

# Interim results briefing 1–3/2019

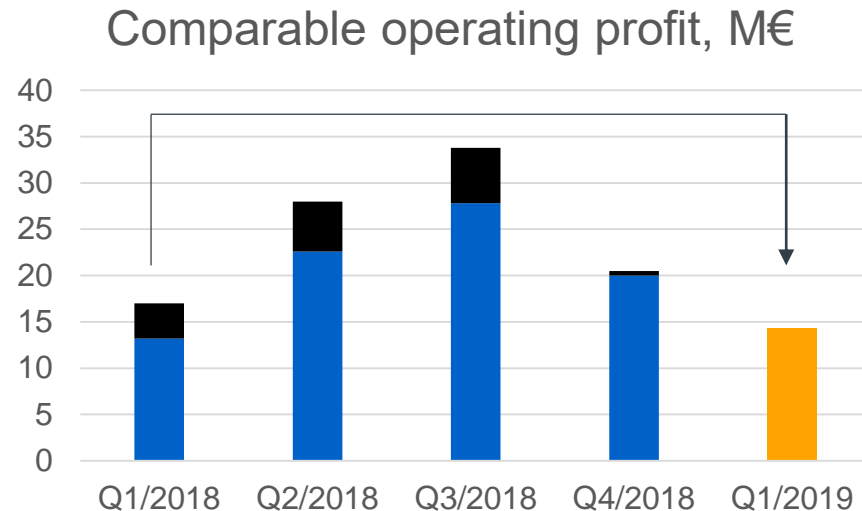
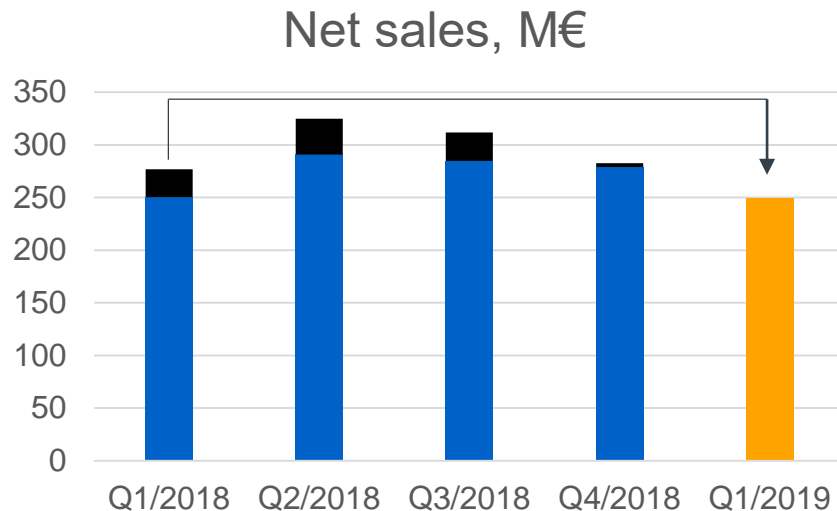
**Jyri Luomakoski** –  
President and CEO, Uponor Corporation

