



uponor

Q1 2015 roadshow
presentation

Uponor Corporation

28 April 2015

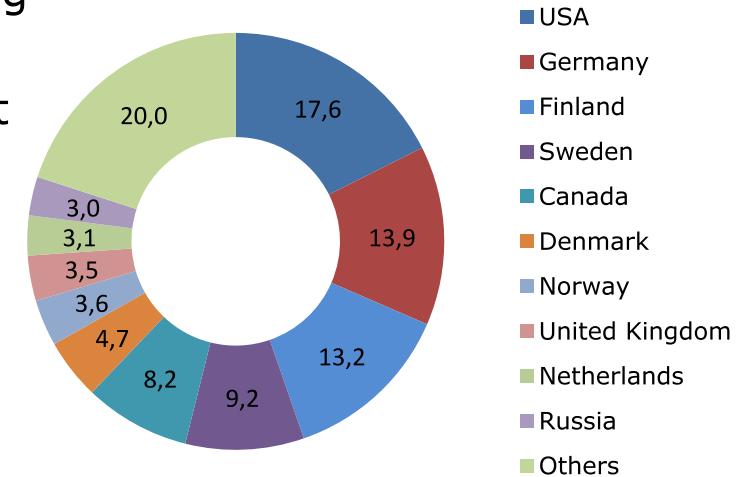
Uponor in brief

Leading provider of plumbing and indoor climate solutions for residential and commercial building markets across Europe and North America.

In northern Europe, Uponor is also a prominent supplier of infrastructure pipe systems

- Net sales 2014: €1,023.9 million
- Operations in 30 countries, 14 production sites
- Personnel ca 4,000

Net sales 2014 by country



Plumbing Solutions (39%)

- Potable water and radiator connections for residential and non-residential building



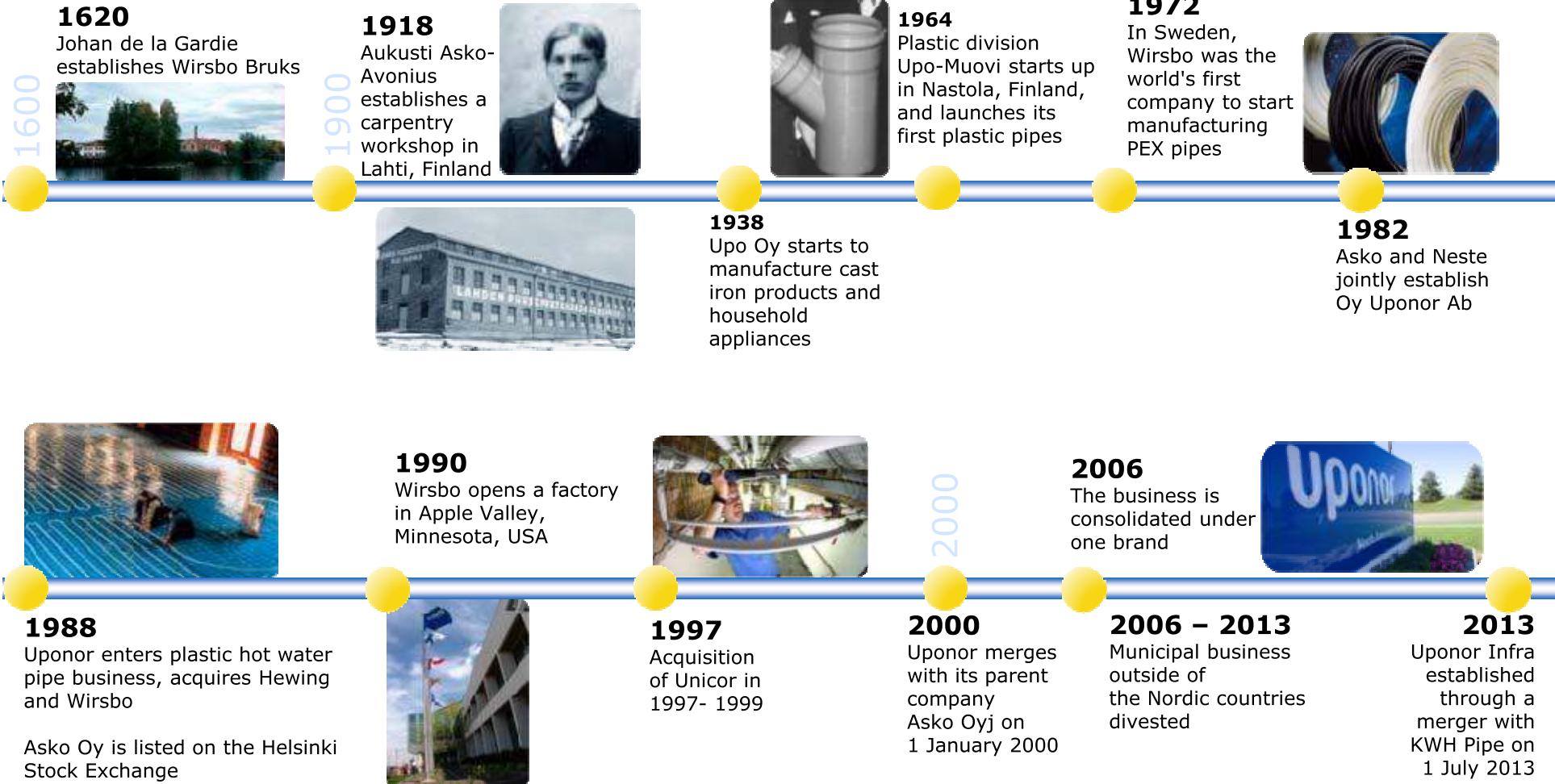
Indoor Climate Solutions (27%)

- Hydronic heating and cooling for residential and non-residential building

Infrastructure Solutions (34%)

- Water, sewer and wastewater systems for utilities and non-urban areas

Uponor milestones

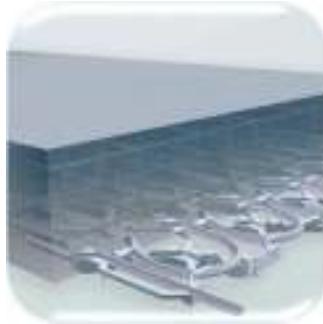


Uponor's Indoor climate offering

Uponor's solutions create the basis for a healthy and pleasant indoor climate.



**Radiant heating
and cooling**



**Thermally active
building structures
(TABS)**



Ground energy



Controls



Outdoor surfaces



**Local heat
distribution**



Ventilation



**Seamless aluminium
composite pipe**

Uponor's Plumbing offering

Uponor's systems help transport water to its destination by efficient, sustainable and hygienic installation.



Tap water



Riser pipe systems



Radiator connections



Tools



RTM fittings



PPSU fittings



Q&E system



Fire safety



Compressed air

Uponor Infra offering

With more than 60 years of experience Uponor's solutions help transport water, air, electricity, telecommunications and data.



Infrastructure solutions for handling water, sewer, gas, air, telecommunications and data



Tailor made constructions

Project service

Technologies

Global megatrends drive strategy and innovation



Growing and
aging
population



Urbanisation



Energy demand
and climate
change



Globalisation
and developing
markets

**Health and
comfort**

**Renovation,
prefabrication
and lifestyle**

**Green
building,
water quality
and water
management**

**Geographical
expansion**

Sustainability shapes the future of building

- One third of the world's energy consumption is associated with heating, cooling, ventilation and lighting
→ the energy performance of buildings plays a major role
- Uponor radiant systems can reduce CO₂ emissions for any building type
- Uponor plumbing and wastewater systems and installation technologies meet stringent water quality requirements
- Plastic pipe solutions boast a good 'cradle to grave' life-cycle performance



Long-term financial targets

Since 12 Feb. 2013

- Help develop Uponor globally in a manner that secures faster than average industry growth and funding for future initiatives
- Based on earlier criteria, now reflecting the 'new normal' business landscape
- The emphasis is on growth, which is clearly influenced by the flat outlook of European building markets

Organic net sales growth to exceed annual GDP growth* by 3 ppts

* GDP growth based on a weighted average growth in the top 10 countries

EBIT margin to exceed 10%

ROI to exceed 20%

Dividend pay-out to be at least 50% of annual earnings (considering the gearing target)

Gearing to stay within 30 to 70 as an annual average of the quarters

Our Goals for 2019

Secured and extended leading position in plumbing and indoor climate solutions in Europe



Brand standard for PEX systems in the commercial and residential sectors in North America



Leading infrastructure and extrusion technology supplier in selected markets



Segment-based approach

Uponor's businesses are facing different situations, therefore the path forward needs to be tailored and driven by the segments

Uponor Infra

- Integrate
- Consolidate
- Improve profitability

Building Solutions – Europe

- Harmonise
- Innovate
- Improve profitability

Building Solutions – North America

- Penetrate commercial
- Grow with residential
- Keep up with the market share with innovation
- Improve profits



Financial statements FY 2014

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Full year 2014: Sustained positive progress despite diverse challenges

Uponor Group	1-12/ 2014	1-12/ 2013	Change
Net sales	1,023.9	906.0	13.0%
Building Solutions – Europe	479.1	479.5	-0.1%
Building Solutions – North America	200.8	171.5	17.1%
Uponor Infra	351.3	261.4	34.4%
Operating profit (without NRI)	67.7	55.2	22.6%
Building Solutions – Europe	38.7	32.7	18.3%
Building Solutions – North America	31.5	24.7	27.4%
Uponor Infra	0.1	2.7	n/m

