uponor

Financial statements 2015

Important dates in 2016

Annual General Meeting

Uponor Corporation's Annual General Meeting is to be held on Thursday, 10 March 2016 at 3 p.m. EET at the Helsinki Exhibition and Convention Centre, Messuaukio 1, Helsinki, Finland.

Financial accounts bulletin for 2015	12 February	2 p.m. EET
Financial statements for 2015	12 February	-
Annual General Meeting	10 March	3 p.m. EET
Record date for dividend payment	14 March*	-
Date for dividend payment	22 March*	
Interim report: January–March	29 April	8 a.m. EET
Interim report: January–June	26 July	8 a.m. EET
Interim report: January–September	28 October	8 a.m. EET

* Proposal of the Board of Directors

Uponor Investor Relations

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

Shareholder enquiries

E-mail: legal@uponor.com

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

Carita Etelämäki, Legal Assistant
Tel. +358 (0)20 129 2837
carita.etelamaki@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.

Disclosure policy

Information on Uponor's disclosure policy is available on our investor website at http://investors.uponor.com > IR policy.

Publications

The company's financial statements are published in Finnish and English, available on our investor website at http://investors.uponor.com > News & downloads > IR downloads and reports. They are no longer distributed in print. The interim reports and corporate releases will also be published in Finnish and English, available on the above website.

You can subscribe to Uponor's investor announcements via the company website, at http://investors.uponor.com > News & downloads > Subscription services, where you can also modify your contact information or cancel your subscription.

You can receive Uponor's IR messages also through the web via Twitter (@UponorIR), LinkedIn or by downloading the Uponor IRapp into your Android or iOS mobile device.

Contact Group Communications
Uponor Corporation, Group 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 Uponor's Legal Department at Äyritie 20, Vantaa, Finland, tel. +358 (0)20 129 2837. 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 http://investors.uponor.com > Shareholders.

Uponor in brief

Uponor is a leading international provider of systems and solutions for safe drinking water delivery, energy-efficient radiant heating and cooling, and reliable infrastructure. The company serves a variety of building markets, including those in the residential, commercial, industrial and civil engineering sectors.

Uponor employs around 3,700 employees in 30 countries, mainly in Europe and North America. Its products are sold in close to 100 countries through local service partners.

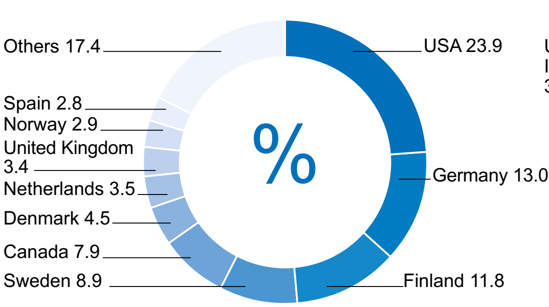
Our businesses

Uponor operates in three segments: Building Solutions – Europe, Building Solutions – North America, and Uponor Infra. These business segments operate in a range of sectors and competitive environments, serving customers that have versatile and evolving needs. Uponor's strategy is to adapt its operations to those needs and thereby maximise its opportunities for profitable growth.

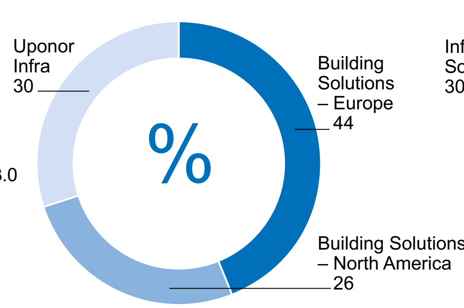
A common platform

When combined, the Uponor brand, our values and people, and our vision and mission form the foundation for Uponor's global business. As the commonalities between the challenges facing our businesses increase, Uponor is responding by strengthening the synergies between segments in areas of expertise such as technology platforms and key account management.

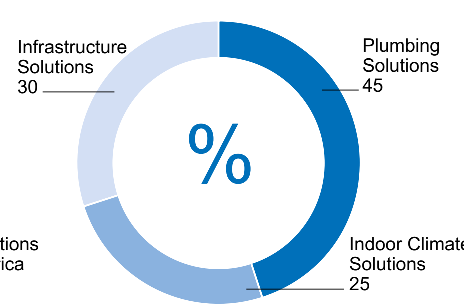
Net sales by country



Net sales by segment



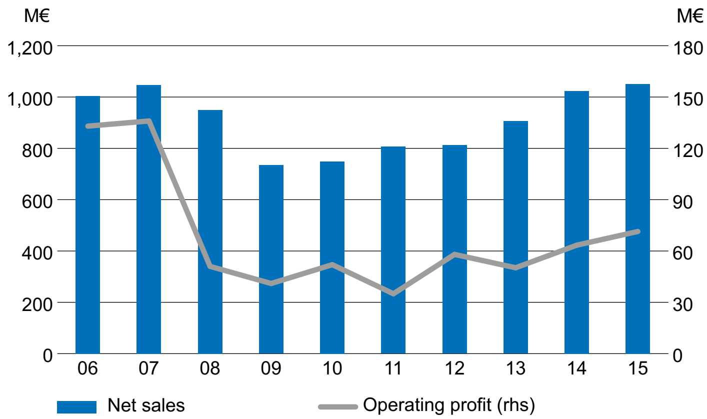
Net sales by business group



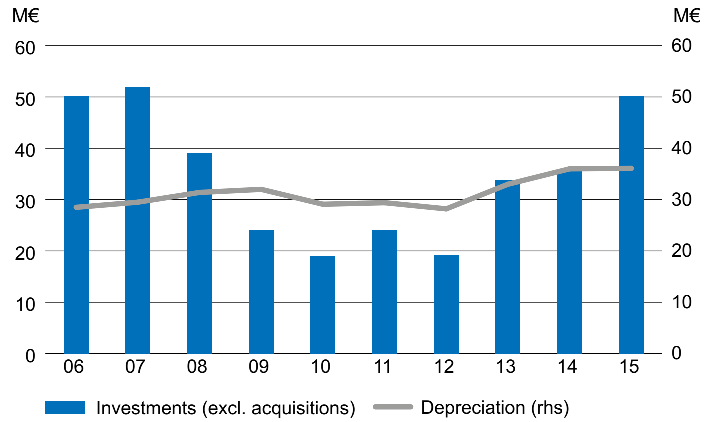
Contents

10 years at a glance

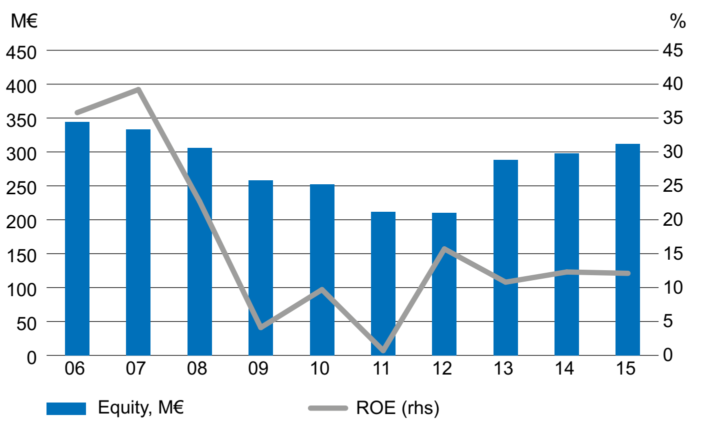
Net sales and operating profit 2006–2015



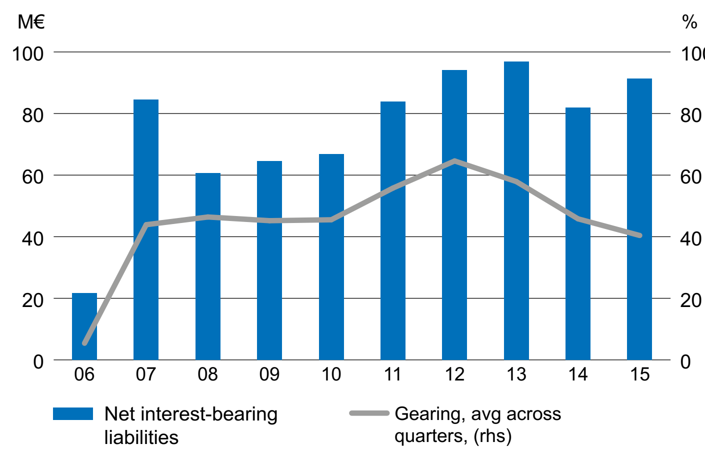
Investment and depreciation 2006–2015



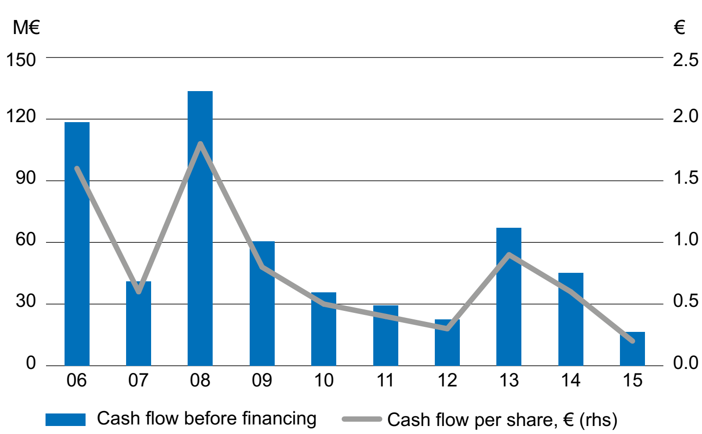
Equity and ROE 2006–2015



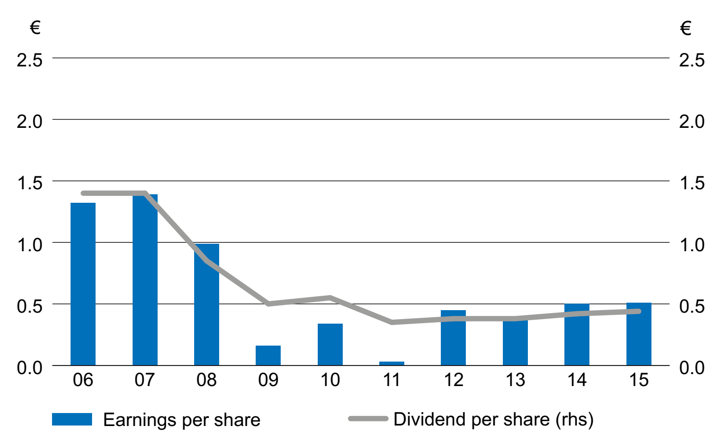
Net interest-bearing liabilities and gearing 2006–2015



Cash flow before financing 2006–2015



EPS and DPS 2006–2015



The year 2015 in brief

Building Solutions – Europe

The year 2015 continued with subdued demand in most of Europe, with the Netherlands, Sweden and Spain as the main exceptions to the general trends. Fast paced growth was also noted in Poland and some southeast European markets.

Uponor opened a new distribution centre in Hassfurt, Germany in March. Because the new location is close to the company's main manufacturing operations, it will serve Uponor's business needs and enable cost savings.

One of Uponor's key product innovations, Smatrix, a new intelligent control system with an autobalancing function, was launched during the spring. Smatrix is specifically designed for radiant heating and cooling.

With its new management, the segment's new organisation began operating in September with the key ambition of generating profitable growth through a range of measures.

Uponor continued to invest in new offerings by acquiring competencies in drinking water delivery. The Germany-based Delta Systemtechnik GmbH and KaMo Group will broaden the segment's portfolio and competencies in the increasingly important hygienic drinking water delivery sector. The fresh water technology of the acquired companies complements our current product portfolio, particularly with regard to the residential construction market, which is a key focus area.

We opened a new Ecoflex pre-insulated pipe factory in Annolovo, Russia, close to St. Petersburg. The new production unit will supply the Russian and CIS markets, as there is a growing demand for energy-efficient products in this area.

In November, we began a transformation programme to strengthen the segment's basis for profitable growth. The programme aims to address the segment's weak performance, accelerate sales and reduce costs, based on a simplified organisation and increased agility. A central part of the transformation is the evolution of a more consolidated and specialised manufacturing, warehousing and distribution network. The segment introduced a streamlined, hub-based operational model for central functions with fewer management layers and rapid decision-making. The segment is currently reviewing its decentralised back-office and support functions in the light of this, which is likely to result in the closure of some smaller offices.

> Uponor continued to invest in new offerings by acquiring competencies in drinking water delivery.

Building Solutions – North America

In addition to the benefits gained from the favourable conditions prevailing in North America throughout much of 2015, Uponor won market share in all of its market segments in both the U.S. and Canada. We achieved growth through focused marketing and sales programmes, the introduction of industry-leading new products, the commercialisation of innovative manufacturing technology, and by leveraging our recently expanded production capacity. We also completed an $18 million (€16m) expansion at our PEX extrusion plant in Apple Valley, Minnesota.

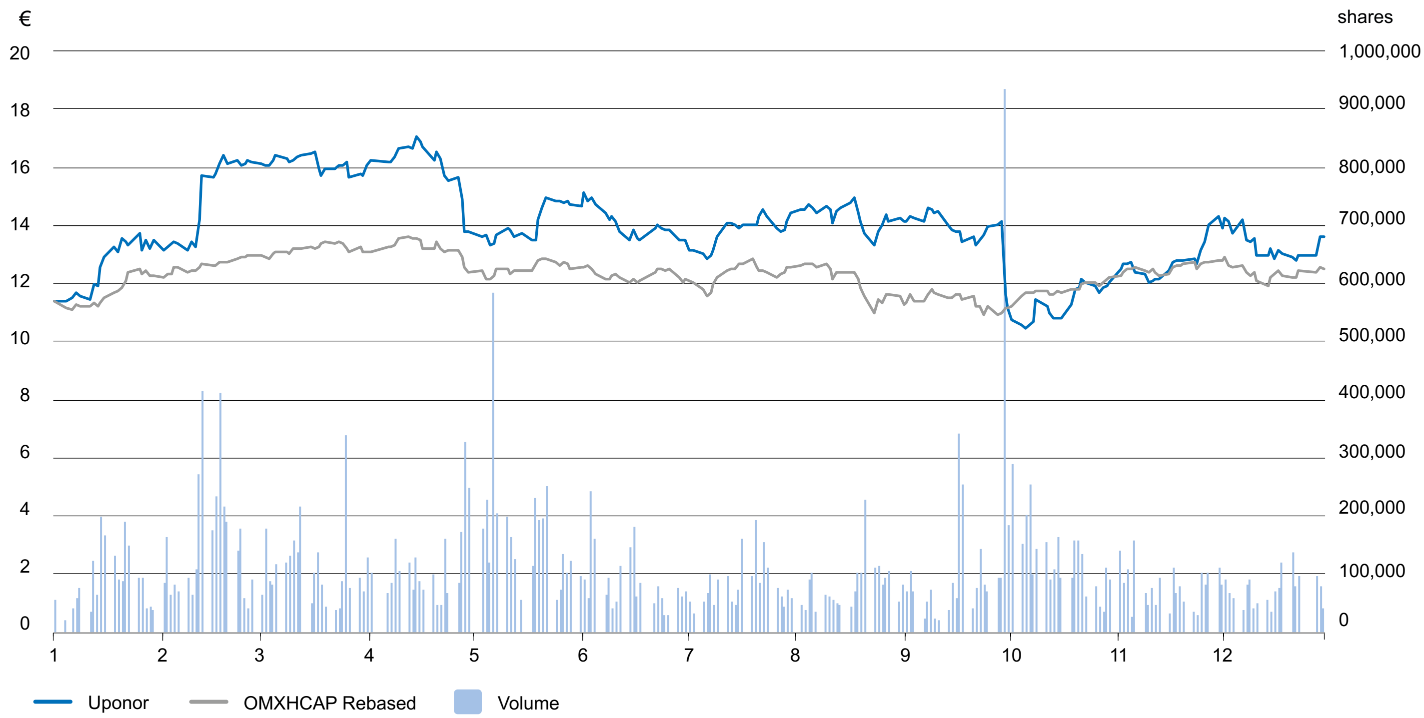
Much of our growth in 2015 was due to expanded use of our plumbing systems in both residential and commercial applications. Most major home builders in the U.S. and many in Canada use our AquaPEX® tubing and ProPEX® fittings for the plumbing installed in their new homes. Builders specify our PEX-based plumbing system due to its high reliability and economic benefits compared to traditional, metal systems.

In the commercial sector, PEX is still evolving as the plumbing material of choice, but we nonetheless achieved substantial growth by working closely with engineers, specifiers and installers in the segment. Although copper prices declined in 2015, thus reducing the economic incentive to convert to PEX, we grew our sales in commercial plumbing applications by educating users about the performance and reliability benefits of our systems. The expansion of our product offering in larger-sized pipes and fittings also contributed to our success in the commercial sector.

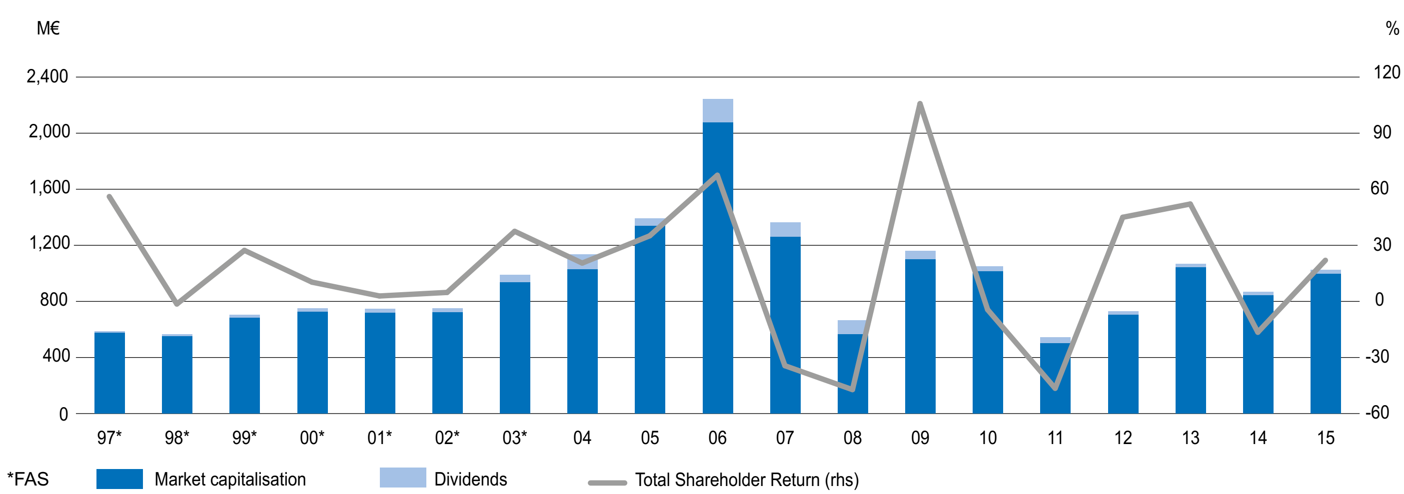
The Indoor Climate (IC) business experienced only moderate growth in 2015. The single largest market for our IC systems is higher-end, single-family homes – a segment that has not recovered as rapidly as the rest of the housing market. To improve our competitive position in the Canadian residential IC market, we introduced PEX tubing based on an innovative extrusion technology developed by Uponor. We experienced strong growth in non-residential applications, for both our heating and cooling IC systems – largely driven by the quest for higher-performance buildings incorporating energy-efficient mechanical systems that also provided the benefits of improved indoor environmental quality.

In the latter half of the year, we experienced a serious shortage of a key raw material necessary to the manufacture of our engineered polymer fittings for our plumbing systems. We have put in place corrective actions while continuing to navigate our way through this challenge. Also, due to the rapidly improving economic environment in North America, a labour shortage has developed. This has hampered our ability to undertake the timely hiring of workers for our manufacturing and distribution operations. This shortage of qualified workers has also affected the ability of our customers to hire skilled labour in the construction trade.

Share performance and trading 2015



Shareholder value development 1997–2015



You can find Uponor's investor website at http://investors.uponor.com.

Uponor Infra

In 2015, Uponor Infra finalised the integration activities of the merger between the infrastructure businesses of Uponor and KWH Pipe, which began operating on 1 July 2013. The integrations and savings from the two streamlining programmes were achieved according to the original plan.

In accordance with our strategy of focusing on businesses and markets where we can achieve a strong market position and operational synergies, we also made the decision to withdraw from Thailand and its surrounding markets, as well as divesting Extron Engineering Oy in the first half of 2015.

With the completion of the above mentioned re-structuring activities, and having the common ERP implemented in the Nordic and Baltic countries, our focus has been on creating a common operational model in our main markets; with the right organisation, efficient processes, innovative products and high quality, we can increase the related customer benefits and operational excellence.

For many years now, the infrastructure pipe markets have been affected by lack of public investments and fierce competition, resulting in overcapacity in the markets. This trend continued in 2015, with most of our markets experiencing flat or declining market development. Declining market demand in Finland in particular, which is Uponor Infra's largest business, has negatively impacted on profitability.

Due to the prolonged weak demand in November, we reviewed our manufacturing network, as part of our transformation programme, and made plans for further streamlining production in Finland and reducing overcapacity in the Nordic region. Plans have been made to consolidate plastic pipe and part of the chamber manufacturing operations in Nastola, Finland, by the end of 2016. The planned activities will ensure a competitive market position, even in the current tight market situation.

At the same time, we will put effort into developing our business models based on customer needs and focus on selling higher added-value solutions rather than non-differentiating commodity offerings. Our high customer focus, combined with the planned efficiency improvement in the Finnish production, will lay the basis for achieving our ambitions in the coming years.

Corporate responsibility and sustainability

Human resources

During 2015, we continued to focus on developing our performance and leadership competencies. Our renewed values, Connect, Build and Inspire, played a key role in the implementation of our development activities.

To further improve our performance, we created a new learning portfolio for developing leadership competencies across the company. The aim is to strengthen our capability to lead the business and organisation in the future business environment and to build new tools and skills enabling our leaders to lead both themselves and their teams. The learning portfolio includes four programmes: Business Boot Camp for young professionals, Mirror for self-leadership, Navigator for middle management and Panorama for senior management. The feedback from participants has been very encouraging so far.

