uponor

Financial statements 2013

Important dates in 2014

Annual General Meeting
Uponor Corporation's Annual General Meeting is to be held on Wednesday, 19 March 2014 at 5 p.m. at the Helsinki Exhibition and Convention Centre, Messuaukio 1, Helsinki, Finland.

Financial accounts bulletin for 2013	14 February	8 a.m. EET
Financial Statements for 2013	14 February	-
Annual General Meeting	19 March	5 p.m. EET
Record date for dividend payment	24 March*	-
Date for dividend payment	31 March*	
Interim report: January–March	28 April	8 a.m. EET
Interim report: January–June	25 July	8 a.m. EET
Interim report: January–September	29 October	8 a.m. EET

* Proposal of the Board of Directors

Uponor Investor Relations

Questions and enquiries
E-mail: ir@uponor.com

Meeting requests
Päivi Dahlqvist, Executive Assistant
Tel. +358 (0)20 129 2823
paivi.dahlqvist@uponor.com

Other IR contacts
Riitta Palomäki, CFO
Tel. +358 (0)20 129 2822
riitta.palomaki@uponor.com

Tarmo Anttila, Vice President, Communications
Tel. +358 (0)20 129 2852
tarmo.anttila@uponor.com

Other shareholder enquiries
E-mail: legal@uponor.com

Reetta Härkki, General Counsel
Tel. +358 (0)20 129 2835
reetta.harkki@uponor.com

Outi Viljanen, Legal Assistant
Tel. +358 (0)40 630 7147
outi.viljanen@uponor.com

Change of address
Shareholders are requested to notify their custodian bank, their brokerage firm, or any other financial institution responsible for maintaining their book-entry securities account of any changes in their mailing address.

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 current or unreported 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.

Publications
The company's financial statements will be published in Finnish and English and will also be available on the company website at www.uponor.com > Investors > News & downloads > Annual reports. The financial statements will be sent out to shareholders who have ordered it from the company.

The interim reports and corporate releases will be published in Finnish and English on the company website. You can order Uponor's investor publications conveniently via the company website, at www.uponor.com > Investors > News & downloads > Subscription services, where you can also modify your contact information or cancel your subscription.

You can also order publications by contacting:
Uponor Corporation, Communications
P.O. Box 37, Äyritie 20
FI-01511 Vantaa, Finland
Tel. +358 (0)20 129 2854
fax +358 (0)20 129 2841
E-mail: communications@uponor.com

Insider register
The public register of Uponor Corporation's insiders may be viewed at the Uponor Legal Department at Äyritie 20, Vantaa, Finland, tel. +358 (0)40 630 7174. E-mail address to the Legal Department is legal@uponor.com. The share and stock option holdings of the company's permanent insiders are also available on the website at www.uponor.com > Investors > Shareholders.

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Uponor in brief

Uponor is a leading provider of plumbing and indoor climate solutions for the international building markets. We are present in key European and North American markets and sell and export our offering in a hundred countries. Uponor is also a prominent supplier of infrastructure pipe systems and technology in Northern Europe and North America.

Our safe and advanced solutions provide invisible comfort in homes, offices, public facilities and neighbourhoods. In addition to being technologically advanced, Uponor's solutions are sustainable and energy efficient.

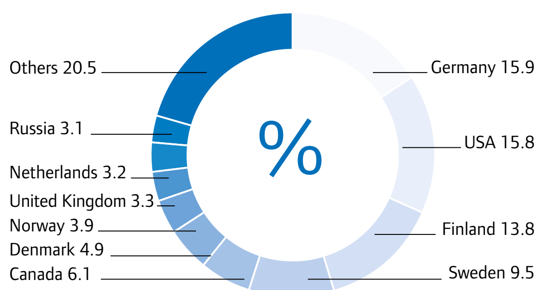
Our businesses

Uponor operates its business through three segments: Building Solutions – Europe, Building Solutions – North America and Uponor Infra. Each of these business segments is in a different stage of development, serving markets and customers in varying situations and with versatile needs. Uponor's strategy and way forward are tailored to meet those specific needs.

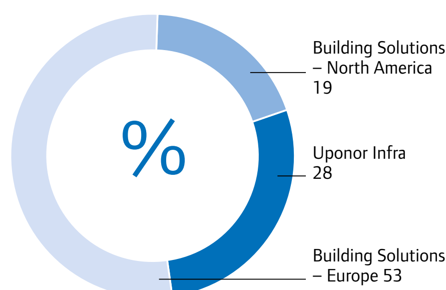
A common platform

Uponor's three business segments all stand firmly on our common platform: the Uponor brand, our vision and mission, and our values that together form the foundation for the profitable growth of the business. These business segments benefit from common denominators within Uponor, such as Key Account Management and our technology platforms and distribution channels.

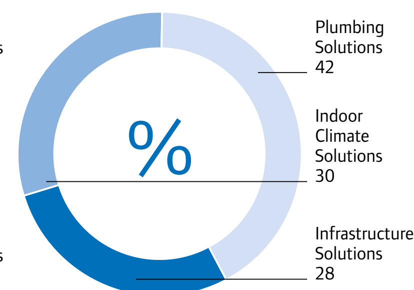
Net sales by country



Net sales by segment



Net sales by business group



The year 2013 in brief

Building Solutions – Europe

The competitive and economic situation in the main European markets remained challenging. Consequently, short-term market support activities were prioritised.

2013 saw a natural evolution in our organisational development as we introduced a simplified structure, which was aimed at improving our competitive strengths and enabling and securing the transfer of best practices across geographies in the best possible manner. The new functional structure has helped to reduce organisational complexity, while providing more clarity and focus in planning and execution.

In terms of branding, we launched a harmonisation of product names alongside a further restructuring of our offering portfolio, aimed at improving the brand consistency of both plumbing and indoor climate systems for our customers.

In our plumbing portfolio, we continued our efforts to strengthen the position of Uponor's tap water systems as a high-quality, hygienic and high-performing solution. A historic new innovation, the seamless aluminium composite pipe (SACP), was launched in Iberia. Its seamless aluminium layer delivers superior performance: the pipe is now more flexible and endures a greater degree of modulation, considerably reducing any kinking. The Iberian launch will be followed by other European introductions during 2014.

We set the basis for the future use of Building Information Modelling (BIM) to optimise design, build and operational activities related to Uponor systems. This will support our customers through the improved visualisation of various building structures and elements prior to actual physical construction, which can lead to improved productivity due to reduced information losses, and through better coordination, increased speed and reduced costs.

We took additional steps toward creating an integrated indoor climate solution for homes and further development of system integration is in the pipeline. Renovis, a new modular wall and ceiling system for retrofitting heating in existing buildings, was introduced in the Central European markets to answer the needs of the growing renovation and refurbishment market. This system incorporates the energy efficiency and comfort benefits of radiant heating in an installation solution which enables fast mounting in existing buildings, with no need for major construction work.

To increase our competitiveness in the field of traditional heating, several initiatives were taken to reduce total costs of installation, such as intelligent pricing for bigger projects or sets of products as well as new distribution concept for commodity products.

New offerings with higher pressure ratings were launched in the local heat distribution business area for the Eastern European markets, in particular in Russia where we also took steps to increase our geographical presence.

Furthermore, the TABS (Thermally Activated Building System) business was rolled out in Eastern and South West Europe. Its attractiveness as an energy efficient alternative to traditional air conditioning systems in office buildings was supported by the finalisation of a comprehensive lifecycle cost comparison between TABS and competing solutions. This system has good prospects, due to an increased focus on sustainability and green building in particular.

Efforts were made to grow the project business, especially in German speaking Europe and the Nordic countries, where we put extra effort into strengthening our project business competencies.

After several years of focused development and enhanced internal coordination, our improved supply chain structure began bearing fruit. This enabled us to achieve the highest ever precision in our deliveries to customers (OTIF, on time in full) in Europe. Continuous improvement and quality initiatives, as well as initiatives to further improve sourcing, progressed well. We also took action to reduce our cost base, in order to compensate for lower volumes resulting from the difficult market situation.

Operations in our Nordic distribution centre in Sweden came fully on line early in the year, leading to improved service levels. We also invested in a new warehouse in Russia to enable faster deliveries.

Building Solutions – North America

We enjoyed a healthy business environment in most of North America throughout 2013, seeing the benefits of our strategic refinement in which we more closely aligned our efforts and resources with the most viable opportunities.

Our focus on the non-residential plumbing market paid off, as evidenced by the high growth that we achieved in the hospitality, apartment and educational segments. Much of that growth was attributable to our success in having our PEX-based plumbing systems specified and installed in place of the copper systems that have traditionally dominated the non-residential building market.

As the U.S. new housing market improved in 2013 – growing by more than 20 percent from 2012 – we took steps to ensure that we participated in that growth. Much of our success in this is due to working closely with major home builders to demonstrate the high reliability of our systems, thus minimis-

ing concerns about the long-term performance of the plumbing systems installed in their homes.

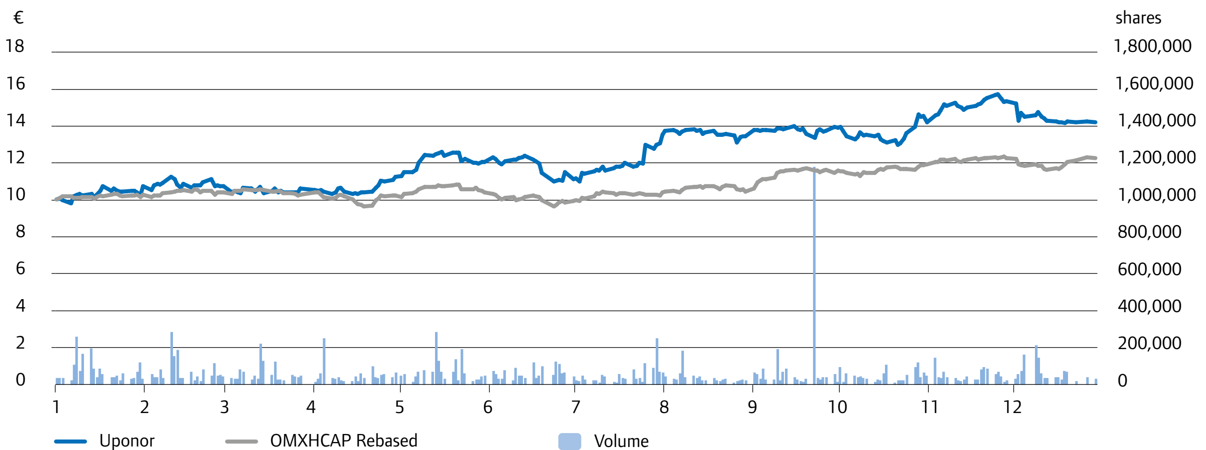
An important factor in our success in plumbing applications is our ongoing collaborative efforts to promote the Milwaukee Tool. In fact, the rapid acceptance and widespread use of this tool has contributed significantly to our growth and our gain in market share.

The use of Indoor Climate systems in new homes has not yet reflected the increased level of building activity. However, we achieved success in demonstrating the viability of our indoor climate systems in what we have classified as partial home radiant solutions. In such installations, underfloor heating is installed only in certain parts of new homes. Radiant cooling in particular is rapidly gaining favour wherever energy conservation, architectural freedom, and thermal comfort are viewed as necessary attributes.

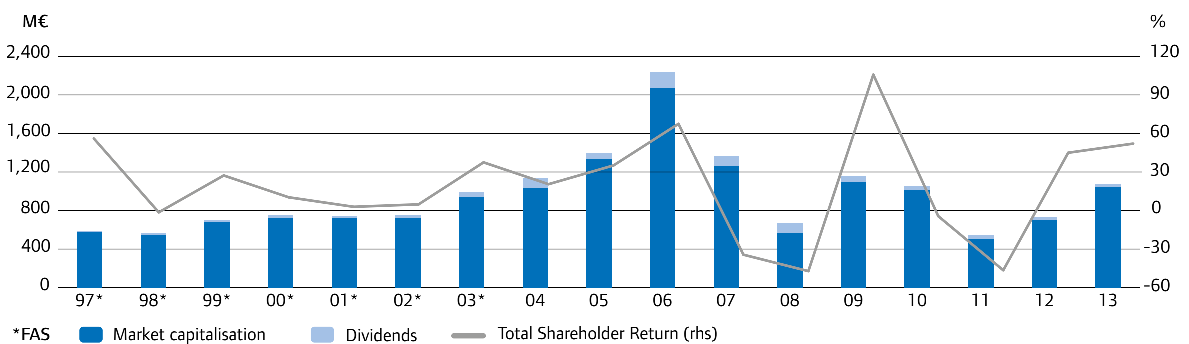
In 2013, Uponor won the Plastics Pipe Institute Project of the Year. We were also honoured as the 2013 Manufacturer of the Year by the Minnesota Manufacturers Alliance, as well as being named among the Minnesota Top 100 Workplaces – ranking 16th overall.

One of our major endeavours in 2013 was the expansion of our manufacturing facility in Apple Valley, which was our fifth expansion since we opened.

Share performance and trading 2013

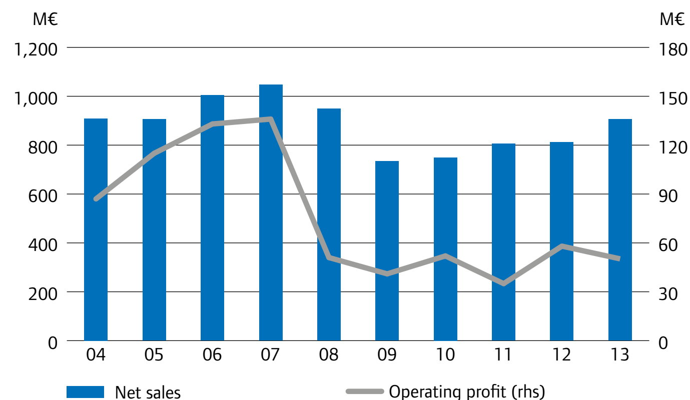


Shareholder value development 1997–2013

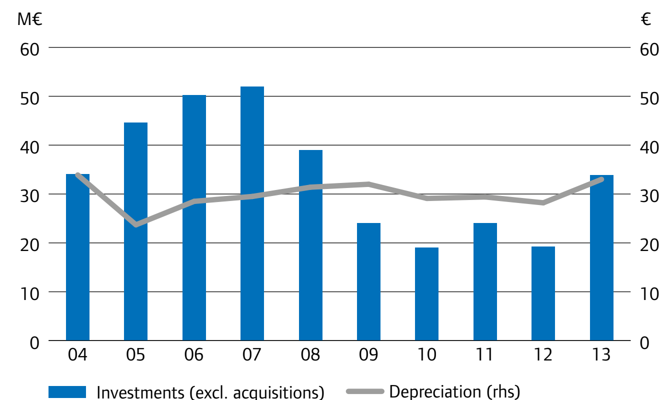


You can find Uponor's investor website at www.uponor.com > Investors.

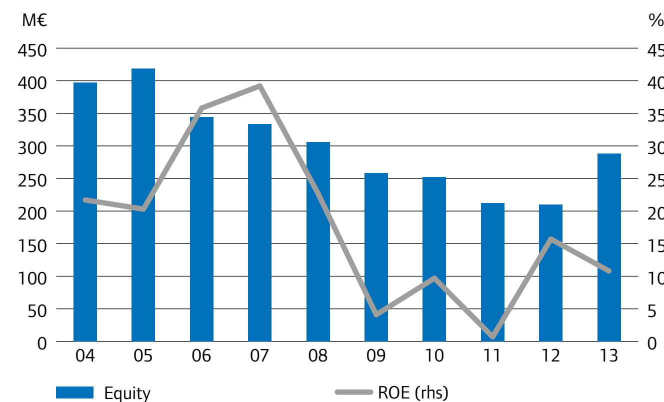
Net sales and operating profit 2004–2013



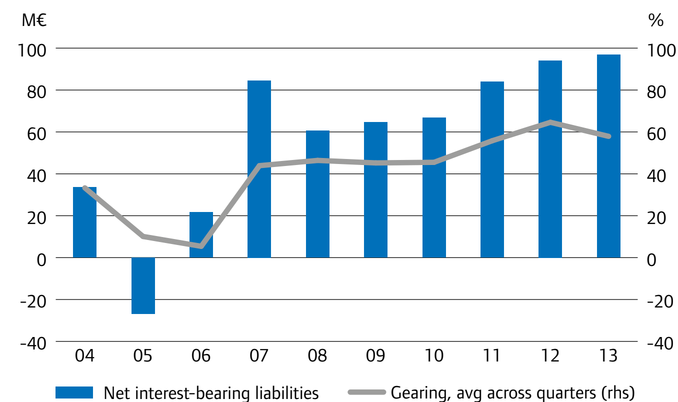
Investments and depreciation 2004–2013



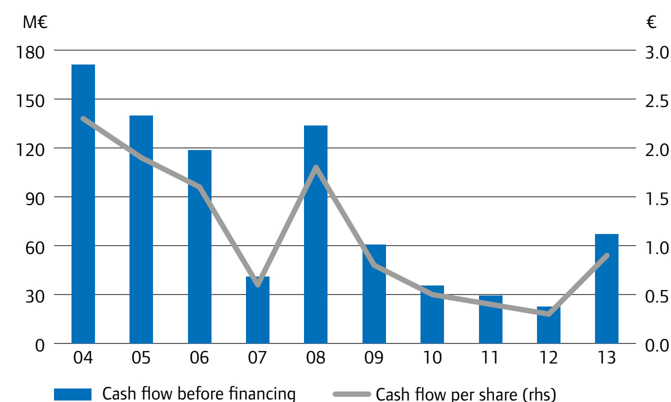
Equity and ROE 2004–2013



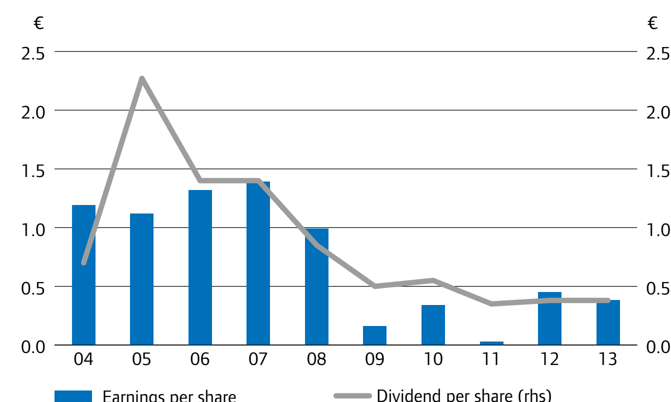
Net interest-bearing liabilities and gearing 2004–2013



Cash flow before financing 2004–2013



EPS and DPS 2004–2013



We added 1,600 square metres (17,500 square feet) of manufacturing space to help meet forecast growth in PEX pipes.

Recognising that no organisation has a monopoly on great ideas, Uponor, Inc. (U.S.) launched its subsidiary, Uponor Innovations LLC, in 2013. Our focus is on new technologies and leading-edge products that improve the way people plan, design, construct, improve and manage environments, in a green and sustainable manner.

Uponor Infra

Uponor Infra, the new company jointly owned by Uponor (55.3%) and KWH Group (44.7%), began operating on 1 July 2013. Uponor Infra comprises both companies' infrastructure businesses, i.e. Uponor's former Infrastructure Solutions segment and KWH Pipe Ltd. The combined strengths of the two companies make Uponor Infra the leader in the Nordic infrastructure pipe market, with a wide product range and experienced and expert people.

For years, the infrastructure pipe markets have been characterised by overcapacity, a slowdown in public investments and fierce competition. The new joint venture demonstrates our commitment to the infrastructure business, and our willingness to develop it further.

The merger is aimed at creating efficiencies and improving profitability, while continuing to offer customers quality products on competitive terms. The combined segments of the two

Share-specific key figures

	2013	2012	2011	2010	2009
Market value of share capital at year-end, M€	**1,041.0**	702.8	502.2	1,013.2	1,098.1
Earnings per share (fully diluted), €	**0.38**	0.45	0.03	0.34	0.16
Dividend, total, M€	[1)]**27.8**	27.8	25.6	40.2	36.5
Dividend per share, €	[1)]**0.38**	0.38	0.35	0.55	0.50
Effective share yield, %	**2.7**	4.0	5.1	4.0	3.3
Issue-adjusted share prices					
- highest, €	**15.85**	10.00	14.25	15.66	15.10
- lowest, €	**9.65**	6.77	6.03	10.58	6.80
Number of shareholders	**15,480**	17,788	19,828	22,087	20,214

[1)] proposal of the Board of Directors
The definitions of key ratios are presented in the financial statements.

Long-term financial targets (since 12 Feb 2013)

	Target	**2013**	2012	2011	2010	2009
Organic net sales growth*	2013E: 5.2%	**-1.5%**	3.2%	4.9%	2.0%	-22.7%
EBIT margin	>10%	**5.5 %**	7.1 %	4.4 %	7.0%	5.6%
Return on investment (ROI)	>20%	**12.5%**	16.7%	11.0%	14.4%	8.1%
Gearing (annual average of quarters)	30–70	**57.9**	64.6	55.8	45.5	45.2
Dividend payout	> 50% of earnings	**100.0%**	84.4%	1,018.5%	162.5%	316.3%

[*)] > GDP +3ppts

companies – standard product sales, system sales, and niche/project sales – provide us with the volumes required to ensure a cost-efficient volume base and a platform on which we can grow.

During the latter half of 2013, following the establishment of Uponor Infra, the focus has been on carrying through the integration of the two businesses. We have set the related strategic direction and established the required organisation, in addition to taking action to ensure that most of the planned savings materialise in 2014.

The consolidation led to a decision to close two production units in Finland, combine the two Swedish production sites and sales organisations, and close an office in Denmark as well as reorganising sales. These consolidations resulted in a personnel reduction of 130 Uponor Infra employees.

Corporate responsibility and sustainability

The sustainability trend is increasingly seen not only as being vital to our future and the environment, but also as a profitable business opportunity. A significant opportunity for moving a society towards sustainability lies in construction innovations. Moving ahead, Uponor will continue to provide solutions that help to create environments that are healthy and energy efficient, and which will further leverage our sustainability offering.

Profitable business provides us with a solid economic base which helps us to further develop other important aspects: to increase employee wellbeing, reduce waste, and maximise the efficient use of our assets. Based on our "Wanted 2020" goal, established in 2011, and our four pillars of sustainability, defined in 2012 with a focus on culture, care, the customer and partnerships, we continued our work aimed at enhancing our sustainability agenda.

Through innovation and our partnerships, we are committed to creating better human environments through engaging in and developing businesses that deliver the ultimate goal of shared and sustained success.

Culture: Integrating sustainability into our corporate mindset

We can only succeed if we all embrace sustainability as a vital element in our activities. We have now aligned and integrated our commitment to sustainability in our vision, mission, strategy and brand. We have also established Corporate Responsibility and Sustainability as a Group-wide function, in order to create a common framework and harmonised objectives for all of our segments.

The principles of sustainability are further incorporated into our policies and guidelines. For example, in 2013 we reviewed and implemented our company car policy to include our ambitions to achieve average CO_2/km levels of below 130 grams per kilometre by 2015, and to apply incentives for company car drivers to opt for low emission vehicles.

Our sourcing policy has been developed further to ensure that our suppliers apply the same general principles of sustainability that we adhere to.

Care: Driving down our environmental impact

We further increased our use of "green energy" in our production operations.

In North America, over 30% of our electricity needs for the new distribution centre were sourced from renewable energy supplies. Lean[1] manufacturing principles introduced in our North American operations demonstrated major efficiency improvements and, partly as a result of this, Uponor North America was recognised as Manufacturer of the Year in 2013 by the Manufacturers' Alliance of Minnesota. Savings were achieved, for example, in areas such as energy consumption, water usage and landfill reductions. In Germany, 20% of our total electricity needs were sourced from renewable energy suppliers. For 2014, we aim at 100%.

[1)] *The idea of Lean is to maximise customer value while minimising waste. A lean organisation understands customer value and focuses its key processes on the continuous enhancement of customer value. Eliminating waste along entire value streams creates processes that require less human effort, less space, less capital, and less time to make products and services. Companies are able to respond to changing customer desires by offering high variety, high quality and low cost based on very fast throughput times. (Source: Lean Enterprise Institute)*

The year 2013 in brief

We entered into an agreement with the World Wildlife Fund to establish Uponor Green Office environments in our office locations. A pilot project has been initiated in our head office in Vantaa, Finland, and key briefing sessions are planned for other locations.

Environmental criteria have been incorporated into a pilot packaging project for Building Solutions – Europe, with the objective of minimising the overall environmental footprint of packaging used in the supply of our products and systems.

Through our environmental programme, we measure our annual carbon emissions by country. The installation of LED lights in our new production hall in Zella-Mehlis, Germany, the use of solar-thermal energy in Hassfurt, Germany, and the change from fossil fuels to pellets in Virsbo, Sweden are all examples of actions we have undertaken to reduce our carbon emissions.

Customer: Enriching life through our innovative solutions

Uponor's Renovis system was introduced to the market in 2013. It provides an efficient way of bringing low temperature radiant heating to existing buildings, with the related energy efficiency improvements, and also includes an integrated panel package of additional insulation and radiant heating for external walls.

The first non-welded multilayer composite pipe SACP (seamless aluminium composite pipe) was launched during 2013, after several years of product development and testing. As a more sustainable solution, SACP provides greater materials savings and efficiencies in production, combined with the higher long term integrity of a non-welded system.

Uponor Infra continued with new product launches associated with its Uponor IQ range, its system for storm water handling. This system enables designers and municipalities to choose solutions that ensure that the aquatic environment is protected during the discharge and handling of storm water, thus reducing the risk of flooding, removing pollutants and allowing the retention and reuse of water for non-potable applications.

Partnership: Engaging stakeholders in our sustainability journey

In 2013, we strengthened our networking through national Green Building Councils and established in-house guidelines for co-ordinated engagement at Uponor. We were a leading sponsor of the 2013 Nordic Green Building Councils' conference.

Through ENCORD (European Network of Construction Companies for Research & Development), a new waste protocol for the European Construction industry was published. Uponor is a member of ENCORD.

Following the publication of the lifecycle analyses of PEX and MLCP plumbing systems, demonstrating superior environmental impact performance versus copper, a new study has been initiated through TEPPFA (The European Plastic Pipes & Fittings Association) to determine the Product Environment Footprint (PEF) of these systems. The two year pilot study, led by the EU Commission, will extend the scope of analysis to a wider range of environmental impacts. It is anticipated that this will ultimately form the basis of a new standard methodology.

We have taken the lead in establishing the European radiant heating and cooling industrial organisations under the umbrella of EHI, the European Heating Industries association. This will provide a platform for promoting energy efficient heating and cooling systems and developing the associated standards and regulations.

Continued support was provided for local communities – one example is Uponor North America's sponsorship of Eco Village, a Habitat for Humanity development. Eco Village, which is located about 30 miles (48 km) from Uponor's North American headquarters, comprises eighteen net-zero energy homes to be constructed over a three-year period. These homes incorporate underfloor heating, plumbing and fire sprinkler systems provided by Uponor. In addition, Uponor employees volunteer their time in order to install the Uponor systems, as well as other building components.

Environmental assessment and sustainability reporting has continued throughout 2013 and the results are presented in alignment with the CDP (Carbon Disclosure Project) requirements. Uponor has been submitting an Investor CDP report since spring 2010, improving its score from 60 to 74% during that period.

We established Uponor Innovations LLC, based in Minneapolis, USA as a wholly owned subsidiary of Uponor, Inc. in order to identify, foster and accelerate innovative ideas, new technologies and leading-edge products that help enhance and protect the environment. These activities also encompass the development cycle, the selection and sourcing of raw materials and services, and the manufacturing methods and processes used to make and distribute environmentally-sound products in order to ensure a sustainable built environment.

Sustainability indicators

Measure	Unit	2013*	2012	2011	2010	2009
Environmental indicators						
Total energy consumption	1,000 MWh	**141.4**	137.0	154.7	163.1	170.4
- Electricity used	1,000 MWh	**101.7**	97.5	105.7	107.8	104.2
- Fossil fuels used	1,000 MWh	**39.7**	39.5	49.0	53.2	66.2
Raw materials used	1,000 tonnes	**84.9**	82.0	82.7	95.3	90.9
- of which, % recycled materials	%	**6.8**	7.4	7.1	6.0	5.3
Water consumption	1,000 m^3	**110.4**	115.5	129.3	139.3	151.2
Total GHG emissions (Scope 1 + Scope 2)	1,000 tonnes	**35.0**	33.3	47.1	45.6	52.7
GHG (Scope 3)	1,000 tonnes	**192.4**	179.0	204.0	204.6	208.0
Waste water discharged	1,000 m^3	**35.5**	28.6	42.8	36.6	39.0
Hazardous waste	1,000 tonnes	**0.2**	0.3	0.3	0.2	0.3
Total waste	1,000 tonnes	**11.1**	11.1	11.5	11.4	10.6
Waste recycled	1,000 tonnes	**10.6**	8.3	8.7	9.2	9.0
Total number of manufacturing sites		**10**	9	10	10	10
ISO 14001 certified sites		**8**	7	8	8	8
% sites certified	%	**80**	78	80	80	80
Social indicators						
Number of employees (FTE)		**4,141**	3,052	3,228	3,197	3,316
Employee turnover %	%	**7.8**	6.7	5.4	4.8	5.6
Workforce accidents		**45**	75	67	78	64
Lost time from accidents	hours	**4,470**	5,773	6,731	10,733	9,230
Lost time incident rate	%	**0.3**	0.1	0.1	0.2	0.2

*) The 2013 figures now include the U.S. distribution centre and Zent-Frenger GmbH, Germany, which were not included in previous years. The new Uponor Infra businesses that are part of the Group since 1 July 2013 are not included.

