

Half-year financial report 1–6/2021

27 July 2021



Uponor

HALF-YEAR FINANCIAL REPORT JANUARY-JUNE 2021

Strong second quarter for the building solutions divisions**April-June 2021**

- Net sales were €353.3 (277.1) million, a growth of 27.5%. Organic growth was 30.4% in constant currency terms.
- Comparable operating profit was €48.2 (36.2) million, a growth of 33.1%.
- Operating profit was €47.0 (30.3) million, a growth of 55.4%.
- Earnings per share were €0.32 (0.21).

January-June 2021

- Net sales were €662.5 (554.5) million, a growth of 19.5%. Organic growth was 22.3% in constant currency terms.
- Comparable operating profit was €95.7 (65.6) million, a growth of 45.8%.
- Operating profit was €94.0 (58.8) million, a growth of 59.7%.
- Earnings per share were €0.75 (0.51).
- Return on investment was 27.6% (19.0) and gearing -1.2% (40.2).
- Cash flow from business operations was €64.0 (28.7) million.

Guidance statement for 2021:

Updated on 11 June 2021: Excluding the impact of currencies, Uponor expects its net sales and comparable operating profit to increase from year 2020.

(Increase indicates a growth of 2.5% or more.)

Jyri Luomakoski, President and CEO, comments:

“When we revised our guidance in June, we commented that the activity in residential construction markets on both sides of the Atlantic remained at a high level during the first half of the year. Activity in the Nordic infrastructure construction markets has been at a good level as well. The strong demand combined with our solid operational performance and the good progress of our operational excellence programme drove the increase of our operating profit and profitability. One should also keep in mind that our comparison period was somewhat weak due to COVID-19 related lockdowns.

Building Solutions – Europe continued its strong performance. Net sales grew in most of the markets. The increased sales volumes together with the operational excellence programme's initiatives drove the improvements in profitability.

Net sales and operating profit improved in Building Solutions – North America. Demand has been at a high level in both the U.S. and Canadian markets. Demand has also picked up in the commercial segment. Higher sales volumes and strong operational performance improved profitability, even though the input costs increased.

Uponor Infra's net sales increased, but operating profit decreased. The decrease in operating profit was due to increase in input costs, which was partly offset by higher sales volumes, product mix and designed solutions sales in Norway.

There have been increases in our input costs throughout the markets and we expect this pressure to continue in the second half of the year as well. We estimate, as supported by our track record that we can mitigate the impact essentially with pricing. In addition, we are still facing some delivery bottlenecks with certain raw materials, which have created challenges to the optimisation of our production planning and scheduling. If these disruptions continue, they can impact the effectiveness of our production.

This is my last financial report as the CEO of Uponor. My quarter of a century with the company and nearly 13 years as the CEO have been an exciting and rewarding journey. I want to extend my biggest thanks to all of our business partners for your trust and co-operation during these years. And of course, a warm thank you to all Uponorians, who have made this journey with me and also delivered excellent results during the pandemic and this first half of 2021."

Key figures

M€	4-6/ 2021	4-6/ 2020	Change	1-6/ 2021	1-6/ 2020	Change	1-12/ 2020
Net sales	353.3	277.1	27.5%	662.5	554.5	19.5%	1,136.0
Building Solutions – Europe	149.0	118.5	25.7%	288.7	247.3	16.7%	499.5
Building Solutions – North America	118.4	90.5	30.9%	231.7	183.1	26.5%	389.1
Uponor Infra	87.8	69.5	26.3%	145.3	126.7	14.7%	252.0
Operating expenses	294.5	234.1	25.8%	544.6	469.6	16.0%	952.0
Depreciation and impairments	12.2	13.1	-7.3%	24.5	26.6	-8.0%	52.7
Other operating income	0.4	0.5	-24.0%	0.6	0.5	9.4%	1.0
Operating profit	47.0	30.3	55.4%	94.0	58.8	59.7%	132.3
Building Solutions – Europe	20.9	7.5	179.9%	43.8	19.4	125.4%	45.1
Building Solutions – North America	23.0	15.0	53.3%	46.6	31.8	46.5%	74.5
Uponor Infra	6.8	7.3	-7.1%	8.8	9.1	-2.4%	19.0
Comparable operating profit	48.2	36.2	33.1%	95.7	65.6	45.8%	142.7
Building Solutions – Europe	21.9	13.2	65.5%	45.3	26.0	74.0%	55.1
Building Solutions – North America	23.0	15.1	52.7%	46.7	31.9	46.4%	74.6
Uponor Infra	6.8	7.3	-7.1%	8.8	9.1	-2.4%	19.0
Financial income and expenses	-3.0	-4.9	-39.2%	-5.8	-1.8	219.0%	-6.3
Profit before taxes	37.6	24.2	55.0%	80.7	54.6	47.8%	121.8
Profit for the period	25.9	17.8	45.3%	57.6	40.1	43.6%	96.1
Earnings per share	0.32	0.21	54.9%	0.75	0.51	47.5%	1.21

	30 June 2021	30 June 2020	Change	31 Dec 2020
Net working capital, M€	72.0	132.6	-45.7%	65.9
Net-interest bearing debt, M€	-5.3	147.0	-103.6%	15.1
Solvency, %	43.2	40.4	6.8%	48.7
Gearing, %	-1.2	40.2	-103.0%	3.6
Return on investment, %	27.6	19.0	45.2%	21.8

Webcast of the results briefing and the presentation

A webcast in English will be broadcast on 27 July at 13:00 EET. It can be viewed via our website at uponorgroup.com or via the Uponor IR mobile app. The recorded webcast can be viewed via the website or the app shortly after the live presentation. All presentation materials will be available at www.uponorgroup.com > Investors > Reports and presentations.

