uponor

INTERIM REPORT 2011

26 October 2011

Q3

INTERIM REPORT JANUARY – SEPTEMBER 2011

Uponor's growth accelerates in North America, Europe slows down

- Germany, Sweden and USA posted strong net sales, despite global uncertainties; margin development continues to be a challenge
- Net sales for Jul–Sep totalled €213.6 (205.5) million; a change of 3.9%
- Operating profit for Jul–Sep totalled €19.7 (23.5) million; a change of €-3.8 million
- Net sales for Jan–Sep totalled €609.4 (567.5) million; a change of 7.4%
- Operating profit for Jan-Sep totalled €38.4 (43.8) million; a change of €-5.4 million
- Jan–Sep earnings per share amounted to €0.32 (0.32)
- Jan–Sep return on investment was 15.3% (15.5%), and gearing 53.7 (40.9)
- Jan–Sep cash flow from business operations came to €-4.9 (7.9) million
- Full-year guidance remains the same as announced on 27 September 2011

(This interim report has been compiled in accordance with the IAS 34 reporting standards and is unaudited. Figures in the report are for continuing operations, unless otherwise stated. The 'report period' refers to the period January–September.)

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

- Despite global concerns, we were able to achieve a strong net sales growth in some of our key markets, such as the USA, Sweden and Germany. Customers' interest in our offering, such as the energy-efficient heating and cooling systems remained high. For instance in Iberia, we recorded double-digit sales growth figures in some product groups.

- Our gross profit has markedly declined, mainly due to slowness in passing input price increases onto sales prices in Europe. Also our operational leverage has been weaker than planned.

- We have begun actions to streamline our organisation, save on costs and further boost efficiencies. This means speeding up some projects in the Supply Chain area e.g. European central warehousing, but these actions will not jeopardise the execution of our long-term strategic initiatives.

Webcast and presentation material:
The presentation material for the interim report will be available at www.uponor.com > Investors > News & downloads.

A webcast in English will be broadcast today at 10:00 am, followed by a teleconference for any questions. Instructions on how to join can be found on our website, www.uponor.com > Investors > Q3/2011 webcast. Alternatively, one can send an email during the webcast or in advance to ir@uponor.com. A recording of the webcast can be viewed in the same location shortly after the live broadcast.

Uponor Corporation will publish its financial results for 2011 on Friday, 10 February 2012. During the silent period from 1 January to 10 February 2012, Uponor will not comment on market prospects or current issues relating to business and performance.

Markets

In its second quarter 2011 report, Uponor indicated that the optimism characterising the first quarter had given way to caution in several markets, with growth softening, with the exception of Germany. With a similar trend continuing into the third quarter, towards the end of September Uponor announced a change in its guidance, adjusting its full-year 2011 estimations downwards.

While demand in some key geographical markets, such as Germany, continued to develop steadily or even grow in the third quarter, mounting concern over a second global financial crisis and the resultant increasing uncertainty began to have a negative impact on businesses and end-users in many markets, slowing demand for building and infrastructure solutions. This was most clearly felt in the project business, i.e. the building of large commercial and other non-residential objects, where projects in the planning phase encountered more frequent delays than expected. This was the case, for instance, in some southwest European countries. In contrast, demand in the residential market held up reasonably well, especially in central Europe, Sweden, Denmark and Russia, but signs of softening also emerged there towards the end of the quarter. In North America, the housing markets have remained at a very low level, with consumer confidence also ebbing, although a modest increase was noted in US residential building permits.

In the infrastructure solutions market, the demand pick-up evidenced in the second quarter fell back and markets were weaker than in the strong third quarter of 2010. Some softening was noted towards the end of the quarter, especially amongst retailers more oriented towards the residential sectors of the market and who emphasise careful inventory management.

Competition in building and infrastructure solutions remained tight and price-focussed.

Net sales

Uponor's net sales growth continued in the July-September period, although at a lower pace than in the preceding two quarters. The Group's consolidated net sales reached €213.6 million, as against €205.5m in the comparison period in 2010, representing growth of 3.9 per cent. The Group's organic growth halted, with growth in consolidated net sales coming mostly from the acquisition of the German company Zent-Frenger earlier in the year.

