



INTERIM REPORT 2010

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Performance in January-September 2010

26 October 2010

Jyri Luomakoski
President and CEO
Uponor Corporation

Summary of Q3/2010

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- Overall, Q2 trends have continued in Q3, with market demand in northern Europe exceeding expectations and the U.S. market performing below expectations
- Consolidated net sales and operating profit developing steady and in line with full-year guidance
- Strong performance of Building solutions – Europe continued, boosted by supply chain efficiency and operational leverage from volume growth
- The overall longer-term demand outlook remains stable and fairly positive – the main uncertainty comes from the economic environment



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Market data continues to build confidence in recovery

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	Indicator	% change YTD	Data through	Change since Q2 update
Germany	Housing permits	+8%	August 2010	↗
USA	Housing starts	+4%*	September 2010	↗
Finland	Housing permits	+48%	July 2010	↘
Sweden	Housing starts	+61%	June 2010	↗
Spain	Housing permits	-19%	July 2010	↗
Netherlands	Housing permits	-21%	June 2010	↗
Italy	Construction index	-4%	June 2010	↗
Denmark	Housing starts	-5%	June 2010	↗
Norway	Housing starts	+5%	August 2010	↗
Canada	Housing starts	+12%*	September 2010	↘

*Seasonally adjusted, annualised rate vs same month in 2009

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Modest growth in net sales

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Net sales MEUR	7-9/2010	7-9/2009	Change, %
Uponor	205.5	195.4	5.2%
Building Solutions – Europe	137.9	125.5	9.9%
Building Solutions – North America	29.9	29.4	1.8%
(Building Solutions – North America, USD)	39.2	41.8	-6.2%)
Infrastructure Solutions	40.4	42.3	-4.4%

- BLD Europe: Top line development supported by strong Nordic markets
- BLD North America: Shrinking total market (housing completions converging the starts development), impacting the total demand in the U.S.
- Infrastructure: Weak net sales development due to low level of activity and decision not to participate in loss-generating tenders

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Strong performance improvement from European Building solutions

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Operating profit MEUR	7-9/2010	7-9/2009	Change, %
Uponor	23.5	17.5	34.9%
Building Solutions – Europe	21.5	8.3	152.8%
Building Solutions – North America	1.9	4.2	-53.8%
(Building Solutions – North America, USD)	2.5	5.6	-54.9%)
Infrastructure Solutions	2.2	6.1	-61.9%

- BLD Europe: Positive development supported by restructuring benefits and net sales growth (operational leverage)
- BLD North America: Marketing spend for new initiatives combined with poor top line development burdened the results
- Infrastructure: A clear decline in results due to the environment of low demand and over-capacity with simultaneous increases in input costs (resins)

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Highlights of Q3/2010

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- + Net sales growth in Building Solutions – Europe as a consequence of improving markets and focussed execution of strategic initiatives
- + A positive development in Indoor Climate, a strategic area of emphasis
- + Strong performance improvement in Building solutions – Europe
 - + Operating profit margin at 15.6% in Q3
- Infrastructure demand still not recovered, profitability affected by unsustainable project pricing by some competitors
- Impact of the cancelled home owner subsidy in the U.S. still disturbed the business

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Financial results

Riitta Palomäki
CFO
Uponor Corporation

Interim January – September 2010 Key figures

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MEUR	1-9 2010	1-9 2009	Change Y/Y	1-12 2009
Net sales, continuing operations	567,5	559,7	+1,4%	734,1
Operating profit, continuing operations	43,8	28,9	+51,7%	41,2
Operating profit margin, continuing operations	7,7%	5,2%	2,6% pts	5,6%
Earnings per share (diluted), EUR	0,32	0,13	+146,2%	0,16
Return on equity, % (p.a.)	12,1%	4,6%	7,5% pts	4,1%
Return on investment, % (p.a.)	15,5%	7,1%	8,4% pts	8,1%
Net interest bearing liabilities	101,5	105,1	-3,4%	64,6
Gearing, %	40,9%	41,7%	-0,8% pts	25,0%
Net Working capital of Net Sales, % (p.a.)	12,7%	13,0%	-3,0%	13,3%
Average number of employees, continuing operations	3 221	3 463	-7,0%	3 426
Number of employees, end of period, continuing operations	3 233	3 334	-3,0%	3 316



