

**uponor**

Q2

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INTERIM REPORT 2007

## Growth continued in the second quarter

- Improvement in net sales and results continued in the second quarter
- Net sales for January–June came to 635.0 (551.4) million euros, a change of +15.2%
- January–June operating profit was 81.5 (61.7) million euros, a change of +32.1%
- Earnings per share were 0.74 (0.57) euros
- Return on investment over the period was 40.1% (29.2%), with 51.0% (7.6%) gearing
- Guidance remains unchanged: full-year organic growth in net sales is expected to be around 10 per cent, and the operating profit and operating profit margin are expected to improve from the levels recorded in 2006

### CEO Jan Lång comments on the financial performance for the period:

- Growth continued, but the growth rate slowed down as anticipated from the high level witnessed in the first quarter.
- In North America, we implemented various reorganisation measures that clearly improved our profitability, despite the downturn of the residential construction markets.
- We are progressing in the implementation of our strategy as planned. In the high-rise market segment, in particular, we have established new partnerships and pilot projects across Europe.

### Presentation material is available, and a teleconference will be held:

Following the release of this report, the presentation material for the interim report will be available at [www.uponor.com/investors](http://www.uponor.com/investors), under 'IR material'.

Uponor will hold a teleconference in English for equity analysts today, at 5:00pm Finnish time (London: 3:00pm, New York: 10:00am). Those who would like to participate should call +44 20 7019 0812, using a DTMF telephone and the participant code 'Uponor'. Instructions are available at [www.uponor.com/investors](http://www.uponor.com/investors).

## Markets

Demand for both housing solutions and infrastructure applications was active in the second quarter of 2007.

There was healthy demand in Central Europe. In Germany, which is the largest market in the Central Europe region, the residential building market declined significantly while stable growth was seen in the area of commercial and public buildings, according to available market information. Hence, demand for plumbing applications grew somewhat in the second quarter, whereas underfloor heating did not reach the growth level recorded in the first quarter. Other Central European markets showed steady growth.

Demand remained strong in the Nordic region throughout the second quarter, though hindered somewhat by a shortage of installation capacity that slowed down activities. In contrast to development in the other Nordic countries, market activity flattened out in Denmark.

Market conditions and construction activity in the Uponor Europe – West, East, South region, e.g. in the UK, Ireland, France and Italy, remained mainly brisk. In Spain, there were signs of slowing down in the building market but demand in Uponor's product groups stayed healthy. Construction levels remained positive in the Baltic countries and Russia. In the UK and Ireland infrastructure market, demand in the utilities sector increased markedly from that in the equivalent period in 2006.

The US market for new houses continued to operate at a historically low level. The sales rate of new homes remained weak, and the large inventory of unsold new and existing homes continued to be an issue, contributing to the relatively low rate of establishment of new housing.

## Net sales

Uponor's consolidated net sales for April–June grew by 11.1 per cent on the comparison period and totalled 334.2 (300.9) million euros.

The net sales of Uponor Central Europe grew by 9.7 million euros on the comparison period, a growth of 11.4%. Sales developed well, especially in plumbing.

In the Nordic region, net sales were on a clearly higher level than that of the second quarter of 2006, due to high building activity, market growth, and increased price levels, especially in the infrastructure sector.

In the diverse Uponor Europe – West, East, South region, Spain and France continued to show positive development, and there was good progress also in Eastern Europe. Net sales in the infrastructure sector in the UK and Ireland developed well.

Despite the continued downturn in the US housing market, the net sales of Uponor North America were up by 7.6% on the comparison period. The distribution channel returned to normal buying patterns after having reduced stocks at the end of 2006 and in the first quarter of 2007.

### Net sales by segment, April–June:

MEUR	4–6/2007	4–6/2006	Change
Central Europe	95.6	85.9	11.4%
Nordic	116.0	104.1	11.3%
Europe – West, East, South	115.8	99.5	16.3%
North America	49.9	46.4	7.6%
(North America, MUSD)	67.2	58.9	14.3%
Eliminations	-43.1	-35.0	
<b>Total</b>	<b>334.2</b>	<b>300.9</b>	<b>11.1%</b>

January–June net sales totalled 635.0 (551.4) million euros, representing growth of 15.2%. The growth rate slowed down as compared to that for the first quarter of the year.

