

# Q3

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## Performance in January-September 2009

27 October 2009

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President and CEO

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## Key messages on Q3/2009

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- Business environment in key markets continued very challenging, as anticipated
- Net sales down, but with an encouraging trend against Q1 and Q2
- Positive development of profitability despite one-time costs
- While many markets and segments are still deteriorating year-on-year, some stability visible in main markets – for the first time since autumn 2007

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## Building market indicators continue to point downwards

	Indicator	Data through	YTD change in Q3*	Net sales change, local currency, Q3
Germany	Housing permits	July 2009	-5%	-10.7%
USA	Housing starts	Sept 2009	-28%	-28.9%
Finland	Housing permits	July 2009	-26%	-16.5%
Sweden	Housing starts	June 2009	-45%	-5.9%
Spain	Housing permits	July 2009	-62%	-39.4%
Netherlands	Housing permits	June 2009	-10%	-18.0%
Italy	Construction index	June 2009	-11%	-17.5%
Denmark	Housing starts	June 2009	-35%	-30.3%
Norway	Housing starts	July 2009	-28%	-23.0%
Canada	Housing starts	Sept 2009	-30%	-14.6%



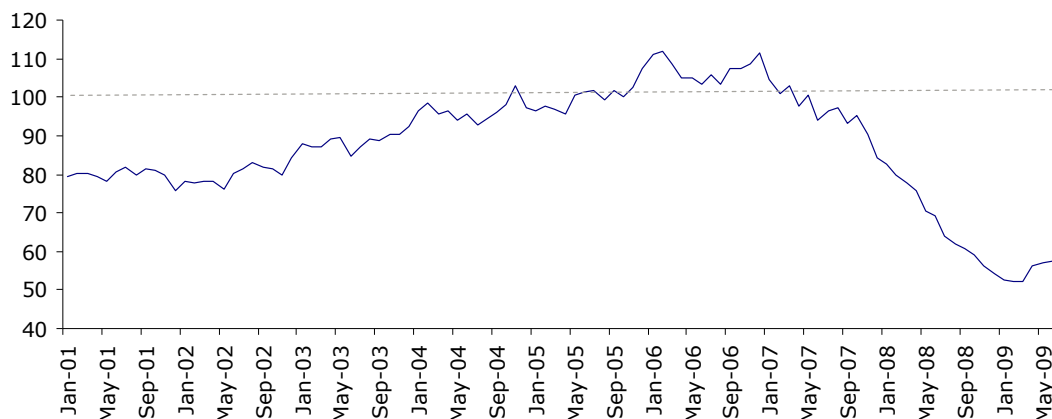
\* The colour code indicates the magnitude of change in indicators from those reported in connection with the Q2 results

## Europe: Residential permits

- The fall in residential building permits appear to have bottomed out, and even made some gains in the period from April to June, but the level is still very low historically

### Residential Building Permits Index

(EU27, Seasonally adjusted)



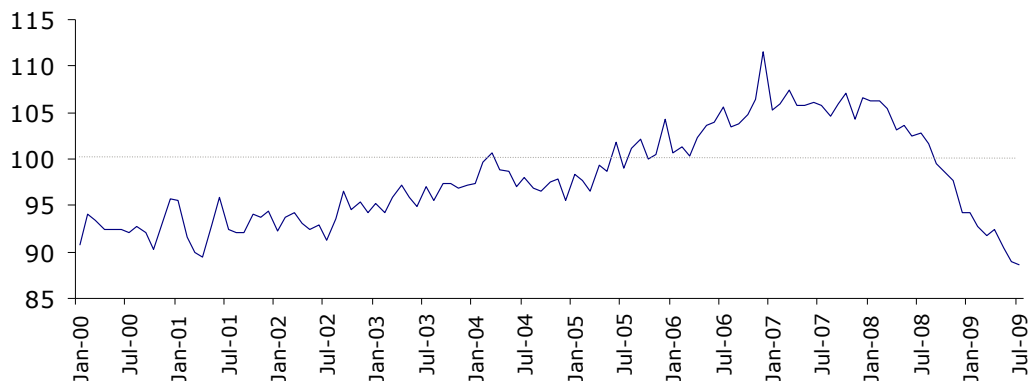
Source: Eurostat



- The stabilisation in residential permits and construction sentiment did not translate into increased production activity up through July

