Geothermal energy solution, Centre for Virtual Engineering, Stuttgart, Germany

INTERIM REPORT 2014

25 July 2014

Q2

Soft demand in Europe and weak infrastructure market in Finland burden Uponor's Q2 results

- U.S. building markets remained strong while demand in Europe softened after an unusually lively first quarter, driven by the mild winter
- Net sales for April – June totalled €264.5 (211.4) million, up 25.1% as a result of the establishment of Uponor Infra
- Operating profit for April – June came to €17.6 (19.7) million, down by 10.9%
- Net sales in January – June totalled €495.4 (389.1) million, up 27.3%
- Operating profit for January – June came to €22.4 (25.8) million, a change of -13.3%
- Operating profit for January – June excluding non-recurring items came to €25.7 (25.8) million, down 0.5%
- January – June earnings per share amounted to €0.17 (0.21)
- January – June return on investment was 8.8% (14.7%), and gearing was 56.9% (74.5%)
- January – June cash flow from business operations totalled -€18.7 (-9.3) million
- Uponor repeats its guidance for the year 2014, announced on 14 February 2014: the Group's net sales and operating profit (excluding any non-recurring items) are expected to improve from 2013.

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

President and CEO Jyri Luomakoski comments:

- After the first quarter, which was exceptionally lively due to the favourable weather, second quarter net sales development in Europe was softer, being particularly burdened by our infrastructure segment's weak revenue development. In North America, the U.S. building market recovery continued at a good pace.
- We are progressing well with our Uponor Infra integration and the majority of measures agreed have either been launched or implemented. However, because market trends have worsened further we will seek immediate additional measures in order to return our performance to a level which is acceptable in the long term.
- In the U.S., now our single largest national market, our business is benefiting from a tailwind created by recovering markets. Thanks to our recent expansion of our manufacturing operations, we have been able to satisfy demand and are particularly delighted by the enthusiasm our key customer groups are showing towards our offering, which we have been actively modernising even during challenging times.
- While we expect the demand volatility to continue, we anticipate the remaining two quarters to progress in a more balanced way than in the first half of the year, supporting us to maintain our existing guidance for 2014.

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 25 July 2014 at 10:00 EET. Connection details are available at www.uponor.com > Investors. Questions on the webcast can be submitted in advance to ir@uponor.com. Once complete, the webcast will be available for viewing at www.uponor.com > Investors > News & downloads shortly after the publication of the financial information.

Uponor Corporation will release its interim report for January – September 2014 on Wednesday 29 October 2014. During the related silent period from 1 to 29 October, Uponor will not comment on market prospects or factors affecting business and performance, nor will the company discuss events or trends related to the reporting period or the current fiscal period.

Markets

The business environment, after the lively first quarter, was somewhat softer in the second quarter, mainly in Europe.

After a brisk start to the year, demand for building solutions in Central Europe slowed in many markets. This is generally believed to be mainly due to exceptionally mild winter conditions in most of Europe, which enabled an early start on construction projects. In the Central European markets, the construction climate has generally remained at a reasonably good level. Despite the recent news on the slow-down in the German economy, the softening of building activity towards the latter part of Q2 seems to have been at least partly, caused by slowness in the value chain to start new projects early enough after the busy Q1.

In the Nordic countries, demand may have peaked in Sweden, but nevertheless continued at a fairly satisfactory level while, in Finland, the overall building market suffered from a persistently weak economy. In Norway, there were signs of a deteriorating market in comparison to the previous year. Denmark also suffered from continued low activity levels.

In general, the markets in southwest Europe remained weak, with a further deterioration in France in particular. As a clear exception to the general trend, lively activity levels continued in the UK markets in the second quarter.

In East Europe, the market outlook remained rather stable, with Russia and the Baltic countries showing a healthy upward trend. The Ukraine crisis therefore seems to have led to only a slight deterioration in business conditions so far.

In contrast to Europe, the North American building markets showed a positive trend after the severe winter in the first quarter. This is particularly true of the U.S. markets, where demand continued to strengthen compared to the comparison period in 2013. Demand in the Canadian market continued on more or less the same level as in the first quarter of 2014, or weakened slightly.

The European infrastructure construction market environment was challenging and demand declined further. In particular, business conditions weakened in Finland, which is probably facing its weakest building market in 17 years. Sweden was the main positive exception. Infrastructure construction demand in Canada remained resilient, in the face of stiffening competition.

Net sales

Uponor's net sales for continuing operations in the second quarter came to €264.5 (€211.4) million, a rise of 25.1 per cent year on year which was mainly due to the establishment of Uponor Infra on 1 July 2013. In addition, the continued growth of Building Solutions – North America made a positive contribution to the financial results. Currency translations in April – June 2014 had a considerable negative impact, of around €8 million, on Group net sales.

