

Annual results briefing 2004

Helsinki, 2 Feb. 2005

Market and business review

Jan Lång, President and CEO

Financial statements 2004

Jyri Luomakoski, CFO and Deputy CEO

Outlook

Jan Lång

Questions

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Market and business review 2004

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Year 2005: residential building markets

- Satisfactory and stable development continued in Europe and in North-America
 - German market subdued in general, however, growth in demand for Uponor's product areas
 - Strong demand continued in North America
 - Exceptionally high amount of housing starts during the years 2003 and 2004
- Demand remained satisfactory in the UK, Spain and Nordic countries
- Demand for infrastructure and environment systems stable

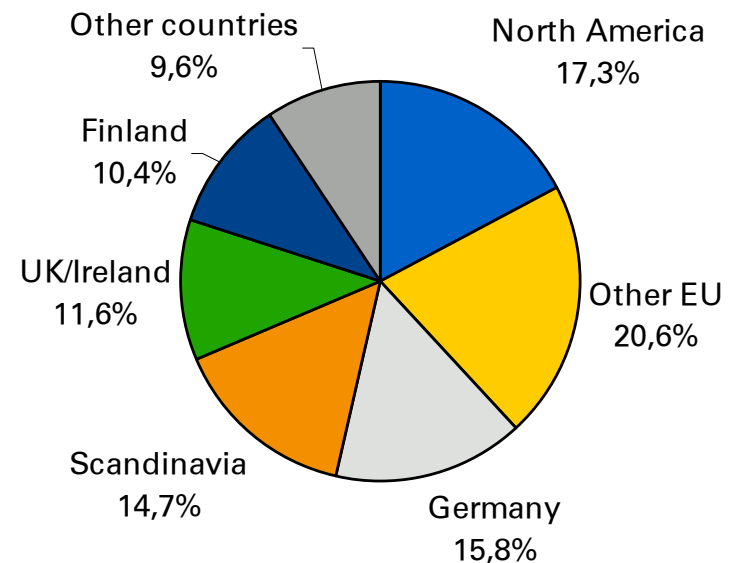
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Year 2005: Net sales

- Net sales EUR 1,072.8 million
 - reported growth 5.1 %
 - comp. organic growth 11.0 %

- All Regions achieved the long term growth targets
 Growth by Region in comparable terms:
 - North America +27.7 %
 - Central Europe +12.6 %
 - Europe – WES + 9.3 %
 - Nordic + 6.4 %

Sales by country:



Year 2004: Profitability

- Operating profit EUR 97.9 (30.7) million
 - 9.1 per cent of net sales (last year reported 3.0 per cent, excl. restructuring costs 7.9 per cent)
 - profits from disposals of fixed assets EUR 3.6 (7.3) million
- In comparable terms, operating profit improved by 22.2 per cent
 - caused by organic growth and restructuring measures
- Profit after financial items EUR 92.3 (20.8) million
- Cash flow before financing continued to improve due to divestments and disposals of fixed assets

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Year 2004: Q4

- As expected, development weaker than in the first three quarters
- Net sales continued to grow, but at a slower rate than during the beginning of the year
 - Growth weak in Central Europe
- Operating profit declined
 - comparable -10.2 per cent (change Y/Y EUR –1.6 million in comparable terms)
 - improved efficiency did not cover the costs from higher raw material prices

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Strategic achievements in 2004

- Good organic growth in all main markets and key product segments
- Increased profitability supported by higher sales and better cost efficiency
 - Core business EBITA 8.2% → 9.5%
- Extensive restructuring programme and exit from the real estate business
- Continued integration of the Group, including starting the launch of an ERP programme

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Restructuring programme

Main targets

- Larger, specialised production units
- Streamlined production and logistics across Regions
- Higher profitability
- Focus on markets and products with possibility to achieve a leading position

Most important measures *(impact on staff approx. – 400)*

- Concentrating the production of Unipipe composite pipes to Germany
 - Divestment of cable and tap water protection pipe business (MBO)
 - Decision to discontinue PEX-b products globally
 - Exit from municipal infrastructure business in Iberia and France
 - Reorganisation of production and logistics of municipal infrastructure business in the Nordic countries
- Divestment of the gas pipe business in the US (165 people)
 - Amount of production sites decreased from 40 (in 2000) to 22 (2005)

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Exit from domestic real estate business

- Renor Oy sold to Grouse Holding Oy on 30 November
- Debt-free sales price approx. EUR 90 million
- Annual net sales of the real estate business approx. EUR 18 million, head count 30 on the date of the agreement
- Simultaneously, Uponor sold its 10.4 per cent holding in Sato-Yhtymä Oyj
- These two deals generated around EUR 86.3 million in cash flow in 2004

- This divestment marked an end to the industrial restructuring process initiated by Asko Group in mid-90's to focus on the plastic pipe business






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Year 2004: negatives

- The unprofitable municipal infrastructure businesses in Southern Europe and in Norway
- Higher materials prices
 - plastics
 - metals
- Machine-building unit belonging to the Central Europe Region (Unicor)

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Uponor's long-term financial goals

-  **Organic growth** in net sales of a minimum of 5% per annum
-  **Operating profit** (EBITA) accounting for a minimum of 12% of net sales
-  **Return on investment** (ROI) in the core business of a minimum of 20%
-  **Solvency ratio** exceeding 50% (gearing at less than 70)
-  **Dividend policy:** minimum of 50% of the profit for the period shall be paid out annually

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Income statement 2004

MEUR	1-12		Change Y/Y	1-12	
	2004	%		2003	%
Net sales	1,072.8		5.1%	1,021.0	
Other operating income	3.6	0.3	-46.8%	6.8	0.7
Gross profit	340.0	31.7	21.0%	281.0	27.5
EBITDA	156.3	14.6	32.7%	117.8	11.5
EBITA	108.3	10.1	141.2%	44.9	4.4
Operating profit (EBIT)	97.9	9.1	219.9%	30.7	3.0
Financial expenses, net	5.6	0.5	-43.4%	9.9	1.0
Profit after financial items	92.3	8.6	344.9%	20.8	2.0
Profit for the period	60.9	5.7	3,706.3%	1.6	0.2
EPS	0.82			0.02	
EPS excl. GW amortisation	0.96			0.22	

