



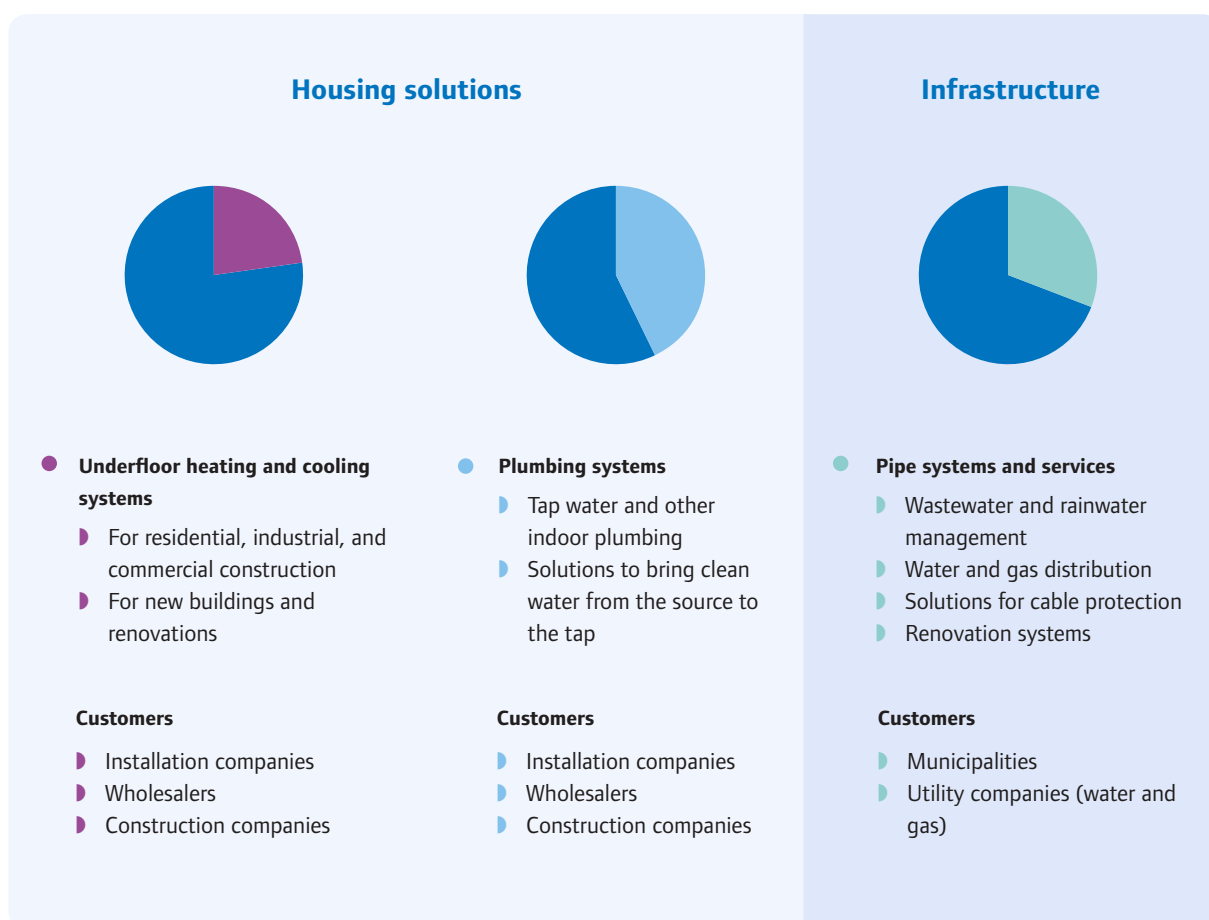
# uponor

ANNUAL REVIEW  
2005

Our partnership with professionals  
is of primary importance in building  
better human environments

# Uponor in brief

Uponor is a leading international supplier of plumbing and heating systems for the residential and commercial building markets. In Europe, Uponor is also a prominent regional supplier of municipal infrastructure pipe systems. The Group's key applications, such as radiant floor heating and tap water systems, are sold in over hundred countries



# Uponor 2005

The year 2005 was, overall, strong for Uponor. In comparable terms, net sales from continuing operations grew by 7% and the operating profit by 10%. Uponor finalised its restructuring programme, which continued to provide the planned benefits in the form of improved profit performance, and accelerated its internal consolidation process, which proceeded successfully toward the agreed goals.

## Capital expenditure

Investments in 2005 were mainly devoted to the development of an enterprise resource planning (ERP) system and harmonised processes, and to the enhancement of the production network. The largest single investment was a Europe-wide ERP system, while investments also were continued in North America to further develop the company's operations by extending the production plant and offices in Minnesota and automating the warehouse management system.

## A uniform brand

In June, Uponor announced a global renewal of its brand strategy from the beginning of 2006. The purpose of this is to strengthen the company's operations and market position by focusing on one brand.

## A major contract

In September, Uponor and United Utilities signed a major contract according to which Uponor will supply all plastic gas and water pipes and fittings for the company's three major operational areas in the UK. The 3-year contract has an estimated worth of 20 million euros a year.

## Restructuring programme

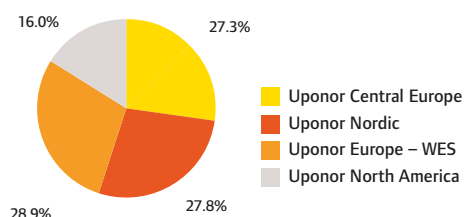
The extensive restructuring programme that Uponor initiated in 2003 was finalised in 2005. The key objective of this was to establish larger, specialist production units and streamline production and logistics beyond regional borders.

## Key figures

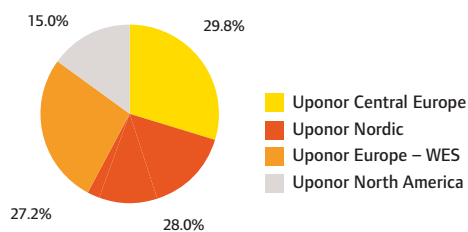
	2005	2004
Net sales (continuing operations), MEUR	1,031.4	1,026.9
Operating profit (continuing operations), MEUR	123.0	95.2
Profit before taxes (continuing operations), MEUR	120.5	89.3
Adjusted earnings per share (fully diluted), EUR	1.12	1.19
Dividend per share, EUR	0.90 *	0.70
Equity per share, EUR	5.72	5.34
Market value of share capital, MEUR	1,338.9	1,029.5
P/E ratio	16.1	11.6
Solvency, %	63.2	57.7
Gearing, %	-6.4	8.5
Number of shareholders	6,766	5,225

\* proposal of the Board of Directors

Net sales by region 2005



Personnel by region 2005



Uponor's Annual report 2005 consists of two publications, The Annual review and the Financial report. The Annual review gives a broad picture of the business operations and the company. The Financial report, on the other hand, contains the financial statements including notes, share and shareholder information, and other relevant information on Uponor as an investment.

The entire Annual report has been mailed to the registered shareholders.

## Information for shareholders

### The Annual General Meeting

Uponor Corporation's Annual General Meeting is to be held on Thursday, 16 March 2006 at 5.00 p.m. at the Finlandia Hall, Mannerheimintie 13 E, 00100 Helsinki, Finland.

### Important dates in the year 2006

- ▶ Financial accounts bulletin for 2005, 9 February
- ▶ Financial statements for 2005, 9 February
- ▶ Annual General Meeting 16 March at 5 p.m.
- ▶ Record date for dividend payment 21 March\*
- ▶ Date for dividend payment 28 March\*
- ▶ Interim report: January–March on Tuesday, 25 April at 8 a.m.
- ▶ Interim report: January–June on Thursday, 3 August at 11 a.m.
- ▶ Interim report: January–September on Thursday, 26 October at 11 a.m.

\* Proposal of the Board of Directors

### Publications

The annual report will be published in Finnish and English and will also be available on the company website at [www.uponor.com](http://www.uponor.com). The interim reports and corporate releases will be published in Finnish and English on the company website.

### To order publications, please contact:

Uponor Corporation, Communications  
P.O. Box 37, Robert Huberin tie 3 B, FI-01511 Vantaa, Finland  
Tel. +358 (0)20 129 2854, fax +358 (0)20 129 2841  
[communications@uponor.com](mailto:communications@uponor.com)  
[www.uponor.com](http://www.uponor.com)

### Insider register

The public register of Uponor Corporation's insiders may be viewed at the Legal Department at the address above, tel. +358 (0)20 129 2837. E-mail address to the Legal Department is [legal@uponor.com](mailto:legal@uponor.com). The share and stock option holdings of company's permanent insiders are also available on the website at [www.uponor.com](http://www.uponor.com).

Uponor's Annual Report is also available on the company's website at [www.uponor.com](http://www.uponor.com).

Trade names mentioned in this report are registered trademarks.

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## Review by the CEO



While 2004 was characterised by major restructuring efforts, 2005 was marked by two key themes: our drive to improve our financial performance and our major effort to integrate the company in order to utilise Uponor's full strength.

After concluding the restructuring programme early in the year, we have enjoyed benefits in the form of improvements in our business mix and cost base. We took large strides towards our long-term performance targets in 2005, and achieved profitable growth, one year ahead of the original schedule.

We started several initiatives last year to improve our organisational performance, such as our major effort in Germany to combine four sales forces into one, giving us additional sales power in that market. We also remodelled our global offering management and product and systems development processes. Good progress was made in setting up an improved structure for managing our supply chain. All this work will benefit us in the years to come by improving our customer service and developing our product and systems offerings in line with our strategic ambitions.

Our activities on the market continued to bear fruit, and we saw encouraging growth in the plumbing segment, where both our multilayer and PEX pipe systems performed well. The key growth driver is penetration against other materials. We continued to open new Uponor Academy

training centres, strengthening our ability to provide high-quality training to our professional partners. Their loyalty is essential to our success, and the length and depth of these relationships demonstrates our capability to deliver on our promise – partnering with professionals to create better human environments.

### **Integration of the company well underway**

A significant pool of our internal resources has been working on two major projects that will markedly advance the way Uponor is managed and performs in the future. It is gratifying to see that the hard work our people have put in has started to yield results. These projects will form the basis of a true integration of the company.

In June, we took the decision to migrate to a single-brand concept. Our journey from an aggressive acquirer with multi-brand positions to an integrated single-brand industry leader within its segments is now finally taking shape. This is a major, exciting exercise for us. At the same time, we re-aligned our value statements to ensure that our brand promise to our customers would also be integrated into the daily behaviour of all of us working for Uponor.

The second major initiative was the ERP project, which was in the planning phase in Europe and undergoing final implementation in North America. Its timing was natural

because it coincided well with the unification and integration process underway. This project, the biggest Uponor has embarked on, is advancing well and will be rolled out during 2006–2008 in Europe.

today have a rather marginal market share. Achieving this goal will require adapting our offering to suit the segment and adjusting our go-to-market approach to reflect the more complex route to market. We are committed

## Partnering with professionals to create better human environments

### **Strategic agenda going forward**

During the second half of 2005 we reviewed our strategic agenda. Our medium-term core strategy continues to be based on three key elements: growth, corporate brand and operational excellence, all designed to generate profitable growth for the company. In our review, we paid particular attention to sharpening up our growth platform. It will be based on three key areas: enhancing our position in the residential single-family segment, exploiting our infrastructure business and expanding in the high-rise segment.

The high-rise segment will serve to broaden our organic growth base. During the past three decades, Uponor has achieved a strong position in the single-family home segment, currently commanding close to 20 per cent of the combined market for underfloor heating and plumbing in our key regions. We will go beyond this and also build a stronger position in the high-rise segment, where we

to this long-term opportunity, and we know it will require a great deal of hard work, but in the times to come it will prove rewarding.

With 2006 now well underway, we are confident that another good year for Uponor is in prospect. Our agenda is clear and we will implement it with vigour.

May I take this opportunity to thank everyone – our personnel, business partners, shareholders – all of you who are contributing to making Uponor a better and stronger company and to creating better human environments for everyone to enjoy!

Vantaa, February 2006

Jan Lång  
*President and CEO*

## Uponor's strategy and other principles guiding its operations





## Vision

Uponor seeks to be a leading corporate brand generating profitable growth by providing solutions for housing and the environmental infrastructure.

