

Half-year financial results briefing 1-6/2020

24 July 2020

Jyri Luomakoski – President and CEO
Minna Yrjönmäki – CFO

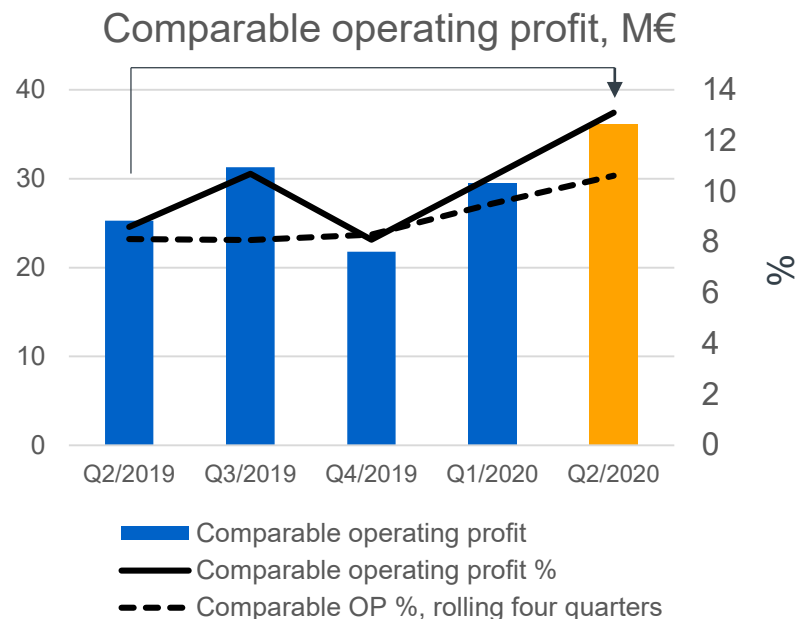
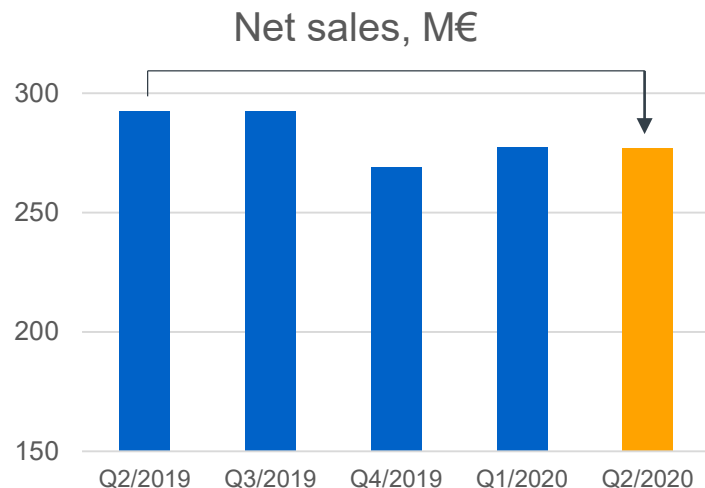
Highlights of Q2:

Comparable operating profit improved in all segments

- Net sales were €277.1 (292.6) million, organic growth was -5.3% in constant currency terms
- Comparable operating profit was €36.2 (25.3) million, a growth of 43.0%
- All segments' net sales decreased due to the overall market slowness created by COVID-19 restrictions and related economic uncertainty
- All segments improved their profits and hence, profitability

