



Uponor

COMPANY PRESENTATION Uponor Corporation

Navigating the Nordics Seminar
Riitta Palomäki, CFO
Stockholm, 9 June 2015

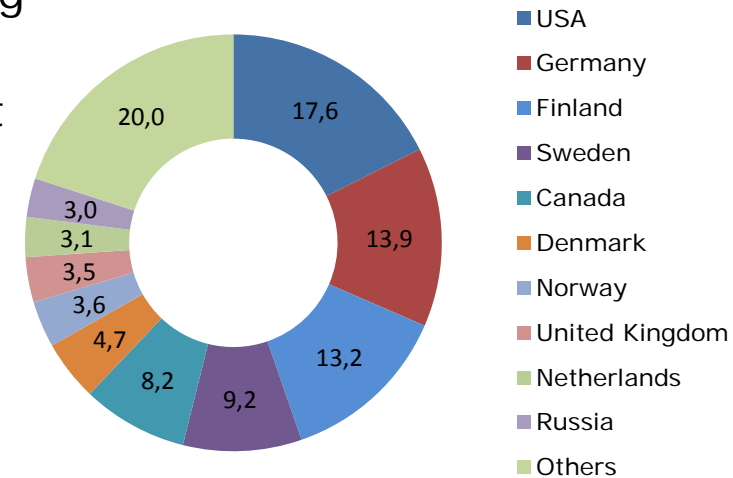
Uponor in brief

Leading provider of plumbing and indoor climate solutions for residential and commercial building markets across Europe and North America.

In northern Europe, Uponor is also a prominent supplier of infrastructure pipe systems

- Net sales 2014: €1,023.9 million
- Operations in 30 countries, 14 production sites
- Personnel ca 4,000

Net sales 2014 by country



Plumbing Solutions (39%)

- Potable water and radiator connections for residential and non-residential building

Indoor Climate Solutions (27%)

- Hydronic heating and cooling for residential and non-residential building

Infrastructure Solutions (34%)

- Water, sewer and wastewater systems for utilities and non-urban areas



Uponor milestones

1600

Johan de la Gardie establishes Wirsbo Bruks



1918

Aukusti Asko-Avonius establishes a carpentry workshop in Lahti, Finland



1964

Plastic division Upo-Muovi starts up in Nastola, Finland, and launches its first plastic pipes

1972

In Sweden, Wirsbo was the world's first company to start manufacturing PEX pipes



1938

Upo Oy starts to manufacture cast iron products and household appliances

1982

Asko and Neste jointly establish Oy Uponor Ab



1990

Wirsbo opens a factory in Apple Valley, Minnesota, USA



2000

2006

The business is consolidated under one brand



1988

Uponor enters plastic hot water pipe business, acquires Hewing and Wirsbo

Asko Oy is listed on the Helsinki Stock Exchange



1997

Acquisition of Unicor in 1997- 1999

2000

Uponor merges with its parent company Asko Oyj on 1 January 2000

2006 – 2013

Municipal business outside of the Nordic countries divested

2013

Uponor Infra established through a merger with KWH Pipe on 1 July 2013

Uponor's Indoor climate offering

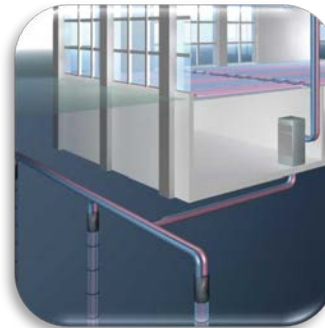
Uponor's solutions create the basis for a healthy and pleasant indoor climate.



Radiant heating and cooling



Thermally active building structures (TABS)



Ground energy



Controls



Outdoor surfaces



Local heat distribution



Ventilation



Seamless aluminium composite pipe

Uponor's Plumbing offering

Uponor's systems help transport water to its destination by efficient, sustainable and hygienic installation.



Tap water



Riser pipe systems



Radiator connections



Tools



RTM fittings



PPSU fittings



Q&E system



Fire safety



Compressed air

Uponor Infra offering

With more than 60 years of experience Uponor's solutions help transport water, air, electricity, telecommunications and data.



Infrastructure solutions for handling water, sewer, gas, air, telecommunications and data



Tailor made constructions



Project service



Technologies

Global megatrends drive strategy and innovation



Growing and aging population

Health and comfort



Urbanisation

Renovation, prefabrication and lifestyle



Energy demand and climate change

Green building, water quality and water management



Globalisation and developing markets

Geographical expansion

Sustainability shapes the future of building

- One third of the world's energy consumption is associated with heating, cooling, ventilation and lighting
→ the energy performance of buildings plays a major role
- Uponor radiant systems can reduce CO₂ emissions for any building type
- Uponor plumbing and wastewater systems and installation technologies meet stringent water quality requirements
- Plastic pipe solutions boast a good 'cradle to grave' life-cycle performance



Long-term financial targets

Since 12 Feb. 2013

- Help develop Uponor globally in a manner that secures faster than average industry growth and funding for future initiatives
- Based on earlier criteria, now reflecting the 'new normal' business landscape
- The emphasis is on growth, which is clearly influenced by the flat outlook of European building markets

Organic net sales growth to exceed annual GDP growth* by 3 ppts

* GDP growth based on a weighted average growth in the top 10 countries

EBIT margin to exceed 10%

ROI to exceed 20%

Dividend pay-out to be at least 50% of annual earnings (considering the gearing target)

Gearing to stay within 30 to 70 as an annual average of the quarters

Our Goals for 2019

Secured and extended leading position in plumbing and indoor climate solutions in Europe



Brand standard for PEX systems in the commercial and residential sectors in North America