### Net sales by segment, January–June:

MEUR	1–6/2007	1–6/2006	Change
Central Europe	189.7	159.5	18.9%
Nordic	210.5	178.6	17.8%
Europe – West, East, South	232.2	187.2	24.0%
North America	85.7	91.1	-5.9%
(North America, MUSD)	114.3	112.6	1.6%
Eliminations	-83.1	-65.0	
<b>Total</b>	<b>635.0</b>	<b>551.4</b>	<b>15.2%</b>

## Results and profitability

Uponor's operating profit for the second quarter was improved from the comparison period. Consolidated operating profit for April–June totalled 50.2 (39.9) million euros, representing a growth of 25.8%. Profitability also improved, as the profit margin rose to 15.0 (13.3) per cent.

- In Uponor Central Europe, operating profit decreased when compared to that of the exceptionally strong second quarter of 2006. The main reasons for the weaker development were a temporary increase in supply chain costs and costs related to marketing campaigns, along with a higher proportion of internal sales.
- Uponor Nordic recorded a modest improvement in operating profit; however, the result was affected by increased internal sales and intensified efforts in the development of new businesses.
- Operating profit increased in Uponor Europe – West, East, South. Positive development continued throughout the region. In the UK and Irish infrastructure business, increased volumes supported positive development of profitability.
- In North America, profitability improved due to reorganisation measures resulting in better cost management as well as improvements in manufacturing and supply chain processes.

### Operating profit by segment, April–June:

MEUR	4–6/2007	4–6/2006	Change
Central Europe	12.5	13.7	-8.3%
Nordic	19.0	18.3	4.3%
Europe – West, East, South	16.9	7.8	118.4%
North America	7.4	2.4	212.4%
(North America, MUSD)	9.9	3.0	231.4%
Other	-4.1	-3.1	
Eliminations	-1.5	0.8	
Total	50.2	39.9	25.8%

Due to the strong first quarter, the operating profit for the first half of the year came to 81.5 (61.7) million euros, up 32.1% on the previous year's figure.

### Operating profit by segment, January–June:

MEUR	1–6/2007	1–6/2006	Change
Central Europe	23.4	23.5	-0.2%
Nordic	29.0	24.5	18.4%
Europe – West, East, South	30.1	14.8	103.5%
North America	8.2	4.1	101.2%
(North America, MUSD)	10.9	5.0	117.2%
Other	-6.3	-4.1	
Eliminations	-2.9	-1.1	
Total	81.5	61.7	32.1%

Consolidated profit before taxes for January–June came to 79.4 (60.6) million euros, up 30.9% from the previous year. Taxes amounted to 25.0 (18.7) million euros, with a tax rate of 31.5 (31.0) per cent.

The result for the financial period was 54.4 (41.9) million euros.

Earnings per share (basic and diluted) were 0.74 (0.57) euros. Equity per share was 4.02 (5.32) euros, basic and diluted.

### Investment and financing

The amount of investment remained roughly at the same level as before. The largest share of investment funds was allocated to the enterprise resource planning (ERP) system implementation in Europe. Investments in production capacity expansions and automation were made in Uponor Nordic and Uponor – West, East, South.

Gross investments for January–June totalled 17.0 (19.0) million euros, or 2.7 (3.4) per cent of net sales.

Gearing rose to 51.0 (7.6) per cent. The reasons for the increase were increased stock levels, in anticipation of the peak season, and the long-term target related to the company's capital structure, set by the Uponor Board of Directors. To reach that target, dividends were paid out in autumn 2006 and spring 2007. The solvency ratio declined to 38.7 (57.5) per cent. Net interest-bearing liabilities increased to 150.1 (29.7) million euros.

Return on investment (ROI) grew to 40.1 (29.2) per cent and return on equity (ROE) to 34.1 (20.7) per cent.

