uponor

Interim report

January – September 2018

24 October 2018

INTERIM REPORT JANUARY – SEPTEMBER 2018

Net sales and comparable operating profit fell behind from exceptionally strong comparison period

- Net sales in July – September totalled €311.9 (317.5) million, with a decline of 1.8% or organic growth of 3.9% in constant currency terms
- Uponor Infra's net sales increased, but the net sales of Building Solutions – Europe and Building Solutions – North America declined
- Operating profit for July – September came to €44.6 (40.4) million, a change of +10.6%. This includes the disposal gain from the divestment of Uponor Infra's North American business (€12.2 million); the comparable operating profit in July – September came to €33.8 (40.4) million, with a decline of 16.2%
- Net sales in January – September totalled €913.7 (891.0) million, with growth of 2.5% or organic growth of 6.7% in constant currency terms
- Operating profit for January – September came to €89.6 (77.9) million, a change of +15.1%. This includes the disposal gain from the divestment of Uponor Infra's North American business (€12.2 million); the comparable operating profit in January – September came to €78.8 (79.2) million, a change of -0.4%
- January – September earnings per share were €0.64 (0.64)
- The January – September return on investment was 19.1% (19.4), and gearing on 30 September was 42.2% (48.2)
- The January – September cash flow from business operations came to €35.5 (65.4) million
- Uponor revised its guidance on 5 September 2018 after the divestments of Uponor Infra's North American business and Zent-Frenger GmbH: excluding the impact of currencies, Uponor expects its organic net sales to grow from 2017 and comparable operating profit to remain at the same level as in 2017

Uponor Infra's North American business is included in the financial information until the end of August 2018, after which the business was divested.

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

- September was a disappointment for us, which impacted on the whole quarter's result. The price increases introduced during the summer to compensate for increasing raw material costs and freight rates did not yet fully materialise as expected in Q3, which had an impact on our profitability together with declined net sales in building solutions segments.
- We announced two divestments of non-strategic, but profitable businesses: Uponor Infra's North American business and Zent-Frenger GmbH, which had an impact on Uponor's 2018 guidance. The divestments release resources to strengthen Uponor's core businesses in the longer term.
- Building Solutions – Europe segment suffered from weaker sales than expected, which also impacted on the operating profit. In order to improve profitability, we continued to streamline our operational footprint during the third quarter and decided to close down loss-making sales offices in Switzerland and Australia by the end of this year, as well as review the European warehouse network.
- Net sales and operating profit of Building Solutions – North America decreased. However, the segment had a strong comparison period, which was related to delivery difficulties experienced in the second quarter in 2017, which, once overcome, resulted in a higher amount of orders shipped in the third quarter 2017. On the positive side, the profitability of the segment has improved quarter by quarter in 2018.
- Uponor Infra's business in Europe has continued to improve its net sales and profitability. The divested business in North America continued its strong performance until the divestment on 31 August.

Key financial figures

Consolidated income statement (continuing operations), M€	1-9 2018	1-9 2017	2017	2016	2015	2014
Net sales	913.7	891.0	1,170.4	1,099.4	1,050.8	1,023.9
Operating expenses	807.1	786.8	1,038.4	991.0	942.7	926.4
Depreciation and impairments	29.6	29.1	39.2	41.6	39.1	36.5
Other operating income	12.6	2.8	3.1	4.2	2.4	2.4
Operating profit	89.6	77.9	95.9	71.0	71.4	63.4
Comparable operating profit	78.8	79.2	97.2	90.7	75.8	67.7
Financial income and expenses	-7.0	-2.9	-5.4	-10.0	-8.9	-7.4
Profit before taxes	79.0	73.4	88.2	60.4	62.8	56.3
Result from continuing operations	56.5	50.3	65.4	41.5	37.1	36.3
Profit for the period	56.5	50.3	65.4	41.9	36.9	36.0
Earnings per share	0.64	0.64	0.83	0.58	0.51	0.50

Uponor Corporation's long-term financial targets

(issued on 12 February 2013)

Annual targets and actuals	Last 12 mths	2017	2016	2015	2014	2013
Organic net sales growth to exceed GDP growth(1 by 3 ppts (2018E: 5.5%)	3.6	6.5	2.0	5.2	2.0	-1.5
Comparable(2 EBIT margin >10%	8.1	8.3	8.2	7.2	6.6	6.1
Return on investment, ROI (p.a.) >20%	14.7 (3	16.3	14.1	15.5	14.2	12.5
Gearing (annual average for the four latest quarters) 30 – 70	54.1	58.4	56.7	40.4	45.8	57.9
Dividend payout > 50% of earnings	-	59.0	79.3	86.3	84.0	100.0

((1)GDP growth based on weighted average growth in the top 10 countries, measured by net sales. 2) The targets issued in February 2013 referred to reported EBIT margin. 3) Average of four quarters.)

Information on the January – September 2018 interim report
This interim report has been compiled in accordance with the IAS 34 reporting standards and is unaudited. The figures in brackets are the reference figures for the equivalent period in the previous year. Any change percentages are calculated from the exact figures and not the rounded figures published here.

Webcast and presentation
A webcast of the results briefing in English will be broadcast on 24 October at 10:00 EET. It can be viewed via our website investors.uponor.com or via the Uponor IR mobile app. The recorded webcast can be viewed via the website or the app shortly after the live presentation. All presentation materials will be available at investors.uponor.com > News & downloads.

Next interim results
Uponor Corporation will publish its financial statements 2018 bulletin on Wednesday 13 February 2019. During the silent period from 1 January to 12 February 2019, 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.

Markets

On the whole, construction markets in Europe and North America continued to benefit from a positive macroeconomic environment and buoyant consumer confidence, with the industry remaining in a steady, but mature, growth cycle. While modest year-over-year construction growth was posted in many countries, others displayed some signs of retreating from their multi-year highs, especially in the residential new build segment. A pronounced lack of skilled labour also continued to limit builders' ability to take on more projects, which may have the effect of dampening, but also extending, the cycle in some markets.

In Uponor's largest Central European market, Germany, builder confidence stayed at an all-time-high. Construction levels remained healthy and residential building permits, whose levels had been slowing since peaking in early 2017, appear to have stabilised during the summer 2018. Other new build and renovation segments were largely steady. In the Netherlands, construction activity was healthy, with builders reporting improved order books and overall confidence.