The greatest growth was generated in Building Solutions – North America, where growth in euro-terms reached 11.2 per cent and 19.6 per cent in US dollar-terms. This growth was largely based on systematic, long-term investment in sales and new products, which is bearing fruit despite the challenging market environment.

In Building Solutions – Europe, the net sales growth was a result of the Zent-Frenger acquisition, supported by strong residential demand in certain markets. In other areas, such as in Southwest Europe in particular, net sales growth was weak or even negative.

Infrastructure Solutions also reported modest growth, supported by price inflation and somewhat revived net sales in the Scandinavian countries.

Breakdown of net sales (July-September):

M€	7-9/2011	7-9/2010	Change
Building Solutions – Europe	140.9	137.9	2.0%
Building Solutions – North America	33.2	29.9	11.2%
(Building Solutions – North America, USD	46.8	39.2	19.6%)
Infrastructure Solutions	42.1	40.4	4.2%
Eliminations	-2.6	-2.7	
Total	213.6	205.5	3.9%

For the January – September period, Uponor's net sales reached €609.4 million (€567.5m), growing 7.4 per cent from the comparison period. The translation impact of currencies in net sales amounted to €1.4m in comparison to the previous year, mainly coming from the US dollar.

The clear deceleration from the early part of the year reflects the gradually weakening business climate. Despite mounting macro-economic concerns, the key longer-term drivers supporting Uponor's sales growth, i.e. the increasing importance of sustainability as a decision-making criteria and the demand for complete solutions, continue to remain high on Uponor customers' agenda.

Breakdown of net sales (January-September):

M€	1-9/2011	1-9/2010	Change
Building Solutions – Europe	411.0	380.8	7.9%
Building Solutions – North America	89.4	87.9	1.8%
(Building Solutions – North America, USD	126.9	115.3	10.1%)
Infrastructure Solutions	115.4	104.9	10.0%
Eliminations	-6.4	-6.1	
Total	609.4	567.5	7.4%

Results and profitability

Uponor's consolidated operating profit in the third quarter was €19.7 million (€23.5m), a decline of 16.2 per cent. In percentage terms, this was a slightly smaller decline than in the second quarter. Profitability or the operating margin declined to 9.2 per cent from the 11.4 per cent reported a year ago.

The operating profit clearly declined in both European segments, whereas a strong improvement was recorded in Building Solutions - North America. European operations were burdened by a combination of factors, including increased sales and marketing costs as well as the fact that price increases did not yet have a full impact on the whole quarter. In certain markets, issues related to the product and customer mix also impacted negatively on profitability. In North America, Uponor leveraged its strong market position, for instance, through successful marketing programmes and effective implementation of price increases. Favourable profitability development was also supported by driving efficiencies in production. In Infrastructure Solutions, operating profit did not reach last year's level, despite price increases. The performance was largely affected by a margin squeeze in the distribution and project channels where price increases could not be fully passed on, especially concerning Finland.

Profit before taxes for July–September totalled €18.4 (22.0) million. The effect of taxes on profits was at €6.1 million, while the corresponding amount of taxes in the comparison period was €6.6 million. Profit for the third quarter amounted to €12.3 (15.4) million.

Breakdown of operating profit (July-September):

M€	7-9/2011	7-9/2010	Change
Building Solutions – Europe	13.4	21.5	-37.7%
Building Solutions – North America	4.9	1.9	+156.2%
(Building Solutions – North America, USD	7.0	2.5	+177.1%)
Infrastructure Solutions	1.4	2.2	-41.0%
Others	0.1	-1.7	
Eliminations	-0.1	-0.4	
Total	19.7	23.5	-16.1%

The Group's January–September 2011 operating profit at €38.4 (43.8) million fell €5.4 million or 12.2 per cent short of the corresponding figures last year, impacted mostly by weak development in Building Solutions – Europe. The highly positive development in Building Solutions – North America was insufficient to compensate for decreases in other segments. The weaker performance in Europe was mainly due to the lack of organic growth and increases in material costs that could not be fully passed on to sales prices.

Profitability, or operating margin, was 6.3 per cent, as against 7.7 per cent year-on-year. January-September earnings per share totalled €0.32 (0.32), both basic and diluted. Equity per share was €3.18 (3.40), basic and diluted.

