ISH Exhibition, Frankfurt, Germany, 10-14 March 2015

INTERIM REPORT 2015
28 April 2015

Q1

INTERIM REPORT JANUARY – MARCH 2015

Uponor's steady progress continues despite weak European trends

- Net sales in January – March totalled €237.1 (230.9) million; up by 2.7% or -0.7% excluding non-recurring items and currency translation impact
- Operating profit came to €11.3 (4.8) million, a change of 132.9% or 31.1% on a like-for-like basis excluding a non-recurring cost of €3.8 million in 2014
- Earnings per share were €0.06 (0.04)
- Return on investment was 7.2% (3.5%), and gearing 46.7% (56.9%)
- Cash flow from business operations came to €-22.4 (-18.4) million
- Uponor repeats its full-year guidance announced on 12 Feb 2015: The Group's net sales and operating profit (excluding any non-recurring items) are expected to improve from 2014

(This interim report has been compiled in accordance with the IAS 34 reporting standards and is unaudited. Figures in the report are for continuing operations, unless otherwise stated.)

President and CEO Jyri Luomakoski comments on developments during the reporting period:

- I am happy to report yet another successful quarter in Building Solutions - North America. We have been able to sustain the brisk growth, thanks to continued buoyancy in the U.S. residential housing market and our success in customer conversion both amongst residential and commercial contractors.
- We carried out a strategic review of the total portfolio of Uponor Infra in order to define the best synergic fit. As a result, we took the initiative and executed two non-core divestments in a timely manner. We have also completed the streamlining initiated last year and the results are visible in our numbers. With already two improving quarters behind us, the management can now focus on developing the core business further.
- In contrast to North America, our European business landscape with only a few bright spots offers little consolation. In Germany, Europe's largest building market, the construction sector remains solid but it has flattened or even slowed a bit and has, at least temporarily, decoupled from the larger economy, which is doing well and has rebounded from the autumn slowdown.

Information on the January – March 2015 interim report bulletin
It is also available on the company website. The figures in brackets are the reference figures for the equivalent period in the previous year. Figures refer to continuing operations unless otherwise stated. Any change percentages were calculated from the exact figures and not the rounded figures published here.

Webcast of the results briefing and the presentation
A webcast in English will be broadcast on 28 April at 10:00 a.m. EET. Connection details are available at http://investors.uponor.com. Questions can be sent to ir@uponor.com. The recorded webcast can be viewed at http://investors.uponor.com shortly after publication. The presentation document will be available at http://investors.uponor.com > News & downloads.

Next interim results
Uponor Corporation will publish its Q2 interim results on 21 July 2015. During the silent period from 1 to 21 July, Uponor will not comment on market prospects or factors affecting business and performance.

Markets

In the first quarter of 2015 economic development in Uponor’s core geographical markets was characterised by continued weakness in Europe and sustained healthy development in North America, the U.S. in particular. International concerns, such as the geopolitical crisis in Ukraine and the economic challenges in the Euro area, continued to disturb market conditions in many parts of Europe. In addition, the dynamics around the lower price of oil had a negative influence on the progress of several economies, in particular Canada, Norway and Russia, to name a few.

There were fewer weather-related influencers than in the first quarter of 2014. While North America did suffer from a lengthy period of severe cold in the first two months of the year, resulting in business slowing down, the European countries faced a rather normal winter.

In the Nordic countries, construction activity in Sweden sustained much of its earlier liveliness. Meanwhile, the Norwegian market, influenced by declining oil revenue, showed a weakening development, which was also the case with Finland. Contradicting the general trend, Denmark made some gains, although from a very low base.

In Central Europe, the German building market that had lost some of its strength in the latter half of 2014 continued like that in the first quarter too, in stark contrast to the booming general economic environment in the country. The building activity was mostly driven by new residential building. The renovation market continued to be subdued as it was lacking drivers in the form of high energy costs or public incentives. Starting at a low level after the lengthy decline, activity in the Netherlands was developing positively while Austria and Switzerland continued to be rather soft.

The Eastern European markets were affected by the geopolitical tension in the region. The biggest impact was felt in Russia, where demand started to slow down clearly in the first quarter. Ignoring the general trend, demand in the Baltic countries continued to grow briskly.

Amongst the South European markets, construction in the UK was slowing, with the exception of the non-residential segments of the market. Most other national markets in the region have stabilised at low levels. A notable exception is France, where the market deteriorated further.

In North America, the gradual, broad-based recovery continued in the U.S. despite another cold start to the year, which had an adverse impact on housing starts in both countries. The Canadian residential segment remained reasonably healthy, while the non-residential segment has been softening.

In terms of infrastructure solutions demand, the markets were very much as in the first quarter of last year. In the Nordic countries, demand in Sweden remained positive, while Denmark and Norway were more hesitant. A clear contrast was Finland, whose market deteriorated even further from the weak comparable period. The largest international market, Canada, was positive overall as last year.

Net sales

The Group's consolidated net sales reached €237.1 (230.9) million, up 2.7%. In comparable terms, adjusted for the divestment of the Thai infrastructure business and currency rate impact, the development was flat at -0.7%.

