Interim report 1–9/2019

25 October 2019

Favourable profitability development in all segments

Uponor divested Uponor Infra's North American business in August 2018 and Zent-Frenger (reported in Building Solutions – Europe segment) in October 2018. The financial information from the comparison period includes their figures.

July–September 2019

- Net sales were €292.4 (311.9) million, a decline of 6.2%. Organic growth was 1.6% in constant currency terms. Net sales for the comparison period without divested Uponor Infra's North American business and Zent-Frenger would have been €285.6 million.
- The comparable operating profit was €31.3 (33.8) million, a decline of 7.5%. Comparable operating profit improved 12.3% from the comparison period without the divested Uponor Infra's North American business and Zent-Frenger (2018: €27.9 million). Operating profit was €31.3 (44.6) million, a decline of 29.9%.
- Earnings per share were €0.26 (0.34).

January–September 2019

- Net sales were €833.9 (913.7) million, a decline of 8.7%. Organic growth was -0.2% in constant currency terms. Net sales for the comparison period without divested Uponor Infra's North American business and Zent-Frenger would have been €827.6 million.
- The comparable operating profit was €70.9 (78.8) million. Comparable operating profit improved 11.5% from the comparison period without the divested Uponor Infra's North American business and Zent-Frenger (2018: €63.6 million). Operating profit was €70.9 (89.6) million, a decline of 20.9%.
- Earnings per share were €0.54 (0.64).
- Cash flow from business operations was €47.4 (35.5) million.
- Return on investment was 15.1% (19.1%), and gearing 52.9 (42.2). Without the adoption of IFRS 16, return on investment would have been 15.6% and gearing would have been 41.5.

Organic growth refers to Uponor's operations without the divested businesses.

Guidance statement for 2019:

Uponor repeats its full-year guidance announced on 13 February 2019: Excluding the impact of currencies, Uponor expects its net sales to reach the level of the year 2018 net sales excluding the divested Uponor Infra's North American business and Zent-Frenger (€1,107.7 million), and comparable operating profit to improve from the year 2018 comparable operating profit excluding the divested Uponor Infra's North American business and Zent-Frenger (€83.5 million).

Jyri Luomakoski, President and CEO, comments:

"We are satisfied that all our segments improved their profitability when measured by the current business portfolio, excluding the impacts of last year's restructuring activities and divestments.

In Building Solutions – Europe, the production of the S-Press PLUS fitting, which was launched in the first quarter, is now at full speed and we do not expect to incur any abnormal costs related to production in the last quarter. Corrective measures to address operational challenges at the Virsbo manufacturing facility in Sweden are ongoing, but as anticipated in our half year report, more time is still needed to normalise the production. Of our key markets in Europe, net sales increased in Germany and Sweden, but declined slightly in Finland.

In Building Solutions – North America, both net sales and profitability developed positively. It seems that the construction market has stabilised after an uncertain first quarter, even though the construction volumes are lagging a bit behind those of 2018.

Uponor Infra's net sales declined slightly as a result of the strategic decision to decrease the share of standard project sales and to invest in designed solutions sales. During the third quarter, profitability improvement was driven by Sweden."

Key figures

M€	7-9/ 2019	7-9/ 2018	Change	1-9/ 2019	1-9/ 2018	Change	1-9/ 2018*)	1-12/2018
Net sales	292.4	311.9	-6.2%	833.9	913.7	-8.7%	827.6	1,196.3
Building Solutions – Europe	124.0	131.8	-5.9%	373.3	395.7	-5.7%	376.5	524.4
Building Solutions – North America	102.4	88.8	+15.3%	273.4	250.0	+9.4%	250.0	340.4
Uponor Infra	67.1	92.6	-27.6%	191.9	272.0	-29.5%	205.2	337.3
Operating expenses	248.2	269.1	-7.8%	725.6	807.1	-10.1%		1,063.6
Depreciation and impairments	12.9	10.4	24.7%	38.7	29.6	30.8%		42.4
Other operating income	0.0	12.3	-99.8%	1.2	12.6	-90.5%		16.4
Operating profit	31.3	44.7	-29.9%	70.9	89.6	-20.9%		106.7
Building Solutions – Europe	10.9	9.0	+20.1%	26.3	26.0	+1.0%		31.1
Building Solutions – North America	16.8	13.9	+20.5%	38.1	32.9	+15.8%		46.6
Uponor Infra	4.9	21.9	-77.7%	10.8	35.3	-69.4%		35.1
Comparable operating profit	31.3	33.8	-7.5%	70.9	78.8	-10.1%	63.6	99.3
Building Solutions – Europe	10.9	10.4	+4.4%	26.3	27.4	-3.9%	26.7	35.4
Building Solutions – North America	16.8	13.9	+20.5%	38.1	32.9	+15.8%	32.9	46.6
Uponor Infra	4.9	9.7	-49.7%	10.8	23.1	-53.2%	8.5	23.4
Financial income and expenses	-1.9	-2.7	-30.0%	-8.5	-7.0	21.9%		-8.5
Profit before taxes	28.3	41.4	-31.5%	59.3	79.0	-24.9%		93.5
Profit for the period	20.5	30.0	-31.4%	43.0	56.5	-23.9%		63.2
Earnings per share	0.26	0.34	-23.7%	0.54	0.64	-14.8%		0.72

