

Uponor's Capital Markets Day 2013

13.00 Strategic update

Jyri Luomakoski, President and CEO

Sustainability driving Uponor's business and systems development

David Harget, CSR Manager, Uponor Group

Uponor's 30 years in America 1984–2014: How far have we come?

Bill Gray, President, Uponor North America

15.00 Break

15.30 Uponor Infra – a new start

Sebastian Bondestam, President, Uponor Infra

Building Solutions – Europe – How to be successful in a flat market?

Heiko Folgmann, EVP, Sales and Marketing, Building Solutions – Europe

Q&A

17.00 Refreshments and free discussion





CMD²⁰₁₃

Strategic update

Jyri Luomakoski
President and CEO, Uponor Corporation
11 December 2013

Presentation outline

- Markets
- Strategy
- Long-term financial targets
- In summary
- Appendices



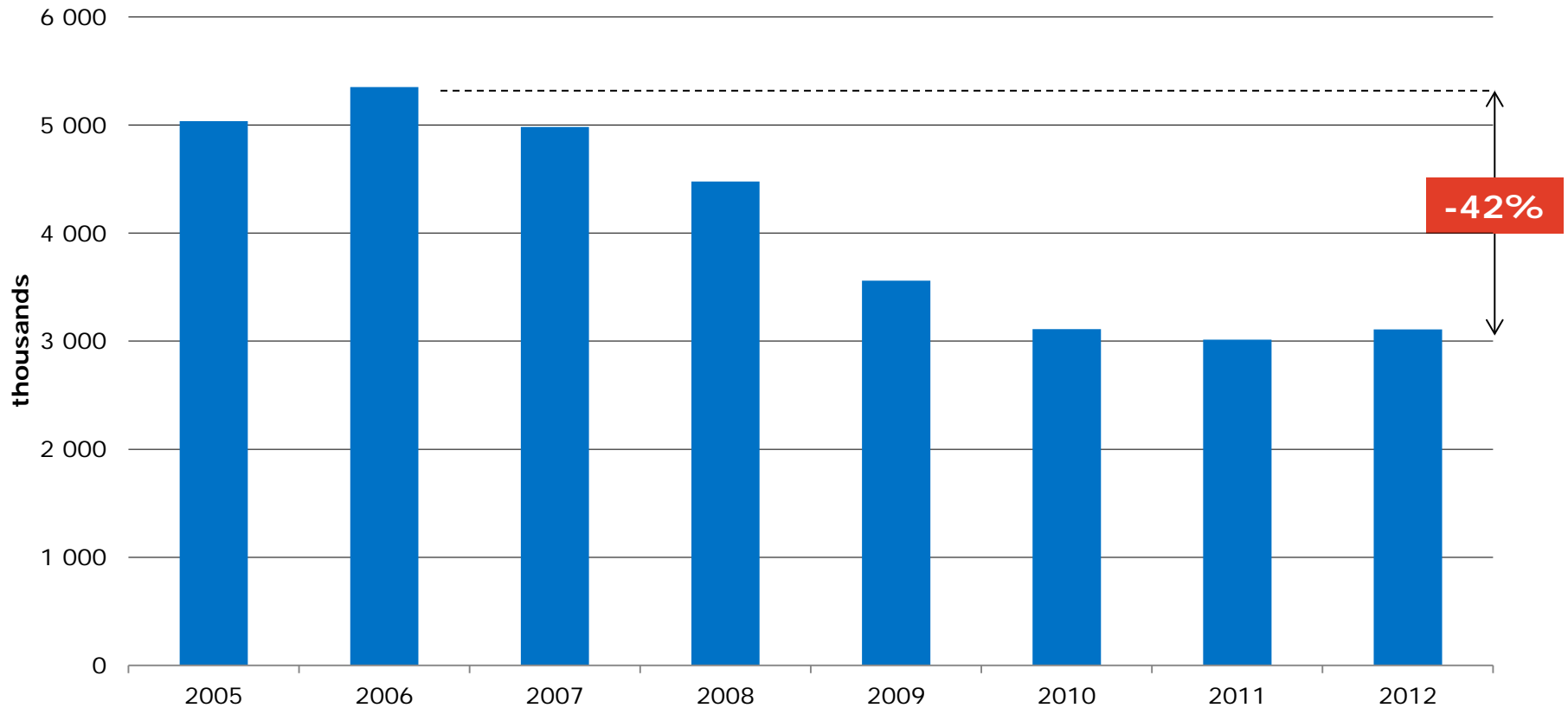


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Markets

Building and construction trends 2005–2012

2012 residential housing completions were down 42% from their peak
(North America, Western Europe, & major Eastern European countries)



Source: Euroconstruct, US Census Bureau, CMHC, Rosstat

New Normal established

- Volume of new residential construction has entered a new level
 - no imminent change for the better in sight
- Renovation spend has remained resilient and fairly stable, thus its relative share has grown
- Non-residential construction has been impacted by the weak economic cycle, interest rates and public sector stimuli and austerity measures
- Tight public sector finances keep constraining infrastructure-related expenditure thus increasing the renovation deficit



Business environment

Industry dynamics

- No bigger consolidation in the industry despite expectations
- Ownership changes of some existing key players

Distributors

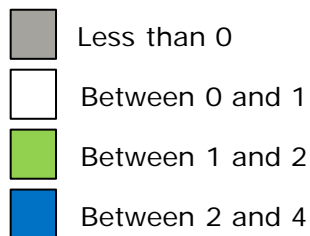
- Strongest distributors have continued to grow organically and inorganically
 - This trend has not been adverse for the leading brands
- Buying behaviour of distributors volatile – despite volume reduction since 2007, no material reduction in the number of order lines, thus putting pressure on warehousing and logistics performance
- Caution in inventory management



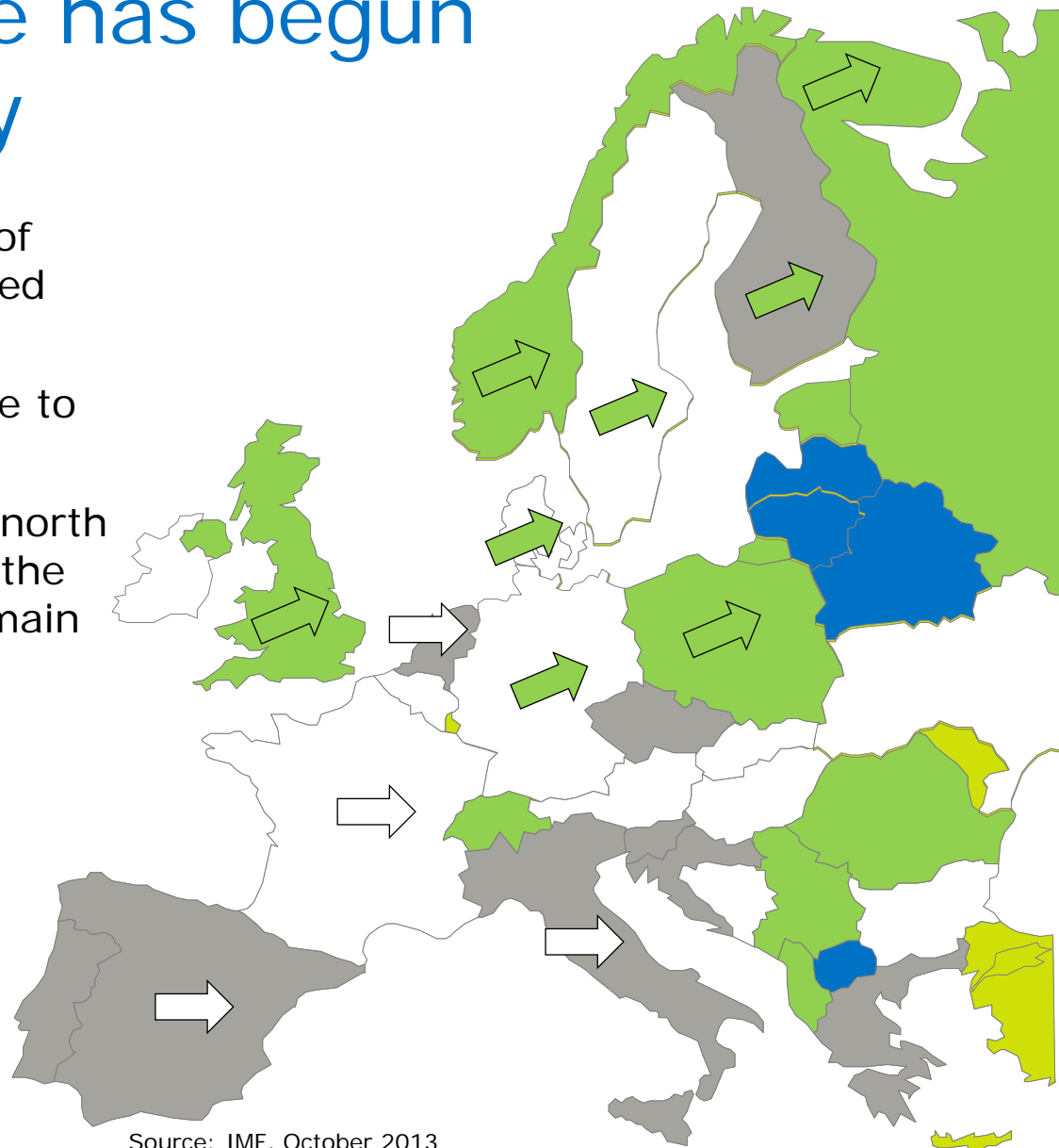
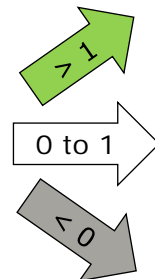
Economy: Europe has begun a fragile recovery

- After six consecutive quarters of contraction, the Euro Area exited recession in Q2 2013
- Some key markets will continue to shrink during 2013
- In 2014, the economies in the north are expected to expand, while the economies in the south will remain essentially flat

2013 GDP growth forecasts (%)



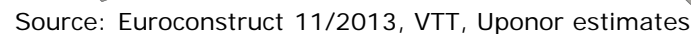
2014 GDP growth forecasts (%)



Source: IMF, October 2013

Construction: Expected to mirror economic growth in 2014

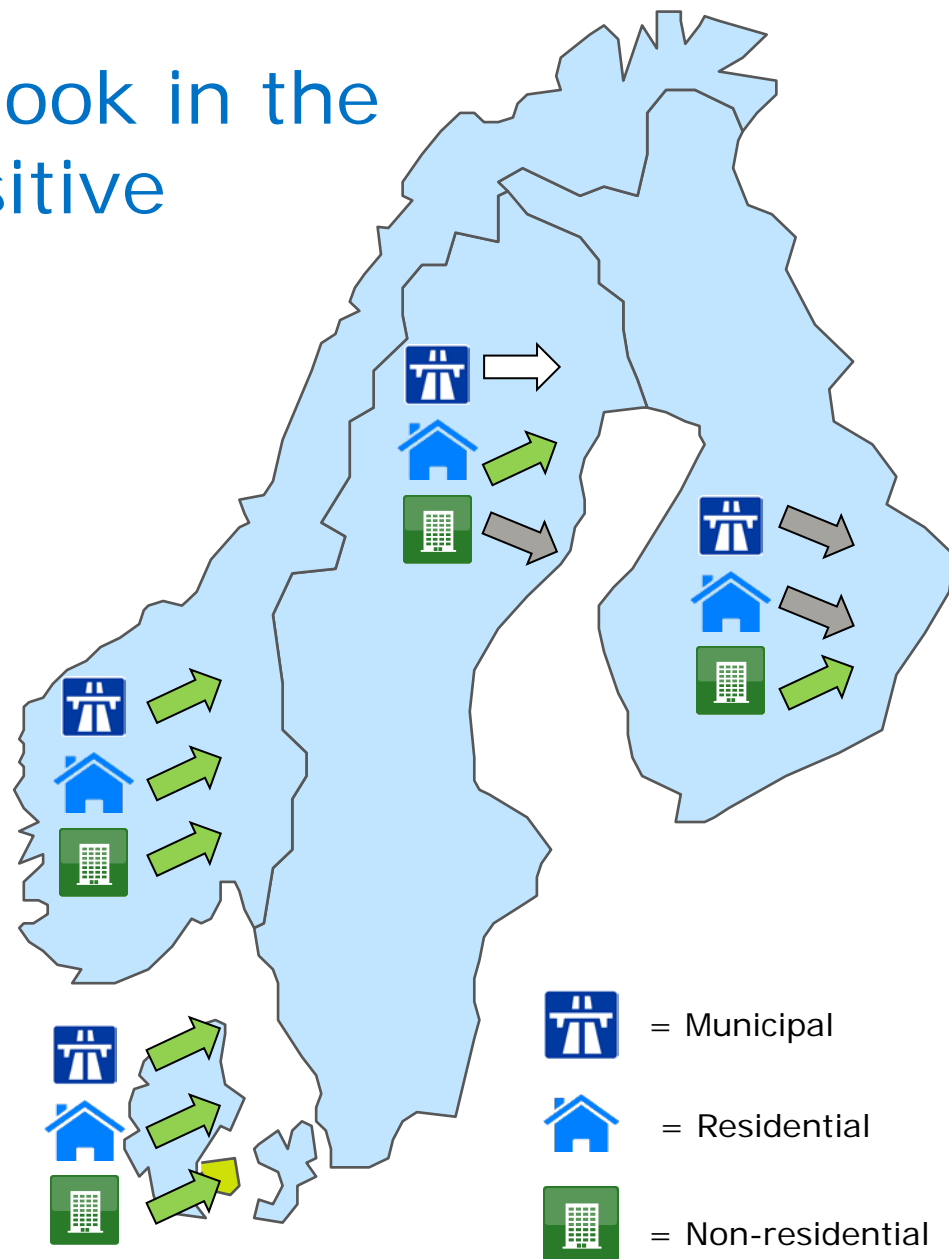
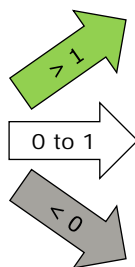
- The non-residential segment will continue to be a drag on construction, while the outlook for the residential segment is more encouraging
- Construction activity in the south may continue to contract in some countries, but the rate of decline should slow



Infrastructure: The outlook in the Nordics is generally positive

- Activity in Denmark is expected to recover, while activity in Norway and Sweden will continue at healthy levels
- Austerity measures and lack of consumer confidence in Finland will continue to limit investment

2014 growth forecasts (%)

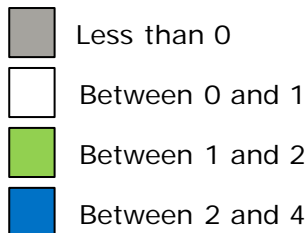


Source: Euroconstruct 11/2013

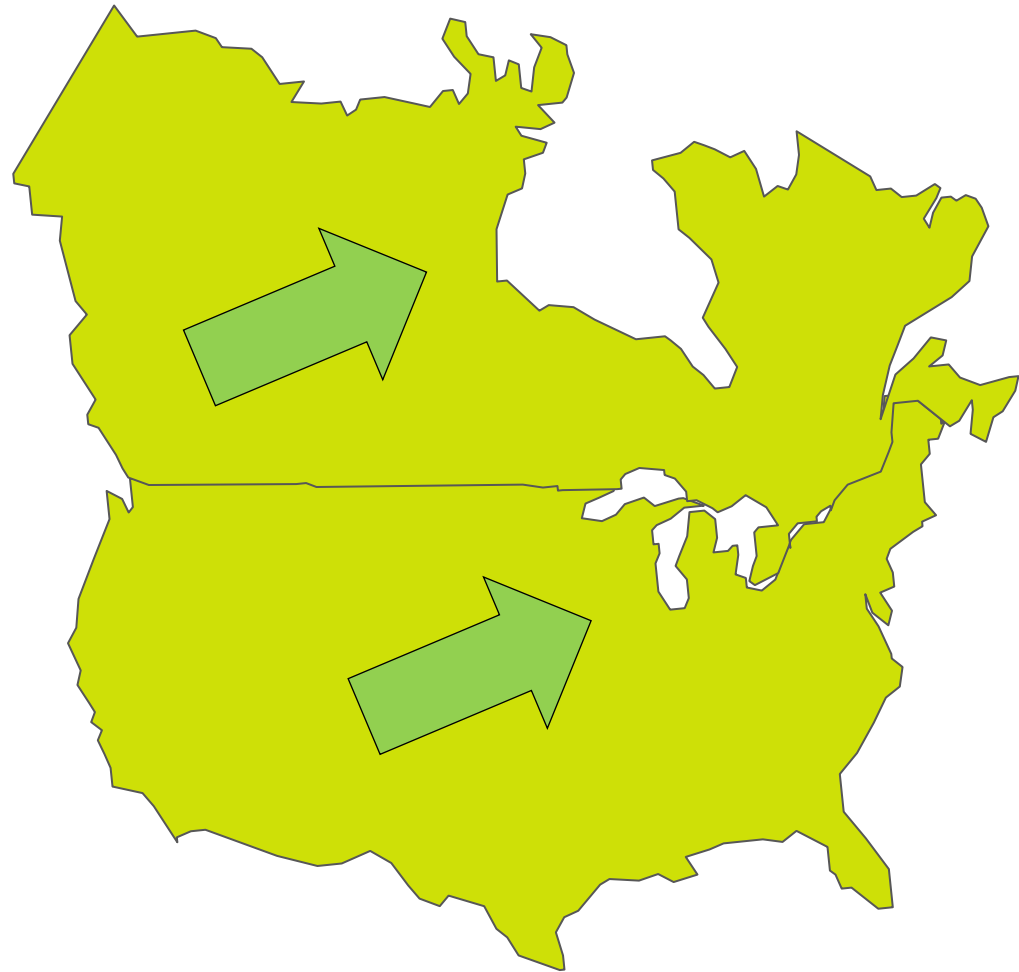
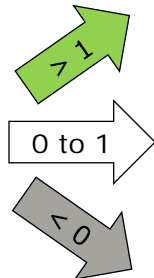
The housing recovery continues in the U.S.

- While non-residential investment is also set to grow, it is the residential construction market that will exhibit the strongest performance
- Both Canada and the U.S. should see growth in 2014

2013 GDP growth forecasts (%)



2014 GDP growth forecasts (%)

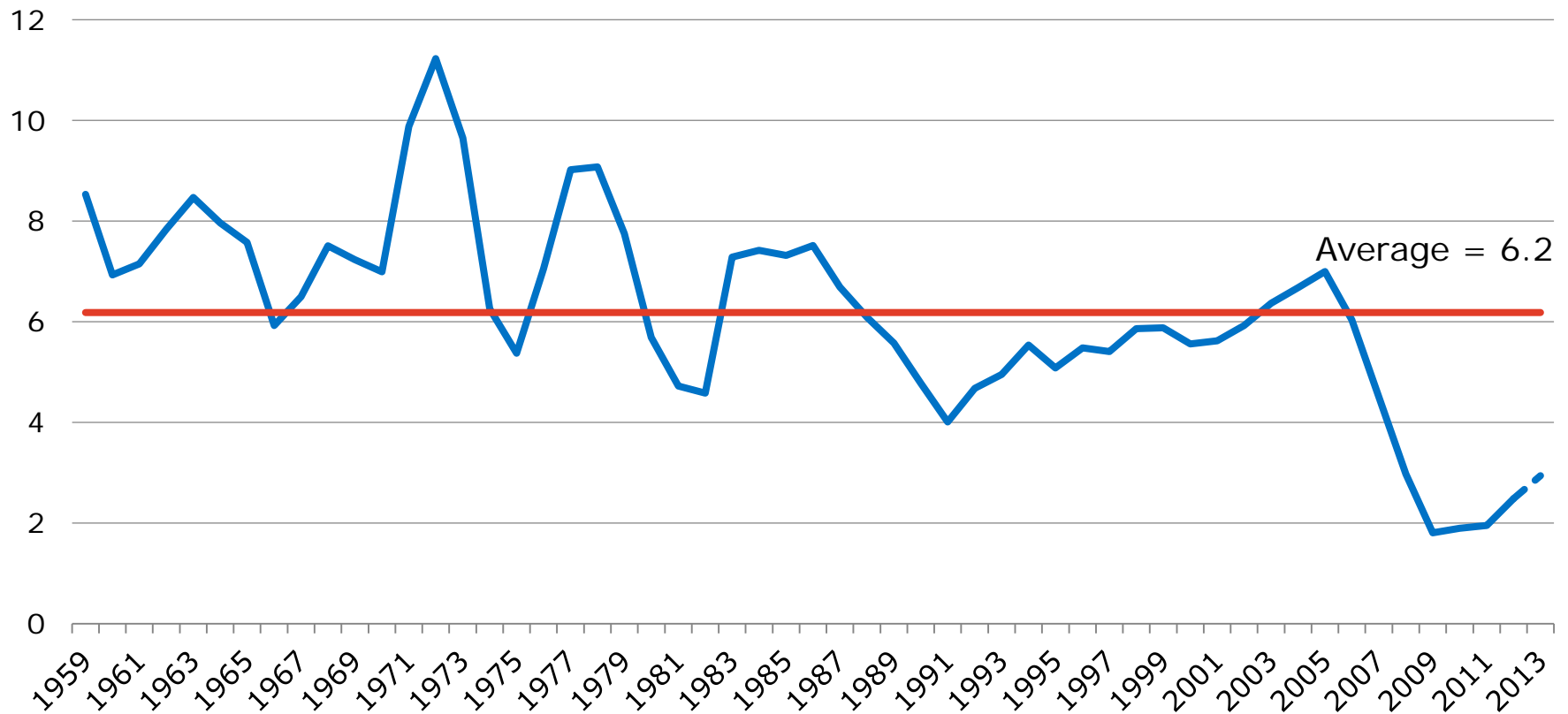


Source: Reed, FMI, TD Economics

Residential construction activity in the U.S. is still clearly below normal levels

United States housing starts

(per 1,000 inhabitants)



Source: U.S. Census Bureau



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Strategy

Historic milestones of the Uponor strategy

1965–1988

- The company's origins were in the infrastructure business
- Growth by acquisitions
- Multi-brand multi-channel paved the way for building solutions growth in the 1990s
- Biggest plastic pipe supplier in the Nordics > Europe > globally

