

Uponor roadshow presentation Q2/2019

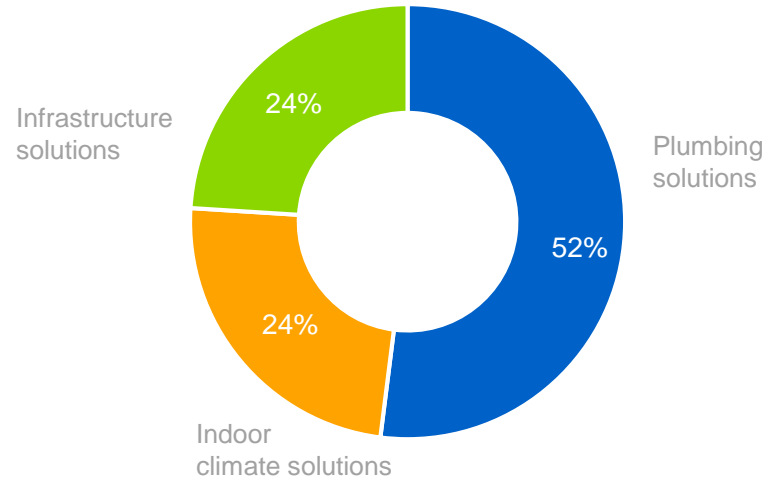
Jyri Luomakoski –
President and CEO, Uponor Corporation

Uponor at a glance

Uponor is a leading international provider of plastic based piping systems for buildings and infrastructure.

We provide safe drinking water delivery systems, energy-efficient radiant heating and cooling and reliable infrastructure solutions.

Uponor is listed on Nasdaq Helsinki since 1988.



FACTS & FIGURES

1.2

billion euro
net sales in 2018

30

countries with
Uponor operations

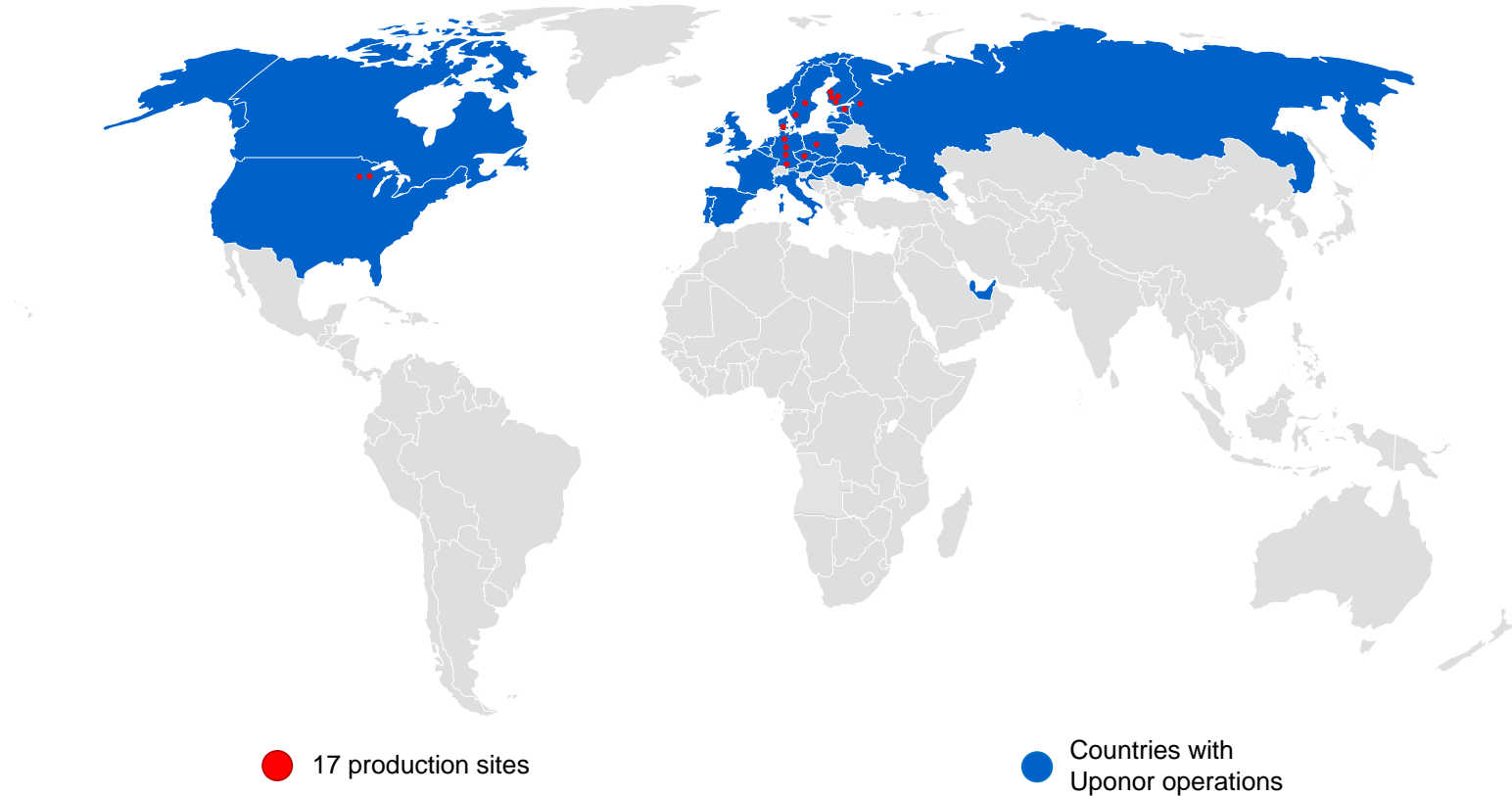
17

manufacturing
facilities worldwide

4,100

employees
worldwide

Uponor operates in 30 countries, serving customers worldwide



Our solutions enrich people's way of life

Our vision

Throughout the world, our solutions enrich people's way of life

Our mission

Partnering with professionals to create better plumbing, indoor climate and infrastructure solutions

Our people

We will build an exciting environment for growth and achievement both for the company and our employees



Shared values guide our operations

With 4,100 committed employees in 30 countries, Uponor is at your service all over the world.

OUR VALUES

CONNECT

BUILD

INSPIRE

Throughout the world, our solutions enrich people's way of life



Award winning district cooling, reducing electricity consumption and emissions by about 65-70%, compared to cooling from local cooling units: Helsingborg, Sweden



Prefabricated Uponor Riser Port for quick and easy installation in a 6 floor apartment building: Helsinki, Finland



Radiant cooling system for the world's largest concrete pour in the 10th tallest building in the USA: Wilshire Grand, Los Angeles, USA



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



Uponor TABS offering safe and comfortable temperatures for train maintenance teams in one of the largest rail depots in Europe: London, UK



Uponor's Contec ceiling radiant cooling system for a sustainable international school: Kuala Lumpur, Malaysia



Delivery of sustainable, easy to transport and handle fish farming pipes under harsh conditions: North Atlantic



Durable, sustainable Weholite® at a modern pulp and fine paper mill: Nymölla, Sweden

Uponor's strategy focuses on sustainable growth



Our business groups

Plumbing solutions

52% (*)



Indoor climate solutions

24% (*)



Infrastructure solutions

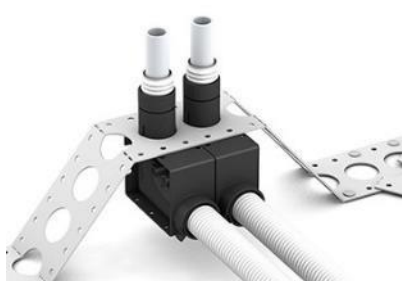
24% (*)



*) share of Group net sales, the impact of Uponor Infra's North American business eliminated

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

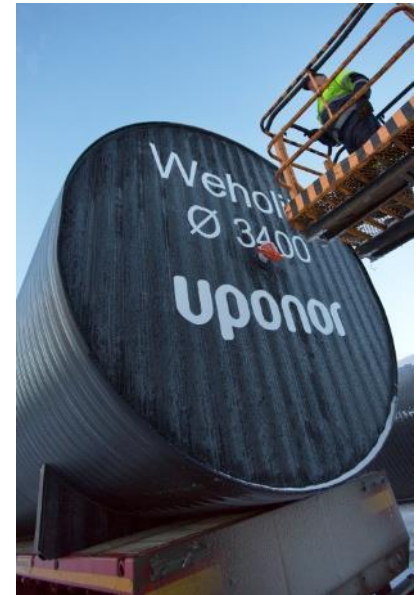
Transporting water, air, electricity, telecommunications and data