Developments in the Southern European region were uneven. The brisk increase, from a low base, in construction activity witnessed during previous quarters in Spain was sustained and the French market expanded, but at a lower rate than in earlier quarters. Meanwhile, the markets in Italy and the UK were mostly steady, but probably hampered to a certain extent by economic and political uncertainties.

The Nordic construction markets remained robust overall, despite weakening in the Norwegian and Swedish new build residential markets. Notably, builders reported a significant reduction in construction activity levels in Sweden compared to the third quarter in 2017. Meanwhile, builder confidence in Denmark and Finland grew from a year earlier and non-residential construction activity across the region was mostly stable.

In Uponor's largest market, the USA, construction spending through August rose modestly from the same time last year across nearly all residential and non-residential segments. Labour shortages and increasing material costs continued to hamper growth, posing a key challenge for builders. As in earlier quarters, some signs of softening were visible in pockets of the Canadian residential segment.

With regard to Uponor's infrastructure solutions, civil engineering expenditures in the Nordic countries remained steady in Finland and Denmark. Meanwhile, both governments in Norway and Sweden have significantly increased investment levels from 2017. In Canada, industrial investments, a key demand driver, grew notably from 2017.

Net sales

Uponor's consolidated net sales for the third quarter 2018 reached €311.9 (317.5) million, a decline of 1.8% or growth of 0.7% in organic terms. There was a negative currency impact of €9.9 million in consolidated net sales, mainly originating in the USD, SEK and CAD. In constant currency terms, net sales growth was 1.3% or 3.9% in organic terms.

Building Solutions – Europe reported net sales of €131.8 (136.3) million, a decline of 3.3%. Net sales increased in Finland, but declined in other main markets in Central Europe and Nordic countries. The biggest impact on net sales in Germany was caused by weaker sales of indoor climate solutions. The decision to discontinue direct project sales in Austria and Switzerland had a negative impact on net sales, but it will support profitability development going forward. In Sweden, availability issues, together with distributors' performance and buying patterns impacted negatively on sales. Net sales increased year-over-year in Asia, where the competitive situation remains demanding.

Net sales in Building Solutions – North America came to €88.9 (91.2) million, down by 2.7% in euro terms or 2.9% in USD. Due to the price increases in July, the company estimates that some distributors changed their behaviour and shifted volumes from Q3 to Q2. The comparison period for the segment was also extremely strong: this was related to delivery difficulties experienced in the second quarter 2017, which, once overcome, resulted in a higher amount of orders shipped in the third quarter.

Uponor Infra's net sales came to €92.6 (90.6) million. Net sales grew in both North America and Europe, particularly in Finland, Denmark and Poland.

Net sales by segment (July – September):

M€	7-9/2018	7-9/2017	Change
Building Solutions – Europe	131.8	136.3	-3.3%
Building Solutions – North America	88.9	91.2	-2.7%
(Building Solutions – North America (M$)	103.8	106.8	-2.9%)
Uponor Infra	92.6	90.6	+2.2%
Eliminations	-1.4	-0.6	
Total	311.9	317.5	-1.8%

Uponor's January–September net sales reached €913.7 (891.0) million, or growth of 2.5% or 3.5% in organic terms. This was driven by the growth in net sales in Uponor Infra during all three quarters of the current year. In constant currency terms, net sales would have been €29.0 million higher than reported net sales. The main currencies impacting were the USD, SEK and CAD. In constant currency terms, net sales growth was 5.8% or 6.7% in organic terms, excluding the impact of the divestiture in August.

Net sales by segment (January – September):

M€	1–9/2018	1–9/2017	Change
Building Solutions – Europe	395.7	396.2	-0.1%
Building Solutions – North America	250.0	248.7	+0.5%
(Building Solutions – North America (M$)	298.3	279.0	+6.9%)
Uponor Infra	272.0	248.0	+9.6%
Eliminations	-4.0	-1.9	
Total	913.7	891.0	+2.5%

Results and profitability

Uponor's consolidated gross profit in the third quarter was €106.1 (109.3) million, a change of €-3.2 million from the comparison period. At 34.0% (34.4%), the gross profit margin declined from the previous year's level. There were no items affecting comparability on gross profit.

Operating profit in the third quarter of 2018 came to €44.6 (40.4) million, up by 10.6% year-over-year. Comparable operating profit, i.e. excluding items affecting comparability, reached €33.8 (40.4) million, a decline of 16.2%. Items affecting comparability include the disposal gain from the divestment of Uponor Infra's North American business as well as restructuring costs from Uponor's decision to streamline Building Solutions – Europe operational footprint by closing down sales offices in Australia and Switzerland, as well as closing down warehouse operations in France. Profitability, as measured by the comparable operating profit margin, came to 10.9% (12.7%).

Building Solutions – Europe's operating profit in the third quarter came to €9.0 (14.4) million, down by 37.0%. The segment's comparable operating profit amounted to €10.4 (14.4) million. The decline is due to weaker net sales, higher operational expenses in the Virsbo manufacturing facility and rising raw material prices (aluminium, brass and plastic resins). Price increases were introduced in the summer, but did not yet have the desired impact. In addition, the sales mix had an impact on profitability.

Building Solutions – North America reported an operating profit of €13.9 (19.0) million for the quarter, representing a year-over-year decrease of 26.7% in euro terms, or 25.4% in USD. The comparison period for the segment was strong, but price increases introduced in the summer began to take effect at the end of the quarter. The segment's profitability shows positive development in comparison to earlier quarters in 2018, which were burdened by the start-up costs for Hutchinson and higher raw material costs and freight rates.

Uponor Infra's operating profit came to €21.9 (7.4) million, an increase of 197.4%. This includes the profit (€12.2 million) from the divestment of Uponor Infra's North American business. The segment's comparable operating profit came to €9.7 (7.4) million, representing a change of 31.6%. The operating profit improved in both Europe and North America, of which the North American business was divested at the end of August 2018.

Operating profit by segment (July – September):

M€	7-9/2018	7-9/2017	Change
Building Solutions – Europe	9.0	14.4	-37.0%
Building Solutions – North America	13.9	19.0	-26.7%
(Building Solutions – North America (M$)	16.3	21.9	-25.4%)
Uponor Infra	21.9	7.4	+197.4%
Others	-1.7	0.2	
Eliminations	1.5	-0.6	
Total	44.6	40.4	+10.6%

Comparable operating profit by segment (July – September):

M€	7-9/2018	7-9/2017	Change
Building Solutions – Europe	10.4	14.4	-27.5%
Building Solutions – North America	13.9	19.0	-26.7%
(Building Solutions – North America (M$)	16.3	21.9	-25.4%)
Uponor Infra	9.7	7.4	+31.6%
Others	-1.7	0.2	
Eliminations	1.5	-0.6	
Total	33.8	40.4	-16.2%

Profit before taxes for July – September totalled €41.4 (41.0) million. Taxes for the period came to €11.4 (12.4) million. Profit for the third quarter came to €30.0 (28.6) million.

