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FINANCIAL STATEMENTS 2009

Uponor financial statements bulletin January-December 2009

Uponor's profitability improved in declining markets

- Net sales and operating profit decreased, alongside the continuing slump in the construction sector witnessed in all markets
- Q4 2009: fall in net sales smaller than at the beginning of the year
- Net sales 1-12: EUR 734.1m (2008: EUR 949.2m), down 22.7%
- Operating profit 1-12: EUR 41.2m (EUR 51.2m), down 19.4%
- Earnings per share EUR 0.16 (EUR 0.99)
- In 2010, net sales expected to remain stable and operating profit to improve on the results reported in 2009
- Board of Directors' dividend proposal EUR 0.50 per share

(Figures for continuing operations unless otherwise stated.)

President and CEO Jyri Luomakoski comments on the reporting period:

- The year 2009 was a challenging time for all of us. Construction activity slowed at an unprecedented rate across Uponor's key markets and, consequently, demand for our products and services declined significantly.

- Our main focus in 2009 was to manage costs, maintain a steady cash flow and improve our efficiency, which yielded some good results. Simultaneous with that we implemented our new European organisation, aimed at further integrating the company and creating structures that will support our growth in the years to come.

- We do not expect the external business environment to show clearly more favourable developments in 2010. But, to grow our business, we can depend on our own innovations and take advantage of the favourable trends supporting demand for our offerings.

Dividend proposal
Uponor's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.50 per share be paid, in total EUR 36.5 million, which is 316.3% of the profit. Resulting from this dividend proposal, Uponor's 2010 gearing, average across the quarters, is estimated to remain in the long-term financial target of between 30 and 70.

Webcast and presentation material:
Following the release of this statement, the presentation material for the financial information will be available at www.uponor.com > Investors.

A webcast on the financial information will be broadcast in English at 10:00 am EET. The link to the webcast can be found at www.uponor.com. Questions for the webcast can be sent to ir@uponor.com. A recording of the webcast can be viewed later on the same day at www.uponor.com.

Last quarter of 2009

The stabilisation of market demand seen after the summer of 2009 continued in the fourth quarter. The fall in demand slowed, and compared to the low levels seen in the last quarter of 2008, slight growth could be detected in some markets and product groups. This stemmed from growing interest among consumers and businesses in investing and from improved financing opportunities, although the credit squeeze continued to hold back the launch of new projects.

Net sales

Uponor's net sales for Q4 came to EUR 174.4 (198.9) million, down by 12.3 percent from 2008. The fall in net sales from 2008 remained significantly smaller in Q4 than during the three preceding quarters.

This fall in net sales was mainly due to the contraction in the housing and infrastructure technology markets, which has prevailed for more than two years in most of Uponor's geographical operating regions. Measured in US dollars, North American net sales took an upward turn in Q4. In Buidling solutions – Europe, sales in the Nordic countries reached its highest level for the year in the last quarter. The strengthening of currencies, such as the Swedish krona, against the euro also had a positive effect. Among Uponor's main markets, Sweden was alone in seeing net sales increase, including in the local currency.

The progress made by Uponor’s indoor climate systems, its interesting new products and successful marketing efforts, among other things, contributed to the development of net sales.

Net sales by segment, October–December:

MEUR	10-12 /2009	10-12 /2008	Change
Building solutions - Europe	*115.4*	*132.5*	*-12.8%*
Building solutions - North America	*28.1*	*31.2*	*-9.6%*
(Building solutions - North America, USD	*41.2*	*39.7*	*3.8%)*
Infrastructure solutions - Nordic	*32.0*	*37.0*	*-13.7%*
Eliminations	*-1.1*	*-1.8*	
Group (continuing operations)	*174.4*	*198.9*	*-12.3%*

Results and profitability

Uponor's operating profit for October-December stood at EUR 12.3 (-19.9) million. A non-recurring cost provision of EUR 14.5 million related to product replacement costs was recorded in North America in the fourth quarter of 2008.

Operating profit improved in all of Uponor’s business segments. The improvement over the comparison period is mainly due to the savings and efficiency measures carried out in all of Uponor's businesses over the year. Enhancing and streamlining the supply chain of building solutions in Europe and infrastructure solutions in the Nordic countries rendered the best results. Intensive improvements in the North American markets bore fruit when market demand began to recover. The price development of components and raw materials continued to have a favourable impact in the last quarter.

The result was eroded by non-recurring costs of EUR 7.4 million, relating to various restructuring measures. Most of this, EUR 5.3 million, was related to production while EUR 2.1 million went towards supply, marketing and administration. Costs were generated by various savings and reorganisation initiatives, including the reorganisation of production in Germany, the closing down of infrastructure production in Hadsund, Denmark, and redundancy costs in Germany, Italy, Spain and the USA, for example.

Operating profit by segment, October-December:

MEUR	10-12 /2009	10-12 /2008	Change
Building solutions – Europe	*10.0*	*-1.0*	*1082.6%*
Building solutions - North America	*3.2*	*-18.4*	*117.5%*
(Building solutions - North America, USD	*4.5*	*-27.0*	*116.6%)*
Infrastructure solutions – Nordic	*2.0*	*-1.2*	*260.7%*
Other	*-2.8*	*-0.4*	
Eliminations	*-0.1*	*1.1*	
Group (continuing operations)	*12.3*	*-19.9*	*162.2%*

Consolidated earnings per share (basic and diluted) for October-December were EUR 0.03 (-0.22), and 0.05 (-0.22) for continuing operations. The period's cash flow before financing was EUR 38.3 (25.7) million.

