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Interim results briefing

Jyri Luomakoski – President and CEO
Riitta Palomäki – CFO

1–9/2016

Q3/2016: Performance in Europe improved, supply issues impacted North American business

July - September, M€	7-9/ 2015	7-9/ 2016	Change	OP margin
Net sales	274.1	**284.1**	3.6%	
Operating profit	23.6	**25.1**	6.0%	8.8%
Comparable operating profit	24.6	**29.0**	17.7%	10.2%

Net sales
- Building Solutions – Europe's net sales grew by acquisition but organic net sales was flat, driven by weaker single-family residential market, softer commercial market and tighter competition, mainly in Germany, the segment's largest market
- Building Solutions – North America's growth decelerated in a stabilising U.S. housing market, faced with high volatility in residential volumes and supply issues curbing fittings sales
- Uponor Infra's growth was driven by the favourable Nordic trends; other markets remained soft

Operating profit
- Building Solutions – Europe's operating profit improved driven by acquisitions and transformation-related savings
- Building Solutions – North America's operating profit margin high at 16.0% despite fittings supply and margin issues and manufacturing capacity ramp up
- A second quarter for Uponor Infra with clear comparable operating profit improvement despite persistent weak demand. Savings from the transformation programme, favourable conversion cost and overhead trends supported

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Market overview: third quarter 2016

Nordic countries
Construction activity has by and large continued to trend upward, led by Sweden’s residential boom and supported by slight improvements in Finland

Central Europe
In Germany, increased demand for residential buildings is driving growth, while activity in the Netherlands has moderated

Southern Europe
Construction volumes in Spain and France have made some gains, while the Italian market remains challenging. Fallout from the UK’s EU referendum has been limited

North America
Construction markets remain largely healthy, but the substantial year-over-year gains witnessed during the quarters since the recovery began were not materialising in Q3

Developments by segment: Building Solutions – Europe

- German building activity on a good level, top line affected by
  - Lower relative share of single-family business in contrast to flats in the sales mix
  - Softer commercial building market
  - Increasing competition from private label offerings
- Weakening market in the Netherlands after the recent boom
- Growth in other markets, such as Finland, the UK and Russia
- The KaMo/Delta acquisitions in January 2016 contributed positively, with their offering ideally complementing Uponor systems in Germany and other countries
- The transformation programme initiated in Q4/2015 progresses well and final measures are scheduled for completion during Q1/2017
  - A total of 10 offices closed since the start of the year
  - Net reduction in personnel amounts to 143 persons
- New factory in Taicang, China progresses; production lines are being installed and employees are moving in

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Developments by segment: Building Solutions – North America

- Residential and non-residential construction remained healthy, but Q3 saw slowing down from the substantial y-o-y gains visible during recent quarters
- Demand also weakened in Canada
- Manufacturing ramp-up in the new facility progresses in plan

Engineered polymer (EP) resin supply issue

- Many years of plumbing business growth resulted in a shortage of EP resin for plastic fittings during H2/2015
- Uponor offered items in lead-free brass, which has a higher cost and generates lower gross margins
- During Q2/2016, Uponor qualified another EP resin with a higher unit cost and reintroduced a full range of plastic fittings
- The changes caused incremental costs in the supply chain, which should stabilise during the fourth quarter of 2016

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Developments by segment: Uponor Infra

- The Nordic markets were stable overall with demand in Sweden and Norway improving somewhat
- Central and eastern European markets remained subdued, lacking EU funding
- Infrastructure markets in Canada continued to suffer from lack of oil exploration projects

- A second consecutive quarter with encouraging performance development, driven by transformational savings
  - Manufacturing streamlining continued by centralising production in Finland and Denmark
  - 31 jobs were reduced as part of the transformation programme during 2016

- A cost reduction and operational improvement programme also starting in Canada

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Financial statements

Riitta Palomäki – CFO

1–9 / 2016

January – September 2016:
Key figures

M€	1-9 2015	1-9 2016	Change Y/Y	1-12 2015
Net sales, continuing operations	788.8	830.5	+5.3%	1,050.8
Operating profit, continuing operations	57.4	63.5	+10.5%	71.4
Comparable operating profit	59.2	74.6	+25.9%	75.8
Comparable operating profit margin	7.5%	9.0%	1.5% pts	7.2%
Earnings per share (diluted), continuing operations, €	0.44	0.47	+6.8%	0.51
Return on equity, % (p.a.)	14.4%	15.3%	0.9% pts	12.1%
Return on investment, % (p.a.)	17.3%	16.9%	-0.4% pts	15.5%
Net interest bearing liabilities	114.8	177.5	+54.6%	91.3
Gearing, %	37.9%	56.6%	+18.7% pts	29.3%
Net working capital of Net sales, % (p.a.)	6.6%	12.0%	+5.4% pts	8.1%
Number of employees, end of period, continuing operations	3,777	3,834	+1.5%	3,735

July – September 2016:

Income statement

M€	7-9 2015	7-9 2016	Change Y/Y
Continuing operations			
Net sales	274.1	284.1	+3.6%
Cost of goods sold	179.1	187.3	+4.6%
Gross profit	95.0	96.8	+1.8%
% of net sales	34.7%	34.1%	-0.6% pts
Other operating income	0.2	0.4	
Expenses	71.6	72.1	+0.7%
Operating profit	23.6	25.1	+6.0%
% of net sales	8.6%	8.8%	+0.2% pts
Financial expenses, net	-0.7	1.7	+372.1%
Share of result in associated companies	0.1	0.1	+2.9%
Profit before taxes	24.4	23.5	-3.5%
Profit for the period	15.4	14.8	-3.5%
EBITDA	32.7	37.2	+14.3%