The January – September gross profit came to €306.6 million (33.6%) against €299.1 million (33.6%) in 2017. Comparable gross profit amounted to €306.6 million (33.6%) against €300.1 million (33.7%) in 2017.

The January – September operating profit came to €89.6 (77.9) million, or €78.8 (79.2) million in comparable operating profit, a change of +15.1% or -0.4% respectively from January – September 2017.

IAC for the January – September period amounted to €+10.8 (-1.3) million. The current year's items include the disposal gain from the divestment of Uponor Infra's North American business (€12.2 million) as well as restructuring costs from Uponor's decision to streamline Building Solutions – Europe operational footprint by closing down sales offices in Australia and Switzerland as well as closing down warehouse operations in France.

Profitability, or the operating profit margin, for the January – September period was 9.8%, against 8.7% in the comparison period. The comparable operating profit margin was 8.6% (8.9).

Operating profit by segment (January – September):

M€	1-9/2018	1-9/2017	Change
Building Solutions – Europe	26.0	29.8	-12.7%
Building Solutions – North America	32.9	40.1	-18.0%
(Building Solutions – North America (M$)	39.2	45.0	-12.7%)
Uponor Infra	35.3	10.2	+247.7%
Others	-4.0	-1.7	
Eliminations	-0.6	-0.5	
Total	89.6	77.9	+15.1%

Comparable operating profit by segment (January – September):

M€	1-9/2018	1-9/2017	Change
Building Solutions – Europe	27.4	32.6	-15.9%
Building Solutions – North America	32.9	40.1	-18.0%
(Building Solutions – North America (M$)	39.2	45.0	-12.7%)
Uponor Infra	23.1	8.7	+167.0%
Others	-4.0	-1.7	
Eliminations	-0.6	-0.5	
Total	78.8	79.2	-0.4%

At €7.0 million, financial expenses were €4.1 million higher than in the comparison period. In the third quarter in 2017 Uponor received favourable decisions from the Finnish Supreme Administrative Court regarding the taxation of Uponor Corporation and Uponor Business Solutions Oy. As a consequence of these decisions, the interest paid earlier by Uponor was returned to the company and they reduced financial expenses by €3.6 million in the third quarter in 2017.

At €-3.6 million, the share of the result in associated companies is related to Uponor's 50% share in the joint venture company, Phyn, established on 2016. Uponor increased its ownership from 37.5% to 50% in February 2018, by investing an additional $10 million. Sales of the new Phyn Plus smart water monitoring and shut-off device began in the second quarter in the USA.

Profit before taxes for January – September totalled €79.0 (73.4) million. Taxes had a €22.5 (23.1) million effect on profits. The estimated tax rate for the full year is 28.5% (31.5).

Profit for the period came to €56.5 (50.3) million. Earnings per share, both basic and diluted, for January – September totalled €0.64 (0.64). Equity per share, both basic and diluted, was €4.02 (3.68).

Investment and financing

Uponor's gross investments in January - September came to €36.2 (37.4) million. Depreciation and impairments amounted to €29.6 (29.1) million. Investments in the third quarter mainly concerned capacity expansion and efficiency improvement.

Cash flow from business operations in January - September came to €35.5 (65.4) million. Uponor received full compensation for the tax claim concerning Uponor Business Solutions Oy, with an impact of €11.4 million, but net working capital increased, mainly due to increased inventories. Cash flow from financing and thus cash flow for the period in January - September included the two instalments of the dividend payment (paid in March and September, €35.8 (€33.6) million in total).

Uponor has successfully managed to maintain a high level of liquidity. The company continues its cautious policy with regard to credit risk, for instance by actively following up on accounts receivable, most of which are secured by credit insurance. Due to volatility in the commodity markets in recent years, Uponor is maintaining a sharp focus on Group-wide business continuity management and risk management within the supply chain, in particular, in order to secure the availability and supply of Uponor's critical raw materials.

The main existing long-term funding programme on 30 September 2018 was the 5-year bilateral loan agreement of €100 million, which will mature in July 2022. The loan has replaced the earlier €80 million bond, which matured in June 2018.

In addition to the above-mentioned funding arrangement, Uponor has outstanding, bilateral long-term loans of €50 million and €20 million, both of which will mature in the summer of 2021. As back-up funding arrangements, Uponor has four €50 million committed bilateral revolving credit facilities in force, totalling €200 million, maturing in 2021–2023; none of these were used during the reporting period.

For short-term funding needs, Uponor's main source of funding is its domestic commercial paper programme, totalling €150 million, of which €0.0 (15.0) million was outstanding at the period end. Available cash-pool limits granted by Uponor's key banks amounted to €34.9 million, of which €0.0 (0.8) million was in use on the balance sheet date. At the end of the period, Uponor had €20.9 (21.8) million in cash and cash equivalents.

At 44.3% (41.2%), the Group's solvency has remained at a good level. Net interest-bearing liabilities were €156.7 (161.8) million. Gearing came to 42.2% (48.2%), with the four-quarter rolling gearing being 54.1% (59.8%).

Key events

The year 2018 marks Uponor's 100-year anniversary, which is the key theme at all major Uponor events throughout 2018.

On 29 August, the Finnish Tax Administration gave its decision concerning Uponor Business Solutions Oy's tax case. As a result, taxes, surtaxes and delay interests, recorded by Uponor in 2011, in total approximately €11.4 million as well as statutory interests was paid back to the company.

On 31 August, Uponor announced that Uponor Infra and Wynnchurch Capital, an American private equity firm, have signed a business purchase agreement for Uponor Infra's North American business. The debt and cash free purchase price was CAD 62.5 million (approximately €41 million).

On 5 September, Uponor and Swegon Group AB signed a share purchase agreement for the sale of all outstanding shares in Zent-Frenger GmbH. The debt and cash free purchase price was €16 million, with an additional purchase price under an earn-out agreement up to €2 million. The acquisition has now been approved by the German antitrust authorities and the closing is expected by the end of October 2018.

