Uponor's new head office, which will be taken into use 1 Jan 2013,
will showcase sustainable and innovative Uponor technology in use.

INTERIM REPORT 2012

26 October 2012

Q3

Growth in North America supported Uponor's profit development

- Lively demand in North America continued, Europe saw a further decline
- Group organic growth for the quarter at 3.3%, slightly better than in April-June
- July-September net sales totalled €211.3 (213.6) million, a change of -1.1%
- July-September operating profit was €22.1 (19.7) million, an improvement of 11.9%
- January–September net sales totalled €621.9 (609.4) million, a change of 2.1%
- January–September operating profit was €47.5 (38.4) million, up 23.6%
- January–September earnings per share amounted to €0.35 (0.32)
- January–September return on investment was 18.1% (15.3%), and gearing 57.9 (53.7)
- January–September cash flow from business operations improved to €2.1 (-4.9) million despite the disputed extra tax payment during Q1 2012 in Finland
- The full-year guidance remains unchanged

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

President and CEO Jyri Luomakoski comments on Uponor's performance:

- I am happy to report a solid performance development, despite demand for building and construction remaining weak and, in part, still slowing in Europe, our key geographic market. Cost containment and efforts to proactively adjust operations are bearing fruit, while we are able to satisfy customer requests in areas where demand is recovering.
- In September we announced a joint venture plan concerning our Infrastructure business. This is the biggest M&A transaction in Uponor's history and the sector's largest ever in the Nordic countries. We have worked hard and long to achieve this deal, particularly in the third quarter, and look forward to developing the business further, pending official approvals.
- Despite poor visibility into future market developments, we are building platforms for growth step-by-step, by focussing on key business opportunities, pushing value-adding products and systems onto the market, and working hard to win share in markets in which we want to grow our presence.

Webcast and presentation material
Upon the release of this report, the presentation material for the interim report will be available at www.uponor.com > **Investors** > **News & downloads**.

A webcast on interim results will be broadcast in English at 10:00 EEST on Friday, 26 October 2012. Connection details are available at www.uponor.com > Investors. Questions for the webcast can be sent in advance to ir@uponor.com. The completed webcast will be available for viewing at www.uponor.com > **Investors** > **News & downloads** shortly after the financial information is published.

Uponor Corporation will release its financial results for 2012 on Tuesday, 12 February 2013. During the silent period from 1 January to 11 February 2013, Uponor will not comment on market prospects or factors affecting business and performance, nor will the company engage in the discussion of events or trends related to the reporting period or the current fiscal period.

Markets

The market trends prevalent in Uponor's key national markets in the second quarter of 2012 have mainly continued. In the European markets, which have been and are being influenced by the prolonged political and financial crisis, demand has mostly continued at its existing, weak levels, but has deteriorated a little further in some markets, particularly in southwest Europe. A marked downward shift in the second quarter was also noticed in Denmark and to a lesser extent in the UK. Demand in Finland and Sweden remained soft, as in the second quarter, whereas in Norway the building and construction markets remained lively. The German economy, which showed signs of weakening sentiment in the second quarter, has continued in the same manner in the third quarter. However, the country's building markets maintained satisfactory activity levels in the third quarter, much helped by consumer confidence in the value of investments in home building or refurbishments. In Eastern Europe too, earlier trends continued, with Russian demand still vigorous.

In North America, in spite of signs of a slowing economy, the U.S. residential construction industry remained lively, although the commercial market was still fairly flat. In Canada, the vigorous growth of the first half began to ebb in the third quarter.

Development of infrastructure-related demand in Northern Europe ranged from moderate growth to modest decline, depending on the country. Market growth was recorded in Norway and the Baltic countries, while the rest of Scandinavia and the Finnish market remained subdued, being heavily influenced by the slowdown in the residential markets.

Net sales

A negative trend in the reported net sales continued in the third quarter, versus the year before, reflecting the gradually weakening market conditions compared to the robust start to the year. July-September net sales totalled €211.3 (213.6) million, down by 1.1 per cent year on year. Organically, net sales growth was 3.3 per cent, calculated with the exclusion of Hewing GmbH, divested in the first quarter of 2012.

Building Solutions – Europe reported negative growth of net sales at -7.7%, mainly due to weak building market demand in several large European markets, including the impact of the divestment of Hewing GmbH in the first quarter of 2012. In comparable terms, the segment's growth remained 1.4% in the negative. Sales development of plumbing products was stronger than that of indoor climate products, partly due to a steeper fall in new build versus renovation. The new marketing concepts for the renovation market supported this segment's sales in Finland, in particular.

Building Solutions – North America continued its solid growth, supported by the lively residential building markets in the U.S. and, to some extent, in Canada.

Infrastructure Solutions' net sales declined after the livelier first half of the year, mainly due to declining construction markets and austerity measures taken by national governments, which are curbing infrastructure-related investments.

