



Financial statements 2012 briefing

Jyri Luomakoski
President and CEO
Uponor Corporation

1-12

Q4/2012 in summary

Northern Europe

- Subdued construction activity in building and civil engineering markets
- Baltic markets picking up

Central Europe

- The German construction market remains fairly upbeat
- Volatility in other markets











Southern Europe

- Economies continue to contract

North America

- Sustained recovery for six consecutive quarters in the USA
- Signs of slowing down in Canada

Leading indicators in major markets

	Indicator	% change YTD	Data through	Trend since Q3 update
Germany	Housing permits	+7%	November 2012	
USA	Housing starts ¹⁾	+37%	December 2012	
Finland	Housing permits	-11%	November 2012	
Sweden	Housing starts	-28%	Q3 2012	
Norway	Housing starts	+8%	November 2012	
Canada	Housing starts ¹⁾	-1%	December 2012	
Denmark	Housing starts	-22%	September 2012	
Netherlands	Housing permits	-33%	October 2012	
UK	Housing starts ²⁾	-14%	Q3 2012	
Spain	Housing permits	-44%	October 2012	

¹⁾ Seasonally adjusted, annualised rate vs. same month in 2011; ²⁾ England only

Q4/2012: Improving performance despite weak markets

Q4/2012	10-12/2012	10-12/2011	Change
Net sales	189.6	197.0	-3.8%
Operating profit	10.2	-3.0	438.4%

- **Net sales:**

- Impact of Hewing divestment and slow European markets
- North American business continued lively
- Caution impacted year-end inventory levels

- **Profits:**

- Positive gross profit development continued
- Building Solutions showed a positive trend both in Europe and North America
- Falling volumes impacted Infrastructure Solutions
- 2011 figures contained non-recurring items at €10.5m

1-12/2012: Solid progress throughout the year

FY 2012	1-12 / 2012	1-12 / 2011	Change
Net sales	811.5	806.4	0.6%
Operating profit	57.7	35.4	63.0% (25.8%*)
- OP margin	7.1%	4.4%	* Excluding non-recurring items

- **Net sales:**

- Impact of Hewing divestment and weak markets in most of Europe
- Steady growth in North America
- Flat development of the Infrastructure business

- **Profits:**

- Strong gross profit due to higher N.A. volumes and better margins
- Favourable development, both reported and organic

Developments by business group: Plumbing Solutions

- Strengthened plumbing value proposition
 - construction efficiency, hygiene and sustainability
- RTM system sales growing up, contributing to MLCP system sales
 - launched successfully in some new markets like France or Austria
- Introduced more than 10,000 Q&E tools in Europe, increasing the convenience and profitability of the Q&E system
- Introduced a new Q&E ring in the Nordic markets, improving the performance in low temperatures
- Increased significantly the plumbing business in several countries, such as England, Russia, Switzerland or Norway

Developments by business group: Indoor Climate Solutions

- Focus in the residential underfloor heating business was on streamlining system offering
 - launch of updated controls, further development of the self-attaching underfloor heating line
 - first steps towards providing an integrated energy-efficient residential indoor climate solution through the launch of a free ground coupled cooling solution for single family homes
- In the non-residential indoor climate field specific attention was put on rolling out the TABS business in new market areas in Europe
 - good progress in France and Switzerland, and first steps for market introduction in Russia were also taken
 - TABS roll-out supported by an extensive study on its life cycle cost and energy efficiency benefits

* TABS = Thermally Active Building Systems

Developments by business group: Infrastructure Solutions

- Focus on innovation, not only in product development but also in processes and technologies, helped strengthen the position in the market place
 - About 25% of sales comes from new product development made during the past four years
- New technologies have helped improve systems and also production processes as well as items in stock
- Initiated new WCO project in supply chain/operations development to further increase efficiency

Developments in key geographies

Central Europe

- Sustained German market
- Integration of project business

East Europe and International Sales

- Sales in Russia and Baltics pick up
- Further steps to penetrate China/Asia

Southwest Europe

- Further weakening of markets in SW Europe, especially Iberia and Italy
- Uponor successful in utilising market opportunities in France and the UK

Developments in key geographies

Nordic countries

- Focus on new application areas such as ventilation, sprinkler, multilayer, and cooling while maintaining positions in heating and plumbing
- Reduced new residential building had a negative impact on sales
 - Growth in multilayer pipe business we supported by the trend of switching from metal/copper solutions into plastic/multilayer solutions

North America

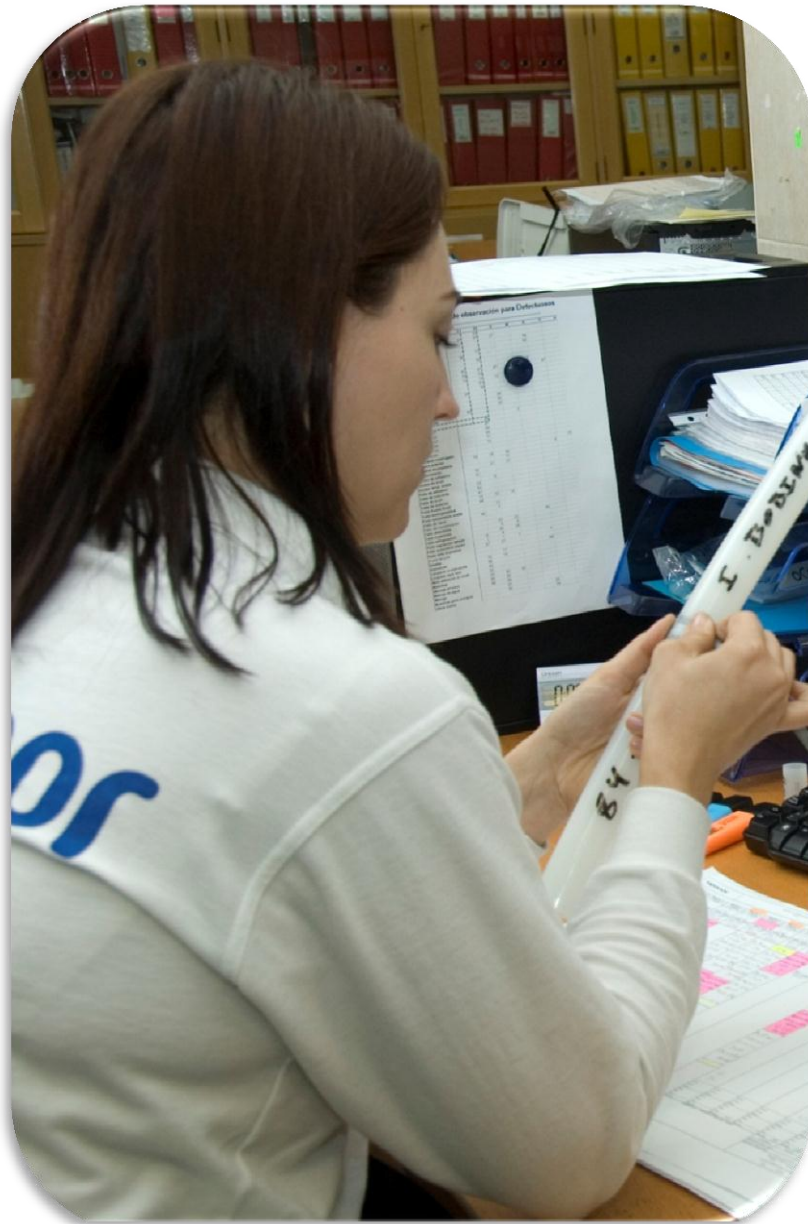
- Shift of focus to utilise opportunities in the 'resi-mercial' markets
- Focus on key commercial markets and clients
- Take advantage of residential plumbing business by building on partnerships, builder relationships, and unique system advantages
- Sustainability

