



Uponor roadshow presentation

Q3/2018

Jyri Luomakoski, President and CEO
Maija Strandberg, CFO



Uponor celebrates its centenary in 2018



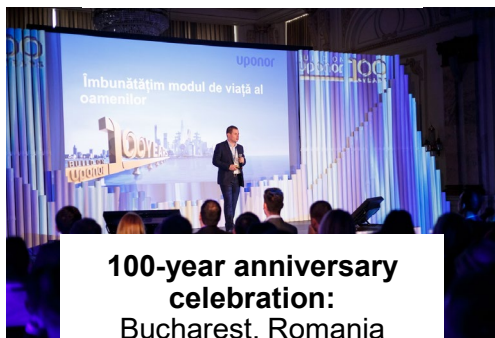
SHK Essen
Germany



Aquatherm
Moscow, Russia



Nordbygg
Stockholm, Sweden



**100-year anniversary
celebration:**
Bucharest, Romania



**100-year anniversary
celebration:**
Budapest, Hungary



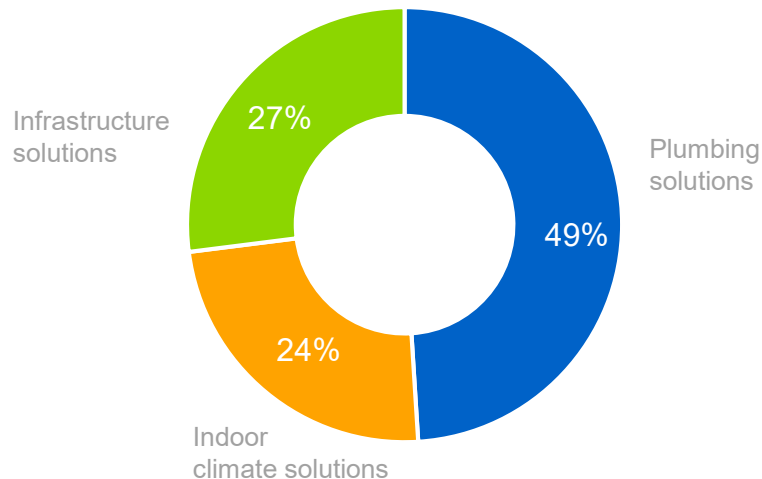
Annual General Meeting 2018
Helsinki, Finland

Uponor at a glance

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. As of January 2018, the company is listed in the Large Cap category.



FACTS & FIGURES

1.2

billion euro
Net sales 2017

30

countries with
Uponor operations

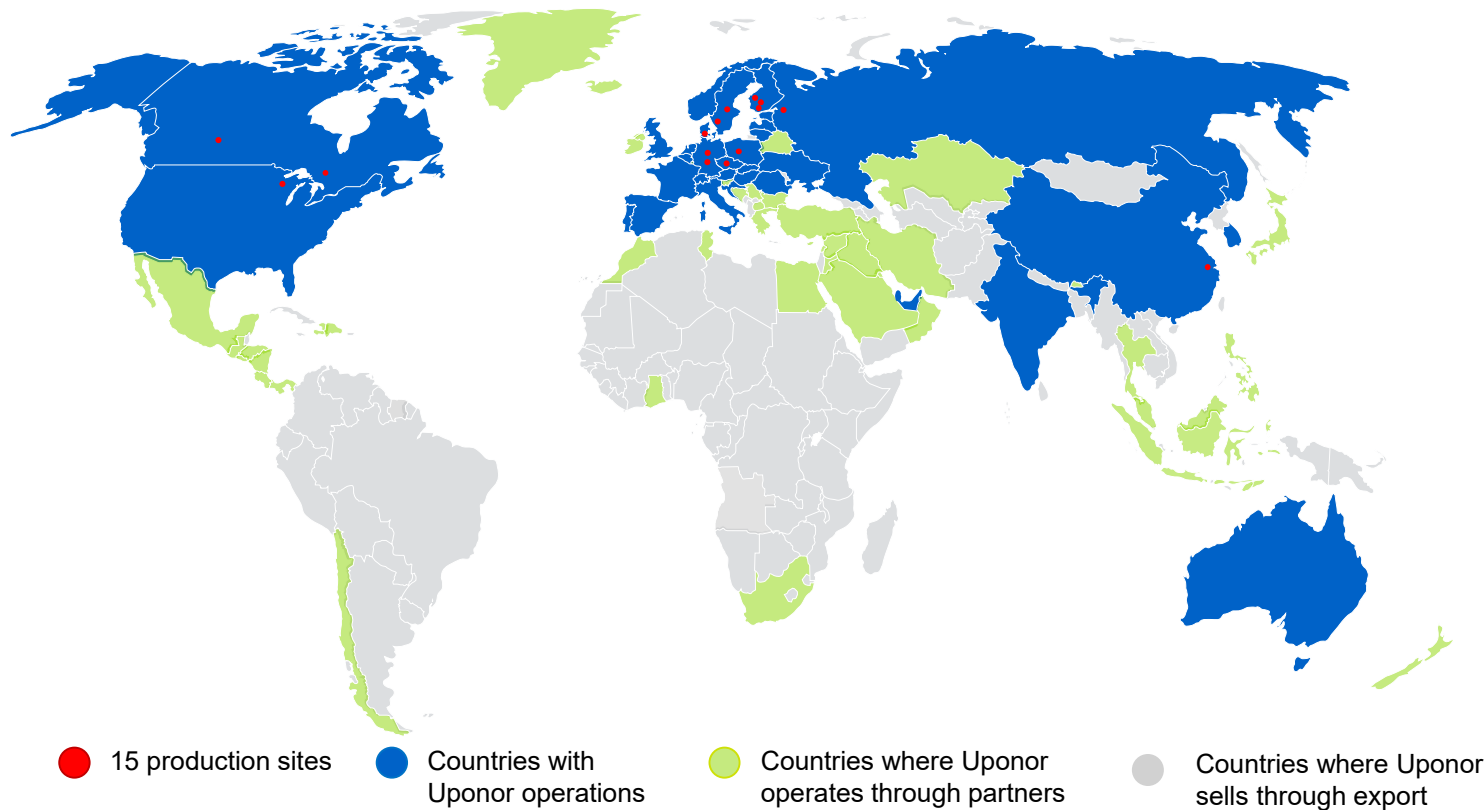
15

production
sites worldwide

4,000

worldwide
staff

Uponor globally



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



Shared values guide our operations

With 4,000 committed employees in 30 countries, Uponor is at your service all over the world.

