

Uponor roadshow presentation FY2020

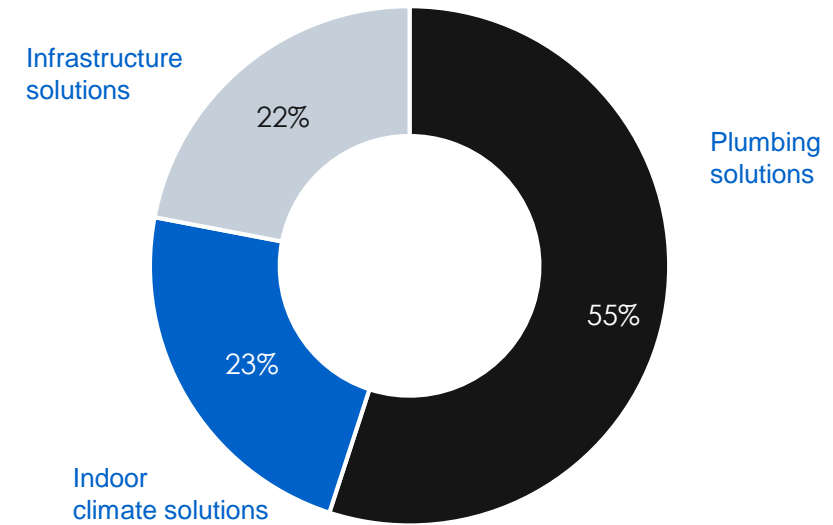
uponor

Jyri Luomakoski – President and CEO
Minna Yrjönmäki – CFO

Uponor at a glance

Uponor is a leading international provider of solutions that move water for buildings and infrastructure.

We're rethinking water for future generations with our safe drinking water delivery systems, energy-efficient radiant heating and cooling systems, and reliable infrastructure solutions.



1.1

billion
net sales in 2020



26

countries with
Uponor operations



16

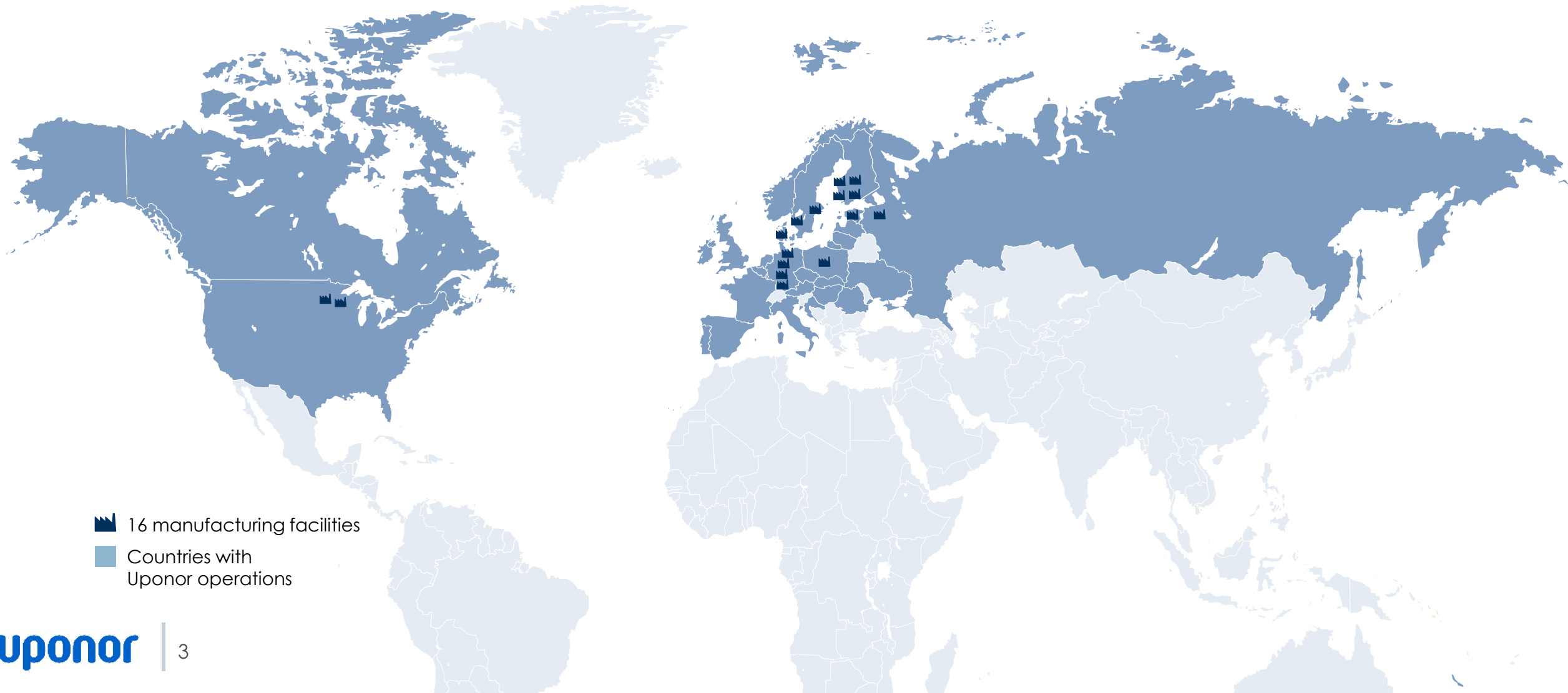
manufacturing
locations



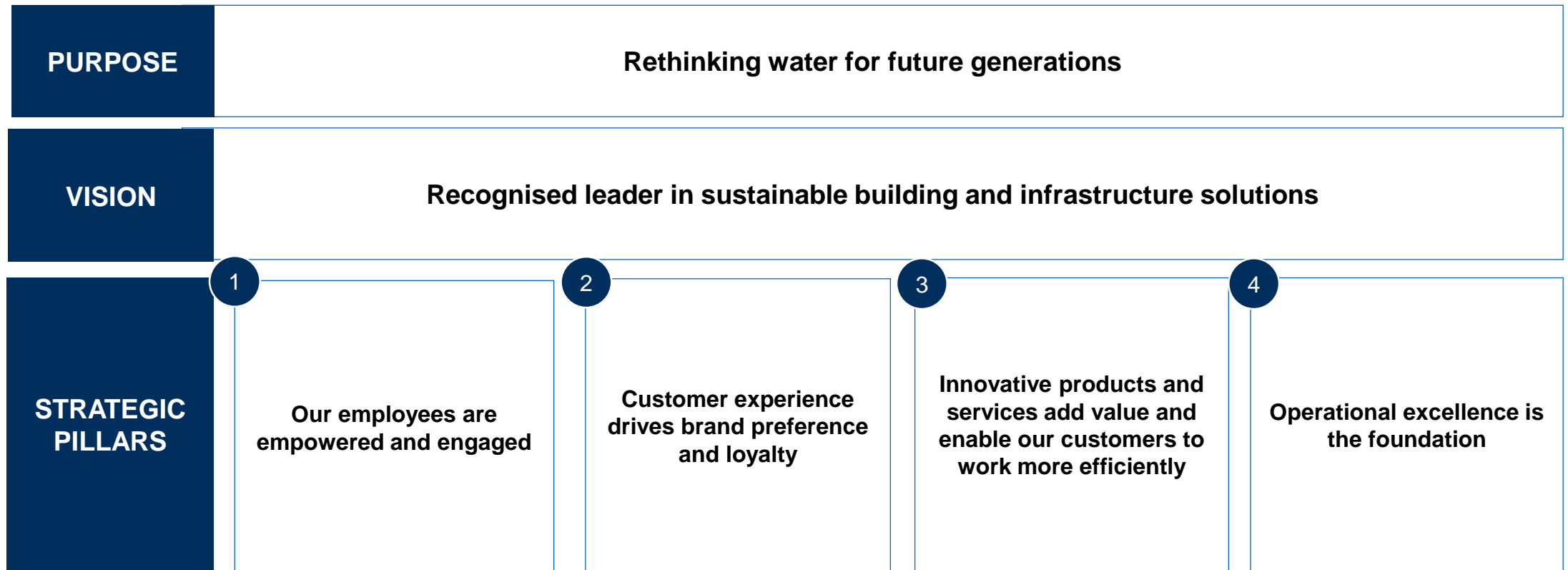
3,700

employees
worldwide

Uponor operates in 26 countries, serving customers worldwide



Purpose, vision and strategic pillars give a direction for our profitable growth



Sustainability embedded in our daily operations

We have a passion for innovation, engineering and technology as well as strive to safeguard water, a scarce resource, for future generations. Our durable products enable a more sustainable lifestyle.

We take climate and resource issues into consideration. We produce products and services that use less energy, reduce resource demand, perform reliably for years and are safe for installers to install.

We have investigated the water footprint of our manufacturing facilities and are analysing the results for further action.

We are an United Nation's Global Compact signatory, we participate in the CDP and we are committed to Science Based targets initiative.



Our sustainability agenda is built on the UN Sustainable Development Goals

We support all the 17 SDG's, but have prioritised four of them: clean water and sanitation, decent work and economic growth, responsible consumption and production, as well as climate action.



More water conserving technologies are needed to ensure water is not wasted. Our innovative solutions help to ensure safe water delivery and to conserve it.



Good working place offers equal opportunities for everyone regardless of their gender, age or nationality. We want to provide a safe workplace and avenues for professional development.

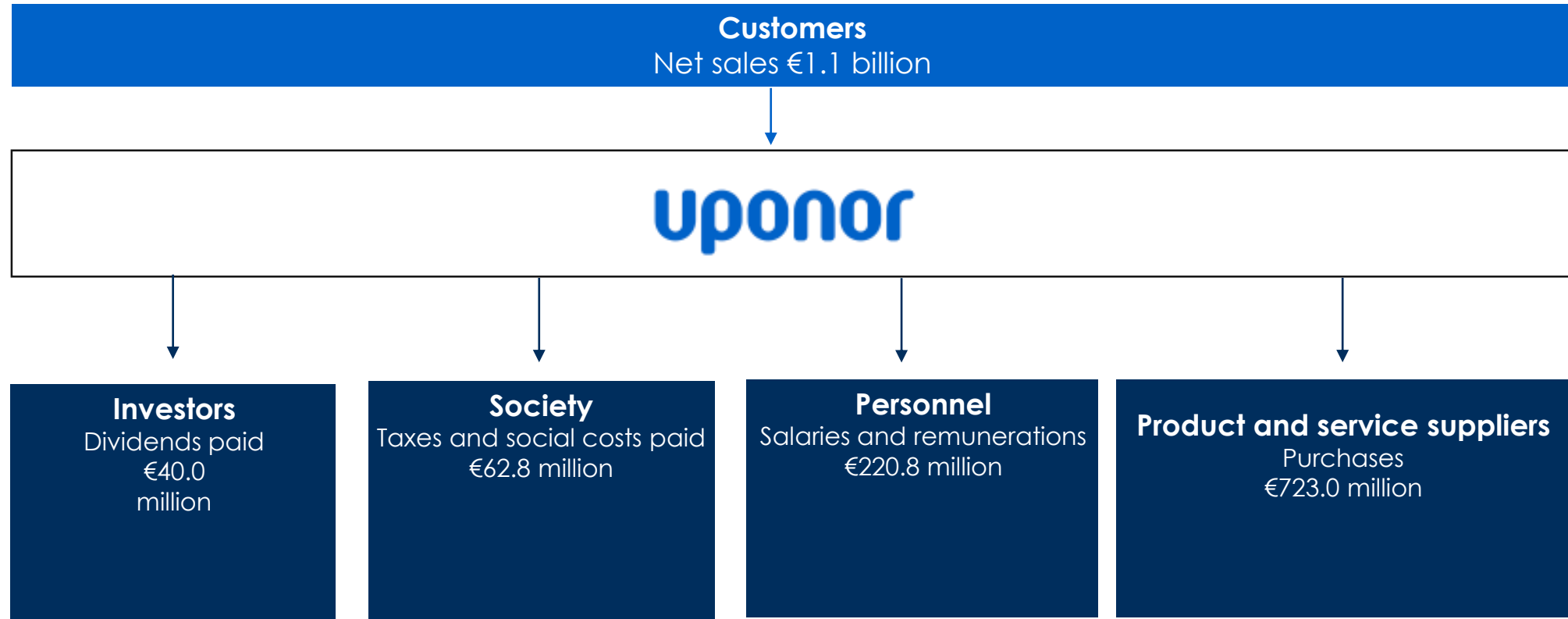


For us responsible consumption and production means durable and sustainable product and service offering. We use raw materials efficiently and we build ways to enhance the circular economy.



