



Uponor roadshow presentation Q3/2020

Jyri Luomakoski – President and CEO
Minna Yrjönmäki – CFO

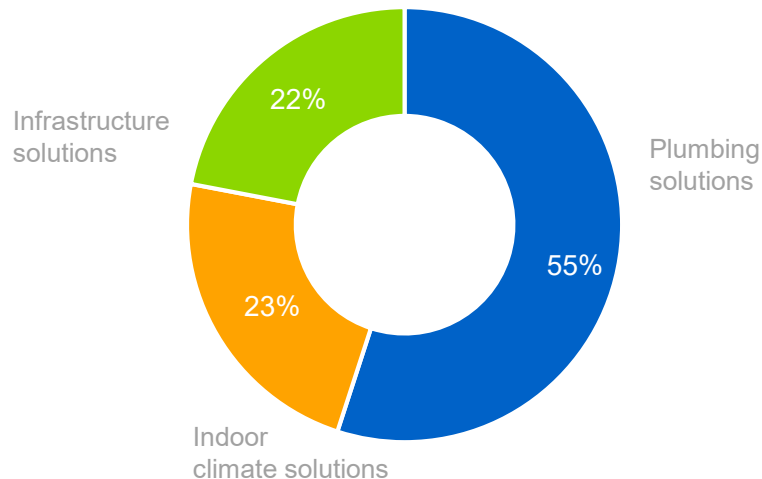


Uponor in brief

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

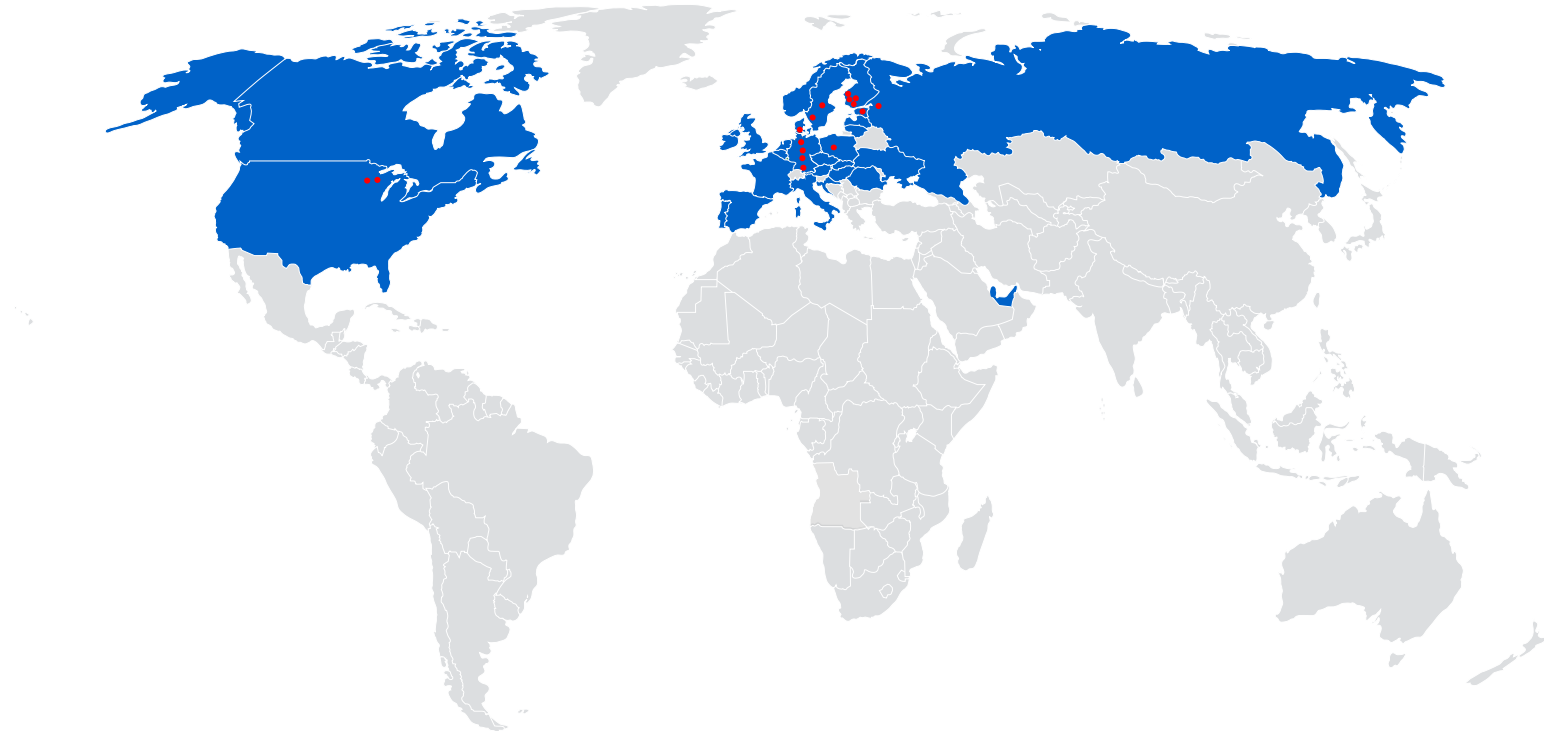
16

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.

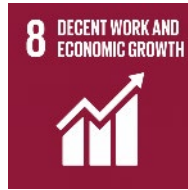


Sustainability at Uponor

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.

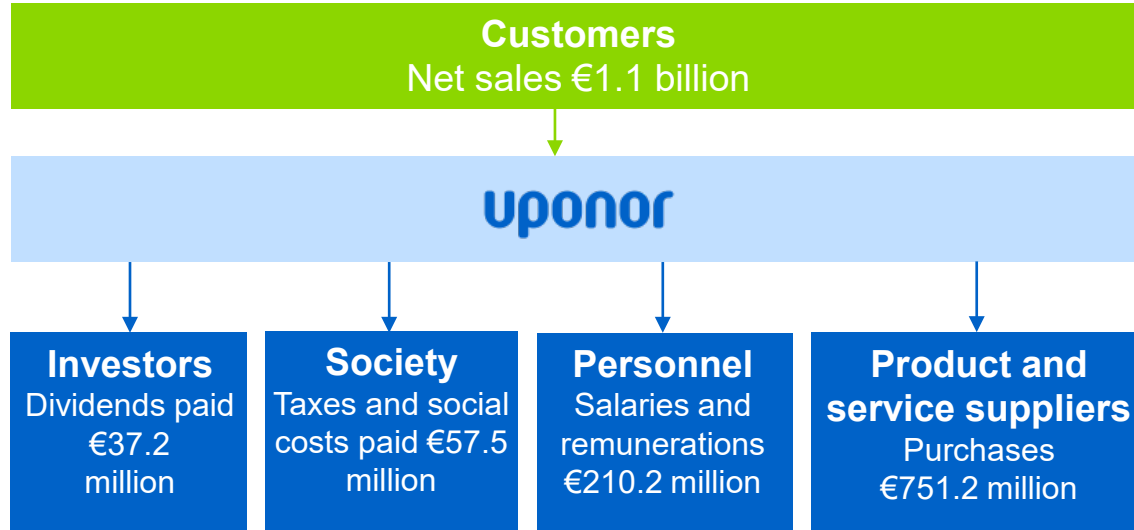


For us responsible consumption and production means durable and sustainable product and service offering. We use raw materials efficiently and we build ways to enhance the circular economy.



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 white rebar, held up by small concrete blocks. Several tall, white, cylindrical concrete pillars support the ceiling. In the background, there are openings leading to other parts of the building, and a few workers can be seen. The lighting is a mix of natural light from the left and artificial light from the background.

