Planned merger of Uponor and KWH Group infrastructure businesses

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The transaction - summary

- Uponor and KWH Group announce a merger of their infrastructure businesses, comprising Uponor’s Infrastructure Solutions and KWH Pipe Ltd
- The plan is to establish a joint venture company that, once completed, will comprise all the infrastructure-related business of both owners
- The new company, Uponor Infra Oy, to become a subsidiary of Uponor Corporation with a 55.3% holding
  - KWH Group to remain minority owner with a 44.7% holding
- The transaction is subject to the approvals of the Competition Authorities
- The related personnel of both companies will transfer to the new company as old employees
The business logic of the transaction

- The industry landscape in the infrastructure business segment in Finland and other Nordic markets has changed significantly
  - Demand has suffered as a result of the prolonged global financial crisis
  - Increase in the amount of international and specialised domestic producers highlights the importance of product optimisation and effective logistics in order to compete effectively on these markets
- Uponor and KWH have now jointly wanted to contribute to the situation at hand and will establish a new structure that aims at a more optimal capacity utilisation and a profitable development of the infrastructure business in the future through efficiencies from the combination
The business logic of the transaction cont’d

- Two companies with a Nordic background and an extensive international experience in competitive global infrastructure markets
- Reliable and innovative track record of more than 100 years in the infrastructure business combined
- Commitment and strong mutual interest of both owners to stay in business and develop it further
- Together we are stronger to meet the needs of tomorrow
- Joining Uponor Corporation, KWH Pipe will become a part of a bigger player in the pipe industry, hence benefits in economies of scale can be achieved
Strong, focussed player to bring benefits to customers

- The new company will focus on the construction industry, municipalities, energy companies and industry as its key customer segments
- Commitment to solving the customers’ infrastructure needs with a focus on long-term partnerships, low total cost of ownership and creating sustainable environments
- Specialised manufacturer with
  - Strong infrastructure-related product & systems know-how
  - Competitive and broad offering to meet the customers’ needs
  - Personnel specialised in infrastructure solutions and committed to solving customer needs
  - Strong product development skills
  - Larger size will enable increased cost efficiency and synergies in operations
Description of transaction

- Uponor will transfer its current infrastructure and building solutions businesses into separate companies in those countries where they are now housed in the same legal entity.

- The new Uponor infrastructure companies and present KWH Pipe companies will together compose the new joint venture Uponor Infra Oy.

- The new company will have a Board of Directors of its own (2+2), with Chairman from Uponor.
  - The Board will nominate the Managing Director.

- As part of this deal, Uponor will also acquire the PEX related pipe production and business of KWH Pipe as a business transfer and integrate it into Uponor BLD business.
### Businesses in numbers

<table>
<thead>
<tr>
<th>Based on 2011 data</th>
<th>Uponor Infrastructure Solutions segment</th>
<th>KWH Pipe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales, €</td>
<td>150m</td>
<td>234m</td>
</tr>
<tr>
<td>EBITDA, €</td>
<td>3.8m</td>
<td>7.4m</td>
</tr>
<tr>
<td>Balance sheet total, €</td>
<td>83.0m</td>
<td>169.0m</td>
</tr>
<tr>
<td>Employees (avg.)</td>
<td>516</td>
<td>1,238</td>
</tr>
<tr>
<td>Number of production sites (small prefabrication sites not included)</td>
<td>Finland (3), Sweden (1)</td>
<td>Finland (3), Denmark (2) Sweden (1), Poland (1) Czech (1), Canada (2) Thailand (1)</td>
</tr>
<tr>
<td>Sales offices</td>
<td>Denmark, Norway, Baltics</td>
<td>Estonia, Germany, Lithuania, Russia, UK, USA</td>
</tr>
</tbody>
</table>

- Net debt of Uponor Group is expected to increase by ca €35 million at the completion of the transaction
- No material impact on Uponor's gearing or solvency ratio
Uponor and KWH Pipe main infrastructure sites

KWH Pipe locations outside Europe
Thailand: Bangkok, Rayong (Amata City)
Canada: Huntsville, Saskatoon, Mississauga, Montreal, Vancouver
USA: Riverside, California
Russia: St. Petersburg, Yekaterinburg

- Uponor, manufacturing
- Uponor, sales
- KWH Pipe, manufacturing
- KWH Pipe, sales
Timeline

20 Sep 2012

Signing of contract between Uponor and KWH

- Competition Authority approvals
- Closing of contract

Q1 2013

The new company starts operations

21 September 2012
Basic facts: Uponor Infrastructure

- Uponor infrastructure operations started in the mid-1960s
- Early 1980s, Uponor carries out a series of acquisitions and expands operations first across Scandinavia and later to central and southern Europe as well as North and South America (late 80s/early 90s)
- After the millennium, as part of global business restructuring and focus, Uponor exits from the infrastructure business outside of Northern Europe
- Uponor’s largest business today is Building Solutions (building heating/cooling, tap water), the focus of operations being on Europe and North America
- Uponor is listed on the Nasdaq OMX Helsinki stock exchange
Basic facts: KWH Pipe

- The pipe business in the KWH Group started in the mid-1950s
- Today, KWH Pipe is an international plastic pipe expert operating in Europe, Asia and North America
- KWH Pipe develops, manufactures, and markets complete plastic pipe systems for industrial, infrastructure and building applications, environmental products, pre-insulated pipe systems and special machinery and production technology
- Part of the family-owned KWH Group