GHG – Green House Gases

Scope 1 Total global direct emissions from sources owned or controlled by the reporting organisation

Scope 2 Indirect GHG emissions caused by the company through its consumption of energy in the form of electricity, heat, cooling or steam

Scope 3 Indirect emissions that arise as a consequence of an organisation's activities, from sources owned or controlled by others

Letter to investors

Dear shareholder,

Momentous megatrends – such as energy efficiency, sustainable resource consumption and clean water supply, to name a few – are truly reshaping our future. Together with an understanding of specific segment needs, they mark a paradigm shift towards innovatory eco-efficient solutions for heating, cooling and hygienic water distribution. That's what we believe in at Uponor, and we are working hard to grasp the opportunity these developments present in all of our key markets and businesses.

"To succeed in today's complex business environment, you need to build the right mind set and be able to adjust to changing circumstances."

In 2013, we took several steps towards establishing ourselves more securely on this trajectory. Perhaps the most obvious step was our drive towards sustainability. My vision is to make Uponor a net-zero carbon-emission company – and to go beyond even that. By paying careful attention to our own operations and developing products and system solutions that enable ever more sustainable living and working environments, alongside our customers and end-users we can generate carbon savings that exceed the amount of carbon we generate in our supply chain and operations. This is a challenging but worthwhile aim and we are working hard to make it a reality.

Equally challenging, in the shorter term, is the business environment we have been facing – and will be facing for some years to come – particularly in Europe. On several occasions, I have used the popular term 'new normal' and I believe that we will keep repeating that term in the near future, as far as Europe is concerned. The building and construction markets throughout Europe were hit hard by the financial crisis that began to descend upon us in the autumn of 2007. While the industry has remained on its feet, it has more or less been brought to a standstill as caps on private and public spending continue to hold back construction in several countries. A gradual recovery is taking place, but even this development is fragile.

We have put a great deal of effort into becoming more agile and trying to find ways of satisfying our customers, even in a slow market such as the one we have today. Our renewed organisation is geared to more rapid decision making and trying to ensure that we serve segments of the market that offer us growth opportunities. We are working actively towards finding new routes to market and, perhaps untraditionally in our industry, are joining forces in creative partnerships, thus adding value for our customers. New product development is as important as ever, exemplified by our revolutionary seamless aluminium composite pipe brought to the Iberian markets last year and to be rolled out in further European countries this year.

The temporary cancellation of a product approval, for one of our key products in France in late 2013, shows that we still have room for improvement. As a responsible corporation we recalled our products, even though product quality was not compromised and no risk was posed to customers or end-users.

In North America, the trends look far more optimistic. We enjoyed a healthy business environment, especially in the US, throughout 2013, seeing the benefits of our strategic refinement, in which we more closely aligned our efforts and resources with the most viable opportunities. This was a historic year of growth, in which we saw record figures in sales and production.

From a low base, growth has been rapid but room remains for a lot of upside performance before building volumes in the U.S. reach what is today considered a longer-term sustainable level. On a positive note, as far as Uponor is concerned, we have already reached our pre-crisis volumes in the U.S. and, thanks to our recent production capacity expansion, plan to grow further as the market expands.

The year 2013 was also historic for our infrastructure business. After nine

months of hard work, we successfully established the new company Uponor Infra on 1 July 2013, as a joint venture between Uponor and the KWH Group, a former Finland-based competitor which now holds a minority position (44.7% of the shares) in the new company. By combining the infrastructure businesses of both companies, we can rationalise the resulting company in order to return to profitability in this important segment. The infrastructure business is where Uponor began in 1982; this year the business may form close to 40% of our annual turnover.

In 2014 and beyond, we will continue to strengthen Uponor strategically through various measures. Our key focus points will be separately tailored to each business segment, so that our actions maximise the benefits in each segment – they are all in different phases of development and facing very different and unique competitive challenges. To secure a reasonable return on our efforts, we will carefully implement our strengths and synergies as a globally leading industry brand. By doing this, I believe that we can sustainably maximise value for all our shareholders.

Thank you for your continued support in the development of our company.

Sincerely,

Jyri Luomakoski
President and CEO

Key announcements in the year 2013

12 Feb 2013
Financial statements bulletin 2012: Uponor achieves solid performance improvement in 2012, despite weak markets in Europe; sets new long-term targets; complements the share-based incentive plan established in 2012

25 Feb 2013
The Finnish Competition and Consumer Authority proposes to the Market Court that the joint venture plan between Uponor and KWH Group be not approved

28 Feb 2013
The joint venture plan with Uponor and KWH Group will go to the Market Court

18 Mar 2013
Annual General Meeting: Dividend at €0.38 per share for 2012. The AGM approved all Board proposals, including the authorisation to repurchase own shares.

2 Apr 2013
Uponor introduced a new European organisation

23 Apr 2013
Uponor invests in new capacity in North America to meet growing demand

29 Apr 2013
Q1/2013: Uponor reports softer first quarter due to anticipated slowness in Europe

14 May 2013
Uponor's tax appeal for the years 2005–2009 rejected by Finland's Board of Adjustment

24 May 2013
Finnish Market Court approves joint venture plan between Uponor and KWH Group

1 Jul 2013
Uponor and KWH Pipe infrastructure joint venture starts operations; Uponor cancels guidance for 2013 due to change in company structure

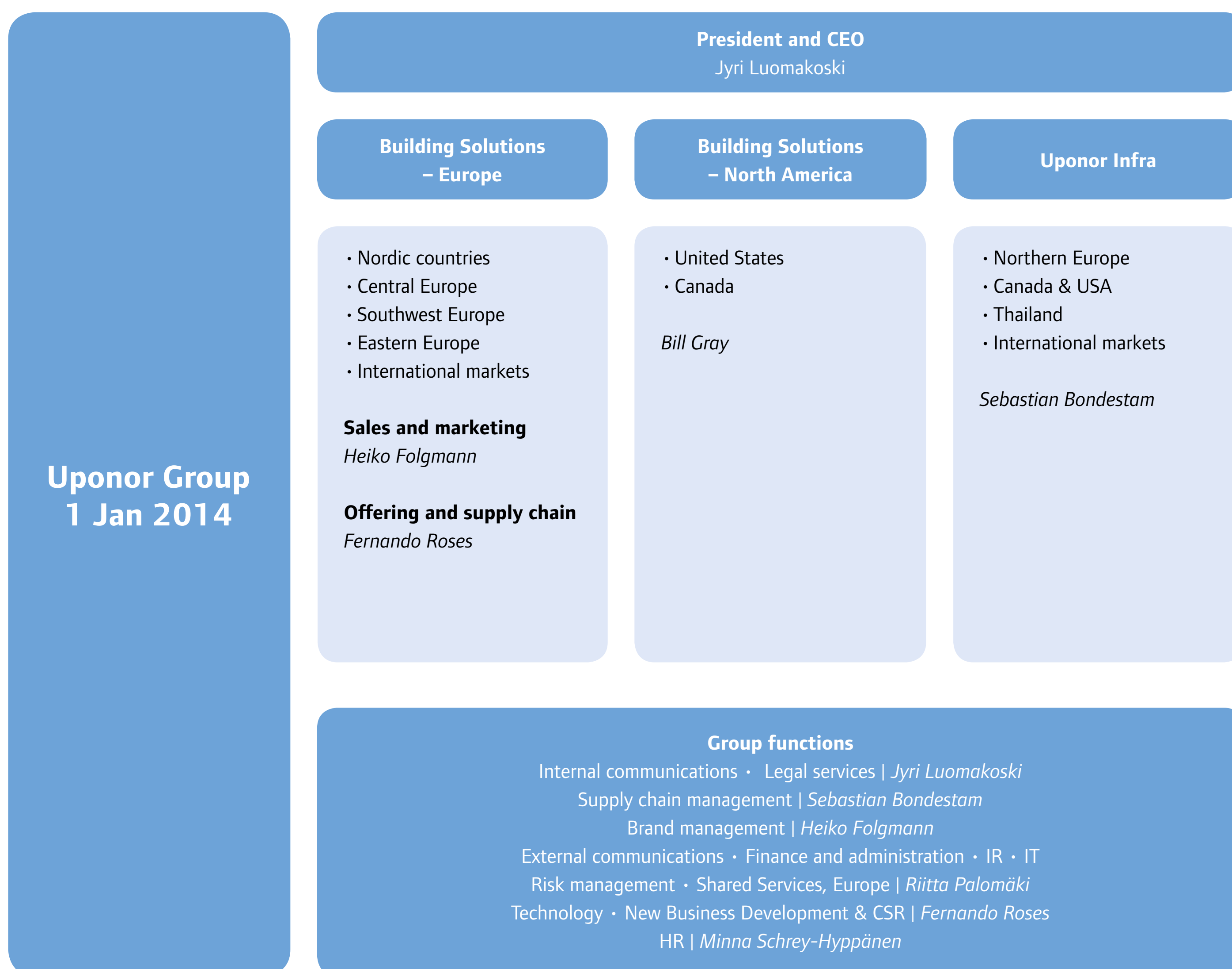
26 Jul 2013
Q2/2013: Uponor's performance stays on track, thanks to a strong U.S. offsetting weakness in Europe

20 Sep 2013
Uponor plans streamlining measures in Finland

25 Oct 2013
Q3/2013: Uponor's Q3 net sales grows driven by new infrastructure joint-venture and continued U.S. growth

11 Nov 2013
Uponor closes two production units in Finland

Group structure



Board of Directors and Executive Committee

Board of Directors

Jari Paasikivi

b. 1954, Finnish citizen, M.Sc. (Econ.)
President and CEO, Oras Invest Oy

- Chairman of the Board, Uponor Corporation, 13 March 2008–
- Member of the Board, Uponor Corporation, 15 March 2007–
- Chairman of the Remuneration Committee
- Member of the Audit Committee
- Expert member of the Nomination board
- Uponor shareholdings: 548,888

Jorma Eloranta

b. 1951, Finnish citizen, M.Sc. (Tech.)

- Deputy Chairman of the Board, Uponor Corporation, 15 March 2012–
- Member of the Board, Uponor Corporation, 15 March 2005–
- Member of the Remuneration committee
- Uponor shareholdings: 28,625

Timo Ihamuotila

b. 1966, Finnish citizen, Licentiate of Science (Finance), Chief Financial Officer and Interim President of Nokia Corporation

- Member of the Board, Uponor Corporation, 18 March 2013–
- Chairman of the Audit Committee
- Uponor shareholdings: 1,275

Eva Nygren

b.1955, Swedish citizen, Architect, President and CEO, Rejlers AB

- Member of the Board, Uponor Corporation, 15 March 2011–
- Member of the Remuneration Committee
- Uponor shareholdings: 4,721

Jari Rosendal

b. 1965, Finnish citizen, M. Sc. (Eng.), EVP & President - Outotec Americas, member of the Executive Board, Outotec Oyj

- Member of the Board, Uponor Corporation, 15 March 2012–
- Member of the Audit committee
- Uponor shareholdings: 3,390

Rainer S. Simon

b. 1950, German citizen, Dr.Sc. (Econ.), President and CEO, BirchCourt GmbH

- Member of the Board, Uponor Corporation, 17 March 2004–
- Uponor shareholdings: 25,015

Executive Committee

Jyri Luomakoski

b. 1967, Finnish citizen, MBA, President and CEO

- Employed by Uponor Corporation since 1996
- Member of the Executive Committee since 1 October 1999
- President and CEO, Uponor Corporation, since 27 October 2008
- Uponor shareholdings: 28,000

Sebastian Bondestam

b. 1962, Finnish citizen, M.Sc. (Eng.), President, Uponor Infra Ltd

- Employed by Uponor since 2007
- Member of the Executive Committee since 1 April 2007
- Uponor shareholdings: 6,907

Heiko Folgmann

b. 1967, German citizen, M.Sc. (Bus.) (Diplom-Kaufmann) Executive Vice President, Sales and Marketing, Building Solutions – Europe

- Employed by Uponor since 1999
- Member of the Executive Committee since 26 October 2007
- Uponor shareholdings: 6,070

Bill Gray

b. 1965, Canadian and British citizen, B. Com. (Finance and marketing) & B.A., President, Uponor North America

- Employed by Uponor since 2008
- Member of the Executive Committee since 15 February 2012
- Uponor shareholdings: 5,770

Riitta Palomäki

b. 1957, Finnish citizen, M.Sc. (Econ), CFO

- Employed by Uponor since 2009
- Member of the Executive Committee since 1 June 2009
- Uponor shareholdings: 5,500

Fernando Roses

b. 1970, Spanish citizen , M.Sc. (Marketing), eMBA, B.Sc. (Eng.) (Ingeniero Tēcnico en Químida Industrial), Executive Vice President, Offering and Supply chain, Building Solutions – Europe

- Employed by Uponor since 1994
- Member of the Executive Committee since 26 October 2007
- Uponor shareholdings: 6,070

Minna Schrey-Hyppänen

b. 1966, Finnish citizen, M.Sc. (Eng.), M.Sc. (Econ.), Executive Vice President, Human Resources

- Employed by Uponor since 2013
- Member of the Executive Committee since 23 September 2013
- Uponor shareholdings: 2,500

More details continuously updated at www.uponor.com > Investors.

Review by the Board of Directors

2013

Markets

The European building and construction markets remained challenging throughout most of 2013. The revitalisation of demand in some of Europe's larger markets, in particular, that was witnessed in the third quarter turned out to be short lived and, towards the end of the year, demand started to slacken again. This was mostly felt in the building solutions markets in Iberia, Italy, the Netherlands, Norway, and Finland. Demand in Germany continued to be rather resilient and positive signals were also recorded in Sweden.

In Building Solutions – North America, the business environment stayed healthy throughout the year, reflected in new housing development trends and consumers showing more lively buying patterns. The Canadian market was softening from its previous year's levels.

The infrastructure solutions demand in Uponor Infra's core European markets remained subdued, much like in the comparison period. The Canadian market was somewhat weaker than in 2012, reflecting the general economic trends in the country.

Net sales

Uponor's 2013 net sales from continuing operations amounted to €906.0 (2012: €811.5) million, up 11.6% year on year. In comparable terms, excluding the new Uponor Infra businesses for 2013 and the divested Hewing GmbH for the first quarter of 2012, net sales went down by -1.5%, or by -0.1% when considering currency exchange differences.

Building Solutions – Europe had unsatisfactory net sales development, reflecting the challenging market conditions throughout the continent. The reasonably strong development in the third quarter of 2013 weakened in the final quarter, and the situation was adversely affected by the product approval cancellation in France in the fourth quarter.

Continued positive progress was recorded in Building Solutions – North America throughout 2013, and record numbers were reached both in terms of sales and production. A good development was noted in the non-residential plumbing market, in particular, as a result of the fact that the share of PEX-plumbing strengthened in specifications, and it gained in popularity among installers.

Uponor Infra's net sales, at €261.4 million, includes the joint-venture business for the second half of 2013, reporting growth of 75.5%. Organically, including only Uponor Infrastructure Solutions, the growth was negative at roughly -1.4%, reflecting the subdued market environment.

In 2013, as a result of the expanded role of the infrastructure business, the share of Plumbing Solutions of Group net sales came to 42% (47%), Indoor Climate Solutions to 30% (35%), and Infrastructure Solutions to 28% (18%).

The largest 10 countries, in terms of reported net sales, and their respective share of consolidated net sales, were as follows (2012 figures in brackets): Germany 15.9% (17.9%), USA 15.8% (14.1%), Finland 13.8% (11.6%), Sweden 9.5% (9.8%), Canada 6.1% (4.5%), Denmark 4.9% (4.1%), Norway 3.9% (4.8%), the United Kingdom 3.3% (3.8%), the Netherlands 3.2% (4.0%), and Russia 3.1% (2.8%).

Results

In 2013, Uponor's gross profit margin went clearly down from 2012. The main influencers for this trend were the

Net sales by segment for 1 January – 31 December 2013:

M€	1–12/2013	1–12/2012	Reported change, %
Building Solutions – Europe	**479.5**	517.7	-7.4%
Building Solutions – North America	**171.5**	151.1	13.5%
(Building Solutions – North America (M$)	**228.2**	195.4	16.8%)
Uponor Infra	**261.4**	149.0	75.5%
Eliminations	**-6.4**	-6.3	
Total	**906.0**	811.5	11.6%

higher relative share of the infrastructure business in the Group and the case of the cancelled product approval in France in the fourth quarter. Further, the input cost development was not as volatile as last year, which had a favourable impact on returns. The consolidated full-year gross profit ended up at €320.1 (€310.8) million, a change of €9.3 million or 3.0%.

Consolidated operating profit came to €50.2 (57.7) million, down -13.0% from the previous year or -10.8% organically. The operating profit margin came to 5.5% (7.1%) of net sales. Operating profit was down from last year, driven by the Uponor Infra integration costs at €5.0m, Uponor Infra transaction related costs at €1.7m and the impact of the French product approval case

Building Solutions – Europe's operating profit deteriorated markedly in the fourth quarter as a result of negative operational leverage, due to weakening demand in key markets as well as the cancellation of a central product approval in France, resulting in lost net sales and buyback of inventory from the distribution chain.

Building Solutions – North America's performance continued to improve as a result of strong operational leverage in a steady market growth environment in the U.S., while the Canadian market showed signs of slowing down.

Uponor Infra's operating profit was burdened by the one-time integration and restructuring costs of €5.0 million in the third and fourth quarters of the year. On a pro forma basis, its operating profit deteriorated somewhat, mainly due to the weakening business conditions in Canada.

Uponor's financial expenses came to €7.1 (€8.6) million. Net currency exchange differences in 2013 were €-0.6 (-1.9) million.

Profit before taxes was €43.2 (49.4) million. At a tax rate of 37.3% (33.4%), income taxes totalled €16.1 (16.5) million.

Profit for the period totalled €26.8 (32.8) million, of which continuing operations accounted for €27.1 (32.9) million.

Return on equity decreased to 10.8% (15.7%). Return on investment reached 12.5% (16.5%).

Earnings per share were €0.38 (0.45), and €0.38 (0.45) for continuing operations. Equity per share was €3.00 (2.84). For other share-specific information, please see the Tables section.

Consolidated cash flow from operations was €92.1 (32.7) million, while cash flow before financing came to €67.2 (22.5) million. Cash flow from operations improved as a result of a change in net working capital, due to the new units entering Uponor Infra in high season, and lower taxes year-on-year as the 2012 figures were burdened by the surtaxes paid in the first quarter 2012.

Key figures are reported for a five-year period in the financial section.

Investment, research and development, and financing

Uponor's practice is to reach a balance between placing resources with the most viable opportunities while at the same time keeping investments tight, and focussing on maintenance and careful productivity improvements, depending on the respective market situation. Thus, funds were allocated to the expansion of manufacturing capacity in the Apple Valley factory in the U.S., which was completed by year-end. This repre-

Operating profit by segment for 1 January – 31 December 2013:

M€	1–12/2013	1–12/2012	Reported change, %
Building Solutions – Europe	32.7	47.2	-30.7%
Building Solutions – North-America	24.7	17.8	39.0%
(Building Solutions – North-America (M$)	32.9	23.0	43.1%)
Uponor Infra	-2.3	0.0	neg.
Others	-3.4	-6.1	
Eliminations	-1.5	-1.2	
Total	50.2	57.7	-13.0%

sents the Group's largest investment in 2013, increasing the site's manufacturing capacity by some 15%. The investment cost, at approximately €9.0 million, turned out to be somewhat lower than anticipated and disclosed earlier. Major investment funds were also allocated into the manufacturing of the new seamless aluminium composite pipe and other new technologies within Building Solutions – Europe.

Gross investments into fixed assets totalled €33.9 (19.2) million, an increase of €14.7 million year on year. Net investments totalled €30.4 (18.1) million.

Research and development costs amounted to €17.7 (15.9) million, or 2.0% (2.0%) of net sales.

The main existing funding programmes on 31 December 2013 included an €80 million bond maturing in 2018 and a €20 million bond maturing in 2016. With the existing bond issues, Uponor has extended the maturity structure and diversified its sources of funding. In addition to these, Uponor Infra Ltd took a loan of €35 million on 1 July 2013 to finance its operations.

Committed bilateral revolving credit facilities, maturing in 2015, totalled €190 million; none of these back-up facilities were used during the year.

For short-term funding needs, Uponor's main tool is its domestic commercial paper programme, totalling €150 million. On the balance sheet date, none of it was outstanding. At the end of the year, Uponor had €53.7 million in cash and cash equivalents.

Accounts receivable and credit risks received special attention throughout the year. The amount of bad debt remained low at €1.3 (0.5) million, the increase coming from an impairment to trade receivables from the mining company Talvivaara Sotkamo Oy.

Consolidated net interest-bearing liabilities increased to €96.9 (94.1) million. The solvency ratio was 43.9% (41.5%) and gearing came to 33.7% (45.4%). Average quarterly gearing was 57.9 (64.6), in line with the range of 30–70 set in the company's financial targets.

Events during the period

Uponor Infra Ltd, a new subsidiary company to Uponor, owned jointly by Uponor Corporation (55.3%) and KWH Group (44.7%), began operating on 1 July 2013, thus merging Uponor's Infrastructure Solutions and KWH Pipe's infrastructure businesses into one company. In this connection, Infrastructure Solutions ceased to exist as an IFRS segment name and was substituted by Uponor Infra as of 1 July 2013. A detailed description of the structural changes related to the integration process was given in the January-September 2013 interim report.

During 2013, the main targets of Uponor Infra were to set the strategic direction and design a new organisation, as well as to execute activities to ensure that the majority of the integration and restructuring savings can be achieved in 2014.

During the autumn, Uponor Infra started collaborative negotiations in Denmark, Sweden, and Finland, with the aim to optimise the production and administration structure. The outcome of the negotiations was that more than 130 employees will leave the company, and production in Ulricehamn, Sweden, and Ulvila and Forssa in Finland, as well as two offices in Denmark and Finland, will be relocated to other existing facilities. The majority of the production equipment and personnel movements are being executed during the low season, starting in December 2013.

Announced on 24 May 2013, the Market Court's approval of the Uponor Infra merger was subject to certain conditions, as proposed by Uponor and KWH Group. Uponor divested the required extrusion lines in the autumn of 2013, and complies fully with the conditions.

In addition to the above events, in April 2013, the Board of Adjustment of the Finnish Tax Authority rejected Uponor's appeal for the rectification of an earlier decision of the Tax Authority requiring Uponor Business Solutions Oy to pay €14.4 million in back taxes and penalties in a case concerning the market-based transfer pricing of Uponor's internal service charges. Uponor placed the issue before the administrative court on 15 July 2013 and applied for rectification of the Board of Adjustment's ruling, while seeking a counter-rectification associated with taxable income in countries where the company should, according to the Board of Adjustment, have charged service fees.

In June, the Board of Adjustment of the Finnish Tax Authority rejected, for the most part, Uponor's appeal on a €0.5 million transfer price issue concerning the parent company Uponor Corporation. On 24 July 2013, Uponor applied to the administrative court for a rectification of this ruling.

Personnel and organisation

At the end of the year, the Uponor Group had 4,141 (3,052) employees. In full-time-equivalent (FTE) terms, this is 1,089 more than at the end of 2012. The average number of employees (FTE) for the year was 3,649 (3,098). In 2013, the establishment of Uponor Infra contributed to Uponor's personnel growth by 1,105 persons at year-end. In North America, the business growth and the factory expansion result-

ed in an increase of the workforce by 41 persons.

The geographical breakdown of the Group's personnel (FTE) was as follows: Germany 867 (20.9%), Finland 813 (19.6%), Sweden 500 (12.1%), the USA 474 (11.4%), Thailand 204 (4.9%), Poland 201 (4.9%), Canada 189 (4.6%), Spain 185 (4.5%), the UK 145 (3.5%), Denmark 127 (3.1%), and other countries 436 (10.5%).

A total of €211.9 (€184.7) million was recorded in salaries, other remunerations, and employee benefits during the financial period.

Effective on 1 April 2013, a new, functional organisation structure was introduced for Building Solutions – Europe. In connection with this, Heiko Folgmann assumed the role of Executive Vice President, Sales and Marketing, including responsibility for Group brand management, and Fernando Roses assumed the role of Executive Vice President, Offering and Supply chain, including group-wide responsibility for research and technology as well as sustainability. Robin Carlsson, Executive Vice President for Infrastructure Solutions and member of the Executive Committee, left the company. Sebastian Bondestam, Executive Vice President, Supply Chain, was appointed Executive Vice President, Infrastructure Solutions, and later, when Uponor Infra Ltd was established, he was appointed President of Uponor Infra Ltd, as of 1 July 2013. Bondestam remained in his post as a member of the Uponor Executive Committee and deputy to the managing director of the Uponor Corporation.

Effective on 23 September 2013, Ms Minna Schrey-Hyppänen, 47, a Finnish citizen, was appointed Executive Vice President, Human Resources, at Uponor Corporation, and a member of the Executive Committee at Uponor Group.

Key risks associated with business

Uponor's financial performance may be affected by several market, operational, financial, and hazard risks.

Market risks

Uponor's principal areas of business are Europe and North America, where exposure to political risks is considered relatively low. Through Uponor Infra Ltd, established in July 2013, Uponor now has business also in Thailand. While accounting only around two per cent of the Group's net sales, the political risk posed by the country of Thailand has thus grown.

Since Uponor's net sales are divided among a large number of customers, the majority of which are distributors (wholesalers), end-market demand for the company's products is distributed across a wide customer base. The five largest customer groups generate roughly one third of Uponor's net sales, which are distributed between 23 countries.

Although the economic situation in Europe seems to have stabilised somewhat, the economic environment remains highly fragile, particularly in the euro zone. For this reason, Uponor is continually monitoring the situation and performs internal assessments of potential risks facing the euro area and their possible repercussions on Uponor's operations.

Demand for Uponor's products depends on business cycles in the construction sector. Traditionally, Uponor's main end market has comprised single-family housing. However, the company's products are increasingly being supplied for commercial and public building. Fluctuations in demand often differ between these sectors. Fluctuations are also being offset to a certain degree by demand for renovation projects, which is not always as discretionary as new housing projects. Via Uponor Infra Ltd, founded in July 2013, around 40% of Uponor's annual net sales comes from the infrastructure solutions business, entailing a corresponding increase in the associated risks to the company. In addition to construction sector cycles, demand for infrastructure products depends on civil engineering and publicly funded investments in municipal development. To safeguard against risks associated with economic cycles and fluctuations in demand, the company has developed its sales forecasting processes and enhanced the flexibility of its organisation and supply chain.

In many countries, Uponor's operations are regulated by local legislation. For example, Uponor seeks national product approvals for a large proportion of the products it sells. Uponor closely monitors laws and regulations under preparation, to anticipate their impact on Uponor and its customers.

Operational risks

Prices of raw materials used in the manufacture of plastic pipe systems are susceptible to other petrochemical and metal product price fluctuations. In recent years, Uponor has been able to pass the effects of such fluctuations on to its selling prices with a reasonable delay, in such a way that this has not resulted in any major losses in income. Whenever feasible, Uponor manages the risk of fluctuations in the price of metals and plastics raw materials through supply agreements with fixed prices and by means of financial products. Uponor uses financial instruments to manage price risks associated with electricity prices at Nordic level.

With respect to component and raw material purchases, Uponor aims to use supplies and raw materials available from several suppliers. Where only one raw material supplier is used, Uponor seeks

to ensure that the supplier has at least two production plants manufacturing goods used by Uponor. Uponor implements systems for material and raw material quality control and supplier accreditation.

Uponor manages its organisational and management risks, such as employee turnover and distortion of the age distribution, by continuously analysing its human resources and ensuring that its organisational structure supports efficient operations. Personnel development programmes focus on enhancing management skills in a multicultural matrix organisation. Uponor's annual employee survey provides important information on our employees' engagement, by measuring various aspects of competence, the working environment and motivation. Based on the survey results, action plans are agreed and followed up, resulting in improved job satisfaction.

Uponor's business processes are managed using several IT applications, the most important being the ERP systems for the company's European and North American operations. System criticality review and contingency planning are included in the implementation and lifecycle management of major IT systems. Risks are also evaluated as part of Uponor's risk management process. Contingency plans can include, for example, failover planning, backup and restore management and testing. Disaster recovery tests are held on a biennial basis for key systems. External third-party audits are also performed.

Uponor applies an ISO 9001 quality management system and an ISO 14001 environmental management system, or comparable systems, which enhance production safety and productivity while reducing the environmental impact and risks of Uponor's operations.

In its Project Business operations, Uponor seeks to manage risks related, for example, to project-specific timing and costs. As far as possible, such risks are covered in project and supplier agreements. Furthermore, the staff's project management skills are actively enhanced.

Financial risks

Recent years have shown that major disruptions in the financial markets are possible with very little warning. For this reason, although the situation now seems rather stable from Uponor's perspective, significant risks may arise in relation to the availability of financing. Uponor aims to ensure the availability, flexibility and affordability of financing by maintaining sufficient credit limit reserves and a well-balanced maturity distribution of loans, as well as by using several counterparties and various forms of financing.

The Group manages its liquidity through efficient cash management solutions and by applying risk-averse investment policy, investing solely in low-risk instruments that can be liquidated rapidly and at a clear market price.

Interest rate movements expose the Group to changes in interest expense, as well as in the fair value of fixed rate financial items. Interest rate risk is managed by spreading the Group funding across fixed and floating rate instruments.

The international nature of its operations exposes the Group to currency risks associated with different currencies. A significant part of Uponor's net sales are created in currencies other than the euro. Correspondingly, a major part of expenses associated with these net sales are also denominated in the same local currencies, markedly decreasing the currency risks. The Group Treasury function is responsible for managing and hedging Group-level net currency flows in external currency markets, mainly by using currency forward contracts and currency options as hedging instruments.

