San Diego State University Aztec Center, California, USA

INTERIM REPORT 2015

21 July 2015

Uponor's performance improvement driven by North America and Uponor Infra

- The U.S. markets maintained their strength while weak demand continued to burden the European building solutions business; Uponor Infra reported a solid profit improvement
- Net sales for April – June totalled €277.6 (264.5) million, up 4.9% or 0.3% in constant currency
- Operating profit for April – June came to €22.5 (17.6) million, up 27.9%, driven by Building Solutions – North America and Uponor Infra
- Net sales in January – June totalled €514.7 (495.4) million, up 3.9% or -0.6% in constant currency
- Operating profit for January – June came to €33.8 (22.4) million, a change of 50.6%
- January – June earnings per share amounted to €0.23 (0.17)
- January – June return on investment was 14.0% (8.8%), and gearing was 47.8% (56.9%)
- January – June cash flow from business operations totalled -€19.8 (-18.7) million
- Uponor repeats its guidance for the year 2015, announced on 12 February 2015: The Group's net sales and operating profit (excluding any non-recurring items) are expected to improve from 2014.

(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:

- We report continued strong performance in Building Solutions – North America in the second quarter, as a result of strong growth in the U.S. Over the last four years the business has almost doubled its net sales and more than doubled its operating profits in local currency. Aimed at satisfying future demand, our manufacturing expansion is progressing as planned.
- In stark contrast, Building Solutions – Europe is suffering from the lacklustre recovery in the European business landscape, with only a few markets reporting growth in the second quarter. In Germany, our largest national market in Europe, development has been unsatisfactory and this has also impacted on our European supply chain. We have initiated a programme to achieve annual cost savings of around €3 million in order to mitigate the impact of uncertain market development.
- Uponor Infra's restructuring is starting to bear fruit and, despite flat demand and tight public finances, we can report encouraging improvement in profitability.

Webcast and presentation material

This release and the presentation material related to this interim report are available at http://investors.uponor.com > News & downloads.

A webcast will be broadcast in English on Tuesday 21 July 2015 at 10:00 EET. Connection details are available at http://investors.uponor.com. Questions on the webcast can be submitted in advance to ir@uponor.com. The recorded webcast will be available at http://investors.uponor.com > News & downloads shortly after the broadcast.

Uponor Corporation will release its interim report for January – September 2015 on Thursday 29 October 2015. 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 second quarter of 2015 saw an acceleration in the economic trends witnessed in the first quarter. In Europe, some countries returned to growth, albeit marginal, while development was flat overall. In North America, some fundamental economic indicators have softened but construction market indicators have generally been on a par with expectations.

Within the Nordic construction markets, Sweden has continued to grow despite the high growth rates already witnessed during previous quarters. The Finnish market remained very weak, with no signs of a turn-around visible. Compared to the prior year, both the Norwegian and Danish markets picked up slightly, the opposite trend to that witnessed in 2014.

In Central Europe, the German construction market continued to underperform compared to the wider economy. While the overall economy was doing exceptionally well and has rebounded strongly from the autumn slowdown, the construction sector remained relatively subdued. Some bright spots, such as the new multi-family segment, demonstrated growth in an otherwise flat market. The Dutch market continued to make sizable gains compared to the very low activity levels of previous years. Switzerland and Austria remained rather soft.

In Eastern Europe, geopolitical events have continued to dampen demand. In Russia, elevated caution throughout the industry was only partially countered by pent up demand for apartments. In the Baltics, construction activity remained brisk in general.

Among the markets in South and West Europe, the UK has continued at a healthy level but the consistent year-on-year growth seen over the last two years has stalled. The French market continues to be weak, but its downward trend has slowed. Other national markets have stabilised at a low level.

In North America, the U.S. construction market was improving despite the fluctuation caused by the particularly cold and snow-laden weather in large geographic regions of the country during the winter months. In spite of caution due to doubts about the continuing strength of the wider economy, permit levels and builder confidence reached pre-crisis levels and non-residential construction grew compared to the previous year. The Canadian residential market was fairly flat, mainly being supported by the multi-family segment, while the non-residential market weakened.

The market for Uponor's infrastructure solutions has remained challenging. Although the Nordic region has benefited from an uptick in civil engineering projects, the non-residential markets have remained muted. The largest international market, Canada, has remained positive in general.

Net sales

Uponor's net sales for continuing operations in the second quarter came to €277.6 (264.5) million, a rise of 4.9 per cent year on year. Currency translations in April – June 2015, mainly coming from the U.S. dollar, influenced net sales by €12.4 million, bringing net sales growth without the currency impact to 0.3%.

