

Q1

INTERIM REPORT 2008

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Performance in Q1/2008

Interim results briefing
29 April 2008, Helsinki

Markets: Decline of key building markets continued in Q1/2008

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- Residential building continued subdued in key markets
– clearly more difficult than in Q1/2007

Europe:

- Germany – low level of activity
 - total construction market stable
 - further decline in residential markets
- Spain – strongly down from high activity levels (since mid 2007)
- Nordic countries mostly on earlier levels
- Eastern Europe growth continues

North America:

- USA on historically low levels
- Canada performs strongly



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Net sales down as anticipated, vs strong Q1/2007

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Net sales MEUR	2008 1-3	2007 1-3	Change 08/07, %	Change 08/06, %
Uponor	269.2	300.8	-10.5	+7.5
Central Europe	83.7	94.1	-11.0	+13.7
Nordic	92.8	94.5	-1.8	+24.7
Europe – West, East, South	99.8	116.4	-14.3	+13.9
North America	26.9	35.8	-24.9	-39.8
(North America, \$	41.0	47.1	-12.8	-23.6)

- Net sales down as residential demand falls in key markets
 - main impact in Germany, USA, Spain
- Continued good level of activity in the Nordic countries (excl. DK)
 - good growth in infrastructure – external revenue up from Q1/07
- Favourable net sales development in strategic growth markets, e.g. Eastern Europe, UK (HS), France, Canada

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Declining revenue influenced profitability

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Operating profit MEUR	2008 1-3	2007 1-3	Change 08/07, %	Change 08/06, %
Uponor	21.3	31.3	-32.0	-2.3
Central Europe	8.2	10.9	-24.4	-16.0
Nordic	7.1	10.0	-28.2	+14.7
Europe – West, East, South	9.9	13.2	-25.0	+40.4
North America	-0.7	0.8	-193.0	-142.5
(North America, \$	-1.1	1.0	-207.5	-153.7)

- Profitability affected by declining revenue throughout the Group
- Management of fixed costs helped to offset the volume impact
- ERP post go-live efficiency not yet on target in the Nordics
- In North America, investment in building our market position burdens profitability

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Strategic initiatives in progress

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- Strategic growth initiatives continue to have a high priority

- Building up of high-rise initiatives is in progress
- Timing right from the point of view of market cycles and long-term building/living trends
- Geographical expansion in Eastern Europe



- Foothold in Turkey, expansion into other selected countries
- Continued recruitment

- European integration

- Integration of key business processes in Europe well advanced
- ERP tools (Oracle) implemented in all European housing solutions supply units – Iberian go-live took place in January

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Highlights of Q1/2008

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- + Housing solutions net sales growth in Eastern Europe, UK, France, Canada
- + Mild winter boosted Infrastructure sales in Uponor Nordic whose external net sales increased from 2007
- + Active new product introduction in North America
 - controls, fittings...
- + Savings in operating expenses supported profit margins
- Inventory levels reduced but still at a high level
- Temporary ERP-related issues (shipping etc.) continued to hinder maximising business growth

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Financial results

Jyri Luomakoski
CFO and deputy CEO

Interim January – March 2008 Key figures

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MEUR	1-3 2008	1-3 2007	Change Y/Y	1-12 2007
Net sales	269,2	300,8	-10,5%	1 219,3
Operating profit	21,3	31,3	-32,0%	151,0
Operating profit margin	7,9%	10,4%	-2,5%	12,4%
Earning per share (diluted), EUR	0,19	0,29	-34,5%	1,39
Return on equity, % (p.a.)	20,0%	28,4%	-8,4%	30,1%
Return on investment, % (p.a.)	20,6%	32,5%	-11,9%	39,2%
Net interest bearing liabilities	216,5	161,4	+34,1%	84,5
Gearing, %	91,9%	62,0%	+29,9%	25,4%
Average number of employees	4 571	4 354	+5,0%	4 497

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Interim January – March 2008 Income statement

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MEUR	1-3 2008	1-3 2007	Change Y/Y	1-12 2007
Net sales	269,2	300,8	-10,5%	1 219,3
Cost of goods sold	175,4	195,8	-10,4%	781,5
Gross profit	93,8	105,0	-10,7%	437,8
- % of net sales	34,8 %	34,9 %	-0,1%	35,9 %
Other operating income	0,3	0,5	-48,7%	6,2
Expenses	72,8	74,2	-2,0%	293,0
Operating profit	21,3	31,3	-32,0%	151,0
- % of net sales	7,9 %	10,4 %	-2,5%	12,4 %
Financial expenses, net	0,6	0,0	+2745,0%	2,5
Profit before taxes	20,7	31,3	-33,7%	148,5
Profit for the period	14,2	21,5	-33,7%	101,9
EBITDA	30,5	40,6	-24,9%	188,2