Breakdown of operating profit (January-September):

M€	1-9/2011	1-9/2010	Change
Building Solutions – Europe	33.9	46.9	-27.7%
Building Solutions – North America	8.3	2.1	+298.1%
(Building Solutions – North America, USD	11.8	2.7	+331.2%)
Infrastructure Solutions	-0.9	1.3	-167.4%
Others	-3.6	-6.3	
Eliminations	0.7	-0.2	
Total	38.4	43.8	-12.2%

Investment and financing

Capital investments in the third quarter were mainly targeted at maintenance and improvement. Gross investment in January–September amounted to €12.8 (9.4) million, i.e. clearly below depreciation which stood at €20.8 (22.4) million. The largest single investment was the acquisition of a 50.3 per cent stake in the German company Zent-Frenger Gesellschaft für Gebäudetechnik mbH in April.

Cash flow from operations came to €-4.9 (7.9) million, due to higher taxes paid and increases in sales receivables and inventories.

Uponor continues to focus special attention on safeguarding liquidity at a good level as well as following up accounts receivable, among other issues, to reduce credit risk.

In June, Uponor issued a dual tranche bond totalling €100 million. The first tranche, a floating-rate bond totalling €20 million, will fall due in June 2016, and the second tranche, totalling €80 million, in June 2018. Furthermore, an interest rate swap was concluded to transform part of the floating-rate tranche into a fixed-rate tranche for four years. Interest rate hedging was included in hedge accounting starting from the interest rate swap date. Also in June, Uponor paid back the €80 million pension contribution borrowed back from a Finnish pension insurance company. At the time of the payment, €40 million remained.

Available committed bilateral credit lines amount to €190 million, none of which was in use at the end of the reporting period. At period end, €25.0 million was in use under the €150 million domestic commercial paper programme.

The Group's solvency at 41.9% (45.8%) has developed steadily. Interest-bearing liabilities increased to €126.8 (101.5) million, funded by the issuance of the dual trance bond. The period-end cash balance totalled €9.9 (4.1) million. Gearing rose to 53.7 (40.9) per cent, and is still aligned with the long-term financial targets.

Key events

Uponor started up a joint venture company in Beirut, Lebanon, in order to serve the Middle East region and benefit from the business of growing economies. In the same connection, two new sales offices were opened in Dubai and Saudi Arabia.

Uponor made a decision to discontinue the European Business Development unit in charge of penetrating new markets, mainly due to the fact that its mission had, to a great extent, been completed. In the future, the business development focus will turn to the Asian markets. As part of this development, the Uponor sales office in Turkey was closed and the office in Croatia downsized, turning these countries into export markets.

Within the European Supply Chain, Uponor made plans to continue its warehousing and logistics development, by consolidating distribution functions into larger units in Sweden and Germany.

To support its growth strategy, Uponor actively continued its promotion of recently launched product innovations, such as RTM fittings, PEXa pipe expansion tools and self-attaching underfloor heating systems. These exciting innovations – together with those still in the pipeline - will enable Uponor to benefit more strongly from the continuing penetration of PEXa and multilayer composite pipe technologies in plumbing applications.

In North America, Uponor entered a partnership with two leading sustainability organisations in the development of a home template meeting the 'passive house' and 'net zero' energy standards for single family homes. Furthermore, Uponor was selected as part of the Emerald Circle, a group comprising of innovation leaders from among U.S. companies committed to sustainability.

In Infrastructure Solutions, the introduction of the successful IQ range of storm water pipes continued, with new dimensions simultaneously added. This technology represents a new concept in storm and surface water pipes, which is unique in that the same fittings and chambers are compatible with another Uponor novelty, the twin-wall Ultra Double sewer pipe system. In parallel with the above development, a new three-layer sewer pipe system has been developed which enables a markedly improved carbon footprint.

Human resources and administration

The number of Group full time-equivalent employees in continuing operations averaged 3,300 (3,221) during January–September, showing an increase of 79 employees from the same period in 2010. At the end of the period, the Group had 3,292 (3,233) employees, an increase of 59 from the end of the comparison period. The acquisition made in Germany in the second quarter increased the headcount by ca 100 persons.