Infrastructure Solutions

- Focus on introducing new offerings in all countries
 - Improved positions in Sweden and Denmark

Highlights of 2012

- + Agreement on the infrastructure solutions joint-venture with KWH Group, currently waiting for approval
- + Recovery of the US building markets
- + Resilient German market to support subdued Europe
- + The success of Plumbing solutions due to renovation demand and new product offerings
- Slow progress in Indoor Climate as a result of subdued new-build market



Financial statements Q4 and FY/2012

Riitta Palomäki
CFO
Uponor Corporation

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Interim January – December 2012

Key figures

M€	1-12 2012	1-12 2011	Change Y/Y
Net sales, continuing operations	811.5	806.4	+0.6%
Operating profit, continuing operations	57.7	35.4	+63.0%
Operating profit margin, continuing operations	7.1%	4.4%	2.7% pts
Earnings per share (diluted), €	0.45	0.03	+1400.0%
Return on equity, % (p.a.)	15.5%	0.7%	14.8% pts
Return on investment, % (p.a.)	16.7%	11.0%	5.7% pts
Net interest bearing liabilities	94.1	84.1	+11.9%
Gearing, %	44.8%	39.3%	5.5% pts
Net working capital of Net sales, % (p.a.)	9.9%	7.0%	+42.0%
Average number of employees, continuing operations	3,098	3,288	-5.8%
Number of employees, end of period, continuing operations	3,052	3,228	-5.5%

October – December 2012

Income statement

M€	10-12 2012	w/o non- recurring items 10-12 2011	Change Y/Y	Reported 10-12 2011
Continuing operations				
Net sales	189.6	197.0	-3.8%	197.0
Cost of goods sold	117.4	127.0	-7.6%	127.0
Gross profit	72.2	70.0	+3.1%	70.0
- % of net sales	38.1%	35.5%	+2.6% pts	35.5%
Other operating income	0.1	1.0		1.0
Expenses	62.1	63.6	-2.4%	74.0
Operating profit	10.2	7.4	+37.8%	-3.0
- % of net sales	5.4%	3.8%	+1.6% pts	-1.5%
Financial expenses, net	1.5	4.1	-63.4%	13.3
Share of result in associated companies	0.2	-		-
Profit before taxes	8.9	3.3	+169.7%	-16.3
Profit for the period	7.2	0.6		-21.0
EBITDA	17.2	16.0	+7.3%	5.6

- Comparable net sales flat versus Q4/2011
- Clear gross profit margin improvement (2.6% pts), as also in Q3/2012
- Non-recurring items in 2011: €10.5m in expenses and €11.1m in taxes and financial expenses

January – December 2012

Income statement

- **Organic growth** at 3.2%.

Impact of currencies +€18.7m or 2.4%

- **Gross profit margin**

clearly improved due to volume increase in North America and efficient price management

- **Expenses** up due to impact of currencies (+€6.3m). Increase in M&A costs and variable marketing costs offset by cost savings in subdued market areas