### Key events during the period

Uponor's strategy is built on three main pillars: growth, operational excellence, and strengthening of the Uponor brand. In the period under review, efforts in all three areas of focus continued according to plan.

In line with the company's growth strategy and strengthening of market presence, new partnerships in the high-rise segment were established in several European countries. Market coverage was expanded in the Russian and Baltic markets, including the first major entry to the Russian high-rise market. New offices and training facilities were opened in several countries, including Italy, Latvia, Romania, Ukraine, Ireland, and Russia.

In accordance with its strategy, Uponor has invested resources in the development of its cooling business. In Spain, which is one of the key potential markets for cooling in Europe, a television advertising campaign was launched to increase brand recognition and consumer awareness of underfloor heating and cooling solutions. In addition, to stimulate innovative solutions for solar radiant heating and cooling in the Spanish market, Uponor made a marketing agreement with ClimateWell, a company specialising in solar and air-conditioning equipment.

A significant renovation contract was won in the UK, where an agreement was signed to refurbish 8,000 dwellings with Uponor's composite pipe plumbing over the course of four years.

Along with the strategic initiative to harmonise processes and achieve operational excellence, the preparations for subsequent rollouts of a common European ERP system have continued in the Nordic countries and the Iberian Peninsula. The system was implemented first in Germany, in 2006.

Uponor has extended its contract to supply a telecommunications pipe system to TDC in Denmark, worth an estimated 10 million euros over a term running to the end of 2009.

Uponor was one of the official congress partners of Clima 2007, a scientific congress held in June in Helsinki, Finland, that covered all aspects of HVAC technology. The event allowed Uponor to further intensify partnerships with the leading international experts and scientists in the field.

## Human resources and organisation

The reported number of Group employees averaged 4,417 (4,216) during the period under review, an increase of 201 persons from the second quarter of 2006. At the end of the period, the Group had 4,562 employees, 308 more than in June 2006.

The increase in the number of employees resulted mainly from added staff in production operations. In the US, the sales and marketing functions were strengthened, to equip them better to support realisation of the company's strategic objectives.

In April, Sebastian Bondestam joined the company as member of the Uponor Corporation Executive Committee, assuming responsibility for the company's supply chain function.

## Share capital and shares

The number of Uponor shares exchanged on the Helsinki Stock Exchange increased in the second quarter to 16.6 (10.3) million shares, and the monetary value of the shares exchanged totalled 486.8 (233.9) million euros. The market value of the share capital at the end of the period was 2.1 (1.5) billion euros, and the number of shareholders was 8,239 (6,731).

Pursuant to the decision of the Uponor Corporation Board of Directors, a total of 16,500 shares held by the company were cancelled during the period under review. The cancellation had no effect on the share capital of the company. At the end of the period, Uponor Corporation's share capital amounted to 146,446,888 euros, and its number of shares totalled 73,206,944.

Sampo Life Insurance Company Ltd announced, on 24 May 2007, that their holdings represent under 5% of the voting rights and share capital of Uponor Corporation.

## Events after the report period

At the beginning of July, Uponor expanded its pan-European ERP system to its first Nordic site, in Kungsör, Sweden. The system went live according to plans and without any material disruptions to the business.

## Short-term outlook

Recent economic and construction activity forecasts predict no significant deviations from the previous guidance in Uponor's business environment or the economic environment this year.

Uponor's financial results are exposed to a number of strategic, operational, financial, and hazard risks. For further details on these, see Uponor's Financial Report 2006.

Demand is expected to remain at a good level for the second half of 2007 in most European markets. In Germany, where construction activity grew from the second half of last year through early 2007, market demand is expected to decrease driven by slower residential construction activity.

In the US, new housing construction is expected to decline year on year by some 20 per cent.

Uponor's performance in the second quarter was in line with the company's expectations that formed the basis for the revision of guidance after the first quarter. Hence, that guidance remains valid: In 2007, organic growth in net sales is expected to be around 10 per cent, fully meeting the long-term financial target of a minimum 6% organic net sales growth rate over the cycle. Operating profit and the operating profit margin are expected to improve from the levels recorded in 2006.

