



# Uponor roadshow presentation

January – December 2017

Jyri Luomakoski, President and CEO

Maija Strandberg, CFO

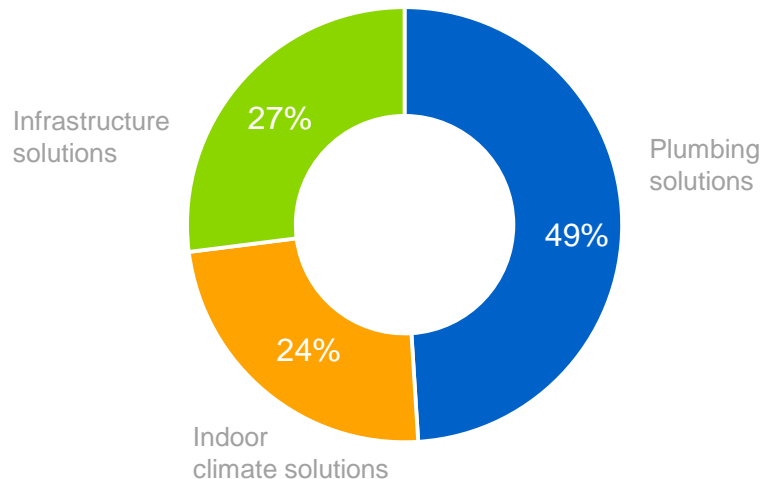


# Uponor at a glance

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

As of January 2018, Uponor is listed in the Large Cap category on Nasdaq Helsinki



## FACTS & FIGURES

1.2

billion euro  
Net sales 2017

30

countries with  
Uponor operations

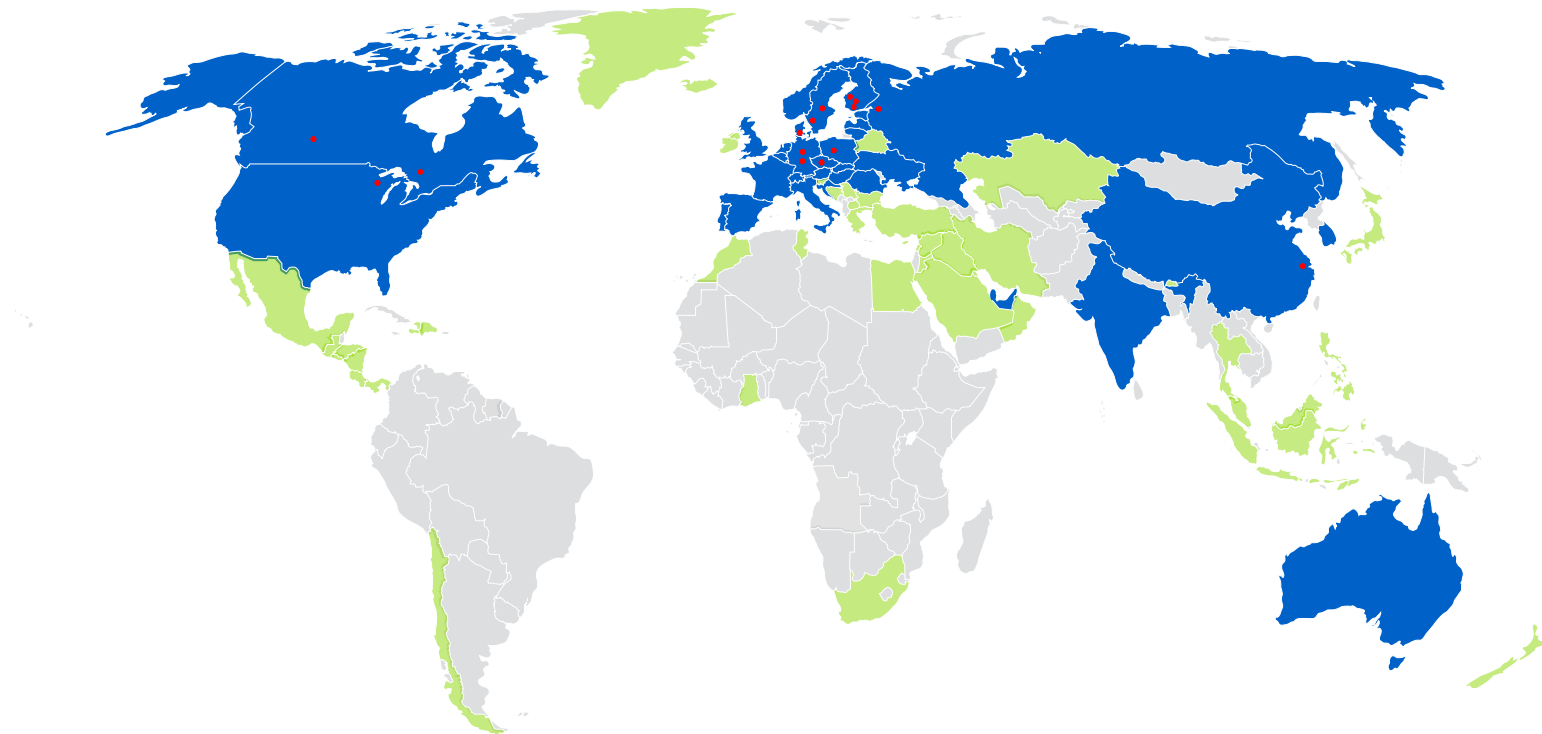
15

production  
sites worldwide

4,000

worldwide  
staff

# Uponor globally



● 15 production sites

● Countries with  
Uponor operations

● Countries where Uponor  
operates through partners

# 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 4,000 committed employees in 30 countries, Uponor is at your service all over the world.

## OUR VALUES

**CONNECT**

**BUILD**

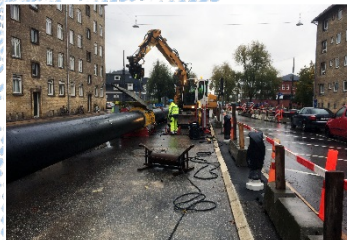
**INSPIRE**



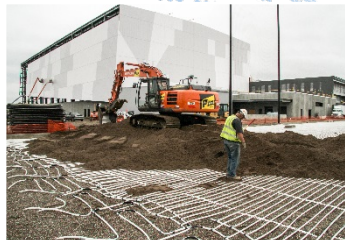
# Throughout the world, our solutions enrich people's way of life



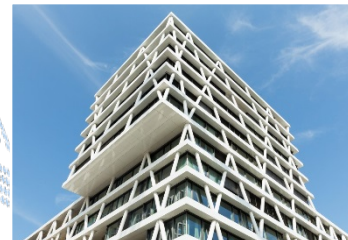
**MLC riser system for a cruise ship, cutting installation time to a bare minimum:** Carnival Cruises



**PE pressure pipes and prefabricated fittings for the Copenhagen metro:** Copenhagen, Denmark



**Radiant heating & cooling, snowmelt and plumbing:** football team Vikings headquarters and practice facility, Minnesota, USA



**Uponor heating & cooling solutions - winner of Diamond & Gold awards from German Sustainable Building Council (DGNB):** 50Hertz headquarters, Berlin, Germany



**Radiant cooling solution to create the most advanced learning environment:** New campus for the International School of Kuala Lumpur (ISKL), Kuala Lumpur



