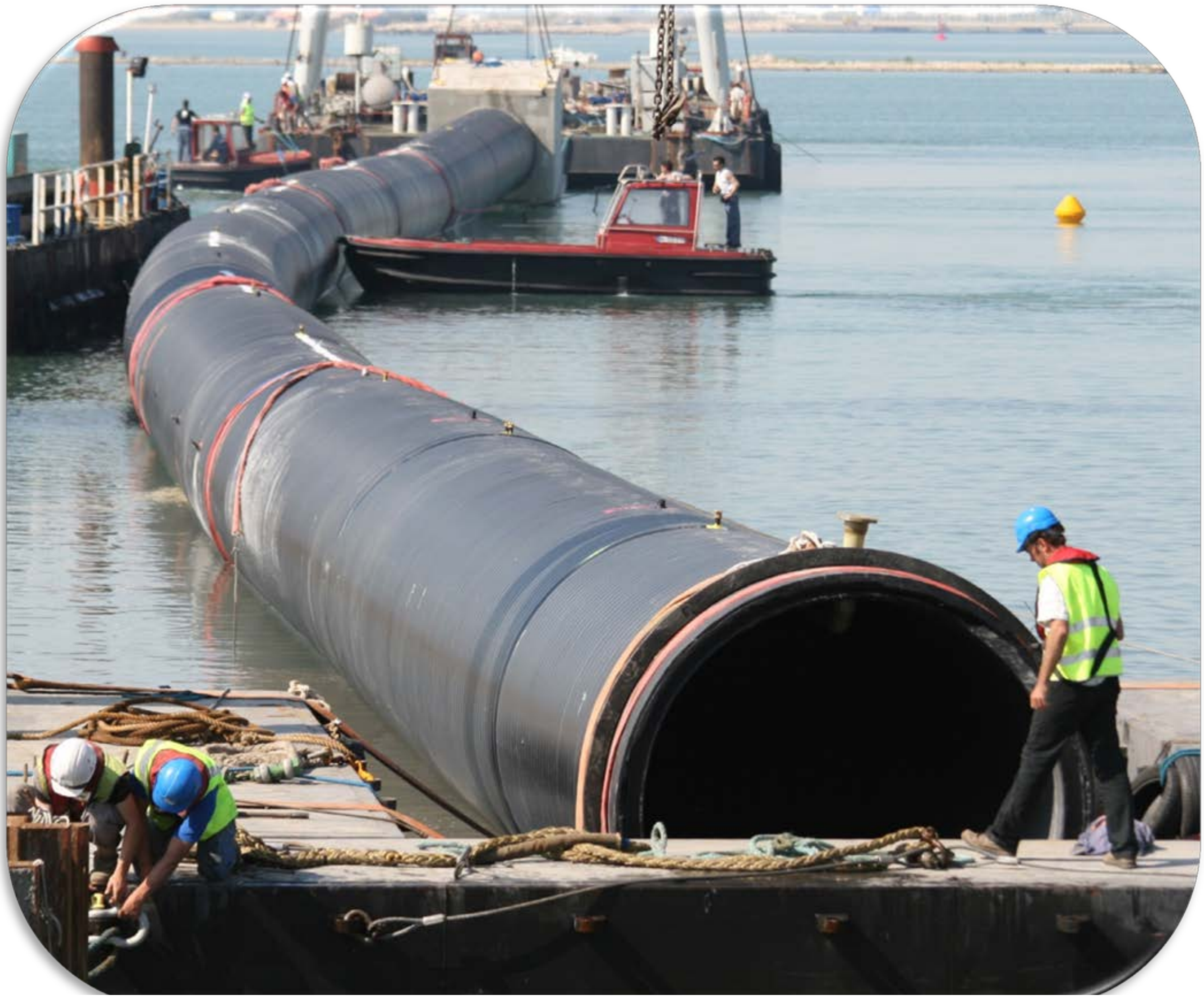

FINANCIAL STATEMENTS BULLETIN 2013

14 February 2014

1–12

Financial statements bulletin January - December 2013

Uponor grows in healthy U.S. markets and declines in Europe

- Strong development continues in Building Solutions – North America in October-December, other segments suffer from slow markets and one-time issues
- Net sales 1-12: €906.0m (2012: 811.5m), up 11.6%; organic growth at -1.5%
- Operating profit 1-12: €50.2m (€57.7m), down -13.0%, burdened by non-recurring items
- Earnings per share at €0.38 (€0.45); earnings per share excluding non-recurring items at €0.43 (€0.45)
- Guidance for the year 2014: The Group's net sales and operating profit (excluding any non-recurring items) are expected to improve from 2013.
- The Board's dividend proposal is €0.38 (€0.38) per share

President and CEO Jyri Luomakoski comments on the reporting period:

- I am pleased to see the strong progress in the integration of Uponor Infra, the new joint-venture company. The results so far are confirming the planned cost benefits.
- The European building solutions markets have continued to be challenging and volatile in 2013, witnessed, for instance, by the temporary softening during Q4. We expect this kind of volatility to be part of the 'new normal', and it is likely to continue going forward.
- Building Solutions – North America, especially the U.S. part of the business, continued its healthy performance and, with the new manufacturing capacity in place, we expect the favourable development to continue.
- While the Group's consolidated result performance cannot be deemed satisfactory, we ended the year with a solid balance sheet and a strong financial position, and I am confident about our ability to improve the result in 2014.

The Board's dividend proposal

The Board proposes to the Annual General Meeting a dividend of €0.38 (€0.38) per share. When making the proposal, the Board considered the solvency of the company, the company's dividend policy, and the outlook.

Information on the financial statements bulletin

The figures in brackets are the reference figures for the equivalent period in the previous year. Unless otherwise stated, figures refer to continuing operations. Any change percentages were calculated from the exact figures and not from the rounded figures published here.

Webcast and presentation

A webcast of the results briefing in English will be broadcast on 14 February at 10:00 am EET. Connection details are available at www.uponor.com > Investors. Questions can be sent in advance to ir@uponor.com. The recorded webcast can be viewed at www.uponor.com > Investors shortly after publishing. The presentation document will be available at www.uponor.com > Investors > News & downloads.

Next interim results

Uponor Corporation will publish its Q1 interim results on 28 April 2014. During the silent period from 1 April to 28 April, Uponor will not comment on market prospects or factors affecting business and performance.

Interim results October – December 2013

Markets

The market trends in the fourth quarter of 2013 did not offer great surprises compared to the developments in the previous quarters of 2013. The biggest change noted was the moderate slowing down of demand in some of the key markets of Building Solutions – Europe in November and December. As far as Building Solutions – North America and Uponor Infra were concerned, the market trends continued more or less unchanged.

Net sales

Uponor's consolidated net sales came to €237.6m (€189.6m), showing an increase of 25.3% from the final quarter of 2012, driven mainly by the establishment of the new joint-venture company Uponor Infra on 1 July 2013.

In organic terms, there was a modest decline of -1.9% in net sales. This was mostly caused by the weaker than expected net sales development of Building Solutions – Europe, which suffered a -7.8% drop organically. The markets softened most in southwest Europe, while in the Nordic countries, promising growth was noted in Sweden while Denmark and Norway suffered from weak demand and Finland was more or less flat. A healthy net sales trend continued in Building Solutions – North America, despite weaker sales in Canada.

Uponor Infra, excluding its new businesses, recorded modest growth. The new businesses' performance lagged behind the corresponding figures in 2012, with the biggest deviation coming from Canada.

Breakdown of net sales, October – December:

M€	10-12 2013	10-12 2012	Reported change
Building Solutions – Europe	112.0	121.6	-7.8%
Building Solutions – North-America	43.6	38.1	14.4%
(Building Solutions – North-America, M$	59.6	49.8	19.8%)
Uponor Infra	83.7	31.4	166.7%
Eliminations	-1.7	-1.5	
Total	237.6	189.6	25.3%

Profits and profitability

The rather satisfactory performance development that characterised the business in the second and third quarters of 2013 did not continue in the fourth quarter. The main reason for the deviation was a cancelled local French product approval concerning a central product system, which heavily impacted the performance of Uponor S.A.R.L., a French subsidiary company, part of Building Solutions – Europe. Related to this, Uponor accepted product returns from the distribution chain, which incurred costs. In addition, the drop in building solutions sales in some key markets impacted operational leverage in a negative way towards the end of the year.