Net sales in Building Solutions – Europe declined, reflecting the flat or declining markets in most of Europe. The largest drops were reported in Germany, Finland and the UK. Brisk growth was noted in the Netherlands and also in France, which is starting to recover from the sales drop in 2014. In Eastern Europe, healthy growth continued in the Baltic countries and in Poland, while Russia fell sharply. In terms of application areas, the heating market in Central Europe was particularly soft due to the fact that low energy prices undermined the incentive to modernise building heating systems and make them more sustainable. In Germany, a lack of installation professionals also limited business to some extent. It should also be noted that a comparison to 2014 is difficult, since the first two quarters of 2014 were artificially lively due to pent up demand.

In Building Solutions – North America, the U.S. net sales development continued to be brisk in a healthy market, and was also driven by successful customer conversion and the strengthening of Uponor's market position in low-share territories. Some of the improvement in the second quarter marks a transition from the first quarter, when installations were curbed by a long spell of cold weather. Net sales in Canada grew modestly in local currency.

Uponor Infra too suffered from the weak European business environment. The segment reported a significant decline in net sales in Finland and Sweden, while strong progress was evident in Canada. Adjusted for the divestments of two smaller infrastructure solution units in the first quarter of 2015, Uponor Infra reported growth of 1.6% in the second quarter.

Net sales by segment (April – June):

M€	4–6/2015	4–6/2014	Change
Building Solutions – Europe	119.0	122.0	-2.4%
Building Solutions – North America	69.8	49.5	40.8%
(Building Solutions – North America, USD	77.6	67.9	14.3%)
Uponor Infra	89.7	95.3	-5.8%
Eliminations	-0.9	-2.3	
Total	277.6	264.5	4.9%

January – June net sales came to €514.7 (495.4) million, an increase of 3.9 per cent on the comparison period. Currency translations in January – June 2015 had a positive impact of €22.2 million on Group net sales, most of which came from the U.S. dollar. Adjusted for currency translation, consolidated net sales growth thereby totalled -0.6%.

Net sales by segment (January – June):

M€	1–6/2015	1–6/2014	Change
Building Solutions – Europe	231.6	242.9	-4.6%
Building Solutions – North America	126.7	90.0	40.7%
(Building Solutions – North America, USD	140.8	123.4	14.1%)
Uponor Infra	158.0	166.1	-4.9%
Eliminations	-1.6	-3.6	
Total	514.7	495.4	3.9%

Results and profitability

Uponor’s consolidated gross margin for continuing operations in the second quarter was 35.5 per cent, showing a year-on-year increase of 2.7 percentage points. This is mainly attributable to a more favourable product mix in Building Solutions – North America, whose relative share has also grown, as well as the benefits flowing from raw materials purchased in a lower input cost environment.

Operating profit for continuing operations in the second quarter totalled €22.5 (17.6) million, up 27.9% per cent in year-on-year terms, including a positive impact of €2.7 million from currency translation. Profitability measured in terms of the operating profit margin came to 8.1 per cent, compared to the 6.6 per cent reported for the rather strong second quarter in 2014. Operating profit for April – June, excluding non-recurring items, came to €23.3 (17.1) million, up 36.4%.

The improvement in operating profit in the second quarter was mainly a result of continued strong performance development in Building Solutions – North America as well as a rise in Uponor Infra’s operating profit. Uponor Infra’s operating profit grew, supported by the savings achieved from the restructuring programmes and the favourable impact of input costs materialised before the current quarter, offsetting the higher manufacturing costs due to resin availability issues in the second quarter. Due to reporting practices, the higher input costs that arose after the emergence of challenges in resin supply in the second quarter were not yet visible in Uponor Infra’s reported performance. Building Solutions – Europe’s negative performance trend continued and the segment reported a clear decline in operating profit, i.e. -36.1% or -22.6% excluding the non-recurring items. The drop in profits was largely a result of the disappointing volume development in Germany and some other markets. The new distribution centre in Hassfurt, Germany is now fully operational but its introduction involved temporary added warehousing costs. Additionally, €0.8 million in non-recurring costs were booked in the second quarter 2015 in relation to the streamlining programme just launched in Building Solutions – Europe.

Operating profit by segment (April – June):

M€	4–6/2015	4–6/2014	Change
Building Solutions – Europe	6.2	9.6	-36.1%
Building Solutions – North America	15.0	8.6	76.5%
(Building Solutions – North America, USD	16.8	11.7	43.2%)
Uponor Infra	3.0	0.4	684.9%
Others	-1.4	-0.7	
Eliminations	-0.3	-0.3	
Total	22.5	17.6	27.9%

Profit before taxes for April – June totalled €21.2 (14.0) million. Taxes had an effect on profits of €7.9 million, while the amount of taxes in the comparison period was €4.6 million. Profit for the second quarter came to €13.3 (9.4) million.

