



## Financial results briefing

Jyri Luomakoski  
President and CEO  
Uponor Corporation

# Q1

## Market data continues to build confidence in recovery

	Indicator	% change YTD	Data through	Trend since Q4 update
Germany	Housing permits	+7%	December 2010	↔
Finland	Housing permits	+23%	December 2010	↔
USA	Housing starts	-13%	March 2011	↔
Sweden	Housing starts	+48%	December 2010	↔
Spain	Housing permits	-17%	December 2010	↔
Norway	Housing starts	+24%	February 2011	↗
Italy	Construction index	-3.5%	December 2010	↘
Denmark	Housing starts	+16%	December 2010	↗
Netherlands	Housing permits	-11%	November 2010	↔
Canada	Housing starts	-5%	March 2011	↔

## Positive top line development

Net sales, M€	1-3/2011	1-3/2010	Change, %
<b>Uponor</b>	<b>173.2</b>	<b>157.4</b>	<b>10.0 %</b>
Building Solutions – Europe	122.3	112.0	9.2 %
Building Solutions – North America	26.7	24.5	8.8 %
(Building Solutions – North America, M\$)	37.2	33.6	10.8 %)
Infrastructure Solutions	26.0	21.9	18.9 %

- Overall, a period of major uncertainties which in this low-season quarter makes drawing longer-term conclusions difficult
- BLD - Europe: Some stabilisation of Nordic markets after lively Q4/2010 but clearly improved activity levels in some Central European markets
- BLD - North America: Favourable net sales development despite weaker market demand than in Q1/2010 which was boosted by public subsidies
- Infrastructure: Wintry conditions for the second year in a row impacted overall customer activity levels but net sales development improved, partly due to advance stocking in the value chain



## Stable performance burdened by high input costs and marketing expenses

Operating profit, M€	1-3/2011	1-3/2010	Change, %
<b>Uponor</b>	<b>3.2</b>	<b>1.5</b>	<b>113.5 %</b>
Building Solutions – Europe	6.6	9.0	-27.4 %
Building Solutions – North America	0.7	-1.8	139.5 %
(Building Solutions – North America, M\$)	1.0	-2.5	140.3 %)
Infrastructure Solutions	-4.0	-4.0	0.5 %

- Operational leverage thanks to improved market demand and successful marketing programmes had a positive effect on operating profit
- Increasing input costs had an adverse effect as they could not be fully passed on
- BLD - Europe: Relatively high marketing expenses for the period together with active customer programmes had an impact on Q1 profitability
- BLD - North America: Marketing and efficiency improvements bearing fruit despite continued lack of market strength
- Infrastructure: Impact of higher raw material costs could not be offset by volume growth or efficiency benefits



# Highlights of Q1

- + The positive demand trend in most markets gives optimism for the high season ahead
  - + Very successful introduction of key additions to the Uponor offering portfolio:
    - + The RTM technology with the 'Tool Inside' concept
    - + New design of the battery-powered expansion tool for plumbing installations with Quick & Easy fittings, making installations faster
    - + New generation of the Quick & Easy technology, new controls etc.
  - + Acquisition of Zent-Frenger strengthens the base for developing the strategically important project business
  - + The low-energy/sustainable energy demand is evolving from a 'speciality' into a standard feature required by builders, supporting Uponor's indoor climate value proposition
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- Challenging environment of rapidly rising input costs > Higher future cost of goods sold
  - Stronger growth in Infrastructure Solutions vs. Building Solutions diluted margins
  - Stiff structures in the industry value chain to adjust prices need to be challenged

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## Financial statements

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CFO

Uponor Corporation

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# Interim January – March 2011