Uponor Corporation  
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## Information on the interim report

The figures in brackets in this interim report are the reference figures for the equivalent period in 2006. The change percentages reported in the interim report have been calculated from exact figures, not from rounded figures published in the interim report.

## INTERIM REPORT 1-6/2007, IFRS

The figures in this interim report are unaudited.

## CONSOLIDATED INCOME STATEMENT

MEUR	1-6/2007	1-6/2006	4-6/2007	4-6/2006	1-12/2006
Net sales	635.0	551.4	334.2	300.9	1,157.0
Cost of goods sold	403.9	355.2	208.1	192.1	743.8
Gross profit	231.1	196.2	126.1	108.8	413.2
Other operating income	1.0	1.2	0.5	0.9	3.7
Dispatching and warehousing expenses	14.6	12.3	7.6	6.2	25.7
Sales and marketing expenses	96.1	88.1	48.2	45.4	176.6
Administration expenses	31.3	25.1	15.7	12.4	51.0
Other operating expenses	8.6	10.2	4.9	5.8	19.9
Operating profit	81.5	61.7	50.2	39.9	143.7
Financial expenses, net	2.1	1.1	2.1	1.9	2.2
Profit before taxes	79.4	60.6	48.1	38.0	141.5
Income taxes	25.0	18.7	15.2	11.7	45.0
Profit for the period	54.4	41.9	32.9	26.3	96.5
Earnings per share, EUR	0.74	0.57	0.45	0.36	1.32
Diluted earnings per share, EUR	0.74	0.57	0.45	0.36	1.32

## CONSOLIDATED BALANCE SHEET

MEUR	30.6.2007	30.6.2006	31.12.2006
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	209.4	205.9	211.8
Intangible assets	96.9	88.5	97.6
Securities and long-term investments	3.6	10.5	3.6
Deferred tax assets	22.4	18.5	20.9
<b>Total non-current assets</b>	<b>332.3</b>	<b>323.4</b>	<b>333.9</b>
<b>Current assets</b>			
Inventories	158.5	128.6	128.1
Accounts receivable	247.0	206.8	150.6
Other receivables	13.7	14.5	18.9
Cash and cash equivalents	10.1	4.7	12.4
<b>Total current assets</b>	<b>429.3</b>	<b>354.6</b>	<b>310.0</b>
<b>Total assets</b>	<b>761.6</b>	<b>678.0</b>	<b>643.9</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
	294.4	389.4	344.4
<b>Non-current liabilities</b>			
Interest-bearing liabilities	20.8	21.8	17.2
Deferred tax liability	16.7	17.2	16.9
Provisions	10.4	9.4	10.8
Employee benefits and other liabilities	25.4	26.8	29.2
<b>Total non-current liabilities</b>	<b>73.3</b>	<b>75.2</b>	<b>74.1</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	139.4	12.6	16.9
Provisions	6.5	6.7	4.7
Accounts payable	97.0	80.9	90.0
Other liabilities	151.0	113.2	113.8
<b>Total current liabilities</b>	<b>393.9</b>	<b>213.4</b>	<b>225.4</b>
<b>Total shareholders' equity and liabilities</b>	<b>761.6</b>	<b>678.0</b>	<b>643.9</b>