# 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



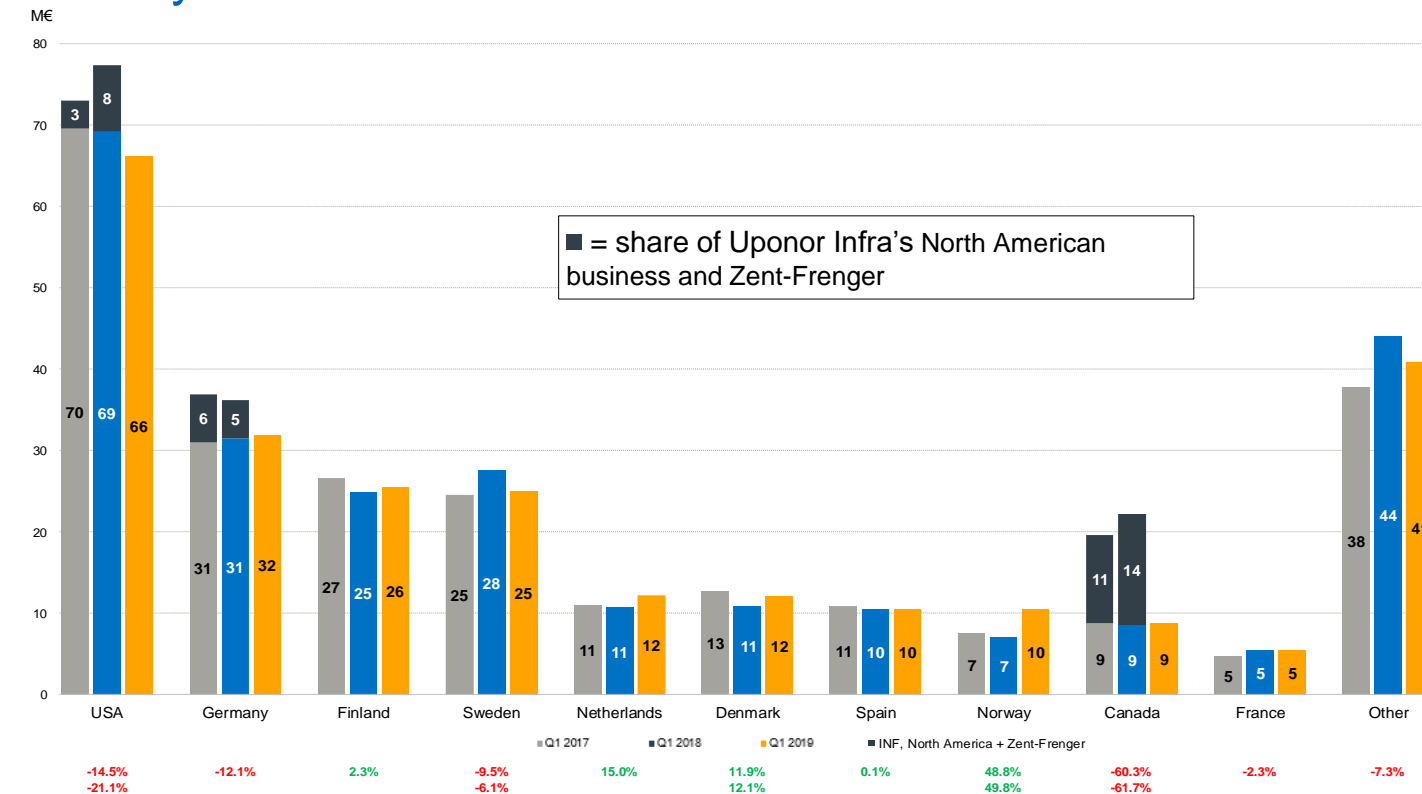
# Group net sales and comparable operating profit



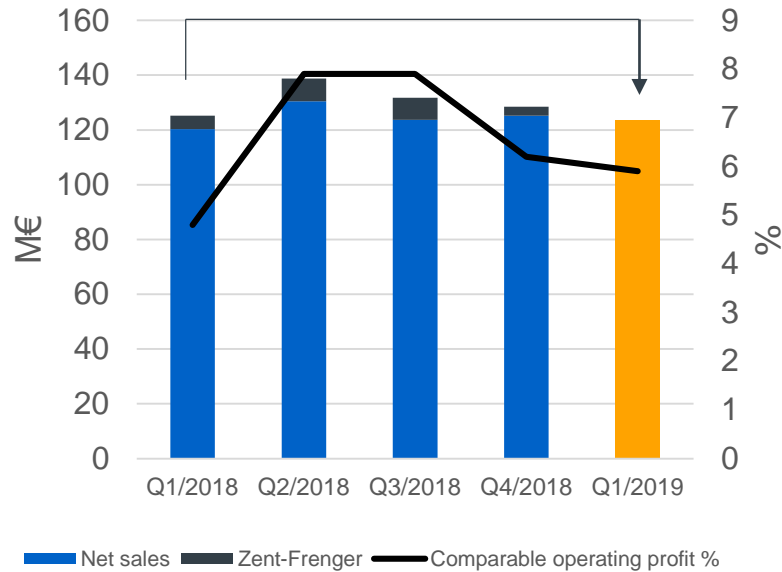
■ = share of Uponor Infra's North American business and Zent-Frenger