The effects of climate change are felt everywhere, and action needs to be taken. We continuously aim to reduce the overall impact of our business operations and increase energy efficiency.

Financial impact on stakeholders 2020



Good progress on sustainability agenda

	Unit	2019	2020
Total energy consumption	1,000 MWh	218.0	208.5
Raw material used	1,000 tonnes	146.2	157.1
Water consumption	1,000 m3	154.1	139.3
Total GHG emissions (Scope 1)	1,000 tonnes	8.4	6.7
Total GHG emissions (Scope 2)	1,000 tonnes	27.0	14.4
Total waste	1,000 tonnes	18.1	15.9
Incident rate (LTIF)	per million work hours	11.9	7.5

- The target level of Uponor's earlier climate related goal to reduce its greenhouse gas emissions (reduction of direct and indirect scope 1 and 2 by 20% per net sales by 2020, from the 2015 levels) was met.
- Uponor has committed to the Science Based Targets initiative and expects to gain approval for the new GHG emission reduction targets during the first half of 2021.

Our business

uponor

Our key customers segments



Residential



Commercial



**Municipalities
and utilities**



Industrial

Our business groups

Plumbing solutions 55%



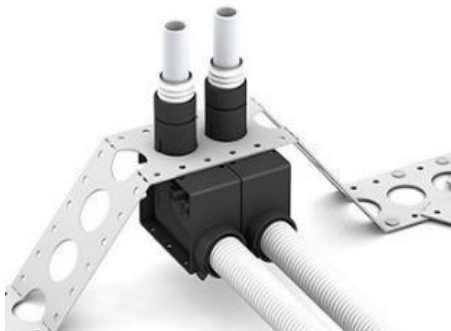
Indoor climate solutions 23%



Infrastructure solutions 22%



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



Heating and cooling distribution



Manifold stations



Controls



Local heat distribution



Ventilation

Uponor's infrastructure offering: Transporting water, air, electricity, telecommunications and data



Standard Solutions



360° Project Services

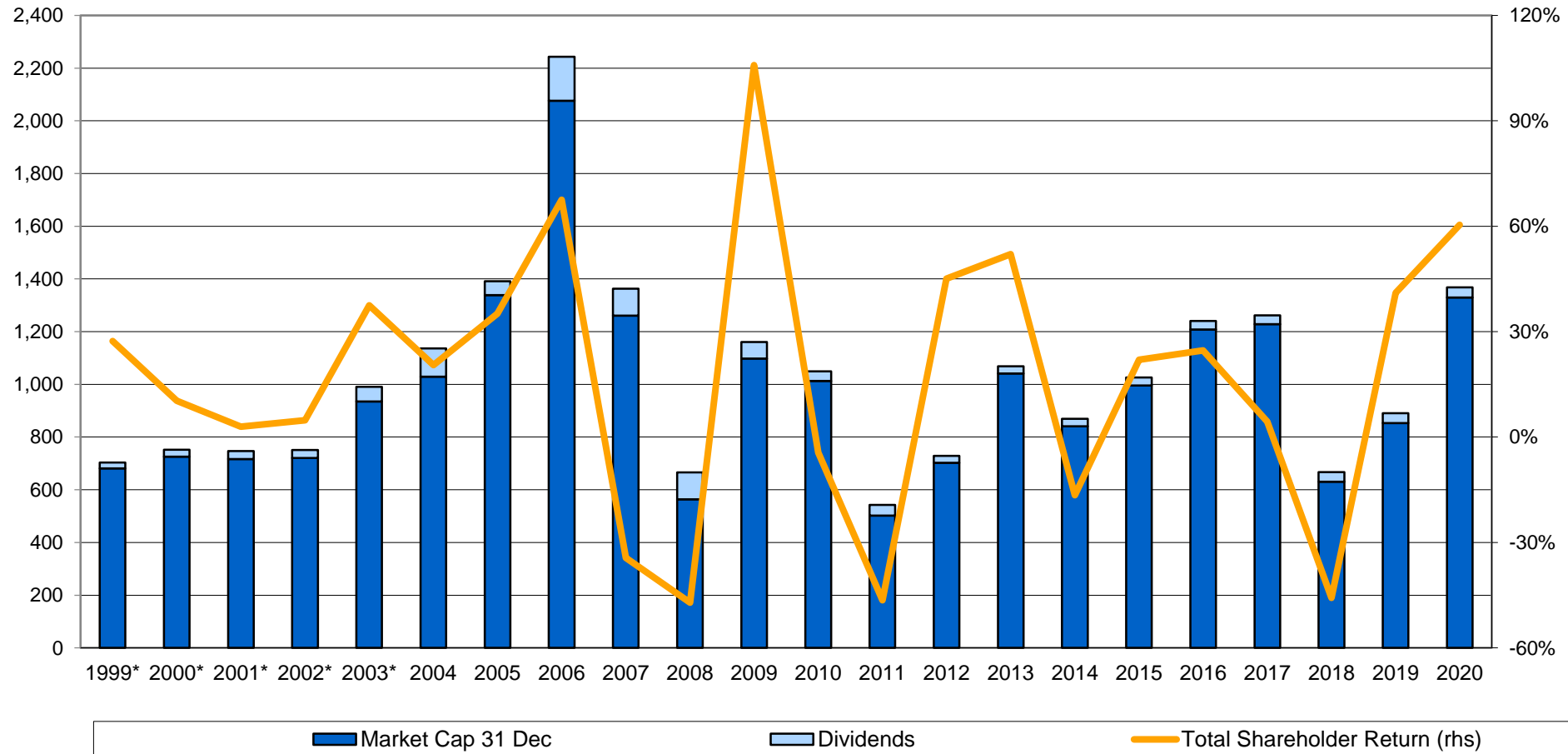


Water Monitoring
Services



Weholite® Technology
Licensing

Shareholder value development 1999–2020

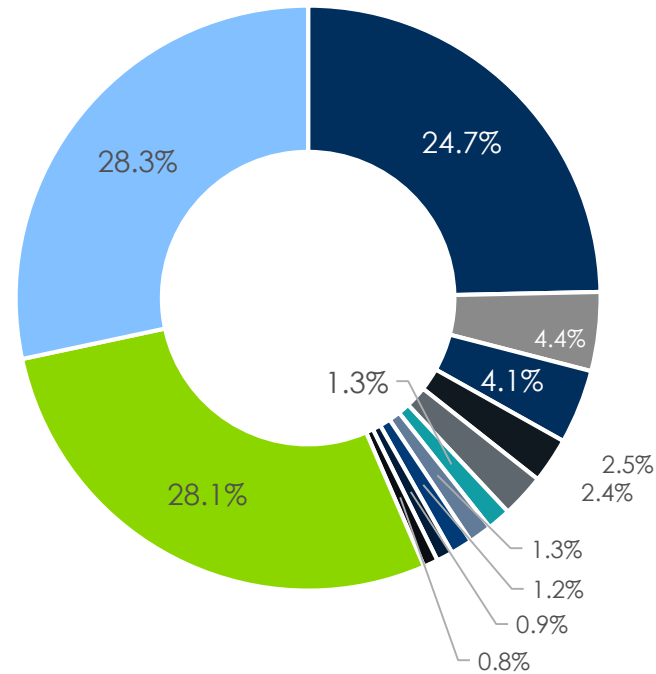


Share price development 2002–2020



Major shareholders at 31 December 2020

- Oras Invest Ltd 24.6%
- Nordea Nordic Small Cap Fund 4.4%
- Varma Mutual Pension Insurance Company 4.1%
- Ilmarinen Mutual Pension Insurance Company 2.5%
- Mandatum Life Insurance Company Ltd. 2.4%
- OP-Finland 1.3%
- Sigrid Jusélius Foundation 1.3%
- Pekka Paasikivi 1.2%
- The State Pension Fund 0.9%
- Jukka Paasikivi 0.8%
- Nominee registrations 28.1%
- Others 28.3%



17,834 shareholders at the end of December 2020.

Uponor's long-term financial targets

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

Financial results briefing 1–12/2020

uponor



Q4/2020: Strong performance continued

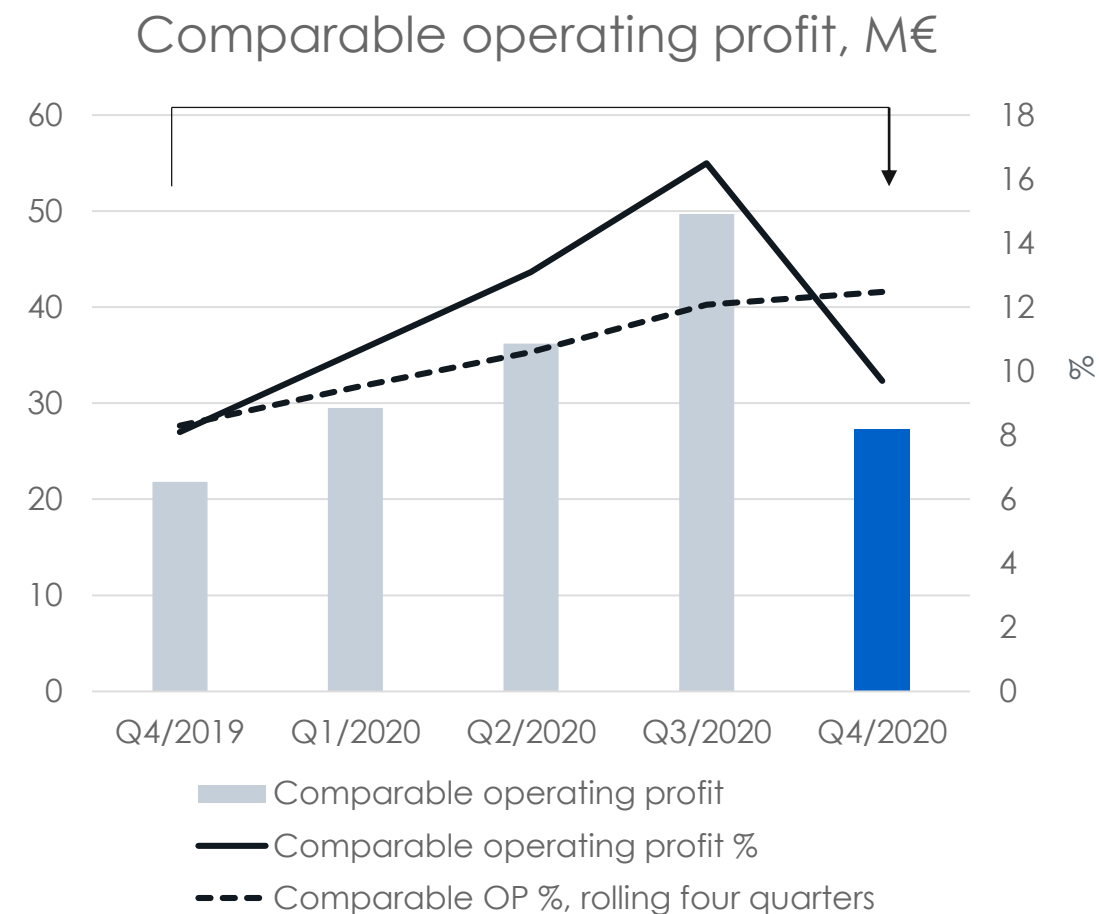
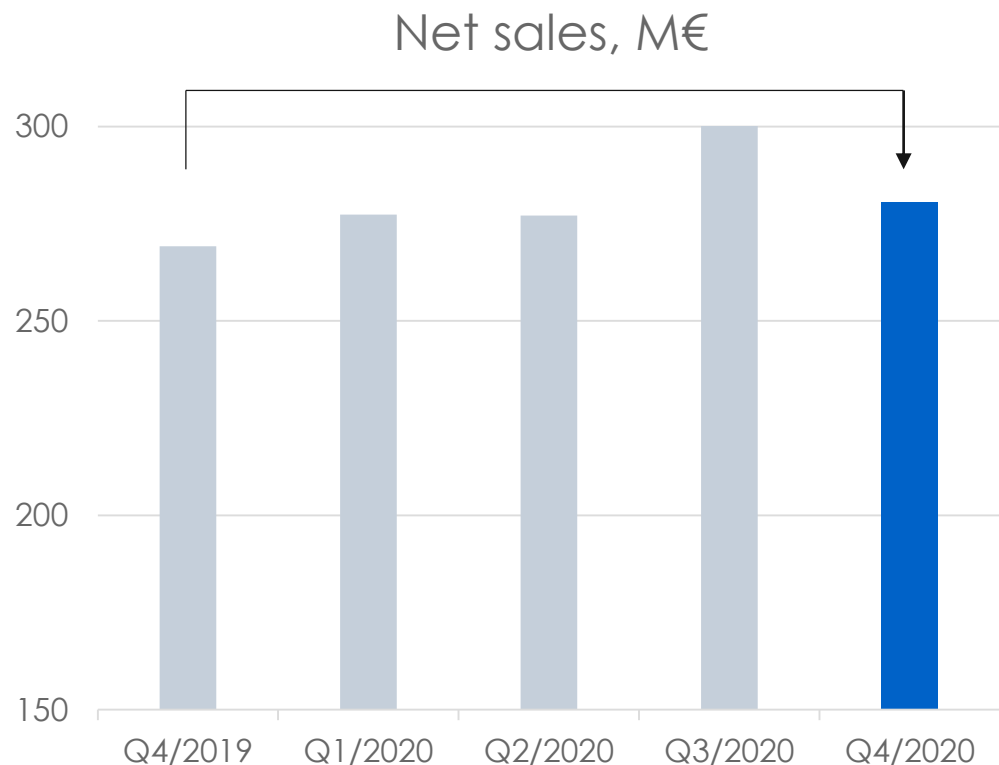
- Net sales were €280.5 (269.2) million, organic growth 6.0% in constant currency terms
- Comparable operating profit was €27.3 (21.8) million, growth 25.6%
- Net sales and operating profit decreased in Building Solutions – North America, due to strong comparison period
- Net sales and comparable operating profit increased in both Building Solutions – Europe and Uponor Infra