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Interim January – March 2008 Comments to income statement

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	MEUR	1-3 2008	1-3 2007	Change Y/Y	1-12 2007
• Sustained gross profit margin in a challenging market situation	Net sales	269,2	300,8	-10,5%	1 219,3
	Cost of goods sold	175,4	195,8	-10,4%	781,5
	Gross profit	93,8	105,0	-10,7%	437,8
	- % of net sales	34,8 %	34,9 %	-0,1%	35,9 %
• Expenses down despite strategic initiatives into high-rise and geographical expansion	Other operating income	0,3	0,5	-48,7%	6,2
	Expenses	72,8	74,2	-2,0%	293,0
	Operating profit	21,3	31,3	-32,0%	151,0
	- % of net sales	7,9 %	10,4 %	-2,5%	12,4 %
• Tax rate 31.5%	Financial expenses, net	0,6	0,0	+2745,0%	2,5
	Profit before taxes	20,7	31,3	-33,7%	148,5
	Profit for the period	14,2	21,5	-33,7%	101,9
	EBITDA	30,5	40,6	-24,9%	188,2

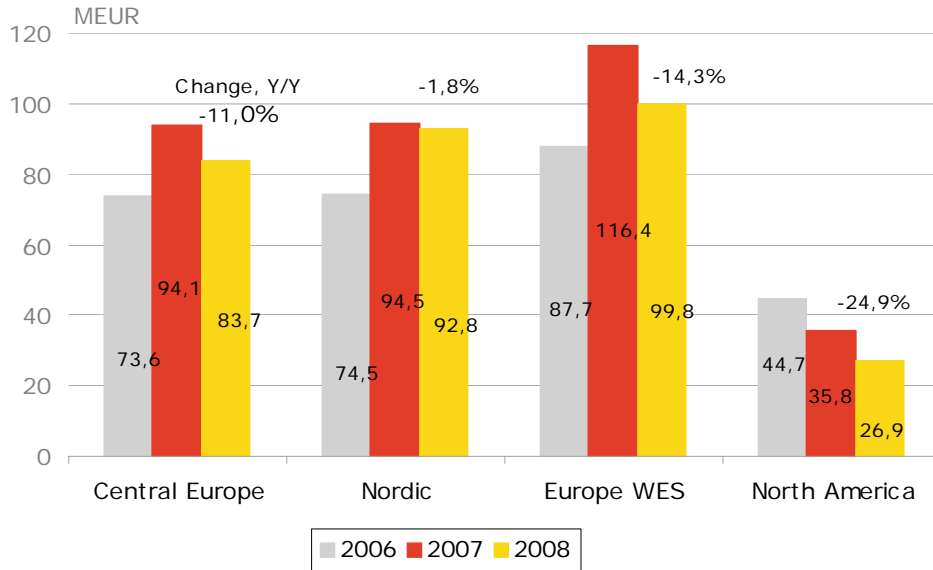
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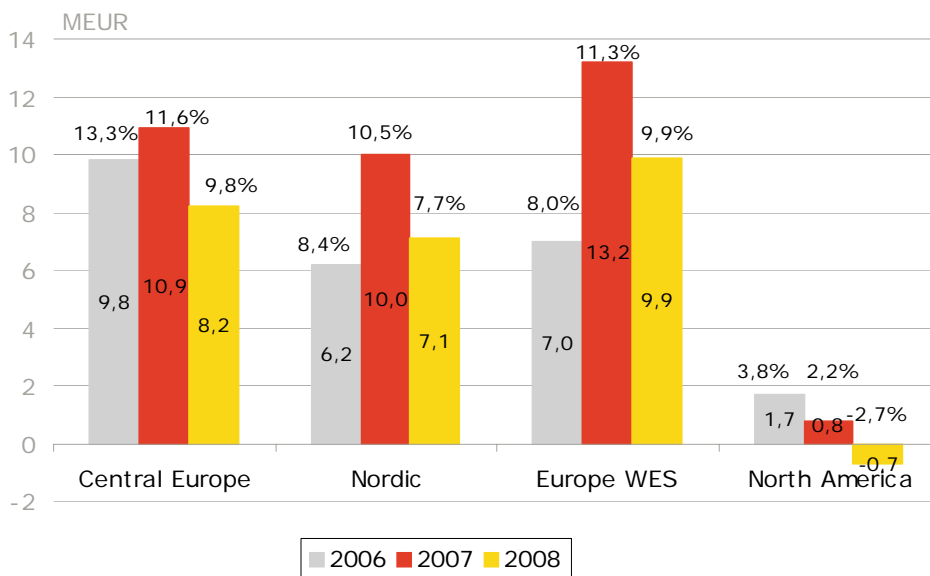
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Interim January – March 2008
Revenue development by region



