

Uponor roadshow presentation FY 2019

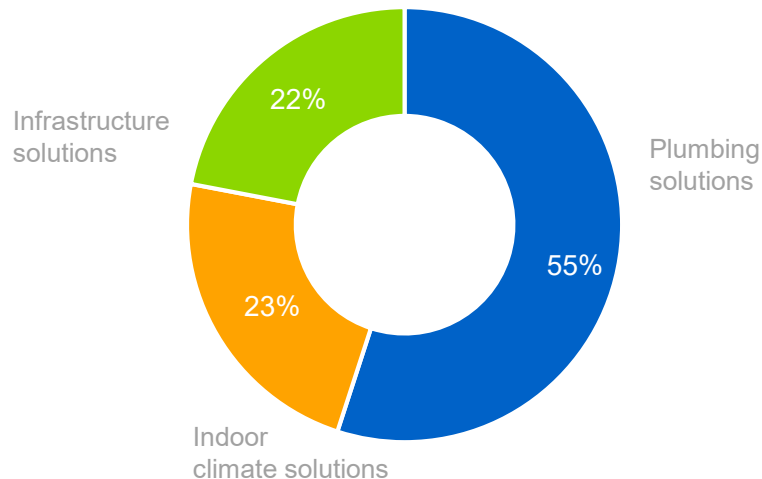
Jyri Luomakoski – President and CEO
Minna Yrjönmäki – CFO

Uponor in brief

Uponor is rethinking water for future generations. Our offering, including safe drinking water delivery, energy-efficient radiant heating and cooling and reliable infrastructure, enables a more sustainable living environment.

We help our customers in residential and commercial construction, municipalities and utilities, as well as different industries to work faster and smarter.

Uponor Corporation is listed on Nasdaq Helsinki since 1988.



FACTS & FIGURES

1.1

billion euro
net sales in 2019

26

countries with
Uponor operations

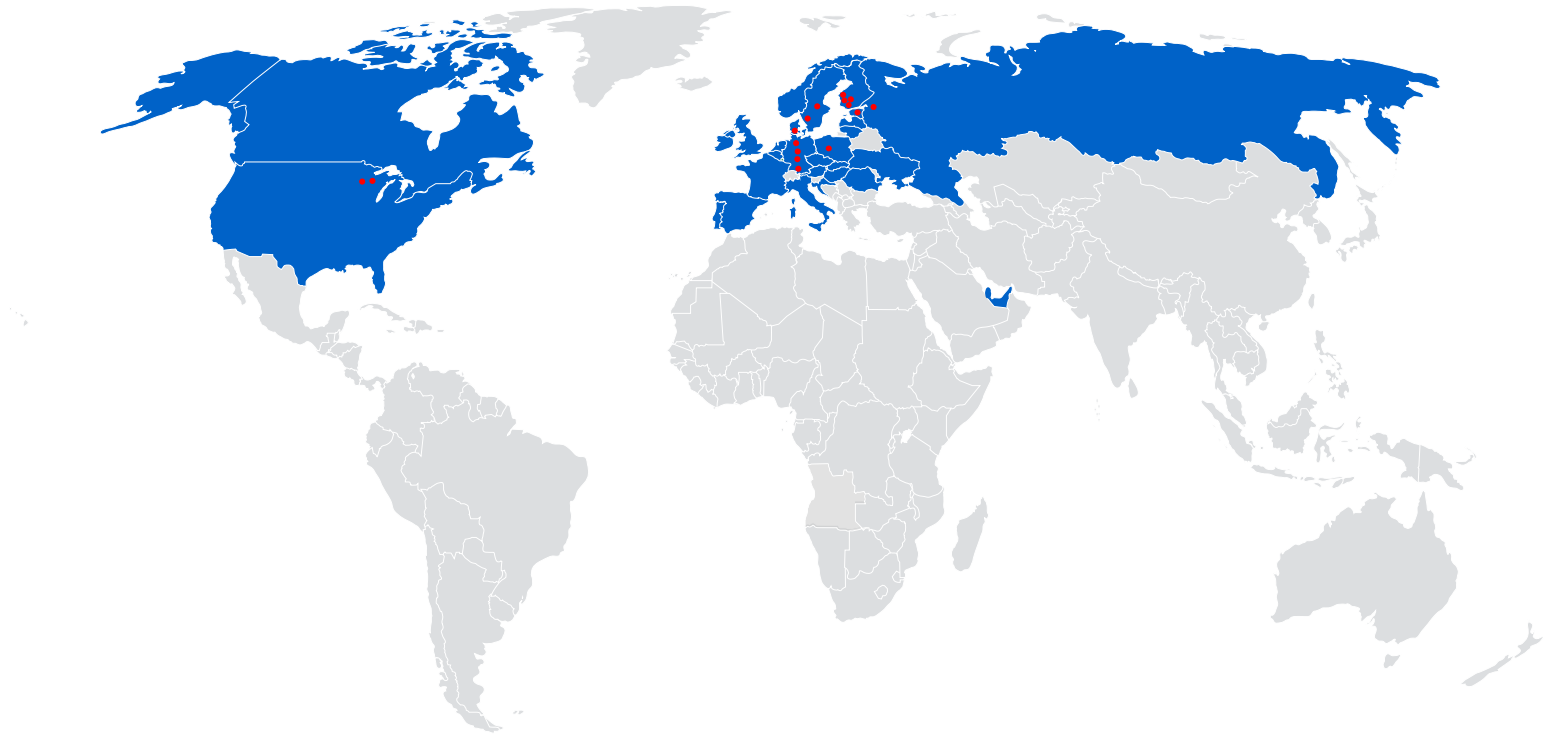
16

manufacturing
facilities worldwide

3,800

employees
worldwide

Uponor operates in 26 countries, serving customers worldwide



● 16 production sites

● Countries with Uponor operations



We aim to become recognised leader in sustainable building and infrastructure solutions



World record and durable pipes to avoid an environmental disaster
Vistula River, Poland



Comfortable temperatures and reduced costs with Uponor TABS at Oslo's new library
Oslo, Norway



Texas high schools switch to PEX plumbing system
Texas, USA



Decentralised heating and cooling for the tallest residential building in Germany
Grand Tower, Frankfurt, Germany



Scheels department store saves energy costs with radiant heating and improves safety with snow/ice melting
Minnesota, USA



Cosy temperatures and clean drinking water in Germany's highest mountaintop restaurant
Zugspitze, Germany



Strong and durable floating fish farming facility to withstand the harsh conditions of the Norwegian Sea
Stavanger, Norway



A cost-effective and reliable stormwater solution
Volvo's Warehouse, Vantaa, Finland

Reviewed purpose, vision and strategic pillars give a direction for our profitable growth



Sustainability embedded in our daily operations

We have a passion for innovation, engineering and technology as well as strive to safeguard water, a scarce resource, for future generations. Our durable products enable a more sustainable lifestyle.

We take climate and resource issues into consideration. We produce products and services that use less energy, reduce resource demand, perform reliably for years and are safe for installers to install.

We have investigated the water footprint of our manufacturing facilities and are analysing the results for further action.

We participate in the Carbon Disclosure Project (CDP). In 2019, we reported our first Communication on Progress as United Nations Global Compact signatory.

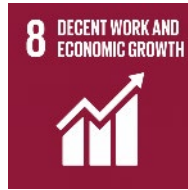


Sustainability at Uponor

For us, sustainability is not a trend. Our sustainability strategy is built on the **United Nations' Sustainable Development Goals (SDG)**. We support all the 17 SDG's, but have prioritised four of them: clean water and sanitation, decent work and economic growth, responsible consumption and production, as well as climate action.



More water conserving technologies are needed to ensure water is not wasted. Our innovative solutions help to ensure safe water delivery and to conserve it.



Good working place offers equal opportunities for everyone regardless of their gender, age or nationality. We want to provide a safe workplace and avenues for professional development.