Uponor is also exposed to currency translation risk, which manifests itself in the translation of non-euro-area subsidiaries' equity into euros. According to the company's hedging policy, non-euro-area balance sheet items are not hedged, with the exception of internal loans, which are classified as net investments and included in hedge accounting.

Hazard risks

Uponor operates twelve production plants in nine countries. Products manufactured at these plants generate the majority of the company's net sales. Uponor co-ordinates property damage and business interruption insurance at Group level on a centralised basis, in order to achieve extensive insurance cover neutralising the financial damage caused by any risks associated with machine breakdowns, fire, etc. Another major hazard risk is associated with product liability related to products manufactured and sold by Uponor. Product liability is also addressed through insurance programmes at Group level.

Various measures are taken to manage risks of property damage and business interruptions. These include safety training for personnel, adherence to maintenance schedules, and actions to maintain the availability of major spare parts. Audits and training conducted at Uponor's production sites by, and in cooperation with, insurance companies are also an essential part of Group risk management.

Risk management in 2013

As market conditions remained challenging in many of Uponor's major geographical markets, management and monitoring of market risk continued to play a key role in the field of risk management.

Towards the end of 2013, a major business risk materialised in France, when Uponor S.A.R.L. temporarily lost a local approval of a central product. It resulted in a considerable drop in net sales and incurred costs as Uponor accepted returns of products already shipped to customers. All told, the operating profit fell by close to €5 million in the last quarter due to this. An approval for a substituting product was granted in December 2013.

With regard to Uponor's critical commodities, the price development in 2013 was smoother and calmer than during the previous year. Despite that, continuous risk management is an important and well acknowledged component in sourcing.

In an annual exercise performed in the second half of the year, risks were comprehensively mapped and risk management plans updated accordingly.

In 2013, in cooperation with insurance companies, Uponor assessed the functionality and preparedness of risk management in four production units. The results showed that the level of risk management was sound in all units.

With volatility still dominating the global economic arena, concern about the availability of bank finance on favourable terms remained on the agenda. To secure long term funding, Uponor has diversified its financing risks by using various funding instruments, maturities, multiple counterparties and markets. When funding is not raised from money or capital markets, special attention is paid to the quality of the counterparties. Only solid, well rated banks or financial institutions are used.

As in 2012, special attention was paid to the monitoring of account receivables and the handling of credit risk.

Together with changing tax policies, global economic volatility has increased companies' tax risk exposure, giving tax risk management continued prominence, including within Uponor. The company has proactively endeavoured to focus on good tax governance and has assigned tax risk assessment a more explicit role in its risk assessment process.

Uponor is involved in several judicial proceedings in various countries. The year saw no materialisation of risks, pending litigation or other legal proceedings, or measures by the authorities that, based on current information, might have been of material significance to the Group.

Administration and audit

The Annual General Meeting (AGM) of 18 March 2013 re-elected the following Board members for a term of one year: Eva Nygren, Jorma Eloranta, Jari Paasikivi, Jari Rosendal and Rainer S. Simon. In addition, Timo Ihamuotila, a Finnish citizen, was elected as the sixth member. Jari Paasikivi was elected Chairman of the Board and Jorma Eloranta Deputy Chairman.

The AGM elected Deloitte & Touche Oy, Authorised Public Accountants, as the company's auditor, with Teppo Rantanen, Authorised Public Accountant, as the principal auditor.

Uponor prepares a separate corporate governance statement and a remuneration statement, which will both be available online after the annual accounts have been published, on Uponor's website at www.uponor.com > Investors > Governance > Corporate governance.

Share capital and shares

In 2013, Uponor's share turnover on the NASDAQ OMX Helsinki stock exchange was 14.6 (22.0) million shares, totalling €179.3 (€186.1) million. The share quotation at the end of 2013 was €14.22 (€9.60), and market capitalisation of the outstanding shares was €1,041.0 (€702.8) million. At the end of the year, there were a total of 15,480 (17,788) shareholders. Foreign shareholding in Uponor accounted for 33.9% (30.2%) of all shareholding in the company at the end of the reporting period. More detailed information is available in the financial statements.

In 2013, Uponor Corporation's share capital totalled €146,446,888, and the number of shares stood at 73,206,944. No changes were made in share capital during the year.

Uponor received the following foreign notification of changes in ownership in 2013: The holdings of Franklin Resources, Inc., a U.S. company, reached 10.01% on 12 March 2013. The number of shares and voting rights held by the company came to 7,325,055 shares. Further information on shares and holdings is reported in the financial statements.

Board authorisations

The AGM of 18 March 2013 authorised the Board to buy back a maximum of 3.5 million of the company's own shares, which equals 4.8% of the total number of shares of the company. These shares will be bought back using distributable earnings from unrestricted equity. The authorisation is valid until the end of the next annual general meeting, and for no longer than 18 months.

The AGM of 15 March 2012 authorised the Board to resolve on issuing a maximum of 7.2 million new shares or transferring the company's own shares, representing 9.8 per cent of the total number of the shares of the company. The Board of Directors was authorised to resolve on the conditions of share issuance. The authorisation is valid for three years, i.e. until 15 March 2015. On 15 March 2012, the Board further resolved on a directed share issue without payment and decided to transfer 19,622 of the company's own shares, held by the company, to current and former Executive Committee members, as

specified in the rules of the Long-Term Incentive programme.

Treasury shares

By the end of the year, Uponor held 140,378 treasury shares, representing approximately 0.2% of the company's shares and voting rights.

Management shareholding

The members of the Board of Directors, the CEO and his deputy, along with corporations known to the company, in which they exercise control, held a total of 646,821 Uponor shares on 31 December 2013 (709,547 on 31 December 2012). These shares accounted for 0.88% of all shares and votes in the company.

Share-based incentive programme

In February 2013, the Board of Directors decided to continue to implement the long-term share-based incentive plan established in 2012. The new plan covers the years 2013–2015, and it complements the plan that exists for the years 2012–2014. The plan will cover a maximum of twelve members of the Group's key management. Details of the plans are presented on the company's website.

Events after the period

On 2 January 2014, the U.S. company The Capital Group Companies, Inc.'s ownership in Uponor fell below 5% as a result of share transactions. The total holding and voting power of The Capital Group Companies, Inc. came to 3,616,201 shares, representing an ownership of 4.9396%. The shares are owned by various funds and clients of The Capital Group Companies, Inc. and its affiliates.

Uponor has initiated preparations to renew the existing committed bilateral revolving credit facilities, targeting completion in the first half of 2014. To start with, €50 million of the facilities was renegotiated and signed in February 2014. The renegotiated facility now matures in February 2019.

Short-term outlook

The economic outlook in Uponor's key markets is twofold for 2014: North America – the U.S., in particular – is expected to stay lively and offer room for reasonable construction industry growth. The European markets, however, are expected to develop in a rather steady manner, but offering no real growth in the building solutions or in the infrastructure solutions markets.

The development will continue to be fragile, and there is a risk that short-term variances to the general trend may take place.

Uponor will continue to promote its value-adding sustainable solutions, which have a tailwind of significant global megatrends. Uponor has kept on renewing its offering portfolio over the last few years and expects the new products and systems solutions to offer possibilities for increased sales and profitability.

The management continues to keep a sharp eye on the company's focus, cost-efficiency, and cash flow, in order to secure a solid financial position in the longer term, while simultaneously being alert for new business opportunities. If the outlook remains weak, further action to cut overheads and other costs may become necessary in selected markets.

Uponor issues the following guidance for 2014: The Group's net sales and operating profit (excluding any non-recurring items) are expected to improve from 2013.

Uponor's financial performance may be affected by a range of strategic, operational, financial, and hazard risks. No meaningful change in the risk scenario has been observed compared to the year before, except for the fact that the establishment of Uponor Infra in July 2013 did increase infrastructure solutions-related business risks and also some country risks. A more detailed risk analysis is provided in the 'Key risks associated with business' section of the Financial Statements 2013.

Uponor Corporation
Board of Directors

Proposal of the Board of Directors

The distributable funds of the parent company Uponor Corporation are € 92,874,064.13
of which profit for the period is € 11,221,820.48.
The Board of Directors proposes to the Annual General Meeting that

– a dividend of € 0.38 per share will be paid, at maximum	€ 27,765,295.08
– the remainder be retained in the shareholders' equity	€ 65,108,769.05
	€ 92,874,064.13

Company's financial situation has not changed materially after the closing day. Company's liquidity is good.
Board of Directors view is that proposed profit distribution does not risk company's liquidity.

Vantaa, 13 February 2014

Jari Paasikivi Chairman	Jorma Eloranta	Jari Rosendal	Timo Ihamuotila	Rainer S. Simon	Eva Nygren	Jyri Luomakoski Managing director

Group key financial figures

	2013 IFRS	2012* IFRS	2011 IFRS	2010 IFRS	2009 IFRS
Consolidated income statement (continuing operations), M€					
Net sales	**906.0**	811.5	806.4	749.2	734.1
Operating expenses	**823.6**	726.5	743.0	669.9	665.1
Depreciation	**33.0**	28.2	29.4	29.1	32.0
Other operating income	**0.8**	0.9	1.4	2.2	4.2
Operating profit	**50.2**	57.7	35.4	52.4	41.2
Financial income and expenses	**-7.1**	-8.6	-17.7	-10.7	-12.7
Profit before taxes	**43.2**	49.4	17.7	41.7	28.5
Result from continuing operations	**27.1**	32.9	1.9	27.0	17.2
Profit for the period	**26.8**	32.8	1.6	24.7	11.5
Consolidated balance sheet, M€					
Non-current assets	**249.0**	186.5*	199.81	218.3	223.1
Goodwill	**82.3**	74.9	74.9	72.2	73.0
Inventories	**115.4**	78.7	81.8	84.4	74.3
Cash and cash equivalents	**53.7**	17.7	29.1	11.9	13.2
Accounts receivable and other receivables	**160.6**	141.6	129.4	110.4	115.0
Equity attributable to the owners of the parent company	**219.7**	207.3*	209.2	252.1	258.0
Non-controlling interest	**68.0**	-	2.9	-	-
Provisions	**22.1**	20.6	22.0	12.0	18.4
Non-current interest-bearing liabilities	**136.4**	107.6	110.2	43.5	60.2
Current interest-bearing liabilities	**14.2**	4.2	2.8	35.2	17.6
Non-interest-bearing liabilities	**200.6**	159.7*	167.9	154.4	144.4
Balance sheet total*	**661.0**	499.4	515.0	497.2	498.6
Other key figures					
Operating profit (continuing operations), %	**5.5**	7.1	4.4	7.0	5.6
Profit before taxes (continuing operations), %	**4.8**	6.1	2.2	5.6	3.9
Return on Equity (ROE), %	**10.8**	15.7*	0.7	9.7	4.1
Return on Investment (ROI), %	**12.5**	16.5*	11.0	14.4	8.1
Solvency, %	**43.9**	41.5*	41.2	50.8	51.8
Gearing, %	**33.7**	45.4*	39.3	26.5	25.0
Net interest-bearing liabilities, M€	**96.9**	94.1	83.9	66.8	64.6
- % of net sales	**10.7**	11.6	10.4	8.9	8.8
Change in net sales, %	**11.6**	0.6	7.6	2.1	-22.7
Exports from Finland, M€	**43.3**	32.8	34.7	30.4	23.0
Net sales of foreign subsidiaries, M€	**770.4**	717.6	709.8	658.9	644.7
Total net sales of foreign operations, M€	**781.4**	718.1	714.1	659.6	645.3
Share of foreign operations, %	**86.2**	88.5	88.6	88.0	87.9
Personnel at 31 December	**4,141**	3,052	3,228	3,197	3,316
Average no. of personnel	**3,649**	3,098	3,288	3,219	3,426
Investments (continuing operations), M€	**33.9**	19.2	24.0	19.0	24.0
- % of net sales	**3.7**	2.4	3.0	2.5	3.5

* Figures for 31.12.2012 have been adjusted with the effect of retrospective application of IAS19R Employee Benefits.

Share-specific key figures

	2013 IFRS	2012* IFRS	2011 IFRS	2010 IFRS	2009 IFRS
Share capital, M€	**146.4**	146.4	146.4	146.4	146.4
Number of shares at 31 December, in thousands	**73,207**	73,207	73,207	73,207	73,207
Number of shares outstanding, in thousands					
- at end of year	**73,067**	73,067	73,067	73,067	73,067
- average	**73,067**	73,062	73,067	73,067	73,049
Shareholders' equity, M€	**219.7**	207.3*	209.2	252.1	258.0
Share trading, M€	**179.3**	186.1	366.2	481.5	455.8
Share trading, in thousands	**14,563**	21,963	38,155	37,389	45,815
- of average number of shares, %	**19.9**	30.1	52.2	51.2	62.7
Market value of share capital, M€	**1,041.0**	702.8	502.2	1,013.2	1,098.1
Adjusted earnings per share (fully diluted), €	**0.38**	0.45	0.03	0.34	0.16
Equity per share, €	**3.00**	2.84*	2.86	3.45	3.53
Dividend, M€	[1] **27.8**	27.8	25.6	40.2	36.5
Dividend per share, €	[1] **0.38**	0.38	0.35	0.55	0.50
Effective share yield, %	**2.7**	4.0	5.1	4.0	3.3
Dividend per earnings, %	**100.0**	84.4	1,018.5	162.5	316.3
P/E ratio	**37.4**	21.3	199.7	40.9	94.9
Issue-adjusted share prices, €					
- highest	**15.85**	10.00	14.25	15.66	15.10
- lowest	**9.65**	6.77	6.03	10.58	6.80
- average	**12.31**	8.47	9.57	12.88	9.95

The definitions of key ratios are shown on page 40.
* Figures for 31.12.2012 have been adjusted with the effect of retrospective application of IAS19R Employee Benefits.

Notes to the table:
[1] Proposal of the Board of Directors
The average number of shares is adjusted with treasury shares.

Shares and shareholders

The volume of Uponor shares traded on the NASDAQ OMX Helsinki Exchange in 2013 totalled 14,562,961, valued at €179.3 million. The share closed at €14.22 and the market capitalisation came to €1,041.0 million. The yearend number of shareholders totalled 15,480 of which foreign shareholders accounted for 33.9 (30.2) per cent.

Major shareholders on 31 December 2013

Shareholder	Shares	% of shares	% of votes
Oras Invest Ltd	16,571,780	22.6	22.7
Varma Mutual Pension Insurance Company	5,162,072	7.1	7.1
Investment fund Nordea Nordic Small Cap	2,902,714	4.0	4.0
Nordea Nordenfonden	1,249,317	1.7	1.7
Ilmarinen Mutual Pension Insurance Company	922,052	1.3	1.3
Sigrid Juselius Foundation	773,200	1.1	1.1
State Pension Fund	705,000	1.0	1.0
Paasikivi Pekka	560,406	0.8	0.8
Paasikivi Jari	548,888	0.7	0.8
Paasikivi Jukka	538,173	0.7	0.7
Finnish Cultural Foundation	500,853	0.7	0.7
Aktia Capital Investment Fund	370,000	0.5	0.5
Others	42,262,111	57.6	57.6
Total	73,066,566	99.8	100.0
Own shares held by the company	140,378	0.2	-
Grand total	73,206,944	100.0	100.0
Nominee registered shares on 31 December 2013			
Nordea Bank Finland Plc	14,316,380	19.6	19.6
Nasdaq OMXBS/Skandinaviska Enskilda Banken AB	7,894,964	10.8	10.8
Svenska Handelsbanken AB (publ.)	1,013,377	1.4	1.4
Others	107,439	0.1	0.1
Total	23,332,160	31.9	31.9

The maximum number of votes which may be cast at the Annual General Meeting is 73,066,566 (status on 31 December 2013). At the end of the financial period the company held a total of 140,378 own shares corresponding to the same number of votes. These shares do not entitle to vote in the Annual General Meeting.

The Paasikivi family has shareholdings directly and through Oras Invest Ltd totalling 24.8 (25.0) per cent.

Shareholders by category on 31 December 2013

Category	No. of shares	% of shares
Private non-financial corporations	19,180,387	26.2
Public non-financial corporations	27,375	0.0
Financial and insurance corporations	5,730,186	7.8
General government	7,536,333	10.3
Non-profit institutions	3,042,003	4.2
Households	12,900,113	17.6
Foreign (including nominee registrations)	24,789,693	33.9
Other (joint account)	854	0.0
Total	73,206,944	100.0

Shareholders by size of holding on 31 December 2013

Shares per shareholder	No. of shares, total	% of share capital	No. of shareholders	% of shareholders
1–100	255,915	0.3	3,821	24.7
101–1,000	3,878,982	5.3	9,138	59.0
1,001–10,000	6,267,873	8.6	2,302	14.9
10,001–100,000	5,284,142	7.2	186	1.2
100,001–1,000,000	8,409,428	11.5	26	0.2
1,000,001–	49,110,604	67.1	7	0.0
Total	73,206,944	100.0	15,480	100.0

Share capital development 2009–2013

	Date	Reason	Change, euro	Share capital, euro	Number of shares
2013	31 Dec			146,446,888	73,206,944
2012	31 Dec			146,446,888	73,206,944
2011	31 Dec			146,446,888	73,206,944
2010	31 Dec			146,446,888	73,206,944
2009	31 Dec			146,446,888	73,206,944

Corporate governance

Pursuant to the Finnish Companies Act and the Articles of Association of Uponor Corporation (hereinafter 'the Company'), the control and management of the Company is divided among the shareholders, the Board of Directors ('the Board') and the Chief Executive Officer ('CEO'). The Company's shares are quoted on the NASDAQ OMX Helsinki Ltd, and the Company observes its rules and regulations for listed companies. Furthermore, the Company complies with the Finnish Corporate Governance Code 2010 issued by the Securities Market Association. Said Code is available on the website www.cgfinland.fi.

General meeting of shareholders

Shareholders exercise their rights in general meetings of shareholders, which constitute the Company's highest decision-making body. Under the Finnish Companies Act, decisions made by general meetings of shareholders include:

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

Under the Finnish Companies Act, a shareholder has the right to require that an issue to be addressed by the general meeting of shareholders be included on the agenda of the general meeting of shareholders, if (s)he submits his/her demand in writing to the Board well in advance so that the matter can be included in the notice of meeting.

Shareholders who alone or jointly with others hold a minimum of 10 per cent of the Company's shares have the right to demand in writing that an extraordinary general meeting of shareholders be convened for the purpose of dealing with a specific matter.

Shareholders are entitled to exercise their rights at the general meeting of shareholders via an authorised representative, and the shareholder or the representative authorised by the shareholder may use an assistant at the meeting.

Shareholders wishing to participate in and exercise their voting rights at the general meeting of shareholders must notify the Company of their intention to attend the meeting by the date mentioned in the notice of meeting.

Board of Directors

Composition

Pursuant to the Articles of Association, the Board comprises a minimum of five and a maximum of seven members, elected for a one-year term starting at closing of the Annual General Meeting (AGM) at which they were elected and expiring at closing 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 a Board member may serve is not limited, nor is there any defined retirement age. The Board elects a Chairman and a Deputy Chairman for one year at a time from amongst its members.

In March 2013, the AGM elected the following six members to the Board:

- Mr Jorma Eloranta, born 1951, M. Sc. (Tech.), member of the Uponor Board since 2005
- Mr Timo Ihamuotila, born 1966, Licentiate of Science (Finance), Chief Financial Officer and Interim President of Nokia Corporation, member of the Uponor Board since 2013
- Ms Eva Nygren, born 1955, Architect, President and CEO, Rejlers AB, member of the Uponor Board since 2011
- Mr Jari Paasikivi, born 1954, M.Sc. (Econ.), President and CEO, Oras Invest Oy, member of the Uponor Board since 2007
- Mr Jari Rosendal, born 1965, M. Sc. (Tech.), EVP & President – Outotec Americas, member of the Executive Board, Outotec Oyj, member of the Uponor Board since 2012
- Mr Rainer S. Simon, born 1950, Dr. Sc. (Econ.) (Dr. oec. HSG), Managing Director, BirchCourt GmbH, member of the Uponor Board since 2004.

For more detailed information on Uponor's Board members, please refer to page 15 or visit www.uponor.com.

The Company complies with the recommendations on issues related to Board members, their independence and non-executive position, issued by the Securities Market Association. All of the current Board members are independent of the Company and, with the exception of Mr Jari Paasikivi, they are also independent of major shareholders. According to Finnish legislation, all Board members are required to act in the best interest of the Company and its subsidiaries ("Group") as well as shareholders, and to disclose any potential conflicts of interest.

It is in the interests of the Company and its stakeholders that the Board members represent expertise in various fields, such as the Group's industry, relevant technologies, financing, risk management and international sales and marketing.

The AGM determines Board remuneration and fees. Based on the 2013 AGM's decision, the annual Board remuneration is as follows: Chairman €71,000, Deputy Chairman €49,000 and ordinary Board members €44,000. The AGM further decided that approximately 40 per cent of the annual remuneration be paid in company shares acquired on behalf

The attached table shows the total annual remuneration paid to Board members in 2013:

Board of Directors	Audit Committee	Remuneration Committee	Remuneration in cash	Remuneration in shares	Remuneration in shares	Remuneration for board and committee meetings
			€	Value, €	Number of shares	Total €
Paasikivi, Jari, Chairman of the Board	Member since 18 March	Chairman	42,600	28,400	2,058	10,800
Eloranta, Jorma, Deputy Chairman of the Board	Chairman until 18 March	Member	29,404	19,596	1,420	9,600
Ihamuotila, Timo J., as of 18 March 2013	Chairman as of 18 March		26,405	17,595	1,275	7,200
Nygren, Eva	Member until 18 March	Member as of 18 March	26,405	17,595	1,275	12,000
Rosendal, Jari	Member		26,405	17,595	1,275	10,200
Silfverstolpe Nordin, Anne-Christine, until 18 March 2013		Member until 18 March				4,800
Simon, Rainer S.			26,405	17,595	1,275	12,000
In total			177,624	118,376	8,578	66,600

and in the name of the Board members, and approximately 60 per cent in cash.

The AGM further decided that a separate remuneration per meeting shall be paid to Board members for all meetings, amounting to €600 for meetings held in the home country of the member, €1,200 for meetings held elsewhere in Europe, and €2,400 for meetings held outside of Europe. The remuneration for telephone meetings shall be the same as for meetings held in the home country of the member. Travel expenses are compensated for in accordance with the Company travel policy.

According to Uponor's policy, remuneration and fees are paid only to non-executive Board members.

The Company has taken out voluntary pension insurance for Board members. Upon retirement, this entitles them to pension according to the Finnish Employees' Pensions Act (TyEL).

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

Duties

In accordance with the Finnish Companies Act, the Board of Directors is responsible for the management of the Company and the proper organisation of its activities. The Board's main duty is to direct the Group's operations in such a way that, in the long run, the yield to shareholders is secured, while simultaneously taking the expectations of various stakeholders into account. In addition to its statutory duties, the Board takes decisions on all other significant issues.

According to the charter of the Board of the Directors, the Board shall, among other things:

a) annually review and determine the rules of procedure of the Board and the Executive Committee ('ExCom');
b) approve the Group's values and monitor their implementation;
c) approve the Group's basic strategy and monitor its implementation and updating;
d) determine the dividend policy;
e) present a proposal to the general meeting of shareholders on the payment of the dividend, including the amount and time of payment;
f) approve the annual operational plan and budget based on the strategy, as well as monitor their implementation;
g) annually approve the total amount of investments as well as any investments that exceed the approved total annual investment limit;
h) approve investments and leasing arrangements whose net present value exceeds the limit specified in the Signing and Authorisation Policy;
i) approve acquisitions, joint ventures, partnerships, licensing arrangements and asset divestments that exceed the limits specified in the Signing and Authorisation Policy;
j) approve the Group's general organisational structure;
k) appoint and dismiss the CEO and determine the terms of his/her service contract;
l) prepare and approve the CEO's annual compensation;
m) approve the appointment and dismissal of members of ExCom;
n) approve annual compensation for the members of ExCom;
o) prepare and approve a succession plan for the CEO;
p) approve succession plans for members of ExCom;
q) approve the interim reports, the annual report and the annual financial statements;
r) meet the external auditor at least once a year in a closed session without the management;
s) prepare the proposals for general meetings of shareholders;
t) annually evaluate the performance of the CEO and members of the Board as well as that of the Chairman;
u) approve key Group operational policies, such as compensation policy;
v) deal with other issues raised by the Chairman or the CEO.

Meetings and decision-making

The Board meets on average 10 times a year. Some meetings may be held as teleconferences. Two of the meetings should take place at different business units. The Board may also meet at any time without the presence of the management and make decisions without holding a meeting. Minutes of a meeting are taken in English for each meeting.

During 2013, the Board held 10 meetings, two at a business unit and one teleconference meeting. Three non-attendances were recorded (two of which were partial). The Board additionally made three decisions without having a meeting.

The CEO shall prepare the Board meeting agenda for the review by the Chairman. Any Board member may recommend the inclusion of a specific agenda item, such recommendations being accommodated to the extent practicable. Material for Board meetings shall be distributed to the members well in advance of each meeting.

The CEO and the Secretary to the Board shall attend Board meetings on a regular basis, while other members of the corporate management shall attend at the Chairman's invitation.

Board members shall have complete access to members of the ExCom and vice versa. Any non-routine communications shall be reported to the CEO.

The Board constitutes a quorum when more than half of the members are present. Decisions shall be made on a simple majority basis, with the Chairman casting the deciding vote should the votes be even.

Board committees

Audit Committee

The Board decided to re-establish the Audit Committee on 18 March 2013, with the same charter as earlier. The Board resolved to nominate Timo Ihamuotila, Jari Paasikivi and Jari Rosendal as the members of the Audit Committee and that Timo Ihamuotila shall act as the chairman of the Committee.

According to the charter of the Audit Committee, which was revised in April 2013, the Committee shall have the following duties:

- to monitor the reporting process of financial statements and assuring that the reporting process generates correct information, to deal with any exceptional and material items and their handling and to approve important accounting principles;
- to review and oversee the quality and integrity of the annual report and the annual financial statements as well as the interim reports;
- to monitor the financial and liquidity position of the company and prepare matters and proposals to the Board on a need-to-know basis;
- to monitor the efficiency, plans and processes of the Group's internal control, internal audit and risk management systems;
- to review the Company's corporate governance statement including the description of the main features of the internal control and risk management systems pertaining to the financial reporting process;
- to approve the annual plan and budget, to issue instructions on and to review and monitor the operations, plans and reports of the internal audit function, to receive status reports of the internal audit function in every meeting and to meet with the internal auditor at least twice a year;
- to review the external audit plan and to monitor the statutory audit of the financial statements and consolidated financial statements, to approve the budget of the external audit as well as new assignment above the limit set by the Audit Committee;
- to meet with the external auditor quarterly and to review all material reports from the auditor;
- to evaluate the independence of the statutory auditor or audit firm, particularly the provision of related services to the company to be audited;
- to prepare the proposal for a resolution on the election of the auditor;
- to monitor the Company's compliance with legal and regulatory requirements, including the performance of its ethics and compliance programme and
- to meet with the management of the company, particularly the CEO and the CFO, but also others responsible for internal control and risk management.

The invitation and materials of the audit committee meetings shall be sent to the board members, who all have the right to attend the meetings.

During 2013, the Committee held four meetings, one of which was a teleconference meeting. One partial non-attendance was recorded.

Remuneration Committee

The Board decided to re-establish the Remuneration Committee on 18 March 2013, with the same charter as earlier. The Board resolved to nominate Jorma Eloranta, Jari Paasikivi and Eva Nygren as the members of the committee and elected Jari Paasikivi as the chairman of the committee.

The duties of the committee shall be (charter):

- to prepare matters pertaining to the remuneration and other financial benefits of the managing director and other executives ;
- to prepare matters pertaining to the remuneration schemes of the company;
- to evaluate the remuneration of the managing director and the other executives as well as to see that the remuneration schemes are appropriate;
- to review the remuneration statement;
- to answer questions related to the remuneration statement at the general meeting.

The Remuneration Committee held one meeting during 2013. No non-attendances were recorded.

Nomination Board

In March 2012, the AGM resolved to establish a permanent Nomination Board comprising of shareholders or representatives of shareholders to annually prepare the proposals for the election of the members of the Board of Directors and the remuneration of the members of the Board of Directors.

The duties of the Nomination Board shall be to:

- prepare the proposal for the appointment of the members of the Board of Directors to be presented to the general meeting

- prepare the proposal to the general meeting on matters pertaining to the remuneration of the members of the Board of Directors
- look for prospective successors for the members of the Board of Directors
- present the proposals on the members of the Board of Directors and the members' remuneration to the general meeting.

The Nomination Board shall be comprised of the three largest shareholders or representatives of such shareholders, in addition to which the chairman of the Board of Directors shall act as an expert member. The three largest shareholders who on 31 August preceding the general meeting are registered in the shareholders' register of the company, held by Euroclear Finland Ltd. and have the largest share of all the voting rights, shall have the right to appoint the members representing the shareholders. The holdings of a shareholder, held in several funds or registers, who according to the Securities Market Act has an obligation to disclose changes in ownership (notified shareholdings), will be calculated together when counting the voting rights, if the shareholder so requests in writing to the Board of Directors, at the latest on 30 August preceding the general meeting. If a shareholder does not wish to use the right to appoint a member, the right shall pass on to the next biggest shareholder in to the shareholders' register, who otherwise would not have a right to appoint a member. The Nomination Board shall constitute a quorum when a majority of the members are present.