Uponor Corporation's financial reporting in 2021

28 Oct 2021 Interim report 1–9/2021

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Markets

Construction markets on both sides of the Atlantic were characterised by strong demand for new and renovated residential properties, while non-residential markets were relatively weaker. Significant supply chain issues, in the form of material shortages and price increases, along with ongoing shortages of skilled labour were not enough to dampen demand.

In North America, the U.S. residential construction market remained very lively. Demand for residential real estate clearly outstripped supply, as inventories remained tight and house price appreciation was notable. Homebuilders continued to report healthy order books and strong demand, though there were some indications that housing production may have been tempered by rising costs and skilled labour shortages. Spending slowed in key non-residential building segments, while leading indicators, such as the Architectural Billing Index (ABI), imply signs of stabilisation. In Canada, housing starts rose substantially from 2020, while non-residential construction spending was weaker.

In Europe, the residential construction segment performed well overall, with the largest year-over-year gains registered in those markets with the most extensive lockdowns in 2020. In Uponor's largest European market, Germany, underlying demand for new housing and renovation projects remained strong, but supply bottlenecks led to a significant lack of building materials and elevated prices that likely slowed or postponed projects. In the Netherlands, builders reported improved order books and building activity throughout the quarter. Across the Nordic region strong demand for new housing in urban centres continued, while non-residential building was comparatively weaker and infrastructure spending was stable. Spain, the UK, and Italy all rebounded from the dramatic slowing of construction activity witnessed during the onset of the pandemic last year.

Net sales

Uponor's net sales for the second quarter reached €353.3 (277.1) million, a growth of 27.5%. Changes in currencies had a negative net impact of €7.9 million, mainly due to USD, RUB, SEK and NOK, bringing the growth without currency impact to 30.4%.

Net sales of Building Solutions – Europe were €149.0 (118.5) million, a growth of 25.7%. Net sales grew in most markets and product groups. Growth was biggest in the South West area, which suffered from the COVID-19-related lockdown measures during the comparison period, but Central Europe and Nordics also performed well.

Building Solutions – North America's net sales were €118.4 (90.5) million, a growth of 30.9% in euro terms or 42.6% in US dollars. Net sales increased in both the U.S. and Canadian markets. However, the comparison period's performance was somewhat weak due to COVID-19 related lockdowns.

Uponor Infra's net sales were €87.8 (69.5) million, a growth of 26.3%. Net sales developed favourably in all markets and in addition, designed solutions sales grew in Norway.

Breakdown of net sales by division (April–June):

M€	4–6/2021	4–6/2020	Change
Building Solutions – Europe	149.0	118.5	25.7%
Building Solutions – North America	118.4	90.5	30.9%
(Building Solutions – North America (M\$))	142.8	100.1	42.6%
Uponor Infra	87.8	69.5	26.3%
Eliminations	-1.9	-1.4	
Total	353.3	277.1	27.5%

Breakdown of net sales by division (January–June):

M€	1–6/2021	1–6/2020	Change
Building Solutions – Europe	288.7	247.3	16.7%
Building Solutions – North America	231.7	183.1	26.5%
(Building Solutions – North America (M\$))	278.6	202.0	37.9%
Uponor Infra	145.3	126.7	14.7%
Eliminations	-3.2	-2.7	
Total	662.5	554.5	19.5%

Results and profitability

Uponor's gross profit in the second quarter was €126.9 (102.3) million, a growth of €24.6 million. The higher input costs affected the gross profit margin development, and the margin was 35.9% (36.9). Comparable gross profit was €127.0 (103.4) million, with a margin of 35.9% (37.3). The items affecting comparability were related to the operational excellence programme.

Comparable operating profit in the second quarter was €48.2 (36.2) million, a growth of 33.1% year-over-year. The items affecting comparability (IAC) amounted to €1.2 (5.9) million and were related to Uponor's operational excellence programme. The items affecting comparability in the comparison period were related to the operational excellence programme and the release of the provision due to essentially completing the exit from Asia. Comparable operating profit margin was 13.6% (13.1). Operating profit was €47.0 (30.3) million. Operating profit margin was 13.3% (10.9).

Building Solutions – Europe's operating profit was €20.9 (7.5) million, a growth of 179.9%. Comparable operating profit was €21.9 (13.2) million. The items affecting comparability were related to the operational excellence programme. Higher sales volumes, and well-managed pricing together with the good progress made in the operational excellence programme's initiatives, drove the positive development.

Building Solutions – North America's operating profit was €23.0 (15.0) million, a growth of 53.3%. The growth was driven by higher sales volumes and price increases. However, the comparison period was somewhat weak. Strong operational performance also supported the development. All these factors helped to offset the impacts of higher input costs.

Uponor Infra's operating profit was €6.8 (7.3) million, a decline of 7.1%. Higher input costs impacted Uponor Infra's operating profit, despite the positive profitability development in Finland driven by product mix and in designed solutions sales in Norway.

Financial expenses decreased to €3.0 (4.9) million, the change was mainly due to currency exchange rate differences.

Profit before taxes for April–June totalled €37.6 (24.2) million. Tax expense totalled €11.7 million for the period, while the amount of taxes in the comparison period was €6.4 million.

Profit for the period in the second quarter was €25.9 (17.8) million.