Standard Solutions



360° Project Services



Weholite®
Technology Licensing

Sustainability shapes the future of building

One third of the world's energy consumption is associated with heating, cooling, ventilation and lighting

Uponor offers sustainable products and systems

Uponor radiant systems can reduce CO² emissions for any building type

Uponor plumbing and wastewater systems and installation technologies meet stringent water quality requirements

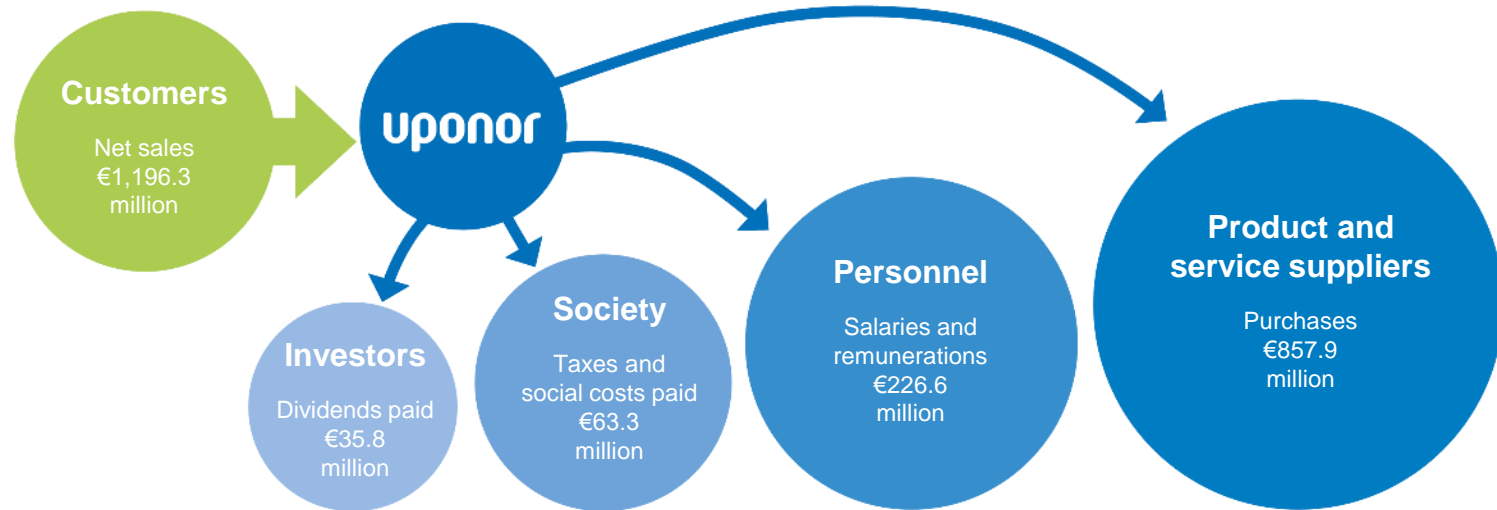
Plastic pipe solutions boost a good 'cradle-to-grave' life-cycle performance



Sustainability at Uponor

During 2018, Uponor reviewed its sustainability strategy and defined four focus areas: **clean water and sanitation**, **responsible production and consumption**, **climate action**, as well as **decent work and economic growth**. The selected focus areas are those that have the greatest impact potential on the business, including major opportunities, and are aligned with Uponor's business scope.

Financial impact on stakeholders 2018



Development in sustainability topics

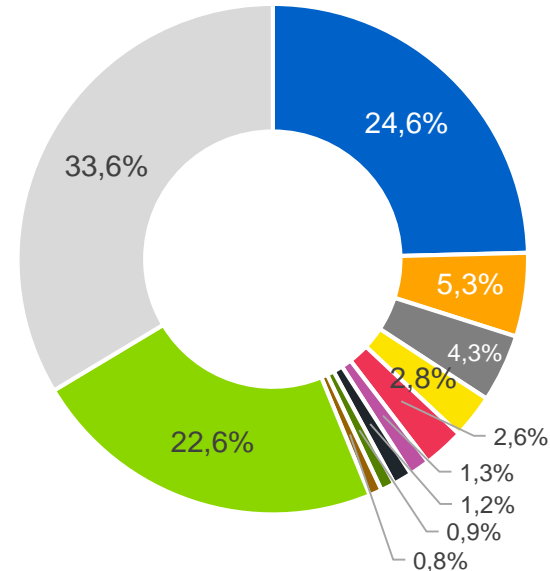
	Unit	2017	2018
Total energy consumption	1,000 MWh	200	226.9
Raw material used	1,000 tonnes	140.9	151.2
Water consumption	1,000 m3	155.2	207.1
Total GHG emissions (Scope 1)	1,000 tonnes	7.5	8.5
Total GHG emissions (Scope 2)	1,000 tonnes	32.1	30.8
Total waste	1,000 tonnes	18.8	20.2
Incident rate (LTIF)	per million work hours	8.9	12.7

- **Opening of Hutchinson manufacturing facility** is notable in the increase of total energy consumption, used raw materials and waste
- **Water consumption** increased due to leakage in our cooling water systems in Hutchinson, which are corrected as well as extremely hot summer in Virsbo
- **Incident rate (LTIF)** increased due to increase in home-to-work accidents and business trip accidents

Major shareholders

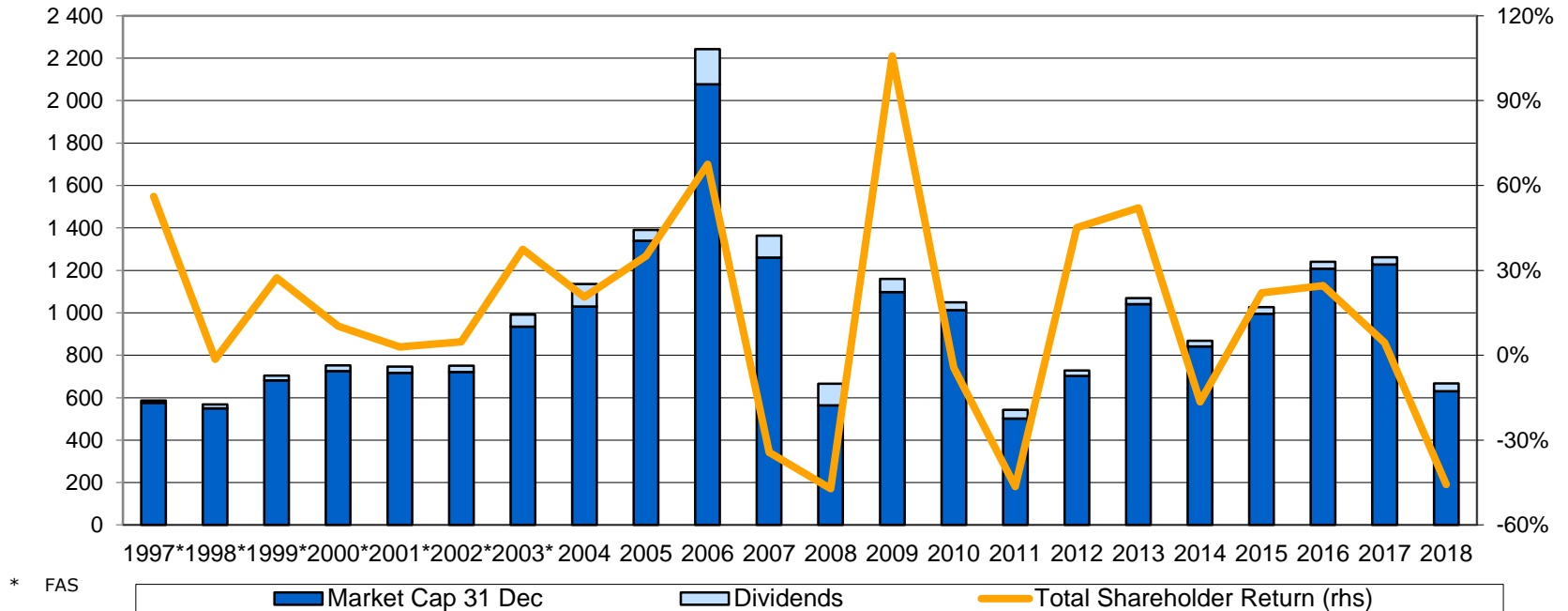
30 June 2019

- Oras Invest Ltd 24.6%
- Varma Mutual Pension Insurance Company 5.3%
- Nordea Nordic Small Cap Fund 4.3%
- Mandatum Life Insurance Company Ltd 2.8%
- Ilmarinen Mutual Pension Insurance Company 2.6%
- Nordea Bank Ltd 1.9%
- Pekka Paasikivi 1.2%
- The State Pension Fund 0.9%
- Nordea Pro Finland Fund 0.8%
- Nominee registrations 22.6%
- Others 33.6%

