



uponor

INTERIM REPORT 2007

Results briefing

Helsinki 26 October 2007

Jan Lång
President and CEO

Declining market trends in Q3

uponor

- Q3 showed a rapid drop in residential housing solutions demand
- Infrastructure solutions demand on satisfactory/good level
- Central Europe
 - German construction activity flat, driven by declining residential building activity
 - commercial sector and renovation partially offsetting
 - Surrounding CE countries report mainly satisfactory growth levels
- Nordic
 - Local demand continues healthy –Denmark as exception
 - Finland slowing down
- Europe – West, East, South
 - Construction activity mainly brisk
 - Spanish building market started to decline
- North America
 - Further deterioration during Q3 – building market at historically low levels



Net sales affected by lower demand

Net sales MEUR	7-9/2007	7-9/2006	Change
Uponor	308.3	319.7	-3.6%
Central Europe	85.9	96.9	-11.3%
Nordic	99.1	101.2	-2.0 %
Europe - WES	111.3	106.8	+4.2 %
North America	44.8	53.1	-15.6 %
(North America, USD	62.0	67.5	-8.2 %)

- Net sales affected by weaker residential housing demand in key markets
- Europe–WES increased sales and grew in several markets
- Nordic and CE suffered also from drop in internal sales (vs. strong 2006)
- Net sales in North America mainly affected by lower plumbing system sales
- Infrastructure business: UK/Ireland developed well, Nordic satisfactory

Q3

INTERIM REPORT 2007

INTERIM REPORT 2007 © Uponor

Page 3

Performance clearly weaker vs. Q3/2006 due to drop in sales and supply chain issues

Operating profit MEUR	7-9/2007	7-9/2006	Change
Uponor	42.2	52.1	-19.1%
Central Europe	10.6	15.2	-30.5%
Nordic	13.0	19.2	-32.4%
Europe - WES	16.7	13.6	22.6%
North America	4.4	7.0	-37.5%
(North America, USD	6.1	8.9	-31.2%)

- Lower sales affected operating profit and profitability
- Strong demand fluctuations caused supply chain inefficiencies and high inventory levels
- Europe–WES includes a EUR 3.4m capital gain from real estate disposal
- North America achieved a healthy profit improvement from streamlining – offset by a EUR 3m non-recurring expense from fittings replacement

Q3

INTERIM REPORT 2007

INTERIM REPORT 2007 © Uponor

Page 4

- + Growth in Europe–WES
- + Operative performance improvement in North America
- + Strategy implementation (high-rise, cooling) progressing as planned
- + Healthy demand for infrastructure products
- + Non-residential demand holding up across geographies
- Sudden weak development of residential housing solutions demand in several European markets in Q3
- US housing market continues to decline
- Supply chain inefficiencies caused by fluctuating demand affected Q3 results



INTERIM REPORT 2007

INTERIM REPORT 2007 © Uponor

Page 5



INTERIM REPORT 2007



Financial results

Jyri Luomakoski
CFO and deputy CEO

Key figures

MEUR	1-9 2007	1-9 2006	Change Y/Y	1-12 2006
Net sales	943,3	871,1	+8,3%	1 157,0
Operating profit	123,7	113,8	+8,6%	143,7
Operating profit margin	13,1%	13,1%	+0,0%	12,4%
Earning per share (diluted), EUR	1,10	1,05	+4,8%	1,32
Return on equity, % (p.a.)	32,5%	24,4%	+8,1%	25,3%
Return on investment, % (p.a.)	41,0%	34,8%	+6,2%	35,8%
Net interest bearing liabilities	118,0	-21,1	+659,2%	21,7
Gearing, %	37,3%	-5,0%	+42,3%	6,3%
Average number of employees	4 471	4 243	+5,4%	4 260



Income statement

MEUR	1-9 2007	1-9 2006	Change Y/Y	1-12 2006
Net sales	943,3	871,1	+8,3%	1 157,0
Cost of goods sold	603,3	557,5	+8,2%	743,8
Gross profit	340,0	313,6	+8,4%	413,2
- % of net sales	36,0 %	36,0 %	+0,0%	35,7 %
Other operating income	5,0	2,1	+134,9%	3,7
Expenses	221,3	201,9	+9,6%	273,2
Operating profit	123,7	113,8	+8,6%	143,7
- % of net sales	13,1 %	13,1 %	+0,0%	12,4 %
Financial expenses, net	4,3	1,3	+227,0%	2,2
Profit before taxes	119,4	112,5	+6,1%	141,5
Profit for the period	80,6	77,1	+4,5%	96,5
EBITDA	151,5	140,0	+8,2%	179,3



