout our manufacturing operations, and we are extending our manufacturing certification to incorporate other units. In addition, plans have been initiated to comply with ISO 50001 Energy Management systems in Europe.

Uponor Infra operations reduced their energy consumption in the production unit in Fristad, Sweden, resulting in a 50% reduction in the energy required from the district heating provider. This is comparable to the annual consumption of 90 single family households.

To maximise the efficiency of material and goods transportation within our supply chain, we initiated a project to evaluate the opportunities for improved packaging and shipment formats. The aim of this is a significant reduction in CO₂ emissions, the environmental impact and transportation costs. In Germany, an initiative was begun to relocate our distribution operations to a new facility which is more centrally located and enables emission reductions in logistics operations. A similar exercise was conducted in Scandinavia in 2013.

Our annual environmental programmes support us in consistently improving our environmental impact and sharing best practices. Plant leaders are working together with local management teams on the reduction potential in energy and raw material consumption, efficient processes and waste reduction. In addition to the economic benefits, we are currently calculating the car-

bon-emission reduction potential of the related measures.

Reducing waste heat and increasing its utilisation was a special focus area for our manufacturing units in 2014. We were able to substitute for district heating by re-using heated process air and adding heat pumps in order to use the waste heat from cooling systems. The installation of waste heat recovery and LED lights will take us further towards a more sustainable production environment. In our pipe extrusion units, special insulation of tools combined with convection flaps reduced electricity consumption by 25%. In the U.S. we installed a novel system that reduces the energy required to prepare chilled water for extrusion operations.

Customer: Enriching life through our innovative solutions

In order to integrate sustainability into our product development processes, we reviewed criteria for application to the Stage Gate model. This will provide the basis for assessing the potential environmental benefits achievable through product modifications and totally new products and systems.

In 2014, we launched a harmonised indoor climate pipe portfolio with improved features for easy installation. Through a reduction in the variety and utilisation of modern energy, and by using material-saving production technology, this is making a clear contribution to reducing our environmental impact.

In Sweden, we launched ready-to-install prefabricated manifold cabinets for both plumbing and indoor climate applications, reducing the installation time needed on construction sites. Product launches are planned for the Finnish and Danish markets for 2015. Prefabricated cabinets are typically installed in around 15–30 minutes, compared to 2–2.5 hours

for standard installations involving on-site build up. An additional advantage is based on the efficiency of prefabrication during serial production.

Partnership: Engaging stakeholders in our sustainability journey

As a member of TEPPFA (The European Plastic Pipes & Fittings Association), Uponor actively participated in a Product Environment Footprint (PEF) pilot study aimed at developing a method of modelling lifecycle environmental impacts associated with water supply pipes in a building. Led by the EU Commission, PEF will provide specific guidance on calculating and reporting the life cycle environmental impacts of products.

Work through The Association of European Heating Industries (EHI) continued, with an emphasis on influencing European policies related to the energy performance of buildings in order to promote efficient and renewable heating technologies in the context of near-to-zero energy buildings, ecodesign, energy labelling and standardisation.

In North America, the company participates in several sustainability-related organisations. Partly as a result of this, Uponor has been recognised as an “Eco Leader” in the building industry and has received a sustainability leadership award.

Environmental assessment and sustainability reporting continued throughout 2014 and the results were presented according to the CDP (Carbon Disclosure Project) requirements (see the attached table). Following progress in 2013, a further significant improvement in our disclosure score was achieved in 2014, resulting in an overall increase of more than 40% from 2010 to 2014.

For more information, refer to: <https://www.uponor.com/company/sustainability.aspx>.



Sustainability indicators

Measure	Unit	2014*	2013	2012	2011	2010
Environmental indicators						
Total energy consumption	1,000 MWh	181.7	149.6	143.6	159.3	165.9
- Electricity purchased	1,000 MWh	126.6	101.7	97.5	107.0	108.7
- of which, certified green electricity	1,000 MWh	11.0	2.2	n/a	n/a	n/a
- Self-generated electricity	1,000 MWh	1.0	1.2	1.8	2.1	2.4
- Fossil fuels used	1,000 MWh	55.2	47.9	46.1	52.4	57.2
- Heating	1,000 MWh	37.4	33.4	31.5	36.9	42.6
- of which renewable, %	%	16.2	3.3	n/a	n/a	n/a
- Own fleet vehicles (including leasing)	1,000 MWh	17.8	14.5	14.6	15.5	14.5
Raw materials used	1,000 tonnes	131.4	84.3	82.3	82.7	95.3
Water consumption	1,000 m ³	190.0	111.4	117.2	129.4	139.6
Total GHG emissions (Scope 1)	1,000 tonnes	9.7	9.4	9.2	18.8	16.8
Total GHG emissions (Scope 2)	1,000 tonnes	29.1	24.3	23.2	27.8	27.9
Total waste	1,000 tonnes	15.1	11.1	11.5	11.1	10.5
- Waste recycled, %	%	95.3	95.9	94.6	93.1	93.3
- Waste to landfills, %	%	3.6	2.6	2.5	4.1	4.1
- Hazardous waste, %	%	1.1	1.5	2.9	2.7	2.7
Total number of manufacturing sites		14	10	9	10	10
ISO 14001 certified sites		12	8	7	8	8
% sites certified	%	86	0	78	80	80
Social indicators						
Number of employees (FTE)		3,982	4,141	3,052	3,228	3,197
Employee turnover %	%	3.3	7.8	6.7	5.4	4.8
Workforce accidents		74	45	75	67	78
Lost time from accidents	hours	5,925	4,470	5,773	6,731	10,733
Lost time incident rate	%	0.1	0.3	0.1	0.1	0.2

^{*)} The 2014 figures include the new Uponor Infra businesses (with a data accuracy of >95%) that are part of the Group since 1 July 2013. They were not included in 2013. In 2013, new entrants were the U.S. distribution centre and Zent-Frenger GmbH, Germany.

New Uponor Infra sites were included into the reporting scope in 2014. Due to a larger volume, several indicators show higher figures. Adjusted for these new businesses, the development was rather positive. Overall, Uponor was able to decrease its environmental impact. For instance, the decision to purchase 100% in green electricity in Germany contributed to a positive trend in CO₂ reduction. Increased water consumption was related to the reinstallation of relocated, idle production machinery. In 2014, thanks to the use of a new sustainability performance software application to track and trace the global sustainability indicators, some of the previous figures may have changed, due to an improved data accuracy.



Letter to investors

Although 2014 was a year of surprises in many regards, we succeeded well in our determined pursuit of projects and objectives that are important to our Group strategy.

In Europe, we made substantial efforts to improve Building Solutions' operational efficiency in response to the weak economic situation and the resulting subdued growth in demand. We harmonised our ways of working and made progress in sharing and utilising good practices between larger and smaller units. This has been of particular benefit in the project business, where correctly timed market entry and the roll-out of differentiated, specialised solutions are critical. An important step in renewing our practices was the centralisation of our marketing activities, with the aim of clarifying our brand and reinforcing major marketing initiatives across the continent.

In recent years, we have invested strongly in product development and will continue to do so. In Building Solutions – Europe, the index by which we measure new products' share of total sales rose considerably – by around 50 per cent – in 2014.

While developing new products and service concepts, we have continuously sought to enhance our production and distribution operations. One of our largest current projects is the new distribution centre in Central Europe, which will be operational in Southern Germany after the first quarter of 2015. By rationalising our distribution operations, we will reduce costs and also our ecological footprint. We engaged in a similar reorganisation in the Nordic countries in 2013.

In North America, the construction markets improved overall, although not as much as public market forecasts indi-

In Building Solutions – Europe, the index by which we measure new products' share of total sales rose by around 50 per cent in 2014.

cated in early 2014. Due to the over-optimism of the markets in recent years we have taken a more prudent line, making allowances for such optimism in our own planning. Growth will remain tied to the development of national economies and how such development is managed.

Lately, our strategically key investments in North America have been made in the commercial and public building segment. We are particularly interested in the fact that energy-efficiency trends that have long been evident interna-

We succeeded in growing our capacity in the U.S., according to plan and in line with rising demand, which allowed us to benefit from the highly positive market developments.

tionally are now clearly emerging in this target group. As a result of our investments, several new landmark buildings in North America that are known for their energy efficiency are benefiting from Uponor's indoor climate solutions. Determined product and service development has enabled us to grow our busi-

ness operations in this market segment, which has tended to be regarded as an arena for so-called traditional materials and solutions. This has given the segment growing importance in Uponor's American operations, complementing demand for residential building.

We also succeeded in growing our production and delivery capacity in the U.S., according to plan and in line with rising demand, which allowed us to benefit from the highly positive market developments.

A key goal for the Group was strengthening its infrastructure business. The integration of Uponor Infra, begun in the summer of 2013 after the merger between Uponor and KWH Pipe, was accomplished alongside measures such as the closure of two production facilities. The cost savings targeted by this extensive programme were achieved as planned. Unfortunately, the benefits of the integration were partly offset by a contraction in demand in the segment's largest market area, Finland. As a result,

we had to engage in a second efficiency programme, in which we adjusted the cost-base of our Finnish operations to the market's expected size over the next few years. In addition to adjusting our personnel numbers and production, we expedited the elimination of overlaps in our product range. This programme



The merger between Uponor and KWH Pipe was accomplished as planned. The cost savings targeted by this extensive programme were achieved. Unfortunately, the benefits of the integration were partly offset by a contraction in demand in the segment's largest market.

is progressing and will mainly begin to bear results during 2015. In contrast to the downturn in Finland, Uponor Infra's sales volumes have grown in Sweden and Norway, and on the international markets.

We are moving forward with Group-wide projects, alongside our segment-based business related development projects. All business segments benefit from work done across the Group on the development of areas such as the supply chain, product and technology development, corporate responsibility and the development and use of information systems. During 2014, we revamped our human resources management in particular and set new goals for the long-term development of employee commitment and leadership. Following the revision of our values in 2014, HR will remain firmly on our agenda going forward.

Although the prospects for 2015 are fairly stable, surprises may again be unavoidable. The geopolitical situation is more unclear than earlier, and, perhaps as a result, visibility in the business sector is also weaker. The latter is most true of Germany, an important country to Uponor, in which growth was worryingly feeble in the second half of 2014.

In contrast, the outlook in the U.S., an ever more important market area for us, is good. Furthermore, despite a troubled Finnish economy, Building Solutions achieved an all time sales record in this domestic market last autumn. The Swedish markets have remained stable and signs of recovery can even be seen in Spain. In Russia, sales have remained fairly strong so far. There are therefore positive and balancing factors alongside the causes of uncertainty.

For several years we have been streamlining our operations, flattening and simplifying our decision-making structures and renewing both our product range and marketing practices. Simultaneously, we have tightly managed our capital efficiency and sought to build a strong financial base for the further development of our operations and the creation of profitable growth. I am convinced that all of these achievements form a strong basis for remaining competitive in slowly growing markets, despite possible events that are beyond the realm of normal expectations.

Jyri Luomakoski
President and CEO



Group structure 1 Jan 2015

President and CEO

Jyri Luomakoski

Building Solutions – Europe

- Nordic countries
- Central Europe
- South and West Europe
- Eastern Europe
- International markets

Sales and marketing

Heiko Folgmann

Offering and supply chain

Fernando Roses

Building Solutions – North America

- United States
- Canada

Bill Gray

Uponor Infra

- Northern Europe
- Canada & USA
- International markets

Sebastian Bondestam

Group functions

Legal services

Jyri Luomakoski

Supply chain management

Sebastian Bondestam

Brand management

Heiko Folgmann

Finance and administration • IR and external communications • IT services • Risk management • Shared Services, Europe

Riitta Palomäki

Technology • New Business Development & CSR

Fernando Roses

HR • Internal communications

Minna Schrey-Hyppänen

Board of Directors and Executive Committee



Board of Directors

Jorma Eloranta

b. 1951, Finnish citizen, Doctor of Science in Technology h.c.

- Chair of the Board, Uponor Corporation, 19 March 2014–
- Deputy Chair of the Board, Uponor Corporation, 15 March 2012–19 March 2014
- Member of the Board, Uponor Corporation, 15 March 2005–
- Chair of the Personnel and Remuneration Committee
- Uponor shareholdings: 30,644

Timo Ihamuotila

b. 1966, Finnish citizen, Licentiate of Science (Finance), Executive Vice President and Group Chief Financial Officer, Nokia

- Member of the Board, Uponor Corporation, 18 March 2013–

- Chair of the Audit Committee
- Uponor shareholdings: 2,669

Eva Nygren

b. 1955, Swedish citizen, Architect, Director Investments, Swedish Transport Administration

- Member of the Board, Uponor Corporation, 15 March 2011–
- Uponor shareholdings: 5,972

Annika Paasikivi

b. 1975, Finnish citizen, B.A., M.Sc. (global politics), Chief Operating Officer, Oras Invest Ltd and CEO, Finow Ltd

- Deputy Chair of the Board, Uponor Corporation, 19 March 2014–
- Member of the Board, Uponor Corporation, 19 March 2014–
- Member of the Audit Committee

- Member of the Personnel and Remuneration Committee
- Uponor shareholdings: 35,576

Jari Rosendal

b. 1965, Finnish citizen, M. Sc. (Eng.), President and CEO, Chairman of the Management Board, Kemira Oyj

- Member of the Board, Uponor Corporation, 15 March 2012–
- Member of the Audit Committee
- Uponor shareholdings: 4,641

Rainer S. Simon

b. 1950, German citizen, Dr.Sc. (Econ.), President and CEO, BirchCourt GmbH

- Member of the Board, Uponor Corporation, 17 March 2004–
- Uponor shareholdings: 26,266

Executive Committee

Jyri Luomakoski

President and CEO

b. 1967, Finnish citizen, MBA

- Employed by Uponor Corporation since 1996
- Member of the Executive Committee since 1 October 1999
- President and CEO, Uponor Corporation, since 27 October 2008
- Uponor shareholdings: 28,000

Sebastian Bondestam

President, Uponor Infra Ltd

b. 1962, Finnish citizen, M.Sc. (Eng.)

- Employed by Uponor since 2007
- Member of the Executive Committee since 1 April 2007
- Uponor shareholdings: 7,800

Heiko Folgmann

Executive Vice President, Sales and Marketing, Building Solutions – Europe

b. 1967, German citizen, M.Sc. (Bus.) (Diplom-Kaufmann)

- Employed by Uponor since 1999
- Member of the Executive Committee since 26 October 2007
- Uponor shareholdings: 7,870

Bill Gray

President, Uponor North America

b. 1965, Canadian and British citizen, B. Com. (Finance and marketing) & B.A.

- Employed by Uponor since 2008
- Member of the Executive Committee since 15 February 2012
- Uponor shareholdings: 7,570

Riitta Palomäki

CFO

b. 1957, Finnish citizen, M.Sc. (Econ)

- Employed by Uponor since 2009
- Member of the Executive Committee since 1 June 2009
- Uponor shareholdings: 7,300

Fernando Roses

Executive Vice President, Offering and Supply chain, Building Solutions – Europe

b. 1970, Spanish citizen, M.Sc. (Marketing), eMBA, B.Sc. (Eng.) (Ingeniero Técnico en Química Industrial)

- Employed by Uponor since 1994
- Member of the Executive Committee since 26 October 2007
- Uponor shareholdings: 7,870

Minna Schrey-Hyppänen

Executive Vice President, Human Resources

b. 1966, Finnish citizen, M.Sc. (Eng.), M.Sc. (Econ.)

- Employed by Uponor since 2013
- Member of the Executive Committee since 23 September 2013
- Uponor shareholdings: 2,500

Further details, continuously updated at <http://investors.uponor.com>.



Review by the Board of Directors

2014

Markets

In 2014, the construction markets in Europe and North America developed as mirror images of one another. An exceptionally cold winter in North America slowed activity in the early months of the year but, as the snow melted, activity gained strength. Meanwhile, in Europe, the mild winter provided a jump-start for the industry, but this early momentum was largely lost by mid-summer.

The Nordic countries saw new residential construction rise from 2013 levels in Sweden and Denmark, but fall in Norway and Finland, while new non-residential construction stabilised in the area following a number of years of contraction. Meanwhile, renovation activity in the residential and non-residential markets expanded in all countries. Civil engineering was flat in Sweden, contracted in Finland and Denmark and, thanks to investments in transport and energy, grew in Norway.

In Central Europe, an especially mild winter coupled with strong demand spurred the area's largest country, Germany, to begin the year with accelerated construction output levels across the residential and non-residential markets, in both new builds and renovation. At the same time, the Netherlands began to show the first signs of recovery after an extended period of contraction in most building segments. The slowdown that began in the summer

within the euro area dampened sentiment in the region's construction industry. The year ended with relatively high levels of building activity, but growth had clearly decelerated.

The Southwest European markets were characterised by marked variation in developments. In the UK, the non-residential segment returned to growth, and the new residential segment exhibited a second year of improved activity. The first signs of recovery were witnessed in Spain, where construction activity and industry sentiment improved throughout the year, albeit from extremely low levels. In France and Italy, on the other hand, slight growth in the renovation segments fell well short of offsetting the significant reduction in new non-residential and residential building.

In terms of Eastern Europe, the Russian market started the year well and, despite an increasingly challenging business environment, residential construction activity remained largely on a par with the previous year. Meanwhile, businesses in Russia began scaling back investments in the non-residential segment. Events related to the Ukraine crisis had a clearly negative impact on the entire region, consumers and businesses became cautious and a slowdown in activity was apparent. In the Baltics, residential and non-residential construction grew during the year, but civil engineering contracted slightly.

In general, the export markets outside Europe, in which Uponor does a significant amount of business, continued to exhibit year-over-year growth in the residential and non-residential new build segments.

Many parts of the U.S. and Canada were seriously affected by adverse weather in the first months of the year, dampening both construction activity and builder sentiment. As the summer approached, a slow but broad-based recovery took shape in the U.S., leading to growth across nearly all residential and non-residential segments. In Canada, both housing construction and non-residential building activity slowed. The civil engineering segment development in the U.S. and Canada was the same as for the other building segments: steady growth in the U.S., but contraction in Canada.

Net sales

Uponor's 2014 net sales from continuing operations amounted to €1,023.9 (2013: €906.0) million, up 13.0% year on year. In comparable terms, i.e. adjusting for historic 2013 figures of the new Uponor Infra businesses, consolidated as of 1 July 2013, net sales grew by 2.0%. In local currency, this growth amounted to 3.9%.

Building Solutions – Europe's net sales declined by 0.1% but showed modest growth of 1.7% in local currency. A key reason for this flattish development was

Net sales by segment for 1 January–31 December 2014:

M€	1-12/2014	1-12/2013	Reported change, %
Building Solutions – Europe	479.1	479.5	-0.1%
Building Solutions – North America	200.8	171.5	17.1%
(Building Solutions – North America (M\$))	265.2	228.2	16.2%
Uponor Infra	351.3	261.4	34.4%
Eliminations	-7.3	-6.4	
Total	1,023.9	906.0	13.0%



the weaker-than-anticipated market conditions in Germany in the latter part of the year, which slowed growth.

Building Solutions – North America reported continued strong growth, both in the local currency and in euro. Uponor was successful in growing net sales in both the residential and commercial markets, and in expanding its geographical presence in the U.S.

For the first time, Uponor Infra's net sales for 2014 included a full 12 months of figures for the businesses that have been combined since the establishment of the joint-venture with KWH Pipe on 1 July 2013. Reported growth from 2013 was therefore considerable, rising by 34.4%. Compared to the historic 2013 net sales levels achieved by the combined businesses, there was a decline of 2.2%, mainly driven by the impact of currency changes, but also due to plummeting demand in some key markets, such as Finland and Denmark, and a negative development in market share in Finland in particular.

In terms of business groups, as a result of the full-year consolidation of Uponor Infra, the share of Infrastructure Solutions in 2014 grew to 34% (28%) while Plumbing Solutions represented 39% (42%) and Indoor Climate Solutions 27% (30%) of Group net sales.

Measured by reported net sales, and their respective share of Group net sales,

the 10 largest countries were as follows (2013 figures in brackets): the USA 17.6% (15.8%), Germany 13.9% (15.9%), Finland 13.2% (13.8%), Sweden 9.2% (9.5%), Canada 8.2% (6.1%), Denmark 4.7% (4.9%), Norway 3.6% (3.9%), the United Kingdom 3.5% (3.3%), the Netherlands 3.1% (3.2%), and Russia 3.0% (3.1%).

Results

The consolidated full-year gross profit ended at €340.1 (€320.1) million, a change of €20.0 million or 6.2%. The gross profit margin came to 33.2% (35.3%). The main influencer for this trend was an increased share of infrastructure solutions business after the establishment of Uponor Infra.

Consolidated operating profit came to €63.4 (50.2) million, up 26.3% from the previous year. The operating profit margin improved to 6.2% (5.5%) of net sales. Operating profit included €4.3 (5.0) million in non-recurring items, of which €3.7m was reported in Building Solutions – Europe and €0.6m (net) in Uponor Infra. The non-recurring items in 2013 were related to the integration programme in Uponor Infra, while the items in 2014 comprised the relocation of Building Solutions – Europe's Central European distribution centre, relocation and assembly of fixed assets in Uponor Infra related to the integration programme, including the sale of

former manufacturing facilities, as well as costs incurred by Uponor Infra's streamlining in Finland in 2014.

Operating profit improved in all segments, although it remained slightly negative in Uponor Infra. The biggest contributor was Building Solutions – North America, with a 27.4% improvement in euro terms from last year.

Building Solutions – Europe's operating profit improved, especially in the spring season, against the rather soft 2013 performance. In the fourth quarter of 2013, the operating profit was burdened by a cost of €5 million related to the temporary cancellation of a product approval in France, while in 2014 there was a non-recurring cost of €3.7 million related to the relocation of the distribution centre in Germany.

Building Solutions – North America's performance continued strong, in a favourable market environment, and Uponor was able to capture more volume as a result of capacity expansions.

Uponor Infra's performance improved, largely due to the synergic savings generated by the merger between the Uponor and KWH Pipe infrastructure businesses on 1 July 2013, the results of the streamlining actions implemented in the Finnish market, as well as higher profitability in the foreign businesses. Profitability was burdened by the declining volume development in the Finnish market and the action begun to

Operating profit by segment for 1 January–31 December 2014:

M€	1–12/2014	1–12/2013	Reported change, %
Building Solutions – Europe	35.0	32.7	7.0%
Building Solutions – North-America	31.5	24.7	27.4%
(Building Solutions – North-America (M\$))	41.6	32.9	26.4%
Uponor Infra	-0.5	-2.3	77.9%
Others	-2.6	-3.4	
Eliminations	0.0	-1.5	
Total	63.4	50.2	26.3%



Review by the Board of Directors

adjust operations to low demand. In 2014, Uponor Infra's operating profit was burdened by a non-recurring cost of €0.6 million (net) due to merger-related integration initiatives, as well as the streamlining of the Finnish operations in 2014.

Uponor's financial expenses came to €7.4 (€7.1) million. Net currency exchange differences in 2014 totalled €-1.2 (-0.6) million.

Profit before taxes was €56.3 (43.2) million. At a tax rate of 35.5% (37.3%), income taxes totalled €20.0 (16.1) million.

Profit for the period totalled €36.0 (26.8) million, of which continuing operations accounted for €36.3 (27.1) million.

Return on equity grew to 12.3% (10.8%). Return on investment reached 14.2% (12.5%).

Earnings per share were €0.50 (0.38), and €0.50 (0.38) for continuing operations. Equity per share was €3.16 (3.00). For other share-specific information, please see the Tables section.

Consolidated cash flow from operations was €75.7 (92.1) million, while cash flow before financing came to €45.1 (67.2) million. Comparison with the 2013 cash flow is impacted by significant positive one-time effects from the first time consolidation of the former KWH Pipe business in the middle of 2013, i.e. at the peak of the seasonal net working capital cycle. In line with the profit improvement, net cash from operations in 2014 improved from €87.9 million to €99.0 million.

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

Investment, research and development, and financing

In terms of capital expenditure, Uponor aims to achieve a balance between targeting resources at the most viable opportunities, while keeping investment tight, depending on the respective market situation. Funds are being addressed, on an ongoing basis, at maintenance and selected productivity improvements.

In 2014, capital was allocated to new pipe technologies, such as the new seamless composite pipe and PEX pipe extrusion, which was mainly targeted at boosting production capacity and efficiency. In North America, the fifth expansion of the manufacturing facility in Minnesota was completed in the fourth quarter of 2014. As a result, new raw material handling capacity was introduced and manufacturing space grew by more than 1,600 square metres. Further, the idle production lines relocated from Europe to the U.S. in 2013, were taken into use.

Gross investments into fixed assets totalled €35.7 (33.9) million, an increase of €1.8 million year on year. Net investments totalled €32.1 (30.4) million. In 2014, proceeds from the sale of fixed assets include the sale of the real estates of the two closed Uponor Infra manufacturing facilities.