Including the combined historic net sales for 2013 of the Uponor Infra businesses in the comparison, consolidated net sales declined by 2.1 per cent. This was largely a result of continued slow net sales development in Europe, both in terms of building solutions and the infrastructure solutions businesses, the latter showing year-over-year growth of -8.2 per cent. The greatest year-over-year negative impact due to weak market demand was recorded in the southern European countries, including France, where the temporary cancellation of a product approval in the fourth quarter of 2013 continued to play a role.

Amongst the 10 largest countries, including Uponor Infra, euro-based net sales in the second quarter grew in all markets except for Spain and Norway.

Building Solutions – Europe saw its net sales decline in the second quarter, due to softer than anticipated activity in several national markets. This was a result of various factors, such as the anticipation effect of the many projects begun in the first quarter thanks to the mild winter, and the resulting slowness in starting new projects due to bottlenecks in planning and tendering in the second quarter. A second reason was continued caution among private and business investors faced with tight financing opportunities, which was particularly due to fragile economic development and the political crises in Ukraine and the Middle East. Some of the positive highlights of the second quarter include modest net sales growth in several central European markets as well as in Finland, despite the economic headwinds there; the appearance of the first signs of stabilisation or even growth in the Netherlands; and the fact that market preparation initiated in the previous year in the UK has begun to bear fruit.

In North America, growth in net sales continued, supported by an improving national economy in the U.S., in particular, and the positive effects this is having on home sales and housing starts. In addition, the commercial business addressing the non-residential segments of the market continued to develop well. A key success factor in Uponor North America's growth was the careful targeting of customer initiatives at growth regions. Net sales development in Canada was also favourable, particularly in plumbing products, despite the rather ponderous overall market development.

Combined with political uncertainties, the slow recovery of the European economies continued to influence net sales development in Uponor Infra. Development in Finland was particularly weak and the merged businesses fell behind the combined net sales figure for 2013. In addition, sales were affected by a major project delay in Poland. Aside from a few new opportunities in areas such as the district heating markets, the mainstream business was slow in highly competitive markets.

We should point out that, due to the extraordinary weather-related factors, a quarterly comparison of developments between the first and second quarters of 2014 is particularly challenging. A comparison of the half-year performances for the period January – June is therefore recommended.

Net sales by segment (April – June):

M€	4–6/2014	4–6/2013	Change
Building Solutions – Europe	122.0	124.3	-1.9%
Building Solutions – North America	49.5	43.8	13.2%
(Building Solutions – North America, USD	67.9	57.2	18.8%)
Uponor Infra	95.3	45.0	111.7%
Eliminations	-2.3	-1.7	
Total	264.5	211.4	25.1%

January – June net sales came to €495.4 (389.1) million, an increase of 27.3 per cent on the comparison period which was mainly due to the inclusion of the new Uponor Infra businesses. In comparison to combined historic net sales by the new Uponor Infra businesses, growth in consolidated net sales remained positive, at 1.8 per cent, or 5.0 per cent excluding currency impacts. Group net sales development was burdened by Uponor Infra in particular, whose January – June growth, compared to the historic 2013 figures, was -2.5 per cent.

Currency translations in January – June 2014 had a negative impact of €15.7 million on Group net sales. The greatest impact came from the U.S. and Canadian dollars, SEK, NOK and the rouble.

Net sales by segment (January – June):

M€	1–6/2014	1–6/2013	Change
Building Solutions – Europe	242.9	238.2	2.0%
Building Solutions – North America	90.0	81.0	11.1%
(Building Solutions – North America, USD	123.4	106.2	16.2%)
Uponor Infra	166.1	72.6	128.8%
Eliminations	-3.6	-2.7	
Total	495.4	389.1	27.3%

Results and profitability

Uponor's consolidated gross margin for continuing operations in the second quarter was 32.8 per cent, showing a year-on-year drop of 6.3 percentage points. This is mainly attributable to the larger share accounted for by the infrastructure solutions business, which has traditionally had a lower gross profit margin.

Operating profit for continuing operations in the second quarter totalled €17.6 (19.7) million, down 10.9 per cent in year-on-year terms. Profitability measured in terms of the operating profit margin came to 6.6 per cent, compared to the 9.3 per cent reported for the rather strong second quarter in 2013. Operating profit for April – June, excluding non-recurring items, came to €17.1 (19.7) million, down 13.4%.