# Net sales development by key markets

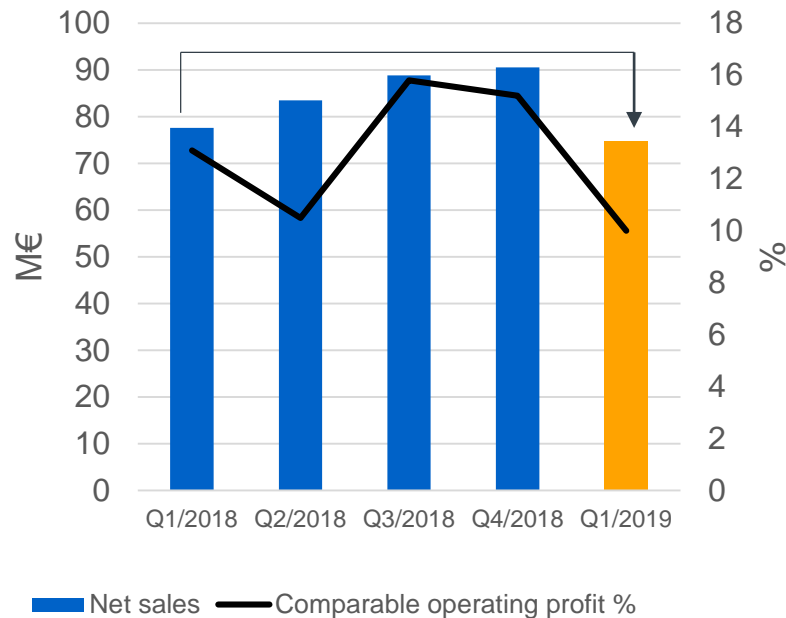
## January – March 2019



# Development by segment: Building Solutions – Europe

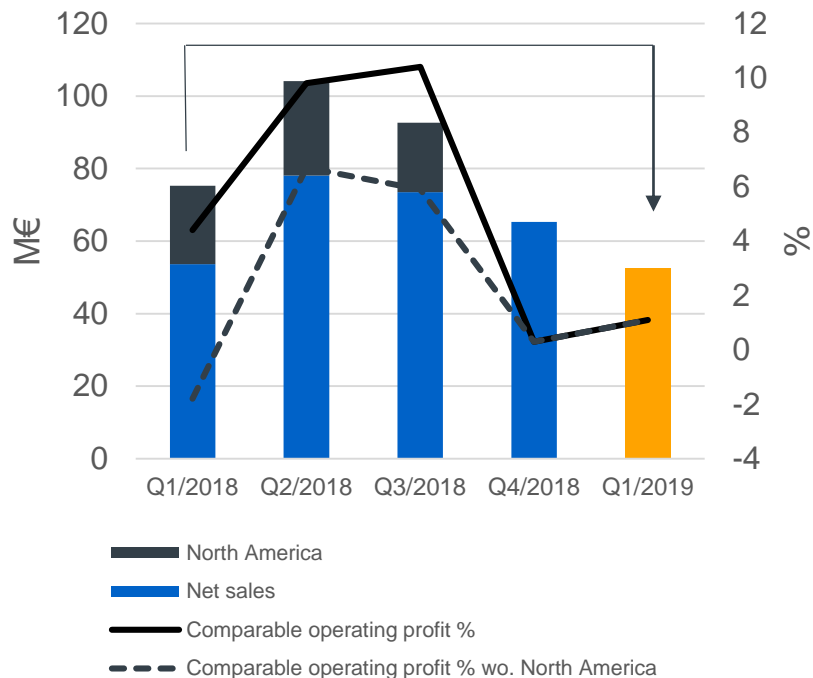


# Development by segment: Building Solutions – North America





# Development by segment: Uponor Infra



A photograph of a modern building with a series of cantilevered balconies or walkways. The balconies have a dark, grid-like metal railing. The building's facade is a mix of glass and solid panels. The sky is a clear blue, and the lighting suggests it might be late afternoon or early morning, with some warm tones on the right side of the image.

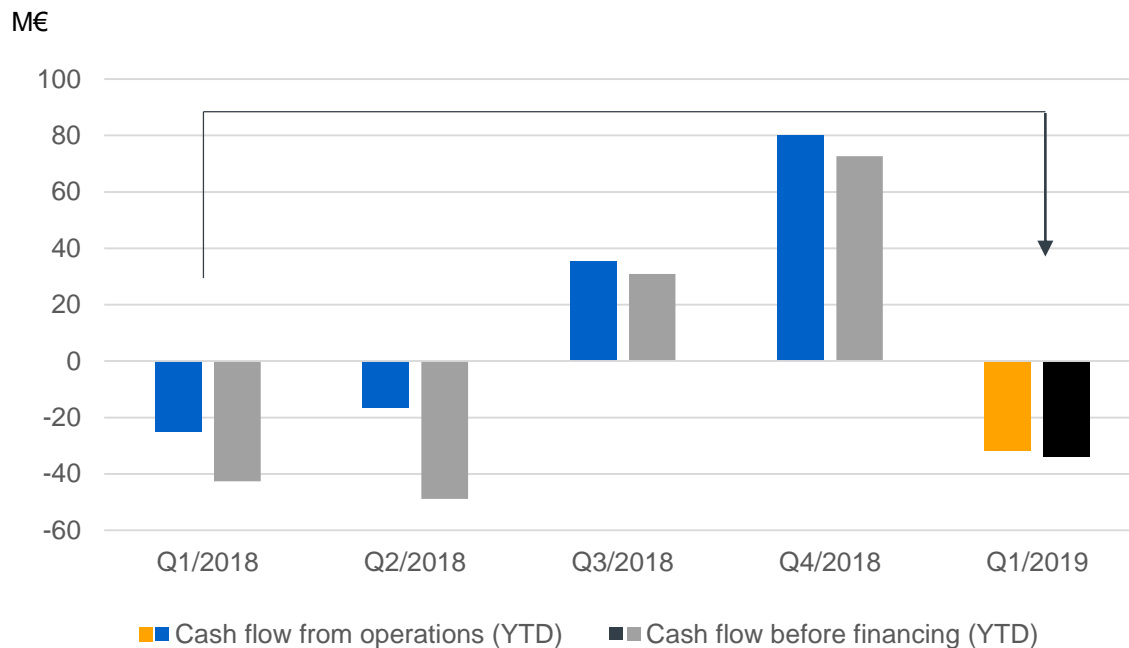
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# Financial statements