## Construction Production Index

(EU 27, Seasonally adjusted)



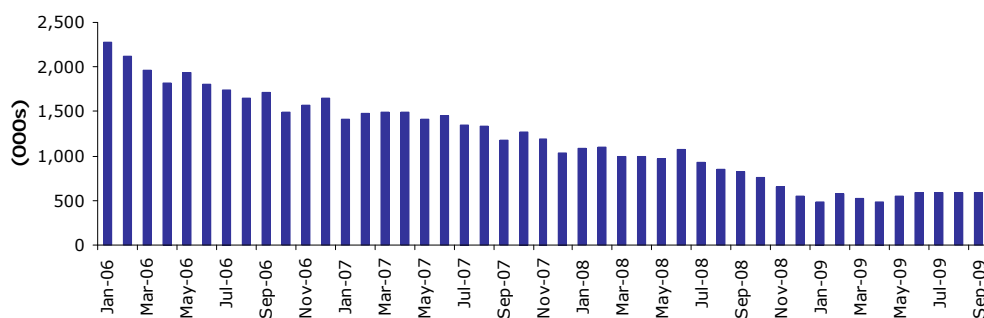
Source: Eurostat



- U.S. housing starts in September were at a seasonally adjusted annual rate of 590,000. This is 0.5% above the revised August estimate, but is 28.2% below the September 2008 rate.

## U.S. Housing Starts

(Seasonally adjusted, annualized rate)



Source: U.S. Census Bureau



## Q3: Sales continued to suffer from low building activity

Net sales MEUR	7-9/2009	7-9/2008	Change, %
<b>Uponor</b>	<b>195.4</b>	<b>249.1</b>	<b>-21.6</b>
Building Solutions – Europe	128.6	177.1	-20.8%
Building Solutions – North America	29.4	34.5	-23.2%
(Building Solutions – North America, USD)	41.8	53.8	-26.8%)
Infrastructure Solutions – Nordic	39.2	58.1	-23.7%

- Net sales trend -21.6% shows a slight improvement on -27.7% in Q2
- Weakening development in central Europe as both the single-family residential and the project business experienced a softer period
- In North America, plumbing solutions benefited from improved activity in the residential new-build market



## Q3: Operational leverage and one-time Uponor costs burdened operating profit

Operating profit MEUR	7-9/2009	7-9/2008	Change, %
<b>Uponor</b>	<b>17.3</b>	<b>22.8</b>	<b>-24.1</b>
Building Solutions – Europe	9.8	20.5	-51.9%
Building Solutions – North America	4.2	1.6	+153.5%
(Building Solutions – North America, USD)	5.6	2.4	+124.6%)
Infrastructure Solutions – Nordic	5.9	4.0	+47.9%

- Driven by lower volumes, Q3 operating profit down -24.1% year-on-year, against -57.3% in Q2
- July–September OP margin at 8.9%, against 9.1% in 2008
  - Includes one-time costs of EUR 4.8m in Building Solutions – Europe
- North America improved, reflecting continued actions to control overhead costs as well as production efficiency gains
- Cost management and changes in product mix supported Infrastructure Solutions



- + Positive operating profit development
  - nearly at par with Q3/2008, including one-time costs
  - cost savings focus maintained in all businesses across geographies, catching up with declining demand
- + Cash flow development favourable, supported by continued progress in working capital management
- + Efficiency initiatives in North America starting to bear fruit
  
- Demand mostly still declining in Q3 (although signs of stability are emerging)
- Market sentiment slowing down the introduction of new product offering
- Commercial and non-residential building prospects deteriorating