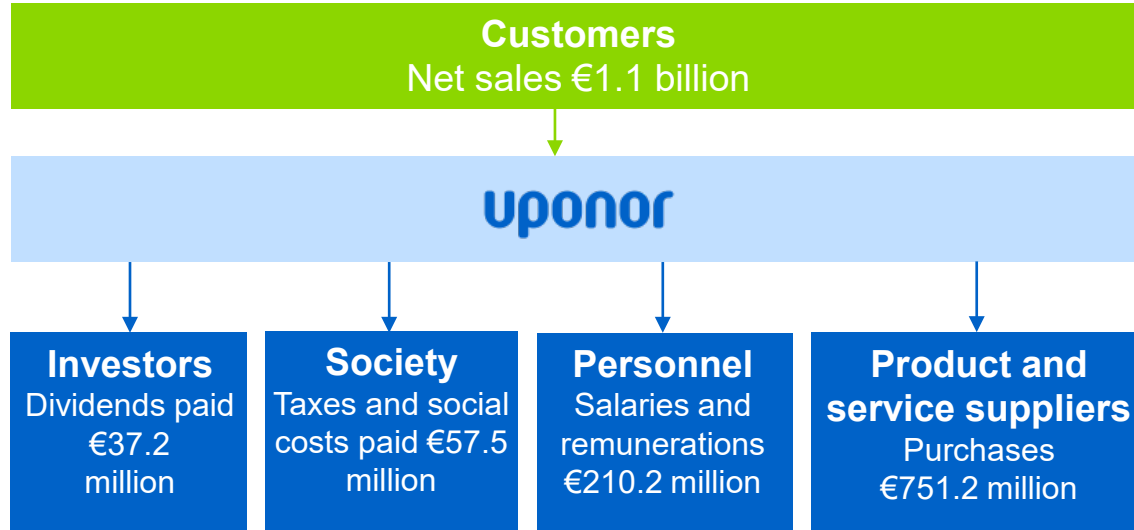


For us responsible consumption and production means durable and sustainable product and service offering. We use raw materials efficiently and we build ways to enhance the circular economy.



The effects of climate change are felt everywhere, and action needs to be taken. We continuously aim to reduce the overall impact of our business operations and increase energy efficiency.

Financial impact on stakeholders 2019



Uponor continues to drive its sustainability agenda

	Unit	2018	2019
Total energy consumption	1,000 MWh	226.0	218.0
Raw material used	1,000 tonnes	151.2	146.2
Water consumption	1,000 m3	206.2	154.1
Total GHG emissions (Scope 1)	1,000 tonnes	8.5	8.4
Total GHG emissions (Scope 2)	1,000 tonnes	30.8	27.0
Total waste	1,000 tonnes	20.2	18.1
Incident rate (LTIF)	per million work hours	12.7	11.9

- The overall change in volumes and product mixes resulted in lower energy consumption, which also lowered scope 1 and 2 GHG emissions
- Water consumption returned back to its normal level in 2019. The comparison period included a leak in the Hutchinson manufacturing facility and increased use of water in Virsbo due to a hot summer
- Uponor continues to develop its internal ways of working and advancing processes that improve safety

The image shows a vast, open industrial space under construction. The floor is covered with a dense grid of steel rebar, prepared for a concrete pour. Several tall, white cylindrical concrete pillars support the ceiling. In the background, a worker is visible near a doorway, and a large structure is partially covered in blue scaffolding. The lighting is a mix of natural and artificial, creating a professional and industrial atmosphere.

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Uponor businesses

Serving customers with versatile and evolving needs

Our key customer segments



Residential



Commercial



Municipalities
and utilities



Industrial

Our business groups

Plumbing solutions 55%



Indoor climate solutions 23%

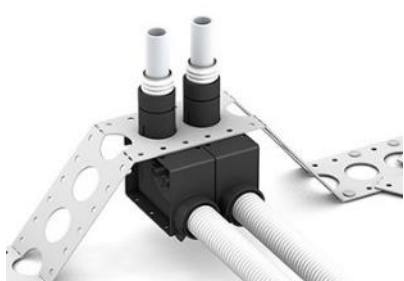


Infrastructure solutions 22%



Uponor's plumbing offering

For efficient and hygienic drinking water delivery



Flexible pipe systems



Multilayer pipe systems



Risers



Press fittings



Prefabricated units



Quick & Easy fittings



Tools



Intelligent water and hygiene

Uponor's indoor climate offering

The basis for a comfortable and energy-efficient ambiance



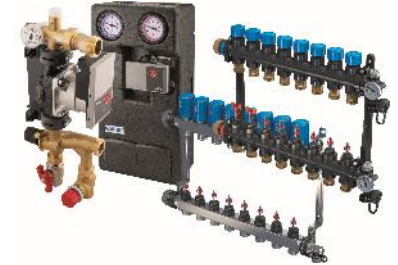
Radiant heating and cooling



Thermally active slabs



Ceiling cooling



Heating and cooling distribution



Manifold stations



Controls



Local heat distribution



Ventilation

Uponor's infrastructure offering

Transporting water, air, electricity, telecommunications and data



Standard Solutions



360° Project Services



Water Monitoring Services

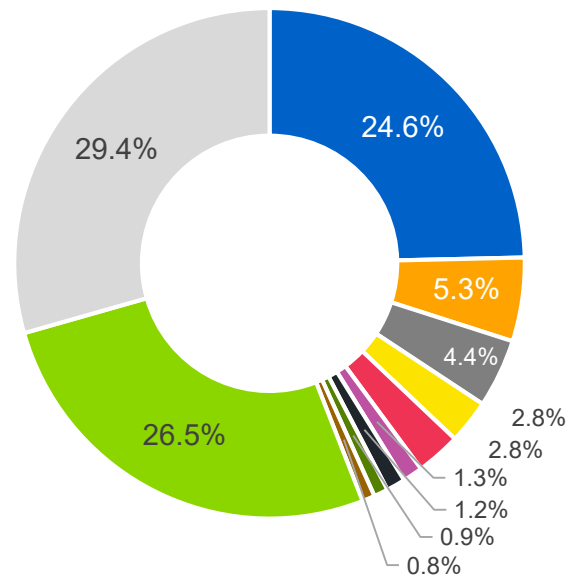


Weholite® Technology Licensing

Major shareholders

31 December 2019

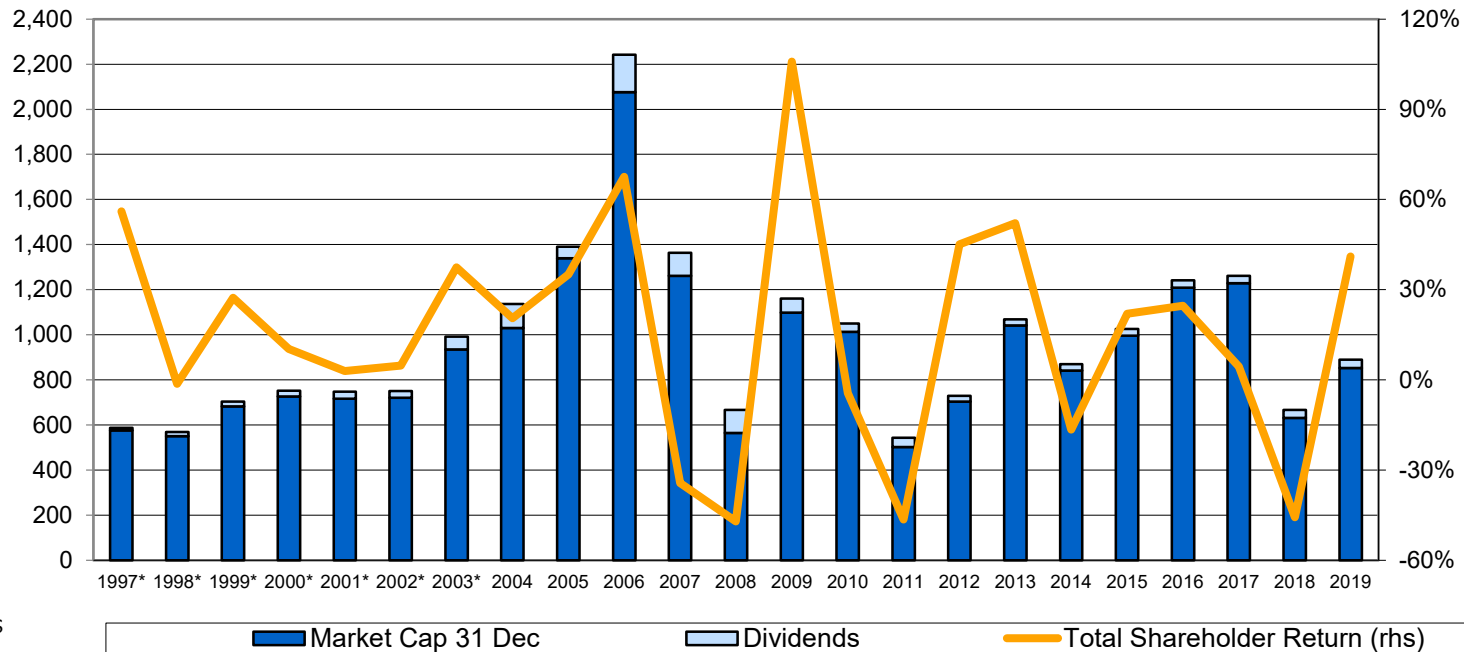
- Oras Invest Ltd 24.6%
- Varma Mutual Pension Insurance Company 5.3%
- Nordea Nordic Small Cap Fund 4.4%
- Ilmarinen Mutual Pension Insurance Company 2.8%
- Mandatum Life Insurance Company Ltd. 2.8%
- Sigríd Jusélius Foundation 1.3%
- Pekka Paasikivi 1.2%
- The State Pension Fund 0.9%
- Jukka Paasikivi 0.8%
- Nominee registrations 26.5%
- Others 29.4%