Interim January – September 2007 Comments to income statement

uponor

- Gross profit margin at the same level as last year

- Total expenses up by MEUR 19,4 mainly driven by increased spend into sales and marketing

- Tax rate increased to 32,5 % due to change in German deferred taxes

MEUR	1-9 2007	1-9 2006	Change Y/Y	1-12 2006
Net sales	943,3	871,1	+8,3%	1 157,0
Cost of goods sold	603,3	557,5	+8,2%	743,8
Gross profit	340,0	313,6	+8,4%	413,2
- % of net sales	36,0 %	36,0 %	+0,0%	35,7 %
Other operating income	5,0	2,1	+134,9%	3,7
Expenses	221,3	201,9	+9,6%	273,2
Operating profit	123,7	113,8	+8,6%	143,7
- % of net sales	13,1 %	13,1 %	+0,0%	12,4 %
Financial expenses, net	4,3	1,3	+227,0%	2,2
Profit before taxes	119,4	112,5	+6,1%	141,5
Profit for the period	80,6	77,1	+4,5%	96,5
EBITDA	151,5	140,0	+8,2%	179,3

Q3

INTERIM REPORT 2007

INTERIM REPORT 2007 © Uponor

Page 9

Interim July - September 2007 Income statement

uponor

MEUR	7-9 2007	7-9 2006	Change Y/Y
Net sales	308,3	319,7	-3,6%
Cost of goods sold	199,4	202,3	-1,4%
Gross profit	108,9	117,4	-7,3%
- % of net sales	35,3 %	36,7 %	-1,4%
Other operating income	4,0	0,9	+316,8%
Expenses	70,7	66,2	+6,8%
Operating profit	42,2	52,1	-19,1%
- % of net sales	13,7 %	16,3 %	-2,6%
Financial expenses, net	2,2	0,2	+863,3%
Profit before taxes	40,0	51,9	-23,0%
Profit for the period	26,2	35,2	-25,7%
EBITDA	51,4	61,0	-15,9%

