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Performance in Q3/2008

Interim results briefing
29 October 2008, Helsinki
Jyri Luomakoski, President and CEO

Building market decline continues

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- The building and construction markets, especially in residential building have continued to experience a slowdown in most key geographies
 - outlook weaker also for non-residential and infrastructure segments

Europe:

- Germany maintained stability but now weakening
 - high-rise activity satisfactory
- Spain – strong decline continued
- Nordic – mostly low activity levels
- Sound growth continued in Eastern Europe

North America:

- Further decline in US residential building
 - high-rise passing its peak
- Canada relatively stable



Net sales down more than anticipated as markets decline

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Net sales, MEUR	2008	2007	Change
Continuing operations	7-9	7-9	08/07, %
Uponor	249.1	262.1	-5.0
Central Europe	88.1	85.9	+2.5
Nordic	93.2	99.1	-5.9
Europe – West, East, South	58.6	64.9	-9.8
North America	38.2	44.8	-14.7
(North America, \$	57.0	62.0	-8.0)

- Continued decline in key markets impacted all Regions negatively
- CE supported by lively high-rise segment; German net sales +17%
- Subdued Nordic building market impacted both housing solutions and infrastructure
- Favourable development continued in strategic growth markets, i.e. Eastern Europe, Southwest Europe (excl. Iberia) and Canada
- Currency impact on Group net sales YTD -15.4m, mainly from USD

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Drop of volumes burdened profitability

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Operating profit, MEUR	2008	2007	Change
Continuing operations	7-9	7-9	08/07, %
Uponor	22.8	37.9	-39.8
Central Europe	12.5	10.6	+17.8
Nordic	7.9	13.0	-39.4
Europe – West, East, South	4.1	12.4	-67.4
North America	1.6	4.4	-62.8
(North America, \$	2.4	6.1	-59.4)

- Profitability mainly affected by declining volumes and higher cost items
- Cost reduction programme impacted OP by EUR -3.2m
- Drop in internal sales affected OP in mainly CE and Nordic
- Europe–WES and North America burdened by continued spend into strategic growth programmes

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- + Uponor's strong value proposition in the high-rise and cooling offerings penetrating favourably in key markets
 - + supported by new regulation and drive to save energy
- + Sales growth in Eastern Europe and Southwest Europe (excl. Iberia)
- What started as a building market slowdown has now extended into the entire economy
- Cost savings programme progresses well, but is not able to compensate for the rapid pace of volume fall



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Financial results

Interim January – September 2008

Key figures

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MEUR	1-9 2008	1-9 2007	Change Y/Y	1-12 2007
Net sales, continuing operations	750,3	809,2	-7,3%	1 047,4
Operating profit, continuing operations	71,1	110,3	-35,5%	135,7
Operating profit margin, continuing operations	9,5%	13,6%	-4,2%	13,0%
Earnings per share (diluted), EUR	1,21	1,10	+10,0%	1,39
Return on equity, % (p.a.)	36,2%	32,5%	+3,7%	30,1%
Return on investment, % (p.a.)	36,9%	41,0%	-4,1%	39,2%
Net interest bearing liabilities	99,3	118,0	-15,8%	84,5
Gearing, %	31,1%	37,3%	-6,2%	25,4%
Average number of employees, continuing operations	4 080	3 982	+2,5%	4 008
Number of employees, end of period, continuing operations	3 934	4 066	-3,2%	4 090

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Interim January – September 2008

Income statement

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MEUR	1-9 2008	1-9 2007	Change Y/Y	1-12 2007
Continuing operations				
Net sales	750,3	809,2	-7,3%	1 047,4
Cost of goods sold	470,8	494,4	-4,8%	640,4
Gross profit	279,5	314,8	-11,2%	407,0
- % of net sales	37,2 %	38,9 %	-1,6%	38,9 %
Other operating income	0,6	5,0	-88,4%	5,9
Expenses	209,0	209,5	-0,3%	277,2
Operating profit	71,1	110,3	-35,5%	135,7
- % of net sales	9,5 %	13,6 %	-4,2%	13,0 %
Financial expenses, net	4,6	4,1	+11,6%	2,6
Profit before taxes	66,5	106,2	-37,4%	133,1
Profit for the period	46,0	71,5	-35,9%	91,4
EBITDA	94,3	132,2	-28,6%	165,2

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Interim July - September 2008

