uponor

Q3

INTERIM REPORT 2008

INTERIM REPORT FOR JANUARY-SEPTEMBER 2008

Uponor continues cost management in slow markets

- Continuing operations* net sales for January–September came to 750.3 (809.2) million euros, a change of -7.3%
- January-September operating profit for continuing operations was 71.1 (110.3) million euros, a change of –35.5%
- Earnings per share for the company came to 1.21 (1.10) euros
- Return on investment over the period, including sales gain from divestment, was 36.9% (41.0%), with gearing at 31.1% (37.3%)
- Guidance: In essence, Uponor repeats its guidance, issued on 11 June, for 2008: Net sales for continuing operations are not expected to reach last year's level, and operating profit is estimated to fall short of the 2007 level.

*) Discontinued operations contain the divested infrastructure business in the United Kingdom, effective as of 1 January 2008, the divested infrastructure business in the Republic of Ireland, which was sold in an asset deal, effective as of 18 June 2008, and the German divestment of Uponor Klärtechnik GmbH.

CEO Jyri Luomakoski comments on the performance:

- The market outlook for new building has turned gloomier during the past 12 months, and the situation is not expected to improve in 2008 - 2009. The slowdown in building activity will require determined efforts to adjust operations to lower demand.
- The cost reduction programme that we announced earlier has begun according to initial plans and we have several initiatives currently ongoing. I am positive that we will reach the targets we set for the programme.
- Our strategic initiatives to invest in the cooling business and the commercial high-rise sector are beginning to pay off. Customers are increasingly interested to save money and are seeking indoor climate solutions that have attractive pay-back times.
- Uponor has a strong balance sheet position and we have secured sufficient funding to weather the uncertainties in the debt capital markets.

Webcast and presentation material
Following the release of this report, the presentation material for the interim report will be available at www.uponor.com/investors, under 'IR material'.

Uponor will hold a webcast in English, at 14:00 EET. You can access the webcast via www.uponor.com. Questions for the webcast can be sent to ir@uponor.com.

Markets

The building and construction markets, especially in residential building, have continued to experience a slowdown in most of Uponor's key geographic areas in the third quarter of 2008.

In Central Europe, the German market, which showed resilience in the beginning of the year, is exhibiting signs of weakening, affected by increasing energy and component costs as well as the impact of the faltering international financial and real estate sectors. There has been negative growth in the number of residential building permits issued in Germany, while in the non-residential building segment the number of permits has experienced brisk growth. A similar development, in many respects, was notable in other Central Europe region markets.

In the Nordic countries, the downward tendency seems to have levelled out in Denmark while a decrease can now be seen in other Nordic countries, particularly affecting housing solutions demand in the single-family residential sector. Increasingly, tighter financial markets are also curbing the start-ups of large commercial projects. Although municipal infrastructure demand has remained quite resilient, the building industry slowdown is hindering the part of the infrastructure business that serves new residential development.

In the Europe – West, East, South region, building activity in Spain continues its rapid decline, and the number of new building permits has dropped significantly from the equivalent period last year. The contraction of the markets has also accelerated somewhat in other southwest European markets. The Eastern European markets, including Russia, have largely maintained sound market growth, although somewhat more weakly than in the previous quarter.

In North America, US residential building activity remains subdued, with a further decline in residential housing starts evident in Q3. Also, non-residential construction activity in the US has begun to reflect the expected slowing of growth. Compared to the previous year, the Canadian market has performed strongly as a result of its relatively stable economy, while also showing signs of softening more recently.

Net sales

Uponor's continuing operations' net sales for July-September declined by 5.0 per cent from the comparison period and totalled 249.1 (262.1) million euros.

Despite the turmoil in the real estate market and the overall negative development in the construction market, the net sales of Uponor Central Europe increased slightly. This was mainly due to the positive development of the business serving non-residential building markets in most Central European countries. Sales to other Uponor regions suffered.