Research and development costs amounted to €16.3 (17.7) million, or 1.6% (2.0%) of net sales. The decline is related to the relative growth of the lower R&D intensive infrastructure solutions business within the Group. Further, the trend also reflects the fact that major building solutions' product development projects have advanced to a launch phase, thus requiring less R&D expenditure.

The main existing funding programmes on 31 December 2014 included an €80 million bond maturing in 2018 and a €20 million bond maturing in 2016. With existing bond issues, Uponor has extended the maturity structure and diversified its sources of funding. In addition to these, Uponor Infra Oy took out a loan of €35 million on 1 July 2013 in order to finance its operations, €26 million of which was outstanding at the end of 2014.

Committed bilateral revolving credit facilities, which will mature in 2015–2019, totalled €200 million; none of these backup facilities were used during the year.

For short-term funding needs, Uponor's main source is its domestic commercial paper

programme, totalling €150 million, none of which was outstanding on the balance sheet date. At the end of the year, Uponor had €60.2 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 €0.7 (1.3) million.

Consolidated net interest-bearing liabilities reduced to €82.0 (96.9) million. The solvency ratio was 43.9% (43.9%) and gearing came to 27.6% (33.7%). Average quarterly gearing was 45.8 (57.9), in line with the range of 30–70 set in the company's financial targets.

Events during the period

In April, Uponor announced a plan to streamline its Central European distribution operations and close its distribution centre in Wettringen, north-western Germany. The ground-breaking of a new logistics centre, with a floor area of 15,500 m², on leased premises in Hassfurt, Germany, occurred at the end of September. The centre will be fully operational early in the second quarter of 2015. In the same connection, the manufacture of local heat distribution pipe systems in Ochtrup, the town neighbouring Wettringen, was transferred to Hassfurt. These relocations incurred a non-recurring cost of €3.7 million. They are expected to generate operational savings in the range of €2 million on an annual basis, effective from the second quarter of 2015 onwards, while reducing operational emissions. After the relocation, Uponor continues to have sales, offering and other service functions in the Wettringen-Ochtrup area.

In the autumn, Uponor announced the closing of two chamber-prefabrication units at Uponor Infra in Finland, as an outcome of the collaborative negotiations within Uponor's Finnish subsidiaries, Uponor Infra Oy and Uponor Suomi Oy. The negotiations were initiated in order to adjust operations in response to weak Finnish market development. As a result,



the companies jointly reduced their personnel by nearly 100 employees. The restructuring is expected to be completed by the end of the first quarter of 2015. It involves a total of €0.8 million in non-recurring costs recognised in 2014, down from the previously announced €1.5 million, while generating annual savings of €5 million from the second quarter of 2015.

In terms of the development of its offering, Uponor continued to roll out a range of new and upgraded products in several key markets. The most important novelties included the seamless aluminium composite pipe for plumbing applications, introduced in some European markets, and its further development – a composite pipe with a metallic look for surface installations.

Personnel and organisation

At the end of the year, the Uponor Group had 3,982 (4,141) employees, in full-time-equivalent (FTE) terms. This is 159 less than at the end of 2013. The average number of employees (FTE) for the year was 4,127 (3,649). The workforce was reduced as a result of the redundancies in Uponor Infra in Finland, affecting ca 100 jobs, while there was an increase in personnel in the U.S. to satisfy business growth.

The geographical breakdown of the Group's personnel (FTE) was as follows: Germany 20.8 (20.9%), Finland 17.2 (19.6%), the USA 12.8 (11.4%), Sweden 12.5 (12.1%), Thailand 5.3 (4.9%), Poland 5.1 (4.9%), Canada 4.9 (4.6%), Spain 4.5 (4.5%), the UK 3.3 (3.6%), Denmark 2.9 (3.1%) and other countries 10.7 (10.5%).

A total of €227.1 (€211.9) million was recorded in salaries, other remunerations and employee benefits during the financial period.

Key risks associated with business

Uponor's financial performance may be affected by several market, operational, financing 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.

In spring 2014, the political tensions in Ukraine escalated into a conflict, impacting on the geopolitical situation in Eastern Europe and Russia in particular. The Ukraine crisis and its repercussions have thereby increased the political risks associated with Russia. Sanctions imposed by the U.S. and the EU against Russia, and Russia's counter sanctions, have affected business conditions in Russia and elsewhere in Europe, particularly Finland. These tense relations may have a far-reaching impact on the European markets and fragile economic growth on the continent. Russia's share of Uponor's net sales has grown in recent years, but it is still rather modest at 3.0% in 2014.

As a result of the establishment of Uponor Infra Oy on 1 July 2013, Uponor has business operations in Thailand. Thailand presently accounts for around two per cent of Uponor's consolidated annual net sales, thereby affecting the political risk involved in the Group's operations.

Since Uponor's net sales are divided among a large number of customers, most 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 23 countries.

The European economy and Europe's economic climate remain fragile, partly due to the Ukrainian situation referred to above. In particular, the economic and political situation in Greece is also under focus, while the news from Spain has been somewhat more positive. Uponor is continually monitoring the situation and performs 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 non-residential building construction. Fluctuations in demand often differ between these sectors. Such fluctuations are being offset to a certain degree by demand for renovation projects, which is not always as discretionary as new housing projects.

Around one third of Uponor's annual net sales come from the infrastructure solutions business via Uponor Infra Oy, which was founded in July 2013. This entails a corresponding increase in the associated risks to the company. 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.

In many countries, Uponor's operations are regulated by local legislation. For example, Uponor seeks national product approvals for a large proportion of the products it sells. Uponor closely monitors laws and regulations under preparation, in order 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 able to pass 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 material losses in income. Whenever feasible, Uponor manages the risk of fluctuations in the price of metals and plastics raw mate-



Review by the Board of Directors

rials through supply agreements with fixed prices, and by means of financial products. 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. Where only one raw material supplier is used, Uponor seeks to ensure that the supplier has at least two production plants manufacturing the 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 internal employee surveys provide important information on our employees' engagement, by measuring various aspects of competence, the working environment and motivation. Action plans are agreed and followed up based on the survey results, resulting in improved job satisfaction.

Uponor's business processes are managed using several IT applications, the most important of which are the ERP systems for the company's European and North American operations. A system criticality review and contingency planning are included in the implementation and lifecycle management of major IT systems. Contingency plans can include activities such as failover planning, backup and restore management and testing. Disaster recovery tests are held every two years for key systems. IT-related risks are evaluated as part of Uponor's risk management process, with an increasing emphasis on IT systems security issues. 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 being actively enhanced.

Financing risks

Recent years have shown that major disruptions can occur in financial markets with very little warning. For this reason, although the situation now seems rather stable from Uponor's perspective, significant risks may arise in the future in relation 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 reputable and well-rated counterparties and various forms of financing.

The Group manages its liquidity through efficient cash management solutions and by applying a 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 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 proportion of Uponor's net sales are created in currencies other than the euro. Correspondingly, a major part of expenses associated with these net sales are also

denominated in the same local currencies, markedly decreasing the associated 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 a 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 some internal loans, which are classified as net investments and included in hedge accounting.

Hazard risks

Uponor operates 14 production plants in nine countries. Products manufactured at these plants generate the majority of the company's net sales. Uponor co-ordinates property damage and business interruption insurance at Group level on a centralised basis, in order to achieve extensive insurance cover neutralising the possible 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 the risks associated with property damage and business interruption. These include safety training for personnel, adherence to maintenance schedules, and actions taken to maintain the availability of major spare parts. Audits and training conducted at Uponor's production sites by, and in cooperation with, insurance companies also form an essential part of Group risk management.

Risk management in 2014

As market conditions remained challenging in many of Uponor's major geographi-



cal markets, management and monitoring of market risk continued to play a key role in the field of risk management.

In 2014, a public discussion arose in Finland related to taste and odour issues observed in PEX tap water pipes representing different brands. Abnormalities were found in a few production batches of Uponor products; these abnormalities were not compliant with the type approval requirements applied in Finland. As a result, Uponor implemented corrective measures in post-production processes to ensure consistent product quality.

With regard to several of Uponor's critical raw materials, price developments in 2014 were smooth and stable. The price of plastic resin is to some extent dependant on the price of oil, which plummeted sharply from the summer of 2014 onwards. This had no material impact on Uponor's business. In sum, continuous risk management is an important and well acknowledged component of sourcing.

Uponor conducted risk assessment exercises in the spring and autumn of 2014 in relation to the primary risks identified, and updated its risk management plans accordingly.

In 2014, in cooperation with insurance companies Uponor assessed the functionality and preparedness of its risk management in five 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 funding instruments, maturities, 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. In spring 2014, Uponor renewed part of its committed bilateral credit limits, repre-

senting a total value of €150 million, for a five-year period.

As in previous years, 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 continued prominence, including within Uponor. The company has proactively endeavoured to focus on good tax governance and has assigned a more explicit role to tax risk assessment 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 19 March 2014 re-elected the following Board members for a term of one year: Eva Nygren, Jorma Eloranta, Timo Ihamuotila, Jari Rosendal and Rainer S. Simon. In addition, Annika Paasikivi, a Finnish citizen, was elected as the sixth member. Jorma Eloranta was elected Chair of the Board and Annika Paasikivi Deputy Chair.

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

Uponor prepares a separate corporate governance statement and a remuneration statement, which will both be available online after the annual accounts have been published, on Uponor's IR website at <http://investors.uponor.com> > Governance > Corporate governance.

While Uponor complies with the Finnish Corporate Governance Code 2010, issued by the Securities Market Association, the company deviates from the code with

respect to recommendation 22. Uponor's Personnel and Remuneration Committee, which was established subsequent to the AGM held in March 2014, has two members instead of the three stated in the recommendation. Uponor considers sufficient expertise for the Personnel and Remuneration Committee to have been secured with two members, and the Committee can also seek the views of non-Committee members. The Committee acts as a preparatory body assisting the Board of Directors, and all essential matters relating to remuneration are decided by the Board of Directors.

Share capital and shares

In 2014, Uponor's share turnover on NASDAQ Helsinki was 18.8 (14.6) million shares, totalling €229.3 (€179.3) million. The share quotation at the end of 2014 was €11.49 (€14.22), and market capitalisation of the outstanding shares was €841.1 (€1,041.0) million. At the end of the year, there were a total of 15,846 (15,480) shareholders. Foreign shareholding in Uponor accounted for 28.3% (33.9%) of all shareholding in the company at the end of the reporting period. More detailed information is available in the financial statements.

In 2014, Uponor Corporation's share capital totalled €146,446,888, and the number of shares stood at 73,206,944; there were no changes during the year.

Uponor received the following foreign notification of a change in ownership: the ownership of the U.S. company, The Capital Group Companies, Inc., fell below 5 per cent, as a result of share transactions on 2 January 2014. This brought its total holding to 3,616,201 shares. Further information on shares and holdings is given in the financial statements.

Board authorisations

In the AGM held on 19 March 2014, the Board of Directors was authorised to repur-



Review by the Board of Directors

chase a maximum of 3.5 million of the company's own shares, amounting to 4.8% of the full number of shares in the company. This authorisation will remain valid until the end of the next annual general meeting and for no longer than 18 months. The AGM proposals and resolutions can be viewed in detail at <http://investors.uponor.com>.

The AGM of 15 March 2012 authorised the Board to resolve on issuing a maximum of 7.2 million new shares or transferring the company's own shares, representing 9.8 per cent of the total number of the company's shares. The authorisation is valid for three years, i.e. until 15 March 2015. The Board of Directors was authorised to decide on the conditions of share issuance. On 15 March 2012, the Board further resolved on a directed share issue without payment and decided to transfer 19,622 of the company's own shares, held by the company, to current and former Executive Committee members, as specified in the rules of the Long-Term Incentive plan. This authority has not been used since then.

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 and in which they exercise control, held a total of 141,568 Uponor shares on 31 December 2014 (646,821 shares on 31 December 2013). These shares accounted for 0.19% of all shares and votes in the company.

Share-based incentive programme

On 14 February 2014, the Board of Directors decided to continue implement-

ing the long-term share-based incentive plan established in 2012, by approving a new plan that covers the years 2014–2016. This plan complements the plans already in place for the years 2012–2014 and 2013–2015. The plan will cover a maximum of ten members of the Group's key management.

In addition, on 11 December 2014 the Board approved a new performance share plan to be offered to approximately 20–25 key managers of the Group, including the members of the Executive Committee. The plan has one performance period covering the calendar years 2015–2017.

The purpose of the share-based incentive plans is to continue aligning the objectives of the management and Uponor shareholders in order to increase the value of the company, boost profitable growth and retain the services of the participants over the longer term. The plan offers key managers a competitive reward plan based on achieving the company's strategic profitability and growth targets, and earning and accumulating Uponor shares.

Details of the plans are presented on the company's IR website.

Events after the period

There were no events to report.

Short-term outlook

The economic outlook in Uponor's key markets is likely to remain twofold in 2015: demand in North America, representing one fourth of Group net sales, is expected to remain lively and offer room for continued construction industry growth. The European markets, on the other hand, are expected to remain flat, although supported by growing confidence in a gradual revival of the European economy. However, this scenario is subject to certain risks, some of which are geopolitical.

Uponor has focussed considerable effort in recent years on strengthening its foothold in key markets. This has been achieved through measures such as intensifying partnerships in the value chain and enhancing the product and services offering in order to fulfil the diversified needs of customers and partners on the road towards a more sustainable building industry. Internally, the company has consistently executed a programme involving the further development and harmonisation of operations, such as the supply and distribution of products, the streamlining of operations, and reducing the environmental footprint, while better serving the company's customers.

A key target for the future is continued investment in Uponor's platforms for growth. This will mean securing supply and customer service capacity in growing markets, such as North America, and ensuring the optimal allocation of resources in areas that enable short and long term growth. At the same time, the management continues to keep a sharp eye on the company's focus, cost-efficiency and cash flow, in order to secure a solid financial position for future growth initiatives.

Assuming that none of the major risks described materialise, Uponor issues the following guidance for 2015: the Group's net sales and operating profit (excluding any non-recurring items) are expected to improve from 2014.

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

Uponor Corporation
Board of Directors



Group key financial figures

	2014 IFRS	2013 IFRS	2012 IFRS	2011 IFRS	2010 IFRS
Consolidated income statement (continuing operations), M€					
Net sales	1,023.9	906.0	811.5	806.4	749.2
Operating expenses	926.9	823.6	726.5	743.0	669.9
Depreciation	36.0	33.0	28.2	29.4	29.1
Other operating income	2.4	0.8	0.9	1.4	2.2
Operating profit	63.4	50.2	57.7	35.4	52.4
Financial income and expenses	-7.4	-7.1	-8.6	-17.7	-10.7
Profit before taxes	56.3	43.2	49.4	17.7	41.7
Result from continuing operations	36.3	27.1	32.9	1.9	27.0
Profit for the period	36.0	26.8	32.8	1.6	24.7
Consolidated balance sheet, M€					
Non-current assets	253.7	249.0	186.5	199.8	218.3
Goodwill	83.1	82.3	74.9	74.9	72.2
Inventories	117.4	115.4	78.7	81.8	84.4
Cash and cash equivalents	60.2	53.7	17.7	29.1	11.9
Accounts receivable and other receivables	167.4	160.6	141.6	129.4	110.4
Equity attributable to the owners of the parent company	231.1	219.7	207.3	209.2	252.1
Non-controlling interest	66.8	68.0	-	2.9	-
Provisions	16.2	22.1	20.6	22.0	12.0
Non-current interest-bearing liabilities	126.3	136.4	107.6	110.2	43.5
Current interest-bearing liabilities	15.9	14.2	4.2	2.8	35.2
Non-interest-bearing liabilities	225.5	200.6	159.7	167.9	154.4
Balance sheet total	681.8	661.0	499.4	515.0	497.2
Other key figures					
Operating profit (continuing operations), %	6.2	5.5	7.1	4.4	7.0
Profit before taxes (continuing operations), %	5.5	4.8	6.1	2.2	5.6
Return on Equity (ROE), %	12.3	10.8	15.7	0.7	9.7
Return on Investment (ROI), %	14.2	12.5	16.5	11.0	14.4
Solvency, %	43.9	43.9	41.5	41.2	50.8
Gearing, %	27.6	33.7	45.4	39.3	26.5
Net interest-bearing liabilities, M€	82.0	96.9	94.1	83.9	66.8
- % of net sales	8.0	10.7	11.6	10.4	8.9
Change in net sales, %	13.0	11.6	0.6	7.6	2.1
Exports from Finland, M€	55.5	43.3	32.8	34.7	30.4
Net sales of foreign subsidiaries, M€	870.1	770.4	717.6	709.8	658.9
Total net sales of foreign operations, M€	888.8	781.4	718.1	714.1	659.6
Share of foreign operations, %	86.8	86.2	88.5	88.6	88.0
Personnel at 31 December	3,982	4,141	3,052	3,228	3,197
Average no. of personnel	4,127	3,649	3,098	3,288	3,219
Investments (continuing operations), M€	35.7	33.9	19.2	24.0	19.0
- % of net sales	3.5	3.7	2.4	3.0	2.5



Share-specific key figures

	2014 IFRS	2013 IFRS	2012 IFRS	2011 IFRS	2010 IFRS	2009 IFRS
Share capital, M€	146.4	146.4	146.4	146.4	146.4	146.4
Number of shares at 31 December, in thousands	73,207	73,207	73,207	73,207	73,207	73,207
Number of shares outstanding, in thousands						
- at end of year	73,067	73,067	73,067	73,067	73,067	73,067
- average	73,067	73,067	73,062	73,067	73,067	73,049
Total equity attributable to the owners of the parent company, M€	231.1	219.7	207.3	209.2	252.1	258.0
Share trading, M€	229.3	179.3	186.1	366.2	481.5	455.8
Share trading, in thousands	18,843	14,563	21,963	38,155	37,389	45,815
- of average number of shares, %	25.8	19.9	30.1	52.2	51.2	62.7
Market value of share capital, M€	841.1	1,041.0	702.8	502.2	1,013.2	1,098.1
Earnings per share (diluted), €	0.50	0.38	0.45	0.03	0.34	0.16
Equity per share, €	3.16	3.00	2.84	2.86	3.45	3.53
Dividend, M€	¹⁾ 30.7	27.8	27.8	25.6	40.2	36.5
Dividend per share, €	¹⁾ 0.42	0.38	0.38	0.35	0.55	0.50
Effective share yield, %	3.7	2.7	4.0	5.1	4.0	3.3
Dividend per earnings, %	84.0	100.0	84.4	1,018.5	162.5	316.3
P/E ratio	23.0	37.4	21.3	199.7	40.9	94.9
Issue-adjusted share prices, €						
- highest	14.94	15.85	10.00	14.25	15.66	15.10
- lowest	9.11	9.65	6.77	6.03	10.58	6.80
- average	12.17	12.31	8.47	9.57	12.88	9.95

The definitions of key ratios are shown on page 40.

Notes to the table:

¹⁾ Proposal of the Board of Directors

The average number of shares is adjusted with treasury shares.



Shares and shareholders

The volume of Uponor shares traded on the NASDAQ Helsinki Exchange in 2014 totalled 18,842,871, valued at €229.3 million. The share closed at €11.49 and the market capitalisation came to €841.1 million. The yearend number of shareholders totalled 15,846 of which foreign shareholders accounted for 28.3 (33.9) per cent.

Major shareholders on 31 December 2014

Shareholder	Shares	% of shares	% of votes
Oras Invest Ltd	16,571,780	22.6	22.7
Varma Mutual Pension Insurance Company	3,862,072	5.3	5.3
Investment Fund Nordea Nordic Small Cap	3,163,857	4.3	4.3
Ilmarinen Mutual Pension Insurance Company	1,588,275	2.2	2.2
Investment Fund Nordea Fennia	911,905	1.2	1.2
Sigrid Juselius Foundation	773,200	1.1	1.1
State Pension Fund	705,000	1.0	1.0
Investment Fund Nordea Pro Suomi	625,829	0.9	0.9
Nordea Nordenfonden	571,503	0.8	0.8
Paasikivi Pekka	560,406	0.8	0.8
Paasikivi Jari	548,888	0.7	0.7
Paasikivi Jukka	538,173	0.7	0.7
Others	42,645,678	58.2	58.3
Total	73,066,566	99.8	100.0
Own shares held by the company	140,378	0.2	-
Grand total	73,206,944	100.0	100.0

Nominee registered shares on 31 December 2014

Nordea Bank Finland Plc	10,764,051	14.7	14.7
Nasdaq OMXBS/Skandinaviska Enskilda Banken AB	7,186,004	9.8	9.8
Svenska Handelsbanken AB (publ.)	1,708,176	2.3	2.3
Others	274,006	0.4	0.4
Total	19,932,237	27.2	27.2

The maximum number of votes which may be cast at the Annual General Meeting is 73,066,566 (status on 31 December 2014).

At the end of the financial period the company held a total of 140,378 own shares corresponding to the same number of votes. These shares do not entitle to vote in the Annual General Meeting.

The Paasikivi family has shareholdings directly and through Oras Invest Ltd totalling 25.3 (25.3) per cent.



Shareholders by category on 31 December 2014

Category	No. of shares	% of shares
Private non-financial corporations	19,326,378	26.4
Public non-financial corporations	4,300	0.0
Financial and insurance corporations	9,939,895	13.6
General government	7,064,784	9.6
Non-profit institutions	3,118,098	4.3
Households	13,056,117	17.8
Foreign (including nominee registrations)	20,696,518	28.3
Other (joint account)	854	0.0
Total	73,206,944	100.0

Shareholders by size of holding on 31 December 2014

Shares per shareholder	No. of shares, total	% of share capital	No. of shareholders	% of shareholders
1–100	265,012	0.4	3,985	25.1
101–1,000	3,938,179	5.4	9,300	58.7
1,001–10,000	6,348,174	8.7	2,328	14.7
10,001–100,000	4,946,457	6.7	185	1.2
100,001–1,000,000	12,864,907	17.6	41	0.3
1,000,001–	44,844,215	61.2	7	0.0
Total	73,206,944	100.0	15,846	100.0

Share capital development 2010–2014

	Date	Reason	Change, euro	Share capital, euro	Number of shares
2014	31 Dec			146,446,888	73,206,944
2013	31 Dec			146,446,888	73,206,944
2012	31 Dec			146,446,888	73,206,944
2011	31 Dec			146,446,888	73,206,944
2010	31 Dec			146,446,888	73,206,944



Corporate governance

Pursuant to the Finnish Companies Act and the Articles of Association of Uponor Corporation (hereinafter 'the Company'), the control and management of the Company is divided among the shareholders, the Board of Directors ('the Board') and the Chief Executive Officer ('CEO'). The Company's shares are quoted on the NASDAQ OMX Helsinki Ltd, and the Company observes its rules and regulations for listed companies.

Furthermore, the Company complies with the Finnish Corporate Governance Code 2010 (www.cgfinland.fi) issued by the Securities Market Association, with the exception of recommendation 22, in relation to the Personnel and Remuneration Committee, which has two members instead of three members as stated in the recommendation. Uponor considers that sufficient expertise for the Personnel and Remuneration Committee is secured with two members, and the Committee may also obtain views from outside of the Committee. The Committee acts as a preparatory and assisting body for the Board of Directors, and all essential matters relating to remuneration shall be dealt by the Board of Directors.

General meeting of shareholders

Shareholders exercise their rights in general meetings of shareholders, which constitute the Company's highest decision-making body. Under the Finnish Companies Act, decisions made by general meetings of shareholders include:

- Amendments to the Articles of Association;
- Adoption of the annual accounts;
- Dividend distribution;
- Share issues;
- Buyback and disposal of the Company's shares;
- Share and stock option plans;
- Election of members of the Board and decision on their emoluments; and
- Election of the Company's auditor and decision on audit fees.

Under the Finnish Companies Act, a shareholder has the right to require that an issue to be addressed by the general meeting of shareholders be included on the agenda of the general meeting of shareholders, if (s)he submits his/her demand in writing to the Board well in advance so that the matter can be included in the notice of meeting.

Shareholders who alone or jointly with others hold a minimum of 10 per cent of the Company's shares have the right to demand in writing that an extraordinary general meeting of shareholders be convened for the purpose of dealing with a specific matter.

Shareholders are entitled to exercise their rights at the general meeting of shareholders via an authorised representative, and the shareholder or the representative authorised by the shareholder may use an assistant at the meeting.

Shareholders wishing to participate in and exercise their voting rights at the general meeting of shareholders must notify the Company of their intention to attend the meeting by the date mentioned in the notice of meeting.

Board of Directors Composition

Pursuant to the Articles of Association, the Board comprises a minimum of five and a maximum of seven members, elected for a one-year term starting at closing of the Annual General Meeting (AGM) at which they were elected and expiring at closing of the following AGM. Board members may be elected or removed only by a resolution adopted by the shareholders in a general meeting. The number of terms a Board member may serve is not limited, nor is there any defined retirement age. The Board elects a Chair and a Deputy Chair for one year at a time from amongst its members.