Leading infrastructure and extrusion technology supplier in selected markets



Financial statements FY 2014

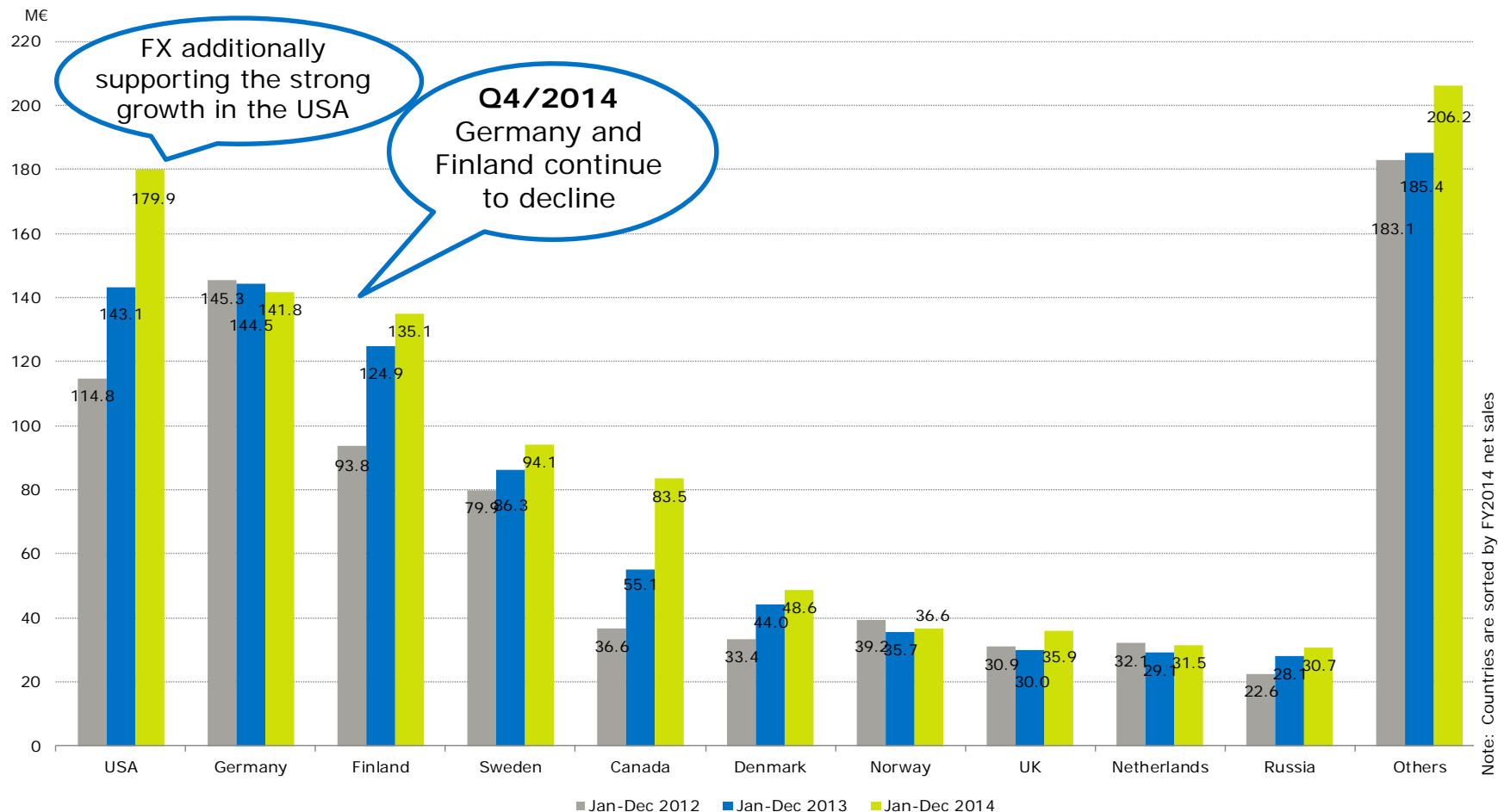
Full year 2014: Sustained positive progress despite diverse challenges

Uponor Group	1-12/ 2014	1-12/ 2013	Change
Net sales	1,023.9	906.0	13.0%
Building Solutions – Europe	479.1	479.5	-0.1%
Building Solutions – North America	200.8	171.5	17.1%
Uponor Infra	351.3	261.4	34.4%
Operating profit (without NRI)	67.7	55.2	22.6%
Building Solutions – Europe	38.7	32.7	18.3%
Building Solutions – North America	31.5	24.7	27.4%
Uponor Infra	0.1	2.7	n/m

- Building Solutions – Europe reported growth in profits despite flattish markets and the softer German market in particular
- Building Solutions – North America stayed steady on the growth path, thanks to advances in both the residential and commercial markets and the expanded geographical presence across the U.S.
- Uponor Infra, consolidated for the first full year, declined in like-for-like terms, mainly driven by a currency impact but also due to plummeting demand and sales in some key markets

January – December 2014

Net sales development by key markets



Growth
% in EUR
% in Curr.

25.7
24.8

-1.8

8.3

8.9
14.6

51.6
61.1

10.4
10.3

2.8
9.7

19.6
13.0

8.2

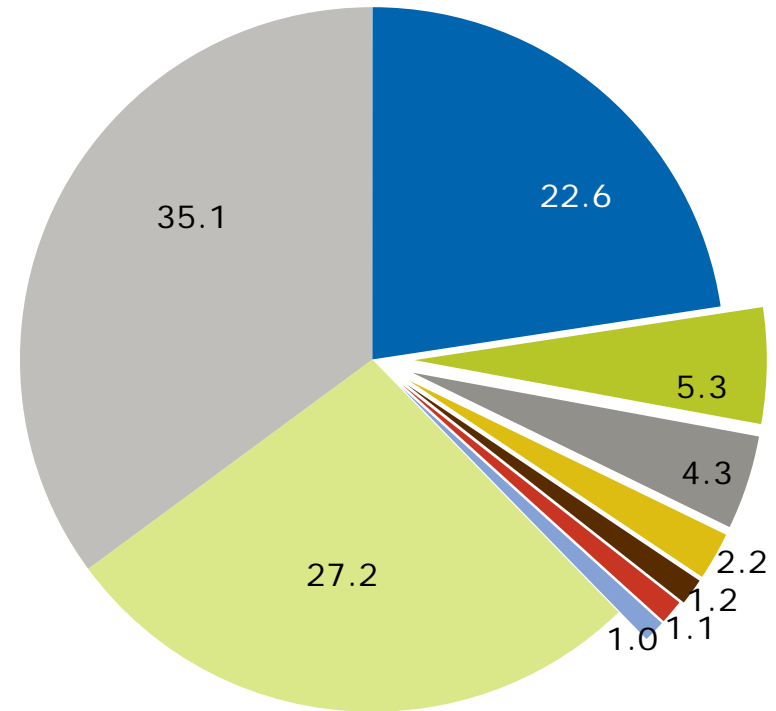
9.5
33.5

11.2

Major shareholders

31 Dec 2014

- Oras Invest Ltd 22.6%
- Varma Mutual Pension Insurance Co 5.3%
- Nordea Nordic Small Cap Fund 4.3%
- Ilmarinen Mutual Pension Insurance Co 2.2%
- Nordea Fennia Fund 1.2%
- Sigrid Juselius Foundation 1.1%
- State Pension Fund 1.0%
- Nominee registrations 27.2%
- Others 35.1%



