INTERIM REPORT 2013

26 July 2013

Q2

Uponor's performance stays on track, thanks to a strong U.S. offsetting weakness in Europe

- U.S. building demand remained strong while demand in Europe continued lacklustre
- Net sales reported for April–June totalled €211.4 (218.1) million, a downward change of 3.0%
- Operating profit for April–June came to €19.7 (16.1) million, up by 22.0%
- Net sales in January–June totalled €389.1 (410.6) million, down 5.2%
- Operating profit for January–June came to €25.8 (25.4) million, a change of 1.6%
- January–June earnings per share amounted to €0.21 (0.18)
- January–June return on investment was 14.7% (15.4%), and gearing was 74.5 (74.8)
- January–June cash flow from business operations improved to -€9.3 (-28.2) million
- Uponor does not offer financial guidance for the second half of 2013

(This interim report has been compiled in accordance with the IAS 34 reporting standard, and it is unaudited. The figures in the report are for continuing operations unless otherwise stated. 'Reporting period' refers to January–June.)

President and CEO Jyri Luomakoski comments:

- I am happy to be able to report a strong second-quarter performance improvement supported mainly by the strong residential market in the USA and the stable input cost environment that helped our Infrastructure Solutions business, in particular.

- We are very pleased with the news we can now report regarding Uponor's Infrastructure Solutions segment. The merger with KWH Pipe is now completed, and we are progressing at good speed in integration of the two companies' businesses into one strong entity, Uponor Infra Oy.

- The new build market outlook in Europe looks grim. Similarly, regardless of a massive and growing need for building and municipal infrastructure renovation across the continent, there is very little confidence for investment.

Webcast and presentation material

Upon the release of this report, the presentation material for the interim report will be available at www.uponor.com > Investors > News & downloads.

A webcast on interim results will be broadcast in English on Friday, 26 July 2013, at 14:00 EET. Connection details are available at www.uponor.com > Investors. Questions for the webcast can be submitted in advance to ir@uponor.com. Once completed, the webcast will be available for viewing at www.uponor.com > Investors > News & downloads shortly after the financial information is published.

Uponor Corporation will release its interim report for January–September 2013 on Friday, 25 October 2013. For a silent period from 1 to 25 October, Uponor will not comment on market prospects or factors affecting business and performance, nor will the company engage in discussion of events or trends related to the reporting period or the current fiscal period.

Markets

The business environment in Europe, Uponor's key region in terms of business volume, remained difficult and much as it has been in recent quarters, with few positive signals emerging that could help turn the tide. Public expenditure, especially building- and construction-related investment, continued to be scarce. Also, businesses and consumers were cautious in their building- and living-related spending, curbed by limited access to financing and a general lack of confidence in the economy. In contrast to Europe's, the U.S. building industry's indicators continued their recovery, thus giving promise of wider recovery of the country's economy and increasing confidence amongst consumers and businesses.

Reflecting the subdued general economic environment, building and construction markets in Europe remained weak or weakened even further throughout most of the region. Exceptions to this trend included some Eastern European countries, such as Russia and the Baltic countries. The decline in demand for building solutions was strongest in Southern Europe and the UK. In Germany, regardless of good construction-industry indicators, the expected pick-up after the weak first quarter did not materialise. The development was a touch better in the Nordic countries than for most parts of the continent. Demand did remain weak in Denmark and Finland, and also in Sweden, where some weak signals of stabilisation were, however, noted. The Norwegian building market stayed resilient but relaxed slowly from the lively levels witnessed in previous quarters.

All European markets were characterised by very tight competition amongst suppliers of products, with a tendency to cut margins in favour of maintaining employment and securing capacity utilisation. The period also saw a number of exits from the market throughout the value chain.

In North America, building-market demand continued to grow briskly in the USA – in the single-family market, in particular – while the Canadian market continued to stabilise to a more sustainable level from the peak volumes witnessed in 2012.

Infrastructure Solutions demand in Northern Europe remained relatively stable but low, largely because of the long winter that extended until April, in clear contrast to the previous year.

Net sales

Uponor's net sales for continuing operations in the second quarter came to €211.4 (€218.1) million, down 3.0 per cent year on year, also in organic terms, reflecting the weak European building markets. Amongst the 10 biggest countries, only net sales in the USA grew from the comparison period.

The caution that prevailed in Europe kept overall demand weak and hindered the expected recovery after the wintry first quarter, influencing the infrastructure solutions markets in the Nordic countries and building solutions sales in Central Europe, in particular. Net sales' development in Building Solutions – Europe was most resilient in the commercial project business, which is less sensitive to shorter-term variations.

In Building Solutions - North America, net sales continued to show strong growth in the USA, where plumbing sales for the non-residential market in particular picked up. With a strong market presence in the single-family sector, Uponor also benefited from the continued strength of the housing market. In Canada, net sales declined slightly as a result of the building market normalising since the peak period in 2012.

Net sales by segment (April–June):

M€	4–6/2013	4–6/2012	Change
Building Solutions – Europe	124.3	133.2	-6.7%
Building Solutions – North America	43.8	38.9	12.6%
(Building Solutions – North America, USD	57.2	49.7	14.9%)
Infrastructure Solutions	45.0	47.6	-5.4%
Eliminations	-1.7	-1.6	
Total	211.4	218.1	-3.0%

January–June net sales came to €389.1 (410.6) million, down 5.2 per cent from the comparison period. Organic net sales saw negative growth and were down 3.3 per cent, excluding the impact of Hewing GmbH, the German subsidiary that was divested at the end of the first quarter of 2012.