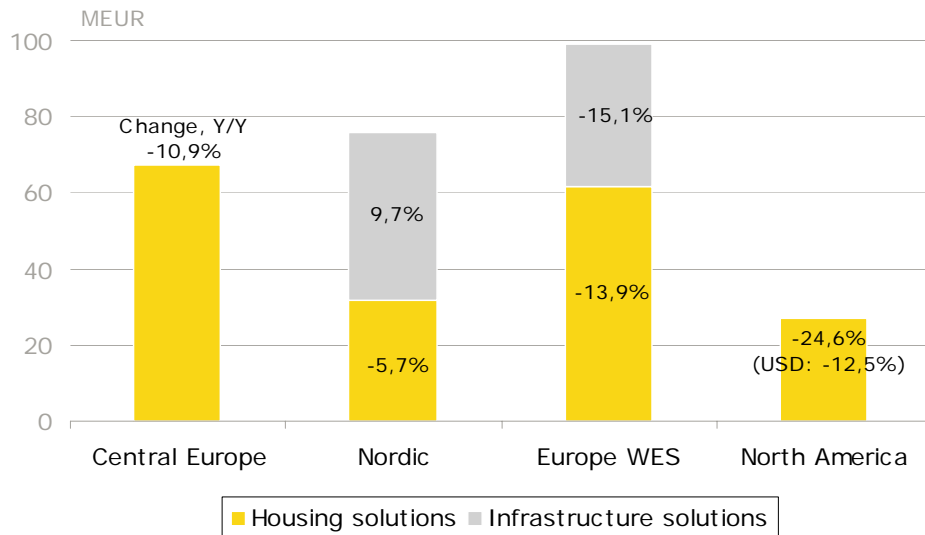
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Interim January – March 2008
Result development by region



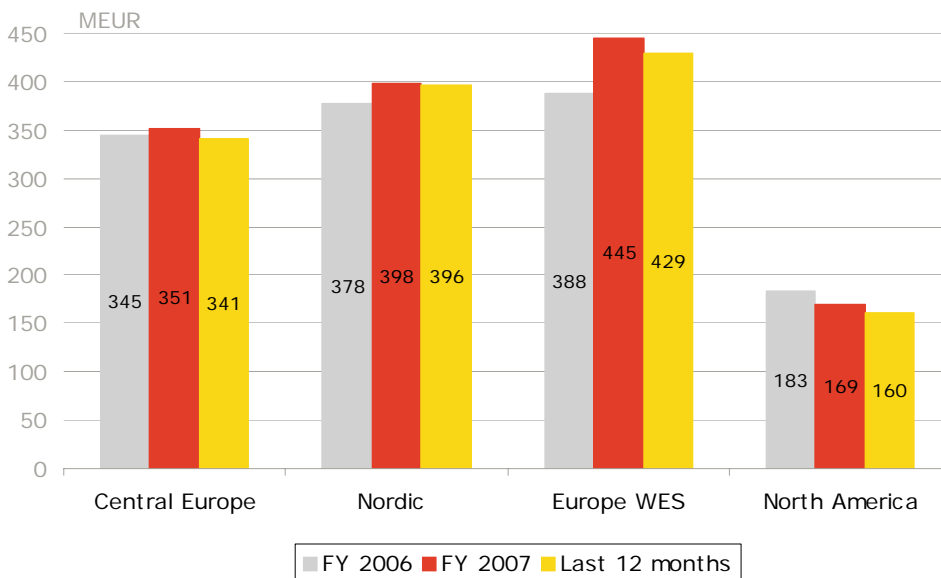
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Interim January – March 2008
Business segment external revenue