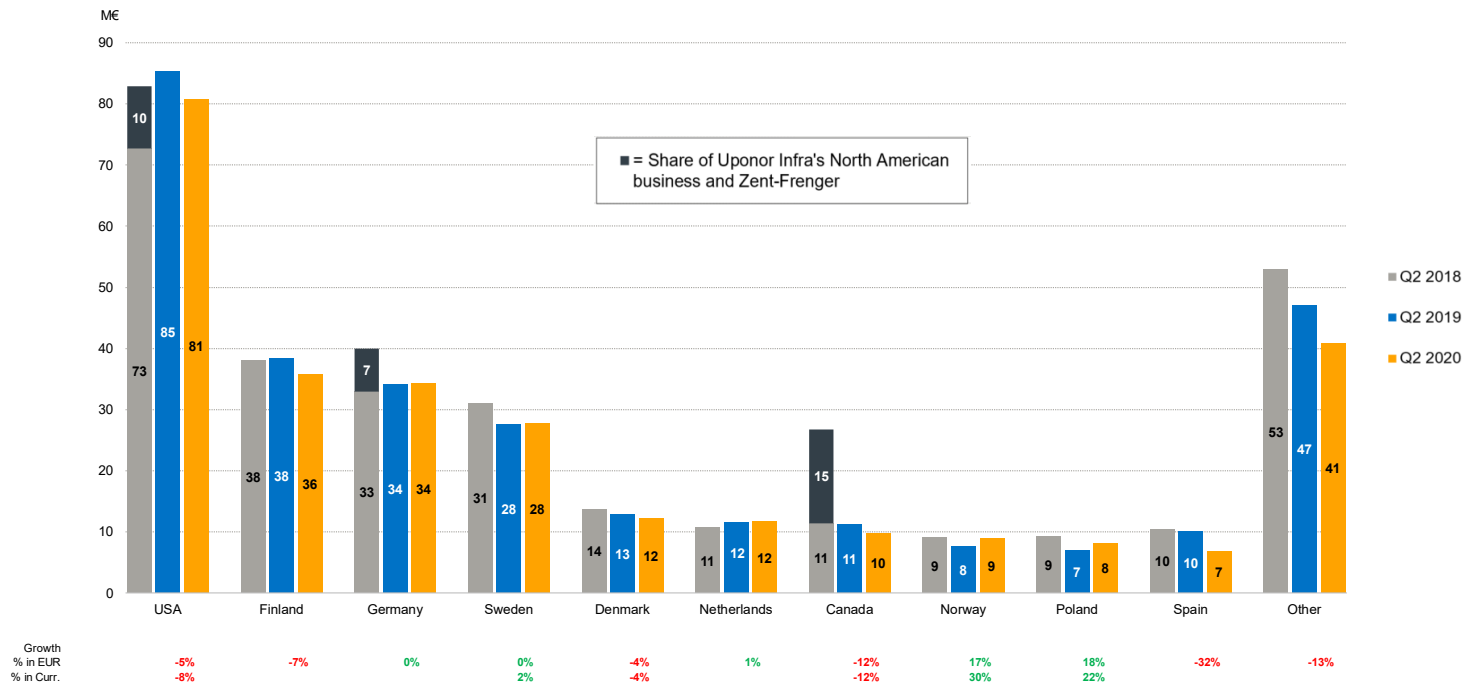


Group net sales and comparable operating profit: Rolling comparable OP margin exceeded 10%