The weak development in operating profit was mainly the result of unsatisfactory top line development in Uponor Infra, whose impact exceeded the integration benefits which are beginning to be realised – according to plan – as a result of the merger. In Building Solutions – Europe, in addition to a slight decline in net sales a higher share of lower-margin products in the sales mix burdened profitability. A stable input cost environment and continued good progress in Building Solutions – North America made a positive contribution to the financial results. Group overheads increased due to the impact of Uponor Infra.

Operating profit by segment (April – June):

M€	4–6/2014	4–6/2013	Change
Building Solutions – Europe	9.6	11.1	-13.5%
Building Solutions – North America	8.6	6.6	30.4%

(Building Solutions – North America, USD	11.7	8.6	36.7%)
Uponor Infra	0.4	4.3	-90.9%
Others	-0.7	-1.9	
Eliminations	-0.3	-0.4	
Total	17.6	19.7	-10.9%

Profit before taxes for April – June totalled €14.0 (17.6) million. Taxes had an effect on profits of €4.6 million, while the amount of taxes in the comparison period was €5.8 million. Profit for the second quarter came to €9.4 (11.8) million.

The January – June operating profit came to €22.4 (25.8) million – or €25.7 (25.8) million without non-recurring items – down 13.3 per cent from the comparison period. Key contributors to weaker development in 2014 were the European segments, which lagged behind the prior year's level. Profitability, or the operating profit margin for the first half-year, was 4.5 per cent, against 6.6 per cent in the comparison period in 2013.

January – June non-recurring items totalled €3.3 million, including a positive €0.5 million net contribution in the second quarter. In the first quarter, Uponor announced the relocation of the German distribution centre to a new custom-fitted building in southern Germany in early 2015. The second quarter items include the sale of Uponor Infra's Forssa manufacturing facility in Finland as well as machinery relocation and reassembly expenses.

Earnings per share, both basic and diluted, for January – June totalled €0.17 (0.21). Equity per share, both basic and diluted, was €2.80 (2.68).

Operating profit by segment (January – June):

M€	1–6/2014	1–6/2013	Change
Building Solutions – Europe	15.3	17.8	-14.3%
Building Solutions – North America	13.0	11.2	16.2%
(Building Solutions – North America, USD	17.8	14.7	21.5%)
Uponor Infra	-3.8	0.6	-781.9%
Others	-1.5	-3.1	
Eliminations	-0.6	-0.7	
Total	22.4	25.8	-13.3%

Investments and financing

No major new investments were ongoing or launched in the second quarter. In Europe, an investment adding new extrusion capacity for the recently launched seamless aluminium composite pipe was completed and preparations to install further capacity were ongoing, targeting completion for the autumn, in order to meet demand. In North America, actions aimed at maximising production output continued e.g. by adding new resin mixing capacity and taking idle machinery into use from elsewhere in the Group. Otherwise, ongoing investments were related to maintenance and development work.

In January – June, gross investments in fixed assets came to €12.4 (10.4) million. This was clearly below depreciation, which came to €17.9 (14.4) million. Cash flow from business operations totalled -€18.7 (-€9.3) million.

Uponor continues to pay attention to maintaining liquidity at a healthy level. A risk of bad debts remains in Europe in particular; in order to manage this risk, Uponor is therefore actively following up on trade receivables, among other elements.

During 2014, Uponor has renewed its funding programmes, with a €50 million revolving credit facility being signed in April as the final step in this process. The main existing funding programmes on 30 June 2014 included an €80 million bond maturing in 2018 and a €20 million bond maturing in 2016. Uponor's available committed bilateral credit facilities totalled €200 million, with none of this amount in use at the end of the reporting period. Further, €19.0 million in commercial papers was issued under the €150 million domestic commercial-paper programme at the period-end.

The Group's solvency ratio improved slightly to 39.2 (35.5) per cent. Net interest-bearing liabilities amounted to €154.3 (146.2) million. The period-end cash balance was €17.9 (7.3) million. Gearing was 56.9 (74.5) per cent.

Key events

Most of Uponor Infra's restructuring activities initiated in the autumn of 2013, including production transfers and redundancies, have now been completed. The period saw the disposal of the manufacturing real estate in Forssa, Finland, generating a sales gain of €0.7 million.

Human resources and administration

The number of Group employees (full-time equivalent) in continuing operations averaged 4,174 (3,067) during the period under review, showing an increase of 1,107 employees from the equivalent period in 2013. This increase was mainly due to the establishment of the joint venture company Uponor Infra Oy on 1 July 2013. At the end of the period, the Group had 4,225 (3,156) employees, up by 1,069 from the end of the comparison period.

