



uponor

ANNUAL REVIEW
2006

We partner with
professionals to make
complex issues simple

Information for shareholders

The Annual General Meeting

Uponor Corporation's Annual General Meeting is to be held on Thursday, 15 March 2007 at 5.00 p.m. at the Finlandia Hall, Mannerheimintie 13 e, 00100 Helsinki, Finland.

Important dates in the year 2007

- | | |
|--|-----------------------|
| • Financial accounts bulletin for 2006 | 8 February |
| • Financial statements for 2006 | 8 February |
| • Annual General Meeting | 15 March at 5 p.m. |
| • Record date for dividend payment | 20 March* |
| • Date for dividend payment | 27 March* |
| • Interim report: January-March | 26 April at 11 a.m. |
| • Interim report: January-June | 7 August at 11 a.m. |
| • Interim report: January-September | 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. 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
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communications@uponor.com
www.uponor.com

Insider register

The public register of Uponor Corporation's insiders may be viewed at the customer service point of Finnish Securities Central Depository Ltd (APK), Urho Kekkosen katu 5 C, Helsinki or at the Uponor Legal Department at the address above, tel. +358 (0)20 129 2837. E-mail address to the Legal Department is legal@uponor.com. The share and stock option holdings of company's permanent insiders are also available on the website at www.uponor.com.

Uponor's annual report 2006 consists of two publications, the annual review and 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 registered shareholders.

Uponor's IR contacts

Silent period

Uponor applies the principle of a silent period in its IR communications. During a silent period, Uponor does not comment on market prospects or factors affecting business and performance, nor does the company engage in discussion on events or trends related to the reporting period or the current fiscal period. Uponor will not pay visits to, or receive them from, investors or representatives of media in which these matters are discussed.

A silent period starts at the end of each reporting period, and not later than three weeks prior to the disclosure of annual accounts or interim reports, and lasts until the release of the annual accounts or an interim report.

Questions and enquiries

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Changes of address

Shareholders are requested to notify their bank, their brokerage firm, or any other financial institution responsible for maintaining their book-entry securities account of any changes in their mailing address. By keeping your contact details updated, you ensure correct delivery of any shareholder information from Uponor.

Other shareholder enquiries

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Important stock exchange and press releases in 2006

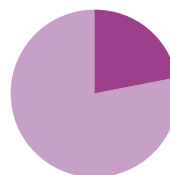
19 Dec	Sebastian Bondestam new EVP, Supply Chain at Uponor Corporation
9 Nov	Uponor's Capital Markets Day focuses on growth
9 Nov	Uponor's long-term financial targets for 2007–2009
27 Oct	Uponor's EGM approved the extra dividend of EUR 1.37
26 Oct	January–September 2006: Uponor reports strong third quarter
26 Sep	Uponor's Board proposes an extra dividend of EUR 1.37 per share
7 Aug	Uponor renews group management through extensive rotation
3 Aug	January–June 2006: Uponor reports continued strong development
13 Jul	Jim Bjork, Executive Vice President – Uponor North America resigns
2 Jun	Executive Vice President Lauri Rintanen, Supply Chain, to leave Uponor
1 Jun	Uponor retains major long-term UK gas contract with National Grid
31 May	Uponor sells its sewer pipe business in Germany and the Czech Republic
25 Apr	Q1/2006: Uponor posts a strong 1st quarter, full-year profit outlook has improved
23 Mar	HSE: Uponor Oyj: Invalidation of shares
9 Feb	Unified Uponor reports strong performance
2 Feb	Uponor seeks growth in the high-rise sector
2 Jan	Uponor's residential fire-safety system wins Finnish recognition

The complete releases are available on the Internet at www.uponor.com/news

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.

Housing solutions

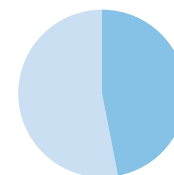


Underfloor heating and cooling systems

- For residential, industrial, and commercial construction
- For new buildings and renovations

Customers

- Installation companies
- Wholesalers
- Construction companies



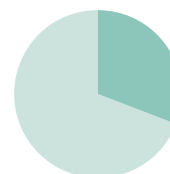
Plumbing systems

- Tap water and other indoor plumbing
- Solutions to bring clean water from the source to the tap

Customers

- Installation companies
- Wholesalers
- Construction companies

Infrastructure



Pipe systems and services

- Wastewater and rainwater management
- Water and gas distribution
- Solutions for cable protection
- Renovation systems

Customers

- Municipalities
- Utility companies (water and gas)

Year 2006

2006 was one of the most successful years in Uponor's history. The restructuring programme carried out in the previous years and the focus on core businesses in which Uponor has a strong market position have provided solid foundations for future efforts. Thanks to the successful implementation of its chosen strategy, the company achieved all of its financial goals.

Strategic goals and achievements

Uponor's strategy rests on three main pillars: growth, corporate brand, and operational excellence.

In early 2006, Uponor abandoned all of its system brands and adopted the Uponor corporate brand on a global basis. The purpose of this change was to clarify Uponor's image among

customers and improve its operational efficiency by, for instance, eliminating overlaps.

The European-wide enterprise resource planning (ERP) system project, aimed at increasing Uponor's operational excellence, proceeded according to plan. Implementation of the system began in Germany in 2006 and will expand to other European countries in 2007–2008.

Uponor published several projects targeted at accelerating its organic growth. These include the expansion of operations from the present single-family house based clientele to the high-rise segment, in which Uponor's market position is currently smaller, as well as to the development of a new cooling business.

Both of these projects are building strongly on the company's existing product know-how and extensive customer and professional network.

Uponor continued to focus on accelerating its organic growth and launched a number of measures aimed at further strengthening its market position in Europe.

A major contract

Uponor renewed its contract with the UK National Grid company to supply gas pipes and fittings. National Grid is one of the world's largest providers of infrastructure services. This new seven-year contract has a potential one-year extension, and it is worth an estimated EUR 25 million a year.

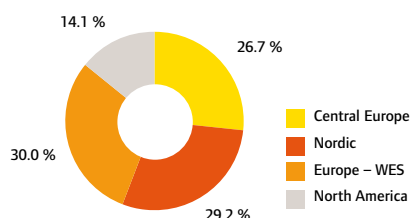
Key figures

	2006	2005	2004	2003	2002
Net sales, MEUR	1,157.0	1,031.4	1,026.9	1,021.0	1,137.2
Operating profit, MEUR	143.7	123.0	95.2	30.7	114.2
Profit after financial items, MEUR	141.5	120.5	89.3	20.8	100.7
Earnings per share (fully diluted), EUR	1.32	1.12	1.19	0.02	0.86
Dividend per share, EUR	1.40 ¹⁾	2.27 ²⁾	0.70	1.44 ²⁾	0.75
Equity per share, EUR	4.71	5.72	5.34	6.34	7.29
Market capitalisation, end of period, MEUR	2,076.6	1,338.9	1,029.5	935.4	720.9
P/E ratio	21.5	16.1	11.6	625.0	11.3
Solvency, %	53.6	63.2	57.7	59.8	58.9
Gearing, %	6.3	-6.4	8.5	17.8	30.0
Number of shareholders	7,799	6,766	5,225	3,998	3,209

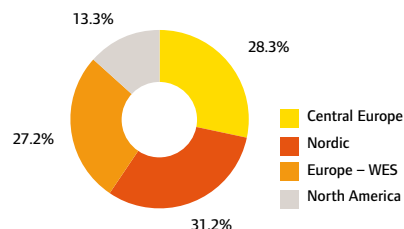
¹⁾ Proposal of the Board of Directors

²⁾ Includes an extra dividend.

Net sales by Region 2006



Personnel by Region 2006



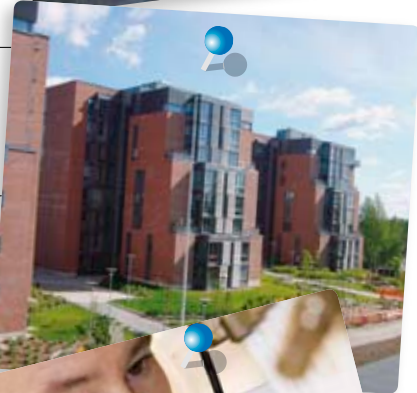
Uponor's mission is to partner with professionals to create better human environments. An understanding of the needs and goals of engineers, wholesalers, retailers and installers forms the key to our mutual success.

By working together with other professionals, we are able to provide our customers with extensive expertise, better service and more efficient operations. Our customers choose Uponor because they can rely on our commitment to provide the right kinds of solutions, even in the most demanding projects.

We partner with professionals to make complex issues simple.

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7	Uponor's strategy and other principles guiding its operations The new, unified Uponor brand, launched at the beginning of 2006, was well received by the markets, and it clarified Uponor's operations as one, unified company. Uponor announced a new growth segment, high-rise buildings, and also an expansion of its offering to include cooling applications.
9	Overview of Uponor's operations and financial status During the 2006 financial year Uponor achieved all long-term financial targets. The Board of Directors decided on new long-term financial goals for the period 2007-2009.
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23	Unified Uponor focuses on growth and efficiency Operational excellence and unified brand support Uponor's organic growth. In addition to current segments, the company will expand to the high-rise segment and cooling business. New financial targets to support profitable organic growth were published.
25	Corporate social responsibility visible in all operations Uponor's responsible way of conducting its operations is based on its values, which define how we should behave. Revised values were put into practice in 2006. Uponor's code of conduct was published in the autumn of 2006.
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I believe we have an exciting agenda
for developing Uponor further.

Review by the CEO

2006 was a good year for Uponor. In fact, it was the best year in the history of Uponor in terms of its financial performance, and we also made good progress in implementing our strategic agenda.

We operated in a market environment that was more ambivalent than expected. In Germany, demand increased significantly in the latter half of the year whereas, in the United States, market demand declined faster than expected, the last quarter being particularly weak. In addition, the market price environment for raw materials was volatile. All in all, however, we can say that the market environment was rather good.

Our net sales grew by 12.2 per cent, which was mainly achieved through particularly positive developments in Germany, Spain and the Nordic countries. In countries where our market presence is not yet that prominent, we saw some promising growth figures supporting the strengthening of our market position. In North America, sales clearly suffered, but even in a challenging market situation with strongly declining housing start figures, we managed to obtain marginal growth.