Review by the Board of Directors
1 January – 31 December 2009

Overview

The year 2009 turned out to be a difficult one, as expected, with the decline in construction continuing from the previous year. Demand in the construction markets throughout Uponor's main markets reached a historical low, except for Germany, where the markets also weakened but remained at a reasonable level.

In 2009, all of Uponor’s major end markets – residential new building, public and commercial construction, and infrastructure solutions - were characterised by low activity levels. An increase in renovation and modernisation projects was seen in countries where recovery initiatives were targeted at consumers. This stimulated demand for certain product groups.

Uponor carried out extensive savings, cost-efficiency and development projects to secure control over its cost development. The Group’s ongoing integration process progressed successfully and the new organisational structure introduced in the autumn of 2008 contributed to the significantly improved performance of Uponor’s supply chain, in particular.

Net sales

In 2009, Uponor's net sales from continuing operations fell to EUR 734.1 million (in 2008: EUR 949.2 million), a fall of 22.7% year on year, and decidedly below the long-term target growth of 6 per cent. Net sales decreased in all segments, reflecting the overall weakening of demand. Fluctuations in foreign currencies, mainly the US dollar, the Swedish krona and the UK pound, adversely affected net sales by approximately EUR 8.3m.

Net sales by segment for 1 Jan. – 31 Dec. 2009:

MEUR	2009 1-12	2008 1-12	Reported change, %
Building solutions - Europe	486.9	635.3	-23.4%
Building solutions - North America	109.0	130.8	-16.6%
(Building solutions - North America, USD	151.8	191.5	-20.7%)
Infrastructure solutions - Nordic	143.4	192.1	-25.4%
Eliminations	-5.2	-9.0	
Group (continuing operations)	734.1	949.2	-22.7%

The biggest drops in net sales were recorded in Spain, the USA and Finland, while in Germany and Netherlands the decrease was more moderate. This was partly due to the successful progress of Uponor's indoor climate solutions in Central Europe.

The largest geographical markets and their share of consolidated net sales in 2009 were as follows: Germany 17.5% (15.0), Finland 12.1% (11.8), USA 11.4% (11.1), Sweden

9.7% (9.1), Spain 6.0% (8.3), Denmark 5.4% (6.1), Italy 5.3% (5.5) and the Netherlands 5.2% (4.3).

Results

Uponor's consolidated gross profit from continuing operations came to EUR 271.1m (341.8m), a fall of 20.7 per cent year on year. Despite the decreased net sales, the gross profit margin improved from the previous year. Improved profitability is due to greater production efficiency, among other things. Furthermore, the gross profit for the comparison year was affected by the rapid increase in raw material prices, which could not be passed onto sales prices.

Continuing operations generated an operating profit of EUR 41.2m (51.2m), down 19.4 (-62.3) per cent on the previous year. Profitability, or operating profit margin, improved slightly, as the profit margin rose to 5.6 (5.4) per cent of net sales.

The fall in operating profit in euro can be attributed to slackening markets. In 2009, this decline was significantly smaller than in the previous year. The fall in operating profit can be primarily attributed to the sharp decline in the net sales of Building solutions - Europe. Operating profit from Infrastructure solutions and Building solutions - North America strengthened considerably.

As a result of savings, streamlining and cost reduction measures carried out over the last year, costs were reduced in warehousing, marketing and administration. These efficiency initiatives incurred a non-recurring expense of EUR 12.5m, of which, purchasing and manufacturing costs accounted for EUR 8.9m, and fixed expenses for EUR 3.6m.

Other income and expenses includes a property insurance claim compensation of EUR 2.9m attributable to the fire which affected infrastructure solutions production in Denmark.

Operating profit by segment for 1 Jan. – 31 Dec. 2009:

MEUR	2009 1-12	2008 1-12	Reported change, %
Building solutions - Europe	32.4	65.6	-50.6%
Building solutions - North America	3.9	-16.0	124.5%
(Building solutions - North America, USD	5.5	-23.4	123.3%)
Infrastructure solutions - Nordic	14.4	10.0	45.0%
Other	-9.3	-9.5	
Eliminations	-0.2	1.1	
Group (continuing operations)	41.2	51.2	-19.4%

Expenses from discontinued operations include unanticipated costs due to environmental clean-up measures associated with the factory property for sale in Ireland, which were previously referenced in the January - June interim report. According to the expert estimates obtained, the clean-up work is approaching completion. The estimated costs of the remaining clean-up measures are provided for in the 2009 results of discontinued operations, which totals EUR -5.7m.

Consolidated profit before taxes decreased by 30.7 per cent, to EUR 28.4m (41.0m). Consolidated net financial expenses increased to EUR 12.7m (10.2m), of which EUR 6.3m (1.7m) was due to currency translation.

At a tax rate of 39.6 (26.6) per cent, income tax totalled EUR 11.3m (10.9m). The rise in tax rate is primarily attributable to the occurrence of taxable income in 2009 in countries with relatively higher tax rates. Additionally, the relative amount of non-deductible expenses decreased, year on year. Profit for the financial year totalled EUR 11.5m (72.5m), of which continuing operations accounted for EUR 17.2m (30.1m).