In the Nordic region, net sales declined, mainly as a result of lower demand for housing solutions in the local markets as well as diminished exports to other Uponor regions. Housing solutions sales dropped, especially in Sweden and Norway. Infrastructure net sales developed positively in Norway and Denmark but declined slightly in Finland and Sweden year-on-year. This mainly resulted from the lack of larger residential developments.

In Uponor Europe – West, East, South, net sales lagged behind last year because of the contracted Iberian markets. Despite faltering market demand, which also affected other countries in Southern and Western Europe, the Region managed to maintain growth in its net sales in those markets in the third quarter. In Eastern Europe, net sales increased steadily. Residential building segment sales continued at a brisk pace, especially in the single-family segment, and in particular in Russia. In the Baltic countries, new building remained subdued but positive signals were evident in the renovation sector.

In North America, net sales declined from 2007 despite the relative strength of the Canadian housing market. The economic recession continued to impact on sales for new residential building activity while growth in the commercial building market remained steady.

Net sales by segment, July–September, continuing operations:

MEUR	7–9/2008	7–9/2007	Change
Central Europe	88.1	85.9	+2.5%
Nordic	93.2	99.1	-5.9%
Europe – West, East, South	58.6	64.9	-9.8%
North America	38.2	44.8	-14.7%
(North America, MUSD	57.0	62.0	-8.0%)
Eliminations	-29.0	-32.6	
Total	249.1	262.1	-5.0%

January–September net sales for continuing operations totalled 750.3 (809.2) million euros, representing a decline of 7.3%. The impact of currency changes on net sales, mainly from the USD dollar, was -15.4 million euros. Housing solutions net sales reached 590.6 million euros, a decline of 9.1%, while Infrastructure solutions net sales remained static at 159.7 million euros, a change of 0.0 per cent.

Net sales by segment, January–September, continuing operations:

MEUR	1–9/2008	1–9/2007	Change
Central Europe	268.6	275.6	-2.5%
Nordic	294.5	309.6	-4.9%
Europe – West, East, South	188.0	209.0	-10.0%
North America	99.6	130.5	-23.7%
(North America, MUSD	151.8	176.3	-13.9%)
Eliminations	-100.4	-115.5	
Total	750.3	809.2	-7.3%

Results and profitability

Continuing operations' operating profit for July-September totalled 22.8 (37.9) million euros, a drop of 39.8%. Gross profit margin continued to be affected by higher raw material, component, energy, and transportation costs.

In August, Uponor announced a group-wide cost-reduction programme to align expenses with the low activity level in the building and construction industry, with targeted structural cost reductions in the range of 30 million euros, taking effect from 2009.

Operating profit for the report period is impacted by costs related to this programme, amounting to 3.2 million euros.

In Uponor Central Europe, operating profit improved clearly, driven by the brisk market activity. In Uponor Nordic, profitability fell, mainly due to decreased volumes in the housing solutions and the infrastructure markets, both in domestic and export business. Profitability in the Uponor Europe – West, East, South region suffered from declining markets and increased material and transportation costs, as well as investment in growth initiatives that continued on a high level. Operating profit in Uponor North America fell from last year, mainly due to initiatives aimed at promoting growth in new business segments, such as the commercial high-rise market, as well as the costs related to the closure of the St. John factory in Canada in September.

Operating profit by segment, July–September, continuing operations:

MEUR	7–9/2008	7–9/2007	Change
Central Europe	12.5	10.6	17.8%
Nordic	7.9	13.0	-39.4%
Europe – West, East, South	4.1	12.4	-67.4%
North America	1.6	4.4	-62.8%
(North America, MUSD	2.4	6.1	-59.4%)
Other	-3.4	-3.4	
Eliminations	0.1	0.9	
Total	22.8	37.9	-39.8%

Continuing operations' operating profit for January–September declined by 35.5%, totalling 71.1 (110.3) million euros. The operating profit margin fell to 9.5% from 13.6% in the equivalent period for 2007.

