

**INTERIM REPORT 1-9/2016, IFRS**

The interim report is unaudited.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

ME	1-9/ 2016	1-9/ 2015	7-9/ 2016	7-9/ 2015	1-12/ 2015
<b>Continuing operations</b>					
Net sales	830,5	788,8	284,1	274,1	1 050,8
Cost of goods sold	540,4	510,0	187,3	179,1	680,6
Gross profit	290,1	278,8	96,8	95,0	370,2
Other operating income	2,4	0,9	0,4	0,2	2,4
Dispatching and warehousing expenses	26,3	26,7	8,4	8,6	35,3
Sales and marketing expenses	143,1	140,5	43,9	45,2	187,4
Administration expenses	41,5	41,7	12,1	13,5	56,8
Other operating expenses	18,1	13,4	7,7	4,3	21,7
Operating profit	63,5	57,4	25,1	23,6	71,4
Financial expenses, net	7,2	5,7	1,7	-0,7	8,9
Share of results in associated companies	0,2	0,2	0,1	0,1	0,3
Profit before taxes	56,5	51,9	23,5	24,4	62,8
Income taxes	20,9	19,2	8,7	9,0	25,7
Profit for period from continuing operations	35,6	32,7	14,8	15,4	37,1
<b>Discontinued operations</b>					
Profit for the period from discontinued operations	0,4	-0,3	0,0	0,0	-0,2
<b>Profit for the period</b>	<b>36,0</b>	<b>32,4</b>	<b>14,8</b>	<b>15,4</b>	<b>36,9</b>
<b>Other comprehensive income</b>					
Items that will not be reclassified subsequently to profit or loss					
Re-measurements on defined benefit pensions, net of taxes	-	0,0	-	0,0	1,4
<b>Items that may be reclassified subsequently to profit or loss</b>					
Translation differences	-4,2	7,3	-1,3	-3,2	11,3
Cash flow hedges, net of taxes	0,9	-0,3	0,6	-0,3	0,0
Net investment hedges	1,2	-1,0	0,5	0,6	-2,0
Other comprehensive income for the period, net of taxes	-2,1	6,0	-0,2	-2,9	10,7
Total comprehensive income for the period	33,9	38,4	14,6	12,5	47,6
Profit for the period attributable to					
- Equity holders of parent company	34,5	32,0	13,8	15,6	37,5
- Non-controlling interest	1,5	0,4	1,0	-0,2	-0,6
Comprehensive income for the period attributable to					
- Equity holders of parent company	32,9	37,4	13,7	12,7	47,3
- Non-controlling interest	1,0	1,0	0,9	-0,2	0,3
Earnings per share, €	0,47	0,44	0,19	0,21	0,51
- Continuing operations	0,47	0,44	0,19	0,21	0,51
- Discontinued operations	0,00	0,00	-0,01	0,00	0,00
Diluted earnings per share, €	0,47	0,44	0,19	0,21	0,51
- Continuing operations	0,47	0,44	0,19	0,21	0,51
- Discontinued operations	0,00	0,00	-0,01	0,00	0,00

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

ME	30.9. 2016	30.9. 2015	31.12. 2015
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		223,6	211,3
Intangible assets		120,0	95,1
Investments in associated companies		13,8	0,3
Other securities and non-current receivables		21,2	10,5
Deferred tax assets		20,3	19,3
Total non-current assets		398,9	336,5
<b>Current assets</b>			
Inventories		140,5	119,2
Accounts receivable		213,5	194,2
Other receivables		28,4	28,3
Cash and cash equivalents *)		22,4	61,8
Total current assets		404,8	403,5
<b>Total assets</b>		<b>803,7</b>	<b>740,0</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity attributable to the owners of the parent company		249,0	238,0
Non-controlling interest		64,7	64,5
Total equity		313,7	302,5
<b>Non-current liabilities</b>			
Interest-bearing liabilities		159,0	100,4
Deferred tax liability		24,5	20,1
Provisions		10,5	4,7
Employee benefits and other liabilities		27,5	30,4
Total non-current liabilities		221,5	155,6
<b>Current liabilities</b>			
Interest-bearing liabilities		40,9	35,1
Provisions		14,9	13,0
Accounts payable		75,3	66,3
Other liabilities		137,4	167,5
Total current liabilities		268,5	281,9
<b>Total equity and liabilities</b>		<b>803,7</b>	<b>740,0</b>