Q3

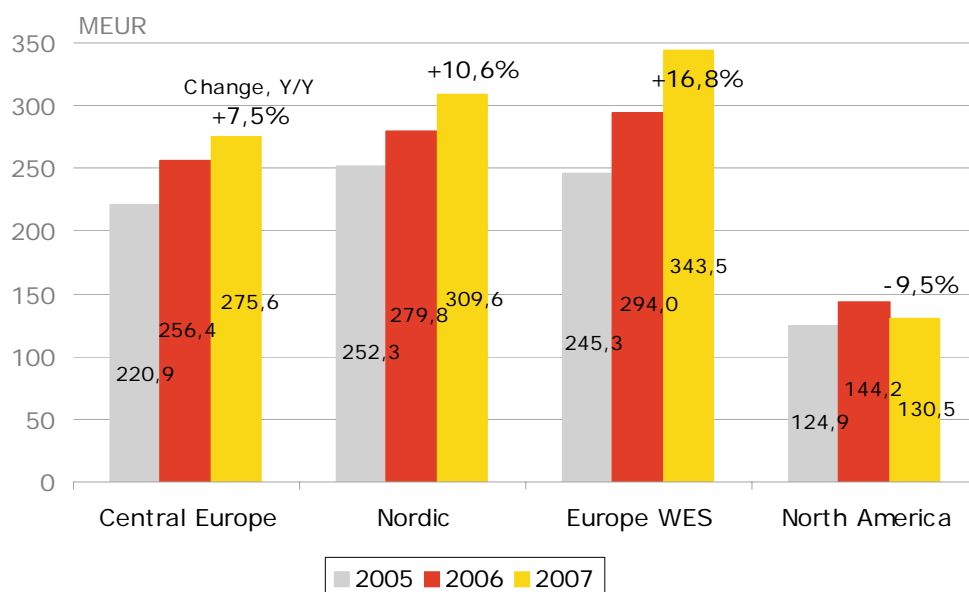
INTERIM REPORT 2007

INTERIM REPORT 2007 © Uponor

Page 10

Interim January – September 2007 Revenue development by region

uponor



Q3

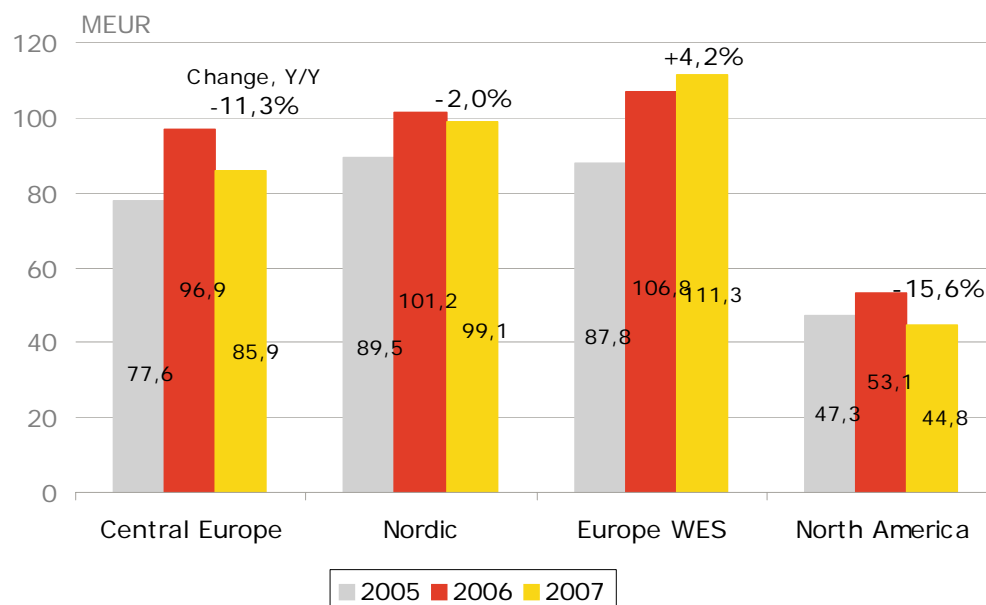
INTERIM REPORT 2007

INTERIM REPORT 2007 © Uponor

Page 11

Interim July - September 2007 Revenue development by region

uponor



Q3

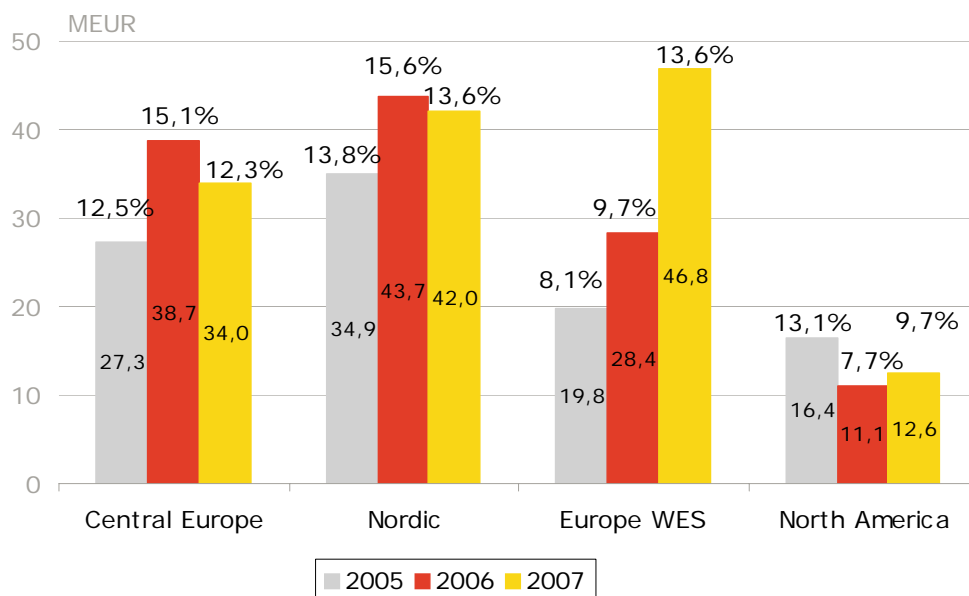
INTERIM REPORT 2007