Our long-term financial targets, set in the autumn of 2003, were all achieved during the year. The operating profit of 143.7 million euros and 12.4 per cent of net sales was generated not only through sales growth but also by capitalising on the restructuring efforts that took place in 2004–2005. Consequently, in its meeting in November the Board of Directors decided to upgrade our long-term financial targets. This raised our aspirations to a totally new level considering the

historical performance of Uponor. I firmly believe that we have now created the basis of success in achieving these challenging targets.

Strategic transformation – building one platform

We are now adding the final touches to the first phase of our strategic transformation that began in 2003. Under the concept of One Unified Uponor, we have focused on restructuring our business portfolio and streamlining our operations, building a single brand and redesigning our key business processes. Our values have been firmly established, and actions have been taken to develop and further enhance a supportive leadership culture. The implementation of a new enterprise resource planning system began in Germany. This represents a major effort, and yet at the same time we have succeeded in improving the performance of the company. Clearly, we are now better equipped to continue building an even stronger Uponor.

Next phase of transformation

Growth, brand, and operational excellence are the three strategic pillars that give our activities their direction. These pillars remain unchanged in 2007, but the emphasis will somewhat change. I believe we have an exciting agenda for developing Uponor further.

In the past, our focus was predominantly on the single-family home segment and infrastructure business. This is now changing as we shift towards expanding our marketing efforts and offerings to all building types and a geographically focused infrastructure business.

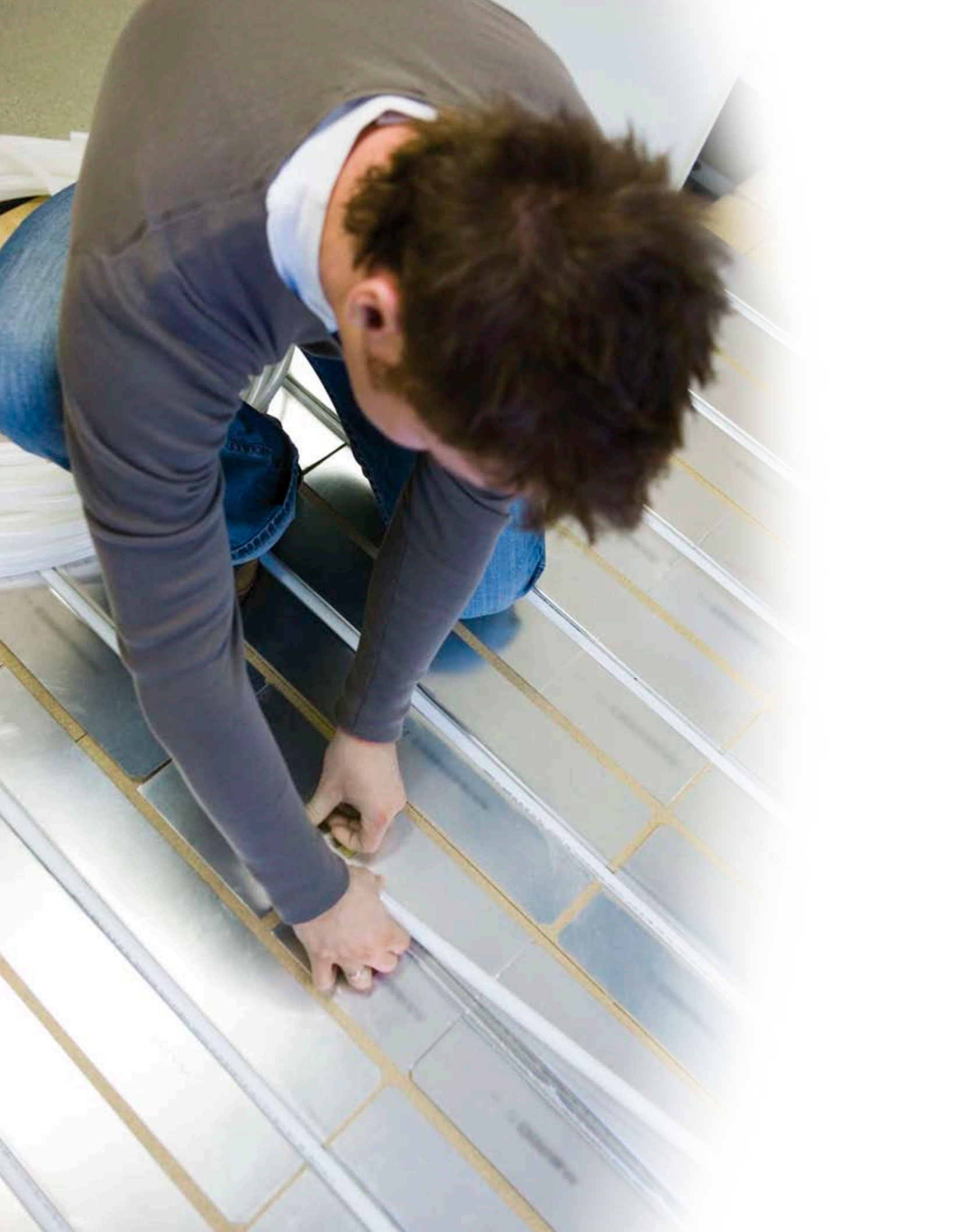
The high-rise segment represents a significant long-term opportunity for us in plumbing, heating and cooling. To build on our position, we have begun a series of measures to strengthen our organisation, competencies and system offering. Cooling, one of our new focus areas, is not a new concept, but it has not been commercialised to its full potential. In today's world, where there is a clear need for reduced energy consumption, radiant cooling represents a more environmentally friendly and cost-effective system than traditional air conditioning technologies.

An enhanced earnings performance and strengthened balance sheet mean that Uponor has been able to provide a favourable dividend distribution during the last five years. At the same time, the value of the company has trebled. Ultimately, this demonstrates that Uponor is a company worth investing in.

I am grateful to our professional partners who have supported us year after year while developing their own, successful businesses. I would also like to thank all Uponor employees who have worked extremely hard during 2006 to make all this happen. And finally, I thank our shareholders for their continued support.

Vantaa, February 2007

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, and growth.

As of the beginning of 2006, the company adopted the unified Uponor corporate brand. This single-brand focus represents a major strategic step through which the company is seeking to improve its efficiency. A unified brand will further improve Uponor's recognition and support its opportunities for business growth on a global basis. Another strategic focus area is the improvement of the company's operational excellence and harmonisation of its processes, enabling this previously decentralised company to become a unified, international group of companies. A key tool in these reforms is the new enterprise resource planning (ERP) system, which was successfully implemented in the first company offices in Germany in 2006. Preparations for expanded implementation in other countries continued.

In 2006, Uponor presented its new strategic framework. Operational excellence and the unified brand will support and contribute to organic growth which the company is seeking in the high-rise segment and the cooling business, in addition to its present main market segments, i.e. single-family houses and infrastructure solutions. The high-rise building segment offers growth opportunities for both plumbing systems and radiant floor heating and cooling operations.



Financial goals

In November, Uponor announced its following long-term financial goals for 2007–2009, aimed at further strengthening the company's profitable growth and, thus, increasing its shareholder value:

- Annual organic net sales growth of above six per cent (average over the cycle)
- Operating profit margin reaching the level of 15 per cent during fiscal year 2009
- Return on investment (ROI) of over 30 per cent
- Gearing between 30 and 70 (average across quarters)
- A growing ordinary dividend payment: at least 50 per cent of the company's earnings annually

Mission

Uponor's mission is to partner with professionals to create better human environments.

Uponor values

Uponor's values – Knowledge, Enabling, Most rewarding, Improving effectiveness, Committed – reflect what we stand for and define how we should behave towards our partners and each other.



Overview of Uponor's operations and financial status in 2006

Changing market trends

The area in which Uponor products are used the most is plumbing system solutions. This product range accounts for approximately 47 per cent of Uponor's net sales, and its main rivals are metal pipes, mainly those made of copper. In 2006, the market share of plastic plumbing systems was estimated to have surpassed that of copper pipes for the first time in Europe. Correspondingly, modern plastic materials (PEX) surpassed copper in popularity in North America. The benefits of plastic plumbing systems – including efficient installation, long predicted life cycle, and cleanliness – have supported this development. In the past two years, also the disproportionate rise in the prices of rival materials has increased the use of plastic materials.

There are also some cyclical fluctuations in the market areas where Uponor products are used, and this may have an impact on the demand for Uponor products. However, in new housing and renovation projects these fluctuations are partially levelled out by the fact that piping systems made of plastics and composite materials are gradually replacing older systems using metals.

Uponor's market position has developed favourably, and it has been estimated that its share of the total markets has risen slightly on account of the greater popularity of plastic piping systems. This penetration development helps to compensate for the fluctuations related to infrastructure business and, in addition to the launch of solutions for new market segments, it is the most important external factor supporting Uponor's growth. Uponor expects the fall in world market prices of metals toward the end of 2006 not to change the favourable penetration development of plastic materials.

The majority of Uponor products are distributed through wholesalers. Despite consolidation within the wholesale business, even the biggest of Uponor's customers or distributors does not account for more than 10 per cent of the Group's net sales. This is partially due to the fact that Uponor operates in many different countries, distributing its products to a wide range of customers.

Assessment of strategy implementation

Uponor's business strategy, published in 2004, has three main pillars: organic growth, strengthening of the Uponor brand, and operational excellence. In 2004–2005, the focus was on preparation of the brand restructuring and increasing of operational excellence. The new unified brand strategy was launched at the beginning of 2006. It was well received by the markets and clarified Uponor's operations as one, unified company.

As far as operational excellence is concerned, the most important advances were made when the first part of the enterprise resource planning (ERP) system was implemented in Germany in July and December. In connection with this, all core business processes of the company were specified jointly during 2006. The information system supporting the core processes covers the manufacturing, sales, and financial operations. In 2007, implementation of the enterprise resource planning system will continue in the Nordic region and Spain.

