



Financial results briefing – Q2/2012

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A large, stylized blue graphic of the letters 'Q2' is positioned in the lower right area of the slide.

Photo courtesy of the National Renewable Energy Laboratory (NREL)



*The National Renewable Energy Lab
Golden, Colorado, USA – LEED Platinum*

Q2 2012 market overview

- **Nordics**

- Construction activity has fallen or remained level in most building and civil engineering markets, while leading indicators point to additional softening

- **Central Europe**

- Germany's ability to remain insulated from the effects of the European debt crisis is being challenged, with leading indicators and industry confidence flat or in decline


- **Southern Europe**

- Low confidence, tight lending standards, and austerity measures have led to further deterioration in the construction markets

- **North America**

- Despite signs of a slowing economy, the construction industry continues to post gains albeit in comparison to a very low base

Market indicators turn more negative in Europe

	Indicator	% change YTD	Data through	Trend since Q1 update
Germany	Housing permits	+1%	May 2012	
USA	Housing starts	+24%*	June 2012	
Finland	Housing permits	-17%	April 2012	
Sweden	Housing starts	-34%	Q1 2012	
Norway	Housing starts	-10%	May 2012	
Spain	Housing permits	-35%	April 2012	
Denmark	Housing starts	-7%	March 2012	
Netherlands	Housing permits	-45%	March 2012	
Canada	Housing starts	+14%*	June 2012	
UK	Housing starts ¹⁾	-18%	Q1 2012	

*Seasonally adjusted, annualised rate vs. same month in 2011; ¹⁾ England only

Q2: Growth in North America, markets weakening in Europe

Net sales, M€	4-6/2012	4-6/2011	Change, %
Uponor, reported	218.1	222.6	-2.0
Uponor, organic			+2.4
Building Solutions – Europe	133.2	147.8	-9.9
Building Solutions – North America	38.9	29.5	31.9
(Building Solutions – North America, M\$)	49.7	42.8	16.1
Infrastructure Solutions	47.6	47.3	0.5

- BLD Europe: Weak top line development due to deteriorating trends in key markets, and clearly extending to new markets
 - The normal seasonal boost was lacking, presumably due to the euro crisis
- BLD North America: Despite the overall uncertainty regarding the strength of the U.S. economy, the building markets in USA and Canada fared reasonably well
 - HMI Index (the US measure of construction confidence) reached a 5-year high
- Infrastructure: Net sales development not as strong as in Q1 as many projects were started already on Q1 due to the mild winter in Scandinavia

Q2: Operating profit burdened by lower volumes

Operating profit, M€	4-6/2012	4-6/2011	Change, %
Uponor	16.1	15.5	4.2
Building Solutions – Europe	12.2	13.9	-12.5
Building Solutions – North America	4.1	2.7	57.0
(Building Solutions – North America, M\$)	5.3	3.8	40.7
Infrastructure Solutions	2.2	1.7	28.5

- Gross margin recovery supported by sales price increases despite high level of input costs
- BLD Europe: Operating profit weakened due to lower volumes and tight price competition in subdued markets
- BLD North America: Strong operating profit development as a result of scale benefits and efficient operations
- Infrastructure: Improved operating profit as a result of special attention on sales prices and a combination of efficiency and cost measures

H1: January – June performance largely on track despite weaker Europe

Uponor Group	1-6/2012	1-6/2011	Change, %
Net sales, reported, M€	410.6	395.8	3.7
Organic net sales growth, %			5.0
Operating profit, M€	25.4	18.7	35.9
Operating profit margin	6.2%	4.7%	

- Thanks to the strong Q1, YTD sales performance is on track despite clear market weakening in Q2 in Europe
- Group organic net sales growth reached 5.0%
 - Building Solutions – Europe achieved organic net sales growth at 0.0%
- USA, Finland, Norway, Canada and the UK increased their net sales most, while Sweden, Spain and the Netherlands contracted

Key events in Q2/2012

- 40th anniversary of Uponor PEX technology, the best known brand in the industry. More than 3.3 billion metres of PEX pipe have been produced so far
- Uponor's RTM plumbing fitting technology received a Plus X innovation award as 'Fitting Technology of the Year', from a jury of more than 130 members, from 32 countries and a variety of industries
- Launch of the first global protocol for measurement and reporting of carbon dioxide emissions in the construction industry in July through ENCORD, the European construction industry's research network. The protocol is among the first to bear the 'Built on GHG Protocol' logo
- Closing the divestment of Hewing GmbH, the German OEM unit, completed at the end of Q1

Uponor's sustainability performance

Uponor reported 2011 sustainability data through Investor CDP

Main findings 2011 vs. 2010:

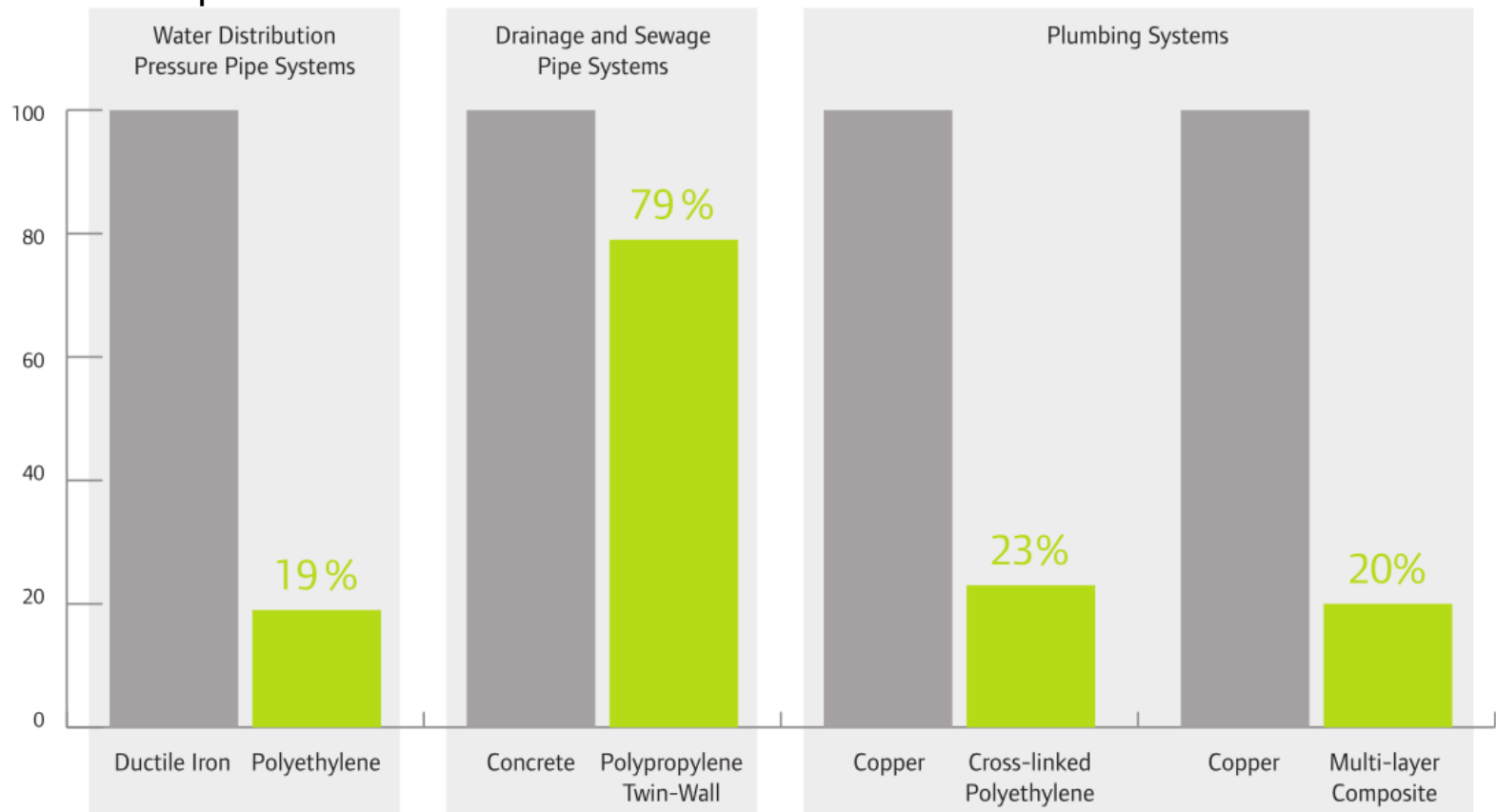
Electricity usage	4% reduction per UOM*
Fossil fuels	11% reduction per UOM*
Water consumption	10% reduction
Carbon emissions	5% reduction
Work accidents	12% reduction

- Improvements were a result of a combination of factors: scale effect due to higher volumes, moderate winter/summer temperatures, various improvement measures implemented

*) UOM =Unit of Measure

Low environmental impact from plastic pipes

- A Life Cycle Assessment (LCA) shows that plastic pipe systems have a low impact on the environment from the primary extraction of raw materials up to and including the end of life treatment once their reference service life has expired



Commissioned by The European Plastic Pipes and Fittings Association (TEPPFA) and carried out by the Flemish Institute for Technological Research (VITO)

Highlights of Q2

- + North American markets continued stable and Uponor was able to utilise the opportunities with good results
 - + The tailwinds of the sustainability megatrend continued, benefitting Uponor's recent product and system launches in all business groups
 - + Special attention to price management bore fruit despite the volatile input cost environment
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- The market weakening escalated in Europe more than anticipated
 - Market volatility outpaces the structural ability to adjust



*Rivergate office building in Vienna, Austria –
LEED Gold and EU Green-Building certificate*

Financial statements

Riitta Palomäki

CFO

Uponor Corporation

Q2

Interim January – June 2012

Key figures

M€	1-6 2012	1-6 2011	Change Y/Y	1-12 2011
Net sales, continuing operations	410.6	395.8	+3.7%	806.4
Operating profit, continuing operations	25.4	18.7	+35.9%	35.4
Operating profit margin, continuing operations	6.2%	4.7%	1.5% pts	4.4%
Earnings per share (diluted), €	0.18	0.15	+20.0%	0.03
Return on equity, % (p.a.)	13.2%	8.8%	4.4% pts	0.7%
Return on investment, % (p.a.)	15.3%	10.6%	4.7% pts	11.0%
Net interest bearing liabilities	143.9	150.9	-4.6%	84.1
Gearing, %	74.2%	67.7%	6.5% pts	39.3%
Net working capital of Net sales, % (p.a.)	11.8%	16.4%	-27.9%	7.0%
Average number of employees, continuing operations	3 128	3 281	-4.7%	3 288
Number of employees, end of period, continuing operations	3 126	3 400	-8.1%	3 228

April – June 2012

Income statement

MEUR	4-6 2012	4-6 2011	Change Y/Y
Continuing operations			
Net sales	218.1	222.6	-2.0%
Cost of goods sold	136.7	142.1	-3.8%
Gross profit	81.4	80.5	+1.1%
- % of net sales	37.3%	36.2%	+1.2% pts
Other operating income	0.4	0.1	
Expenses	65.7	65.1	+0.8%
Operating profit	16.1	15.5	+4.2%
- % of net sales	7.4%	7.0%	+0.4% pts
Financial expenses, net	2.2	2.0	+8.8%
Share of result in associated companies	0.0	-	
Profit before taxes	13.9	13.5	+3.5%
Profit for the period	8.8	9.0	-1.7%
EBITDA	23.1	22.5	+2.5%

