

Q2

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Performance in January-June 2009

12 August 2009

Jyri Luomakoski
President and CEO
Uponor Corporation

Summary of Q2/2009

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- The residential building markets have continued weak in all key markets in Q2
- Net sales clearly down year-on-year, a change of -27.7%
- Operating profit returned back to positive figures from Q1
- Securing cash flow and driving out cost from the supply chain implemented successfully
- A strong range of new products introduced ahead of the season

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Page 2

Building market indicators show a weakening development

	Indicator	Data through	YTD change in Q2*	Change in net sales, local currency, in Q2
Germany	Housing permits	May 2009	-7%	-5.4%
USA	Housing starts	June 2009	-56%	-33.9%
Finland	Housing permits	May 2009	-32%	-25.7%
Sweden	Housing starts	March 2009	-51%	-9.3%
Spain	Housing permits	April 2009	-65%	-46.0%
Netherlands	Housing permits	March 2009	-5%	-17.5%
Italy	Construction index	March 2009	-12%	-31.4%
Denmark	Housing starts	March 2009	-8%	-37.0%
Norway	Housing starts	May 2009	-19%	-31.4%
Canada	Housing starts	June 2009	-43%	-13.6%

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* The colour code indicates the magnitude of change in indicators from those reported in connection with the Q1 results

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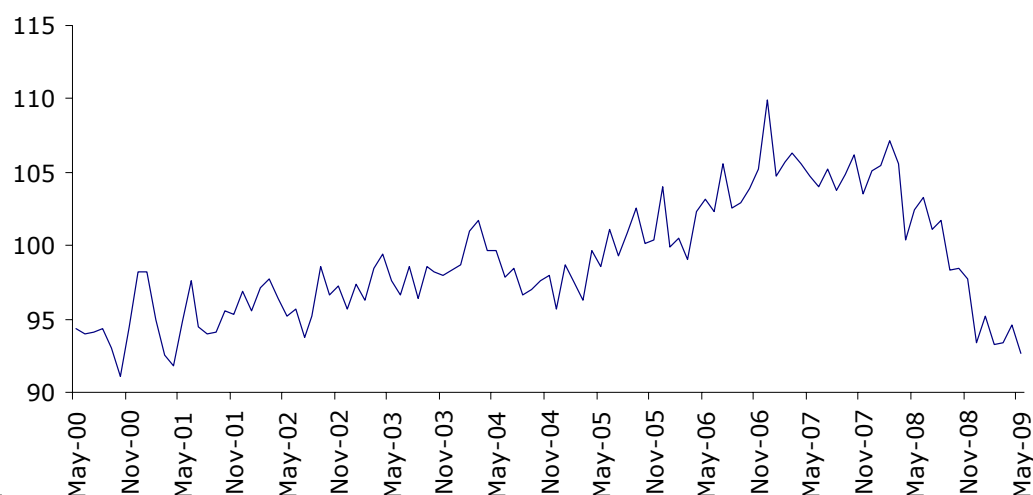
Page 3

Western Europe Construction index

- Production in the construction sector continued to fall through May, but the decline has not been as dramatic as during 2008

Construction Production Index

(EU-15, seasonally adjusted data)



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Source: Eurostat

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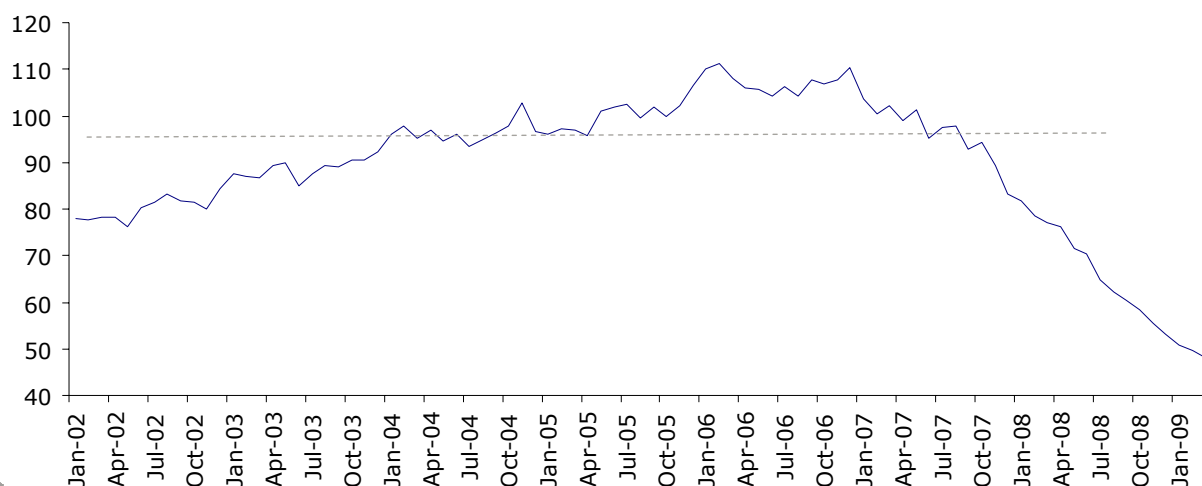
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Page 4

- Eurostat's Building Permits Index shows that activity continued to drop through March of this year

Residential Building Permits Index

(EU-27, seasonally adjusted)