**Reducing energy consumption with Uponor TABS – shortlisted for a prestigious H&V News award:** Dudley College, UK



**First villa project in China - radiant heating & cooling to save energy and ensure high comfort:** Changjia Villa, Kunshan, China



**Weholite stormwater tank to attenuate runoffs at the new Children's Hospital:** Helsinki, Finland

# Our business groups

## Plumbing solutions

49% (\*)



## Indoor climate solutions

24% (\*)



## Infrastructure solutions

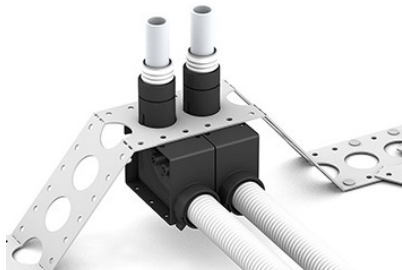
27% (\*)



\*) share of Group net sales

# Uponor's plumbing offering

## For efficient and hygienic drinking water delivery



Flexible pipe systems



Multilayer pipe systems



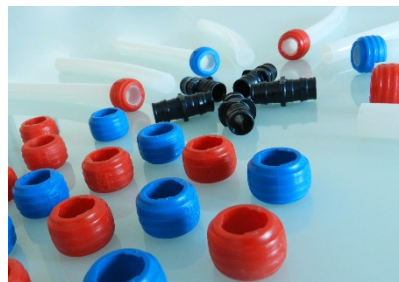
Risers



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



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

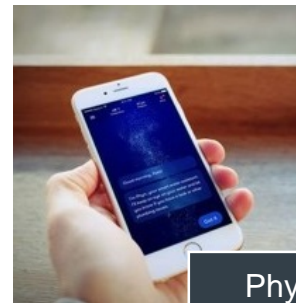


Technology

# Investment in R&D and technology

After 2016, another year of historically high R&D expenditure, with a total expenditure at €23.2 million or 2.0% of net sales

- Key projects steered by Group Technology function, established in 2016
- Investment in digitalisation and hygienic initiatives continued
- New smart water offering, Phyn Plus
- UWater online monitoring maturing into market entry through Uponor Infra
- Hygienic fresh water stations
- Prefabricated offering development



Phyn Plus



Uponor Smatrix Style

# Phyn Plus, smart water assistant + shutoff

- Introduced in the U.S. market in January 2018 at CES and IBS trade shows
- Won a number of 'Smart Home' awards
- Pilot programme started in 2017 coming to an end and pilot units are being swapped to finalised products
- Building up of the network of trained installers, the Uponor Pro Squad, well underway, focusing 30 metro areas in the U.S.
- February 2018, invested an additional USD10 million, bringing total investment in Phyn to USD25 million, with Uponor and Belkin both having a 50% ownership





# 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

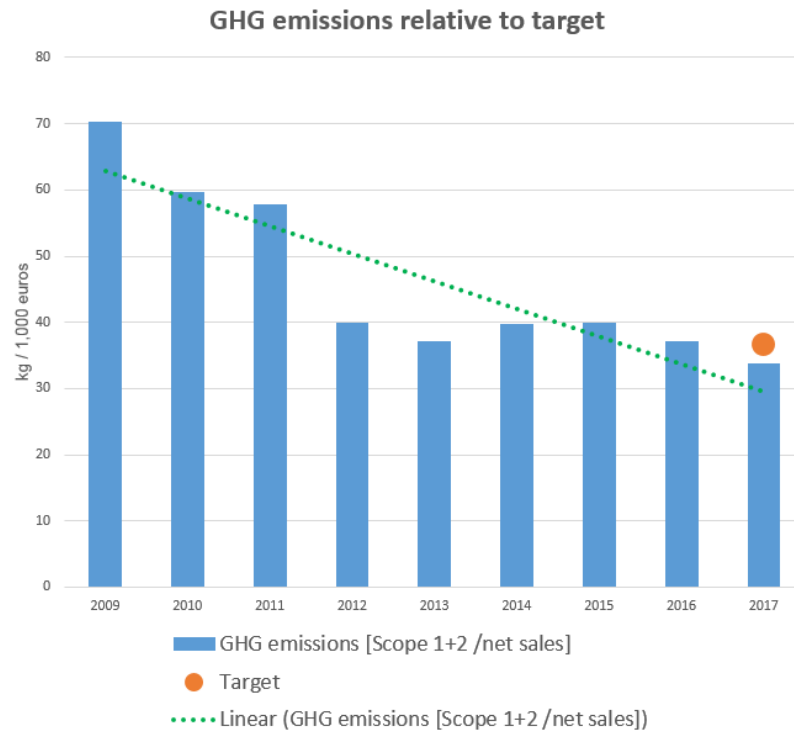
Driving down  
our  
environmental  
impact

Enriching life  
through our  
innovative  
solutions

Engaging external  
stakeholders in our  
sustainability  
journey

# Uponor's non-financial performance

- Overall sustainability performance supported by operational streamlining, including production concentration to fewer sites
- Exceeded our goal of reducing GHG emissions by 20% per net sales by 2020 (from the 2015 levels)
- Renewed sustainability section in the Annual report 2017 following the EU guidelines on non-financial reporting
- Uponor has been reporting through CDP Climate change survey since 2010
  - Maintained '*Level B – Management*' in 2017



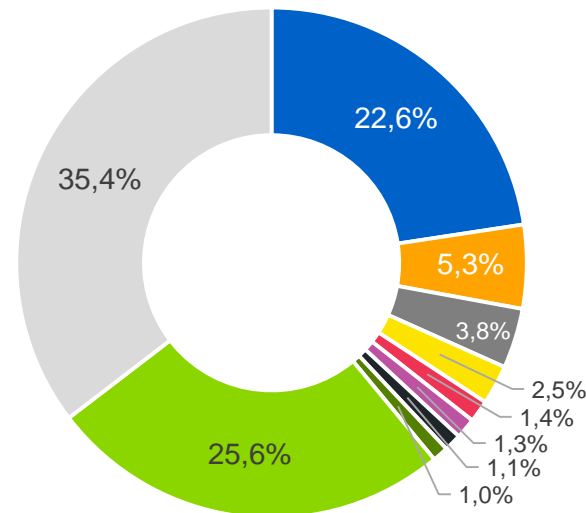
# Development of environmental indicators

Measure	Unit	2017	2016	2015	2014	2013
<b>Environmental indicators</b>						
Total energy consumption	1,000 MWh	198.5	198.5	185.1	184.2	149.3
- Electricity purchased	1,000 MWh	157.3	149.6	138.3	130.6	101.7
- of which, certified green electricity	1,000 MWh	20.7	14.5	11.5	11.1	2.2
- Self-generated electricity	1,000 MWh	0.4	0.9	1.1	1.0	1.2
- Fossil fuels used	1,000 MWh	41	48.9	46.8	53.6	47.6
- Heating	1,000 MWh	26.5	33.7	31.6	35.9	33.1
- of which renewable	%	17.1	14.7	13.4	12.9	3.5
- Own fleet vehicles (including leasing)	1,000 MWh	14.6	15.2	15.2	17.7	14.5
Raw materials used	1,000 tonnes	140.8	132.7	127.1	122.5	84.6
Water consumption	1,000 m³	156.4	168.4	190.9	190.0	111.4
Total GHG emissions (Scope 1)	1,000 tonnes	7.5	8.7	8.5	9.6	9.3
Total GHG emissions (Scope 2)	1,000 tonnes	32.1	32.2	33.5	31.1	24.3
Total waste	1,000 tonnes	18.8	16.4	16.4	15.1	11.1
- Waste recycled	%	92.4	97.4	97.5	95.3	95.9
- Waste to landfills	%	7.6	2.6	2.5	4.7	4.1
Hazardous waste, of total waste	%	4.5	1.5	1.1	1.1	1.5

