

Q1

Interim report 2009

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Performance in Q1

29 April 2009

Jyri Luomakoski
President and CEO
Uponor Corporation

Summary of Q1/2009

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- The residential building markets have been weak and are expected to remain weak in all of Uponor's key markets in 2009
- Net sales clearly down from the reasonably strong Q1/2008; a change of -26.8%
- Uponor recorded an operating loss of EUR -1.0 million; a change of -20.3 million
- Uponor maintained reasonable cash flow as a result of active short-term cash and cost management



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	Indicator	% change YTD	Data through
Germany	Housing permits	-6%	December 2008
USA	Housing starts	-48%	March 2009
Finland	Housing permits	-59%	January 2009
Sweden	Housing starts	-20%	December 2008
Spain	Housing permits	-61%	December 2008
Netherlands	Housing permits	-3%	November 2008
Italy	Construction index	-2.1%	December 2008
Denmark	Housing starts	-24%	December 2008
Norway	Housing starts	-12%	January 2009
Canada	Housing starts	-36%	March 2009

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Slowdown in global economy and residential building affected net sales

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Net sales MEUR	1-3/2009	1-3/2008	Change, %
Uponor	171.0	233.8	-26.8
Building solutions – Europe	116.0	163.4	-29.1
Building solutions – North America	25.0	26.9	-7.0
(Building solutions – North America, USD)	32.3	41.0	-21.4)
Infrastructure solutions – Nordic	31.0	45.6	-31.8

- Negative development in key geographic markets continued
- Residential new build decline as prime cause; softer demand in public & commercial building and in infrastructure also affected
 - cold weather in Central Europe and plenty of snow in the Nordics may have impacted
- In Central Europe, commercial business maintained some of its strength
- Eastern Europe came to a sudden stop after strong decline started in Q4/08

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Lack of volume and idle capacity were the main reasons for weak profitability

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Operating profit MEUR	1-3/2009	1-3/2008	Change, %
Uponor	-1.0	19.3	-105.0
Building solutions – Europe	3.1	20.1	-84.5
Building solutions – North America	-3.2	-0.7	-346.1
(Building solutions – North America, USD)	-4.1	-1.1	-278.9)
Infrastructure solutions – Nordic	0.7	2.3	-70.8

- European segments recorded a positive operating profit, sustained mostly by Central European commercial business
- North America continues to suffer from weak markets and expenses related to strong marketing initiatives
- Nordic Infrastructure business suffered a clear drop from the very high Q1/2008 level

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Highlights Q1/2009

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- + Projects to reduce variable and fixed cost and to optimise inventory progressed in an encouraging way in Europe
- + Cash flow management continued to be a focus area yielding visible results
- + Strategic long-term initiatives are increasingly felt to have tail wind from mounting ecological consciousness amongst customers and consumers
- Steep decline in demand/supply volumes lead to lower capacity utilisation and lower output, while fixed costs can only be influenced in the medium/long-term
- Credit crunch limiting start of new projects, especially in public and commercial building
- Savings measures continued, also impacting personnel
 - 152 persons left Uponor during Q1

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References: Building Solutions - Europe

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EMT Madrid bus depot (Spain)

The most modern and ecological bus garage in Europe, to be equipped with Uponor's underfloor heating systems.

Bristol Social Housing contract (UK)

Uponor MLCP in central heating pipes on all social housing installations, project to continue for 3-5 years.



Waardenburg castle (Netherlands)

The 744 years old castle is renovated with Uponor's composite and gas piping and underfloor heating.

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References: Building Solutions - Europe

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Residential buildings in Bratislava (Slovakia)

This extraordinary setting for living comprises several terrace houses with Uponor's plumbing systems.

Ramundberget (Sweden)

The building utilises Uponor's underfloor heating system.



Messe Frankfurt (Germany)

Indoor climate in the new hall will be realised with Uponor's underfloor heating and cooling solution.