Currency translations in January–June 2013 had no net influence on net sales, thanks to the strong SEK compensating for the weakening of other major currencies.

Net sales by segment (January–June):

M€	1–6/2013	1–6/2012	Change
Building Solutions – Europe	238.2	266.2	-10.5%
Building Solutions – North America	81.0	69.9	15.8%
(Building Solutions – North America, USD	106.2	91.1	16.5%)
Infrastructure Solutions	72.6	77.3	-6.1%
Eliminations	-2.7	-2.8	
Total	389.1	410.6	-5.2%

Results and profitability

Uponor's consolidated gross margin for continuing operations in the second quarter was 39.1%, showing a year-on-year rise of 1.8 percentage points that mainly reflects the positive developments in North America and the stable input cost environment in the Infrastructure Solutions business, both of which helped to offset the negative leverage effect in Building Solutions – Europe.

Operating profit for continuing operations in the second quarter totalled €19.7 (16.1) million, up 22.0 per cent in year-on-year terms. Profitability measured by the operating profit margin improved to 9.3 per cent from the 7.4 per cent reported a year ago.

Operating profit margin development was largely driven by stable resin-price trends in Infrastructure Solutions, top-line growth in Building Solutions – North America, and improvements in production efficiency and careful management of overhead spending in all operations.

Operating profit by segment (April–June):

M€	4–6/2013	4–6/2012	Change
Building Solutions – Europe	11.1	12.2	-8.7%
Building Solutions – North America	6.6	4.1	58.6%
(Building Solutions – North America, USD	8.6	5.3	61.4%)
Infrastructure Solutions	4.3	2.2	92.4%
Others	-1.9	-2.6	
Eliminations	-0.4	0.2	
Total	19.7	16.1	22.0%

Profit before taxes for April–June totalled €17.6 (13.9) million. The influence of taxes on profits was €5.8 million, while the amount of taxes in the comparison period was €5.1 million. Profit for the second quarter came to €11.8 (8.8) million.

January–June operating profit came to €25.8 (25.4) million, up 1.6 per cent from the comparison period being largely due to the weak first quarter of 2013. Profitability, or the operating profit margin, was 6.6 per cent, with the year-on-year figure being 6.2 per cent.

Thanks to consistent cost and efficiency management, overheads in the first half-year were below those of the comparison period, mainly driven by savings in Building Solutions – Europe and in Infrastructure Solutions and the divestment of Hewing GmbH in the first quarter.

Earnings per share for January–June totalled €0.21 (0.18), both basic and diluted. Equity per share was €2.68 (2.63), basic and diluted.

Operating profit by segment (January–June):

M€	1–6/2013	1–6/2012	Change
Building Solutions – Europe	17.8	23.9	-25.2%
Building Solutions – North America	11.2	6.8	64.9%
(Building Solutions – North America, USD	14.7	8.8	65.8%)
Infrastructure Solutions	0.6	0.3	92.9%
Others	-3.1	-5.0	36.8%
Eliminations	-0.7	-0.6	
Total	25.8	25.4	1.6%

Investments and financing

The period's largest ongoing investment is the manufacturing expansion in the USA's Apple Valley, Minnesota facility, which was initiated in May. Adding some 1,600 square metres of mostly manufacturing space in connection with the existing premises, the extension is expected to be completed by year end, with production commencing in early 2014. The investment will increase Uponor's capital expenditure by some €12 million in 2013. Other ongoing investments were related mainly to maintenance and development.

In January–June, gross investments in fixed assets came to €10.4 (7.8) million. This was clearly below depreciation, which came to €14.4 (14.2) million. The cash flow from business operations improved to -€9.3 million, from -€28.2 million.

Uponor continues to pay attention to keeping its liquidity at a good level. There remains a risk of bad debts in Europe, in particular; therefore, Uponor is active in following up on trade receivables, among other elements, in order to manage risk.

The main existing funding programmes on 30 June 2013 included an €80 million bond maturing in 2018 and a €20 million bond maturing in 2016. Uponor's available committed bilateral credit facilities come to €190 million, with none of this amount in use at the end of the reporting period. At end of period, there was €41.0 million in commercial papers issued under the €150 million domestic commercial-paper programme.

The Group's solvency ratio improved slightly to 35.5 per cent (34.4 per cent) due to better performance and a reduction in net working capital. Net interest-bearing liabilities amounted to € 146.2 (143.9) million. The period-end cash balance was €7.3 (7.7) million. Gearing was 74.5 (74.8) per cent.

Key events

With effect from 1 April 2013, Uponor introduced a new organisation aimed at increasing the speed, agility, and simplicity of its European operations. The changes mainly pertained to the segment Building Solutions – Europe. The new set-up employs a structure organised by function, in contrast to the earlier, partly geographical distribution of responsibilities.

In April 2013, the Board of Adjustment of the Finnish Tax Authority rejected Uponor's appeal for rectification of an earlier decision of the Tax Authority requiring Uponor Business Solutions Oy to pay €14.4 million in back taxes and penalties in the case concerning the market-based transfer pricing of Uponor's internal service charges. Uponor has placed the issue before the administrative court and will apply for rectification of the Board of Adjustment's ruling, while seeking a counter-rectification associated with taxable income in countries where the company should, according to the Board of Adjustment, have charged service fees.

In June, the Board of Adjustment of the Finnish Tax Authority rejected, for the most part, Uponor's appeal on a €0.5 million transfer price issue concerning the parent company Uponor Corporation. Uponor will seek a rectification of the ruling.