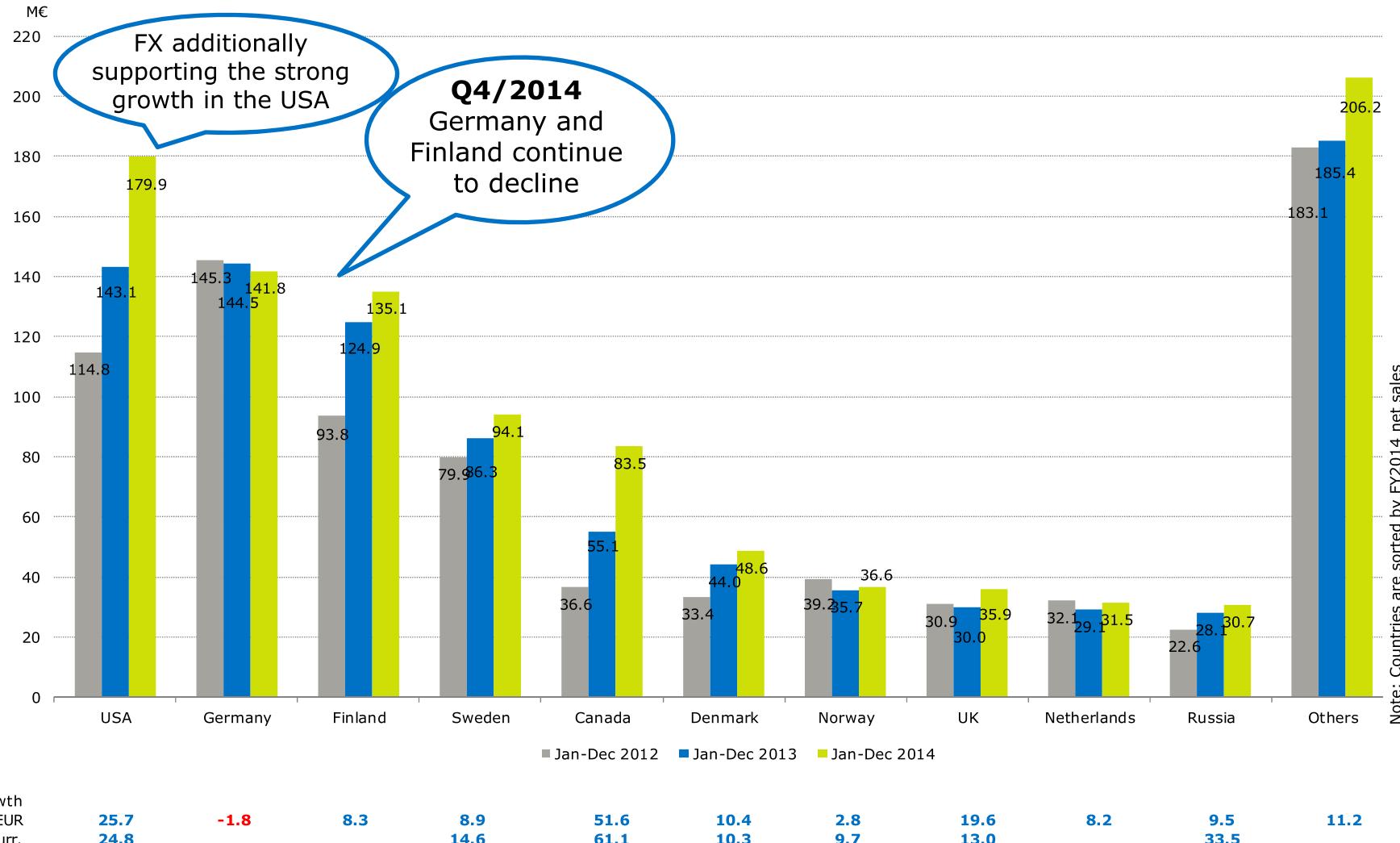
- Building Solutions – Europe reported growth in profits despite flattish markets and the softer German market in particular
- Building Solutions – North America stayed steady on the growth path, thanks to advances in both the residential and commercial markets and the expanded geographical presence across the U.S.
- Uponor Infra, consolidated for the first full year, declined in like-for-like terms, mainly driven by a currency impact but also due to plummeting demand and sales in some key markets

Sustainable progress in CSR targets

- Sustainability and environmental management ambitions are key drivers for a 'greener' construction industry
- Uponor engages with various professional bodies, incl. partners, customers, suppliers, trade organisations
- Uponor's targets for 2015 have been renewed and extend to 2020

Environmental target 2020	Progress by 2014
<i>Reduce CO₂ emissions by 20%</i>	Achieved a 15% reduction from 2009
<i>100% green electricity</i>	German production 100% certified green electricity
<i>Continued improvement from the current 130g/km fleet average target</i>	New fleet in 2014 at 124g/km, below EU targets
<i>Zero waste to landfill</i>	Already reduced to below 5%

January – December 2014 Net sales development by key markets



January – December 2014

Balance sheet

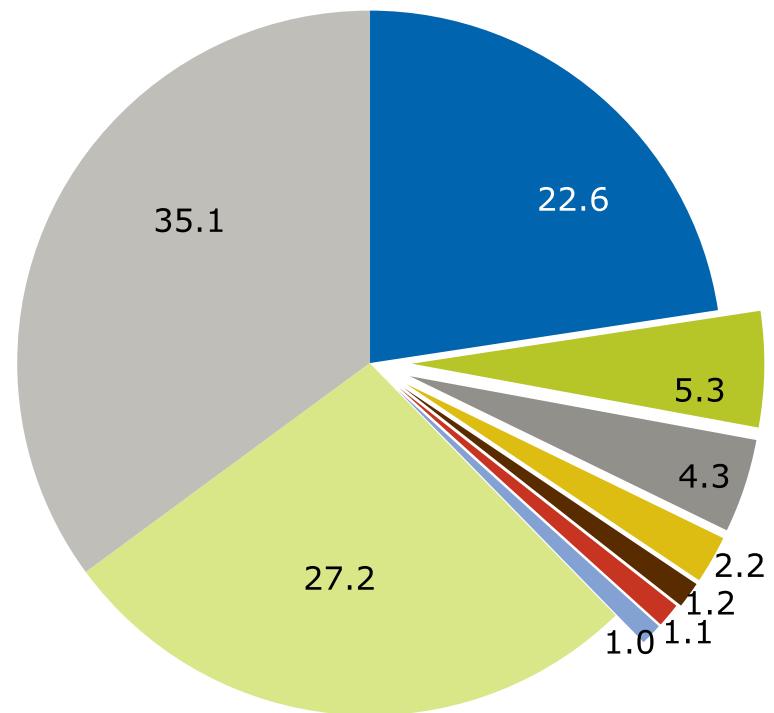
M€	31 Dec 2014	31 Dec 2013	Change Y/Y
Property, plant and equipment	207.8	201.8	+6.0
Intangible assets	98.4	102.8	-4.4
Securities and long-term investments	11.2	10.8	+0.4
Inventories	117.4	115.4	+2.0
Cash and cash equivalents	60.2	53.7	+6.5
Other current and non-current assets	186.8	176.5	+10.3
Total equity	297.9	287.7	+10.2
Non-current interest-bearing liabilities	126.3	136.4	-10.1
Provisions	16.2	22.1	-5.9
Non-interest-bearing liabilities	225.5	200.6	+24.9
Current interest-bearing liabilities	15.9	14.2	+1.7
Balance sheet total	681.8	661.0	+20.8

- Net interest bearing liabilities at €82.0m, down by 15.4% from LY
- Non-controlling interest represents €66.8m of the total equity at €297.9m

Major shareholders

31 Dec 2014

- Oras Invest Ltd 22.6%
- Varma Mutual Pension Insurance Co 5.3%
- Nordea Nordic Small Cap Fund 4.3%
- Ilmarinen Mutual Pension Insurance Co 2.2%
- Nordea Fennia Fund 1.2%
- Sigrid Juselius Foundation 1.1%
- State Pension Fund 1.0%
- Nominee registrations 27.2%
- Others 35.1%



Currently valid foreign notifications

12 March 2013: the holdings of Franklin Resources, Inc. reached 10.0%

2 Jan 2014: the Capital Group Companies Inc.'s ownership fell below 5.0%

- 15,846 shareholders at the end of Dec 2014
- Foreign shareholding was 28.3%, down from 33.9% in Dec 2013



Financial statements Q1 2015

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Q1/2015: Flat sales, strong performance in the traditionally slow first quarter

January – March	1-3/2015	1-3/2014	Change
Net sales	237.1	230.9	2.7%
Operating profit	11.3	4.8	132.9%
- Operating profit w/o non-recurring items	11.3	8.6	31.1%