## CONSOLIDATED CASH FLOW STATEMENT

MEUR	1-6/2007	1-6/2006	1-12/2006
Net cash from operations	100.6	80.0	180.7
Change in net working capital	-79.3	-41.9	5.2
Paid income taxes	-23.9	-19.8	-37.9
Paid interest	-3.1	-1.4	-3.9
Received interest	1.1	1.3	3.2
<b>Cash flow from operations</b>	<b>-4.6</b>	<b>18.2</b>	<b>147.3</b>
Cash flow from investments			
Proceeds from disposal of subsidiaries	-	0.5	0.3
Purchase of fixed assets	-17.0	-19.0	-54.2
Proceeds from sales of fixed assets	0.4	4.4	6.5
Loan repayments	0.1	10.7	18.6
<b>Cash flow from investments</b>	<b>-16.5</b>	<b>-3.4</b>	<b>-28.8</b>
Cash flow from financing			
Borrowings of debt	122.6	8.6	14.7
Repayments of debt	-0.3	-	-1.7
Dividends paid	-102.5	-65.8	-166.0
Payment of finance lease liabilities	1.0	-1.1	-2.0
Other financial items	-	-0.8	0.0
<b>Cash flow from financing</b>	<b>18.8</b>	<b>-59.1</b>	<b>-155.0</b>
Conversion differences for cash and cash equivalents	0.0	0.1	0.0
<b>Change in cash and cash equivalents</b>	<b>-2.3</b>	<b>-44.2</b>	<b>-36.5</b>
Cash and cash equivalents at 1 January	12.4	48.9	48.9
Cash and cash equivalents at end of period	10.1	4.7	12.4
<b>Changes according to balance sheet</b>	<b>-2.3</b>	<b>-44.2</b>	<b>-36.5</b>

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

MEUR	Share capital	Share premium	Other reserves	Treasury shares	Translation reserve	Retained earnings	Total
Balance at 31 Dec 2006	146.4	42.5	6.7	-1.6	-10.2	160.6	344.4
Translation differences					-2.0		-2.0
Net profit for the period						54.4	54.4
Total recognised income and expense for the period					-2.0	54.4	52.4
Cancelling of shares				0.3		-0.3	-
Dividend paid (EUR 1.40 per share)						-102.5	-102.5
Share based incentive plan				1.3		-1.3	-
Other adjustments			0.1				0.1
Balance at 30 Jun 2007	146.4	42.5	6.8	-	-12.2	110.9	294.4
Balance at 31 Dec 2005	148.8	40.1	3.3	-21.2	-5.4	252.8	418.4
Translation differences					-5.2		-5.2
Net profit for the period						41.9	41.9
Total recognised income and expense for the period					-5.2	41.9	36.7
Cancelling of shares	-2.3	2.3		19.6		-19.6	-
Dividend paid (EUR 0.90 per share)						-65.8	-65.8
Share based incentive plan						0.2	0.2
Other adjustments	-0.1	0.1	1.1			-1.2	-0.1
Balance at 30 Jun 2006	146.4	42.5	4.4	-1.6	-10.6	208.3	389.4

## 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 EU and IAS 34 Interim Financial Reporting. In interim reports Uponor Group follows the same principles as in the annual financial statement 2006.

The Group has adopted the following new and amended standards from 1 January 2007:

- IFRS 7 Financial instruments: Disclosures
- Amendment to IAS 1 Presentation of Financial Statements – Capital Disclosures

The adoption of standard and amendment has impact on information presented in the notes to consolidated financial statements.

## PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

MEUR	1-6/2007	1-6/2006	1-12/2006
Gross investment	17.0	19.0	54.2
- % of net sales	2.7	3.4	4.7
Depreciation	18.6	17.3	35.6
Book value of disposed fixed assets	0.4	4.9	6.7

## PERSONNEL

Converted to full time employees	1-6/2007	1-6/2006	1-12/2006
Average	4,417	4,216	4,260
At the end of the period	4,562	4,254	4,325

## OWN SHARES

	30.6.2007	30.6.2006	31.12.2006
Own shares held by the company, pcs	-	88,000	88,000
- of share capital, %	-	0.1 %	0.1 %
- of voting rights, %	-	0.1 %	0.1 %

## SEGMENT INFORMATION

### Geographical segments

MEUR	1-6/2007			1-6/2006		
	External	Internal	Total	External	Internal	Total
<b>Segment revenue</b>						
Central Europe	151.0	38.7	189.7	131.1	28.4	159.5
Nordic	168.3	42.2	210.5	143.7	34.9	178.6
Europe – West, East, South	231.1	1.1	232.2	185.5	1.7	187.2
North America	84.6	1.1	85.7	91.1	-	91.1
Eliminations	-	-83.1	-83.1	-	-65.0	-65.0
<b>Total</b>	<b>635.0</b>	<b>-</b>	<b>635.0</b>	<b>551.4</b>	<b>-</b>	<b>551.4</b>