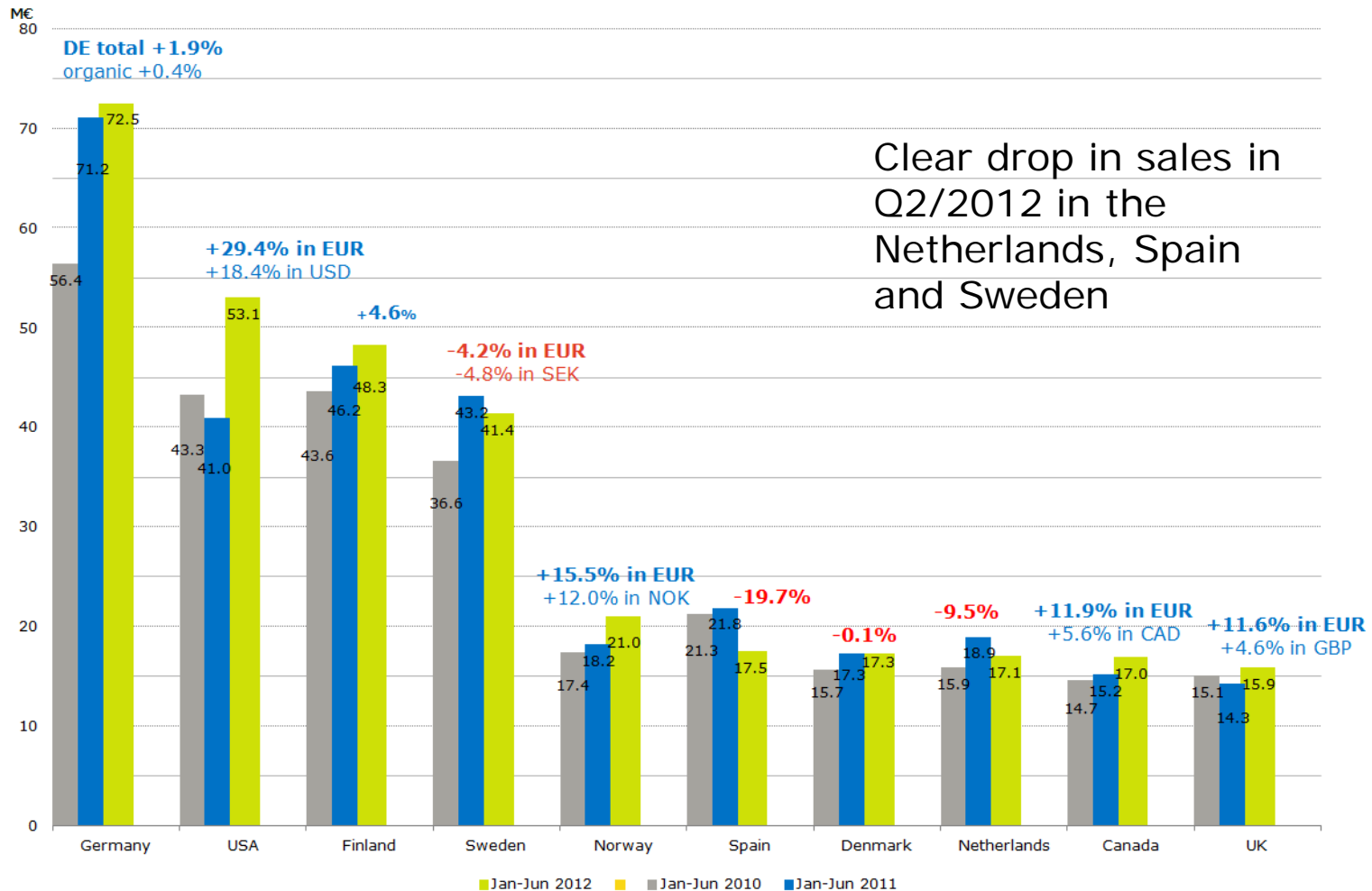
January – June 2012

Income statement

- Organic growth at 5%.
Impact of currencies +€7.4m or 1.8%
- Improved **gross margin** due to sales price increases implemented during 2011 and 2012 - even though high input costs in Q2
- **Expenses** up due to acquisition and divestment related costs and variable marketing costs. Impact of currencies €2.3m
- **Financial expenses, net**
 - Fin expenses €4.4m
 - Fin income €0.9m
 - Exchange differences, net -€1.0m

M€	1-6 2012	1-6 2011	Change Y/Y
Continuing operations			
Net sales	410.6	395.8	+3.7%
Cost of goods sold	254.6	250.8	+1.5%
Gross profit	156.0	145.0	+7.6%
- % of net sales	38.0%	36.6%	+1.4% pts
Other operating income	0.7	0.1	
Expenses	131.3	126.4	+3.9%
Operating profit	25.4	18.7	+35.9%
- % of net sales	6.2%	4.7%	+1.5% pts
Financial expenses, net	4.5	3.1	+44.6%
Share of result in associated companies	0.1	-	
Profit before taxes	21.0	15.6	+34.2%
Profit for the period	13.3	10.5	+27.2%
EBITDA	39.6	32.7	+21.4%

Net sales development by key national markets



Interim January – June 2012

Balance sheet

M€	30 Jun 2012	30 Jun 2011	Change Y/Y	31 Dec 2011
Property, plant and equipment	154.5	166.4	-11.9	161.6
Intangible assets	95.4	99.0	-3.6	97.3
Securities and long-term investments	1.1	8.6	-7.5	2.8
Inventories	90.3	97.4	-7.1	81.8
Cash and cash equivalents	7.7	36.2	-28.5	29.1
Other current and non-current assets	210.1	188.5	+21.6	142.6
Total equity	194.0	222.9	-28.9	212.1
Non-current interest-bearing liabilities	110.6	112.4	-1.8	110.4
Provisions	20.3	10.7	+9.6	22.0
Non-interest-bearing liabilities	193.2	175.4	+17.8	171.5
Current interest-bearing liabilities	41.0	74.7	-33.7	2.8
Balance sheet total	559.1	596.1	-37.0	515.2

Interim January – June 2012

Cash flow

M€	1-6 2012	1-6 2011	Change Y/Y	1-12 2011
Net cash from operations	+39.8	+32.6	+7.2	+66.8
Change in NWC	-39.3	-55.0	+15.7	+12.4
Net payment of income tax and interest	-28.7	-10.0	-18.7	-20.8
Cash flow from operations	-28.2	-32.4	+4.2	+58.4
Cash flow from investments	+1.1	-15.0	+16.1	-29.1
Cash flow before financing	-27.1	-47.4	+20.3	+29.3
Dividends and buy backs	-25.6	-40.2	+14.6	-40.2
Other financing	+31.3	+111.9	-80.6	+28.1
Cash flow from financing	+5.7	+71.7	-66.0	-12.1
Change in cash and cash equivalents	-21.4	+24.3	-45.7	+17.2

- Increase in income taxes paid related to the Finnish tax decisions at the end of 2011
- Cash flow from investments includes €8.0m cash-in related Hewing divestment
- Gross Capex €7.8m, down €1.4m from H1/2011 and clearly less than depreciation at €14.2m



