

Trends in the Nordic new-building market

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comfort
to life

Uponor Nordic operates under four different brands



Uponor



WIRSBO[®]
Systems



UNiPIPE[®]
Systems



ecoflex[®]
Systems

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Uponor Nordic > the offering

- Housing Solutions

- Under-floor heating systems
- Tap water systems
- Radiator heating system
- Surface heating systems
- Culverts for heating & water
- Industrial applications



- Infrastructure & Environment

- Sewer systems
- Water supply
- Systems for wastewater treatment and disposal
- Systems for construction and renovation of municipal water and sewer works
- Telecom products
- Ventilation systems



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Uponor Nordic > the customers

- Installers
- Engineering offices
- Professional builders
- Wholesalers
- Entrepreneurs
- Municipalities
- Retailers
- Construction companies



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Uponor Nordic > the market

Total addressable market

- New build ~500 million euros
- CAGR 2%

- Renovation >500 million euros
- CAGR 4%

CAGR = Compounded Annual Growth Rate



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Uponor Nordic > market position

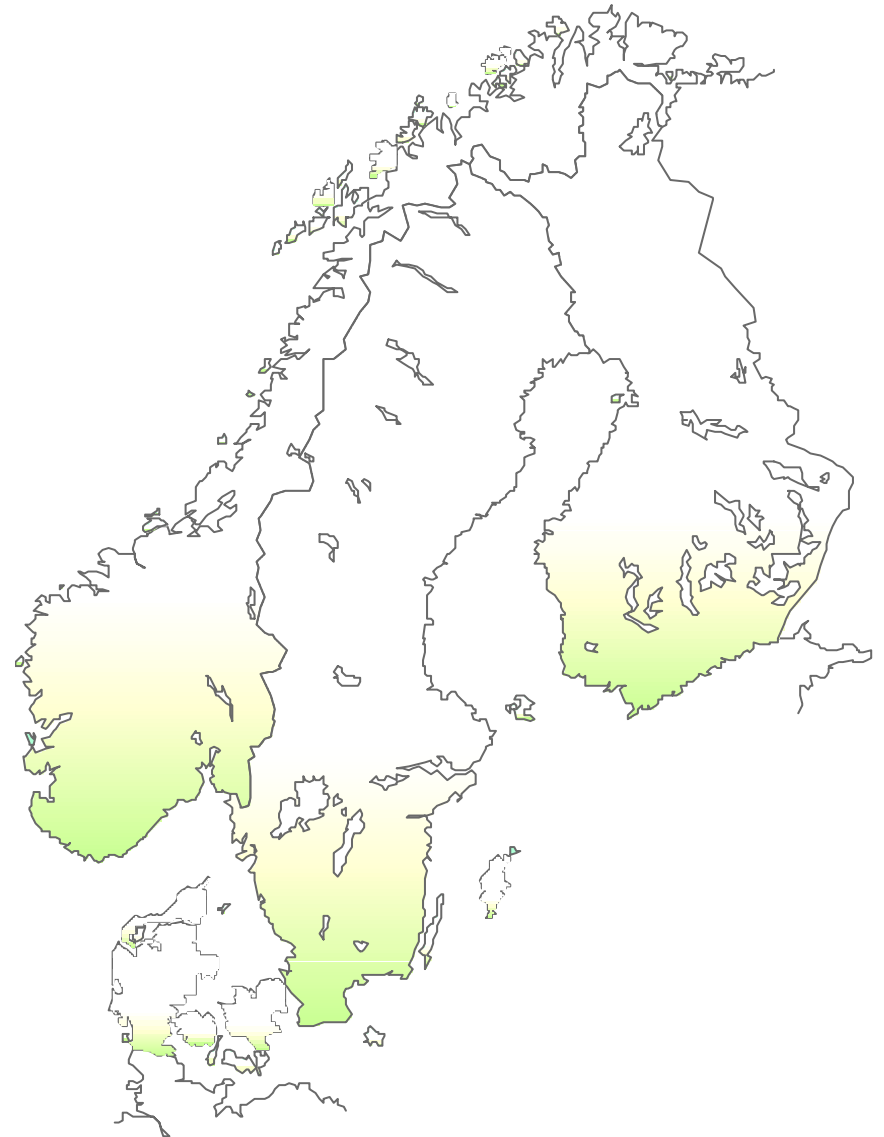
- Housing Systems
 - Underfloor heating Top 1-2
 - Tap water systems Top 1-2

- Infrastructure & Environment
 - Civil engineering (sewer & storm) Top 1-2
 - Gas & water (utilities) Top 3-5



