Financial results briefing – Q1/2015

Jyri Luomakoski
President and CEO
Uponor Corporation

ISH exhibition, Frankfurt, Germany, 10-14 March 2015
Q1/2015: Flat sales, strong performance in the traditionally slow first quarter

<table>
<thead>
<tr>
<th>January – March</th>
<th>1-3/2015</th>
<th>1-3/2014</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>237.1</td>
<td>230.9</td>
<td>2.7%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>11.3</td>
<td>4.8</td>
<td>132.9%</td>
</tr>
<tr>
<td>- Operating profit w/o non-recurring items</td>
<td>11.3</td>
<td>8.6</td>
<td>31.1%</td>
</tr>
</tbody>
</table>

**Net sales**
- Overall net sales trend in Europe flat or declining
- Firm growth in Building Solutions - North America despite another severe winter
- Considerable impact from the weaker euro on reported numbers

**Operating profit**
- Uponor Infra and Building Solutions – North America drive growth, Building Solutions – Europe declines in like-for-like comparison
- Second consecutive quarter of improvement in Uponor Infra, initiatives related to streamlining and strategic review implemented
- Volatile input cost environment
Developments by segment: Building Solutions – Europe

- Net sales decline mainly coming from Germany, Russia, some Nordic markets
- Few brighter spots, such as the Netherlands, Denmark and Iberia
- New distribution centre completed and taken in commercial use in time; some deliveries postponed to Q2/2015 due to transition
- International ISH2015 exhibition utilised to promote new offering:
  - seamless composite pipe, new control system, renovation solutions
Developments by segment: Building Solutions – North America

- Net sales growth continued
  - continued buoyancy in the U.S. residential housing market
  - success in customer conversion both amongst residential and commercial contractors

- Steady profit development supported by efficiency improvements and cost management, and despite adverse CAD/USD translation

- New manufacturing expansion launched, targeting completion in December 2015
Developments by segment: Uponor Infra

- Strategic review completed in order to maximise synergic strength
  - Two non-core units were divested
  - Management now able to focus on core business development

- Small decline in net sales, mainly due to the divestments
  - Lively activity in North America was not enough to compensate for the European headwinds

- Second consecutive quarter with improving operating profit
  - Streamlining benefits coming in
  - Volatile resin price environment
Financial statements

Riitta Palomäki
CFO
Uponor Corporation

ISH exhibition, Frankfurt, Germany, 10-14 March 2015
Interim January – March 2015:  
Key figures

<table>
<thead>
<tr>
<th></th>
<th>1-3 2015</th>
<th>1-3 2014</th>
<th>Change Y/Y</th>
<th>1-12 2014</th>
</tr>
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<tbody>
<tr>
<td>Net sales, continuing operations</td>
<td>237.1</td>
<td>230.9</td>
<td>+2.7%</td>
<td>1,023.9</td>
</tr>
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<td>Operating profit, continuing operations</td>
<td>11.3</td>
<td>4.8</td>
<td>+132.9%</td>
<td>63.4</td>
</tr>
<tr>
<td>Operating profit margin, continuing operations</td>
<td>4.8%</td>
<td>2.1%</td>
<td>2.7% pts</td>
<td>6.2%</td>
</tr>
<tr>
<td>Earnings per share (diluted), €</td>
<td>0.06</td>
<td>0.04</td>
<td>+50.0%</td>
<td>0.50</td>
</tr>
<tr>
<td>Return on equity, % (p.a.)</td>
<td>5.5%</td>
<td>2.6%</td>
<td>2.9% pts</td>
<td>12.3%</td>
</tr>
<tr>
<td>Return on investment, % (p.a.)</td>
<td>7.2%</td>
<td>3.5%</td>
<td>3.7% pts</td>
<td>14.2%</td>
</tr>
<tr>
<td>Net interest bearing liabilities</td>
<td>130.9</td>
<td>147.8</td>
<td>-11.4%</td>
<td>82.0</td>
</tr>
<tr>
<td>Gearing, %</td>
<td>46.7%</td>
<td>56.9%</td>
<td>-10.2% pts</td>
<td>27.6%</td>
</tr>
<tr>
<td>Net working capital of Net sales, % (p.a.)</td>
<td>11.0%</td>
<td>11.7%</td>
<td>-0.7% pts</td>
<td>7.1%</td>
</tr>
<tr>
<td>Average number of employees, continuing operations</td>
<td>3,909</td>
<td>4,161</td>
<td>-6.1%</td>
<td>4,127</td>
</tr>
<tr>
<td>Number of employees, end of period, continuing operations</td>
<td>3,785</td>
<td>4,166</td>
<td>-9.1%</td>
<td>3,982</td>
</tr>
</tbody>
</table>
Interim January – March 2015:  
Income statement

- **Net sales growth**, adjusted for the divestment of the Thai infrastructure business and FX impact, was flat at -0.7%.