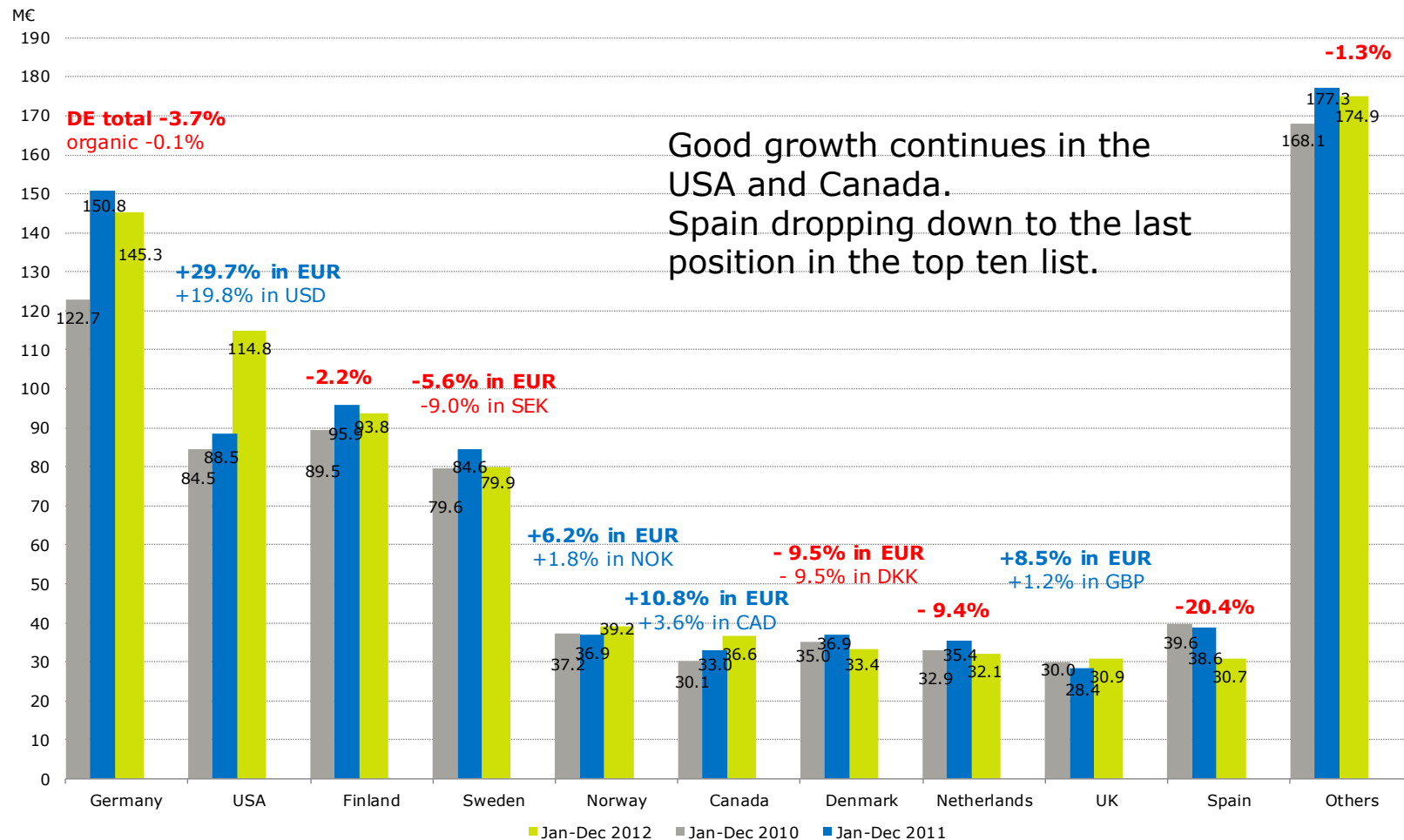
- **Financial expenses, net**

- Fin expenses €8.0m
- Fin income €1.3m
- Exchange differences, net +€1.9m

M€	1-12 2012	w/o non- recurring items 1-12 2011	Change Y/Y	Reported 1-12 2011
Continuing operations				
Net sales	811.5	806.4	+0.6%	806.4
Cost of goods sold	500.7	513.5	-2.5%	513.5
Gross profit	310.8	292.9	+6.1%	292.9
- % of net sales	38.3%	36.3%	+2.0% pts	36.3%
Other operating income	0.9	1.4	-37.1%	1.4
Expenses	254.0	248.4	+2.2%	258.9
Operating profit	57.7	45.9	+25.7%	35.4
- % of net sales	7.1%	5.7%	+1.4% pts	4.4%
Financial expenses, net	8.6	8.5	-1.0%	17.7
Share of result in associated companies	0.3	-		-
Profit before taxes	49.4	37.4	+32.5%	17.7
Profit for the period	32.9	23.5	+40.9%	1.9
EBITDA	85.9	75.3	+14.0%	64.8

January – December 2012

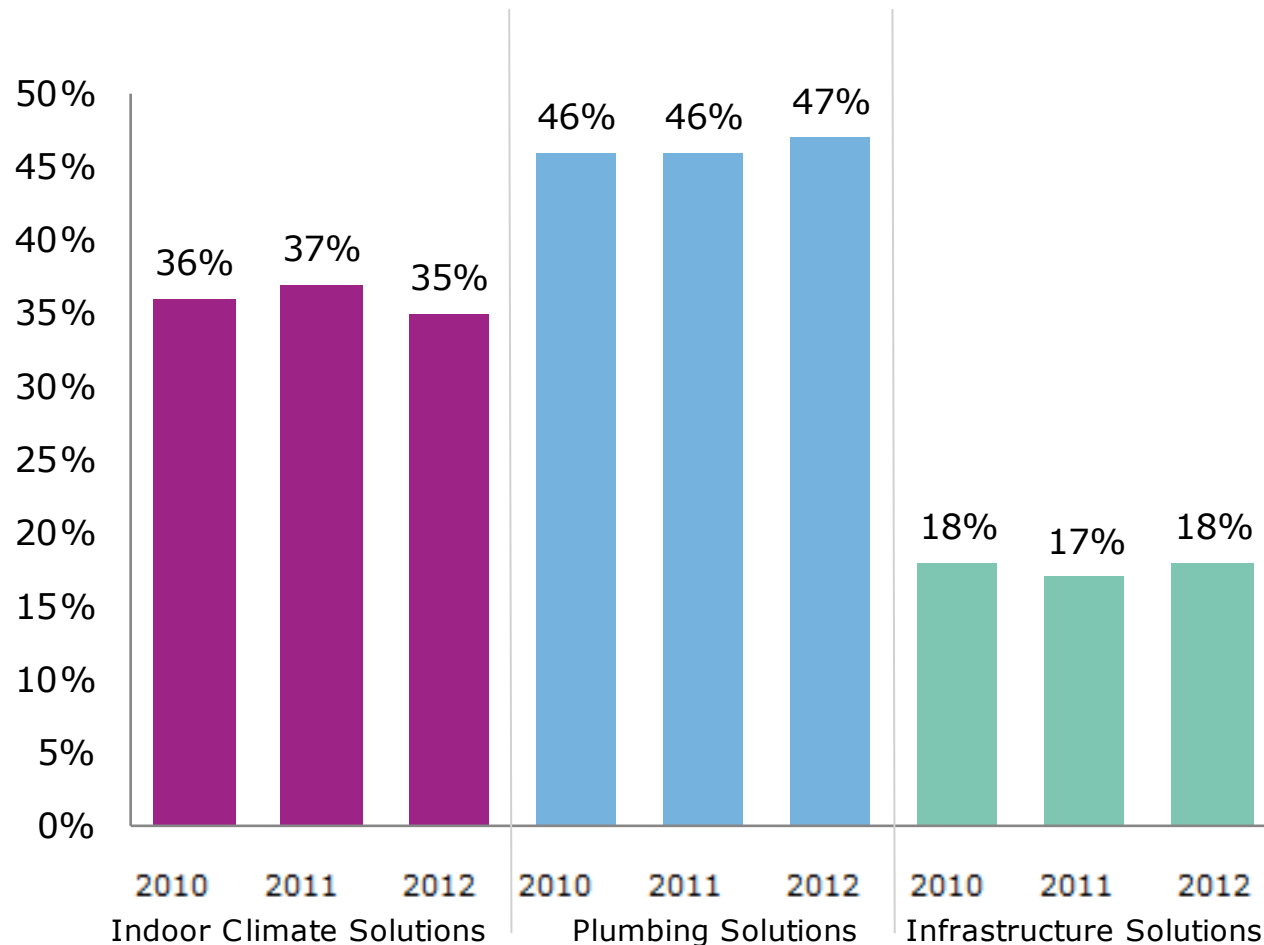
Net sales development by key markets



Note: Countries are sorted by FY2012 net sales

January – December 2012

Net sales by business group 2010-2012



In 2012 Plumbing Solutions' development was supported by healthy demand in the renovation and refurbishment segments of the market.

January – December 2012

Balance sheet

M€	31 Dec 2012	31 Dec 2011	Change Y/Y
Property, plant and equipment	152.4	161.6	-9.2
Intangible assets	93.7	97.3	-3.6
Securities and long-term investments	0.8	2.6	-1.8
Inventories	78.7	81.8	-3.1
Cash and cash equivalents	17.7	29.1	-11.4
Other current and non-current assets	155.2	142.6	+12.6
Total equity	209.9	212.1	-2.2
Non-current interest-bearing liabilities	107.6	110.2	-2.6
Provisions	20.6	22.0	-1.4
Non-interest-bearing liabilities	156.2	167.9	-11.7
Current interest-bearing liabilities	4.2	2.8	+1.4
Balance sheet total	498.5	515.0	-16.5

- Total assets down by €20.2m due to the Hewing divestment
- Current income tax receivables include €9.8m in income taxes paid due to the Finnish tax decisions in Dec 2011. The tax decisions are under dispute