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



Interim January – March 2015: Key figures

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

Interim January – March 2015: Income statement

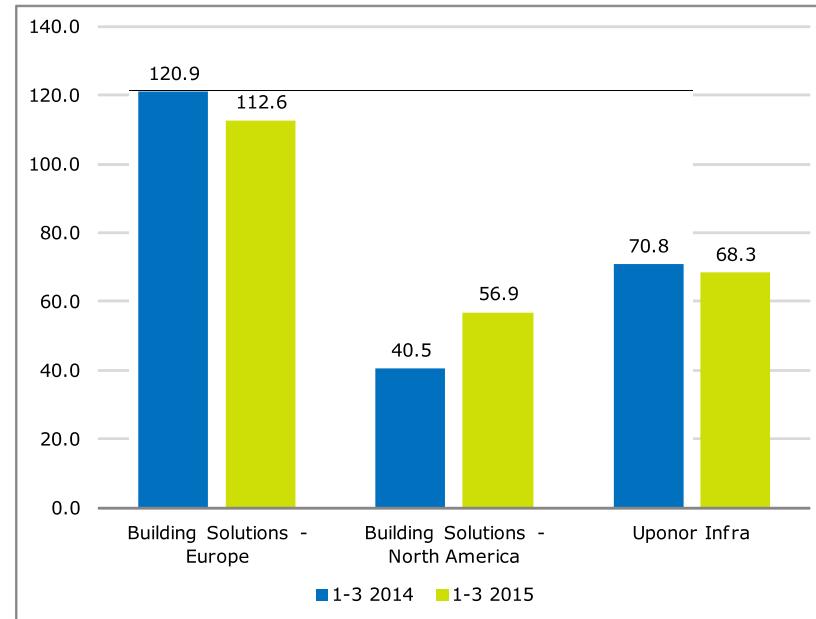
M€	1-3 2015	1-3 2014	Change Y/Y	1-12 2014
Continuing operations				
Net sales	237.1	230.9	+2.7%	1,023.9
Cost of goods sold	151.9	152.8	-0.6%	683.8
Gross profit	85.2	78.1	+9.1%	340.1
- % of net sales	35.9%	33.8%	+2.1% pts	33.2%
Other operating income	0.7	0.2	+214.2%	2.4
Expenses	74.6	73.5	+1.5%	279.1
Operating profit	11.3	4.8	+132.9%	63.4
- % of net sales	4.8%	2.1%	+2.7% pts	6.2%
Financial expenses, net	5.1	2.1	+126.1%	7.4
Share of result in associated companies	0.1	0.0		0.3
Profit before taxes	6.3	2.7	+137.4%	56.3
Profit for the period	4.0	1.8	+121.1%	36.3
EBITDA	20.6	13.9	-50.2%	99.9

- **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

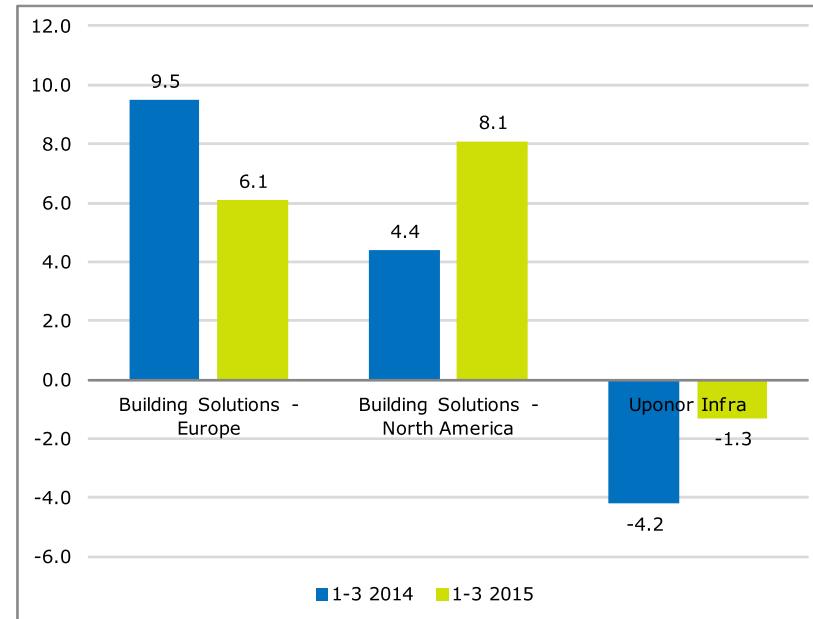
Interim January – March 2015: Net sales & operating profit by segment

Currency: M€

Net sales

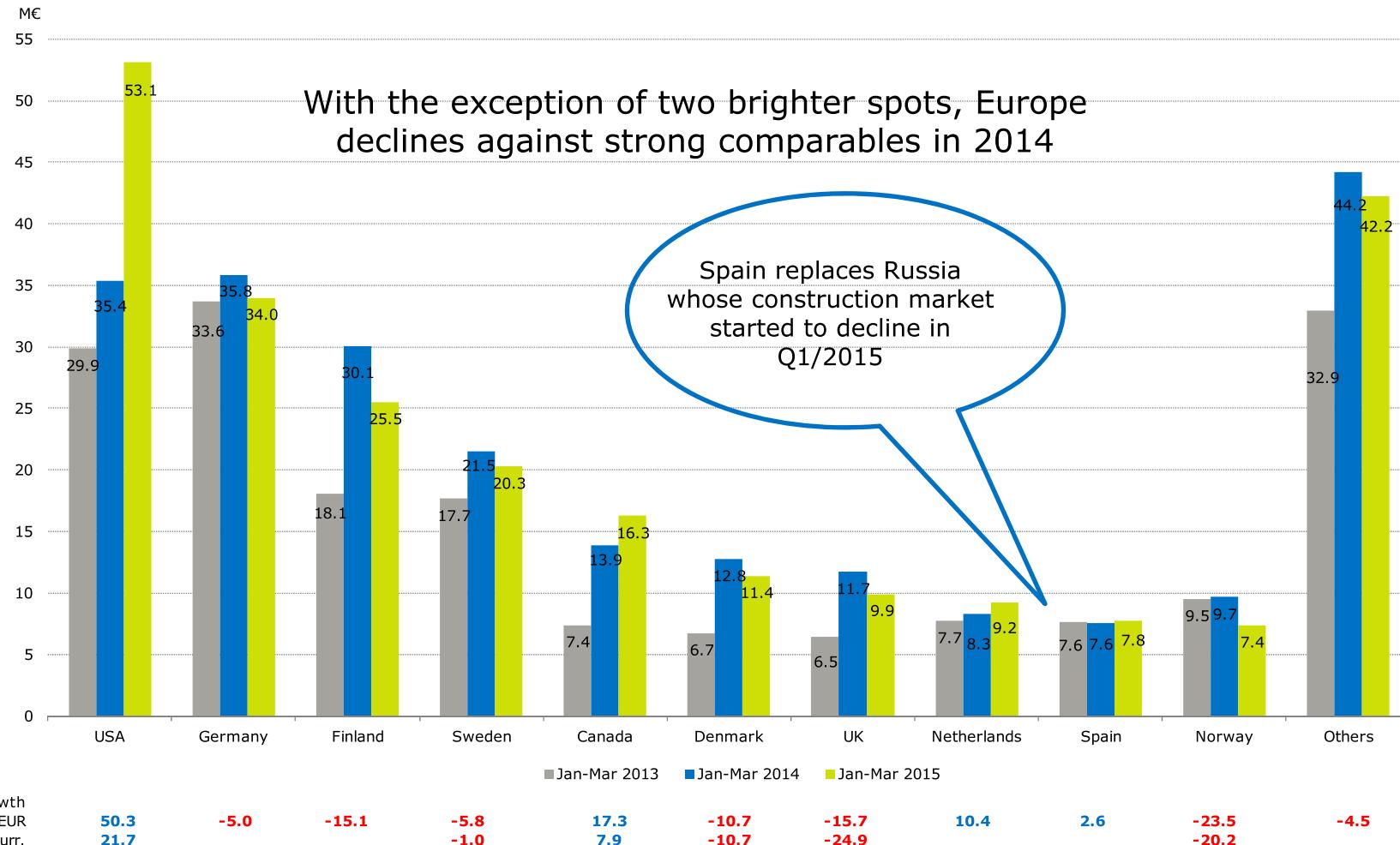


Operating profit, w/o non-recurring items



- 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

Interim January – March 2015: Net sales development in key markets



Note: Countries are sorted by YTD 2015 net sales

Interim January – March 2015: Balance sheet

M€	31 Mar 2015	31 Mar 2014	Change Y/Y	31 Dec 2014
Property, plant and equipment	209.3	197.4	+11.9	207.8
Intangible assets	97.5	101.5	-4.0	98.4
Securities and long-term investments	10.6	10.8	-0.2	11.2
Inventories	135.2	130.6	+4.6	117.4
Cash and cash equivalents	16.1	30.2	-14.1	60.2
Other current and non-current assets	223.8	220.0	+3.8	186.8
Total equity	280.4	260.0	+20.4	297.9
Non-current interest-bearing liabilities	126.2	136.4	-10.2	126.3
Provisions	16.5	23.7	-7.2	16.2
Non-interest-bearing liabilities	248.6	228.7	+19.9	225.5
Current interest-bearing liabilities	20.8	41.7	-20.9	15.9
Balance sheet total	692.5	690.5	+2.0	681.8

