












Financial results briefing – Q2/2011

Jyri Luomakoski
President and CEO
Uponor Corporation

Q2

Leading indicators in major markets

| | Indicator | % change YTD | Data through | Trend since Q1 update |
|-------------|--------------------|--------------|--------------|---|
| Germany | Housing permits | +32% | May 2011 |  |
| Finland | Housing permits | -3% | April 2011 |  |
| USA | Housing starts | +17%* | June 2011 |  |
| Sweden | Housing starts | +39% | Q1 2011 |  |
| Spain | Housing permits | -12% | April 2011 |  |
| Norway | Housing starts | +42% | May 2011 |  |
| Italy | Construction index | 0% | April 2011 |  |
| Denmark | Housing starts | +4% | March 2011 |  |
| Netherlands | Housing permits | +31% | March 2011 |  |
| Canada | Housing starts | +3%* | June 2011 |  |

*Seasonally adjusted, annualised rate vs. same month in 2010

Increase in net sales despite continued challenges in key markets

| Net sales, M€ | 4-6/2011 | 4-6/2010 | Change, % |
|--|--------------|--------------|------------|
| Uponor | 222.6 | 204.6 | 8.8 |
| Building Solutions – Europe | 147.8 | 130.9 | 13.0 |
| Building Solutions – North America | 29.5 | 33.5 | -11.8 |
| (Building Solutions – North America, US\$) | 42.8 | 42.5 | 0.8) |
| Infrastructure Solutions | 47.3 | 42.6 | 11.0 |

- BLD - Europe: Satisfactory growth, mostly driven by good German and Benelux demand; other markets remaining more or less stable
- BLD - North America: Modest growth against general market current
- Infrastructure: Net sales revitalised by seasonality and new product launches
- Group organic growth at 5.7%
 - Net sales growth includes effects from cost inflation and currency fluctuations



Operating profit burdened by higher input costs and marketing expenses

| Operating profit, M€ | 4-6/2011 | 4-6/2010 | Change, % |
|--|-------------|-------------|--------------|
| Uponor | 15.5 | 18.8 | -17.4 |
| Building Solutions – Europe | 13.9 | 16.4 | -14.7 |
| Building Solutions – North America | 2.7 | 2.0 | 30.0 |
| (Building Solutions – North America, US\$) | 3.8 | 2.7 | 40.7 |
| Infrastructure Solutions | 1.7 | 3.1 | -45.2 |

BLD – Europe:

- Increase in marketing costs from a range of new product innovations
- Increased one-time costs in Q2

BLD - North America:

- Low overhead costs together with targeted sales focus bore results

Infrastructure:

- Impact of increasing input costs offset the benefits of net sales growth



Highlights of Q2

- + Uponor's recent product innovations (launched in Q1) well received in the market-place, strengthening brand leadership in key markets
- + In Building Solutions – Europe, product harmonisation has driven down the number of items by one third in the past two years
- Overall, market sentiments weakening apart from the sustained positive development in the German-speaking Europe
- Challenging environment of rising input costs continued, affecting especially the Infrastructure business (resins) but also Building Solutions (components, energy...)
- Marketing costs rising more rapidly than business volume



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10 August 2011

5

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Financial statements

Riitta Palomäki
CFO
Uponor Corporation



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Interim January – June 2011

Key figures

| MEUR | 1-6 2011 | 1-6 2010 | Change Y/Y | 1-12 2010 |
|---|-------------|-------------|---------------|--------------|
| Net sales, continuing operations | 395.8 | 362.0 | +9.4% | 749.2 |
| Operating profit, continuing operations | 18.7 | 20.3 | -7.8% | 52.4 |
| Operating profit margin, continuing operations | 4.7% | 5.6% | -0.9% pts | 7.0% |
| Earnings per share (diluted), EUR | 0.15 | 0.12 | +25.0% | 0.34 |
| Return on equity, % (p.a.) | 8.8% | 6.5% | 2.3% pts | 9.7% |
| Return on investment, % (p.a.) | 10.6% | 9.0% | 1.6% pts | 14.4% |
| Net interest bearing liabilities | 150.9 | 130.8 | +15.4% | 66.8 |
| Gearing, % | 67.7% | 54.3% | 13.4% pts | 25.0% |
| Net Working capital of Net Sales, % (p.a.) | 16.4% | 14.3% | +14.4% | 8.6% |
| Average number of employees, continuing operations | 3,281 | 3,203 | +2.4% | 3,219 |
| Number of employees, end of period, continuing operations | 3,400 | 3,272 | +3.9% | 3,197 |