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Income statement Q4/2004

MEUR	10-12		Change Y/Y	10-12	
	2004	%		2003	%
Net sales	243.3		-1.8%	247.7	
Other operating income	0.4	0.2		0.0	0.0
Gross profit	72.2	29.7	79.2%	40.3	16.3
EBITDA	29.5	12.1	333.8%	6.8	2.7
EBITA	15.8	6.5	159.0%	-26.8	-10.8
Operating profit (EBIT)	13.2	5.4	140.6%	-32.5	-13.1
Financial expenses, net	0.6	0.2	-88.7%	5.3	2.1
Profit after financial items	12.6	5.2	133.3%	-37.8	-15.3
Profit for the period	8.3	3.4	122.4%	-37.1	-15.0
EPS	0.11			-0.50	
EPS excl. GW amortisation	0.15			-0.42	

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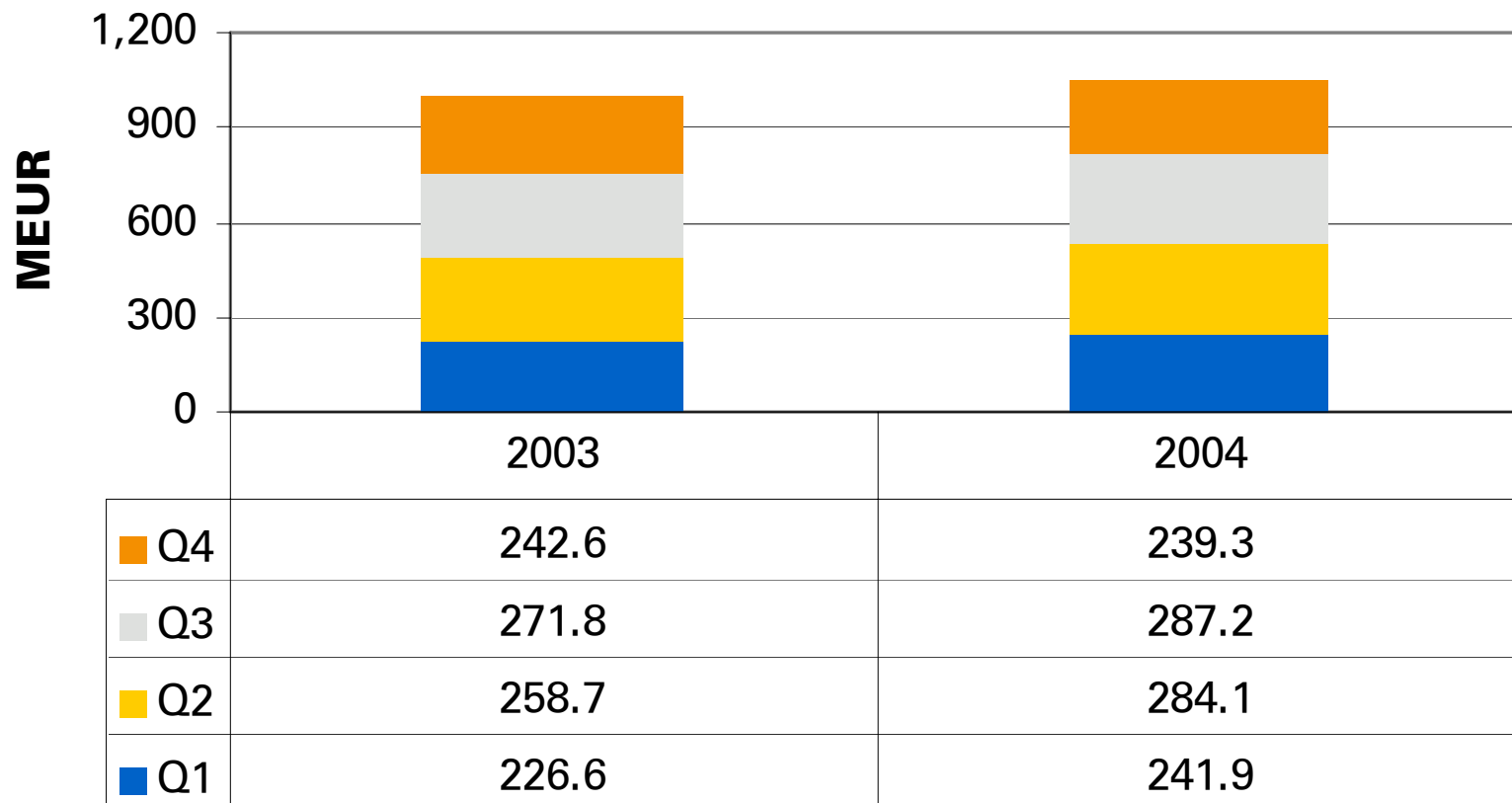
Net sales by segment

	1-12 2004	Change Y/Y	1-12 2003
MEUR			
Pipe Systems	1,052.5	5.3%	999.7
Real Estate	19.7	-6.6%	21.1
Others & Elim.	0.6		0.2
Uponor Group	1,072.8	5.1%	1,021.0

	10-12 2004	Change Y/Y	10-12 2003
MEUR			
Pipe Systems	239.3	-1.4%	242.6
Real Estate	3.9	-25.0%	5.2
Others & Elim.	0.1		-0.1
Uponor Group	243.3	-1.8%	247.7

