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Uponor roadshow presentation Q1/2019

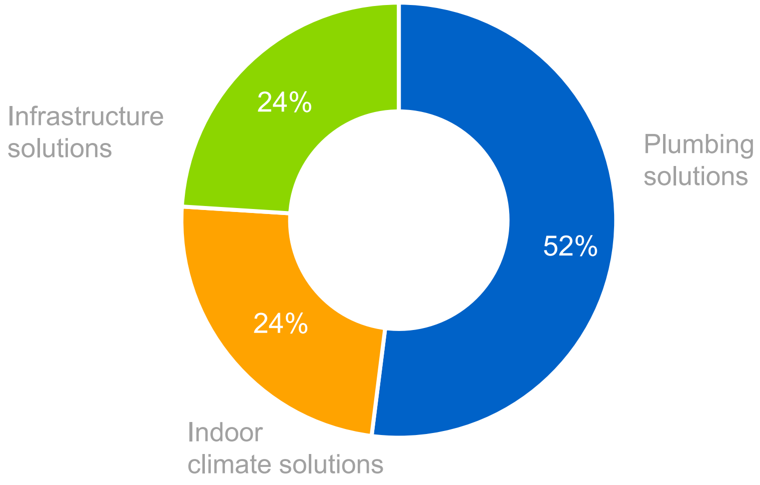
Jyri Luomakoski –
President and CEO, Uponor Corporation

Uponor at a glance

Uponor is a leading international provider of plastic based piping systems for buildings and infrastructure.

We provide safe drinking water delivery systems, energy-efficient radiant heating and cooling and reliable infrastructure solutions.

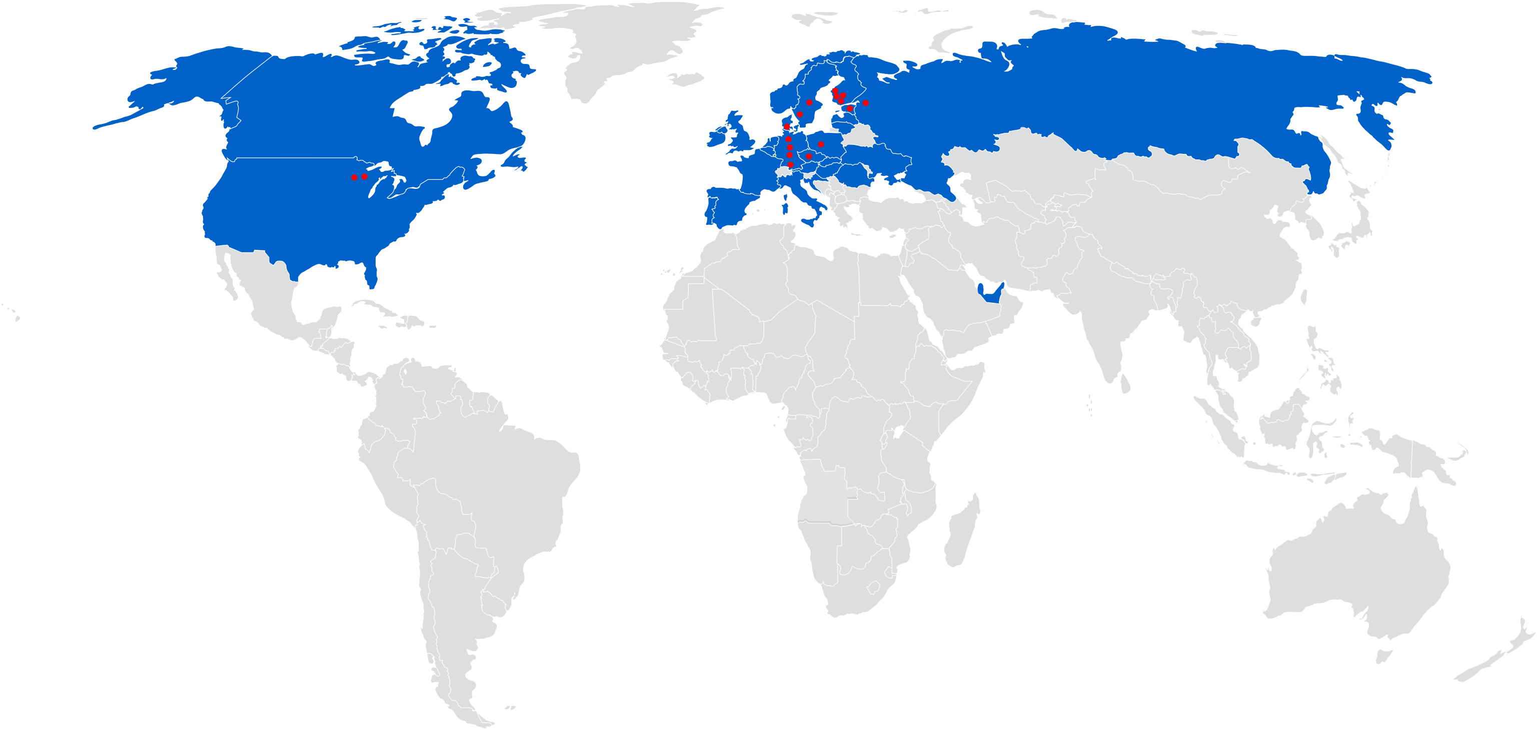
Uponor is listed on Nasdaq Helsinki since 1988.



FACTS & FIGURES

1.2	30	17	4,100
billion euro net sales in 2018	countries with Uponor operations	manufacturing facilities worldwide	employees worldwide

Uponor operates in 30 countries, serving customers worldwide



17 production sites

Countries with
Uponor operations

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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

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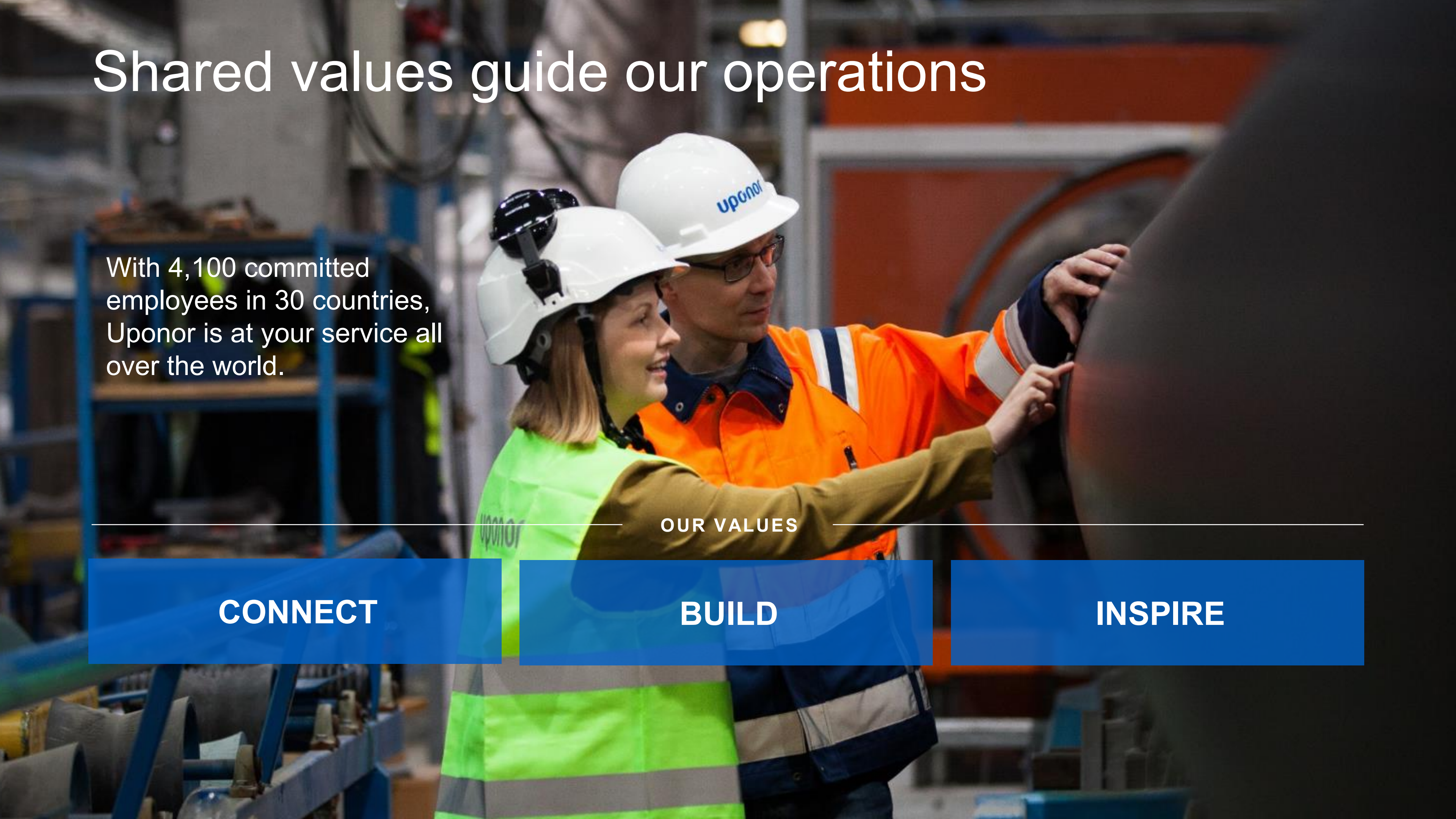
Shared values guide our operations



