

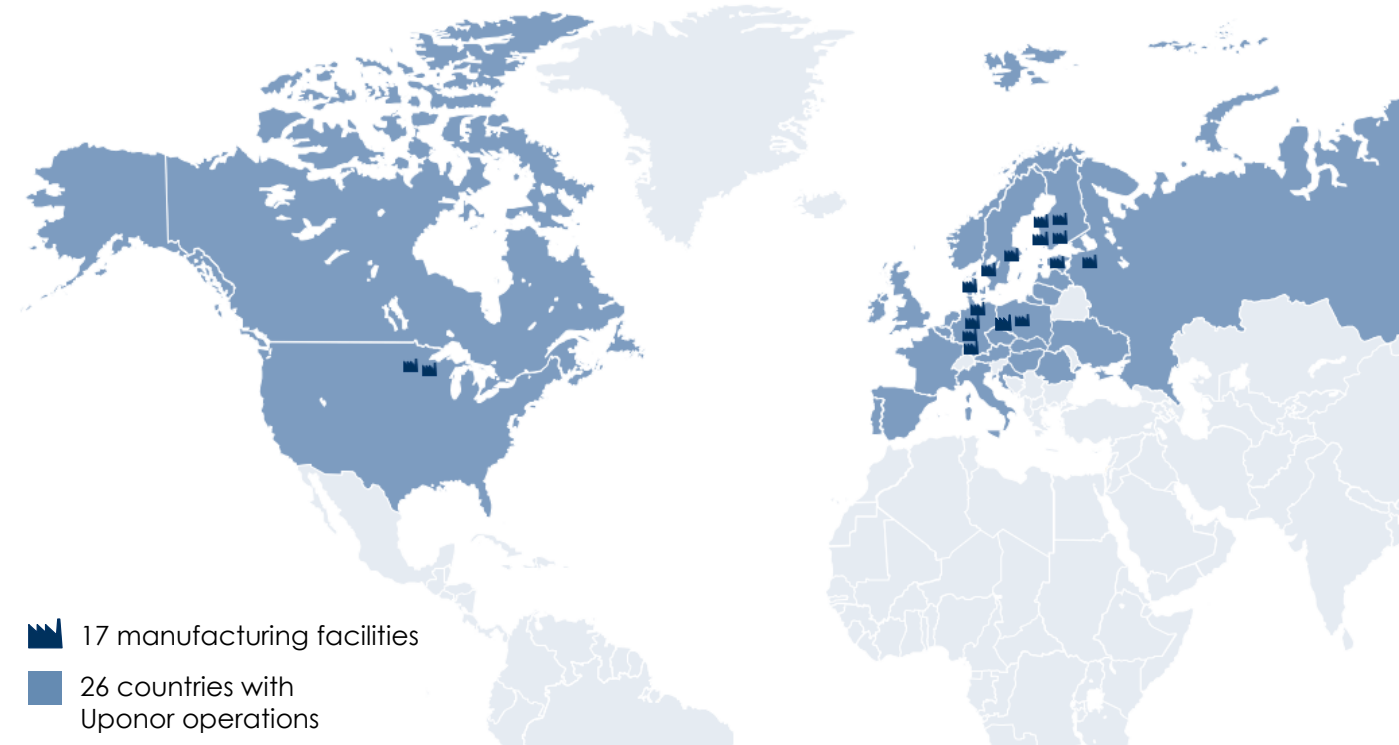
# Uponor roadshow presentation Q3/2021

uponor

Michael Rauterkus, President and CEO  
Minna Yrjönmäki, CFO

# Uponor in a minute

Uponor is rethinking water for future generations. Our offering, including safe drinking water delivery, energy-efficient radiant heating and cooling and reliable infrastructure, enables a more sustainable living environment. We are listed on Nasdaq Helsinki.



Last 12-months key figures (Oct 2020-Sept 2021), incl. Capricorn

**4,100** — personnel on average

**€1.4** — billion net sales

**~80** — Countries where our products are sold

# Meeting today's challenges with game-changing innovations – for more than 100 years

Aukusti Asko-Avonius establishes a carpentry workshop in Lahti, Finland.

1918



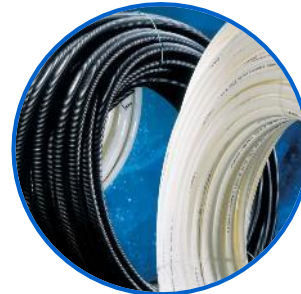
Swedish Wirsbo starts to manufacture the unique and innovative PEX pipe for heating and plumbing applications first in the world.

1972



Uponor enters the plastic hot water pipe business by acquiring German company Hewing and Swedish company Wirsbo.

1987–88



Uponor consolidates all business under one brand.

uponor

2006

The first plastic factory, Upo-Muovi starts in Nastola, Finland, and launches its first plastic pipes and fittings.



1965



1986

Uponor introduces the unique structured wall pipe construction called Ultra Rib.



1991

Wirsbo opens a factory in Apple Valley, Minnesota, USA.

## PURPOSE

Rethinking water for future generations



## VISION

To become a recognised leader in sustainable building and infrastructure solutions



# Our strategy of profitable growth is based on four pillars

## Employees

We invest in competence development and creating equal opportunities.

Our employee engagement survey eNPS (employee Net Promoter Score) was 36, which is among the top 10% in the manufacturing industry.

## Customers

We are creating new digital ways of interacting with our customers, such as virtual product launches and training academy.

## Innovations

Innovative products and services add value and enable our customers to work more efficiently.

New products like Ecoflex VIP, Ultra Rib 2 sewer system and total polymer offering, demonstrate our passion for driving the business forward.

## Operational excellence

Our operational excellence programme has generated savings worth €18 million by the end of Q3/2021.

The programme has reduced complexity and harmonised processes.

# Our business

# Megatrends transform our markets and support our growth ambition

Megatrends	Climate change, scarcity of resources	Urbanisation	Digital transformation
Implications to Uponor	Energy and raw material efficiency Hygiene and quality of water Management of water	Demand for multi-family homes Offsite construction with prefabricated solutions	Shift from manufacturing to services and solutions Building information modeling (BIM)
Example indicators	Short term: Building permits and starts, builder confidence index, GDP development Long term: Population growth, building stock, government policies		

# We deliver high-quality solutions for selected customer segments

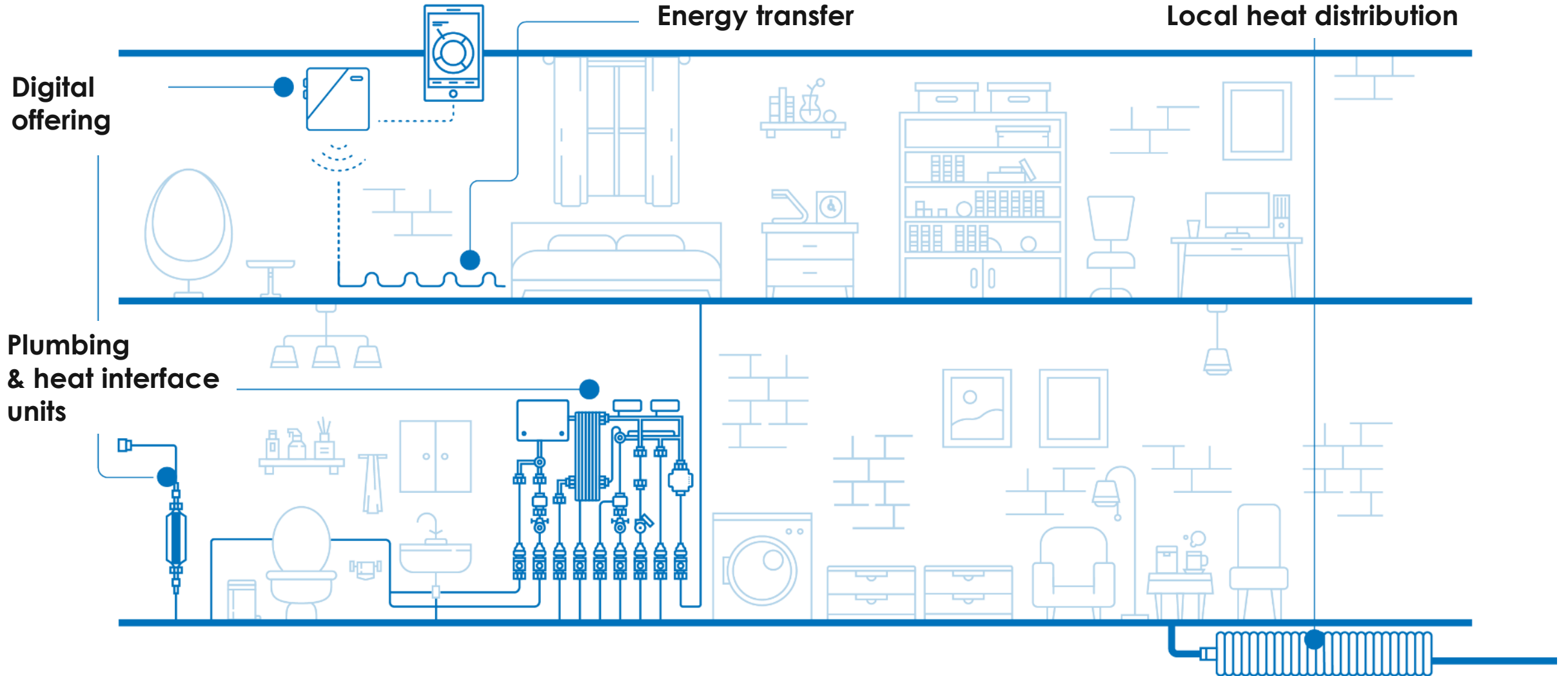
Applications

Competitive advantages

Key customer segments



# Sustainable building solutions



# Sustainable infrastructure solutions

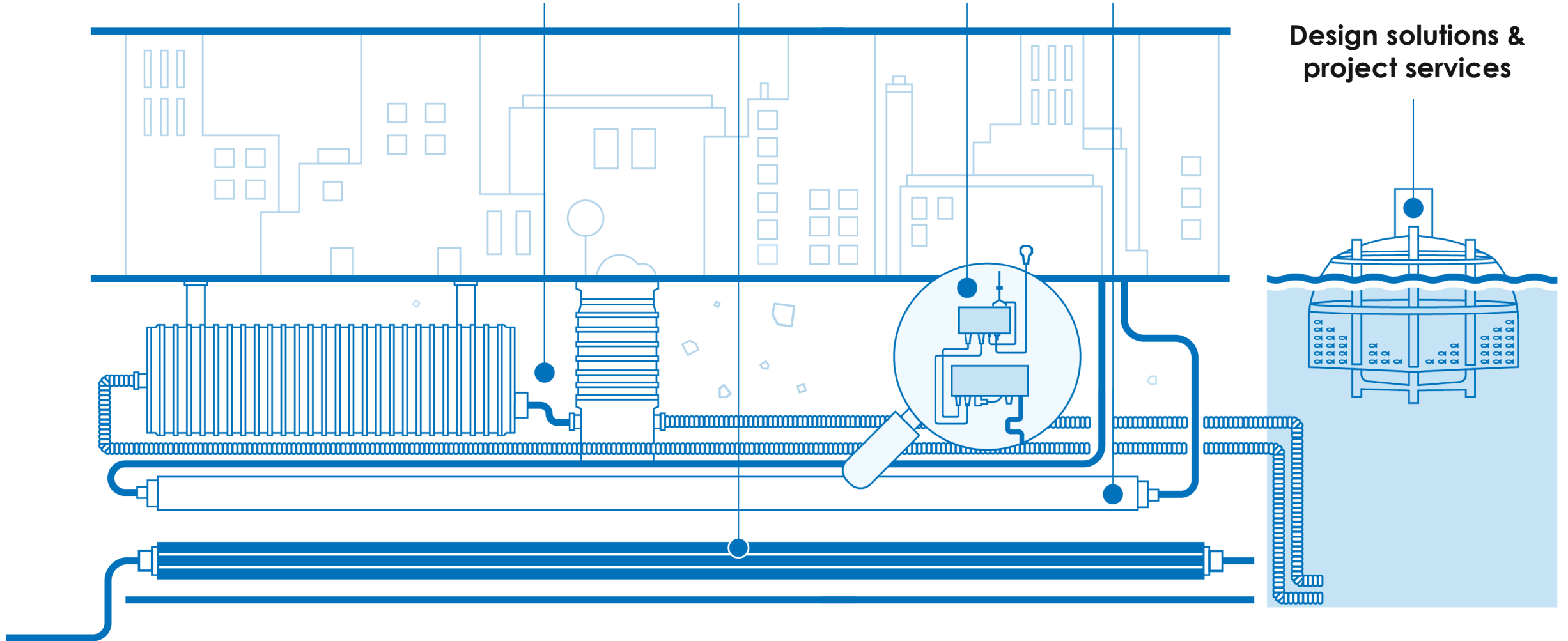
Sewer & storm

Pressure pipe  
systems

Water monitoring  
services

District energy

Design solutions &  
project services





# Our approach to sustainability

# Our sustainability agenda is built on selected UN SDG's



## Conserve water

- We safeguard water quality
- We improve water management
- We reduce the use of fresh water
- We increase the utilization of secondary water



## Value people

- We strive towards zero accident
- We promote diversity and inclusion
- We give our employees opportunities to learn and grow
- We increase transparency in the supply chain