OUR VALUES

CONNECT

BUILD

INSPIRE

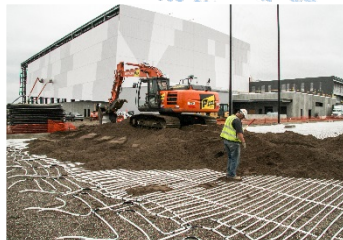
Throughout the world, our solutions enrich people's way of life



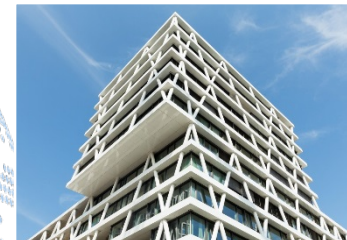
MLC riser system for a cruise ship, cutting installation time to a bare minimum: Carnival Cruises



PE pressure pipes and prefabricated fittings for the Copenhagen metro: Copenhagen, Denmark



Radiant heating & cooling, snowmelt and plumbing: football team Vikings headquarters and practice facility, Minnesota, USA



Uponor heating & cooling solutions - winner of Diamond & Gold awards from German Sustainable Building Council (DGNB): 50Hertz headquarters, Berlin, Germany



Radiant cooling solution to create the most advanced learning environment: New campus for the International School of Kuala Lumpur (ISKL), Kuala Lumpur



Reducing energy consumption with Uponor TABS – shortlisted for a prestigious H&V News award: Dudley College, UK



First villa project in China - radiant heating & cooling to save energy and ensure high comfort: Changjia Villa, Kunshan, China



Weholite stormwater tank to attenuate runoffs at the new Children's Hospital: Helsinki, Finland

Our business groups

Plumbing solutions

49% (*)



Indoor climate solutions

24% (*)



Infrastructure solutions

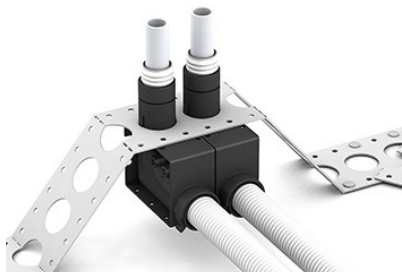
27% (*)



*) share of Group net sales

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

Uponor's indoor climate offering

The basis for a comfortable and energy-efficient ambiance



Radiant heating and cooling



Thermally active slabs



Ceiling cooling



Geothermal energy stations



Manifold stations



Controls



Local heat distribution



Ventilation

Uponor's infrastructure offering

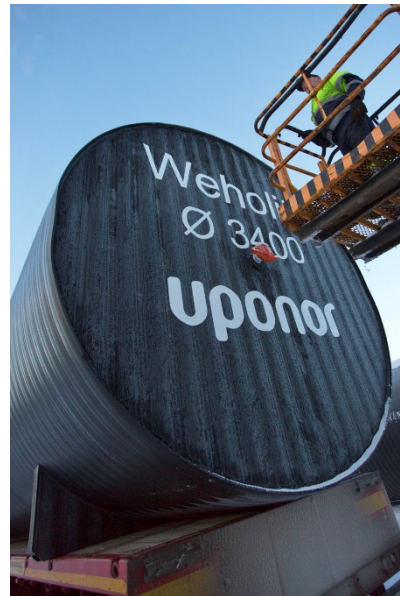
Transporting water, air, electricity, telecommunications and data



Standard Solutions



360° Project Services

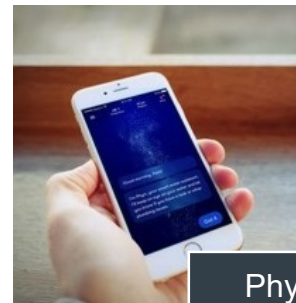


Weholite®
Technology Licensing

Investment in R&D and technology

After 2016, another year of historically high R&D expenditure, with a total expenditure at €23.2 million or 2.0% of net sales

- Key projects steered by Group Technology function, established in 2016
- Investment in digitalisation and hygienic initiatives continued
- New smart water offering, Phyn Plus
- UWater online monitoring maturing into market entry through Uponor Infra
- Hygienic fresh water stations
- Prefabricated offering development



Phyn Plus



Uponor Smatrix Style

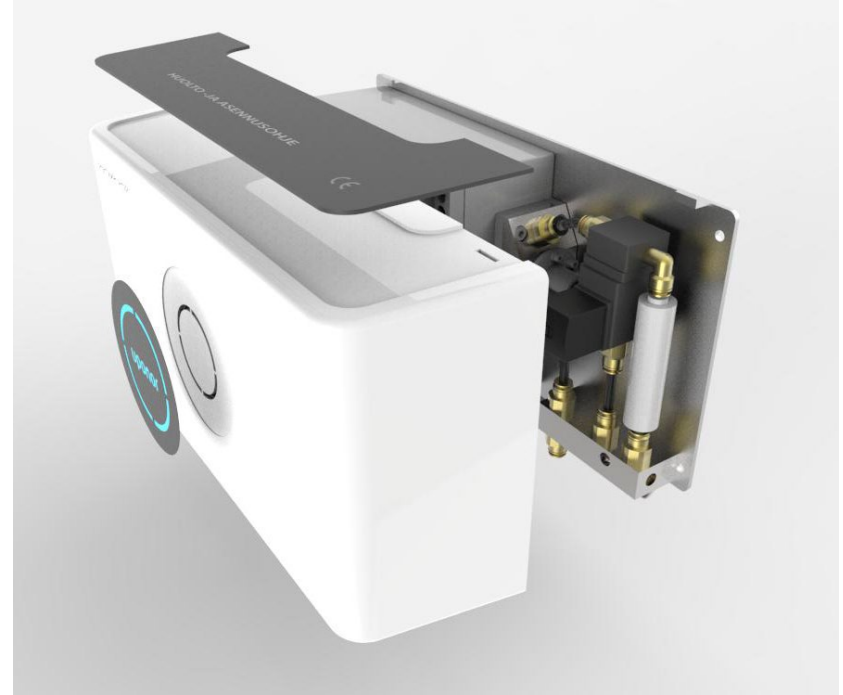
Phyn Plus smart water assistant with nationwide installer network being built up in North America

- Introduced in the U.S. market in January 2018 at leading trade shows
- Won a number of 'Smart Home' awards
- Commercial sales started in Q2/2018
- European introduction planned for ISH 2019
- Authorised network of installers, the Uponor Pro Squad
- In February 2018, Uponor invested an additional USD10 million to boost Phyn expansion, bringing total investment to USD25 million, or 50%



The Uponor online water quality monitoring

- The Uponor online water quality monitoring technology was acquired in Dec 2015
- The innovative online technology will make the potable water distribution safer
- Uponor currently pioneering in infrastructure applications for potable water networks
- The flexible technology can be applied to industry, residential and public premises, such as hospitals, nursing homes and hotels



Uponor's sustainability statement

Uponor is committed to addressing the key issues of our time through innovations that help reduce environmental impact. Through partnerships, we strive to provide leadership in sustainable solutions for the mutual well-being of both people and the planet, while ensuring the long-term viability of our operations.