In addition, in 2006 the company concentrated on generating profitable growth. In February 2006, Uponor presented a new growth area. The company will start offering housing solutions for the high-rise sector. Uponor has delivered systems for this market segment before, but now it is



The 2006 financial year saw Uponor achieve all long-term financial targets set by the Board of Directors in December 2003.

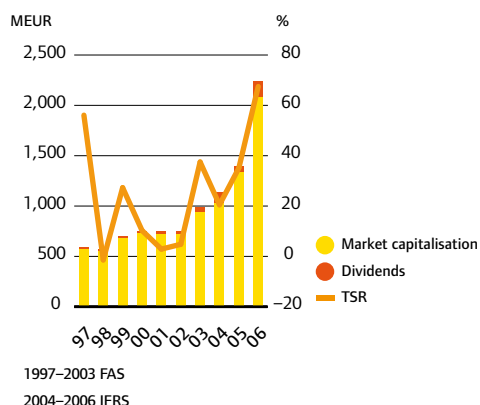
increasing its targeting of competence and resources to this area. So far, the focus of Uponor's housing solutions business has been on installer-friendly solutions for single family houses.

Financial targets

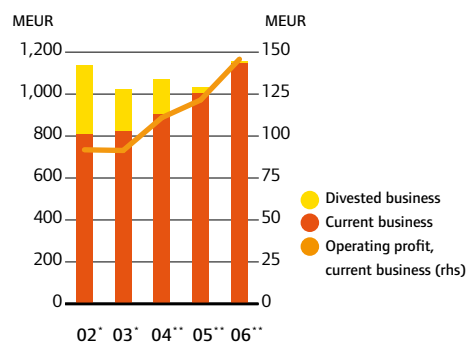
The 2006 financial year saw Uponor achieve all long-term financial targets set by the Board of Directors in December 2003:

- Annual organic growth in net sales of a minimum of 5 per cent – in 2006, organic growth was more than 14.6 per cent
- Profit margin of a minimum of 12 per cent – the profit margin for 2006 was 12.4 per cent
- Solvency ratio of a minimum of 50 per cent or gearing ratio of a maximum of 70 – on 31 December 2006, the company's solvency ratio was 53.6 and gearing ratio 6.3
- Return on investments (ROI) of a minimum of 20 per cent – for the 2006 financial year, Uponor's ROI came to 35.8 per cent

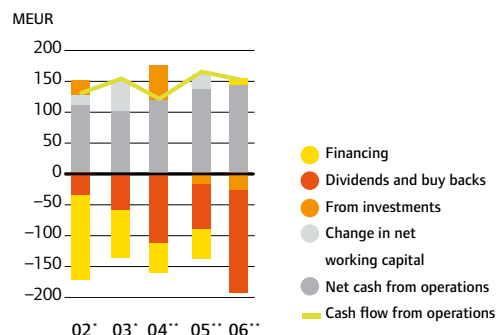
Shareholder value development 1997–2006



Net sales and operating profit



Cash flow



* FAS
** IFRS

- Dividend at least 50 per cent of the financial year's profit – the dividend of 0.90 euros per share accepted by the Annual General Meeting in March was slightly over 80 per cent of the per-share profit for 2005

In November 2006, the Uponor Board of Directors decided on new long-term financial goals for the period 2007–2009. These are based on the preliminary estimates concerning achievement of the 2003 goals and take into account the strategic corporate goals set during 2006. The goals set for 2007–2009 concern the same subjects as the goals published in 2003, but the target level has been set higher and specified further in certain respects:

- Annual organic net sales growth of above six per cent (average over the cycle)
- Operating profit margin reaching the level of 15 per cent during fiscal year 2009
- Return on investment (ROI) of over 30 per cent
- Gearing between 30 and 70 (average across quarters)
- A growing ordinary dividend payment: at least 50 per cent of the company's earnings annually

Evaluation of business operations and main events

In accordance with its corporate strategy, Uponor focused on generating organic growth in 2006. The reported growth of 12.2 per cent in net sales comprised both increased business

volume and price increases offsetting higher material costs. In addition, the financial year saw Uponor divest its German and Czech infrastructure operations. After elimination of the net sales from divested business operations, the organic growth in net sales for 2006 comes to 14.6 per cent.

The price increases offsetting higher material costs were sufficient to compensate for the growth in costs in euros, but the impact on the relative gross profit margin was negative as the denominator used in the division became higher. However, in comparison to the year before, the gross profit margin rose slightly, to 35.7 per cent. The growth was supported by restructuring measures related to streamlining of operations carried out in previous years, as well as economies of scale – i.e., lower costs per unit, resulting from the growth in business volume.

In 2006, Uponor made major investments in brand reform as well as the implementation of the common enterprise resource planning system. Despite all this, the economies of scale resulting from the growth in business volume supported the improvement of relative cost-efficiency in relation to net sales.

In September, Uponor renewed the division of tasks in the management group as part of a more extensive rotation of responsibilities. This is a measure aiming at further unification of the company.

Return on investment rose in accordance with the new target level, to 35.8 per cent.

Cash flow and profitability

Cash flow before financing continued strong, supported by improved profitability, increased business volume, and release of net working capital. The turnover of inventories improved clearly as measured by monthly averages, even though the balance sheet value at the end of the year exceeded the previous year's level. Another factor contributing to this development is the increase in material prices, mentioned above, which has raised the value of the inventory.

The turnover of fixed assets improved from the year before. The value of fixed assets increased only by 3.1 per cent, while the net sales increased by more than 12 per cent in the same period of time. Investments in fixed assets included mainly machinery and equipment (26.4 million euros) and investments made in the enterprise resource planning system (13.8 million euros).

mal dividends paid to shareholders amounted to 65.8 million euros and extra dividends paid in November to 100.2 million euros. Net interest-bearing liabilities amounted to only 21.7 million euros at the end of the financial year.

Total shareholder return

2006 was a good year for Uponor shares. At 28.36 euros, the closing price of a share in the company at the end of the year was 57.6 per cent higher than last year's closing price of 18 euros. With all dividends paid out during the year taken into account, the total shareholder return (TSR) came to 67.5 per cent. The market value of Uponor exceeded two billion euros for the first time in December 2006. At the same time, the OMXH25 index rose by 26.5 per cent, while the average TSR for companies quoted on the main list of the Helsinki Stock Exchange was 29.9 per cent.

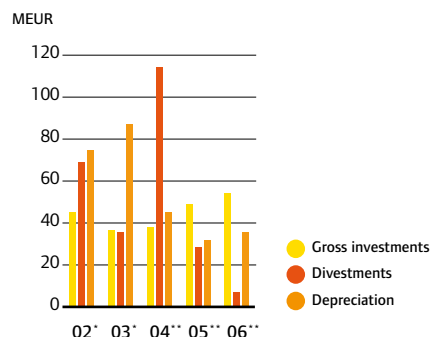
With all dividends paid out during the year taken into account, the total shareholder return (TSR) came to 67.5 per cent.

Return on investment rose in accordance with the new target level, to 35.8 per cent, which was mainly due to improved use of capital tied up in all inventory categories, as well as the increased profit margin.

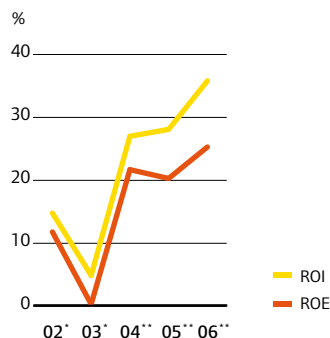
Due to the strong cash flow resulting from business operations, Uponor's balance sheet remained strong even though, during the year, the nor-

The attractiveness of the company's shares increased among investors from the year before. This is demonstrated by an increase in the number of shareholders by 1,033, to a total of 7,799, as well as the increased trading volume of company shares. When measured in number of shares, in 2006, on average, the number of Uponor shares traded daily through the Nordic

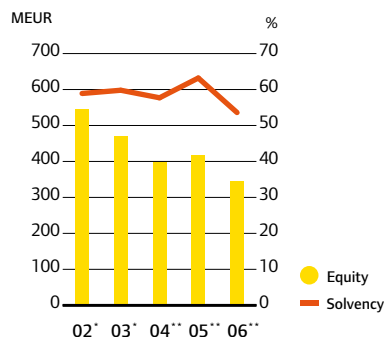
Investments



Return on investment and on equity



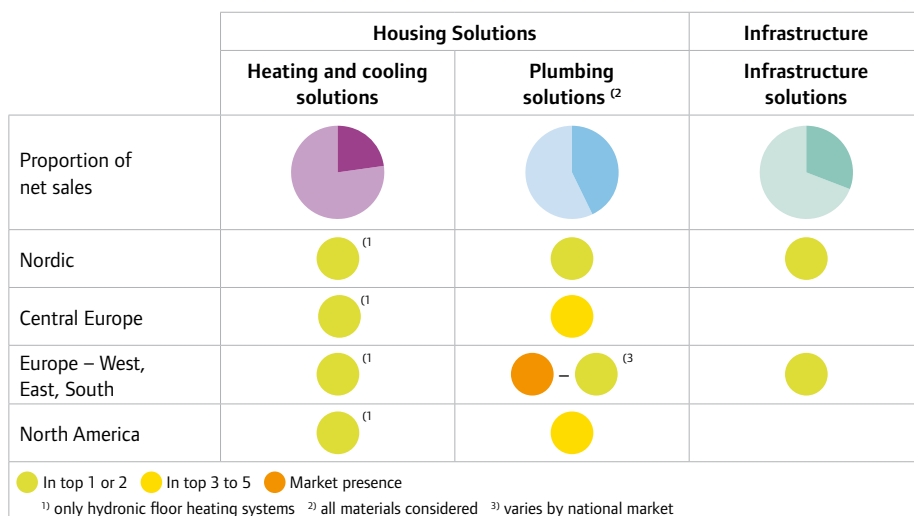
Equity and solvency



* FAS

** IFRS

Uponor's market position in 2006



Exchange increased by 47 per cent, amounting to almost 169,000 shares; when counted in euros, on account of the rise in the share price, the value rose by slightly over 100 per cent, to approximately 3.84 million euros. The number of share transactions rose by 131 per cent, to about 77,000. The volume of shares traded corresponded to about 58 per cent of the total number of the company's shares.

