

Uponor roadshow presentation Q3/2019

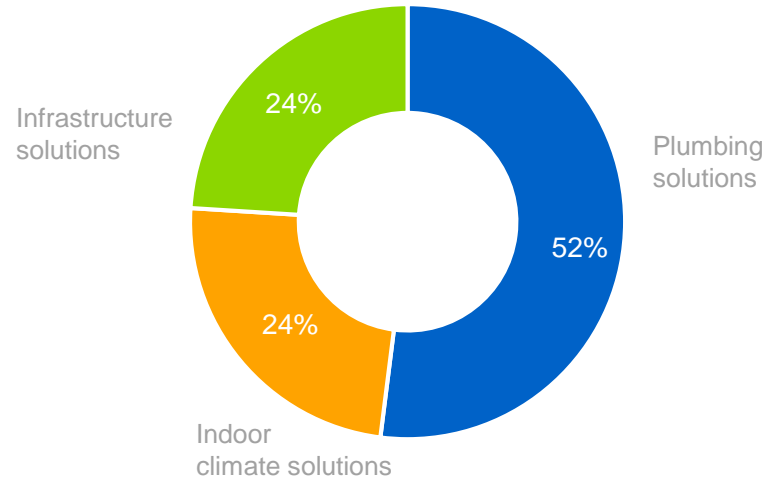
Jyri Luomakoski – President and CEO
Minna Yrjönmäki – CFO

Uponor at a glance

Uponor is a leading international provider of plastic based piping systems for buildings and infrastructure.

We provide safe drinking water delivery systems, energy-efficient radiant heating and cooling and reliable infrastructure solutions.

Uponor is listed on Nasdaq Helsinki since 1988.



FACTS & FIGURES

1.2

billion euro
net sales in 2018

30

countries with
Uponor operations

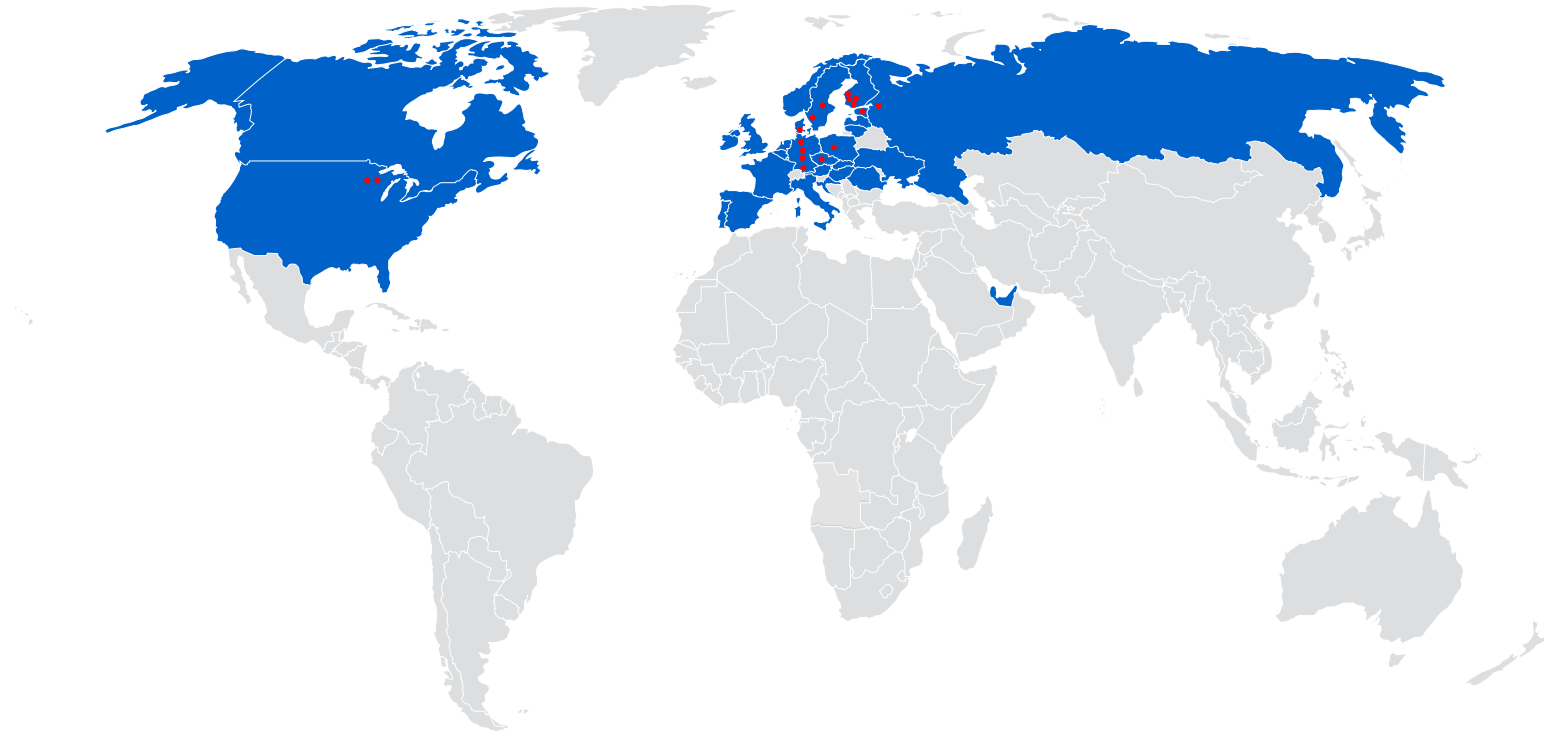
17

manufacturing
facilities worldwide

4,100

employees
worldwide

Uponor operates in 30 countries, serving customers worldwide



● 16 production sites

● Countries with
Uponor operations

Our business groups

Plumbing solutions

52% (*)



Indoor climate solutions

24% (*)



Infrastructure solutions

24% (*)



*) share of Group net sales, the impact of Uponor Infra's North American business eliminated

Our references from 2018



Award winning district cooling, reducing electricity consumption and emissions by about 65-70%, compared to cooling from local cooling units: Helsingborg, Sweden



Prefabricated Uponor Riser Port for quick and easy installation in a 6 floor apartment building: Helsinki, Finland



Radiant cooling system for the world's largest concrete pour in the 10th tallest building in the USA: Wilshire Grand, Los Angeles, USA



Decentralised heating and cooling for the tallest residential building in Germany: Grand Tower, Frankfurt, Germany



Uponor TABS offering safe and comfortable temperatures for train maintenance teams in one of the largest rail depots in Europe: London, UK



Uponor's Contec ceiling radiant cooling system for a sustainable international school: Kuala Lumpur, Malaysia



Delivery of sustainable, easy to transport and handle fish farming pipes under harsh conditions: North Atlantic



Durable, sustainable Weholite® at a modern pulp and fine paper mill : Nymölla, Sweden

Megatrends create opportunities to improve our living environments

Megatrends affect societies fundamentally and over a long period of time



Climate change and scarcity of resources



Urbanisation



Digital transformation

...raising new requirements and opportunities to Uponor



Sustainability and energy efficiency
Quality and management of water



Multi-family homes
Offsite construction and pre-fabrication



Building Information Modelling (BIM)
Shift from manufacturing to services

Reviewed purpose, vision and strategic pillars give a direction for our profitable growth



An operational excellence programme to improve processes and increase efficiencies

- On 25 Oct 2019, Uponor announced an operational excellence programme to improve processes and increase efficiencies
- The aim is to deliver cost improvements of around €20 million with full effects realised by the end of 2021
- The estimated costs of the programme are expected to be around €20 million, majority of which is expected to realise during 2020, and they will be recorded as items affecting comparability



Embedding sustainability into our daily operations

Our sustainability strategy is build on UN's sustainable development goals:

SDG

Focus area

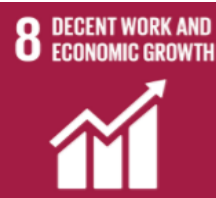


Improving water efficiency & quality

Mitigating water risk

SDG

Focus area



Sustainable and transparent value chain

Employee safety and wellbeing



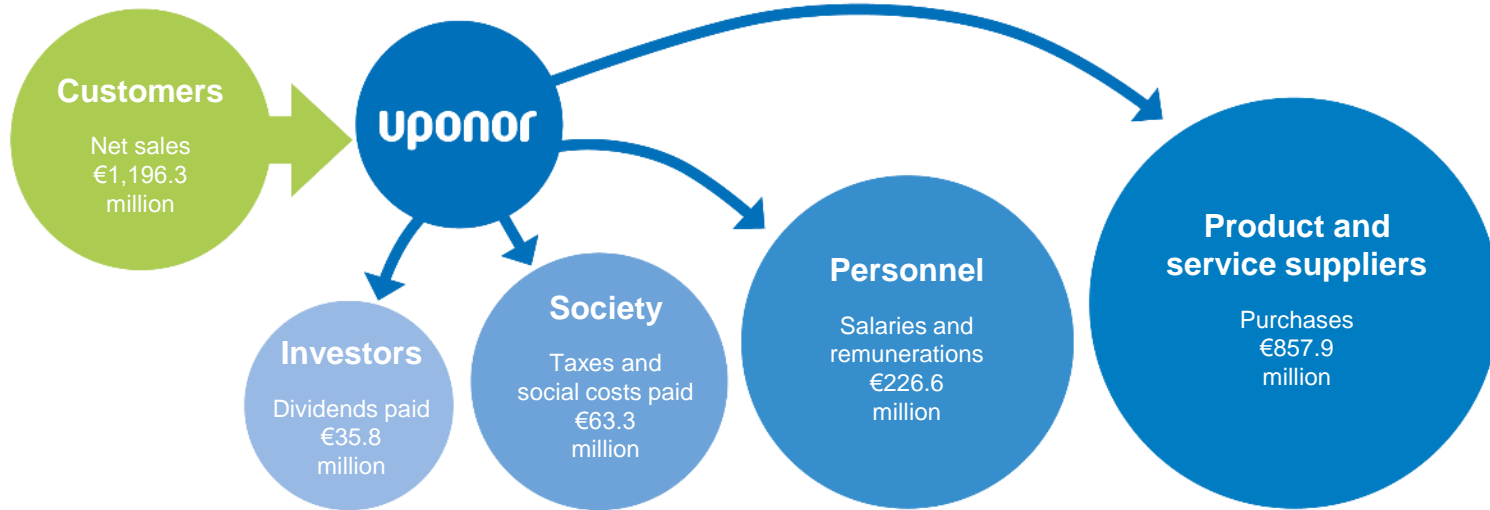
Zero uncontrolled waste

Sustainable products and packing



Carbon neutrality in production

Financial impact on stakeholders 2018



Development in sustainability topics

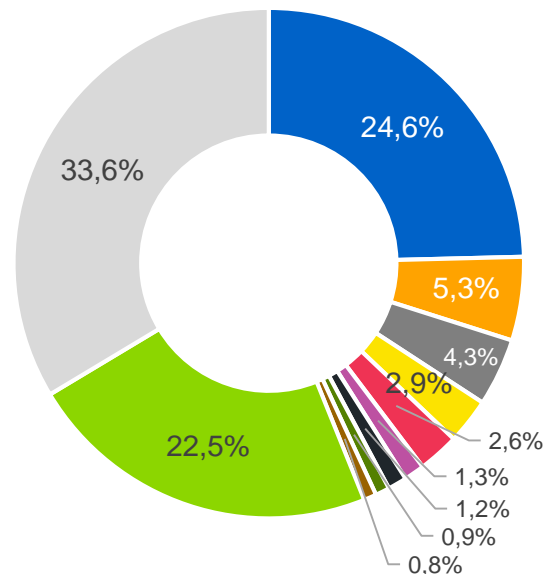
| | Unit | 2017 | 2018 |
|-------------------------------|------------------------|-------|--------------|
| Total energy consumption | 1,000 MWh | 200 | 226.9 |
| Raw material used | 1,000 tonnes | 140.9 | 151.2 |
| Water consumption | 1,000 m3 | 155.2 | 207.1 |
| Total GHG emissions (Scope 1) | 1,000 tonnes | 7.5 | 8.5 |
| Total GHG emissions (Scope 2) | 1,000 tonnes | 32.1 | 30.8 |
| Total waste | 1,000 tonnes | 18.8 | 20.2 |
| Incident rate (LTIF) | per million work hours | 8.9 | 12.7 |

- **Opening of Hutchinson manufacturing facility** is notable in the increase of total energy consumption, used raw materials and waste
- **Water consumption** increased due to leakage in our cooling water systems in Hutchinson, which are corrected as well as extremely hot summer in Virsbo
- **Incident rate (LTIF)** increased due to increase in home-to-work accidents and business trip accidents

Major shareholders

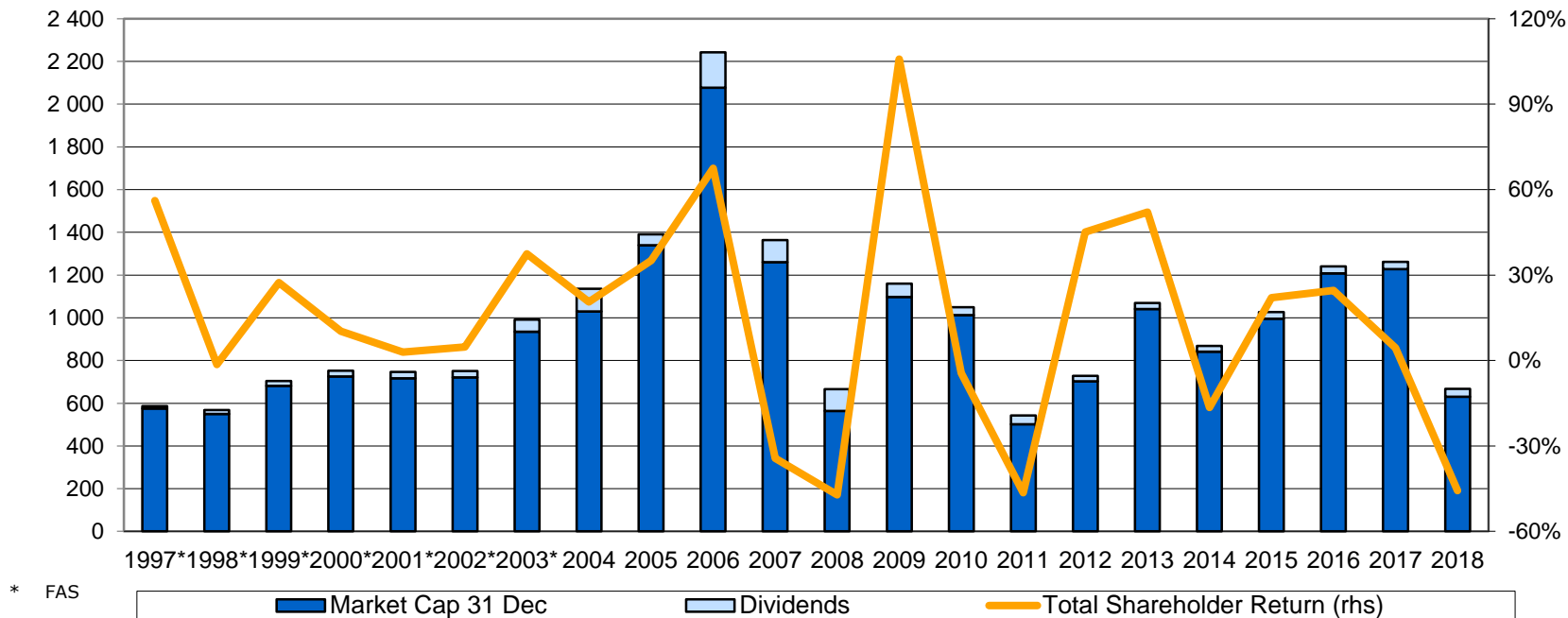
30 September 2019

- Oras Invest Ltd 24.6%
- Varma Mutual Pension Insurance Company 5.3%
- Nordea Nordic Small Cap Fund 4.3%
- Mandatum Life Insurance Company Ltd 2.9%
- Ilmarinen Mutual Pension Insurance Company 2.6%
- Nordea Bank Ltd 1.9%
- Pekka Paasikivi 1.2%
- The State Pension Fund 0.9%
- Nordea Pro Finland Fund 0.8%
- Nominee registrations 22.5%
- Others 33.6%