Operating profit by segment, January–September, continuing operations:

MEUR	1–9/2008	1–9/2007	Change
Central Europe	33.2	34.0	-2.3%
Nordic	27.8	42.0	-33.9%
Europe – West, East, South	16.9	33.4	-49.6%
North America	2.4	12.6	-81.0%
(North America, MUSD	3.6	17.0	-78.6%)
Other	-9.0	-9.7	
Eliminations	-0.2	-2.0	
Total	71.1	110.3	-35.5%

Continuing operations' profit before taxes for January–September came to 66.5 (106.2) million euros, down 37.4% year-on-year. Taxes remained at 20.5 (34.7) million euros, with a tax rate of 31.0 (32.5) per cent.

The profit for the period was 88.5 (80.6) million euros, an increase of 7.9 million euros, reflecting the sales gain from the divestment of the UK and Irish infrastructure business.

The Group's earnings per share (basic and diluted) totalled 1.21 (1.10) euros, of which continuing operations represented 0.63 (0.98) euros. Equity per share was 4.36 (4.32) euros, basic and diluted.

Investment and financing

Due to the weakening business climate, Uponor curtailed investment into fixed assets. As a result, most investments were geared towards process and efficiency improvements. Altogether, investments in continuing operations totalled 8.2 (13.7) million euros in July-September.

Gross investment in continuing operations in January-September came to 23.8 (28.9) million euros, or 3.2 (3.6) per cent of net sales.

Gearing declined to 31.1 (37.3) per cent, as net interest-bearing liabilities fell to 99.3 (118.0) million euros. The solvency ratio increased to 49.6 (43.0).

The Group's return on investment (ROI) was at 36.9% (41.0%) and return on equity (ROE) 36.2% (32.5%).

Key events during the period

A positive development was recorded in the penetration of radiant heating and cooling solutions in high-rise projects in several markets, where they are beginning to win market share from traditional solutions. This penetration has been supported by favourable regulatory changes and increased awareness and demand for energy-efficient indoor climate solutions. As an example, an Uponor heating and cooling solution is being installed in one of the biggest shopping centres in Portugal. The selected solution has been developed to deliver excellent energy-efficiency to the owners as well as indoor climate comfort for those visiting the shopping-centre. In North America, Uponor has piloted heating and cooling projects with large builders and retail chains and a major hospitality chain, with potential for business opportunities in the longer-term.

An international Uponor Knowledge Days 2008 event was held in Hamburg, Germany, hosting key decision-makers from the high-rise segment from the Eastern European and international markets. Similarly, several partnerships were signed, particularly in Eastern Europe, to enable further growth in the high-rise segment.

The implementation of the European ERP system continued, with preparations for the roll-out later in the year well under way in the UK and Ireland.

In the United States, a new regulation was passed requiring the installation of approved automatic fire sprinkler systems in new one and two-family dwellings and townhouses. Uponor is poised to capitalise on this development with its patented domestic fire sprinkler system offering.

Human resources and organisation

The reported number of Group full-time-equivalent employees averaged 4,353 (4,471) during the period under review, while at the end of the period the Group had 3,934 (4,558) full-time-equivalent employees, a reduction of 624 persons, including the divested infrastructure business in the UK that employed a staff of 470.

The number of people employed was reduced in all Regions except Europe - WES, where the organisation is being built to enable a growing presence in those markets.

As a result of declining demand in key markets, it has become necessary to adjust personnel numbers in all Uponor activities. In August, Uponor announced a special cost reduction programme that was estimated to affect more than 200 jobs. A significant reduction, around 80 people, took place in Canada with the closure of the St. John plant in New Brunswick in September. During the third quarter, the number of employees in the continuing business was reduced by 206 persons, while at the same time hired agency employees were reduced by 52 persons.

There were two changes in the company's management. President and CEO Jan Lång announced his resignation in August, while Bernhard Brinkmann, Executive Vice President for Uponor Central Europe, left his position on 30 September 2008.