Income statement

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MEUR	7-9 2008	7-9 2007	Change Y/Y
Continuing operations			
Net sales	249,1	262,1	-5,0%
Cost of goods sold	158,5	161,3	-1,8%
Gross profit	90,6	100,8	-10,1%
- % of net sales	36,3 %	38,4 %	-2,1%
Other operating income	0,0	4,0	-100,2%
Expenses	67,8	66,9	+1,2%
Operating profit	22,8	37,9	-39,8%
- % of net sales	9,1 %	14,4 %	-5,3%
Financial expenses, net	1,7	2,1	-18,4%
Profit before taxes	21,1	35,8	-41,1%
Profit for the period	14,5	23,3	-38,1%
EBITDA	30,6	45,3	-32,4%

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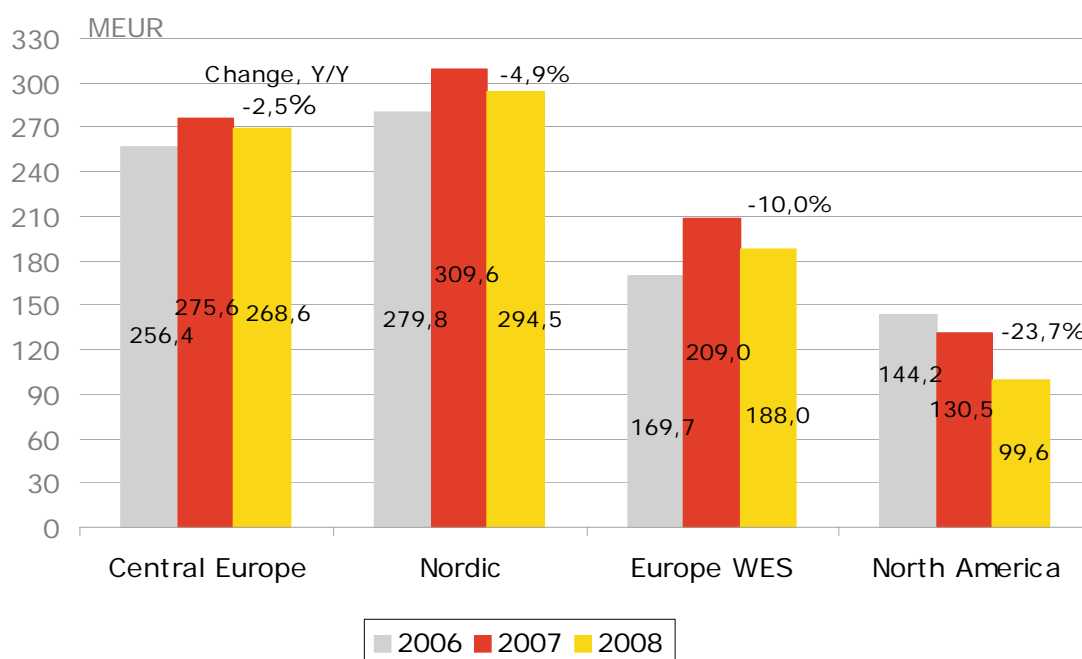
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Interim January – September 2008

Revenue development by region

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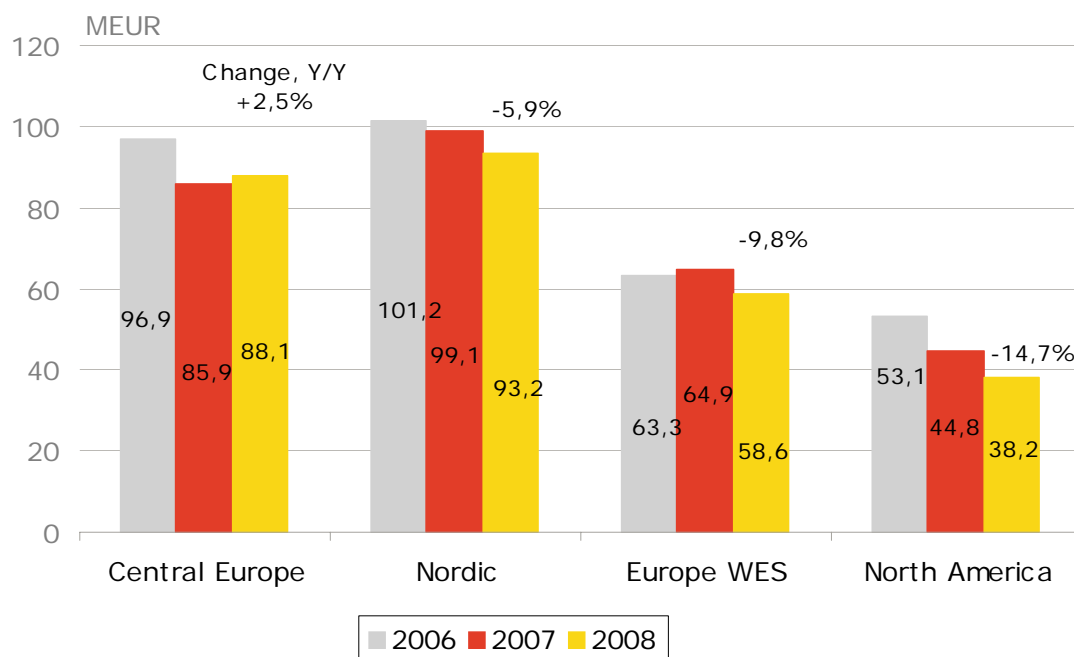
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Interim July - September 2008 Revenue development by region

