

uponor

Uponor roadshow presentation Q2/2020

Jyri Luomakoski – President and CEO
Minna Yrjönmäki – CFO

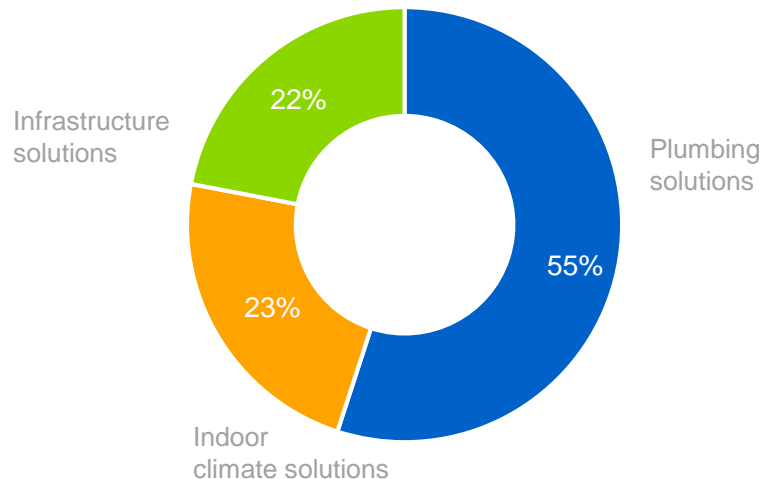


Uponor in brief

Uponor is rethinking water for future generations. Our offering, including safe drinking water delivery, energy-efficient radiant heating and cooling and reliable infrastructure, enables a more sustainable living environment.

We help our customers in residential and commercial construction, municipalities and utilities, as well as different industries to work faster and smarter.

Uponor Corporation is listed on Nasdaq Helsinki since 1988.



FACTS & FIGURES

1.1

billion euro
net sales in 2019

26

countries with
Uponor operations

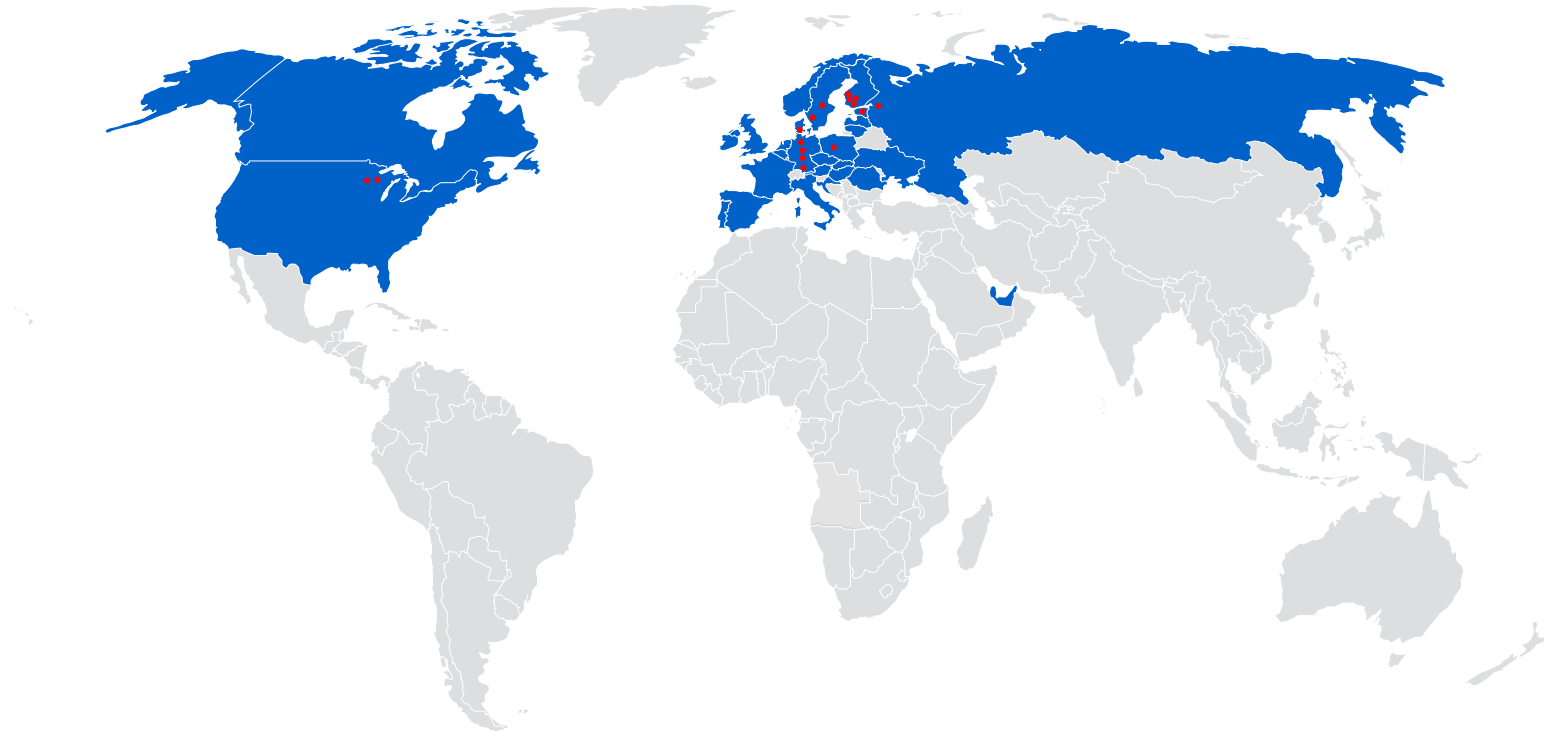
16

manufacturing
facilities worldwide

3,800

employees
worldwide

Uponor operates in 26 countries, serving customers worldwide



● 16 production sites

● Countries with
Uponor operations

We aim to become recognised leader in sustainable building and infrastructure solutions



World record and durable pipes to avoid an environmental disaster
Vistula River, Poland



Comfortable temperatures and reduced costs with Uponor TABS at Oslo's new library
Oslo, Norway



Texas high schools switch to PEX plumbing system
Texas, USA



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



Scheels department store saves energy costs with radiant heating and improves safety with snow/ice melting
Minnesota, USA



Cosy temperatures and clean drinking water in Germany's highest mountaintop restaurant
Zugspitze, Germany

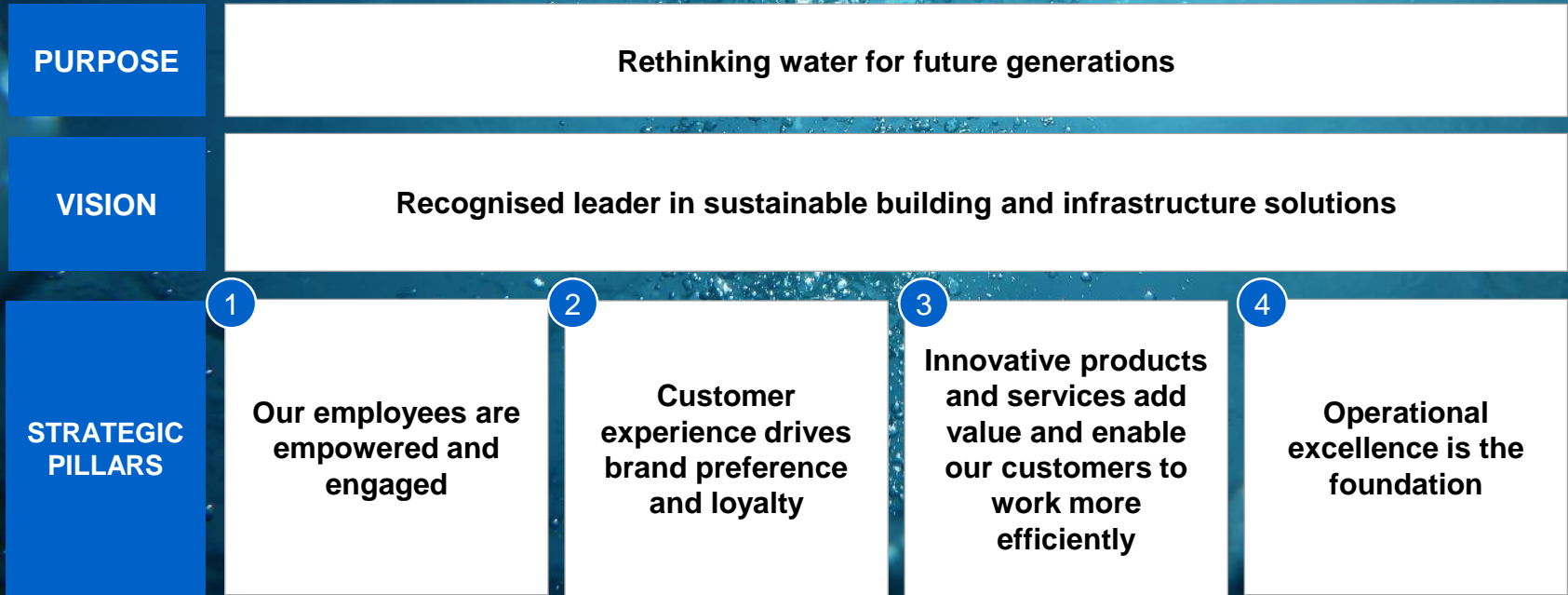


Strong and durable floating fish farming facility to withstand the harsh conditions of the Norwegian Sea
Stavanger, Norway