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PGA golf resort (Sweden)

The course, built on a very wet field, is equipped with Uponor's pipes and chambers for storm water and drainage.

Wal-Mart (Canada)

The Wal-Mart Supercentre has a number of sustainable features. Uponor provides radiant heating and cooling systems.



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Financial results

Jyri Luomakoski
President and CEO

Interim January – March 2009

Key figures

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MEUR	1-3 2009	1-3 2008	Change Y/Y	1-12 2008
Net sales, continuing operations	171.0	233.8	-26.8%	949.2
Operating profit, continuing operations	-1.0	19.3	-105.0%	51.2
Operating profit margin, continuing operations	-0.6%	8.3%	-8.8% pts	5.4%
Earnings per share (diluted), EUR	-0.05	0.19	-126.3%	0.99
Return on equity, % (p.a.)	-5.5%	20.0%	-25.5% pts	22.7%
Return on investment, % (p.a.)	-3.0%	20.6%	-23.6% pts	22.2%
Net interest bearing liabilities	141.7	216.5	-34.5%	60.6
Gearing, %	58.6%	91.9%	-33.3% pts	19.8%
Average number of employees, continuing operations	3,572	4,071	-12.3%	4,006
Number of employees, end of period, continuing operations	3,526	4,084	-13.7%	3,678

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Income statement

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MEUR	1-3 2009	1-3 2008	Change Y/Y	1-12 2008
Continuing operations				
Net sales	171.0	233.8	-26.8%	949.2
Cost of goods sold	111.1	145.8	-23.7%	607.4
Gross profit	59.9	88.0	-32.0%	341.8
- % of net sales	35.0 %	37.7 %	-2.6%	36.0 %
Other operating income	0.0	0.3	-77.1%	1.4
Expenses	60.9	69.0	-11.7%	292.0
Operating profit	-1.0	19.3	-105.0%	51.2
- % of net sales	-0.6 %	8.3 %	-8.8%	5.4 %
Financial expenses, net	4.2	0.5	+782.5%	10.2
Profit before taxes	-5.2	18.8	-127.6%	41.0
Profit for the period	-3.7	12.0	-131.1%	30.1
EBITDA	6.8	26.9	-74.6%	82.6

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Interim January – March 2009 Comments to income statement

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- Gross profit margin down due to inefficiencies in production

- Expenses down as planned and supported by cost reduction activities

- Financial income 0.5 MEUR, financial expense 2.0 MEUR, net FX differences 2.7 MEUR

- Tax rate 28.0%

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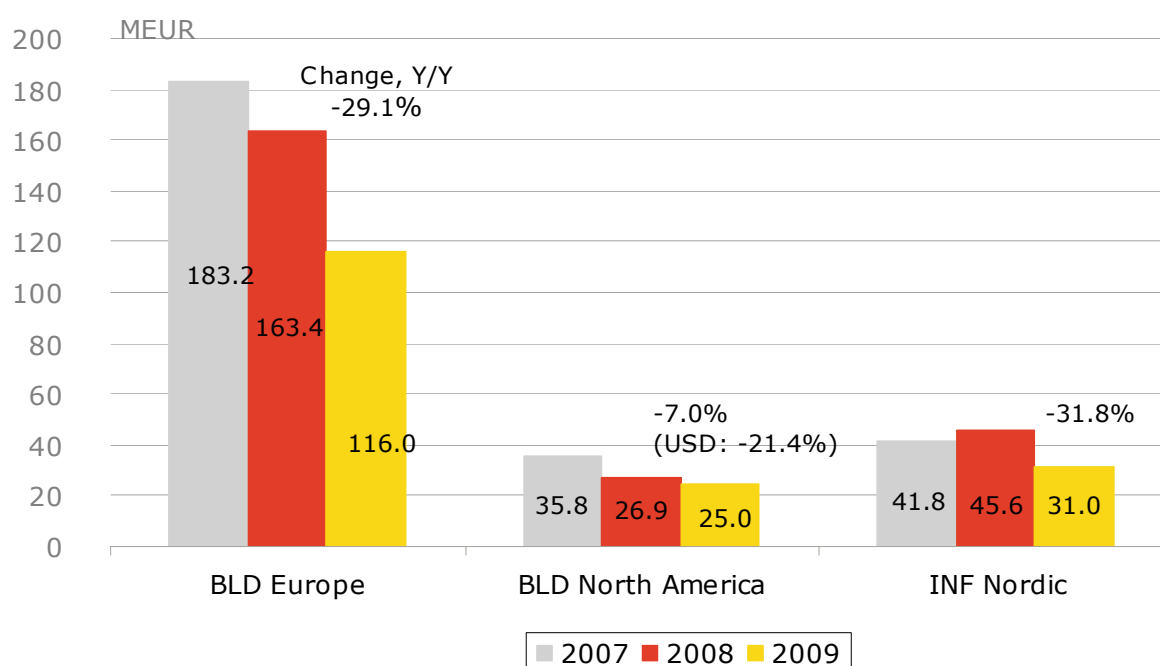
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Interim January – March 2009 Revenue development by segment