We renewed our employee engagement survey and focus is now on measuring engagement, alignment and agility. To address other key dimensions of our business, we included questions about customer focus and innovation. We believe that all of these elements need to be in place in order to achieve a great business performance. Through this survey, we will gain valuable insight on the status and opportunities of each area. Over 2,600 employees demonstrated their commitment and responded to the survey in June 2015.

Share-specific key figures

	2015	2014	2013	2012	2011
Market value of share capital at year-end, M€	**995.6**	841.1	1,041.0	702.8	502.2
Earnings per share (fully diluted), €	**0.51**	0.50	0.38	0.45	0.03
Dividend, total, M€	[1] **32.2**	30.7	27.8	27.8	25.6
Dividend per share, €	[1] **0.44**	0.42	0.38	0.38	0.35
Effective share yield, %	**3.2**	3.7	2.7	4.0	5.1
Issue-adjusted share prices					
- highest, €	**17.30**	14.94	15.85	10.00	14.25
- lowest, €	**10.42**	9.11	9.65	6.77	6.03
Number of shareholders	**14,539**	15,846	15,480	17,788	19,828

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

By the end of 2015, we had been able to reduce our CO_2 emissions by 36% compared to 2009. Through the combined efforts of all Uponor employees, we overshot our target which was set at a 15% reduction.

The first survey helped us to identify 'agility' as a clear focus area for our development actions. Action plans have been created at both Uponor and segment-specific level to improve our processes and ways of working. Agility was also visible in our strategy messaging across all segments.

We also renewed our leadership model in one of our segments, Building Solutions – Europe. The new model enhances our customer focus and agility by clarifying our roles and simplifying our structures and processes.

Sustainability

Consistency and continuous improvement – which are among the characteristics of any successful company – are two areas Uponor has built on to ensure its future success. For Uponor, sustainability is a foundation of our business and an opportunity for growth in line with key market trends. To reflect this, we have continued to improve the alignment between sustainability and our strategic plans and are ramping up efforts to be more consistent in our approach to integrating corporate responsibility.

Our corporate responsibility and sustainability approach is built around four pillars:

- Integrating sustainability into our corporate mindset
- Driving down our environmental impact
- Enriching life through our innovative solutions
- Engaging external stakeholders in our sustainability journey.

In order to measure our performance and monitor progress, we have continued to define additional targets and indicators related to the sustainability goals of each of our pillars.

Culture: Integrating sustainability into our corporate mindset

Over the last year, we have continued to build on our actions to reinforce sustainability within our culture. We included sustainability related questions in our global engagement survey, OurVoice and can clearly see that our employees believe sustainability to be not just a trend but a necessity for doing business today and every day going forward.

The WWF Green Office initiative was broadened from the head office to one additional location in Riga, Latvia and plans are in hand to add five more in 2016. The lesson imparted from our head office to our other operating units is that the WWF Green Office initiative is a streamlined and effective method of reducing waste and improving energy efficiency.

By the end of 2015, we had been able to reduce our CO_2 emissions by 36% compared to 2009. Through the combined efforts of all Uponor employees, we overshot our target which was set at a 15% reduction, as a result of which we set ourselves an even more challenging CO_2 reduction target for 2020, i.e. to cut a further 20% of our CO_2 emissions versus net sales compared to 2015.

Long-term financial targets (since 12 Feb 2013)

	Target	**2015**	2014	2013	2012	2011
Organic net sales growth*	2015E: 4.8%	**5.2%**	2.0%	-1.5%	3.2%	4.9%
EBIT margin	>10%	**6.8%**	6.2%	5.5%	7.1%	4.4%
Return on investment (ROI)	>20%	**15.5%**	14.2%	12.5%	16.7%	11.0%
Gearing (annual average of quarters)	30–70	**40.4**	45.8	57.9	64.6	55.8
Dividend payout	> 50% of earnings	**86.3%**	84.0%	100.0%	84.4%	1,018.5%

*> GDP +3ppts

Uponor's Code of Conduct is an accurate reflection of our employees' professional way of working. It was updated in 2014 and employees can study it though the company's intranet. We also encourage our managers to discuss our way of working within their teams.

Care: Driving down our environmental impact

We sought opportunities to reduce our environmental impact throughout the year. We have set ourselves a target of 100% share for "green energy" in all of our operations by 2020, where the energy markets allow. Good progress has already been made in Europe, where our German operations are using 100% green electricity.

The application of energy efficiency studies in North America and energy improvement activities forming part of our environmental programme saved us millions of kilowatt-hours. For example, by replacing district heating with heat pump technology we were able to save 1,300 MWh of energy in the heating of our Nastola plant in Finland. In Fristad, Sweden, we were able to reduce our energy consumption by 300 MWh by installing a new air compressor which enables us to reuse energy in the form of hot water. New forging tools for our fitting production in Hassfurt, Germany, helped us to cut our natural gas consumption there by half and reduce material waste, generating total savings of 250 MWh.

In Germany, we began implementing an Energy Management System based on ISO 50001 in two factories and had them certified. The decision to implement an Energy Management Systems shows our commitment to improving our energy efficiency.

At Uponor, we believe that sustainability depends on continuous improvement. That is why we will continue along our path towards all production units being ISO 50001 certified by 2017. We disclosed all of our activities aimed at reducing our carbon emissions in our Carbon Disclosure Project.

Customer: Enriching life through our innovative solutions

In 2015, we launched Smatrix, a new room-controls portfolio for indoor climate. Smatrix is an intelligent control system for radiant heating and cooling, which enables customers to save energy and increase the comfort of their homes. Designed to work with a wide range of heat pumps, Smatrix can help boost efficiency and reduce the operational costs of heating, through continuously applied dynamic heat curve adjustments. The heat pump integration module tells the heat pump when to reduce heat generation, because the room temperature is sufficient. This allows the heat pump to work at a lower temperature level, thereby saving energy and reducing costs.

We also continued our involvement with National Green Building Councils and their local affiliates. In particular, we engaged with the World Green Business Council (WGBC) in order to become a partner of the WGBC Healthy Buildings campaign, and launched a retail sector programme following our earlier focus on the office environment. This provides Uponor with a platform for networking with major players in the retail sector and identifying opportunities for partnering with key organisations in applying our offering to healthy building projects.

Engaging stakeholders in our sustainability journey

As a member of TEPPFA (The European Plastic Pipes & Fittings Association), Uponor actively participated in a Product Environment Footprint (PEF) pilot study aimed at developing a method of modelling lifecycle environmental impacts associated with water supply pipes in a building. Led by the EU Commission, PEF will provide specific guidance on calculating and reporting the life cycle environmental impacts of products.

Environmental assessment and sustainability reporting continued throughout 2015 and the results were presented in accordance with the CDP requirements (see the attached table).

This evaluation and investments in efficient production technologies will enable Uponor to improve its energy consumption and the related carbon emission reductions. A new forging system for our brass fitting production in Germany, the recovery and usage of process heat in Finland and Sweden, efficient extruder technology in Poland, and extruder speed increases with no increase in energy consumption per metre of pipe produced in North America, are only some examples of our activities in 2015.

For further information, see:
https://www.uponor.com/company/sustainability.aspx.

Sustainability indicators

Measure	Unit	**2015**	2014	2013	2012	2011
Environmental indicators						
Total energy consumption	1,000 MWh	188.4	185.7	149.6	143.6	159.3
- Electricity purchased	1,000 MWh	138.8	130.6	101.7	97.5	107.0
- of which, certified green electricity	1,000 MWh	12.1	11.1	2.2	n/a	n/a
- Self-generated electricity	1,000 MWh	1.1	1.0	1.2	1.8	2.1
- Fossil fuels used	1,000 MWh	49.6	55.1	47.9	46.1	52.4
- Heating	1,000 MWh	35.2	37.4	33.4	31.5	36.9
- of which renewable, %	%	12.6	16.2	3.3	n/a	n/a
- Own fleet vehicles (including leasing)	1,000 MWh	14.3	17.7	14.5	14.6	15.5
Raw materials used	1,000 tonnes	140.4	132.5	84.3	82.3	82.7
Water consumption	1,000 m^3	190.7	190.0	111.4	117.2	129.4
Total GHG emissions (Scope 1)	1,000 tonnes	9.1	9.7	9.4	9.2	18.8
Total GHG emissions (Scope 2)	1,000 tonnes	35.0	31.1	24.3	23.2	27.8
Total waste	1,000 tonnes	16.4	15.1	11.1	11.5	11.1
- Waste recycled, %	%	97.5	95.3	95.9	94.6	93.1
- Waste to landfills, %	%	2.5	4.7	4.1	5.4	6.9
Hazardous waste, % of total waste	%	1.1	1.1	1.5	2.9	2.7
Total number of manufacturing sites		14	14	10	9	10
ISO 14001 certified sites		10	12	8	7	8
% sites certified	%	71	86	0	78	80
Social indicators						
Number of employees (FTE)		3,735	3,982	4,141	3,052	3,228
Employee turnover %	%	5.0	3.3	7.8	6.7	5.4
Workforce accidents		86	74	45	75	67
Lost time from accidents	hours	6,874	5,925	4,470	5,773	6,731
Lost time incident rate	%	0.4	0.1	0.3	0.1	0,1

Due to a larger volume of business, the total energy and raw material consumption increased. In particular, electricity consumption shows a higher figure, but this was offset by a decrease in other indicators, such as the fossil fuels used. Uponor was able to reach its CO_2 target to decrease CO_2 emissions (Scope 1+2) from 2009 to 2015 by 15%, and thus continued to reduce its environmental impact per unit of measure. Additional steps, like the ongoing implementation of an Energy Management System (ISO 50001), will enhance the company's energy performance further. In addition, our ambition to source more green electricity, e.g. switching to 100% sustainably sourced wind power in North America, will drive down the carbon footprint. In the attached table, some figures for previous years have changed due to new installed measurements and improved data accuracy.

Letter to investors

We made promising progress on most fronts in 2015, although we did not, as a company, achieve all the goals we had set ourselves. Still, I believe that, with all the changes implemented or about to be implemented, we are becoming more agile and stronger in facing the continuously volatile and uncertain environment we now inhabit.

While relevant, the changes made in our business portfolio during the year are not hugely significant: in the first quarter we made agreements to dispose of two infrastructure solutions businesses that were not really connected to the rest of the organisation, namely the Thai unit and Extron Engineering, a machine manufacturer in Finland. In the last quarter, we announced the acquisitions of two companies, Delta and KaMo in Germany. These companies are specialists in preassembled components for plumbing and heating systems, which perfectly complement Uponor's pipe systems offerings in these two key applications. These acquisitions closed at the beginning of 2016 and will contribute to our results from 2016 onwards.

Our largest segment, Building Solutions - Europe, faces a mixed business environment, with some markets contracting and some slightly growing. In 2015, we entered a new era in this segment's development when we changed its leadership model to one that is similar to our other segments and appointed a new head of segment. With this new organisational structure, we are confident that we can improve our agility, customer proximity and, based on the measures launched, develop our efficiency and competitiveness. This change is historical, since it is the first occasion, after these businesses were acquired in the 80s and 90s, upon which a new European 'Uponor way' will be developed and shared by all business units – with clear benefits for the customer and the shareholder alike.

> In 2015, we entered a new era in Building Solutions – Europe, with its new organisational structure. This change is historical – a new European 'Uponor way' will be developed and shared by all business units – with clear benefits for the customer and the shareholder alike.

In Uponor Infra, our joint venture company with the KWH Group, the focus in 2015 was mainly on bringing costs downwards to match the lower market volumes that we anticipate over the coming years. The execution of the streamlining programmes announced in 2014 was successfully completed. In the last quarter, we announced plans for a further round of consolidation and capacity adjustments in line with our strategy, enabling us to focus on higher value added offerings and de-emphasise our commodity offerings. During 2016, the consolidation of our manufacturing footprint in Finland, Uponor Infra's largest national market, will create a lower break-even structure, enabling us to compete profitably in a tight market situation.

In Building Solutions - North America, good progress continued, supported by positive underlying market development and focussed programmes designed to enable our further penetration of the commercial segment. In 2015, the latest manufacturing bay expansion of the existing production facility in Apple Valley, Minnesota, was taken into use, while construction of another manufacturing space in the next-door facility was completed. This new annex building will be equipped with production machinery during 2016 and will add to the segment's capacity from the second half of 2016 onwards. Our recent product launches serving both the residential and commercial segments are expected to further support differentiation in the North American marketplace and, in particular, to promote increased penetration into the commercial segment, which is still dominated by metallic pipe systems.

Uponor has been exporting products from Europe to Asian markets for years, while focussing on high-end projects. These volumes have been small and have served a niche market. Construction volumes in Asia, particularly in China, are huge in comparison with e.g. Europe. Combined with the trends of higher quality requirements, energy efficiency and comfort, this helped us to make the decision to begin building up our own production unit in China in order to serve local and neighbouring markets. Since the factory is only expected to be operative by the end of 2016, it will not yet contribute materially to our 2016 performance.

All Uponor business segments share common elements and their development is supported by our joint efforts. Two years ago, we began enhancing our group-level human resources organisation and now see these efforts beginning to bear fruit. The initial stage of this development concerns most parts of the group and will involve the adoption of a new HR management system in early 2016. This will enable managers to make HR decisions that are more strategic and provide them with a real-time view of their own organisation and also outside one's own organisation, while providing genuine help with goal setting and performance evaluation.

The most prominent change implemented involved promoting the significance of group technology development. This function will serve all segments, leveraging talent and resources across them in a way which corresponds to our aggregate weight within our global industry.

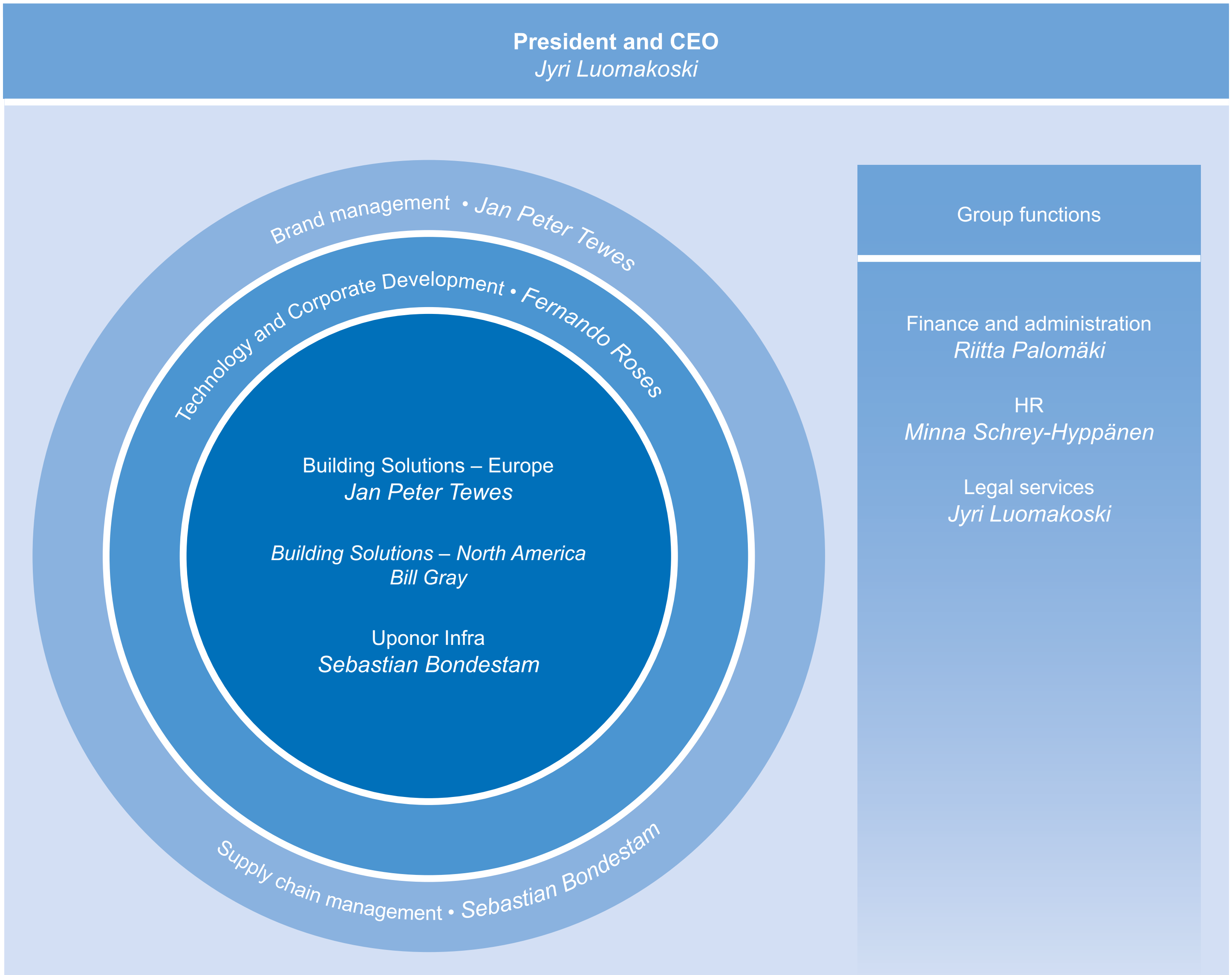
Alongside a range of other changes to human resources management, this will help us to integrate the organisation and genuinely develop our leadership practices across internal boundaries, thus speeding up strategic evolution.

On the same note, in 2015 we completed our modernised group-wide engagement survey, which will help us to focus on improvements in areas we consider critical to employee engagement and, hence, the success of the company. The most prominent change implemented involved promoting the significance of group technology development by appointing a member of the Executive Committee to head Group Technology and Corporate Development. This function will serve all segments, leveraging talent and resources across them in a way which corresponds to our aggregate weight within our global industry. In 2015, Uponor booked €18.5 million as an expense under research and development. As a result of the change in our structure, we aim to achieve an even higher output in return for this major investment.

The business environment will remain volatile in 2016. Some brighter spots are likely to appear in Europe while some corners will remain dark. In North America, the market outlook is positive. There’s a lot of positive excitement, both internally and externally, around the many initiatives we have launched in 2015, thus, overall, I believe that Uponor is well placed to continue its profitable growth in 2016.

Jyri Luomakoski
President and CEO

Group structure 1 January 2016



The chart shows the Executive Committee members' responsibilities.

Board of Directors and Executive Committee

Board of Directors

Jorma Eloranta

b. 1951, Finnish citizen, M.Sc. (Tech.), Doctor of Science in Technology h.c.

- Chair of the Board, Uponor Corporation, 19 March 2014–
- Member of the Board, Uponor Corporation, 15 March 2005–
- Chair of the Personnel and Remuneration Committee
- Uponor shareholdings: 33,020

Timo Ihamuotila

b. 1966, Finnish citizen, Licentiate of Science (Finance), Executive Vice President and Group Chief Financial Officer, Nokia

- Member of the Board, Uponor Corporation, 18 March 2013–
- Chair of the Audit Committee
- Uponor shareholdings: 3,992

Markus Lengauer

b. 1965, Austrian citizen, M.Sc. (Eng.), Doctorate in Mechanical Engineering

- Member of the Board, Uponor Corporation, 17 March 2015–
- Member of the Audit Committee
- Uponor shareholdings: 1,188

Eva Nygren

b.1955, Swedish citizen, Architect, Director Investments, Swedish Transport Administration

- Member of the Board, Uponor Corporation, 15 March 2011–
- Uponor shareholdings: 7,160

Annika Paasikivi

b. 1975, Finnish citizen, B.A, M.Sc. (global politics), Chief Operating Officer, Oras Invest Ltd and CEO, Finow Ltd

- Deputy Chair of the Board, Uponor Corporation, 19 March 2014–
- Member of the Board, Uponor Corporation, 19 March 2014–
- Member of the Audit Committee
- Member of the Personnel and Remuneration Committee
- Uponor shareholdings: 36,899

Jari Rosendal

b. 1965, Finnish citizen, M. Sc. (Eng.), President and CEO, Kemira Oyj

- Member of the Board, Uponor Corporation, 15 March 2012–
- Member of the Audit Committee
- Uponor shareholdings: 5,829

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: 36,828

Sebastian Bondestam

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

- Employed by Uponor since 2007
- Member of the Executive Committee since 1 April 2007
- Uponor shareholdings: 12,356

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: 13,554

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: 11,553

Fernando Roses

b. 1970, Spanish citizen, M.Sc. (Marketing), eMBA, B.Sc. (Eng.) (Ingeniero Técnico en Química Industrial), Executive Vice President, Technology and Corporate Development

- Employed by Uponor since 1994
- Member of the Executive Committee since 26 October 2007
- Uponor shareholdings: 12,730

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

Jan Peter Tewes

b. 1968, German citizen, M.Sc. (Bus.) (Diplom-Kaufmann), MBA, President, Building Solutions – Europe

- Employed by Uponor since 2015
- Member of the Executive Committee since 1 September 2015
- Uponor shareholdings: 3,773

Further details, continuously updated at http://investors.uponor.com.

Review by the Board of Directors

Markets

In general, construction activity in Uponor's markets remained subdued during 2015, with no significant growth from the previous year. Although construction accelerated markedly in a few key markets, such as the USA, the Netherlands and Sweden, most markets showed few signs of noteworthy recovery from their already constrained levels of economic activity.

Within the Nordic countries, developments varied significantly by country. New residential building continued to expand at a robust rate in Sweden and showed some progress in Denmark and Norway, but continued to contract in Finland. Meanwhile, new non-residential building was subdued across the area, with all countries except Denmark shrinking from 2014. The downturn has not affected renovation, which is steadily growing in both the residential and non-residential segments. Civil engineering spending was flat with the exception of Norway, where investments in roads and water works compensated for declines in energy-related projects.

Developments within the markets of Central Europe were also mixed. Germany achieved some minor year-on-year growth in the new residential segment, but this was largely muted by flat development in the much larger residential renovation segment. Stagnation in non-residential building offset small residential gains, leaving the overall construction market flat. On a more positive note, the Netherlands continued its recovery by posting noteworthy growth across most construction segments.

In Southwest Europe, growth in the UK's new residential segment slowed considerably from 2014, remained weak in France and Italy, and made minor gains in Iberia. Residential renovation was largely flat across the area. In non-residential building, the renovation segment was able to offset the flat new build development to some extent.