Building Solutions – North America was the only segment that was able to improve its performance. It continued to benefit from strong operational leverage in the tailwind of increased volumes, supported by careful cost management.

Uponor Infra's performance was burdened by integration costs, amounting to €3.9 million in the fourth quarter, as well as weak demand overall, and especially in Canada. The integration is proceeding according to plan, with integration costs remaining somewhat below original expectations.

Uponor's consolidated gross profit in the final quarter of 2013 ended up at €72.0 (€72.2) million or 30.3% (38.1%). This adverse development was mainly driven by an increased share of infrastructure business and the temporary cancellation of a local product approval in France.

Group operating profit ended up at €-3.8 (€10.2) million, or -136.7%, for the reasons stated above, or -96.0% excluding the new Uponor Infra businesses. The operating profit margin in the fourth quarter came to -1.6% (5.4%), or 0.2% in comparable terms. The impact of the temporary cancellation of a product approval constituted roughly half of the drop in Building Solutions – Europe's operating profit.

Breakdown of operating profit, October – December:

M€	10-12 2013	10-12 2012	Reported change
Building Solutions – Europe	0.3	9.4	-97.4%
Building Solutions – North-America	5.8	3.5	66.1%
(Building Solutions – North-America, M$	8.0	4.6	73.8%)
Uponor Infra	-9.0	-2.7	-236.5%
Others	-0.5	0.3	
Eliminations	-0.4	-0.3	
Total	-3.8	10.2	-136.7%

Events during the period

As part of Uponor Infra's integration programme, the company concluded its collaborative negotiations with its personnel in Finland on 8 November, and subsequently decided to close its production units in the towns of Ulvila and Forssa, southern Finland. The negotiations, which were restricted to the subsidiaries Uponor Suomi Oy and Uponor Infra Oy, resulted in the decision to reduce the workforce by 111 employees, out of a total of 740 persons.

These restructuring actions caused a total of €3.9 million in non-recurring costs in the fourth quarter. The costs were related to the personnel reductions, manufacturing relocations and write-offs. The restructuring should be carried through by the end of the first quarter of 2014.

On 15 November 2013, Uponor Infra announced it had completed the sale of extrusion lines as required by the Market Court, and thus complies with the Market Court ruling.

One of the major endeavours in 2013 was an expansion to the manufacturing facility in Apple Valley, Minnesota, completed towards the end of the year, providing Building Solutions – North America with an addition of more than 1,600 square metres in manufacturing space.

Markets

The European building and construction markets remained challenging throughout most of 2013. The revitalisation of demand in some of Europe's larger markets, in particular, that was witnessed in the third quarter turned out to be short lived and, towards the end of the year, demand started to slacken again. This was mostly felt in the building solutions markets in Iberia, Italy, the Netherlands, Norway, and Finland. Demand in Germany continued to be rather resilient and positive signals were also recorded in Sweden.

In Building Solutions – North America, the business environment stayed healthy throughout the year, reflected in new housing development trends and consumers showing more lively buying patterns. The Canadian market was softening from its previous year's levels.

The infrastructure solutions demand in Uponor Infra's core European markets remained subdued, much like in the comparison period. The Canadian market was somewhat weaker than in 2012, reflecting the general economic trends in the country.

Net sales

Uponor's 2013 net sales from continuing operations amounted to €906.0 (2012: €811.5) million, up 11.6% year on year. In comparable terms, excluding the new Uponor Infra businesses for 2013 and the divested Hewing GmbH for the first quarter of 2012, net sales went down by -1.5%, or by -0.1% when considering currency exchange differences.

Building Solutions – Europe had unsatisfactory net sales development, reflecting the challenging market conditions throughout the continent. The reasonably strong development in the third quarter of 2013 weakened in the final quarter, and the situation was adversely affected by the product approval cancellation in France in the fourth quarter.

Continued positive progress was recorded in Building Solutions – North America throughout 2013, and record numbers were reached both in terms of sales and production. A good development was noted in the non-residential plumbing market, in particular, as a result of the fact that the share of PEX-plumbing strengthened in specifications, and it gained in popularity among installers.

Uponor Infra's net sales, at €261.4 million, includes the joint-venture business for the second half of 2013, reporting growth of 75.5%. Organically, including only Uponor Infrastructure Solutions, the growth was negative at roughly -1.4%, reflecting the subdued market environment.

In 2013, as a result of the expanded role of the infrastructure business, the share of Plumbing Solutions of Group net sales came to 42% (47%), Indoor Climate Solutions to 30% (35%), and Infrastructure Solutions to 28% (18%).

Net sales by segment for 1 January – 31 December 2013:

M€	1–12 2013	1–12 2012	Reported change, %
Building Solutions – Europe	479.5	517.7	-7.4%
Building Solutions – North America	171.5	151.1	13.5%
(Building Solutions – North America (M$)	228.2	195.4	16.8%)
Uponor Infra	261.4	149.0	75.5%
Eliminations	-6.4	-6.3	
Total	906.0	811.5	11.6%

The largest 10 countries, in terms of reported net sales, and their respective share of consolidated net sales, were as follows (2012 figures in brackets): Germany 15.9% (17.9%), USA 15.8% (14.1%), Finland 13.8% (11.6%), Sweden 9.5% (9.8%), Canada 6.1% (4.5%), Denmark 4.9% (4.1%), Norway 3.9% (4.8%), the United Kingdom 3.3% (3.8%), the Netherlands 3.2% (4.0%), and Russia 3.1% (2.8%).

Results

In 2013, Uponor's gross profit margin went clearly down from 2012. The main influencers for this trend were the higher relative share of the infrastructure business in the Group and the case of the cancelled product approval in France in the fourth quarter. Further, the input cost development was not as volatile as last year, which had a favourable impact on returns. The consolidated full-year gross profit ended up at €320.1 (€310.8) million, a change of €9.3 million or 3.0%.

Consolidated operating profit came to €50.2 (57.7) million, down -13.0% from the previous year or -10.8% organically. The operating profit margin came to 5.5% (7.1%) of net sales. Operating profit was down from last year, driven by the Uponor Infra integration costs at €5.0m, Uponor Infra transaction related costs at €1.7m and the impact of the French product approval case

Building Solutions – Europe's operating profit deteriorated markedly in the fourth quarter as a result of negative operational leverage, due to weakening demand in key markets as well as the cancellation of a central product approval in France, resulting in lost net sales and buyback of inventory from the distribution chain.

Building Solutions – North America's performance continued to improve as a result of strong operational leverage in a steady market growth environment in the U.S., while the Canadian market showed signs of slowing down.

Uponor Infra's operating profit was burdened by the one-time integration and restructuring costs of €5.0 million in the third and fourth quarters of the year. On a pro forma basis, its operating profit deteriorated somewhat, mainly due to the weakening business conditions in Canada.

Operating profit by segment for 1 January – 31 December 2013:

M€	1–12 2013	1–12 2012	Reported change, %
Building Solutions – Europe	32.7	47.2	-30.7%
Building Solutions – North-America	24.7	17.8	39.0%
(Building Solutions – North-America (M$)	32.9	23.0	43.1%)
Uponor Infra	-2.3	0.0	-7,020.3%
Others	-3.4	-6.1	
Eliminations	-1.5	-1.2	
Total	50.2	57.7	-13.0%

Uponor's financial expenses came to €7.1 (€8.6) million. Net currency exchange differences in 2013 were €-0.6 (-1.9) million.

Profit before taxes was €43.2 (49.4) million. At a tax rate of 37.3% (33.4%), income taxes totalled €16.1 (16.5) million.

Profit for the period totalled €26.8 (32.8) million, of which continuing operations accounted for €27.1 (32.9) million.

Return on equity decreased to 10.8% (15.7%). Return on investment reached 12.5% (16.5%).

Earnings per share were €0.38 (0.45), and €0.38 (0.45) for continuing operations. Equity per share was €3.00 (2.84). For other share-specific information, please see the Tables section.

Consolidated cash flow from operations was €92.1 (32.7) million, while cash flow before financing came to €67.2 (22.5) million. Cash flow from operations improved as a result of a change in net working capital, due to the new units entering Uponor Infra in high season, and lower taxes year-on-year as the 2012 figures were burdened by the surtaxes paid in the first quarter 2012.

Key figures are reported for a five-year period in the financial section.