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## Financial results

## Interim January – September 2009 Key figures

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MEUR	1-9 2009	1-9 2008	Change Y/Y	1-12 2008
Net sales, continuing operations	559,7	750,3	-25,4%	949,2
Operating profit, continuing operations	28,9	71,1	-59,4%	51,2
Operating profit margin, continuing operations	5,2%	9,5%	-4,3% pts	5,4%
Earnings per share (diluted), EUR	0,13	1,21	-89,3%	0,99
Return on equity, % (p.a.)	4,6%	36,2%	-31,6% pts	22,7%
Return on investment, % (p.a.)	7,1%	36,9%	-29,8% pts	22,2%
Net interest bearing liabilities	105,1	99,3	+5,8%	60,6
Gearing, %	41,7%	31,1%	10,6% pts	19,8%
Net Working capital of Net Sales, %	17,4%	19,7%	-2,4% pts	10,0%
Average number of employees, continuing operations	3 463	4 080	-15,1%	4 006
Number of employees, end of period, continuing operations	3 334	3 934	-15,3%	3 678

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## Interim January – September 2009 Income statement

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MEUR	1-9 2009	1-9 2008	Change Y/Y	1-12 2008
<b>Continuing operations</b>				
Net sales	559,7	750,3	-25,4%	949,2
Cost of goods sold	356,3	470,8	+14,1%	607,4
Gross profit	203,4	279,5	-27,2%	341,8
- % of net sales	36,3 %	37,2 %	-0,9%	36,0 %
Other operating income	0,3	0,6	-42,9%	1,4
Expenses	174,8	209,0	-16,3%	292,0
Operating profit	28,9	71,1	-59,4%	51,2
- % of net sales	5,2 %	9,5 %	-4,3%	5,4 %
Financial expenses, net	9,8	4,6	+113,1%	10,2
Profit before taxes	19,1	66,5	-71,3%	41,0
Profit for the period	13,8	46,0	-70,0%	30,1
EBITDA	52,2	94,8	-18,1%	82,6

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## Interim January – September 2009 Comments to income statement

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MEUR	1-9 2009	1-9 2008	Change Y/Y	1-12 2008
<b>Continuing operations</b>				
Net sales	559,7	750,3	-25,4%	949,2
Cost of goods sold	356,3	470,8	+14,1%	607,4
Gross profit	203,4	279,5	-27,2%	341,8
- % of net sales	36,3 %	37,2 %	-0,9%	36,0 %
Other operating income	0,3	0,6	-42,9%	1,4
Expenses	174,8	209,0	-16,3%	292,0
Operating profit	28,9	71,1	-59,4%	51,2
- % of net sales	5,2 %	9,5 %	-4,3%	5,4 %
Financial expenses, net	9,8	4,6	+113,1%	10,2
Profit before taxes	19,1	66,5	-71,3%	41,0
Profit for the period	13,8	46,0	-70,0%	30,1
EBITDA	52,2	94,8	-18,1%	82,6

- Decrease in sales in Q3 2009 (21,6%) less than 1-6/2009 (27,3%) mainly due to weaker comparisons
- Gross profit level sustained even if an additional load caused by the 4,8 MEUR one time costs in Q3 for Building Solutions Europe
- Expenses even more down during Q3 (19,6%) thanks to the efficiency improvements already achieved and the cost savings initiatives currently running

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## Interim July – September 2009 Income statement

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MEUR	7-9 2009	7-9 2008	Change Y/Y
<b>Continuing operations</b>			
Net sales	195,4	249,1	-21,6%
Cost of goods sold	123,6	158,5	-22,0%
Gross profit	71,8	90,6	-20,7%
- % of net sales	36,7 %	36,3 %	+0,4%
Expenses	54,3	67,8	-19,6%
Operating profit	17,5	22,8	-23,5%
- % of net sales	8,9 %	9,1 %	-0,2%
Financial expenses, net	4,6	1,7	+170,1%
Profit before taxes	12,9	21,1	-39,1%
Profit for the period	9,3	14,5	-35,7%
EBITDA	25,3	31,0	-18,4%