## Key figures

M€	1-3 2011	1-3 2010	Change Y/Y	1-12 2010
Net sales, continuing operations	173.2	157.4	+10.0%	749.2
Operating profit, continuing operations	3.2	1.5	+113.5%	52.4
Operating profit margin, continuing operations	1.8%	1.0%	0.9% pts	7.0%
Earnings per share (diluted), €	0.02	-0.03	+166.7%	0.34
Return on equity, % (p.a.)	2.6%	-3.7%	6.3% pts	9.7%
Return on investment, % (p.a.)	4.7%	-1.1%	5.8% pts	14.4%
Net interest bearing liabilities	130.8	135.4	-3.4%	66.8
Gearing, %	62.3%	60.4%	1.9% pts	26.5%
Net Working capital of Net Sales, %	58.7%	59.8%	-1.1% pts	8.5%
Average number of employees, continuing operations	3,197	3,173	+0.8%	3,219
Number of employees, end of period, continuing operations	3,227	3,181	+1.4%	3,197



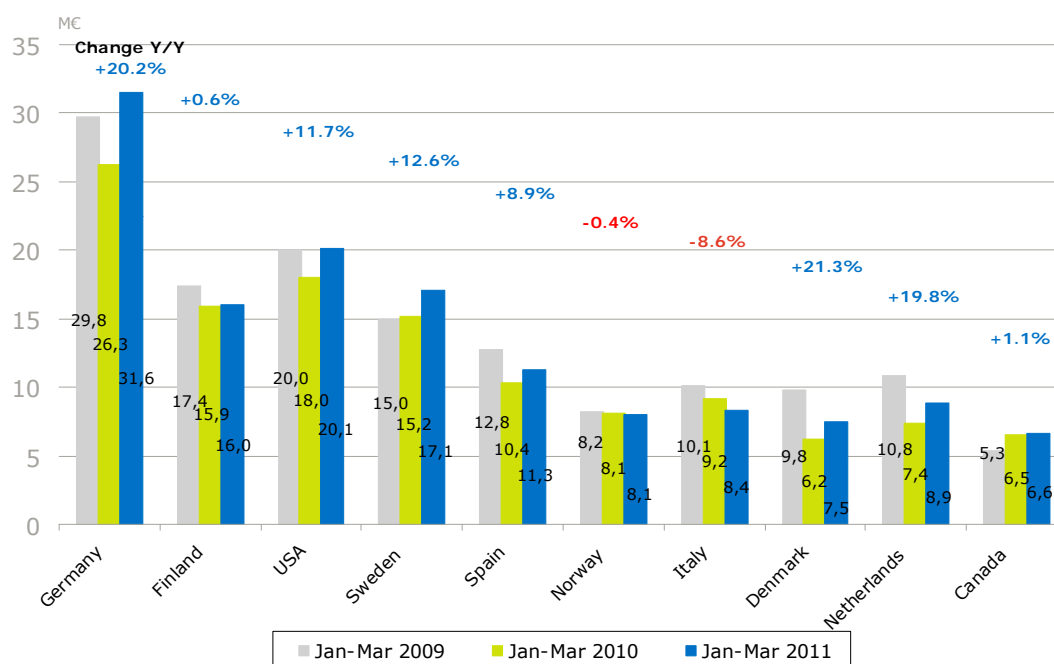
## January – March 2011

### Income statement

	M€	1-3 2011	1-3 2010	Change Y/Y	1-12 2010
<b>Continuing operations</b>					
• All segments increased their <b>net sales</b> , partly due to price increases	Net sales	173,2	157,4	+10,0%	749,2
	Cost of goods sold	108,7	98,6	+10,2%	461,1
• <b>Gross margin</b> stable, even with increasing raw material prices	Gross profit	64,5	58,8	+9,7%	288,1
	- % of net sales	37,2 %	37,3 %	-0,1%	38,5 %
	Other operating income	0,0	0,6	-100,0%	2,2
• <b>Expenses up 3.4M€</b>	Expenses	61,3	57,9	+6,0%	237,9
– Sales and marketing exp +3.8M€	Operating profit	3,2	1,5	+113,5%	52,4
– All other expenses down	- % of net sales	1,8 %	1,0 %	+0,9%	7,0 %
– FX +1.2M€	Financial expenses, net	1,1	4,1	-74,1%	10,7
• <b>Financial expenses, net</b>	Profit before taxes	2,1	-2,6	+180,6%	41,8
– Financial expenses 1.9M€	Profit for the period	1,5	-1,8	+180,6%	27,0
– Financial income 0.8M€	EBITDA	10,1	9,0	+13,0%	81,6
– Exchange differences, net 0.0M€					