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Source: Eurostat

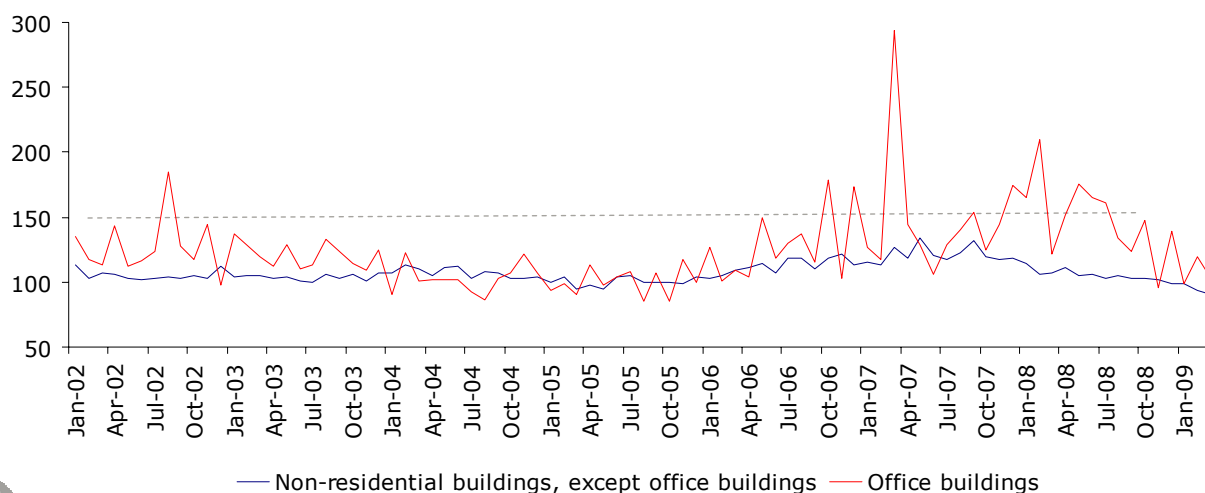
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Page 5

- Permits for non-residential structures have continued to weaken

Non-Residential Building Permits Index

(EU-27, seasonally adjusted)



— Non-residential buildings, except office buildings — Office buildings

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Source: Eurostat

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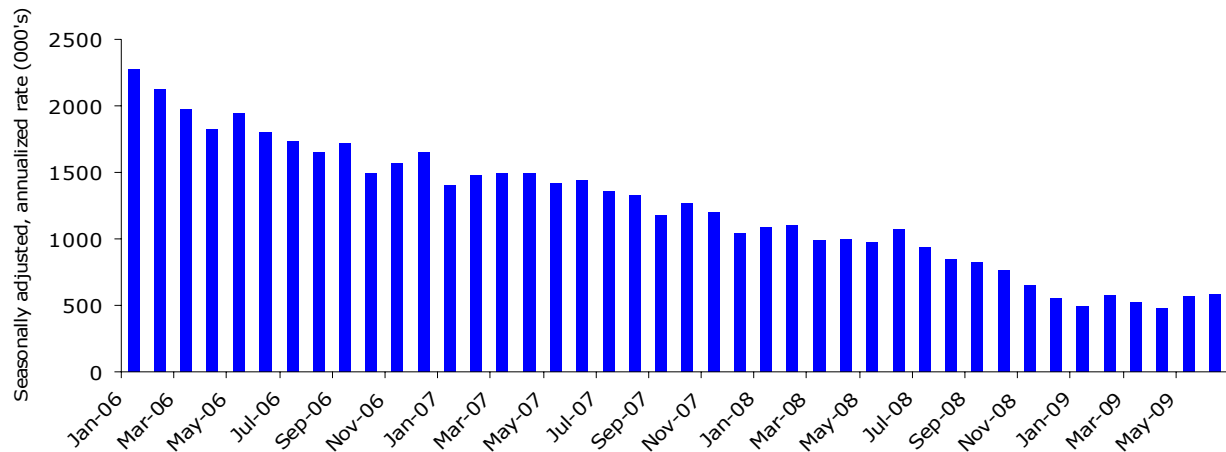
Page 6

USA Housing starts development

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- June housing starts increased 3.6% from May to a seasonally-adjusted, annualised rate of 582,000. This start rate is 46% less than the same month last year, but does represent the highest rate since November 2008.

Monthly U.S. Housing Starts



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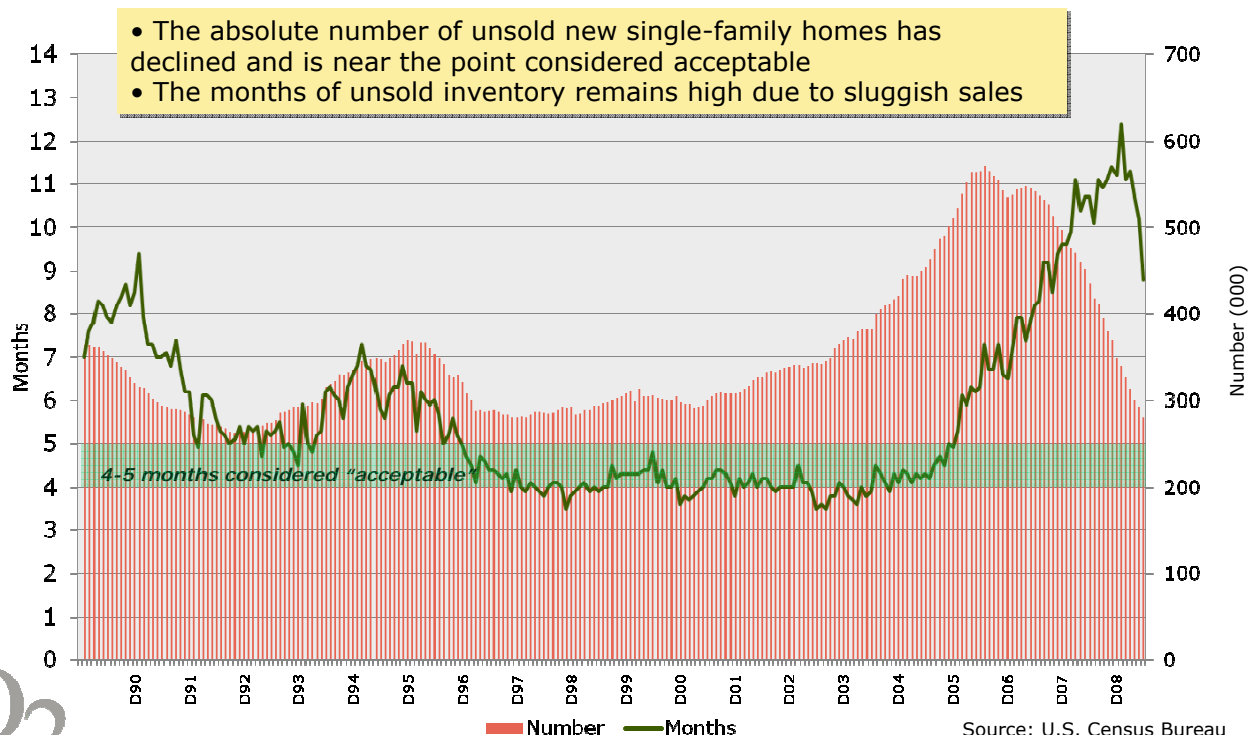
Source: U.S. Census Bureau