First decade of the 2000s

- Era of consolidation
 - Focus on the Nordic markets in terms of infrastructure solutions
 - Building solutions targets to achieve global business growth
- Brand consolidation
- Driving value through operational excellence
 - ERP, offering harmonisation



Changes implemented within Uponor in 2009–2013

Entry into the Project business

- In the New Normal, the traditional markets do not offer a basis for growth and capacity remains underutilised
- Increasing regulation and a need for *greener building* is creating complexity
- Addressing more complex residential and non-residential building construction opportunities required business model innovation
- The 2010-11 acquisitions in the UK and Germany gave access into this market sector and complemented the offering

Infrastructure solutions joint venture – Uponor Infra

- A cost-competitive player mainly active in North Europe

In the absence of market growth, Uponor's focus has been on improving profitability through cost efficiency

Transfer from local area organisations to a continental segment organisation driving harmonisation, synergies and agility

Uponor's vision and mission

Our key ambitions are anchored in our vision and mission statements



Global megatrends drive strategy and innovation



Growing and
aging
population

Health and
comfort



Urbanisation

Renovation,
prefabrication
and lifestyle



Energy demand
and climate
change

Green
building,
water quality
and water
management



Globalisation
and developing
markets

Geographical
expansion

Where we aim to be in 2016

Leading brand in
plumbing and
indoor climate
solutions in
Europe



Brand standard
for PEX systems
in the commercial
and residential
sectors in North
America



Leading
infrastructure
and extrusion
technology
supplier



Segment-based approach

Uponor's businesses are facing different situations, therefore the path forward needs to be tailored and driven by the segments

Uponor Infra

- Integrate
- Consolidate
- Improve profitability

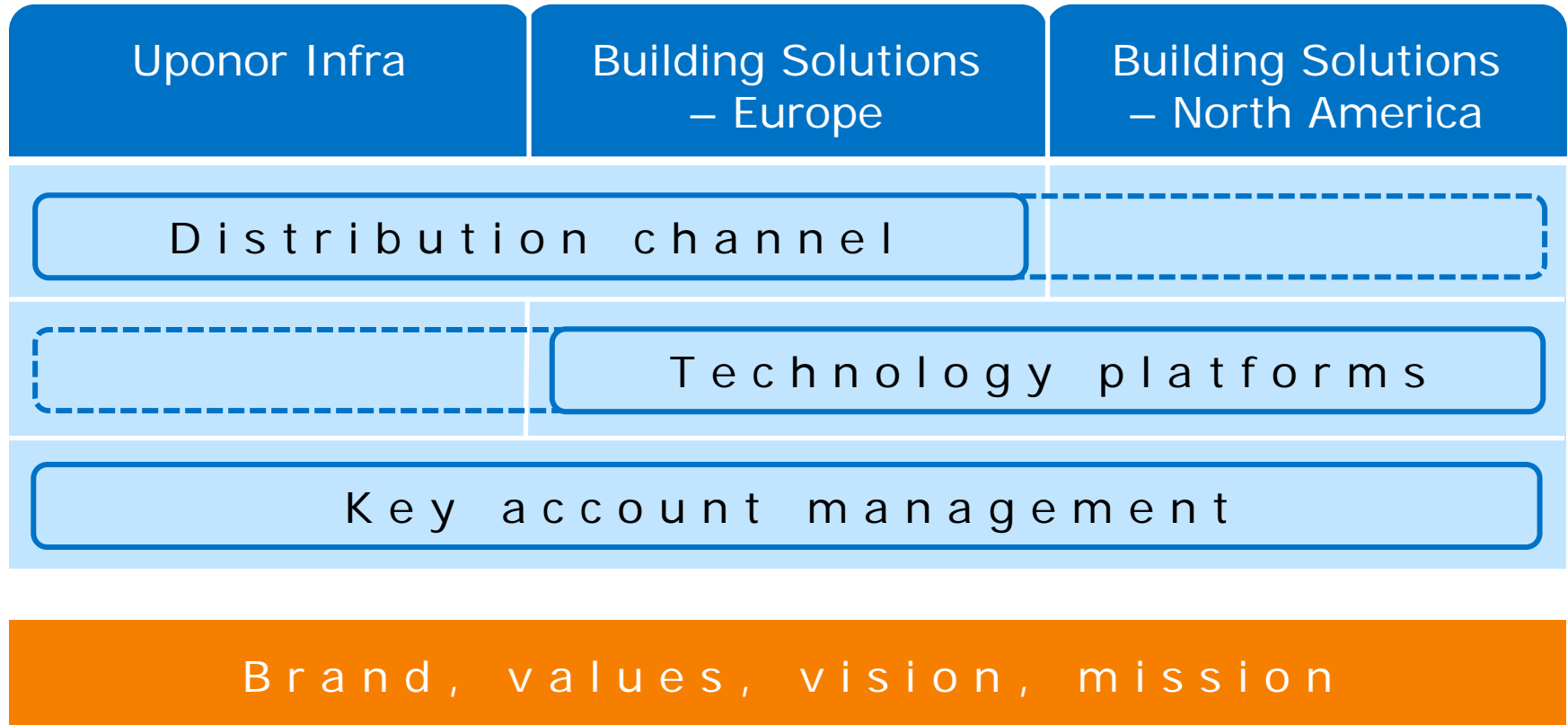
Building Solutions – Europe

- Harmonise
- Innovate
- Improve profitability

Building Solutions – North America

- Penetrate commercial
- Grow with residential
- Keep up with the market share with innovation
- Improve profits

Common denominators shared by the segments





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Long-term financial targets

Long-term financial targets

Since 12 Feb. 2013

- Help develop Uponor globally in a manner that secures faster than average industry growth and funding for future initiatives
- Based on earlier criteria, now reflecting the 'new normal' business landscape
- The emphasis is on growth, which is clearly influenced by the flat outlook of European building markets

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

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

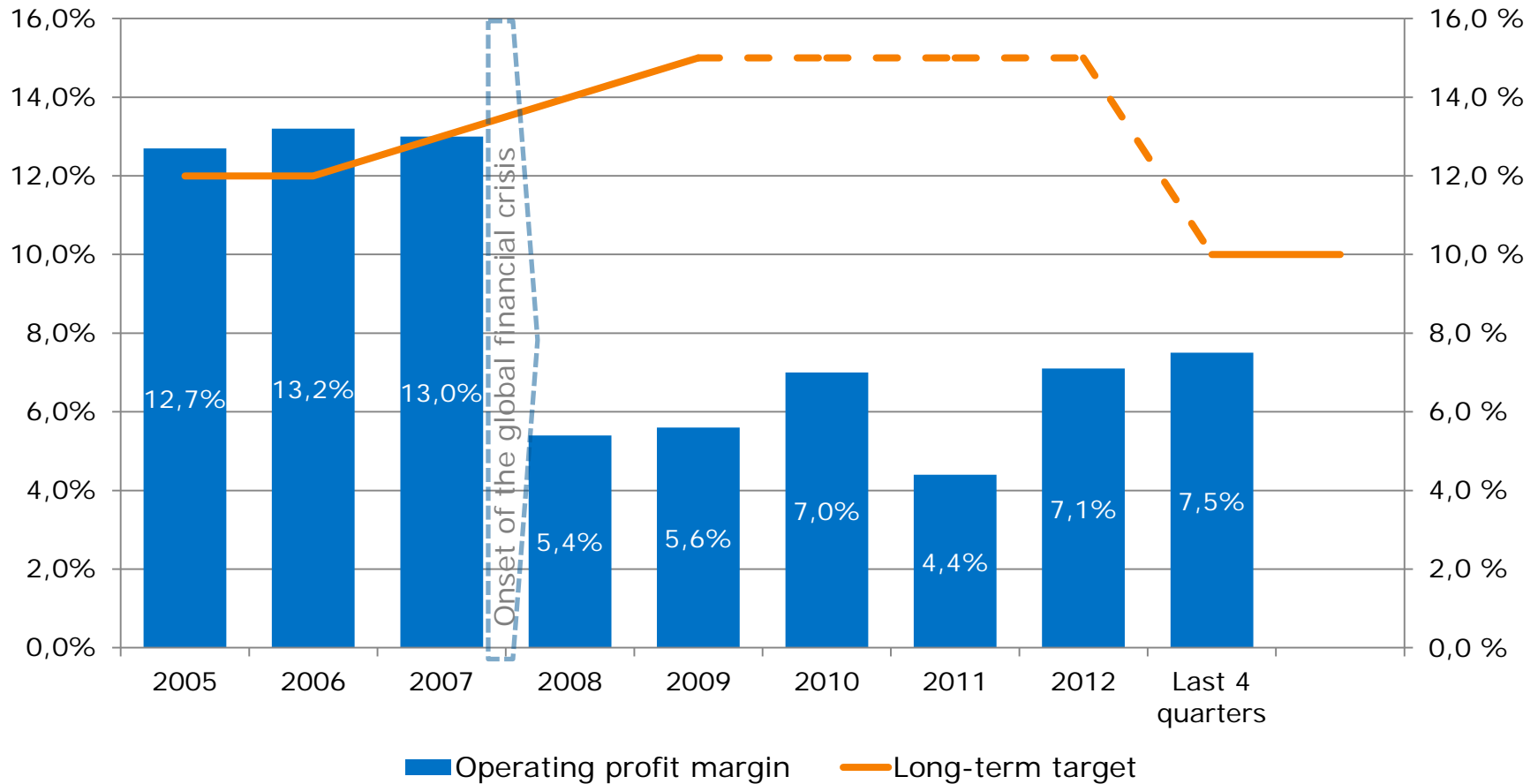
EBIT margin to exceed 10%

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

Operating profit performance vs. long-term target



In summary

- We are in the New Normal – customer demand and volumes are expected to develop moderately
- Uponor is continuing on its chosen path, following the evolution whose foundations were laid in the early 2000s
- The steps taken to strengthen the company strategically and operations wise in the past few years are starting to yield benefits
- Global megatrends related to our core businesses in building and infrastructure construction and sustainability are supporting our endeavours

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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.

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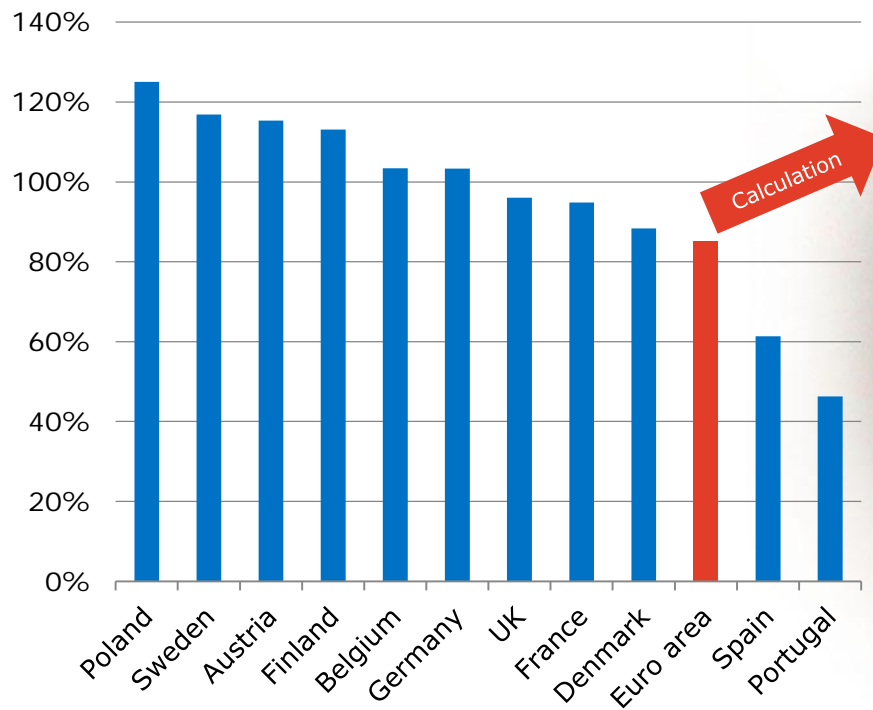


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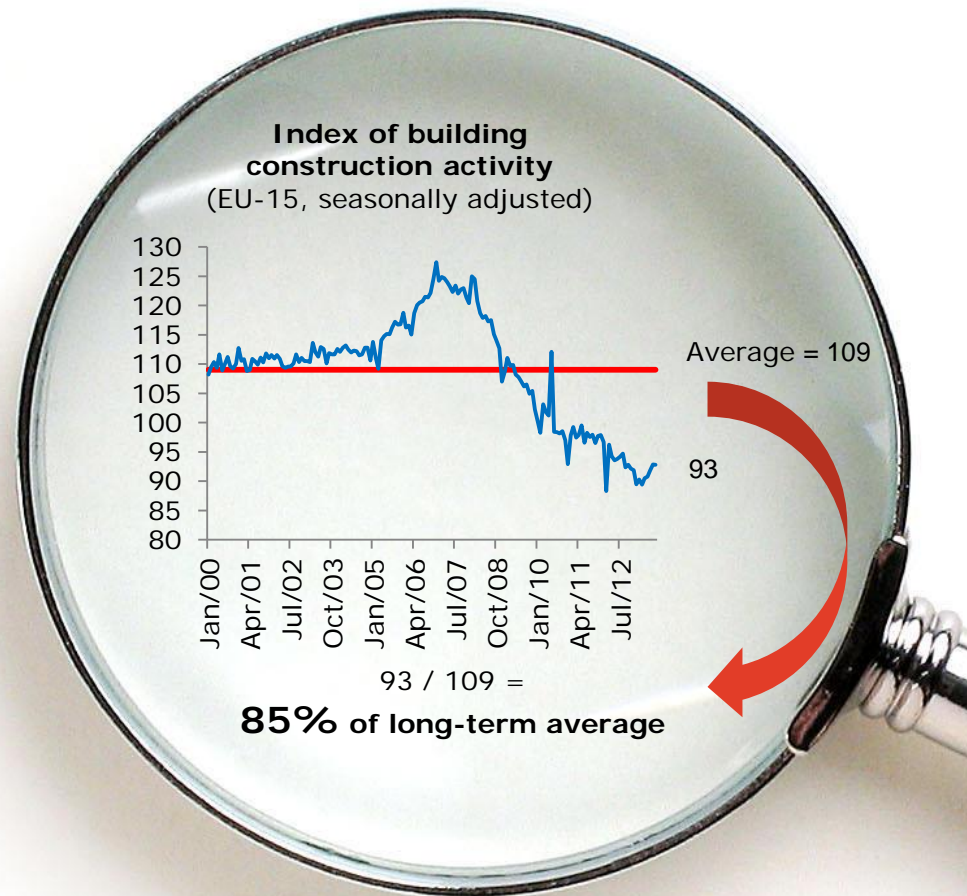
Appendices

Construction activity in the south of Europe continues to be significantly lower than average

July 2013 building construction relative to 13-year average

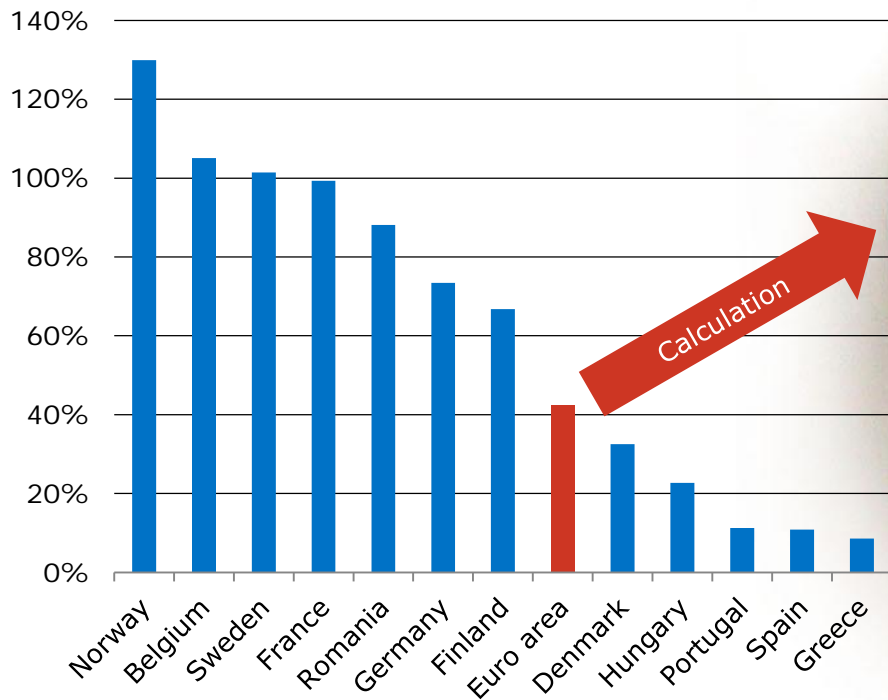


Source: Eurostat

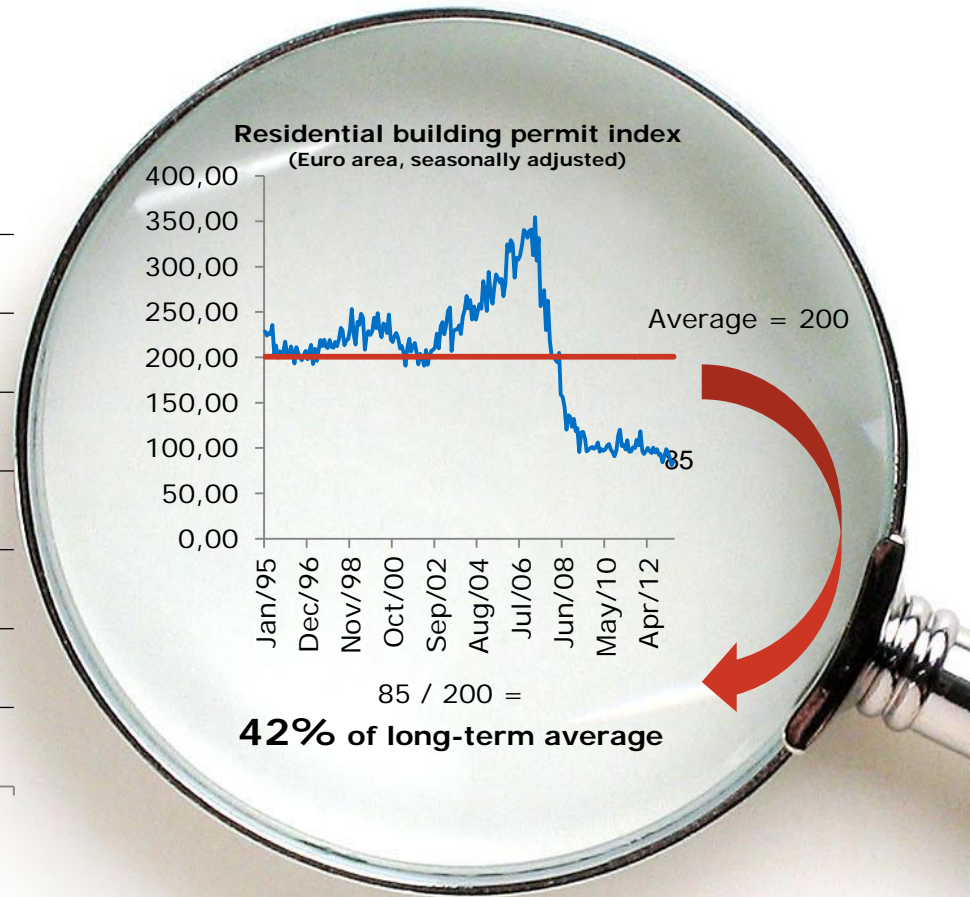


Only Norway is experiencing residential activity that is significantly above average

June 2013 residential permit levels vs. long-term average

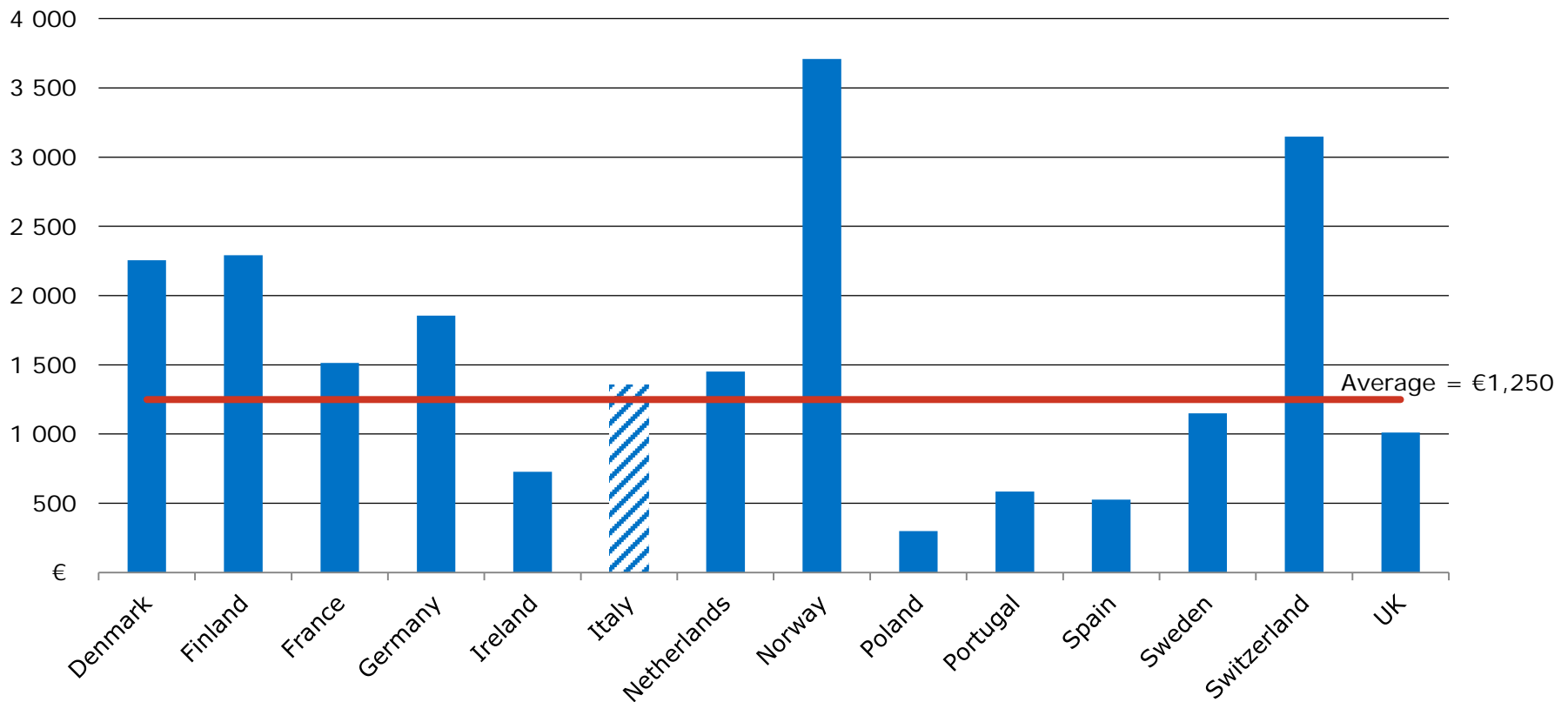


Source: Eurostat



How does the current level of construction activity vary across countries?