- ▶ Uponor will achieve this by building superior relationships with its customers and other business associates and through continuous innovation programmes.
- ▶ Uponor's geographical focus areas are Europe and North America.

## Strategy

Uponor's strategy builds on three main pillars:

- ▶ Strengthening of the Uponor brand
- ▶ Operational excellence
- ▶ Growth

The company implemented major projects in 2005 to develop the first two key areas. As of the beginning of 2006, Uponor's businesses around the world operate under the Uponor brand name with few local exceptions. A single-brand focus is a major strategic step that improves the company's efficiency. Another focal area is increasing of the company's operational excellence and harmonisation of its processes, enabling a strong unification of the previously decentralised corporate structure.

In February 2006, Uponor presented its new strategic framework that places increased emphasis on organic growth, in addition to operational excellence and the corporate brand. Besides its present main market segments, i.e. single-family houses and infrastructure solutions, the company seeks additional growth from solutions and services targeted to the high-rise building sector.

### Long-term financial goals

Organic growth in net sales	≥ 5%
Operating profit (EBITA) of net sales	≥ 12%
Return on investment (ROI) in the core business	≥ 20%
Solvency ratio	> 50%
Gearing	< 70
Dividend policy: annual profit payout ratio	> 50%

## Core purpose

In connection with the renewal of its brand strategy in 2005, Uponor reformulated its core purpose as:  
Partnering with professionals to create better human environments.

## Uponor values

Values reflect what we stand for and define how we should behave to our customers and to each other. Uponor renewed the wording of its values in connection with the brand strategy renewal in 2005.

Uponor's revised values:

- ▶ Knowledge
- ▶ Enabling
- ▶ Most rewarding
- ▶ Improving effectiveness
- ▶ Committed

# Review of Uponor's operations and financial status



## Demand cycles

Uponor's products are used in various markets, including house building, renovation and infrastructure construction. All of these involve some cyclical fluctuation that may affect demand for Uponor's products.

In the house building sector, cyclical fluctuations arise from such elements as demographic variables, interest rates, and various fiscal (tax related) factors. On the other hand, the cyclicity is levelled out by the fact that plastic and composite pipe systems are gradually replacing the use of metallic systems. A corresponding trend is evident in renovation, which is less exposed to cyclical fluctuations than new building.

The infrastructure construction market has two segments:

- ▶ New building, which is based on either community growth or stricter environmental requirements. Throughout the world, the shared goal is to increase the number of households attached to sewerage networks to ensure efficient handling of wastewater while burdening nature as little as possible.
- ▶ Renovation and modernisation in which old municipal piping is either replaced or renovated due to its insufficient capacity or deteriorated condition.

Since the proportion of plastic pipe systems in infrastructure technology is rather high, growth of business is largely dependent on market shares and trends in construction activity.

## Dependence on customers or markets

Uponor's products are distributed mainly through wholesalers. In the last few years, the wholesale sector has been

undergoing consolidation, particularly in Europe. Despite this, and partly due to Uponor's geographically widespread operations, any single customer's or distributor's share of Uponor's net sales remains well below 10 per cent.

Uponor's prominent position in its main market segments in Europe and North America makes it an interesting partner for installers and distribution channels alike.

Uponor's strongest growth opportunities come from growing the market shares of housing solutions systems such as plastic and multilayer pipe systems, and extending the company's geographical scope. The four largest national markets currently generate almost 50% of Uponor's net sales, with the ten largest markets accounting for slightly more than 80%.

### **The three pillars of Uponor's strategy**

In autumn 2003, Uponor announced the strategy to focus on three pillars: organic growth, strengthening of the Uponor brand, and operational excellence. The main strategic goal is to improve profitability with the support of organic growth.

With respect to organic growth, the aim has been to allocate resources such that Uponor can better utilise the potential its products have in key markets. Uponor has managed to simplify its operations by harmonising its brands and concentrating on the Uponor brand while at the same time increasing its operational excellence by streamlining its supply chain and building a joint ERP system. The ERP project was initiated in autumn 2004, and the first implementations are to take place in Central Europe during 2006.

### **Financial goals**

In December 2003, Uponor announced the company's long-term financial goals related to organic growth, profitability, return on investment (ROI), capital structure, and dividend policy. Of these five goals, Uponor had achieved four by the end of 2004 and recorded favourable development in the fifth area, profit margin. This positive trend continued in 2005 and, boosted by gains from the disposals of non-core assets, Uponor ended up very close to its long-term profit margin target of 12%.

In 2005, Uponor finalised the divestment of its non-core assets by selling its retail property holdings in Oslo and Stockholm as well as its subsidiary manufacturing infrastructure pipes in Argentina. Uponor recorded a capital gain of approximately EUR 2 million as a result of these divestments.

### **Raw materials**

In 2005, many raw materials, including oil based plastics, were relatively expensive, and raw material prices continued to increase in the last quarter of the year. As a whole, Uponor managed to pass the increased material costs on to sales prices, as evidenced by the company's improvement in gross profit from the 2004 level. This improvement was mainly attributable to the increased efficiency of Uponor's production structure that resulted from the restructuring announced in 2003 and implemented in 2004–2005. Thus, the initial promise of a maximum payback time of 12 months, calculated from the end of the programme, for the funds invested in the programme on a cash flow basis was fulfilled.

### **Net sales**

In 2005, net sales decreased by 3.8% from 2004. This negative trend was fully attributable to the divestments and closures of non-core businesses. Since these businesses generated net sales of EUR 112.0 million in 2004 and, on the other hand, net sales were EUR 3.8 million higher for 2005 than in 2004 due to currency translations into euros, this represents organic growth of 7.0%.

When the organisation is broken down by region, we find that strong growth in Uponor North America continued. A slower growth of the U.S. market that has been predicted for some time did not materialise, although housing statistics showed somewhat smaller growth rates at year end. In Uponor Nordic, net sales improved over the previous year's figure, thanks in part to the favourable economic situation. While the main market driver was the good sales of housing solutions, in the infrastructure solutions business the growth stemmed mostly from price increases. In Uponor Central Europe, the low demand in Germany pushed down net sales for the entire area, although sales did grow well in Germany's neighbouring countries. In Uponor Europe – West, East, South, the comparable growth of net sales was indeed gratifying, and the strong sales of housing solutions fully offset the unprofitable infrastructure business from which Uponor withdrew in 2004–2005.

Uponor's secondary IFRS reporting segmentation is based on the intended use of the pipe systems. In housing solutions, pipe systems' net sales showed organic growth of 8.8% in 2005 (divestments excluded from the reference data), while in infra-

structure solutions net sales grew by 4.4% (excluding restructuring effects). For housing solutions, the increase in net sales was a combination of growth in both volumes and prices, whereas the growth in infrastructure solutions stemmed mainly from sales price increases implemented to offset higher material costs.

### Cash flow and profitability

Uponor's ability to produce strong cash flow from operations continued in 2005. In addition to the solid profit for the financial year, the cash flow was improved by the approximately EUR 22.8 million released from the net working capital by increasing the efficiency of processes and the awareness of capital costs. Investments in fixed assets increased by approximately EUR 12 million year on year. Most of this was attributable to investments that support the corporate strategy, such as the building of a pan-European ERP system, for which Uponor allocated EUR 10.6 million in 2005. Other factors increasing the cash flow included the divestments of fixed assets and subsidiaries. In addition to the sales of two property companies and the South American infrastructure busi-

ness mentioned above, these included the divestment of a German machine building unit and a French infrastructure company, both of which became effective on 1 January 2005.

In 2004, the total operating profit of all of Uponor's businesses, under IFRS based accounting, included approximately EUR 31 million in gains from the divestment of fixed assets, the majority of which originated from the sale of the Finnish investment properties to Grouse Holding Oy on 30 November 2004. Reported operating profit from continuing operations for 2004 came to EUR 95.2 million. The figure was eroded by a provision of EUR 13.4 million for restructuring costs that did not meet formal requirements upon transition to IFRS. Thus, the operating profit from continuing operations for 2004 totalled EUR 108.6 million, which was 10.6% of net sales from continuing operations. Uponor has used these adjusted operating profit figures as reference figures in its profit guidance for 2005.

The profit and profitability improvement that materialised in 2005 was based on two factors:

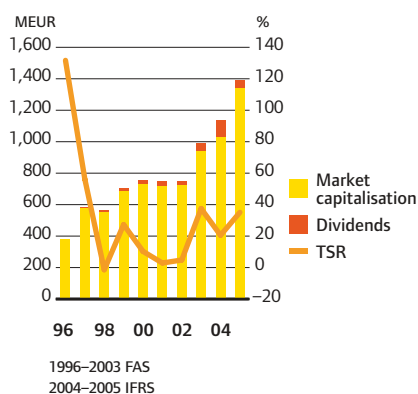
- ▶ The restructuring programme implemented in 2004–2005

by consolidating and streamlining production structure, thus improving gross profit.

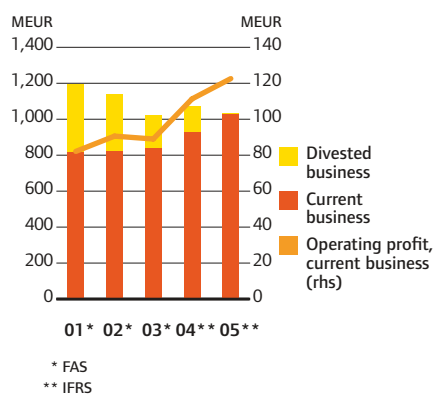
- ▶ Divestments and closures of non-core businesses in 2004–2005 (excluding the real estate business), which together accounted for EUR 91.5 million of the Group's net sales for 2004 but had an operating loss of about EUR 2 million.

The overall increase in Uponor's fixed expenses, the majority of which consists of sales and marketing costs, was 1.3% from the previous year's level, and 2.5% when restructuring costs are excluded. This development can be regarded as reasonable, considering the inflationary trend and Uponor's major strategic investments in building a joint ERP system, harmonising brands, and integrating the sales organisations in Germany. Product and systems development costs increased by EUR 1.3 million, to EUR 17.4 million, representing 1.7% (1.5%) of net sales. Improved operational efficiency and a more streamlined Group structure were reflected in a decrease of EUR 6.2 million in administrative costs. With the Group's restructuring taken

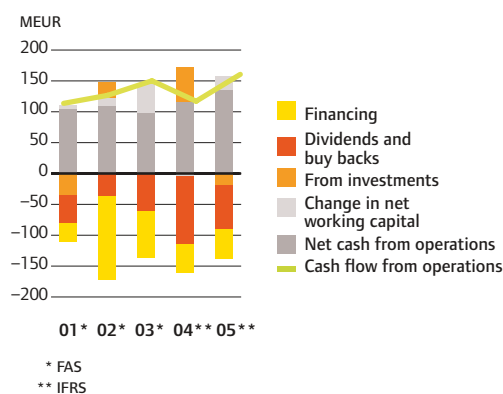
### Shareholder value development 1996–2005



### Net sales and operating profit



### Cash flow



into account, administrative costs decreased by EUR 1.4 million.

Uponor uses the economic value added (EVA®) as a key indicator in its internal monitoring and annual bonus schemes. For this reason, improvement of capital efficiency is an important task for all Uponor employees. The turnover rate of both the average capital employed and the net working capital improved from 2004. This, together with improved profitability, increased the return on investment from 27% to 28.1% in 2005.

Uponor's balance sheet has strengthened rapidly over the last few years due to the divestments of non-core assets and the strong cash flow from business operations. In 2005, the company paid out EUR 52.0 million in dividends to shareholders and used EUR 20.0 million to buy back its own shares. In spite of this, Uponor achieved a net cash position for the first time in its history: on 31 December 2005, the company's net liabilities were negative and gearing was -6.4.

### Shareholder value

The value quoted for Uponor shares increased over the course of 2005 from the closing rate for 2004 (EUR

13.76) to EUR 18.00. With the per share dividend of EUR 0.70 paid in March 2005 taken into account, the total shareholder return (TSR) was 35.9%, in contrast to the average TSR of 34.1% for companies quoted on the main list of the Helsinki Stock Exchange.