INTERIM REPORT 2007 © Uponor

Page 12

Interim January - September 2007 Result development by region

uponor



Q3

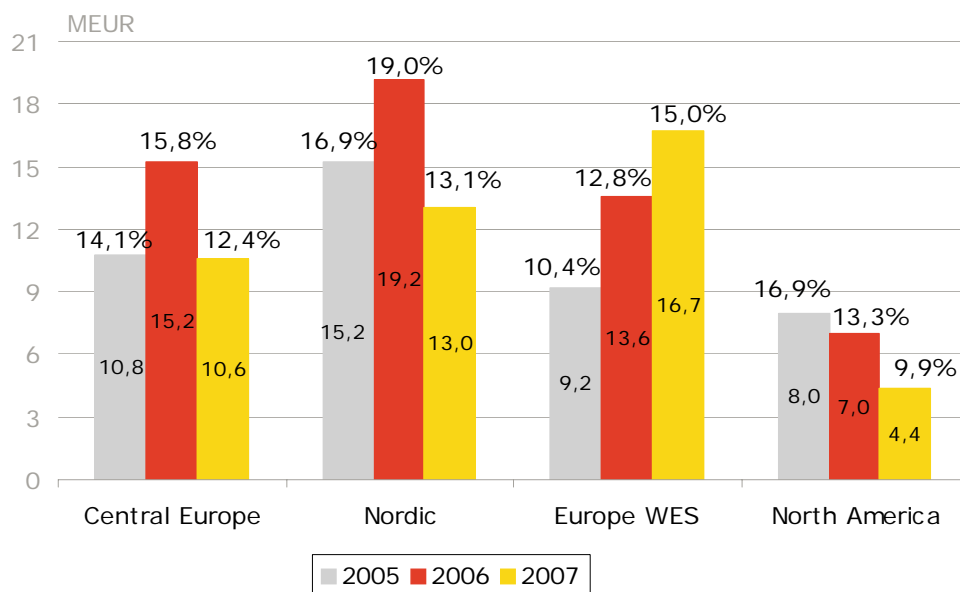
INTERIM REPORT 2007

INTERIM REPORT 2007 © Uponor

Page 13

Interim July - September 2007 Result development by region

uponor



Q3

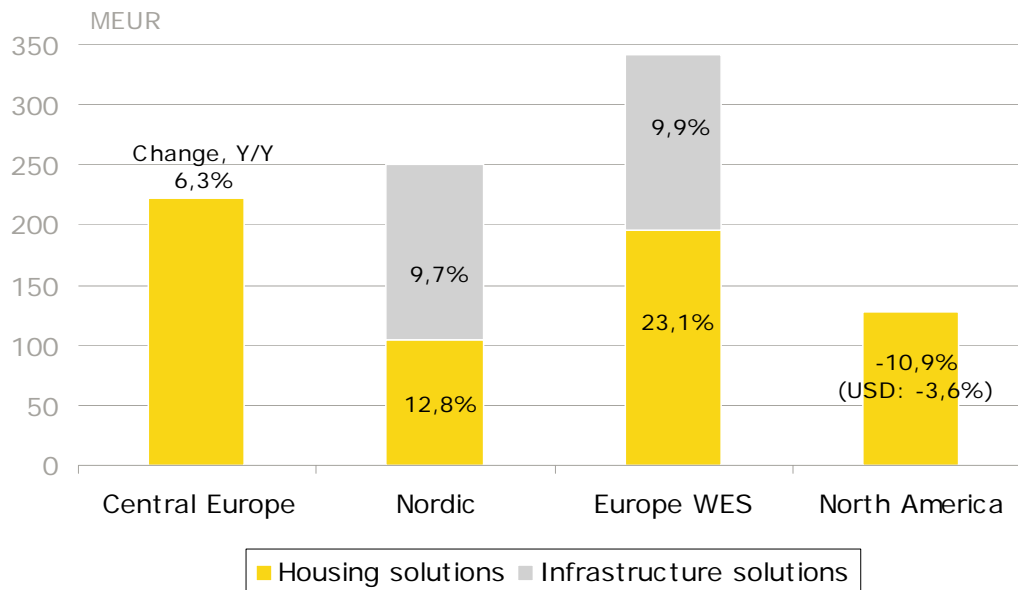
INTERIM REPORT 2007

INTERIM REPORT 2007 © Uponor

Page 14