- 18,907 shareholders at the end of December 2019
- Foreign shareholding was 27.2% at the end of December 2019 vs. 23.5% at the end of December 2018

Shareholder value development

1998 – 2019



Share price development 2004 – 2019

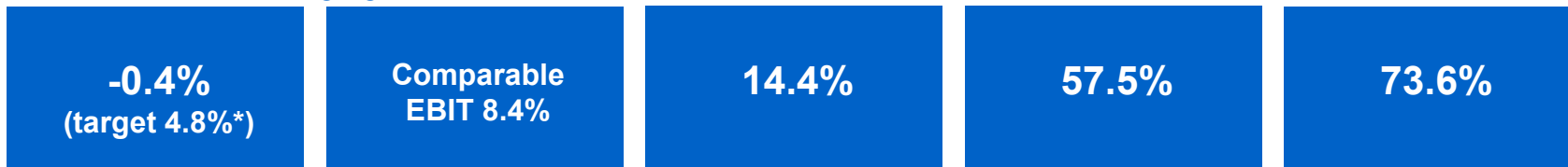


Long-term financial targets

Since 12 February 2020



Achievement in 2019



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

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Financial results briefing 1-12/2019



Q4: North America had a strong quarter

- Net sales were €269.2 (282.6) million, organic growth -5.0% in constant currency terms
- The comparable operating profit was €21.8 (20.5) million, growth 6.4%
- Net sales and operating profit increased in Building Solutions – North America
- Net sales and comparable operating profit declined in Building Solutions – Europe
- Uponor Infra improved profitability, while net sales declined



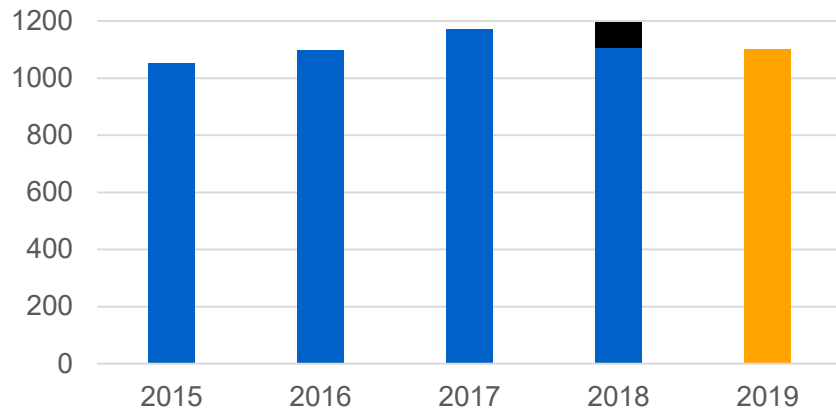
Full year 2019: Positive profitability development continued

- Net sales were €1,103.1 (1,196.3) million, organic growth -1.2% in constant currency terms
- The comparable operating profit was €92.7 (99.3) million, growth 11.0% without divested Uponor Infra's North American business and Zent-Frenger
- Building Solutions – North America had a strong year after a slow start in Q1
- Building Solutions – Europe suffered from operational challenges, as launching and scaling up the production of the new fitting, S-Press PLUS, affected performance during the year
- Uponor Infra continued the successful execution of its profitability improvement strategy, which had a negative impact on net sales



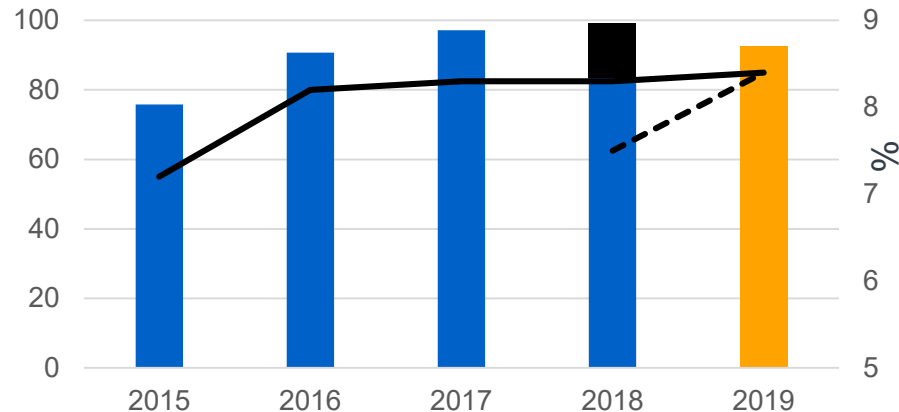
Since 2013 Uponor has improved its profitability year-on-year

Net sales, M€



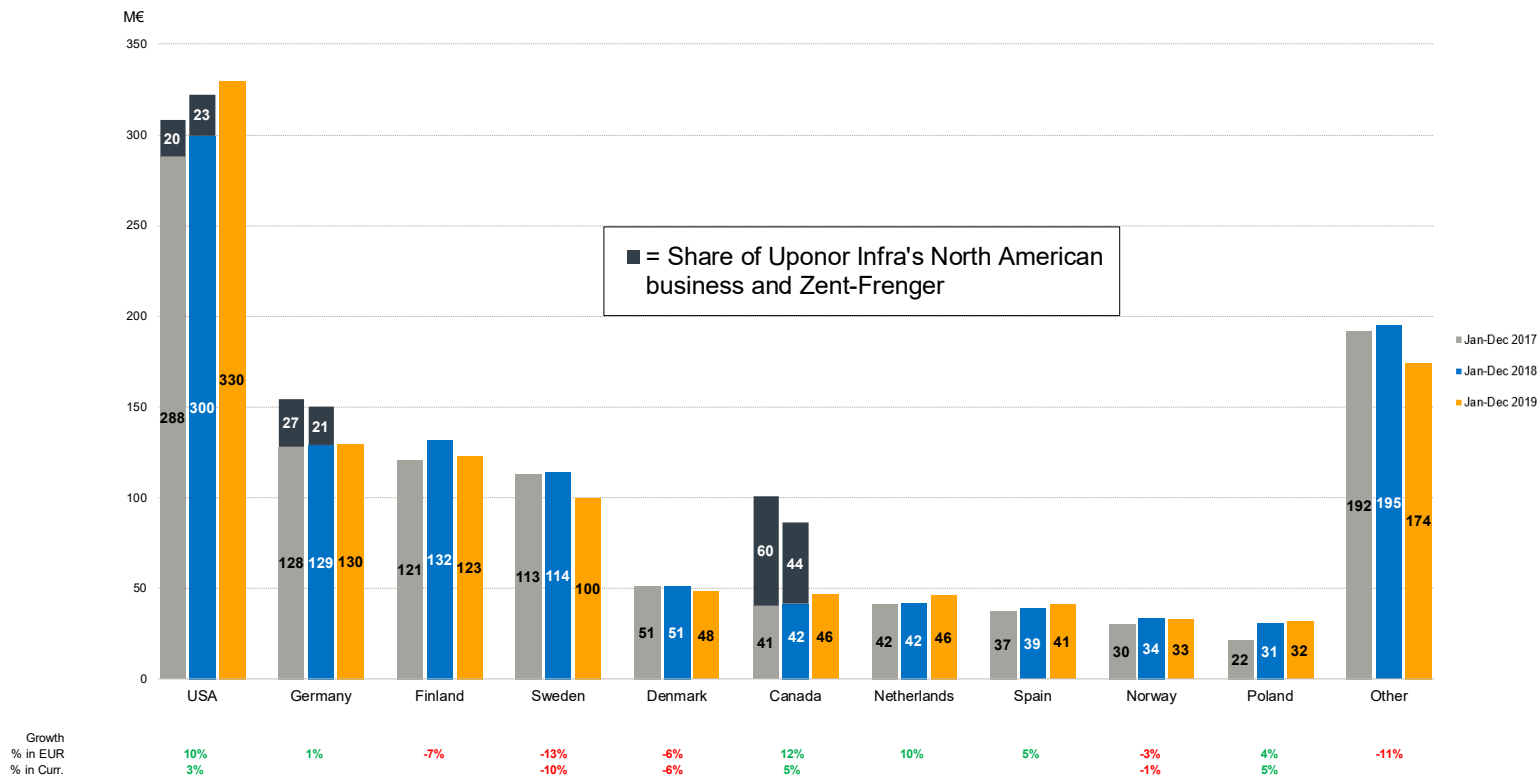
■ = share of Uponor Infra's North American business and Zent-Frenger