Currently valid foreign notifications

12 March 2013: the holdings of Franklin Resources, Inc. reached 10.0%

2 Jan 2014: the Capital Group Companies Inc.'s ownership fell below 5.0%

- 15,846 shareholders at the end of Dec 2014
- Foreign shareholding was 28.3%, down from 33.9% in Dec 2013

Financial statements

Q1 2015

Q1/2015: Flat sales, strong performance in the traditionally slow first quarter

January – March	1-3/2015	1-3/2014	Change
Net sales	237.1	230.9	2.7%
Operating profit	11.3	4.8	132.9%
- Operating profit w/o non-recurring items	11.3	8.6	31.1%

Net sales

- Overall net sales trend in Europe flat or declining
- Firm growth in Building Solutions - North America despite another severe winter
- Considerable impact from the weaker euro on reported numbers

Operating profit

- Uponor Infra and Building Solutions – North America drive growth, Building Solutions – Europe declines in like-for-like comparison
- Second consecutive quarter of improvement in Uponor Infra, initiatives related to streamlining and strategic review implemented
- Volatile input cost environment

Developments by segment: Building Solutions – Europe

- Net sales decline mainly coming from Germany, Russia, some Nordic markets
- Few brighter spots, such as the Netherlands, Denmark and Iberia
- New distribution centre completed and taken in commercial use in time; some deliveries postponed to Q2/2015 due to transition
- International ISH2015 exhibition utilised to promote new offering:
 - seamless composite pipe, new control system, renovation solutions



Developments by segment: Building Solutions – North America

- Net sales growth continued
 - continued buoyancy in the U.S. residential housing market
 - success in customer conversion both amongst residential and commercial contractors
- Steady profit development supported by efficiency improvements and cost management, and despite adverse CAD/USD translation
- New manufacturing expansion launched, targeting completion in December 2015



Developments by segment: Uponor Infra

- Strategic review completed in order to maximise synergic strength
 - Two non-core units were divested
 - Management now able to focus on core business development
- Small decline in net sales, mainly due to the divestments
 - Lively activity in North America was not enough to compensate for the European headwinds
- Second consecutive quarter with improving operating profit
 - Streamlining benefits coming in
 - Volatile resin price environment



Interim January – March 2015: Key figures

M€	1-3 2015	1-3 2014	Change Y/Y	1-12 2014
Net sales, continuing operations	237.1	230.9	+2.7%	1,023.9
Operating profit, continuing operations	11.3	4.8	+132.9%	63.4
Operating profit margin, continuing operations	4.8%	2.1%	2.7% pts	6.2%
Earnings per share (diluted), €	0.06	0.04	+50.0%	0.50
Return on equity, % (p.a.)	5.5%	2.6%	2.9% pts	12.3%
Return on investment, % (p.a.)	7.2%	3.5%	3.7% pts	14.2%
Net interest bearing liabilities	130.9	147.8	-11.4%	82.0
Gearing, %	46.7%	56.9%	-10.2% pts	27.6%
Net working capital of Net sales, % (p.a.)	11.0%	11.7%	-0.7% pts	7.1%
Average number of employees, continuing operations	3,909	4,161	-6.1%	4,127
Number of employees, end of period, continuing operations	3,785	4,166	-9.1%	3,982

Interim January – March 2015: Income statement

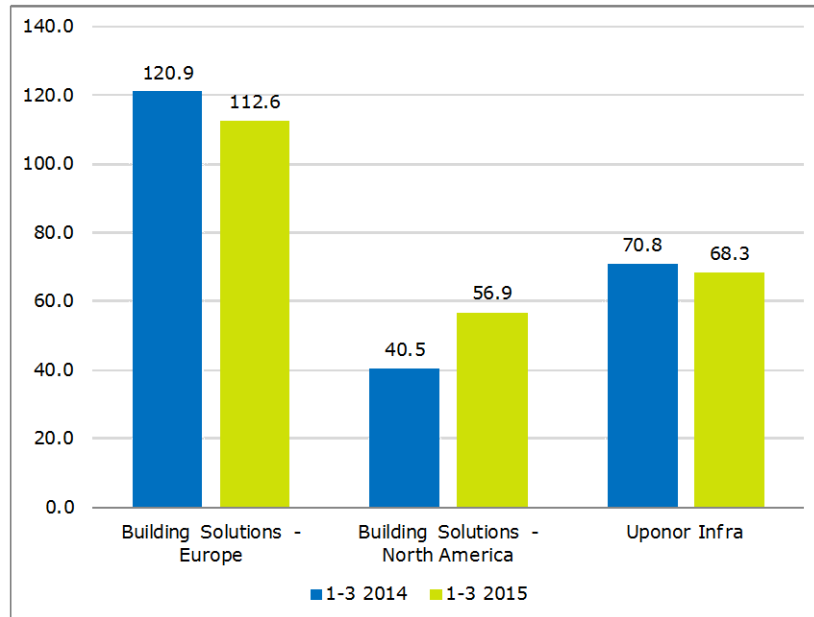
M€	1-3 2015	1-3 2014	Change Y/Y	1-12 2014
Continuing operations				
Net sales	237.1	230.9	+2.7%	1,023.9
Cost of goods sold	151.9	152.8	-0.6%	683.8
Gross profit	85.2	78.1	+9.1%	340.1
- % of net sales	35.9%	33.8%	+2.1% pts	33.2%
Other operating income	0.7	0.2	+214.2%	2.4
Expenses	74.6	73.5	+1.5%	279.1
Operating profit	11.3	4.8	+132.9%	63.4
- % of net sales	4.8%	2.1%	+2.7% pts	6.2%
Financial expenses, net	5.1	2.1	+126.1%	7.4
Share of result in associated companies	0.1	0.0		0.3
Profit before taxes	6.3	2.7	+137.4%	56.3
Profit for the period	4.0	1.8	+121.1%	36.3
EBITDA	20.6	13.9	-50.2%	99.9