	4-6/2007			4-6/2006		
	External	Internal	Total	External	Internal	Total
<b>Segment revenue</b>						
Central Europe	75.5	20.1	95.6	71.2	14.7	85.9
Nordic	94.5	21.5	116.0	84.5	19.6	104.1
Europe – West, East, South	115.3	0.5	115.8	98.8	0.7	99.5
North America	48.9	1.0	49.9	46.4	-	46.4
Eliminations	-	-43.1	-43.1	-	-35.0	-35.0
<b>Total</b>	<b>334.2</b>	<b>-</b>	<b>334.2</b>	<b>300.9</b>	<b>-</b>	<b>300.9</b>

	1-12/2006		Total
	External	Internal	
<b>Segment revenue</b>			
Central Europe	283.5	61.6	345.1
Nordic	305.2	72.6	377.8
Europe – West, East, South	385.3	2.6	387.9
North America	183.0	-	183.0
Eliminations	-	-136.8	-136.8
<b>Total</b>	<b>1,157.0</b>	<b>-</b>	<b>1,157.0</b>

	1-6/2007	1-6/2006	4-6/2007	4-6/2006	1-12/2006
<b>Segment result</b>					
Central Europe	23.4	23.5	12.5	13.7	49.3
Nordic	29.0	24.5	19.0	18.3	56.6
Europe – West, East, South	30.1	14.8	16.9	7.8	38.2
North America	8.2	4.1	7.4	2.4	14.5
Others	-6.3	-4.1	-4.1	-3.1	-12.0
Eliminations	-2.9	-1.1	-1.5	0.8	-2.9
<b>Total</b>	<b>81.5</b>	<b>61.7</b>	<b>50.2</b>	<b>39.9</b>	<b>143.7</b>

MEUR	1-6/2007	1-6/2006	1-12/2006
<b>Segment depreciation and impairments</b>			
Central Europe	3.7	3.6	7.8
Nordic	5.2	5.3	10.7
Europe – West, East, South	5.3	4.9	9.4
North America	2.6	2.9	5.7
Others	1.6	0.3	1.6
Eliminations	0.2	0.3	0.4
<b>Total</b>	<b>18.6</b>	<b>17.3</b>	<b>35.6</b>

<b>Segment investments</b>			
Central Europe	4.1	2.4	7.5
Nordic	5.8	4.6	14.7
Europe – West, East, South	3.1	3.1	8.6
North America	3.3	5.0	8.8
Others	0.7	3.9	14.6
<b>Total</b>	<b>17.0</b>	<b>19.0</b>	<b>54.2</b>

MEUR	1-6/2007	1-6/2006	1-12/2006
<b>Segment assets</b>			
Central Europe	200.5	203.6	197.6
Nordic	232.0	260.3	203.5
Europe – West, East, South	253.2	212.2	223.3
North America	121.7	107.3	109.5

Others	628.0	651.0	612.5
Eliminations	-673.8	-756.4	-702.5
Total	761.6	678.0	643.9

#### Segment liabilities

Central Europe	113.6	119.0	132.2
Nordic	279.1	340.1	270.3
Europe – West, East, South	137.8	118.9	115.8
North America	54.7	48.9	46.8
Others	573.1	439.9	454.8
Eliminations	-691.1	-778.2	-720.4
Total	467.2	288.6	299.5

#### Segment personnel, average

Central Europe	1,246	1,144	1,167
Nordic	1,367	1,280	1,309
Europe – West, East, South	1,189	1,128	1,132
North America	558	616	603
Others	57	48	49
Total	4,417	4,216	4,260

#### Business segments

Segment external revenue	1-6/2007		Total
	Housing solutions	Infrastructure solutions	
Central Europe	151.0	-	151.0
Nordic	71.1	97.2	168.3
Europe – West, East, South	136.0	95.1	231.1
North America	84.6	-	84.6
Total	442.7	192.3	635.0