# Major shareholders

## 31 December 2017

- Oras Invest Ltd 22.6%
- Varma Mutual Pension Insurance Company 5.3%
- Nordea Nordic Small Cap Fund 3.8%
- Ilmarinen Mutual Pension Insurance Company 2.5%
- Mandatum Life Insurance Company Ltd 1.4%
- The Local Government Pensions Institution 1.3%
- OP-Finland Value Fund 1.1%
- Nordea Pro Finland Fund 1.0%
- Nominee registrations 25.6%
- Others 35.4%



### Currently valid foreign notifications

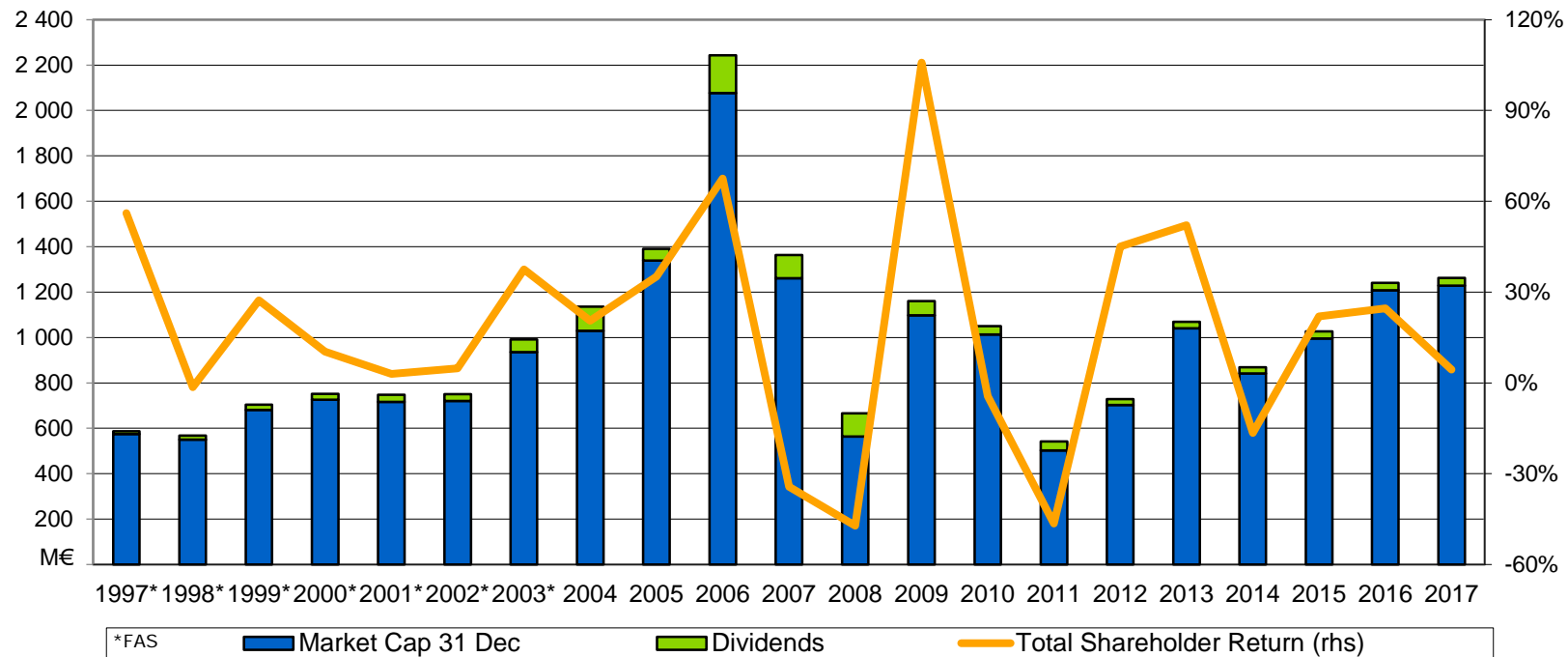
20 March 2017: the holdings of Franklin Resources, Inc., went down to below 5.0%

- 19,191 shareholders at the end of December 2017
- Foreign shareholding was 26.4% at the end of December 2017, up from 24.8% in June 2017



# Shareholder value development

## 1997 - 2017



# 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 2017

**6.5%**  
(target 5.4%\*)

**8.2%**  
(comparable  
EBIT 8.3%)

**16.3%**

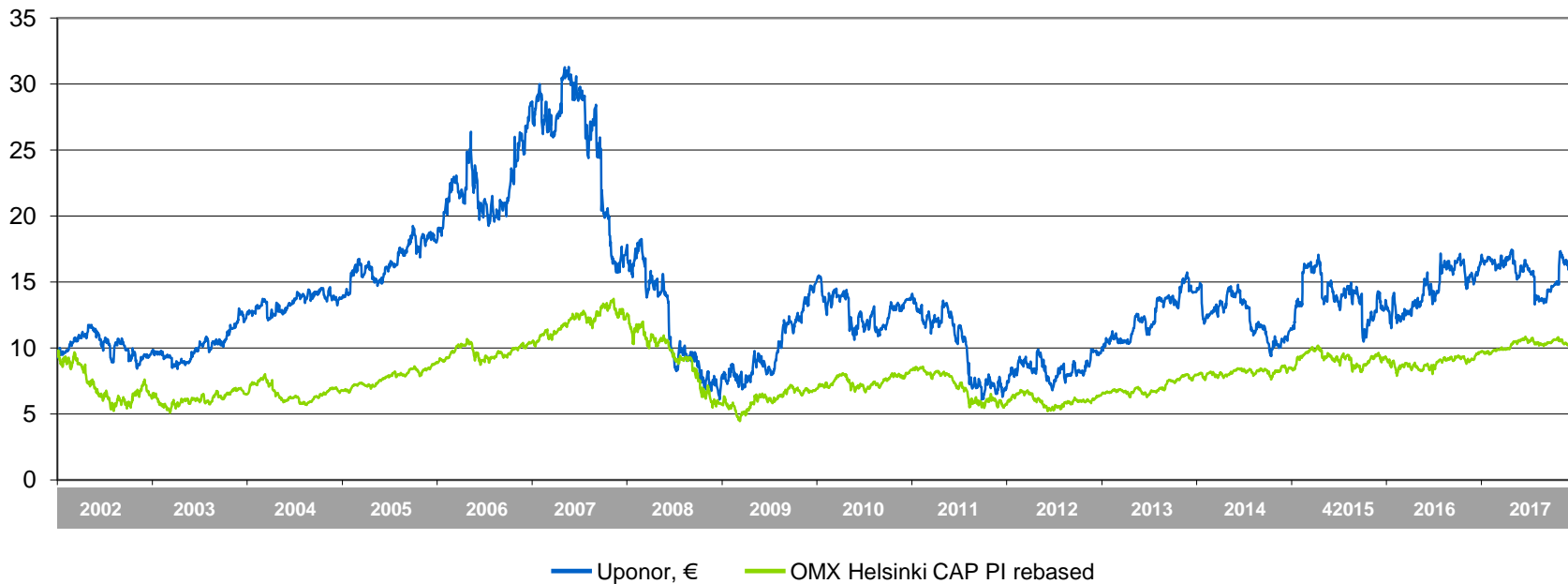
**43.5**

**59.0%**

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

# Share price development

## 2002 – 2017



# Financial results briefing

1-12/2017

Jyri Luomakoski – President and CEO, Uponor Corporation

Maija Strandberg – CFO, Uponor Corporation





# Q4/2017: Building and construction markets were lively in North America, more flat in Europe

October - December, M€	10-12/ 2016	10-12/ 2017	Change	OP margin
Net sales	268.9	279.4	3.9%	
Operating profit	7.5	18.0	141.4%	6.5%
Comparable operating profit	16.1	18.0	12.5%	6.5%