The January – June operating profit came to €33.8 (22.4) million or €34.6 (25.7) million without non-recurring items, up 50.6 or 34.6 per cent respectively from the comparison period. Key contributors to the development were Building Solutions – North America with its solid growth and careful overhead cost management, as well as Uponor Infra which benefited from input costs and the savings achieved through successful restructuring measures, despite flat net sales.

There were €0.8 million in non-recurring items in the reporting period, related to the streamlining programme started in Building Solutions –Europe, while in January – June 2014 non-recurring items totalled €3.3 million, mainly due to the new distribution centre in Building Solutions – Europe. Thus, Building Solutions – Europe's operating profit, excluding non-recurring items, was €13.1 (18.5) million, a drop of -29.1%.

Profitability, or the operating profit margin for the first half-year, was 6.6 per cent, against 4.5 per cent in the comparison period in 2014.

Earnings per share, both basic and diluted, for January – June totalled €0.23 (0.17). Equity per share, both basic and diluted, was €3.08 (2.80).

Operating profit by segment (January – June):

M€	1–6/2015	1–6/2014	Change
Building Solutions – Europe	12.3	15.3	-19.9%
Building Solutions – North America	23.1	13.0	77.9%
(Building Solutions – North America, USD	25.7	17.8	44.3%)
Uponor Infra	1.7	-3.8	143.9%
Others	-2.7	-1.5	
Eliminations	-0.6	-0.6	
Total	33.8	22.4	50.6%

Investments and financing

The expansion of the U.S. manufacturing facility in Apple Valley, Minnesota, announced on 23 February, is proceeding as planned, with completion expected by the year-end 2015. The €16 million investment is being used for the expansion of the premises and for the required manufacturing equipment.

Apart from this, no major new investments were launched in the second quarter and ongoing investments were related to normal maintenance and development work.

In January – June, gross investments in fixed assets came to €18.5 (12.4) million, while depreciation came to €18.3 (17.9) million. Cash flow from business operations totalled -€19.8 (-€18.7) million.

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

The main existing funding programmes on 30 June 2015 included a €20 million bond maturing in 2016 and an €80 million bond maturing in 2018. Committed bilateral revolving credit facilities totalled €200 million, with €150 million maturing in 2019 and €50 million in 2020; none of these back-up facilities were in use during the period under review. At the period end, €23.0 million of commercial papers were issued under the €150 million domestic commercial paper programme.

The Group's solvency ratio improved slightly to 40.8 (39.2) per cent. Net interest-bearing liabilities amounted to €138.8 (154.3) million. The period-end cash balance was €16.5 (17.9) million. Gearing was 47.8 (56.9) per cent.

Key events

The new distribution centre that opened for business in Hassfurt, Germany in March, was officially inaugurated in April. With 16,800 m^2 of commercial and office spaces, the centre will serve all of Uponor's operations in Central Europe. The old logistics centre in Hassfurt is being rebuilt into a new Uponor Academy training facility, targeted for completion in 2015.

On 10 June, Uponor announced that its U.S. subsidiary company, Uponor, Inc., its insurers and some of its key trade partners, such as home builders, plumbers and distributors, have come together to resolve alleged failure risks in Uponor yellow brass fittings sold in the U.S. in connection with two proposed U.S. class action settlements. According to the terms of the settlements, Uponor, Inc. will provide building owners with an enhanced warranty to cover potential fitting failures. While the class-action settlements are a path to resolving litigation involving the yellow brass fittings sold in the U.S., Uponor continues to have high confidence in the long-term performance of these products, since they have an excellent track record. Uponor, Inc.'s obligations under the terms of the proposed settlements will have no material financial impact on the consolidated results of Uponor Corporation.

Human resources and administration

The number of Group employees (full-time equivalent) in continuing operations averaged 3,881 (4,174) during the period under review, showing a decrease of 293 employees from the equivalent period in 2014. The change reflects the divestments carried out in Uponor Infra in the first quarter 2015. At the end of the current period, the Group had 3,906 (4,225) employees, down by 319 from the end of the comparison period.

On 10 June 2015, the Board of Directors appointed German citizen Jan Peter Tewes (46), M.Sc. (Econ.), MBA, as Executive Vice President Building Solutions – Europe and a member of the Group's Executive Committee, effective from 1 September 2015. The appointment is a step in improving the segment's organisational setup and aims at creating clear accountabilities and gain efficiencies in the longer term. Tewes will be the first head of the Building Solutions – Europe segment, which has been operating on a dual functional manager principle since 2013. He will also assume responsibility for Group brand management. Effective from the same date, Fernando Roses, EVP, Offering and Supply Chain for Building Solutions – Europe was appointed EVP, Technology and Corporate Development at Uponor Group. He will also continue as member of the Group's Executive Committee. Heiko Folgmann, EVP, Sales and Marketing for Building Solutions – Europe resigned from Uponor as of 30 June 2015.