## Protect and reuse resources

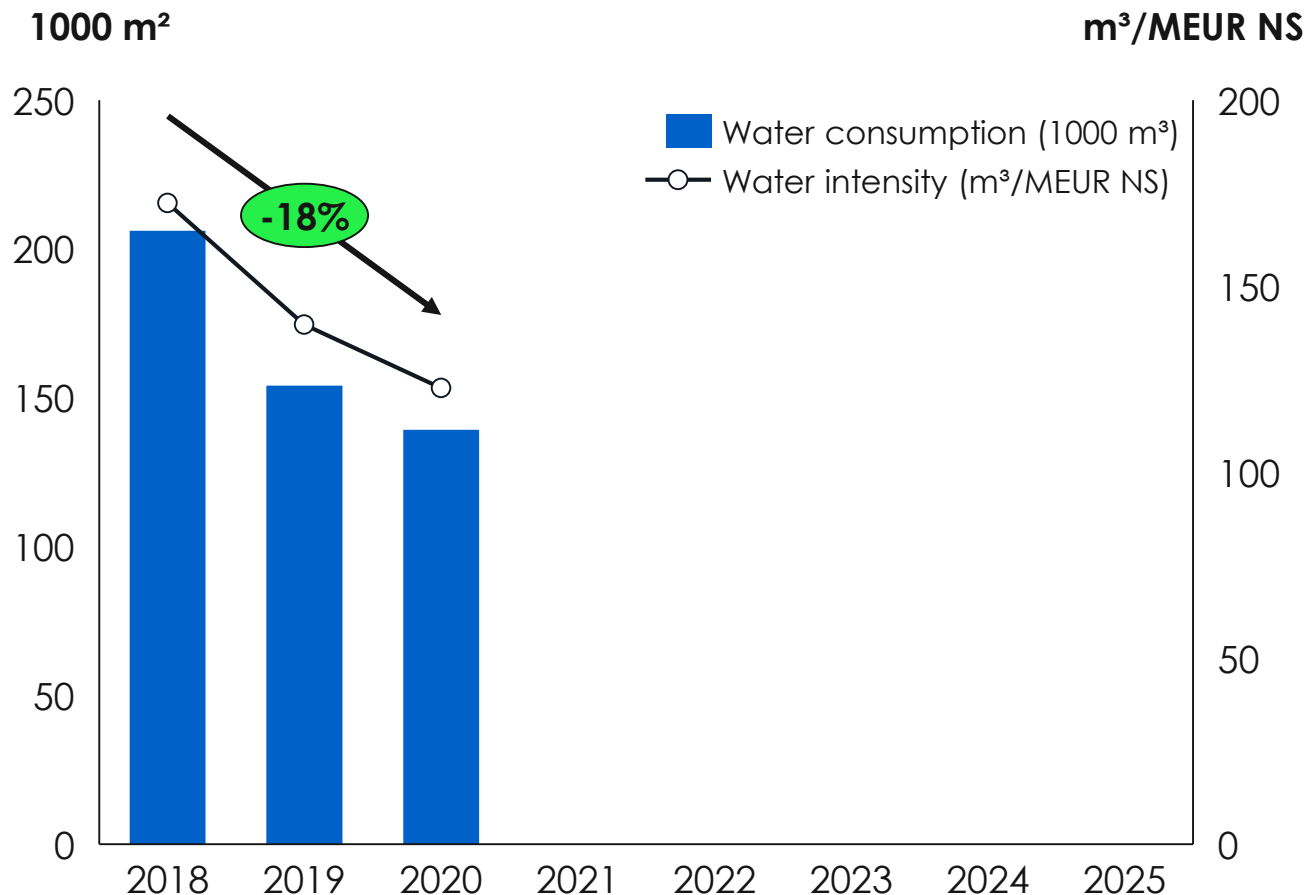
- We support the transition to a circular economy
- We lead our industry in the transition to renewable, waste-based and recycled raw materials
- We provide full transparency on the environmental footprint of our products.



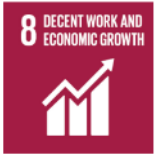
## Act for climate

- Reduce absolute scope 1 and 2 GHG emissions by 46% by 2030
- Reduce absolute scope 3 GHG emissions from purchased goods and services and upstream transportation and distribution by 14% by 2030
- All purchased electricity to be renewable by 2025

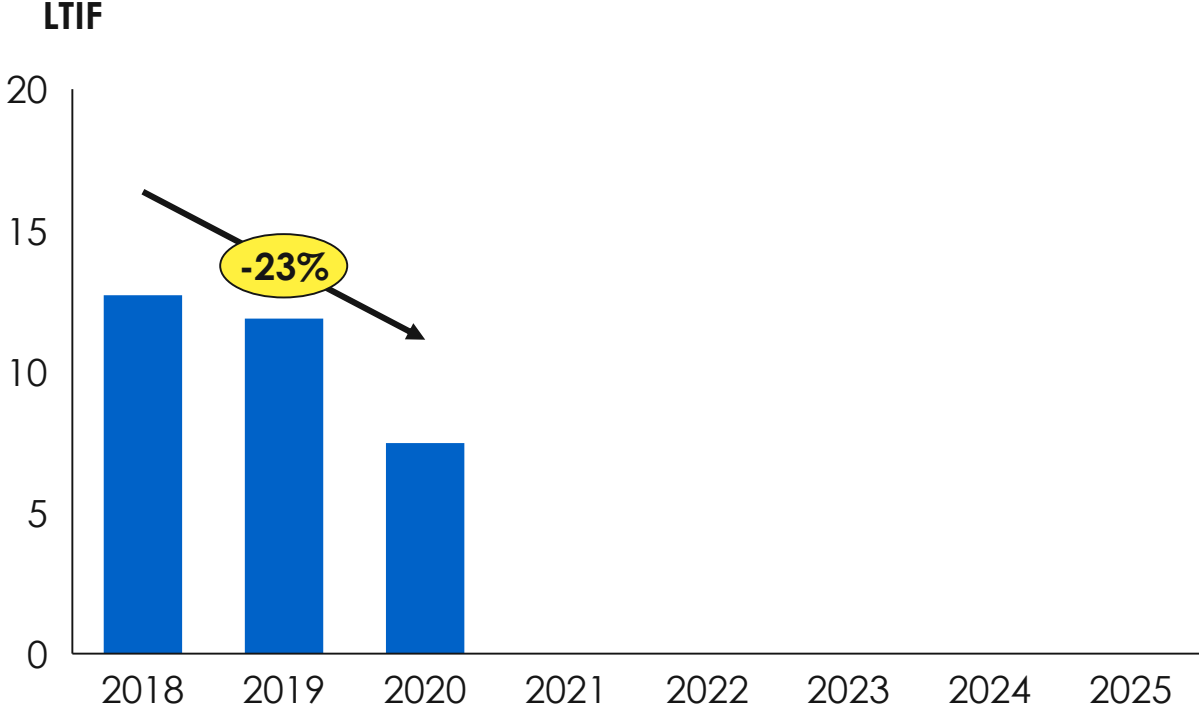
# Water consumption and water intensity



- Uponor’s manufacturing does not include major direct water consumption. Cooling of our manufacturing equipment is based on **closed-loop systems**.
- However, **water stewardship** is crucial for us as our core business is in water distribution solutions.
- Most of our water consumption is related to sanitary purposes, cleaning, etc. Consequently the reduction in absolute water consumption from 2019 to 2020 can at least partly be attributed to closure of offices due to Covid.
- Uponor is committed to having all of its sites compliant with the principles of **Operation Clean Sweep** by end of 2021 to eliminate the discharge of plastic pellets to land and water bodies.
- Planning of further operational water stewardship measures will take place during 2022.



# Lost Time Incident Frequency (LTIF)



- Our ambition is to reach **zero accidents at work**
- Systematic development of **health and safety processes** and practices has resulted in a significant reduction in Lost Time Incident Frequency (LTIF) between 2018 and 2020



## Our new renewable products

- In Q3/2021, Uponor Infra launched its first sewer pipe utilising renewable material
- In Q1/2022, Uponor will launch its first PEX pipes utilising renewable material in Europe
- These products are the first results of a collaboration with Borealis, and are based on replacing a significant share of fossil raw materials by renewable alternatives

**BLUE**  
**IS THE NEW**  
**GREEN**

# We support our customers to achieve their CO2 emission reduction targets



Sewer pipe

**Up to 70%\*** lower carbon footprint in comparison to traditional Ultra Rib 2



Aqua pipe  
Combi pipe  
Comfort pipe PLUS

**Up to 86%\*** lower carbon footprint compared to standard PEX pipe in the market

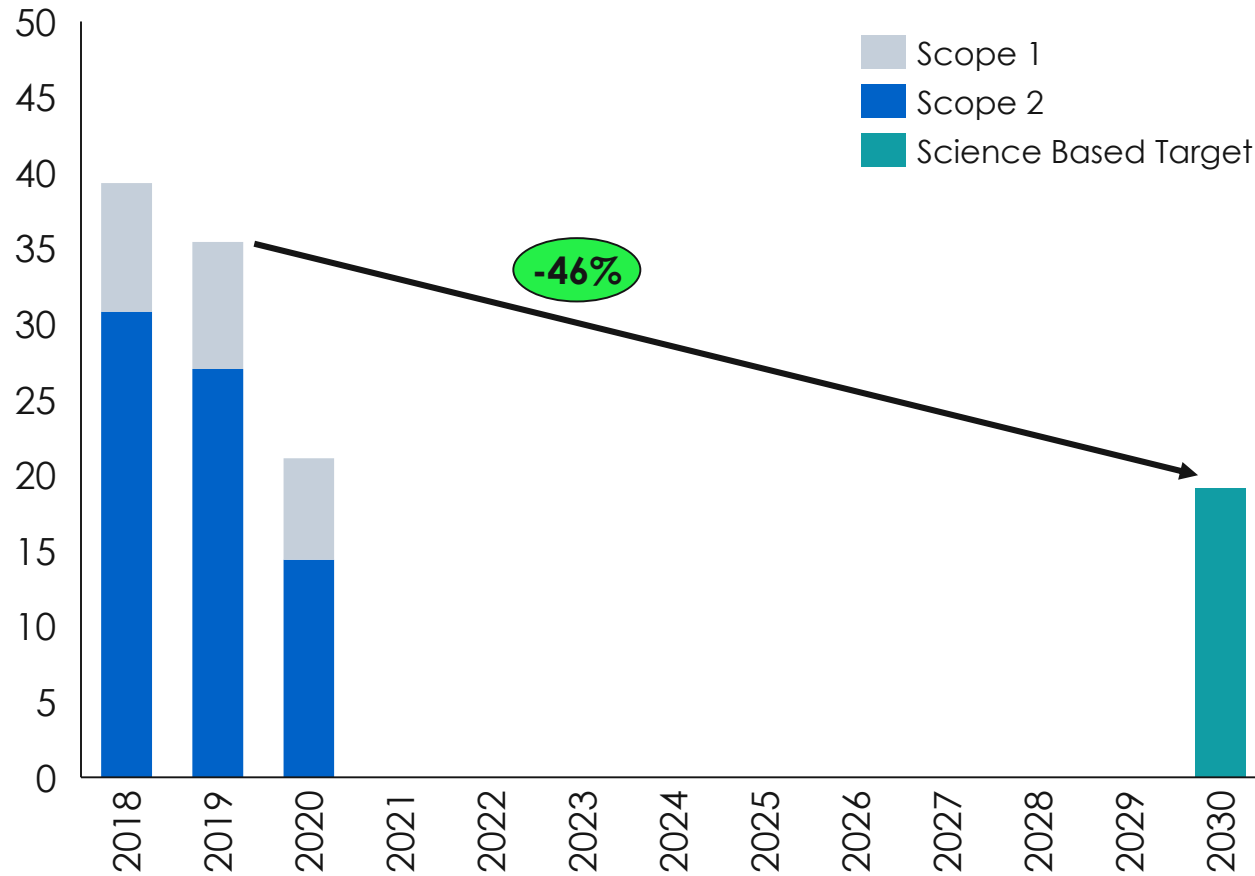


**The supply chain of Uponor Blue products is ISCC certified** ensuring full traceability and transparency of raw materials



# Science Based Target for climate action

Scope 1 & 2 emissions (1000 t)



- Uponor's climate targets have been reviewed and approved by the Science Based Target Initiative
- Our Scope 1 and 2 target is consistent with reductions required to keep global warming below 1.5 °C
- First Power Purchase Agreement for direct sourcing of wind power signed in September 2021
- Uponor is currently reviewing its portfolio according to the principles of EU taxonomy. Based on the knowledge of the taxonomy in early 2021, Uponor estimated that 23% of its net sales (equalling Uponor's indoor climate solutions) are taxonomy-aligned.

# Invest in Uponor

# Why invest in Uponor

## THE BUSINESS

### Sustainable building and infrastructure solutions

Safe drinking water delivery and energy-efficient heating and cooling continue to be essential needs in built environments

Uponor mitigates the cyclical nature of construction industry by operating in European and North American markets and serving both new construction and renovation projects

## THE COMPANY

### An industry innovator building on a century of tradition

A leading supplier for residential and commercial construction for drinking water delivery and radiant heating and cooling systems; and a strong position in infrastructure piping systems in northern Europe

Established brand with a broad and loyal customer base

Well maintained manufacturing network with capacity to grow

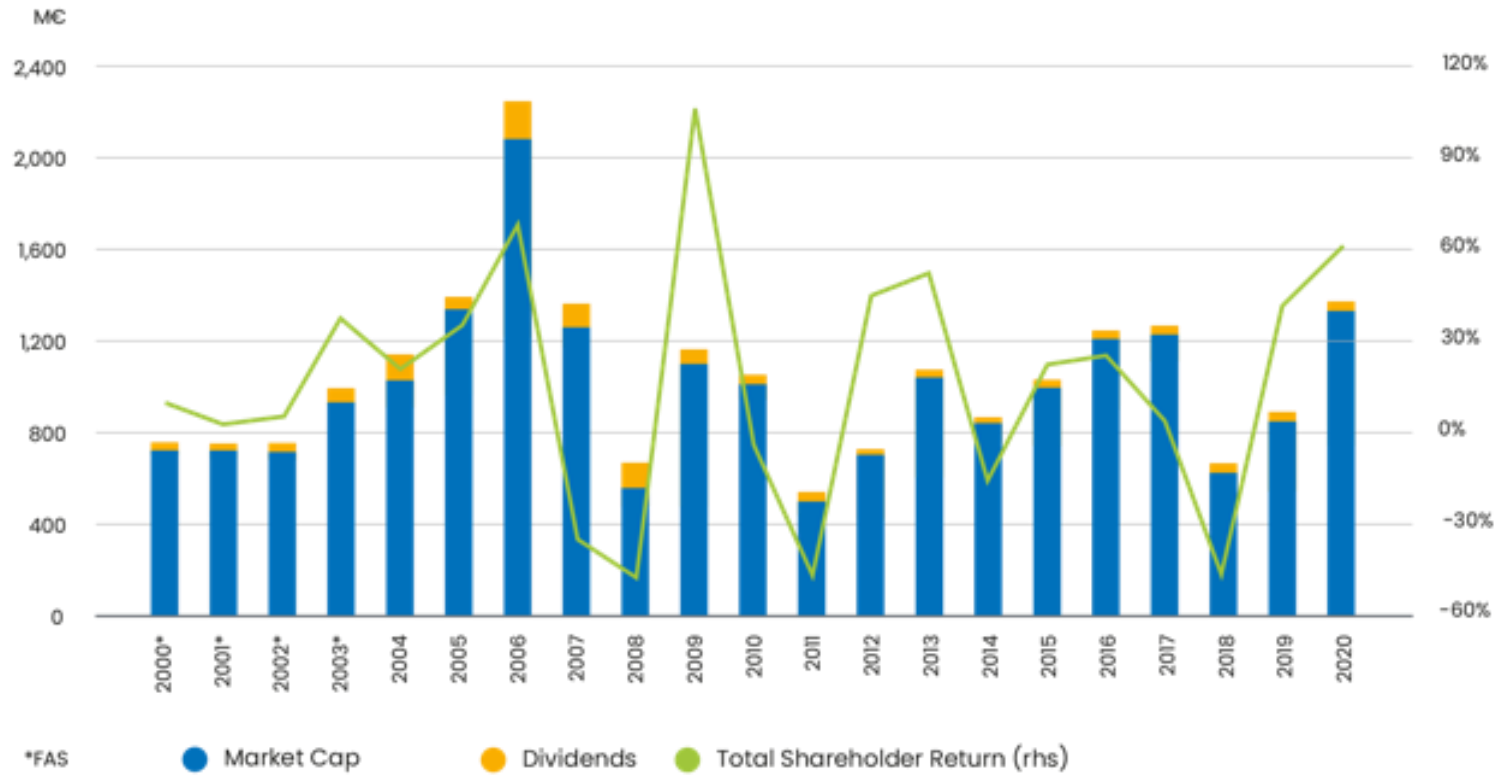
Continuous material and production technology development to support operational efficiency