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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%

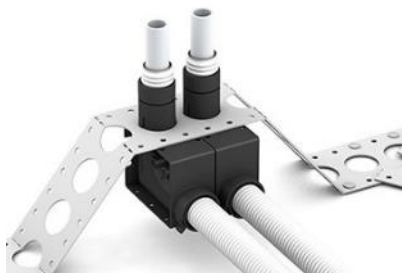


Infrastructure solutions 22%



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



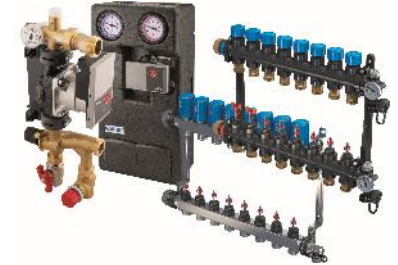
Radiant heating and cooling



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

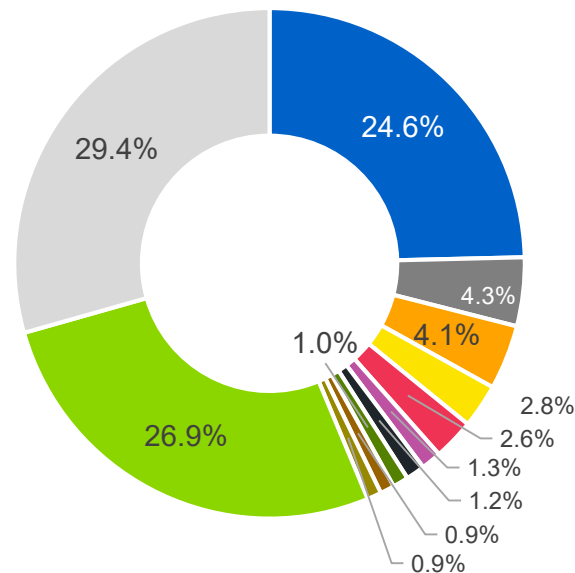


Weholite® Technology Licensing

Major shareholders

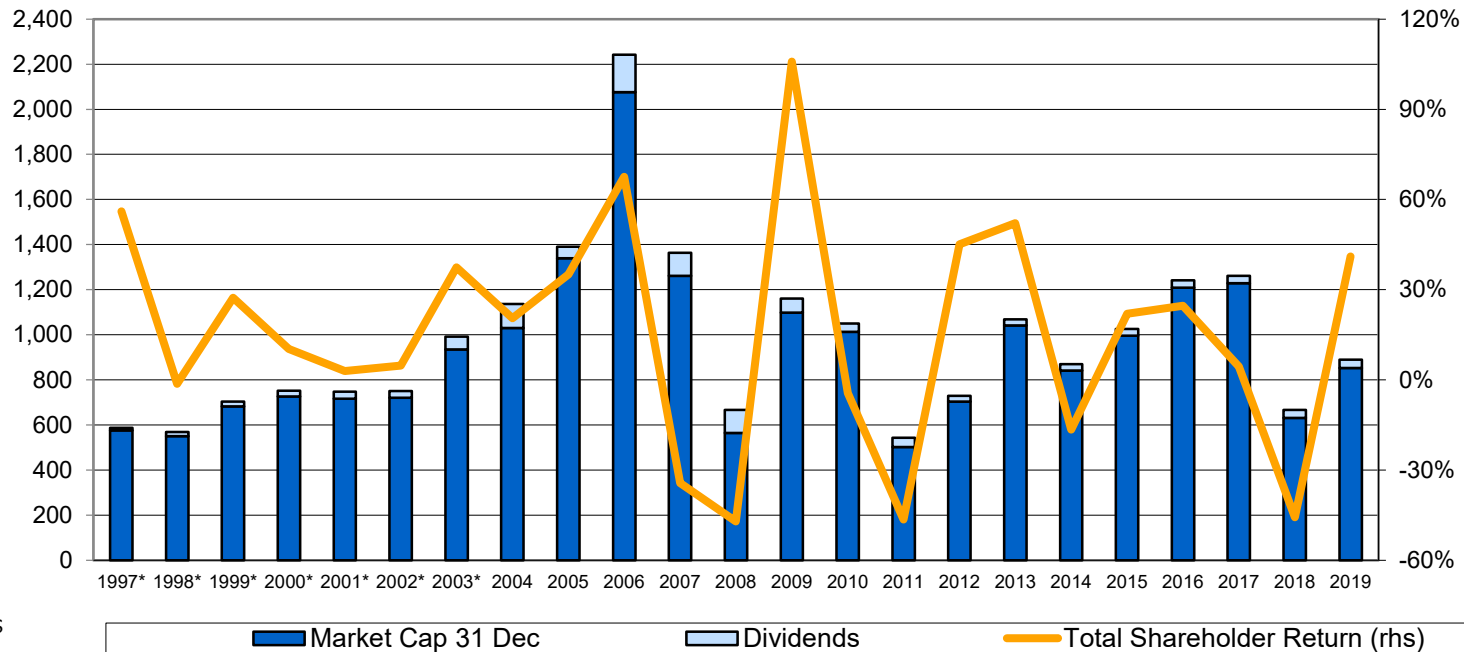
30 September 2020

- Oras Invest Ltd 24.6%
- Nordea Nordic Small Cap Fund 4.4%
- Varma Mutual Pension Insurance Company 4.1%
- Mandatum Life Insurance Company Ltd. 2.8%
- Ilmarinen Mutual Pension Insurance Company 2.6%
- Sigríd Jusélius Foundation 1.3%
- Pekka Paasikivi 1.2%
- OP-Finland 1.0%
- The State Pension Fund 0.9%
- Elo Mutual Pension Insurance Company 0.9%
- Nominee registrations 26.9%
- Others 29.4%



18,012 shareholders at the end of September 2020.

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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Interim results briefing 1-9/2020

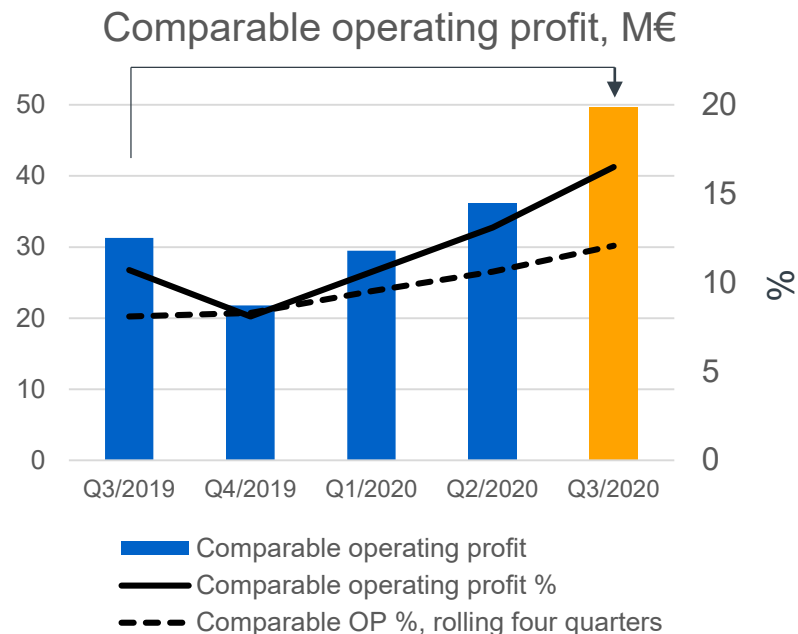
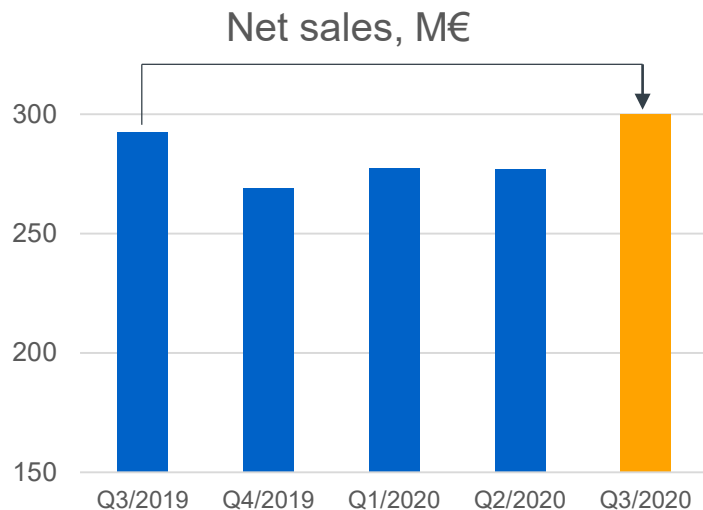