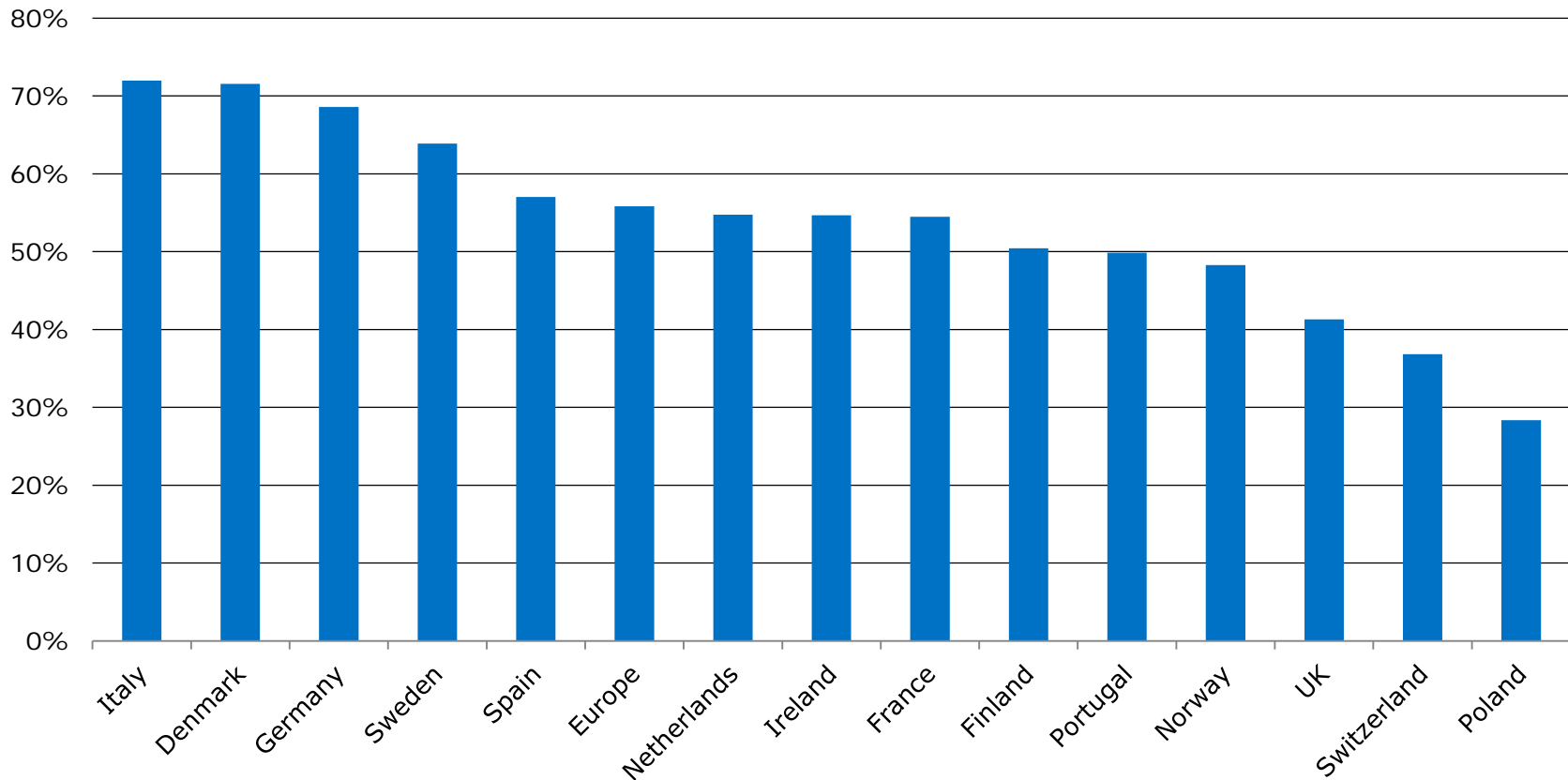
Per capita spending on residential construction, 2013



Source: Euroconstruct 11/2013

56% of all European spending on building construction is for renovation

Share of renovation in building construction (%)

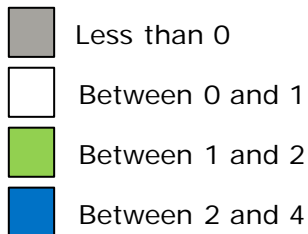


Source: Euroconstruct 11/2013

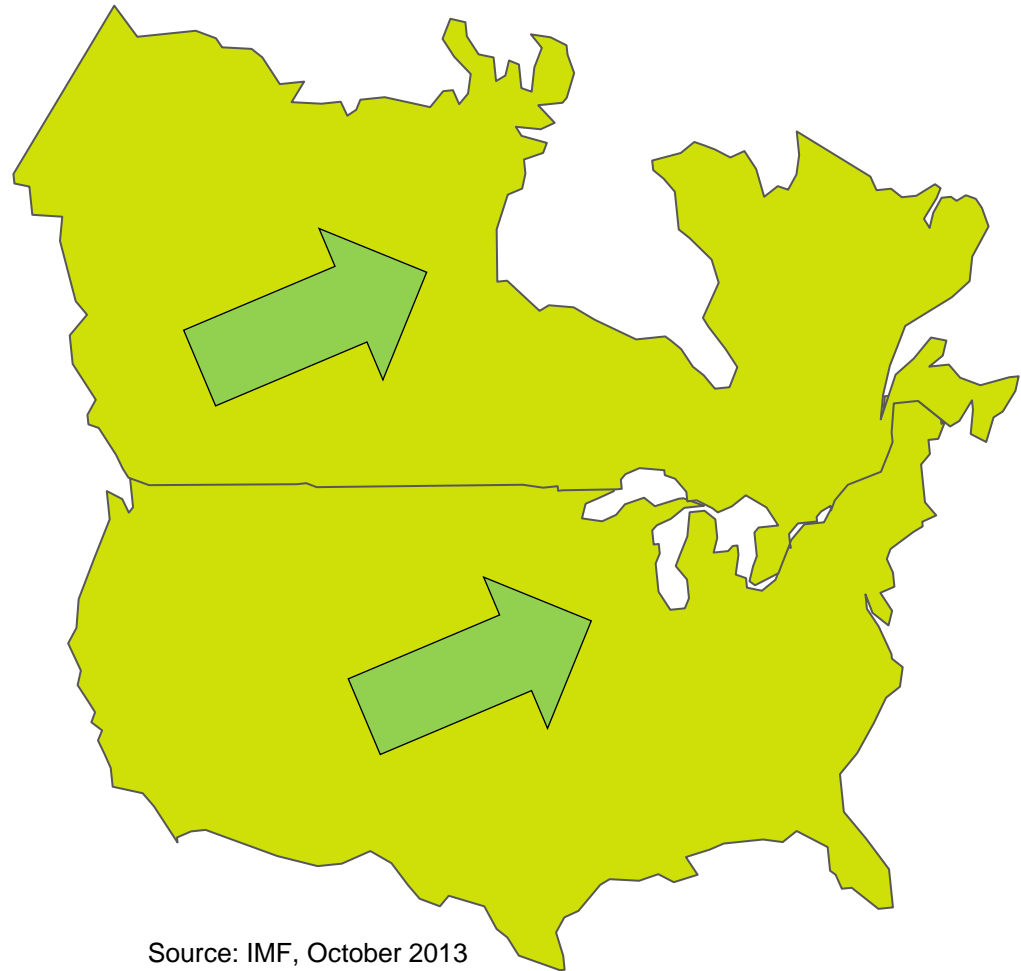
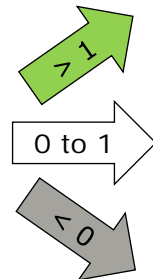
The North American economy will continue its modest recovery

- The baseline scenario in both Canada and the USA is for continued, modest growth
- However, financial and legislative uncertainties influence the credibility of the outlook

2013 GDP growth forecasts (%)



2014 GDP growth forecasts (%)



Source: IMF, October 2013



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Sustainability driving Uponor's business and systems development

Ilari Aho, VP New Business Development & CSR

David Harget, CSR Manager

Uponor Group

11 Dec. 2013

Presentation outline

- Sustainability as business driver – Our definition
- Business case for sustainable building
- Sustainability driving Uponor's business and offering development
- In summary



Framework for a sustainable built environment

Environmental sustainability

Energy and resource efficiency
Minimised emissions and waste
Longevity, adaptability and flexibility

Economic sustainability

Long-term value retention and yield
Productivity for end users and society

Social sustainability

Health, comfort and security
Social and cultural diversity and stimuli
Access to and availability of services

What do we understand by sustainability in our business?



Business benefits and costs of green building

BENEFITS

- Sales price premium of up to 30% for certified green building over non-certified in the same market area
- Rental premium of up to 25% compared to conventional code-compliant buildings
- Occupancy rate increase of up to 23%
- Productivity increase and performance improvement in tasks of up to 26%
- Lower risk for increased operative costs, unanticipated asset value reduction, etc.
- Reduced exposure to changes in the price of energy and other commodities

COSTS

Increased construction costs

- *Actual* increase in costs from 0 to 12.5%
 - Examples exist where initial costs have actually decreased
- Professionals *expect* cost increases up to 30%
 - Expectation gap slows market uptake, but implies a large market potential

Source:
World Green Building Council,
Business Case for Green Building

Energy efficiency and savings as key investment and business drivers

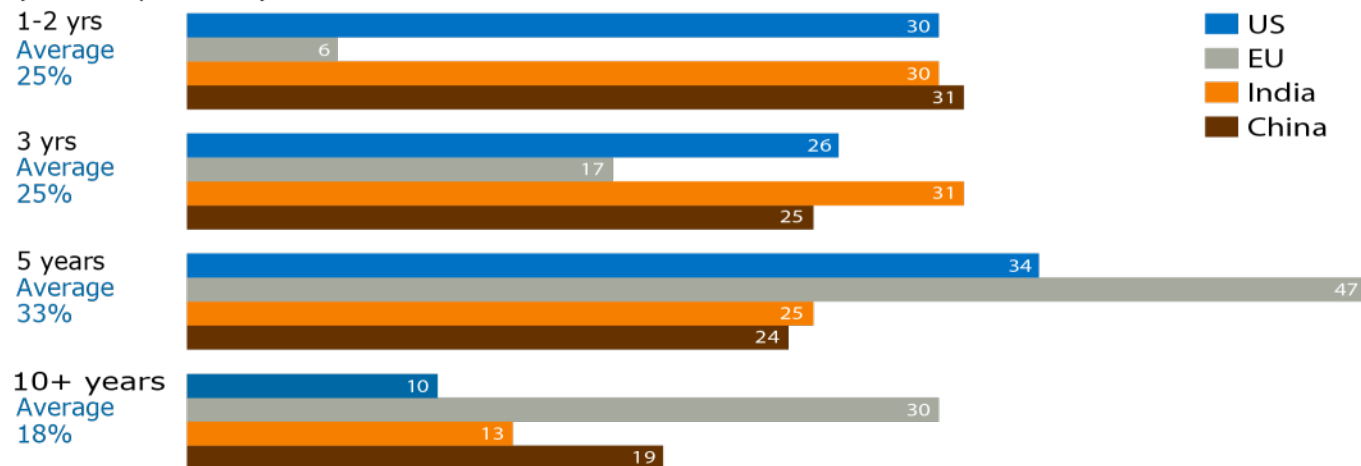
Property sector executive opinion

- 63% consider energy usage as a major factor in investment decisions
- 69% use energy efficiency as a risk management tool
- 50% invest in improving HVAC systems for energy efficiency
- 26% deliberately exceed government-mandated energy efficiency standards

Longer payback periods on energy efficiency projects become more acceptable

What is the maximum payback period acceptable to your company when deciding on energy efficiency investments?

(% of respondents)



Source: Economist Intelligence Unit survey, June 2012.

Source:
Energy efficiency and energy savings.
A view from the building sector.

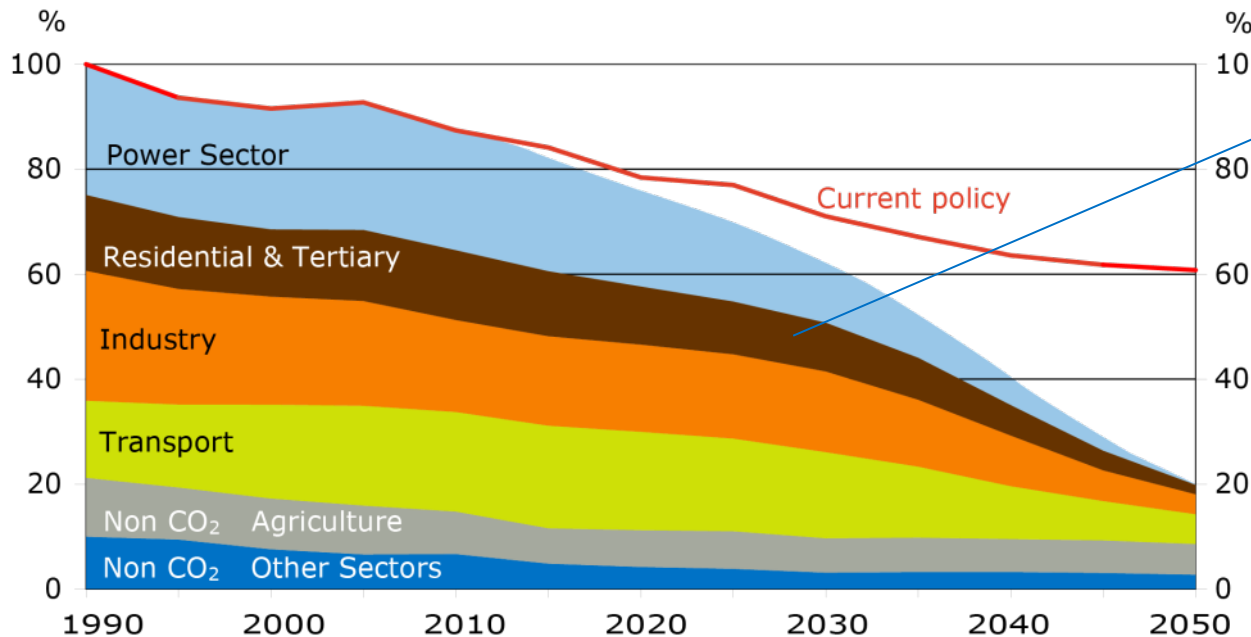
Survey of 400+ senior executives from
residential real estate, building construction,
commercial real estate and industrial real
estate sectors in US, Europe, India and
China, commissioned by the Global
Buildings Performance Network

Policy and regulatory drivers

EU roadmap towards a competitive low carbon economy in 2050

The built environment:

- intelligent low- or zero-energy buildings
 - refurbishment of the existing building stock, in particular financing the necessary investments
 - shifting energy consumption towards low carbon and renewable sources, on site or through district level systems
- Investments in energy-saving building components and equipment need to increase by up to €200 billion



http://ec.europa.eu/clima/policies/roadmap/index_en.htm

Emissions from the Residential and Tertiary sectors are to be reduced by a factor of 5

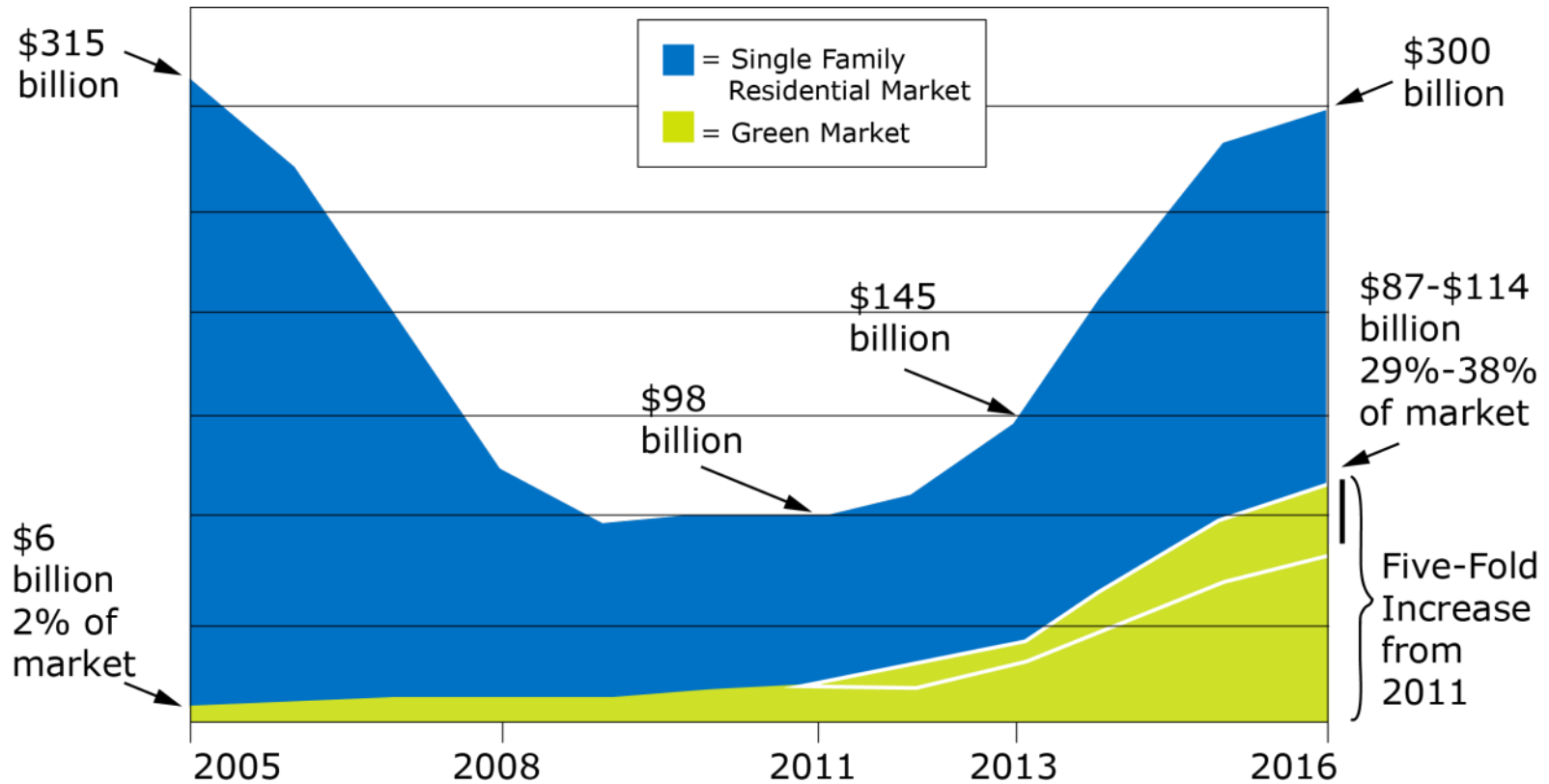
while

living standards, service levels and average space per person are expected to increase

- Major technological leap and a move towards performance based business models are anticipated

Market development projections

Green Building in the North American residential market is expected to outperform the general construction market, even if details between projections vary



Source: Green market Size: calculation McGraw-Hill Construction; base value of construction market from McGraw-Hill Construction Market Forecasting Service, as of February 2012

Client and market demand seen as main drivers for Green Building

- Policy and regulation main driving forces only in a minority of construction markets
- Consumer awareness, corporate customer commitment to sustainability and operational cost benefits are generally seen as the main drivers