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Page 7

USA: Months & number of unsold inventory, new single-family homes

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Source: U.S. Census Bureau

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Continued slowdown in residential building globally impacted Q2 net sales

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Net sales MEUR	4-6/2009	4-6/2008	Change, %
Uponor	193.3	267.4	-27.7
Building Solutions – Europe	126.9	177.1	-28.3
Building Solutions – North America	26.5	34.5	-23.1
(Building Solutions – North America, USD)	36.5	53.8	-32.0)
Infrastructure Solutions – Nordic	41.2	58.1	-29.2

- Overall decline slightly steeper than in Q1
- For Germany, y-o-y comparisons improved – but still negative – reflecting the increasing positive sentiment in the trade
- North America and Infrastructure – Nordic recorded the biggest drops

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Page 9

Operational leverage has an impact on operating profit in Q2

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Operating profit MEUR	4-6/2009	4-6/2008	Change, %
Uponor	12.4	29.0	-57.3
Building Solutions – Europe	10.8	26.0	-58.7
Building Solutions – North America	-0.3	1.5	-117.6
(Building Solutions – North America, USD)	-0.5	2.3	-121.6)
Infrastructure Solutions – Nordic	5.8	4.9	+19.1

- Strong impact from operational leverage in Building Solutions
- North America suffered from clearly weaker demand in both the residential and commercial building segments of the market
- Infrastructure Solutions recorded a clear improvement from efficiency measures
- OP margin at 6.4%, against 10.9% in 2008

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Page 10

January–June 2009 clearly behind targets

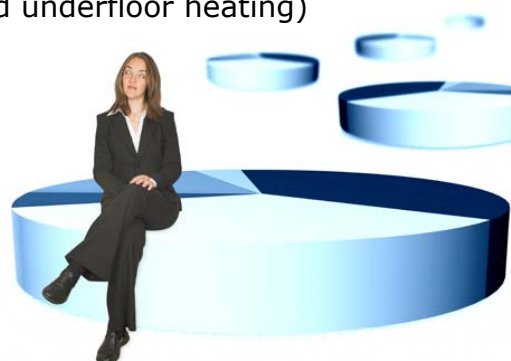
Uponor	1-6/2009	1-6/2008	Change, %
Net sales	364.3	501.2	-27.3
Operating profit	11.4	48.3	-76.3

- Net sales clearly down year-on-year, a change of -27.3%, while the underlying residential construction activity was down by ~30-40%
- Exchange rate impact on topline y-o-y negative by EUR 5.8m or ~3.0%
- Operating profit at EUR 11.4m returned back to positive figures
- Savings in overhead expenses of EUR 20.8m from efficiency initiatives as compared to Jan-June 2008



Highlights Q2/2009

- + Continued encouraging progress to reduce variable and fixed cost and to optimise supply chain in Building Solutions - Europe
- + Infrastructure Solutions records improved OP (~+20%)
- + Steady flow of competitive, state-of-the-art product innovations in the markets in all regions
- + Cash flow management continued to yield results
- + Positive developments in market share for strategic products
 - + Partnership initiatives bearing fruit
 - + Penetration of indoor climate (cooling and underfloor heating)
- Demand for mainstream applications continues sluggish
- Demand volumes vs fixed costs still not in balance





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Financial results

Interim January – June 2009 Key figures

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MEUR	1-6 2009	1-6 2008	Change Y/Y	1-12 2008
Net sales, continuing operations	364.3	501.2	-27.3%	949.2
Operating profit, continuing operations	11.4	48.3	-76.3%	51.2
Operating profit margin, continuing operations	3.1%	9.6%	-6.5% pts	5.4%
Earnings per share (diluted), EUR	0.04	1.01	-96.0%	0.99
Return on equity, % (p.a.)	1.9%	47.0%	-45.1% pts	22.7%
Return on investment, % (p.a.)	4.1%	43.8%	-39.7% pts	22.2%
Net interest bearing liabilities	136.8	127.0	+7.7%	60.6
Gearing, %	55.4%	42.7%	12.7% pts	19.8%
Average number of employees, continuing operations	3,515	4,096	-14.2%	4,006
Number of employees, end of period, continuing operations	3,449	4,195	-17.8%	3,678