Highlights of Q3: Strong performance for all segments

- Net sales were €301.0 (292.4) million, organic growth 4.0% in constant currency terms
- Comparable operating profit was €49.7 (31.3) million, a growth of 58.7%
- Net sales increased in all segments
- All segments improved their profits and profitability
- Cash flow from operations increased significantly year-over-year

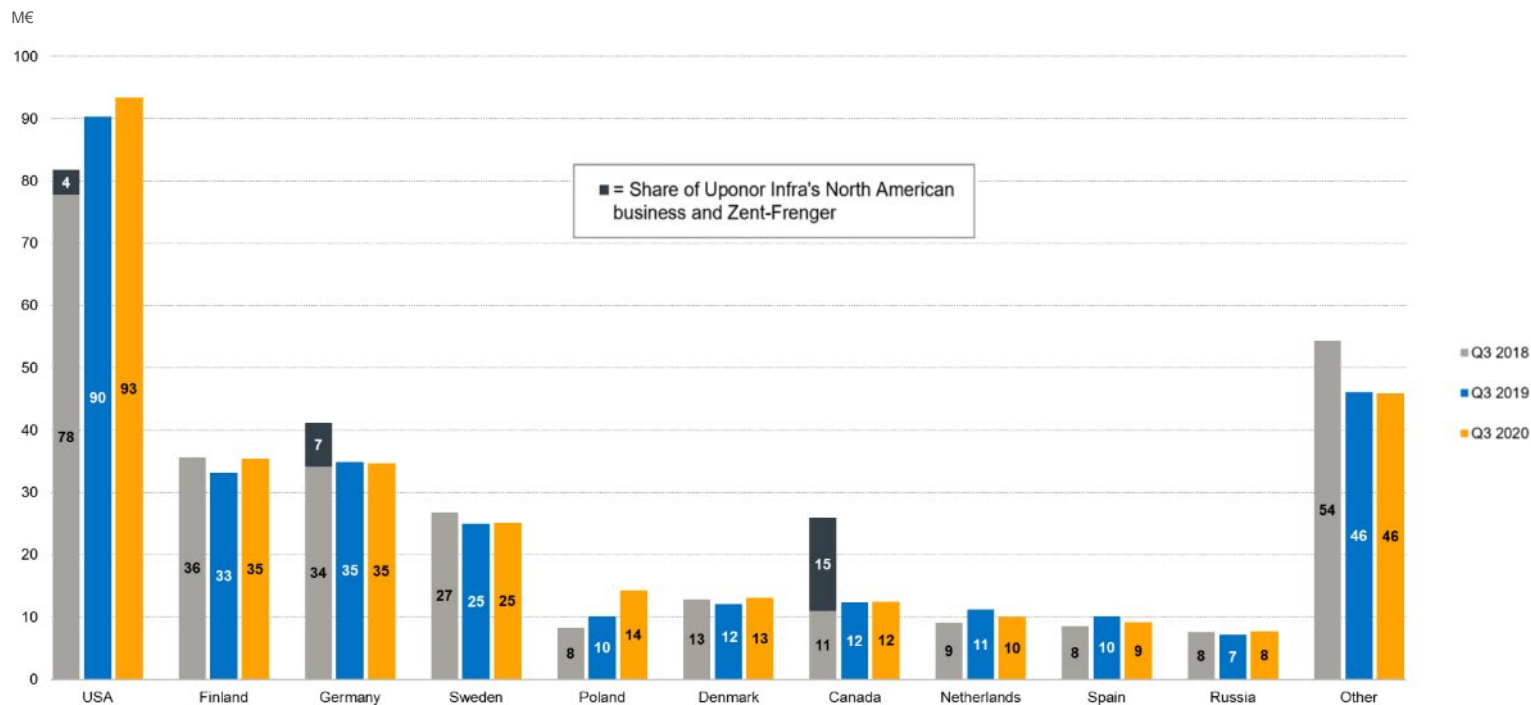


Group net sales and comparable operating profit: Rolling comparable OP margin exceeded 12%