Committed long-term key ownership with a clear understanding of the industry's dynamics



# Strong track record in shareholder value creation

## Shareholder value development 2000-2020



# Financial performance in line with long-term targets

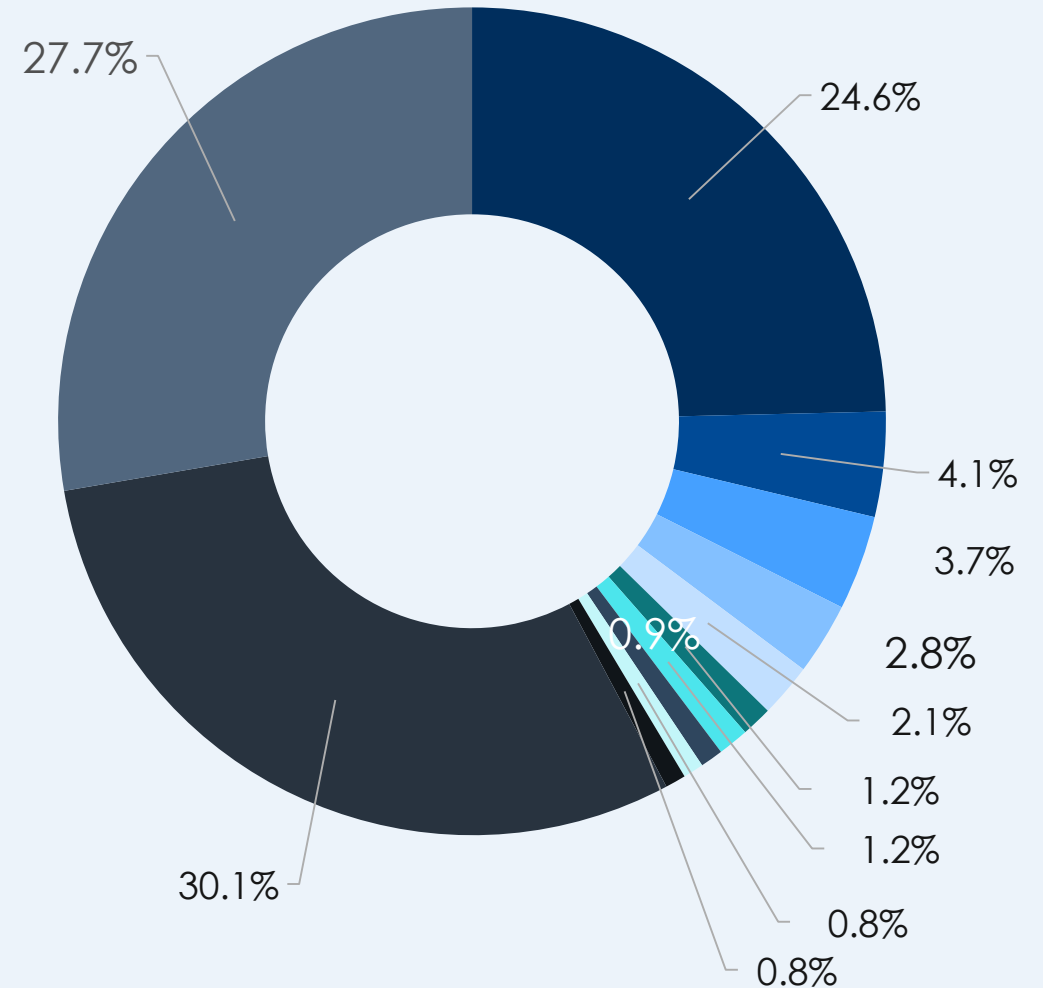
	Target	Achievement in 2020
Growth	Organic net sales growth to exceed annual GDP growth* by 3 ppts <i>* (GDP growth based on a weighted average growth in the top 10 countries)</i>	<b>3.0%</b> <b>(GDP growth 2020E: -1.2%)</b>
Comparable operating profit margin	To exceed 10%	<b>12.6%</b>
Dividend pay-out	To be at least 50% of annual earnings	<b>47.1%</b>
Gearing	To stay within 40-80% As an annual average of the quarters	<b>28.6%</b>
Return on investment	To exceed 20%	<b>21.8%</b>



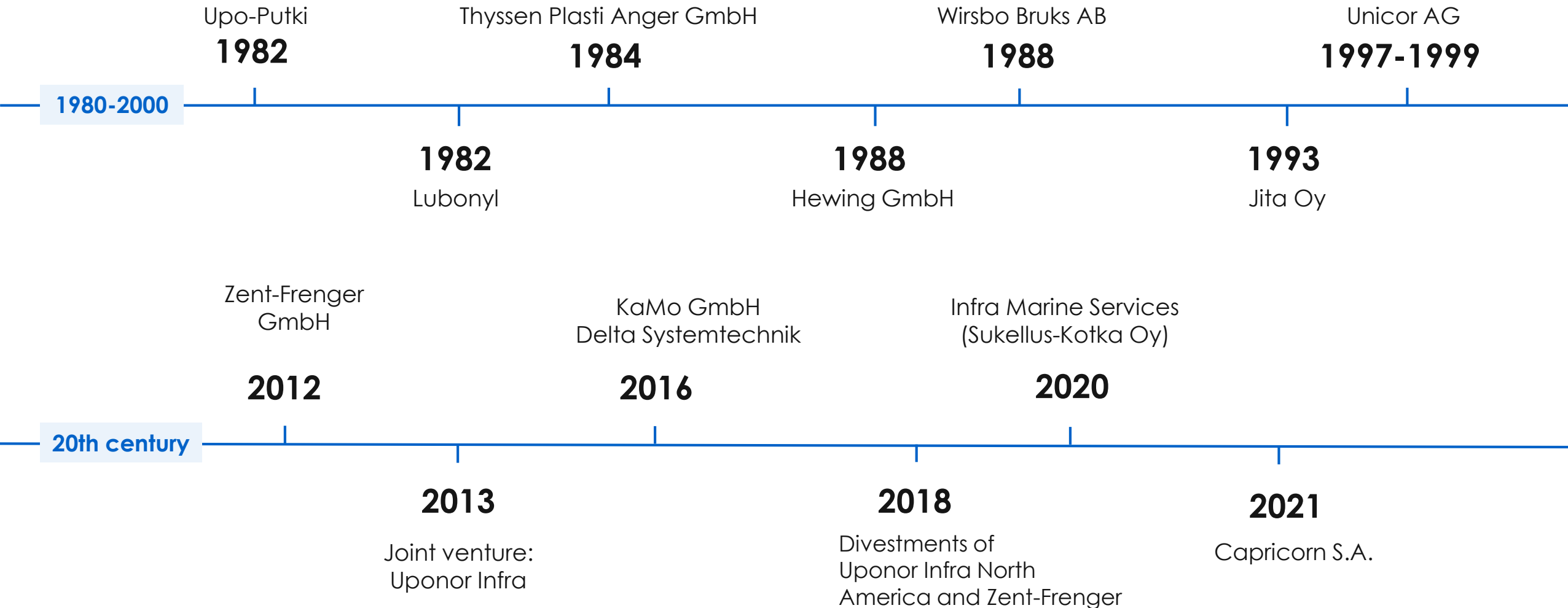
# Major shareholders as of 30 September 2021

- Oras Invest Ltd 24.6%
- Varma Mutual Pension Insurance Company 4.1%
- Nordea Nordic Small Cap Fund 3.7%
- Ilmarinen Mutual Pension Insurance Company 2.8%
- Mandatum Life Insurance Company Ltd. 2.1%
- Sigrid Jusélius Foundation 1.2%
- Pekka Paasikivi 1.2%
- The State Pension Fund 0.9%
- Jukka Paasikivi 0.8%
- Pertti Paasikivi 0.8%
- Nominee registrations 30.1%
- Others 27.7%

Uponor had 18,156 (18,012) shareholders on 30 September 2021.



# Uponor has a long history with M&As



# Our business divisions



## Building Solutions – Europe

**Net sales** €499.5 million

**Personnel** 1,880

**Market area** Europe and European Russia

**Main offering** Drinking water delivery, heating and cooling solutions, prefabricated solutions, control systems, pre-insulated pipes and manifolds



## Building Solutions – North America

**Net sales** €389.1 million

**Personnel** 890

**Market area** United States and Canada

**Main offering** PEX plumbing, radiant heating/cooling, hydronic distribution, pre-insulated pipe and fire sprinkler systems



## Uponor Infra

**Net sales** €252.0 million

**Personnel** 840

**Market area** Baltic Sea area

**Main offering** sewer and storm, pressure pipe systems, water monitoring services, district energy, design solutions and project services

**Interim results briefing  
1-9/2021**

**uponor**

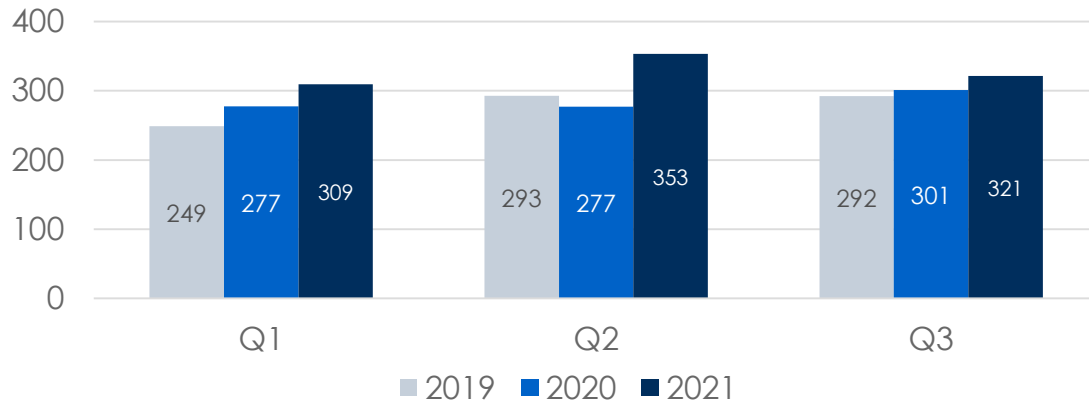
# Highlights of Q3

- Net sales were €321.4 million, a growth of 6.8% or 8.1% in constant currency terms
- Comparable operating profit was €38.1 million, a decline of 23.3%
- Net sales and comparable operating profit increased in Building Solutions – Europe
- Net sales increased, while operating profit decreased in Building Solutions – North America and Uponor Infra