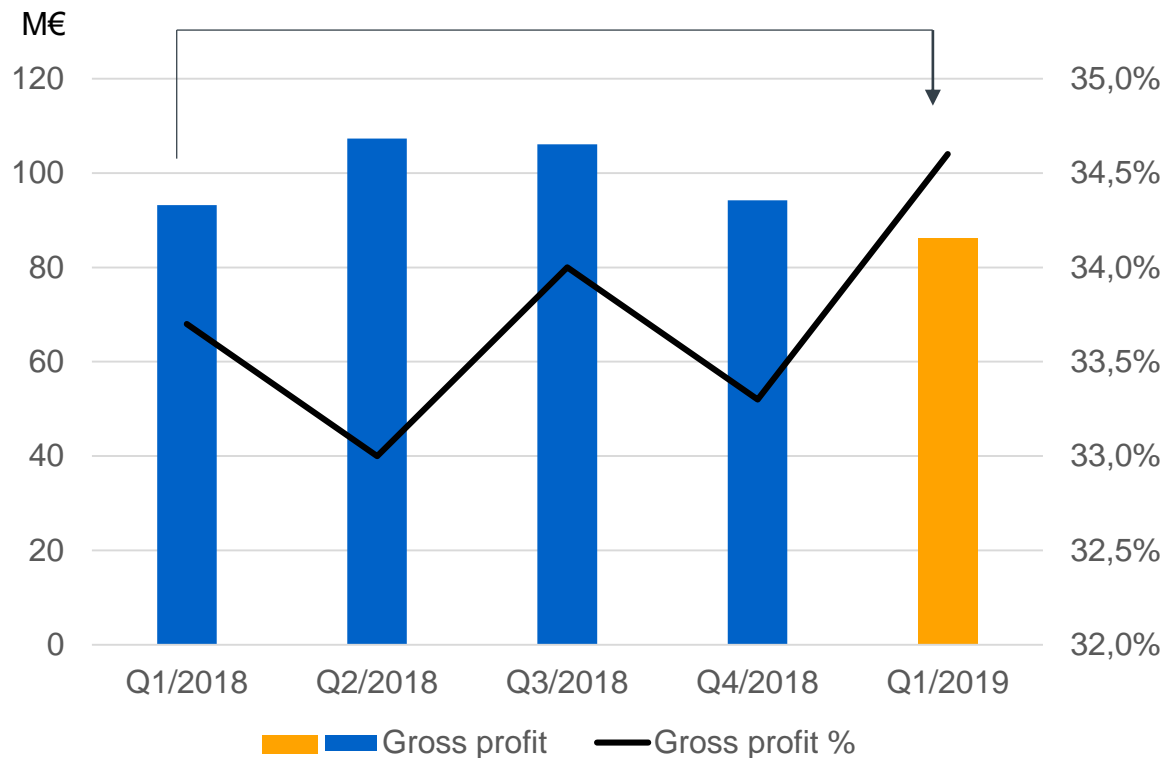
1–3 / 2019



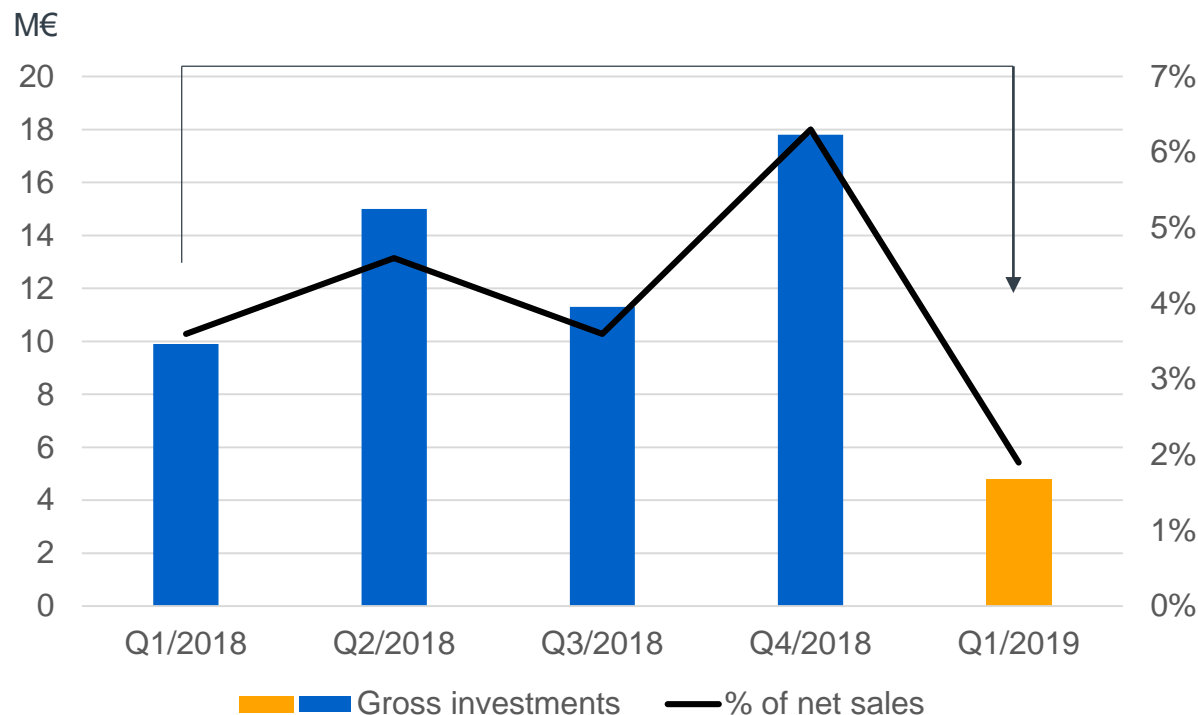
# Cash flow included dividend payment, totalling €18.2 million