The share trading volume was EUR 477.7 million, compared to EUR 718.2 million a year earlier. This is explained, at least in part, by the fact that the current tax environment no longer encourages such extensive trading in connection with dividend pay-out as was present in 2004 when the avoifiscal tax credit system was still in force.

### Sensitivity and risks

The following major risk factors may affect Uponor's operations and profit performance.

#### Cost level and raw materials

Uponor is exposed to changes in cost levels. Material and manufacturing costs represent close to 65% of Uponor's turnover, the largest single cost items being resins, metals that are used in fittings and in the manufacture of multi layer pipes, and various

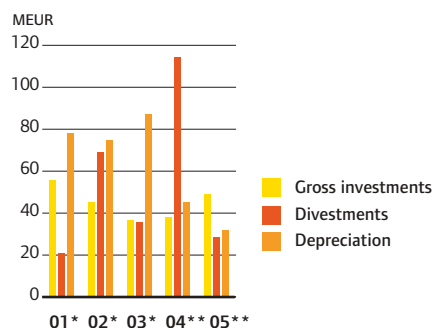
purchased components. In addition to these, energy and payroll form major cost items.

Uponor is usually able to pass the increased raw material costs on to sales prices but often with a certain lag, depending on local market practices. Considering the present balance sheet structure, Uponor's sensitivity to interest rate fluctuations is not essential. Nevertheless, major changes in interest rates on loans may affect general construction activity and, thereby, the demand for Uponor's products.

Commodities involve not only price risks but also availability risks, which Uponor attempts to minimise through centralised procurement of principal raw materials. Uponor typically concludes annual agreements with its main suppliers, revised for prices and quantities during the contract period. In an effort to guarantee disruption-free business, Uponor requires its main suppliers to be able to provide raw material from more than one source.

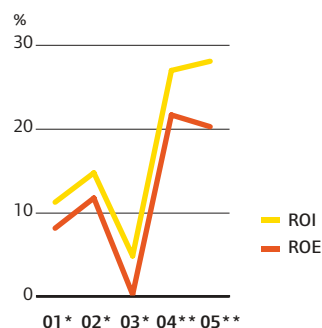
Uponor's purchases are not extensively concentrated; the 20 largest suppliers represent around 70% of all components and resins bought. The majority of plastics comprise

### Investments



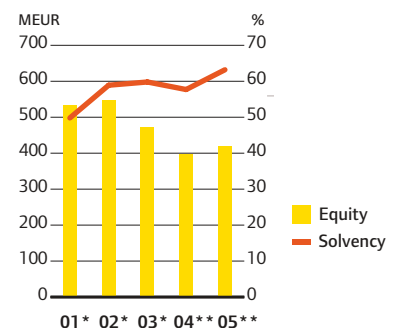
\* FAS  
\*\* IFRS

### Return on investment and on equity



\* FAS  
\*\* IFRS

### Equity and solvency



\* FAS  
\*\* IFRS

polyolefins, such as polyethene and polypropylenes, while some PVC is also used. Purchases are mainly made in euros. Uponor makes use of higher value added resins, which are much less vulnerable to price swings than standard resin grades are.

Under the plan prepared in co-operation with Uponor, raw material suppliers are responsible for supplying and warehousing raw material and products, enabling Uponor to optimise its raw material stock.

#### **Environmental risks**

Uponor's production units aim to take environmental risks into account as part of their production process management and development. The manufacture of plastic products does not generate major emissions or other hazards to the environment.

In the event of a fire in a plant or warehouse, the combustion of polyolefins – the main raw materials used by Uponor – creates carbon and water. However, burning of raw material or end products containing PVC may involve a risk of toxic gas emissions. Uponor manufactures PVC based products in six out of 18 production units.

#### **Technology risks**

Since Uponor has expanded through company acquisitions, it utilises all major manufacturing technologies applied for plastic and composite piping systems. Whenever necessary, the company replaces outdated technology with a modern solution that is in line with its production strategy. Technology related to, for example, product systems management and

control is purchased mainly on a subcontracting basis, enabling Uponor to protect itself against risks by way of agreements.

#### **Customer- and country-based risks**

Since Uponor's customers come from a diverse range of sectors – they include wholesalers, construction and installation firms, municipalities and other public organisations – individual customers do not represent sources of major risk. Uponor's largest individual customer accounts for clearly less than 10 per cent of the company's net sales, this proportion in turn originating from thousands of customers of the wholesaler in question.

Compliance with the Group's general payment and delivery terms as well as the instructions on the required securities is primarily the responsibility of the business units. In order to reduce its credit risks, Uponor has insured most of its unsecured receivables.

Uponor's largest single national market, the United States, accounts for slightly over 15 per cent of the Group's net sales.

#### **Damage risks**

The aim of damage risk management is to protect the Group from insurable damage risks so that it can continue to operate in exceptional situations. Such protection is based on regular risk analyses, performed in co-operation with risk management experts, for determining, surveying, and managing any non-commercial risk factors in order to prevent damage to the Group. Any development measures are based on the risk analysis.

Risk transfer by way of insurance contracts is applied to damage risks that cannot be controlled through the Group's own measures. The main Group level insurance programmes include:

- ▶ Property and business interruption insurance
- ▶ General and product liability insurance
- ▶ Directors' and officers' liability insurance
- ▶ Cargo insurance
- ▶ Crime insurance

As a general rule, insurance contracts are concluded for one year at a time. The deductibles applied in property and casualty insurance programmes have been set in accordance with Uponor's own risk bearing capacity.

#### **Currency fluctuations**

Uponor's net sales, expenses, and profit are affected by currency fluctuations, in particular between Uponor's reporting currency (the euro) and the U.S. dollar, the pound sterling, and the Swedish krona. The management of the company's currency and other financing risks is explained in more detail in the notes to the consolidated accounts.

#### **Risk management**

The ultimate goal of Uponor's risk management policy is to ensure the planned profit performance, guarantee continuous business operations in changing situations, and maintain the Group's liquidity, with the aim of identifying and recognising business related risks on a systematic, extensive basis and managing these risks in the appropriate way. Risk management forms an integral part of the Group's corporate governance system.

# Key figures

		2005 IFRS	2004 IFRS	2003 FAS	2002 FAS	2001 FAS
<b>Key financial figures</b>						
Net sales (continuing operations)	MEUR	1,031.4	1,026.9	1,021.0	1,137.2	1,192.4
Change in net sales	%	0.4	0.6	-10.2	-4.6	-12.0
Operating profit (continuing operations)	MEUR	123.0	95.2	30.7	114.2	91.2
Operating profit (continuing operations)	%	11.9	9.3	3.0	10.0	7.6
Profit before taxes	MEUR	120.5	89.3	20.8	100.7	75.0
Profit for the period	MEUR	82.7	63.8	1.6	64.2	36.6
Return on Equity (ROE)	%	20.3	21.7	0.3	11.8	8.2
Return on Investment (ROI)	%	28.1	27.0	4.9	14.8	11.3
Solvency	%	63.2	57.7	59.8	58.9	49.8
Gearing	%	-6.4	8.5	17.8	30.0	53.0
Net interest-bearing liabilities	MEUR	-26.9	33.6	84.0	163.9	282.8
Personnel at 31 December		4,126	4,475	4,803	5,302	5,486
Investments, MEUR	MEUR	49.0	37.8	36.7	45.0	55.7
<b>Share-specific key figures</b>						
Market value of share capital	MEUR	1,338.9	1,029.5	935.4	720.9	716.6
Dividend	MEUR	<sup>2)</sup> 65.8	52.0	106.9	55.5	29.9
Dividend per share	€	<sup>2)</sup> 0.90	0.70	<sup>1)</sup> 1.44	0.80	0.40
Effective share yield	%	5.0	5.1	11.5	7.7	4.3
Issue-adjusted share prices						
– highest	€	19.8	15.0	13.0	12.4	9.7
– lowest	€	13.7	12.1	8.4	8.3	7.2

The definitions of key ratios are presented on page 12 of the Financial report.

Years 2004 and 2005 are reported according to IFRS, while years 2001 to 2003 are reported according to FAS.

Notes to the share-specific key figures:

<sup>1)</sup> includes an extra dividend payment 0.44 euros per share

<sup>2)</sup> proposal of the Board of Directors

Figures reported for 2000–2003 have been converted based on the bonus issue 2004. The bonus issue was executed by issuing one bonus share for each existing share without consideration. The average number of shares allows for the effect of treasury shares.

# Stable profitability despite low demand in Central Europe



## Market situation

Overall market developments were marked by a significant decrease in demand in Germany, Uponor's largest market in this region. In the first half of 2005, the number of building permits granted in Germany fell by almost one quarter, directly reflected in the demand for heating applications. While underfloor heating systems are installed mainly in new houses, a large proportion of plumbing systems sales is attributable to the renovation segment.

Despite the decreasing trend, the house connection applications showed favourable development, mainly due to growing demand for municipal district heating and the increased attractiveness of the use of biogas.

While the market situation in Austria was subdued like in Germany, demand for Uponor products developed well in the Benelux countries, Switzerland, the Czech Republic and Poland.

Over half of all new single-family houses in Germany are equipped with an underfloor heating system, at least in part. There is a clear trend towards more easy-to-handle solutions, and Uponor is keeping pace with this development by adapting its offer-

ings in line with changing demand. Uponor's broad range of products creates excellent prerequisites for this, since the company's premium and mid-price products are clearly differentiated from one another with respect to market segment, system components and related services. Uponor aims to serve the market even better by offering a special product range for the mid-price market segment, in addition to catering for the needs of the premium segment.

## Business review

In line with its brand renewal, Uponor created a new, unified sales concept for the German heating and plumbing solutions market, enabling the company to take full advantage of its market potential and improve its sales performance. A strong, integrated and committed sales organisation means better customer service and availability since customers will have access to the whole Uponor offering from one source. The synergies created by the reorganisation will be further boosted by the implementation of a common ERP system in 2006.

In 2005, Uponor developed its supply chain processes, resulting in improved delivery performance to customers. Also substantial cuts in scrap rates were achieved.

Since Uponor has decided to concentrate on multi-layer composite pipes and PEX pipe systems, it sold its polypropylene pipe business and manufacturing plant in Poland. The remaining Polish sales organisation moved to a new site in Blonie (near Warsaw).

At the beginning of 2005, Uponor's housing solutions business in the Czech Republic was integrated with Uponor Central Europe in a move to intensify market penetration in the Czech market, where much of the distribution channel is under German influence. Uponor's sales in the Czech Republic experienced healthy growth over the year.

The spring of 2005 saw Uponor's withdrawal from its non-core machine-building business through the divestment of its German subsidiary.

## Region's key figures

MEUR	2005	2004
Net sales	307.9	334.0
Operating profit (EBITA)	38.1	39.6
EBITA ratio	12.4	11.9
Assets	203.1	225.0
Investments	9.0	7.0
Personnel, 31 December	1,220	1,444



### Profit performance

Weak market developments in Central Europe were reflected in sales in 2005. Although demand picked up during the latter part of the year, the decline in sales in the first half had a negative effect on full-year results.

Net sales fell by EUR 26.1 million from 2004, totalling EUR 307.9 million. This decline was partly attributable to divestments of non-core businesses representing EUR 20.2 million of net sales. The comparable decrease in net sales was 0.6 per cent.

Operating profit totalled 12.4 (11.9) per cent of net sales, showing a year-on-year decrease of EUR 1.5 million. Business divestments reduced operating profit by EUR 1.6 million.

Uponor's capital expenditure totalled EUR 9.0 million, the aim of these investments being the enhancement of productivity over the following 1–2 years.

At the end of 2005, the number of personnel was 1,220, down by 224. This includes both people leaving due to divestments and reductions implemented to adapt staffing to lower sales volumes.