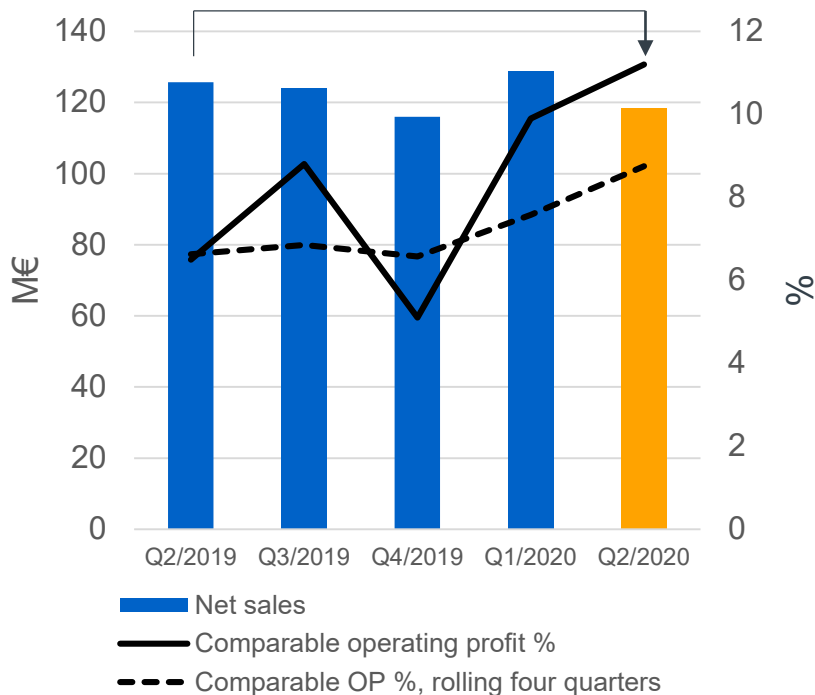


Apr-Jun 2020

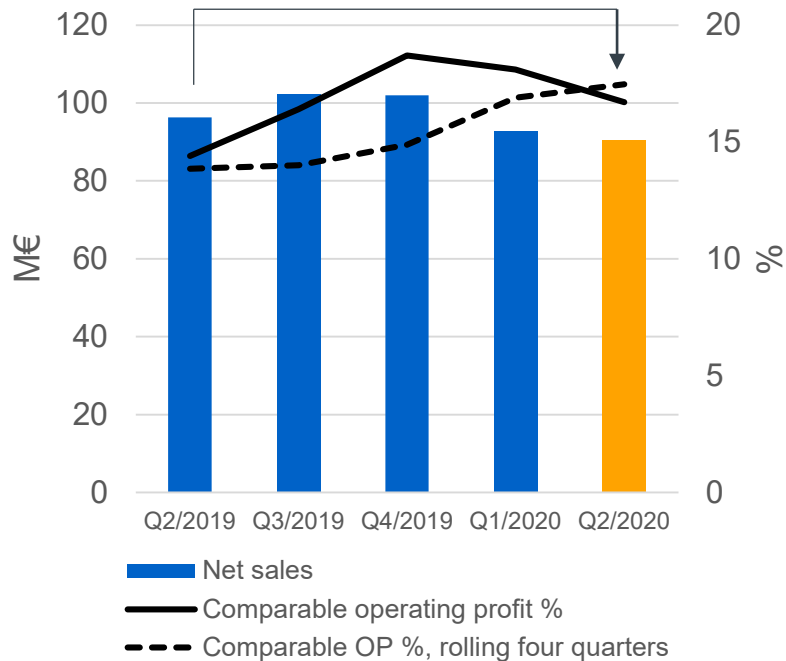
Net sales development by key markets



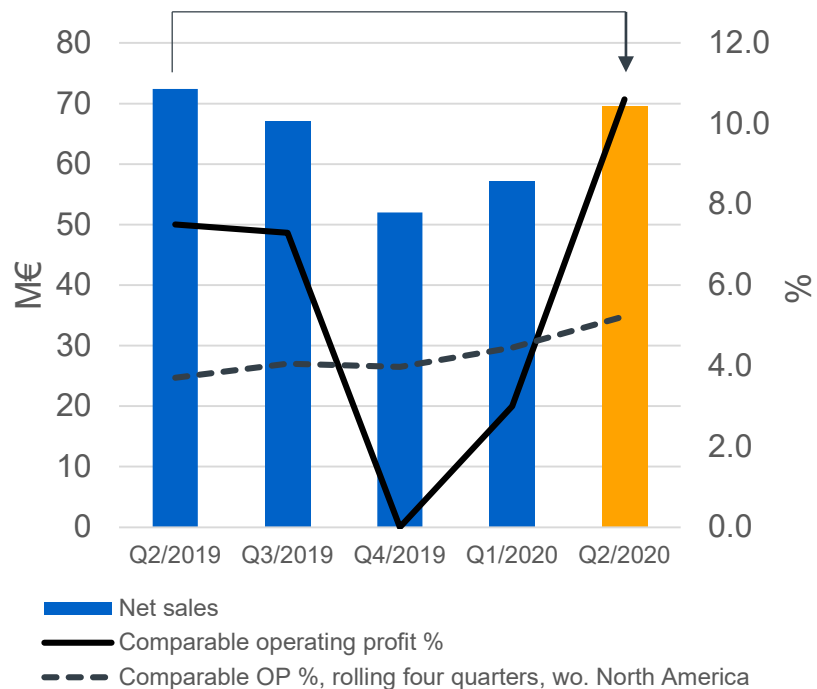
Building Solutions – Europe: A strong quarter, despite the decreased net sales



Building Solutions – North America: Profitability improvement was driven by tight cost control and a well-managed pricing policy



Uponor Infra: Profitability improved in major Nordic markets



Operational excellence programme is visible already in Q2 result

- The target is to deliver €20 million annual cost savings by the end of 2021
- The programme is expected to reduce approximately 200 FTEs by the end of 2021
- Year to date, the programme has generated savings of approximately €2 million
- Since the launch of the programme, in total €9.3 million of one-time costs (IAC)



Impacts of COVID-19

- Uponor's net sales have been impacted by COVID-19, but measures taken to adapt to the situation have supported profitability development
- Uponor's strong performance during the first half of the year combined with strong balance sheet creates a solid financial position for the company during the next phases of pandemic and its implications
- Going forward, it is expected that ongoing construction projects will most likely be finalised, but they may not be enough to compensate for the decline in new projects