January – December 2012

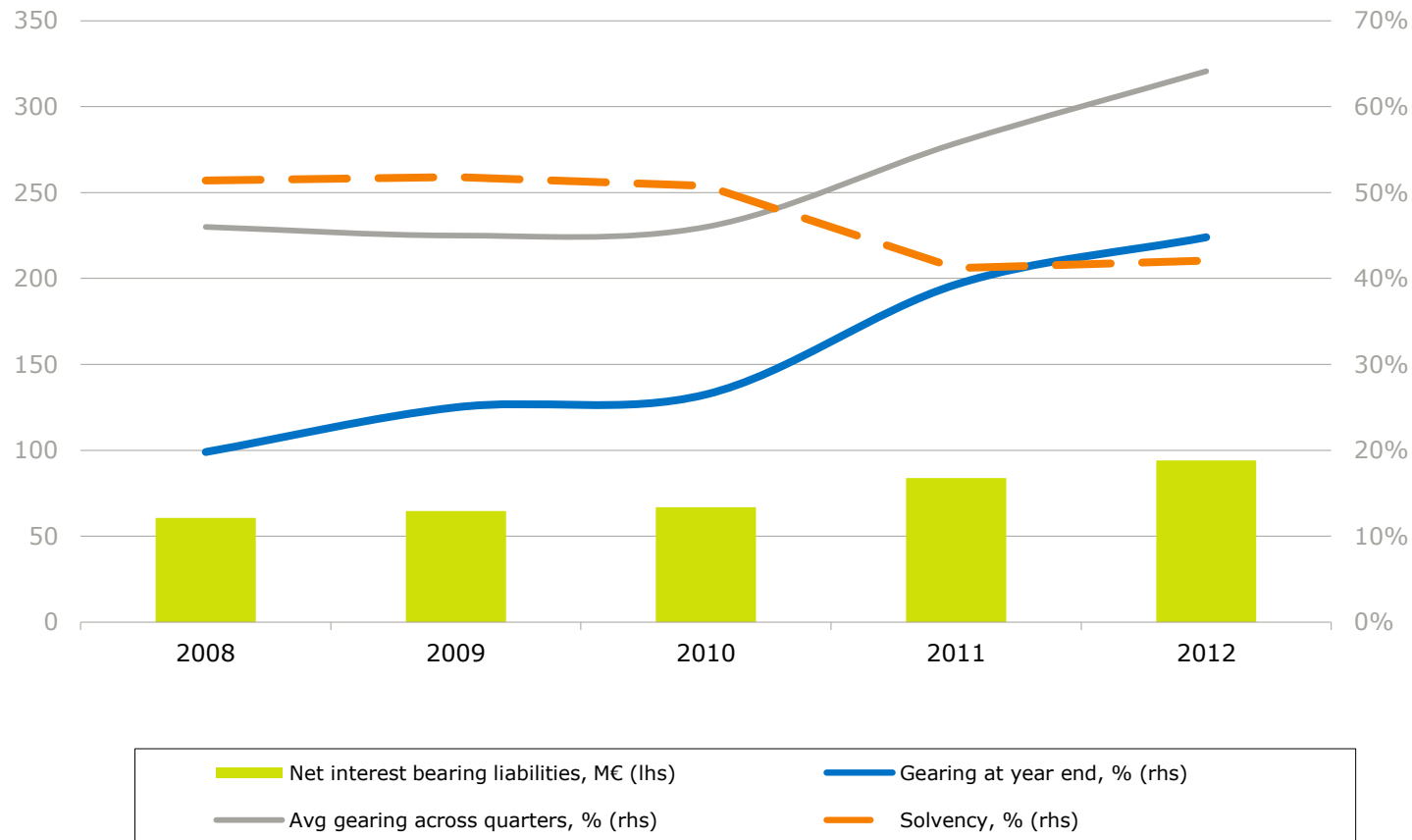
Cash flow

M€	1-12 2012	1-12 2011	Change Y/Y
Net cash from operations	+77.4	+66.8	+10.6
Change in NWC	-7.6	+12.4	-20.0
Net payment of income tax and interest	-37.1	-20.8	-16.3
Cash flow from operations	+32.7	+58.4	-25.7
Cash flow from investments	-10.2	-29.1	+18.9
Cash flow before financing	+22.5	+29.3	-6.8
Dividends and buy backs	-25.6	-40.2	+14.6
Other financing	-8.2	+28.1	-36.3
Cash flow from financing	-33.8	-12.1	-21.7
Change in cash and cash equivalents	-11.4	+17.2	-28.6

- Increase in income taxes paid in 2012 mainly related to the Finnish tax decisions at the end of 2011
- Cash flow from investments very low due to
 - Moderate investment level. Gross capex €19.2m, net capex €18.1m and
 - Net cash received from the Hewing divestment, €7.6m