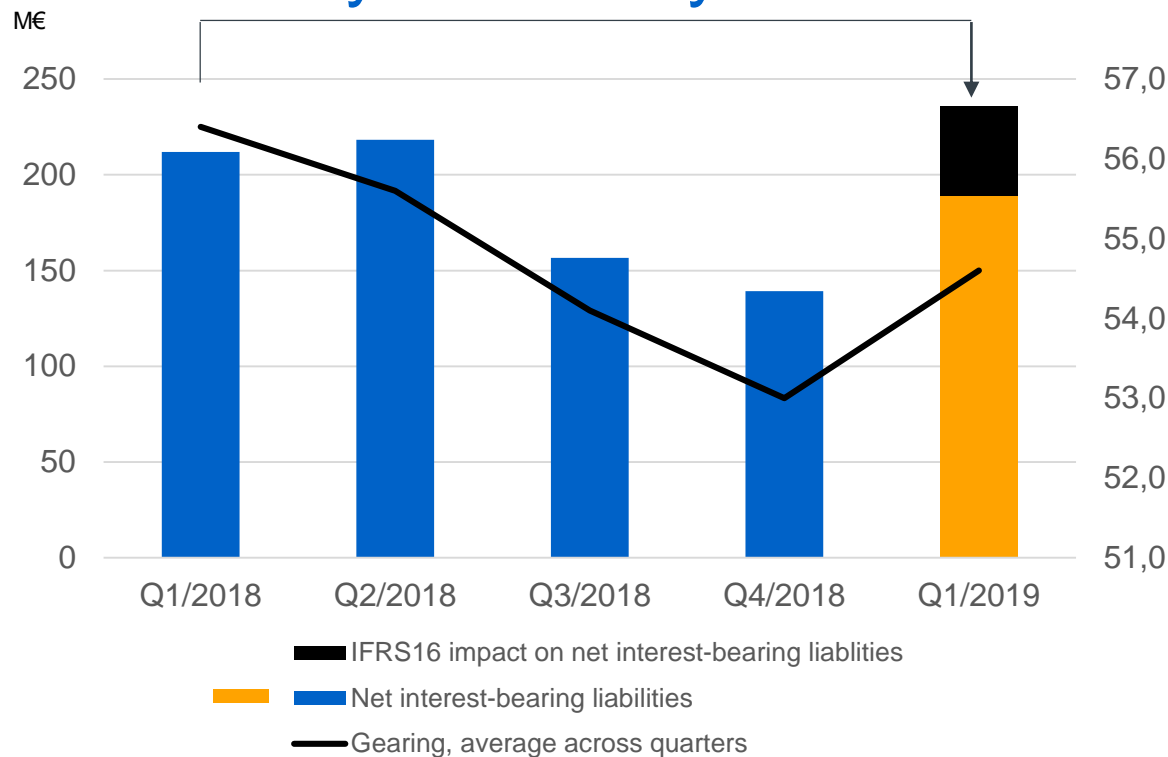
# Gross profit margin improved



# Gross investments declined due to lower investment level in North America



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



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Outlook for the future



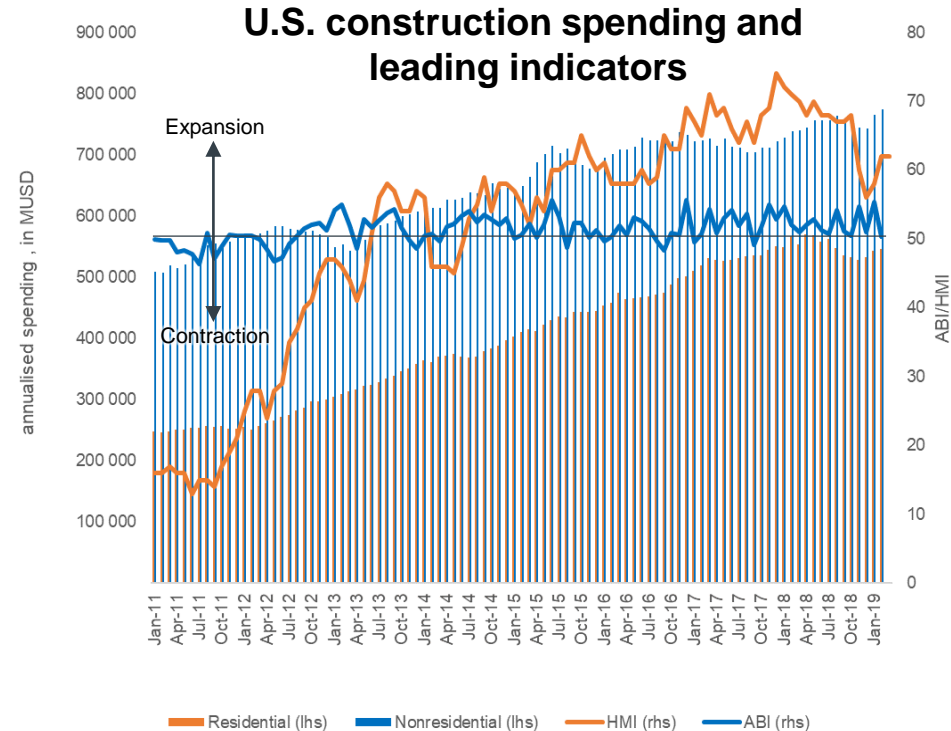


# US - Despite some softening in the residential segment, activity remains at a healthy level

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