Investment, research and development, and financing

Uponor's practice is to reach a balance between placing resources with the most viable opportunities while at the same time keeping investments tight, and focussing on maintenance and careful productivity improvements, depending on the respective market situation. Thus, funds were allocated to the expansion of manufacturing capacity in the Apple Valley factory in the U.S., which was completed by year-end. This represents the Group's largest investment in 2013, increasing the site's manufacturing capacity by some 15%. The investment cost, at approximately €9.0 million, turned out to be somewhat lower than anticipated and disclosed earlier. Major investment funds were also allocated into the manufacturing of the new seamless aluminium composite pipe and other new technologies within Building Solutions – Europe.

Gross investments into fixed assets totalled €33.9 (19.2) million, an increase of €14.7 million year on year. Net investments totalled €30.4 (18.1) million.

Research and development costs amounted to €17.7 (15.9) million, or 2.0% (2.0%) of net sales.

The main existing funding programmes on 31 December 2013 included an €80 million bond maturing in 2018 and a €20 million bond maturing in 2016. With the existing bond issues, Uponor has extended the maturity structure and diversified its sources of funding. In addition to these, Uponor Infra Oy took a loan of €35 million on 1 July 2013 to finance its operations.

Committed bilateral revolving credit facilities, maturing in 2015, totalled €190 million; none of these back-up facilities were used during the year.

For short-term funding needs, Uponor's main tool is its domestic commercial paper programme, totalling €150 million. On the balance sheet date, none of it was outstanding. At the end of the year, Uponor had €53.7 million in cash and cash equivalents.

Accounts receivable and credit risks received special attention throughout the year. The amount of bad debt remained low at €1.3 (0.5) million, the increase coming from an impairment to trade receivables from the mining company Talvivaara Sotkamo Oy.

Consolidated net interest-bearing liabilities increased to €96.9 (94.1) million. The solvency ratio was 43.9% (41.5%) and gearing came to 33.7% (45.4%). Average quarterly gearing was 57.9 (64.6), in line with the range of 30-70 set in the company's financial targets.

Events during the period

Uponor Infra Ltd, a new subsidiary company to Uponor, owned jointly by Uponor Corporation (55.3%) and KWH Group (44.7%), began operating on 1 July 2013, thus merging Uponor's Infrastructure Solutions and KWH Pipe's infrastructure businesses into one company. In this connection, Infrastructure Solutions ceased to exist as an IFRS segment name and was substituted by Uponor Infra as of 1 July 2013. A detailed description of the structural changes related to the integration process was given in the January-September 2013 interim report.

During 2013, the main targets of Uponor Infra were to set the strategic direction and design a new organisation, as well as to execute activities to ensure that the majority of the integration and restructuring savings can be achieved in 2014.

During the autumn, Uponor Infra started collaborative negotiations in Denmark, Sweden, and Finland, with the aim to optimise the production and administration structure. The outcome of the negotiations was that more than 130 employees will leave the company, and production in Ulricehamn, Sweden, and Ulvila and Forssa in Finland, as well as two offices in Denmark and Finland, will be relocated to other existing facilities. The majority of the production equipment and personnel movements are being executed during the low season, starting in December 2013.

Announced on 24 May 2013, the Market Court's approval of the Uponor Infra merger was subject to certain conditions, as proposed by Uponor and KWH Group. Uponor divested the required extrusion lines in the autumn of 2013, and complies fully with the conditions.

In addition to the above events, in April 2013, the Board of Adjustment of the Finnish Tax Authority rejected Uponor's appeal for the rectification of an earlier decision of the Tax Authority requiring Uponor Business Solutions Oy to pay €14.4 million in back taxes and penalties in a case concerning the market-based transfer pricing of Uponor's internal service charges. Uponor placed the issue before the administrative court on 15 July 2013 and applied for rectification of the Board of Adjustment's ruling, while seeking a counter-rectification associated with taxable income in countries where the company should, according to the Board of Adjustment, have charged service fees.

In June, the Board of Adjustment of the Finnish Tax Authority rejected, for the most part, Uponor's appeal on a €0.5 million transfer price issue concerning the parent company Uponor Corporation. On 24 July 2013, Uponor applied to the administrative court for a rectification of this ruling.

Personnel and organisation

At the end of the year, the Uponor Group had 4,141 (3,052) employees. In full-time-equivalent (FTE) terms, this is 1,089 more than at the end of 2012. The average number of employees (FTE) for the year was 3,649 (3,098). In 2013, the establishment of Uponor Infra contributed to Uponor's personnel growth by 1,105 persons at year-end. In North America, the business growth and the factory expansion resulted in an increase of the workforce by 41 persons.

The geographical breakdown of the Group's personnel (FTE) was as follows: Germany 867 (20.9%), Finland 813 (19.6%), Sweden 500 (12.1%), the USA 474 (11.4%), Thailand 204 (4.9%), Poland 201 (4.9%), Canada 189 (4.6%), Spain 185 (4.5%), the UK 145 (3.5%), Denmark 127 (3.1%), and other countries 436 (10.5%).

A total of €211.9 (€184.7) million was recorded in salaries, other remunerations, and employee benefits during the financial period.

Effective on 1 April 2013, a new, functional organisation structure was introduced for Building Solutions – Europe. In connection with this, Heiko Folgmann assumed the role of Executive Vice President, Sales and Marketing, including responsibility for Group brand management, and Fernando Roses assumed the role of Executive Vice President, Offering and Supply chain, including group-wide responsibility for research and technology as well as sustainability. Robin Carlsson, Executive Vice President for Infrastructure Solutions and member of the Executive Committee, left the company. Sebastian Bondestam, Executive Vice President, Supply Chain, was appointed Executive Vice President, Infrastructure Solutions, and later, when Uponor Infra Ltd was established, he was appointed President of Uponor Infra Ltd, as of 1 July 2013. Bondestam remained in his post as a member of the Uponor Executive Committee and deputy to the managing director of the Uponor Corporation.

Effective on 23 September 2013, Ms Minna Schrey-Hyppänen, 47, a Finnish citizen, was appointed Executive Vice President, Human Resources, at Uponor Corporation, and a member of the Executive Committee at Uponor Group.

Key risks associated with business

Uponor's financial performance may be affected by several market, operational, financial, and hazard risks.

Market risks
Uponor's principal areas of business are Europe and North America, where exposure to political risks is considered relatively low. Through Uponor Infra Oy, established in July 2013, Uponor now has business also in Thailand. While accounting only around two per cent of the Group's net sales, the political risk posed by the country of Thailand has thus grown.

Since Uponor's net sales are divided among a large number of customers, the majority of which are distributors (wholesalers), end-market demand for the company's products is distributed across a wide customer base. The five largest customer groups generate roughly one third of Uponor's net sales, which are distributed between 23 countries.

Although the economic situation in Europe seems to have stabilised somewhat, the economic environment remains highly fragile, particularly in the euro zone. For this reason, Uponor is continually monitoring the situation and performs internal assessments of potential risks facing the euro area and their possible repercussions on Uponor's operations.

Demand for Uponor's products depends on business cycles in the construction sector. Traditionally, Uponor's main end market has comprised single-family housing. However, the company's products are increasingly being supplied for commercial and public building. Fluctuations in demand often differ between these sectors. Fluctuations are also being offset to a certain degree by demand for renovation projects, which is not always as discretionary as new housing projects. Via Uponor Infra Oy, founded in July 2013, around 40% of Uponor's annual net sales comes from the infrastructure solutions business, entailing a corresponding increase in the associated risks to the company. In addition to construction sector cycles, demand for infrastructure products depends on civil engineering and publicly funded investments in municipal development. To safeguard against risks associated with economic cycles and fluctuations in demand, the company has developed its sales forecasting processes and enhanced the flexibility of its organisation and supply chain.

In many countries, Uponor's operations are regulated by local legislation. For example, Uponor seeks national product approvals for a large proportion of the products it sells. Uponor closely monitors laws and regulations under preparation, to anticipate their impact on Uponor and its customers.

Operational risks
Prices of raw materials used in the manufacture of plastic pipe systems are susceptible to other petrochemical and metal product price fluctuations. In recent years, Uponor has been able to pass the effects of such fluctuations on to its selling prices with a reasonable delay, in such a way that this has not resulted in any major losses in income. Whenever feasible, Uponor manages the risk of fluctuations in the price of metals and plastics raw materials through supply agreements with fixed prices and by means of financial products. Uponor uses financial instruments to manage price risks associated with electricity prices at Nordic level.

