



INTERIM REPORT 2014
29 October 2014

Q³

Q3/2014: Uponor reports steady performance, continues to grow in North America

- July–September net sales totalled €277.0 (279.3) million, representing a change of -0.9%
- July–September operating profit, at €29.2 (28.2) million, up by 3.8%
- January–September’s net sales came to €772.4 (668.4) million, for a change of 15.6%
- January–September operating profit, at €51.6 (54.0) million, down by 4.4%, burdened by €3.4 million in non-recurring items
- Earnings per share in January–September amounted to €0.38 (0.41)
- January–September return on investment was 14.8% (17.9%) and gearing 41.7 (45.8)
- For January–September, cash flow from business operations was €19.3 (41.5) million
- Uponor repeats its guidance for the year 2014 announced on 14 February 2014: the Group’s net sales and operating profit (excluding any non-recurring items) are expected to improve from 2013

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

President and CEO Jyri Luomakoski comments on developments during the quarter:

- Our largest segment, Building Solutions – Europe, reported stable performance despite lower net sales, thereby proving a good example of determined execution in a soft and volatile market. This shows that the cost savings and efficiency measures, some of which are still being implemented, are bearing fruit.
- The development in Building Solutions – North America continues to be highly favourable, and I am very happy with the fact that we have been able to meet the growing demand successfully while simultaneously adding to our manufacturing capacity. A key target in our planning for the future is to secure capacity that responds to future growth in demand.
- Uponor Infra completed the collaborative negotiations with personnel in Finland, the segment’s single largest market, and announced a plan for adjusting operations to meet the challenge of the contracting market and implementing savings to bring profitability back to an acceptable level.

Information on the January–September 2014 interim report bulletin

The figures in brackets are the reference figures for the equivalent period in the previous year. Figures refer to continuing operations, unless otherwise stated. Any change percentages have been calculated from the exact figures and not from the rounded figures published here.

Webcast and presentation

A webcast, in English, of the results briefing will be broadcast on 29 Oct at 10:00 a.m. EET. Connection details are available at www.uponor.com > Investors. Questions can be sent in advance to ir@uponor.com. The recorded webcast can be viewed at www.uponor.com >

Investors shortly after publishing. The presentation document will be available at www.uponor.com > Investors > News & downloads.

The next results report

Uponor Corporation will publish its financial results for the full year 2014 on 12 February 2015. During the silent period from 1 January to 12 February, Uponor will not comment on market prospects or factors affecting business and performance, nor will the company engage in any discussion of events or trends related to the reporting period or the current fiscal period.

INTERIM REPORT JANUARY–SEPTEMBER 2014

Markets

The overall demand situation in the building and construction markets in the third quarter – with the exception of the U.S. – was subdued and much in line with the developments in the second quarter. The U.S. building market continued its steady growth, although uncertainties related to the strength of the nation's economic improvement did not fully disappear. In Europe, a slower than anticipated economic recovery prevailed in most markets, in clear contrast to the early part of the year, in particular.

In Europe, demand in Building Solutions – Europe's markets remained flat or showing modest revival, much as in the previous quarter. In Central Europe, the German market faced an unexpectedly weak summer, which has been attributed partly to the taking of winter holidays that had been postponed during the lively spring period, partly to diminishing domestic and export demand. Despite increasing customer demand toward the end of the quarter, the strength of the German economy abated from that of the first half of the year. South-west European markets remained weak, although positive signals were noted in Italy and Spain. The U.K. market maintained a satisfactory level of demand. As for the Nordic region, a positive demand pattern prevailed in Sweden, while demand weakened in Norway and in Finland and stayed on a low level in Denmark. In Eastern Europe, the lively demand that had prevailed in Russia until the end of the second quarter started to weaken in keeping with the region's troubled political and economic environment during the third quarter. The repercussions were felt in other Eastern and Central European markets.

In North America, indicators reflecting the strength of the economic recovery in the U.S. have remained somewhat volatile yet clearly indicating that the nation's growth remains on a firm track. The reviving economy has supported home sales, thereby fuelling growth in the building and construction markets. The trends in Canadian building markets have stayed rather more flat.

Demand for infrastructure solutions has mirrored general economic development in all of Uponor's key infrastructure markets – i.e., the markets in Northern Europe and Canada. Accordingly, demand has stayed rather flat in most markets, with the declining Finnish market standing out as an exception to the general trend.

Net sales

Uponor's continuing operations reported net sales of €277.0 (279.3) million for the third quarter, thus reporting a decline of 0.9%. Excluding the impact of currency changes, the change was a modestly positive 0.4%.

Building Solutions – Europe reported weakening year-on-year development of net sales from 2013 figures, affected mainly by the slower than anticipated economic recovery in Europe. Apart from the brisk growth in net sales in the Netherlands and Russia, and to some extent also in Spain, flat or declining trend lines characterised most other markets in comparison to the third quarter of 2013. In particular, sales in France continued to suffer from the loss of business in the final quarter of 2013 as a result of a temporary cancellation of a product approval simultaneously with the market declining rapidly.