With 4,100 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

Award winning district cooling, reducing electricity consumption and emissions by about 65-70%, compared to cooling from local cooling units: Helsingborg, Sweden

Prefabricated Uponor Riser Port for quick and easy installation in a 6 floor apartment building: Helsinki, Finland

Radiant cooling system for the world’s largest concrete pour in the 10th tallest building in the USA: Wilshire Grand, Los Angeles, USA

Decentralised heating and cooling for the tallest residential building in Germany: Grand Tower, Frankfurt, Germany

Uponor TABS offering safe and comfortable temperatures for train maintenance teams in one of the largest rail depots in Europe: London, UK

Uponor’s Contec ceiling radiant cooling system for a sustainable international school: Kuala Lumpur, Malaysia

Delivery of sustainable, easy to transport and handle fish farming pipes under harsh conditions: North Atlantic

Durable, sustainable Weholite® at a modern pulp and fine paper mill : Nymölla, Sweden

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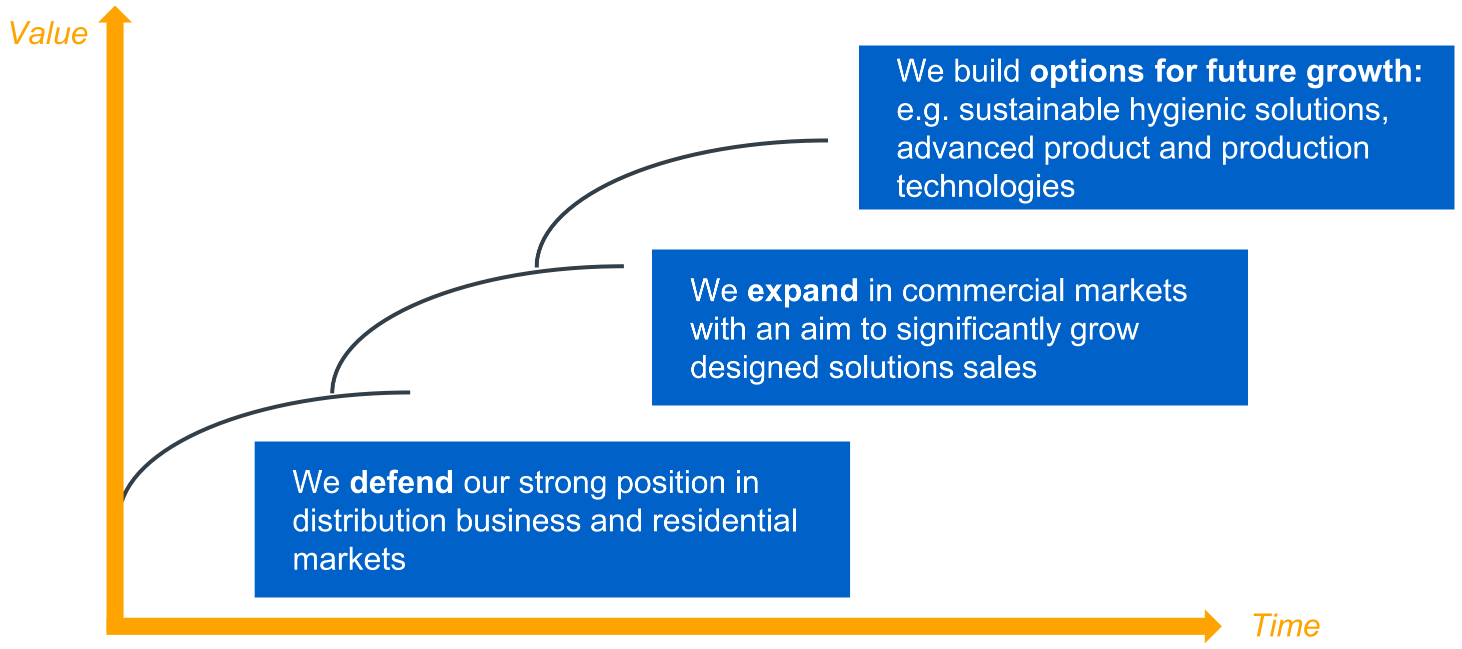
Uponor’s strategy focuses on sustainable growth



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Our business groups

Plumbing solutions
52% (*

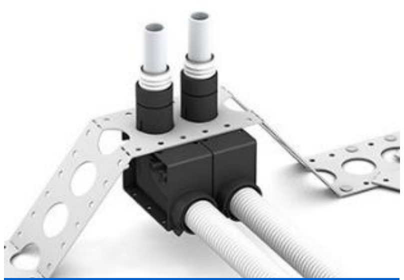
Indoor climate solutions
24% (*

Infrastructure solutions
24% (*

*) share of Group net sales, the impact of Uponor Infra's North American business eliminated

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

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Uponor’s indoor climate offering

The basis for a comfortable and energy-efficient ambiance

Radiant heating and cooling

Thermally active slabs

Ceiling cooling

Heating and cooling distribution

Manifold stations

Controls

Local heat distribution

Ventilation

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Uponor’s infrastructure offering

Transporting water, air, electricity, telecommunications and data

Standard Solutions

360° Project Services

Weholite®
Technology Licensing

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Sustainability shapes the future of building

One third of the world's energy consumption is associated with heating, cooling, ventilation and lighting

Uponor offers sustainable products and systems

Uponor radiant systems can reduce CO^2 emissions for any building type

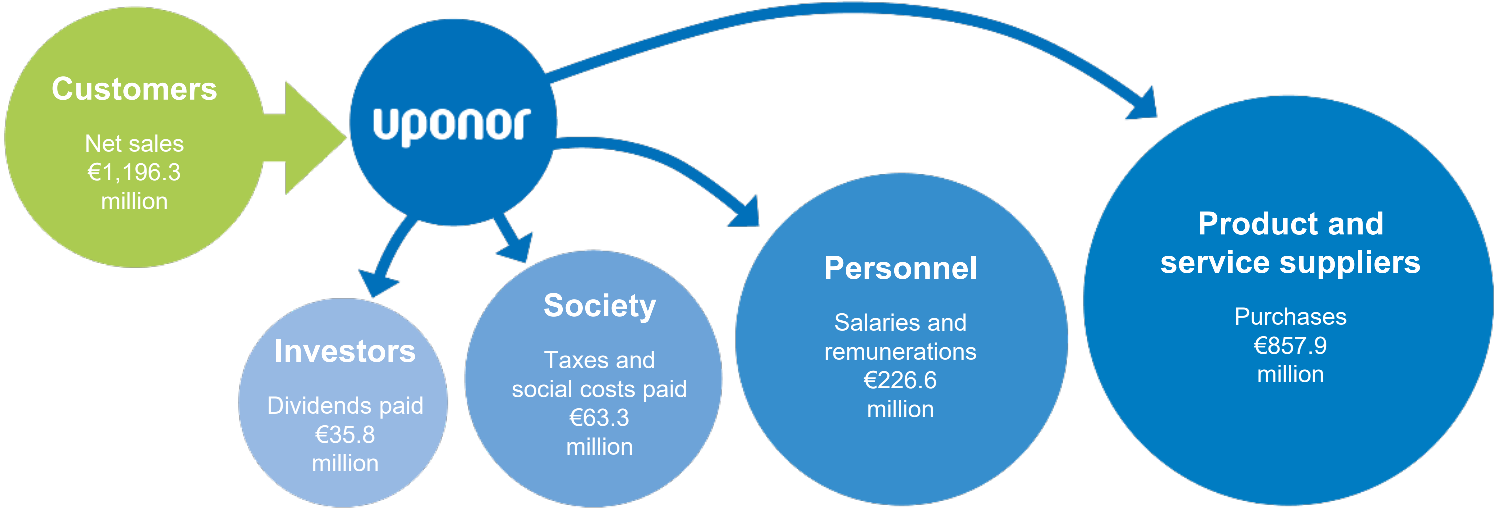
Uponor plumbing and wastewater systems and installation technologies meet stringent water quality requirements

Plastic pipe solutions boost a good 'cradle-to-grave' life-cycle performance

Sustainability at Uponor

During 2018, Uponor reviewed its sustainability strategy and defined four focus areas: **clean water and sanitation**, **responsible production and consumption**, **climate action,** as well as **decent work and economic growth**. The selected focus areas are those that have the greatest impact potential on the business, including major opportunities, and are aligned with Uponor's business scope.