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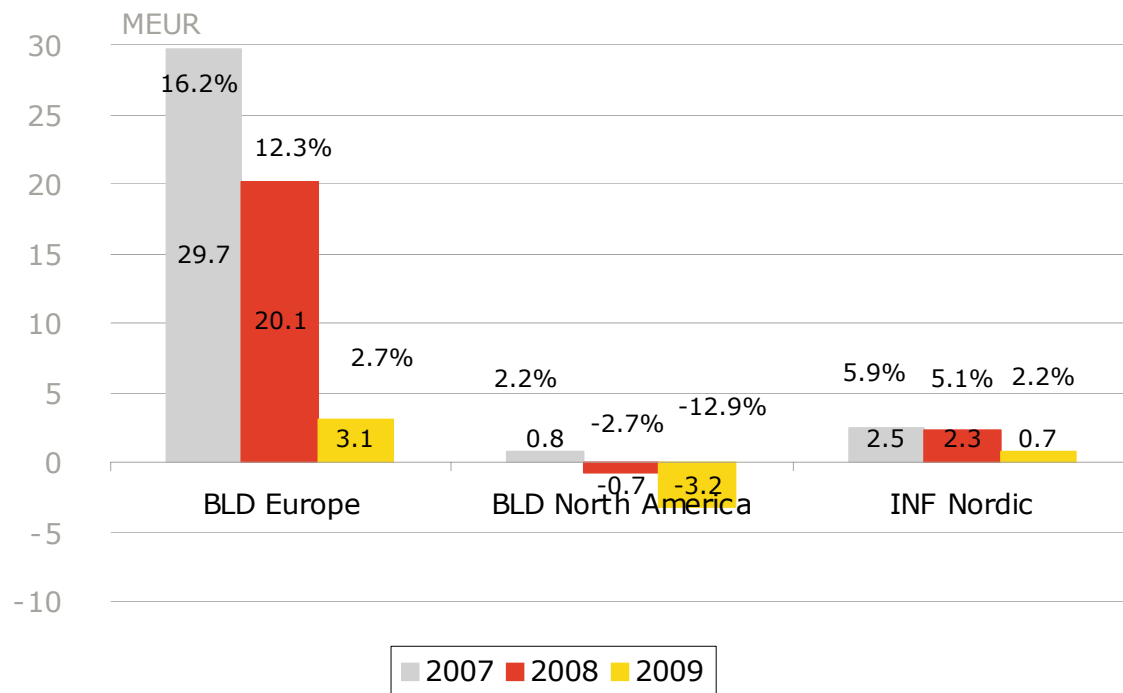
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