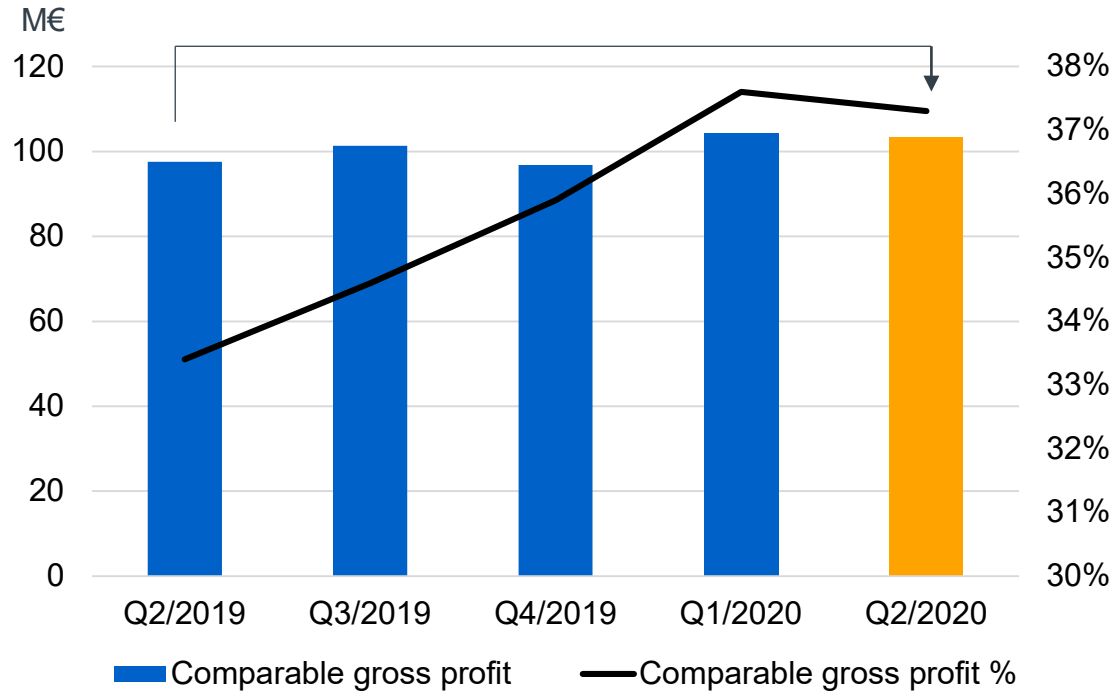


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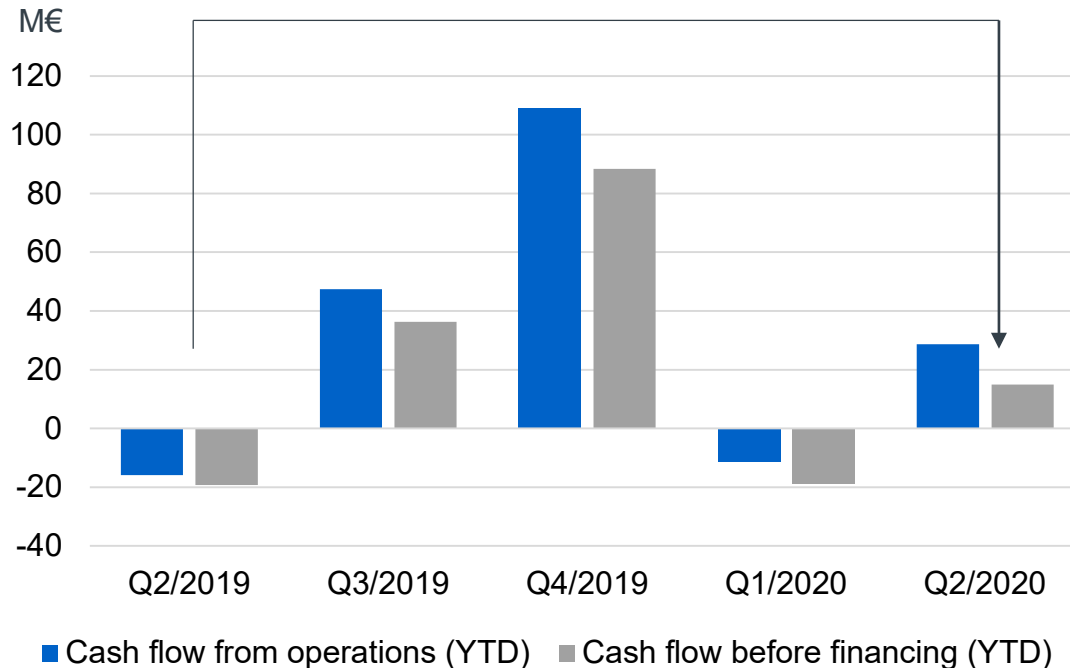
Financial statements

Minna Yrjönmäki, CFO

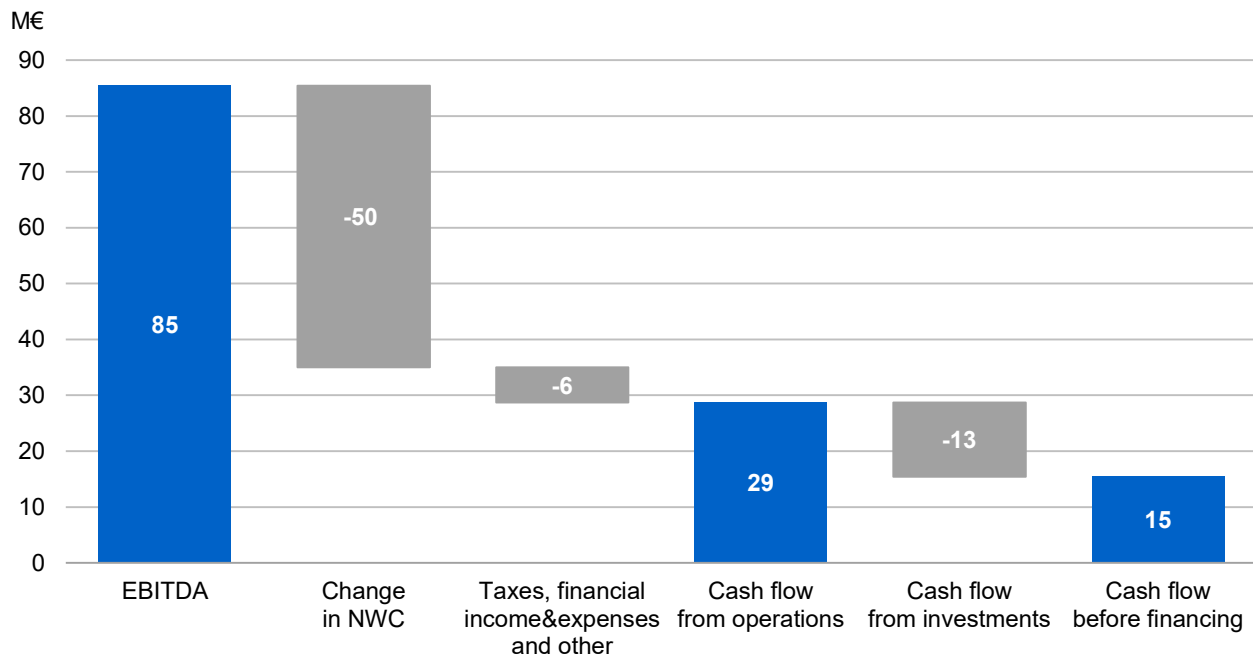
Good development in comparable gross profit margin continued in the second quarter