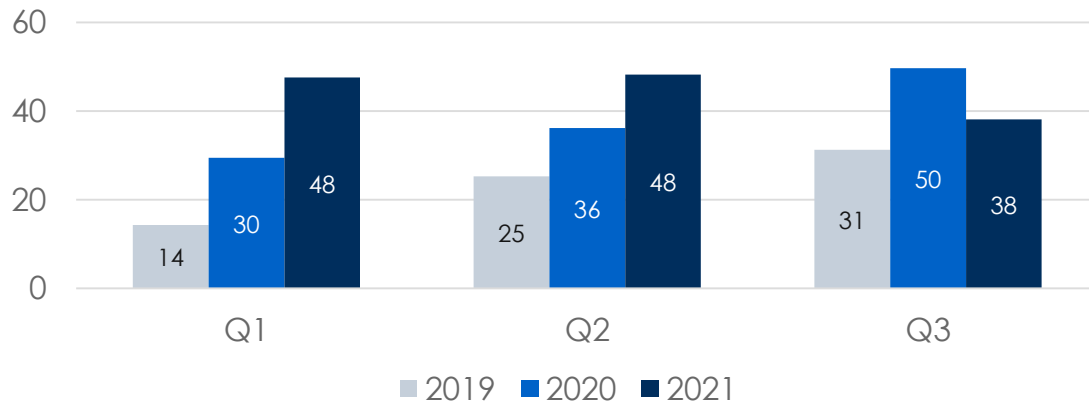


# Net sales driven by strong demand, increased cost level and supply shortages decreased profits

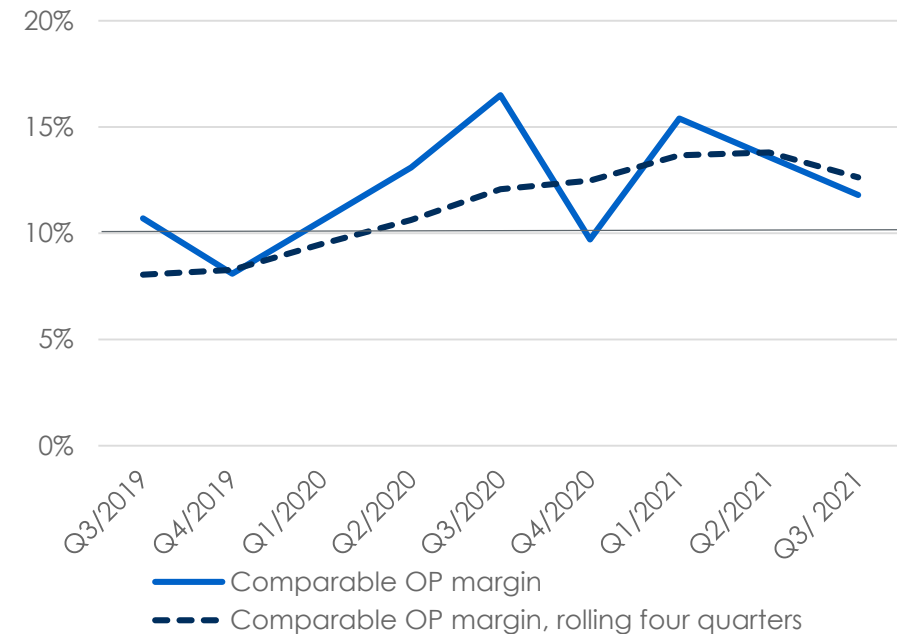
Net sales, M€



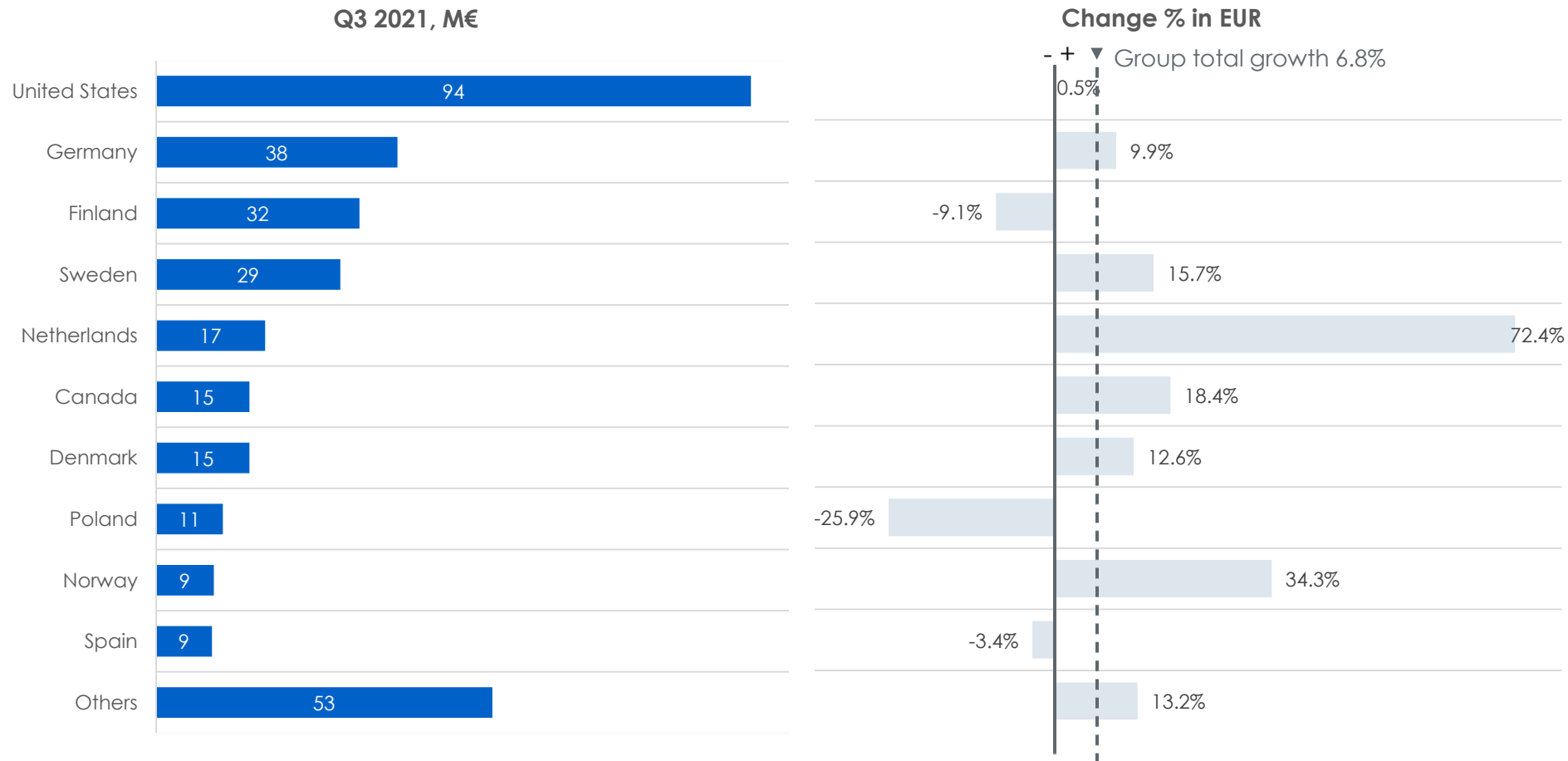
Comparable operating profit, M€



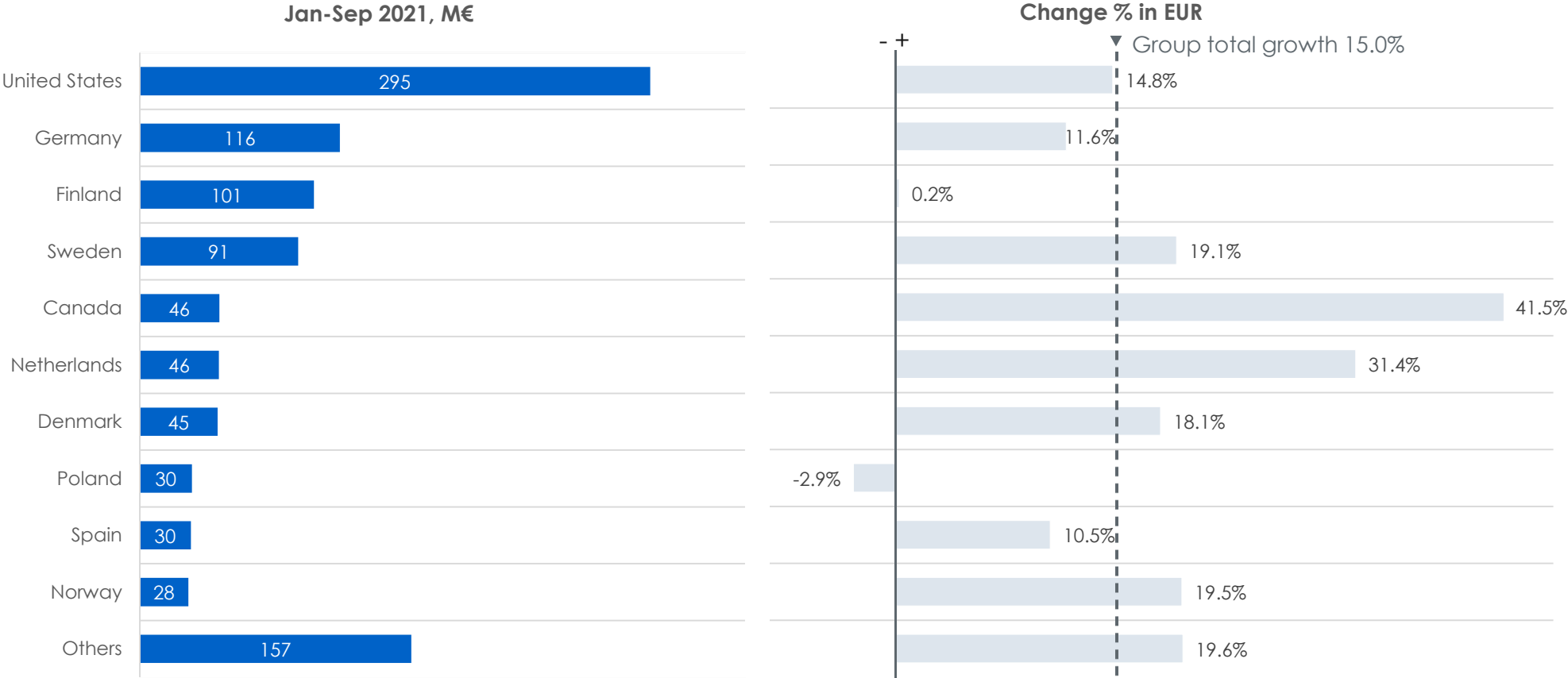
Comparable OP, M€



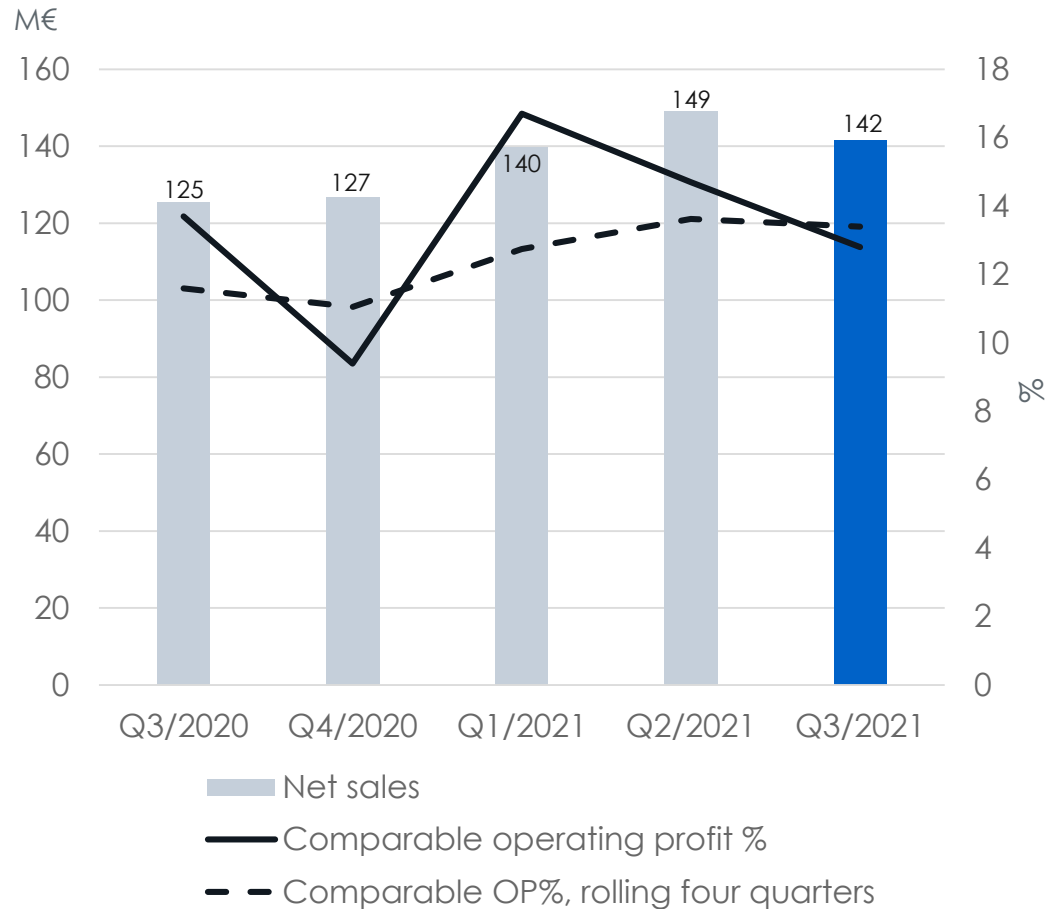
# Q3: Net sales grew in all key markets except in Finland, Poland and Spain



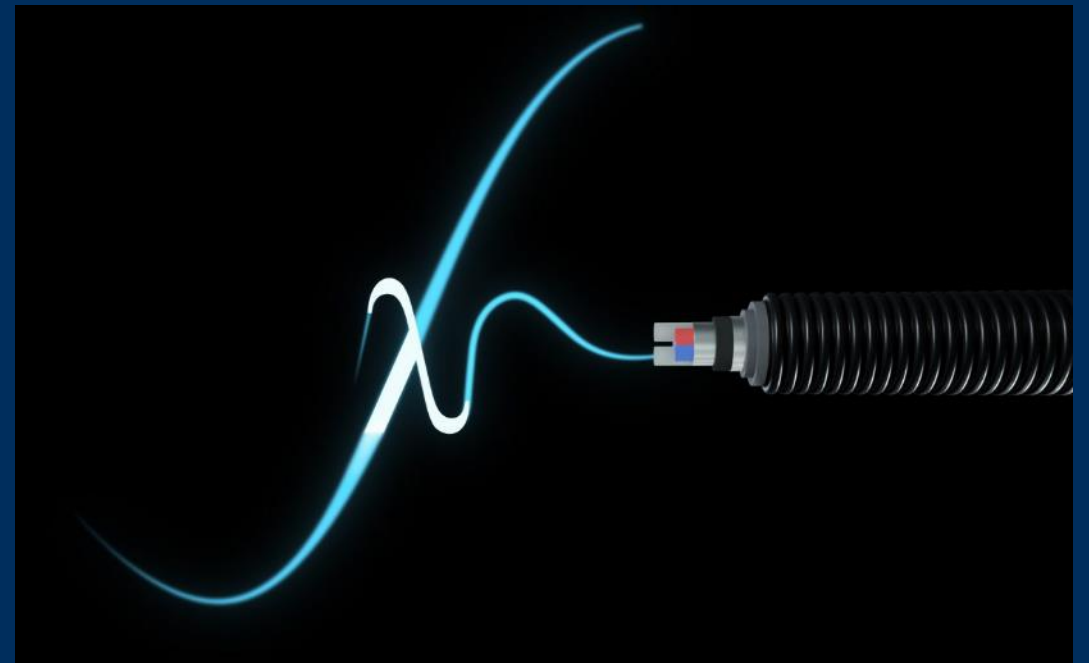
# Jan-Sep: Net sales grew in all key markets except in Poland