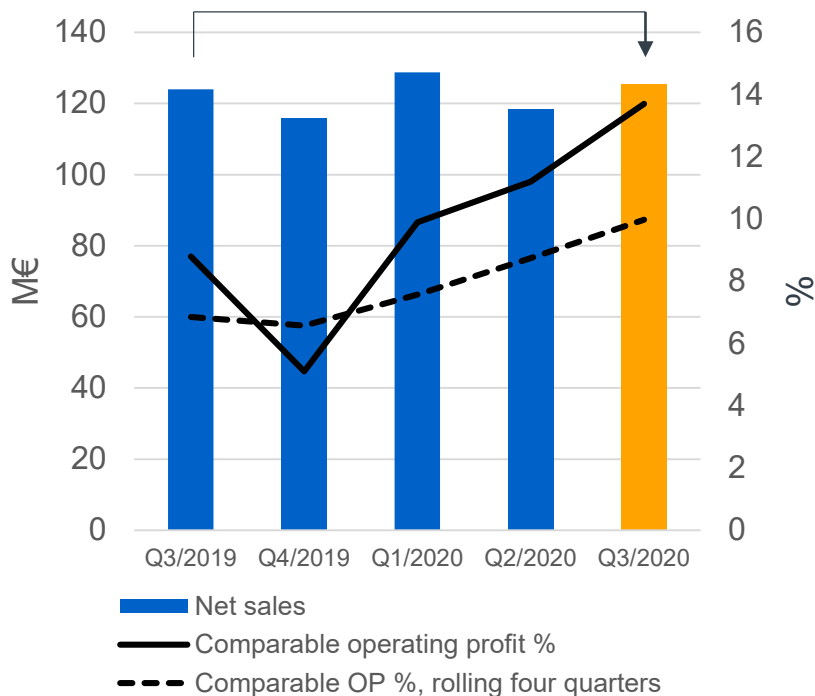


July-September 2020

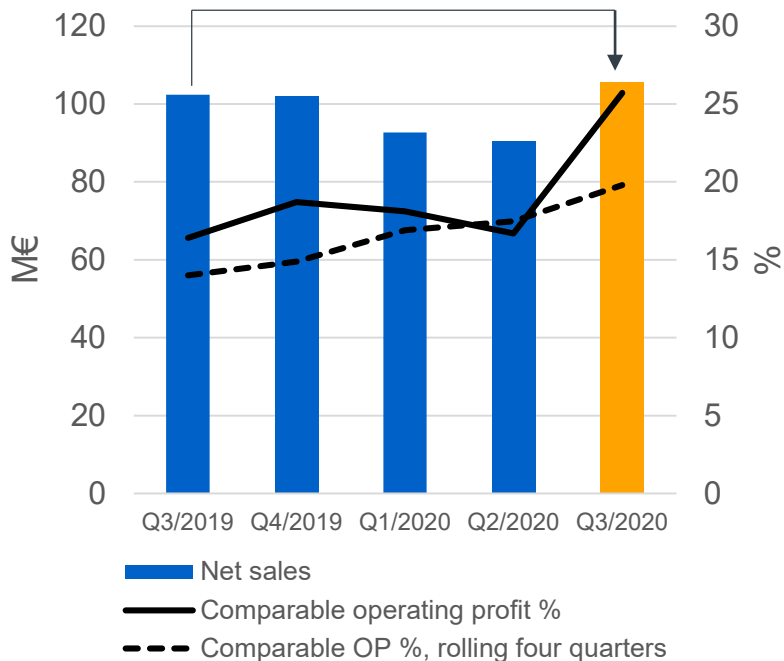
Net sales development by key markets



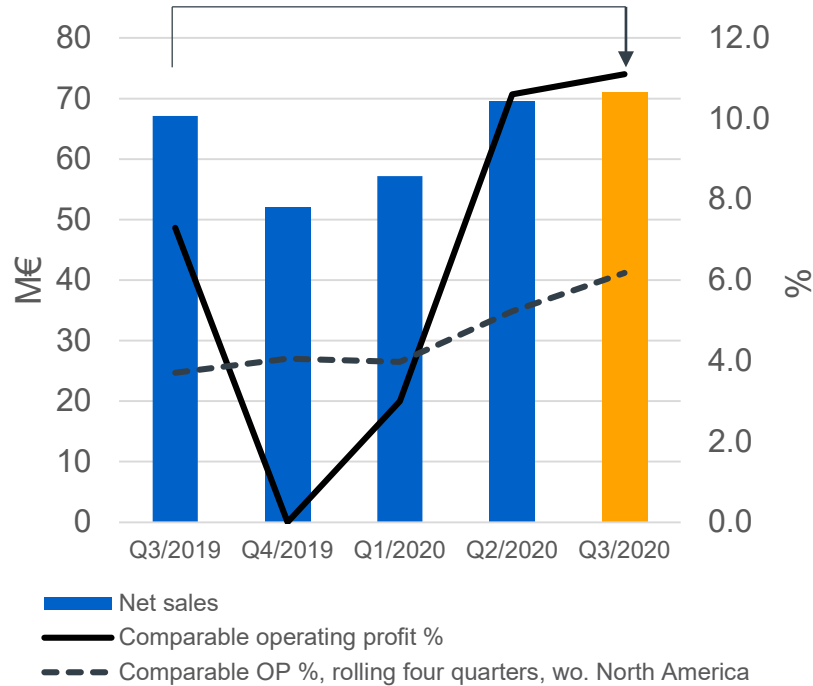
Building Solutions – Europe: Good progress in the third quarter



Building Solutions – North America: Exceptionally strong operating profit



Uponor Infra: Increased net sales, lower operative costs and a large designed solutions project improved profitability



Execution of operational excellence programme is progressing well

- 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 €5 million
- Since the launch of the programme, in total €9.3 million of one-time costs (IAC) reported
- Uponor re-estimates that around €10 million one-time costs (IAC) from the programme will be recognised by the end of 2020.
 - Of that, €1.4 million was reported already in 2019.



Impacts of COVID-19

- Tight cost control, favourable input costs and the operational excellence programme have supported Uponor's profitability development during 2020
- Good cash flow will support Uponor during the times of COVID-19 related economic uncertainty and restrictions
- Visibility to the demand remains limited overall, as development in Uponor's markets will depend to a large extent on how the pandemic can be managed

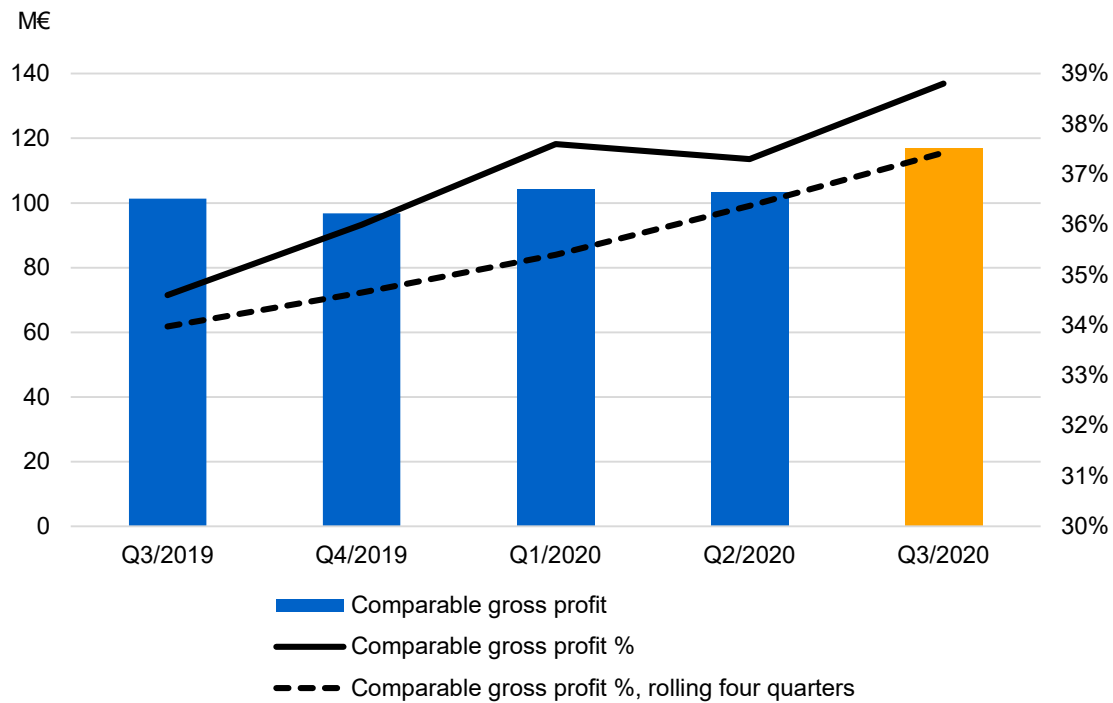


A large-scale construction site for a building's foundation. The foreground is dominated by a dense grid of steel reinforcement bars (rebar) laid out on a wooden formwork. The background shows a concrete wall with several large, white cylindrical columns. To the left, a structure is covered in blue scaffolding. A person is visible in the distance near a doorway. The lighting is bright, suggesting an outdoor or well-lit indoor environment.