Full year 2020: Record result since the financial crisis 2008

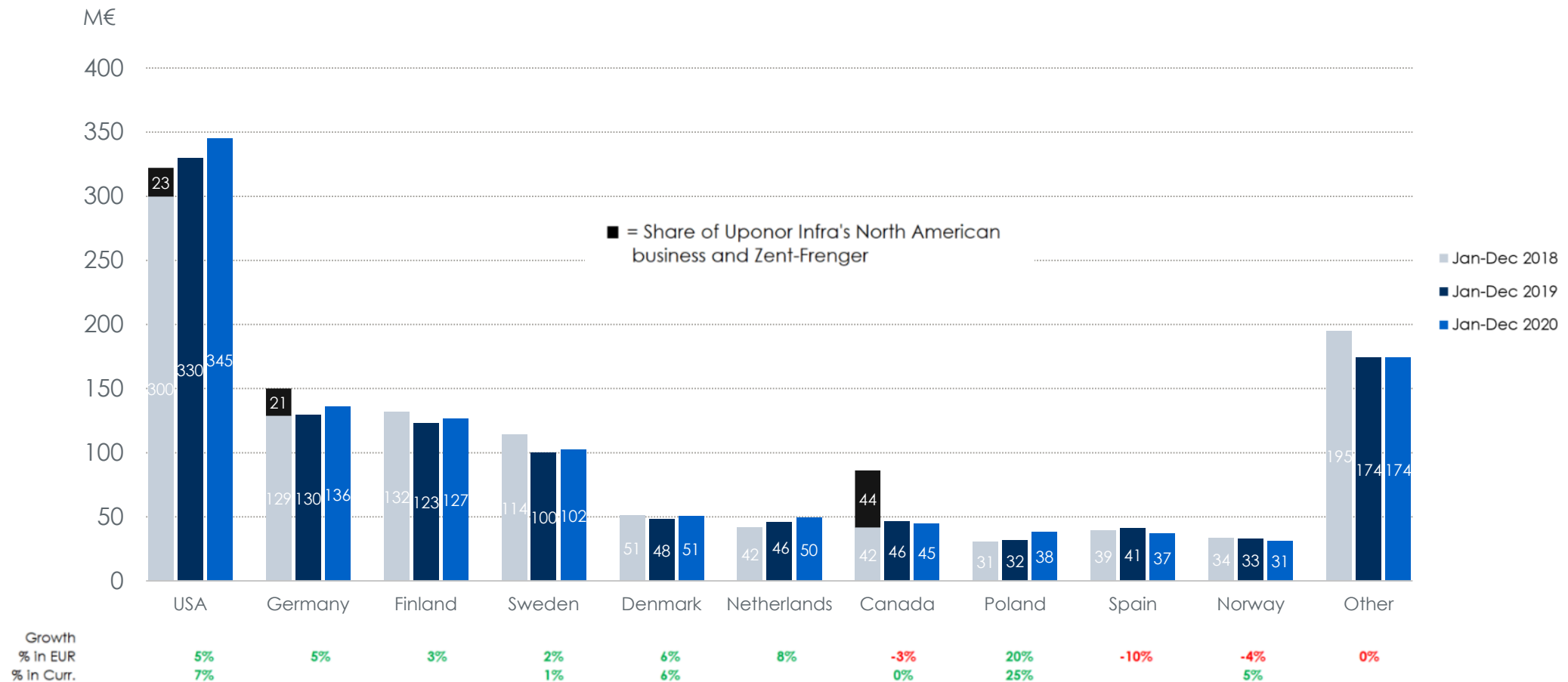
- Net sales were €1,136.0 (1,103.1) million, organic growth 4.6% in constant currency terms
- Comparable operating profit was €142.7 (92.7) million, growth 53.9%
- Net sales and comparable operating profit improved in all three segments



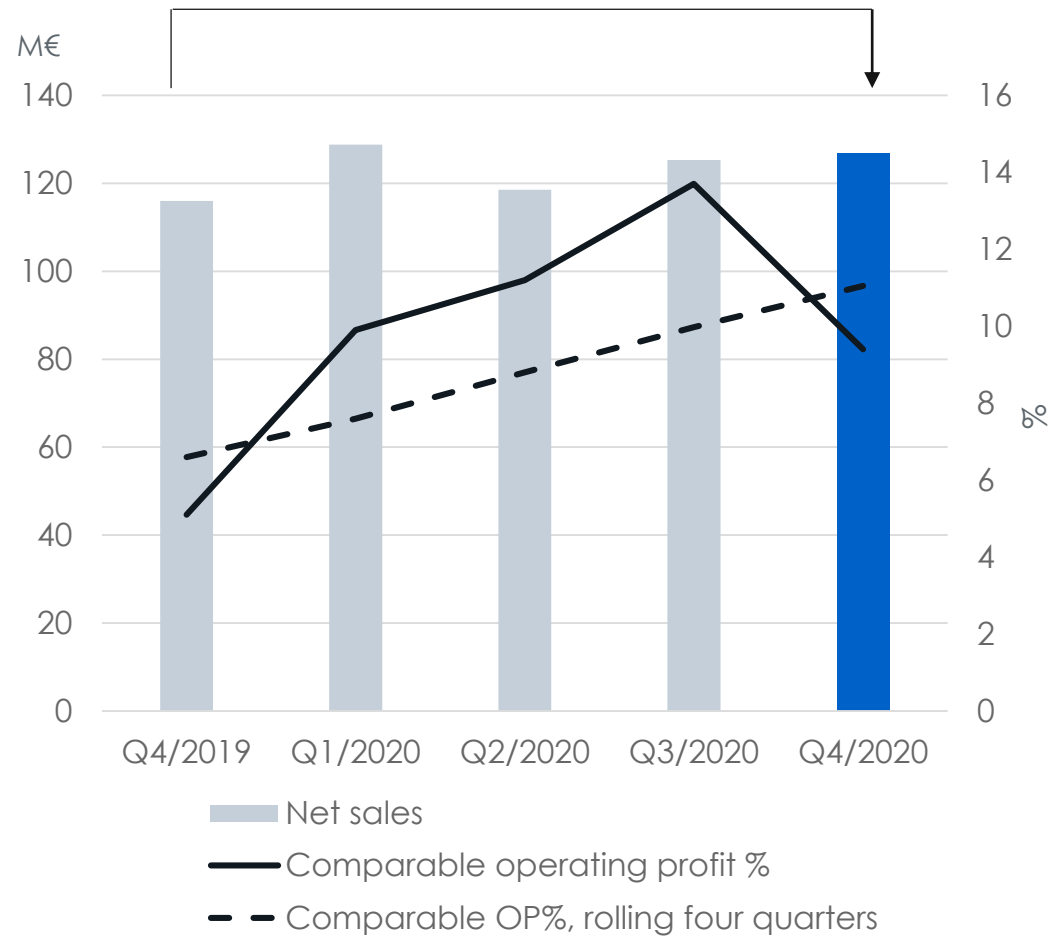
Net sales & comparable operating profit: Long-term financial targets reached



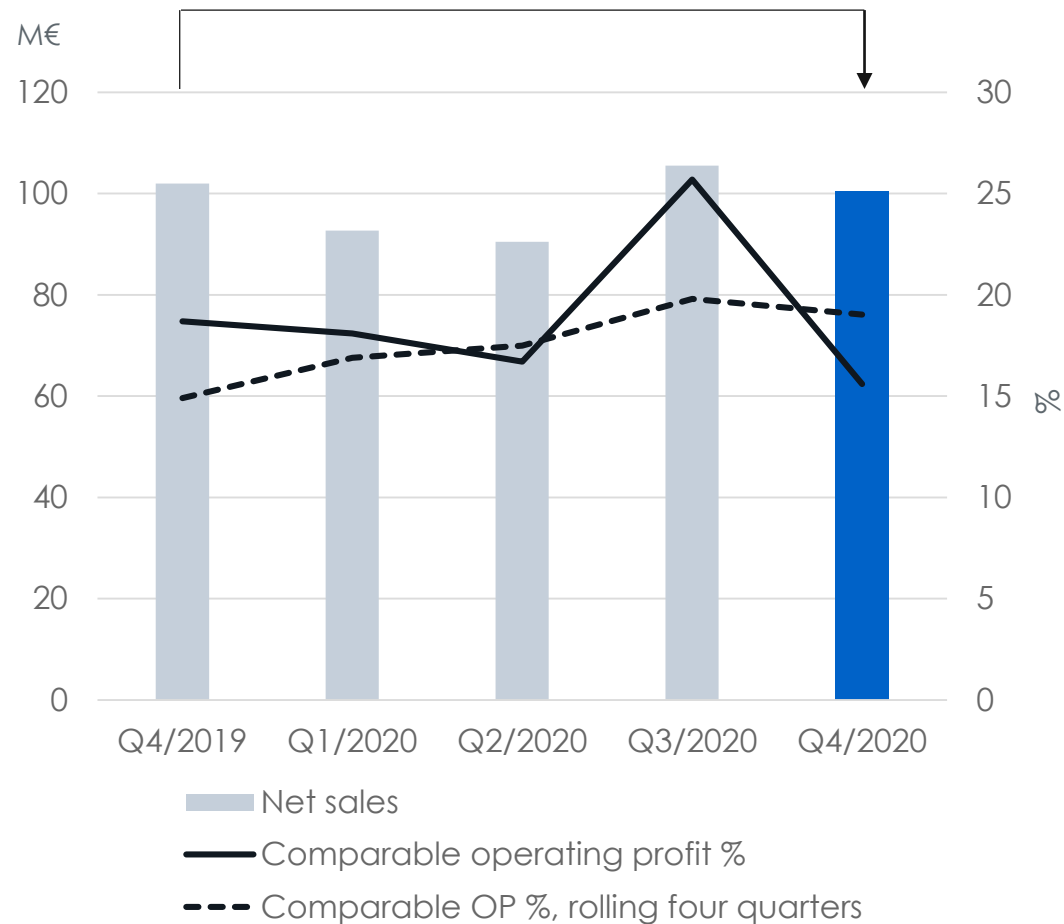
Development by key markets January–December 2020: Net sales increased in almost all key markets



