Half year financial report
January – June 2018

25 July 2018

HALF YEAR FINANCIAL REPORT JANUARY – JUNE 2018

Growth of net sales and operating profit was driven by strong performance by Uponor Infra

- Net sales in April – June totalled €324.9 (308.4) million, with organic growth at 5.3%, or 9.6% in constant currency terms
- All segments increased their net sales
- Operating profit for April – June came to €28.0 (22.9) million, up 22.3%, driven by Uponor Infra's strong performance; the comparable operating profit in April – June came to €28.0 (23.8) million, a change of 17.9%
- Net sales in January – June totalled €601.8 (573.5) million, with growth at 4.9%
- Operating profit for January – June came to €45.0 (37.5) million, a change of 19.9%; the comparable operating profit in January – June came to €45.0 (38.8) million, a change of 16.0%
- January – June earnings per share were €0.30 (0.29)
- The January – June return on investment was 13.5% (13.6%), and gearing on 30 June was 64.2% (67.6%)
- The January – June cash flow from business operations came to €-16.5 (+1.5) million
- Uponor repeats its full-year guidance announced on 15 February 2018: excluding the impact of currencies, Uponor expects its organic net sales and comparable operating profit to grow from 2017

President and CEO Jyri Luomakoski comments on developments during the reporting period:

- All of Uponor's segments increased their net sales, but we cannot be satisfied with the profitability development in our building solutions businesses. Uponor has introduced price increases in Europe and North America to mitigate the impacts of rising raw material costs and freight rates.
- The market environment has remained positive, but bottle necks in planning and installation capacity, particularly in Europe, are creating challenges to benefit from the growth in the construction volumes.
- Net sales in the Building Solutions – Europe segment increased slightly. Net sales grew in most of the European markets, but the rising raw material prices impacted on the operating profit.
- Net sales in the Building Solutions – North America segment grew, but the rising level of freight rates as well as start-up costs of the new manufacturing facility in Hutchinson reduced operating profit. On the positive side, the start-up of Hutchinson in the second quarter was successful and ahead of schedule.
- Uponor Infra had a strong second quarter, with operations in North America continuing strong. In Europe, the benefits of the transformation programme are clearly visible. Net sales in Europe improved, particularly in Sweden and Poland.
- We expect that the market outlook for the second half of 2018 remains positive. However, one should take note of how the comparison period in the third quarter 2017 was exceptionally strong after the recovery from the temporary production issue in Building Solutions – North America in April 2017.

Group key financial figures

Consolidated income statement (continuing operations), M€	1-6 2018	1-6 2017	2017	2016	2015	2014
Net sales	601.8	573.5	1,170.4	1,099.4	1,050.8	1,023.9
Operating expenses	537.9	519.0	1,038.4	991.0	942.7	926.4
Depreciation and impairments	19.2	19.6	39.2	41.6	39.1	36.5
Other operating income	0.3	2.6	3.1	4.2	2.4	2.4
Operating profit	45.0	37.5	95.9	71.0	71.4	63.4
Comparable operating profit	45.0	38.8	97.2	90.7	75.8	67.7
Financial income and expenses	-4.4	-4.0	-5.4	-10.0	-8.9	-7.4
Profit before taxes	37.6	32.4	88.2	60.4	62.8	56.3
Result from continuing operations	26.5	21.7	65.4	41.5	37.1	36.3
Profit for the period	26.5	21.7	65.4	41.9	36.9	36.0
Earnings per share	0.30	0.29	0.83	0.58	0.51	0.50

Uponor Corporation's long-term financial targets

(issued on 12 February 2013)

Annual targets and actuals	Last 12 mths	2017	2016	2015	2014	2013
Organic net sales growth to exceed GDP growth(1 by 3 ppts (2018E: 5.6%)	6.4	6.5	2.0	5.2	2.0	-1.5
Comparable(2 EBIT margin >10%	8.6	8.3	8.2	7.2	6.6	6.1
Return on investment, ROI (p.a.) >20%	14.8 (3	16.3	14.1	15.5	14.2	12.5
Gearing (annual average for the four latest quarters) 30 – 70	55.6	58.4	56.7	40.4	45.8	57.9
Dividend payout > 50% of earnings	-	59.0	79.3	86.3	84.0	100.0

(1)GDP growth based on weighted average growth in the top 10 countries, measured by net sales. 2) The targets issued in February 2013 referred to reported EBIT margin. 3) Average of four quarters.)

Information on the January – June 2018 half year financial report

This report has been compiled in accordance with the IAS 34 reporting standards and is unaudited. The figures in brackets are the reference figures for the equivalent period in the previous year. Any change percentages are calculated from the exact figures and not the rounded figures published here.

Webcast of the results briefing and the presentation

A webcast in English will be broadcast on 25 July at 10:00 EET. Connection details are available at investors.uponor.com. The recorded webcast can be viewed at investors.uponor.com shortly after publication. The presentation document will be available at investors.uponor.com > News & downloads.

Next interim results

Uponor Corporation will publish its January – September interim report on 24 October 2018. During the silent period from 24 September to 24 October, Uponor will not comment on market prospects or factors affecting business and performance.

Markets

The ongoing, favourable global economic environment continued to support solid levels of construction activity in both Europe and North America during the quarter, with builders reporting strong order books and production levels. However, as a consequence of several years of uninterrupted growth, year-over-year growth rates have moderated compared to the last few years, in several key markets. A pronounced lack of skilled labour also continued to limit builders' ability to take on more projects.

In Uponor's largest Central European market, Germany, builder confidence weakened towards the end of the quarter, but remains near all-time-highs. Both the residential and non-residential segments remained at good levels and, although the growth of residential building permits have slowed, the skilled labour shortage means that a sizable backlog probably still exists. The significantly larger renovation segment appeared to be flat. In the Netherlands, the market continued to grow, with expansion in both the residential and non-residential markets.

Markets in Southern Europe improved slightly on the whole, but developments were uneven. The brisk increase in construction activity witnessed during previous quarters in Spain was sustained and the French market remained solid, while the markets in Italy and the UK were hampered by economic and political uncertainties.