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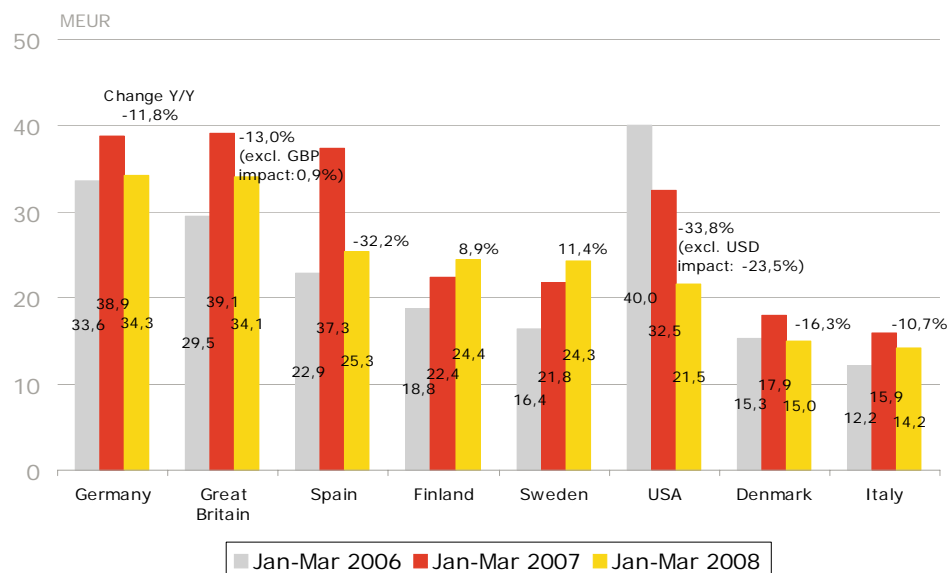
Revenue development by region, last 12 months



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Net sales development by key national markets (> 5% of Uponor net sales)

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Interim January – March 2008 Balance sheet

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MEUR	30 Mar 2008	30 Mar 2007	Change Y/Y	31 Dec 2007
Property, plant and equipment	212,8	208,2	+4,6	218,9
Intangible assets	101,1	96,9	+4,2	101,7
Securities and long-term investments	3,4	3,5	-0,1	3,6
Inventories	148,4	143,1	+5,3	150,6
Cash and cash equivalents	12,9	8,4	+4,5	6,3
Other current and non-current assets	234,0	251,6	-17,6	183,2
Shareholders' equity	235,4	260,3	-24,9	333,0
Non-current interest-bearing liabilities	17,9	20,4	-2,5	14,7
Provisions	14,9	16,1	-1,2	16,2
Non-interest-bearing liabilities	232,9	265,5	-32,6	224,3
Current interest-bearing liabilities	211,5	149,4	+62,1	76,1
Balance sheet total	712,6	711,7	+0,9	664,3

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Interim January – March 2008 Comments to balance sheet

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- ERP 0.6 MEUR – programme scaling down as communicated earlier

- Inventories slightly down from the high year-end number

- Net interest-bearing liabilities 216.5 MEUR

MEUR	30 Mar 2008	30 Mar 2007	Change Y/Y	31 Dec 2007
Property, plant and equipment	212,8	208,2	+4,6	218,9
Intangible assets	101,1	96,9	+4,2	101,7
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Interim January – March 2008 Cash flow

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MEUR	1-3/2008	1-3/2007	Change Y/Y	1-12/2007
Net cash from operations	31,6	41,3	-9,7	186,0
Change in NWC	-38,8	-57,8	+19,0	-45,1
Net payment of income tax and interest	-10,2	-10,1	-0,1	-47,1
Cash flow from operations	-17,4	-26,6	+9,2	93,8
Cash flow from investments	-8,2	-6,9	-1,3	-52,7
Cash flow before financing	-25,6	-33,5	+7,9	41,1
Dividends and buy backs	-102,5	-102,5	+0,0	-102,5
Other financing	134,7	132,0	+2,7	55,3
Cash flow from financing	32,2	29,5	+2,7	-47,2
Change in cash and cash equivalents	6,6	-4,0	+10,6	-6,1

- Cash flow from operations improved due to less capital spent in net working capital
 - Change in inventories positive: a 2.4 MEUR reduction in Q1/2008 compared to an increase of 13.4 MEUR in Q1/2007
 - Smaller increase in accounts receivable than in previous year