In the third quarter, Uponor began actions to streamline its European operations, resulting, for instance, in a strong reduction of temporary work contracts after the summer season. In Finland, the Finnish business unit agreed on voluntary unpaid leave during the autumn, which will help smoothen out seasonal variations and reduce costs, without compromising service levels.

In March 2011, the Annual General Meeting (AGM) established the Nomination Board, comprising shareholders or representatives of shareholders, for the preparation of proposals for the election and remuneration of members of the Board of Directors. In early September, the following persons were nominated as members: Pekka Paasikivi (Oras Invest Oy), Risto Murto (Varma Mutual Pension Insurance Company), Timo Ritakallio (Ilmarinen Mutual Pension Insurance Company) and Jari Paasikivi (expert member).

Share capital and shares

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

The number of Uponor shares traded on the NASDAQ OMX Exchange in Helsinki in the third quarter was 12.8 (8.6) million shares, totalling €98.3 (100.7) million. The market value of the share capital at the end of the period was €0.5 (0.9) billion, and the number of shareholders was 20,445 (23,410).

The company held 160,000 of its own shares, acquired in the final quarter of 2008 for use in the company's share-based incentive programmes.

The Board of Directors did not exercise any authorisations from the AGM during the reporting period. The AGM authorised the Board to resolve to buy back a maximum of 3.5 million of the company's own shares using distributable earnings from unrestricted equity, amounting in total to 4.8 per cent of the total number of company shares. This authorisation is valid until the end of the next AGM and expires no later than 18 months from the date of the general meeting. The AGM also authorised the Board to resolve the issuance of no more than 7.2 million shares, amounting in total to approximately 9.8 per cent of the total number of company shares. The Board of Directors decides on the conditions governing the issuance of shares. A directed share issue, in deviation from the shareholders' pre-emptive rights, is also an option. The authorisation includes the possibility to issue own shares to the corporation free of charge. This authorisation is valid until the end of the next annual general meeting. The Board of Directors has no other valid authorisations from the AGM.

Events after the period under review

There were no significant events to report after the reporting period.

Short-term outlook

The macroeconomic uncertainties emerging in the second quarter began to spread during the third quarter. For obvious reasons, the impact was greatest in southwest Europe, but was also clearly felt in northern Europe. To a large extent, Central Europe's larger markets have maintained their resilience as far as Uponor's business areas are concerned. In North America, the U.S. building markets remain at historically low levels, and any pick up has been effectively hindered by domestic problems in the U.S. economy. The Canadian markets have posted a flat or modestly positive development.

While great uncertainty remains as to the future direction of the global economy and the GDPs that drive building and construction demand in Uponor's key markets, longer-term business drivers are having a positive impact on demand in Uponor's business areas. These include global trends such as the growing importance of energy-savings, sustainable construction methods as required by builders, building-owners and end-users, as well as the increasing value of offering total packages as an integral part of the building process, aimed at faster execution and higher overall quality.

For several months now - and in the coming months – Uponor has and will present a range of product innovations that will help the company benefit from the above-mentioned global trends, as soon as market demand returns to more normal patterns.

However, Uponor's financial performance may be affected by several strategic, operational, financial, and hazard risks. A detailed risk analysis is provided in the company's Annual Report.

The management has initiated actions to improve focus, reduce cost and improve cash flow. Among other measures, the company is exiting poorly performing markets, and carrying out a plan to reduce overhead and personnel costs through various measures. Production is being curtailed, in order to run down inventories in line with anticipated demand and to support this year's cash flow.

Uponor repeats its guidance for the year 2011, as stated in its stock exchange release on 27 September 2011:

Uponor's net sales are expected to improve on their 2010 level, but operating profit should fall somewhat short of the previous year's reported result. The Group's fixed-asset investments are not expected to exceed depreciation.

Forecasting the results of the net working capital improvement programme is exceptionally challenging; hence, Uponor will not issue guidance on full-year cash flow for 2011.