- 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

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

- 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

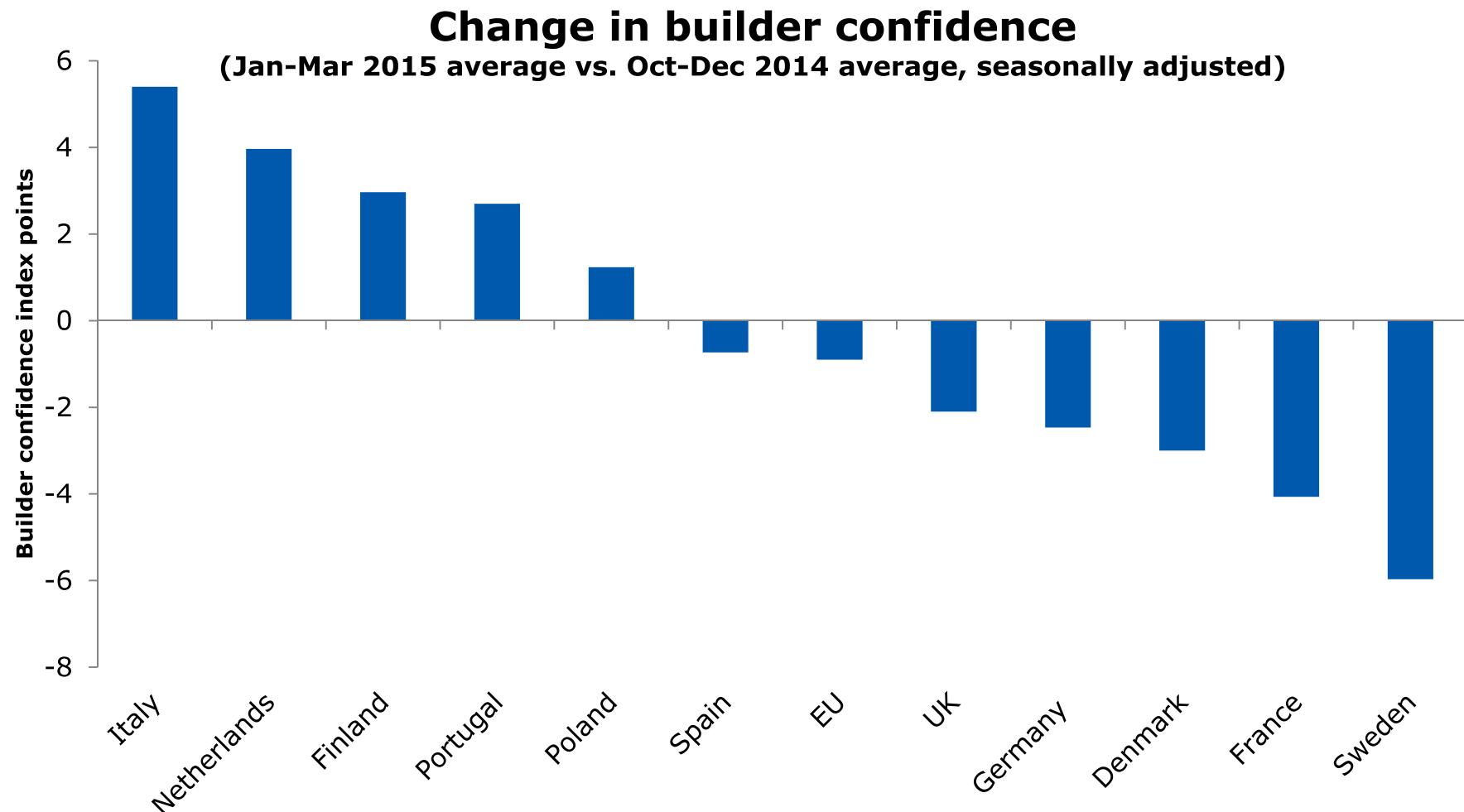
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Leading indicators in major markets

Indicator	% change YTD	Data through	Trend since Q4 update
USA Housing starts ¹⁾	-17%	February 2015	
Germany Housing permits	-9%	January 2015	
Finland Housing starts	-21%	October 2014	
Sweden Housing starts	+27%	December 2014	
Canada Housing starts ¹⁾	+20%	March 2015	
Denmark Housing starts	+13%	December 2014	
UK Housing starts ²⁾	+10%	December 2014	
Netherlands Housing permits	+50%	December 2014	
Spain Housing permits	+2%	December 2014	
Norway Housing permits	+16%	February 2015	

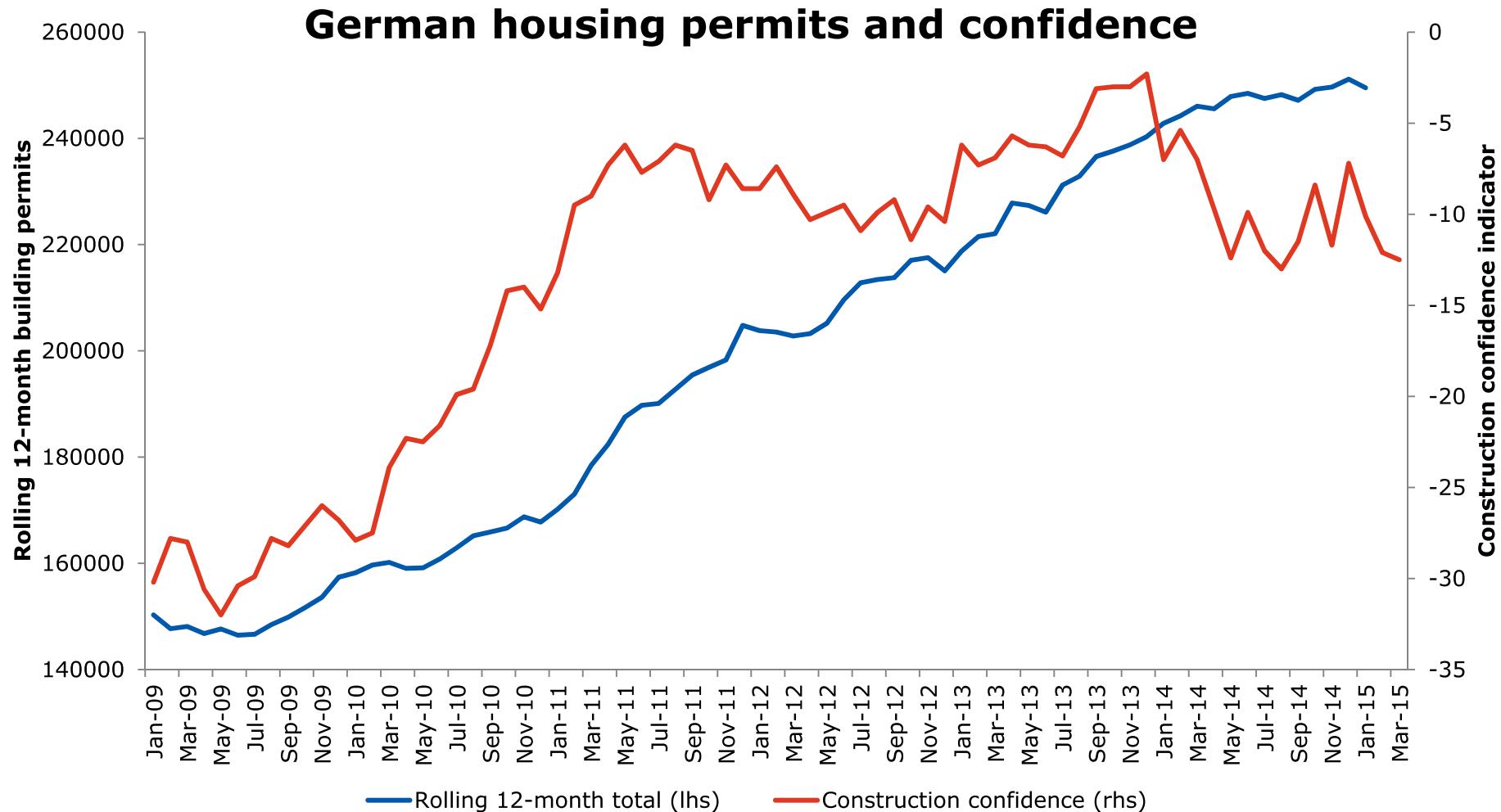
¹⁾ Seasonally adjusted, annualised rate vs. same month in 2014; ²⁾ England only

