

A wide-angle, high-angle photograph of a city at night, likely Copenhagen. The foreground shows traditional European-style buildings with dark roofs and some lit windows. A large, multi-arched bridge spans a wide river or canal in the middle ground. The background is dominated by a dense skyline of modern skyscrapers, many of which are brightly lit, contrasting with the dark sky. The overall atmosphere is serene yet vibrant due to the city lights.

uponor

# Enriching people's way of life

Roadshow presentation

Jyri Luomakoski, President and CEO

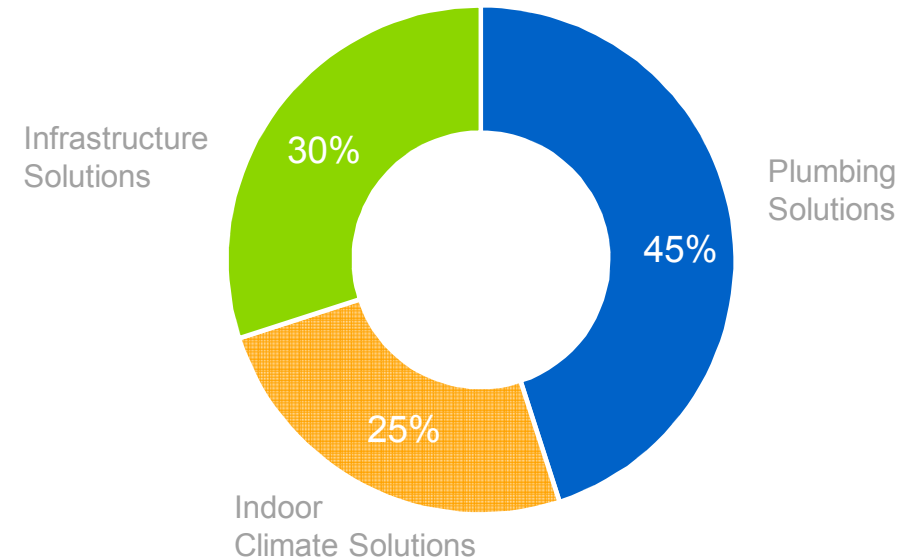
Riitta Palomäki, CFO

March 2016

# 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.



## FACTS & FIGURES

**1.05**

billion euro  
Net sales 2015

**30**

countries with  
Uponor operations

**14**

production  
sites worldwide

**3,700**

worldwide  
staff

# Our solutions enrich people's way of life



## Our vision

Throughout the world, our solutions enrich people's way of life.

## Our mission

Partnering with professionals to create better plumbing, indoor climate and infrastructure solutions.

# Our solutions enrich people's way of life

## Our people

We will build an exciting environment for growth and achievement both for the company and our employees

## Our values

Connect. Build. Inspire.

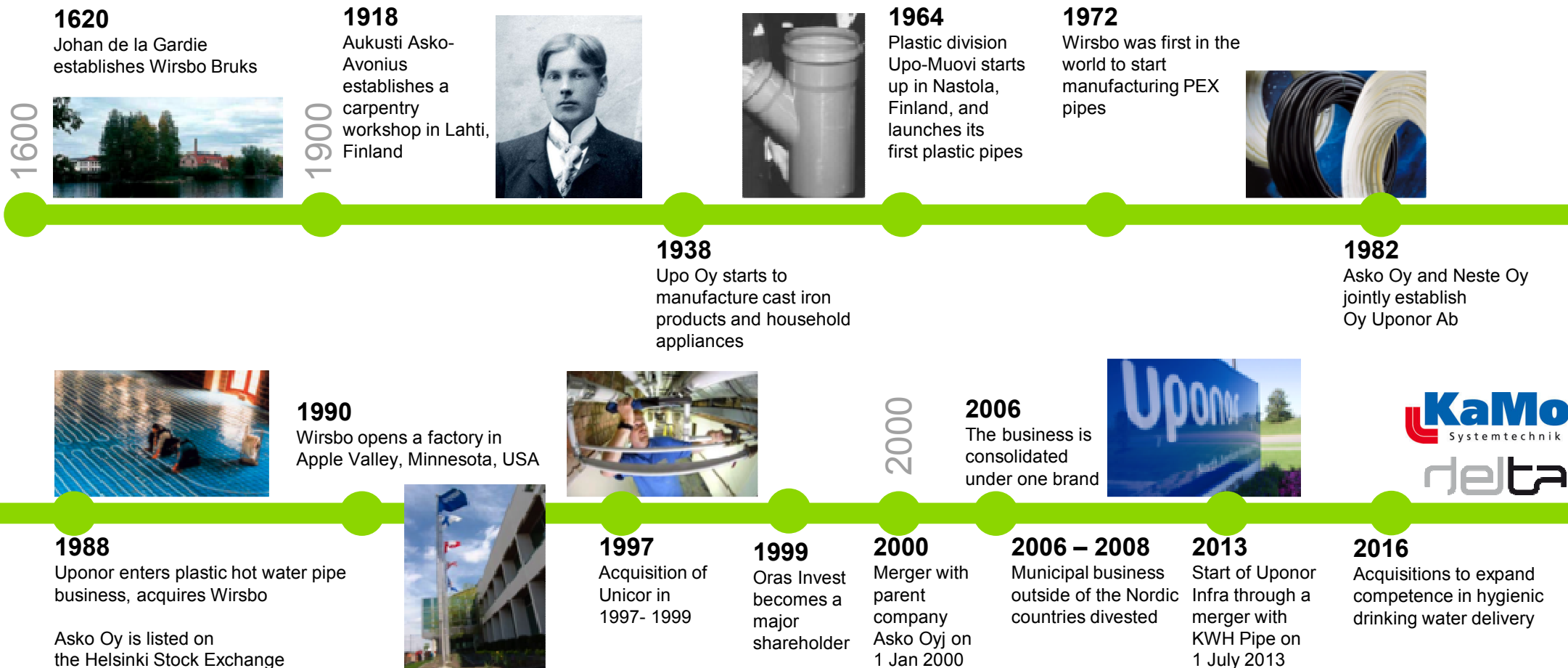
## Our brand promise

Let's build confidence!





# Uponor milestones



# Sustainability is a foundation of our business

At Uponor, sustainability is linked to our vision and mission and demonstrated by actions throughout the organisation.