- **Organic net sales** growth flat and somewhat lower than in H1 2016. Small (-€1.9m) impact of currency changes
- **Comparable gross profit margin** 34.4% (34.7%)
- **Expenses** slightly up due to IAC, German acquisitions and Building Solutions - North America, offsetting the favourable progress in cost saving from the European transformation programmes
- **Comparable operating profit** €29.0m (10.2%), up 17.7%
- **Financial expenses**, net up €2.4m, driven by the strengthening of the NOK and RUB

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January – September 2016:

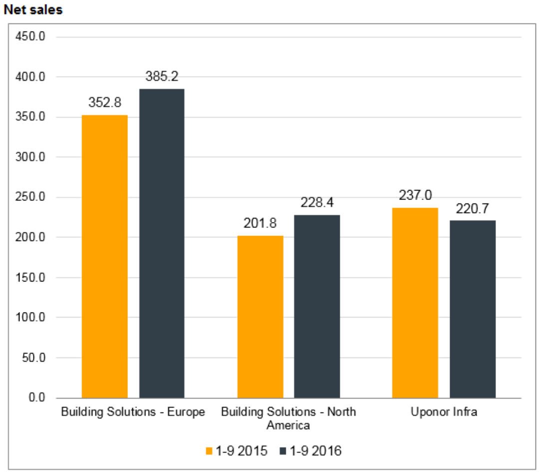
Income statement

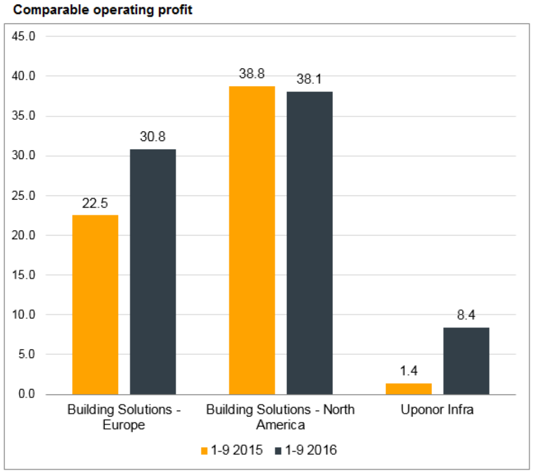
M€	1-9 2015	1-9 2016	Change Y/Y	1-12 2015
Continuing operations				
Net sales	788.8	830.5	+5.3%	1,050.8
Cost of goods sold	510.0	540.4	+6.0%	680.6
Gross profit	278.8	290.1	+4.0%	370.2
% of net sales	35.3%	34.9%	-0.4% pts	35.2%
Other operating income	0.9	2.4	+169.0%	2.4
Expenses	222.3	229.0	+3.0%	301.2
Operating profit	57.4	63.5	+10.5%	71.4
% of net sales	7.3%	7.6%	+0.3% pts	6.8%
Financial expenses, net	5.7	7.2	+24.0%	8.9
Share of result in associated companies	0.2	0.2	+1.0%	0.3
Profit before taxes	51.9	56.5	+9.0%	62.8
Profit for the period	32.7	35.6	+9.0%	37.1
EBITDA	84.7	95.1	+12.4%	110.5

- **Comparable gross profit** at €292.4m (35.2%) against €279.3m (35.4%) in 2015
- **Comparable operating profit** at €74.6m (9.0%) against €59.2m (7.5%) in 2015, up by €15.4m