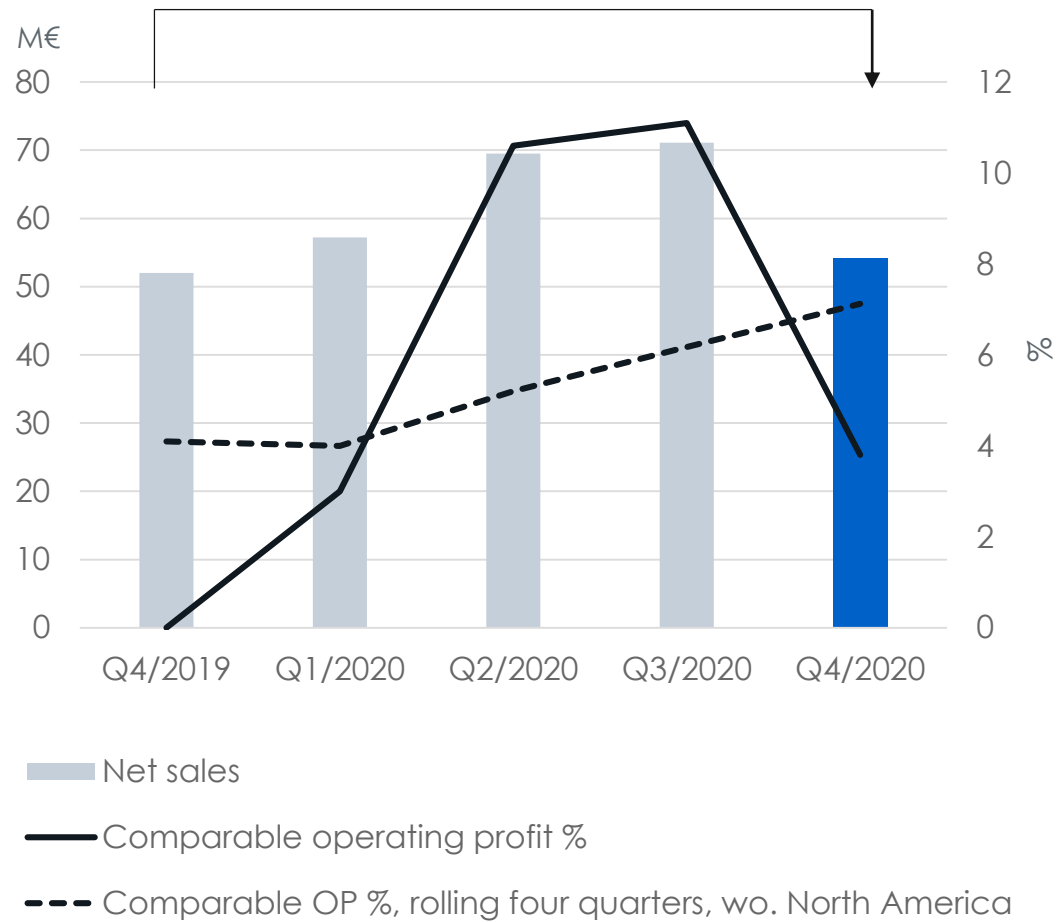
Building Solutions – Europe: Profitability improved significantly



Building Solutions – North America: A strong performance throughout the year

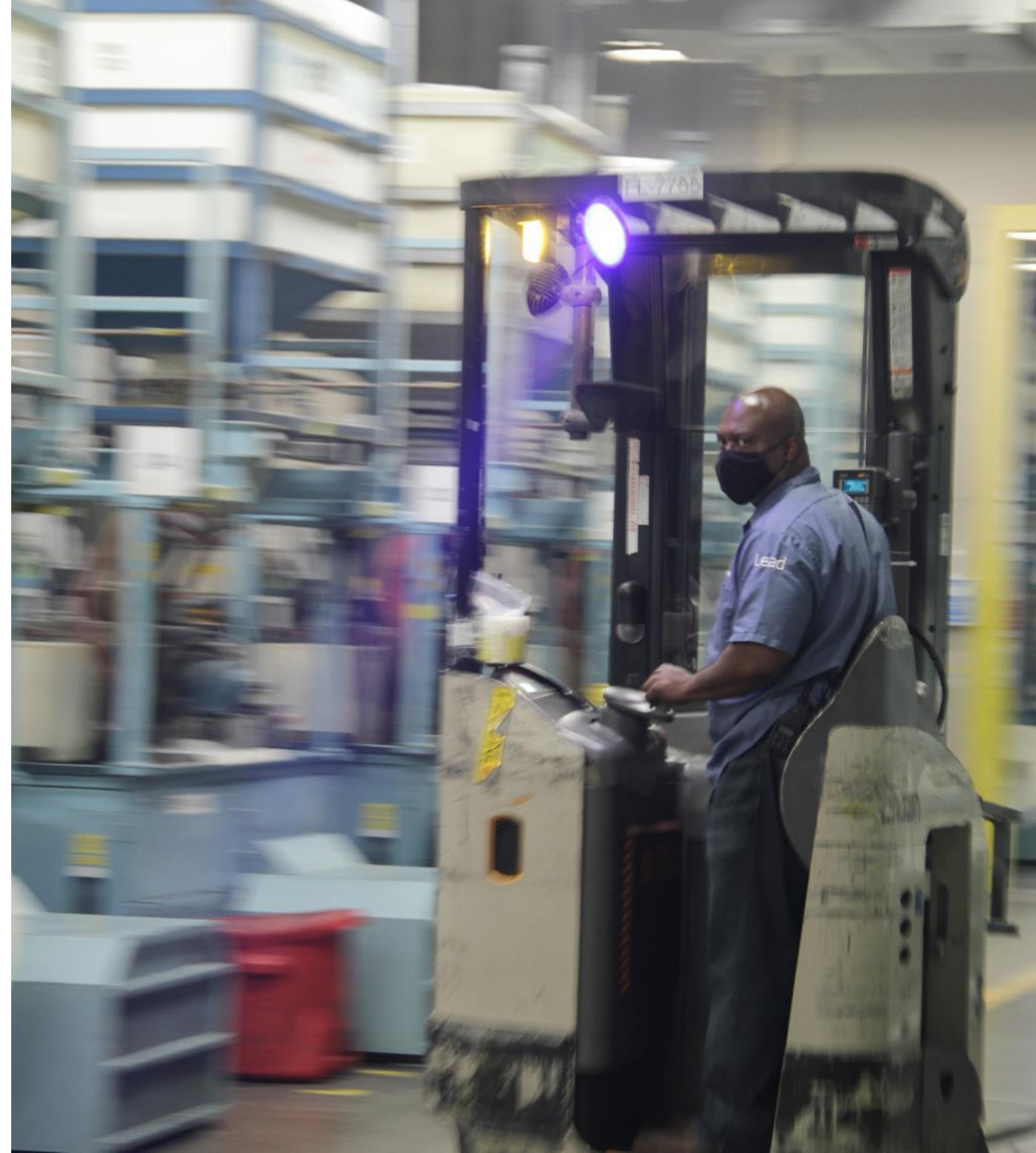


Uponor Infra: A solid year in terms of both net sales and operating profit



Impacts of COVID-19 in 2020

- COVID-19 restrictions and related economic uncertainty led to overall market slowness and uncertainties in Uponor's operating environment.
- During spring, demand for Uponor's solutions decreased, but after May, demand returned to normal seasonal level.
- Costs related to marketing activities and travelling were directly impacted by the pandemic creating savings around €10 million.
- Starting in 2021, Uponor expects these costs to gradually reoccur.



Operational excellence programme progresses according to plan

- In 2020, the programme generated savings of approximately €8 million.
- The programme is expected to reduce approximately 200 FTEs by the end of 2021. By the end of 2020, the reduction was close to 80 FTEs.
- Since the launch of the programme, in total €11.8 million in one-time costs have been recorded as items affecting comparability.
 - Of that amount, €10.4 million was recorded in 2020