MEUR	1-6 2009	1-6 2008	Change Y/Y	1-12 2008
Continuing operations				
Net sales	364.3	501.2	-27.3%	949.2
Cost of goods sold	232.7	312.3	-25.5%	607.4
Gross profit	131.6	188.9	-30.3%	341.8
- % of net sales	36.1 %	37.7 %	-1.6%	36.0 %
Other operating income	0.3	0.6	-60.6%	1.4
Expenses	120.5	141.2	-14.7%	292.0
Operating profit	11.4	48.3	-76.4%	51.2
- % of net sales	3.1 %	9.6 %	-6.5%	5.4 %
Financial expenses, net	5.2	2.9	+79.6%	10.2
Profit before taxes	6.2	45.4	-86.3%	41.0
Profit for the period	4.5	31.5	-85.7%	30.1
EBITDA	26.9	63.8	-57.8%	82.6



- Higher production costs per unit due to the low utilisation of manufacturing capacity

- Expenses down thanks to savings measures carried out, but not enough to fully adjust fixed costs to compensate for the continued rapid fall of the markets

- Financial income 0.8 MEUR, financial expenses 4.0 MEUR, net FX differences 2.0 MEUR

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Interim April – June 2009

Income statement

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MEUR	4-6 2009	4-6 2008	Change Y/Y
Continuing operations			
Net sales	193.3	267.4	-27.7%
Cost of goods sold	121.6	166.5	-27.0%
Gross profit	71.7	100.9	-28.9%
- % of net sales	37.1 %	37.7 %	-0.6%
Other operating income	0.3	0.3	-77.6%
Expenses	59.6	72.2	-17.6%
Operating profit	12.4	29.0	-57.3%
- % of net sales	6.4 %	10.9 %	-4.4%
Financial expenses, net	1.0	2.4	-63.4%
Profit before taxes	11.4	26.6	-56.7%
Profit for the period	8.2	18.4	-55.7%
EBITDA	20.2	36.9	-45.4%

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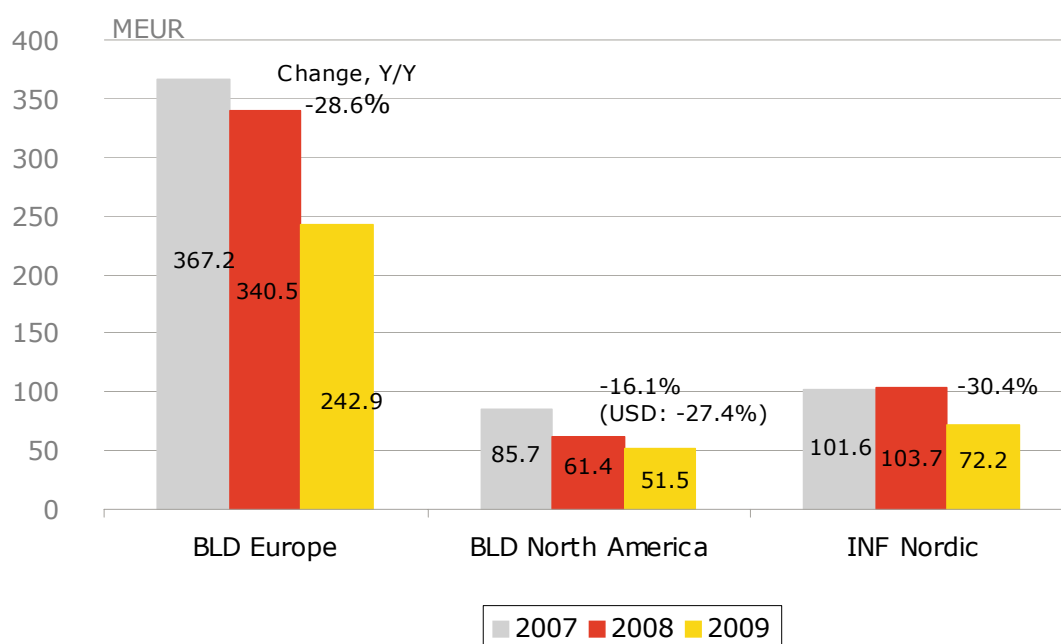
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Page 17

Interim January – June 2009

Revenue development by segment

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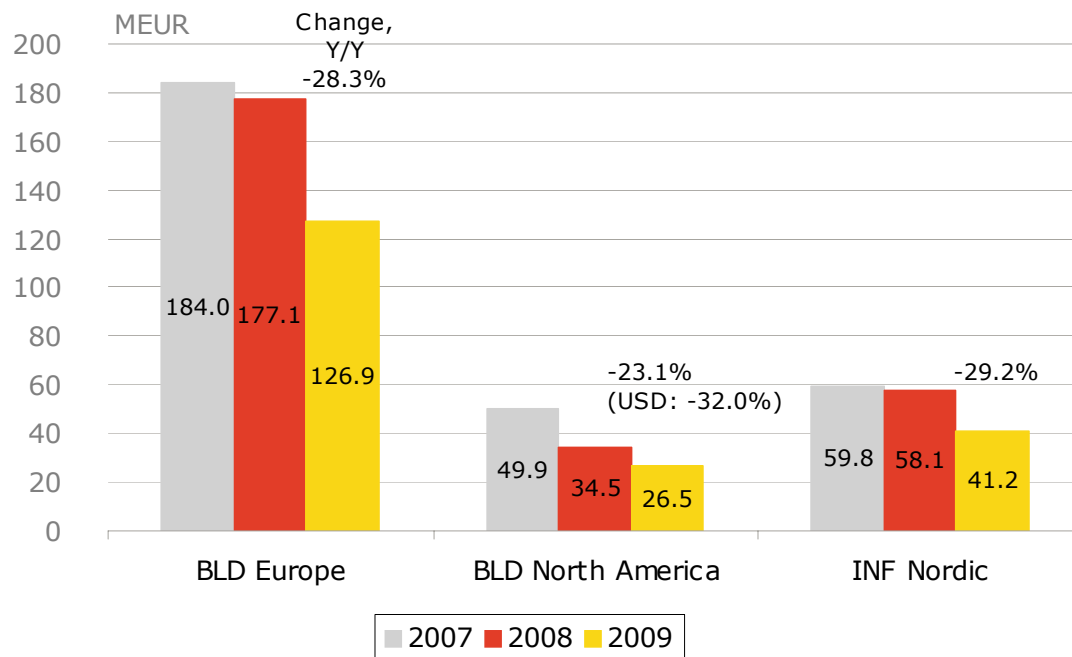
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Page 18