The Nomination Board is convened by the chairman of the Board of Directors and it shall elect a chairman amongst its members. The Nomination Board shall, as a rule, present its proposal to the Board of Directors of the company by the end of January and, in the minimum, four weeks prior to the general meeting in the same year as the general meeting is being held.

The Board of Directors of Uponor Corporation argues that it is in the interest of the company and its shareholders that the biggest shareholders of the company participate in the preparation of the election and remuneration of the members of the Board of Directors.

In September 2013, the following persons were nominated to the Nomination Board: Pekka Paasikivi, chairman (Oras Invest), Risto Murto (Varma), Antti Kasi (Nordea Funds Oy) and Jari Paasikivi (expert member).

The Nomination Board held one meeting during 2013. No non-attendances were recorded. The Nomination Board additionally made one decision without having a meeting.

Chief Executive Officer

Mr Jyri Luomakoski, MBA, born 1967, acted as President and CEO of the Company during 2013.

Assisted by the Executive Committee, the CEO is in charge of the Group's day-to-day management in accordance with the orders and instructions issued by the Board. It is the CEO's duty to ensure that the Group's accounting procedures comply with the applicable legislation and that the financial management is conducted in a reliable manner. The CEO is also the Chairman of the Executive Committee.

In 2013, the base salary paid to the CEO Mr Jyri Luomakoski totalled €397,059.96 in cash and €31,355.32 as fringe benefits, in total €428,415.28. The Company paid the CEO a total of €140,000 in bonuses for the year 2012. Bonuses for the year 2013 amounted to €40,000, based on the Board's decision on 13 Feb 2014.

Under the terms of the CEO's written service contract, the contract may be terminated at a six months' notice, either by the CEO or the Company. If the Company terminates the contract, it must pay the CEO, in addition to statutory compensation for the notice period, an amount equivalent to the fixed total salary paid for the 12 months preceding the termination. The Company may also terminate the agreement with immediate effect, by paying an indemnification equivalent to the CEO's fixed total salary for 18 months.

The CEO retires at the age of 63, with a pension accrued in accordance with the Employees' Pensions Act (TyEL). Furthermore, the company has taken a defined contribution pension insurance for the CEO, to which the company annually pays €40,000.00.

President, Uponor Infra Ltd, and member of the Executive Committee, Mr Sebastian Bondestam has acted as the deputy to the managing director of the parent company in 2013.

Executive Committee

Duties

The Executive Committee is mainly responsible for formulating and implementing the Group's strategy. It also discusses and decides on significant operational issues, while each of its members is responsible for the Group's day-to-day management with respect to his/her field of responsibility.

The ExCom shall, among other things, attend to the following:

a) the Group's strategy and its implementation throughout the Group;
b) budgets, business plans and their implementation;
c) significant organisational changes and any changes in employment conditions affecting large numbers of employees such as:
   - the composition of area/regional management teams,
   - major structural changes within the organisation,
   - all major redundancy programmes,
d) the appointment or removal of Senior Officers and Unit Managers belonging to the reporting chain of any ExCom member;
e) annual salary and incentive structures of the management (excluding those of ExCom members);
f) investments and leasing arrangements with net present value of leases being in the limits specified in the Signing and Authorisation Policy;
g) acquisitions, joint ventures, partnerships and licensing arrangements and, should these exceed the limit specified in the Signing and Authorisation Policy, the ExCom shall submit a proposal to the Board;
h) incorporation or dissolution of legal entities;
i) asset divestments – including real estate, legal units and shares in the limits specified in the Signing and Authorisation Policy;
j) performance by region/unit including analysis of market trends and the competitive environment, as well as significant corrective actions (to be discussed in each meeting);
k) R&D and new business development priorities and resources;
l) items related to the Group's brand architecture;

m) legal disputes and claims of a significant nature including matters at regional/unit level;
n) other matters, upon the Board's request.

ExCom prepares proposals to the Board on matters which require a resolution of the Board.

Membership

The ExCom comprises of the CEO and the number of executives determined by the Board, with the CEO acting as the Chairman. For more information on ExCom members and their responsibilities, please refer to pages 14–15 or visit our website at www.uponor.com.

Meetings and decision-making

The ExCom meets 8–12 times a year, with informal records being kept of its meetings. In 2013, the ExCom held 8 meetings.

The target is to achieve a unanimous view among the members of the ExCom on the issues under discussion. The decisions shall be confirmed by the Chairman.

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, based on a special evaluation form. In addition, the Board conducts a separate evaluation of its performance and that of the Chairman.

Compensation

The Group's compensation system consists of the basic salary, fringe benefits and a profit and performance-based bonus, which is subject to an individual employee's position. The superior of an employee's immediate supervisor is responsible for approving an individual employee's compensation.

On 2 March 2012 as well as on 12 February 2013 the Board of Directors approved the establishment of new long-term share-based incentive plans to be offered to the key management of the company. The plans will cover a maximum of twelve members of the Group's key management. The plans cover the years 2012–2014 and 2013–2015 respectively. The purpose of the plans is to retain key management, as well as to motivate and reward the management for good performance that supports the company's profitability and the implementation of the company's strategy. The plans also encourage the key management to further acquire and own Uponor's shares, which will contribute to aligning the interests of the management, the company and the shareholders.

The company has taken a defined contribution pension plan for Mr Sebastian Bondestam, deputy to the managing director, according to which he shall be entitled to a contribution of 9.37% of the annual base salary including fringe benefits for the year 2013. The Board shall decide on the percentage of the defined contribution separately for each year.

A Group employee is not entitled to a separate fee for a board membership within a Group company.

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

Internal control

The Board is responsible for the principles of internal control in Uponor. Uponor's internal control is defined as a process influenced by the Board, the management and all the individual employees of the Group. The objective of internal control is to ensure that the management has a reasonable assurance that:

- operations are effective, efficient and aligned with the strategy;
- financial reporting and management information is reliable, comprehensive and timely; and
- the Group is in compliance with applicable laws and regulations.

Uponor's internal control framework strives to balance the business needs and the control perspective. The aim of the internal control framework is thus to:

- focus on the most business-relevant risks and issues from the strategic alignment and operational effectiveness point of view;
- promote ethical values, good corporate governance and risk management practices;
- ensure compliance with laws, regulations and Uponor's internal policies; and
- assure production of reliable financial reporting to support internal decision-making and to serve the needs of external stakeholders.

The base for the internal control environment and integrity of the employees is set in Uponor's Code of Conduct and values.

Uponor's aim is to embed control in the daily operations. Effective internal control requires that duties are properly segregated to different employees and potential conflicts of interests are identified and eliminated. Examples of existing control mechanisms include group policies, accounting and reporting instructions and management meetings. Additionally, as an example, responsibilities for communication with external parties, such as customers, suppliers, regulators and shareholders are clearly set.

Ongoing monitoring occurs locally in each organisational unit, during the course of daily operations. Groupwide, the responsibility lies within the Finance and Administration function.

Whether separate evaluations are needed, and their scope and frequency, will depend primarily on an assessment of risks and the effectiveness of ongoing monitoring procedures. Internal control deficiencies shall be reported upstream, with serious matters to be reported to the top management and the Audit Committee. Any separate evaluations are performed by the internal audit function and may be initiated by the Audit Committee.

Risk management

Risk management is a systematic way of protecting business assets and income against losses in order to achieve the Company's targets without unnecessary interruption. Risk management also includes risk-taking. That means utilisation of opportunities, taking into account the risk-reward ratio in each case.

The objective of risk management is to enable the Company to implement its strategy, to ensure it achieves its financial targets and to protect it from operative incidents, which might prevent it from achieving its targets. A further objective is to ensure the continuity of

the operations even in an exceptional business environment.

The main risk areas of the Company have been identified, with each ExCom member being allocated his/her own area of responsibility with regard to identified risks. These responsibilities include the management and proper organisation of such areas throughout the Group.

Group Risk Management Team, comprising the CFO, President, Uponor Infra Ltd, Executive Vice President, Offering and Supply Chain, General Counsel and Vice President Treasury and Risk Management, is responsible for the monitoring of Group-level risks and mitigation actions, and for informing the ExCom and the Board.

Vice President Treasury and Risk Management is responsible for providing support to the members of the ExCom in developing risk policies and guidelines, as well as for establishing assessment, monitoring and reporting procedures. He/she provides support to the Regions/areas, units and functions by providing assistance and training. He/she is also responsible for establishing and maintaining the company's global insurance programmes.

A summary of risks associated with business are described in the Financial Statements report, please refer to pages 19–20 or visit our website at www.uponor.com.

Financial Risk Management related notes can be found in the Financial Statements, please refer to pages 63–65 or visit our website at www.uponor.com.

Internal audit

Internal audit is an integrated part of Uponor's internal control framework. It supports the Board and the management in following up the effectiveness of internal control and corporate governance. Internal Audit shall focus on the key risk areas of business. To achieve its objectives, it carries out independent audits of business units and subsidiaries, process reviews, and targeted audits on specific areas, to give the ExCom and the Board assurance that effective controls are in place. Moreover, Internal Audit performs reviews to ensure compliance with internal company policies, guidelines and laws and regulations.

Internal auditing is an independent, objective assurance and consulting activity designed to add value to and improve the Company's operations. It helps the Company accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The purpose, authority, and responsibilities of Internal Audit are defined in the Internal Audit Charter approved by the Audit Committee, to which Internal Audit is subordinated. The annual audit plan is approved by the Audit Committee. Internal Audit reports four times a year to the Audit Committee, presenting a summary of the most significant findings, while it also has the obligation and authority to report on any significant audit findings both to the ExCom and to the Audit Committee. Internal Audit has unrestricted access to the Board, and to all Uponor's records, personnel, and physical properties relevant to the performance of its engagement.

In 2013, the focus areas of internal audit included audits of Uponor's foreign subsidiaries, corporate functions and group-level processes. The audits of foreign subsidiaries concentrated on compliance with group policies, changes in business operations as well as review of business processes, risks and controls.

Administratively, Internal Audit reports to the Chief Financial Officer ('CFO'). In 2013, Uponor's internal auditing was outsourced to PricewaterhouseCoopers Oy.

External audit

Assisted by the Audit Committee, the Board prepares a proposal on the external auditor and presents it to the AGM for election. The external auditor must be a corporation of authorised public accountants accredited by the Central Chamber of Commerce of Finland. In co-operation with the auditor, the corporate management organises the audit of the Group's subsidiary companies, as required by applicable local legislation. Auditors of these subsidiary companies report directly to the legal unit they have audited, submitting a copy of each report to the Group's financial administration for inclusion in the Company's audit log.

The 2013 AGM appointed Deloitte and Touche Oy, a corporation of authorised public accountants accredited by the Central Chamber of Commerce in Finland, as the Company's auditor for the financial year 2013, with Teppo Rantanen, Authorised Public Accountant, acting as the principal auditor.

Fees paid to the external auditor for the statutory audit services totalled €827,000 and for audit related and other services €326,000, in total €1,153,000 for the year 2013.

Insider guidelines

Uponor Corporation complies with the guidelines for insiders issued by the NASDAQ OMX Helsinki Ltd, the standards issued by the Financial Supervisory Authority of Finland as well as other authorities. The Company also has its own insider regulations.

Uponor's public insiders comprise of Board members, the CEO, ExCom members and the auditor. The Company maintains its public insider register in Euroclear Finland Ltd's SIRE system.

Uponor also maintains a company-specific, non-public register of its permanent insiders including, among others, employees within the Group's administration. A project-specific insider register is established whenever the Company runs a project falling within the scope of insider regulations, and those involved in the special project on the basis of their employment contract or another contract gain insider information on the Company. Typically, such a project is a thematic entity or arrangement not forming part of the Company's normal business activities due to its nature or size. The Group's internal insider rules are published on the Group intranet, and information on them has been distributed, for instance, in the Group's internal web magazine. Group employees are required to act in accordance with these rules.

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

The public insider register contains information of the holdings of the public insiders, their immediate circle and the corporations controlled by them, as well as their most important positions of trust.

The attached table on page 34 shows the shares owned by the public insiders (including any holdings of corporations controlled by them as well as any holdings of their immediate circle).

Corporate governance

Shares held by public insiders in 2013

The Board of Directors and the Auditor

Name	Position	Date	Shares
		1 Jan	34,845
Eloranta, Jorma	Deputy Chairman of the Board	31 Dec	28,625
		18 Mar	-
Ihamuotila, Timo J.	Board member as of 18 March 2013	31 Dec	1,275
		1 Jan	3,446
Nygren, Eva	Board member	31 Dec	4,721
		1 Jan	546,830
Paasikivi, Jari	Chairman of the Board	31 Dec	548,888
		1 Jan	2,115
Rosendal, Jari	Board member	31 Dec	3,390
		1 Jan	34,510
Simon, Rainer S.	Board member	31 Dec	25,015
		18 Mar	-
Rantanen, Teppo	Auditor as of 18 March 2013	31 Dec	-

The Executive Committee

Name	Position	Date	Shares
		1 Jan	6,907
Bondestam, Sebastian	ExCom member	31 Dec	6,907
		1 Jan	5,470
Folgmann, Heiko	ExCom member	31 Dec	6,070
		1 Jan	3,500
Gray, William	ExCom member	31 Dec	5,770
		1 Jan	43,760
Luomakoski, Jyri	President and CEO	31 Dec	28,000
		1 Jan	3,000
Palomäki, Riitta	ExCom member	31 Dec	5,500
		1 Jan	5,470
Roses, Fernando	ExCom member	31 Dec	6,070
		23 Sep	2,500
Schrey-Hyppänen, Minna	ExCom member as of 23 September 2013	31 Dec	2,500

Insider statuses terminated during 2013

Name	Position	Date	Shares
		1 Jan	37,134
Silfverstolpe Nordin, Anne-Christine	Board member until 18 March 2013	18 Mar	37,134
		1 Jan	-
Paul, Mikael	Auditor until 18 March 2013	18 Mar	-
		1 Jan	1,900
Carlsson, Robin	ExCom member until 2 April 2013	2 Apr	1,900

Consolidated statement of comprehensive income

M€	Note	2013	%	2012	%
Continuing operations					
Net sales	2	**906.0**	**100.0**	811.5	100.0
Cost of goods sold		**585.9**	**64.7**	500.7	61.7
Gross profit		**320.1**	**35.3**	310.8	38.3
Other operating income	7	**0.8**	**0.1**	0.9	0.1
Dispatching and warehousing expenses		**34.2**	**3.8**	31.8	3.9
Sales and marketing expenses		**167.7**	**18.5**	161.3	19.9
Administration expenses		**50.0**	**5.5**	44.6	5.5
Other operating expenses	7	**18.8**	**2.1**	16.3	2.0
Expenses		**270.7**	**29.9**	254.0	31.3
Operating profit	2	**50.2**	**5.5**	57.7	7.1
Financial income	10	**23.4**	**2.6**	27.0	3.3
Financial expenses	10	**30.5**	**3.4**	35.6	4.4
Share of result in associated companies		**0.1**	**0.0**	0.3	0.0
Profit before taxes		**43.2**	**4.8**	49.4	6.1
Income taxes	11	**16.1**	**1.8**	16.5	2.0
Result from continuing operations		**27.1**	**3.0**	32.9	4.1
Discontinued operations					
Result from discontinued operations	3	**-0.3**	**0.0**	-0.1	0.0
Profit for the period		**26.8**	**3.0**	32.8	4.0
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:					
Re-measurements on defined benefit pensions, net of taxes		**0.4**		-1.1	
Items that may be reclassified subsequently to profit or loss:					
Translation differences		**-5.1**		0.6	
Cash flow hedges, net of taxes		**0.5**		-0.7	
Net investment hedges		**2.4**		-3.5	
Other comprehensive income for the period, net of taxes		**-1.8**		-4.7	
Total comprehensive income for the period		**25.0**		28.1	
Profit for the period attributable to					
- Equity holders of parent company		**27.8**		32.8	
- Non-controlling interest		**-1.0**		-	
Total comperensive income for the period attributable to					
- Equity holders of parent company		**26.5**		28.1	
- Non-controlling interest		**-1.5**		-	
Earnings per share, €	12	**0.38**		0.45	
- Continuing operations		**0.38**		0.45	
- Discontinued operations		**0.00**		0.00	
Diluted earnings per share, €		**0.38**		0.45	
- Continuing operations		**0.38**		0.45	
- Discontinued operations		**0.00**		0.00	

Consolidated balance sheet

M€	Note	31 Dec 2013	%	31 Dec 2012	%
ASSETS					
Non-current assets					
Intangible assets					
Intangible rights		**17.5**		18.6	
Goodwill		**82.3**		74.9	
Customer relationship value		**2.2**		-	
Other intangible assets		**0.2**		0.2	
Investment in progress		**0.6**		0.0	
Total intangible assets	13	**102.8**	**15.6**	93.7	18.8
Tangible assets					
Land and water areas		**16.9**		10.8	
Buildings and structures		**56.3**		42.6	
Machinery and equipment		**98.5**		78.0	
Other tangible assets		**14.6**		12.3	
Construction work in progress		**15.5**		8.7	
Total tangible assets	14	**201.8**	**30.5**	152.4	30.5
Securities and long-term investments					
Investments in associated companies	16	**0.0**		0.1	
Other shares and holdings	17	**0.7**		0.2	
Non-current receivables	18	**10.1**		0.5	
Total securities and long-term investments		**10.8**	**1.6**	0.8	0.2
Deferred tax assets	23	**15.9**	**2.4**	14.5	2.9
Total non-current assets		**331.3**	**50.1**	261.4	52.3
Current assets					
Inventories	19	**115.4**	**17.5**	78.7	15.8
Current receivables					
Accounts receivables		**126.7**		107.3	
Current income tax receivables		**4.5**		15.1	
Accruals		**6.8**		4.6	
Other receivables		**22.6**		14.6	
Total current receivables	20	**160.6**	**24.3**	141.6	28.4
Cash and cash equivalents	21	**53.7**	**8.1**	17.7	3.5
Total current assets		**329.7**	**49.9**	238.0	47.7
Total assets		**661.0**	**100.0**	499.4	100.0

M€	Note	31 Dec 2013	%	31 Dec 2012	%
SHAREHOLDERS' EQUITY AND LIABILITIES					
Equity attributable to the owners of the parent company	22				
Share capital		**146.4**		146.4	
Share premium		**50.2**		50.2	
Other reserves		**0.0**		-0.5	
Translation reserve		**-17.6**		-15.4	
Retained earnings		**12.9**		-6.2	
Profit for the period		**27.8**		32.8	
Total equity attributable to the owners of the parent company		**219.7**	**33.2**	207.3	41.5
Non-controlling interest		**68.0**		-	
Total equity		**287.7**	**43.5**	207.3	41.5
Liabilities					
Non-current liabilities					
Interest-bearing liabilities	26	**136.4**		107.6	
Employee benefit obligations	24	**25.1**		22.3	
Provisions	25	**4.5**		5.1	
Deferred tax liabilities	23	**15.7**		14.8	
Other non-current liabilities		**0.7**		0.4	
Total non-current liabilities		**182.4**	**27.6**	150.2	30.1
Current liabilities					
Interest bearing liabilities	26	**14.2**		4.2	
Accounts payable		**61.1**		43.3	
Current income tax liability		**2.5**		2.9	
Provisions	25	**17.6**		15.5	
Other current liabilities	27	**95.5**		76.0	
Total current liabilities		**190.9**	**28.9**	141.9	28.4
Total liabilities		**373.3**	**56.5**	292.1	58.5
Total shareholders' equity and liabilities		**661.0**	**100.0**	499.4	100.0

Consolidated cash flow statement

M€	Note	1 Jan–31 Dec 2013	1 Jan–31 Dec 2012
Cash flow from operations			
Net cash from operations			
Profit for the period		**26.8**	32.8
Adjustments for:			
Depreciation		**33.0**	28.2
Income taxes		**16.1**	16.5
Interest income		**-0.4**	-0.5
Interest expense		**4.6**	5.6
Sales gains/losses from the sale of businesses and fixed assets		**0.6**	0.4
Share of profit in associated companies		**-0.1**	-0.3
Other cash flow adjustments		**7.3**	-5.3
Net cash from operations		**87.9**	77.4
Change in net working capital			
Receivables		**21.5**	-3.5
Inventories		**10.0**	-2.0
Non-interest-bearing liabilities		**-9.2**	-2.1
Change in net working capital		**22.3**	-7.6
Income taxes paid		**-14.8**	-30.2
Interests paid		**-3.6**	-7.4
Interests received		**0.3**	0.5
Cash flow from operations		**92.1**	32.7

M€	Note	1 Jan–31 Dec 2013	1 Jan–31 Dec 2012
Cash flow from investments			
Acquisition of subsidiaries and businesses	4	**8.2**	-
Proceeds from disposal of subsidiaries and businesses	6	**-**	7.6
Proceeds from share divestments		**0.0**	-
Purchase of fixed assets		**-33.9**	-19.2
Proceeds from sale of fixed assets		**0.8**	1.2
Dividends received		**0.0**	0.2
Loan repayments		**0.0**	0.0
Cash flow from investments		**-24.9**	-10.2
Cash flow before financing		**67.2**	22.5
Cash flow from financing			
Borrowings of debt		**76.3**	46.3
Repayments of debt		**-41.1**	-47.3
Change in other short term debt		**-35.8**	0.5
Dividends paid		**-27.8**	-25.6
Acquisition of non-controlling interest	5	**0.0**	-6.2
Payment of finance lease liabilities		**-1.6**	-1.5
Cash flow from financing		**-30.0**	-33.8
Conversion differences for cash and cash equivalents		**-1.2**	-0.1
Change in cash and cash equivalents		**36.0**	-11.4
Cash and cash equivalents at 1 January		**17.7**	29.1
Cash and cash equivalents at 31 December		**53.7**	17.7
Changes according to balance sheet	21	**36.0**	-11.4

Statement of changes in shareholders' equity

	Number of shares out-standing (1,000)	Share capital	Share premium	Other reserves	Unrest-ricted equity	Hedge reserve	Treasury shares	Trans-lation reserve	Retained earnings*	Equity attributab-le to the owners of the parent company	Non-Cont-rolling interest	**Total**
Balance at 1 January 2013	73,067	146.4	50.2	1.7	0.1	-2.3	-1.0	-15.4	27.6	207.3	-	**207.3**
Total comprehensive income for the period						0.5		-2.2	28.2	26.5	-1.5	**25.0**
Dividend paid									-27.8	-27.8		**-27.8**
Transfers between reserves				0.0					0.0	-		**-**
Share based incentive plan									0.3	0.3		**0.3**
Acquisition of non-controlling interest										0.0	38.5	**38.5**
Transfer of non-controlling interest									13.4	13.4	30.8	**44.2**
Other adjustments									0.0	0.0	0.2	**0.2**
Balance at 31 December 2013	73,067	146.4	50.2	1.7	0.1	-1.8	-1.0	-17.6	41.7	219.7	68.0	**287.7**
Balance at 1 January 2012	73,047	146.4	50.2	1.7	0.1	-1.6	-1.2	-12.5	24.6	207.7	2.9	**210.6**
Total comprehensive income for the period						-0.7		-2.9	31.7	28.1		**28.1**
Dividend paid									-25.6	-25.6		**-25.6**
Transfers between reserves				0.0					0.0	-		**-**
Share based incentive plan	20						0.2		0.2	0.4		**0.4**
Acquisition of non-controlling interest									-3.3	-3.3	-2.9	**-6.2**
Other adjustments									0.0	0.0		**0.0**
Balance at 31 December 2012	73,067	146.4	50.2	1.7	0.1	-2.3	-1.0	-15.4	27.6	207.3	-	**207.3**

* Figures for 1.1.2012 and 31.12.2012 have been adjusted with the effect of retrospective application of IAS19R Employee Benefits.

For further information see note 22.

Definitions of key ratios

$$\text{Return on Equity (ROE), \%} = \frac{\text{Profit before taxes} - \text{taxes}}{\text{Shareholder's equity} + \text{non-controlling interest, average}} \times 100$$

$$\text{Return on Investment (ROI), \%} = \frac{\text{Profit before taxes} + \text{interest and other financing costs}}{\text{Balance sheet total} - \text{non-interest-bearing liabilities, average}} \times 100$$

$$\text{Solvency, \%} = \frac{\text{Shareholder's equity} + \text{non-controlling interest}}{\text{Balance sheet total} - \text{advance payments received}} \times 100$$

$$\text{Gearing, \%} = \frac{\text{Net interest-bearing liabilities}}{\text{Shareholder's equity} + \text{non-controlling interest}} \times 100$$

$$\text{Net interest-bearing liabilities} = \text{Interest-bearing liabilities} - \text{cash, bank receivables and financial assets}$$

$$\text{Earnings per share (EPS)} = \frac{\text{Profit for the period}}{\text{Number of shares adjusted for share issue in financial period excluding treasury shares}}$$

$$\text{Equity per share ratio} = \frac{\text{Equity attributable to the owners of the parent company}}{\text{Average number of shares adjusted for share issue at end of year}}$$

$$\text{Dividend per share ratio} = \frac{\text{Dividend per share}}{\text{Profit per share}} \times 100$$

$$\text{Effective dividend yield} = \frac{\text{Dividend per share}}{\text{Share price at end of financial period}} \times 100$$

$$\text{Price-Earnings ratio (P/E)} = \frac{\text{Share price at end of financial period}}{\text{Earnings per share}}$$

$$\text{Market value of shares} = \text{Number of shares at end of financial period} \times \text{last trading price}$$

$$\text{Average share price} = \frac{\text{Total value of shares traded €}}{\text{Total number of shares traded}}$$

Notes to the consolidated financial statements

1. Accounting principles

Company profile

Uponor is an international industrial Group providing building and municipal infrastructure solutions. The Group's segment structure consists of the following three reporting segments: Building Solutions – Europe, Building Solutions – North America and Uponor Infra. Its segment business risks and profitability factors differ from each other with respect to the market and business environment as well as offering, services and customers. Group management, control and reporting structures are organised according to the business segments.

Uponor Group's parent company is Uponor Corporation, domiciled in Helsinki in the Republic of Finland. Its registered address is:
Uponor Corporation
P.O. Box 37 (street address: Äyritie 20)
FI-01511 Vantaa, Finland
Tel. +358 (0)20 129 211, Fax +358 (0)20 129 2841

The Financial Statements will also be available on the company website at www.uponor.com and can be ordered from Uponor Corporation, using the above-mentioned address.

At its meeting of 13 February 2014, Uponor Corporation's Board of Directors approved the publication of these financial statements. According to the Finnish Limited Liability Companies Act, the shareholders have the opportunity to approve or reject the financial statements at the Annual General Meeting to be held after their publication. Furthermore, the Annual General Meeting can decide on the modification of the financial statements.

Basis of preparation

Uponor Group's consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS), including International Accounting Standards (IAS) and their SIC and IFRIC interpretations valid on 31 December 2013. In the Finnish Accounting Act and ordinances based on the provisions of the Act, IFRS refer to the standards and their interpretations adopted in accordance with the procedures as set in regulation (EC) No 1606/2002 of the European Parliament and of the European Council. The consolidated financial statements also include additional information required by the Finnish Accounting Act and the Limited Liability Companies Act. The consolidated financial statements are presented in millions of euros (M€) and are based on the historical cost convention, unless otherwise specified in the accounting principles section below.

Use of estimates

The preparation of consolidated financial statements under IFRS requires the use of estimates and assumptions affecting the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities on the date of the financial statements, as well as the reported amounts of income and expenses during the report period. Although these estimates are based on the management's best view of current events and actions, the actual results may ultimately differ from these estimates. In addition, judgement is required in the application of accounting policies.

Consolidation principles

The consolidated financial statements include the parent company, Uponor Corporation, and all companies in which the parent company holds more than half of the voting rights, either directly or through its subsidiaries. Subsidiaries include those companies in which Uponor Corporation has direct or indirect control of over 50 percent of the voting rights or otherwise has power to govern the financial and operating policies, with the purpose of gaining financial benefit from their operations. Subsidiaries acquired or established during the year are included from the date the Group obtained control. Divested companies have been included up to their date of sale.

Intra-Group shareholdings are eliminated using the acquisition cost method. Accordingly, the assets and liabilities of an acquired company are measured at fair value on the date of acquisition. The excess of the acquisition cost over the fair value of the net assets has been recorded as goodwill. Based on the First-Time-Adoption of IFRS 1, any company acquisitions made prior to the IFRS transition date (1 January 2004) are not adjusted for IFRS, but book value according to Finnish Accounting Standards (FAS) is applied to goodwill amounts. Intra-Group transactions, receivables, liabilities, unrealised gains and dividends between Group companies are eliminated in the consolidated financial statements.

Associated companies are entities over which the Group has 20–50 percent of the voting rights, or over which the Group otherwise exercises a major influence. Holdings in associated companies are included in the consolidated financial statements, using the equity method. Accordingly, the share of post-acquisition profits and losses of associated companies is recognised in the income statement, to the extent of the Group's holding in the associated companies. When the Group's share of losses of an associated company exceeds the carrying amount, it is reduced to nil and any recognition of further losses ceases, unless the Group has an obligation to fulfil the associated company's obligations.

Foreign currency translations and exchange rate differences

Each company translates its foreign currency transactions into its own functional currency, using the rate of exchange prevailing on the transaction date. Outstanding monetary receivables and payables in foreign currencies are stated using the exchange rates on the balance sheet date. Exchange rate gains and losses on actual business operations are treated as sales adjustment items or adjustment items to materials and services. Exchange rate gains and losses on financial transactions are entered as exchange rate differences in financial income and expenses.