January – September 2016:
Net sales & comparable operating profit by segment

Currency: M€

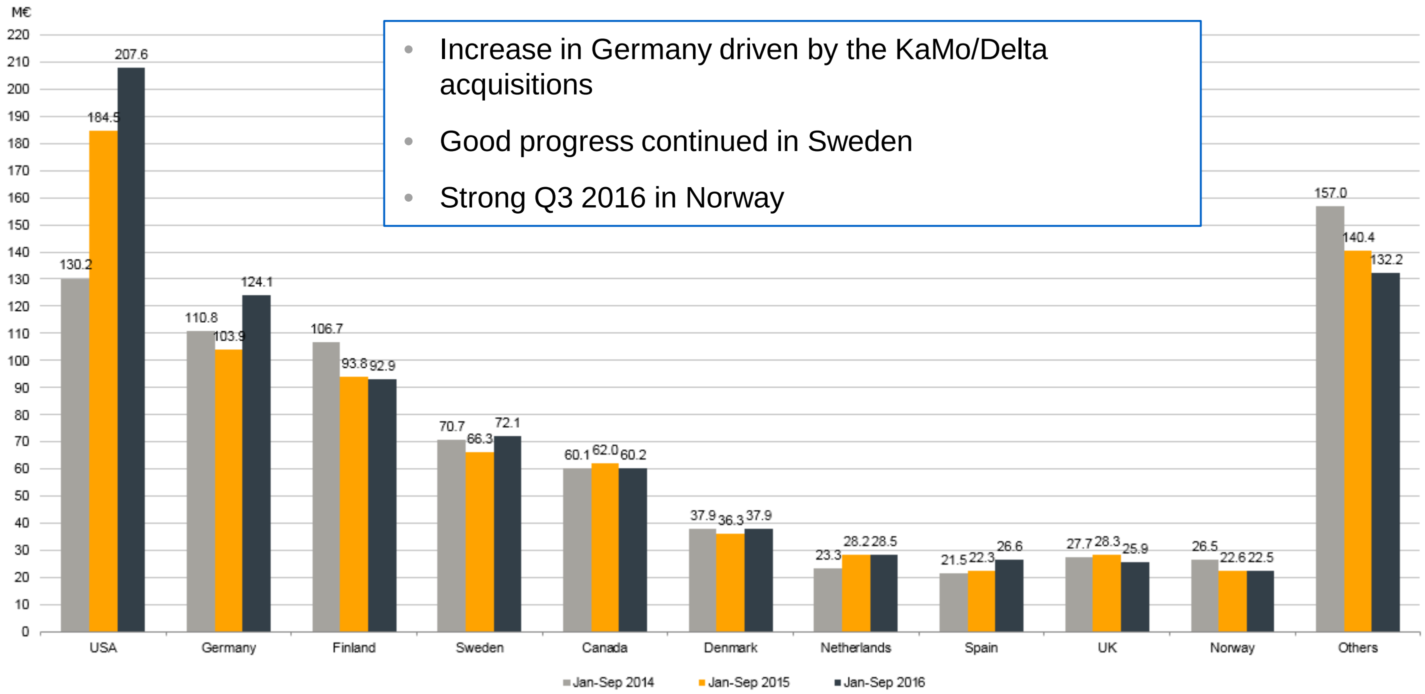




- Building Solutions – Europe: net sales growth driven by the German acquisitions. Comparable operating profit margin at 8.0%, up from 6.4%
- Building Solutions – North America: only modest net sales growth in Q3 2016, and costs burdened by fittings resin supply shortages. Comparable operating profit margin at 16.7%, down by 2.5% pts from the very high level in 2015
- Uponor Infra: small growth in Q3 2016, but y-o-y net sales down by 6.9%. Improved comparable operating profit driven by reduced operational cost levels

January – September 2016:

Net sales development by key markets



- Increase in Germany driven by the KaMo/Delta acquisitions
- Good progress continued in Sweden
- Strong Q3 2016 in Norway

Growth	USA	Germany	Finland	Sweden	Canada	Denmark	Netherlands	Spain	UK	Norway	Others
% in EUR	12.5 %	19.5%	-0.9%	8.7%	-2.9%	4.3%	1.0%	18.9%	-8.7%	-0.4%	-10.5%
% in Curr.	12.7 %			9.0%	0.7 %	4.1%			1.5 %	4.9%	

January – September 2016:
Balance sheet

M€	30 Sep 2015	30 Sep 2016	Change Y/Y	31 Dec 2015
Property, plant and equipment	211.3	223.6	+12.3	221.4
Intangible assets	95.1	120.0	+24.9	94.7
Securities and long-term investments	10.8	35.0	+24.2	21.0
Inventories	119.2	140.5	+21.3	112.4
Restricted cash	41.1	-	-	1.0
Cash and cash equivalents	20.7	22.4	+1.7	48.2
Other current and non-current assets	241.8	262.2	+20.4	209.1
Total equity	302.5	313.7	+11.2	311.7
Non-current interest-bearing liabilities	100.4	159.0	+58.6	91.2
Provisions	17.7	25.4	+7.7	25.0
Non-interest-bearing liabilities	284.3	264.7	-19.6	231.6
Current interest-bearing liabilities	35.1	40.9	+5.8	48.3
Balance sheet total	740.0	803.7	+63.7	707.8

- Increase in the balance sheet driven by the German acquisitions and a growing business in Building Solutions - North America
- Non-controlling interest represents €64.7m of the total equity at €313.7m
- The restricted cash in 2015 relates mainly to cash inflows from parties contributing to the funding of Uponor, Inc.'s U.S. class action settlements

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January – September 2016:

Cash flow

M€	1-9 2015	1-9 2016	Change Y/Y	1-12 2015
Net cash from operations	+82.9	+92.5	+9.6	+105.6
Change in NWC	-41.4	-45.9	-4.5	-15.0
Net payment of income tax and interest	-24.5	-24.6	-0.1	-32.4
Cash flow from operations	**+17.0**	**+22.0**	**+5.0**	**+58.2**
Cash flow from investments	-24.3	-71.8	-47.5	-41.7
Cash flow before financing	**-7.3**	**-49.8**	**-42.5**	**+16.5**
Dividends and buy backs	-30.7	-32.2	-1.5	-30.7
Other financing	-1.3	+56.2	+57.5	+2.3
Cash flow from financing	-32.0	+24.0	+56.0	-28.4
Conversion differences	-0.2	+0.0	+0.2	-0.1
Change in cash and cash equivalents	-39.5	-25.8	+13.7	-12.0

- Improved cash flow from operations
- Cash flow from investments includes cash flow-out related to the German acquisitions (€31.4m) and investment in the joint venture Phyn (€13.5m)
- Gross CapEx (€29.7m) slightly higher than depreciation, but down year-on-year
- Cash flow from investments in the comparison period includes a net cash flow effect of +€5.9m from the divestments of Uponor Infra's Thai business and Extron Engineering Oy in Finland