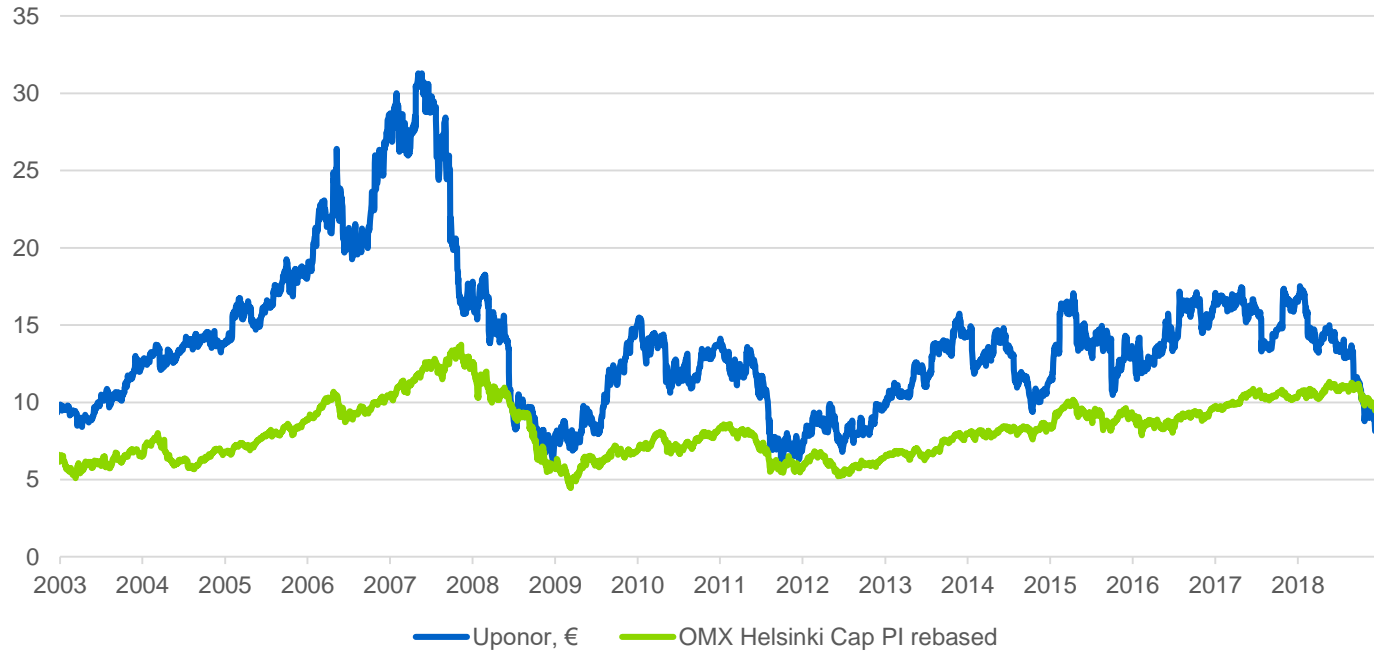


- 19,776 shareholders at the end of September 2019
- Foreign shareholding was 22.5% at the end of September 2019 vs 23.5% at the end of December 2018

Shareholder value development 1998–2018

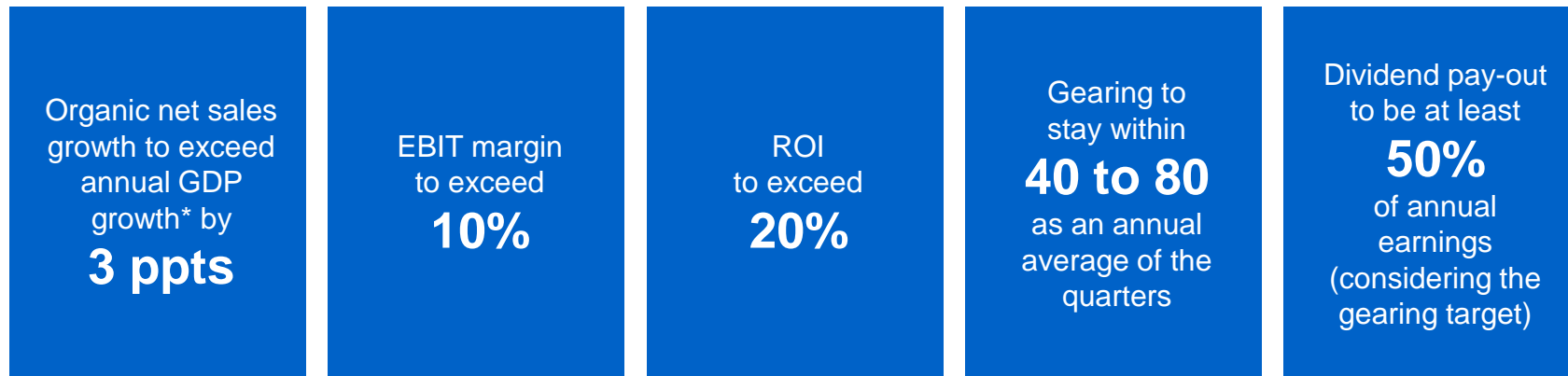


Share price development 2003–2018

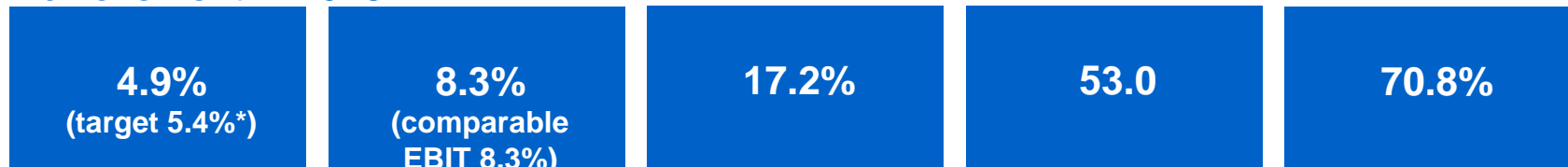


Long-term financial targets

Since 13 February 2019



Achievement in 2018



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

The image shows the interior of a large, modern building under construction. The space is filled with a grid of white, cylindrical columns. The floor is covered with a complex arrangement of wooden formwork and metal bracing, likely for a concrete slab. In the background, a person is visible working near a doorway. The lighting is bright, highlighting the industrial and architectural details.

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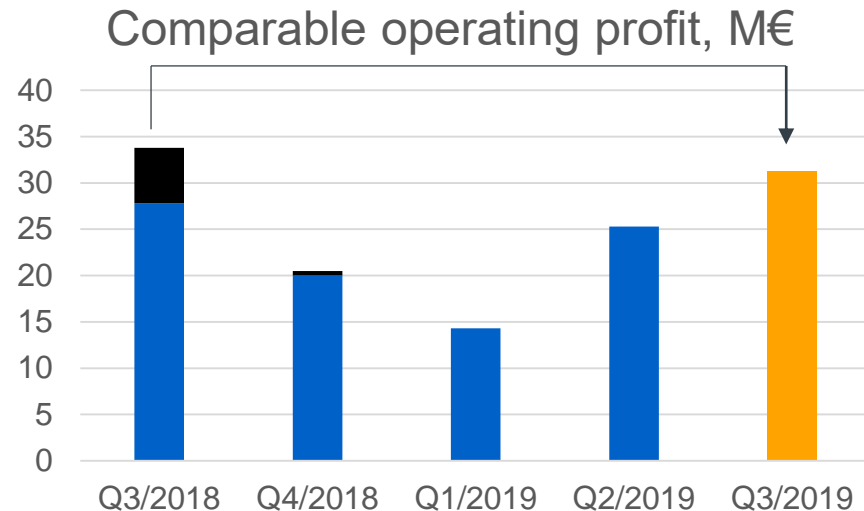
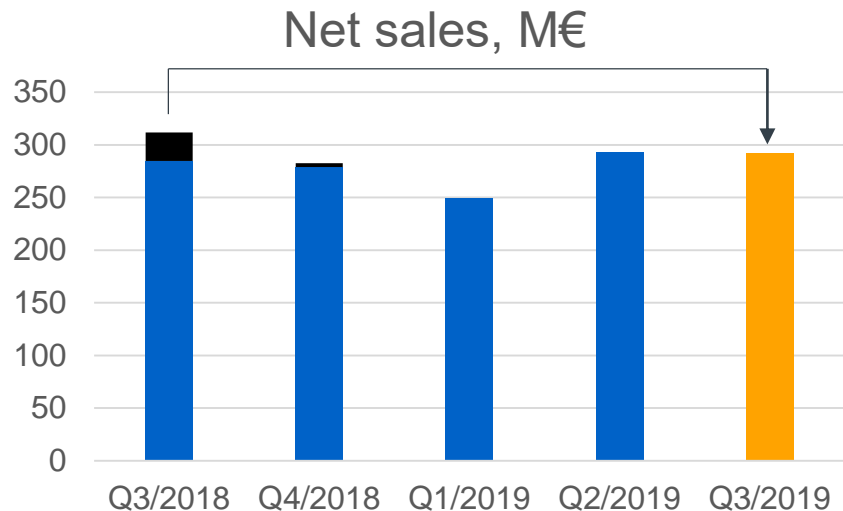
Interim results briefing 1–9/2019

Highlights of Q3

- Net sales were €292.4 (311.9) million, organic growth 1.6% in constant currency terms
- Comparable operating profit was €31.3 (33.8) million, growth 12.3% without divested Uponor Infra's North American business and Zent-Frenger
- In Building Solutions – Europe, net sales declined slightly, but profitability improved
- Both net sales and profitability improved in Building Solutions – North America
- Uponor Infra's net sales declined slightly and profitability improved