Sentiment in some key markets weakened during Q1/2015



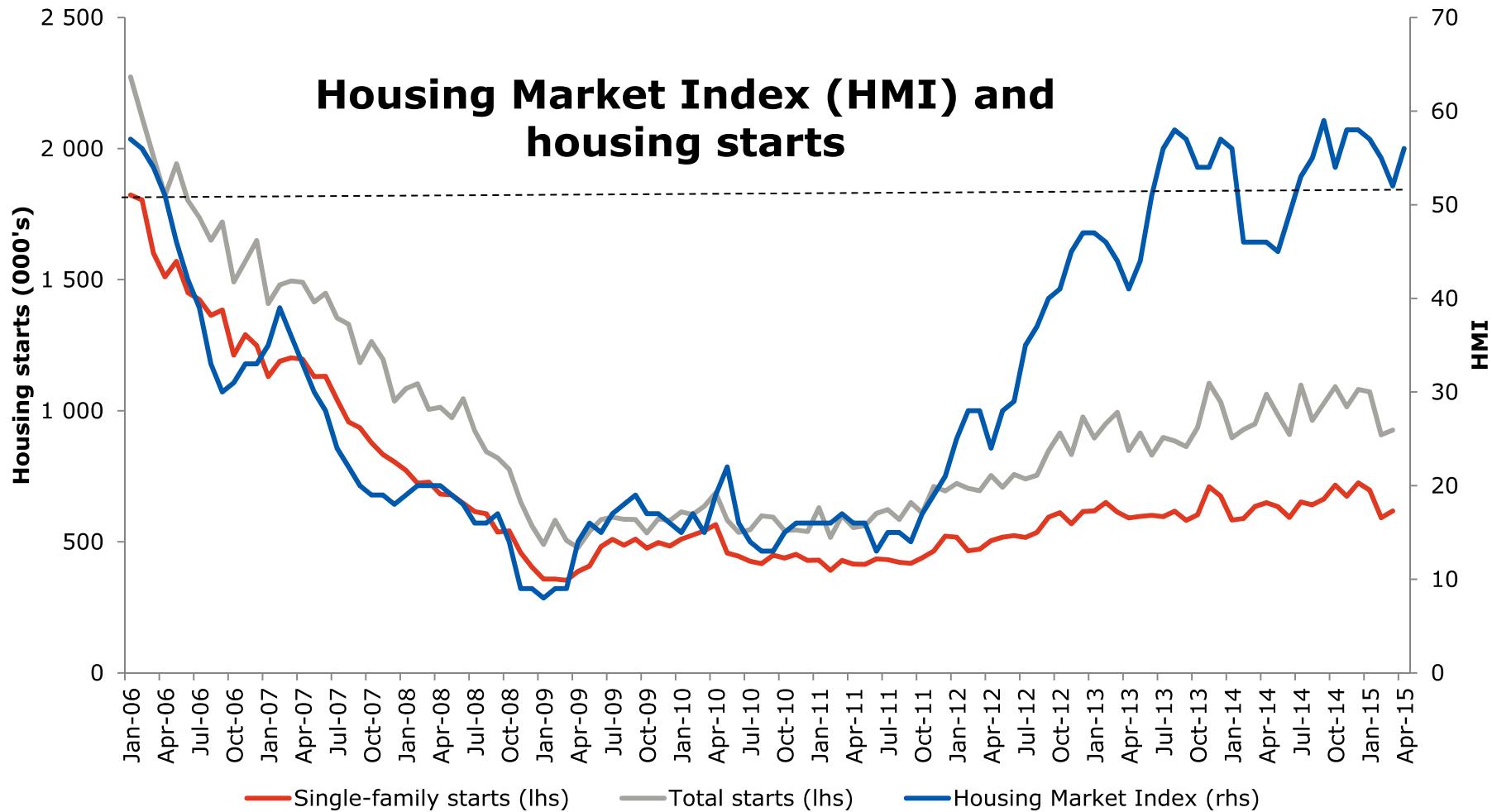
Source: Eurostat

Germany: The economy has gained strength but construction has stalled



Source: Destatis and Eurostat

USA: Confidence and starts were hurt by frigid temperatures



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

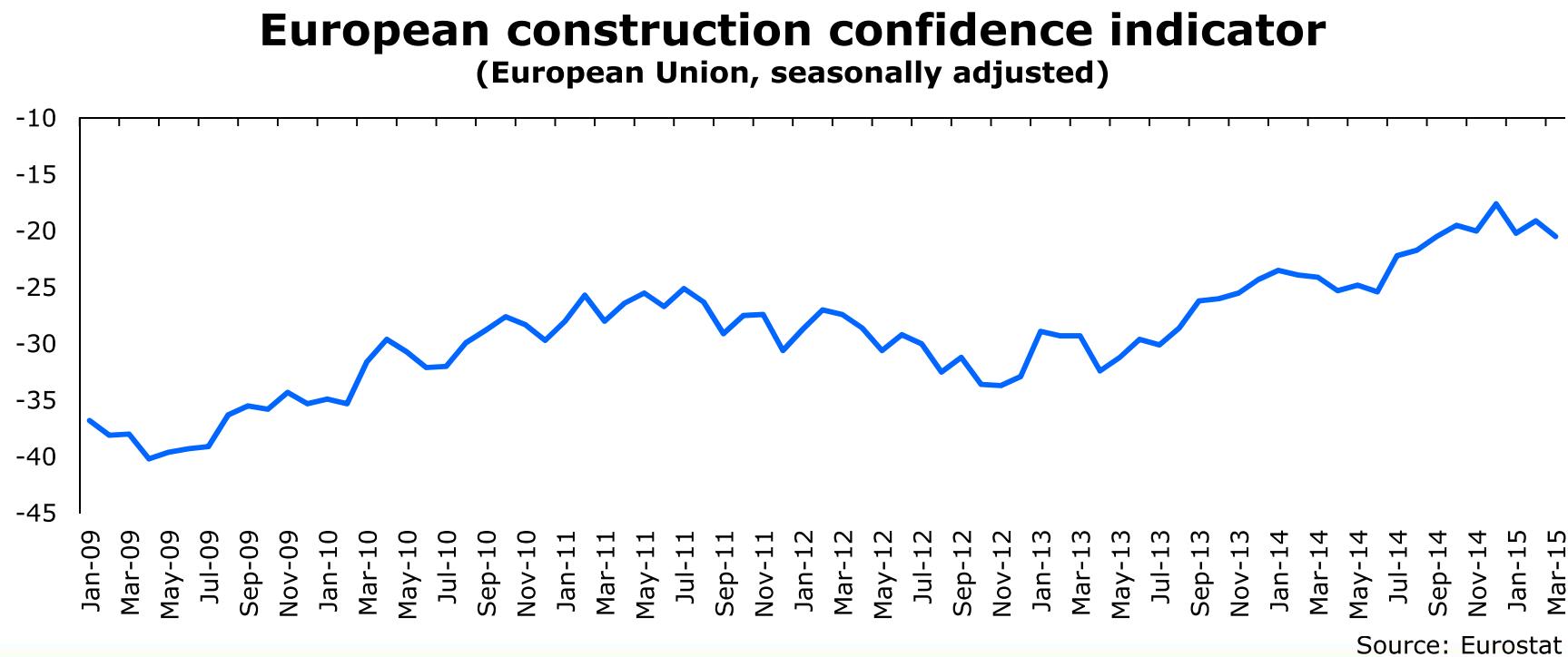


Market indicators

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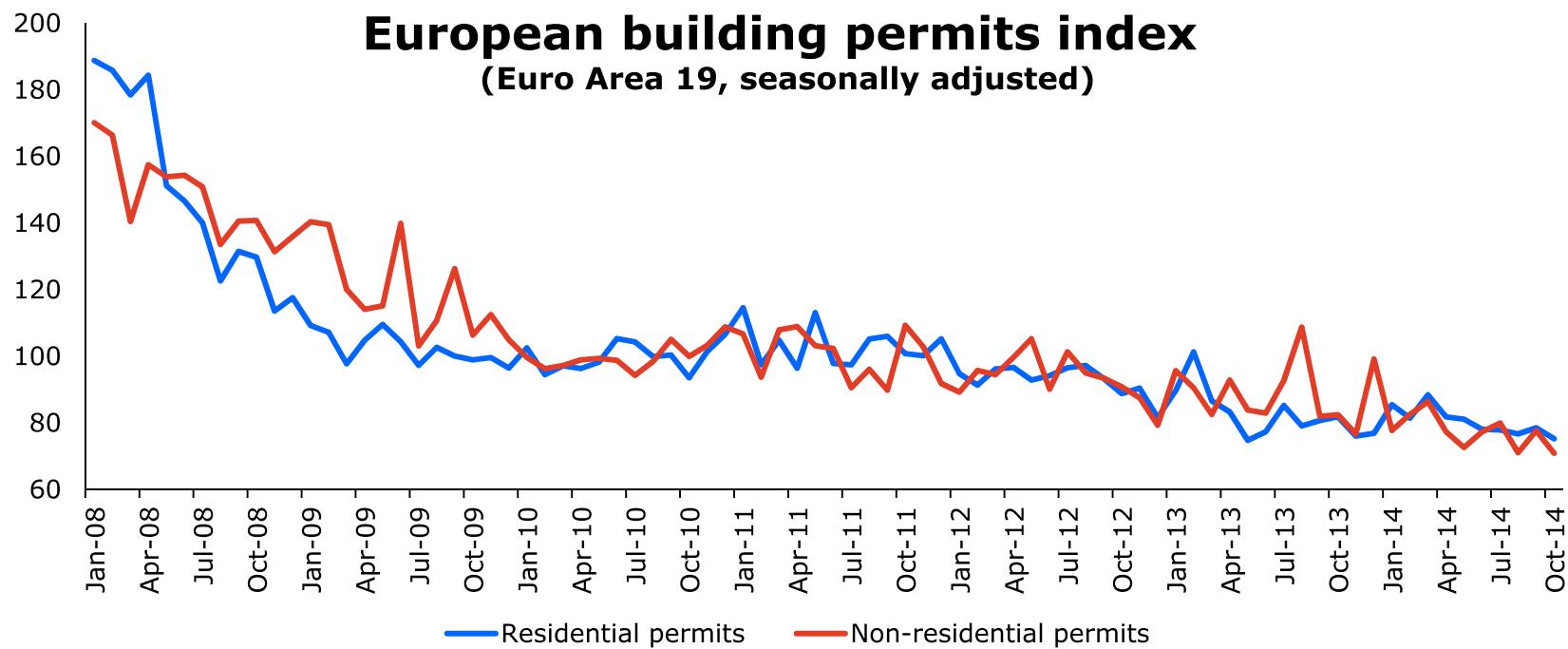
Construction sentiment in Europe