Interim July – September 2010

Comments to income statement

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	MEUR	7-9 2010	7-9 2009	Change Y/Y
• Net sales:	Continuing operations			
- 10% improvement in Building Solutions – Europe	Net sales	205,5	195,4	+5,2%
- flat in Building Solutions – North America	Cost of goods sold	125,0	123,6	+1,1%
- 4% decrease in Infrastructure Solutions	Gross profit	80,5	71,8	+12,2%
	- % of net sales	39,2 %	36,7 %	+2,5% pts
	Other operating income	0,7	0,0	
	Expenses	57,7	54,3	+6,2%
	Operating profit	23,5	17,5	+34,9%
	- % of net sales	11,4 %	8,9 %	+2,5% pts
• Expenses:	Financial expenses, net	1,5	4,6	-66,2%
Expenses up EUR 3.4m	Profit before taxes	22,0	12,9	+71,1%
- marketing expenses up EUR 3.9m	Profit for the period	15,4	9,3	+66,5%
- currency impact of EUR +2.1m	EBITDA	31,0	25,3	+22,6%

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Interim January – September 2010

Income statement

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MEUR	1-9 2010	1-9 2009	Change Y/Y	1-12 2009
Continuing operations				
Net sales	567,5	559,7	+1,4%	734,1
Cost of goods sold	347,5	356,3	-2,5%	463,0
Gross profit	220,0	203,4	+8,2%	271,1
- % of net sales	38,8 %	36,3 %	+2,4% pts	36,9 %
Other operating income	1,8	0,3	+450,0%	4,2
Expenses	178,0	174,8	+1,8%	234,1
Operating profit	43,8	28,9	+51,7%	41,2
- % of net sales	7,7 %	5,2 %	+2,6% pts	5,6 %
Financial expenses, net	8,9	9,8	-8,3%	12,7
Profit before taxes	34,9	19,1	+82,4%	28,5
Profit for the period	24,4	13,8	+76,9%	17,2
EBITDA	66,2	52,2	+26,8%	73,8

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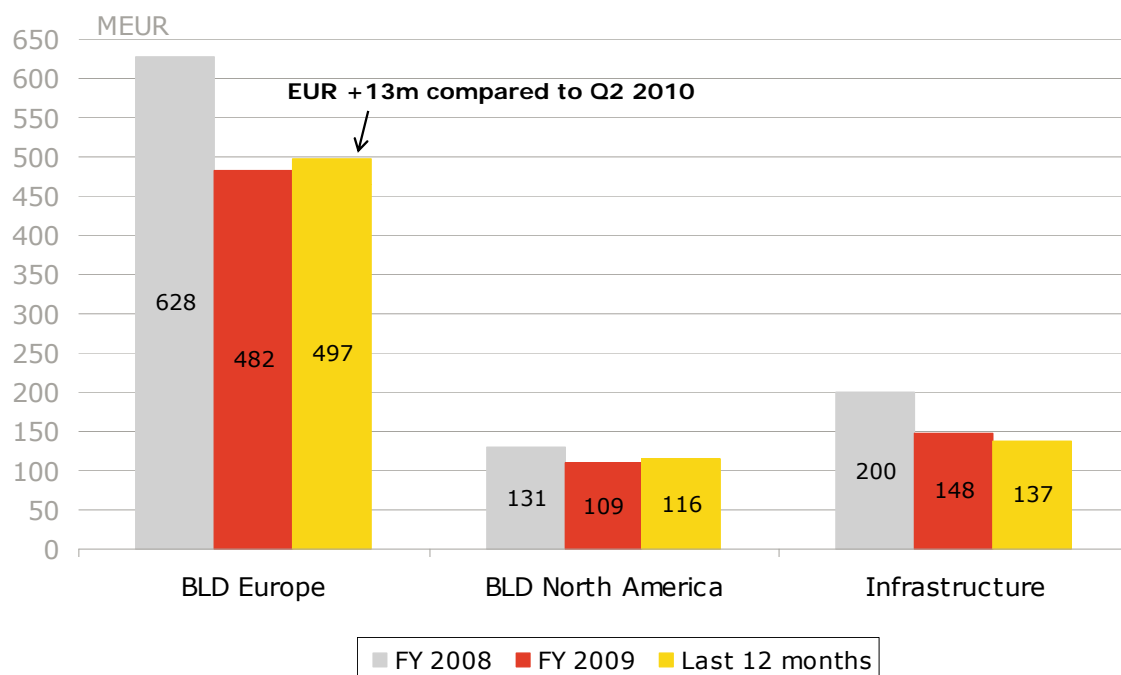
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Net sales development by segment, last 12 months

