



Interim report 1–3/2020

29 April 2020

Strong first quarter for all segments

January–March 2020

- Net sales in January–March totalled €277.4 (248.9) million, a growth of 11.5%. Organic growth was 11.2% in constant currency terms.
- Comparable operating profit was €29.5 (14.3) million, a growth of 106.2%.
- Operating profit was €28.6 (14.3) million, a growth of 99.9%.
- Earnings per share were €0.30 (0.10).
- Return on investment was 21.4% (8.0), and gearing 52.2% (72.8).
- Cash flow from business operations was €-11.3 (-31.6) million.

Guidance statement for 2020:

On 19 March 2020, Uponor withdrew its guidance for 2020 due to lack of visibility on the potential impacts of COVID-19 on comparable operating profit. Once visibility improves and the significant uncertainties have cleared, Uponor expects to update its outlook and issue a new guidance.

Jyri Luomakoski, President and CEO, comments:

“All our segments had a very strong performance during the first months of the year, even though the first COVID-19 restrictions started to be visible in the construction markets in the last weeks of March.

The Building Solutions – Europe’s net sales and operating profit improved from a somewhat soft comparison period. We had a good quarter in central Europe, in particular. In addition, continuous improvements at our Swedish manufacturing facility in Virsbo are yielding results and improving our operational performance together with the other manufacturing excellence initiatives we started last year.

Net sales and operating profit improved significantly in the Building Solutions – North America segment. The segment’s result was very strong both in sales volumes and profits, even in light of the weak comparison period. Profitability improvements were supported by operational leverage through volume growth, price increases and cost improvements e.g. in form of lower freight costs.

Uponor Infra also had a good start to the year with improved net sales and operating profit. Profitability improved mainly in Sweden and Poland. Volume growth driving this operational leverage was gained through growth in market share in standard project sales.

We have continued the planning of our operational excellence programme, which is estimated to reduce in total approximately 200 FTEs by the end of 2021. First initiatives related to reduce complexity, harmonise processes in order to create efficiencies and related collective bargaining consultations were started in April.

When the COVID-19 pandemic hit our key markets, our first priority was to protect the health and safety of our employees and other stakeholders. I am pleased to see how our teams have served our customers and kept our operations running uninterrupted while practising social distancing and all other local safety recommendations. During the first quarter, all months were strong for us from a demand perspective, even though March could have included some stock building of our products to secure availability. From the beginning of April, we have seen reduced daily order intake volumes in comparison to last year in most of our key markets, especially in the building solutions segments. Effects of countries and US states with a nearly complete lockdown has also been visible in order patterns.

Our strong performance in the first quarter combined with strong cash flow in 2019, creates us a solid financial position for the next phases of pandemic and its implications. Measures taken during the first quarter to increase our cash position with emission of commercial paper combined with our unutilised committed credit lines also give confidence on our resilience to a weaker market environment, which is likely given the macro economic impacts of the measures to slow down the spread of COVID-19. We have also started necessary adjustments to our operations to balance costs with weaker anticipated demand also beyond April.”

Key figures

M€	1-3/ 2020	1-3/ 2019	Change	1-12/2019
Net sales	277.4	248.9	+11.5%	1,103.1
Building Solutions – Europe	128.8	123.5	+4.3%	489.3
Building Solutions – North-America	92.7	74.7	+24.0%	375.4
Uponor Infra	57.2	52.4	+9.3%	243.9
Operating expenses	235.5	222.7	+5.7%	961.3
Depreciation and impairments	13.4	12.4	+8.0%	51.8
Other operating income	0.1	0.5	-88.9%	1.3
Operating profit	28.6	14.3	+99.9%	91.3
Building Solutions – Europe	11.9	7.2	+65.2%	31.6
Building Solutions – North-America	16.8	7.5	+123.8%	57.1
Uponor Infra	1.7	0.6	+190.6%	10.8
Comparable operating profit	29.5	14.3	+106.2%	92.7
Building Solutions – Europe	12.8	7.2	+76.5%	32.3
Building Solutions – North-America	16.8	7.5	+123.8%	57.1
Uponor Infra	1.7	0.6	+190.6%	10.8
Financial income and expenses	3.1	-3.4	-189.9%	-11.6
Profit before taxes	30.4	9.8	+208.4%	75.6
Profit for the period	22.3	7.1	+212.7%	55.3
Earnings per share	0.30	0.10	+194.1%	0.72

M€	31 March 2020	31 March 2019	Change	31 Dec 2019
Net working capital	138.4	150.5	-8.0%	115.1
Net-interest bearing debt	180.5	236.0	-23.5%	139.1
Solvency	39.7	38.3	+3.7%	44.6
Gearing	52.2	72.8	-28.3%	37.6
Return on investment	21.4	8.0	+168.6%	14.4

Webcast of the results briefing and the presentation

A webcast of the news conference in English will be broadcast on 29 April at 14:00 EET. It can be viewed via our IR website at investors.uponor.com or via the Uponor IR mobile app. The recorded webcast can be viewed via the website or the app shortly after the live presentation. All presentation materials will be available at investors.uponor.com > News & downloads.