In the consolidated financial statements, the income statements of the Group's foreign subsidiaries are converted into euros using the average exchange rates quoted for the reporting period. All balance sheet items are converted into euros using the exchange rates quoted on the reporting date. The resulting conversion difference and other conversion dif-

ferences resulting from the conversion of subsidiaries' equity are shown as a separate item under equity. In addition, in the consolidated financial statements, exchange rate differences in the loans granted by the parent company to foreign subsidiaries in replacement of their equity are treated as translation differences. Realised translation differences in relation to the divestment of subsidiaries and the redemption of material shares in subsidiaries are recognised as income or expenses in the consolidated statement of comprehensive income.

Non-current assets held for sale and discontinued operations

Non-current assets held for sale and assets related to discontinued operations are formed once the company, according to a single co-ordinated plan, decides to dispose of a separate significant business unit, whose net assets, liabilities and financial results can be separated operationally and for financial reporting purposes (cash generating unit). Non-current assets held for sale are shown separately in the consolidated balance sheet. Profit or loss from a discontinued operation and gains or losses on its disposal are shown separately in the consolidated statement of comprehensive income. Assets related to non-current assets held for sale and discontinued operations are assessed at book value or, if it is the lower of the two, at fair value. Depreciation from these assets has been discontinued upon the date of classifying assets as non-current assets held for sale and discontinued operations. The Group has no assets classified as non-current assets held for sale at the end of the financial or a comparable period.

Revenue recognition

Sales of products are recognised as income once the risks and benefits related to ownership of the sold products have been transferred to the buyer, according to the agreed delivery terms, and the Group no longer has possession of, or control over, the products. Sales of services are recognised as income once the service has been rendered. Net sales comprise the invoiced value of the sale of goods and services net of indirect taxes, sales rebates and exchange rate differences. Uponor uses percentage of completion method to recognise work-in-progress for long-term contracts in project business companies, when the outcome of the project can be estimated reliably. The percentage of completion is defined as the proportion of the individual project cost incurred to date from the total estimated project costs.

Research and development

Research costs are expensed as incurred and are included in the consolidated statement of comprehensive income in other operating expenses. Development costs are expensed as incurred, unless the criteria for capitalising these costs as assets are met. Product development costs are capitalised as intangible assets and are depreciated during the useful life of the asset, if future economic benefits are expected to flow to the entity and certain other criteria, such as the product's technical feasibility and commercial usability, are confirmed. The Group does not have any such capitalised development costs in the balance sheet that would fulfil the criteria for capitalisation.

Employee benefits

The Group's pension schemes comply with each country's local rules and regulations. Pensions are based on actuarial calculations or actual payments to insurance companies. The Group applies defined contribution and defined benefit pension plans.

Within the defined contribution plan, pension contributions are paid directly to insurance companies and, once the contributions have been paid, the Group has no further payment obligations. These contributions are recognised in the income statement for the accounting period during which such contributions are made.

For defined benefit pension plans, the liability is the present value of the defined benefit obligation on the balance sheet date less the fair value of plan assets. The pension obligation is defined using the projected unit credit method. The discount rate applied to calculating the present value of post–employment benefit obligations is determined by the market yields of long-term corporate bonds or government bonds. Costs resulting from the defined benefit pension plans are recognised as expenses for the remaining average period of employment.

Current service cost (benefit expense) and net interest cost on defined benefit obligation (net liability) are recognised in the income statement and presented under employee benefit costs.

Re-measurement items on defined benefit plan obligations and plan assets, incl. actuarial gains and losses and return on plan assets (excluding interest income), are immediately recognised through other comprehensive income and such balances are permanently excluded from the consolidated income statement.

Operating profit

Operating profit is an income statement item, which is calculated by deducting expenses related to operating activities from net sales.

Borrowing costs

Borrowing costs are recognised in the income statement as they incur. Direct transaction expenses due to loans, clearly linked to a specific loan, are included in the loan's original cost on an accrual basis and recognised as interest expenses using the effective interest method. Interest costs on borrowings to finance the construction of assets are capitalised as part of the cost during the period required to prepare and complete the property for its intended use.

Income taxes

Income taxes in the consolidated statement of comprehensive income comprise taxes based on taxable income recognised for the period by each Group company on an accrual basis, according to local tax regulations, including tax adjustments from the previous periods and changes in deferred tax. Deferred tax assets or liabilities are calculated, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, using the tax rate approved on the balance sheet date. Deferred tax assets are recognised to the extent that it appears probable that future taxable profit will be available, against which temporary differences can be utilised.

Intangible assets

Goodwill

Goodwill represents future economic benefits arising from assets that are not capable of being individually identified and separately recognised by the Group. Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets of the acquired company on the date of acquisition. Goodwill is allocated to the business segments. Goodwill is not amortised, but is tested for impairment annually. Gains and losses on the disposal of a Group entity include any goodwill relating to the entity sold.

Other intangible assets

Other intangible assets include trademarks, patents, copyrights, capitalised development costs, software licences and customer relations. Intangible assets are recognised in the balance sheet at historical costs less accumulated depreciation, according to the expected useful life and any impairment losses.

Property, plant and equipment

Group companies' property, plant and equipment are stated at historical cost less accumulated depreciation, according to the expected useful life and any impairment losses. Interest costs on borrowings to finance the construction of these assets are capitalised as part of the cost during the period required to prepare and complete the property for its intended use.

Ordinary repair and maintenance costs are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the asset's carrying amount when it is probable that the Group will incur future economic benefits in excess of the originally assessed standard of performance of the existing asset.

Gains or losses on the disposal, divestment or removal from use of property, plant and equipment are based on the difference between the net gains and the balance sheet value. Gains are shown within other operating income and losses under other operating expenses.

Depreciations

Group companies' intangible assets and property, plant and equipment are stated at historical cost less accumulated straight-line depreciation, according to their expected useful life and any impairment losses. Land is not depreciated, as it is deemed to have an indefinite life, but depreciation is otherwise based on estimated useful lives as follows:

	Years
Buildings	20–40
Production machinery and equipment	8–12
Other machinery and equipment	3–15
Office and outlet furniture and fittings	5–10
Transport equipment	5–7
Intangible assets	3–10

The residual value and useful life of assets are reviewed on each balance sheet date and, if necessary, adjusted to reflect any changes in expectations of financial value.

Government grants

Any grants received for the acquisition of intangible or tangible assets are deducted from the asset's acquisition cost and recorded on the income statement to reduce the asset's depreciation. Other grants are recognised as income for the periods during which the related expenses are incurred. Such grants are shown as deductions from expenses related to the target of the grant.

Impairment

The balance sheet values of assets are assessed for impairment on a regular basis. Should any indication of an impaired asset exist, the asset's recoverable amount will be assessed. The asset's recoverable amount is its net selling price less any selling expenses, or its value in use, whichever is higher. The value in use is determined by reference to the discounted future net cash flow expected from the asset. Discount rates correspond to the cash generating unit's average return on investment before taxes. Impairment is measured at the level of cash generating units, which is the lowest level that is primarily independent of other units and whose cash flows can be distinguished from other cash flows.

Whenever the asset's carrying amount exceeds its recoverable amount, it is impaired and the resulting impairment loss is recognised in the income statement. An impairment of property, plant and equipment and other intangible assets, excluding goodwill, will be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. Impairment is not reversed over the balance sheet value that existed before the recognition of impairment losses in the previous financial periods. Any impairment loss on goodwill is not reversed.

Goodwill is assessed for impairment at least annually or if any indication of impairment exists, more regularly.

Leases

Lease liabilities, which expose the Group to the risks and rewards inherent in holding such leased assets, are classified as finance leases. These are recognised as tangible assets on the balance sheet and measured at the lesser of the fair value of the leased property at the inception of the lease or the present value of the minimum lease payments. Similarly, lease obligations, from which financing expenses are deducted, are included in interest bearing liabilities. Financing interests are recognised in the consolidated statement of comprehensive income during the lease period. An asset acquired under finance lease is depreciated over its useful life or within the shorter lease term.

Leases, which expose the lessor to the risks and rewards inherent in holding such leases, are classified as other leases. These rents are recognised as expenses during the lease period.

The assets leased by the Group, where the lessee bears the risks and rewards inherent in holding such leases, are treated as finance leases and recognised as receivables on the balance sheet at their present value. The Group has no finance lease receivables.

Notes to the consolidated financial statements

Inventories

Inventories are stated at the lower of cost or net realisable value, based on the FIFO principle. The net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and sale. In addition to the cost of materials and direct labour, an appropriate proportion of production overheads is included in the inventory value of finished products and work in progress.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation or if the settlement of an obligation will cause a legal loss and a reliable estimate of the amount of obligation can be made. Provisions can include inter alia environmental provisions, warranty provisions, restructuring costs and onerous contracts. Changes in provisions are included in relevant expenses on the consolidated statement of comprehensive income. The amount of provisions is reviewed on every balance sheet date and the amounts are revised to correspond to the best estimate at that moment.

Contingent assets and liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of uncertain future events not wholly within the control of the entity. Such present obligation that probably does not require a settlement of a payment obligation or the amount of which cannot be reliably measured is also considered to be a contingent liability. Contingent liabilities are disclosed in the notes to the financial statements.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at bank and other short-term, highly liquid investments, whose maturity does not exceed three months. Cash and cash equivalents are carried in the balance sheet at cost. The bank account credit limit in use is recognised under current interest-bearing liabilities.

Financial assets

Financial assets are classified as follows: financial assets at fair value through profit and loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets. Sales and purchase of financial assets are recognised at their trading date.

Financial assets at fair value through profit and loss include financial assets held for trading and measured at fair value. Financial assets at fair value through profit and loss have been acquired principally for the purpose of generating a profit from short-term fluctuations in market prices. Derivative instruments, for which hedge accounting is not applied, are included in financial assets at fair value through profit and loss. Interest and currency derivatives, for which no hedge accounting is applied, are recognised in the balance sheet at historical cost and valued at fair value on each balance sheet date. Fair value is determined using market prices on the balance sheet date, or the present value of estimated future cash flows. Changes in the fair value of financial assets at fair value through profit and loss, and unrealised and realised gains and losses, are included in financial income and expenses in the period in which they occur. Financial assets at fair value through profit and loss are presented under the other current assets in the balance sheet.

Held-to-maturity investments are assets with a fixed maturity, which the enterprise has the positive intent and ability to hold to maturity. Held-to-maturity assets are measured at amortised cost using the effective interest rate method. The Group did not have any held-to-maturity investments during the financial period.

Loans and receivables are non-derivative assets with fixed or determinable payment dates that are not quoted in the active markets or held for trading purposes. Loan and receivables are measured at amortised cost. Accounts receivable are carried at expected fair value, which is the original invoice amount less the provision made for impairment of these receivables. A provision for impairment of accounts receivable is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, the probable bankruptcy of the debtor or default in payments are considered as probable indicators of the impairment of accounts receivable. Impairment of a loan receivable is assessed with the same criteria as an impairment of accounts receivable.

Available-for-sale financial assets consist of holdings in listed and non-listed companies and investments. Available-for-sale assets are measured at fair value based on market prices on the balance sheet date, or using the net present value method of cash flows, or another revaluation model. If the fair value of a holding or investment cannot be measured reliably, it will be measured at cost. Changes in the fair value of available-for-sale assets are recognised in the fair value reserve under shareholders' equity, taking tax consequences into account. Changes in the fair value will be re-entered from shareholders' equity into the consolidated statement of comprehensive income when the asset is disposed of or has lost its value to the extent that an impairment loss must be recognised.

Financial liabilities

Financial liabilities at fair value through profit and loss are measured at their fair value. This group includes those derivatives for which hedge accounting is not applied and whose fair value is negative.

Other financial liabilities are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method. Transaction costs are included in the original book value of financial liabilities. Other financial liabilities include non-current and current interest-bearing liabilities and accounts payable.

Derivative contracts and hedge accounting

Financial derivatives are used for hedging purposes and are initially recognised in the balance sheet at fair value and are subsequently re-measured at fair value on each reporting period's balance sheet date. At the contract date derivatives are classified as either cash flow hedges, hedges of net investments in foreign entities or hedges that hedge accounting is

not applied to. For derivatives, that hedge accounting is not applied to, the changes in fair value are recognised under financial items in the consolidated statement of comprehensive income. The fair values of derivatives are determined on the basis of publicly quoted market prices.

Cash flow hedging is applied to electricity derivatives and interest rate derivatives. Net investment hedging is applied to certain currency derivatives that hedge foreign currency risk in internal loans classified as net investments in foreign entities. Hedge programmes are documented according to the requirements of IAS 39, and the efficiency of hedge accounted derivatives is tested both at the inception of, and during, the hedge.

Fair value changes of derivatives, which are designated as cash flow hedges, are recognised in other comprehensive income in the hedge reserve to the extent that the hedge is effective. The spot price part of the fair value changes of currency derivatives designated as hedges of net investment in foreign entities, are recognised in other comprehensive income in the translation differences whereas the interest rate differential part of the fair value changes is recognised under financial items. Accumulated fair value changes in other comprehensive income are released into the consolidated statement of comprehensive income in the period during which the hedged cash flow affects the result, while electricity derivatives are recognised under cost of goods sold and interest rate derivatives under financial items.

The ineffective portion of the fair value change of cash flow hedges is recognised under cost of goods sold for electricity derivatives and under financial items for interest rate derivatives.

Share-based payments – Management incentive scheme

The costs relating to share-based payments are recorded in the income statement and the corresponding liability for share-based payments settled in cash is deferred. The recognised liability is measured at fair value on every balance sheet date. For equity-settled share-based payment transactions, an increase corresponding to the expensed amount is recorded in equity.

Treasury shares

Treasury shares are presented in the financial statements as a reduction in shareholders' equity. Treasury shares are taken into account in calculating key figures and ratios according to IAS 33.

Dividends

Dividends proposed by the Board of Directors are not recognised in the financial statements until their proposal is approved by the shareholders in the Annual General Meeting.

Accounting policies requiring consideration by management and essential uncertainty factors associated with estimates

Estimates and assumptions regarding the future must be made during the preparation of the financial statements, and the outcome may differ from the estimates and assumptions. Furthermore, the application of accounting principles requires consideration.

Group management needs to make decisions regarding the selection and application of accounting principles. These judgements are in particular required in those cases in which the IFRS in force provide the opportunity to choose between various accounting, valuation or presentation methods.

The estimates made in connection with preparing the financial statements reflect the management's best view at the time of the closing of the accounts. These estimates are affected by historical experience and assumptions regarding future developments, which are regarded as well-founded at the time of closing the accounts. On a regular basis, the Group monitors the realisation of these estimates and assumptions through internal and external information sources. Any changes in estimates and assumptions are recognised in the financial statements for the period during which such corrections are made, and all subsequent financial periods.

Estimates have been used in determining the size of items reported in the financial statements, including, among other things, the realisability of certain asset items, such as deferred tax assets and other receivables, the economic useful life of property, plant and equipment, provisions, pension liabilities and impairment on goodwill.

From the Group's perspective, the most significant uncertainty factors are related to impairment testing on goodwill and the defined benefit-based pension obligations. The application of the related accounting policies requires the use of estimates and assumptions that also have a large impact. Uncertainty factors in connection with impairment testing on goodwill relate to the assumptions made on future cash flows and determining the discount rate. The Group's weighted average capital cost rate (WACC), determined by reporting segment, is used as the discount rate in impairment tests. The book value of the defined benefit-based pension obligation is based on actuarial calculations, which in turn are based on the assumptions and estimates of a discount rate used for assessing plan assets and obligations at their current value, the expected rate of return on plan assets and developments in inflation, salary and wage levels.

Non-recurring items

Non-recurring items described in the Review by the Board of Directors, are exceptional transactions that are not related to normal business operations. The most common non-recurring items are capital gains and losses, inefficiencies in production related to plant closures, additional write-downs, or reversals of write-downs, expenses due to accidents and disasters, provisions for planned restructurings, environmental matters or penalties. The Group's management exercises its discretion when taking decisions regarding the classification of non-recurring items.

New and amended IFRSs adopted in 2013

The following new and revised IFRSs have been adopted in these consolidated financial statements.

- Amendment to IAS 1 *Presentation of Financial Statements* (effective for reporting periods beginning on or after 1 July 2012). The main change is the requirement for grouping items in 'other comprehensive income' based on whether they are potentially reclassifiable to profit or loss as certain conditions are fulfilled. Uponor has grouped items in other comprehensive income as required.

- Amendment to IAS 19 *Employee Benefits* (effective for reporting periods beginning on or after 1 January 2013). The amendments state that all actuarial gains and losses are immediately recognised through other comprehensive income, in other words, the corridor approach is eliminated and financial cost is determined on net funding basis. The change impacted other comprehensive income and increased the Group's employee benefit liability.
  The amendment required retrospective application. Unrecognised actuarial gains and losses have been recognised in the balance sheet as of 1 January 2012. The adjustments for 2012 resulting from the implementation of the new requirements are disclosed below.

31.12.2012, M€	Reported	Adjustments	Adjusted
Impact on statement of comprehensive income			
Other comprehensive income	-3.6	-1.1	-4.7
Impact on statement of financial position			
Deferred tax assets	13.6	0.9	14.5
Equity attributable to the owners of the parent company	209.9	-2.6	207.3
Employee benefits and other liabilities	19.2	3.5	22.7
Impact on key figures			
Return on equity, % (p.a.)	15.5		15.7
Return on investment, % (p.a.)	16.7		16.5
Solvency ratio, %	42.1		41.5
Gearing, %	44.8		45.4
Equity per share, €	2.87		2.84
Gearing across quarters, %	64.0		64.6

- IFRS 13 *Fair Value Measurement* (effective for reporting periods beginning on or after 1 January 2013). The standard aims to increase uniformity by providing specific definition for fair value. It also provides both requirements for determining fair value and the required disclosures under the same standard. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The new requirements did not have material impact on the reported financial statements.
- Amendment to IFRS 7 *Financial Instruments: Disclosures* (effective for reporting periods beginning on or after 1 January 2013). The amendments require information about financial instruments that are set off and also disclosure of information about enforceable master netting arrangements and similar agreements. The new requirements did not have impact on presented financial statements.
- *Annual Improvements to IFRS 2009–2011*, May 2012 (effective for reporting periods beginning on or after 1 January 2013). In the annual improvement process the non-urgent but necessary amendments to IFRS are collected and issued annually. The improvements concern five standards. The nature of the improvements depends on the standards, but they do not have material impact on the consolidated financial statements.

Application of new and revised IFRSs effective from 2014

The following new and revised IFRSs shall be adopted in 2014 consolidated financial statements. The application of these new and revised IFRSs is not expected to have impact on the Uponor's consolidated financial statements. However, they may affect the accounting for future transactions and events.

- IFRS 10 *Consolidated Financial Statements* (effective for reporting periods beginning on or after 1 January 2013). The standard establishes control as the base for consolidation. Additionally, the standard provides further guidance on how to apply principles of control when it is challenging to assess. According to the EU endorsement the standard is effective for reporting periods beginning on or after 1 January 2014, but earlier application is also permitted.
- IFRS 11 *Joint Arrangements* (effective for reporting periods beginning on or after 1 January 2013). The standard emphases the rights and obligations of the joint arrangement rather than its legal form in the accounting. The arrangements are divided into two: joint operations and joint ventures. The standard requires joint ventures to be accounted for using equity method of accounting. Proportional consolidation of joint ventures is no longer allowed. According to the EU endorsement the standard is effective for reporting periods beginning on or after 1 January 2014, but earlier application is also permitted.
- IFRS 12 *Disclosure of Interests in Other Entities* (effective for reporting periods beginning on or after 1 January 2013). The standard includes disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other, off balance sheet vehicles. According to the EU endorsement the standard is effective for reporting periods beginning on or after 1 January 2014, but earlier application is also permitted.
- IAS 27 (revised 2011) *Separate Financial Statements* (effective for reporting periods beginning on or after 1 January 2013). The revised standard includes the requirements for separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. According to the EU endorsement the standard is effective for reporting periods beginning on or after 1 January 2014, but earlier application is also permitted.
- IAS 28 (revised 2011) *Investments in Associates and Joint Ventures* (effective for reporting periods beginning on or after 1 January 2013). The revised standard includes requirements for both joint operations and associates to be accounted by using equity method of accounting after IFRS 11 was issued. According to the EU endorsement the standard is effective for reporting periods beginning on or after 1 January 2014, but earlier application is also permitted.
- Amendment to IAS 32 *Financial instruments: Presentation* (effective for reporting periods beginning on or after 1 January 2014). The amendment clarifies the conditions for net presentation of financial assets and liabilities and introduces some additional application guidance.
- Amendment to IAS 36 *Impairment of assets: Recoverable Amount Disclosures for Non-Financial Assets* (effective for reporting periods

beginning on or after 1 January 2014). The overall effect of the amendments is to clarify the disclosure requirements on those cash generating units which have been subject to impairment.
- Amendments to IAS 39: *Novation of Derivatives and Continuation of Hedge Accounting* (effective for reporting periods beginning on or after 1 January 2014). The amendments allow the continuation of hedge accounting under IAS 39 when a derivative is novated to a clearing counterparty and certain conditions are met.
- Amendment to IFRS 10 *Consolidated Financial Statements,* IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities* (effective for reporting periods beginning on or after 1 January 2013). The amendment provides additional transition relief by limiting the requirement to provide adjusted comparative information to only the preceding comparative period.
- Amendment to IFRS 10 *Consolidated Financial Statements,* IFRS 12 *Disclosure of Interests in Other Entities* and IAS 27 *Separate Financial Statements* (effective for reporting periods beginning on or after 1 January 2014). The amendment provides 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 or IAS 39.

Application of new and revised IFRSs in issue but not yet effective

IASB has published the following new or revised standards and interpretations which the Group has not yet adopted. The Group will adopt each standard and interpretation as from the effective date, or if the effective date is other than the first day of the reporting period, from the beginning of the next reporting period after the effective date. The effects of these new and amended standards are under investigation.
- IFRS 9 *Financial Instruments* (effective for reporting periods beginning on or after 1 January 2015). IFRS 9 project is the first phase of a wider project which aims to replace IAS 39 with a new standard. According to IFRS 9, financial assets are classified and measured based on entity's business model and the contractual cash flow characteristics of the financial asset. Classification and measurement of financial liabilities is mainly based on the current IAS 39 principles. Impairment of financial assets and hedge accounting are the most significant uncompleted parts of IFRS 9. The standard has not yet been endorsed by EU.
- *Annual Improvements to IFRS 2010–2012* and *Annual Improvements to IFRS 2011–2013*, both issued December 2013 (effective for reporting periods beginning on or after 1 July 2014). In the annual improvement process the non-urgent but necessary amendments to IFRS are collected and issued annually. The nature of the improvements depends on the standards, but they do not have material impact on the consolidated financial statements. The standard has not yet been endorsed by EU.
- IFRIC 21 *Levies* (effective for reporting periods beginning on or after January 1, 2014). The interpretation provides guidance on when to recognise a liability for a levy imposed by a government. The interpretation has not yet been endorsed by EU.

2. Segment information

Uponor's segment structure is based on business and geographical segments in accordance with the organisational structure. The reporting segments are Building Solutions – Europe, Buildings Solutions – North America and Uponor Infra, which, since 1 July 2013, also includes the acquired infrastructure businesses of KWH Pipe Ltd. The business risks and profitability factors differ from each other with respect to the market and business environments, product offering, services and customers. The Group's management, control and reporting structures are organised by business segment. The reported segments are specified as operating segments, which have not been combined.

Building Solutions – Europe is in charge of European markets and sales to non-European countries in which Uponor does not have its own operations. Buildings Solutions – North America is responsible for business operations in the USA and Canada. Buildings Solutions in Uponor mainly refers to indoor climate and plumbing solutions for residential and non-residential buildings. A major part of the Building Solutions customers are heating, ventilation and air conditioning (HVAC) professionals, such as installers and building companies.

Uponor Infra is market leader in municipal infrastructure pipe systems in Northern Europe and it has also business in Central Europe, North America and Thailand. Its products and services, such as sewer and storm water systems and waste water treatment systems and project services are sold to municipalities, utilities and pipeline construction and renovation customers.

The 'Others' segment includes Group functions and non-operative companies.

Financial target setting and monitoring mainly focus on figures for segment sales, operating profit, operative costs and net working capital. Group resources are managed, for instance, by allocating investments to attractive businesses and balancing human resources and competencies to match the requirements of business processes.

Segment reporting is based on the Group accounting principles. All transactions between segments are market-based and internal sales and margins are eliminated from consolidated figures.

The segment revenue equals to the net sales and the segment result equals to the operating profit presented in the condensed consolidated income statement. The income statement consists of continuing operations by segment, while balance sheet items match the Group structure on the closing dates. Continuing operations do not include the infrastructure business in Ireland, which was sold in June 2008.

Revenue, result, assets and liabilities of Hewing GmbH, which was sold during 2012, were included in the Building Solutions – Europe segment.

Segment assets include items directly attributable to a segment and items which can be allocated on a reasonable basis. These are mainly non-interest bearing items such as intangible assets, property, plant and equipment, inventories, accruals, accounts receivables and other receivables.

Notes to the consolidated financial statements

2013 M€	Building Solutions – Europe	Building Solutions – North America	Uponor Infra	Others	Eliminations	Uponor Group
Net sales, external	478.9	171.5	255.6	-	-	906.0
Net sales, internal	0.6	-	5.8	-	-6.4	-
Net sales, total	479.5	171.5	261.4	-	-6.4	906.0
Operating result	32.7	24.7	-2.3	-3.4	-1.5	50.2
Operating result, %	6.8	14.4	-0.9			5.5
Finance income						23.4
Finance expenses						30.5
Share of result in associated companies						0.1
Income taxes						16.1
Result from discontinued operations						-0.3
Profit for the period						26.8
Assets	340.8	131.9	259.5	260.2	-331.4	661.0
Liabilities						
Total liabilities for reportable segments	238.8	69.2	117.8	302.2	-354.6	373.4
Unallocated amounts						287.6
Total liabilities						661.0
Investments	8.0	15.7	9.4	0.8	-	33.9
Depreciation and impairment	11.3	6.8	9.9	4.5	0.5	33.0
Personnel, average	2,084	504	1,002	59	-	3,649

2012 M€	Building Solutions – Europe	Building Solutions – North America	Uponor Infra	Others	Eliminations	Uponor Group
Net sales, external	517.3	151.1	143.1	-	-	811.5
Net sales, internal	0.4	-	5.9	-	-6.3	-
Net sales, total	517.7	151.1	149.0	-	-6.3	811.5
Operating result	47.2	17.8	0.0	-6.1	-1.2	57.7
Operating result, %	9.1	11.8	0.0			7.1
Finance income						27.0
Finance expenses						35.6
Share of result in associated companies						0.3
Income taxes						16.5
Result from discontinued operations						-0.1
Profit for the period						32.8
Assets	364.9	119.6	84.4	249.8	-319.3	499.4
Liabilities						
Total liabilities for reportable segments	290.3	69.2	66.5	210.3	-344.2	292.1
Unallocated amounts						207.3
Total liabilities						499.4
Investments	7.8	5.9	4.2	1.3	-	19.2
Depreciation and impairment	11.4	6.0	5.9	4.4	0.5	28.2
Personnel, average	2,132	427	480	59	-	3,098

Entity-wide information

Information about product and services

M€	2013	2012
External net sales, continuing operations		
Building Solutions	**649.4**	667.4
Infrastructure Solutions	**256.6**	144.1
Uponor Group	**906.0**	811.5

Information about geographical areas

M€	2013	2012
External net sales, continuing operations		
Finland	**124.9**	93.8
Germany	**144.5**	145.3
United States	**143.1**	114.8
Sweden	**86.3**	79.9
Canada	**55.1**	36.6
Denmark	**44.0**	33.4
Norway	**35.7**	39.2
United Kingdom	**30.0**	30.9
Netherlands	**29.1**	32.1
Russia	**28.1**	22.6
Others	**185.2**	183.1
Uponor Group	**906.0**	811.5

M€	2013	2012
Non-current assets		
Finland	**70.2**	42.3
USA	**47.4**	40.6
Germany	**32.4**	33.5
Sweden	**31.1**	40.2
Canada	**12.4**	-
Others	**39.6**	15.4
Uponor Group	**233.1**	172.0

External net sales are presented in accordance with the geographical location of the customers. Non-current assets are presented in accordance with the geographical location of the assets. Non-current assets do not include goodwill and deferred tax asset.

3. Discontinued operations

In 2013 and 2012, the discontinued operations include €0.3 (0.1) million costs related to the Irish infrastructure business sold in 2008. These costs incurred mainly from administrative and operative costs.

M€	2013	2012
Expenses	**0.3**	0.1
Result before taxes	**-0.3**	-0.1
Income taxes	**-**	-
Result after taxes	**-0.3**	-0.1
Result for the period from discontinued operations	**-0.3**	-0.1
Cash flow from discontinued operations		
Cash flow from operations	**-0.4**	-0.5

4. Business combinations

The merger plan, announced in September 2012, by Uponor Corporation and the KWH Group Ltd, to combine their infrastructure businesses into a jointly owned company, was completed on 1 July 2013. The new company, Uponor Infra Ltd started operations on 1 July 2013. Its ownership is divided by: Uponor 55.3% and KWH Group 44.7%. Uponor Infra Ltd will focus on providing infrastructure pipe systems in northern Europe and elsewhere. With the merger, Uponor and the KWH Group aim to create efficiencies and strengthen the profitability. Uponor Infra Ltd is consolidated in Uponor Corporation as the segment Uponor Infra from 1 July.

In terms of IFRS 3 Business Combinations, Uponor Corporation acquired a 55.3% majority stake in KWH Pipe Ltd and as consideration transferred a 44.7% non-controlling interest in Uponor's infrastructure business to KWH Group. Uponor has a control in the jointly owned company through the 55.3% direct ownership and the voting ownership by holding the Chair position in the board of directors of Uponor Infra Ltd.