Share capital and shares

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

The number of Uponor shares traded on the NASDAQ OMX Exchange in Helsinki during the quarter was 3.2 (3.3) million shares, totalling €44.5 (41.6) million. The market value of share capital at the end of the period was €1.0 (0.8) billion and the number of shareholders totalled 16,147 (16,766).

In the AGM held on 19 March 2014, the Board of Directors was authorised to repurchase a maximum of 3.5 million of the company's own shares, amounting to 4.8 per cent of the full number of shares of the company. This authorisation is valid until the end of the next annual general meeting and for no longer than 18 months. The AGM proposals and resolutions can be viewed in detail at www.uponor.com > Investors.

The AGM approved the proposed dividend of €0.38 per share for 2013, which was paid out in March 2014.

Events after the reporting period

There were no major events after the reporting period.

Short-term outlook

Despite the fact that the market environment in Europe at the end of the second quarter seems weaker than at the end of the first, Uponor does not see any major changes in the business outlook compared to the statements issued in connection with the first quarter result in April 2014. Thus, Uponor continues to be prepared for a lengthy protraction of the current low activity levels, with limited expectations of market growth.

Economic development in Europe is likely to remain weak for the near-term future. Modest, fragile growth is expected in the building and construction markets, driven by the stronger national economies, whose markets have remained more resilient. It is likely that the weaker economies have bottomed out, but no real turn-around for them is yet in sight. In North America, the recovery of the U.S. economy is expected to remain on track, providing a favourable business environment for building solutions in particular.

Uponor repeats its guidance for the year 2014, announced on 14 February 2014:
The Group's net sales and operating profit (excluding any non-recurring items) are expected to improve from 2013.

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 section 'Key risks associated with business' in the Financial Statements 2013.

Uponor Corporation
Board of Directors

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INTERIM REPORT JANUARY – JUNE 2014
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 2013. 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/ 2014	1-6/ 2013	4-6/ 2014	4-6/ 2013	1-12/ 2013
Continuing operations					
Net sales	495.4	389.1	264.5	211.4	906.0
Cost of goods sold	330.6	237.3	177.8	128.8	585.9
Gross profit	164.8	151.8	86.7	82.6	320.1
Other operating income	1.1	0.2	0.9	0.1	0.8
Dispatching and warehousing expenses	20.0	16.2	8.2	8.0	34.2
Sales and marketing expenses	88.6	80.2	44.2	40.2	167.7
Administration expenses	26.8	21.3	13.5	10.2	50.0
Other operating expenses	8.1	8.5	4.1	4.6	18.8
Operating profit	22.4	25.8	17.6	19.7	50.2
Financial expenses, net	5.8	3.2	3.7	2.1	7.1
Share of results in associated companies	0.1	0.0	0.1	0.0	0.1
Profit before taxes	16.7	22.6	14.0	17.6	43.2
Income taxes	5.5	7.5	4.6	5.8	16.1
Profit for the period from continuing operations	11.2	15.1	9.4	11.8	27.1
Discontinued operations					
Profit for the period from discontinued operations	0.0	0.0	0.0	0.0	-0.3
Profit for the period	11.2	15.1	9.4	11.8	26.8
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Re-measurements on defined benefit pensions, net of taxes	0.0	-	0.0	-	0.4
Items that may be reclassified subsequently to profit or loss					
Translation differences	-0.4	2.6	1.1	-0.4	-5.1
Cash flow hedges, net of taxes	-0.8	0.4	-0.1	0.2	0.5
Net investment hedges	1.3	-1.7	0.9	1.1	2.4
Other comprehensive income for the period, net of taxes	0.1	1.3	1.9	0.9	-1.8
Total comprehensive income for the period	11.3	16.4	11.3	12.7	25.0
Profit/loss for the period attributable to					
- Equity holders of parent company	12.4	15.1	9.1	11.8	27.8
- Non-controlling interest	-1.2	-	0.3	-	-1.0
Comprehensive income for the period attributable to					
- Equity holders of parent company	12.6	16.4	10.9	12.7	26.5
- Non-controlling interest	-1.3	-	0.4	-	-1.5
Earnings per share, €	0.17	0.21	0.13	0.16	0.38
- Continuing operations	0.17	0.21	0.13	0.16	0.38
- Discontinued operations	0.00	0.00	0.00	0.00	0.00

Diluted earnings per share, €	0.17	0.21	0.13	0.16	0.38
- Continuing operations	0.17	0.21	0.13	0.16	0.38
- Discontinued operations	0.00	0.00	0.00	0.00	0.00