Financial impact on stakeholders 2018



Development in sustainability topics

	Unit	2017	2018
Total energy consumption	1,000 MWh	200	**226.9**
Raw material used	1,000 tonnes	140.9	**151.2**
Water consumption	1,000 m3	155.2	**207.1**
Total GHG emissions (Scope 1)	1,000 tonnes	7.5	**8.5**
Total GHG emissions (Scope 2)	1,000 tonnes	32.1	**30.8**
Total waste	1,000 tonnes	18.8	**20.2**
Incident rate (LTIF)	per million work hours	8.9	**12.7**

- **Opening of Hutchinson manufacturing facility** is notable in the increase of total energy consumption, used raw materials and waste
- **Water consumption** increased due to leakage in our cooling water systems in Hutchinson, which are corrected as well as extremely hot summer in Virsbo
- **Incident rate (LTIF)** increased due to increase in home-to-work accidents and business trip accidents

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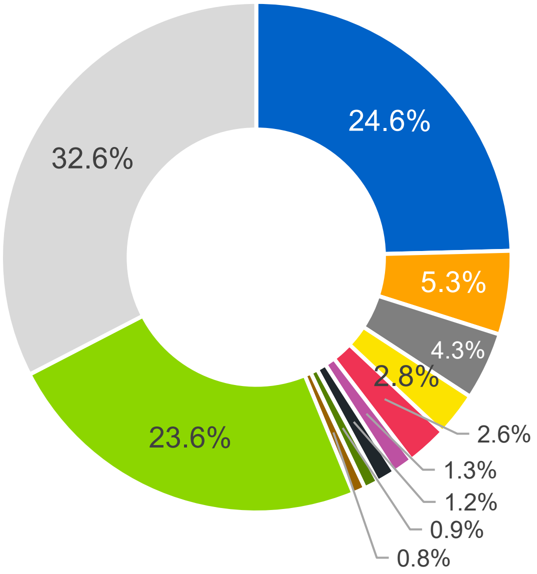
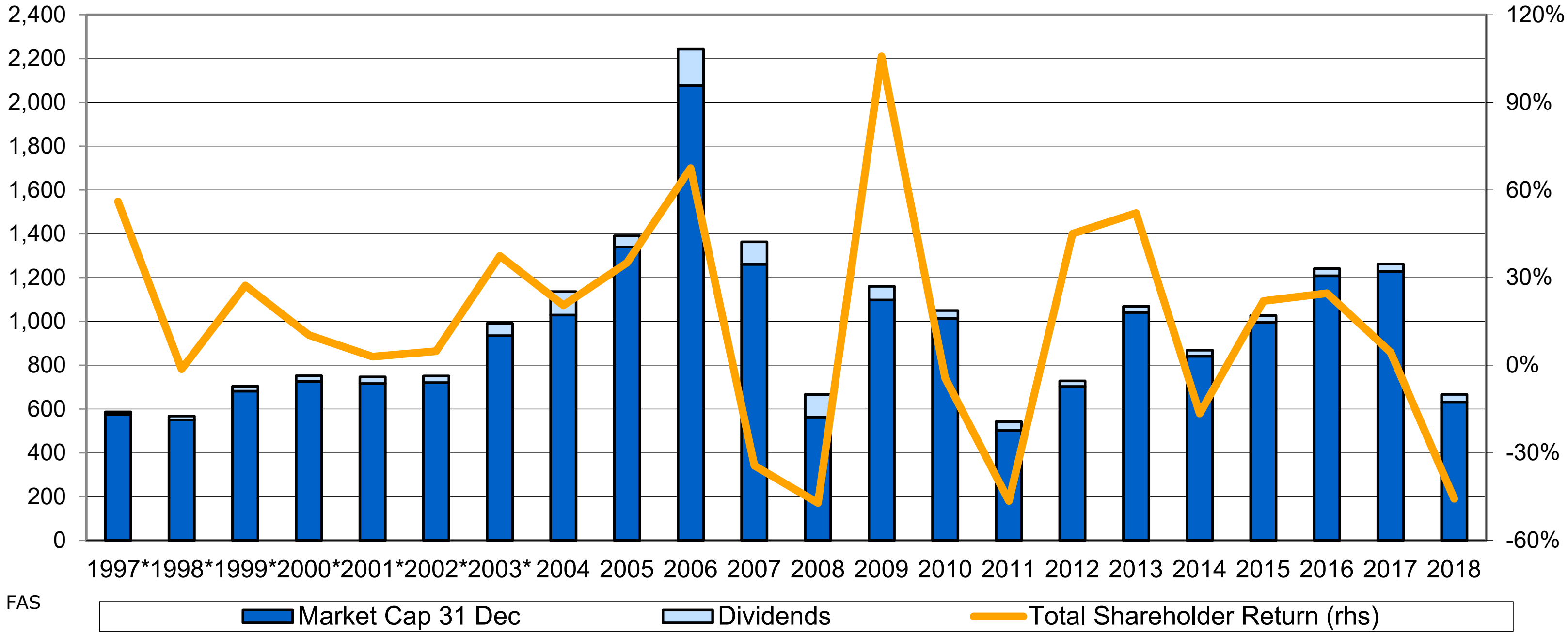
Major shareholders
31 March 2019

- Oras Invest Ltd 24.6%
- Varma Mutual Pension Insurance Company 5.3%
- Nordea Nordic Small Cap Fund 4.3%
- Mandatum Life Insurance Company Ltd 2.8%
- Ilmarinen Mutual Pension Insurance Company 2.6%
- The Local Government Pensions Institution 1.3%
- Pekka Paasikivi 1.2%
- The State Pension Fund 0.9%
- Jukka Paasikivi 0.8%
- Nominee registerations 23.6%
- Others 32.6%



- 19,969 shareholders at the end of March 2019
- Foreign shareholding was 23.6% at the end of March 2019 vs 23.5% at the end of December 2018

Shareholder value development
1998–2018



* FAS

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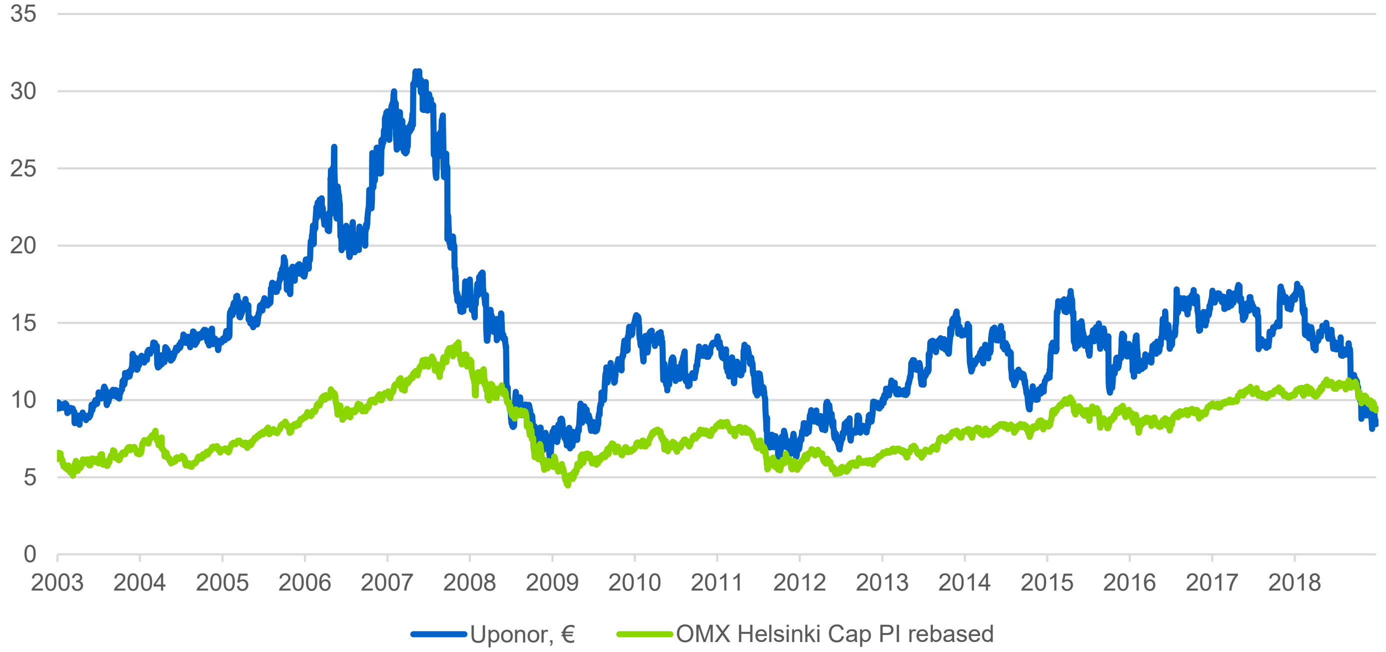
Share price development
2003–2018