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Market trends



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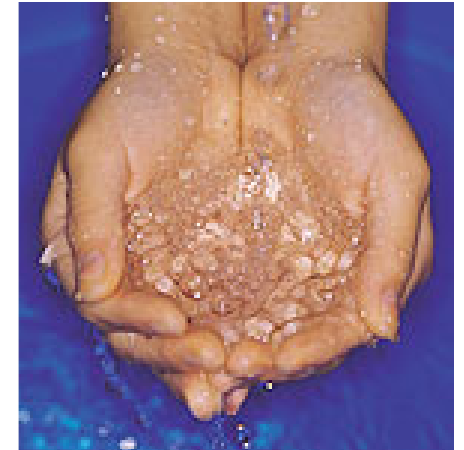
General market trends in “new building”

- New building market development (HS + IE) tracks the inflation
 - Renovation exceeds the size of new building
- Replacement of copper with plastics
- Increased interest in energy efficiency
- An industrial way of working
 - Prefabrication of houses and building blocks



Market trends > end users

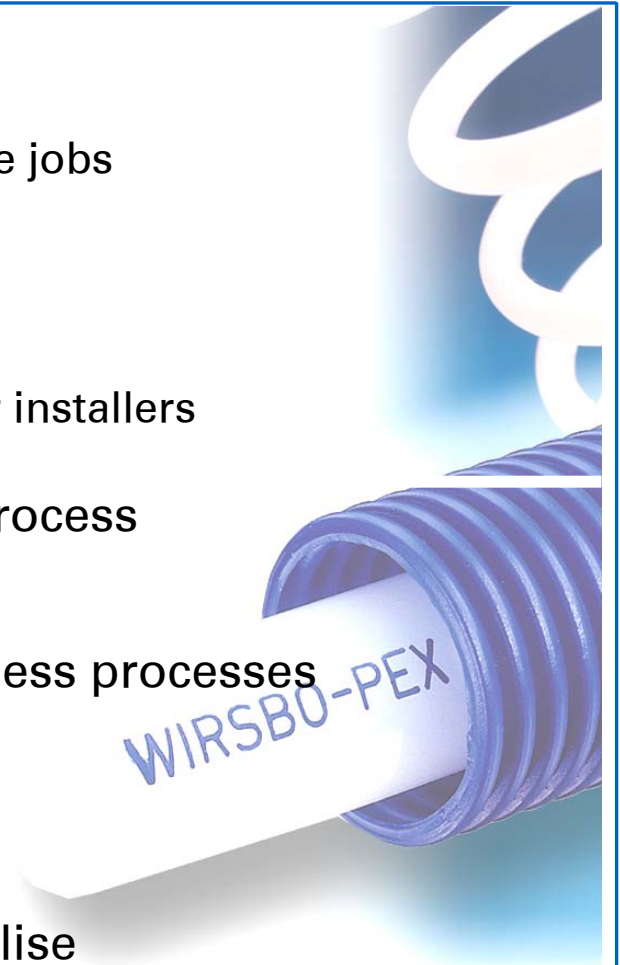
- Wellbeing, health, safety and environmental soundness are high on the consumer agenda
- Increased interest in “luxury” renovation but at the same time a growing interest in low priced houses
- Growing interest in Life Cycle Cost, Turn-key and E-business
- Technical specifications of leisure homes approach the quality of primary homes
- Attraction of single-family houses increases against blocks of flats



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Market trends > installers

- Lack of professional installers
 - Cherry picking – taking on only the attractive jobs
 - Need (and appreciate) support
- The industry looks for credibility
 - Authorisation for plumbers
 - Insurance companies require certificates for installers
- Installers are a bottleneck in the building process
 - Ready-to-install getting more important
- Big companies start to focus on their business processes
 - Industrialisation of the building process
- Installers not loyal to a specific wholesaler
- Large contractors and installers want to utilise their purchasing power and question the role of the wholesaler



Market trends > distribution

- Consolidation of wholesalers continues (Nordic and Europe-wide)
- Polarisation: small specialists – big generalists
 - Small specialists network in purchase groups
- Wholesalers seeking their role
 - Some try to become solution providers (add value)
 - Some try to excel as logistics provider (back to basics)
 - Some launch private brands
- Retail is growing
 - Retailers shortcut the wholesalers and buy direct from producers
- E-business is growing
- Just-in-Time deliveries
- Different wholesalers team up with different main suppliers

Market trends > competition

- “No-brand” low cost, no service price competition on specific products
 - e.g. Indoor drainage pipes
- Wholesalers launching private brands
- New business concepts introduced by competition
- EU common markets lower the hurdles of entry for non-Nordic competition