In the Nordic region, builders' confidence remained at a high level. Some divergence has been witnessed in the residential segment, with Finland and Denmark posting year-over-year growth, while Sweden and Norway flattened. In contrast, the non-residential segment improved throughout the region.

The construction markets in North America remained largely healthy. In Uponor's largest market, the USA, construction activity rose again in both the residential and non-residential segments, with the latter probably being supported by the recent tax incentives. Homebuilder sentiment remained strong, but retreated slightly from the 18-year high posted in December. On the negative side, labour shortages and increasing material costs continued to hamper growth, posing a key challenge for builders. Some signs of softening were evident in pockets of the Canadian residential segment.

With regard to Uponor's infrastructure solutions, civil engineering expenditures in the Nordic countries remained modest, but was steady in Finland and Denmark. Meanwhile, both the Norwegian and Swedish governments have notably increased investment levels from 2017. In Canada, industrial investments, a key demand driver, remained on a good level in general.

Net sales

Uponor's consolidated net sales for the second quarter 2018 reached €324.9 (308.4) million, up 5.3% in organic terms. There was a negative currency impact of €13.3 million in consolidated net sales, mainly originating in the USD, CAD and SEK. In constant currency terms, net sales growth was 9.6%.

Building Solutions – Europe reported net sales of €138.7 (135.6) million, up 2.2%. Net sales grew particularly in the Netherlands and Spain. In Germany, net sales were on a par year-on-year curbed by the tight competitive situation and some temporary production challenges in prefabricated production. In Sweden, net sales declined slightly year-on-year in local currency. In Asia, which is reported as part of the Building Solutions – Europe segment, net sales grew year-on-year. However, the competitive situation remains demanding in Asia.

Net sales in Building Solutions – North America came to €83.5 (79.3) million, up 5.3% in euro terms or up 11.4% in USD. The biggest customers had already been building up their stocks in the first quarter of the year, which impacted on the net sales in the second quarter. During the comparison period, the segment had a temporary production issue that curbed growth in spring 2017.

Uponor Infra's net sales came to €104.1 (94.3) million, up 10.4% year-on-year. Growth was good in North America as well as in Sweden and Poland.

Net sales by segment (April – June):

M€	4-6/2018	4-6/2017	Change
Building Solutions – Europe	138.7	135.6	2.2%
Building Solutions – North America	83.5	79.3	5.3%
(Building Solutions – North America (M$)	98.8	88.7	11.4%)
Uponor Infra	104.1	94.3	10.4%
Eliminations	-1.4	-0.8	
Total	324.9	308.4	5.3%

Uponor's January–June net sales reached €601.8 (573.5) million, growth of 4.9%, or 9.4% in constant currency. All segments increased their net sales. In constant currency terms, net sales would have been €25.4 million higher than reported net sales.

Net sales by segment (January – June):

M€	1–6/2018	1–6/2017	Change
Building Solutions – Europe	263.9	259.9	1.5%
Building Solutions – North America	161.1	157.5	2.3%
(Building Solutions – North America (M$)	194.5	172.2	13.0%)
Uponor Infra	179.4	157.4	14.0%
Eliminations	-2.6	-1.3	
Total	601.8	573.5	4.9%

Results and profitability

Uponor's consolidated gross profit in the second quarter came to €107.3 (98.4) million, a change of €8.9million. The gross profit margin was 33.0% (31.9%), mainly driven by Uponor Infra's good performance. During the comparison period in 2017, higher raw material prices and a temporary production issue in Building Solutions – North America reduced the gross profit margin. Comparable gross profit came to €107.3 (99.2) million, or 33.0% (32.1%).

Operating profit in the second quarter of 2018 came to €28.0 (22.9) million, up by 22.3% year-on-year. Profitability, as measured by the operating profit margin, came to 8.6% (7.4%). Comparable operating profit, i.e. excluding items affecting comparability, reached €28.0 (23.8) million, up by 17.9%. Comparable operating profit margin was 8.6% (7.7%).

There were no items affecting comparability, or IAC, in the second quarter 2018. In the comparison period, the amount was €0.9 million, of which Building Solutions – Europe accounted for costs of €2.4 million and Uponor Infra for a net income totalling €1.5 million.

Building Solutions – Europe's operating profit in the second quarter came to €11.0 (9.1) million, up by 19.7%. The segment's comparable operating profit amounted to €11.0 (11.5) million, a decline of 4.5%. The operating profit was impacted by higher raw material prices as well as promotional activities. In addition, the sales mix in Europe included a larger proportion of lower margin products.

Building Solutions – North America reported an operating profit of €8.8 (10.5) million for the quarter, representing a decline of 15.8% in euro terms, or a decline of 11.4% in USD, from the comparison period.

The decline in operating profit was due to rising raw material costs and freight rates as well as start-up costs from the Hutchinson manufacturing facility.

Uponor Infra's operating profit came to €10.1 (4.7) million, an increase of 115.3%. The segment's comparable operating profit came to €10.1 (3.2) million, representing a change of 212.1%. This increase was driven by an improvements in both North America and in Europe, where the results from the transformation programme completed in 2017 benefited. Uponor Infra also grew the share of higher margin products in its sales mix.

Operating profit by segment (April – June):

M€	4-6/2018	4-6/2017	Change
Building Solutions – Europe	11.0	9.1	19.7%
Building Solutions – North America	8.8	10.5	-15.8%
(Building Solutions – North America (M$)	10.4	11.7	-11.4%)
Uponor Infra	10.1	4.7	115.3%
Others	-1.3	-1.0	
Eliminations	-0.6	-0.4	
Total	28.0	22.9	22.3%

Comparable operating profit by segment (April – June):

M€	4-6/2018	4-6/2017	Change
Building Solutions – Europe	11.0	11.5	-4.5%
Building Solutions – North America	8.8	10.5	-15.8%
(Building Solutions – North America (M$)	10.4	11.7	-11.4%)
Uponor Infra	10.1	3.2	212.1%
Others	-1.3	-1.0	
Eliminations	-0.6	-0.4	
Total	28.0	23.8	17.9%

Profit before taxes for April – June totalled €24.4 (21.1) million. Taxes had a €7.1 million effect on profit for the period, while the amount of taxes in the comparison period was €6.8 million. Profit for the period in the second quarter came to €17.3 (14.3) million. The estimated tax rate for the full year is 29.5% (33.0%).