In March 2014, the AGM elected the following six members to the Board:

- Mr Jorma Eloranta, born 1951, M. Sc. (Tech.), Doctor of Science in Technology h.c., member of the Uponor Board since 2005
- Mr Timo Ihamuotila, born 1966, Licentiate of Science (Finance), Executive Vice President and Group Chief Financial Officer, Nokia, member of the Uponor Board since 2013
- Ms Eva Nygren, born 1955, Architect, Director, Investments, Swedish Transport Administration, member of the Uponor Board since 2011
- Ms Annika Paasikivi, born 1975, B.A, M.Sc. (global politics), Chief Operating Officer, Oras Invest Ltd and CEO, Finow Ltd, member of the Uponor Board since 2014

- Mr Jari Rosendal, born 1965, M. Sc. (Tech.), President & CEO, Kemira Oyj, member of the Uponor Board since 2012
- Mr Rainer S. Simon, born 1950, Dr. Sc. (Econ.) (Dr. oec. HSG), President and CEO, BirchCourt GmbH, member of the Uponor Board since 2004.

For more detailed information on Uponor's Board members, please refer to page 15 or visit <http://investors.uponor.com>.

The Company complies with the recommendations on issues related to Board members, their independence and non-executive position, issued by the Securities Market Association. All of the current Board members are independent of the Company and, with the exception of Ms Annika Paasikivi, they are also independent of major shareholders. According to Finnish legislation, all Board members are required to act in the best interest of the Company and its subsidiaries ("Group") as well as shareholders, and to disclose any potential conflicts of interest.

It is in the interests of the Company and its stakeholders that the Board members represent expertise in various fields, such as the Group's industry, relevant technologies, financing, risk management and international sales and marketing.

The AGM determines Board remuneration and fees. Based on the 2014 AGM's decision, the annual Board remuneration is as follows: €71,000 for the Chair, €49,000 for the Deputy Chair, €49,000 for the Chair of the Audit Committee and €44,000 for ordinary members. The AGM further decided that approximately 40 per cent of the annual remuneration be paid in company shares acquired on behalf and in the name of the Board members, and approximately 60 per cent in cash.

The AGM further decided that a separate remuneration per meeting shall be paid to Board members for all meetings, amounting to €600 for meetings held in the home country of the member, €1,200 for meetings held elsewhere in Europe, and €2,400 for meetings held outside of Europe. The remuneration for telephone meetings shall be the same as for meetings held in the home country of the member.

Travel expenses are compensated for in accordance with the Company travel policy.



The attached table shows the total annual remuneration paid to Board members in 2014:

Board of Directors	Audit Committee	Remuneration Committee	Remuneration in cash	Remuneration in shares	Remuneration in shares	Remuneration for board and committee meetings
						Total €
			€	Value, €	Number of shares	Total €
Paasikivi, Jari, Chair of the Board until 19 March	Member until 19 March	Chair until 19 March				3,000
Eloranta, Jorma, Deputy Chair of the Board until 19 March, Chair as of 19 March		Member until 19 March, Chair as of 19 March	42,613	28,387	2,019	10,200
Ihamuotila, Timo J.	Chair		29,401	19,599	1,394	9,000
Nygren, Eva		Member until 19 March	26,411	17,589	1,251	10,800
Paasikivi, Annika, Deputy Chair as of 19 March	Member as of 19 March	Member as of 19 March	29,401	19,599	1,394	9,600
Rosendal, Jari	Member		26,411	17,589	1,251	9,000
Simon, Rainer S.			26,411	17,589	1,251	9,000
In total			180,648	120,352	8,560	60,600

According to Uponor's policy, remuneration and fees are paid only to non-executive Board members.

The Company has taken out voluntary pension insurance for Board members. Upon retirement, this entitles them to pension according to the Finnish Employees' Pensions Act (TyEL).

The Board members are not involved in the Company's share-based incentive scheme.

Duties

In accordance with the Finnish Companies Act, the Board of Directors is responsible for the management of the Company and the proper organisation of its activities. The Board's main duty is to direct the Group's operations in such a way that, in the long run, the yield to shareholders is secured, while simultaneously taking the expectations of various stakeholders into account. In addition to its statutory duties, the Board takes decisions on all other significant issues.

According to the charter of the Board of the Directors, the Board shall, among other things:

- annually review and determine the rules of procedure of the Board and the Executive Committee ('ExCom');
- approve the Group's values and monitor their implementation;
- approve the Group's basic strategy and monitor its implementation and updating;

- determine the dividend policy;
- present a proposal to the general meeting of shareholders on the payment of the dividend, including the amount and time of payment;
- approve the annual operational plan and budget based on the strategy, as well as monitor their implementation;
- annually approve the total amount of investments as well as any investments that exceed the approved total annual investment limit;
- approve investments and leasing arrangements whose net present value exceeds the limit specified in the Signing and Authorisation Policy;
- approve acquisitions, joint ventures, partnerships, licensing arrangements and asset divestments that exceed the limits specified in the Signing and Authorisation Policy;
- approve the Group's general organisational structure;
- appoint and dismiss the CEO and determine the terms of his/her service contract;
- prepare and approve the CEO's annual compensation;
- approve the appointment and dismissal of members of ExCom;
- approve annual compensation for the members of ExCom;
- prepare and approve a succession plan for the CEO;

- approve succession plans for members of ExCom;
- approve the interim reports, the annual report and the annual financial statements;
- meet the external auditor at least once a year in a closed session without the management;
- prepare the proposals for general meetings of shareholders;
- annually evaluate the performance of the CEO and members of the Board as well as that of the Chairman;
- approve key Group operational policies, such as compensation policy;
- deal with other issues raised by the Chairman or the CEO.

Meetings and decision-making

The Board meets on average 10 times a year. Some meetings may be held as teleconferences. Two of the meetings should take place at different business units. The Board may also meet at any time without the presence of the management and make decisions without holding a meeting. Minutes of a meeting are taken in English for each meeting.

During 2014, the Board held ten meetings, two at a business unit and one teleconference meeting. Four non-attendances were recorded, two of which were partial. Further, the Board made three decisions without having a meeting.



Corporate governance

The CEO shall prepare the Board meeting agenda for the review by the Chair. Any Board member may recommend the inclusion of a specific agenda item, such recommendations being accommodated to the extent practicable. Material for Board meetings shall be distributed to the members well in advance of each meeting.

The CEO and the Secretary to the Board shall attend Board meetings on a regular basis, while other members of the corporate management shall attend at the Chair's invitation.

Board members shall have complete access to members of the ExCom and vice versa. Any non-routine communications shall be reported to the CEO.

The Board constitutes a quorum when more than half of the members are present. Decisions shall be made on a simple majority basis, with the Chair casting the deciding vote should the votes be even.

Board committees

Audit Committee

The Board decided to re-establish the Audit Committee on 19 March 2014, with the same charter as earlier. The members of the Audit Committee are Timo Ihamuotila, Annika Paasikivi and Jari Rosendal, with Timo Ihamuotila acting as the committee chair.

According to the charter of the Audit Committee, the Committee shall have the following duties:

- to monitor the reporting process of financial statements and assuring that the reporting process generates correct information, to deal with any exceptional and material items and their handling and to approve important accounting principles;
- to review and oversee the quality and integrity of the annual report and the annual financial statements as well as the interim reports;
- to monitor the financial and liquidity position of the company and prepare matters and proposals to the Board on a need-to-know basis;
- to monitor the efficiency, plans and processes of the Group's internal control, internal audit and risk management systems;

- to review the Company's corporate governance statement including the description of the main features of the internal control and risk management systems pertaining to the financial reporting process;
- to approve the annual plan and budget, to issue instructions on and to review and monitor the operations, plans and reports of the internal audit function, to receive status reports of the internal audit function in every meeting and to meet with the internal auditor at least twice a year;
- to review the external audit plan and to monitor the statutory audit of the financial statements and consolidated financial statements, to approve the budget of the external audit as well as new assignment above the limit set by the Audit Committee;
- to meet with the external auditor quarterly and to review all material reports from the auditor;
- to evaluate the independence of the statutory auditor or audit firm, particularly the provision of related services to the company to be audited;
- to prepare the proposal for a resolution on the election of the auditor;
- to monitor the Company's compliance with legal and regulatory requirements, including the performance of its ethics and compliance programme, and
- to meet with the management of the company, particularly the CEO and the CFO, but also others responsible for internal control and risk management.

The invitation and materials of the audit committee meetings shall be sent to the board members, who all have the right to attend the meetings.

The Committee held four meetings in 2014, one of which was a teleconference meeting. No non-attendances were recorded.

Personnel and Remuneration Committee

The Board decided to establish a Personnel and Remuneration Committee on 19 March 2014 to replace the earlier Remuneration Committee. The new charter is described below. The members of

the Personnel and Remuneration Committee are Jorma Eloranta (chair) and Annika Paasikivi.

The Personnel and Remuneration Committee shall have the following duties (charter):

- preparing the appointments of the President and CEO and the members of the Executive Committee, and the terms and conditions of their employment
- preparing matters to be brought to the Board relating to personnel, evaluation of top management and succession planning as needed
- preparation of matters pertaining to the remuneration and other financial benefits of the President and CEO and other executives
- preparation of matters pertaining to the remuneration schemes of the company
- evaluation of the remuneration of the President and CEO and the other executives as well as seeing to it that the remuneration schemes are appropriate
- reviewing the remuneration statement
- answering questions related to the remuneration statement at the general meeting.

The earlier Remuneration Committee held one meeting in 2014; one non-attendance was recorded. The Personnel and Remuneration Committee, established in March 2014, held five meetings in 2014, with zero non-attendances.

Nomination Board

In March 2012, the AGM resolved to establish a permanent Nomination Board comprising of 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 the members of the Board of Directors.

The duties of the Nomination Board shall be to:

- prepare the proposal for the appointment of the members of the Board of Directors to be presented to the general meeting
- prepare the proposal to the general meeting on matters pertaining to the remuneration of the members of the Board of Directors



- look for prospective successors for the members of the Board of Directors
- present the proposals on the members of the Board of Directors and the members' remuneration to the general meeting.

The Nomination Board shall be comprised of the three largest shareholders or representatives of such shareholders, in addition to which the Chair of the Board of Directors shall act as an expert member. The three largest shareholders who on 31 August preceding the general meeting are registered in the shareholders' register of the company, held by Euroclear Finland Ltd., and have the largest share of all the voting rights, shall have the right to appoint the members representing the shareholders. The holdings of a shareholder, held in several funds or registers, who according to the Securities Market Act has an obligation to disclose changes in ownership (notified shareholdings), will be calculated together when counting the voting rights, if the shareholder so requests in writing to the Board of Directors, at the latest on 30 August preceding the general meeting. If a shareholder does not wish to use the right to appoint a member, the right shall pass on to the next biggest shareholder in to the shareholders' register, who otherwise would not have a right to appoint a member. The Nomination Board shall constitute a quorum when a majority of the members are present.

The Nomination Board is convened by the Chair of the Board of Directors and it shall elect a Chair amongst its members. The Nomination Board shall, as a rule, present its proposal to the Board of Directors of the company by the end of January and, in the minimum, four weeks prior to the general meeting in the same year as the general meeting is being held.

The Board of Directors of Uponor Corporation argues that it is in the interest of the company and its shareholders that the biggest shareholders of the company participate in the preparation of the election and remuneration of the members of the Board of Directors.

In September 2014, the following persons were nominated to the Nomination Board: Pekka Paasikivi (Oras Invest Oy), Chair, Reima Rytsölä (Varma Mutual Pension Insurance Company) and Antti Kasi (Nordea Funds Oy).

The Nomination Board held two meetings in 2014. No non-attendances were recorded. The Nomination Board additionally made one decision without having a meeting.

Chief Executive Officer

Mr Jyri Luomakoski, MBA, born 1967, acts as President and CEO of the Company.

Assisted by the Executive Committee, the CEO is in charge of the Group's day-to-day management in accordance with the orders and instructions issued by the Board. It is the CEO's duty to ensure that the Group's accounting procedures comply with the applicable legislation and that the financial management is conducted in a reliable manner. The CEO is also the Chair of the Executive Committee.

In 2014, the base salary paid to the CEO Mr Jyri Luomakoski totalled €420,059.99 in cash and €31,632.94 as fringe benefits, in total €451,692.93. The Company paid the CEO a total of €40,000 based on the short-term incentive plan for the year 2013. Based on the decision of the Board of Directors on 12 February 2015 the CEO was awarded a reward of €98,118 based on the short-term incentive plan 2014.

Under the terms of the CEO's written service contract, the contract may be terminated at a six months' notice, either by the CEO or the Company. If the Company terminates the contract, it must pay the CEO, in addition to statutory compensation for the notice period, an amount equivalent to the fixed total salary paid for the 12 months preceding the termination. The Company may also terminate the agreement with immediate effect, by paying an indemnification equivalent to the CEO's fixed total salary for 18 months. The CEO will retire at the age of 63, with a pension accrued in accordance with the Employees' Pensions Act (TyEL). Furthermore, the company has taken a defined contribution pension insurance for the CEO, to which the company annually pays €40,000.00.

President of Uponor Infra Oy and member of the Executive Committee, Mr Sebastian Bondestam acted in 2014 as the deputy to the managing director of the parent company. The company has taken a defined contribution pension plan for Mr Sebastian Bondestam, deputy to the managing director, according to which he

shall be entitled to a contribution of 8,89% of the annual base salary including fringe benefits for the year 2014. The Board shall decide on the percentage of the defined contribution separately for each year.

Executive Committee

Duties

The Executive Committee is mainly responsible for formulating and implementing the Group's strategy. It also discusses and decides on significant operational issues, while each of its members is responsible for the Group's day-to-day management with respect to his/her field of responsibility.

The ExCom shall, among other things, attend to the following:

- a) the Group's strategy and its implementation throughout the Group;
- b) budgets, business plans and their implementation;
- c) significant organisational changes and any changes in employment conditions affecting large numbers of employees such as:
 - the composition of area/regional management teams,
 - major structural changes within the organisation,
 - all major redundancy programmes,
- d) the appointment or removal of Senior Officers and Unit Managers belonging to the reporting chain of any ExCom member;
- e) annual salary and incentive structures of the management (excluding those of ExCom members);
- f) investments and leasing arrangements with net present value of leases being in the limits specified in the Signing and Authorisation Policy;
- g) acquisitions, joint ventures, partnerships and licensing arrangements and, should these exceed the limit specified in the Signing and Authorisation Policy, the ExCom shall submit a proposal to the Board;
- h) incorporation or dissolution of legal entities;
- i) asset divestments - including real estate, legal units and shares in the limits specified in the Signing and Authorisation Policy;



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- j) performance by region/unit including analysis of market trends and the competitive environment, as well as significant corrective actions (to be discussed in each meeting);
- k) R&D and new business development priorities and resources;
- l) items related to the Group's brand architecture;
- m) legal disputes and claims of a significant nature including matters at regional/unit level;
- n) other matters, upon the Board's request.

ExCom prepares proposals to the Board on matters which require a resolution of the Board.

Membership

The ExCom comprises of the CEO and the number of executives determined by the Board, with the CEO acting as the Chair. For more information on ExCom members and their responsibilities, please refer to pages 14–15 or visit our website at <http://investors.uponor.com>.

Meetings and decision-making

The ExCom meets 8–12 times a year, with informal records being kept of its meetings. In 2014, the ExCom held nine meetings.

The target is to achieve a unanimous view among the members of the ExCom on the issues under discussion. The decisions shall be confirmed by the Chair.

Board and CEO evaluation

The Board conducts an annual evaluation of the CEO's performance with respect to, for example, strategic planning, management skills and financial performance, based on a special evaluation form. In addition, the Board conducts a separate evaluation of its performance and that of the Chair.

Compensation

The Group's compensation system consists of the basic salary, fringe benefits and a short-term incentive plan, which is subject to an individual employee's position. The superior of an employee's immediate supervisor is responsible for approving an individual employee's compensation.

On 2 March 2012, 12 February 2013 and 14 February 2014, the Board of Directors approved the establishment of new long-term share-

based incentive plans to be offered to the key management of the company. The plans covered a maximum of twelve members (ten members with respect to the 2014 plan) of the Group's key management. The plans covered the years 2012–2016. Further, on 10 December 2014, the Board of Directors approved the establishment of a new long-term share-based incentive plan, which may cover a maximum of 25 members of the Group's key management. The plan covers the years 2015–2017.

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

A Group employee is not entitled to a separate fee for a board membership within a Group company.

The Board determines the CEO's employment terms and conditions and annual compensation, and approves ExCom members' annual compensation, based on the CEO's proposal.

Internal control, risk management and internal audit

Internal control

The Board is responsible for the principles of internal control in Uponor. Uponor's internal control is defined as a process influenced by the Board, the management and all the individual employees of the Group. The objective of internal control is to ensure that the management has a reasonable assurance that:

- operations are effective, efficient and aligned with the strategy;
- financial reporting and management information is reliable, comprehensive and timely; and
- the Group is in compliance with applicable laws and regulations.

Uponor's internal control framework strives to balance the business needs and the control perspective. The aim of the internal control framework is thus to:

- focus on the most business-relevant risks and issues from the strategic alignment and operational effectiveness point of view;
- promote ethical values, good corporate governance and risk management practices;
- ensure compliance with laws, regulations and Uponor's internal policies; and
- assure production of reliable financial reporting to support internal decision-making and to serve the needs of external stakeholders.

The base for the internal control environment and integrity of the employees is set in Uponor's Code of Conduct and values.

Uponor's aim is to embed control in the daily operations. Effective internal control requires that duties are properly segregated to different employees and potential conflicts of interests are identified and eliminated. Examples of existing control mechanisms include group policies, accounting and reporting instructions and management meetings. Additionally, as an example, responsibilities for communication with external parties, such as customers, suppliers, regulators and shareholders are clearly set.

Ongoing monitoring occurs locally in each organisational unit, during the course of daily operations. Groupwide, the responsibility lies within the Finance and Administration function.

Whether separate evaluations are needed, their scope and frequency, will depend primarily on an assessment of risks and the effectiveness of ongoing monitoring procedures. Internal control deficiencies shall be reported upstream, with serious matters to be reported to the top management and the Board. Any separate evaluations are performed by the internal audit function and may be initiated by the Board.

Risk management

Risk management is a systematic way of protecting business assets and income against losses in order to achieve the Company's targets without unnecessary interruption. Risk management also includes risk-taking. That means utilisation of opportunities, taking into account the risk-reward ratio in each case.

The objective of risk management is to enable the Company to implement its strategy, to ensure



it achieves its financial targets and to protect it from operative incidents, which might prevent it from achieving its targets. A further objective is to ensure the continuity of the operations even in an exceptional business environment.

The main risk areas of the Company have been identified. Each ExCom member has been allocated his/her own area of responsibility with regard to the identified risks, including the management and proper organisation of those risk areas throughout the Group.

Group Risk Management Team, comprising the CFO, President, Uponor Infra, Executive Vice President, Offering and Supply Chain, General Counsel and Vice President Treasury and Risk Management, is responsible for the monitoring of Group-level risks and mitigation actions, and for informing the ExCom and the Board.

Vice President, Treasury and Risk Management is responsible for providing support to the ExCom in developing risk policies and guidelines, as well as for establishing assessment, monitoring and reporting procedures. He/she provides support to the Regions/areas, units and functions by providing assistance and training. He/she is also responsible for establishing and maintaining the company's global insurance programmes.

A summary of risks associated with business are described in the section "Review by the Board of Directors", see pages 19–21.

Financial Risk Management related notes can be found in the section "Notes to the consolidated financial statements", see pages 63–65.

Internal audit

Internal audit is an integrated part of Uponor's internal control framework. It supports the Board and the management in following up the effectiveness of internal control and corporate governance. Internal Audit shall focus on the key risk areas of business. To achieve its objectives, it carries out independent audits of business units and subsidiaries, process reviews, and targeted audits on specific areas, to give the ExCom and the Board assurance that effective controls are in place. Moreover, Internal Audit performs reviews to ensure compliance with internal company policies, guidelines and laws and regulations.

Internal auditing is an independent, objective assurance and consulting activity designed to add

value to and improve the Company's operations. It helps the Company accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The purpose, authority, and responsibilities of Internal Audit are defined in the Internal Audit Charter approved by the Audit Committee, to which Internal Audit is subordinated. The annual audit plan is approved by the Audit Committee. Internal Audit reports four times a year to the Audit Committee, presenting a summary of the most significant findings, while it also has the obligation and authority to report on any significant audit findings both to the ExCom and to the Audit Committee. Internal Audit has unrestricted access to the Board, and to all Uponor's records, personnel, and physical properties relevant to the performance of its engagement.

In 2014, the focus areas of internal audit included audits of Uponor's foreign subsidiaries, corporate functions and group-level processes. The audits of foreign subsidiaries concentrated on compliance with group policies, changes in business operations as well as review of business processes, risks and controls.

Administratively, Internal Audit reports to the Chief Financial Officer ("CFO"). As of 1 January 2014, Uponor has outsourced its internal audit function to EY.

External audit

Assisted by the Audit Committee, the Board prepares a proposal on the external auditor and presents it to the AGM for election. The external auditor must be a corporation of authorised public accountants accredited by the Central Chamber of Commerce of Finland. In co-operation with the auditor, the corporate management organises the audit of the Group's subsidiary companies, as required by applicable local legislation. Auditors of these subsidiary companies report directly to the legal unit they have audited, submitting a copy of each report to the Group's financial administration for inclusion in the Company's audit log.

The 2014 AGM appointed Deloitte and Touche Oy, a corporation of authorised public accountants accredited by the Central Chamber of Commerce in Finland, as the Company's auditor for the financial year 2014, with Teppo

Rantanen, Authorised Public Accountant, acting as the principal auditor.

Fees paid to the external auditor for the statutory audit services totalled €813,000 and for audit related and other services €206,000, in total €1,019,000 for the year 2014.

Insider guidelines

Uponor Corporation complies with the guidelines for insiders issued by the NASDAQ OMX Helsinki Ltd, the standards issued by the Financial Supervisory Authority of Finland as well as other authorities. The Company also has its own insider regulations.

Uponor's public insiders comprise of Board members, the CEO, ExCom members and the auditor. The Company maintains its public insider register in Euroclear Finland Ltd's SIRE system.

Uponor also maintains a company-specific, non-public register of its permanent insiders including, among others, employees within the Group's administration. A project-specific insider register is established whenever the Company runs a project falling within the scope of insider regulations, and those involved in the special project on the basis of their employment contract or another service contract gain insider information on the Company. Typically, such a project is a thematic entity or arrangement not forming part of the Company's normal business activities due to its nature or size. The Group's internal insider rules are published on the Group intranet. Group employees are required to act in accordance with these rules.

Trading in the Company's shares and other securities is subject to prior approval by the Company's General Counsel. The Company applies an absolute trading prohibition that starts at the end of the reporting period, however, no later than three weeks prior to the disclosure of annual accounts or interim reports, and lasts until the disclosure of the annual accounts or an interim report.

The public insider register contains information of the holdings of the public insiders, their immediate circle and the corporations controlled by them, as well as their most important positions of trust.

The attached table shows the shares owned by the public insiders (including any holdings of corporations controlled by them as well as any holdings of their immediate circle).