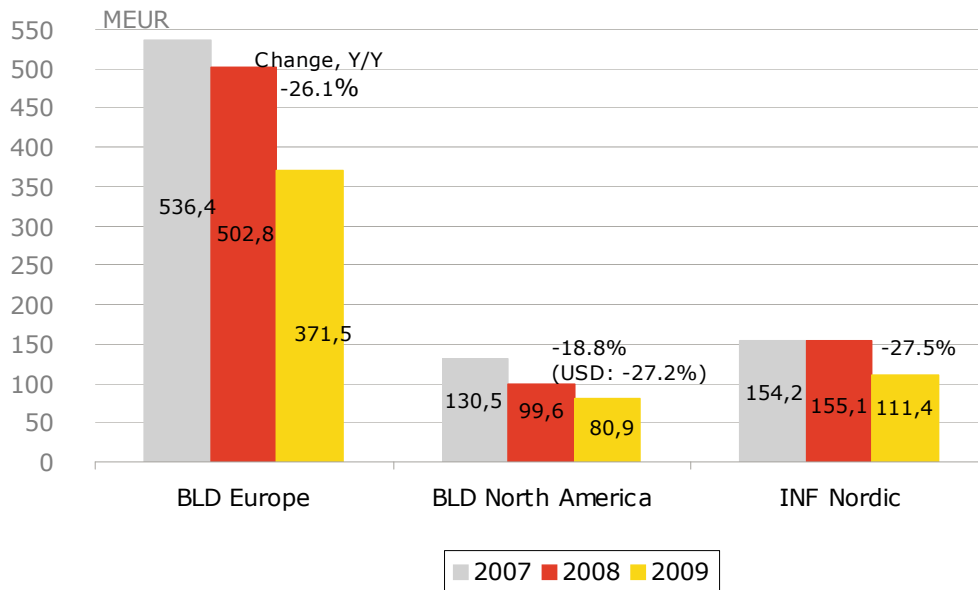
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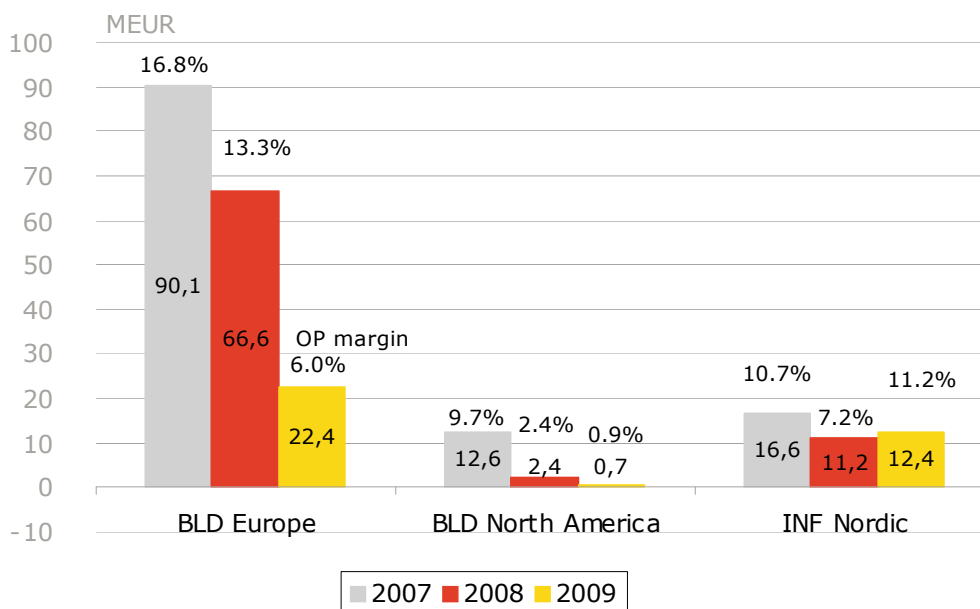
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## Interim January – September 2009 Revenue development by segment