A cost-effective and reliable stormwater solution
Volvo's Warehouse, Vantaa, Finland

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



Sustainability embedded in our daily operations

We have a passion for innovation, engineering and technology as well as strive to safeguard water, a scarce resource, for future generations. Our durable products enable a more sustainable lifestyle.

We take climate and resource issues into consideration. We produce products and services that use less energy, reduce resource demand, perform reliably for years and are safe for installers to install.

We have investigated the water footprint of our manufacturing facilities and are analysing the results for further action.

We participate in the Carbon Disclosure Project (CDP). In 2019, we reported our first Communication on Progress as United Nations Global Compact signatory.

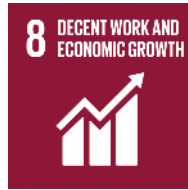


Sustainability at Uponor

For us, sustainability is not a trend. Our sustainability strategy is built on the **United Nation' Sustainable Development Goals (SDG)**. We support all the 17 SDG's, but have prioritised four of them: clean water and sanitation, decent work and economic growth, responsible consumption and production, as well as climate action.



More water conserving technologies are needed to ensure water is not wasted. Our innovative solutions help to ensure safe water delivery and to conserve it.



Good working place offers equal opportunities for everyone regardless of their gender, age or nationality. We want to provide a safe workplace and avenues for professional development.

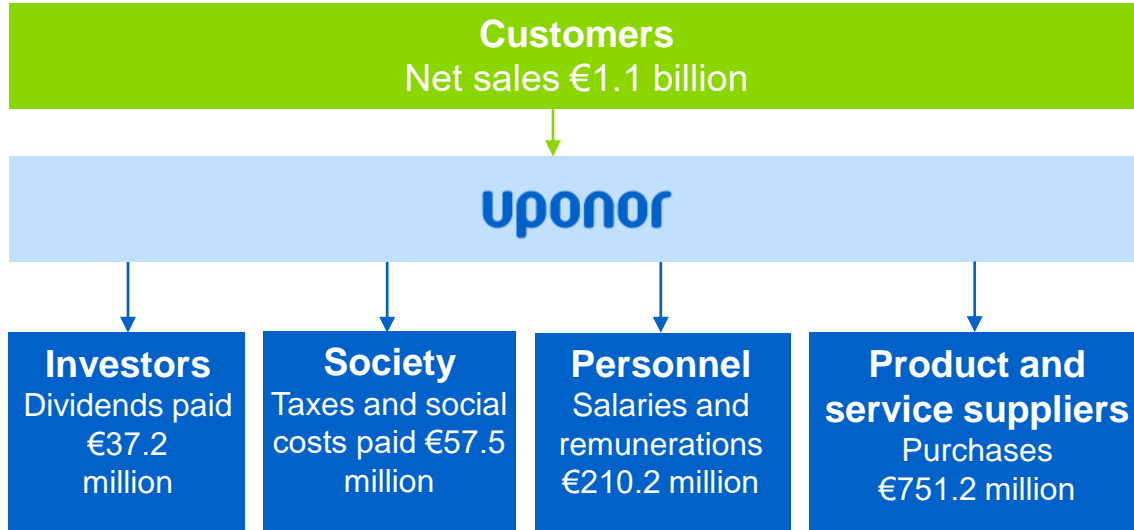


For us responsible consumption and production means durable and sustainable product and service offering. We use raw materials efficiently and we build ways to enhance the circular economy.



The effects of climate change are felt everywhere, and action needs to be taken. We continuously aim to reduce the overall impact of our business operations and increase energy efficiency.

Financial impact on stakeholders 2019



Uponor continues to drive its sustainability agenda

	Unit	2018	2019
Total energy consumption	1,000 MWh	226.0	218.0
Raw material used	1,000 tonnes	151.2	146.2
Water consumption	1,000 m3	206.2	154.1
Total GHG emissions (Scope 1)	1,000 tonnes	8.5	8.4
Total GHG emissions (Scope 2)	1,000 tonnes	30.8	27.0
Total waste	1,000 tonnes	20.2	18.1
Incident rate (LTIF)	per million work hours	12.7	11.9

- The overall change in volumes and product mixes resulted in lower energy consumption, which also lowered scope 1 and 2 GHG emissions
- Water consumption returned back to its normal level in 2019. The comparison period included a leak in the Hutchinson manufacturing facility and increased use of water in Virsbo due to a hot summer
- Uponor continues to develop its internal ways of working and advancing processes that improve safety

The image shows a vast, open industrial space under construction. The floor is covered with a dense grid of steel rebar, prepared for a concrete pour. Several tall, white cylindrical concrete pillars support the ceiling. In the background, a worker is visible near a doorway, and a large structure is partially covered in blue scaffolding. The lighting is a mix of natural and artificial, creating a professional and industrial atmosphere.

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Uponor businesses

Serving customers with versatile and evolving needs

Our key customer segments



Residential



Commercial



Municipalities
and utilities



Industrial

Our business groups

Plumbing solutions 55%



Indoor climate solutions 23%

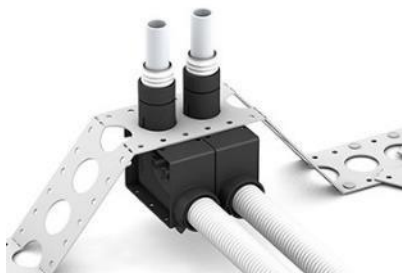


Infrastructure solutions 22%



Uponor's plumbing offering

For efficient and hygienic drinking water delivery



Flexible pipe systems



Multilayer pipe systems



Risers



Press fittings



Prefabricated units



Quick & Easy fittings



Tools



Intelligent water and hygiene

Uponor's indoor climate offering

The basis for a comfortable and energy-efficient ambiance



Radiant heating and cooling



Thermally active slabs



Ceiling cooling



Heating and cooling distribution



Manifold stations



Controls



Local heat distribution



Ventilation

Uponor's infrastructure offering

Transporting water, air, electricity, telecommunications and data



Standard Solutions



360° Project Services



Water Monitoring Services

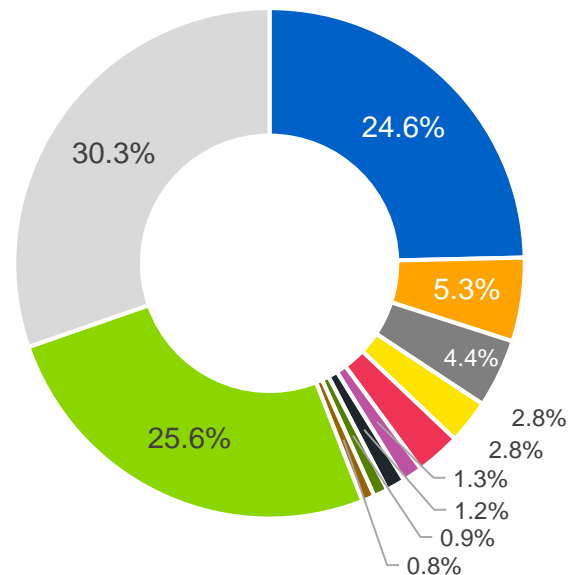


Weholite® Technology Licensing

Major shareholders

30 June 2020

- Oras Invest Ltd 24.6%
- Varma Mutual Pension Insurance Company 5.3%
- Nordea Nordic Small Cap Fund 4.4%
- Ilmarinen Mutual Pension Insurance Company 2.8%
- Mandatum Life Insurance Company Ltd. 2.8%
- Sigríd Jusélius Foundation 1.3%
- Pekka Paasikivi 1.2%
- The State Pension Fund 0.9%
- Jukka Paasikivi 0.8%
- Nominee registrations 25.6%
- Others 30.3%