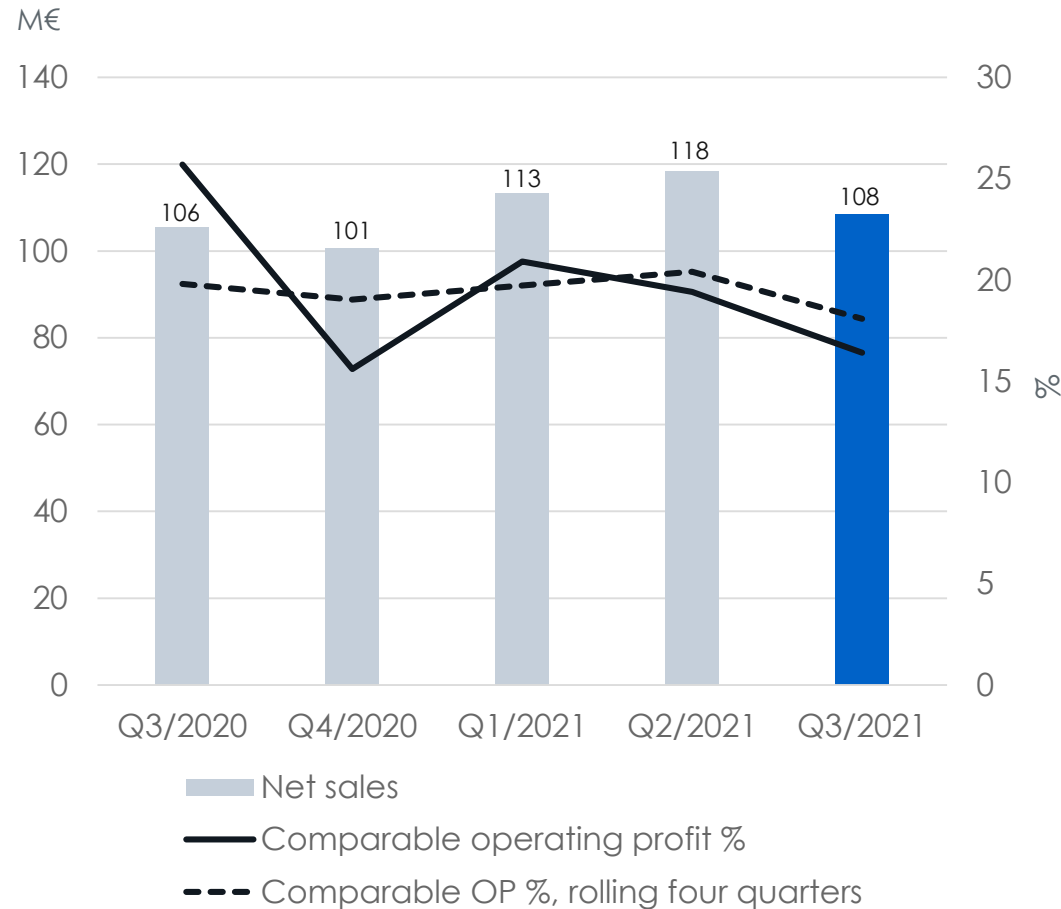
# Building Solutions – Europe: Development in Q3



- Net sales increased in Germany and the Netherlands, in particular
- Higher sales volumes, improvements in operations and operational excellence programme increased comparable operating profit
- The acquisition of Capricorn S.A., a Polish manufacturer of components for heating and sanitary installations in August



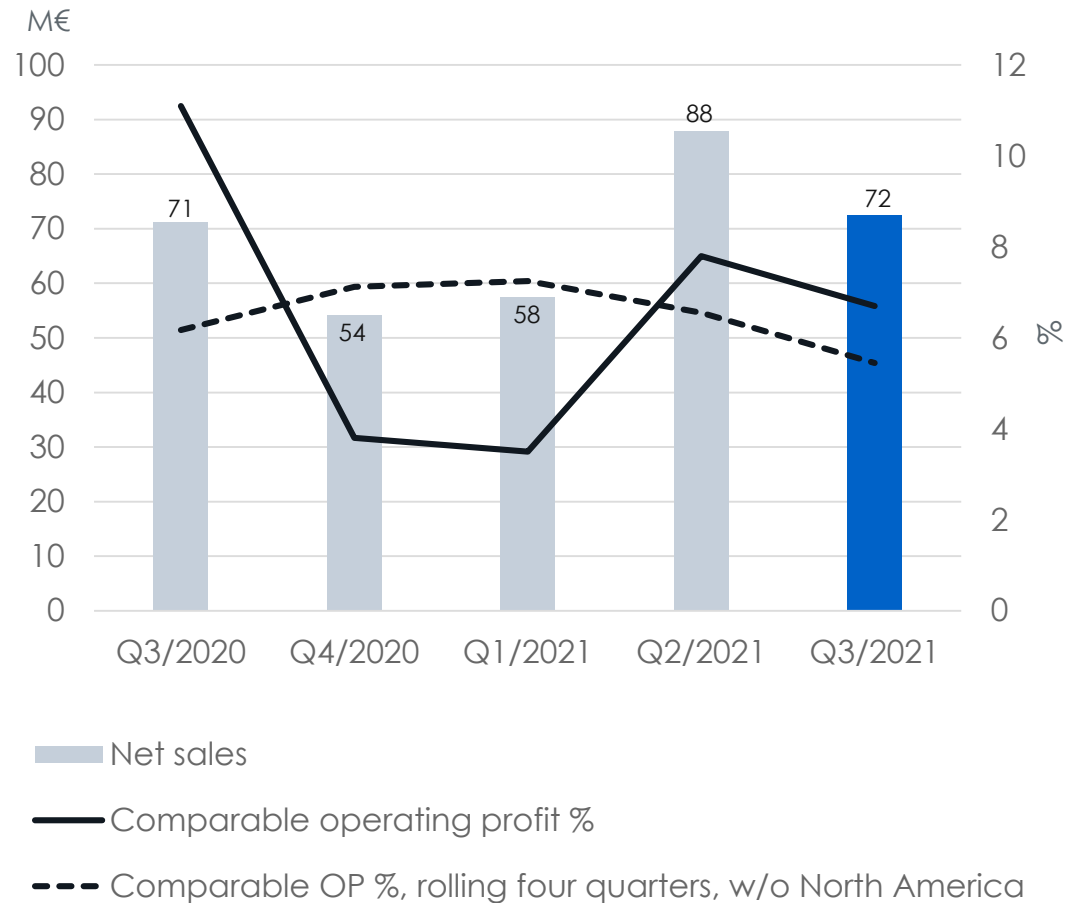
# Building Solutions – North America: Development in Q3



- Strong demand in residential markets in both the U.S. and Canada continued
- The decrease in operating profit was due to higher cost levels and overall cost inflation in the U.S. together with the supply shortages



# Uponor Infra: Development in Q3

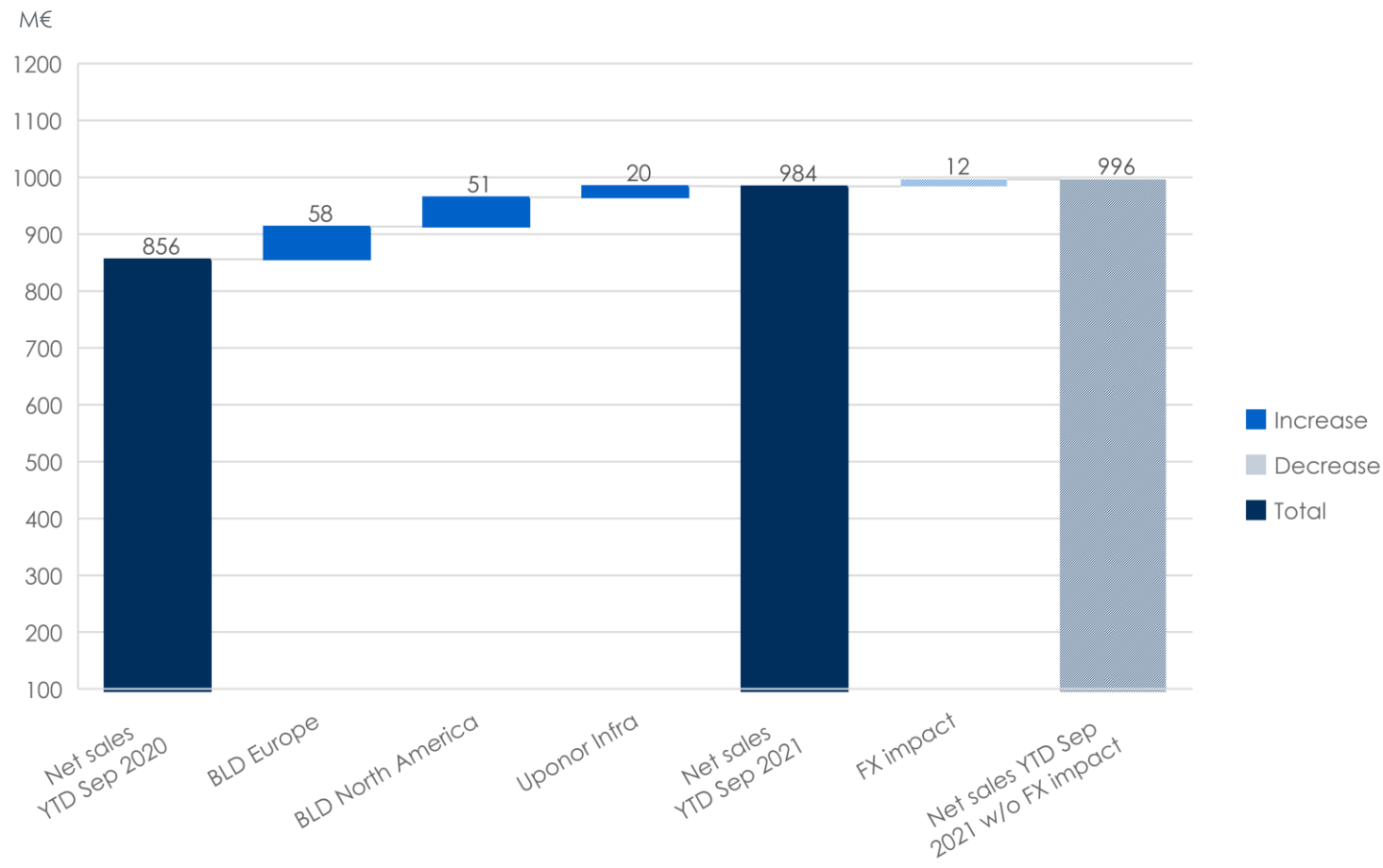


- Net sales increased especially in Sweden and Norway
- Price increases could not mitigate all impacts of higher input costs
- Comparison period included a large designed solution sales project in Poland

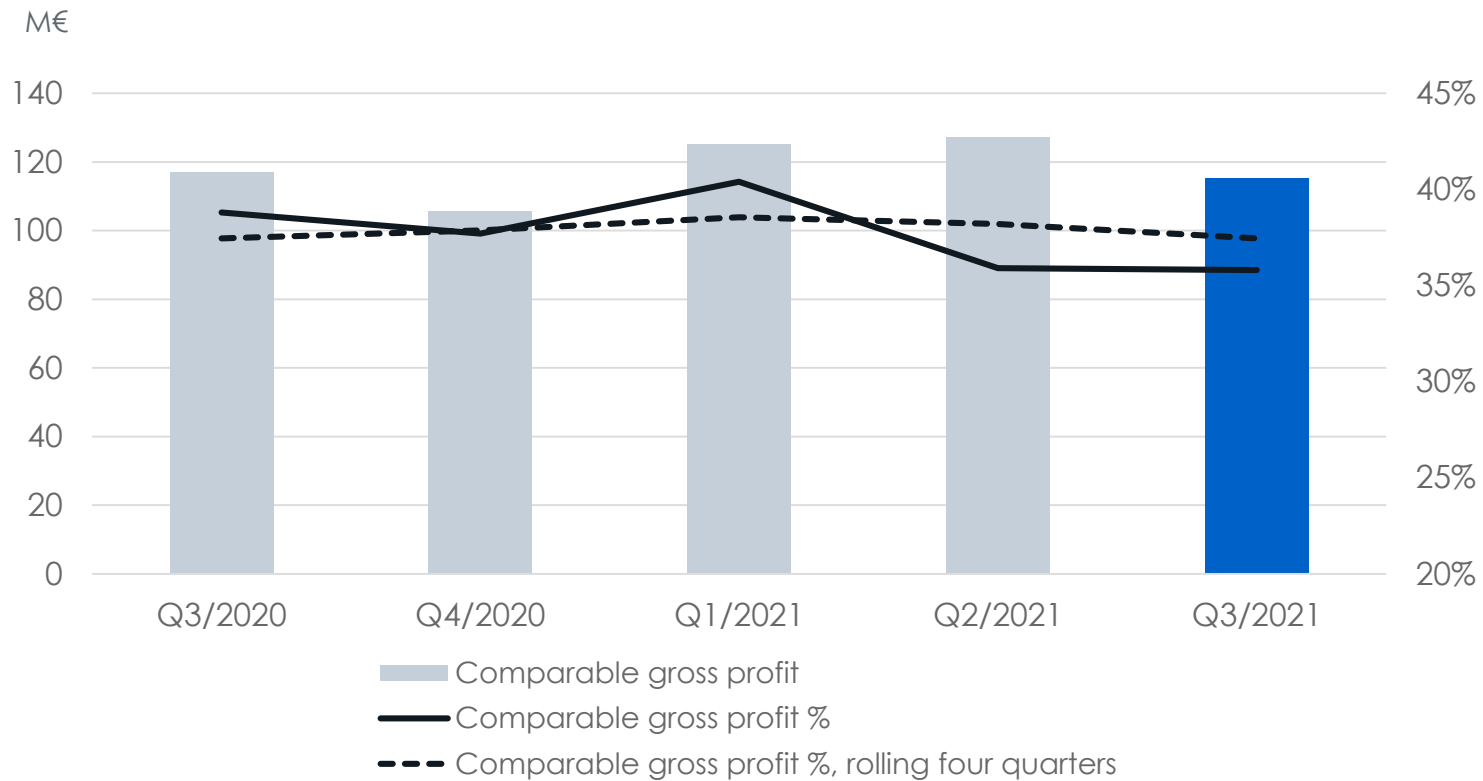


# Financial statements

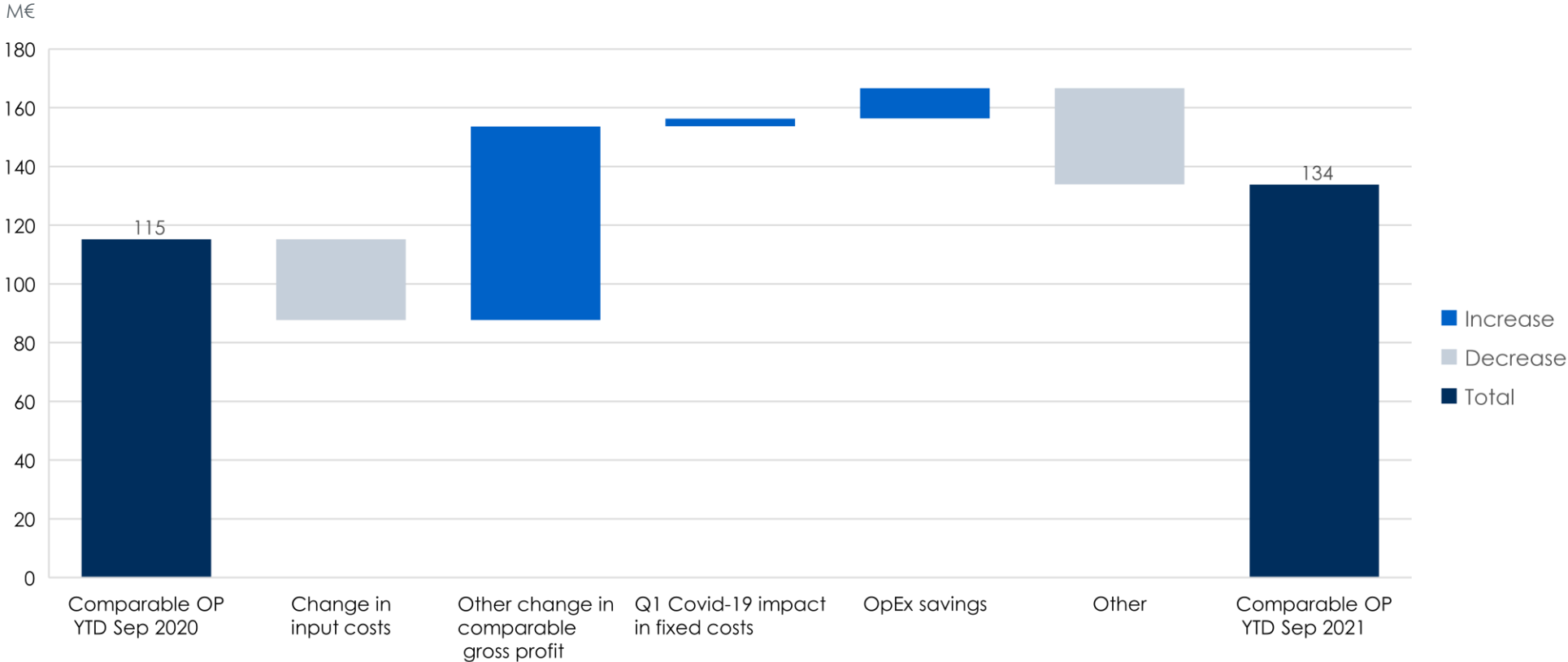
# Demand continued strong in all divisions