The translation impact of currencies on net sales, compared to the first quarter of 2014, and mainly related to the USD, was considerable, boosting net sales by €9.9 million, or 4.4%. The impact makes a notable variance in Building Solutions – North America's reported Euro-based net sales.

Thus, Building Solutions – North America reported a growth of 40.6% in euro. Growth in local currency also stayed robust at 13.9%, reflecting the continued favourable business environment, especially in the U.S., while the business in Canada declined. The fact that Uponor offers products for the growing renovation and remodelling market supported growth.

Building Solutions – Europe continued to face headwinds in the European markets and its net sales declined. This trend was mainly driven by weaker demand in certain key markets, such as in the Nordic countries and Germany, and also in Russia where the construction market clearly started to decline towards the end of the quarter. In Germany, much of the drop from prior year was attributable to order shipments being delayed till April on account of the transition of the warehousing operations to the new distribution centre in March.

Similarly, Uponor Infra faced headwinds in its European markets, and net sales for the quarter declined despite the robust growth in North American operations. The drop in reported net sales compares to the divestment of the Thai business effective on 1 March 2015.

Breakdown of net sales by segment (January – March):

M€	1–3/ 2015	1–3/ 2014	Change
Building Solutions – Europe	112.6	120.9	-6.8%
Building Solutions – North America	56.9	40.5	40.6%
(Building Solutions – North America (M$)	63.2	55.5	13.9%)
Uponor Infra	68.3	70.8	-3.6%
Eliminations	-0.7	-1.3	
Total	237.1	230.9	2.7%

Results and profitability

The positive trend in gross profit was supported by a favourable input cost environment in the first two months of the quarter, influencing the infrastructure business in particular. The trend, however, turned rapidly in March driven by a sudden shortage in certain plastic raw materials.

Uponor's consolidated operating profit for continuing operations in the first quarter of 2015 came to €11.3 (4.8) million, representing a change of 132.9% year-on-year. On a like-for-like basis, excluding any non-recurring items, operating profit was €11.3 (8.6) million, up 31.1%. The first quarter 2014 included a non-recurring item of €3.8 million as a provision for the central European distribution centre relocation. Profitability, as measured by operating profit margin, more than doubled to 4.8% from the 2.1% reported a year ago.

Building Solutions – Europe's reported operating profit grew modestly but, excluding the non-recurring item in the first quarter 2014, there was a drop in profit. This was largely driven by plummeting net sales in key markets. The negative trend was most apparent in Germany, where increasing competition, commoditisation of certain product groups as well as increasing share of project business reduced margins. The decline in sales evidenced in Russia became even more prominent due to currency translation, influencing numbers reported on segment level.

Despite the adverse impact of the Canadian currency, Building Solutions – North America's operating profit continued to grow steadily, supported by efficiency improvement measures and tight cost management. Although carefully managed, expenses grew somewhat in pace with business volume growth.

Uponor Infra's operating profit improved clearly as a result of the restructuring measures and favourable input cost influence, but remained negative on account of low volumes. Performance improved in the North American operations, in particular, on account of higher sales but, due to the weaker-margin product mix over there, it was not enough to compensate for the drop in the Nordic countries.

Expenses at €74.6 (73.5) million increased by €1.1 million. Dispatching and warehousing costs remained on prior year level excluding the non-recurring cost of €3.0 million in the first quarter last year. Sales and marketing costs increased by €3.2 million, mostly driven by Building Solutions – North America whose influence was inflated by the dollar-to-euro translation.

Profit before taxes for January – March totalled €6.3 (2.7) million. The effect of taxes on profits was €2.3 million, compared to €0.9 million in the first quarter of 2014. The estimated tax rate for the full year is 37.0%, compared to 35.5% at year-end, the increase coming from Estonian income tax arising from dividends to the parent company in 2015.

Profit for the first quarter of 2015 amounted to €4.0 (1.8) million.

Breakdown of operating profit by segment (January – March):

M€	1–3/ 2015	1–3/ 2014	Change
Building Solutions – Europe	6.1	5.7	7.6%
Building Solutions – North America	8.1	4.4	80.8%
(Building Solutions – North America (M$)	8.9	6.1	46.4%)
Uponor Infra	-1.3	-4.2	68.1%
Others	-1.3	-0.8	
Eliminations	-0.3	-0.3	
Total	11.3	4.8	132.9%

Investment and financing

Apart from increased investment in new product development and the related manufacturing capacity in Building Solutions – Europe, Uponor's capital investments during the reporting period were mainly targeted at maintenance and development. Gross investments in the first quarter came to €8.1 (4.4) million, below depreciation, which amounted to €9.3 (9.1) million. Cash flow from business operations came to €-22.4 (-18.4) million. Cash flow from financing and thus cash flow for the period was further affected by the dividend payment on 31 March, which increased to €30.7 (27.8) million.

Uponor maintains its cautious policy with regard to credit risk and puts every effort into maintaining a high level of liquidity, thus actively following up on accounts receivable, among other issues.