In September, Uponor Infra Oy and Infra Pipe Solutions Ltd signed a Weholite Licensing Agreement for the continuous future manufacture of Weholite pipes and products for the North American market. In addition to Uponor Infra's own production of Weholite, there are licensees in UK, Iceland, Oman, South Africa, Malaysia, Thailand, Japan, Brazil, France, Turkey, Tanzania and now also in Canada.

Human resources and administration

The number of Group full-time-equivalent employees averaged 4,171 (3,977) in January – September 2018, an increase of 194 persons from the same period in 2017. At the end of the period, the Group had 4,079 (4,079) employees. The biggest impacts came from the divestment of Uponor Infra's North American business and Building Solutions – North America, which opened the new manufacturing facility in Hutchinson.

On 18 September, Ph.D. Richard Windischhofer (43) was appointed EVP, Corporate Development and Technology and member of Executive Committee at Uponor Corporation as of 1 January 2019.

As announced on 21 June, Jan Peter Tewes, President, Building Solutions – Europe and a member of Uponor's Executive Committee left his position on 30 September 2018. The recruitment process for his successor is ongoing.

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 number of shares during the reporting period.

The number of Uponor shares traded on Nasdaq Helsinki during the January – September reporting period was 26.0 (25.1) million shares, totalling €361.1 (383.8) million. The market value of share capital at the end of the period was €0.8 (1.1) billion and the number of shareholders was 20,847 (20,882).

At the end of the period, the total number of own shares in the company's possession was 44,756.

Events after the period under review

There were no events to report on.

Short-term outlook

The building and construction market has remained on a healthy level in all countries where Uponor operates, although there are signs of especially Nordic markets having reached their peaks. The political uncertainties, e.g. Brexit and the challenges posed by tariff increases, have remained, but have not yet impacted on consumer or business behaviour.

Assuming that economic development in Uponor's key geographies continues undisturbed, Uponor repeats its full-year guidance for 2018 (revised on 5 September): excluding the impact of currencies, Uponor expects its organic net sales to grow from 2017 and comparable operating profit to remain at the same level as in 2017.

Uponor repeats its earlier estimation that the Group's capital expenditure, excluding any investment in shares, will remain at roughly the same level as in 2017, mainly driven by the capacity expansion programme in North America.

Uponor's financial performance may be affected by a range of strategic, operational, financial, legal, political and hazard risks. A more detailed risk analysis is provided in the section 'Key risks associated with business' in the Annual Report 2017.

Uponor Corporation
Board of Directors

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Uponor in brief

The year 2018 marks Uponor's 100-year anniversary. Our success is built on strong partnerships with our customers and stakeholders in the past, present and future.

Uponor is a leading international systems and solutions provider for safe drinking water delivery, energy-efficient radiant heating and cooling and reliable infrastructure. The company serves a variety of building markets including residential, commercial, industrial and civil engineering. Uponor employs about 4,000 employees in 30 countries, mainly in Europe and North America. In 2017, Uponor's net sales totalled nearly €1.2 billion. Uponor is based in Finland and listed on Nasdaq Helsinki.
Uponor builds on you - www.uponor.com

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 2017. The change percentages reported have been calculated from the exact figures and not from the rounded figures published in the interim report.

Uponor provides comparable operating profit and comparable gross profit in order to provide useful and comparable information of its operative business performance. Comparable operating or gross profit excludes items affecting comparability (IAC). Items affecting comparability are exceptional transactions that are unrelated to normal business operations. Such items often include issues such as capital gains and losses, additional costs arising from site closures and other restructuring, additional write-downs, or reversals of write-downs, expenses due to accidents and disasters, environmental matters, legal proceedings and changes in regulation.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

M€	1-9/2018	1-9/2017	7-9/2018	7-9/2017	1-12/2017
Net sales	913.7	891.0	311.9	317.5	1,170.4
Cost of goods sold	607.1	591.9	205.8	208.2	776.3
Gross profit	306.6	299.1	106.1	109.3	394.1
Other operating income	12.6	2.8	12.3	0.2	3.1
Dispatching and warehousing expenses	25.6	25.1	8.6	8.0	33.2
Sales and marketing expenses	145.5	142.4	46.9	44.0	190.3
Administration expenses	42.2	38.8	13.1	11.7	53.4
Other operating expenses	16.3	17.7	5.2	5.5	24.4
Operating profit	89.6	77.9	44.6	40.4	95.9
Financial expenses, net	7.0	2.9	2.6	-1.1	5.4
Share of results in associated companies and joint ventures	-3.6	-1.6	-0.6	-0.5	-2.3
Profit before taxes	79.0	73.4	41.4	41.0	88.2
Income taxes	22.5	23.1	11.4	12.4	22.8
Profit for period	56.5	50.3	30.0	28.6	65.4
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Re-measurements on defined benefit pensions, net of taxes	-	-	-	-	-0.4
Items that may be reclassified subsequently to profit or loss					
Translation differences	0.5	-10.6	1.9	-3.1	-13.2
Cash flow hedges, net of taxes	1.4	0.9	0.0	0.6	1.2
Net investment hedges	-0.5	1.5	-0.1	0.4	1.7
Other comprehensive income for the period, net of taxes	1.4	-8.2	1.8	-2.1	-10.7
Total comprehensive income for the period	57.9	42.1	31.8	26.5	54.7
Profit/loss for the period attributable to					
- Equity holders of parent company	46.8	47.1	24.8	26.1	60.5
- Non-controlling interest	9.7	3.2	5.2	2.5	4.9
Comprehensive income for the period attributable to					
- Equity holders of parent company	48.5	38.9	26.1	24.0	50.1
- Non-controlling interest	9.4	3.2	5.7	2.5	4.6
Earnings per share, €	0.64	0.64	0.34	0.35	0.83
Diluted earnings per share, €	0.64	0.64	0.34	0.35	0.83