On 24 May, the Finnish Market Court approved the plan arranged between Uponor Corporation and the KWH Group to merge their infrastructure solutions businesses into a jointly owned enterprise, Uponor Infra Oy. The Market Court's approval was subject to two conditions: that Uponor Infra Oy agree to offer contract manufacturing of selected product ranges up to agreed volumes to other pipe manufacturers operating in the Finnish market and that Uponor Infra Oy agree to sell off seven specified extrusion lines. Uponor and the KWH Group accepted the above conditions, which were included in their joint reply to the Market Court in the spring, and, since there were no appeals against the court's decision, the companies finalised the contracts at the end of June. New subsidiary company Uponor Infra Oy commenced operations on 1 July 2013. In connection with this transaction, Uponor acquired KWH Pipe Oy's domestic PEX pipe business in late June for a sales price of €4.1 million. The thirteen people employed by this business were transferred to the payroll of Uponor Suomi Oy, honouring their service contracts.

In North America, Uponor celebrated two third-party recognitions of the company's operations. The Minnesota Manufacturers' Alliance named Uponor 'Manufacturer of the Year', largely because of the company's emphasis and commitment to continuous improvement and lean manufacturing, while the Minneapolis-based *Star Tribune* newspaper ranked Uponor amongst the region's top 100 workplaces, on the basis of employee feedback.

The second quarter saw a number of new product launches. From Indoor Climate, a new system for energy-efficient renovation of residential buildings, called Renovis, was launched in Germany and the UK, with good customer feedback. In Plumbing, a new-generation composite pipe was launched in Iberia, based on a totally new seamless manufacturing technology, as a first in the industry. Demand for the new product exceeded expectations, and more than one million metres of pipe were produced in the first few months. Further, the existing Quick & Easy system offering was strengthened by a new development of the Q&E ring for fitting the pipe. As far as Infrastructure Solutions is concerned, Uponor launched, in all relevant markets, a new Ultra Double sewer system whose integrated socket can reduce the number of joints needed during installation by up to one half.

In addition, during the first quarter, Uponor's new Nordic distribution centre commenced operations in Sweden.

Human resources and administration

The number of Group employees (full-time equivalent) in continuing operations averaged 3,067 (3,128) during the period under review, showing a decrease of 61 employees from the equivalent period in 2012. At the end of the period, the Group had 3,156 (3,126) employees, up by 30 from the end of the comparison period, reflecting an increase in the employee numbers in North America, a contrast to the reduction in personnel in the European operations.

In connection with the organisation change of 1 April, the following changes in responsibility were implemented within the Executive Committee: Heiko Folgmann was appointed Executive Vice President, Sales and Marketing, for Building Solutions – Europe, also assuming responsibility for Group brand management. Fernando Roses was appointed as Executive Vice President for Offering and Supply Chain for Building Solutions – Europe, while also assuming Group-wide responsibility for research and technology and for sustainability. Sebastian Bondestam was appointed Executive Vice President, Infrastructure Solutions, while also continuing to be responsible for the Group's supply-chain management and development. In connection with the changes Robin Carlsson, until then responsible for Infrastructure Solutions, left the company.

Share capital and shares

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

The number of Uponor shares traded on the NASDAQ OMX Exchange in Helsinki in the second quarter was 3.3 (4.3) million, with the value of the trading totalling €41.6 (36.7) million. The market value of the share capital at the end of the period was €0.8 (0.5) billion, and the number of shareholders was 16,766 (18,588).

At period end, the company held 140,378 of its own shares, acquired in the final quarter of 2008 for use in the company's share-based incentive programmes.

In the AGM held on 18 March 2013, the Board of Directors was authorised to buy back, at maximum, 3.5 million of the company's own shares, amounting to 4.8 per cent of the full number of shares of the company. These shares may be bought back by means of 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 AGM approved the proposed dividend of €0.38 per share for 2012, and it was paid out in March 2013.

Events after the reporting period

1 July 2013 saw the launch of the new subsidiary, Uponor Infra Oy, owned jointly by Uponor Corporation and the KWH Group, with holdings of 55.3 per cent and 44.7 per cent, respectively. The company combines all of the infrastructure pipe solutions businesses of the owners. Uponor Infra Oy is consolidated in Uponor Corporation as the Infrastructure Solutions segment, from 1 July. The new organisation thus is to be included in the financial reporting for the first time in the January–September 2013 interim report.

Uponor Infra Oy has a board of directors consisting of four persons: Jyri Luomakoski, President and CEO (chair), and Riitta Palomäki, CFO, both from Uponor, and Peter Höglund, President and CEO, and Kjell Antus, CFO, both representing the KWH Group. This board of directors appointed Sebastian Bondestam as the managing director of Uponor Infra Oy. Bondestam has been a member of the Uponor Executive Committee since 1 April 2007, and he continues in that role. In April 2013, he assumed the role of EVP for Infrastructure Solutions at Uponor, having served for several years as Supply Chain EVP prior to that.

On 1 July, Uponor announced the cancellation of its financial guidance for the 2013 financial year, issued on 12 February 2013. The guidance stated that the company expects its net sales and operating profit to show modest organic growth from 2012. The guidance was based on the company's then current business portfolio and organisational setup. The reason for the cancellation was that it had become void as a result of the start-up of the new joint venture, Uponor Infra Oy. Uponor stated that it plans to issue new guidance in connection with the presentation of the 2013 financial statements in February 2014.

Short-term outlook

Developments in Uponor's two key geographic areas, Europe and North America, are clearly diverging in several ways. Trying to recover from the economic crisis that has already continued for several years, Europe has not been able to find a political way out and is likely to suffer from a lengthy zero-growth period going forward. Regardless of the reasonably healthy building market, the late start to the building season in Germany –

Europe's largest economy – will have an impact on full-year volumes, and the outcome is also shadowed by concerns about the strength of the German economy.