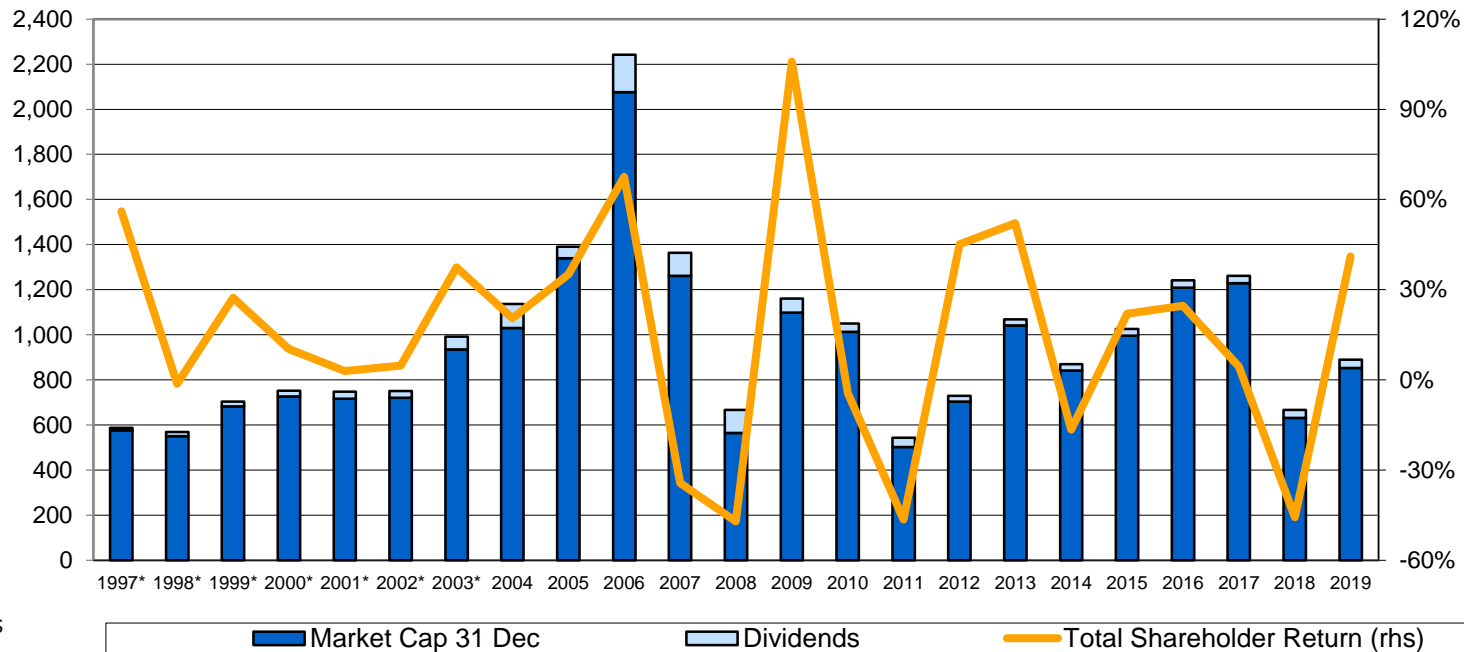


18,980 shareholders at the end of June 2020.

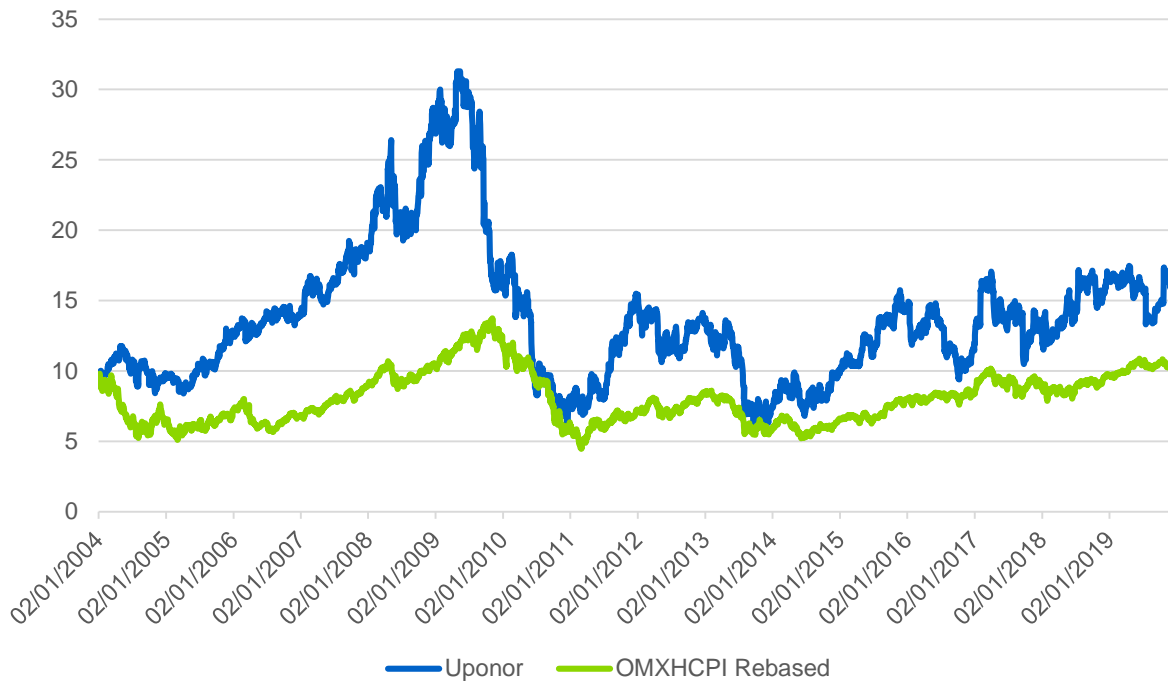
On 3 July 2020, the holdings of Varma Mutual Pension Insurance Company went down to 4.05%.

Shareholder value development

1998 – 2019



Share price development 2004 – 2019



Long-term financial targets

Since 12 February 2020

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

EBIT margin to exceed
10%

ROI to exceed
20%

Gearing to stay within
40 to 80
as an annual average of the quarters

Dividend pay-out to be at least
50%
of annual earnings (considering the gearing target)

Achievement in 2019

-0.4%
(target 4.8%*)

Comparable
EBIT 8.4%

14.4%

57.5%

73.6%

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

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Half-year financial results 1-6/2020



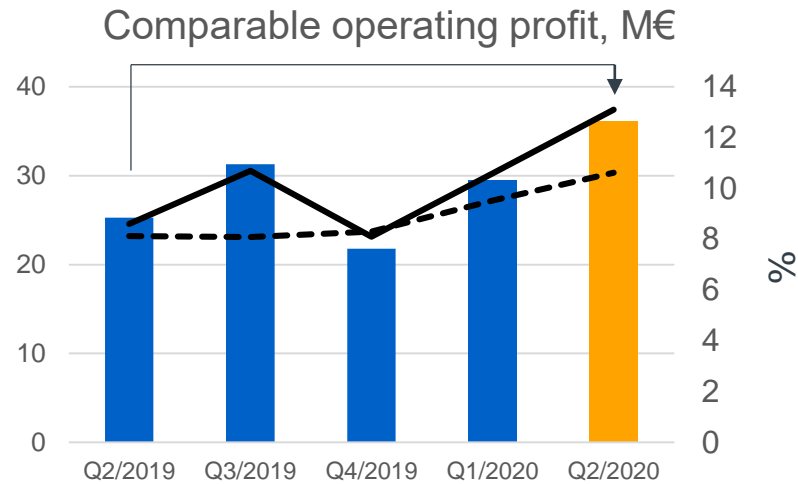
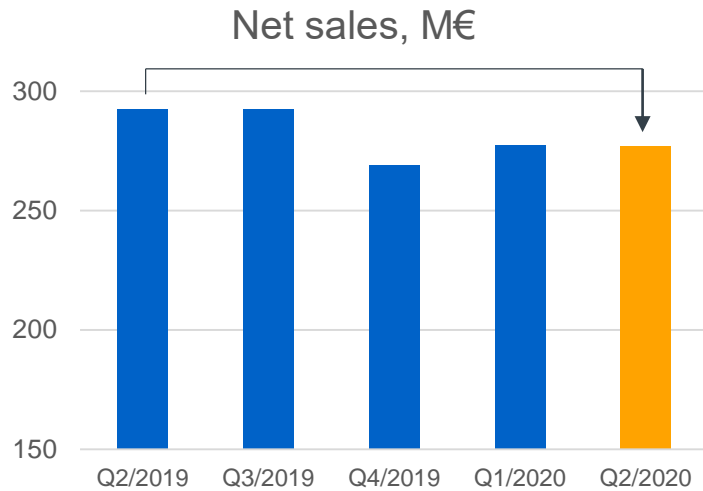
Highlights of Q2:

Comparable operating profit improved in all segments

- Net sales were €277.1 (292.6) million, organic growth was -5.3% in constant currency terms
- Comparable operating profit was €36.2 (25.3) million, a growth of 43.0%
- All segments' net sales decreased due to the overall market slowness created by COVID-19 restrictions and related economic uncertainty
- All segments improved their profits and hence, profitability



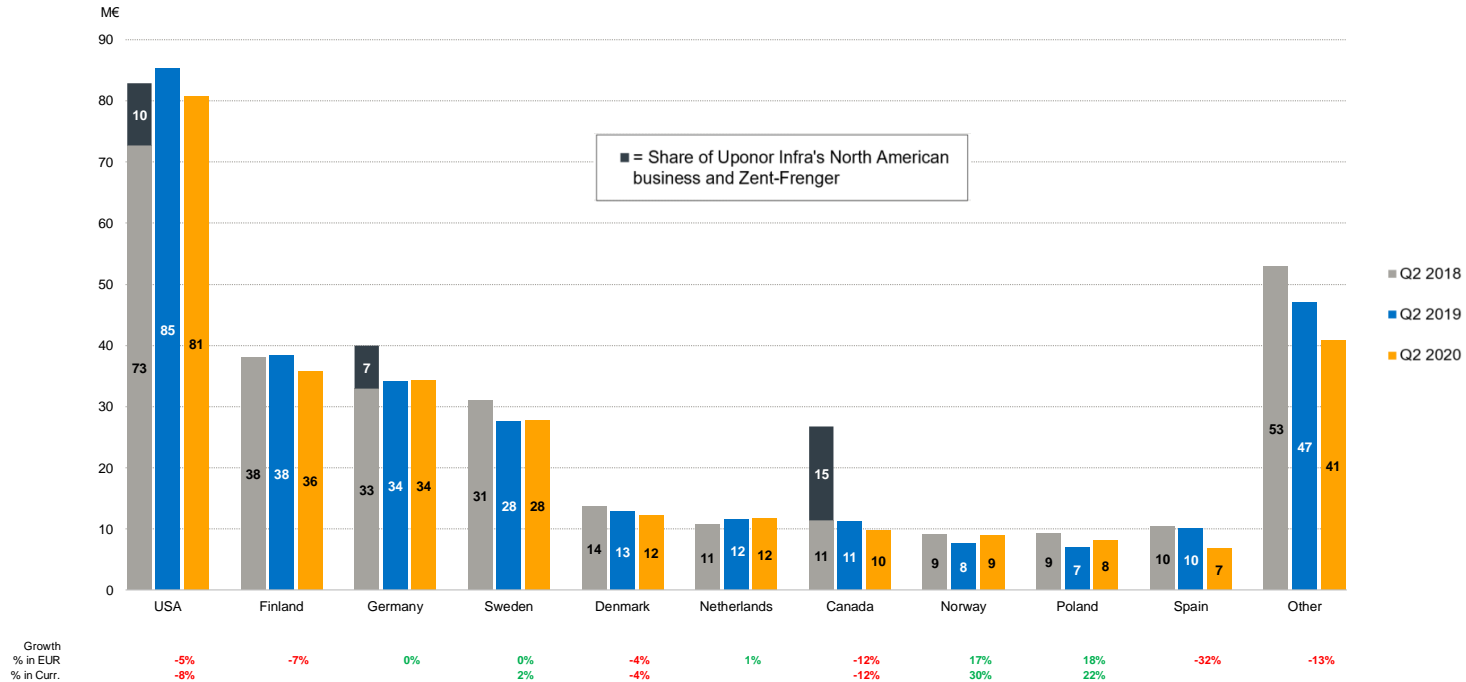
Group net sales and comparable operating profit: Rolling comparable OP margin exceeded 10%



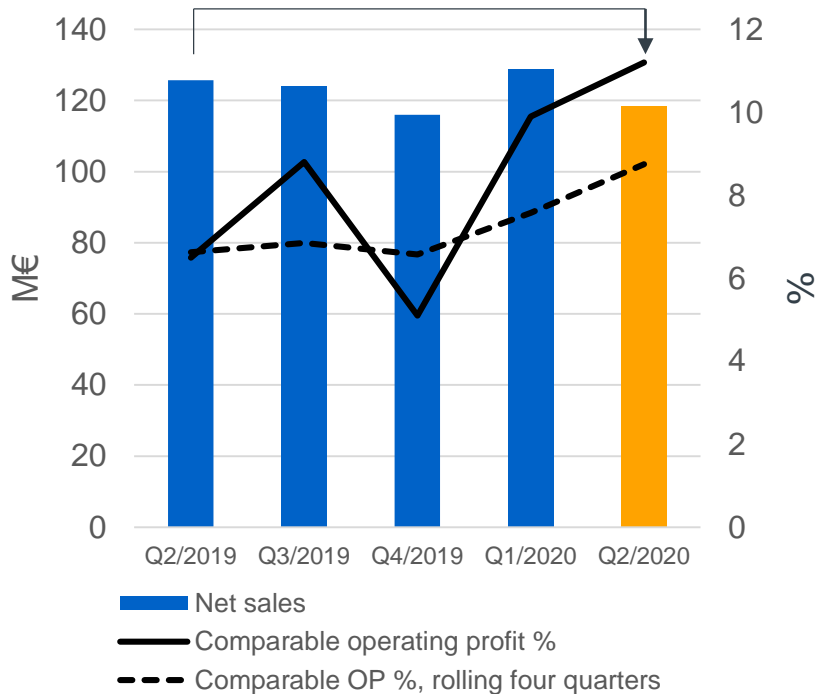
- Comparable operating profit
- Comparable operating profit %
- - - Comparable OP %, rolling four quarters