Interim April – June 2009 Revenue development by region

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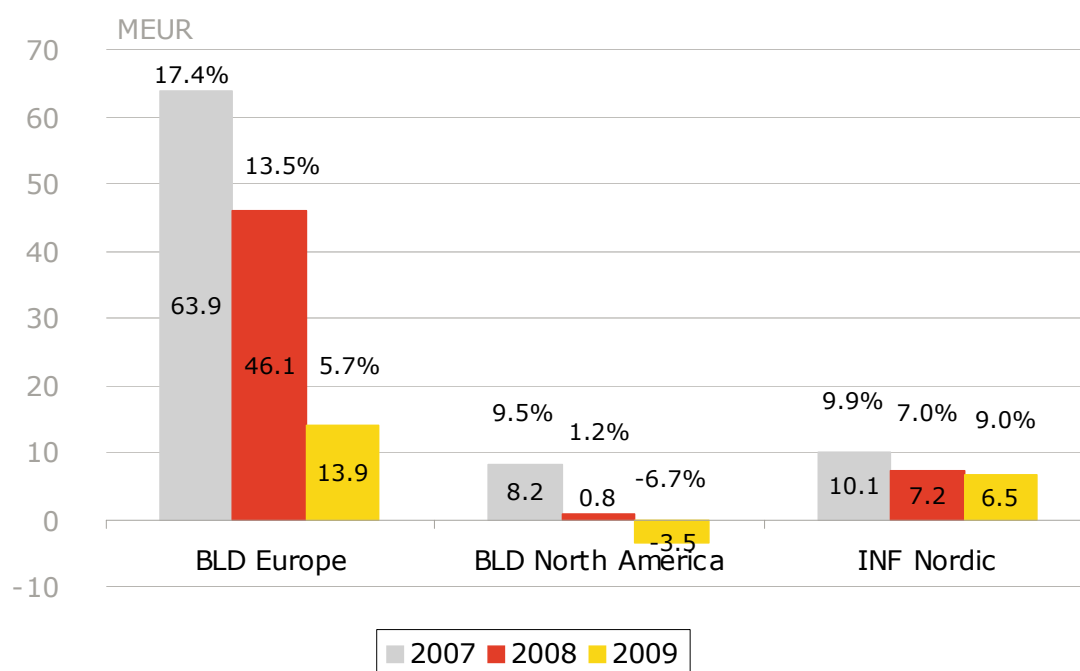
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Interim January – June 2009 Result development by segment

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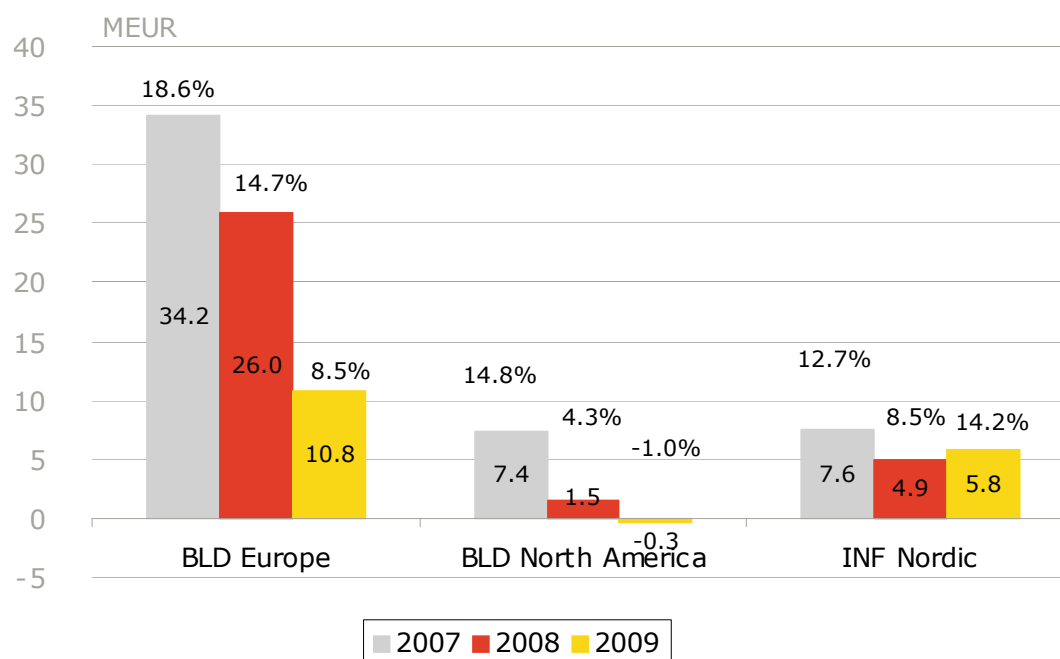
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Interim April – June 2009 Result development by region