## Net sales development by key national markets (10 largest by net sales)



Note: Markets are sorted by FY2010 net sales



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## Interim January – March 2011 Balance sheet

M€	31 Mar 2011	31 Mar 2010	Change Y/Y	31 Dec 2010
Property, plant and equipment	165,5	173,5	-8,0	171,3
Intangible assets	96,9	100,4	-3,5	96,9
Securities and long-term investments	8,2	7,3	+0,9	8,4
Inventories	93,7	83,4	+10,3	84,4
Cash and cash equivalents	8,5	6,3	+2,2	11,9
Other current and non-current assets	155,2	153,8	+1,4	124,3
Shareholders' equity	210,0	224,1	-14,1	252,1
Non-current interest-bearing liabilities	43,4	67,3	-23,9	43,5
Provisions	11,5	14,7	-3,2	12,0
Non-interest-bearing liabilities	167,2	144,2	+23,0	154,4
Current interest-bearing liabilities	95,9	74,4	+21,5	35,2
Balance sheet total	528,0	524,7	+3,3	497,2

- Fixed assets down from Q1/2010 thanks to very moderate capex
- Inventories up from Q1/2010 mainly due to increase in raw material prices



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# Interim January – March 2011

## Cash flow

M€	1-3/ 2011	1-3/ 2010	Change Y/Y	1-12/ 2010
Net cash from operations	12,9	4,9	+8,0	74,9
Change in NWC	-29,4	-28,8	-0,6	-22,6
Net payment of income tax and interest	-5,4	-4,1	-1,3	-3,1
<b>Cash flow from operations</b>	<b>-21,9</b>	<b>-28,0</b>	<b>+6,1</b>	<b>49,2</b>
Cash flow from investments	-2,8	+0,9	-3,7	-13,6
<b>Cash flow before financing</b>	<b>-24,7</b>	<b>-27,1</b>	<b>+2,4</b>	<b>35,6</b>
Dividends and buy backs	-40,2	-36,5	-3,7	-36,5
Other financing	+61,5	+56,7	+4,8	-0,5
Cash flow from financing	21,3	20,2	+1,1	-37,0
Change in cash and cash equivalents	-3,4	-6,9	+3,5	-1,3

- Increase in NWC due to positive net sales development affecting accounts receivable and increase in raw material prices affecting inventories
- Gross capex at 2.9M€, clearly less than depreciation at 6.9M€

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## Outlook for the future

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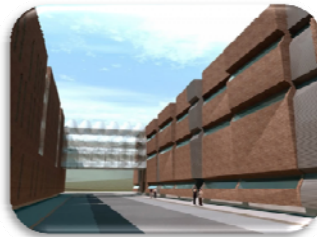
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# Topical customer cases



Headquarters of the Spiegel Media Group, Hamburg  
- Uponor radiant Heating/Cooling with Thermally-Active Building Structures (TABS)



University of Aveiro, Portugal  
- Uponor H/C with TABS and geothermal energy



The David Brower Center, Berkeley, California (Leed Platinum)  
- Uponor's in-slab hydronic H/C



High-quality/low-budget housing in Stenungsund, Sweden  
- 44 residences with Uponor heating and plumbing



First installation of large-bore Uponor IQ pipe in Örebro, Sweden, featuring a unique inline extrusion of the socket