**) Illustrative figures without divested Uponor Infra's North American business and Zent-Frenger.*

M€	30 Sept 2019	30 Sept 2018	Change	31 Dec 2018
Net working capital	150.7	154.9	-2.7%	119.3
Net-interest bearing debt	190.5	156.7	21.6%	139.2
Solvency	42.1	44.3	-4.9%	45.1
Gearing	52.9	42.2	25.6%	39.4
Return on investment	15.1	19.1	-20.6%	17.2

Uponor divested Uponor Infra's North American business in August 2018 and Zent-Frenger (reported in Building Solutions – Europe segment) in October 2018. The financial information from the comparison period includes their figures.

The impact of IFRS 16 adoption on Uponor's liabilities as of 1 January 2019 was €44.3 million, increasing the amount of lease liabilities, more detailed information on the impacts of IFRS 16 can found on page 15.

Webcast of the results briefing and the presentation

A webcast in English will be broadcast on 25 October at 10:00 EET. It can be viewed via the Uponor IR mobile app or https://platform.goodmood.fi/goodmood/uponor/interim-results-briefing-1-9-2019. The recorded webcast can be viewed via the same link or via the app shortly after the live presentation. All presentation materials will be available at investors.uponor.com > News & downloads.

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Markets

While the global manufacturing environment weakened notably during recent months, service sectors and robust labour markets have thus far been able to sustain healthy construction activity in most of Uponor's key markets.

In North America, the U.S. residential building activity continued to lag behind 2018 levels, but the downward trend witnessed at the end of 2018 and earlier in the year showed signs of moderating as guarded optimism returned to the market. In the non-residential segment, construction activity was largely in line with last year's levels. In Canada, the residential market remained healthy, with housing starts at elevated levels.

In Europe, the German construction industry continued to expand throughout the summer despite indications of significant weakness in other areas of the economy. In the Nordic region, activity in residential, non-residential and infrastructure segments flattened in Finland, while the ongoing contraction in Sweden's new residential market was partially offset by increased investments in non-residential and infrastructure projects. In Spain, growth continued from a very low base. In the Netherlands, the high growth rates witnessed in previous years showed signs of moderation.

Net sales

Uponor's net sales for the third quarter reached €292.4 (311.9) million, a decline of 6.2%. Positive net currency impact was €4.7 million, mainly due to USD, bringing the decline without currency impact to 7.7%. Net sales for the comparison period without divested Uponor Infra's North American business and Zent-Frenger would have been €285.6 million.

Net sales of Building Solutions – Europe were €124.0 (131.8) million, a decline of 5.9%. The decline was mainly due to Asia and Zent-Frenger, whose net sales are included in the comparison period. In addition, net sales declined in Finland.

Building Solutions – North America's net sales were €102.4 (88.9) million, a growth of 15.3% in euro terms or 9.2% in USD. The growth was driven by the stabilisation of the construction market after the uncertainties during the first quarter.

Uponor Infra's net sales were €67.1 (92.6) million, a decline of 27.6%. The decline was mainly due to the divested North American business, whose net sales are included in the comparison period. In the third quarter of 2018, net sales without the divested North American business would have been €73.5 million. In the third quarter of 2019, net sales increased in Poland, but declined in Finland and Sweden.