- **Net sales growth**, adjusted for the divestment of the Thai infrastructure business and FX impact, was flat at -0.7%
- **Gross profit margin** supported by input cost environment in the first two months of the quarter
- Increase in **expenses** due to Building Solutions - North America, driven by dollar-to-euro translation. Comparison figures burdened by €3.0m in NRI
- On a like-for-like basis, excluding any NRI, **operating profit** was €11.3 (8.6) million, up 31.1%. In 2014, a non-recurring item of €3.8 million was reported in the first quarter
- **Financial expenses, net** increased due to FX

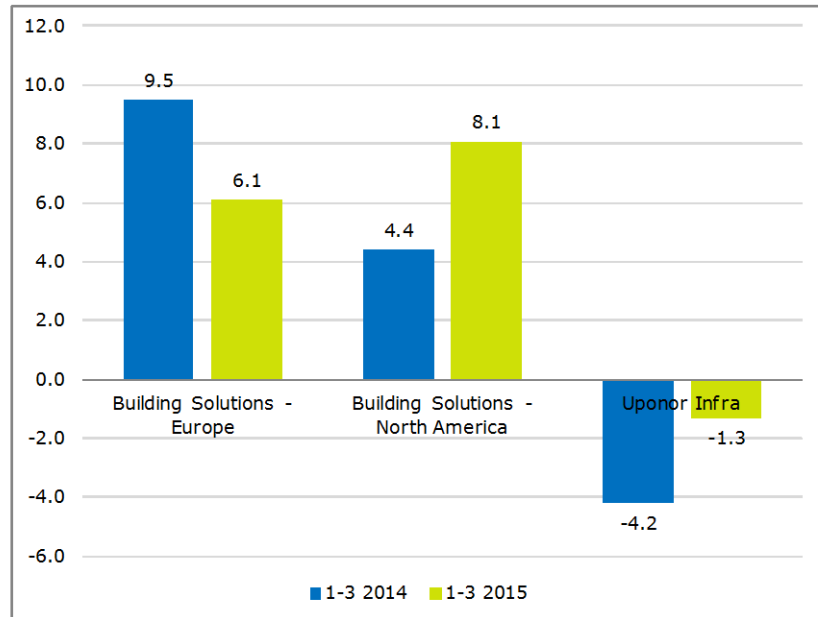
Interim January – March 2015: Net sales & operating profit by segment

Currency: M€

Net sales

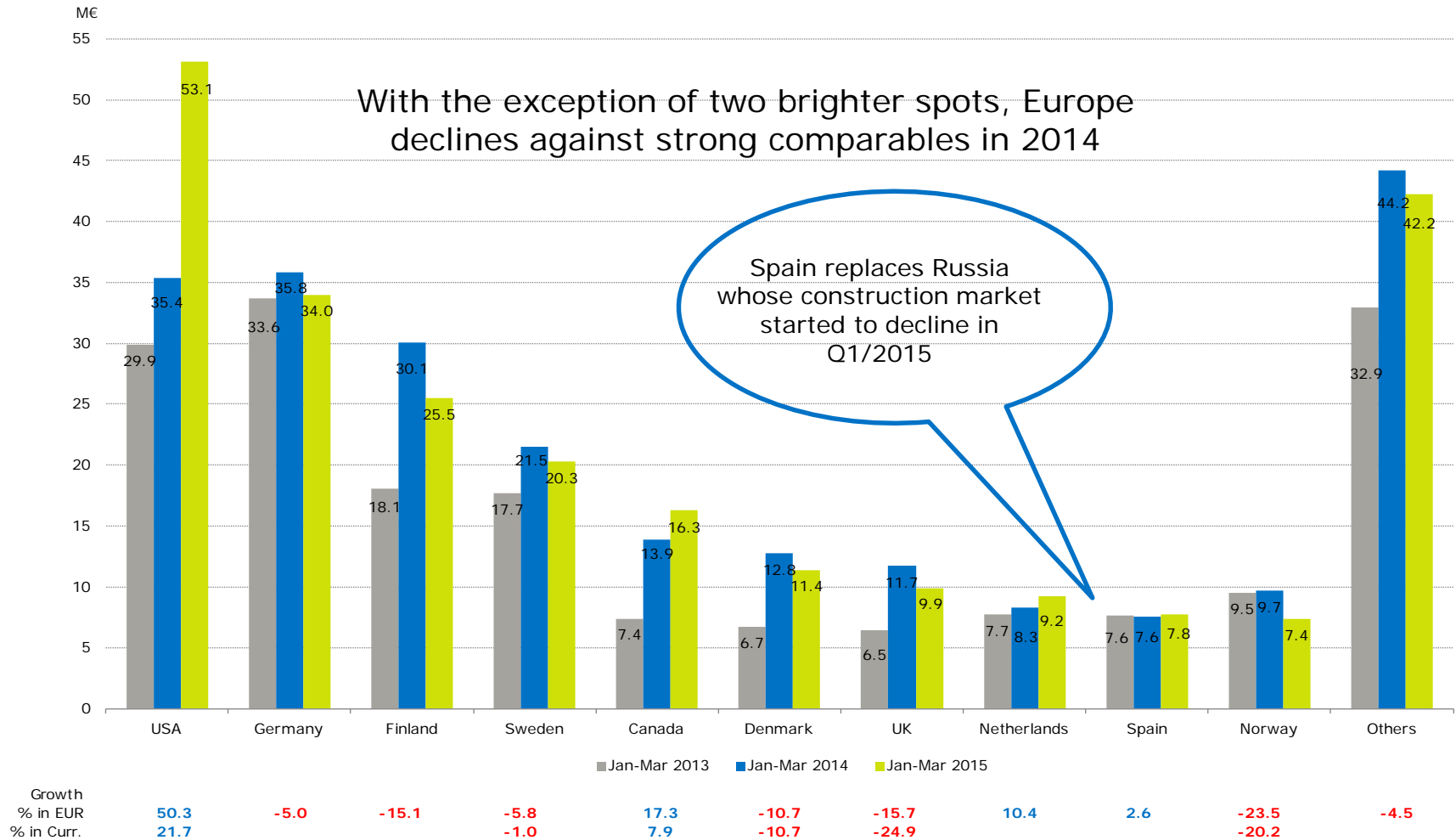


Operating profit, w/o non-recurring items



- Building Solutions – Europe: operating profit margin (w/o non-recurring items) down from 7.8% to 5.4% driven by plummeting net sales in key markets
- Building Solutions - North America profit margin up from 11.0% to 14.1 %, supported by sales growth, efficiency improvement measures and tight cost management
- Uponor Infra profit improved clearly as a result of the restructuring measures, supported by input costs, but remained negative on account of low volumes