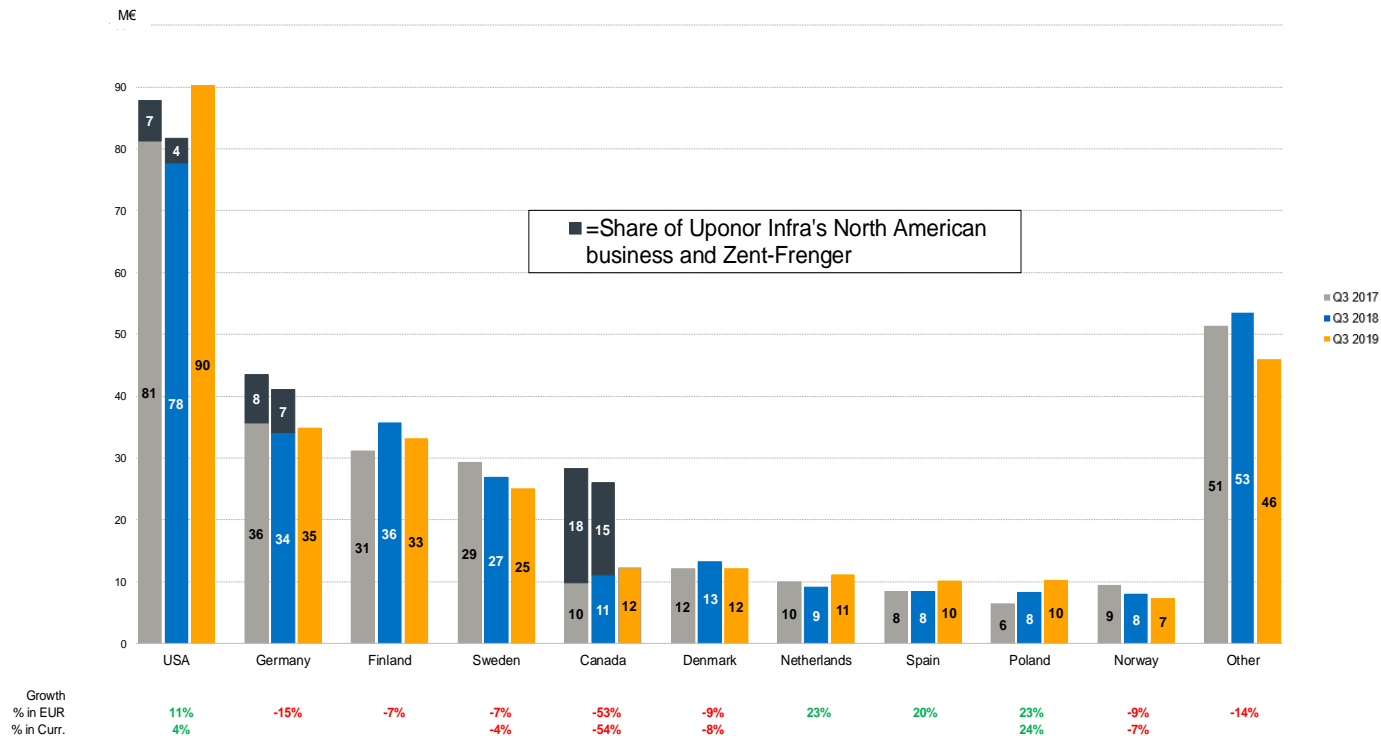
Group net sales and comparable operating profit



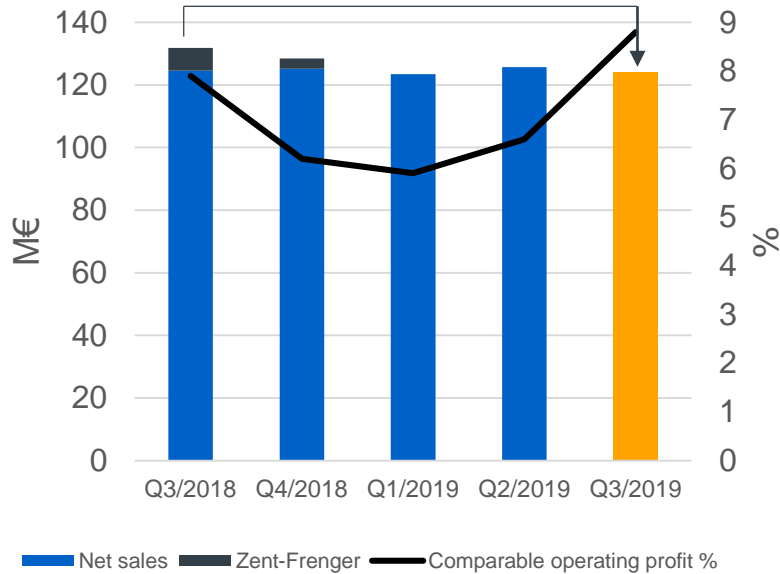
■ = share of Uponor Infra's North American business and Zent-Frenger

Net sales development by key markets

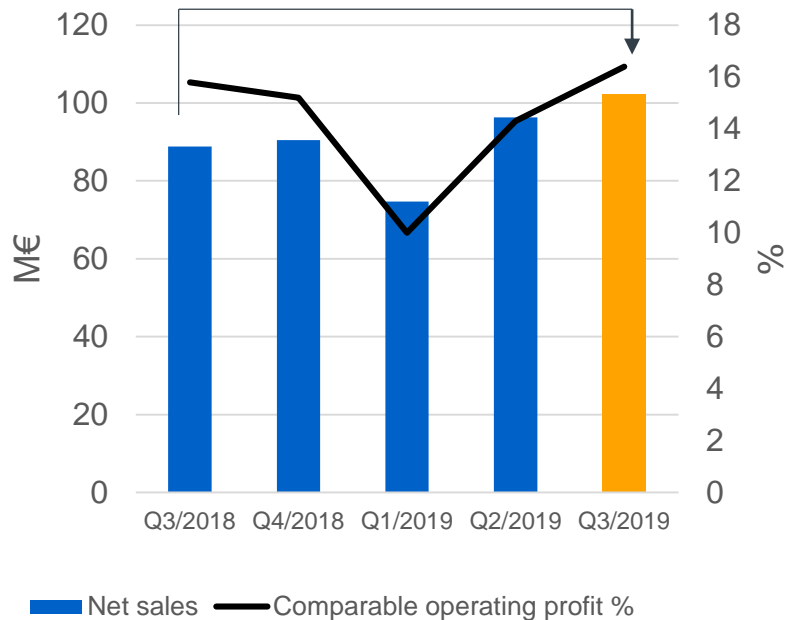
Jul-Sep 2019



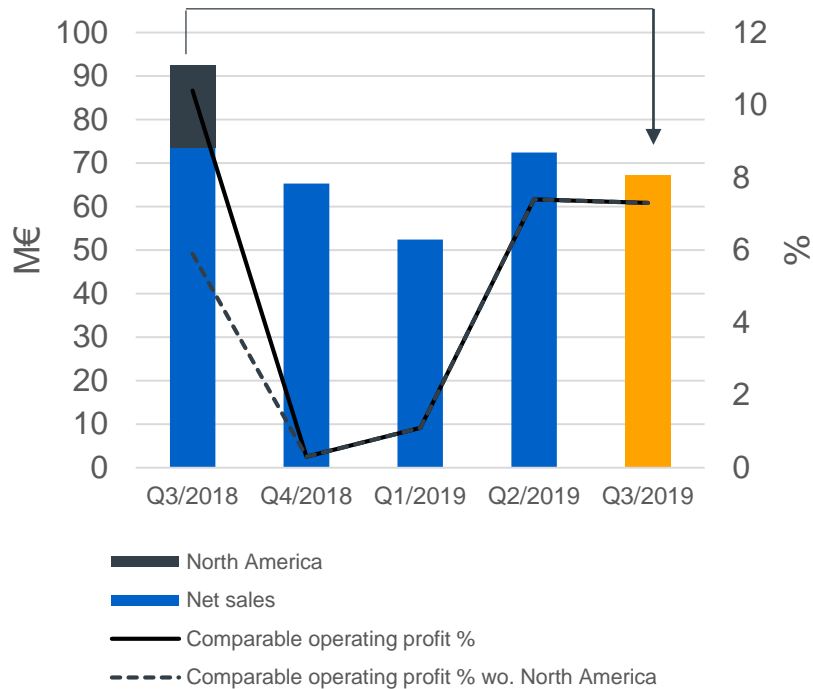
Development by segment: Building Solutions – Europe