April – June 2011

Income statement

| MEUR | 4-6 2011 | 4-6 2010 | Change Y/Y |
|------------------------------|-------------|-------------|---------------|
| Continuing operations | | | |
| Net sales | 222.6 | 204.6 | +8.8% |
| Cost of goods sold | 142.1 | 123.9 | +14.7% |
| Gross profit | 80.5 | 80.8 | -0.2% |
| - % of net sales | 36.2 % | 39.5 % | -3.3% pts |
| Other operating income | 0.1 | 0.5 | -100.2% |
| Expenses | 65.1 | 62.5 | +4.2% |
| Operating profit | 15.5 | 18.8 | -17.4% |
| - % of net sales | 7.0 % | 9.2 % | -2.2% pts |
| Financial expenses, net | 2.0 | 3.3 | -38.1% |
| Profit before taxes | 13.5 | 15.5 | -13.1% |
| Profit for the period | 9.3 | 10.9 | -14.8% |
| EBITDA | 22.5 | 26.3 | -14.2% |



January – June 2011 Income statement

| | MEUR | 1-6 2011 | 1-6 2010 | Change Y/Y |
|------------------------------|------|-------------|-------------|---------------|
| Continuing operations | | | | |
| Net sales | | 395.8 | 362.0 | +9.4% |
| Cost of goods sold | | 250.8 | 222.5 | +12.7% |
| Gross profit | | 145.0 | 139.5 | +4.0% |
| - % of net sales | | 36.6 % | 38.5 % | -1.9% pts |
| Other operating income | | 0.1 | 1.1 | -91.2% |
| Expenses | | 126.4 | 120.3 | +5.1% |
| Operating profit | | 18.7 | 20.3 | -7.8% |
| - % of net sales | | 4.7 % | 5.6 % | -0.9% pts |
| Financial expenses, net | | 3.1 | 7.4 | -58.2% |
| Profit before taxes | | 15.6 | 12.9 | +21.3% |
| Profit for the period | | 10.8 | 9.0 | +19.2% |
| EBITDA | | 32.7 | 35.2 | -7.3% |

- All segments continued to increase their **net sales** vs LY, BLD - North America in dollars. Sales price increases +5M€.

- After stable Q1, **gross margin** went down in Q2, due to increasing raw material prices having full effect.

- Expenses up by 6.1M€**

- Sales and marketing exp +6.0M€
- Slight increase in D&W exp
- Admin exp down, incl 0.9M€ M&A costs
- FX -1.5M€

- Financial expenses, net**

- Financial expenses 4.1M€
- Financial income 1.2M€
- Exchange differences, net -0.2M€



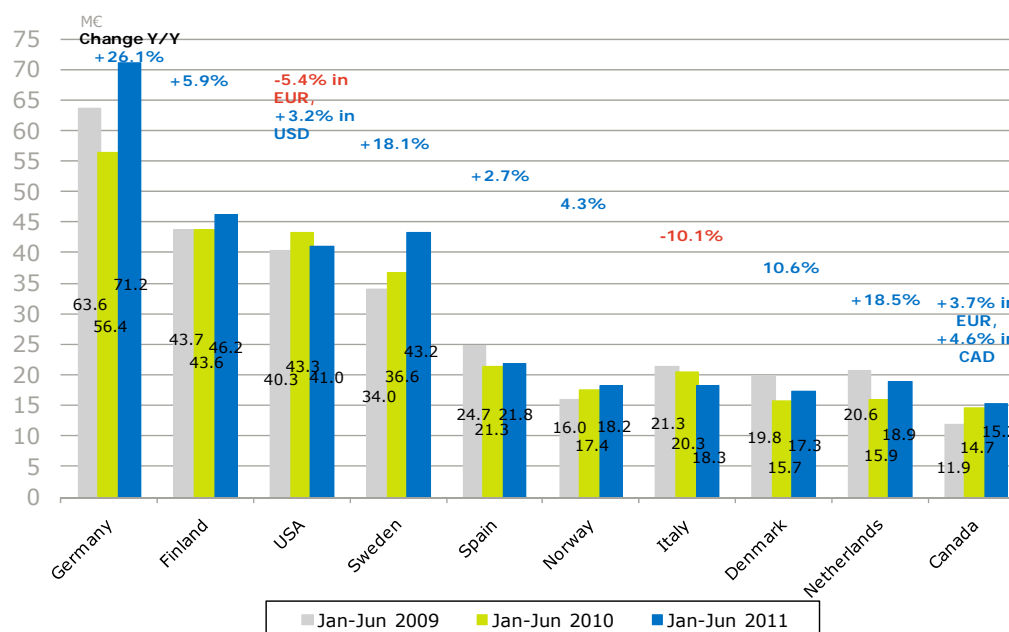
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9