Interim January – March 2015: Net sales development in key markets



Note: Countries are sorted by YTD 2015 net sales

Interim January – March 2015: Balance sheet

M€	31 Mar 2015	31 Mar 2014	Change Y/Y	31 Dec 2014
Property, plant and equipment	209.3	197.4	+11.9	207.8
Intangible assets	97.5	101.5	-4.0	98.4
Securities and long-term investments	10.6	10.8	-0.2	11.2
Inventories	135.2	130.6	+4.6	117.4
Cash and cash equivalents	16.1	30.2	-14.1	60.2
Other current and non-current assets	223.8	220.0	+3.8	186.8
Total equity	280.4	260.0	+20.4	297.9
Non-current interest-bearing liabilities	126.2	136.4	-10.2	126.3
Provisions	16.5	23.7	-7.2	16.2
Non-interest-bearing liabilities	248.6	228.7	+19.9	225.5
Current interest-bearing liabilities	20.8	41.7	-20.9	15.9
Balance sheet total	692.5	690.5	+2.0	681.8

- Net interest-bearing liabilities at €130.9m, down by 11.4% from LY
- Non-controlling interest at Uponor Infra represents €63.9m of the total equity at €280.4m











Interim January – March 2015: Cash flow

M€	1-3 2015	1-3 2014	Change Y/Y	1-12 2014
Net cash from operations	+16.0	+13.5	+2.5	+99.0
Change in NWC	-32.4	-28.6	-3.8	-3.5
Net payment of income tax and interest	-6.0	-3.3	-2.7	-19.8
Cash flow from operations	-22.4	-18.4	-4.0	+75.7
Cash flow from investments	-2.1	-4.1	+2.0	-30.6
Cash flow before financing	-24.5	-22.5	-2.0	+45.1
Dividends and buy backs	-30.7	-27.8	-2.9	-27.8
Other financing	+10.3	+27.3	-17.0	-9.9
Cash flow from financing	-20.4	-0.5	-19.9	-37.7
Change in cash and cash equivalents	-44.1	-23.5	-20.6	+6.5

- Gross CAPEX at €8.1m, up €3.7m from Q1/2014, but below depreciation at €9.3m
- Cash flow from investment includes €+5.9m cash flow effect from the divestments of the Thai infrastructure business and Extron Engineering Oy in Finland