Share capital and shares

The number of Uponor shares traded on the NASDAQ OMX Helsinki stock exchange increased in the third quarter to 30.8 (24.8) million shares, and the monetary value of the shares exchanged totalled 287.4 (619.4) million euros. The market value of the share capital at the end of the period was 0.6 (1.6) billion euros, and the number of shareholders was 17,715 (9,564).

Uponor Corporation's share capital remained constant at 146,446,888 euros and the number of shares at 73,206,944.

Events after the period under review

A new organisational structure for the European housing solutions business became effective on 1 October 2008. It aims at improving the business focus by enhancing the utilisation of growth opportunities and increasing operational efficiency and transparency, especially in the supply chain and the sales and marketing organisations.

With effect from 27 October 2008, the Board of Directors appointed Jyri Luomakoski, CFO and Deputy CEO, as the company's CEO on an interim basis until the Board has completed the search process for the CEO. Luomakoski will also retain his position as CFO. President and CEO Jan Lång announced his resignation in August and will leave the company In October.

Uponor has started codetermination negotiations with its employees in Finland and Sweden during the autumn, with the purpose of reducing workforce by a maximum of 70 persons.

Risks

Uponor's financial results are exposed to a number of strategic, operational, financial, and hazard-related risks. A detailed risk analysis can be found in Uponor's Annual Report 2007.

Uponor has various legal proceedings and litigation in progress in different countries. The management does not expect these proceedings to have a material impact on the company's performance in the foreseeable future.

Short-term outlook

The global building and construction market outlook has deteriorated clearly since mid-2007 and no improvement is in sight. In Europe, the leading residential construction indicators have continued to worsen and the non-residential segment, which maintained its momentum in 2007 is likely to have passed its peak. Most new residential construction markets in Western Europe are expected to decline or at best remain flat in 2008 and 2009. In Eastern Europe, market growth is expected to continue on a weaker basis.

In North America, the residential construction market continues to suffer from a lack of activity, and the recovery that had generally been predicted for 2009 is not expected to occur. Also, in the non-residential segment, the long-lasting satisfactory trend may no longer be sustainable.

Despite the overall weaknesses of the markets, Uponor continues to exploit the trends and opportunities that exist in some of its growth segments. Further, Uponor aims at increasing its presence in Eastern Europe and growing its market share in key European markets and North America, while at the same time executing the cost reduction programme to adjust cost base to the expected low market demand. Total expenditure in 2008 related to the cost reduction programme is expected to slightly exceed 7 million euros.

In essence, Uponor repeats its guidance for 2008, issued on 11 June: continuing operations' net sales are not expected to reach last year's level, and operating profit is expected to fall short of the 2007 level.

Uponor Corporation
Board of Directors

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Information on the interim report

The figures in brackets in this interim report are reference figures for the equivalent period in 2007. The change percentages reported in the interim report have been calculated from exact figures, not from the rounded figures published in the interim report.

INTERIM REPORT 1-9/2008

The figures in this interim report are unaudited.

CONSOLIDATED INCOME STATEMENT

MEUR	1-9/2008	1-9/2007	7-9/2008	7-9/2007	1-12/2007
Continuing operations					
Net sales	750.3	809.2	249.1	262.1	1,047.4
Cost of goods sold	470.8	494.4	158.5	161.3	640.4
Gross profit	279.5	314.8	90.6	100.8	407.0
Other operating income	0.6	5.0	0.0	4.0	5.9
Dispatching and warehousing expenses	23.1	21.1	7.3	6.9	28.8
Sales and marketing expenses	131.0	136.9	40.9	44.2	178.5
Administration expenses	39.3	39.6	12.9	11.3	51.7
Other operating expenses	15.6	11.9	6.7	4.5	18.2
Operating profit	71.1	110.3	22.8	37.9	135.7
Financial expenses, net	4.6	4.1	1.7	2.1	2.6
Profit before taxes	66.5	106.2	21.1	35.8	133.1
Income taxes	20.5	34.7	6.6	12.5	41.7
Profit for the period from continuing operations	46.0	71.5	14.5	23.3	91.4
Discontinued operations					
Profit for the period from discontinued operations	42.5	9.1	0.0	2.9	10.5
Profit for the period	88.5	80.6	14.5	26.2	101.9
Earnings per share, EUR	1.21	1.10	0.20	0.36	1.39
- Continuing operations	0.63	0.98	0.20	0.32	1.25
- Discontinued operations	0.58	0.12	0.00	0.04	0.14
Diluted earnings per share, EUR	1.21	1.10	0.20	0.36	1.39
- Continuing operations	0.63	0.98	0.20	0.32	1.25
- Discontinued operations	0.58	0.12	0.00	0.04	0.14