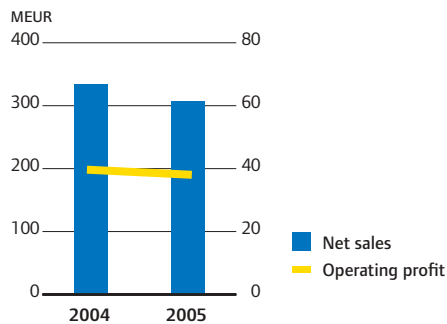


**Bernhard Brinkmann**  
Executive Vice President,  
Uponor Central Europe

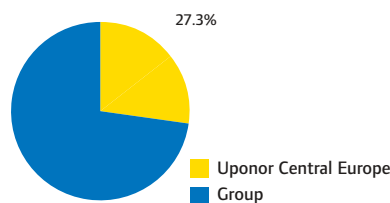
”Situated in the Alps in the Tyrol region, Austria, the Aqua Dome thermal spa covers an area of approximately 50,000 m<sup>2</sup>. Water for the pools comes from the sulphurous hot springs of Längenfeld. The spa features a 12,700 m<sup>2</sup>, bio-energy-based Uponor heating panel that ensures the desired temperature in all facilities.”



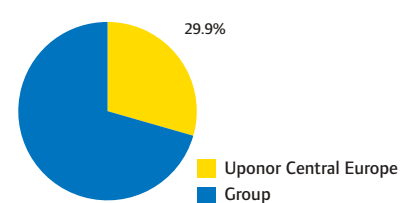
### Net sales and operating profit



### Net sales



### Personnel



# Strong demand for housing solutions boosts Nordic growth



## Market situation

The Nordic construction sector was lively, particularly single-family house building which was further boosted by low interest rates. Single-family homes are Uponor's strongest market segment and the cornerstone of its housing solutions business. In this good market situation, demand for housing solutions increased considerably while in the infrastructure business growth mostly stemmed from price increases.

The major Nordic wholesalers continued to consolidate the market during 2005. On the other hand, large builders and HPAC companies attempt to bypass the wholesale sector and import building material from foreign suppliers or cluster into chains and purchasing groups. Private label products have also been launched to reduce dependence on distribution channels.

In house building as well as infrastructure construction, quality requirements have risen, increasing the demand for Uponor products. Furthermore, the easy on-wall installation of composite pipes in plumbing system renovations is boosting Uponor's sales.

The increased costs of water damage have boosted demand for

reliable systems as well as the need for installer training and certification. Another trend supporting the demand for Uponor products is the growing popularity of under-floor heating systems in both Finland and particularly Norway, where new regulations require water-based heating in all public buildings over 500 square metres in area.

## Business review

Uponor's water safe installation concept has been warmly welcomed by the Swedish market. By the end of 2005 as many as 700 installers had been certified after successful training. In addition to installers, Uponor's system is valued by insurance companies and the authorities, and the new regulations that became effective in Sweden at the beginning of 2006 are expected to bolster demand further.

The extensive training of installers, engineers and wholesale personnel continued in 2005, and in Denmark the construction of a new training centre was initiated.

In Finland, Uponor's sprinkler system was selected as Building Product

of the Year. The system has also been welcomed in Sweden, where it was installed in the country's first six-floor wooden residential house.

The biggest individual renovation project so far, using Uponor's composite pipe, is in Korsør, Denmark, where 1,000 flats are being renovated.

Demand for on-site wastewater treatment systems has risen steadily in Finland, and a similar development is expected in Sweden due to stricter wastewater treatment regulations to be implemented in 2006.

Within the infrastructure business, Uponor completed its Nordic logistics and production network during 2005 by centralising these operations in the Fristad plant in southern Sweden. The unit will focus mainly on manufacturing sewage and storm water pipes.

In December, Uponor divested its mainly Finland-based No-Dig installation business related to water and sewer pipe renovations.

## Profit performance

Uponor's net sales showed rapid growth, thanks to favourable market developments and successful market-

## Region's key figures

MEUR	2005	2004
Net sales	313.6	290.6
Operating profit (EBITA)	41.8	32.0
EBITA ratio	13.3	11.0
Assets	212.8	165.6
Investments	10.5	10.5
Personnel, 31 December	1,145	1,171

ing investments as well as sales price increases implemented to offset higher material costs. In comparable terms, net sales grew by 8.0 per cent year on year, to EUR 313.6 million.

Profitability improved compared to 2004, with operating profit reaching EUR 41.8 million (up 26.3% in comparable terms), or 13.3 (11.0) per cent of net sales.

Investments were channelled mainly into manufacturing and logistics upgrades in the infrastructure business in Sweden and storm water pipe production in Finland. With respect to the housing solutions business, investments focused on production and warehousing-related environmental enhancements.

The number of personnel at year-end was 1,145, down by 26 from 2004. Staff numbers decreased considerably as a result of production restructuring carried out in Sweden and Norway, whereas in the housing solutions business new employees were recruited, mainly for marketing positions in Sweden.

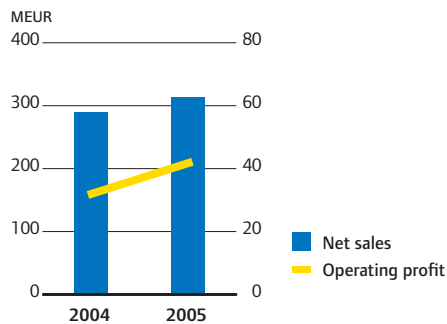


**Anders Tollsten**  
Executive Vice President,  
Uponor Nordic

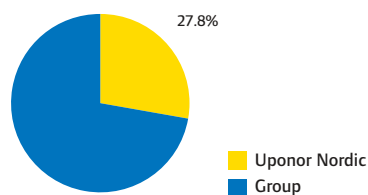
”Uponor sprinklers were installed in a care hotel that forms part of Sundsvall Hospital in Sweden. A total of 130 sprinklers covering a total area of approximately 2,000 m<sup>2</sup> were installed in 40 patient rooms. Installation was easy and cost-efficient since no specialist installers were required. The functioning of the system has been arranged ingeniously by connecting it to the toilet water pipe.”



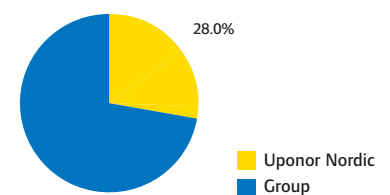
**Net sales and operating profit**



**Net sales**



**Personnel**



# Restructuring strengthens operations in Uponor Europe – West, East, South



## Market situation

In 2005, demand remained mainly unchanged in the markets covered by Uponor Europe – West, East, South. This is a very large and versatile region that consists of markets in different stages of development, the developed economies being in the west and south and the developing economies in the east. Furthermore, there are differences in trade practices and construction regulations in the north-south axis.

In the French, Italian and Spanish markets, the share of plastic pipes in plumbing and heating systems is continuously growing. Copper pipes, which have traditionally dominated the market, are losing their position in the competition against plastic pipe systems which are easy to install and provide new features at a lower lifetime cost.

In the UK plumbing market, plastic solutions already command over half of the total market. In Spain and Portugal plastic and composite-based plumbing and heating solutions also have a stable market position.

In the largest markets of this region the construction sector was rather quiet in 2005. In various European markets, the substitution of

metal pipes with plastic pipe systems as well as the increasing popularity of underfloor heating increased demand for Uponor products. Uponor's greatest opportunities lie specifically in heating and plumbing systems. In Russia, for example, rapidly growing housing construction and the increasing demand for comfortable homes and clean drinking water have seen demand for modern heating and plumbing systems rise.

In Europe – West, East, South, Uponor's infrastructure activities are concentrated in the UK and Ireland where the company is the leading gas and water distribution systems supplier. In these markets, Uponor's main competitors are other plastic system providers while the majority of the municipal gas and water business is based on long-term supply contracts with large gas and water utility customers. Uponor's strong position builds on product innovations and service concepts that offer our customers tangible advantages such as safety, reliability and lower lifetime cost.

## Business review

Uponor focused on expanding its housing solutions business, particularly in markets where its market share is still low, and in consolidating its leading position in the UK and Ireland's gas and water pipe markets. While the strongest growth took place in Spain, Russia and the UK, Uponor increased its market share in other countries as well. This success was largely based on new customer loyalty programmes and continuous investment in installer training as well as new product launches such as plastic fittings. In south-eastern Europe, Uponor strengthened its market presence by establishing a new sales organisation in Greece.

In the UK gas and water market, Uponor secured a major contract with United Utilities, worth approximately EUR 60 million over a three-year contract period. This contract contains a substantial share of Uponor's new, innovative products and consolidates Uponor's leading position in this business in the UK.

## Region's key figures

MEUR	2005	2004
Net sales	325.9	330.0
Operating profit (EBITA)	30.0	16.4
EBITA ratio	9.2	5.0
Assets	199.3	207.3
Investments	9.7	7.8
Personnel, 31 December	1,110	1,208

### Profit performance

Net sales came to EUR 325.9 million, representing a comparable annual growth of 11.9 per cent. Reported net sales decreased by EUR 4.1 million, as a result of the exit from the infrastructure business in Spain, Portugal and France. Most of the decline was offset by strong growth in the housing solutions business.

Operating profit increased by EUR 13.6 million as a result of the divestment of unprofitable infrastructure businesses, larger sales volumes and improved operational efficiency.

Production and distribution efficiency was increased in the Iberian Peninsula and Italy while investments were made in the UK in the manufacture of a new sewer pipe system that withstands high-pressure jetting.

The number of personnel at year-end decreased by 98 people. While the exit from non-core businesses reduced staff numbers by 189, the expansion of operations increased the number of employees in Russia and particularly in Spain where sales agents were transferred to Uponor's payroll.

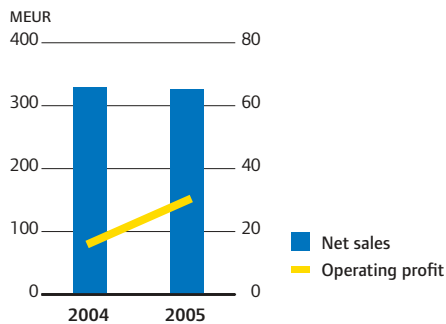


**Jukka Kallioinen**  
Executive Vice President,  
Uponor Europe – West, East, South

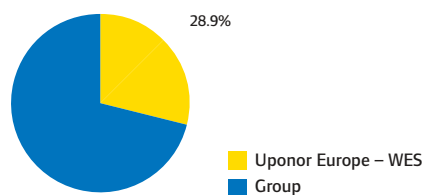
“In September 2005, Uponor signed a major pipe supply contract with United Utilities, the UK’s largest public utility services provider, to which Uponor will deliver water and gas pipe systems, including innovative, multi-layer barrier pipes for distributing potable water through contaminated ground.”



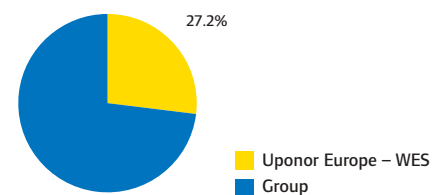
### Net sales and operating profit



### Net sales



### Personnel



# Strong market growth continues in North America



## Market situation

Strong economic growth continued in North America, despite the expected decline in the market in 2005.

Low interest rates boosted private spending and provided a tail wind for housing starts, renovations and modernisations.

Competition continued to intensify, with European manufacturers in particular strengthening their positions. Consolidation towards fewer and larger enterprises took place in the single-family house building sector.

Uponor initiated new measures in order to further extend its leading position in North America. The purpose of Uponor's installer training is to strengthen and expand its installer network, which is already the strongest in this field, while enhancing its ability to compete for new projects. Furthermore, Uponor introduced new, innovative products that make its systems simpler and easier to install.

The use of PEX in plumbing is expected to further increase now that Massachusetts, one of America's strongest construction markets, has amended its building code to allow the use of PEX plumbing in construction. This leaves California as the only

U.S. state whose building code does not approve the use of PEX pipe for potable water purposes. Despite the lack of state approval, county and local approvals enable Uponor to supply products to California. Uponor is working actively through industry associations to remove restrictions on PEX plumbing in California.

## Business review

In 2005, Uponor increased its sales by targeting its marketing efforts in key areas, focusing in particular on cultivating relationships with leading prefabricated house manufacturers and distribution partners. The company's network of trained installers was extended in both the U.S. and Canada.

The exit from the PEX-b pipe business initiated in 2004 was completed during the first half of 2005. This enables Uponor to focus its resources and investments on strengthening the Uponor brand.