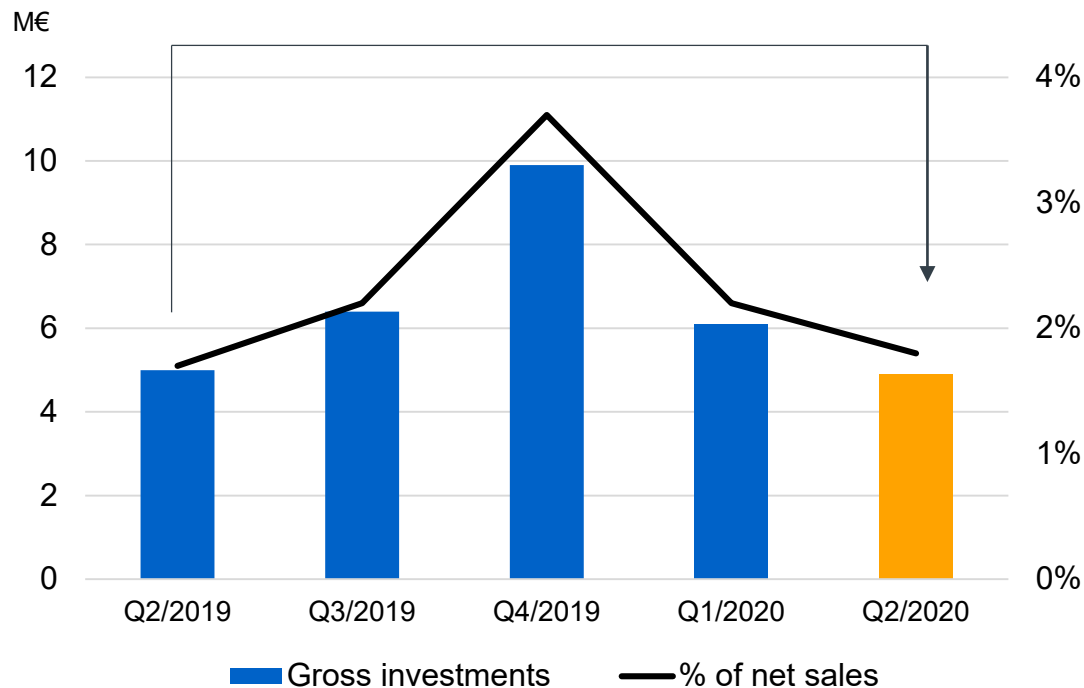
Cash flow from operations as well as cash flow before financing exceeded last year's levels



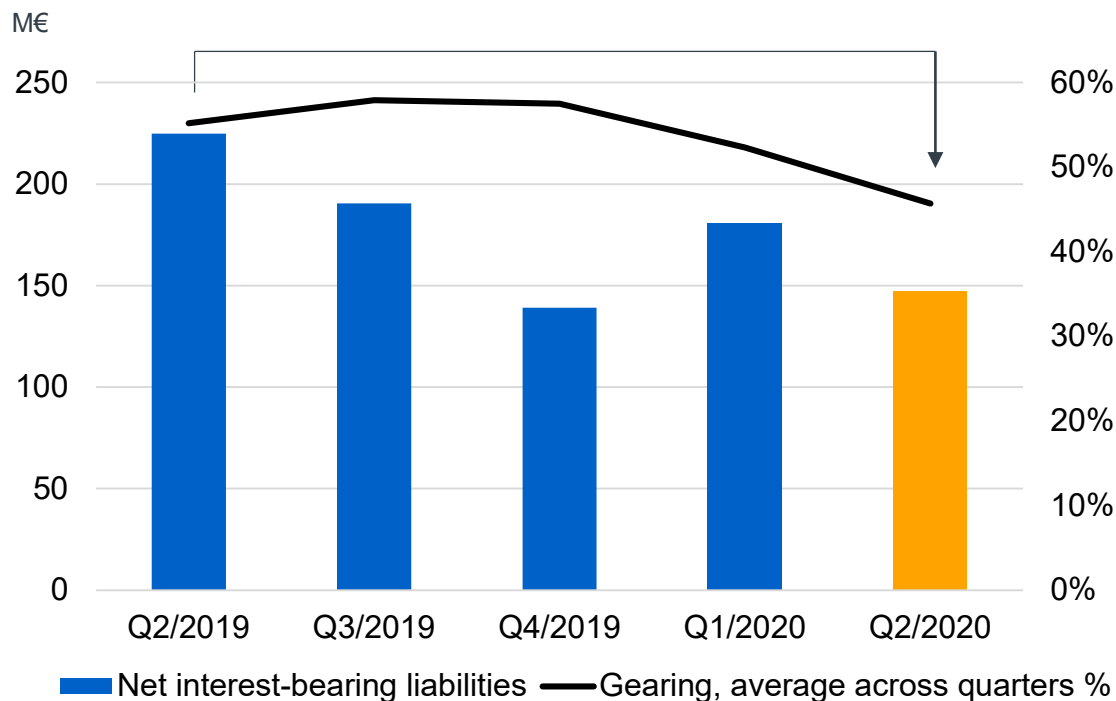
YTD cash flow from operations was positive mainly due to strong EBITDA



COVID-19 pandemic caused delays in growth related investments



Net interest-bearing liabilities at lower level than year ago driven by strong cash flow



The background of the slide is a photograph of an industrial facility, likely a pulp or paper mill. It features a complex network of metal pipes, structural beams, and machinery. A large, dark, horizontal pipe is prominent in the foreground, while other pipes and structural elements are visible in the background, creating a sense of depth and industrial scale.