Uponor Corporation
Board of Directors

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INTERIM REPORT 1-9/2011: Tables

This interim report has been compiled in accordance with the IAS 34 reporting standards and it is unaudited. The figures in brackets are the reference figures for the equivalent period in 2010. The change percentages reported have been calculated from the exact figures and not from the rounded figures published in the interim report.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

M€	1-9/2011	1-9/2010	7-9/2011	7-9/2010	1-12/2010
Continuing operations					
Net sales	609.4	567.5	213.6	205.5	749.2
Cost of goods sold	386.5	347.5	135.7	125.0	461.1
Gross profit	222.9	220.0	77.9	80.5	288.1
Other operating income	0.4	1.8	0.3	0.7	2.2
Dispatching and warehousing expenses	23.3	22.7	7.9	7.8	30.1
Sales and marketing expenses	117.9	109.2	37.9	35.2	145.1
Administration expenses	32.0	34.5	8.8	10.9	45.0
Other operating expenses, net	11.7	11.6	3.9	3.8	17.7
Operating profit	38.4	43.8	19.7	23.5	52.4
Financial expenses, net	4.4	8.9	1.3	1.5	10.7
Profit before taxes	34.0	34.9	18.4	22.0	41.7
Income taxes	11.2	10.5	6.1	6.6	14.7
Profit for the period from continuing operations	22.8	24.4	12.3	15.4	27.0
Discontinued operations					
Profit for the period from discontinued operations	0.0	-1.3	0.0	-0.4	-2.3
Profit for the period	22.8	23.1	12.3	15.0	24.7
Other comprehensive income					
Translation differences	-3.5	9.8	2.8	-7.3	12.6
Cash flow hedges	-2.1	0.5	-1.4	0.1	1.6
Net investment hedges	2.7	-6.5	-0.7	-0.2	-8.4
Other comprehensive income for the period	-2.9	3.8	0.7	-7.4	5.8
Total comprehensive income for the period	19.9	26.9	13.0	7.6	30.5
Profit for the period attributable to					
- Equity holders of parent company	23.3	23.1	12.5	15.0	24.7
- Non-controlling interest	-0.5	-	-0.2	-	-
Comprehensive income for the period attributable to					
- Equity holders of parent company	20.4	26.9	13.2	7.6	30.5
- Non-controlling interest	-0.5	-	-0.2	-	-
Earnings per share, €	0.32	0.32	0.17	0.21	0.34
- Continuing operations	0.32	0.34	0.17	0.22	0.37

- Discontinued operations	0.00	-0.02	0.00	-0.01	-0.03
Diluted earnings per share, €	0.32	0.32	0.17	0.21	0.34
- Continuing operations	0.32	0.34	0.17	0.22	0.37
- Discontinued operations	0.00	-0.02	0.00	-0.01	-0.03

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

M€	30.9.2011	30.9.2010	31.12.2010
Assets			
Non-current assets			
Property, plant and equipment	165.2	169.1	171.3
Intangible assets	98.6	98.8	96.9
Securities and long-term investments	8.5	8.0	8.4
Deferred tax assets	12.6	15.2	13.9
Total non-current assets	284.9	291.1	290.5
Current assets			
Inventories	96.2	89.5	84.4
Accounts receivable	152.5	141.0	93.1
Other receivables	19.4	16.6	17.3
Cash and cash equivalents	9.9	4.1	11.9
Total current assets	278.0	251.2	206.7
Total assets	562.9	542.3	497.2
Equity and liabilities			
Equity			
Equity attributable to owners of the parent company	232.4	248.4	252.1
Non-controlling interest	3.6	-	-
Total equity	236.0	248.4	252.1
Non-current liabilities			
Interest-bearing liabilities	111.2	53.4	43.5
Deferred tax liability	9.6	10.0	9.5
Provisions	4.1	5.9	5.6
Employee benefits and other liabilities	22.5	21.8	21.6
Total non-current liabilities	147.4	91.1	80.2
Current liabilities			
Interest-bearing liabilities	25.5	52.2	35.2
Provisions	6.1	5.9	6.4
Accounts payable	51.1	50.4	51.0
Other liabilities	96.8	94.3	72.3
Total current liabilities	179.5	202.8	164.9
Total equity and liabilities	562.9	542.3	497.2