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.

On 12 February, based on the authorisation granted by the Annual General Meeting on 15 March 2012, the Board of Directors decided on a directed issue of 42,818 of the company's own shares to the management as part of the incentive plan 2012–2014. Uponor now holds a total of 97,560 of its own shares.

The AGM held on 17 March 2015 authorised the Board of Directors to buy back a maximum of 3.5 million of the company's own shares, which equals 4.8 per cent of the total number of shares of the company. The authorisation is valid until the end of the next annual general meeting and for no longer than 18 months. The Board was also authorised to resolve on issuing or transferring a maximum of 7.2 million new shares, amounting to a total of 9.8 per cent of the total number of the shares of the company. This authorisation is valid until the end of the next annual general meeting. Neither of these authorisations has been exercised to date.

The AGM proposals and resolutions can be viewed in detail at http://investors.uponor.com > Governance.

The number of Uponor shares traded on NASDAQ Helsinki during the quarter was 7.6 (3.2) million shares, totalling €110.0 (44.5) million. The market value of share capital at the end of the period was €1.0 (1.0) billion and the number of shareholders totalled 14,731 (16,147).

Events after the reporting period

On 21 July, Uponor announced a streamlining programme in Building Solutions – Europe, in response to the weak business climate on the continent. The target is to generate annual savings of roughly €3 million. The measures are expected to account for around 100 man years of work. It is estimated that the programme will lead to non-recurring costs of €4 - €5 million, which will be booked in 2015.

Short-term outlook

As far as Uponor's key geographic markets are concerned, the economic outlook for the second half of 2015 is estimated to remain similar or slightly weaker to that for the first half of the year.

The European markets continue to face various challenges, such as the geopolitical development in and around Ukraine, the impact of the Greek debt crisis, and the slow and fragile recovery of the European economies from the prolonged slowdown. All of these are influencing developments in the building and construction markets, in particular.

In terms of the European building industry in particular, the outlook for the second half of 2015 is therefore bleaker than it was for the first half of 2015. Building activity in Germany, the largest nation, is still expected to be on a fair level but demand has weakened since 2014 in spite of the country's general economic strength. No meaningful growth is expected in the other large markets on the continent either.

In North America, the U.S. economy is expected to develop steadily and the building market there is expected to grow further. In Canada, demand for building and construction is expected to continue to be fairly flat.

The shortage of plastic resin witnessed in Europe in the spring and summer is expected to ease after the summer period, but the unbalance between supply and demand is likely to keep prices high for the foreseeable future. Uponor continues to focus efforts on managing the situation well and expects to be able to serve customer needs satisfactorily in the third and fourth quarters.

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

Uponor's financial performance may be affected by a range of strategic, operational, financial, legal, political and hazard risks. A more detailed risk analysis is provided in the section 'Key risks associated with business' in the Financial Statements 2014.

Uponor Corporation
Board of Directors

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INTERIM REPORT JANUARY – JUNE 2015
Table part

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

M€	1-6/ 2015	1-6/ 2014	4-6/ 2015	4-6/ 2014	1-12/ 2014
Continuing operations					
Net sales	514.7	495.4	277.6	264.5	1,023.9
Cost of goods sold	330.9	330.6	179.0	177.8	683.8
Gross profit	183.8	164.8	98.6	86.7	340.1
Other operating income	0.7	1.1	0.0	0.9	2.4
Dispatching and warehousing expenses	18.1	20.0	9.2	8.2	37.1
Sales and marketing expenses	95.3	88.6	47.7	44.2	173.1
Administration expenses	28.2	26.8	14.5	13.5	51.1
Other operating expenses	9.1	8.1	4.7	4.1	17.8
Operating profit	33.8	22.4	22.5	17.6	63.4
Financial expenses, net	6.4	5.8	1.3	3.7	7.4
Share of results in associated companies	0.1	0.1	0.0	0.1	0.3
Profit before taxes	27.5	16.7	21.2	14.0	56.3
Income taxes	10.2	5.5	7.9	4.6	20.0
Profit for the period from continuing operations	17.3	11.2	13.3	9.4	36.3
Discontinued operations					
Profit for the period from discontinued operations	-0.3	0.0	-0.3	0.0	-0.3
Profit for the period	17.0	11.2	13.0	9.4	36.0
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Re-measurements on defined benefit pensions, net of taxes	0.0	0.0	0.0	0.0	-5.0
Items that may be reclassified subsequently to profit or loss					
Translation differences	11.0	-0.4	-3.5	1.1	7.3
Cash flow hedges, net of taxes	0.0	-0.8	0.2	-0.1	-0.9
Net investment hedges	-1.6	1.3	0.3	0.9	0.6
Other comprehensive income for the period, net of taxes	9.4	0.1	-3.0	1.9	2.0
Total comprehensive income for the period	26.4	11.3	10.0	11.3	38.0
Profit/loss for the period attributable to					
- Equity holders of parent company	16.4	12.4	11.7	9.1	36.5
- Non-controlling interest	0.6	-1.2	1.3	0.3	-0.5
Comprehensive income for the period attributable to					
- Equity holders of parent company	24.7	12.6	8.7	10.9	39.1
- Non-controlling interest	1.7	-1.3	1.3	0.4	-1.1
Earnings per share, €	0.23	0.17	0.17	0.13	0.50
- Continuing operations	0.23	0.17	0.17	0.13	0.50
- Discontinued operations	0.00	0.00	0.00	0.00	0.00