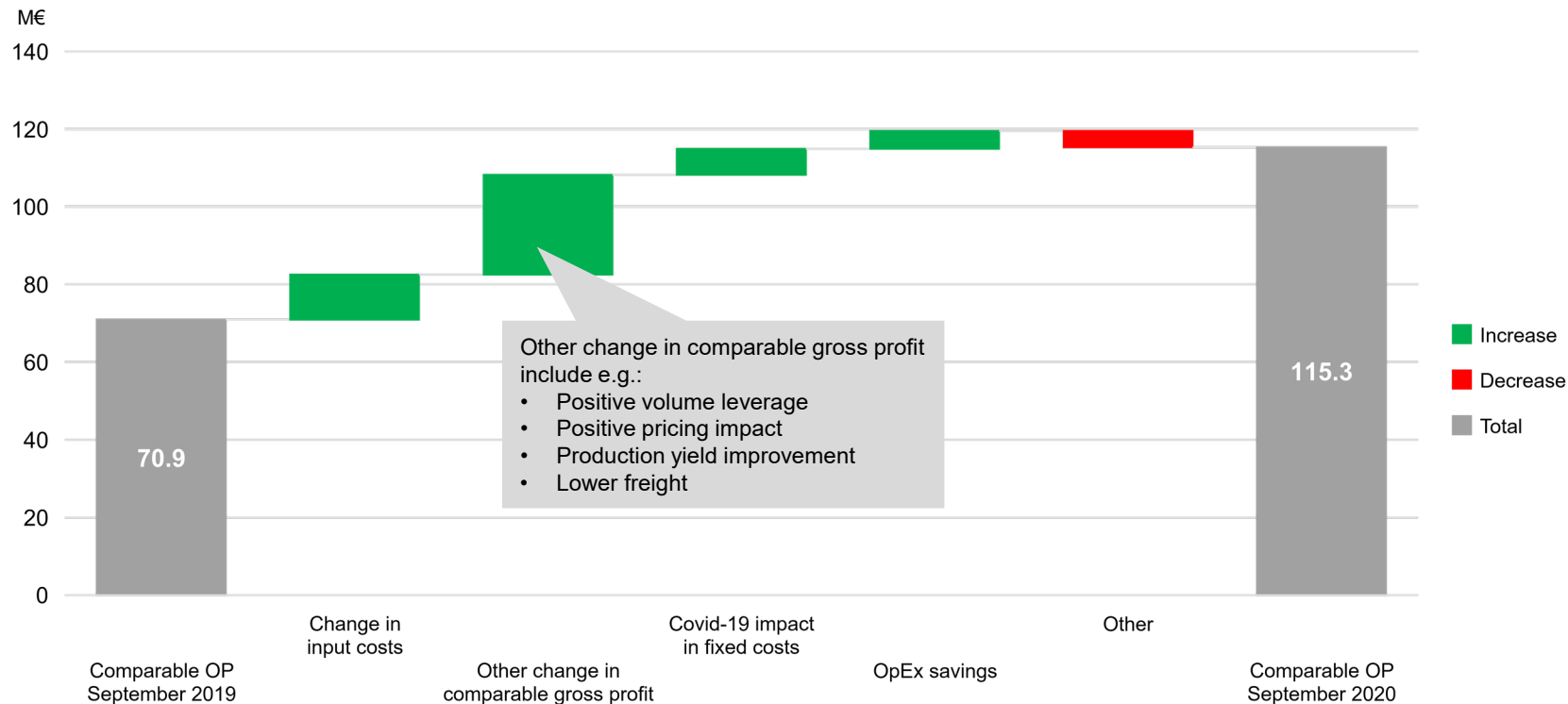
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Financial statements

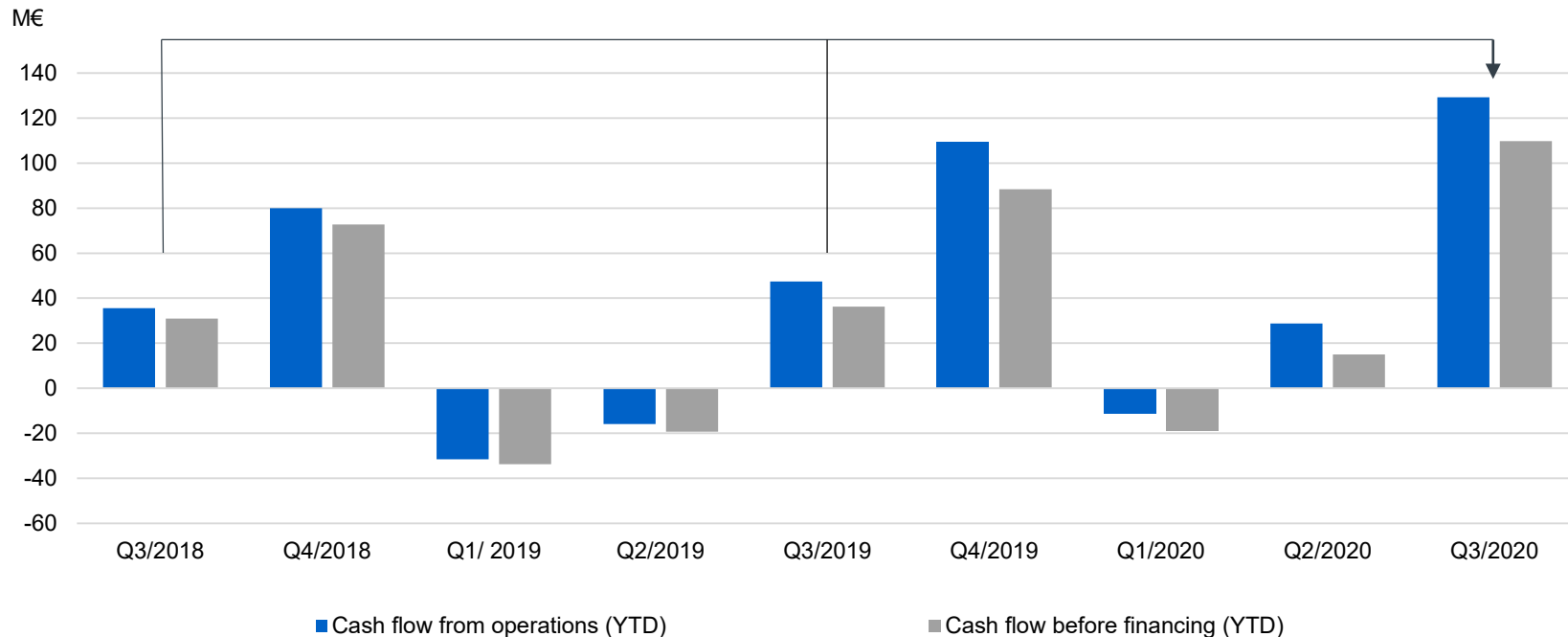
Good development in comparable gross profit margin continued in the third quarter



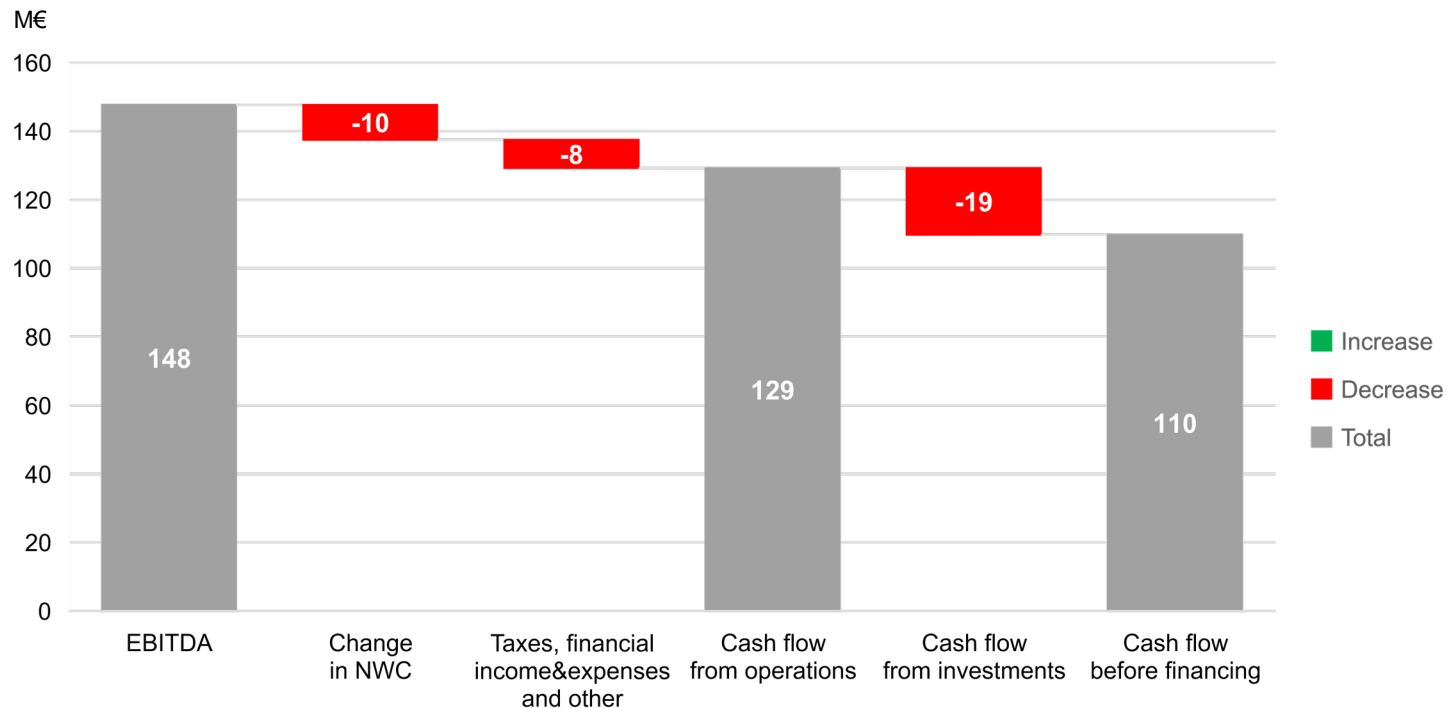
The increase in comparable OP was driven by strong margins, volume growth and low-cost structure