Outlook for the future

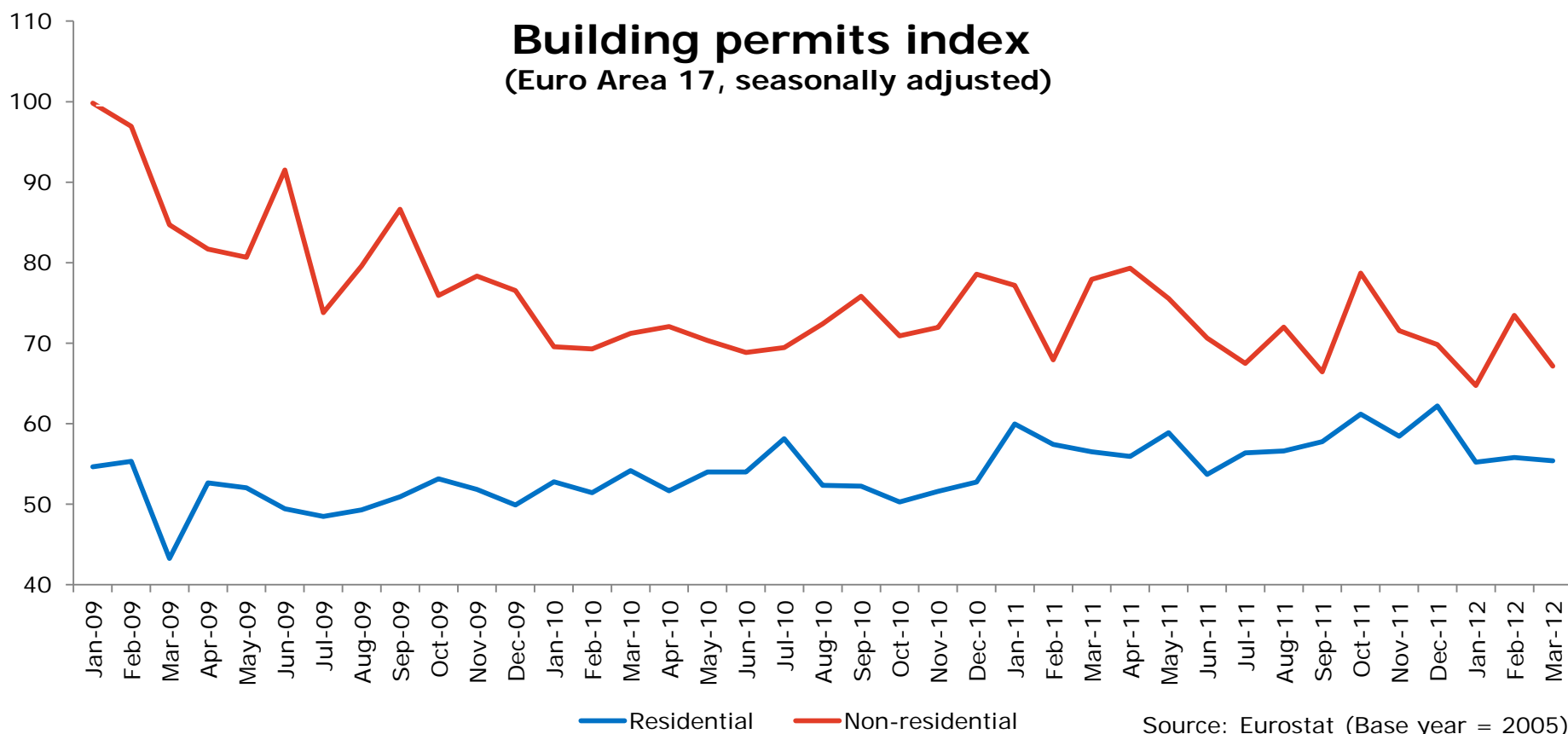
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Q2

Culture hub (Kultuurikatel), Tallinn, Estonia

European building permits

- Fewer building permits are being issued in most European markets. Data for the Euro Area is only available through March, but data from individual countries for the spring months indicate that the index will drop further

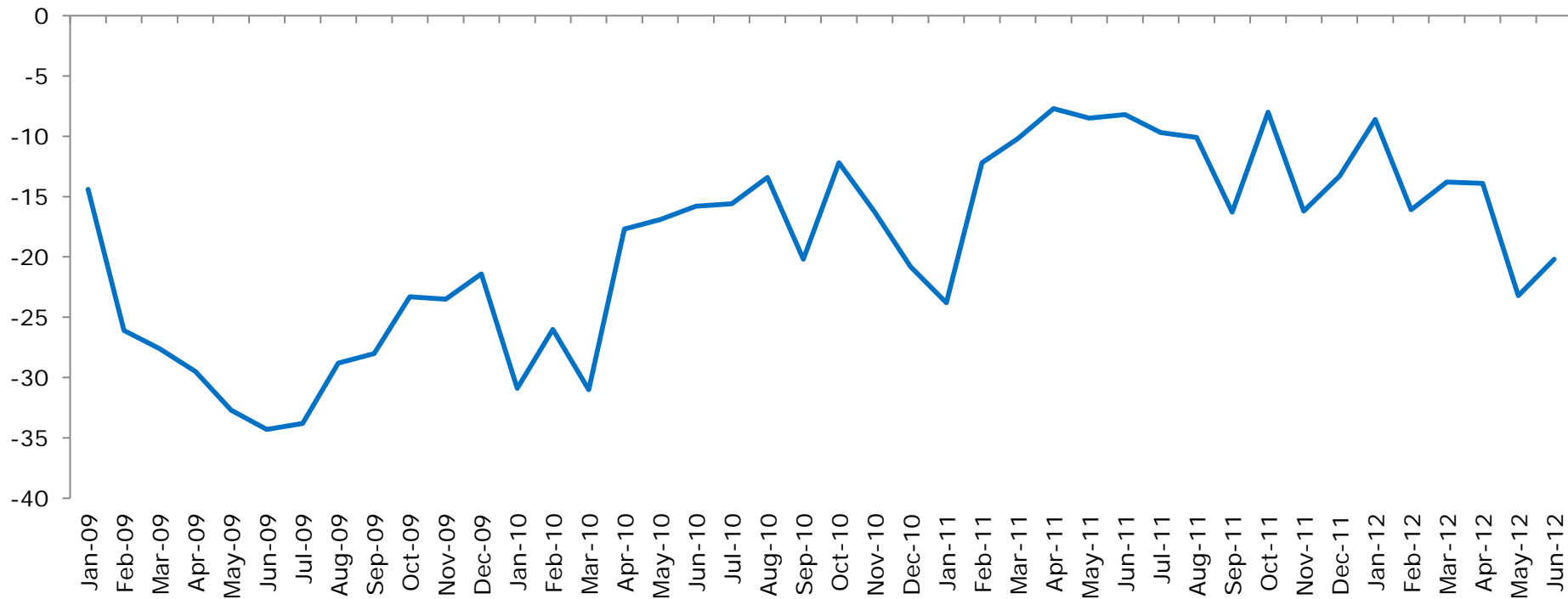


Construction sentiment in the Euro Area

- Construction confidence in the Euro Area has clearly weakened during the first six months of the year