Apr-Jun 2020

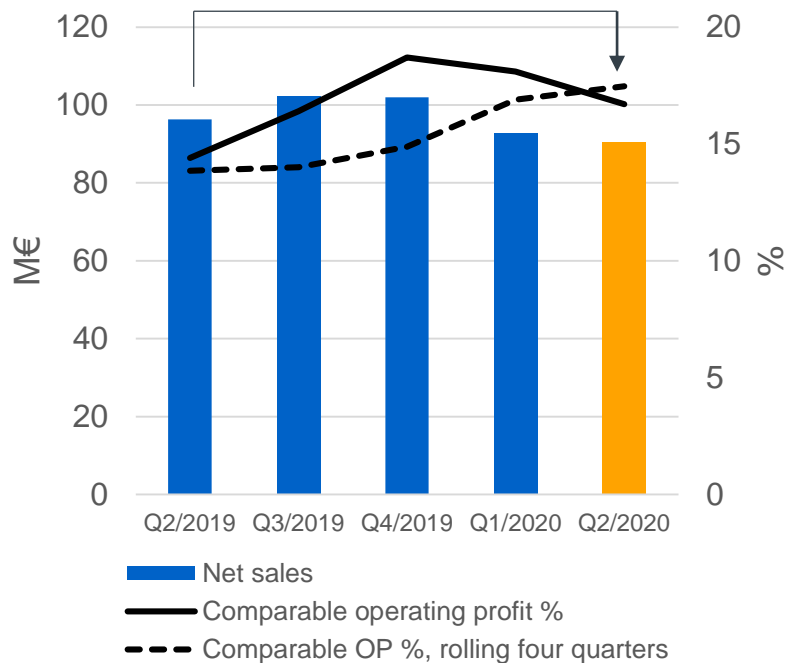
Net sales development by key markets



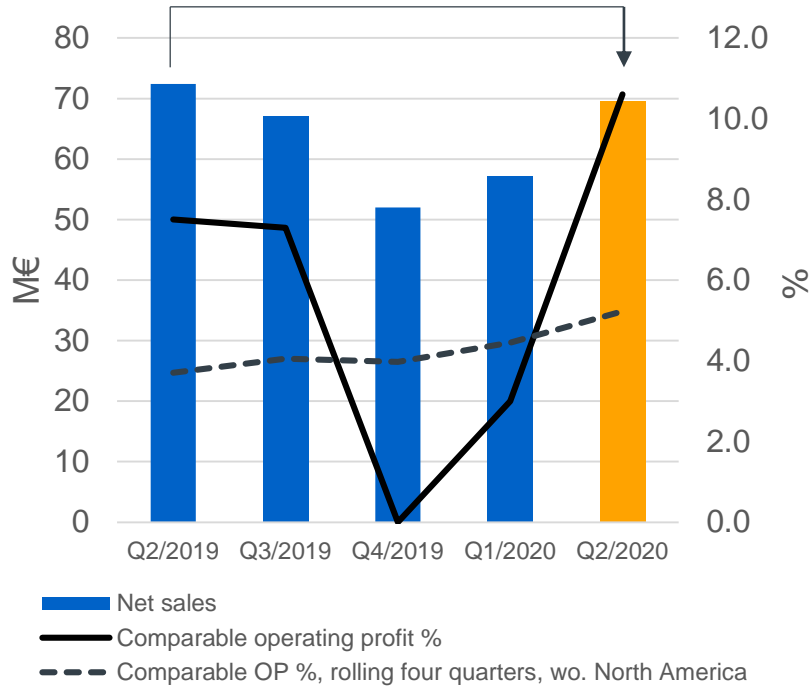
Building Solutions – Europe: A strong quarter, despite the decreased net sales



Building Solutions – North America: Profitability improvement was driven by tight cost control and a well-managed pricing policy



Uponor Infra: Profitability improved in major Nordic markets



Operational excellence programme is visible already in Q2 result

- The target is to deliver €20 million annual cost savings by the end of 2021
- The programme is expected to reduce approximately 200 FTEs by the end of 2021
- Year to date, the programme has generated savings of approximately €2 million
- Since the launch of the programme, in total €9.3 million of one-time costs (IAC)



Impacts of COVID-19

- Uponor's net sales have been impacted by COVID-19, but measures taken to adapt to the situation have supported profitability development
- Uponor's strong performance during the first half of the year combined with strong balance sheet creates a solid financial position for the company during the next phases of pandemic and its implications
- Going forward, it is expected that ongoing construction projects will most likely be finalised, but they may not be enough to compensate for the decline in new projects



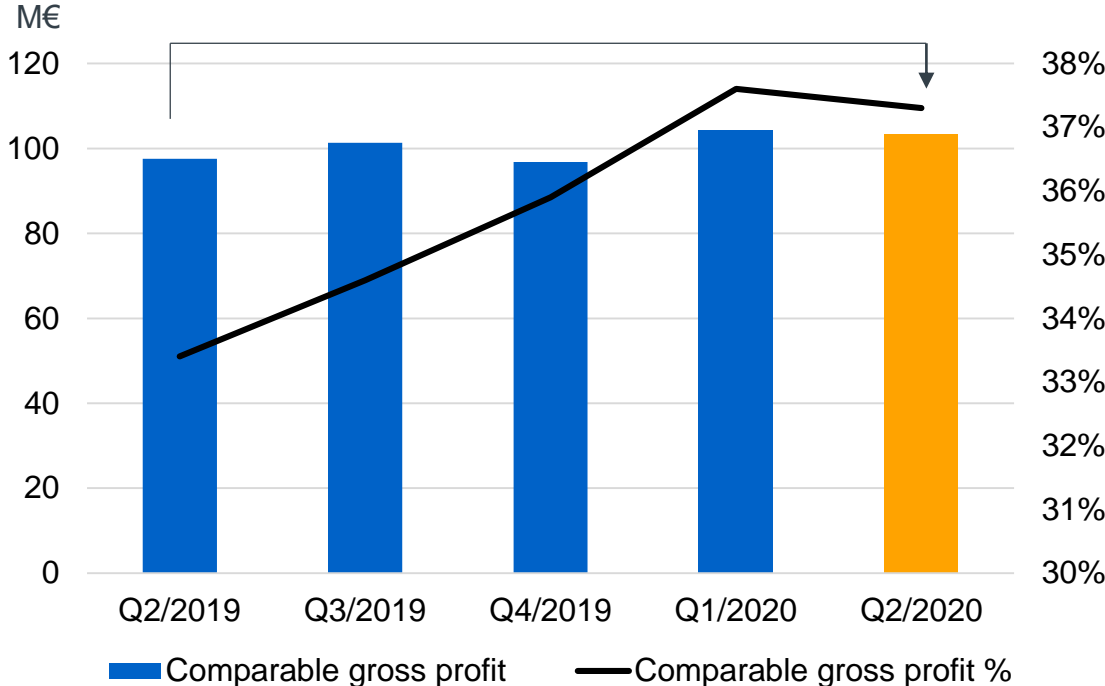
The image shows the interior of a large, modern building under construction. The space is filled with a grid of white, cylindrical columns supporting a ceiling. The floor is covered with a complex arrangement of wooden beams and supports, likely for a concrete slab. In the background, a person is visible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

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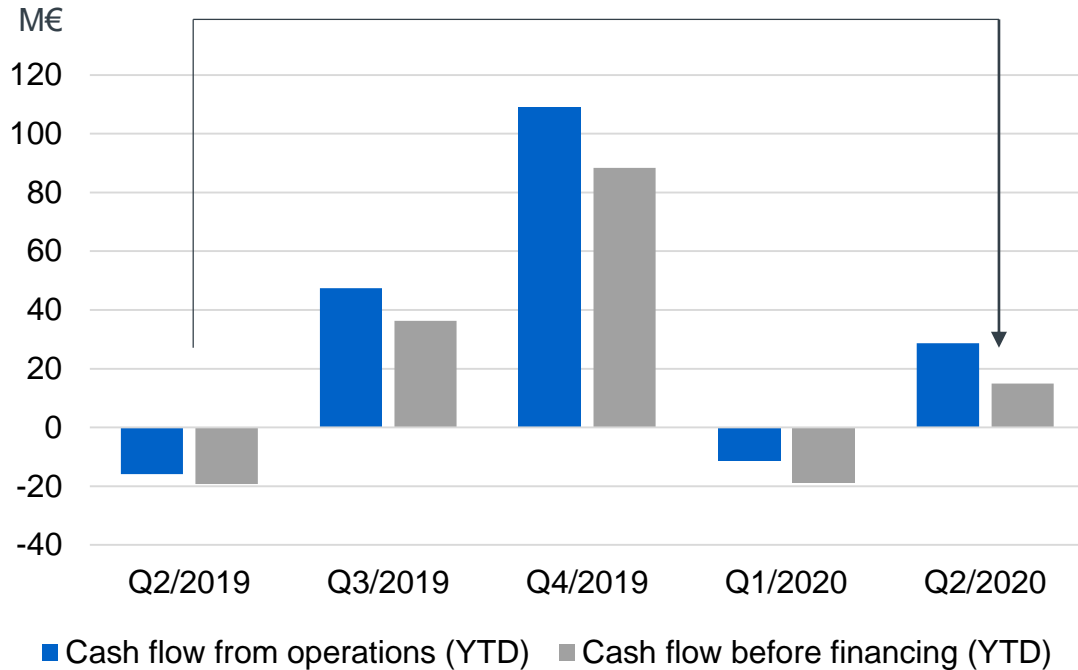
Financial statements

