

Uponor Corporation

Stock exchange release

21 September 2012 09.00 EET

Uponor and KWH Group announce a merger of their infrastructure businesses

- The new joint venture, comprising Uponor's Infrastructure Solutions and KWH Pipe Ltd, to become a specialist in infrastructure pipe systems mainly in northern Europe
- The new joint venture to be named Uponor Infra Oy and consolidated in Uponor Corporation as Uponor Infrastructure Solutions
- The deal aims to create efficiencies and strengthen the profitability, while continuing to offer the customers quality products at competitive terms
- The transaction highlights commitment and strong mutual interest of both owners to stay in business and develop it further
- Net debt of Uponor Group is expected to increase by approximately €35 million at the completion of the transaction. The deal is not expected to have a material impact on Uponor's gearing or solvency ratio. The management expects to achieve cost synergies, which are material in relation to the value of the businesses, but their achievement is subject to detailed planning and execution by the joint venture management.
- The transaction is subject to certain closing conditions, including approval of competition authorities

Uponor Corporation and KWH Group Ltd both headquartered in Finland, have today announced a major industry transformation, which involves the merger of both companies' infrastructure pipe businesses into a new joint venture company. The new company, to be named Uponor Infra Oy (Uponor Infra Ltd) and jointly owned by Uponor (55.3%) and KWH Group (44.7%), will focus on providing infrastructure pipe systems in northern Europe and elsewhere. The deal, which is subject to certain closing conditions, including the approval of the Competition Authorities, is planned to be closed after the Competition Authorities' approvals.

Uponor President and CEO Jyri Luomakoski comments on the deal:

- The industry landscape in this business segment in Finland and other Nordic markets has changed remarkably over the past several years, due to international and specialised domestic players having entered the market. At the same time demand has suffered as a result of a prolonged global financial crisis.
- Our main customer groups, the construction industry and the municipalities, will benefit from this deal, as a result of increased cost efficiency in operations, enabling us to provide a wide offering of innovative quality products and systems.

KWH Group President and CEO Peter Höglund comments:

- Uponor and KWH wanted to contribute to the challenging situation at hand together, and will establish a new structure that aims at a better capacity utilisation and a sustainable development of the infrastructure business in the future.
- 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.

The new joint venture company will be a subsidiary of Uponor Corporation and thus consolidated into Uponor Corporation's financial statements, as its Infrastructure Solutions segment. In legal terms, Uponor will transfer its current building solutions and infrastructure businesses into separate companies in those countries where they are now housed in the same legal entity. Once completed, the new joint venture will serve as the parent company for all infrastructure-related pipe operations of both parties.

The related personnel of both companies will transfer to the new company as old employees.

Key figures

Based on 2011 data	Uponor Infrastructure Solutions	KWH Pipe
Net sales, €	150m	234m
EBITDA, €	3.8m	7.4m
Balance sheet total, €	83.0m	169.0m
Employees (avg)	516	1,238

It has further been agreed that, as part of this deal, Uponor will acquire the PEX pipe related production and business of KWH Pipe, based in Ulvila, Finland, as a business transfer. This will be integrated in Uponor's building solutions organisation.

About KWH Pipe:

KWH Pipe is an international plastic pipe expert operating in Europe, Asia and North America. KWH Pipe develops, manufactures and markets plastic pressure pipe systems for industrial, infrastructure and building applications, environmental products, pre-insulated pipe systems and special machinery and production technology.

The pipe business in KWH Group started in mid 1950s. Its internationalisation began in the 1960s leading to factories and sales offices in Europe, North America and Asia. KWH Pipe is known as a global pioneer in producing large diameter pipes.

KWH Pipe operates three production sites in Finland, two in Denmark and Canada and four other factories in Sweden, Poland, the Czech Republic and Thailand. The company also has six sales companies in key international markets. KWH Pipe's Thailand based subsidiary, Wiik & Hoeglund, Plc, is listed in the Stock Exchange of Thailand. KWH Pipe owns 65.99% of the shares in the company.

About Uponor Infrastructure:

The Uponor-branded infrastructure business, with a focus on storm water and sewer systems, currently comprises two factories in Finland and one in Sweden, with sales activities in all Nordic countries, the Baltics and Russia. Uponor's Finnish subsidiary, Jita Oy, which also serves the infrastructure markets, will be part of the new joint venture but it will continue to operate under its existing brand name.

Uponor started its infrastructure operations in the mid-1960s. In the early 1980s, the company carried out a series of acquisitions and expanded its operations into Scandinavia and later, in late 1980s and early 90s, into central and southern Europe as well as North and South America. After the millennium, as a result of global business restructuring and focusing, Uponor exited from the infrastructure business outside the Nordic countries.

Press briefing and webcast

A press briefing will be held today at 11.00 EET, at Hotel Scandic Simonkenttä, cabinet Mansku, Simonkatu 9, Helsinki, Finland. The briefing session will also be webcast and recorded. The webcast can be accessed through www.uponor.com > Investors.

Pictures and film footage available through the following links:

<http://umib.uponor.com/?cart=1445-cehadlemeh&l=EN>

<http://umib.uponor.com/?cart=1447-lckjdhfbb&l=EN>

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Uponor is a leading international provider of plumbing and indoor climate solutions for residential and commercial building markets across Europe and North America. In Northern Europe, Uponor is also a prominent supplier of infrastructure pipe systems. Uponor offers its customers solutions that are sustainable and safe and reliable to own and operate. The Group employs approx. 3,100 persons, in 30 countries. In 2011, Uponor's net sales totalled ca €800 million. Uponor Corporation is listed on NASDAQ OMX Helsinki in Finland. <http://www.uponor.com>.

KWH Group Ltd is a family-owned company with subsidiaries all over the world. The KWH Group develops, produces and markets plastic products and abrasives globally and provides logistics services. The KWH Group has four divisions which act as sectoral sub-groups: KWH Pipe – pipes, KWH Mirka – abrasives, KWH Logistics – logistics services and a business development division called KWH Invest including KWH Plast – plastic films and PreveX - products for the plumbing sector. In 2011, KWH Group's net sales totalled €537 million and it employed 2691 people. <http://kwhgroup.com>