The January – June gross profit came to €200.5 million (33.3%) against €189.8 million (33.1%) in 2017. Comparable gross profit amounted to €200.5 million (33.3%) against €190.8 million (33.3%) in 2017.

The January – June operating profit came to €45.0 (37.5) million, or €45.0 (38.8) million in comparable operating profit, up 19.9% or 16.0% respectively from the first half year in 2017.

There were no items affecting comparability in January – June 2018, while they totalled €1.3 million in the first half of 2017.

Profitability, or the operating profit margin, for the first half-year was 7.5%, against 6.5% in the first half of 2017. The comparable operating profit margin came to 7.5% (6.8%).

Operating profit by segment (January – June):

M€	1-6/2018	1-6/2017	Change
Building Solutions – Europe	17.0	15.4	10.0%
Building Solutions – North America	19.0	21.1	-10.1%
(Building Solutions – North America (M$)	22.9	23.1	-0.8%)
Uponor Infra	13.4	2.8	379.1%
Others	-2.3	-1.9	
Eliminations	-2.1	0.1	
Total	45.0	37.5	19.9%

Comparable operating profit by segment (January – June):

M€	1-6/2018	1-6/2017	Change
Building Solutions – Europe	17.0	18.2	-6.7%
Building Solutions – North America	19.0	21.1	-10.1%
(Building Solutions – North America (M$)	22.9	23.1	-0.8%)
Uponor Infra	13.4	1.3	920.7%
Others	-2.3	-1.9	
Eliminations	-2.1	0.1	
Total	45.0	38.8	16.0%

Financial expenses, which totalled €4.4 million, were €0.4 million less than in the comparison period.

At €-3.0 million, the share of the result in associated companies is related to Uponor's 50% share in the joint venture company, Phyn. Phyn was established on 1 July 2016. Sales of the new Phyn Plus smart water monitoring and shut-off device began in the second quarter in the USA.

Profit before taxes for January – June totalled €37.6 (32.4) million. Taxes had a €11.1 (10.7) million effect on profit for the period. The estimated tax rate for the full year is 29.5% (33.0%).

Profit for the period came to €26.5 (21.7) million. Earnings per share, both basic and diluted, for January – June totalled €0.30 (0.29). Equity per share, both basic and diluted, was €3.66 (3.35).

Investment and financing

Uponor's gross investments in January - June came to €24.9 (19.3) million. Depreciation and impairments amounted to €19.2 (19.6) million. Investments in the second quarter mainly concerned capacity expansion and efficiency improvement.

Cash flow from business operations in January - June came to €-16.5 (1.5) million, due to an increase in net working capital. Cash flow from financing and thus cash flow for the period in January–June included the first of two instalments of the dividend payment, €0.24 per share, totalling €17.6 million. The second of the two instalments, €0.25, will be paid in the third quarter. The total dividend payment for 2018 will amount to €35.8 (€33.6) million.

Uponor has successfully managed to maintain a high level of liquidity. The company continues its cautious policy with regard to credit risk, for instance by actively following up on accounts receivable, most of which are secured by credit insurance. Due to volatility in the commodity markets in recent years, Uponor is maintaining a sharp focus on Group-wide business continuity management and risk management within the supply chain, in particular, in order to secure the availability and supply of Uponor's critical raw materials.

The main existing long-term funding programme on 30 June 2018 was the 5-year bilateral loan agreement of €100 million, signed in 2017, which will mature in July 2022. The loan replaced the earlier €80 million bond, which matured in June 2018.

In addition to the above-mentioned funding arrangement, Uponor has outstanding, bilateral long-term loans of €50 million and €20 million, both of which will mature in the summer of 2021. As back-up funding arrangements, Uponor has four €50 million committed bilateral revolving credit facilities in force, totalling €200 million. Two of these €50 million facilities, originally maturing in spring 2019, were renewed in June 2018. Following the renewal, they will mature in 2021–2023; none of them were used during the reporting period.

For short-term funding needs, Uponor's main source of funding is its domestic commercial paper programme, totalling €150 million, of which €70.0 (58.9) million was outstanding at the period end. Available cash-pool limits granted by Uponor's key banks amounted to €34.7 million, of which €2.6 (16.2) million was in use on the balance sheet date. At the end of the period, Uponor had €32.1 (24.3) million in cash and cash equivalents.

At 37.8% (37.6%), the Group's solvency has remained at a good level. Net interest-bearing liabilities were €218.3 (208.9) million. Gearing came to 64.2% (67.6%), with the four-quarter rolling gearing being 55.6% (61.9%).

Key events

The year 2018 marks Uponor's 100-year anniversary, which will be publicised at all major Uponor events throughout 2018.

On 4-5 April, Building Solutions – North America held its 10th Uponor Convention 2018 in Las Vegas with close to 2,000 participants. Uponor Convention is designed for professionals who install, design and specify PEX plumbing, radiant heating/cooling, hydronic piping and pre-insulated piping systems, with a focus on innovation, education and advocacy.

In May, Uponor Infra started launch activities of its new digital water monitoring services, including leakage detection service and water quality monitoring service.

In the second quarter, Uponor Inc., part of Building Solutions – North America, opened a second manufacturing facility in Hutchinson, Minnesota and began producing PEX pipe, slightly ahead of the planned schedule.

In the first quarter report, Uponor further referred to the following:

In January 2018, in the tenth expansion since operations began in Apple Valley, Minnesota in 1990, Uponor, Inc., part of Building Solutions – North America, completed a €16.3 million (USD 17.4 million) manufacturing expansion.