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

M€	1-9/2011	1-9/2010	1-12/2010
Cash flow from operations			
Cash before net working capital	58.7	57.9	74.9
Change in net working capital	-48.9	-44.9	-22.6
Income taxes paid	-14.1	-3.0	1.1
Interest paid	-4.0	-2.6	-4.7
Interest received	3.4	0.5	0.5
Cash flow from operations	-4.9	7.9	49.2
Cash flow from investments			
Acquisition of subsidiary shares	-6.4	-	-
Proceeds from disposal of shares	0.1	-	0.2
Purchase of fixed assets	-12.8	-9.4	-19.0
Proceeds from sales of fixed assets	0.6	3.1	5.0
Received dividends	0.0	0.0	0.1
Loan repayments	0.2	0.1	0.1
Cash flow from investments	-18.3	-6.2	-13.6
Cash flow from financing			
Borrowings of debt	162.7	67.6	67.6
Repayments of debt	-102.7	-65.0	-84.0
Change in other short term debt	2.7	24.3	18.0
Dividends paid	-40.2	-36.5	-36.5
Payment of finance lease liabilities	-1.4	-1.2	-2.1
Cash flow from financing	21.1	-10.8	-37.0
Conversion differences for cash and cash equivalents	0.1	0.0	-0.1
Change in cash and cash equivalents	-2.0	-9.1	-1.3
Cash and cash equivalents at 1 January	11.9	13.2	13.2
Cash and cash equivalents at end of period	9.9	4.1	11.9
Changes according to balance sheet	-2.0	-9.1	-1.3

STATEMENT OF CHANGES IN EQUITY

M€	A	B	C*	D	E	F	G	H	I
Balance at 31 Dec. 2010	146.4	50.2	-5.5	-1.4	-1.2	63.6	252.1	0.0	252.1
Total comprehensive income for the period			0.6	-3.5		23.3	20.4	-0.5	19.9
Dividend paid (€0.55 per share)						-40.2	-40.2		-40.2
Share-based incentive plan						0.1	0.1		0.1
Other adjustments**			0.0			0.0	-	4.1	4.1
Balance at 30 September 2011	146.4	50.2	-4.9	-4.9	-1.2	46.8	232.4	3.6	236.0
Balance at 31 Dec. 2009	146.4	50.2	1.3	-14.0	-1.2	75.3	258.0		258.0
Total comprehensive income for the period			-6.0	9.8		23.1	26.9		26.9
Dividend paid (€0.50 per share)						-36.5	-36.5		-36.5
Share based incentive plan						0.0	0.0		0.0
Other adjustments			0.0			0.0	-		-
Balance at 30 September 2010	146.4	50.2	-4.7	-4.2	-1.2	61.9	248.4		248.4

*) Includes -5.8 (-6.5) M€ effective portion of the net investment hedge.
**) Includes acquisition of subsidiary shares

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES

The interim report has been prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by the EU and IAS 34 Interim Financial Reporting. In its interim reports Uponor Group follows the same principles as in the annual financial statements for 2010. with the exception of the changes listed below. Percentage of completion: The Group recognises work-in-progress for long-term contracts in Zent-Frenger according to the percentage of completion principle.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

M€	1-9/2011	1-9/2010	1-12/2010
Gross investment	12.8	9.4	19.0
- % of net sales	2.1	1.7	2.5
Depreciation	20.8	22.4	29.1
Write downs	-	-	1.4
Book value of disposed fixed assets	0.5	2.8	5.4

PERSONNEL

Converted to full time employees	1-9/2011	1-9/2010	1-12/2010
Average	3,300	3,221	3,219
At the end of the period	3,292	3,233	3,197

OWN SHARES

	30.9.2011	30.9.2010	31.12.2010
Own shares held by the company, pcs	160,000	160,000	160,000
- of share capital, %	0.2 %	0.2 %	0.2 %
- of voting rights, %	0.2 %	0.2 %	0.2 %
Accounted par value of own shares held by the company, M€	0.3	0.3	0.3