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

M€	7–9/ 2019	7–9/ 2018	Change	*7–9/ 2018*)*
Building Solutions – Europe	124.0	131.8	-5.9%	*124.6*
Building Solutions – North America	102.4	88.9	+15.3%	*88.9*
(Building Solutions – North America (M$))	113.2	103.7	+9.2%	
Uponor Infra	67.1	92.6	-27.6%	*73.5*
Eliminations	-1.1	-1.3		
Total	292.4	311.9	-6.2%	*285.6*

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

M€	1–9/ 2019	1–9/ 2018	Change	*1–9/ 2018*)*
Building Solutions – Europe	373.3	395.7	-5.7%	*376.5*
Building Solutions – North America	273.4	250.0	+9.4%	*250.0*
(Building Solutions – North America (M$))	306.7	298.3	+2.8%	
Uponor Infra	191.9	272.0	-29.5%	*205.2*
Eliminations	-4.6	-4.0		
Total	833.9	913.7	-8.7%	*827.6*

**) Illustrative figures without divested Uponor Infra's North American business and Zent-Frenger.*

Results and profitability

Driven by the strategic decisions to divest Uponor Infra's North American business and Zent-Frenger as well as to cease operations in Asia, Uponor's gross profit in the third quarter declined €4.8 million and was €101.3 (106.1) million. The gross profit margin improved to 34.6% (34.0%).

The comparable operating profit was €31.3 (33.8) million. There were no items affecting comparability in the reported quarter, but the comparison period included the disposal gain from the divestment of Uponor Infra's North American business as well as the restructuring costs of Building Solutions – Europe. Comparable operating profit margin was 10.7% (10.9%). Comparable operating profit improved 12.3% from the comparison period without the divested Uponor Infra's North American business and Zent-Frenger. Operating profit in the third quarter of 2019 was €31.3 (44.6) million, a decline of 29.9% year-over-year. Operating profit margin was 10.7% (14.3%).

Building Solutions – Europe's operating profit reached €10.9 (9.0) million, a growth of 20.1%. The segment's comparable operating profit was €10.9 (10.4) million. The comparison period included restructuring costs from Australia, Switzerland and France. In the comparison period, losses from the Asian business burdened profitability as well.

Building Solutions – North America reported an operating profit of €16.8 (13.9) million, a growth of 20.5% in euro terms and 13.9% in USD. The positive profitability development was supported by increased net sales. In addition, availability of transportation improved during the quarter.

Uponor Infra's operating profit was €4.9 (21.9) million, a decline of 77.7%. The decline was due to the divested North American business and its disposal gain in 2018. In the third quarter of 2018, comparable operating profit without the divested North American business would have been €4.3 million. During the third quarter, the profitability improved, in particular, in Sweden.

Profit before taxes for July–September totalled €28.3 (41.4) million. Taxes had a €7.8 million effect on profit for the period, while the amount of taxes in the comparison period was €11.4 million.

Profit for the period in the third quarter was €20.5 (30.0) million.

Operating profit by segment (July–September):

M€	7–9/ 2019	7–9/ 2018	Change
Building Solutions – Europe	10.9	9.0	+20.1%
Building Solutions – North America	16.8	13.9	+20.5%
(Building Solutions – North America (M$)	18.6	16.4	+13.9%
Uponor Infra	4.9	21.9	-77.7%
Others	-1.0	-1.6	
Eliminations	-0.2	1.5	
Total	31.3	44.6	-29.9%

Comparable operating profit by segment (July–September):

M€	7–9/ 2019	7–9/ 2018	Change	*7–9/ 2018*)*
Building Solutions – Europe	10.9	10.4	+4.4%	*9.8*
Building Solutions – North America	16.8	13.9	+20.5%	*13.9*
(Building Solutions – North America (M$))	18.6	16.4	+13.9%	
Uponor Infra	4.9	9.7	-49.7%	*4.3*
Others	-1.0	-1.6		
Eliminations	-0.2	1.5		
Total	31.3	33.8	-7.5%	*27.9*

Operating profit by segment (January–September):

M€	1–9/ 2019	1–9/ 2018	Change
Building Solutions – Europe	26.3	26.0	+1.0%
Building Solutions – North America	38.1	32.9	+15.8%
(Building Solutions – North America (M$))	42.7	39.2	+8.8%
Uponor Infra	10.8	35.3	-69.4%
Others	-4.1	-4.0	
Eliminations	-0.2	-0.7	
Total	70.9	89.6	-20.9%