In Building Solutions – North America, year-on-year growth of net sales remained strong – in fact, slightly stronger than that from 2012 to 2013, in local currency. Most of this growth is due to the advances made in the U.S., especially in the country's Southeast and West regions, but business in Canada grew too, even if only modestly. In both countries, a key driver for growth was plumbing solutions, the large-dimension offering in particular.

Uponor Infra reported a drop in net sales, influenced mainly by weak European business, particularly in Finland and Poland. The markets outside Europe, mainly in North America, posted growth.

Breakdown of net sales by segment (July–September):

M€	7-9/ 2014	7-9/ 2013	Change
Building Solutions – Europe	123.5	129.3	-4.5%
Building Solutions – North America	54.7	46.9	16.7%
(Building Solutions – North America (M\$))	71.8	62.4	15.1%
Uponor Infra	100.3	105.1	-4.6%
Eliminations	-1.5	-2.0	
Total	277.0	279.3	-0.9%

Uponor's January–September net sales reached €772.4 (668.4) million, for growth of 15.6%, the increase coming for the most part from the establishment of the joint-venture company Uponor Infra, which started operations on 1 July 2013. The growth was also driven by the sustained double-digit-percentage growth in North America in 2014. In comparison to 2013, including the combined historic figures for Uponor Infra, the growth was 0.8%, or 3.3% when adjusted for currency changes. The currency impact on year-to-date net sales, totalling -€19.2 million, was mainly from the CAD, SEK, USD and RUB.

Breakdown of net sales by segment (January–September):

M€	1-9/ 2014	1-9/ 2013	Change
Building Solutions – Europe	366.4	367.5	-0.3%
Building Solutions – North America	144.7	127.9	13.2%
(Building Solutions – North America (M\$))	195.2	168.6	15.8%
Uponor Infra	266.4	177.7	49.9%
Eliminations	-5.1	-4.7	
Total	772.4	668.4	15.6%

Results and profitability

Uponor's operating profit in the third quarter came to €29.2 (28.2) million, for a year-on-year increase of 3.8%. Profitability measured in terms of the operating profit margin reached 10.5%, from the 10.1% reported a year ago. Operating profit excluding any non-recurring items rose from €29.2 to €29.3 million in the quarter under review.

The positive development was driven by a performance improvement in Building Solutions – North America and a modest gain also in Building Solutions – Europe, the two of which, when combined, offset the weaker performance of Uponor Infra.

Building Solutions – Europe’s operating profit was supported, in particular, by improving performance in the Eastern European and export markets, alongside performance in the Nordic countries, while continental European markets, for the most part, stayed close to the previous year’s performance levels.

Building Solutions – North America’s performance developed favourably, thanks to higher net sales, and was supported by efficient overhead management. The operating profit was adversely affected by the weakening of Canadian currency and higher plastic resin prices.

Uponor Infra’s operating profit was hit severely by weak volume development in several markets. Cost savings from the restructuring measures initiated in autumn 2013 are proceeding according to plan but they were not enough to bridge the gap in operating profit. The net impact of all non-recurring items for the third quarter, related to the 2014 Finnish restructuring initiatives as well as machinery relocation and reassembly expenses, including the proceeds from the divestment of the Ulvila premises, was a cost of €0.1 million.

Breakdown of operating profit by segment (July-September):

M€	7–9/ 2014	7–9/ 2013	Change
Building Solutions – Europe	15.0	14.6	2.4%
Building Solutions – North America	9.2	7.7	19.1%
(Building Solutions – North America (M\$))	12.1	10.2	18.0%
Uponor Infra	4.2	6.1	-30.3%
Others	0.5	0.2	
Eliminations	0.3	-0.4	
Total	29.2	28.2	3.8%

Profit before taxes for July–September totalled €27.8 (26.4) million. The effect of taxes on profits was €11.0 million, while the amount of taxes in the comparison period was €8.7 million. Profit for the third quarter came to €16.8 (17.7) million.

Operating profit for January–September was €51.6 (54.0) million, down 4.4% from the comparison period. When non-recurring items are excluded, the operating profit was €55.0 (55.1) million, a decrease of 0.2%. The operating profit margin reached 6.7%, while the equivalent figure for 2013 was 8.1%. Currency exchange rates had a -€1.7 million translation impact on the operating profit for January–September.

Breakdown of operating profit by segment (January–September):

M€	1–9/ 2014	1–9/ 2013	Change
Building Solutions – Europe	30.3	32.4	-6.8%
Building Solutions – North America	22.2	18.9	17.4%
(Building Solutions – North America (M\$))	29.9	24.9	20.1%
Uponor Infra	0.4	6.7	-93.8%

Others	-1.0	-2.9	
Eliminations	-0.3	-1.1	
Total	51.6	54.0	-4.4%

Earnings per share for January–September totalled €0.38 (0.41), both basic and diluted. Equity per share was €3.10 (3.06), and diluted €3.09 (3.06).

Investments and financing

During the reporting period, Uponor continued to carry out smaller-scale technology investments to support its growth strategies. Among these were new-generation seamless aluminium composite pipe and PEX pipe extrusion lines, both due to contribute to capacity increases in Europe from early 2015 onward. In the U.S., the announced investments to increase manufacturing capacity were completed. In addition, investments mainly targeted at maintenance and development were made group-wide.