# Gross profit impacted by increased input costs, margin recovery delayed



# The increase in comparable operating profit was mainly driven by volume growth

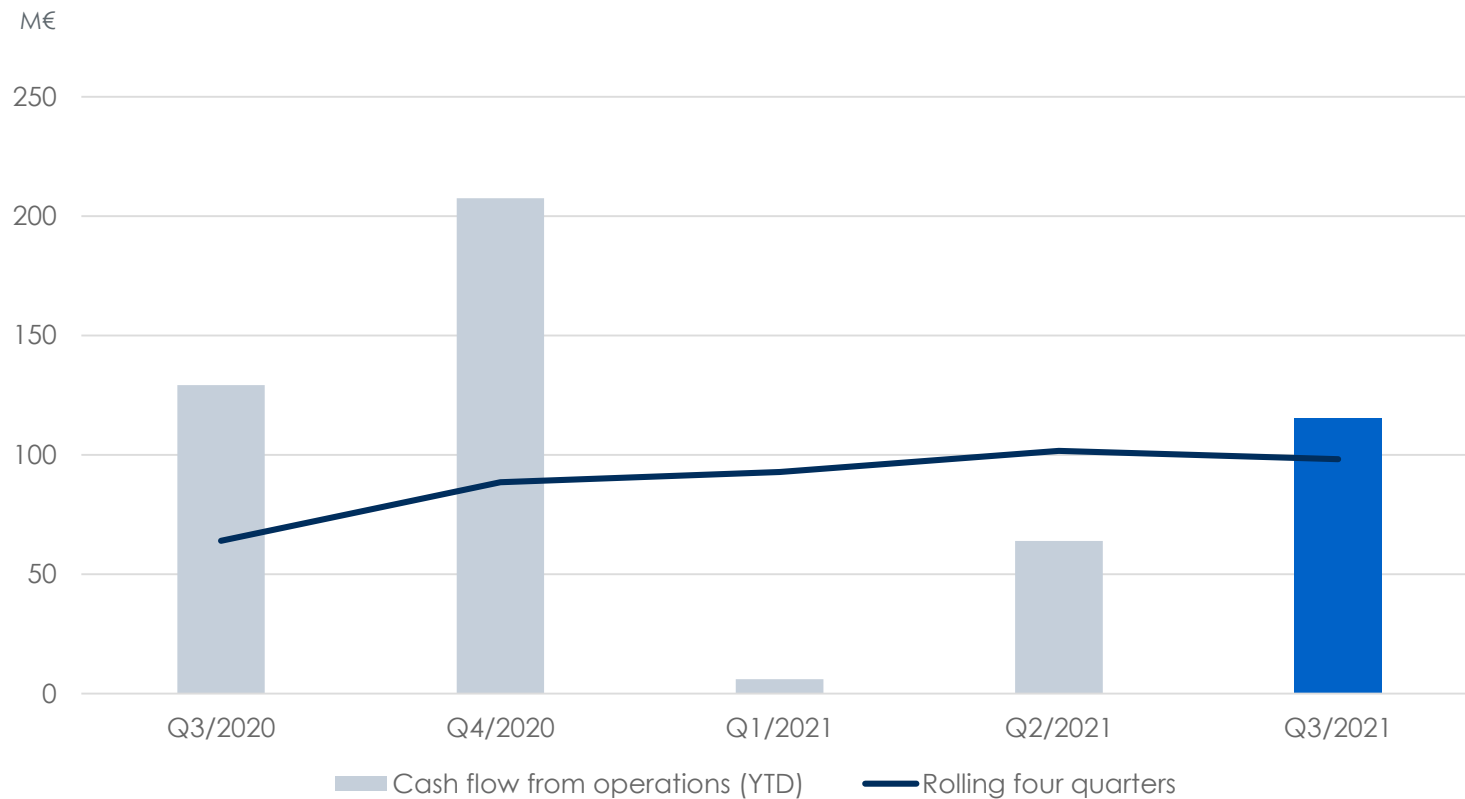


# Progress of operational excellence programme

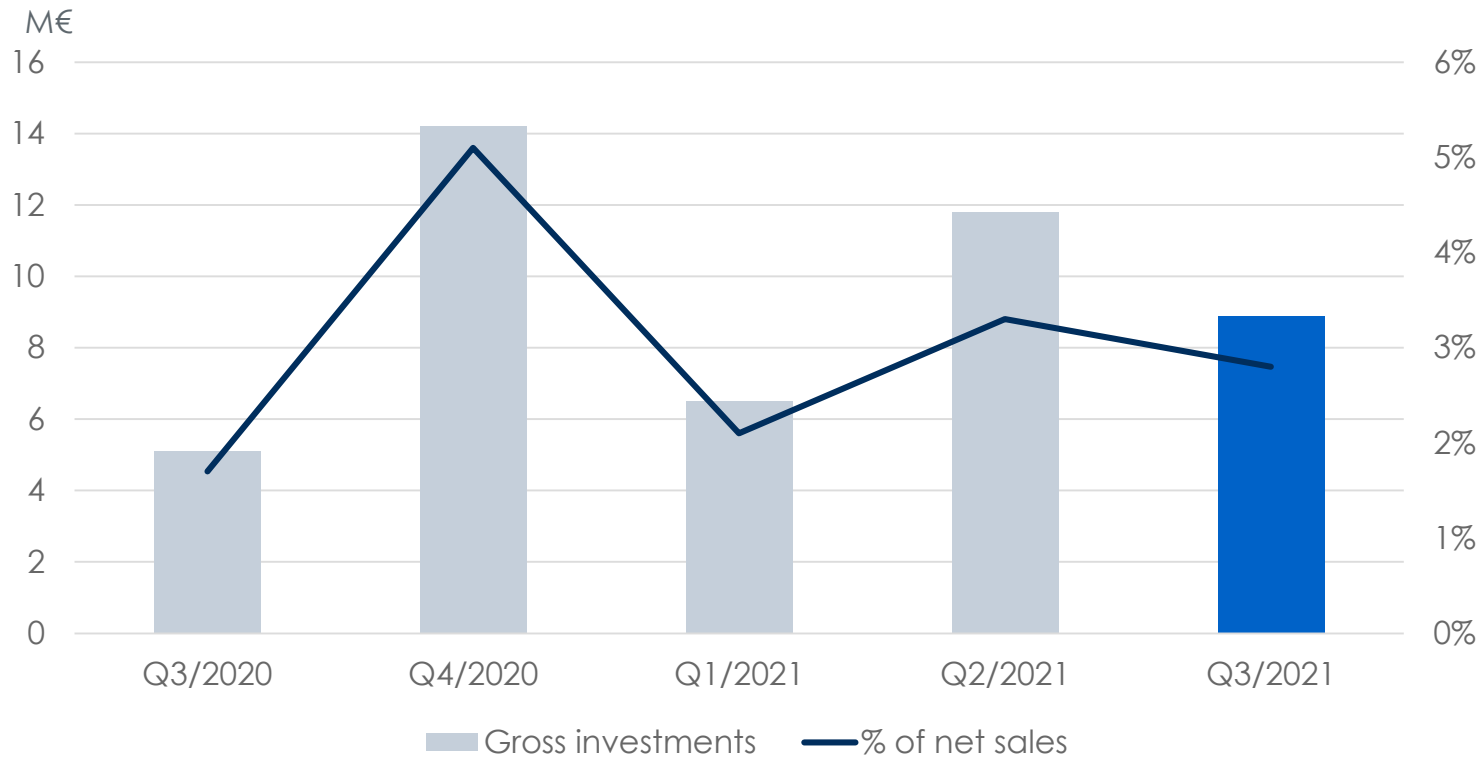
- During the third quarter of 2021, the programme generated savings of approximately €3 million
  - The total generated savings under the programme are approximately €18 million
- During the third quarter of 2021, €0.7 million was recorded as items affecting comparability
  - In total, €14.3 million IAC's since the launch of the programme



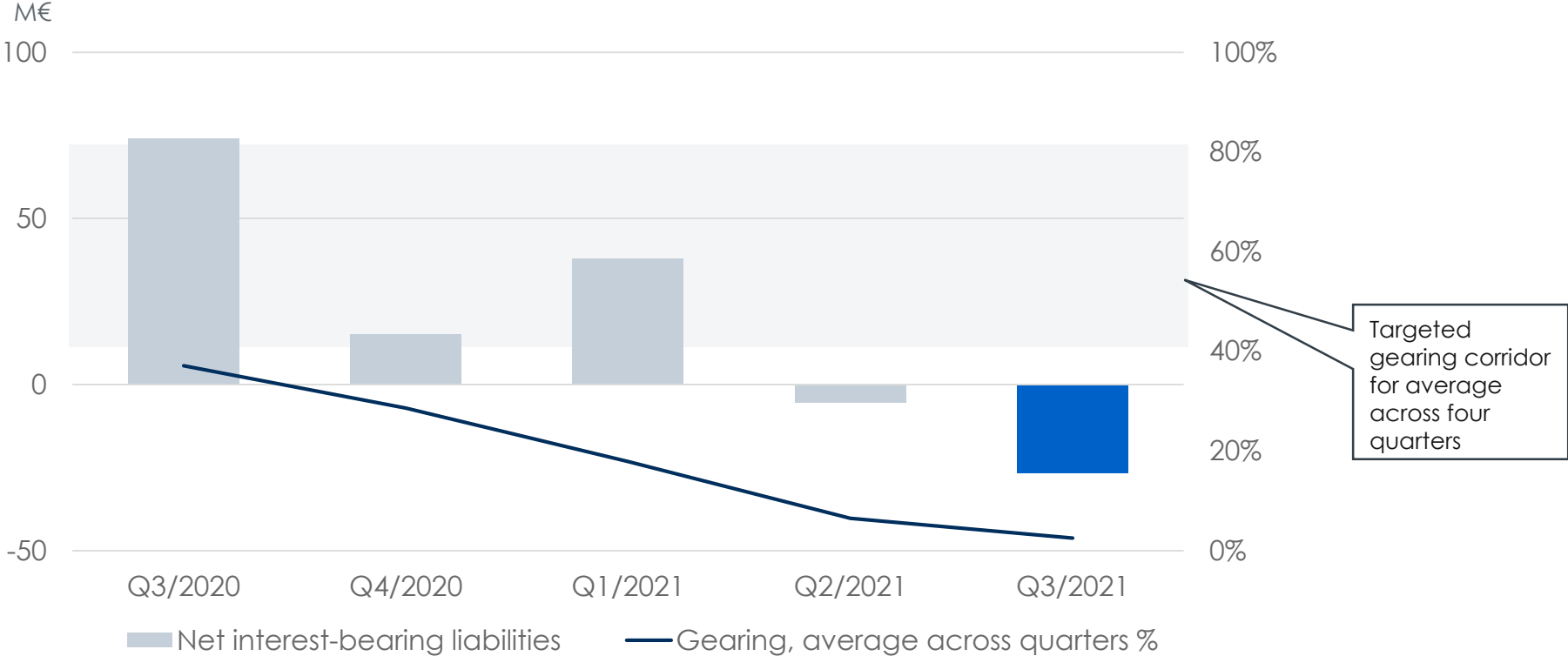
# Operative cash flow strong, but higher investments and operative net working capital impacted the y-o-y comparison