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Net sales development by key national markets (10 largest by net sales)



Note: Countries are sorted by FY2010 net sales



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Interim January – June 2011

Balance sheet

| MEUR | 30 Jun 2011 | 30 Jun 2010 | Change Y/Y | 31 Dec 2010 |
|--|----------------|----------------|---------------|----------------|
| Property, plant and equipment | 166.4 | 175.3 | -8.9 | 171.3 |
| Intangible assets | 99.0 | 99.7 | -0.7 | 96.9 |
| Securities and long-term investments | 8.6 | 8.4 | +0.2 | 8.4 |
| Inventories | 97.4 | 90.4 | +7.0 | 84.4 |
| Cash and cash equivalents | 36.2 | 6.8 | +29.4 | 11.9 |
| Other current and non-current assets | 188.5 | 177.5 | +11.0 | 124.3 |
| Shareholders' equity | 222.9 | 240.8 | -17.9 | 252.1 |
| Non-current interest-bearing liabilities | 112.4 | 59.6 | +52.8 | 43.5 |
| Provisions | 10.7 | 12.8 | -2.1 | 12.0 |
| Non-interest-bearing liabilities | 175.4 | 166.9 | +8.5 | 154.4 |
| Current interest-bearing liabilities | 74.7 | 78.0 | -3.3 | 35.2 |
| Balance sheet total | 596.1 | 558.1 | +38.0 | 497.2 |

- Bonds issued in June increasing the cash and total balance sheet
- Inventories and accounts receivable continue to increase, mainly due to higher raw material prices



Interim January – June 2011

Cash flow

| MEUR | 1-6/ 2011 | 1-6/ 2010 | Change Y/Y | 1-12/ 2010 |
|--|--------------|--------------|---------------|---------------|
| Net cash from operations | 32.6 | 28.2 | +4.4 | 74.9 |
| Change in NWC | -55.0 | -44.3 | -10.7 | -22.6 |
| Net payment of income tax and interest | -10.0 | -2.9 | -7.1 | -3.1 |
| Cash flow from operations | -32.4 | -19.0 | -13.4 | 49.2 |
| Cash flow from investments | -15.0 | -2.6 | -12.4 | -13.6 |
| Cash flow before financing | -47.4 | -21.6 | -25.8 | 35.6 |
| Dividends and buy backs | -40.2 | -36.5 | -3.7 | -36.5 |
| Other financing | +111.9 | +51.7 | +60.2 | -0.5 |
| Cash flow from financing | 71.7 | 15.2 | +56.5 | -37.0 |
| Change in cash and cash equivalents | 24.3 | -6.4 | +30.7 | -1.3 |

- Gross CapEx at 9.2M€, clearly less than depreciation at 14.0M€
- 2011 cash flow from investments include acquisition of subsidiary shares (6.4M€)
- 2010 cash flow from investments include proceeds from sales of fixed assets (2.8M€)
- Other financing includes bonds totalling 100M€ issued in June 2011





Outlook for the future

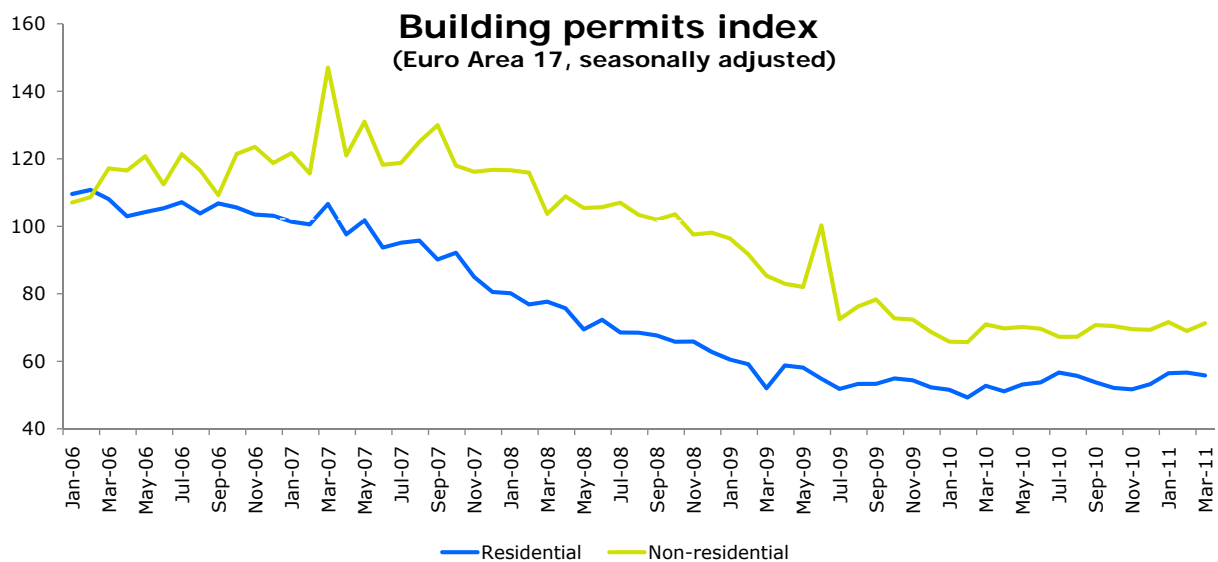
Jyri Luomakoski
President and CEO
Uponor Corporation