Return on equity stood at 4.1 (22.7) per cent and return on investment at 8.1 (22.2) per cent, while the long-term target is a minimum of 30 per cent.

Consolidated earnings per share were EUR 0.16 (0.99), and EUR 0.24 (0.41) for continuing operations. Equity per share stood at EUR 3.53 (4.18). For other share-specific information, please see the tables section.

To maintain a solid financial position, the company paid particular attention to cash flow management over the last year. Due to lower net sales, cash flow from operations did not, however, reach the 2008 level. Efficient net working capital management measures were continued and cash flow before financing improved from the previous year, excluding one-time items. In 2008, cash flow before financing included the proceeds from the disposal of the UK/Irish infrastructure business, which amounted to EUR 76.4m.

Consolidated cash flow from operations was EUR 78.8m (95.4m) while cash flow before financing came to EUR 60.6m (133.6m).

Key figures are reported for a five year period in the financial accounts.

Investments, research and development, and financing

Uponor’s long-term investment and development programme was fundamentally revised due to the weak business environment. Most investments were targeted at process development and measures to improve efficiency. Major single investments included the acquisition of the UK company The Underfloor Heating Company Ltd and investments related to infrastructure production transfers in the Nordic countries. Subcontracted production of metal fittings in Kungsör, Sweden, was divested in the spring and panel production by Hewing GmbH in Ochtrup, Germany, at the year-end.

The European ERP system was implemented on six further business units.

Gross investments totalled EUR 27.4m (39.0m), down by EUR 11.6m year on year. Net investments totalled EUR 22.7m (36.4m). The figures include replacement investments covered by the insurance refund of EUR 2.9m due to the fire in Denmark.

As part of the effort at system harmonisation, in Europe in particular, investment activity was directed into larger development projects, resulting in decreased investment requirements in euro, without compromising the value of output. Research and development costs totalled EUR 15.5m (18.6m), or 2.0 (1.9) per cent of net sales.

As market uncertainty continued, the safeguarding of liquidity was set as the main goal of the financing activities. The commercial paper market, which Uponor has heretofore actively utilised, remained weak during the spring, making this an uncertain means of securing financing. Uponor replaced a syndicated credit loan of EUR 120m, due in February 2010, with several committed bilateral loans with its main banks. They total EUR 190m and will mature in 2012. Additionally, the company has signed an agreement with a Finnish pension insurance company borrowing back EUR 80m of its pension contributions falling mature in 2010-2013, of which EUR 64m was outstanding at year-end.

On the balance sheet date, the Group did not utilise the above mentioned bilateral credit limits. Moreover, a domestic commercial paper programme worth EUR 150m continues to be available.

Consolidated net interest-bearing liabilities increased slightly to EUR 64.6m (60.6m). The solvency ratio was 51.8 (51.4) per cent and gearing came to 25.0 (19.8) per cent. The average quarterly gearing was 45.2 (46.4), compared to the range of 30–70 set in the company's financial targets.

Key events

In Europe, Uponor introduced its unique dynamic heating and cooling control system at ISH, a major international fair within the HPAC industry, held in Frankfurt in the spring. The new control system was well received by customers. This system can significantly reduce the energy consumption of new and existing underfloor cooling and heating systems without lowering the level of comfort.

In Germany, a significant partnership agreement was signed with a local heating equipment manufacturer. The objective is to offer customers a comprehensive solution for heat generation and distribution in residential and commercial buildings that is both energy efficient and environmentally friendly.

In Europe, both the building solutions' and infrastructure solution's supply chain was enhanced through centralised warehouses and improved service networks. In Hadsund, Denmark, infrastructure production was closed down and production equipment moved to factories in Sweden and Finland. The UK company Underfloor Heating Company Ltd was acquired to strengthen Uponor's expertise in the international project business.

To strengthen its market position in Eastern Europe and Asia, Uponor opened new sales offices, for example, in Turkey, Slovakia, Croatia, and in Beijing, China.

In December, the Board made a decision to support Finland’s new Aalto University, which began operating on 1 January 2010, with a monetary endowment of EUR 400,000. Half of the sum was paid and recorded as a tax-deductible cost in the 2009 financial statements.

Personnel

At the end of the year, the Group had 3,316 (3,678) employees. In full-time equivalents, this is 362 fewer than at the end of 2008. The annual average number of employees was 3,426 (4,211).

The decline in staff numbers is attributable to the adjustment programme implemented in all regional organisations. In terms of personnel groups, the largest reductions were involved in production, warehousing, dispatching and in marketing.

The geographical breakdown of the Group's personnel was as follows: Germany 1,113 (33.5%), Sweden 495 (14.9%), Finland 463 (14.0%), the USA 386 (11.6%), Spain 195 (5.9%), the UK 128 (3.9%), Denmark 103 (3.1%), other countries 433 (13.1%).

A total of EUR 182.6m (EUR 203,3m) was paid in wages and other remunerations during the financial period.

Riitta Palomäki, M.Sc. (Econ.) was appointed Chief Financial Officer and a member of the Executive Committee from 1 June 2009. Ms. Paula Aarnio, Executive Vice President, Human Resources, and a member of the Executive Committee, resigned in April 2009.

Risks associated with business

Uponor's financial performance may be affected by several strategic, operational, financial and hazard risks. A detailed analysis of these risks is available in the Annual Report.