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Future outlook

Interim results briefing
29 April 2008, Helsinki

Summary: Construction activity YTD and FY 2008 outlook

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	Residential		Non-residential
	Activity YTD	FY 2008 Outlook	FY 2008 Outlook
Great Britain			
USA			
Germany			
Spain			
Finland			
Sweden			
Denmark			

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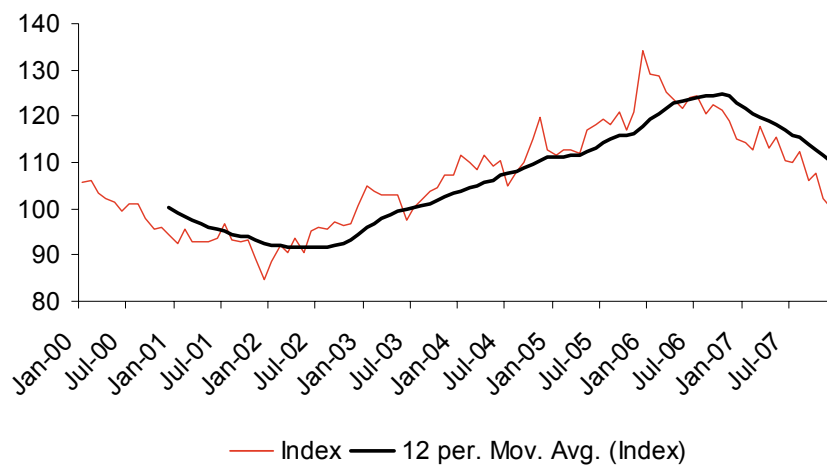
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Western Europe: Residential Building Permits Index (EU-15)

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- Despite the resilience of a few construction markets, the overall outlook for the Western European residential segment is darkening. Eurostat's Building Permits Index has fallen to levels last seen in 2003



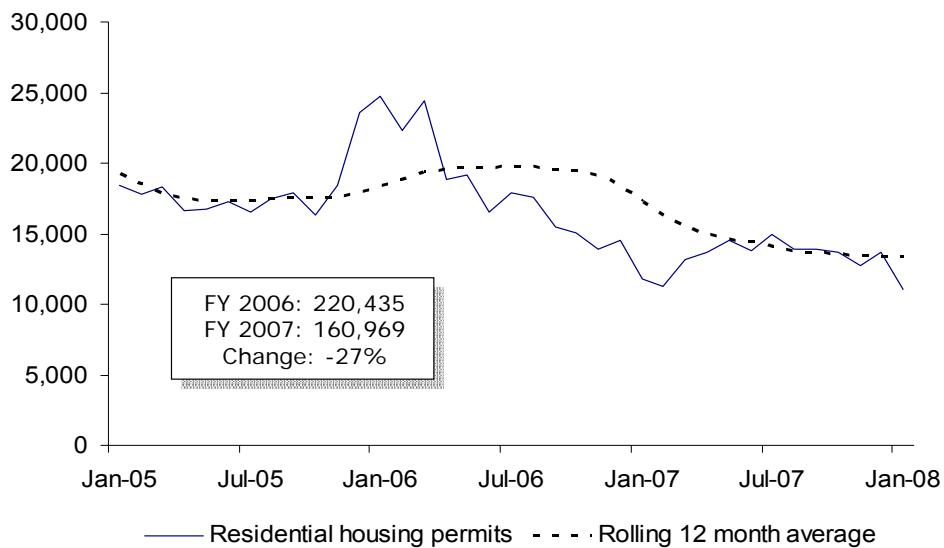
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Source: Eurostat
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Residential housing permits development in Germany