## Europe: Building permits

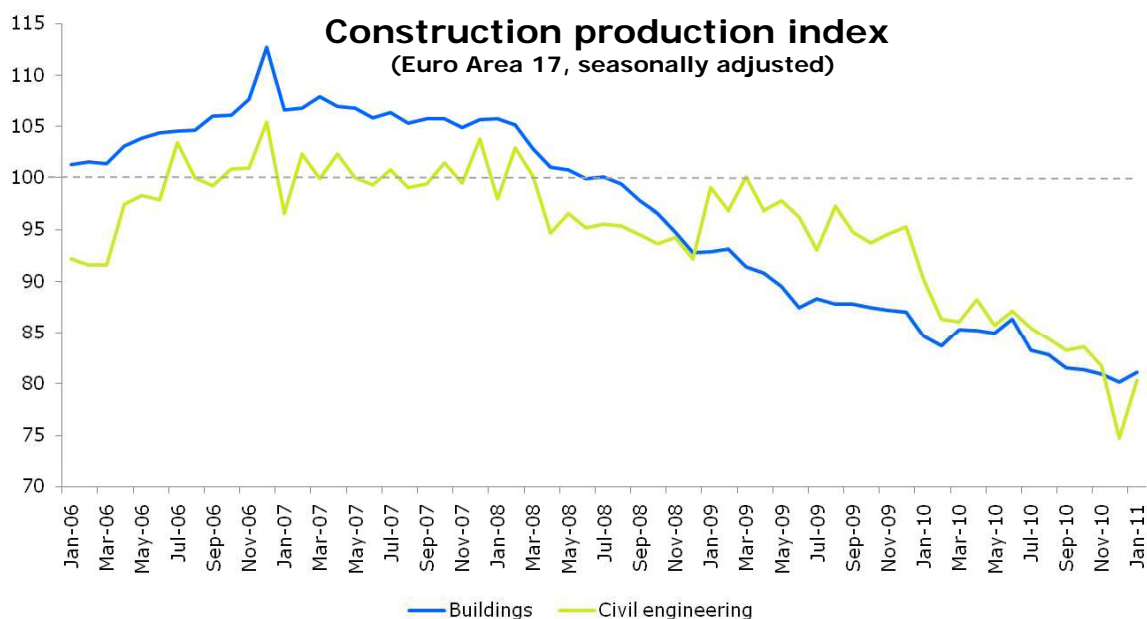
- The improvements seen in the residential permit index in H1/2010 did not continue in H2. The index fell in each of the last five months of the year.



Source: Eurostat

# Europe: Construction output

- Although construction production appeared to have stabilised in H1/2010, output fell throughout the second half of the year.



## Market environment - Germany

- **German building permits December 2010 (compared to previous year):**

	YTD	Month
Residential	+7%	-6%
Single houses	+5%	-2%
Non-residential	-1%	-18%

Source: Statistisches Bundesamt

- **German construction industry January 2011 (compared to previous year):**

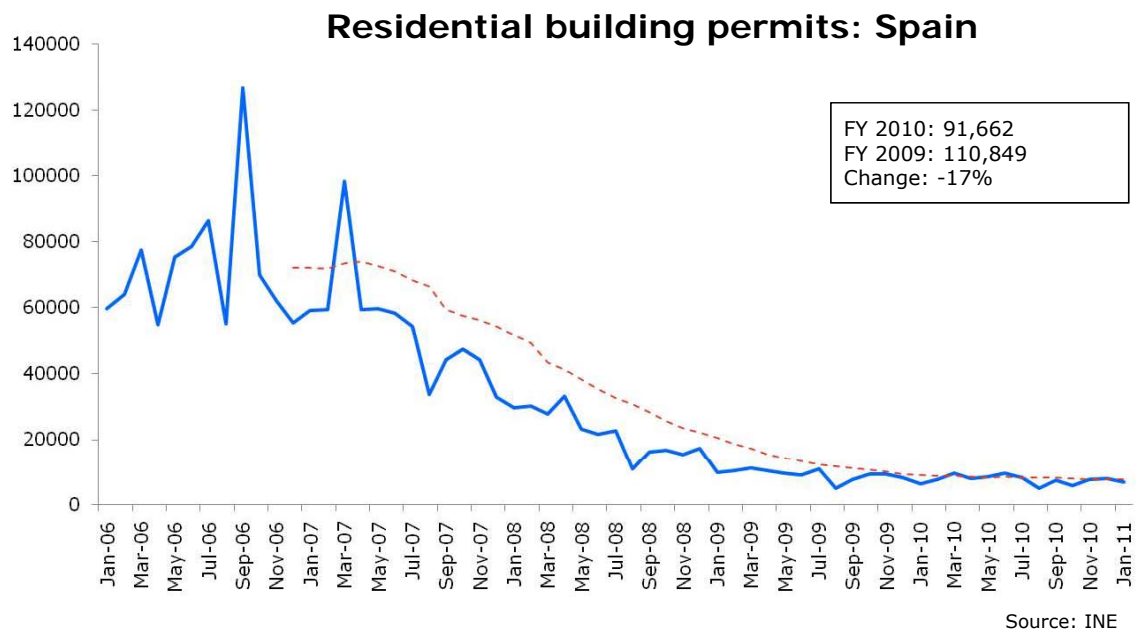
	YTD	Month
Order entry	+21%	+21%
Turnover	+30%	+30%