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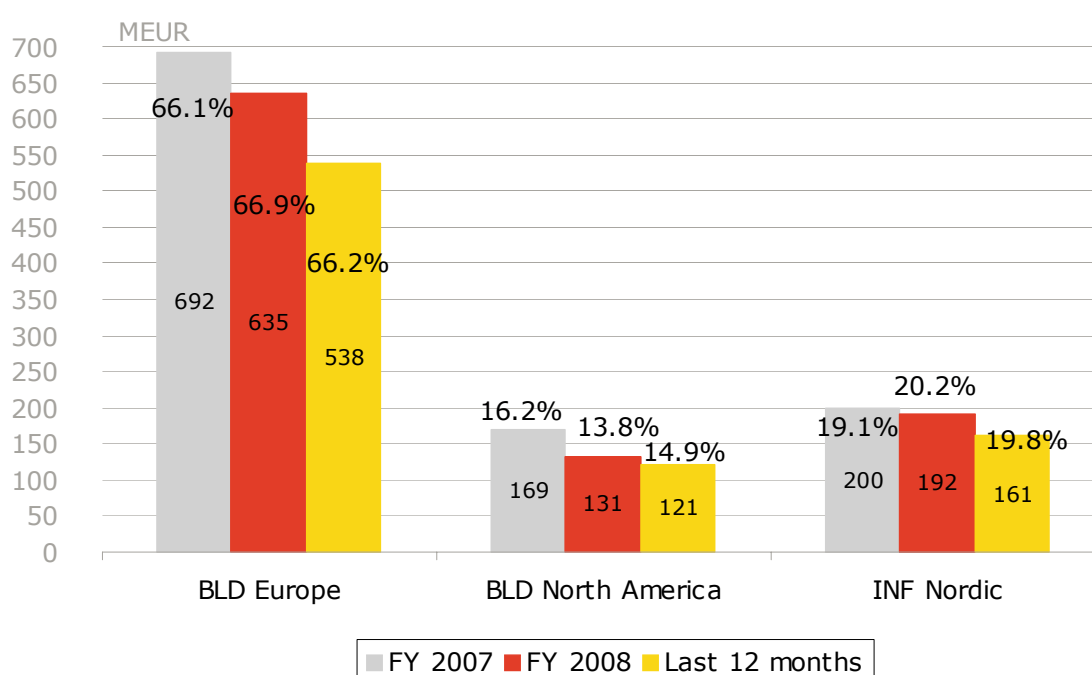
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Revenue development by region, last 12 months

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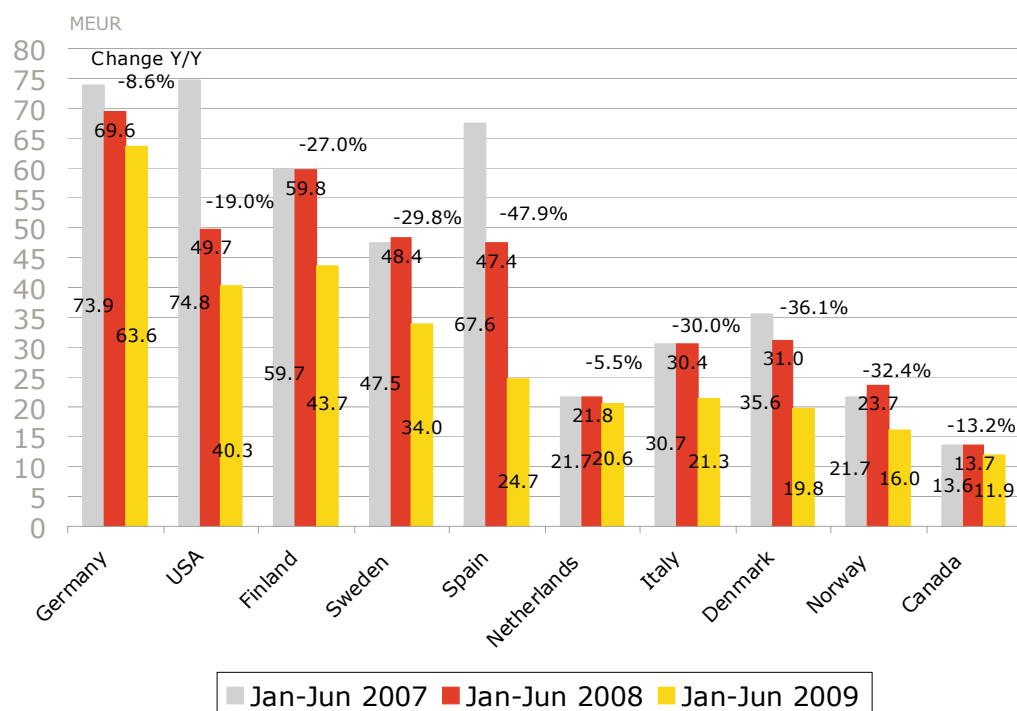
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Net sales development by key national markets (10 largest by net sales)

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Interim January – June 2009 Balance sheet

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MEUR	30 Jun 2009	30 Jun 2008	Change Y/Y	31 Dec 2008
Property, plant and equipment	177.0	179.3	-2.3	184.5
Intangible assets	100.1	101.9	-1.8	101.3
Securities and long-term investments	7.8	8.0	-0.2	6.3
Inventories	86.7	135.2	-48.5	104.5
Cash and cash equivalents	3.0	8.5	-5.5	53.2
Other current and non-current assets	179.7	230.3	-50.6	145.1
Shareholders' equity	247.1	297.4	-50.3	305.6
Non-current interest-bearing liabilities	72.1	17.7	+54.4	77.0
Provisions	18.9	13.4	+5.5	30.0
Non-interest-bearing liabilities	148.5	216.9	-68.4	145.5
Current interest-bearing liabilities	67.7	117.8	-50.1	36.8
Balance sheet total	554.3	663.2	-108.9	594.9

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Page 24

Interim January – June 2009 Comments to balance sheet

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- Inventories down due to continuous development measures in inventory management by the supply chain organisation