SEGMENT INFORMATION

	1-9/2011			1-9/2010		
M€	External	Internal	Total	External	Internal	Total
Segment revenue, continuing operations						
Building Solutions - Europe	410.5	0.5	411.0	380.1	0.7	380.8
Building Solutions - North America	89.4	-	89.4	87.9	-	87.9
Infrastructure Solutions	109.5	5.9	115.4	99.5	5.4	104.9
Eliminations	-	-6.4	-6.4	-	-6.1	-6.1
Total	609.4	-	609.4	567.5	-	567.5

	7-9/2011			7-9/2010		
M€	External	Internal	Total	External	Internal	Total
Segment revenue, continuing operations						
Building Solutions - Europe	140.6	0.3	140.9	137.6	0.3	137.9
Building Solutions - North America	33.2	-	33.2	29.9	-	29.9
Infrastructure Solutions	39.8	2.3	42.1	38.0	2.4	40.4
Eliminations	-	-2.6	-2.6	-	-2.7	-2.7
Total	213.6	-	213.6	205.5	-	205.5

M€	External	Internal	Total
		1-12/2010	
Segment revenue, continuing operations			
Building Solutions – Europe	503.6	0.8	504.4
Building Solutions - North America	114.6	-	114.6
Infrastructure Solutions	131.0	7.3	138.3
Eliminations	-	-8.1	-8.1
Total	749.2	-	749.2

M€	1-9/2011	1-9/2010	7-9/2011	7-9/2010	1-12/2010
Segment result, continuing operations					
Building Solutions - Europe	33.9	46.9	13.4	21.5	55.7
Building Solutions - North America	8.3	2.1	4.9	1.9	3.1
Infrastructure Solutions	-0.9	1.3	1.4	2.2	0.4
Others	-3.6	-6.3	0.1	-1.7	-6.8
Eliminations	0.7	-0.2	-0.1	-0.4	0.0
Total	38.4	43.8	19.7	23.5	52.4

M€	1-9/2011	1-9/2010	1-12/2010
Segment depreciation and impairments, continuing operations			
Building Solutions – Europe	9.7	9.6	13.2
Building Solutions - North America	3.0	5.0	8.0
Infrastructure Solutions	4.6	4.2	5.6
Others	3.1	3.2	4.3
Eliminations	0.4	0.4	-0.5
Total	20.8	22.4	30.6
Segment investments, continuing operations			
Building Solutions – Europe	7.1	3.8	8.0
Building Solutions - North America	2.0	3.1	4.3
Infrastructure Solutions	2.7	2.2	6.2
Others	1.0	0.3	0.5
Total	12.8	9.4	19.0

M€	30.9.2011	30.9.2010	31.12.2010
Segment assets			
Building Solutions - Europe	435.6	426.9	414.9
Building Solutions - North America	195.4	126.5	126.8
Infrastructure Solutions	98.4	96.7	88.9
Others	497.8	458.0	534.2
Eliminations	-664.3	-565.8	-667.6
Total	562.9	542.3	497.2

Segment liabilities			
Building Solutions - Europe	306.4	288.1	303.1
Building Solutions - North America	69.6	74.3	72.8
Infrastructure Solutions	66.6	70.1	64.2
Others	484.0	449.5	496.0
Eliminations	-599.7	-588.1	-691.0
Total	326.9	293.9	245.1

	1-9/2011	1-9/2010	1-12/2010
Segment personnel, continuing operations, average			
Building Solutions - Europe	2,305	2,224	2,222
Building Solutions - North America	409	430	427
Infrastructure Solutions	528	506	509
Others	58	61	61
Total	3,300	3,221	3,219

Reconciliation

M€	1-9/2011	1-9/2010	1-12/2010
Segment result, continuing operations			
Segment results total	38.4	43.8	52.4
Financial expenses, net	4.4	8.9	10.7
Group’s profit before taxes	34.0	34.9	41.7

CONTINGENT LIABILITIES

M€	30.9.2011	30.9.2010	31.12.2010
Group:			
Pledges			
- on own behalf	6.2	0.0	0.0
Guarantees			
- on own behalf	0.3	0.1	0.1
- on behalf of others	7.1	7.1	7.0
Parent company:			
Guarantees			
- on behalf of a subsidiary	17.8	11.0	11.2
- on behalf of others	6.9	6.9	6.9
OPERATING LEASE COMMITMENTS	28.1	31.3	29.3

BONDS

In June, Uponor Corporation issued two bonds with an aggregate principal amount of € 100 million, targeted mainly to Finnish domestic institutional investors. The floating rate 5-year bond totals €20 million and the floating rate 7-year bond €80 million. The issue date was 21 June 2011. The 5-year bond pays a coupon of 6 month Euribor +1.75 per cent and the 7-year bond 6 month Euribor +2.05 per cent. These bonds are hedged with interest rate swaps with a nominal value of €50 million.