\*) 31 December 2015, cash and cash equivalents include € 1.0 million in restricted cash.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

ME	1-9/ 2016	1-9/ 2015	1-12/ 2015
Cash flow from operations			
Net cash from operations		92,5	82,9
Cash flow before net working capital		92,5	47,1
Change in net working capital		-45,9	-41,4
Income taxes paid		-21,9	-22,7
Interest paid		-2,8	-2,1
Interest received		0,1	0,3
<b>Cash flow from operations</b>		<b>22,0</b>	<b>17,0</b>
Cash flow from investments			
Acquisition of subsidiaries and businesses*		-31,3	-
Proceeds from disposal of subsidiaries and businesses		0,0	5,9
Acquisition of associated company shares		-13,5	-
Purchase of fixed assets		-29,7	-30,4
Proceeds from sale of fixed assets		2,7	0,2
Dividends received		-	-
Loan repayments		0,0	0,0
<b>Cash flow from investments</b>		<b>-71,8</b>	<b>-24,3</b>
Cash flow from financing			
Borrowings of debt		95,2	26,4
Repayment of debt		-51,7	-33,3
Change in other short term debt		13,5	6,3

Dividends paid	-32,2	-30,7	-30,7
Payment of finance lease liabilities	-0,8	-0,7	-0,9
<b>Cash flow from financing</b>	<b>24,0</b>	<b>-32,0</b>	<b>-28,4</b>
Conversion differences for cash and cash equivalents	0,0	-0,2	-0,1
<b>Change in cash and cash equivalents</b>	<b>-25,8</b>	<b>-39,5</b>	<b>-12,0</b>
Cash and cash equivalents at 1 January	48,2	60,2	60,2
Cash and cash equivalents at end of period	22,4	20,7	48,2
<b>Changes according to balance sheet</b>	<b>-25,8</b>	<b>-39,5</b>	<b>-12,0</b>

\*) Acquisition of subsidiaries and businesses consists of €32.5 million paid for the acquisition of the KaMo/Delta business and €1.1 million received in cash and cash equivalents from the acquisition.

#### STATEMENT OF CHANGES IN EQUITY

M€	Osake- pääoma	Ylikurssi- rahasto	Muut rahastot	Kertyneet muunto-erot*	Omat osakkeet	Kertyneet voittovarot	Emoyhtiön omistajille kuuluva oma pääoma	Määräysvalla omistajien osuus	Oma pääoma yhteensä
M€	Share capital	Share premium	Other reserves	Translation reserve*	Treasury shares	Retained earnings	Equity Non- controlling interest	Controlling interest	Total equity
Balance at 1 January 2016	146,4	50,2	-1,0	-1,8	-0,7	54,9	248,0	63,7	311,7
Total comprehensive income for the period			0,9	-2,5		34,5	32,9	1,0	33,9
Dividend paid (€0.44 per share)						-32,2	-32,2		-32,2
Share based incentive plan					0,2	0,1	0,3		0,3
Balance at 30 September 2016	146,4	50,2	-0,1	-4,3	-0,5	57,3	249,0	64,7	313,7

\*) Includes a -14.3 M€ (-14.4) effective portion of net investment hedge.

\*\*) Includes changes in Non-controlling interest.