Diluted earnings per share, €	0.23	0.17	0.17	0.13	0.50
- Continuing operations	0.23	0.17	0.17	0.13	0.50
- Discontinued operations	0.00	0.00	0.00	0.00	0.00

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

M€	30.6.2015	30.6.2014	31.12.2014
Assets			
Non-current assets			
Property, plant and equipment	209.5	197.5	207.8
Intangible assets	96.3	100.2	98.4
Securities and non-current receivables	10.8	11.2	11.2
Deferred tax assets	20.4	15.7	19.4
Total non-current assets	337.0	324.6	336.8
Current assets			
Inventories	131.2	130.8	117.4
Accounts receivable	202.9	193.3	137.3
Other receivables	29.2	31.3	30.1
Cash and cash equivalents	16.5	17.9	60.2
Total current assets	379.8	373.3	345.0
Total assets	716.8	697.9	681.8
Equity and liabilities			
Equity			
Equity attributable to the owners of the parent company	225.4	204.7	231.1
Non-controlling interest	65.2	66.5	66.8
Total equity	290.6	271.2	297.9
Non-current liabilities			
Interest-bearing liabilities	100.4	130.3	126.3
Deferred tax liability	19.8	15.4	19.3
Provisions	4.7	4.5	4.6
Employee benefits and other liabilities	30.8	25.5	30.9
Total non-current liabilities	155.7	175.7	181.1
Current liabilities			
Interest-bearing liabilities	54.9	41.9	15.9
Provisions	12.7	16.2	11.6
Accounts payable	82.0	74.2	67.6
Other liabilities	120.9	118.7	107.7
Total current liabilities	270.5	251.0	202.8
Total equity and liabilities	716.8	697.9	681.8

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

M€	1-6/2015	1-6/2014	1-12/2014
Cash flow from operations			
Net cash from operations	47.1	37.4	99.0
Change in net working capital	-50.2	-44.3	-3.5
Income taxes paid	-15.0	-9.6	-16.0
Interest paid	-1.8	-2.3	-4.3
Interest received	0.1	0.1	0.5
Cash flow from operations	-19.8	-18.7	75.7
Cash flow from investments			
Proceeds from disposal of subsidiaries	5.9	0.0	-
Purchase of fixed assets	-18.5	-12.4	-35.7
Proceeds from sale of fixed assets	0.1	1.7	4.8
Dividends received	-	0.5	0.6
Loan repayments	0.0	-0.1	-0.3
Cash flow from investments	-12.5	-10.3	-30.6
Cash flow from financing			
Borrowings of debt	26.4	36.5	21.0
Repayment of debt	-15.3	-27.3	-31.0
Change in other short-term loan	7.8	12.7	1.9
Dividends paid	-30.7	-27.8	-27.8
Payment of finance lease liabilities	-0.4	-0.7	-1.8
Cash flow from financing	-12.2	-6.6	-37.7
Conversion differences for cash and cash equivalents	0.8	-0.2	-0.9
Change in cash and cash equivalents	-43.7	-35.8	6.5
Cash and cash equivalents at 1 January	60.2	53.7	53.7
Cash and cash equivalents at end of period	16.5	17.9	60.2
Changes according to balance sheet	-43.7	-35.8	6.5

STATEMENT OF CHANGES IN EQUITY

M€	A	B	C	D*	E	F	G	H	I
Balance at 1 Jan 2015	146.4	50.2	-1.0	-10.3	-1.0	46.8	231.1	66.8	297.9
Total comprehensive income for the period			0.0	8.3		16.4	24.7	1.7	26.4
Dividend paid (€0.42 per share)						-30.7	-30.7		-30.7
Share-based incentive plan					0.3		0.3		0.3
Disposal of subsidiaries and businesses								-3.3	-3.3
Other adjustments						0.0	0.0		0.0
Balance at 30 June 2015	146.4	50.2	-1.0	-2.0	-0.7	32.5	225.4	65.2	290.6
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

*) Includes a -€15.1 (-12.9) million effective part of net investment hedging at the end of period.