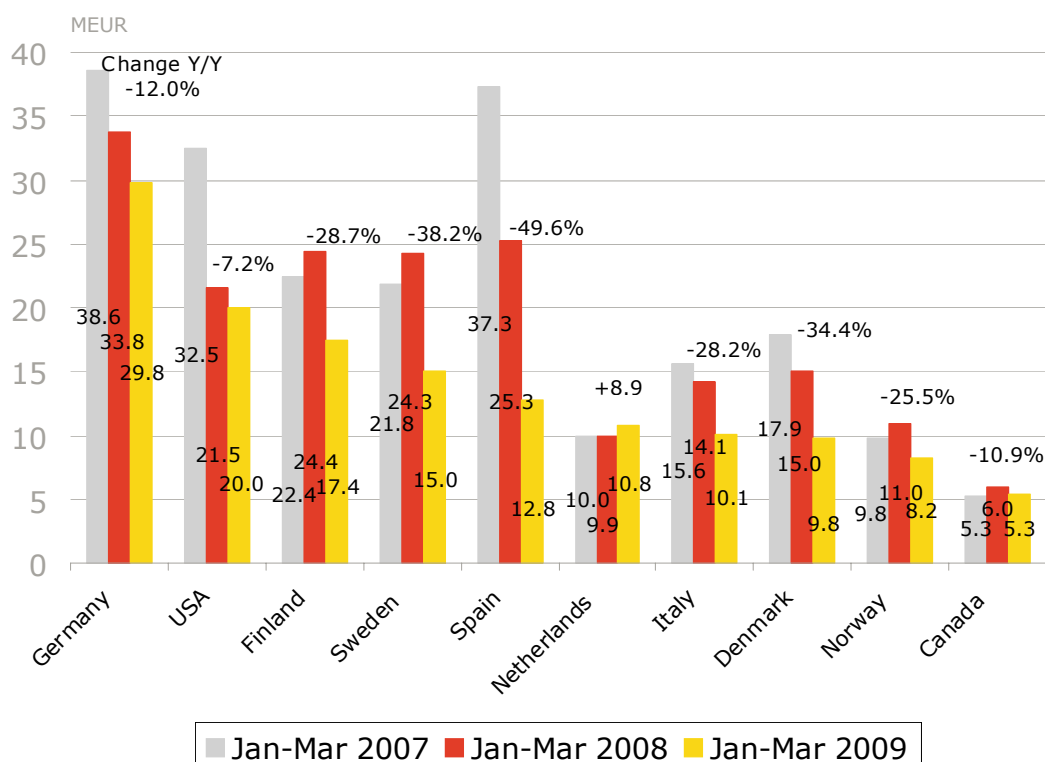
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Net sales development in 10 key national markets