## Our sustainability pillars

- Strongly integrating sustainability into our corporate mindset
- Driving down our environmental impact
- Enriching life through our innovative solutions
- Engaging external stakeholders in our sustainability journey



# Megatrends bring opportunities to improve living environments

**Megatrends affect societies fundamentally and over a long period of time**



Climate change & scarcity of resources



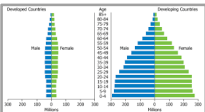
Urbanisation



Digital transformation



Shift of economic power towards emerging markets



Demographic split to aging and growing populations

**...raising new requirements and opportunities to improve living environments**

- ➔ Sustainability and energy efficiency
- ➔ Quality and management of water
- ➔ Plastic taking share from metal
- ➔ Pre-fabrication
- ➔ BIM
- ➔ Shift from manufacturing to services
- ➔ Expanding middle class
- ➔ Increasing need for comfort

# Uponor solutions improve living environments and enhance people's life

Uponor is in the business of providing solutions for indoor climate and water management



## Comfort

- Invisible and silent comfort for living and working environments
- Enhanced architectural freedom with seamless integration into buildings and infrastructure



## Health

- Clean water for drinking, cooking and bathing
- Avoiding draught, moist walls, dust circulation and pollution



## Efficiency

- Pre-fabrication to speed up construction process
- Ease and speed for design and installation



## Sustainability

- Driving down our environmental impact
- Reduce water and energy consumption
- Solutions designed to last for a lifetime

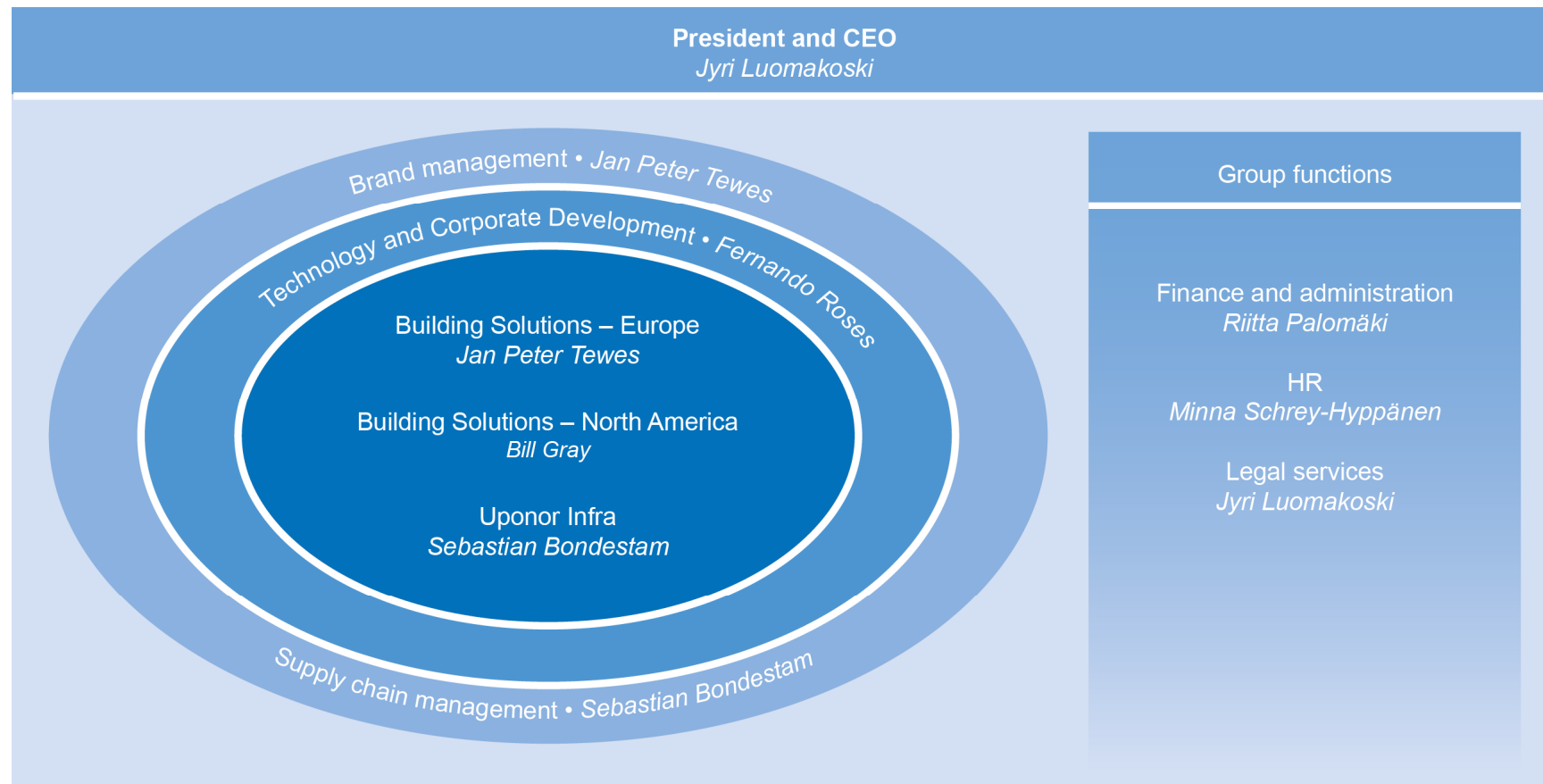


## Safety

- Reliable during installation and operation



# Group structure 1 September 2015



*The chart shows the Executive Committee members' responsibilities*

# Business groups

## Plumbing solutions 45% \*)



## Indoor climate solutions 25%



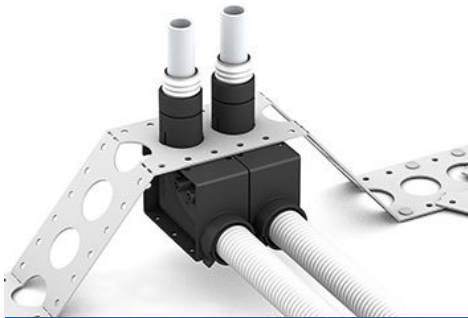
## Infrastructure solutions 30%



\*) percentage of net sales by business group

# Uponor's Plumbing offering

## For efficient and hygienic drinking water delivery



Flexible pipe systems



Multilayer pipe systems



Risers



Press fittings



RTM fittings



Quick & Easy fittings



Tools

Coming soon

Hygiene monitoring



# Uponor's Indoor Climate offering

The basis for a comfortable and energy-efficient ambiance



Radiant heating and cooling



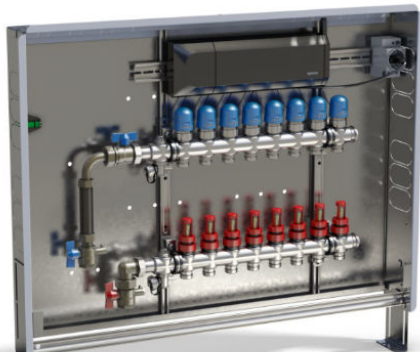
Thermally active slabs



Ceiling cooling



Geothermal energy stations



Manifold stations



Controls



Local heat distribution



Ventilation



# Uponor Infra offering

Transporting water, air, electricity, telecommunications and data



# Uponor Infra offering

With more than 60 years of experience



Tailor made constructions



Project service



Technologies



A photograph of a modern building with a distinctive architectural design. The building features large, cantilevered upper floors that create a series of overhangs. The facade is composed of a grid-like structure, possibly a metal mesh or perforated metal, which allows light to filter through. The building is set against a clear blue sky. The overall aesthetic is clean and contemporary.