Minna Yrjönmäki, CFO

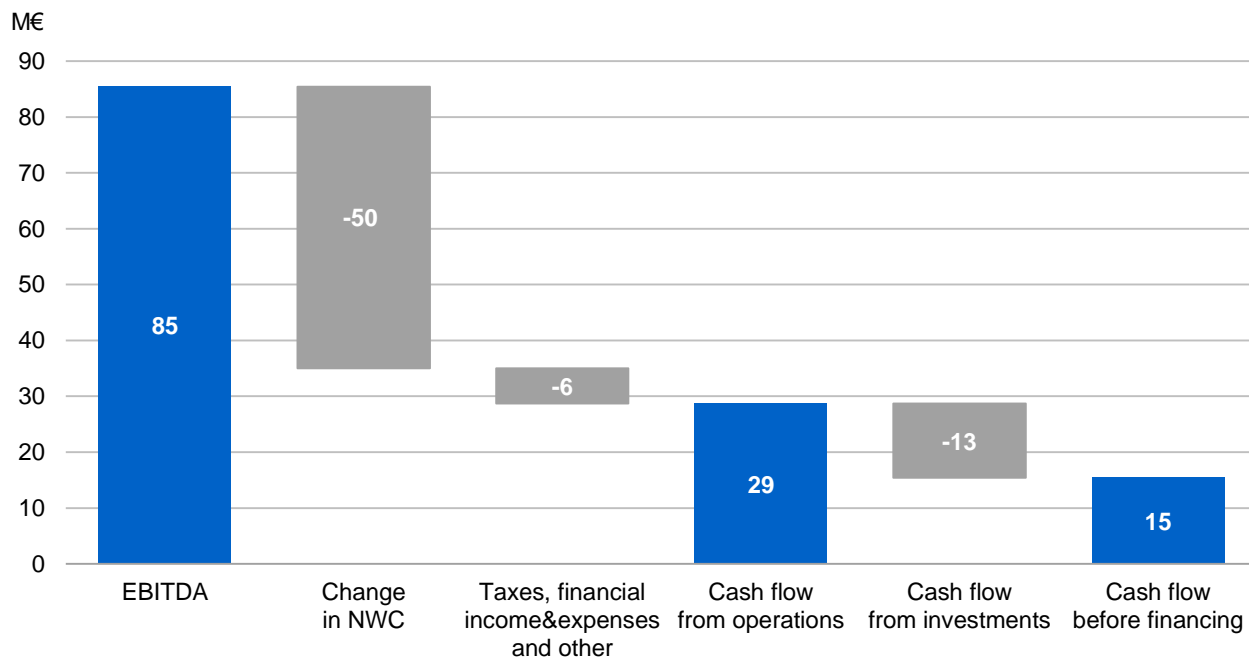
Good development in comparable gross profit margin continued in the second quarter



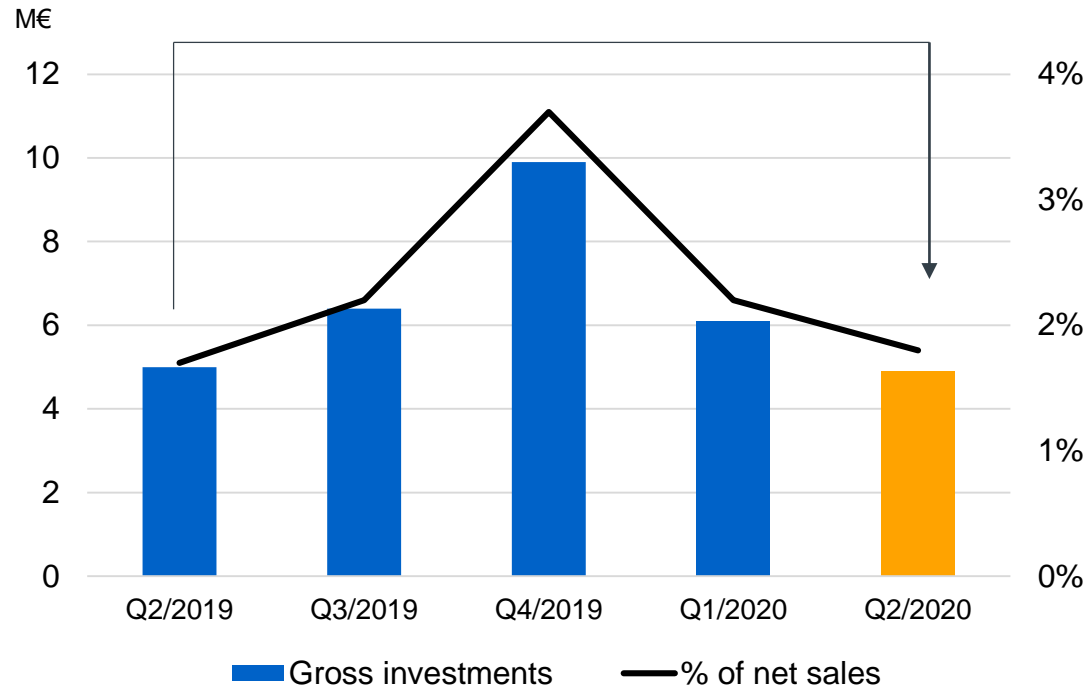
Cash flow from operations as well as cash flow before financing exceeded last year's levels



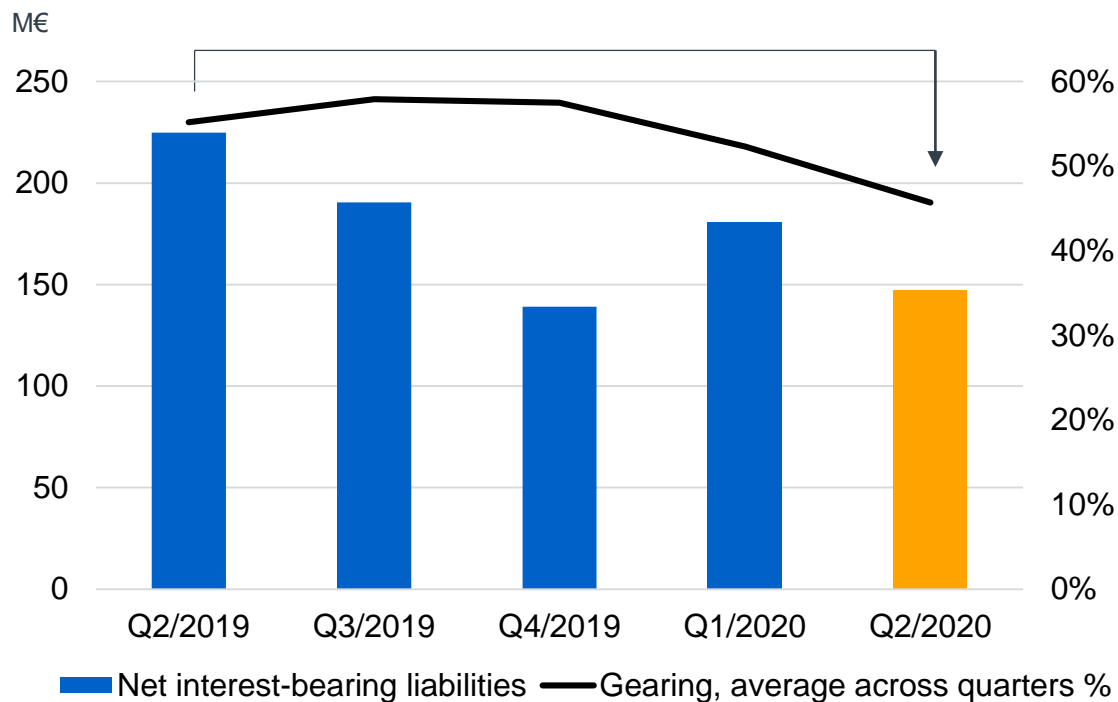
YTD cash flow from operations was positive mainly due to strong EBITDA



COVID-19 pandemic caused delays in growth related investments



Net interest-bearing liabilities at lower level than year ago driven by strong cash flow





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Outlook for the future

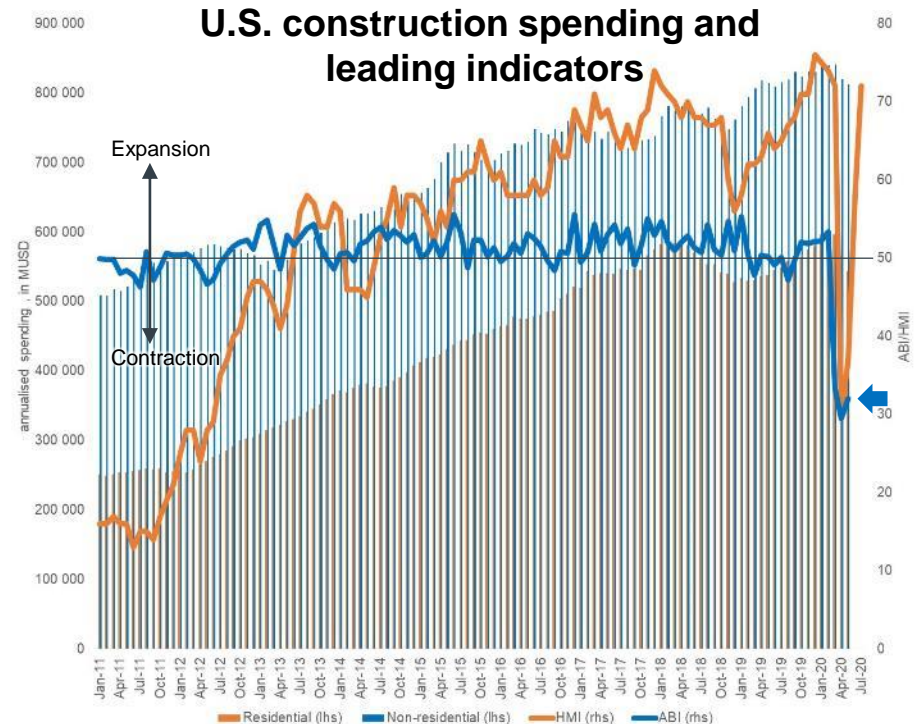
Jyri Luomakoski, President & CEO

US: Construction contracted modestly overall, with new projects slowing more significantly