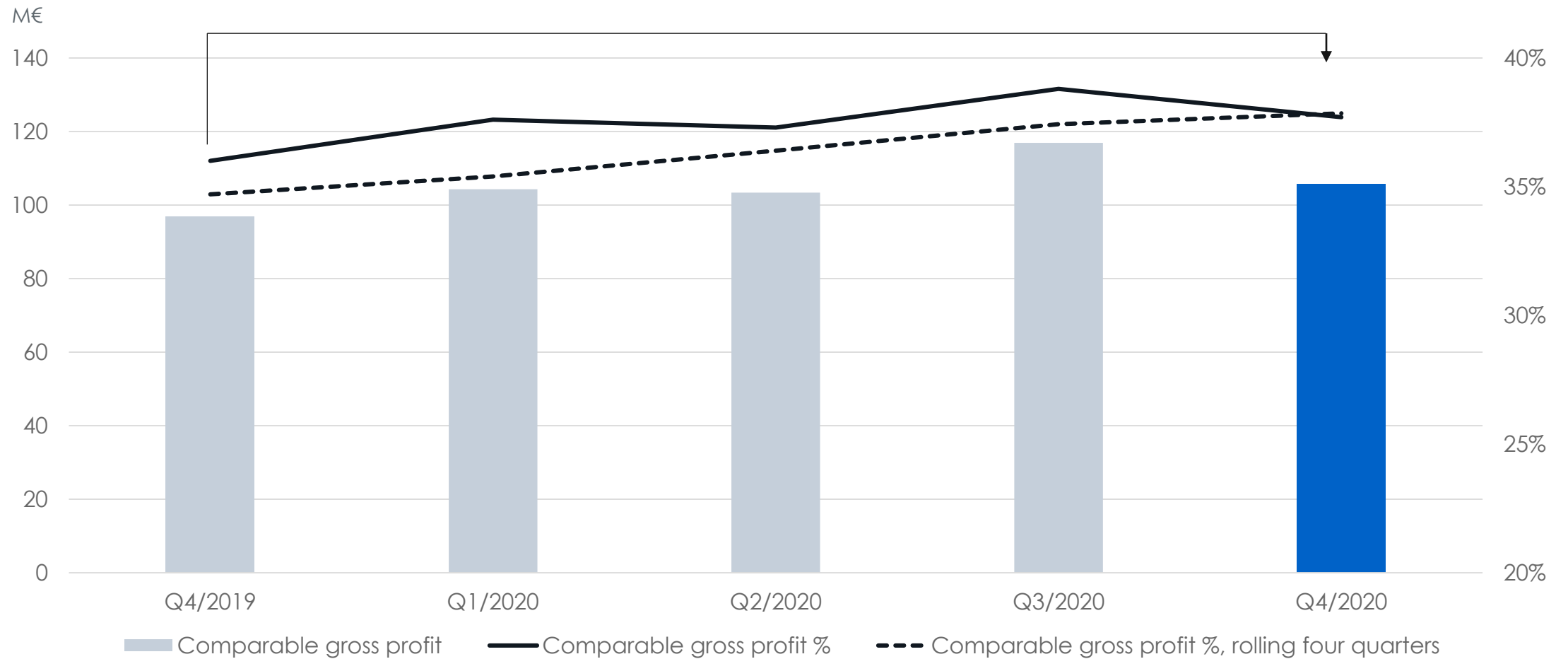


Minna Yrjönmäki, CFO

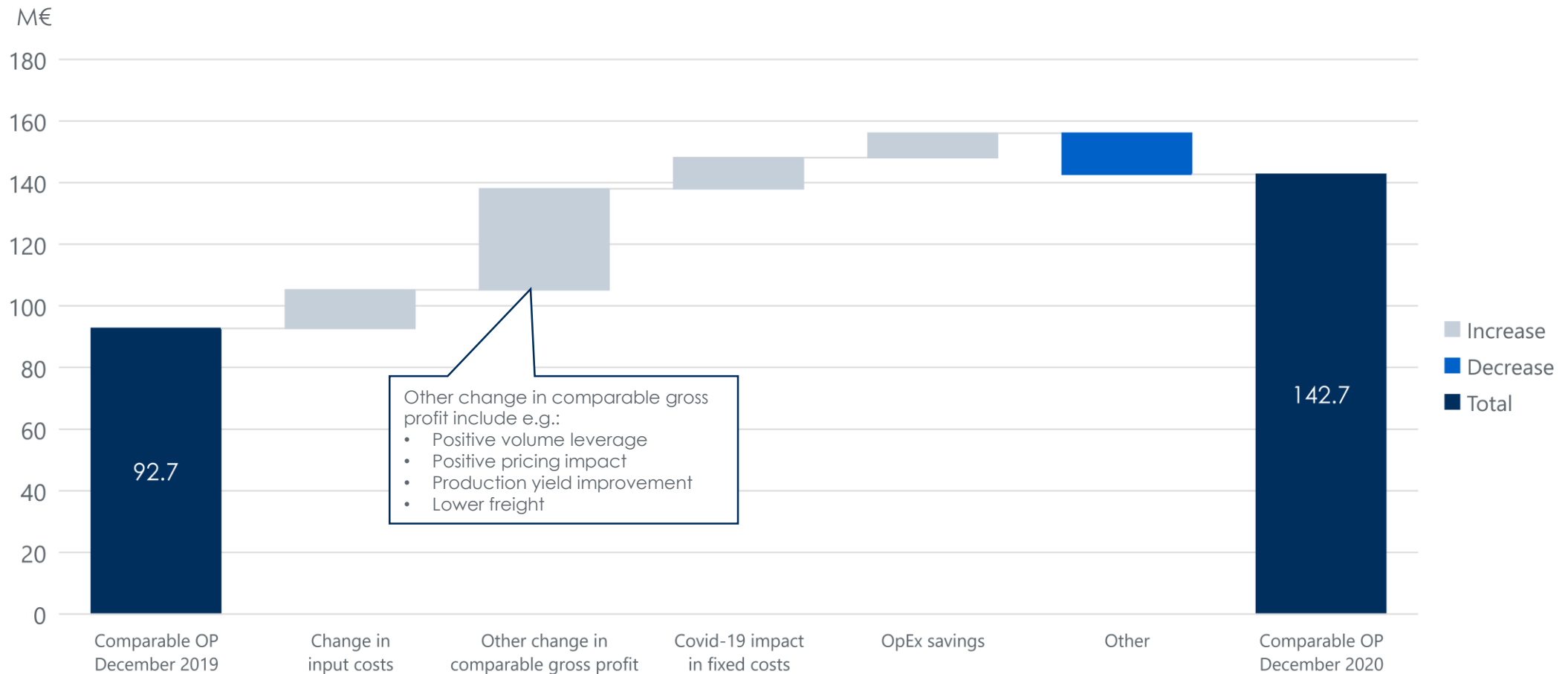
Financial Statements

1-12/2020

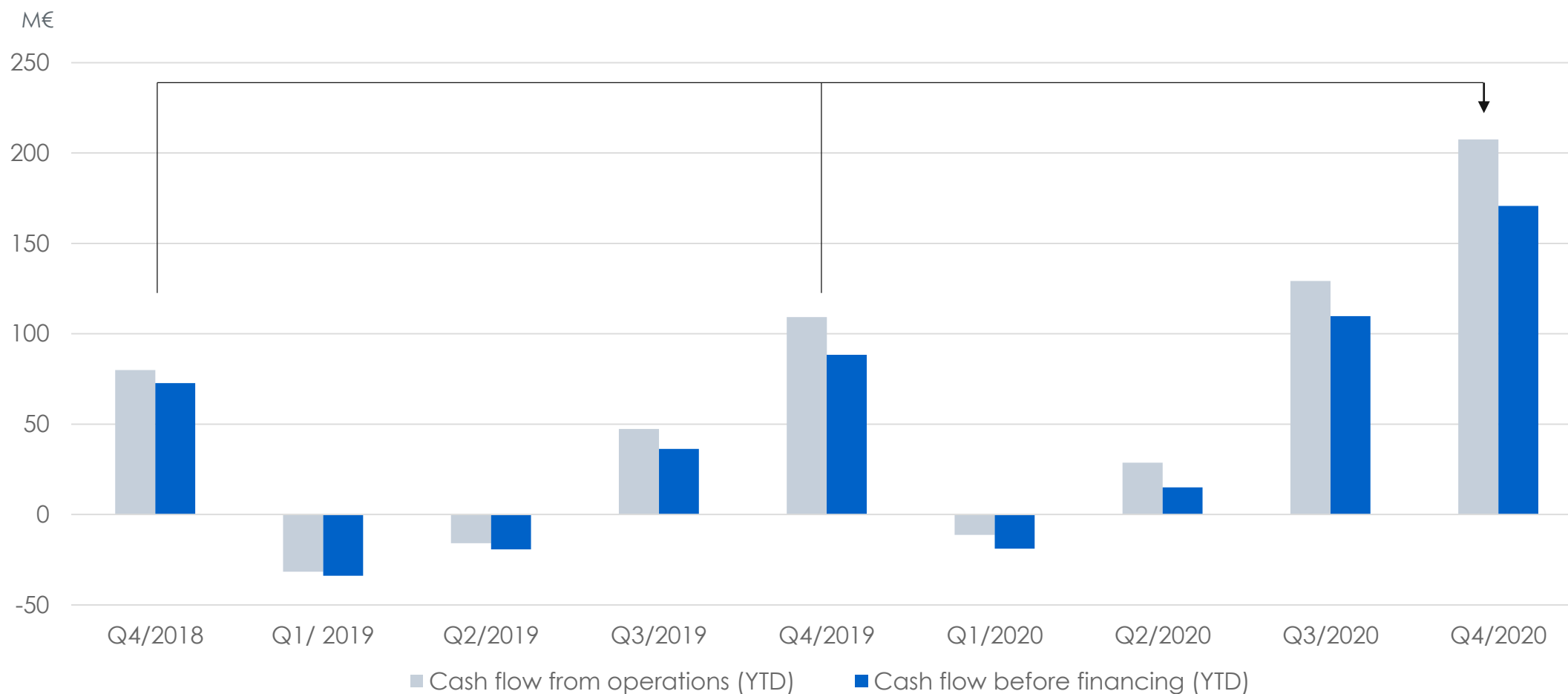
Comparable gross profit margin improved driven by improvements in operations and favourable input costs



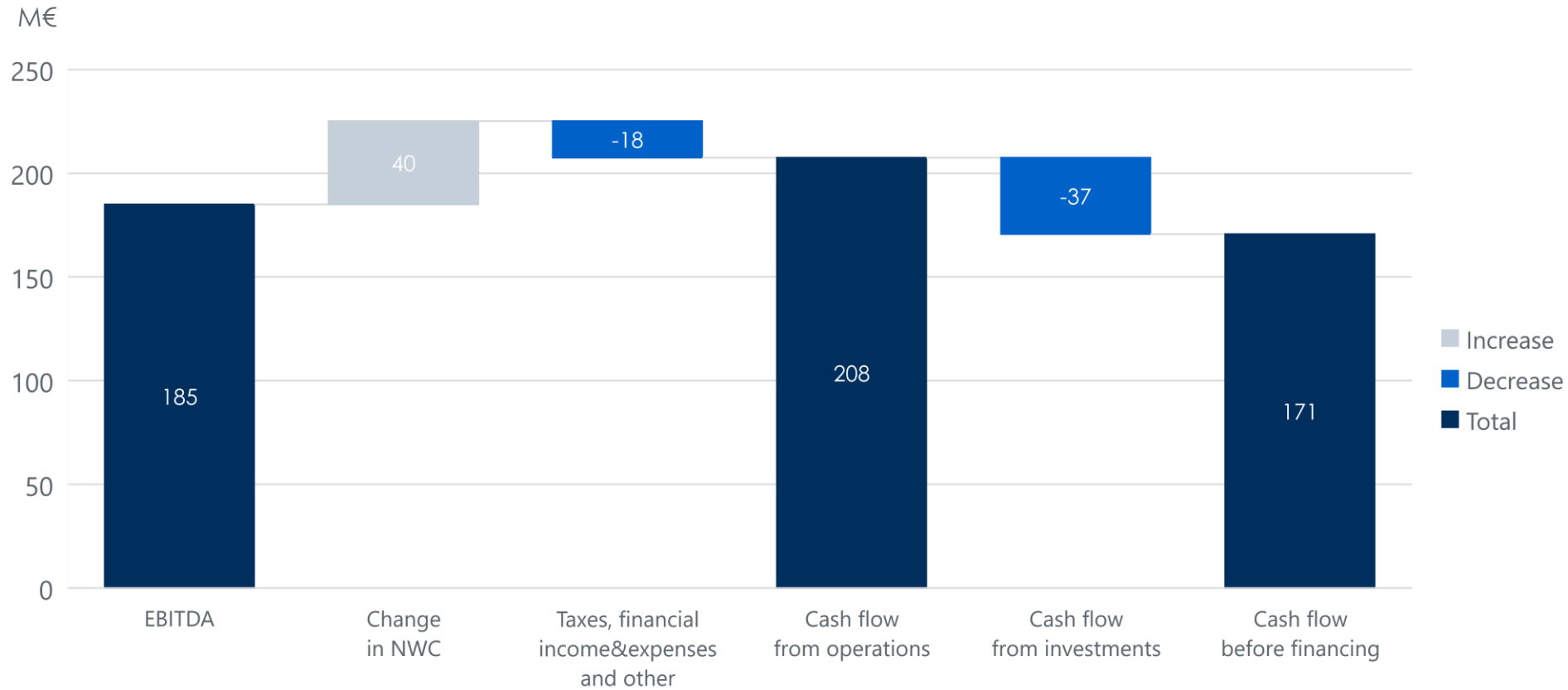
The increase in comparable operating profit was driven by cost improvement, volume growth and operational excellence