The main existing funding programmes on 31 March 2015 included a €20 million bond maturing in 2016 and an €80 million bond maturing in 2018. Committed bilateral revolving credit facilities totalled €200 million, with €50 million maturing in 2015 and €150 million in 2019; none of these back-up facilities were in use during the period under review. At the period end, €10.0 million of commercial papers were issued under the €150 million domestic commercial paper programme.

The Group's solvency, at 40.7% (37.9%), has remained at a good level. Net interest-bearing liabilities were €130.9 (147.8) million. The period-end cash balance totalled €16.1 (30.2) million. Gearing came to 46.7% (56.9%).

Key events

A new distribution centre in Hassfurt, southern Germany, close to the main manufacturing operations, was opened for business in March. The distribution operations in Wettringen, north-western Germany, were shut down at the same time. Due to optimised logistics and more flexible human resourcing arrangements, Uponor expects to achieve €2 million savings annually from the second quarter 2015 onwards.

On 23 February, Uponor announced that its U.S. subsidiary, Uponor, Inc. is expanding its manufacturing facility in Apple Valley, Minnesota with completion expected by December 2015. The €16 million investment will be mostly used toward expansion of an additional 8,175 m^2 of manufacturing and office space, including manufacturing equipment that is required for capacity needs in the near-term.

On 25 February, 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 also signed a license agreement with the buyers whereby Wiik & Hoeglund PLC was granted a license for Uponor Infra's proprietary Weholite technology. The net sales of the divested business amounted to €23 million in 2014, and it employed 210 staff. 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.

Furthermore, on 30 March it was announced that Uponor Infra Oy, for the same reasons, divested its fully owned Finnish subsidiary, Extron Engineering Oy, a specialist in the business of designing and manufacturing machinery for the plastic products industry. The net sales of the divested business in 2014 amounted to €5.6 million, and it employed 19 staff. Uponor Infra will also in the future continue to license and sell certain technologies relevant to the infrastructure business.

On 25 March, 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 and gain access to comprehensive insurance coverage under favourable terms. The domicile of Uponor Insurance Ltd is Guernsey, which has a tax treaty in force with Finland. The company thus pays its taxes to Finland, in accordance with domestic Finnish taxation regulations.

Annual General Meeting

Uponor's Annual General Meeting, held in Helsinki, Finland, on 17 March 2015, adopted Uponor's parent-company and consolidated financial statements for 2014 and released the Board members and the managing director from liability. The AGM approved the proposed dividend of €0.42 per share for 2014.

Existing Board members Jorma Eloranta, Timo Ihamuotila, Eva Nygren, Annika Paasikivi and Jari Rosendal were re-elected. Markus Lengauer, an Austrian citizen, was elected as a new member.

Deloitte & Touche Oy, authorised public accountants, was re-elected as the auditor of the corporation, and subsequently Teppo Rantanen, Authorised Public Accountant, was reappointed the principal auditor.

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. These shares will be bought back using distributable earnings from unrestricted equity. The authorisation is valid until the end of the next annual general meeting and for no longer than 18 months.

The Board of Directors was also authorised to resolve on issuing or transferring a maximum of 7.2 million new shares, amounting in total to 9.8 per cent of the total number of the shares of the company. The Board will also resolve on the conditions. This authorisation is valid until the end of the next annual general meeting.

The Board's annual remuneration remained unchanged, except for one item: the remuneration of the Chair of the Board was raised from €71,000 to €88,000.
Further details regarding the Annual General Meeting are available at http://investors.uponor.com/governance/general-meeting/agm-2015.

Human resources and administration

The number of Group full time-equivalent employees in continuing operations averaged 3,909 (4,161) in January – March 2015, a decrease of 252 persons. At the end of the period, the Group had 3,785 (4,166) employees. The change reflects the divestments carried out in Uponor Infra. An increase in staff was recorded on Building Solutions – North America.

In its meeting subsequent to the AGM, the Board of Directors re-elected Jorma Eloranta as Chair and Annika Paasikivi as Deputy Chair of the Board. The Board also decided to re-establish the Audit Committee and the Personnel and Remuneration Committee. The members of the Audit Committee are Timo Ihamuotila (Chair), Markus Lengauer, Annika Paasikivi and Jari Rosendal. The members of the Personnel and Remuneration Committee are Jorma Eloranta (Chair) and Annika Paasikivi.

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, re-established subsequent to the AGM held in March 2015, has two members instead of the three stated in the recommendation. Uponor considers sufficient expertise for the Personnel and Remuneration Committee to have been secured with 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 handled by the Board of Directors.

Uponor Corporation's Corporate governance statement for 2014 and Remuneration statement for 2014 were published on 12 February and are available through the website at http://investors.uponor.com.

Share capital and shares

Uponor Corporation's share capital amounts to €146,446,888 and the number of shares totals 73,206,944. There were no changes in the share capital and shares during the reporting period.

The number of Uponor shares traded on NASDAQ Helsinki in the reporting period was 7.4(7.2) million shares, totalling €110.9 (92.6) million. The market value of share capital at the end of the period was €1.2 (1.0) billion and the number of shareholders 14,918 (16,387).