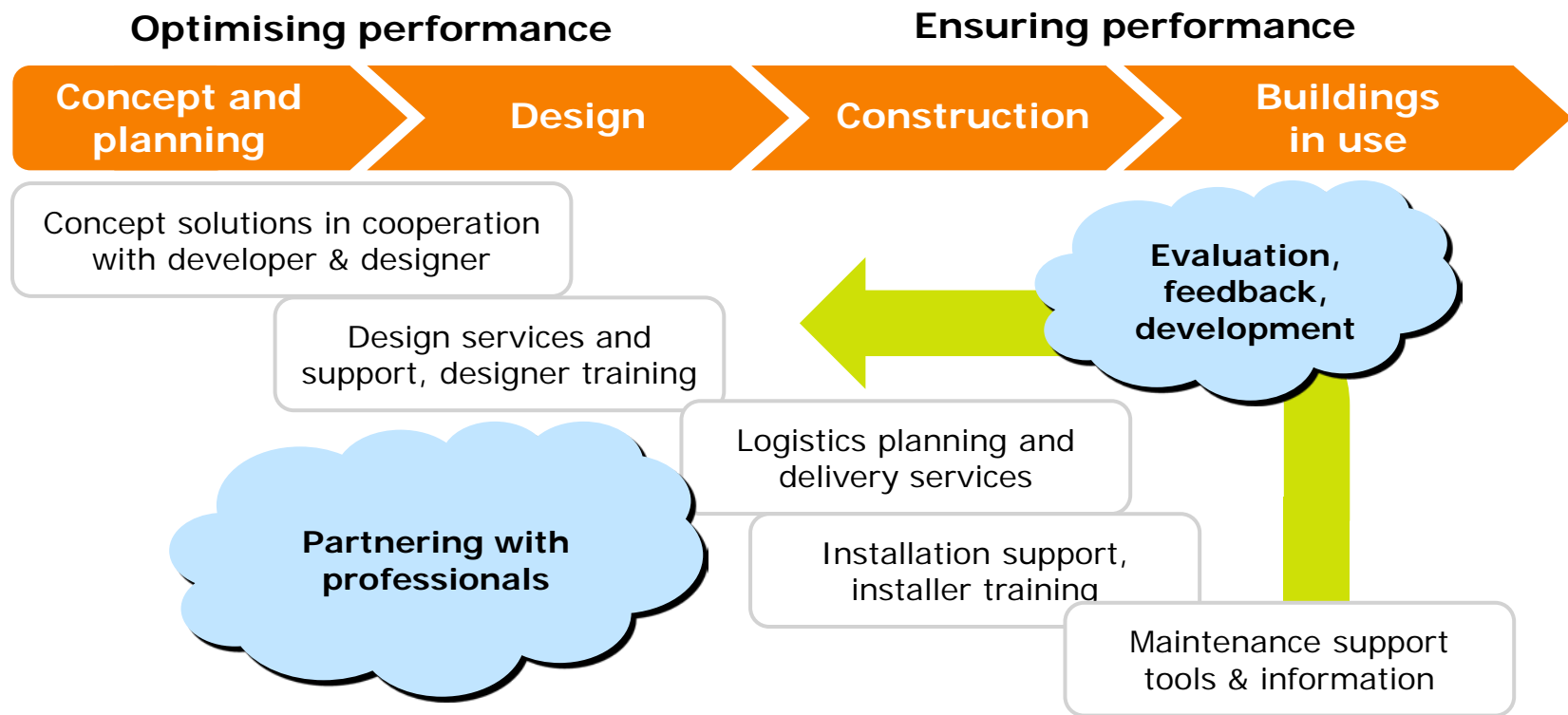
Top three triggers driving future Green Building activity

	USA	Europe
Top reason	Client demand	Client demand
	41%	39%
Second	Corporate commitments	Market demand
	32%	37%
Third	Market demand and lower operating costs	Branding/Public relations
	30%	34%

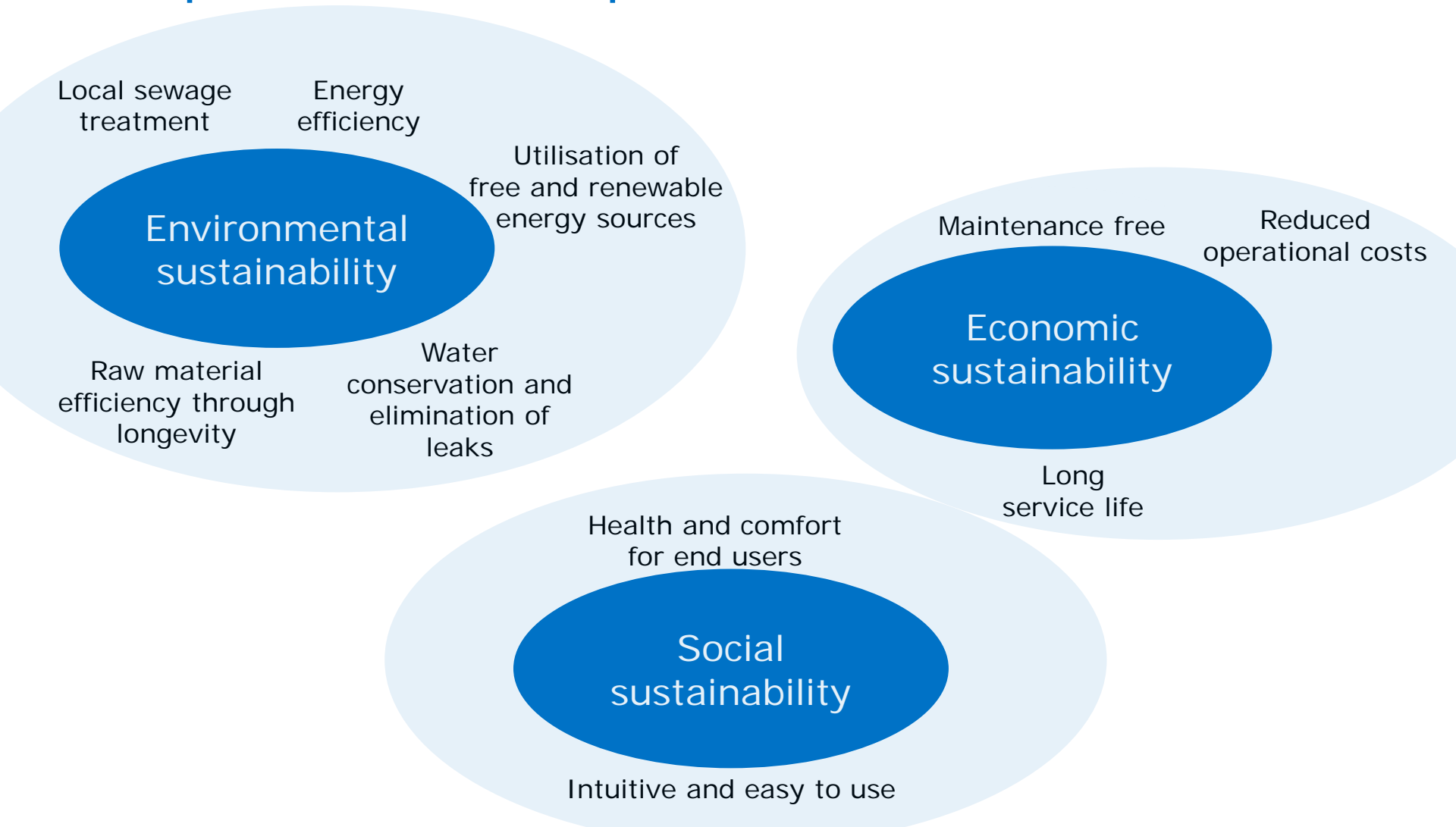
Source: McGraw-Hill Construction, 2013

Sustainability impacts business models and the value chain

- Drives changes in business models and the construction value chain
- Emphasises the importance of pre- and after-sales services











Sustainability drivers for Uponor's system and product development



Radiant heating and cooling at Uponor HQ

- Plaza Loiste Key Facts

- First BREEAM Very Good certified office complex in Finland, Energy Class A
- 7,240 m² office space
- 6 office floors, of which 2 for Uponor:
 - Underfloor heating/cooling, ceiling cooling, free ground coupled cooling
- Architect: Forma-Futura Oy
Developer: NCC Property Development
HVAC design: Optiplan Oy, Uponor

ET-luku	Vähän kuluttava	Rakennuksen ET-luokka
- 90		
91 - 110		
111 - 130		
131 - 170		
171 - 230		
231 - 320		
321 -		
Paljon kuluttava		



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VENTILATION MACHINERY ROOM

- Mechanical supply/ exhaust with high efficiency heat recovery
- Water chillers with free cooling bypass option for peak cooling demand

UPONOR FLOORS 6-7

- Underfloor heating and cooling with free cooling from boreholes
- Ceiling cooling for peak demand
- Air circulation chillers for peak demand in meeting rooms

ENTRANCE AREA

Snow and ice melting

FREE COOLING

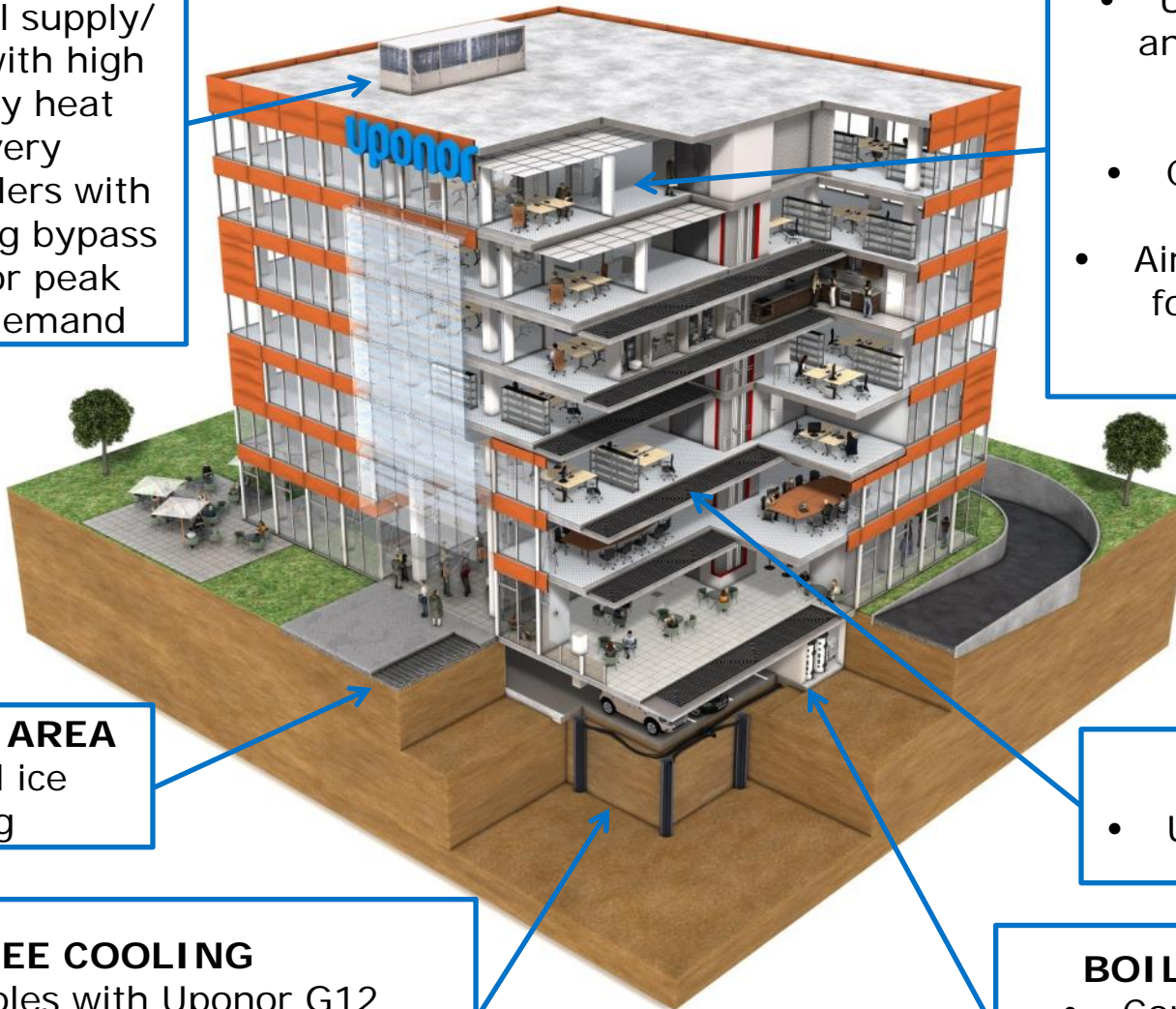
11 boreholes with Uponor G12 providing free cooling to the Uponor floors

FLOORS 1-5

- Underfloor heating

BOILER ROOM

- Connections to district heating and boreholes



Uponor HQ environmental performance

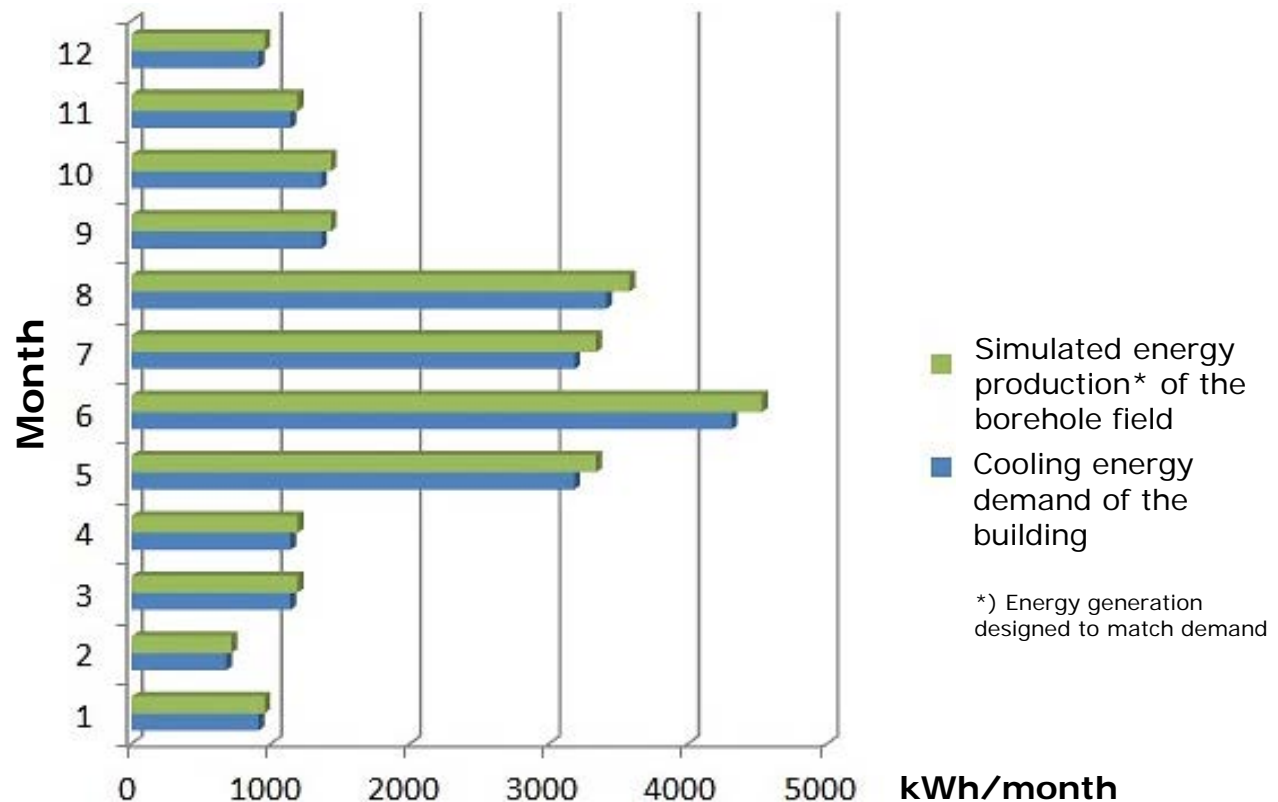
- Free cooling for energy efficiency

Free cooling energy from the boreholes covers the cooling demand of the Uponor offices

Purchased cooling energy need eliminated on an annual basis

Monitoring programme established from the cooling season 2014 onwards

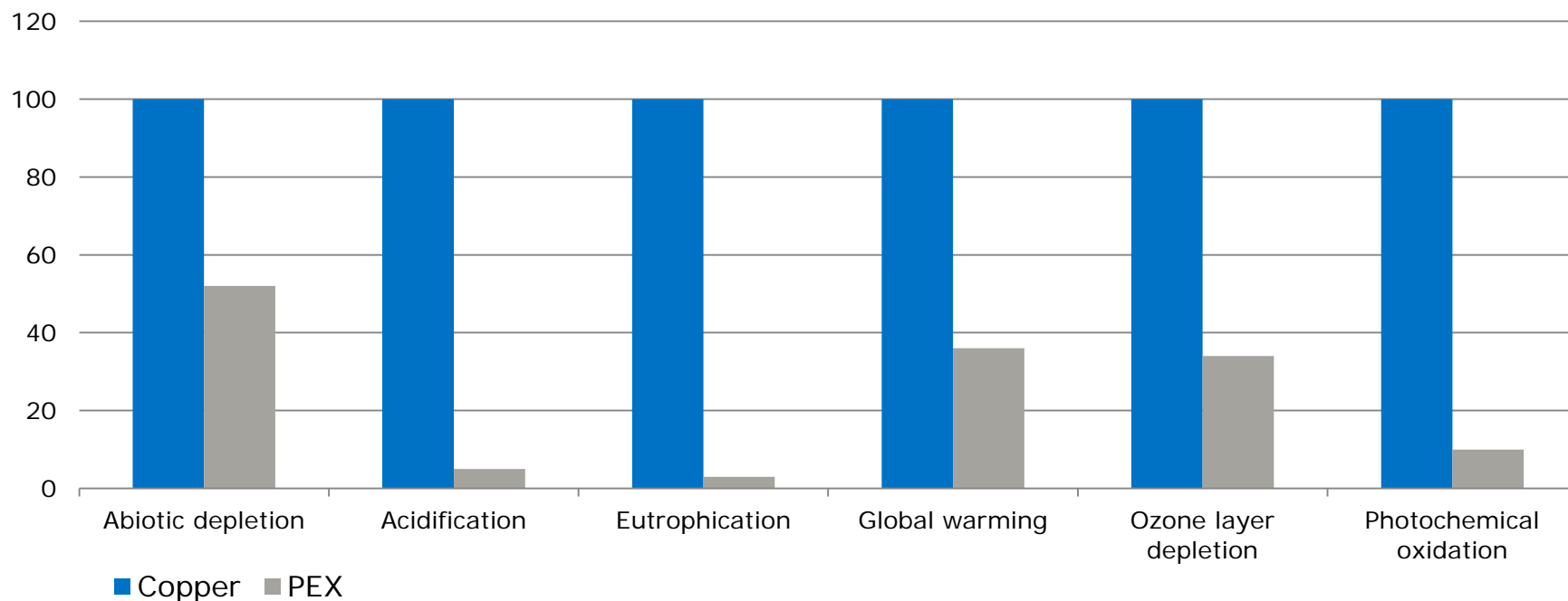
Energy production of the borehole cooling system is designed and operated to exceed the monthly demand



Anna Forsström: G-12 ENERGIAN KERUUUPUTKIEN KÄYTTÖ MAAVILIEÄN KERUUSSA
Opinnäytetyö, Ympäristöteknologia, YAMK, Toukokuu 2013

Environmental performance of the Uponor offering LCA* comparison of PEX and copper drinking water systems

PEX system outperforms copper in all environmental performance categories, even if copper is assumed to be almost 100% recycled
Carried out by VITO (Belgium)



*) Life Cycle Assessment based on the functional unit of installed tap water system for an apartment

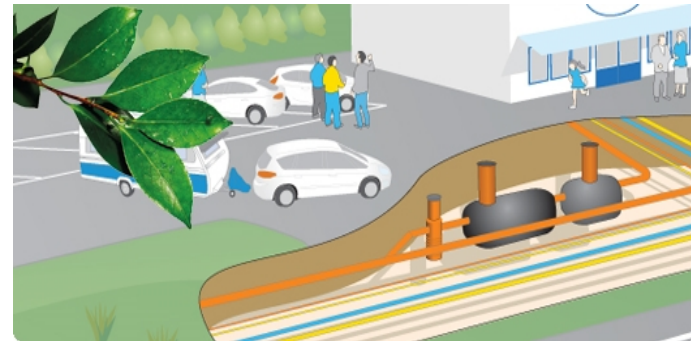
Product development for a sustainable future

Uponor IQ – storm water system

Optimised technology and engineering in combination with carefully selected components to provide a storm water solution for a sustainable society



Reduce the risk of flooding by reduction of peak flows



Clean pollutants such as oil and heavy metal from storm water before it enters the sewer system

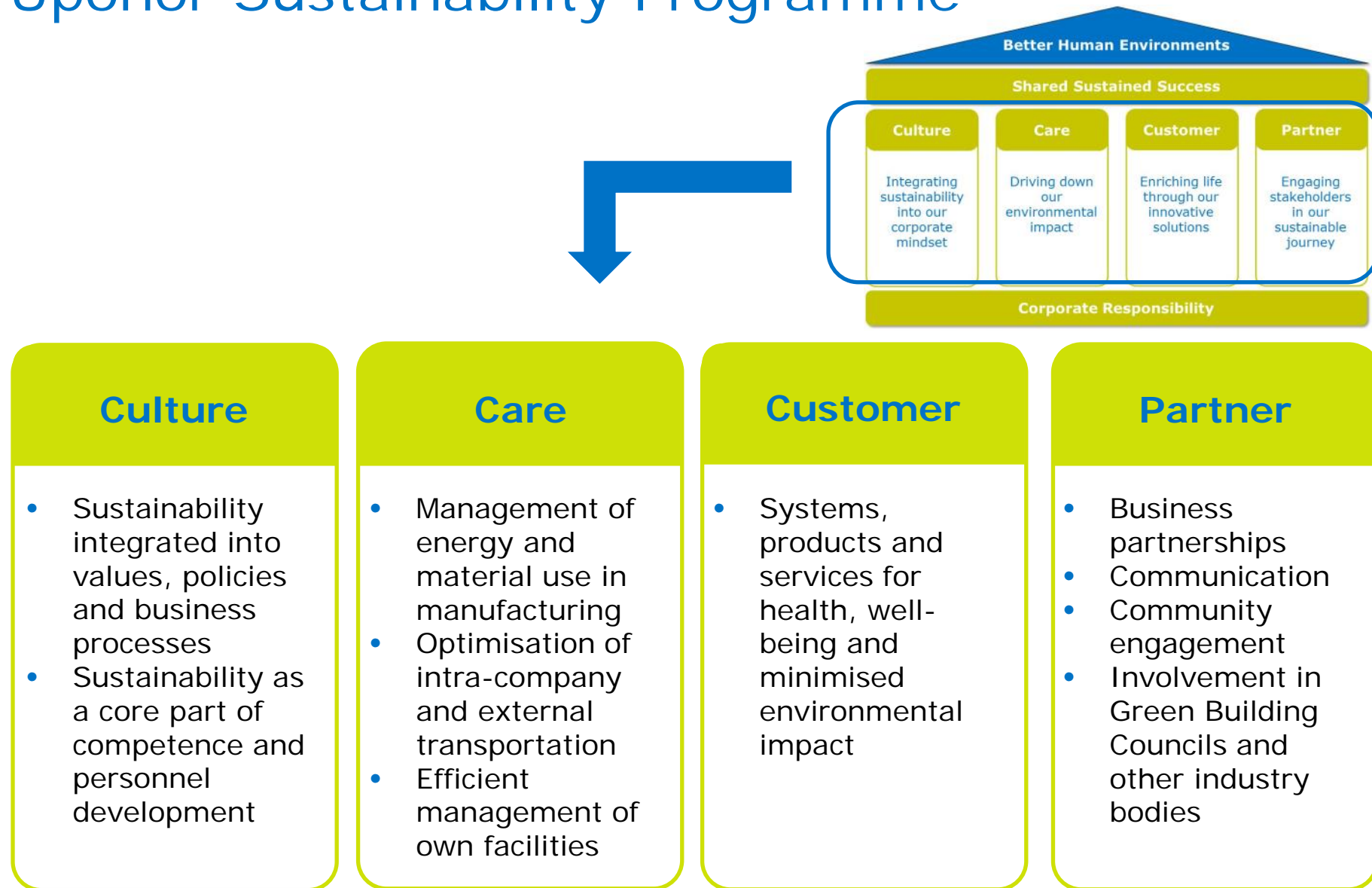


Capture storm water for non-potable water use



Filter storm water into the ground instead of transporting it away

Uponor Sustainability Programme



In summary

- The Green Building market is projected to clearly outperform the overall construction market development
- New business opportunities are created for solutions that promote resource efficiency, well-being and productivity, as well as emission reductions
- Uponor's offering is well positioned to benefit from this opportunity
- Value chains and business models in the construction and infrastructure industry will need to develop towards more performance-based models

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Uponor – 30 years in North America

Bill Gray
President, Uponor North America
11 Dec. 2013

Presentation outline

- Uponor in North America
- Customer intimacy
- Stakeholder engagement
- Product portfolio
- In summary



Uponor North America milestones

1984

Wirsbo opens N.A. operations in Rockford, IL. Introduces Engel-method PEX for UFH to the market



1993

AquaPEX® tubing launched



1995

Established



2000

AquaSAFE™ Fire Safety

2008

Consolidated N.A. manufacturing in Apple Valley

Canadian Headquarters moves to Mississauga ON.