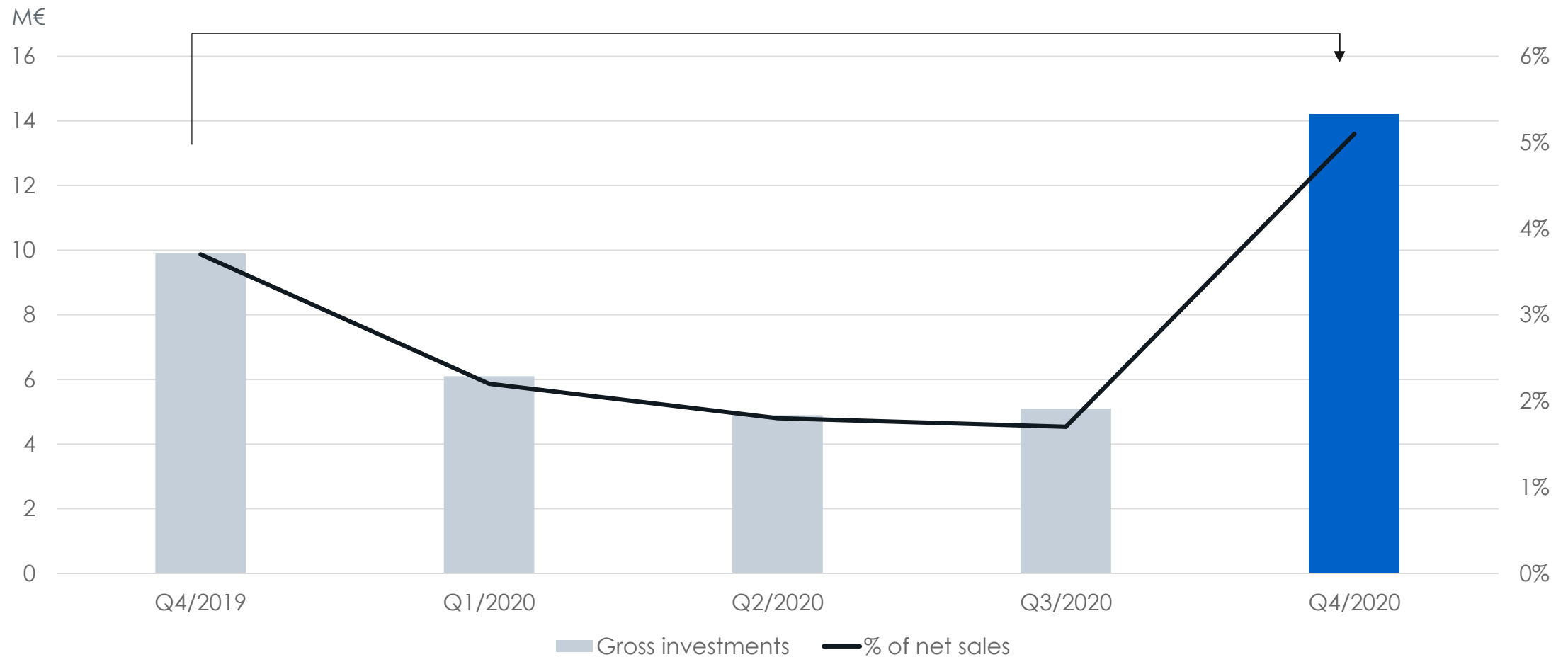
Cash flow from operations as well as cash flow before financing exceeded last years' levels



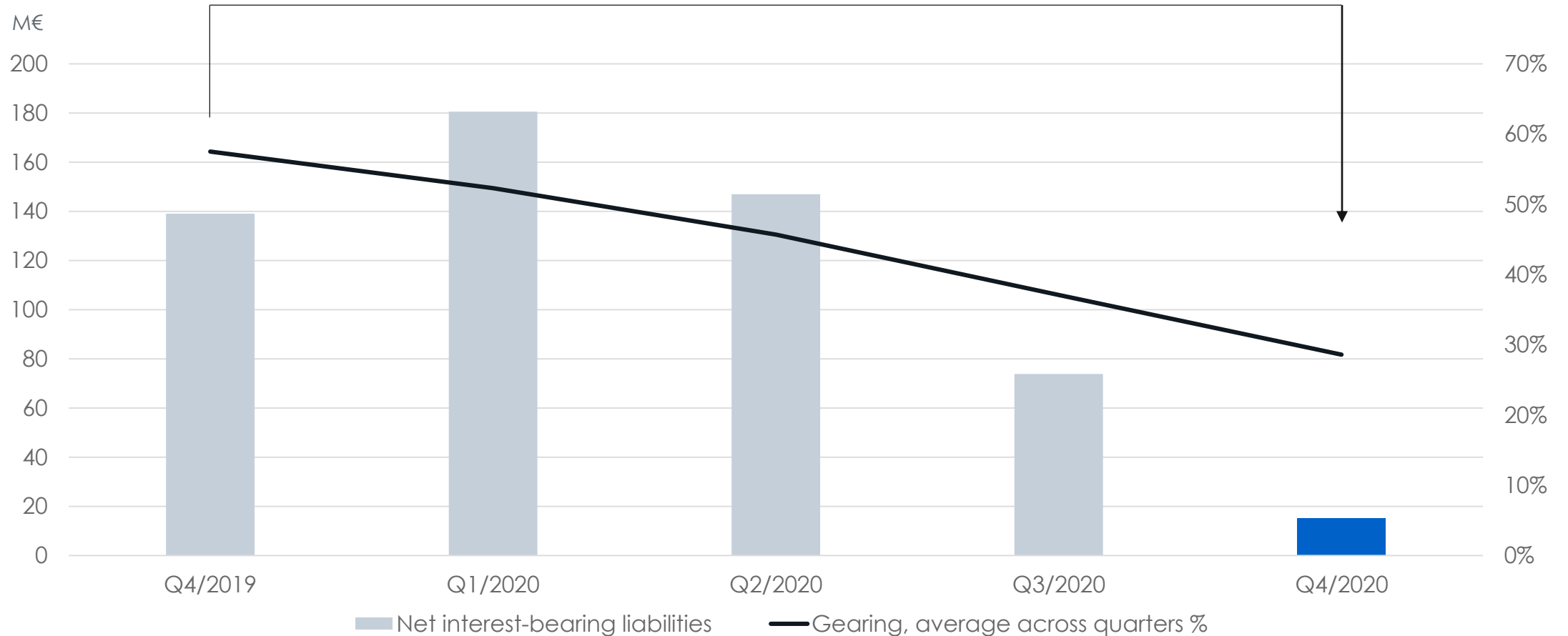
Increased cash flow from operations was driven by higher operating profit and lower net working capital



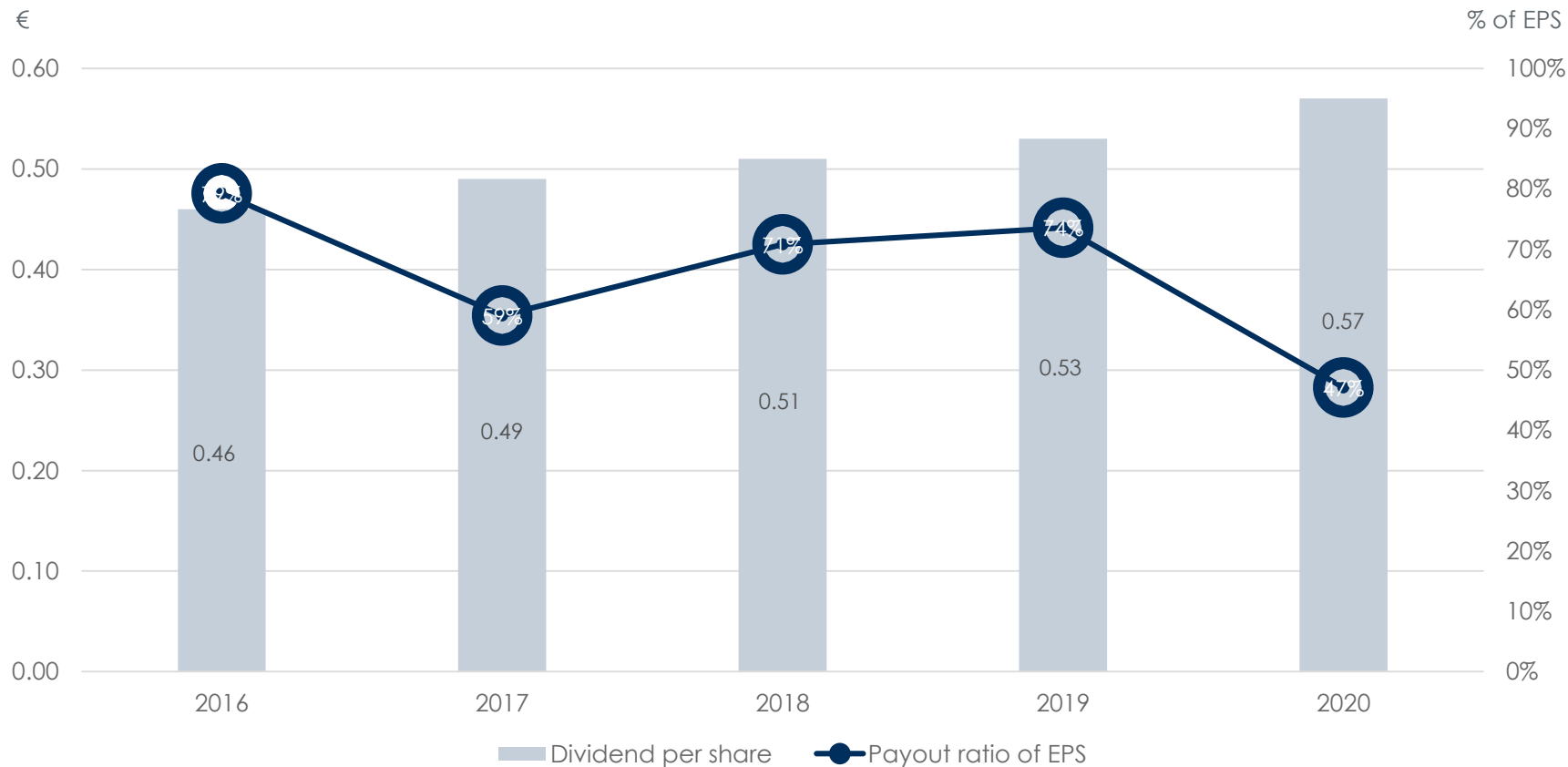
A cautious approach to new investments overall in 2020, Q4 including capacity increase



Net interest-bearing liabilities and gearing decreased significantly throughout the year



Dividends and payout ratio



The Board's dividend proposal: €0.57 (0.53) per share, of which 0.28 cents will be paid in March 2021 and 0.29 cents is planned to be paid in September 2021.

The Board decided to deviate from the long-term target of dividend payout to be at least 50% of annual earnings, because the 2020 result was favourably impacted by pandemic triggered cost savings of around €10 million and non-recurring tax cost reductions of around €3 million, which had over 0.14 EUR impact on EPS.