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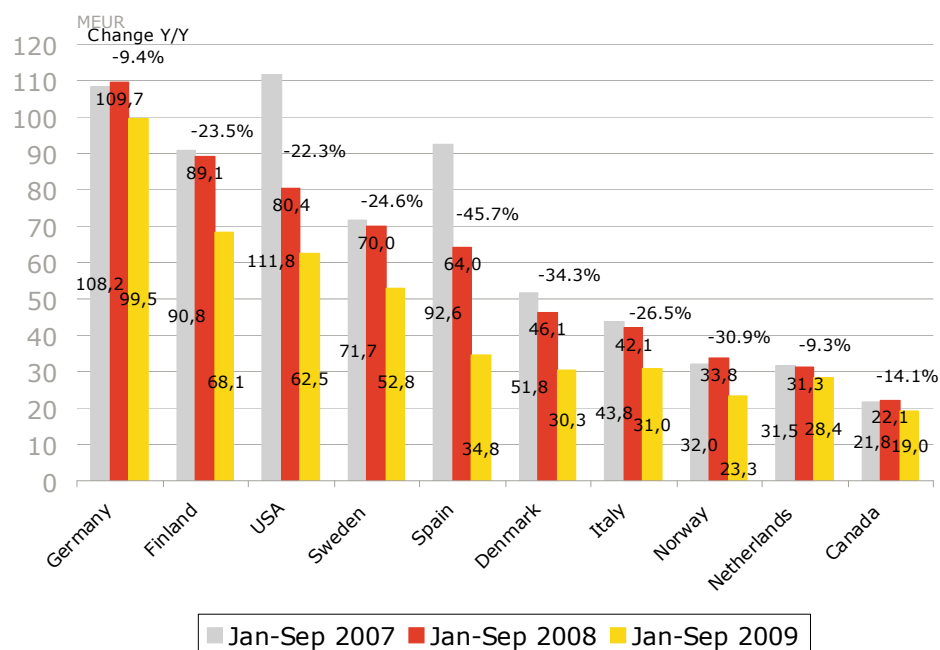
## Interim January – September 2009 Result development by segment



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## Net sales development by key national markets (10 largest by net sales)



## Interim January – September 2009 Balance sheet

MEUR	30 Sep 2009	30 Sep 2008	Change Y/Y	31 Dec 2008
Property, plant and equipment	172,5	180,3	-7,8	184,5
Intangible assets	99,2	101,1	-1,9	101,3
Securities and long-term investments	7,1	7,4	-0,3	6,3
Inventories	77,7	128,0	-50,3	104,5
Cash and cash equivalents	7,9	5,1	+2,8	53,2
Other current and non-current assets	176,7	221,4	-44,7	145,1
Shareholders' equity	252,4	319,0	-66,6	305,6
Non-current interest-bearing liabilities	72,4	17,3	+55,1	77,0
Provisions	17,0	13,2	+3,8	30,0
Non-interest-bearing liabilities	158,7	206,7	-48,0	145,5
Current interest-bearing liabilities	40,6	87,1	-46,5	36,8
Balance sheet total	541,1	643,3	-102,2	594,9



## Interim January – September 2009 Comments to balance sheet

- Inventories further down by 9 MEUR (10%) during Q3 2009 due to development projects in production, logistics and warehousing

- Tight credit control has kept the accounts receivable level unchanged

MEUR	30 Sep 2009	30 Sep 2008	Change Y/Y	31 Dec 2008
Property, plant and equipment	172,5	180,3	-7,8	184,5
Intangible assets	99,2	101,1	-1,9	101,3
Securities and long-term investments	7,1	7,4	-0,3	6,3
Inventories	77,7	128,0	-50,3	104,5
Cash and cash equivalents	7,9	5,1	+2,8	53,2
Other current and non-current assets	176,7	221,4	-44,7	145,1
Shareholders' equity	252,4	319,0	-66,6	305,6
Non-current interest-bearing liabilities	72,4	17,3	+55,1	77,0
Provisions	17,0	13,2	+3,8	30,0
Non-interest-bearing liabilities	158,7	206,7	-48,0	145,5
Current interest-bearing liabilities	40,6	87,1	-46,5	36,8
Balance sheet total	541,1	643,3	-102,2	594,9