Balance at 1 January 2015	146,4	50,2	-1,0	-10,3	-1,0	46,8	231,1	66,8	297,9
Total comprehensive income for the period			-0,3	5,7		32,0	37,4	1,0	38,4
Dividend paid (€0.42 per share)						-30,7	-30,7		-30,7
Share based incentive plan					0,3	-0,1	0,2		0,2
Disposal of subsidiaries						0,0	0,0	-3,3	-3,3
Other adjustments						0,0	0,0	0,0	0,0
Balance at 30 September 2015	146,4	50,2	-1,3	-4,6	-0,7	48,0	238,0	64,5	302,5

#### NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS, TABLES

##### PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

M€	1-9/ 2016	1-9/ 2015	1-12/ 2015
Gross investment	29,7	30,4	50,1
- % of net sales	3,6	3,9	4,8
Depreciation and impairments	31,6	27,3	39,1
Book value of disposed fixed assets	1,7	0,2	0,9

##### PERSONNEL

	1-9/ 2016	1-9/ 2015	1-12/ 2015
Converted to full time employees	3 873	3 872	3 842
Average	3 834	3 777	3 734
At the end of the period			

##### OWN SHARES

	1-9/ 2016	1-9/ 2015	1-12/ 2015
Own shares held by the company, pcs	68 959	97 560	97 560
- of share capital, %	0,1 %	0,1 %	0,1 %
- of voting rights, %	0,1 %	0,1 %	0,1 %
Accounted par value of own shares held by the company, M€	0,1	0,3	0,2

##### SEGMENT INFORMATION

M€	1-9/ 2016			1-9/ 2015		
	External	Internal	Total	External	Internal	Total
<b>Net sales by segment, continuing operations</b>						
Building Solutions - Europe	384,6	0,6	385,2	352,2	0,6	352,8
Building Solutions - North America	228,4	0,0	228,4	201,8	-	201,8
Uponor Infra	217,5	3,2	220,7	234,8	2,2	237,0
Eliminations	0,0	-3,8	-3,8	0,0	-2,8	-2,8
Total	830,5	-	830,5	788,8	-	788,8

M€	7-9/ 2016			7-9/ 2015		
	External	Internal	Total	External	Internal	Total
<b>Net sales by segment, continuing operations</b>						
Building Solutions - Europe	127,0	0,4	127,4	120,9	0,3	121,2
Building Solutions - North America	77,5	0,0	77,5	75,1	-	75,1
Uponor Infra	79,6	1,2	80,8	78,1	0,9	79,0
Eliminations	0,0	-1,6	-1,6	-	-1,2	-1,2
Total	284,1	-	284,1	274,1	-	274,1

	1-12/ 2015		
	External	Internal	Total
<b>Net sales by segment, continuing operations</b>			
Building Solutions - Europe	466,4	0,7	467,1
Building Solutions - North America	275,8	-	275,8
Uponor Infra	308,6	3,4	312,0
Eliminations	0,0	-4,1	-4,1
Total	1 050,8	-	1 050,8

	1-9/ 2016	1-9/ 2015	7-9/ 2016	7-9/ 2015	1-12/ 2015
<b>Operating result by segment, continuing operations</b>					
Building Solutions - Europe	24,0	20,7	10,8	8,4	24,0
Building Solutions - North America	38,1	38,8	12,4	15,7	51,0
Uponor Infra	4,2	1,4	2,7	-0,3	0,2
Others	-1,9	-2,9	-0,2	-0,2	-3,8
Eliminations	-0,9	-0,6	-0,6	0,0	0,0
Total	63,5	57,4	25,1	23,6	71,4

	1-9/ 2016	1-9/ 2015	1-12/ 2015
<b>Segment depreciation and impairments, continuing operations</b>			
Building Solutions - Europe	10,2	7,8	10,2
Building Solutions - North America	7,8	7,3	9,8
Uponor Infra	10,6	8,8	10,6
Others	3,0	3,3	4,5
Eliminations	0,0	0,1	4,0
Total	31,6	27,3	39,1

<b>Segment investments, continuing operations</b>			
Building Solutions - Europe	8,8	9,6	15,4
Building Solutions - North America	11,2	14,7	22,6