CONSOLIDATED BALANCE SHEET

MEUR	30.9.2008	30.9.2007	31.12.2007
Assets			
Non-current assets			
Property, plant and equipment	180.3	210.0	218.9
Intangible assets	101.1	98.7	101.7
Securities and long-term investments	7.4	3.6	3.6
Deferred tax assets	15.3	20.7	16.3
Total non-current assets	304.1	333.0	340.5
Current assets			
Inventories	128.0	160.4	150.6
Accounts receivable	182.5	224.1	144.6
Other receivables	23.6	12.7	22.3
Cash and cash equivalents	5.1	7.4	6.3
Total current assets	339.2	404.6	323.8
Total assets	643.3	737.6	664.3
Shareholders' equity and liabilities			
Shareholders' equity	319.0	316.5	333.0
Non-current liabilities			
Interest-bearing liabilities	17.3	19.6	14.7
Deferred tax liability	11.4	16.0	15.0
Provisions	7.7	9.9	8.8
Employee benefits and other liabilities	20.9	25.3	28.1
Total non-current liabilities	57.3	70.8	66.6
Current liabilities			
Interest-bearing liabilities	87.1	105.8	76.1
Provisions	5.5	8.5	7.4
Accounts payable	68.9	82.1	75.2
Other liabilities	105.5	153.9	106.0
Total current liabilities	267.0	350.3	264.7
Total shareholders' equity and liabilities	643.3	737.6	664.3

CONSOLIDATED CASH FLOW STATEMENT

MEUR	1-9/2008	1-9/2007	1-12/2007
Net cash from operations	97.5	148.4	186.0
Change in net working capital	-4.4	-74.3	-45.1
Income taxes paid	-32.9	-31.5	-42.7
Interest paid	-6.2	-5.4	-7.1
Interest received	1.1	1.7	2.7
Cash flow from operations	55.1	38.9	93.8
Cash flow from investments			
Proceeds from disposal of subsidiaries and businesses	76.4	-	-
Purchase of fixed assets	-23.8	-32.0	-58.1
Proceeds from sales of fixed assets	0.1	4.5	5.0
Received dividends	0.0	0.0	0.2
Loan repayments	0.1	0.1	0.2
Cash flow from investments	52.8	-27.4	-52.7
Cash flow from financing			
Borrowings of debt	-	89.0	58.9
Repayments of debt	-5.1	-1.5	-1.7
Dividends paid	-102.5	-102.5	-102.5
Payment of finance lease liabilities	-1.5	-1.5	-1.9
Cash flow from financing	-109.1	-16.5	-47.2
Conversion differences for cash and cash equivalents	0.0	0.0	0.0
Change in cash and cash equivalents	-1.2	-5.0	-6.1
Cash and cash equivalents at 1 January	6.3	12.4	12.4
Cash and cash equivalents at end of period	5.1	7.4	6.3
Changes according to balance sheet	-1.2	-5.0	-6.1