With respect to component and raw material purchases, Uponor aims to use supplies and raw materials available from several suppliers. Where only one raw material supplier is used, Uponor seeks to ensure that the supplier has at least two production plants manufacturing goods used by Uponor. Uponor implements systems for material and raw material quality control and supplier accreditation.

Uponor manages its organisational and management risks, such as employee turnover and distortion of the age distribution, by continuously analysing its human resources and ensuring that its organisational structure supports efficient operations. Personnel development programmes focus on enhancing management skills in a multicultural matrix organisation. Uponor’s annual employee survey provides important information on our employees’ engagement, by measuring various aspects of competence, the working environment and motivation. Based on the survey results, action plans are agreed and followed up, resulting in improved job satisfaction.

Uponor’s business processes are managed using several IT applications, the most important being the ERP systems for the company’s European and North American operations. System criticality review and contingency planning are included in the implementation and lifecycle management of major IT systems. Risks are also evaluated as part of Uponor’s risk management process. Contingency plans can include, for example, failover planning, backup and restore management and testing. Disaster recovery tests are held on a biennial basis for key systems. External third-party audits are also performed.

Uponor applies an ISO 9001 quality management system and an ISO 14001 environmental management system, or comparable systems, which enhance production safety and productivity while reducing the environmental impact and risks of Uponor's operations.

In its Project Business operations, Uponor seeks to manage risks related, for example, to project-specific timing and costs. As far as possible, such risks are covered in project and supplier agreements. Furthermore, the staff's project management skills are actively enhanced.

Financial risks

Recent years have shown that major disruptions in the financial markets are possible with very little warning. For this reason, although the situation now seems rather stable from Uponor's perspective, significant risks may arise in relation to the availability of financing. Uponor aims to ensure the availability, flexibility and affordability of financing by maintaining sufficient credit limit reserves and a well-balanced maturity distribution of loans, as well as by using several counterparties and various forms of financing.

The Group manages its liquidity through efficient cash management solutions and by applying risk-averse investment policy, investing solely in low-risk instruments that can be liquidated rapidly and at a clear market price.

Interest rate movements expose the Group to changes in interest expense, as well as in the fair value of fixed rate financial items. Interest rate risk is managed by spreading the Group funding across fixed and floating rate instruments.

The international nature of its operations exposes the Group to currency risks associated with different currencies. A significant part of Uponor’s net sales are created in currencies other than the euro. Correspondingly, a major part of expenses associated with these net sales are also denominated in the same local currencies, markedly decreasing the currency risks. The Group Treasury function is responsible for managing and hedging Group-level net currency flows in external currency markets, mainly by using currency forward contracts and currency options as hedging instruments.

Uponor is also exposed to currency translation risk, which manifests itself in the translation of non-euro-area subsidiaries' equity into euros. According to the company's hedging policy, non-euro-area balance sheet items are not hedged, with the exception of internal loans, which are classified as net investments and included in hedge accounting.

Hazard risks
Uponor operates twelve production plants in nine countries. Products manufactured at these plants generate the majority of the company's net sales. Uponor co-ordinates property damage and business interruption insurance at Group level on a centralised basis, in order to achieve extensive insurance cover neutralising the financial damage caused by any risks associated with machine breakdowns, fire, etc. Another major hazard risk is associated with product liability related to products manufactured and sold by Uponor. Product liability is also addressed through insurance programmes at Group level.

Various measures are taken to manage risks of property damage and business interruptions. These include safety training for personnel, adherence to maintenance schedules, and actions to maintain the availability of major spare parts. Audits and training conducted at Uponor's production sites by, and in cooperation with, insurance companies are also an essential part of Group risk management.

Risk management in 2013
As market conditions remained challenging in many of Uponor's major geographical markets, management and monitoring of market risk continued to play a key role in the field of risk management.

Towards the end of 2013, a major business risk materialised in France, when Uponor S.A.R.L. temporarily lost a local approval of a central product. It resulted in a considerable drop in net sales and incurred costs as Uponor accepted returns of products already shipped to customers. All told, the operating profit fell by close to €5 million in the last quarter due to this. An approval for a substituting product was granted in December 2013.

With regard to Uponor's critical commodities, the price development in 2013 was smoother and calmer than during the previous year. Despite that, continuous risk management is an important and well acknowledged component in sourcing.

In an annual exercise performed in the second half of the year, risks were comprehensively mapped and risk management plans updated accordingly.

In 2013, in cooperation with insurance companies, Uponor assessed the functionality and preparedness of risk management in four production units. The results showed that the level of risk management was sound in all units.

With volatility still dominating the global economic arena, concern about the availability of bank finance on favourable terms remained on the agenda. To secure long term funding, Uponor has diversified its financing risks by using various funding instruments, maturities, multiple counterparties and markets. When funding is not raised from money or capital markets, special attention is paid to the quality of the counterparties. Only solid, well rated banks or financial institutions are used.

As in 2012, special attention was paid to the monitoring of account receivables and the handling of credit risk.

Together with changing tax policies, global economic volatility has increased companies' tax risk exposure, giving tax risk management continued prominence, including within Uponor. The company has proactively endeavoured to focus on good tax governance and has assigned tax risk assessment a more explicit role in its risk assessment process.

Uponor is involved in several judicial proceedings in various countries. The year saw no materialisation of risks, pending litigation or other legal proceedings, or measures by the authorities that, based on current information, might have been of material significance to the Group.

Administration and audit

The Annual General Meeting (AGM) of 18 March 2013 re-elected the following Board members for a term of one year: Eva Nygren, Jorma Eloranta, Jari Paasikivi, Jari Rosendal and Rainer S. Simon. In addition, Timo Ihamuotila, a Finnish citizen, was elected as the sixth member. Jari Paasikivi was elected Chairman of the Board and Jorma Eloranta Deputy Chairman.

The AGM elected Deloitte & Touche Oy, Authorised Public Accountants, as the company's auditor, with Teppo Rantanen, Authorised Public Accountant, as the principal auditor.

Uponor prepares a separate corporate governance statement and a remuneration statement, which will both be available online after the annual accounts have been published, on Uponor's website at www.uponor.com > Investors > Governance > Corporate governance.

Share capital and shares

In 2013, Uponor's share turnover on the NASDAQ OMX Helsinki stock exchange was 14.6 (22.0) million shares, totalling €179.3 (€186.1) million. The share quotation at the end of 2013 was €14.22 (€9.60), and market capitalisation of the outstanding shares was €1,041.0 (€702.8) million. At the end of the year, there were a total of 15,480 (17,788) shareholders. Foreign shareholding in Uponor accounted for 33.9% (30.2%) of all shareholding in the company at the end of the reporting period. More detailed information is available in the financial statements.

In 2013, Uponor Corporation's share capital totalled €146,446,888, and the number of shares stood at 73,206,944. No changes were made in share capital during the year.

Uponor received the following foreign notification of changes in ownership in 2013: The holdings of Franklin Resources, Inc., a U.S. company, reached 10.01% on 12 March 2013. The number of shares and voting rights held by the company came to 7,325,055 shares. Further information on shares and holdings is reported in the financial statements.

Board authorisations
The AGM of 18 March 2013 authorised the Board to buy back a maximum of 3.5 million of the company's own shares, which equals 4.8% of the total number of shares of the company. These shares will be bought back using distributable earnings from unrestricted equity. The authorisation is valid until the end of the next annual general meeting, and for no longer than 18 months.

The AGM of 15 March 2012 authorised the Board to resolve on issuing a maximum of 7.2 million new shares or transferring the company's own shares, representing 9.8 per cent of the total number of the shares of the company. The Board of Directors was authorised to resolve on the conditions of share issuance. The authorisation is valid for three years, i.e. until 15 March 2015. On 15 March 2012, the Board further resolved on a directed share issue without payment and decided to transfer 19,622 of the company's own shares, held by the company, to current and former Executive Committee members, as specified in the rules of the Long-Term Incentive programme.

Treasury shares
By the end of the year, Uponor held 140,378 treasury shares, representing approximately 0.2% of the company's shares and voting rights.