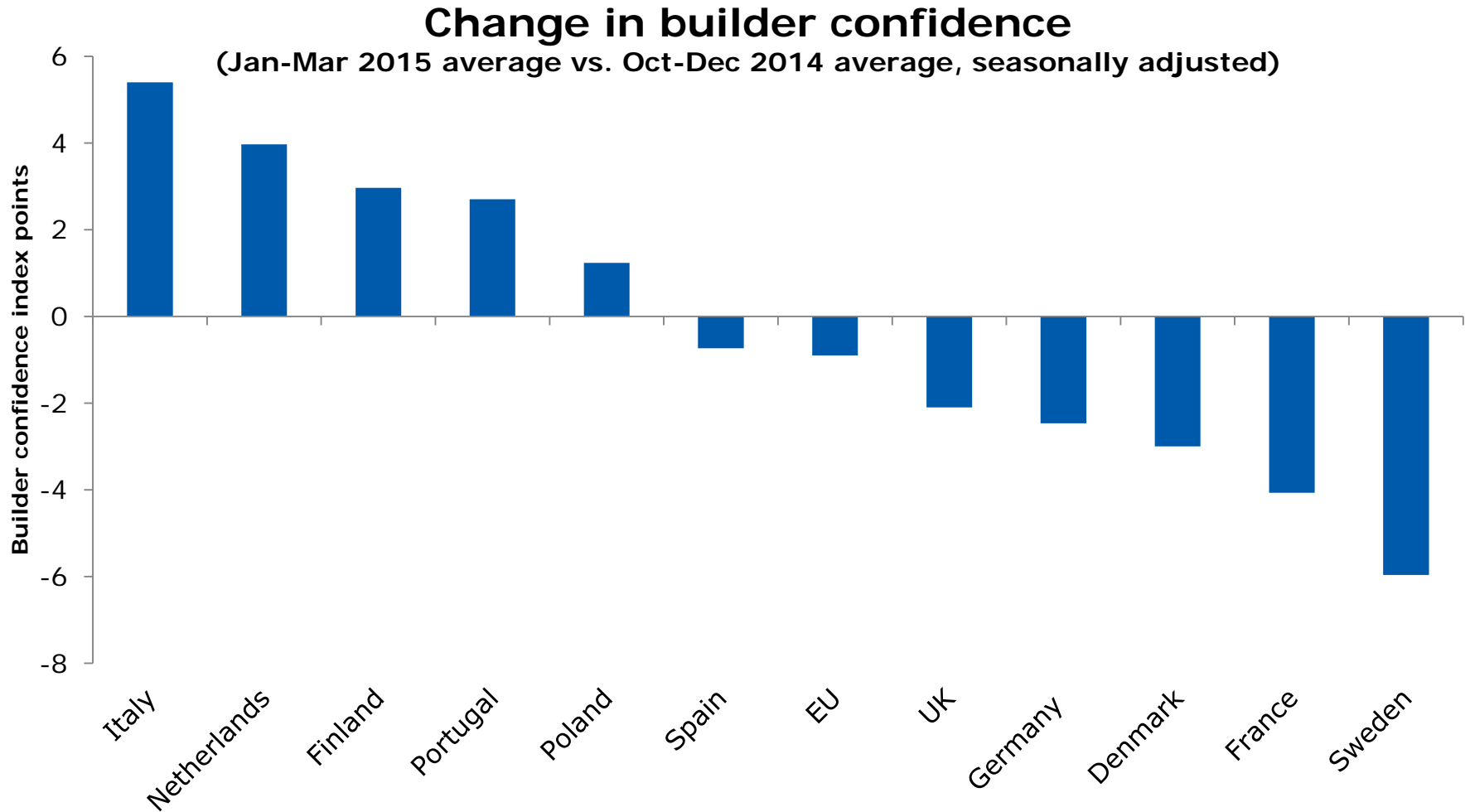
Outlook for the future

Leading indicators in major markets

	Indicator	% change YTD	Data through	Trend since Q4 update
USA	Housing starts ¹⁾	-17%	February 2015	
Germany	Housing permits	-9%	January 2015	
Finland	Housing starts	-21%	October 2014	
Sweden	Housing starts	+27%	December 2014	
Canada	Housing starts ¹⁾	+20%	March 2015	
Denmark	Housing starts	+13%	December 2014	
UK	Housing starts ²⁾	+10%	December 2014	
Netherlands	Housing permits	+50%	December 2014	
Spain	Housing permits	+2%	December 2014	
Norway	Housing permits	+16%	February 2015	

¹⁾ Seasonally adjusted, annualised rate vs. same month in 2014; ²⁾ England only

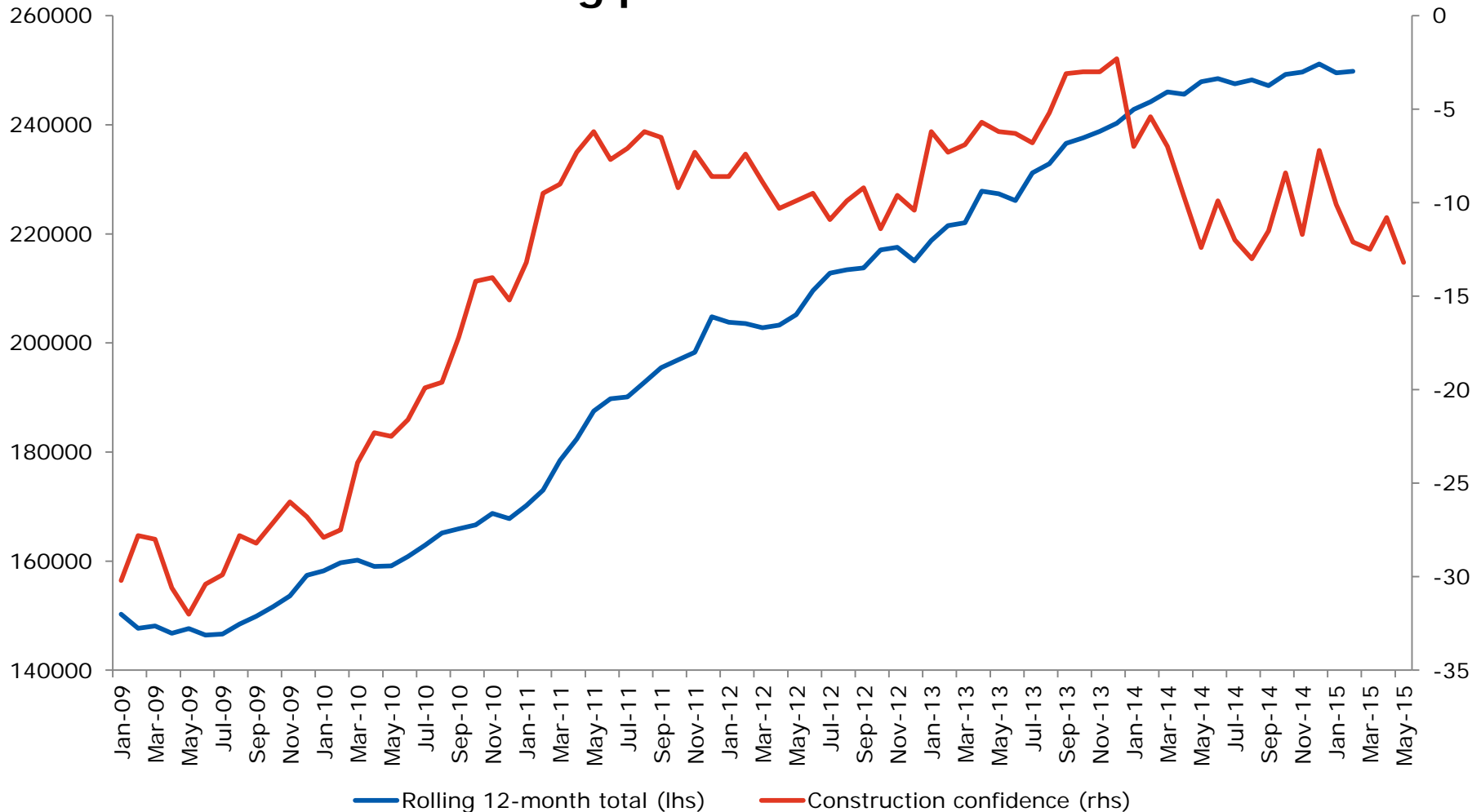
Sentiment in some key markets weakened during Q1/2015



