

An aerial night view of a city skyline, likely Copenhagen, featuring a river with bridges and illuminated buildings. The sky is a deep blue, and the city lights are reflected in the water.

uponor

Enriching people's way of life

Roadshow presentation January – September 2017

Jyri Luomakoski, President & CEO

Maija Strandberg, CFO

October 2017

Why invest in Uponor

The company: An industry innovator building on a century of tradition

- Established brand with a proven historic growth, organically and through acquisitions
- Stable business with a track record of profitable performance, even during downturns
- An up-to-date production network from the production technology perspective, as well as regional spread
- Committed long-term key ownership with a clear understanding of the industry's dynamics

The business: Solutions for safe drinking water delivery, energy-efficient heating and cooling and reliable infrastructure

- A leading international supplier of plastic plumbing and hydronic radiant heating systems and a strong position in civil engineering pipe systems in northern Europe
- A proven track record of superior quality supported by product, system and value chain innovation that meets customer expectations
- Total offering committed to: Comfort, Health, Efficiency, Sustainability and Safety

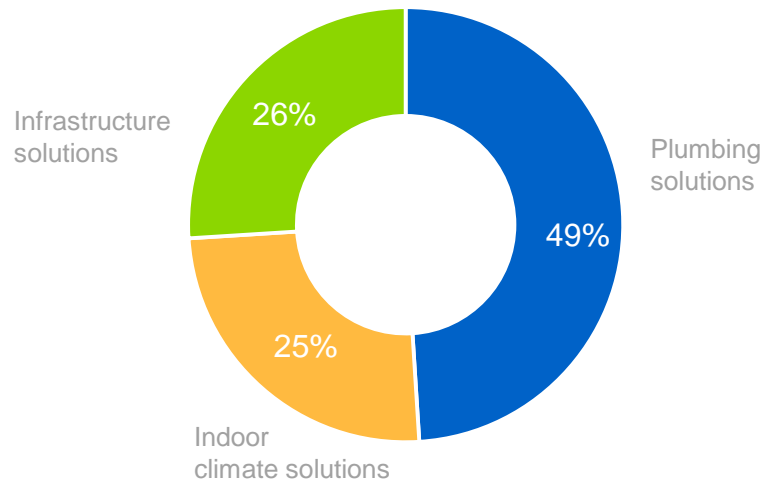
Read more at: <http://investors.uponor.com>



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

1,1

billion euro
Net sales 2016

30

countries with
Uponor operations

14

production
sites worldwide

3,900

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 people

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



Shared values guide our operations

With 3,900 committed employees in 30 countries,
Uponor is at your service all over the world

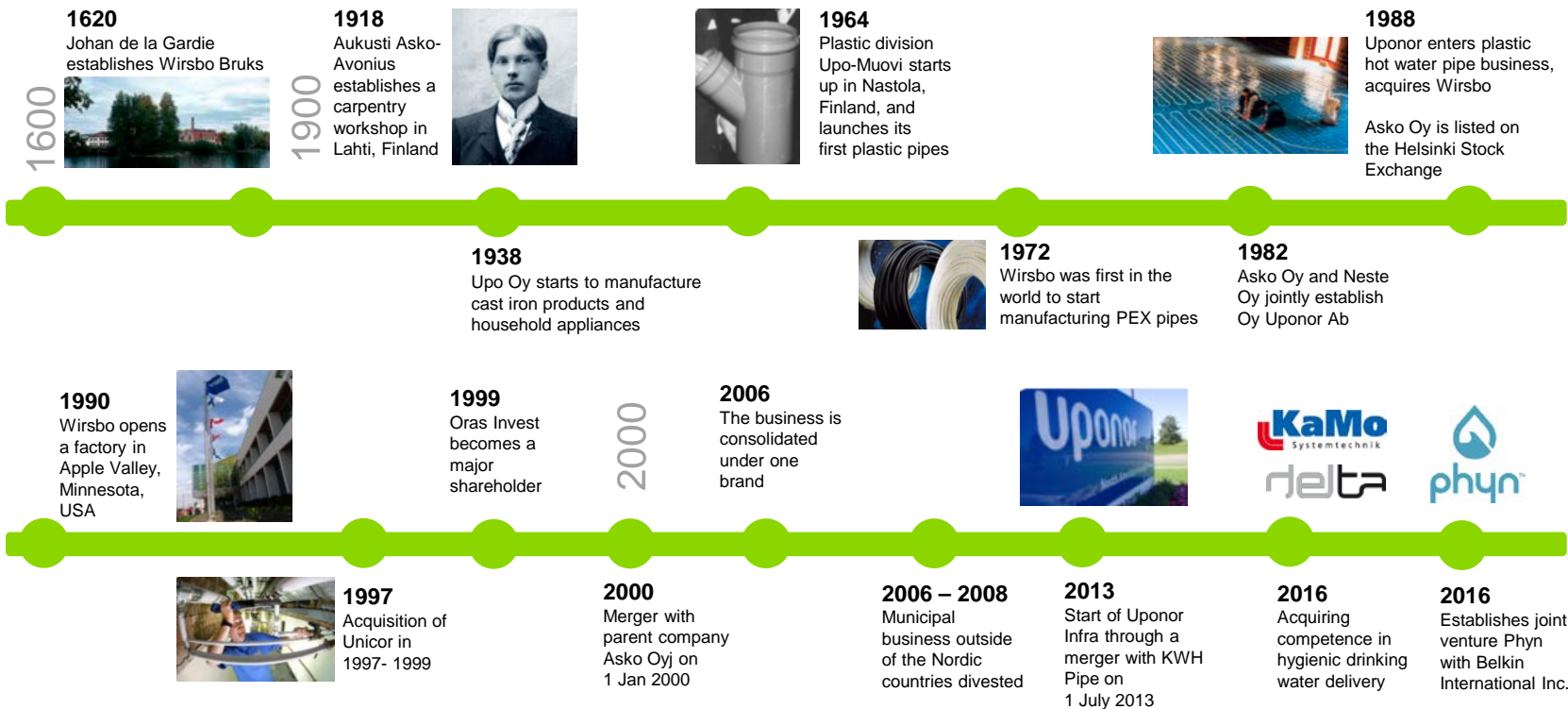
OUR VALUES

CONNECT

BUILD

INSPIRE

Uponor milestones



Uponor's sustainability statement

Uponor is committed to addressing the key issues of our time through innovations that help reduce environmental impact. Through partnerships, we strive to provide leadership in sustainable solutions for the mutual well-being of both people and the planet, while ensuring the long-term viability of our operations.

Our sustainability pillars

Strongly integrating sustainability into our corporate mindset.

Driving down our environmental impact.

Enriching life through our innovative solutions.

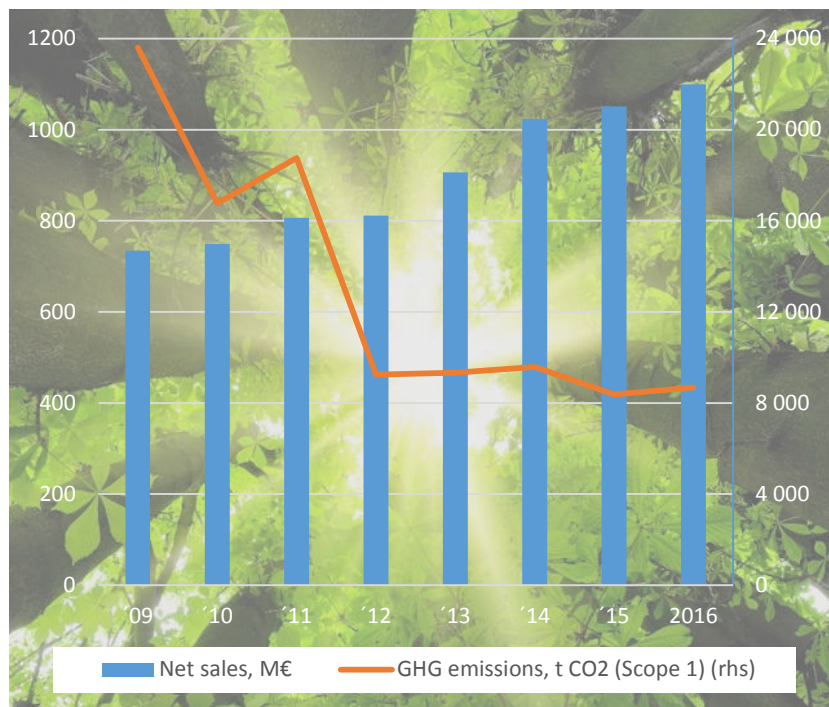
Engaging external stakeholders in our sustainability journey.