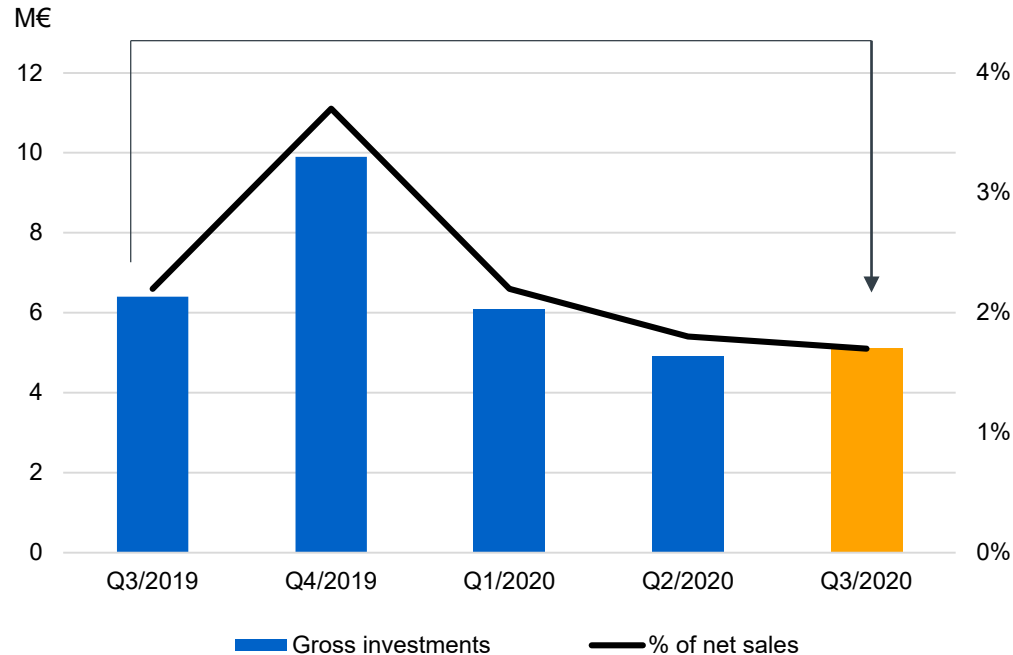
Cash flow improved clearly from last years' levels



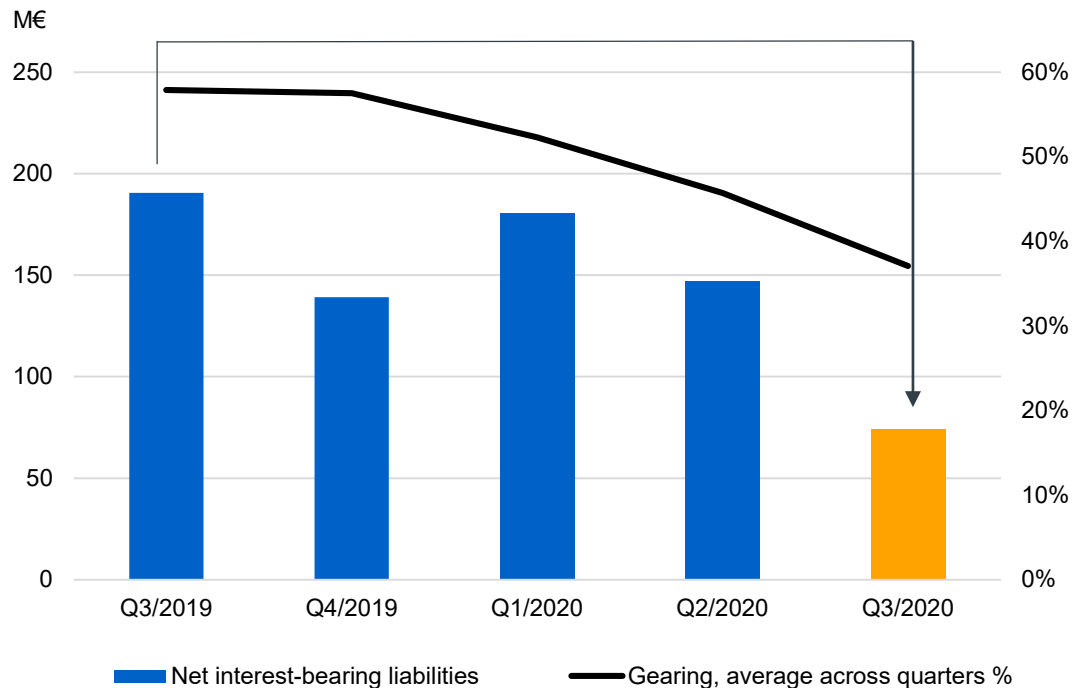
Strong cash flow from operations



Due to COVID-19 pandemic, Uponor has maintained a cautious approach to investments



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





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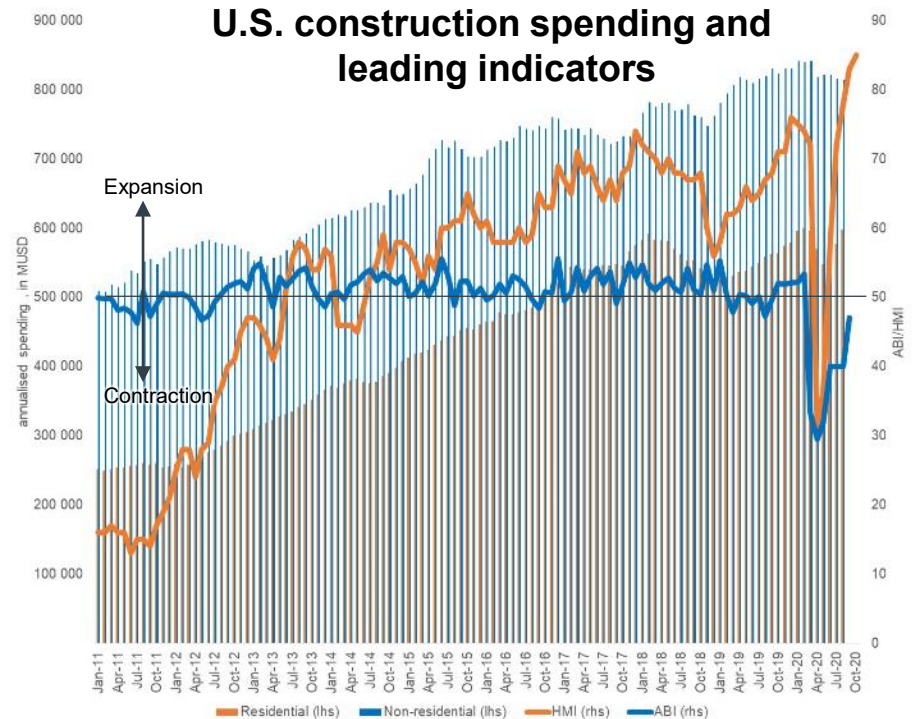
Outlook for the future