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European building permits

- Residential building permits have improved slightly from the same time last year, while non-residential permits are essentially flat.



Source: Eurostat

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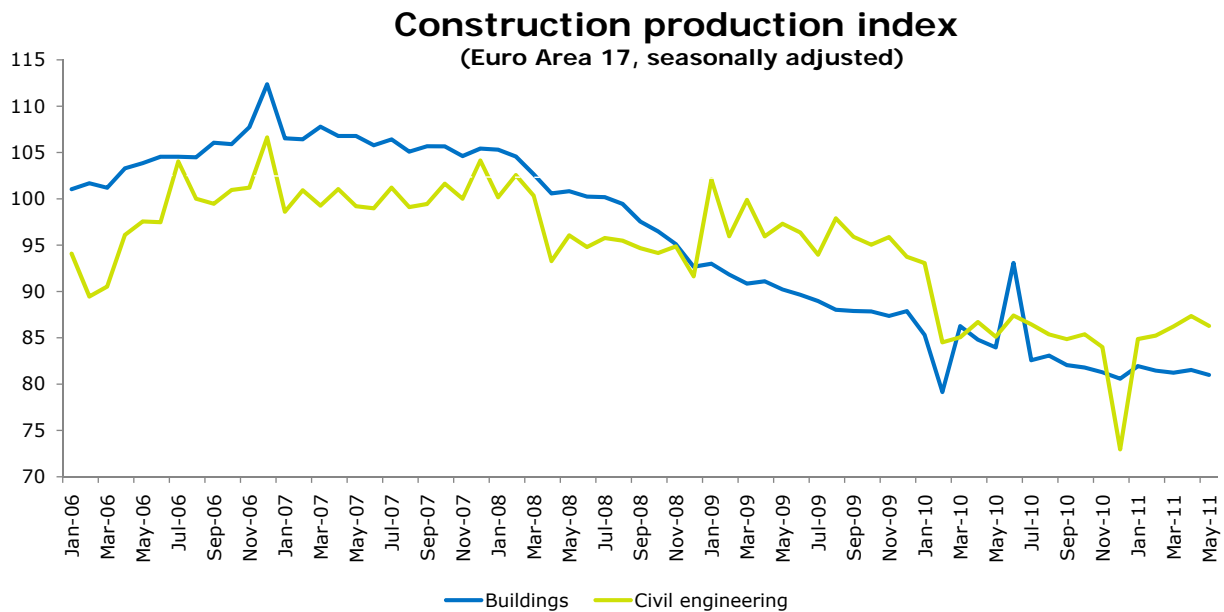
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14

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European construction output

- Residential construction output is down slightly from the same time last year, while the civil engineering segment has returned to the same level.