Source: Eurostat

Germany: The economy has gained strength but construction has stalled

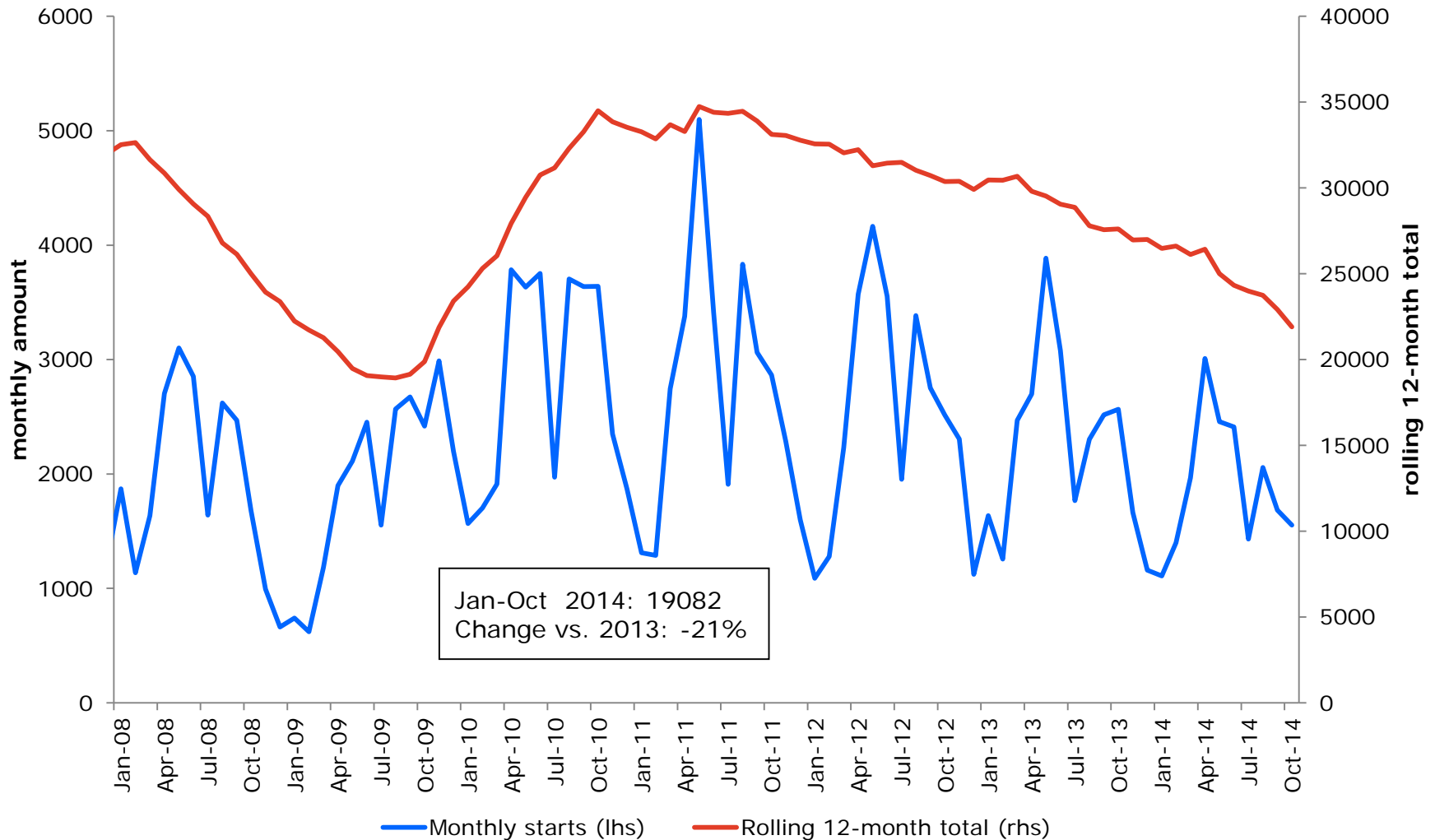
German housing permits and builder confidence