2013

The Minnesota Manufacturers Alliance names Uponor as 2013 Manufacturer of the Year

Groundbreaking: Apple valley expands to 230,000 sq.ft.

Uponor named Minneapolis Star Tribune Top 100 Workplaces



1990

2000

2010

2013

1992

Canapex changes name to Wirsbo Canada.



WIRSBO
Life, Safety, Comfort Systems

2006

Uponor Wirsbo changes name to Uponor North America

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2001

Wirsbo changes name to Uponor Wirsbo.



2013

Launched Uponor Innovations, Inc

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innovations

Uponor North America: At a glance

Net sales development from \$125M in 2002 to \$195M in 2012

Operating profit at 13.5% in 2002 compared to 11.7% in 2012

2012 Employees: 472

- 278 Supply Chain, Production, Distribution
- 132 Sales and Marketing (does not include external Sales Reps)
- 23 Research and Product Development
- 39 Administration

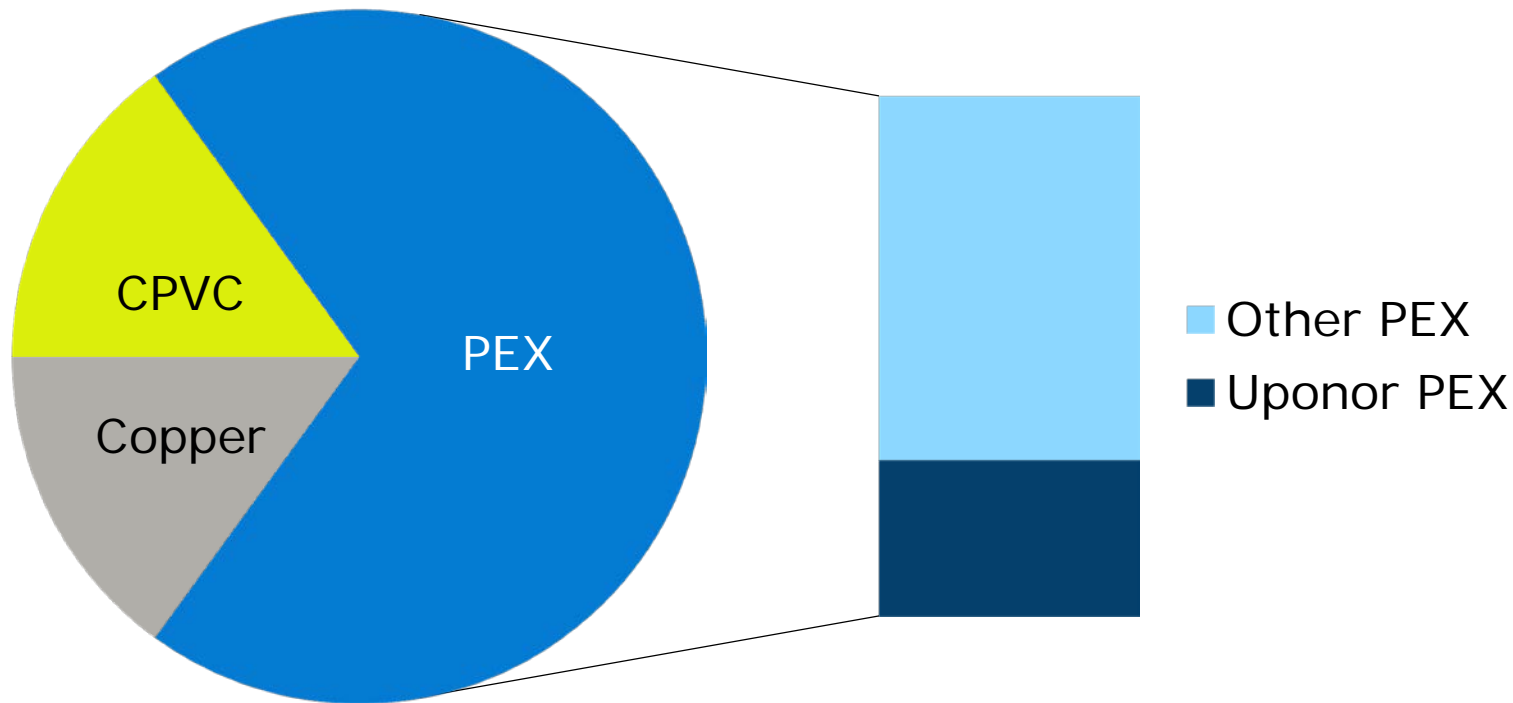


Uponor North America: Locations



Share by plumbing material

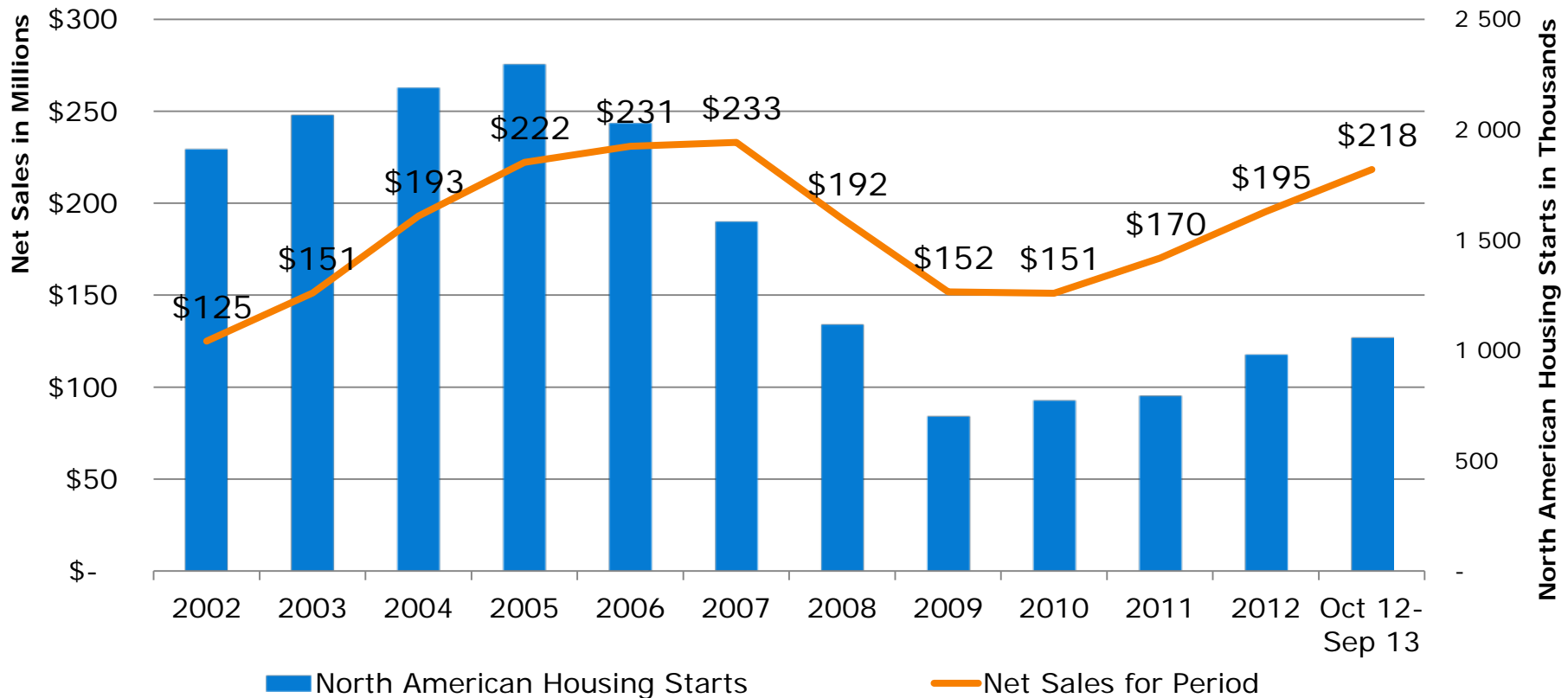
North American residential market



Overall, Uponor supplies nearly 1/3 of all PEX pipe sold in North America and has the highest share in all market segments in which we participate

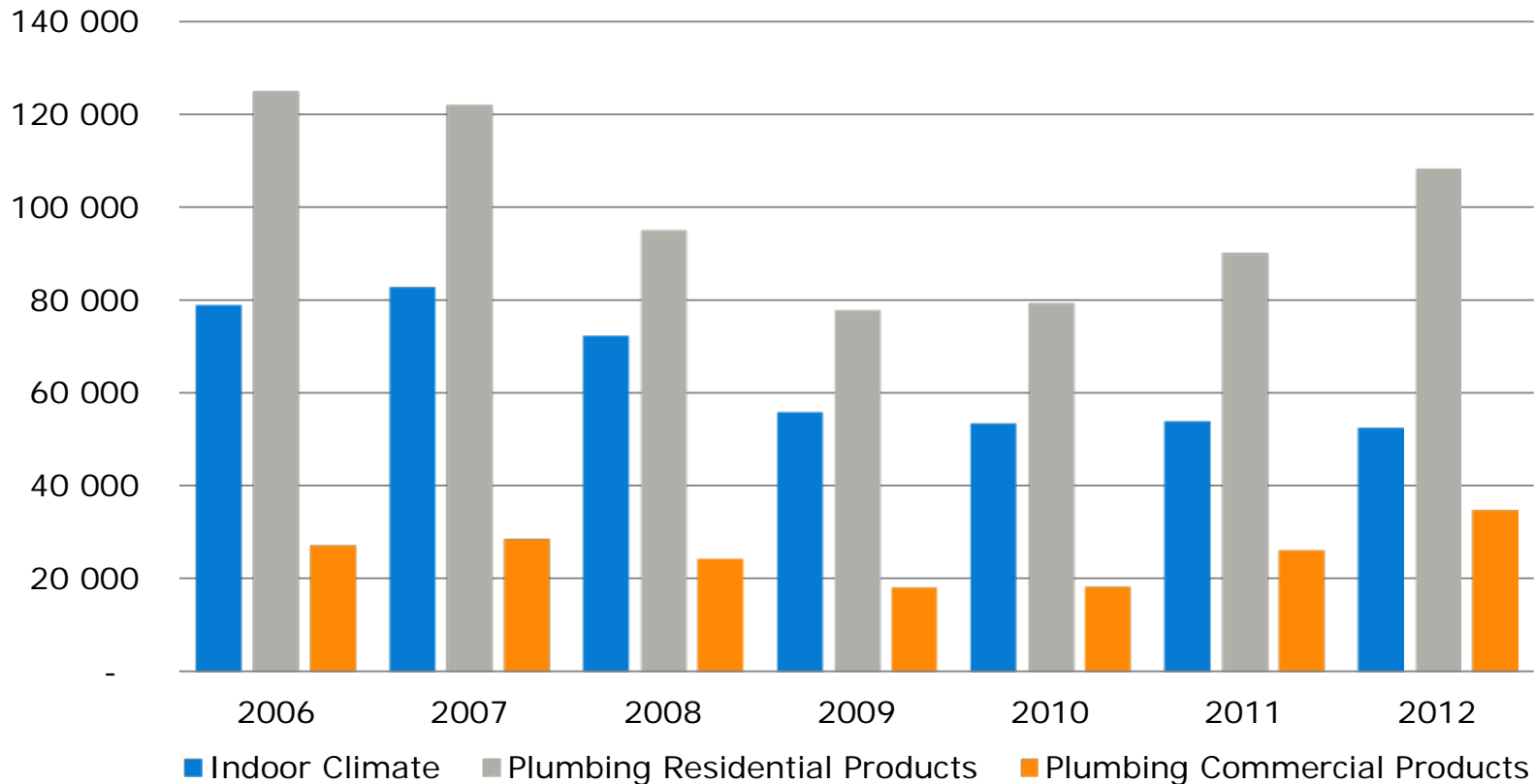
Net sales versus North American housing market development

Net Sales versus North American Housing Starts



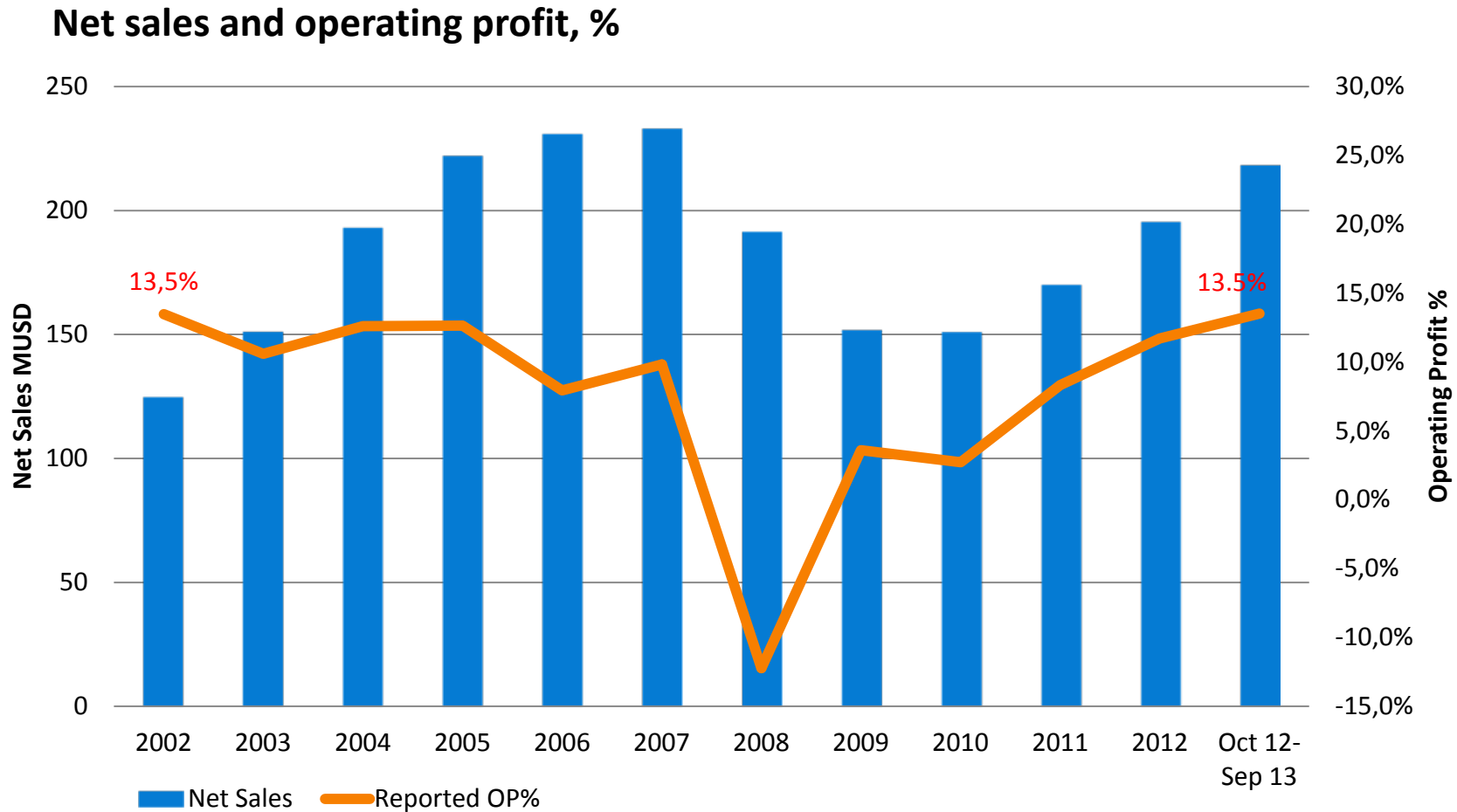
Sales diversification

Net Sales by Product Application



Increasing our market leadership position in residential plumbing while pursuing commercial market opportunities

Sales versus profit development



North American market factors

- Forced-air heating is dominant
- Virtually all new buildings incorporate air conditioning
- Large, well-known companies supply air-based HVAC systems
- District heating is rarely employed
- Most PEX pipe is used in new build rather than renovation/remodel
- PEX pipe is dominant; very little MLC pipe is used
- Plumbing market is much larger market than Indoor Climate
- PEX pipe is a minor portion of most competitors' portfolios
- “Hybrid” sales organizations employed by most major PEX companies

Market opportunity - Residential

Consensus forecasts show US housing starts slowly increasing to a sustainable rate of 1.5 MM/year

- 1+ million in 2014
- Favorable driving forces
- Multi-family share above historical norm
- Large builders gaining share

Canadian housing starts stable at ~180K per year

- Multi-family remains above 50% of total
- Urbanization and demographics are primary driving forces
- Big builders not prevalent

High reliability and risk avoidance key factors in selecting plumbing systems

Aging inventory with metallic plumbing systems resulting in emerging “re-piping” opportunity

Uponor focusing on innovative ways of incorporating Indoor Climate systems



Market opportunity - Commercial

Consensus forecast ~8% US market growth (in square meters) in 2014

Projected ~10% market growth in Canada in 2014*

Sustainable building practices increasingly employed

Limited penetration to date by PEX-based plumbing systems offers large upside potential

Uponor targeting segments with high plumbing “density”

- Hotels
- Commercial/Residential High-Rise
- Education/Institutional

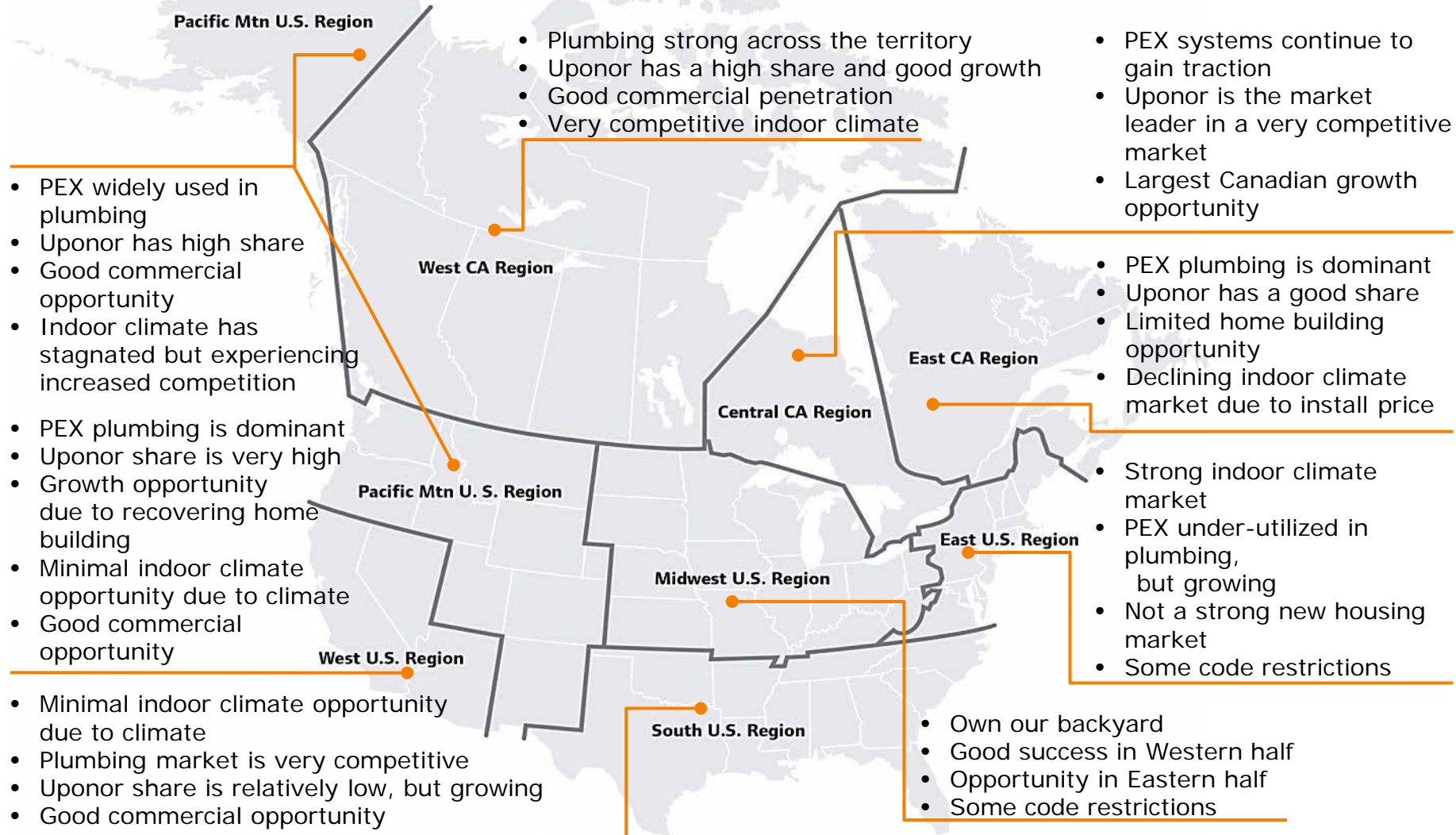
Radiant cooling is key entrée for Uponor Indoor Climate offering