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Long-term financial targets
Since 13 February 2019

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 **40 to 80** as an annual average of the quarters	Dividend pay-out to be at least **50%** of annual earnings (considering the gearing target)

Achievement in 2018

4.9% (target 5.4%*)	**8.3% (comparable EBIT 8.3%)**	**17.2%**	**53.0**	**70.8%**

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

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Interim results briefing 1–3/2019

Jyri Luomakoski, President and CEO, Uponor Corporation

Highlights of Q1

- Net sales were €248.9 (276.9) million, organic growth in constant currency terms was -2.2%
- Operating profit was €14.3 (17.0) million
- Restructuring activities start to impact positively on Building Solutions – Europe's profitability
- Building Solutions – North America was impacted by customers' purchasing patterns
- Uponor Infra improved its profitability

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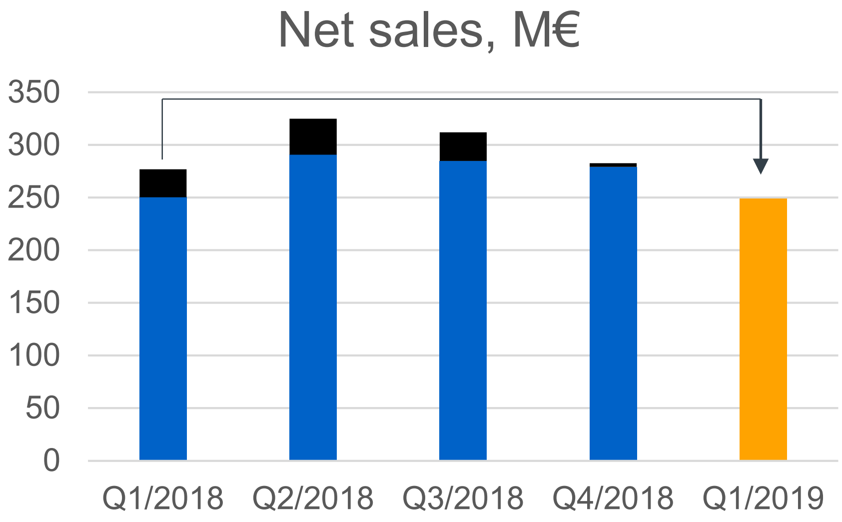
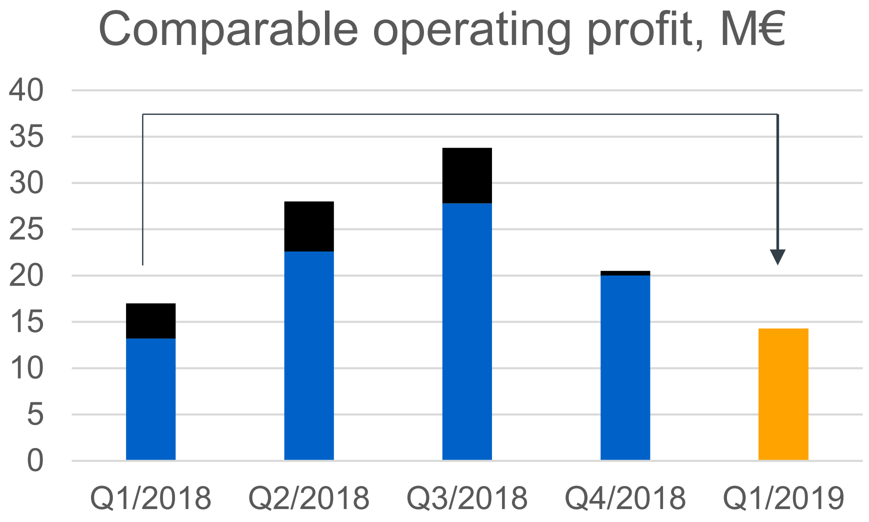
Group net sales and comparable operating profit





■ = share of Uponor Infra's North American business and Zent-Frenger

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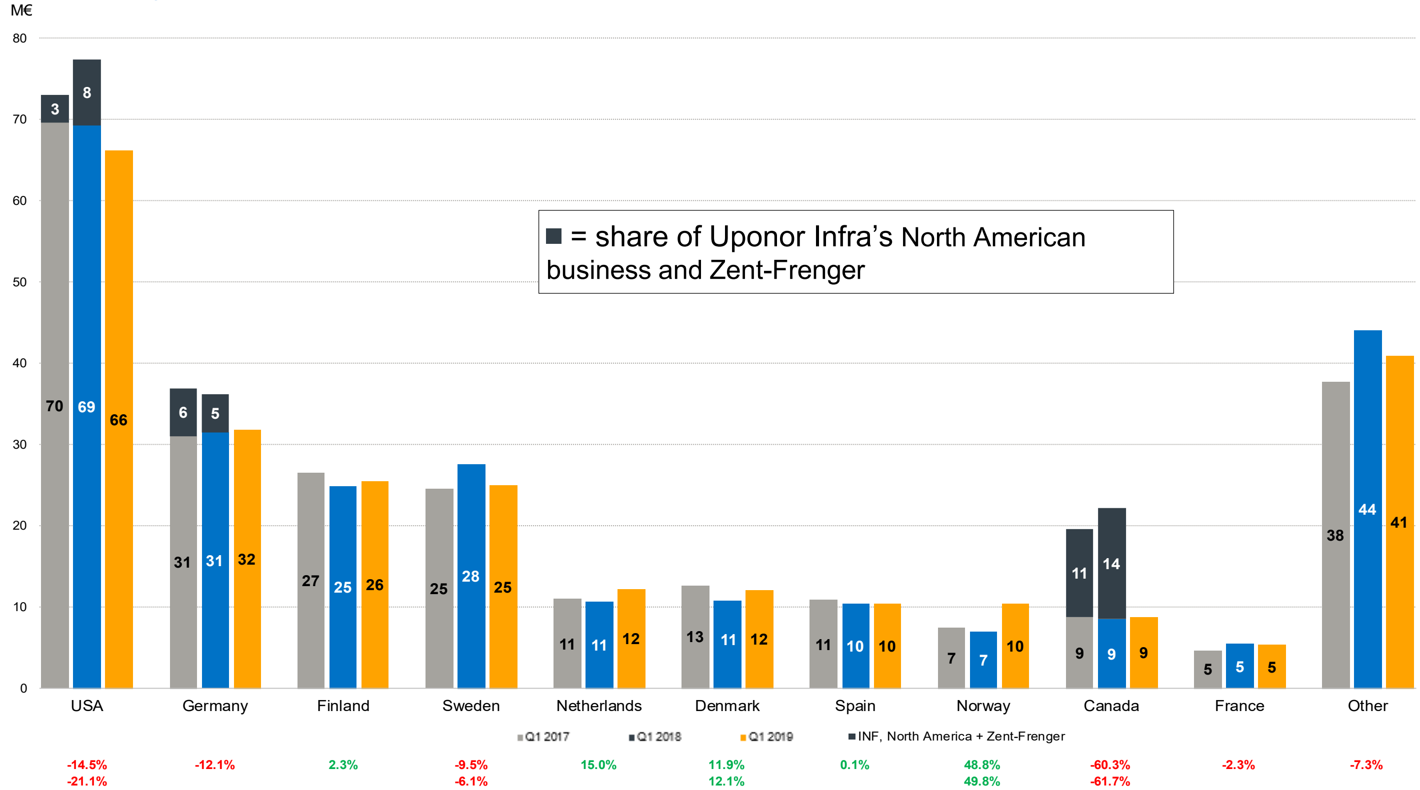
Net sales development by key markets
January – March 2019