In connection with the business streamlining, the management and administration of Uponor's U.S. and Canadian units were centralised in Minnesota. This unification of operations and improved coordination was enhanced with the further development of the Oracle ERP system, enabling U.S. production units to

respond to demand more quickly. The system was also implemented in Canada in 2006.

In April, Uponor completed the implementation of a major warehouse management system (WMS) software package. The WMS, combined with a complete physical reconfiguration of the North American distribution centre's operations, enabled warehouse automation improving both logistics and order-fulfilment capacity.

In August, Uponor initiated the expansion of its office and production premises in Apple Valley, Minnesota. This approximately 4,000 square-metre addition, expected to be completed in June 2006, will allow the consolidation of staff under one roof as well as an expansion of production capacity, provided healthy sales growth continues.

In line with the Group-wide brand renewal, the decision to unify the company's brand architecture under a single brand was announced to North American customers in the summer of 2005. The purpose of this global change is to boost marketing and customer service and to increase recognition of the Uponor brand in North America, where Uponor products are among the best-known and trusted in their field.

## Region's key figures

MEUR	2005	2004
Net sales	179.8	155.1
Operating profit (EBITA)	22.7	22.2
EBITA ratio	12.6	14.3
Assets	120.8	98.6
Investments	9.7	8.9
Personnel, 31 December	611	579

### Profit performance

Uponor benefited from strong demand in the housing sector in 2005. Despite the discontinuation of part of its business, net sales came to USD 222.2 million (MEUR 179.8), up 15.1% from 2004.

Operating profit increased by 1.4%, to USD 28.1 million (MEUR 22.7), or 12.6% (14.3%) of net sales.

Towards the end of the year, improved supply chain management was reflected in higher net working capital and, in particular, improved inventory management.

Investments focused on increasing operational efficiency by, for example, developing the ERP system and inventory management and centralising production and office facilities.

Uponor's personnel increased by 6 per cent, mainly as a result of increased volumes which necessitated the recruitment of personnel for manufacturing and warehousing positions. The sales network was also upgraded and sales and marketing resources were increased.

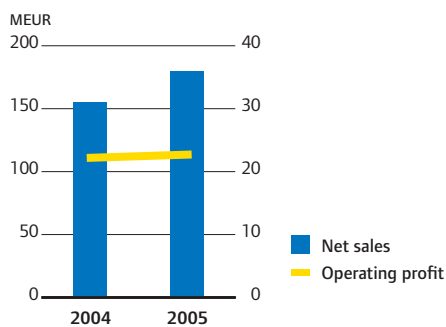


**Jim Bjork**  
Executive Vice President,  
Uponor North America

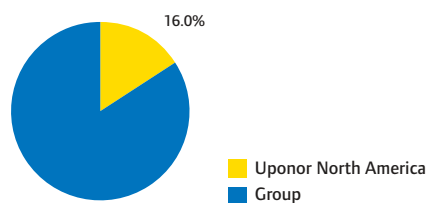
"The 18-storey 240-unit condominium high-rises in Irvine, California, are the tallest structures in the city. Marquee Towers represents the ultimate in luxury and nothing but the finest materials and fixtures were chosen. Uponor's plumbing system, which is safe and easy to install, was chosen for the buildings. In condominium high-rises the system's silence is also an advantage."



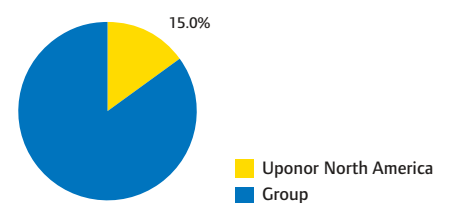
### Net sales and operating profit



### Net sales



### Personnel



# One Unified Uponsor – a major strategic reform for the future





In 2003, Uponor launched a major strategic reform called One Unified Uponor. The purpose of this extensive reform was to improve the company's profitability and create a solid footing for profitable growth.

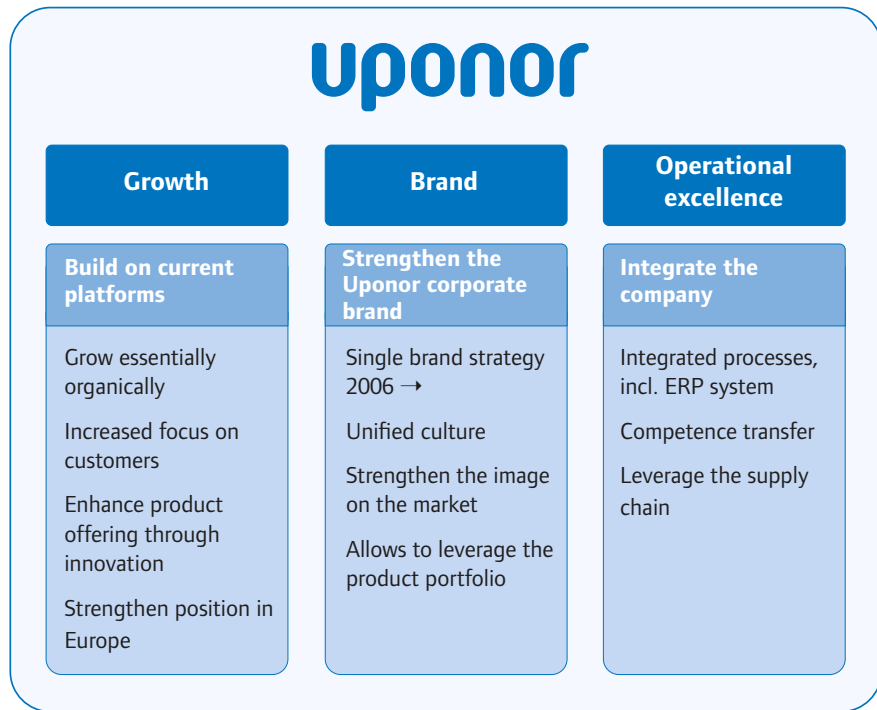
In connection with the related strategic planning, Uponor defined three focus areas in which it should invest during the first stage in order to trigger a fundamental change in the company. These three focus areas would also serve as the pillars of a bridge enabling Uponor to take the necessary measures in order to achieve its final goals. These pillars are:

- ▶ Growth
- ▶ Brand
- ▶ Operational excellence

The company launched several change projects to develop each of these pillars. At the initial stage, the emphasis was on focusing on the second and third pillar, i.e. the brand and operational excellence.

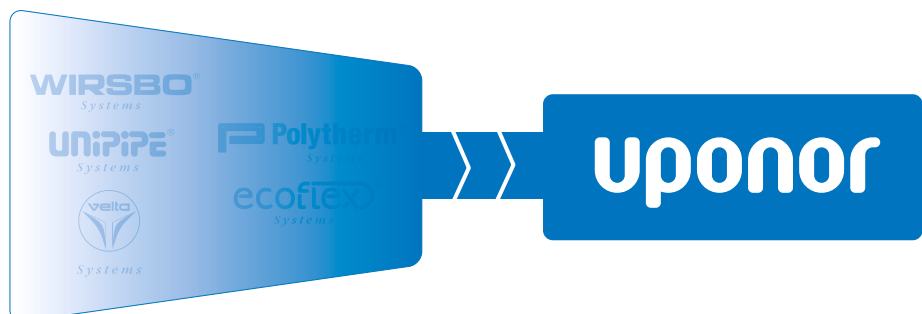
### One uniform brand

Uponor's global growth has been largely based on acquisitions. In the 1990s, the company's strategy was not to integrate acquisitions into the Group by, for instance, creating common processes, organisations and operating models, except for financial administration. As a general rule, the purchased companies were allowed to retain their own brands, especially in the housing solutions business. This strategy suited the market situation at the time since it enabled strong business growth in international markets and, as a result of a relatively lean Group administration, provided satisfactory profitability levels.



At the turn of the millennium, the Group's parent company, Asko, changed its name to Uponor and implemented a strategic restructuring programme that resulted in the divestment of all industrial operations

not pertaining to plastic pipe systems. This propelled the company into an entirely new situation, enabling it to develop its operations without historical restrictions. At the same time, changes in the housing solutions



and infrastructure technology businesses' markets and competitive arena required determined measures through which Uponor could ensure its success and profitability in the years to come.

While the Uponor name was introduced in all of the Group system brands' marketing communications in connection with its strategic reform of 2001, in 2004 the company initiated a separate project for the entire revision of its brand strategy. After judging the various alternatives, the company decided to manage all of its business operations, with a few local exceptions, under the Uponor brand as of the beginning of 2006. At this stage, slightly over a third of the company's business operations, mainly the infrastructure solutions business, already used the Uponor

brand. The housing solutions business mainly used four other brands (Wirso, Velta, Unipipe and Ecoflex), but the Uponor name had already gained some recognition in this segment, too.

Through brand harmonisation, Uponor is attempting to increase its leverage in the markets and provide better support and service to its key customer groups. In addition to harmonising its visual image and brand name, one of the main goals of the project was to develop Uponor's operations in order to strengthen its customer relationships in a unified manner in all markets in which the company operates. The results of the project included the new corporate mission, Partnering with professionals to create better human environments, as well as brand values that were integrated with Uponor's corporate values. Uponor's

motto was also revised to read, "Uponor...simply more", indicating that when Uponor's strengths and competitive edges are combined, the company will outstrip its competitors in service provision for partners and end users.

One brand will enable Uponor to implement a number of improvements to develop its operations further. In Germany, for example, Uponor's sales and marketing organisation was renovated by integrating the former organisations that were based on four different system brands into one new organisation. This increased the efficiency of operations both in terms of costs and customer service.

### Operational excellence

Uponor's push towards operational excellence forms the required basis



for the company to be able to comply with the new brand strategy.

In 2004, an extensive project was launched to implement a new enterprise resource planning (ERP) system in Uponor's European units, phase by phase, during 2006–2008. The project was initiated by defining its goals and planning future business processes in order to ensure the continuous development of operations while taking corporate and customer needs into account.

Assisted by external consultants, dozens of Uponor employees from the company's various European units have participated in the project on a full-time basis, and an even larger number on a part-time basis. The specification of operational models for the selected Oracle ERP system was finalised in early 2005 and test use of the system began towards the end of the year. The new system will be implemented in the summer of 2006, initially in one of Uponor's German sites, after which it will be expanded to the other German units, Uponor Nordic and Uponor Europe – West, East, South.

Although Uponor North America introduced Oracle's ERP system earlier, it has been developed in tandem with the European project. While a full convergence of systems is not the goal at this stage, they must be able to support operational integration in certain key areas, such as financial administration, sales and marketing, distribution channels, and product and systems development.

In developing operational excellence, another important project has been the reduction in the number of plants, thus concentrating production into larger, specialised units. This



The purpose of management training is to develop harmonised working methods and ensure their implementation throughout the organisation.

work has succeeded well, as highlighted by the fact that the company has been able to decrease the number of its plants worldwide, from 45 in 2000 to 18 in 2006.

An efficient and specialised production network, including subcontractors, supported by carefully planned and implemented processes and a modern ERP system will form the basis of an efficient and well-functioning supply chain management and customer service in the future.

### Revised values

Since all operations are based on the activities of human beings, Uponor strives to motivate its personnel

to work in line with the company's goals and values. In connection with the brand development project, the company determined the Uponor brand values that were also integrated with Uponor's corporate values. In 2006, Uponor will implement these values throughout the organisation so as to ensure that each Uponor unit functions, and also develops its operations, in accordance with them. The ultimate goal is to see Uponor's brand and corporate values reflected in a consistent manner in all of its activities and market areas and both towards internal and external interest groups.

# Uponor's corporate social responsibility is based on solutions that are pro-environmental and provide low life-cycle costs

Uponor provides high-quality, innovative solutions that are technologically advanced, cost-efficient in life-cycle terms, pro-environmental, and ethically sound. They enable energy-efficient solutions, constantly appropriate temperature, pure water, and fresh air in any facilities where people live, work, or spend their time.

## Corporate social responsibility built on core values

The starting point of Uponor's business operations is to provide genuine added value to customers and partners while at the same time complying with the applicable rules and regulations in all operations.