Our sustainability pillars

Strongly integrating
sustainability into
our corporate
mindset

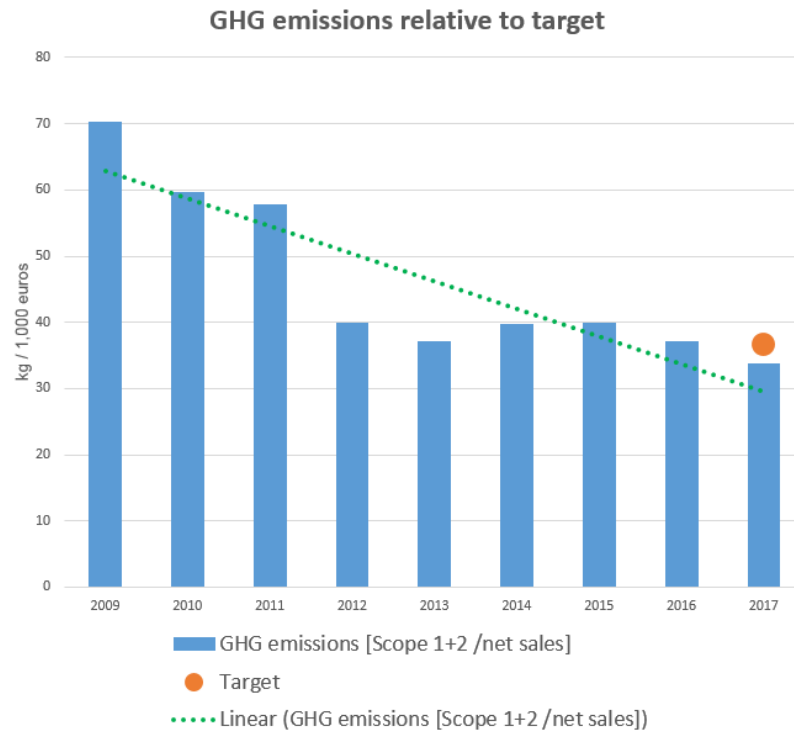
Driving down
our
environmental
impact

Enriching life
through our
innovative
solutions

Engaging external
stakeholders in our
sustainability
journey

Uponor's non-financial performance

- Overall sustainability performance supported by operational streamlining, including production concentration to fewer sites
- Exceeded our goal of reducing GHG emissions by 20% per net sales by 2020 (from the 2015 levels)
- Renewed sustainability section in the Annual report 2017 following the EU guidelines on non-financial reporting
- Uponor has been reporting through CDP Climate change survey since 2010



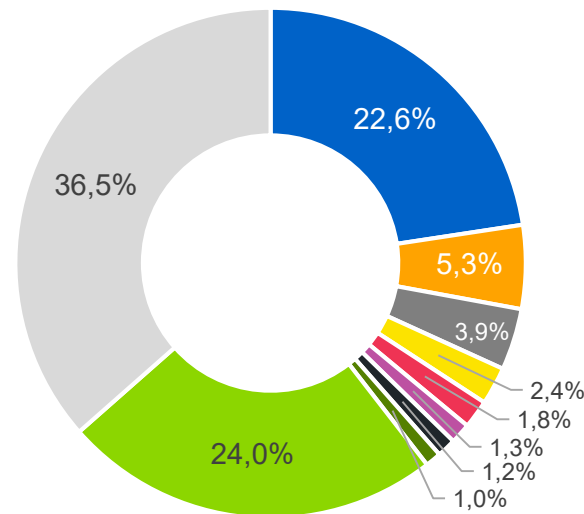
Development of environmental indicators

Measure	Unit	2017	2016	2015	2014	2013
Environmental indicators						
Total energy consumption	1,000 MWh	198.5	198.5	185.1	184.2	149.3
- Electricity purchased	1,000 MWh	157.3	149.6	138.3	130.6	101.7
- of which, certified green electricity	1,000 MWh	20.7	14.5	11.5	11.1	2.2
- Self-generated electricity	1,000 MWh	0.4	0.9	1.1	1.0	1.2
- Fossil fuels used	1,000 MWh	41	48.9	46.8	53.6	47.6
- Heating	1,000 MWh	26.5	33.7	31.6	35.9	33.1
- of which renewable	%	17.1	14.7	13.4	12.9	3.5
- Own fleet vehicles (including leasing)	1,000 MWh	14.6	15.2	15.2	17.7	14.5
Raw materials used	1,000 tonnes	140.8	132.7	127.1	122.5	84.6
Water consumption	1,000 m³	156.4	168.4	190.9	190.0	111.4
Total GHG emissions (Scope 1)	1,000 tonnes	7.5	8.7	8.5	9.6	9.3
Total GHG emissions (Scope 2)	1,000 tonnes	32.1	32.2	33.5	31.1	24.3
Total waste	1,000 tonnes	18.8	16.4	16.4	15.1	11.1
- Waste recycled	%	92.4	97.4	97.5	95.3	95.9
- Waste to landfills	%	7.6	2.6	2.5	4.7	4.1
Hazardous waste, of total waste	%	4.5	1.5	1.1	1.1	1.5

Major shareholders

30 September 2018

- Oras Invest Ltd 22.6%
- Varma Mutual Pension Insurance Company 5.3%
- Nordea Nordic Small Cap Fund 3.9%
- Ilmarinen Mutual Pension Insurance Company 2.4%
- Mandatum Life Insurance Company Ltd 1.8%
- The Local Government Pensions Institution 1.3%
- SEB Gyllenberg Finlandia Fund 1.2%
- Paasikivi Pekka 1.0%
- Nominee registrations 24.0%
- Others 36.5%



Currently valid foreign notifications

20 March 2017: the holdings of Franklin Resources, Inc., went down to below 5.0%

- 20,847 shareholders at the end of September 2018
- Foreign shareholding at 24.0%, vs 26.4% at the end of December 2017

Long-term financial targets

Since 12 February 2013

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
30 to 70
as an annual
average of the
quarters

Dividend pay-out
to be at least
50%
of annual
earnings
(considering the
gearing target)

Achievement in 2017

6.5%
(target 5.4%*)

8.2%
(comparable
EBIT 8.3%)