Despite an improvement in June, the unemployment rate remains well above that of the Great Recession and while consumer demand has so far remained resilient, it has been heavily supported by temporary stimulus measures

Within the construction industry:

- Construction spending in May was down overall from earlier in the spring, but largely flat compared to May 2019
- June housing starts were down 4% from June 2019, but up 17% compared to May
- Homebuilder confidence, HMI, has reached pre-pandemic levels after falling dramatically in April
- The ABI, a leading non-residential indicator, remains deeply in contraction territory

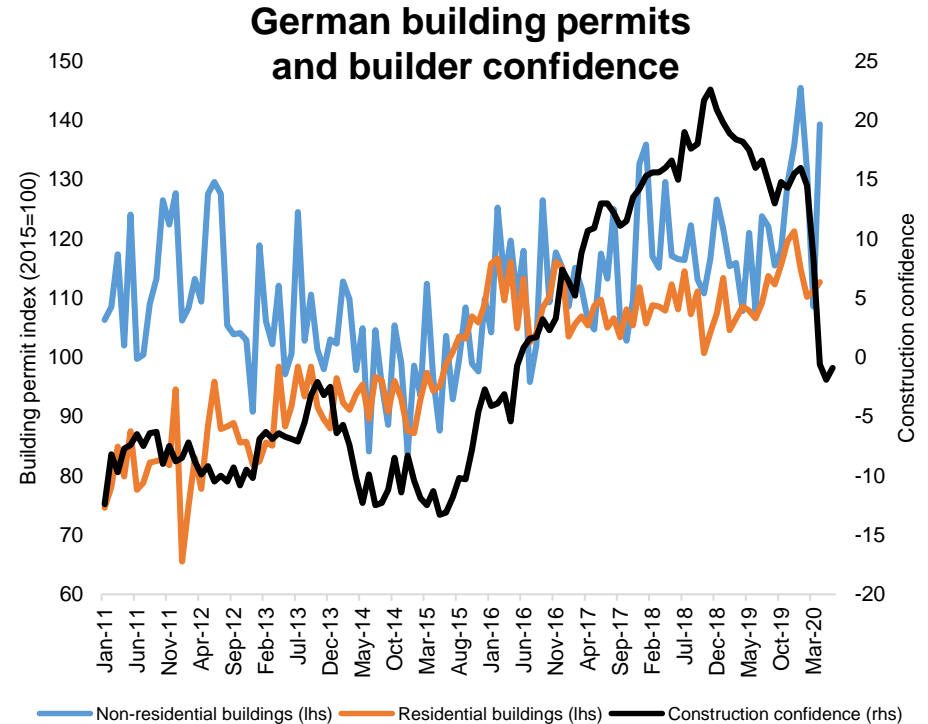


Germany: Construction was steady, though some forward indicators softened

Significant contraction in the economy in Q2 was alleviated somewhat by unprecedented government spending, including the coverage of 7 million workers in the government's short-time work programme

In the construction industry:

- Residential housing permits through May were up 4% compared to 2019
- Builder confidence stabilised towards the end of the quarter, but remains well below last year due to a deterioration in order books
- New orders were down 5.3% in April compared to April 2019



— Non-residential buildings (lhs) — Residential buildings (lhs) — Construction confidence (rhs)

Source: Eurostat

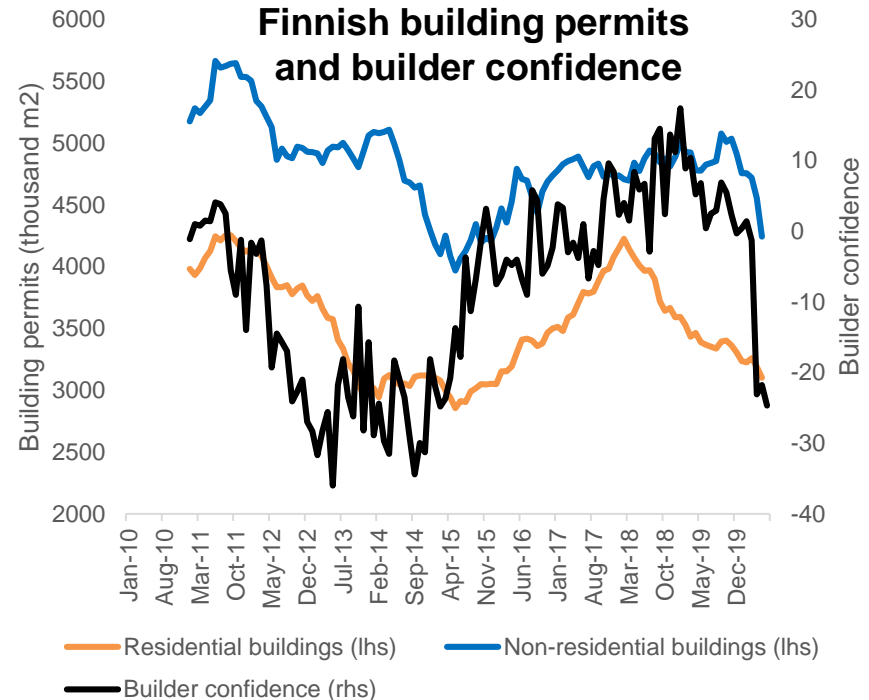
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Finland: Construction activity was sustained by a backlog of projects

Although an increase in government spending is likely softening the downturn, significant contraction in exports, private investment and private spending have weighed on the economy

Within the construction industry:

- Turnover of construction companies remained healthy through May, even rising from 2019 levels
- Residential permits through May were down 15% from a year earlier, while non-residential permits were down 30%
- Construction confidence weakened significantly as builders reported both slowing activity and weaker order books



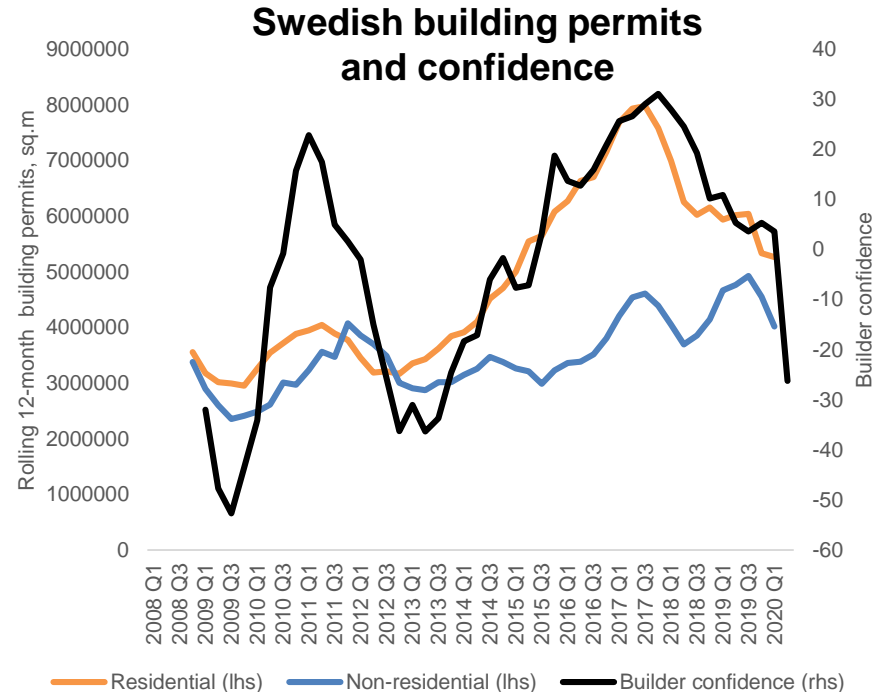
Source: Statistics Finland and Eurostat

Sweden: Residential continued to slow, while non-residential weakened

Despite taking the decision not to go into lockdown, the Swedish economy contracted to a similar extent as its Nordic neighbours during Q2

Within the construction industry:

- Housing starts in Q1 were roughly on par with Q1 2019
- Residential permits were down 11% in Q1, while non-residential permits fell 14% vs Q1 2019
- Builder confidence continued to weaken, falling significantly during Q2 as order books weakened further



Source: Statistics Sweden and Eurostat

Guidance withdrawn

On 19 March 2020, Uponor withdrew its guidance for 2020 due to lack of visibility on the potential impacts of COVID-19 on comparable operating profit. Once visibility improves and the significant uncertainties have cleared, Uponor expects to update its outlook and issue a new guidance. Current state of the COVID-19 pandemic in Uponor's key markets does not yet warrant a solid market outlook and hence Uponor is not issuing a guidance.