January – December 2012

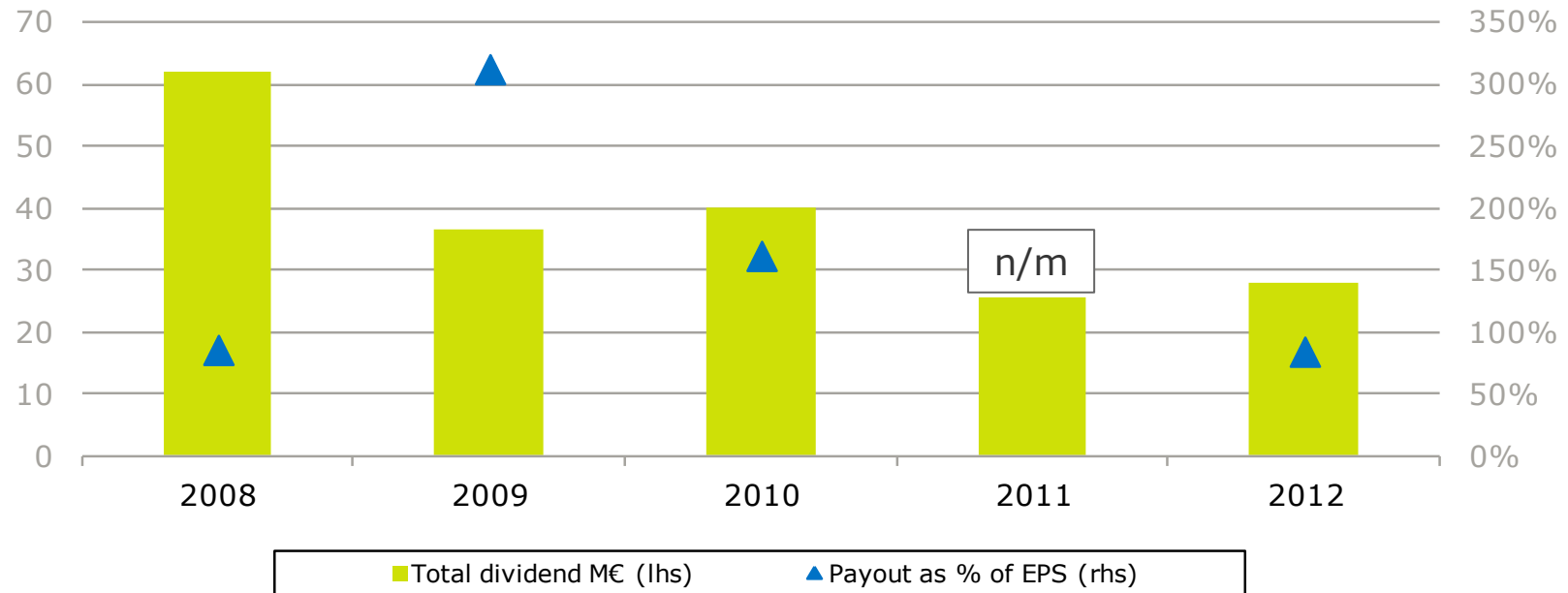
Capital structure development



Average gearing across quarters 64.0 – the long term target between 30 and 70

January – December 2012

Dividends and payout ratio



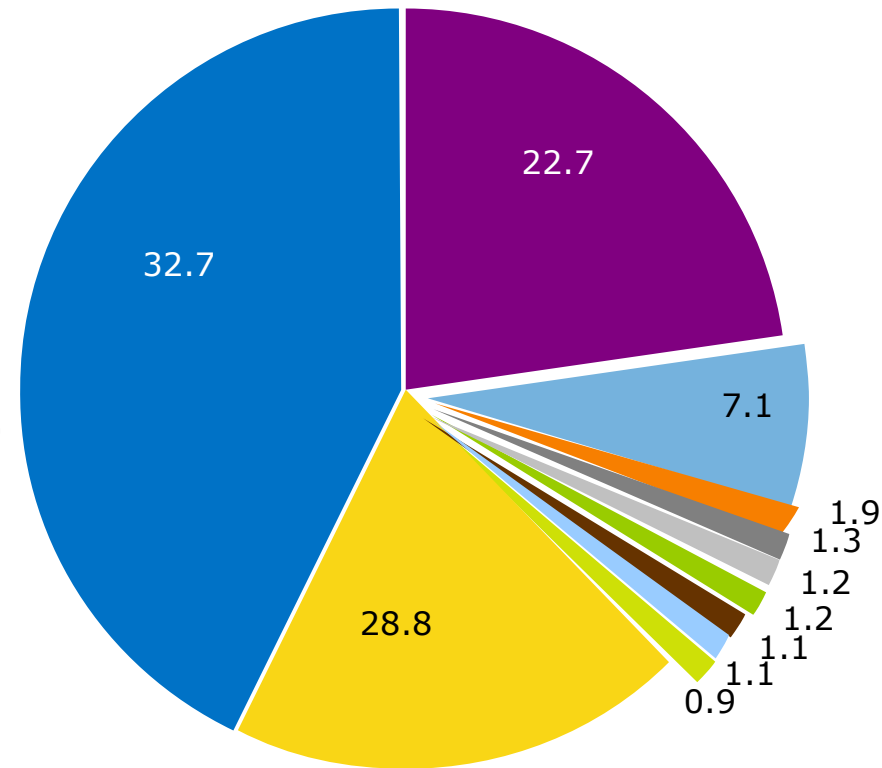
Board's dividend proposal for 2012: €0.38 per share

Major shareholders

31 December 2012

Major shareholders

- Oras Invest Ltd 22.7%
- Varma Mutual Pension Insurance Co 7.1%
- Ilmarinen Mutual Pension Insurance Co 1.9%
- Investment fund Nordea Nordic Small Cap 1.3%
- Nordea Nordenfonden 1.2%
- Investment fund Alfred Berg Finland 1.2%
- State Pension Fund 1.1%
- Sigrid Juselius Foundation 1.1%
- Aktia Capital Investment fund 0.9%
- Nominee registrations 28.8%
- Others 32.7%



- Share capital €146.4m
- Number of shares outstanding 73,066,566
- Number of shareholders 17,788