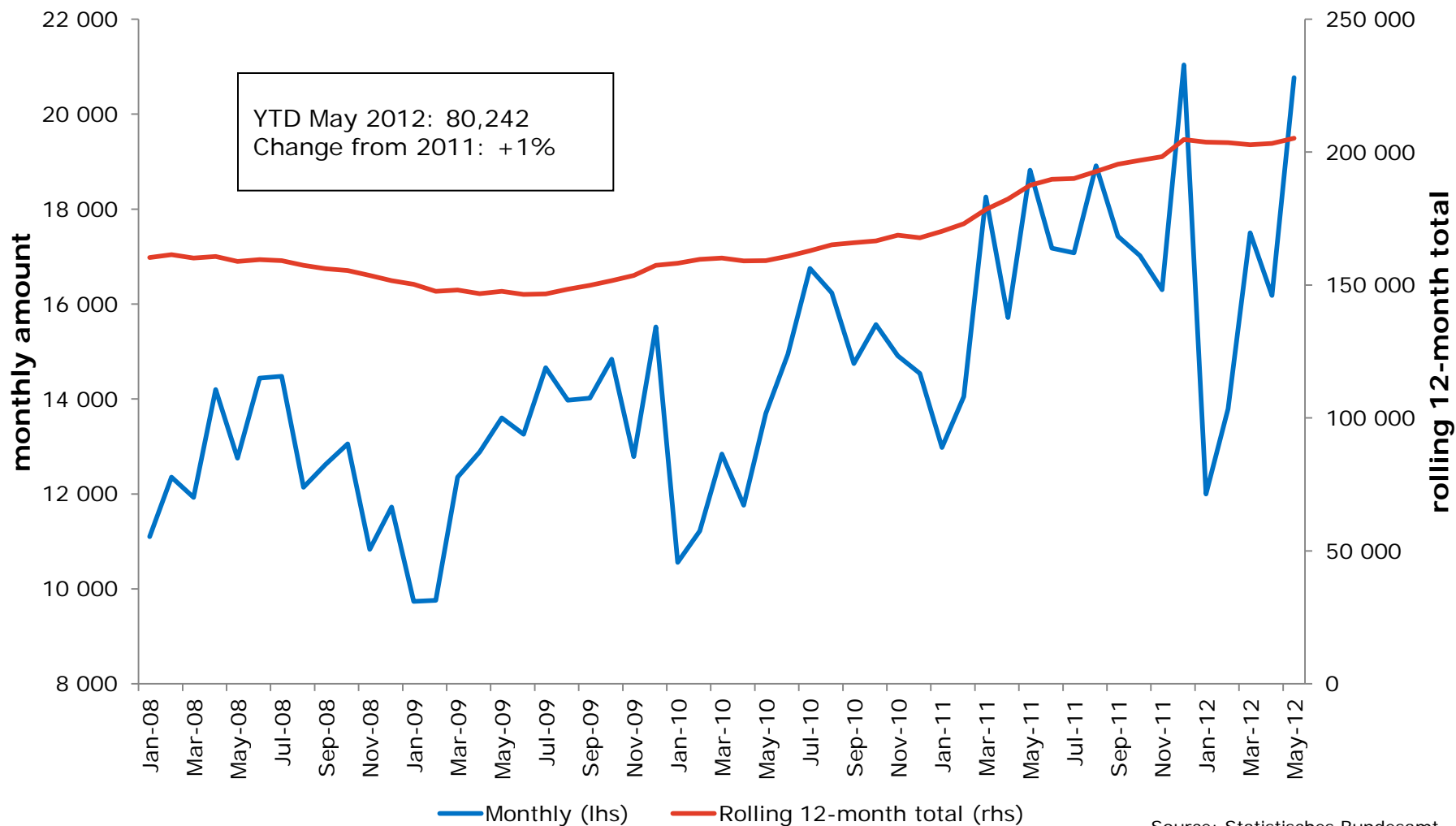
Construction confidence indicator

(Trend of activity compared with preceding months, EA 17, seasonally adjusted)