## Interim January – September 2009 Cash flow

MEUR	1-9/2009	1-9/2008	Change Y/Y	1-12/2008
Net cash from operations	41,9	97,5	-55,6	85,0
Change in NWC	+9,2	-4,4	+13,6	55,7
Net payment of income tax and interest	-19,2	-38,0	+18,8	-45,3
<b>Cash flow from operations</b>	<b>31,9</b>	<b>55,1</b>	<b>-23,2</b>	<b>95,4</b>
Cash flow from investments	-9,6	52,8	-62,4	38,2
<b>Cash flow before financing</b>	<b>22,3</b>	<b>107,9</b>	<b>-85,6</b>	<b>133,6</b>
Dividends and buy backs	-62,1	-102,5	+40,4	-103,7
Other financing	-5,5	-6,6	+1,1	17,1
Cash flow from financing	-67,6	-109,1	+41,5	-86,6
Change in cash and cash equivalents	-45,3	-1,2	-44,1	46,9

- Net cash from operations clearly positive during Q3 2009 (+19,0 MEUR)
- Change in Net Working Capital also generating positive cash flow
- Capex down to 12.7 MEUR compared to 23,8 MEUR in Jan-Sep 2008



MEUR	7-9/ 2009	7-9/ 2008	Change Y/Y
Net cash from operations	19,0	33,1	-14,1
Change in NWC	18,5	12,0	+6,5
Net payment of income tax and interest	-2,8	-16,4	+13,6
<b>Cash flow from operations</b>	<b>34,7</b>	<b>28,7</b>	<b>+6,0</b>
Cash flow from investments	-2,2	-8,2	+6,0
<b>Cash flow before financing</b>	<b>32,5</b>	<b>20,5</b>	<b>+12,0</b>
Dividends and buy backs	0,0	0,0	+0,0
Other financing	-27,5	-23,9	-3,6
Cash flow from financing	-27,5	-23,9	-3,6
Change in cash and cash equivalents	5,0	-3,4	+8,4

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**Outlook for the future**

- Extensive strategic restructuring programme implemented successfully in 2007-2009
  - Supply chain reorganisation, supported by modern ERP solution Europe-wide, aiming at improved service levels and driving out cost
  - Nordic Infrastructure manufacturing reorganisation started: target to be best in class to secure the No 1 position in the market
  - Manufacturing network and capabilities strengthened in anticipation of market recovery
- New market segmentation and new European organisation
  - Initiatives being planned and launched
- Financial performance strengthened, laying a foundation for a stable shareholder return development in the future



### Short-term

- Cash flow management
  - benefits mostly gained
- Cost management
  - successful execution of current initiatives and active search for new projects
- Creating new revenue opportunities
  - identifying new openings e.g. through segmentation

### Longer-term

- Execution of the three pillar core strategy continues
  - Growth, brand, operational excellence
- Financial long-term targets remain valid



## Stability increasing but the trend has yet to turn – guidance unchanged

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- The market environment is showing some signs of stabilisation
- Uponor strategies based on a more steady business environment but with modest growth expectations
- No changes to the full-year guidance
  - Uponor expects its net sales to remain below the 2008 level, and the profit for the year 2009 is expected to be positive
  - The Group's capital expenditure will not exceed depreciation in 2009, and with tight net working capital management, Uponor expects its cash flow to remain at a reasonable level