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Outlook for the future

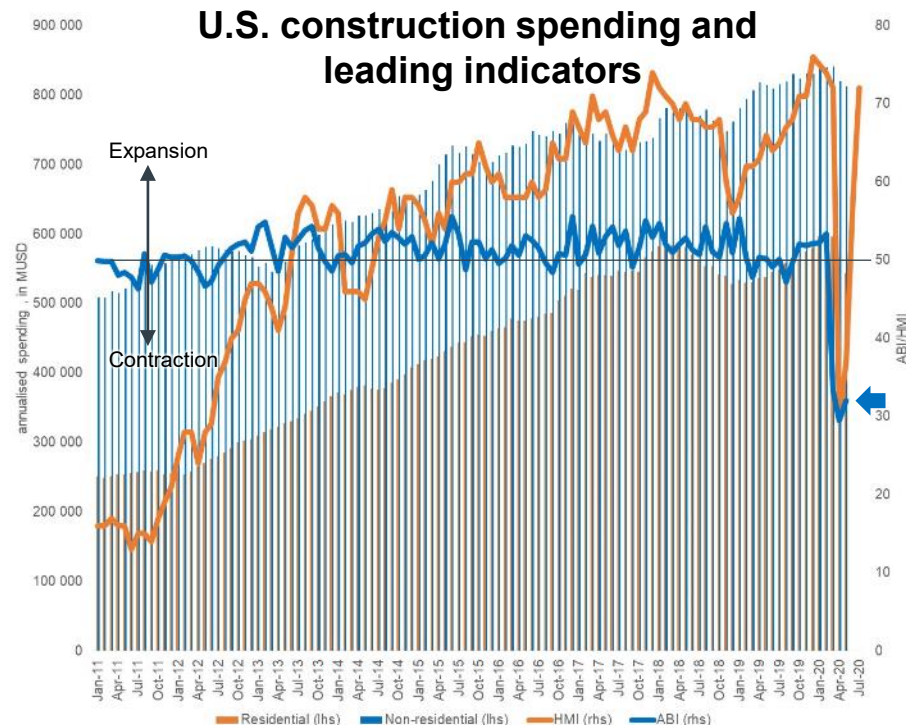
Jyri Luomakoski, President & CEO

US: Construction contracted modestly overall, with new projects slowing more significantly

Despite an improvement in June, the unemployment rate remains well above that of the Great Recession and while consumer demand has so far remained resilient, it has been heavily supported by temporary stimulus measures

Within the construction industry:

- Construction spending in May was down overall from earlier in the spring, but largely flat compared to May 2019
- June housing starts were down 4% from June 2019, but up 17% compared to May
- Homebuilder confidence, HMI, has reached pre-pandemic levels after falling dramatically in April
- The ABI, a leading non-residential indicator, remains deeply in contraction territory



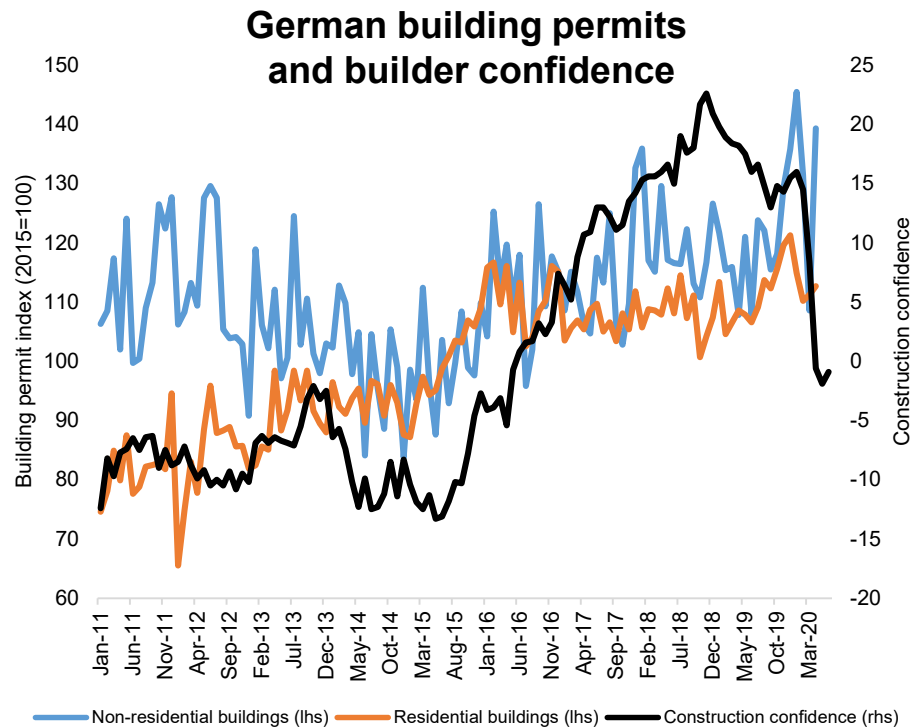
Source: Census Bureau, AIA, NAHB

Germany: Construction was steady, though some forward indicators softened

Significant contraction in the economy in Q2 was alleviated somewhat by unprecedented government spending, including the coverage of 7 million workers in the government's short-time work programme

In the construction industry:

- Residential housing permits through May were up 4% compared to 2019
- Builder confidence stabilised towards the end of the quarter, but remains well below last year due to a deterioration in order books
- New orders were down 5.3% in April compared to April 2019



Source: Eurostat

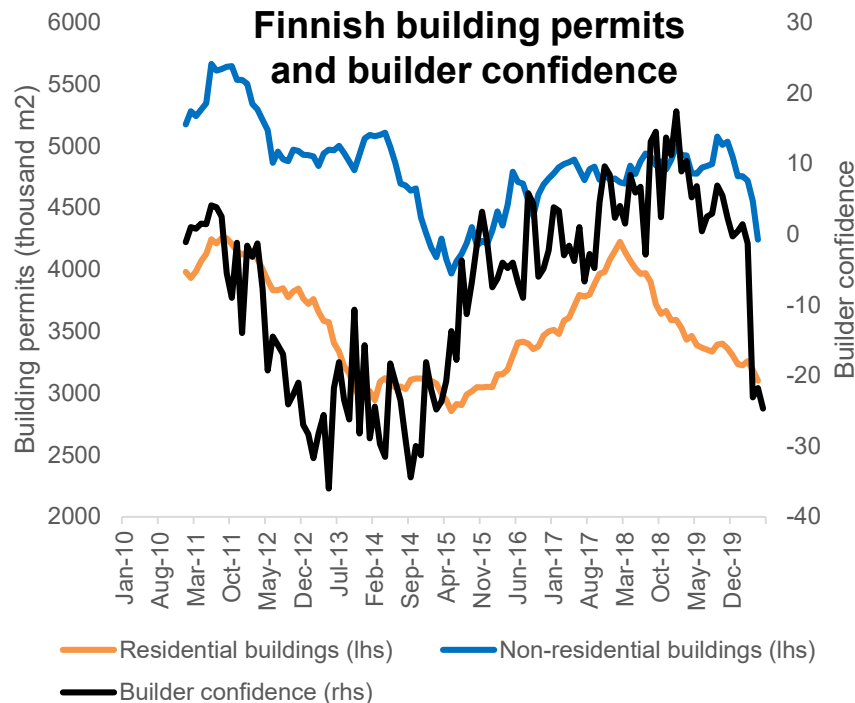
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Finland: Construction activity was sustained by a backlog of projects