Market risks
Uponor's business is concentrated in Europe and North America, where exposure to political risks is low. Since Uponor's net sales are divided among a large number of customers, the majority of which are distributors (wholesalers), end market demand for the company's products is distributed across a wide customer base. The largest single customer generates approximately 10 per cent of Uponor's net sales.

Demand for Uponor's end products depends on business cycles in the construction sector. Traditionally, Uponor's main end market has comprised single-family housing, but today, the company's products are increasingly being supplied also to multi-family residential, commercial and public construction. Demand fluctuations often differ between these segments. Fluctuations are also being offset to a certain degree by demand for renovation projects, which is not always as discretionary as new housing projects. A fifth of the company's net sales are generated by infrastructure technology.

Operational risks
The prices of raw materials used in the manufacture of plastic pipe systems are susceptible to other petrochemical and metal product price fluctuations. In recent years, Uponor has been capable of passing the effects of such fluctuations onto its selling prices with a reasonable delay, in such a way that this has not resulted in any major income losses. Uponor manages the risk of fluctuations in the price of metals and plastics raw material through supply agreements with fixed prices. Uponor manages the risk of fluctuations in electricity prices at Nordic level by using financial instruments.

Uponor manages its organisational and management risks, such as employee turnover, distortion of age distribution and unnecessary recruitment, by continuously analysing its human resources and ensuring that its organisational structure supports efficient operations. Personnel development programmes focus on enhancing management skills in particular.

Uponor observes an ISO 9000 quality system and an ISO 14000 environmental management system, or comparable systems, in the production facilities, which enhance production safety and productivity.

With respect to component and raw material suppliers, Uponor aims to use supplies and raw materials available from several suppliers. Any sole supplier used must have at least two production plants manufacturing goods used by Uponor. Uponor implements systems for material and raw material quality control and supplier accreditation.

Financial risks

The uncertainty of financial markets has considerably increased risks related to the availability of financing. Uponor aims to ensure the availability and flexibility of financing through sufficient credit limit reserves and a well-balanced maturity distribution of loans, as well as by using several banks and various forms of financing.

The Group manages its liquidity through efficient cash management solutions and by investing solely in low-risk targets that can be liquidated rapidly and at a clear market price.

Part of Uponor's net sales are created in currencies other than the euro. Subsequently, expenses allocated to these net sales are also denominated in the same local currencies. The international nature of its operations exposes the Group to currency risks associated with different currencies. The Group Treasury function is responsible for hedging Group-level net currency flows in external currency markets, mainly by using currency forward contracts and currency options as hedging instruments.

Moreover, Uponor is exposed to currency translation risk, which manifests itself in the translation of non-euro area results into euro. According to the company's hedging policy, non-euro area balance sheet items are not hedged.

Hazard risks

Uponor runs 10 production plants in 5 countries, and products manufactured in these plants generate a major proportion of the company's net sales. Uponor co-ordinates indemnity and business interruption insurance at Group-level on a centralised basis, in order to achieve extensive insurance coverage neutralising the financial damage caused by any risks associated with machine breakdowns, fire etc. Another major hazard risk is associated with product liability related to products manufactured and sold by Uponor. Product liability is also insured at Group level.

Various measures are taken to manage risks of indemnity and business interruptions, including safety training for personnel, adherence to maintenance schedules and maintaining the availability of major spare parts.

Risk management in 2009

The global economic recession affected demand for Uponor's products. As market risks grew in 2009, the focus of risk management was turned towards the adjustment of operations in the changed market situation.

In the beginning of 2009, the Board of Directors approved the Group's new risk management policy. As part of this comprehensive policy, Uponor issued instructions on continuity management. In addition to this, several risk management guidelines were implemented in 2009, supporting overall risk management.

In the first half of the year, risks were comprehensively mapped and risk management plans updated accordingly. During the autumn of 2009, the impact of business interruptions was analysed in all production units.

In 2009, Uponor assessed the functionality of risk management in five production units. The results showed that risk management was on a sound level in all units.

Because of the economic crisis, the focus on financial risks was shifted to maintaining liquidity by securing sufficient credit limit reserves and through efficient cash flow management. Credit risks received special attention due to the weak market situation, and an updated credit risk policy was implemented.

Product replacement repair in the U.S., related to clamps from a third party supplier which were previously sold under a brand which has since been withdrawn, was initiated at the end of 2008, and proceeded according to plan in 2009. This product replacement programme has almost been completed. Product replacement costs were recorded in full in the 2008 financial statements. Uponor has initiated measures to recover the costs of the replacement programme from the clamp supplier and the company's insurance company of that time.

In the spring of 2009, there was a fire in the Danish production unit. Uponor's property and business interruption insurance covers the resulting damage.

Uponor is involved in several judicial proceedings in various countries. The year saw no other materialised risks, pending litigation or other legal proceedings or measures by the authorities that might have been of material significance to the Group.

Administration and audit

The Annual General Meeting (AGM) of 18 March re-elected the following Board members for a term of one year: Anne-Christine Silfverstolpe Nordin, Jorma Eloranta, Jari Paasikivi, Aimo Rajahalme and Rainer S. Simon. It elected Jari Paasikivi Chairman of the Board and Aimo Rajahalme Deputy Chairman. The AGM elected KPMG Oy Ab, Authorised Public Accountants, as the company's auditor, with Lasse Holopainen, Authorised Public Accountant, acting as the principal auditor.