Interim January – September 2007
Business segment external revenue

uponor



Q3

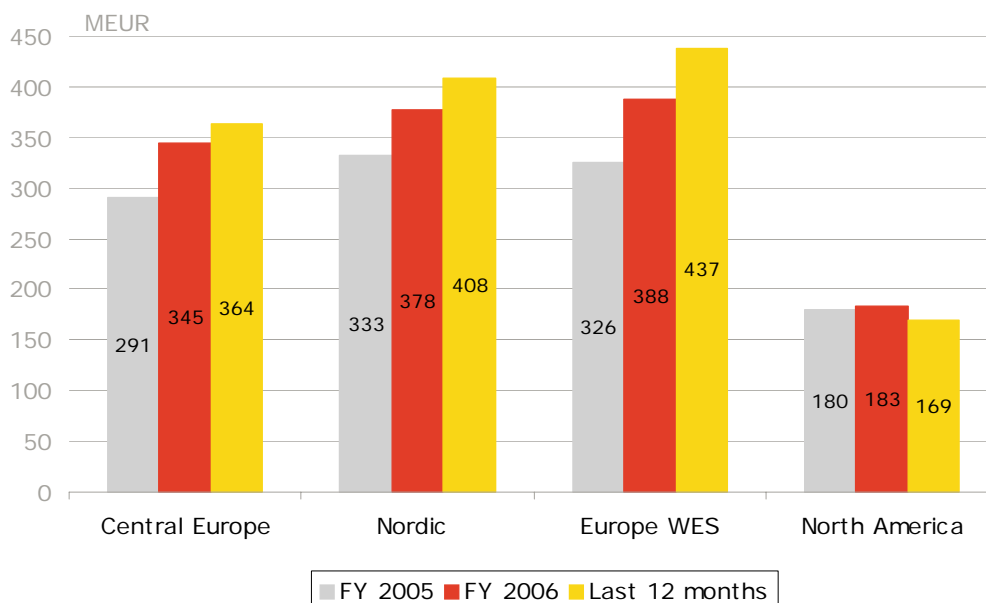
INTERIM REPORT 2007

INTERIM REPORT 2007 © Uponor

Page 15

**Revenue development by region,
last 12 months**

uponor



Q3

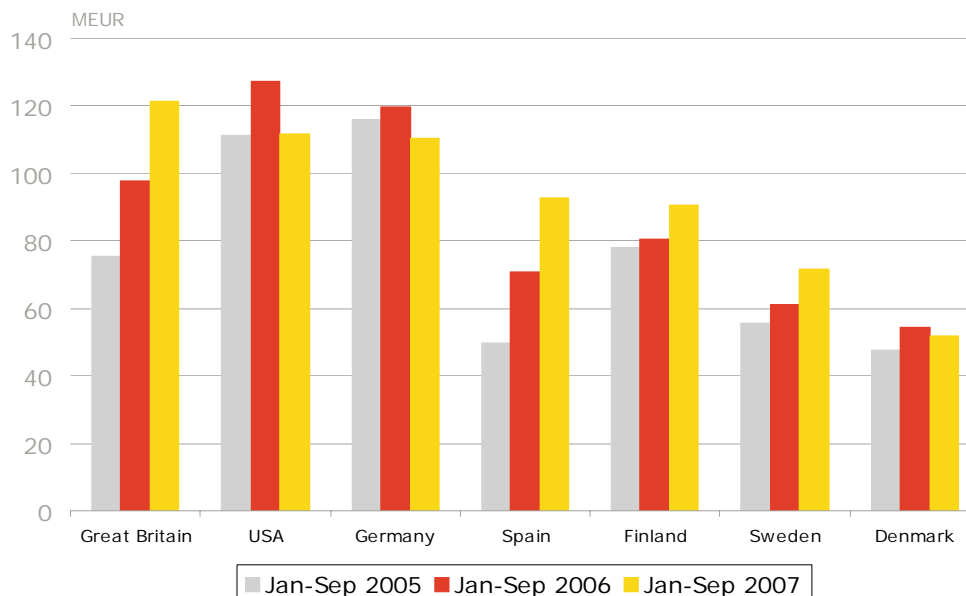
INTERIM REPORT 2007

INTERIM REPORT 2007 © Uponor

Page 16

Net sales development by key national markets (> 5% of Uponor net sales)