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Outlook for the future

Jyri Luomakoski – President and CEO

Leading indicators: stable market outlook overall

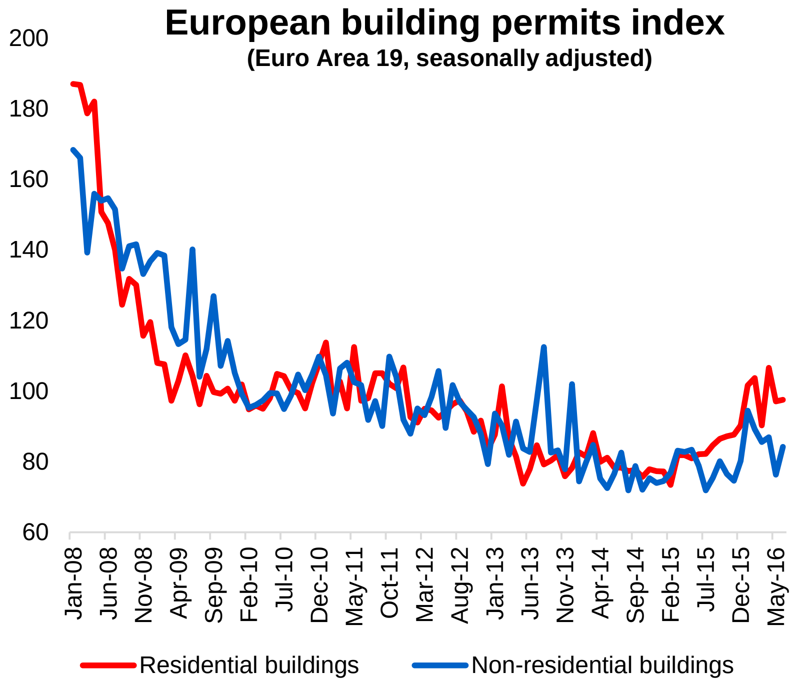
	Indicator	YTD % Change	Rolling 12-month % Change	Data through	Trend since Q2 update
USA	Housing starts[1]	**-12%**	**N/A**	September 2016	↘
Germany	Housing permits	**+23%**	**+21%**	August 2016	→
Finland	Housing permits	**+12%**	**+12%**	August 2016	→
Sweden	Housing starts	**+44%**	**+34%**	Q2 2016	→
Canada	Housing starts[1]	**-5%**	**N/A**	September 2016	↘
Denmark	Housing starts	**+15%**	**+5%**	June 2016	→
Netherlands	Housing permits	**-23%**	**-18%**	August 2016	→
Spain	Housing permits	**+37%**	**+47%**	July 2016	→
UK	Housing starts[2]	**-3%**	**+3%**	Q2 2016	→
Norway	Housing starts	**+19%**	**+19%**	September 2016	↗

[1] Seasonally adjusted, annualised rate vs. same month in 2015 [2] England only

Permit activity points towards broad-based strengthening within the residential segment

- Data through June shows that permit activity in the residential segment has continued its slow ascent. Comparing 2016 to 2015, gains have been registered in most countries.

- Within the non-residential segment, developments have been much more heterogeneous, with gains in markets such as Germany being offset by declines in other markets.



Source: Eurostat (Base year = 2010)

Country overview: USA

The economy continues to expand, but at a reduced rate, with full-year expectations being downgraded significantly in recent months

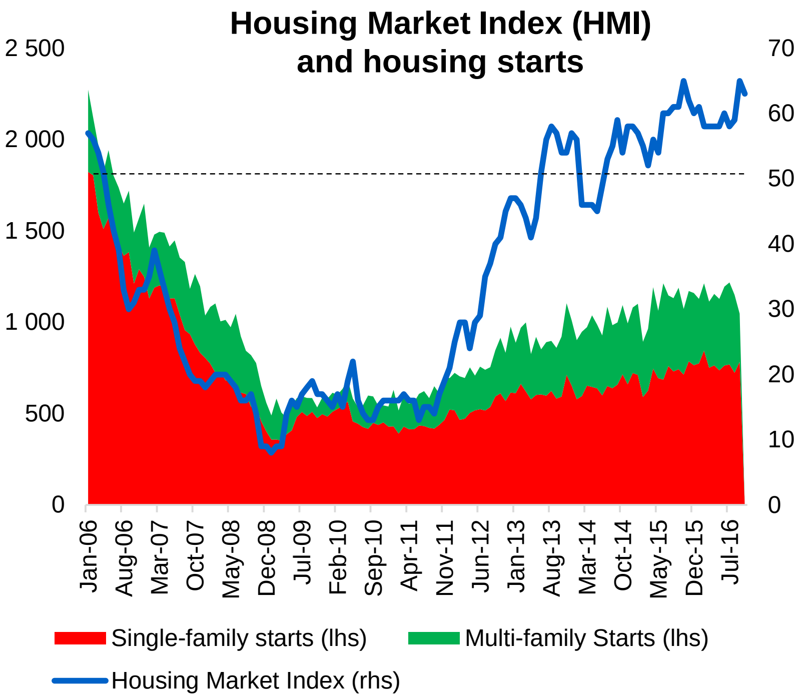
Within the construction industry:

- Although single family starts continued to grow, total September housing starts fell 12% from the September 2015 rate

- Construction spending levels are largely in line with last year in the residential segment

- In the non-residential segment, spending has been flat overall, but has risen in offices and commercial space