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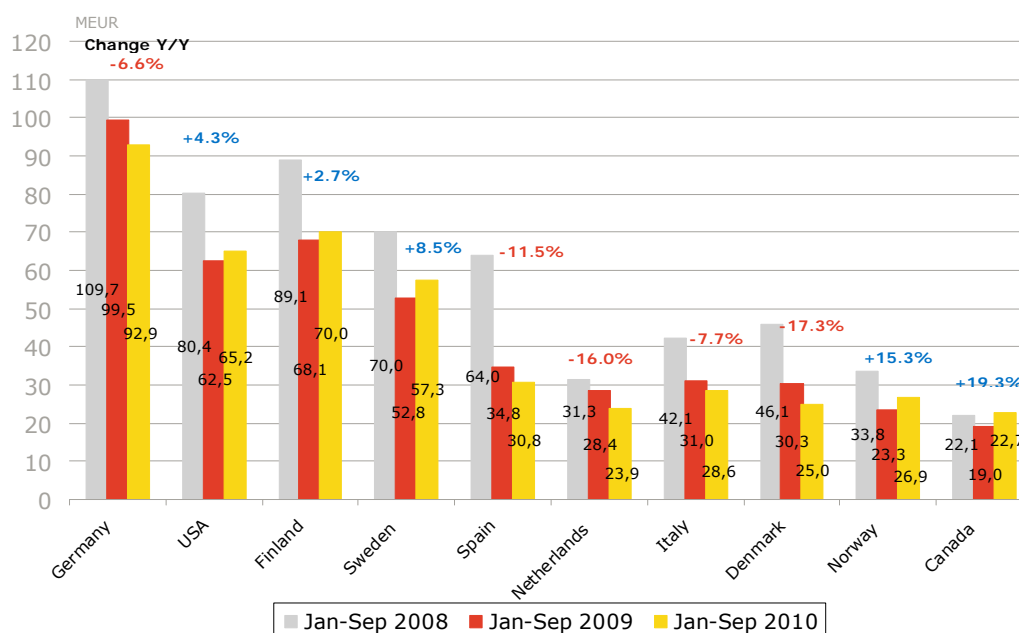


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Net sales development by key national markets (10 largest* by net sales)

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* Sorted by net sales in Jan - Dec 2009

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Balance sheet

MEUR	30 Sep 2010	30 Sep 2009	Change Y/Y	31 Dec 2009
Property, plant and equipment	169,1	172,5	-3,4	175,1
Intangible assets	98,8	99,2	-0,4	101,5
Securities and long-term investments	8,0	7,1	+0,9	7,5
Inventories	89,5	77,7	+11,8	74,3
Cash and cash equivalents	4,1	7,9	-3,8	13,2
Other current and non-current assets	172,8	176,7	-3,9	127,0
Shareholders' equity	248,4	252,4	-4,0	258,0
Non-current interest-bearing liabilities	53,4	72,4	-19,0	60,2
Provisions	11,8	17,0	-5,2	18,4
Non-interest-bearing liabilities	176,5	158,7	+17,8	144,4
Current interest-bearing liabilities	52,2	40,6	+11,6	17,6
Balance sheet total	542,3	541,1	+1,2	498,6

- Inventory up from 30 Sep 2009 due to increased sales, inventory turnover days however slightly better than in 2009