Uponor Infra	8,9	5,7	11,3
Others	0,8	0,4	0,8
<b>Total</b>	<b>29,7</b>	<b>30,4</b>	<b>50,1</b>
	30.9.	2016	30.9.
	2015	31.12.	2015
<b>Segment assets</b>			
Building Solutions - Europe	405,9	348,9	325,5
Building Solutions - North America	240,3	234,3	216,0
Uponor Infra	211,3	229,2	212,9
Others	229,9	146,0	227,7
Eliminations	-283,7	-218,4	-274,3
<b>Total</b>	<b>803,7</b>	<b>740,0</b>	<b>707,8</b>
<b>Segment liabilities</b>			
Building Solutions - Europe	267,1	227,5	211,3
Building Solutions - North America	162,9	129,3	160,2
Uponor Infra	77,1	94,7	80,0
Others	291,5	228,3	245,7
Eliminations	-308,6	-242,3	-301,0
<b>Total</b>	<b>490,0</b>	<b>437,5</b>	<b>396,2</b>
	1-9/	2016	1-9/
	2015	1-12/	2015
<b>Segment personnel, average</b>			
Building Solutions - Europe	2 042	2 024	2 014
Building Solutions - North America	672	582	592
Uponor Infra	1 091	1 203	1 173
Others	68	63	63
<b>Total</b>	<b>3 873</b>	<b>3 872</b>	<b>3 842</b>

#### Reconciliation

<b>Operating result by segment, continuing operations</b>	1-9/	2016	1-9/	2015	1-12/	2015
Total result for reportable segments	66,3	60,9	75,2			
Others	-1,9	-2,9	-3,8			
Eliminations	-0,9	-0,6	0,0			
Operating profit	63,5	57,4	71,4			
Financial expenses, net	7,2	5,7	8,9			
Share of results in associated companies	0,2	0,2	0,3			
<b>Group profit before taxes</b>	<b>56,5</b>	<b>51,9</b>	<b>62,8</b>			

#### CONTINGENT LIABILITIES AND ASSETS

<b>M€</b>	30.9.	2016	30.9.	2015	31.12.	2015
Commitments of purchase PPE (Property, plant, equipment)	11,3		12,2		5,7	
Other commitments	1,0		1,1		1,5	
- on own behalf						
Pledges at book value	0,1		0,1		0,1	
Mortgages issued	3,8		-		-	
Guarantees issued	4,6		4,8		4,8	
- on behalf of a subsidiary						
Pledges at book value	-		-		-	
Guarantees issued	38,5		19,2		19,6	
Letter of Comfort commitments undertaken on behalf of subsidiaries are not included in the above figures.						
Pledges at book value			0,1		0,1	
Mortgages issued			3,8		-	
Guarantees issued			43,1		24,0	
<b>Total</b>	<b>47,0</b>		<b>24,1</b>		<b>24,5</b>	

#### OPERATING LEASE COMMITMENTS

	46,0	44,1	45,9
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#### DERIVATIVE CONTRACTS

<b>M€</b>	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
	30.9.	2016	30.9.	2016	30.9.	2015
	30.9.	2016	30.9.	2015	31.12.	2015
Currency derivatives						
- Forward agreements	184,2	-0,4	179,6	1,4	230,0	0,7
Interest derivatives						
- Interest rate swaps	55,0	-2,0	70,0	-2,9	61,0	-2,4
- Interest rate options	20,0	0,0				
Commodity derivatives						
- Forward agreements	4,1	-0,7	5,6	-1,8	5,0	-1,8