In Eastern Europe, continued economic and political instability in Russia took a toll on the residential and non-residential building segments, with consumers and businesses becoming increasingly cautious. Construction spending in the Baltic countries also fell overall in both the building and civil engineering segments. In contrast, some of the larger East-Central European countries, such as Poland and the Czech Republic, were able to post year-on-year growth.

The general slowdown in global growth, especially in developing countries, was reflected in Uponor's export markets, where investments in residential and non-residential projects were negatively impacted.

In North America, growth continued in the USA across nearly all construction segments. Following three years of robust improvement, new residential construction remained strong, but the growth rate began to slow slightly. Meanwhile, sustained improvements in business and consumer confidence led to substantial investments in the non-residential segment. Despite expectations to the contrary, the residential segment in Canada continued to develop well during the year. However, falling energy prices negatively impacted on activity in some areas of the non-residential and civil engineering segments.

Net sales

Uponor's 2015 consolidated net sales from continuing operations amounted to €1,050.8 (2014: €1,023.9) million, up 2.6% year-on-year. In organic terms, i.e. adjusting for the divestment of Uponor Infra's Thai and Extron business units in the 2014 figures, Uponor's consolidated net sales grew by 5.2%. Based on a constant currency comparison, there was a €+35.0 million difference in full-year net sales. This was mainly due to the positive impact from the USD, but also CAD and GBP, while the main negative influence came from RUB.

Building Solutions – Europe's net sales declined by -2.5%, reflecting the weak performance in the first three quarters of the year. Notwithstanding the short-term pick-up in demand in the last two months of the year, European markets have generally remained flat, with Sweden and the Netherlands standing out as the few brighter spots. The strength of the fourth quarter 2015 was supported by mild weather especially in northern Europe, some pre-stocking among customers, as well as the timing of commercial projects in Germany.

Through a series of manufacturing expansions over recent few years, Building Solutions – North America has been able to sustain sturdy net sales growth over a lengthy period of time, and 2015 was no exception. Due to currency changes, reported net sales in euro were particularly strong. Net sales developed

Net sales by segment for 1 January–31 December 2015:

M€	**1–12/2015**	1–12/2014	Reported change (%)
Building Solutions – Europe	**467.1**	479.1	-2.5%
Building Solutions – North America	**275.8**	200.8	37.4%
(Building Solutions – North America (M$)	**304.6**	265.2	14.8%)
Uponor Infra	**312.0**	351.3	-11.2%
Eliminations	**-4.1**	-7.3	
Total	**1,050.8**	1,023.9	2.6%

healthily in the U.S., driven by the plumbing business in particular. Thanks to a strong final quarter, the Canadian business also posted growth, mainly driven by significant new product innovations in the indoor climate segment of the market.

Uponor Infra's net sales for 2015 saw a clear decline, a bit over half of which originated in the divested Thai and Extron business units, which had combined net sales in 2014 of €28.6 million. The segment's continuing net sales decline was mainly driven by weak development in Poland and Canada.

Within the business groups, the share of Plumbing Solutions represented 45% (39%), Indoor Climate Solutions 25% (27%), while Infrastructure Solutions represented 30% (34%) of Group net sales.

Measured in terms of reported net sales, and their respective share of Group net sales, the 10 largest countries were as follows (2014 figures in brackets): the USA 23.9% (17.6%), Germany 13.0% (13.9%), Finland 11.8% (13.2%), Sweden 8.9% (9.2%), Canada 7.9% (8.2%), Denmark 4.5% (4.7%), the Netherlands 3.5% (3.1%), the United Kingdom 3.4% (3.5%), Norway 2.9% (3.6%), and Spain 2.8% (2.8%).

Results

The consolidated full-year gross profit ended at €370.2 (340.1) million, a change of €30.1 million or 8.9%. The gross profit margin came to 35.2% (33.2%). The main influencer of this trend was the larger relative share of the North American building solutions business and, in terms of Uponor Infra, the sales growth of the strategically important designed solutions and successful pricing in a volatile resin price environment.

Consolidated operating profit came to €71.4 (63.4) million, up 12.6% from the previous year. The operating profit margin improved slightly, coming to 6.8% (6.2%) of net sales. Currency exchange rates had a €7.5 million positive translation impact on the improvement in full-year operating profit.

Overhead cost development was mainly influenced by two factors, the first being growth in Building Solutions – North America, exaggerated by currency translation, and the other being non-recurring items relating to the implementation of the transformation programmes in the European segments. In addition, results of past and ongoing cost saving initiatives are visible in the underlying numbers.

Operating profit was burdened by €6.2 (5.9) million in non-recurring costs and included non-recurring gains for the amount of €1.9 (1.7) million, bringing the net amount to €4.3 (4.3) million. Of these, €3.6 (3.7) million was reported in Building Solutions – Europe and €0.7 (0.6) million in Uponor Infra. The non-recurring items in 2015 were mainly related to provisions and impairments in connection with the ongoing transformation programmes in both segments, while Uponor Infra benefited from gains from the divested businesses.
In Building Solutions – Europe, the initiatives related to the streamlining programme announced on 21 July 2015 have mostly been completed, with the exception of those relating to the German business operations, where consultations with the works council are ongoing. Any streamlining initiatives to be implemented in Germany will be reported as part of the transformation programme, announced on 26 November 2015.

Excluding any non-recurring items, consolidated operating profit was €75.8 (67.7) million, an increase of 11.9%. Similarly, excluding any non-recurring items, Building Solutions – Europe's operating profit came to €27.6 (38.7) million, while Uponor Infra reported a slightly positive €0.9 (0.0) million.

The volatility of input costs, especially those of plastic resins, has continued to be high and average prices remain high according to a longer term comparison. Regardless of the dramatic drop witnessed in global oil prices, plastic resin prices in Europe, in particular, have remained high due to resin manufacturers' capacity constraints and the resulting bottle-necks in deliveries.

Uponor's net financial expenses came to €8.9 (€7.4) million. Net currency exchange differences in 2015 totalled €-3.4 (-1.2) million.

Profit before taxes was €62.8 (56.3) million. At a tax rate of 40.9% (35.5%), income taxes totalled €25.7 (20.0) million. The 2015 income taxes include €1.6 million in taxes paid in Estonia due to dividends distributed as well as an additional €0.5 million deferred tax liability related to remaining retained earnings in the Estonian subsidiaries, corresponding to a one-time effective tax rate increase of 3.3 percentage points. In addition, the share of North American business with a relatively higher income tax rate has increased.

Profit for the period totalled €36.9 (36.0) million, of which continuing operations accounted for €37.1 (36.3) million.

Return on equity declined to 12.1% (12.3%). Return on investment reached 15.5% (14.2%).

Earnings per share were €0.51 (0.50), and €0.51 (0.50) for continuing operations. Equity per share was €3.39 (3.16). For other share-specific information, please see the Tables section.

Consolidated cash flow from operations was €58.2 (75.7) million, while cash flow before financing came to €16.5 (45.1) million.

Operating profit by segment for 1 January–31 December 2015:

M€	1–12/2015	1–12/2014	Reported change (%)
Building Solutions – Europe	**24.0**	35.0	-31.4%
Building Solutions – North-America	**51.0**	31.5	61.9%
(Building Solutions – North-America (M$)	**56.3**	41.6	35.4%)
Uponor Infra	**0.2**	-0.5	142.0%
Others	**-3.8**	-2.6	
Eliminations	**0.0**	0.0	
Total	**71.4**	63.4	12.6%

The change was mainly driven by increased net sales in the last two months of the year resulting in higher accounts receivable, as well as an increase of €13 million in paid taxes. In line with the profit improvement, net cash from operations improved from €99.0 million in 2014 to €105.6 million in 2015.

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

Investment, research and development, and financing

Uponor's largest investment in fixed assets in 2015 was its sixth expansion of manufacturing capacity in the Apple Valley facility in Minnesota, which is part of Building Solutions – North America. This building project was completed during the fourth quarter of 2015.

In terms of capital expenditure, Uponor aims to maintain a balance between targeting resources at the most viable opportunities, while keeping overall investment levels tight. A high proportion of the funds spent are being directed towards selected productivity improvements and maintenance.

In 2015, gross investment in fixed assets totalled €50.1 (35.7) million, an increase of €14.4 million year on year. Of this, €18.6 million comes from the manufacturing expansion ongoing in North America. In addition to the increase from the strengthening U.S. dollar, also other currency changes influenced investment numbers reported in euro. Net investments totalled €49.2 (32.1) million.

Research and development costs amounted to €18.5 (16.3) million, or 1.8% (1.6%) of net sales.

The main existing funding programmes on 31 December 2015 included an €80 million bond maturing in 2018 and a €20 million bond maturing in 2016. With existing bond issues, Uponor has balanced the maturity structure and diversified its sources of funding. In addition to these, Uponor Infra Oy took out a loan of €35 million on 1 July 2013 in order to finance its operations, €11 million of which was outstanding at the end of 2015.

Committed bilateral revolving credit facilities, which will mature in 2019–2020, totalled €200 million; none of these back-up facilities were used during the year.

For short-term funding needs, Uponor's main source is its domestic commercial paper programme, totalling €150 million, none of which was outstanding on the balance sheet date. At the end of the year, Uponor had €49.2 (60.2) 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 €0.6 (0.7) million.

Consolidated net interest-bearing liabilities went up to €91.3 (82.0) million. The solvency ratio was 44.3% (43.9%) and gearing came to 29.3% (27.6%). Average quarterly gearing was 40.4 (45.8), in line with the range of 30–70 set in the company's financial targets.

Events during the period

On 25 February 2015, Uponor announced Uponor Infra's divestment of its majority shareholding in Wiik & Hoeglund PLC of Thailand. Furthermore, on 30 March it was announced that Uponor Infra Oy has divested its fully owned Finnish subsidiary, Extron Engineering Oy, a specialist in machinery for the plastic products industry. Despite the divestment, Uponor Infra will continue to license and sell certain technologies relevant to the infrastructure business. Both divestments were based on a strategy of focusing on markets where Uponor Infra can command a strong market position and achieve operational synergies. Later, in December, following the strategic adjustment of its product portfolio, Uponor Infra divested its Omega-Liner® pipeline renovation business to the Danish company Per Aarsleff A/S.

On 25 March, Uponor established a captive insurance company, Uponor Insurance Ltd, a fully-owned subsidiary, for the purpose of improving management of its global liability programmes and gaining access to comprehensive insurance coverage under more favourable terms.

On 21 July, Uponor announced a streamlining programme in its Building Solutions – Europe segment, for the purpose of adjusting operations to the weak demand in Europe. The target was to achieve annual savings of around €3 million, for instance, by adjusting sales network and by centralising and outsourcing support functions. It was estimated that such initiatives will incur a total of €4–€5 million in non-recurring costs in 2015. The measures were expected to account for around 100 man years of work in Building Solutions – Europe. Further, on 26 November, Uponor announced plans to start a transformation programme in Europe to accelerate profitable growth and reduce cost. The programme involves Building Solutions – Europe and Uponor Infra. The transformation programme is expected to contribute a minimum of €25 million in savings by the end of 2017, of which Building Solutions – Europe accounts for at least €20 million and Uponor Infra €5 million. These measures are expected to incur €32 million in non-recurring items, of which €13 million non-cash, to be booked in the 2016 accounts for the most part. As already referred to above, the initiatives related to the streamlining programme in Building Solutions – Europe, announced on 21 July 2015, have mostly been completed, with the exception of the German operations. Any streamlining initiatives to be implemented in Germany, with the remaining €2.5 million in non-recurring items, will in future be reported as part of the transformation programme, announced on 26 November 2015.

On 25 November, Uponor announced that the Administrative Court of Helsinki had rejected the appeals of Uponor Corporation and Uponor Business Solutions Ltd, submitted in July 2013. The case concerns taxation adjustment decisions made by the Large Taxpayers' Office in 2011, which Uponor viewed as being ungrounded. Uponor has sought leave to appeal to the Supreme Administrative Court.

Uponor also announced that, effective from 4 January 2016, Uponor Holding GmbH, Germany had acquired the shares in two German companies, Delta Systemtechnik GmbH and the KaMo Group. This acquisition aims at broadening Uponor's portfolio and competencies in the increasingly important hygienic drinking water delivery sector. In 2014, the 119 employees of both companies combined generated a total turnover of €32.8 million.

In 2015, Uponor, Inc. completed a manufacturing expansion project in its Apple Valley facilities in Minnesota. This building work was finalised in December. The investment will add an additional 8,175m2 of manufacturing and office space and secure further capacity needs in the near-term. In Russia, Uponor's new greenfield factory for the production of local heat distribution systems was officially inaugurated on 1 October 2015. A new distribution centre in Hassfurt, southern Germany, close to the main German manufacturing operations was opened for business in March. In November, Uponor further announced that the company is planning to begin its own manufacture of building solutions in China in 2016 in order to satisfy growing demand in this large market.

In the USA, Uponor, Inc.'s class action settlements, originally announced on 10 June 2015, became final after court approvals on 17 December 2015. Uponor's U.S. operative subsidiary company, Uponor, Inc., together with its insurers and some of its key trade partners was involved in settlement negotiations in two class action suits due to the alleged failure risks of Uponor yellow brass fittings sold in the USA. Court approvals of the final settlement terms were granted in the form of two separate Class Action Settlements. To all intents and purposes, the settlements were approved by the court in the form originally proposed by the parties, making them final and binding on all parties. According to the terms of the settlements, Uponor, Inc. will provide building owners with an enhanced warranty to cover potential fitting failures.

In December, the Board of Directors of Uponor Corporation resolved to continue the key management Performance Share Plan mechanism resolved by the Board in 2014. Approximately 25–30 Group key managers, including the members of the Executive Committee, belong to the target group of the new plan. The purpose of the plan is to continue aligning the objectives of the management and Uponor shareholders in order to increase the value of the company, boost profitable growth and retain the services of the participants in the longer term. The new plan covers the calendar years 2016–2018.

Personnel and organisation

At the end of the year, the Uponor Group had 3,735 (3,982) employees, in full-time-equivalent (FTE) terms. This is 247 less than at the end of 2014. The average number of employees (FTE) for the year was 3,842 (4,127). The workforce was reduced as a result of the divestments carried out in Uponor Infra and streamlining measures in the European operations.

The geographical breakdown of the Group's personnel (FTE) was as follows: Germany 22.2% (20.8), Finland 17.1% (17.2), the USA 15.7% (12.8), Sweden 13.3% (12.5), Poland 5.4% (5.1), Canada 4.9% (4.9), Spain 4.6% (4.5), Denmark 3.0% (2.9), the UK 2.8% (3.3), Russia 2.5% (2.4) and other countries 8.5% (13.6).

Further, in North America, Uponor utilises manufacturers' representatives to sell its products. Such representatives are not direct employees of Uponor, but instead are independent businesses that operate in defined geographical areas and are paid commission by Uponor. Uponor utilises 36 such representative organisations throughout North America, the size of an individual representative firm varying from several persons to organisations that have fairly significant staffing levels.

In September 2015, Uponor introduced a new organisational structure involving the Building Solutions –Europe segment and the Group Technology function. The dual functional manager principle that had been practised in the segment was discarded as the Board of Directors appointed Jan Peter Tewes (46), M.Sc. (Econ.), MBA, as Executive Vice President Building Solutions – Europe and a member of the Group's Executive Committee. Reporting to Jyri Luomakoski, President and CEO of Uponor Corporation, Tewes also assumed responsibility for Group brand management. Fernando Roses, then EVP, Offering and Supply Chain for Building Solutions – Europe, and member of the Group's Executive Committee, continued as Executive Committee member assuming the new role of EVP, Technology and Corporate Development at Uponor Group. This appointment highlighted the growing strategic importance of research, technology and sustainability for Uponor globally. The changes were effective from 1 September 2015.

Heiko Folgmann, EVP, Sales and Marketing for Building Solutions – Europe resigned from Uponor in the same connection.

A total of €230.3 (€227.1) million was recorded in salaries, other remunerations and employee benefits during the financial period.

Key risks associated with business

Uponor's financial performance could be affected by a range of market, operational, financing and hazard risks.

Market risks

Uponor's principal areas of business are Europe and North America, where its exposure to political risks is generally considered to be relatively low. However, the situation changed somewhat in 2015 when Uponor opened a production facility in the St. Petersburg area in Russia, and announced a similar plan concerning the Shanghai area in China. On the other hand, Uponor Infra divested its Thailand operations in February 2015, a move that to some extent decreases the Group's emerging market exposure.

The Ukraine crisis and its repercussions have kept the political risks associated with Russia on the agenda. Sanctions imposed by the U.S. and EU against Russia, and Russia's counter sanctions, are still affecting business conditions in Russia and elsewhere in Europe, particularly in Finland, and no solution is in sight in the foreseeable future. These tense relations have had a negative impact on the European markets and on fragile economic growth on the continent. Russia's share of Uponor's net sales was around 2.0% in 2015.

The European economy and Europe's economic climate show some signs of recovery, but the upturn is slow and fragile. The Ukrainian situation referred to above is still a negative factor. Unrest and military conflict in the Middle East are not a new phenomenon, but have recently escalated in a rapid and uncontrolled manner. The situation has led to unpredictable levels of volatility and huge challenges facing Europe in the form of terrorism and the hundreds of thousands of refugees who entered Europe in 2015, a migration that will continue in 2016. Uponor is continually monitoring the situation and performing internal assessments of the potential risks facing Europe and the euro area, and their possible repercussions for Uponor's operations.

Since Uponor's net sales are divided among a large number of customers, most 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, whose sales is distributed between over 20 countries, generate roughly one third of Uponor's net sales.

Demand for Uponor's products depends on business cycles in the construction sector. Uponor's main end market has traditionally comprised single-family housing. However, the company's products are increasingly being supplied for multi-family residential and non-residential building construction. Demand often fluctuates differently within each of these two sectors. To a certain degree, such fluctuations are being offset by demand for renovation projects, which is not always as discretionary as that for new housing projects.

Close to one third of Uponor's annual net sales come from the infrastructure solutions business. This entails a corresponding increase in the associated risks for 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 approval for a large proportion of the products it sells. It also closely monitors any laws and regulations under preparation, in order to anticipate their impact on Uponor and its customers.

Operational risks

The prices of raw materials used in the manufacture of plastic pipe systems are susceptible to change, driven by several factors including petrochemical and metal product price fluctuations, supply capacity, market demand etc. In recent years, Uponor has been able to pass most of 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 material 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 continuously and systematically uses financial instruments to manage price risks associated with electricity prices at Nordic level.

With respect to component and raw material sourcing, 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 the 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 leadership skills in a multicultural matrix organisation. Uponor's internal employee surveys provide important information on our employees' engagement, by measuring various aspects of engagement, alignment, the working environment and motivation. Action plans are agreed and followed up based on the survey results, resulting in better performance and employee engagement.

Uponor's business processes are managed using several IT applications, the most important of which are the ERP systems for the company's European and North American operations. A system criticality review and contingency planning are included in the implementation and lifecycle management of major IT systems. Contingency plans can include activities such as failover planning, backup and restore management, and testing. Disaster recovery tests are held every two years for key systems. IT-related risks are evaluated as part of Uponor's risk management process, with an increasing emphasis being placed on IT systems security issues. In 2015, Uponor reviewed its cyber security approach with its internal audit partner and initiated further development based on those recommendations. In addition, Uponor has been acquiring insurance coverage for this issue over a period of several years.

Uponor applies an ISO 9001 quality management system and an ISO 14001 environmental management system, which enhance production safety and productivity while reducing the environmental impact and risks of Uponor's operations. In Germany, Uponor has begun to implement an Energy Management System based on ISO 50001 in two factories, both of which have been certified.

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

Financing risks

Recent years have shown that major disruptions can occur in financial markets with very little warning. For this reason, although the situation now seems rather stable from Uponor's perspective, significant risks may arise in the future 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 reputable and well-rated counterparties and various forms of financing.

The Group manages its liquidity through efficient cash management solutions and by applying a 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 expenses, as well as in the fair value of fixed-rate financial items. The interest rate risk is managed by spreading Group funding across fixed and floating rate instruments.

The international nature of its operations exposes the Group to currency risks associated with various currencies. A significant proportion 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 associated 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 euro. According to the company's hedging policy, non-euro-area balance sheet items are not hedged, with the exception of some internal loans, which are classified as net investments and included in hedge accounting.

Hazard risks

Uponor operates 14 production plants in nine countries. The products manufactured in these plants generate most 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 possible financial damage caused by 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 centralised insurance programmes at Group level.

Uponor launched a Group-wide Business Continuity Management and Business Interruption Analysis project again in 2015 and the project's first phase should be finished during the first half of 2016. Various and numerous measures are already being taken in order to manage the risks associated with property damage and business interruption. These include safety training for personnel, adherence to maintenance schedules, and actions taken to maintain the availability of major spare parts. Audits and training conducted at Uponor's production sites by, and in cooperation with, insurance companies also form an essential part of Group risk management. Cyber risks and threats are subject to constant monitoring by default.

Risk management in 2015

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

In March 2015, Uponor established a captive insurance company, Uponor Insurance Ltd, a fully-owned subsidiary of Uponor Corporation. With the new company, Uponor aims to improve its management of Uponor Group's global liability programmes.

In 2014, a public discussion arose in Finland related to taste and odour issues observed in PEX tap water pipes representing different brands. Abnormalities were found in a few production batches of Uponor products; these abnormalities were not compliant with the type approval requirements applied in Finland. As a result, Uponor implemented corrective measures in post-production processes to ensure consistent product quality. Due to promptly performed corrective measures any concerns have been alleviated and the magnitude and effects of the issue have turned out to be relatively small.

Price developments in 2015 were challenging with regard to several of Uponor's key raw materials, and suppliers also faced capacity constraints. The volatility of both the price of plastic resin and the price of oil and oil products, and their increasingly diverging trends, posed extra challenges for the sourcing function. This had no material impact on Uponor's business. In sum, continuous risk management is an important and clearly acknowledged component of sourcing.

Uponor conducted risk assessment exercises in the spring and autumn of 2015 in relation to the primary risks identified, and updated its risk management plans accordingly.

In 2015, in cooperation with insurance companies, Uponor assessed the functionality and preparedness of its risk management in five production units. The results showed the level of risk management to be sound in all units.