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES

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

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

M€	30.6.2015	30.6.2014	31.12.2014
Gross investment	18.5	12.4	35.7
- % of net sales	3.6	2.5	3.5
Depreciation and impairments	18.3	17.9	36.5
Book value of disposed fixed assets	0.1	0.8	3.6

PERSONNEL

Converted to full time employees	1-6/2015	1-6/2014	1-12/2014
Average	3,881	4,174	4,127
At the end of the period	3,906	4,225	3,982

OWN SHARES

	30.6.2015	30.6.2014	31.12.2014
Own shares held by the company, pcs	97,560	140,378	140,378
- of share capital, %	0.1	0.2	0.2
- of voting rights, %	0.1	0.2	0.2
Accounted par value of own shares held by the company, M€	0.3	0.3	0.3

SEGMENT INFORMATION

	1-6/2015			1-6/2014		
M€	External	Internal	Total	External	Internal	Total
Net sales by segment, continuing operations						
Building Solutions – Europe	231.3	0.3	231.6	241.7	1.2	242.9
Building Solutions - North America	126.7	0.0	126.7	90.0	-	90.0
Uponor Infra	156.7	1.3	158.0	163.7	2.4	166.1
Eliminations	0.0	-1.6	-1.6	-	-3.6	-3.6
Total	514.7	-	514.7	495.4	-	495.4

	4-6/2015			4-6/2014		
M€	External	Internal	Total	External	Internal	Total
Net sales by segment, continuing operations						
Building Solutions – Europe	118.9	0.1	119.0	121.0	1.0	122.0
Building Solutions - North America	69.8	0.0	69.8	49.5	0.0	49.5
Uponor Infra	88.9	0.8	89.7	94.0	1.3	95.3
Eliminations	0.0	-0.9	-0.9	-	-2.3	-2.3
Total	277.6	-	277.6	264.5	-	264.5

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

M€	1-6/2015	1-6/2014	4-6/2015	4-6/2014	1-12/2014
Operating result by segment, continuing operations					
Building Solutions - Europe	12.3	15.3	6.2	9.6	35.0
Building Solutions - North America	23.1	13.0	15.0	8.6	31.5
Uponor Infra	1.7	-3.8	3.0	0.4	-0.5
Others	-2.7	-1.5	-1.4	-0.7	-2.6
Eliminations	-0.6	-0.6	-0.3	-0.3	0.0
Total	33.8	22.4	22.5	17.6	63.4

M€	1-6/2015	1-6/2014	1-12/2014
Segment depreciation and impairments, continuing operations			
Building Solutions - Europe	5.2	5.1	10.4
Building Solutions - North America	4.9	3.7	8.0
Uponor Infra	5.9	6.5	13.1
Others	2.2	2.3	4.5
Eliminations	0.1	0.3	0.5
Total	18.3	17.9	36.5
Segment investments, continuing operations			
Building Solutions – Europe	7.2	5.7	13.6
Building Solutions - North America	7.5	3.4	11.4
Uponor Infra	3.6	3.2	10.3
Others	0.2	0.1	0.4
Total	18.5	12.4	35.7

M€	30.6.2015	30.6.2014	31.12.2014
Segment assets			
Building Solutions - Europe	352.4	346.1	338.8
Building Solutions - North America	182.8	137.7	161.2
Uponor Infra	243.2	272.5	242.3
Others	153.0	150.1	190.5
Eliminations	-214.6	-208.5	-251.0
Total	716.8	697.9	681.8
Segment liabilities			
Building Solutions - Europe	236.8	230.0	227.4
Building Solutions - North America	86.9	66.2	85.7
Uponor Infra	106.7	135.5	105.7
Others	235.9	229.2	240.3
Eliminations	-240.1	-234.1	-275.1
Total	426.2	426.8	384.0

	1-6/2015	1-6/2014	1-12/2014
Segment personnel, continuing operations, average			
Building Solutions – Europe	2,025	2,068	2,052
Building Solutions - North America	570	531	537
Uponor Infra	1,224	1,518	1,481
Others	61	57	57
Total	3,881	4,174	4,127