Gross investments in fixed assets in January–September came to €21.4 million, exceeding the previous year’s level of 19.1 million. This was below depreciation, which amounted to €27.0 (23.9) million.

The cash flow from business operations in January–September came to €19.3 million, from €41.5 million in 2013. The difference is mainly due to the lower result and higher seasonality of net working capital influenced by the consolidation of Uponor Infra after its establishment on 1 July 2013.

Uponor continues to take care to keep liquidity at a healthy level. The risk of bad debt has grown in Europe, due in particular to the protracted economic slowdown. To manage this risk, Uponor is actively following up on trade receivables, among other elements.

In 2014, Uponor has renewed its funding programmes, with a €50 million revolving credit facility agreement signed in April as the final step in this process. The main funding programmes in place on 30 September 2014 included an €80 million bond maturing in 2018 and a €20 million bond maturing in 2016. Uponor’s available committed bilateral credit facilities totalled €200 million, with none of this amount in use at the end of the reporting period. The amount of commercial papers issued under the €150 million domestic commercial-paper programme was zero at period-end.

The Group’s solvency ratio improved to 42.4% (41.2%). Net interest-bearing liabilities declined to €122.9 (135.2) million. The period-end cash balance totalled €21.2 (25.0) million. Gearing fell to 41.7% (45.8%).

Other key events

In an effort to create a deeper common understanding of the strategy and the way forward, while also supporting initiatives addressing slow-growth markets, Uponor hosted an international leadership event for its managers. One of the key deliverables of the meeting was the launch of new company values – ‘Connect, Build, Inspire’. Through the launch of new values, the company aims at creating a sharper, better-aligned, and focused brand image both internally and externally.

The reshaping of the European marketing organisation in Building Solutions – Europe is starting to bear fruit, its key target being the implementation and alignment of strategic marketing initiatives in Europe.

Building Solutions – Europe continued its rollout of new products. In the Nordic countries, for instance, a composite pipe with a metallic look for surface installations was launched with great customer interest, in combination with the ongoing introduction of a new range of wall boxes. In North America, Uponor strengthened its core offering to customers via a bundled launch of heating products.

On 24 September, Uponor announced that the collaborative negotiations within Uponor's Finnish subsidiaries, Uponor Infra Oy and Uponor Suomi Oy, had been concluded. A result is that two Uponor Infra chamber-prefabrication units will be closed and staffing is to be reduced by nearly 100 employees. The purpose of the negotiations was to seek savings and streamlining measures in response to the weak domestic market environment while also enhancing shared-service operations. A key target of subsequent restructuring initiatives will be to ensure that the customer-facing organisation is efficient and aligned with customer needs, as well as to secure resources in the offering organisation to support future growth. This restructuring is expected to be completed by the end of the first quarter of 2015, and it is projected to bring a total of approx. €1.5 million in non-recurring costs while generating further savings of €5 million in 2015.

The ground-breaking for Uponor's new logistics centre, with a floor area of 15,500 m², on leased premises in Hassfurt, Germany, was held at the end of September, well in line with the planned timetable. The target date for occupancy is in early 2015.

At the end of September, Uponor Infra signed contracts with mining companies in Sweden and Indonesia for turnkey projects and pipe deliveries, projects spanning from autumn 2014 to summer 2015. The combined value of the deals exceeds €5 million.

Human resources and administration

For the January–September period, the number of Uponor Group employees (full-time equivalent) in continuing operations averaged 4,161 (3,473), showing an increase of 688 employees from the equivalent period in 2013, mostly as a result of the establishment of Uponor Infra on 1 July 2013. At the end of the period, the Group had 4,091 (4,188) employees, 97 less than at the end of the comparison period, driven by the restructuring measures in Uponor Infra. In 2013, the establishment of Uponor Infra increased the number of in-house personnel by 1,140.

Share capital and shares

Uponor Corporation's share capital totals €146,446,888, and there are 73,206,944 shares in all. There were no changes in the share capital or share numbers during the reporting period.

The number of Uponor shares traded on the NASDAQ OMX Exchange in Helsinki in the third quarter was 3.3 (3.9) million, with the value of trading totalling €39.4 (51.3) million. The market value of the share capital at the end of the period was €0.8 (1.0) billion and the number of shareholders was 16,395 (16,020).

At the end of the period, 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 the AGM held on 19 March 2014, the Board of Directors was authorised to repurchase, at maximum 3.5 million of the company's own shares, amounting to 4.8% of the full number of shares in the company. This authorisation is valid until the end of the next annual general meeting and for no longer than 18 months. The AGM proposals and resolutions can be viewed in detail at www.uponor.com > Investors.

The AGM approved the proposed dividend of €0.38 per share for 2013, which was paid out on 31 March 2014.

Events after the reporting period

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

Short-term outlook

Demand in the building market has become increasingly volatile in its month-to-month developments, and visibility of the future remains exceptionally low. Reliably forecasting developments is, therefore, particularly challenging.