## Net sales

- Building Solutions – Europe saw a pick-up in sales in several markets, but reported an overall flat development due softer cooling market in Germany and a weaker development of distribution business in the Nordics
- In Building Solutions – North America, net sales growth continued healthy, supported by a pick-up in Canada and an increase in manufacturing capacity which helped to return to normal lead time schedules
- Uponor Infra reported lively net sales in Canada and Sweden, the rest of Europe remained flat except for some EU-funded projects

## Operating profit

- Building Solutions – Europe's comparable operating profit improved driven by efficiency gains from the transformation programme
- Building Solutions – North America's profitability remained strong, although burdened by manufacturing and workforce expansion
- Uponor Infra's performance improved clearly thanks to lively North America; in Europe, flat markets, high resin prices earlier in the year as well as inefficiencies resulting from the production transfer in Finland affected operating profit negatively

# 1-12/2017: Overall net sales and financial performance continued steady

January - December, M€	1-12/ 2016	1-12/ 2017	Change	OP margin
Net sales	1,099.4	1,170.4	6.5%	
Operating profit	71.0	95.9	35.2%	8.2%
Comparable operating profit	90.7	97.2	7.2%	8.3%

## Net sales

- Net sales grew organically, currency neutral growth at 7.4%
- A modest increase in Building Solutions – Europe, with country to country variations in net sales trends
- Building Solutions – North America's net sales grew by 10.7% in local currency, same as in 2016, the growth inhibited mainly by challenges in production and supply as well as more intense competition in pipes and fittings
- Uponor Infra's net sales improvement driven by lively sales in North America and in Sweden

## Operating profit

- Building Solutions – Europe reported an improvement thanks to operational leverage and efficiency gains from the transformation programme
- Building Solutions – North America's performance remained behind 2016, mainly due to costs related to the April manufacturing challenge and building up capacity
- A brisk improvement in comparable operating profit in Uponor Infra, driven by net sales growth and improved margins mainly in North America

# Developments by segment:

## Building Solutions – Europe

- Solid improvement in comparable operating profit, with net sales also rising
- Positive progress in several countries, e.g. Eastern Europe, Russia and Spain
- In Germany, lack of cooling projects inhibited growth
- In Finland, market growth strongest in building types and in urban areas, which offer less value for Uponor
- Favourable progress achieved in the strategic areas of new hygienic solutions and prefab technology which will offer compelling value to professional sectors on the market
- The business in Asia (reported as part of this segment) continued to grow, but still in start-up phase burdening the segment results



# Developments by segment:

## Building Solutions – North America

- Apart from the challenges experienced earlier in production and resin availability, sales are developing steady and Uponor has discontinued allocations and returned to a committed lead time promise in customer orders
- In order to respond to growth in demand and to return capacity utilisation to a long-term sustainable level, Uponor implemented two investments:
  - Annex II building in Apple Valley, a €16.3 million investment, completed in January 2018
  - Purchased a facility and real estate in Hutchinson, Minnesota, targeted to be in use in summer 2018. The total investment by end 2018 will be circa \$30 million; of this, \$8.6 million has been used in 2017
- While the outlook in building and construction remains strong, the competition is increasing



# Developments by segment: Uponor Infra

- Most of the growth came from North America and Sweden, where the markets were flourishing
- Project activity picked up especially in Poland, supported by EU-funded projects
- Brisk improvement in performance, mainly as a result of a cyclical improvement in North America
- Operations in Europe, where the overall markets remained soft, did not meet acceptable levels in 2017





# Financial statements

Maija Strandberg – CFO, Uponor Corporation

1–12 / 2017

# January – December 2017:

## Key figures

Uponor Group - continuing operations		1-12 2016	1-12 2017	Change Y/Y
Net sales	M€	1,099.4	1,170.4	+6.5%
Operating profit	M€	71.0	95.9	+35.2%
Comparable operating profit	M€	90.7	97.2	+7.2%
Comparable operating profit margin	%	8.2%	8.3%	0.1% pts
Earnings per share (diluted)	€	0.57	0.83	+45.6%
Return on equity (p.a.)	%	13.1%	19.4%	+6.3% pts
Return on investment (p.a.)	%	14.1%	16.3%	+2.2% pts
Net interest bearing liabilities	M€	159.5	151.5	-5.0%
Gearing	%	48.8%	43.5%	-5.3% pts
Net working capital of net sales (p.a.)	%	10.2%	10.4%	+0.2% pts
Number of employees, end of period	FTE	3,868	4,075	+5.4%

# October – December 2017:

## Income statement

Uponor Group - continuing operations, M€	10-12 2016	10-12 2017	Change Y/Y
Net sales	268.9	279.4	+3.9%
Cost of goods sold	183.0	184.4	+0.8%
Gross profit	85.9	95.0	+10.6%
Gross profit margin (%)	31.9%	34.0%	+2.1% pts
Other operating income	1.8	0.3	-84.0%
Expenses	80.2	77.3	-3.8%
Operating profit	7.5	18.0	+141.4%
Operating profit margin (%)	2.8%	6.5%	+3.7% pts
Financial expenses, net	2.8	2.5	-7.9%
Share of result in associated companies	-0.8	-0.7	+6.0%
Profit before taxes	3.9	14.8	+273.4%
Profit for the period	5.9	15.1	+155.1%
EBITDA	17.5	28.2	+61.3%

- **Net sales** included a negative currency impact, mainly originating in the USD and SEK, which decreased consolidated net sales by €2.6m and therefore, net sales growth was 4.9% in constant currency terms
- **Comparable gross profit** totalled to €95.0m (€91.4m). The comparable gross profit margin remained stable at 34.0% (34.0%)
- **Comparable operating profit** reached €18.0m (€16.1m), an increase of 12.5%

# January – December 2017:

## Income statement

Uponor Group - continuing operations, M€	1-12 2016	1-12 2017	Change Y/Y
Net sales	1,099.4	1,170.4	+6.5%
Cost of goods sold	723.4	776.3	+7.3%
Gross profit	376.0	394.1	+4.8%
Gross profit margin (%)	34.2%	33.7%	-0.5% pts
Other operating income	4.2	3.1	-27.4%
Expenses	309.2	301.3	-2.6%
Operating profit	71.0	95.9	+35.2%
Operating profit margin (%)	6.5%	8.2%	+1.7% pts
Financial expenses, net	10.0	5.4	-45.5%
Share of result in associated companies	-0.6	-2.3	-301.1%
Profit before taxes	60.4	88.2	+45.9%
Profit for the period	41.5	65.4	+57.6%
EBITDA	112.6	135.1	+20.1%