Hydronic distribution piping offers significant opportunity



*Reed Construction Data

Marketing opportunity – USA & Canada

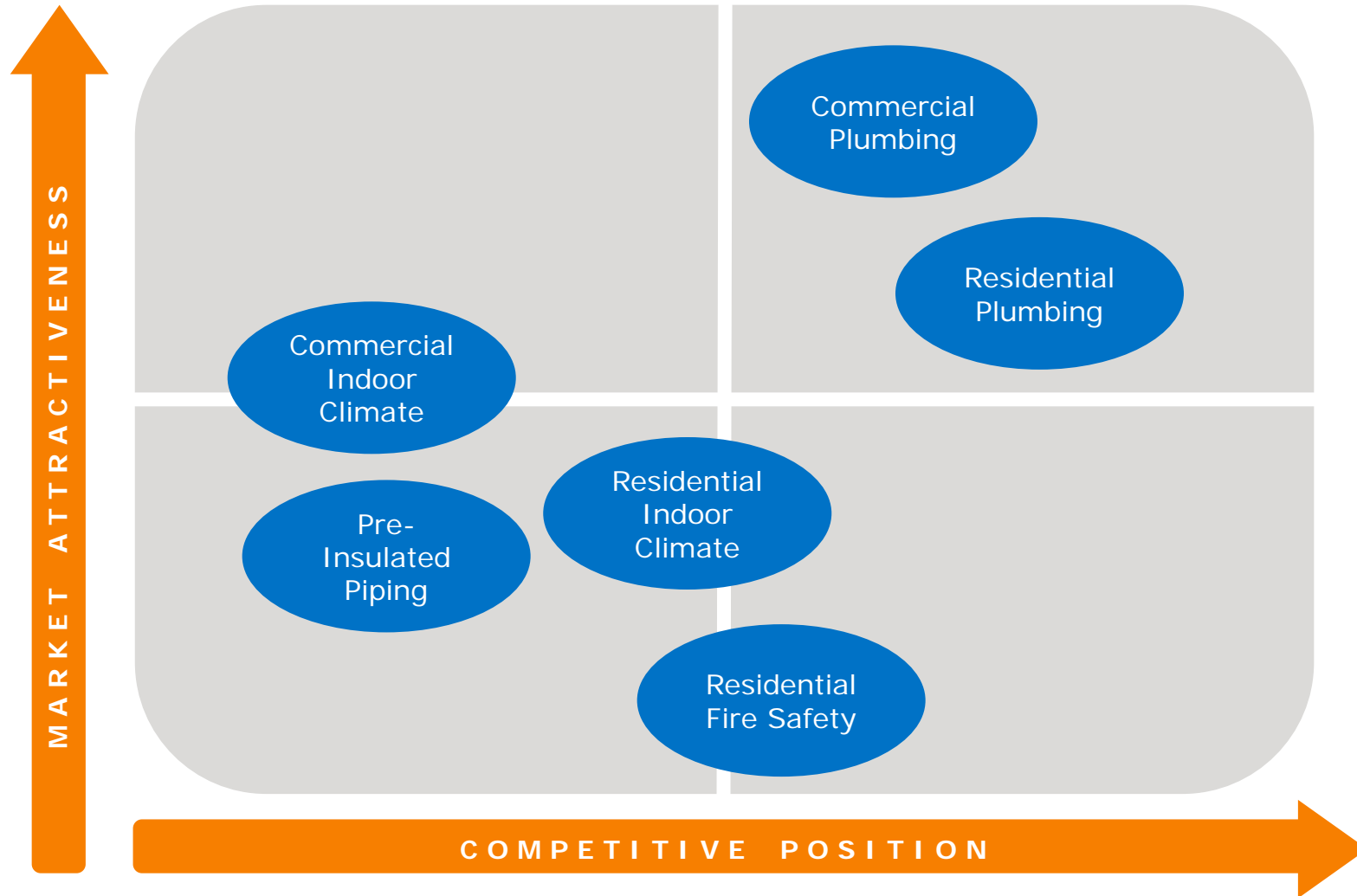




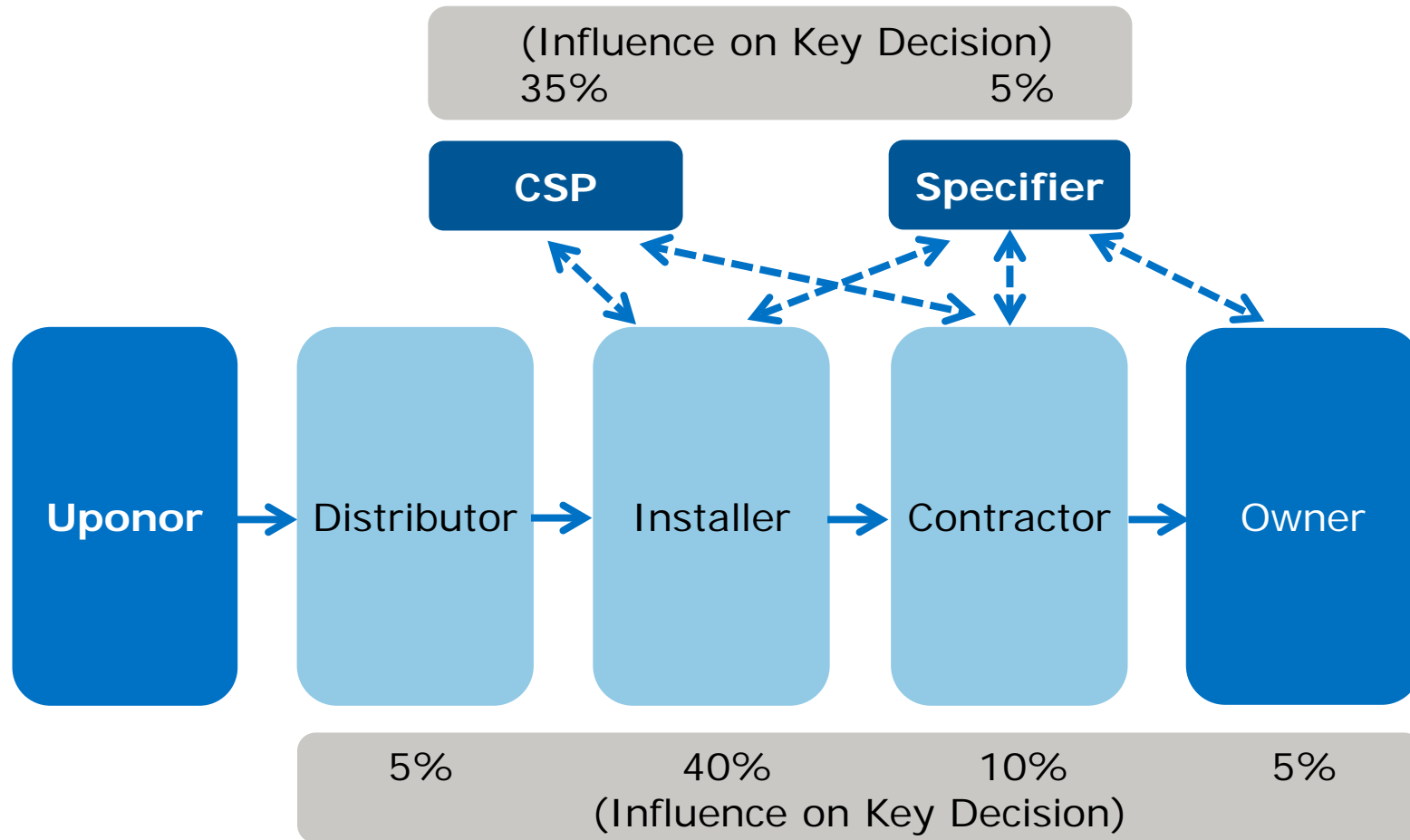
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Customer intimacy: Why customers love us

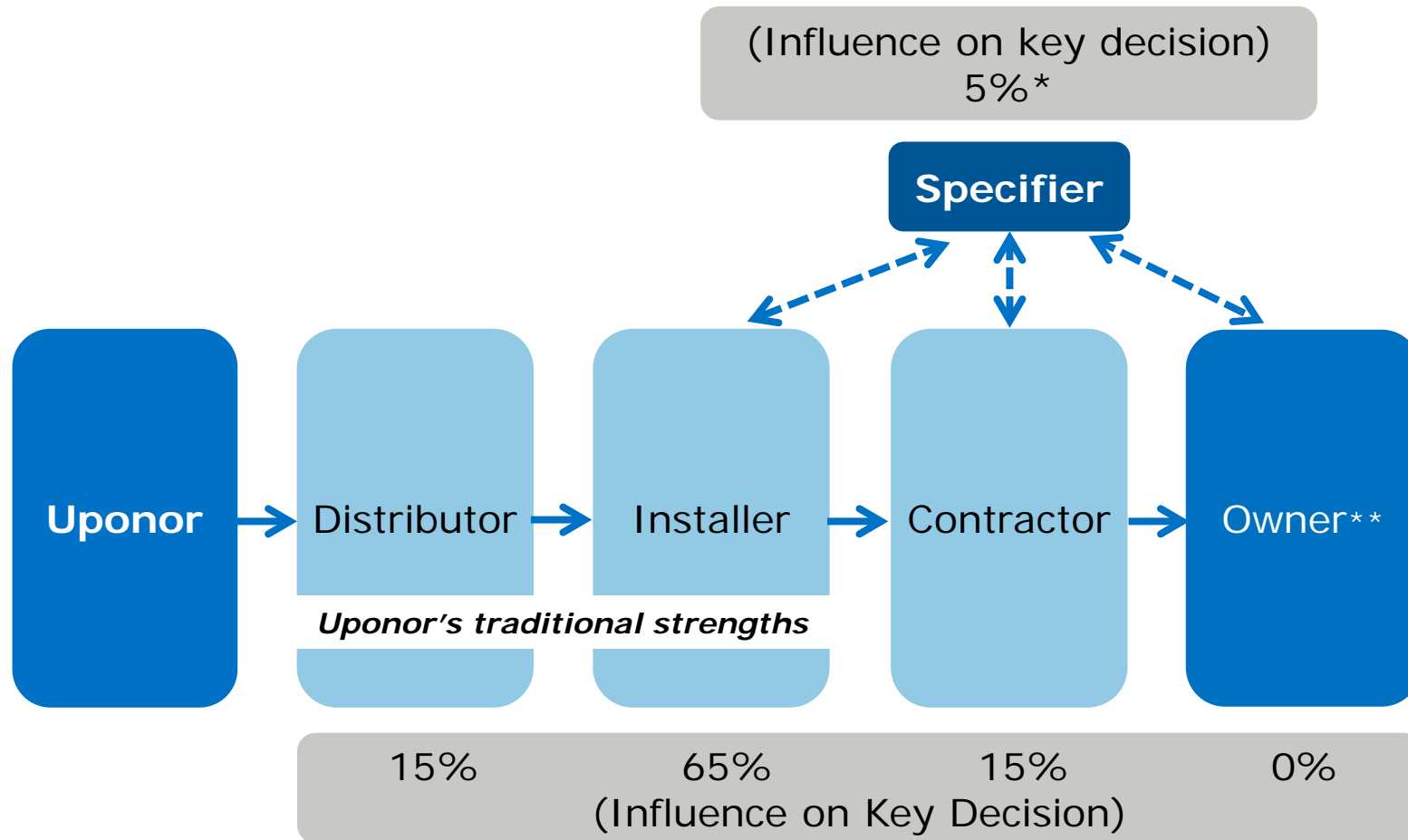
Market segmentation



Value chain analysis - Commercial



Value chain analysis - Residential



*The role of the specifier (se.g. architect) can vary widely depending on the type/price of home

**In luxury homes, the homeowner may influence selection of IC system

Customer loyalty

Brand positioning

- Innovation and quality
- Industry-leading training
- Corporate Responsibility

Sales engagement

- Regional marketing focus
- Customer acquisition by conversion
- Customer service, technical & design support

Relationship building

- Sharing knowledge, networking and conversion
- Demonstrates thought-leadership and education



PROadvantage
LOYALTY PROGRAM

2014
CONNECTIONS

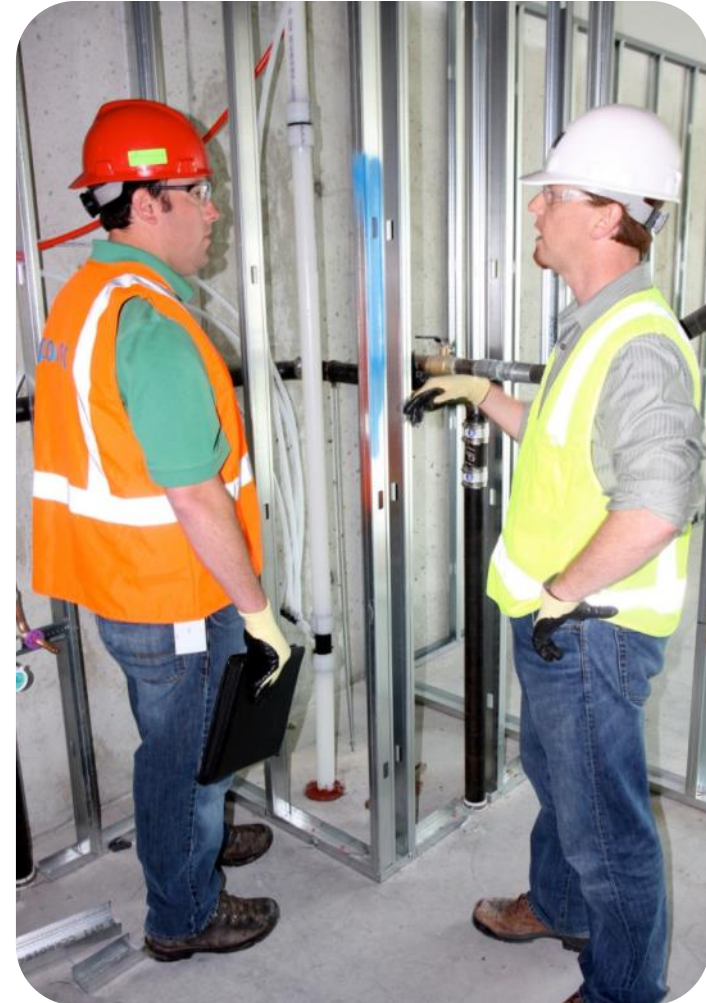
Market challenges

New competitive pressure

- Market entry of PE-RT and PPr
- Emergence of competitive fitting systems

Codes and standards

- Lead-free regulations
- Regional code restrictions
- Use of code/standard process to favor specific competitive interests



Strategic relationships

Uponor and Milwaukee Tool Partnership

2009: Collaborated on innovative tool

2010: launched the innovative M12 and M18 tools

- Faster, lighter and more reliable
- Overwhelmingly positive reception from the industry
- Game-changing; driving market share growth
- Far exceeded Milwaukee expectations

2013: the partnership and innovation continues

- Jointly co-marketed, distributed and sold by both Milwaukee and Uponor in North America and Europe





Stakeholder engagement

Engagement and recognition

Star Tribune: Minnesota Top 100 Workplaces 2013

Of 300 companies, Uponor named in the top 100

Uponor employee engagement compared favorably to the manufacturing average

- Referral: +19%
- Motivation: +16%
- Loyalty: +10%



Manufacturers Alliance
Sharing Education & Resources Peer-to-Peer

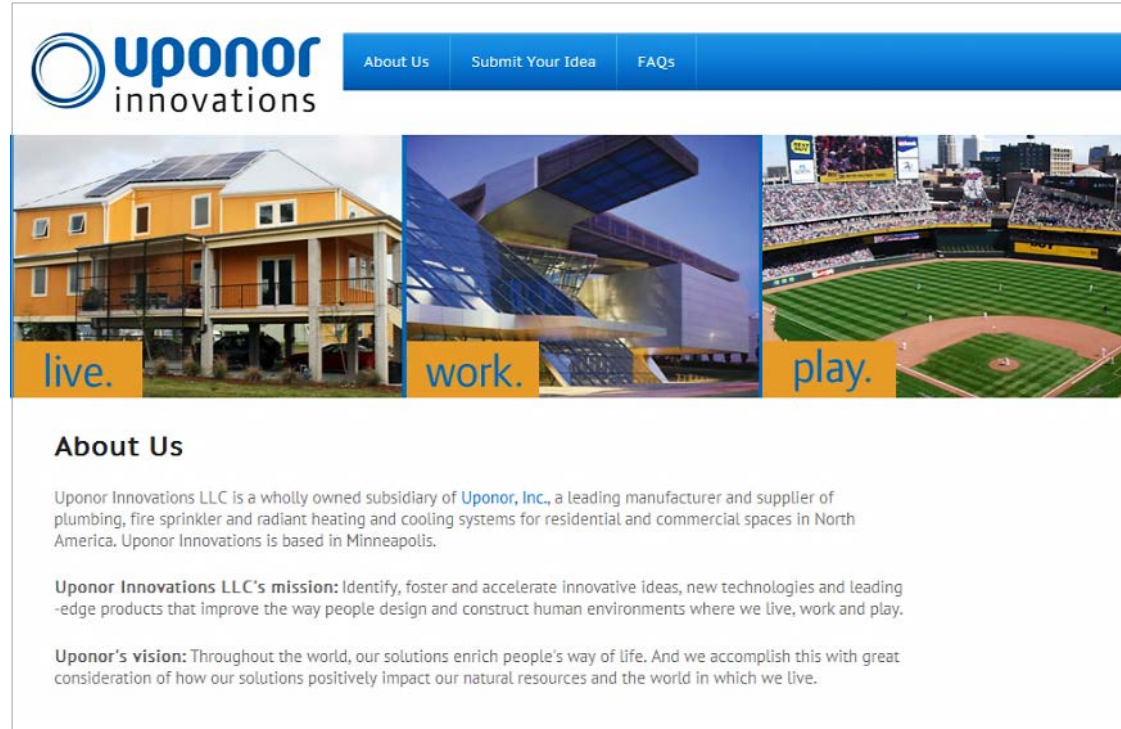
- Uponor named Manufacturer of the Year – 2013

Uponor Innovations, Inc.

An external facing organization recognizing that no single company has a monopoly on ideas

Our interests include acquisitions, equity participation and licensing. We are not an investment portfolio enterprise. Our approach is to pursue involvement where we can best leverage mutual success through existing Uponor assets and resources

Our focus is on new technologies and leading-edge products that improve the way people plan, design, construct, improve and manage environments in a green and sustainable way



Uponor innovations

About Us Submit Your Idea FAQs

live. work. play.

About Us

Uponor Innovations LLC is a wholly owned subsidiary of **Uponor, Inc.**, a leading manufacturer and supplier of plumbing, fire sprinkler and radiant heating and cooling systems for residential and commercial spaces in North America. Uponor Innovations is based in Minneapolis.

Uponor Innovations LLC's mission: Identify, foster and accelerate innovative ideas, new technologies and leading-edge products that improve the way people design and construct human environments where we live, work and play.

Uponor's vision: Throughout the world, our solutions enrich people's way of life. And we accomplish this with great consideration of how our solutions positively impact our natural resources and the world in which we live.



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Product portfolio

Product portfolio



Product portfolio



Product portfolio



Product portfolio



Target Stores

National Specification
Uponor AquaPEX® Plumbing System

Target Corp. Engineering &
Construction Services



Product portfolio



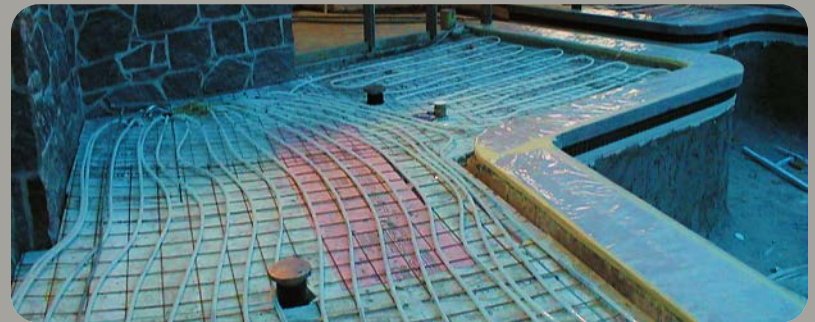
Hilton Hotels

National Specification

Uponor AquaPEX tubing and ProPEX Fitting System

Uponor Radiant Cooling

Snow & Ice Melt Systems



In summary...

Market is closer to demographic demand levels

Well-positioned to take advantage of opportunities by segment

High degree of customer loyalty

Continue to invest in and build the Uponor brand

Renewal of Strategic Focus to ensure success in the future

Internal / External innovation strategies to secure long term future



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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.