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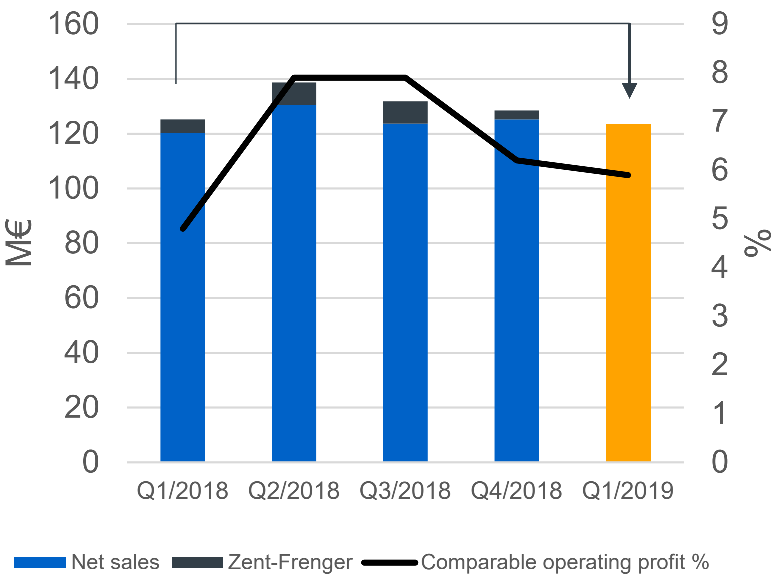
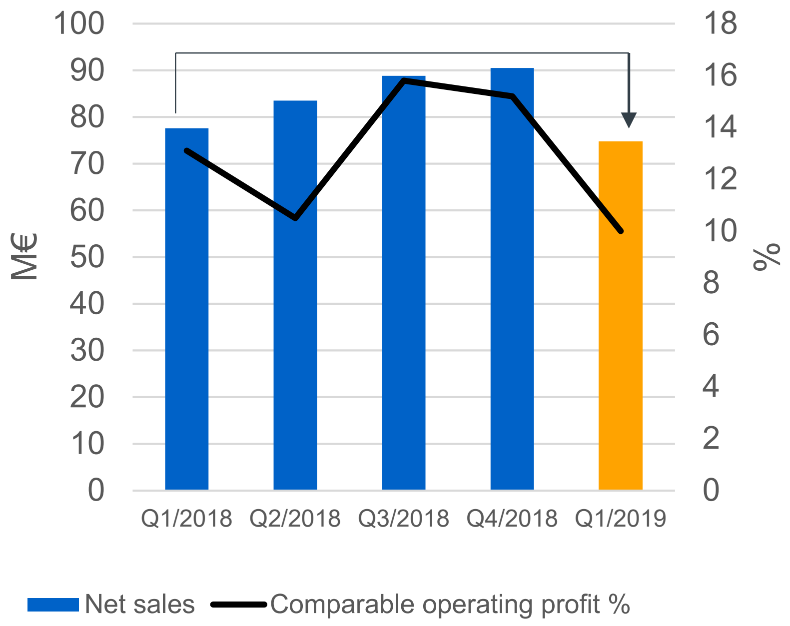
Development by segment: Building Solutions – Europe



Development by segment: Building Solutions – North America



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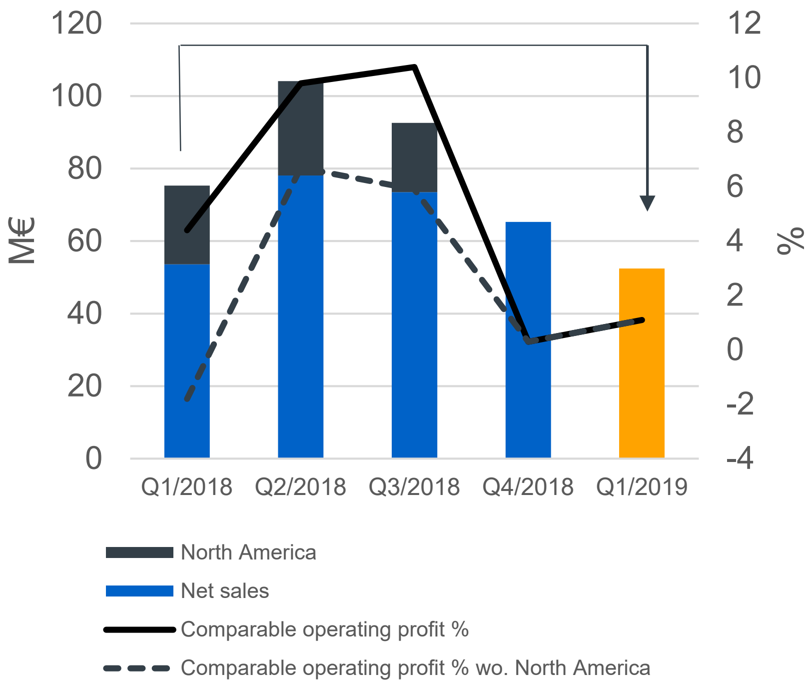
Development by segment: Uponor Infra



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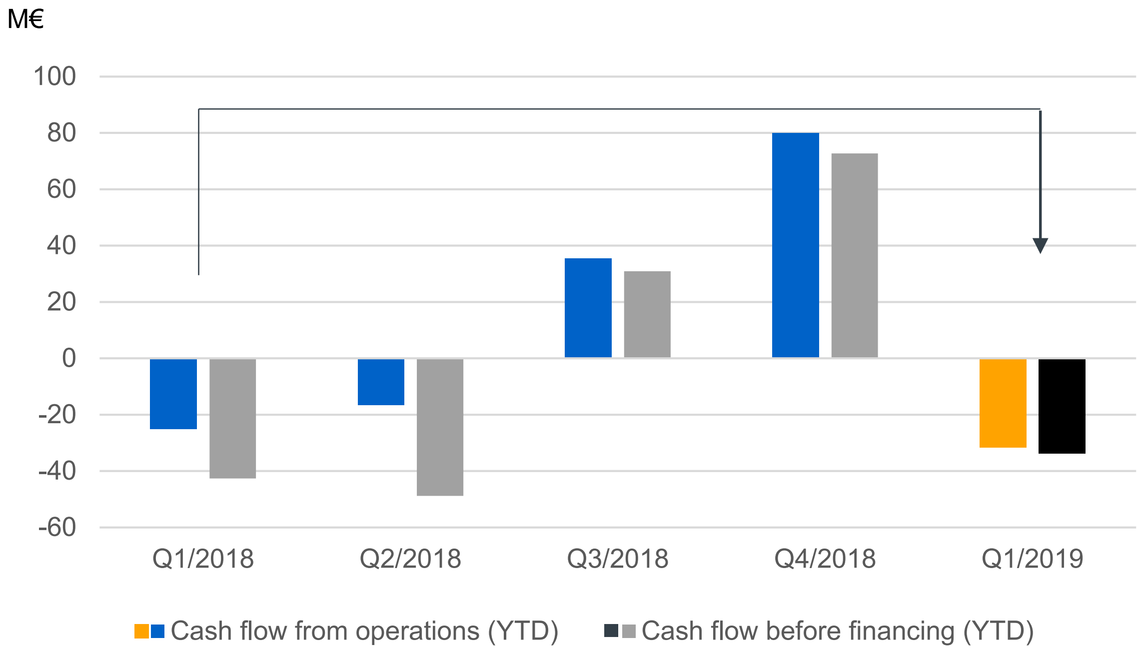
Financial statements