Notes to the consolidated financial statements

M€	2013	2012
Recognised amounts of identifiable net assets acquired and liabilities assumed		
Property, plant and equipment	50.7	-
Intangible assets	4.8	-
Securities and non-current receivables	0.6	-
Deferred tax asset	3.2	-
Inventories	49.9	-
Accounts receivable and other receivables	44.0	-
Cash and cash equivalents	12.0	-
Total assets	165.2	-
Non-current interest-bearing liabilities	33.9	-
Deferred tax liability	2.9	-
Employee benefits and other liabilities	4.9	-
Provisions	0.6	-
Current interest-bearing liabilities	9.2	-
Accounts payable and other current liabilities	38.1	-
Total liabilities	89.6	-
Net assets	75.6	-
Consideration	44.5	-
Non-controlling interest	38.5	-
Acquired net assets	-75.6	-
Goodwill	7.4	-

Consideration of €44.5 million represents 55.3% of KWH Pipe Ltd's determined fair value, which was estimated by applying an income approach and a market approach. The fair value measurement is based on significant inputs that are not observable in the market, which IFRS 13 Fair Value Measurement refers to as Level 3 inputs. Consideration represents also the fair value of transferred net assets of Uponor infrastructure business, thus the transferred net assets remain in their carrying amounts leading to a gain recognised directly equity. Further details are presented in the part changes in non-controlling interest. The non-controlling interest (44.7% ownership interest in KWH Pipe Ltd) recognised at the acquisition date was measured by reference to the fair value of non-controlling interest.

The goodwill of €7.4 million arising from the acquisition consists largely of the cost synergies and better capacity utilisation obtained through the combined infrastructure business of KWH Pipe and Uponor. None of the goodwill recognised is deductible for income tax purposes.

Acquisition related costs amounted to €3.5 million. They were included in administration expenses in the consolidated statement of comprehensive income as follows: €1.8 million for the year ended 31 December 2012 and €1.7 million for the reporting period ended 31 December 2013.

The KWH Pipe Ltd's infrastructure business included in to consolidated statement of comprehensive income since 1 July 2013 contributed net sales of €114.6 million and profit for the period of €-1.5 million. Had the KWH Pipe Ltd been consolidated from 1 January 2013, the impact on the consolidated statement of comprehensive income would have been €212.4 million in net sales and €-2.1 million in profit. The profit for the period impact is an estimate based on the available information and assumptions.

Prior to the acquisition of KWH Pipe Ltd, Uponor acquired KWH Pipe Ltd's domestic PEX pipe business in late June for an acquisition price of €3.8 million. Acquired identifiable net assets were €3.8 million, and this corresponds to the sales price. In the consolidated statement of comprehensive income, the impact on net sales and profit was minor. The acquired PEX pipe business is included in the Building Solutions - Europe segment.

M€	2013	2012
Cash flow effect		
Acquisition of the PEX pipe business	-3.8	-
Received in cash and cash equivalents from the acquisition of KWH Pipe Ltd	12.0	-
Cash flow effect	8.2	-

The Group did not have any acquisitions in 2012.

5. Changes in non-controlling interest

In connection with the acquisition of a 55.3% share in KWH Pipe Ltd, Uponor Corporation transferred 44.7% of its infrastructure business to KWH Group Ltd. The fair value of consideration transferred was €44.5 million, as described in the note 4 Business combinations. The book value of transferred net assets was €30.8 million and costs related to the transfer of non-controlling interest were €0.3 million. The transfer of non-controlling interest has been recorded directly in the equity according to IFRS. Its effect in retained earnings was a net gain of €13.4 million.

In March 2012, Uponor acquired the remaining 49.7% of the shares in Zent-Frenger Gesellschaft für Gebäudetechnik mbH. The cash consideration paid was €6.2 million. The acquisition of non-controlling interest has been recorded directly to equity according to IAS 27 and its effect in the retained earnings was -€3.3 million. The acquired net assets were €2.9 million.

6. Disposal of subsidiaries

The Group did not have any divestments in 2013.

Uponor closed the divestment of Hewing GmbH at the end of the first quarter 2012. The sales price of €11.9 million was received on 2 April 2012. This was later adjusted on the basis of the closing statement, ending up at €11.5 million. The net impact on the year 2012 result was immaterial.

M€	2013	2012
Book value of disposed assets		
Tangible assets	-	3.4
Intangible assets	-	0.1
Other non-current assets	-	0.3
Inventory	-	5.6
Accounts receivable and other receivables	-	6.9
Cash and cash equivalents	-	3.9
Total assets	-	20.2
Deferred tax liability		
Employee benefits and other liabilities	-	2.3
Provisions	-	0.5
Accounts payable and other current liabilities	-	5.9
Total liabilities	-	8.7
Net assets	-	11.5
Cash received from sales	-	11.5
Cash and cash equivalent disposed of	-	3.9
Cash flow effect	-	7.6

7. Other operating income and expenses

M€	2013	2012
Other operating income		
Gains from sales of fixed assets	0.3	0.2
Royalties	0.0	0.2
Other items	0.5	0.5
Total	0.8	0.9
Other operating expenses		
Losses from sales of fixed assets	0.9	0.1
Research and development expenses	17.7	15.9
Impairments	0.0	-
Other items	0.2	0.3
Total	18.8	16.3

Other operating expenses occur mostly from research and development activities.

8. Employee benefits

M€	2013	2012
Short-term employee benefits:		
- Salaries and bonuses	172.2	150.4
- Other social costs	29.7	24.9
Post-employment benefits:		
- Pension expenses - defined contribution plans	7.8	7.3
- Pension expenses - defined benefit plans	1.1	1.2
Other long-term employee benefits	0.0	0.0
Termination benefit expenses	0.8	0.5
Share based payments		
- Cash settled share-based payment transactions	-	0.2
- Equity settled share-based payment transactions	0.3	0.2
Total	211.9	184.7

Information on the management's employee benefits is presented in note 34 Related party transactions.

9. Depreciation and impairment

M€	2013	2012
Depreciation by asset category		
Intangible rights	5.2	4.8
Other intangible assets	0.3	0.0
Land and water areas	0.1	0.1
Buildings and structures	4.2	3.8
Machinery and equipment	19.2	16.4
Other tangible assets	4.0	3.1
Total	33.0	28.2
Depreciation by function		
Cost of goods sold	21.8	18.4
Dispatching and warehousing	1.4	1.2
Sales and marketing	1.9	1.7
Administration	6.9	6.1
Other	1.0	0.8
Total	33.0	28.2

No material impairments were made in the reporting period or the comparison period.

Notes to the consolidated financial statements

10. Financial income and expenses and currency exchange differences

M€	2013	2012
Financial income		
Dividend income on available-for-sale financial assets	**0.0**	0.0
Interest income from loans and other receivables	**0.4**	0.5
Interest income from interest rate swaps	**0.9**	0.6
Profit from financial assets and liabilities designated at fair value through profit and loss		
- foreign currency derivatives, not under hedge accounting	**18.6**	21.7
Exchange differences	**3.5**	4.0
Other financial income	**-**	0.2
Total	**23.4**	27.0
Financial expenses		
Interest expense for financial liabilities measured at amortised cost	**4.6**	5.6
Interest expense from interest rate swaps	**1.8**	1.2
Loss from financial assets and liabilities designated at fair value through profit and loss		
- foreign currency derivatives, not under hedge accounting	**17.3**	25.0
Exchange differences	**5.4**	2.6
Other financial costs	**1.4**	1.2
Total	**30.5**	35.6

In 2013 exchange rate gains and losses included in operating income and expenses total €2.5 million gain (€1.2 million gain). Interest expenses include the interest part of finance lease payments of €0.9 million (€0.9 million).

11. Income taxes

M€	2013	2012
Current year and previous years taxes		
For the financial period	**17.0**	15.1
For previous financial periods	**0.0**	-0.8
Change in deferred taxes	**-0.9**	2.2
Total	**16.1**	16.5
Tax reconciliation		
Profit before taxes	**43.2**	49.4
Computed tax at Finnish statutory rate	**10.6**	12.1
Difference between Finnish and foreign rates	**2.6**	2.9
Non-deductible expenses	**1.4**	2.3
Tax exempt income	**-0.4**	-0.2
Utilisation of previously unrecognised tax losses	**-0.1**	-0.8
Unrecognised deferred tax assets on losses	**2.2**	1.9
Change in tax legislation	**-0.1**	-0.7
Taxes from previous years	**0.0**	-0.8
Other items	**-0.1**	-0.2
Total	**16.1**	16.5
Effective tax rate, %	**37.3**	33.4

During the year 2013, the most significant change in the national tax legislation with an influence on Group companies was the decrease in the Finnish tax rate from 24.5 percent to 20 percent as of 1 January 2014. The valuation of deferred tax on 31 December 2013 in accordance with the new tax rate reduced the Group's taxes by €0.1 million. The effective tax rate in 2013 increased to 37.3 percent from the previous year's 33.4 percent. Unrecognised deferred tax asset from carry forward losses increased the Group's effective tax rate.

During the year 2012, the most significant change in the national tax legislation with an influence on Group companies was the decrease in the Swedish tax rate from 26.3 percent to 22 percent as of 1 January 2013. The valuation of deferred tax on 31 December 2012 in accordance with the new tax rate reduced the Group's taxes by €0.7 million.

In the beginning of 2012, Uponor Corporation and its subsidiary Uponor Business Solutions Oy paid € 15.0 million in taxes, surtaxes and penalties based on the taxation adjustment decisions made by the Finnish tax authority for the years 2005–2009. Uponor has appealed against the decisions and has placed the issue before the administrative court. The additional taxation and taxation adjustments are based on a tax audit for the years 2004–2007, performed in 2008. The dispute mainly pertains to market-based transfer pricing of the company's internal service charges. Further details are presented in the note 28 Commitments and contingent assets and liabilities.

Taxes relating to other comprehensive income

M€	2013	2012
Cash flow hedges		
Before taxes	**0.6**	-0.9
Tax effect	**-0.2**	0.2
Net of taxes	**0.5**	-0.7

12. Earnings per share

M€	2013	2012
Result from continuing operations	**27.1**	32.9
Result from discontinued operations	**-0.3**	-0.1
Profit for the period	**26.8**	32.8
Profit for the period attributable to equity holders of parent company	**27.8**	32.8
Shares, in thousands		
Weighted average number of shares*)	**73,067**	73,062
Diluted weighted average number of shares	**73,118**	73,093
Basic earnings per share, €	**0.38**	0.45
- Continuing operations	**0.38**	0.45
- Discontinued operations	**0.00**	0.00
Diluted earnings per share, €	**0.38**	0.45
- Continuing operations	**0.38**	0.45
- Discontinued operations	**0.00**	0.00

*) Weighted average number of shares does not include treasury shares.

13. Intangible assets

2013 M€	Intangible rights	Customer relationship value	Goodwill	Other intangible assets	Investment in progress	**Intangible assets**
Acquisition costs 1 Jan	57.2	-	75.6	0.5	-	**133.3**
Structural changes	5.5	2.4	7.4	0.6	-	**15.9**
Translation difference	-0.4	-	0.0	0.0	-	**-0.4**
Increases	0.8	-	-	0.1	0.1	**1.0**
Decreases	-0.1	-	0.0	-	-	**-0.1**
Transfers between items	0.0	-	-	0.2	0.5	**0.7**
Acquisition costs 31 Dec	63.0	2.4	83.0	1.4	0.6	**150.4**
Accumulated depreciations and impairments 1 Jan	38.6	-	0.7	0.3	-	**39.6**
Structural changes	2.2	-	-	0.6	-	**2.8**
Translation difference	-0.3	-	-	0.0	-	**-0.3**
Acc. depreciation on disposals and transfers	0.0	-	-	-	-	**0.0**
Depreciation for the financial period	5.2	0.2	-	0.1	-	**5.5**
Transfers between items	-0.2	-	-	0.2	-	**0.0**
Accumulated depreciations and impairments 31 Dec	45.5	0.2	0.7	1.2	-	**47.6**
Book value 31 December	17.5	2.2	82.3	0.2	0.6	**102.8**

2012 M€	Intangible rights	Customer relationship value	Goodwill	Other intangible assets	Investment in progress	Intangible assets
Acquisition costs 1 Jan	60.9	-	75.6	0.4	-	**136.9**
Structural changes	-5.1	-	-	-	-	**-5.1**
Translation difference	0.4	-	0.0	-	-	**0.4**
Increases	1.1	-	-	0.1	-	**1.2**
Decreases	-0.1	-	-	-	-	**-0.1**
Acquisition costs 31 Dec	57.2	-	75.6	0.5	-	**133.3**
Accumulated depreciations and impairments 1 Jan	38.6	-	0.7	0.3	-	**39.6**
Structural changes	-5.0	-	0.0	0.0	-	**-5.0**
Translation difference	0.3	-	-	-	-	**0.3**
Acc. depreciation on disposals and transfers	-0.1	-	-	-	-	**-0.1**
Depreciation for the financial period	4.8	-	-	0.0	-	**4.8**
Accumulated depreciations and impairments 31 Dec	38.6	-	0.7	0.3	-	**39.6**
Book value 31 December	18.6	-	74.9	0.2	-	**93.7**

According to the IFRS 3 standard, goodwill is not depreciated, but it is tested at least annually for any impairment. If unit's carrying value does not exceed goodwill amount, impairment is booked.

In 2013, increases in intangible rights include investments to ERP system and software. Customer relations value was identified in connection with the acquisitions of KWH Pipe Ltd's PEX pipe business and of KWH Pipe Ltd. Goodwill increased as a result of the acquisition of KWH Pipe Ltd, and it is allocated to Uponor Infra -segment. Structural changes are used for acquisitions and/or divestments. In 2013, there is presented acquisition of KWH Pipe Ltd.

In 2012 investments in intangible assets related almost entirely to the ERP system.

A majority of the Group's goodwill (€23.4 million) relates to the Uponor minority share acquired by Asko Oyj, which due to Oy Uponor Ab's merger with Asko Oy has been allocated to the current Uponor Corporation, and the acquired Unicor businesses (€43.2 million). This goodwill has been allocated between segments as follows: Building Solutions – Europe €65.4 (65.4) million and Uponor Infra €16.9 (9.5) million.

Impairment tests are carried out for each separate cash-generating unit. Cash flow forecasts related to goodwill cover a period of 5 years. Terminal value is calculated from the fifth year's cash flow. Cash flow forecasts are based on the strategic plans approved by the management. Key assumptions of the plans relate to growth and profitability development of the markets and the product and service offerings. A cash-generating unit's useful life has been assumed to be indefinite, since these units have been estimated to impact on the accrual of cash flows for an undetermined period. The discount rate used is based on the interest rate level reflecting the average yield requirement for the cash generating unit in question. The discount rate used was 10.4 (8.6) per cent for Building Solutions – Europe and 10.5 (8.6) per cent for Uponor Infra. The increase in the discount rate impacted mainly the increase in the industry specific market risk. The 2013 goodwill impairment tests indicated that there was not any need to make impairments.

A sensitivity analysis is performed for the following variables: sales, gross profit margin and discount rate. A 16 per cent sales reduction compared to the forecasted long-term levels would not expose the Group to any material impairment risk. A decrease of 5.2 percent in gross profit margin would not cause any impairment, provided that other business factors remained unchanged. A discount rate increase by ten (10) percent would not lead either to any impairment. Presented sensitivities relate to Uponor Infra segment, as its goodwill is more sensitive to the risk of impairment.

The Group does not have any capitalised development costs.

14. Property, plant and equipment

2013 M€	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction work in progress	**Tangible assets**
Acquisition costs 1 Jan	12.8	107.0	289.2	43.0	8.7	**460.7**
Structural changes	7.2	41.6	102.2	7.1	4.3	**162.4**
Translation difference	-0.7	-3.0	-10.0	-1.3	-0.4	**-15.4**
Increases	-	3.4	20.4	4.2	6.1	**34.1**
Decreases	-0.2	-2.3	-18.3	-0.6	-0.2	**-21.6**
Transfers between items	-0.1	-0.2	-2.9	0.6	-3.0	**-5.6**
Acquisition costs 31 Dec	19.0	146.5	380.6	53.0	15.5	**614.6**
Accumulated depreciations and impairments 1 Jan	2.0	64.4	211.2	30.7	-	**308.3**
Structural changes	-	23.4	81.5	5.2	-	**110.1**
Translation difference	0.1	-1.4	-7.8	-1.0	-	**-10.1**
Acc. depreciation on disposals and transfers	-	-0.4	-17.2	-0.6	-	**-18.2**
Depreciation for the financial period	0.0	4.2	19.2	4.0	-	**27.4**
Transfers between items	-	-	-4.9	0.1	-	**-4.8**
Impairments	0.0	0.0	0.1	0.0	-	**0.1**
Accumulated depreciations and impairments 31 Dec	2.1	90.2	282.1	38.4	-	**412.8**
Book value 31 December	16.9	56.3	98.5	14.6	15.5	**201.8**
Book value for production plant, machinery and equipment			88.6			

2012 M€	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction work in progress	**Tangible assets**
Acquisition costs 1 Jan	13.9	119.4	309.2	46.5	14.5	**503.5**
Structural changes	-1.2	-11.8	-37.2	-6.9	-1.8	**-58.9**
Translation difference	0.0	0.4	1.7	0.0	0.2	**2.3**
Increases	0.2	0.3	11.0	3.5	3.0	**18.0**
Decreases	-0.1	-1.4	-2.2	-0.5	0.0	**-4.2**
Transfers between items	-	0.1	6.7	0.4	-7.2	**0.0**
Acquisition costs 31 Dec	12.8	107.0	289.2	43.0	8.7	**460.7**
Accumulated depreciations and impairments 1 Jan	2.0	71.4	233.6	34.9	-	**341.9**
Structural changes	-0.1	-10.6	-37.9	-6.8	-	**-55.4**
Translation difference	-	0.4	1.1	0.0	-	**1.5**
Acc. depreciation on disposals and transfers	-	-0.6	-2.0	-0.5	-	**-3.1**
Depreciation for the financial period	0.1	3.8	16.4	3.1	-	**23.4**
Transfers between items	-	0.0	0.0	-	-	**0.0**
Accumulated depreciations and impairments 31 Dec	2.0	64.4	211.2	30.7	-	**308.3**
Book value 31 December	10.8	42.6	78.0	12.3	8.7	**152.4**
Book value for production plant, machinery and equipment			70.2			

In 2013 increases in tangible assets include an expansion to the manufacturing facility in Apple Valley, Minnesota in North America, completed towards the end of the year, and new technology investments in Building Solutions – Europe. The 2012 increases in machinery and equipment included capacity investments in North America and development of production processes in the European business.

Construction work in progress increased during 2013 by €6.8 million to €15.5 million at closing date due to the investments launched in Uponor Infra and Building Solutions - Europe.

Structural changes are used for acquisitions and/or divestments. In 2013, there is presented acquisitions of KWH Pipe Ltd's PEX pipe business and of KWH Pipe Ltd. In 2012 it included the sale of Hewing GmbH.

Tangible assets include property acquired under finance lease arrangements, as follows:

2013 M€	Land and water areas	Buildings and structures	Others	**Finance lease arrangements total**
Acquisition costs 1 Jan	1.1	14.0	0.2	**15.3**
Structural changes	-	0.8	-	**0.8**
Translation difference	-	0.0	0.0	**0.0**
Decreases	-0.2	-2.2	-0.1	**-2.5**
Transfers between items	-	-0.5	0.5	**0.0**
Acquisition costs 31 Dec	0.9	12.1	0.6	**13.6**
Accumulated depreciations and impairments 1 Jan	-	7.9	0.2	**8.1**
Structural changes	-	0.3	-	**0.3**
Translation difference	-	0.0	-0.1	**-0.1**
Acc. depreciation on disposals and transfers	-	-0.3	-0.1	**-0.4**
Depreciation for the financial period	-	0.5	0.1	**0.6**
Accumulated depreciations and impairments 31 Dec	-	8.4	0.1	**8.5**
Book value 31 December	0.9	3.7	0.5	**5.1**

2012 M€	Land and water areas	Buildings and structures	Others	**Finance lease arrangements total**
Acquisition costs 1 Jan	0.9	15.7	0.2	**16.8**
Structural changes	0.0	-1.7	0.0	**-1.7**
Increases	0.2	-	-	**0.2**
Decreases	-	-	0.0	**0.0**
Acquisition costs 31 Dec	1.1	14.0	0.2	**15.3**
Accumulated depreciations and impairments 1 Jan	-	9.1	0.1	**9.2**
Structural changes	-	-1.7	-	**-1.7**
Translation difference	-	0.0	0.0	**0.0**
Depreciation for the financial period	-	0.5	0.1	**0.6**
Accumulated depreciations and impairments 31 Dec	-	7.9	0.2	**8.1**
Book value 31 December	1.1	6.1	0.0	**7.2**

Structural changes relates to acquisitions and divestments.

15. Financial assets and liabilities by measurement category

2013 M€	Derivative contracts, under hedge accounting	Financial assets/ liabilities at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortised cost	**Carrying amounts by balance sheet item**	IFRS 7 Fair value hierarchy level	Note
Non-current financial assets								
Other shares and holdings				0.7		**0.7**		17
Non-current receivables			10.1			**10.1**		18
Current financial assets								
Accounts receivable and other receivables			143.9			**143.9**		20
Other derivative contracts	2.6	3.1				**5.7**	2, 3	31
Cash and cash equivalent			53.7			**53.7**		21
Carrying amount by category	2.6	3.1	207.7	0.7		**214.1**		
Non-current financial liabilities								
Interest-bearing liabilities					136.4	**136.4**		26
Electricity derivatives	0.7					**0.7**	1	31
Current financial liabilities								
Interest-bearing liabilities					14.2	**14.2**		26
Electricity derivatives	0.7					**0.7**	1	31
Other derivative contracts	3.2	1.3				**4.5**	2, 3	31
Accounts payable and other liabilities					79.2	**79.2**		27
Carrying amount by category	4.6	1.3			229.8	**235.7**		

2012 M€	Derivative contracts, under hedge accounting	Financial assets/ liabilities at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortised cost	**Carrying amounts by balance sheet item**	IFRS 7 Fair value hierarchy level	Note
Non-current financial assets								
Other shares and holdings				0.2		**0.2**		17
Non-current receivables			0.5			**0.5**		18
Current financial assets								
Accounts receivable and other receivables			120.1			**120.1**		20
Electricity derivatives	0.0					**0.0**	1	31
Other derivative contracts	1.0	0.8				**1.8**	2, 3	31
Cash and cash equivalent			17.7			**17.7**		21
Carrying amount by category	1.0	0.8	138.3	0.2		**140.3**		
Non-current financial liabilities								
Interest-bearing liabilities					107.6	**107.6**		26
Electricity derivatives	0.4					**0.4**	1	31
Current financial liabilities								
Interest-bearing liabilities					4.2	**4.2**		26
Electricity derivatives	0.3					**0.3**	1	31
Other derivative contracts	2.9	0.6				**3.5**	2, 3	31
Accounts payable and other liabilities					57.6	**57.6**		27
Carrying amount by category	3.6	0.6			169.4	**173.6**		

Notes to the consolidated financial statements

The carrying value of financial assets and liabilities is considered to correspond to their fair value. Group's financial instruments are classified according to IFRS 7 fair value hierarchies.

Uponor applies hierarchy as follows:

- The fair value of electricity derivatives are measured based on stock exchange prices. (Hierarchy 1)
- The fair value of currency forward agreements are measured based on price information from common markets and commonly used valuation methods. (Hierarchy 2)
- The fair value of currency options are measured according to fair value calculations made by financial institutions (Hierarchy 3). The fair value of currency options at the valuation day is immaterial.

16. Investment in associated companies

M€	**2013**	2012
Acquisition costs 1 Jan	**0.1**	0.0
Share of result in associated companies	**0.1**	0.3
Increases	**-**	0.0
Decreases	**-0.2**	-0.2
Translation difference	**0.0**	0.0
Book value 31 Dec	**0.0**	0.1

The Group has two German associated companies: Punitec GmbH and Punitec Verwaltungs GmbH, whose book value is insignificant. From 2013 result Punitec GmbH paid dividend of €0.2 (0.2) million to Uponor. The Group has also a joint venture Uponor Middle East. Its book value is €0.0 (0.1) million.

17. Other shares and holdings

M€	**2013**	2012
Other non-current investments	**0.7**	0.2
Total	**0.7**	0.2

Other non-current investments include other unlisted shares accounted for at cost, since it was not possible to determine their fair value reliably.

18. Non-current receivables

M€	**2013**	2012
Other loan receivables	**0.2**	0.2
Other receivables	**9.9**	0.3
Total	**10.1**	0.5

Other non-current receivable includes the tax receivable of €9.6 million related to the unresolved Finnish tax dispute. Further information is disclosed in the note 28 Commitments and contingent assets and liabilities.

19. Inventories

M€	**2013**	2012
Raw materials and consumables	**21.3**	8.4
Finished products / goods	**81.5**	53.9
Semifinished products	**12.6**	16.4
Total	**115.4**	78.7

Based on the FIFO principle, inventories are valued at the lower of cost or net realisable value. During the year, inventories were scrapped or written down by €1.0 (1.1) million.

20. Accounts receivable and other receivables

M€	**2013**	2012
Accounts receivable	**126.7**	107.3
Current income tax receivables	**4.5**	15.1
Prepayments and accrued income	**6.8**	4.6
Derivative contracts	**5.4**	1.8
Other receivable	**17.2**	12.8
Total	**160.6**	141.6

According to the Group's assessment, the carrying value of non-interest-bearing current receivables,
except for commodity contracts receivable, is considered to correspond with their fair value.

The Group booked a €1.3 (0.5) million impairment to accounts receivable as expenses during the financial period. The increase comes from an impairment to trade receivables from the mining company Talvivaara Sotkamo Oy. The Group is unaware of any factors which would cause possible additional impairments.

Aging of accounts receivable is as presented in note 30 Financial risk management.

M€	**2013**	2012
Accrued income		
Taxes	**1.6**	2.0
Interest	**0.1**	0.1
Other	**5.1**	2.5
Total	**6.8**	4.6

21. Cash and cash equivalents

M€	2013	2012
Cash and bank deposits	**31.9**	13.3
Other short-term investments (1–3 months)	**21.8**	4.4
Total	**53.7**	17.7

22. Shareholders' equity

During 2013, Uponor Corporation's share capital remained unchanged at 146,446,888 euros and the number of shares totalled 73,206,944. Each share entitles its holder to one vote at the shareholders' meeting. The share does not have any nominal value. Additionally, it does not have any minimum or maximum share capital. All shares issued have been paid in full.

At the beginning of 2013 the company held 140,378 treasury shares with a value of €1.0 million, there were no changes in the treasury shares amount during the year. The treasury shares were reacquired during the period 17 Nov.–5 Dec. 2008. The justification for the buy-back was the use of shares as consideration in connection with the company's share-based incentive schemes. Treasury shares are presented as a reduction in retained earnings and do not have any asset value in the financial statements.

Reserve for invested unrestricted equity includes investments complying with the Limited Liability Companies Act. Hedge reserve is used for recording the changes in fair value of derivative contracts under hedge accounting. At present, other reserves include statutory legal reserves.

23. Deferred taxes

M€	2013	2012
Deferred tax assets		
Internal profit in inventory	**0.6**	0.5
Provisions	**4.8**	5.4
Unused tax losses	**1.2**	0.5
Tangible assets	**1.1**	0.1
Employee benefits	**2.4**	1.7
Fair valuation of available-for-sale investments and financial instruments	**0.4**	0.3
Other temporary differences	**5.4**	6.0
Total	**15.9**	14.5

M€	2013	2012
Deferred tax liabilities		
Accumulated depreciation difference and untaxed reserve	**7.2**	5.7
Tangible assets	**0.2**	0.4
Fair valuation of available-for-sale investments and financial instruments	**0.2**	0.1
Other temporary differences	**8.1**	8.6
Total	**15.7**	14.8

The Group has recognised a deferred tax asset for its net operating loss carry-forwards, which can probably be utilised against future profits in the relevant tax jurisdictions. On 31 December 2013, the Group carried forward losses of €4.6 (2.0) million, for which the Group has a recognised deferred tax asset. Losses of €2.5 million will expire in 2014. In 2013, there is a €15.9 (6.0) million of loss carry-forwards for which deferred tax asset recognition has not been made due to uncertainty about the utilisation of these loss carry-forwards.

The Group does not provide for deferred taxes on the undistributed earnings of non-Finnish subsidiaries, to the extent that such earnings are intended to be permanently reinvested in those operations and repatriation would cause tax expenses.

24. Employee benefit obligations

As of 1 January 2013, the Group adopted the revised IAS 19 Employee Benefits standard. The impacts are presented in section applied new and revised standards and interpretations.

The Group has a number of pension plans covering its operations, complying with each country's local rules and regulations. Moreover, the Group applies defined contribution and defined benefit pension plans. Pensions are based on actuarial calculations or actual payments to insurance companies. Independent authorised actuaries have prepared the actuarial calculations. The discount rate for actuarial calculations is determined by the reference to market yields of high-quality corporate bonds or government bonds. Used discount rate is the same inside currency areas. Pension benefits are normally based on the number of working years and salary. Most defined benefit plans are located in Germany, Sweden and Canada, constituting around 96 (94) % of the defined benefit pension liability in the Group's balance sheet. Defined benefit plans in Germany and Sweden are unfunded and relate to pensions. These plans are closed for new entrants. Pensions are accrued nowadays according to defined contribution plans. In Canada, defined benefit plans relate to pensions and post-employment medical and life insurance benefits. Defined benefit pension plan is funded. In Finland, pensions are handled in accordance with the TyEL system, a defined contribution pension plan.