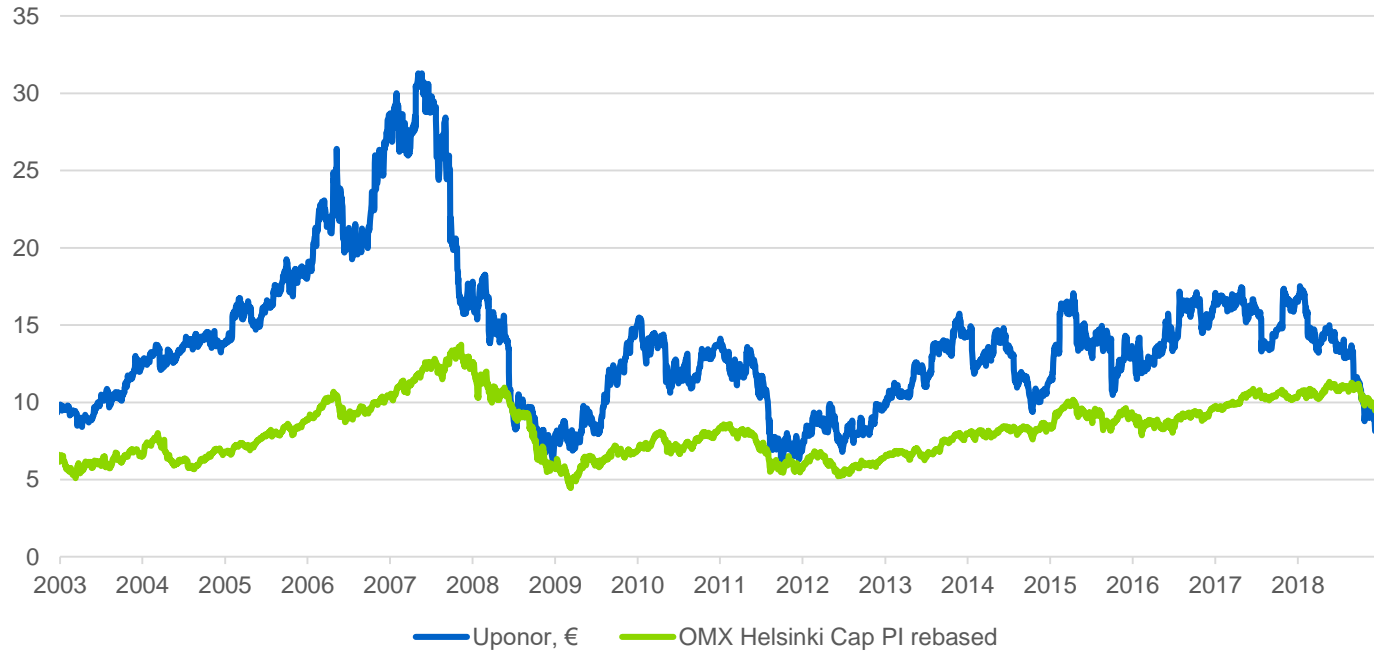


- 20,060 shareholders at the end of June 2019
- Foreign shareholding was 22.6% at the end of June 2019 vs 23.6% at the end of March 2018

Shareholder value development 1998–2018



Share price development 2003–2018



Long-term financial targets

Since 13 February 2019

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

EBIT margin to exceed
10%

ROI to exceed
20%

Gearing to stay within
40 to 80
as an annual average of the quarters

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

Achievement in 2018

4.9%
(target 5.4%*)

8.3%
(comparable EBIT 8.3%)

17.2%

53.0

70.8%

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



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Half year results briefing 1–6/2019

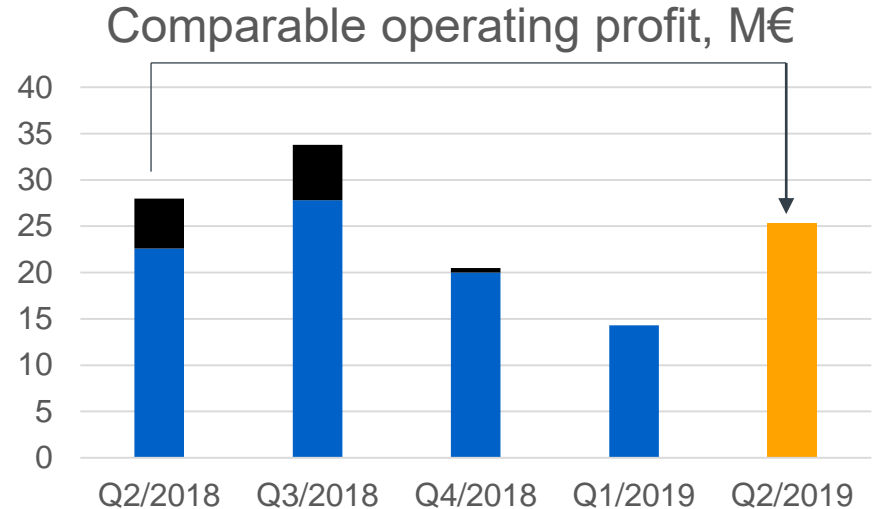
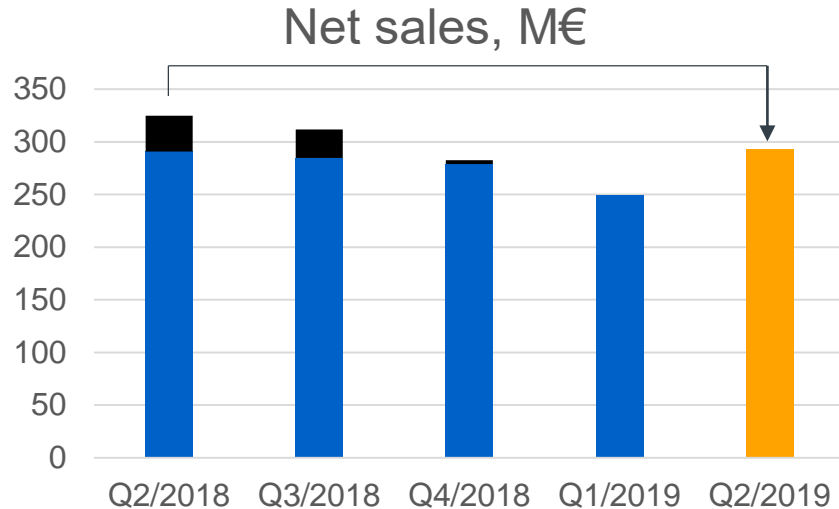
Jyri Luomakoski, President and CEO, Uponor Corporation

Highlights of Q2

- Net sales were €292.6 (324.9) million, organic growth -0.5% in constant currency terms
- Operating profit was €25.3 (28.0) million, growth 12.4% without the divested Uponor Infra North America and Zent-Frenger
- In Building Solutions – Europe, both net sales and operating profit decreased
- Net sales and operating profit developed positively in Building Solution – North America
- Uponor Infra continued to improve its profitability level