Uponor opportunities and actions

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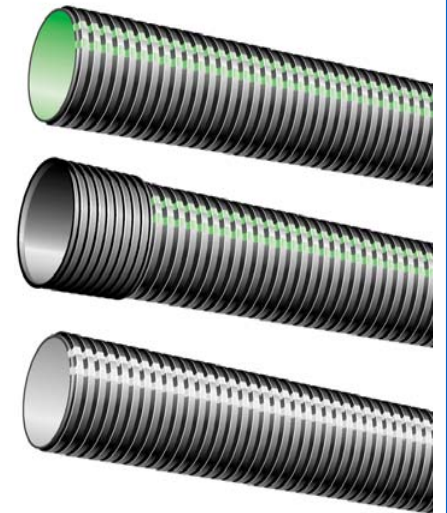
Uponor opportunities and actions within new building

- Build brand loyalty with installers
- Build brand loyalty with end users
- Use the increased interest in comfort and luxury renovation
- Leverage our strong brand and our comprehensive product portfolio through the integration of HS and IE businesses



Uponor opportunities and actions within new building

- Build brand loyalty with installers and end users
- Use the increased interest in comfort and luxury renovation
- Leverage our strong brand and our comprehensive product portfolio through the integration of HS and IE businesses
- Build on the awareness of water damage cost to increase the speed of plastic penetration



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An example: reducing water damages

- In Sweden alone, water damages in buildings cost more than 550 million euros to repair – each year
- The most common reasons for water damages are corrosion, freezing and leaking fittings

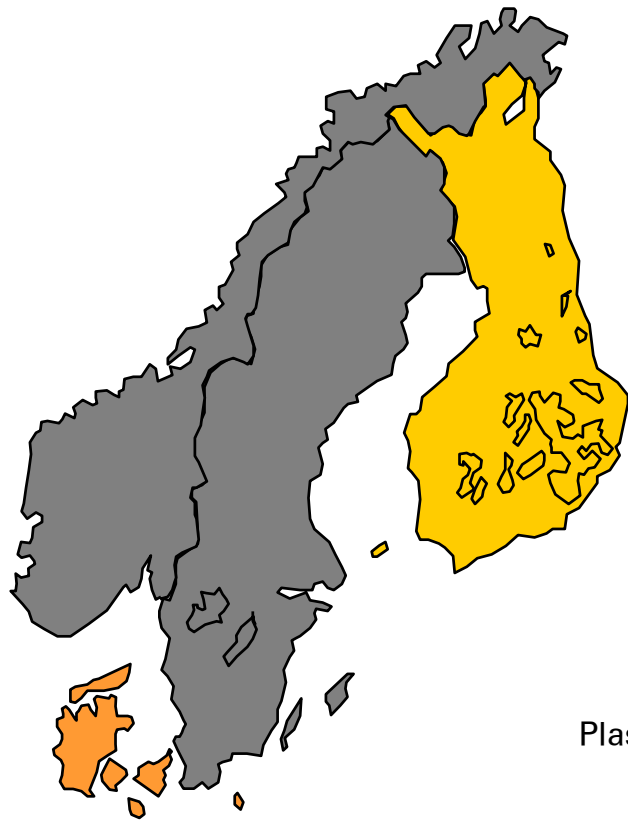
Wirsbo Tap Water System

- has no corrosion, can withstand freezing, have no hidden joints, have seamless pipes
- A campaign that builds on this opportunity for Uponor is launched



Penetration of plastic in Plumbing & Heating (2002)

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Market penetration

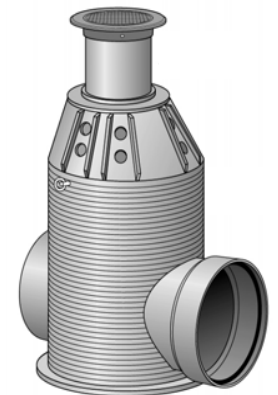
60-70%	■
50-60%	■
40-50%	■

	Market size (Mm)	Change in penetration 2006 E (%)
Denmark	18	14
Finland	20,4	11
Norway	18,1	19
Sweden	26,7	15

Plastic grows faster than metal

Uponor opportunities and actions within new building

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- Stronger efforts into segments beyond our current portfolio:
 - multi-family housing market (flats)
 - growth in Sewer & Storm



Outlook

- The Nordic countries continue to be a significant market for Uponor
- We have a strong base from where to grow further
 - products, distribution, brand recognition
- Strong brand position to be further leveraged
- Firm basis to support key customers throughout the Nordic region, e.g. through process streamlining
- Growth opportunities in tap water (plastic penetration), underfloor heating & cooling (comfort) and in cost-effective total solutions (flats)



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