Driving down our environmental impact

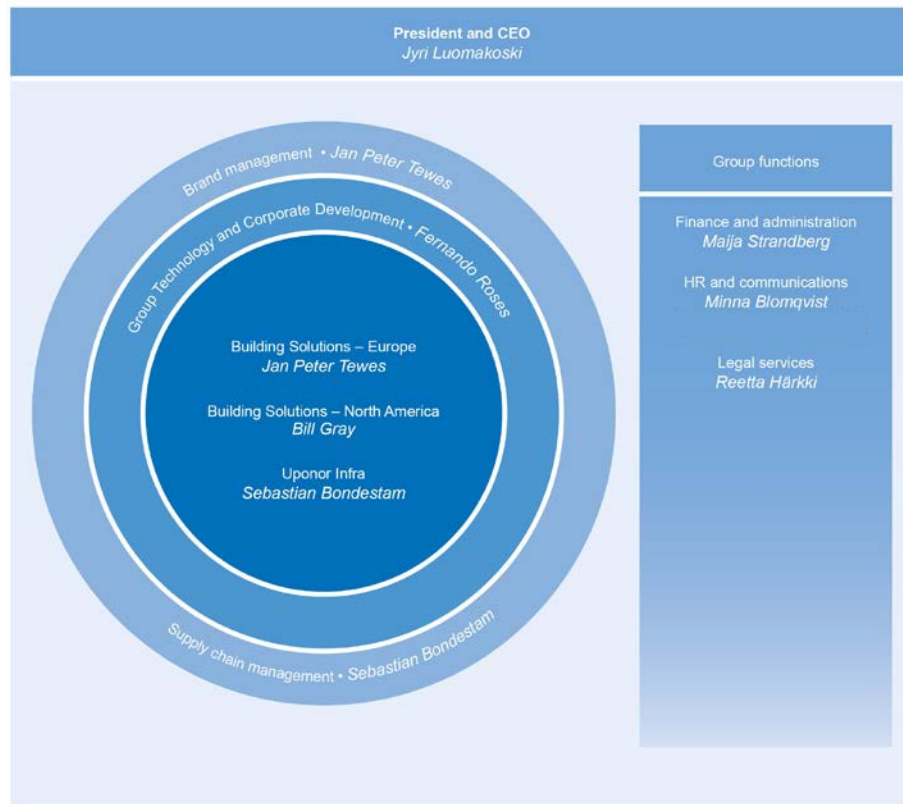
Uponor has been reporting through CDP Climate change survey since 2010

Level B - Management
= taking coordinated action on climate change issues

2017	B
2016	B
2015	C 92
2014	C 85
2013	C 74
2012	C 73
2011	C 65
2010	C 60



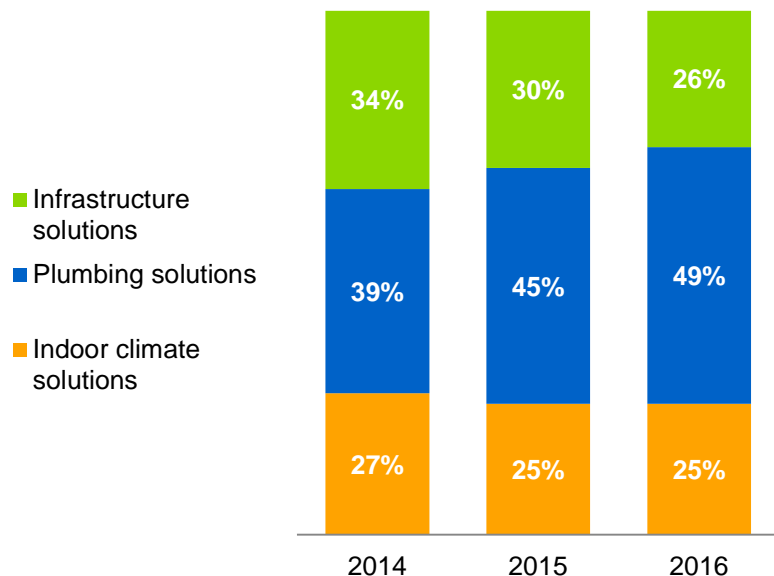
Group structure



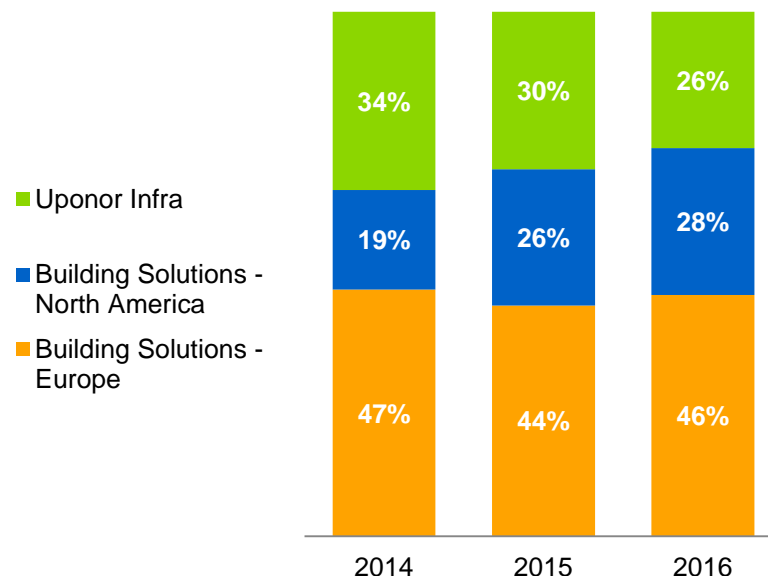
Net sales breakdown

Consolidated net sales for 2016: €1,1 billion

BY BUSINESS GROUP

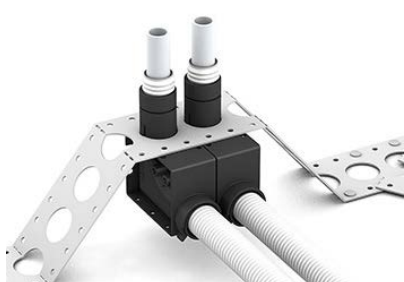


BY SEGMENT



Uponor's plumbing offering

For efficient and hygienic drinking water delivery



Flexible pipe systems



Multilayer pipe systems



Risers



Press fittings



Pre-fabricated 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



Geothermal energy stations



Manifold stations



Controls



Local heat distribution



Ventilation

Uponor's infrastructure offering

Transporting water, air, electricity, telecommunications and data



Standard Solutions



360° Project Services



Technology

Investment in R&D and technology

In 2016, Uponor's R&D expenditure exceeded €20 million for the first time

- New Group Technology function
- Investment in digitalisation initiatives
- New product, application and materials development