Comparable operating profit, M€

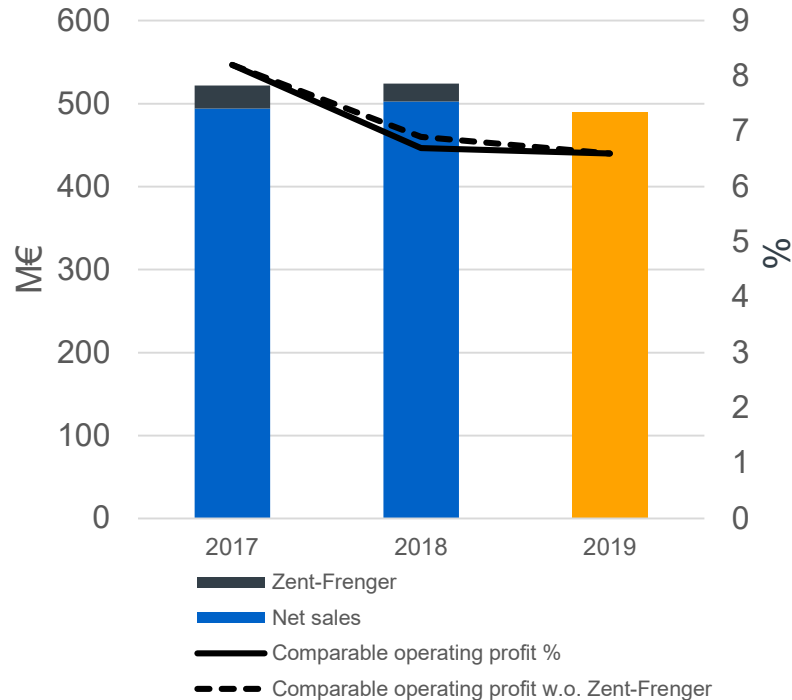


- Infra, North-America + Zent-Frenger
- Comparable operating profit
- Comparable operating profit %
- - - Comparable operating profit w.o. divestments

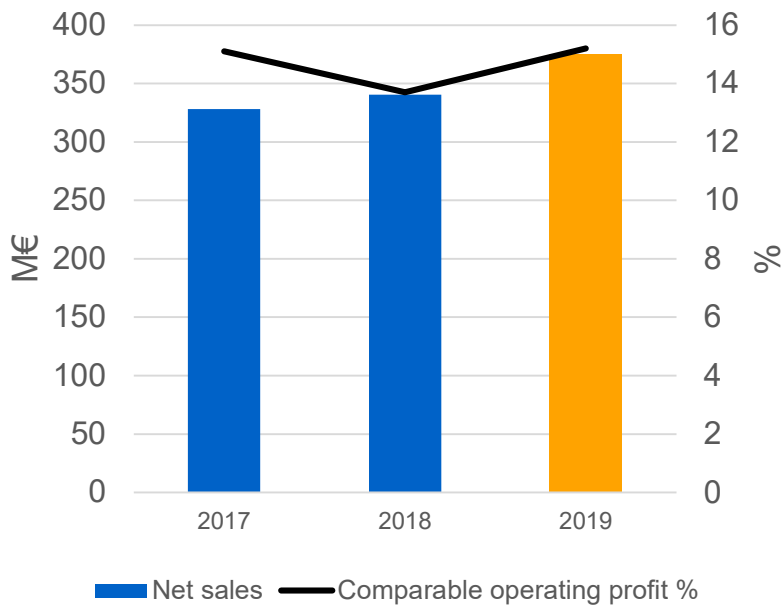
Development by key markets January–December 2019: Net sales increased in the U.S. and Germany



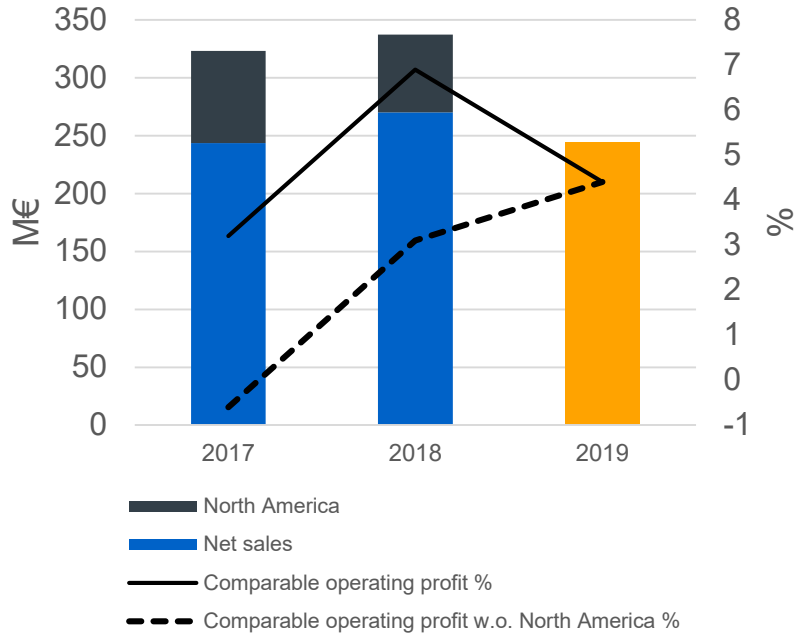
Building Solutions – Europe: S-Press PLUS affected performance during the year



Building Solutions – North America: Strong year after a slow start



Uponor Infra: Progress in profitability improvement strategy



Uponor continues to drive its sustainability agenda

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- Water consumption returned back to its normal level in 2019. The comparison period included a leak in the Hutchinson manufacturing facility and increased use of water in Virsbo due to a hot summer
- Uponor continues to develop its internal ways of working and advancing processes that improve safety

Execution of operational excellence programme continues

- Main focus on initiatives related to Building Solutions – Europe and General & Administrative costs
- The aim is to deliver annual cost improvements of around €20 million by the end of 2021
- Uponor expects first signs of the programme to be visible during the second half of 2020
- The estimated costs of the programme are expected to be around €20 million, majority of which is expected to realise during 2020