Uponor Corporation's financial reporting in 2020

24 July 2020 Interim report 1–6/2020

28 Oct 2020 Interim report 1–9/2020

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Markets

While economic growth appeared to slow across many major markets as the year began, construction activity during most of the quarter was maintained, or even increased, compared to a year earlier. However, by the end of the quarter, the economic and regulatory impacts of COVID-19 on construction supply chains became more visible.

In North America, housing start levels and residential construction spending rose notably in January and February compared to a year earlier and builder sentiment remained near decade-long highs. However in March, the housing start levels dropped over 20% from February. Non-residential construction spending also rose, though to a lesser extent. ABI, the US Architecture Billings Index saw a historic drop from February to March to 33.3, which indicate that the majority of architects saw a drop in their billings in March compared with the previous month. In Canada, construction activity slowed somewhat early in the year, but remained generally healthy. As restrictions to counter the spread of COVID-19 were introduced, construction was allowed to continue in most states and provinces, but builders began to report worksite delays and the first indications of slowing demand as the quarter came to an end.

In Europe, German builders reported healthy levels of construction activity early in the quarter, as order books and industry turnover rose. In the Nordic region, new residential building in Finland and Sweden continued to moderate, while other segments were steadier as the year began. In the Netherlands, building activity was already slowing from a year earlier, while the Spanish market had a reasonably good start to the year. As the quarter closed, however, COVID-19 restrictions had effectively paused construction activity in Italy, Spain and France, while severely limiting work in the UK. Construction in Germany and the Nordics was allowed to continue, but builders reported a deterioration in the operating environment towards the end of March.

Net sales

Uponor's net sales reached €277.4 (248.9) million, a growth of 11.5%. The changes in currencies made a positive net impact of €0.7 million, mainly due to USD, bringing the growth without currency impact to 11.2%.

Net sales of Building Solutions – Europe were €128.8 (123.5) million, a growth of 4.3%. Net sales increased in Germany, the Benelux countries and Iberia, but decreased in Finland and Norway.

Building Solutions – North America's net sales were €92.7 (74.7) million, a growth of 24.0% in euro terms or 19.8% in US dollars. Net sales and sales volumes increased both in the US and Canada.

Uponor Infra's net sales were €57.2 (52.4) million, a growth of 9.3%. Net sales increased in Finland, Denmark and Poland, in particular. However, due to project postponements, the net sales in designed solutions sales decreased slightly from the strong comparison period.

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

M€	1–3/ 2020	1–3/ 2019	Change
Building Solutions – Europe	128.8	123.5	+4.3%
Building Solutions – North America	92.7	74.7	+24.0%
(Building Solutions – North America (M\$))	101.9	85.0	+19.8%
Uponor Infra	57.2	52.4	+9.3%
Eliminations	-1.2	-1.7	
Total	277.4	248.9	+11.5

Results and profitability

Uponor's gross profit was €104.3 (86.2) million, a growth of €18.1 million. The gross profit margin was 37.6% (34.6).

The comparable operating profit in the first quarter of 2020 was €29.5 (14.3) million, a growth of 106.2% year-over-year. The items affecting comparability (IAC), €0.9 million, were related to Uponor's operational excellence programme. There were no significant items affecting comparability in the first quarter of 2019. Comparable operating profit margin was 10.6% (5.7). Operating profit was €28.6 (14.3) million. Operating profit margin was 10.3% (5.7).

Building Solutions – Europe's operating profit was €11.9 (7.2) million, a growth of 65.2%. The growth in operating profit was driven by increased net sales, price increases and more favourable sales mix.

Building Solutions – North America reported an operating profit of €16.8 (7.5) million, a growth of 123.8%. The profitability improvement was driven by higher sales volumes and price increases together with mainly lower freight costs than in the comparison period.

Uponor Infra's operating profit was €1.7 (0.6) million, a growth of 190.6%. The profitability improvement was driven by good performance in Sweden and Poland. Volume growth driving this operational leverage was gained through growth in market share in standard project sales.

Operating profit by segment (January–March):

M€	1–3/ 2020	1–3/ 2019	Change
Building Solutions – Europe	11.9	7.2	+65.2%
Building Solutions – North America	16.8	7.5	+123.8%
(Building Solutions – North America (M\$))	18.5	8.5	+116.2%
Uponor Infra	1.7	0.6	+190.6%
Others	-2.1	-1.3	
Eliminations	0.2	0.2	
Total	28.6	14.3	+99.9%

Comparable operating profit by segment (January–March):

M€	1–3/ 2020	1–3/ 2019	Change
Building Solutions – Europe	12.8	7.2	+76.5%
Building Solutions – North America	16.8	7.5	+123.8%
(Building Solutions – North America (M\$))	18.5	8.5	+116.2%
Uponor Infra	1.7	0.6	+190.6%
Others	-2.0	-1.3	
Eliminations	0.2	0.0	
Total	29.5	14.3	+106.2%

Financial income and expenses totalled €+3.1 (-3.4) million, driven by currency exchange rate differences.

The share of the result in associated companies at €-1.3 (-1.0) million is related to Uponor's 50% share in the joint venture company, Phyn, established in 2016. On 9 May 2019, Uponor announced that Uponor and Belkin have decided to invest an additional USD6 million each, in total USD12 million, in their joint venture Phyn. At the end of the first quarter, Uponor had invested in total USD3.4 million of the announced amount.