Sensitivity analysis

On the basis of accounting criteria applied, almost 75 per cent of Uponor's procurement, manufacturing, and operating expenses are counted as variable costs, even though, over a certain period of time, the personnel costs included in the variable production costs are fixed commitments. As concerns personnel expenses, other expenses classified under fixed costs change with a delay, and many of the expenses for sales and marketing, such as marketing campaigns and various development projects, are discretionary.

Other external factors affecting the sensitivity of the result include the prices of material, component, and energy purchases. However, in recent years Uponor has been able to offset these changes in costs by raising its sales prices. In order to ensure access to materials, procurement of key raw materials is coordinated centrally. On the other hand, there is no greater central coordination of deliveries, since 20 of the biggest suppliers represent about 70 per cent of all raw materials needed by Uponor, including components. In order to keep the raw material inventory at an optimal level, raw materials are delivered according to a plan drawn up between Uponor and its suppliers.

Risk management

The ultimate goal of Uponor's risk management policy is to ensure the Group's planned profit performance, guarantee continuous business operations in changing conditions, and maintain the Group's liquidity, with the aim of identifying and recognising business-related risks on a systematic basis and managing these

risks appropriately. Risk management forms an integral part of the Group's corporate governance system. Uponor coordinates management of both damage and financial risks at Group level on a centralised basis.

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 cooperation with risk management experts, for determining, surveying, and managing any non-commercial risk factors in order to prevent damage to the Group. Also, development plans aimed at lowering the cost of risk management are created on the basis of these risk analyses. Risks that cannot be controlled through the Group's own measures or that, if realised, could have an adverse effect on the company's operations are transferred by way of insurance contracts to external insurance companies. 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

In recent years, with Uponor's strengthened balance sheet and low net interest-bearing liabilities, the focus of financing risk management has shifted from management of interest rate risks mainly to management of liquidity risks and currency risks. The management of the company's currency and other financing risks is explained in more detail in the notes to the consolidated accounts.

Key figures

	2006	2005	2004	2003	2002
Key financial figures	IFRS	IFRS	IFRS	FAS	FAS
Net sales (continuing operations), MEUR	1,157.0	1,031.4	1,026.9	1,021.0	1,137.2
Change in net sales, %	12.2	0.4	0.6	-10.2	-4.6
Operating profit (continuing operations), MEUR	143.7	123.0	95.2	30.7	114.2
Operating profit (continuing operations), %	12.4	11.9	9.3	3.0	10.0
Profit before taxes (continuing operations), MEUR	141.5	120.5	89.3	20.8	100.7
Profit for the period (continuing operations), MEUR	96.5	82.7	63.8	1.6	64.2
Return on Equity (ROE), %	25.3	20.3	21.7	0.3	11.8
Return on Investment (ROI), %	35.8	28.1	27.0	4.9	14.8
Solvency, %	53.6	63.2	57.7	59.8	58.9
Gearing, %	6.3	-6.4	8.5	17.8	30.0
Net interest-bearing liabilities, MEUR	21.7	-26.9	33.6	84.0	163.9
Personnel at 31 December	4,325	4,126	4,475	4,803	5,302
Investments, MEUR	54.2	49.0	37.8	36.7	45.0

Share-specific key figures

Market value of share capital, MEUR	2,076.6	1,338.9	1,029.5	935.4	720.9
Dividend, MEUR	³⁾ 102.5	²⁾ 166.0	52.0	106.9	55.5
Dividend per share, €	³⁾ 1.40	²⁾ 2.27	0.70	¹⁾ 1.44	0.75
Effective share yield, %	4.9	12.6	5.1	11.5	7.7
Issue-adjusted share prices					
– highest, €	29.35	19.8	15.0	13.0	12.4
– lowest, €	18.00	13.7	12.1	8.4	8.3

The definitions of key ratios are presented in the Financial Report.

Years 2004–2006 are reported according to IFRS, while years 2002 to 2003 are reported according to FAS.

Notes to the share-specific key figures:

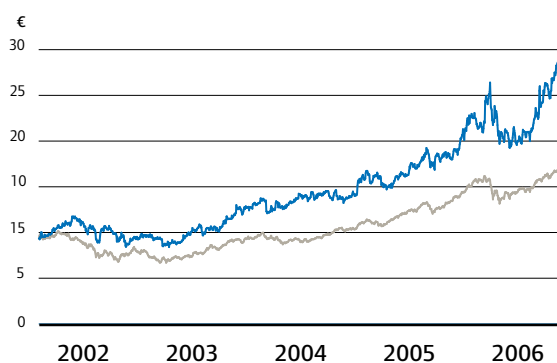
1) includes an extra dividend payment 0.44 euros per share

2) includes an extra dividend payment 1.37 euros per share

3) proposal of the Board of Directors

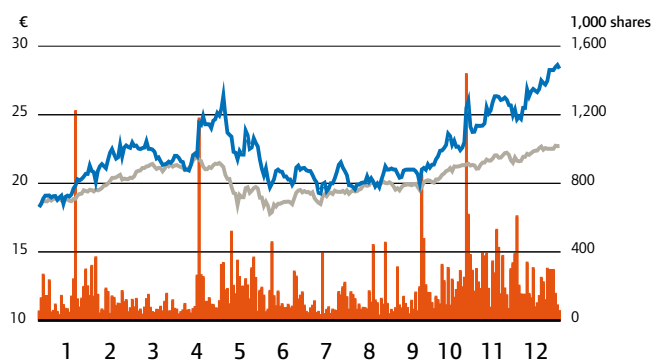
Figures reported for 2002–2003 have been converted based on the bonus issue 2004. The bonus issue was executed by issuing one bonus share for each existing share without consideration. The average number of shares allows for the effect of treasury shares.

Share price 2002–2006



● Uponor
● OMX Helsinki CAP, relative to Uponor

Share price and trading 2006



● Uponor
● OMX Helsinki CAP, relative to Uponor
● Trading volume



Overview of businesses 2006

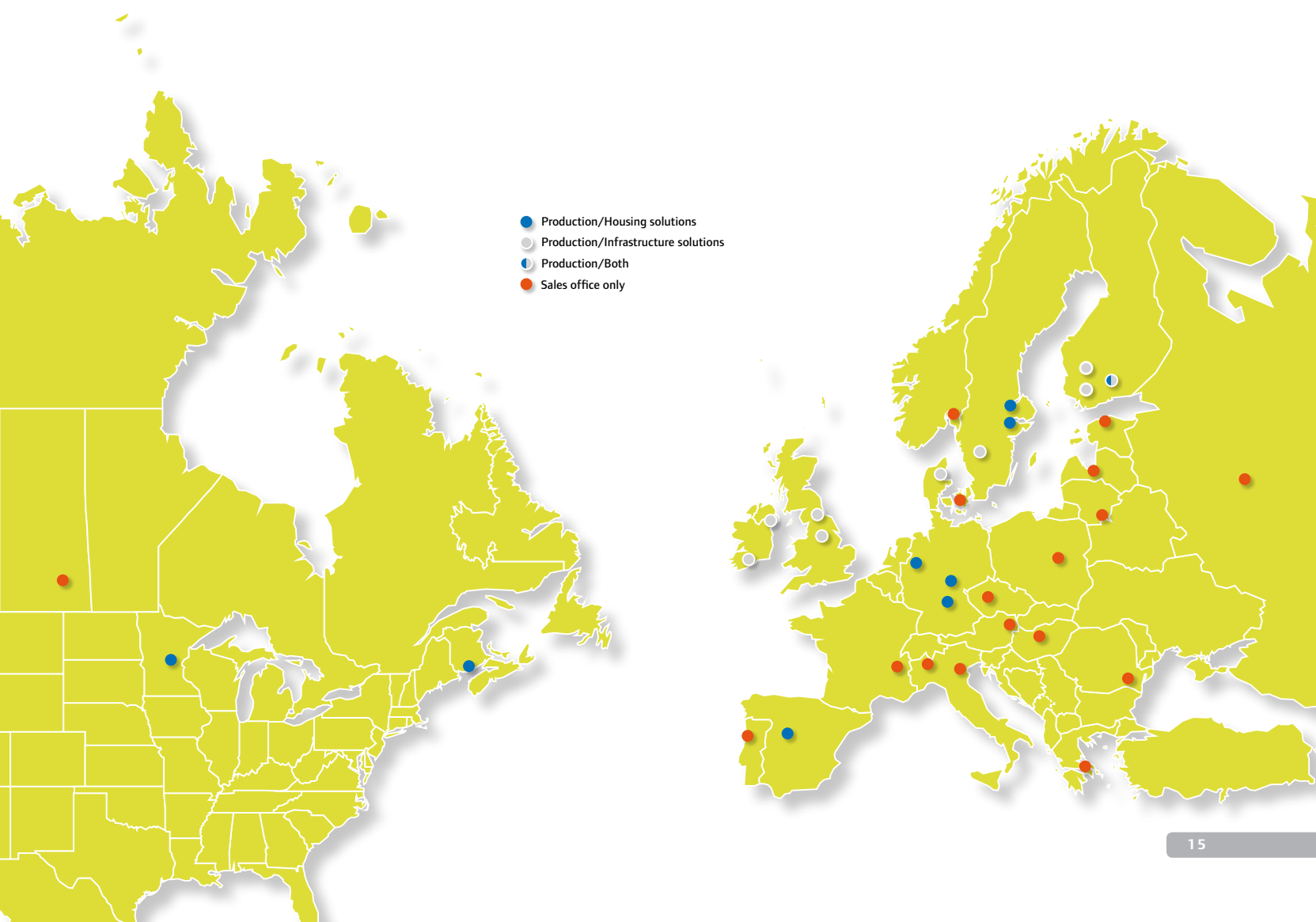
The Central Europe region consists of Germany, Austria, the Benelux countries, Switzerland, the Czech Republic, Poland, Ukraine, and Belarus. Its three production units are located in Germany. The region employs approximately 1,200 people.

The Nordic region offers solutions in plumbing and heating as well as environmental infrastructure in the Nordic countries, with factories in Sweden, Finland and Denmark. There are over 1,300 employees in the region.