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Interim January – March 2009

Balance sheet

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MEUR	31 Mar 2009	31 Mar 2008	Change Y/Y	31 Dec 2008
Property, plant and equipment	182.4	212.8	-30.4	184.5
Intangible assets	100.5	101.1	-0.6	101.3
Securities and long-term investments	6.6	3.4	+3.2	6.3
Inventories	100.7	148.4	-47.7	104.5
Cash and cash equivalents	33.7	12.9	+20.8	53.2
Other current and non-current assets	166.1	234.0	-67.9	145.1
Shareholders' equity	242.0	235.4	+6.6	305.6
Non-current interest-bearing liabilities	80.0	17.9	+62.1	77.0
Provisions	27.8	14.9	+12.9	30.0
Non-interest-bearing liabilities	144.8	232.9	-88.1	145.5
Current interest-bearing liabilities	95.4	211.5	-116.1	36.8
Balance sheet total	590.0	712.6	-122.6	594.9

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Cash flow

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MEUR	1-3/ 2009	1-3/ 2008	Change Y/Y	1-12/ 2008
Net cash from operations	3.7	31.6	-27.9	85.0
Change in NWC	-7.7	-38.8	+31.1	55.7
Net payment of income tax and interest	-10.0	-10.2	+0.2	-45.3
Cash flow from operations	-14.0	-17.4	+3.4	95.4
Cash flow from investments	-2.9	-8.2	+5.3	38.2
Cash flow before financing	-16.9	-25.6	+8.7	133.6
Dividends and buy backs	-62.1	-102.5	+40.4	-103.7
Other financing	+59.4	+134.7	-75.3	17.1
Cash flow from financing	-2.7	32.2	-34.9	-86.6
Change in cash and cash equivalents	-19.5	6.6	-26.1	46.9

- Cash flow from operations improved slightly
 - Net cash from operations down due to poor results
 - Active net working capital management visible in seasonally low spend into NWC
 - Capex down to 4.0 MEUR

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Outlook for the future

Short term focus remains intact

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- Cash flow management
- Cost management
- Creating new revenue opportunities

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- As a result of the difficult market situation, Uponor expects its net sales to remain below the 2008 level, and the profit for the year 2009 is expected to be positive.
- The Group's capital expenditure will not exceed depreciation in 2009, and with tight net working capital management, Uponor expects its cash flow to remain at a reasonable level



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Market update Q1/2009

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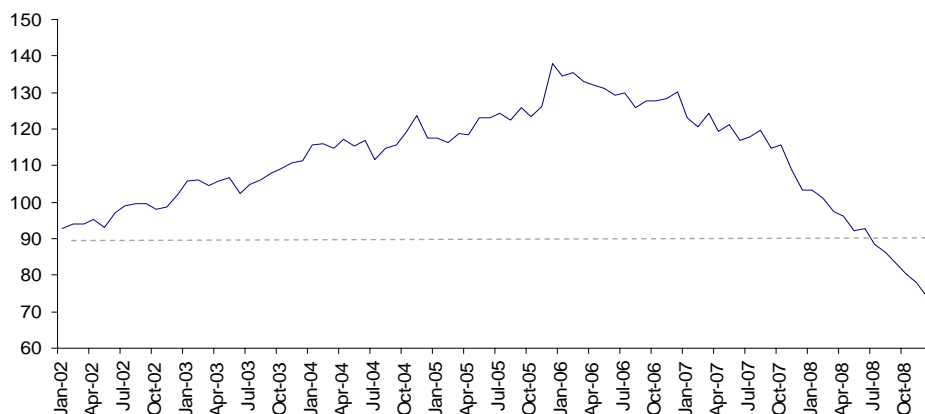
Western Europe

Western Europe: Residential

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- Leading construction indicators have continued to deteriorate.
- Eurostat's Building Permits Index shows that building permit activity continued to drop through the end of last year.

Residential Building Permits Index
(EU-27, seasonally adjusted)

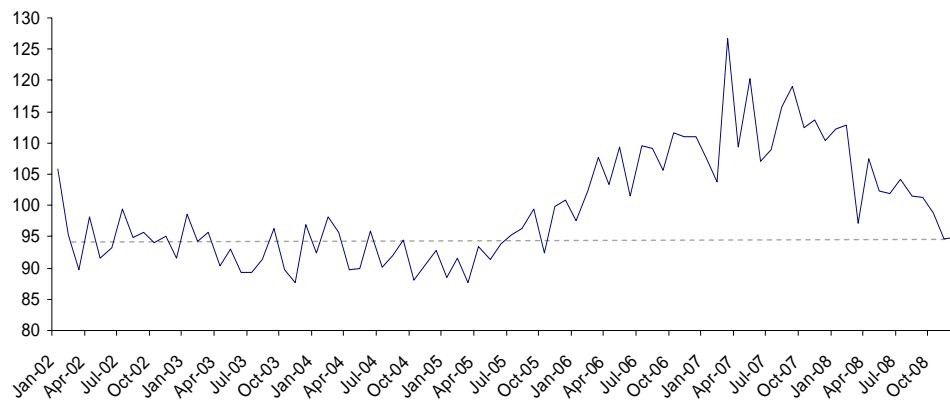


Source: Eurostat

- Permits for non-residential structures have continued to weaken.