- **Gross profit margin** supported by input cost environment in the first two months of the quarter.

- Increase in **expenses** due to Building Solutions - North America, driven by dollar-to-euro translation. Comparison figures burdened by €3.0m in NRI.

- On a like-for-like basis, excluding any NRI, **operating profit** was €11.3 (8.6) million, up 31.1%. In 2014, a non-recurring item of €3.8 million was reported in the first quarter.

- **Financial expenses, net** increased due to FX.

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**Financial highlights**

<table>
<thead>
<tr>
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<td>230.9</td>
<td>+2.7%</td>
<td>1,023.9</td>
</tr>
<tr>
<td><strong>Cost of goods sold</strong></td>
<td>151.9</td>
<td>152.8</td>
<td>-0.6%</td>
<td>683.8</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>85.2</td>
<td>78.1</td>
<td>+9.1%</td>
<td>340.1</td>
</tr>
<tr>
<td>- % of net sales</td>
<td>35.9%</td>
<td>33.8%</td>
<td>+2.1% pts</td>
<td>33.2%</td>
</tr>
<tr>
<td><strong>Other operating income</strong></td>
<td>0.7</td>
<td>0.2</td>
<td>+214.2%</td>
<td>2.4</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td>74.6</td>
<td>73.5</td>
<td>+1.5%</td>
<td>279.1</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>11.3</td>
<td>4.8</td>
<td>+132.9%</td>
<td>63.4</td>
</tr>
<tr>
<td>- % of net sales</td>
<td>4.8%</td>
<td>2.1%</td>
<td>+2.7% pts</td>
<td>6.2%</td>
</tr>
<tr>
<td><strong>Financial expenses, net</strong></td>
<td>5.1</td>
<td>2.1</td>
<td>+126.1%</td>
<td>7.4</td>
</tr>
<tr>
<td><strong>Share of result in associated companies</strong></td>
<td>0.1</td>
<td>0.0</td>
<td>0.3</td>
<td></td>
</tr>
<tr>
<td><strong>Profit before taxes</strong></td>
<td>6.3</td>
<td>2.7</td>
<td>+137.4%</td>
<td>56.3</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td>4.0</td>
<td>1.8</td>
<td>+121.1%</td>
<td>36.3</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>20.6</td>
<td>13.9</td>
<td>-50.2%</td>
<td>99.9</td>
</tr>
</tbody>
</table>
Interim January – March 2015:
Net sales & operating profit by segment

• Building Solutions – Europe: operating profit margin (w/o non-recurring items) down from 7.8% to 5.4% driven by plummeting net sales in key markets
• Building Solutions - North America profit margin up from 11.0% to 14.1 %, supported by sales growth, efficiency improvement measures and tight cost management
• Uponor Infra profit improved clearly as a result of the restructuring measures, supported by input costs, but remained negative on account of low volumes

Currency: €

Net sales

Operating profit, w/o non-recurring items
Interim January – March 2015: Net sales development in key markets

With the exception of two brighter spots, Europe declines against strong comparables in 2014

Spain replaces Russia whose construction market started to decline in Q1/2015

Growth
% in EUR
% in Curr.

50.3
21.7

53.1
33.6
34.0
30.1
25.5
21.5
20.3
13.9
12.8
11.7
8.3
7.6
6.7
6.5
7.4
7.4
7.7
9.5
9.7

35.4
18.1
17.7
21.5
16.3
12.8
11.4
9.9
7.7
8.3
9.2
7.6
7.6
7.8
32.9
44.2
42.2

USA
Germany
Finland
Sweden
Canada
Denmark
UK
Netherlands
Spain
Norway
Others

Jan-Mar 2013
Jan-Mar 2014
Jan-Mar 2015

Note: Countries are sorted by YTD 2015 net sales
Interim January – March 2015:

Balance sheet

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>209.3</td>
<td>197.4</td>
<td>+11.9</td>
<td>207.8</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>97.5</td>
<td>101.5</td>
<td>-4.0</td>
<td>98.4</td>
</tr>
<tr>
<td>Securities and long-term investments</td>
<td>10.6</td>
<td>10.8</td>
<td>-0.2</td>
<td>11.2</td>
</tr>
<tr>
<td>Inventories</td>
<td>135.2</td>
<td>130.6</td>
<td>+4.6</td>
<td>117.4</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>16.1</td>
<td>30.2</td>
<td>-14.1</td>
<td>60.2</td>
</tr>
<tr>
<td>Other current and non-current assets</td>
<td>223.8</td>
<td>220.0</td>
<td>+3.8</td>
<td>186.8</td>
</tr>
<tr>
<td>Total equity</td>
<td>280.4</td>
<td>260.0</td>
<td>+20.4</td>
<td>297.9</td>
</tr>
<tr>
<td>Non-current interest-bearing liabilities</td>
<td>126.2</td>
<td>136.4</td>
<td>-10.2</td>
<td>126.3</td>
</tr>
<tr>
<td>Provisions</td>
<td>16.5</td>
<td>23.7</td>
<td>-7.2</td>
<td>16.2</td>
</tr>
<tr>
<td>Non-interest-bearing liabilities</td>
<td>248.6</td>
<td>228.7</td>
<td>+19.9</td>
<td>225.5</td>
</tr>
<tr>
<td>Current interest-bearing liabilities</td>
<td>20.8</td>
<td>41.7</td>
<td>-20.9</td>
<td>15.9</td>
</tr>
<tr>
<td>Balance sheet total</td>
<td>692.5</td>
<td>690.5</td>
<td>+2.0</td>
<td>681.8</td>
</tr>
</tbody>
</table>

- Net interest-bearing liabilities at €130.9m, down by 11.4% from LY
- Non-controlling interest at Uponor Infra represents €63.9m of the total equity at €280.4m
Interim January – March 2015:
Cash flow

<table>
<thead>
<tr>
<th>M€</th>
<th>1-3 2015</th>
<th>1-3 2014</th>
<th>Change Y/Y 2014</th>
<th>1-12 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash from operations</td>
<td>+16.0</td>
<td>+13.5</td>
<td>+2.5</td>
<td>+99.0</td>
</tr>
<tr>
<td>Change in NWC</td>
<td>-32.4</td>
<td>-28.6</td>
<td>-3.8</td>
<td>-3.5</td>
</tr>
<tr>
<td>Net payment of income tax and interest</td>
<td>-6.0</td>
<td>-3.3</td>
<td>-2.7</td>
<td>-19.8</td>
</tr>
<tr>
<td>Cash flow from operations</td>
<td>-22.4</td>
<td>-18.4</td>
<td>-4.0</td>
<td>+75.7</td>
</tr>
<tr>
<td>Cash flow from investments</td>
<td>-2.1</td>
<td>-4.1</td>
<td>+2.0</td>
<td>-30.6</td>
</tr>
<tr>
<td>Cash flow before financing</td>
<td>-24.5</td>
<td>-22.5</td>
<td>-2.0</td>
<td>+45.1</td>
</tr>
<tr>
<td>Dividends and buy backs</td>
<td>-30.7</td>
<td>-27.8</td>
<td>-2.9</td>
<td>-27.8</td>
</tr>
<tr>
<td>Other financing</td>
<td>+10.3</td>
<td>+27.3</td>
<td>-17.0</td>
<td>-9.9</td>
</tr>
<tr>
<td>Cash flow from financing</td>
<td>-20.4</td>
<td>-0.5</td>
<td>-19.9</td>
<td>-37.7</td>
</tr>
<tr>
<td>Change in cash and cash equivalents</td>
<td>-44.1</td>
<td>-23.5</td>
<td>-20.6</td>
<td>+6.5</td>
</tr>
</tbody>
</table>

- Gross CAPEX at €8.1m, up €3.7m from Q1/2014, but below depreciation at €9.3m
- Cash flow from investment includes €+5.9m cash flow effect from the divestments of the Thai infrastructure business and Extron Engineering Oy in Finland
Outlook for the future

Jyri Luomakoski
President and CEO
Uponor Corporation

ISH exhibition, Frankfurt, Germany, 10-14 March 2015
## Leading indicators in major markets