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

MEUR	Share capital	Share premium	Other reserves	Treasury shares	Trans-lation reserve	Retained earnings	Total
Balance at 31 Dec 2007	146.4	35.6	14.3	-	-21.6	158.3	333.0
Translation differences					0.0		0.0
Cash flow hedges							
- recorded in equity, net of taxes			0.0				0.0
Net profit for the period						88.5	88.5
Total recognised income and expense for the period			0.0		0.0	88.5	88.5
Dividend paid (EUR 1.40 per share)						-102.5	-102.5
Other adjustments			0.1		-0.1	0.0	0.0
Balance at 30 Sep 2008	146.4	35.6	14.4	-	-21.7	144.3	319.0
Balance at 31 Dec 2006	146.4	42.5	6.7	-1.6	-10.2	160.6	344.4
Translation differences					-6.3		-6.3
Cash flow hedges							
- recorded in equity, net of taxes			0.2				0.2
Net profit for the period						80.6	80.6
Total recognised income and expense for the period			0.2		-6.3	80.6	74.5
Cancelling of shares				0.3		-0.3	-
Dividend paid (EUR 1.40 per share)						-102.5	-102.5
Share based incentive plan				1.3		-1.3	-
Other adjustments			0.1				0.1
Balance at 30 Sep 2007	146.4	42.5	7.0	-	-16.5	137.1	316.5

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES

The interim report has been prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by EU and IAS 34 Interim Financial Reporting. In interim reports Uponor Group follows the same principles as in the annual financial statement 2007.
Divestments of infrastructure business in the UK, Ireland and Germany have been classified as discontinued operations.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

MEUR	1-9/2008	1-9/2007	1-12/2007
Gross investment	23.8	32.0	58.1
- % of net sales	3.2	3.4	4.8
Depreciation	23.6	27.8	37.2
Book value of disposed fixed assets	5.3	1.5	2.2

PERSONNEL

Converted to full time employees	1-9/2008	1-9/2007	1-12/2007
Average	4,353	4,471	4,497
At the end of the period	3,934	4,558	4,581

SEGMENT INFORMATION

Geographical segments

	1-9/2008			1-9/2007		
MEUR	External	Internal	Total	External	Internal	Total
Segment revenue, continuing operations						
Central Europe	220.1	48.5	268.6	222.4	53.2	275.6
Nordic	243.8	50.7	294.5	250.8	58.8	309.6
Europe – West, East, South	186.8	1.2	188.0	207.5	1.5	209.0
North America	99.6	-	99.6	128.5	2.0	130.5
Eliminations	-	-100.4	-100.4	-	-115.5	-115.5
Total	750.3	-	750.3	809.2	-	809.2

	7-9/2008			7-9/2007		
	External	Internal	Total	External	Internal	Total
Segment revenue, continuing operations						
Central Europe	74.9	13.2	88.1	71.4	14.5	85.9
Nordic	77.8	15.4	93.2	82.5	16.6	99.1
Europe – West, East, South	58.2	0.4	58.6	64.3	0.6	64.9
North America	38.2	-	38.2	43.9	0.9	44.8
Eliminations	-	-29.0	-29.0	-	-32.6	-32.6
Total	249.1	-	249.1	262.1	-	262.1

MEUR	External 1-12/2007	Internal 1-12/2007	Total 1-12/2007
Segment revenue, continuing operations			
Central Europe	283.7	67.6	351.3
Nordic	325.4	72.3	397.7
Europe – West, East, South	271.1	1.8	272.9
North America	167.2	2.0	169.2
Eliminations	-	-143.7	-143.7
Total	1,047.4	-	1,047.4

	1-9/2008	1-9/2007	7-9/2008	7-9/2007	1-12/2007
Segment result, continuing operations					
Central Europe	33.2	34.0	12.5	10.6	41.1
Nordic	27.8	42.0	7.9	13.0	49.7
Europe – West, East, South	16.9	33.4	4.1	12.4	42.2
North America	2.4	12.6	1.6	4.4	16.6
Others	-9.0	-9.7	-3.4	-3.4	-13.2
Eliminations	-0.2	-2.0	0.1	0.9	-0.7
Total	71.1	110.3	22.8	37.9	135.7