On 12 February, based on the authorisation granted by the Annual General Meeting on 15 March 2012, Uponor's Board of Directors decided on a directed share issue to the company's management as part of the long-term share-based incentive plan 2012–2104. Based on the Board's decision, Uponor transferred, without payment, 42,818 of the company's own shares to 10 key employees, as specified in the rules of the plan. Further details are available in the stock exchange release announced on 2 March 2012.

No new shares were issued in connection with the plan, and therefore the plan had no diluting effect. Prior to this directed issue, Uponor held a total of 140,378 of its own shares, of which 97,560 remain.

Events after the period under review

There were no events to report on.

Short-term outlook

The near-term economic outlook in Uponor's core geographical markets does not contain any noteworthy changes comparing to the outlook given in February. The scenario of the North American economies developing healthily and Europe, overall, continuing rather flat remains more or less unchanged.

Customer demand in the building and construction markets is expected to follow the general economic trends. In Europe, the demand drivers in building and construction remain weak, while in North America growth is likely to continue, although at a somewhat slower pace than in the past few quarters.

The supply chain environment in the plastic products industries, in Europe in particular, is somewhat disturbed by an acute shortage of certain key raw materials, which is putting pressure on input prices and affecting the industry's ability to serve customer orders. This trend is expected to continue into the foreseeable future, thus curbing business at the start of the high season. Uponor is actively managing the situation to alleviate any customer concerns but this unforeseen trend may still impact Uponor's infrastructure solution business, in particular.

Uponor repeats its guidance for the year 2015, announced on 12 February 2015:
The Group's net sales and operating profit (excluding any non-recurring items) are expected to improve from 2014.

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 section 'Key risks associated with business' in the Financial Statements 2014.

Uponor Corporation
Board of Directors

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Uponor is a leading international 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. The Group employs approx. 3,800 persons, in 30 countries. In 2014, Uponor's net sales exceeded €1 billion. Uponor Corporation is listed on NASDAQ Helsinki in Finland. www.uponor.com

INTERIM REPORT JANUARY – MARCH 2015
Table part

This interim report has been compiled in accordance with the IAS 34 reporting standard and it is unaudited. The figures in brackets are the reference figures for the equivalent period in 2014. The change percentages reported have been calculated from the exact figures and not from the rounded figures published in the interim report.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

M€	1-3/ 2015	1-3/ 2014	1-12/ 2014
Continuing operations			
Net sales	237.1	230.9	1,023.9
Cost of goods sold	151.9	152.8	683.8
Gross profit	85.2	78.1	340.1
Other operating income	0.7	0.2	2.4
Dispatching and warehousing expenses	8.9	11.8	37.1
Sales and marketing expenses	47.6	44.4	173.1
Administration expenses	13.7	13.3	51.1
Other operating expenses	4.4	4.0	17.8
Operating profit	11.3	4.8	63.4
Financial expenses, net	5.1	2.1	7.4
Share of results in associated companies	0.1	0.0	0.3
Profit before taxes	6.3	2.7	56.3
Income taxes	2.3	0.9	20.0
Profit for the period from continuing operations	4.0	1.8	36.3
Discontinued operations			
Profit for the period from discontinued operations	0.0	0.0	-0.3
Profit for the period	4.0	1.8	36.0
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurements on defined benefit pensions, net of taxes	0.0	0.0	-5.0
Items that may be reclassified subsequently to profit or loss			
Translation differences	14.5	-1.5	7.3
Cash flow hedges, net of taxes	-0.2	-0.7	-0.9
Net investment hedges	-1.9	0.4	0.6
Other comprehensive income for the period, net of taxes	12.4	-1.8	2.0
Total comprehensive income for the period	16.4	0.0	38.0
Profit/loss for the period attributable to			
- Equity holders of parent company	4.7	3.3	36.5
- Non-controlling interest	-0.7	-1.5	-0.5
Comprehensive income for the period attributable to			
- Equity holders of parent company	16.0	1.7	39.1
- Non-controlling interest	0.4	-1.7	-1.1
Earnings per share, €	0.06	0.04	0.50
- Continuing operations	0.06	0.04	0.50

- Discontinued operations	0.00	0.00	0.00
Diluted earnings per share, €	0.06	0.04	0.50
- Continuing operations	0.06	0.04	0.50
- Discontinued operations	0.00	0.00	0.00