Phyn



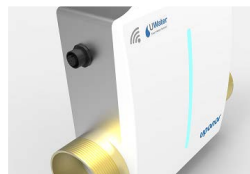
Smatrix Aqua PLUS



Aqua & Combi Port



Ecoflex Thermo PRO



UWater



Uponor Decibel

Strategic focus on hygiene, safety and sustainability

- UWater online monitoring – Dec 2015
- KaMo/Delta fresh water stations - Jan 2016
- Joint venture Phyn with Belkin to pioneer in intelligent water - July 2016

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



First renovation project involving radiant ceiling cooling in tropical climate:
Seng Choon Office Building, Singapore



Water supply in demanding terrain: Glomfjord, Norway



Restoring old-world charm to an iconic hotel: The Cavalier Hotel, Virginia, USA



Radiant heating & cooling in
European Central Bank:
Frankfurt, Germany



Water supply in extreme weather conditions: Gabriel de Castilla research station, Antarctica



Securing safe transportation of waste water: Borås, Sweden

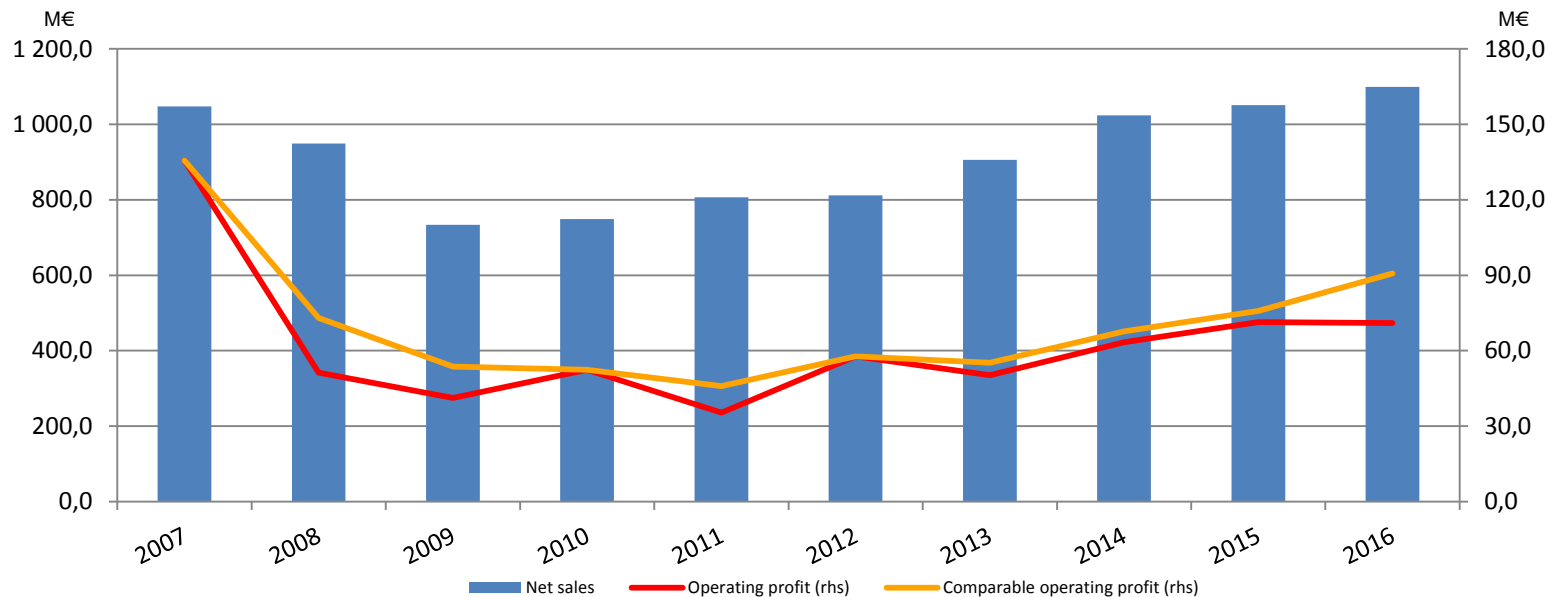


Radiant heating & cooling in an underground women's university: Seoul, South Korea



Ice-free pavement throughout the year: Lahti, Finland

Business gradually picking up after the global financial crisis



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



Long-term financial targets

Since 12 February 2013

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
30 to 70
as an annual
average of the
quarters

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

Achievement in 2016

2.0%
(target 4.7%*)

6.5%
(comparable
EBIT 8.2%)

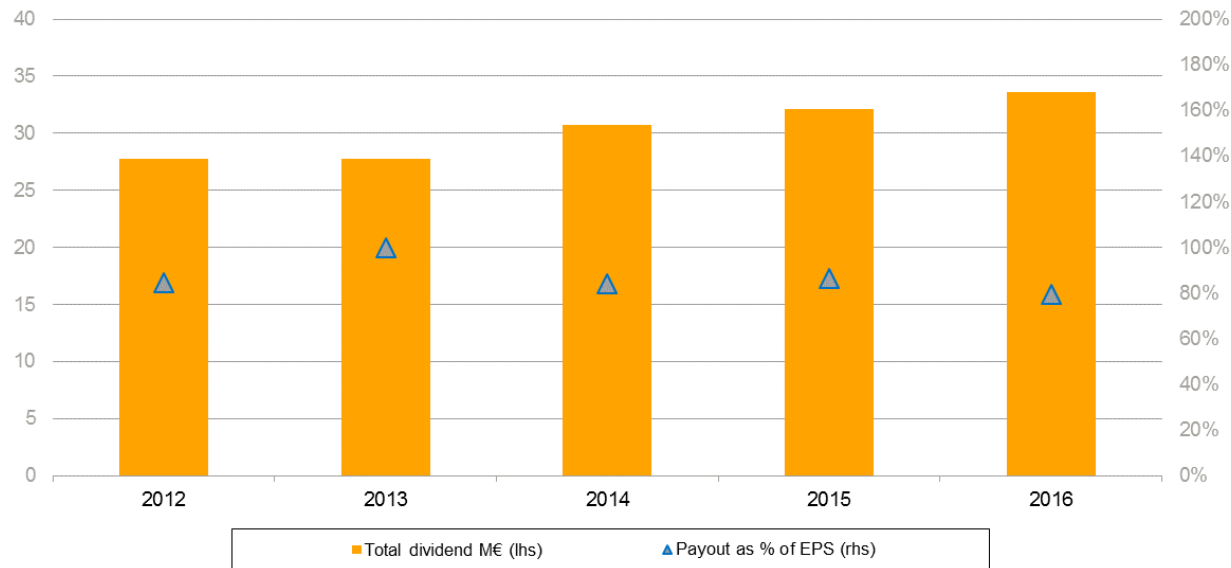
14.1%

56.7

79.3%

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

Dividends and payout ratio

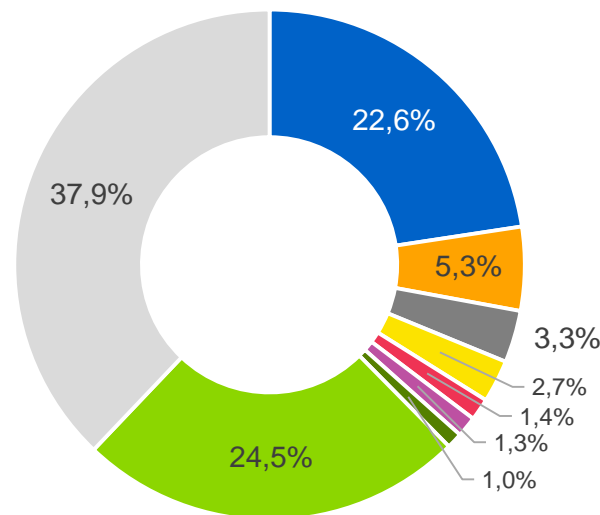


Dividend for 2016: €0.46 per share

Major shareholders

30 June 2017

- Oras Invest Ltd 22.6%
- Varma Mutual Pension Insurance Company 5.3%
- Nordea Nordic Small Cap Fund 3.3%
- Ilmarinen Mutual Pension Insurance Company 2.7%
- Mandatum Life Insurance Company Ltd 1.4%
- The Local Government Pensions Institution 1.3%
- Nordea Pro Finland Fund 1.0%
- Nominee registrations 24.5%
- Others 37.9%