Comparable operating profit by segment (January–September):

M€	1–9/ 2019	1–9/ 2018	Change	*1–9/ 2018*)*
Building Solutions – Europe	26.3	27.4	-3.9%	*26.7*
Building Solutions – North America	38.1	32.9	+15.8%	*32.9*
(Building Solutions – North America (M$))	42.7	39.2	+8.8%	
Uponor Infra	10.8	23.1	-53.2%	*8.5*
Others	-4.1	-4.0		
Eliminations	-0.2	-0.7		
Total	70.9	78.8	-10.1%	*63.6*

**) Illustrative figures without divested Uponor Infra's North American business and Zent-Frenger.*

The January–September gross profit was €285.1 (306.6) million and gross profit margin 34.2% (33.6%).

The comparable operating profit was €70.9 (78.8) million. There were no items affecting comparability in the January–September period, but the comparison period included the disposal gain from the divestment of Uponor Infra's North American business as well as the restructuring costs of Building Solutions – Europe. Comparable operating profit margin was 8.5% (8.6%). Comparable operating profit improved 11.5% from the comparison period without the divested Uponor Infra's North American business and Zent-Frenger. The January–September operating profit was €70.9 (89.6) million. The operating profit margin for the January–September period was 8.5% (9.8%).

Financial expenses were €8.5 (7.0) million.

The share of the result in associated companies, at €-3.1 (-3.6) million, is related to Uponor's 50% share in the joint venture company, Phyn, established in 2016.

Profit before taxes for January–September totalled €59.3 (79.0) million. The effect of taxes on profits was €16.3 (22.5) million. The estimated tax rate for the full year 2019 is 27.5%, compared to 32.4% for 2018. In 2018, the disposal gain and costs related to closing down operations in Asia and Australia increased the tax rate.

The profit for the period was €43.0 (56.5) million. Earnings per share, both basic and diluted, for January–September totalled €0.54 (0.64). Equity per share, both basic and diluted, was €4.13 (4.02).

Investment and financing

Uponor's gross investments in January–September were €16.2 (36.2) million. The investments were mainly addressed at new technologies, maintenance and efficiency improvement. Depreciation and impairments were €38.7 (29.6) million. The impact of IFRS 16 adoption on depreciation in January–September was €8.6 million.

Cash flow from business operations in January–September was €47.4 (35.5) million. Cash flow from financing and thus cash flow for the January–September period included the two instalments of the dividend payment (paid in March and September, €37.2 (35.8) million in total).

The main existing long-term funding programme on 30 September 2019 was the 5-year bilateral loan agreement of €100 million, which will mature in July 2022.

In addition, 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 and 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 €5.0 (0.0) million was outstanding on the balance sheet date. Available cash-pools limits granted by Uponor's key banks amounted to €35.1 million, of which €0.1 (0.0) million was in use on the balance sheet date. At the end of the period, Uponor had €31.5 (20.9) million in cash and cash equivalents.

The Group's solvency, at 42.1% (44.3%), has remained at a good level. Net interest-bearing liabilities were €190.5 (156.7) million. Gearing was 52.9 (42.2) with the four-quarter rolling gearing at 57.9 (54.1). The impact of IFRS 16 adoption on Uponor's liabilities as of 1 January 2019 was €44.3 million, increasing the amount of lease liabilities. Without the impact of IFRS 16, gearing would have been 41.5.

Key events

In September, Building Solutions – North America and Pestan North America signed an agreement naming Uponor the exclusive distributor of Pestan North America's proprietary PP-RCT (polypropylene, random copolymer, with modified crystallinity and temperature resistance) products throughout the U.S. and Canada. The sales will start at the beginning of 2020.

In September, Uponor invested an additional USD1.5 million in Phyn. As announced earlier this year in May, Uponor and Belkin have decided to invest an additional USD6 million each, in total USD12 million, in their joint venture.