Share capital and shares

In 2009, Uponor's share turnover on NASDAQ OMX Helsinki Stock Exchange was 45.8 (99.2) million, totalling EUR 455.8m (EUR 1,195.1m). The share quotation at the end of 2009 was EUR 15.00 (7.70) and the market capitalisation of the outstanding shares was EUR 1,098.1m (EUR 563.7m). At the end of the year, Uponor reported a total of 20,214 (18,629) shareholders. Foreign shareholding accounted for 23.7 per cent (22.6 per cent) of all shareholding at the end of the report period.

At the beginning of 2009, Uponor Corporation's share capital totalled EUR 146,446,888 and the number of shares stood at 73,206,944. The share capital did not change during the year.

No notifications on changes in holdings were made during the year. Further information on shares and shareholdings is reported in the financial statements.

Board authorisations
The AGM of 18 March 2009 authorised the Board to decide on the buyback of the company's own shares, using unrestricted equity. The number of shares to be bought back will be no more than 3,500,000 shares, representing approximately 4.8 per cent of the company's shares. The authorisation is valid for one year from the date of the AGM.

Treasury shares
By the end of the year, Uponor held 160,000 treasury shares, representing approximately 0.2 per cent of the company's shares and voting rights.

Management shareholding
The members of the Board of Directors and the CEO, as well as corporations known to the company, in which they exercise control, held a total of 674,357 (620,615) Uponor shares on 31.12.2009. These shares accounted for 0.9 per cent of all company shares and total votes.

Share-based incentive programme
Over the years 2007 and 2008, Uponor Corporation's Board of Directors launched long-term incentive schemes for members of the company's Executive Committee and persons holding international executive positions. Shares based on both schemes will be awarded in the spring of 2012. More information on these schemes is available in the Corporate Governance section of the annual report and on the company's website.

Events after the financial year

The report on corporate governance was on the agenda of the meeting of Uponor Corporation's Board of Directors' Audit Committee on 5 February 2010. This report is filed as a separate section in the annual report and can also be read at www.uponor.com.

Outlook for 2010

The decline in the market which started in the autumn of 2007 has stabilised in the last few months. This decline is no longer as steep as before and some areas have seen growth. However, the future growth opportunities of national economies remain weak, and demand in Uponor's market sectors is not expected to improve in 2010.

The public recovery programmes initiated in 2008 and 2009 continue to support demand. However, no significant new recovery initiatives are anticipated. In some countries, support programmes are affected by the poor public financial situation. Although investment activity among consumers is growing, caution exercised by the financial markets is holding back development.

The market shares of several of Uponor's product systems continued to develop favourably in 2009. Increased energy costs and a general awareness of environmental issues have benefited Uponor's indoor climate solutions, i.e. heating and cooling systems, in particular. This trend is expected to continue. New product and service solutions, recently introduced to customers, are supporting Uponor's growth.

Uponor has taken considerable restructuring measures to adapt operations to the current low level of demand, and day-to-day development will continue. Significant benefits have been achieved through Uponor's new organisational structure, especially in Europe, and it is anticipated that these benefits will be of a permanent nature. This year, modest investment needs and a decrease in the amount of capital invested in inventories will generate additional benefits, despite the fact that there will be a targeted spend on growth after the lengthy savings programme.

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

Uponor Corporation
Board of Directors

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ANNEX: Tables

This text may include estimates concerning the future which are based on the current extent of the corporation's operations and Board of Directors' assumptions and expectations. However, the actual results may ultimately differ from them.

Information on the financial results bulletin

The figures in brackets in this financial results bulletin are the reference figures for the equivalent period in 2008. The change percentages reported have been calculated from exact figures, not from the rounded figures published.

FINANCIAL RESULTS BULLETIN JANUARY-DECEMBER 2009

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MEUR	1-12/2009	1-12/2008	10-12/2009	10-12/2008
Continuing operations				
Net sales	734.1	949.2	174.4	198.9
Cost of goods sold	463.0	607.4	106.7	136.6
Gross profit	271.1	341.8	67.7	62.3
Other operating income	4.2	1.4	3.9	0.8
Dispatching and warehousing expenses	32.4	30.2	8.2	7.1
Sales and marketing expenses	140.1	175.0	34.8	44.0
Administration expenses	45.0	50.8	11.0	11.5
Other operating expenses	16.6	36.0	5.3	20.4
Operating profit	41.2	51.2	12.3	-19.9
Financial expenses, net	12.7	10.2	2.9	5.6
Profit before taxes	28.5	41.0	9.4	-25.5
Income taxes	11.3	10.9	6.0	-9.6
Profit for the period from continuing operations	17.2	30.1	3.4	-15.9
Discontinued operations				
Profit for the period from discontinued operations	-5.7	42.4	-1.5	-0.1
Profit for the period	11.5	72.5	1.9	-16.0
Other comprehensive income				
Translation differences	2.4	5.2	3.0	5.2
Cash flow hedges	0.5	-1.4	0.6	-1,4
Other comprehensive income for the period	2.9	3.8	3.6	3.8
Total comprehensive income for the period	14.4	76.3	5.5	-12.2
Earnings per share, EUR	0.16	0.99	0.03	-0.22
- Continuing operations	0.24	0.41	0.05	-0.22
- Discontinued operations	-0.08	0.58	-0.02	0.00
Diluted earnings per share, EUR	0.16	0.99	0.03	-0.22
- Continuing operations	0.24	0.41	0.05	-0.22
- Discontinued operations	-0.08	0.58	-0.02	0.00