Operating profit by division (April–June):

M€	4–6/2021	4–6/2020	Change
Building Solutions – Europe	20.9	7.5	179.9%
Building Solutions – North America	23.0	15.0	53.3%
(Building Solutions – North America (M\$))	27.7	16.6	66.9%
Uponor Infra	6.8	7.3	-7.1%
Others	-2.4	0.1	
Eliminations	-1.3	0.3	
Total	47.0	30.3	55.4%

Comparable operating profit by division (April–June):

M€	4–6/2021	4–6/2020	Change
Building Solutions – Europe	21.9	13.2	65.5%
Building Solutions – North America	23.0	15.1	52.7%
(Building Solutions – North America (M\$))	27.8	16.7	66.2%
Uponor Infra	6.8	7.3	-7.1%
Others	-2.2	0.2	
Eliminations	-1.3	0.3	
Total	48.2	36.2	33.1%

Operating profit by division (January–June):

M€	1–6/2021	1–6/2020	Change
Building Solutions – Europe	43.8	19.4	125.4%
Building Solutions – North America	46.6	31.8	46.5%
(Building Solutions – North America (M\$))	56.0	35.1	59.7%
Uponor Infra	8.8	9.1	-2.4%
Others	-4.5	-1.9	
Eliminations	-0.7	0.5	
Total	94.0	58.8	59.7%

Comparable operating profit by division (January–June):

M€	1–6/2021	1–6/2020	Change
Building Solutions – Europe	45.3	26.0	74.0%
Building Solutions – North America	46.7	31.9	46.4%
(Building Solutions – North America (M\$))	56.1	35.2	59.6%
Uponor Infra	8.8	9.1	-2.4%
Others	-4.3	-1.8	
Eliminations	-0.7	0.5	
Total	95.7	65.6	45.8%

The January–June gross profit was €251.9 (206.5) million and gross profit margin 38.0% (37.2). Comparable gross profit was €252.1 (207.6) million, with a margin of 38.0% (37.4). The items affecting comparability were related to the operational excellence programme.

The January–June comparable operating profit was €95.7 (65.6) million. The items affecting comparability (IAC), €1.8 million, were related to Uponor's operational excellence programme. The items affecting comparability in the comparison period were related to the operational excellence programme and the release of the provision due to essentially completing the exit from Asia. Comparable operating profit margin was 14.5% (11.8). Operating profit was €94.0 (58.8) million. The operating profit margin for the first half of 2021 was 14.2% (10.6).

Financial expenses were €5.8 (1.8) million, the change was mainly driven by currency exchange rate differences.

The share of the result in associated companies at €-7.4 (-2.4) million is related to Uponor's 50% share in the joint venture company, Phyn, established in 2016. The result includes an impairment of Phyn's valuation.

Profit before taxes for January–June was €80.7 (54.6) million. Tax expense totalled €23.1 (14.5) million. The estimated tax rate for the full year 2021 is 26.5%, compared to 21.1% at the year-end of 2020. The year-end 2020 tax rate included non-recurring items, which decreased the rate. Those are not expected to reoccur in 2021.

The profit for the period was €57.6 (40.1) million. Earnings per share, both basic and diluted, for January–June totalled €0.75 (0.51). Equity per share, both basic and diluted, was €5.13 (4.19).

Investment and financing

Uponor's gross investments in the second quarter were €11.8 (6.5) million. Depreciation and impairments were €12.2 (13.1) million. The investments were mainly related to maintenance, efficiency improvements, and capacity expansions in North America.

Cash flow from business operations was €64.0 (28.7) million. Cash flow from financing for the January–June period included the first of the two instalments of the dividend payment, €0.28 per share, totalling €20.4 million. The second of the two instalments of the dividend payment, €0.29 per share, is planned to be paid in the third quarter. The total dividend payment for 2021 is planned to amount to €41.6 (38.7) million.

The main existing long-term funding programme on 30 June 2021 was the 5-year bilateral loan agreement of €100 million, which will mature in July 2022.

Uponor also has two bilateral long-term loans of €40 million and €30 million, both of which will mature in January 2026. As back-up funding arrangements, Uponor has four €50 million committed bilateral revolving credit facilities in force, totalling €200 million and maturing in 2022–2023; none of these 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, none of which was outstanding on the balance sheet date (€30.0 million). Available cash-pools limits granted by Uponor's key banks amounted to €34.7 million, none of which was in use on the balance sheet date (€0.0 million). At the end of the period, Uponor had €208.1 (94.4) million in cash and cash equivalents.

The Group's solvency, at 43.2% (40.4), has remained at a good level. Net interest-bearing liabilities were €-5.3 (147.0) million. Gearing was -1.2% (40.2) with the four-quarter rolling gearing being at 7.5% (45.7).

Operational excellence programme

Uponor updated the savings target and schedule of its operational excellence programme on 5 May. The updated annual savings target of the programme is €25 million by the end of the first half of 2022. The estimated one-time costs of the whole programme are around €22 million.

During the second quarter of 2021, the programme generated savings of approximately €3 million, which brings the total generated savings under the programme up to approximately €15 million by 30 June 2021. The main initiatives are related to Building Solutions – Europe and Group functions, and they are progressing as planned. The programme is expected to reduce approximately 200 FTEs. By the end of the second quarter of 2021, the reduction was around 150 FTE since the beginning of the programme.

Since the launch of the programme, a total of €13.6 million in one-time costs have been recorded as items affecting comparability. Of that amount, €1.2 million was recorded in the second quarter of 2021.

Originally, Uponor announced the operational excellence programme in October 2019 with an annual savings target of €20 million by the end of 2021 and around €20 million in one-time costs.