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

M€	30.6.2014	30.6.2013	31.12.2013
Assets			
Non-current assets			
Property, plant and equipment	197.5	151.4	201.8
Intangible assets	100.2	92.4	102.8
Securities and non-current receivables	11.2	10.3	10.8
Deferred tax assets	15.7	14.7	15.9
Total non-current assets	324.6	268.8	331.3
Current assets			
Inventories	130.8	96.8	115.4
Accounts receivable	193.3	152.3	126.7
Other receivables	31.3	27.5	33.9
Cash and cash equivalents	17.9	7.3	53.7
Total current assets	373.3	283.9	329.7
Total assets	697.9	552.7	661.0
Equity and liabilities			
Equity			
Equity attributable to the owners of the parent company	204.7	196.1	219.7
Non-controlling interest	66.5	-	68.0
Total equity	271.2	196.1	287.7
Non-current liabilities			
Interest-bearing liabilities	130.3	107.6	136.4
Deferred tax liability	15.4	14.5	15.7
Provisions	4.5	5.0	4.5
Employee benefits and other liabilities	25.5	22.6	25.8
Total non-current liabilities	175.7	149.7	182.4
Current liabilities			
Interest-bearing liabilities	41.9	45.9	14.2
Provisions	16.2	13.5	17.6
Accounts payable	74.2	58.3	61.1
Other liabilities	118.7	89.2	98.0
Total current liabilities	251.0	206.9	190.9
Total equity and liabilities	697.9	552.7	661.0

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

M€	1-6/2014	1-6/2013	1-12/2013
Cash flow from operations			
Net cash from operations	37.4	41.8	87.9
Change in net working capital	-44.3	-42.7	22.3
Income taxes paid	-9.6	-7.0	-14.8
Interest paid	-2.3	-1.6	-3.6
Interest received	0.1	0.2	0.3
Cash flow from operations	-18.7	-9.3	92.1
Cash flow from investments			
Acquisition of businesses*	-	-4.1	8.2
Proceeds from disposal of shares	0.0	-	0.0
Purchase of fixed assets	-12.4	-10.4	-33.9
Proceeds from sale of fixed assets	1.7	0.2	0.8
Dividends received	0.5	0.0	0.0
Loan repayments	-0.1	-	0.0
Cash flow from investments	-10.3	-14.3	-24.9
Cash flow from financing			
Borrowings of debt	36.5	40.9	76.3
Repayment of debt	-27.3	-11.0	-41.1
Change in other short-term loan	12.7	12.2	-35.8
Dividends paid	-27.8	-27.8	-27.8
Payment of finance lease liabilities	-0.7	-0.9	-1.6
Cash flow from financing	-6.6	13.4	-30.0
Conversion differences for cash and cash equivalents	-0.2	-0.2	-1.2
Change in cash and cash equivalents	-35.8	-10.4	36.0
Cash and cash equivalents at 1 January	53.7	17.7	17.7
Cash and cash equivalents at end of period	17.9	7.3	53.7
Changes according to balance sheet	-35.8	-10.4	36.0

*) Acquisition of businesses consists of €3.8 million paid for the acquisition of the PEX pipe business and €12.0 million received in cash and cash equivalents from the acquisition of KWH Pipe Ltd in the period 1-12/2013.

STATEMENT OF CHANGES IN EQUITY

M€	A	B	C	D*	E	F	G	H	I
Balance at 1 Jan 2014	146.4	50.2	0.0	-17.6	-1.0	41.7	219.7	68.0	287.7
Total comprehensive income for the period			-0.8	1.0		12.4	12.6	-1.3	11.3
Dividend paid (€0.38 per share)						-27.8	-27.8		-27.8
Share-based incentive plan						0.1	0.1		0.1
Other adjustments						0.1	0.1	-0.2	-0.1
Balance at 30 June 2014	146.4	50.2	-0.8	-16.6	-1.0	26.5	204.7	66.5	271.2
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

*) Includes a -€12.9 (-15.2) 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 2013.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

M€	30.6.2014	30.6.2013	31.12.2013
Gross investment	12.4	10.4	33.9
- % of net sales	2.5	2.7	3.7
Depreciation	17.9	14.4	33.0
Book value of disposed fixed assets	0.8	0.2	3.5

PERSONNEL

Converted to full time employees	1-6/2014	1-6/2013	1-12/2013
Average	4,174	3,067	3,649
At the end of the period	4,225	3,156	4,141

OWN SHARES	30.6.2014	30.6.2013	31.12.2013
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

		1-6/2014			1-6/2013	
M€	External	Internal	Total	External	Internal	Total
Net sales by segment, continuing operations						
Building Solutions – Europe	241.7	1.2	242.9	238.1	0.1	238.2
Building Solutions - North America	90.0	0.0	90.0	81.0	-	81.0
Uponor Infra	163.7	2.4	166.1	70.0	2.6	72.6
Eliminations	0.0	-3.6	-3.6	-	-2.7	-2.7
Total	495.4	-	495.4	389.1	-	389.1