### Uponor works to maintain corporate social responsibility on the basis of the following principles:

- ▶ Considering environmental factors in the development and manufacture of products;
- ▶ Maintaining and improving employee well-being; and
- ▶ Appreciating partners, consumers, and society.

Uponor's values were revised in the autumn of 2005 as part of the One Unified Uponor corporate strategy, and implementation of the renewed values began in early 2006.

With its extensive, long-term experience, Uponor wants to be a pacesetter. We demonstrate our values by providing our customers with solutions that enable them to succeed in business. Our ultimate goal is partnership with professionals to create better human environments. For us, the cornerstone of responsible business is to focus on long-term co-operation and be a reliable partner.

Our values reflect what we stand for and define how we should behave in relation to our business partners and each other.

### Knowledge

- ▶ We are willing to learn and create new ideas
- ▶ We improve our present ways of thinking and doing
- ▶ We share information openly and co-operate to achieve business success
- ▶ We know our business and customers

### Enabling

- ▶ We communicate our vision and targets
- ▶ We build trust in an ethical way
- ▶ We actively support each other
- ▶ We give and accept constructive feedback

### Most rewarding

- ▶ We enjoy our work
- ▶ We ensure respect for all individuals
- ▶ We give recognition for results
- ▶ We create opportunities to develop

### Improving effectiveness

- ▶ We use the Uponor strength to create new solutions
- ▶ We do the right things, in the right way, at the right time
- ▶ We find easy and simple ways of doing things
- ▶ We are willing to change

### Committed

- ▶ We take responsibility for getting results
- ▶ We deliver on our promises
- ▶ We have a desire to do well
- ▶ We take initiative

## Financial responsibility

For Uponor, financial responsibility means rewarding and mutual co-operation with stakeholders. It builds on the financial goals set by the Board of Directors. The starting point of responsible business is stable growth that helps to ensure the company's profitability and competitiveness. In 2004, Uponor initiated a strategic restructuring programme in order to improve its competitiveness and ensure stable growth, but also to make sure that Uponor continues to be an attractive and responsible employer. In 2005, the company completed the implementation of this restructuring programme in line with strategy.

MEUR	2005	2004
<b>Financial dimension</b>		
Value added to customers (net sales)	1,031.4	1,072.4
To suppliers of products and services (purchases)	727.3	741.3
To personnel (salaries and fees)	164.4	182.5
To investors (dividends paid)	52.0	106.9
To society (taxes paid)	16.8	24.6

## Financial impact on stakeholders

### Customers

Uponor works in close co-operation with its customers to ensure that the products and services meet their needs and enhance their business opportunities. Uponor is one of the world's leading suppliers in its sector, and aims at further strengthening its operations in order to be a reliable partner also in the future.

Uponor's main partners include:

- ▶ Installers such as HPAC and plumbing companies;
- ▶ Building and pipework designers and specifiers;
- ▶ Engineering and architects' offices;
- ▶ Land use, water supply, and sewerage engineers;
- ▶ Building firms and utilities;
- ▶ Wholesale and retail businesses;
- ▶ Suppliers of raw materials and components; and
- ▶ Research and educational institutes.

### Personnel

Uponor wants to be a reliable and attractive employer that provides rewarding jobs and opportunities for professional and personal growth.

### Investors

Uponor strives to be an attractive investment, with a stable and competitive shareholder return. In accordance with its dividend policy, Uponor distributes at least 50 per cent of its profit as dividends on an annual basis.

### Society

Uponor wants to be a good corporate citizen and an attractive employer in the locations where it operates. We aim at open co-operation with authorities and the media in order to successfully communicate our needs and wishes.

Uponor co-operates with educational institutions and provides both student traineeships and full-time jobs for qualified graduates. The company attempts to increase awareness of its operations among students, thus also promoting the attractiveness of the industry.

### Environmental responsibility

With a long tradition in the development of pro-environmental products, Uponor wishes to surpass the environmental standards set by the authorities and thus be one of the forerunners also in this field.

Almost all of Uponor's production units hold either an ISO 9000 quality certificate or an ISO 14000 environmental certificate. In 2005, both certificates were renewed in the Mostoles factory. Further, the ISO 14001 certificate was renewed in Virsbo and in Fristad. The aim is for Uponor factories to operate under a certified environmental management system. Each site is responsible for the management of its environmental work and for setting detailed goals.

### Production with little environmental impact

Uponor's most significant environmental effects stem from the use of raw materials, energy consumption, and transportation. The plastics processing industry creates no major burden on the environment since such manufacturing does not involve major emissions, and raw materials are used efficiently. Raw material waste is grinded and either reused in production or sold for recycling or energy use. Water is purified and recycled in a closed system. The environmental effects of transportation are minimised through efficient delivery planning.

In 2005, in Uponor's Nordic infrastructure solutions production, the efficiency of closed-cycle water

manufacturing of housing solutions. Furthermore, the company invested in new equipment enabling the recycling of cutting oil used in brass machining. In North America, investments included pipe waste handling, halving the space need for waste storage.

### Pro-environmental, long-life products

The environmental burden of Uponor's products is small since they save on energy, costs, and harm to the environment during all stages of use, from delivery and installation to the end of the product's life cycle. The service life of plastic pipes is exceptionally long, often 50–100 years, after which the product can be recycled. One of Uponor's main products is an underfloor heating system providing two major environmental benefits. Firstly, any source of energy can be used as the system's heat source; it is ideal for renewable energy sources. Secondly, underfloor heating can save energy: when the entire floor slab is heated, the room temperature can be reduced by 2–5 °C, creating energy savings of up to 20 per cent when compared to many other heating systems.

Uponor is continuously developing new solutions that are cost-efficient

For us, the cornerstone of responsible business is to focus on long-term co-operation while at the same time being a reliable partner for customers.

cooling was increased in Sweden and Finland, while the Danish unit invested in noise reduction of raw materials handling and storage. In Finland, production lines were modernised in order to reduce raw material and energy consumption in the manufacture of certain telecommunications and sewer products. In Sweden, cooling equipment was renovated, as were peroxide and oil storage facilities related to

and friendly to the environment. For example, new heating and cooling systems enable dramatic reduction in the energy consumption of buildings. No-leak plumbing and sewerage systems prevent damage to buildings, leakage of untreated wastewater into the ground, and entry of surface water into the sewerage system. Furthermore, the structure of the plastic pipes prevents build-up, keeping the water pure.

When it comes to product development, Uponor's barrier pipe is an interesting innovation; it enables the transportation of potable water through contaminated ground, thus eliminating the need for expensive replacement or cleaning of soil. This system is in demand in many industrialised European countries, where former industrial areas often need to be put into residential use.

### Social responsibility

Development of employees' competence and well-being and of a safe working environment is a central part of Uponor's social responsibility. The strategic human resource development initiated in 2004 was continued according to plan in 2005. The aim of Uponor's HR management is to harmonise management practices and ensure business success by developing skills and expertise that are vital for the company's strategy. The creation of One Unified Uponor requires long-term work. To this end, the company continued its work toward creating a mutual corporate culture and harmonised processes, and it set forth global management principles for the Group.

In November 2005, Uponor carried out its second Group-wide survey of the work climate. It is an important management tool that the company intends to utilise on an annual basis to assess employee motivation and competence. It also provides a basis for unit-specific action plans and for

monitoring progress. Furthermore, the survey provides a channel through which employees can influence the company's operations.

Uponor is the leading company in its field and strives to continuously improve its operations. For this reason, the company also wants to invest in employee training and encourage personal development. Annual performance and development discussions are held to specify personal goals for every employee and chart each individual's development needs. In the year under review, 50 employees started a training course focusing on matters like sustaining high performance in change situations and brand marketing. This training is to continue in 2006. Furthermore, Uponor employees have the opportunity to participate in Web-based learning of English.

Occupational health and safety are at a high level in Uponor, and there were no serious occupational accidents in 2005. All Uponor facilities have safety instructions that apply to everyone. Occupational accidents are reported mainly on a local basis. Further, occupational health is promoted by ensuring that jobs are meaningful, and by providing job rotation opportunities through, for example, the announcement of vacancies on the intranet before making them public. Also, Uponor assesses and enhances employee well-being by making good use of the work climate surveys.

### Uponor promotes water protection

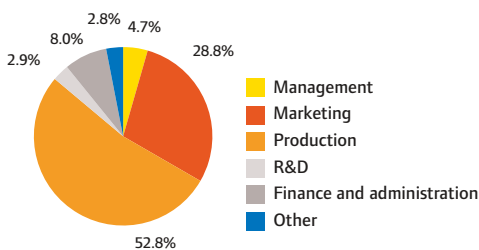
Since 1995, Uponor has been a Founder member of the Stockholm Water Foundation, which aims to encourage research and the development of the world's water environment. During World Water Week each year, the foundation awards the Stockholm Water Prize, an international environmental award, to an individual, organisation, or institution for outstanding water-related activities. HM King Carl XVI Gustaf of Sweden is the patron of the Stockholm Water Prize. In 2005, the award was granted to the Centre for Science and Environment, an India-based environmental organisation.

### Training for professionals

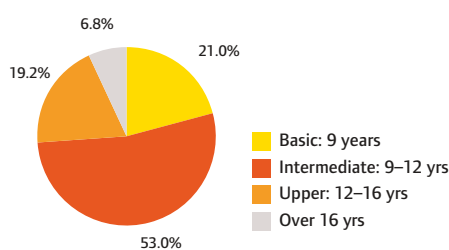
In addition to its co-operation with educational institutions, Uponor offers extensive training for contractors, engineers, and subcontractors. The company provides approximately 20,000 training days, on an annual basis, for these professionals, focusing on the installation and use of Uponor systems. The purpose of the Uponor Academy training programme is to support the achievement of Uponor's mission: partnership with professionals to create better human environments.

Social dimensions	2005	2004
Average number of personnel	4,169	4,684
Occupational accidents leading to sick days	108	131

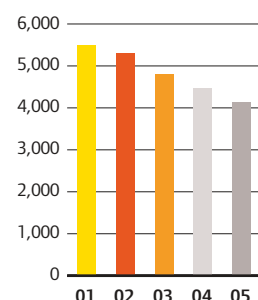
Personnel by function



Personnel by education



Personnel at year-end



# Corporate governance, summary

Pursuant to the Finnish Companies Act and the Articles of Association of Uponor Corporation, the control and management of the Corporation is divided among the shareholders, the Board of Directors and the Chief Executive Officer (CEO). Uponor's corporate governance complies with the recommendations issued jointly by the Helsinki Stock Exchange, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers.

## General meetings of shareholders

Shareholders exercise their rights in general meetings of shareholders, which constitute the Corporation's highest decision-making body. Decisions made by general meetings of shareholders include among other things:

- ▶ Amendments to the Articles of Association
- ▶ Adoption of the annual accounts
- ▶ Dividend distribution
- ▶ Share issues
- ▶ Buyback and disposal of the Corporation's shares
- ▶ Share / stock option plans
- ▶ Election of members of the Board of Directors, decision on their emoluments
- ▶ Election of the Corporation's auditor, decision on audit fees

## Board of Directors

The Board of Directors is responsible for the management of the Corporation and the proper organisation of its activities. The Board's main duty is to direct the Corporation's operations in such a way that in the long run the best use of invested capital is secured,

while simultaneously taking the expectations of various stakeholders into account. Furthermore, the Board makes decisions on all other significant issues, such as Group strategy, dividend policy, budget, major investments including company acquisitions, and major restructuring plans. The Board also approves succession plans for the CEO and Executive Committee members.

Uponor's Board comprises a minimum of five and a maximum of seven members, elected for a one-year term starting at the close of the Annual General Meeting (AGM) at which they were elected and ending at the close of the following AGM. Board members may be elected or removed only by a resolution adopted by the shareholders in a general meeting. The number of terms Board members may serve is not limited, nor is there any defined retirement age applying to them.

All of the present Board members are independent of the Corporation and all of the Board members, except for Mr Paasikivi, are independent of major shareholders.

The Board members are not involved in the Corporation's share-based incentive scheme.

The Board elects from among its members a Chairman and Deputy Chairman, for one year at a time.