# Financial results 2015

# Market overview 2015



## **Nordic countries**

Swedish residential construction activity remains brisk, other segments not as strong. Norway has some minor gains, Denmark remains subdued, and Finland shows some early signs of stabilising

## **Central Europe**

Slight year-over-year gains have been posted in Germany, while the Netherlands continues to perform well

## **Southern Europe**

Construction activity has slowed further in the UK. Signs of building activity improvement from a low base in Spain and southeast Europe.

## **North America**

The U.S. construction market has continued to improve. The Canadian residential segment may be softening, while non-residential construction and civil engineering have slowed



# Full year 2015: Continued good progress in Building Solutions – North America

Uponor Group, in M€	1-12/2014	1-12/2015	Change
<b>Net sales</b>	1,023.9	<b>1,050.8</b>	2.6%
Building Solutions – Europe	479.1	467.1	-2.5%
Building Solutions – North America	200.8	275.8	37.4%
Uponor Infra	351.3	312.0	-11.2%
<b>Operating profit</b>	63.4	<b>71.4</b>	12.6%
Building Solutions – Europe	35.0	24.0	-31.4%
Building Solutions – North America	31.5	51.0	61.9%
Uponor Infra	-0.5	0.2	142.0%

- Building Solutions – Europe: largely subdued markets
- Building Solutions – North America continued to post strong numbers
- Uponor Infra's net sales down due to divestments and weak demand in Canada and Poland, restructuring turns operating profit positive
- NRIs burdening Building Solutions – Europe and Uponor Infra

Developments by segment:

## Building Solutions – Europe

- Markets largely flat, full-year net sales down by 2.5%
- The Netherlands, Sweden, and Spain as brighter spots
- New Central European distribution centre opened at the end of Q1/2015
- New production unit inaugurated in Annolovo, close to St. Petersburg, Russia 1 Oct 2015
- Announced a plan to start manufacturing in China in late 2016
- New leadership and operational structure as of 1 September, targeting a boost in growth while streamlining operations



Developments by segment:

## Building Solutions – North America

- Favourable business conditions continue to prevail in the U.S., whereas Canada was rather flat
- Good progress throughout the regions and customer segments
- Main growth driver was plumbing
- Manufacturing expansion progressing on time and on plan
- Engineered polymer resin shortage continues to curb sales of fittings in the shorter term



Developments by segment:

## Uponor Infra

- Thai and Extron business units as well as OmegaLiner® relining business divested as part of strategic focussing
- Good progress in the strategically important designed solutions sales
- Overall, business suffered from weak or declining markets, especially in Canada and Poland
- Transformation programme started in Finland to rationalise manufacturing footprint, and initiatives will continue throughout 2016





# Human resources

- Continued to focus on developing performance and leadership competences
- Created a new learning portfolio across the company
  - The aim is to strengthen capability to lead the business and the organisation in changing business environments
- Renewed the learning portfolio includes four different training programmes
- Introduced a new engagement survey to replace the existing employee satisfaction survey



# Corporate responsibility

- Further integration of sustainability into company strategy
- Reduced CO<sub>2</sub> emissions from 2009 baseline
  - By 14.6% in absolute tonnes CO<sub>2</sub> emitted
  - By 37.9% in relation to production volumes, against a target of 15%
  - New target set: a further reduction of 20% relative to net sales from 2015 to 2020
- Started to implement an Energy Management System based on ISO 50001 in two factories in Germany, both are now certified
  - The target is to have all production units ISO 50001 compliant by 2017
- In 2015, launched Smatrix, a new room controls portfolio for indoor climate that enables energy savings and more comfort at home



January – December 2015:

# Key figures

M€	1-12 2014	1-12 2015	Change Y/Y
Net sales, continuing operations	1,023.9	1,050.8	+2.6%
Operating profit, continuing operations	63.4	71.4	+12.6%
Operating profit margin, continuing operations	6.2%	6.8%	+0.6% pts
Earnings per share (diluted), €	0.50	0.51	+2.0%
Return on equity, % (p.a.)	12.3%	12.1%	-0.2% pts
Return on investment, % (p.a.)	14.2%	15.5%	1.3% pts
Net interest bearing liabilities	82.0	91.3	+11.3%
Gearing, %	27.6%	29.3%	+1.7% pts
Net working capital of Net sales, % (p.a.)	7.1%	8.1%	+1.0% pts
Average number of employees, continuing operations	4,127	3,842	-6.9%
Number of employees, end of period, continuing operations	3,982	3,735	-6.2%

In M€, unless otherwise noted

October – December 2015

# Income statement

M€	10-12 2014	10-12 2015	Change Y/Y
<b>Continuing operations</b>			
Net sales	251.5	262.0	+4.2%
Cost of goods sold	168.3	170.6	+1.3%
Gross profit	83.2	91.4	+10.0%
% of net sales	33.1%	34.9%	+1.8% pts
Other operating income	0.3	1.5	
Expenses	71.7	78.9	+10.2%
Operating profit	11.8	14.0	+18.0%
% of net sales	4.7%	5.3%	+0.6% pts
Financial expenses, net	0.2	3.2	n/m
Share of result in associated companies	0.2	0.1	-20.5%
Profit before taxes	11.8	10.9	-7.5%
Profit for the period	8.3	4.4	-46.0%
EBITDA	21.3	25.7	+20.7%

- **Net sales** growth in constant currency +1.3%
- **Operating profit** w/o NRI €17.0m, 6.5% (Q4 2014: €12.8m, 5.1%)
- Increase in net financial expenses due to fluctuation between quarters (Q3 2015 -€0.7m, Q3 2014 +€1.4m)



January – December 2015

# Income statement

M€	1-12 2014	1-12 2015	Change Y/Y
<b>Continuing operations</b>			
Net sales	1,023.9	1,050.8	+2.6%
Cost of goods sold	683.8	680.6	-0.5%
Gross profit	340.1	370.2	+8.9%
% of net sales	33.2%	35.2%	+2.0% pts
Other operating income	2.4	2.4	-3.5%
Expenses	279.1	301.2	+7.9%
Operating profit	63.4	71.4	+12.6%
% of net sales	6.2%	6.8%	+0.6% pts
Financial expenses, net	7.4	8.9	+20.8%
Share of result in associated companies	0.3	0.3	+10.3%
Profit before taxes	56.3	62.8	+11.5%
Profit for the period	36.3	37.1	+2.3%
EBITDA	99.9	110.5	+10.6%