DERIVATIVE CONTRACTS

M€	Nominal value 30.9.2011	Fair value 30.9.2011	Nominal value 30.9.2010	Fair value 30.9.2010	Nominal value 31.12.2010	Fair value 31.12.2010
Currency derivatives						
- Forward agreements	149.7	1.2	162.0	-1.0	175.1	4.0
- Currency options, bought	13.6	0.0	24.7	0.6	21.6	0.0
- Currency options, sold	14.4	0.0	26.9	0.0	21.6	-0.3
Interest derivates						
- Interest rate swaps	50.0	-1.4				
Commodity derivatives						
- Forward agreements	5.7	0.1	5.5	0.1	6.0	1.6

BUSINESS COMBINATIONS

The preliminary acquisition calculation of Zent-Frenger is presented below. The total net assets are mainly inventories. This calculation, dated 1 April 2011, is a preliminary one and it can be adjusted later.

Total consideration in cash	6.4
Acquisition-related costs (recognised as expenses)	0.9
Recognised amounts of identifiable net assets acquired and liabilities assumed. preliminary	
Cash and cash equivalents	0.0
Non-current assets	3.8
Inventories	1.6
Accounts receivable and other receivables	5.9
Accounts payable and other liabilities	-5.1
Total identifiable net assets	**6.2**
Non-controlling interest	4.0
Goodwill	2.4
Total entity value	12.6

DISCONTINUED OPERATIONS

In 2011 and 2010, the discontinued operations include costs related to the Irish infrastructure business sold in 2008. These costs stem from soil cleaning operations started in 2008.

M€	1-9/2011	1-9/2010	1-12/2010
Expenses	0.0	1.3	2.3
Profit before taxes	0.0	-1.3	-2.3
Income taxes	0.0	0.0	0.0
Profit after taxes	0.0	-1.3	-2.3
Profit for the period from discontinued operations	-0.0	-1.3	-2.3
Cash flow from discontinued operations			
Cash flow from operations	-0.2	-1.5	-1.6

RELATED-PARTY TRANSACTIONS

M€	1-9/2011	1-9/2010	1-12/2010
Continuing operations			
Purchases from associated companies	1.3	1.0	1.4
Balances at the end of the period			
Accounts payables and other liabilities	0.0	0.1	0.0

KEY FIGURES

	1-9/2011	1-9/2010	1-12/2010
Earnings per share, €	0.32	0.32	0.34
- continuing operations	0.32	0.34	0.37
- discontinued operations	0.00	-0.02	-0.03
Operating profit (continuing operations), %	6.3	7.7	7.0
Return on equity, % (p.a.)	12.5	12.1	9.7
Return on investment, % (p.a.)	15.3	15.5	14.4
Solvency ratio, %	41.9	45.8	50.8
Gearing, %	53.7	40.9	26.5
Net interest-bearing liabilities	126.8	101.5	66.8
Equity per share, €	3.18	3.40	3.45
- diluted	3.18	3.40	3.45
Trading price of shares			
- low, €	6.07	10.58	10.58
- high, €	14.25	15.66	15.66
- average, €	11.02	12.78	12.88
Shares traded			
- 1,000 pcs	29,706	28,332	37,389
- M€	307	362	482

DEFINITIONS OF KEY RATIOS

Return on Equity (ROE), %

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

Return on Investment (ROI), %

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

Solvency, %

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

Gearing, %

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

Net interest-bearing liabilities

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

Earnings per share (EPS)

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

Equity per share ratio

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

Dividend per share ratio

$$= \frac{\text{Dividend per share}}{\text{Earnings per share}}$$

Price - Earnings ratio (P/E)

$$= \frac{\text{Share price at end of financial period}}{\text{Earnings per share}}$$

Average share price

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