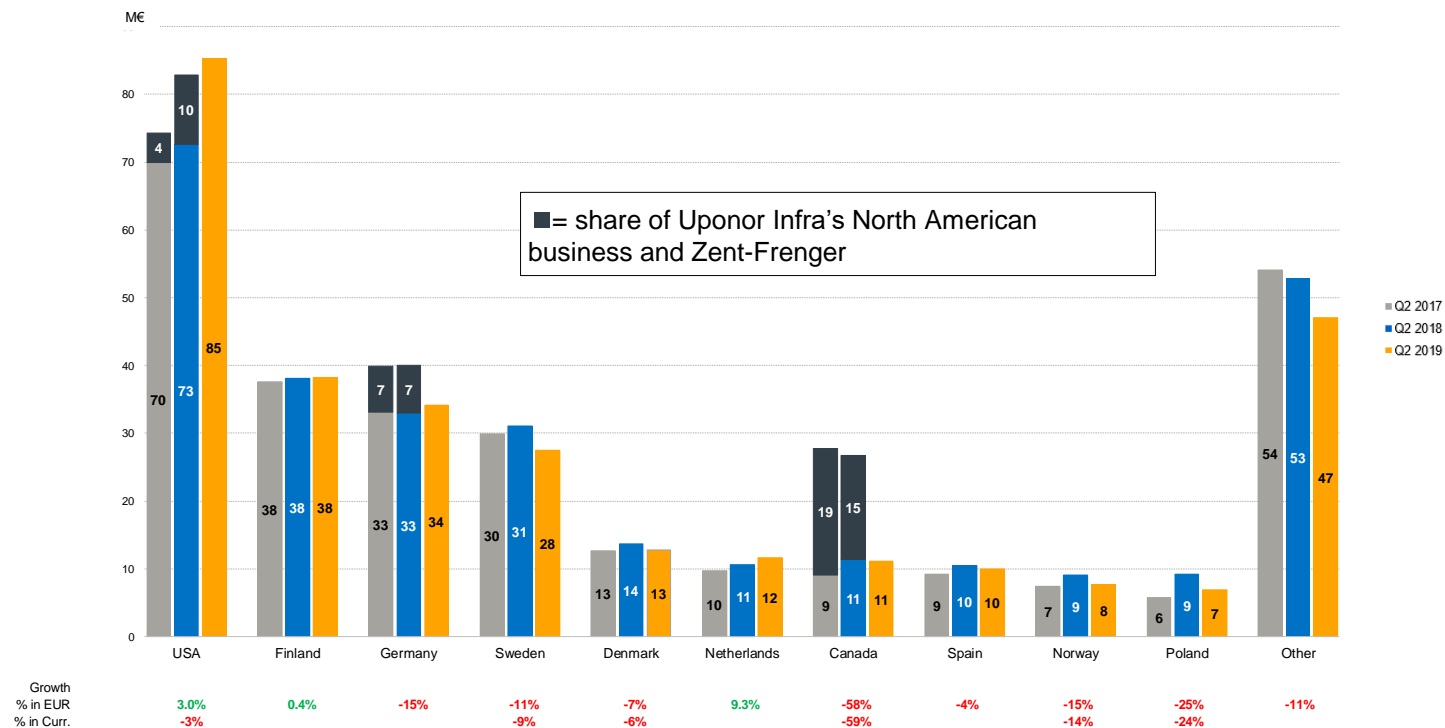
Group net sales and comparable operating profit



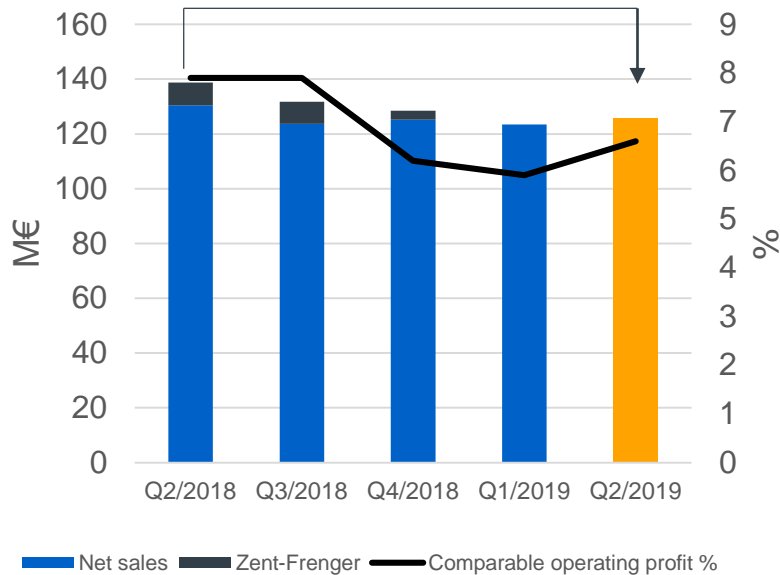
■ = share of Uponor Infra's North American business and Zent-Frenger

Net sales development by key markets

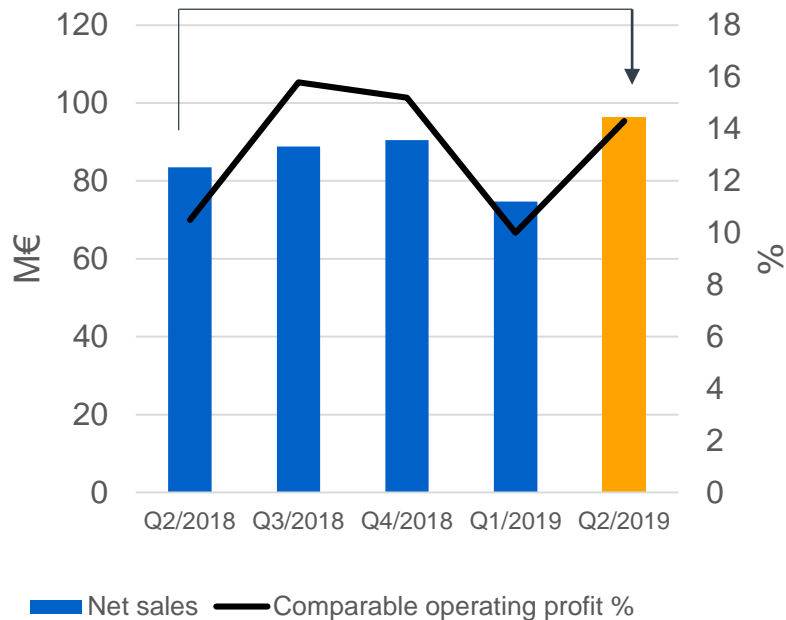
Apr-Jun 2019



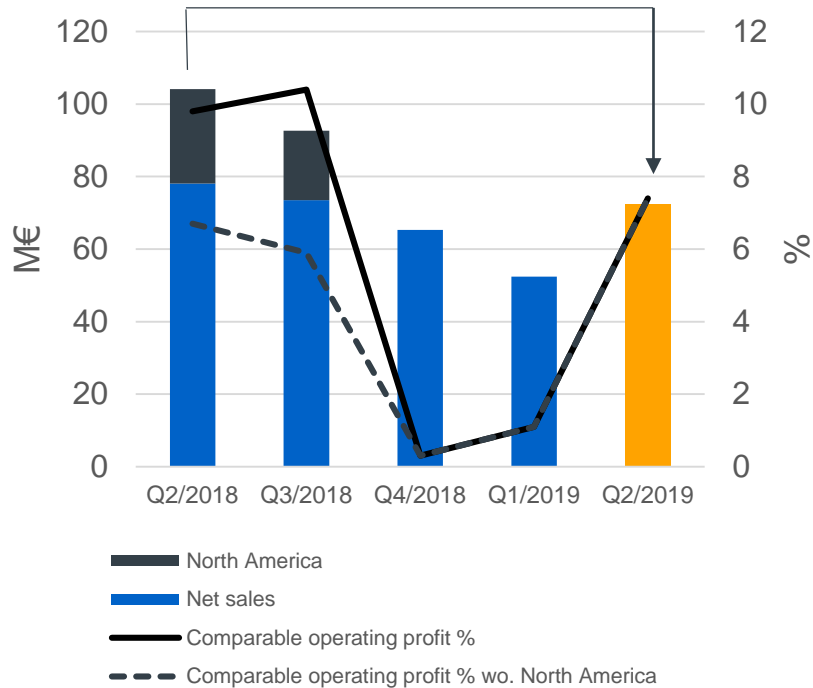
Development by segment: Building Solutions – Europe