Source: Destatis and Eurostat

Finland

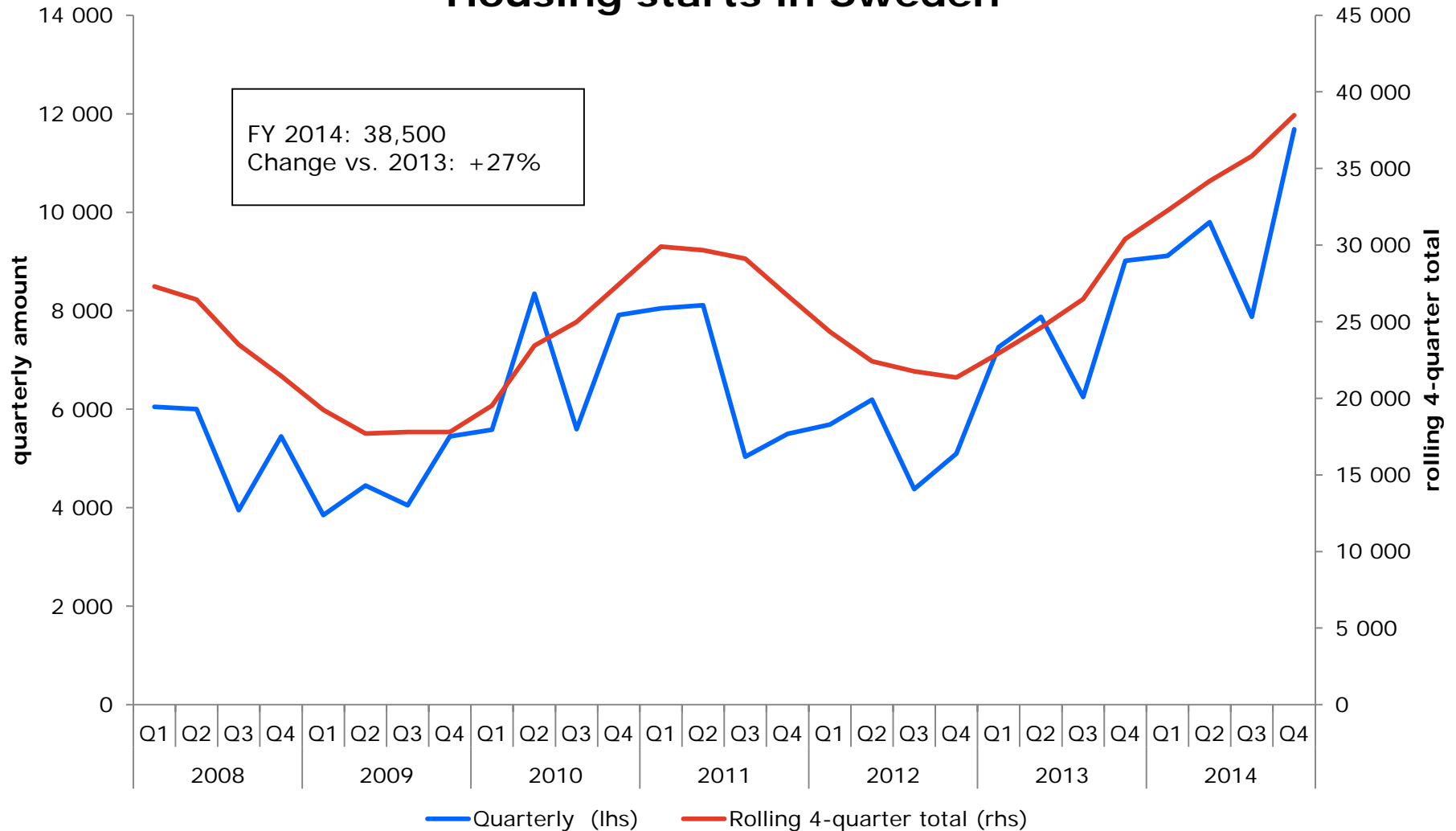
Housing starts in Finland



Source: Statistics Finland

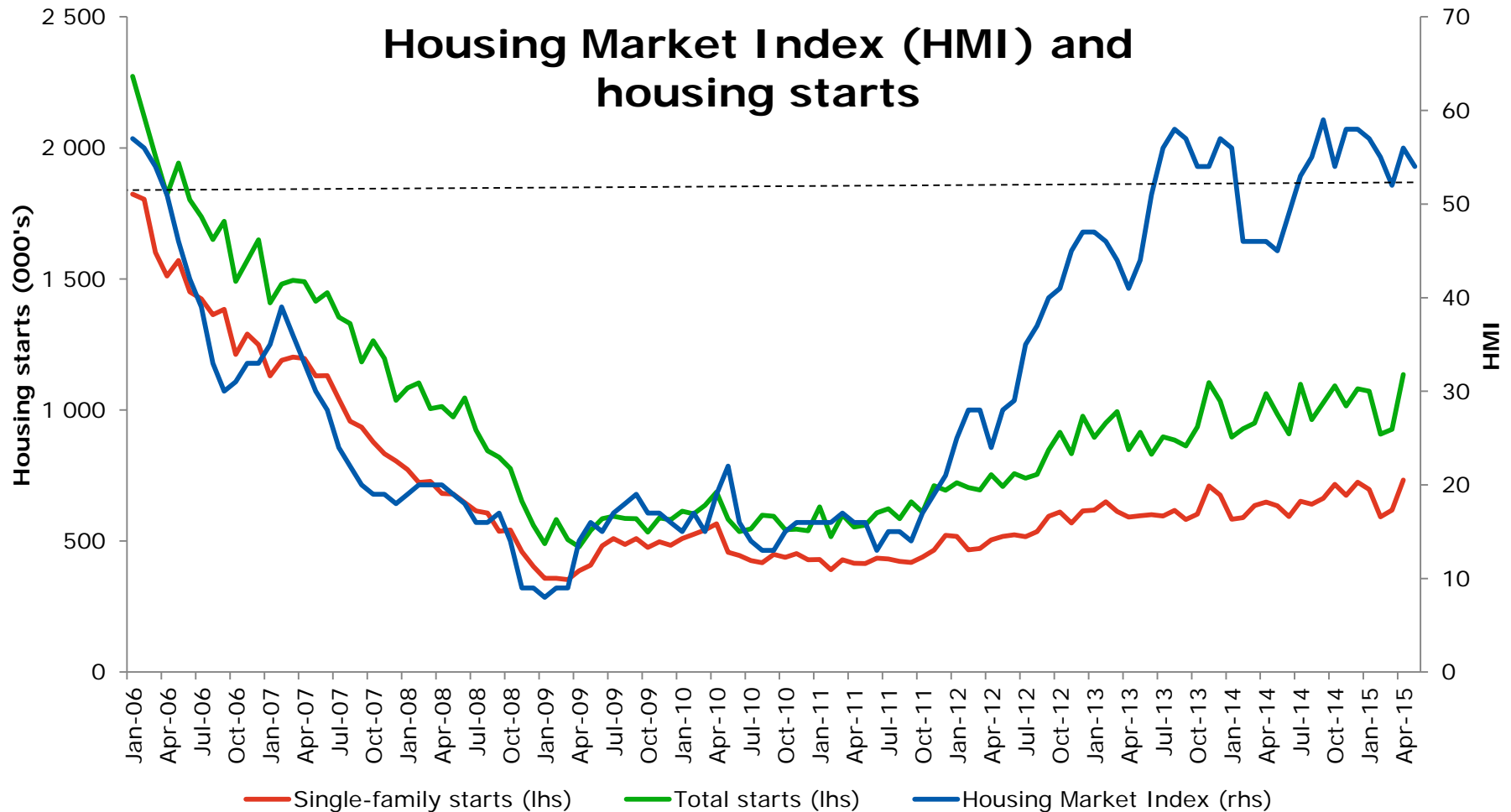
Sweden

Housing starts in Sweden



Source: Statistics Sweden

US housing starts improved in April, bringing them back to levels in line with full-year consensus forecasts



Raw material update June 2015

In Europe

- Low oil prices started to impact resin prices towards the end of 2014
- During March-April 2015 European producers started to have interruptions in production – both planned and unplanned, which caused shortages in availability and resulted in over ten force majeure declared and increasing prices
- Weak euro has decreased the imports to Europe thus worsening the supply situation
- The availability problem seems to continue
- Uponor has been able to keep the service levels satisfactory, but the situation has created - in addition to higher raw material prices – also some additional costs due to the shortage. Also finished goods inventories are lower than planned

In North America

- Feedstock and demand are more stable due to less dependency on oil prices (natural gas as base feedstock) and high export share from Europe

Management agenda for the near term

- Secure timely delivery of products to customers in Europe (resin availability) as well as North America (meeting the demand)
- After successful integration and streamlining of Uponor Infra, focus on customers and on winning market share in selected core businesses
- Maximise growth opportunities and secure a platform for profitable growth in Building Solutions – Europe
 - Follow through that key product launches turn into sales
 - Carefully execute the savings plan related to the new distribution centre

Guiding forward

- Macro-economic trends and the geopolitical situation remain materially as before
- Acute raw material supply/demand issue may be disturbing the plastic products industry in the shorter term, especially affecting infrastructure solutions
- The guidance issued on 12 February 2015 remains intact:

The Group's net sales and operating profit (excluding any non-recurring items) are expected to improve from 2014

Uponor

simply more