The impacts of COVID-19

The outlook for 2021 still involves uncertainties regarding the next phases of the COVID-19 pandemic and the speed of economic recovery in Uponor's markets. Continued uncertainty among businesses may negatively affect the initiation of new construction and renovation projects, though the relative size and timing of this effect is uncertain. Supported by its strong result from 2020 and balance sheet, Uponor is in a solid financial position when facing the next phases of the pandemic and its implications. The pandemic has not had an impact on the valuation of Uponor's assets.

Resolutions of the Annual General Meeting 2021

Uponor's Annual General Meeting was held in Helsinki, Finland, on 18 March 2021. The AGM adopted the financial statements and the consolidated financial statements for 2020, and released the Board members and the President and CEO from liability. The AGM approved the proposed dividend of €0.57 per share for 2020. The dividend will be paid in two instalments. Existing Board members Annika Paasikivi (chair), Pia Aaltonen-Forsell, Johan Falk, Markus Lengauer, Casimir Lindholm and Michael G. Marchi were re-elected. The AGM elected Annika Paasikivi as Chair of the Board. KPMG Oy Ab, a company of Authorised Public Accountants, was elected as the auditor of the company for 2021.

Further details regarding the Annual General Meeting are available at www.uponorgroup.com/en-en/investors/governance/agm-2021

Personnel

The number of Group's full-time-equivalent employees averaged 3,758 (3,750) in January–June 2021, an increase of 8 persons from the comparison period. At the end of the period, the Group had 3,879 (3,737) employees, showing an increase of 142 employees to support growth in all of Uponor's divisions.

Change in the Executive Committee

On 5 May, Uponor's Board of Directors appointed Michael Rauterkus as President and CEO of Uponor Group and Chairman of the Executive Committee. He will join the company and assume the responsibilities of CEO on 21 August 2021.

Shares and shareholders

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 the number of shares during the reporting period.

The number of Uponor shares traded on Nasdaq Helsinki in the reporting period January-June was 10.3 (15.5) million shares, totalling €213.7 (161.1) million. The market value of share capital at the end of the period was €1.8 (0.9) billion and the number of shareholders 18,024 (18,980).

At the end of the quarter, Uponor held a total of 139,307 (184,966) of its own shares.

Notice under the Securities Market Act 9:5

On 22 June, Uponor received a notification from Nordea Funds Ltd., in accordance with the Finnish Securities Market Act Chapter 9, Section 5. According to the notification, Nordea Funds Ltd.'s holdings had changed to below 5.0 percent of the share capital and to 5.06% of the voting rights in Uponor, on 21 June 2021.

Short-term risks and uncertainties

Changes in the global economy and financial markets may have a negative impact on Uponor's operations, performance, financial position, and sources of capital.

Risks related to the COVID-19 pandemic can be found in a separate section: The impacts of COVID-19.

Demand for Uponor's products depends on business cycles in the construction sector. Uponor mitigates this risk by distributing its business to two main geographical areas: Europe and North America. In addition, Uponor has three business areas: plumbing solutions, indoor climate solutions and infrastructure solutions. Uponor's products are used in both new construction projects and renovation projects, and in the latter the demand is usually more stable than in more cyclical new construction.

There are risks associated with product liability related to products manufactured and sold by Uponor. Product liability is addressed through centralised insurance programmes at Group level.

Uponor's ongoing operational excellence programme aims to achieve annual savings of €25 million by the end of the first half of 2022. The company is exposed to a risk of capturing the savings within the planned timeline.

Digitalisation, emerging technologies, and capabilities related to those areas are needed to build new business opportunities for Uponor. In addition, digitalisation and smart solutions expose the company to cyber risks.

Uponor's ability to attract and retain talent to drive change are key to the company's future success. Uponor manages this risk by building its employer brand and helping its current employees to develop, for example, their leadership skills.

The prices of raw materials used in the manufacture of Uponor's products are susceptible to change, driven by several market factors including petrochemical and metal product price fluctuations, supply capacity, and market demand, among others. In recent years, Uponor has been able to pass most of the effects of such fluctuations onto its selling prices with a reasonable delay.

Uponor has 16 manufacturing facilities in Europe and North America, which exposes the company to possible environmental risks. Uponor operates under an ISO 9001 quality management system and an ISO 14001 environmental management system, which enhance quality, production safety, environmental law compliance and productivity while reducing the environmental impact and risks related to Uponor's operations.

Several factors, including disturbances in the supply chain and IT systems as well as natural disasters, can pose a business continuity risk to Uponor. Uponor mitigates the risk with comprehensive business continuity planning and management.

Uponor can be exposed to different judicial proceedings. By the end of the second quarter of 2021, such proceedings had no material impact on Uponor's result.

The international nature of its operations exposes the company to currency risks associated with various currencies. Approximately 60% of Uponor's net sales were generated in currencies other than the euro. Correspondingly, a major part of expenses associated with these net sales were also denominated in the same local currencies, markedly decreasing the associated currency risks.

A more detailed risk analysis can be found from www.uponorgroup.com > Investors > Uponor as an investment.

Short-term market outlook

Uponor anticipates that the trends witnessed during the second quarter of 2021 will continue into the third quarter of 2021. Improving labour markets and significant monetary and fiscal stimulus measures are expected to help maintain a high level of demand for homes, while the timing of the initiation of new non-residential projects after last year's slowdown remains uncertain. Further, visibility remains limited, with pandemic concerns persisting.

Guidance for 2021

Updated on 11 June 2021: Excluding the impact of currencies, Uponor expects its net sales and comparable operating profit to increase from year 2020.

(Increase indicates a growth of 2.5% or more.)