Uponor does not expect any major changes to the business environment going forward. Demand in European building solutions markets, which represent very differing development trends, is expected to remain flat or modestly growing overall, thus mirroring developments in the second and third quarter, although with normal seasonal fluctuations. The biggest concern is related to the strength of the German building and construction markets, whose downside risks have been growing recently, influenced mainly by general European trends and the geopolitical turbulence in the eastern part of Europe especially. In North America, healthy recovery of the markets is expected to continue, both in the U.S. and in Canada. In terms of infrastructure solutions, the market in Finland is anticipated to remain challenging, while the outlook in other markets is more positive.

Accordingly, Uponor remains prepared for extensive protraction of the current low-to-moderate activity levels, with limited expectations of market growth.

Uponor repeats its guidance for the year 2014, announced on 14 February 2014: The Group's net sales and operating profit (excluding any non-recurring items) are expected to improve from 2013.

Uponor's financial performance may be affected by various strategic, operational, financial, legal, political, and hazard risks. A more detailed risk analysis is provided in the 'Key risks associated with business' section of the 2013 Financial Statements.

Uponor Corporation
Board of Directors

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INTERIM REPORT JANUARY – SEPTEMBER 2014

Table part

This interim report has been compiled in accordance with the IAS 34 reporting standard and it is unaudited. The figures in brackets are the reference figures for the equivalent period in 2013. 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/ 2014	1-9/ 2013	7-9/ 2014	7-9/ 2013	1-12/ 2013
Continuing operations					
Net sales	772.4	668.4	277.0	279.3	906.0
Cost of goods sold	515.4	420.3	184.8	183.0	585.9
Gross profit	257.0	248.1	92.2	96.3	320.1
Other operating income	2.1	0.3	1.0	0.1	0.8
Dispatching and warehousing expenses	28.4	25.0	8.4	8.8	34.2
Sales and marketing expenses	129.8	121.9	41.2	41.7	167.7
Administration expenses	37.5	34.6	10.7	13.3	50.0
Other operating expenses	11.8	12.9	3.7	4.4	18.8
Operating profit	51.6	54.0	29.2	28.2	50.2
Financial expenses, net	7.2	5.0	1.4	1.8	7.1
Share of results in associated companies	0.1	0.0	0.0	0.0	0.1
Profit before taxes	44.5	49.0	27.8	26.4	43.2
Income taxes	16.5	16.2	11.0	8.7	16.1
Profit for the period from continuing operations	28.0	32.8	16.8	17.7	27.1
Discontinued operations					
Profit for the period from discontinued operations	0.0	0.0	0.0	0.0	-0.3
Profit for the period	28.0	32.8	16.8	17.7	26.8
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Re-measurements on defined benefit pensions, net of taxes					
	0.0	-	0.0	-	0.4
Items that may be reclassified subsequently to profit or loss					
Translation differences					
	7.4	-3.1	7.8	-5.7	-5.1
Cash flow hedges, net of taxes					
	-0.7	0.5	0.1	0.1	0.5
Net investment hedges					
	0.1	1.0	-1.2	2.7	2.4
Other comprehensive income for the period, net of taxes	6.8	-1.6	6.7	-2.9	-1.8
Total comprehensive income for the period	34.8	31.2	23.5	14.8	25.0
Profit/loss for the period attributable to					
- Equity holders of parent company					
	27.9	30.8	15.5	15.7	27.8
- Non-controlling interest					
	0.1	2.0	1.3	2.0	-1.0
Comprehensive income for the period attributable to					
- Equity holders of parent company					
	34.0	29.5	21.4	13.1	26.5
- Non-controlling interest					
	0.8	1.7	2.1	1.7	-1.5
Earnings per share, €					
- Continuing operations					
	0.38	0.41	0.21	0.20	0.38
- Discontinued operations					
	0.00	0.00	0.00	0.00	0.00

Diluted earnings per share, €	0.38	0.41	0.21	0.20	0.38
- Continuing operations	0.38	0.41	0.21	0.20	0.38
- Discontinued operations	0.00	0.00	0.00	0.00	0.00

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

M€	30.9.2014	30.9.2013	31.12.2013
Assets			
Non-current assets			
Property, plant and equipment	201.6	200.8	201.8
Intangible assets	99.7	104.7	102.8
Securities and non-current receivables	11.4	11.1	10.8
Deferred tax assets	15.7	18.3	15.9
Total non-current assets	328.4	334.9	331.3
Current assets			
Inventories	119.8	132.2	115.4
Accounts receivable	205.2	189.2	126.7
Other receivables	27.1	35.1	33.9
Cash and cash equivalents	21.2	25.0	53.7
Total current assets	373.3	381.5	329.7
Total assets	701.7	716.4	661.0
Equity and liabilities			
Equity			
Equity attributable to the owners of the parent company	226.1	224.4	219.7
Non-controlling interest	68.6	71.0	68.0
Total equity	294.7	295.4	287.7
Non-current liabilities			
Interest-bearing liabilities	129.9	141.0	136.4
Deferred tax liability	15.6	18.6	15.7
Provisions	4.7	5.4	4.5
Employee benefits and other liabilities	25.8	27.2	25.8
Total non-current liabilities	176.0	192.2	182.4
Current liabilities			
Interest-bearing liabilities	14.2	19.2	14.2
Provisions	15.9	14.3	17.6
Accounts payable	70.9	73.3	61.1
Other liabilities	130.0	122.0	98.0
Total current liabilities	231.0	228.8	190.9
Total equity and liabilities	701.7	716.4	661.0