The North American economy is also weak and to a great extent dependent on the economic drivers in the rest of the world, but strong drivers of domestic demand there are offering a great deal of help in getting the economy back on track.

For the reasons stated above, building and construction demand in Europe is expected to remain weak while in North America demand is expected to gain momentum, although there are risks in that scenario as well.

Uponor continues to be prepared for lengthy protraction of the current low activity levels, with limited expectations of market growth. The main factors supporting business growth are lively renovation activity, longer-term trends of sustainability and low-energy building, and increased preparation for extreme weather conditions, all of which favour Uponor's indoor climate, plumbing, and infrastructure solutions.

With the new European organisation introduced in April and the new joint-venture company for infrastructure solutions established on 1 July 2013, Uponor is actively utilising the momentum to develop its operations targeting increased agility, improved efficiency, and higher customer satisfaction. The management are keeping a special eye on the company's focus, cost-efficiency, and cash flow. Further actions to reduce overheads and other costs may become necessary in selected markets, if the economic outlook stays weak.

At the same time, Uponor maintains support for its various growth initiatives, to benefit from its strong range of new product and system innovation and to utilise the tailwind its sustainable product portfolio is enjoying in the markets.

Uponor's 1 July cancellation of its guidance for 2013 was, as mentioned above, due to structural changes arising from the launch of the new joint venture (Uponor Infra). New guidance is to be expected in February 2014, in connection with the publishing of the 2013 Financial Statements.

As always, Uponor's financial performance may be affected by a range of strategic, operational, financial, and hazard risks. A more detailed risk analysis is provided in the 'Key risks associated with business' section of the 2012 Financial Statements.

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. 3,000 persons, in 30 countries. In 2012, Uponor's net sales exceeded €810 million. Uponor Corporation is listed on NASDAQ OMX Helsinki in Finland. http://www.uponor.com.

INTERIM REPORT JANUARY – JUNE 2013
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 2012. 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€	1-6/ 2013	1-6/ 2012	4-6/ 2013	4-6/ 2012	1-12/ 2012
Continuing operations					
Net sales	389.1	410.6	211.4	218.1	811.5
Cost of goods sold	237.3	254.6	128.8	136.7	500.7
Gross profit	151.8	156.0	82.6	81.4	310.8
Other operating income	0.2	0.7	0.1	0.4	0.9
Dispatching and warehousing expenses	16.2	15.9	8.0	8.1	31.8
Sales and marketing expenses	80.2	82.5	40.2	41.3	161.3
Administration expenses	21.3	24.7	10.2	12.5	44.6
Other operating expenses	8.5	8.2	4.6	3.8	16.3
Operating profit	25.8	25.4	19.7	16.1	57.7
Financial expenses, net	3.2	4.5	2.1	2.2	8.6
Share of results in associated companies	0.0	0.1	0.0	0.0	0.3
Profit before taxes	22.6	21.0	17.6	13.9	49.4
Income taxes	7.5	7.7	5.8	5.1	16.5
Profit for the period from continuing operations	15.1	13.3	11.8	8.8	32.9
Discontinued operations					
Profit for the period from discontinued operations	0.0	0.0	0.0	0.0	-0.1
Profit for the period	15.1	13.3	11.8	8.8	32.8
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Re-measurements on defined benefit pensions, net of taxes	-	-	-	-	-1.1
Items that may be reclassified subsequently to profit or loss					
Translation differences	2.6	3.2	-0.4	4.5	0.6
Cash flow hedges, net of taxes	0.4	-0.5	0.2	-0.3	-0.7
Net investment hedges	-1.7	-2.5	1.1	-2.7	-3.5
Other comprehensive income for the period, net of taxes	1.3	0.2	0.9	1.5	-4.7
Total comprehensive income for the period	16.4	13.5	12.7	10.3	28.1
Profit/loss for the period attributable to					
- Equity holders of parent company	15.1	13.3	11.8	8.8	32.8
Comprehensive income for the period attributable to					
- Equity holders of parent company	16.4	13.5	12.7	10.3	28.1
Earnings per share, €	0.21	0.18	0.16	0.12	0.45
- Continuing operations	0.21	0.18	0.16	0.12	0.45
- Discontinued operations	0.00	0.00	0.00	0.00	0.00
Diluted earnings per share, €	0.21	0.18	0.16	0.12	0.45
- Continuing operations	0.21	0.18	0.16	0.12	0.45
- Discontinued operations	0.00	0.00	0.00	0.00	0.00

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

M€	30.6.2013	30.6.2012	31.12.2012
Assets			
Non-current assets			
Property, plant and equipment	151.4	154.5	152.4
Intangible assets	92.4	95.4	93.7
Securities and non-current receivables	10.3	1.1	0.8
Deferred tax assets	14.7	13.4	14.5
Total non-current assets	268.8	264.4	261.4
Current assets			
Inventories	96.8	90.3	78.7
Accounts receivable	152.3	165.2	107.3
Other receivables	27.5	32.1	34.3
Cash and cash equivalents	7.3	7.7	17.7
Total current assets	283.9	295.3	238.0
Total assets	552.7	559.7	499.4
Equity and liabilities			
Equity			
Equity attributable to the owners of the parent company	196.1	192.5	207.3
Total equity	196.1	192.5	207.3
Non-current liabilities			
Interest-bearing liabilities	107.6	110.6	107.6
Deferred tax liability	14.5	11.8	14.8
Provisions	5.0	5.2	5.1
Employee benefits and other liabilities	22.6	21.6	22.7
Total non-current liabilities	149.7	149.2	150.2
Current liabilities			
Interest-bearing liabilities	45.9	41.0	4.2
Provisions	13.5	15.1	15.5
Accounts payable	58.3	58.0	43.3
Other liabilities	89.2	103.9	78.9
Total current liabilities	206.9	218.0	141.9
Total equity and liabilities	552.7	559.7	499.4