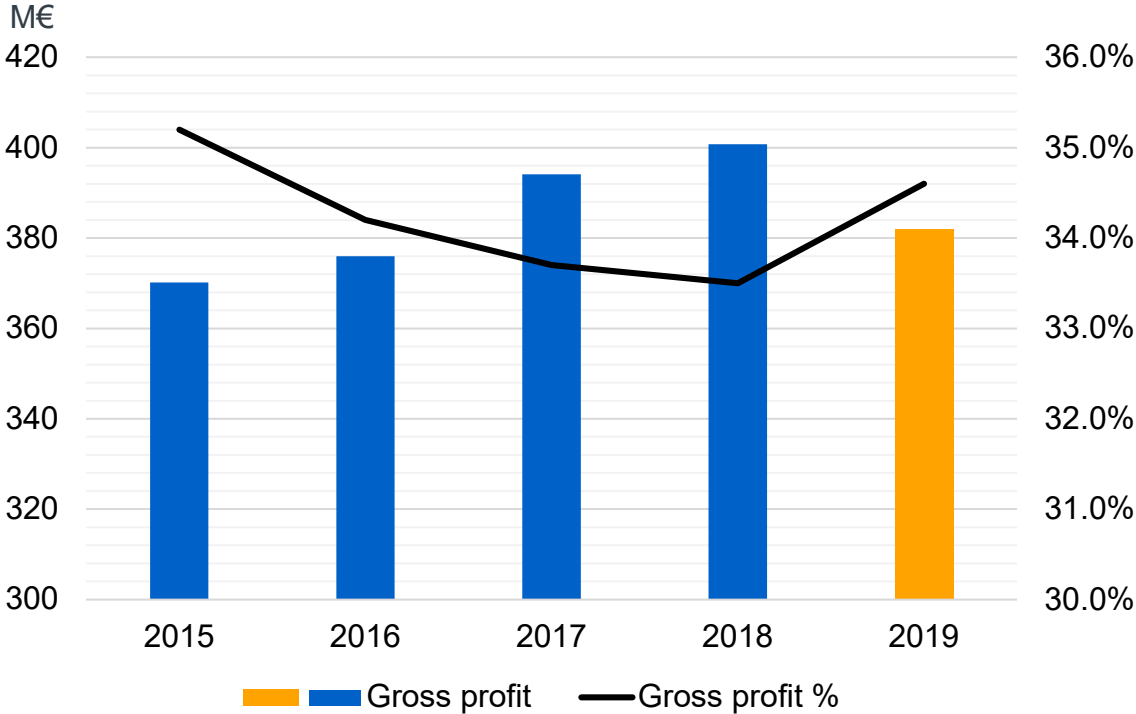


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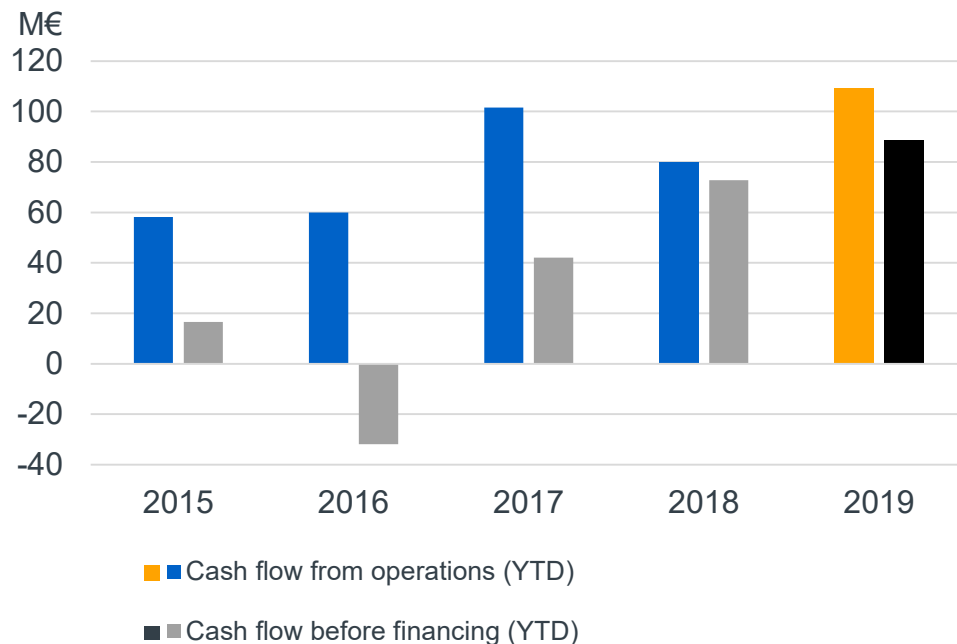
Financial statements

1–12 / 2019

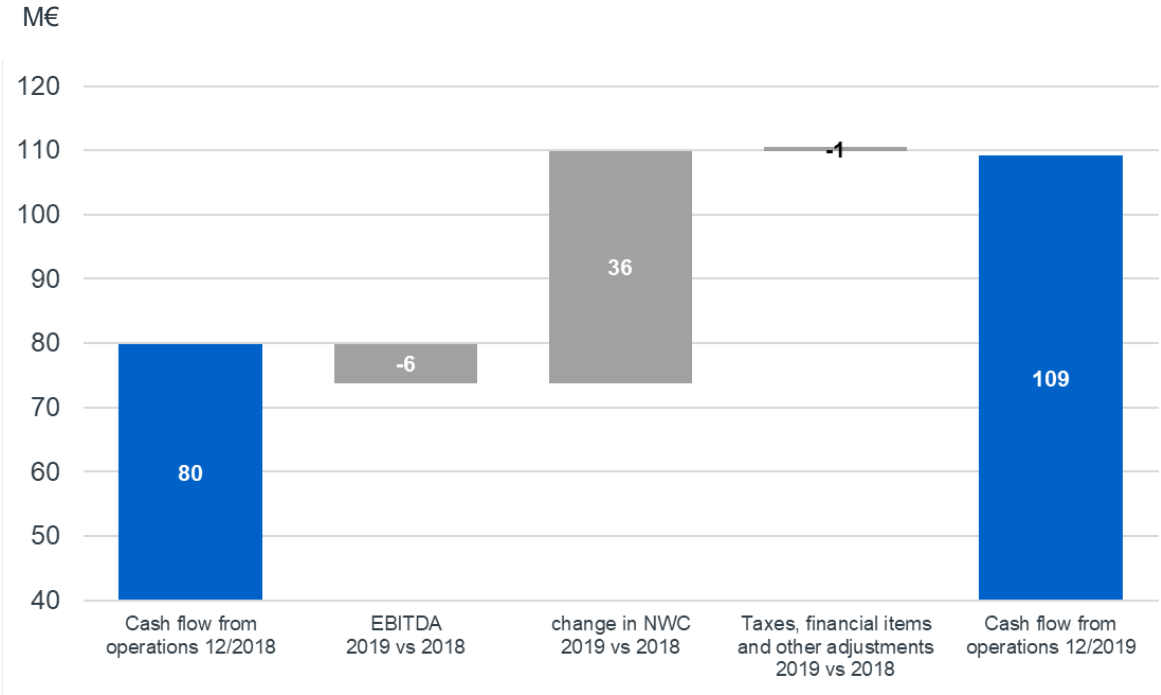
Gross profit margin increased from previous year driven by strategic divestitures



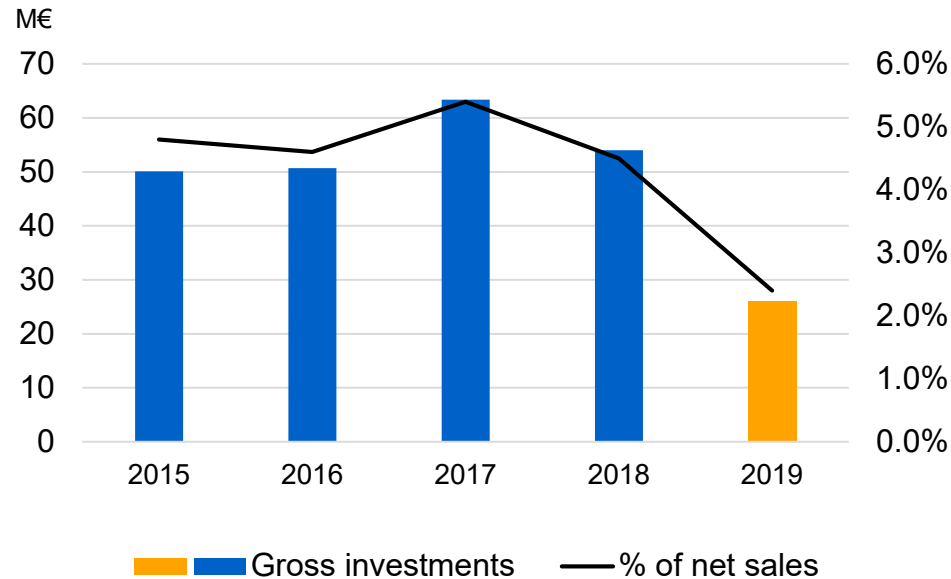
Cash flow from operations exceeded last year's level