Currently valid foreign notifications

20 March 2017: the holdings of Franklin Resources, Inc., went down to below 5.0%

- 17,900 shareholders at the end of June 2017
- Foreign shareholding was 24.8% at the end of June 2017, down from 26.1% in Dec 2016



Interim results briefing

Jyri Luomakoski – President and CEO
Maija Strandberg – CFO

1–9/2017

Q3/2017: Uponor's good progress in the third quarter offsets the shortfall in the second quarter

July - September, M€	7-9/ 2016	7-9/ 2017	Change
Net sales	284.1	317.5	11.8%
Operating profit	25.1	40.4	60.9%
Comparable operating profit	29.0	40.4	38.9%

Net sales

- Building Solutions – Europe's sales grew in all key countries but Finland
- Building solutions demand in the U.S. continued to grow, and improvements were made in securing smooth deliveries
- Uponor Infra posted robust growth in North America and Sweden

Operating profit

- More efficient supply chain network in Building Solutions – Europe, together with growth in net sales, improved performance
- Building Solutions – North America reported a strong year-over-year increase, offsetting the weaker second quarter
- Uponor Infra benefited from sales price increases, which compensated for the raw material price increases in H1/2017

Developments by segment: Building Solutions – Europe

- Favourable net sales growth across most key European markets
- Increasingly, building growth is curbed by lack of professionals, e.g. Sweden, Germany
 - Uponor's range of new prefabricated products, such as the Uponor Port family, is helping to solve capacity issues in installation and planning



Developments by segment:

Building Solutions – North America

- The business environment continued healthy across North America
- Despite capacity constraints, Uponor is improving its ability to deliver customer orders
 - Some products still on allocation
 - The April production issue solved
- Manufacturing expansions under way to meet expected growth
 - 10th expansion in Apple Valley in progress, operations are planned to start early 2018
 - Acquisition of a Hutchinson, Minn. facility closed in August; operations are planned to start in the second half of 2018



Developments by segment: Uponor Infra

- Net sales grew in a robust way in North America and Sweden
- Improving trend in profitability, year-to-date performance now ahead of last year
 - Supported by price increases implemented due to first half-year resin price increases
 - Production yield not yet on pre-relocation level in Finland
- Tanzania enters as the 12th country to which Uponor has granted manufacturing license for its proprietary Weholite structured-wall pipe



A photograph of a modern building with a series of cantilevered balconies or walkways. The balconies have a dark, grid-like metal railing. The building's facade is a mix of glass and light-colored panels. The sky is a clear blue, and the lighting suggests it might be late afternoon or early morning, with a warm glow on the right side of the image.

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Financial statements

1 – 9 / 2017

January – September 2017:

Key figures

Uponor Group - continuing operations		1-9 2016	1-9 2017	Change Y/Y	1-12 2016
Net sales	M€	830.5	891.0	+7.3%	1,099.4
Operating profit	M€	63.5	77.9	+22.7%	71.0
Comparable operating profit	M€	74.6	79.2	+6.0%	90.7
Comparable operating profit margin	%	9.0%	8.9%	-0.1% pts	8.2%
Earnings per share (diluted)	€	0.47	0.64	+36.2%	0.57
Return on equity (p.a.)	%	15.3%	20.2%	+4.9% pts	13.1%
Return on investment (p.a.)	%	16.9%	19.4%	+2.5% pts	14.1%
Net interest bearing liabilities	M€	177.5	161.8	-8.8%	159.5
Gearing	%	56.6%	48.2%	-8.4% pts	48.8%
Net working capital of net sales (p.a.)	%	12.0%	11.0%	-1.0% pts	10.2%
Number of employees, end of period	FTE	3,873	3,977	+2.7%	3,868

July – September 2017:

Income statement

Uponor Group - continuing operations, M€	7-9 2016	7-9 2017	Change Y/Y
Net sales	284.1	317.5	+11.8%
Cost of goods sold	187.3	208.2	+11.1%
Gross profit	96.8	109.3	+13.0%
Gross profit margin (%)	34.1%	34.4%	+0.4% pts
Other operating income	0.4	0.2	-33.4%
Expenses	72.1	69.1	-3.9%
Operating profit	25.1	40.4	+60.9%
Operating profit margin (%)	8.8%	12.7%	+3.9% pts
Financial expenses, net	1.7	-1.1	-167.7%
Share of result in associated companies	0.1	-0.5	-922.6%
Profit before taxes	23.5	41.0	+74.6%
Profit for the period	14.8	28.6	+93.1%
EBITDA	37.2	49.8	+34.0%

- **Net sales** in July-September included only a marginal negative net impact from the USD, RUB and SEK
- **Comparable gross profit** grew slightly more than net sales and ended up at €109.3 (97.6) million, with a gross profit margin of 34.4% (34.3%)
- **Comparable operating profit** reached €40.4m (€29.0m), an increase of 38.9%
- There were no new **items affecting comparability** in the third quarter as the final measures related to the European transformation programmes were initiated during the second quarter of 2017

January – September 2017: Income statement

Uponor Group - continuing operations, M€	1-9 2016	1-9 2017	Change Y/Y	1-12 2016
Net sales	830.5	891.0	+7.3%	1,099.4
Cost of goods sold	540.4	591.9	+9.5%	723.4
Gross profit	290.1	299.1	+3.1%	376.0
Gross profit margin (%)	34.9%	33.6%	-1.4% pts	34.2%
Other operating income	2.4	2.8	+17.3%	4.2
Expenses	229.0	224.0	-2.2%	309.2
Operating profit	63.5	77.9	+22.7%	71.0
Operating profit margin (%)	7.6%	8.7%	+1.1% pts	6.5%
Financial expenses, net	7.2	2.9	-59.8%	10.0
Share of result in associated companies	0.2	-1.6	-957.0%	-0.6
Profit before taxes	56.5	73.4	+30.0%	60.4
Profit for the period	35.6	50.3	+41.3%	41.5
EBITDA	95.1	107.0	+12.5%	112.6

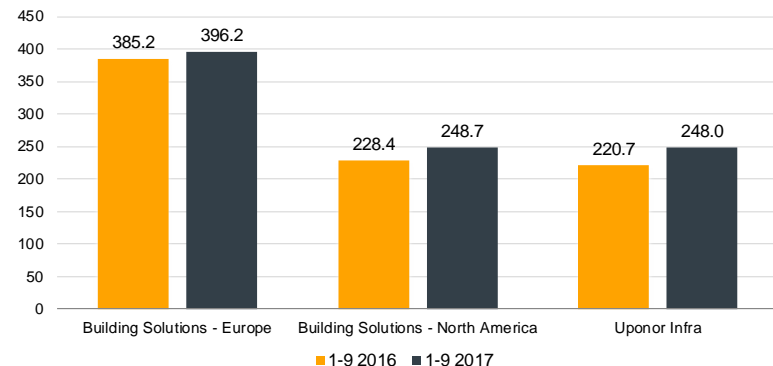
- **Net sales** growth +7.4% in constant currency terms
– A negative net currency impact of €1.3m originating from the RUB, SEK and USD
- **Comparable gross profit margin** 33.7% (35.2%)
- **Comparable operating profit** €79.2m, which is 6.0% more than last year (€74.6m)
- **Financial expenses** include a €3.6m positive impact from the Supreme Administrative Court's decision concerning Uponor's 2016 tax appeals in Finland

January – September 2017:

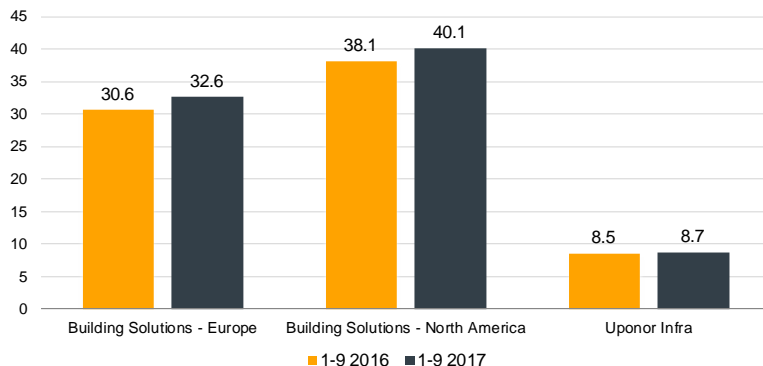
Net sales & comparable operating profit by segment

Currency: M€

Net sales



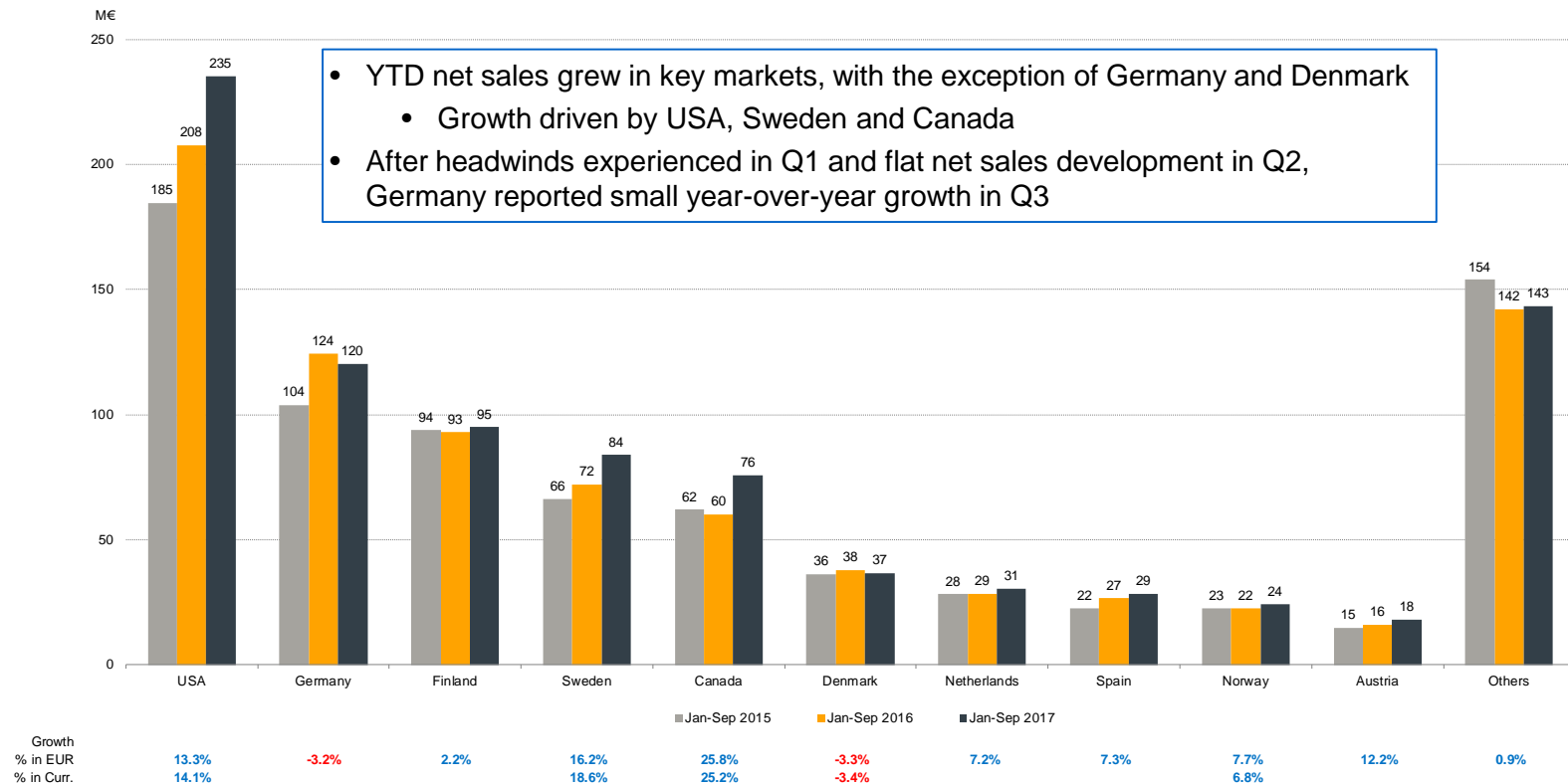
Comparable operating profit



- **Building Solutions – Europe:** Year-to-date comparable operating profit exceeded last year's level (+6.3%) driven by solid growth of net sales in several national markets in Q3. Benefits from the transformation programme support the improvement in profitability
- **Building Solutions – North America:** Strong performance in Q3 and recovery from the temporary production issue experienced in Q2. Year-to-date net sales (+8.9%) as well as operating profit (+5.2%) improved from 2016 even though deliveries to customers are still partly on allocation
- **Uponor Infra:** Favourable net sales development (+12.4%), and comparable operating profit exceeding last year (+3.0%). Despite a successful execution of price increases, comparable operating improved only slightly due to challenges related to production relocations in Finland

January – September 2017:

Net sales development by key markets



January – September 2017:

Balance sheet

Uponor Group, M€	30 Sep 2016	30 Sep 2017	Change Y/Y	31 Dec 2016
Property, plant and equipment	223.6	239.3	+15.7	240.9
Intangible assets	120.0	116.0	-4.0	119.0
Securities and long-term investments	35.0	21.3	-13.7	34.7
Inventories	140.5	133.4	-7.1	139.3
Cash and cash equivalents	22.4	21.8	-0.6	16.3
Other current and non-current assets	262.2	288.4	+26.2	217.3
Assets total	803.7	820.2	+16.5	767.5
Total equity	313.7	335.6	+21.9	326.9
Non-current interest-bearing liabilities	159.0	87.4	-71.6	158.2
Provisions	25.4	27.9	+2.5	28.8
Non-interest-bearing liabilities	264.7	273.1	+8.4	236.0
Current interest-bearing liabilities	40.9	96.2	+55.3	17.6
Shareholders' equity and liabilities total	803.7	820.2	+16.5	767.5

- Property, plant and equipment increased mainly due to investments in capacity expansion and efficiency improvement
- Non-controlling interest represents €66.7m of the equity at €335.6m
- €80 million bond maturing in June 2018 is booked in current liabilities lowering long-term interest-bearing liabilities
- Gearing came to 48.2% (56.6%), with the four-quarter rolling gearing at 59.8% (51.8%)

January – September 2017:

Cash flow

Uponor Group, M€	1-9 2016	1-9 2017	Change Y/Y	1-12 2016
Net cash from operations	+92.5	+113.2	+20.7	+105.3
Change in NWC	-45.9	-30.3	+15.6	-16.6
Net payment of income tax and interest	-24.6	-17.5	+7.1	-28.8
Cash flow from operations	+22.0	+65.4	+43.4	+59.9
Cash flow from investments	-71.8	-33.8	+38.0	-91.8
Cash flow before financing	-49.8	+31.6	+81.4	-31.9
Dividends paid	-32.2	-33.6	-1.4	-32.2
Other financing	+56.2	+7.8	-48.4	+32.0
Cash flow from financing	+24.0	-25.8	-49.8	-0.2
Conversion differences	+0.0	-0.3	-0.3	+0.2
Change in cash and cash equivalents	-25.8	+5.5	+31.3	-31.9