US: Residential construction gained momentum during the summer months

Improvements in the labour market are uneven, with high-wage workers having recovered nearly all jobs lost during the spring while many low-wage jobs have yet to return

Within the construction industry:

- Residential construction spending was up through August, while spending in key non-residential segments slowed compared to a year earlier
- September housing starts were at a rate of 1.42 million, 11% above the September 2019 rate
- Homebuilder confidence, HMI, reached an all-time-high, despite builder concerns about rising costs
- The ABI, a leading non-residential indicator, has risen from April lows, but still implies contraction



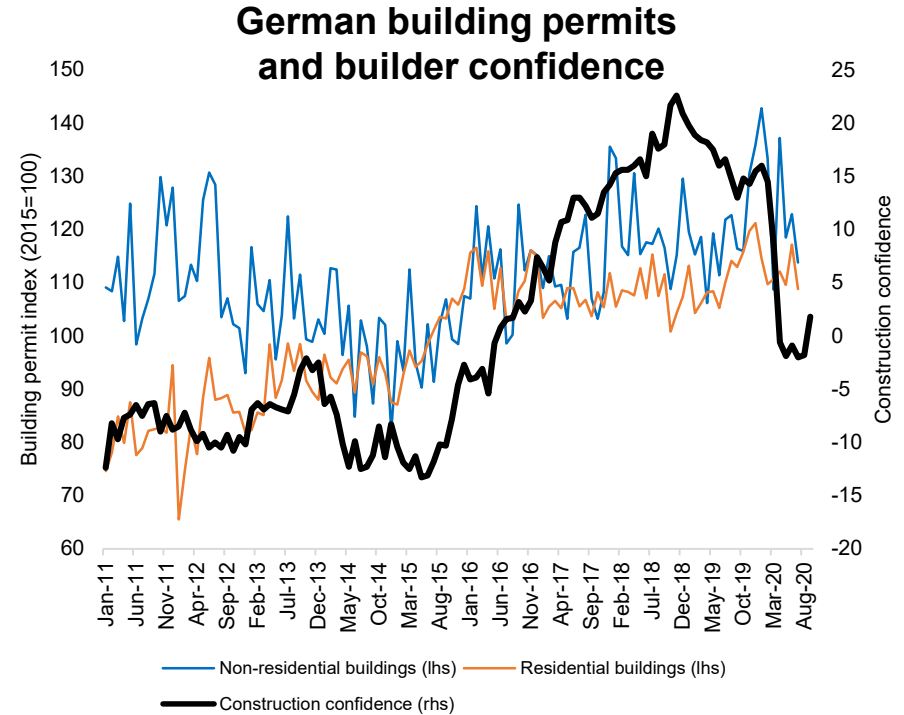
Source: Census Bureau, AIA, NAHB

Germany: Construction remained healthy overall, led by the residential segment

The number of workers covered by short-time work schemes continued to fall, but remains elevated, while industrial production and exports have continued to improve since the spring

In the construction industry:

- Housing permits through August were up 5% compared to a year earlier
- Short-time work schemes have been implemented in just a small number of construction firms
- Builders were more confident than during the spring, but report continued uncertainty about the future and a weakening non-residential segment
- New construction orders in August were flat compared to a year earlier



Source: Eurostat

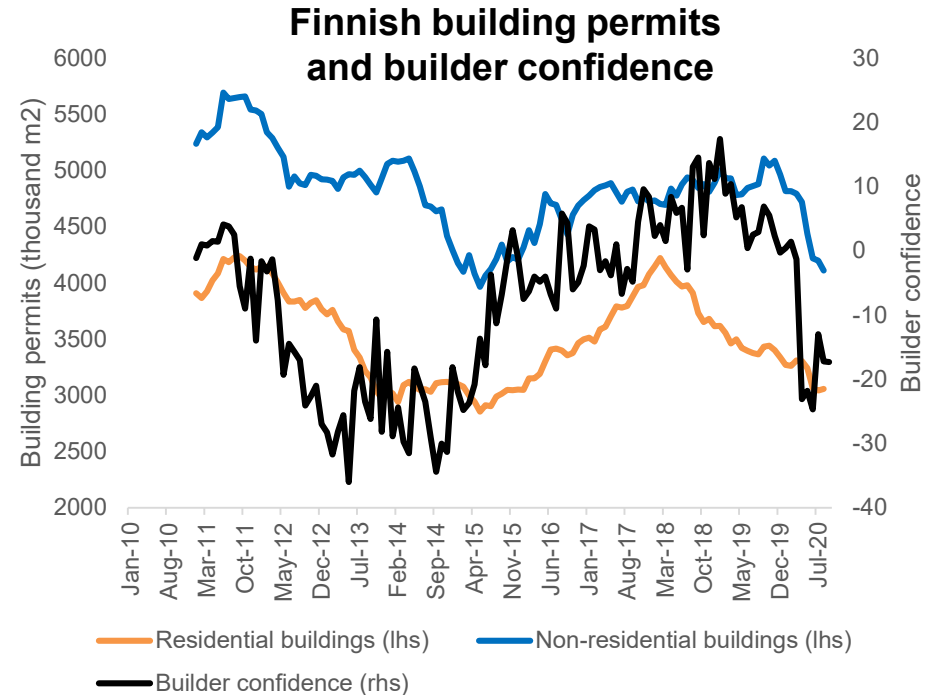


Finland: Building construction was steady, while civil engineering expanded

The economy continued to recover during the summer months, though export demand remains muted and significant uncertainty is likely hindering business investments

Within the construction industry:

- Residential permits through August were down 12% from a year earlier, while non-residential permits were down 24%
- Construction turnover in building construction flattened compared to 2019, while turnover in civil engineering continued to expand
- Builder confidence was up from the spring, but still clearly below Q3 2019 levels



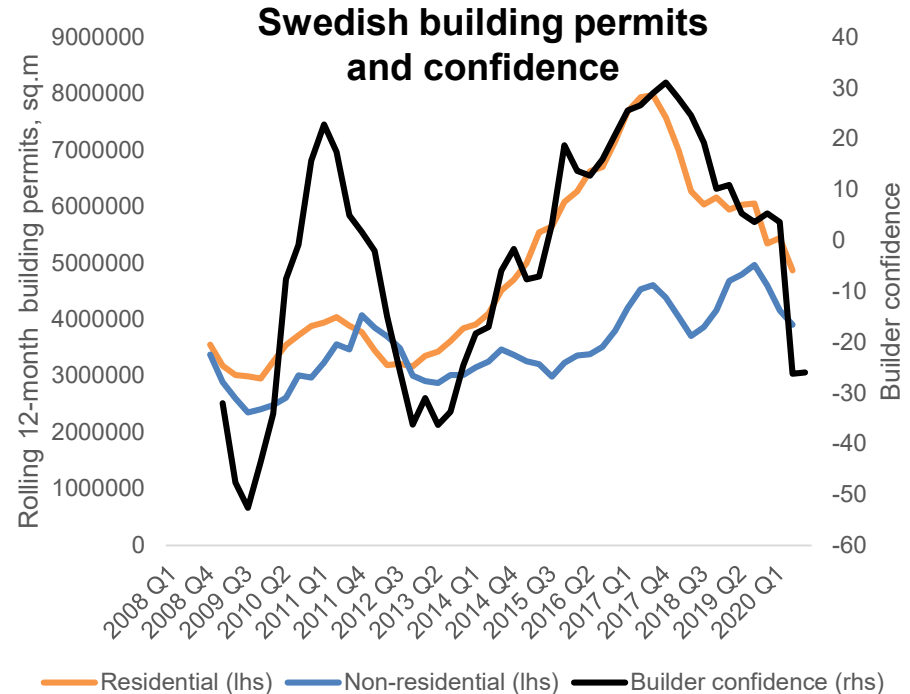
Source: Statistics Finland and Eurostat

Sweden: The residential segment was resilient, while infrastructure spending was healthy

The economy continued to recover during the quarter, with a significant increase in private consumption accompanied by a clear improvement in employment

Within the construction industry:

- Housing starts in the first half of the year rose 6% compared to 2019
- Both residential and non-residential permits fell during H1 by approximately 15%
- Builder confidence has yet to improve meaningfully since the spring, impacted by both declining order books and building activity levels
- Investments in civil engineering projects continued to trend upwards



Source: Statistics Sweden and Eurostat

Guidance statement and short-term market outlook

On 16 September 2020, Uponor reinstated its guidance for 2020:

Uponor expects comparable operating profit to improve from 2019.