#### Financial assets and liabilities by measurement category

	Derivative contracts, under hedge accounting	Financial assets/liabilities at fair value through profit and loss	Loans and receivables	Available for sales financial assets	Financial liabilities measured at amortized cost	Carrying amount by sheet item	IFRS 7 Fair value hierarchy level
<b>30.09.2016</b>							
<b>Non-current financial assets</b>							
Other shares and holdings				0,3		0,3	
Electricity derivatives	0,0					0,0	1
Non-current receivables			21			21,0	
<b>Current financial assets</b>							
Accounts receivable and other receivables			234,8			234,8	
Electricity derivatives	0,0					0,0	1
Other derivative contracts	0,1	0,9				1,0	2
Cash and cash equivalents			22,4			22,4	
<b>Carrying amount</b>	<b>0,1</b>	<b>0,9</b>	<b>278,2</b>	<b>0,3</b>		<b>279,5</b>	
<b>Non-current financial liabilities</b>							
Interest bearing liabilities					159,0	159,0	
Electricity derivatives	0,3					0,3	1
<b>Current financial liabilities</b>							
Interest bearing liabilities					40,9	40,9	
Electricity derivatives	0,4					0,4	1
Other derivative contracts	2,1	1,3				3,4	2
Accounts payable and other liabilities					131,1	131,1	
<b>Carrying amount</b>	<b>2,8</b>	<b>1,3</b>			<b>331,0</b>	<b>335,1</b>	

	Derivative contracts, under hedge accounting	Financial assets/liabilities at fair value through profit and loss	Loans and receivables	Available for sales financial assets	Financial liabilities measured at amortized cost	Carrying amount by sheet item	IFRS 7 Fair value hierarchy level
<b>31.12.2015</b>							
<b>Non-current financial assets</b>							
Other shares and holdings				0,2		0,2	
Non-current receivables			20,6			20,6	
<b>Current financial assets</b>							
Accounts receivable and other receivables			178,1			178,1	
Other derivative contracts	0,0	1,4				1,4	2

Cash and cash equivalents			49,2		49,2
<b>Carrying amount</b>	0,0	1,4	247,9	0,2	249,5
<b>Non-current financial liabilities</b>					
Interest bearing liabilities				91,2	91,2
Electricity derivatives	0,9				0,9
<b>Current financial liabilities</b>					
Interest bearing liabilities				48,3	48,3
Electricity derivatives	0,9				0,9
Other derivative contracts	2,7	0,5			3,2
Accounts payable and other liabilities				92,7	92,7
<b>Carrying amount</b>	4,5	0,5		232,2	237,2

#### DISCONTINUED OPERATIONS

M€	1-9/ 2016	1-9/ 2015	1-12/ 2015
Expenses	-0,4	0,3	0,2
Profit before taxes	0,4	-0,3	-0,2
Income taxes	-	-	-
Profit after taxes	0,4	-0,3	-0,2
Profit for the period from discontinued operations	0,4	-0,3	-0,2
Cash flow from discontinued operations			
Cash flow from operations	-0,3	-0,5	-0,6

#### RELATED PARTY TRANSACTIONS

M€	1-9/ 2016	1-9/ 2015	1-12/ 2015
Continuing operations			
Purchases from associated companies	1,5	1,4	1,9
Balances at the end of period			
Loan receivable from associated companies	0,3	0,0	0,3
Accounts receivable and other receivables	0,0	-	-
Accounts payables and other liabilities	0,1	0,1	0,1

#### KEY FIGURES

	1-9/ 2016	1-9/ 2015	1-12/ 2015
Earnings per share, €	0,47	0,44	0,51
- continuing operations	0,47	0,44	0,51
- discontinued operations	0,00	0,00	0,00
Operating profit (continuing operations), %	7,6	7,3	6,8
Return on equity, % (p.a.)	15,3	14,4	12,1
Return on investment, % (p.a.)	16,9	17,3	15,5
Solvency ratio, %	39,2	41,1	44,3
Gearing, %	56,6	37,9	29,3
Net interest-bearing liabilities	177,5	114,8	91,3
Equity per share, €	3,41	3,26	3,39
- diluted	3,41	3,25	3,39
Trading price of shares			
- low, €	11,13	11,25	10,42
- high, €	17,19	17,30	17,30
- average, €	14,13	14,46	13,92
Shares traded			
- 1000 pcs	13 908	21 519	27 590
- M€	197	310	384