Also in January 2018, Phyn, Uponor's joint venture with Belkin International, Inc., launched its first product, the Phyn Plus smart water monitoring and shut-off device. In February 2018, Uponor invested an additional USD 10 million in Phyn, bringing its total investment to USD 25 million. With this second round of funding, Uponor established 50 percent ownership in Phyn, the other 50 percent being owned by Belkin.

Uponor's Annual General Meeting on 13 March 2018 adopted the financial statements for 2017 and released the Board members and the managing director from liability. The AGM approved the proposed dividend of €0.49 per share for 2017. Existing Board members Pia Aaltonen-Forsell, Markus Lengauer, Eva Nygren and Annika Paasikivi were re-elected. Swedish citizen Johan Falk and Finnish citizen Casimir Lindholm were elected as new members, since Jorma Eloranta and Jari Rosendal were unavailable for re-election. The AGM elected Annika Paasikivi as Chair of the Board. Audit firm Deloitte Oy was elected as the auditor of the corporation for the 9th consecutive year.

The AGM also authorised the Board of Directors to buy back a maximum of 3.5 million of the company's own shares, and to resolve on issuing a maximum of 7.2 million new shares or transferring the company's own shares, amounting to approximately 9.8 per cent of the total number of shares of the company.

Further details regarding the AGM are available at https://investors.uponor.com/governance/annual-general-meeting/annual-general-meeting-2018.

Human resources and administration

The number of Group full-time-equivalent employees averaged 4,163 (3,915) in January – June 2018, an increase of 248 persons from the same period in 2017. At the end of the period, the Group had 4,351 (4,077) employees, showing an increase of 274 employees. The biggest part of the growth comes from Building Solutions – North America, which opened the manufacturing facility in Hutchinson.

On 13 April 2018, Uponor Corporation's member of the Executive Committee, Fernando Roses, Executive Vice President, Group Technology and Corporate Development, left his position in the company. On 21 June 2018, Uponor Corporation's member of the Executive Committee, Jan Peter Tewes, President, Building Solutions – Europe, decided to leave the company effective 30 September 2018.

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 number of shares during the reporting period.

The number of Uponor shares traded on Nasdaq Helsinki during the January – June reporting period was 16.6 (13.3) million shares, totalling €244.5 (216.8) million. The market value of share capital at the end of the period was €1.0 (1.2) billion and the number of shareholders was 19,459 (17,900).

The total number of own shares in the company's possession was 44,756 at the end of the second quarter.

Events after the reporting period

There were no events to report on.

Short-term outlook

In the first half of 2018, the building and construction market has mostly remained healthy in countries where Uponor operates. Although there are raising concerns about political uncertainties, e.g. Brexit and the challenges posed by tariff increases, they have not yet impacted on the consumer or business behaviour.

The demand in the European building solutions markets is therefore expected to continue stable. Likewise, in North America, despite short-term fluctuations, building solutions demand is expected to remain healthy. In addition, the demand in infrastructure market is expected to remain on a healthy level both in the North America and Europe.

Assuming that economic development in Uponor's key geographies continues undisturbed, Uponor repeats its earlier, full-year guidance for 2018:
Excluding the impact of currencies, the Group's net sales and comparable operating profit are expected to improve from 2017.

In its January – March interim report, Uponor estimated that the Group's capital expenditure, excluding any investment in shares, will remain at roughly the same level as in 2017, mainly driven by the capacity expansion programme in North America.

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 Annual Report 2017.

Uponor Corporation
Board of Directors

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Uponor in brief

The year 2018 marks Uponor's 100-year anniversary. Our success is built on strong partnerships with our customers and stakeholders in the past, present and future.

Uponor is a leading international systems and solutions provider for safe drinking water delivery, energy-efficient radiant heating and cooling and reliable infrastructure. The company serves a variety of building markets including residential, commercial, industrial and civil engineering. Uponor employs about 4,000 employees in 30 countries, mainly in Europe and North America. In 2017, Uponor's net sales totalled nearly €1.2 billion. Uponor is based in Finland and listed on Nasdaq Helsinki.
Uponor builds on you - www.uponor.com

Table part

This half year 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 2017. The change percentages reported have been calculated from the exact figures and not from the rounded figures published in the half year report.

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

M€	1-6/2018	1-6/2017	4-6/2018	4-6/2017	1-12/2017
Net sales	601.8	573.5	324.9	308.4	1,170.4
Cost of goods sold	401.3	383.7	217.6	210.0	776.3
Gross profit	200.5	189.8	107.3	98.4	394.1
Other operating income	0.3	2.6	0.2	2.3	3.1
Dispatching and warehousing expenses	17.0	17.1	8.8	8.4	33.2
Sales and marketing expenses	98.6	98.4	50.8	49.0	190.3
Administration expenses	29.1	27.1	14.2	13.8	53.4
Other operating expenses	11.1	12.3	5.7	6.6	24.4
Operating profit	45.0	37.5	28.0	22.9	95.9
Financial expenses, net	4.4	4.0	2.7	1.2	5.4
Share of results in associated companies and joint ventures	-3.0	-1.1	-0.9	-0.6	-2.3
Profit before taxes	37.6	32.4	24.4	21.1	88.2
Income taxes	11.1	10.7	7.1	6.8	22.8
Profit for period	26.5	21.7	17.3	14.3	65.4
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Re-measurements on defined benefit pensions, net of taxes	-	-	-	-	-0.4
Items that may be reclassified subsequently to profit or loss					
Translation differences	-1.4	-7.5	3.0	-7.4	-13.2
Cash flow hedges, net of taxes	1.4	0.3	0.9	0.4	1.2
Net investment hedges	-0.4	1.1	-0.7	0.9	1.7
Other comprehensive income for the period, net of taxes	-0.4	-6.1	3.2	-6.1	-10.7
Total comprehensive income for the period	26.1	15.6	20.5	8.2	54.7
Profit/loss for the period attributable to					
- Equity holders of parent company	22.0	21.0	13.6	12.7	60.5
- Non-controlling interest	4.5	0.7	3.7	1.6	4.9
Comprehensive income for the period attributable to					
- Equity holders of parent company	22.4	14.9	16.9	6.8	50.1
- Non-controlling interest	3.7	0.7	3.6	1.4	4.6
Earnings per share, €	0.30	0.29	0.19	0.18	0.83
Diluted earnings per share, €	0.30	0.29	0.19	0.18	0.83