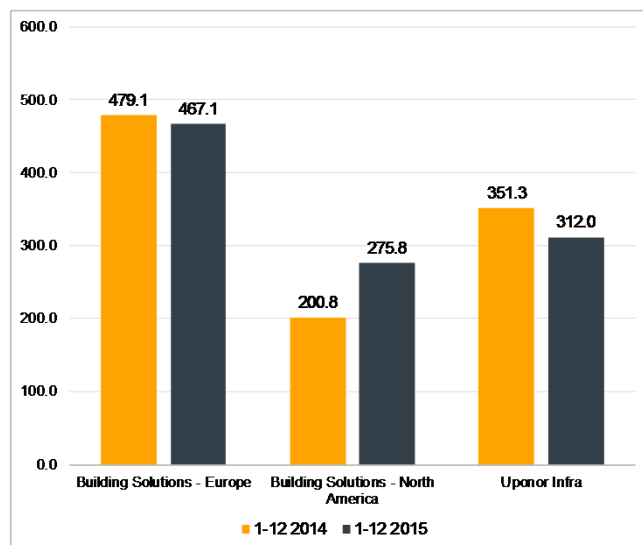
- **Net sales** growth 5.2% in organic terms; currency impact totalled €35.0 million, mainly from the USD
- **Gross profit margin** improvement driven by the larger relative share of Building Solutions - North America, and sales growth of designed solutions and satisfactory management of the resin price volatility in Uponor Infra
- Increase in **expenses** mainly due to Building Solutions - North America, also driven by the dollar-to-euro translation
- **Operating profit** w/o NRI €75.8m, 7.2% (2014: €67.7m, 6.6%). Operating profit improvement includes a translation impact of €7.5m
- **Tax rate** at 40.9% (2014: 35.5%), includes taxes paid and deferred in Estonia corresponding to a one-time effective tax rate increase of 3.3 %-pts

January – December 2015

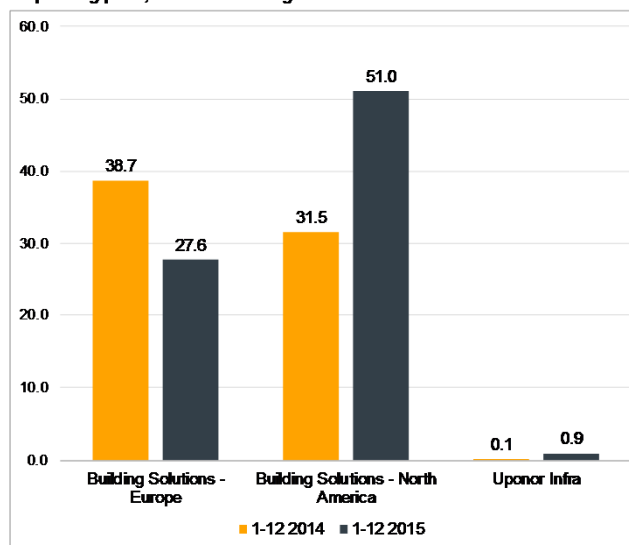
# Net sales & operating profit by segment