MEUR	1-9/2008	1-9/2007	1-12/2007
Segment depreciation and impairments, continuing operations			
Central Europe	6.1	5.7	7.7
Nordic	7.4	7.6	10.1
Europe – West, East, South	2.2	1.6	2.2
North America	4.1	4.1	5.6
Others	3.0	2.4	3.3
Eliminations	0.4	0.5	0.6
Total	23.2	21.9	29.5
Segment investments, continuing operations			
Central Europe	5.9	8.0	11.0
Nordic	6.5	9.7	15.5
Europe – West, East, South	0.7	2.9	4.0
North America	8.2	5.3	13.4
Others	2.5	3.0	8.1
Total	23.8	28.9	52.0

MEUR	1-9/2008	1-9/2007	1-12/2007
Segment assets			
Central Europe	201.5	201.4	181.4
Nordic	200.1	232.3	185.3
Europe – West, East, South	158.7	245.8	240.1
North America	120.3	122.0	123.7
Others	509.3	634.8	577.9
Eliminations	-546.6	-698.7	-644.1
Total	643.3	737.6	664.3
Segment liabilities			
Central Europe	107.9	105.1	119.0
Nordic	229.8	271.9	233.5
Europe – West, East, South	49.1	119.9	101.9
North America	75.9	54.8	55.0
Others	425.6	584.2	477.8
Eliminations	-564.0	-714.8	-655.9
Total	324.3	421.1	331.3

	1-9/2008	1-9/2007	1-12/2007
Segment personnel, average			
Central Europe	1,242	1,255	1,261
Nordic	1,384	1,386	1,380
Europe – West, East, South	1,100	1,208	1,224
North America	560	564	573
Others	67	58	59
Total	4,353	4,471	4,497
Continuing operations	4,080	3,982	4,008
Discontinued operations	273	489	489

Business segments

	1-9/2008		
Segment external revenue, continuing operations	Housing solutions	Infrastructure solutions	Total
Central Europe	220.1	-	220.1
Nordic	94.2	149.6	243.8
Europe – West, East, South	176.7	10.1	186.8
North America	99.6	-	99.6
Total	590.6	159.7	750.3

Segment external revenue, continuing operations	Housing solutions	1-9/2007 Infrastructure solutions	Total
Central Europe	222.4	-	222.4
Nordic	103.7	147.1	250.8
Europe West, East, South	195.0	12.5	207.5
North America	128.5	-	128.5
Total	649.6	159.6	809.2

Segment external revenue, continuing operations	Housing solutions	1-12/2007 Infrastructure solutions	Total
Central Europe	283.7	-	283.7
Nordic	133.8	191.6	325.4
Europe – West, East, South	255.2	15.9	271.1
North America	167.2	-	167.2
Total	839.9	207.5	1,047.4

CONTINGENT LIABILITIES

MEUR	30.9.2008	30.9.2007	31.12.2007
Group:			
Mortgages - on own behalf	-	-	0.0
Guarantees			
- on behalf of others	8.6	12.0	11.5
Parent company:			
Guarantees			
- on behalf of a subsidiary	7.6	10.2	10.5
- on behalf of others	7.1	9.4	9.3
OPERATING LEASE COMMITMENTS	33.5	24.2	24.4

DERIVATIVE CONTRACTS

MEUR	Nominal value 30.9.2008	Fair value 30.9.2008	Nominal value 30.9.2007	Fair value 30.9.2007	Nominal value 31.12.2007	Fair value 31.12.2007
Currency derivatives						
- Forward agreements	103.2	2.8	91.4	0.0	85.9	1.7
Commodity derivatives						
- Forward agreements	5.9	1.0	5.1	0.3	3.6	0.8

DISCONTINUED OPERATIONS

Divested infrastructure businesses in the UK, Ireland and Germany have been classified as discontinued operations according to the IFRS 5 standard. In June, Uponor closed a deal concerning the disposal of its infrastructure business in the UK and Ireland. The deal included the sale of Uponor Ltd. in the UK, its subsidiary Radius Plastics Ltd. in Northern Ireland and Uponor Ltd's business in the Republic of Ireland. In April, Uponor Klärtechnik GmbH in Germany was sold.