1–3 / 2019

Cash flow included dividend payment, totalling €18.2 million



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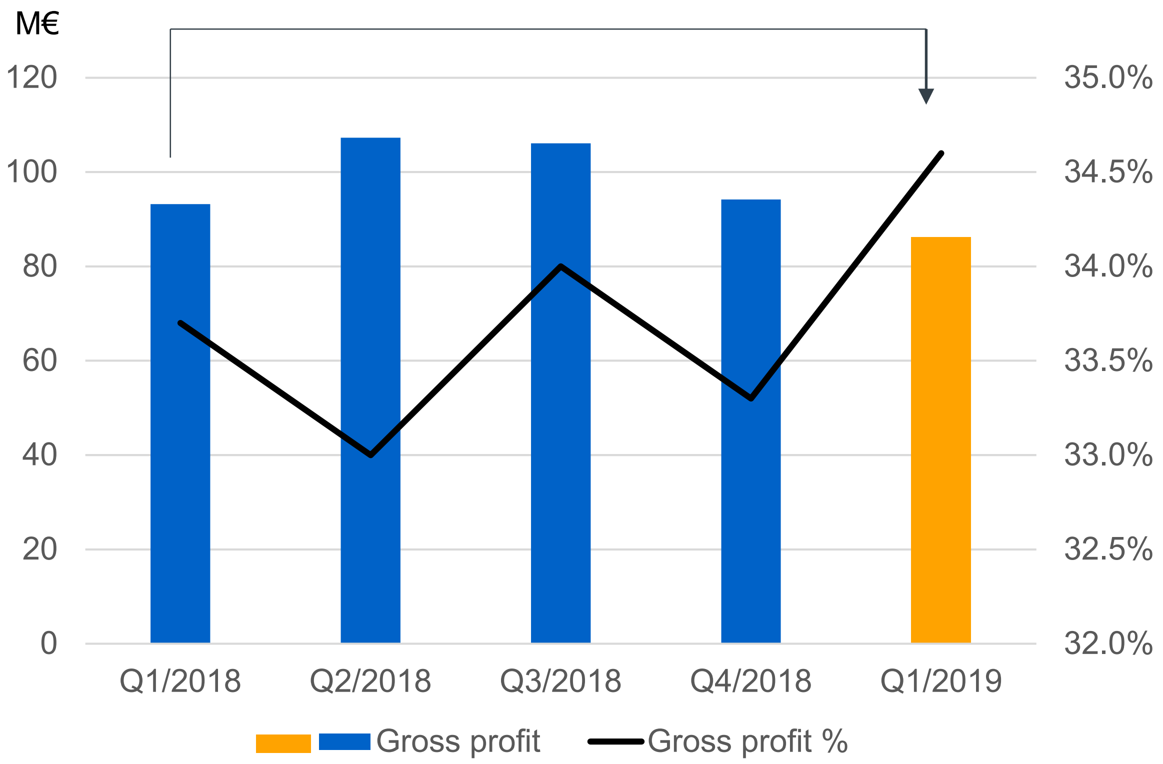
Gross profit margin improved



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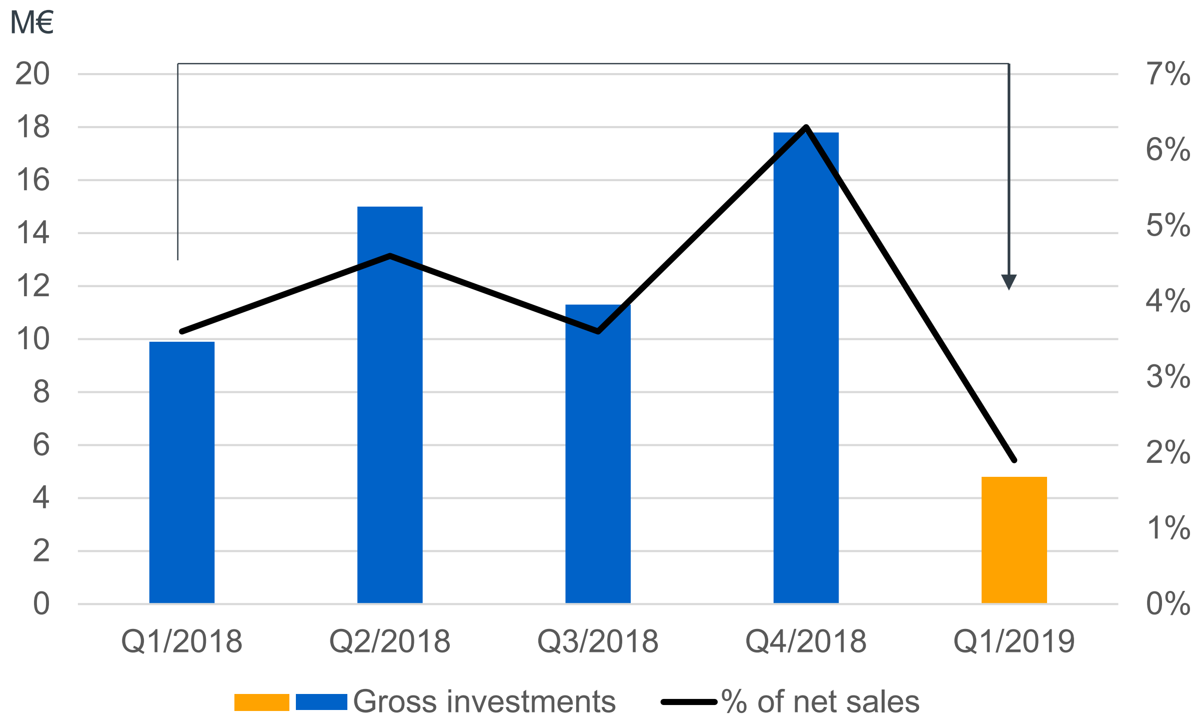
Gross investments declined due to lower investment level in North America



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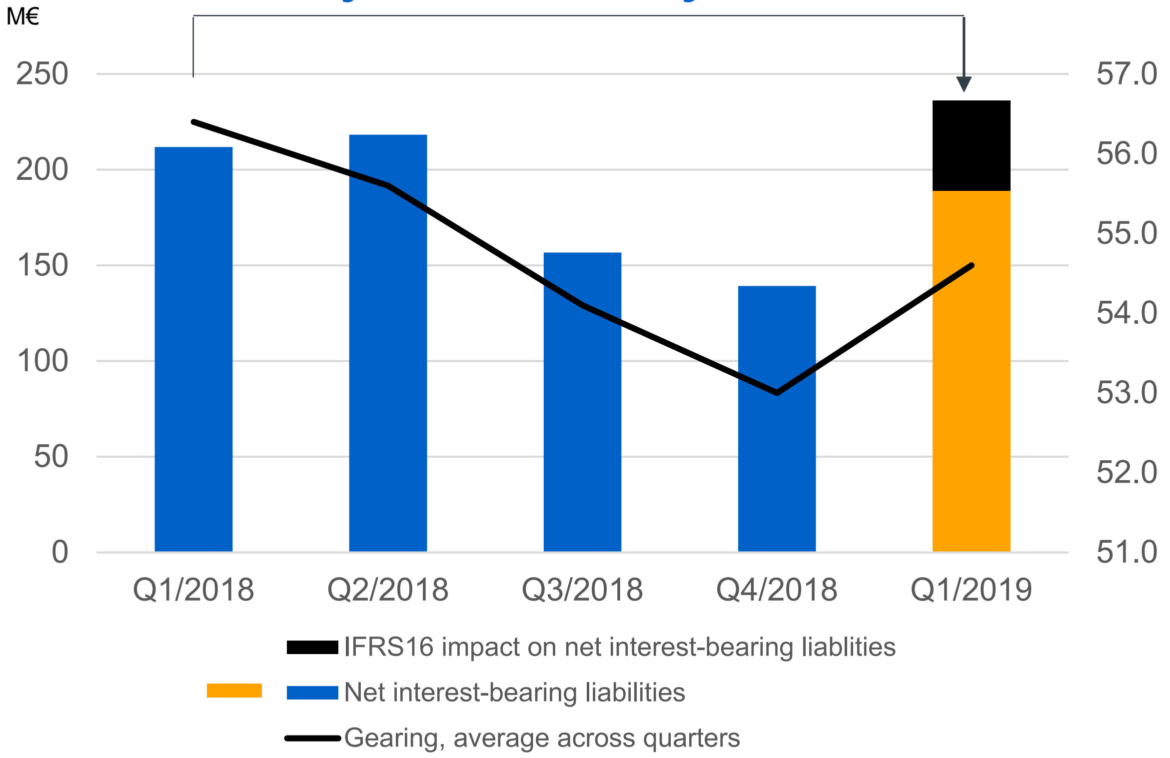
Net interest-bearing liabilities and gearing increased from year-over-year due to IFRS 16