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

M€	30.9.2018	30.9.2017	31.12.2017
Assets			
Non-current assets			
Property, plant and equipment	253.4	239.3	252.2
Intangible assets	105.2	116.0	116.0
Investments in associates and joint ventures	14.4	10.5	9.5
Other securities and non-current receivables	11.8	10.8	10.7
Deferred tax assets	10.4	11.4	10.4
Total non-current assets	395.2	388.0	398.8
Current assets			
Inventories	150.5	133.4	132.7
Accounts receivable	228.5	234.0	171.8
Other receivables	47.7	43.0	55.5
Cash and cash equivalents	20.9	21.8	107.0
Total current assets	447.6	432.2	467.0
Total assets	842.8	820.2	865.8
Equity and liabilities			
Equity			
Equity attributable to the owners of the parent company	294.1	268.9	280.2
Non-controlling interest	77.6	66.7	68.2
Total equity	371.7	335.6	348.4
Non-current liabilities			
Interest-bearing liabilities	176.5	87.4	176.6
Deferred tax liability	12.5	10.7	7.9
Provisions	6.8	8.7	7.1
Employee benefits and other liabilities	18.8	24.7	24.4
Total non-current liabilities	214.6	131.5	216.0
Current liabilities			
Interest-bearing liabilities	1.1	96.2	81.9
Provisions	21.7	19.2	21.8
Accounts payable	85.7	87.1	77.0
Other liabilities	148.0	150.6	120.7
Total current liabilities	256.5	353.1	301.4
Total equity and liabilities	842.8	820.2	865.8

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

M€	1-9/2018	1-9/2017	1-12/2017
Cash flow from operations			
Net cash from operations	100.5	113.2	141.8
Change in net working capital	-52.6	-30.3	-7.2
Income taxes paid	-10.5	-14.8	-29.5
Interest paid	-2.4	-2.8	-3.8
Interest received	0.5	0.1	0.2
Cash flow from operations	35.5	65.4	101.5
Cash flow from investments			
Acquisition of joint venture	-8.1	-	-
Proceeds from disposal of subsidiaries and businesses	38.9	-	-
Purchase of fixed assets	-36.2	-37.4	-63.4
Proceeds from sale of fixed assets	0.8	3.6	3.7
Dividends received	0.0	0.0	0.2
Loan repayments	0.0	-	0.0
Cash flow from investments	-4.6	-33.8	-59.5
Cash flow from financing			
Borrowings of debt	0.2	69.0	159.5
Repayment of debt	-80.1	-59.5	-59.6
Change in other short-term loan	-0.4	-0.9	-16.2
Dividends paid	-35.8	-33.6	-33.6
Payment of finance lease liabilities	-0.8	-0.8	-1.1
Cash flow from financing	-116.9	-25.8	49.0
Conversion differences for cash and cash equivalents	-0.1	-0.3	-0.3
Change in cash and cash equivalents	-86.1	5.5	90.7
Cash and cash equivalents at 1 January	107.0	16.3	16.3
Cash and cash equivalents at end of period	20.9	21.8	107.0
Changes according to balance sheet	-86.1	5.5	90.7

STATEMENT OF CHANGES IN EQUITY

M€	A	B	C	D*	E	F	G	H	I
Balance at 1 Jan 2018	146.4	50.2	1.6	-10.4	-0.4	92.8	280.2	68.2	348.4
Effect of IFRS 2 amendment						1.0	1.0		1.0
Revised balance at 1 Jan 2018	146.4	50.2	1.6	-10.4	-0.4	93.8	281.2	68.2	349.4
Total comprehensive income for the period			1.4	0.3		46.8	48.5	9.4	57.9
Dividend (€0.49 per share)						-35.8	-35.8		-35.8
Share-based incentive plan					0.1	0.1	0.2		0.2
Balance at 30 September 2018	146.4	50.2	3.0	-10.1	-0.3	104.9	294.1	77.6	371.7
Balance at 1 Jan 2017	146.4	50.2	0.4	0.9	-0.5	65.9	263.3	63.6	326.9
Total comprehensive income for the period			0.9	-9.1		47.1	38.9	3.2	42.1
Dividend (€0.46 per share)						-33.6	-33.6		-33.6
Share-based incentive plan					0.1	0.2	0.3		0.3
Balance at 30 September 2017	146.4	50.2	1.3	-8.2	-0.4	79.6	268.9	66.7	335.6

*) Includes a €-14.0 (-13.7) 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 2017, except for the adoption of new standards effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New standards, interpretations and amendments adopted by the Group

<u>Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions</u>

The Group adopted the amendments to IFRS 2 as of 1 January 2018. The amendments concern share-based payment arrangements with a ‘net settlement feature’ where tax law or regulation requires an entity to withhold a specified number of equity instruments, equal to the monetary value of the employee’s tax obligation, to meet the employee’s tax liability, which is then remitted to the tax authority. Such arrangements are classified and recognised as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

<u>IFRS 9 Financial Instruments</u>

The Group adopted the IFRS 9 standard as of 1 January 2018. The main impact of IFRS 9 concerns impairment requirements for financial assets and the classification and measurement of financial assets and liabilities. The adoption did not have any material impact on the valuation of financial assets and liabilities in the balance sheet. IFRS 9 has not been applied retrospectively.

<u>IFRS 15 Revenue from Contracts with Customers</u>

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 has superseded the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the good or service underlying the particular performance obligation is transferred to the customer. The principles in IFRS 15 are applied using the following five steps:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted IFRS 15 using the full retrospective method of adoption. There are no changes impacting the comparative information and therefore, no restatements have been made in the Group’s financial statements.

The Group is in the business of providing of systems and solutions for safe drinking water delivery, energy-efficient radiant heating and cooling, and reliable infrastructure. The revenue streams can be divided into two groups: sale of goods and rendering of services including project business. The Group is acting as a principal in all of the customer contracts as the Group provides the good and services itself to a customer and controls the specified goods and services before they are transferred to a customer.

Sale of goods
The Group’s contracts with customers for the sale of goods generally include one performance obligation. The Group has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The exact timing of the control transfer is analysed contract by contract taking into account the delivery terms, customer acceptance clauses and customer’s ability to benefit from the goods delivered. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition.

Rendering of services including project business
Typically the promised goods and services in the contract are not distinct from each other and therefore, in most of the cases the Group accounts for the goods and services as a single performance obligation. The Group has concluded that the rendered services including project business are satisfied over time given that the Group’s performance does not create an asset with an alternative use to the Group, the Group has an enforceable right to payment for performance completed to date or the Group’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced. Therefore, the Group has not identified any significant impacts in terms of the revenue recognition.

Combining contracts; In rendering of services including project business segment, the Group has entered into two contracts near the same with the same customer. The contracts have been negotiated as a package with a single commercial objective and shall be combined. However, the Group concluded that these agreements do not create a single performance obligation and does not have an impact on the amount of revenue recognition.

Warranty obligations; The Group generally provides warranties for general repairs of defects that existed at the time of sale, as required by law. As such, most warranties are assurance-type warranties under IFRS 15, which the Group accounts for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets, consistent with its practice prior to the adoption of IFRS 15. However, if any other warranties are provided, they are immaterial.