With volatility still dominating the global economic arena, concern about the availability of bank and market-based funding on favourable terms remained on the agenda. To secure longer-term funding, Uponor has diversified its financing risks through 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. In the summer of 2015, Uponor renewed the remaining part of its committed bilateral credit limits, representing a value of €50 million, for a five-year period. The size of Uponor's total committed revolving credit facility programmes is €200 million, with maturities ranging between 2019 and 2020.

As in previous years, 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 within Uponor. The company has proactively endeavoured to focus on good tax governance and has assigned a more explicit role to tax risk assessment within its risk assessment process.

Uponor is involved in several judicial proceedings in various countries. The year 2015 saw no materialisation of risks, pending litigation or other legal proceedings, or measures taken by the authorities that, based on current information, might have been of material significance to the Group. Uponor Corporation's U.S. operative subsidiary company, Uponor, Inc., its insurers and some of its key trade partners (home builders, plumbers and distributors) came together to resolve the alleged failure risks of Uponor yellow brass fittings sold in the U.S., in connection with two proposed class action settlements. Court approvals of the final settlement terms were granted in December 2015. To all intents and purposes, the settlements were approved by the court in the form originally proposed by the parties, making them final and binding on all parties.

Administration and audit

The Annual General Meeting (AGM) of 17 March 2015 re-elected the following Board members for a term of one year: Jorma Eloranta, Timo Ihamuotila, Eva Nygren, Annika Paasikivi and Jari Rosendal. In addition, Markus Lengauer, an Austrian citizen, was elected as the sixth member. Jorma Eloranta was elected Chair of the Board and Annika Paasikivi Deputy Chair. Deloitte & Touche Oy, Authorised Public Accountants, was elected 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 are made available online after the annual accounts have been published, on Uponor's IR website at http://investors.uponor.com > Governance > Corporate governance.

While Uponor complies with the Finnish Corporate Governance Code 2010, issued by the Securities Market Association, the company deviates from the code with respect to recommendation 22. Uponor's Personnel and Remuneration Committee, which was established subsequent to the AGM held in March 2014, has two members instead of the three stated in the recommendation. Uponor is of the view that sufficient expertise for the Personnel and Remuneration Committee has been secured based on two members, and the Committee can also seek the views of non-Committee members. The Committee acts as a preparatory body assisting the Board of Directors, and all essential matters relating to remuneration are decided by the Board of Directors.

Share capital and shares

In 2015, Uponor's share turnover on Nasdaq Helsinki was 27.6 (18.8) million shares, totalling €384.1 (€229.3) million. The share quotation at the end of 2015 was €13.60 (€11.49), and market capitalisation of the outstanding shares was €995.6 (€841.1) million. At the end of the year, there were a total of 14,539 (15,846) shareholders. Foreign shareholding in Uponor accounted for 31.5% (28.3%) of all shareholding in the company at the end of the reporting period. More detailed information is available in the financial statements.

In 2015, Uponor Corporation's share capital totalled €146,446,888, and the number of shares stood at 73,206,944; there were no changes during the year.

There were no notifications of a change in ownership in 2015. Further information on shares and holdings is given in the financial statements.

Board authorisations

In the AGM held on 17 March 2015, the Board of Directors was authorised to buy back a maximum of 3.5 million of the company's own shares, which equals 4.8 per cent of the total number of shares of the company. The authorisation will remain valid until the end of the next annual general meeting and for no longer than 18 months. The AGM proposals and resolutions can be viewed in detail at http://investors.uponor.com.

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 company's shares. The authorisation was valid for three years, i.e. till 15 March 2015. Thus, on 12 February 2015, the Board decided on a directed share issue to the company's management, as part of the long-term share-based incentive plan 2012–2014, transferring, without payment, 42,818 of the company's own shares to 10 key employees, as specified in the rules of the plan. Combined, the transfers amount to 62,440 shares. Prior to this, this authority was exercised once, on 15 March 2012.

Treasury shares

At the end of the year, Uponor held 97,560 treasury shares, representing approximately 0.1% of the company's shares and voting rights.

Management shareholding

At the end of the year the members of the Board of Directors, the CEO and his deputy, along with corporations known to the company and in which they exercise control, held a total of 137,272 Uponor shares (141,568 shares). These shares accounted for 0.19% of all shares and votes in the company.

Share-based incentive programme

The Board of Directors has resolved on several long-term incentive programmes for key management in the past few years. The incentive plan for 2012–2014 was closed on 12 February 2015, as mentioned above. The plan for 2013–2015 came to an end at the end of the year 2015. Still in place are the programmes for the years 2014–2016 and 2015–2017.

In December 2015, the Board of Directors further resolved to continue the Performance Share Plan from the year 2014. Approximately 25–30 Group key managers, including members of the Executive Committee, belong to the target group of the new plan that covers the years 2016–2018. The plan offers its participants an opportunity to earn Uponor shares as a reward for achieving performance targets set by the Board.

The purpose of the plans is to continue aligning the objectives of the management and Uponor shareholders in order to increase the value of the company, boost profitable growth and retain the services of the participants over the longer term. The plans offer key managers a competitive reward plan based on achieving the company's strategic profitability and growth targets, and earning and accumulating Uponor shares.

Details of the plans are presented on the company's IR website.

Events after the period

On 4 January, Uponor concluded the acquisitions of two German companies, KaMo and Delta. On 19 January, the Finnish companies Uponor Infra Oy and Uponor Suomi Oy brought to end their employee consultation process concerning the companies' domestic operations. There were no other events to report after the period.

Short-term outlook

No major changes in outlook are in prospect in Uponor's key geographic areas. Economic trends are likely to continue in a similar manner to the last two years, i.e. North America continuing to experience lively economic growth, while Europe struggles with stagnant economies and lack of growth drivers. Overall, the Asian markets, which remain of marginal importance to Uponor, are expected to perform at their current levels, but economic trends there may change unexpectedly, posing a risk to global market developments.

Although the economic drivers behind building and construction related investments seem very similar to 2015, Uponor has launched an extensive restructuring that is expected to improve Uponor's market presence, and thus positively contribute to both net sales development and performance improvement. In North America, manufacturing capacity enhancements will support the growth of net sales.

On 21 July 2015, Uponor announced a streamlining programme in the Building Solutions – Europe segment, for the purpose of adjusting operations to the weak demand in Europe. Later, on 26 November 2015, Uponor announced a plan to carry out a major transformation in its Building Solutions – Europe and Uponor Infra segments. The implementation of these programmes will continue in 2016.

Uponor has traditionally channelled a considerable amount or resources on new offering development, such as the recently announced unique seamless aluminium composite pipe. In addition, standard productivity improvement related activities and maintenance will be carried out as usual in 2016. With respect to the fact that Uponor announced extensive transformation initiatives in 2015, including manufacturing footprint optimisation and a plan to establish a greenfield factory in China, all these will temporarily increase the Group's capital expenditure from that experienced in the last few years. Uponor estimates that capital expenditure, excluding any investment in shares, in total will amount to circa €58 million in 2016, against €50 million in 2015.

Due to favourable weather and extemporary customer behaviour, such as prestocking, the last quarter of 2015 was particularly lively, which together with harsh weather is likely to affect demand in the first quarter 2016. Assuming that economic development in Uponor's key geographies otherwise continues undisturbed, Uponor issues the following guidance for 2016: the Group's net sales and operating profit (excluding any non-recurring items) are expected to improve from 2015.

Uponor's financial performance may be affected by a range of strategic, operational, financial, legal, political and hazard risks. A more detailed risk analysis is provided in the 'Key risks associated with business' section of the Financial Statements.

Uponor Corporation
Board of Directors

Proposal of the Board of Directors

The distributable funds of the parent company Uponor Corporation are €135,677,537.28 of which profit for the period is €68,656,666.19.

The Board of Directors proposes to the Annual General Meeting that

- a dividend of €0.44 per share will be paid, at maximum	€32,168,128.96
- the remainder be retained in the shareholders' equity	€103,509,408.32
	€135,677,537.28

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

Vantaa, 12 February 2016

Jorma Eloranta Chair	Annika Paasikivi	Jari Rosendal	Timo Ihamuotila	Markus Lengauer	Eva Nygren	Jyri Luomakoski Managing director

Group key financial figures

	2015 IFRS	2014 IFRS	2013 IFRS	2012 IFRS	2011 IFRS
Consolidated income statement (continuing operations), M€					
Net sales	**1,050.8**	1,023.9	906.0	811.5	806.4
Operating expenses	**942.7**	926.4	828.6	726.5	743.0
Depreciation and impairments	**39.1**	36.5	33.0	28.2	29.4
Other operating income	**2.4**	2.4	0.8	0.9	1.4
Operating profit	**71.4**	63.4	50.2	57.7	35.4
Financial income and expenses	**-8.9**	-7.4	-7.1	-8.6	-17.7
Profit before taxes	**62.8**	56.3	43.2	49.4	17.7
Result from continuing operations	**37.1**	36.3	27.1	32.9	1.9
Profit for the period	**36.9**	36.0	26.8	32.8	1.6
Consolidated balance sheet, M€					
Non-current assets	**274.8**	253.7	249.0	186.5	199.8
Goodwill	**83.3**	83.1	82.3	74.9	74.9
Inventories	**112.4**	117.4	115.4	78.7	81.8
Cash and cash equivalents	**49.2**	60.2	53.7	17.7	29.1
Accounts receivable and other receivables	**188.1**	167.4	160.6	141.6	129.4
Equity attributable to the owners of the parent company	**248.0**	231.1	219.7	207.3	209.2
Non-controlling interest	**63.7**	66.7	68.0	-	2.9
Provisions	**25.0**	16.2	22.1	20.6	22.0
Non-current interest-bearing liabilities	**91.2**	126.3	136.4	107.6	110.2
Current interest-bearing liabilities	**48.3**	15.9	14.2	4.2	2.8
Non-interest-bearing liabilities	**231.6**	225.5	200.6	159.7	167.9
Balance sheet total	**707.8**	681.8	661.0	499.4	515.0
Other key figures					
Operating profit (continuing operations), %	**6.8**	6.2	5.5	7.1	4.4
Profit before taxes (continuing operations), %	**6.0**	5.5	4.8	6.1	2.2
Return on Equity (ROE), %	**12.1**	12.3	10.8	15.7	0.7
Return on Investment (ROI), %	**15.5**	14.2	12.5	16.5	11.0
Solvency, %	**44.3**	43.9	43.9	41.5	41.2
Gearing, %	**29.3**	27.6	33.7	45.4	39.3
Net interest-bearing liabilities, M€	**91.3**	82.0	96.9	94.1	83.9
- % of net sales	**8.7**	8.0	10.7	11.6	10.4
Change in net sales, %	**2.6**	13.0	11.6	0.6	7.6
Exports from Finland, M€	**55.5**	55.5	43.3	32.8	34.7
Net sales of foreign subsidiaries, M€	**910.7**	870.1	770.4	717.6	709.8
Total net sales of foreign operations, M€	**927.3**	888.8	781.4	718.1	714.1
Share of foreign operations, %	**88.2**	86.8	86.2	88.5	88.6
Personnel at 31 December	**3,735**	3,982	4,141	3,052	3,228
Average no. of personnel	**3,842**	4,127	3,649	3,098	3,288
Investments (continuing operations), M€	**50.1**	35.7	33.9	19.2	24.0
- % of net sales	**4.8**	3.5	3.7	2.4	3.0

Share-specific key figures

	2015 IFRS	2014 IFRS	2013 IFRS	2012 IFRS	2011 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	**73,109**	73,067	73,067	73,067	73,067
- average	**73,106**	73,067	73,067	73,062	73,067
Total equity attributable to the owners of the parent company, M€	**248.0**	231.1	219.7	207.3	209.2
Share trading, M€	**384.1**	229.3	179.3	186.1	366.2
Share trading, in thousands	**27,590**	18,843	14,563	21,963	38,155
- of average number of shares, %	**37.7**	25.8	19.9	30.1	52.2
Market value of share capital, M€	**995.6**	841.1	1,041.0	702.8	502.2
Earnings per share (diluted), €	**0.51**	0.50	0.38	0.45	0.03
Equity per share, €	**3.39**	3.16	3.00	2.84	2.86
Dividend, M€	[1)]**32,2**	30.7	27.8	27.8	25.6
Dividend per share, €	[1)]**0,44**	0.42	0.38	0.38	0.35
Effective share yield, %	**3.2**	3.7	2.7	4.0	5.1
Dividend per earnings, %	**86.3**	84.0	100.0	84.4	1,018.5
P/E ratio	**26.7**	23.0	37.4	21.3	199.7
Issue-adjusted share prices, €					
- highest	**17.30**	14.94	15.85	10.00	14.25
- lowest	**10.42**	9.11	9.65	6.77	6.03
- average	**13.92**	12.17	12.31	8.47	9.57

The definitions of key ratios are shown on page 42.

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 2015 totalled 27,590,225, valued at €384.1 million. The share closed at €13.6 and the market capitalisation came to €995.6 million. The yearend number of shareholders totalled 14,539 of which foreign shareholders accounted for 31.5 (28.3) per cent.

Major shareholders on 31 December 2015

Shareholder	Shares	% of shares	% of votes
Oras Invest Ltd	16,571,780	22.6	22.7
Varma Mutual Pension Insurance Company	3,862,072	5.3	5.3
Investment Fund Nordea Nordic Small Cap	3,012,006	4.1	4.1
Ilmarinen Mutual Pension Insurance Company	1,996,527	2.7	2.7
Investment Fund Nordea Suomi	717,939	1.0	1.0
State Pension Fund	705,000	1.0	1.0
Investment Fund Nordea Pro Suomi	701,500	1.0	1.0
Mandatum Life Insurance Company Limited	596,794	0.8	0.8
Paasikivi, Pekka	560,406	0.8	0.8
Paasikivi, Jari	548,888	0.7	0.8
Paasikivi, Jukka	538,173	0.7	0.7
SEB Finlandia Fund	502,143	0.7	0.7
Others	42,796,156	58.5	58.4
Total	73,109,384	99.9	100.0
Own shares held by the company	97,560	0.1	-
Grand total	73,206,944	100.0	100.0
Nominee registered shares on 31 December 2015			
Nordea Bank Finland Plc	13,077,860	17.9	17.9
Nasdaq OMXBS/Skandinaviska Enskilda Banken AB	7,840,173	10.7	10.7
Svenska Handelsbanken AB (publ.)	1,229,398	1.7	1.7
Others	246,073	0.3	0.3
Total	22,393,504	30.6	30.6

The maximum number of votes which may be cast at the Annual General Meeting is 73,109,384 (status on 31 December 2015). At the end of the financial period the company held a total of 97,560 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 25.3 (25.3) per cent.

Shareholders by category on 31 December 2015

Category	No. of shares	% of shares
Private non-financial corporations	19,063,733	26.0
Public non-financial corporations	5,750	0.0
Financial and insurance corporations	8,990,490	12.3
General government	7,365,379	10.1
Non-profit institutions	2,607,713	3.6
Households	12,107,231	16.5
Foreign (including nominee registrations)	23,065,794	31.5
Other (joint account)	854	0.0
Total	73,206,944	100.0

Shareholders by size of holding on 31 December 2015

Shares per shareholder	No. of shares, total	% of share capital	No. of shareholders	% of shareholders
1–100	246,955	0.3	3,780	26.0
101–1,000	3,562,977	4.9	8,445	58.1
1,001–10,000	5,766,376	7.9	2,104	14.5
10,001–100,000	4,750,365	6.5	168	1.2
100,001–1,000,000	11,290,455	15.4	35	0.2
1,000,001–	47,589,816	65.0	7	0.0
Total	73,206,944	100.0	14,539	100.0

Share capital development 2011–2015

	Date	Reason	Change, euro	Share capital, euro	Number of shares
2015	31.12.			146,446,888	73,206,944
2014	31.12.			146,446,888	73,206,944
2013	31.12.			146,446,888	73,206,944
2012	31.12.			146,446,888	73,206,944
2011	31.12.			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 (www.cgfinland.fi) issued by the Securities Market Association, with the exception of recommendation 22, in relation to the Personnel and Remuneration Committee, which has two members instead of three members as stated in the recommendation. Uponor considers that sufficient expertise for the Personnel and Remuneration Committee is secured with two members, and the Committee may also obtain views from outside of the Committee. The Committee acts as a preparatory and assisting body for the Board of Directors, and all essential matters relating to remuneration shall be dealt by the Board of Directors.

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 Chair and a Deputy Chair for one year at a time from amongst its members.

In March 2015, the AGM elected the following six members to the Board:

- Mr Jorma Eloranta, born 1951, M. Sc. (Tech.), Doctor of Science in Technology h.c., member of the Uponor Board since 2005
- Mr Timo Ihamuotila, born 1966, Licentiate of Science (Finance), Executive Vice President and Group Chief Financial Officer, Nokia, member of the Uponor Board since 2013
- Ms Eva Nygren, born 1955, Architect, Director, Investments, Swedish Transport Administration, member of the Uponor Board since 2011
- Ms Annika Paasikivi, born 1975, B.A, M.Sc. (global politics), Chief Operating Officer, Oras Invest Ltd and CEO, Finow Ltd, member of the Uponor Board since 2014
- Mr Jari Rosendal, born 1965, M. Sc. (Tech.), President & CEO, Kemira Oyj, member of the Uponor Board since 2012
- Dr Markus Lengauer, born 1965, Master of Engineering, Doctorate in Mechanical Engineering, member of the Uponor Board since 2015.

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. The Chair of the Board, Mr Eloranta, has served as a member in the Uponor Board since 2005, as a deputy Chair since 15 March 2012 and as a Chair since 19 March 2014. The Board has concluded unanimously, and based on an overall evaluation and factual circumstances, that Mr Jorma Eloranta is still independent of the company irrespective of the fact that he has served as a member in the Board of the company for more than 10 years. All the current Board members, with the exception of Ms Annika Paasikivi, 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 attached table shows the total annual remuneration paid to Board members in 2015:

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 €
Eloranta, Jorma, Chair		Chair	52,805	35,195	2,376	10,800
Ihamuotila, Timo J.	Chair		29,403	19,597	1,323	9,000
Nygren, Eva			26,403	17,597	1,188	6,000
Paasikivi, Annika, Deputy Chair	Member	Member	29,403	19,597	1,323	13,200
Rosendal, Jari	Member		26,403	17,597	1,188	9,000
Simon, Rainer S., member until 17 March			-	-	-	2,400
Markus Lengauer, member as of 17 March	Member		26,403	17,597	1,188	10,200
In total			190,818	127,182	8,586	60,600

the Group's industry, relevant technologies, financing, risk management and international sales and marketing.

The AGM determines Board remuneration and fees. Based on the 2015 AGM's decision, the annual Board remuneration is as follows: €88,000 for the Chair, €49,000 for the Deputy Chair, €49,000 for the Chair of the Audit Committee and €44,000 for ordinary members. The AGM further decided that approximately 40 per cent of the annual remuneration be paid in company shares acquired on behalf 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 country of residence of the member, €1,200 for meetings held elsewhere on the same continent, and €2,400 for meetings held on another continent. The remuneration for telephone meetings shall be the same as for meetings held in the country of residence of the member in question.

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 Chair;
u) approve key Group operational policies, such as compensation policy;
v) deal with other issues raised by the Chair 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 2015, the Board held ten meetings in total, two at a business unit and three as teleconference meetings. Eight non-attendances were recorded (Eva Nygren four, Timo Ihamuotila three and Jari Rosendal one), four of which were partial (Timo Ihamuotila two, Eva Nygren one and Jari Rosendal one). Further, the Board made eight decisions without having a meeting.

The CEO shall prepare the Board meeting agenda for the review by the Chair. 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 Chair'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 Chair casting the deciding vote should the votes be even.

Board committees

Audit Committee

The Board decided to re-establish the Audit Committee on 17 March 2015, with the same charter as earlier. The members of the Audit Committee are Timo Ihamuotila, Annika Paasikivi, Jari Rosendal and Markus Lengauer, with Timo Ihamuotila acting as the committee chair.

According to the charter of the Audit Committee, 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.

The Committee held four meetings in 2015, one of which was a teleconference meeting. No non-attendances were recorded. Further, the Audit Committee made one decision without having a meeting.

Personnel and Remuneration Committee

The Board decided to re-establish the Personnel and Remuneration Committee on 17 March 2015, with the same charter as earlier. The members of the Personnel and Remuneration Committee are Jorma Eloranta (chair) and Annika Paasikivi.

The Personnel and Remuneration Committee shall have the following duties (charter):

- preparing the appointments of the President and CEO and the members of the Executive Committee, and the terms and conditions of their employment
- preparing matters to be brought to the Board relating to personnel, evaluation of top management and succession planning as needed
- preparation of matters pertaining to the remuneration and other financial benefits of the President and CEO and other executives
- preparation of matters pertaining to the remuneration schemes of the company
- evaluation of the remuneration of the President and CEO and the other executives as well as seeing to it that the remuneration schemes are appropriate
- reviewing the remuneration statement
- answering questions related to the remuneration statement at the general meeting.

The Personnel and Remuneration Committee held six meetings in 2015, with no non-attendances.

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 Chair 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 Chair of the Board of Directors and it shall elect a Chair 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 2015, the following persons were nominated to the Nomination Board: Pekka Paasikivi (Oras Invest Oy), Chair, Reima Rytsölä (Varma Mutual Pension Insurance Company) and Antti Kasi (Nordea Funds Oy).

The Nomination Board held one meeting in 2015. No non-attendances were recorded.

Chief Executive Officer

Mr Jyri Luomakoski, MBA, born 1967, acts as President and CEO of the Company.

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 Chair of the Executive Committee.

In 2015, the base salary paid to the CEO, Mr Jyri Luomakoski totalled €423,605 in cash and €28,194 as fringe benefits, in total €451,799. The Company paid the CEO a total of €98,118 based on the short-term incentive plan for the year 2014. Based on the decision of the Board of Directors on 12 February 2016, the CEO was awarded a reward of €211,005 based on the short-term incentive plan 2015. In addition, based on the long-term incentive plan 2013–2015, he was awarded 5,857 shares to be transferred to his book-entry account, in connection with which a money transfer will be made to the tax authority that corresponds to the value of 6,938 shares as income tax and asset transfer tax.