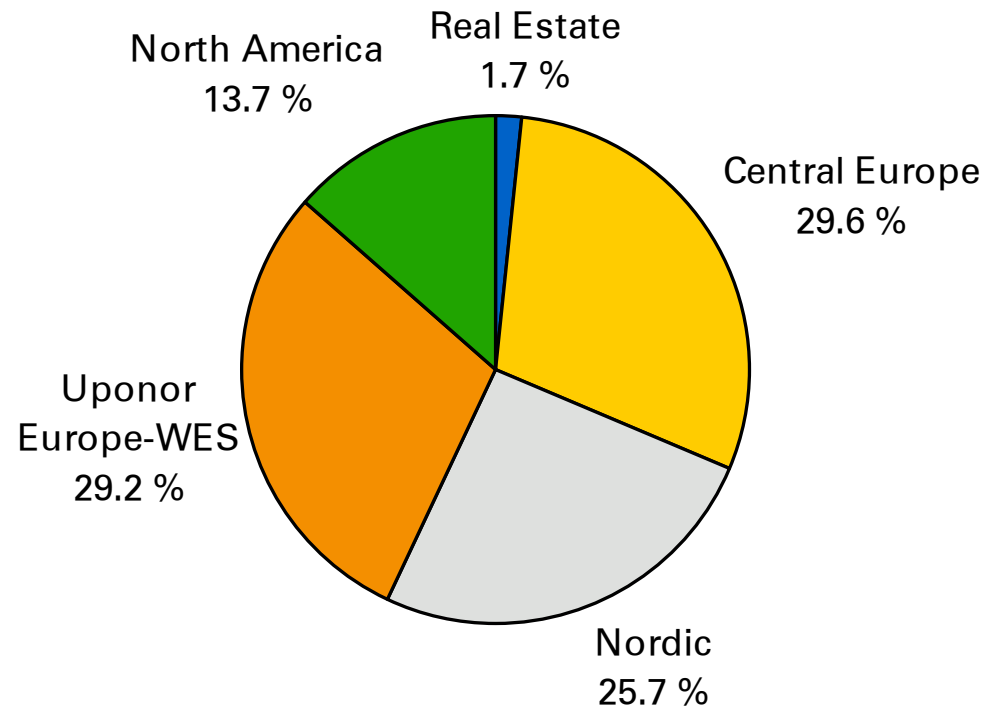
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Pipe Systems net sales per quarter



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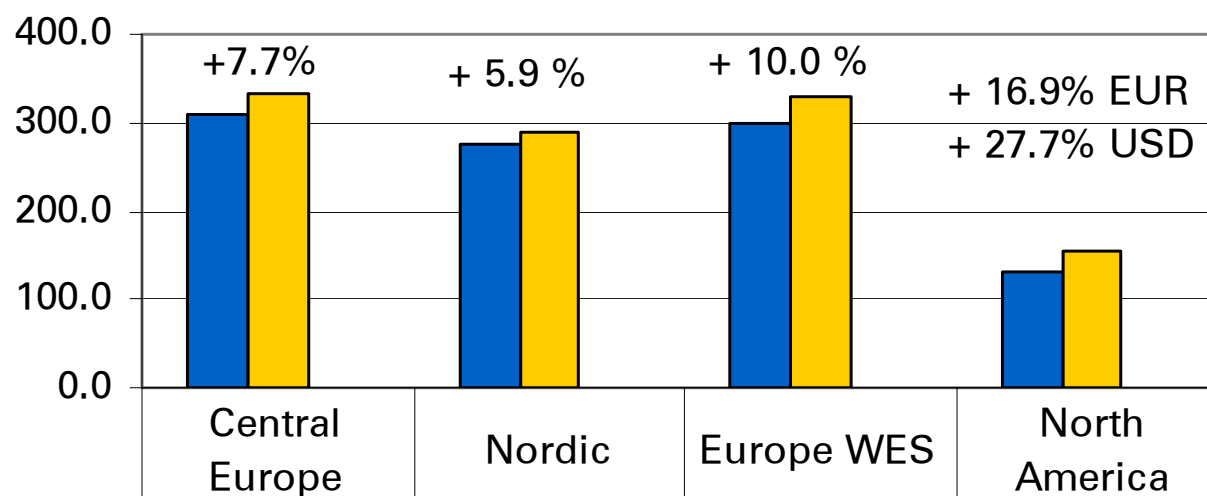
Net sales by Regional organisation 2004



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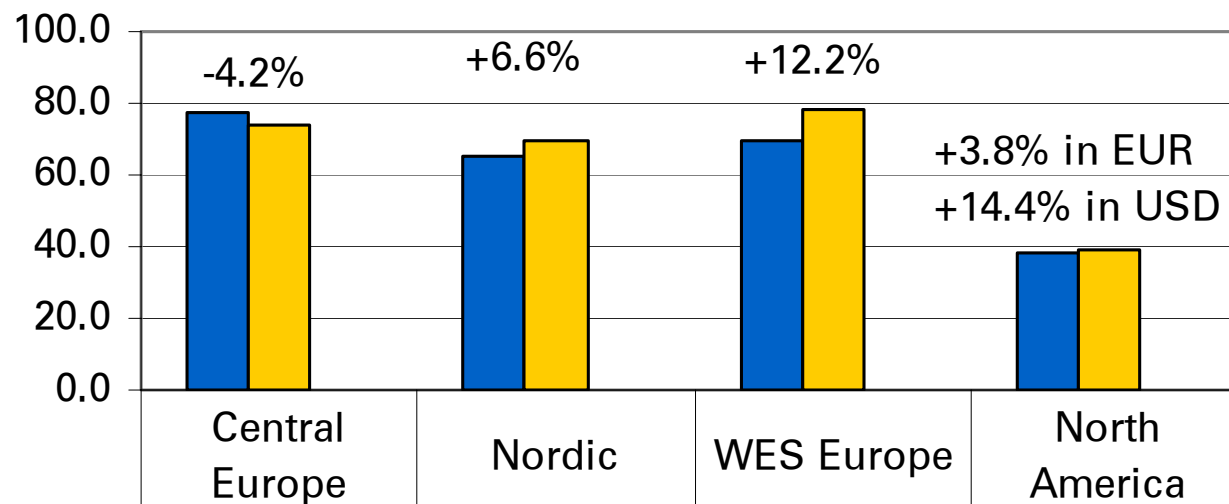
Pipe Systems: Net sales development 2003 – 2004 YTD December

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■ 2003, EUR	310.4	274.4	300.0	132.7
■ 2004, EUR	334.4	290.6	330.0	155.1
Transl. effect	-0.1	-1.2	1.9	-11.2