Net sales by segment (July–September):

M€	7–9/2012	7–9/2011	Change
Building Solutions – Europe	129.9	140.9	-7.7%
Building Solutions – North America	43.1	33.2	29.5%
(Building Solutions – North America, $	54.5	46.8	16.4%)
Infrastructure Solutions	40.3	42.1	-4.2%
Eliminations	-2.0	-2.6	
Total	211.3	213.6	-1.1%

Uponor's January – September, net sales reached €621.9 (609.4) million, an increase of 2.1%. The impact of currency fluctuations was a positive €15.4 million, or 2.5 per cent, year on year. This development was driven primarily by the USD, with all the other main currencies, i.e. SEK, CAD, GBP and NOK, also having a positive impact. Organically, net sales growth was 4.4 per cent, calculated with the exclusion of Zent-Frenger GmbH, acquired in the second quarter of 2011, for the first quarter of 2012 and the divested Hewing GmbH for both years, as in the January – June interim report.

Net sales by segment (January–September):

M€	1–9/2012	1–9/2011	Change
Building Solutions – Europe	396.1	411.0	-3.6%
Building Solutions – North America	113.0	89.4	26.3%
(Building Solutions – North America, $	145.6	126.9	14.8%)
Infrastructure Solutions	117.6	115.4	1.9%
Eliminations	-4.8	-6.4	
Total	621.9	609.4	2.1%

Results and profitability

The gross margin in the third quarter improved from the previous year, supported by the sales price increases implemented throughout the year.

Uponor's operating profit in the third quarter totalled €22.1 (19.7) million, up by 11.9 per cent in year-on-year terms. Profitability measured by the operating profit margin improved to 10.4 per cent, from the 9.2 per cent reported a year ago. This positive performance development was mainly driven by the better gross margin. Active management of spending and overhead costs was continued, but their development at Group level was adverse due to increased costs in M&A activity and higher overheads, mainly in North America, in support of business growth.

The competitive environment in Europe remained tough, putting pressure on margins both in Building Solutions – Europe and in Infrastructure Solutions. This was due to an increased number of competitors pushing their offerings at a low price in subdued markets.

In addition to the above mentioned factors, the favourable performance development in Infrastructure Solution was influenced by a better product mix in sales. Despite higher overheads, Building Solutions – North America's operating profit improved markedly on account of higher volumes, reasonable margin development and effective management of manufacturing efficiency.

Operating profit by segment (July–September):

M€	7–9/2012	7–9/2011	Change
Building Solutions – Europe	13.9	13.4	3.6%
Building Solutions – North America	7.5	4.9	51.9%
(Building Solutions – North America, $	9.6	7.0	37.1%)
Infrastructure Solutions	2.3	1.4	75.6%
Others	-1.4	0.1	
Eliminations	-0.2	-0.1	
Total	22.1	19.7	11.9%

Profit before taxes for July–September totalled €19.5 (18.4) million. The effect of taxes on profits was €7.1 million, while the amount of taxes in the comparison period was €6.1 million. Profit for the third quarter came to €12.4 (12.3) million.

January–September operating profit was €47.5 (38.4) million, up 23.6 per cent from the comparison period. Profitability, or the operating profit margin, was 7.6 per cent, with the year-on-year figure being 6.3 per cent. The translation impact of exchange rates on January – September operating profit was €1.5m positive.

Operating profit by segment (January–September):

M€	1–9/2012	1–9/2011	Change
Building Solutions – Europe	37.8	33.9	11.5%
Building Solutions – North America	14.3	8.3	72.2%
(Building Solutions – North America, $	18.4	11.8	56.5%)
Infrastructure Solutions	2.6	-0.9	391.3%
Others	-6.4	-3.6	76.9%
Eliminations	-0.8	0.7	
Total	47.5	38.4	23.6%

Earnings per share for January–September totalled €0.35 (0.32), both basic and diluted. Equity per share was €2.78 (3.18), basic and diluted.

Investments and financing

In North America, Uponor launched manufacturing expansion investment on its current premises, in order to meet growth in demand. The programme will be executed by the year end. Other than this, investments during the reporting period were mainly targeted at maintenance and development. Uponor divested its German OEM unit, Hewing GmbH, at the end of the first quarter 2012. The closing sales price was €11.9 million, which was received on 2 April 2012.

Gross investments in fixed assets in January–September reached €12.3 million, almost at the previous year's level of 12.8 million. However, this was clearly below depreciation, which amounted to €21.2 (20.8) million.

Cash flow from business operations in January–September came to €2.1 million, from -€4.9 million, despite the payment in the first quarter of €15.0 million in taxes, surtaxes and interest, with respect to the taxation decisions by the Finnish tax authorities at the end of 2011. Uponor has filed an appeal against the decisions and a request for rectification to the Board of Adjustment.