Vantaa, 27 July 2021

Uponor Corporation
Board of Directors

Table part

This half-year financial 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 2020. All figures presented have been rounded and consequently, the sum of individual figures might differ from the presented total figure. The change percentages reported have been calculated from the exact figures and not from the rounded figures published in the half-year financial report

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

M€	1-6/2021	1-6/2020	4-6/2021	4-6/2020	1-12/2020
Net sales	662.5	554.5	353.3	277.1	1,136.0
Cost of goods sold	410.6	348.0	226.5	174.8	706.6
Gross profit	251.9	206.5	126.9	102.3	429.4
Other operating income	0.6	0.5	0.4	0.5	1.0
Dispatching and warehousing expenses	15.6	16.6	8.1	8.9	31.7
Sales and marketing expenses	97.2	90.1	48.3	42.1	180.6
Administration expenses	36.0	30.1	18.8	15.2	61.9
Other operating expenses	9.7	11.5	5.0	6.3	23.9
Operating profit	94.0	58.8	47.0	30.3	132.3
Financial expenses, net	5.8	1.8	3.0	4.9	6.3
Share of results in associated companies and joint ventures	-7.4	-2.4	-6.5	-1.1	-4.2
Profit before taxes	80.7	54.6	37.6	24.2	121.8
Income taxes	23.1	14.5	11.7	6.4	25.7
Profit for period	57.6	40.1	25.9	17.8	96.1
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Re-measurements on defined benefit pensions, net of taxes	-	-	-	-	0.1
Items that may be reclassified subsequently to profit or loss					
Translation differences	3.1	-3.1	0.7	1.7	-6.3
Cash flow hedges, net of taxes	0.9	-1.1	0.6	0.7	-0.3
Other comprehensive income for the period, net of taxes	4.0	-4.2	1.4	2.4	-6.5
Total comprehensive income for the period	61.7	36.0	27.3	20.2	89.6
Profit/loss for the period attributable to					
- Equity holders of parent company	54.6	37.0	23.6	15.2	88.6
- Non-controlling interest	3.0	3.1	2.3	2.6	7.5
Total comprehensive income for the period attributable for					
- Equity holders of parent company	58.6	33.1	24.7	17.1	82.0
- Non-controlling interest	3.1	2.9	2.6	3.2	7.6
Earnings per share, €	0.75	0.51	0.32	0.21	1.21
Diluted earnings per share, €	0.75	0.51	0.32	0.21	1.21

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

M€	30.6.2021	30.6.2020	31.12.2020
Assets			
Non-current assets			
Property, plant and equipment	262.8	274.4	264.7
Intangible assets	96.2	94.1	95.9
Investments in associates and joint ventures	2.1	11.1	9.4
Other securities and non-current receivables	5.9	8.6	4.8
Deferred tax assets	15.9	10.8	16.2
Total non-current assets	382.9	399.0	391.0
Current assets			
Inventories	138.3	152.4	128.7
Accounts receivable	263.3	218.8	163.6
Other receivables	29.3	42.0	47.1
Cash and cash equivalents	208.1	94.4	138.0
Total current assets	639.0	507.6	477.4
Total assets	1,021.9	906.6	868.4
Equity and liabilities			
Equity			
Equity attributable to the owners of the parent company	374.7	305.8	356.8
Non-controlling interest	65.4	60.3	65.1
Total equity	440.2	366.1	421.9
Non-current liabilities			
Interest-bearing liabilities	192.1	129.9	124.1
Deferred tax liability	9.7	10.6	9.7
Provisions	21.6	14.6	15.8
Employee benefits and other liabilities	21.4	21.5	21.1
Total non-current liabilities	244.8	176.6	170.7
Current liabilities			
Interest-bearing liabilities	10.7	111.6	29.0
Provisions	18.6	21.7	21.3
Accounts payable	103.7	73.0	83.9
Other liabilities	203.9	157.7	141.7
Total current liabilities	336.9	363.9	275.8
Total equity and liabilities	1,021.9	906.6	868.4

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

M€	1-6/2021	1-6/2020	1-12/2020
Cash flow from operations			
Net cash from operations	113.9	84.1	191.1
Change in net working capital	-34.0	-50.4	40.2
Income taxes paid	-15.0	-3.4	-21.1
Interest paid	-1.2	-1.7	-3.3
Interest received	0.2	0.1	0.5
Cash flow from operations	64.0	28.7	207.5
Cash flow from investments			
Acquisition of subsidiaries and businesses	-	-	-4.0
Investments in joint ventures	-	-2.7	-3.9
Purchase of other shares	-0.8	-	-
Purchase of fixed assets	-18.3	-11.0	-30.2
Proceeds from sale of fixed assets	0.6	0.3	0.9
Loans granted	-1.1	0.0	0.0
Dividends received	0.1	0.1	0.4
Cash flow from investments	-19.5	-13.3	-36.8
Cash flow from financing			
Borrowings of debt	70.0	-	-
Repayment of debt	-	0.0	-70.3
Change in other short-term loan	-15.0	30.0	15.0
Dividends paid	-23.1	-20.3	-40.0
Payment of lease liabilities	-6.8	-6.3	-12.7
Cash flow from financing	25.0	3.3	-108.0
Conversion differences for cash and cash equivalents	0.5	-0.5	-0.7
Change in cash and cash equivalents	70.1	18.3	61.9
Cash and cash equivalents at 1 January	138.0	76.1	76.1
Cash and cash equivalents at end of period	208.1	94.4	138.0
Changes according to balance sheet	70.1	18.3	61.9