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

M€	31.3.2015	31.3.2014	31.12.2014
Assets			
Non-current assets			
Property, plant and equipment	209.3	197.4	207.8
Intangible assets	97.5	101.5	98.4
Securities and non-current receivables	10.6	10.8	11.2
Deferred tax assets	21.2	15.7	19.4
Total non-current assets	338.6	325.4	336.8
Current assets			
Inventories	135.2	130.6	117.4
Accounts receivable	176.9	175.2	137.3
Other receivables	25.7	29.1	30.1
Cash and cash equivalents	16.1	30.2	60.2
Total current assets	353.9	365.1	345.0
Total assets	692.5	690.5	681.8
Equity and liabilities			
Equity			
Equity attributable to the owners of the parent company	216.5	194.1	231.1
Non-controlling interest	63.9	65.9	66.8
Total equity	280.4	260.0	297.9
Non-current liabilities			
Interest-bearing liabilities	126.2	136.4	126.3
Deferred tax liability	20.5	15.5	19.3
Provisions	4.6	4.6	4.6
Employee benefits and other liabilities	30.9	25.5	30.9
Total non-current liabilities	182.2	182.0	181.1
Current liabilities			
Interest-bearing liabilities	20.8	41.7	15.9
Provisions	11.9	19.1	11.6
Accounts payable	77.5	74.3	67.6
Other liabilities	119.7	113.4	107.7
Total current liabilities	229.9	248.5	202.8
Total equity and liabilities	692.5	690.5	681.8

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

M€	1-3/2015	1-3/2014	1-12/2014
Cash flow from operations			
Net cash from operations	16.0	13.5	99.0
Change in net working capital	-32.4	-28.6	-3.5
Income taxes paid	-5.7	-2.9	-16.0
Interest paid	-0.4	-0.4	-4.3
Interest received	0.1	0.0	0.5
Cash flow from operations	-22.4	-18.4	75.7
Cash flow from investments			
Proceeds from disposal of subsidiaries	5.9	-	-
Purchase of fixed assets	-8.1	-4.4	-35.7
Proceeds from sale of fixed assets	0.1	0.4	4.8
Dividends received	-	-	0.6
Loan repayments	0.0	-0.1	-0.3
Cash flow from investments	-2.1	-4.1	-30.6
Cash flow from financing			
Borrowings of debt	8.4	28.2	21.0
Repayment of debt	-1.3	-6.9	-31.0
Change in other short-term loan	3.5	6.3	1.9
Dividends paid	-30.7	-27.8	-27.8
Payment of finance lease liabilities	-0.3	-0.3	-1.8
Cash flow from financing	-20.4	-0.5	-37.7
Conversion differences for cash and cash equivalents	0.8	-0.5	-0.9
Change in cash and cash equivalents	-44.1	-23.5	6.5
Cash and cash equivalents at 1 January	60.2	53.7	53.7
Cash and cash equivalents at end of period	16.1	30.2	60.2
Changes according to balance sheet	-44.1	-23.5	6.5

STATEMENT OF CHANGES IN EQUITY

M€	A	B	C	D*	E	F	G	H	I
Balance at 1 Jan 2015	146.4	50.2	-1.0	-10.3	-1.0	46.8	231.1	66.8	297.9
Total comprehensive income for the period			-0.2	11.5		4.7	16.0	0.4	16.4
Dividend paid (€0.42 per share)						-30.7	-30.7		-30.7
Share-based incentive plan					0.3	-0.2	0.1		0.1
Disposal of subsidiaries and businesses								-3.3	-3.3
Other adjustments						0.0	0.0		0.0
Balance at 31 March 2015	146.4	50.2	-1.2	1.2	-0.7	20.6	216.5	63.9	280.4
Balance at 1 Jan 2014	146.4	50.2	0.0	-17.6	-1.0	41.7	219.7	68.0	287.7
Total comprehensive income for the period			-0.7	-0.9		3.3	1.7	-1.7	0.0
Dividend paid (€0.38 per share)						-27.8	-27.8		-27.8
Share-based incentive plan						0.1	0.1		0.1
Other adjustments						0.4	0.4	-0.4	0.0
Balance at 31 March 2014	146.4	50.2	-0.7	-18.5	-1.0	17.7	194.1	65.9	260.0

*) Includes a -€15.4 (-13.7) million effective part of net investment hedging at the end of period.

A – Share capital
B – Share premium
C – Other reserves
D* – Translation reserve
E – Treasury shares
F – Retained earnings
G – Equity attributable to owners of the parent company
H – Non-controlling interest
I – Total equity

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES

The interim report has been prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by the EU and IAS 34 Interim Financial Reporting. In its interim reports, Uponor Group follows the same principles as in the annual financial statements for 2014.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

M€	31.3.2015	31.3.2014	31.12.2014
Gross investment	8.1	4.4	35.7
- % of net sales	3.4	1.9	3.5
Depreciation and impairments	9.3	9.1	36.5
Book value of disposed fixed assets	0.1	0.3	3.6

PERSONNEL

Converted to full time employees	1-3/2015	1-3/2014	1-12/2014
Average	3,909	4,161	4,127
At the end of the period	3,785	4,166	3,982

OWN SHARES	31.3.2015	31.3.2014	31.12.2014
Own shares held by the company, pcs	97,560	140,378	140,378
- of share capital, %	0.1	0.2	0.2
- of voting rights, %	0.1	0.2	0.2
Accounted par value of own shares held by the company, M€	0.3	0.3	0.3

SEGMENT INFORMATION

	1-3/2015			1-3/2014		
M€	External	Internal	Total	External	Internal	Total
Net sales by segment, continuing operations						
Building Solutions – Europe	112.4	0.2	112.6	120.7	0.2	120.9
Building Solutions - North America	56.9	0.0	56.9	40.5	0.0	40.5
Uponor Infra	67.8	0.5	68.3	69.7	1.1	70.8
Eliminations	-0.0	-0.7	-0.7	0.0	-1.3	-1.3
Total	237.1	-	237.1	230.9	-	230.9