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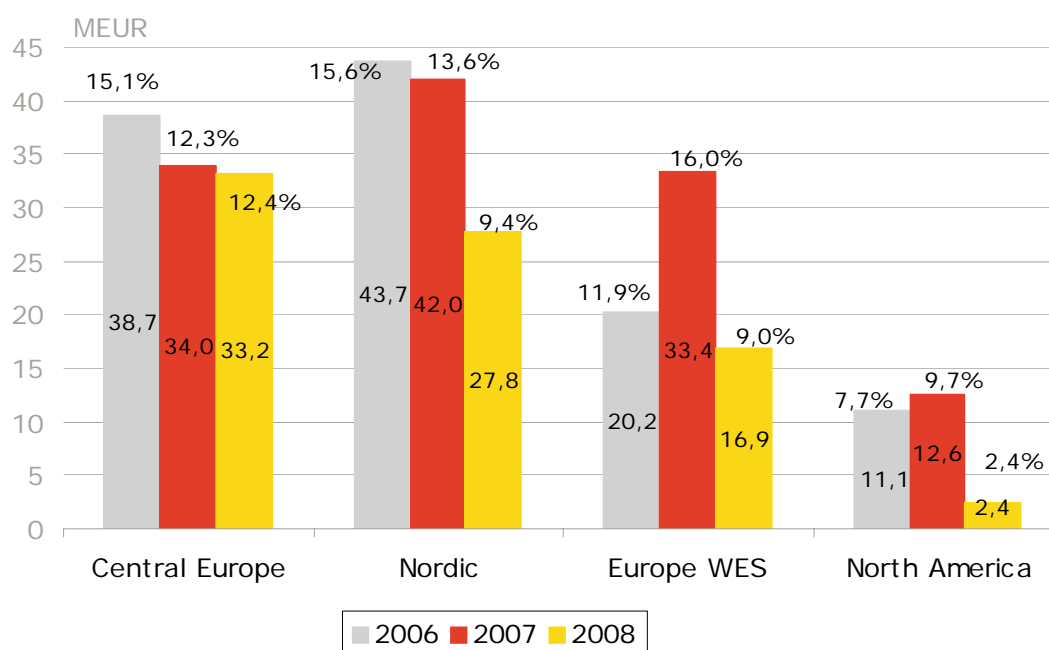
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Interim January - September 2008 Result development by region