Currency: M€

Net sales

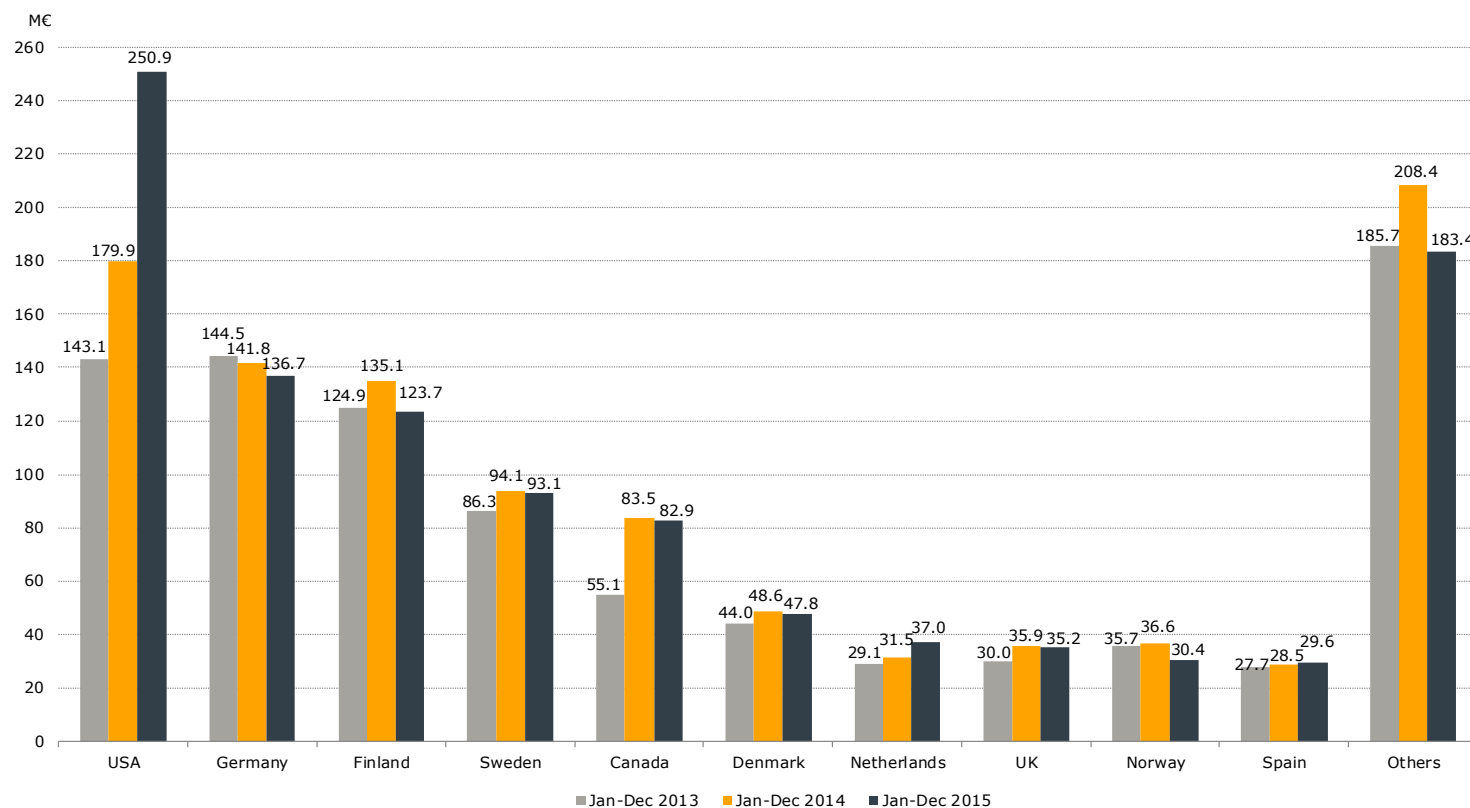


Operating profit, w/o non-recurring items



- Building Solutions – Europe: operating profit margin (w/o non-recurring items) down from 8.1% to 5.9% driven by declining net sales in high fixed-cost markets
- Building Solutions – North America: continued profit improvement, profit margin up from 15.7% to 18.5%, driven by solid sales growth and careful management of discretionary expenses
- Uponor Infra: weaker sales volumes in key markets, Nordic countries, Poland and Canada. Operating profit (w/o non-recurring items) is again in the black
- Cost savings from European transformation programmes not yet material

# Net sales development by key markets



Building solutions:  
five largest markets  
show a clear  
increase in net  
sales in Q4 y-o-y,  
measured in local  
currency

Growth  
% in EUR  
% in Curr.

39.5	-3.6	-8.4	-1.1	-0.7	-1.6	17.5	-1.7	-16.9	3.7	-12.0
16.6			1.3	-3.4	-1.6		-11.3	-11.0		

January – December 2015

## Balance sheet

M€	31 Dec 2014	31 Dec 2015	Change Y/Y
Property, plant and equipment	207.8	221.4	+13.6
Intangible assets	98.4	94.7	-3.7
Securities and long-term investments	11.2	21.0	+9.8
Inventories	117.4	112.4	-5.0
Cash and cash equivalents *)	60.2	49.2	-11.0
Other current and non-current assets	186.8	209.1	+22.3
Total equity	297.9	311.7	+13.8
Non-current interest-bearing liabilities	126.3	91.2	-35.1
Provisions	16.2	25.0	+8.8
Non-interest-bearing liabilities	225.5	231.6	+6.1
Current interest-bearing liabilities	15.9	48.3	+32.4
Balance sheet total	681.8	707.8	+26.0

- Accounts receivable at €154.5m, up €17.2m from 2014. The increase driven by higher sales in Q4/2015. The amount of bad debt remained low, at €0.6m (2014: €0.7m)
- Decrease in non-current interest-bearing liabilities and increase in current interest-bearing liabilities driven by a €20m bond maturing in 2016
- Non-controlling interest represents €63.7m of the total equity at €311.7m

\*) In 2015, cash and cash equivalents include €1.0 million restricted cash.



January – December 2015

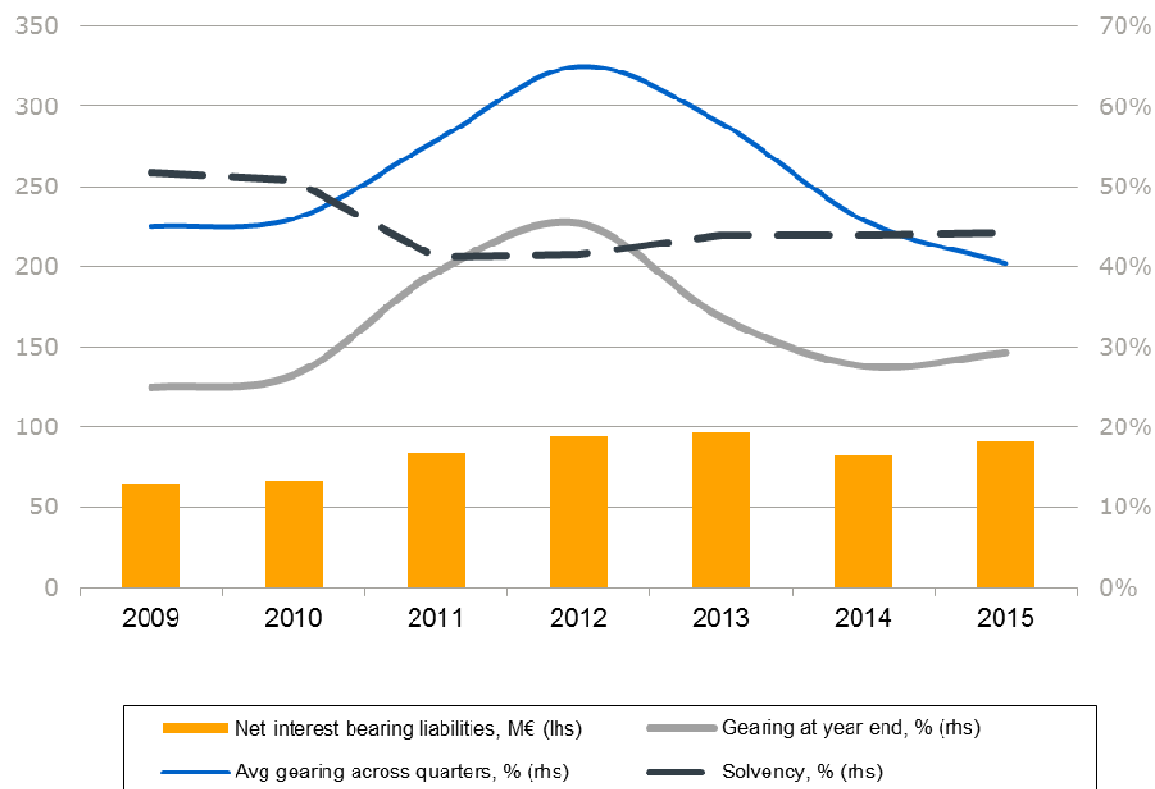
# Cash flow

M€	1-12 2014	1-12 2015	Change Y/Y
Net cash from operations	+99.0	+105.6	+6.6
Change in NWC	-3.5	-15.0	-11.5
Net payment of income tax and interest	-19.8	-32.4	-12.6
<b>Cash flow from operations</b>	<b>+75.7</b>	<b>+58.2</b>	<b>-17.5</b>
Cash flow from investments	-30.6	-41.7	-11.1
<b>Cash flow before financing</b>	<b>+45.1</b>	<b>+16.5</b>	<b>-28.6</b>
Dividends and buy backs	-27.8	-30.7	-2.9
Other financing	-9.9	+2.3	+12.2
Cash flow from financing	-37.7	-28.4	+9.3
Conversion differences	-0.9	-0.1	+0.8
Change in cash and cash equivalents	+6.5	-12.0	-18.5