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. Retirement age for the CEO will be determined in accordance with the Employees' Pensions Act (TyEL), however, both the Company and the CEO may require the CEO's retirement at the age of 63 years. The company has also taken a defined contribution pension insurance for the CEO, to which the company annually pays €40,000. The Company has further concluded a pension arrangement based on a capitalisation agreement for the benefit of the CEO, to which the company paid €40,000 in 2015.

President of Uponor Infra Oy and member of the Executive Committee, Mr Sebastian Bondestam acted in 2015 as the deputy to the managing director of the parent company. 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 8,89% of the annual base salary including fringe benefits for the year 2015. The Board shall decide on the percentage of the defined contribution separately for each year.

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 Chair. 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 2015, the ExCom held nine 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 Chair.

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 Chair.

Compensation

The Group's compensation system consists of the basic salary, fringe benefits and a short-term incentive plan, 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, 12 February 2013 and 14 February 2014, 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 covered a maximum of twelve members (ten members with respect to the 2014 plan) of the Group's key management. The plans covered the years 2012–2016. On 10 December 2014, the Board of Directors approved the establishment of a new long-term share-based incentive plan, which covered a maximum of 25 members of the Group's key management. The plan covered the years 2015–2017. Further, on 11 December 2015, the Board of Directors approved the establishment of a new long-term share-based incentive plan, which may cover 25–30 members of the Group's key management. The plan covers the years 2016–2018.

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.

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 regular management business review 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, 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 Board. Any separate evaluations are performed by the internal audit function and may be initiated by the Board and by the management.

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. Each ExCom member has been allocated his/her own area of responsibility with regard to the identified risks, including the management and proper organisation of those risk areas throughout the Group.

Group Risk Management Team, comprising the CFO, President, Uponor Infra, President, Building Solutions – Europe, 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 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 annual report in the section "Review by the Board of Directors", see pages 16–23.

Financial Risk Management related notes can be found in the annual report in the section "Notes to the consolidated financial statements", see pages 43–69.

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 2015, the focus areas of internal audit included audits of Uponor's foreign and domestic subsidiaries, corporate functions and group-level processes. The audits of 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'). As of 1 January 2014, Uponor has outsourced its internal audit function to EY.

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 2015 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 2015, 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 €314,000, in total €1,141,000 for the year 2015.

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 service 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. 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 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).

Shares held by public insiders in 2015

The Board of Directors and the Auditor

Name	Position	Date	Shares
		1 Jan	30,644
Eloranta, Jorma	Chair of the Board	31 Dec	33,020
		1 Jan	2,669
Ihamuotila, Timo J.	Board member	31 Dec	3,992
		1 Jan	5,972
Nygren, Eva	Board member	31 Dec	7,160
		1 Jan	35,576
Paasikivi, Annika	Deputy Chair of the Board and Board member	31 Dec	36,899
		1 Jan	4,641
Rosendal, Jari	Board member	31 Dec	5,829
		17 Mar	-
Lengauer, Markus	Board member as of 17 March 2015	31 Dec	1,188
		1 Jan	-
Rantanen, Teppo	Auditor	31 Dec	-

The Executive Committee

Name	Position	Date	Shares
		1 Jan	7,800
Bondestam, Sebastian	ExCom member	31 Dec	12,356
		1 Jan	7,570
Gray, William	ExCom member	31 Dec	13,554
		1 Jan	28,000
Luomakoski, Jyri	President and CEO	31 Dec	36,828
		1 Jan	7,300
Palomäki, Riitta	ExCom member	31 Dec	11,553
		1 Jan	7,870
Roses, Fernando	ExCom member	31 Dec	12,730
		1 Jan	2,500
Schrey-Hyppänen, Minna	ExCom member	31 Dec	2,500
		1 Sep	-
Tewes, Jan Peter	ExCom member as of 1 September 2015	31 Dec	3,773

Insider statuses terminated during 2015

Name	Position	Date	Shares
		1 Jan	26,266
Simon, Rainer S.	Board member until 17 March 2015	17 March	-
		1 Jan	7,870
Folgmann, Heiko	ExCom member until 30 June 2015	30 Jun	13,101

Consolidated statement of comprehensive income

M€	Note	2015	%	2014	%
Continuing operations					
Net sales	2	**1,050.8**	**100.0**	1,023.9	100.0
Cost of goods sold		**680.6**	**64.8**	683.8	66.8
Gross profit		**370.2**	**35.2**	340.1	33.2
Other operating income	6	**2.4**	**0.2**	2.4	0.2
Dispatching and warehousing expenses		**35.3**	**3.4**	37.1	3.6
Sales and marketing expenses		**187.4**	**17.8**	173.1	16.9
Administration expenses		**56.8**	**5.4**	51.1	5.0
Other operating expenses	6	**21.7**	**2.1**	17.8	1.7
Expenses		**301.2**	**28.7**	279.1	27.3
Operating profit	2	**71.4**	**6.8**	63.4	6.2
Financial income	9	**11.3**	**1.1**	8.8	0.9
Financial expenses	9	**20.2**	**1.9**	16.2	1.6
Share of result in associated companies		**0.3**	**0.0**	0.3	0.0
Profit before taxes		**62.8**	**6.0**	56.3	5.5
Income taxes	10	**25.7**	**2.4**	20.0	2.0
Result from continuing operations		**37.1**	**3.5**	36.3	3.5
Discontinued operations					
Result from discontinued operations	3	**-0.2**	**0.0**	-0.3	0.0
Profit for the period		**36.9**	**3.5**	36.0	3.5
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:					
Re-measurements on defined benefit pensions, net of taxes		**1.4**		-5.0	
Items that may be reclassified subsequently to profit or loss:					
Translation differences		**11.3**		7.3	
Cash flow hedges, net of taxes		**0.0**		-0.9	
Net investment hedges		**-2.0**		0.6	
Other comprehensive income for the period, net of taxes		**10.7**		2.0	
Total comprehensive income for the period		**47.6**		38.0	
Profit for the period attributable to					
- Equity holders of parent company		**37.5**		36.5	
- Non-controlling interest		**-0.6**		-0.5	
Total compernsive income for the period attributable to					
- Equity holders of parent company		**47.3**		39.1	
- Non-controlling interest		**0.3**		-1.1	
Earnings per share, €	11	**0.51**		0.50	
- Continuing operations		**0.51**		0.50	
- Discontinued operations		**0.00**		0.00	
Diluted earnings per share, €		**0.51**		0.50	
- Continuing operations		**0.51**		0.50	
- Discontinued operations		**0.00**		0.00	

Consolidated balance sheet

M€	Note	**31 Dec 2015**	**%**	31 Dec 2014	%
ASSETS					
Non-current assets					
Intangible assets					
Intangible rights		**9.0**		12.1	
Goodwill		**83.3**		83.1	
Customer relationship value		**1.2**		1.7	
Technology		**1.0**		1.2	
Other intangible assets		**0.2**		0.2	
Investment in progress		**0.0**		0.1	
Total intangible assets	12	**94.7**	**13.4**	98.4	14.4
Tangible assets					
Land and water areas		**15.4**		17.2	
Buildings and structures		**69.7**		57.5	
Machinery and equipment		**98.8**		96.1	
Other tangible assets		**15.7**		16.0	
Construction work in progress		**21.8**		21.0	
Total tangible assets	13	**221.4**	**31.3**	207.8	30.5
Securities and long-term investments					
Investments in associated companies	15	**0.2**		0.1	
Other shares and holdings	16	**0.2**		0.8	
Non-current receivables	17	**20.6**		10.3	
Total securities and long-term investments		**21.0**	**3.0**	11.2	1.6
Deferred tax assets	22	**21.0**	**3.0**	19.4	2.8
Total non-current assets		**358.1**	**50.6**	336.8	49.4
Current assets					
Inventories	18	**112.4**	**15.9**	117.4	17.2
Current receivables					
Interest-bearing current assets		**0.3**		0.3	
Accounts receivables		**154.5**		137.3	
Current income tax receivables		**2.9**		3.0	
Accruals		**5.3**		8.8	
Other receivables		**25.1**		18.0	
Total current receivables	19	**188.1**	**26.6**	167.4	24.6
Cash and cash equivalents	20	**49.2**	**7.0**	60.2	8.8
Total current assets		**349.7**	**49.4**	345.0	50.6
Total assets		**707.8**	**100.0**	681.8	100.0

M€	Note	**31 Dec 2015**	**%**	31 Dec 2014	%
SHAREHOLDERS' EQUITY AND LIABILITIES					
Equity attributable to the owners of the parent company	21				
Share capital		**146.4**		146.4	
Share premium		**50.2**		50.2	
Other reserves		**-1.0**		-1.0	
Translation reserve		**-1.8**		-10.3	
Retained earnings		**16.7**		9.3	
Profit for the period		**37.5**		36.5	
Total equity attributable to the owners of the parent company		**248.0**	**35.0**	231.1	33.9
Non-controlling interest		**63.7**		66.7	
Total equity		**311.7**	**44.0**	297.9	43.7
Liabilities					
Non-current liabilities					
Interest-bearing liabilities	25	**91.2**		126.3	
Employee benefit obligations	23	**26.8**		29.9	
Provisions	24	**10.6**		4.6	
Deferred tax liabilities	22	**20.2**		19.3	
Other non-current liabilities		**1.3**		1.0	
Total non-current liabilities		**150.1**	**21.2**	181.1	26.6
Current liabilities					
Interest bearing liabilities	25	**48.3**		15.9	
Accounts payable		**63.9**		67.6	
Current income tax liability		**3.3**		5.0	
Provisions	24	**14.4**		11.6	
Other current liabilities	26	**116.1**		102.7	
Total current liabilities		**246.0**	**34.8**	202.8	29.7
Total liabilities		**396.1**	**56.0**	383.9	56.3
Total shareholders' equity and liabilities		**707.8**	**100.0**	681.8	100.0

Consolidated cash flow statement

M€	Note	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
Cash flow from operations			
Net cash from operations			
Profit for the period		**36.9**	36.0
Adjustments for:			
Depreciation		**39.1**	36.5
Dividend income		**0.0**	-0.6
Income taxes		**25.7**	20.0
Interest income		**-1.0**	-0.4
Interest expense		**5.3**	4.7
Sales gains/losses from the sale of businesses and fixed assets		**-2.0**	-1.2
Share of profit in associated companies		**-0.3**	-0.3
Other cash flow adjustments		**1.9**	4.3
Net cash from operations		**105.6**	99.0
Change in net working capital			
Receivables		**-33.0**	-7.3
Inventories		**2.4**	-0.5
Non-interest-bearing liabilities		**15.6**	4.3
Change in net working capital		**-15.0**	-3.5
Income taxes paid		**-29.5**	-16.0
Interests paid		**-3.2**	-4.3
Interests received		**0.3**	0.5
Cash flow from operations		**58.2**	75.7

M€	Note	1 Jan–31 Dec 2015	1 Jan–31 Dec 2014
Cash flow from investments			
Acquisition of subsidiaries and businesses	4	**-0.1**	-
Proceeds from disposal of subsidiaries and businesses	5	**7.6**	0.0
Purchase of fixed assets		**-50.1**	-35.7
Proceeds from sale of fixed assets		**0.7**	4.8
Dividends received		**0.2**	0.6
Loan granted		**0.0**	-0.3
Cash flow from investments		**-41.7**	-30.6
Cash flow before financing		**16.5**	45.1
Cash flow from financing			
Borrowings of debt		**17.4**	21.0
Repayments of debt		**-33.3**	-31.0
Change in other short term debt		**19.1**	1.9
Dividends paid		**-30.7**	-27.8
Payment of finance lease liabilities		**-0.9**	-1.8
Cash flow from financing		**-28.4**	-37.7
Conversion differences for cash and cash equivalents		**-0.1**	-0.9
Change in cash and cash equivalents		**-12.0**	6.5
Cash and cash equivalents at 1 January		**60.2**	53.7
Cash and cash equivalents at 31 December		**48.2**	60.2
Changes according to balance sheet	20	**-12.0**	6.5

Statement of changes in shareholders' equity

	Number of shares outstanding (1,000)	Share capital	Share premium	Other reserves	Unrestricted equity	Hedge reserve	Treasury shares	Translation reserve	Retained earnings	Equity attributable to the owners of the parent company	Non-Controlling interest	**Total**
Balance at 1 January 2015	73,067	146.4	50.2	1.6	0.1	-2.7	-1.0	-10.3	46.8	231.1	66.8	**297.9**
Total comprehensive income for the period								8.5	38.8	47.3	0.3	**47.6**
Dividend paid									-30.7	-30.7		**-30.7**
Transfers between reserves				0.0					0.0	0.0		**-**
Share based incentive plan	42						0.3		0.0	0.3		**0.3**
Disposal of subsidiaries and businesses										0.0	-3.3	**-3.3**
Other adjustments					0.0					0.0	-0.1	**-0.1**
Balance at 31 December 2015	73,109	146.4	50.2	1.6	0.1	-2.7	-0.7	-1.8	54.9	248.0	63.7	**311.7**
Balance at 1 January 2014	73,067	146.4	50.2	1.7	0.1	-1.8	-1.0	-17.6	41.7	219.7	68.0	**287.7**
Total comprehensive income for the period						-0.9		7.3	32.7	39.1	-1.1	**38.0**
Dividend paid									-27.8	-27.8		**-27.8**
Transfers between reserves				-0.1					0.1	-		**-**
Share based incentive plan									-0.1	-0.1		**-0.1**
Other adjustments									0.2	0.2	-0.1	**0.1**
Balance at 31 December 2014	73,067	146.4	50.2	1.6	0.1	-2.7	-1.0	-10.3	46.8	231.1	66.8	**297.9**

For further information see note 21.

Definitions of key ratios

Return on Equity (ROE), %	=	Profit before taxes – taxes / Total equity, average	x 100
Return on Investment (ROI), %	=	Profit before taxes + interest and other financing costs / Balance sheet total – non-interest-bearing liabilities, average	x 100
Solvency, %	=	Total equity / Balance sheet total – advance payments received	x 100
Gearing, %	=	Net interest-bearing liabilities / Total equity	x 100
Net interest-bearing liabilities	=	Interest-bearing liabilities – cash, bank receivables and financial assets excluding restricted cash	
Earnings per share (EPS)	=	Profit for the period attributable to equity holders of parent company / Average number of shares adjusted for share issue in financial period excluding treasury shares	
Equity per share ratio	=	Equity attributable to the owners of the parent company / Number of shares adjusted for share issue at end of year	
Dividend per share ratio	=	Dividend per share / Earnings per share	x 100
Effective dividend yield	=	Dividend per share / Share price at end of financial period	x 100
Price-Earnings ratio (P/E)	=	Share price at end of financial period / Earnings per share	
Market value of shares	=	Number of shares at end of financial period x last trading price	
Average share price	=	Total value of shares traded € / 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 investors.uponor.com and can be ordered from Uponor Corporation at the above-mentioned address.

At its meeting of 12 February 2016, 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 2015. 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 per cent 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 per cent 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 differences 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.

	At end of period		Average	
Key exchange rates for the euro	2015	2014	2015	2014
USD	1.0887	1.2141	1.1046	1.3211
SEK	9.1895	9.3930	9.3371	9.1205
CAD	1.5116	1.4063	1.4251	1.4636
DKK	7.4626	7.4453	7.4607	7.4547
NOK	9.6030	9.0420	8.9910	8.3966
GBP	0.7340	0.7789	0.7242	0.8031

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 coordinated 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, including 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 often.

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.

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 2015

The following new and revised IFRSs have been adopted in these consolidated financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions and events.

- IFRIC 21 *Levies* (effective in the EU for annual periods beginning on or after 17 June 2014). The interpretation provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and those where timing and amount of the levy is certain.
- *Annual Improvements to IFRS 2011–2013* (effective in the EU for annual periods beginning on or after 1 January 2015). 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.

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

IASB has published the following new or revised standards which the Group has not yet adopted. The Group will adopt each standard 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, unless otherwise stated below.

- *Amendments to IAS 19 Defined Benefit Plans:* Employee Contributions (effective in the EU for annual periods beginning on or after 1 February 2015). The amendments to IAS 19 Employee Benefits clarify how an entity should account for contributions made by employees or third parties that are linked to services should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, be recognised as a reduction in the service cost in the period in which the related service is rendered. Retrospective application is required.
- *Annual Improvements to IFRS 2010–2012* (effective in the EU for annual periods beginning on or after 1 February 2015). 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.
- *IFRS 9 Financial Instruments* (effective date for annual periods beginning on or after 1 January 2018). IFRS 9 is a several phase project which aims to replace IAS 39 *Financial Instruments: Recognition and Measurement* with a new standard. According to the classification and measurement part of 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. The general hedge accounting model allows entities to reflect risk management activities in the financial statements more closely as it provides more opportunities to apply hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of "economic relationship". The impairment model reflects expected credit losses, as opposed to incurred credit losses under IAS 39. It is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, entities always account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. The standard also introduces a number of new disclosure requirements about an entity's risk management activities. The standard has not yet been endorsed by the EU.
- *IFRS 15 Revenue from Contracts with Customers* (effective for annual periods beginning on or after 1 January 2018). IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under IFRS 15, a customer of an entity is a party that has contracted with the entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration. The standards core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Extensive disclosures are required by the standard. Entities can choose to apply the Standard retrospectively or to use a modified transition approach, which is to apply the Standard retrospectively only to contracts that are not completed contracts at the date of initial application. The standard has not yet been endorsed by the EU. The Group does not expect to have any significant changes from adoption of this new standard.
- *Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations* (effective in the EU for annual periods beginning on or after 1 January 2016). The amendments to IFRS 11 provide guidance on how to account for the acquisition of an interest in a joint operation in which the activities constitute a business as defined in IFRS 3 *Business Combinations*. The amendments are required to be applied prospectively.

- *Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation* (effective in the EU for annual periods beginning on or after 1 January 2016). The amendments to IAS 16 *Property, Plant and Equipment* prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 *Intangible Assets* introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. The amendments apply prospectively.
- *Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants* (effective in the EU for annual periods beginning on or after 1 January 2016). The amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The amendments apply retrospectively.
- Amendments to IAS 1 Disclosure Initiative issued in December 2014 (effective for annual periods beginning on or after 1 January 2016). The amendments were a response to comments that there were difficulties in applying the concept of materiality in practice as the wording of some of the requirements in IAS 1 Presentation of Financial Statements had in some cases been read to prevent the use of judgement. Specifically, an entity should not reduce the understandability of financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. A specific disclosure required by an IFRS is not needed to be provided if the information is immaterial.
- *Annual Improvements to IFRS 2012–2014* issued in September 2014 (effective in the EU for annual periods beginning on or after 1 January 2016). 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.
- *Amendments to IAS 27 Equity Method in Separate Financial Statements* issued in August 2014 (effective for annual periods beginning on or after 1 January 2016). The amendments focus on separate financial statements and allow the use of equity method in such statements, in addition to already existing alternatives of valuing investments in subsidiaries, joint ventures and associates either at cost or in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*. The amendments are to be applied retrospectively.
- *Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception* (effective for annual period beginning on or after 1 January 2016). The amendments clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10 *Consolidated Financial Statements*. Consequential amendments have also been made to IAS 28 Investments in Associates and Joint Ventures to clarify that the exemption from applying equity method is also applicable to an investor in an associate or joint venture if that investor is a subsidiary of an investment entity that measures all its subsidiaries at fair value. The amendments have not yet been endorsed by the EU.
- IFRS 16 *Leases* issued in January 2016 (effective for annual periods beginning on or after 1 January 2019). IFRS 16 specifies the recognition, measurement, presentation and disclosure requirements on leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from the current standards. The adoption of the new standard will have an impact on the way leases are presented by the Group. The standard has not yet been endorsed by the EU.
- Amendments to IAS 12 *Income taxes: Recognition of Deferred Tax Assets for Unrealised Losses* issued in January 2016 (effective for annual periods beginning on or after 1 January 2017). The amendments addresses recognition of deferred tax assets relating to unrealised losses arising from fair value changes in debt instruments classified as available for sale. The amendments have not yet been endorsed by the 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, Building Solutions – North America and Uponor Infra. 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 the European markets and sales to such non-European countries in which Uponor does not have its own operations. Building Solutions – North America is responsible for business operations in the USA and Canada. Building 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 and North America. 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.

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.

2015 M€	Building Solutions – Europe	Building Solutions – North America	Uponor Infra	Others	Eliminations	Uponor Group
Net sales, external	466.4	275.8	308.6	-	-	1,050.8
Net sales, internal	0.7	-	3.4	-	-4.1	-
Net sales, total	467.1	275.8	312.0	-	-4.1	1,050.8
Operating result	24.0	51.0	0.2	-3.8	0.0	71.4
Operating result, %	5.1	18.5	0.1			6.8
Finance income						11.3
Finance expenses						20.2
Share of result in associated companies						0.3
Income taxes						25.7
Result from discontinued operations						-0.2
Profit for the period						36.9
Assets	325.5	216.0	212.9	227.7	-274.3	707.8
Liabilities						
Total liabilities for reportable segments	211.3	160.2	80.0	245.7	-301.0	396.2
Unallocated amounts						311.6
Total liabilities						707.8
Investments	15.4	22.6	11.3	0.8	-	50.1
Depreciation and impairment	10.2	9.8	14.5	4.5	0.1	39.1
Personnel, average	2,014	592	1,173	64	-	3,842

2014 M€	Building Solutions – Europe	Building Solutions – North America	Uponor Infra	Others	Eliminations	Uponor Group
Net sales, external	477.7	200.8	345.4	-	-	1,023.9
Net sales, internal	1.4	0.0	5.9	-	-7.3	-
Net sales, total	479.1	200.8	351.3	-	-7.3	1,023.9
Operating result	35.0	31.5	-0.5	-2.6	0.0	63.4
Operating result, %	7.3	15.7	-0.1			6.2
Finance income						8.8
Finance expenses						16.2
Share of result in associated companies						0.3
Income taxes						20.0
Result from discontinued operations						-0.3
Profit for the period						36.0
Assets	338.8	161.2	242.3	190.5	-251.0	681.8
Liabilities						
Total liabilities for reportable segments	227.4	85.7	105.7	240.3	-275.1	384.0
Unallocated amounts						297.8
Total liabilities						681.8
Investments	13.6	11.4	10.3	0.4	-	35.7
Depreciation and impairment	10.4	8.0	13.1	4.5	0.5	36.5
Personnel, average	2,052	537	1,481	57	-	4,127

Entity-wide information

Information about product and services

M€	**2015**	2014
External net sales, continuing operations		
Building Solutions	**742.2**	678.3
Infrastructure Solutions	**308.6**	345.6
Uponor Group	**1,050.8**	1,023.9

Information about geographical areas

M€	2015	2014
External net sales, continuing operations		
Finland	**123.7**	135.1
United States	**250.9**	179.9
Germany	**136.7**	141.8
Sweden	**93.1**	94.1
Canada	**82.9**	83.5
Denmark	**47.8**	48.6
Netherlands	**37.0**	31.5
United Kingdom	**35.2**	35.9
Norway	**30.4**	36.6
Spain	**29.6**	28.5
Others	**183.4**	208.4
Uponor Group	**1,050.8**	1,023.9

M€	2015	2014
Non-current assets		
Finland	**53.1**	61.9
Unites States	**87.5**	57.5
Sweden	**36.1**	32.0
Germany	**33.5**	34.5
Canada	**11.2**	12.1
Others	**32.4**	36.3
Uponor Group	**253.8**	234.3

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 2015, the discontinued operations include €0.2 (0.3) million in costs related to the Irish infrastructure business sold in 2008. These costs mainly incurred from administrative and operative costs.