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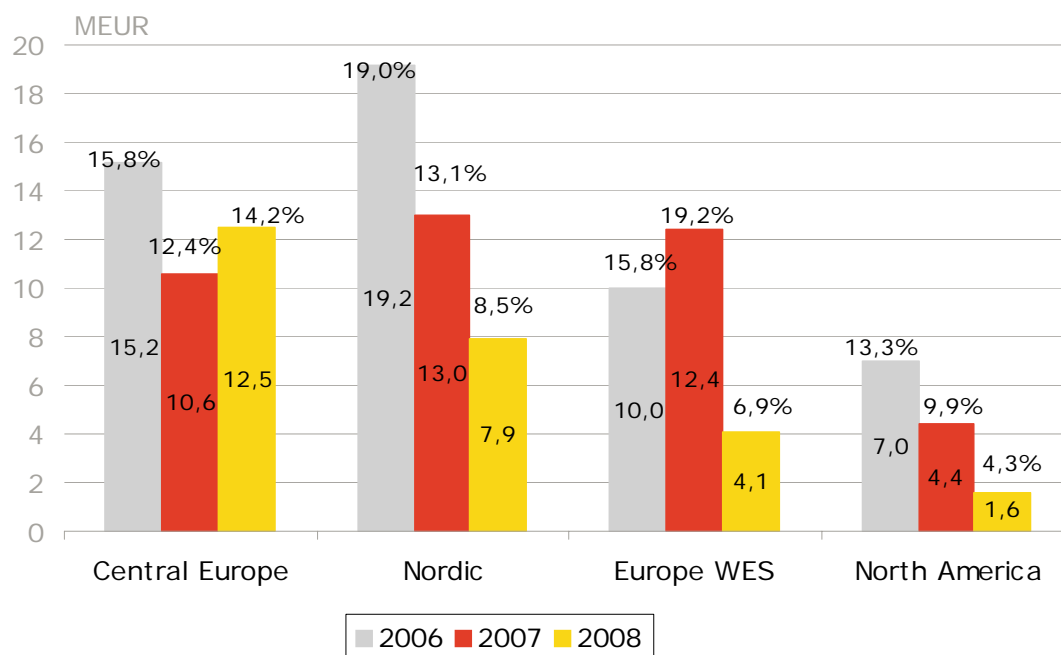
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Interim July - September 2008 Result development by region

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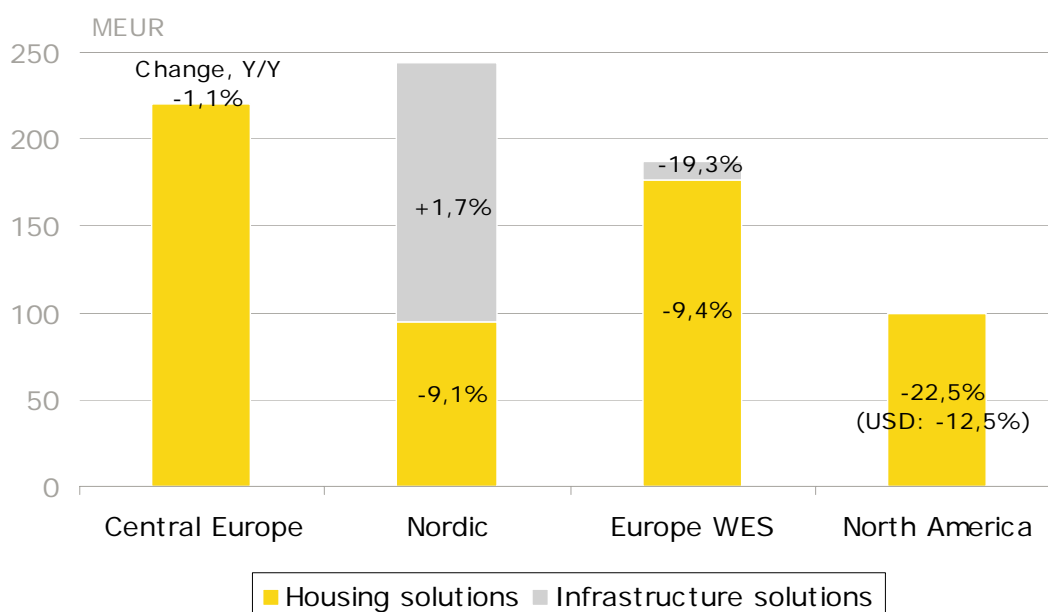
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Interim January – September 2008 Business segment external revenue