Development by segment: Building Solutions – North America



Development by segment: Uponor Infra



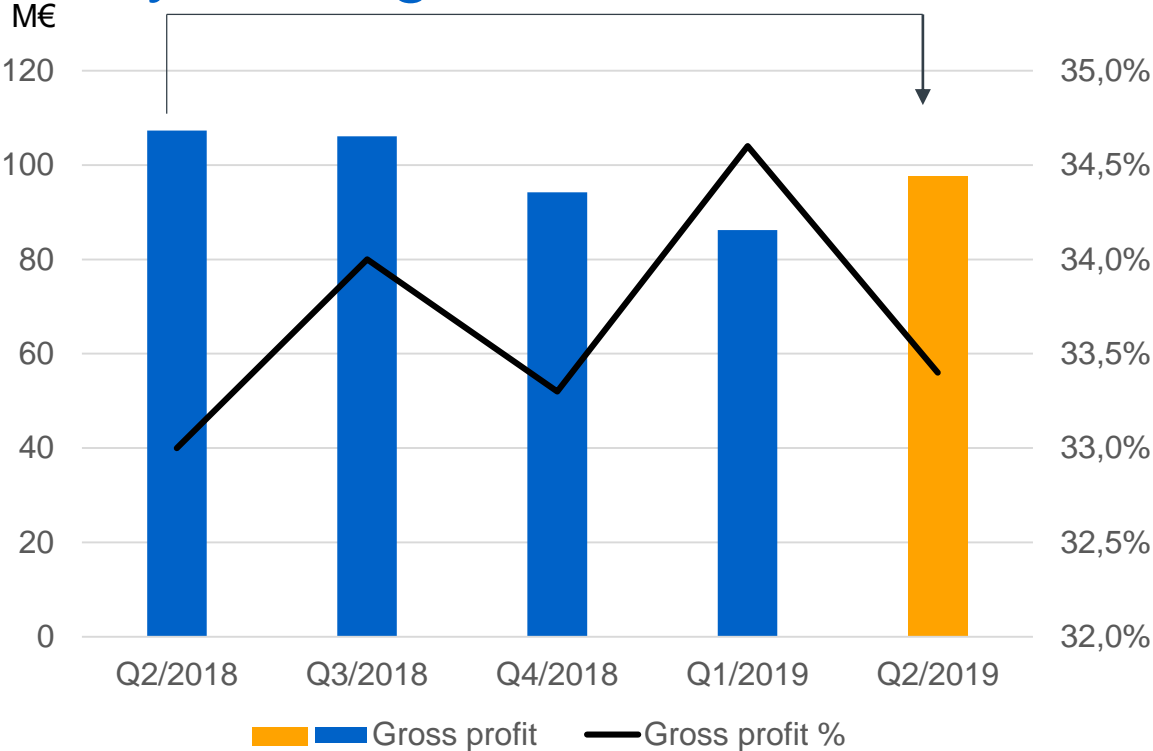


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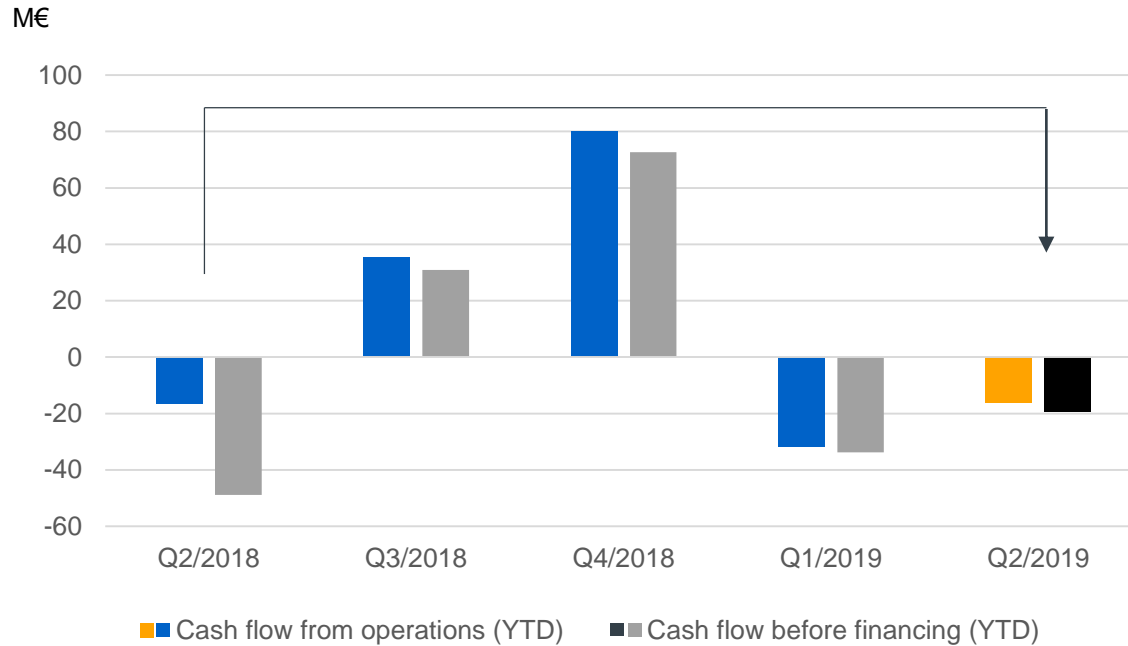
Financial statements

4-6 / 2019

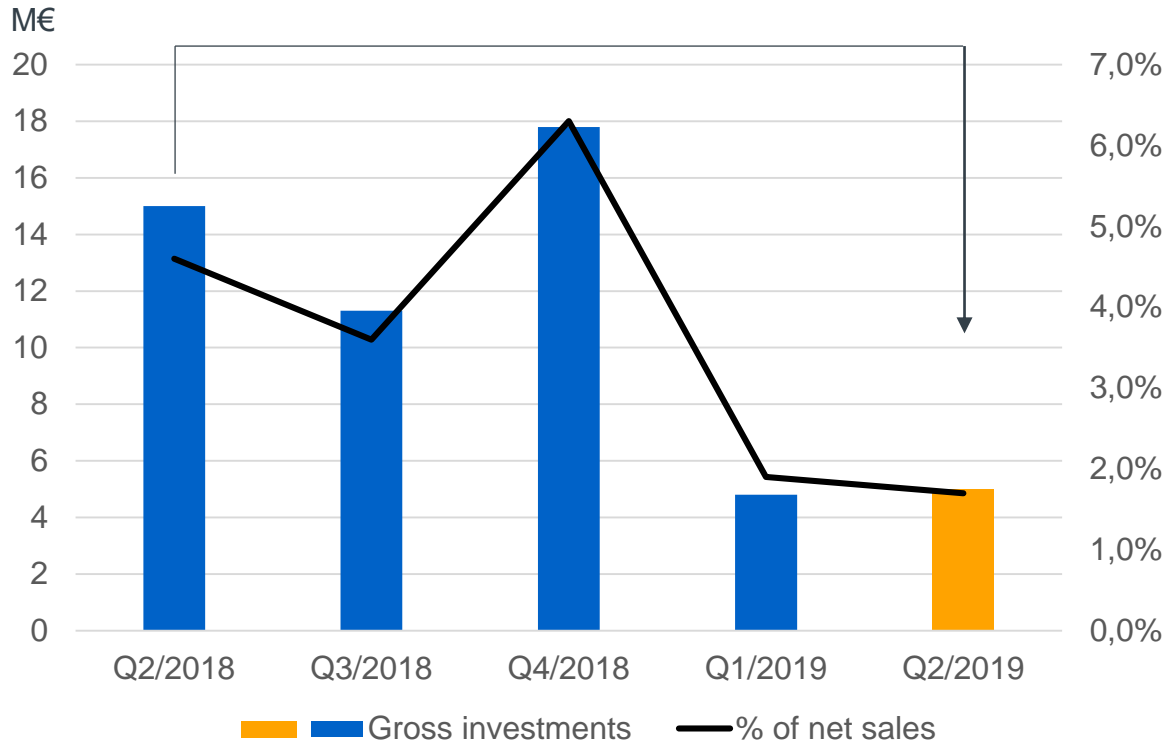
Gross profit margin increased year-over-year driven by strategic divestitures