Revenue from contract with customers

The Group disaggregates revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Set out below is the disaggregation of the Group's revenue from contract with customers, including reconciliation of the revenue:

		1-9/2018			1-9/2017	
M€	Sale of goods	Rendering of services	Total	Sale of goods	Rendering of services	Total
Revenue from contract with customers by segment						
Building Solutions - Europe	366.1	27.9	394.0	369.7	25.7	395.4
Building Solutions - North America	250.0	0.0	250.0	248.7	0.0	248.7
Uponor Infra	258.9	10.8	269.7	241.9	5.0	246.9
External customer, total	875.0	38.7	913.7	860.3	30.7	891.0
Internal	4.0		4.0	1.9		1.9
Total	879.0	38.7	917.7	862.2	30.7	892.9
Eliminations	-4.0		-4.0	-1.9		-1.9
Total revenue from contracts with customer	875.0	38.7	913.7	860.3	30.7	891.0

The Group booked a € 0.2 (0.0) million impairment losses on accounts receivables as expenses during the period. The Group did not recognise impairment losses on contract assets arising from contracts with customers.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

M€	30.9.2018	30.9.2017	31.12.2017
Gross investment	36.2	37.4	63.4
- % of net sales	4.0	4.2	5.4
Depreciation and impairments	29.6	29.1	39.2
Book value of disposed fixed assets	0.6	1.5	1.6

PERSONNEL

Converted to full time employees	1-9/2018	1-9/2017	1-12/2017
Average	4,171	3,977	3,990
At the end of the period	4,079	4,079	4,075

OWN SHARES	30.9.2018	30.9.2017	31.12.2017
Own shares held by the company, pcs	44,756	59,121	59,121
- of share capital, %	0.1	0.1	0.1
- of voting rights, %	0.1	0.1	0.1
Accounted par value of own shares held by the company, M€	0.1	0.1	0.1

SEGMENT INFORMATION

		1-9/2018			1-9/2017	
M€	External	Internal	Total	External	Internal	Total
Net sales by segment						
Building Solutions - Europe	394.0	1.7	395.7	395.4	0.8	396.2
Building Solutions - North America	250.0	0.0	250.0	248.7	0.0	248.7
Uponor Infra	269.7	2.3	272.0	246.9	1.1	248.0
Eliminations	0.0	-4.0	-4.0	0.0	-1.9	-1.9
Total	913.7	-	913.7	891.0	-	891.0

M€	7-9/2018 External	7-9/2018 Internal	7-9/2018 Total	7-9/2017 External	7-9/2017 Internal	7-9/2017 Total
Net sales by segment						
Building Solutions - Europe	131.2	0.6	131.8	136.1	0.2	136.3
Building Solutions - North America	88.9	0.0	88.9	91.2	0.0	91.2
Uponor Infra	91.8	0.8	92.6	90.2	0.4	90.6
Eliminations	0.0	-1.4	-1.4	0.0	-0.6	-0.6
Total	311.9	-	311.9	317.5	-	317.5

M€	1-12/2017 External	1-12/2017 Internal	1-12/2017 Total
Net sales by segment			
Building Solutions - Europe	520.6	1.1	521.7
Building Solutions - North America	328.2	0.0	328.2
Uponor Infra	321.6	1.8	323.4
Eliminations	-	-2.9	-2.9
Total	1,170.4	-	1,170.4

M€	1-9/2018	1-9/2017	7-9/2018	7-9/2017	1-12/2017
Operating result by segment					
Building Solutions - Europe	26.0	29.8	9.0	14.4	40.0
Building Solutions - North America	32.9	40.1	13.9	19.0	49.7
Uponor Infra	35.3	10.2	21.9	7.4	12.0
Others	-4.0	-1.7	-1.7	0.2	-4.2
Eliminations	-0.6	-0.5	1.5	-0.6	-1.6
Total	89.6	77.9	44.6	40.4	95.9

M€	1-9/2018	1-9/2017	1-12/2017
Segment depreciation and impairments			
Building Solutions - Europe	10.2	10.8	14.0
Building Solutions - North America	10.9	8.9	12.4
Uponor Infra	7.7	8.0	11.0
Others	0.8	1.4	1.8
Eliminations	0.0	0.0	0.0
Total	29.6	29.1	39.2
Segment investments			
Building Solutions - Europe	11.7	7.7	13.5
Building Solutions - North America	18.1	23.5	39.7
Uponor Infra	5.9	5.8	9.7
Others	0.5	0.4	0.5
Total	36.2	37.4	63.4

M€	30.9.2018	30.9.2017	31.12.2017
Segment assets			
Building Solutions - Europe	405.1	406.2	365.6
Building Solutions - North America	283.1	238.7	233.9
Uponor Infra	241.3	222.4	210.4
Others	352.8	294.6	400.3
Eliminations	-439.5	-341.7	-344.1
Total	842.8	820.2	866.1
Segment liabilities			
Building Solutions - Europe	348.5	322.6	293.6
Building Solutions - North America	205.7	157.8	176.3
Uponor Infra	79.8	84.3	69.6
Others	309.3	280.9	345.8
Eliminations	-472.3	-361.1	-367.9
Total	471.0	484.5	517.4

	1-9/2018	1-9/2017	1-12/2017
Segment personnel, average			
Building Solutions - Europe	2,115	2,065	2,065
Building Solutions - North America	929	794	808
Uponor Infra	1,048	1,042	1,041
Others	79	76	76
Total	4,171	3,977	3,990

Reconciliation

M€	1-9/2018	1-9/2017	1-12/2017
Operating result by segment			
Total result for reportable segments	94.2	80.1	101.7
Others	-4.0	-1.7	-4.2
Eliminations	-0.6	-0.5	-1.6
Operating profit	89.6	77.9	95.9
Financial expenses, net	7.0	2.9	5.4
Share of results in associated companies and joint ventures	-3.6	-1.6	-2.3
Profit before taxes	79.0	73.4	88.2

CONTINGENT LIABILITIES AND ASSETS

M€	30.9.2018	30.9.2017	31.12.2017
Commitments of purchase PPE (Property, plant, equipment)	10.2	17.6	12.4
Other commitments	0.7	0.6	0.8
- on own behalf			
Pledges at book value	0.1	0.1	0.1
Mortgages issued	2.0	2.1	2.1
Guarantees issued	5.1	5.4	5.6
- on behalf of a subsidiary			
Guarantees issued	29.9	30.8	29.4
Letter of Comfort commitments undertaken on behalf of subsidiaries			
are not included in the above figures			
Pledges at book value	0.1	0.1	0.1
Mortgages issued	2.0	2.1	2.1
Guarantees issued	35.0	36.2	35.0
Total	37.1	38.4	37.2

On 13 September 2017, The Supreme Administrative Court gave its decisions concerning Uponor's appeals that the company has submitted in January 2016. In the decision, the reassessment of the amount of the arm's length principle of Uponor Business Solutions Oy's service fees charged during 2006-2009 was returned to the Finnish Tax Administration.
The Finnish Tax Administration has given its decision on 28 August 2018. According to the reassessment of the Finnish Tax Administration, no taxable income will be added to Uponor Business Solutions Oy, because the company's original pricing model did not include material deviation from the arm's length principle.
Due to the Finnish Tax Administration's decision, taxes, surtaxes and delay interests, recorded by Uponor in 2011, in total approximately €11.4 million as well as statutory interests was paid back the company.