uponor



Q3

INTERIM REPORT 2007

INTERIM REPORT 2007 © Uponor

Page 17

Interim January – September 2007 Balance sheet

uponor

MEUR	30 Sep 2007	30 Sep 2006	Change Y/Y	31 Dec 2006
Property, plant and equipment	210,0	205,1	+4,9	211,8
Intangible assets	98,7	93,1	+5,6	97,6
Securities and long-term investments	3,6	10,6	-7,0	3,6
Inventories	160,4	125,6	+34,8	128,1
Cash and cash equivalents	7,4	45,6	-38,2	12,4
Other current and non-current assets	257,5	264,4	-6,9	190,4
Shareholders' equity	316,5	425,5	-109,0	344,4
Non-current interest-bearing liabilities	19,6	21,5	-1,9	17,2
Provisions	18,4	17,0	+1,4	15,5
Non-interest-bearing liabilities	277,3	277,4	-0,1	249,9
Current interest-bearing liabilities	105,8	3,0	+102,8	16,9
Balance sheet total	737,6	744,4	-6,8	643,9

Q3

INTERIM REPORT 2007

INTERIM REPORT 2007 © Uponor

Page 18

Interim January – September 2007 Comments to balance sheet

uponor

- Increase in intangible assets (ERP) by MEUR 5,6 compared to prior year

- High inventories due to strong demand fluctuations

- Net interest-bearing liabilities at MEUR 118,0

MEUR	30 Sep 2007	30 Sep 2006	Change Y/Y	31 Dec 2006
Property, plant and equipment	210,0	205,1	+4,9	211,8
Intangible assets	98,7	93,1	+5,6	97,6
Securities and long-term investments	3,6	10,6	-7,0	3,6
Inventories	160,4	125,6	+34,8	128,1
Cash and cash equivalents	7,4	45,6	-38,2	12,4
Other current and non-current assets	257,5	264,4	-6,9	190,4
Shareholders' equity	316,5	425,5	-109,0	344,4
Non-current interest-bearing liabilities	19,6	21,5	-1,9	17,2
Provisions	18,4	17,0	+1,4	15,5
Non-interest-bearing liabilities	277,3	277,4	-0,1	249,9
Current interest-bearing liabilities	105,8	3,0	+102,8	16,9
Balance sheet total	737,6	744,4	-6,8	643,9

Q3

INTERIM REPORT 2007

INTERIM REPORT 2007 © Uponor

Page 19

Interim January – September 2007 Cash flow

uponor

MEUR	1-9/ 2007	1-9/ 2006	Change Y/Y	1-12/ 2006
Net cash from operations	148,4	140,7	+7,7	180,7
Change in NWC	-74,3	-33,7	-40,6	5,2
Net payment of income tax and interest	-35,2	-25,5	-9,7	-38,6
Cash flow from operations	38,9	81,5	-42,6	147,3
Cash flow from investments	-27,4	-15,5	-11,9	-28,8
Cash flow before financing	11,5	66,0	-54,5	118,5
Dividends and buy backs	-102,5	-65,8	-36,7	-166,0
Other financing	86,0	-3,5	+89,5	11,0
Cash flow from financing	-16,5	-69,3	+52,8	-155,0
Change in cash and cash equivalents	-5,0	-3,3	-1,7	-36,5

- Decrease in cash flow from operations due to capital invested in inventories
- Increase in financing due to dividends payments in autumn 2006 and spring 2007

Q3

INTERIM REPORT 2007

INTERIM REPORT 2007 © Uponor

Page 20

Cash flow

MEUR	7-9/ 2007	7-9/ 2006	Change Y/Y
Net cash from operations	47,8	60,7	-12,9
Change in NWC	5,0	8,2	-3,2
Net payment of income tax and interest	-9,3	-5,6	-3,7
Cash flow from operations	43,5	63,3	-19,8
Cash flow from investments	-10,9	-12,1	+1,2
Cash flow before financing	32,6	51,2	-18,6
Dividends and buy backs	0,0	0,0	+0,0
Other financing	-35,3	-10,3	-25,0
Cash flow from financing	-35,3	-10,3	-25,0
Change in cash and cash equivalents	-2,7	40,9	-43,6