# Investments were mainly related to North American capacity expansions, maintenance and efficiency improvements



# Strong cash flow led to positive net cash position – average gearing across quarters at 2.5%



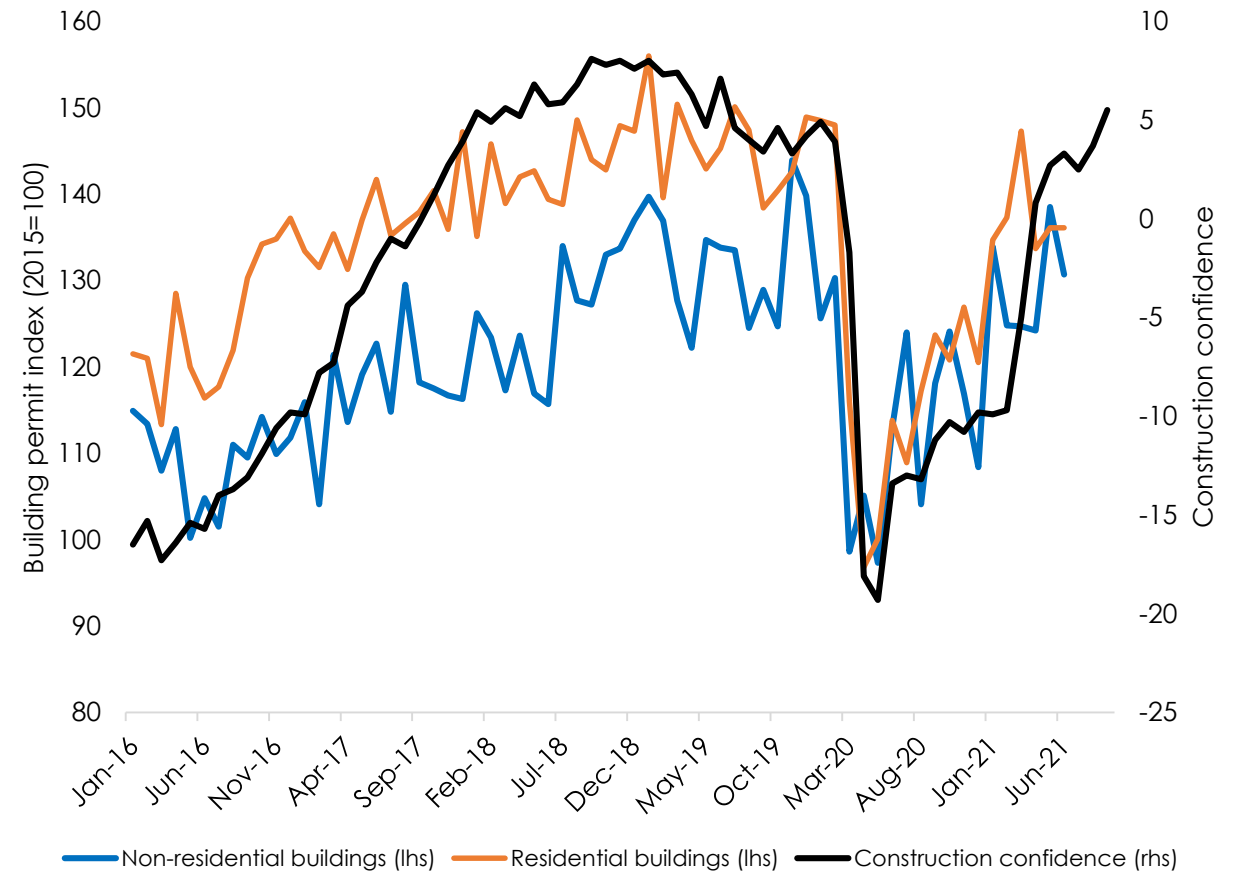
# Outlook for 2021

# Europe: Builder confidence has recovered despite supply-related headwinds

Consumer demand remains upbeat and businesses are investing despite supply challenges amplified by COVID-19 and 13-year high inflation in the Euro zone

Within the construction industry:

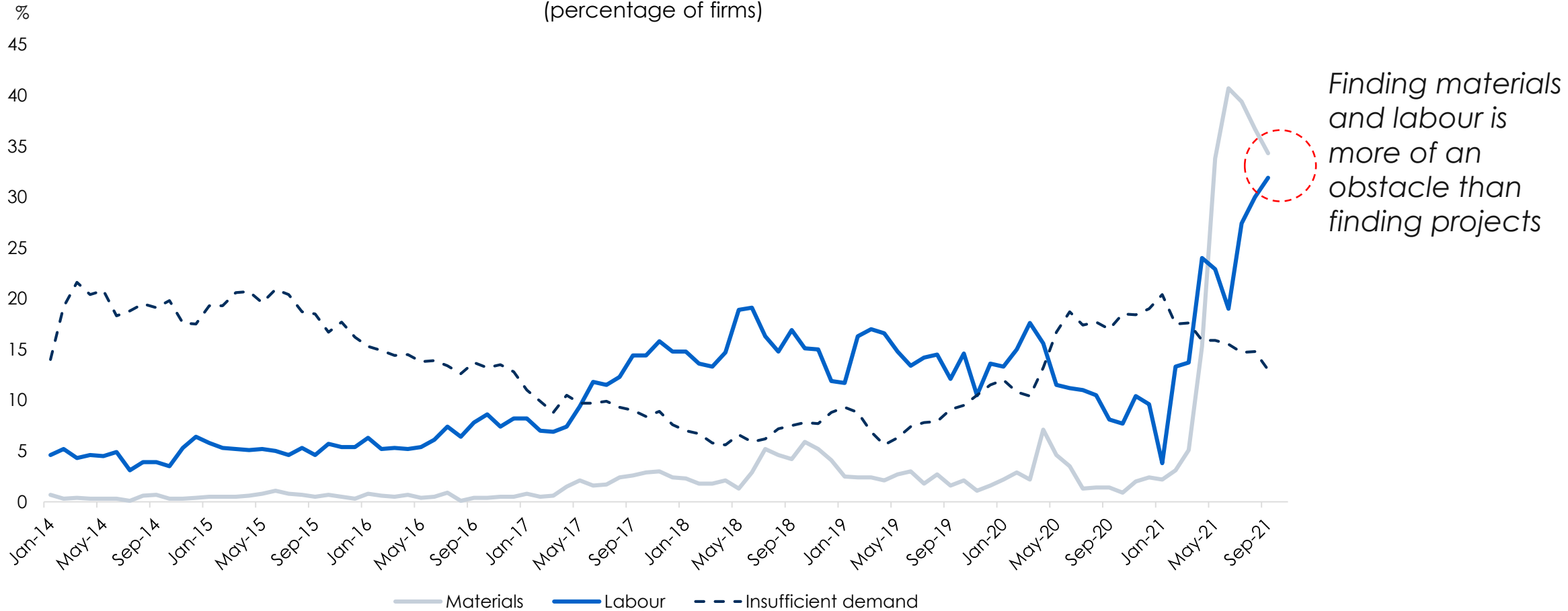
- Construction confidence returned to pre-pandemic levels
- Both residential and non-residential building permits are trending upward



Source: Eurostat

# German builders' labour and inflation challenges continue

Germany- Factors limiting building activity  
(percentage of firms)



Source: Eurostat

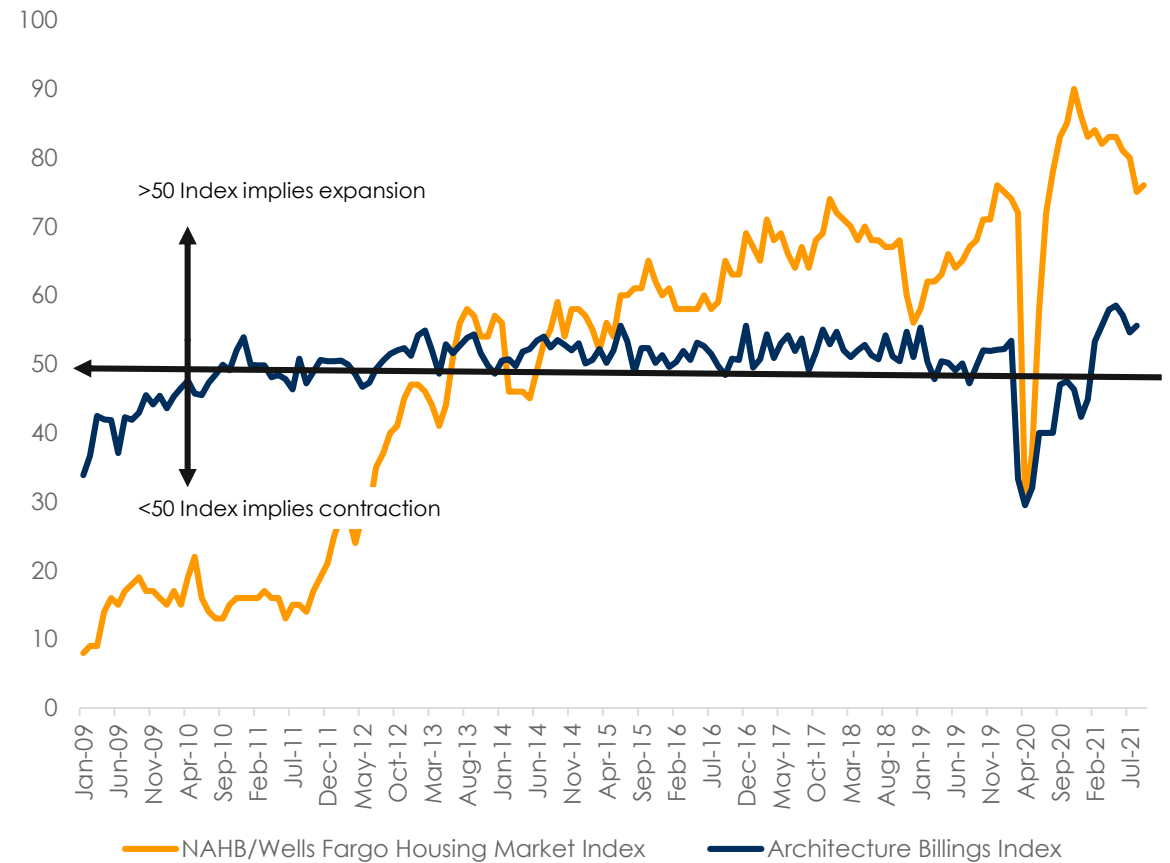
# U.S.: Residential construction grew further and non-residential showed tentative signs of stabilising

Widespread supply issues and increased prices dampened otherwise robust economic growth

In construction:

- Residential construction expanded, despite supply chain challenges
- Housing starts and permits continued to trend upward
- Improvements in architectural billings have yet to meaningfully impact non-residential segment

U.S. leading construction indicators



Source: NAHB, AIA

## Market outlook for Q4

While underlying demand is expected to remain healthy, downside risks and limitations on construction industry output may persist:

- builder supply chain challenges,
- a lack of skilled labour,
- and construction material price inflation.

## Guidance statement for 2021, updated on 11 June:

Excluding the impact of currencies, Uponor expects its net sales and comparable operating profit to increase from year 2020.

*Increase indicates a growth of 2.5% or more.*



# Uponor Capital Markets Day 2022

Date: 14 March 2022

Location: Helsinki, Finland

**uponor**

The logo features a large, light blue inverted V-shape that overlaps a dark blue teardrop shape. The word 'uponor' is written in white lowercase letters inside the dark blue teardrop.

uponor

**Moving** › **Forward**

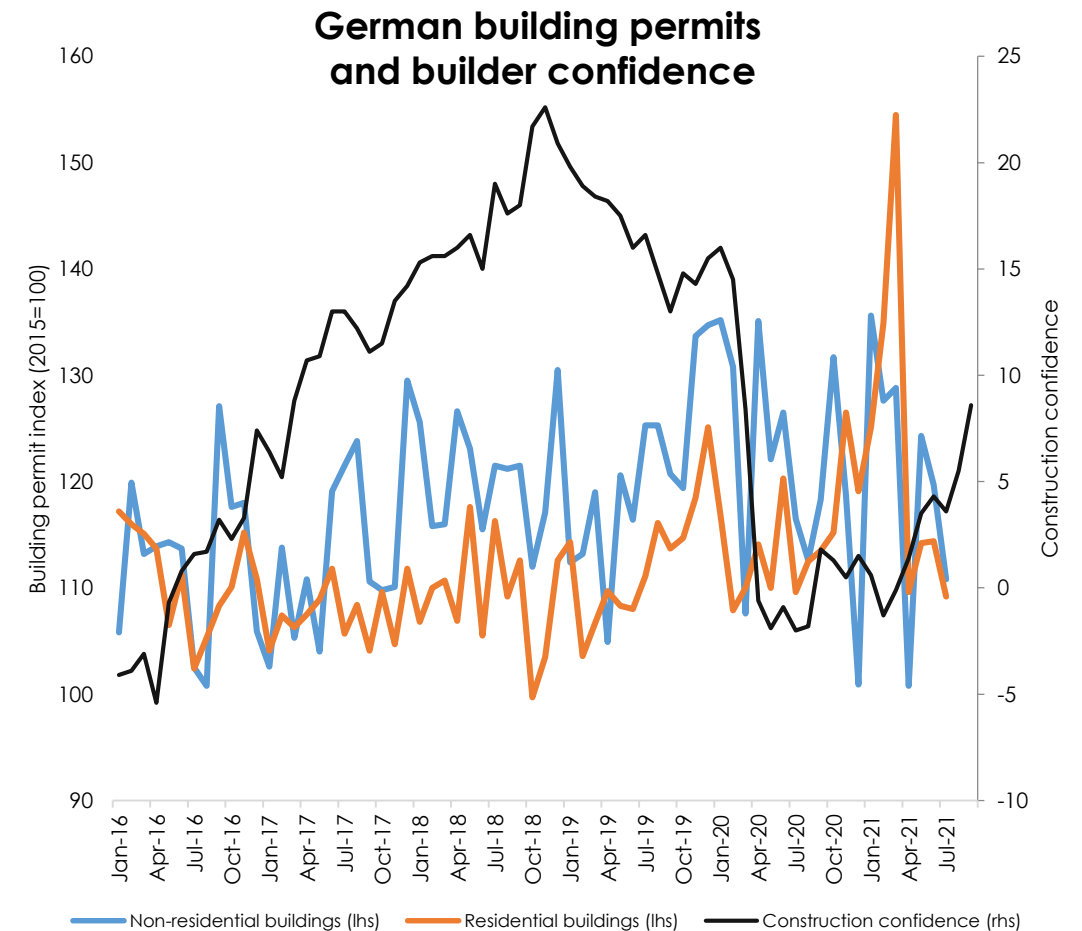
# Appendix

# Germany: Despite continued industry capacity headwinds, construction activity is solid overall

Economic growth has been strong, but not enough to offset 2020 losses, as supply issues have hurt key industries

In the construction industry:

- Builder confidence improved throughout the summer despite labour and supply headwinds
- Residential building permits were up year-to-date, but slowed during summer
- The downturn in non-residential construction showed early signs of easing