16.3%

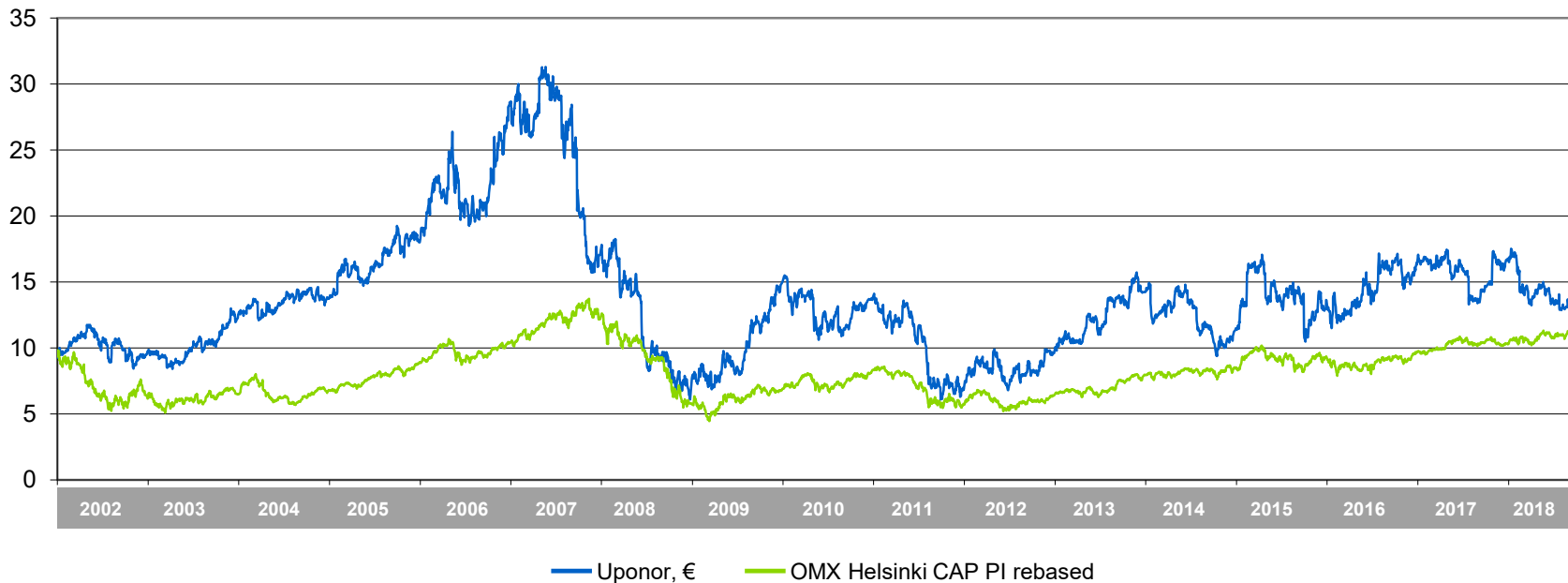
43.5

59.0%

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

Share price development

2002 – Q3/2018



Interim results briefing

1-9/2018

Jyri Luomakoski – President and CEO, Uponor Corporation

Maija Strandberg – CFO, Uponor Corporation



Q3/2018: Net sales and comparable operating profit fell behind from comparison period

July - September, M€	7-9/ 2017	7-9/ 2018	Change
Net sales	317.5	311.9	-1.8%
Operating profit	40.4	44.6	+10.6%
Comparable operating profit	40.4	33.8	-16.2%

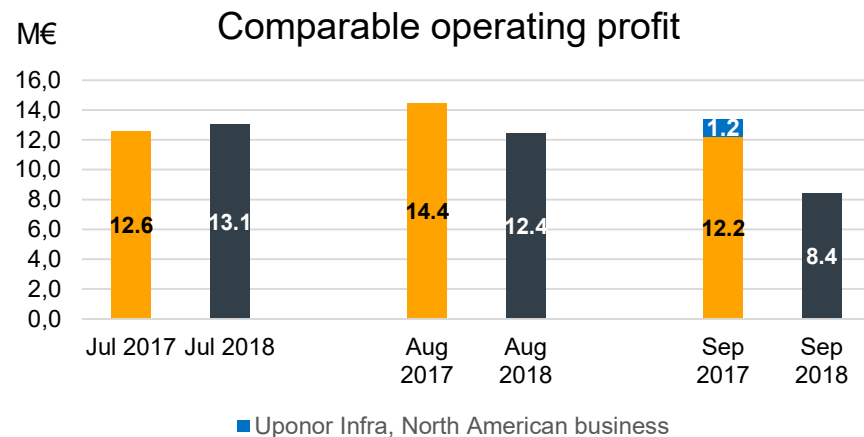
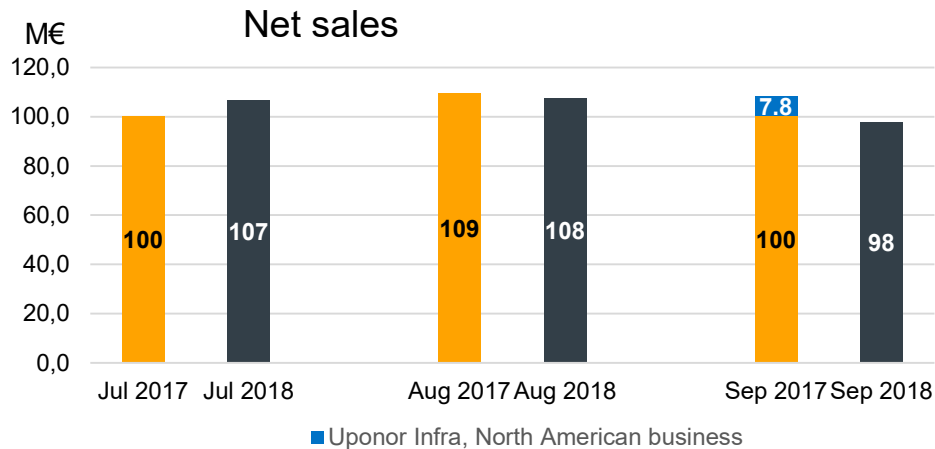
Net sales

- Net sales of Building Solutions – Europe declined due to weaker sales in Central Europe and Nordics
- Net sales of Building Solutions – North America declined. The company estimates that some distributors changed their behaviour and shifted volumes from Q3 to Q2 due to the price increases in July
- Uponor Infra's net sales grew, both in Europe and North America, which was divested at the end of August

Operating profit

- Building Solutions – Europe's profitability was impacted by weaker net sales, higher operational expenses in the Virsbo manufacturing facility and rising raw material prices
- Operating profit of Building Solutions – North America declined. The comparison period for the segment was strong, but the price increases introduced in the summer began to take effect at the end of the quarter
- The operating profit improved in both Europe and North America

Monthly development of net sales and comparable operating profit in Q3



Development by segment:

Building Solutions – Europe

- Market environment continues mainly positive, but bottlenecks remain in planning and installation capacity
 - First signs of weakening in Swedish and Norwegian markets
- Streamlining operational footprint:
 - Close down of sales offices in Switzerland and Australia
 - Review of European warehouse network; close down of warehouse operations in France
 - Divestment of Zent-Frenger (closing expected by 31 Oct)
- Jan Peter Tewes (President, Building Solutions Europe) left his position on 30 Sept
 - Recruitment process ongoing



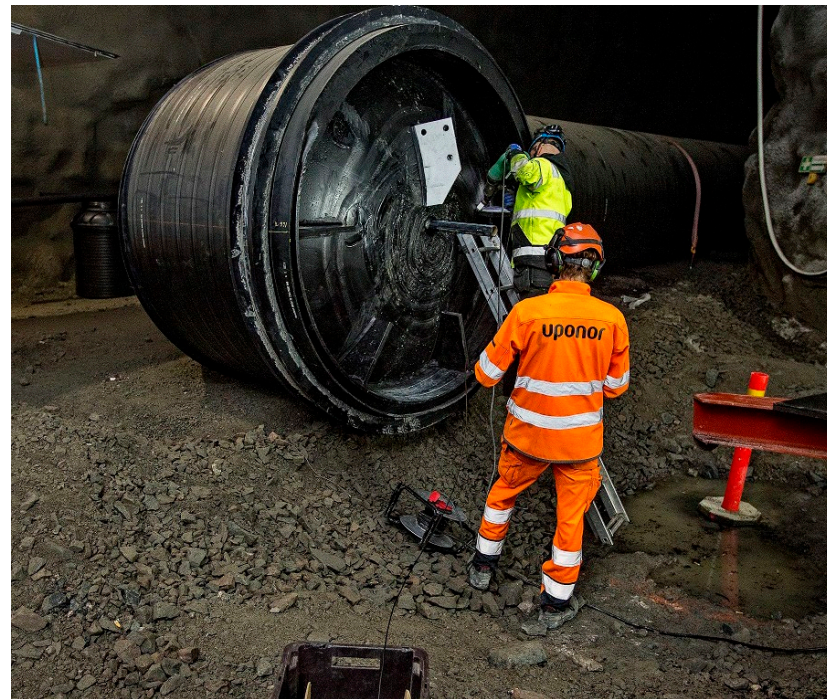
Development by segment: Building Solutions – North America

- Hutchinson manufacturing facility running as planned
- The price increases introduced in the summer began to take effect at the end of the quarter
- Profitability of the segment has improved quarter by quarter during 2018



Development by segment: Uponor Infra

- The segment continued its strong performance
 - Finland in particular has improved its operating profit
 - The share of higher margin projects sales continued to grow
- On 31 Aug, Uponor Infra's North American business was divested to Wynnchurch Capital, an American private equity firm
- Licensing agreement signed with Infra Pipe Solutions Ltd to continue the manufacturing of Weholite pipes and products in North America



Financial statements

Maija Strandberg – CFO, Uponor Corporation

1–9 / 2018

January – September 2018:

Key figures

Uponor Group		1-9 2017	1-9 2018	Change Y/Y	1-12 2017
Net sales	M€	891.0	913.7	+2.5%	1,170.4
Operating profit	M€	77.9	89.6	+15.1%	95.9
Comparable operating profit	M€	79.2	78.8	-0.4%	97.2
Comparable operating profit margin	%	8.9%	8.6%	-0.3% pts	8.3%
Earnings per share (diluted)	€	0.64	0.64	+0.0%	0.83
Return on equity (p.a.)	%	20.2%	20.9%	+0.7% pts	19.4%
Return on investment (p.a.)	%	19.4%	19.1%	-0.3% pts	16.3%
Net interest bearing liabilities	M€	161.8	156.7	-3.2%	151.5
Gearing	%	48.2%	42.2%	-6.0% pts	43.5%
Net working capital of net sales (p.a.)	%	11.0%	12.7%	+1.7% pts	10.4%
Number of employees, end of period	FTE	4,079	4,079	+0.0%	4,075

July – September 2018:

Income statement

Uponor Group, M€	7-9 2017	7-9 2018	Change Y/Y
Net sales	317.5	311.9	-1.8%
Cost of goods sold	208.2	205.8	-1.1%
Gross profit	109.3	106.1	-3.0%
Gross profit margin (%)	34.4%	34.0%	-0.4% pts
Other operating income	0.2	12.3	+5599.8%
Expenses	69.2	73.8	+6.6%
Operating profit	40.4	44.6	+10.6%
Operating profit margin (%)	12.7%	14.3%	+1.6% pts
Financial expenses, net	-1.1	2.6	+336.0%
Share of result in associated companies	-0.5	-0.6	-34.6%
Profit before taxes	41.0	41.4	+0.7%
Profit for the period	28.6	30.0	+4.6%
EBITDA	49.8	55.1	+10.5%

- Net sales**
 Negative translation impact from USD, SEK and CAD vs last year. In constant currency terms, net sales growth was 1.3% or 3.9% in organic terms, excluding the impact of the divestiture in August
- Comparable gross profit margin**
 landed at 34.0% (34.4)
- Operating profit** came to €44.6 (40.4) million, a growth of 10.6%. This includes the disposal gain from the divestment of Uponor Infra's North American business (€12.2 million). Comparable operating profit came to €33.8 (40.4) million, a decline of 16.2%

January – September 2018: Income statement

Uponor Group, M€	1-9 2017	1-9 2018	Change Y/Y	1-12 2017
Net sales	891.0	913.7	+2.5%	1,170.4
Cost of goods sold	591.9	607.1	+2.6%	776.3
Gross profit	299.1	306.6	+2.5%	394.1
Gross profit margin (%)	33.6%	33.6%	-0.0% pts	33.7%
Other operating income	2.8	12.6	+355.1%	3.1
Expenses	224.0	229.6	+2.5%	301.2
Operating profit	77.9	89.6	+15.1%	95.9
Operating profit margin (%)	8.7%	9.8%	+1.1% pts	8.2%
Financial expenses, net	2.9	7.0	+141.7%	5.4
Share of result in associated companies	-1.6	-3.6	-127.5%	-2.3
Profit before taxes	73.4	79.0	+7.6%	88.2
Profit for the period	50.3	56.5	+12.3%	65.4
EBITDA	107.0	119.2	+11.5%	135.1