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Cash flow

MEUR	7-9 2010	7-9 2009	Change Y/Y
Net cash from operations	29,7	19,0	+10,7
Change in NWC	-0,6	18,5	-19,1
Net payment of income tax and interest	-2,2	-2,8	+0,6
Cash flow from operations	26,9	34,7	-7,8
Cash flow from investments	-3,6	-2,2	-1,4
Cash flow before financing	23,3	32,5	-9,2
Dividends and buy backs	0,0	0,0	+0,0
Other financing	-26,0	-27,5	+1,5
Cash flow from financing	-26,0	-27,5	+1,5
Change in cash and cash equivalents	-2,7	5,0	-7,7

- More net cash from operations compared to 7-9 2009, used to finance net working capital

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Cash flow

MEUR	1-9/ 2010	1-9/ 2009	Change Y/Y	1-12/ 2009
Net cash from operations	57,9	41,9	+16,0	65,7
Change in NWC	-44,9	+9,2	-54,1	25,9
Net payment of income tax and interest	-5,1	-19,2	+14,1	-12,8
Cash flow from operations	7,9	31,9	-24,0	78,8
Cash flow from investments	-6,2	-9,6	+3,4	-18,2
Cash flow before financing	1,7	22,3	-20,6	60,6
Dividends and buy backs	-36,5	-62,1	+25,6	-62,1
Other financing	+25,7	-5,5	+31,2	-38,4
Cash flow from financing	-10,8	-67,6	+56,8	-100,5
Change in cash and cash equivalents	-9,1	-45,3	+36,2	-40,0

- 1-9 2009 inventory decreased by EUR 26.8m, from EUR 104.5m to EUR 77.7m
- 1-9 2010 inventory increased by EUR 15.2m, from 74.3m to EUR 89.5m
→ Cash flow effect EUR -42.0m
- Gross investment at EUR 9.4m compared to EUR 12.7m in 1-9 2009



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Outlook for the future

Jyri Luomakoski
President and CEO
Uponor Corporation



Àgora Building
Valencia, Spain
Underfloor heating
and cooling

Make it Right foundation
to rebuild the area
New Orleans, USA
Plumbing and
fire sprinkler systems



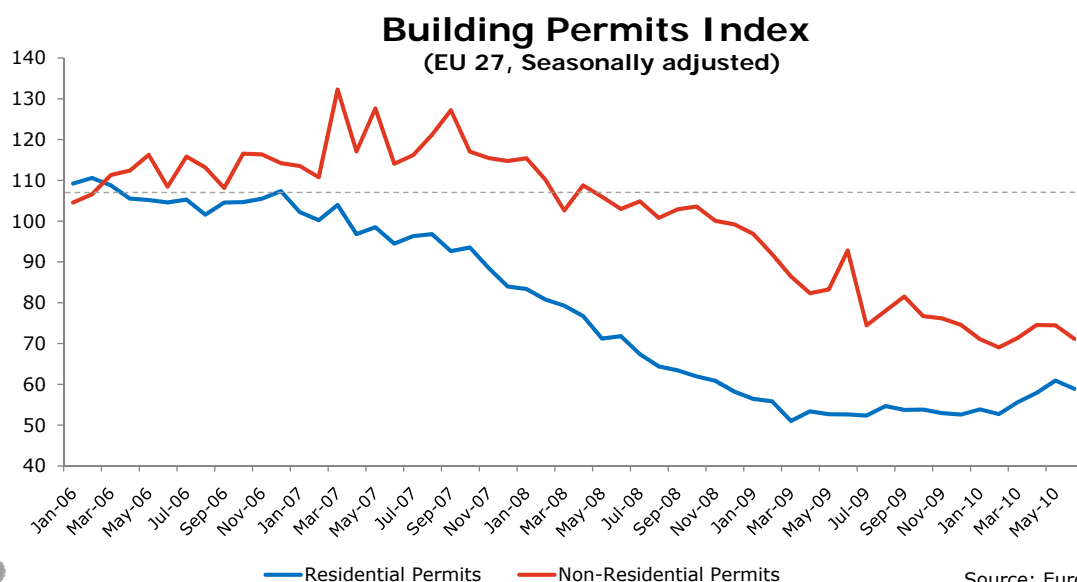
IKANO Retail Centre
Västerås, Sweden
Tap water, heating
and cooling