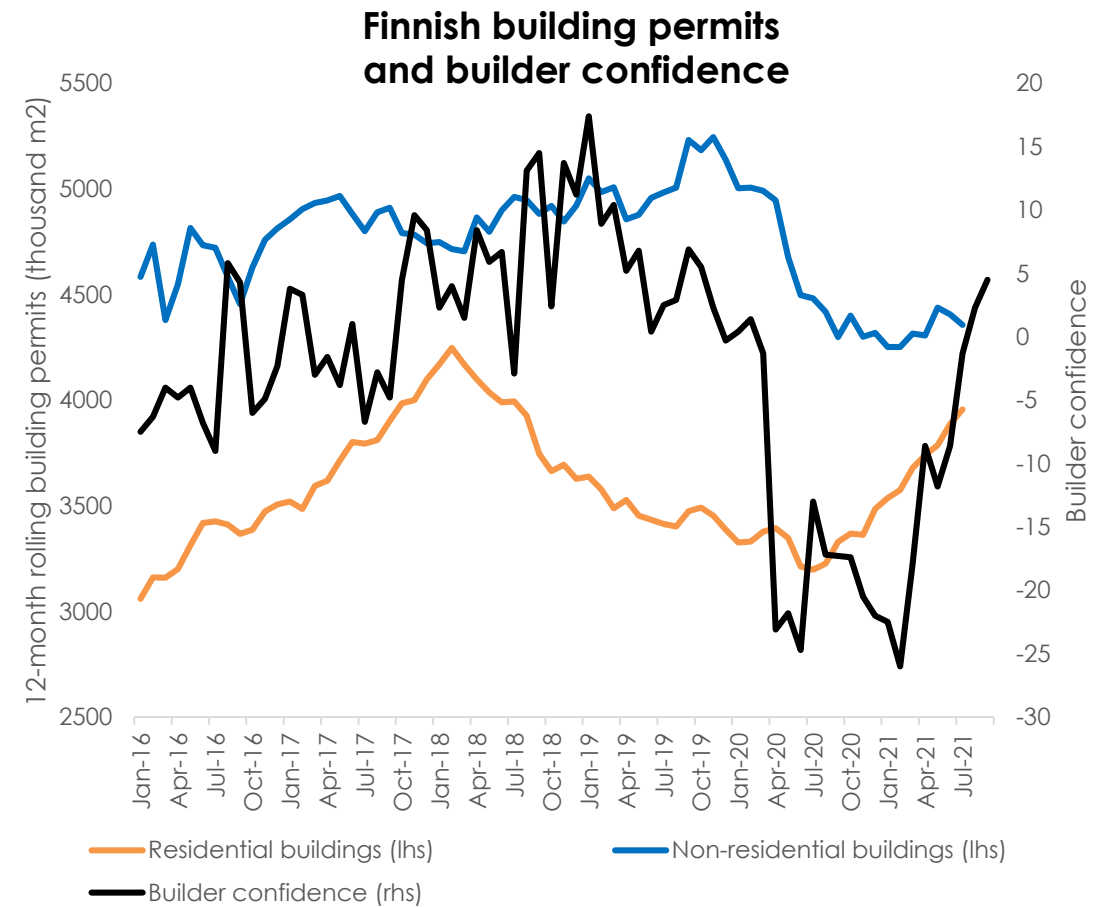
Source: Eurostat

# Finland: Significant improvements in residential building, other segments steady

The economy has largely gained back losses from 2020, with consumers and manufacturers optimistic

Within the construction industry:

- Construction turnover grew at a solid rate throughout the summer
- Construction confidence continued to rise, with improved order books
- Residential building permits were up 25% YTD, while non-residential permits remained low, but steady



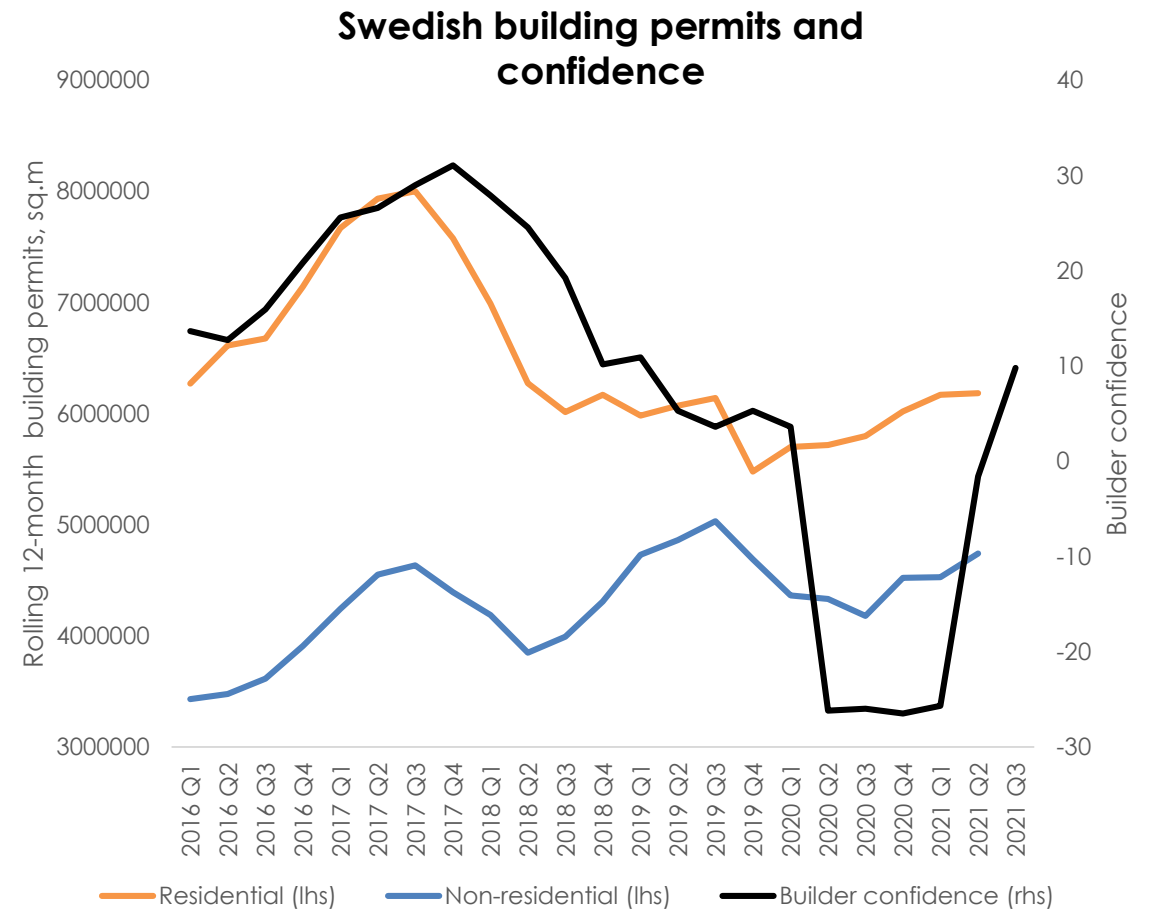
Source: Statistics Finland and Eurostat

# Sweden: Broad-based recovery continued despite supply headwinds

Very strong development in the economy, with both consumers and businesses driving growth











Within the construction industry:

- Building permits trended higher, but remain below earlier peaks
- Housing starts were up 25% through Q2 compared to 2020
- Builder confidence improved further from Q1



Source: Statistics Sweden and Eurostat

# Leading residential indicators: Improvements are visible in most of Uponor's main markets

	Indicator	YTD % Change	Rolling 12-month % Change	Data through	Trend since Q2 update
 <b>USA</b>	Housing starts	+17% <sup>1)</sup>	N/A	August 2021	➡
 <b>Germany</b>	Housing permits	+7%	+4%	July 2021	➡
 <b>Finland</b>	Housing permits	+26%	+26%	July 2021	➡
 <b>Sweden</b>	Housing starts	+25%	+21%	June 2021	➡
 <b>Canada</b>	Housing starts	+0% <sup>1)</sup>	N/A	August 2021	➡
 <b>Netherlands</b>	Housing permits	+16%	+15%	July 2021	➡
 <b>Denmark</b>	Construction index	+19%	N/A	July 2021	➡
 <b>Poland</b>	Housing completions	+4%	+5%	August 2021	➡
 <b>Spain</b>	Housing permits	+25%	+13%	July 2021	➡
 <b>Norway</b>	Housing starts	+0%	+5%	August 2021	➡

<sup>1)</sup> Seasonally adjusted, annualised rate vs. same month in previous year

Source: National Statistics Offices

# Jul-Sep 2021: Income statement

Uponor Group, M€	7-9 2020	7-9 2021	Change Y/Y
Net sales	301.0	321.4	+6.8%
Cost of goods sold	184.2	206.4	+12.0%
Gross profit	116.9	115.0	-1.6%
Gross profit margin (%)	38.8%	35.8%	-3.0% pts
Other operating income	0.2	0.3	+50.7%
Expenses	67.4	78.0	+15.6%
Operating profit	49.6	37.3	-24.7%
Operating profit margin (%)	16.5%	11.6%	-4.9% pts
Comparable operating profit	49.6	38.1	-23.2%
Comparable operating profit margin (%)	16.5%	11.8%	-4.6% pts
Financial expenses, net	1.0	1.1	+18.2%
Share of result in associated companies	-0.9	1.0	+208.5%
Profit before taxes	47.7	37.2	-22.1%
Profit for the period	35.2	27.4	-22.3%
EBITDA	62.3	49.4	-20.7%

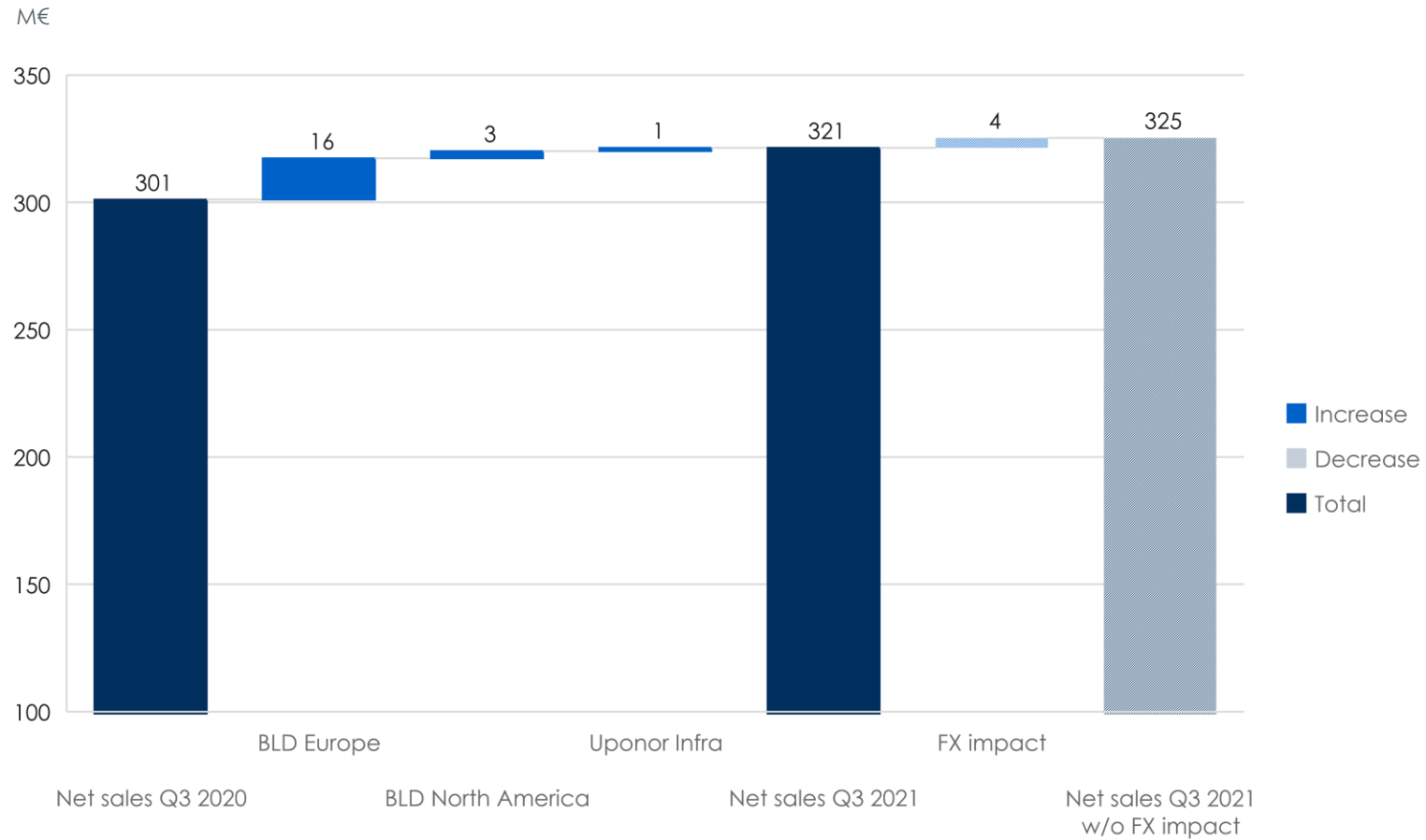
# Sep 2021: Balance sheet

Uponor Group, M€	30 Sep 2020	30 Sep 2021	Change Y/Y	31 Dec 2020
Property, plant and equipment	263.1	264.2	1.1	264.7
Intangible assets	93.0	96.4	3.4	95.9
Securities and long-term investments	15.7	6.7	-9.0	14.2
Inventories	131.6	155.5	24.0	128.7
Cash and cash equivalents	155.5	128.5	-26.9	138.0
Other current and non-current assets	273.9	293.5	19.6	226.9
<b>Assets total</b>	<b>932.8</b>	<b>944.8</b>	<b>12.0</b>	<b>868.4</b>
Total equity	398.0	471.6	73.6	421.9
Non-current interest-bearing liabilities	128.2	91.5	-36.7	124.1
Provisions	34.0	42.6	8.6	37.1
Non-interest-bearing liabilities	271.4	328.7	57.3	256.4
Current interest-bearing liabilities	101.2	10.4	-90.8	29.0
<b>Shareholders' equity and liabilities total</b>	<b>932.8</b>	<b>944.8</b>	<b>12.0</b>	<b>868.4</b>

# Jan-Sep 2021: Income statement

Uponor Group, M€	1-9 2020	1-9 2021	Change Y/Y	1-12 2020
Net sales	855.5	983.9	+15.0%	1 136.0
Cost of goods sold	532.1	617.0	+15.9%	706.6
Gross profit	323.4	366.9	+13.5%	429.4
Gross profit margin (%)	37.8%	37.3%	-0.5% pts	37.8%
Other operating income	0.7	0.8	+19.5%	1.0
Expenses	215.6	236.4	+9.6%	298.1
Operating profit	108.5	131.3	+21.1%	132.3
Operating profit margin (%)	12.7%	13.3%	+0.7% pts	11.6%
Comparable operating profit	115.3	133.8	+16.0%	142.7
Comparable operating profit margin (%)	13.5%	13.6%	+0.1% pts	12.6%
Financial expenses, net	2.8	7.0	+149.3%	6.3
Share of result in associated companies	-3.3	-6.4	-94.5%	-4.2
Profit before taxes	102.4	117.9	+15.2%	121.8
Profit for the period	75.3	85.0	+12.8%	96.1
EBITDA	147.7	167.9	+13.6%	185.0

# Jul-Sep 2021: Net sales bridge



# Jul-Sep 2021: Comparable operating profit bridge