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

M€	1-9/2014	1-9/2013	1-12/2013
Cash flow from operations			
Net cash from operations	74.2	81.6	87.9
Change in net working capital	-36.2	-27.2	22.3
Income taxes paid	-15.6	-11.1	-14.8
Interest paid	-3.2	-1.9	-3.6
Interest received	0.1	0.1	0.3
Cash flow from operations	19.3	41.5	92.1
Cash flow from investments			
Acquisition of businesses*	-	7.9	8.2
Proceeds from disposal of shares	0.0	-	0.0
Purchase of fixed assets	-21.4	-19.1	-33.9
Proceeds from sale of fixed assets	4.4	0.3	0.8
Dividends received	0.6	0.0	0.0
Loan repayments	-0.1	-	0.0
Cash flow from investments	-16.5	-10.9	-24.9
Cash flow from financing			
Borrowings of debt	43.0	76.3	76.3
Repayment of debt	-50.0	-38.0	-41.1
Change in other short-term loan	0.8	-31.9	-35.8
Dividends paid	-27.8	-27.8	-27.8
Payment of finance lease liabilities	-1.4	-1.3	-1.6
Cash flow from financing	-35.4	-22.7	-30.0
Conversion differences for cash and cash equivalents	0.1	-0.6	-1.2
Change in cash and cash equivalents	-32.5	7.3	36.0
Cash and cash equivalents at 1 January	53.7	17.7	17.7
Cash and cash equivalents at end of period	21.2	25.0	53.7
Changes according to balance sheet	-32.5	7.3	36.0

*) Acquisition of businesses consists of €3.8 million paid for the acquisition of the PEX pipe business and €12.0 million received in cash and cash equivalents from the acquisition of KWH Pipe Ltd in the period 1-12/2013.

STATEMENT OF CHANGES IN EQUITY

M€	A	B	C	D*	E	F	G	H	I
Balance at 1 Jan 2014	146.4	50.2	0.0	-17.6	-1.0	41.7	219.7	68.0	287.7
Total comprehensive income for the period			-0.7	6.8		27.9	34.0	0.8	34.8
Dividend paid (€0.38 per share)						-27.8	-27.8		-27.8
Share-based incentive plan						0.0	0.0		0.0
Other adjustments						0.2	0.2	-0.2	0.0
Balance at 30 September 2014	146.4	50.2	-0.7	-10.8	-1.0	42.0	226.1	68.6	294.7
Balance at 1 Jan 2013	146.4	50.2	-0.5	-15.4	-1.0	27.6	207.3	-	207.3
Total comprehensive income for the period			0.5	-1.8		30.8	29.5	1.7	31.2
Dividend paid (€0.38 per share)						-27.8	-27.8		-27.8
Share-based incentive plan						0.3	0.3		0.3
Acquisition of non-controlling interest							-	38.5	38.5
Transfer of non-controlling interest						13.4	13.4	30.8	44.2
Other adjustments			0.1			1.6	1.7		1.7
Balance at 30 September 2013	146.4	50.2	0.1	-17.2	-1.0	45.9	224.4	71.0	295.4

*) Includes a -€14.0 (-15.5) million effective part of net investment hedging at the end of period.

A – Share capital

B – Share premium

C – Other reserves

D* – Translation reserve

E – Treasury shares

F – Retained earnings

G – Equity attributable to owners of the parent company

H – Non-controlling interest

I – Total equity

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES

The 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 2013.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

M€	30.9.2014	30.9.2013	31.12.2013
Gross investment	21.4	19.1	33.9
- % of net sales	2.8	2.9	3.7
Depreciation	27.0	23.9	33.0
Book value of disposed fixed assets	2.0	0.5	3.5

PERSONNEL

Converted to full time employees	1-9/2014	1-9/2013	1-12/2013
Average	4,161	3,473	3,649
At the end of the period	4,091	4,188	4,141

OWN SHARES

	30.9.2014	30.9.2013	31.12.2013
Own shares held by the company, pcs	140,378	140,378	140,378
- 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

M€	1-9/2014			1-9/2013		
	External	Internal	Total	External	Internal	Total
Net sales by segment, continuing operations						
Building Solutions – Europe	365.0	1.4	366.4	367.1	0.4	367.5
Building Solutions - North America	144.7	0.0	144.7	127.9	-	127.9
Uponor Infra	262.6	3.8	266.4	173.4	4.3	177.7
Eliminations	0.0	-5.1	-5.1	-	-4.7	-4.7
Total	772.4	-	772.4	668.4	-	668.4