- Gross CapEx (€50.1m) up €14.4m year-on-year and clearly above depreciation level (€39.1m). A total of €18.6m related to the manufacturing expansion ongoing in North America
- Cash flow from investments includes a net cash flow effect of €+7.6m from the divestments of the Thai infrastructure business, Extron Engineering Oy in Finland and the Omega-Liner® pipeline renovation business, all in Uponor Infra. The comparison year includes €4.4m in proceeds from the sale of fixed assets in Finland related to Uponor Infra's integration

January – December 2015

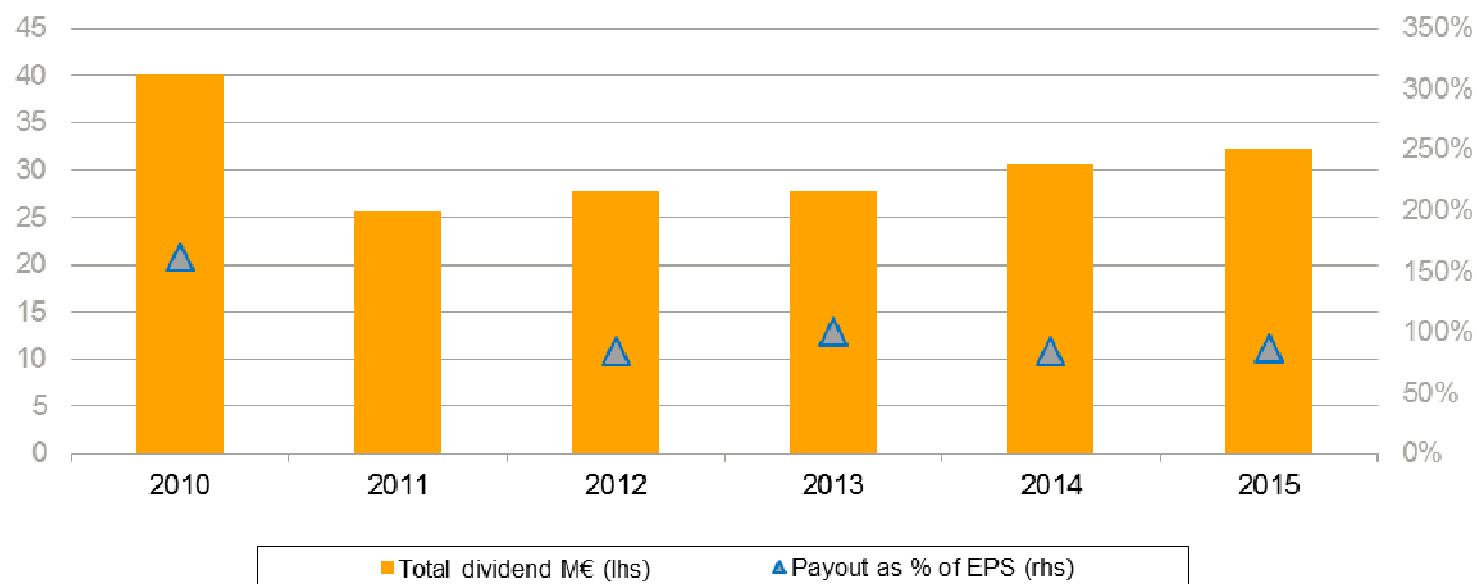
# Capital structure development



- Average gearing across quarters at 40.4, down from 45.8 in 2014 and in line with the long-term target between 30 and 70

January – December 2015

## Dividends and payout ratio

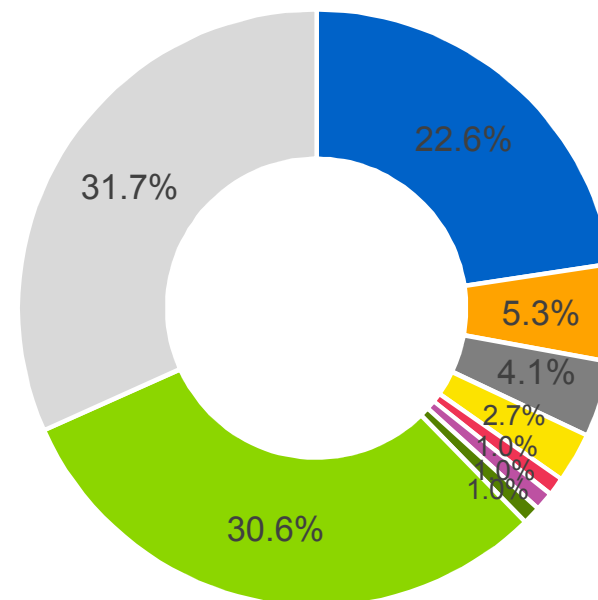


The dividend for 2015: €0.44 per share

# Major shareholders

## 31 December 2015

- Oras Invest Oy 22,6%
- Varma Mutual Pension Insurance Company 5,3%
- Nordea Nordic Small Cap Fund 4,1%
- Ilmarinen Mutual Pension Insurance Company 2,7%
- Nordea Fennia Fund 1,0%
- The State Pension Fund 1,0%
- Nordea Pro Finland Fund 1,0%
- Nominee registrations 30.6%
- Others 31.7%



### Currently valid foreign notifications:

12 March 2013: the holdings of Franklin Resources, Inc. reached 10.0%

- 14,539 shareholders at the end of Dec 2015
- Foreign shareholding was 31.5% at the end of Dec 2015, up from 28.3% in Dec 2014



# Uponor has a strategy to generate sustainable growth in the shorter and longer term



# Long-term financial targets

Since 12 Feb 2013

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



# Long-term financial targets

Announced in February 2013

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

EBIT margin  
to exceed  
**10%**

ROI  
to exceed  
**20%**

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

Gearing to  
stay within  
**30 to 70**  
as an annual  
average of the  
quarters

## Actual 2015

**5.2%**  
(target 4.8%)

**7.2%**  
w/o NRI

**15.5%**

**86%**

**40.4**

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























uponor

Outlook



# Leading indicators: stable market outlook overall

	Indicator	% Change YTD	Data through	Trend since Q4 update
 <b>USA</b>	Housing starts <sup>1)</sup>	+14%	December 2015	
 <b>Germany</b>	Housing permits	+5%	November 2015	
 <b>Finland</b>	Housing permits	-8%	November 2015	
 <b>Sweden</b>	Housing starts	+35%	September 2015	
 <b>Canada</b>	Housing starts <sup>1)</sup>	-3%	December 2015	
 <b>Denmark</b>	Housing starts	-25%	September 2015	
 <b>Netherlands</b>	Housing permits	+50%	October 2015	
 <b>UK</b>	Housing starts <sup>2)</sup>	+2%	September 2015	
 <b>Norway</b>	Housing permits	+14%	December 2015	
 <b>Spain</b>	Housing permits	+22%	October 2015	