- However, builder confidence remains high



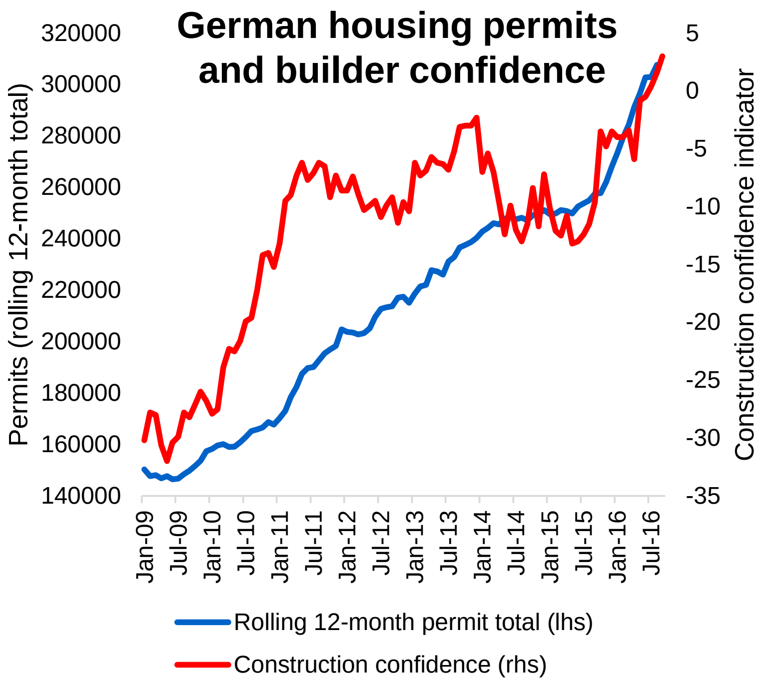
Source: US Census, NAHB/Wells Fargo

Country overview: Germany

While some indicators point to a loss of momentum in the industrial sector, private consumption continues to drive the economy forward

Within the construction industry:

- Confidence in the industry has reached yet another record high
- Residential and non-residential permit statistics continue to point to industry expansion
- While new orders have weakened, they remain relatively strong



Source: Destatis and Eurostat

Management agenda for 2016 –
No change in focus since Q1

- Complete the broad-based transformation in Europe and position Uponor as a provider of total solutions in order to achieve a clear growth in net sales
- Finalise the ongoing test runs and start local production of indoor climate and plumbing systems for the Chinese and Asian markets
- Stabilise the fittings supply chain, uphold customer satisfaction and boost sales growth in North America
- Continue the determined efforts to finalise new digitalised offering development as part of our investment in R&D and corporate development

Guidance 2016

- No sign of major changes in the market place in the near future, which could materially affect demand in 2016 from our earlier forecast

- Capital expenditure is expected to remain somewhat below the previously communicated figure of €58 million

- Assuming that economic development in Uponor's key geographies continues undisturbed, Uponor reiterates earlier guidance from February 2016:

The Group’s net sales and comparable operating profit are expected to improve from 2015

Q&A

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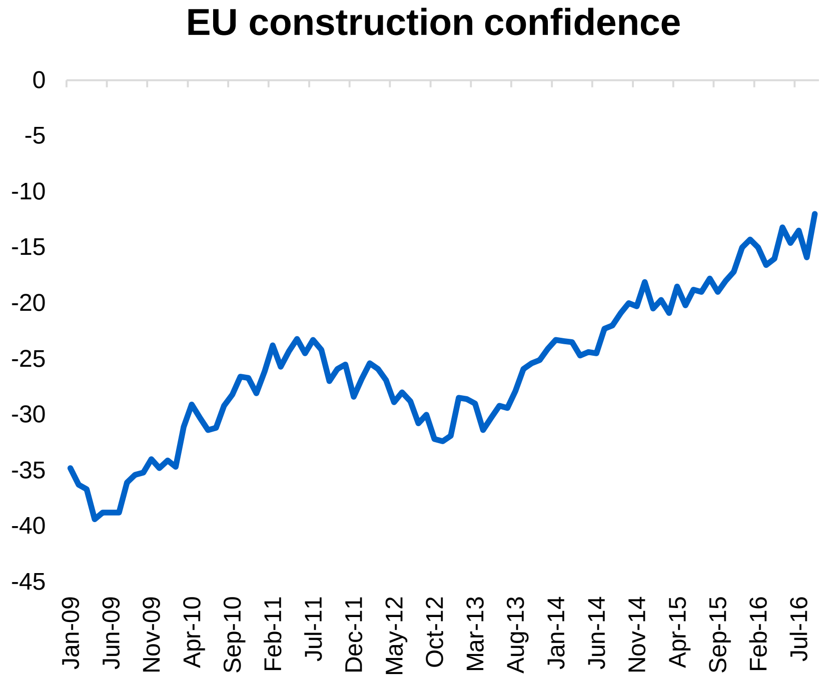
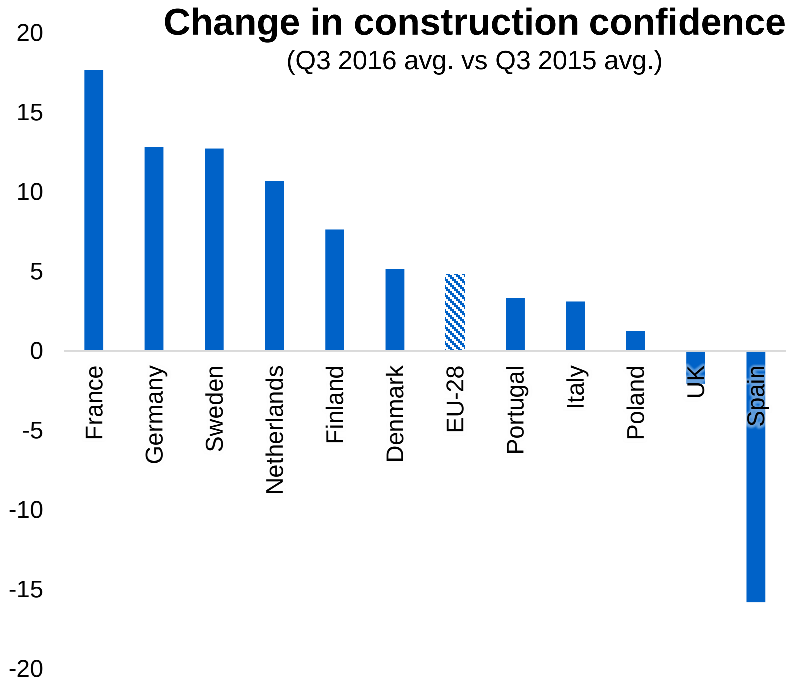
Appendix