Profit before taxes for January–March totalled €30.4 (9.8) million. The effect of taxes on profits was €8.1 (2.7) million.

The profit for the first quarter of 2020 amounted to €22.3 (7.1) million.

Investment and financing

Uponor's gross investments in the first quarter were €6.1 (4.8) million. Depreciation was €13.4 (12.4) million. The investments were mainly related to maintenance and productivity improvements.

Cash flow from business operations came to €-11.3 (-31.6) million. Cash flow from financing and thus cash flow for the period in the first quarter of 2020 included the first of the two instalments of the dividend payment, €0.26 per share, totalling €19.0 million. The second of the two instalments of the dividend payment, €0.27 per share, is planned to be paid in the third quarter. The total dividend payment for 2020 will amount to €38.7 (37.2) million.

The main existing long-term funding programme on 31 March 2020 was the 5-year bilateral loan agreement of €100 million, which will mature in July 2022.

In addition, Uponor has outstanding, bilateral long-term loans of €50 million and €20 million, both of which will mature in the summer of 2021. As back-up funding arrangements, Uponor has four €50 million committed bilateral revolving credit facilities in force, totalling €200 million and maturing in 2021–2023; none of these were used during the reporting period.

For short-term funding needs, Uponor's main source of funding is its domestic commercial paper programme, totalling €150 million, of which €30.0 (25.0) million was outstanding on the balance sheet date. Available cash-pools limits granted by Uponor's key banks amounted to €35.1 million, none of which was in use on the balance sheet date. At the end of the period, Uponor had €63.0 (10.2) million in cash and cash equivalents.

The Group's solvency, at 39.7% (38.3), has remained at a good level. Net interest-bearing liabilities were €180.5 (236.0) million. Gearing was 52.2% (72.8) with the four-quarter rolling gearing being at 52.3% (54.6).

Operational excellence programme

In October 2019, Uponor announced an operational excellence programme to secure competitiveness and further accelerate growth. Detailed planning of the programme has advanced and Uponor confirms the target of €20 million annual cost savings by the end of 2021. One-time costs of the programme are estimated to be around €20 million, the majority of which are expected to be recognised during 2020. The costs will be recorded as items affecting comparability. The main initiatives are related to Building Solutions – Europe and Group functions and they aim to improve efficiency through reducing complexity, overlapping work and harmonising processes. In addition, Uponor has identified some saving potential in its sourcing.

On 28 April, Uponor announced that the programme is expected to reduce in total approximately 200 FTEs by the end of 2021, including possible retirements, resignations and other voluntary arrangements when applicable. Uponor's employees and employee representatives will be involved and consulted in accordance with the laws and regulations of each country.

By the end of the quarter, the programme had generated costs €2.1 million in total, which has been recorded as items affecting comparability. The company expects the first savings to be visible in the second half of 2020.

Resolutions of the Annual General Meeting 2020

Uponor's Annual General Meeting, was held in Helsinki, Finland, on 16 March 2020. The AGM adopted the financial statements and the consolidated financial statements for 2019, and released the Board members and the President and CEO from liability. The AGM approved the proposed dividend of €0.53 per share for 2019, the dividend will be paid in two instalments. The first instalment of €0.26 per share was paid on 25 March 2020. The second instalment of €0.27 per share is planned to be paid in September 2020.

Existing Board members Annika Paasikivi (chair), Pia Aaltonen-Forsell, Johan Falk, Markus Lengauer and Casimir Lindholm were re-elected. Michael G. Marchi was elected as a new member of the Board. The AGM elected Annika Paasikivi as Chair of the Board. The former Board member Eva Nygren was not available for re-election.

KPMG Oy Ab, a company of Authorised Public Accountants, was elected as the auditor of the company for 2020.

The Board of Directors was authorised to resolve on the repurchase of no more than 3,500,000 of the company's own shares amounting in total to approximately 4.8 per cent of the total number of the shares of the company at the date of the general meeting. 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, however, no longer than 18 months from the date of the general meeting.

The Board of Directors was authorised to resolve on issuing a maximum of 7,200,000 new shares or transferring the company's own shares, amounting in total to approximately 9.8 per cent of the total number of the shares of the company. The Board of Directors is authorised to resolve on all the conditions of the issuance of shares. This authorisation is valid until the end of the next annual general meeting, however, no longer than 18 months from the date of the general meeting.

The Annual General Meeting approved the Remuneration Policy for Governing Bodies.

Further details regarding the Annual General Meeting are available at <https://investors.uponor.com/governance/annual-general-meeting/agm-2020>

Personnel

The number of Group full-time-equivalent employees averaged 3,754 (3,866) in January–March 2020, a decrease of 112 persons from the first quarter of 2019. At the end of the period, the Group had 3,776 (3,864) employees, showing a decrease of 88 employees, mainly due to the divested Fintherm business.

Shares and shareholders

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 the number of shares during the reporting period.

The number of Uponor shares traded on Nasdaq Helsinki in the reporting period was 9.9 (9.0) million shares, totalling €105.1 (88.9) million. The market value of share capital at the end of the period was €0.6 (0.7) billion and the number of shareholders 19,061 (19,969).