Uponor Europe – West, East, South is a versatile region responsible for Uponor businesses in Western, Southern and Eastern Europe, including Russia and the Baltic countries as well as for international business and exports to countries not covered by the other regions. The region is split into three main areas: Europe South, West which covers Uponor’s housing solutions business in Spain, Portugal, Italy, France, the UK and Ireland; Europe East and International which covers Russia, the Baltic countries,

Hungary, Romania, Greece and international business; and the municipal infrastructure business in the UK and Ireland. The region employs about 1,160 persons.

Uponor North America sells under-floor heating, plumbing and fire sprinkler systems in the USA and Canada. Production is located in Minnesota (USA) and New Brunswick (Canada). The region employs approximately 570 people.



Record production volumes and improved operational efficiency in Uponor Central Europe

Market situation

In general, there was positive development in all countries in the Central Europe region in 2006. After a prolonged slack period, the German market began to show signs of recovery. Construction activities with respect to one and two-family houses increased and commercial construction showed positive development.

The market for plastic pipes in plumbing applications showed positive growth rates in 2006. This was stimulated by the further improved cost competitiveness of plastic pipe systems due to the higher prices of copper pipes. Faster than anticipated plastic pipe penetration led to a situation in which plastic pipe suppliers were unable to meet all of the related demand on time.

Price competition in the fragmented underfloor heating business intensified when several smaller suppliers did not pass higher material costs onto their sales prices. Outdoor products benefited from the increasing use of renewable energy sources such as biogas power generation.

Business review

Overall, Uponor in Central Europe achieved above-market growth. In particular, the plumbing and house connections businesses developed well. In underfloor heating, high-end products sustained their strong position in the market throughout the year, while sales of volume products picked up during the second half of the year.

Sales growth based on both external customers and other Uponor units

in Europe was strong, and utilisation rates in production units were high. Some minor delays in deliveries occurred due to unexpected peaks in demand.

During the first half of 2006, four separate sales organisations were merged. The resulting single Uponor sales organisation is one of the strongest in the industry. In addition, various legal units were merged into a single entity, handling all Uponor-branded business in Germany.

In 2006, a strong focus was placed on improving operational efficiency. A new ERP system was introduced in Germany, duplicate functions were eliminated and efficiency improvement initiatives were launched in manufacturing.

Uponor has been a key participant in the construction of BMW Welt in Munich, Germany. The firm delivered some 7,800 square metres of industrial floor heating and cooling systems to the building in the autumn of 2006. The building will be opened in the summer of 2007.

Profit performance

Both net sales and operating profit grew significantly. Net sales in 2006 totalled 345.1 million euros (291.1 in 2005), a growth of 18.6 per cent. Operating profit margin increased to 14.3 per cent of net sales (11.8 per cent in 2005). This growth was mainly due to the increased activity on the German construction market, where plumbing was the fastest growing application.

Despite higher raw material costs, we were able to increase our profit through unit cost decreases due

to higher volumes, better utilisation rates in manufacturing, and tighter cost control.

At the end of 2006, there were 1,212 employees (1,126 in 2005) in the Central Europe region.



Central Europe

Cooling with a groundwater stream

An office building overlooking the river Rhine in Cologne is equipped with Uponor's concrete core activation system, which uses a groundwater stream for maintaining pleasant ambient temperatures in a very energy-efficient way. This system, which can also be used for heating, makes optimal use of the building's proximity to the Rhine and the available source of natural energy. The office building comprises five floors with a total floor area of 7,000 m².

Uponor Nordic registers steady growth in a stable market situation

Market situation

The market situation in the Nordic region remained stable in 2006 in both the plumbing and heating businesses. The building market has been active and housing starts increased by almost 7 per cent. Consequently, lead times have become longer in all segments of the industry. Competition in the underfloor heating market increased during the year.

In the infrastructure side, demand for decentralised wastewater treatment systems has begun to develop somewhat sluggishly, which has been a disappointment. Raw material prices have been volatile, and it is forecast that this fluctuation will continue.

Business review

The implementation of Uponor Academy continued in all countries, its underlying concept being to provide theoretical and hands-on training for Uponor's professional partners at Uponor facilities and on the customer's site. In addition to the unified Uponor brand, the so-called total offering concept was introduced in Finland during the latter half of 2006.

Since the high-rise segment has been defined as one of Uponor's focus areas of the future, the region has started to prepare for the forthcoming activities by building up resources and competencies. Cooperation with other players in the high-rise segment was also initiated.

Uponor was chosen as the supplier for two major water supply projects in Finland. Both projects aim at securing the uninterrupted distribution of pure water.

Uponor has also signed a contract to supply tap water, radiator connections and sprinkler systems, to be installed in 1,500 prefabricated flats.

The installation will take place in Sweden, and the flats will be shipped to their final destination in Norway. Deliveries will start in the early spring of 2007.

Preparations were initiated for the introduction of a common ERP system in 2007. High demand for housing solutions products from other Uponor regions created capacity challenges within our production units. In 2006, some capacity expansions were made in Finland and Sweden to meet the needs of increased capacity requirements and secure future growth.

Profit performance

Net sales in the Nordic region exceeded expectations and increased by 13.6 per cent compared to last year, to 377.8 million euros (332.6 million euros in 2005). Internal sales to other regions increased by 31.5 per cent from the previous year. Moreover, external sales developed well and increased by 10 per cent for the region. This growth figure consists of a 7 per cent increase in the infrastructure side, and one of 15 per cent in housing solutions. All countries developed well in 2006, especially in applications such as tap water and radiator connections, house connections, cable and telecommunications, and house drainage.

Operating profit increased to 15 per cent (13.7) in 2006. During the year, some price increases were made in order to compensate for increased materials prices.

There were 1,332 employees at the end of 2006, (1,239). More resources have been devoted to manufacturing, especially fittings production in Finland, in response to increased demand. To support our new strategy and high-rise initiatives, we also strengthened our sales force.



Klimteistö KYS Oy

Nordic

High quality high-rise living

In a set of rental high-rises commissioned by Kuopio University Hospital, the goal was to emphasise the quality of living and energy efficiency. Situated in the City of Kuopio, Eastern Finland, the location includes five high-rises with 337 flats equipped with Uponor's radiant underfloor heating system, a ventilation system with a heat recovery function, and an incoming air filtration system. These high-quality housing solutions and new, energy-saving construction methods have created significant savings in heating expenses. The radiant underfloor heating system increases the comfort of living since it provides an even and pleasant room temperature and enables the use of large windows and tiled floors.

Uponor maintains strong market position in Europe – West, East, South

Market situation

In 2006, developments varied between different countries in the region. Demand for housing solutions remained healthy in Spain, France and the UK. In Italy, building activities stagnated. Portugal's decrease in building activity continued. In general, plastic's penetration in plumbing increased due to its demonstrated better performance and competitive installed cost in comparison with metals. End-users' increasing comfort requirements and promotional activities among professionals have increased the penetration of under-floor heating and cooling solutions.

The Eastern European markets as well as the international business cover some of the fastest growing markets in the world. Although many of these economies are very attractive in terms of potential volume, the market environment and business conditions are often very challenging. The construction industry is booming in Russia, in new EU members like Romania and Bulgaria, and in well-developed markets such as Hungary and the Baltic countries.

In the infrastructure business in the UK and Ireland, raw material and energy costs forced prices up in 2006 across the market. Pipe competition has relented somewhat while demand has grown due to the regulatory regimes imposed by utility regula-

tors. Capacity became an issue both in raw material supply and peak season production capability. Competition in fitting became more intense.

Business review

In heating and plumbing systems, Uponor occupies a strong market position in Spain, Portugal and the Baltic countries. In the UK, Italy and France, Uponor aims to strengthen its position. In municipal infrastructure the emphasis is on the UK and Ireland.

There has been a positive development in Uponor's market share in Europe South, West, compared to both metals and other plastic competitors. Uponor has improved its brand recognition due to extensive and focused marketing activities that aim at increasing customer loyalty among distributors and users, and increasing the customer base. Efforts to increase efficiency, and the reorganisation that took place in 2005, began to bear fruit. In 2006, we put a great deal of effort into training. More than 10,000 professionals received training on Uponor plumbing, heating and cooling systems, both in Uponor training academies and on-site training.

In the Eastern European markets, the brand change and the expansion of the customer base were in focus. Effort was devoted to building a sustainable platform for the future, es-

pecially in establishing the required people and resources. The new Uponor brand was communicated at a variety of customer events. A new sales unit was opened in Greece.

In the UK, Uponor renewed its contract to supply the majority of National Grid's gas pipes and fittings in the UK. This seven-year contract is worth an estimated EUR 25 million per year, and has a potential one-year extension. The contract will further strengthen Uponor's position as the leading provider of gas distribution systems in the UK.

Profit performance

In 2006, the region's net sales totalled approximately 387.9 million euros (325.9 in 2005), representing annual growth of 19 percent. The housing solutions business reported good growth figures in all countries, the highest growth rates being witnessed in Spain, France and the Baltic countries. In addition, the infrastructure business in the UK and Ireland met its growth targets.

Operating profit increased by 27.3 per cent to 38.2 million euros (30.0).

The region employed 1,163 (1,110) people at the end of 2006. New employees were recruited, particularly in the Europe East and International area in response to demand created by continuous growth.



Infrastructure, UK & Ireland

Optioneering with a three way partnership

The Northern Gas Network in the United Kingdom wanted to do business in a different way, through an alliance partnership with a leading pipe materials company and installation contractor. They were looking for partners for a project that covered the renewal of 500 km of ageing iron mains per annum. Uponor was chosen as a partner after a successful pilot project, which proved it could deliver the benefits. The Northern Gas Network sought – knowledge and the ability to adapt, whether it is the business or the behaviour or the products that is in question. In the pilot project, the team identified techniques to ensure deliveries at the target cost, whilst minimising the environmental impact and ensuring high safety standards for the workforce and the affected community.