The Board meets on average 10 times a year. During 2005, the Board held 12 meetings, two of these at a business unit. Four non-attendances were recorded.

The Board has considered and decided that it is not expedient to nominate separate, permanent committees but that the entire Board shall perform the duties of an Audit

Committee. Whenever necessary, the Board sets up ad hoc committees to deal with various issues, such as compensation and nominations.

## Chief Executive Officer

Assisted by the Executive Committee, the Chief Executive Officer is in charge of the Group's day-to-day management in accordance with the orders and instructions issued by the Board. The CEO is also the Chairman of the Executive Committee.

The Board of Directors appoints and discharges the CEO.

## Executive Committee

The Executive Committee (ExCom) is mainly responsible for formulating and implementing Group strategy. It also decides on significant operational issues, such as budgets, business plans and their implementation, major organisational changes and any changes in employment terms and conditions affecting a large number of employees.

In 2005, the ExCom held 12 meetings.

## Board and CEO evaluation

The Board conducts an annual evaluation of the CEO's performance with respect to, for example, strategic planning, management skills and financial performance. In addition, the Board conducts a separate evaluation of its performance and that of the Chairman, while each director also assesses his/her own personal performance.

## Compensation

Uponor's compensation system consists of a basic salary and fringe

benefits as well as a profit- and performance-based bonus system that depends on the individual employee's position. Furthermore, members of the ExCom have a long-term share-based incentive scheme.

The Board determines the CEO's employment terms and conditions and annual compensation, and approves ExCom members' annual compensation, based on the CEO's proposal.

### Internal control, risk management and internal audit

The Board and CEO determine the policies used to steer the Group's operations.

The Group's main risk areas have been identified, with each ExCom member being allocated his/her own area of responsibility with regard to the identified risks. The officer in charge of risk management

co-ordinates overall risk management within the Group and is also responsible for ensuring appropriate insurance coverage and organising risk-management reporting on a Group-wide basis.

The internal audit is independent of daily business operations. The Board approves the annual internal audit plan.

In 2005, the internal audit was outsourced to PricewaterhouseCoopers Oy.

### External audit

The AGM elects the external auditor that must be a corporation of authorised public accountants accredited by the Central Chamber of Commerce of Finland.

The 2005 AGM appointed KPMG Oy Ab, a corporation of authorised public accountants, as the Corporation's auditor for the year 2005.

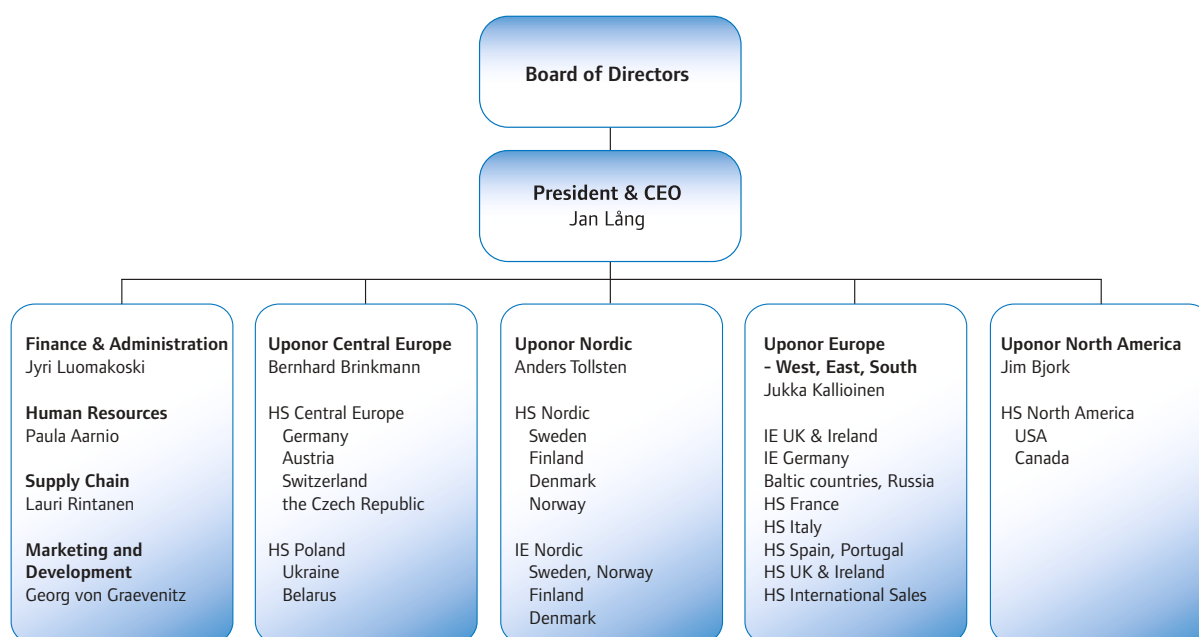
### Insider guidelines

Uponor complies with the guidelines for insiders issued by the Helsinki Stock Exchange, and the standards issued by the Finnish Financial Supervision Authority as well as other regulations issued by the authorities.

Trading in the Corporation's shares and other securities is subject to prior approval by the Corporate General Counsel. The Corporation applies an absolute trading prohibition that starts at the end of each reporting period, no later than three weeks prior to the disclosure of annual accounts or interim reports. The trading prohibition ends upon the publishing of the annual accounts or interim report.

Further information on Uponor's corporate governance is available in the company's Financial Report 2005 and on the company's website at [www.uponor.com](http://www.uponor.com).

## Group structure, 1 January 2006



HS = Housing Solutions  
IE = Infrastructure Solutions



# Uponor Corporation Board of Directors, 1 January 2006



Pictured, from the left, Jorma Eloranta, Rainer S. Simon, Pekka Paasikivi, Aimo Rajahalmel and Anne-Christine Silfverstolpe Nordin.

## **Pekka Paasikivi**

b. 1944, Finnish citizen, B.Sc. (Eng.), Chair of the Board of Oras Invest Ltd

- Chair of the Board, Uponor Corporation from 30 September 1999
- Member of the Board from 23 September 1999

### **Board memberships:**

- Chair of the Board, Erkki Paasikivi Foundation
- Member of the Supervisory Board, Finpro Oy (-13 Dec 2005)
- Chair of the Supervisory Board, Varma Mutual Pension Insurance Company
- Member of the Board, Okmetic Oyj
- Member of the Board, Raute Oyj
- Member of the Board, Technology Industries of Finland (-31 Dec 2005)
- Member of the Board, Foundation of Economic Education

### **Career history:**

- Various positions at Oras companies, e.g. Managing Director and CEO

## **Aimo Rajahalmel**

b. 1949, Finnish citizen, M.Sc. (Econ.), Executive Vice President, Finance and Information Services, Kone Corporation

- Deputy Chair of the Board, Uponor Corporation from 15 March 2005, Member from 17 March 2003

### **Career history:**

- Member of Executive Board, Kone Corporation, since 1991
- CFO, Kone Corporation, since 1991
- Employed by Kone since 1973

## **Jorma Eloranta**

b. 1951, Finnish citizen, M.Sc. (Tech.), CEO, Metso Corporation

- Member of the Board, Uponor Corporation from 15 March 2005

### **Board memberships:**

- Member of the Supervisory Board, Ilmarinen Mutual Pension Insurance Company
- Member of the Executive Board and Member of the Board, Technology Industries of Finland
- Chairman of the Advisory Board, Laatukeskus Excellence Finland
- Member of the Advisory Board, Helsinki University of Technology

- Member of the Council, Finnish Section of the International Chamber of Commerce (ICC Finland)

- Member of the Council, Helsinki Chamber of Commerce

- Chairman and Member of the Board, Oy Center-Inn Ab

### **Career history:**

- President and CEO, Kvaerner Masa-Yards Inc., 2001-2004
- President and CEO, Patria Industries Group, 1997-2001
- Deputy CEO, Finvest Group and Jaakko Pöyry Group, 1996-1997
- President, Finvest Oyj, 1985-1995

## **Anne-Christine Silfverstolpe Nordin**

b. 1950, Swedish citizen, M.A. (Soc.), Partner and Senior Consultant of Neuhauser & Falck AB

- Member of the Board, Uponor Corporation from 17 March 2003

### **Board memberships:**

- Chair of the Board, Friskis & Sveltis Riks If
- Chair of the Board, Jympa-produkter F&S AB
- Member of the Board, Neuhauser & Falck AB

- Member of the Board and owner, Chorda Management AB

- Member of the Board, Spring-time AB

### **Career history:**

- Senior Vice President, Swedish Post (Posten AB), 1997-2002
- Various positions in Human Resources in different companies, 1984-1997

## **Rainer S. Simon**

b. 1950, German citizen, Dr.Sc. (Econ.), President, Birch Court GmbH

- Member of the Board, Uponor Corporation from 17 March 2004

### **Career history:**

- President and CEO, Sanitec Corporation, 2002-2005
- Member of the Executive Board, Friedrich Grohe AG, 1995-2002
- Senior Vice President, Europe, Continental AG, 1993-1995
- Managing Director, Keiper-Recaro, 1991-1993
- Various national and international marketing and general management positions, Continental AG, 1979-1990

# Executive Committee, 1 January 2006



**Jan Lång**  
President and CEO  
M.Sc. (Econ.)  
b. 1957, Finnish citizen

Employed by Uponor since  
June 2003



**Jyri Luomakoski**  
Deputy CEO, CFO  
MBA  
b. 1967, Finnish citizen

Employed by Uponor since 1996



**Paula Aarnio**  
Executive Vice President,  
Human Resources  
M.Sc. (Eng.)  
b. 1958, Finnish citizen

Employed by Uponor since  
February 2004



**Jim Bjork**  
Executive Vice President,  
Uponor North America  
B.A., MBA  
b. 1959, US citizen

Employed by Uponor since 1990



**Bernhard Brinkmann**  
Executive Vice President,  
Uponor Central Europe  
M.Sc. (Mech.Eng.)  
b. 1953, German citizen

Employed by Uponor since  
May 2004

## Career history

### Uponor:

- President and CEO, Uponor Corporation, 1 August 2003–

### Other:

- Division President, Food Service, Europe, Huhtamäki, 2003
- Group Vice President, South & West Europe, Huhtamäki, 2001–2002
- Group Vice President, Global Sourcing, Huhtamäki, 2000–2001
- Steering Group Member, Senior Executive, Huhtamäki/Van Leer merger, 1999–2000
- Group Vice President, North & West Europe, Leaf Group, 1997–1999
- Various director and manager positions in Germany, Holland, UK and Finland, Huhtamäki Group, 1982–1977

## Career history

### Uponor:

- Deputy CEO, Uponor Corporation, 2002–
- CFO, member of Executive Committee, Uponor Corporation (Asko Oyj), 1999–
- Corporate controller, Uponor, 1997–1999
- Controller, Uponor, 1996–1997

### Other:

- Deputy Managing Director and CFO, Oy Lars Krogus Ab, 1991–1996
- Director and Manager positions in Germany and Finland, Datatrans, 1987–1991

## Career history:

### Uponor:

- Executive Vice President, Human Resources, Uponor Corporation, 2004–

### Other:

- Human Resources Director, Oy Karl Fazer Ab, 2001–2004
- Vice President, Human Resources, Neste Oy/Fortum Oyj, 1998–2001
- General Manager, Human Resources, Neste Oy, Chemicals Division, 1997–1998
- Technical Marketing Manager, Neste Resins Oy, 1992–1995
- Product Development Manager, Neste Resins Oy, 1987–1991

## Career history

### Uponor:

- Executive Vice President, Uponor North America, 2003–
- President, Housing Solutions North America, 2002–2003
- Vice President, North America, Plumbing and Heating Systems, 2000–2002
- Managing Director, Wirsbo Company, 1998–2000
- Director, Wirsbo Company, 1996–1998
- CFO, Plant Director, Sales Director, Marketing Director, Wirsbo Company, 1990–1996

## Career history:

### Uponor:

- Executive Vice President, Uponor Central Europe, 2004–

### Other:

- CEO, Zarges-Tubesca Holding GmbH, 1996–2004
- Division Head of Small Domestic Appliances, Bosch-Siemens Hausgeräte GmbH, 1992–1996
- CEO, Esselte GmbH, 1988–1991
- Director of Strategic Planning, Osram GmbH, 1985–1988
- Management Consultant, Roland Berger & Partner GmbH, 1980–1985