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MEUR	31.12.2009	31.12.2008
Assets		
Non-current assets		
Property, plant and equipment	175.1	184.5
Intangible assets	101.5	101.3
Securities and long-term investments	7.5	6.3
Deferred tax assets	12.0	17.0
Total non-current assets	296.1	309.1
Current assets		
Inventories	74.3	104.5
Accounts receivable	88.2	91.4
Other receivables	26.8	36.7
Cash and cash equivalents	13.2	53.2
Total current assets	202.5	285.8
Total assets	498.6	594.9
Shareholders' equity and liabilities		
Shareholders' equity	258.0	305.6
Non-current liabilities		
Interest-bearing liabilities	60.2	77.0
Deferred tax liability	9.7	8.1
Provisions	5.7	7.7
Employee benefits and other liabilities	22.1	21.3
Total non-current liabilities	97.7	114.1
Current liabilities		
Interest-bearing liabilities	17.6	36.8
Provisions	12.7	22.3
Accounts payable	45.0	50.1
Other liabilities	67.6	66.0
Total current liabilities	142.9	175.2
Total shareholders' equity and liabilities	498.6	594.9

CONDENCED CONSOLIDATED STATEMENT OF CASH FLOW

MEUR	1-12/2009	1-12/2008
Cash flow from operations		
Net cash from operations	65.7	85.0
Change in net working capital	25.9	55.7
Income taxes paid	-8.5	-39.8
Interest paid	-5.2	-6.8
Interest received	0.9	1.3
Cash flow from operations	78.8	95.4
Cash flow from investments		
Acquisition of subsidiary shares	-1.9	
Proceeds from disposal of subsidiaries and businesses	-	76.4
Purchase of fixed assets	-24.0	-39.0
Proceeds from sales of fixed assets	7.3	0.4
Received dividends	0.2	0.2
Loan repayments	0.2	0.2
Cash flow from investments	-18.2	38.2
Cash flow from financing		
Borrowings and repayments of debt	-36.4	19.1
Dividends paid	-62.1	-102.5
Purchase of own shares	-	-1.2
Payment of finance lease liabilities	-2.0	-2.0
Cash flow from financing	-100.5	-86.6
Conversion differences for cash and cash equivalents	-0.1	-0.1
Change in cash and cash equivalents	-40.0	46.9
Cash and cash equivalents at 1 January	53.2	6.3
Cash and cash equivalents at end of period	13.2	53.2
Changes according to balance sheet	-40.0	46.9

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

MEUR	Share capital	Share premium	Other reserves	Treasury shares	Trans-lation reserve	Retained earnings	Total
Balance at 31 Dec 2008	146.4	50.2	0.8	-1.2	-16.4	125.8	305.6
Total comprehensive income for the period			0.5		2.4	11.5	14.4
Dividend paid (EUR 0.85 per share)						-62.1	-62.1
Other adjustments			0.0			0.0	-
Share based payments						0.1	0.1
Balance at 31 Dec 2009	146.4	50.2	1.3	-1.2	-14.0	75.3	258.0
Balance at 31 Dec 2007	146.4	50.2	2.2	-	-24.1	158.3	333.0
Total comprehensive income for the period			-1.4		5.2	72.5	76.3
Purchase of own shares				-1.2			-1.2
Dividend paid (EUR 1.40 per share)						-102.5	-102.5
Other adjustments					2.5	-2.5	-
Balance at 30 Sep 2008	146.4	50.2	0.8	-1.2	-16.4	125.8	305.6

NOTES TO THE FINANCIAL RESULTS BULLETIN

ACCOUNTING PRINCIPLES

The financial results bulletin has been prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by EU and IAS 34 Interim Financial Reporting. In financial results bulletin Uponor Group follows the same principles as in the annual financial statement 2009.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

MEUR	1-12/2009	1-12/2008
Gross investment	27.4	39.0
- % of net sales	3.7	4.1
Depreciation	32.0	31.8
Write downs	0.5	-
Book value of disposed fixed assets	4.6	5.2

PERSONNEL

Converted to full time employees	1-12/2009	1-12/2008
Average	3,426	4,211
At the end of the period	3,316	3,678

OWN SHARES	31.12.2009	31.12.2008
Own shares held by the company, pcs	160,000	160,000
- of share capital, %	0.2%	0.2%
- of voting rights, %	0.2%	0.2%

SEGMENT INFORMATION

MEUR	1-12/2009 External	1-12/2009 Internal	1-12/2009 Total	1-12/2008 External	1-12/2008 Internal	1-12/2008 Total
Segment revenue, continuing operations						
Building Solutions - Europe	485.4	1.5	486.9	632.7	2.6	635.3
Building Solutions - North America	109.0	-	109.0	130.8	-	130.8
Infrastructure Solutions - Nordic	139.7	3.7	143.4	185.7	6.4	192.1
Eliminations	-	-5.2	-5.2	-	-9.0	-9.0
Total	734.1	-	734.1	949.2	-	949.2