Resolutions of the Annual General Meeting 2019

Uponor's Annual General Meeting, was held in Helsinki, Finland, on 18 March 2019. The AGM adopted the financial statements and the consolidated financial statements for 2018, and released the Board members and the President and CEO from liability. The AGM approved the proposed dividend of €0.51 per share for 2018. The dividend was paid in two instalments, in March and September. Existing Board members Annika Paasikivi (chair), Pia Aaltonen-Forsell, Johan Falk, Markus Lengauer, Casimir Lindholm and Eva Nygren were re-elected. The AGM elected Annika Paasikivi as Chair of the Board. Audit firm Deloitte Oy was re-elected as the auditor of the corporation.

Further details regarding the Annual General Meeting are available at https://investors.uponor.com/governance/annual-general-meeting/annual-general-meeting-2019.

Personnel

The number of Group full-time-equivalent employees averaged 3,829 (4,171) in January–September 2019, a decrease of 342 persons from the third quarter of 2018. At the end of the period, the Group had 3,754 (4,079) employees, showing a decrease of 325 employees, mainly due to divested business of Fintherm, ceased operations in Asia, as well as operational streamlining in the USA. The comparison period includes also the divested businesses, Uponor Infra's North America and Zent-Frenger.

Shares and shareholders

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 the number of shares during the reporting period.

The number of Uponor shares traded on Nasdaq Helsinki in the reporting period January–September was 20.2 (26.0) million shares, totalling €195.7 (361.1) million. The market value of share capital at the end of the period was €0.7 (0.8) billion and the number of shareholders 19,776 (20,847).

At the end of the quarter, Uponor held a total of 219,527 (44,756) of its own shares.

Events after the reporting period

On 25 October, Uponor announced it will start an operational excellence programme to improve processes and increase efficiencies. The aim is to deliver cost improvements of around €20 million with full effects realised by the end of 2021. The estimated costs of the programme are expected to be around €20 million, the majority of which is expected to realise during 2020 and will be recorded as items affecting comparability.

Short-term risks and uncertainties

Increased uncertainty in the global economy and financial markets may have a negative impact on Uponor's operations, performance, financial position and sources of capital. Uncertainties such as those posed by Brexit and the possible trade war between the USA and China will continue during the rest of 2019.

Demand for Uponor's products depends on business cycles in the construction sector. Uponor mitigates this risk by distributing its business to two main geographical areas: Europe and North America. In addition, Uponor has three business areas: plumbing solutions, indoor climate solutions and infrastructure solutions. Uponor's products are used in both new construction projects and renovation projects, and in the latter the demand is usually more stable than in more cyclical new construction.

Increasing competitive pressure through, for example, private labelling creates a risk for Uponor. There is also a risk associated with product liability related to products manufactured and sold by Uponor.

Digitalisation, emerging technologies and capabilities related to those areas are needed to build new business opportunities for Uponor. Uponor's ability to attract and retain talent to drive change are key to the company's future success. Uponor manages this risk by building its employer brand and helping its current employees to develop, for example, their leadership skills.

The prices of raw materials used in the manufacture of Uponor's products are susceptible to change, driven by several factors including petrochemical and metal product price fluctuations, supply capacity, and market demand among others. In recent years, Uponor has been able to pass most of the effects of such fluctuations onto its selling prices with a reasonable delay.

Uponor has entered the 'IoT era' by launching new intelligent products. Therefore, Uponor is monitoring multiple cyber-related risks, such as cyber, data and information threats.

Uponor operates under an ISO 9001 quality management system and an ISO 14001 environmental management system, which enhance quality, production safety, environmental law compliance and productivity while reducing the environmental impact and risks related to Uponor's operations.

In its project business operations, Uponor is seeking to manage risks related to issues such as project-specific timing and costs.

Several factors, including disturbances in the supply chain and IT systems as well as natural disasters can pose a business continuity risk to Uponor. Uponor mitigates the risk with comprehensive business continuity planning and management.

The international nature of its operations exposes the company to currency risks associated with various currencies. In 2018, approximately 60% of Uponor's net sales were generated in currencies other than the euro. Correspondingly, a major part of expenses associated with these net sales were also denominated in the same local currencies, markedly decreasing the associated currency risks.

A more detailed risk analysis is provided in the section 'Key risks associated with business' in the Annual Report 2018.

Short-term market outlook

Despite increased downside risks to the economic outlook and signs that some markets have reached the end of their extended growth phases, Uponor expects that the markets will remain at a healthy level overall during Q4:

- In the USA, market growth has slowed down, but slight growth is expected to continue throughout 2019.
- The market is expected to remain at a healthy level in Germany.