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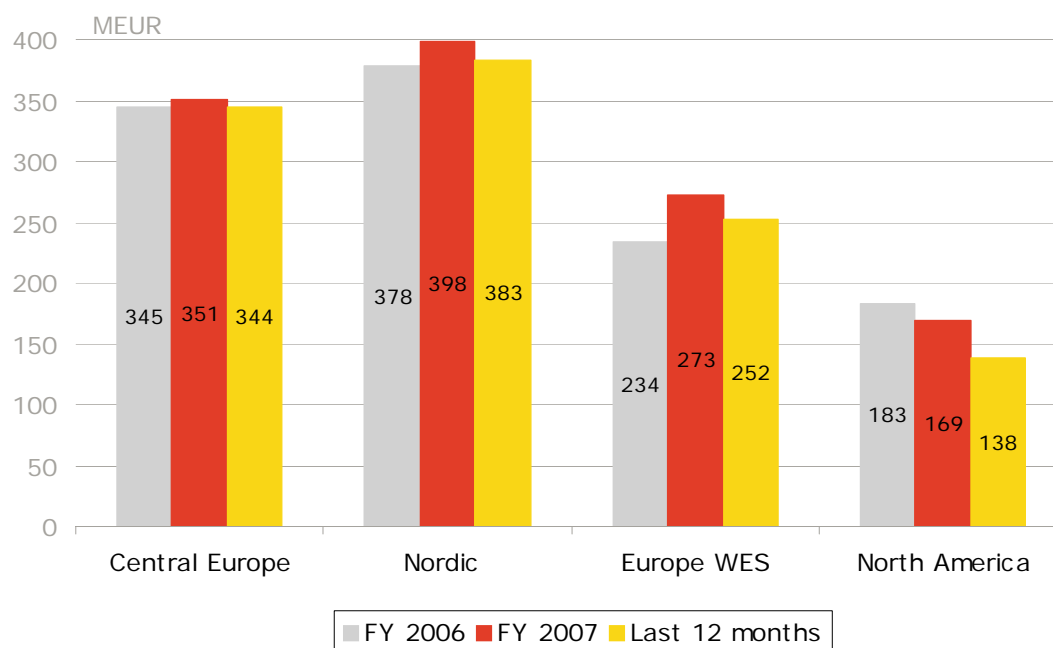
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Revenue development by region, last 12 months

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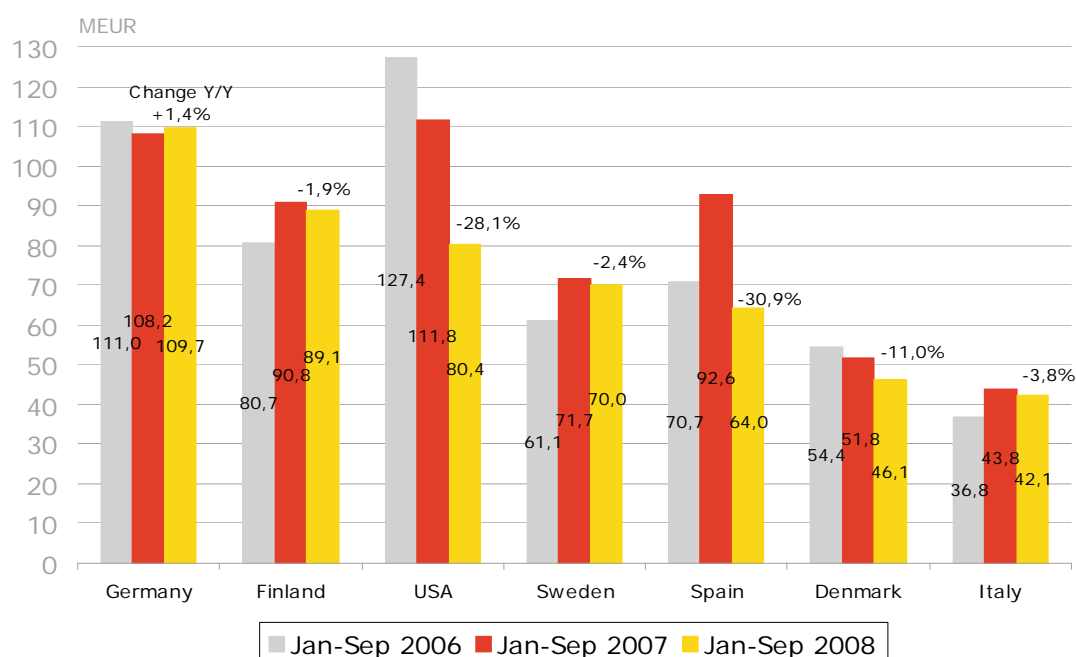
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Net sales development by key national markets (> 5% of Uponor net sales)