Jyri Luomakoski, President & CEO

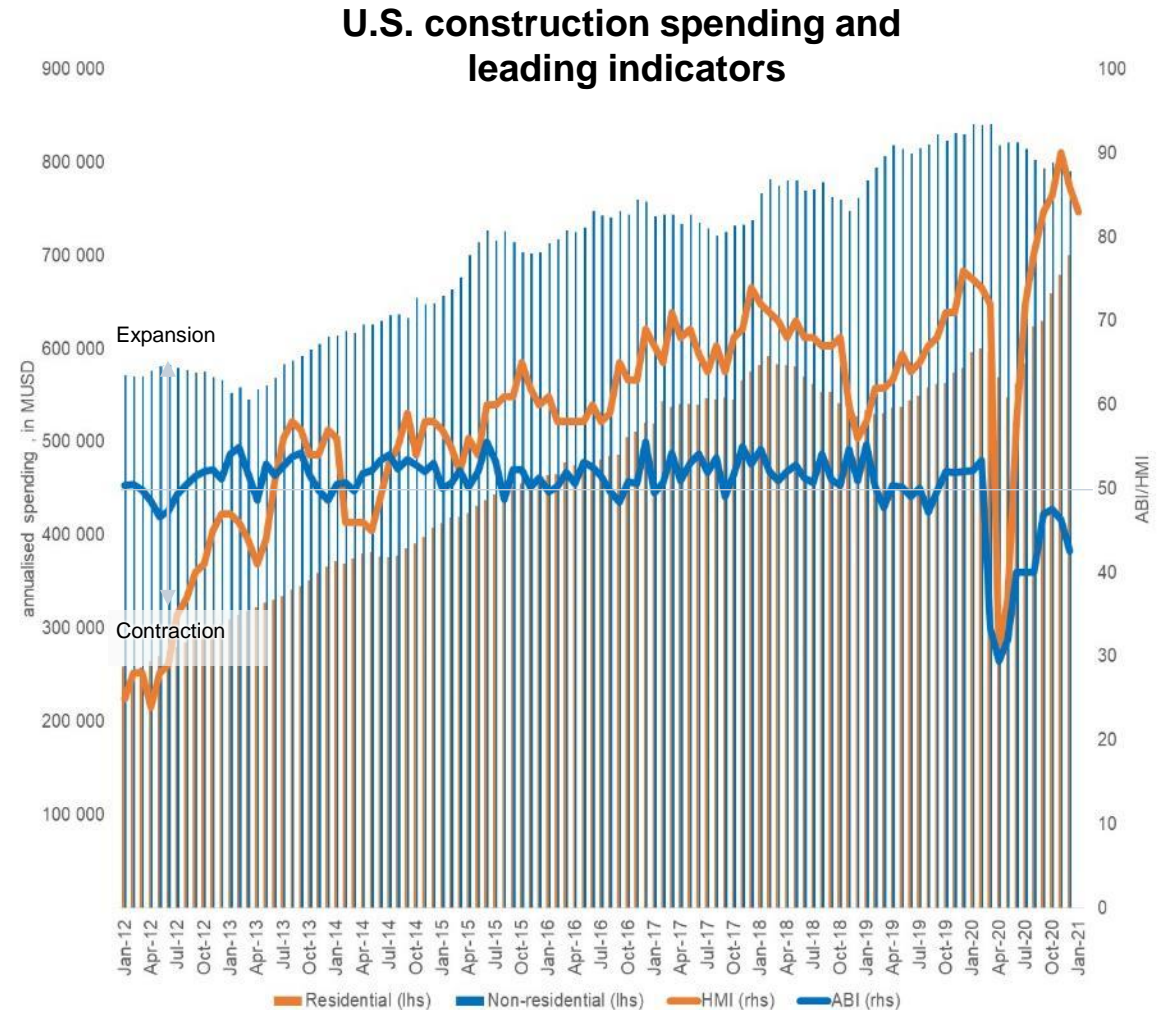
Outlook for the future

U.S.: The market for single-family homes very strong

Despite a resurgence of Covid-19 cases and an uptick in unemployment towards the end of the year, many sectors of the economy have largely recovered since the spring and further stimulus is highly probable.

Within the construction industry:

- Residential construction spending was up significantly through November, while spending in key non-residential segments slowed compared to a year earlier
- December housing starts were at a rate of 1.67 million, 5% above the December 2019 rate
- Homebuilder confidence, HMI, moderated from its November all-time-high, but remains very strong
- The ABI, a leading non-residential indicator, has indicated contraction for ten months in a row



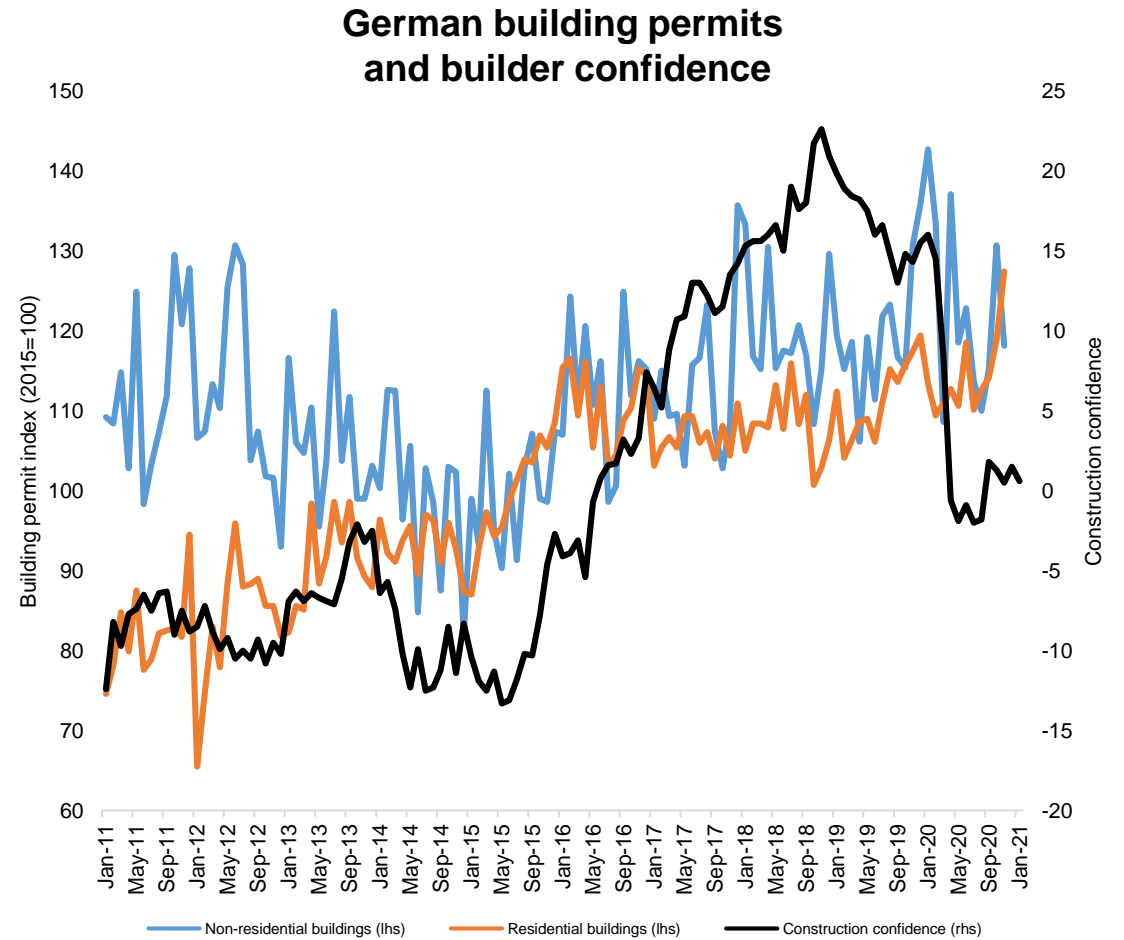
Source: Census Bureau, AIA, NAHB

Germany: Residential builders continued to be busy

Although the year-end national lockdown dampened the recovery somewhat, support packages for businesses, short-time work programs, and other interventions have supported the economy and businesses ended the year with a fair degree of confidence.

In the construction industry:

- New orders in the construction industry rose 2.0% in November in real terms compared to November 2019
- Residential building permits through November were up 5% compared to the same period in 2019
- Builders report continued stability in the residential segment, but a notable lack of demand for new non-residential projects



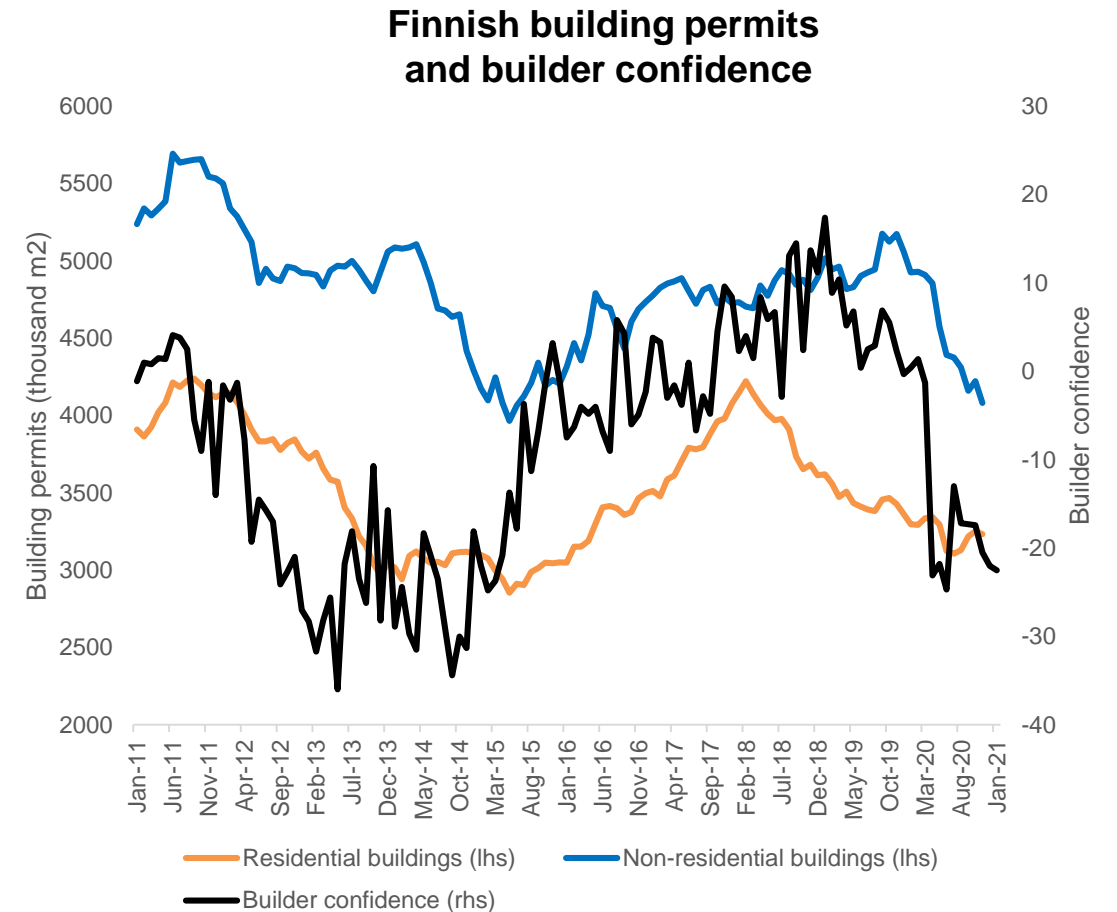
Source: Eurostat

Finland: Building construction slowed, while civil engineering grew

A comparatively moderate second wave of Covid-19 infections allowed the economy to continue to recovery, with total output in November just slightly below the previous year and employment on the rise.

Within the construction industry:

- Residential permits were down 5% while non-residential permits were down 20% year-to-date through November
- After recovering somewhat during the summer months, builder confidence weakened significantly during Q4 as order books softened
- Civil engineering spending continued to grow on transportation infrastructure, especially in rail projects



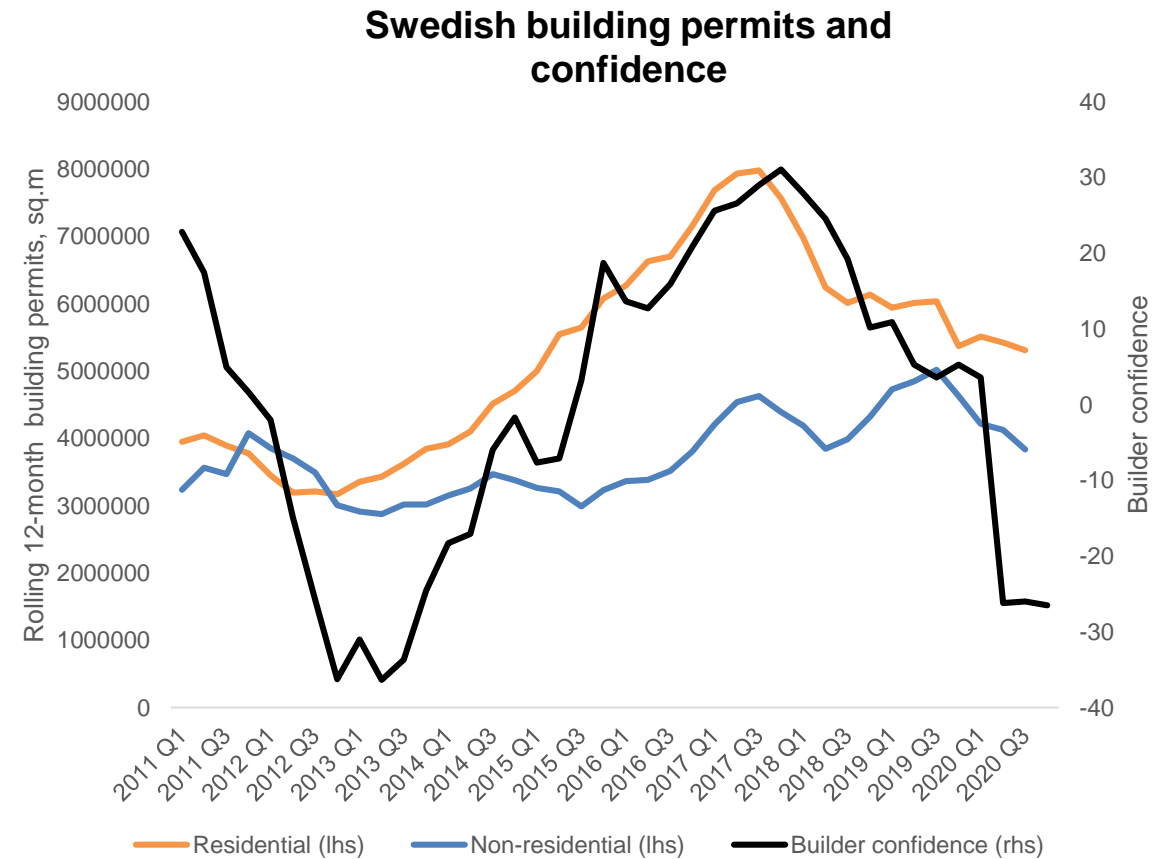
Source: Statistics Finland and Eurostat

Sweden: Residential building showed signs of stabilising, while civil engineering grew