Although an increase in government spending is likely softening the downturn, significant contraction in exports, private investment and private spending have weighed on the economy

Within the construction industry:

- Turnover of construction companies remained healthy through May, even rising from 2019 levels
- Residential permits through May were down 15% from a year earlier, while non-residential permits were down 30%
- Construction confidence weakened significantly as builders reported both slowing activity and weaker order books



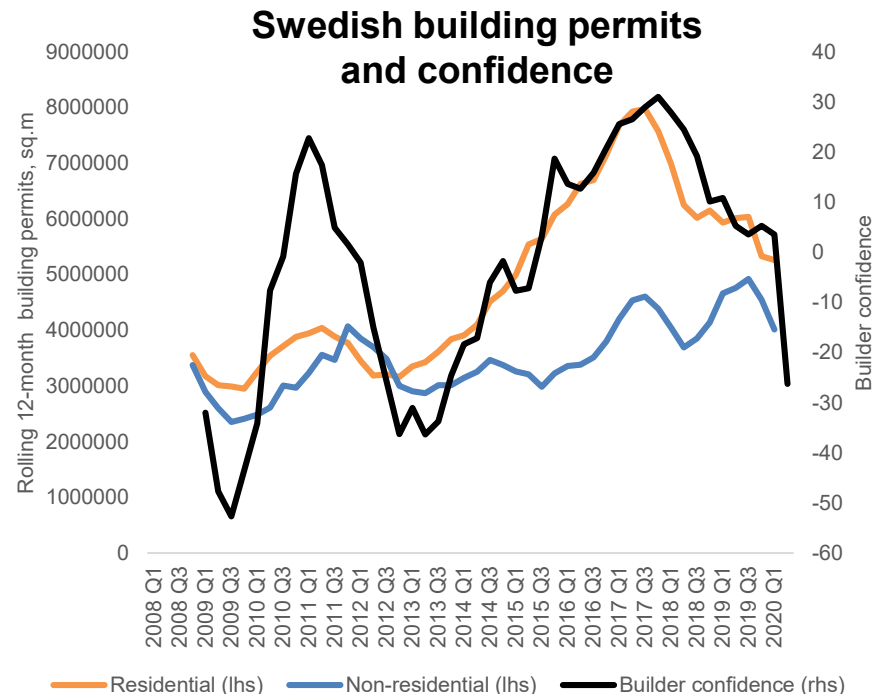
Source: Statistics Finland and Eurostat

Sweden: Residential continued to slow, while non-residential weakened

Despite taking the decision not to go into lockdown, the Swedish economy contracted to a similar extent as its Nordic neighbours during Q2

Within the construction industry:

- Housing starts in Q1 were roughly on par with Q1 2019
- Residential permits were down 11% in Q1, while non-residential permits fell 14% vs Q1 2019
- Builder confidence continued to weaken, falling significantly during Q2 as order books weakened further



Source: Statistics Sweden and Eurostat

Guidance withdrawn

On 19 March 2020, Uponor withdrew its guidance for 2020 due to lack of visibility on the potential impacts of COVID-19 on comparable operating profit. Once visibility improves and the significant uncertainties have cleared, Uponor expects to update its outlook and issue a new guidance. Current state of the COVID-19 pandemic in Uponor's key markets does not yet warrant a solid market outlook and hence Uponor is not issuing a guidance.

Uponor comments on the start of Q3: While there is no visibility beyond July, current progress in the month indicates demand essentially in line with July 2019. Uponor anticipates that continued uncertainty of households and businesses in North America and Europe will result in a slowing in the initiation of new construction projects in both the residential and non-residential segments. This contraction should be offset to some extent by existing orders and more steady expenditures in renovation, which tend to be less sensitive to economic cycles.



Thank you!

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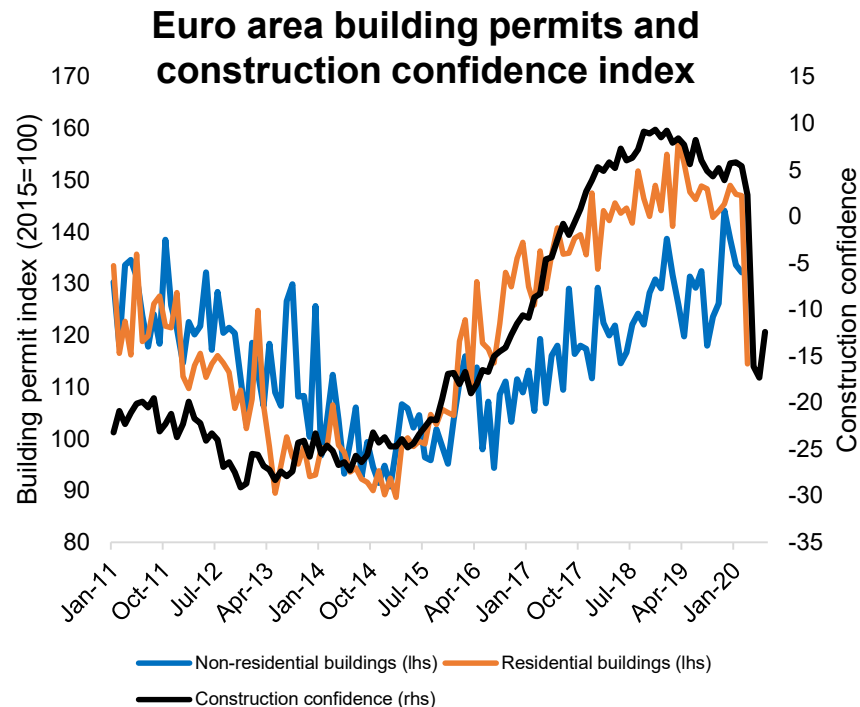
Appendix