M€	7-9/2014			7-9/2013		
	External	Internal	Total	External	Internal	Total
Net sales by segment, continuing operations						
Building Solutions – Europe	123.3	0.2	123.5	129.0	0.3	129.3
Building Solutions - North America	54.7	0.0	54.7	46.9	-	46.9
Uponor Infra	98.9	1.4	100.3	103.4	1.7	105.1
Eliminations	-	-1.5	-1.5	-	-2.0	-2.0
Total	277.0	-	277.0	279.3	-	279.3

M€	1-12/2013		Total
	External	Internal	
Net sales by segment, continuing operations			
Building Solutions – Europe	478.9	0.6	479.5
Building Solutions - North America	171.5	-	171.5
Uponor Infra	255.6	5.8	261.4
Eliminations	-	-6.4	-6.4
Total	906.0	-	906.0

M€	1-9/2014	1-9/2013	7-9/2014	7-9/2013	1-12/2013
Operating result by segment, continuing operations					
Building Solutions - Europe	30.3	32.4	15.0	14.6	32.7
Building Solutions - North America	22.2	18.9	9.2	7.7	24.7
Uponor Infra	0.4	6.7	4.2	6.1	-2.3
Others	-1.0	-2.9	0.5	0.2	-3.4
Eliminations	-0.3	-1.1	0.3	-0.4	-1.5
Total	51.6	54.0	29.2	28.2	50.2

M€	1-9/2014	1-9/2013	1-12/2013
Segment depreciation and impairments, continuing operations			
Building Solutions - Europe	7.7	8.3	11.3
Building Solutions - North America	5.7	5.0	6.8
Uponor Infra	9.8	6.8	9.9
Others	3.4	3.4	4.5
Eliminations	0.4	0.4	0.5
Total	27.0	23.9	33.0

Segment investments, continuing operations			
Building Solutions – Europe	10.0	4.6	8.0
Building Solutions - North America	6.1	10.8	15.7
Uponor Infra	5.3	3.2	9.4
Others	0.0	0.5	0.8
Total	21.4	19.1	33.9

M€	30.9.2014	30.9.2013	31.12.2013
Segment assets			
Building Solutions - Europe	357.6	365.0	340.8
Building Solutions - North America	158.8	131.6	131.9
Uponor Infra	269.3	286.6	259.5
Others	140.9	160.3	260.2
Eliminations	-224.9	-227.1	-331.4
Total	701.7	716.4	661.0

Segment liabilities			
Building Solutions - Europe	228.4	246.9	238.8
Building Solutions - North America	75.2	71.0	69.2
Uponor Infra	128.3	138.3	117.8
Others	222.2	215.4	302.2
Eliminations	-247.1	-250.6	-354.6
Total	407.0	421.0	373.4

	1-9/2014	1-9/2013	1-12/2013
Segment personnel, continuing operations, average			
Building Solutions – Europe	2,059	2,083	2,084
Building Solutions - North America	534	501	504
Uponor Infra	1,511	830	1,002
Others	57	60	59
Total	4,161	3,473	3,649

Reconciliation

M€	1-9/2014	1-9/2013	1-12/2013
Operating result by segment, continuing operations			
Total result for reportable segments	52.9	58.0	55.1
Others	-1.0	-2.9	-3.4
Eliminations	-0.3	-1.1	-1.5
Operating profit	51.6	54.0	50.2
Financial expenses, net	7.2	5.0	7.1
Share of results in associated companies	0.1	0.0	0.1
Profit before taxes	44.5	49.0	43.2

CONTINGENT LIABILITIES AND ASSETS

M€	30.9.2014	30.9.2013	31.12.2013
Commitments of purchase PPE (Property, plant, equipment)	5.0	8.5	3.3
Other commitments	2.7	4.1	1.5
- on own behalf			
Pledges at book value	0.0	3.2	0.4
Mortgages issued	10.4	7.2	9.4
Guarantees issued	5.2	7.3	6.1
- on behalf of a subsidiary			
Pledges at book value	-	-	0.0
Guarantees issued	20.6	20.7	19.4
- on behalf of others			
Guarantees issued	-	-	0.0
Letter of Comfort commitments undertaken on behalf of subsidiaries are not included in the above figures			
Pledges at book value	0.0	3.2	0.4
Mortgages issued	10.4	7.2	9.4
Guarantees issued	25.8	28.0	25.6
Total	36.2	38.4	35.4

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 issued on behalf of a subsidiary above.

In the beginning of 2012, Uponor Corporation and its subsidiary Uponor Business Solutions Oy paid €15.0 million in taxes, surtaxes and penalties based on the taxation adjustment decisions made by the Finnish tax authority for the years 2005-2009. Uponor appealed against the decisions and filed a request for rectification to the Board of Adjustment. The Board of Adjustment rejected Uponor Business Solutions Oy's appeal in April 2013 and, for the most part, also Uponor Corporation's appeal in June 2013. On July 2013, Uponor placed the issue before the administrative court and applied for rectification of the Board of Adjustment's ruling. Uponor has also started a process to avoid possible double taxation. The surtaxes (€1.9 million) and the interest on delayed payments (€3.3 million) were recorded as expenses in 2011. The paid taxes (€9.8 million) relating to an increase in taxable income were booked as receivables from the tax authority in 2012. Tax authority returned €0.3 million to Uponor Corporation in June 2013; thus the tax receivable decreased to €9.6 million. The tax receivable is reported in non-current receivables, as the process can last years. If Uponor, against expectations, should fail to get the appeal approved, the surtaxes and interests would remain as the company's loss. If the appeal would be approved, the surtaxes and interests would be returned to the company.