Source: Eurostat



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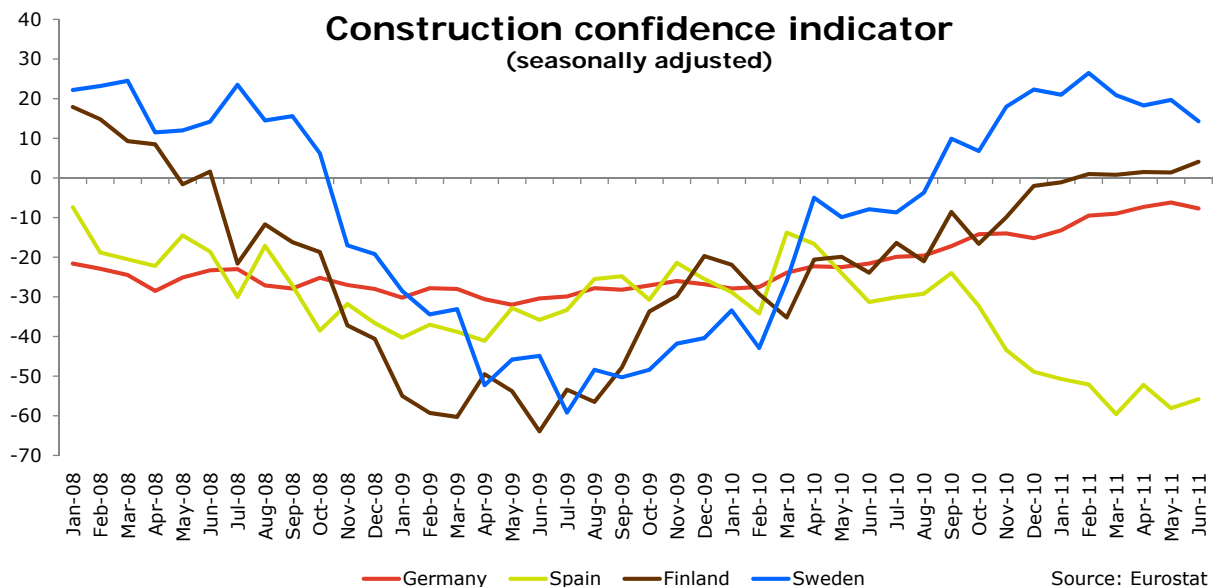
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Construction sentiment in select European countries

- Construction confidence in Northern and Central Europe remains high, although sentiment in Sweden has fallen from earlier in the year.



Source: Eurostat



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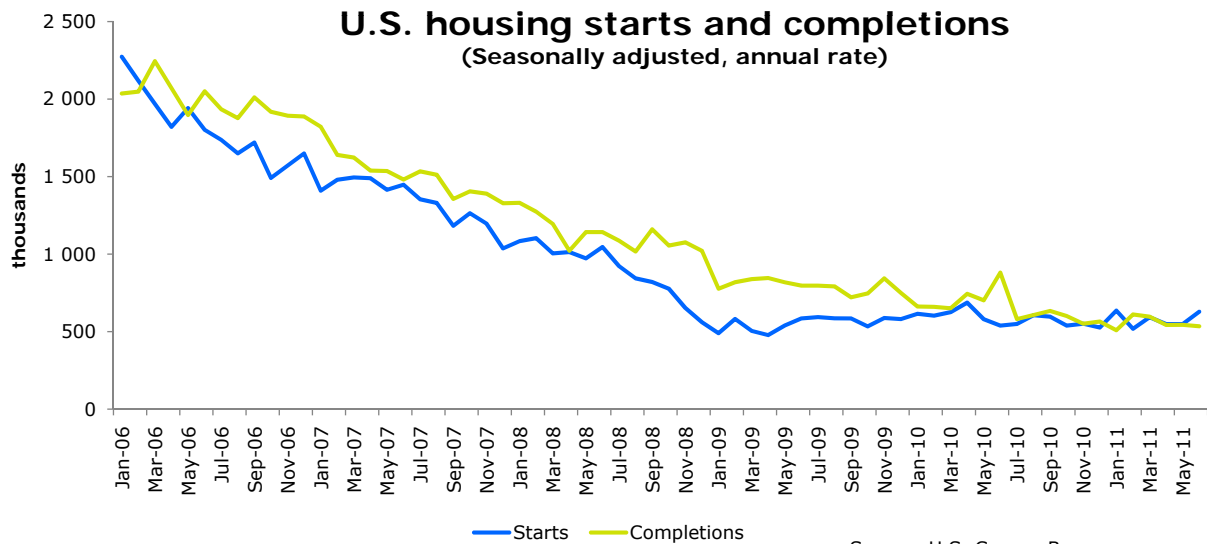
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16

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USA

- Housing **starts** in June were at a seasonally adjusted annual rate of 629,000, up 17% from June 2010.
- Housing **completions** in June were at a seasonally adjusted annual rate of 535,000, down 39% from June 2010.