Source: Eurostat

German residential building permits



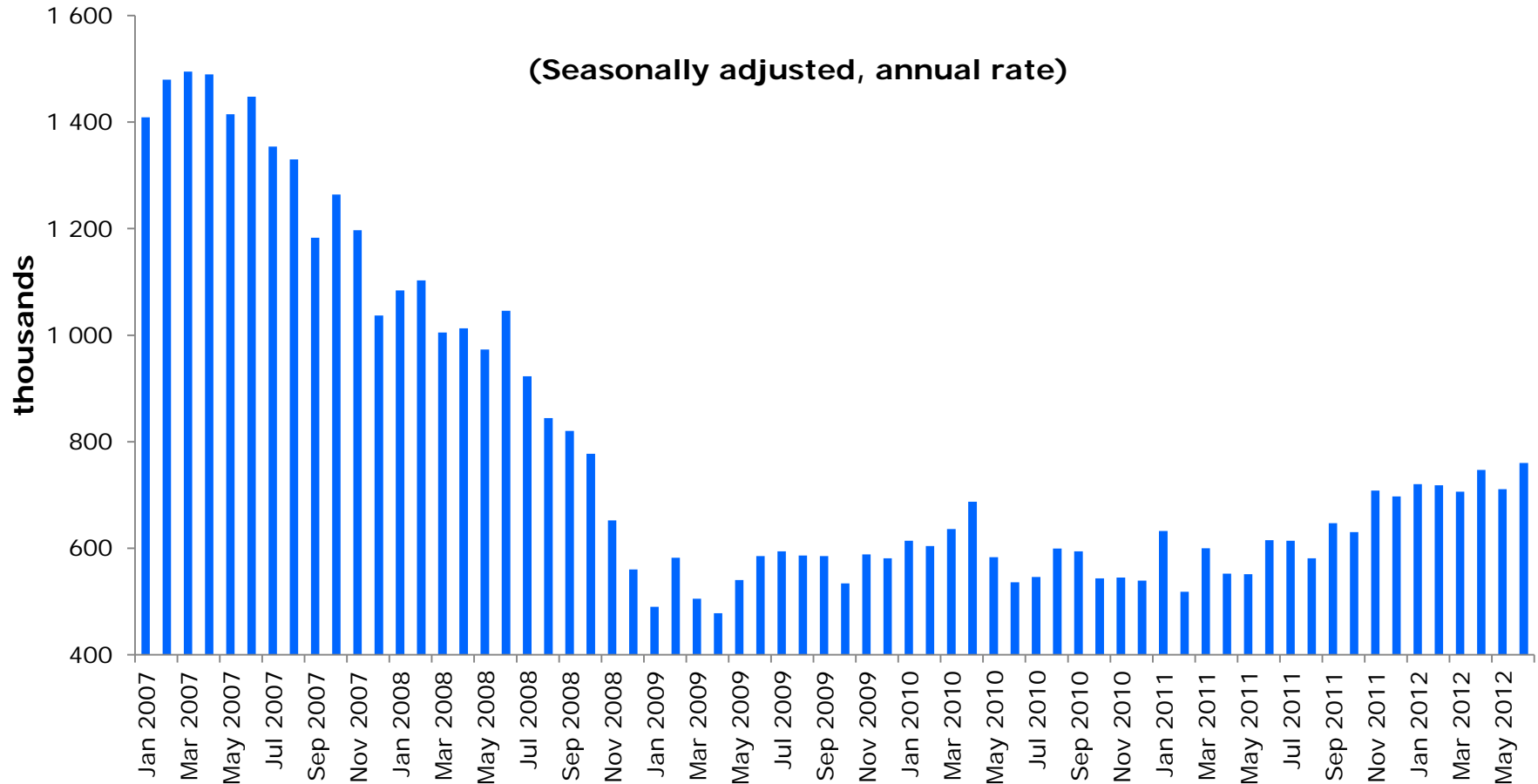
Source: Statistisches Bundesamt

Germany in focus

- The German market withstood the effects of the European debt crisis throughout 2011
- There are indications that the market may have reached an inflection point:
 - Wholesalers reported year-over-year sales growth through April, but many experienced a significant decline during May
 - More recently, the Ifo business climate survey and the manufacturing PMI have fallen considerably
 - Many economists have begun to forecast weak economic growth in the second half of the year
- However, consumer confidence remained strong through June, with the labour market and retail industry continuing to improve

U.S. housing starts

- June housing starts were at a seasonally adjusted, annualised rate of 760,000 units, 24% above the June 2011 rate



Source: U.S. Census Bureau

Management agenda for 2012

- Continue to execute key initiatives according to the strategic agenda
 - The focus is on growth and securing a strong financial base
 - Strong promotions continued and extended to new markets to boost sales and gain market share
 - Leverage the supply chain
 - Input cost management
- Short-term, prepare and execute further adjustment measures in case the markets continue weak

Guidance for 2012

After the upbeat Q1, the economic environment has materially weakened in Europe

Visibility remains extremely weak, and Uponor prepares itself for a lengthy period of current low activity levels with limited expectations of market growth

Uponor's guidance for 2012 remains intact:

- Uponor's net sales are expected to grow organically from 2011
- Operating profit is expected to exceed €50 million
- The Group's net investment in fixed-assets is not expected to exceed depreciation

Uponor

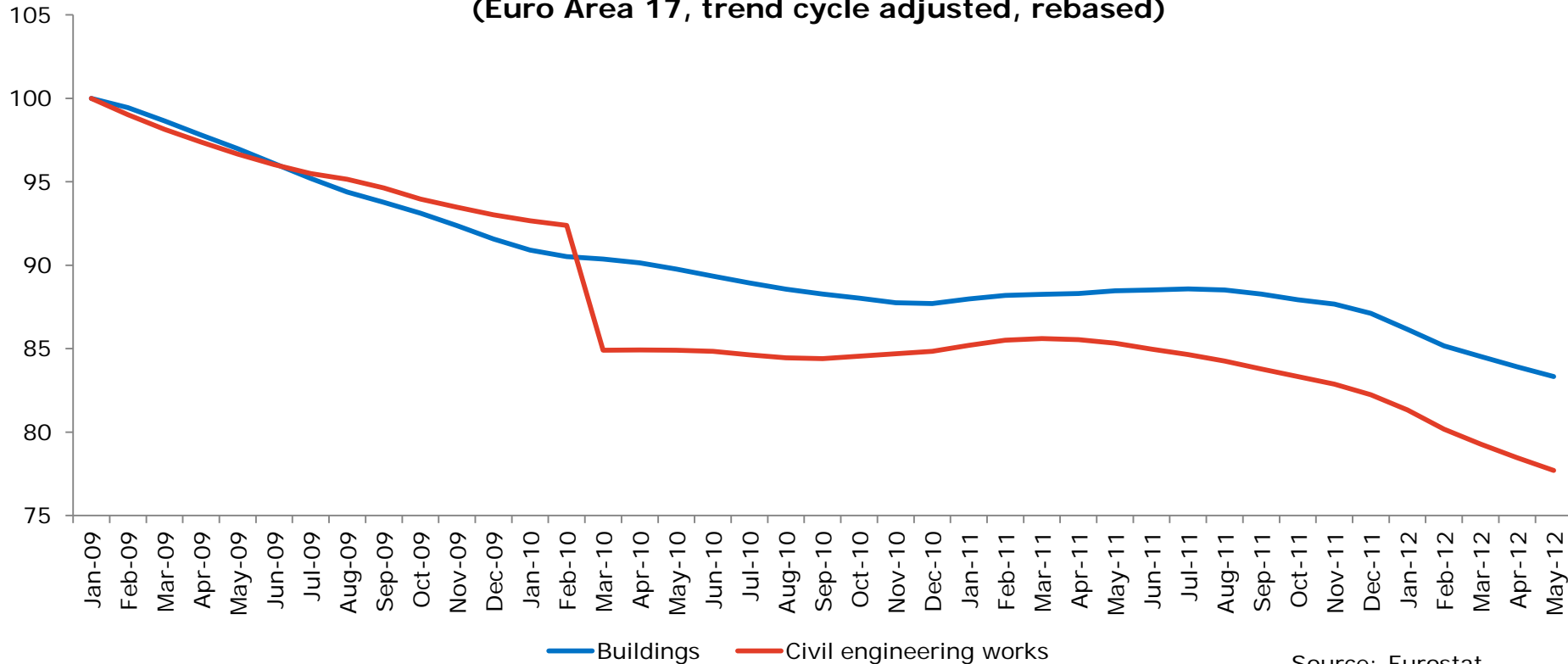
simply more

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.