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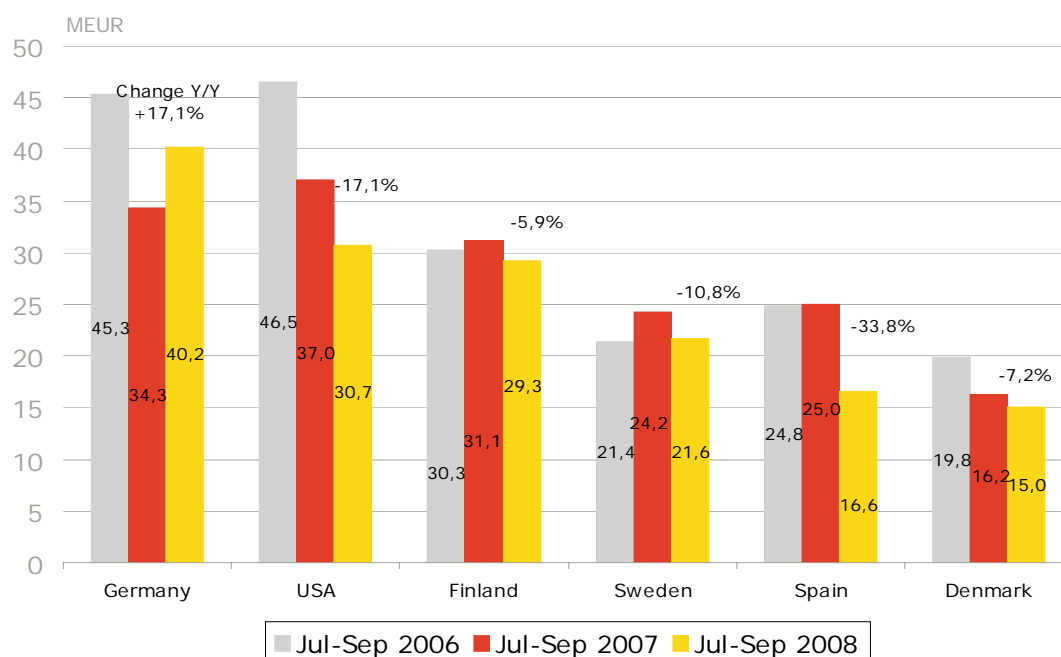
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Net sales development by key national markets (> 5% of Uponor net sales)

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Interim January – September 2008 Balance sheet

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MEUR	30 Sep 2008	30 Sep 2007	Change Y/Y	31 Dec 2007
Property, plant and equipment	180,3	210,0	-29,7	218,9
Intangible assets	101,1	98,7	+2,4	101,7
Securities and long-term investments	7,4	3,6	+3,8	3,6
Inventories	128,0	160,4	-32,4	150,6
Cash and cash equivalents	5,1	7,4	-2,3	6,3
Other current and non-current assets	221,4	257,5	-36,1	183,2
Shareholders' equity	319,0	316,5	+2,5	333,0
Non-current interest-bearing liabilities	17,3	19,6	-2,3	14,7
Provisions	13,2	18,4	-5,2	16,2
Non-interest-bearing liabilities	206,7	277,3	-70,6	224,3
Current interest-bearing liabilities	87,1	105,8	-18,7	76,1
Balance sheet total	643,3	737,6	-94,3	664,3

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Cash flow

MEUR	1-9/ 2008	1-9/ 2007	Change Y/Y	1-12/ 2007
Net cash from operations	97,5	148,4	-50,9	186,0
Change in NWC	-4,4	-74,3	+69,9	-45,1
Net payment of income tax and interest	-38,0	-35,2	-2,8	-47,1
Cash flow from operations	55,1	38,9	+16,2	93,8
Cash flow from investments	52,8	-27,4	+80,2	-52,7
Cash flow before financing	107,9	11,5	+96,4	41,1
Dividends and buy backs	-102,5	-102,5	+0,0	-102,5
Other financing	-6,6	86,0	-92,6	55,3
Cash flow from financing	-109,1	-16,5	-92,6	-47,2
Change in cash and cash equivalents	-1,2	-5,0	+3,8	-6,1

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Cash flow

MEUR	7-9/ 2008	7-9/ 2007	Change Y/Y
Net cash from operations	33,1	47,8	-14,7
Change in NWC	12,0	5,0	+7,0
Net payment of income tax and interest	-16,4	-9,3	-7,1
Cash flow from operations	28,7	43,5	-14,8
Cash flow from investments	-8,2	-10,9	+2,7
Cash flow before financing	20,5	32,6	-12,1
Dividends and buy backs	0,0	0,0	+0,0
Other financing	-23,9	-35,3	+11,4
Cash flow from financing	-23,9	-35,3	+11,4
Change in cash and cash equivalents	-3,4	-2,7	-0,7