Fredrikshavn, Denmark
Infrastructure

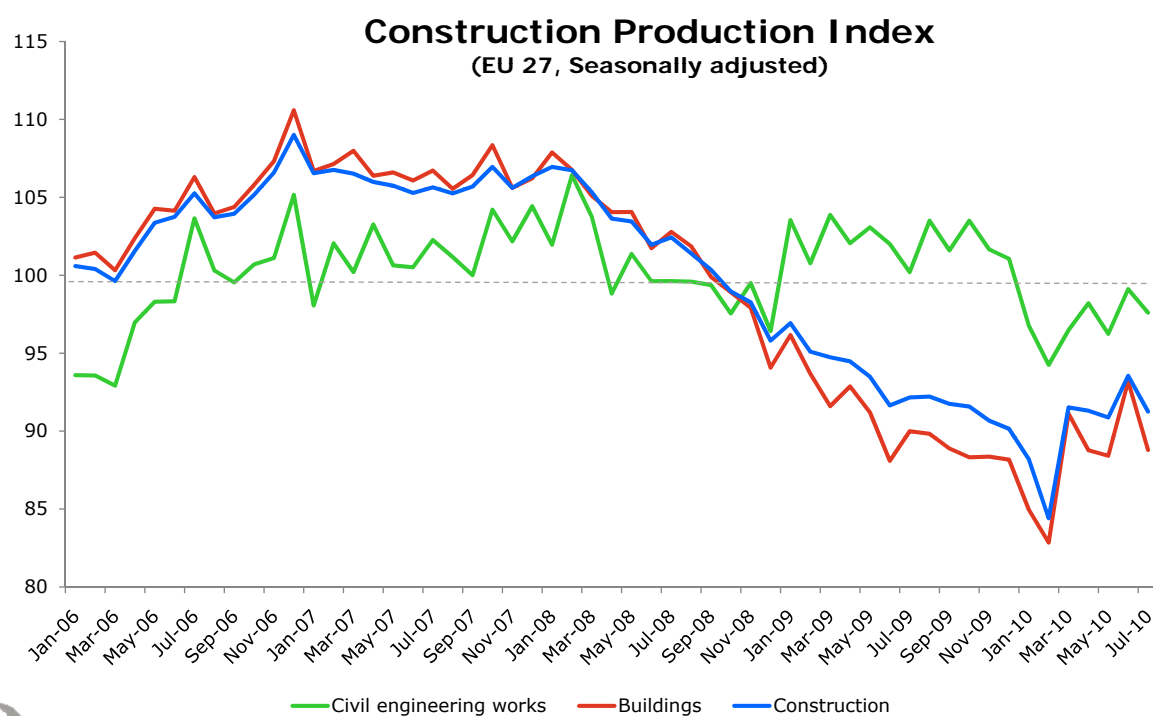


Europe: Building permits

- The European building permit index has rebounded slightly from the low levels of 2009. It improved in four of the first six months of 2010.
- Permits for non-residential structures showed no signs of significant recovery through June, though there are signs of stabilisation.



Source: Eurostat



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Market Environment - Germany

German building permits August 2010 (compared to previous year):

	YTD	Month
Residential	+8%	+16%
Single houses	+7%	+14%
Non-residential	-3%	-8%

German construction industry July 2010 (compared to previous year):