European construction output

- Construction output in Europe has contracted, with the building and civil engineering works segments falling during the first five months of the year

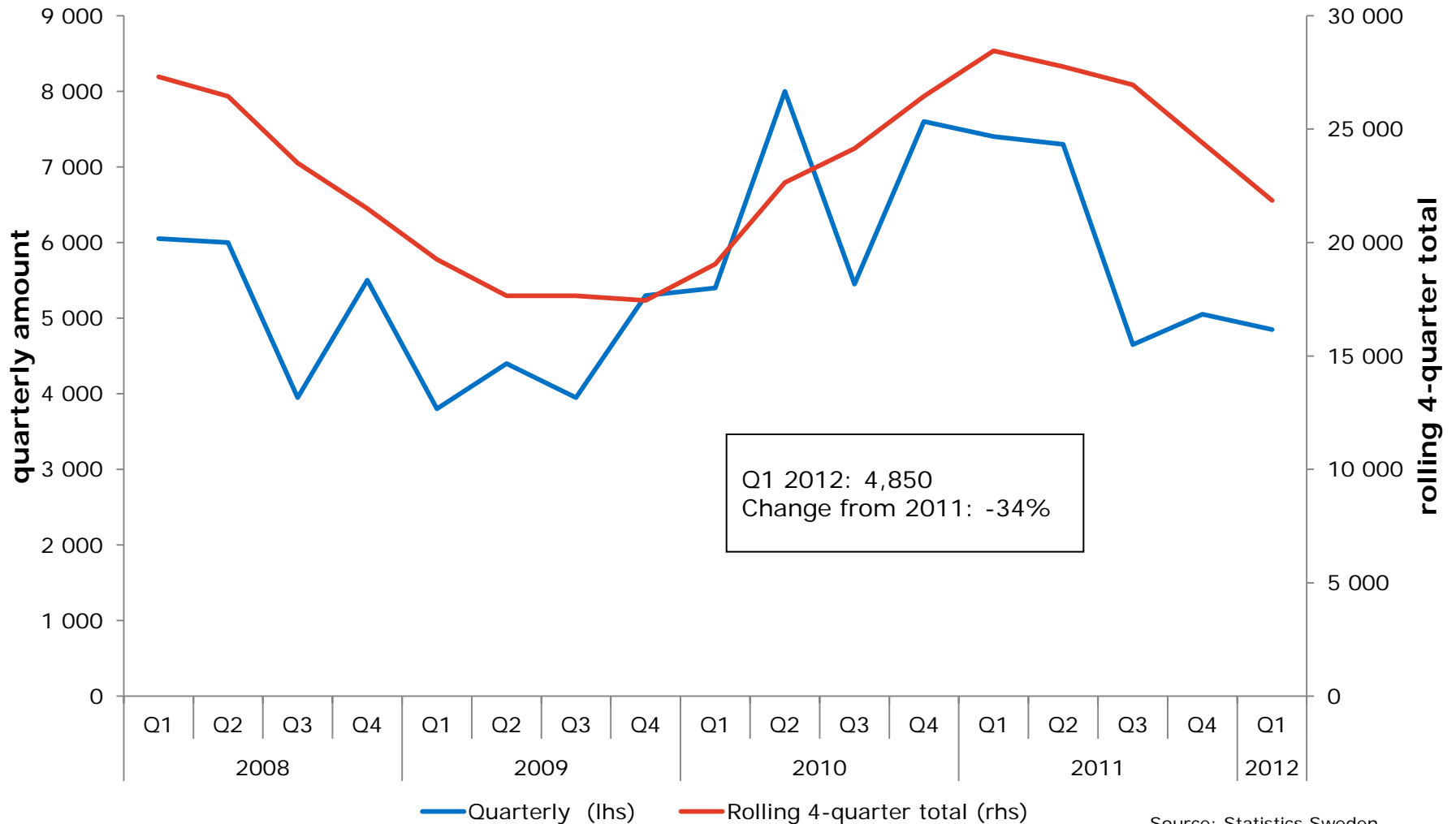
Construction production index
(Euro Area 17, trend cycle adjusted, rebased)