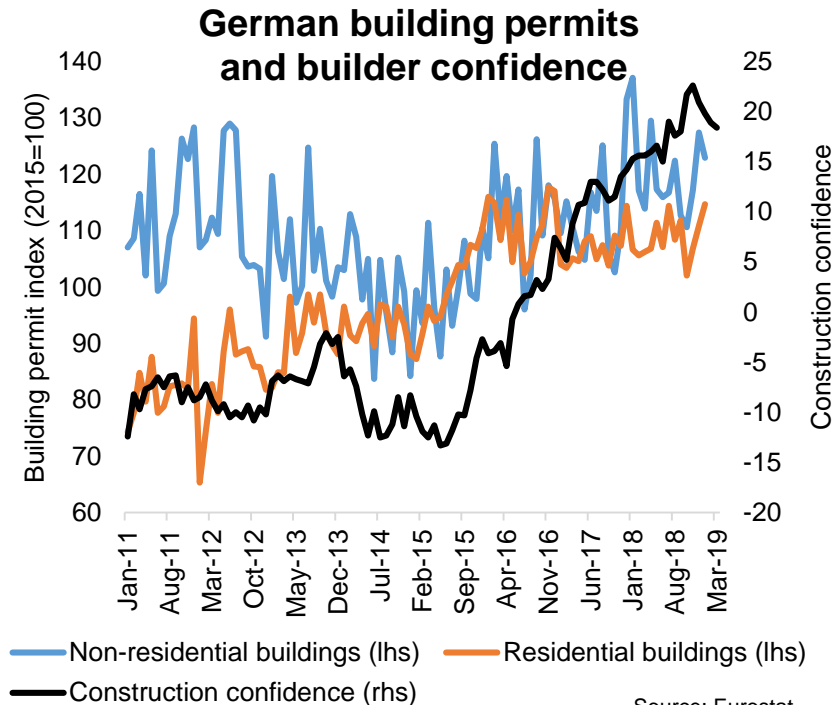


# Germany - Construction has so far been insulated from slowing trade

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

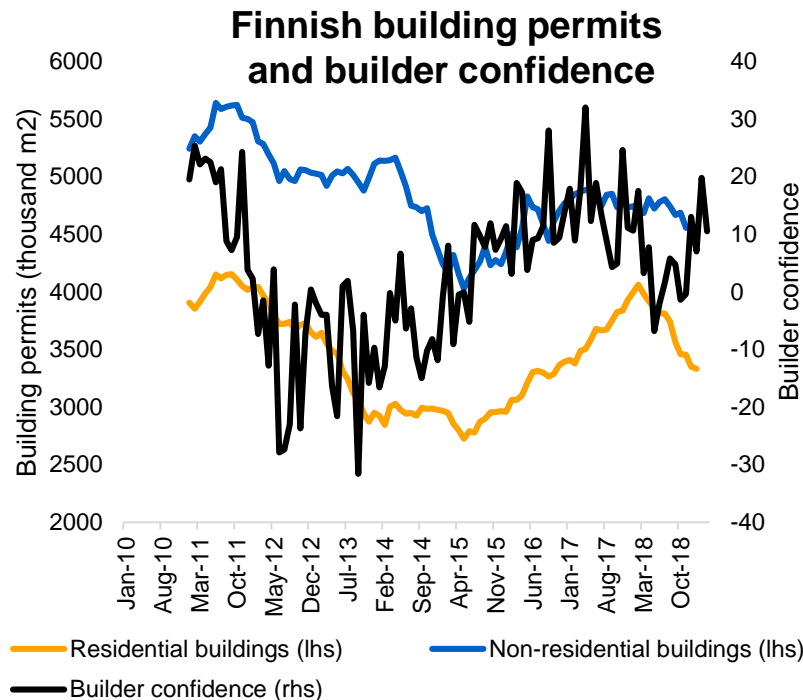
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# Finland - Leading indicators point towards slowing, but a backlog of projects is supporting demand