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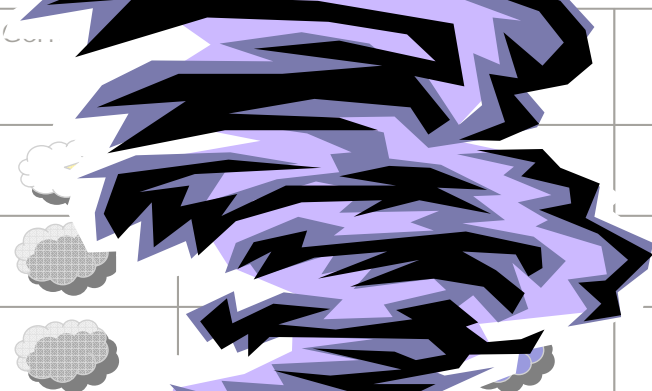
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Future outlook

Uponor market outlook for 2008 continues weak

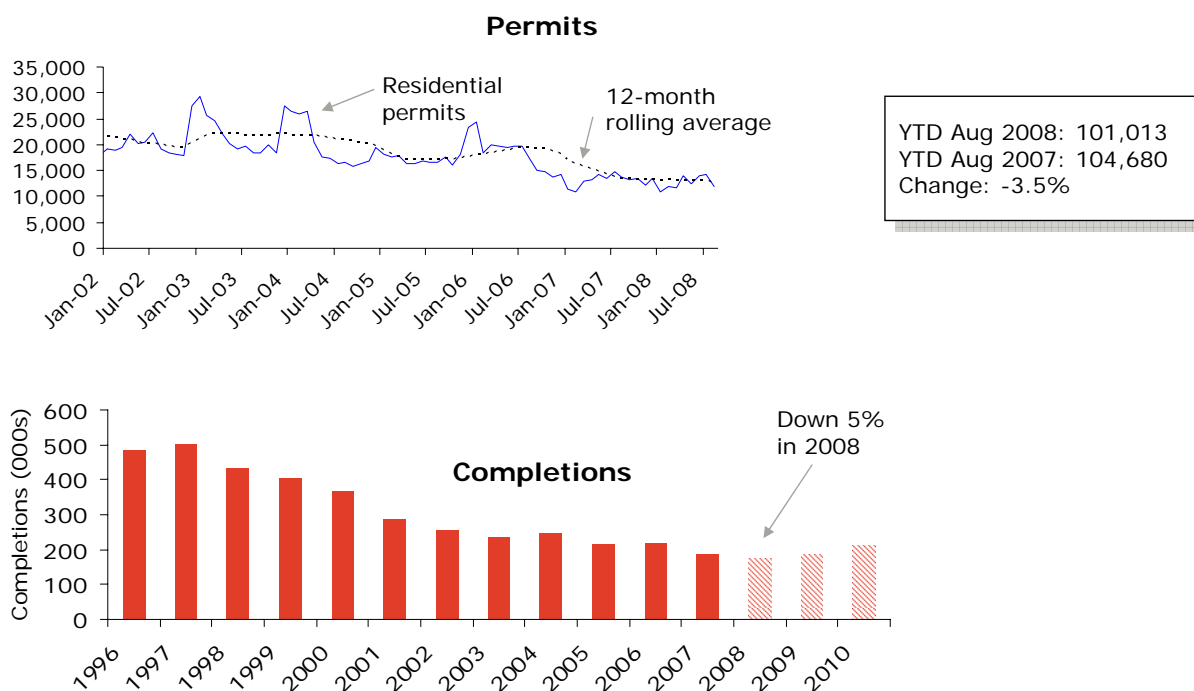


Residential new building	Germany	USA
2006		
2007		
Outlook 2008		

- General market turbulence makes construction forecasts obsolete

Residential housing development in Germany

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Source: Statistisches Bundesamt