Segment external revenue	1-6/2006		Total
	Housing solutions	Infrastructure solutions	
Central Europe	131.1	-	131.1
Nordic	58.8	84.9	143.7
Europe West, East, South	100.2	85.3	185.5
North America	91.1	-	91.1
Total	381.2	170.2	551.4

Segment external revenue	1-12/2006		Total
	Housing solutions	Infrastructure solutions	
Central Europe	283.5	-	283.5
Nordic	127.7	177.5	305.2
Europe – West, East, South	210.2	175.1	385.3
North America	183.0	-	183.0
<b>Total</b>	<b>804.4</b>	<b>352.6</b>	<b>1,157.0</b>

#### CONTINGENT LIABILITIES

MEUR	30.6.2007	30.6.2006	31.12.2006
<b>Group:</b>			
Mortgages			
- on own behalf		- 2.1	-
Guarantees			
- on behalf of others	12.7	12.6	12.6
<b>Parent company:</b>			
Guarantees			
- on behalf of a subsidiary	11.0	11.8	11.4
- on behalf of others	9.5	10.0	9.7
<b>OPERATING LEASE LIABILITIES</b>	<b>24.2</b>	<b>21.3</b>	<b>24.4</b>

#### DERIVATIVE CONTRACTS

MEUR	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
	30.6.2007	30.6.2007	30.6.2006	30.6.2006	31.12.2006	31.12.2006
<b>Foreign currency derivatives</b>						
- Forward agreements	2.4	0.0	12.5	0.2	6.4	0.1
<b>Commodity derivatives</b>						
- Forward agreements	4.9	0.1	4.8	1.1	5.6	-0.4
Currency swaps	46.9	-0.2	4.5	0.0	6.6	0.1

#### COMMERCIAL PAPER PROGRAMME

In February Uponor Corporation increased its EUR 100 million domestic Commercial Paper Programme to EUR 150 million. The proceeds of the programme will be used to fund short-term working capital needs.



## SHARE BASED PAYMENTS

In February the members of Executive Committee received 71,500 shares in compliance with share based incentive scheme published May 6, 2004. Share based payments were expensed 2004-2006 according to IFRS 2 standard.

## RELATED PARTY TRANSACTIONS

### Associated companies

MEUR	1-6/2007	1-6/2006	1-12/2006
Net sales to associated companies	2.3	1.9	3.1
Balances at the end of the period			
Loan receivable from associated companies	1.1	-	1.1
Accounts and other receivables	1.7	1.4	0.4
Accounts payables and other liabilities	0.5	0.2	0.1

## KEY FIGURES

	1-6/2007	1-6/2006	1-12/2006
Earnings per share, EUR	0.74	0.57	1.32
- diluted	0.74	0.57	1.32
Operating profit, %	12.8	11.2	12.4
Return on equity, %, cumulative	34.1	20.7	25.3
Return on investment, %, cumulative	40.1	29.2	35.8
Solvency ratio, %	38.7	57.5	53.6
Gearing, %	51.0	7.6	6.3
Net interest-bearing liabilities	150.1	29.7	21.7
Equity per share, EUR	4.02	5.32	4.71
- diluted	4.02	5.32	4.70
Trading price of shares			
- low, EUR	25.56	18.00	18.00
- high, EUR	31.45	26.40	29.35
- average, EUR	28.20	21.81	22.73
Shares traded			
- 1,000 pcs	39,438	18,557	42,417
- MEUR	1,112	405	964

## DEFINITIONS OF KEY RATIOS

Return on Equity (ROE), %

$$= \frac{\text{Profit before taxes} - \text{taxes}}{\text{Shareholders' equity} + \text{minority interest, average}} \times 100$$

Return on Investment (ROI), %

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

Solvency, %

$$= \frac{\text{Shareholders' equity} \pm \text{minority interest}}{\text{Balance sheet total} - \text{advance payments received}} \times 100$$

Gearing, %

$$= \frac{\text{Net interest-bearing liabilities}}{\text{Shareholders' equity} + \text{minority interest}} \times 100$$

Net interest-bearing liabilities

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

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

$$= \frac{\text{Shareholders' equity}}{\text{Average number of shares adjusted for share issue at end of year}}$$

Average share price

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