Source: Statistisches Bundesamt



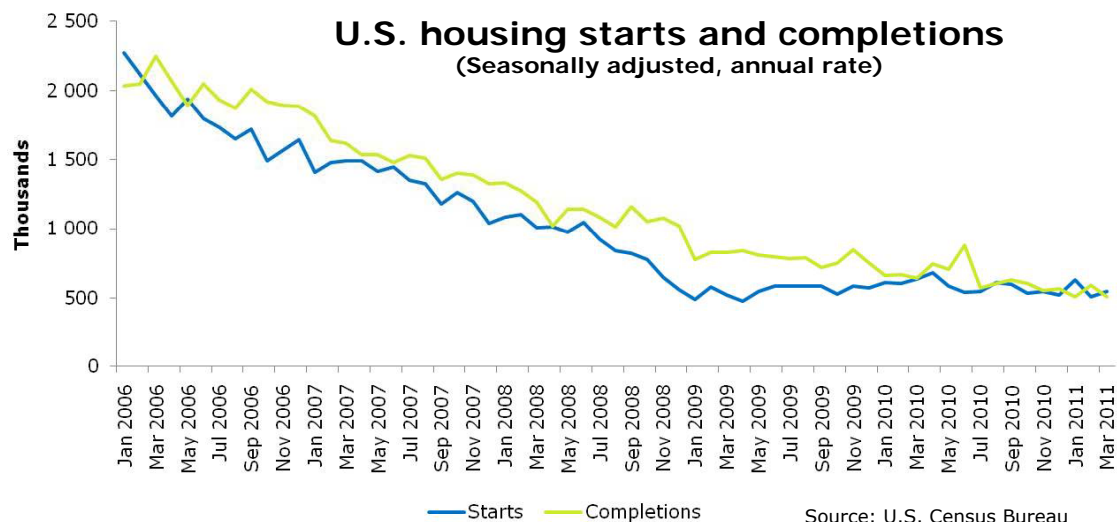
# Housing permits development in Spain

- FY 2010 housing permits were 17% below the 2009 level and nearly 90% lower than the peak reached in 2006.

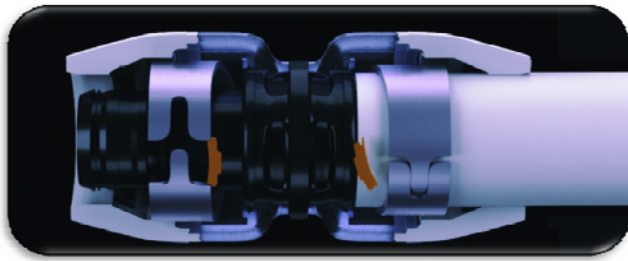


# Housing starts development in USA

- Housing **starts** in March were at a seasonally adjusted annual rate of 549,000. This is 13% below the March 2010 rate.
- Housing **completions** in March were at a seasonally adjusted annual rate of 509,000. This is 21% below the March 2010 rate.



# Significant new product launches to complement the systems offering



RTM™ press fittings with the 'Tool Inside' concept, making safe installations quicker



Quick & Easy (ProPex) expansion tool developed in partnership with Milwaukee

The new ground energy collector  
- Extracts more energy per a metre borehole than traditional collectors  
- Savings of up to 50% can be achieved



Uponor Climate Controller, the new smart way to control inflowing cooling water temperature  
- Fully automatic installation

## Guidance for 2011

- Organic growth in net sales is expected to accelerate from the 2010 level
- Operating profit is expected to improve on 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 to retain a good cash flow level for the Group

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