	1-12/2014		
M€	External	Internal	Total
Net sales by segment, continuing operations			
Building Solutions – Europe	477.7	1.4	479.1
Building Solutions - North America	200.8	0.0	200.8
Uponor Infra	345.4	5.9	351.3
Eliminations	-	-7.3	-7.3
Total	1,023.9	-	1,023.9

M€	1-3/2015	1-3/2014	1-12/2014
Operating result by segment, continuing operations			
Building Solutions - Europe	6.1	5.7	35.0
Building Solutions - North America	8.1	4.4	31.5
Uponor Infra	-1.3	-4.2	-0.5
Others	-1.3	-0.8	-2.6
Eliminations	-0.3	-0.3	0.0
Total	11.3	4.8	63.4

M€	1-3/2015	1-3/2014	1-12/2014
Segment depreciation and impairments, continuing operations			
Building Solutions - Europe	2.6	2.7	10.4
Building Solutions - North America	2.5	1.9	8.0
Uponor Infra	3.0	3.3	13.1
Others	1.1	1.2	4.5
Eliminations	0.1	0.1	0.5
Total	9.3	9.1	36.5
Segment investments, continuing operations			
Building Solutions – Europe	4.0	1.4	13.6
Building Solutions - North America	2.8	1.5	11.4
Uponor Infra	1.4	1.5	10.3
Others	0.0	0.0	0.4
Total	8.1	4.4	35.7

M€	31.3.2015	31.3.2014	31.12.2014
Segment assets			
Building Solutions - Europe	348.7	345.1	338.8
Building Solutions - North America	179.7	130.7	161.2
Uponor Infra	242.2	272.8	242.3
Others	154.8	163.9	190.5
Eliminations	-232.9	-222.1	-251.0
Total	692.5	690.5	681.8
Segment liabilities			
Building Solutions - Europe	238.2	237.6	227.4
Building Solutions - North America	90.2	65.6	85.7
Uponor Infra	108.4	136.1	105.7
Others	235.3	239.1	240.3
Eliminations	-260.0	-247.9	-275.1
Total	412.1	430.5	384.0

	1-3/2015	1-3/2014	1-12/2014
Segment personnel, continuing operations, average			
Building Solutions – Europe	2,020	2,072	2,052
Building Solutions - North America	557	525	537
Uponor Infra	1,272	1,506	1,481
Others	60	58	57
Total	3,909	4,161	4,127

Reconciliation

M€	1-3/2015	1-3/2014	1-12/2014
Operating result by segment, continuing operations			
Total result for reportable segments	12.8	6.0	65.9
Others	-1.2	-0.8	-2.5
Eliminations	-0.3	-0.2	0.0
Operating profit	11.3	4.9	63.4
Financial expenses, net	5.1	2.2	7.4
Share of results in associated companies	0.1	0.0	0.3
Profit before taxes	6.3	2.7	56.3

CONTINGENT LIABILITIES AND ASSETS

M€	31.3.2015	31.3.2014	31.12.2014
Commitments of purchase PPE (Property, plant, equipment)	7.3	5.1	1.9
Other commitments	1.3	1.4	1.1
- on own behalf			
Pledges at book value	0.1	0.4	0.5
Mortgages issued	-	9.5	14.3
Guarantees issued	4.6	5.9	5.1
- on behalf of a subsidiary			
Pledges at book value	0.0	-	0.0
Guarantees issued	21.1	22.4	18.8
Letter of Comfort commitments undertaken on behalf of subsidiaries are not included in the above figures			
Pledges at book value	0.1	0.4	0.5
Mortgages issued	-	9.5	14.3
Guarantees issued	25.8	28.3	24.0
Total	25.9	38.2	38.8

Uponor Corporation's subsidiary in Spain, Uponor Hispania, SA, had a tax audit in December 2011 – May 2012, covering financial years 2006 and 2007. As a result of the audit, the tax authority claims €3.9 million in taxes, delay interest and penalties from Uponor Hispania. The claim mainly relates to the tax deductibility of certain costs such as services rendered by Uponor Group and advertising. Uponor Hispania disagrees with the assessment of the tax authority and has appealed the case. While the appeal is being handled, Uponor Hispania, SA has provided a bank guarantee of €2.9 million covering the tax amount and delay interests due to the Spanish tax authority. The bank guarantee given is included in Guarantees issued 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. 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. On July 2013, Uponor placed the issue before the administrative court and applied for rectification of the Board of Adjustment's ruling. Uponor has also started a process to avoid possible double taxation. The surtaxes (€1.9 million) and the interest on delayed payments (€3.3 million) were recorded as expenses in 2011. The paid taxes (€9.8 million) relating to an increase in taxable income were booked as receivables from the tax authority in 2012. Tax authority returned €0.3 million to Uponor Corporation in June 2013; thus the tax receivable decreased to €9.6 million. The tax receivable is reported in 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.