Uponor anticipates that the trends witnessed in the third quarter will continue for the rest of the year:

- Recovering labour markets and accommodative government policies are likely to support demand for both new and renovation projects in the residential segment
- Meanwhile, continued uncertainty among businesses may negatively impact the initiation of non-residential projects, though the relative size and timing of this effect is uncertain

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Thank you!

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Uponor IR site: investors.uponor.com

Uponor's IR app:



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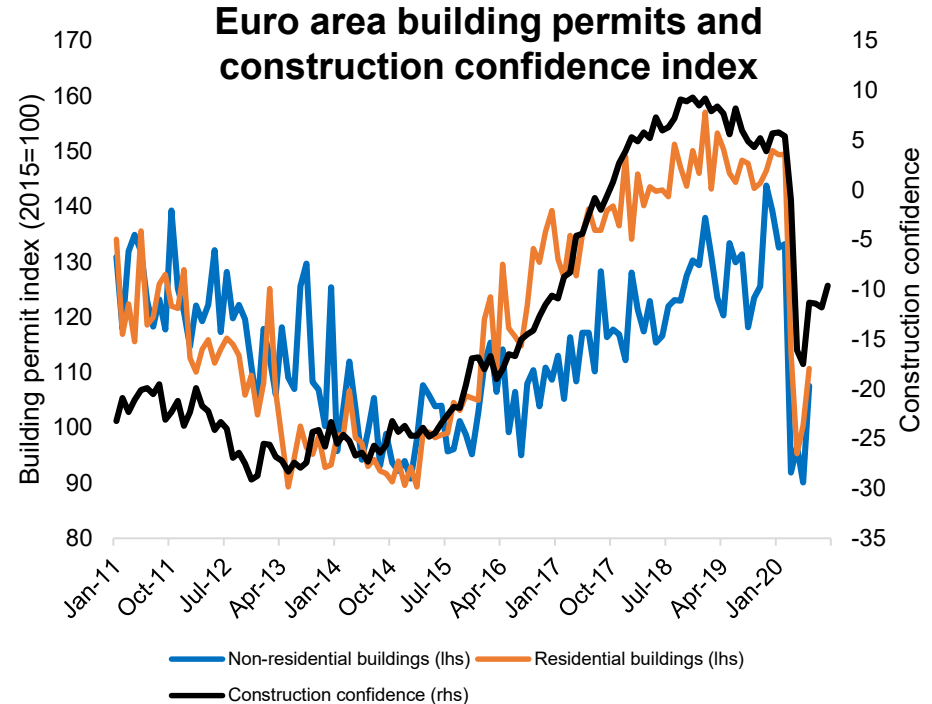
Appendix

Europe: Builders report an improvement from the spring, but effects of the pandemic remain

Consumer spending and industrial production rebounded from Q2, but the strength and durability of the recovery have been challenged by slowing month-over-month improvements and new Covid-19 outbreaks











Within the construction industry:

- Both residential and non-residential permit levels fell, led by reductions in France, but especially Spain
- Builder confidence improved during the summer, but remains significantly below pre-pandemic levels in all major markets



Source: Eurostat

Leading residential indicators: No uniform impact of Covid on major markets is visible

	Indicator	YTD % Change	Rolling 12-month % Change	Data through	Trend since Q2 update
 USA	Housing starts	+11% ¹⁾	N/A	September 2020	➡
 Finland	Housing permits	-12%	-9%	August 2020	➡
 Germany	Housing permits	+5%	+8%	August 2020	➡
 Sweden	Housing starts	+6%	+0%	June 2020	➡
 Poland	Housing completions	+7%	+9%	September 2020	➡
 Denmark	Construction index	+3%	N/A	July 2020	⬇
 Canada	Housing starts	-6% ¹⁾	N/A	September 2020	➡
 Netherlands	Housing permits	+13%	0%	August 2020	➡
 Spain	Housing permits	-32%	-21%	July 2020	➡
 Russia	Housing starts	-7%	-3%	September 2020	➡

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

Source: National Statistics Offices

Income Statement

Jul-Sep 2020

Uponor Group, M€	7-9 2019	7-9 2020	Change Y/Y	
Net sales	292.4	301.0	+2.9%	
Cost of goods sold	191.1	184.2	-3.6%	
Gross profit	101.3	116.9	+15.4%	
Gross profit margin (%)	34.6%	38.8%	+4.2%	pts
Other operating income	0.0	0.2	+489.3%	
Expenses	70.0	67.4	-3.7%	
Operating profit	31.3	49.6	+58.4%	
Operating profit margin (%)	10.7%	16.5%	+5.8%	pts
Comparable operating profit	31.3	49.7	+58.7%	
Comparable operating profit margin (%)	10.7%	16.5%	+5.8%	pts
Financial expenses, net	1.9	1.0	-48.4%	
Share of result in associated companies	-1.1	-0.9	+19.2%	
Profit before taxes	28.3	47.7	+68.6%	
Profit for the period	20.5	35.2	+71.4%	
EBITDA	44.2	62.3	+40.8%	

Income Statement

Jan-Sep 2020

Uponor Group, M€	1-9 2019	1-9 2020	Change Y/Y	1-12 2019
Net sales	833.9	855.5	+2.6%	1,103.1
Cost of goods sold	548.8	532.1	-3.0%	721.2
Gross profit	285.1	323.4	+13.4%	381.9
Gross profit margin (%)	34.2%	37.8%	+3.6% pts	34.6%
Other operating income	1.2	0.7	-40.6%	1.3
Expenses	215.5	215.6	+0.1%	291.9
Operating profit	70.9	108.5	+53.1%	91.3
Operating profit margin (%)	8.5%	12.7%	+4.2% pts	8.3%
Comparable operating profit	70.9	115.3	+62.6%	92.7
Comparable operating profit margin (%)	8.5%	13.5%	+5.0% pts	8.4%
Financial expenses, net	8.5	2.8	-67.2%	11.6
Share of result in associated companies	-3.1	-3.3	-7.1%	-4.0
Profit before taxes	59.3	102.4	+72.7%	75.6
Profit for the period	43.0	75.3	+75.3%	55.3
EBITDA	109.6	147.7	+34.8%	143.1

Balance Sheet

September 2020

Uponor Group, M€	30 Sep 2019	30 Sep 2020	Change Y/Y	31 Dec 2019
Property, plant and equipment	288.8	263.1	-25.7	285.8
Intangible assets	97.8	93.0	-4.8	96.7
Securities and long-term investments	24.2	15.7	-8.5	19.8
Inventories	150.1	131.6	-18.5	144.4
Cash and cash equivalents	31.5	155.5	+124.0	76.1
Other current and non-current assets	262.6	273.9	+11.3	210.5
Assets total	855.1	932.8	+77.7	833.2
Total equity	359.8	398.0	+38.2	370.4
Non-current interest-bearing liabilities	204.8	128.2	-76.6	203.4
Provisions	30.5	34.0	+3.5	30.0
Non-interest-bearing liabilities	242.9	271.3	+28.4	217.6
Current interest-bearing liabilities	17.1	101.2	+84.1	11.8
Shareholders' equity and liabilities total	855.1	932.8	+77.7	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 cyclicity 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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