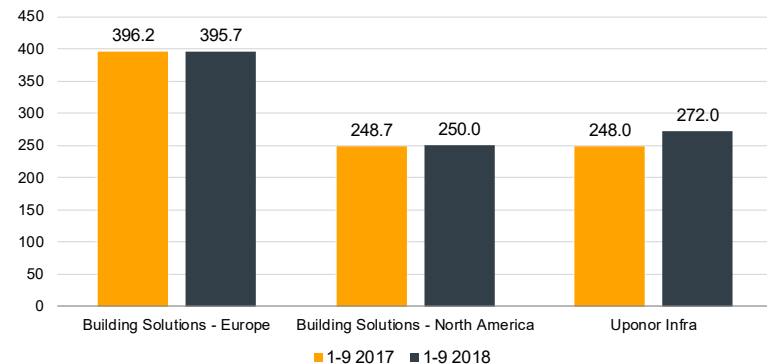
- **Net sales** totalled €913.7 million, with growth of 2.5% or organic growth of 6.7% in constant currency terms – A negative currency impact of €29 million mainly driven by the USD, SEK and CAD
- **Comparable gross profit** came to €306.6 (300.1) million, with the comparable gross profit margin landing at 33.6% (33.7%).
- **Comparable operating profit** came to €78.8 (79.2) million, a decline of 0.4%

January – September 2018:

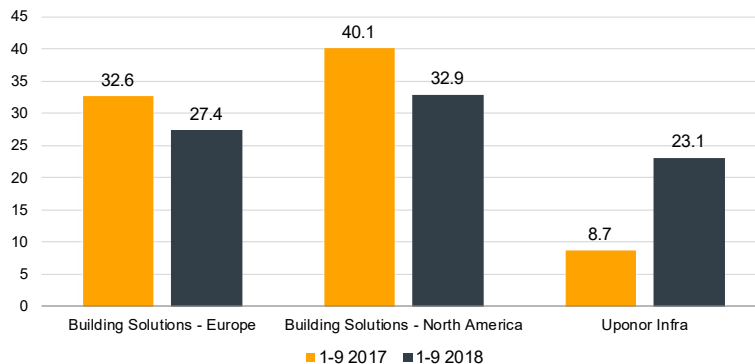
Net sales & comparable operating profit by segment

Currency: M€

Net sales



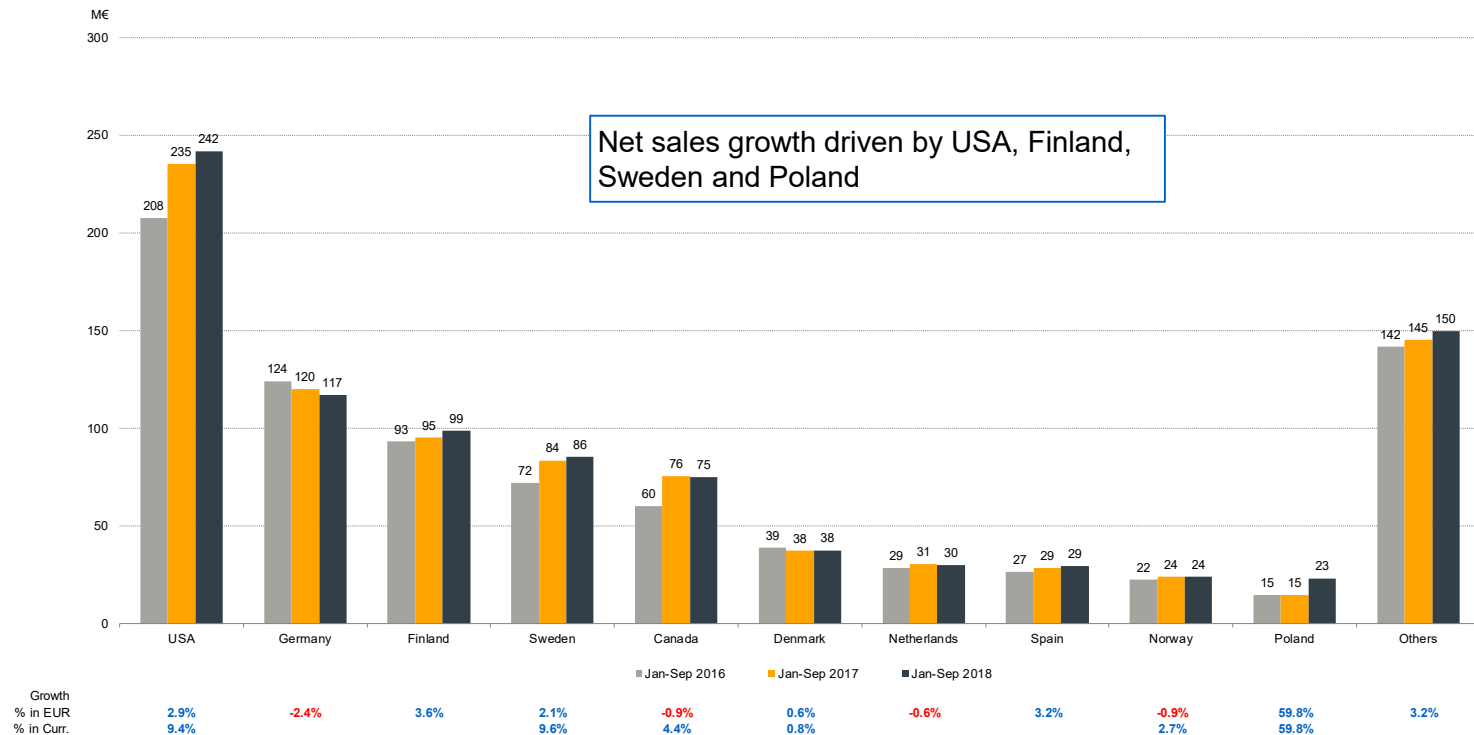
Comparable operating profit



- **Building Solutions – Europe** segment suffered from weaker sales than expected, which also impacted the operating profit
- **Building Solutions – North America's** net sales and operating profit decreased. However, the segment had a strong comparison period, which resulted from overcoming the delivery difficulties experienced in the second quarter of 2017. On the positive side, the profitability of the segment has improved quarter by quarter in 2018
- **Uponor Infra's** business in Europe has continued to improve its net sales and profitability. The divested business in North America continued its strong performance until the divestment on 31 August

Net sales development by key markets

January – September 2018



January – September 2018: Balance sheet

Uponor Group, M€	30 Sep 2017	30 Sep 2018	Change Y/Y	31 Dec 2017
Property, plant and equipment	239.3	253.4	+14.1	252.2
Intangible assets	116.0	105.2	-10.8	116.0
Securities and long-term investments	21.3	26.2	+4.9	20.2
Inventories	133.4	150.5	+17.1	132.7
Cash and cash equivalents	21.8	20.9	-0.9	107.0
Other current and non-current assets	288.4	286.6	-1.8	237.7
Assets total	820.2	842.8	+22.6	865.8
Total equity	335.6	371.7	+36.1	348.4
Non-current interest-bearing liabilities	87.4	176.5	+89.1	176.6
Provisions	27.9	28.5	+0.6	28.9
Non-interest-bearing liabilities	273.1	265.0	-8.1	230.0
Current interest-bearing liabilities	96.2	1.1	-95.1	81.9
Shareholders' equity and liabilities total	820.2	842.8	+22.6	865.8