- Gross investments came to €37.4m (29.7)
- Cash flow from investments in the comparison period includes cash flow effect of -€31.4m from the acquisition of KaMo & Delta Group and -€13.5m from the investment in the joint venture Phyn

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Outlook for the future

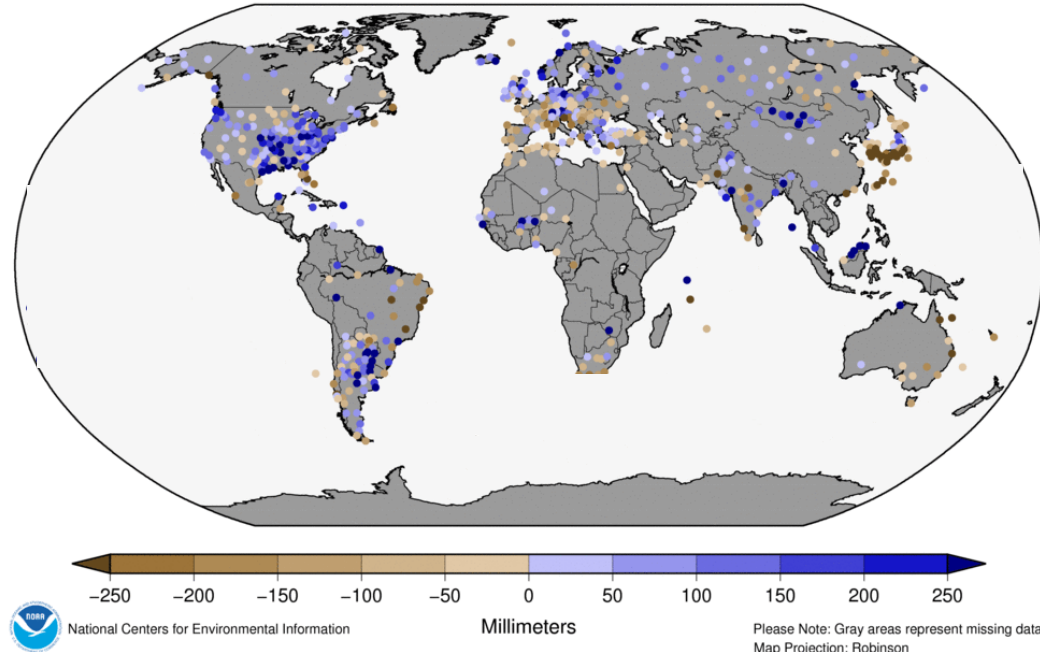


Abnormal weather patterns may influence the business and operations





















- Impacts can be felt both in the building solutions as well as in the infrastructure businesses
- Whether positive or negative, depends on the time span and the nature of the disaster

Land-Only Precipitation Anomalies Jun 2017–Aug 2017
(with respect to a 1961–1990 base period)

Data Source: GHCN-M version 2



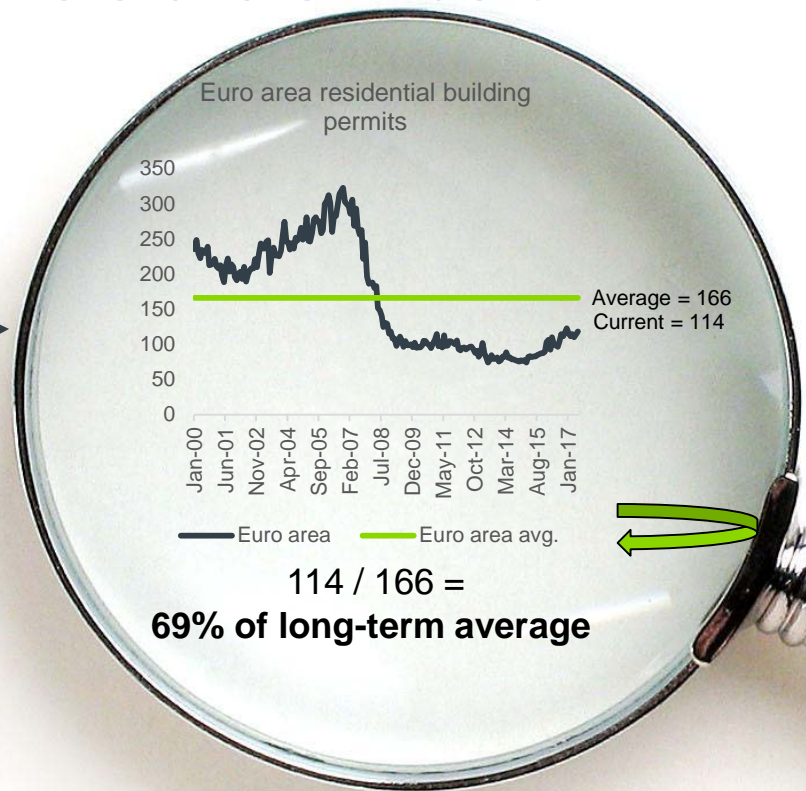
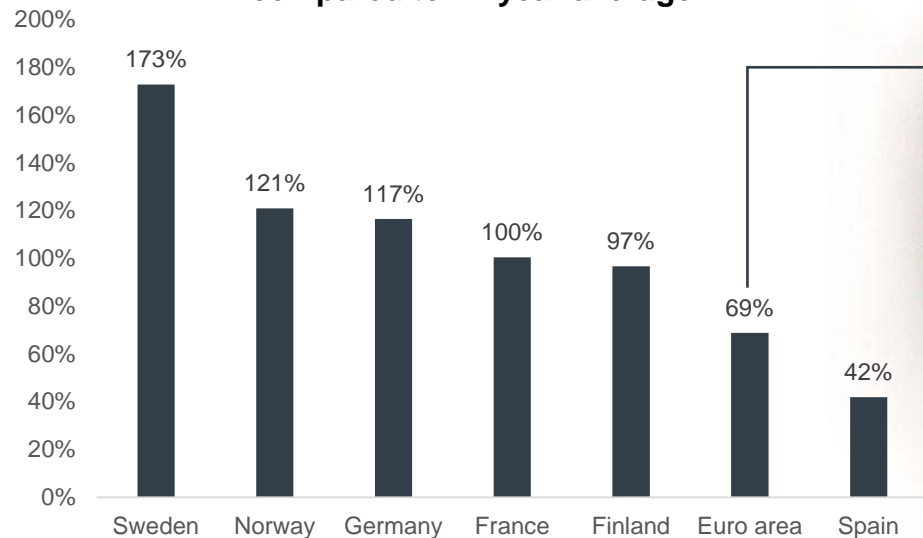
Leading indicators: Still solid, but growth is slowing

	Indicator	YTD % Change	Rolling 12-month % Change	Data through	Trend since Q2 update
 USA	Housing starts	+6% ¹⁾	N/A	September 2017	
 Germany	Housing permits	- 4%	+3%	July 2017	
 Finland	Housing permits	+6%	+7%	August 2017	
 Sweden	Housing starts	+22%	+24%	June 2017	
 Canada	Housing starts	+0% ¹⁾	N/A	September 2017	
 Denmark	Housing starts	-29%	-1%	March 2017	
 Netherlands	Housing permits	+37%	+39%	August 2017	
 Spain	Housing permits	+24%	+22%	July 2017	
 Norway	Housing starts	+5%	+9%	August 2017	
 Austria	Housing starts	+3%	+3%	June 2017	