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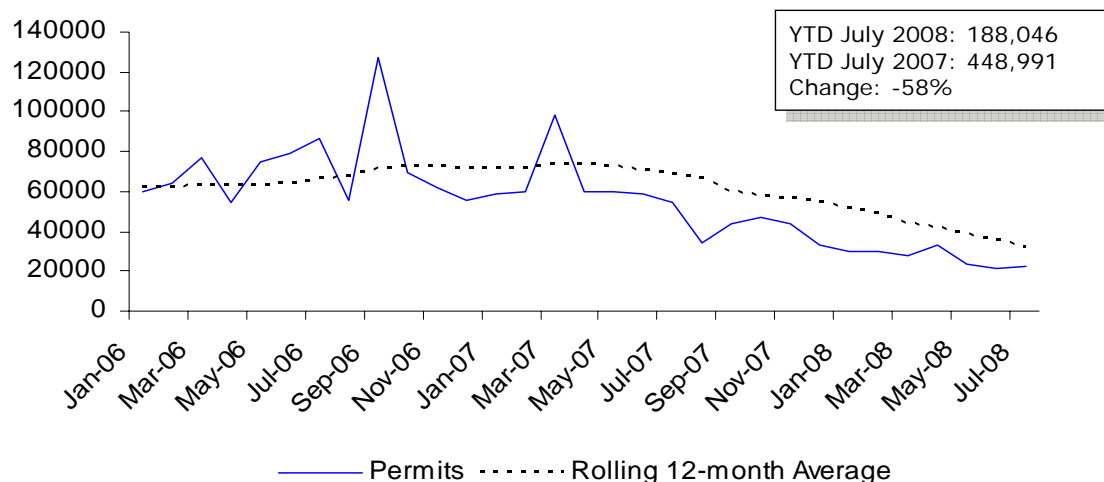
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Residential housing permits development in Spain

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Source: INE

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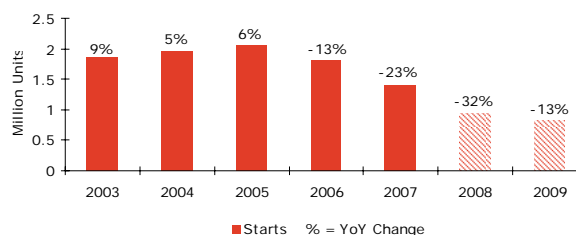
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• Residential

Latest projections for U.S. housing starts are 0.95 million in 2008, falling another 13% to 0.83 million in 2009

U.S. Housing Starts

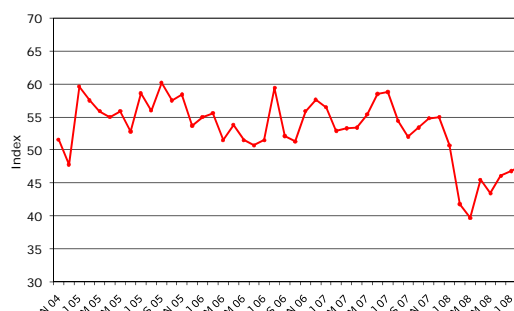


Source: Consensus Economics 9/2008

• Non-residential

Construction-Put-In-Place statistics indicate that the anticipated slowdown in non-residential construction may be beginning

U.S. Architectural Billing Index



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Management agenda: Cost focus without forgetting growth opportunities

- Cost-reduction programme to secure performance in the continued weak market environment
- Drive synergic benefits
 - New European housing solutions organisation improves focus
 - one supply chain
 - focussed sales and marketing
 - harmonisation of offering
- Continue to allocate resources in key strategic initiatives
 - high-rise
 - strengthening of position in North America
 - geographical expansion in Europe
 - penetrating low market share markets



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Cost reduction programme for 2008/2009 well under way

- Cost reduction programme announced in August aims at adjusting expenses to the low activity level in customer industries
- The programme targets
 - structural cost reductions in the range of EUR 30m, effective in 2009
 - likely to affect more than 200 employees
- Preliminary cost impact estimated at EUR 10 million/2008-09
 - of which, EUR 3.2m booked during Q3/2008
 - total expenditure in 2008 expected to rise over EUR 7m

Progress in Q3:

- Closed down St. John factory, Canada – reduction of 80 employees
- During Q3, work force reduced globally by 206+52 (own staff + agency employees)
- Consultation with employees ongoing in Finland and Sweden

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Guidances for 2008

- In essence, Uponor repeats its guidance from 11 June 2008:
 - continuing operations' net sales are not expected to reach last year's level
 - continuing operations' operating profit expected to fall short of the 2007 level
- Despite weak market outlook, guidance justified by ongoing growth initiatives, continued penetration, and efficiency improvements/cost containment

Measure	Current guidance (Announced on 11 June 2008)
Net sales	< 1,047.4 MEUR (=2007 level)
Operating profit	< 135.7 MEUR (=2007 level)
Full-year 2008 costs relating to the cost reduction programme	~ 7 MEUR
Gross capex	~ 40 MEUR
Tax rate	~ 31.5%*

*) excluding gain from the UK/Irish divestment

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simply more

The text may contain forward-looking statements, which are based on the management's present expectations and beliefs about the future. The actual result may differ materially from such statements.