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

M€	30.6.2018	30.6.2017	31.12.2017
Assets			
Non-current assets			
Property, plant and equipment	259.9	233.8	252.2
Intangible assets	113.4	117.3	116.0
Investments in associates and joint ventures	15.1	11.4	9.5
Other securities and non-current receivables	11.7	20.5	10.7
Deferred tax assets	10.6	11.5	10.4
Total non-current assets	410.7	394.5	398.8
Current assets			
Inventories	158.4	146.7	132.7
Accounts receivable	246.5	223.5	171.8
Other receivables	57.4	36.9	55.5
Cash and cash equivalents	32.1	24.3	107.0
Total current assets	494.4	431.4	467.0
Total assets	905.1	825.9	865.8
Equity and liabilities			
Equity			
Equity attributable to the owners of the parent company	267.9	244.7	280.2
Non-controlling interest	71.9	64.3	68.2
Total equity	339.8	309.0	348.4
Non-current liabilities			
Interest-bearing liabilities	176.6	77.5	176.6
Deferred tax liability	8.4	11.3	7.9
Provisions	7.4	8.6	7.1
Employee benefits and other liabilities	23.5	24.8	24.4
Total non-current liabilities	215.9	122.2	216.0
Current liabilities			
Interest-bearing liabilities	73.8	155.7	81.9
Provisions	21.4	19.4	21.8
Accounts payable	101.6	91.3	77.0
Other liabilities	152.6	128.3	120.7
Total current liabilities	349.4	394.7	301.4
Total equity and liabilities	905.1	825.9	865.8

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

M€	1-6/2018	1-6/2017	1-12/2017
Cash flow from operations			
Net cash from operations	60.7	59.2	141.8
Change in net working capital	-60.5	-45.9	-7.2
Income taxes paid	-15.0	-9.7	-29.5
Interest paid	-1.8	-2.2	-3.8
Interest received	0.1	0.1	0.2
Cash flow from operations	-16.5	1.5	101.5
Cash flow from investments			
Acquisition of joint venture	-8.1	-	-
Purchase of fixed assets	-24.9	-19.3	-63.4
Proceeds from sale of fixed assets	0.7	2.5	3.7
Dividends received	0.0	0.0	0.2
Loan repayments	0.0	-	0.0
Cash flow from investments	-32.3	-16.8	-59.5
Cash flow from financing			
Borrowings of debt	0.1	58.9	159.5
Repayment of debt	-80.1	-20.6	-59.6
Change in other short-term loan	72.1	19.5	-16.2
Dividends paid	-17.6	-33.6	-33.6
Payment of finance lease liabilities	-0.5	-0.5	-1.1
Cash flow from financing	-26.0	23.7	49.0
Conversion differences for cash and cash equivalents	-0.1	-0.4	-0.3
Change in cash and cash equivalents	-74.9	8.0	90.7
Cash and cash equivalents at 1 January	107.0	16.3	16.3
Cash and cash equivalents at end of period	32.1	24.3	107.0
Changes according to balance sheet	-74.9	8.0	90.7

STATEMENT OF CHANGES IN EQUITY

M€	A	B	C	D*	E	F	G	H	I
Balance at 1 Jan 2018	146.4	50.2	1.6	-10.4	-0.4	92.8	280.2	68.2	348.4
Effect of IFRS 2 amendment						1.0	1.0		1.0
Revised balance at 1 Jan 2018	146.4	50.2	1.6	-10.4	-0.4	93.8	281.2	68.2	349.4
Total comprehensive income for the period			1.4	-1.0		22.0	22.4	3.7	26.1
Dividend (€0.49 per share)						-35.8	-35.8		-35.8
Share-based incentive plan					0.1	0.0	0.1		0.1
Balance at 30 June 2018	146.4	50.2	3.0	-11.4	-0.3	80.0	267.9	71.9	339.8
Balance at 1 Jan 2017	146.4	50.2	0.4	0.9	-0.5	65.9	263.3	63.6	326.9
Total comprehensive income for the period			0.3	-6.4		21.0	14.9	0.7	15.6
Dividend (€0.46 per share)						-33.6	-33.6		-33.6
Share-based incentive plan					0.1	0.0	0.1		0.1
Balance at 30 June 2017	146.4	50.2	0.7	-5.5	-0.4	53.3	244.7	64.3	309.0

*) Includes a €-13.9 (-14.1) 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 HALF YEAR FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES

The half year 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 2017, except for the adoption of new standards effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New standards, interpretations and amendments adopted by the Group

<u>Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions</u>

The Group adopted the amendments to IFRS 2 as of 1 January 2018. The amendments concern share-based payment arrangements with a 'net settlement feature' where tax law or regulation requires an entity to withhold a specified number of equity instruments, equal to the monetary value of the employee's tax obligation, to meet the employee's tax liability, which is then remitted to the tax authority. Such arrangements are classified and recognised as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

<u>IFRS 9 Financial Instruments</u>

The Group adopted the IFRS 9 standard as of 1 January 2018. The main impact of IFRS 9 concerns impairment requirements for financial assets and the classification and measurement of financial assets and liabilities. The adoption did not have any material impact on the valuation of financial assets and liabilities in the balance sheet. IFRS 9 has not been applied retrospectively.

<u>IFRS 15 Revenue from Contracts with Customers</u>

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 has superseded the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the good or service underlying the particular performance obligation is transferred to the customer. The principles in IFRS 15 are applied using the following five steps:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted IFRS 15 using the full retrospective method of adoption. There are no changes impacting the comparative information and therefore, no restatements have been made in the Group's financial statements.

The Group is in the business of providing of systems and solutions for safe drinking water delivery, energy-efficient radiant heating and cooling, and reliable infrastructure. The revenue streams can be divided into two groups: sale of goods and rendering of services including project business. The Group is acting as a principal in all of the customer contracts as the Group provides the good and services itself to a customer and controls the specified goods and services before they are transferred to a customer.