Europe: Construction sites have re-opened, though the impact of COVID-19 is uneven

All economies experienced a significant slowing during Q2, though the economies of Spain, Italy and the UK were hit especially hard











Within the construction industry:

- Non-residential permits through February remained steady, while residential permit data in March registered significant declines
- Construction confidence fell in all major markets covered by the survey compared both to earlier in the year and 2019



Source: Eurostat

Leading residential indicators: Slowing permits and starts in most markets

	Indicator	YTD % Change	Rolling 12-month % Change	Data through	Trend since Q1 update
 USA	Housing starts	-4% ¹⁾	N/A	June 2020	➡
 Finland	Housing permits	-15%	-9%	May 2020	➡
 Germany	Housing permits	+4%	+6%	May 2020	➡
 Sweden	Housing starts	-11%	-7%	Q1 2020	➡
 Denmark	Construction index	+16%	N/A	April 2020	↗
 Netherlands	Housing permits	-2%	-15%	April 2020	➡
 Canada	Housing starts	-13% ¹⁾	N/A	June 2020	➡
 Norway	Housing starts	-13%	-9%	February 2020	➡
 Poland	Housing completions	+0%	-6%	May 2020	➡
 Spain	Housing permits	-27%	-10%	April 2020	↘

¹⁾ Seasonally adjusted, annualised rate vs. same month in previous year

Source: National Statistics Offices

Income Statement

Apr-Jun 2020

Uponor Group, M€	4-6 2019	4-6 2020	Change Y/Y	
Net sales	292.6	277.1	-5.3%	
Cost of goods sold	195.0	174.8	-10.4%	
Gross profit	97.6	102.3	+4.7%	
Gross profit margin (%)	33.4%	36.9%	+3.5%	pts
Other operating income	0.6	0.5	-24.2%	
Expenses	72.9	72.5	-0.7%	
Operating profit	25.3	30.3	+19.8%	
Operating profit margin (%)	8.6%	10.9%	+2.3%	pts
Comparable operating profit	25.3	36.2	+43.0%	
Comparable operating profit margin (%)	8.6%	13.1%	+4.5%	pts
Financial expenses, net	3.2	4.9	+53.6%	
Share of result in associated companies	-1.0	-1.1	-16.3%	
Profit before taxes	21.1	24.2	+14.9%	
Profit for the period	15.3	17.8	+16.5%	
EBITDA	38.6	43.4	+12.5%	

Income Statement

Jan-Jun 2020

Uponor Group, M€	1-6 2019	1-6 2020	Change Y/Y	1-12 2019
Net sales	541.5	554.5	+2.4%	1,103.1
Cost of goods sold	357.6	348.0	-2.7%	721.2
Gross profit	183.9	206.5	+12.3%	381.9
Gross profit margin (%)	34.0%	37.2%	+3.3% pts	34.6%
Other operating income	1.2	0.5	-54.0%	1.3
Expenses	145.5	148.2	+1.9%	291.9
Operating profit	39.5	58.8	+48.8%	91.3
Operating profit margin (%)	7.3%	10.6%	+3.3% pts	8.3%
Comparable operating profit	39.5	65.6	+65.8%	92.7
Comparable operating profit margin (%)	7.3%	11.8%	+4.5% pts	8.4%
Financial expenses, net	6.6	1.8	-72.6%	11.6
Share of result in associated companies	-2.0	-2.4	-22.4%	-4.0
Profit before taxes	31.0	54.6	+76.5%	75.6
Profit for the period	22.4	40.1	+78.9%	55.3
EBITDA	65.3	85.4	+30.8%	143.1

Balance Sheet

June 2020

Uponor Group, M€	30 Jun 2019	30 Jun 2020	Change Y/Y	31 Dec 2019
Property, plant and equipment	288.0	274.4	-13.6	285.8
Intangible assets	98.9	94.1	-4.8	96.7
Securities and long-term investments	23.3	19.7	-3.6	19.8
Inventories	163.2	152.4	-10.8	144.4
Cash and cash equivalents	13.2	94.4	+81.2	76.1
Other current and non-current assets	275.6	271.6	-4.0	210.5
Assets total	862.0	906.6	+44.6	833.2
Total equity	337.3	366.1	+28.8	370.4
Non-current interest-bearing liabilities	206.0	129.9	-76.1	203.4
Provisions	29.3	36.3	+7.0	30.0
Non-interest-bearing liabilities	257.3	262.6	+5.3	217.7
Current interest-bearing liabilities	32.1	111.6	+79.5	11.8
Shareholders' equity and liabilities total	862.0	906.6	+44.6	833.2