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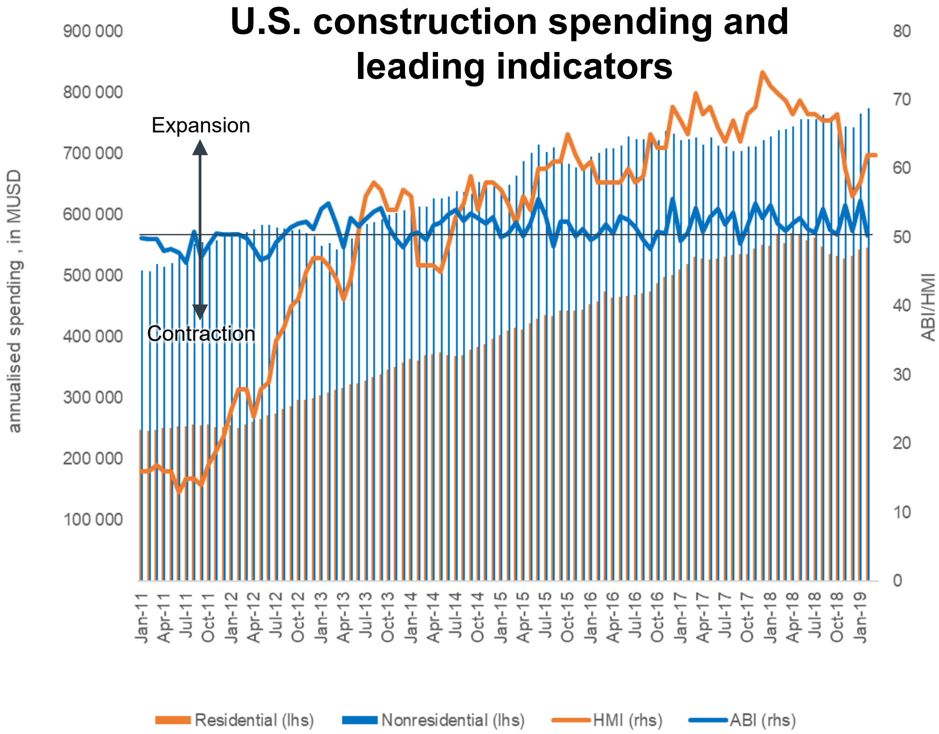
Outlook for the future

US - Despite some softening in the residential segment, activity remains at a healthy level

Despite some external headwinds and diminishing impacts of fiscal stimulus, the economy continues to expand and consumers remain generally optimistic

Within the construction industry:

- Residential construction spending slowed in February compared to a year earlier, but was offset by growth in the non-residential segment
- March 2019 housing starts fell 14% compared to a year earlier, although permits fared better
- The HMI, which gauges home builder confidence, continues to imply expansion at a reading of 62
- The ABI, a leading non-residential indicator, remains barely in expansionary territory at 50.3



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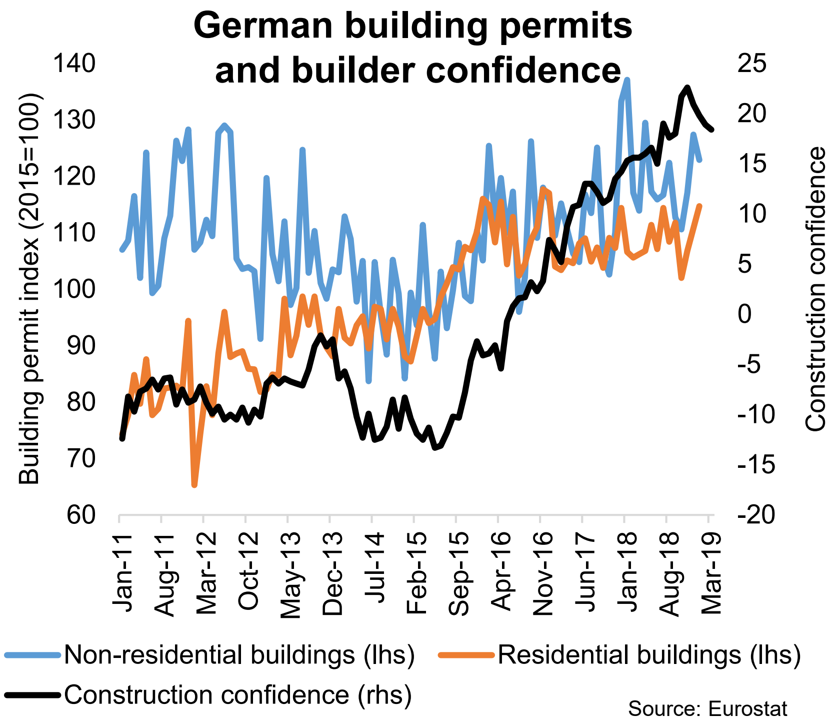
Germany - Construction has so far been insulated from slowing trade

While the labour market and consumer demand has thus far remained solid, continued trade uncertainties have had a significant negative impact on businesses, with manufacturers' confidence at three-year lows

In the construction industry:

- Construction sentiment has retreated from the all-time highs of 2018, but builders continue to be very satisfied by historical standards
- Both permits and construction volumes rose in the first month of the year compared to 2018



Source: Eurostat

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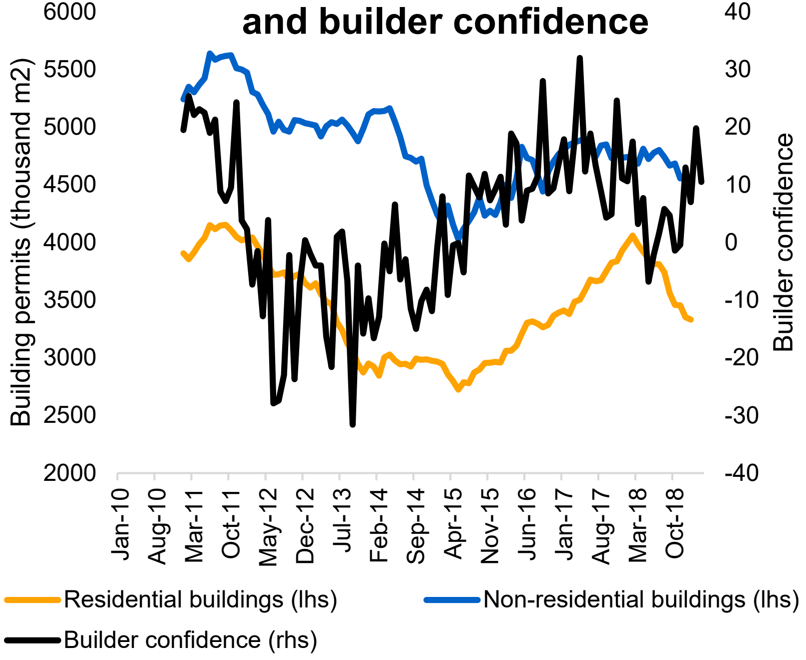
Finland - Leading indicators point towards slowing, but a backlog of projects is supporting demand

The economy appears set to continue growing, but at a reduced pace from previous years. Meanwhile, consumer confidence remains at a good level, supported in part by improving employment levels

Within the construction industry:

- Builders continue to be satisfied with their order books and current activity levels
- Although permit levels have continued to moderate, a backlog of projects has sustained building activity at elevated levels
- The turnover of construction companies has increased during the first months of the year compared to the same period in 2018, especially in the infrastructure segment

Finnish building permits and builder confidence



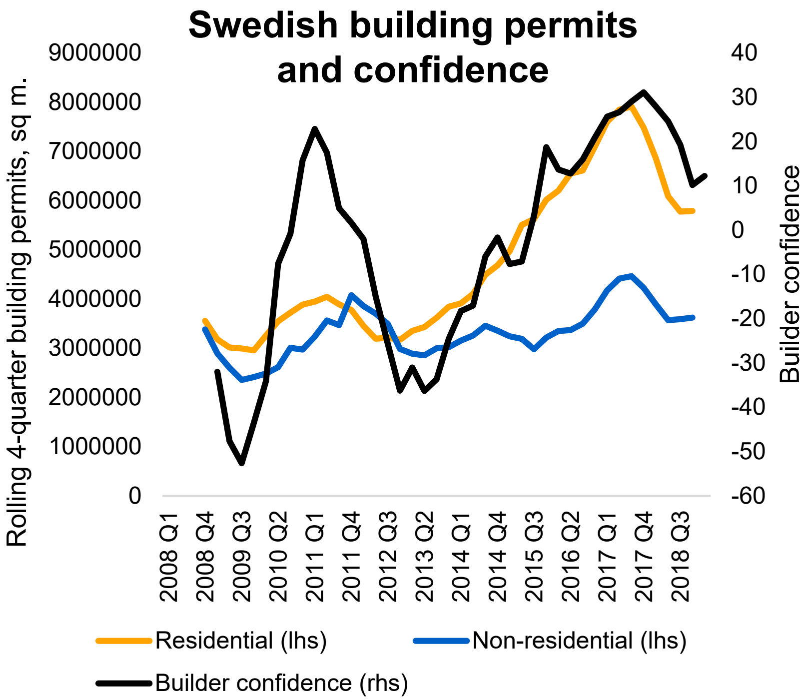
Source: Statistics Finland and Eurostat

Sweden - Weaker residential building is being countered by other construction segments

With firms and especially consumers less optimistic than in years past, the rate of economic growth is clearly positive, but slowing