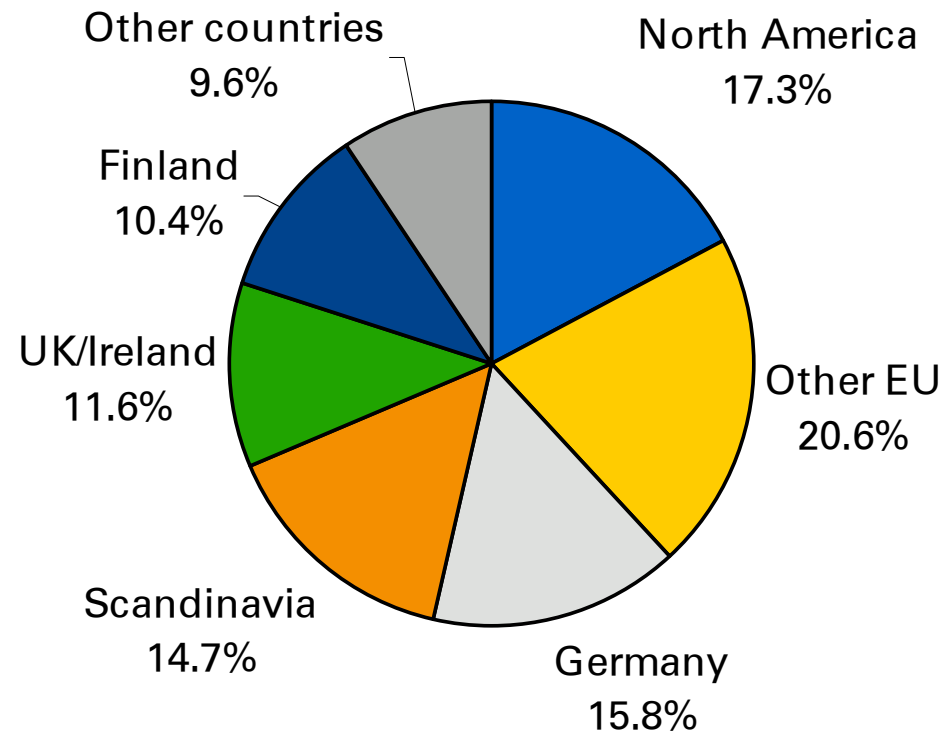
Pipe Systems: Net sales development 2003 – 2004 Q4



■ 2003, EUR	77.2	65.5	69.9	38.0
■ 2004, EUR	73.9	69.8	78.4	39.4
Transl. effect	0.3	0.2	-0.1	-3.2

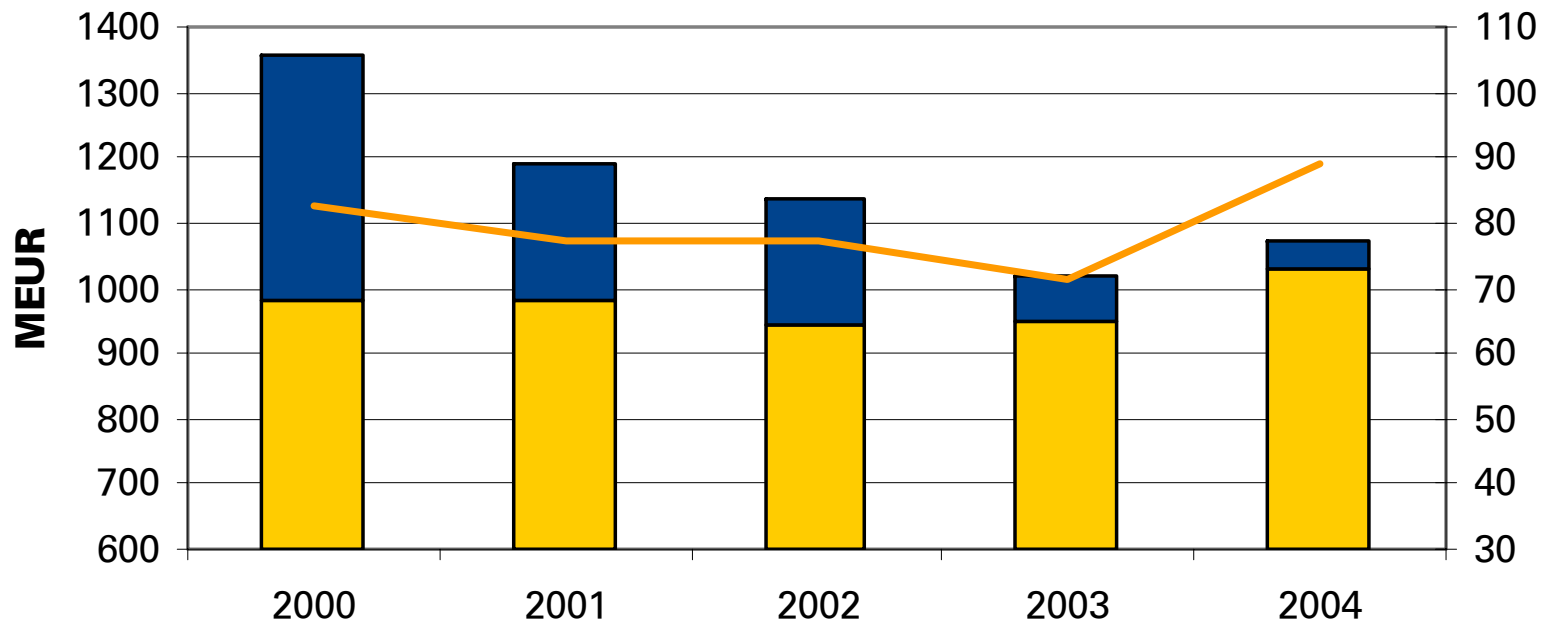
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Group net sales by country 2004



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Development of current business



- Net sales (divested business)
- Net sales (current business)
- Operating profit (current business)