Figures for 30.6.2012 and 31.12.2012 have been adjusted with the effect of retrospective application of IAS19R Employee Benefits.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

M€	1-6/2013	1-6/2012	1-12/2012
Cash flow from operations			
Net cash from operations	41.8	39.8	77.4
Change in net working capital	-42.7	-39.3	-7.6
Income taxes paid	-7.0	-22.4	-30.2
Interest paid	-1.6	-6.5	-7.4
Interest received	0.2	0.2	0.5
Cash flow from operations	-9.3	-28.2	32.7
Cash flow from investments			
Acquisition of businesses	-4.1	-	-
Proceeds from disposal of subsidiaries and businesses*	-	8.0	7.6
Proceeds from disposal of shares	-	0.0	0.0
Purchase of fixed assets	-10.4	-7.8	-19.2
Proceeds from sale of fixed assets	0.2	0.9	1.2
Dividends received	0.0	0.0	0.2
Loan repayments	-	-	0.0
Cash flow from investments	-14.3	1.1	-10.2
Cash flow from financing			
Borrowings of debt	40.9	46.0	46.3
Repayment of debt	-11.0	-25.8	-47.3
Change in other short-term loan	12.2	18.3	0.5
Dividends paid	-27.8	-25.6	-25.6
Acquisition of non-controlling interest	-	-6.2	-6.2
Payment of finance lease liabilities	-0.9	-0.9	-1.5
Cash flow from financing	13.4	5.8	-33.8
Conversion differences for cash and cash equivalents	-0.2	-0.1	-0.1
Change in cash and cash equivalents	-10.4	-21.4	-11.4
Cash and cash equivalents at 1 January	17.7	29.1	29.1
Cash and cash equivalents at end of period	7.3	7.7	17.7
Changes according to balance sheet	-10.4	-21.4	-11.4

*) Proceeds from disposal of subsidiaries and businesses equals to the cash received from the sale and the cash and cash equivalents disposed of.

STATEMENT OF CHANGES IN EQUITY

M€	A	B	C	D*	E	F	G	H	I
Balance at 1 Jan 2013	146.4	50.2	-0.5	-15.4	-1.0	27.6	207.3	-	207.3
Total comprehensive income for the period			0.4	0.9		15.1	16.4		16.4
Dividend paid (€0.38 per share)						-27.8	-27.8		-27.8
Share-based incentive plan						0.2	0.2		0.2
Other adjustments			0.0			0.0	0.0		0.0
Balance at 30 June 2013	146.4	50.2	-0.1	-14.5	-1.0	15.1	196.1	-	196.1
Balance at 1 Jan 2012	146.4	50.2	0.2	-12.5	-1.2	24.6	207.7	2.9	210.6
Total comprehensive income for the period			-0.5	0.7		13.3	13.5	0.0	13.5
Dividend paid (€0.35 per share)						-25.6	-25.6		-25.6
Share-based incentive plan						0.2	0.2		0.2
Acquisition of non-controlling interest						-3.3	-3.3	-2.9	-6.2
Other adjustments			0.0			0.0	0.0		0.0
Balance at 30 June 2012	146.4	50.2	-0.3	-11.8	-1.2	9.2	192.5	-	192.5

*) Includes a -€15.2 (-15.5) million effective part of net investment hedging at the end of period.

Figures for 1.1.2012, 30.6.2012 and 1.1.2013 have been adjusted with the effect of retrospective application of IAS19R Employee Benefits.

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 2012, excluding impacts of Amendments to IAS 1 Presentation of Financial Statements and IAS19R Employee Benefits followed in the interim financial statements.

Notes required by the standard IFRS 13 Fair Value Measurement have been included in the interim report.

Presentation of Financial Statements

As of January 2013, the Group adopted the Amendments to IAS 1 Presentation of Financial Statements. Main change is the requirement for grouping items in 'other comprehensive income' based on whether they can be reclassified to profit or loss as certain conditions are fulfilled. Uponor has grouped items in other comprehensive income as required.

Employee Benefits

As of 1 January 2013, the Group adopted the revised IAS 19 Employee Benefits. The revised standard requires that all actuarial gains and losses are immediately recognised through other comprehensive income and such balances are permanently excluded from the consolidated income statement. Previously actuarial gains and losses were deferred in accordance with the corridor approach.

Main changes relate to the fully recognised actuarial gains and losses which impact other comprehensive income and increase the Group's employee benefit liability. This change does not have material impact on the consolidated income statements.

Revised IAS 19 Employee Benefits requires retrospective application, the adjustments resulting from the implementation of the standard have been disclosed below.