**Georg von Graevenitz**  
Executive Vice President,  
Marketing and Development  
M.Sc.(Eng.)  
b. 1947, Finnish citizen

Employed by Uponor since  
March 2004



**Jukka Kallioinen**  
Executive Vice President, Uponor  
Europe – West, East, South  
M.Sc. (Eng.), eMBA  
b. 1958, Finnish citizen

Employed by Uponor since 1984



**Lauri Rintanen**  
Executive Vice President,  
Supply Chain  
M.Sc. (Eng.)  
b. 1955, Finnish citizen

Employed by Uponor since  
February 2004



**Anders Tollsten**  
Executive Vice President,  
Uponor Nordic  
M.Sc. (Eng.)  
b. 1962, Swedish citizen

Employed by Uponor since  
February 2004

**Career history:**  
**Uponor:**

- ▶ Executive Vice President, Marketing and Development, Uponor Corporation, 2004–
- ▶ Executive Vice President, Marketing, Uponor Corporation, March–October 2004

**Other:**

- ▶ Vice President, Marketing, Sulzer Pumps, 2000–2004
- ▶ Vice President, Marketing, Ahlstrom Pumps Oy, 1997–2000
- ▶ Regional Vice President, Foster Wheeler Energy, 1995–1997
- ▶ Managing Director, Ahlstrom CNIM, Paris, France, 1994–1995
- ▶ Director Business Development, Ahlstrom Pyropower, 1993–1994
- ▶ Various director positions at Nokia in cables and capacitor business in Finland and abroad, 1988–1993
- ▶ Various marketing and general manager positions at Tampella, Ahlström and Brown Boveri in Finland, Sweden and Switzerland, 1974–1988

**Career history:**  
**Uponor:**

- ▶ Executive Vice President, Uponor Europe – West, East, South, 2003–
- ▶ President, Infrastructure and Environment Europe, 2002–2003
- ▶ Director, Building and Construction Division, 1999–2002
- ▶ Director, Municipal Engineering, 1998–1999
- ▶ Managing Director, Uponor Anger GmbH, Germany, 1995–1998
- ▶ Business Area Manager, Ecoflex, 1988–1995

**Career history:**  
**Uponor:**

- ▶ Executive Vice President, Supply Chain, Uponor Corporation, 2004–

**Other:**

- ▶ Director, OLS, Quality, Process Development and Customer Care, Nokia Mobile Phones (NMP), Entertainment & Media, 2002–2004
- ▶ Vice President, NMP, APAC Operations, 1997–2001
- ▶ Site Director, NMP, in Finland and in UK, 1992–1997
- ▶ Quality Director, NMP, Operations, Finland, 1989–1991

**Career history:**  
**Uponor:**

- ▶ Executive Vice President, Uponor Nordic, 2004–

**Other:**

- ▶ CEO, ABB Building Systems AB, 2002–2003
- ▶ CEO, NorthNode AB, 2001–2002
- ▶ Head of LV Motor Division, ABB Motors AB, 1996–2001
- ▶ Sub-division Manager, ABB Installation AB, 1994–1996

# Contacts, plants and offices

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Fax +358 20 129 2841  
www.uponor.com  
firstname.lastname@uponor.com

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Fax +49 9521 690 105  
www.uponor.de

### Uponor Nordic

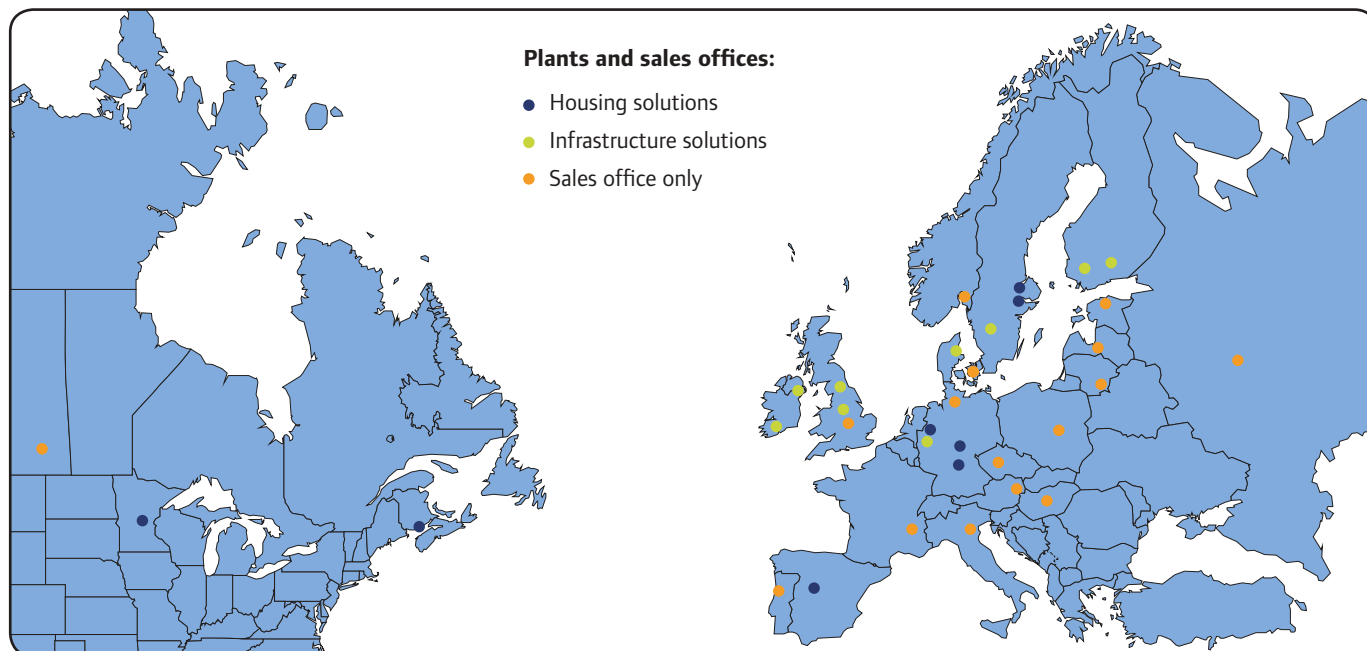
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www.uponor.se

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Full contact details are also available on the company's website at [www.uponor.com](http://www.uponor.com).

# Vocabulary

<b>Term (in Uponor context)</b>	<b>Explanation</b>
<b>Application</b>	A technical entity in which Uponor products are used, such as radiant underfloor heating, a plumbing system, or a water supply and wastewater network.
<b>Business group</b>	A set of applications that are logically interconnected in terms of use, such as unpressurised sewers for municipal infrastructure, water supply networks, and pressurised sewers.
<b>Chamber / inspection chamber</b>	A pipework component (mainly in wastewater and rainwater networks) enabling pipe condition and functionality checks for a certain distance as well as repairs if needed. Sometimes referred to as a manhole.
<b>Closed circuit</b>	A system in which a substance, such as water, is used for an application such as cooling via circulation in the system.
<b>Commercial construction</b>	Construction for commercial purposes, such as shops or offices.
<b>Component</b>	Part of a pipeline, such as a fitting, pipe, or control device.
<b>Composite pipe</b>	A combination of plastic and metal designed to provide the best characteristics of both materials. Due to its stiffness, it is an excellent product for surface installations in, for example, renovation and modernisation projects.
<b>ERP pilot</b>	A project in which a new enterprise resource planning (ERP) system is installed and implemented in one corporate unit, enabling the management of all information related to, for example, production, sales, and distribution.
<b>Forced air heating</b>	A heating method in which the building is heated by blowing warm air into it.
<b>High-rise building</b>	A multi-storey residential, commercial, office, or public building.
<b>Housing solutions</b>	At Uponor, this business group covers the following applications: underfloor heating and cooling, pre-insulated house connections for heating and tap water, and plumbing and radiator pipes.
<b>HPAC</b>	Heating, plumbing, and air conditioning systems in buildings.
<b>Hydronic cooling</b>	A cooling method based on the same principle as hydronic heating.
<b>Hydronic heating</b>	A heating method in which heat generation and distribution are separated from each other. Any source of energy can be used to produce the heat, which is then distributed to the building through, for example, underfloor pipes circulating heated water.
<b>Infrastructure solutions</b>	At Uponor, this business group covers the following applications: water, sewer, and gas networks; cable protection; on-site wastewater treatment; and soil and waste systems and ventilation for buildings.
<b>Multilayer pipe</b>	A pipe consisting of multiple layers, each of them having a specific function, such as to protect against wear and tear or prevent oxygen from passing through the pipe wall. While the layers are typically made of plastic, a composite pipe contains a layer of aluminium.
<b>Municipal engineering</b>	See 'Municipal infrastructure'.
<b>Municipal infrastructure</b>	Water, sewerage, electricity, district heating, and other such services that are centrally produced for buildings situated in population centres.
<b>No-Dig solution</b>	An installation method enabling the replacement or modernisation of old piping without excavation work. Sometimes it is possible to put a new pipe in the ground by drilling a hole and sliding the pipe into it.

<b>On-site waste water treatment</b>	A wastewater disposal method intended for buildings that are not connected to the municipal sewerage network, aimed at burdening the environment as little as possible.
<b>PEX pipe</b>	PEX is an extremely strong plastic that withstands high temperatures. It is made of polyethylene through cross-linkage that forms transverse bonds between longitudinal bonds, for a net-like structure.
<b>PEX-a, -b or -c pipe</b>	PEX cross-linking can be done in several ways. These are denoted by the letters 'a', 'b', and 'c', the first two being chemical and 'c' denoting a radiation method. Uponor uses methods a and c.
<b>Plastic pipe</b>	A general term referring to various types of pipes made of plastic. Compared to other pipe types, plastic pipes offer many benefits, including easy installation, durability, and low lifetime cost.
<b>Polyethylene pipe</b>	Polyethylene pipes are used in municipal infrastructure and also as cold-water plumbing pipes in buildings. Their benefits include versatility and weldability.
<b>Polypropylene pipe</b>	Polypropylene pipes are used both for infrastructural uses and for buildings. Advantages include, for example, weldability and, especially for building use, their low cost.
<b>Public construction</b>	Construction for public purposes, such as municipal buildings, schools, and hospitals.
<b>PVC pipe / Vinyl pipe</b>	PVC or vinyl pipes are used mainly in municipal infrastructure, for use in the ground.
<b>Radiant heating</b>	See Hydronic heating and Underfloor heating.
<b>Radiator heating</b>	A heating method in which radiators installed in a building are heated either by circulating warm water through them or via electricity. The radiators allow heat to radiate to the desired space.
<b>Region</b>	Uponor is divided into four geographical region organisations.
<b>Renovation</b>	Repair, renovation, or replacement of existing buildings, pipework, etc.
<b>Residential construction</b>	Construction of buildings intended for housing.
<b>Segment</b>	Uponor's two business segments are housing solutions and infrastructure solutions.
<b>Single-family building</b>	In the Uponor context, this includes single- and two-family houses, semidetached houses, and row houses (US) / terraced houses (UK).
<b>Solution</b>	A combination of products and services to satisfy a specific customer need.
<b>Sprinkler system</b>	An additional feature attached to Uponor's plumbing system to protect a dwelling against fire. A sprinkler system sprays water into the area of fire.
<b>Surface installation</b>	An installation method used in, for example, renovation and modernisation that involves installing new pipes on the wall rather than in the wall as is typically the case in new building. Surface installation makes the work quicker and often saves money.
<b>System</b>	A system is a functional whole consisting of components, such as a radiant underfloor heating system.
<b>Underfloor heating</b>	A heating method in which the floor's thermal storage mass is utilised for heating the space. This can be carried out as a hydronic system (cf. hydronic heating) or by use of electric cables.
<b>Utility infrastructure</b>	See Municipal infrastructure.

**Design and layout:**

Kreab Oy

**Photos:**

Executive Committee and Board of Directors: Dick Lindberg

P. 14–15 buildings: Anke Müllerlein

Others: Uponor

**Printing:**

F.G. Lönnberg 2006

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