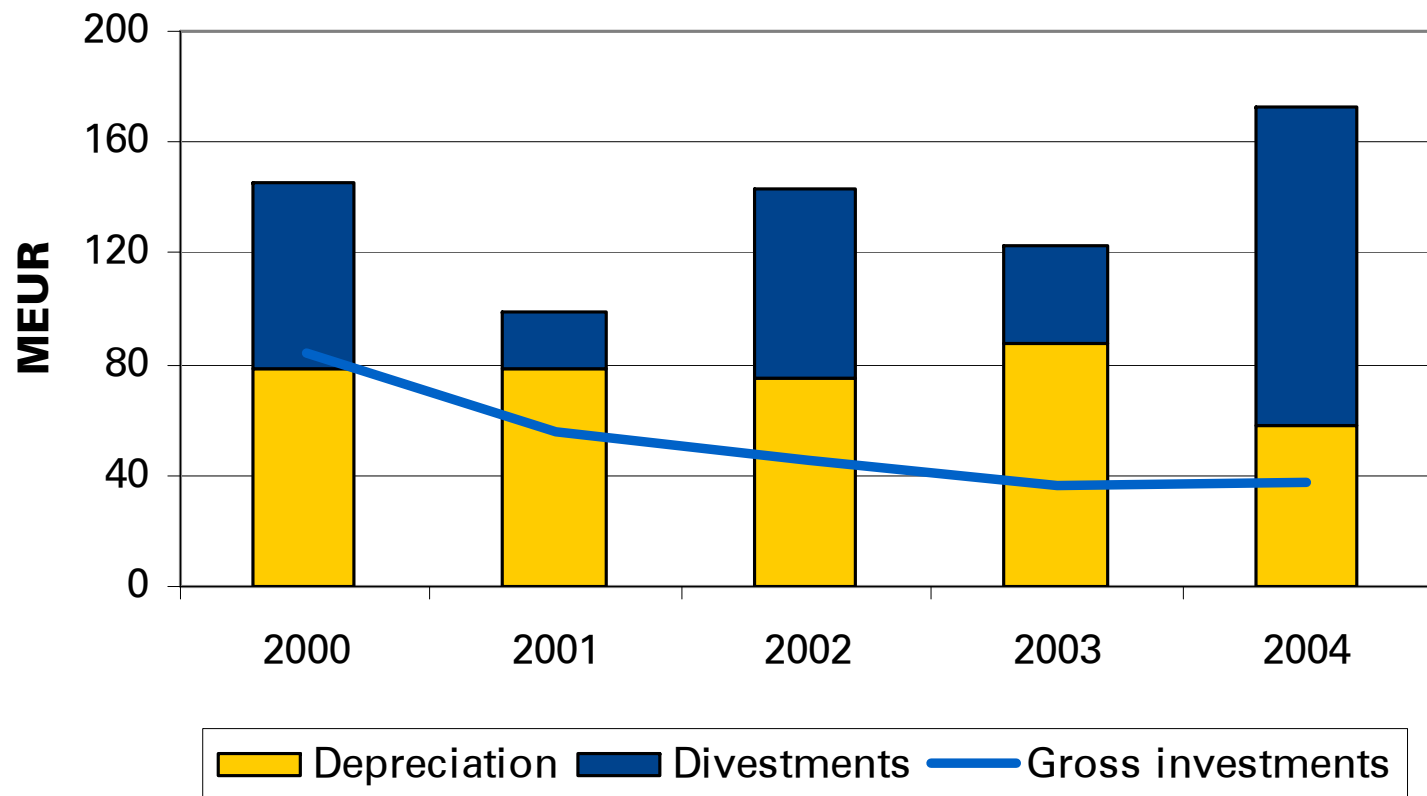
Businesses divested or closed contributed to the net sales by ~100 M€ in 2004 (~120 M€ in 2003) and their operating profit excluding restructuring costs was negative

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Balance sheet 31 December 2004

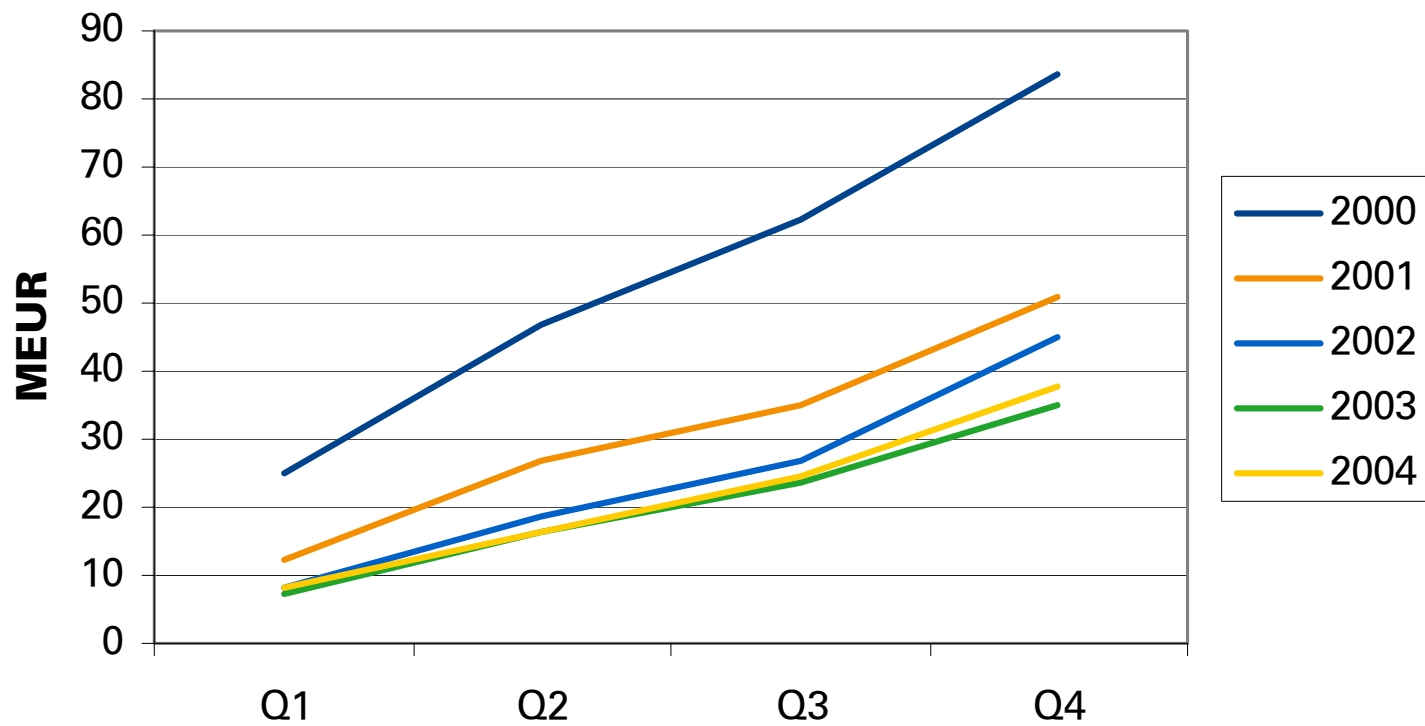
MEUR	31 Dec. 2004	Change %	31 Dec. 2003
Intangible assets	72.6	-15.0 %	85.4
Tangible assets	235.7	-32.5 %	349.2
Securities and long-term investments	21.0	45.8 %	14.4
Inventories	138.0	1.8 %	135.5
Cash in hand and banks	29.5	74.6 %	16.9
Other current assets	181.6	-3.3 %	187.8
Shareholders' equity	421.7	-10.3 %	470.0
Minority interest	0.0	-100.0 %	0.9
Obligatory provisions	11.9	-62.1 %	31.4
Long-term interest bearing liabilities	12.6	-78.8 %	59.4
Short-term interest bearing liabilities	40.0	-3.6 %	41.5
Non-interest bearing liabilities	192.2	3.3 %	186.0
Balance sheet total	678.4	-14.0 %	789.2