On 12 February, based on the authorisation granted by the Annual General Meeting on 18 March 2019, Uponor's Board of Directors has decided on a directed share issue of 34,561 shares to the company's

management, as a part of long-term share-based incentive plan 2017–2019. No new shares will be issued in connection with the plan and therefore the plan will have no diluting effect.

At the end of the quarter, Uponor held a total of 184,966 (219,527) of its own shares.

Short-term risks and uncertainties

Changes in the global economy and financial markets may have a negative impact on Uponor's operations, performance, financial position and sources of capital.

Uponor estimates that the short term impact of COVID-19 on its business will be material, as the ongoing construction projects will most likely be finalised, but they will be not enough to compensate for the decline in new projects. If COVID-19 restrictions cause longer term impact on the economy, this is likely to lead to subdued consumer and investment spending, and consequently could slow down the construction market and weaken the demand for Uponor's products and services.

Demand for Uponor's products depends on business cycles in the construction sector. Uponor mitigates this risk by distributing its business to two main geographical areas: Europe and North America. In addition, Uponor has three business areas: plumbing solutions, indoor climate solutions and infrastructure solutions. Uponor's products are used in both new construction projects and renovation projects, and in the latter the demand is usually more stable than in more cyclical new construction.

Increasing competitive pressure through, for example, private labelling creates a risk for Uponor. There is also a risk associated with product liability related to products manufactured and sold by Uponor.

Uponor has started an operational excellence programme that aims to achieve annual savings of around €20 million by the end of 2021. The company is exposed to a risk of capturing the savings within the planned timeline.

Digitalisation, emerging technologies and capabilities related to those areas are needed to build new business opportunities for Uponor. In addition, digitalisation and smart solutions expose the company to cyber risks.

Uponor's ability to attract and retain talent to drive change are key to the company's future success. Uponor manages this risk by building its employer brand and helping its current employees to develop, for example, their leadership skills.

The prices of raw materials used in the manufacture of Uponor's products are susceptible to change, driven by several market factors including petrochemical and metal product price fluctuations, supply capacity, and market demand, among others. In recent years, Uponor has been able to pass most of the effects of such fluctuations onto its selling prices with a reasonable delay.

Uponor has 16 manufacturing facilities in Europe and North America, which exposes the company to possible environmental risks. Uponor operates under an ISO 9001 quality management system and an ISO 14001 environmental management system, which enhance quality, production safety, environmental law compliance and productivity while reducing the environmental impact and risks related to Uponor's operations.

Several factors, including disturbances in the supply chain and IT systems as well as natural disasters, can pose a business continuity risk to Uponor. Uponor mitigates the risk with comprehensive business continuity planning and management.

Uponor can be exposed to different judicial proceedings. By the end of the first quarter 2020, such proceedings had no material impact on Uponor's result.

The international nature of its operations exposes the company to currency risks associated with various currencies. Approximately 60% of Uponor's net sales were generated in currencies other than the euro. Correspondingly, a major part of expenses associated with these net sales were also denominated in the same local currencies, markedly decreasing the associated currency risks.

A more detailed risk analysis can be found from www.investors.uponor.com.

Short-term market outlook

The COVID-19 pandemic has created significant uncertainty in construction markets with regard to, for example, the nature of government-imposed restrictions, supply chain continuity, skilled labour availability and project financing. Uponor expects that its major markets will be negatively impacted and that construction activity will contract after the first quarter, though to differing extents:

- In the U.S., construction activity has been allowed to continue in most states, but builders' confidence has dropped significantly.
- In Germany and the Nordic countries, building activity is expected to slow down, even though construction sites have remained open to-date.
- In southern Europe and the UK, where construction activity has only recently begun to resume after the easing of restrictions in some countries, the business environment will remain very challenging.

Guidance for 2020:

On 19 March 2020, Uponor withdrew its guidance for 2020 due to lack of visibility on the potential impacts of COVID-19 on comparable operating profit. Once visibility improves and the significant uncertainties have cleared, Uponor expects to update its outlook and issue a new guidance.

Vantaa, 29 April 2020

Uponor Corporation
Board of Directors

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 2019. All figures presented have been rounded and consequently, the sum of individual figures might differ from the presented total figure. 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€	1-3/2020	1-3/2019	1-12/2019
Net sales	277.4	248.9	1,103.1
Cost of goods sold	173.2	162.7	721.2
Gross profit	104.3	86.2	381.9
Other operating income	0.1	0.5	1.3
Dispatching and warehousing expenses	7.7	9.1	32.2
Sales and marketing expenses	48.0	44.5	180.0
Administration expenses	14.8	14.0	58.3
Other operating expenses	5.3	4.8	21.4
Operating profit	28.6	14.3	91.3
Financial expenses, net	-3.1	3.4	11.6
Share of results in associated companies and joint ventures	-1.3	-1.0	-4.0
Profit before taxes	30.4	9.8	75.6
Income taxes	8.1	2.7	20.3
Profit for period	22.3	7.1	55.3
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurements on defined benefit pensions, net of taxes	-	-	-1.9
Items that may be reclassified subsequently to profit or loss			
Translation differences	-4.8	1.7	1.9
Cash flow hedges, net of taxes	-1.8	-1.0	-1.8
Other comprehensive income for the period, net of taxes	-6.6	0.7	-1.8
Total comprehensive income for the period	15.7	7.8	53.5
Profit/loss for the period attributable to			
- Equity holders of parent company	21.8	7.4	52.3
- Non-controlling interest	0.5	-0.3	3.0
Total comprehensive income for the period attributable for			
- Equity holders of parent company	16.0	8.1	50.8
- Non-controlling interest	-0.3	-0.3	2.8
Earnings per share, €	0.30	0.10	0.72
Diluted earnings per share, €	0.30	0.10	0.72