In order to mitigate risks related to the difficult business environment, Uponor places a special focus on reducing credit risk related to trade receivables. Further, Uponor aims to keep its own liquidity at a high level, while minimising refinancing risks. The company's available committed bilateral credit facilities amount to €190 million. None of this amount was in use at the end of the reporting period. At end of period, €15.5 million in commercial papers had been issued under the €150 million domestic commercial paper programme.

The Group's solvency ratio declined to 37.8 (41.9) per cent. Interest-bearing liabilities amounted to €117.7 (126.8) million. The period-end cash balance totalled €8.7 (9.9) million. Gearing increased to 57.9 (53.7) per cent.

Key events

On 21 September, Uponor Corporation and KWH Group Ltd, also of Finland, announced a plan which involves the merger of both companies' infrastructure pipe businesses into a new joint venture company. The new company, to be named Uponor Infra Oy and jointly owned by Uponor (55.3%) and KWH Group (44.7%), will focus on providing infrastructure pipe systems in northern Europe and elsewhere. The deal is subject to certain closing conditions, including approval by the Competition Authorities. Further to this deal, Uponor will acquire the PEX pipe related production and business of KWH Pipe as a business transfer. Uponor Group's net debt is expected to increase by approximately €35 million upon the completion of the transaction. This deal should have no material impact on Uponor's gearing or solvency ratio. The management expects to achieve significant cost synergies in relation to the value of the businesses, but this is subject to detailed planning and execution by the management of the joint venture. Uponor anticipates a decision by the authorities within four months of the deal's announcement.

A new distribution centre building that will serve Uponor's building solutions business in the Nordic countries has been erected in Västerås, Sweden. Preparations are ongoing to begin operations there in January 2013.

Uponor has continued to develop its project organisation. In Central Europe, the Zent-Frenger business concept is now established in the Swiss market and the first steps have been taken in Austria.

The promotion of new products and systems introduced earlier have been continued and extended to new countries. The pan-European customer loyalty programme, whose development started last year, has now been introduced in five European markets.

Earlier in the year, Uponor reported that, on 12 March, it had acquired the remaining 49.7% of shares in the German company Zent-Frenger Gesellschaft für Gebäudetechnik mbH, and now holds 100% of its share capital. On 17 February, with reference to the December 2011 taxation decisions by the Finnish tax authorities, Uponor notified that it had filed an appeal against the decisions and a request for rectification to the Board of Adjustment. At the end of the first quarter, Uponor closed the divestment of its German OEM unit, Hewing GmbH, as first announced in January 2012.

Human resources and administration

For the January-September period, the number of Group employees (full time-equivalent) in continuing operations averaged 3,112 (3,300), showing a decrease of 188 employees from the equivalent period in 2011. At the end of the period, the Group had 3,043 (3,292) employees, a decrease of 249 from the end of the comparison period. In North America, Uponor has added personnel to service higher demand, while in Europe the opposite development has occurred. Furthermore, the divestment of Hewing, closed at the end of the first quarter, reduced the headcount by 211.

Uponor has started initiatives in Building Solutions – Europe and Infrastructure Solutions, in order to further adjust operations to the weak business climate. These initiatives are expected to lead to modest headcount reductions on different organisation levels Europe-wide, as well as to various other savings in personnel costs.

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 or shares during the reporting period.

The number of Uponor shares traded on the NASDAQ OMX Exchange in Helsinki in the third quarter was 4.5 (12.8) million, with the value of trading totalling €36.4 (98.3) million. The market value of the share capital at the end of the period was €0.6 (0.5) billion and the number of shareholders was 18,370 (20,445).

In September, The Capital Group Companies, Inc. notified of a change in the reporting of their ownership in Uponor. In the future, holdings under management will be reported in aggregate by The Capital Group Companies Inc., the group's parent company. According to the notification, the total holding and voting power of The Capital Group Companies Inc. in Uponor Corporation amounted to 8.8508% on 3 September 2012.

At period end, Uponor held 140,378 of its own shares, acquired in the final quarter of 2008 for use in the company's share-based incentive programmes. In April 2012, Uponor transferred 19,622 of its own shares to the company's management under the long-term incentive scheme for 2007–2011, as authorised by the Annual General Meeting of March 2012.

The AGM held on 15 March 2012 authorised the Board to resolve to buy back, at a maximum, 3.5 million of the company's own shares, equating to 4.8 per cent of the total number of shares of the company. These shares may be bought back from unrestricted equity, by means of distributable earnings. The authorisation is valid until the end of the next Annual General Meeting and for no longer than 18 months. The AGM also authorised the Board to resolve to issue a maximum of 7.2 million new shares or to transfer the company's own shares. The maximum number of shares to be issued is 9.8 per cent of the total number of shares in the company. The Board of Directors is authorised to set the conditions for the share issue by a resolution. Such an authorisation would be valid for three years. The general meeting further resolved to establish a permanent Nomination Board comprising shareholders, or representatives thereof, to prepare proposals each year for the election and remuneration of members of the Board of Directors. In the view of the Board of Directors, it is in the interests of the company and its shareholders that the biggest shareholders in the company participate in preparations for the election and remuneration of Board members. The Board of Directors did not exercise any of the above-mentioned authorisations during the reporting period. The Board of Directors has no other valid authorisations from the AGM.