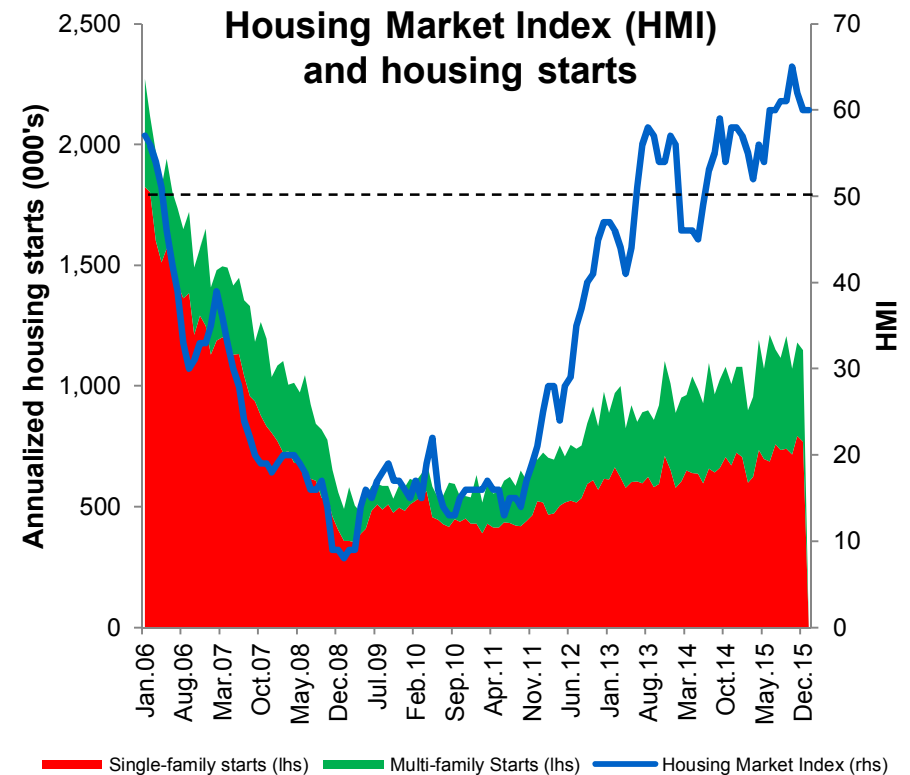
\*: Seasonally adjusted, annualised rate vs. same month in 2014; \*\*: England only

# Country overview - USA

The economy continues to grow, with household spending expanding while businesses carry on cautiously increasing investments

Within the construction industry:

- Housing starts, though volatile, are slowly trending higher
- Builder confidence fell in November, but remains at a 10-year high
- Construction spending continues to rise across nearly all residential and non-residential building segments

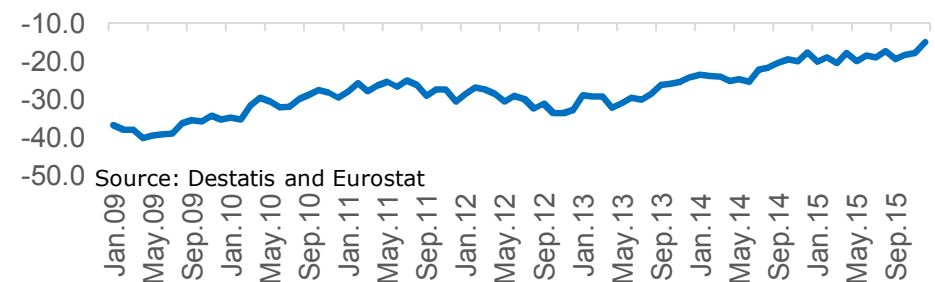


Source: US Census, NAHB/Wells Fargo

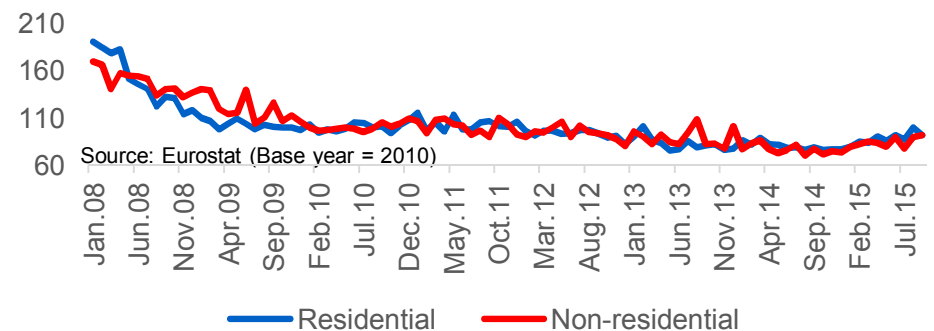
# Construction confidence in Europe improved

- Most countries witnessed improved confidence measures during the quarter, with Sweden leading the way
- The largest gains were made in the Netherlands, Sweden, and Spain
- The notable exception was the UK, where the sentiment continued to deteriorate

