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Financial statements 2010 briefing

Jyri Luomakoski
President and CEO
Uponor Corporation

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Leading indicators in major markets

	Indicator	% change YTD	Data through	Trend since Q3 update
Germany	Housing permits	+8%	November 2010	→
USA	Housing starts	-8%*	December 2010	↘
Finland	Housing permits	+30%	October 2010	↘
Sweden	Housing starts	+58%	September 2010	→
Spain	Housing permits	-18%	October 2010	→
Netherlands	Housing permits	-16%	October 2010	→
Italy	Construction index	+1%	October 2010	↗
Denmark	Housing starts	+6%	September 2010	↗
Norway	Housing starts	+8%	November 2010	→
Canada	Housing starts	-2%*	December 2010	→

*Seasonally adjusted, annualised rate vs same month in 2009

Flat net sales development in 2010, with local variations

M€	1-12/2010	1-12/2009	Change
Uponor	**749.2**	**734.1**	**+2.0%**
Building Solutions – Europe	504.4	482.2	+4.6%
Building Solutions – North America	114.6	109.0	+5.1%
(Building Solutions – North America, M$	151.1	151.8	-0.5%
Infrastructure Solutions	138.3	148.1	-6.5%

- Flat development of Group net sales; currency impact of 3 percentage points on net sales in FY2010

- BLD Europe: Strong Nordic sales performance; other areas close to prior year levels
- BLD North America: Historically poor building market impacted net sales both in single-family and in commercial projects
- Infrastructure: Net sales affected by fewer public projects, weather conditions and intense competition

Operating profit up supported by strong performance in Europe

M€	1-12/2010	1-12/2009	Change
Uponor	**52.4**	**41.3**	**+27.0%**
Building Solutions – Europe	55.7	32.6	+70.4%
Building Solutions – North America	3.1	3.9	-20.1%
(Building Solutions – North America, M$	4.1	5.5	-24.4%
Infrastructure Solutions	0.4	14.2	-97.2%

- Encouraging development of Group operating profit, despite higher raw material input costs; gross profit margin up 1.5 percentage points

- BLD Europe:
  - Strong operational leverage supported especially by the growth in the Nordics
  - Integration and organisational developments bearing fruit

- BLD North America:
  - Stagnation in demand after the spring season did not help growth initiatives to bear fruit

- Infrastructure:
  - Higher material costs that could not be compensated for by sales prices and temporary supply chain reorganisation increased costs

Q4/2010 net sales flat while profits decline against strong comparables

	10-12 /2010	10-12 /2009	Change
Net sales	**181.7**	174.4	+4.1%
Operating profit	**8.6**	12.3	-30.4%

- Net sales:
  - Only modest growth on Group level, mainly currency-driven
  - BLD Europe and Infrastructure Solutions show a positive development y-o-y
- Operating profit:
  - All segments report a declining profitability against stronger comparables in 2009
  - Infrastructure Solutions suffered from pricing issues

Highlights of the year 2010

+ Strong development of profitability in Building Solutions – Europe leveraged mainly by net sales growth in the Nordic countries
+ Supply chain integration in Europe, including ERP launch in the Infrastructure Solutions segment
+ Improvement in net working capital turnover
+ Growth of Indoor climate business

– Infrastructure Solutions facing challenges in declining demand, increasing prices and temporary supply chain reorganisation
– Stagnation of N.A. building market demand

Financial statements Q4 and FY/2010

Riitta Palomäki
CFO
Uponor Corporation

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January – December 2010
Key figures

M€	1-12 2010	1-12 2009	Change Y/Y
Net sales, continuing operations	749,2	734,1	+2,0%
Operating profit, continuing operations	52,4	41,2	+27,0%
Operating profit margin, continuing operations	7,0%	5,6%	1,4% pts
Earnings per share (diluted), EUR	0,34	0,16	+112,5%
Return on equity, % (p.a.)	9,7%	4,1%	5,6% pts
Return on investment, % (p.a.)	14,4%	8,1%	6,3% pts
Net interest bearing liabilities	66,8	64,6	+3,4%
Gearing, %	26,5%	25,0%	1,5% pts
Net Working capital of Net Sales, %	8,5%	8,3%	0,3% pts
Average number of employees, continuing operations	3 219	3 426	-6,0%
Number of employees, end of period, continuing operations	3 197	3 316	-3,6%