STATEMENT OF CHANGES IN EQUITY

M€	A	B	C	D*	E	F	G	H	I
Balance at 1 Jan 2021	146.4	50.2	0.9	-13.9	-1.7	174.9	356.8	65.1	421.9
Profit for the period						54.6	54.6	3.0	57.6
Other comprehensive income for the period			0.9	3.1			4.0	0.0	4.0
Dividend (€0.57 per share)						-41.6	-41.6		-41.6
Dividend paid to non-controlling interest								-2.7	-2.7
Share-based incentive plan					0.4	0.6	0.9		0.9
Balance at 30 Jun 2021	146.4	50.2	1.8	-10.9	-1.3	188.5	374.7	65.4	440.2
Balance at 1 Jan 2020	146.4	50.2	1.5	-7.6	-2.0	123.1	311.6	58.8	370.4
Profit for the period						37.0	37.0	3.1	40.1
Other comprehensive income for the period			-1.1	-2.8			-3.9	-0.3	-4.2
Dividend (€0.53 per share)						-38.7	-38.7		-38.7
Dividend paid to non-controlling interest								-1.3	-1.3
Share-based incentive plan					0.3	-0.5	-0.2		-0.2
Transfer between reserves			-0.3			0.3	-		-
Balance at 30 Jun 2020	146.4	50.2	0.1	-10.4	-1.7	121.1	305.8	60.3	366.1

*) Includes a €-14.3 (-14.3) 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 half-year financial 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 half-year financial reports, Uponor Group follows the same principles as in the annual financial statements for 2020.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

M€	30.6.2021	30.6.2020	31.12.2020
Gross investment	18.3	11.0	30.2
- % of net sales	2.8	2.0	2.7
Book value of disposed fixed assets	-	0.3	0.7
Depreciation and impairments	24.5	26.6	52.7

PERSONNEL

	1-6/2021	1-6/2020	1-12/2020
Converted to full time employees	3,758	3,750	3,708
Average	3,758	3,750	3,708
At the end of the period	3,879	3,737	3,658

OWN SHARES

	30.6.2021	30.6.2020	31.12.2020
Own shares held by the company, pcs	139,307	184,966	184,966
- of share capital, %	0.2	0.3	0.3
- of voting rights, %	0.2	0.3	0.3
Accounted par value of own shares held by the company, M€	0.3	0.4	0.4

Division information	1-6/2021			1-6/2020		
	External	Internal	Total	External	Internal	Total
M€						
Net sales by division						
Building Solutions - Europe	287.7	1.0	288.7	246.2	1.1	247.3
Building Solutions - North America	231.7	-	231.7	183.1	0.0	183.1
Uponor Infra	143.1	2.2	145.3	125.1	1.6	126.7
Eliminations	-	-3.2	-3.2	-	-2.7	-2.7
Total	662.5	-	662.5	554.5	-	554.5

M€	4-6/2021			4-6/2020		
	External	Internal	Total	External	Internal	Total
Net sales by division						
Building Solutions - Europe	148.4	0.6	149.0	117.9	0.6	118.5
Building Solutions - North America	118.4	0.0	118.4	90.5	0.0	90.5
Uponor Infra	86.5	1.3	87.8	68.7	0.8	69.5
Eliminations	-	-1.9	-1.9	0.0	-1.4	-1.4
Total	353.3	-	353.3	277.1	-	277.1

M€	1-12/2020		
	External	Internal	Total
Net sales by division			
Building Solutions - Europe	497.9	1.5	499.5
Building Solutions - North America	389.1	-	389.1
Uponor Infra	249.0	3.0	252.0
Eliminations	-	-4.5	-4.5
Total	1,136.0	-	1,136.0

M€	1-6/2021	1-6/2020	4-6/2021	4-6/2020	1-12/2020
Operating profit by division					
Building Solutions - Europe	43.8	19.4	20.9	7.5	45.1
Building Solutions - North America	46.6	31.8	23.0	15.0	74.5
Uponor Infra	8.8	9.1	6.8	7.3	19.0
Others	-4.5	-1.9	-2.4	0.1	-4.7
Eliminations	-0.7	0.5	-1.3	0.3	-1.6
Total	94.0	58.8	47.0	30.3	132.3

M€	1-6/2021	1-6/2020	1-12/2020
Division depreciation and impairments			
Building Solutions - Europe	9.4	10.3	20.6
Building Solutions - North America	9.1	10.5	20.6
Uponor Infra	5.3	5.0	10.2
Others	0.7	0.7	1.4
Eliminations	-	-	-
Total	24.5	26.6	52.7

Division investments			
Building Solutions - Europe	5.5	4.1	9.9
Building Solutions - North America	7.7	3.4	10.2
Uponor Infra	4.0	3.4	9.3
Others	1.0	-	0.7
Total	18.3	11.0	30.2

M€	30.6.2021	30.6.2020	31.12.2020
Division assets			
Building Solutions - Europe	444.0	397.4	374.6
Building Solutions - North America	334.3	317.6	293.2
Uponor Infra	220.3	190.1	193.0
Others	494.4	429.1	422.9
Eliminations	-471.0	-427.6	-415.4
Total	1,021.9	906.6	868.4

Division liabilities			
Building Solutions - Europe	350.7	351.4	313.0
Building Solutions - North America	240.7	242.9	231.7
Uponor Infra	83.9	64.3	56.9
Others	391.9	342.5	297.8
Eliminations	-485.5	-460.6	-452.9
Total	581.7	540.5	446.5