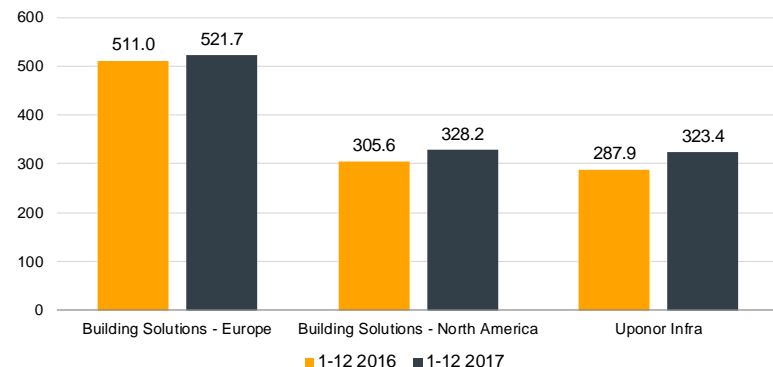
- **Net sales** grew 7.4% in constant currency terms – A negative currency impact of €10.9m mainly driven by the USD
- **Comparable gross profit margin** decreased slightly from last year and came to 33.8% (34.9%)
- **Comparable operating profit reached** €97.2m, which is 7.2% above last year (€90.7m)
- **Financial expenses** include a €3.6m positive impact from the Supreme Administrative Court's decision concerning Uponor's 2016 tax appeals in Finland

January – December 2017:

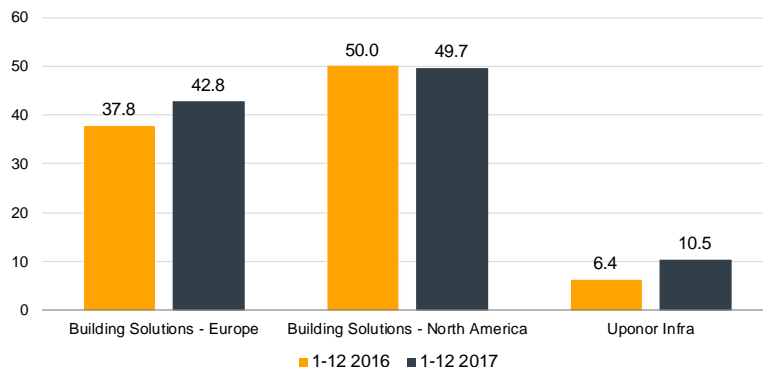
# Net sales & comparable operating profit by segment

Currency: M€

## Net sales



## Comparable operating profit

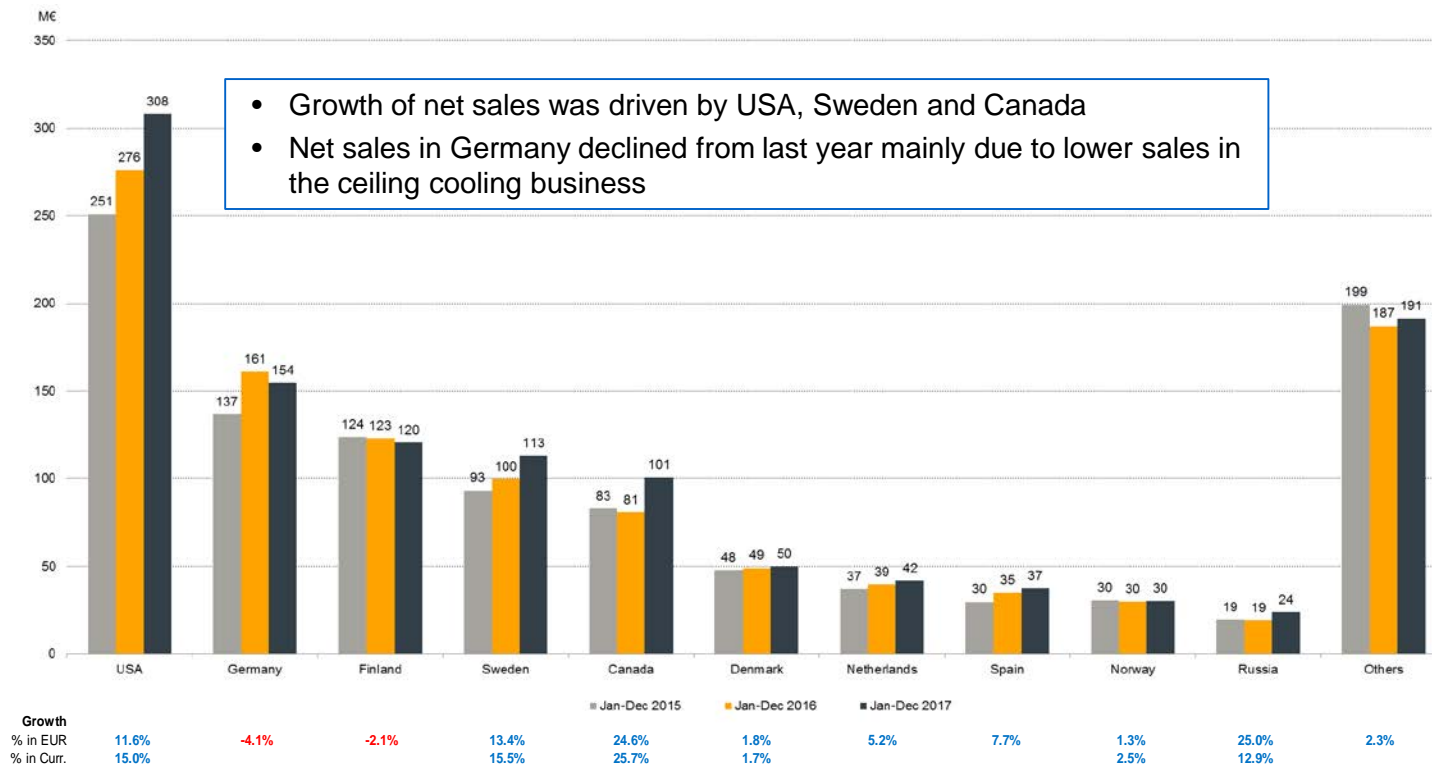


- **Building Solutions – Europe:** Improvement in comparable operating profit was the result of an increase in net sales and the savings achieved by the transformation programme, mainly relating to the enhanced production network
- **Building Solutions – North America:** Brisk expansion of production capacity and strengthening the organisation were the main reasons why operating profit in USD grew only slightly and came to \$56.5m (\$55.2m). Operating profit in EUR declined from last year due to an unfavourable exchange rate development
- **Uponor Infra:** Strong growth both in net sales and comparable operating profit were mainly driven by North America



January – December 2017:

# Net sales development by key markets



# January – December 2017:

## Balance sheet

Uponor Group, M€	31 Dec 2016	31 Dec 2017	Change Y/Y
Property, plant and equipment	240.9	252.2	+11.3
Intangible assets	119.0	116.0	-3.0
Securities and long-term investments	34.7	20.2	-14.5
Inventories	139.3	132.7	-6.6
Cash and cash equivalents	16.3	107.0	+90.7
Other current and non-current assets	217.3	237.7	+20.4
Assets total	767.5	865.8	+98.3
Total equity	326.9	348.4	+21.5
Non-current interest-bearing liabilities	158.2	176.6	+18.4
Provisions	28.8	28.9	+0.1
Non-interest-bearing liabilities	236.0	230.0	-6.0
Current interest-bearing liabilities	17.6	81.9	+64.3
Shareholders' equity and liabilities total	767.5	865.8	+98.3