On the basis of a decision by the AGM, the company distributed dividends of €0.35 per share for the 2011 financial year, in March 2012.

Events after the reporting period

There have been no significant events to report since the reporting period.

Short-term outlook

The European Union remains affected by a complex and inefficient web of political and financial arrangements, with no rapid solutions in sight to the continent's prolonged economic problems. Reliably forecasting any lines of development in this environment remains challenging.

The need to start new residential building projects is being curbed by tight financing opportunities, as well as unwillingness amongst individuals and organisations to commit to longer-term investment plans. Austerity measures being taken by national governments continue, slowing demand and affecting the prospects of a recovery in the building, construction and civil engineering markets.

Development in the United States has been positive. Although the Canadian market seems to be softening, these markets are expected to remain reasonably strong in the near term. Despite signs of a slowing economy, the North American construction industry continues to post moderate gains.

Uponor remains prepared for a lengthy period at current low activity levels, with limited expectations of market growth. The main factors supporting stable business growth are lively renovation activity, longer-term trends in sustainability and low-energy building, and increased preparation for extreme weather conditions, all of which favour Uponor's indoor climate, plumbing and infrastructure solutions. In terms of the company's operative structure, organisational setup and the products and services it offers, Uponor is well positioned to take advantage of current growth opportunities, or to scale up operations should the need arise.

The management is keeping a sharp eye on the company's focus, cost-efficiency, and cash flow, in order to secure a solid financial position in the longer term. Further action to cut overheads and other costs may become necessary in selected markets, if the outlook remains weak. At the same time, Uponor is maintaining support for its various growth initiatives, in order to benefit from its strong range of new product and system innovation, while utilising the tailwind that its sustainable product portfolio enjoys in the markets.

Uponor reiterates its guidance for 2012, announced on 10 February 2012:
Uponor's net sales are expected to grow organically from 2011 and operating profit is expected to exceed €50 million. The Group's net investment in fixed assets is not expected to exceed depreciation.

Uponor's financial performance may be affected by a range of strategic, operational, financial and hazard risks. A more detailed risk analysis is provided in the 'Key risks associated with business' section of the Financial Statements 2011.

Uponor Corporation
Board of Directors

For further information, please contact:
Jyri Luomakoski, President and CEO, tel. +358 20 129 2824
Riitta Palomäki, CFO, tel. +358 20 129 2822

Tarmo Anttila
Vice President, Communications
Tel. +358 20 129 2852

DISTRIBUTION:
NASDAQ OMX Helsinki
Media
www.uponor.com

INTERIM REPORT JANUARY – SEPTEMBER 2012
Table part

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 2011. The change percentages reported have been calculated from the exact figures and not from the rounded figures published in the interim report.

CONDENCED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

M€	1-9/2012	1-9/2011	7-9/2012	7-9/2011	1-12/2011
Continuing operations					
Net sales	621.9	609.4	211.3	213.6	806.4
Cost of goods sold	383.3	386.5	128.7	135.7	513.5
Gross profit	238.6	222.9	82.6	77.9	292.9
Other operating income	0.8	0.4	0.1	0.3	1.4
Dispatching and warehousing expenses	23.6	23.3	7.7	7.9	31.1
Sales and marketing expenses	120.3	117.9	37.8	37.9	157.9
Administration expenses	36.2	32.0	11.5	8.8	43.0
Other operating expenses	11.8	11.7	3.6	3.9	26.9
Operating profit	47.5	38.4	22.1	19.7	35.4
Financial expenses, net	7.1	4.4	2.6	1.3	17.7
Share of results in associated companies	0.1	-	0.0	-	-
Profit before taxes	40.5	34.0	19.5	18.4	17.7
Income taxes	14.8	11.2	7.1	6.1	15.8
Profit for the period from continuing operations	25.7	22.8	12.4	12.3	1.9
Discontinued operations					
Profit for the period from discontinued operations	0.0	0.0	0.0	0.0	-0.3
Profit for the period	25.7	22.8	12.4	12.3	1.6
Other comprehensive income					
Translation differences	3.7	-3.5	0.5	2.8	2.0
Cash flow hedges	-0.7	-2.1	-0.2	-1.4	-2.8
Net investment hedges	-5.8	2.7	-3.3	-0.7	-4.6
Other comprehensive income for the period	-2.8	-2.9	-3.0	0.7	-5.4
Total comprehensive income for the period	22.9	19.9	9.4	13.0	-3.8
Profit/loss for the period attributable to					
- Equity holders of parent company	25.7	23.3	12.4	12.5	2.5
- Non-controlling interest	0.0	-0.5	0.0	-0.2	-0.9
Comprehensive income for the period attributable to					
- Equity holders of parent company	22.9	20.4	9.4	13.2	-2.9
- Non-controlling interest	0.0	-0.5	0.0	-0.2	-0.9
Earnings per share, €	0.35	0.32	0.14	0.17	0.03
- Continuing operations	0.35	0.32	0.14	0.17	0.03
- Discontinued operations	0.00	0.00	0.00	0.00	0.00
Diluted earnings per share, €	0.35	0.32	0.14	0.17	0.03
- Continuing operations	0.35	0.32	0.14	0.17	0.03
- Discontinued operations	0.00	0.00	0.00	0.00	0.00