M€	31.3.2015	31.3.2014	31.12.2014
OPERATING LEASE COMMITMENTS	45.9	34.3	44.6

DERIVATIVE CONTRACTS

M€	Nominal value 31.3.2015	Fair value 31.3.2015	Nominal value 31.3.2014	Fair value 31.3.2014	Nominal value 31.12.2014	Fair value 31.12.2014
Currency derivatives						
- Forward agreements	219.6	-1.4	235.0	0.2	228.4	0.2
- Currency options, bought	-	-	9.4	-	9.4	0.6
- Currency options, sold	-	-	9.4	-0.2	9.4	-
Interest derivatives						
- Interest rate swaps	170.0	-3.4	170.0	-2.1	170.0	-3.1
Commodity derivatives						
- Forward agreements	6.4	-1.2	6.4	-1.7	7.1	-0.9

FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY

31.3.2015 M€	Derivative contracts, under hedge accounting	Financial assets/liabilities at fair value through profit and loss	Loans and receivables	Available for sales financial assets	Financial liabilities measured at amortised cost	Carrying amount by balance sheet item	IFRS 7 Fair value hierarchy level
Non-current financial assets							
Other shares and holdings				0.4		0.4	
Non-current receivables			10.3			10.3	
Current financial assets							
Accounts receivable and other receivables			188.9			188.9	
Other derivative contracts	1.0	1.7				2.7	1, 2, 3
Cash and cash equivalents			16.1			16.1	
Carrying amount	1.0	1.7	215.3	0.4		218.4	
Non-current financial liabilities							
Interest bearing liabilities					126.2	126.2	
Electricity derivatives	0.7					0.7	1
Current financial liabilities							
Interest bearing liabilities					20.8	20.8	
Electricity derivatives	0.6					0.6	1
Other derivative contracts	3.6	3.8				7.4	2, 3
Accounts payable and other liabilities					125.8	125.8	
Carrying amount	4.9	3.8			272.8	281.5	

FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY

31.3.2014 M€	Derivative contracts, under hedge accounting	Financial assets/liabilities at fair value through profit and loss	Loans and receivables	Available for sales financial assets	Financial liabilities measured at amortised cost	Carrying amount by balance sheet item	IFRS 7 Fair value hierarchy level
Non-current financial assets							
Other shares and holdings				0.7		0.7	
Non-current receivables			10.1			10.1	
Current financial assets							
Accounts receivable and other receivables			189.3			189.3	
Other derivative contracts	1.8	1.4				3.2	2, 3
Cash and cash equivalents			30.2			30.2	
Carrying amount	1.8	1.4	229.6	0.7		233.5	
Non-current financial liabilities							
Interest bearing liabilities					136.4	136.4	
Electricity derivatives	0.9					0.9	1
Current financial liabilities							
Interest bearing liabilities					41.7	41.7	
Electricity derivatives	0.8					0.8	1
Other derivative contracts	3.9	1.4				5.3	2, 3
Accounts payable and other liabilities					122.0	122.0	
Carrying amount	5.6	1.4			300.1	307.1	

FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY

31.12.2014 M€	Derivative contracts, under hedge accounting	Financial assets/liabilities at fair value through profit and loss	Loans and receivables	Available for sales financial assets	Financial liabilities measured at amortized cost	Carrying amount by balance sheet item	IFRS 7 Fair value hierarchy level
Non-current financial assets							
Other shares and holdings				0.8		0.8	
Non-current receivables			10.3			10.3	
Current financial assets							
Accounts receivable and other receivables			152.4			152.4	
Other derivative contracts	0.4	2.5				2.9	1, 2, 3
Cash and cash equivalents			60.2			60.2	
Carrying amount	0.4	2.5	222.9	0.8		226.6	
Non-current financial liabilities							
Interest bearing liabilities					126.3	126.3	
Electricity derivatives	0.6					0.6	1
Current financial liabilities							
Interest bearing liabilities					15.9	15.9	
Electricity derivatives	0.4					0.4	1
Other derivative contracts	3.5	2.3				5.8	1, 2, 3
Accounts payable and other liabilities					90.1	90.1	
Carrying amount	4.5	2.3			232.3	239.1	

The carrying value of financial assets and liabilities is considered to correspond to their fair value. The Group's financial instruments are classified according to IFRS 7 fair value hierarchies. Uponor applies the hierarchy as follows:

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

DISPOSAL OF SUBSIDIARIES

On 25 February, 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.

Further, on 30 March 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.

The sales price received from these transactions totalled to €8.1 million. The net impact on the result was €0.5 million.

M€	2015
Book value of disposed assets	
Property, plant and equipment	7.7
Other non-current assets	1.5
Inventory	5.1
Accounts receivable and other receivables	5.9
Cash and cash equivalents	2.2
Total assets	22.4
Interest-bearing non-current liabilities	0.4
Other non-current liabilities	0.4
Interest-bearing current liabilities	6.0
Accounts payable and other current liabilities	4.7
Total liabilities	11.5
Net assets	10.9
- attributable to parent company	7.6
Cash received from sales	8.1
Cash and cash equivalents disposed of	2.2
Cash flow effect	5.9

DISCONTINUED OPERATIONS

In 2015 and 2014, the discontinued operations include costs related to the administration and maintenance of the real estate vacated by the Irish infrastructure business sold in 2008.