Division personnel, average	1-6/2021	1-6/2020	1-12/2020
Building Solutions - Europe	1,834	1,902	1,876
Building Solutions - North America	954	904	886
Uponor Infra	848	840	835
Others	121	104	111
Total	3,758	3,750	3,708

Reconciliation			
M€	1-6/2021	1-6/2020	1-12/2020
Operating profit by division			
Total result for reportable divisions	99.2	60.3	138.6
Others	-4.5	-1.9	-4.7
Eliminations	-0.7	0.5	-1.6
Operating profit	94.0	58.8	132.3
Financial expenses, net	5.8	1.8	6.3
Share of results in associated companies and joint ventures	-7.4	-2.4	-4.2
Profit before taxes	80.7	54.6	121.8

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:

M€	1-6/2021			1-6/2020		
	Sale of goods	Rendering of services	Total	Sale of goods	Rendering of services	Total
Revenue from contract with customers by division						
Building Solutions - Europe	284.7	3.0	287.7	242.9	3.3	246.2
Building Solutions - North America	231.7	-	231.7	183.1	0.0	183.1
Uponor Infra	134.5	8.7	143.1	118.9	6.2	125.1
External customer, total	650.8	11.7	662.5	544.9	9.6	554.5
Internal	3.2		3.2	2.7		2.7
Total	654.1	11.7	665.7	547.6	9.6	557.2
Eliminations	-3.2		-3.2	-2.7		-2.7
Total revenue from contracts with customer	650.8	11.7	662.5	544.9	9.6	554.5

M€	1-12/2020		
	Sale of goods	Rendering of services	Total
Revenue from contract with customers by division			
Building Solutions - Europe	491.3	6.7	497.9
Building Solutions - North America	389.1	0.0	389.1
Uponor Infra	233.1	15.9	249.0
External customer, total	1,113.4	22.6	1,136.0
Internal	4.5		4.5
Total	1,117.9	22.6	1,140.5
Eliminations	-4.5		-4.5
Total revenue from contracts with customer	1,113.4	22.6	1,136.0

COMMITMENTS

M€	30.6.2021	30.6.2020	31.12.2020
Commitments of purchase PPE (Property, plant, equipment)	12.3	6.4	2.6
Other commitments	-	0.0	-
- on own behalf			
Pledges at book value	0.0	0.0	0.0
Mortgages issued	1.0	1.1	1.1
Guarantees issued	0.3	0.5	0.4
- on behalf of a subsidiary			
Guarantees issued	16.3	33.8	12.9
Letter of Comfort commitments undertaken on behalf of subsidiaries are not included in the above figures			
Pledges at book value	0.0	0.0	0.0
Mortgages issued	1.0	1.1	1.1
Guarantees issued	16.6	34.4	13.3
Total	17.7	35.5	14.4

FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY

M€	IFRS 7 Fair value hierarchy level	30.6.2021	30.6.2020	31.12.2020
Non-current financial assets				
Fair value through other comprehensive income				
Electricity derivatives	1	0.2	0.0	0.1
Amortised cost				
Other non-current receivables		4.2	7.9	4.1
Other shares and holdings		1.5	0.7	0.6
Current financial assets				
Fair value through other comprehensive income				
Electricity derivatives	1	0.9	0.0	0.4
Fair value through profit or loss				
Other derivative contracts	2	0.8	2.2	3.8
Amortised cost				
Accounts receivable and other receivables		282.9	249.4	196.3
Cash and cash equivalents		208.1	94.4	138.0
Financial assets total		498.5	354.7	343.2
Non-current financial liabilities				
Fair value through other comprehensive income				
Electricity derivatives	1	0.0	0.2	0.1
Amortised cost				
Interest bearing liabilities		192.1	129.9	124.1
Current financial liabilities				
Fair value through other comprehensive income				
Electricity derivatives	1	0.0	0.6	0.2
Other derivative contracts	2	0.8	1.1	1.0
Fair value through the profit or loss				
Other derivative contracts	2	2.7	1.2	0.9
Amortised cost				
Interest bearing liabilities		10.7	111.6	29.0
Accounts payable and other liabilities		181.8	139.6	134.5
Financial liabilities total		388.1	384.2	289.7

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

- The fair value of electricity derivatives is measured based on Nord Pool power 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)

KEY FIGURES

	1-6/2021	1-6/2020	1-12/2020
Earnings per share, €	0.75	0.51	1.21
Operating profit, %	14.2	10.6	11.6
Return on equity, % (p.a.)	26.7	21.8	24.3
Return on investment, % (p.a.)	27.6	19.0	21.8
Solvency ratio, %	43.2	40.4	48.7
Gearing, %	-1.2	40.2	3.6
Gearing, % rolling 4 quarters	7.5	45.7	28.6
Net interest-bearing liabilities	-5.3	147.0	15.1
Equity per share, €	5.13	4.19	4.89
- diluted	5.13	4.19	4.89
Trading price of shares			
- low, €	16.86	6.73	6.73
- high, €	25.42	14.11	18.60
- average, €	20.70	10.41	12.55
Shares traded			
- 1,000 pcs	10,326	15,480	28,795
- M€	213.7	161.1	361.2