Sustainability as a business driver



U.S. Department of Energy's National Renewable Energy Laboratory in Colorado

- The super-energy-efficient office structure represents the largest net-zero energy building in the U.S.
- Uponor radiant heating and cooling

Hässleholm, Sweden

- A combination of sheltered housing and private apartments catering for the needs of the elderly. Active collaboration by the parties helped find a solution for individual living and shared services.
- Uponor sprinkler and tap water systems

Proconsi headquarters, Spain

- The target of the customer was energy efficiency and to incorporate the most advanced solutions in indoor climate and energy production, while giving a high added-value to the building. Another point was to find a balance between initial and operational costs in the next years.
- The building features Uponor radiant heating and cooling.

Topical sustainability events

- Sustainability is becoming a key driver in the building industry. Uponor business groups, Indoor Climate in particular, are benefiting from this trend globally
- Uponor signed the ENCORD sustainable development charter in June as part of a pan-European move of leading companies to commit to developing their businesses and operations for the future
 - ENCORD - the *European Network of Construction Companies for Research and Development* is a forum for industry-led research, development and innovation in the construction sector
- Uponor reported Carbon Disclosure Project data in Investor CDP 2011 for the second time
- A cross-functional team set up in 2010 to move forward in sustainability thinking, planning and implementation
 - Global longer term sustainability targets are being prepared



Management issues for 2011

- Short-term:
 - Review the focus to make sure that the efforts to generate profitable growth match with current realistic opportunities
 - Critically review the company's organisational and cost structures to adjust to realistic market demand outlook
 - Manage the prices to secure that the selling prices compensate for the increases in input costs
- Longer-term strategic focus:
 - Continue to support the trend towards a more sustainable building and construction industry by means of innovations and own/joint initiatives
 - Actively continue the promotion and marketing of recent product innovations to add value to professional partners



Guidance for 2011 unchanged

- Significant regional variations in market demand and sentiment
- Year-over-year growth rates have slowed (Nordics) and are anticipated to slow (Germany)
- The international financial crisis may expand and affect Uponor's business environment and the preconditions of business.

Based on the present situation in the main market areas, the company maintains its full-year guidance.

Uponor repeats the guidance issued on 10 Feb. 2011:

- Organic growth in net sales is expected to accelerate from the 2010 level
- Operating profit is expected to improve on last year's reported operating profit
- The Group's fixed-asset investments are not expected to exceed depreciation, and efficient net working capital management measures will help to retain a good cash flow level for the Group