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simply more

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



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## Market update Q3/2009

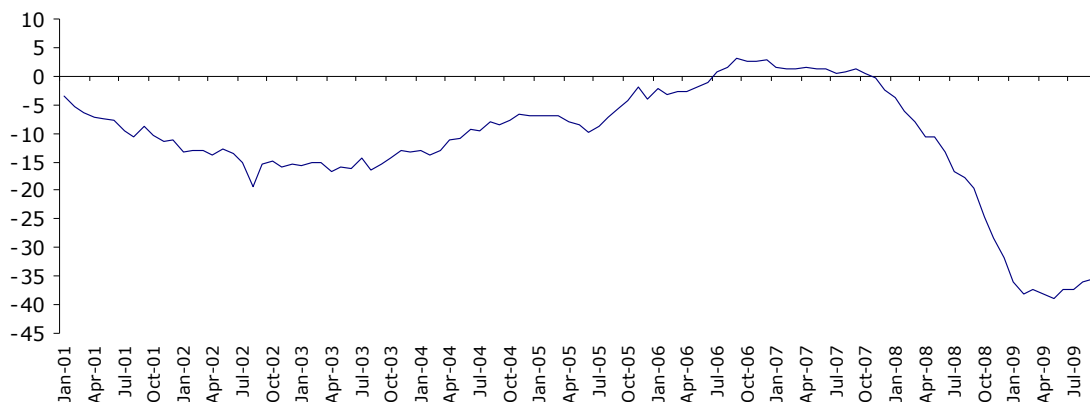
Appendix

### Europe: Builder sentiment

- Confidence in the construction sector has also stabilised and has improved marginally during the summer months

#### Construction Confidence Indicator

(EU27, Seasonally adjusted)



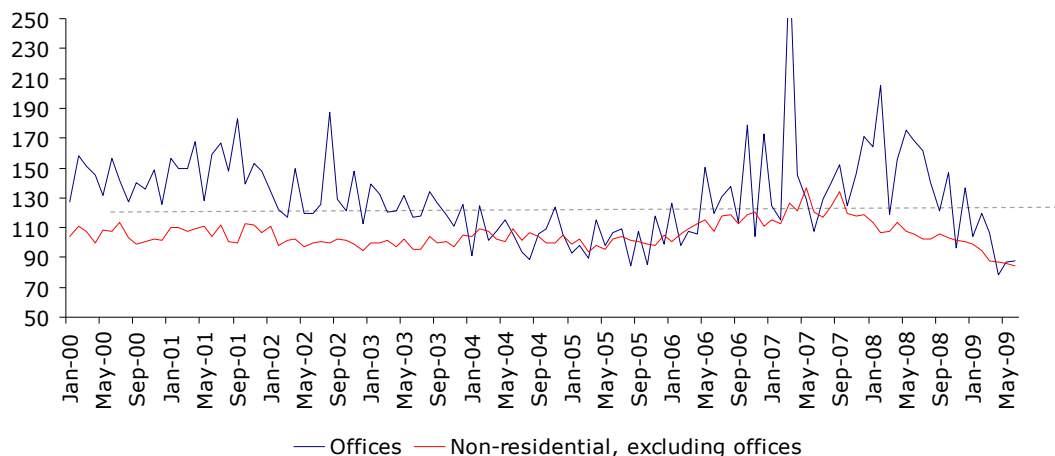
Source: Eurostat



- Permits for non-residential structures have continued to weaken

## Non-residential Building Permits Index

(EU 27, Seasonally adjusted)