Development by segment: Building Solutions – North America



Development by segment: Uponor Infra

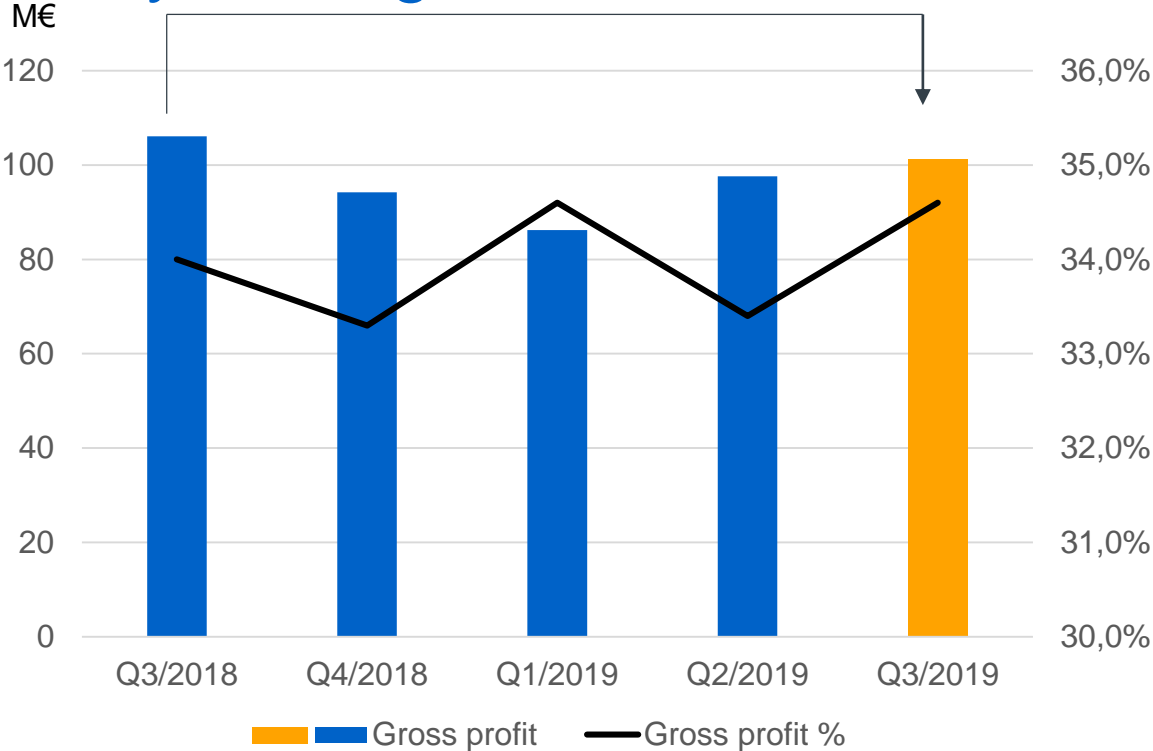


The image shows a modern architectural structure with a prominent cantilevered section. The building features a mix of materials, including glass panels on the left and a dark, perforated metal mesh on the cantilevered part. The sky is a clear, deep blue, and the overall lighting suggests a bright, sunny day. The text 'uponor' is positioned in the top right corner, and 'Financial statements 1-9/2019' is centered across the middle of the image.

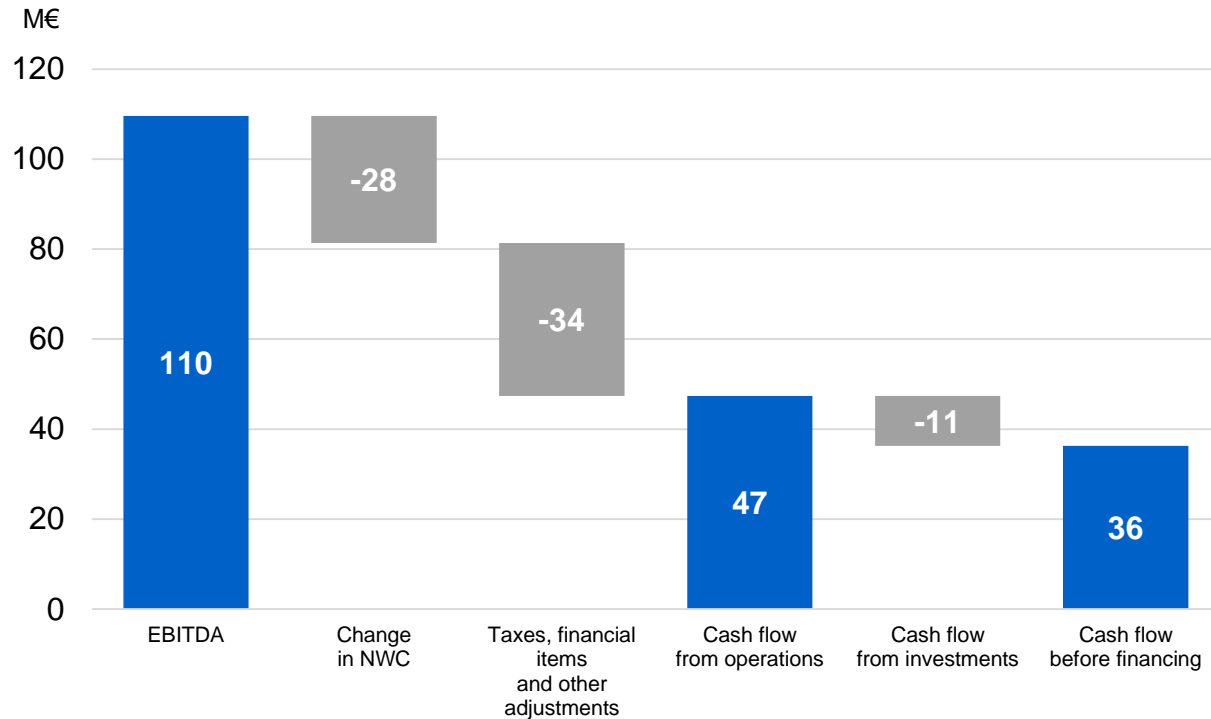
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Financial statements 1-9/2019

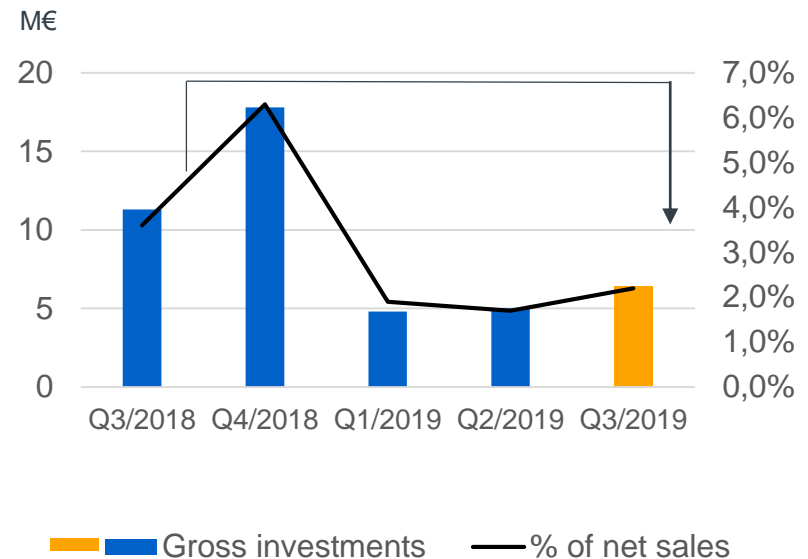
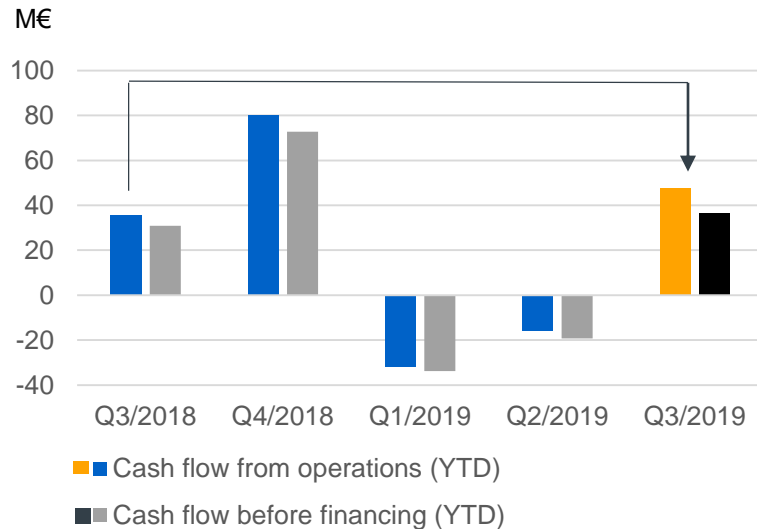
Gross profit margin increased year-over-year driven by strategic divestitures