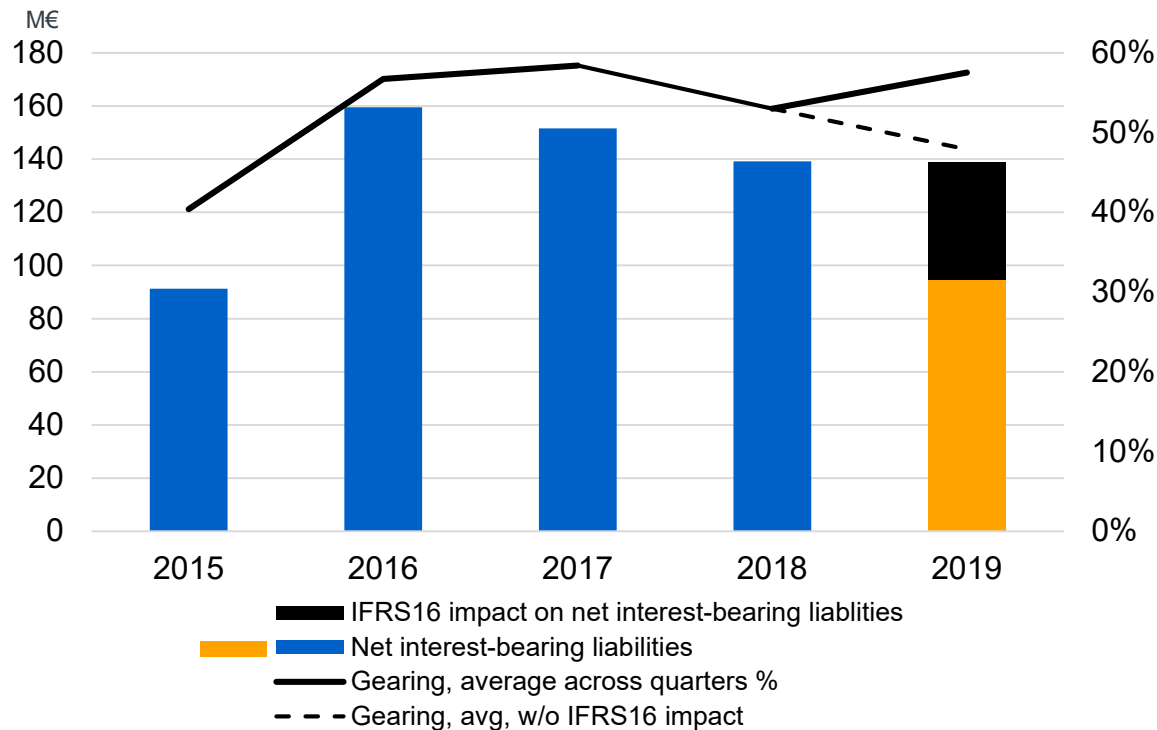
Cash flow from operations increased driven by change in net working capital



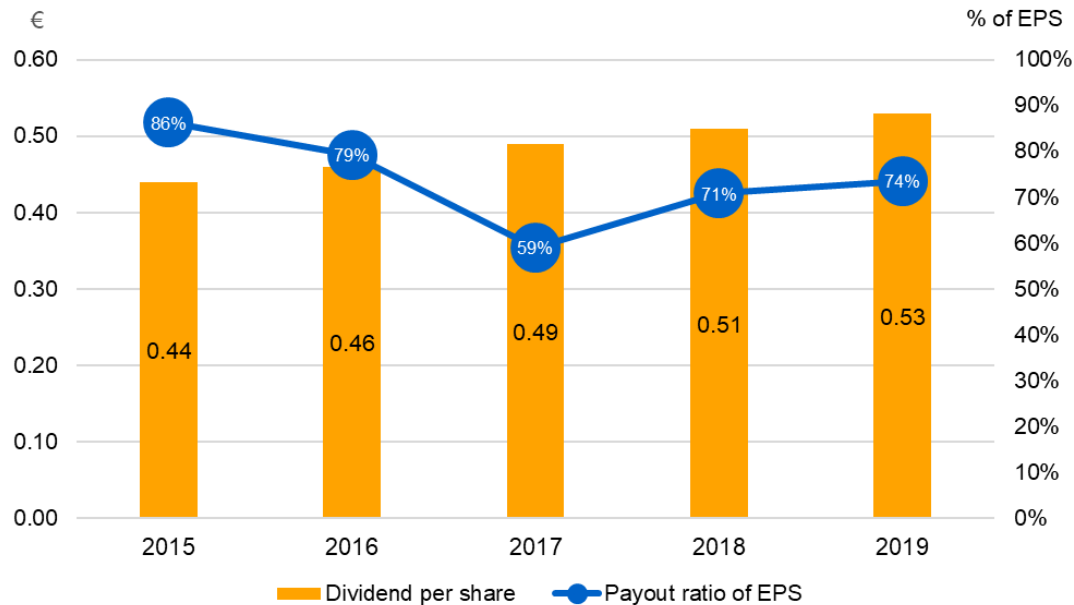
Investment level has declined after completion of Hutchinson manufacturing facility



Gearing improved year-over-year when excluding the impact of IFRS 16



January–December 2020: Dividends and payout ratio



- The Board's dividend proposal is €0.53 (0.51) per share, of which 26 c will be paid in March 2020 and 27 c planned to be paid in September 2020
- When making the proposal, the Board considered the solvency of the company, the company's dividend policy, the business outlook and planned investments, recognising the high availability of the external funding for the company's growth



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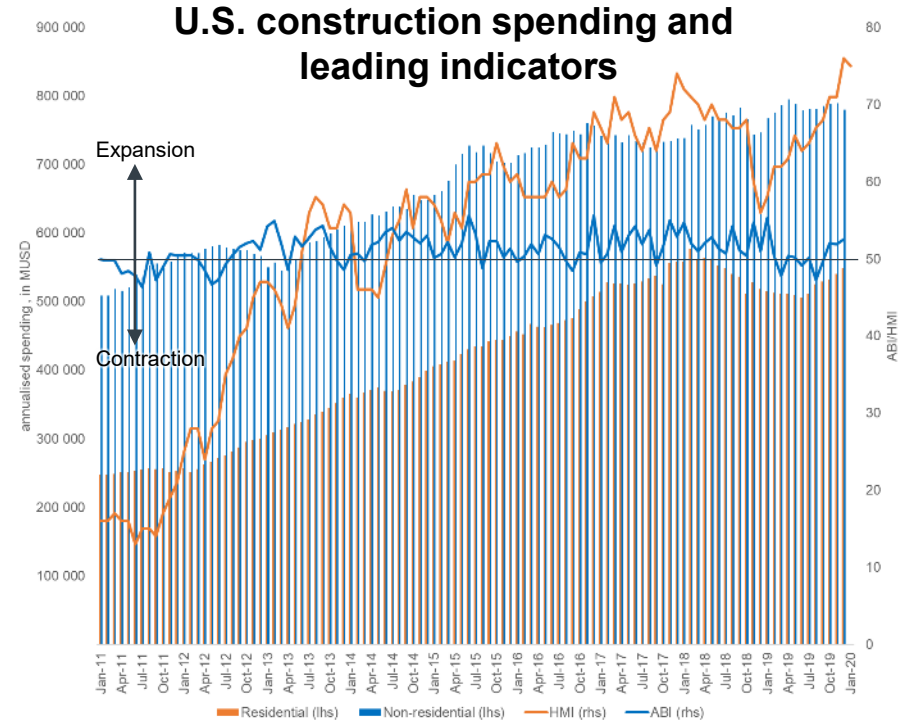
Outlook for the future

U.S. – Non-residential building is steady, while the residential segment is gaining some momentum

Although business investments remain subdued, upbeat consumers have been able to sustain the economy's record-long expansion.