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

M€	31.3.2020	31.3.2019	31.12.2019
Assets			
Non-current assets			
Property, plant and equipment	280.3	296.4	285.8
Intangible assets	95.3	99.9	96.7
Investments in associates and joint ventures	11.5	12.8	10.9
Other securities and non-current receivables	8.8	11.9	9.0
Deferred tax assets	9.3	9.4	9.1
Total non-current assets	405.2	430.5	411.3
Current assets			
Inventories	153.9	169.0	144.4
Accounts receivable	218.0	207.3	157.7
Other receivables	32.8	31.3	43.7
Cash and cash equivalents	63.0	10.2	76.1
Total current assets	467.6	417.8	421.9
Total assets	872.8	848.3	833.2
Equity and liabilities			
Equity			
Equity attributable to the owners of the parent company	289.0	268.5	311.6
Non-controlling interest	57.2	55.8	58.8
Total equity	346.1	324.3	370.4
Non-current liabilities			
Interest-bearing liabilities	201.7	206.7	203.4
Deferred tax liability	11.4	12.0	10.7
Provisions	4.3	5.4	4.3
Employee benefits and other liabilities	21.5	19.5	21.5
Total non-current liabilities	238.9	243.6	239.9
Current liabilities			
Interest-bearing liabilities	41.8	39.4	11.8
Provisions	26.5	25.3	25.8
Accounts payable	84.4	88.9	65.5
Other liabilities	135.2	126.9	119.9
Total current liabilities	287.8	280.4	223.0
Total equity and liabilities	872.8	848.3	833.2

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

M€	1-3/2020	1-3/2019	1-12/2019
Cash flow from operations			
Net cash from operations	42.7	21.2	132.6
Change in net working capital	-50.2	-43.7	8.0
Income taxes paid	-2.9	-8.7	-28.4
Interest paid	-1.1	-0.5	-3.3
Interest received	0.1	0.2	0.3
Cash flow from operations	-11.3	-31.6	109.2
Cash flow from investments			
Proceeds from disposal of subsidiaries and businesses	-	-	3.2
Investments in joint ventures	-1.7	-	-1.3
Purchase of other shares	-	-	-0.5
Purchase of fixed assets	-6.1	-4.8	-26.1
Proceeds from sale of fixed assets	0.1	2.6	3.1
Loan repayments	-	-	0.4
Dividends received	-	0.0	0.4
Cash flow from investments	-7.6	-2.2	-20.8
Cash flow from financing			
Borrowings of debt	-	25.0	-
Repayment of debt	-	0.0	-1.5
Change in other short-term loan	30.0	1.7	0.0
Dividends paid	-20.3	-18.2	-37.2
Payment of lease liabilities	-3.3	-2.7	-11.8
Cash flow from financing	6.4	5.7	-50.6
Conversion differences for cash and cash equivalents	-0.5	0.1	0.2
Change in cash and cash equivalents	-13.1	-27.8	38.0
Cash and cash equivalents at 1 January	76.1	38.1	38.1
Cash and cash equivalents at end of period	63.0	10.2	76.1
Changes according to balance sheet	-13.1	-27.8	38.0

STATEMENT OF CHANGES IN EQUITY

M€	A	B	C	D*	E	F	G	H	I
Balance at 1 Jan 2020	146.4	50.2	1.5	-7.6	-2.0	123.1	311.6	58.8	370.4
Profit for the period						21.8	21.8	0.5	22.3
Other comprehensive income for the period			-1.8	-4.0			-5.8	-0.8	-6.6
Dividend (€0.53 per share)						-38.7	-38.7		-38.7
Dividend paid to non-controlling interest								-1.3	-1.3
Share-based incentive plan					0.3	-0.3	0.0		0.0
Balance at 31 March 2020	146.4	50.2	-0.3	-11.6	-1.7	105.9	289.0	57.2	346.1
Balance at 1 Jan 2019	146.4	50.2	3.3	-9.7	-2.2	109.6	297.6	56.0	353.6
Profit for the period						7.4	7.4	-0.3	7.1
Other comprehensive income for the period			-1.0	1.7			0.7		0.7
Dividend (€0.51 per share)						-37.2	-37.2		-37.2
Share-based incentive plan					0.2	-0.2	0.0		0.0
Balance at 31 March 2019	146.4	50.2	2.3	-8.1	-2.0	79.7	268.5	55.7	324.3

*) Includes a €-14.3 (-14.3) 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 2019.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

M€	31.3.2020	31.3.2019	31.12.2019
Gross investment	6.1	4.8	26.1
- % of net sales	2.2	1.9	2.4
Book value of disposed fixed assets	0.2	2.1	2.9
Depreciation and impairments	13.4	12.4	51.8