MEUR	1-9/2008	1-9/2007	1-12/2007
Net sales	8.9	134.1	171.9
Expenses	9.9	120.9	156.5
Profit before taxes	-1.0	13.2	15.4
Income taxes	0.0	4.1	4.9
Profit after taxes	-1.0	9.1	10.5
Net profit from divestment of discontinued operations	43.5	-	-
Income taxes	-	-	-
Profit from divestment of discontinued operations	43.5	-	-
Profit for the period from discontinued operations	42.5	9.1	10.5
Cash flow from discontinued operations			
Cash flow from operations	-3.6	15.4	19.1
Cash flow from investments	76.4	-2.9	-6.1

DISPOSAL OF BUSINESSES

Disposal of businesses includes the divestment of the infrastructure business in the UK, Ireland and Germany, classified as discontinued operations.

Book value of assets disposed

MEUR	1-9/2008	1-9/2007	1-12/2007
Property, plant and equipment	33.7	-	-
Deferred tax asset	1.9	-	-
Inventories	17.8	-	-
Accounts receivable and other receivables	25.1		
Cash and cash equivalent	1.1	-	-
Total assets	79.6	-	-
Deferred tax liability	3.1	-	-
Employee benefits and other liabilities	4.3	-	-
Accounts payable and other current liabilities	33.2	-	-
Total liabilities	40.6	-	-
Net assets	39.0	-	-

Cash received from sales	77.5	-	-
Cash and cash equivalent disposed of	1.1	-	-
Cash flow effect	76.4	-	-

In addition to the cash received from sales, a MEUR 5.0 vendor loan note was issued at the closing of the deal. The total sales price of the transaction was MEUR 82.5.

RELATED-PARTY TRANSACTIONS

MEUR	1-9/2008	1-9/2007	1-12/2007
Continuing operations			
Purchases from associated companies	1.7	1.7	2.1
Balances at the end of the period			
Loan receivable from associated companies	-	1.1	1.0
Accounts and other receivables	-	0.7	1.1
Accounts payables and other liabilities	0.1	0.2	0.2

KEY FIGURES

	1-9/2008	1-9/2007	1-12/2007
Earnings per share, EUR	1.21	1.10	1.39
- continuing operations	0.63	0.98	1.25
- discontinued operations	0.58	0.12	0.14
Operating profit (continuing operations), %	9.5	13.6	13.0
Return on equity, %, cumulative	36.2	32.5	30.1
Return on investment, %, cumulative	36.9	41.0	39.2
Solvency ratio, %	49.6	43.0	50.2
Gearing, %	31.1	37.3	25.4
Net interest-bearing liabilities	99.3	118.0	84.5
Equity per share, EUR	4.36	4.32	4.55
- diluted	4.36	4.32	4.55
Trading price of shares			
- low, EUR	8.21	20.00	15.31
- high, EUR	18.91	31.45	31.45
- average, EUR	12.67	26.97	23.76
Shares traded			
- 1,000 pcs	87,076	64,213	99,423
- MEUR	1,104	1,732	2,362

DEFINITIONS OF KEY RATIOS

Return on Equity (ROE), %

$$= \frac{\text{Profit before taxes – taxes}}{\text{Shareholders' equity + minority interest, average}} \times 100$$

Return on Investment (ROI), %

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

Solvency, %

$$= \frac{\text{Shareholders' equity} \pm \text{minority interest}}{\text{Balance sheet total – advance payments received}} \times 100$$

Gearing, %

$$= \frac{\text{Net interest-bearing liabilities}}{\text{Shareholders' equity + minority interest}} \times 100$$

Net interest-bearing liabilities

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

Earnings per share (EPS)

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

Equity per share ratio

$$= \frac{\text{Shareholders' equity}}{\text{Average number of shares adjusted for share issue at end of year}}$$

Average share price

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