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Shares held by public insiders in 2014

The Board of Directors and the Auditor

Name	Position	Date	Shares
Eloranta, Jorma	Deputy Chair of the Board until 19 March and	1 Jan	28,625
	Chair of the Board as of 19 March	31 Dec	30,644
Ihamuotila, Timo J.	Board member	1 Jan	1,275
		31 Dec	2,669
Nygren, Eva	Board member	1 Jan	4,721
		31 Dec	5,972
Paasikivi, Annika	Deputy Chair of the Board and	19 Mar	34,182
	Board member as of 19 March	31 Dec	35,576
Rosendal, Jari	Board member	1 Jan	3,390
		31 Dec	4,641
Simon, Rainer S.	Board member	1 Jan	25,015
		31 Dec	26,266
Rantanen, Teppo	Auditor	1 Jan	-
		31 Dec	-

The Executive Committee

Name	Position	Date	Shares
Bondestam, Sebastian	ExCom member	1 Jan	6,907
		31 Dec	7,800
Folgmann, Heiko	ExCom member	1 Jan	6,070
		31 Dec	7,870
Gray, William	ExCom member	1 Jan	5,770
		31 Dec	7,570
Luomakoski, Jyri	President and CEO	1 Jan	28,000
		31 Dec	28,000
Palomäki, Riitta	ExCom member	1 Jan	5,500
		31 Dec	7,300
Roses, Fernando	ExCom member	1 Jan	6,070
		31 Dec	7,870
Schrey-Hyppänen, Minna	ExCom member	1 Jan	2,500
		31 Dec	2,500

Insider statuses terminated during 2014

Name	Position	Date	Shares
Paasikivi, Jari	Chair of the Board until 19 March 2014	1 Jan	548,888
		19 Mar	548,888

Consolidated statement of comprehensive income



M€	Note	2014	%	2013	%
Continuing operations					
Net sales	2	1,023.9	100.0	906.0	100.0
Cost of goods sold		683.8	66.8	585.9	64.7
Gross profit		340.1	33.2	320.1	35.3
Other operating income	6	2.4	0.2	0.8	0.1
Dispatching and warehousing expenses		37.1	3.6	34.2	3.8
Sales and marketing expenses		173.1	16.9	167.7	18.5
Administration expenses		51.1	5.0	50.0	5.5
Other operating expenses	6	17.8	1.7	18.8	2.1
Expenses		279.1	27.3	270.7	29.9
Operating profit	2	63.4	6.2	50.2	5.5
Financial income	9	8.8	0.9	6.1	0.7
Financial expenses	9	16.2	1.6	13.2	1.5
Share of result in associated companies		0.3	0.0	0.1	0.0
Profit before taxes		56.3	5.5	43.2	4.8
Income taxes	10	20.0	2.0	16.1	1.8
Result from continuing operations		36.3	3.5	27.1	3.0
Discontinued operations					
Result from discontinued operations	3	-0.3	0.0	-0.3	0.0
Profit for the period		36.0	3.5	26.8	3.0
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:					
Re-measurements on defined benefit pensions, net of taxes		-5.0		0.4	
Items that may be reclassified subsequently to profit or loss:					
Translation differences		7.3		-5.1	
Cash flow hedges, net of taxes		-0.9		0.5	
Net investment hedges		0.6		2.4	
Other comprehensive income for the period, net of taxes		2.0		-1.8	
Total comprehensive income for the period		38.0		25.0	
Profit for the period attributable to					
- Equity holders of parent company		36.5		27.8	
- Non-controlling interest		-0.5		-1.0	
Total comprehensive income for the period attributable to					
- Equity holders of parent company		39.1		26.5	
- Non-controlling interest		-1.1		-1.5	
Earnings per share, €	11	0.50		0.38	
- Continuing operations		0.50		0.38	
- Discontinued operations		0.00		0.00	
Diluted earnings per share, €		0.50		0.38	
- Continuing operations		0.50		0.38	
- Discontinued operations		0.00		0.00	



Consolidated balance sheet

M€	Note	31 Dec 2014	%	31 Dec 2013	%
ASSETS					
Non-current assets					
Intangible assets					
Intangible rights		12.1		17.5	
Goodwill		83.1		82.3	
Customer relationship value		1.7		2.2	
Technology		1.2		-	
Other intangible assets		0.2		0.2	
Investment in progress		0.1		0.6	
Total intangible assets	12	98.4	14.4	102.8	15.6
Tangible assets					
Land and water areas		17.2		16.9	
Buildings and structures		57.5		56.3	
Machinery and equipment		96.1		98.5	
Other tangible assets		16.0		14.6	
Construction work in progress		21.0		15.5	
Total tangible assets	13	207.8	30.5	201.8	30.5
Securities and long-term investments					
Investments in associated companies	15	0.1		0.0	
Other shares and holdings	16	0.8		0.7	
Non-current receivables	17	10.3		10.1	
Total securities and long-term investments		11.2	1.6	10.8	1.6
Deferred tax assets	22	19.4	2.8	15.9	2.4
Total non-current assets		336.8	49.4	331.3	50.1
Current assets					
Inventories					
Inventories	18	117.4	17.2	115.4	17.5
Current receivables					
Interest-bearing current assets		0.3		-	
Accounts receivables		137.3		126.7	
Current income tax receivables		3.0		4.5	
Accruals		8.8		6.8	
Other receivables		18.0		22.6	
Total current receivables	19	167.4	24.6	160.6	24.3
Cash and cash equivalents	20	60.2	8.8	53.7	8.1
Total current assets		345.0	50.6	329.7	49.9
Total assets		681.8	100.0	661.0	100.0



M€	Note	31 Dec 2014	%	31 Dec 2013	%
SHAREHOLDERS' EQUITY AND LIABILITIES					
Equity attributable to the owners of the parent company					
	21				
Share capital		146.4		146.4	
Share premium		50.2		50.2	
Other reserves		-1.0		0.0	
Translation reserve		-10.3		-17.6	
Retained earnings		9.3		12.9	
Profit for the period		36.5		27.8	
Total equity attributable to the owners of the parent company		231.1	33.9	219.7	33.2
Non-controlling interest		66.8		68.0	
Total equity		297.9	43.7	287.7	43.5
Liabilities					
Non-current liabilities					
Interest-bearing liabilities	25	126.3		136.4	
Employee benefit obligations	23	29.9		25.1	
Provisions	24	4.6		4.5	
Deferred tax liabilities	22	19.3		15.7	
Other non-current liabilities		1.0		0.7	
Total non-current liabilities		181.1	26.6	182.4	27.6
Current liabilities					
Interest bearing liabilities	25	15.9		14.2	
Accounts payable		67.6		61.1	
Current income tax liability		5.0		2.5	
Provisions	24	11.6		17.6	
Other current liabilities	26	102.7		95.5	
Total current liabilities		202.8	29.7	190.9	28.9
Total liabilities		383.9	56.3	373.3	56.5
Total shareholders' equity and liabilities		681.8	100.0	661.0	100.0



Consolidated cash flow statement

M€	Note	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Cash flow from operations			
Net cash from operations			
Profit for the period		36.0	26.8
Adjustments for:			
Depreciation		36.5	33.0
Dividend income		-0.6	0.0
Income taxes		20.0	16.1
Interest income		-0.4	-0.4
Interest expense		4.7	4.6
Sales gains/losses from the sale of businesses and fixed assets		-1.2	0.6
Share of profit in associated companies		-0.3	-0.1
Other cash flow adjustments		4.3	7.3
Net cash from operations		99.0	87.9
Change in net working capital			
Receivables		-7.3	21.5
Inventories		-0.5	10.0
Non-interest-bearing liabilities		4.3	-9.2
Change in net working capital		-3.5	22.3
Income taxes paid		-16.0	-14.8
Interests paid		-4.3	-3.6
Interests received		0.5	0.3
Cash flow from operations		75.7	92.1

M€	Note	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Cash flow from investments			
Acquisition of subsidiaries and businesses	4	-	8.2
Purchase of fixed assets		-35.7	-33.9
Proceeds from sale of fixed assets		4.8	0.8
Dividends received		0.6	0.0
Loan granted		-0.3	0.0
Cash flow from investments		-30.6	-24.9
Cash flow before financing		45.1	67.2
Cash flow from financing			
Borrowings of debt		21.0	76.3
Repayments of debt		-31.0	-41.1
Change in other short term debt		1.9	-35.8
Dividends paid		-27.8	-27.8
Payment of finance lease liabilities		-1.8	-1.6
Cash flow from financing		-37.7	-30.0
Conversion differences for cash and cash equivalents		-0.9	-1.2
Change in cash and cash equivalents		6.5	36.0
Cash and cash equivalents at 1 January		53.7	17.7
Cash and cash equivalents at 31 December		60.2	53.7
Changes according to balance sheet	20	6.5	36.0

Statement of changes in shareholders' equity



	Number of shares out- standing (1,000)	Share capital	Share premium	Other reserves	Unrest- ricted equity	Hedge reserve	Treasury shares	Trans- lation reserve	Retained earnings	Equity attributab- le to the owners of the parent company	Non- Controlling interest	Total
Balance at 1 January 2014	73,067	146.4	50.2	1.7	0.1	-1.8	-1.0	-17.6	41.7	219.7	68.0	287.7
Total comprehensive income for the period						-0.9		7.3	32.7	39.1	-1.1	38.0
Dividend paid									-27.8	-27.8		-27.8
Transfers between reserves				-0.1					0.1	-		-
Share based incentive plan									-0.1	-0.1		-0.1
Other adjustments									0.2	0.2	-0.1	0.1
Balance at 31 December 2014	73,067	146.4	50.2	1.6	0.1	-2.7	-1.0	-10.3	46.8	231.1	66.8	297.9
Balance at 1 January 2013	73,067	146.4	50.2	1.7	0.1	-2.3	-1.0	-15.4	27.6	207.3	-	207.3
Total comprehensive income for the period						0.5		-2.2	28.2	26.5	-1.5	25.0
Dividend paid									-27.8	-27.8		-27.8
Transfers between reserves				0.0					0.0	-		-
Share based incentive plan									0.3	0.3		0.3
Acquisition of non-controlling interest										0.0	38.5	38.5
Transfer of non-controlling interest									13.4	13.4	30.8	44.2
Other adjustments									0.0	0.0	0.2	0.2
Balance at 31 December 2013	73,067	146.4	50.2	1.7	0.1	-1.8	-1.0	-17.6	41.7	219.7	68.0	287.7

For further information see note 21.



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	=	Interest-bearing liabilities – 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 share ratio	=	$\frac{\text{Dividend per share}}{\text{Profit per share}} \times 100$
Effective dividend yield	=	$\frac{\text{Dividend per share}}{\text{Share price at end of financial period}} \times 100$
Price-Earnings ratio (P/E)	=	$\frac{\text{Share price at end of financial period}}{\text{Earnings per share}}$
Market value of shares	=	Number of shares at end of financial period x last trading price
Average share price	=	$\frac{\text{Total value of shares traded €}}{\text{Total number of shares traded}}$

Notes to the consolidated financial statements



1. Accounting principles

Company profile

Uponor is an international industrial Group providing building and municipal infrastructure solutions. The Group's segment structure consists of the following three reporting segments: Building Solutions – Europe, Building Solutions – North America and Uponor Infra. Its segment business risks and profitability factors differ from each other with respect to the market and business environment as well as offering, services and customers. Group management, control and reporting structures are organised according to the business segments.

Uponor Group's parent company is Uponor Corporation, domiciled in Helsinki in the Republic of Finland. Its registered address is:

Uponor Corporation
P.O. Box 37 (street address: Äyritie 20)
FI-01511 Vantaa
Finland
Tel. +358 (0)20 129 211, Fax +358 (0)20 129 2841

The Financial Statements will also be available on the company website at <http://investors.uponor.com> and can be ordered from Uponor Corporation at the above-mentioned address.

At its meeting of 12 February 2015, Uponor Corporation's Board of Directors approved the publication of these financial statements. According to the Finnish Limited Liability Companies Act, the shareholders have the opportunity to approve or reject the financial statements at the Annual General Meeting to be held after their publication. Furthermore, the Annual General Meeting can decide on the modification of the financial statements.

Basis of preparation

Uponor Group's consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS), including International Accounting Standards (IAS) and their SIC and IFRIC interpretations valid on 31 December 2014. In the Finnish Accounting Act and ordinances based on the provisions of the Act, IFRS refer to the standards and their interpretations adopted in accordance with the procedures as set in regulation (EC) No 1606/2002 of the European Parliament and of the European Council. The consolidated financial statements also include additional information required by the Finnish Accounting Act and the Limited Liability Companies Act. The consolidated financial statements are presented in millions of euros (M€) and are based on the historical cost convention, unless otherwise specified in the accounting principles section below.

Use of estimates

The preparation of consolidated financial statements under IFRS requires the use of estimates and assumptions affecting the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities on the date of the financial statements, as well as the reported amounts of income and expenses during the report period. Although these estimates are based on the management's best view of current events and actions, the actual results may ultimately differ from these estimates. In addition, judgement is required in the application of accounting policies.

Consolidation principles

The consolidated financial statements include the parent company, Uponor Corporation, and all companies in which the parent company holds more than half of the voting rights, either directly or through its subsidiaries. Subsidiaries include those companies in which Uponor Corporation has direct or indirect control of over 50 per cent of the voting rights or otherwise has power to govern the financial and operating policies, with the purpose of gaining financial benefit from their operations. Subsidiaries acquired or established during the year are included from the date the Group obtained control. Divested companies have been included up to their date of sale.

Intra-Group shareholdings are eliminated using the acquisition cost method. Accordingly, the assets and liabilities of an acquired company are measured at fair value on the date of acquisition. The excess of the acquisition cost over the fair value of the net assets has been recorded as goodwill. Based on the First-Time-Adoption of IFRS 1, any company acquisitions made prior to the IFRS transition date (1 January 2004) are not adjusted for IFRS, but book value according to Finnish Accounting Standards (FAS) is applied to goodwill amounts. Intra-Group transactions, receivables, liabilities, unrealised gains and dividends between Group companies are eliminated in the consolidated financial statements.

Associated companies are entities over which the Group has 20–50 per cent of the voting rights, or over which the Group otherwise exercises a major influence. Holdings in associated companies are included in the consolidated financial statements, using the equity method. Accordingly, the share of post-acquisition profits and losses of associated companies is recognised in the income statement, to the extent of the Group's holding in the associated companies. When the Group's share of losses of an associated company exceeds the carrying amount, it is reduced to nil and any recognition of further losses ceases, unless the Group has an obligation to fulfil the associated company's obligations.

Foreign currency translations and exchange rate differences

Each company translates its foreign currency transactions into its own functional currency, using the rate of exchange prevailing on the transaction date. Outstanding monetary receivables and payables in foreign currencies are stated using the exchange rates on the balance sheet date. Exchange rate gains and losses on actual business operations are treated as sales adjustment items or adjustment items to materials and services. Exchange rate gains and losses on financial transactions are entered as exchange rate differences in financial income and expenses.

In the consolidated financial statements, the income statements of the Group's foreign subsidiaries are converted into euros using the average exchange rates quoted for the reporting period. All balance sheet items are converted into euros using the exchange rates quoted on the reporting date. The resulting conversion difference and other conversion differences resulting from the conversion of subsidiaries' equity are shown as a separate item under equity. In addition, in the consolidated financial statements, exchange rate differences in the loans granted by the parent



Notes to the consolidated financial statements

company to foreign subsidiaries in replacement of their equity are treated as translation differences. Realised translation differences in relation to the divestment of subsidiaries and the redemption of material shares in subsidiaries are recognised as income or expenses in the consolidated statement of comprehensive income.

Key exchange rates for the euro	At end of period		Average	
	2014	2013	2014	2013
USD	1.2141	1.3791	1.3211	1.3308
SEK	9.3930	8.8591	9.1205	8.6692
CAD	1.4063	1.4671	1.4636	1.3771
DKK	7.4453	7.4593	7.4547	7.4577
NOK	9.0420	8.3630	8.3966	7.8664
GBP	0.7789	0.8337	0.8031	0.8501

Non-current assets held for sale and discontinued operations

Non-current assets held for sale and assets related to discontinued operations are formed once the company, according to a single co-ordinated plan, decides to dispose of a separate significant business unit, whose net assets, liabilities and financial results can be separated operationally and for financial reporting purposes (cash generating unit). Non-current assets held for sale are shown separately in the consolidated balance sheet. Profit or loss from a discontinued operation and gains or losses on its disposal are shown separately in the consolidated statement of comprehensive income. Assets related to non-current assets held for sale and discontinued operations are assessed at book value or, if it is the lower of the two, at fair value. Depreciation from these assets has been discontinued upon the date of classifying assets as non-current assets held for sale and discontinued operations. The Group has no assets classified as non-current assets held for sale at the end of the financial or a comparable period.

Revenue recognition

Sales of products are recognised as income once the risks and benefits related to ownership of the sold products have been transferred to the buyer, according to the agreed delivery terms, and the Group no longer has possession of, or control over, the products. Sales of services are recognised as income once the service has been rendered. Net sales comprise the invoiced value of the sale of goods and services net of indirect taxes, sales rebates and exchange rate differences. Uponor uses percentage of completion method to recognise work-in-progress for long-term contracts in project business companies, when the outcome of the project can be estimated reliably. The percentage of completion is defined as the proportion of the individual project cost incurred to date from the total estimated project costs.

Research and development

Research costs are expensed as incurred and are included in the consolidated statement of comprehensive income in other operating expenses. Development costs are expensed as incurred, unless the criteria for capitalising these costs as assets are met.

Product development costs are capitalised as intangible assets and are depreciated during the useful life of the asset, if future economic benefits are expected to flow to the entity and certain other criteria, such as the product's technical feasibility and commercial usability, are confirmed. The Group does not have any such capitalised development costs in the balance sheet that would fulfil the criteria for capitalisation.

Employee benefits

The Group's pension schemes comply with each country's local rules and regulations. Pensions are based on actuarial calculations or actual payments to insurance companies. The Group applies defined contribution and defined benefit pension plans.

Within the defined contribution plan, pension contributions are paid directly to insurance companies and, once the contributions have been paid, the Group has no further payment obligations. These contributions are recognised in the income statement for the accounting period during which such contributions are made.

For defined benefit pension plans, the liability is the present value of the defined benefit obligation on the balance sheet date less the fair value of plan assets. The pension obligation is defined using the projected unit credit method. The discount rate applied to calculating the present value of post-employment benefit obligations is determined by the market yields of long-term corporate bonds or government bonds. Costs resulting from the defined benefit pension plans are recognised as expenses for the remaining average period of employment.

Current service cost (benefit expense) and net interest cost on defined benefit obligation (net liability) are recognised in the income statement and presented under employee benefit costs.

Re-measurement items on defined benefit plan obligations and plan assets, incl. actuarial gains and losses and return on plan assets (excluding interest income), are immediately recognised through other comprehensive income and such balances are permanently excluded from the consolidated income statement.

Operating profit

Operating profit is an income statement item, which is calculated by deducting expenses related to operating activities from net sales.

Borrowing costs

Borrowing costs are recognised in the income statement as they incur. Direct transaction expenses due to loans, clearly linked to a specific loan, are included in the loan's original cost on an accrual basis and recognised as interest expenses using the effective interest method. Interest costs on borrowings to finance the construction of assets are capitalised as part of the cost during the period required to prepare and complete the property for its intended use.

Income taxes

Income taxes in the consolidated statement of comprehensive income comprise taxes based on taxable income recognised for the period by



each Group company on an accrual basis, according to local tax regulations, including tax adjustments from the previous periods and changes in deferred tax. Deferred tax assets or liabilities are calculated, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, using the tax rate approved on the balance sheet date. Deferred tax assets are recognised to the extent that it appears probable that future taxable profit will be available, against which temporary differences can be utilised.

Intangible assets

Goodwill

Goodwill represents future economic benefits arising from assets that are not capable of being individually identified and separately recognised by the Group. Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets of the acquired company on the date of acquisition. Goodwill is allocated to the business segments. Goodwill is not amortised, but is tested for impairment annually. Gains and losses on the disposal of a Group entity include any goodwill relating to the entity sold.

Other intangible assets

Other intangible assets include trademarks, patents, copyrights, capitalised development costs, software licences and customer relations. Intangible assets are recognised in the balance sheet at historical costs less accumulated depreciation, according to the expected useful life and any impairment losses.

Property, plant and equipment

Group companies' property, plant and equipment are stated at historical cost less accumulated depreciation, according to the expected useful life and any impairment losses. Interest costs on borrowings to finance the construction of these assets are capitalised as part of the cost during the period required to prepare and complete the property for its intended use.

Ordinary repair and maintenance costs are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the asset's carrying amount when it is probable that the Group will incur future economic benefits in excess of the originally assessed standard of performance of the existing asset.

Gains or losses on the disposal, divestment or removal from use of property, plant and equipment are based on the difference between the net gains and the balance sheet value. Gains are shown within other operating income and losses under other operating expenses.

Depreciations

Group companies' intangible assets and property, plant and equipment are stated at historical cost less accumulated straight-line depreciation, according to their expected useful life and any impairment losses. Land is not depreciated, as it is deemed to have an indefinite life, but depreciation is otherwise based on estimated useful lives as follows:

	Years
Buildings	20–40
Production machinery and equipment	8–12
Other machinery and equipment	3–15
Office and outlet furniture and fittings	5–10
Transport equipment	5–7
Intangible assets	3–10

The residual value and useful life of assets are reviewed on each balance sheet date and, if necessary, adjusted to reflect any changes in expectations of financial value.

Government grants

Any grants received for the acquisition of intangible or tangible assets are deducted from the asset's acquisition cost and recorded on the income statement to reduce the asset's depreciation. Other grants are recognised as income for the periods during which the related expenses are incurred. Such grants are shown as deductions from expenses related to the target of the grant.

Impairment

The balance sheet values of assets are assessed for impairment on a regular basis. Should any indication of an impaired asset exist, the asset's recoverable amount will be assessed. The asset's recoverable amount is its net selling price less any selling expenses, or its value in use, whichever is higher. The value in use is determined by reference to the discounted future net cash flow expected from the asset. Discount rates correspond to the cash generating unit's average return on investment before taxes. Impairment is measured at the level of cash generating units, which is the lowest level that is primarily independent of other units and whose cash flows can be distinguished from other cash flows.

Whenever the asset's carrying amount exceeds its recoverable amount, it is impaired and the resulting impairment loss is recognised in the income statement. An impairment of property, plant and equipment and other intangible assets, excluding goodwill, will be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. Impairment is not reversed over the balance sheet value that existed before the recognition of impairment losses in the previous financial periods. Any impairment loss on goodwill is not reversed.

Goodwill is assessed for impairment at least annually, or if any indication of impairment exists, more often.

Leases

Lease liabilities, which expose the Group to the risks and rewards inherent in holding such leased assets, are classified as finance leases. These are recognised as tangible assets on the balance sheet and measured at the lesser of the fair value of the leased property at the inception of the lease or the present value of the minimum lease payments. Similarly, lease obligations, from which financing expenses are deducted, are included in interest bear-



Notes to the consolidated financial statements

ing liabilities. Financing interests are recognised in the consolidated statement of comprehensive income during the lease period. An asset acquired under finance lease is depreciated over its useful life or within the shorter lease term.

Leases, which expose the lessor to the risks and rewards inherent in holding such leases, are classified as other leases. These rents are recognised as expenses during the lease period.

The assets leased by the Group, where the lessee bears the risks and rewards inherent in holding such leases, are treated as finance leases and recognised as receivables on the balance sheet at their present value. The Group has no finance lease receivables.

Inventories

Inventories are stated at the lower of cost or net realisable value, based on the FIFO principle. The net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and sale. In addition to the cost of materials and direct labour, an appropriate proportion of production overheads is included in the inventory value of finished products and work in progress.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation or if the settlement of an obligation will cause a legal loss and a reliable estimate of the amount of obligation can be made. Provisions can include inter alia environmental provisions, warranty provisions, restructuring costs and onerous contracts. Changes in provisions are included in relevant expenses on the consolidated statement of comprehensive income. The amount of provisions is reviewed on every balance sheet date and the amounts are revised to correspond to the best estimate at that moment.

Contingent assets and liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of uncertain future events not wholly within the control of the entity. Such present obligation that probably does not require a settlement of a payment obligation or the amount of which cannot be reliably measured is also considered to be a contingent liability. Contingent liabilities are disclosed in the notes to the financial statements.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at bank and other short-term, highly liquid investments, whose maturity does not exceed three months. Cash and cash equivalents are carried in the balance sheet at cost. The bank account credit limit in use is recognised under current interest-bearing liabilities.

Financial assets

Financial assets are classified as follows: financial assets at fair value through profit and loss, held-to-maturity investments, loans and receiva-

bles, and available-for-sale financial assets. Sales and purchase of financial assets are recognised at their trading date.

Financial assets at fair value through profit and loss include financial assets held for trading and measured at fair value. Financial assets at fair value through profit and loss have been acquired principally for the purpose of generating a profit from short-term fluctuations in market prices. Derivative instruments, for which hedge accounting is not applied, are included in financial assets at fair value through profit and loss. Interest and currency derivatives, for which no hedge accounting is applied, are recognised in the balance sheet at historical cost and valued at fair value on each balance sheet date. Fair value is determined using market prices on the balance sheet date, or the present value of estimated future cash flows. Changes in the fair value of financial assets at fair value through profit and loss, and unrealised and realised gains and losses, are included in financial income and expenses in the period in which they occur. Financial assets at fair value through profit and loss are presented under the other current assets in the balance sheet.

Held-to-maturity investments are assets with a fixed maturity, which the enterprise has the positive intent and ability to hold to maturity. Held-to-maturity assets are measured at amortised cost using the effective interest rate method. The Group did not have any held-to-maturity investments during the financial period.

Loans and receivables are non-derivative assets with fixed or determinable payment dates that are not quoted in the active markets or held for trading purposes. Loan and receivables are measured at amortised cost. Accounts receivable are carried at expected fair value, which is the original invoice amount less the provision made for impairment of these receivables. A provision for impairment of accounts receivable is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, the probable bankruptcy of the debtor or default in payments are considered as probable indicators of the impairment of accounts receivable. Impairment of a loan receivable is assessed with the same criteria as an impairment of accounts receivable.