Builder confidence has strengthened in most European markets compared to last year





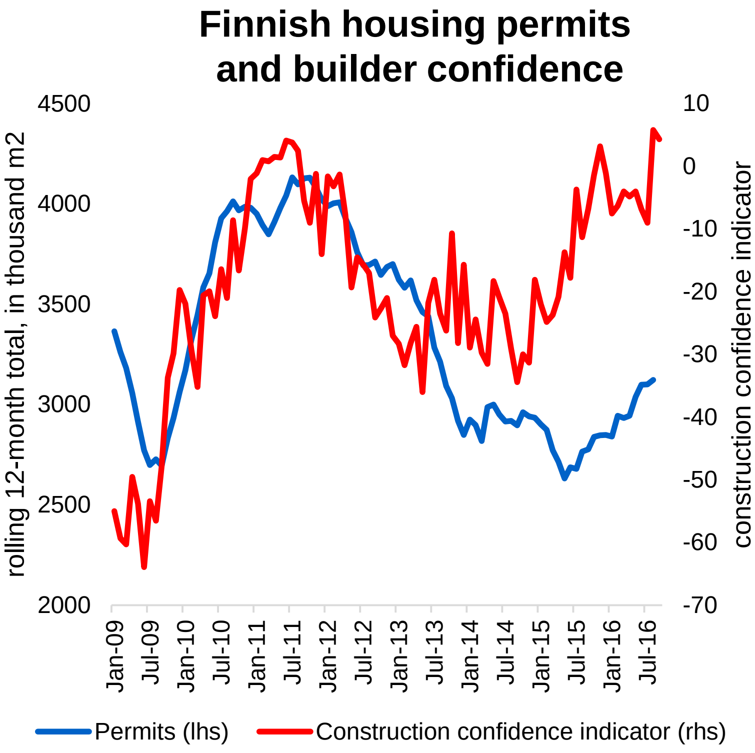
Source: Eurostat

Country overview: Finland

Finland's fragile economic recovery continues, but significant downside risks continue to abound

Within the construction industry:

- Both permit activity and construction volumes have increased in the residential and non-residential segments from a low base
- Builder confidence strengthened in the last months of the quarter



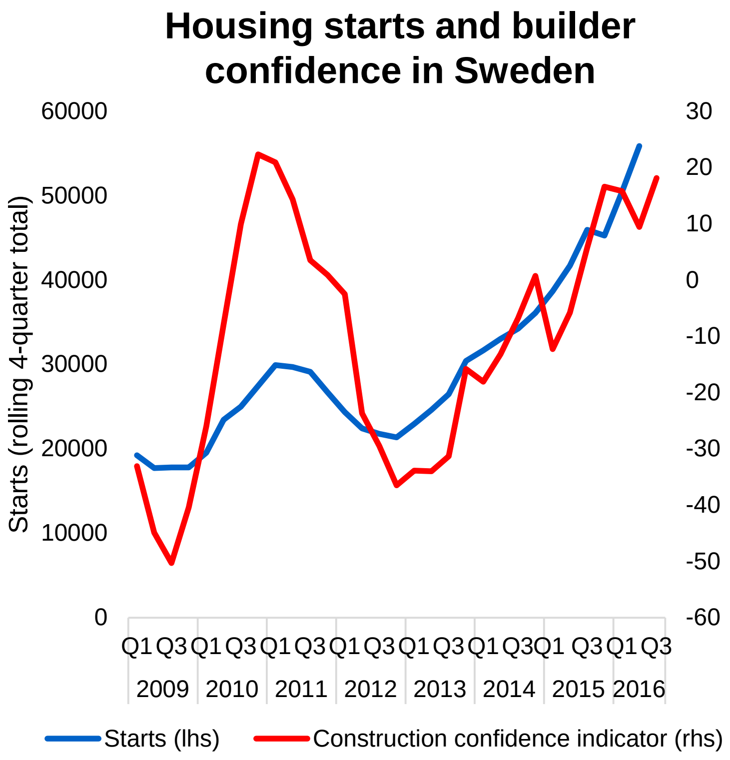
Source: Statistics Finland & Eurostat

Country overview: Sweden

The economy expanded for the 12th consecutive quarter in Q2, although some indicators hint at a reduced growth rate going forward