INTERIM REPORT 2007

INTERIM REPORT 2007 © Uponor

Page 21



INTERIM REPORT 2007



Outlook

Jan Lång
President and CEO

- Short-term outlook deteriorated from Q2 due to impact of the faltering US loan and housing markets in Europe
 - In Germany, total construction market demand is expected to stay subdued despite moderate commercial and renovation markets
 - Housing market in the US is expected to stay at a historically low level
 - Building markets falling off:
 - decline in Spain expected to continue
 - UK, Finland have passed their peak but soft landing expected
- Several other European markets show signs of a continued healthy building activity development
- Infrastructure business unaffected



Market outlook for 2007 weakening towards the end of the year

Residential new building	Germany	Nordic	UK & Ireland	Iberia	USA
2006					
Outlook 2007					

- Forecasts for all regions have been downgraded from Q2



German building permits July 2007 (compared to previous year)

	YTD	Month
Residential	- 35,6%	- 26,1%
Single houses	- 44,3%	- 28,9%
Non-residential	+ 6,4%	- 15,9%

German construction industry July 2007 (compared to previous year)

	YTD	Month
Order entry	+ 3,3%	+ 8,6%
Turnover	+ 3,9%	- 1,4%



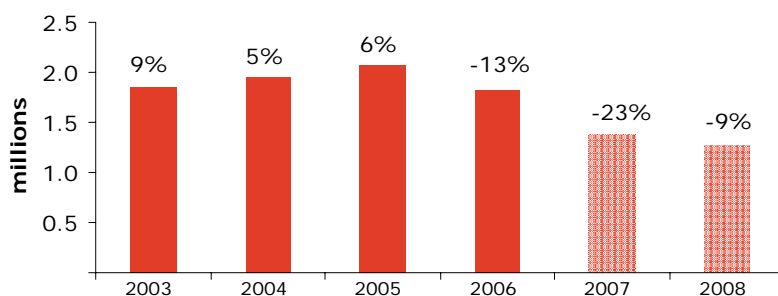
Source: Statistisches Bundesamt

Market environment – other European countries (vs. 2006)

- Spain
 - The number of residential building permits Jan-July -9%
May-July -28%
 - New building code makes permits a less effective indicator of actual demand
- UK (June–August)
 - Construction orders decreased by 3.0%
 - The new private housing construction fell by 17%
- Finland
 - The residential building permits Jan-July fell 7%
July fell 13%
 - Permits for commercial construction rise of 45% in 2007
- Sweden
 - Single-family starts remain strong and at the same level as 2006
- Denmark
 - Construction activity will retreat from 2006



2007	Month	Trend	Reported month	Previous month	Year ago	Comment
US housing starts annual adjusted rate (millions)	Sept	↓	1.191	1.327	1.721	Lowest level in 14 years
US housing starts 2007 full year forecast (millions)	Sept	↓	1.364	1.381	1.812	25% lower than 2006



Annual US housing starts

Q3

■ Starts % = YoY Change

Source: Consensus Economics, Census Bureau

INTERIM REPORT 2007

INTERIM REPORT 2007 © Uponor

Page 27

Current guidances incl. changes of guidances in 2007

FY 2006 results (8 Feb. 2007)	Q1 (26 April 2007)	Q2 (7 Aug. 2007)	Current (25 Sept. 2007)
Organic net sales growth > 6%	> 10%	> 10%	> 6%
Operating profit margin > 12.4%	> 12.4%	> 12.4%	-
Operating profit > 143.7 MEUR	> 143.7 MEUR	> 143.7 MEUR	> 143.7 MEUR
Gross capex ~ 55 MEUR	~ 55 MEUR	~ 55 MEUR	~ 55 MEUR

Q3

INTERIM REPORT 2007

INTERIM REPORT 2007 © Uponor

Page 28

uponor

simply more

The text may contain forward-looking statements, which are based on the management's present expectations and beliefs about the future. The actual result may differ materially from such statements.