MEUR	30 Jun 2009	30 Jun 2008	Change Y/Y	31 Dec 2008
Property, plant and equipment	177.0	179.3	-2.3	184.5
Intangible assets	100.1	101.9	-1.8	101.3
Securities and long-term investments	7.8	8.0	-0.2	6.3
Inventories	86.7	135.2	-48.5	104.5
Cash and cash equivalents	3.0	8.5	-5.5	53.2
Other current and non-current assets	179.7	230.3	-50.6	145.1
Shareholders' equity	247.1	297.4	-50.3	305.6
Non-current interest-bearing liabilities	72.1	17.7	+54.4	77.0
Provisions	18.9	13.4	+5.5	30.0
Non-interest-bearing liabilities	148.5	216.9	-68.4	145.5
Current interest-bearing liabilities	67.7	117.8	-50.1	36.8
Balance sheet total	554.3	663.2	-108.9	594.9

- Accounts receivable down 52.2 MEUR from decrease in sales and improvement in days of sales outstanding

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Page 25

Interim January – June 2009 Cash flow

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MEUR	1-6/ 2009	1-6/ 2008	Change Y/Y	1-12/ 2008
Net cash from operations	22.9	64.4	-41.5	85.0
Change in NWC	-9.3	-16.4	+7.1	55.7
Net payment of income tax and interest	-16.4	-21.6	+5.2	-45.3
Cash flow from operations	-2.8	26.4	-29.2	95.4
Cash flow from investments	-7.4	61.0	-68.4	38.2
Cash flow before financing	-10.2	87.4	-97.6	133.6
Dividends and buy backs	-62.1	-102.5	+40.4	-103.7
Other financing	+22.0	+17.3	+4.7	17.1
Cash flow from financing	-40.1	-85.2	+45.1	-86.6
Change in cash and cash equivalents	-50.2	2.2	-52.4	46.9

- Net cash from operations improved during 4-6/2009 compared to 1-3/2009
- Spend into Net Working Capital decreased due to active NWC management
- Change in NWC includes EUR 8m of costs related to product replacement provision announced in Q1
- Capex down to 8.9 MEUR

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Page 26

Cash flow

MEUR	4-6/ 2009	4-6/ 2008	Change Y/Y
Net cash from operations	19.2	32.8	-13.6
Change in NWC	-1.6	22.4	-24.0
Net payment of income tax and interest	-6.4	-11.4	+5.0
Cash flow from operations	11.2	43.8	-32.6
Cash flow from investments	-4.5	69.2	-73.7
Cash flow before financing	6.7	113.0	-106.3
Dividends and buy backs	0.0	0.0	+0.0
Other financing	-37.4	-117.4	+80.0
Cash flow from financing	-37.4	-117.4	+80.0
Change in cash and cash equivalents	-30.7	-4.4	-26.3



Outlook for the future

Recent signals that the bottom may have been reached

- The **German** Ifo business sentiment survey – the highest level for seven months
- Business confidence in **France** increased for a fourth straight month
- **Euro-zone** industrial output rose in May for the first time since September
- The **Euro-zone** Purchasing Manager's Index (PMI) rose to a ten-month high in July
- June **U.S.** housing starts increased 3.6% from May to 582,000 units - the highest rate since November 2008
- Prices for existing flats and row houses in **Finland** rose 3.9% during Q2
- House prices in the **UK** rose 1.1% in July, while consumer confidence in July rose to its highest level in a year
- But there are signals to the opposite as well

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Short term focus remains intact – but preparing for the future



Existing short term agenda still valid

- Cash flow management
- Cost management
- Creating new revenue opportunities

Further opportunities exist

- One Unified Uponor process including one brand and common processes fully implemented since 2003, starting to bear more fruit
 - Clearly stronger and positive commitment both internally and amongst customers
- Various initiatives in the pipeline to reduce cost and improve efficiency further
- Uponor will be ready when the market sentiment changes

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Challenging environment – no change in the guidance for 2009

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- The market environment is approaching the lower end of our expectations
- Despite the difficult market situation, Uponor repeats its guidance:
 - Uponor expects its net sales to remain below the 2008 level, and the profit for the year 2009 is expected to be positive
 - The Group's capital expenditure will not exceed depreciation in 2009, and with tight net working capital management, Uponor expects its cash flow to remain at a reasonable level



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Page 31

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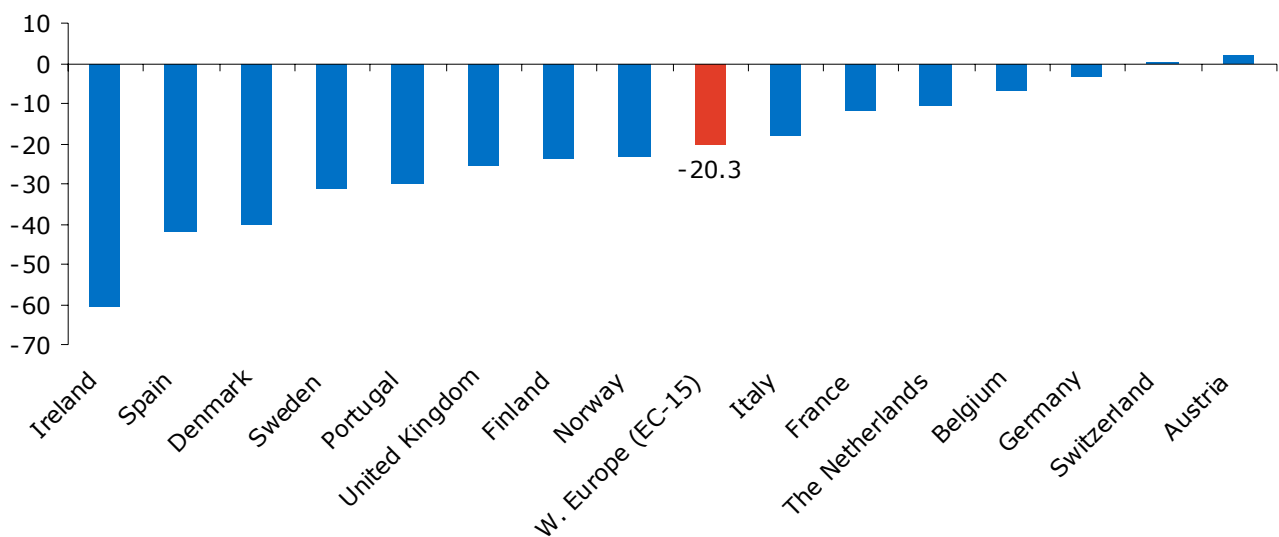
Market update Q2/2009