Source: Eurostat

Sweden

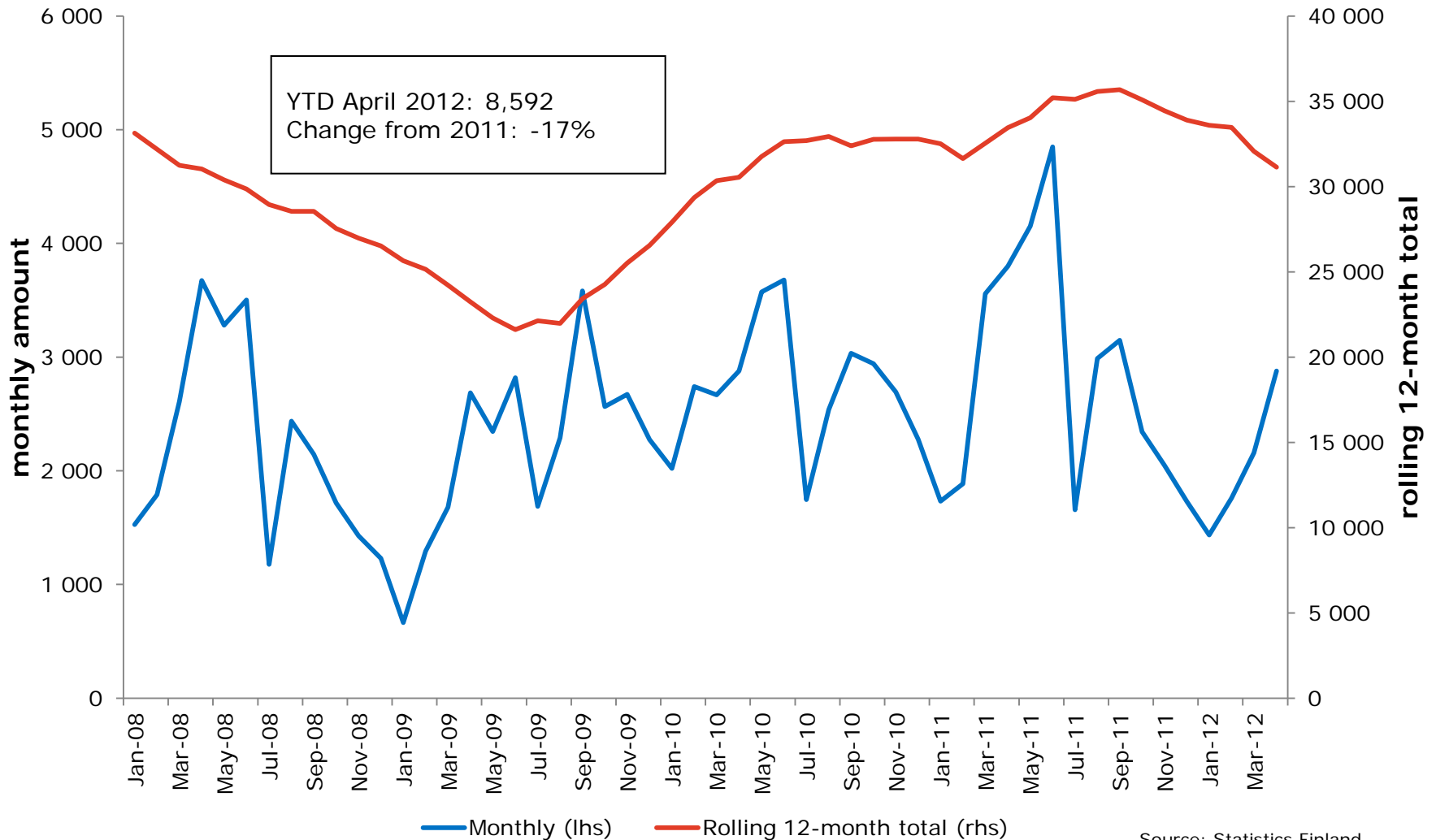
Housing starts in Sweden



Source: Statistics Sweden

Finland

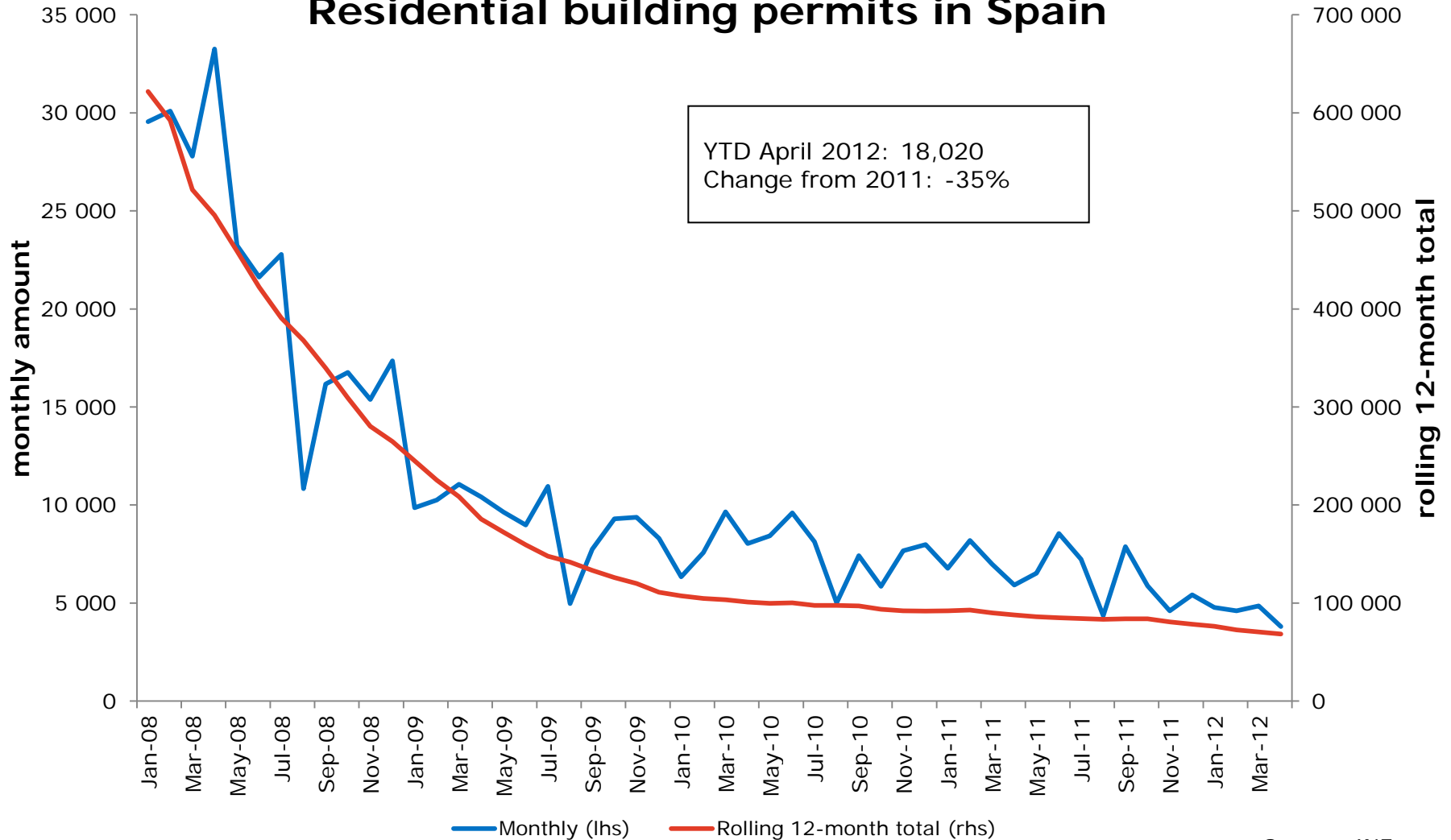
Residential building permits in Finland



Source: Statistics Finland

Spain

Residential building permits in Spain



Source: INE