Investments 2000 - 2004



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Gross investments by quarter

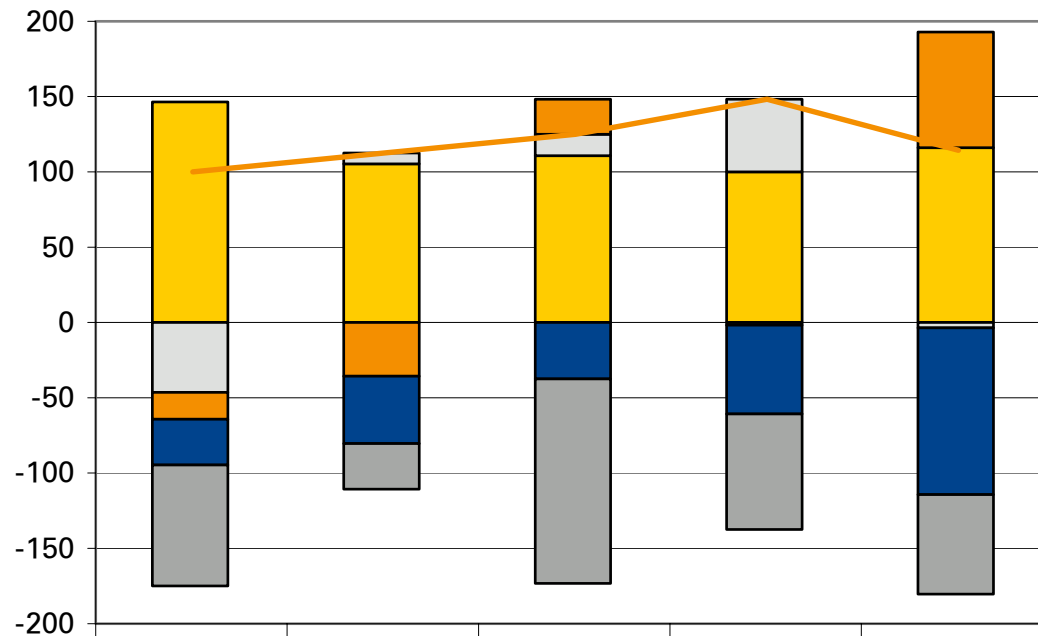


January - December 2004

Gross investments	37.8	Depreciation	48.0
Disposals at book	114.2	Amortisation	10.4

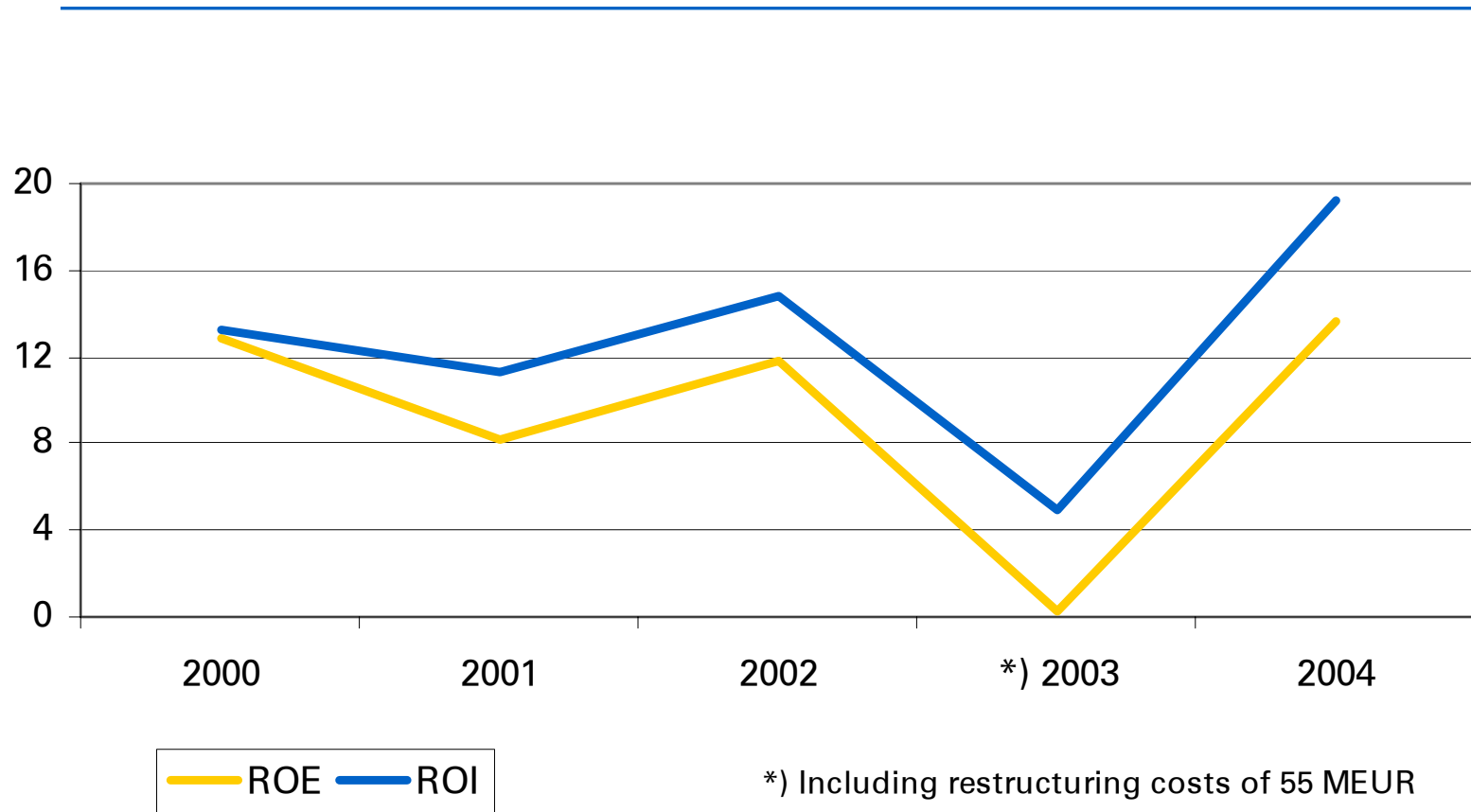
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Cash flow 2000 – 2004