M€	30.9.2014	30.9.2013	31.12.2013
OPERATING LEASE COMMITMENTS	45.7	37.1	35.3

DERIVATIVE CONTRACTS

M€	Nominal	Fair	Nominal	Fair	Nominal	Fair
	value	value	value	value	value	value
	30.9.2014	30.9.2014	30.9.2013	30.9.2013	31.12.2013	31.12.2013
Currency derivatives						
- Forward agreements	194.9	-1.3	252.3	0.2	250.7	2.2
- Currency options, bought	13.0	-	13.6	0.4	9.9	0.4
- Currency options, sold	13.0	-0.5	13.6	-	9.9	0.0
Interest derivatives						
- Interest rate swaps	170.0	-3.3	150.0	-1.8	170.0	-1.5
Commodity derivatives						
- Forward agreements	7.0	-0.8	7.7	-0.5	7.2	-1.4

FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY

30.9.2014 M€	Derivative contracts, under hedge accounting	Financial assets/liabilities at fair value through profit and loss	Loans and receivables	Available for sales financial assets	Financial liabilities measured at amortised cost	Carrying amount by balance sheet item	IFRS 7 Fair value hierarchy level
Non-current financial assets							
Other shares and holdings				0.8		0.8	
Non-current receivables	0.1		10.4			10.5	
Current financial assets							
Accounts receivable and other receivables			220.7			220.7	
Electricity derivatives	0.0					0.0	1
Other derivative contracts	1.1	1.3				2.4	2, 3
Cash and cash equivalents			21.2			21.2	
Carrying amount	1.2	1.3	252.3	0.8		255.6	
Non-current financial liabilities							
Interest bearing liabilities					129.9	129.9	
Electricity derivatives	0.5					0.5	1
Current financial liabilities							
Interest bearing liabilities					14.2	14.2	
Electricity derivatives	0.3					0.3	1
Other derivative contracts	4.5	3.0				7.5	2, 3
Accounts payable and other liabilities					123.4	123.4	
Carrying amount	5.3	3.0			267.5	275.8	
30.9.2013							
M€	Derivative contracts, under hedge accounting	Financial assets/liabilities at fair value through profit and loss	Loans and receivables	Available for sales financial assets	Financial liabilities measured at amortised cost	Carrying amount by balance sheet item	IFRS 7 Fair value hierarchy level
Non-current financial assets							

Other shares and holdings				0.8		0.8	
Electricity derivatives	0.1					0.1	
Non-current receivables			0.6			0.6	
Current financial assets							
Accounts receivable and other receivables			211.9			211.9	
Electricity derivatives	0.0					0.0	1
Other derivative contracts	0.3	1.4				1.7	2, 3
Cash and cash equivalents			25.0			25.0	
Carrying amount	0.4	1.4	237.5	0.8		240.1	

Non-current financial liabilities

Interest bearing liabilities					141.0	141.0	
Electricity derivatives	0.4					0.4	1

Current financial liabilities

Interest bearing liabilities					19.2	19.2	
Electricity derivatives	0.2					0.2	1
Other derivative contracts	2.2	0.4				2.6	2, 3
Accounts payable and other liabilities					125.2	125.2	
Carrying amount	2.8	0.4			285.4	288.6	

31.12.2013

M€	Derivative contracts, under hedge accounting	Financial assets/liabilities at fair value through profit and loss	Loans and receivables	Available for sales financial assets	Financial liabilities measured at amortised cost	Carrying amount by balance sheet item	IFRS 7 Fair value hierarchy level
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Non-current financial assets

Other shares and holdings				0.7		0.7	
Non-current receivables			10.1			10.1	

Current financial assets

Accounts receivable and other receivables			143.9		143.9
Electricity derivatives	0.0				0.0
Other derivative contracts	2.6	3.1			5.7
Cash and cash equivalents			53.7		53.7
Carrying amount	2.6	3.1	207.7	0.7	214.1
Non-current financial liabilities					
Interest bearing liabilities				136.4	136.4
Electricity derivatives	0.7				0.7
Current financial liabilities					
Interest bearing liabilities				14.2	14.2
Electricity derivatives	0.7				0.7
Other derivative contracts	3.2	1.3			4.5
Accounts payable and other liabilities				79.2	79.2
Carrying amount	4.6	1.3		229.8	235.7

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

- The fair value of electricity derivatives is measured based on stock exchange prices. (Hierarchy 1)
- The fair value of currency forward agreements is measured based on price information from common markets and commonly used valuation methods. (Hierarchy 2)
- The fair value of currency options is measured according to fair value calculations made by financial institutions (Hierarchy 3). The fair value of currency options at the valuation day is immaterial.

DISCONTINUED OPERATIONS

In 2014 and 2013, the discontinued operations include costs related to the administration and maintenance of the real estate vacated by the Irish infrastructure business sold in 2008.