<table>
<thead>
<tr>
<th>Indicator</th>
<th>% change YTD</th>
<th>Data through</th>
<th>Trend since Q4 update</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA Housing starts¹)</td>
<td>-17%</td>
<td>February 2015</td>
<td></td>
</tr>
<tr>
<td>Germany Housing permits</td>
<td>-9%</td>
<td>January 2015</td>
<td></td>
</tr>
<tr>
<td>Finland Housing starts</td>
<td>-21%</td>
<td>October 2014</td>
<td></td>
</tr>
<tr>
<td>Sweden Housing starts</td>
<td>+27%</td>
<td>December 2014</td>
<td></td>
</tr>
<tr>
<td>Canada Housing starts¹)</td>
<td>+20%</td>
<td>March 2015</td>
<td></td>
</tr>
<tr>
<td>Denmark Housing starts</td>
<td>+13%</td>
<td>December 2014</td>
<td></td>
</tr>
<tr>
<td>UK Housing starts²)</td>
<td>+10%</td>
<td>December 2014</td>
<td></td>
</tr>
<tr>
<td>Netherlands Housing permits</td>
<td>+50%</td>
<td>December 2014</td>
<td></td>
</tr>
<tr>
<td>Spain Housing permits</td>
<td>+2%</td>
<td>December 2014</td>
<td></td>
</tr>
<tr>
<td>Norway Housing permits</td>
<td>+16%</td>
<td>February 2015</td>
<td></td>
</tr>
</tbody>
</table>

¹) Seasonally adjusted, annualised rate vs. same month in 2014; ²) England only
Sentiment in some key markets weakened during Q1/2015

Change in builder confidence
(Jan-Mar 2015 average vs. Oct-Dec 2014 average, seasonally adjusted)

Source: Eurostat
Germany: The economy has gained strength but construction has stalled

Source: Destatis and Eurostat
USA: Confidence and starts were hurt by frigid temperatures

Housing Market Index (HMI) and housing starts

Source: US Census, NAHB/Wells Fargo
Management agenda for the near term

- Secure timely delivery of products to customers in Europe (resin availability) as well as North America (meeting the demand)

- After successful integration and streamlining of Uponor Infra, focus on customers and on winning market share in selected core businesses

- Maximise growth opportunities and secure a platform for profitable growth in Building Solutions – Europe
  - Follow through that key product launches turn into sales
  - Carefully execute the savings plan related to the new distribution centre
Guiding forward

- Macro-economic trends and the geopolitical situation remain materially as before
- Acute raw material supply/demand issue may be disturbing the plastic products industry in the shorter term, especially affecting infrastructure solutions

- The guidance issued on 12 February 2015 remains intact:
  
The Group’s net sales and operating profit (excluding any non-recurring items) are expected to improve from 2014
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.
Construction sentiment in Europe

- Confidence reached a multi-year high in December, but has plateaued during the first months of the year
- Confidence rose in Q1 in Finland, Italy and the Netherlands, but fell in Sweden and France

European construction confidence indicator
(European Union, seasonally adjusted)

Source: Eurostat
Building permits in Europe

- Data through October shows that building permits in both the residential and non-residential segments remained at, or near, their lowest levels on record
- Improvements in some national markets have been more than offset by falls in others

![European building permits index](image)

**European building permits index**
(Euro Area 19, seasonally adjusted)

Source: Eurostat (Base year = 2010)
Germany

Housing permits in Germany

January 2015: 16,612
Change vs. 2014: -9%%

Source: Destatis
USA

Housing starts in USA
(Seasonally adjusted, annual rate)

February 2015: 897,000
Change from 2014: -17%%

Source: U.S. Census Bureau
Finland

Housing starts in Finland

Jan-Oct 2014: 19082
Change vs. 2013: -21%

Source: Statistics Finland
Switzerland

Housing starts in Switzerland

FY 2014: 38,500
Change vs. 2013: +27%

Source: Statistics Switzerland

Interim report 2015
28 April 2015
Canada

Housing starts in Canada
(Seasonally adjusted, annual rate)

March 2015: 189,708
Change vs. 2014: +20%

Source: CMHC/ Statistics Canada
Denmark

Housing starts in Denmark
(Seasonally adjusted)

Jan-Dec 2014: 11,143
Change vs. 2013: +13%

Source: Statistics Denmark

Interim report 2015 28 April 2015
Housing permits in Norway

Jan-Feb 2015: 4,307
Change vs. 2014: +16%

Source: Statistics Norway