- Property, plant and equipment increased mainly due to investments in capacity expansion and efficiency improvement
- Non-controlling interest represents €68.2m of the equity at €348.4m
- A loan of €100 million was withdrawn in 2017 mainly to repay the €80 million bond maturing in June 2018
- Gearing came to 43.5% (48.8%), with the four-quarter rolling gearing at 58.4% (56.7%)

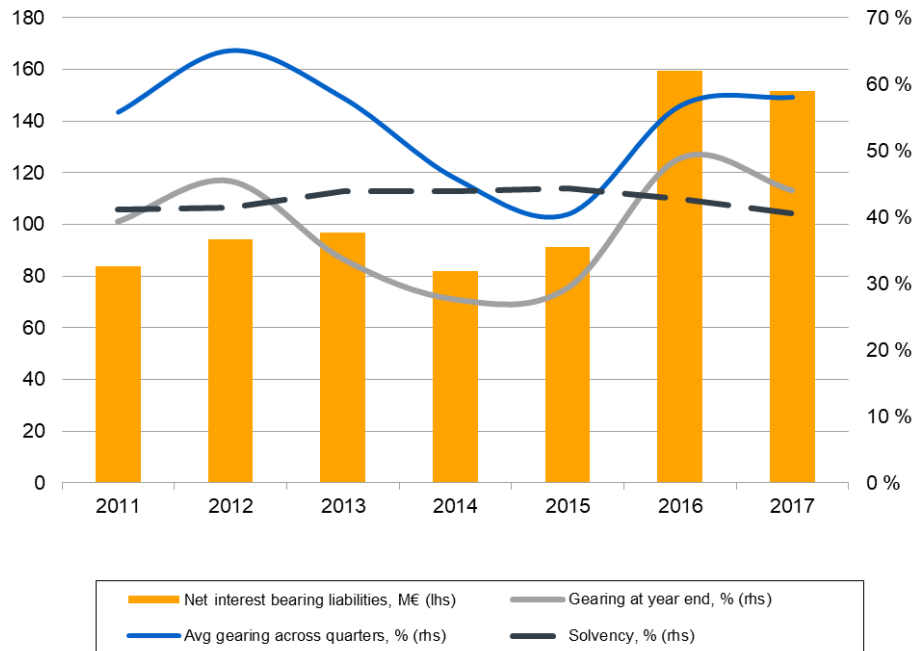
# January – December 2017:

## Cash flow

Uponor Group, M€	1-12 2016	1-12 2017	Change Y/Y
Net cash from operations	+105.3	+141.8	+36.5
Change in NWC	-16.6	-7.2	+9.4
Net payment of income tax and interest	-28.8	-33.1	-4.3
<b>Cash flow from operations</b>	<b>+59.9</b>	<b>+101.5</b>	<b>+41.6</b>
Cash flow from investments	-91.8	-59.5	+32.3
<b>Cash flow before financing</b>	<b>-31.9</b>	<b>+42.0</b>	<b>+73.9</b>
Dividends paid	-32.2	-33.6	-1.4
Other financing	+32.0	+82.6	+50.6
<b>Cash flow from financing</b>	<b>-0.2</b>	<b>+49.0</b>	<b>+49.2</b>
Conversion differences	+0.2	-0.3	-0.5
Change in cash and cash equivalents	-31.9	+90.7	+122.6

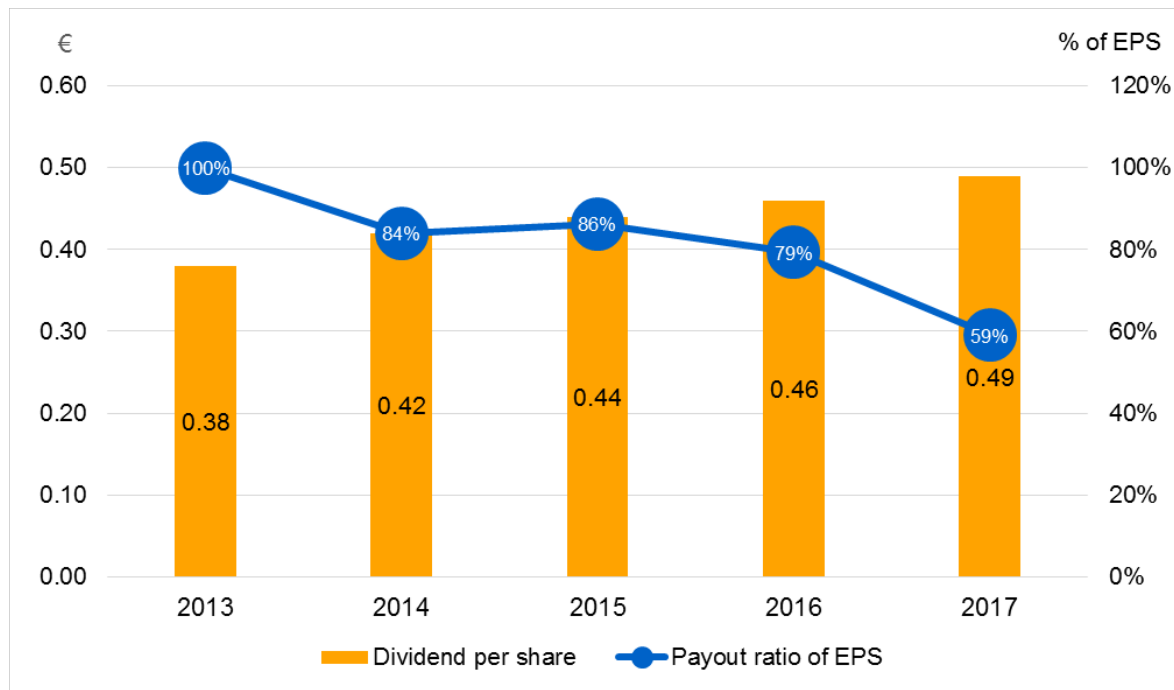
- Gross investments in fixed assets came to €63.4m (€50.7m)
- Cash flow from investments in the comparison period includes a cash flow effect of -€31.4m from the acquisition of KaMo & Delta Group and -€13.5m from the investment in the joint venture Phyn

# January – December 2017: Capital structure development



- Net interest-bearing liabilities totalled €151.5m (€159.5m)
- Average gearing across quarters at 58.4%, up from 56.7% in 2016, and in line with the long-term target between 30 and 70

## January – December 2017: Dividends and payout ratio













- The Board's dividend proposal is €0.49 (0.46) per share, of which 24c is paid in March 2018 and 25c in September 2018
- When making the proposal, the Board considered the solvency of the company, the company's dividend policy, the business outlook and planned investments, recognising the high availability of external funding for the company's growth plans