Reconciliation

M€	1-6/2015	1-6/2014	1-12/2014
Operating result by segment, continuing operations			
Total result for reportable segments	37.1	24.5	65.9
Others	-2.7	-1.5	-2.5
Eliminations	-0.6	-0.6	0.0
Operating profit	33.8	22.4	63.4
Financial expenses, net	6.4	5.8	7.4
Share of results in associated companies	0.1	0.1	0.3
Profit before taxes	27.5	16.7	56.3

CONTINGENT LIABILITIES AND ASSETS

M€	30.6.2015	30.6.2014	31.12.2014
Commitments of purchase PPE (Property, plant, equipment)	13.0	7.2	1.9
Other commitments	0.8	1.7	1.1
- on own behalf			
Pledges at book value	0.1	0.4	0.5
Mortgages issued	-	9.6	14.3
Guarantees issued	4.9	5.7	5.1
- on behalf of a subsidiary			
Pledges at book value	-	-	0.0
Guarantees issued	20.7	22.9	18.8
Letter of Comfort commitments undertaken on behalf of subsidiaries are not included in the above figures			
Pledges at book value	0.1	0.4	0.5
Mortgages issued	-	9.6	14.3
Guarantees issued	25.6	28.6	24.0
Total	25.7	38.6	38.8

Uponor Corporation's subsidiary in Spain, Uponor Hispania, SA, had a tax audit in December 2011 – May 2012, covering financial years 2006 and 2007. As a result of the audit, the tax authority claims €3.9 million in taxes, delay interest and penalties from Uponor Hispania. The claim mainly relates to the tax deductibility of certain costs such as services rendered by Uponor Group and advertising. Uponor Hispania disagrees with the assessment of the tax authority and has appealed the case. In May 2015, the Spanish tax authority accepted Uponor Hispania SA's appeal for the most part, however rejecting the tax deductibility of costs related to Group services. Related to this, Uponor Hispania SA has started a process to avoid double taxation. While the case 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€	30.6.2015	30.6.2014	31.12.2014
OPERATING LEASE COMMITMENTS	44.3	34.9	44.6

DERIVATIVE CONTRACTS

M€	Nominal value 30.6.2015	Fair value 30.6.2015	Nominal value 30.6.2014	Fair value 30.6.2014	Nominal value 31.12.2014	Fair value 31.12.2014
Currency derivatives						
- Forward agreements	190.6	-0.9	221.6	-0.7	228.4	0.2
- Currency options, bought			9.7	0.2	9.4	0.6
- Currency options, sold			9.7	0.0	9.4	-
Interest derivatives						
- Interest rate swaps	70.0	-2.7	170.0	-2.8	170.0	-3.1
Commodity derivatives						
- Forward agreements	5.8	-1.4	7.8	-1.2	7.1	-0.9

FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY

30.6.2015 M€	Derivative contracts, under hedge accounting	Financial assets/liabilities at fair value through profit and loss	Loans and receivables	Available for sales financial assets	Financial liabilities measured at amortised cost	Carrying amount by balance sheet item	IFRS 7 Fair value hierarchy level
Non-current financial assets							
Other shares and holdings				0.4		0.4	
Non-current receivables			10.4			10.4	
Current financial assets							
Accounts receivable and other receivables			218.2			218.2	
Other derivative contracts		1.4				1.4	1, 2, 3
Cash and cash equivalents			16.5			16.5	
Carrying amount	0.0	1.4	245.1	0.4		246.9	
Non-current financial liabilities							
Interest bearing liabilities					100.4	100.4	
Electricity derivatives	0.6					0.6	1
Current financial liabilities							
Interest bearing liabilities					54.9	54.9	
Electricity derivatives	0.8					0.8	1
Other derivative contracts	2.9	2.1				5.0	2, 3
Accounts payable and other liabilities					112.2	112.2	
Carrying amount	4.3	2.1			267.5	273.9	

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	

FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY

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

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

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

DISPOSAL OF SUBSIDIARIES

On 25 February, Uponor announced that its majority-held subsidiary Uponor Infra Oy sold its majority shareholding of 65.99% of the shares in Wiik & Hoeglund PLC, a company listed on the stock exchange of Thailand. Uponor Infra Oy made a decision to withdraw from the business in accordance with its strategy to focus on markets where it can command a strong market position and achieve operational synergies.

Further, on 30 March it was announced that Uponor Infra Oy divested, for the same reasons, its fully owned Finnish subsidiary, Extron Engineering Oy, a specialist in the business of designing and manufacturing machinery for the plastic products industry.