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Uponor Infra – a new start

Sebastian Bondestam
President, Uponor Infra
11 Dec. 2013

Presentation outline

- The new company, Uponor Infra
- Integration process
- Strategic direction
- Offering
- In summary



The new company, Uponor Infra

- Uponor 55.3% and KWH Group 44.7%
- Combined turnover €400M and close to 1,600 employees in 2012
- Consolidated into Uponor's P&L

The infographic features a blue background with a city skyline and a bridge. Large white numbers are stacked vertically: '2' at the top, '120' in the middle, and '1600' at the bottom. Each number is accompanied by a line of text: 'world-leading specialists, KWH Pipe and Uponor Infrastructure, have been merged.' for '2'; 'years of experience in research, development and production.' for '120'; and 'experts all over the world, prepared to help you.' for '1600'.

2
world-leading specialists, KWH Pipe and Uponor Infrastructure, have been merged.

120
years of experience in research, development and production.

1600
experts all over the world, prepared to help you.

Uponor Infra
At your service

Uponor and KWH Pipe have been merged and become **Uponor Infra**, a partnership of two innovative experts which during more than six decades untiringly have been driven by the wish to develop efficient infrastructure for humans, homes and society.

This means that customers all over the world will get access to the knowledge and service of two leading specialists in pipe solutions protecting and transporting water, air, energy, gas, electricity and telecom. Furthermore with manufacture of machines for plastic production.

Infrastructure for a sustainable future.

 **Uponor Infra** is a joint venture between the former companies KWH Pipe and Uponor Infrastructure

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The birth of Uponor Infra

New company was established on 1 July 2013

The merger is subject to the fulfilment of the conditions set by the Market Court

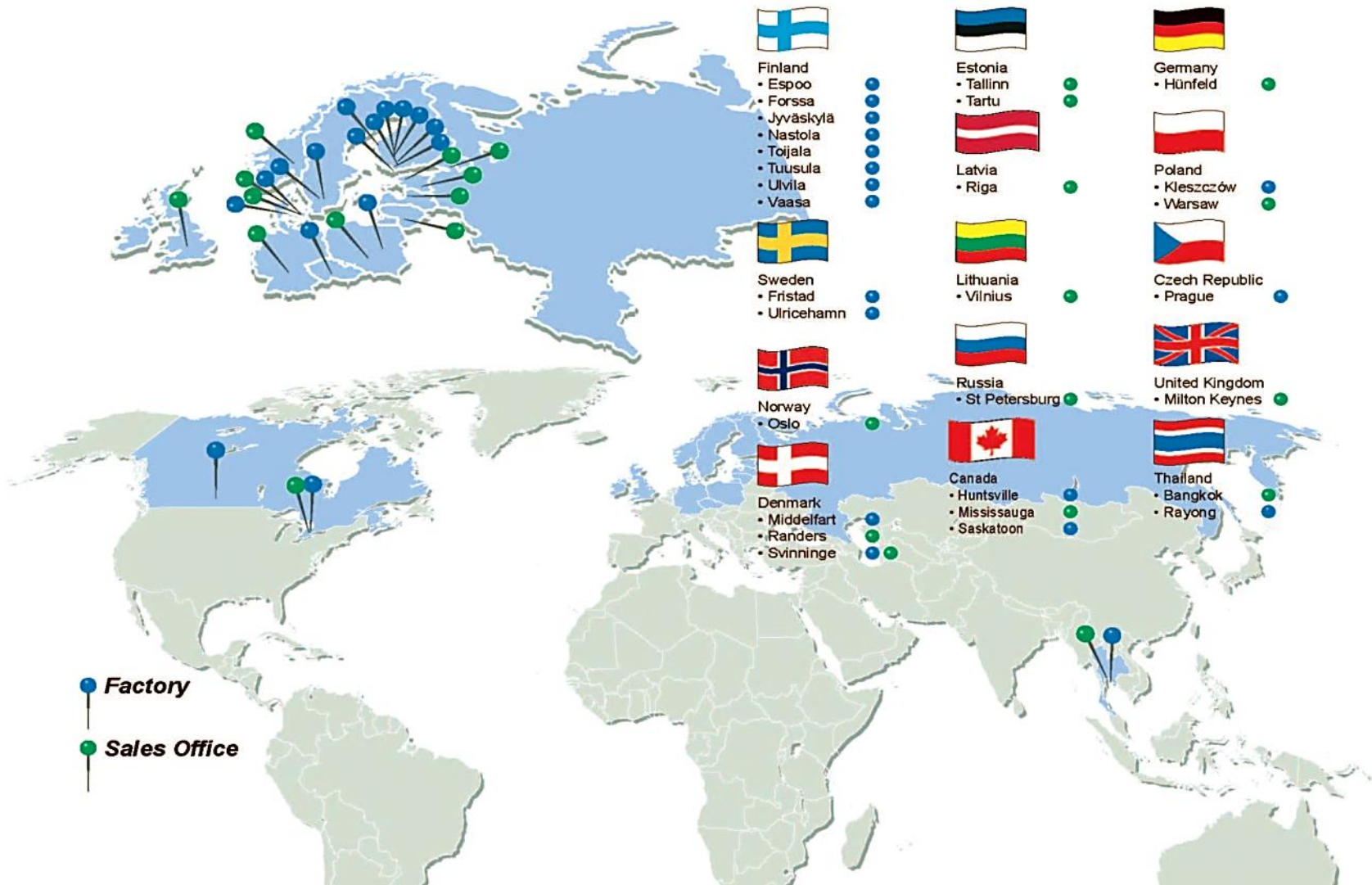
- Uponor completed the sale of extrusion lines in November and is in compliance with the remedies

Logic of the merger

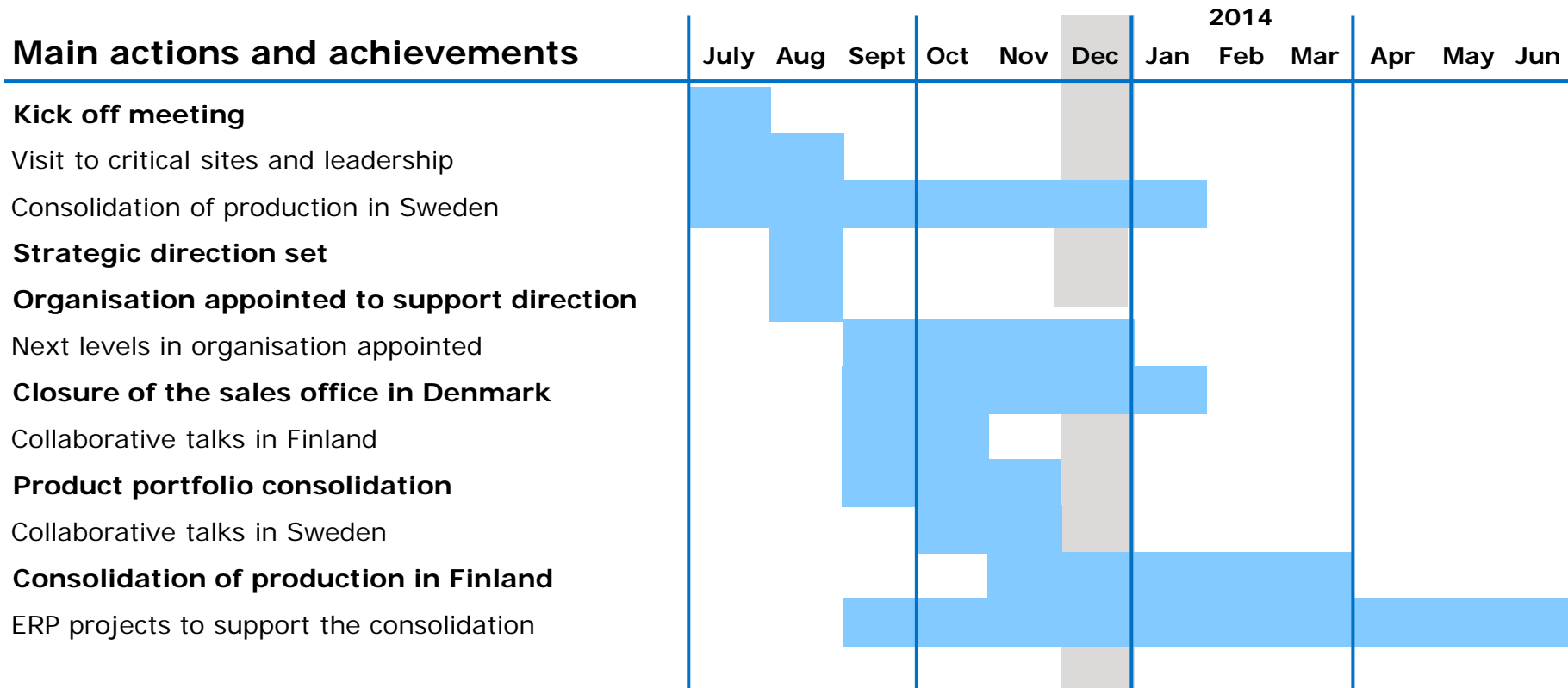
- Key markets are not growing and overcapacity
- Consolidation cost savings of €10M
- Wider product portfolio
- Stronger market presence
- Greater geographical reach: Poland, Asia and North America



Where we are – factories & sales



Integration execution progressing



Integration to be completed in 2015

- JV consolidation savings at ca €10 million
 - 70% to be achieved by FY2014 in cumulative terms
 - The remaining part during H1/2015

Long term plan	2013	2014	2015
Production consolidation completed			
Integration savings - step 2			
Product harmonisation			
Strategy development			
Full effect of integration			

Restructuring plans under implementation

- Sales office
- New Uponor Infra site
- Old Uponor (INF) site
- Small fabrication



Strategic direction: Northern Europe

Segmentation of markets and development of business models

- Standard product sales
- System sales
- Niche/project sales

Develop the business across country borders in Europe

- Offering (product and application development)
- Sales & Marketing
- Supply Chain & Sourcing

Leverage

- Uponor brand & Group sourcing
- KWH Pipe product names & project business competence
- Combined product portfolio



Strategic direction: International

- Leverage technology and business knowledge

North America

- Market leader in Canada
- Smaller project businesses in the USA

Asia

- Number two in Thailand, where the top 3 cover 70% of the market
- Neighbouring countries part of main scope
- Partnering with Japanese companies investing in Asia

Technology

- Weholite licencing business
- Extrusion competence

District heating

- Leveraging the broader sales network
- Wider offering covering both primary and secondary supply



Complementing offering

Sewer and storm

- The Ultra product family for sewer applications
- Uponor IQ and Weholite for storm water applications
- Competitive technology and sustainable solutions

Waste water treatment

- Single-family to residential area solutions
- Design and installation supervision for more complex solutions

Functional piping systems

- Slurry, antistatic and barrier solutions

Special construction

- Combined best knowledge in the market
- Chambers, tanks, manholes

Project services

- Marine intakes and outfalls
- Competence to design solutions and supervise installations



A much stronger application offering

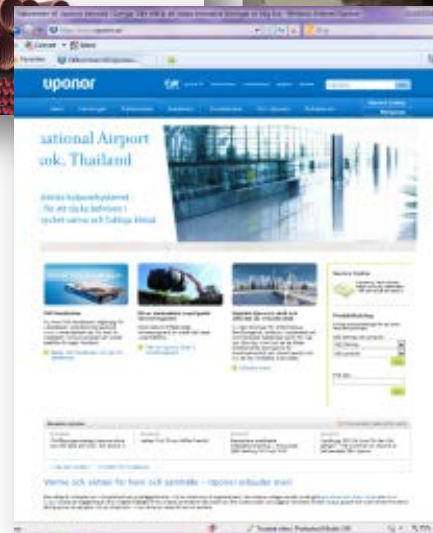
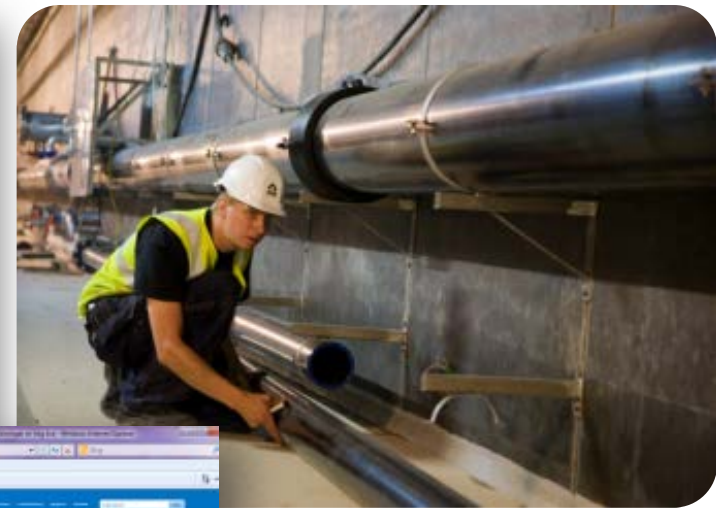
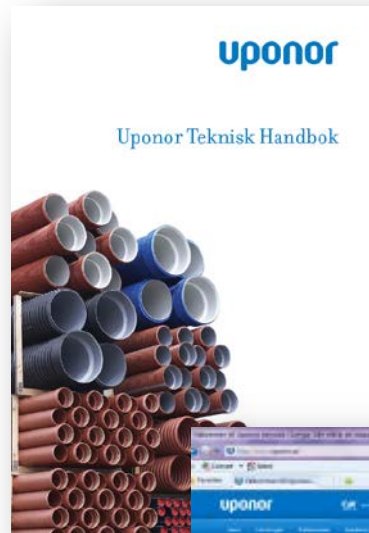
In most of our applications we have a clearly wider and better offering than before

- Storm water
- Sewer
- Potable water
- Cable & telecom
- Waste water treatment
- House drainage
- Radon
- Functional piping systems
- Under ground ventilation
- Renovation
- District heating & cooling
- Special constructions
- Marine intakes and outfalls
- Welding, extrusion and blown film technology



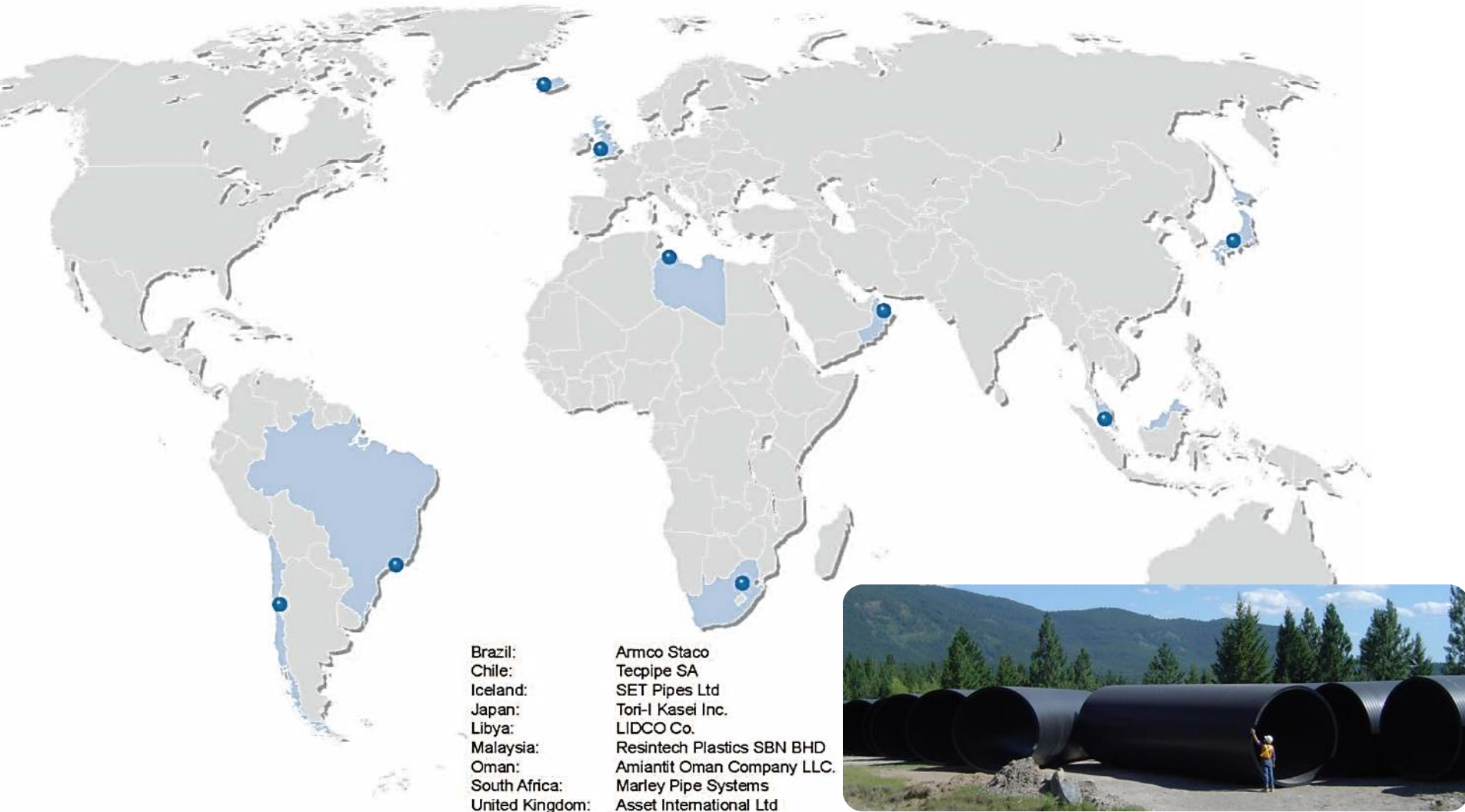
Stronger services offering

- Project service
- Technical support
- Customer service
- Special constructions
- Uponor Academy
- Technical Handbook
- The web
- Calculation tools
- Welding services
- Renovation services
- Licensing and franchising



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UPONOR ACADEMY

Weholite licensees across the globe



Nordic customers and markets

Customer trends for 2014

- Cash flow focus
- Reducing stocks

Market trends

- Little growth and a more Nordic approach

We are well positioned in the Nordic markets

- Number 1 in Finland
- Number 2 in Sweden and Denmark
- Number 3 in Norway

We are the leading infrastructure supplier in the Nordic markets

- Highest sales
- Strongest market presence
- Widest product offering
 - leading the development



In summary

- Leverage the brand
- Leverage common suppliers
- Common approach with customers/partners in the Nordic area
- Common shared service/treasury/IT/ERP
- The sustainability trends and opportunities connect both Uponor & Uponor Infra



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Building Solutions – Europe – How to be successful in a flat market

Heiko Folgmann

EVP, Sales & Marketing, Building Solutions – Europe

11 Dec. 2013

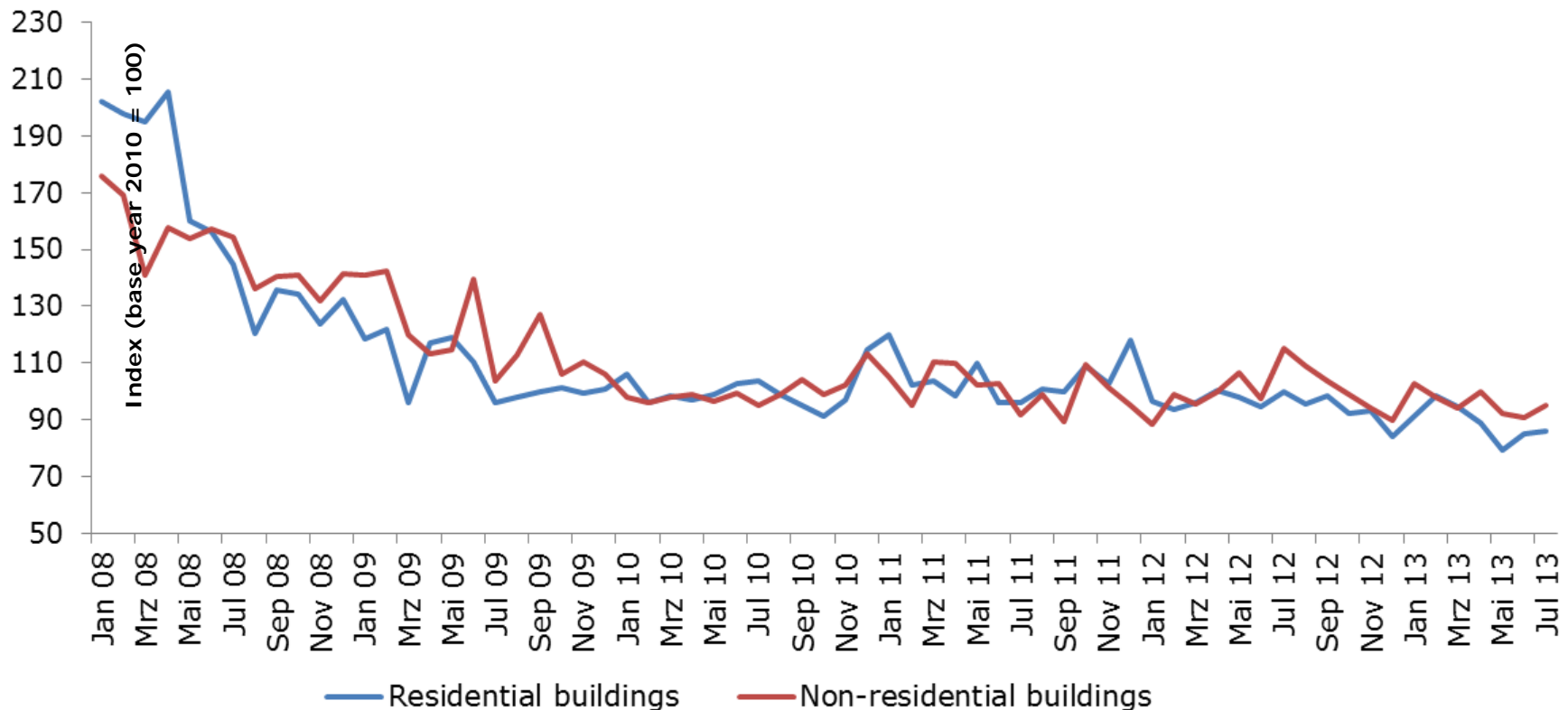
Presentation outline

- Background
- Business model innovation
- Product innovation
- Partnerships
- In summary



The European building market suffers since several years...