M€	1-9/2014	1-9/2013	1-12/2013
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	-0.3	-0.3	-0.4

RELATED-PARTY TRANSACTIONS

M€	1-9/2014	1-9/2013	1-12/2013
Continuing operations			
Purchases from associated companies	1.1	1.1	1.5
Balances at the end of the period			
Loan receivable from associated companies	0.1	-	-
Accounts receivable and other receivables	0.0	0.0	0.0
Accounts payables and other liabilities	0.1	0.1	0.1

KEY FIGURES

	1-9/2014	1-9/2013	1-12/2013
Earnings per share, €	0.38	0.41	0.38
- continuing operations	0.38	0.41	0.38
- discontinued operations	0.00	0.00	0.00
Operating profit (continuing operations), %	6.7	8.1	5.5
Return on equity, % (p.a.)	12.8	17.4	10.8
Return on investment, % (p.a.)	14.8	17.9	12.5
Solvency ratio, %	42.4	41.2	43.9
Gearing, %	41.7	45.8	33.7
Net interest-bearing liabilities	122.9	135.2	96.9
Equity per share, €	3.10	3.06	3.00
- diluted	3.09	3.06	3.00
Trading price of shares			
- low, €	10.45	9.65	9.65
- high, €	14.94	14.18	15.85
- average, €	12.90	11.63	12.31
Shares traded			
- 1,000 pcs	13,719	11,543	14,563
- M€	176	136	179

QUARTERLY DATA

	7-9/ 2014	4-6/ 2014	1-3/ 2014	10-12/ 2013	7-9/ 2013	4-6/ 2013	1-3/ 2013
Continuing operations							
Net sales, M€	277.0	264.5	230.9	237.6	279.3	211.4	177.7
- Building Solutions – Europe	123.5	122.0	120.9	112.0	129.3	124.3	113.9
- Building Solutions – North America	54.7	49.5	40.5	43.6	46.9	43.8	37.2
- Building Solutions – North America, \$	71.8	67.9	55.5	59.6	62.4	57.2	49.0
- Uponor Infra	100.3	95.3	70.8	83.7	105.1	45.0	27.6
Gross profit, M€	92.2	86.7	78.1	72.0	96.3	82.6	69.2
- Gross profit, %	33.3	32.8	33.8	30.3	34.5	39.1	39.0
Operating profit, M€	29.2	17.6	4.8	-3.8	28.2	19.7	6.1
- Building Solutions – Europe	15.0	9.6	5.7	0.3	14.6	11.1	6.7
- Building Solutions – North America	9.2	8.6	4.4	5.8	7.7	6.6	4.6
- Building Solutions – North America, \$	12.1	11.7	6.1	8.0	10.2	8.6	6.1
- Uponor Infra	4.2	0.4	-4.2	-9.0	6.1	4.3	-3.7
- Others	0.5	-0.7	-0.8	-0.5	0.2	-1.9	-1.2
Operating profit, % of net sales	10.5	6.6	2.1	-1.6	10.1	9.3	3.4
- Building Solutions – Europe	12.1	7.9	4.7	0.3	11.3	8.9	5.9
- Building Solutions – North America	16.8	17.2	11.0	13.3	16.5	15.0	12.4
- Uponor Infra	4.2	0.4	-6.0	-10.8	5.8	9.6	-13.6
Profit for the period, M€	16.8	9.4	1.8	-6.0	17.7	11.8	3.3
Balance sheet total, M€	701.7	697.9	690.5	661.0	716.4	552.7	532.8
Earnings per share, €	0.21	0.13	0.04	-0.03	0.20	0.16	0.05
Equity per share, €	3.10	2.80	2.66	3.00	3.06	2.68	2.51
Market value of share capital, M€	780.4	984.6	968.5	1,041.0	1,020.5	841.9	776.0
Return on investment, % (p.a)	14.8	8.8	3.5	12.5	17.9	14.7	7.0
Interest-bearing net debt at the end of the period, M€	122.9	154.3	147.8	96.9	135.2	146.2	142.1
Gearing, %	41.7	56.9	56.9	33.7	45.8	74.5	77.6
Gearing, % rolling 4 quarters	47.3	48.3	52.7	57.9	60.9	63.9	64.0
Gross investment, M€	9.0	8.0	4.4	14.8	8.7	5.8	4.6
- % of net sales	3.2	3.0	1.9	6.2	3.1	2.7	2.6

DEFINITIONS OF KEY RATIOS

Return on Equity (ROE), %

$$= \frac{\text{Profit before taxes} - \text{taxes}}{\text{Shareholder's equity} + \text{non-controlling interest, average}} \times 100$$

Return on Investment (ROI), %

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

Solvency, %

$$= \frac{\text{Shareholder's equity} + \text{non-controlling interest}}{\text{Balance sheet total} - \text{advance payments received}} \times 100$$

Gearing, %

$$= \frac{\text{Net interest-bearing liabilities}}{\text{Shareholder's equity} + \text{non-controlling interest}} \times 100$$

Net interest-bearing liabilities

$$= \text{Interest-bearing liabilities} - \text{cash, bank receivables and financial assets}$$

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

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

Average share price

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