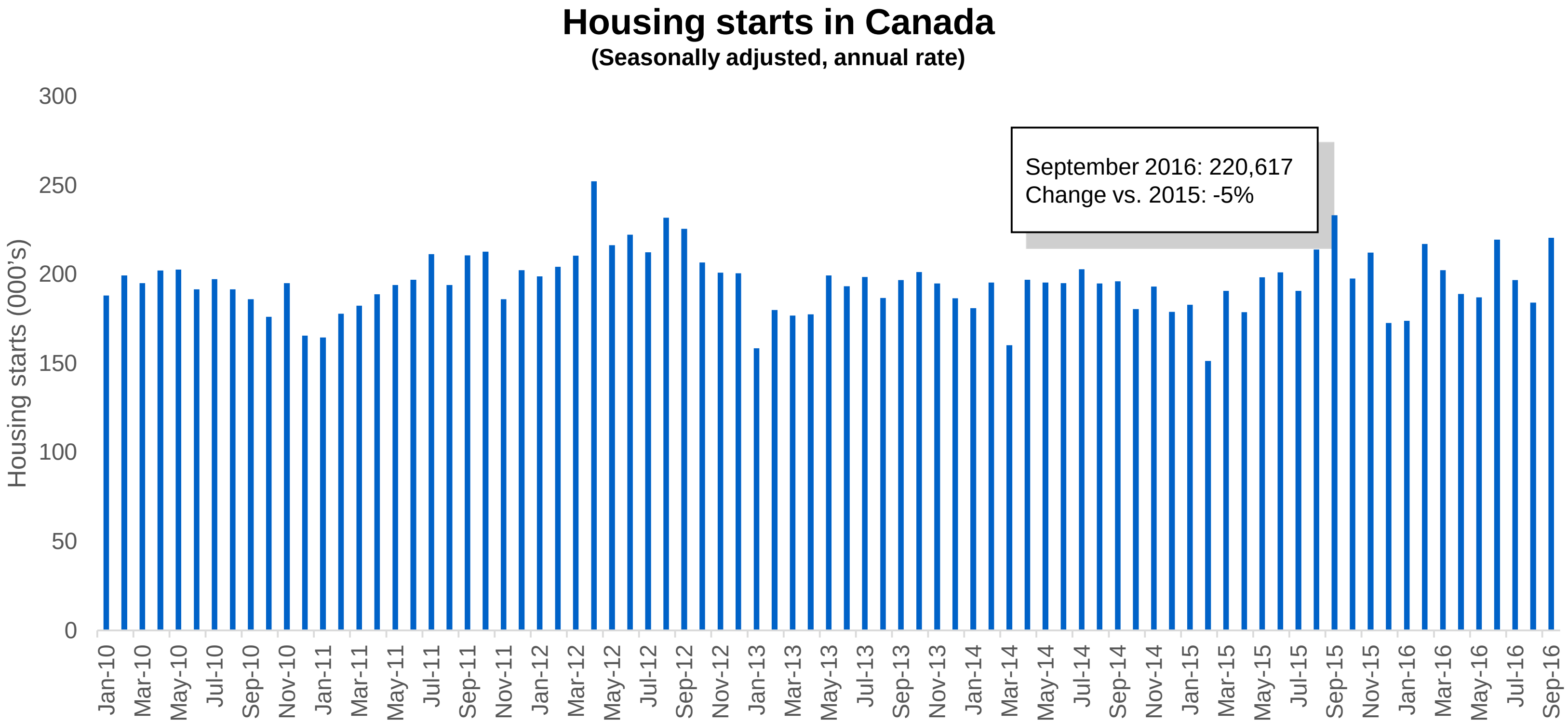
Within the construction industry:

- Housing starts are up 44% in H1 compared to H1 2015, with the multi-family market driving growth
- Builder confidence remains high, but has not made any gains since last winter