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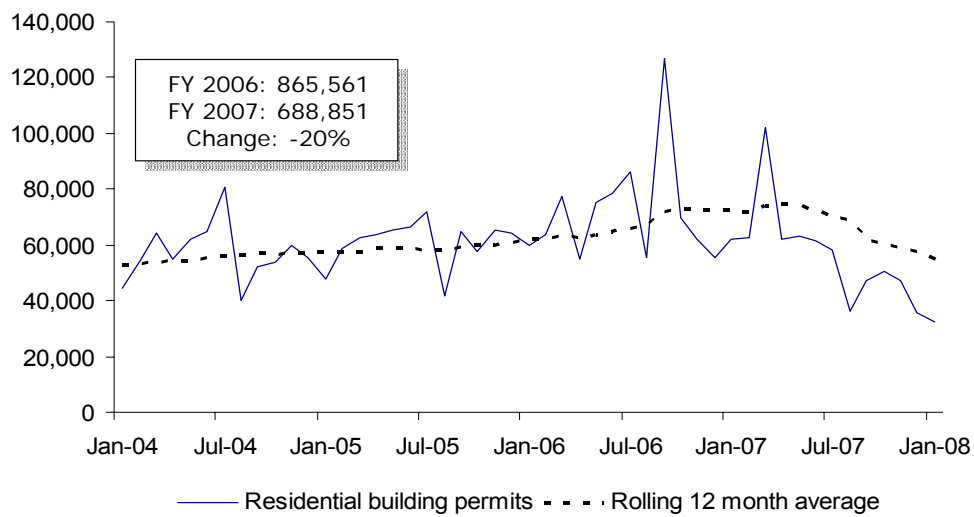
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Source: German Federal Statistic Office
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Residential housing permits development in Spain

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Source: Spanish Statistical Institute

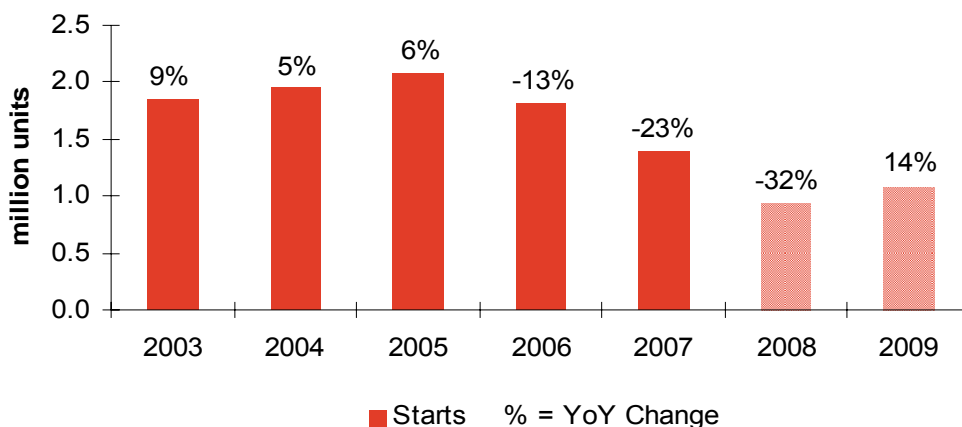
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U.S. construction outlook: Annual housing starts

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- Residential: Most forecasts for full-year 2008 are now below the 1 million unit level, but with some strengthening in the latter part of the year. This implies a further contraction from 2007 of about 30%.



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Source: Consensus Economics 3/2008

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Management agenda for 2008

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- Allocation of resources in key strategic initiatives continues
 - high-rise
 - strengthening of position in North America
 - geographical expansion in Europe
 - penetrate low market share markets
- Management of capacity and overhead costs continues to be key for maintaining profit margins
 - drive synergic benefits (ERP)
 - warehousing, transportation and sourcing initiatives have been boosted
 - other efficiency and productivity improvements



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Long-term financial targets 2007-2009

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Target	Scale	Achieved in 2007	Achieved in Q1/08
Annual organic net sales growth (over the cycle)	> 6%	6.2% ●	-10.5%
Operating profit margin	~15%	12.4% ●	7.9%
Return on investment (ROI)	>30%	39.2% ●	20.6%
Gearing (average across quarters)	30 – 70	43.9 ●	91.9
A growing ordinary dividend payout	> 50% of earnings	100.7% ● of earnings	

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- Based on information at hand regarding building market development and less challenging comparables, Uponor expects to:
 - grow its net sales organically (less than the long-term target)
 - reach at least the 2007 operating profit level
- Guidance justified by ongoing growth initiatives, continued penetration, and efficiency improvements/cost containment
- Net sales and operating profit in H1/2008 to remain behind the robust H1/2007 performance

Measure	Current guidance <small>(First announced on 7 Feb. 2008)</small>
Net sales	Achieve organic growth (<6%)
Operating profit	≥ 151 MEUR
Gross capex	~ 60 MEUR
Tax rate	~ 31.5%

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simply more

The text may contain forward-looking statements, which are based on the management's present expectations and beliefs about the future. The actual result may differ materially from such statements.