- 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



Building permits in Europe

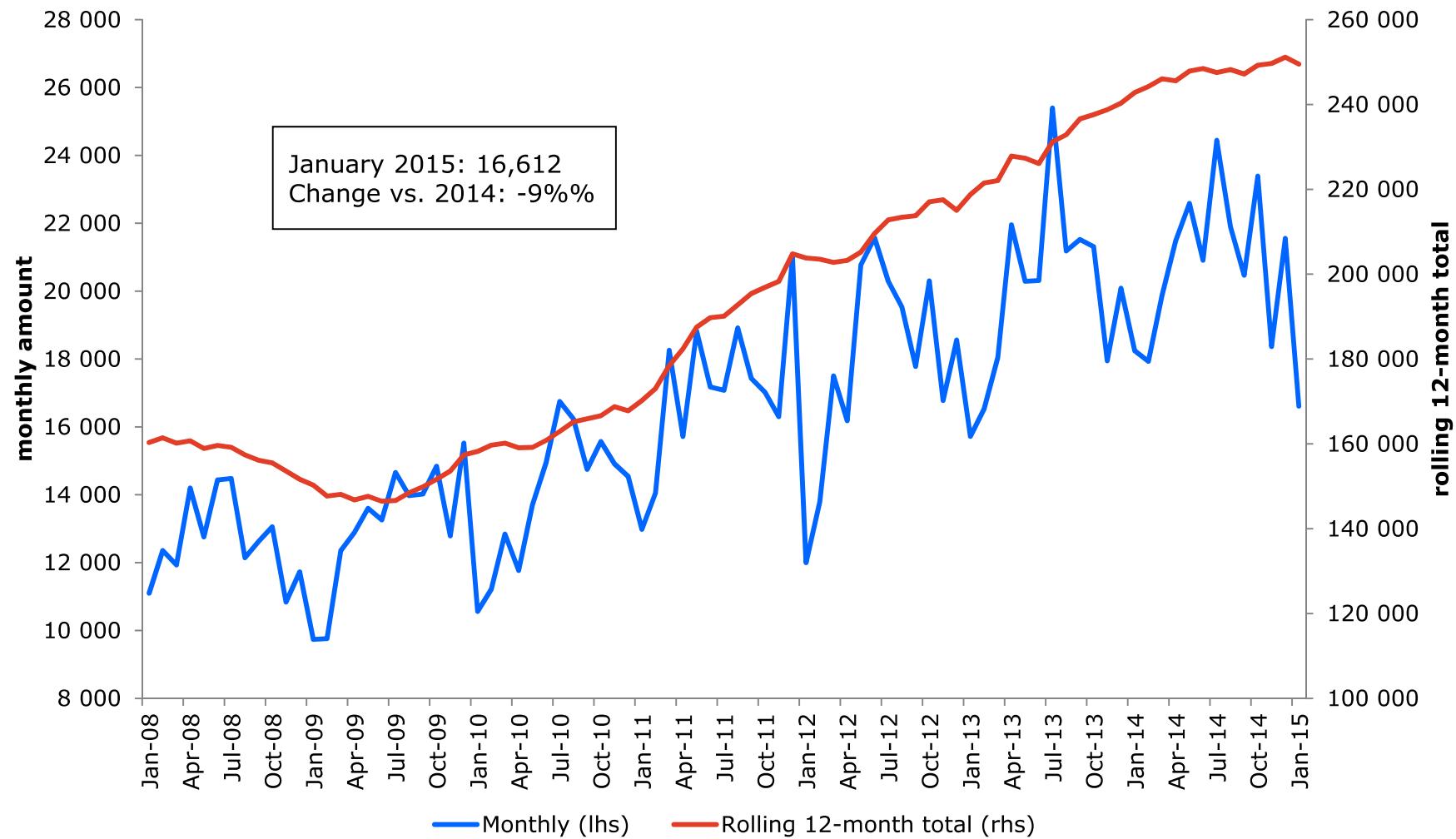
- Data through October shows that building permits in both the residential and non-residential segments remained at, or near, their lowest levels on record
- Improvements in some national markets have been more than offset by falls in others



Source: Eurostat (Base year = 2010)