Management shareholding
The members of the Board of Directors, the CEO and his deputy, along with corporations known to the company, in which they exercise control, held a total of 646,821 Uponor shares on 31 December 2013 (709,547 on 31 December 2012). These shares accounted for 0.88% of all shares and votes in the company.

Share-based incentive programme
In February 2013, the Board of Directors decided to continue to implement the long-term share-based incentive plan established in 2012. The new plan covers the years 2013-2015, and it complements the plan that exists for the years 2012-2014. The plan will cover a maximum of twelve members of the Group's key management. Details of the plans are presented on the company's website.

Events after the period

On 2 January 2014, the U.S. company The Capital Group Companies, Inc.'s ownership in Uponor fell below 5% as a result of share transactions. The total holding and voting power of The Capital Group Companies, Inc. came to 3,616,201 shares, representing an ownership of 4.9396%. The shares are owned by various funds and clients of The Capital Group Companies, Inc. and its affiliates.

Uponor has initiated preparations to renew the existing committed bilateral revolving credit facilities, targeting completion in the first half of 2014. To start with, €50 million of the facilities was renegotiated and signed in February 2014. The renegotiated facility now matures in February 2019.

Short-term outlook

The economic outlook in Uponor's key markets is twofold for 2014: North America – the U.S., in particular - is expected to stay lively and offer room for reasonable construction industry growth. The European markets, however, are expected to develop in a rather steady manner, but offering no real growth in the building solutions or in the infrastructure solutions markets.

The development will continue to be fragile, and there is a risk that short-term variances to the general trend may take place.

Uponor will continue to promote its value-adding sustainable solutions, which have a tailwind of significant global megatrends. Uponor has kept on renewing its offering portfolio over the last few years and expects the new products and systems solutions to offer possibilities for increased sales and profitability.

The management continues to keep a sharp eye on the company's focus, cost-efficiency, and cash flow, in order to secure a solid financial position in the longer term, while simultaneously being alert for new business opportunities. If the outlook remains weak, further action to cut overheads and other costs may become necessary in selected markets.

Uponor issues the following guidance for 2014: The Group's net sales and operating profit (excluding any non-recurring items) are expected to improve from 2013.

Uponor's financial performance may be affected by a range of strategic, operational, financial, and hazard risks. No meaningful change in the risk scenario has been observed compared to the year before, except for the fact that the establishment of Uponor Infra in July 2013 did increase infrastructure solutions-related business risks and also some country risks. A more detailed risk analysis is provided in the 'Key risks associated with business' section of the Financial Statements 2013.

Uponor Corporation
Board of Directors

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Financial statements bulletin January –December 2013
Table part

This interim report has been compiled in accordance with the IAS 34 reporting standard and it is unaudited. The figures in brackets are the reference figures for the equivalent period in 2012. The change percentages reported have been calculated from the exact figures and not from the rounded figures published in the interim report.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

M€	1-12/ 2013	1-12/ 2012	10-12/ 2013	10-12/ 2012
Continuing operations				
Net sales	906.0	811.5	237.6	189.6
Cost of goods sold	585.9	500.7	165.6	117.4
Gross profit	320.1	310.8	72.0	72.2
Other operating income	0.8	0.9	0.5	0.1
Dispatching and warehousing expenses	34.2	31.8	9.2	8.2
Sales and marketing expenses	167.7	161.3	45.8	41.0
Administration expenses	50.0	44.6	15.4	8.4
Other operating expenses	18.8	16.3	5.9	4.5
Operating profit	50.2	57.7	-3.8	10.2
Financial expenses, net	7.1	8.6	2.1	1.5
Share of results in associated companies	0.1	0.3	0.1	0.2
Profit before taxes	43.2	49.4	-5.8	8.9
Income taxes	16.1	16.5	-0.1	1.7
Profit for the period from continuing operations	27.1	32.9	-5.7	7.2
Discontinued operations				
Profit for the period from discontinued operations	-0.3	-0.1	-0.3	-0.1
Profit for the period	26.8	32.8	-6.0	7.1
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Re-measurements on defined benefit pensions, net of taxes	0.4	-1.1	0.4	-1.1
Items that may be reclassified subsequently to profit or loss				
Translation differences	-5.1	0.6	-2.0	-3.1
Cash flow hedges, net of taxes	0.5	-0.7	0.0	0.0
Net investment hedges	2.4	-3.5	1.4	2.3
Other comprehensive income for the period, net of taxes	-1.8	-4.7	-0.2	-1.9
Total comprehensive income for the period	25.0	28.1	-6.2	5.2
Profit/loss for the period attributable to				
- Equity holders of parent company	27.8	32.8	-3.0	7.1
- Non-controlling interest	-1.0	-	-3.0	-
Comprehensive income for the period attributable to				
- Equity holders of parent company	26.5	28.1	-3.0	5.2
- Non-controlling interest	-1.5	-	-3.2	-
Earnings per share, €	0.38	0.45	-0.03	0.10
- Continuing operations	0.38	0.45	-0.03	0.10
- Discontinued operations	0.00	0.00	0.00	0.00
Diluted earnings per share, €	0.38	0.45	-0.03	0.10

- Continuing operations	0.38	0.45	-0.03	0.10
- Discontinued operations	0.00	0.00	0.00	0.00

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

M€	31.12.2013	31.12.2012
Assets		
Non-current assets		
Property, plant and equipment	201.8	152.4
Intangible assets	102.8	93.7
Securities and non-current receivables	10.8	0.8
Deferred tax assets	15.9	14.5
Total non-current assets	331.3	261.4
Current assets		
Inventories	115.4	78.7
Accounts receivable	126.7	107.3
Other receivables	33.9	34.3
Cash and cash equivalents	53.7	17.7
Total current assets	329.7	238.0
Total assets	661.0	499.4
Equity and liabilities		
Equity		
Equity attributable to the owners of the parent company	219.7	207.3
Non-controlling interest	68.0	-
Total equity	287.7	207.3
Non-current liabilities		
Interest-bearing liabilities	136.4	107.6
Deferred tax liability	15.7	14.8
Provisions	4.5	5.1
Employee benefits and other liabilities	25.8	22.7
Total non-current liabilities	182.4	150.2
Current liabilities		
Interest-bearing liabilities	14.2	4.2
Provisions	17.6	15.5
Accounts payable	61.1	43.3
Other liabilities	98.0	78.9
Total current liabilities	190.9	141.9
Total equity and liabilities	661.0	499.4

Figures for 31.12.2012 have been adjusted with the effect of retrospective application of IAS19R Employee Benefits.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

M€	1-12/2013	1-12/2012
Cash flow from operations		
Net cash from operations	87.9	77.4
Change in net working capital	22.3	-7.6
Income taxes paid	-14.8	-30.2
Interest paid	-3.6	-7.4
Interest received	0.3	0.5
Cash flow from operations	92.1	32.7
Cash flow from investments		
Acquisition of businesses*	8.2	-
Proceeds from disposal of subsidiaries and businesses	-	7.6
Proceeds from disposal of shares	0.0	0.0
Purchase of fixed assets	-33.9	-19.2
Proceeds from sale of fixed assets	0.8	1.2
Dividends received	0.0	0.2
Loan repayments	0.0	0.0
Cash flow from investments	-24.9	-10.2
Cash flow from financing		
Borrowings of debt	76.3	46.3
Repayment of debt	-41.1	-47.3
Change in other short-term loan	-35.8	0.5
Dividends paid	-27.8	-25.6
Acquisition of non-controlling interest	-	-6.2
Payment of finance lease liabilities	-1.6	-1.5
Cash flow from financing	-30.0	-33.8
Conversion differences for cash and cash equivalents	-1.2	-0.1
Change in cash and cash equivalents	36.0	-11.4
Cash and cash equivalents at 1 January	17.7	29.1
Cash and cash equivalents at end of period	53.7	17.7
Changes according to balance sheet	36.0	-11.4

*) Acquisition of businesses consists of €3.8 million paid for the acquisition of the PEX pipe business and €12.0 million received in cash and cash equivalents from the acquisition of KWH Pipe Ltd.