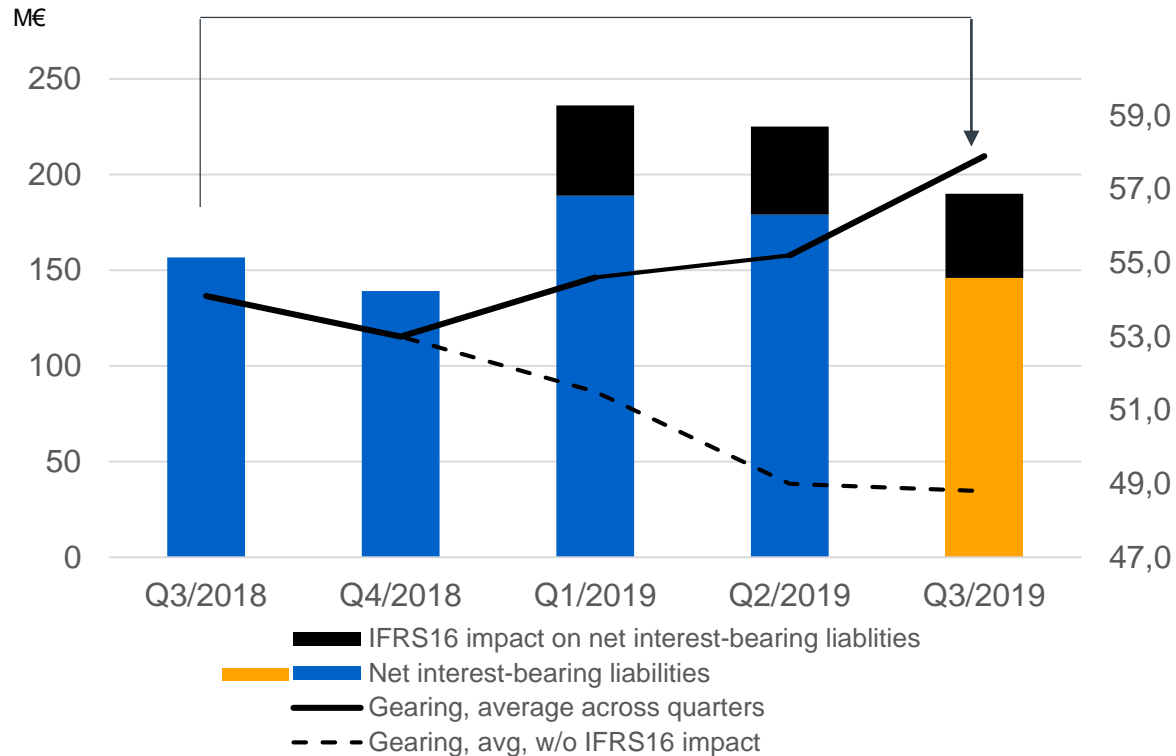
Cash flow from operations exceeded last year's level



Positive cash flow improvement driven by lower investments in all segments



Gearing improved year-over-year when excluding the impact of IFRS 16



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Outlook for the future

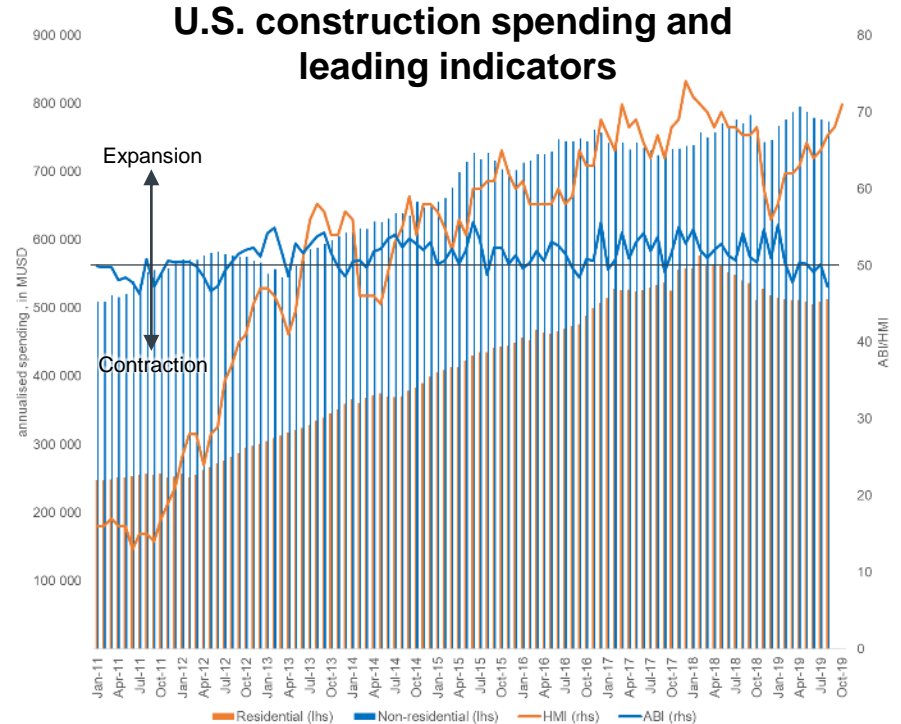


US: Residential construction is stabilising while non-residential is flat

Business investment growth has slowed from last year due, in part, to uncertainty created by tariff escalation. However, increased personal consumption, supported by a 50-year-low unemployment rate, continues to drive expansion in the economy.

Within the construction industry:

- Residential construction stabilised but remained behind 2018 levels, while non-residential was flat
- Residential permits and starts moderated in September from the decade-high August levels, but remain above 2018 levels
- The HMI, a leading residential indicator, has risen to a 20-month high of 71
- The ABI, a leading non-residential indicator, continued to soften in the commercial and industrial sub-segments



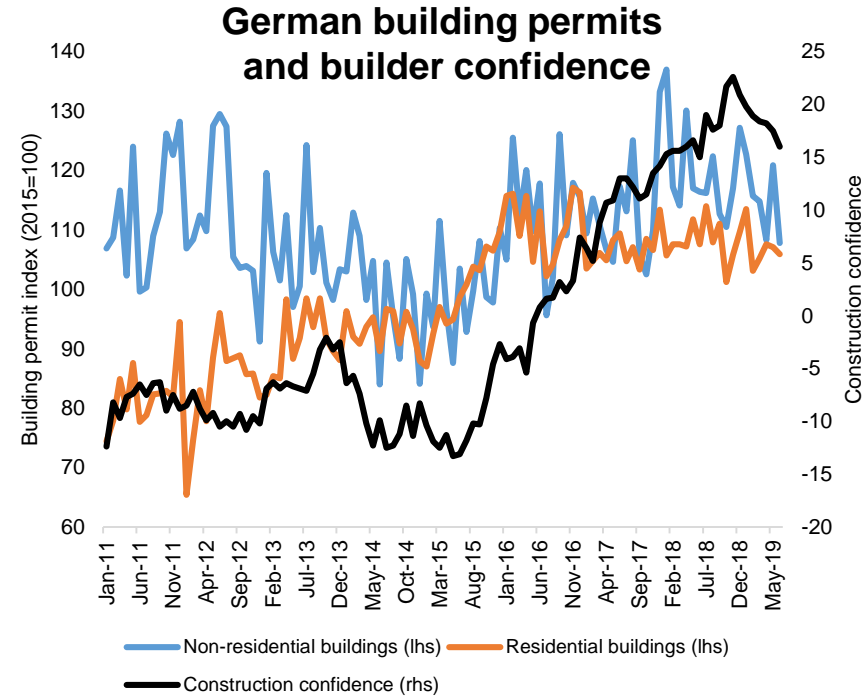
Source: Census Bureau, AIA, NAHB

Germany: The construction industry has so far been insulated from manufacturers' challenges

Germany's export-oriented industries continue to be the hardest hit by geopolitical turbulence, with September's PMI index reading reaching a 10-year low. Meanwhile, consumer spending continues to benefit from strong employment and low interest rates.