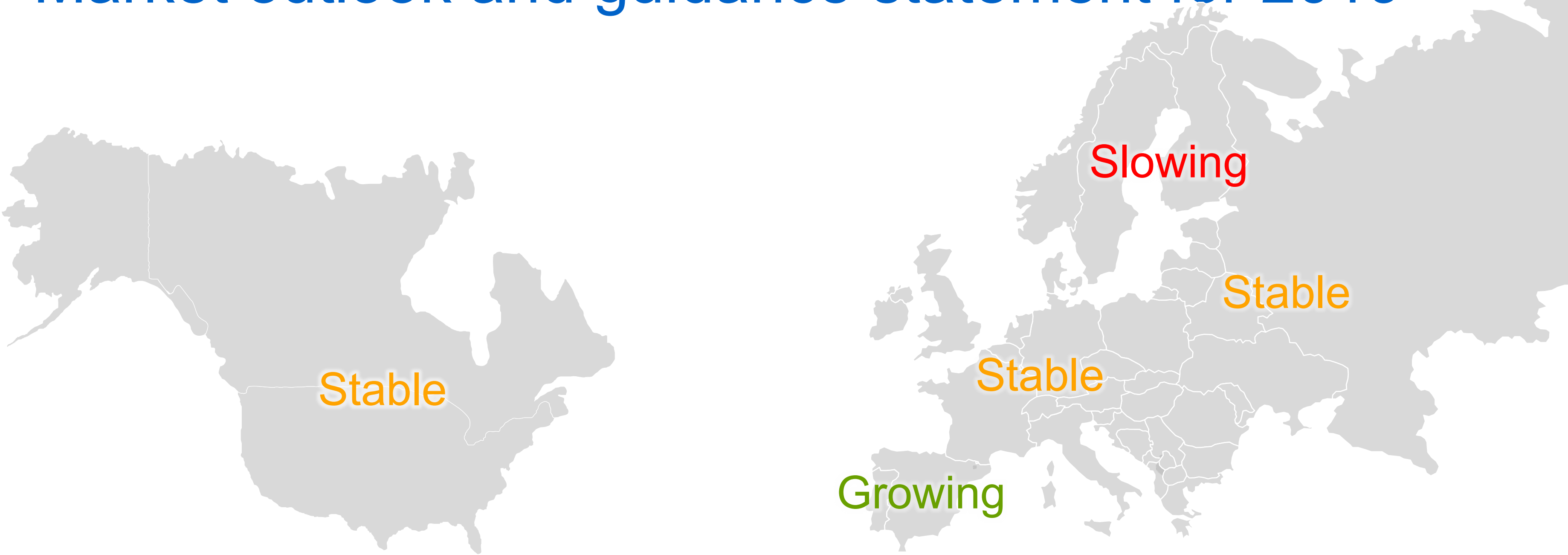
Within the construction industry:

- While residential construction continues to slow, non-residential and civil engineering segments are healthier
- Having declined throughout 2018, building permit levels may be stabilising
- Despite some softening, house prices remain largely stable



Source: Statistics Sweden and Eurostat

Market outlook and guidance statement for 2019



Uponor repeats its full-year guidance announced on 13 February 2019:
Excluding the impact of currencies, Uponor expects its net sales to reach the level of the year 2018 net sales excluding the divested Uponor Infra's North American business and Zent-Frenger (€1,107.7 million), and comparable operating profit to improve from the year 2018 comparable operating profit excluding the divested Uponor Infra's North American business and Zent-Frenger (€83.5 million).

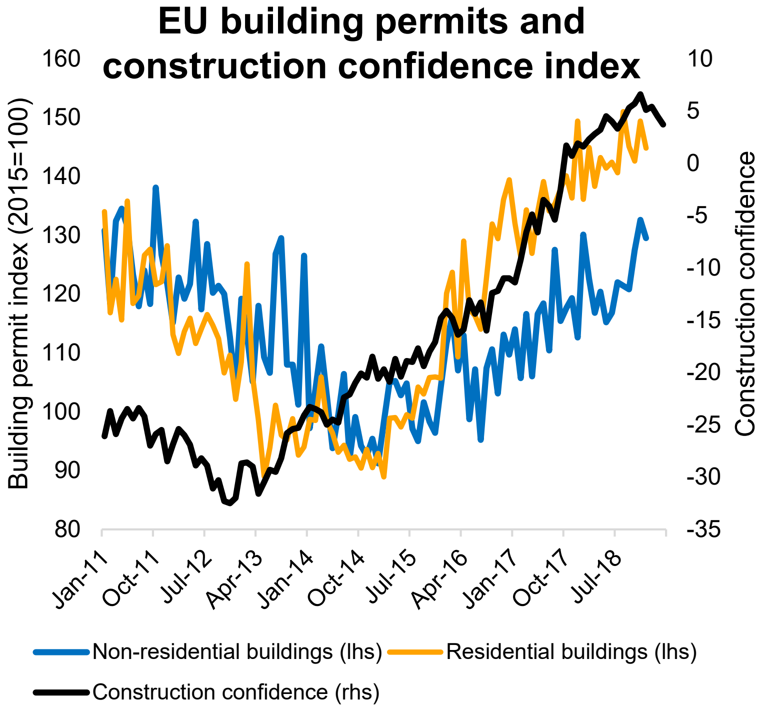
Appendix

Europe - Building permits remain at high levels while confidence has retreated from all-time highs

Continued trade and political uncertainties are taking a toll on businesses with the effect of dampening economic growth expectations for the year, though consumer confidence remains mostly positive

Within the construction industry:

- Both residential and non-residential building permits ended 2018 ahead of previous years' levels, with growth in Germany, Spain and the Netherlands able to offset slowing permit levels in the Nordics and France
- Builder confidence has moderated from last autumn's 40-year high, but builders continue to report very strong construction activity and order book levels



Source: Eurostat

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Leading residential indicators: Many markets are moderating from multi-year highs

	Indicator	YTD % Change	Rolling 12-month % Change	Data through	Trend since Q4 update
USA	Housing starts	-14%[1)]	N/A	March 2019	→
Germany	Housing permits	+9%	+1%	January 2019	→
Finland	Housing permits	-10%	-16%	January 2019	→
Sweden	Housing starts	-15%	-15%	December 2018	→
Netherlands	Housing starts	+7%	+9%	January 2019	→
Denmark	Construction index	+1%	N/A	January 2019	→
Spain	Housing permits	+32%	+20%	January 2019	→
Norway	Housing starts	+6%	-8%	February 2019	↗
Canada	Housing starts	-14%[1)]	N/A	March 2019	→
France	Housing starts	-9%	-5%	February 2019	→

[1)] Seasonally adjusted, annualised rate vs. same month in previous year

Source: National Statistics Offices

Income statement

Uponor Group, M€	1-3 2018	1-3 2019	Change Y/Y	1-12 2018
Net sales	276.9	248.9	-10.1%	1,196.3
Cost of goods sold	183.7	162.7	-11.4%	795.5
Gross profit	93.2	86.2	-7.5%	400.8
Gross profit margin (%)	33.7%	34.6%	+1.0% pts	33.5%
Other operating income	0.1	0.5	+782.4%	16.4
Expenses	76.3	72.4	-5.0%	310.5
Operating profit	17.0	14.3	-16.0%	106.7
Operating profit margin (%)	6.1%	5.7%	-0.4% pts	8.9%
Financial expenses, net	1.7	3.4	+101.3%	8.5
Share of result in associated companies	-2.1	-1.0	+53.0%	-4.7
Profit before taxes	13.2	9.8	-25.2%	93.5
Profit for the period	9.2	7.1	-22.7%	63.2
EBITDA	26.5	26.7	+0.8%	149.2

Balance sheet

Uponor Group, M€	31 Mar 2018	31 Mar 2019	Change Y/Y	31 Dec 2018
Property, plant and equipment	248.3	296.4	+48.1	258.3
Intangible assets	114.7	99.9	-14.8	101.0
Securities and long-term investments	25.7	24.8	-0.9	25.7
Inventories	151.3	169	+17.7	147.9
Cash and cash equivalents	46.9	10.2	-36.7	38.1
Other current and non-current assets	268.5	248.0	-20.5	215.7
Assets total	855.5	848.3	-7.2	786.6
Total equity	319.4	324.3	+4.9	353.6
Non-current interest-bearing liabilities	174.7	206.7	+32.0	175.6
Provisions	27.3	30.6	+3.3	30.2
Non-interest-bearing liabilities	250.1	247.3	-2.8	225.5
Current interest-bearing liabilities	84.0	39.4	-44.6	1.7
Shareholders' equity and liabilities total	855.5	848.3	-7.2	786.6

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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: https://investors.uponor.com

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