STATEMENT OF CHANGES IN EQUITY

M€	A	B	C	D*	E	F	G	H	I
Balance at 1 Jan 2013	146.4	50.2	-0.5	-15.4	-1.0	27.6	207.3	-	207.3
Total comprehensive income for the period			0.5	-2.2		28.2	26.5	-1.5	25.0
Dividend paid (€0.38 per share)						-27.8	-27.8		-27.8
Share-based incentive plan						0.3	0.3		0.3
Non-controlling interest from acquisition							0.0	38.5	38.5
Transfer of non-controlling interest						13.4	13.4	30.8	44.2
Other adjustments						0.0	0.0	0.2	0.2
Balance at 31 December 2013	146.4	50.2	0.0	-17.6	-1.0	41.7	219.7	68.0	287.7
Balance at 1 Jan 2012	146.4	50.2	0.2	-12.5	-1.2	24.6	207.7	2.9	210.6
Total comprehensive income for the period			-0.7	-2.9		31.7	28.1		28.1
Dividend paid (€0.35 per share)						-25.6	-25.6		-25.6
Share-based incentive plan					0.2	0.2	0.4		0.4
Acquisition of non-controlling interest						-3.3	-3.3	-2.9	-6.2
Other adjustments			0.0			0.0	-		-
Balance at 31 December 2013	146.4	50.2	-0.5	-15.4	-1.0	27.6	207.3	-	207.3

*) Includes a -€14.1 (-16.5) million effective part of net investment hedging at the end of period.

Figures for 1.1.2012 and 1.1.2013 have been adjusted with the effect of retrospective application of IAS19R Employee Benefits.

A – Share capital
B – Share premium
C – Other reserves
D* – Translation reserve
E – Treasury shares

F – Retained earnings
G – Equity attributable to owners of the parent company
H – Non-controlling interest
I – Total equity

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES

The interim report has been prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by the EU and IAS 34 Interim Financial Reporting. In its interim reports, Uponor Group follows the same principles as in the annual financial statements for 2012, excluding impacts of Amendments to IAS 1 Presentation of Financial Statements and IAS19R Employee Benefits followed in the interim financial statements.

Notes required by the standard IFRS 13 Fair Value Measurement have been included in the interim report.

Presentation of Financial Statements

As of January 2013, the Group adopted the Amendments to IAS 1 Presentation of Financial Statements. Main change is the requirement for grouping items in 'other comprehensive income' based on whether they can be reclassified to profit or loss as certain conditions are fulfilled. Uponor has grouped items in other comprehensive income as required.

Employee Benefits

As of 1 January 2013, the Group adopted the revised IAS 19 Employee Benefits. The revised standard requires that all actuarial gains and losses are immediately recognised through other comprehensive income and such balances are permanently excluded from the consolidated income statement. Previously actuarial gains and losses were deferred in accordance with the corridor approach.

Main changes relate to the fully recognised actuarial gains and losses which impact other comprehensive income and increase the Group's employee benefit liability. This change does not have material impact on the consolidated income statements.

Revised IAS 19 Employee Benefits requires retrospective application, the adjustments resulting from the implementation of the standard have been disclosed below.

31.12.2012, M€	Reported	Adjustments	Adjusted
Impact on statement of comprehensive income			
Other comprehensive income	-3.6	-1.1	-4.7
Impact on statement of financial position			
Deferred tax assets	13.6	0.9	14.5
Equity attributable to the owners of the parent company	209.9	-2.6	207.3
Employee benefits and other liabilities	19.2	3.5	22.7
Impact on key figures		Reported	Adjusted
Return on equity, % (p.a.)		15.5	15.7
Return on investment, % (p.a.)		16.7	16.5
Solvency ratio, %		42.1	41.5
Gearing, %		44.8	45.4
Equity per share, €		2.87	2.84

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

M€	31.12.2013	31.12.2012
Gross investment	33.9	19.2
- % of net sales	3.7	2.4
Depreciation	33.0	28.2
Book value of disposed fixed assets	3.5	1.1

PERSONNEL

Converted to full time employees	1-12/2013	1-12/2012
Average	3,649	3,098
At the end of the period	4,141	3,052

OWN SHARES

	31.12.2013	31.12.2012
Own shares held by the company, pcs	140,378	140,378
- of share capital, %	0.2	0.2
- of voting rights, %	0.2	0.2
Accounted par value of own shares held by the company, M€	0.3	0.3

SEGMENT INFORMATION

	1-12/2013			1-12/2012		
M€	External	Internal	Total	External	Internal	Total
Net sales by segment, continuing operations						
Building Solutions – Europe	478.9	0.6	479.5	517.3	0.4	517.7
Building Solutions - North America	171.5	-	171.5	151.1	-	151.1
Uponor Infra	255.6	5.8	261.4	143.1	5.9	149.0
Eliminations	-	-6.4	-6.4	-	-6.3	-6.3
Total	906.0	-	906.0	811.5	-	811.5

	10-12/2013			10-12/2012		
M€	External	Internal	Total	External	Internal	Total
Net sales by segment, continuing operations						
Building Solutions – Europe	111.8	0.2	112.0	121.5	0.1	121.6
Building Solutions - North America	43.6	-	43.6	38.1	-	38.1
Uponor Infra	82.2	1.5	83.7	30.0	1.4	31.4
Eliminations	-	-1.7	-1.7	-	-1.5	-1.5
Total	237.6	-	237.6	189.6	-	189.6

M€	1-12/2013	1-12/2012	10-12/2013	10-12/2012
Operating result by segment, continuing operations				
Building Solutions - Europe	32.7	47.2	0.3	9.4
Building Solutions - North America	24.7	17.8	5.8	3.5
Uponor Infra	-2.3	0.0	-9.0	-2.7
Others	-3.4	-6.1	-0.5	0.3
Eliminations	-1.5	-1.2	-0.4	-0.3
Total	50.2	57.7	-3.8	10.2

M€	1-12/2013	1-12/2012
Segment depreciation and impairments, continuing operations		
Building Solutions - Europe	11.3	11.4
Building Solutions - North America	6.8	6.0
Uponor Infra	9.9	5.9
Others	4.5	4.4
Eliminations	0.5	0.5
Total	33.0	28.2
Segment investments, continuing operations		
Building Solutions – Europe	8.0	7.8
Building Solutions - North America	15.7	5.9
Uponor Infra	9.4	4.2
Others	0.8	1.3
Total	33.9	19.2

M€	31.12.2013	31.12.2012
Segment assets		
Building Solutions - Europe	340.8	364.9
Building Solutions - North America	131.9	119.6
Uponor Infra	259.5	84.4
Others	260.2	249.8
Eliminations	-331.4	-319.3
Total	661.0	499.4
Segment liabilities		
Building Solutions - Europe	238.8	290.3
Building Solutions - North America	69.2	69.2
Uponor Infra	117.8	66.5
Others	302.2	210.3
Eliminations	-354.7	-344.2
Total	373.3	292.1

Segment assets and liabilities on 31.12.2012 have been adjusted with the effect of retrospective application of IAS19R Employee Benefits. The change mainly affected the segment Building Solutions – Europe.

	1-12/2013	1-12/2012
Segment personnel, continuing operations, average		
Building Solutions – Europe	2,084	2,132
Building Solutions - North America	504	427
Uponor Infra	1,002	480
Others	59	59
Total	3,649	3,098

Reconciliation

M€	1-12/2013	1-12/2012
Operating result by segment, continuing operations		
Total result for reportable segments	55.1	65.0
Others	-3.4	-6.1
Eliminations	-1.5	-1.2
Operating profit	50.2	57.7
Financial expenses, net	7.1	8.6
Share of results in associated companies	0.1	0.3
Profit before taxes	43.2	49.4

CONTINGENT LIABILITIES AND ASSETS

M€	31.12.2013	31.12.2012
Commitments of purchase PPE (Property, plant, equipment)	3.3	0.6
Other commitments	1.5	0.9
- on own behalf		
Pledges at book value	0.4	0.0
Mortgages issued	9.4	0.1
Guarantees issued	6.1	-
- on behalf of a subsidiary		
Pledges at book value	0.0	-
Guarantees issued	19.4	16.1
- on behalf of others		
Guarantees issued	0.0	7.0
Letter of Comfort commitments undertaken on behalf of subsidiaries are not included in the above figures		
Pledges at book value	0.4	0.0
Mortgages issued	9.4	0.1
Guarantees issued	25.6	23.1
Total	35.4	23.2

Uponor Corporation's subsidiary in Spain, Uponor Hispania, SA, had a tax audit in December 2011 – May 2012, covering financial years 2006 and 2007. As a result of the audit, the tax authority claims €3.9 million in taxes, delay interest and penalties from Uponor Hispania. The claim mainly relates to the tax deductibility of certain costs such as services rendered by Uponor Group and advertising. Uponor Hispania disagrees with the assessment of the tax authority and has appealed the case. While the appeal is being handled, Uponor Hispania, SA has provided a bank guarantee of €2.9 million covering the tax amount and delay interests due to the Spanish tax authority. The bank guarantee given is included in Guarantees on behalf of a subsidiary given by the parent company above.