**European construction confidence indicator**  
(European Union, seasonally adjusted)



**European building permits index**  
(Euro Area 18, seasonally adjusted)

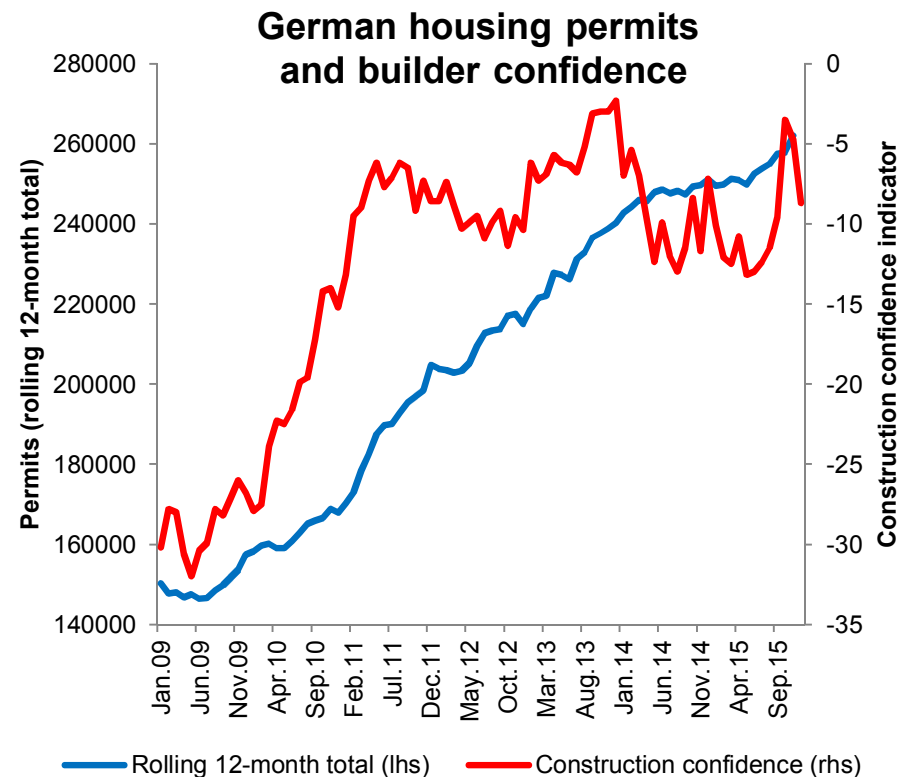


# Country overview - Germany

Despite increased political and economic uncertainty in Europe, record-low unemployment and interest rates have continued to drive private consumption and support the economy

Within the construction industry:

- Builder sentiment gave up some of the gains from the summer, but remains generally positive
- Residential building permits strengthened in the second half of the year, while non-residential permits remained flat vs. 2014
- Similarly, residential investment has grown marginally, while commercial investment has been stagnant



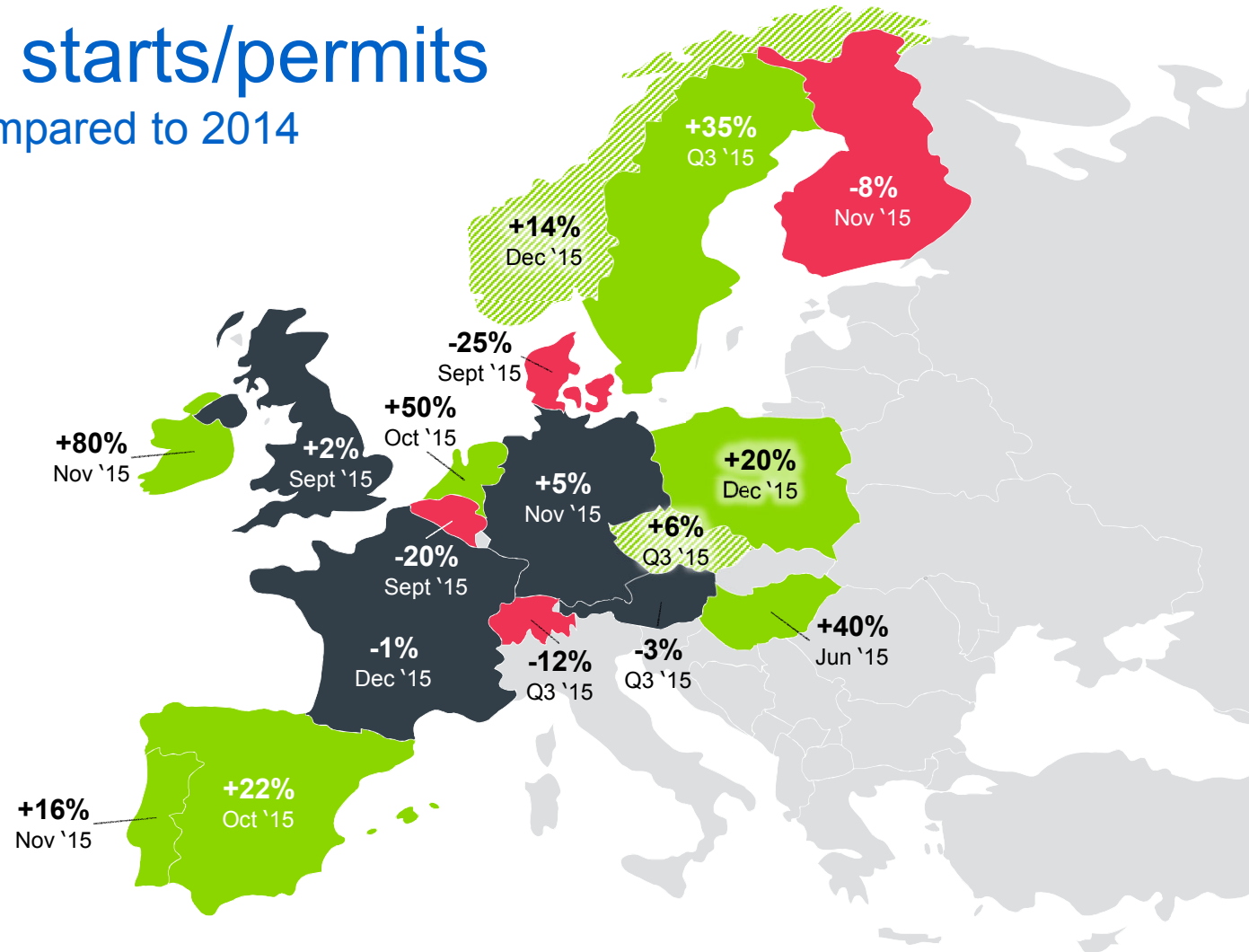
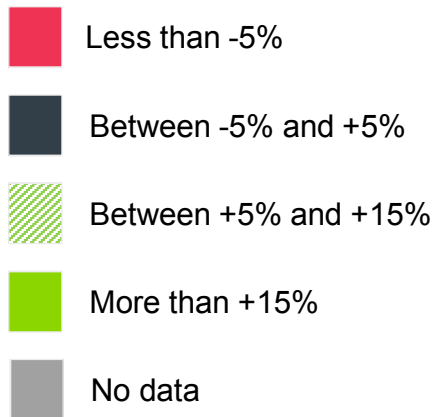
Source: Destatis and Eurostat



# European housing starts/permits

Year-to-date percent change compared to 2014

## Growth



Source: National statistics agencies and Uponor estimates

# Guidance

- Uponor announced extensive transformation initiatives in 2015, including manufacturing footprint optimisation and a plan to establish a greenfield factory in China
- The Group's capital expenditure will temporarily increase from that experienced in the last few years and reach circa €58 million in 2016, against €50 million in 2015, excluding any investment in shares
- Due to favourable weather and extemporary customer behaviour, the last quarter of 2015 was particularly lively, which together with harsh weather is likely to affect demand in the first quarter 2016
- Assuming that economic development in Uponor's key geographies otherwise continues undisturbed, Uponor issues the following guidance for 2016:  
**the Group's net sales and operating profit (excluding any non-recurring items) are expected to improve from 2015**



# Thank you

Jyri Luomakoski, President and CEO


Riitta Palomäki, CFO

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## Uponor's IRapp