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



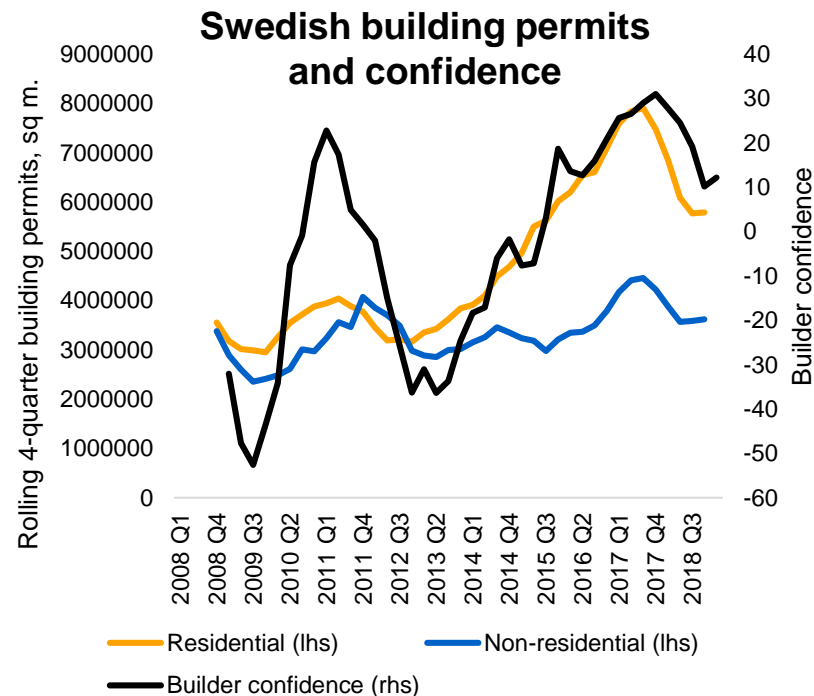
Source: Statistics Finland and Eurostat

# 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

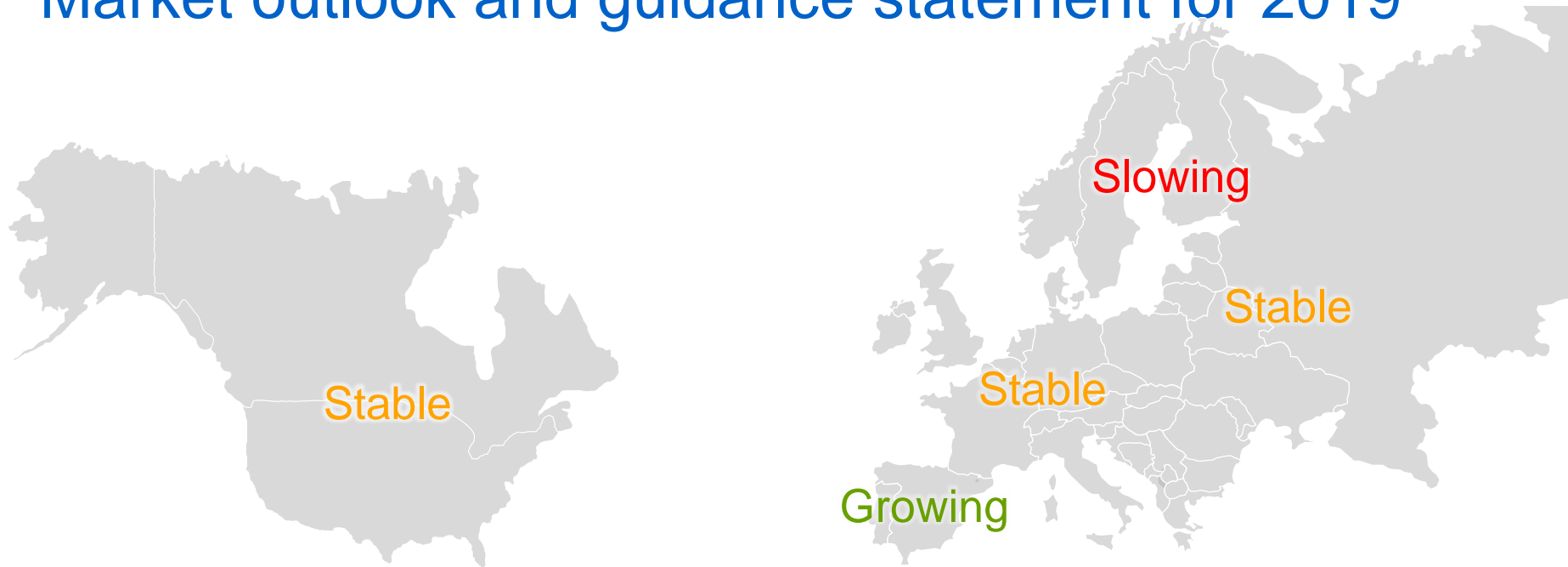
Within the construction industry:

- 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).