Within the construction industry:

- Homebuilder confidence (HMI) reached a 20-year high in December, though builders continue to struggle with a lack of skilled labour and land
- The housing start rate hit a 13-year high in December
- Construction spending in December was up compared to a year earlier, with residential spending slowly trending higher through the autumn
- The ABI, a leading non-residential indicator, increased modestly for the third consecutive month in December, with a score of 52.5



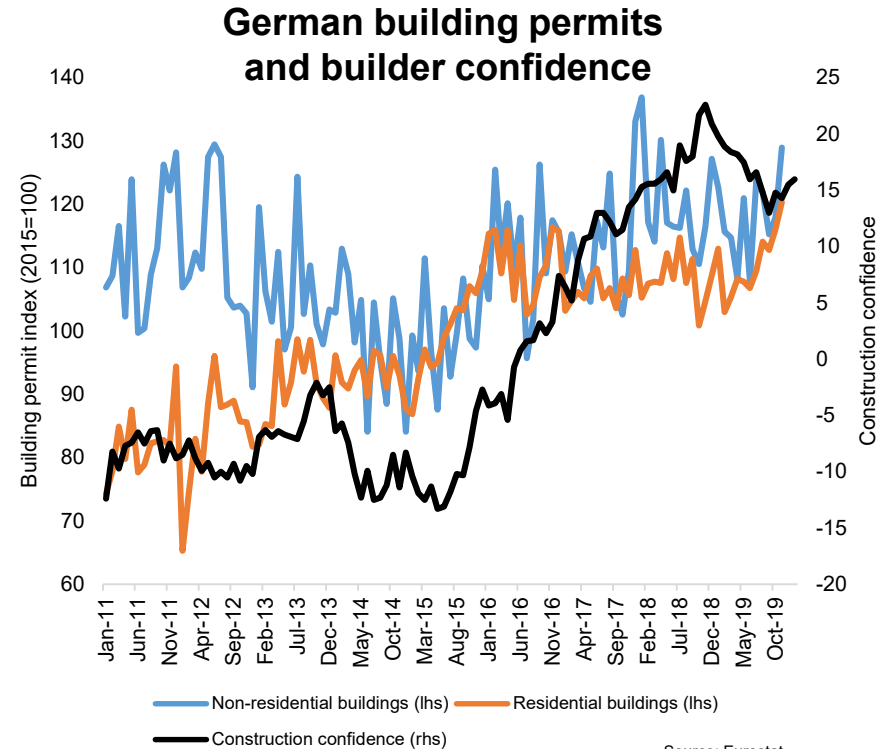
Source: Census Bureau, AIA, NAHB

Germany – Construction activity remains at an elevated level

Weakness in the manufacturing sector has so far been countered by increased private consumption and construction spending, enabling the economy to grow slightly overall.

In the construction industry:

- Turnover in the industry remains steady, though growth rates have slowed from the summer months
- Builders are generally satisfied with their current levels of business, although expectations have become more pessimistic
- Residential building permits through November 2019 were slightly above the same period in 2018, up 1.3%



Source: Eurostat



Finland – Construction turnover remains steady, though leading indicators point toward slowing

The economy is still performing reasonably well, though the growth rate is slowing after a prolonged period of economic expansion.

Within the construction industry:

- Building permits through November 2019 were down 14% compared to the same period in the previous year, while non-residential building permits are flat
- Builder confidence weakened in recent months, pulled down by negative developments in order books
- Construction turnover grew overall, though civil engineering has softened

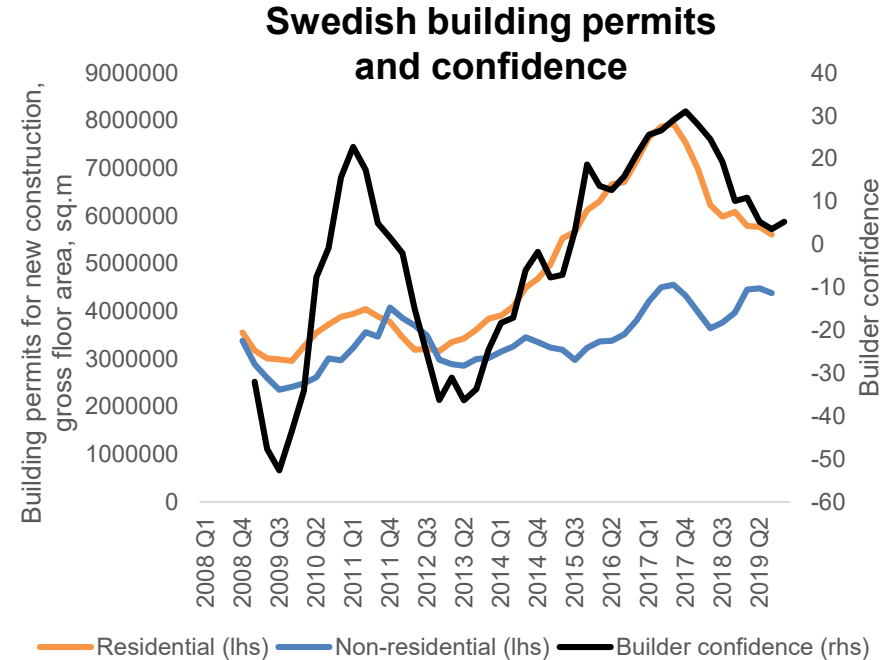


Sweden – Slowing new residential construction countered by growth in other segments

The growth rate in the economy continues to slow, as business investments remain subdued and the labour market has weakened further.

Within the construction industry:

- Housing starts through the first nine months of the year fell 10% compared with the same period in 2018
- Residential permits are trending downward, but at a much more moderate rate than in earlier quarters
- Non-residential building permits are up from the previous year and spending on civil engineering has increased
- Builders are clearly less optimistic than they were a year ago

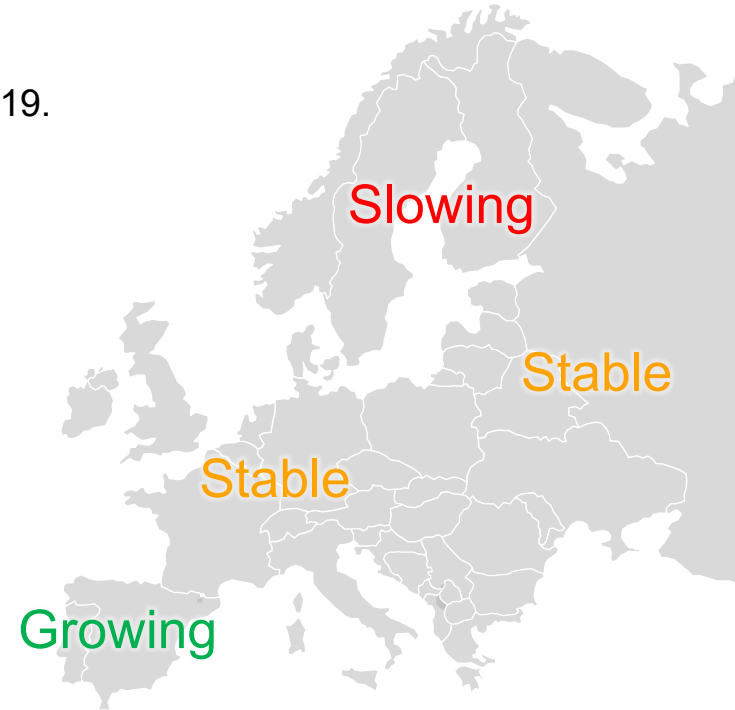
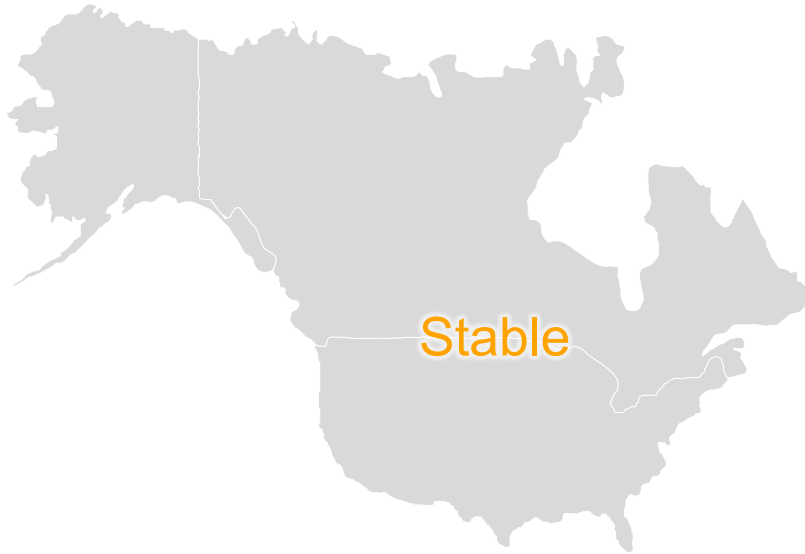