In the construction industry:

- Construction companies still assess their operating environment as being excellent, but less so than in previous months
- Residential permits from January to July were down 4% compared to 2018
- New orders in the construction industry rose 10.9% in July compared to July 2018



Source: Eurostat

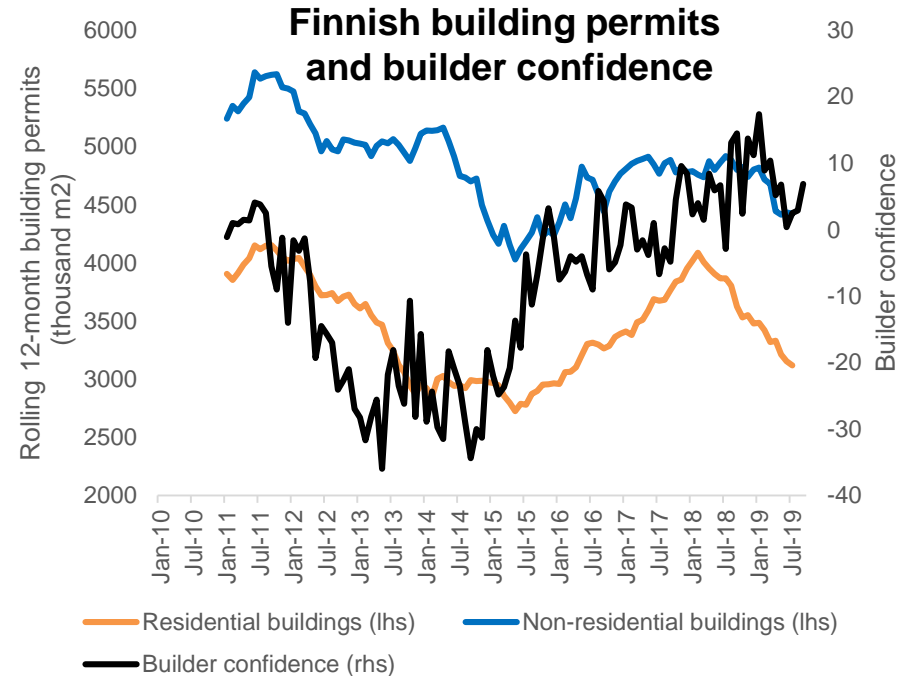
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Finland: Stable construction activity levels, but forward indicators softening further

The economy has continued to expand, but the pace of growth has clearly slowed from previous periods. While employment levels remain healthy, consumers' estimates about economic growth and unemployment have deteriorated in recent months.

Within the construction industry:

- Permits from January to July were down 16% in residential and 12% in non-residential segments
- The sales volumes of construction companies during the summer months was roughly flat compared to 2018
- Having fallen during the beginning of the year, builder confidence appeared to stabilise during the summer months



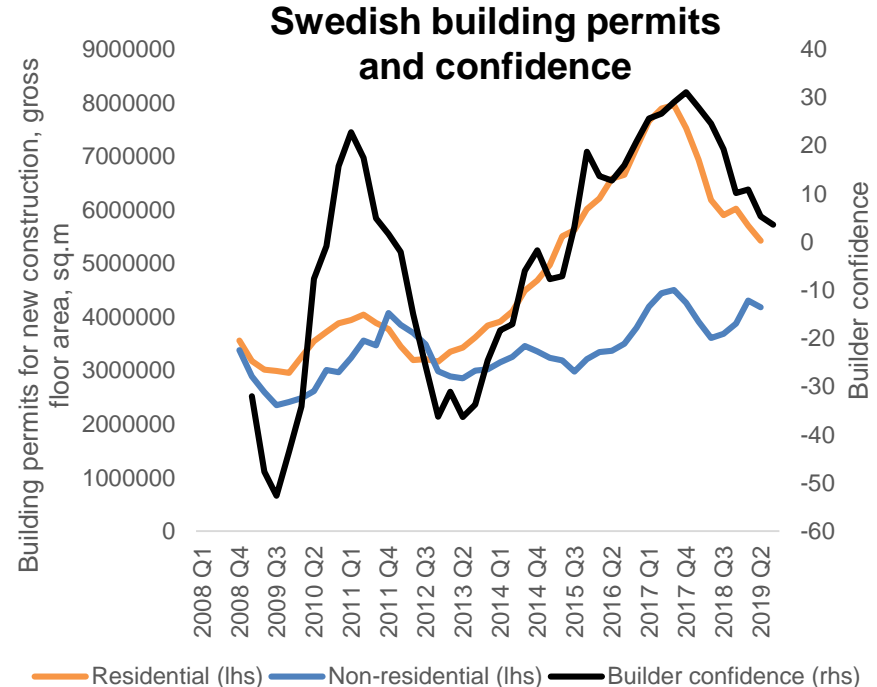
Source: Statistics Finland and Eurostat

Sweden: Non-residential and civil engineering are softening the residential slowdown

Factory activity has slowed significantly in recent months, with manufacturers hampered by trade uncertainties. However, unlike in many other countries, the spill over effects to other areas of the economy are becoming visible, with unemployment rising and consumer sentiment dropping notably.

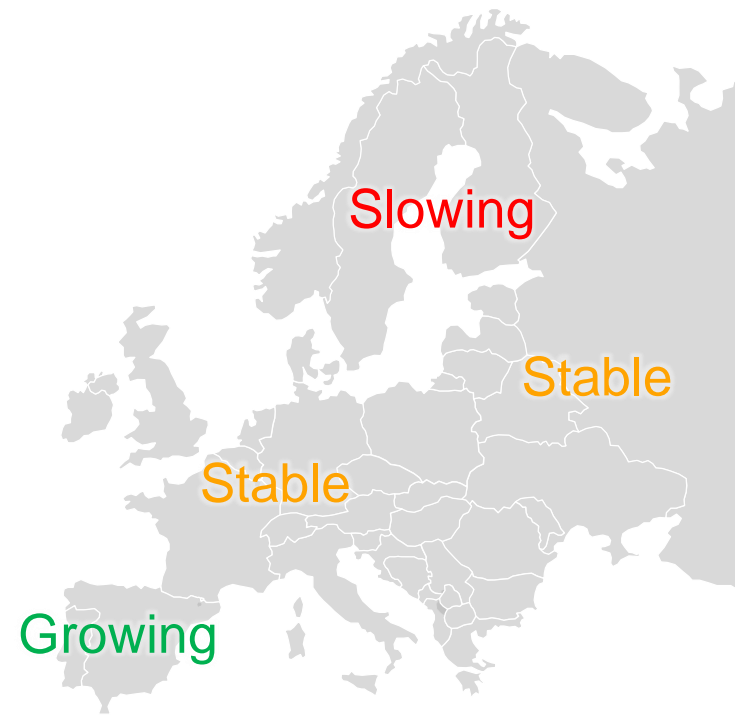
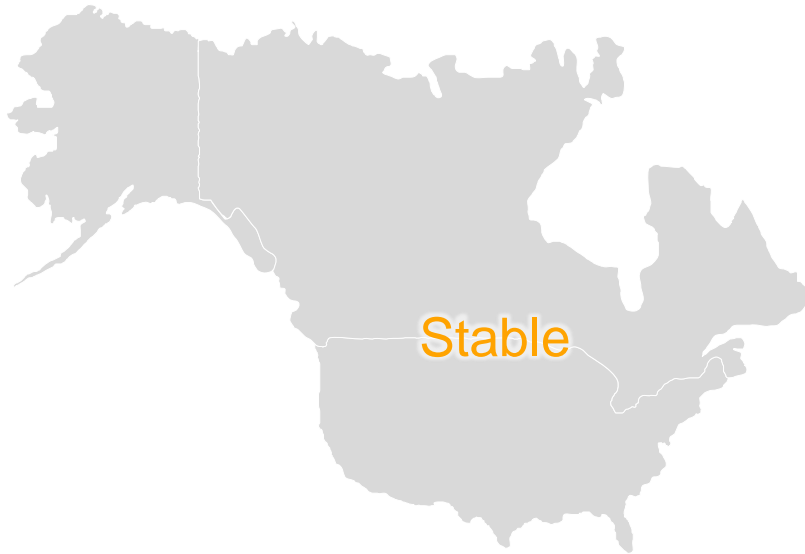
Within the construction industry:

- Residential building permits fell 15% during the first six months of the year, while non-residential permits grew 13% during the same period
- Housing starts through the first six months of the year fell 12% compared with the same period in 2018
- The downward trend in builder confidence that began at the beginning of 2018 has continued



Source: Statistics Sweden and Eurostat

Market outlook



Uponor repeats its full-year guidance announced on 13 February 2019:

Excluding the impact of currencies, Uponor expects its net sales to reach the level of the year 2018 net sales excluding the divested Uponor Infra's North American business and Zent-Frenger (€1,107.7 million), and comparable operating profit to improve from the year 2018 comparable operating profit excluding the divested Uponor Infra's North American business and Zent-Frenger (€83.5 million).