Sale of goods
The Group's contracts with customers for the sale of goods generally include one performance obligation. The Group has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The exact timing of the control transfer is analysed contract by contract taking into account the delivery terms, customer acceptance clauses and customer's ability to benefit from the goods delivered. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition.

Rendering of services including project business
Typically the promised goods and services in the contract are not distinct from each other and therefore, in most of the cases the Group accounts for the goods and services as a single performance obligation. The Group has concluded that the rendered services including project business are satisfied over time given that the Group's performance does not create an asset with an alternative use to the Group, the Group has an enforceable right to payment for performance completed to date or the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. Therefore, the Group has not identified any significant impacts in terms of the revenue recognition.

Combining contracts; In rendering of services including project business segment, the Group has entered into two contracts near the same with the same customer. The contracts have been negotiated as a package with a single commercial objective and shall be combined. However, the Group concluded that these agreements do not create a single performance obligation and does not have an impact on the amount of revenue recognition.

Warranty obligations; The Group generally provides warranties for general repairs of defects that existed at the time of sale, as required by law. As such, most warranties are assurance-type warranties under IFRS 15, which the Group accounts for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets, consistent with its practice prior to the adoption of IFRS 15. However, if any other warranties are provided, they are immaterial.

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

	1-6/2018			1-6/2017		
M€	Sale of goods	Rendering of services	Total	Sale of goods	Rendering of services	Total
Revenue from contract with customers by segment						
Building Solutions - Europe	244.6	18.2	262.8	242.8	16.5	259.3
Building Solutions - North America	161.1	0.0	161.1	157.5	0.0	157.5
Uponor Infra	172.6	5.3	177.9	153.3	3.4	156.7
External customer, total	578.3	23.5	601.8	553.6	19.9	573.5
Internal	2.6		2.6	1.3		1.3
Total	580.9	23.5	604.4	554.9	19.9	574.8
Eliminations	-2.6		-2.6	-1.3		-1.3
Total revenue from contracts with customer	578.3	23.5	601.8	553.6	19.9	573.5

The Group booked a € 0.1 (0.0) million impairment losses on accounts receivables as expenses during the period. The Group did not recognise impairment losses on contract assets arising from contracts with customers.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

M€	30.6.2018	30.6.2017	31.12.2017
Gross investment	24.9	19.3	63.4
- % of net sales	4.1	3.4	5.4
Depreciation and impairments	19.2	19.6	39.2
Book value of disposed fixed assets	0.5	0.4	1.6

PERSONNEL

Converted to full time employees	1-6/2018	1-6/2017	1-12/2017
Average	4,163	3,915	3,990
At the end of the period	4,351	4,077	4,075

OWN SHARES	30.6.2018	30.6.2017	31.12.2017
Own shares held by the company, pcs	44,756	59,121	59,121
- of share capital, %	0.1	0.1	0.1
- of voting rights, %	0.1	0.1	0.1
Accounted par value of own shares held by the company, M€	0.1	0.1	0.1

SEGMENT INFORMATION

	1-6/2018			1-6/2017		
M€	External	Internal	Total	External	Internal	Total
Net sales by segment						
Building Solutions - Europe	262.8	1.1	263.9	259.3	0.6	259.9
Building Solutions - North America	161.1	0.0	161.1	157.5	0.0	157.5
Uponor Infra	177.9	1.5	179.4	156.7	0.7	157.4
Eliminations	-	-2.6	-2.6	-	-1.3	-1.3
Total	601.8	-	601.8	573.5	-	573.5

M€	External	4-6/2018 Internal	Total	External	4-6/2017 Internal	Total
Net sales by segment						
Building Solutions - Europe	138.1	0.6	138.7	135.2	0.4	135.6
Building Solutions - North America	83.5	0.0	83.5	79.3	0.0	79.3
Uponor Infra	103.3	0.8	104.1	93.9	0.4	94.3
Eliminations	-	-1.4	-1.4	-	-0.8	-0.8
Total	324.9	-	324.9	308.4	-	308.4

M€	External	1-12/2017 Internal	Total
Net sales by segment			
Building Solutions - Europe	520.6	1.1	521.7
Building Solutions - North America	328.2	0.0	328.2
Uponor Infra	321.6	1.8	323.4
Eliminations	-	-2.9	-2.9
Total	1,170.4	-	1,170.4

M€	1-6/2018	1-6/2017	4-6/2018	4-6/2017	1-12/2017
Operating result by segment					
Building Solutions - Europe	17.0	15.4	11.0	9.1	40.0
Building Solutions - North America	19.0	21.1	8.8	10.5	49.7
Uponor Infra	13.4	2.8	10.1	4.7	12.0
Others	-2.3	-1.9	-1.3	-1.0	-4.2
Eliminations	-2.1	0.1	-0.6	-0.4	-1.6
Total	45.0	37.5	28.0	22.9	95.9

M€	1-6/2018	1-6/2017	1-12/2017
Segment depreciation and impairments			
Building Solutions - Europe	6.7	7.3	14.0
Building Solutions - North America	6.7	6.0	12.4
Uponor Infra	5.3	5.3	11.0
Others	0.5	1.0	1.8
Eliminations	0.0	0.0	0.0
Total	19.2	19.6	39.2
Segment investments			
Building Solutions - Europe	6.4	3.6	13.5
Building Solutions - North America	14.3	11.4	39.7
Uponor Infra	4.0	4.1	9.7
Others	0.2	0.2	0.5
Total	24.9	19.3	63.4

M€	30.6.2018	30.6.2017	31.12.2017
Segment assets			
Building Solutions - Europe	403.5	415.0	365.6
Building Solutions - North America	265.7	219.4	233.9
Uponor Infra	245.3	218.4	210.4
Others	382.3	306.1	400.3
Eliminations	-391.7	-333.0	-344.1
Total	905.1	825.9	866.1
Segment liabilities			
Building Solutions - Europe	351.4	337.8	293.6
Building Solutions - North America	197.8	147.0	176.3
Uponor Infra	96.6	85.6	69.6
Others	336.3	303.9	345.8
Eliminations	-416.8	-357.4	-367.9
Total	565.3	516.9	517.4