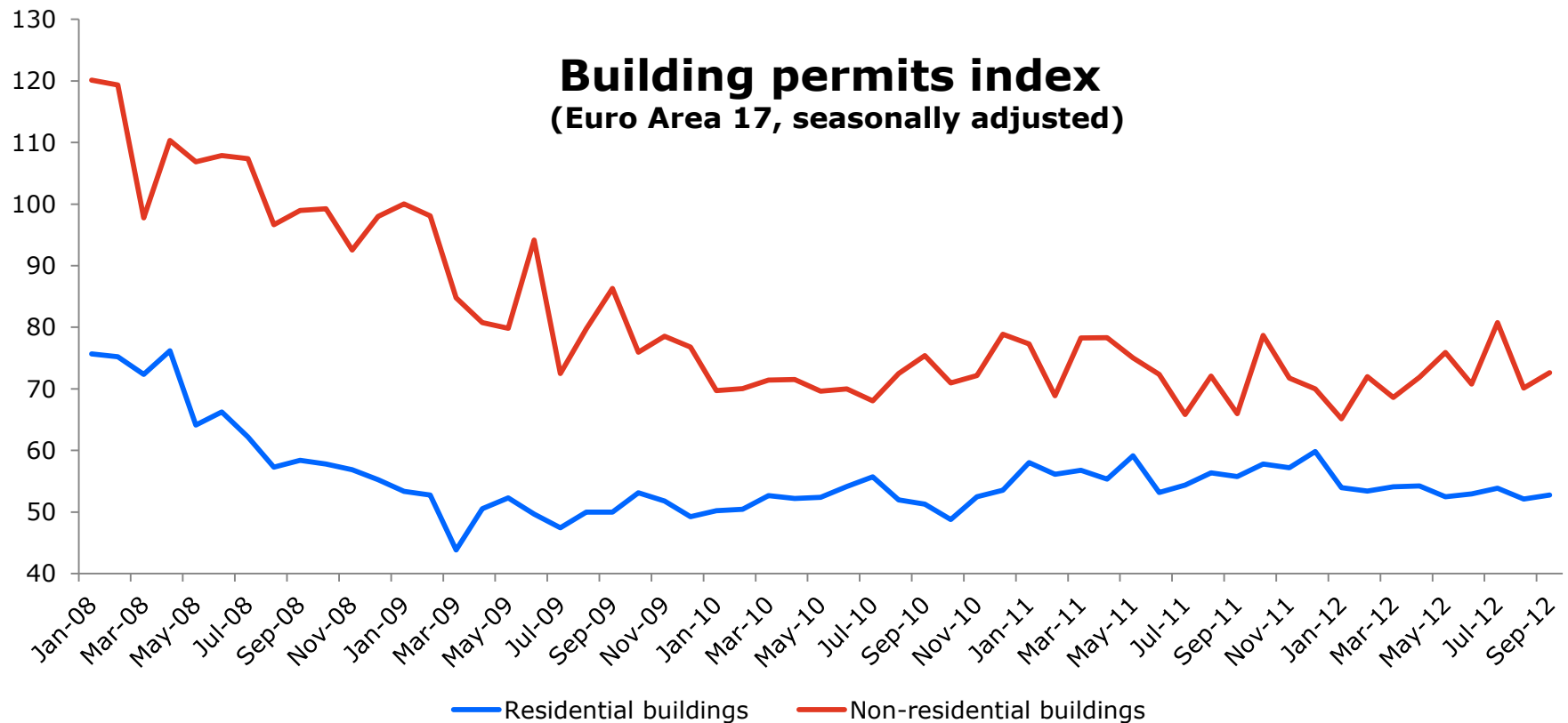
Outlook for the future

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Building permits in Europe

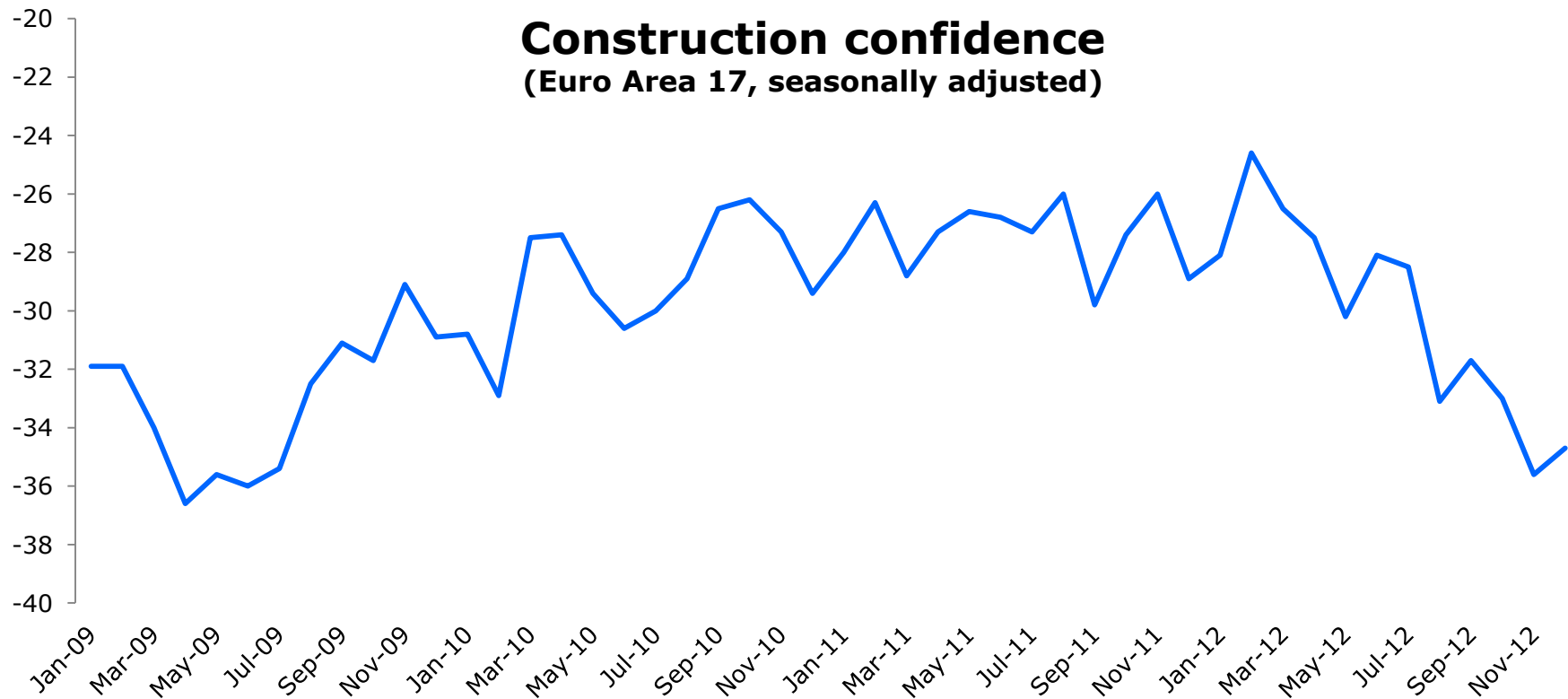
- Non-residential permits showed a positive, but small, improvement during the first nine months of the year. Residential permits have remained flat throughout the year.



Source: Eurostat (Base year = 2005)

Construction sentiment in Europe

- Construction confidence in the Euro Area clearly weakened throughout the year. The noteworthy exception was Germany, where sentiment has remained comparatively robust.



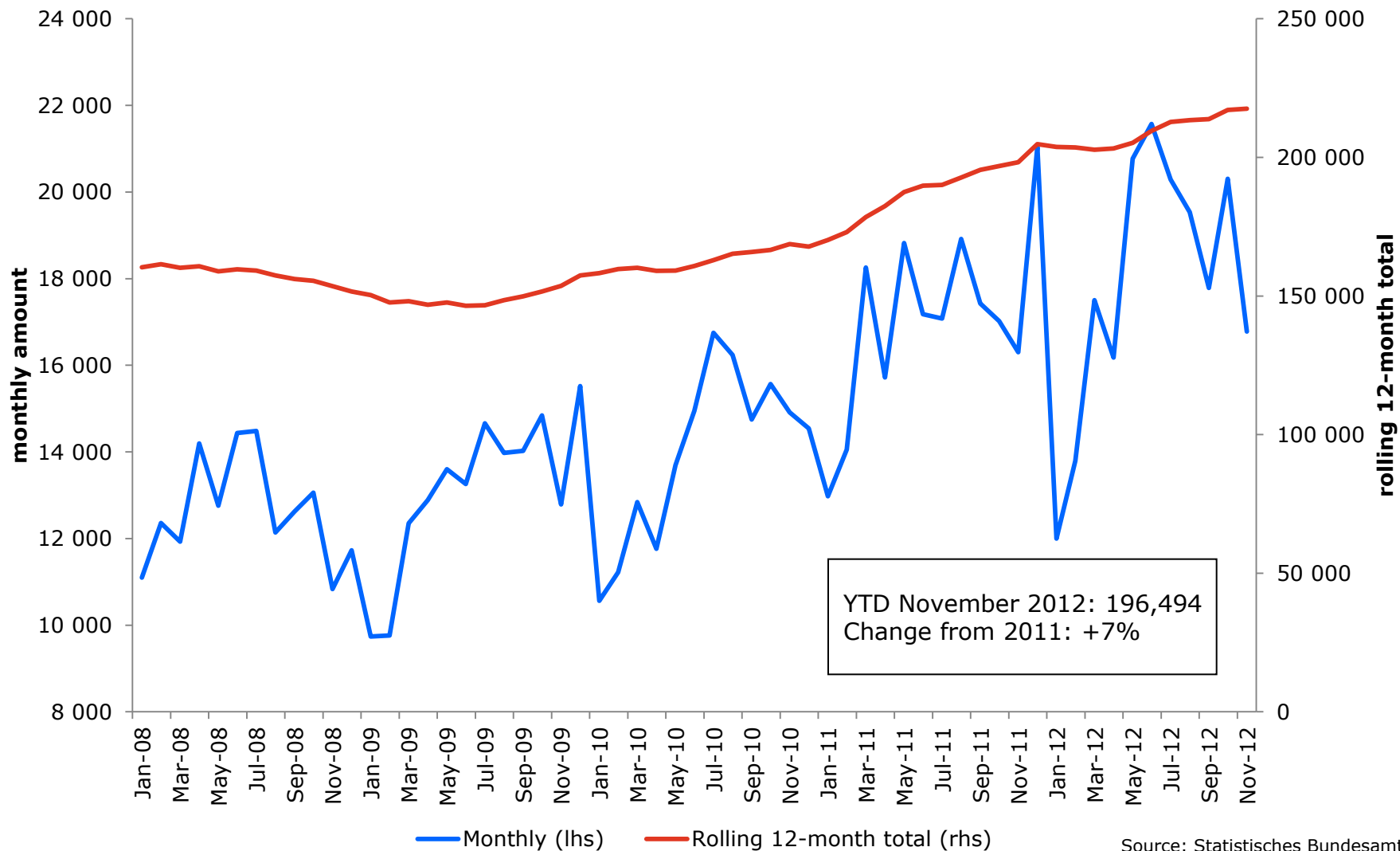
Source: Eurostat

Country overview - Germany

- The German economy contracted slightly in Q4, with both imports and exports falling notably.
- However, the construction industry has continued to post gains.
 - Construction sentiment has risen in each of the past three months, with business expectations especially positive.
 - Residential building permits and industry turnover continue to trend upwards.
 - Non-residential permits have remained on par with 2011, with construction of commercial and industrial premises especially strong.