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

M€	30.9.2012	30.9.2011	31.12.2011
Assets			
Non-current assets			
Property, plant and equipment	153.7	165.2	161.6
Intangible assets	94.4	98.6	97.3
Securities and long-term investments	1.0	8.5	2.8
Deferred tax assets	12.1	12.6	13.2
Total non-current assets	261.2	284.9	274.9
Current assets			
Inventories	84.3	96.2	81.8
Accounts receivable	153.8	152.5	106.6
Other receivables	31.0	19.4	22.8
Cash and cash equivalents	8.7	9.9	29.1
Total current assets	277.8	278.0	240.3
Total assets	539.0	562.9	515.2
Equity and liabilities			
Equity			
Equity attributable to the owners of the parent company	203.4	232.4	209.2
Non-controlling interest	-	3.6	2.9
Total equity	203.4	236.0	212.1
Non-current liabilities			
Interest-bearing liabilities	110.6	111.2	110.4
Deferred tax liability	11.8	9.6	12.2
Provisions	5.3	4.1	5.2
Employee benefits and other liabilities	20.0	22.5	21.3
Total non-current liabilities	147.7	147.4	149.1
Current liabilities			
Interest-bearing liabilities	15.8	25.5	2.8
Provisions	14.4	6.1	16.8
Accounts payable	51.2	51.1	45.7
Other liabilities	106.5	96.8	88.7
Total current liabilities	187.9	179.5	154.0
Total equity and liabilities	539.0	562.9	515.2

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

M€	1-9/2012	1-9/2011	1-12/2011
Cash flow from operations			
Net cash from operations	61.0	58.7	66.8
Change in net working capital	-24.8	-48.9	12.4
Income taxes paid	-27.3	-14.1	-16.5
Interest paid	-8.8	-4.0	-6.3
Interest received	2.0	3.4	2.0
Cash flow from operations	2.1	-4.9	58.4
Cash flow from investments			
Proceeds from disposal of subsidiaries and businesses*	8.0	-	-
Acquisition of subsidiary shares	-	-6.4	-6.4
Proceeds from disposal of shares	0.0	0.1	0.1
Purchase of fixed assets	-12.3	-12.8	-24.0
Proceeds from sale of fixed assets	1.0	0.6	1.1
Dividends received	0.0	0.0	0.0
Loan repayments	-	0.2	0.1
Cash flow from investments	-3.3	-18.3	-29.1
Cash flow from financing			
Borrowings of debt	46.3	162.7	162.1
Repayment of debt	-45.8	-102.7	-113.7
Change in other short-term loan	13.1	2.7	-18.3
Dividends paid	-25.6	-40.2	-40.2
Acquisition of non-controlling interest	-6.2	-	-
Payment of finance lease liabilities	-1.1	-1.4	-2.0
Cash flow from financing	-19.3	21.1	-12.1
Conversion differences for cash and cash equivalents	0.1	0.1	0.0
Change in cash and cash equivalents	-20.4	-2.0	17.2
Cash and cash equivalents at 1 January	29.1	11.9	11.9
Cash and cash equivalents at end of period	8.7	9.9	29.1
Changes according to balance sheet	-20.4	-2.0	17.2

*) The above presented proceeds from disposal of subsidiaries and businesses equals to cash received from sale and the cash and cash equivalents disposed of.

STATEMENT OF CHANGES IN EQUITY

M€	A	B	C	D*	E	F	G	H	I
Balance at 1 Jan 2012	146.4	50.2	0.2	-12.5	-1.2	26.1	209.2	2.9	212.1
Total comprehensive income for the period			-0.7	-2.1		25.7	22.9	0.0	22.9
Dividend paid (€0.35 per share)						-25.6	-25.6		-25.6
Share-based incentive plan						0.2	0.2		0.2
Acquisition of non-controlling interest						-3.3	-3.3	-2.9	-6.2
Other adjustments			0.0			0.0	0.0		0.0
Balance at 30 September 2012	146.4	50.2	-0.5	-14.6	-1.2	23.1	203.4	0.0	203.4
Balance at 1 Jan 2011	146.4	50.2	2.9	-9.8	-1.2	63.6	252.1	0.0	252.1
Total comprehensive income for the period			-0.8	-2.1		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	2.1	-11.9	-1.2	46.8	232.4	3.6	236.0

*) Includes a -€15.5 (-5.0) million effective part of net investment hedging at the end of period.
Change in presentation Q4/2011: net investment hedging related foreign exchange gains/losses have been reclassified from hedge reserves to translation differences. Comparative data for Q3/2011 has been changed accordingly.