	1-6/2018	1-6/2017	1-12/2017
Segment personnel, average			
Building Solutions - Europe	2,102	2,040	2,065
Building Solutions - North America	920	775	808
Uponor Infra	1,063	1,024	1,041
Others	78	77	76
Total	4,163	3,915	3,990

Reconciliation

M€	1-6/2018	1-6/2017	1-12/2017
Operating result by segment			
Total result for reportable segments	49.4	39.3	101.7
Others	-2.3	-1.9	-4.2
Eliminations	-2.1	0.1	-1.6
Operating profit	45.0	37.5	95.9
Financial expenses, net	4.4	4.0	5.4
Share of results in associated companies and joint ventures	-3.0	-1.1	-2.3
Profit before taxes	37.6	32.4	88.2

CONTINGENT LIABILITIES AND ASSETS

M€	30.6.2018	30.6.2017	31.12.2017
Commitments of purchase PPE (Property, plant, equipment)	16.9	20.3	12.4
Other commitments	0.7	0.6	0.8
- on own behalf			
Pledges at book value	0.1	0.1	0.1
Mortgages issued	2.0	2.1	2.1
Guarantees issued	5.4	5.4	5.6
- on behalf of a subsidiary			
Guarantees issued	30.7	30.7	29.4
Letter of Comfort commitments undertaken on behalf of subsidiaries			
are not included in the above figures			
Pledges at book value	0.1	0.1	0.1
Mortgages issued	2.0	2.1	2.1
Guarantees issued	36.1	36.1	35.0
Total	38.2	38.3	37.2

On 13 September 2017, the Supreme Administrative Court in Finland resolved the taxation adjustment decisions concerning Uponor Business Solutions Oy. The taxation adjustment decisions concerning the tax year 2005 was overruled. The Finnish Tax Administration reassessed the changes in taxation caused by this decision and adjusted the payment. With regard to the tax years 2006 – 2009, the clarification of arm's length amounts of service fees charged by the company was returned to the Finnish Tax Administration for review. The paid taxes at €9.6 million are booked as current receivables.

M€	30.6.2018	30.6.2017	31.12.2017
OPERATING LEASE COMMITMENTS	37.8	45.0	44.0

DERIVATIVE CONTRACTS

M€	Nominal value 30.6.2018	Fair value 30.6.2018	Nominal value 30.6.2017	Fair value 30.6.2017	Nominal value 31.12.2017	Fair value 31.12.2017
Currency derivatives						
- Forward agreements	280.0	-1.1	180.1	2.5	212.4	1.1
Interest rate derivatives						
- Interest rate swaps	50.0	-0.3	50.0	-1.0	100.0	-0.5
- Interest rate options	70.0	0.0	20.0	0.0	70.0	0.0
Commodity derivatives						
- Electricity derivatives	4.7	2.2	5.3	-0.3	4.7	0.4

FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY

M€	IFRS 7 Fair value hierarchy level	30.6.2018	30.6.2017	31.12.2017
Non-current financial assets				
Fair value through other comprehensive income				
Electricity derivatives	1	0.9	0.1	0.4
Fair value through the statement of income				
Other shares and holdings		0.2	0.2	0.2
Amortised cost				
Other non-current receivables		10.6	20.2	10.1
Current financial assets				
Fair value through other comprehensive income				
Electricity derivatives	1	1.2	0.0	0.1
Other derivative contracts	2	-	0.2	0.2
Fair value through the statement of income				
Other derivative contracts	2	1.5	3.0	1.7
Cash and cash equivalents		32.1	24.3	107.0
Amortised cost				
Accounts receivable and other receivables		273.2	247.8	202.4
Financial assets total		**319.7**	**295.8**	**322.1**
Non-current liabilities				
Fair value through other comprehensive income				
Electricity derivatives	1	-	0.1	0.0
Amortised cost				
Interest bearing liabilities		176.6	77.5	176.6
Current financial liabilities				
Fair value through other comprehensive income				
Electricity derivatives	1	0.0	0.3	0.1
Other derivative contracts	2	0.5	1.0	0.5
Fair value through the statement of income				
Other derivative contracts	2	2.4	0.6	0.8
Amortised cost				
Interest bearing liabilities		73.8	155.7	81.9
Accounts payable and other liabilities		150.9	144.3	105.4
Financial liabilities total		**404.2**	**379.5**	**365.3**

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)

RELATED-PARTY TRANSACTIONS

M€	1-6/2018	1-6/2017	1-12/2017
Purchases from associated companies	1.4	1.1	2.4
Balances at the end of the period			
Accounts payables and other liabilities	0.2	0.1	0.2

KEY FIGURES

	1-6/2018	1-6/2017	1-12/2017
Earnings per share, €	0.30	0.29	0.83
Operating profit, %	7.5	6.5	8.2
Return on equity, % (p.a.)	15.4	13.6	19.4
Return on investment, % (p.a.)	13.5	13.6	16.3
Solvency ratio, %	37.8	37.6	40.5
Gearing, %	64.2	67.6	43.5
Gearing, % rolling 4 quarters	55.6	61.9	58.4
Net interest-bearing liabilities	218.3	208.9	151.5
Equity per share, €	3.66	3.35	3.83
- diluted	3.66	3.35	3.83
Trading price of shares			
- low, €	13.22	14.93	13.30
- high, €	17.62	17.49	17.79
- average, €	14.76	16.29	15.55
Shares traded			
- 1,000 pcs	16,566	13,311	35,077
- M€	245	217	546