-1.0 % in local currencies

October – December 2010
Income statement

M€	10-12 2010	10-12 2009	Change Y/Y
Continuing operations			
Net sales	181,7	174,4	+4,1%
Cost of goods sold	113,6	106,7	+6,5%
Gross profit	68,1	67,7	+0,4%
- % of net sales	37,4 %	38,8 %	-1,4%
Other operating income	0,4	3,9	-
Expenses	59,8	59,2	+1,1%
Operating profit	8,6	12,3	-30,4%
- % of net sales	4,7 %	7,1 %	-2,4%
Financial expenses, net	1,8	2,9	-45,0%
Profit before taxes	6,9	9,4	-25,6%
Profit for the period	2,6	3,4	-21,9%
EBITDA	15,4	21,5	-28,6%

+0.5% in local currencies

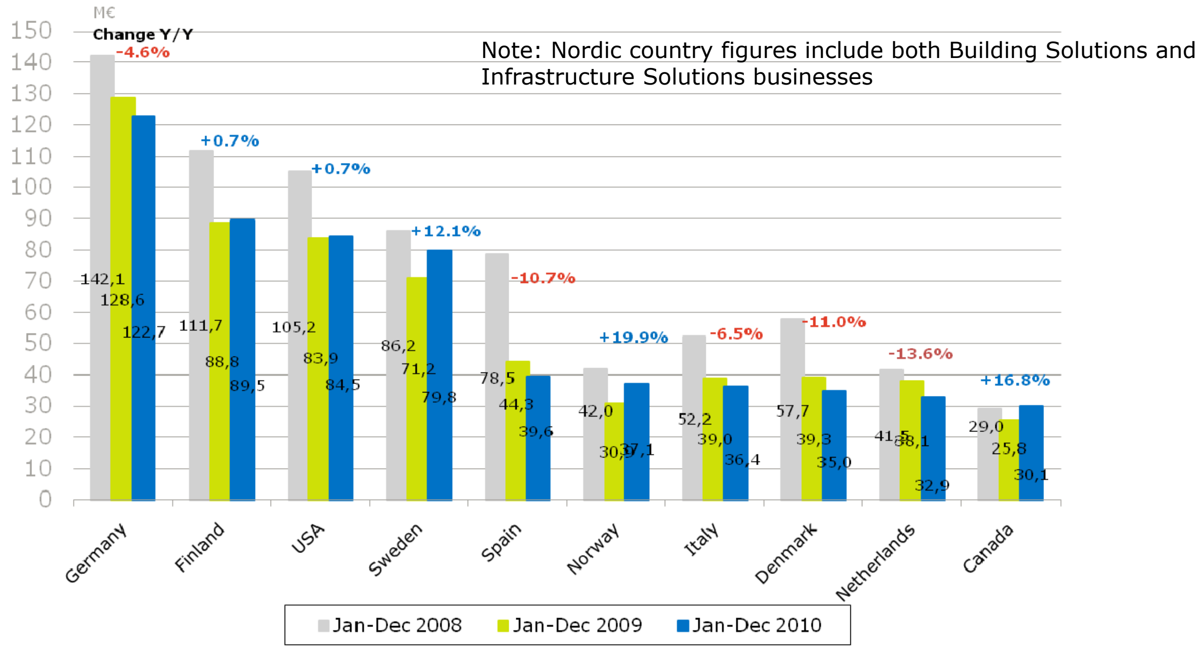
- Increased net sales growth in Building Solutions - Europe, clear decrease in dollar terms in Building Solutions - North America and growth in Infrastructure Solutions despite the early onset of winter
- Raw material price development impacted negatively on gross profit
- Operating profit margin Y/Y change w/o non-recurring costs (7,4 M€) in Q4 2009 -56%

January – December 2010
Income statement

- **Net sales:**
  - 4.6% improvement in Building Solutions - Europe
  - 5.1% improvement (flat in USD) in Building Solutions - North America and
  - 6.5% decrease in Infrastructure Solutions
- **Expenses up 3.8 M€:**
  - Marketing exp +5.0 M€
  - FX +7.6 M€
- **Financial expenses, net:**
  - Interest expenses 5.7 M€
  - Interest income 2.4 M€
  - Exchange differences 4.4 M€
  - Other costs 3.0 M€
- Decrease in effective **tax rate** from 39.6% to 35.2%