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 2011.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

M€	1-9/2012	1-9/2011	1-12/2011
Gross investment	12.4	12.8	24.0
- % of net sales	2.0	2.1	3.0
Depreciation	21.2	20.8	29.4
Write downs	-	-	10.5
Book value of disposed fixed assets	0.8	0.5	1.8

PERSONNEL

Converted to full time employees	1-9/2012	1-9/2011	1-12/2011
Average	3,112	3,300	3,288
At the end of the period	3,043	3,292	3,228

OWN SHARES	30.9.2012	30.9.2011	31.12.2011
Own shares held by the company, pcs	140 378	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

		1-9/2012			1-9/2011	
M€	External	Internal	Total	External	Internal	Total
Segment revenue, continuing operations						
Building Solutions – Europe	395.8	0.3	396.1	410.5	0.5	411.0
Building Solutions - North America	113.0	-	113.0	89.4	-	89.4
Infrastructure Solutions	113.1	4.5	117.6	109.5	5.9	115.4
Eliminations	-	-4.8	-4.8	-	-6.4	-6.4
Total	621.9	-	621.9	609.4	-	609.4

		7-9/2012			7-9/2011	
M€	External	Internal	Total	External	Internal	Total
Segment revenue, continuing operations						
Building Solutions – Europe	129.8	0.1	129.9	140.6	0.3	140.9
Building Solutions - North America	43.1	-	43.1	33.2	-	33.2
Infrastructure Solutions	38.4	1.9	40.3	39.8	2.3	42.1
Eliminations	-	-2.0	-2.0	-	-2.6	-2.6
Total	211.3	-	211.3	213.6	-	213.6

M€		1-12/2011	
Segment revenue, continuing operations	External	Internal	Total
Building Solutions – Europe			
Building Solutions - North America	543.2	0.7	543.9
Infrastructure Solutions	121.5	-	121.5
Eliminations	141.7	8.0	149.7
Total	-	-8.7	-8.7
	806.4	-	806.4

M€	1-9/2012	1-9/2011	7-9/2012	7-9/2011	1-12/2011
Segment result, continuing operations					
Building Solutions - Europe	37.8	33.9	13.9	13.4	41.7
Building Solutions - North America	14.3	8.3	7.5	4.9	10.1
Infrastructure Solutions	2.7	-0.9	2.4	1.4	-2.4
Others	-6.4	-3.6	-1.4	0.1	-14.0
Eliminations	-0.9	0.7	-0.3	-0.1	0.0
Total	47.5	38.4	22.1	19.7	35.4

M€	1-9/2012	1-9/2011	1-12/2011
Segment depreciation and impairments, continuing operations			
Building Solutions - Europe	8.6	9.7	13.0
Building Solutions - North America	4.5	3.0	5.5
Infrastructure Solutions	4.4	4.6	6.2
Others	3.3	3.1	14.7
Eliminations	0.4	0.4	0.5
Total	21.2	20.8	39.9
Segment investments, continuing operations			
Building Solutions – Europe	5.9	7.1	13.6
Building Solutions - North America	3.4	2.0	3.6
Infrastructure Solutions	2.4	2.7	5.4
Others	0.7	1.0	1.4
Total	12.4	12.8	24.0

M€	30.9.2012	30.9.2011	31.12.2011
Segment assets			
Building Solutions - Europe	426.6	435.6	433.9
Building Solutions - North America	136.1	110.9	130.0
Infrastructure Solutions	104.6	98.4	83.0
Others	246.5	260.0	283.7
Eliminations	-374.8	-342.1	-415.4
Total	539.0	562.9	515.2
Segment liabilities			
Building Solutions - Europe	292.8	306.4	296.7
Building Solutions - North America	87.3	69.6	89.6
Infrastructure Solutions	76.8	66.6	60.2
Others	277.7	254.4	285.8
Eliminations	-399.0	-370.1	-429.2
Total	335.6	326.9	303.1

The presentation of segment assets and liabilities was changed between the segment Others and Eliminations from the beginning of 2012, due to a change in elimination logic of internal receivables and liabilities. The comparable data have been adjusted accordingly.