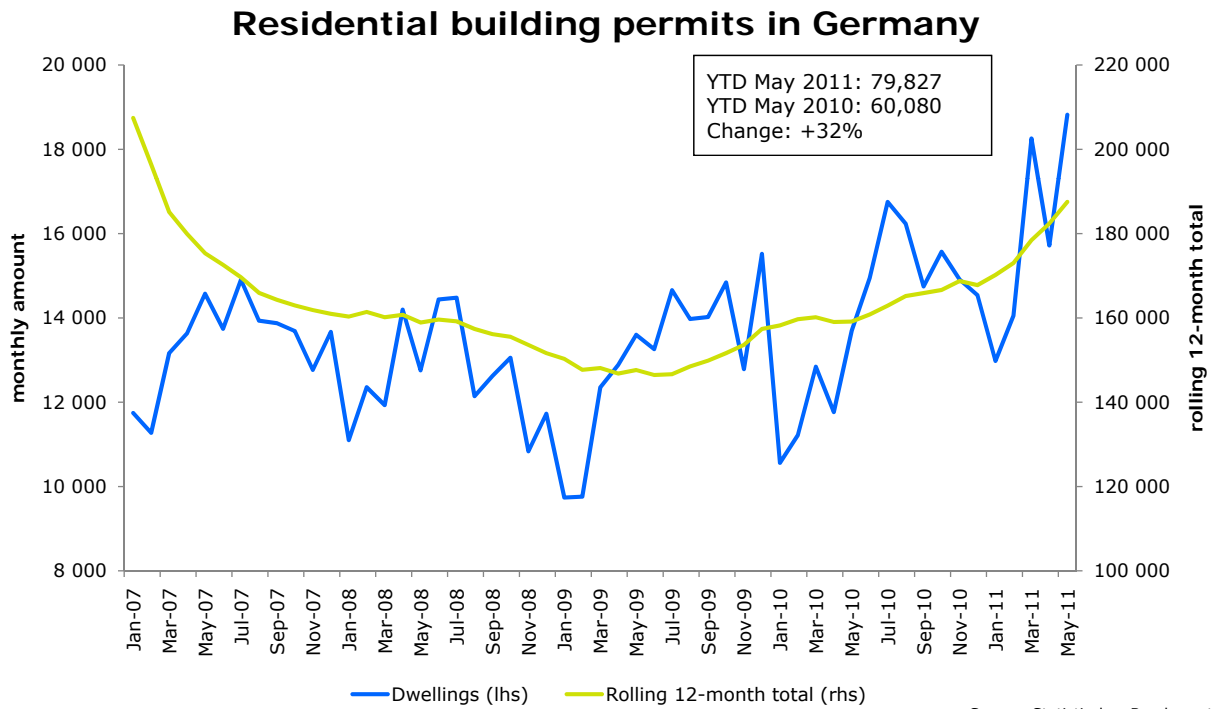


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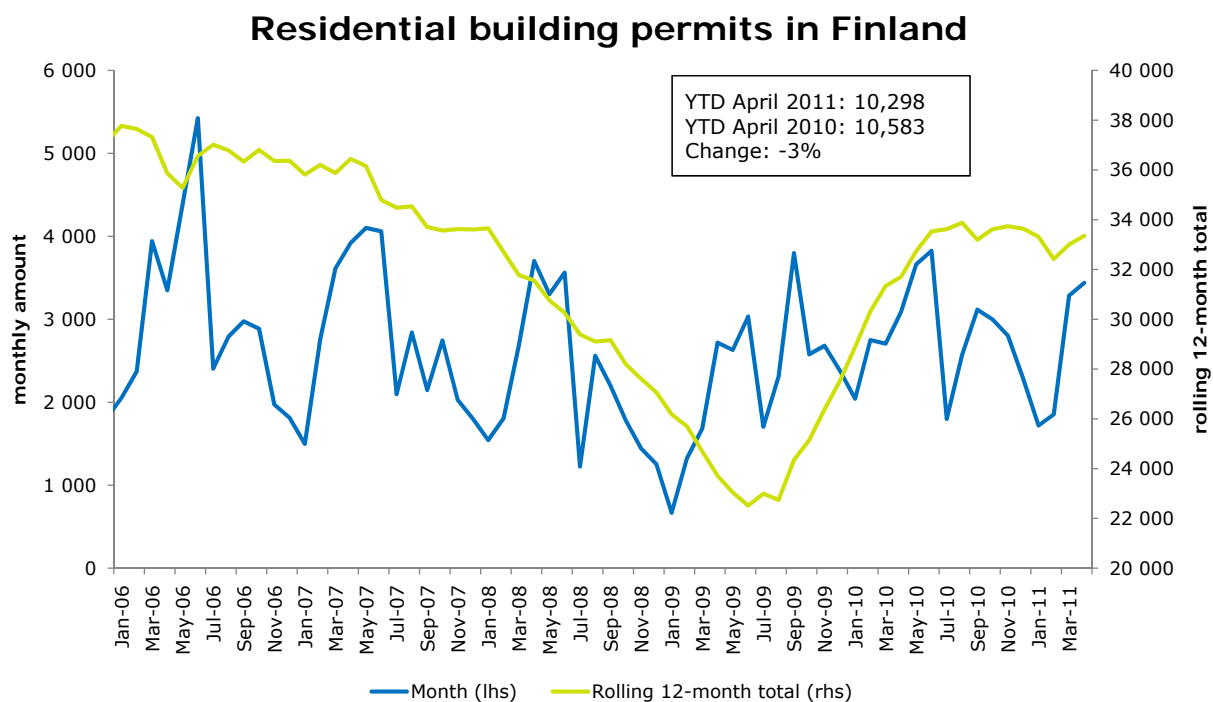
Appendix 1: Germany