Germany

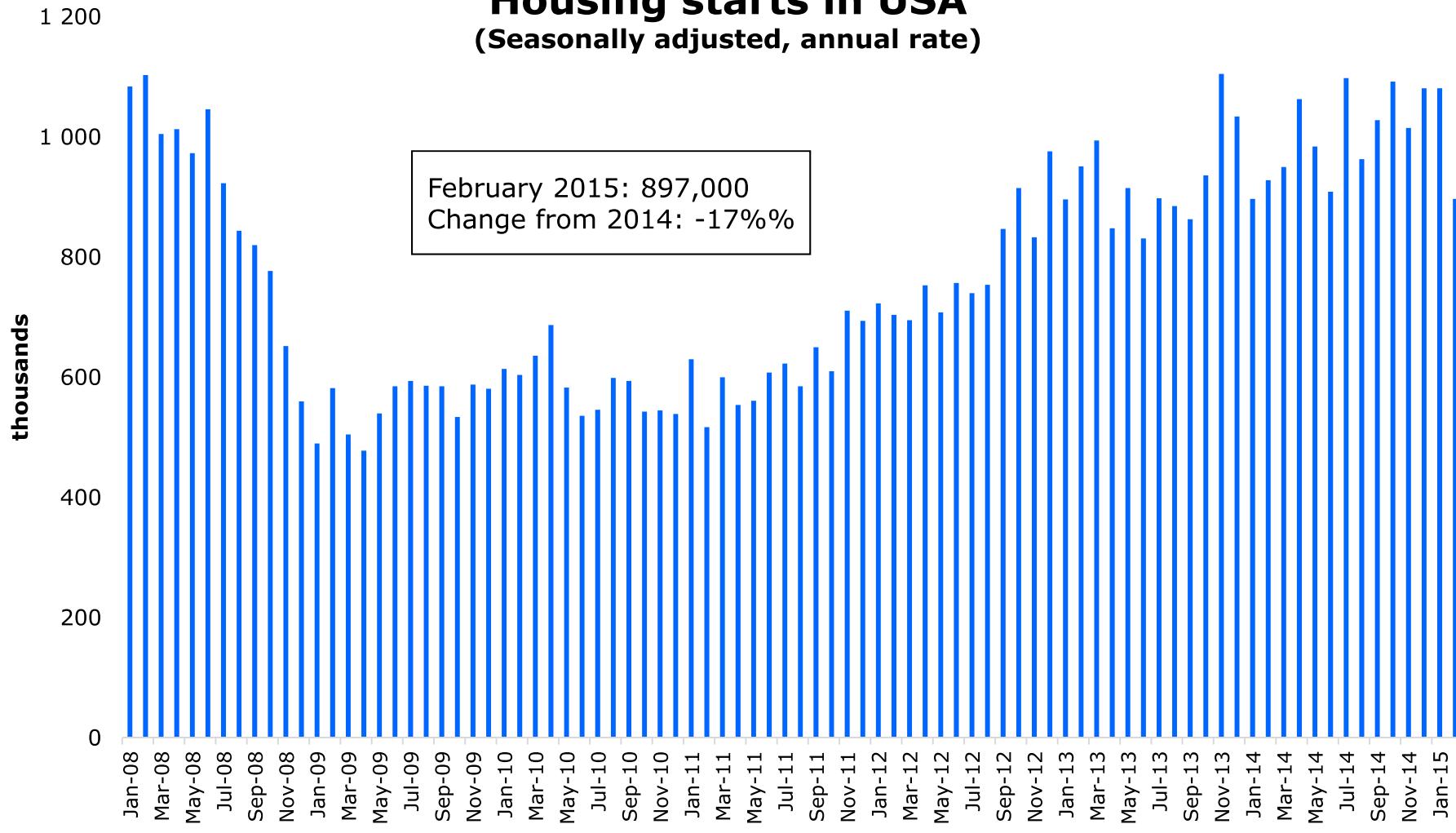
Housing permits in Germany



Source: Destatis

USA

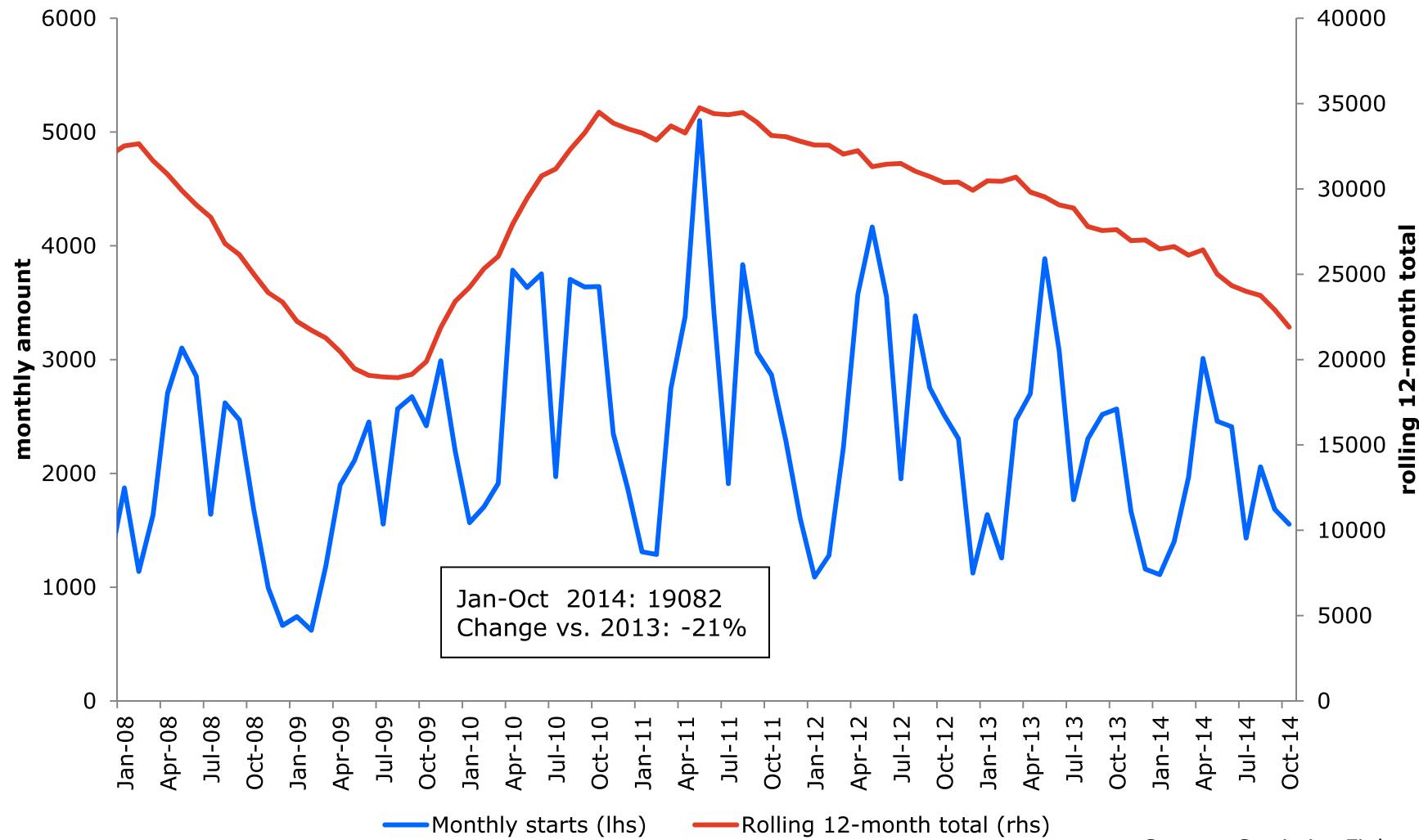
Housing starts in USA (Seasonally adjusted, annual rate)



Source: U.S. Census Bureau

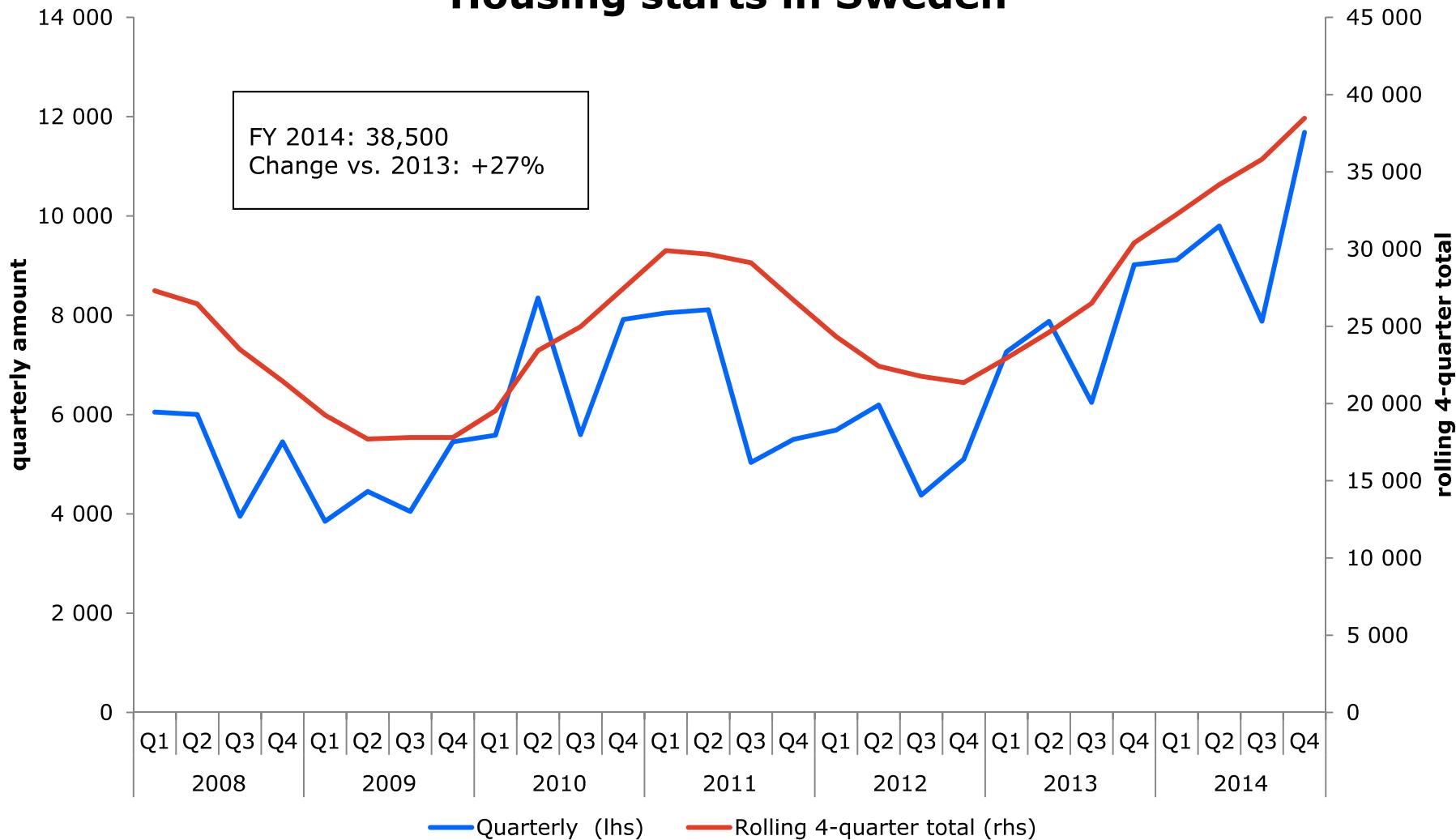
Finland

Housing starts in Finland



Sweden

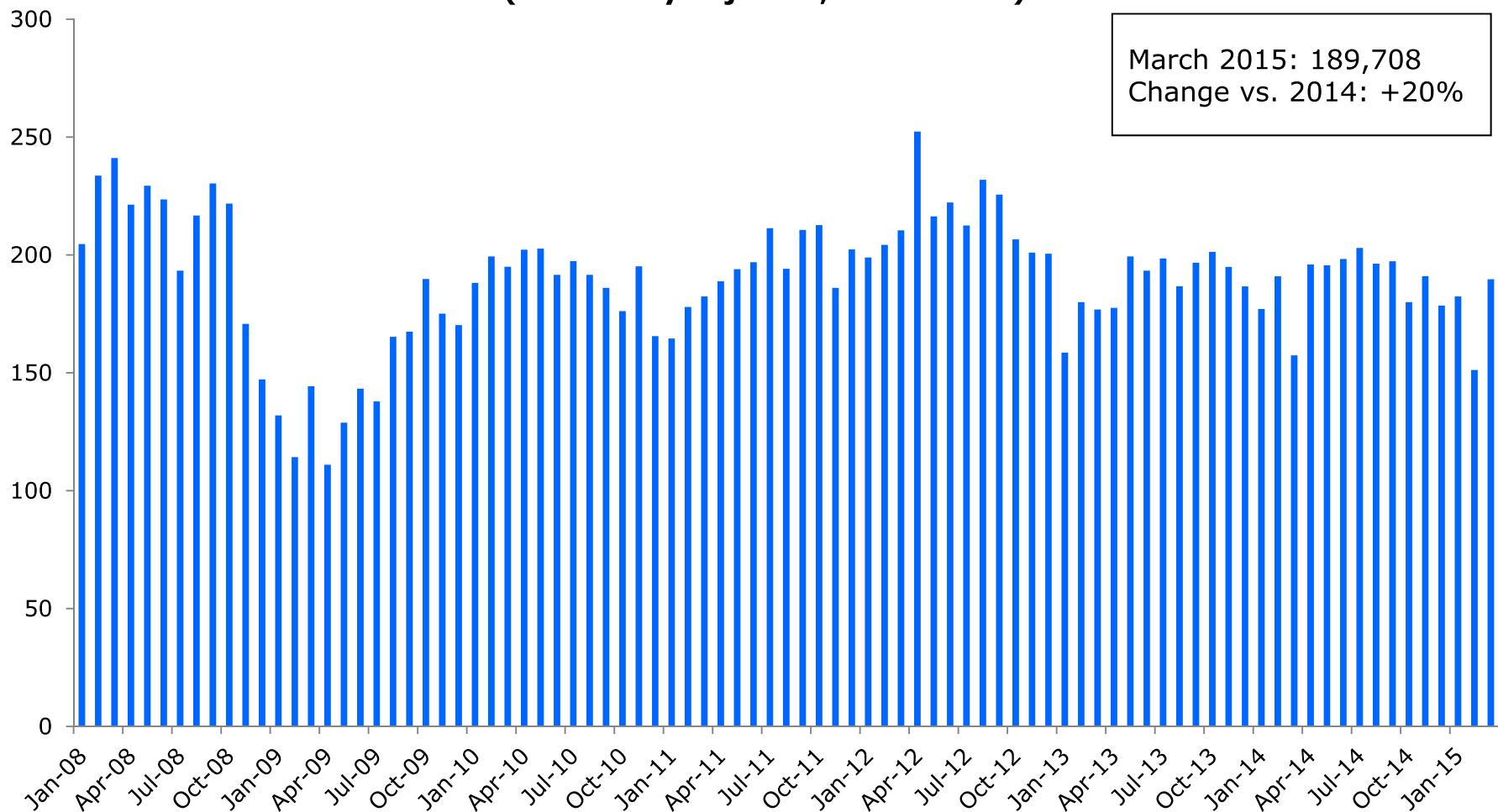
Housing starts in Sweden



Source: Statistics Sweden

Canada

Housing starts in Canada (Seasonally adjusted, annual rate)