	1-9/2012	1-9/2011	1-12/2011
Segment personnel, continuing operations, average			
Building Solutions - Europe	2,149	2,305	2,305
Building Solutions - North America	415	409	409
Infrastructure Solutions	490	528	516
Others	58	58	58
Total	3,112	3,300	3,288

Reconciliation

M€	1-9/2012	1-9/2011	1-12/2011
Segment result, continuing operations			
Segment result, total	47.5	38.4	35.4
Financial expenses, net	7.1	4.4	17.7
Share of results in associated companies	0.1	-	-
Group profit before taxes	40.5	34.0	17.7

The segment result equals to the operating profit presented in the condensed consolidated statement of comprehensive income.

CONTINGENT LIABILITIES

M€	30.9.2012	30.9.2011	31.12.2011
Group:			
Commitments of purchase of property, plant and equipment	1.4	-	0.6
Pledges			
- on own behalf	-	6.2	0.0
Mortgages			
- on own behalf	0.1	-	0.1
Guarantees			
- on own behalf	4.6	0.3	-
- on behalf of others	6.3	7.1	5.9
Parent company:			
Guarantees			
- on behalf of a subsidiary	16.2	17.8	19.8
- on behalf of others	-	6.9	-

Uponor Corporation's subsidiary in Spain, Uponor Hispania, SA, had a tax audit in December 2011 – May 2012, covering financial years 2006 and 2007. As a result of the audit, the tax authority claims €3.9 million in taxes, delay interest and penalties from Uponor Hispania. The claim mainly relates to the tax deductibility of certain costs such as services rendered by Uponor Group and advertising. Uponor Hispania disagrees with the assessment of the tax authority and has appealed the case. While the appeal is being handled, Uponor Hispania, SA has provided a bank guarantee of €2.9 million covering the tax amount and delay interests due to the Spanish tax authority. The bank guarantee given is included in Guarantees on behalf of a subsidiary given by parent company above.

M€	30.9.2012	30.9.2011	31.12.2011
OPERATING LEASE COMMITMENTS	33.2	28.1	35.6

DERIVATIVE CONTRACTS

M€	Nominal value 30.9.2012	Fair value 30.9.2012	Nominal value 30.9.2011	Fair value 30.9.2011	Nominal value 31.12.2011	Fair value 31.12.2011
Currency derivatives						
- Forward agreements	277.7	-0.3	149.7	1.2	212.8	-2.5
- Currency options, bought	8.0	0.0	13.6	0.0	14.2	0.0
- Currency options, sold	8.0	-0.1	14.4	0.0	14.2	0.0
Interest derivates						
- Interest rate swaps	50.0	-2.8	50.0	-1.4	50.0	-1.8
Commodity derivatives						
- Forward agreements	6.0	-0.7	5.7	0.1	5.8	-0.5

BUSINESS COMBINATIONS

The final acquisition calculation of the acquisition of the 50.3% majority stake in Zent-Frenger Gesellschaft für Gebäudetechnik mbH in April 2011 is presented below. This is unchanged since the first quarter. The Group did not make any acquisitions in the reporting period.

M€	
Recognised amounts of identifiable net assets acquired and liabilities assumed	
Non-current assets	3.8
Inventories	1.0
Accounts receivable and other receivables	5.9
Cash and cash equivalents	6.4
Total assets	17.1
Non-current interest-bearing liabilities	4.2
Deferred tax liability	0.1
Accounts payable and other liabilities	5.1
Total liabilities	9.4
Net assets	7.7
Acquisition cost	6.4
Non-controlling interest	3.8
Acquired net assets	-7.7
Goodwill	2.6

ACQUISITION OF NON-CONTROLLING INTEREST

Uponor acquired the remaining 49.7% of the shares in Zent-Frenger Gesellschaft für Gebäudetechnik mbH on 12 March 2012. The cash consideration paid was €6.2 million. The acquisition of non-controlling interest has been recorded directly to equity according to IAS 27 and its effect in the retained earnings was -€3.3 million.

DISPOSAL OF SUBSIDIARIES

Uponor closed the divestment of Hewing GmbH at the end of the first quarter. The sales price of €11.9 million was received on 2 April 2012. This was later adjusted on the basis of the closing statement, ending up at €11.5 million. The net impact on the result was immaterial.

M€	2012	2011
Book value of disposed assets		
Tangible assets	3.4	-
Intangible assets	0.1	-
Other non-current assets	0.3	-
Inventory	5.6	-
Accounts receivable and other receivables	6.9	-
Cash and cash equivalents	3.9	-
Total assets	20.2	-
Employee benefits and other liabilities	2.3	-
Provisions	0.5	-
Accounts payable and other current liabilities	6.0	-
Total liabilities	8.8	-
Net assets	11.4	-
Cash received from sales	11.9	-
Cash and cash equivalents disposed of	3.9	-
Cash flow effect	8.0	-

DISCONTINUED OPERATIONS

In 2012 and 2011, the discontinued operations include costs related to the Irish infrastructure business sold in 2008. These costs incurred mainly from administrative and operative costs.