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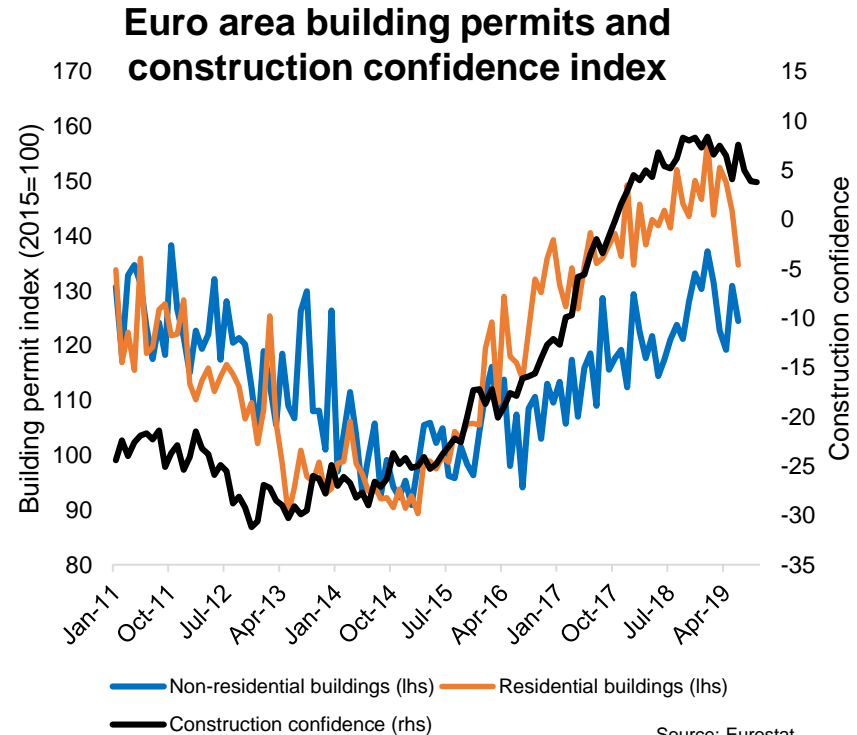
Appendix

Europe: Builder confidence moderated, but order books and business activity levels were still solid

Manufacturers across the continent report slowing business activity, while the service industry and consumer confidence have remained more resilient.





















Within the construction industry:

- Residential permits slowed notably in June, though it is difficult to determine whether a trend is materialising. Some Nordic markets continue to slow, developments are largely flat in Central Europe, and Spain is exhibiting growth
- Builder confidence has trended downward since reaching a four-decade high last summer, but remains relatively strong. Builders continue to report solid order books and business activity levels



Source: Eurostat

Leading residential indicators: Mostly healthy with some markets moderating from high levels

| | Indicator | YTD % Change | Rolling 12-month % Change | Data through | Trend since Q2 update |
|---|---------------------|--------------------|---------------------------|----------------|---|
|  USA | Housing starts | +2% ¹⁾ | N/A | September 2019 |  |
|  Germany | Housing permits | -4% | -3% | July 2019 |  |
|  Finland | Housing permits | -16% | -19% | July 2019 |  |
|  Sweden | Housing starts | -15% | -19% | June 2019 |  |
|  Denmark | Construction index | +2% | N/A | July 2019 |  |
|  Netherlands | Housing permits | -20% | -8% | July 2019 |  |
|  Canada | Housing starts | +16% ¹⁾ | N/A | September 2019 |  |
|  Spain | Housing permits | +10% | +14% | July 2019 |  |
|  Norway | Housing starts | +10% | +8% | August 2019 |  |
|  Poland | Housing completions | +11% | +7% | August 2019 |  |

¹⁾ Seasonally adjusted, annualised rate vs. same month in previous year

Source: National Statistics Offices

Income statement

Jul-Sep 2019

| Uponor Group, M€ | 7-9 2018 | 7-9 2019 | Change Y/Y | |
|---|-------------|-------------|---------------|-----|
| Net sales | 311.9 | 292.4 | -6.2% | |
| Cost of goods sold | 205.8 | 191.1 | -7.1% | |
| Gross profit | 106.1 | 101.3 | -4.5% | |
| Gross profit margin (%) | 34.0% | 34.6% | +0.6% | pts |
| Other operating income | 12.3 | 0.0 | -99.8% | |
| Expenses | 73.8 | 70.0 | -5.1% | |
| Operating profit | 44.6 | 31.3 | -29.9% | |
| Operating profit margin (%) | 14.3% | 10.7% | -3.6% | pts |
| Financial expenses, net | 2.6 | 1.9 | -30.0% | |
| Share of result in associated companies | -0.6 | -1.1 | -62.3% | |
| Profit before taxes | 41.4 | 28.3 | -31.5% | |
| Profit for the period | 30.0 | 20.5 | -31.4% | |
| EBITDA | 55.1 | 44.2 | -19.7% | |

Income statement

Jan-Sep 2019

| Uponor Group, M€ | 1-9 2018 | 1-9 2019 | Change Y/Y | 1-12 2018 |
|---|-------------|-------------|---------------|--------------|
| Net sales | 913.7 | 833.9 | -8.7% | 1,196.3 |
| Cost of goods sold | 607.1 | 548.8 | -9.6% | 795.5 |
| Gross profit | 306.6 | 285.1 | -7.0% | 400.8 |
| Gross profit margin (%) | 33.6% | 34.2% | +0.6% pts | 33.5% |
| Other operating income | 12.6 | 1.2 | -90.5% | 16.4 |
| Expenses | 229.6 | 215.5 | -6.2% | 310.5 |
| Operating profit | 89.6 | 70.9 | -20.9% | 106.7 |
| Operating profit margin (%) | 9.8% | 8.5% | -1.3% pts | 8.9% |
| Financial expenses, net | 7.0 | 8.5 | +21.9% | 8.5 |
| Share of result in associated companies | -3.6 | -3.1 | +16.3% | -4.7 |
| Profit before taxes | 79.0 | 59.3 | -24.9% | 93.5 |
| Profit for the period | 56.5 | 43.0 | -23.9% | 63.2 |
| EBITDA | 119.2 | 109.6 | -8.1% | 149.2 |

Balance sheet

September 2019

| Uponor Group, M€ | 30 Sep 2018 | 30 Sep 2019 | Change Y/Y | 31 Dec 2018 |
|---|----------------|----------------|---------------|----------------|
| Property, plant and equipment | 253.4 | 288.8 | +35.4 | 258.3 |
| Intangible assets | 105.2 | 97.8 | -7.4 | 101.0 |
| Securities and long-term investments | 26.2 | 24.2 | -2.0 | 25.7 |
| Inventories | 150.5 | 150.1 | -0.4 | 147.9 |
| Cash and cash equivalents | 20.9 | 31.5 | +10.6 | 38.1 |
| Other current and non-current assets | 286.6 | 262.6 | -24.0 | 215.6 |
| Assets total | 842.8 | 855.1 | +12.3 | 786.6 |
| Total equity | 371.7 | 359.8 | -11.9 | 353.6 |
| Non-current interest-bearing liabilities | 176.5 | 204.8 | +28.3 | 175.6 |
| Provisions | 28.5 | 30.5 | +2.0 | 30.2 |
| Non-interest-bearing liabilities | 265.0 | 242.9 | -22.1 | 225.5 |
| Current interest-bearing liabilities | 1.1 | 17.1 | +16.0 | 1.7 |
| Shareholders' equity and liabilities total | 842.8 | 855.1 | +12.3 | 786.6 |

Why invest in Uponor

The company: An industry innovator building on a century of tradition

- Established brand with a proven historic growth, organically and through acquisitions
- Stable business with a track record of profitable performance, even during downturns
- An up-to-date production network from the production technology perspective, as well as regional spread
- Committed long-term key ownership with a clear understanding of the industry's dynamics

The business: Solutions for safe drinking water delivery, energy-efficient heating and cooling and reliable infrastructure

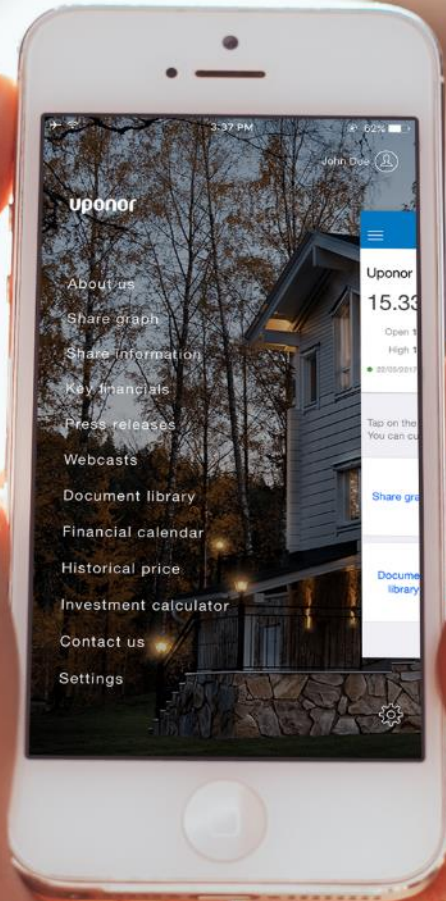
- A leading international supplier of plastic plumbing and hydronic radiant heating systems and a strong position in civil engineering pipe systems in northern Europe
- A proven track record of superior quality supported by product, system and value chain innovation that meets customer expectations
- Total offering committed to: Comfort, Health, Efficiency, Sustainability and Safety

Read more at: <https://investors.uponor.com>



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