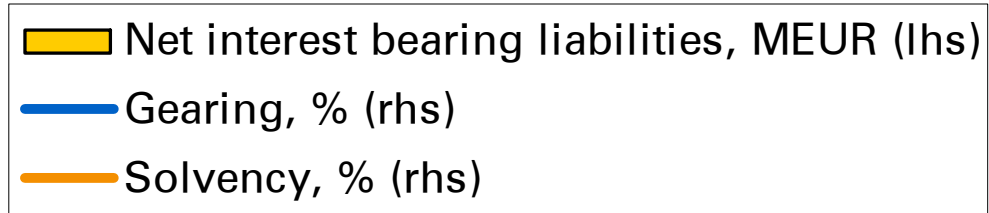
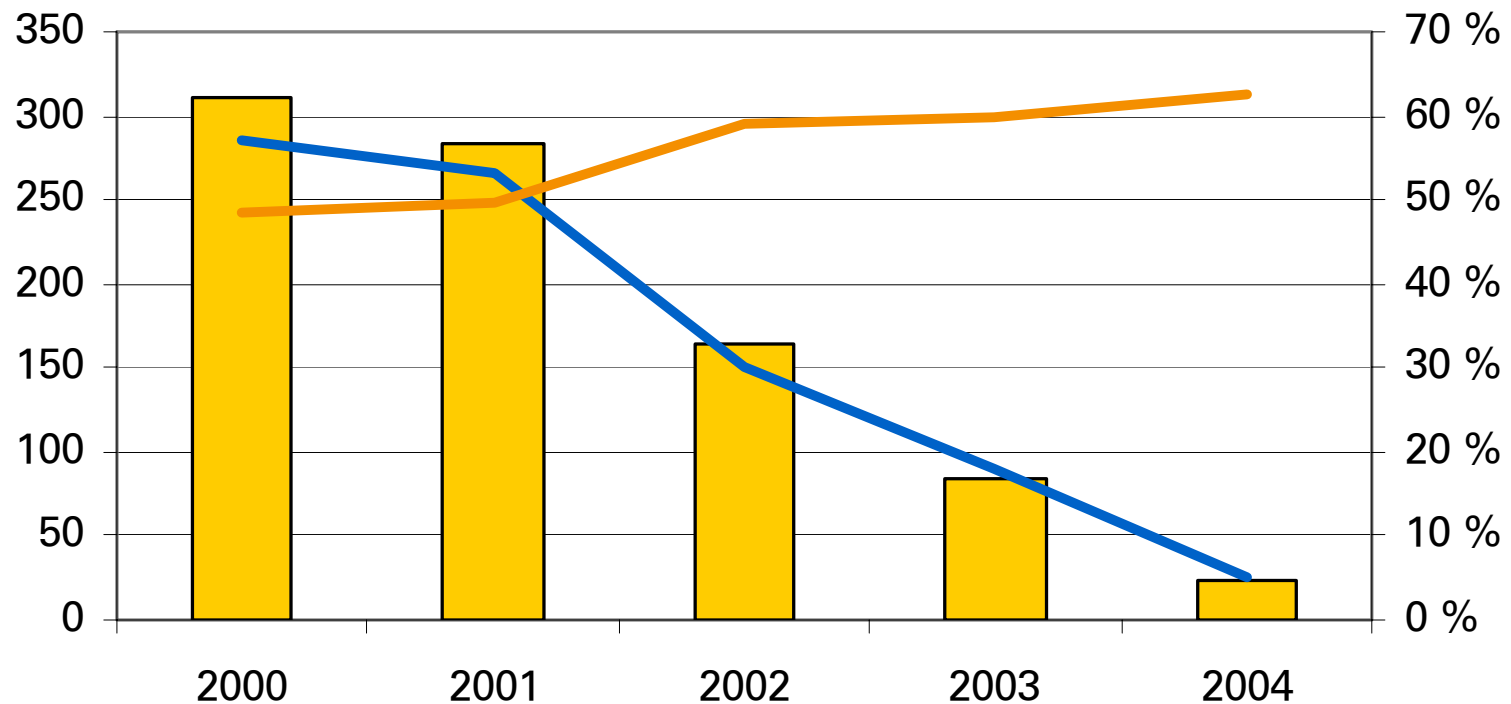
	2000	2001	2002	2003	2004
Financing	-79.6	-30.8	-135.7	-76.6	-65.5
Dividends & buy backs	-31.1	-45.6	-37.1	-60.1	-111.8
From investments	-16.9	-34.9	24.0	-1.2	76.4
Change in NWC	-46.6	6.5	14.1	47.7	-2.7
Net cash from ops	145.8	105.2	110.7	100.3	116.1
From operations	99.2	111.7	124.8	148.0	113.4