M€	1-9/2012	1-9/2011	1-12/2011
Expenses	0.0	0.0	0.3
Profit before taxes	0.0	0.0	-0.3
Income taxes	-	-	-
Profit after taxes	0.0	0.0	-0.3
Profit for the period from discontinued operations	0.0	-0.0	-0.3
Cash flow from discontinued operations			
Cash flow from operations	-0.4	-0.2	-0.3

RELATED-PARTY TRANSACTIONS

M€	1-9/2012	1-9/2011	1-12/2011
Continuing operations			
Purchases from associated companies	1.4	1.3	1.7
Balances at the end of the period			
Accounts receivable and other receivables	0.0	-	0.0
Accounts payables and other liabilities	0.1	0.0	0.2

KEY FIGURES

	1-9/2012	1-9/2011	1-12/2011
Earnings per share, €	0.35	0.32	0.03
- continuing operations	0.35	0.32	0.03
- discontinued operations	0.00	0.00	0.00
Operating profit (continuing operations), %	7.6	6.3	4.4
Return on equity, % (p.a.)	16.5	12.5	0.7
Return on investment, % (p.a.)	18.1	15.3	11.0
Solvency ratio, %	37.8	41.9	41.2
Gearing, %	57.9	53.7	39.3
Net interest-bearing liabilities	117.7	126.8	84.1
Equity per share, €	2.78	3.18	2.86
- diluted	2.78	3.18	2.86
Trading price of shares			
- low, €	6.77	6.07	6.03
- high, €	10.00	14.25	14.25
- average, €	8.39	11.02	9.57
Shares traded			
- 1,000 pcs	16,626	29,706	38,155
- M€	139	307	366

QUARTERLY DATA

	7-9/ 2012	4-6/ 2012	1-3/ 2012	10-12/ 2011	7-9/ 2011	4-6/ 2011	1-3/ 2011
Continuing operations							
Net sales, M€	211.3	218.1	192.5	197.0	213.6	222.6	173.2
- Building Solutions - Europe	129.9	133.2	133.0	133.0	140.9	147.8	122.3
- Building Solutions - North America	43.1	38.9	31.0	32.0	33.2	29.5	26.7
- Building Solutions - North America, USD	54.5	49.7	41.4	43.2	46.8	42.8	37.2
- Infrastructure Solutions	40.3	47.6	29.7	34.3	42.1	47.3	26.0
Gross profit, M€	82.6	81.4	74.6	70.0	77.9	80.5	64.5
- Gross profit, %	39.1	37.3	38.7	35.5	36.5	36.2	37.2
Operating profit, M€	22.1	16.1	9.3	-3.0	19.7	15.5	3.2
- Building Solutions - Europe	13.9	12.2	11.7	7.8	13.4	13.9	6.6
- Building Solutions - North America	7.5	4.1	2.7	1.8	4.9	2.7	0.7
- Building Solutions - North America, USD	9.6	5.3	3.5	2.4	7.0	3.8	1.0
- Infrastructure Solutions	2.4	2.2	-1.9	-1.5	1.4	1.7	-4.0
- Others	-1.4	-2.6	-2.4	-11.1	0.1	-2.6	-1.1
Operating profit, % of net sales	10.4	7.4	4.8	-1.5	9.2	7.0	1.8
- Building Solutions - Europe	10.7	9.1	8.8	5.9	9.5	9.4	5.4
- Building Solutions - North America	17.4	10.6	8.5	5.7	14.8	8.9	2.7
- Building Solutions - North America, USD	17.5	10.6	8.5	5.7	14.8	8.9	2.7
- Infrastructure Solutions	5.8	4.7	-6.5	-4.4	3.2	3.7	-15.4
Profit for the period, M€	12.4	8.8	4.5	-21.3	12.3	9.0	1.5
Balance sheet total, M€	539.0	559.1	542.0	515.2	562.9	596.1	528.0
Earnings per share, €	0.17	0.12	0.06	-0.29	0.17	0.13	0.02
Equity per share, €	2.78	2.65	2.51	2.86	3.18	3.00	2.87
Market value of share capital, M€	600.3	517.2	632.5	502.2	451.7	837.5	880.7
Return on investment, % (p.a)	18.1	15.3	11.1	11.0	15.3	10.6	4.7
Interest-bearing net debt at the end of period, M€	117.7	143.9	145.3	84.1	126.8	150.9	130.8
Gearing, %	57.9	74.2	79.2	39.3	53.7	67.7	62.3
Gearing, %, rolling 4 quarters	48.2	61.7	60.1	55.9	52.6	49.3	46.0
Gross investment, M€	4.6	4.0	3.8	11.2	3.6	6.3	2.9
- % of net sales	2.3	1.8	2.0	5.3	1.7	2.8	1.7

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, %

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

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

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