M€	1-12 2010	1-12 2009	Change Y/Y
Continuing operations			
Net sales	749,2	734,1	+2,0%
Cost of goods sold	461,1	463,0	-0,4%
Gross profit	288,1	271,1	+6,2%
- % of net sales	38,5 %	36,9 %	+1,5%
Other operating income	2,2	4,2	-48,2%
Expenses	237,9	234,1	+1,6%
Operating profit	52,4	41,2	+27,0%
- % of net sales	7,0 %	5,6 %	+1,4%
Financial expenses, net	10,7	12,7	-17,0%
Profit before taxes	41,8	28,5	+47,0%
Profit for the period	27,0	17,2	+57,5%
EBITDA	81,6	73,8	+10,6%

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



December 2010
Balance sheet

M€	31 Dec 2010	31 Dec 2009	Change Y/Y
Property, plant and equipment	171,3	175,1	-3,8
Intangible assets	96,9	101,5	-4,6
Securities and long-term investments	8,4	7,5	+0,9
Inventories	84,4	74,3	+10,1
Cash and cash equivalents	11,9	13,2	-1,3
Other current and non-current assets	124,3	127,0	-2,7
Shareholders´ equity	252,1	258,0	-5,9
Non-current interest-bearing liabilities	43,5	60,2	-16,7
Provisions	12,0	18,4	-6,4
Non-interest-bearing liabilities	154,4	144,4	+10,0
Current interest-bearing liabilities	35,2	17,6	+17,6
Balance sheet total	497,2	498,6	-1,4

- Inventory up from 2009 due to higher sales in Building Solutions - Europe and early winter slowing Infrastructure business earlier at the year end than anticipated
- Accounts receivable up 4.9 M€ compared to year-end 2009

January – December 2010
Cash flow

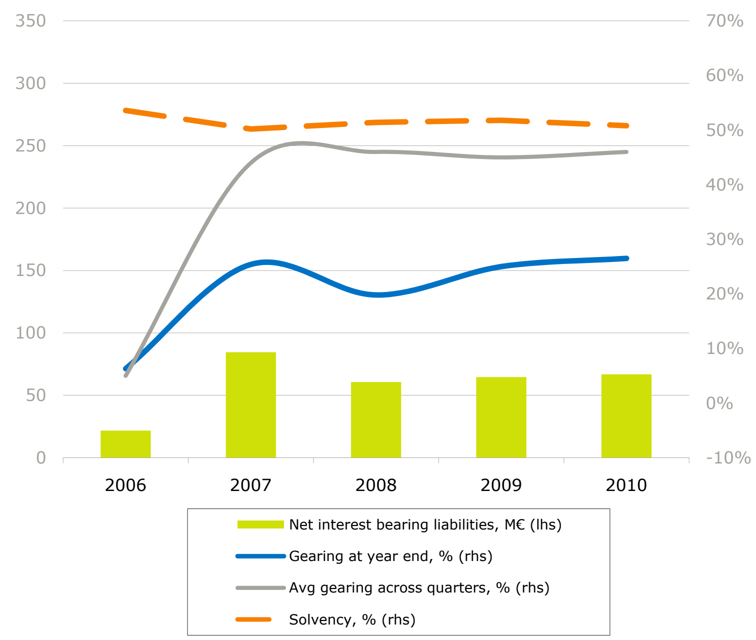
M€	1-12/ 2010	1-12/ 2009	Change Y/Y
Net cash from operations	74,9	65,7	+9,2
Change in NWC	-22,6	25,9	-48,5
Net payment of income tax and interest	-3,1	-12,8	+9,7
Cash flow from operations	**49,2**	**78,8**	**-29,6**
Cash flow from investments	-13,6	-18,2	+4,6
Cash flow before financing	**35,6**	**60,6**	**-25,0**
Dividends and buy backs	-36,5	-62,1	+25,6
Other financing	-0,5	-38,4	+37,9
Cash flow from financing	-37,0	-100,5	+63,5
Change in cash and cash equivalents	-1,3	-40,0	+38,7