M€	2015	2014
Expenses	**0.2**	0.3
Result before taxes	**-0.2**	-0.3
Income taxes		-
Result after taxes	**-0.2**	-0.3
Result for the period from discontinued operations	**-0.2**	-0.3
Cash flow from discontinued operations		
Cash flow from operations	**-0.6**	-0.5

4. Business combinations

On 4 January 2016, Uponor Holding GmbH closed the acquisition of all of the shares in two German companies, Delta Systemtechnik GmbH and the KaMo Group, as announced on 30 November, 2015. KaMo Group consists of the three companies: KaMo Frischwarmwassersystem GmbH, KaMo Verteilersysteme GmbH and Morlok Betriebsgesellschaft mbH. Delta Systemtechnik produces fresh water units for central domestic hot water systems as well as heating transfer stations and components for hot water and heating systems. KaMo develops and distributes systems for local and central heating and domestic hot water preparation. This acquisition aims at broadening Uponor's portfolio and competencies in the increasingly important hygienic drinking water delivery sector. The new companies will be included in the Building Solutions – Europe segment. The new companies will be consolidated in the January–March 2016 interim report for the first time and IFRS 3 related notes will be disclosed in the same interim report, as the required information is not yet available.

In December 2015, Uponor Corporation acquired the entire shareholding in a Finnish start-up company UWater Oy (NWater Oy until 11 January 2016) specialising in online water quality monitoring. Consideration paid, net assets acquired and liabilities assumed were immaterial.

The Group did not have any significant acquisitions in 2014.

5. Disposal of subsidiaries and businesses

On 25 February 2015, Uponor announced that its majority-held subsidiary Uponor Infra Oy sold its majority shareholding of 65.99% of the shares in Wiik & Hoeglund PLC, a company listed on the stock exchange of Thailand. Uponor Infra Oy made a decision to withdraw from the business in accordance with its strategy to focus on markets where it can command a strong market position and achieve operational synergies. As a result of the sale, non-controlling interest related to Wiik & Hoeglund Plc ceased to exist.

Further, on 30 March 2015 it was announced that Uponor Infra Oy divested, for the same reasons, its fully owned Finnish subsidiary, Extron Engineering Oy, a specialist in the business of designing and manufacturing machinery for the plastic products industry.

Later, in December 2015, following the strategic adjustment of Uponor Infra's product portfolio, Uponor Infra Oy sold its Omega-Liner® pipeline renovation business.

The sales price received from these transactions totalled to €9.8 million. The net impact on the result was €1.9 million.

M€	2015	2014
Book value of disposed assets		
Tangible assets	8.0	-
Intangible assets	0.0	-
Other non-current assets	1.5	-
Inventory	5.1	-
Accounts receivable and other receivables	5.9	-
Cash and cash equivalents	2.2	-
Total assets	22.7	-
Interest-bearing non-current liabilities	0.4	
Employee benefits and other liabilities	0.4	-
Interest bearing current liabilities	6.0	
Accounts payable and other current liabilities	4.7	-
Total liabilities	11.5	-
Net assets	11.2	-
- attributable to parent company	7.9	-
Cash received from sales	9.8	-
Cash and cash equivalent disposed of	2.2	-
Cash flow effect	7.6	-

6. Other operating income and expenses

M€	2015	2014
Other operating income		
Gains from sales of fixed assets	**0.3**	2.1
Profit from disposal of subsidiaries and businesses	**1.9**	-
Other items	**0.2**	0.3
Total	**2.4**	2.4
Other operating expenses		
Research and development expenses	**18.5**	16.3
Losses from sales of fixed assets	**0.1**	0.8
Impairments	**3.0**	0.5
Other items	**0.1**	0.2
Total	**21.7**	17.8
Auditor fees		
Authorised Public Audit firm Deloitte & Touche		
Statutory audit services	**0.8**	0.8
Other services	**0.3**	0.2
Total	**1.1**	1.0

7. Employee benefits

M€	2015	2014
Short-term employee benefits:		
- Salaries and bonuses	**187.3**	182.2
- Other social costs	**27.8**	28.5
Post-employment benefits:		
- Pension expenses - defined contribution plans	**11.6**	11.1
- Pension expenses - defined benefit plans	**1.3**	1.4
Other long-term employee benefits	**0.1**	-
Termination benefit expenses	**1.2**	4.2
Share based payments		
- Equity settled share-based payment transactions	**1.0**	-0.3
Total	**230.3**	227.1
Personnel at 31 December	**3,735**	3,982
Personnel, average	**3,842**	4,127

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

8. Depreciation and impairment

M€	2015	2014
Depreciation and impairment by asset category		
Intangible rights	**4.9**	5.0
Other intangible assets	**0.7**	0.8
Land and water areas	**0.3**	0.1
Buildings and structures	**5.7**	4.3
Machinery and equipment	**21.2**	20.6
Other tangible assets	**6.3**	5.7
Total	**39.1**	36.5
Depreciation and impairment by function		
Cost of goods sold	**24.2**	24.3
Dispatching and warehousing	**1.4**	1.4
Sales and marketing	**2.1**	2.0
Administration	**7.4**	7.3
Other	**4.0**	1.5
Total	**39.1**	36.5

In 2015, an impairment of €3.0 (0.5) million was made relating to tangible assets. By function this is included in the line other.

9. Financial income and expenses and currency exchange differences

M€	2015	2014
Financial income		
Dividend income on available-for-sale financial assets	**0.0**	0.6
Interest income from loans and other receivables	**0.3**	0.4
Interest income from interest rate swaps	**0.7**	0.2
Profit from financial assets and liabilities designated at fair value through profit and loss		
- net foreign currency derivatives, not under hedge accounting	**-**	1.4
Exchange differences	**10.3**	6.2
Total	**11.3**	8.8
Financial expenses		
Interest expense for financial liabilities measured at amortised cost	**3.6**	4.7
Interest expense from interest rate swaps	**1.7**	1.4
Loss from financial assets and liabilities designated at fair value through profit and loss		
- net foreign currency derivatives, not under hedge accounting	**0.4**	-
Exchange differences	**13.3**	8.8
Other financial costs	**1.2**	1.3
Total	**20.2**	16.2

In 2015, exchange rate gains and losses included in operating income and expenses total a €0.3 million gain (€0.3 million loss in 2014). Interest expenses include the interest part of finance lease payments of €0.5 (0.6) million.

10. Income taxes

M€	2015	2014
Current year and previous years taxes		
For the financial period	**27.1**	20.0
For previous financial periods	**0.3**	-0.2
Change in deferred taxes	**-1.7**	0.2
Total	**25.7**	20.0
Tax reconciliation		
Profit before taxes	**62.8**	56.3
Computed tax at Finnish statutory rate	**12.6**	11.3
Difference between Finnish and foreign rates	**8.3**	6.8
Non-deductible expenses	**1.5**	1.6
Tax exempt income	**-1.4**	-0.8
Utilisation of previously unrecognised tax losses	**-0.1**	-0.3
Unrecognised deferred tax assets on losses	**2.2**	2.0
Change in tax legislation	**0.0**	-0.1
Taxes from previous years	**0.3**	-0.2
Other items	**2.3**	-0.3
Total	**25.7**	20.0
Effective tax rate, %	**40.9**	35.5

During 2015 and 2014, there were no significant changes in the national tax legislation influencing on Group companies. The effective tax rate in 2015 increased to 40.9 per cent from the previous year's 35.5 per cent. In 2015, income taxes include €1.6 million taxes paid in Estonia related to dividends distributed. In 2015, an additional €0.5 million deferred tax liability related to remaining undistributed earnings in Estonian subsidiaries was recognised.

Taxes relating to other comprehensive income

2015 M€	Before taxes	Tax effect	Net of taxes
Cash flow hedges	0.0	0.0	0.0
Net investment hedging	-2.0	-	-2.0
Re-measurements on defined benefit pensions	1.7	0.3	1.4
Translation differences	11.0	-0.3	11.3
Total	10.7	0.0	10.7

2014 M€	Before taxes	Tax effect	Net of taxes
Cash flow hedges	-0.9	0.0	-0.9
Net investment hedging	0.6	-	0.6
Re-measurements on defined benefit pensions	-5.1	0.1	-5.0
Translation differences	7.3	-	7.3
Total	1.9	0.1	2.0

11. Earnings per share

M€	2015	2014
Result from continuing operations	**37.1**	36.3
Result from discontinued operations	**-0.2**	-0.3
Profit for the period	**36.9**	36.0
Profit for the period attributable to equity holders of parent company	**37.5**	36.5
Shares, in thousands		
Weighted average number of shares*)	**73,106**	73,067
Diluted weighted average number of shares	**73,128**	73,133
Basic earnings per share, €	**0.51**	0.50
- Continuing operations	**0.51**	0.50
- Discontinued operations	**0.00**	0.00
Diluted earnings per share, €	**0.51**	0.50
- Continuing operations	**0.51**	0.50
- Discontinued operations	**0.00**	0.00

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

12. Intangible assets

2015 M€	Intangible rights	Customer relationship value	Technology	Goodwill	Other intangible assets	Investment in progress	**Intangible assets**
Acquisition costs 1 Jan	61.9	2.4	1.5	83.8	0.9	0.1	**150.6**
Structural changes	0.1	-	-	-	-0.1	-	**0.0**
Translation difference	0.3	-	-	0.2	0.0	-	**0.5**
Increases	1.2	-	-	-	0.1	0.0	**1.3**
Decreases	-0.4	-	-	-	-	-	**-0.4**
Transfers between items	0.2	-	-	-	-	-0.1	**0.1**
Acquisition costs 31 Dec	63.3	2.4	1.5	84.0	0.9	0.0	**152.1**
Accumulated depreciations and impairments 1 Jan	49.8	0.7	0.3	0.7	0.7	-	**52.2**
Structural changes	-0.3	-	-	-	-	-	**-0.3**
Translation difference	0.3	-	-	-	-0.1	-	**0.2**
Acc. depreciation on disposals and transfers	-0.3	-	-	-	-	-	**-0.3**
Depreciation for the financial period	4.8	0.5	0.2	-	0.1	-	**5.6**
Accumulated depreciations and impairments 31 Dec	54.3	1.2	0.5	0.7	0.7	-	**57.4**
Book value 31 December	9.0	1.2	1.0	83.3	0.2	0.0	**94.7**

2014 M€	Intangible rights	Customer relationship value	Technology	Goodwill	Other intangible assets	Investment in progress	**Intangible assets**
Acquisition costs 1 Jan	63.0	2.4	0.0	83.0	1.4	0.6	**150.4**
Translation difference	-0.5	-	-	0.2	0.0	-	**-0.3**
Increases	0.5	-	-	0.6	0.1	0.1	**1.3**
Decreases	-0.3	-	-	-	-0.6	-	**-0.9**
Transfers between items	-0.8	-	1.5	-	0.0	-0.6	**0.1**
Acquisition costs 31 Dec	61.9	2.4	1.5	83.8	0.9	0.1	**150.6**
Accumulated depreciations and impairments 1 Jan	45.5	0.2	0.0	0.7	1.2	-	**47.6**
Translation difference	-0.5	-	-	-	0.0	-	**-0.5**
Acc. depreciation on disposals and transfers	-0.2	-	-	-	-0.6	-	**-0.8**
Depreciation for the financial period	5.0	0.5	0.2	-	0.1	-	**5.8**
Transfers between items	0.0	0.0	0.1	0.0	0.0	-	**0.1**
Accumulated depreciations and impairments 31 Dec	49.8	0.7	0.3	0.7	0.7	-	**52.2**
Book value 31 December	12.1	1.7	1.2	83.1	0.2	0.1	**98.4**

In 2015 increases in intangible rights include investments to ERP system and software as well as patents and trademarks. In 2014, increases in intangible rights include investments to ERP system and software.

According to the IFRS 3 standard, goodwill is not depreciated, but it is tested at least annually for any impairment. If a unit's carrying value does not exceed goodwill amount, impairment is booked. Goodwill has been allocated between the segments as follows: Building Solutions – Europe €66.4 (66.2) million and Uponor Infra €17.1 (17.1) 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 7.9 (8.2) per cent for Building Solutions – Europe and 7.8 (8.4) per cent for Uponor Infra. The 2015 goodwill impairment tests indicated that there was no need to make impairments.

A sensitivity analysis is performed for the following variables: sales, gross profit margin and discount rate. A 3.7 per cent sales reduction compared to the forecasted long-term levels would not expose the Group to any material impairment risk. A decrease of 1.4 percentage points in gross profit margin would not cause any impairment, provided that other business factors remained unchanged. A discount rate increase of 2.5 percentage points would not lead to any impairment, either. Presented sensitivities relate to the segment Uponor Infra, as its goodwill is more sensitive to the risk of impairment. It is the opinion of management that the changes in the basic assumptions in the theoretical scenarios mentioned above should not be interpreted as evidence that they are likely to occur.

The Group does not have any capitalised development costs.

13. Property, plant and equipment

2015 M€	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction work in progress	**Tangible assets**
Acquisition costs 1 Jan	19.0	146.0	375.3	59.3	21.0	**620.6**
Structural changes	-2.8	-4.2	-11.7	-1.7	-0.4	**-20.8**
Translation difference	0.7	3.1	9.0	1.4	0.9	**15.1**
Increases	0.6	18.5	18.8	5.8	5.1	**48.8**
Decreases	0.0	-4.2	-9.6	-2.8	0.0	**-16.6**
Transfers between items	-	0.0	4.5	0.0	-4.8	**-0.3**
Acquisition costs 31 Dec	17.5	159.2	386.3	62.0	21.8	**646.8**
Accumulated depreciations and impairments 1 Jan	1.8	88.5	279.2	43.3	-	**412.8**
Structural changes	0.1	-1.3	-10.0	-1.6	-	**-12.8**
Translation difference	0.0	0.9	6.2	0.8	-	**7.9**
Acc. depreciation on disposals and transfers	0.0	-4.3	-9.0	-2.5	-	**-15.8**
Depreciation for the financial period	0.0	4.2	20.9	5.4	-	**30.5**
Transfers between items	-	-	-0.2	0.0	-	**-0.2**
Impairments	0.2	1.5	0.4	0.9	-	**3.0**
Accumulated depreciations and impairments 31 Dec	2.1	89.5	287.5	46.3	-	**425.4**
Book value 31 December	15.4	69.7	98.8	15.7	21.8	**221.4**
Book value for production plant, machinery and equipment			88.9			

2014 M€	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction work in progress	**Tangible assets**
Acquisition costs 1 Jan	19.0	146.5	380.6	53.0	15.5	**614.6**
Translation difference	0.8	2.4	6.2	1.5	0.2	**11.1**
Increases	-	4.8	15.4	4.9	10.4	**35.5**
Decreases	-0.7	-5.4	-16.9	-14.7	-0.4	**-38.1**
Transfers between items	-0.1	-2.3	-10.0	14.6	-4.7	**-2.5**
Acquisition costs 31 Dec	19.0	146.0	375.3	59.3	21.0	**620.6**
Accumulated depreciations and impairments 1 Jan	2.1	90.2	282.1	38.4	-	**412.8**
Translation difference	0.0	0.4	4.5	1.5	-	**6.4**
Acc. depreciation on disposals and transfers	-0.2	-5.9	-22.3	-6.2	-	**-34.6**
Depreciation for the financial period	0.0	4.3	20.7	5.2	-	**30.2**
Transfers between items	-0.1	-0.5	-5.8	3.9	-	**-2.5**
Impairments	-	0.0	-	0.5	-	**0.5**
Accumulated depreciations and impairments 31 Dec	1.8	88.5	279.2	43.3	-	**412.8**
Book value 31 December	17.2	57.5	96.1	16.0	21.0	**207.8**
Book value for production plant, machinery and equipment			86.5			

The 2015 increases include investment in the sixth expansion of manufacturing capacity in the Apple Valley facility in Minnesota, North America and new greenfield factory for the production of local heat distribution systems in Russia.

The 2014 increases include investments in new pipe technologies, such as the new seamless aluminium composite pipe, PEX pipe extrusion and capacity investments in Apple Valley, Minnesota in North America, where the fifth expansion of the manufacturing facility was completed by the end of the year.

Construction work in progress increased during 2015 by €0.8 million to €21.8 million at closing date.

Structural changes relate to sale of subsidiaries or business combinations. In 2015 structural changes include the sale of Wiik & Hoeglund Plc in Thailand and Extron Engineering Oy in Finland.

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

2015 M€	Land and water areas	Buildings and structures	Others	**Finance lease arrangements total**
Acquisition costs 1 Jan	0.7	11.3	0.6	**12.6**
Translation difference	-	0.0	0.0	**0.0**
Increases	-	-	0.1	**0.1**
Decreases	0.0	0.0	-	**0.0**
Acquisition costs 31 Dec	0.7	11.3	0.7	**12.7**
Accumulated depreciations and impairments 1 Jan	0.0	7.9	0.2	**8.1**
Translation difference	-	0.0	0.0	**0.0**
Acc. depreciation on disposals and transfers	-	-	0.0	**0.0**
Depreciation for the financial period	-	0.3	0.1	**0.4**
Accumulated depreciations and impairments 31 Dec	-	8.2	0.3	**8.5**
Book value 31 December	0.7	3.1	0.4	**4.2**

2014 M€	Land and water areas	Buildings and structures	Others	**Finance lease arrangements total**
Acquisition costs 1 Jan	0.9	12.1	0.6	**13.6**
Translation difference	-	0.1	0.0	**0.1**
Decreases	-0.2	-0.9	-	**-1.1**
Acquisition costs 31 Dec	0.7	11.3	0.6	**12.6**
Accumulated depreciations and impairments 1 Jan	-	8.4	0.1	**8.5**
Translation difference	-	0.0	0.0	**-0.1**
Acc. depreciation on disposals and transfers	-	-0.8	-	**-0.8**
Depreciation for the financial period	-	0.3	0.1	**0.4**
Accumulated depreciations and impairments 31 Dec	-	7.9	0.2	**8.1**
Book value 31 December	0.7	3.4	0.4	**4.5**

14. Financial assets and liabilities by easurement category

2015 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**		16
Non-current receivables			20.6			**20.6**		17
Current financial assets								
Accounts receivable and other receivables			178.1			**178.1**		19
Other derivative contracts	0.0	1.4				**1.4**	2	30
Cash and cash equivalent			49.2			**49.2**		20
Carrying amount by category	0.0	1.4	247.9	0.2		**249.5**		
Non-current financial liabilities								
Interest-bearing liabilities					91.2	**91.2**		25
Electricity derivatives	0.9					**0.9**	1	30

2015 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
Current financial liabilities								
Interest-bearing liabilities					48.3	**48.3**		25
Electricity derivatives	0.9					**0.9**	1	30
Other derivative contracts	2.7	0.5				**3.2**	2	30
Accounts payable and other liabilities					92.7	**92.7**		26
Carrying amount by category	4.5	0.5			232.2	**237.2**		

2014 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				0.8		**0.8**		16
Non-current receivables			10.3			**10.3**		17
Current financial assets								
Accounts receivable and other receivables			152.4			**152.4**		19
Other derivative contracts	0.4	2.5				**2.9**	1, 2	30
Cash and cash equivalent			60.2			**60.2**		20
Carrying amount by category	0.4	2.5	222.9	0.8		**226.6**		
Non-current financial liabilities								
Interest-bearing liabilities					126.3	**126.3**		25
Electricity derivatives	0.6					**0.6**	1	30
Current financial liabilities								
Interest-bearing liabilities					15.9	**15.9**		25
Electricity derivatives	0.4					**0.4**	1	30
Other derivative contracts	3.5	2.3				**5.8**	1, 2	30
Accounts payable and other liabilities					90.1	**90.1**		26
Carrying amount by category	4.5	2.3			232.3	**239.1**		

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).

15. Investment in associated companies

M€	**2015**	2014
Acquisition costs 1 Jan	**0.1**	0.0
Share of result in associated companies	**0.3**	0.3
Decreases	**-0.2**	-0.2
Translation difference	**-**	0.0
Book value 31 Dec	**0.2**	0.1

The Group has two German associated companies: Punitec GmbH and Punitec Verwaltungs GmbH, whose book value is €0.2 (0.1) million. From its 2015 result, Punitec GmbH paid a dividend of €0.2 (0.2) million to Uponor. The Group has also a joint venture company, Uponor Middle East S.A.L. Its book value is insignificant.

16. Other shares and holdings

M€	**2015**	2014
Other non-current investments	**0.2**	0.8
Total	**0.2**	0.8

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

17. Non-current receivables

M€	**2015**	2014
Other loan receivables	**0.2**	0.2
Other receivables	**20.4**	10.1
Total	**20.6**	10.3

Other non-current receivables include €10.2 million funds recorded as receivable related to court approved class action settlements in the USA in 2015 and the tax receivable of €9.6 (9.6) million related to the unresolved Finnish tax dispute. Further information related to Finnish tax dispute is disclosed in the note 27 Commitments, contingent assets and contingent liabilities.

18. Inventories

M€	**2015**	2014
Raw materials and consumables	**15.9**	16.3
Semifinished products	**15.3**	15.4
Finished products / goods	**81.2**	85.7
Total	**112.4**	117.4

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 €3.2 (3.4) million.