MEUR	10-12/2009 External	10-12/2009 Internal	10-12/2009 Total	10-12/2008 External	10-12/2008 Internal	10-12/2008 Total
Segment revenue, continuing operations						
Building Solutions - Europe	115.0	0.4	115.4	131.6	0.9	132.5
Building Solutions - North America	28.1	-	28.1	31.2	-	31.2
Infrastructure Solutions - Nordic	31.3	0.7	32.0	36.1	0.9	37.0
Eliminations	-	-1.1	-1.1	-	-1.8	-1.8
Total	174.4	-	174.4	198.9	-	198.9

MEUR	1-12/2009	1-12/2008	10-12/2009	10-12/2008
Segment result, continuing operations				
Building Solutions - Europe	32.4	65.6	10.0	-1.0
Building Solutions - North America	3.9	-16.0	3.2	-18.4
Infrastructure Solutions - Nordic	14.4	10.0	2.0	-1.2
Others	-9.3	-9.5	-8.5	-0.5
Eliminations	-0.2	1.1	-0.1	1.2
Total	41.2	51.2	12.3	-19.9

MEUR	1-12/2009	1-12/2008
Segment depreciation and impairments, continuing operations		
Building Solutions – Europe	16.2	15.3
Building Solutions - North America	6.1	5.6
Infrastructure Solutions – Nordic	5.5	5.9
Others	4.1	4.1
Eliminations	0.6	0.5
Total	32.5	31.4

MEUR	1-12/2009	1-12/2008
Segment investments, continuing operations		
Building Solutions – Europe	10.5	16.0
Building Solutions - North America	5.1	14.4
Infrastructure Solutions – Nordic	10.1	4.7
Others	1.7	3.9
Total	27.4	39.0

MEUR	31.12.2009	31.12.2008
Segment assets		
Building Solutions - Europe	398.2	417.0
Building Solutions - North America	118.1	121.8
Infrastructure Solutions - Nordic	75.2	67.5
Others	509.9	611.9
Eliminations	-602.8	-623.3
Total	498.6	594.9
Segment liabilities		
Building Solutions - Europe	281.6	290.3
Building Solutions - North America	69.7	90.3
Infrastructure Solutions - Nordic	59.7	59.1
Others	451.2	490.9
Eliminations	-621.6	-641.4
Total	240.6	289.2

	1-12/2009	1-12/2008
Segment personnel, continuing operations, average		
Building Solutions - Europe	2,433	2,803
Building Solutions - North America	422	532
Infrastructure Solutions - Nordic	510	605
Others	61	66
Total	3,426	4,006

Reconciliation

MEUR	1-12/2009	1-12/2008
Segment result, continuing operations		
Segment results total	41.2	51.2
Financial expenses, net	12.7	10.2
Group’s profit before taxes	28.5	41.0

CONTINGENT LIABILITIES

MEUR	31.12.2009	31.12.2008
Group:		
Pledges		
- on own behalf	0.0	0.0
Mortgages		
- on own behalf	0.0	0.0
Guarantees		
- on own behalf	0.1	0.0
- on behalf of others	7.4	7.8
Parent company:		
Guarantees		
- on behalf of a subsidiary	10.0	9.0
- on behalf of others	6.9	7.0
OPERATING LEASE COMMITMENTS	30.1	31.9

DERIVATIVE CONTRACTS

MEUR	Nominal value 31.12.2009	Fair value 31.12.2009	Nominal value 31.12.2008	Fair value 31.12.2008
Currency derivatives				
- Forward agreements	115.1	0.6	128.9	7.7
Commodity derivatives				
- Forward agreements	7.2	-0.7	7.4	-1.5

SHARE BASED PAYMENTS

The Group has two management incentive schemes which are addressed to Executive Committee and international business management. According to the agreement conditions, the Group parent company will grant the shares without any cash payments. Both of the management incentive schemes are conditional. The conditions are based on the Group's cumulative operating profit and the share amounts which the management scheme participants have personally acquired.

Management incentive scheme participants have acquired in total 34,952 shares. Based on the actual 2009 and estimated 2010-2011 operating profits the share based payment volume is 20,170 shares. The management incentive scheme valuation impact on Group's operating profit is 0.2 (0.0) million euros, on equity 0.1 (0.0) million euros and the liability reserved for paying any related income taxes for scheme participants 0.1 (0.0) million euros. The management incentive scheme income statement and balance sheet impacts have been calculated on accrual basis

DISCONTINUED OPERATIONS

The infrastructure business disposals during 2008 in the UK and Ireland have been classified as discontinued operations according to the IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations. Uponor Ltd and its subsidiary Radius Plastics Ltd in the UK, and the business assets of Uponor Ltd in Ireland, were divested in June 2008. In addition, the Group sold its German subsidiary Uponor Klärtechnik GmbH in 2008.

In 2009 the discontinued operations include 5.7 million euro costs in regard to the sold Irish infrastructure business. These costs have occurred from soil cleaning operations, which were started in 2008.