Source: Statistisches Bundesamt



Appendix 2: Finland

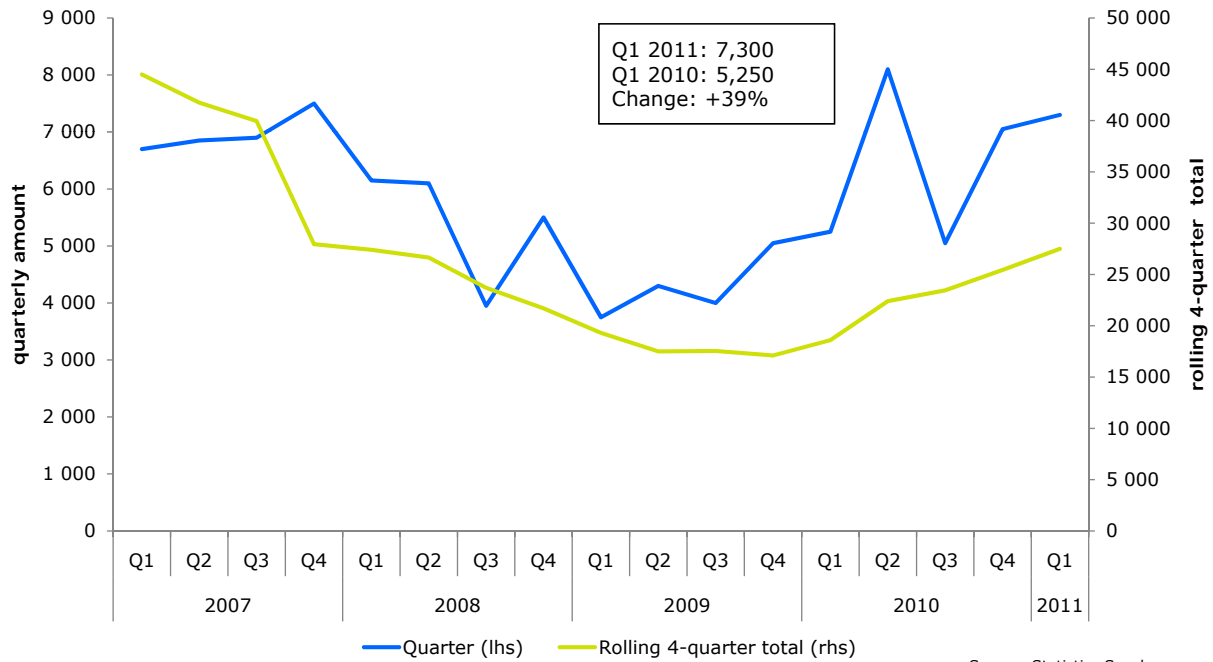


Source: Statistics Finland



Appendix 3: Sweden

Housing starts in Sweden

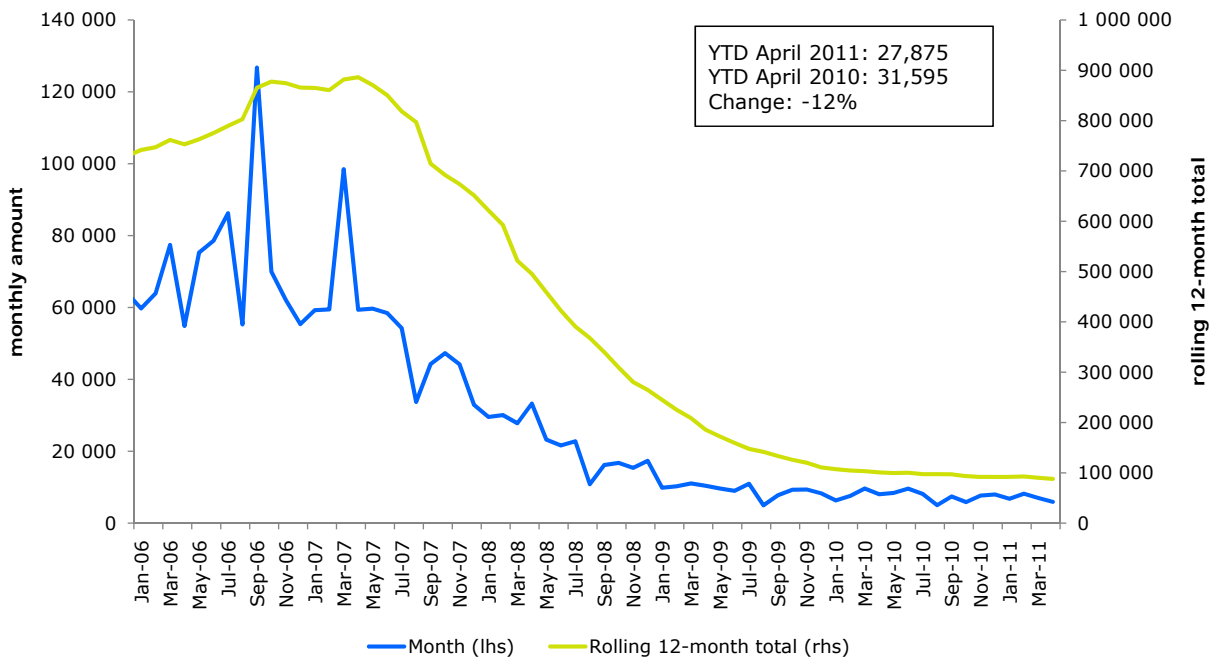


Source: Statistics Sweden



Appendix 4: Spain

Residential building permits in Spain



Source: INE