Non-Residential Building Permits Index

(EU-27, seasonally adjusted)



Source: Eurostat

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Central Europe

- German Building Permits, December 2008 (compared to previous year):

	YTD	Month
Residential	-5.6 %	-13.8 %
Single houses	-6.7%	-10.3 %
Non-residential	+17.7 %	+0.7 %

Source: Statistisches Bundesamt

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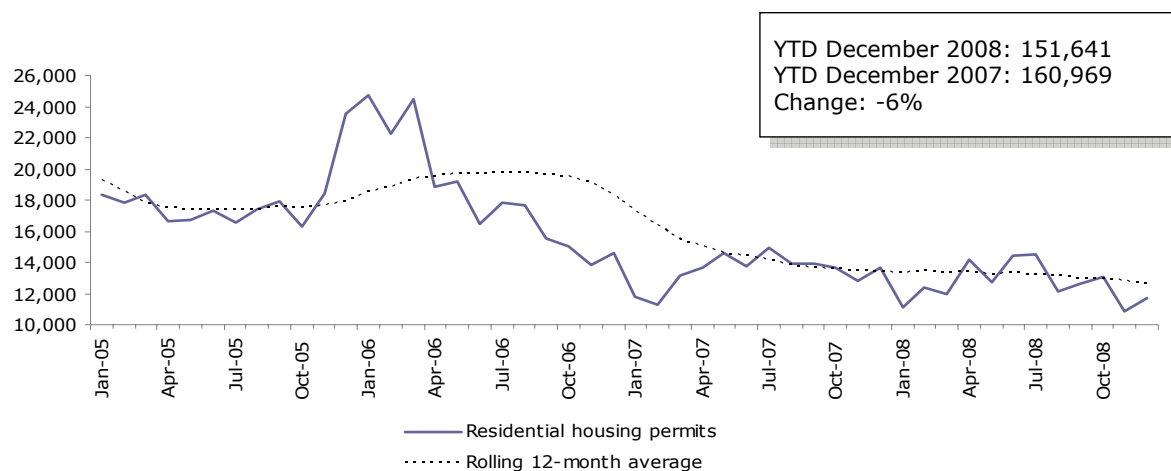
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Residential housing permits development in Germany

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Source: German Federal Statistic Office

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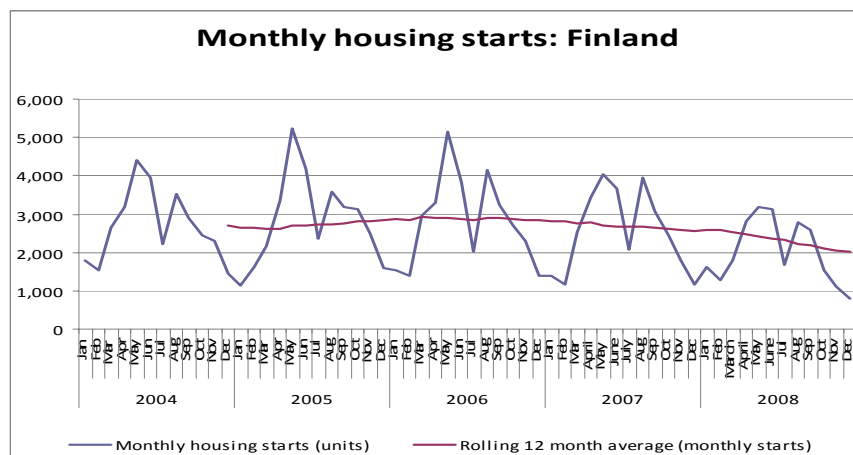
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Nordics