Uponor comments on the start of Q3: While there is no visibility beyond July, current progress in the month indicates demand essentially in line with July 2019. Uponor anticipates that continued uncertainty of households and businesses in North America and Europe will result in a slowing in the initiation of new construction projects in both the residential and non-residential segments. This contraction should be offset to some extent by existing orders and more steady expenditures in renovation, which tend to be less sensitive to economic cycles.

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Thank you!

communications@uponor.com

Uponor IR site: investors.uponor.com

Uponor's IR app:



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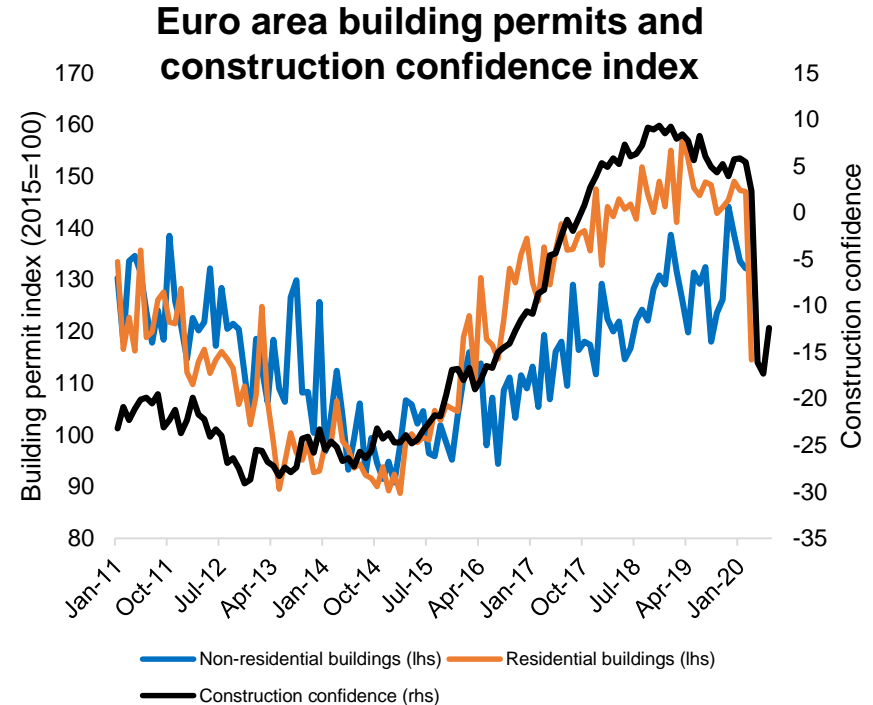
Appendix

Europe: Construction sites have re-opened, though the impact of COVID-19 is uneven

All economies experienced a significant slowing during Q2, though the economies of Spain, Italy and the UK were hit especially hard





















Within the construction industry:

- Non-residential permits through February remained steady, while residential permit data in March registered significant declines
- Construction confidence fell in all major markets covered by the survey compared both to earlier in the year and 2019



Source: Eurostat

Leading residential indicators: Slowing permits and starts in most markets

	Indicator	YTD % Change	Rolling 12-month % Change	Data through	Trend since Q1 update
 USA	Housing starts	-4% ¹⁾	N/A	June 2020	
 Finland	Housing permits	-15%	-9%	May 2020	
 Germany	Housing permits	+4%	+6%	May 2020	
 Sweden	Housing starts	-11%	-7%	Q1 2020	
 Denmark	Construction index	+16%	N/A	April 2020	
 Netherlands	Housing permits	-2%	-15%	April 2020	
 Canada	Housing starts	-13% ¹⁾	N/A	June 2020	
 Norway	Housing starts	-13%	-9%	February 2020	
 Poland	Housing completions	+0%	-6%	May 2020	
 Spain	Housing permits	-27%	-10%	April 2020	

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

Source: National Statistics Offices

Income Statement

Apr-Jun 2020

Uponor Group, M€	4-6 2019	4-6 2020	Change Y/Y	
Net sales	292.6	277.1	-5.3%	
Cost of goods sold	195.0	174.8	-10.4%	
Gross profit	97.6	102.3	+4.7%	
Gross profit margin (%)	33.4%	36.9%	+3.5%	pts
Other operating income	0.6	0.5	-24.2%	
Expenses	72.9	72.5	-0.7%	
Operating profit	25.3	30.3	+19.8%	
Operating profit margin (%)	8.6%	10.9%	+2.3%	pts
Comparable operating profit	25.3	36.2	+43.0%	
Comparable operating profit margin (%)	8.6%	13.1%	+4.5%	pts
Financial expenses, net	3.2	4.9	+53.6%	
Share of result in associated companies	-1.0	-1.1	-16.3%	
Profit before taxes	21.1	24.2	+14.9%	
Profit for the period	15.3	17.8	+16.5%	
EBITDA	38.6	43.4	+12.5%	

Income Statement

Jan-Jun 2020

Uponor Group, M€	1-6 2019	1-6 2020	Change Y/Y	1-12 2019
Net sales	541.5	554.5	+2.4%	1,103.1
Cost of goods sold	357.6	348.0	-2.7%	721.2
Gross profit	183.9	206.5	+12.3%	381.9
Gross profit margin (%)	34.0%	37.2%	+3.3% pts	34.6%
Other operating income	1.2	0.5	-54.0%	1.3
Expenses	145.5	148.2	+1.9%	291.9
Operating profit	39.5	58.8	+48.8%	91.3
Operating profit margin (%)	7.3%	10.6%	+3.3% pts	8.3%
Comparable operating profit	39.5	65.6	+65.8%	92.7
Comparable operating profit margin (%)	7.3%	11.8%	+4.5% pts	8.4%
Financial expenses, net	6.6	1.8	-72.6%	11.6
Share of result in associated companies	-2.0	-2.4	-22.4%	-4.0
Profit before taxes	31.0	54.6	+76.5%	75.6
Profit for the period	22.4	40.1	+78.9%	55.3
EBITDA	65.3	85.4	+30.8%	143.1

Balance Sheet

June 2020

Uponor Group, M€	30 Jun 2019	30 Jun 2020	Change Y/Y	31 Dec 2019
Property, plant and equipment	288.0	274.4	-13.6	285.8
Intangible assets	98.9	94.1	-4.8	96.7
Securities and long-term investments	23.3	19.7	-3.6	19.8
Inventories	163.2	152.4	-10.8	144.4
Cash and cash equivalents	13.2	94.4	+81.2	76.1
Other current and non-current assets	275.6	271.6	-4.0	210.5
Assets total	862.0	906.6	+44.6	833.2
Total equity	337.3	366.1	+28.8	370.4
Non-current interest-bearing liabilities	206.0	129.9	-76.1	203.4
Provisions	29.3	36.3	+7.0	30.0
Non-interest-bearing liabilities	257.3	262.6	+5.3	217.7
Current interest-bearing liabilities	32.1	111.6	+79.5	11.8
Shareholders' equity and liabilities total	862.0	906.6	+44.6	833.2

Why invest in Uponor

The business: sustainable building and infrastructure solutions

- Safe drinking water delivery and energy-efficient heating and cooling continue to be essential needs in built environments
- Uponor mitigates the cyclical nature of construction industry by operating in European and North American markets and serving both new construction and renovation projects

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

- A leading supplier for residential and commercial construction for drinking water delivery and radiant heating and cooling systems; and a strong position in infrastructure piping systems in northern Europe
- Established brand with a broad and loyal customer base
- Well maintained manufacturing network with capacity to grow
- Continuous material and production technology development to support operational efficiency
- Committed long-term key ownership with a clear understanding of the industry's dynamics

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



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