Europe – HS South, West

The high life in Benidorm

Torre Lúgano – a 42-storey residential building – rises majestically to 220 meters by the Mediterranean Sea in Spain. Benidorm's highest building, consisting of 204 apartments, offers high quality high-rise living. When opting for a plumbing system, the installation company appreciated the advantages of Uponor's solution: safety and easy installation. Based on previous cooperation, the company was already familiar with Uponor as a reliable partner, and the guarantee offered by Uponor made the related decision easy.



Europe – HS East and International

Creating a pleasant working environment with Uponor expertise

Pannon Building, one of the largest building contractors in Hungary, chose Uponor heating and cooling systems for the company's new head office in Budapest. They sought a professional, environment-friendly, cutting-edge solution for their heating and cooling needs. Uponor's system was installed in their three-storey office building. The customer was delighted with the technical expertise and support provided by Uponor throughout the project, from the planning phase to installation.

Challenging market environment cut profitability in North America

Market situation

The US market was affected by a notable slowdown in the residential new construction market, especially during the second half of the year. Housing starts decreased by 13 per cent compared to previous year. Conversion from copper to modern plastic plumbing systems, which was mainly driven by recognition of the high performance of plastic systems and their competitiveness in terms of total installed cost, and further accelerated by the sustained high price of copper, somewhat offset the effect of the decline in housing starts. The share of modern plastic systems in the US's residential new construction plumbing market now slightly exceeds that of copper.

Overall market growth for hydronic heating was minimal in 2006. In the new residential market, underfloor heating continues to have very low penetration.

Business review

Uponor maintained its position on the market and continues to have the largest market share in both heating and plumbing. Overall, Uponor sells about one third of all modern plastic plumbing systems sold in North America.

Uponor established a relationship with one of the largest commercial design and build firms in North America, Uponor becoming its preferred supplier if modern plastic plumbing (PEX) or underfloor heating systems are utilised in commercial buildings erected by the firm.

In 2006, Uponor signed several agreements with top homebuild-

ers in the US. Four builders selected Uponor as a preferred supplier of modern plastic plumbing systems. In addition, Uponor will be considered as a supplier of heating and fire sprinkler systems when specified.

A commercial business development program was launched with the objective of achieving success in plumbing for high-rise buildings as well as generating considerable interest in radiant cooling for a variety of commercial structures.

The Uponor brand was launched in North America with great success and customers have begun to embrace this change.

In an annual survey for installers conducted by Contractor magazine, Uponor maintained its position as the most valued and recognised brand.

Profit performance

In spite of deteriorating market conditions, UNA achieved net revenue growth of 3.9 per cent in 2006 with sales of 230.9 million US dollars (183.0 million euros). While net sales grew, operating profit fell by 35 per cent to USD 18.3 million (14.5 million euros). This was impacted by higher distribution costs, delays in compensating for the higher material costs of metal components in particular, slightly higher production costs, and the cost of branding initiatives.

Personnel decreased by 11 percent compared to the previous year, mainly as a result of decreases in personnel in manufacturing and warehousing positions. The region employed 568 (639) persons at the end of the year 2006.



North America

Dream home features healthy and energy-efficient interior

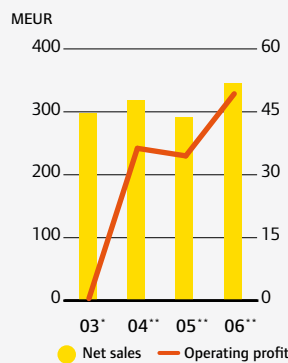
When planning their 687 square metre dream home in Idaho, USA, a typical American family made energy efficiency and a clean environment their top priorities. They wanted a home that minimised allergens and pollutants as much as possible. Uponor's underfloor heating and cooling systems, which were installed in the two-storey, 23-room house, do not use noisy blowers to circulate warmth or cooling through ambient air. In short, they satisfied the residents' demand for a clean environment. The family is extremely pleased with the low operating costs and even and consistent temperature provided by Uponor's underfloor heating.

Central Europe

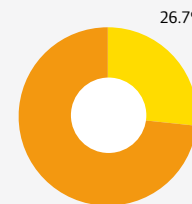
Region's key figures

MEUR	2006	2005
Net sales	345.1	291.1
Operating profit (EBITA)	49.3	34.5
EBITA ratio	14.3	11.8
Assets	197.6	189.6
Investments	7.5	7.7
Personnel, 31 December	1,212	1,126

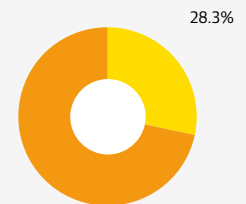
Net sales and operating profit



Net sales



Personnel



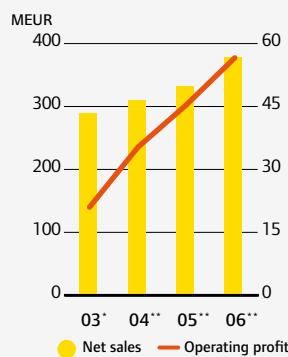
Central Europe
Group

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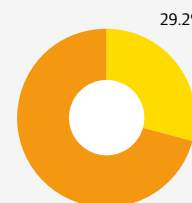
Region's key figures

MEUR	2006	2005
Net sales	377.8	332.6
Operating profit (EBITA)	56.6	45.4
EBITA ratio	15.0	13.7
Assets	203.5	226.3
Investments	14.7	11.8
Personnel, 31 December	1,332	1,239

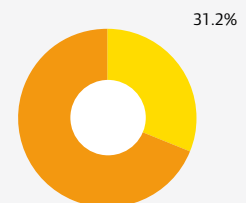
Net sales and operating profit



Net sales



Personnel



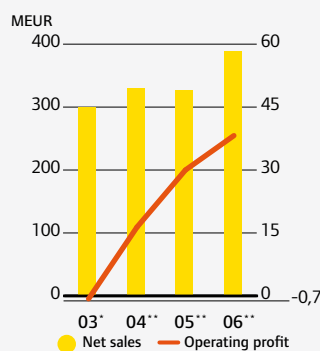
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Europe – West, East, South

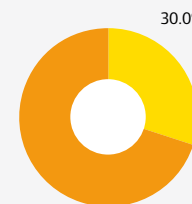
Region's key figures

MEUR	2006	2005
Net sales	387.9	325.9
Operating profit (EBITA)	38.2	30.0
EBITA ratio	9.9	9.2
Assets	223.3	199.3
Investments	8.6	9.7
Personnel, 31 December	1,163	1,110

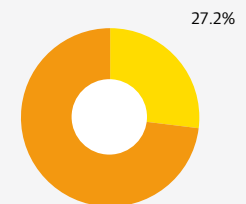
Net sales and operating profit



Net sales



Personnel



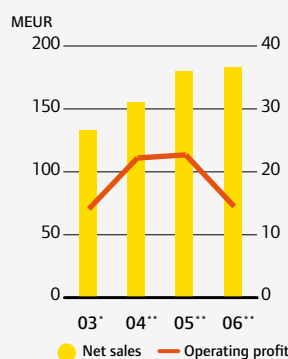
Europe – West, East, South
Group

North America

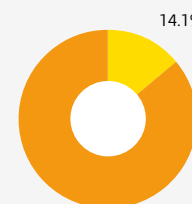
Region's key figures

MEUR	2006	2005
Net sales	183.0	179.8
Operating profit (EBITA)	14.5	22.7
EBITA ratio	7.9	12.6
Assets	109.5	120.8
Investments	8.8	9.7
Personnel, 31 December	568	639

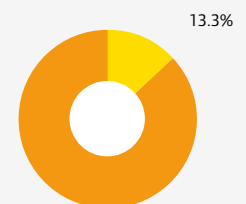
Net sales and operating profit



Net sales



Personnel



North America
Group



Unified Uponor focuses on growth and efficiency

In 2006, Uponor continued to implement its strategic transformation in order to improve the company's profitability and create a solid basis for profitable growth. Uponor's strategic focus areas – growth, the corporate brand and operational excellence – remained unchanged, and the company continued its determined efforts to develop these areas further.

A uniform brand unifies operations

At the beginning of 2006, Uponor abandoned its individual system brands and began to use the Uponor corporate brand on a global basis. The purpose of the brand change was not only to change Uponor's visual image but also to develop the company's operations in order to strengthen its customer relationships and unify its operations in all of its markets.

The transfer to a single brand has proven to be the right decision, as evidenced by customer feedback, which has been positive. Customers find it very easy to cooperate with a unified Uponor, and the benefits provided by such an international partner are gradually beginning to show.

New ERP system boosts cooperation

By developing its operational excellence, Uponor is seeking to improve the basis for carrying out uniform operations. In 2006, the company

continued a development project to implement a new enterprise resource planning (ERP) system – the first project of its kind in Uponor's history – which has demonstrated the power of cross-functional and cross-border cooperation.

The project reached an important milestone in July when the new ERP system was taken into use in the first company office in Germany. This proceeded without any difficulties, and the system was expanded with equal success to two additional locations at the end of the year. Preparations for the extended implementation of the system in Europe continued.

A solid basis for future profitable growth has been created

Through determined strategic development efforts, Uponor has been able to create a solid basis for future profitable growth. In 2006, the company published its intention to strengthen its position in the high-rise building segment and the cooling business, in addition to its present main segment, plumbing and heating solutions for single-family homes.

In the high-rise segment, Uponor's business has developed according to plan. By building on our expertise in the single-family home segment, we have been able to make progress in the high-rise segment, which of-

fers growth opportunities for both plumbing systems and radiant underfloor heating and cooling operations. Although the proportion of plastic pipe systems in plumbing installations remains rather small, their popularity has grown steadily compared to metal systems. Since the business model applied in the high-rise segment differs from that of the single-family home segment, Uponor has taken measures to develop the required capabilities and ensure that it has the right kind of professional profile.

The cooling system developed by Uponor is based on the radiation effect of a cool surface – in the same manner as in underfloor heating. The goal is to develop the cooling business so that it forms one of the key pillars of Uponor's operations in the future. The company expects demand for radiant cooling to increase in tandem with growing requirements for energy efficiency and environmental friendliness as well as the demands involved in both housing and non-residential construction.