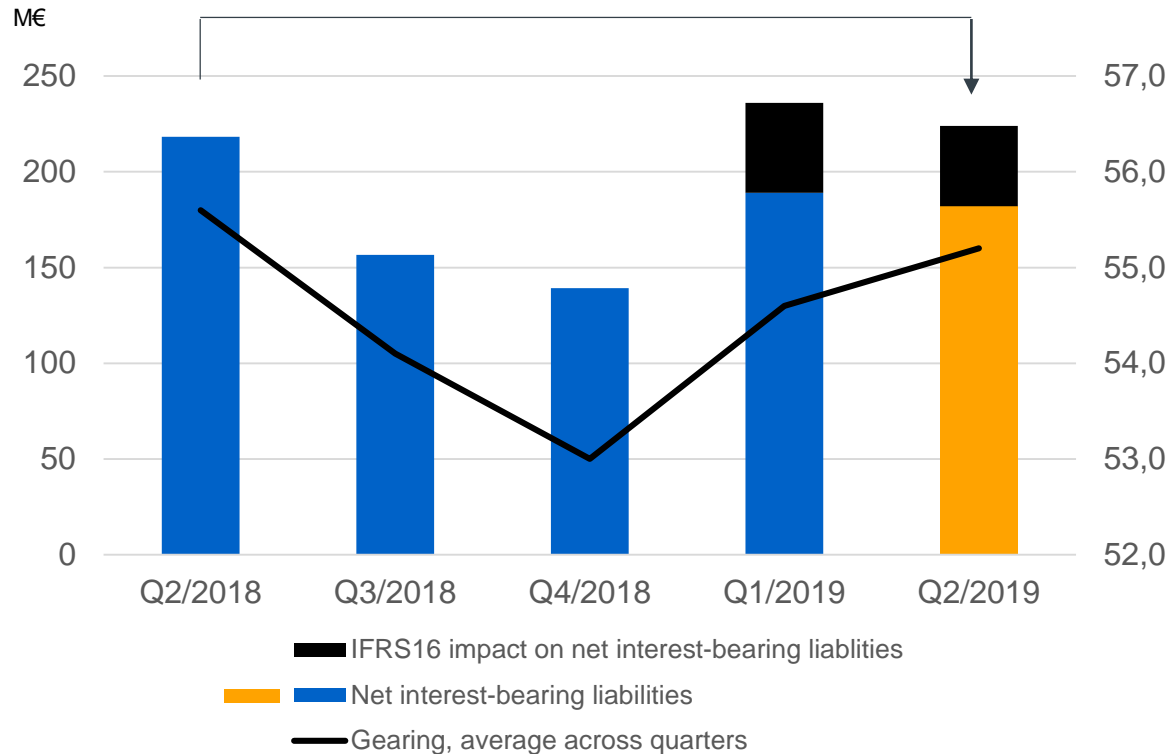
Cash flow from operations was on last year's level



Gross investments declined in all segments



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



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Outlook for the future

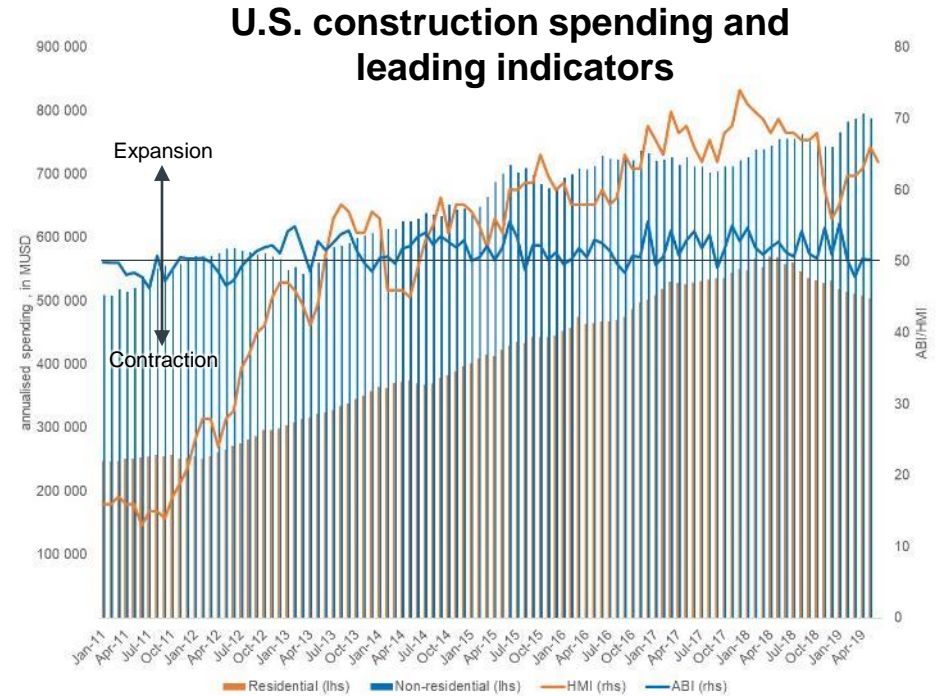


US - Some signs of a cooling residential market, while non-residential building is steady

Although trade tensions have continued to create uncertainty and the growth in business investments has slowed in the absence of stimulus, the economy continues to expand at a healthy rate and the labour market is supporting consumer confidence

Within the construction industry:

- Residential construction spending slowed in May compared to a year earlier, but was mostly offset by growth in the non-residential segment
- June 2019 housing starts rose 6.2% compared to a year earlier, while permits were essentially flat
- The HMI, which gauges home builder confidence, continues to imply expansion at a reading of 64
- The ABI, a leading non-residential indicator, softened in recent months



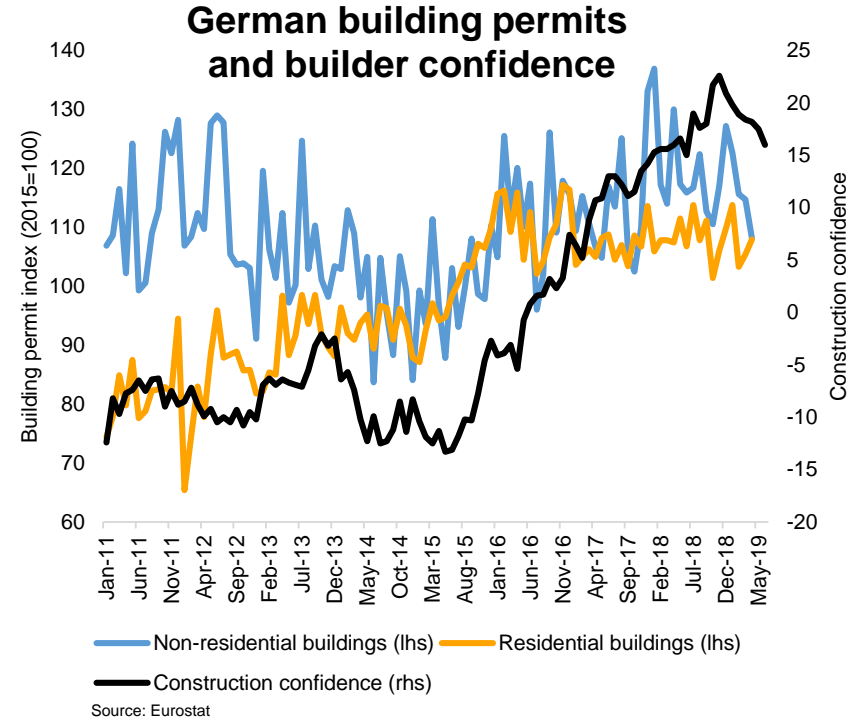
Source: Census Bureau, AIA, NAHB

Germany - Construction has performed better than other industries

Deteriorating manufacturer order books have further dampened business sentiment, while increased wages and low unemployment are sustaining consumer consumption

In the construction industry:

- Residential building permits are on par with 2018 levels, while non-residential permits are on a similar level
- Builder confidence has moderated since last summer, but remains near multi-decade highs
- Construction companies have reported significantly higher turnover compared to 2018