Available-for-sale financial assets consist of holdings in listed and non-listed companies and investments. Available-for-sale assets are measured at fair value based on market prices on the balance sheet date, or using the net present value method of cash flows, or another revaluation model. If the fair value of a holding or investment cannot be measured reliably, it will be measured at cost. Changes in the fair value of available-for-sale assets are recognised in the fair value reserve under shareholders' equity, taking tax consequences into account. Changes in the fair value will be re-entered from shareholders' equity into the consolidated statement of comprehensive income when the asset is disposed of or has lost its value to the extent that an impairment loss must be recognised.

Financial liabilities

Financial liabilities at fair value through profit and loss are measured at their fair value. This group includes those derivatives for which hedge accounting is not applied and whose fair value is negative.



Other financial liabilities are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method. Transaction costs are included in the original book value of financial liabilities. Other financial liabilities include non-current and current interest-bearing liabilities and accounts payable.

Derivative contracts and hedge accounting

Financial derivatives are used for hedging purposes and are initially recognised in the balance sheet at fair value and are subsequently re-measured at fair value on each reporting period's balance sheet date. At the contract date derivatives are classified as either cash flow hedges, hedges of net investments in foreign entities or hedges that hedge accounting is not applied to. For derivatives that hedge accounting is not applied to the changes in fair value are recognised under financial items in the consolidated statement of comprehensive income. The fair values of derivatives are determined on the basis of publicly quoted market prices.

Cash flow hedging is applied to electricity derivatives and interest rate derivatives. Net investment hedging is applied to certain currency derivatives that hedge foreign currency risk in internal loans classified as net investments in foreign entities. Hedge programmes are documented according to the requirements of IAS 39, and the efficiency of hedge accounted derivatives is tested both at the inception of, and during, the hedge.

Fair value changes of derivatives, which are designated as cash flow hedges, are recognised in other comprehensive income in the hedge reserve to the extent that the hedge is effective. The spot price part of the fair value changes of currency derivatives designated as hedges of net investment in foreign entities, are recognised in other comprehensive income in the translation differences whereas the interest rate differential part of the fair value changes is recognised under financial items. Accumulated fair value changes in other comprehensive income are released into the consolidated statement of comprehensive income in the period during which the hedged cash flow affects the result, while electricity derivatives are recognised under cost of goods sold and interest rate derivatives under financial items.

The ineffective portion of the fair value change of cash flow hedges is recognised under cost of goods sold for electricity derivatives and under financial items for interest rate derivatives.

Share-based payments – Management incentive scheme

The costs relating to share-based payments are recorded in the income statement and the corresponding liability for share-based payments settled in cash is deferred. The recognised liability is measured at fair value on every balance sheet date. For equity-settled share-based payment transactions, an increase corresponding to the expensed amount is recorded in equity.

Treasury shares

Treasury shares are presented in the financial statements as a reduction in shareholders' equity. Treasury shares are taken into account in calculating key figures and ratios according to IAS 33.

Dividends

Dividends proposed by the Board of Directors are not recognised in the financial statements until their proposal is approved by the shareholders in the Annual General Meeting.

Accounting policies requiring consideration by management and essential uncertainty factors associated with estimates

Estimates and assumptions regarding the future must be made during the preparation of the financial statements, and the outcome may differ from the estimates and assumptions. Furthermore, the application of accounting principles requires consideration.

Group management needs to make decisions regarding the selection and application of accounting principles. These judgements are in particular required in those cases in which the IFRS in force provide the opportunity to choose between various accounting, valuation or presentation methods.

The estimates made in connection with preparing the financial statements reflect the management's best view at the time of the closing of the accounts. These estimates are affected by historical experience and assumptions regarding future developments, which are regarded as well-founded at the time of closing the accounts. On a regular basis, the Group monitors the realisation of these estimates and assumptions through internal and external information sources. Any changes in estimates and assumptions are recognised in the financial statements for the period during which such corrections are made, and all subsequent financial periods.

Estimates have been used in determining the size of items reported in the financial statements, including, among other things, the realisability of certain asset items, such as deferred tax assets and other receivables, the economic useful life of property, plant and equipment, provisions, pension liabilities and impairment on goodwill.

From the Group's perspective, the most significant uncertainty factors are related to impairment testing on goodwill and the defined benefit-based pension obligations. The application of the related accounting policies requires the use of estimates and assumptions that also have a large impact. Uncertainty factors in connection with impairment testing on goodwill relate to the assumptions made on future cash flows and determining the discount rate. The Group's weighted average capital cost rate (WACC), determined by reporting segment, is used as the discount rate in impairment tests. The book value of the defined benefit-based pension obligation is based on actuarial calculations, which in turn are based on the assumptions and estimates of a discount rate used for assessing plan assets and obligations at their current value, the expected rate of return on plan assets and developments in inflation, salary and wage levels.

Non-recurring items

Non-recurring items described in the Review by the Board of Directors, are exceptional transactions that are not related to normal business operations. The most common non-recurring items are capital gains and losses, inefficiencies in production related to plant closures, additional write-downs, or reversals of write-downs, expenses due to accidents and



Notes to the consolidated financial statements

disasters, provisions for planned restructurings, environmental matters or penalties. The Group's management exercises its discretion when taking decisions regarding the classification of non-recurring items.

New and amended IFRSs adopted in 2014

The following new and revised IFRSs have been adopted in these consolidated financial statements. The application of these new and revised IFRSs has not had any material impact, unless otherwise stated below, on consolidated financial statements, but may affect the accounting for future transactions and events.

- IFRS 10 *Consolidated Financial Statements*. The standard establishes control as the base for consolidation. Additionally, the standard provides further guidance on how to apply principles of control when it is challenging to assess.
- IFRS 11 *Joint Arrangements*. The standard emphasizes the rights and obligations of the joint arrangement rather than its legal form in the accounting. The arrangements are divided into two: joint operations and joint ventures. The standard requires joint ventures to be accounted for using equity method of accounting. Proportional consolidation of joint ventures is no longer allowed.
- IFRS 12 *Disclosure of Interests in Other Entities*. The standard includes disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other, off balance sheet vehicles. Note 33 Interests in subsidiaries and non-controlling interests has been added.
- IAS 27 (revised 2011) *Separate Financial Statements*. The revised standard includes the requirements for separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.
- IAS 28 (revised 2011) *Investments in Associates and Joint Ventures*. The revised standard includes requirements for both joint operations and associates to be accounted by using equity method of accounting after IFRS 11 was issued.
- Amendment to IAS 32 *Financial instruments: Presentation*. The amendment clarifies the conditions for net presentation of financial assets and liabilities and introduces some additional application guidance.
- Amendment to IAS 36 *Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets*. The overall effect of the amendments is to clarify the disclosure requirements on those cash generating units which have been subject to impairment.
- Amendments to IAS 39 *Financial Instruments: Recognition and Measurement: Novation of Derivatives and Continuation of Hedge Accounting*. The amendments allow the continuation of hedge accounting under IAS 39 when a derivative is novated to a clearing counterparty and certain conditions are met.
- Amendment to IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*. The amendment provides additional transition relief by limiting the requirement to provide adjusted comparative information to only the preceding comparative period.
- Amendment to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 27 *Separate Financial Statements*. The amendment provides 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 or IAS 39.

Application of new and revised IFRSs in issue but not yet effective

IASB has published the following new or revised standards and interpretations which the Group has not yet adopted. The Group will adopt each standard and interpretation as from the effective date, or if the effective date is other than the first day of the reporting period, from the beginning of the next reporting period after the effective date. The effects of these new and amended standards are under investigation, unless otherwise stated below.

- IFRS 9 *Financial Instruments* (effective for reporting periods beginning on or after January 1, 2018). IFRS 9 is a several phase project which aims to replace IAS 39 with a new standard. According to the finalised classification and measurement part of IFRS 9, financial assets are classified and measured based on entity's business model and the contractual cash flow characteristics of the financial asset. Classification and measurement of financial liabilities is mainly based on the current IAS 39 principles. The new impairment model reflects an expected credit loss model, as opposed to incurred credit losses model under IAS 39. The finalised general hedge accounting model of IFRS 9 allows reporters to reflect risk management activities in the financial statements more closely as it provides more opportunities to apply hedge accounting. The standard has not yet been endorsed by the EU.
- IFRS 15 *Revenue from Contracts with Customers* (effective for reporting periods beginning on or after January 1, 2017). IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Its core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations. The standard has not yet been endorsed by the EU. The Group does not expect to have any significant changes from adoption of this new standard.
- Amendment to IFRS 11 *Joint Arrangements* (effective for reporting periods beginning on or after January 1, 2016). The amendments to IFRS 11 provide guidance on how to account for the acquisition of an interest in a joint operation in which the activities constitute a business as defined in IFRS 3 *Business Combinations*. The amendment has not yet been endorsed by the EU.



- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Tangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation* (effective for reporting periods beginning on or after January 1, 2016). The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. The amendments have not yet been endorsed by the EU.
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture: Bearer Plants* (effective for reporting periods beginning on or after January 1, 2016). The amendments define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The amendments have not yet been endorsed by the EU.
- Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions* (effective for reporting periods beginning on or after 1 July 2014). The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties that are linked to services to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. Retrospective application is required.
- *Annual Improvements to IFRSs 2010–2012 and 2011–2013* (both effective for reporting periods beginning on or after 1 July 2014) and *Annual Improvements to IFRSs 2012–2014* (effective for reporting periods beginning on or after 1 January 2016). In the annual improvement process the non-urgent but necessary amendments to IFRS are collected and issued annually. The nature of the improvements depends on the standards, but they do not have material impact on the consolidated financial statements. *Annual Improvements to IFRSs 2012–2014* have not yet been endorsed by the EU.
- IFRIC 21 *Levies* (effective for reporting periods beginning on or after January 1, 2014). The interpretation provides guidance on when to recognise a liability for a levy imposed by a government. The interpretation has been endorsed by the EU on 14 June 2014.

2. Segment information

Uponor's segment structure is based on business and geographical segments in accordance with the organisational structure. The reporting segments are Building Solutions – Europe, Buildings Solutions – North America and Uponor Infra, which, since 1 July 2013, also includes the acquired infrastructure businesses of KWH Pipe Ltd. The business risks and profitability factors differ from each other with respect to the market and business environments, product offering, services and customers. The Group's management, control and reporting structures are organised by business segment. The reported segments are specified as operating segments, which have not been combined.

Building Solutions – Europe is in charge of the European markets and sales to such non-European countries in which Uponor does not have its own operations. Buildings Solutions – North America is responsible for business operations in the USA and Canada. Buildings Solutions in Uponor mainly refers to indoor climate and plumbing solutions for residential and non-residential buildings. A major part of the Building Solutions customers are heating, ventilation and air conditioning (HVAC) professionals, such as installers and building companies.

Uponor Infra is market leader in municipal infrastructure pipe systems in Northern Europe and it has also business in Central Europe, North America and Thailand. Its products and services, such as sewer and storm water systems and waste water treatment systems and project services are sold to municipalities, utilities and pipeline construction and renovation customers.

The 'Others' segment includes Group functions and non-operative companies.

Financial target setting and monitoring mainly focus on figures for segment sales, operating profit, operative costs and net working capital. Group resources are managed, for instance, by allocating investments to attractive businesses and balancing human resources and competencies to match the requirements of business processes.

Segment reporting is based on the Group accounting principles. All transactions between segments are market-based and internal sales and margins are eliminated from consolidated figures.

The segment revenue equals to the net sales and the segment result equals to the operating profit presented in the condensed consolidated income statement. The income statement consists of continuing operations by segment, while balance sheet items match the Group structure on the closing dates. Continuing operations do not include the infrastructure business in Ireland, which was sold in June 2008.

Segment assets include items directly attributable to a segment and items which can be allocated on a reasonable basis. These are mainly non-interest bearing items such as intangible assets, property, plant and equipment, inventories, accruals, accounts receivables and other receivables.



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2014 M€	Building Solutions – Europe	Building Solutions – North America	Uponor Infra	Others	Eliminations	Uponor Group
Net sales, external	477.7	200.8	345.4	-	-	1,023.9
Net sales, internal	1.4	-	5.9	-	-7.3	-
Net sales, total	479.1	200.8	351.3	-	-7.3	1,023.9
Operating result	35.0	31.5	-0.5	-2.6	0.0	63.4
Operating result, %	7.3	15.7	-0.1			6.2
Finance income						8.8
Finance expenses						16.2
Share of result in associated companies						0.3
Income taxes						20.0
Result from discontinued operations						-0.3
Profit for the period						36.0
Assets	338.8	161.2	242.3	190.5	-251.0	681.8
Liabilities						
Total liabilities for reportable segments	227.4	85.7	105.7	240.3	-275.1	384.0
Unallocated amounts						297.8
Total liabilities						681.8
Investments	13.6	11.4	10.3	0.4	-	35.7
Depreciation and impairment	10.4	8.0	13.1	4.5	0.5	36.5
Personnel, average	2,052	537	1,481	57	-	4,127

2013 M€	Building Solutions – Europe	Building Solutions – North America	Uponor Infra	Others	Eliminations	Uponor Group
Net sales, external	478.9	171.5	255.6	-	-	906.0
Net sales, internal	0.6	0.0	5.8	-	-6.4	-
Net sales, total	479.5	171.5	261.4	-	-6.4	906.0
Operating result	32.7	24.7	-2.3	-3.4	-1.5	50.2
Operating result, %	6.8	14.4	-0.9			5.5
Finance income						6.1
Finance expenses						13.2
Share of result in associated companies						0.1
Income taxes						16.1
Result from discontinued operations						-0.3
Profit for the period						26.8
Assets	340.8	131.9	259.5	260.2	-331.4	661.0
Liabilities						
Total liabilities for reportable segments	238.8	69.2	117.8	302.2	-354.6	373.4
Unallocated amounts						287.6
Total liabilities						661.0
Investments	8.0	15.7	9.4	0.8	-	33.9
Depreciation and impairment	11.3	6.8	9.9	4.5	0.5	33.0
Personnel, average	2,084	504	1,002	59	-	3,649



Entity-wide information

Information about product and services

M€	2014	2013
External net sales, continuing operations		
Building Solutions	678.3	649.4
Infrastructure Solutions	345.6	256.6
Uponor Group	1,023.9	906.0

Information about geographical areas

M€	2014	2013
External net sales, continuing operations		
Finland	135.1	124.9
United States	179.9	143.1
Germany	141.8	144.5
Sweden	94.1	86.3
Canada	83.5	55.1
Denmark	48.6	44.0
Norway	36.6	35.7
United Kingdom	35.9	30.0
Netherlands	31.5	29.1
Russia	30.7	28.1
Others	206.2	185.2
Uponor Group	1,023.9	906.0

M€	2014	2013
Non-current assets		
Finland	61.9	70.2
United States	57.5	47.4
Germany	34.5	32.4
Sweden	32.0	31.1
Canada	12.1	12.4
Others	36.3	39.6
Uponor Group	234.3	233.1

External net sales are presented in accordance with the geographical location of the customers. Non-current assets are presented in accordance with the geographical location of the assets. Non-current assets do not include goodwill and deferred tax asset.

3. Discontinued operations

In 2014 and 2013, the discontinued operations include €0.3 (0.3) million in costs related to the Irish infrastructure business sold in 2008. These costs mainly incurred from administrative and operative costs.

M€	2014	2013
Expenses	0.3	0.3
Result before taxes	-0.3	-0.3
Income taxes	-	-
Result after taxes	-0.3	-0.3
Result for the period from discontinued operations	-0.3	-0.3
Cash flow from discontinued operations		
Cash flow from operations	-0.5	-0.4

4. Business combinations

The Group did not have any significant acquisitions in 2014.

In 2013, Uponor Corporation and the KWH Group Ltd combined their infrastructure businesses into a jointly owned company. The new company, Uponor Infra Oy, started operations on 1 July 2013. Its ownership is divided by: Uponor 55.3 per cent and KWH Group 44.7 per cent. Uponor Infra Oy focuses on providing infrastructure pipe systems in northern Europe and elsewhere. With the merger, Uponor and the KWH Group aim to create efficiencies and strengthen the profitability. Uponor Infra Oy is consolidated in Uponor Corporation as the segment Uponor Infra from 1 July.

In terms of IFRS 3 Business Combinations, Uponor Corporation acquired a 55.3 per cent majority stake in KWH Pipe Ltd and as consideration transferred a 44.7 per cent non-controlling interest in Uponor's infrastructure business to KWH Group. Uponor has a control in the jointly owned company through the 55.3 per cent direct ownership and the voting ownership by holding the Chair position in the board of directors of Uponor Infra Oy.



Notes to the consolidated financial statements

M€	2014	2013
Recognised amounts of identifiable net assets acquired and liabilities assumed		
Property, plant and equipment	-	50.7
Intangible assets	-	4.8
Securities and non-current receivables	-	0.6
Deferred tax asset	-	3.2
Inventories	-	49.9
Accounts receivable and other receivables	-	44.0
Cash and cash equivalents	-	12.0
Total assets	-	165.2
Liabilities		
Non-current interest-bearing liabilities	-	33.9
Deferred tax liability	-	2.9
Employee benefits and other liabilities	-	4.9
Provisions	-	0.6
Current interest-bearing liabilities	-	9.2
Accounts payable and other current liabilities	-	38.1
Total liabilities	-	89.6
Net assets	-	75.6
Consideration and non-controlling interest		
Consideration	-	44.5
Non-controlling interest	-	38.5
Acquired net assets	-	-75.6
Goodwill	-	7.4

Consideration of €44.5 million represents 55.3 per cent of the determined fair value of KWH Pipe Ltd. This was estimated by applying an income approach and a market approach. The fair value measurement is based on significant inputs that are not observable in the market, which IFRS 13 Fair Value Measurement refers to as Level 3 inputs. Consideration also represents the fair value of transferred net assets of the Uponor infrastructure business, thus the transferred net assets remain in their carrying amounts leading to a gain recognised directly in equity. Further details are presented in the part changes in non-controlling interest. The non-controlling interest (44.7 per cent ownership interest in KWH Pipe Ltd) recognised at the acquisition date was measured by reference to the fair value of non-controlling interest.

The goodwill of €7.4 million arising from the acquisition consists largely of the cost synergies and better capacity utilisation obtained through the combined infrastructure business of KWH Pipe and Uponor. None of the goodwill recognised is deductible for income tax purposes.

Acquisition related costs amounted to €3.5 million. They were included in administration expenses in the consolidated statement of comprehensive income as follows: €1.8 million for the year ended 31 December 2012 and €1.7 million for the reporting period ended 31 December 2013.

KWH Pipe Ltd's infrastructure business included in the consolidated statement of comprehensive income since 1 July 2013 contributed net sales

of €114.6 million and profit for the period of €-1.5 million in 2013. Had the KWH Pipe Ltd been consolidated from 1 January 2013, the impact on the 2013 consolidated statement of comprehensive income would have been €212.4 million in net sales and €-2.1 million in profit. The profit for the period impact is an estimate based on the available information and assumptions.

Prior to the acquisition of KWH Pipe Ltd, Uponor acquired KWH Pipe Ltd's domestic PEX pipe business in late June 2013 for an acquisition price of €3.8 million. Acquired identifiable net assets were €3.8 million, and this corresponds to the sales price. In the consolidated statement of comprehensive income, the impact on net sales and profit was minor. The acquired PEX pipe business is included in the Building Solutions - Europe segment.

M€	2014	2013
Cash flow effect		
Acquisition of the PEX pipe business	-	-3.8
Received in cash and cash equivalents from the acquisition of KWH Pipe Ltd	-	12.0
Cash flow effect	-	8.2

5. Changes in non-controlling interest

In 2014, there were no changes in the non-controlling interest.

In connection with the acquisition of a 55.3 per cent share in KWH Pipe Ltd in 2013, Uponor Corporation transferred 44.7 per cent of its infrastructure business to KWH Group Ltd. The fair value of consideration transferred was €44.5 million, as described in the note 4 Business combinations. The book value of transferred net assets was €30.8 million and costs related to the transfer of non-controlling interest were €0.3 million. The transfer of non-controlling interest has been recorded directly in the equity according to IFRS. Its effect in retained earnings was a net gain of €13.4 million.

6. Other operating income and expenses

M€	2014	2013
Other operating income		
Gains from sales of fixed assets	2.1	0.3
Other items	0.3	0.5
Total	2.4	0.8
Other operating expenses		
Research and development expenses	16.3	17.7
Losses from sales of fixed assets	0.8	0.9
Impairments	0.5	0.0
Other items	0.2	0.2
Total	17.8	18.8



7. Employee benefits

M€	2014	2013
Short-term employee benefits:		
- Salaries and incentives	182.2	172.2
- Other social costs	28.5	29.7
Post-employment benefits:		
- Pension expenses - defined contribution plans	11.1	7.8
- Pension expenses - defined benefit plans	1.4	1.1
Termination benefit expenses	4.2	0.8
Share based payments		
- Equity settled share-based payment transactions	-0.3	0.3
Total	227.1	211.9
Personnel at 31 December	3,982	4,141
Personnel, average	4,127	3,649

Information on the management's employee benefits is presented in the note 34 Related party transactions.

8. Depreciation and impairment

M€	2014	2013
Depreciation and impairment by asset category		
Intangible rights	5.0	5.2
Other intangible assets	0.8	0.3
Land and water areas	0.1	0.1
Buildings and structures	4.3	4.2
Machinery and equipment	20.6	19.2
Other tangible assets	5.7	4.0
Total	36.5	33.0
Depreciation and impairment by function		
Cost of goods sold	24.3	21.8
Dispatching and warehousing	1.4	1.4
Sales and marketing	2.0	1.9
Administration	7.3	6.9
Other	1.5	1.0
Total	36.5	33.0

An impairment of €0.5 million was made relating to other tangible assets in the reporting period. By function this is included in the line other. No material impairments were made in the comparison period.

9. Financial income and expenses and currency exchange differences

M€	2014	2013
Financial income		
Dividend income on available-for-sale financial assets	0.6	0.0
Interest income from loans and other receivables	0.4	0.4
Interest income from interest rate swaps	0.2	0.9
Profit from financial assets and liabilities designated at fair value through profit and loss		
- net foreign currency derivatives, not under hedge accounting	1.4	1.3
Exchange differences	6.2	3.5
Total	8.8	6.1
Financial expenses		
Interest expense for financial liabilities measured at amortised cost	4.7	4.6
Interest expense from interest rate swaps	1.4	1.8
Exchange differences	8.8	5.4
Other financial costs	1.3	1.4
Total	16.2	13.2

In 2014, exchange rate gains and losses included in operating income and expenses total an €0.3 million loss (€2.5 million gain). Interest expenses include the interest part of finance lease payments of €0.6 (€0.9) million.

10. Income taxes

M€	2014	2013
Current year and previous years taxes		
For the financial period	20.0	17.0
For previous financial periods	-0.2	0.0
Change in deferred taxes	0.2	-0.9
Total	20.0	16.1
Tax reconciliation		
Profit before taxes	56.3	43.2



Notes to the consolidated financial statements

M€	2014	2013
Computed tax at Finnish statutory rate	11.3	10.6
Difference between Finnish and foreign rates	6.8	2.6
Non-deductible expenses	1.6	1.4
Tax exempt income	-0.8	-0.4
Utilisation of previously unrecognised tax losses	-0.3	-0.1
Unrecognised deferred tax assets on losses	2.0	2.2
Change in tax legislation	-0.1	-0.1
Taxes from previous years	-0.2	0.0
Other items	-0.3	-0.1
Total	20.0	16.1
Effective tax rate, %	35.5	37.3

During the year 2014, there were no significant changes in the national tax legislation influencing on Group companies. The effective tax rate in 2014 decreased to 35.5 per cent from the previous year's 37.3 per cent.

During the year 2013, the most significant change in the national tax legislation with an influence on Group companies was the decrease in the Finnish tax rate from 24.5 per cent to 20 percent as of 1 January 2014. The valuation of deferred tax on 31 December 2013 in accordance with the new tax rate reduced the Group's taxes by €0.1 million.

In the beginning of 2012, 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 by the Finnish tax authority for the years 2005–2009. Uponor has appealed against the decisions and has placed the issue before the administrative court. The additional taxation and taxation adjustments are based on a tax audit for the years 2004–2007, performed in 2008. The dispute mainly pertains to market-based transfer pricing of the company's internal service charges. Further details are presented in the note 27 Commitments, contingent assets and contingent liabilities.

Taxes relating to other comprehensive income

2014	Before taxes	Tax effect	Net of taxes
M€			
Cash flow hedges	-0.9	0.0	-0.9
Net investment hedging	0.6	-	0.6
Re-measurements on defined benefit pensions	-5.1	0.1	-5.0
Translation differences	7.3	-	7.3
Total	1.9	0.1	2.0

2013	Before taxes	Tax effect	Net of taxes
M€			
Cash flow hedges	0.6	-0.2	0.5
Net investment hedging	2.4	-	2.4
Re-measurements on defined benefit pensions	0.5	-0.1	0.4
Translation differences	-5.1	-	-5.1
Total	-1.6	-0.3	-1.8



11. Earnings per share

M€	2014	2013
Result from continuing operations	36.3	27.1
Result from discontinued operations	-0.3	-0.3
Profit for the period	36.0	26.8
Profit for the period attributable to equity holders of parent company	36.5	27.8
Shares, in thousands		
Weighted average number of shares ^{*)}	73,067	73,067
Diluted weighted average number of shares	73,133	73,118
Basic earnings per share, €	0.50	0.38
- Continuing operations	0.50	0.38
- Discontinued operations	0.00	0.00
Diluted earnings per share, €	0.50	0.38
- Continuing operations	0.50	0.38
- Discontinued operations	0.00	0.00

^{*)} Weighted average number of shares does not include treasury shares.