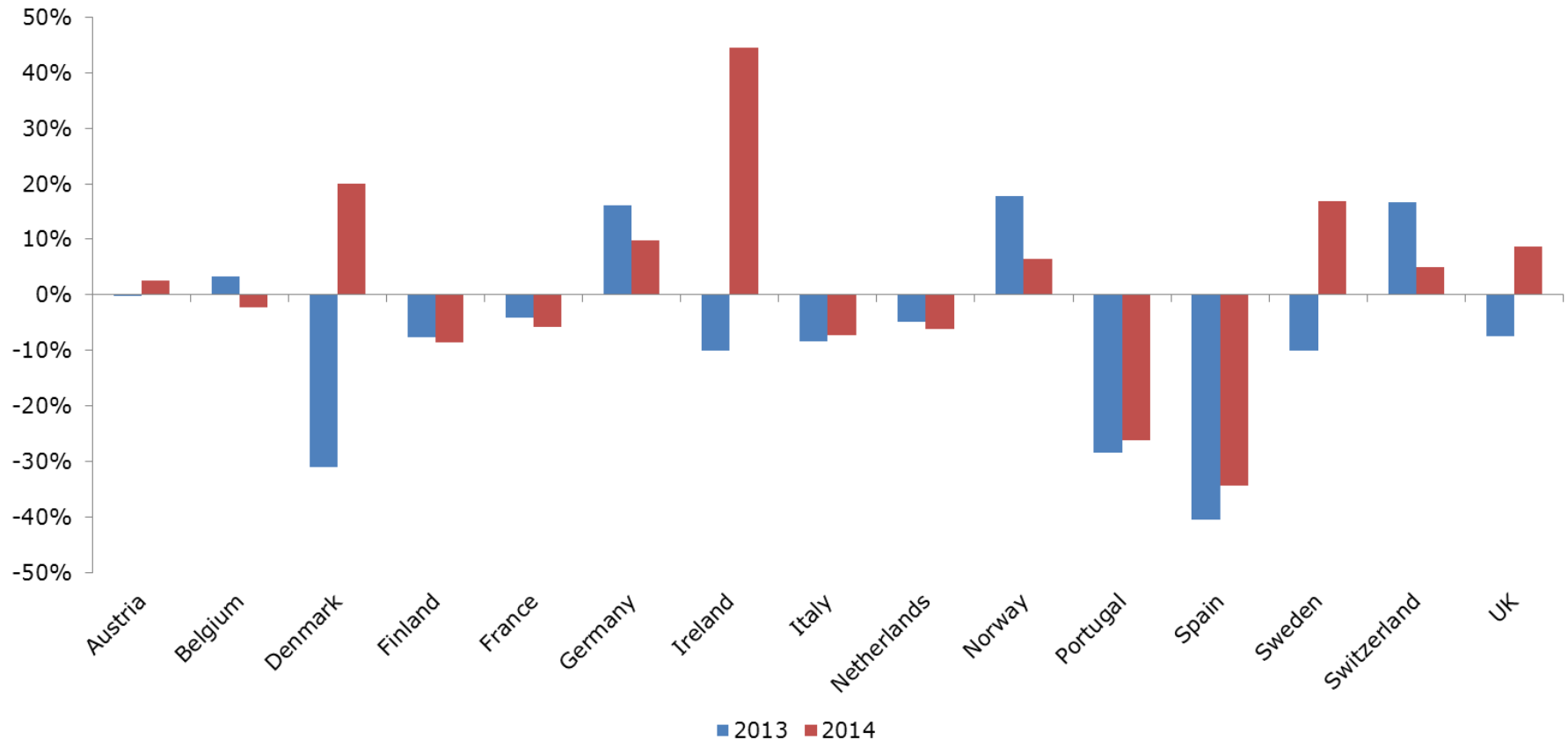
Building permits index
(Euro Area 17, seasonally adjusted)



Source: Eurostat

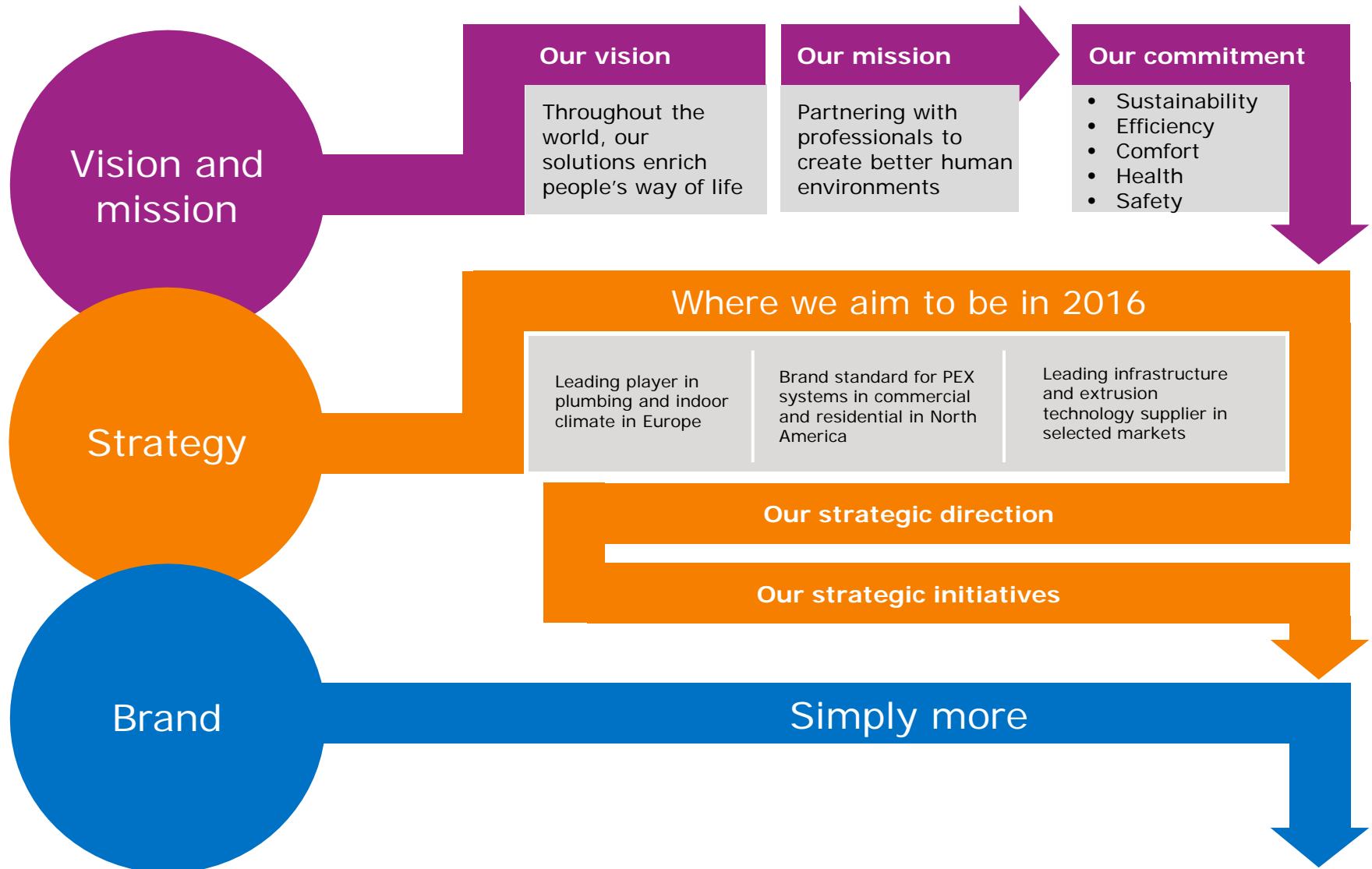
...and remains rather flat also in the shorter term

Growth in housing completions vs. previous year



Source: Euroconstruct 11/2013

Our strategic framework

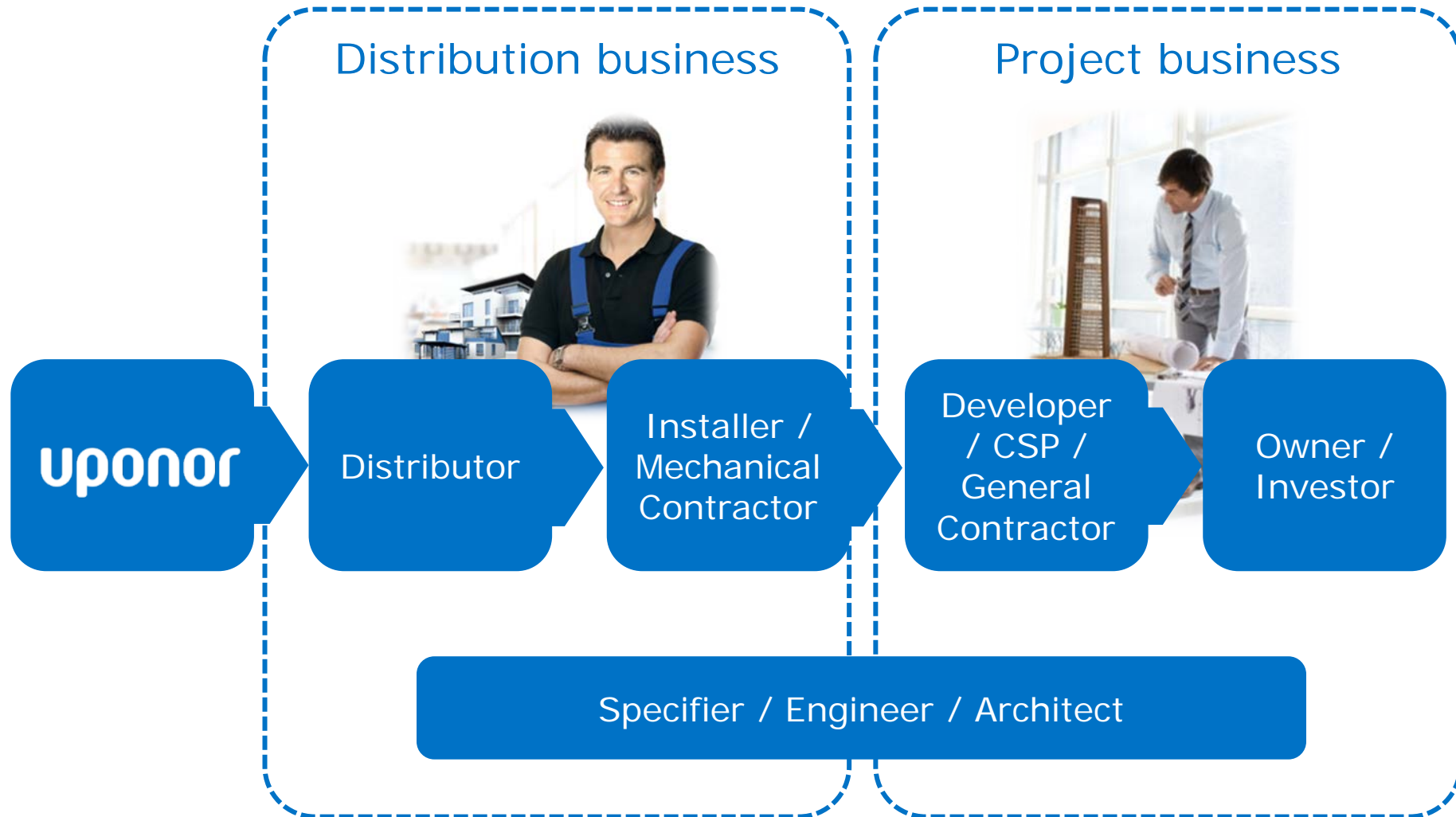




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Business model innovation

Step 1: Expanding the value chain to access broader markets



Step 2: Segment approach

Project business segments

Building
types

Residential



Commercial



Industrial



Agriculture



Customer
types

Housing
companies
Contractors
Prefab house
manufacturers
Energy
consultants

Owners
Real estate
Facility
management
Precast element
suppliers

Logistic
companies
Suppliers for
industrial floors
Retailers

Farmers
Biogas
companies
Suppliers for
agricultural
equipment

Business model success story

Retail stores and logistics

- One Uponor approach across seven countries, international consistency and credibility as differentiator
- 39 projects realised, 58 currently in the pipeline
- Network with key stakeholders established
- Direct relationships with:
 - the investor
 - investors architect and engineer
 - investors preferred main contractor
 - local consultants and installers
- Providing support at all stages
- “Solution pricing” protects margin and helps dilute direct product price comparison



Our opportunity

Targets

- Influencing the entire value chain at the earliest possible stage
- Evolution of project business to meet increased complexity and customer expectations

What we achieved in key markets

- Visibility and recognition gained among the new target groups
- Sales and marketing expertise for competitive arenas established
- Organisational structure to address project business specific needs
- Service organisation with own resources or via partnerships in place





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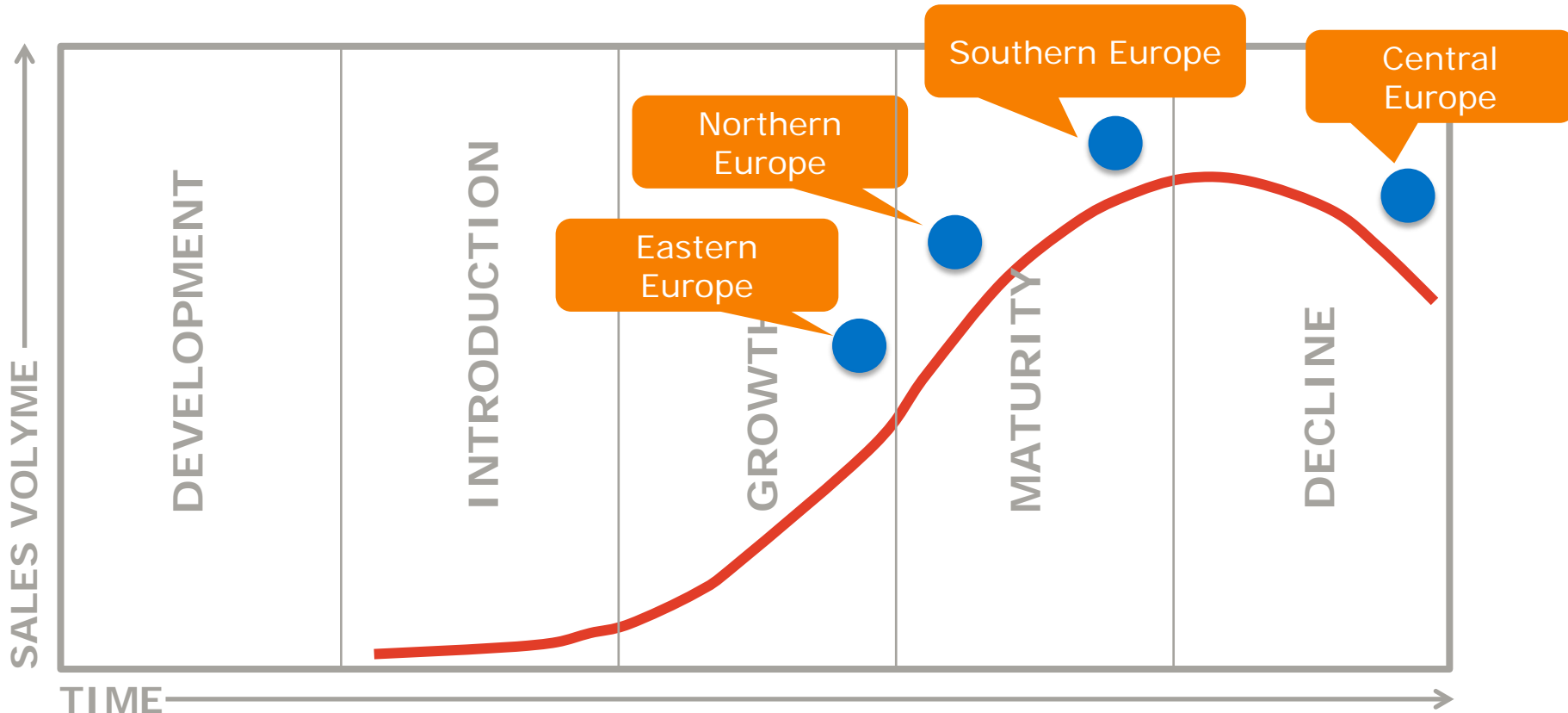
Product innovation

Recent innovations at Uponor




*) UFH = Underfloor heating

Product innovation success story



The current MLCP technology, which started its success story in the early 1990s, is reaching the final phase of its life cycle in our major markets

Why improve a leading product?



"If somebody takes one of the most successful pipes off the market, he must be crazy – or really good."

Anticipating customer needs

Main drivers for the installer

1. Safety and reliability
2. Speed and easy installation
3. Sales & technical support

Safety and reliability

Safe systems that support a correct and reliable installation and avoid corrosion

Installation design

Systems that better adapt to changes on the installation site

Installation cost and time

Materials which reduce the number of fittings and help speed up the installation

Visual appearance

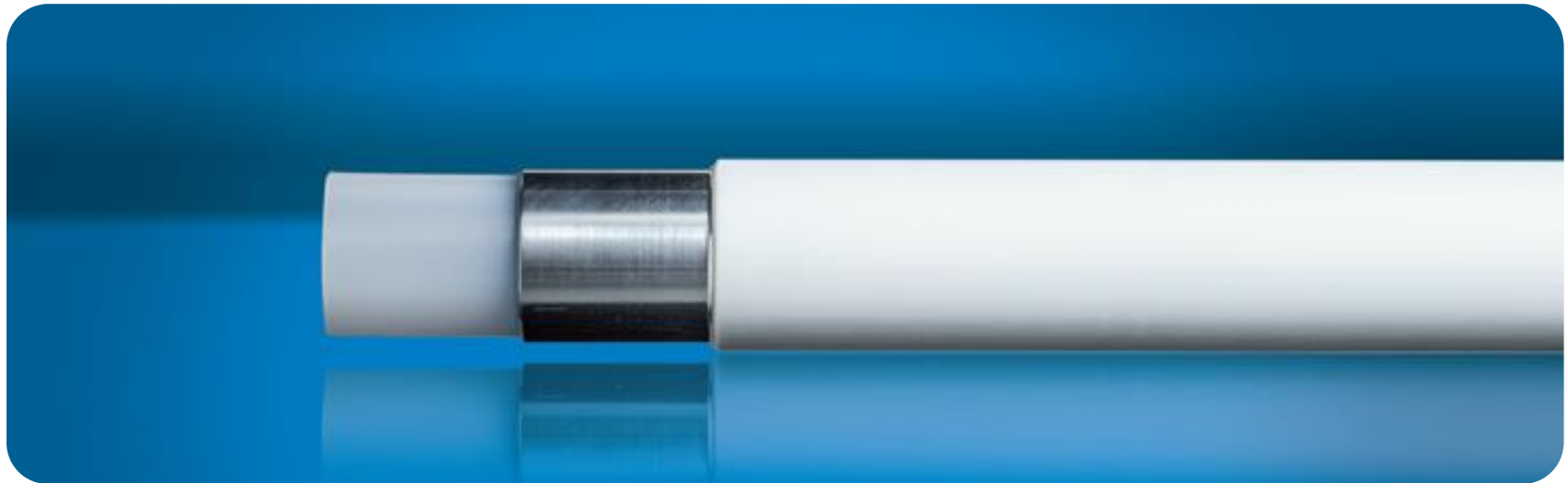
Systems that support the aesthetics of visible installations



The new SACP Technology

SACP Technology = **S**eamless **A**luminium **C**omposite **P**ipe

- A new technology in which the aluminium is seamlessly extruded
- SACP Technology is different than current multilayer technologies
- Thanks to this technology, it is an even more reliable pipe, and its installations are easier, simpler and faster



The first seamless multilayer composite pipe

Customer benefits

- Material and time savings due to more flexibility and better handling
- Higher safety and reliability
- Better visual appearance of the installation and less brackets needed
- Totally compatible with current Uponor fitting systems



uponor Uni pipe PLUS

The versatility of a new product

- In the Nordic markets, on-wall installations are a standard, especially in renovation
- Due to the better visual appearance, this market is currently dominated by metal pipes
- By leaving away the outer plastic layer, the SACP Technology allows us to produce a *composite pipe with a metallic look*



uponor *Metallic* pipe **PLUS**

- Combining the high flexibility of an MLCP with the clean look of a metal pipe





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Partnerships

Partnership is more than installed products



Uponor PEX pipes

Lightweight, flexible and durable



PPSU Q&E fittings

Great variety for a full plastic installation



Q&E rings

Significantly faster time to tightness



Q&E manifolds and modular accessories

For an efficient installation design

Q&E
evolution



Q&E expander tool

The best expansion tool in the trade

**For a fast and easy installation,
a good system requires a good tool**

Cooperation with Milwaukee

- European Frame Purchase and Supply Agreement between Uponor and Milwaukee Electric Tool Corporation
- Inspired by Uponor's innovation and constructed with legendary Milwaukee durability
- Co-branded with both Milwaukee and Uponor logos
- Jointly co-marketed, distributed and sold by both Milwaukee and Uponor



Uponor



... gets a high-quality tool supported by the well-known brand of Milwaukee

... gets access to the plumbing market via Uponor's distribution channels and installer relationships

Other successful partnerships

Uponor – Stiebel Eltron

- Joint product and system development to integrate individual offering to complete solutions (example heat pump module)
- Joint marketing efforts

Uponor KOTI

- Services for single family homes (new build and renovation): high quality plumbing and indoor climate systems installed by professionals, full service with one contact
- 235 network installers
- 10,000 end user contacts
- Web service tool for end users and network installers ⇒ 3,000 registered customers
- Partners: Oilon Ltd, NIBE Ltd, Oras Ltd, Ido Ltd, Enervent Ltd, Santander Consumer Finance Finland Ltd



In summary

Innovation

Business model



Product



Partnerships



Through innovation, we create superior customer value and make a difference



The way to be successful in a flat market

uponor

simply more