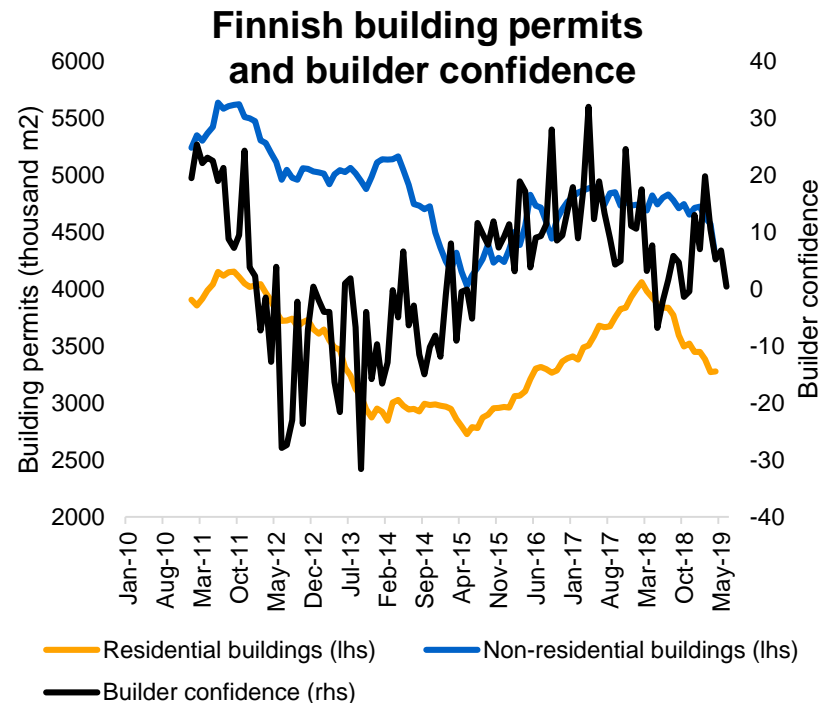


Finland - Construction activity is stable while leading indicators are weakening

Growth momentum in the economy has slowed as the effects of trade uncertainties and decreased consumer optimism have become more apparent in recent months

Within the construction industry:

- Permit levels in both residential and non-residential projects are trending downwards
- However, data through April indicates that construction turnover remained relatively stable compared to a year earlier
- Further, while builder confidence has fallen during the first half of the year, firms report solid building activity levels



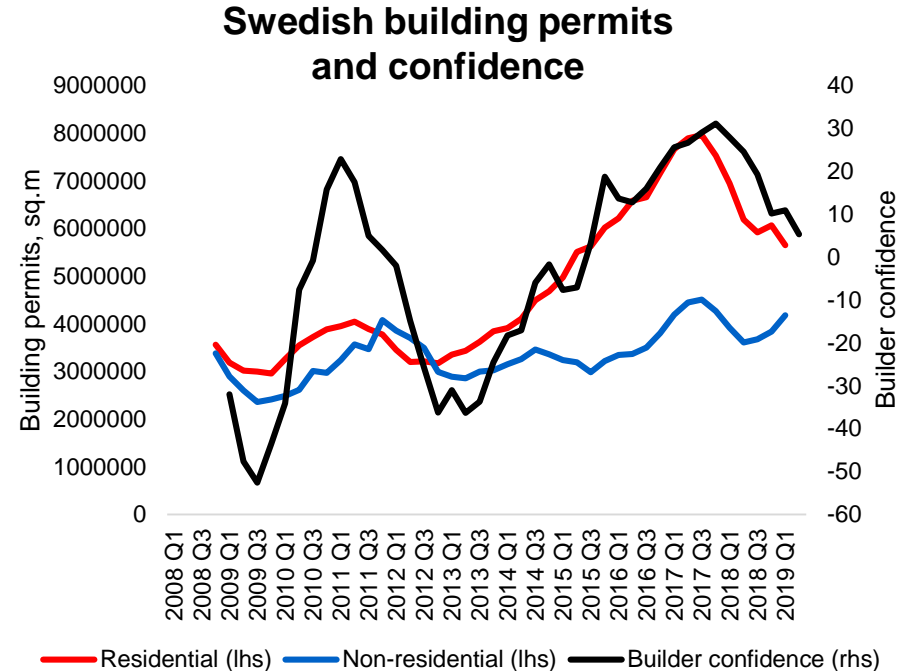
Source: Statistics Finland and Eurostat

Sweden - Increased civil engineering investments is helping to counter the residential slowdown

While the economy has continued to expand, cooling labour and housing markets have curtailed consumers' ability to drive growth at levels seen in previous years

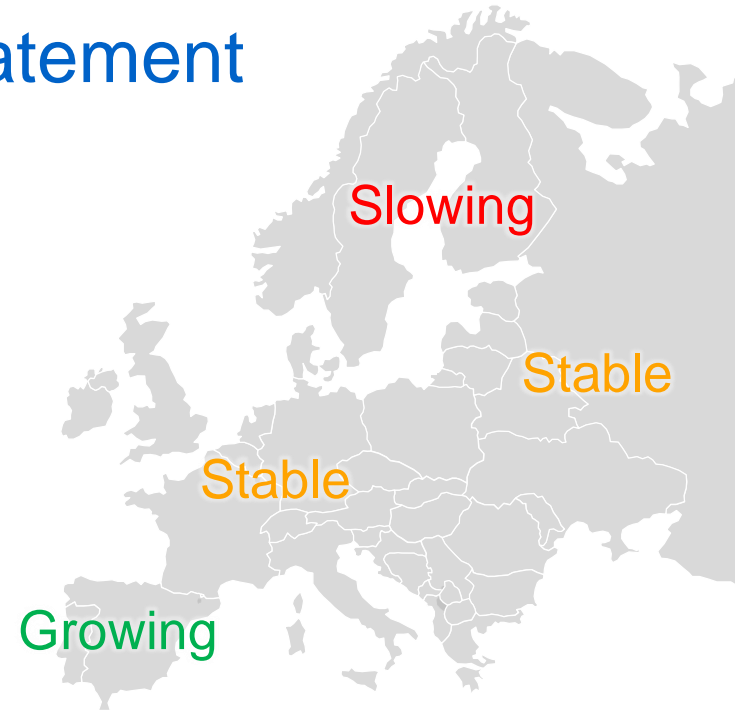
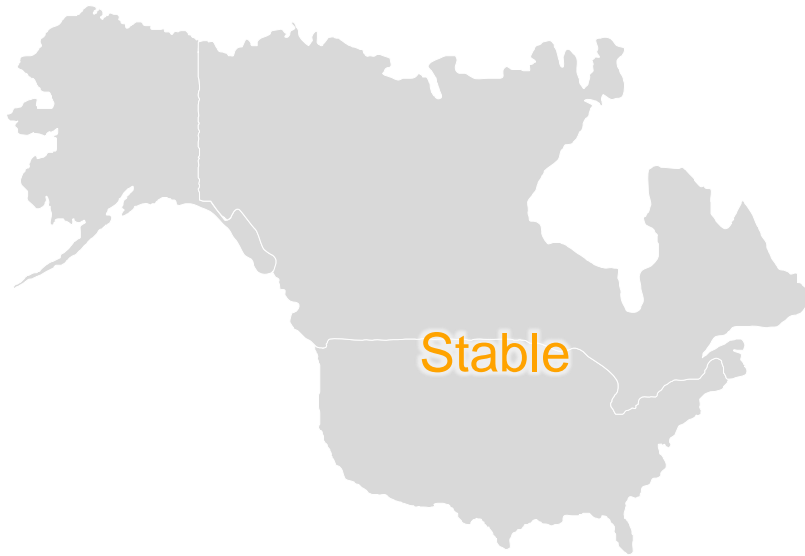
Within the construction industry:

- Building permits in the residential segment weakened again in Q1
- Significant investment in civil engineering projects has softened the impact of the slowing residential segment
- Builder confidence has continued to trend downward, with the exception of a positive jump in June



Source: Statistics Sweden and Eurostat

Market outlook and guidance statement



Uponor repeats its full-year guidance announced on 13 February 2019:

Excluding the impact of currencies, Uponor expects its net sales to reach the level of the year 2018 net sales excluding the divested Uponor Infra's North American business and Zent-Frenger (€1,107.7 million), and comparable operating profit to improve from the year 2018 comparable operating profit excluding the divested Uponor Infra's North American business and Zent-Frenger (€83.5 million).