		4-6/2014			4-6/2013	
M€	External	Internal	Total	External	Internal	Total
Net sales by segment, continuing operations						
Building Solutions – Europe	121.0	1.0	122.0	124.3	0.0	124.3
Building Solutions - North America	49.5	0.0	49.5	43.8	-	43.8
Uponor Infra	94.0	1.3	95.3	43.3	1.7	45.0
Eliminations	-	-2.3	-2.3	-	-1.7	-1.7
Total	264.5	-	264.5	211.4	-	211.4

M€	External	1-12/2013 Internal	Total
Net sales by segment, continuing operations			
Building Solutions – Europe	478.9	0.6	479.5
Building Solutions - North America	171.5	-	171.5
Uponor Infra	255.6	5.8	261.4
Eliminations	-	-6.4	-6.4
Total	906.0	-	906.0

M€	1-6/2014	1-6/2013	4-6/2014	4-6/2013	1-12/2013
Operating result by segment, continuing operations					
Building Solutions - Europe	15.3	17.8	9.6	11.1	32.7
Building Solutions - North America	13.0	11.2	8.6	6.6	24.7
Uponor Infra	-3.8	0.6	0.4	4.3	-2.3
Others	-1.5	-3.1	-0.7	-1.9	-3.4
Eliminations	-0.6	-0.7	-0.3	-0.4	-1.5
Total	22.4	25.8	17.6	19.7	50.2

M€	1-6/2014	1-6/2013	1-12/2013
Segment depreciation and impairments, continuing operations			
Building Solutions - Europe	5.1	5.5	11.3
Building Solutions - North America	3.7	3.3	6.8
Uponor Infra	6.5	3.1	9.9
Others	2.3	2.3	4.5
Eliminations	0.3	0.2	0.5
Total	17.9	14.4	33.0
Segment investments, continuing operations			
Building Solutions – Europe	5.7	2.6	8.0
Building Solutions - North America	3.4	5.6	15.7
Uponor Infra	3.2	1.7	9.4
Others	0.1	0.5	0.8
Total	12.4	10.4	33.9

M€	30.6.2014	30.6.2013	31.12.2013
Segment assets			
Building Solutions - Europe	346.1	345.9	340.8
Building Solutions - North America	137.7	128.6	131.9
Uponor Infra	272.5	113.4	259.5
Others	150.1	224.5	260.2
Eliminations	-208.5	-259.7	-331.4
Total	697.9	552.7	661.0
Segment liabilities			
Building Solutions - Europe	230.0	256.0	238.8
Building Solutions - North America	66.2	71.1	69.2
Uponor Infra	135.5	93.9	117.8
Others	229.2	220.0	302.2
Eliminations	-234.1	-284.4	-354.6
Total	426.8	356.6	373.4

	1-6/2014	1-6/2013	1-12/2013
Segment personnel, continuing operations, average			
Building Solutions – Europe	2,068	2,058	2,084
Building Solutions - North America	531	489	504
Uponor Infra	1,518	460	1,002
Others	57	60	59
Total	4,174	3,067	3,649

Reconciliation

M€	1-6/2014	1-6/2013	1-12/2013
Operating result by segment, continuing operations			
Total result for reportable segments	24.5	29.7	55.1
Others	-1.5	-3.1	-3.4
Eliminations	-0.6	-0.8	-1.5
Operating profit	22.4	25.8	50.2
Financial expenses, net	5.8	3.2	7.1
Share of results in associated companies	0.1	0.0	0.1
Profit before taxes	16.7	22.6	43.2

CONTINGENT LIABILITIES AND ASSETS

M€	30.6.2014	30.6.2013	31.12.2013
Commitments of purchase PPE (Property, plant, equipment)	7.2	12.3	3.3
Other commitments	1.7	-	1.5
- on own behalf			
Pledges at book value	0.4	-	0.4
Mortgages issued	9.6	0.1	9.4
Guarantees issued	5.7	-	6.1
- on behalf of a subsidiary			
Pledges at book value	-	-	0.0
Guarantees issued	22.9	16.4	19.4
- on behalf of others			
Guarantees issued	0.0	7.2	0.0
Letter of Comfort commitments undertaken on behalf of subsidiaries are not included in the above figures			
Pledges at book value	0.4	-	0.4
Mortgages issued	9.6	0.1	9.4
Guarantees issued	28.6	23.6	25.6
Total	38.6	23.7	35.4

Uponor Corporation's subsidiary in Spain, Uponor Hispania, SA, had a tax audit in December 2011 – May 2012, covering financial years 2006 and 2007. As a result of the audit, the tax authority claims €3.9 million in taxes, delay interest and penalties from Uponor Hispania. The claim mainly relates to the tax deductibility of certain costs such as services rendered by Uponor Group and advertising. Uponor Hispania disagrees with the assessment of the tax authority and has appealed the case. While the appeal is being handled, Uponor Hispania, SA has provided a bank guarantee of €2.9 million covering the tax amount and delay interests due to the Spanish tax authority. The bank guarantee given is included in Guarantees issued on behalf of a subsidiary above.