12. Intangible assets

2014 M€	Intangible rights	Customer relationship value	Technology	Goodwill	Other intangible assets	Investment in progress	Intangible assets
Acquisition costs 1 Jan	63.0	2.4	-	83.0	1.4	0.6	150.4
Translation difference	-0.5	-	-	0.2	0.0	-	-0.3
Increases	0.5	-	-	0.6	0.1	0.1	1.3
Decreases	-0.3	-	-	-	-0.6	-	-0.9
Transfers between items	-0.8	-	1.5	-	0.0	-0.6	0.1
Acquisition costs 31 Dec	61.9	2.4	1.5	83.8	0.9	0.1	150.6
Accumulated depreciations and impairments 1 Jan	45.5	0.2	-	0.7	1.2	-	47.6
Translation difference	-0.5	-	-	-	0.0	-	-0.5
Acc. depreciation on disposals and transfers	-0.2	-	-	-	-0.6	-	-0.8
Depreciation for the financial period	5.0	0.5	0.2	-	0.1	-	5.8
Transfers between items	0.0	0.0	0.1	0.0	0.0	-	0.1
Accumulated depreciations and impairments 31 Dec	49.8	0.7	0.3	0.7	0.7	-	52.2
Book value 31 December	12.1	1.7	1.2	83.1	0.2	0.1	98.4



Notes to the consolidated financial statements

2013 M€	Intangible rights	Customer relationship value	Technology	Goodwill	Other intangible assets	Investment in progress	Intangible assets
Acquisition costs 1 Jan	57.2	-	-	75.6	0.5	-	133.3
Structural changes	5.5	2.4	-	7.4	0.6	-	15.9
Translation difference	-0.4	-	-	0.0	0.0	-	-0.4
Increases	0.8	-	-	-	0.1	0.1	1.0
Decreases	-0.1	-	-	0.0	-	-	-0.1
Transfers between items	0.0	-	-	-	0.2	0.5	0.7
Acquisition costs 31 Dec	63.0	2.4	-	83.0	1.4	0.6	150.4
Accumulated depreciations and impairments 1 Jan	38.6	-	-	0.7	0.3	-	39.6
Structural changes	2.2	-	-	-	0.6	-	2.8
Translation difference	-0.3	-	-	-	0.0	-	-0.3
Acc. depreciation on disposals and transfers	0.0	-	-	-	-	-	0.0
Depreciation for the financial period	5.2	0.2	-	-	0.1	-	5.5
Transfers between items	-0.2	-	-	-	0.2	-	0.0
Accumulated depreciations and impairments 31 Dec	45.5	0.2	-	0.7	1.2	-	47.6
Book value 31 December	17.5	2.2	-	82.3	0.2	0.6	102.8

In 2014, increases in intangible rights include investments to ERP system and software, as in 2013.

In 2013, customer relations value was identified in connection with the acquisitions of KWH Pipe Ltd's PEX pipe business and of KWH Pipe Ltd. Goodwill increased as a result of the acquisition of KWH Pipe Ltd, and it is allocated in the Uponor Infra segment.

Structural changes are used for acquisitions and/or divestments. In 2013, the acquisition of KWH Pipe Ltd. is presented as structural changes.

According to the IFRS 3 standard, goodwill is not depreciated, but it is tested at least annually for any impairment. If a unit's carrying value does not exceed goodwill amount, impairment is booked.

Goodwill has been allocated between the segments as follows: Building Solutions – Europe €66.2 (65.4) million and Uponor Infra €17.1 (16.9) million.

Impairment tests are carried out for each separate cash-generating unit. Cash flow forecasts related to goodwill cover a period of 5 years. Terminal value is calculated from the fifth year's cash flow. Cash flow forecasts are based on the strategic plans approved by the management. Key assumptions of the plans relate to growth and profitability development of the markets and the product and service offerings.

A cash-generating unit's useful life has been assumed to be indefinite, since these units have been estimated to impact on the accrual of cash flows for an undetermined period. The discount rate used is based on the interest rate level reflecting the average yield requirement for the cash generating unit in question. The discount rate used was 8.2 (10.4) per cent for Building Solutions – Europe and 8.4 (10.5) per cent for Uponor Infra. The decrease in the discount rate impacted by the decrease in risk free interest rate and the decrease in the industry specific market risk. The 2014 goodwill impairment tests indicated that there was no need to make impairments.

A sensitivity analysis is performed for the following variables: sales, gross profit margin and discount rate. A 4 per cent sales reduction compared to the forecasted long-term levels would not expose the Group to any material impairment risk. A decrease of 1.5 percent in gross profit margin would not cause any impairment, provided that other business factors remained unchanged. A discount rate increase of 2.5 per cent would not lead to any impairment, either. Presented sensitivities relate to the segment Uponor Infra, as its goodwill is more sensitive to the risk of impairment.

The Group does not have any capitalised development costs.



13. Property, plant and equipment

2014 M€	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction work in progress	Tangible assets
Acquisition costs 1 Jan	19.0	146.5	380.6	53.0	15.5	614.6
Translation difference	0.8	2.4	6.2	1.5	0.2	11.1
Increases	-	4.8	15.4	4.9	10.4	35.5
Decreases	-0.7	-5.4	-16.9	-14.7	-0.4	-38.1
Transfers between items	-0.1	-2.3	-10.0	14.6	-4.7	-2.5
Acquisition costs 31 Dec	19.0	146.0	375.3	59.3	21.0	620.6
Accumulated depreciations and impairments 1 Jan	2.1	90.2	282.1	38.4	-	412.8
Translation difference	0.0	0.4	4.5	1.5	-	6.4
Acc. depreciation on disposals and transfers	-0.2	-5.9	-22.3	-6.2	-	-34.6
Depreciation for the financial period	0.0	4.3	20.7	5.2	-	30.2
Transfers between items	-0.1	-0.5	-5.8	3.9	-	-2.5
Impairments	-	0.0	-	0.5	-	0.5
Accumulated depreciations and impairments 31 Dec	1.8	88.5	279.2	43.3	-	412.8
Book value 31 December	17.2	57.5	96.1	16.0	21.0	207.8
Book value for production plant, machinery and equipment			86.5			

2013 M€	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction work in progress	Tangible assets
Acquisition costs 1 Jan	12.8	107.0	289.2	43.0	8.7	460.7
Structural changes	7.2	41.6	102.2	7.1	4.3	162.4
Translation difference	-0.7	-3.0	-10.0	-1.3	-0.4	-15.4
Increases	-	3.4	20.4	4.2	6.1	34.1
Decreases	-0.2	-2.3	-18.3	-0.6	-0.2	-21.6
Transfers between items	-0.1	-0.2	-2.9	0.6	-3.0	-5.6
Acquisition costs 31 Dec	19.0	146.5	380.6	53.0	15.5	614.6
Accumulated depreciations and impairments 1 Jan	2.0	64.4	211.2	30.7	-	308.3
Structural changes	-	23.4	81.5	5.2	-	110.1
Translation difference	0.1	-1.4	-7.8	-1.0	-	-10.1
Acc. depreciation on disposals and transfers	-	-0.4	-17.2	-0.6	-	-18.2
Depreciation for the financial period	0.0	4.2	19.2	4.0	-	27.4
Transfers between items	-	-	-4.9	0.1	-	-4.8
Impairments	0.0	0.0	0.1	0.0	-	0.1
Accumulated depreciations and impairments 31 Dec	2.1	90.2	282.1	38.4	-	412.8
Book value 31 December	16.9	56.3	98.5	14.6	15.5	201.8
Book value for production plant, machinery and equipment			88.6			



Notes to the consolidated financial statements

The 2014 increases include investments in new pipe technologies, such as the new seamless aluminium composite pipe, PEX pipe extrusion and capacity investments in Apple Valley, Minnesota in North America, where the fifth expansion of the manufacturing facility was completed by the end of the year.

In 2013, increases in tangible assets include an expansion to the manufacturing facility in Apple Valley, Minnesota in North America, completed towards the end of the year, and new technology investments in Building Solutions – Europe.

Construction work in progress increased during 2014 by €5.5 million to €21.0 million at closing date due to the investments launched in both North America and Europe.

Structural changes are used for acquisitions and/or divestments. In 2013, the presented acquisitions are the PEX pipe business of KWH Pipe Ltd and the company KWH Pipe Ltd.

Tangible assets include property acquired under finance lease arrangements, as follows:

2014 M€	Land and water areas	Buildings and structures	Others	Finance lease arrangements total
Acquisition costs 1 Jan	0.9	12.1	0.6	13.6
Translation difference	-	0.1	0.0	0.1
Decreases	-0.2	-0.9	-	-1.1
Acquisition costs 31 Dec	0.7	11.3	0.6	12.6
Accumulated depreciations and impairments 1 Jan	-	8.4	0.1	8.5
Translation difference	-	0.0	0.0	0.0
Acc. depreciation on disposals and transfers	-	-0.8	-	-0.8
Depreciation for the financial period	-	0.3	0.1	0.4
Accumulated depreciations and impairments 31 Dec	-	7.9	0.2	8.1
Book value 31 December	0.7	3.4	0.4	4.5

2013 M€	Land and water areas	Buildings and structures	Others	Finance lease arrangements total
Acquisition costs 1 Jan	1.1	14.0	0.2	15.3
Structural changes	-	0.8	-	0.8
Increases	-	0.0	0.0	0.0
Decreases	-0.2	-2.2	-0.1	-2.5
Transfers between items	-	-0.5	0.5	0.0
Acquisition costs 31 Dec	0.9	12.1	0.6	13.6
Accumulated depreciations and impairments 1 Jan	-	7.9	0.2	8.1
Structural changes	-	0.3	-	0.3
Translation difference	-	0.0	-0.1	-0.1
Acc. depreciation on disposals and transfers	-	-0.3	-0.1	-0.4
Depreciation for the financial period	-	0.5	0.1	0.6
Accumulated depreciations and impairments 31 Dec	-	8.4	0.1	8.5
Book value 31 December	0.9	3.7	0.5	5.1



14. Financial assets and liabilities by measurement category

2014 M€	Derivative contracts, under hedge accounting	Financial assets/ liabilities at fair value through profit or loss	Loans and receivables	Available- for-sale financial assets	Financial liabilities measured at amortised cost	Carrying amounts by balance sheet item	IFRS 7 Fair value hierarchy level	Note
Non-current financial assets								
Other shares and holdings				0.8		0.8		16
Non-current receivables			10.3			10.3		17
Current financial assets								
Accounts receivable and other receivables			152.4			152.4		19
Other derivative contracts	0.4	2.5				2.9	1, 2, 3	30
Cash and cash equivalent			60.2			60.2		20
Carrying amount by category	0.4	2.5	222.9	0.8		226.6		
Non-current financial liabilities								
Interest-bearing liabilities					126.3	126.3		25
Electricity derivatives	0.6					0.6	1	30
Current financial liabilities								
Interest-bearing liabilities					15.9	15.9		25
Electricity derivatives	0.4					0.4	1	30
Other derivative contracts	3.5	2.3				5.8	1, 2, 3	30
Accounts payable and other liabilities					90.1	90.1		26
Carrying amount by category	4.5	2.3			232.3	239.1		

2013 M€	Derivative contracts, under hedge accounting	Financial assets/ liabilities at fair value through profit or loss	Loans and receivables	Available- for-sale financial assets	Financial liabilities measured at amortised cost	Carrying amounts by balance sheet item	IFRS 7 Fair value hierarchy level	Note
Non-current financial assets								
Other shares and holdings				0.7		0.7		16
Non-current receivables			10.1			10.1		17
Current financial assets								
Accounts receivable and other receivables			143.9			143.9		19
Other derivative contracts	2.6	3.1				5.7	1, 2, 3	30
Cash and cash equivalent			53.7			53.7		20
Carrying amount by category	2.6	3.1	207.7	0.7		214.1		
Non-current financial liabilities								
Interest-bearing liabilities					136.4	136.4		25
Electricity derivatives	0.7					0.7	1	30
Current financial liabilities								
Interest-bearing liabilities					14.2	14.2		25
Electricity derivatives	0.7					0.7	1	30
Other derivative contracts	3.2	1.3				4.5	1, 2, 3	30
Accounts payable and other liabilities					79.2	79.2		26
Carrying amount by category	4.6	1.3			229.8	235.7		



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The carrying value of financial assets and liabilities is considered to correspond to their fair value. Group's financial instruments are classified according to IFRS 7 fair value hierarchies.

Uponor applies hierarchy as follows:

- The fair value of electricity derivatives are measured based on stock exchange prices. (Hierarchy 1)
- The fair value of currency forward agreements are measured based on price information from common markets and commonly used valuation methods. (Hierarchy 2)
- The fair value of currency options are measured according to fair value calculations made by financial institutions (Hierarchy 3).
The fair value of currency options at the valuation day is immaterial.

15. Investment in associated companies

M€	2014	2013
Acquisition costs 1 Jan	0.0	0.1
Share of result in associated companies	0.3	0.1
Decreases	-0.2	-0.2
Translation difference	0.0	0.0
Book value 31 Dec	0.1	0.0

The Group has two German associated companies: Punitec GmbH and Punitec Verwaltungs GmbH, whose book value is insignificant. From its 2014 result, Punitec GmbH paid a dividend of €0.2 (0.2) million to Uponor. The Group has also a joint venture company, Uponor Middle East S.A.L. Its book value is €0.0 (0.0) million.

16. Other shares and holdings

M€	2014	2013
Other non-current investments	0.8	0.7
Total	0.8	0.7

Other non-current investments include other unlisted shares accounted for at cost, since it was not possible to determine their fair value reliably.

17. Non-current receivables

M€	2014	2013
Other loan receivables	0.2	0.2
Other receivables	10.1	9.9
Total	10.3	10.1

Other non-current receivable includes the tax receivable of €9.6 million related to the unresolved Finnish tax dispute. Further information is disclosed in the note 27 Commitments, contingent assets and contingent liabilities.

18. Inventories

M€	2014	2013
Raw materials and consumables	16.3	21.3
Semifinished products	15.4	12.6
Finished products / goods	85.7	81.5
Total	117.4	115.4

Based on the FIFO principle, inventories are valued at the lower of cost or net realisable value. During the year, inventories were scrapped or written down by €3.4 (1.0) million.

19. Accounts receivable and other receivables

M€	2014	2013
Accounts receivable	137.3	126.7
Current income tax receivables	3.0	4.5
Prepayments and accrued income	8.8	6.8
Derivative contracts	2.9	5.4
Interest-bearing current assets	0.3	-
Other receivable	15.1	17.2
Total	167.4	160.6

According to the Group's assessment, the carrying value of non-interest-bearing current receivables, except for commodity contracts receivable, is considered to correspond with their fair value.

The Group booked an €0.7 (1.3) million impairment in accounts receivable as expenses during the financial period. The decrease relates to an impairment in trade receivable from the mining company Talvivaara Sotkamo Oy in 2013. The Group is unaware of any factors which would cause possible additional impairments.

Aging of accounts receivable is as presented in note 29 Financial risk management.

M€	2014	2013
Accrued income		
Taxes	2.7	1.6
Other	6.1	5.1
Total	8.8	6.8

20. Cash and cash equivalents

M€	2014	2013
Cash and bank deposits	28.8	31.9
Other short-term investments (1-3 months)	31.4	21.8
Total	60.2	53.7



21. Shareholders' equity

During 2014, Uponor Corporation's share capital remained unchanged at 146,446,888 euros and the number of shares totalled 73,206,944. Each share entitles its holder to one vote at the shareholders' meeting. The share does not have any nominal value. Additionally, it does not have any minimum or maximum share capital. All shares issued have been paid in full.

At the beginning of 2014 the company held 140,378 treasury shares with a value of €1.0 million, there were no changes in the treasury shares amount during the year. The treasury shares were reacquired during the period 17 November–5 December 2008. The justification for the buy-back was the use of shares as consideration in connection with the company's share-based incentive schemes. Treasury shares are presented as a reduction in retained earnings and do not have any asset value in the financial statements.

Reserve for invested unrestricted equity includes investments complying with the Limited Liability Companies Act. Hedge reserve is used for recording the changes in fair value of derivative contracts under hedge accounting.

At present, other reserves include statutory legal reserves.

22. Deferred taxes

M€	2014	2013
Deferred tax assets		
Internal profit in inventory	0.6	0.6
Provisions	6.1	4.8
Unused tax losses	3.4	1.2
Tangible assets	0.8	1.1
Employee benefits	2.9	2.4
Fair valuation of available-for-sale investments and financial instruments	0.2	0.4
Other temporary differences	5.4	5.4
Total	19.4	15.9

M€	2014	2013
Deferred tax liabilities		
Accumulated depreciation difference and untaxed reserve	7.1	7.2
Tangible assets	0.1	0.2
Fair valuation of available-for-sale investments and financial instruments	0.6	0.2
Other temporary differences	11.5	8.1
Total	19.3	15.7

M€	2014	2013
Deferred tax assets		
1 Jan	15.9	14.6
Recognised on income statement	2.2	-1.8
Recognised in comprehensive income	0.3	-0.4
Recorded in equity	0.2	0.1
Translation difference	0.8	-0.5
Bought/sold business operations	-	3.9
31 Dec	19.4	15.9

M€	2014	2013
Deferred tax liabilities		
1 Jan	15.7	14.8
Recognised on income statement	2.3	-3.6
Recognised in comprehensive income	0.0	-0.1
Recorded in equity	0.3	0.1
Translation difference	1.0	-0.3
Bought/sold business operations	-	4.8
31 Dec	19.3	15.7

The Group has recognised a deferred tax asset for its net operating loss carry-forwards, which can probably be utilised against future profits in the relevant tax jurisdictions. On 31 December 2014, the Group carried forward losses of €15.4 (4.6) million, for which the Group has a recognised deferred tax asset. In 2014, there is a €32.8 (26.9) million of loss carry-forwards for which no deferred tax asset has been recognised due to the uncertainty of the utilisation of these loss carry-forwards. Losses of €1.9 million will expire in 2015.

The Group does not provide for deferred taxes on the undistributed earnings of non-Finnish subsidiaries, to the extent that such earnings are intended to be permanently reinvested in those operations and repatriation would cause tax expenses.

23. Employee benefit obligations

The Group has a number of pension plans covering its operations, complying with each country's local rules and regulations. Moreover, the Group applies defined contribution and defined benefit pension plans. Pensions are based on actuarial calculations or actual payments to insurance companies. Independent authorised actuaries have prepared the actuarial calculations. The discount rate for actuarial calculations is determined by the reference to market yields of high-quality corporate bonds or government bonds. Used discount rates are country specific. Before 2014 the discount rate used was the same inside currency areas. The change impacted only the euro area, in this case Germany, Finland and Italy. Pension benefits are normally based on the number of working years and salary. Most defined benefit plans are located in Germany, Sweden and Canada, constituting around 96 (96) % of the defined benefit pension liability in the



Notes to the consolidated financial statements

Group's balance sheet. Defined benefit plans in Germany and Sweden are unfunded and relate to pensions. These plans are closed for new entrants. Nowadays, pensions are accrued according to defined contribution plans. In Canada, defined benefit plans relate to pensions and post-employment medical and life insurance benefits. Defined benefit pension plan is funded. In Finland, pensions are handled in accordance with the TyEL system, a defined contribution pension plan.

M€	2014	2013
Post-employment benefit obligations:		
- Defined benefit plans	28.0	23.0
Other long-term employee benefit liability	1.9	2.1
Total	29.9	25.1

Defined benefit obligations

M€	2014	2013
Reconciliation of assets and liabilities recognised in the balance sheet		
Defined benefit obligation	37.6	31.5
Fair value of plan assets	-9.6	-8.5
Net liability in the balance sheet	28.0	23.0

Expenses recognised in the income statement

	2014	2013
Service costs	0.5	0.3
Net interest costs	0.9	0.8
Total	1.4	1.1

Expenses recognised in the income statement by function

	2014	2013
Cost of goods sold	0.3	0.2
Dispatching and warehousing	0.3	0.2
Sales and marketing	0.6	0.5
Administration	0.2	0.2
Other	0.0	0.0
Total	1.4	1.1

Movements in obligation

	2014	2013
Obligation at 1 Jan	31.5	20.0
Acquisition of businesses	-	11.9
Service cost	0.5	0.3
Interest expense	1.3	1.0
Remeasurements	5.5	0.7
Member contributions	0.1	0.0
Conversion difference	0.1	-1.0
Benefit payments	-1.4	-1.4
Obligation at 31 Dec	37.6	31.5

M€	2014	2013
Movements in fair value of plan assets		
Fair value of plan assets at 1 Jan	8.5	0.3
Acquisition of businesses	-	8.0
Interest income	0.5	0.2
Remeasurements	0.2	0.6
Contributions by employer	1.4	1.2
Member contributions	0.1	0.0
Conversion difference	0.3	-0.4
Benefit payments	-1.4	-1.4
Fair value of plan assets at 31 Dec	9.6	8.5

Major categories of plan assets, fair values and % of total plan assets

M€	2014		2013	
	Fair value	%	Fair value	%
Equity instruments	5.5	57.5	4.9	57.2
Debt instruments	3.7	38.3	3.2	38.1
Assets held by insurance company	0.4	4.2	0.4	4.6
Total	9.6	100.0	8.5	100.0

	Germany		Sweden		Canada		Other Countries	
	2014	2013	2014	2013	2014	2013	2014	2013
Defined benefit obligation	11.9	10.3	8.5	7.9	15.7	12.1	1.4	1.2
Fair value of plan assets	-	0.0	-	0.0	9.2	8.1	0.4	0.4
Net liability (asset)	11.9	10.3	8.5	7.9	6.6	4.0	1.0	0.8

Principal actuarial assumptions

	Germany		Sweden		Canada		Other Countries	
	2014	2013	2014	2013	2014	2013	2014	2013
Discount rate (%)	4.0	3.5	2.5	4.0	4.0	5.0	1.5-2.5	3.5-4.0
Expected rate of salary increase (%)	3.0	3.0	n/a	n/a	3.0	3.0	n/a-3.0	3.0-3.5
Expected rate of pension increase (%)	n/a	2.0	1.5	2.0	n/a	n/a	n/a-2.0	0.1-2.0

Sensitivity analysis of discount rate	Effect on amount of liability
Increase of 0.5%	Decrease of 7% on average
Decrease of 0.5%	Increase of 8% on average



The Group expects to contribute €1.7 (1.4) million to its defined benefit pension plans in 2015.

The following table shows maturity of expected benefit payments:

Maturity of benefit payments	2015	2016	2017	2018	2019	2020–
Expected benefit payments	1.3	0.7	0.7	0.8	0.9	5.3

24. Provisions

M€	Guarantee and warranty obligations	Environmental obligations	Restructuring	Other provisions	Total
Provisions at 1 Jan 2014	6.5	3.3	3.8	8.5	22.1
Conversion difference	0.3	-	0.0	0.8	1.1
Additional provisions	2.9	-	2.5	2.9	8.3
Utilised provisions	-3.1	-0.1	-4.2	-1.9	-9.3
Unused amounts reversed	-0.1	-	-0.1	-5.8	-6.0
Provisions at 31 Dec 2014	6.5	3.2	2.0	4.5	16.2
Current provisions	5.7	0.4	2.0	3.4	11.6
Non-current provisions	0.8	2.8	-	1.1	4.6
Total	6.5	3.2	2.0	4.5	16.2

Warranty provisions amounted to €6.5 (6.5) million at the end of the period. Warranty provisions are based on the previous years' experience of defective goods. The aim is to be prepared for future warranty expenses. Warranty periods vary from country to country, depending on local legislation and commercial practices. Other provisions include provision for certain claim issues which date back to and concern an already discontinued system brand. The increase in restructuring provisions relates to relocation of the distribution centre in Germany and streamlining of the Finnish operations in Uponor Infra. The used restructuring provisions relate mainly to the reorganisations of Uponor Infra in the Nordic countries.

At period end, the environmental provision relating mainly to the divested Finnish real estate business in 2004 was €3.2 (3.3) million. During 2015, a total of €0.4 million of these provisions is expected to be realised.