	YTD	Month
Order entry	+8%	+5%
Turnover	-6%	-2%

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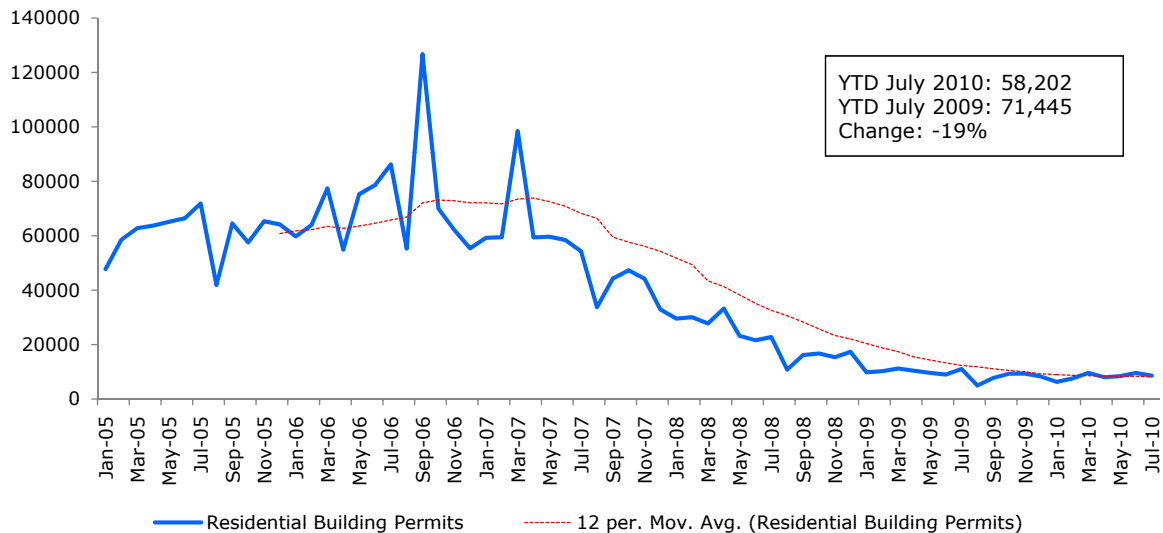
Source: Statistisches Bundesamt

Housing permits development in Spain

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- Housing permits have continued to drop, with permits through July down 19% compared to the already low level seen in 2009.

Residential Building Permits: Spain



Source: INE

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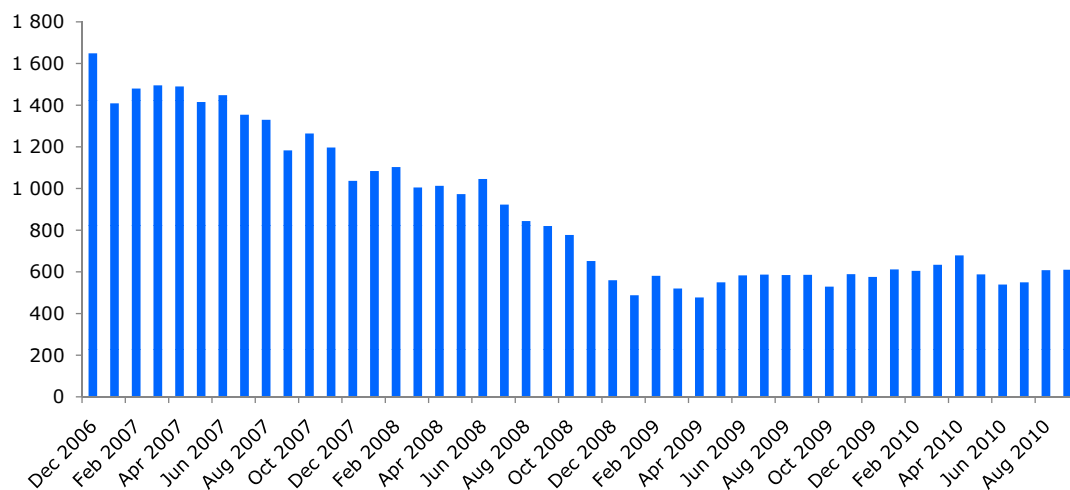
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Housing starts development in USA

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- Housing starts in September were at a seasonally adjusted annual rate of 610,000. This is 4% above the September 2009 rate.

U.S. Housing Starts (Seasonally adjusted, annual rate)



Source: U.S. Census Bureau

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- Planning based on slow-but-steady growth scenario, with possibilities for local variations
- Prepared to adjust speedily if global economic environment faces turbulence
- Business focus:
 - Prepare for market growth and support growth initiatives
 - Indoor climate, driven by sustainability
 - New market segments with partnerships and alliances
 - New territories and in low-penetration countries
 - Invest in strategic initiatives
 - Explore growth opportunities through acquisitions
 - Safeguard margins and cash flow in difficult competitive environment
 - Continue to leverage the supply chain



Guidance for 2010 remains unchanged

- In the current business environment, Uponor's net sales in 2010 are expected to remain level with 2009, and operating profit is expected to improve from last year's reported operating profit
- The Group's fixed-asset investments are not expected to exceed depreciation, and efficient net working capital management measures will help retain the Group's cash-flow at a reasonable level



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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.