# Outlook for the future

Jyri Luomakoski – President and CEO, Uponor Corporation

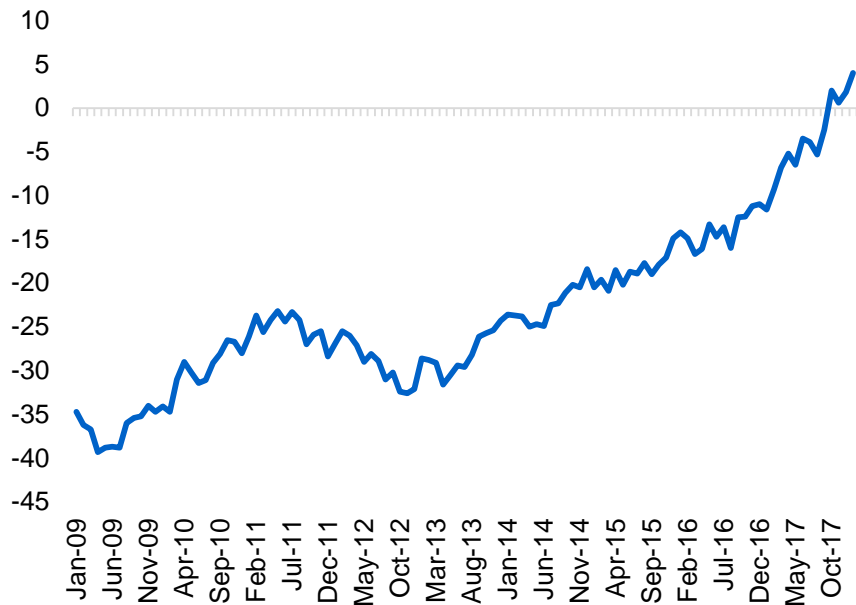
# Leading indicators: Still solid, but growth is slowing

	Indicator	YTD % Change	Rolling 12-month % Change	Data through	Trend since Q3 update
 <b>USA</b>	Housing starts	-6% <sup>1)</sup>	N/A	December 2017	➡
 <b>Germany</b>	Housing permits	-6%	-4%	November 2017	➡
 <b>Finland</b>	Housing permits	+10%	+11%	November 2017	➡
 <b>Sweden</b>	Housing starts	+11%	+13%	September 2017	⬇
 <b>Canada</b>	Housing starts	+5% <sup>1)</sup>	N/A	December 2017	➡
 <b>Denmark</b>	Construction index	+6%	N/A	November 2017	➡
 <b>Netherlands</b>	Housing permits	+33%	+33%	November 2017	➡
 <b>Spain</b>	Housing permits	+28%	+35%	October 2017	➡
 <b>Norway</b>	Housing starts	-3%	-3%	December 2017	➡
 <b>Russia</b>	Construction output	-2%	-2%	September 2017	➡

<sup>1)</sup> Seasonally adjusted, annualised rate vs. same month in previous year

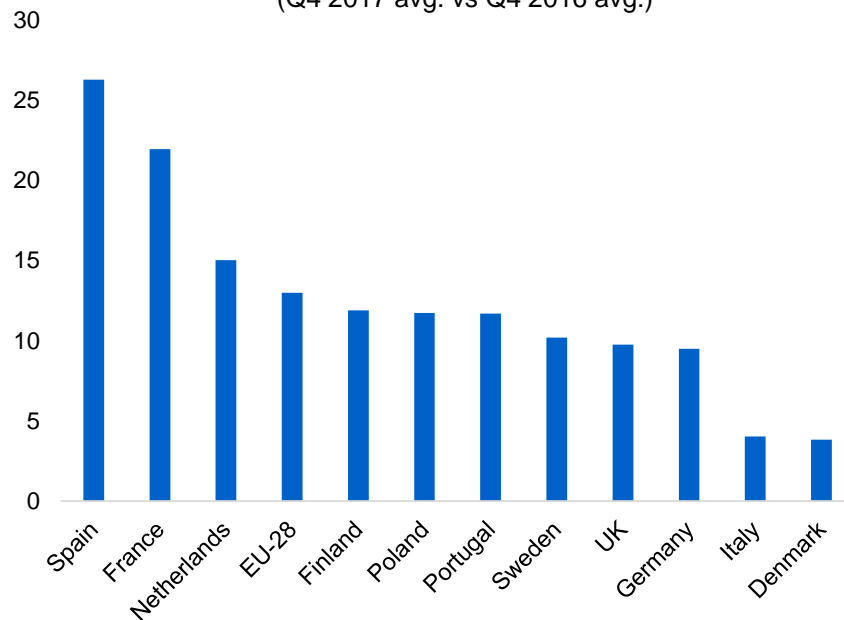
# Builder confidence has continued to strengthen throughout Europe

## EU construction confidence index



## Change in construction confidence index

(Q4 2017 avg. vs Q4 2016 avg.)



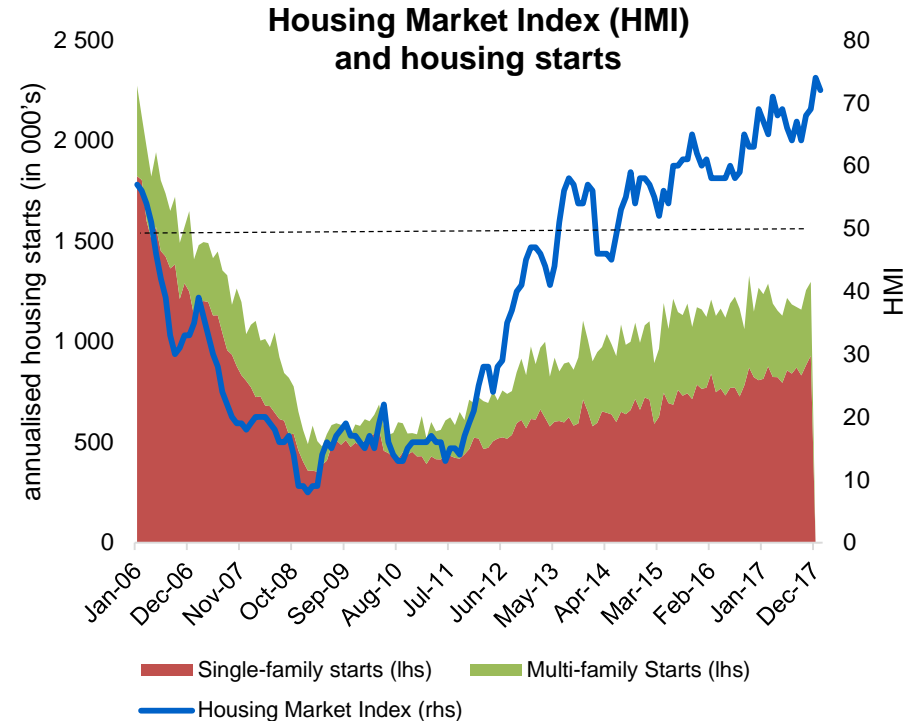
Source: Eurostat

# USA - Continued expansion

The economy continues to expand, with sustained growth in consumer consumption now being accompanied by increased business investments

Within the construction industry:

- Homebuilder sentiment reached an 18-year high in December
- Spending in both the residential and non-residential segments is trending higher
- However, labour shortages and increasing material costs continue to hamper growth