QUARTERLY DATA

	4-6/ 2021	1-3/ 2021	10-12/ 2020	7-9/ 2020	4-6/ 2020	1-3/ 2020
Net sales, M€	353.3	309.2	280.5	301.0	277.1	277.4
- Building Solutions – Europe	149.0	139.7	126.8	125.3	118.5	128.8
- Building Solutions – North America	118.4	113.2	100.5	105.5	90.5	92.7
Building Solutions – North America, \$	142.8	135.8	120.2	124.1	100.1	101.9
- Uponor Infra	87.8	57.5	54.1	71.1	69.5	57.2
Gross profit, M€	126.9	125.0	106.0	116.9	102.3	104.3
- Gross profit, %	35.9	40.4	37.8	38.8	36.9	37.6
Operating profit, M€	47.0	47.0	23.8	49.6	30.3	28.6
- Building Solutions – Europe	20.9	22.8	8.5	17.2	7.5	11.9
- Building Solutions – North America	23.0	23.6	15.6	27.1	15.0	16.8
Building Solutions – North America, \$	27.7	28.3	18.9	31.4	16.6	18.5
- Uponor Infra	6.8	2.0	2.0	7.9	7.3	1.7
- Others	-2.4	-2.2	-1.1	-1.7	0.1	-2.1
Operating profit, % of net sales	13.3	15.2	8.5	16.5	10.9	10.6
- Building Solutions – Europe	14.0	16.3	6.7	13.7	6.3	9.3
- Building Solutions – North America	19.4	20.8	15.8	25.4	16.6	18.1
- Uponor Infra	7.8	3.5	3.7	11.1	10.6	3.0
Profit for the period, M€	25.9	31.7	20.8	35.2	17.8	22.3
Balance sheet total, M€	1,021.9	963.8	868.4	932.8	906.6	872.8
Earnings per share, €	0.32	0.43	0.27	0.43	0.21	0.30
Equity per share, €	5.13	4.77	4.89	4.57	4.19	3.96
Market value of share capital, M€	1,789.2	1,385.1	1,329.4	1,093.7	877.0	607.6
Return on investment, % (p.a.)	27.6	29.6	21.8	23.2	19.0	21.4
Net interest-bearing liabilities at the end of the period, M€	-5.3	37.9	15.1	73.9	147.0	180.5
Gearing, %	-1.2	9.2	3.6	18.6	40.2	52.2
Gearing, % rolling 4 quarters	6.5	17.9	28.6	37.1	45.7	52.3
Gross investment, M€	11.8	6.5	14.2	5.1	4.9	6.1
- % of net sales	3.3	2.1	5.1	1.7	1.8	2.2

Items affecting comparability and reconciliations to IFRS

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.

	4-6/ 2021	1-3/ 2021	10-12/ 2020	7-9/ 2020	4-6/ 2020	1-3/ 2020
Items affecting comparability						
Restructuring charges	-1.2	-0.6	-3.5	-0.1	-5.9	-0.9
Capital gains and losses on sale of non-current assets	-	-	-	-	-	-
Total items affecting comparability in operating profit	-1.2	-0.6	-3.5	-0.1	-5.9	-0.9
Items affecting comparability, total	-1.2	-0.6	-3.5	-0.1	-5.9	-0.9
Comparable gross profit						
Gross profit	126.9	125.0	106.0	116.9	102.3	104.3
Less: Items affecting comparability in gross profit	-0.1	-0.1	0.3	0.0	-1.1	0.0
Comparable gross profit	127.0	125.1	105.7	116.9	103.4	104.3
% of sales	35.9	40.4	37.7	38.8	37.3	37.6
Comparable operating profit						
Operating profit	47.0	47.0	23.8	49.6	30.3	28.6
Less: Items affecting comparability in operating profit	-1.2	-0.6	-3.5	0.1	-5.9	-0.9
Comparable operating profit	48.2	47.6	27.3	49.7	36.2	29.5
% of sales	13.6	15.4	9.7	16.5	13.1	10.6
Comparable operating profit by division						
Building Solutions – Europe						
Operating profit	20.9	22.8	8.5	17.2	7.5	11.9
Less: Items affecting comparability in operating profit	-1.0	-0.5	-3.4	0.0	-5.8	-0.8
Comparable operating profit	21.9	23.3	11.9	17.2	13.2	12.8
% of sales	14.7	16.7	9.4	13.7	11.2	9.9
Building Solutions – North America						
Operating profit	23.0	23.6	15.6	27.1	15.0	16.8
Less: Items affecting comparability in operating profit	0.0	-0.1	0.0	0.0	-0.1	0.0
Comparable operating profit	23.0	23.6	15.6	27.1	15.1	16.8
% of sales	19.4	20.9	15.6	25.7	16.7	18.1
Uponor Infra						
Operating profit	6.8	2.0	2.0	7.9	7.3	1.7
Less: Items affecting comparability in operating profit	-	-	-	-	-	-
Comparable operating profit	6.8	2.0	2.1	7.9	7.3	1.7
% of sales	7.8	3.5	3.8	11.1	10.6	3.0
Others						
Operating profit	-2.4	-2.2	-1.1	-1.7	0.1	-2.1
Less: Items affecting comparability in operating profit	-0.1	-0.1	-0.1	0.0	-0.1	-0.1
Comparable operating profit	-2.2	-2.1	-1.0	-1.6	0.2	-2.0
% 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

$$= \text{Interest-bearing liabilities – cash and cash equivalents excluding restricted cash}$$

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

$$= \text{Gross profit – items affecting comparability}$$

$$\begin{array}{l} \text{Comparable gross profit margin} \\ = \frac{\text{Gross profit – items affecting comparability}}{\text{Net sales}} \times 100 \end{array}$$

$$\begin{array}{l} \text{Comparable operating profit} \\ = \text{Operating profit – items affecting comparability} \end{array}$$

$$\begin{array}{l} \text{Comparable operating profit margin} \\ = \frac{\text{Operating profit – items affecting comparability}}{\text{Net sales}} \times 100 \end{array}$$