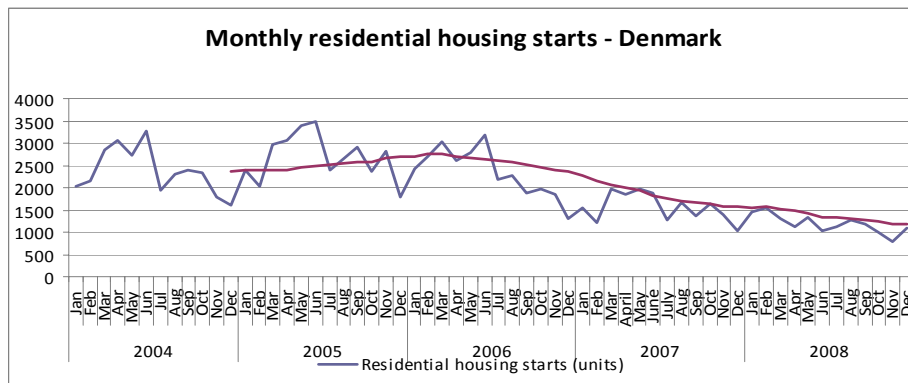
Finland

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- **Residential:** FY 2008 housing starts were down 21% from 2007, to 24,353 units.



- **Residential:** Housing starts for FY 2008 were down 24% from 2007, to 14,282 units.



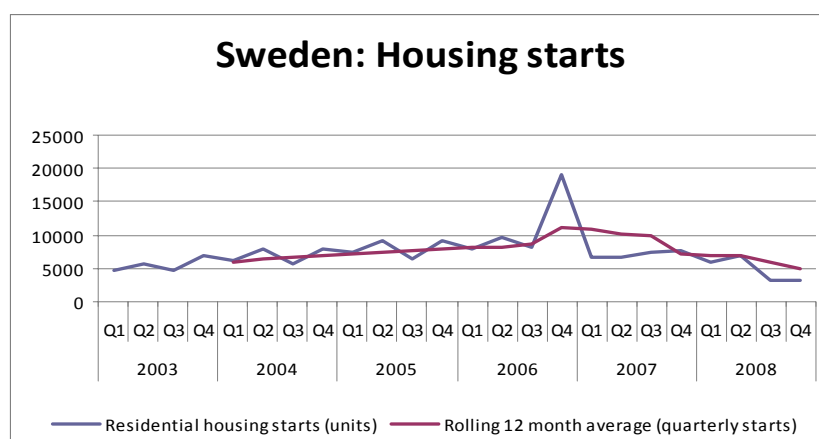
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- **Residential:** Housing starts for FY 2008 were down 32% from 2007, to 19,500.



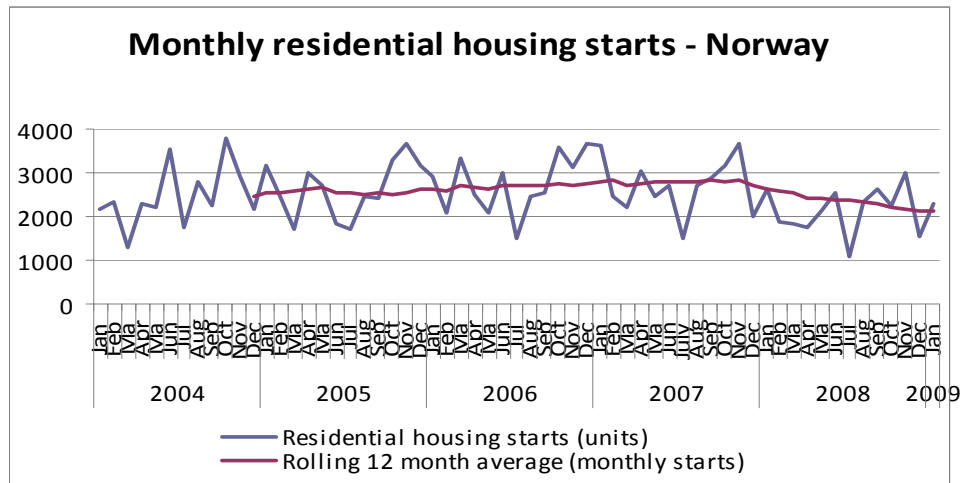
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- Housing starts for FY 2008 were down 21% from 2007 to 25,630.