- In 2009, inventory decreased by 30.2 M€ from 104.5 M€ to 74.3 M€
- In 2010, inventory increased by 10.1 M€ from 74.3 M€ to 84.4 M€

  ➔ Cash flow effect - 40.3 M€

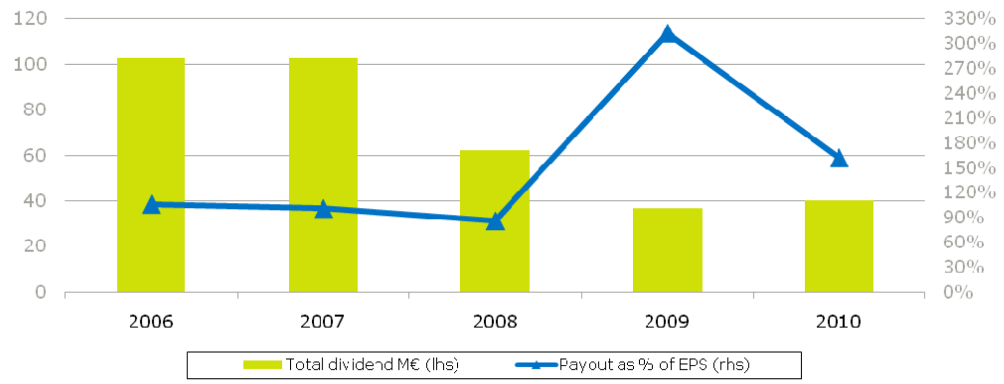
- Gross capex 19.0 M€ compared to 24.0 M€ in 2009

January – December 2010
Capital structure development



Long term target: average gearing across quarters between 30 and 70

January – December 2010
Dividends and payout ratio



Board's dividend proposal for 2010: EUR 0.55 per share

Major shareholders
31 December 2010

Oras Invest Ltd	22,7%
Varma Mutual Pension Insurance Company	7,1%
Ilmarinen Mutual Pension Insurance Company	3,7%
Tapiola Mutual Pension Insurance Company	1,9%
Sigrid Juselius Foundation	1,1%
State Pension Fund	1,0%
Mandatum Life Insurance Company Limited	0,8%
Nominee registration	18,8%
Others	42,9%
	100,0%

Share capital
146.4 MEUR

Number of shares outstanding

73 046 944

Outlook for the future

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President and CEO
Uponor Corporation

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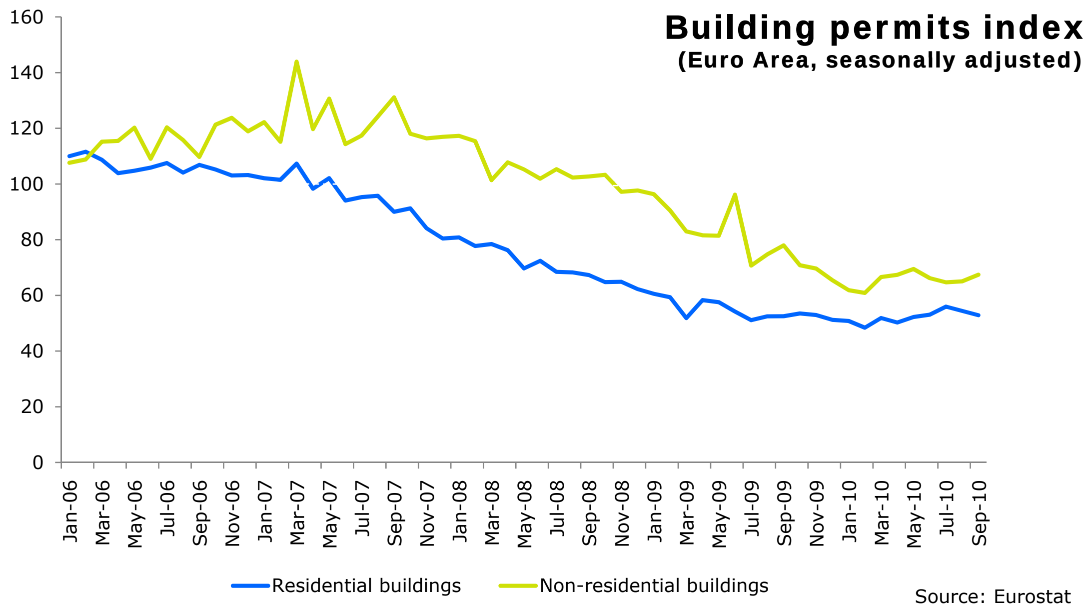
Building permits in Europe