MEUR	1-12/2009	1-12/2008
Net sales	-	8.9
Expenses	5.7	10.0
Profit before taxes	-5.7	-1.1
Income taxes	0.0	0.0
Profit after taxes	-5.7	-1.1
Net profit from divestment of discontinued operations	-	43.5
Income taxes	-	-
Profit from divestment of discontinued operations	-	43.5
Profit for the period from discontinued operations	-5.7	42.4
Cash flow from discontinued operations		
Cash flow from operations	-5.2	-3.4
Cash flow from investments	-	76.4

Book value of assets disposed

MEUR	1-12/2009	1-12/2008
Property, plant and equipment	-	33.7
Deferred tax asset	-	1.9
Inventories	-	17.8
Accounts receivable and other receivables		25.1
Cash and cash equivalent	-	1.1
Total assets	-	79.6
Deferred tax liability	-	3.1
Employee benefits and other liabilities	-	4.3
Accounts payable and other current liabilities	-	33.2
Total liabilities	-	40.6
Net assets	-	39.0
Cash received from sales	-	77.5
Cash and cash equivalent disposed of	-	1.1
Cash flow effect	-	76.4

In addition to the payment in cash, the Group booked a vendor loan note worth 4.0 million pounds sterling, which converted at the date of sale into 5.0 million euros, as a non-current interest-bearing receivable. This is included in the overall sales value amounting to 82.5 million euro.

ACQUIRED SUBSIDIARIES

On 30 November 2009, Uponor Group acquired the entire shareholding in the radiant heating and cooling systems company The Underfloor Heating Company Limited, based in Skelmanthorpe in Yorkshire in the UK. It is trading under the name Velta UK. The original total purchase consideration was GBP 3.3 million, of which 50 percent represents the initial purchase consideration at agreement date and 50 percent an operating profit based potential earn-out consideration for each year separately during 2009-2011. The acquisition cost at end of 2009 is GBP 2.9 million, after the 2009 non-realised earn-out consideration of GBP 0.4 million reduced the maximum purchase consideration. The entire purchase consideration has been booked as goodwill, since the purchased net assets were negative at the acquisition data and the asset fair values did not excess their carrying values for any identifiable item.

MEUR	**Carrying value 30.11.2009**	**Book value 30.11.2009**
Fixed assets	0.1	0.1
Inventories	0.4	0.4
Accounts receivable and other receivables	2.5	2.5
Cash and cash equivalent	0.0	0.0
Total Assets	3.0	3.0
Accounts payable	3.1	3.1
Other current liabilities	0.0	0.0
Total liabilities	3.1	3.1
Net assets	-0.1	-0.1
Acquisition cost	3.2	
Goodwill	3.3	
Cash outflow on acquisition		
Acquisition cost total	3.2	
of which Earn-out consideration	-1.4	
Acquisition costs paid in cash	1.8	
Cash and cash equivalent	0.0	
Net cash flow arising on acquisition	1.8	

RELATED-PARTY TRANSACTIONS

MEUR	1-12/2009	1-12/2008
Continuing operations		
Purchases from associated companies	1.7	2.0
Balances at the end of the period		
Accounts payables and other liabilities	0.0	0.0

KEY FIGURES

	1-12/2009	1-12/2008
Earnings per share, EUR	0.16	0.99
- continuing operations	0.24	0.41
- discontinued operations	-0.08	0.58
Operating profit (continuing operations), %	5.6	5.4
Return on equity, %, (p.a.)	4.1	22.7
Return on investment, %, (p.a.)	8.1	22.2
Solvency ratio, %	51.8	51.4
Gearing, %	25.0	19.8
Net interest-bearing liabilities	64.6	60.6
Equity per share, EUR	3.53	4.18
- diluted	3.53	4.18
Dividend per share, EUR	0.50*)	0.85
Dividend per earnings, %	316.3	85.9
Effective share yield, %	3.3	11.0
P/E ratio	94.9	7.8
Market value of share capital, MEUR	1,098.1	563.7
Trading price of shares		
- low, EUR	6.80	6.10
- high, EUR	15.10	18.91
- average, EUR	9.95	12.04
Shares traded		
- 1,000 pcs	45,815	99,227
- MEUR	456	1,195
- of average number of shares, %	62.7	135.6

*) Board proposal

DEFINITIONS OF KEY RATIOS

Return on equity (ROE), %

$$= \frac{\text{Profit before taxes – taxes}}{\text{Shareholders' equity + minority interest, average}} \times 100$$

Return on investment (ROI), %

$$= \frac{\text{Profit before taxes + interest and other financing costs}}{\text{Balance sheet total – non-interest-bearing liabilities, average}} \times 100$$

Solvency, %

$$= \frac{\text{Shareholders' equity} \pm \text{minority interest}}{\text{Balance sheet total – advance payments received}} \times 100$$

Gearing, %

$$= \frac{\text{Net interest-bearing liabilities}}{\text{Shareholders' equity + minority interest}} \times 100$$

Net interest-bearing liabilities

= Interest-bearing liabilities – cash, bank receivables and financial assets

Earnings per share (EPS)

$$= \frac{\text{Profit for the period}}{\text{Number of shares adjusted for share issue in financial period excluding treasury shares}}$$

Equity per share ratio

$$= \frac{\text{Shareholders' equity}}{\text{Average number of shares adjusted for share issue at end of year}}$$

Dividend per share ratio

$$= \frac{\text{Dividend per share}}{\text{Profit per share}}$$

Effective dividend yield

$$= \frac{\text{Dividend per share}}{\text{Share price at end of financial period}} \times 100$$

Price-Earnings ratio (P/E)

$$= \frac{\text{Share price at end of financial period}}{\text{Earnings per share}}$$

Share trading progress

= Number of shares traded during the financial year in relation to average value of the said number of shares

Market value of shares

= Number of shares at end of financial period x last trading price

Average share price

$$= \frac{\text{Total value of shares traded (EUR)}}{\text{Total number of shares traded}}$$