Source: Statistics Sweden and Eurostat

Market outlook

Uponor's guidance for 2020:

Uponor expects comparable operating profit to improve from 2019.



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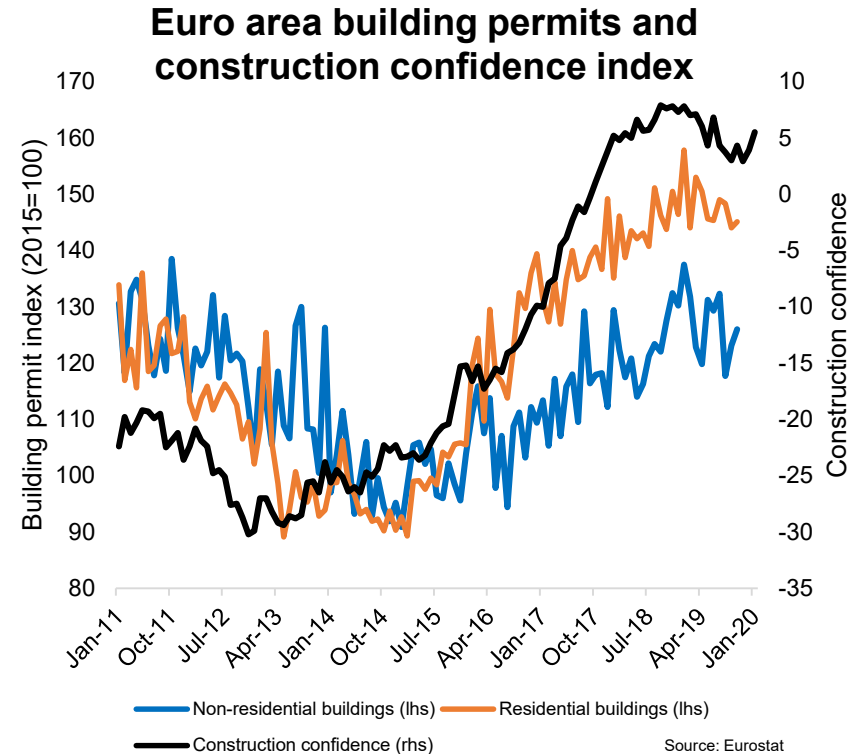
Appendix

Europe – Continued signs of weakening in the Nordics, but improvements in the South

Manufacturing continues to be weak, while service industries have thus far been able to sustain modest growth throughout the continent.





















Within the construction industry:

- Building permit developments have been mixed, with clear declines in residential permits in Finland, Sweden and the Netherlands but clear improvements in Spain
- Having fallen during the first half of the year, builder confidence may have stabilised during Q4. However, weakening sentiment was visible in Germany and the Netherlands
- Relative to the previous decade, builders continue to report solid order books and business activity levels



Source: Eurostat

Leading residential indicators: Moderating in the Nordics, solid in the U.S. and Germany

	Indicator	YTD % Change	Rolling 12-month % Change	Data through	Trend since Q3 update
 USA	Housing starts	+41% ¹⁾	N/A	December 2019	
 Germany	Housing permits	+1%	-1%	November 2019	
 Finland	Housing permits	-14%	-14%	November 2019	
 Sweden	Housing starts	-11%	-10%	Q3 2019	
 Denmark	Construction index	+3%	N/A	October 2019	
 Canada	Housing starts	-8% ¹⁾	N/A	December 2019	
 Netherlands	Housing permits	-20%	-18%	November 2019	
 Spain	Housing permits	+5%	+7%	November 2019	
 Norway	Housing starts	+1%	+1%	December 2019	
 Poland	Housing completions	+12%	+11%	August 2019	

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

Source: National Statistics Offices

Sep-Dec 2019: Income statement

Uponor Group, M€	10-12 2018	10-12 2019	Change Y/Y
Net sales	282.6	269.2	-4.8%
Cost of goods sold	188.4	172.5	-8.5%
Gross profit	94.2	96.7	+2.7%
Gross profit margin (%)	33.3%	35.9%	+2.6% pts
Other operating income	3.8	0.1	-97.5%
Expenses	81.0	76.4	-5.5%
Operating profit	17.0	20.4	+19.3%
Operating profit margin (%)	6.1%	7.6%	+1.5% pts
Financial expenses, net	1.5	3.1	+95.0%
Share of result in associated companies	-1.1	-1.0	+3.8%
Profit before taxes	14.5	16.3	+12.5%
Profit for the period	6.7	12.3	+84.6%
EBITDA	30.0	27.9	-6.8%

Jan-Dec 2019: Income statement

Uponor Group, M€	1-12 2018	1-12 2019	Change Y/Y
Net sales	1,196.3	1,103.1	-7.8%
Cost of goods sold	795.5	721.2	-9.3%
Gross profit	400.8	381.9	-4.7%
Gross profit margin (%)	33.5%	34.6%	+1.1% pts
Other operating income	16.4	1.3	-92.2%
Expenses	310.5	291.9	-6.0%
Operating profit	106.7	91.3	-14.5%
Operating profit margin (%)	8.9%	8.3%	-0.6% pts
Financial expenses, net	8.5	11.6	+35.6%
Share of result in associated companies	-4.7	-4.0	+13.6%
Profit before taxes	93.5	75.6	-19.1%
Profit for the period	63.2	55.3	-12.4%
EBITDA	149.2	143.1	-4.1%

December 2019: Balance sheet

Uponor Group, M€	31 Dec 2018	31 Dec 2019	Change Y/Y
Property, plant and equipment	258.3	285.8	+27.5
Intangible assets	101.0	96.7	-4.3
Securities and long-term investments	25.7	19.8	-5.9
Inventories	147.9	144.4	-3.5
Cash and cash equivalents	38.1	76.1	+38.0
Other current and non-current assets	215.7	210.5	-5.2
Assets total	786.6	833.2	+46.6
Total equity	353.6	370.4	+16.8
Non-current interest-bearing liabilities	175.6	203.4	+27.8
Provisions	30.2	30.0	-0.2
Non-interest-bearing liabilities	225.5	217.6	-7.9
Current interest-bearing liabilities	1.7	11.8	+10.1
Shareholders' equity and liabilities total	786.6	833.2	+46.6

Why invest in Uponor

The business: sustainable building and infrastructure solutions

- Safe drinking water delivery and energy-efficient heating and cooling continue to be essential needs in built environments
- Uponor mitigates the cyclicity of construction industry by operating in European and North American markets and serving both new construction and renovation projects

The company: an industry innovator building on a century of tradition

- A leading supplier for residential and commercial construction for drinking water delivery and radiant heating and cooling systems; and a strong position in infrastructure piping systems in northern Europe
- Established brand with a broad and loyal customer base
- Well maintained manufacturing network with capacity to grow
- Continuous material and production technology development to support operational efficiency
- Committed long-term key ownership with a clear understanding of the industry's dynamics

Read more at <https://investors.uponor.com>



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Thank you!

communications@uponor.com

Our IR site: investors.uponor.com

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