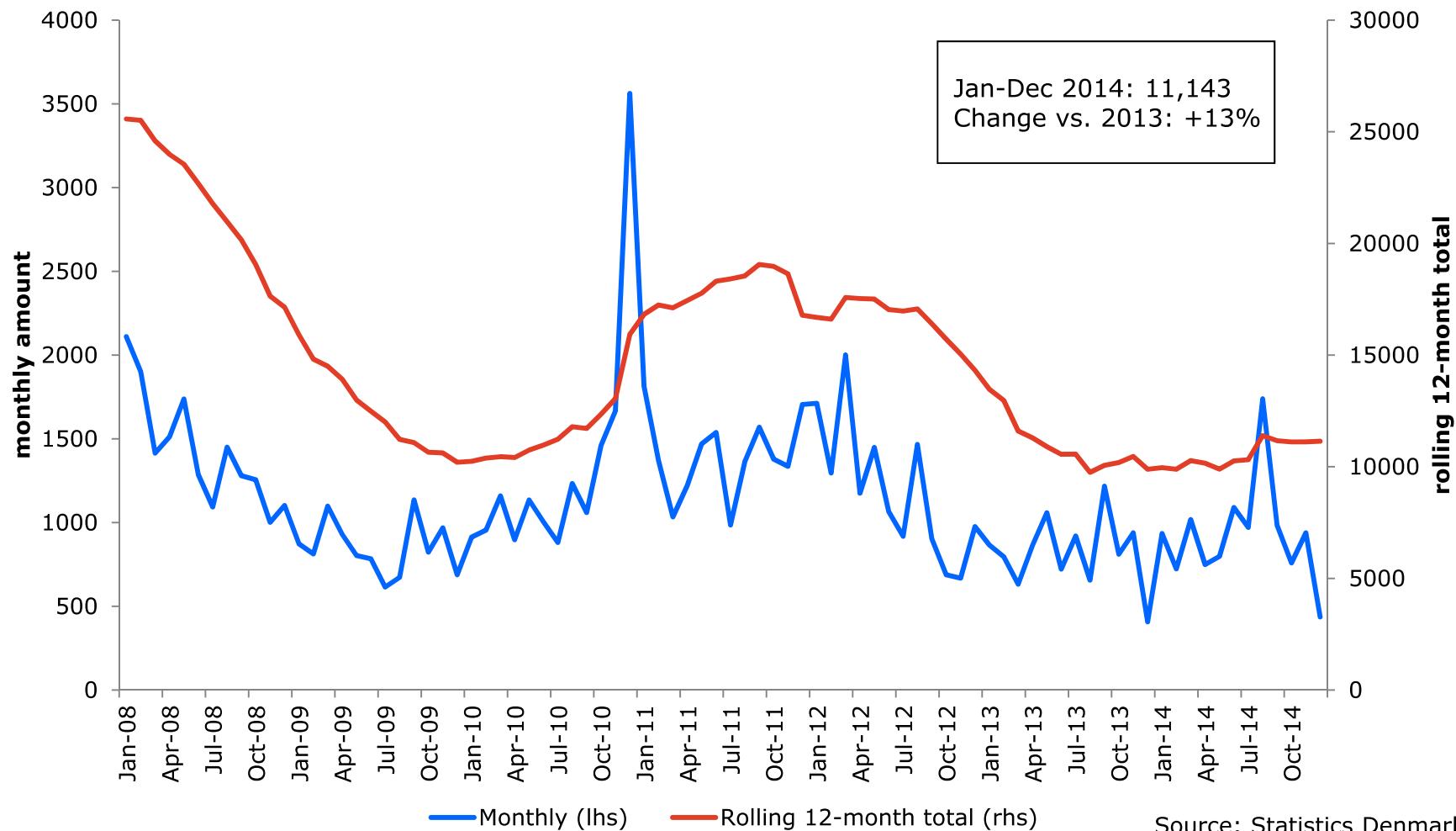


March 2015: 189,708
Change vs. 2014: +20%

Source: CMHC/ Statistics Canada

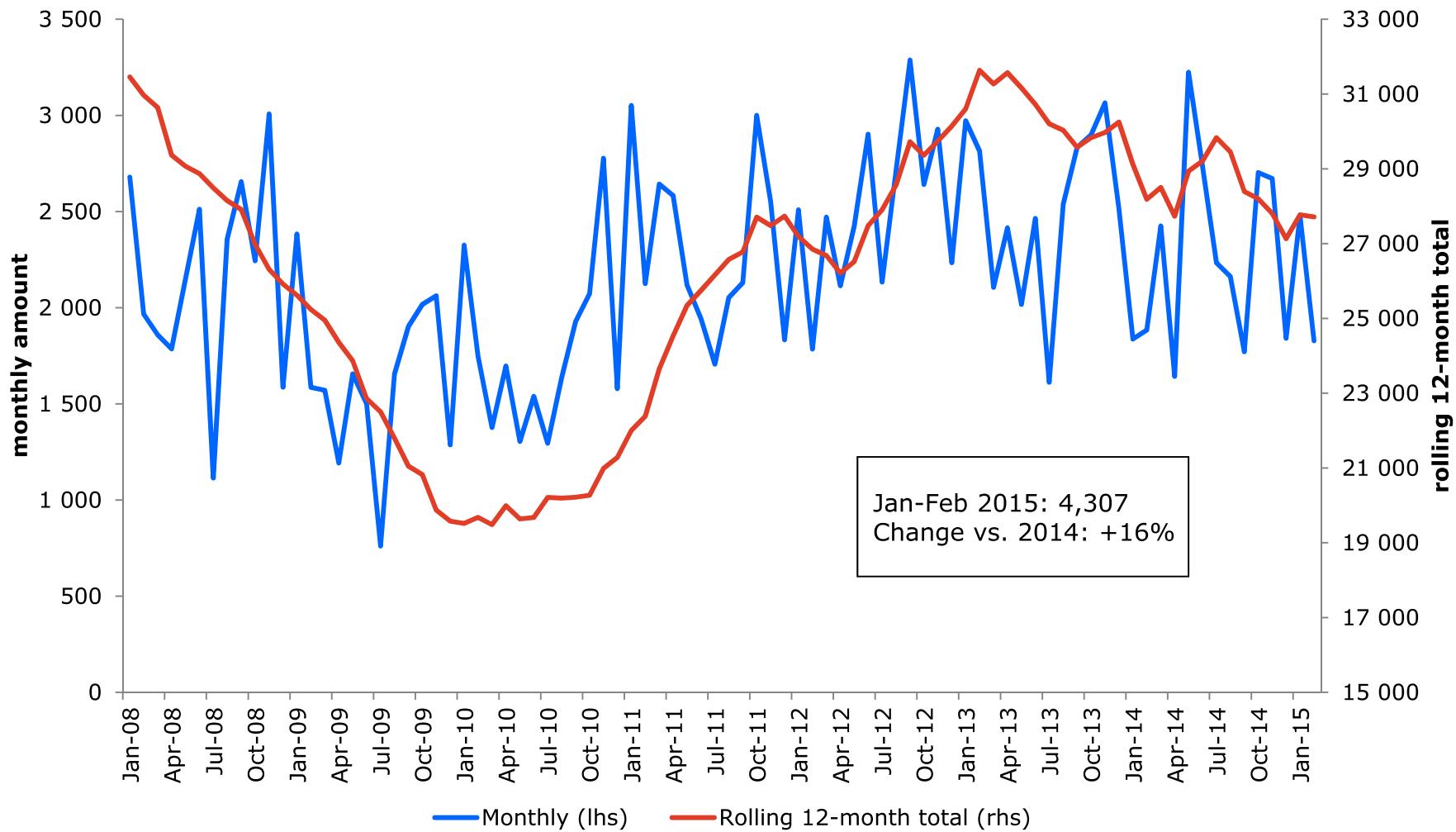
Denmark

Housing starts in Denmark (Seasonally adjusted)



Norway

Housing permits in Norway



Source: Statistics Norway

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simply more