25. Interest-bearing liabilities

M€	2014	2013
Non-current interest bearing liabilities		
Bonds	99.9	99.9
Loans from financial institutions	19.9	28.9
Finance lease liabilities	6.5	7.6
Total	126.3	136.4

Current interest-bearing liabilities

Loans from financial institutions	15.3	13.5
Finance lease liabilities	0.6	0.7
Total	15.9	14.2

M€	2016	2017	2018	2019	2020–
Maturity of non-current interest bearing liabilities					
Bonds	19.9	0.0	80.0	-	-
Loans from financial institutions	6.0	6.0	7.9	-	-
Finance lease agreements	0.6	0.7	0.8	0.8	3.6
Total	26.5	6.7	88.7	0.8	3.6

	2014	2013
The interest rate ranges of interest-bearing liabilities, % pa		
Loans from financial institutions	1.579–5.300	1.974–7.00
Bonds ^{*)}	1.926–2.226	2.137–2.437

^{*)} The Group has entered into an interest rate swap to fix half of the bond interest until June 2018.

The Group raised a long term five-year bilateral loan of €35 million in 2013. The loan was related to the, Uponor Infra Oy, jointly owned together with KWH Group. Uponor has two bonds totalling €100 million, issued in 2011. The amount of the five-year floating-rate loan totals €20 million and the amount of the seven-year floating-rate loan €80 million. They have bullet repayment structure maturing in 2016 and 2018. €50 million of the bonds' nominal value is hedged with fixed rate interest rate swaps. The transaction costs of the bonds have been netted to the bond.

At the end of the year, the Group did not have any outstanding commercial papers.



Notes to the consolidated financial statements

M€	2014	2013
Finance lease liabilities		
Minimum lease payments		
In less than one year	1.0	1.3
1–5 years	4.1	5.0
Over 5 years	3.8	5.6
Total	8.9	11.9
Future finance charges	1.8	3.6
Finance lease liabilities - the present value of minimum lease payments	7.1	8.3
The present value of minimum lease payments		
In less than one year	0.6	0.7
1–5 years	2.9	2.8
Over 5 years	3.6	4.8
Total	7.1	8.3

The Group's finance lease agreements are mainly related to office, factory and warehouse premises. On 31 December 2014, the total amount of capitalised costs for finance lease agreements in the Group was €4.5 (5.1) million, which was included in the balance sheet under property, plant and equipment. The corresponding depreciation in 2014 was €0.4 (0.5) million. The total amount of finance lease payments in 2014 was €1.8 (1.6) million, which included €0.6 (0.9) million in interest expenses.

The most significant leasing liability is the finance lease agreement relating to office buildings and production facilities in Germany, signed in 1999. In 2014, the Group did not enter into any significant new finance lease agreements.

26. Accounts payable and other liabilities

M€	2014	2013
Accounts payable	67.6	61.1
Current income tax liability	5.0	2.5
Accrued liabilities	72.5	69.3
Advances received	1.5	2.8
Derivative contracts	6.2	5.3
Other current liabilities	22.5	18.1
Total	175.3	159.1
Accrued liabilities		
Personnel expenses	32.8	21.3
Bonuses	17.6	15.5
Taxes	1.0	1.2
Interest	0.3	0.7
Others	20.8	30.6
Total	72.5	69.3

27. Commitments and contingent assets and liabilities

M€	2014	2013
Commitments of purchase PPE (Property, plant, equipment)	1.9	3.3
Other commitments	1.1	1.5
- on own behalf		
Pledges at book value	0.5	0.4
Mortgages issued	14.3	9.4
Guarantees issued	5.1	6.1
- on behalf of a subsidiary		
Pledges at book value	0.0	0.0
Guarantees issued	18.8	19.4
Letter of Comfort commitments undertaken on behalf of subsidiaries are not included in the above figures.		
Pledges at book value	0.5	0.4
Mortgages issued	14.3	9.4
Guarantees issued	24.0	25.6
Total	38.8	35.4

Contingent liabilities are presented in accordance with the best estimate of the amount of liability.

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 in 2012. The bank guarantee given is included in Guarantees on behalf of a subsidiary given by parent company.

In the beginning of 2012, 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 by the Finnish tax authority for the years 2005–2009. The additional taxation and taxation adjustments are based on a tax audit for the years 2004–2007. The dispute mainly pertains to market-based transfer pricing of the company's internal service charges. Uponor appealed against the decisions and filed a request for rectification to the Board of Adjustment. The Board of Adjustment rejected Uponor Business Solutions Oy's appeal in April 2013 and, for the most part, also Uponor Corporation's appeal in June 2013. On July 2013, Uponor placed the issue before the administrative court and applied for rectification of the Board of Adjustment's ruling. Uponor has also started a process to avoid possible double taxation. The surtaxes (€1.9 million) and the inter-



est on delayed payments (€3.3 million) were recorded as expenses in 2011. The paid taxes (€9.8 million) relating to an increase in taxable income were booked as receivables from the tax authority in 2012. Tax authority returned €0.3 million to Uponor Corporation in June 2013; thus the tax receivable decreased to €9.6 million. The tax receivable is transferred to non-current receivables, as the process can last years. If Uponor, against expectations, should fail to get the appeal approved, the surtaxes and interests would remain as the company's loss. If the appeal would be approved, the surtaxes and interests would be returned to the company.

Uponor is involved several judicial proceedings, in various countries. The Group believes at the moment that the outcome of these disputes will not have a material effect on the Group's result or financial position.

28. Operating lease commitments

M€	2014	2013
Future minimum lease payments		
In less than one year	10.6	12.2
1–5 years	23.6	18.6
Over 5 years	10.4	4.5
Total	44.6	35.3

The Group has rented office and warehouse premises under various agreements. In addition, rental agreements, which do not constitute finance lease agreements, are classified as other rental agreements. The rents of operative leasing commitments are booked as expenses during the maturity period.

29. Financial risk management

Financial risk management aims to ensure Uponor Group's sufficient liquidity in a cost-efficient manner and to minimise any adverse effects on the Group's financial performance caused by uncertainties in the financial markets. The general operating principles of financial risk management are defined in the Group Treasury Finance Policy, approved by the Board.

At practical level Group's Treasury activities are governed by Treasury Committee. Treasury Committee is chaired by the Group's President and CEO, and its other members are the Group CFO, Vice President Treasury and Risk Management and Vice President, Group Controlling. The Treasury Committee is responsible for steering and supervising practical financial risk management. For the purposes of risk management, Uponor uses only such financial instruments whose market value and risk profile can be monitored reliably and continuously. Hedging transactions related to, for instance foreign currency, interest rate, liquidity and counterparty risks, are carried out in accordance with the Group Hedging Policy.

The management of financial risk is centralised into parent company and Group Treasury which also operates as the Group's internal bank. Group Treasury's financial risk management duties include identifying, assessing and covering the Group's financial risks. The Treasury is also responsible for external market transactions related to financial assets and

risk management. Providing Group companies with consultation and services within financing belongs to the scope of Group Treasury as well.

Currency risk

Due to its international operations, the Group is exposed to currency risks arising from, for instance, currency-denominated accounts receivable and payable, intra-Group transactions, currency-denominated financing, deposits and bank account balances. According to the Group hedging policy, subsidiaries hedge all relevant transaction risks with the Group Treasury, using internal forward transactions. Group Treasury is responsible for assessing net positions and hedging them in external currency markets. Currency forward agreements and options are main instruments used in external hedging. The maximum duration of used foreign exchange contracts is one year.

A rule in intra-Group trade is that the production units invoice the sales units in the sales units' local currency. This enables the concentration of the currency risks into the production units, which have better resources for managing currency risks together with the Group Treasury. Currency risks in internal trade arise mainly from the sales from the production units in Germany, Sweden, the United States and Finland, in currencies other than seller units' home currency.

Subsidiaries forecast their foreign currency cash flows monthly for the following 12 month period. In accordance with the Group hedging policy, they hedge the relevant portion of their net foreign currency cash flows. In addition to the euro, other main invoicing currencies are US dollar (USD), Swedish krona (SEK), Canadian dollar (CAD) and Danish krona (DKK). On 31 December 2014, these currencies accounted for approximately 50 percent of the Group's external accounts receivable. Costs arising from the Group's own production in the United States and Sweden are used as natural hedges against sales in the mentioned currencies.

Group's currency risk position at 31 Dec 2014

M€	EUR USD	EUR SEK	USD CAD	EUR CAD	EUR DKK	Total
Gross exposure	-14.5	4.4	-0.3	5.6	5.4	0.6
Hedged	0.1	-26.6	11.5	-12.0	5.4	-21.6
Net exposure	-14.4	-22.2	11.2	-6.4	10.8	-21.0

Sensitivity analysis (+/-10%)

M€	EUR USD	EUR SEK	USD CAD	EUR CAD	EUR DKK	Total
Income statement	0.2	0.8	1.1	0.7	1.1	3.9
Equity (translation differences)	1.2	3.0				4.2



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Group's currency risk position at 31 Dec 2013

M€	EUR SEK	EUR USD	NOK SEK	USD CAD	DKK SEK	Total
Gross exposure	-11.7	10.4	0.9	10.0	7.1	16.7
Hedged	0.7	-46.8	15.5	-16.2	6.3	-40.5
Net exposure	-11.0	-36.4	16.4	-6.2	13.4	-23.8

Sensitivity analysis (+/-10%)

M€	EUR SEK	EUR USD	NOK SEK	USD CAD	DKK SEK	Total
Income statement	0.0	0.0	1.6	0.6	1.3	3.5
Equity (translation differences)	1.1	3.7				4.8

The exposure presented includes only financial instruments as defined by IFRS 7. An exposure is a net of all the financial assets and liabilities nominated in foreign currencies outstanding on the balance sheet date. The exposure does not include any internal loans designated as net investments in foreign operations or any forecasted sales and purchases that are not yet on the balance sheet. The presented foreign exchange risk sensitivity analysis illustrates the impact of a 10 percent change in exchange rates on the income statement and on the balance sheet in euro.

Translational risks arise when the currency denominated assets and liabilities of subsidiaries located outside the euro area are exposed to currency fluctuations and these assets and liabilities are translated into the parent company's reporting currency, the euro. The most important balance sheet items in foreign currency are in the United States (USD) and Sweden (SEK). Translational risk affects the reported profit and key ratios through changes in the balance sheet, but not the cash flow. A 10 percent change in the euro against the Swedish krona and the US dollar would have resulted in a translation difference of €4.2 million before taxes in equity. According to the Group hedging policy, such non-euro denominated balance sheet items are not hedged, with the exception of non-euro denominated internal loans which are hedged in full. In addition, hedge accounting is applied to certain hedges on internal loans defined as net investments by the Group's Treasury Committee. Thereby, the fair value changes in these loans and loan hedges will not have an effect on the profit, but will be recognised in the equity to the extent that the hedge is effective.

Interest rate risk

Interest rate risk arises when changes in market interest rates influence financing costs, returns on financial investments and valuation of interest-bearing balance sheet items. Group Treasury is responsible for managing interest rate risks within the framework specified by Group Treasury policy, with the aim of balancing the interest rate position and optimising interest rate risks.

In order to manage interest rate risks, Uponor Group's funding is executed by using both fixed and floating interest rate loans and finan-

cial instruments. The duration of the interest rate position is managed by choosing loans with different interest rate periods. Different derivative instruments, such as interest rate swaps, forward rate agreements and interest rate options can also be used. Group Treasury is also responsible for matching external financial items and the duration of balance sheet items funded by such items. Short-term money market investments expose the Group to cash flow interest rate risks, but the overall impact of such investments is insignificant.

Financial instruments' sensitivity to fluctuations in market interest rates, as stated in the standard IFRS 7, is as follows: the impact of an interest rate increase or decrease of one percent is +/- €0.6 million (-/+ €0.4 million) to the income statement and +/- €1.8 million to shareholders' equity (+/- €1.9 million). The impact is calculated before taxes. The interest position impacting income statement consists of floating rate interest-bearing financial liabilities and assets and interest rate swaps, where hedge accounting is not applied. The impact to shareholders' equity results from the fair value change of the interest rate swap under cash flow hedge accounting.

Liquidity and refinancing risk

Liquidity and refinancing risk arises when a company is not able to arrange funding at reasonable terms and conditions, or at all. Uponor seeks to ensure availability and flexibility of financing through a balanced distribution of loan maturities, utilisation of various types of funding, multiple sources and by maintaining adequate credit limit reserves. The Group's liquidity is managed through efficient cash management and by investing solely in low-risk instruments, that can be liquidated rapidly and at a clear market price.

Group Treasury is responsible for the co-ordination of Group funding through the parent company. In exceptional cases, mainly for practical or legal reasons, Group Treasury can establish local working capital credit lines or loan structures in the name of a subsidiary, guaranteed by the parent company.

The most significant existing funding programmes on 31 December 2014 included:

- Bond €80 million maturing in 2018
- Bond €20 million maturing in 2016
- Several committed bilateral revolving credit facilities totalling €200 million of which 150 million maturing in 2019 and 50 million maturing in 2015.

None of the committed bilateral revolving credit facilities were used during the reporting period. €150 million of the revolving credit facilities were renegotiated and extended during the first quarter of 2014.

In addition, the Group has a domestic commercial paper programme totalling €150 million, none of which was used at the end of the reporting period.

At the end of the reporting period, the Group had a total of €60.2 (53.7) million in cash and cash equivalents.



Contractual maturity of financial liabilities at 31 Dec 2014

M€	2015	2016	2017	2018	2019–
Bonds	2.2	22.0	2.0	81.0	
Loans from financial institutions	13.4	6.3	6.2	8.1	
Finance lease liabilities	1.0	1.0	1.0	1.1	4.8
Bank overdrafts in use	2.7				
Accounts payable	67.6				

Derivative contracts

Foreign currency derivatives					
- cash outflow	227.1				
- cash inflow	227.3				
Interest derivatives	1.0	1.0	0.8	0.4	
Electricity derivatives	0.4	0.3	0.3	0.0	0.0

Contractual maturity of financial liabilities at 31 Dec 2013

M€	2014	2015	2016	2017	2018–
Bonds	2.4	2.7	23.0	3.1	81.7
Commercial papers	10.6	6.5	6.4	6.3	14.2
Finance lease liabilities	1.3	1.3	1.2	1.2	6.9
Bank overdrafts in use	0.7				
Accounts payable	61.1				

Derivative contracts

Foreign currency derivatives					
- cash outflow	230.2				
- cash inflow	232.5				
Interest derivatives	0.6	0.5	0.3	0.2	0.0
Electricity derivatives	0.7	0.3	0.2	0.2	

Counterparty and credit risk

The counterparty risk related to financial instruments has been defined as the risk of the counterparty being unable or unwilling to fulfil its contractual obligations.

In order to minimise counterparty risks, the Group invests its cash reserves and makes derivative contracts using only counterparties who meet the Group's criteria for creditworthiness. The Group did not suffer any significant credit losses in its normal business operations during the financial year. The maximum counterparty risk is the book value of financial assets on 31 December 2014.

Potential concentrations of credit risk with respect to trade and other receivables are limited due to the large number and geographic disper-

sion of companies that comprise the Group's customer base. Customer credit limits are established and constantly monitored, and the evaluation of customers' financial conditions is performed on an ongoing basis. Trade receivables are credit insured when applicable. The Group recorded a €0.7 (1.3) million impairment in accounts receivable in 2014. The reduction relates to impairment in trade receivables from the mining company Talvivaara Sotkamo Oy in 2013.

M€	2014	2013
The aging of accounts receivable		
Undue	107.0	87.7
Due 1–30 days	20.9	25.5
Due 31–60 days	2.7	6.8
Due 61–90 days	2.4	1.7
Due over 90 days	4.3	5.0
Total	137.3	126.7

Price risk

In its business operations, the Group is exposed to raw material price risks including materials like plastics, aluminium, copper, zinc as well as electricity price risks. Such price risks are managed through long-term fixed-price supply contracts, whenever financially feasible. As far as the metals' price risk is concerned, LME-based (London Metal Exchange) financial instruments are used to supplement fixed-price contracts. Hedge accounting is not applied to metals hedging via financial instruments.

Group Treasury is responsible for managing electricity price risks at the Nordic level within the framework defined in the Group hedging policy. Hedging targets are achieved mainly by using financial electricity derivative contracts. The Group applies hedge accounting to the electricity derivatives.

The table below presents the sensitivity of open electricity derivatives to fluctuations in electricity prices should the market price of electricity increase or decrease by 10 percent, while other factors are expected to remain unchanged. These figures are calculated before taxes. Electricity derivatives recorded at fair value affect the profit and loss statement. Any changes in the value of electricity derivatives that meet the criteria for hedge accounting as set forth in IAS 39 have an impact on shareholders' equity.

M€	2014	2013
Change in shareholders' equity	+/- 0.5	+/- 0.5



Notes to the consolidated financial statements

30. Derivative contracts and hedge accounting

M€	2014	2013
Nominal value		
Interest derivatives:		
Interest rate swaps	170.0	170.0
Foreign currency derivatives:		
Forward agreements		
- not under hedge accounting	176.5	157.1
- under hedge accounting	51.9	93.6
Currency options, bought	9.4	9.9
Currency options, sold	9.4	9.9
Commodity derivatives:		
Forward agreements		
- under hedge accounting	7.1	7.2

M€	2014			2013		
	Positive fair value	Negative fair value	Net fair value	Positive fair value	Negative fair value	Net fair value
Fair value						
Interest derivatives:						
Interest rate swaps	0.6	-3.7	-3.1	2.2	-3.7	-1.5
Foreign currency derivatives:						
Forward agreements						
- not under hedge accounting	2.0	-1.9	0.1	2.0	-0.6	1.5
- under hedge accounting	0.3	-0.2	0.1	1.1	-0.2	0.7
Currency options, bought	0.6	-	0.6	0.4	-	0.4
Currency options, sold	-	0.0	0.0	-	0.0	0.0
Electricity derivatives						
- under hedge accounting	-	-0.9	-0.9	-	-1.4	-1.4

Changes in the fair values of electricity and interest rate derivatives designated as cash flow hedges are recognised in hedge reserve in equity to the extent that the hedge is effective.

From electricity derivatives a gain of € 0.1 million (loss of €0.4 million) was entered into hedge reserve during the financial period. The impact of the ineffective portion on the profit for the financial period was a gain of €0.2 million (a loss of €0.3 million). A loss of € 0.2 million in electricity derivatives (a loss of €0.1 million) was removed from hedge reserve and recorded in the consolidated statement of comprehensive income during the financial period, in costs of goods sold.

From interest rate derivatives a loss of €1.0 million (loss of €0.8 million) was entered into hedge reserve during the financial period. The tax impact has been taken into account in the amount. No ineffectiveness has been booked.

31. Capital management

The purpose of the Group's capital management is to create an efficient capital structure in order to ensure normal operational preconditions and growth opportunities and, thereby, to increase long-term shareholder return.

In addition to investment decisions, dividend distribution is a key factor affecting the capital structure. The Group's long-term goal is to pay a basic dividend which represents at least 50 percent of annual earnings per share.

The Group's capital structure developments are monitored by means of gearing. Gearing is calculated by dividing net interest-bearing liabilities by total equity. Net interest-bearing liabilities include interest bearing liabilities less cash and cash equivalents. The Group's target is to keep its gearing between 30 and 70 percent across quarters. In 2014, gearing average was 45.8 (57.9) per cent.

M€	2014	2013
Interest-bearing liabilities	142.2	150.6
Cash and cash equivalent	60.2	53.7
Net interest-bearing liabilities	82.0	96.9
Total equity	297.9	287.7
Gearing, %	27.6	33.7
Gearing across quarters, %	45.8	57.9

Group's financial agreements include typical covenant clauses regarding the gearing and interest cover ratio. The realised ratio levels have clearly fulfilled the covenant clauses.

32. Management incentive programmes and share based payments

In February 2014, the Board of Directors of Uponor Corporation decided to continue to implement the long-term share-based incentive plan established in 2012. The new plan covers the years 2014–2016 and it complements the existing plans for the years 2012–2014 and 2013–2015.

The terms are the same for all three plans:

Each participant in the incentive plan invests in Uponor shares within the pre-determined minimum and maximum limits of the plan. The reward in the plan consists of the following parts:



- 1) The matching share incentive based on the investment with a three year vesting period.
- 2) A performance share plan that depends on the company's earnings performance over a three-year performance period.

Both the matching shares and performance shares will be restricted by a one year restriction period after the share delivery, during which the delivered shares may not be transferred.

The plan 2014–2016 covers a maximum of ten members of the Group's key management. The maximum number of the shares awarded based on the share investment corresponds with approximately 8,500 shares and the maximum number of performance shares to be delivered corresponds with approximately 170,000 shares.

The plan 2013–2015 covers a maximum of twelve members of the Group's key management. The maximum value of the shares awarded based on the share investment corresponds with approximately 13,000 shares and the maximum value of performance shares to be delivered corresponds with 260,000 shares.

The plan 2012–2014 covers a maximum of twelve members of the Group's key management. The maximum value of the total amount of shares awarded based on the share investment corresponds with less than 20,000 shares and the maximum value of performance shares to be delivered corresponds with 370,000 shares.

The management incentive scheme impact on the Group's operating profit is €0.3 (-0.9) million, on equity it is €-0.1 (0.3) million and the liability reserved for paying any related income taxes for scheme participants is €0.5 (0.8) million.

In addition, on 11 December 2014 the Board approved a new performance share plan to be offered approximately 20–25 key managers of the Group, including the members of Executive Committee. The plan has one performance period covering calendar years 2015–2017. This did not have any impact on the consolidated financial statements in 2014.

33. Interests in subsidiaries and non-controlling interests

Subsidiaries are listed in the note 34 Related party transactions.

Uponor Corporation's subsidiary Uponor Infra Oy has material non-controlling interest as a result of its ownership structure. Uponor Corporation has control in Uponor Infra Oy through the 55.3 per cent direct ownership and the voting ownership by holding the Chair position in the board of directors of Uponor Infra Oy. KWH Group Ltd has 44.7 per cent ownership in Uponor Infra Oy. Uponor Infra Oy is a parent company of a subgroup and its consolidated financials are presented below. The structure of this subgroup is presented in the list of subsidiaries. Uponor Infra Oy was established in 1 July 2013.

Location	Non-controlling interest, proportion of ownership		Profit for the period attributable to non-controlling interest		Equity attributable to non-controlling interest	
	2014	2013	2014	2013	2014	2013
Uponor Infra Oy, Finland, Helsinki	44.7%	44.7%	-0.5	-1.0	66.8	68.0

Financial information on Uponor Infra Oy's consolidated financial statements:

M€	2014	2013
Uponor Infra Group		
Net sales	351.3	189.3
Profit for the period	-1.4	-2.4
Total comprehensive income for the period	-3.7	-3.1
Non-current assets	93.3	95.9
Current assets	145.7	158.8
Non-current liabilities	32.8	39.6
Current liabilities	70.1	76.1
Cash flow from operations	-2.3	26.7
Cash flow from investments	-6.7	6.7
Cash flow from financing	1.8	-18.9

Uponor Infra Oy's consolidated profit for the period includes non-controlling interest related to Wiik & Hoeglund Plc. This is not material from Uponor Group's perspective.

Uponor Infra Oy did not pay any dividends in 2014 or in the comparison period to its owners.

34. Related party transactions

Uponor Group's related parties include subsidiaries and associates as well as Board members, the managing director, his deputy and Executive Committee members.

The related party transactions disclosed consist of transactions carried out with related parties that are not eliminated in the consolidated financial statements.



Notes to the consolidated financial statements

Executive Committee and Board remuneration

T€	2014	2013
Executive Committee remuneration, T€		
Remuneration	2,182.0	2,127.8
Post-employment benefits		
- defined contribution plans	223.5	229.2
Share based benefits	-248.0	749.6
Total	2,157.5	3,106.6

Executive Committee remuneration includes salaries, fringe benefits and incentives.

Post-employment benefits include expenses accrued in accordance with local legal pension arrangements for the members of the Executive Committee and expenses related to defined contribution pension insurances taken in addition to the managing director and his deputy. The Group does not have any other commitments related to post-employment benefits.

Share based benefits include accrued expenses relating to management incentive schemes (further details in the note 32).

Remuneration of the managing director and his deputy is included also above presented table.

T€	2014	2013
Executive Committee remuneration: managing director and his deputy, T€		
Luomakoski Jyri, managing director	491.7	568.4
Bondestam Sebastian, deputy to the managing director	265.9	262.4

The managing director's and his deputy's retirement has been agreed to be at the age of 63. The managing director's and his deputy's pension accrues in accordance with the Employees' Pensions Act (TyEL). Furthermore, the company has taken a defined contribution pension insurance for the managing director for which the company pays €40,000 on an annual basis, and for his deputy for which the Board decides separately the amount of the defined contribution for each year.

T€	2014	2013
Board remuneration, T€		
Eloranta Jorma, Chair from 19 March 2014	81.2	58.6
Paasikivi Annika, Deputy Chair from 19 March 2014	58.6	-
Ihamuotila Timo, Chair of the Audit Committee, from 18 March 2013	58.0	51.2
Nygren Eva	54.8	56.0
Rosendal Jari	53.0	54.2
Simon Rainer S.	53.0	56.0
Paasikivi Jari, Chair until 19 March 2014	3.0	81.8
Silfverstolpe Nordin Anne-Christine, until 18 March 2013	-	4.8
Total	361.6	362.6

The Company has taken a voluntary pension insurance for Board members. Upon retirement, this entitles them to a pension according to TyEL, the Finnish Employees' Pensions Act.