Notes to the consolidated financial statements

M€	2013	2012
Post-employment benefit obligations:		
- Defined benefit plans	**23.0**	19.7
Other long-term employee benefit liability	**2.1**	2.6
Total	**25.1**	22.3

Defined benefit obligations

M€	2013	2012
Reconciliation of assets and liabilities recognised in the balance sheet		
Defined benefit obligation	**31.5**	20.0
Fair value of plan assets	**-8.5**	-0.3
Net liability in the balance sheet	**23.0**	19.7
Expenses recognised in the income statement		
Service costs	**0.3**	0.2
Net interest costs	**0.8**	0.7
Total	**1.1**	0.9
Expenses recognised in the income statement by function		
Cost of goods sold	**0.2**	-0.2
Dispatching and warehousing	**0.2**	0.2
Sales and marketing	**0.5**	0.5
Administration	**0.2**	0.3
Other	**0.0**	0.1
Total	**1.1**	0.9
Movements in obligation		
Obligation at 1 January	**20.0**	19.6
Acquisition of businesses	**11.9**	-
Sale of businesses	**-**	-1.1
Service cost	**0.3**	0.2
Interest expense	**1.0**	0.8
Remeasurements	**0.7**	1.0
Member contributions	**0.0**	0.0
Conversion difference	**-1.0**	0.4
Benefit payments	**-1.4**	-0.9
Obligation at 31 December	**31.5**	20.0

M€	2013	2012
Movements in fair value of plan assets		
Fair value of plan assets at 1 Jan	**0.3**	0.4
Acquisition of businesses	**8.0**	-
Interest income	**0.2**	0.0
Remeasurements	**0.6**	-0.2
Contributions by employer	**1.2**	1.0
Member contributions	**0.0**	0.0
Conversion difference	**-0.4**	0.0
Benefit payments	**-1.4**	-0.9
Fair value of plan assets at 31 Dec	**8.5**	0.3

Major categories of plan assets, fair values and % of total plan assets

	2013		2012	
M€	Fair value	%	Fair value	%
Equity instruments	4.9	57.2	-	0
Debt instruments	3.2	38.1	-	0
Assets held by insurance company	0.4	4.6	0.3	100
Total	8.5	100.0	0.3	100

	Germany		Sweden		Canada	Others	
	2013	2012	2013	2012	2013	2013	2012
Defined benefit obligation	**10.3**	9.9	**7.9**	8.7	**12.1**	**1.2**	1.4
Fair value of plan assets	**0.0**	0.0	**0.0**	0.0	**8.1**	**0.4**	0.3
Net liability (asset)	**10.3**	9.9	**7.9**	8.7	**4.0**	**0.8**	1.1

Principal actuarial assumptions

	Germany		Sweden		Canada	Others	
	2013	2012	2013	2012	2013	2013	2012
Discount rate (%)	**3.5**	3.75	**4.0**	3.5	**5.0**	**3.5–4.0**	2.25–3.75
Expected rate of salary increase (%)	**3.0**	n/a	**n/a**	n/a	**3.0**	**3.0–3.5**	3.0–3.5
Expected rate of pension increase (%)	**2.0**	2.0	**2.0**	2.0	**n/a**	**0.1–2.0**	0.1–2.0

Sensitivity analysis of discount rate	Effect on amount of liability
Increase of 0.5%	Decrease of 6% on average
Decrease of 0.5%	Increase of 6% on average

The Group expects to contribute €1.4 (0.5) million to its defined benefit pension plans in 2014.

The following table shows maturity of expected benefit payments:

Maturity of benefit payments	2014	2015	2016	2017	2018	2019 –
Expected benefit payments	1.2	0.7	0.8	0.8	0.8	5.9

25. Provisions

M€	Guarantee and warranty obligations	Environmental obligations	Restructuring	Other provisions	Total
Provisions at 1 Jan 2013	6.3	4.0	0.5	9.8	20.6
Structural changes	0.6	-	-	0.2	0.8
Conversion difference	-0.3	-	0.0	-0.3	-0.6
Additional provisions	1.9	0.0	3.7	1.0	6.6
Utilised provisions	-2.0	-0.7	-0.4	-1.9	-5.0
Unused amounts reversed	-	-	-	-0.3	-0.3
Provisions at 31 Dec 2013	6.5	3.3	3.8	8.5	22.1
Current provisions	5.7	0.4	3.8	7.6	17.6
Non-current provisions	0.8	2.9	-	0.9	4.5
Total	6.5	3.3	3.8	8.5	22.1

Warranty provisions amounted to €6.5 (6.3) million at the end of the period. Warranty provisions are based on the previous years' experience of defective goods. The aim is to be prepared for future warranty expenses. Warranty periods vary from country to country, depending on local legislation and commercial practices. Other provisions include €6.0 million in provision for certain claim issues which date back to and concern an already discontinued system brand. The increase in restructuring provision relates mainly to the reorganisations of Uponor Infra in the Nordic countries.

At period end, the environmental provision relating mainly to the divested Finnish real estate business in 2004 was €3.3 (4.0) million. During 2014 €0.4 (0.6) million of these provisions is expected to be realised.

26. Interest-bearing liabilities

M€	2013	2012
Non-current interest bearing liabilities		
Bonds	**99.9**	99.8
Loans from financial institutions	**28.9**	-
Finance lease liabilities	**7.6**	7.8
Total	**136.4**	107.6
Current interest-bearing liabilities		
Commercial papers	**-**	0.0
Loans from financial institutions	**13.5**	1.3
Finance lease liabilities	**0.7**	2.9
Total	**14.2**	4.2

M€	2015	2016	2017	2018	2019–
Maturity of non-current interest bearing liabilities					
Bonds	-0.1	20.0	0.0	80.0	0.0
Loans from financial institutions	6.0	6.0	6.0	10.9	0.0
Finance lease agreements	0.6	0.7	0.7	0.8	4.8
Total	6.5	26.7	6.7	91.7	4.8

	2013	2012
The interest rate ranges of interest-bearing liabilities, % pa		
Loans from financial institutions	**1.974–7.00**	0.60
Bonds*)	**2.137–2.437**	2.068–2.368

*) The Group has entered into an interest rate swap to fix half of the bond interest until June 2018.

The Group raised a long term five-year bilateral loan of €35 million in 2013. The loan was related to the joint venture company, Uponor Infra Ltd, formed together with KWH Group. Uponor has two bonds totalling €100 million, issued in 2011. The amount of the five-year floating-rate loan totals €20 million and the amount of the seven-year floating-rate loan €80 million. They have bullet repayment structure maturing in 2016 and 2018. €50 million of the bonds' nominal value is hedged with fixed rate interest rate swaps. The transaction costs of the bonds have been netted to the bond.

At the end of the year, the Group did not have any outstanding commercial papers.

M€	2013	2012
Finance lease liabilities		
Minimum lease payments		
In less than one year	**1.3**	3.7
1–5 years	**5.0**	4.8
Over 5 years	**5.6**	6.5
Total	**11.9**	15.0
Future finance charges	**3.6**	4.4
Finance lease liabilities - the present value of minimum lease payments	**8.3**	10.6
The present value of minimum lease payments		
In less than one year	**0.7**	2.9
1–5 years	**2.8**	2.4
Over 5 years	**4.8**	5.3
Total	**8.3**	10.6

The Group's finance lease agreements are mainly related to office, factory and warehouse premises. On 31 December 2013, the total amount of capitalised costs for finance lease agreements in the Group was €4.8 (7.2) million, which was included in the balance sheet under property, plant and equipment. The corresponding depreciation in 2013 were € 0.5 (0.6) million. The total amount of finance lease payments in 2013 was €1.6 (1.5) million, which included €0.9 (0.9) million of interest expenses.

The most significant leasing liability is the finance lease agreement signed in connection with the purchase of the German Unicor business in 1999. In 2013, the Group did not enter into any significant new finance lease agreements.

27. Accounts payable and other liabilities

M€	2013	2012
Accounts payable	**61.1**	43.3
Current income tax liability	**2.5**	2.9
Accrued liabilities	**69.3**	57.6
Advances received	**2.8**	0.3
Derivative contracts	**5.3**	3.8
Other current liabilities	**18.1**	14.3
Total	**159.1**	122.2
Accrued liabilities		
Personnel expenses	**21.3**	12.2
Bonuses	**15.5**	15.8
Taxes	**1.2**	1.9
Interest	**0.7**	0.4
Others	**30.6**	27.3
Total	**69.3**	57.6

28. Commitments and contingent assets and liabilities

M€	2013	2012
Commitments of purchase PPE (Property, plant, equipment)	**3.3**	0.6
Other commitments	**1.5**	0.9
- on own behalf		
Pledges at book value	**0.4**	0.0
Mortgages issued	**9.4**	0.1
Guarantees issued	**6.1**	-
- on behalf of a subsidiary		
Pledges at book value	**0.0**	-
Guarantees issued	**19.4**	16.1
- on behalf of others		
Guarantees issued	**-**	7.0

Letter of Comfort commitments undertaken on behalf of subsidiaries are not included in the above figures.

	2013	2012
Pledges at book value	**0.4**	0.0
Mortgages issued	**9.4**	0.1
Guarantees issued	**25.6**	23.1
Total	**35.4**	23.2

Contingent liabilities are presented in accordance with the best estimate of the amount of liability. The Group has entered into agreements with third parties to provide them with financial or performance assurance services. The maximum amounts of future payments on behalf of others under these guarantees are disclosed under "Guarantees issued – on behalf of others".

Uponor Corporation's subsidiary in Spain, Uponor Hispania, SA, had a tax audit in December 2011–May 2012, covering financial years 2006 and 2007. As a result of the audit, the tax authority claims €3.9 million in taxes, delay interest and penalties from Uponor Hispania. The claim mainly relates to the tax deductibility of certain costs such as services rendered by Uponor Group and advertising. Uponor Hispania disagrees with the assessment of the tax authority and has appealed the case. While the appeal is being handled, Uponor Hispania, SA has provided a bank guarantee of €2.9 million covering the tax amount and delay interests due to the Spanish tax authority. The bank guarantee given is included in Guarantees on behalf of a subsidiary given by parent company.

In the beginning of 2012, Uponor Corporation and its subsidiary Uponor Business Solutions Oy paid €15.0 million in taxes, surtaxes and penalties based on the taxation adjustment decisions made by the Finnish tax authority for the years 2005–2009. The additional taxation and taxation adjustments are based on a tax audit for the years 2004–2007. The dispute mainly pertains to market-based transfer pricing of the company's internal service charges. Uponor appealed against the decisions and filed a request for rec-

tification to the Board of Adjustment. The Board of Adjustment rejected Uponor Business Solutions Oy's appeal in April 2013 and, for the most part, also Uponor Corporation's appeal in June 2013. On July 2013, Uponor placed the issue before the administrative court and applied for rectification of the Board of Adjustment's ruling. Uponor will also start a process to avoid possible double taxation. The surtaxes (€1.9 million) and the interest on delayed payments (€3.3 million) were recorded as expenses in 2011. The paid taxes (€9.8 million) relating to an increase in taxable income were booked as receivables from the tax authority in 2012. Tax authority returned €0.3 million to Uponor Corporation in June 2013; thus the tax receivable decreased to €9.6 million. The tax receivable is transferred to non-current receivables, as the process can last years. If Uponor, against expectations, should fail to get the appeal approved, the surtaxes and interests would remain as the company's loss. If the appeal would be approved, the surtaxes and interests would be returned to the company.

Uponor is involved several judicial proceedings, in various countries. The Group believes at the moment that the outcome of these disputes will not have a material effect on the Group's result or financial position.

29. Operating lease commitments

M€	2013	2012
Future minimum lease payments		
In less than one year	**12.2**	13.0
1–5 years	**18.6**	20.9
Over 5 years	**4.5**	6.3
Total	**35.3**	40.2

The Group has rented office and warehouse premises under various agreements. In addition, rental agreements, which do not constitute finance lease agreements, are classified as other rental agreements. The rents of operative leasing commitments are booked as expenses during the maturity period.

30. Financial risk management

Financial risk management aims to ensure Uponor Group's sufficient liquidity in a cost-efficient manner and to minimise any adverse effects on the Group's financial performance caused by uncertainties in the financial markets. The general operating principles of financial risk management are defined in the Group Treasury Finance Policy, approved by the Board.

At practical level Group's Treasury activities are governed by Treasury Committee. Treasury Committee is chaired by the Group's President and CEO, and its other members are the Group CFO and Vice President Treasury and Risk Management. The Treasury Committee is responsible for steering and supervising practical financial risk management. For the purposes of risk management, Uponor uses only such financial instruments whose market value and risk profile can be monitored reliably and continuously. Hedging transactions related to, for instance foreign currency, interest rate, liquidity and counterparty risks, are carried out in accordance with the Group Hedging Policy.

The management of financial risk is centralised into parent company and Group Treasury which also operates as the Group's internal bank. Group Treasury's financial risk management duties include identifying, assessing and covering the Group's financial risks. The Treasury is also responsible for external market transactions related to financial assets and risk management. Providing Group companies with consultation and services within financing belongs to the scope of Group Treasury as well.

Currency risk

Due to its international operations, the Group is exposed to currency risks arising from, for instance, currency-denominated accounts receivable and payable, intra-Group transactions, currency-denominated financing, deposits and bank account balances. According to the Group hedging policy, subsidiaries hedge all relevant transaction risks with the Group Treasury, using internal forward transactions. Group Treasury is responsible for assessing net positions and hedging them in external currency markets. Currency forward agreements and options are main instruments used in external hedging. The maximum duration of used foreign exchange contracts is one year.

A rule in intra-Group trade is that the production units invoice the sales units in the sales units' local currency. This enables the concentration of the currency risks into the production units, which have better resources for managing currency risks together with the Group Treasury. Currency risks in internal trade arise mainly from the sales from the production units in Germany, Sweden, the United States and Finland, in currencies other than seller units' home currency.

Subsidiaries forecast their foreign currency cash flows monthly for the following 12 month period. In accordance with the Group hedging policy, they hedge, in a rolling manner: a minimum of 80% of the monthly net cash flow in foreign currency of the first 1–3 month period, at least 50% of the next 4–6 month period, and at least 30% of the following 7–9 month period. In addition to the euro, other main invoicing currencies are US dollar (USD), Swedish krona (SEK), Canadian dollar (CAD) and Danish krona (DKK). On 31 December 2013, these currencies accounted for approximately 40 percent of the Group's external accounts receivable. Costs arising from the Group's own production in the United States and Sweden are used as natural hedges against sales in the mentioned currencies.

Group's currency risk position at 31 Dec 2013

M€	EUR USD	EUR SEK	USD CAD	EUR CAD	EUR DKK	Total
Gross exposure	-11.7	10.4	0.9	10.0	7.1	16.7
Hedged	0.7	-46.8	15.5	-16.2	6.3	-40.5
Net exposure	-11.0	-36.4	16.4	-6.2	13.4	-23.8

Sensitivity analysis (+/- 10%)

M€	EUR SEK	EUR USD	NOK SEK	USD CAD	DKK SEK	Total
Income statement	0.0	0.0	1.6	0.6	1.3	3.5
Equity (translation differences)	1.1	3.7				4.8

Group's currency risk position at 31 Dec 2012

M€	EUR SEK	EUR USD	NOK SEK	USD CAD	DKK SEK	Total
Gross exposure	-3.2	-13.1	0.7	0.0	0.8	-14.8
Hedged	-84.0	0.1	-9.1	11.1	-7.6	-89.5
Net exposure	-87.2	-13.0	-8.4	11.1	-6.8	-104.3

Sensitivity analysis (+/- 10%)

M€	EUR SEK	EUR USD	NOK SEK	USD CAD	DKK SEK	Total
Income statement	-0.5	0.2	0.8	-1.1	0.7	0.1
Equity (translation differences)	9.2	1.1				10.3

The exposure presented includes only financial instruments as defined by IFRS 7. An exposure is a net of all the financial assets and liabilities nominated in foreign currencies outstanding on the balance sheet date. The exposure does not include any internal loans designated as net investments in foreign operations or any forecasted sales and purchases that are not yet on the balance sheet. The presented foreign exchange risk sensitivity analysis illustrates the impact of a 10 percent change in exchange rates on the income statement and on the balance sheet in euro.

Translational risks arise when the currency denominated assets and liabilities of subsidiaries located outside the euro area are exposed to currency fluctuations and these assets and liabilities are translated into the parent company's reporting currency, the euro. The most important balance sheet items in foreign currency are in the United States (USD) and Sweden (SEK). Translational risk affects the reported profit and key ratios through changes in the balance sheet, but not the cash flow. A 10 percent change in the euro against the Swedish krona and the US dollar would have resulted in a translation difference of €4.8 million before taxes in equity. According to the Group hedging policy, such non-euro denominated balance sheet items are not hedged, with the exception of non-euro denominated internal loans which are hedged in full. In addition, hedge accounting is applied to certain hedges on internal loans defined as net investments by the Group's Treasury Committee. Thereby, the fair value changes in these loans and loan hedges will not have an effect on the profit, but will be recognised in the equity to the extent that the hedge is effective.

Interest rate risk

Interest rate risk arises when changes in market interest rates influence financing costs, returns on financial investments and valuation of interest-bearing balance sheet items. Group Treasury is responsible for managing interest rate risks within the framework specified by Group Treasury policy, with the aim of balancing the interest rate position and optimising interest rate risks.

In order to manage interest rate risks, Uponor Group's funding is executed by using both fixed and floating interest rate loans and financial instruments. The duration of the interest rate position is managed by choosing loans with different interest rate periods. Different derivative instruments, such as interest rate swaps, forward rate agreements and interest rate options can also be used. Group Treasury is also responsible for matching external financial items and the duration of balance sheet items funded by such items. Short-term money market investments expose the Group to cash flow interest rate risks, but the overall impact of such investments is insignificant.

Financial instruments' sensitivity to fluctuations in market interest rates, as stated in the standard IFRS 7, is as follows: the impact of an interest rate increase or decrease of one percent is -/+ €0.4 million (-/+ €0.3 million) to the income statement and +/- €1.9 million to shareholders' equity (+/- €1.0 million). The impact is calculated before taxes. The interest position impacting income statement consists of floating rate interest-bearing financial liabilities and assets. The impact to shareholders' equity results from the fair value change of the interest rate swap under cash flow hedge accounting.

Liquidity and refinancing risk

Liquidity and refinancing risk arises when a company is not able to arrange funding at reasonable terms and conditions, or at all. Uponor seeks to ensure availability and flexibility of financing through a balanced distribution of loan maturities, utilisation of various types of funding, multiple sources and by maintaining adequate credit limit reserves. The Group's liquidity is managed through efficient cash management and by investing solely in low-risk instruments, that can be liquidated rapidly and at a clear market price.

Group Treasury is responsible for the co-ordination of Group funding through the parent company. In exceptional cases, mainly for practical or legal reasons, Group Treasury can establish local working capital credit lines or loan structures in the name of a subsidiary, guaranteed by the parent company.

The most significant existing funding programmes on 31 December 2013 included:

- Bond €80 million maturing in 2018
- Bond €20 million maturing in 2016
- Several committed bilateral revolving credit facilities totalling €190 million and maturing in 2015.

None of the committed bilateral revolving credit facilities were used during the reporting period. The majority of the revolving credit facilities is being planned to be renegotiated and extended during the first half of 2014.

In addition, the Group has a domestic commercial paper programme totalling €150 million, none of which was used at the end of the reporting period.

At the end of the reporting period, the Group had a total of €53.7 (17.7) million in cash and cash equivalents.

Contractual maturity of financial liabilities at 31 Dec 2013

M€	2014	2015	2016	2017	2018–
Bonds	2.4	2.7	23.0	3.1	81.7
Loans from financial institutions	10.6	6.5	6.4	6.3	14.2
Finance lease liabilities	1.3	1.3	1.2	1.2	6.9
Bank overdrafts in use	0.7				
Accounts payable	61.1				
Derivative contracts					
Foreign currency derivatives					
- cash outflow	230.2				
- cash inflow	232.5				
Interest derivatives	0.6	0.5	0.3	0.2	0.0
Electricity derivatives	0.7	0.3	0.2	0.2	

Contractual maturity of financial liabilities at 31 Dec 2012

M€	2013	2014	2015	2016	2017–
Bonds	2.4	2.4	2.8	22.8	84.2
Finance lease liabilities	3.7	1.3	1.2	1.1	7.7
Bank overdrafts in use	1.3				
Accounts payable	43.3				
Guarantees issued on behalf of others	3.1	1.7	0.6	0.7	0.9
Derivative contracts					
Foreign currency derivatives					
- cash outflow	222.4				
- cash inflow	221.6				
Interest derivatives	1.1	1.0	0.4		
Electricity derivatives	0.3	0.2	0.1	0.1	0.0

Counterparty and credit risk

The counterparty risk related to financial instruments has been defined as the risk of the counterparty being unable or unwilling to fulfil its contractual obligations.

In order to minimise counterparty risks, the Group invests its cash reserves and makes derivative contracts using only counterparties who meet the Group's criteria for creditworthiness. The Group did not suffer any significant credit losses in its normal business operations during the financial year. The maximum counterparty risk is the book value of financial assets on 31 December 2013.

Potential concentrations of credit risk with respect to trade and other receivables are limited due to the large number and geographic dispersion of companies that comprise the Group's customer base. Customer credit limits are established and constantly monitored, and the evaluation of customers' financial conditions is performed on an ongoing basis. Trade receivables are credit insured when applicable. The Group recorded a €1.3 (0.5) million impairment to accounts receivable in 2013. The increase comes from an impairment to trade receivables from the mining company Talvivaara Sotkamo Oy.

M€	**2013**	2012
The aging of accounts receivable		
Undue	**87.7**	73.7
Due 1–30 days	**25.5**	26.2
Due 31–60 days	**6.8**	2.2
Due 61–90 days	**1.7**	0.7
Due over 90 days	**5.0**	4.5
Total	**126.7**	107.3

Price risk

In its business operations, the Group is exposed to raw material price risks including materials like plastics, aluminium, copper, zinc as well as electricity price risks. Such price risks are managed through long-term fixed-price supply contracts, whenever financially feasible. As far as the metals price risk is concerned, LME-based (London Metal Exchange) financial instruments are used to supplement fixed-price contracts. Hedge accounting is not applied to metals hedging via financial instruments.

Group Treasury is responsible for managing electricity price risks at the Nordic level within the framework defined in the Group hedging policy. The hedging level based on this policy provides a 70–100 per cent cover for the coming 12 months and 25–80 per cent for the following 12 months. Hedging targets are achieved mainly by using financial electricity derivative contracts. The Group applies hedge accounting to the electricity derivatives.

The table below presents the sensitivity of open electricity derivatives to fluctuations in electricity prices should the market price of electricity increase or decrease by 10 percent, while other factors are expected to remain unchanged. These figures are calculated before taxes. Electricity derivatives recorded at fair value affect the profit and loss statement. Any changes in the value of electricity derivatives that meet the criteria for hedge accounting as set forth in IAS 39 have an impact on shareholders' equity.

M€	**2013**	2012
Change in shareholders' equity	**+/- 0.5**	+/- 0.6

Notes to the consolidated financial statements

31. Derivative contracts and hedge accounting

M€	2013	2012
Nominal value		
Interest derivatives:		
Interest rate swaps	**170.0**	50.0
Foreign currency derivatives:		
Forward agreements		
- not under hedge accounting	**157.1**	101.9
- under hedge accounting	**93.6**	141.3
Currency options, bought	**9.9**	10.8
Currency options, sold	**9.9**	10.8
Commodity derivatives:		
Forward agreements		
- under hedge accounting	**7.2**	6.5

M€	2013			2012		
	Positive fair value	**Negative fair value**	**Net fair value**	Positive fair value	Negative fair value	Net fair value
Fair value						
Interest derivatives:						
Interest rate swaps	**2.2**	**-3.7**	**-1.5**	0.0	-2.5	-2.5
Foreign currency derivatives:						
Forward agreements						
- not under hedge accounting	**2.0**	**-0.6**	**1.5**	0.7	-0.6	0.1
- under hedge accounting	**1.1**	**-0.2**	**0.7**	1.0	-0.4	0.6
Currency options, bought	**0.4**	**-**	**0.4**	0.1	-	0.1
Currency options, sold	**-**	**0.0**	**0.0**	-	0.0	0.0
Electricity derivatives						
- under hedge accounting	**-**	**-1.4**	**-1.4**	0.0	-0.7	-0.7

Changes in the fair values of electricity and interest rate derivatives designated as cash flow hedges are recognised in hedge reserve in equity to the extent that the hedge is effective.

Fair value movement loss of € 0.4million (loss of €0.2 million) was entered into hedge reserve during the financial period. The impact of the ineffective portion on the profit for the financial period was a loss of €0.3 million (a loss of €0.1 million). A loss of €0.1 million in electricity derivatives (a loss of €0.1 million) was removed from hedge reserve and recorded in the consolidated statement of comprehensive income during the financial period, in costs of goods sold.

From interest rate derivatives a fair value movement loss of €0.8 million (loss of €0.6 million) was entered into hedge reserve during the financial period. The tax impact has been taken into account in the amount. No ineffectiveness has been booked.

32. Capital management

The purpose of the Group's capital management is to create an efficient capital structure in order to ensure normal operational preconditions and growth opportunities and, thereby, to increase long-term shareholder return.

In addition to investment decisions, dividend distribution is a key factor affecting the capital structure. The Group's long-term goal is to pay an annually growing basic dividend which represents at least 50 percent of annual earnings per share.

The Group's capital structure developments are monitored by means of gearing. Gearing is calculated by dividing net interest-bearing liabilities by total equity. Net interest-bearing liabilities include interest bearing liabilities less cash and cash equivalents. The Group's target is to keep its gearing between 30 and 70 percent across quarters. In 2013, gearing average was 57.9 (64.6) percent.

M€	2013	2012
Interest-bearing liabilities	**150.6**	111.8
Cash and cash equivalent	**53.7**	17.7
Net interest-bearing liabilities	**96.9**	94.1
Total equity	**287.7**	207.3
Gearing, %	**33.7**	45.4
Gearing across quarters, %	**57.9**	64.6

Group's financial agreements include typical covenant clauses regarding the gearing and interest cover ratio. The realised ratio levels have clearly fulfilled the covenant clauses.

33. Management incentive scheme and share based payments

In 2013, the long-term share-based incentive plan established in 2012 for the years 2012–2014 was complemented with the new plan covering the years 2013–2015. The terms are the same as described below. The maximum value of the shares awarded based on the share investment corresponds with approximately 13,000 shares and the maximum value of performance shares to be delivered corresponds with 260,000 shares.

The Board of Directors of Uponor Corporation approved on 2 March 2012 the establishment of a long-term share-based incentive plan for a maximum of twelve members of the Group's key management. The plan covers the years 2012–2014. Each participant in the incentive plan invests in

Uponor shares within the pre-determined minimum and maximum limits of the plan. The reward in the Plan 2012–2014 consists of the following parts:

1) The matching share incentive based on the investment with a three year vesting period.
2) A performance share plan that depends on the company's earnings performance over a three-year performance period.

The maximum value of the total amount of shares awarded based on the share investment corresponds with less than 20,000 shares and the maximum value of performance shares to be delivered corresponds with 370,000 shares. Both the matching shares and performance shares will be restricted by a one year restriction period after the share delivery, during which the delivered shares may not be transferred.

The management incentive scheme impact on the Group's operating profit is €0.9 (0.4) million, on equity it is €0.3 (0.2) million and the liability reserved for paying any related income taxes for scheme participants is €0.8 (0.2) million.

34. Related party transactions

Uponor Group's related parties include subsidiaries and associates as well as Board members, the managing director, his deputy and Executive Committee members.

The related party transactions disclosed consist of transactions carried out with related parties that are not eliminated in the consolidated financial statements.

M€	2013	2012
Transactions with associated companies		
Continuing operations		
Purchases	**1.5**	2.4
Balances at the end of period		
Accounts and other receivables	**0.0**	0.0
Accounts payable and other liabilities	**0.1**	0.0

T€	2013	2012
Executive Committee remuneration, T€		
Remuneration	**2,127.8**	1,953.6
Post-employment benefits		
- defined contribution plans	**229.2**	186.3
Share based benefits	**749.6**	296.2
Total	**3,106.6**	2,436.1

Executive Committee remuneration includes salaries, fringe benefits and bonus.

Post-employment benefits include expenses accrued in accordance with local legal pension arrangements for the members of the Executive Committee and expenses related to defined contribution pension insurances taken in addition to the managing director and his deputy. The Group does not have any other commitments related to post-employment benefits.

Share based benefits include accrued expenses relating to management incentive schemes (further details in the note 33). In 2012, management received €182.6 million relating to the long-term management incentive schemes from years 2007 and 2008. This was already expensed during the earning period.

Remuneration of the managing director and his deputy is included also above presented table.

T€	2013	2012
Executive Committee remuneration: managing director and his deputy, T€		
Luomakoski Jyri, managing director	**568.4**	500.4
Bondestam Sebastian, deputy to the managing director	**262.4**	263.1

The managing director's and his deputy's retirement has been agreed to be at the age of 63. The managing director's and his deputy's pension accrues in accordance with the Employees' Pensions Act (TyEL). Furthermore, the company has taken defined contribution pension insurance for the managing director for which the company pays €40,000 on an annual basis, and for his deputy for which the Board decides separately the amount of the defined contribution for each year.