In the beginning of 2012, Uponor Corporation and its subsidiary Uponor Business Solutions Oy paid €15.0 million in taxes, surtaxes and penalties based on the taxation adjustment decisions made by the Finnish tax authority for the years 2005-2009. Uponor appealed against the decisions and filed a request for rectification to the Board of Adjustment. The Board of Adjustment rejected Uponor Business Solutions Oy's appeal in April 2013 and, for the most part, also Uponor Corporation's appeal in June 2013. On July 2013, Uponor placed the issue before the administrative court and applied for rectification of the Board of Adjustment's ruling. Uponor has also started a process to avoid possible double taxation. The surtaxes (€1.9 million) and the interest on delayed payments (€3.3 million) were recorded as expenses in 2011. The paid taxes (€9.8 million) relating to an increase in taxable income were booked as receivables from the tax authority in 2012. Tax authority returned €0.3 million to Uponor Corporation in June 2013; thus the tax receivable decreased to €9.6 million. The tax receivable is reported in non-current receivables, as the process can last years. If Uponor, against expectations, should fail to get the appeal approved, the surtaxes and interests would remain as the company's loss. If the appeal would be approved, the surtaxes and interests would be returned to the company.

M€	30.6.2014	30.6.2013	31.12.2013
OPERATING LEASE COMMITMENTS	34.9	36.7	35.3

DERIVATIVE CONTRACTS

M€	Nominal value 30.6.2014	Fair value 30.6.2014	Nominal value 30.6.2013	Fair value 30.6.2013	Nominal value 31.12.2013	Fair value 31.12.2013
Currency derivatives						
- Forward agreements	221.6	-0.7	183.8	3.2	250.7	2.2
- Currency options, bought	9.7	0.2	10.1	0.3	9.9	0.4
- Currency options, sold	9.7	0.0	10.1	-0.0	9.9	0.0
Interest derivatives						
- Interest rate swaps	170.0	-2.8	150.0	-1.5	170.0	-1.5
Commodity derivatives						
- Forward agreements	7.8	-1.2	6.7	-1.1	7.2	-1.4

FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY

30.6.2014 M€	Derivative contracts, under hedge accounting	Financial assets/liabilities at fair value through profit and loss	Loans and receivables	Available for sales financial assets	Financial liabilities measured at amortised cost	Carrying amount by balance sheet item	IFRS 7 Fair value hierarchy level
Non-current financial assets							
Other shares and holdings				0.8		0.8	
Non-current receivables			10.4			10.4	
Current financial assets							
Accounts receivable and other receivables			208.8			208.8	
Electricity derivatives	0.0					0.0	1
Other derivative contracts	1.7	0.9				2.6	2, 3
Cash and cash equivalents			17.9			17.9	
Carrying amount	1.7	0.9	237.1	0.8		240.5	
Non-current financial liabilities							
Interest bearing liabilities					130.3	130.3	
Electricity derivatives	0.7					0.7	1
Current financial liabilities							
Interest bearing liabilities					41.9	41.9	
Electricity derivatives	0.6					0.6	1
Other derivative contracts	3.6	2.3				5.9	2, 3
Accounts payable and other liabilities					122.0	122.0	
Carrying amount	4.9	2.3			294.2	301.4	

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 amortised 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			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	

31.12.2013 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 amortised cost	Carrying amount by balance sheet item	IFRS 7 Fair value hierarchy level
Non-current financial assets							
Other shares and holdings				0.7		0.7	
Non-current receivables			10.1			10.1	
Current financial assets							
Accounts receivable and other receivables			143.9			143.9	

Electricity derivatives	0.0					0.0	1
Other derivative contracts	2.6	3.1				5.7	2, 3
Cash and cash equivalents			53.7			53.7	
Carrying amount	2.6	3.1	207.7	0.7		214.1	
Non-current financial liabilities							
Interest bearing liabilities					136.4	136.4	
Electricity derivatives	0.7					0.7	1
Current financial liabilities							
Interest bearing liabilities					14.2	14.2	
Electricity derivatives	0.7					0.7	1
Other derivative contracts	3.2	1.3				4.5	2, 3
Accounts payable and other liabilities					79.2	79.2	
Carrying amount	4.6	1.3			229.8	235.7	

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.