¹⁾ Seasonally adjusted, annualised rate vs. same month in 2016

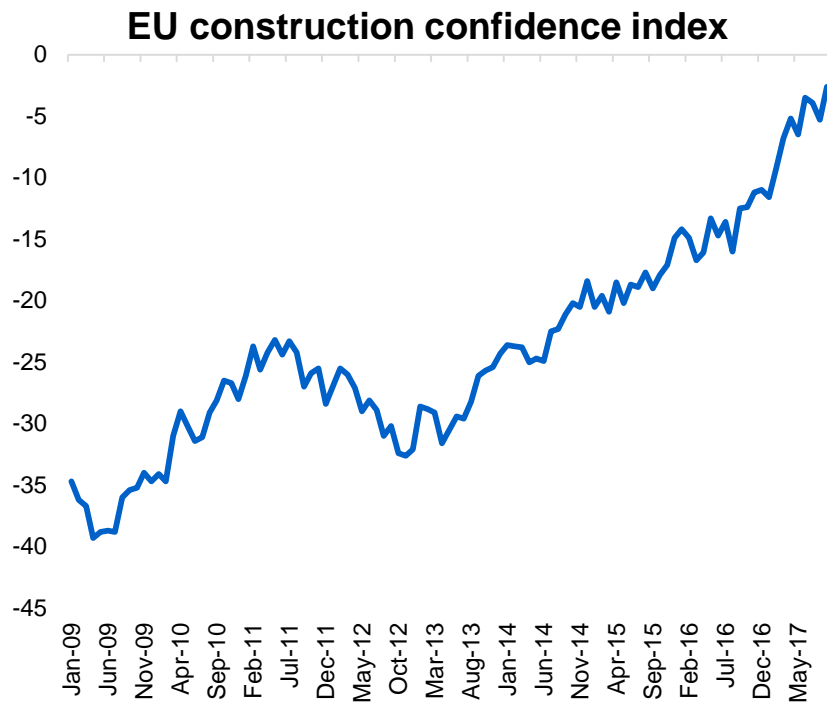
Residential building permit levels are still below historical average in Europe

Summer '17 residential building permit levels compared to 17-year average

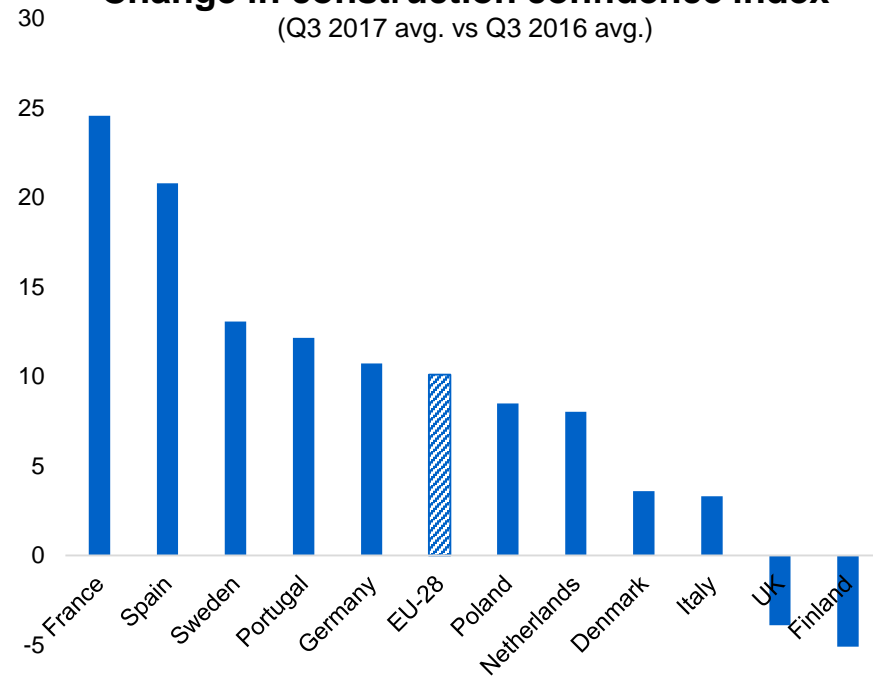


Source: Eurostat

Builder confidence continues to strengthen in most European markets



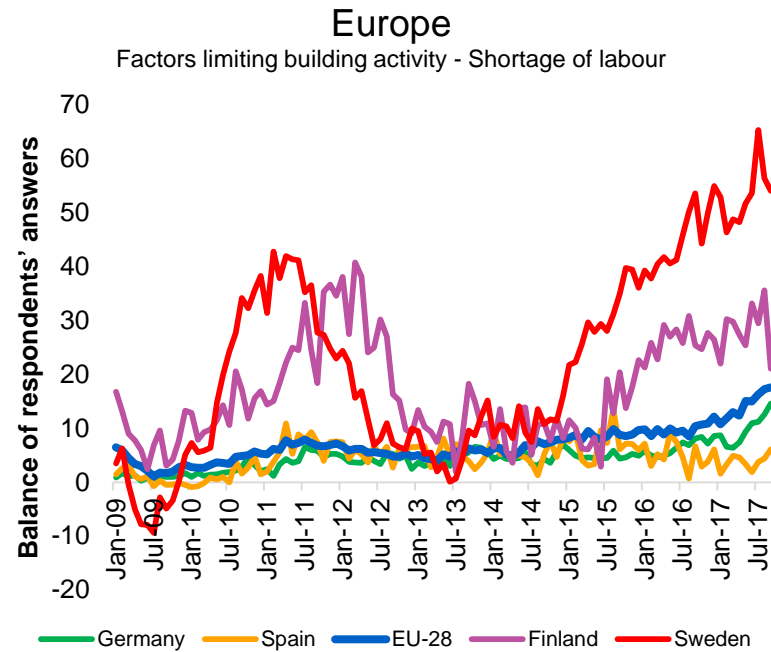
Change in construction confidence index
(Q3 2017 avg. vs Q3 2016 avg.)



Source: Eurostat

Companies reporting labour shortages is highest in the Nordics, but growing in Germany

“What factors are limiting your ability to increase business activity?”



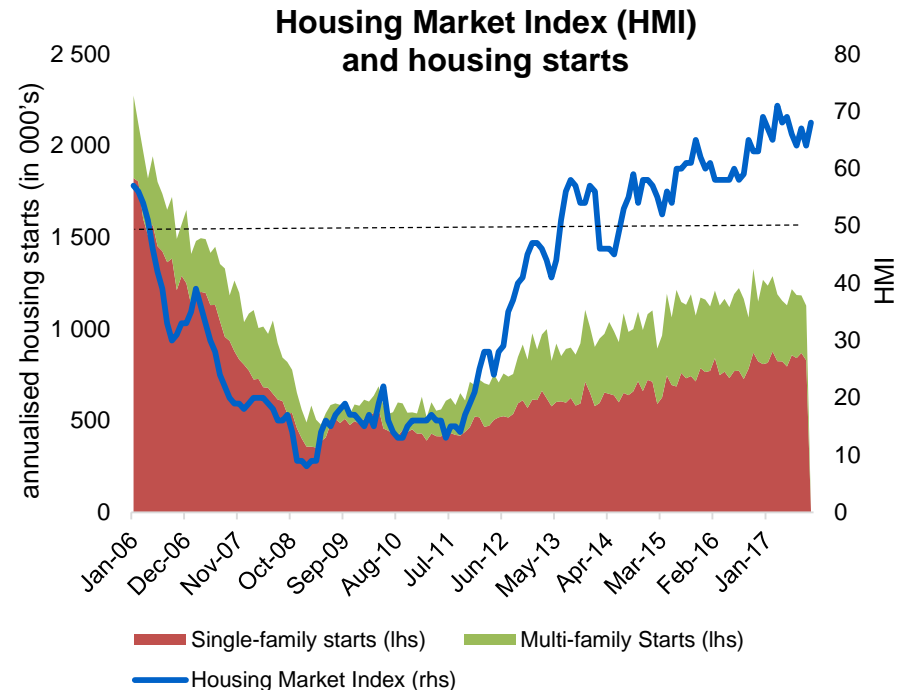
Source: Eurostat

USA: Despite cautionary expectations, market expansion has continued

Consumer spending remains robust, while business investments have grown significantly from last year. However, labour shortages in some industries and rising interest rates are tempering growth