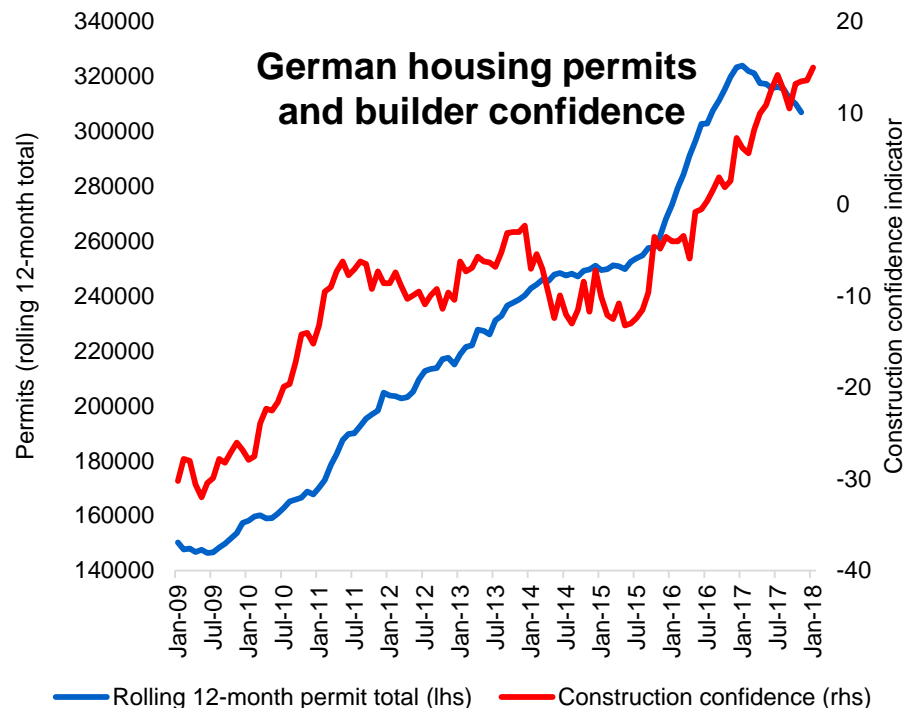
Source: US Census, NAHB/Wells Fargo

# Germany - A strong labour market is supporting residential investment

With employment levels at a post-reunification high and industrial production expanding, the economy has continued to grow at a healthy rate

Within the construction industry:

- Builder confidence remains near all-time-highs
- Although residential permit levels have retreated from their 2016 highs, new housing production has continued to increase
- The non-residential segment has seen a slight uptick in activity
- Skilled labour shortages are likely restraining growth across the industry



Source: Destatis and Eurostat

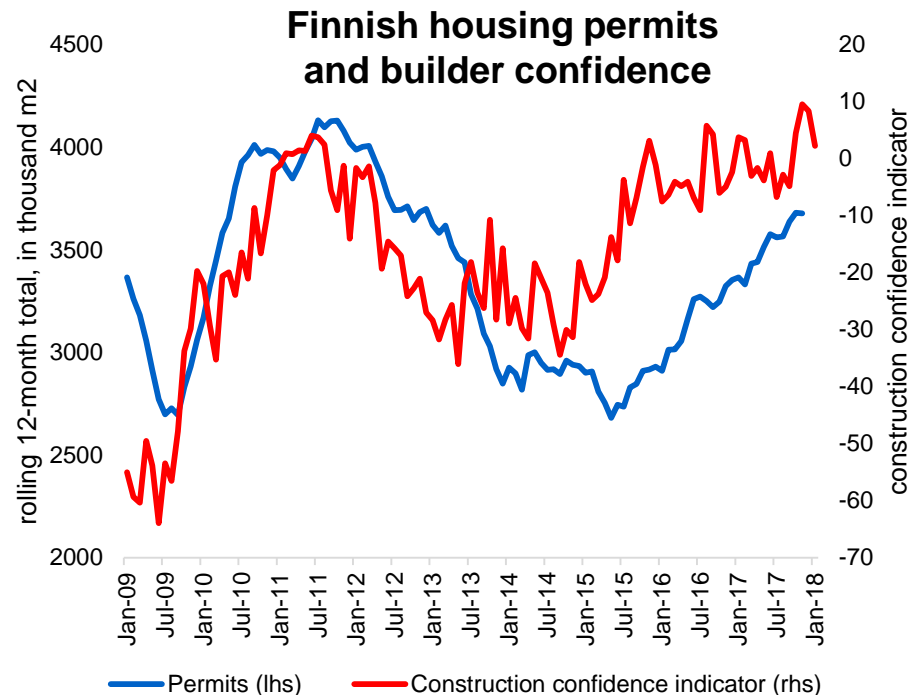


# Finland - Fundamentals continue to improve, but construction growth is uneven

Significant expansion in exports and consumer consumption have fuelled the economy and driven GDP growth

Within the construction industry:

- Building permit levels continue to improve overall, driven by multi-family projects in urban growth areas
- Construction turnover has expanded in the buildings segment and remains stable in civil engineering
- Builders continue to be optimistic, but note increasing skilled labour shortages



Source: Statistics Finland & Eurostat

# Management agenda for 2018

- Execution, with a focus on the customer
  - After the transformation programmes, Uponor's European segments are more focussed, aligned and agile to satisfy customer needs
  - Targeting growth, utilising the strategic new offerings
- Integrate the manufacturing expansions into daily operations and secure a smooth supply of products to customers in Building Solutions – North America
- Capitalise on the new Phyn smart water offering, and pave the way for the European launch in 2019
- Continue determined efforts on digitalised offering and services development



Uponor arranges a  
**Capital Markets Day**  
on **17 May 2018** at its facilities in Apple Valley, USA.

More details to follow on our website at [investors.uponor.com](https://investors.uponor.com)

# Guidance 2018

- Despite increasing volatility and unpredictability, there are no signs of major changes in the markets, which could materially alter the business environment from what it is today
- Uponor's capital expenditure, excluding investment in shares, is expected to remain at roughly the same level as in 2017, mainly driven by the capacity expansion programme in North America
- Assuming that economic and political developments in Uponor's key geographies otherwise continue undisturbed, Uponor issues the following full-year guidance for 2018:

**Excluding the impact of currencies,  
Uponor expects its organic net sales and  
comparable operating profit to grow from 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

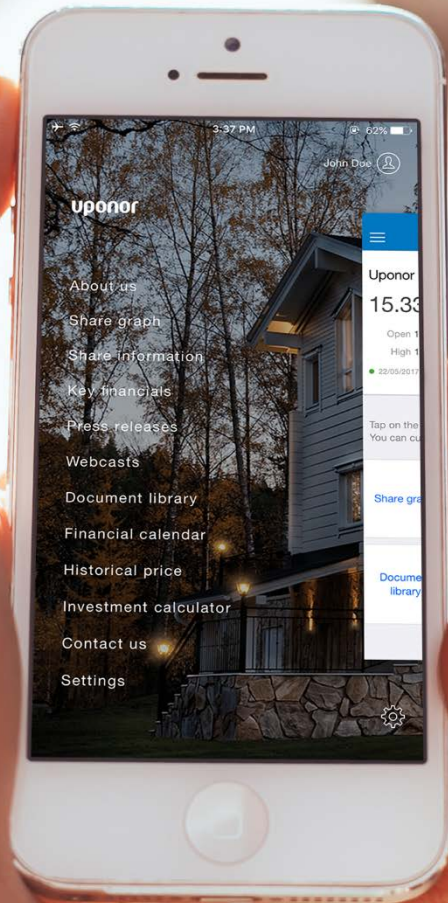
## The business: Solutions for safe drinking water delivery, energy-efficient heating and cooling and reliable infrastructure

- 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>



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