DISCONTINUED OPERATIONS

In 2014 and 2013, 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€	1-6/2014	1-6/2013	1-12/2013
Expenses	0.0	0.0	0.3
Profit before taxes	0.0	0.0	-0.3
Income taxes	-	-	-
Profit after taxes	0.0	0.0	-0.3
Profit for the period from discontinued operations	0.0	0.0	-0.3
Cash flow from discontinued operations			
Cash flow from operations	-0.3	-0.3	-0.4

RELATED-PARTY TRANSACTIONS

M€	1-6/2014	1-6/2013	1-12/2013
Continuing operations			
Purchases from associated companies	0.8	0.8	1.5
Balances at the end of the period			
Loan receivable from associated companies	0.1	-	-
Accounts receivable and other receivables	0.0	0.0	0.0
Accounts payables and other liabilities	0.1	0.1	0.1

KEY FIGURES

	1-6/2014	1-6/2013	1-12/2013
Earnings per share, €	0.17	0.21	0.38
- continuing operations	0.17	0.21	0.38
- discontinued operations	0.00	0.00	0.00
Operating profit (continuing operations), %	4.5	6.6	5.5
Return on equity, % (p.a.)	8.0	15.0	10.8
Return on investment, % (p.a.)	8.8	14.7	12.5
Solvency ratio, %	39.2	35.5	43.9
Gearing, %	56.9	74.5	33.7
Net interest-bearing liabilities	154.3	146.2	96.9
Equity per share, €	2.80	2.68	3.00
- diluted	2.80	2.68	3.00
Trading price of shares			
- low, €	11.71	9.65	9.65
- high, €	14.94	12.60	15.85
- average, €	13.31	11.06	12.31
Shares traded			
- 1,000 pcs	10,387	7,648	14 563
- M€	137	84	179

QUARTERLY DATA

	4-6/ 2014	1-3/ 2014	10-12/ 2013	7-9/ 2013	4-6/ 2013	1-3/ 2013
Continuing operations						
Net sales, M€	264.5	230.9	237.6	279.3	211.4	177.7
- Building Solutions – Europe	122.0	120.9	112.0	129.3	124.3	113.9
- Building Solutions – North America	49.5	40.5	43.6	46.9	43.8	37.2
- Building Solutions – North America, $	67.9	55.5	59.6	62.4	57.2	49.0
- Uponor Infra	95.3	70.8	83.7	105.1	45.0	27.6
Gross profit, M€	86.7	78.1	72.0	96.3	82.6	69.2
- Gross profit, %	32.8	33.8	30.3	34.5	39.1	39.0
Operating profit, M€	17.6	4.8	-3.8	28.2	19.7	6.1
- Building Solutions – Europe	9.6	5.7	0.3	14.6	11.1	6.7
- Building Solutions – North America	8.6	4.4	5.8	7.7	6.6	4.6
- Building Solutions – North America, $	11.7	6.1	8.0	10.2	8.6	6.1
- Uponor Infra	0.4	-4.2	-9.0	6.1	4.3	-3.7
- Others	-0.7	-0.8	-0.5	0.2	-1.9	-1.2
Operating profit, % of net sales	6.6	2.1	-1.6	10.1	9.3	3.4
- Building Solutions – Europe	7.9	4.7	0.3	11.3	8.9	5.9
- Building Solutions – North America	17.2	11.0	13.3	16.5	15.0	12.4
- Uponor Infra	0.4	-6.0	-10.8	5.8	9.6	-13.6
Profit for the period, M€	9.4	1.8	-6.0	17.7	11.8	3.3
Balance sheet total, M€	697.9	690.5	661.0	716.4	552.7	532.8
Earnings per share, €	0.13	0.04	-0.03	0.20	0.16	0.05
Equity per share, €	2.80	2.66	3.00	3.06	2.68	2.51
Market value of share capital, M€	984.6	968.5	1,041.0	1,020.5	841.9	776.0
Return on investment, % (p.a)	8.8	3.5	12.5	17.9	14.7	7.0
Interest-bearing net debt at the end of the period, M€	154.3	147.8	96.9	135.2	146.2	142.1
Gearing, %	56.9	56.9	33.7	45.8	74.5	77.6
Gearing, % rolling 4 quarters	48.3	52.7	57.9	60.9	63.9	64.0
Gross investment, M€	8.0	4.4	14.8	8.7	5.8	4.6
- % of net sales	3.0	1.9	6.2	3.1	2.7	2.6

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

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