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The Uponor markets, drivers and potential

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Executive Vice President, Uponor Europe – West, East, South

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Jukka Kallioinen, Executive Vice President, Uponor Europe – West, East, South

born 1958, Finnish citizen, M.Sc. (Eng.), eMBA
Employed by Uponor since 1984

Career

- President, Infrastructure and Environment Europe, 2002-04
- Director, Building and Construction Division, 1999-02
- Director, Municipal Engineering, 1998-99
- Managing Director, Uponor Anger GmbH, Germany, 1995-98
- Business area manager, Ecoflex, 1988-95

Personal profile

- Broad experience in Sales & Marketing, Production and Business Unit management, and in creating new business
- Worked several years abroad, multicultural capabilities
- Extensive network within the European pipe industry

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Uponor Europe – West, East, South

- Responsible for Uponor businesses in
  - UK & Ireland
  - Baltic and Russia
  - France
  - Italy
  - Spain
  - Portugal
  - South-East Europe
  - exports to countries not covered by other Regions

- 2003 pro-forma net sales totalled approx. 290 million euros
- Employs approx. 1,200 people
- Eight production units

Offering

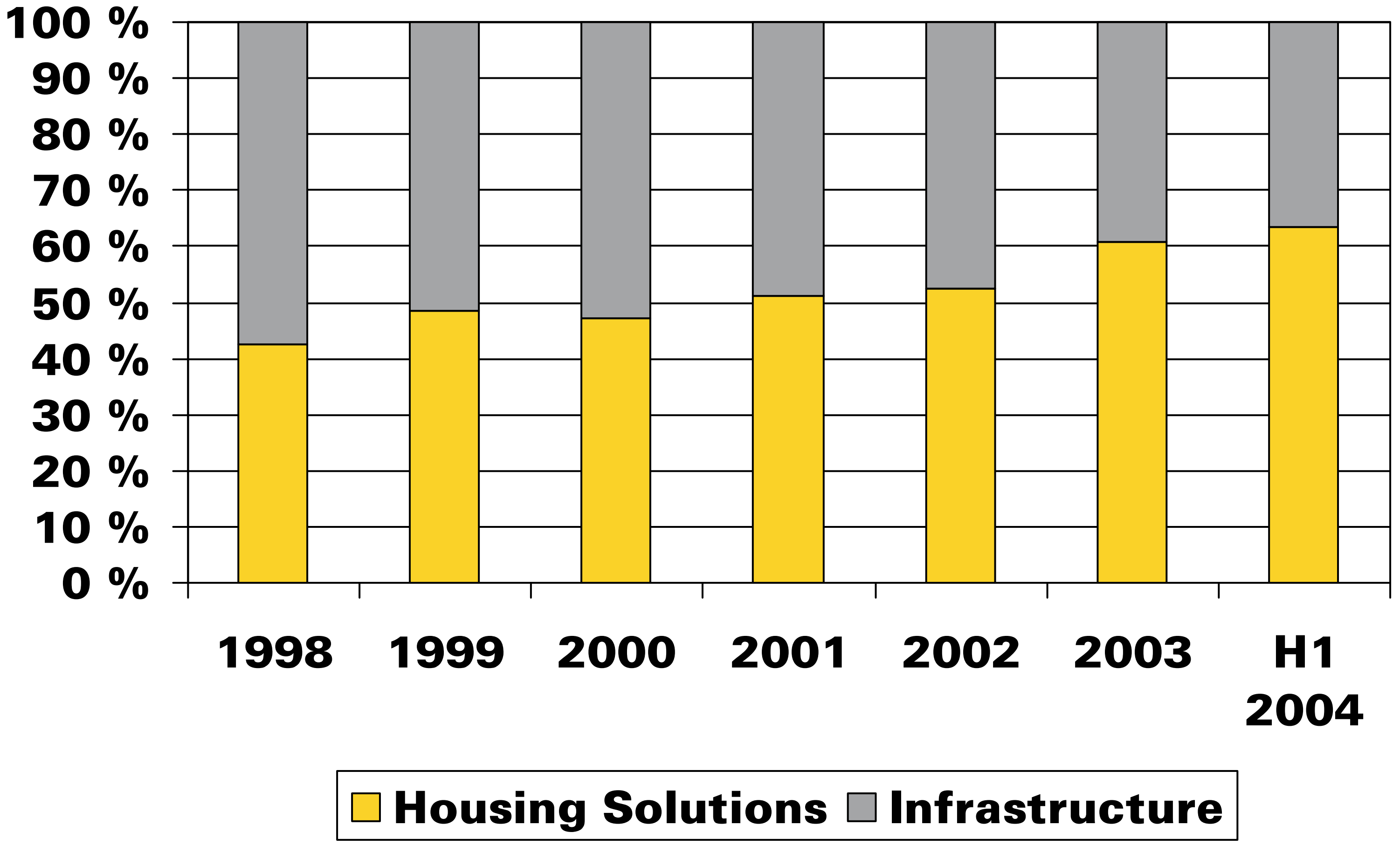
- In heating and tap water systems Uponor occupies a strong market position in Spain, Portugal and the Baltic countries
- In municipal infrastructure the emphasis of the business is in the UK

Uponor Group application portfolio

- Housing Solutions — Net sales 2003: € 605m
  - Inhouse Water Distribution
  - Heating & Cooling
- Infrastructure & Environment — Net sales: 2003 € 385m*
  - Municipal Sewer and Rainwater
  - Public Water and Energy Supply
  - House Drainage
- Addressable market estimated at € 10bn
  - Includes markets and applications where Uponor is currently present