19. Accounts receivable and other receivables

M€	**2015**	2014
Accounts receivable	**154.5**	137.3
Current income tax receivables	**2.9**	3.0
Prepayments and accrued income	**5.3**	8.8
Derivative contracts	**1.5**	2.9
Interest-bearing current assets	**0.3**	0.3
Other receivable	**23.6**	15.1
Total	**188.1**	167.4

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 €0.6 (0.7) million impairment in accounts receivable as expenses during the financial period. The Group is unaware of any factors which would cause possible additional impairments.

Aging of accounts receivable is as presented in note 29 Financial risk management.

M€	**2015**	2014
Accrued income		
Other taxes	**0.0**	2.7
Other accrued income	**5.3**	6.1
Total	**5.3**	8.8

20. Cash and cash equivalents

M€	**2015**	2014
Cash and bank deposits	**25.3**	28.8
Restricted cash	**1.0**	-
Other short-term investments (1–3 months)	**22.9**	31.4
Total	**49.2**	60.2

21. Shareholders' equity

During 2015, 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 2015 the company held 140,378 treasury shares with a value of €1.0 million. During the period 42,818 of the company's own shares were transferred to the management as part of the long-term incentive programme for the years 2012–2014. At the end of 2015 company held a total of 97,560 treasury shares with a value of €0.7 million. The treasury shares were reacquired during the period 17 Nov–5 Dec 2008. The justification for the buyback 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.

22. Deferred taxes

M€	2015	2014
Deferred tax assets		
Internal profit in inventory	**0.6**	0.6
Provisions	**8.7**	6.1
Unused tax losses	**3.3**	3.4
Tangible assets	**0.3**	0.8
Employee benefits	**2.3**	2.9
Fair valuation of available-for-sale investments and financial instruments	**0.4**	0.2
Other temporary differences	**5.4**	5.4
Total	**21.0**	19.4

M€	2015	2014
Deferred tax liabilities		
Accumulated depreciation difference and untaxed reserve	**6.5**	7.1
Tangible assets	**0.1**	0.1
Fair valuation of available-for-sale investments and financial instruments	**0.3**	0.6
Other temporary differences	**13.3**	11.5
Total	**20.2**	19.3

M€	2015	2014
Deferred tax assets		
1 Jan	**19.4**	15.9
Recognised on income statement	**2.1**	2.2
Recognised in comprehensive income	**-0.3**	0.3
Recorded in equity	**-0.2**	0.2
Translation difference	**0.7**	0.8
Bought / sold business operations	**-0.7**	-
31 Dec	**21.0**	19.4

M€	2015	2014
Deferred tax liabilities		
1 Jan	**19.3**	15.7
Recognised on income statement	**0.3**	2.3
Recognised in comprehensive income	**-0.3**	0.0
Recorded in equity	**-0.2**	0.3
Translation difference	**1.1**	1.0
Bought / sold business operations	**0.0**	-
31 Dec	**20.2**	19.3

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 2015, the Group carried forward losses of €16.2 (15.4) million, for which the Group has a recognised deferred tax asset. In 2015, there is a €32.6 (32.8) million of loss carry-forwards for which no deferred tax asset has been recognised due to the uncertainty of the utilisation of these loss carry-forwards. Losses of €2.4 million will expire in 2016.

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.

23. Employee benefit obligations

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 rates are country specific. 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 97 (96) % 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. Nowadays, pensions are accrued 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.

M€	2015	2014
Post-employment benefit obligations:		
- Defined benefit plans	**25.2**	28.0
Other long-term employee benefit liability	**1.6**	1.9
Total	**26.8**	29.9

Defined benefit obligations

M€	2015	2014
Reconciliation of assets and liabilities recognised in the balance sheet		
Defined benefit obligation	**33.9**	37.6
Fair value of plan assets	**-8.7**	-9.6
Net liability in the balance sheet	**25.2**	28.0
Expenses recognised in the income statement		
Service costs	**0.6**	0.5
Net interest costs	**0.7**	0.9
Total	**1.3**	1.4
Expenses recognised in the income statement by function		
Cost of goods sold	**0.3**	0.3
Dispatching and warehousing	**0.2**	0.3
Sales and marketing	**0.4**	0.6
Administration	**0.4**	0.2
Other	**0.0**	0.0
Total	**1.3**	1.4
Movements in obligation		
Obligation at 1 Jan	**37.6**	31.5
Sale of businesses	**-0.4**	-
Service cost	**0.6**	0.5
Interest expense	**1.0**	1.3
Remeasurements	**-2.0**	5.5
Member contributions	**0.1**	0.1
Conversion difference	**-1.0**	0.1
Benefit payments	**-2.0**	-1.4
Obligation at 31 Dec	**33.9**	37.6
Movements in fair value of plan assets		
Fair value of plan assets at 1 Jan	**9.6**	8.5
Interest income	**0.3**	0.5
Remeasurements	**-0.3**	0.2
Contributions by employer	**1.7**	1.4
Member contributions	**0.1**	0.1
Conversion difference	**-0.7**	0.3
Benefit payments	**-2.0**	-1.4
Fair value of plan assets at 31 Dec	**8.7**	9.6

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

	2015		2014	
M€	**Fair value**	**%**	Fair value	%
Equity instruments	**5.1**	**58.6**	5.5	57.9
Debt instruments	**3.4**	**39.1**	3.7	37.9
Assets held by insurance company	**0.2**	**2.4**	0.4	4.2
Total	**8.7**	**100.0**	9.6	100.0

Defined benefit obligations and plan assets by country

	Germany		Sweden		Canada		Other Countries	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
Defined benefit obligation	**11.4**	11.9	**7.4**	8.5	**14.5**	15.7	**1.0**	1.4
Fair value of plan assets	**-**	-	**-**	-	**8.5**	9.2	**0.2**	0.4
Net liability (asset)	**11.4**	11.9	**7.4**	8.5	**6.0**	6.6	**0.8**	1.0

Principal actuarial assumptions

	Germany		Sweden		Canada		Other Countries	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
Discount rate (%)	**2.2**	2.0	**3.0**	2.5	**4.0–4.25**	4.0	**2.2–2.5**	1.5–2.5
Expected rate of salary increase (%)	**3.0**	3.0	**n/a**	n/a	**3.0**	3.0	**n/a–2.25**	n/a–3.0
Expected rate of pension increase (%)	**1.5**	1.5	**1.5**	1.5	**n/a**	n/a	**0.1–2.0**	n/a–2.0

Sensitivity analysis of discount rate	Effect on amount of liability
Increase of 0.5%	Decrease of 7% on average
Decrease of 0.5%	Increase of 8% on average

The Group expects to contribute €1.6 (1.7) million to its defined benefit pension plans in 2016.

The following table shows maturity of expected benefit payments:

Maturity of benefit payments	2016	2017	2018	2019	2020	2021–
Expected benefit payments	1.3	0.8	0.8	1.0	1.1	5.9

24. Provisions

M€	Guarantee and warranty obligations	Environmental obligations	Restructuring	Other provisions	Total
Provisions at 1 Jan 2015	6.5	3.2	2.0	4.5	16.2
Conversion difference	0.3	-	0.0	0.3	0.6
Additional provisions	4.1	-	1.8	11.3	17.2
Utilised provisions	-3.6	0.0	-1.6	-3.7	-8.9
Unused amounts reversed	0.0	-	0.0	-0.1	-0.1
Provisions at 31 Dec 2015	7.3	3.2	2.2	12.3	25.0
Current provisions	6.5	0.3	2.2	5.4	14.4
Non-current provisions	0.8	2.9	-	6.9	10.6
Total	7.3	3.2	2.2	12.3	25.0

Warranty provisions amounted to €7.3 (6.5) 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 provision for enhanced warranty to cover potential fitting failures related to Uponor yellow brass fittings sold in the USA. This enhanced warranty relates to the court approved terms of the class action suits settled on 17 December 2015.

The increase in restructuring provisions relates mainly to streamlining operations in Building Solutions – Europe. The used restructuring provisions relate mainly to the relocation of the distribution centre in Germany and streamlining of the Finnish operations in Uponor Infra.

At period end, the environmental provision relating mainly to the divested Finnish real estate business in 2004 was €3.2 (3.2) million.

25. Interest-bearing liabilities

M€	2015	2014
Non-current interest bearing liabilities		
Bonds	**80.0**	99.9
Loans from financial institutions	**5.0**	19.9
Finance lease liabilities	**5.9**	6.5
Other non-current interest bearing liabilities	**0.3**	-
Total	**91.2**	126.3
Current interest-bearing liabilities		
Loans from financial institutions	**27.7**	15.3
Current portion of bonds	**19.9**	-
Finance lease liabilities	**0.7**	0.6
Total	**48.3**	15.9

M€	2017	2018	2019	2020	2021–
Maturity of non-current interest bearing liabilities					
Bonds	-	80.0	-	-	-
Loans from financial institutions	5.0	-	-	-	-
Finance lease agreements	0.7	0.8	0.8	0.9	2.7
Other non-current interest bearing liabilities	0.1	0.1	0.1	0.0	-
Total	5.8	80.9	0.9	0.9	2.7

	2015	2014
The interest rate ranges of interest-bearing liabilities, % pa		
Loans from financial institutions	**1.5**	1.579 –5.300
Bonds*)	**1.709 –2.009**	1.926 –2.226
Other non-current interest bearing liabilities	**1.0–1.06**	-

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

Uponor raised a long term five-year bilateral loan of €35 million in 2013. The loan was related to Uponor Infra Oy, jointly owned together with KWH Group. At the end of 2015, remaining bilateral loan is €11.0 million. 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€	2015	2014
Finance lease liabilities		
Minimum lease payments		
In less than one year	**1.0**	1.0
1–5 years	**4.2**	4.1
Over 5 years	**2.8**	3.8
Total	**8.0**	8.9
Future finance charges	**1.4**	1.8
Finance lease liabilities – the present value of minimum lease payments	**6.6**	7.1
The present value of minimum lease payments		
In less than one year	**0.7**	0.6
1–5 years	**3.2**	2.9
Over 5 years	**2.7**	3.6
Total	**6.6**	7.1

The Group's finance lease agreements are mainly related to office, factory and warehouse premises. On 31 December 2015, the total amount of capitalised costs for finance lease agreements in the Group was €4.2 (4.5) million, which was included in the balance sheet under property, plant and equipment. The corresponding depreciation in 2015 was €0.4 (0.4) million. The total amount of finance lease payments in 2015 was €0.9 (1.8) million, which included €0.5 (0.6) million in interest expenses.

The most significant leasing liability is the finance lease agreement relating to office buildings and production facilities in Germany, signed in 1999. In 2015, the Group did not enter into any significant new finance lease agreements.

26. Accounts payable and other liabilities

M€	2015	2014
Accounts payable	**63.8**	67.6
Current income tax liability	**3.3**	5.0
Accrued liabilities	**82.8**	72.5
Advances received	**0.2**	1.5
Derivative contracts	**4.2**	6.2
Other current liabilities	**28.9**	22.5
Total	**183.2**	175.3
Accrued liabilities		
Personnel expenses	**40.7**	32.8
Bonuses	**18.4**	17.6
Taxes	**0.9**	1.0
Interest	**0.3**	0.3
Others	**22.5**	20.8
Total	**82.8**	72.5

27. Commitments and contingent assets and liabilities

M€	2015	2014
Commitments of purchase PPE (Property, plant, equipment)	**5.7**	1.9
Other commitments	**1.5**	1.1
- on own behalf		
Pledges at book value	**0.1**	0.5
Mortgages issued	**-**	14.3
Guarantees issued	**4.8**	5.1
- on behalf of a subsidiary		
Pledges at book value	**-**	0.0
Guarantees issued	**19.6**	18.8

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

Pledges at book value	**0.1**	0.5
Mortgages issued	**-**	14.3
Guarantees issued	**24.4**	24.0
Total	**24.5**	38.8

Contingent liabilities are presented in accordance with the best estimate of the amount of liability.

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. In May 2015, the Spanish tax authority accepted Uponor Hispania SA's appeal for the most part, however rejecting the tax deductibility of costs related to Group services. Related to this, Uponor Hispania SA has started a process to avoid double taxation. While the appeal is being handled, Uponor Hispania, SA has provided a bank guarantee of €2.7 million covering the tax amount and delay interests due to the Spanish tax authority in 2012. The bank guarantee given is included in Guarantees on behalf of a subsidiary above.

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 rectification 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. In July 2013, Uponor placed the issue before the administrative court and applied for rectification of the Board of Adjustment's ruling. Uponor also started a process to avoid possible double taxation. In November 2015, the administrative court rejected the appeals. This decision by the administrative court will not lead to any new payments or payment returns at this stage, and will therefore not affect Uponor's consolidated cash flow. Uponor does not agree with the dismissal of the case by the administrative court and has sought leave to appeal to the supreme administrative court. 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.

28. Operating lease commitments

M€	2015	2014
Future minimum lease payments		
In less than one year	**11.1**	10.6
1–5 years	**24.7**	23.6
Over 5 years	**10.1**	10.4
Total	**45.9**	44.6

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.

29. 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 the relevant portion of their net foreign currency cash flows. 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 2015, these currencies accounted for approximately 51.9 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 2015

M€	EUR USD	EUR SEK	USD CAD	EUR CAD	EUR DKK	Total
Gross exposure	30.6	9.7	0.5	7.8	5.1	53.7
Hedged	-45.6	-45.4	12.9	-16.0	3.7	-90.4
Net exposure	-15.0	-35.7	13.4	-8.2	8.8	-36.7

Sensitivity analysis (+/-10%)

M€	EUR USD	EUR SEK	USD CAD	EUR CAD	EUR DKK	Total
Income statement	0.1	1.2	1.3	0.8	0.9	4.3
Equity (translation differences)	1.4	2.4				3.8

Group's currency risk position at 31 Dec 2014

M€	EUR USD	EUR SEK	USD CAD	EUR CAD	EUR DKK	Total
Gross exposure	-14.5	4.4	-0.3	5.6	5.4	0.6
Hedged	0.1	-26.6	11.5	-12.0	5.4	-21.6
Net exposure	-14.4	-22.2	11.2	-6.4	10.8	-21.0

Sensitivity analysis (+/-10%)

M€	EUR USD	EUR SEK	USD CAD	EUR CAD	EUR DKK	Total
Income statement	0.2	0.8	1.1	0.7	1.1	3.9
Equity (translation differences)	1.2	3.0				4.2

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 €3.8 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. Currently all the external loans are based on floating interest rates. 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 -/+ €0.5 (-/+ 0.6) million to the income statement and +/- €1.3 (+/- 1.8) million to shareholders' equity. The impact is calculated before taxes. The interest position impacting income statement consists of floating rate interest-bearing financial liabilities and assets and interest rate swaps, where hedge accounting is not applied. 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 2015 included:

- Bond €80 million maturing in 2018
- Bond €20 million maturing in 2016
- Several committed bilateral revolving credit facilities totalling €200 million of which 100 million maturing in 2019 and 100 million maturing in 2020

None of the committed bilateral revolving credit facilities were used during the reporting period. €50 million of the revolving credit facilities were renegotiated and extended during the third quarter of 2015.

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 €49.2 (60.2) million in cash and cash equivalents.

Contractual maturity of financial liabilities at 31 Dec 2015

M€	2016	2017	2018	2019	2020–
Bonds	21.8	1.7	80.9		
Loans from financial institutions	6.1	5.1			
Finance lease liabilities	1.0	1.1	1.1	1.0	3.8
Other non-current interest bearing liabilities		0.1	0.1	0.1	0.0
Bank overdrafts in use	21.7				
Accounts payable	63.8				
Derivative contracts					
Foreign currency derivatives					
- cash outflow	196.1				
- cash inflow	196.8				
Interest derivatives	1.0	1.0	0.4		
Electricity derivatives	1.0	0.6	0.2	0.1	

Contractual maturity of financial liabilities at 31 Dec 2014

M€	2015	2016	2017	2018	2019–
Bonds	2.2	22.0	2.0	81.0	
Loans from financial institutions	13.4	6.3	6.2	8.1	
Finance lease liabilities	1.0	1.0	1.0	1.1	4.8
Bank overdrafts in use	2.7				
Accounts payable	67.6				
Derivative contracts					
Foreign currency derivatives					
- cash outflow	227.1				
- cash inflow	227.3				
Interest derivatives	1.0	1.0	0.8	0.4	
Electricity derivatives	0.4	0.3	0.3	0.0	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 2015.

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 €0.6 (0.7) million impairment in accounts receivable in 2015.

M€	**2015**	2014
The aging of accounts receivable		
Undue	**128.9**	107.0
Due 1–30 days	**16.0**	20.9
Due 31–60 days	**2.6**	2.7
Due 61–90 days	**1.0**	2.4
Due over 90 days	**6.1**	4.3
Total	**154.6**	137.3

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 can be 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. 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€	**2015**	2014
Change in shareholders' equity	**+/- 0.3**	+/- 0.5

30. Derivative contracts and hedge accounting

M€	**2015**	2014
Nominal value		
Interest derivatives:		
Interest rate swaps	**61.0**	170.0
Foreign currency derivatives:		
Forward agreements		
- not under hedge accounting	**192.6**	176.5
- under hedge accounting	**37.4**	51.9
Currency options, bought	**-**	9.4
Currency options, sold	**-**	9.4
Commodity derivatives:		
Forward agreements		
- under hedge accounting	**5.0**	7.1

M€	**2015**			2014		
	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	**0.0**	**-2.4**	**-2.4**	0.6	-3.7	-3.1
Foreign currency derivatives:						
Forward agreements						
- not under hedge accounting	**1.4**	**-0.5**	**1.0**	2.0	-1.9	0.1
- under hedge accounting	**-**	**-0.3**	**-0.3**	0.3	-0.2	0.1
Currency options, bought	**-**	**-**	**-**	0.6	-	0.6
Currency options, sold	**-**	**-**	**-**	-	0.0	0.0
Electricity derivatives						
- under hedge accounting	**-**	**-1.8**	**-1.8**	-	-0.9	-0.9

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.

From electricity derivatives a loss of €0.3 (a gain of 0.1) 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 (a gain of 0.2) million. A loss of €0.2 (a loss of 0.2) million in electricity derivatives 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 gain of €0.3 (loss of 1.0) 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.

31. 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 a 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 2015, gearing average was 40.4 (45.8) per cent.

M€	2015	2014
Interest-bearing liabilities	**139.5**	142.2
Cash and cash equivalent	**49.2**	60.2
Restricted cash	**1.0**	-
Net interest-bearing liabilities	**91.3**	82.0
Total equity	**311.7**	297.9
Gearing, %	**29.3**	27.6
Gearing across quarters, %	**40.4**	45.8

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.

32. Management incentive programmes and share based payments

Uponor has long-term share based incentive plans for its key management. The existing plans are described below.

The plan 2015–2017, announced in 2014, is based on achieving the company's performance over a three year period. The plan 2015–2017 covers a maximum of 25 key managers of the Group including Executive Committee members. The maximum number of shares awarded corresponds to a maximum total of 350,000 shares including the proportion to be paid in cash.

The terms for the plans for the years 2013–2015 and 2014–2016 are the following:

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 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.

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 plan 2014–2016 covers a maximum of ten members of the Group's key management. The maximum number of the shares awarded based on the share investment corresponds with approximately 8,500 shares and the maximum number of performance shares to be delivered corresponds with approximately 170,000 shares.

The plan 2013–2015 covers a maximum of twelve members of the Group's key management. 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 management incentive scheme impact on the Group's operating profit is €-1.0 (0.3) million, on equity it is €0.3 (-0.1) million and the liability reserved for paying any related income taxes for scheme participants is €0.9 (0.5) million.

In addition, on 14 December 2015 the Board resolved to continue the key management performance share plan mechanism resolved by the Board in 2014. Approximately 25–30 Group key managers, including the members of the Executive Committee, belong to the target group of the new plan. The plan covers the calendar years 2016–2018. This did not have any impact on the consolidated financial statements 2015.

33. Interests in subsidiaries and non-controlling interests

Subsidiaries are listed in the note 34 Related party transactions.

Uponor Corporation's subsidiary Uponor Infra Oy has material non-controlling interest as a result of its ownership structure. Uponor Corporation has control in Uponor Infra Oy through the 55.3 per cent direct ownership and the voting ownership by holding the Chair position in the board of directors of Uponor Infra Oy. KWH Group Ltd has 44.7 per cent ownership in Uponor Infra Oy. Uponor Infra Oy is a parent company of a subgroup and its consolidated financials are presented below. The structure of this subgroup is presented in the list of subsidiaries.

	Non-controlling interest, proportion of ownership		Profit for the period attributable to non-controlling interest		Equity attributable to non-controlling interest	
Location	2015	2014	2015	2014	2015	2014
Uponor Infra Oy, Finland, Helsinki	**44.7%**	44.7%	**-0.6**	-0.5	**63.7**	66.8

Financial information on Uponor Infra Oy's consolidated financial statements:

M€	2015	2014
Uponor Infra Group		
Net sales	**312.0**	351.3
Profit for the period	**-1.2**	-1.4
Total comprehensive income for the period	**0.4**	-3.7
Profit for the period attributable to		
- Equity holders of parent company	**-1.2**	-1.5
- Non-controlling interest	**0.0**	0.1
Total comprehensive income for the period		
- Equity holders of parent company	**0.0**	-4.2
- Non-controlling interest	**0.4**	0.5
Non-current assets	**81.4**	93.3
Current assets	**130.6**	145.7
Non-current liabilities	**16.7**	32.8
Current liabilities	**62.2**	70.1
Cash flow from operations	**14.6**	-2.3
Cash flow from investments	**-1.8**	-6.7
Cash flow from financing	**-12.9**	1.8

Uponor Infra Oy's consolidated profit for 2014 includes non-controlling interest related to Wiik & Hoeglund Plc. This is not material from Uponor Group's perspective. Uponor Infra Oy sold Wiik & Hoeglund Plc in February 2015.

Uponor Infra Oy did not pay any dividends in 2015 or in the comparison period to its owners.

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.

Executive Committee and Board remuneration

T€	2015	2014
Executive Committee remuneration		
Remuneration	**2,543.6**	2,182.0
Post-employment benefits		
- defined contribution plans	**288.1**	223.5
Share based benefits	**675.5**	-248.0
Total	**3,507.2**	2,157.5

Executive Committee remuneration includes salaries, fringe benefits and short term incentives.