PERSONNEL

Converted to full time employees	1-3/2020	1-3/2019	1-12/2019
Average	3,754	3,866	3,801
At the end of the period	3,776	3,864	3,708

OWN SHARES

	31.3.2020	31.3.2019	31.12.2019
Own shares held by the company, pcs	184,966	219,527	219,527
- of share capital, %	0.3	0.3	0.3
- of voting rights, %	0.3	0.3	0.3
Accounted par value of own shares held by the company, M€	0.4	0.4	0.4

SEGMENT INFORMATION

M€	1-3/2020			1-3/2019		
	External	Internal	Total	External	Internal	Total
Net sales by segment						
Building Solutions – Europe	128.3	0.5	128.8	122.7	0.9	123.5
Building Solutions – North America	92.7	0.0	92.7	74.7	0.0	74.7
Uponor Infra	56.4	0.8	57.2	51.5	0.8	52.4
Eliminations	-	-1.3	-1.3	-	-1.7	-1.7
Total	277.4	-	277.4	248.9	-	248.9

M€	1-12/2019		Total
	External	Internal	
Net sales by segment			
Building Solutions – Europe	486.9	2.4	489.3
Building Solutions – North America	375.4	0.0	375.4
Uponor Infra	240.8	3.1	243.9
Eliminations	-	-5.5	-5.5
Total	1,103.1	-	1,103.1

M€	1-3/2020	1-3/2019	1-12/2019
Operating profit by segment			
Building Solutions – Europe	11.9	7.2	31.6
Building Solutions – North America	16.8	7.5	57.1
Uponor Infra	1.7	0.6	10.8
Others	-2.1	-1.3	-8.0
Eliminations	0.2	0.2	-0.2
Total	28.6	14.3	91.3

M€	1-3/2020	1-3/2019	1-12/2019
Segment depreciation and impairments			
Building Solutions – Europe	5.2	4.4	19.5
Building Solutions – North America	5.3	5.3	20.7
Uponor Infra	2.5	2.3	10.0
Others	0.4	0.4	1.6
Eliminations	0.0	0.0	0.0
Total	13.4	12.4	51.8
Segment investments			
Building Solutions – Europe	3.2	2.1	9.1
Building Solutions – North America	1.3	1.9	8.4
Uponor Infra	1.5	0.7	8.3
Others	0.0	0.1	0.4
Total	6.1	4.8	26.1
M€	31.3.2020	31.3.2019	31.12.2019
Segment assets			
Building Solutions – Europe	398.7	405.9	366.4
Building Solutions – North America	307.6	298.1	298.1
Uponor Infra	179.2	180.9	172.4
Others	406.7	361.4	397.5
Eliminations	-419.5	-398.0	-401.1
Total	872.8	848.3	833.2
Segment liabilities			
Building Solutions – Europe	359.7	365.0	320.7
Building Solutions – North America	240.5	239.3	241.7
Uponor Infra	61.0	68.5	50.6
Others	320.6	288.2	288.4
Eliminations	-455.0	-437.0	-438.5
Total	526.7	524.0	462.8
	1-3/2020	1-3/2019	1-12/2019
Segment personnel, average			
Building Solutions – Europe	1,905	1,965	1,950
Building Solutions – North America	925	922	898
Uponor Infra	823	901	867
Others	100	79	86
Total	3,754	3,866	3,801
Reconciliation			
M€	1-3/2020	1-3/2019	1-12/2019
Operating profit by segment			
Total result for reportable segments	30.4	15.3	99.5
Others	-2.1	-1.3	-8.0
Eliminations	0.2	0.2	-0.2
Operating profit	28.6	14.3	91.3
Financial expenses, net	-3.1	3.4	11.6
Share of results in associated companies and joint ventures	-1.3	-1.0	-4.0
Profit before taxes	30.4	9.8	75.6

Revenue from contract with customers

The Group disaggregates revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Set out below is the disaggregation of the Group's revenue from contract with customers, including reconciliation of the revenue:

M€	1-3/2020			1-3/2019		
	Sale of goods	Rendering of services	Total	Sale of goods	Rendering of services	Total
Revenue from contract with customers by segment						
Building Solutions – Europe	126.8	1.5	128.3	121.1	1.6	122.7
Building Solutions – North America	92.7	0.0	92.7	74.7	0.0	74.7
Uponor Infra	53.7	2.7	56.4	47.5	4.0	51.5
External customer, total	273.2	4.2	277.4	243.2	5.6	248.9
Internal	1.3		1.3	1.7		1.7
Total	274.5	4.2	278.7	245.0	5.6	250.6
Eliminations	-1.3		-1.3	-1.7		-1.7
Total revenue from contracts with customer	273.2	4.2	277.4	243.2	5.6	248.9

M€	1-12/2019		Total
	Sale of goods	Rendering of services	
Revenue from contract with customers by segment			
Building Solutions – Europe	480.9	6.0	486.9
Building Solutions – North America	375.4	0.0	375.4
Uponor Infra	220.8	20.0	240.8
External customer, total	1,077.1	26.0	1,103.1
Internal	5.5		5.5
Total	1,082.5	26.0	1,108.6
Eliminations	-5.5		-5.5
Total revenue from contracts with customer	1,077.1	26.0	1,103.1