*includes Municipal Americas

Share of Housing Solutions of Uponor Pipe Systems turnover is increasing



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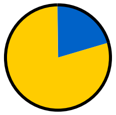
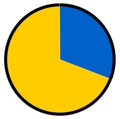
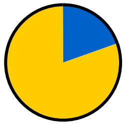
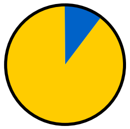
Strong market position in key areas

	Residential offering		Infrastructure offering	
	Heating&Cooling	Water distribution	Utilities (gas&water)	Civils (sewer&storm)
Segment share of net sales 2003				
Nordic countries	● ● ●	● ● ●	● ●	● ● ●
Central Europe	● ● ●	● ●		●
Europe – West, East, South	● ●	●	● ●	● ●
North America	● ● ●	● ●		

● ● ● in top 1 or 2
● ● in top 3-5
● market presence

Definitions: Under-floor heating refers to water-borne UFH. Tap water includes metal and plastic applications; in North America only PEX, copper and CPVC products. The infrastructure market includes only products made of plastics.

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Uponor generic offering portfolio

	Heating & Cooling	Water Distribution	Infrastructure & Environment
Design & Planning	●●●	●	●
Customer training	●●●	●●●	●
Pipes & accessories	●●●	●●●	●●●
Installation tools and systems	●●●	●●●	●
Controls	●●●	●	

●●● = a central element in Uponor's offering

● = a less central element in Uponor's offering

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Application groups and addressable market size

- Heating and Cooling
  - Underfloor heating
  - Indoor air
  - Concrete core activation
  - Heat pumps
  - Controls
- Water Distribution
  - Tap water
  - Prewall systems
  - Radiator connections
  - Preinsulated water pipes
- House Sewage
  - Soil and waste
  - Liquid waste mgmt
- Sewer and Rainwater Handling
  - Sewers
  - Storm water
  - Drainage
- Water and Energy Supply
  - Water supply networks
  - Gas distribution networks
  - Cable & Telecom
- Other
  - Indoor gas
  - Industrial

Addressable market estimated at EUR 10bn

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Heating and Cooling

Key offering

- Hydronic underfloor heating systems
- Hydronic cooling systems integrated into building structures
- Outdoor snowmelting and de-icing

Uponor strengths

- Industry pioneer and global leader
- Variety of state-of-the-art technologies in house
- Product range from high-end residential to industrial and commercial applications

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Demand drivers and outlook:
Heating & Cooling

- Overall need for more comfortable indoor climate
- Energy saving
- Trends in home design
- Substitution opportunity
  - Under-floor heating share of total residential heating market:
    - Central Europe >30%
    - the US ~ 3%
  - Share of plastics in UFH already > 95%
  - Copper and steel dominate in radiator connection pipes
- Growth of alternative heat sources (heat pumps, solar etc.) more suitable to UFH than to other forms of heat distribution
- Development of more advanced hydronic UFH&C solutions for renovation offers a major growth opportunity in future
  - Replacement of electrical floor heating in renovation

Water Distribution

Key offering

- Variety of plastic systems for behind-the-wall installation
- Multilayer composite pipe systems for on-the-surface installations
- Proprietary joining technologies
- Installation tools

Uponor strengths

- Industry pioneer with more than 30 years' track record since 1972
- World leader in PEX and multilayer composite pipe water service systems
- A portfolio of all the leading technologies and materials

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Demand drivers and outlook:
Water distribution

- Increased demand for Health (hygiene) & Safety
  - Costs of water damages through pipe leakages increasing
  - European Acceptance Scheme (EAS) and Drinking Water Directive setting new requirements
  - Poor quality of potable water in many countries
- Growth of general building markets and renovation
  - Plastics systems outperform traditional techniques in renovation
  - Share of renovation of total building market already high on many markets
  - Number of bathrooms per house growing
- Replacement of traditional materials due to lower installed cost
- Large substitution opportunity
  - Plastics share ~40% in Europe, and ~30% in the US
  - Copper, steel etc. systems industries already matured

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EU regulation in the Drinking Water area

- Drinking Water Directive (98/83/EC)
  - Sets requirements for drinking water at the point of use, e.g.
    - Lead from 50µg/l down to 10 µg/l
    - Copper from 3 mg/l to 2 mg/l
    - Transition period until 2013
- EAS, European Acceptance Scheme
  - Common European regulatory approach for construction products in contact with drinking water
  - Aimed at replacing all national schemes
  - Highlighting the following
    - microbial growth
    - cytotoxicity
    - detection of unsuspected subjects
    - effects of chlorination
  - Unlikely to be implemented before 2008

Infrastructure and environment

Key offering

- Piping systems for gas, water, sewage and telecommunications industries
- Wastewater and rainwater disposal
- Water and gas distribution
- House drainage
- Telecoms installation and cable protection
- Pipeline renovation

Uponor strenghts

- Complete offering for both civils' and utilities' market
- State-of-the-art proprietary technologies and solutions

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Demand drivers and outlook:
Infrastructure & Environment

- EU Waste Water Directive (91/271/EC)
  - Waste water treatment in all agglomerations >2000 p.e.
  - Biological treatment as standard requirement
  - Deadline end of 2005
- Renovation needs for ageing piping infrastructure
- High degree of leaking water and sewer networks
- Matured concrete and clay industries with low development possibility
- Privatisation of utilities drives for more economical systems
- Growing infrastructure build in new EU member states


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