M€	1-12/2012	10-12/2012	7-9/2012	4-6/2012	1-3/2012
Impact on statement of comprehensive income					
Other comprehensive income, reported	-3.6	-0.8	-3.0	1.5	-1.3
Adjustments	-1.1	-1.1	-	-	-
Other comprehensive income, adjusted	-4.7	-1.9	-3.0	1.5	-1.3

M€	31.12.2012	30.9.2012	30.6.2012	31.3.2012
Impact on statement of financial position				
Deferred tax assets, reported	13.6	12.1	12.8	12.9
Adjustments	0.9	0.6	0.6	0.6
Deferred tax assets, adjusted	14.5	12.7	13.4	13.5
Equity attributable to the owners of the parent company, reported	209.9	203.4	194.0	183.5
Adjustments	-2.6	-1.5	-1.5	-1.5
Equity attributable to the owners of the parent company, adjusted	207.3	201.9	192.5	182.0
Employee benefits and other liabilities, reported	19.2	20.0	19.5	16.7
Adjustments	3.5	2.1	2.1	2.1
Employee benefits and other liabilities, adjusted	22.7	22.1	21.6	18.8

M€	1-12/2012	1-9/2012	1-6/2012	1-3/2012
Impact on key figures				
Reported				
Return on equity, % (p.a.)	15.5	16.5	13.2	9.0
Return on investment, % (p.a.)	16.7	18.1	15.3	11.1
Solvency ratio, %	42.1	37.8	34.7	33.9
Gearing, %	44.8	57.9	74.2	79.2
Equity per share, €	2.87	2.78	2.65	2.51
Adjusted				
Return on equity, % (p.a.)	15.7	16.6	13.2	9.5
Return on investment, % (p.a.)	16.5	18.2	15.4	11.2
Solvency ratio, %	41.5	37.5	34.4	33.6
Gearing, %	45.4	58.3	74.8	79.8
Equity per share, €	2.84	2.76	2.63	2.49

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

M€	30.6.2013	30.6.2012	31.12.2012
Gross investment	10.4	7.8	19.2
- % of net sales	2.7	1.9	2.4
Depreciation	14.4	14.2	28.2
Book value of disposed fixed assets	0.2	0.8	1.1

PERSONNEL

Converted to full time employees	1-6/2013	1-6/2012	1-12/2012
Average	3,067	3,128	3,098
At the end of the period	3,156	3,126	3,052

OWN SHARES	30.6.2013	30.6.2012	31.12.2012
Own shares held by the company, pcs	140,378	140,378	140,378
- of share capital, %	0.2	0.2	0.2
- of voting rights, %	0.2	0.2	0.2
Accounted par value of own shares held by the company, M€	0.3	0.3	0.3

SEGMENT INFORMATION

		1-6/2013			1-6/2012	
M€	External	Internal	Total	External	Internal	Total
Net sales by segment, continuing operations						
Building Solutions – Europe	238.1	0.1	238.2	266.0	0.2	266.2
Building Solutions - North America	81.0	-	81.0	69.9	-	69.9
Infrastructure Solutions	70.0	2.6	72.6	74.7	2.6	77.3
Eliminations	-	-2.7	-2.7	-	-2.8	-2.8
Total	389.1	-	389.1	410.6	-	410.6

		4-6/2013			4-6/2012	
M€	External	Internal	Total	External	Internal	Total
Net sales by segment, continuing operations						
Building Solutions – Europe	124.3	0.0	124.3	133.2	0.0	133.2
Building Solutions - North America	43.8	-	43.8	38.9	-	38.9

Infrastructure Solutions	43.3	1.7	45.0	46.0	1.6	47.6
Eliminations	-	-1.7	-1.7	0.0	-1.6	-1.6
Total	211.4	-	211.4	218.1	-	218.1

		1-12/2012	
M€	External	Internal	Total
Net sales by segment, continuing operations			
Building Solutions – Europe	517.3	0.4	517.7
Building Solutions - North America	151.1	-	151.1
Infrastructure Solutions	143.1	5.9	149.0
Eliminations	-	-6.3	-6.3
Total	811.5	-	811.5

M€	1-6/2013	1-6/2012	4-6/2013	4-6/2012	1-12/2012
Operating result by segment, continuing operations					
Building Solutions - Europe	17.8	23.9	11.1	12.2	47.2
Building Solutions - North America	11.2	6.8	6.6	4.1	17.8
Infrastructure Solutions	0.6	0.3	4.3	2.2	0.0
Others	-3.1	-5.0	-1.9	-2.6	-6.1
Eliminations	-0.7	-0.6	-0.4	0.2	-1.2
Total	25.8	25.4	19.7	16.1	57.7

M€	1-6/2013	1-6/2012	1-12/2012
Segment depreciation and impairments, continuing operations			
Building Solutions - Europe	5.5	6.0	11.4
Building Solutions - North America	3.3	2.9	6.0
Infrastructure Solutions	3.1	2.9	5.9
Others	2.3	2.2	4.4
Eliminations	0.2	0.2	0.5
Total	14.4	14.2	28.2
Segment investments, continuing operations			
Building Solutions – Europe	2.6	4.1	13.6
Building Solutions - North America	5.6	1.7	3.6
Infrastructure Solutions	1.7	1.4	5.4
Others	0.5	0.6	1.4
Total	10.4	7.8	24.0

M€	30.6.2013	30.6.2012	31.12.2012
Segment assets			
Building Solutions - Europe	345.9	426.1	364.9
Building Solutions - North America	128.6	132.3	119.6
Infrastructure Solutions	113.4	109.6	84.4
Others	224.5	260.9	249.8
Eliminations	-259.7	-369.2	-319.3
Total	552.7	559.7	499.4
Segment liabilities			
Building Solutions - Europe	256.0	303.4	290.3
Building Solutions - North America	71.1	87.0	69.2
Infrastructure Solutions	93.9	82.9	66.5
Others	220.0	287.0	210.3
Eliminations	-284.4	-393.1	-344.2
Total	356.6	367.2	292.1

Segment assets and liabilities 30.6.2012 and 31.12.2012 have been adjusted with the effect of retrospective application of IAS19R Employee Benefits. The change mainly affected the segment Building Solutions – Europe.