COMMITMENTS

M€	31.3.2020	31.3.2019	31.12.2019
Commitments of purchase PPE (Property, plant, equipment)	5.9	6.2	4.3
Other commitments	0.0	0.0	0.0
- on own behalf			
Pledges at book value	0.0	0.1	0.0
Mortgages issued	1.1	1.9	1.1
Guarantees issued	0.5	0.5	0.5
- on behalf of a subsidiary			
Guarantees issued	34.4	28.3	33.9
Letter of Comfort commitments undertaken on behalf of subsidiaries are not included in the above figures			
Pledges at book value	0.0	0.1	0.0
Mortgages issued	1.1	1.9	1.1
Guarantees issued	34.9	28.7	34.4
Total	36.1	30.7	35.6

FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY

M€	IFRS 7 Fair value hierarchy level	31.3.2020	31.3.2019	31.12.2019
Non-current financial assets				
Fair value through other comprehensive income				
Electricity derivatives	1	-	0.8	0.4
Amortised cost				
Other non-current receivables		8.1	10.9	7.9
Other shares and holdings		0.7	0.2	0.7
Current financial assets				
Fair value through other comprehensive income				
Electricity derivatives	1	-	0.7	0.3
Fair value through profit or loss				
Other derivative contracts	2	3.1	0.3	1.8
Amortised cost				
Accounts receivable and other receivables		237.7	228.6	187.3
Cash and cash equivalents		63.0	10.2	76.1
Financial assets total		312.6	251.8	274.5
Non-current financial liabilities				
Fair value through other comprehensive income				
Electricity derivatives	1	0.5	-	-
Amortised cost				
Interest bearing liabilities		201.7	206.7	203.4
Current financial liabilities				
Fair value through other comprehensive income				
Electricity derivatives	1	1.0	-	-
Other derivative contracts	2	1.1	0.8	1.1
Fair value through the profit or loss				
Other derivative contracts	2	2.0	2.8	0.9
Amortised cost				
Interest bearing liabilities		41.8	39.4	11.8
Accounts payable and other liabilities		143.8	147.3	102.0
Financial liabilities total		391.9	397.0	319.2

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 Nord Pool power 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)

KEY FIGURES

	1-3/2020	1-3/2019	1-12/2019
Earnings per share, €	0.30	0.10	0.72
Operating profit, %	10.3	5.7	8.3
Return on equity, % (p.a.)	24.9	8.4	15.3
Return on investment, % (p.a.)	21.4	8.0	14.4
Solvency ratio, %	39.7	38.3	44.6
Gearing, %	52.2	72.8	37.6
Gearing, % rolling 4 quarters	52.3	54.6	57.5
Net interest-bearing liabilities	180.5	236.0	139.1
Equity per share, €	3.96	3.68	4.27
- diluted	3.96	3.68	4.27
Trading price of shares			
- low, €	6.73	8.52	8.52
- high, €	14.11	11.06	12.37
- average, €	10.58	9.92	10.05
Shares traded			
- 1,000 pcs	9,938	8,962	26,537
- M€	105.1	88.9	266.7

QUARTERLY DATA

	1-3/ 2020	10-12/ 2019	7-9/ 2019	4-6/ 2019	1-3/ 2019
Net sales, M€	277.4	269.2	292.4	292.6	248.9
- Building Solutions – Europe	128.8	116.0	124.0	125.7	123.5
- Building Solutions – North America	92.7	102.0	102.4	96.3	74.7
Building Solutions – North America, \$	101.9	113.5	113.2	108.5	85.0
- Uponor Infra	57.2	52.0	67.1	72.4	52.4
Gross profit, M€	104.3	96.7	101.3	97.6	86.2
- Gross profit, %	37.6	35.9	34.6	33.4	34.6
Operating profit, M€	28.6	20.4	31.3	25.3	14.3
- Building Solutions – Europe	11.9	5.3	10.9	8.2	7.2
- Building Solutions – North America	16.8	19.0	16.8	13.8	7.5
Building Solutions – North America, \$	18.5	21.2	18.6	15.6	8.5
- Uponor Infra	1.7	0.0	4.9	5.4	0.6
- Others	-2.1	-3.9	-1.0	-1.8	-1.3
Operating profit, % of net sales	10.6	7.6	10.7	8.6	5.7
- Building Solutions – Europe	9.3	4.6	8.8	6.5	5.9
- Building Solutions – North America	18.1	18.7	16.4	14.4	10.0
- Uponor Infra	3.0	0.0	7.3	7.5	1.1
Profit for the period, M€	22.3	12.3	20.5	15.4	7.1
Balance sheet total, M€	872.8	833.2	855.1	862.0	848.3
Earnings per share, €	0.30	0.18	0.26	0.18	0.10
Equity per share, €	3.96	4.27	4.13	3.84	3.68
Market value of share capital, M€	607.6	852.9	714.5	699.1	746.0
Return on investment, % (p.a.)	21.4	14.4	15.1	12.2	8.0
Net interest-bearing liabilities at the end of the period, M€	180.5	139.1	190.5	224.9	236.0
Gearing, %	52.2	37.6	52.9	66.7	72.8
Gearing, % rolling 4 quarters	52.3	57.5	57.9	55.2	54.6
Gross investment, M€	6.1	9.9	6.4	5.0	4.8
- % of net sales	2.2	3.7	2.2	1.7	1.9

ITEMS AFFECTING COMPARABILITY AND RECONCILIATIONS TO IFRS

Uponor provides comparable operating profit and comparable gross profit in order to provide useful and comparable information of its operative business performance. Comparable operating or gross profit excludes items affecting comparability (IAC). Items affecting comparability are exceptional transactions that are unrelated to normal business operations. Such items often include issues such as capital gains and losses, additional costs arising from site closures and other restructuring, additional write-downs, or reversals of write-downs, expenses due to accidents and disasters, environmental matters, legal proceedings and changes in regulation.