QUARTERLY DATA

	4-6/ 2018	1-3/ 2018	10-12/ 2017	7-9/ 2017	4-6/ 2017	1-3/ 2017
Net sales, M€	324.9	276.9	279.4	317.5	308.4	265.1
- Building Solutions – Europe	138.7	125.2	125.5	136.3	135.6	124.3
- Building Solutions – North America	83.5	77.6	79.5	91.2	79.3	78.2
Building Solutions – North America, $	98.8	95.7	94.2	106.8	88.7	83.5
- Uponor Infra	104.1	75.3	75.4	90.6	94.3	63.1
Gross profit, M€	107.3	93.2	95.0	109.3	98.4	91.4
- Gross profit, %	33.0	33.7	34.0	34.4	31.9	34.5
Operating profit, M€	28.0	17.0	18.0	40.4	22.9	14.6
- Building Solutions – Europe	11.0	6.0	10.2	14.4	9.1	6.3
- Building Solutions – North America	8.8	10.2	9.6	19.0	10.5	10.6
Building Solutions – North America, $	10.4	12.5	11.5	21.9	11.7	11.4
- Uponor Infra	10.1	3.3	1.8	7.4	4.7	-1.9
- Others	-1.3	-1.0	-2.5	0.2	-1.0	-0.9
Operating profit, % of net sales	8.6	6.1	6.4	12.7	7.4	5.5
- Building Solutions – Europe	7.9	4.8	8.1	10.5	6.8	5.0
- Building Solutions – North America	10.5	13.1	12.2	20.8	13.2	13.6
- Uponor Infra	9.8	4.4	2.5	8.1	5.0	-3.0
Profit for the period, M€	17.3	9.2	15.1	28.6	14.3	7.4
Balance sheet total, M€	905.1	855.5	865.8	820.2	825.9	812.9
Earnings per share, €	0.19	0.11	0.19	0.35	0.18	0.11
Equity per share, €	3.66	3.43	3.83	3.68	3.35	3.25
Market value of share capital, M€	1,006.6	993.4	1,228.4	1,073.2	1,164.7	1,216,0
Return on investment, % (p.a.)	13.5	9.9	16.3	19.4	13.6	9.9
Net interest-bearing liabilities at the end of the period, M€	218.3	211.9	151.5	161.8	208.9	224.0
Gearing, %	64.2	66.3	43.5	48.2	67.6	74.5
Gearing, % rolling 4 quarters	55.6	56.4	58.4	59.8	61.9	59.6
Gross investment, M€	15.0	9.9	26.0	18.1	11.5	7.8
- % of net sales	4.6	3.6	9.3	5.7	3.7	2.9

ITEMS AFFECTING COMPARABILITY AND RECONCILIATIONS TO IFRS

	4-6/ 2018	1-3/ 2018	10-12/ 2017	7-9/ 2017	4-6/ 2017	1-3/ 2017
Items affecting comparability						
Restructuring charges	-	-	-	-	-2.8	-0.6
Capital gains and losses on sale of non-current assets	-	-	-	-	1.9	0.2
Total items affecting comparability in operating profit	-	-	-	-	-0.9	-0.4
Items affecting comparability, total	**-**	**-**	**-**	**-**	**-0.9**	**-0.4**
Comparable gross profit						
Gross profit	107.3	93.2	95.0	109.3	98.4	91.4
Less: Items affecting comparability in gross profit	-	-	-	-	-0.8	-0.2
Comparable gross profit	**107.3**	**93.2**	**95.0**	**109.3**	**99.2**	**91.6**
% of sales	33.0	33.7	34.0	34.4	32.1	34.6
Comparable operating profit						
Operating profit	28.0	17.0	18.0	40.4	22.9	14.6
Less: Items affecting comparability in operating profit	-	-	-	-	-0.9	-0.4
Comparable operating profit	**28.0**	**17.0**	**18.0**	**40.4**	**23.8**	**15.0**
% of sales	8.6	6.1	6.4	12.7	7.7	5.7
Comparable operating profit by segment						
Building Solutions - Europe						
Operating profit	11.0	6.0	10.2	14.4	9.1	6.3
Less: Items affecting comparability in operating profit	-	-	-	-	-2.4	-0.4
Comparable operating profit	11.0	6.0	10.2	14.4	11.5	6.7
% of sales	7.9	4.8	8.1	10.5	8.5	5.4
Building Solutions - North America						
Operating profit	8.8	10.2	9.6	19.0	10.5	10.6
Comparable operating profit	8.8	10.2	9.6	19.0	10.5	10.6
% of sales	10.5	13.1	12.2	20.8	13.2	13.6
Uponor Infra						
Operating profit	10.1	3.3	1.8	7.4	4.7	-1.9
Less: Items affecting comparability in operating profit	-	-	-	-	1.5	0.0
Comparable operating profit	10.1	3.3	1.8	7.4	3.2	-1.9
% of sales	9.8	4.4	2.5	8.1	3.5	-3.1
Others						
Operating profit	-1.3	-1.0	-2.5	0.2	-1.0	-0.9
Less: Items affecting comparability in operating profit	-	-	-	-	-	-
Comparable operating profit	-1.3	-1.0	-2.5	0.2	-1.0	-0.9
% of sales	na	na	na	na	na	na

DEFINITIONS OF KEY RATIOS

Return on Equity (ROE), %

$$= \frac{\text{Profit before taxes – taxes}}{\text{Total equity, average}} \times 100$$

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, %

$$= \frac{\text{Total equity}}{\text{Balance sheet total – advance payments received}} \times 100$$

Gearing, %

$$= \frac{\text{Net interest-bearing liabilities}}{\text{Total equity}} \times 100$$

Net interest-bearing liabilities

= Interest-bearing liabilities – cash and cash equivalents excluding restricted cash

Earnings per share (EPS)

$$= \frac{\text{Profit for the period attributable to equity holders of the parent company}}{\text{Average number of shares adjusted for share issue in financial period excluding treasury shares}}$$

Equity per share ratio

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

Average share price

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

Gross profit margin

$$= \frac{\text{Gross profit}}{\text{Net sales}} \times 100$$

Operating profit margin

$$= \frac{\text{Operating profit}}{\text{Net sales}} \times 100$$

Comparable gross profit margin

$$= \frac{\text{Gross profit – items affecting comparability}}{\text{Net sales}} \times 100$$

Comparable operating profit margin

$$= \frac{\text{Operating profit – items affecting comparability}}{\text{Net sales}} \times 100$$