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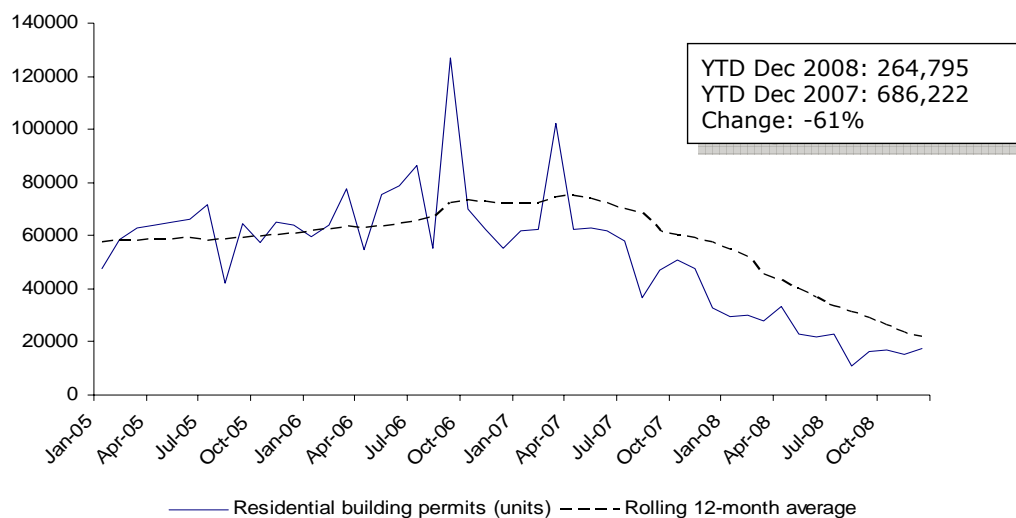
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**South, West Europe
- Spain, UK & Italy**

Residential housing permits development in Spain



Source: INE

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South, West Europe

• Spain:

- The building permits in Q4 08 came down 62% from previous year to 49,000.

• UK:

- The National House-Building Council received only 14,537 applications for housing starts in the three months to February, 59% lower than in the same period a year ago. The private sector continues to be the worst affected with the public sector being increasingly relied on for work during the downturn.

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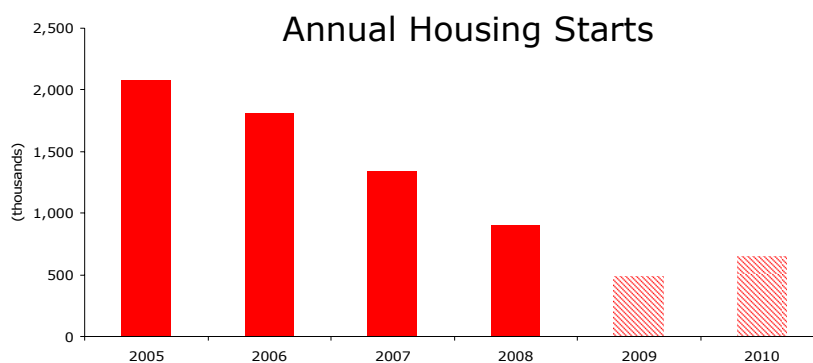
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USA

USA

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- Housing starts have continued to fall. Starts decreased in March to a seasonally-adjusted annualised rate of 510,000 units, down 10.8% from the February rate of and 48.4% below the March 2008.
- Full-year forecasts now predicting 500-600 thousand starts, down from 903,000 in 2008.



Source: NAHB

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