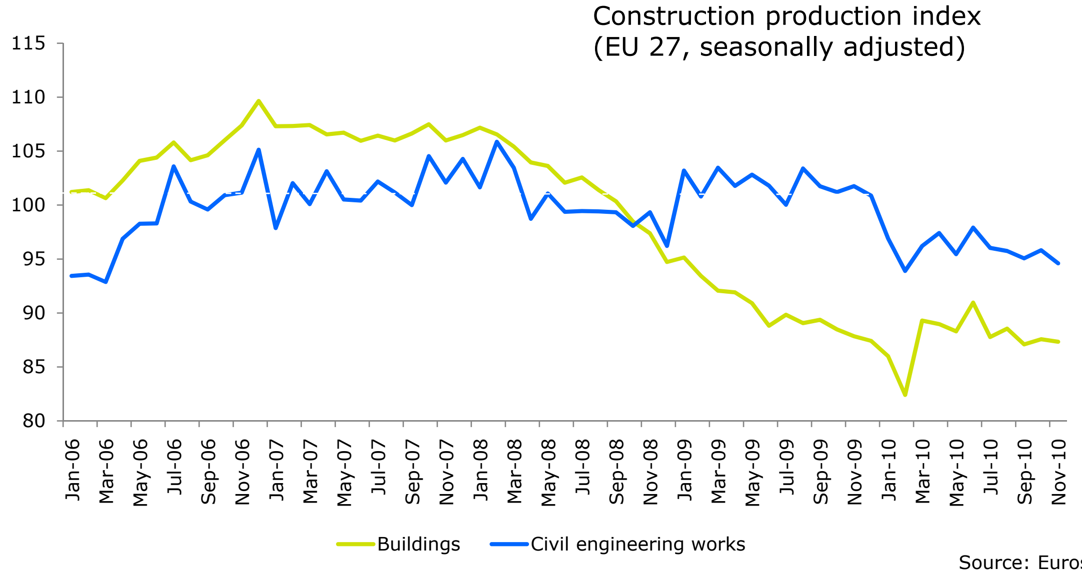
- Permits in the Euro Area for both residential and non-residential buildings were up slightly from the beginning of the year.



Source: Eurostat

Construction output in Europe

- Output in the civil engineering segment has fallen significantly from last year's level, while residential output has been largely unchanged.



Source: Eurostat

Market environment in Germany

- **German building permits November 2010 (compared to previous year)**

	YTD	Month
Residential	+8%	+17%
Single houses	+6%	+6%
Non-residential	+1%	-2%

- **German construction industry November 2010 (compared to previous year)**

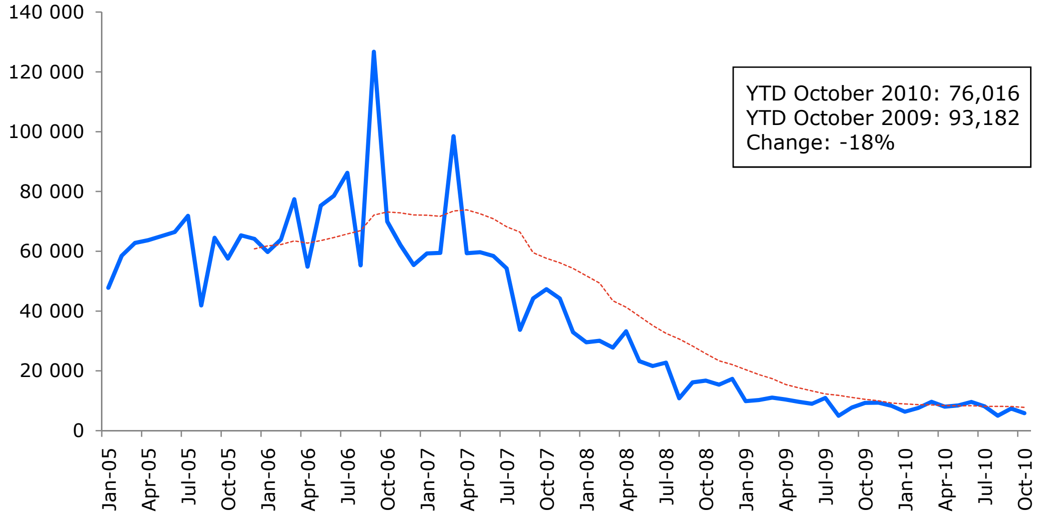
	YTD	Month
Order entry	+7%	-1%
Turnover	+0%	+6%