M€	30.9.2018	30.9.2017	31.12.2017
OPERATING LEASE COMMITMENTS	36.0	44.2	44.0

DERIVATIVE CONTRACTS

M€	Nominal value 30.9.2018	Fair value 30.9.2018	Nominal value 30.9.2017	Fair value 30.9.2017	Nominal value 31.12.2017	Fair value 31.12.2017
Currency derivatives						
- Forward agreements	238.1	-1.8	180.0	0.0	212.4	1.1
Interest rate derivatives						
- Interest rate swaps	50.0	-0.2	50.0	-1.0	100.0	-0.5
- Interest rate options	70.0	0.0	45.0	0.0	70.0	0.0
Commodity derivatives						
- Electricity derivatives	4.5	1.9	4.6	0.2	4.7	0.4

FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY

M€	IFRS 7 Fair value hierarchy level	30.9.2018	30.9.2017	31.12.2017
Non-current financial assets				
Fair value through other comprehensive income				
Electricity derivatives	1	0.9	0.4	0.4
Fair value through the statement of income				
Other shares and holdings		0.2	0.2	0.2
Amortised cost				
Other non-current receivables		10.7	10.2	10.1
Current financial assets				
Fair value through other comprehensive income				
Electricity derivatives	1	1.0	0.0	0.1
Other derivative contracts	2	0.0	0.0	0.2
Fair value through the statement of income				
Other derivative contracts	2	0.9	0.9	1.7
Cash and cash equivalents		20.9	21.8	107.0
Amortised cost				
Accounts receivable and other receivables		251.2	255.3	202.4
Financial assets total		**285.8**	**288.8**	**322.1**
Non-current liabilities				
Fair value through other comprehensive income				
Electricity derivatives	1	0.0	0.1	0.0
Amortised cost				
Interest bearing liabilities		176.5	87.4	176.6
Current financial liabilities				
Fair value through other comprehensive income				
Electricity derivatives	1	0.0	0.1	0.1
Other derivative contracts	2	0.2	1.2	0.5
Fair value through the statement of income				
Other derivative contracts	2	2.6	0.7	0.8
Amortised cost				
Interest bearing liabilities		1.1	96.2	81.9
Accounts payable and other liabilities		117.7	145.7	105.4
Financial liabilities total		**298.1**	**331.4**	**365.3**

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)

DISPOSAL OF SUBSIDIARIES AND BUSINESSES

On 31 August, Uponor announced that its subsidiary Uponor Infra Oy had signed a business purchase agreement to sell Uponor Infra's North American business to Wynnchurch Capital, an American private equity firm. Uponor Infra Oy made a decision to withdraw from the business in accordance with its strategy to focus on markets where it has possibilities to find synergies with Uponor's Building Solutions – Europe segment: strong brand and common distribution channels among others.

The initial sales price for the transaction was €40.5 million and the profit of €12.2 million has been booked to other operating income. The sales price is subject to working capital adjustment during Q4.

M€	2018
Book value of disposed assets and liabilities	
Property, plant and equipment	9.4
Intangible assets	7.5
Inventory	9.8
Accounts receivable and other receivables	14.4
Cash and cash equivalents	0.4
Total assets	41.5
Other non-current liabilities	5.5
Accounts payable and other current liabilities	9.5
Total liabilities	15.0
Net assets	26.5
Cash received from sales	39.3
Cash and cash equivalents disposed of	0.4
Cash flow effect	38.9

Further, on 5 September it was announced that Uponor and Swegon Group AB signed a share purchase agreement for the sale of all outstanding shares in Zent-Frenger GmbH. In 2012, Uponor acquired Zent-Frenger, a leading provider of radiant ceilings in Germany, aiming to extend its product offering and find synergies in large commercial projects. The strategic fit did not materialise and due to different business models, the operational synergies were limited. The debt and cash free purchase price is €16 million, with an additional purchase price under an earn-out agreement up to €2 million. The acquisition has now been approved by the German antitrust authorities and the closing is expected by the end of October 2018. Zent-Frenger is not presented as held for sale in the Groups 30.9.2018 statement of financial position due to immaterial impact to Groups financial statements with total assets of €13.7 million and total liabilities of €4.9 million.

RELATED-PARTY TRANSACTIONS

M€	1-9/2018	1-9/2017	1-12/2017
Purchases from associated companies	2.0	1.6	2.4
Balances at the end of the period			
Accounts payables and other liabilities	0.3	0.3	0.2

KEY FIGURES

	1-9/2018	1-9/2017	1-12/2017
Earnings per share, €	0.64	0.64	0.83
Operating profit, %	9.8	8.7	8.2
Return on equity, % (p.a.)	20.9	20.2	19.4
Return on investment, % (p.a.)	19.1	19.4	16.3
Solvency ratio, %	44.3	41.2	40.5
Gearing, %	42.2	48.2	43.5
Gearing, % rolling 4 quarters	54.1	59.8	58.4
Net interest-bearing liabilities	156.7	161.8	151.5
Equity per share, €	4.02	3.68	3.83
- diluted	4.02	3.68	3.83
Trading price of shares			
- low, €	10.79	13.30	13.30
- high, €	17.62	17.49	17.79
- average, €	13.87	15.27	15.55
Shares traded			
- 1,000 pcs	26,027	25,136	35,077
- M€	361	384	546