In the beginning of 2012, Uponor Corporation and its subsidiary Uponor Business Solutions Oy paid €15.0 million in taxes, surtaxes and penalties based on the taxation adjustment decisions made by the Finnish tax authority for the years 2005-2009. Uponor appealed against the decisions and filed a request for rectification to the Board of Adjustment. The Board of Adjustment rejected Uponor Business Solutions Oy's appeal in April 2013 and, for the most part, also Uponor Corporation's appeal in June 2013. On July 2013, Uponor placed the issue before the administrative court and applied for rectification of the Board of Adjustment's ruling. Uponor will also start a process to avoid possible double taxation. The surtaxes (€1.9 million) and the interest on delayed payments (€3.3 million) were recorded as expenses in 2011. The paid taxes (€9.8 million) relating to an increase in taxable income were booked as receivables from the tax authority in 2012. Tax authority returned €0.3 million to Uponor Corporation in June 2013; thus the tax receivable decreased to €9.6 million. The tax receivable is transferred to non-current receivables, as the process can last years. If Uponor, against expectations, should fail to get the appeal approved, the surtaxes and interests would remain as the company's loss. If the appeal would be approved, the surtaxes and interests would be returned to the company.

M€	31.12.2013	31.12.2012
OPERATING LEASE COMMITMENTS	35.3	40.2

DERIVATIVE CONTRACTS

M€	Nominal value 31.12.2013	Fair value 31.12.2013	Nominal value 31.12.2012	Fair value 31.12.2012
Currency derivatives				
- Forward agreements	250.7	2.2	243.2	0.7
- Currency options, bought	9.9	0.4	10.8	0.1
- Currency options, sold	9.9	0.0	10.8	0.0
Interest derivatives				
- Interest rate swaps	170.0	-1.5	50.0	-2.5
Commodity derivatives				
- Forward agreements	7.2	-1.4	6.5	-0.7

FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY

31.12.2013 M€	Derivative contracts, under hedge accounting	Financial assets/liabilities at fair value through profit and loss	Loans and receivables	Available for sales financial assets	Financial liabilities measured at amortized cost	Carrying amount by balance sheet item	IFRS 7 Fair value hierarchy level
Non-current financial assets							
Other shares and holdings				0.7		0.7	
Non-current receivables			10.1			10.1	
Current financial assets							
Accounts receivable and other receivables			143.9			143.9	
Electricity derivatives	0.0					0.0	1
Other derivative contracts	2.6	3.1				5.7	2, 3
Cash and cash equivalents			53.7			53.7	
Carrying amount	2.6	3.1	207.7	0.7		214.1	
Non-current financial liabilities							
Interest bearing liabilities					136.4	136.4	
Electricity derivatives	0.7					0.7	1
Current financial liabilities							
Interest bearing liabilities					14.2	14.2	
Electricity derivatives	0.7					0.7	1
Other derivative contracts	3.2	1.3				4.5	2, 3
Accounts payable and other liabilities					79.2	79.2	
Carrying amount	4.6	1.3			229.8	235.7	

31.12.2012 M€	Derivative contracts, under hedge accounting	Financial assets/liabilities at fair value through profit and loss	Loans and receivables	Available for sales financial assets	Financial liabilities measured at amortized cost	Carrying amount by balance sheet item	IFRS 7 Fair value hierarchy level
Non-current financial assets							

Other shares and holdings				0.2		0.2	
Non-current receivables			0.5			0.5	
Current financial assets							
Accounts receivable and other receivables			120.1			120.1	
Electricity derivatives	0.0					0.0	1
Other derivative contracts	1.0	0.8				1.8	2, 3
Cash and cash equivalents			17.7			17.7	
Carrying amount	1.0	0.8	138.3	0.2		140.3	
Non-current financial liabilities							
Interest bearing liabilities					107.6	107.6	
Electricity derivatives	0.4					0.4	1
Current financial liabilities							
Interest bearing liabilities					4.2	4.2	
Electricity derivatives	0.3					0.3	1
Other derivative contracts	2.9	0.6				3.5	2, 3
Accounts payable and other liabilities					57.6	57.6	
Carrying amount	3.6	0.6			169.4	173.6	

The carrying value of financial assets and liabilities is considered to correspond to their fair value. The Group's financial instruments are classified according to IFRS 7 fair value hierarchies.
Uponor applies the hierarchy as follows:
The fair value of electricity derivatives is measured based on stock exchange prices. (Hierarchy 1)
The fair value of currency forward agreements is measured based on price information from common markets and commonly used valuation methods. (Hierarchy 2)
The fair value of currency options is measured according to fair value calculations made by financial institutions (Hierarchy 3). The fair value of currency options at the valuation day is immaterial.

BUSINESS COMBINATIONS

The merger plan, announced in September 2012, by Uponor Corporation and the KWH Group Ltd, to combine their infrastructure businesses into a jointly owned company, was completed on 1 July 2013. The new company, Uponor Infra Oy started operations on 1 July 2013. Its ownership is divided by: Uponor 55.3% and KWH Group 44.7%. Uponor Infra Oy will focus on providing infrastructure pipe systems in northern Europe and elsewhere. With the merger, Uponor and the KWH Group aim to create efficiencies and strengthen the profitability. Uponor Infra Oy is consolidated in Uponor Corporation as the segment Uponor Infra from 1 July.

In terms of IFRS 3 Business Combinations, Uponor Corporation acquired a 55.3% majority stake in KWH Pipe Ltd and as consideration transferred a 44.7% non-controlling interest in Uponor's infrastructure business to KWH Group. Uponor has a control in the jointly owned company through the 55.3% direct ownership and the voting ownership by holding the Chair position in the board of directors of Uponor Infra Oy.

M€	1.7.2013
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	50.7
Intangible assets	4.8
Securities and non-current receivables	0.6
Deferred tax asset	3.2
Inventories	49.9
Accounts receivable and other receivables	44.0
Cash and cash equivalents	12.0
Total assets	165.2
Non-current interest-bearing liabilities	33.9
Deferred tax liability	2.9
Employee benefits and other liabilities	4.9
Provisions	0.6
Current interest-bearing liabilities	9.2
Accounts payable and other current liabilities	38.1
Total liabilities	89.6
Net assets	75.6

M€	
Consideration	44.5
Non-controlling interest	38.5
Acquired net assets	-75.6
Goodwill	7.4

Consideration of €44.5 million represents 55.3% of KWH Pipe Ltd's determined fair value, which was estimated by applying an income approach and a market approach. The fair value measurement is based on significant inputs that are not observable in the market, which IFRS 13 Fair Value Measurement refers to as Level 3 inputs. Consideration represents also the fair value of transferred net assets of Uponor infrastructure business, thus the transferred net assets remain in their carrying amounts leading to a gain recognised directly equity. Further details are presented in the part Changes in non-controlling interest. The non-controlling interest (44.7% ownership interest in KWH Pipe Ltd) recognised at the acquisition date was measured by reference to the fair value of non-controlling interest.

The goodwill of €7.4 million arising from the acquisition consists largely of the cost synergies and better capacity utilisation obtained through the combined infrastructure business of KWH Pipe and Uponor. None of the goodwill recognised is deductible for income tax purposes.

Acquisition related costs amounted to €3.5 million. They were included in administration expenses in the consolidated statement of comprehensive income as follows: €1.8 million for the year ended 31 December 2012 and €1.7 million for the reporting period ended 31 December 2013.

The KWH Pipe Ltd's infrastructure business included in to consolidated statement of comprehensive income since 1 July 2013 contributed net sales of €114.6 million and profit for the period of €-1.5 million. Had the KWH Pipe Ltd been consolidated from 1 January 2013, the impact on the consolidated statement of comprehensive income would have been €212.4 million in net sales and €-2.1 million in profit. The profit for the period impact is an estimate based on the available information and assumptions.