With the exception of a small number of industries, the economy has recovered quickly since the spring with exports rising to pre-pandemic levels and households in a strong position to drive economic growth

Within the construction industry:

- Residential permits were down 2% while non-residential permits were down 21% year-to-date through Q3
- Housing starts through Q3 were up 13% to 38,700 units
- Builder confidence improved in the last month of the year, but remained at the same level as the spring for the quarter overall, as builders reported slowing activity levels
- Civil engineering expenditures are rising, driven by investments in new rail projects



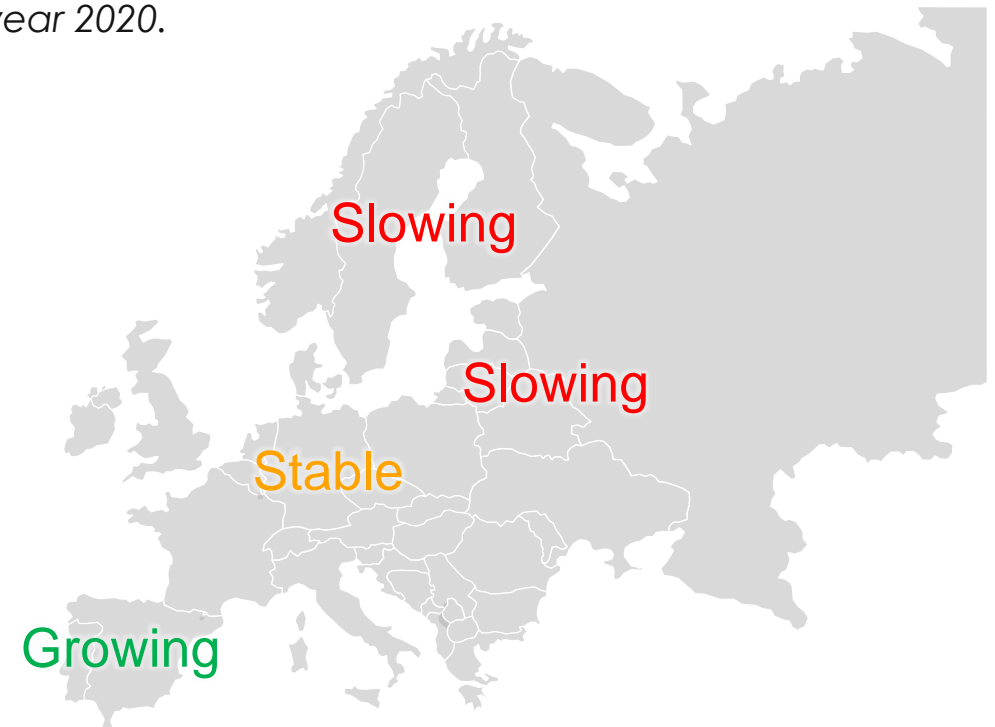
Source: Statistics Sweden and Eurostat

Market outlook

Guidance statement for 2021:

Excluding the impact of currencies, Uponor expects its net sales to stay at the level of the year 2020*. Uponor expects its comparable operating profit to decrease from 2020, but the comparable operating profit margin to remain above 10%.

**Stay at the level indicates a range of +/- 2.5% in comparison to the year 2020.*



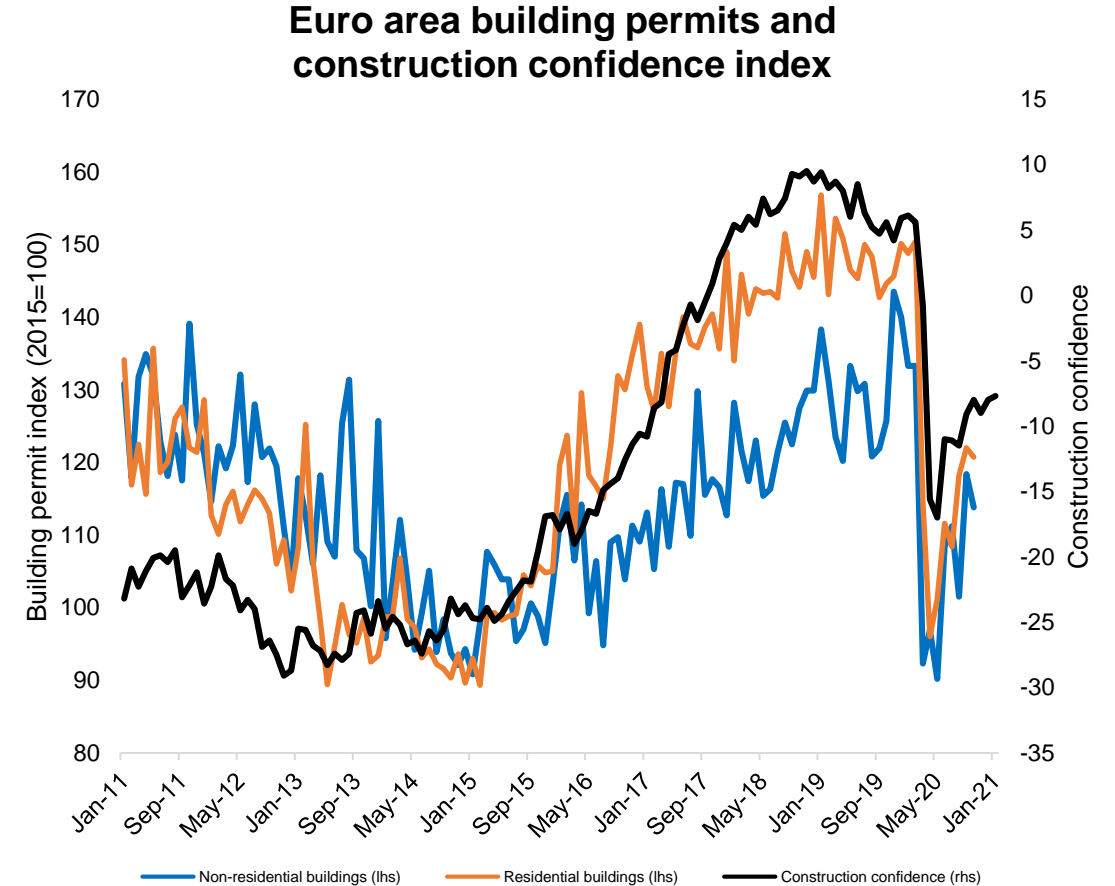
Appendix

Europe: Building activity has increased since the spring, driven by residential projects

A second wave of Covid-19 infections and subsequent lockdowns resulted in a slowing of the recovery, though manufacturers remain upbeat.











Within the construction industry:

- Residential and non-residential building permits trended upward from the spring, but remain clearly below pre-pandemic levels
- Builder confidence continued to rise during the quarter, as building activity levels improved from the spring, but with increasing weakness reported in the non-residential segment



Source: Eurostat

Leading residential indicators: Clear improvement from the spring

	Indicator	YTD % Change	Rolling 12-month % Change	Data through	Trend since Q3 update
 USA	Housing starts	+5% ¹⁾	N/A	December 2020	➡
 Germany	Housing permits	+5%	+7%	November 2020	➡
 Finland	Housing permits	-4%	-6%	November 2020	➡
 Sweden	Housing starts	+13%	+10%	September 2020	↗
 Denmark	Construction index	+5%	N/A	November 2020	➡
 Netherlands	Housing permits	+10%	+10%	November 2020	➡
 Canada	Housing starts	+15% ¹⁾	N/A	December 2020	↗
 Poland	Housing completions	+7%	+7%	December 2020	➡
 Spain	Housing permits	-20%	-18%	November 2020	➡
 Norway	Housing starts	-6%	-6%	December 2020	➡

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

Source: National Statistics Offices

Oct-Dec 2020: Income statement

Uponor Group, M€	10-12 2019	10-12 2020	Change Y/Y
Net sales	269.2	280.5	+4.2%
Cost of goods sold	172.4	174.5	+1.2%
Gross profit	96.7	106.0	+9.6%
Gross profit margin (%)	35.9%	37.8%	+1.9% pts
Other operating income	0.1	0.3	+169.6%
Expenses	76.4	82.4	+7.9%
Operating profit	20.4	23.8	+16.7%
Operating profit margin (%)	7.6%	8.5%	+0.9% pts
Comparable operating profit	21.8	27.3	+25.6%
Comparable operating profit margin (%)	8.1%	9.7%	+1.7% pts
Financial expenses, net	3.1	3.5	+10.6%
Share of result in associated companies	-1.0	-0.9	+3.0%
Profit before taxes	16.3	19.4	+19.0%
Profit for the period	12.3	20.8	+68.4%
EBITDA	33.6	37.3	+11.1%

Jan-Dec 2020: Income statement

Uponor Group, M€	1-12 2019	1-12 2020	Change Y/Y
Net sales	1,103.1	1,136.0	+3.0%
Cost of goods sold	721.2	706.6	-2.0%
Gross profit	381.9	429.4	+12.4%
Gross profit margin (%)	34.6%	37.8%	+3.2% pts
Other operating income	1.3	1.0	-25.2%
Expenses	291.9	298.1	+2.1%
Operating profit	91.3	132.3	+44.9%
Operating profit margin (%)	8.3%	11.6%	+3.4% pts
Comparable operating profit	92.7	142.7	+53.9%
Comparable operating profit margin (%)	8.4%	12.6%	+4.2% pts
Financial expenses, net	11.6	6.3	-46.3%
Share of result in associated companies	-4.0	-4.2	-4.7%
Profit before taxes	75.6	121.8	+61.1%
Profit for the period	55.3	96.1	+73.8%
EBITDA	143.1	185.0	+29.3%

December 2020: Balance sheet

Uponor Group, M€	31 Dec 2019	31 Dec 2020	Change Y/Y
Property, plant and equipment	285.8	264.7	-21.1
Intangible assets	96.7	95.9	-0.8
Securities and long-term investments	19.8	14.2	-5.6
Inventories	144.4	128.7	-15.7
Cash and cash equivalents	76.1	138.0	61.9
Other current and non-current assets	210.5	226.9	16.4
Assets total	833.2	868.4	35.2
Total equity	370.4	421.9	51.5
Non-current interest-bearing liabilities	203.4	124.1	-79.3
Provisions	30.0	37.1	7.1
Non-interest-bearing liabilities	217.6	256.3	38.7
Current interest-bearing liabilities	11.8	29.0	17.2
Shareholders' equity and liabilities total	833.2	868.4	35.2



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

The logo graphic consists of a large, light blue circle with a darker blue, teardrop-shaped element overlapping its bottom half. The word 'uponor' is written in white lowercase letters across the center of the circle.

uponor

Moving > **Forward**