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

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

DISCONTINUED OPERATIONS

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

M€	1-6/2015	1-6/2014	1-12/2014
Expenses	0.3	0.0	0.3
Profit before taxes	-0.3	0.0	-0.3
Income taxes	-	-	-
Profit after taxes	-0.3	0.0	-0.3
Profit for the period from discontinued operations	-0.3	0.0	-0.3

Cash flow from discontinued operations			
Cash flow from operations	-0.5	-0.3	-0.5

RELATED-PARTY TRANSACTIONS

M€	1-6/2015	1-6/2014	1-12/2014
Continuing operations			
Purchases from associated companies	1.0	0.8	1.6
Balances at the end of the period			
Loan receivable from associated companies	0.0	0.1	0.3
Accounts receivable and other receivables	-	0.0	-
Accounts payables and other liabilities	0.1	0.1	0.1

KEY FIGURES

	1-6/2015	1-6/2014	1-12/2014
Earnings per share, €	0.23	0.17	0.50
- continuing operations	0.23	0.17	0.50
- discontinued operations	0.00	0.00	0.00
Operating profit (continuing operations), %	6.6	4.5	6.2
Return on equity, % (p.a.)	11.6	8.0	12.3
Return on investment, % (p.a.)	14.0	8.8	14.2
Solvency ratio, %	40.8	39.2	43.9
Gearing, %	47.8	56.9	27.6
Net interest-bearing liabilities	138.8	154.3	82.0
Equity per share, €	3.08	2.80	3.16
- diluted	3.08	2.80	3.16
Trading price of shares			
- low, €	11.25	11.71	9.11
- high, €	17.30	14.94	14.94
- average, €	14.73	13.31	12.17
Shares traded			
- 1,000 pcs	15,060	10,387	18,842
- M€	222	137	229

QUARTERLY DATA

	4-6/ 2015	1-3/ 2015	10-12/ 2014	7-9/ 2014	4-6/ 2014	1-3/ 2014
Continuing operations						
Net sales, M€	277.6	237.1	251.5	277.0	264.5	230.9
- Building Solutions – Europe	119.0	112.6	112.7	123.5	122.0	120.9
- Building Solutions – North America	69.8	56.9	56.1	54.7	49.5	40.5
- Building Solutions – North America, $	77.6	63.2	70.0	71.8	67.9	55.5
- Uponor Infra	89.7	68.3	84.9	100.3	95.3	70.8
Gross profit, M€	98.6	85.2	83.2	92.2	86.7	78.1
- Gross profit, %	35.5	35.9	33.1	33.3	32.8	33.8
Operating profit, M€	22.5	11.3	11.8	29.2	17.6	4.8
- Building Solutions – Europe	6.2	6.1	4.7	15.0	9.6	5.7
- Building Solutions – North America	15.0	8.1	9.3	9.2	8.6	4.4
- Building Solutions – North America, $	16.8	8.9	11.7	12.1	11.7	6.1
- Uponor Infra	3.0	-1.3	-0.9	4.2	0.4	-4.2
- Others	-1.4	-1.3	-1.6	0.5	-0.7	-0.8
Operating profit, % of net sales	8.1	4.8	4.7	10.5	6.6	2.1
- Building Solutions – Europe	5.2	5.4	4.2	12.1	7.9	4.7
- Building Solutions – North America	21.5	14.1	16.6	16.8	17.2	11.0
- Uponor Infra	3.0	-0.2	-0.1	4.2	0.4	-6.0
Profit for the period, M€	13.3	4.0	8.3	16.8	9.4	1.8
Balance sheet total, M€	716.8	692.5	681.8	701.7	697.9	690.5
Earnings per share, €	0.17	0.06	0.12	0.21	0.13	0.04
Equity per share, €	3.08	2.96	3.16	3.10	2.80	2.66
Market value of share capital, M€	989.0	1,153.0	841.1	780.4	984.6	968.5
Return on investment, % (p.a.)	14.0	7.2	14.2	14.8	8.8	3.5
Net interest-bearing liabilities at the end of the period, M€	138.8	130.9	82.0	122.9	154.3	147.8
Gearing, %	47.8	46.7	27.6	41.7	56.9	56.9
Gearing, % rolling 4 quarters	41.0	43.2	45.8	47.3	48.3	52.7
Gross investment, M€	10.4	8.1	14.3	9.0	8.0	4.4
- % of net sales	3.7	3.4	5.7	3.2	3.0	1.9

DEFINITIONS OF KEY RATIOS

Return on Equity (ROE), %

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

Return on Investment (ROI), %

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

Solvency, %

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

Gearing, %

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

Net interest-bearing liabilities

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

Earnings per share (EPS)

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

Equity per share ratio

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

Average share price

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