Source: Statistisches Bundesamt

Housing permits development in Spain

- Housing permits have continued to drop, with permits through October down 18% compared to the already low level seen in 2009.

Residential building permits: Spain



Source: INE

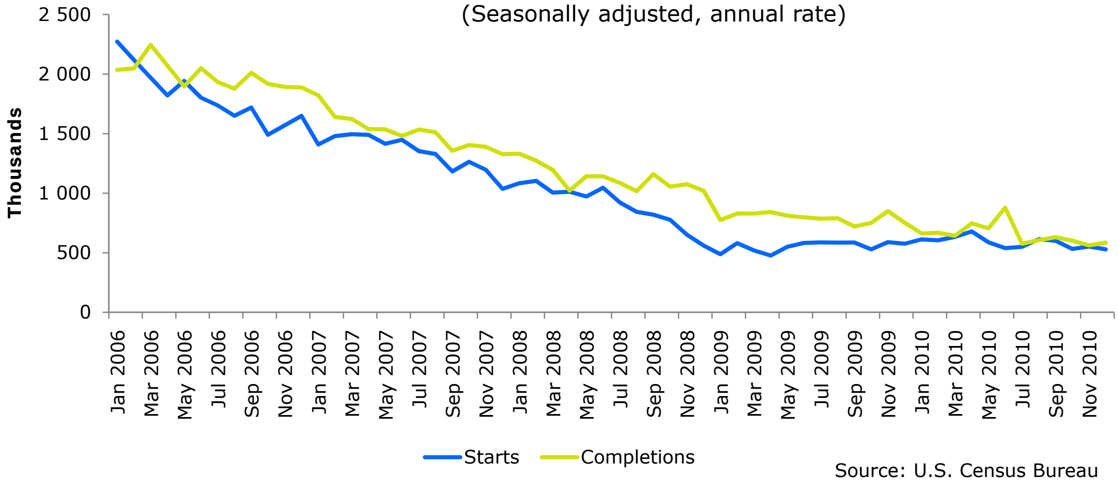
Housing starts development in USA

- Housing **starts** in December were at a seasonally adjusted annual rate of 529,000. This is 8% below the December 2009 rate.

- Housing **completions** in December were at a seasonally adjusted annual rate of 585,000. This is 22% below the December 2009 rate.

U.S. housing starts and completions

(Seasonally adjusted, annual rate)



Source: U.S. Census Bureau

Confidence returning to the market-place

- The recovery has started, although regional differences remain significant
- Overall, a positive development is expected for 2011
- Several risks and uncertainties associated with the global economy
- Demand for building solutions
  - Positive demand close to current levels in the Nordic countries
  - In Central Europe, demand is expected to continue its slow but steady growth
  - In south-west Europe, growth anticipated – excluding Spain and Italy
  - In North America, significant changes in demand are not expected in the short term
- Demand for infrastructure solutions
  - The severe winter weather and weak end-user demand will affect 2011
  - The effect of higher raw material prices to be compensated for by active sales price increases

Focus shifting to external opportunities

- Uponor's internal development programmes have to a large extent been completed
  - Integration (ERP) and offering harmonisation
  - Organisation
  - Customer segmentation

- Measures to boost growth have been launched
  - Innovations in product and service offering
  - New and *new kinds* of partnerships
  - New geographical areas: Asia
  - Potential acquisitions

Guidance for 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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simply more

The text may contain forward-looking statements, which are based on the present business scope and the management’s present expectations and beliefs about the future. The actual result may differ materially from such statements.