M€	1-3/2015	1-3/2014	1-12/2014
Expenses	0.0	0.0	0.3
Profit before taxes	0.0	0.0	-0.3
Income taxes	-	-	-
Profit after taxes	0.0	0.0	-0.3
Profit for the period from discontinued operations	0.0	0.0	-0.3
Cash flow from discontinued operations			
Cash flow from operations	-0.1	-0.1	-0.5

RELATED-PARTY TRANSACTIONS

M€	1-3/2015	1-3/2014	1-12/2014
Continuing operations			
Purchases from associated companies	0.5	0.4	1.6
Balances at the end of the period			
Loan receivable from associated companies	0.3	0.1	0.3
Accounts receivable and other receivables	0.0	0.0	-
Accounts payables and other liabilities	0.1	0.1	0.1

KEY FIGURES

	1-3/2015	1-3/2014	1-12/2014
Earnings per share, €	0.06	0.04	0.50
- continuing operations	0.06	0.04	0.50
- discontinued operations	0.00	0.00	0.00
Operating profit (continuing operations), %	4.8	2.1	6.2
Return on equity, % (p.a.)	5.5	2.6	12.3
Return on investment, % (p.a.)	7.2	3.5	14.2
Solvency ratio, %	40.7	37.9	43.9
Gearing, %	46.7	56.9	27.6
Net interest-bearing liabilities	130.9	147.8	82.0
Equity per share, €	2.96	2.66	3.16
- diluted	2.96	2.65	3.16
Trading price of shares			
- low, €	11.25	11.71	9.11
- high, €	16.58	14.94	14.94
- average, €	14.89	12.96	12.17
Shares traded			
- 1,000 pcs	7,438	7,193	18,842
- M€	111	93	229

QUARTERLY DATA

	1-3/ 2015	10-12/ 2014	7-9/ 2014	4-6/ 2014	1-3/ 2014
Continuing operations					
Net sales, M€	237.1	251.5	277.0	264.5	230.9
- Building Solutions – Europe	112.6	112.7	123.5	122.0	120.9
- Building Solutions – North America	56.9	56.1	54.7	49.5	40.5
- Building Solutions – North America, $	63.2	70.0	71.8	67.9	55.5
- Uponor Infra	68.3	84.9	100.3	95.3	70.8
Gross profit, M€	85.2	83.2	92.2	86.7	78.1
- Gross profit, %	35.9	33.1	33.3	32.8	33.8
Operating profit, M€	11.3	11.8	29.2	17.6	4.8
- Building Solutions – Europe	6.1	4.7	15.0	9.6	5.7
- Building Solutions – North America	8.1	9.3	9.2	8.6	4.4
- Building Solutions – North America, $	8.9	11.7	12.1	11.7	6.1
- Uponor Infra	-1.3	-0.9	4.2	0.4	-4.2
- Others	-1.3	-1.6	0.5	-0.7	-0.8
Operating profit, % of net sales	4.8	4.7	10.5	6.6	2.1
- Building Solutions – Europe	5.4	4.2	12.1	7.9	4.7
- Building Solutions – North America	14.1	16.6	16.8	17.2	11.0
- Uponor Infra	-0.2	-0.1	4.2	0.4	-6.0
Profit for the period, M€	4.0	8.3	16.8	9.4	1.8
Balance sheet total, M€	692.5	681.8	701.7	697.9	690.5
Earnings per share, €	0.06	0.12	0.21	0.13	0.04
Equity per share, €	2.96	3.16	3.10	2.80	2.66
Market value of share capital, M€	1,153.0	841.1	780.4	984.6	968.5
Return on investment, % (p.a.)	7.2	14.2	14.8	8.8	3.5
Net interest-bearing liabilities					
at the end of the period, M€	130.9	82.0	122.9	154.3	147.8
Gearing, %	46.7	27.6	41.7	56.9	56.9
Gearing, % rolling 4 quarters	43.2	45.8	47.3	48.3	52.7
Gross investment, M€	8.1	14.3	9.0	8.0	4.4
- % of net sales	3.4	5.7	3.2	3.0	1.9

DEFINITIONS OF KEY RATIOS

Return on Equity (ROE), %

$$= \frac{\text{Profit before taxes – taxes}}{\text{Shareholder's equity + non-controlling interest, average}} \times 100$$

Return on Investment (ROI), %

$$= \frac{\text{Profit before taxes + interest and other financing costs}}{\text{Balance sheet total – non-interest-bearing liabilities, average}} \times 100$$

Solvency, %

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

Gearing, %

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

Net interest-bearing liabilities

= Interest-bearing liabilities – cash, bank receivables and financial assets

Earnings per share (EPS)

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

Equity per share ratio

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

Average share price

$$= \frac{\text{Total value of shares traded (€)}}{\text{Total number of shares traded}}$$