T€	2013	2012
Board remuneration, T€		
Paasikivi Jari, Chairman	**81.8**	81.2
Eloranta Jorma, Deputy Chairman from 15 March 2012	**58.6**	61.0
Ihamuotila Timo, from 18 March 2013	**51.2**	-
Nygren Eva	**56.0**	57.8
Rosendal Jari	**54.2**	51.2
Silfverstolpe Nordin Anne-Christine, until 18 March 2013	**4.8**	61.4
Simon Rainer S.	**56.0**	56.0
Rajahalme Aimo, Deputy Chairman until 15 March 2012	**-**	2.4
Total	**362.6**	371.0

The Company has taken voluntary pension insurance for Board members. Upon retirement, this entitles them to a pension according to TyEL, the Finnish Employees' Pensions Act.

Other related party disclosures

The Group had not issued any loans to the persons classified as related party by 31 December 2013 or 31 December 2012.

In addition, persons classified as related party to the company have carried out minor transactions with companies belonging to the Group.

The shareholdings of the management and Board members are presented under the Corporate Governance section of the Financial Statements.

Notes to the consolidated financial statements

Shares and holdings

Subsidiaries

Name	Country and domicile
Uponor Beteiligungs GmbH	Germany, Hassfurt
Uponor GmbH	Germany, Hassfurt
Uponor S.A.R.L.	France, Saint Quentin Fallavier
Uponor Middle East S.A.L. (Off Shore) (50.0%)	Lebanon, Beirut
Uponor Holding GmbH	Germany, Hassfurt
Zent-Frenger GmbH	Germany, Heppenheim
Uponor Hispania, S.A.U.	Spain, Móstoles
Uponor A/S	Denmark, Randers
Uponor Eesti Oü	Estonia, Tallinn
Uponor Suomi Oy	Finland, Nastola
Uponor Business Solutions Oy	Finland, Vantaa
Nereus Oy	Finland, Uusikaupunki
Uponor Asia Oy	Finland, Helsinki
Uponor Technikes Lyseis gia Ktiria AE	Greece, Athens
Uponor Kft. (Uponor Épuletgépészeti Korlátolt Felelösségu Társaság)	Hungary, Budapest
Cork Pipe Plant Limited	Ireland, Bishopstown
Uponor (Cork) Limited	Ireland, Bishopstown
Uponor (Ireland) Ltd	Ireland, Cork
Uponor S.r.l.	Italy, Badia Polesine
SIA Uponor Latvia	Latvia, Riga
UAB Uponor	Lithuania, Vilnius
Uponor, s.r.o.	Czech, Prague
Uponor AS	Norway, Vestby
Uponor Sp. z o.o.	Poland, Plonie
Uponor Portugal - Sistemas para Fluidos, Lda.	Portugal, V.N. Gaia
Uponor Construcão e Ambiente - Sistemas de Tubagens, S.A.	Portugal, V.N. Gaia
Uponor AG	Switzerland, Pfungen
ZAO Uponor Rus	Russia, Moscow
AO Asko-Upo (Spb)	Russia, St.Petersburg
Uponor Innovation AB	Sweden, Borås
Uponor AB	Sweden, Virsbo
Uponor Vertriebs GmbH	Austria, Guntramsdorf
Uponor Limited	England, Lutterworth
The Underfloor Heating Co Limited	England, Skelmanthorpe
Uponor NA Holding, Inc.	USA, Delaware
Uponor NA Asset Leasing, Inc.	USA, Delaware
Uponor North America, Inc.	USA, Delaware
Tulsa Pipe Plant, Inc.	USA, Delaware
Hot Water Systems North America, Inc.	USA, Delaware
Uponor Ltd	Canada, Saskatchewan
Radiant Technology, Inc.	USA, Delaware
Uponor, Inc.	USA, Illinois
Uponor Innovations, LLC	USA, Delaware
Uponor Trading (Beijing) Co., Ltd.	China, Beijing
Uponor Hong Kong Ltd	Hong Kong
Uponor Romania S.R.L.	Romania, Bucharest

Name	Country and domicile
Uponor Infra Oy (shareholding 55.3% Uponor Corporation, 44.7% KWH Group Ltd)	Finland, Helsinki
Jita Oy	Finland, Virrat
Uponor Infra AB	Sweden, Virsbo
Uponor Infra A/S	Denmark, Holbæk
Uponor Infra AS	Norway, Vestby
Uponor Infra Ltd	Canada, Mississauga
Uponor Infra Holding Corp.	USA, Delaware
Uponor Infra Corp.	USA, California
Extron Engineering Oy	Finland, Vaasa
Uponor Infra Tech GmbH	Germany, Fulda
KWH Pipe Sverige AB	Sweden, Ulricehamn
Uponor Infra Limited (99% Uponor Infra Oy, 1% Uponor Infra A/S)	England, Milton Keynes
Uponor Infra sp. z o.o.	Poland, Warsaw
Uponor Infra AS	Estonia, Tartu
CJSC "Uponor Infra"	Russia, St Petersburg
UAB KWH Pipe Lithuania	Lithuania, Vilnius
Uponor Infra Fastighets Ab	Finland, Vaasa
Koy Tuusulan Pakkasraitti 12	Finland, Tuusula
Wiik & Hoeglund PLC (65.99%)	Thailand, Bangkok
WH Holding Co., Ltd. (49% Wiik & Hoeglund PLC)	Thailand, Bangkok
WH Pipe (Thailand) Ltd. (51% WH Holding Co Ltd, 49% Wiik & Hoeglund PLC)	Thailand, Bangkok
KWH Pipe (Malaysia) Sdn. Bhd.	Malaysia, Kuala Lumpur
KWH Pipe Holdings (L) Ltd.	Malaysia, Labuan
KWH Pipe (India) Ltd. (76% KWH Pipe Holdings (L) Ltd., 24% Uponor Infra Oy)	India, Mumbai
Uponor Infra Fintherm a.s.	Czech, Prague
KWH Pipe Espana SA	Madrid, Spain
KWH Pipe (Portugal) Tubos Lda.	Portugal, Palmela

Associated companies

Name	Country and domicile
Punitec GmbH & Co. KG	Germany, Gochsheim
Punitec Verwaltungs GmbH	Germany, Gochsheim

35. Events after the balance sheet date

Uponor has initiated preparations to renew the existing committed bilateral revolving credit facilities, targeting completion in the first half of 2014. To start with, €50 million of the facilities was renegotiated and signed in February 2014. The renegotiated facility now matures in February 2019.

Parent company financial statement (FAS)

Parent company income statement

M€	Note	2013	2012
Net sales	2	**19.2**	18.9
Other operating income	3	**0.0**	0.0
Personnel expenses	4	**4.7**	5.1
Depreciation and impairments	5	**0.4**	0.4
Other operating expenses	3	**20.0**	20.8
Operating loss		**-6.0**	-7.4
Financial income and expenses	6	**10.7**	0.9
Profit before extraordinary items		**4.8**	-6.4
Extraordinary items	7	**7.0**	8.9
Profit before appropriations and taxes		**11.7**	2.5
Change in depreciation difference		**-0.1**	-0.1
Income taxes	8	**-0.4**	-1.1
Profit for the period		**11.2**	1.4

Parent company financial statement (FAS)

Parent company balance sheet

M€	Note	31 Jan 2013	31 Jan 2012
Assets			
Non-current assets			
Intangible assets			
Intangible rights		**0.6**	0.7
Intangible assets	9	**0.6**	0.7
Tangible assets			
Machinery and equipment		**0.2**	0.2
Tangible assets	9	**0.2**	0.2
Securities and long-term investments			
Shares in subsidiaries		**272.6**	205.3
Other shares and holdings		**0.0**	0.1
Loan receivables		**89.2**	193.9
Securities and long-term investments	10	**361.8**	399.3
Total non-current assets		**362.6**	400.2
Current assets			
Non-current receivables			
Deferred tax assets		**0.5**	0.8
Non-current receivables	11	**0.5**	0.8
Current receivables			
Accounts receivable		**2.6**	5.9
Loan receivables		**79.2**	28.0
Accruals		**0.5**	3.1
Other receivables		**38.6**	43.7
Current receivables	12	**120.9**	80.6
Cash and cash equivalents			
Cash and cash equivalents		**30.4**	10.4
Cash and cash equivalents		**30.4**	10.4
Total current assets		**151.9**	91.9
Total assets		**514.5**	492.1

M€	Note	31 Jan 2013	31 Jan 2012
Liabilities and shareholders' equity			
Shareholders' equity			
Share capital		**146.4**	146.4
Share premium		**50.2**	50.2
Unrestricted equity		**0.1**	0.1
Retained earnings		**81.6**	108.0
Profit for the period		**11.2**	1.4
Total shareholders' equity	13	**289.5**	306.0
Accumulated appropriations			
Depreciation difference	14	**0.2**	0.2
Accumulated appropriations total		**0.2**	0.2
Provisions	15	**2.7**	3.4
Liabilities			
Non-current liabilities			
Bonds		**100.0**	100.0
Non-current liabilities	16	**100.0**	100.0
Current liabilities			
Accounts payable		**2.3**	2.7
Accruals		**1.8**	3.0
Other current liabilities		**117.9**	76.8
Current liabilities	17	**122.1**	82.5
Total liabilities		**222.1**	182.5
Total liabilities and shareholders' equity		**514.5**	492.1

Parent company cash flow statement

M€	1 Jan–31 Dec 2013	1 Jan–31 Dec 2012
Cash flow from operations		
Operating profit	**-6.0**	-7.4
Depreciation	**0.4**	0.4
Sales gains/losses from the sale of fixed assets	**-**	0.0
Other non-cash items	**-0.7**	-0.1
Net cash from operations	**-6.2**	-7.1
Change in working capital		
Receivables	**11.5**	-6.9
Non-interest-bearing liabilities	**40.3**	-70.6
Change in working capital	**51.8**	-77.5
Dividends received	**17.3**	42.1
Group contributions	**8.9**	6.0
Cash flow from operations	**71.8**	-36.5
Cash flow from investments		
Purchase of fixed assets	**-0.3**	-0.2
Proceeds from sale of tangible and intangible assets	**3.7**	-
Granted loans	**-2.8**	-15.0
Loan repayments	**17.9**	60.4
Changes in investments in subsidiaries	**-43.8**	-1.0
Interests received	**5.1**	9.5
Dividends received	**0.0**	0.0
Cash flow from investments	**-20.3**	53.7
Cash flow before financing	**51.5**	17.3
Cash flow from financing		
Borrowings of debt	**41.0**	46.3
Repayments of debt	**-41.0**	-47.3
Change in other short term debt	**-1.4**	-1.4
Interests paid	**-2.3**	-3.3
Dividends paid	**-27.8**	-25.6
Income taxes paid	**-**	-0.1
Cash flow from financing	**-31.5**	-31.3
Change in cash and cash equivalents	**20.0**	-14.1
Cash and cash equivalents at 1 January	**10.4**	24.5
Cash and cash equivalents at 31 December	**30.4**	10.4
Changes according to balance sheet	**20.0**	-14.1

Notes to the parent company financial statement

1. Accounting principles

The Parent Company's Financial Statements have been prepared according to Generally Accepted Accounting Principles in Finland. Uponor Group´s financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and the parent company observes the Group's accounting policies whenever this has been possible. Presented below are principally the accounting policies in which the practice differs from the Group's accounting policies. In other respects, the Group's accounting policies are applied.

Net Sales

Parent Company's business consists of Group functions and turnover of the service charges to the Group companies.

Loan arrangement fee

Loan arrangement fee has been accrued linearly to current assets.

Pension arrangements

The Company's pension liabilities are handled through a pension insurance company. All expenses incurred in pension benefits are recorded as expenses in the period during which the corresponding work was performed.

Extraordinary income and expenses

Extraordinary income and expenses consist of Group contributions received and given, which are eliminated at the Group level.

Financial assets, financial liabilities and derivative contracts

Currency derivatives are measured at their fair value, which are based on market prices on closing date. Changes in the value of financial assets and liabilities, including derivatives, are recorded as gain or loss through profit and loss as financial income and expenses. Parent company does not apply hedge accounting. Otherwise the methods of measuring derivative contracts are explained in the section on the Group's accounting principles.

Leases

All leasing payments have been treated as rental expenses.

2. Net sales

M€	**2013**	2012
Income from services		
- From group companies	**19.2**	18.9
- External	**0.0**	0.0
Total	**19.2**	18.9

3. Other operating income and expenses

M€	**2013**	2012
Other operating income		
Gains from sales of fixed assets	**0.0**	-
Total	**0.0**	0.0

M€	**2013**	2012
Other operating expenses		
Travel expenses	**1.2**	1.2
Purchased services	**9.4**	9.1
Other	**9.4**	10.4
Total	**20.0**	20.8

Other operating expenses include environmental expenses relating to the domestic real estate business divested in 2004, as well as other operating expenses.

M€	**2013**	2012
Auditor's fees		
- Audit fees	**0.1**	0.1
- Tax advice	**0.0**	-
- Other services	**0.1**	0.3

4. Personnel expenses

M€	**2013**	2012
Salaries and bonuses	**4.0**	3.9
Pension expenses	**0.5**	0.5
Other personnel expenses	**0.2**	0.6
Total	**4.7**	5.1
During financial period company employed:		
Employees, average	**38**	38
Salaries and emoluments paid to the managing director and his debuty and Board Members T€*)		
Managing director and his deputy	**730.5**	763.5
Board of Directors	**362.6**	371.0
Total	**1,093.1**	1,134.5

*) specification per persons has been reported in the notes of the consolidated income statement.
Salary of the managing director's deputy is included until 31 July 2013.

Loans to company directors

At 31 December 2013, the company's managing director and members of the Board of directors had no loans outstanding from the company or its subsidiaries.

The retirement age for the parent company's managing director and his deputy has been agreed as 63 years.

5. Depreciation

M€	**2013**	2012
Intangible assets	**0.4**	0.4
Tangible assets	**0.1**	0.0
Total	**0.4**	0.4

6. Financial income and expenses

M€	**2013**	2012
Interest income	**2.6**	0.8
Intercompany interest income	**5.5**	10.3
Dividend income	**0.0**	0.0
Dividend income from subsidiaries	**17.3**	42.1
Interest expenses	**-5.8**	-6.6
Intercompany interest expenses	**-0.2**	-0.8
Other financial expenses	**-0.1**	-0.1
Other financial income	**0.0**	-
Impairments on non-current investments	**-10.0**	-43.0
Income from shares in Group companies	**2.2**	-
Exchange differences		
Derivatives realised	**2.4**	-12.7
Derivatives unrealised	**1.0**	5.5
Others realised	**0.5**	-0.1
Others unrealised	**-4.8**	5.6
Financial income and expenses total	**10.7**	0.9

7. Extraordinary income

M€	**2013**	2012
Group contributions	**7.0**	8.9
Total	**7.0**	8.9

8. Taxes

M€	**2013**	2012
For the financial period	**-0.3**	-0.1
For previous financial periods	**0.2**	-0.9
Change in deferred taxes	**-0.3**	0.0
Total	**-0.4**	-1.1

Previous year's taxes include returns of tax increase and interest of €0.1 million. Returns relate to tax years 2005–2006.

9. Intangible and tangible assets

2013 M€	Intangible rights	Intangible investment in progress	Machinery and equipment	Investment in progress	**Intangible and tangible assets**
Acquisition costs 1 Jan	2.5	0.0	0.4	0.0	**2.9**
Increases	0.2	0.0	0.1	0.0	**0.3**
Decreases	0.0	0.0	0.0	0.0	**0.0**
Acquisition costs 31 Dec	2.7	0.0	0.5	0.0	**3.2**
Accumulated depreciations 1 Jan	1.7	0.0	0.2	0.0	**1.9**
Acc. depreciation on disposals and transfers	0.0	0.0	0.0	0.0	**0.0**
Depreciation for the financial period	0.4	0.0	0.1	0.0	**0.4**
Accumulated depreciations 31 Dec	2.1	0.0	0.3	0.0	**2.4**
Book value 31 December	0.6	0.0	0.2	0.0	**0.8**

2012 M€	Intangible rights	Intangible investment in progress	Machinery and equipment	Investment in progress	**Intangible and tangible assets**
Acquisition costs 1 Jan	2.3	0.0	0.7	0.0	**3.0**
Increases	0.1	0.0	0.2	0.0	**0.3**
Decreases	0.0	0.0	0.4	0.0	**0.4**
Acquisition costs 31 Dec	2.5	0.0	0.4	0.0	**2.9**
Accumulated depreciations 1 Jan	1.4	0.0	0.6	0.0	**1.9**
Acc. depreciation on disposals and transfers	0.0	0.0	-0.4	0.0	**-0.4**
Depreciation for the financial period	0.4	0.0	0.0	0.0	**0.4**
Accumulated depreciations 31 Dec	1.7	0.0	0.2	0.0	**1.9**
Book value 31 December	0.7	0.0	0.2	0.0	**0.9**

Notes to the parent company financial statement

10. Non-current investments

M€	2013	2012
Shares in subsidiaries book value 1 Jan	**205.3**	244.9
Increases	**78.7**	3.4
Decreases	**1.5**	-
Shares in subsidiaries acquisition cost 31 Dec	**282.5**	248.3
Impairments	**10.0**	43.0
Shares in subsidiaries book value 31 December	**272.6**	205.3
Other shares and holdings 1 Jan	**0.1**	0.1
Decreases	**0.0**	0.0
Other shares and holdings 31 Dec	**0.0**	0.1
Loans receivables		
- From group companies	**84.1**	188.7
- Subordinated loan	**5.0**	5.0
- Others	**0.1**	0.2
Loan receivables total	**89.2**	193.9
Total	**361.8**	399.3

Decreases in subsidiary shares include an impairment of €8.8 million relating to Uponor Limited's shares. In 2012, decreases in subsidiary shares included an impairment of €40 million relating to Uponor Hispania S.A.'s shares.

11. Non-current receivables

M€	2013	2012
- deferred tax assets	**0.5**	0.8
Total	**0.5**	0.8

Deferred tax asset is recorded for obligatory provisions in the balance sheet. Deferred tax asset includes long-term tax assets totalling €0.08 million.

12. Current receivables

M€	2013	2012
From group companies		
- accounts receivable	**2.6**	5.9
- loan receivable	**79.2**	28.0
- accruals	**0.0**	0.1
- other receivables	**31.7**	41.0
Total	**113.5**	74.9
From external parties		
- accruals	**0.5**	3.0
- other receivables	**6.9**	2.7
Total	**7.4**	5.7
Total current receivables	**120.9**	80.6

M€	2013	2012
Accruals		
Interest income	**0.0**	0.0
Taxes	**0.1**	0.3
Others	**0.3**	2.7
Total	**0.5**	3.1

13. Changes in equity

M€	2013	2012
Restricted equity		
Share capital on 1 Jan	**146.4**	146.4
Share capital on 31 Dec	**146.4**	146.4
Share premium on 1 Jan	**50.2**	50.2
Share premium on 31 Dec	**50.2**	50.2
Total restricted equity	**196.6**	196.6
Unrestricted equity		
Unrestricted equity 1 Jan	**0.1**	0.1
Unrestricted equity 31 Dec	**0.1**	0.1
Retained earnings 1 Jan	**109.4**	133.4
Dividend payments	**-27.8**	-25.6
Refund of unredeemed dividends	**-**	0.0
Treasury shares	**-**	0.1
Retained earnings 31 Dec	**81.6**	108.0
Profit for financial period	**11.2**	1.4
Total unrestricted equity	**92.9**	109.4
Shareholders' equity 31 December	**289.5**	306.0
Distributable funds		
Unrestricted equity	**0.1**	0.1
Retained earnings	**82.6**	109.0
Profit for the period	**11.2**	1.4
Treasury shares	**-1.0**	-1.0
Distributable funds, 31 Dec	**92.9**	109.4

14. Depreciation differences

M€	2013	2012
- Other capitalised long-term expenditure	**0.2**	0.2
- Plant and machinery	**0.0**	0.0
Total	**0.2**	0.2

Depreciation differences include deferred tax liabilities, which have not been recorded in the parent company's financial statements.

15. Provisions

M€	2013	2012
Pension obligation	**0.1**	0.1
Environmental provision	**2.6**	3.3
Total	**2.7**	3.4

16. Non-current liabilities

M€	2013	2012
Bonds	**100.0**	100.0
Total	**100.0**	100.0

Maturity of non-current interest bearing liabilities

M€	2013	2016	2018–
Bonds	0.0	20.0	80.0

17. Current liabilities

M€	2013	2012
From group companies		
- accounts payable	**1.6**	1.5
- accruals	**0.1**	0.8
- other current liabilities	**112.4**	72.4
Total	**114.2**	74.8
From external parties		
- accounts payable	**0.7**	1.2
- accruals	**1.7**	2.2
- other current liabilities	**5.5**	4.4
Total	**7.9**	7.8
Total current liabilities	**122.1**	82.5
Accrued liabilities		
Personnel expenses	**0.5**	0.5
Bonuses	**0.3**	0.5
Taxes	**0.5**	0.3
Interest	**0.2**	0.2
Others	**0.4**	1.6
Total	**1.8**	3.0

Notes to the parent company financial statement

18. Contingent liabilities

M€	2013	2012
- on behalf group companies		
Guarantees issued	**17.8**	16.1
Guarantees issued	**17.8**	16.1
Operating lease commitments (including rental lease obligations)		
Operating lease commitments for next 12 months	**0.7**	0.8
Operating lease commitments over next 12 months	**3.9**	4.4
Lease commitments	**4.6**	5.2
Total	**22.5**	21.2

Letter of Comfort commitments undertaken on behalf of subsidiaries are not included in the above figures.

19. Derivative contracts

M€	2013	2012
	Nominal value	
Interest derivatives:		
Interest rate swaps	**170.0**	50.0
	Fair value	
Interest derivatives:		
Interest rate swaps	**-1.5**	-2.5
	Nominal value	
Foreign currency derivatives:		
Forward agreements	**250.5**	243.3
Intragroup forward agreements	**78.9**	60.4
Currency options, bought	**9.9**	10.8
Currency options, sold	**9.9**	10.8
Commodity derivatives:		
Forward agreements	**7.2**	6.5
	Fair value	
Foreign currency derivatives:		
Forward agreements	**2.3**	0.8
Intragroup forward agreements	**-0.6**	0.2
Currency options, bought	**0.4**	0.1
Currency options, sold	**0.0**	0.0
Commodity derivatives:		
Forward agreements	**-1.4**	-0.7
Fair value changes recognised in the income statement		
Foreign currency derivatives:		
Forward agreements	**2.3**	0.8
Intragroup forward agreements	**-0.6**	0.2
Currency options, bought	**0.4**	0.1
Currency options, sold	**0.0**	0.0
Interest derivatives:		
Interest rate swaps	**1.0**	-0.8

Auditor's report

To the Annual General Meeting of Uponor Corporation

We have audited the accounting records, the financial statements, the Review by the Board of Directors and the administration of Uponor Corporation for the financial period 1.1.–31.12.2013. The financial statements comprise of the consolidated statement of comprehensive income, balance sheet, statement of changes in shareholders´ equity, cash flow statement and notes to the consolidated financial statements, as well as the parent company's income statement, balance sheet, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the President and CEO

The Board of Directors and the President and CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the Review by the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the Review by the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the President and CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the Review by the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the Review by the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company and the President and CEO are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the Review by the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and Review by the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and Review by the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the Review by the Board of Directors

In our opinion, the financial statements and the Review by the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the Review by the Board of Directors in Finland. The information in the Review by the Board of Directors is consistent with the information in the financial statements.

Other opinions

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the treatment of distributable funds is in compliance with the Limited Liability Companies Act. We support that the Board of Directors of the parent company and the President and CEO should be discharged from liability for the financial period audited by us.

Vantaa, 13 February 2014
Deloitte & Touche Oy
Authorized Public Audit Firm

Teppo Rantanen
Authorized Public Accountant

Quarterly data

	2013				2012			
	10–12	**7–9**	**4–6**	**1–3**	10–12	7–9	4–6	1–3
Continuing operations								
Net sales, M€	**237.6**	**279.3**	**211.4**	**177.7**	189.6	211.3	218.1	192.5
- Building Solutions – Europe	**112.0**	**129.3**	**124.3**	**113.9**	121.6	129.9	133.2	133.0
- Building Solutions – North America	**43.6**	**46.9**	**43.8**	**37.2**	38.1	43.1	38.9	31.0
- Building Solutions – North America, $	**59.6**	**62.4**	**57.2**	**49.0**	49.8	54.5	49.7	41.4
- Uponor Infra	**83.7**	**105.1**	**45.0**	**27.6**	31.4	40.3	47.6	29.7
Gross profit, M€	**72.0**	**96.3**	**82.6**	**69.2**	72.2	82.6	81.4	74.6
- Gross profit, %	**30.3**	**34.5**	**39.1**	**39.0**	38.1	39.1	37.3	38.7
Operating profit, M€	**-3.8**	**28.2**	**19.7**	**6.1**	10.2	22.1	16.1	9.3
- Building Solutions – Europe	**0.3**	**14.6**	**11.1**	**6.7**	9.4	13.9	12.2	11.7
- Building Solutions – North America	**5.8**	**7.7**	**6.6**	**4.6**	3.5	7.5	4.1	2.7
- Building Solutions – North America, $	**8.0**	**10.2**	**8.6**	**6.1**	4.6	9.6	5.3	3.5
- Uponor Infra	**-9.0**	**6.1**	**4.3**	**-3.7**	-2.7	2.4	2.2	-1.9
- Others	**-0.5**	**0.2**	**-1.9**	**-1.2**	0.3	-1.4	-2.6	-2.4
Operating profit, % of net sales	**-1.6**	**10.1**	**9.3**	**3.4**	5.4	10.4	7.4	4.8
- Building Solutions – Europe	**0.3**	**11.3**	**8.9**	**5.9**	7.7	10.7	9.1	8.8
- Building Solutions – North America	**13.3**	**16.5**	**15.0**	**12.4**	9.1	17.4	10.6	8.5
- Uponor Infra	**-10.8**	**5.8**	**9.6**	**-13.6**	-8.6	5.8	4.7	-6.5
Profit for the period, M€	**-6.0**	**17.7**	**11.8**	**3.3**	7.1	12.4	8.8	4.5
Balance sheet total, M€*	**661.0**	**716.4**	**552.7**	**532.8**	499.4	539.5	559.7	542.6
Earnings per share, €	**-0.03**	**0.20**	**0.16**	**0.05**	0.10	0.17	0.12	0.06
Equity per share, €*	**3.00**	**3.06**	**2.68**	**2.51**	2.84	2.76	2.63	2.49
Market value of share capital, M€	**1,041.0**	**1,020.5**	**841.9**	**776.0**	702.8	600.3	517.2	632.5
Return on investment, % (p.a)*	**12.5**	**17.9**	**14.7**	**7.0**	16.5	18.2	15.4	11.2
Interest-bearing net debt at the end of period, M€	**96.9**	**135.2**	**146.2**	**142.1**	94.1	117.7	143.9	145.3
Gearing, %*	**33.7**	**45.8**	**74.5**	**77.6**	45.4	58.3	74.8	79.8
Gearing, %, rolling 4 quarters*	**57.9**	**60.9**	**63.9**	**64.0**	64.6	63.1	62.0	60.2
Gross investment, M€	**14.8**	**8.7**	**5.8**	**4.6**	6.8	4.6	4.0	3.8
- % of net sales	**6.2**	**3.1**	**2.7**	**2.6**	3.2	2.3	1.8	2.0

* Figures for 2012 have been adjusted with the effect of retroperspective application of IAS19R Employee Benefits.

Uponor analysts

Carnegie Investment Bank AB
Helsinki, Finland
Contact person: **Tommy Ilmoni**
Tel. +358 (0)9 6187 1235
tommy.ilmoni@carnegie.fi
www.carnegie.fi

Danske Bank Plc
Helsinki, Finland
Contact person: **Ari Järvinen**
Tel. +358 (0)10 236 4760
ari.jarvinen@danskebank.com
www.danskebank.com

Deutsche Bank AG
London, UK
Contact person: **Manu Rimpelä**
Tel. +44 20 7545 5669
manu.rimpela@db.com
www.db.com

DNB Bank ASA
London, UK
Contact person: **Magnus Kruber**
Tel. +44 (0) 20 7621 6032
magnus.kruber@dnb.no
www.dnb.no

Evli Pankki PlC
Helsinki, Finland
Contact person: **Mika Karppinen**
Tel. +358 (0)9 4766 9643
mika.karppinen@evli.com
www.evli.com

Goldman Sachs International
London, UK
Contact person: **Will Wyman**
Tel. +44 20 7552 2998
will.wyman@gs.com
www.gs.com

Inderes Oy
Helsinki, Finland
Contact person: **Petri Aho**
Tel. +358 50 340 2986
petri.aho@inderes.com
www.inderes.fi

Nordea Bank Finland Plc
Helsinki, Finland
Contact person: **Johannes Grasberger**
Tel. +358 (0)9 1655 9929
johannes.grasberger@nordea.com
www.nordea.com

Pohjola Bank Plc
Helsinki, Finland
Contact person: **Matias Rautionmaa**
Tel. +358 (0)10 252 4408
matias.rautionmaa@pohjola.com
www.pohjola.com

SEB Equities
Helsinki, Finland
Contact person: **Artem Beletski**
Tel. +358 (0)9 6162 8729
artem.beletski@seb.fi
www.seb.fi

Uponor assumes no responsibility for the presented analyses.

Layout: Innocorp Oy
Printing: Erweko Oy, 2014
Paper: LumiArt Gloss 300g / Edixion 120g

Uponor Corporation
Äyritie 20
P.O. Box 37
FI – 01511 Vantaa
FINLAND

T +358 (0)20 129 211
F +358 (0)20 129 2841
W www.uponor.com

uponor
simply more