Corporate social responsibility visible 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
- Well-being, rewarding jobs and skills development for personnel
- Appreciating partners, consumers and society

Uponor's responsible way of conducting its operations is based on its values, reflecting what we stand for and defining how we should behave in relation to our customers and each other. The social responsibility is further defined by the code of conduct approved by the Board of Directors and Management, published in the autumn of 2006. These describe Uponor's operating principles in questions related to bribery, corruption, the handling of confidential information, the environment, the company's political commitments, as well as employees, customers and suppliers. The company complies with the applicable rules and regulations in all its operations.

Financial responsibility

Financial responsibility means rewarding and mutual cooperation with stakeholders. The starting point of responsible business operations is stable growth that helps to ensure the company's profitability and competitiveness. These objectives are reached through financial targets. In November 2006, new financial targets were set for 2007–2009 due to Uponor's improved profitability and strong financial situation.

Financial impact on stakeholders

Human resources

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

Customers and partners

The cornerstones of responsible business operations are long-term co-operation and reliable partnership. Uponor works in close cooperation

with its customers to ensure that its products and services meet customers' needs and enhance their business opportunities.

Uponor's main partners:

- Product installers such as HVAC and plumbing companies
- Building and pipework designers, including HVAC and electricity engineers
- Engineering and architects' offices
- Land use, water supply and sewerage engineers
- Building firms and both public and private infrastructure suppliers
- Wholesale and retail businesses
- Raw material and component suppliers, and research and educational institutes

Investors

Uponor has proved itself to be an attractive investment that has added to shareholder value through stable returns. Uponor aims at distributing at least 50 per cent of its profit as dividends on an annual basis. Due to strong cash flow and sales revenues, in the autumn of 2006 Uponor paid extra dividends to its investors in addition to regular dividends.

Society

Uponor is a significant employer and taxpayer everywhere it operates. We aim at open cooperation with governmental authorities and the media in order to communicate the company's needs successfully. Uponor cooperates with educational institutions providing both student traineeships and full-time jobs for qualified graduates. The company promotes the interest in the industry among students, by telling them about its operations and industry.

Environmental responsibility – commitment and innovation

Most of Uponor's units have set explicit environmental goals. All Group's production units' environmental, quality, and health and safety indicators form part of financial reporting. The goal is to provide more reliable information on the effects of the Group's operations.

Better human environments with Uponor products

Uponor has long traditions in designing technologically advanced and pro-environmental products. Uponor aims to surpass the environmental standards set by the authorities and become one of the industry's forerunners in this field too.

Uponor's products enable energy-efficient solutions, a constantly suitable temperature, pure water, and fresh air in any facilities where people live and work. When taking into account the environmental impact of the product's whole life cycle, Uponor's products are stronger than any rival products. In addition to their pro-environmental characteristics, the service life of plastic pipes is also exceptionally long, often 50–100 years, after which the product can be recycled.

Environmental impact of manufacturing kept to a minimum

Most significant environmental impacts 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 crushed 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. Furthermore, the need for long-range transportation is reduced on account of Uponor carrying out local production close to its customers.

Economic impact on stakeholders

MEUR	2006	2005
Value added to customers (net sales)	1,157.0	1,031.4
Suppliers and service providers (purchases)	812.8	727.3
Personnel (salaries and remunerations)	181.3	164.4
Investors (dividends paid)	166.0	52.0
Society (taxes paid)	45.0	37.8



Values known to everyone

During the year, the new corporate values were introduced locally in almost all Uponor units. The related training events, lasting about half a day, were devoted to discussing the meaning of corporate values and what each value means from the employee's point of view. During the day, concrete rules were also jointly established in each of the training events, on the basis of the corporate values. The results of all the discussions will be compiled and utilised at corporate level in leadership development. The realisation of values in daily work is measured in personnel survey.

Skilled personnel is the prerequisite of success

Uponor's human resources management is based on the One Unified Uponor corporate strategy, which served as a basis for the revision of the corporate values in 2005. The company used the corporate strategy and the new values as a means of specifying what Uponor's internal culture should be like and its way of doing business. In the company's internal culture, the corporate values are the starting point for all operations, guiding the practices for managing the company. Through the company brand, they should also be made visible to the outside world, the customers. These values have now been analysed internally and transformed into customer promises.

The new corporate values were presented in most company units during 2006, and the goal is to have the process completed in the other sites by mid-2007. When introducing new values, it is important that each employee personally accepts and understands the values since individuals play a key role in establishing a corporate culture. Employees have been enthusiastic and active participants in discussions about our values. The goal is to turn these values into living, everyday values that become visible throughout our operations. Whenever necessary, these values will be brought up for discussion again, for example during the course of performance reviews and training.

Regular monitoring of compliance with the corporate values will be carried out in connection with the personnel survey, and they will be made part of employer-employee discussions. Development needs identified by personnel surveys

will be taken into account, for example, when drawing up training plans.

Strategy work advancing as planned

Strategy work is a continuous process that requires employee commitment. Common practices are further confirmed by the harmonisation of processes and operating methods in accordance with the corporate values. Uponor continuously develops the skills and areas of competence that are vital for ensuring a skilled workforce in the future. In addition, the company supports personnel growth and development, for instance by providing opportunities for job rotation and educating personnel in accordance with the training plan. In order to ensure the development of business operations in accordance with the corporate strategy and values, different subareas of HR management are also measured and analysed on a regular basis.

Personnel and corporate culture are an important part of business success

The aim of Uponor's HR management is to harmonise its management culture and practices as well as internal communications. The principles of good leadership specified by Uponor are: get results, communicate, cooperate, build trust, learn, and change. These principles have been derived from the corporate values, and are visible in the background of all leadership activities. Regular management tools include budgeting and strategic planning, performance reviews and rewarding. In addition, the company annually examines any competence development needs that could be fulfilled through job rotation, recruitment or personnel training.

Strategy work advancing

Revised values put into practice throughout the whole Group

Leadership training programme supporting change completed

In May 2006, management meeting under the theme "The vision and management of key customer relationships"

Restructuring of Uponor Europe – West, East and South aiming at increased business and enhanced operations in the area on 1 September 2006. At the same time, Group management was renewed in accordance with the corporate strategy by means of job rotation.

Compliance with corporate values monitored

The implementation of HR management goals is being monitored by means of indicators that are linked, for instance, with the company's financial success, customer satisfaction and brand awareness, its share of new products, or an index calculated on the basis of the personnel survey.

Visibility of corporate values outside the company studied for the first time

At the end of 2006, the first commensurable customer survey under the new Uponor brand was carried out in the firm's main market areas. The aim was to study how customers experience cooperation with Uponor. Another goal was to understand how visible the company's value-based corporate culture is from the customer's point of view. The results of the survey will be examined together with the personnel and will be utilised in drawing up performance and development plans.

In addition to the customer survey, a personnel survey was carried out among all company employees for the third time. This survey is one of the most vital HR management indicators and it is employed, for example, in the development of different subareas of management. As in previous years, the results will be examined within teams and the development and action plans will be drawn up on the basis of these discussions during the spring.

Training for everyone

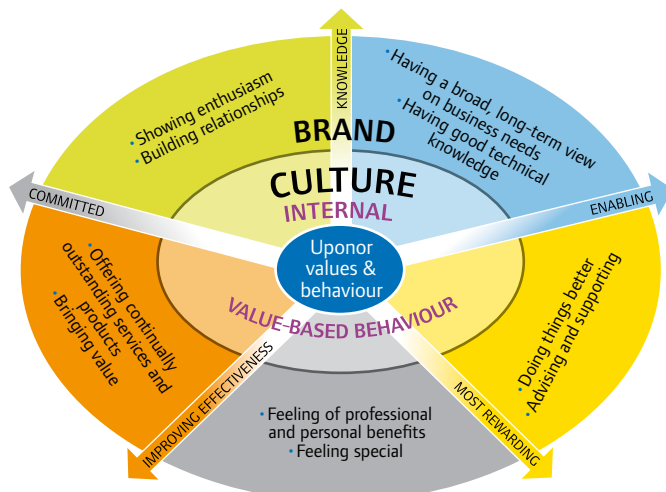
A training programme set up as a means of supporting change was completed during 2006. In two years, around a hundred key employees attended the

programme. The purpose of the four three-day training periods was to support the implementation of the corporate strategy, develop areas of competence vital for ensuring business success now and in the future, and identify internal leadership potential. The final survey of the participants showed that key personnel found the training very useful.

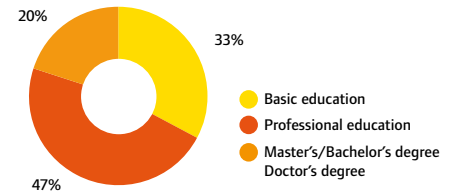
Other training opportunities were also organised during last year in order to support strategically important competence areas such as training related to supply chain management and project management, as well as courses in the English language and economics. All personnel had equal opportunities to attend the training. For example, in 2006 the members of the Executive Committee participated in personal coaching in order to improve their leadership skills.

Prevention of accidents of vital importance to employee well-being

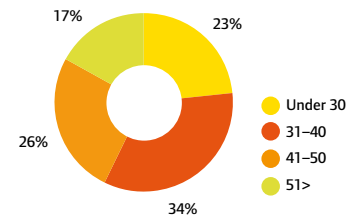
Generally speaking, occupational health and safety are at a high level in Uponor. Each facility has its own safety instructions and accidents are reported mainly at local level. At corporate level, occupational health and well-being are being advanced by ensuring the availability of the necessary tools, offering rewarding jobs and facilitating in-house job rotation through, for example, the announcement of vacancies on the corporate intranet before job advertisements are available to the public. The level of employee well-being is also measured with help of the personnel surveys and efforts for improvements are made accordingly.