Return on investment and on equity



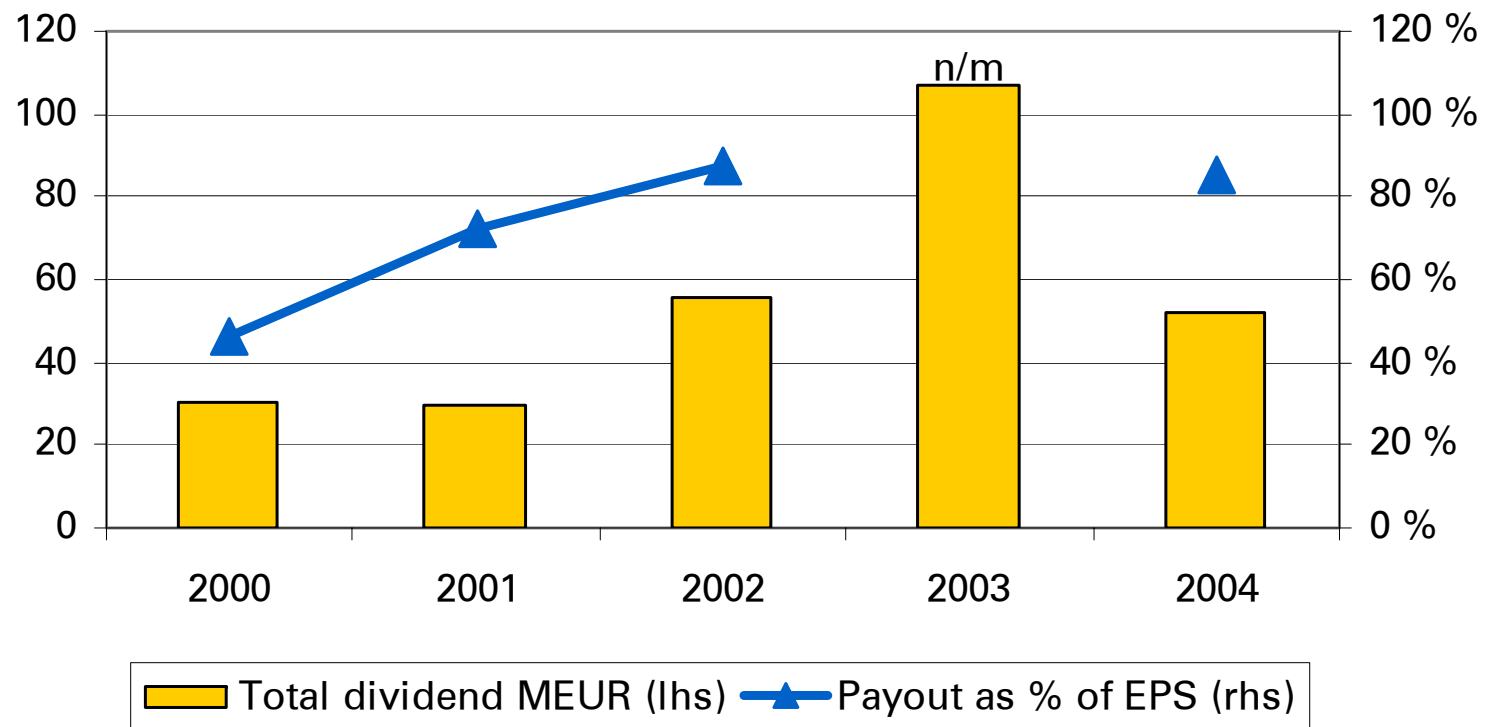
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Net interest bearing liabilities and capital structure



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Dividends 2000 - 2004



N.B.: Dividend 2004 as proposed by the Board

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Key figures

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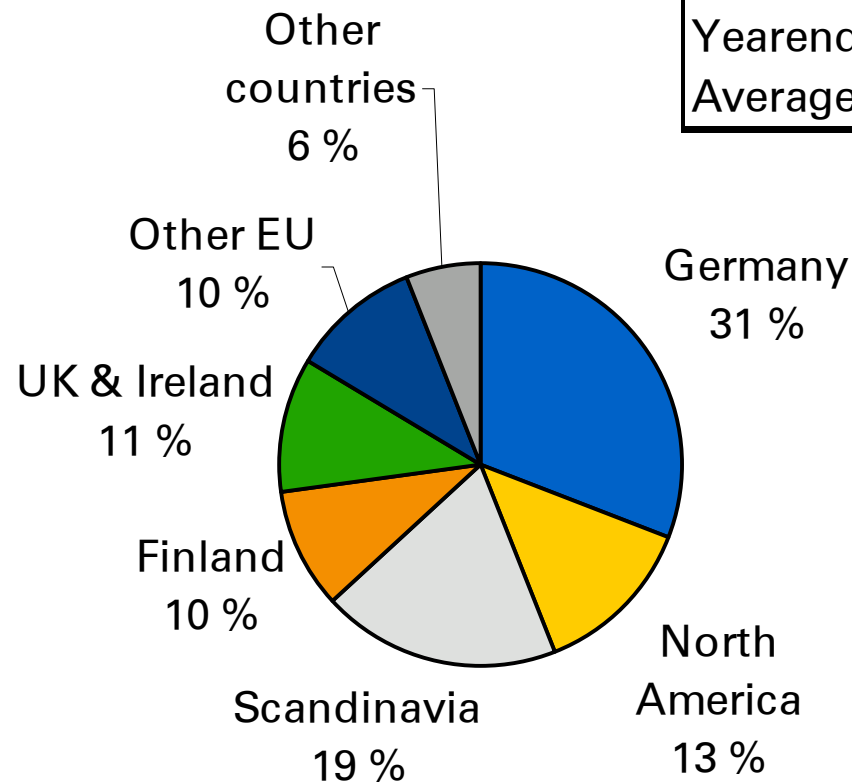
	Jan-Dec 2004	Jan-Dec 2003
Earning per share (diluted), EUR	0.82	0.02
EPS, diluted excl. GW amort.	0.96	0.22
Return on equity, %	13.6	0.3
Return on investment, %	19.2	4.9
Solvency ratio, %	62.4	59.8
Gearing, %	5	18
Equity per share (diluted), EUR	5.68	6.34

Shareholders 31 Dec 2004

Oras Invest Group	22.0%	Share capital
Sampo Life	7.5%	149,6 MEUR
Varma	5.4%	
Tapiola Companies	3.6%	Number of shares
Ilmarinen	2.5%	74,820,444
Odin Funds	1.3%	Treasury shares
Nominee registration	30.3%	525,000
Others	27.4%	
	100.0%	

Uponor group personnel by country 31 Dec 2004

	2004	2003
Yearend	4,475	4,803
Average	4,684	4,962



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Strategic focus areas in 2005

Uponor's strategic focus areas aim at improved profitability:

- Organic growth by increased efficiency in operations
 - Strong customer relations and development of product and service offering
 - Europe and North America
 - Core competencies in housing solutions are underfloor heating and tap water systems, in municipal infrastructure especially sewer systems
 - Product and service offering is focused around core competence
- More unified Group structure through integration
 - Transfer of know-how within the Group
 - Common supply chain (ERP programme, common processes)
- Strengthening of the Uponor brand continues with development of identity and supporting coherent communications

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Outlook and guidance

- Uponor enters the year 2005 stronger
- Completion of restructuring measures
- Building up of a unified Uponor continues
- Markets for residential construction and municipal infrastructure stable
 - North America slowing down, but still remaining at a good level
- Guidance:
 - Organic growth continues according to set targets
 - Cash flow from operations remains strong
 - Operating profit and profit margin are expected to improve from 2004 level

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