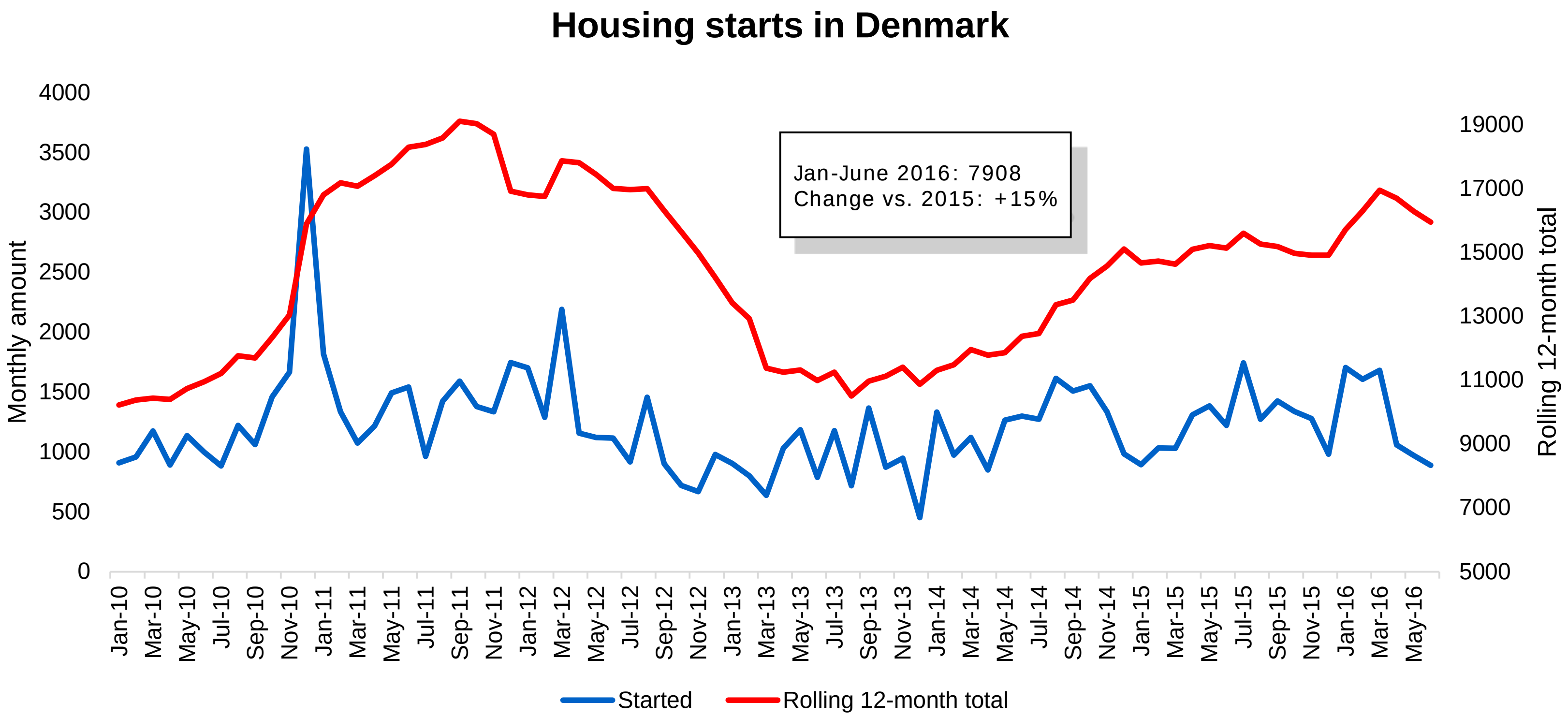
Source: Statistics Sweden and Eurostat

Canada



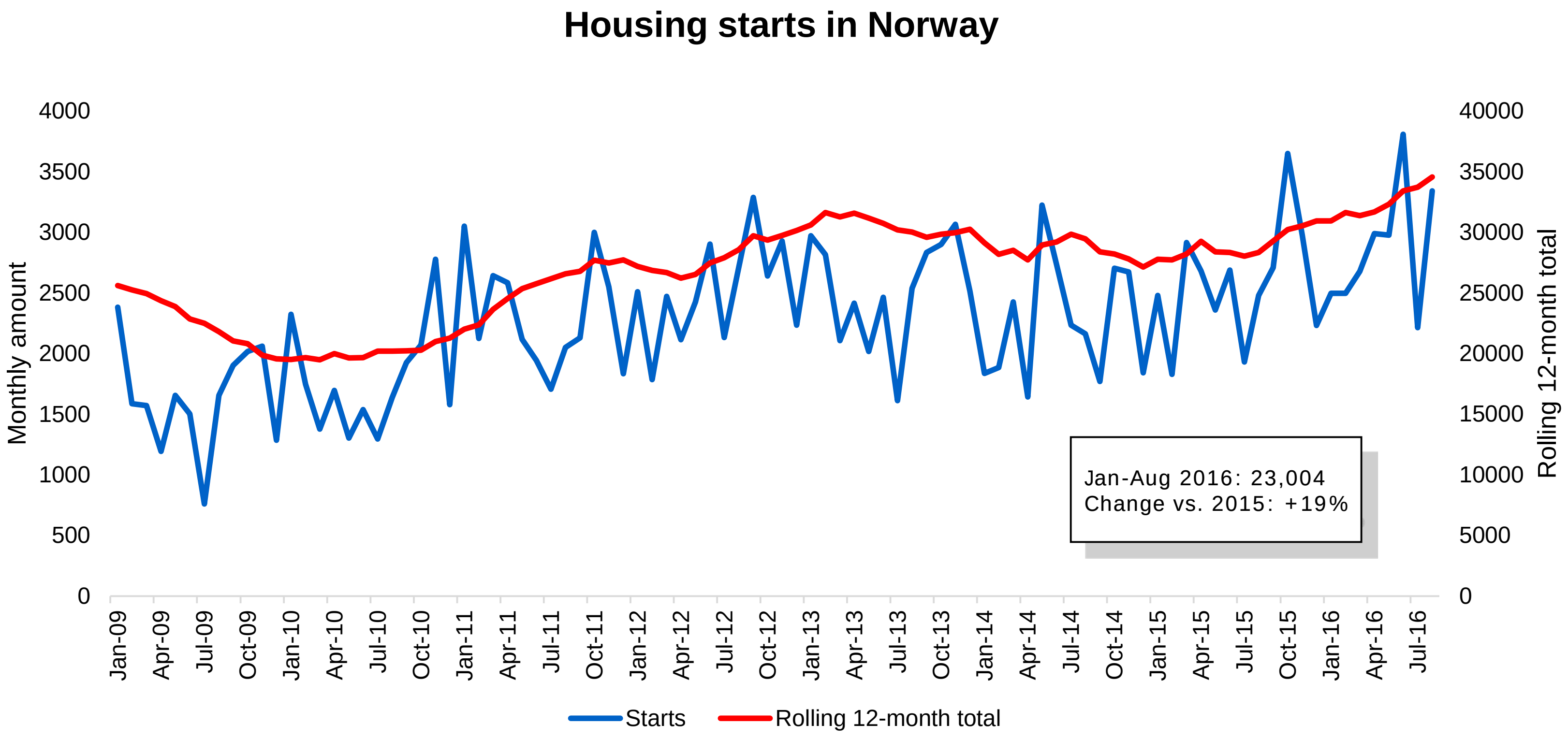
Source: CMHC/ Statistics Canada

Denmark



Source: Statistics Denmark

Norway


Housing starts in Norway
Monthly amount
Rolling 12-month total
4000
3500
3000
2500
2000
1500
1000
500
0
40000
35000
30000
25000
20000
15000
10000
5000
0
Jan-09
Apr-09
Jul-09
Oct-09
Jan-10
Apr-10
Jul-10
Oct-10
Jan-11
Apr-11
Jul-11
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Jan-12
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Jul-13
Oct-13
Jan-14
Apr-14
Jul-14
Oct-14
Jan-15
Apr-15
Jul-15
Oct-15
Jan-16
Apr-16
Jul-16
Jan-Aug 2016: 23,004
Change vs. 2015: +19%
Starts
Rolling 12-month total