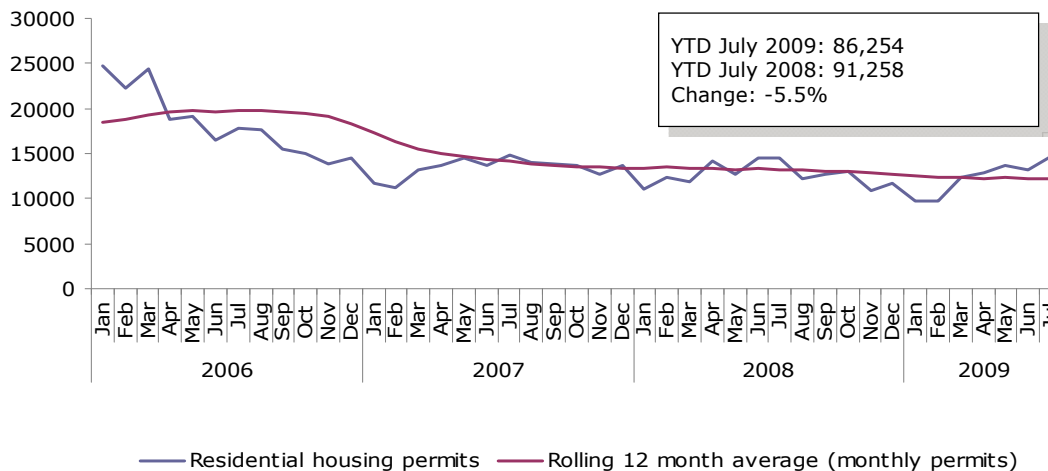


Source: Eurostat



# Housing permits development in Germany

## Monthly residential housing permits - Germany



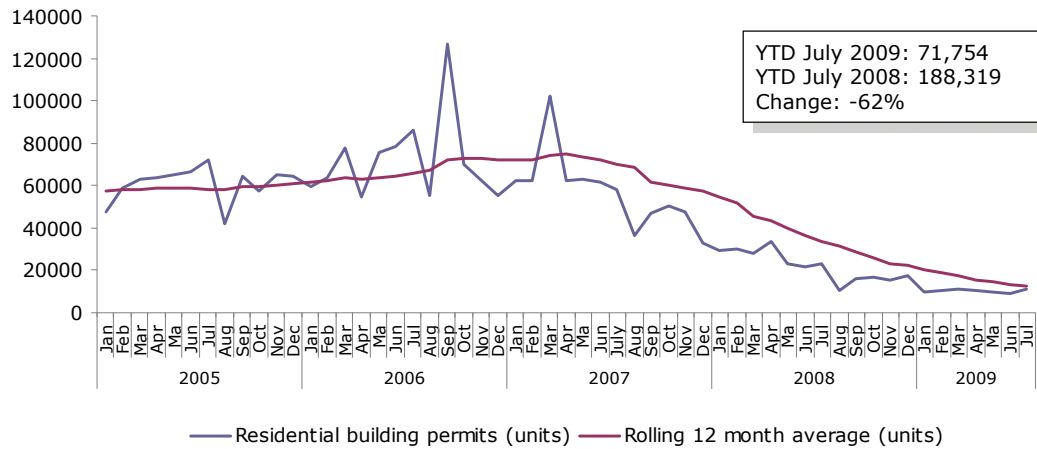
Source: German Federal Statistic Office



## Housing permits development in Spain

- Housing permits for July were down 51% from July 2008, and down 62% from January to July compared to the same period in 2008.

### Monthly residential building permits: Spain

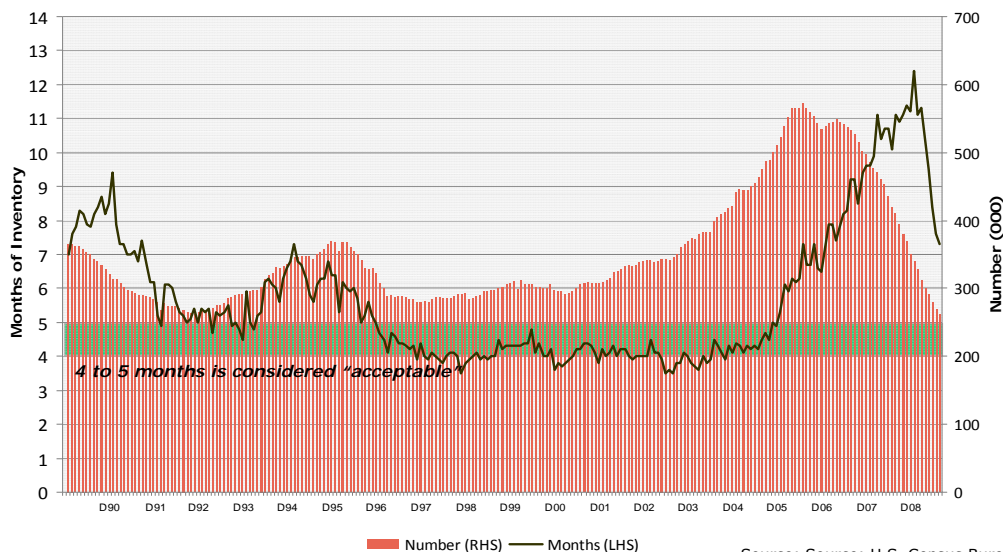


Source: INE



## USA: Months of supply and inventory level

- The absolute number of unsold new single-family homes has declined and is near the historical low point; however, the months of unsold inventory remains high due to sluggish sales.



Source: Source: U.S. Census Bureau