	1-3/ 2020	10-12/ 2019	7-9/ 2019	4-6/ 2019	1-3/ 2019
Items affecting comparability					
Restructuring charges	-0.9	-1.4	0.0	0.0	0.0
Capital gains and losses on sale of non-current assets	0.0	0.0	0.0	0.0	0.0
Total items affecting comparability in operating profit	-0.9	-1.4	0.0	0.0	0.0
Items affecting comparability, total	-0.9	-1.4	0.0	0.0	0.0
Comparable gross profit					
Gross profit	104.3	96.7	101.3	97.6	86.2
Less: Items affecting comparability in gross profit	0.0	-0.1	-	-	-
Comparable gross profit	104.3	96.8	101.3	97.6	86.2
% of sales	37.6	36.0	34.6	33.4	34.6
Comparable operating profit					
Operating profit	28.6	20.4	31.3	25.3	14.3
Less: Items affecting comparability in operating profit	-0.9	-1.4	0.0	0.0	0.0
Comparable operating profit	29.5	21.8	31.3	25.3	14.3
% of sales	10.6	8.1	10.7	8.6	5.7
Comparable operating profit by segment					
Building Solutions – Europe					
Operating profit	11.9	5.3	10.9	8.2	7.2
Less: Items affecting comparability in operating profit	-0.8	-0.7	0.0	0.0	0.0
Comparable operating profit	12.8	5.9	10.9	8.2	7.2
% of sales	9.9	5.1	8.8	6.5	5.9
Building Solutions – North America					
Operating profit	16.8	19.0	16.8	13.8	7.5
Comparable operating profit	16.8	19.0	16.8	13.8	7.5
% of sales	18.1	18.7	16.4	14.4	10.0
Uponor Infra					
Operating profit	1.7	0.0	4.9	5.4	0.6
Less: Items affecting comparability in operating profit	-	-	-	-	-
Comparable operating profit	1.7	0.0	4.9	5.4	0.6
% of sales	3.0	0.0	7.3	7.5	1.1
Others					
Operating profit	-2.1	-3.9	-1.0	-1.8	-1.3
Less: Items affecting comparability in operating profit	-0.1	-0.7	-	-	-
Comparable operating profit	-2.0	-3.2	-1.0	-1.8	-1.3
% of sales	na	na	na	na	na

DEFINITIONS OF KEY RATIOS

$$\begin{aligned} &\text{Return on Equity (ROE), \%} \\ &= \frac{\text{Profit before taxes – taxes}}{\text{Total equity, average}} \times 100 \end{aligned}$$

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

$$\begin{aligned} &\text{Solvency, \%} \\ &= \frac{\text{Total equity}}{\text{Balance sheet total – advance payments received}} \times 100 \end{aligned}$$

$$\begin{aligned} &\text{Gearing, \%} \\ &= \frac{\text{Net interest-bearing liabilities}}{\text{Total equity}} \times 100 \end{aligned}$$

$$\begin{aligned} &\text{Net interest-bearing liabilities} \\ &= \text{Interest-bearing liabilities – cash and cash equivalents excluding restricted cash} \end{aligned}$$

$$\begin{aligned} &\text{Earnings per share (EPS)} \\ &= \frac{\text{Profit for the period attributable to equity holders of the parent company}}{\text{Average number of shares adjusted for share issue in financial period excluding treasury shares}} \end{aligned}$$

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

$$\begin{aligned} &\text{Average share price} \\ &= \frac{\text{Total value of shares traded (€)}}{\text{Total number of shares traded}} \end{aligned}$$

$$\begin{aligned} &\text{Gross profit margin, \%} \\ &= \frac{\text{Gross profit}}{\text{Net sales}} \times 100 \end{aligned}$$

$$\begin{aligned} &\text{Operating profit margin, \%} \\ &= \frac{\text{Operating profit}}{\text{Net sales}} \times 100 \end{aligned}$$

$$\begin{aligned} &\text{Comparable gross profit} \\ &= \text{Gross profit – items affecting comparability} \end{aligned}$$

$$\begin{aligned} &\text{Comparable gross profit margin} \\ &= \frac{\text{Gross profit – items affecting comparability}}{\text{Net sales}} \times 100 \end{aligned}$$

$$\begin{aligned} &\text{Comparable operating profit} \\ &= \text{Operating profit – items affecting comparability} \end{aligned}$$

$$\begin{aligned} &\text{Comparable operating profit margin} \\ &= \frac{\text{Operating profit – items affecting comparability}}{\text{Net sales}} \times 100 \end{aligned}$$