Within the construction industry:

- Home builder confidence has retreated from the spring highs, but remains in expansionary territory
- Non-residential construction spending has flattened overall, but has grown in the commercial and office segments
- Residential construction spending continues to make year-over-year gains, but at a reduced rate from previous years



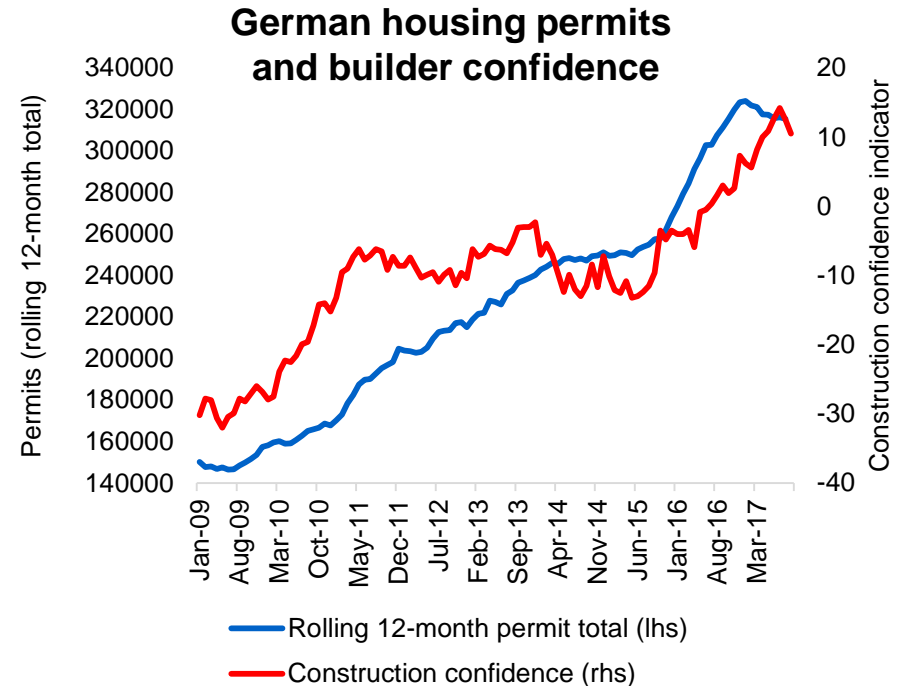
Source: US Census, NAHB/Wells Fargo

Germany: A strong labour market is supporting residential investment, but limiting construction activity

With unemployment at a record low and business and consumer confidence near record highs, the economy continues to expand at a moderate pace

Within the construction industry:

- Building construction activity has grown and construction confidence remains near all-time-highs
- New, multi-family housing continues to drive industry growth
- However, labour shortages throughout the industry are limiting activity and order entry has slowed from the same period in 2016



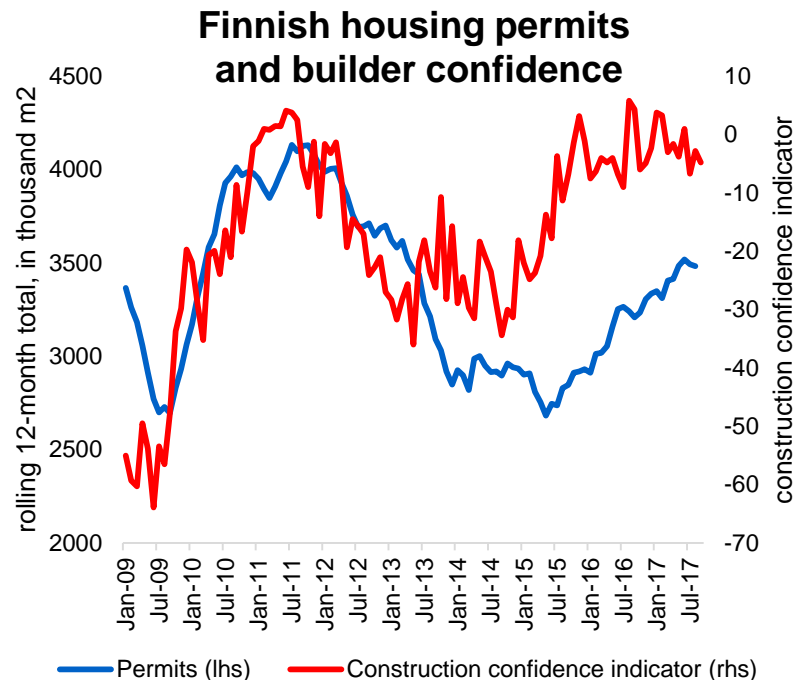
Source: Destatis and Eurostat

Finland: Fundamentals continue to improve

Broad-based growth is materialising throughout the economy, with consumers remaining optimistic and improved order books accompanied by significant increases in business investments

Within the construction industry:

- Residential and non-residential building activity has risen year-over-year, while civil engineering has been flat overall
- Continued growth in the residential multi-family segment, while non-residential permits have slowed in some segments
- Construction confidence has trended downwards, but remains relatively high



Source: Statistics Finland & Eurostat

Management agenda for 2017

– the focus remains intact

- Promote the strategic initiatives (new offerings, new sales and marketing setup) in Building Solutions – Europe while fully utilising the renewed operational setup in key growth centres
- Return to acceptable service levels in Building Solutions – North America, while new manufacturing capacity is brought online
- Continue to improve net sales and performance in Uponor Infra and return to high efficiency levels
- Progress on the road towards digital transformation and launch new ground-breaking digital offerings first in America and later in Europe

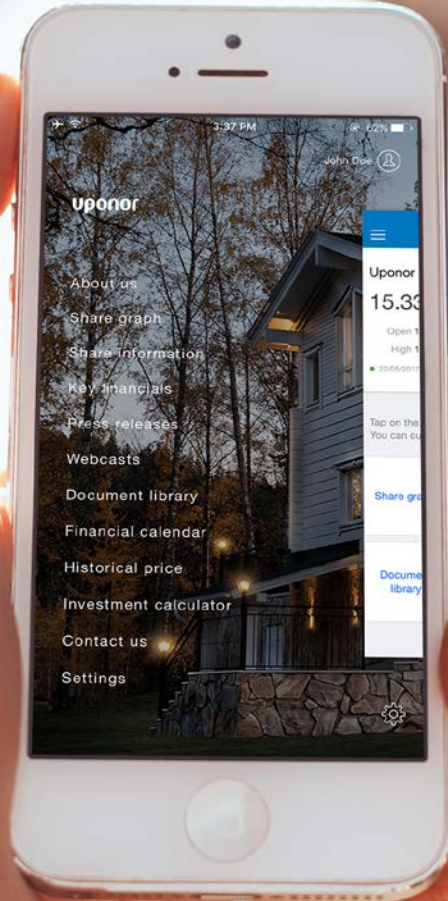


Guidance 2017

- After reporting good third quarter figures, Uponor expects the January – September trends to continue
- No material changes expected in near term market trends
- The previously announced capex guidance remains valid: capex estimated to exceed €60 million (excluding any investment in shares) in 2017
- Assuming that economic development in Uponor's key geographies continues undisturbed, Uponor reiterates its annual guidance from February 2017:

**The Group's net sales and comparable operating profit
are expected to improve from 2016**

New & improved version of Uponor's IR app available!



Watch our webcasts

Watch our quarterly release webcasts live or recorded via the app



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Monitor our stock performance against other listed companies globally



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