QUARTERLY DATA

	7-9/ 2018	4-6/ 2018	1-3/ 2018	10-12/ 2017	7-9/ 2017	4-6/ 2017	1-3/ 2017
Net sales, M€	311.9	324.9	276.9	279.4	317.5	308.4	265.1
- Building Solutions – Europe	131.8	138.7	125.2	125.5	136.3	135.6	124.3
- Building Solutions – North America	88.9	83.5	77.6	79.5	91.2	79.3	78.2
Building Solutions – North America, $	103.8	98.8	95.7	94.2	106.8	88.7	83.5
- Uponor Infra	92.6	104.1	75.3	75.4	90.6	94.3	63.1
Gross profit, M€	106.1	107.3	93.2	95.0	109.3	98.4	91.4
- Gross profit, %	34.0	33.0	33.7	34.0	34.4	31.9	34.5
Operating profit, M€	44.6	28.0	17.0	18.0	40.4	22.9	14.6
- Building Solutions – Europe	9.0	11.0	6.0	10.2	14.4	9.1	6.3
- Building Solutions – North America	13.9	8.8	10.2	9.6	19.0	10.5	10.6
Building Solutions – North America, $	16.3	10.4	12.5	11.5	21.9	11.7	11.4
- Uponor Infra	21.9	10.1	3.3	1.8	7.4	4.7	-1.9
- Others	-1.7	-1.3	-1.0	-2.5	0.2	-1.0	-0.9
Operating profit, % of net sales	14.3	8.6	6.1	6.4	12.7	7.4	5.5
- Building Solutions – Europe	6.9	7.9	4.8	8.1	10.5	6.8	5.0
- Building Solutions – North America	15.8	10.5	13.1	12.2	20.8	13.2	13.6
- Uponor Infra	23.6	9.8	4.4	2.5	8.1	5.0	-3.0
Profit for the period, M€	30.0	17.3	9.2	15.1	28.6	14.3	7.4
Balance sheet total, M€	842.8	905.1	855.5	865.8	820.2	825.9	812.9
Earnings per share, €	0.34	0.19	0.11	0.19	0.35	0.18	0.11
Equity per share, €	4.02	3.66	3.43	3.83	3.68	3.35	3.25
Market value of share capital, M€	824.3	1,006.6	993.4	1,228.4	1,073.2	1,164.7	1,216,0
Return on investment, % (p.a.)	19.1	13.5	9.9	16.3	19.4	13.6	9.9
Net interest-bearing liabilities at the end of the period, M€	156.7	218.3	211.9	151.5	161.8	208.9	224.0
Gearing, %	42.2	64.2	66.3	43.5	48.2	67.6	74.5
Gearing, % rolling 4 quarters	54.1	55.6	56.4	58.4	59.8	61.9	59.6
Gross investment, M€	11.3	15.0	9.9	26.0	18.1	11.5	7.8
- % of net sales	3.6	4.6	3.6	9.3	5.7	3.7	2.9

ITEMS AFFECTING COMPARABILITY AND RECONCILIATIONS TO IFRS

	7-9/ 2018	4-6/ 2018	1-3/ 2018	10-12/ 2017	7-9/ 2017	4-6/ 2017	1-3/ 2017
Items affecting comparability							
Restructuring charges	-1.4	-	-	-	-	-2.8	-0.6
Capital gains and losses on sale of non-current assets	12.2	-	-	-	-	1.9	0.2
Total items affecting comparability in operating profit	10.8	-	-	-	-	-0.9	-0.4
Items affecting comparability, total	**10.8**	**-**	**-**	**-**	**-**	**-0.9**	**-0.4**
Comparable gross profit							
Gross profit	106.1	107.3	93.2	95.0	109.3	98.4	91.4
Less: Items affecting comparability in gross profit	-	-	-	-	-	-0.8	-0.2
Comparable gross profit	**106.1**	**107.3**	**93.2**	**95.0**	**109.3**	**99.2**	**91.6**
% of sales	34.0	33.0	33.7	34.0	34.4	32.1	34.6
Comparable operating profit							
Operating profit	44.6	28.0	17.0	18.0	40.4	22.9	14.6
Less: Items affecting comparability in operating profit	10.8	-	-	-	-	-0.9	-0.4
Comparable operating profit	**33.8**	**28.0**	**17.0**	**18.0**	**40.4**	**23.8**	**15.0**
% of sales	10.9	8.6	6.1	6.4	12.7	7.7	5.7
Comparable operating profit by segment							
Building Solutions - Europe							
Operating profit	9.0	11.0	6.0	10.2	14.4	9.1	6.3
Less: Items affecting comparability in operating profit	-1.4	-	-	-	-	-2.4	-0.4
Comparable operating profit	10.4	11.0	6.0	10.2	14.4	11.5	6.7
% of sales	7.9	7.9	4.8	8.1	10.5	8.5	5.4
Building Solutions - North America							
Operating profit	13.9	8.8	10.2	9.6	19.0	10.5	10.6
Comparable operating profit	13.9	8.8	10.2	9.6	19.0	10.5	10.6
% of sales	15.8	10.5	13.1	12.2	20.8	13.2	13.6
Uponor Infra							
Operating profit	21.9	10.1	3.3	1.8	7.4	4.7	-1.9
Less: Items affecting comparability in operating profit	12.2	-	-	-	-	1.5	0.0
Comparable operating profit	9.7	10.1	3.3	1.8	7.4	3.2	-1.9
% of sales	10.4	9.8	4.4	2.5	8.1	3.5	-3.1
Others							
Operating profit	-1.7	-1.3	-1.0	-2.5	0.2	-1.0	-0.9
Less: Items affecting comparability in operating profit	-	-	-	-	-	-	-
Comparable operating profit	-1.7	-1.3	-1.0	-2.5	0.2	-1.0	-0.9
% of sales	na	na	na	na	na	na	na

DEFINITIONS OF KEY RATIOS

Return on Equity (ROE), %

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

Return on Investment (ROI), %

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

Solvency, %

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

Gearing, %

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

Net interest-bearing liabilities

= Interest-bearing liabilities – cash and cash equivalents excluding restricted cash

Earnings per share (EPS)

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

Equity per share ratio

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

Average share price

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

Gross profit margin

$$= \frac{\text{Gross profit}}{\text{Net sales}} \times 100$$

Operating profit margin

$$= \frac{\text{Operating profit}}{\text{Net sales}} \times 100$$

Comparable gross profit margin

$$= \frac{\text{Gross profit – items affecting comparability}}{\text{Net sales}} \times 100$$

Comparable operating profit margin

$$= \frac{\text{Operating profit – items affecting comparability}}{\text{Net sales}} \times 100$$