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 long term incentive schemes (further details in the note 32).

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

T€	2015	2014
Executive Committee remuneration: managing director and his deputy		
Luomakoski, Jyri, Managing Director	**842.3**	491.7
Bondestam, Sebastian, Deputy to the Managing Director	**425.9**	265.9

Retirement age for the managing director and his deputy will be determined in accordance with the Employees' Pensions Act (TyEL), however both the Company and the managing director may require the managing director's retirement at the age of 63 years. The managing director's and his deputy's pension accrues in accordance with the Employees' Pensions Act (TyEL). Furthermore, the company has taken a 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. In 2015, the Company has further concluded a pension arrangement based on capitalisation agreement for the benefit of the managing director, to which the company has paid €40,000.

T€	2015	2014
Board remuneration		
Eloranta, Jorma, Chair	**98.8**	81.2
Paasikivi, Annika, Deputy Chair from 19 March 2014	**62.2**	58.6
Ihamuotila, Timo, Chair of the Audit Committee	**58.0**	58.0
Nygren, Eva	**50.0**	54.8
Rosendal, Jari	**53.0**	53.0
Lengauer, Markus, from 17 March 2015	**54.2**	-
Simon, Rainer S., until 17 March 2015	**2.4**	53.0
Paasikivi, Jari, Chair until 19 March 2014	**-**	3.0
Total	**378.6**	361.6

The Company has taken a 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 2015 or 31 December 2014.

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.

M€	2015	2014
Transactions with associated companies		
Continuing operations		
Purchases	**1.9**	1.6
Balances at the end of period		
Loan receivables	**0.3**	0.3
Accounts payable and other liabilities	**0.1**	0.1

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 S.r.l.	Italy, Badia Polesine
Uponor Holding GmbH	Germany, Hassfurt
Zent-Frenger GmbH	Germany, Heppenheim
Uponor Hispania, S.A.U.	Spain, Móstoles
Uponor A/S	Denmark, Brøndby
Uponor Eesti Oü	Estonia, Tallinn
Uponor Suomi Oy	Finland, Nastola
Uponor Business Solutions Oy	Finland, Vantaa
Nwater Oy	Finland, Tampere
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
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 AG	Switzerland, Pfungen
JSC "Uponor Rus"	Russia, Moscow
Uponor Innovation AB	Sweden, Borås
Uponor AB	Sweden, Virsbo
Uponor Vertriebs GmbH	Austria, Guntramsdorf
Uponor Limited	England, Lutterworth
Uponor Building Energy 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
Uponor Insurance Limited	Guernsey
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
Uponor Infra Tech GmbH	Germany, Fulda
Uponor Infra Limited (99% Uponor Infra A/S, 1% Uponor Infra Oy)	England, Milton Keynes
Uponor Infra Sp. z o.o.	Poland, Warsaw
Uponor Infra Oü	Estonia, Tartu
CJSC “Uponor Infra”	Russia, St Petersburg
Koy Tuusulan Pakkasraitti 12	Finland, Tuusula
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

(*) Dormant company

35. Events after the balance sheet date

On 4 January 2016, Uponor Holding GmbH closed the acquisition of the shares in two German companies, Delta Systemtechnik GmbH and the KaMo Group. Further details are presented in the note 4 Business combinations.

Parent company financial statement (FAS)

Parent company income statement

M€	Note	2015	%	2014	%
Net sales	2	**26.5**	**100.0**	21.4	100.0
Other operating income	3	**0.0**	**0.0**	0.0	0.0
Personnel expenses	4	**6.4**	**24.2**	4.8	22.4
Depreciation and impairments	5	**0.2**	**0.8**	0.3	1.4
Other operating expenses	3	**27.5**	**103.8**	23.2	108.4
Operating loss		**-7.6**	**-28.7**	-6.8	-31.8
Financial income and expenses	6	**68.7**	**259.2**	31.1	145.3
Profit before extraordinary items		**61.1**	**230.6**	24.3	113.6
Extraordinary items	7	**7.6**	**28.7**	7.9	36.9
Profit before appropriations and taxes		**68.7**	**259.2**	32.2	150.5
Change in depreciation difference		**0.0**	**0.0**	0.1	0.5
Income taxes	8	**0.0**	**0.0**	0.0	0.0
Profit for the period		**68.7**	**259.2**	32.3	150.9

Parent company balance sheet

M€	Note	31 Jan 2015	31 Jan 2014
Assets			
Non-current assets			
Intangible assets			
Intangible rights		**0.3**	0.4
Intangible assets	9	**0.3**	0.4
Tangible assets			
Machinery and equipment		**0.1**	0.2
Tangible assets	9	**0.1**	0.2
Securities and long-term investments			
Shares in subsidiaries		**285.0**	283.0
Other shares and holdings		**0.0**	0.0
Loan receivables		**94.6**	89.0
Securities and long-term investments	10	**379.7**	372.0
Total non-current assets		**380.1**	372.6
Current assets			
Non-current receivables			
Deferred tax assets		**0.5**	0.5
Non-current receivables	11	**0.5**	0.5
Current receivables			
Accounts receivable		**3.8**	3.3
Loan receivables		**99.1**	71.2
Accruals		**0.9**	0.5
Other receivables		**34.3**	34.1
Current receivables	12	**138.2**	109.1
Cash and cash equivalents			
Cash and cash equivalents		**32.6**	46.7
Cash and cash equivalents		**32.6**	46.7
Total current assets		**171.2**	156.3
Total assets		**551.3**	528.9

M€	Note	31 Jan 2015	31 Jan 2014
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		**67.0**	65.0
Profit for the period		**68.7**	32.3
Total shareholders' equity	13	**332.3**	294.1
Accumulated appropriations			
Depreciation difference	14	**0.2**	0.1
Accumulated appropriations total		**0.2**	0.1
Provisions	15	**2.5**	2.5
Liabilities			
Non-current liabilities			
Bonds		**80.0**	100.0
Non-current liabilities	16	**80.0**	100.0
Current liabilities			
Bonds		**20.0**	0.0
Accounts payable		**3.2**	2.5
Accruals		**3.1**	2.9
Other current liabilities		**110.0**	126.8
Current liabilities	17	**136.3**	132.2
Total liabilities		**216.3**	232.2
Total liabilities and shareholders' equity		**551.3**	528.9

Parent company cash flow statement

M€	**1 Jan–31 Dec 2015**	1 Jan–31 Dec 2014
Cash flow from operations		
Operating profit	**-7.6**	-6.8
Depreciation	**0.2**	0.3
Other non-cash items	**0.0**	-0.1
Net cash from operations	**-7.4**	-6.6
Change in working capital		
Receivables	**-9.7**	4.8
Non-interest-bearing liabilities	**-33.1**	7.5
Change in working capital	**-42.8**	12.3
Dividends received	**82.3**	34.4
Group contributions	**9.1**	5.8
Cash flow from operations	**41.2**	45.9
Cash flow from investments		
Purchase of fixed assets	**-0.1**	-0.1
Granted loans	**-51.5**	-1.1
Loan repayments	**8.1**	2.0
Changes in investments in subsidiaries	**-2.2**	-3.9
Interests received	**3.4**	4.0
Dividends received	**0.0**	0.0
Cash flow from investments	**-42.3**	0.9
Cash flow before financing	**-1.1**	46.8
Cash flow from financing		
Borrowings of debt	**26.0**	21.0
Repayments of debt	**-26.0**	-21.0
Change in other short term debt	**19.8**	0.0
Interests paid	**-2.1**	-2.4
Dividends paid	**-30.7**	-27.8
Income taxes paid	**0.0**	-0.3
Cash flow from financing	**-13.0**	-30.5
Change in cash and cash equivalents	**-14.1**	16.3
Cash and cash equivalents at 1 January	**46.7**	30.4
Cash and cash equivalents at 31 December	**32.6**	46.7
Changes according to balance sheet	**-14.1**	16.3

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€	**2015**	2014
Income from services		
- From group companies	**26.5**	21.4
- External	**0.0**	0.0
Total	**26.5**	21.4

3. Other operating income and expenses

M€	**2015**	2014
Other operating income		
Other	**-**	0.0
Total	**-**	0.0

M€	**2015**	2014
Other operating expenses		
Travel expenses	**1.3**	1.3
Purchased services	**12.2**	10.9
Other	**14.0**	11.0
Total	**27.5**	23.2

M€	**2015**	2014
Auditor's fees		
- Audit fees	**0.1**	0.1
- Tax advice	**0.0**	0.0
- Other services	**0.0**	0.0

4. Personnel expenses

M€	**2015**	2014
Salaries and bonuses	**5.5**	4.2
Pension expenses	**0.6**	0.4
Other personnel expenses	**0.3**	0.2
Total	**6.4**	4.8
During financial period company employed:		
Employees, average	**44**	38
Salaries and emoluments paid to the managing director and Board of directors T€*)		
Managing director	**842.3**	491.7
Board of Directors	**378.6**	361.6
Total	**1220.9**	853.3

*) specification per persons has been reported in the notes of the consolidated income statement.

Loans to company directors

At 31 December 2015, the company's managing director and members of the Board of directors had no loans outstanding from the company or its subsidiaries.

Managing director's pension obligations

Retirement age for the managing director will be determined in accordance with the Employee's Pension Act (TyEL), however both the Company and the managing director may require managing director's retirement at the age of 63 years. The managing director's pension accrues in accordance with the Employee's Pension Act (TyEL).

Furthermore, the company has taken defined contribution pension insurance for the managing director for which the company pays €40,000 on annual basis. In 2015, the Company has further concluded a pension arrangement based on capitalisation agreement for the benefit of the managing director to which the company has paid €40,000.

5. Depreciation

M€	**2015**	2014
Intangible assets	**0.1**	0.3
Tangible assets	**0.1**	0.1
Total	**0.2**	0.4

6. Financial income and expenses

M€	**2015**	2014
Interest income	**0.8**	1.9
Intercompany interest income	**3.9**	4.7
- Associated companies	**0.0**	0.0
Dividend income	**0.0**	0.0
Dividend income from subsidiaries	**82.3**	34.4
Interest expenses	**-8.2**	-7.6
Intercompany interest expenses	**-0.1**	-0.1
Other financial expenses	**-0.1**	-0.1
Other financial income	**0.0**	-
Impairments on non-current investments	**-8.3**	0.0
Income from shares in Group companies	**0.0**	-
Gains and losses from derivatives		
Realised	**-0.1**	3.6
Unrealised	**-0.2**	-2.4
Exchange differences		
Realised	**-1.2**	-1.5
Unrealised	**-0.2**	-1.8
Financial income and expenses total	**68.7**	31.1

7. Extraordinary income

M€	**2015**	2014
Group contributions	**7.6**	7.9
Total	**7.6**	7.9

8. Taxes

M€	**2015**	2014
For the financial period	**0.0**	0.0
For previous financial periods	**0.0**	0.0
Change in deferred taxes	**0.0**	0.0
Total	**0.0**	0.0

9. Intangible and tangible assets

2015 M€	Intangible rights	Intangible investment in progress	Machinery and equipment	Investment in progress	**Intangible and tangible assets**
Acquisition costs 1 Jan	2.8	0.0	0.5	0.0	**3.3**
Increases	0.1	0.0	0.0	0.0	**0.1**
Decreases	0.0	0.0	0.0	0.0	**0.0**
Acquisition costs 31 Dec	2.8	0.0	0.5	0.0	**3.3**
Accumulated depreciations 1 Jan	2.4	0.0	0.3	0.0	**0.0**
Acc. depreciation on disposals and transfers	0.0	0.0	0.0	0.0	**0.0**
Depreciation for the financial period	0.1	0.0	0.1	0.0	**0.2**
Accumulated depreciations 31 Dec	2.5	0.0	0.4	0.0	**2.9**
Book value 31 December	0.3	0.0	0.1	0.0	**0.4**

2014 M€	Intangible rights	Intangible investment in progress	Machinery and equipment	Investment in progress	**Intangible and tangible assets**
Acquisition costs 1 Jan	2.7	0.0	0.5	0.0	**3.2**
Increases	0.0	0.0	0.0	0.0	**0.1**
Decreases	0.0	0.0	0.0	0.0	**0.0**
Transfers between items	0.0	0.0	0.0	0.0	**0.0**
Acquisition costs 31 Dec	2.8	0.0	0.5	0.0	**3.3**
Accumulated depreciations 1 Jan	2.1	0.0	0.3	0.0	**2.4**
Acc. depreciation on disposals and transfers	0.0	0.0	0.0	0.0	**0.0**
Depreciation for the financial period	0.3	0.0	0.1	0.0	**0.3**
Accumulated depreciations 31 Dec	2.4	0.0	0.3	0.0	**2.7**
Book value 31 December	0.4	0.0	0.2	0.0	**0.6**

10. Non-current investments

M€	2015	2014
Shares in subsidiaries book value 1 Jan	**283.0**	272.5
Increases	**10.3**	10.5
Decreases	**0.9**	0.0
Shares in subsidiaries acquisition cost 31 Dec	**292.4**	283.0
Impairments	**7.4**	0.0
Shares in subsidiaries book value 31 Dec	**285.0**	283.0
Other shares and holdings 1 Jan	**0.0**	0.0
Decreases	**0.0**	0.0
Other shares and holdings 31 Dec	**0.0**	0.0
Loans receivables		
- From group companies	**89.3**	83.7
- Subordinated loan	**5.0**	5.0
- Others	**0.3**	0.4
Loan receivables total	**94.6**	89.0
Total	**379.7**	372.1

Impairments in 2015 in subsidiary shares are related to Uponor Ltd and Uponor Cork Pipe Plant Ltd shares.

11. Non-current receivables

M€	2015	2014
- deferred tax assets	**0.5**	0.5
Total	**0.5**	0.5

Deferred tax asset is recorded for obligatory provisions in the balance sheet. Deferred tax asset includes short-term tax assets totalling €0.05 million.

12. Current receivables

M€	2015	2014
From group companies		
- accounts receivable	**3.8**	3.3
- loan receivable	**98.8**	70.9
- accruals	**0.1**	0.0
- other receivables	**31.0**	29.1
Total	**133.6**	103.4
Associated companies		
- loan receivable	**0.3**	0.3

M€	2015	2014
From external parties		
- accounts receivable	**0.0**	0.0
- accruals	**0.8**	0.5
- other receivables	**3.4**	4.9
Total	**4.2**	5.4
Total current receivables	**138.2**	109.1
Accruals		
Interest income	**0.1**	0.0
Taxes	**0.1**	0.1
Others	**0.7**	0.3
Total	**0.9**	0.5

13. Changes in equity

M€	2015	2014
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	**97.4**	92.8
Dividend payments	**-30.7**	-27.8
Treasury shares	**0.3**	-
Retained earnings 31 Dec	**67.0**	65.0
Profit for financial period	**68.7**	32.3
Total unrestricted equity	**135.7**	97.4
Shareholders' equity 31 December	**332.3**	294.1
Distributable funds		
Unrestricted equity	**0.1**	0.1
Retained earnings	**67.7**	66.0
Profit for the period	**68.7**	32.3
Treasury shares	**-0.7**	-1.0
Distributable funds 31 Dec	**135.7**	97.4

14. Depreciation differences

M€	2015	2014
- Other capitalised long-term expenditure	0.2	0.1
- Plant and machinery	0.0	0.0
Total	0.2	0.1

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

15. Provisions

M€	2015	2014
Pension obligation	0.0	0.0
Environmental provision	2.5	2.5
Total	2.5	2.5

16. Non-current liabilities

M€	2015	2014
Bonds	80.0	100.0
Total	80.0	100.0

Maturity of non-current interest bearing liabilities

M€	2018
Bonds	80.0

17. Current liabilities

M€	2015	2014
From group companies		
- accounts payable	2.3	1.6
- accruals	0.0	1.0
- other current liabilities	104.9	119.9
Total	107.1	122.5
From external parties		
- bonds	20.0	0.0
- accounts payable	1.0	0.9
- accruals	3.1	1.9
- other current liabilities	5.2	6.9
Total	29.2	9.7
Total current liabilities	136.3	132.2
Accrued liabilities		
Personnel expenses	0.8	0.5
Bonuses	0.8	0.5
Taxes	0.1	0.1
Interest	0.2	0.2
Others	1.1	1.5
Total	3.1	2.9

18. Contingent liabilities

M€	2015	2014
- on behalf group companies		
Guarantees issued	29.9	31.0
Guarantees issued	29.9	31.0
Operating lease commitments (including rental lease obligations)		
Operating lease commitments for next 12 months	0.7	0.7
Operating lease commitments over next 12 months	3.1	3.5
Lease commitments	3.8	4.2
Total	33.7	35.2

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

19. Derivative contracts

M€	2015	2014
	Nominal value	
Interest derivatives:		
Interest rate swaps	61.0	170.0
	Fair value	
Interest derivatives:		
Interest rate swaps	-2.4	-3.1
	Nominal value	
Foreign currency derivatives:		
Forward agreements	230.0	225.5
Intragroup forward agreements	89.4	105.0
Currency options, bought		9.4
Currency options, sold		9.4
Commodity derivatives:		
Electricity derivatives	5.0	7.1
Energy 149 100MWh (208 137)		
	Fair value	
Foreign currency derivatives:		
Forward agreements	0.6	0.3
Intragroup forward agreements	-1.1	-1.1
Currency options, bought		0.6
Currency options, sold		0.0
Commodity derivatives:		
Electricity derivatives	-1.8	-0.9

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.–31.12.2015. 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, 12 February 2016

Deloitte & Touche Oy
Authorized Public Audit Firm

Teppo Rantanen
Authorized Public Accountant

Quarterly data

	2015				2014			
	10–12	**7–9**	**4–6**	**1–3**	10–12	7–9	4–6	1–3
Continuing operations								
Net sales, M€	**262.0**	**274.1**	**277.6**	**237.1**	251.5	277.0	264.5	230.9
- Building Solutions – Europe	**114.3**	**121.2**	**119.0**	**112.6**	112.7	123.5	122.0	120.9
- Building Solutions – North America	**74.0**	**75.1**	**69.8**	**56.9**	56.1	54.7	49.5	40.5
- Building Solutions – North America, $	**80.2**	**83.6**	**77.6**	**63.2**	70.0	71.8	67.9	55.5
- Infrastructure Solutions	**75.0**	**79.0**	**89.7**	**68.3**	84.9	100.3	95.3	70.8
Gross profit, M€	**91.4**	**95.0**	**98.6**	**85.2**	83.2	92.2	86.7	78.1
- Gross profit, %	**34.9**	**34.7**	**35.5**	**35.9**	33.1	33.3	32.8	33.8
Operating profit, M€	**14.0**	**23.6**	**22.5**	**11.3**	11.8	29.2	17.6	4.8
- Building Solutions – Europe	**3.3**	**8.4**	**6.2**	**6.1**	4.7	15.0	9.6	5.7
- Building Solutions – North America	**12.2**	**15.7**	**15.0**	**8.1**	9.3	9.2	8.6	4.4
- Building Solutions – North America, $	**13.1**	**17.5**	**16.8**	**8.9**	11.7	12.1	11.7	6.1
- Infrastructure Solutions	**-1.2**	**-0.3**	**3.0**	**-1.3**	-0.9	4.2	0.4	-4.2
- Others	**-0.9**	**-0.2**	**-1.4**	**-1.3**	-1.6	0.5	-0.7	-0.8
Operating profit, % of net sales	**5.3**	**8.6**	**8.1**	**4.8**	4.7	10.5	6.6	2.1
- Building Solutions – Europe	**2.9**	**6.9**	**5.2**	**5.4**	4.2	12.1	7.9	4.7
- Building Solutions – North America	**16.4**	**20.9**	**21.5**	**14.1**	16.6	16.8	17.2	11.0
- Infrastructure Solutions	**-1.5**	**-0.4**	**3.0**	**-0.2**	-0.1	4.2	0.4	-6.0
Profit for the period, M€	**4.4**	**15.4**	**13.3**	**4.0**	8.3	16.8	9.4	1.8
Balance sheet total, M€	**707.8**	**740.0**	**716.8**	**692.5**	681.8	701.7	697.9	690.5
Earnings per share, €	**0.07**	**0.21**	**0.17**	**0.06**	0.12	0.21	0.13	0.04
Equity per share, €	**3.39**	**3.26**	**3.08**	**2.96**	3.16	3.10	2.80	2.66
Market value of share capital, M€	**995.6**	**851.4**	**989.0**	**1,153.0**	841.1	780.4	984.6	968.5
Return on investment, % (p.a)	**15.5**	**17.3**	**14.0**	**7.2**	14.2	14.8	8.8	3.5
Interest-bearing net debt at the end of period, M€	**91.3**	**114.8**	**138.8**	**130.9**	82.0	122.9	154.3	147.8
Gearing, %	**29.3**	**37.9**	**47.8**	**46.7**	27.6	41.7	56.9	56.9
Gearing, %, rolling 4 quarters	**40.4**	**40.0**	**41.0**	**43.2**	45.8	47.3	48.3	52.7
Gross investment, M€	**19.7**	**11.9**	**10.4**	**8.1**	14.3	9.0	8.0	4.4
- % of net sales	**7.5**	**4.3**	**3.7**	**3.4**	5.7	3.2	3.0	1.9

Analysts covering Uponor

Carnegie Investment Bank AB
Tommy Ilmoni

Danske Bank Plc
Ari Järvinen

Evli Bank Plc
Mika Karppinen

Handelsbanken
Robin Santavirta / Marcela Klang

Inderes Oy
Petri Aho

Nordea Bank Finland Plc
Johannes Grasberger

Pohjola Bank Plc
Matias Rautionmaa

SEB Equities
Anssi Kiviniemi

Further contact details available at http://investors.uponor.com/.

Uponor assumes no responsibility for the presented analyses.

Uponor Investor Relations App

The MyIRApp is available for download on iPhone, iPad and all major Android phones and tablets.

To download MyIRApp, please visit the

Available on the App Store ANDROID APP ON Google play

www.appstore.com or play.google.com

Layout: Innocorp Oy
Printing: Lönnberg Oy, 2016
Paper: LumiArt Gloss 300g / Edixion 120g

PEFC/02-31-128

NORDIC ECOLABEL
4041 0017
Printed matter

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