Germany

Residential building permits in Germany

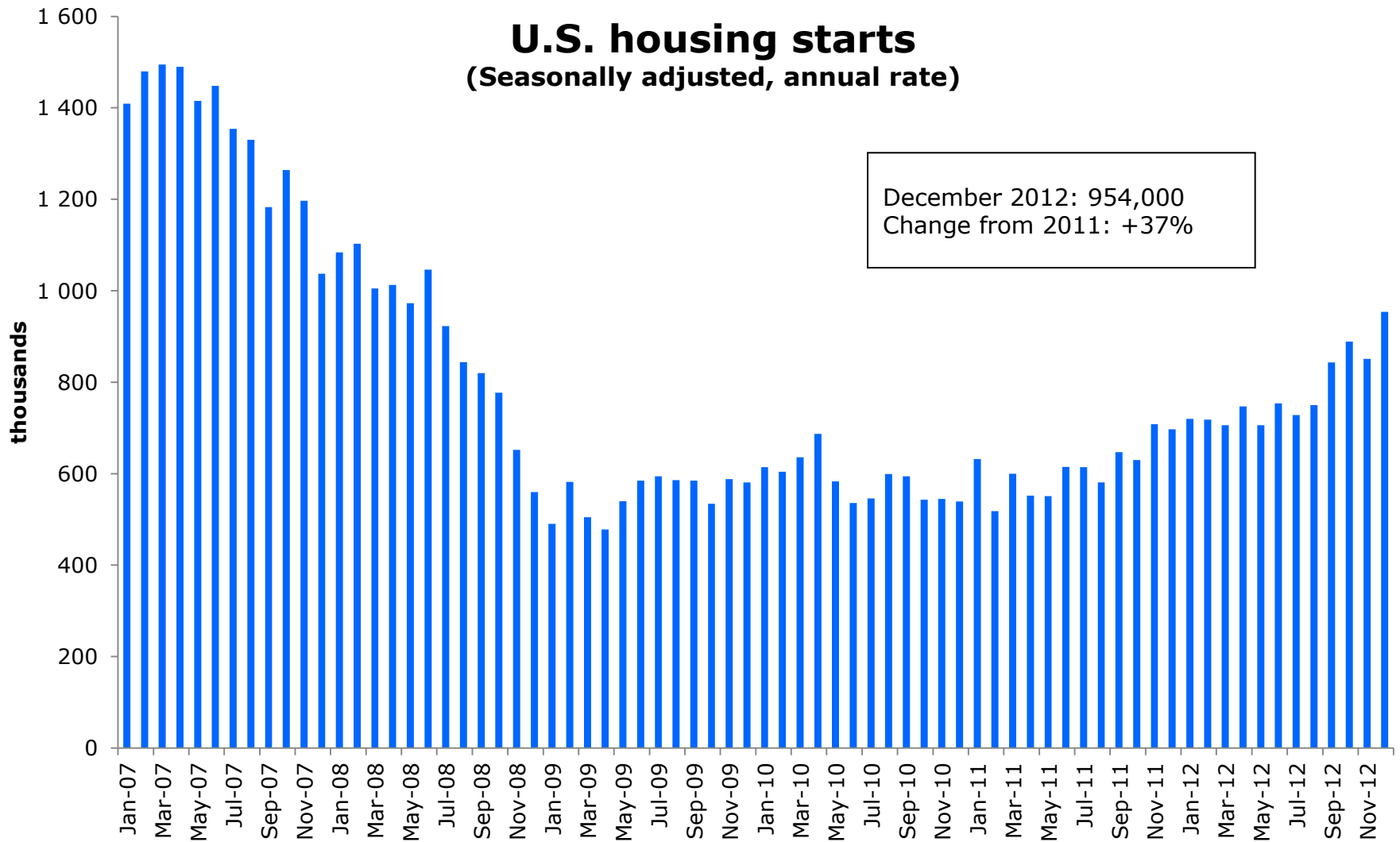


Source: Statistisches Bundesamt

Country overview - USA

- With the economy growing at a robust 3% rate in Q3, a fragile but real upturn seems to be taking hold.
 - The ongoing debate about the U.S. debt has, so far, not created enough uncertainty to stifle the recovery.
- The construction market has continued to make consistent gains.
 - Housing starts, construction spending, and home prices have all risen.
 - Sentiment in the residential segment has reached its highest level since April 2006.
- However, the current level of activity is subdued.
 - In terms of housing starts, 2012 was the fourth-weakest year since recordkeeping began in 1959, resulting in just half of the 50-year average of 1.5 million units.

USA



Source: U.S. Census Bureau

New long-term targets

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

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

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

Guidance for 2013

- The global economic environment continues to be fragile and uncertain, but in the shorter term the volatility seems to have subsided to some extent

Uponor's guidance for 2013:

Uponor expects its net sales and operating profit to show modest organic growth from 2012.

This guidance is based on the current business portfolio and organisational setup and on the company's anticipation that the external environment faces no major, unexpected changes.