# Thank you!

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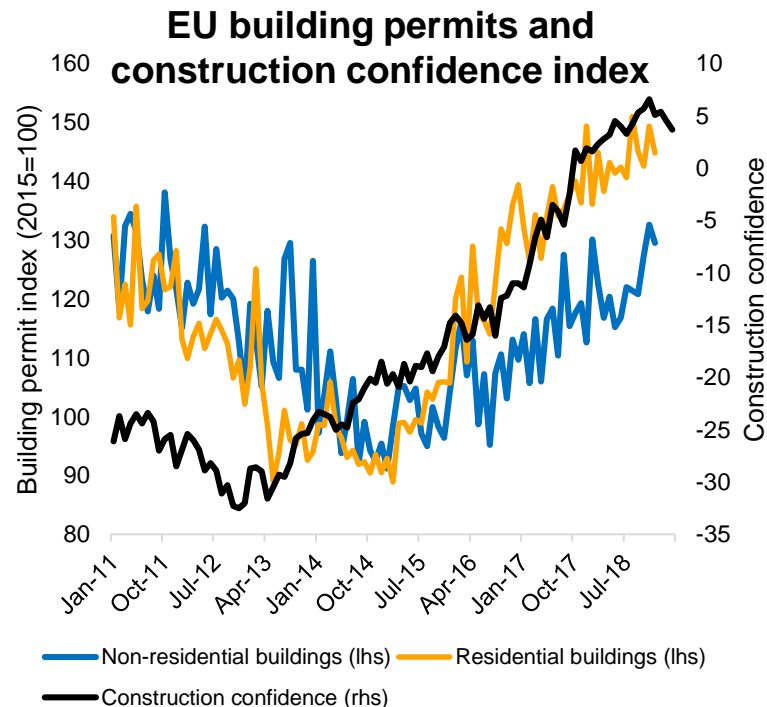
# Appendix

# 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

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

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

<sup>1)</sup> 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