- Investments were mainly related to capacity expansion and efficiency improvement
- Uponor Business Solutions Oy received €11.4 million of taxes, surtaxes and delay interests from the Finnish tax authorities in September. Additionally, the proceeds from the sale of Uponor Infra's North American business (39 M€) was received in September
- Cash was used to pay back commercial papers (45 M€) as well as the remaining portion of dividends (0.25 €/share, totalling 16.8 M€)
- Gearing at 42.2% (48.2), four-quarter rolling gearing at 54.1% (59.8)

January – September 2018:

Cash flow











Uponor Group, M€	1-9 2017	1-9 2018	Change Y/Y	1-12 2017
Net cash from operations	+113.2	+100.5	-12.7	+141.8
Change in NWC	-30.3	-52.6	-22.3	-7.2
Net payment of income tax and interest	-17.5	-12.4	+5.1	-33.1
Cash flow from operations	+65.4	+35.5	-29.9	+101.5
Cash flow from investments	-33.8	-4.6	+29.2	-59.5
Cash flow before financing	+31.6	+30.9	-0.7	+42.0
Dividends paid	-33.6	-35.8	-2.2	-33.6
Other financing	+7.8	-81.1	-88.9	+82.6
Cash flow from financing	-25.8	-116.9	-91.1	+49.0
Conversion differences	-0.3	-0.1	+0.2	-0.3
Change in cash and cash equivalents	+5.5	-86.1	-91.6	+90.7

- Cash flow from business operations came to €35.5 (65.4) million, mainly due to increased amount of net working capital resulting from higher inventories
- Gross investments came to €36.2 (37.4) million
- Cash flow from investments include €8.1 million acquisition of joint venture and €38.9 million proceeds from disposal of subsidiaries and businesses
- Cash flow from financing includes the the two instalments of the dividend payment, totalling €35.8 million

Outlook for the future

Jyri Luomakoski – President and CEO, Uponor Corporation

Leading indicators: Many markets moderating from the strong growth witnessed in recent years

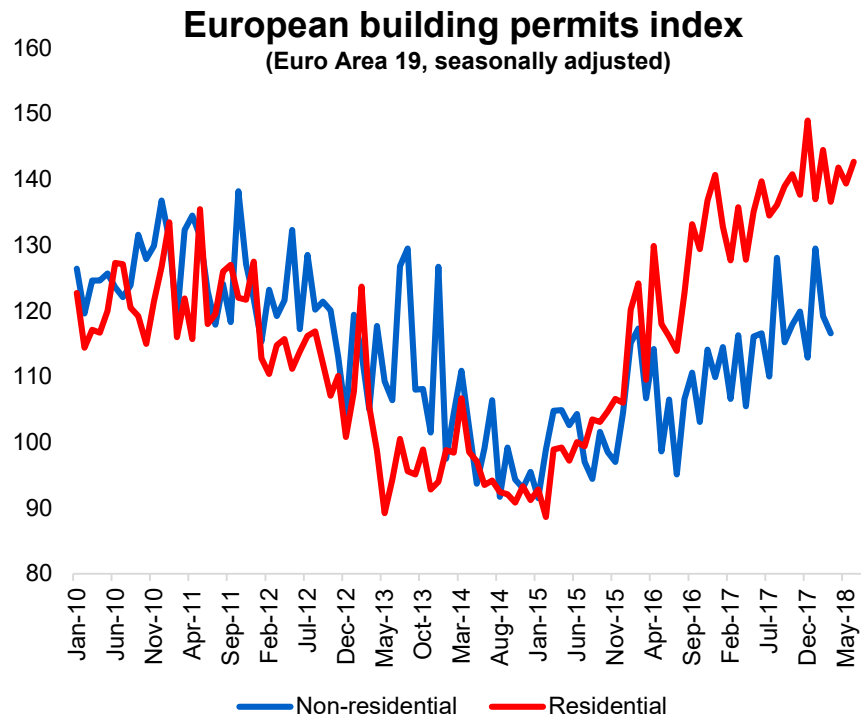
	Indicator	YTD % Change	Rolling 12-month % Change	Data through	Trend since Q2 update
 USA	Housing starts	+4% ¹⁾	N/A	September 2018	➡
 Germany	Housing permits	+3%	-2%	July 2018	➡
 Finland	Housing permits	-11%	-1%	July 2018	➡
 Sweden	Housing starts	-10%	-3%	June 2018	➡
 Canada	Housing starts	-11% ¹⁾	N/A	August 2018	↘
 Denmark	Construction index	+4%	N/A	July 2018	➡
 Netherlands	Housing permits	+6%	+4%	July 2018	➡
 Spain	Housing permits	+26%	+27%	July 2018	➡
 Norway	Housing starts	-17%	17%	August 2018	➡
 Poland	Housing completions	+4%	+5%	August 2018	➡

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

Source: National Statistics Offices

Residential building permits remain strong in Europe, but have plateaued or fallen in most markets

- Residential permits for January to June 2018 increased slightly from the same period in 2017, but have retreated from the 10-year high seen in December 2017
- Developments in the more volatile non-residential segment have been mixed, with significant variation between different countries