	1-6/2013	1-6/2012	1-12/2012
Segment personnel, continuing operations, average			
Building Solutions – Europe	2,058	2,173	2,132
Building Solutions - North America	489	410	427
Infrastructure Solutions	460	487	480
Others	60	59	59
Total	3,067	3,128	3,098

Reconciliation

M€	1-6/2013	1-6/2012	1-12/2012
Operating result by segment, continuing operations			
Total result for reportable segments	29.7	31.0	65.0
Others	-3.1	-5.0	-6.1
Eliminations	-0.8	-0.6	-1.2
Operating profit	25.8	25.4	57.7
Financial expenses, net	3.2	4.5	8.6
Share of results in associated companies	0.0	0.1	0.3
Profit before taxes	22.6	21.0	49.4

CONTINGENT LIABILITIES AND ASSETS

M€	30.6.2013	30.6.2012	31.12.2012
Group:			
Commitments of purchase of property, plant and equipment	12.3	0.6	0.6
Pledges			
- on own behalf	-	-	0.0
Mortgages			
- on own behalf	0.1	0.1	0.1
Guarantees			
- on behalf of others	7.2	6.2	7.0
Parent company:			
Guarantees			
- on behalf of a subsidiary	16.4	16.6	16.1

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 on behalf of a subsidiary given by the parent company 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. During the reporting period, the Board of Adjustment rejected Uponor Business Solutions Oy's appeal and, for the most part, also Uponor Corporation's appeal. Uponor placed the issue before the administrative court and applied for rectification of the Board of Adjustment's ruling. Uponor will also start 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 transferred to non-current receivables, as the process can last years. If Uponor, against expectations, should fail to get the appeal approved, the surtaxes and interests would remain as the company's loss. If the appeal would be approved, the surtaxes and interests would be returned to the company.

M€	30.6.2013	30.6.2012	31.12.2012
OPERATING LEASE COMMITMENTS	36.7	33.2	40.2

DERIVATIVE CONTRACTS

M€	Nominal value 30.6.2013	Fair value 30.6.2013	Nominal value 30.6.2012	Fair value 30.6.2012	Nominal value 31.12.2012	Fair value 31.12.2012
Currency derivatives						
- Forward agreements	183.8	3.2	270.0	-2.6	243.2	0.7
- Currency options, bought	10.1	0.3	14.6	0.1	10.8	0.1
- Currency options, sold	10.1	-0,0	14.6	-0.1	10.8	0.0
Interest derivatives						
- Interest rate swaps	150.0	-1.5	50.0	-2.3	50.0	-2.5
Commodity derivatives						
- Forward agreements	6.7	-1.1	6.2	-0.7	6.5	-0.7

FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY

30.6.2013 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				0.2		0.2	
Electricity derivatives						-	1
Non-current receivables			0.5			0.5	
Current financial assets							
Accounts receivable and other receivables			167.3			167.3	
Electricity derivatives	0.0					0.0	1
Other derivative contracts	2.5	1.5				4.0	2, 3
Cash and cash equivalents			7.3			7.3	
Carrying amount	2.5	1.5	175.1	0.2		179.3	
Non-current financial liabilities							
Interest bearing liabilities					107.6	107.6	
Electricity derivatives	0.7					0.7	1
Current financial liabilities							
Interest bearing liabilities					45.9	45.9	
Electricity derivatives	0.4					0.4	1
Other derivative contracts	1.6	0.5				2.1	2, 3
Accounts payable and other liabilities					99.2	99.2	
Carrying amount	2.7	0.5			252.7	255.9	

31.12.2012 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				0.2		0.2	
Non-current receivables			0.5			0.5	
Current financial assets							
Accounts receivable and other receivables			120.1			120.1	
Electricity derivatives	0.0					0.0	1
Other derivative contracts	1.0	0.8				1.8	2, 3
Cash and cash equivalents			17.7			17.7	
Carrying amount	1.0	0.8	138.3	0.2		140.3	
Non-current financial liabilities							
Interest bearing liabilities					107.6	107.6	
Electricity derivatives	0.4					0.4	1
Current financial liabilities							
Interest bearing liabilities					4.2	4.2	
Electricity derivatives	0.3					0.3	1
Other derivative contracts	2.9	0.6				3.5	2, 3
Accounts payable and other liabilities					57.6	57.6	
Carrying amount	3.6	0.6			169.4	173.6	

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.

BUSINESS COMBINATIONS

The merger plan announced in September 2012, by Uponor Corporation and the KWH Group, to combine their infrastructure solutions businesses into a jointly owned company, was completed after the reporting period. The new company, Uponor Infra Oy started operations on 1 July 2013 and it is jointly owned by Uponor (55.3%) and KWH Group (44.7%). Uponor Infra Oy will focus on providing infrastructure pipe systems in northern Europe and elsewhere. With the merger, Uponor and the KWH Group aim to create efficiencies and strengthen the profitability. Uponor Infra Oy is consolidated in Uponor Corporation as the Infrastructure Solutions segment from 1 July. The new setup will be included in the January-September 2013 interim report for the first time and IFRS 3 related notes will be disclosed in the next interim report, as the required information is not yet available.

In connection with this transaction, Uponor acquired KWH Pipe Ltd's domestic PEX pipe business in late June for a sales price of €3.8 million. Acquisition price paid was €4.1 million, when €0.2 million was recorded as receivables based on the expected acquisition price adjustment. Acquired net assets were €3.0 million leading to goodwill of €0.8 million. The acquisition calculation is preliminary.