Appendix

2009 Forecast New residential construction

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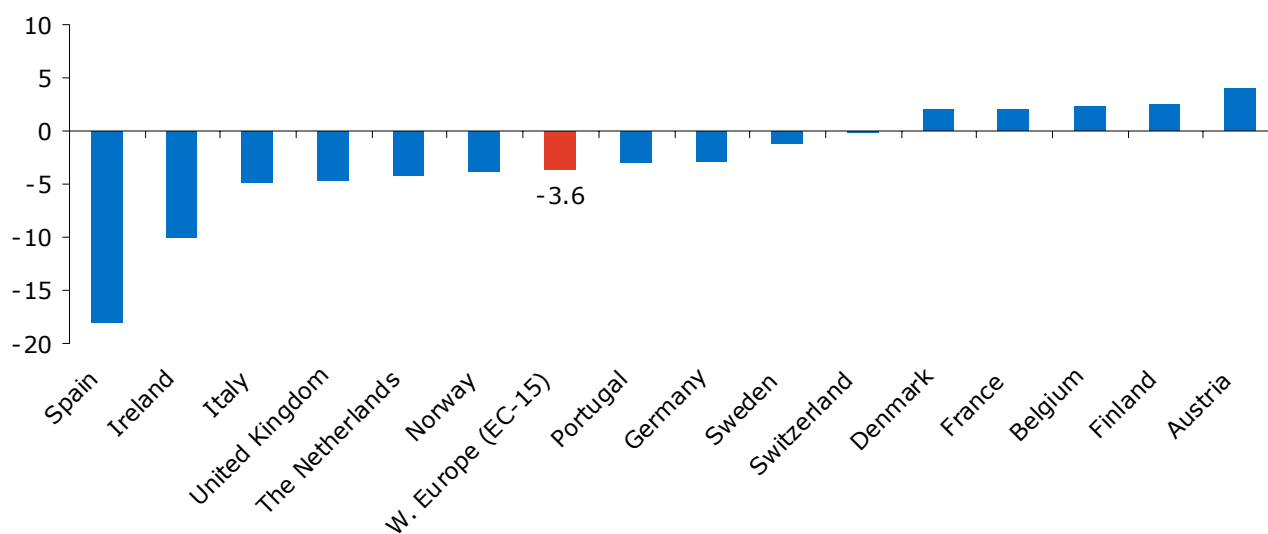
Forecast % change in new residential construction 2009



2009 Forecast Residential renovation

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Forecast % change in residential renovation in 2009



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Source: Euroconstruct June 2009

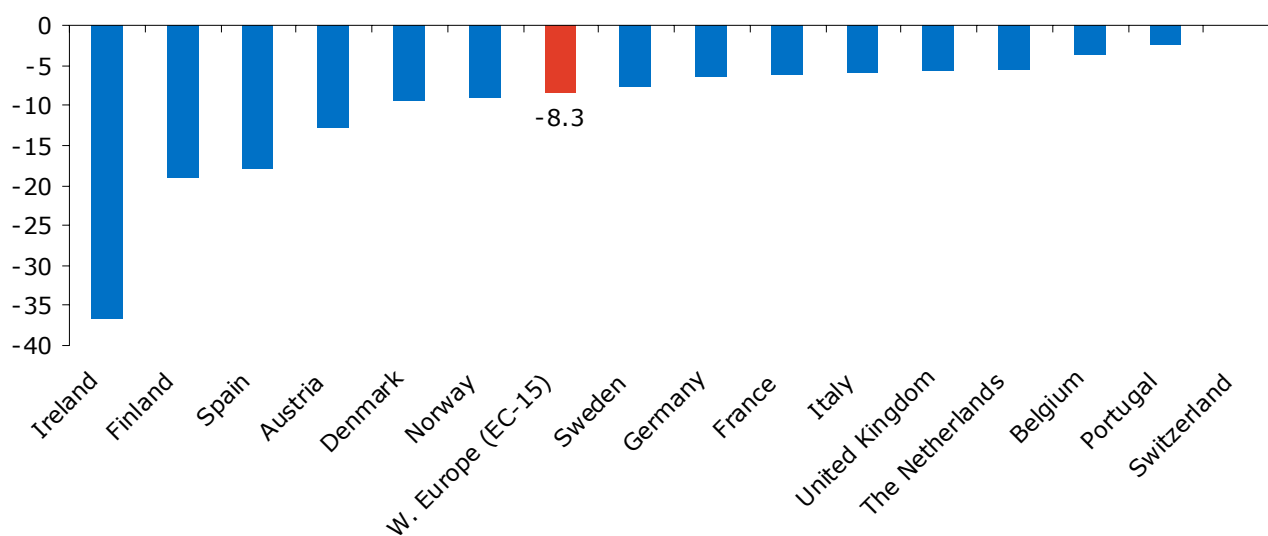
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Page 35

2009 Forecast Non-residential construction

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Forecast % change in non-residential construction in 2009



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Source: Euroconstruct June 2009

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Page 36