Other related party disclosures

The Group had not issued any loans to the persons classified as related party by 31 December 2014 or 31 December 2013.

In addition, persons classified as related party to the company have carried out minor transactions with companies belonging to the Group.

The shareholdings of the management and Board members are presented under the Corporate Governance section of the Financial Statements.

M€	2014	2013
Transactions with associated companies		
Continuing operations		
Purchases	1.6	1.5
Balances at the end of period		
Loan receivables	0.3	-
Accounts and other receivables	-	0.0
Accounts payable and other liabilities	0.1	0.1

Shares and holdings

Subsidiaries

Name	Country and domicile
Uponor Beteiligungs GmbH	Germany, Hassfurt
Uponor GmbH	Germany, Hassfurt
Uponor S.A.R.L.	France, Saint Quentin Fallavier
Uponor Middle East S.A.L. (Off Shore) (50.0%)	Lebanon, Beirut
Uponor Holding GmbH	Germany, Hassfurt
Zent-Frenger GmbH	Germany, Heppenheim
Uponor Hispania, S.A.U.	Spain, Móstoles
Uponor A/S	Denmark, Brøndby
Uponor Eesti Oü	Estonia, Tallinn
Uponor Suomi Oy	Finland, Nastola
Uponor Business Solutions Oy	Finland, Vantaa
Nereus Oy	Finland, Uusikaupunki
Uponor Asia Oy (*)	Finland, Helsinki
Uponor Technikes Lyseis gia Ktiria AE	Greece, Athens
Uponor Kft. (Uponor Épuletgépészeti Korlátolt Felelősségű Társaság)	Hungary, Budapest
Cork Pipe Plant Limited	Ireland, Bishopstown
Uponor S.r.l.	Italy, Badia Polesine
SIA Uponor Latvia	Latvia, Riga
UAB Uponor	Lithuania, Vilnius
Uponor, s.r.o.	Czech, Prague
Uponor AS	Norway, Vestby



Name	Country and domicile
Uponor Sp. z o.o.	Poland, Plonie
Uponor Portugal - Sistemas para Fluidos, Lda.	Portugal, V.N. Gaia
Uponor AG	Switzerland, Pfungen
ZAO Uponor Rus	Russia, Moscow
Uponor Innovation AB	Sweden, Borås
Uponor AB	Sweden, Virsbo
Uponor Vertriebs GmbH	Austria, Guntramsdorf
Uponor Limited	England, Lutterworth
Uponor Building Energy Limited	England, Skelmanthorpe
Uponor NA Holding, Inc.	USA, Delaware
Uponor NA Asset Leasing, Inc.	USA, Delaware
Uponor North America, Inc.	USA, Delaware
Tulsa Pipe Plant, Inc. (*)	USA, Delaware
Hot Water Systems North America, Inc.	USA, Delaware
Uponor Ltd	Canada, Saskatchewan
Radiant Technology, Inc.	USA, Delaware
Uponor, Inc.	USA, Illinois
Uponor Innovations, LLC	USA, Delaware
Uponor Trading (Beijing) Co., Ltd.	China, Beijing
Uponor Hong Kong Ltd	Hong Kong
Uponor Romania S.R.L.	Romania, Bucharest
Uponor Infra Oy (shareholding 55.3% Uponor Corporation, 44.7% KWH Group Ltd)	Finland, Helsinki
Jita Oy	Finland, Virrat
Uponor Infra AB	Sweden, Virsbo
Uponor Infra A/S	Denmark, Holbæk
Uponor Infra AS	Norway, Vestby
Uponor Infra Ltd	Canada, Mississauga
Uponor Infra Holding Corp.	USA, Delaware
Uponor Infra Corp.	USA, California
Extron Engineering Oy	Finland, Vaasa
Uponor Infra Tech GmbH	Germany, Fulda
Uponor Infra Limited (99% Uponor Infra A/S, 1% Uponor Infra Oy)	England, Milton Keynes
Uponor Infra Sp. z o.o.	Poland, Warsaw
Uponor Infra Oü	Estonia, Tartu
ZAO "Uponor Infra"	Russia, St Petersburg
UAB KWH Pipe Lithuania (*)	Lithuania, Vilnius
Uponor Infra Fastighets Ab	Finland, Vaasa
Koy Tuusulan Pakkasraitti 12	Finland, Tuusula
Wiik & Hoeglund PLC (65.99%)	Thailand, Bangkok
WH Holding Co., Ltd. (49% Wiik & Hoeglund PLC)	Thailand, Bangkok
WH Pipe (Thailand) Ltd. (51% WH Holding Co Ltd, 49% Wiik & Hoeglund PLC)	Thailand, Bangkok
KWH Pipe (Malaysia) Sdn. Bhd. (*)	Malaysia, Kuala Lumpur
KWH Pipe Holdings (L) Ltd.	Malaysia, Labuan
KWH Pipe (India) Ltd. (76% KWH Pipe Holdings (L) Ltd., 24% Uponor Infra Oy) (*)	India, Mumbai
Uponor Infra Fintherm a.s.	Czech, Prague
KWH Pipe Espana SA (*)	Madrid, Spain
KWH Pipe (Portugal) Tubos Lda. (*)	Portugal, Palmela

Associated companies

Name	Country and domicile
Punitec GmbH & Co. KG	Germany, Gochsheim
Punitec Verwaltungs GmbH	Germany, Gochsheim

(*) Dormant company

35. Events after the balance sheet date

After the balance sheet date, no significant events have taken place within the Group.



Parent company financial statement (FAS)

Parent company income statement

M€	Note	2014	%	2013	%
Net sales	2	21.4	100.0	19.2	100.0
Other operating income	3	0.0	0.0	0.0	0.0
Personnel expenses	4	4.8	22.4	4.7	24.5
Depreciation and impairments	5	0.3	1.4	0.4	2.1
Other operating expenses	3	23.2	108.4	20.0	104.2
Operating loss		-6.8	-31.8	-6.0	-31.3
Financial income and expenses	6	31.1	145.3	10.7	55.7
Profit before extraordinary items		24.3	113.6	4.8	25.0
Extraordinary items	7	7.9	36.9	7.0	36.5
Profit before appropriations and taxes		32.2	150.5	11.7	60.9
Change in depreciation difference		0.1	0.5	-0.1	-0.5
Income taxes	8	0.0	0.0	-0.4	-2.1
Profit for the period		32.3	150.9	11.2	58.3



Parent company balance sheet

M€	Note	31 Jan 2014	31 Jan 2013
Assets			
Non-current assets			
Intangible assets			
Intangible rights		0.4	0.6
Intangible assets	9	0.4	0.6
Tangible assets			
Machinery and equipment		0.2	0.2
Tangible assets	9	0.2	0.2
Securities and long-term investments			
Shares in subsidiaries		283.0	272.6
Other shares and holdings		0.0	0.0
Loan receivables		89.0	89.2
Securities and long-term investments	10	372.0	361.8
Total non-current assets		372.6	362.6
Current assets			
Non-current receivables			
Deferred tax assets		0.5	0.5
Non-current receivables	11	0.5	0.5
Current receivables			
Accounts receivable		3.3	2.6
Loan receivables		71.2	79.2
Accruals		0.5	0.5
Other receivables		34.1	38.6
Current receivables	12	109.1	120.9
Cash and cash equivalents			
Cash and cash equivalents		46.7	30.4
Cash and cash equivalents		46.7	30.4
Total current assets		156.3	151.9
Total assets		528.9	514.5

M€	Note	31 Jan 2014	31 Jan 2013
Liabilities and shareholders' equity			
Shareholders' equity			
Share capital		146.4	146.4
Share premium		50.2	50.2
Unrestricted equity		0.1	0.1
Retained earnings		65.0	81.6
Profit for the period		32.3	11.2
Total shareholders' equity	13	294.1	289.5
Accumulated appropriations			
Depreciation difference	14	0.1	0.2
Accumulated appropriations total		0.1	0.2
Provisions			
	15	2.5	2.7
Liabilities			
Non-current liabilities			
Bonds		100.0	100.0
Non-current liabilities	16	100.0	100.0
Current liabilities			
Accounts payable		2.5	2.3
Accruals		2.9	1.8
Other current liabilities		126.8	117.9
Current liabilities	17	132.2	122.1
Total liabilities		232.2	222.1
Total liabilities and shareholders' equity		528.9	514.5



Parent company financial statement (FAS)

Parent company cash flow statement

M€	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Cash flow from operations		
Operating profit	-6.8	-6.0
Depreciation	0.3	0.4
Other non-cash items	-0.1	-0.7
Net cash from operations	-6.6	-6.2
Change in working capital		
Receivables	4.8	11.5
Non-interest-bearing liabilities	7.5	40.3
Change in working capital	12.3	51.8
Dividends received	34.4	17.3
Group contributions	5.8	8.9
Cash flow from operations	45.9	71.8
Cash flow from investments		
Purchase of fixed assets	-0.1	-0.3
Proceeds from sale of tangible and intangible assets	-	3.7
Granted loans	-1.1	-2.8
Loan repayments	2.0	17.9
Changes in investments in subsidiaries	-3.9	-43.8
Interests received	4.0	5.1
Dividends received	0.0	0.0
Cash flow from investments	0.9	-20.3
Cash flow before financing	46.8	51.5
Cash flow from financing		
Borrowings of debt	21.0	41.0
Repayments of debt	-21.0	-41.0
Change in other short term debt	0.0	-1.4
Interests paid	-2.4	-2.3
Dividends paid	-27.8	-27.8
Income taxes paid	-0.3	-
Cash flow from financing	-30.5	-31.5
Change in cash and cash equivalents	16.3	20.0
Cash and cash equivalents at 1 January	30.4	10.4
Cash and cash equivalents at 31 December	46.7	30.4
Changes according to balance sheet	16.3	20.0

Notes to the parent company financial statement



1. Accounting principles

The Parent Company's Financial Statements have been prepared according to Generally Accepted Accounting Principles in Finland. Uponor Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and the parent company observes the Group's accounting policies whenever this has been possible. Presented below are principally the accounting policies in which the practice differs from the Group's accounting policies. In other respects, the Group's accounting policies are applied.

Net Sales

Parent Company's business consists of Group functions and turnover of the service charges to the Group companies.

Loan arrangement fee

Loan arrangement fee has been accrued linearly to current assets.

Pension arrangements

The Company's pension liabilities are handled through a pension insurance company. All expenses incurred in pension benefits are recorded as expenses in the period during which the corresponding work was performed.

Extraordinary income and expenses

Extraordinary income and expenses consist of Group contributions received and given, which are eliminated at the Group level.

Financial assets, financial liabilities and derivative contracts

Currency derivatives are measured at their fair value, which are based on market prices on closing date. Changes in the value of financial assets and liabilities, including derivatives, are recorded as gain or loss through profit and loss as financial income and expenses. Parent company does not apply hedge accounting. Otherwise the methods of measuring derivative contracts are explained in the section on the Group's accounting principles.

Leases

All leasing payments have been treated as rental expenses.

2. Net sales

M€	2014	2013
Income from services		
- From group companies	21.4	19.2
- External	0.0	0.0
Total	21.4	19.2

3. Other operating income and expenses

M€	2014	2013
Other operating income		
Gains from sales of fixed assets	-	0.0
Other	0.0	0.0
Total	0.0	0.0

M€	2014	2013
Other operating expenses		
Travel expenses	1.3	1.2
Purchased services	10.9	9.4
Other	11.0	9.4
Total	23.2	20.0

M€	2014	2013
Auditor's fees		
- Audit fees	0.1	0.1
- Tax advice	0.0	0.0
- Other services	0.0	0.1

4. Personnel expenses

M€	2014	2013
Salaries and bonuses	4.2	4.0
Pension expenses	0.4	0.5
Other personnel expenses	0.2	0.2
Total	4.8	4.7

During financial period company employed:

Employees, average	38	38
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Salaries and emoluments paid to the managing director and his deputy and Board Members T€^{*)}

Managing director and his deputy	491.7	730.5
Board of Directors	361.6	362.6
Total	853.3	1,093.1

^{*)} specification per persons has been reported in the notes of the consolidated income statement.

Salary of the managing director's deputy is included until 31 July 2013.

Loans to company directors

At 31 December 2014, the company's managing director and members of the Board of directors had no loans outstanding from the company or its subsidiaries.

The retirement age for the parent company's managing director and his deputy has been agreed as 63 years.

5. Depreciation

M€	2014	2013
Intangible assets	0.3	0.4
Tangible assets	0.1	0.1
Total	0.3	0.4



Notes to the parent company financial statement

6. Financial income and expenses

M€	2014	2013
Interest income	1.9	2.6
Intercompany interest income	4.7	5.5
- Associated companies	0.0	-
Dividend income	0.0	0.0
Dividend income from subsidiaries	34.4	17.3
	0.0	0.0
Interest expenses	-7.6	-5.8
Intercompany interest expenses	-0.1	-0.2
Other financial expenses	-0.1	-0.1
Other financial income	-	0.0
Impairments on non-current investments	0.0	-10.0
Income from shares in Group companies	-	2.2
Gains and losses from derivatives		
Realised	3.6	2.4
Unrealised	-2.4	1.0
Exchange differences		
Realised	-1.5	0.5
Unrealised	-1.8	-4.8
Financial income and expenses total	31.1	10.7

7. Extraordinary income

M€	2014	2013
Group contributions	7.9	7.0
Total	7.9	7.0

8. Taxes

M€	2014	2013
For the financial period	0.0	-0.3
For previous financial periods	0.0	0.2
Change in deferred taxes	0.0	-0.3
Total	0.0	-0.4

In 2013 previous year's taxes include returns of tax increase and interest of €0.1 million. Returns relate to tax years 2005–2006.

9. Intangible and tangible assets

2014 M€	Intangible rights	Intangible investment in progress	Machinery and equipment	Investment in progress	Intangible and tangible assets
Acquisition costs 1 Jan	2.7	0.0	0.5	0.0	3.2
Increases	0.0	0.0	0.0	0.0	0.1
Decreases	0.0	0.0	0.0	0.0	0.0
Transfers between items	0.0	0.0	0.0	0.0	0.0
Acquisition costs 31 Dec	2.8	0.0	0.5	0.0	3.3
Accumulated depreciations 1 Jan	2.1	0.0	0.3	0.0	2.4
Acc. depreciation on disposals and transfers	0.0	0.0	0.0	0.0	0.0
Depreciation for the financial period	0.3	0.0	0.1	0.0	0.3
Accumulated depreciations 31 Dec	2.4	0.0	0.3	0.0	2.7
Book value 31 December	0.4	0.0	0.2	0.0	0.6

2013 M€	Intangible rights	Intangible investment in progress	Machinery and equipment	Investment in progress	Intangible and tangible assets
Acquisition costs 1 Jan	2.5	0.0	0.4	0.0	2.9
Increases	0.2	0.0	0.1	0.0	0.3
Decreases	0.0	0.0	0.0	0.0	0.0
Acquisition costs 31 Dec	2.7	0.0	0.5	0.0	3.2
Accumulated depreciations 1 Jan	1.7	0.0	0.2	0.0	1.9
Acc. depreciation on disposals and transfers	0.0	0.0	0.0	0.0	0.0
Depreciation for the financial period	0.4	0.0	0.1	0.0	0.4
Accumulated depreciations 31 Dec	2.1	0.0	0.3	0.0	2.4
Book value 31 December	0.6	0.0	0.2	0.0	0.8

10. Non-current investments

M€	2014	2013
Shares in subsidiaries book value 1 Jan	272.5	205.3
Increases	10.5	78.7
Decreases	0.0	1.5
Shares in subsidiaries acquisition cost 31 Dec	283.0	282.5
Impairments	0.0	10.0



M€	2014	2013
Shares in subsidiaries book value 31 Dec	283.0	272.6
Other shares and holdings 1 Jan	0.0	0.1
Decreases	0.0	0.0
Other shares and holdings 31 Dec	0.0	0.0
Loans receivables		
- From group companies	83.7	84.1
- Subordinated loan	5.0	5.0
- Others	0.4	0.1
Loan receivables total	89.0	89.2
Total	372.1	361.8

In 2013 decreases in subsidiary shares include an impairment of €8.8 million relating to Uponor Limited.

11. Non-current receivables

M€	2014	2013
- deferred tax assets	0.5	0.5
Total	0.5	0.5

Deferred tax asset is recorded for obligatory provisions in the balance sheet. Deferred tax asset includes short-term tax assets totalling €0.07 million.

12. Current receivables

M€	2014	2013
From group companies		
- accounts receivable	3.3	2.6
- loan receivable	70.9	79.2
- accruals	0.0	0.0
- other receivables	29.1	31.7
Total	103.4	113.5
Associated companies		
- loan receivable	0.3	-
From external parties		
- accounts receivable	0.0	-
- accruals	0.5	0.5
- other receivables	4.9	6.9
Total	5.4	7.4
Total current receivables	109.1	120.9

M€	2014	2013
Accruals		
Interest income	0.0	0.0
Taxes	0.1	0.1
Others	0.3	0.3
Total	0.5	0.5

13. Changes in equity

M€	2014	2013
Restricted equity		
Share capital on 1 Jan	146.4	146.4
Share capital on 31 Dec	146.4	146.4
Share premium on 1 Jan	50.2	50.2
Share premium on 31 Dec	50.2	50.2
Total restricted equity	196.6	196.6
Unrestricted equity		
Unrestricted equity 1 Jan	0.1	0.1
Unrestricted equity 31 Dec	0.1	0.1
Retained earnings 1 Jan	92.8	109.4
Dividend payments	-27.8	-27.8
Retained earnings 31 Dec	65.0	81.6
Profit for financial period	32.3	11.2
Total unrestricted equity	97.4	92.9
Shareholders' equity 31 December	294.1	289.5
Distributable funds		
Unrestricted equity	0.1	0.1
Retained earnings	66.0	82.6
Profit for the period	32.3	11.2
Treasury shares	-1.0	-1.0
Distributable funds 31 Dec	97.4	92.9



Notes to the parent company financial statement

14. Depreciation differences

M€	2014	2013
- Other capitalised long-term expenditure	0.1	0.2
- Plant and machinery	0.0	0.0
Total	0.1	0.2

Depreciation differences include deferred tax liabilities, which have not been recorded in the parent company's financial statements.

15. Provisions

M€	2014	2013
Pension obligation	0.0	0.1
Environmental provision	2.5	2.6
Total	2.5	2.7

16. Non-current liabilities

M€	2014	2013
Bonds	100.0	100.0
Total	100.0	100.0

Maturity of non-current interest bearing liabilities

M€	2016	2018 -
Bonds	20.0	80.0

17. Current liabilities

M€	2014	2013
From group companies		
- accounts payable	1.6	1.6
- accruals	1.0	0.1
- other current liabilities	119.9	112.4
Total	122.5	114.2
From external parties		
- accounts payable	0.9	0.7
- accruals	1.9	1.7
- other current liabilities	6.9	5.5
Total	9.7	7.9
Total current liabilities	132.2	122.1
Accrued liabilities		
Personnel expenses	0.5	0.5
Bonuses	0.5	0.3
Taxes	0.1	0.5
Interest	0.2	0.2
Others	1.5	0.4
Total	2.9	1.8

18. Contingent liabilities

M€	2014	2013
- on behalf group companies		
Guarantees issued	31.0	17.8
Guarantees issued	31.0	17.8
Operating lease commitments (including rental lease obligations)		
Operating lease commitments for next 12 months	0.7	0.7
Operating lease commitments over next 12 months	3.5	3.9
Lease commitments	4.2	4.6
Total	35.2	22.5

Letter of Comfort commitments undertaken on behalf of subsidiaries are not included in the above figures.

19. Derivative contracts

M€	2014	2013
	Nominal value	
Interest derivatives:		
Interest rate swaps	170.0	170.0
	Fair value	
Interest derivatives:		
Interest rate swaps	-3.1	-1.5
	Nominal value	
Foreign currency derivatives:		
Forward agreements	225.5	250.5
Intragroup forward agreements	105.0	78.9
Currency options, bought	9.4	9.9
Currency options, sold	9.4	9.9
Commodity derivatives:		
Forward agreements	7.1	7.2
	Fair value	
Foreign currency derivatives:		
Forward agreements	0.3	2.3
Intragroup forward agreements	-1.1	-0.6
Currency options, bought	0.6	0.4
Currency options, sold	0.0	0.0
Commodity derivatives:		
Forward agreements	-0.9	-1.4



Auditor's report

To the Annual General Meeting of Uponor Corporation

We have audited the accounting records, the financial statements, the Review by the Board of Directors and the administration of Uponor Corporation for the financial period 1.1–31.12.2014. The financial statements comprise of the consolidated statement of comprehensive income, balance sheet, statement of changes in shareholders' equity, cash flow statement and notes to the consolidated financial statements, as well as the parent company's income statement, balance sheet, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the President and CEO

The Board of Directors and the President and CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the Review by the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the Review by the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the President and CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the Review by the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the Review by the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company and the President and CEO are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the Review by the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of mate-

rial misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and Review by the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and Review by the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the Review by the Board of Directors

In our opinion, the financial statements and the Review by the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the Review by the Board of Directors in Finland. The information in the Review by the Board of Directors is consistent with the information in the financial statements.

Other opinions

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the treatment of distributable funds is in compliance with the Limited Liability Companies Act. We support that the Board of Directors of the parent company and the President and CEO should be discharged from liability for the financial period audited by us.

Vantaa, 12 February 2015
Deloitte & Touche Oy
Authorized Public Audit Firm

Teppo Rantanen
Authorized Public Accountant



Quarterly data

	2014				2013			
	10-12	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Continuing operations								
Net sales, M€	251.5	277.0	264.5	230.9	237.6	279.3	211.4	177.7
- Building Solutions – Europe	112.7	123.5	122.0	120.9	112.0	129.3	124.3	113.9
- Building Solutions – North America	56.1	54.7	49.5	40.5	43.6	46.9	43.8	37.2
- Building Solutions – North America, \$	70.0	71.8	67.9	55.5	59.6	62.4	57.2	49.0
- Infrastructure Solutions	84.9	100.3	95.3	70.8	83.7	105.1	45.0	27.6
Gross profit, M€	83.2	92.2	86.7	78.1	72.0	96.3	82.6	69.2
.0- Gross profit, %	33.1	33.3	32.8	33.8	30.3	34.5	39.1	39.0
Operating profit, M€	11.8	29.2	17.6	4.8	-3.8	28.2	19.7	6.1
- Building Solutions – Europe	4.7	15.0	9.6	5.7	0.3	14.6	11.1	6.7
- Building Solutions – North America	9.3	9.2	8.6	4.4	5.8	7.7	6.6	4.6
- Building Solutions – North America, \$	11.7	12.1	11.7	6.1	8.0	10.2	8.6	6.1
- Infrastructure Solutions	-0.9	4.2	0.4	-4.2	-9.0	6.1	4.3	-3.7
- Others	-1.6	0.5	-0.7	-0.8	-0.5	0.2	-1.9	-1.2
Operating profit, % of net sales								
- Building Solutions – Europe	4.7	10.5	6.6	2.1	-1.6	10.1	9.3	3.4
- Building Solutions – North America	4.2	12.1	7.9	4.7	0.3	11.3	8.9	5.9
- Building Solutions – North America, \$	16.6	16.8	17.2	11.0	13.3	16.5	15.0	12.4
- Infrastructure Solutions	-0.1	4.2	0.4	-6.0	-10.8	5.8	9.6	-13.6
Profit for the period, M€	8.3	16.8	9.4	1.8	-6.0	17.7	11.8	3.3
Balance sheet total, M€	681.8	701.7	697.9	690.5	661.0	716.4	552.7	532.8
Earnings per share, €	0.12	0.21	0.13	0.04	-0.03	0.20	0.16	0.05
Equity per share, €	3.16	3.10	2.80	2.66	3.00	3.06	2.68	2.51
Market value of share capital, M€	841.1	780.4	984.6	968.5	1,041.0	1,020.5	841.9	776.0
Return on investment, % (p.a)	14.2	14.8	8.8	3.5	12.5	17.9	14.7	7.0
Interest-bearing net debt at the end of period, M€	82.0	122.9	154.3	147.8	96.9	135.2	146.2	142.1
Gearing, %	27.6	41.7	56.9	56.9	33.7	45.8	74.5	77.6
Gearing, %, rolling 4 quarters	45.8	47.3	48.3	52.7	57.9	60.9	63.9	64.0
Gross investment, M€	14.3	9.0	8.0	4.4	14.8	8.7	5.8	4.6
- % of net sales	5.7	3.2	3.0	1.9	6.2	3.1	2.7	2.6

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