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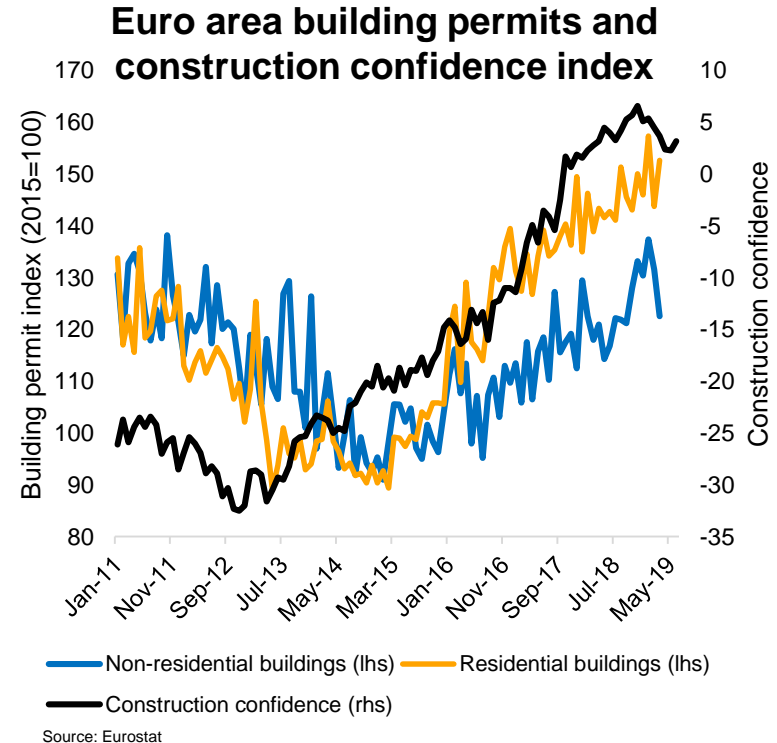
Appendix

Europe - Building permits are solid overall, but with significant differences across countries











Economic growth rates have slowed compared to recent years, with businesses across the continent increasingly reporting a challenging export environment

Within the construction industry:

- Building permit levels remained healthy overall in the first quarter of the year, with significant gains in Iberia helping to offset reduced permit levels in the Nordics and some countries in Central Europe
- Builder confidence has moderated from last autumn's 40-year high, principally driven by increased pessimism of builders in the UK and Sweden



Leading residential indicators: Many markets are moderating from multi-year highs

	Indicator	YTD % Change	Rolling 12-month % Change	Data through	Trend since Q1 update
 USA	Housing starts	+6% ¹⁾	N/A	June 2019	➡
 Finland	Housing permits	-15%	-17%	April 2019	➡
 Germany	Housing permits	-2%	-1%	April 2019	➡
 Sweden	Housing starts	-18%	-21%	March 2019	➡
 Denmark	Construction index	+0%	N/A	April 2019	➡
 Netherlands	Housing permits	-12%	-1%	April 2019	➡
 Canada	Housing starts	+0 ¹⁾	N/A	June 2019	➡
 Spain	Housing permits	+23%	+25%	April 2019	➡
 Norway	Housing starts	+11%	+0%	May 2019	➡
 Poland	Housing completions	+13%	+6%	May 2019	➡

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

Source: National Statistics Offices

Income statement

Apr-Jun 2019

Uponor Group, M€	4-6 2018	4-6 2019	Change Y/Y
Net sales	324.9	292.6	-9.9%
Cost of goods sold	217.6	195.0	-10.4%
Gross profit	107.3	97.6	-9.0%
Gross profit margin (%)	33.0%	33.4%	+0.3% pts
Other operating income	0.2	0.6	+177.8%
Expenses	79.6	72.9	-8.3%
Operating profit	28.0	25.3	-9.6%
Operating profit margin (%)	8.6%	8.6%	+0.0% pts
Financial expenses, net	2.7	3.2	+23.0%
Share of result in associated companies	-0.9	-1.0	-10.6%
Profit before taxes	24.4	21.1	-13.8%
Profit for the period	17.3	15.3	-11.6%
EBITDA	37.6	33.0	-12.4%

Income statement

Jan-Jun 2019

Uponor Group, M€	1-6 2018	1-6 2019	Change Y/Y	1-12 2018
Net sales	601.8	541.5	-10.0%	1,196.3
Cost of goods sold	401.3	357.6	-10.9%	795.5
Gross profit	200.5	183.9	-8.3%	400.8
Gross profit margin (%)	33.3%	34.0%	+0.6% pts	33.5%
Other operating income	0.3	1.2	+306.3%	16.4
Expenses	155.8	145.5	-6.7%	310.5
Operating profit	45.0	39.5	-12.0%	106.7
Operating profit margin (%)	7.5%	7.3%	-0.2% pts	8.9%
Financial expenses, net	4.4	6.6	+54.1%	8.5
Share of result in associated companies	-3.0	-2.0	+34.7%	-4.7
Profit before taxes	37.6	31.0	-17.8%	93.5
Profit for the period	26.5	22.4	-15.5%	63.2
EBITDA	64.2	59.7	-6.9%	149.2

Balance sheet

June 2019

Uponor Group, M€	30 Jun 2018	30 Jun 2019	Change Y/Y	31 Dec 2018
Property, plant and equipment	259.9	288.0	+28.1	258.3
Intangible assets	113.4	98.9	-14.5	101.0
Securities and long-term investments	26.8	23.3	-3.5	25.7
Inventories	158.4	163.2	+4.8	147.9
Cash and cash equivalents	32.1	13.2	-18.9	38.1
Other current and non-current assets	314.5	275.6	-38.9	215.6
Assets total	905.1	862.0	-43.1	786.6
Total equity	339.8	337.3	-2.5	353.6
Non-current interest-bearing liabilities	176.6	206.0	+29.4	175.6
Provisions	28.8	29.3	+0.5	30.2
Non-interest-bearing liabilities	286.1	257.3	-28.8	225.5
Current interest-bearing liabilities	73.8	32.1	-41.7	1.7
Shareholders' equity and liabilities total	905.1	862.0	-43.1	786.6

Why invest in Uponor

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

- Established brand with a proven historic growth, organically and through acquisitions
- Stable business with a track record of profitable performance, even during downturns
- An up-to-date production network from the production technology perspective, as well as regional spread
- Committed long-term key ownership with a clear understanding of the industry's dynamics

The business: Solutions for safe drinking water delivery, energy-efficient heating and cooling and reliable infrastructure

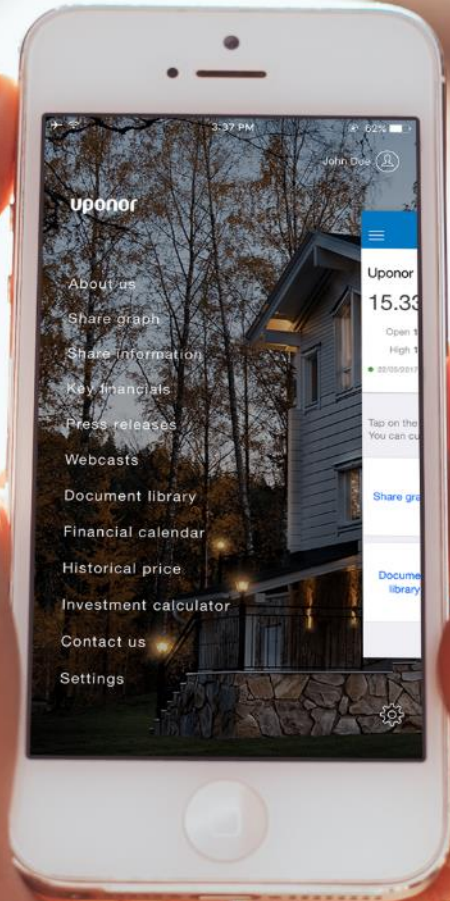
- A leading international supplier of plastic plumbing and hydronic radiant heating systems and a strong position in civil engineering pipe systems in northern Europe
- A proven track record of superior quality supported by product, system and value chain innovation that meets customer expectations
- Total offering committed to: Comfort, Health, Efficiency, Sustainability and Safety

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



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