Prior to the acquisition of KWH Pipe Ltd, Uponor acquired KWH Pipe Ltd's domestic PEX pipe business in late June for an acquisition price of €3.8 million. Acquired identifiable net assets were €3.8 million, and this corresponds to the sales price. In the consolidated statement of comprehensive income, the impact on net sales and profit was minor. The acquired PEX pipe business is included in the Building Solutions - Europe segment.

CHANGES IN NON-CONTROLLING INTEREST

The fair value of consideration transferred was €44.5 million, as described in connection with the acquisition of a 55.3% share in KWH Pipe Ltd. The book value of transferred net assets was €30.8 million and costs related to the transfer of non-controlling interest were €0.3 million. The transfer of non-controlling interest has been recorded directly in the equity according to IFRS. Its effect in retained earnings was a net gain of €13.4 million.

DISPOSAL OF SUBSIDIARIES

Uponor closed the divestment of Hewing GmbH at the end of the first quarter 2012. The sales price of €11.9 million was received on 2 April 2012. This was later adjusted on the basis of the closing statement, ending up at €11.5 million. The net impact on the result was immaterial.

M€	2013	2012
Book value of disposed assets		
Tangible assets	-	3.4
Intangible assets	-	0.1
Other non-current assets	-	0.3
Inventory	-	5.6
Accounts receivable and other receivables	-	6.9
Cash and cash equivalents	-	3.9
Total assets	-	20.2
Employee benefits and other liabilities	-	2.3
Provisions	-	0.5
Accounts payable and other current liabilities	-	5.9
Total liabilities	-	8.7
Net assets	-	11.5
Cash received from sales	-	11.5
Cash and cash equivalents disposed of	-	3.9
Cash flow effect	-	7.6

DISCONTINUED OPERATIONS

In 2013 and 2012, the discontinued operations include costs related to the administration and maintenance of the real estate vacated by the Irish infrastructure business sold in 2008.

M€	1-12/2013	1-12/2012
Expenses	0.3	0.1
Profit before taxes	-0.3	-0.1
Income taxes	-	-
Profit after taxes	-0.3	-0.1
Profit for the period from discontinued operations	-0.3	-0.1
Cash flow from discontinued operations		
Cash flow from operations	-0.4	-0.5

RELATED-PARTY TRANSACTIONS

M€	1-12/2013	1-12/2012
Continuing operations		
Purchases from associated companies	1.5	2.4
Balances at the end of the period		
Accounts receivable and other receivables	0.0	0.0
Accounts payables and other liabilities	0.1	0.0

KEY FIGURES

	1-12/2013	1-12/2012
Earnings per share, €	0.38	0.45
- continuing operations	0.38	0.45
- discontinued operations	0.00	0.00
Operating profit (continuing operations), %	5.5	7.1
Return on equity, % (p.a.)	10.8	15.7
Return on investment, % (p.a.)	12.5	16.5
Solvency ratio, %	43.9	41.5
Gearing, %	33.7	45.4
Net interest-bearing liabilities	96.9	94.1
Equity per share, €	3.00	2.84
- diluted	3.00	2.84
Dividend per share, €	0.38*)	0.38
Dividend per earnings, %	100.0	84.4
Effective share yield, %	2.7	4.0
P/E ratio	37.4	21.3
Market value of share capital	1,041.0	702.8
Trading price of shares		
- low, €	9.65	6.77
- high, €	15.85	10.00
- average, €	12.31	8.47
Shares traded		
- 1,000 pcs	14 563	21,963
- M€	179	186

*) Proposal of the Board of Directors
Figures for 1-12/2012 have been adjusted with the effect of retrospective application of IAS19R Employee Benefits.

QUARTERLY DATA

	10-12/ 2013	7-9/ 2013	4-6/ 2013	1-3/ 2013	10-12/ 2012	7-9/ 2012	4-6/ 2012	1-3/ 2012
Continuing operations								
Net sales, M€	237.6	279.3	211.4	177.7	189.6	211.3	218.1	192.5
- Building Solutions – Europe	112.0	129.3	124.3	113.9	121.6	129.9	133.2	133.0
- Building Solutions – North America	43.6	46.9	43.8	37.2	38.1	43.1	38.9	31.0
- Building Solutions – North America, $	59.6	62.4	57.2	49.0	49.8	54.5	49.7	41.4
- Uponor Infra	83.7	105.1	45.0	27.6	31.4	40.3	47.6	29.7
Gross profit, M€	72.0	96.3	82.6	69.2	72.2	82.6	81.4	74.6
- Gross profit, %	30.3	34.5	39.1	39.0	38.1	39.1	37.3	38.7
Operating profit, M€	-3.8	28.2	19.7	6.1	10.2	22.1	16.1	9.3
- Building Solutions – Europe	0.3	14.6	11.1	6.7	9.4	13.9	12.2	11.7
- Building Solutions – North America	5.8	7.7	6.6	4.6	3.5	7.5	4.1	2.7
- Building Solutions – North America, $	8.0	10.2	8.6	6.1	4.6	9.6	5.3	3.5
- Uponor Infra	-9.0	6.1	4.3	-3.7	-2.7	2.4	2.2	-1.9
- Others	-0.5	0.2	-1.9	-1.2	0.3	-1.4	-2.6	-2.4
Operating profit, % of net sales	-1.6	10.1	9.3	3.4	5.4	10.4	7.4	4.8
- Building Solutions – Europe	0.3	11.3	8.9	5.9	7.7	10.7	9.1	8.8
- Building Solutions – North America	13.3	16.5	15.0	12.4	9.1	17.4	10.6	8.5
- Uponor Infra	-10.8	5.8	9.6	-13.6	-8.6	5.8	4.7	-6.5
Profit for the period, M€	-6.0	17.7	11.8	3.3	7.1	12.4	8.8	4.5
Balance sheet total, M€*	661.0	716.4	552.7	532.8	499.4	539.5	559.7	542.6
Earnings per share, €	-0.03	0.20	0.16	0.05	0.10	0.17	0.12	0.06
Equity per share, €*	3.00	3.06	2.68	2.51	2.84	2.76	2.63	2.49
Market value of share capital, M€	1,041.0	1,020.5	841.9	776.0	702.8	600.3	517.2	632.5
Return on investment, % (p.a)*	12.5	17.9	14.7	7.0	16.5	18.2	15.4	11.2
Interest-bearing net debt at the end of the period, M€	96.9	135.2	146.2	142.1	94.1	117.7	143.9	145.3
Gearing, %*	33.7	45.8	74.5	77.6	45.4	58.3	74.8	79.8
Gearing, % rolling 4 quarters*	57.9	60.9	63.9	64.0	64.6	63.1	62.0	60.2
Gross investment, M€	14.8	8.7	5.8	4.6	6.8	4.6	4.0	3.8
- % of net sales	6.2	3.1	2.7	2.6	3.2	2.3	1.8	2.0

* Figures for 2012 have been adjusted with the effect of retrospective application of IAS19R Employee Benefits.

DEFINITIONS OF KEY RATIOS

Return on Equity (ROE), %

$$= \frac{\text{Profit before taxes – taxes}}{\text{Shareholder's equity + non-controlling interest, average}} \times 100$$

Return on Investment (ROI), %

$$= \frac{\text{Profit before taxes + interest and other financing costs}}{\text{Balance sheet total – non-interest-bearing liabilities. average}} \times 100$$

Solvency, %

$$= \frac{\text{Shareholder's equity + non-controlling interest}}{\text{Balance sheet total – advance payments received}} \times 100$$

Gearing, %

$$= \frac{\text{Net interest-bearing liabilities}}{\text{Shareholder's equity + non-controlling interest}} \times 100$$

Net interest-bearing liabilities

= Interest-bearing liabilities – cash, bank receivables and financial assets

Earnings per share (EPS)

$$= \frac{\text{Profit for the period}}{\text{Number of shares adjusted for share issue in financial period excluding treasury shares}}$$

Equity per share ratio

$$= \frac{\text{Equity attributable to the owners of the parent company}}{\text{Average number of shares adjusted for share issue at end of year}}$$

Dividend per earnings ratio

$$= \frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

Price – Earnings ratio (P/E)

$$= \frac{\text{Share price at the end of financial period}}{\text{Earnings per share}}$$

Average share price

$$= \frac{\text{Total value of shares traded (€)}}{\text{Total number of shares traded}}$$