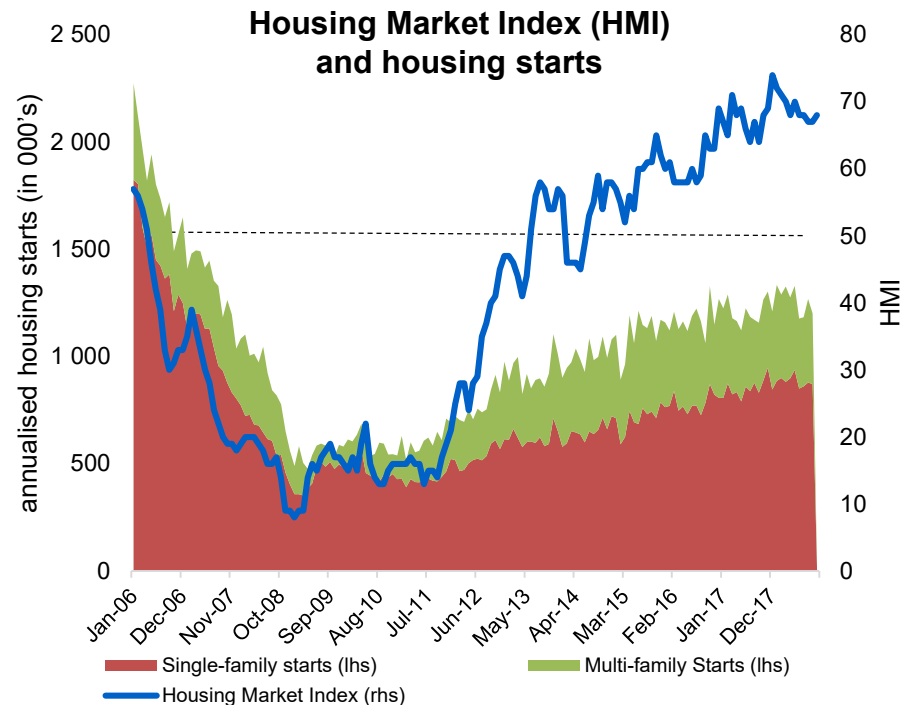
Source: Eurostat (Base year = 2015)

USA - Continued expansion

With Q2 GDP growth at its highest level in four years, private consumption and, especially, business profits and investments appear to be gaining strength as a result of recent tax reforms

Within the construction industry:

- Home builder confidence has moderated from the multi-year highs reported in winter, but remains firmly in expansionary territory
- Construction spending in most segments has risen since last year, but at a slower rate than earlier
- Rising interest rates, labour shortages, and affordability concerns have increased down-side risks



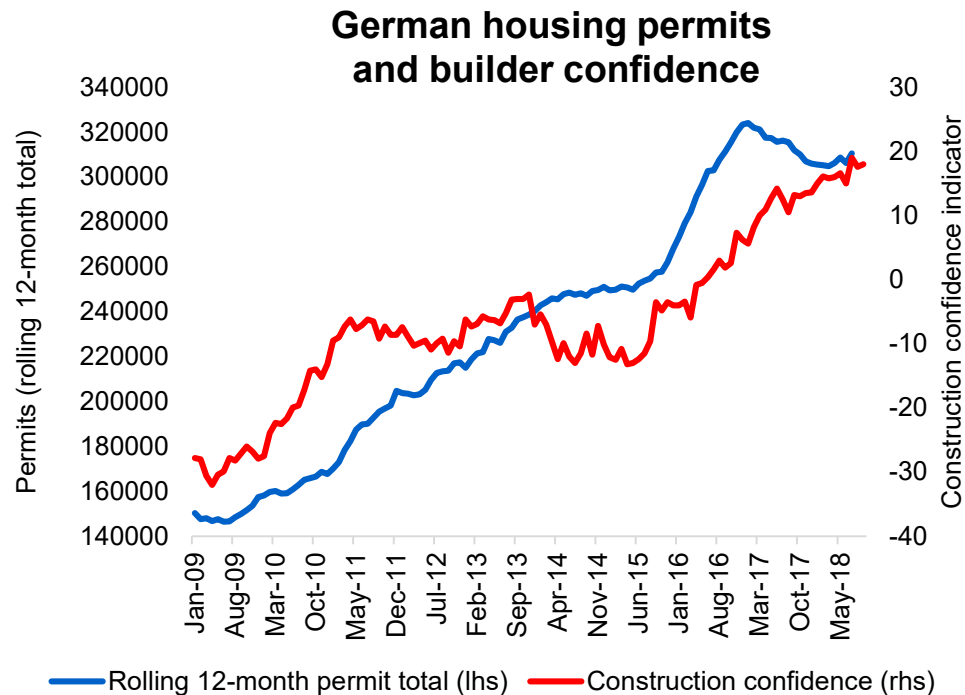
Source: US Census, NAHB/Wells Fargo

Germany - A strong labour market is supporting residential investment

The economy rebounded during Q2, from a disappointing Q1, with private consumption continuing to drive growth

Within the construction industry:

- Residential building permits appear to have stabilised during the summer, having retreated from post-reunification highs seen in 2017 (chart)
- Builder confidence remains at all-time highs, with order books improving again during Q3



Source: Destatis and Eurostat

Management agenda for Q4

- Speed up the sales shift from residential to commercial in certain markets, e.g. Sweden
- Continuous focus on selling price and operational cost management in Building Solutions – Europe



Guidance 2018, revised on 5 September

- The building and construction market has remained on a healthy level in all countries where Uponor operates, although there are signs of especially Nordic markets having reached their peaks. The political uncertainties, e.g. Brexit and the challenges posed by tariff increases, have remained, but have not yet impacted on consumer or business behaviour.
- The Group's capital expenditure, excluding any investment in shares, will remain at roughly the same level as in 2017, mainly driven by the capacity expansion programme in North America
- Assuming that economic development in Uponor's key geographies continues undisturbed, Uponor repeats its full-year guidance for 2018 (revised on 5 September):

Excluding the impact of currencies, Uponor expects its organic net sales to grow from 2017 and comparable operating profit to remain at the same level as in 2017.

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

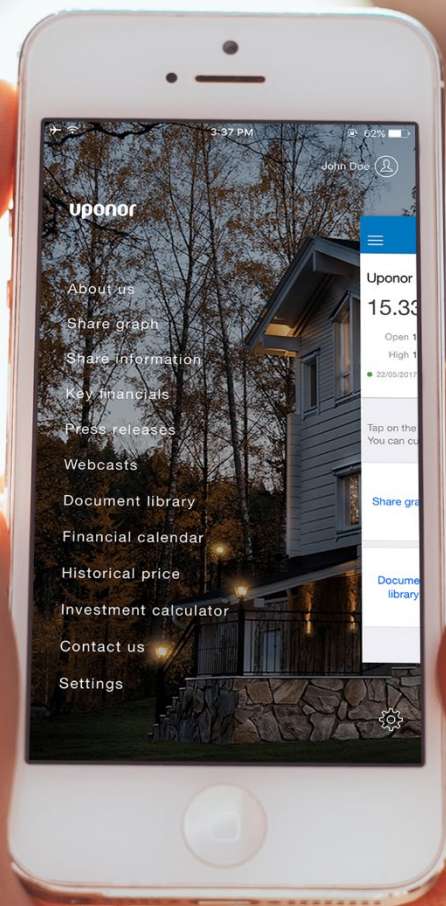
- A leading international supplier of plastic plumbing and hydronic radiant heating systems and a strong position in civil engineering pipe systems in northern Europe
- A proven track record of superior quality supported by product, system and value chain innovation that meets customer expectations
- Total offering committed to: Comfort, Health, Efficiency, Sustainability and Safety

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