DISPOSAL OF SUBSIDIARIES

Uponor closed the divestment of Hewing GmbH at the end of the first quarter 2012. The sales price of €11.9 million was received on 2 April 2012. This was later adjusted on the basis of the closing statement, ending up at €11.5 million. The net impact on the result was immaterial.

M€	2013	2012
Book value of disposed assets		
Tangible assets	-	3.4
Intangible assets	-	0.1
Other non-current assets	-	0.3
Inventory	-	5.6
Accounts receivable and other receivables	-	6.9
Cash and cash equivalents	-	3.9
Total assets	-	20.2
Employee benefits and other liabilities	-	2.3
Provisions	-	0.5
Accounts payable and other current liabilities	-	5.9
Total liabilities	-	8.7
Net assets	-	11.5
Cash received from sales	-	11.5
Cash and cash equivalents disposed of	-	3.9
Cash flow effect	-	7.6

DISCONTINUED OPERATIONS

In 2013 and 2012, 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€	1-6/2013	1-6/2012	1-12/2012
Expenses	0.0	0.0	0.1
Profit before taxes	0.0	0.0	-0.1
Income taxes	-	-	-
Profit after taxes	0.0	0.0	-0.1
Profit for the period from discontinued operations	0.0	0.0	-0.1
Cash flow from discontinued operations			
Cash flow from operations	-0.3	-0.4	-0.5

RELATED-PARTY TRANSACTIONS

M€	1-6/2013	1-6/2012	1-12/2012
Continuing operations			
Purchases from associated companies	0.8	0.9	2.4
Balances at the end of the period			
Accounts receivable and other receivables	0.0	0.0	0.0
Accounts payables and other liabilities	0.1	0.1	0.0

KEY FIGURES

	1-6/2013	1-6/2012	1-12/2012
Earnings per share, €	0.21	0.18	0.45
- continuing operations	0.21	0.18	0.45
- discontinued operations	0.00	0.00	0.00
Operating profit (continuing operations), %	6.6	6.2	7.1
Return on equity, % (p.a.)	15.0	13.2	15.7
Return on investment, % (p.a.)	14.7	15.4	16.5
Solvency ratio, %	35.5	34.4	41.5
Gearing, %	74.5	74.8	45.4
Net interest-bearing liabilities	146.2	143.9	94.1
Equity per share, €	2.68	2.63	2.84
- diluted	2.68	2.63	2.84
Trading price of shares			
- low, €	9.65	6.77	6.77
- high, €	12.60	10.00	10.00
- average, €	11.06	8.48	8.47
Shares traded			
- 1,000 pcs	7,648	12,155	21,963
- M€	84	103	186

Figures for 1-6/2012 and 1-12/2012 have been adjusted with the effect of retrospective application of IAS19R Employee Benefits.

QUARTERLY DATA

	4-6/ 2013	1-3/ 2013	10-12/ 2012	7-9/ 2012	4-6/ 2012	1-3/ 2012
Continuing operations						
Net sales, M€	211.4	177.7	189.6	211.3	218.1	192.5
- Building Solutions – Europe	124.3	113.9	121.6	129.9	133.2	133.0
- Building Solutions – North America	43.8	37.2	38.1	43.1	38.9	31.0
- Building Solutions – North America, $	57.2	49.0	49.8	54.5	49.7	41.4
- Infrastructure Solutions	45.0	27.6	31.4	40.3	47.6	29.7
Gross profit, M€	82.6	69.2	72.2	82.6	81.4	74.6
- Gross profit, %	39.1	39.0	38.1	39.1	37.3	38.7
Operating profit, M€	19.7	6.1	10.2	22.1	16.1	9.3
- Building Solutions – Europe	11.1	6.7	9.4	13.9	12.2	11.7
- Building Solutions – North America	6.6	4.6	3.5	7.5	4.1	2.7
- Building Solutions – North America, $	8.6	6.1	4.6	9.6	5.3	3.5
- Infrastructure Solutions	4.3	-3.7	-2.7	2.4	2.2	-1.9
- Others	-1.9	-1.2	0.3	-1.4	-2.6	-2.4
Operating profit, % of net sales	9.3	3.4	5.4	10.4	7.4	4.8
- Building Solutions – Europe	8.9	5.9	7.7	10.7	9.1	8.8
- Building Solutions – North America	15.0	12.4	9.1	17.4	10.6	8.5
- Infrastructure Solutions	9.6	-13.6	-8.6	5.8	4.7	-6.5
Profit for the period, M€	11.8	3.3	7.1	12.4	8.8	4.5
Balance sheet total, M€*	552.7	532.8	499.4	539.5	559.7	542.6
Earnings per share, €	0.16	0.05	0.10	0.17	0.12	0.06
Equity per share, €*	2.68	2.51	2.84	2.76	2.63	2.49
Market value of share capital, M€	841.9	776.0	702.8	600.3	517.2	632.5
Return on investment, % (p.a)*	14.7	7.0	16.5	18.2	15.4	11.2
Interest-bearing net debt at the end of the period, M€	146.2	142.1	94.1	117.7	143.9	145.3
Gearing, %*	74.5	77.6	45.4	58.3	74.8	79.8
Gearing, % rolling 4 quarters*	63.9	64.0	64.6	63.1	62.0	60.2
Gross investment, M€	5.8	4.6	6.8	4.6	4.0	3.8
- % of net sales	2.7	2.6	3.2	2.3	1.8	2.0

*) Figures for 2012 have been adjusted with the effect of retrospective application of IAS19R Employee Benefits.

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

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