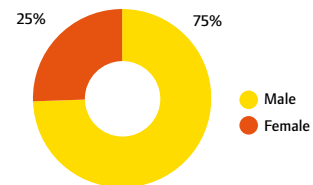
Personnel by education



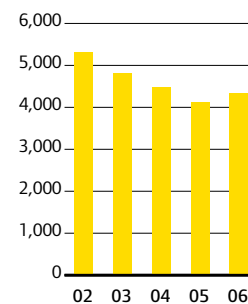
Employee age distribution



Gender breakdown



Personnel at year-end



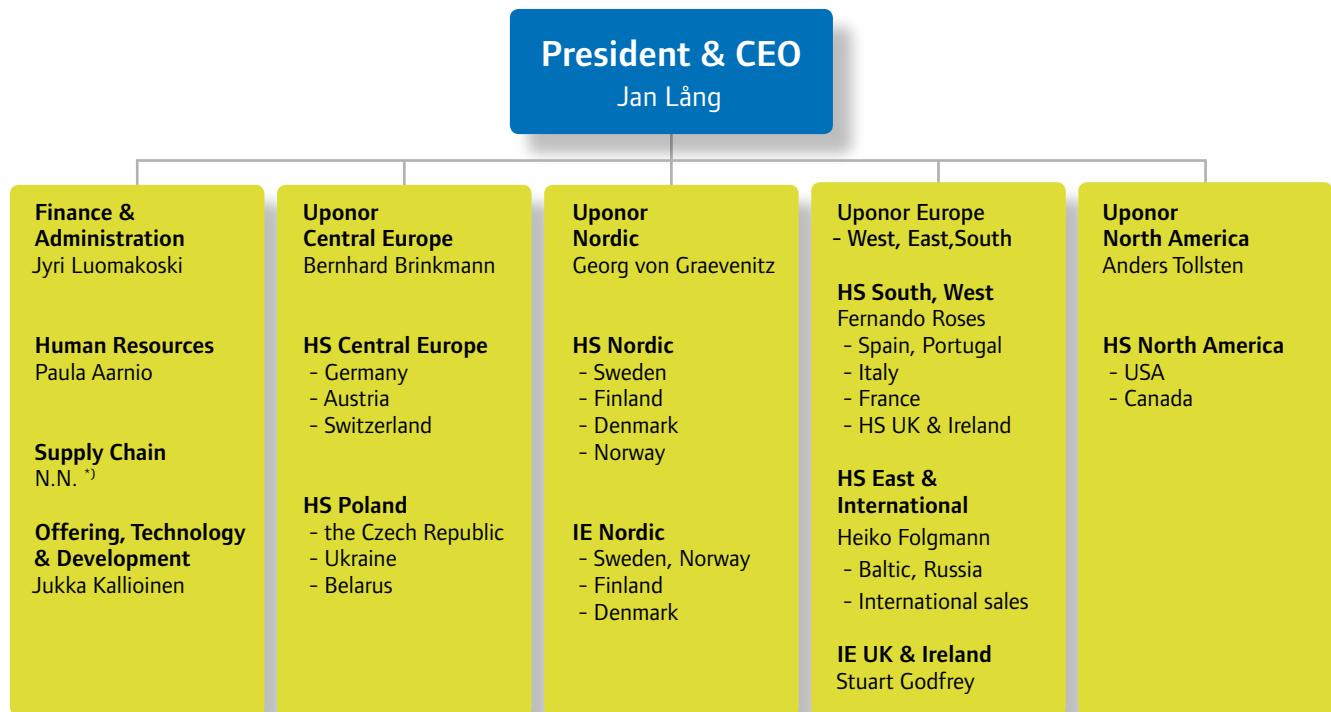


Broad interest in corporate social responsibility matters

Every year, Uponor receives several inquiries from various ethical funds, covering all aspects of corporate social responsibility. Below are a few examples of frequently asked questions.

- Q:** Does Uponor cooperate with companies operating in ethically controversial sectors (such as tobacco, alcohol or arms industries)?
- A:** No, Uponor does not cooperate with companies operating in ethically controversial sectors.
- Q:** Does Uponor have a Code of Conduct approved by the corporate management?
- A:** Yes, Uponor's Board of Directors approved a Code of Conduct for the company in November 2006, which provides guidelines for the prevention of bribery and corruption, among other things.
- Q:** Does Uponor have a management-approved policy for preventing discrimination at work?
- A:** Yes, employee discrimination is included in Uponor's Code of Conduct. We also aim at ensuring equal opportunity among employees by promoting open communications and the respect and support of individuals. Moreover, our vacancies are published on the intranet for anyone to apply.
- Q:** Which human resources development tools does Uponor apply?
- A:** Our human resources management tools include an annual personnel survey and development discussions. We also support human resources development through, for instance, internal training and job rotation.
- Q:** Has Uponor set quantitative goals for reducing its environmental effects (including energy, water, materials, waste, transports etc.), or does the company have a related policy?
- A:** Each Uponor site is responsible for the management of its environmental work and for setting detailed environmental responsibility goals. Most of our production plants have an ISO 14001 certified environmental management system which focuses on the continuous improvement of environmental performance.

Group structure 1 January, 2007



*) Sebastian Bondestam as from April 2007

HS = Housing Solutions

IE = Infrastructure Solutions

Uponor Corporation Board of Directors, 1 January 2007



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

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 from 23 September 1999
- Uponor shareholdings: 429,774 shares

Board memberships:

- Chair of the Board, Erkki Paasikivi Foundation
- Chair of the Supervisory Board, Varma Mutual Pension Insurance Company
- Member of the Council of Representatives, Confederation of Finnish Industries (EK)
- Member of the Board, Okmetic Oyj
- Member of the Board, Raute Oyj
- Member of the Board, Foundation of Economic Education

Career history:

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

Aimo Rajahalme

b. 1949, Finnish citizen, M.Sc. (Econ.), Executive Vice President, Finance, KONE Corporation

- Deputy Chair of the Board, Uponor Corporation from 15 March 2005, member from 17 March 2003
- Uponor shareholdings: 5,928 shares

Career history:

- Member of the 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.), President and CEO, Metso Corporation

- Member of the Board, Uponor Corporation from 15 March 2005
- Uponor shareholdings: 2,713 shares

Board memberships:

- Member of the Supervisory Board, Ilmarinen Mutual Pension Insurance Company
- Member of the Council of Representatives, Confederation of Finnish Industries (EK)
- 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 Board, Research Foundation of Helsinki University of Technology
- 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
- Uponor shareholdings: 5,341 shares

Board memberships:

- Member of the Board, Neuhauser & Falck AB
- Member of the Board and owner, Chorda Management 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.), Managing Director, Birch Court GmbH

- Member of the Board, Uponor Corporation from 17 March 2004
- Uponor shareholdings: 2,459 shares

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 2007



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

- Employed by Uponor since June 2003
- Uponor shareholdings: 10,400 shares

Career history

- President and CEO, Uponor Corporation, 1 August 2003–
- Various positions at Huhtamäki Group during 1982–2003: Division President, Food Service, Europe, 2003
 Group Vice President, South & West Europe, 2001–2002
 Group Vice President, Global Sourcing, 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, 1982–1997



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

- Employed by Uponor since 1996
- Uponor shareholdings: 1,900 shares

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



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

- Employed by Uponor since February 2004
- No Uponor shareholdings

Career history

- 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



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

- Employed by Uponor since May 2004
- Uponor shareholdings: 1,500 shares

Career history

- CEO, Zarges-Tubesca Holding GmbH, 1996–2004
- Division Head of Small Domestic Appliances, Bosch-Siemens Hausgeräte GmbH, 1992–1996
- CEO, Esselte Meto 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,
Uponor Nordic
M.Sc.(Eng.)
b. 1947, Finnish citizen

- Employed by Uponor since March 2004
- No Uponor shareholdings

Career history

- Uponor:
Executive Vice President, Marketing and Development, November 2004 – August 2006
Executive Vice President, Marketing, March–October 2004
- 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 management positions at Tampella, Ahlström and Brown Boveri in Finland, Sweden and Switzerland, 1974–1988



Jukka Kallioinen
Executive Vice President,
Offering and Development
M.Sc. (Eng.), eMBA
b. 1958, Finnish citizen

- Employed by Uponor since 1984
- Uponor shareholdings: 440 shares

Career history:

- Uponor:
Executive Vice President, Uponor Europe – West, East, South, 2004 – August 2006
President, Infrastructure and Environment Europe, 2002–2003
Director, Building and Construction Division, 1999–2001
Director, Municipal Engineering, 1998–1999
Managing Director, Uponor Anger GmbH, Germany, 1995–1998
Business Area Manager, Ecoflex, 1988–1995



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

- Employed by Uponor since February 2004
- No Uponor shareholdings

Career history:

- Executive Vice President, Uponor Nordic, 2004 – August 2006
- 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

Vocabulary

Term (in Uponor context)	Explanation
Application	A technical entity in which Uponor products are used, such as radiant underfloor heating, a plumbing system, or a water supply and wastewater network.
Business group	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.
Commercial construction	Construction for commercial purposes, such as shops or offices.
Composite pipe	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.
ERP, Enterprise Resource Planning	An enterprise resource planning (ERP) system enables the management of all information related to, for example, production, sales, and distribution.
High-rise building	A multi-storey residential, commercial, office, or public building.
Housing solutions	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.
HPAC	Heating, ventilation, and air conditioning systems in buildings.
Hydronic cooling	A cooling method based on the same principle as hydronic heating.
Hydronic heating (also: radiant heating)	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.
Infrastructure solutions	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.
Multilayer pipe	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.
Municipal infrastructure (also: municipal engineering or utility infrastructure)	Water, sewerage, electricity, district heating, and other such services that are centrally produced for buildings situated in population centres.
On-site waste water treatment	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.
PEX pipe	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.
Plastic pipe	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.
Polyethylene pipe	Polyethylene pipes are used in municipal infrastructure and also as cold-water plumbing pipes in buildings. Their benefits include versatility and weldability.
Polypropylene pipe	Polypropylene pipes are used both for infrastructural uses and for buildings. Advantages include, for example, weldability and, especially for building use, their low cost.
PVC pipe / Vinyl pipe	PVC or vinyl pipes are used mainly in municipal infrastructure, for use in the ground.
Region	Uponor is divided into four geographical region organisations.
Renovation	Repair, renovation, or replacement of existing buildings, pipework, etc.
Segment	Uponor's two business segments are housing solutions and infrastructure solutions.
Single-family building	In the Uponor context, this includes single- and two-family houses, semidetached houses, and row houses (US) / terraced houses (UK).
Sprinkler system	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.
Surface installation	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.
Underfloor heating	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.

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