uponor

simply more

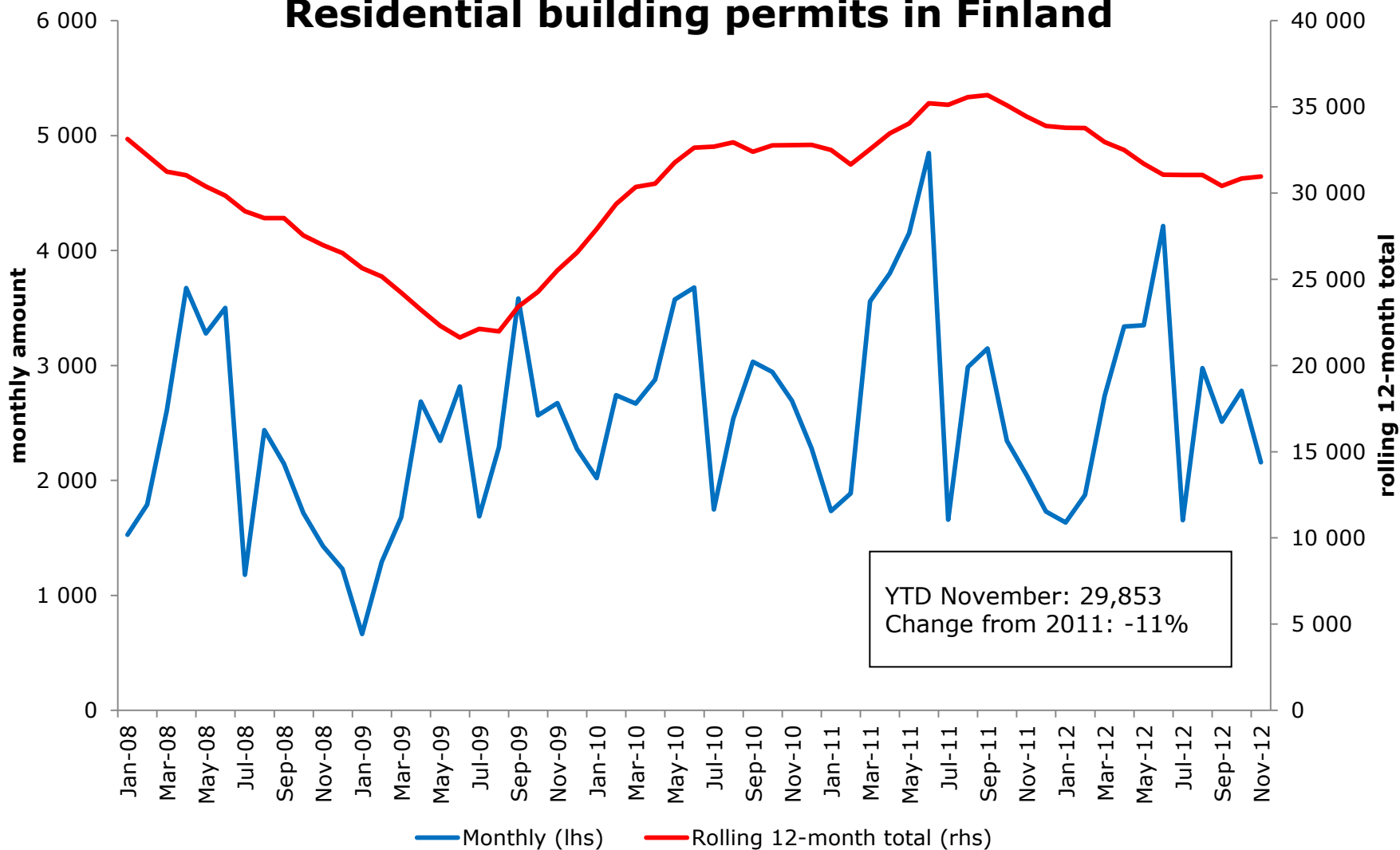
The text may contain forward-looking statements, which are based on the present business scope and the management's present expectations and beliefs about the future. The actual result may differ materially from such statements.

Country overview - Finland

- According to preliminary data, GDP declined in Q2 and Q3 2012, meeting the official criterion for recession.
- Sluggishness in the wider economy has impacted the construction industry.
 - Building activity in both residential and non-residential segments lagged behind 2011, with non-residential building clearly the weaker of the two.
 - Construction confidence trended lower throughout 2012, reaching a three-year low in December.
- Factors such as low interest rates and internal migration continue to provide some support for the industry.

Finland

Residential building permits in Finland

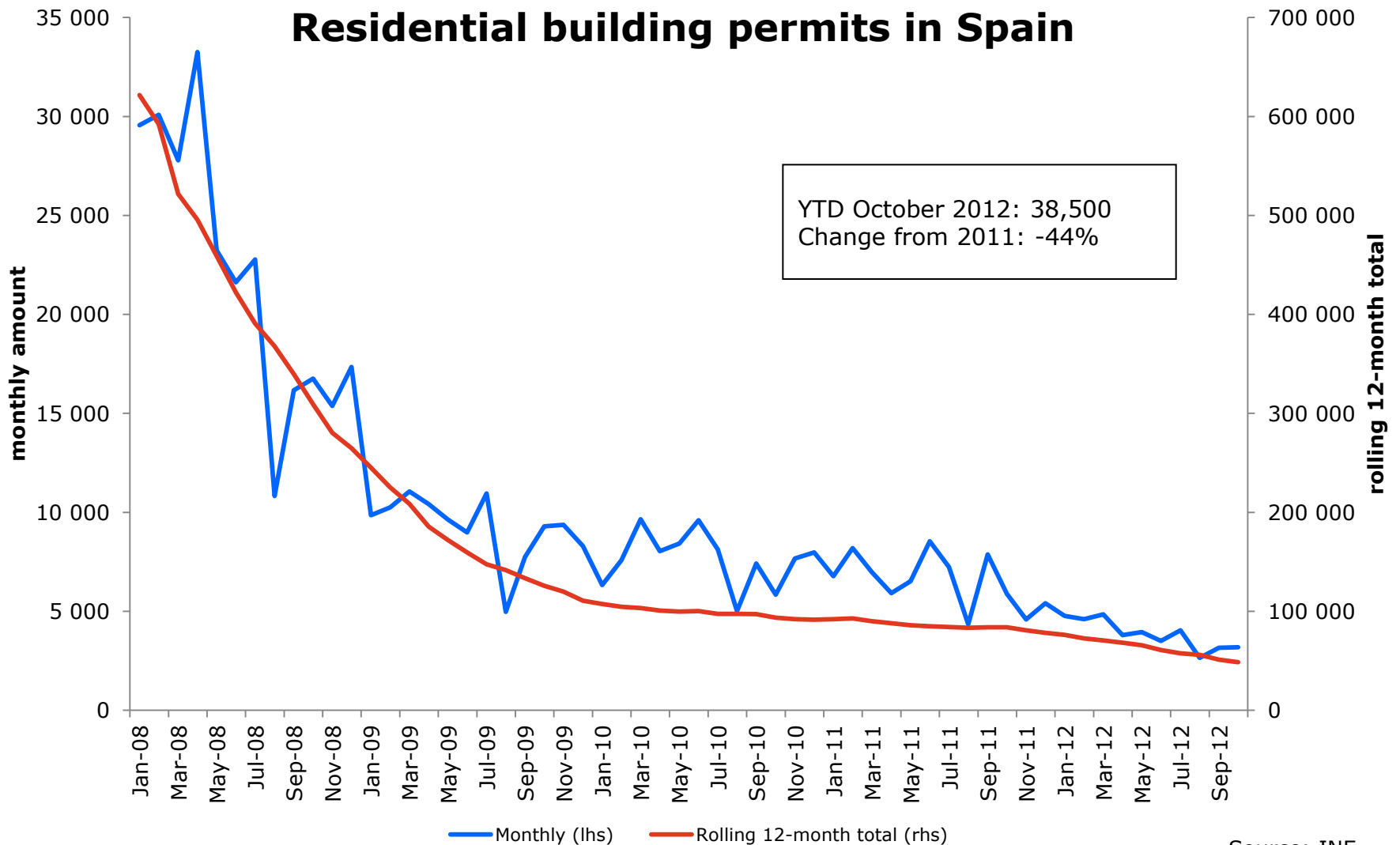


Source: Statistics Finland

Country overview - Sweden

- Eroding demand from Sweden's main trading partners has weakened economic growth, but the labour market and internal demand have remained fairly strong.
- The construction market weakened significantly during the year.
 - Housing starts through Q3 were down 28% compared to the same period in 2011.
 - Construction sentiment has fallen to a three-year low.
 - Wholesalers reported year-over-year falls in sales during the last three quarters of the year.
- Activity in the non-residential and civil engineering segments remained relatively flat during the year.

Spain



Source: INE