- Although the residential market is weakening in Sweden, construction still remains at a good level.
- In Finland, the market will remain at a good level, despite signs of weakening.

Guidance for 2019:

Uponor repeats its full-year guidance announced on 13 February 2019: Excluding the impact of currencies, Uponor expects its net sales to reach the level of the year 2018 net sales excluding the divested Uponor Infra's North American business and Zent-Frenger (€1,107.7 million), and comparable operating profit to improve from the year 2018 comparable operating profit excluding the divested Uponor Infra's North American business and Zent-Frenger (€83.5 million).

Helsinki, 25 October 2019

Uponor Corporation
Board of Directors

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 2018. All figures presented have been rounded and consequently, the sum of individual figures might differ from the presented total figure. 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€	1-9/2019	1-9/2018	7-9/2019	7-9/2018	1-12/2018
Net sales	833.9	913.7	292.4	311.9	1,196.3
Cost of goods sold	548.8	607.1	191.1	205.8	795.5
Gross profit	285.1	306.6	101.3	106.1	400.8
Other operating income	1.2	12.6	0.0	12.3	16.4
Dispatching and warehousing expenses	24.3	25.6	7.7	8.6	33.7
Sales and marketing expenses	134.4	145.5	44.4	46.9	191.3
Administration expenses	41.3	42.2	12.9	13.1	60.0
Other operating expenses	15.5	16.3	5.0	5.2	25.5
Operating profit	70.9	89.6	31.3	44.6	106.7
Financial expenses, net	8.5	7.0	1.9	2.6	8.5
Share of results in associated companies and joint ventures	-3.1	-3.6	-1.1	-0.6	-4.7
Profit before taxes	59.3	79.0	28.3	41.4	93.5
Income taxes	16.3	22.5	7.8	11.4	30.3
Profit for period	43.0	56.5	20.5	30.0	63.2
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Re-measurements on defined benefit pensions, net of taxes	-	-	-	-	-1.1
Items that may be reclassified subsequently to profit or loss					
Translation differences	1.7	0.5	1.9	1.9	1.2
Cash flow hedges, net of taxes	-1.6	1.4	0.0	0.0	1.6
Net investment hedges	0.0	-0.5	0.0	-0.1	-0.7
Other comprehensive income for the period, net of taxes	0.1	1.4	1.9	1.8	1.0
Total comprehensive income for the period	43.1	57.9	22.5	31.8	64.2
Profit/loss for the period attributable to					
- Equity holders of parent company	39.8	46.8	18.9	24.8	52.8
- Non-controlling interest	3.2	9.7	1.7	5.2	10.4
Total comprehensive income for the period attributable for					
- Equity holders of parent company	40.5	48.5	21.0	26.1	54.0
- Non-controlling interest	2.6	9.4	1.5	5.7	10.2
Earnings per share, €	0.54	0.64	0.26	0.34	0.72
Diluted earnings per share, €	0.54	0.64	0.26	0.34	0.72

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

M€	30.9.2019	30.9.2018	31.12.2018
Assets			
Non-current assets			
Property, plant and equipment	288.8	253.4	258.3
Intangible assets	97.8	105.2	101.0
Investments in associates and joint ventures	12.4	14.4	13.7
Other securities and non-current receivables	11.8	11.8	12.0
Deferred tax assets	8.6	10.4	9.1
Total non-current assets	419.4	395.2	394.1
Current assets			
Inventories	150.1	150.5	147.9
Accounts receivable	221.3	228.5	168.5
Other receivables	32.8	47.7	38.0
Cash and cash equivalents	31.5	20.9	38.1
Total current assets	435.7	447.6	392.5
Total assets	855.1	842.8	786.6
Equity and liabilities			
Equity			
Equity attributable to the owners of the parent company	301.2	294.1	297.6
Non-controlling interest	58.7	77.6	56.0
Total equity	359.8	371.7	353.6
Non-current liabilities			
Interest-bearing liabilities	204.8	176.5	175.6
Deferred tax liability	10.3	12.5	12.3
Provisions	5.4	6.8	5.2
Employee benefits and other liabilities	19.1	18.8	19.6
Total non-current liabilities	239.6	214.6	212.7
Current liabilities			
Interest-bearing liabilities	17.1	1.1	1.7
Provisions	25.1	21.7	25.0
Accounts payable	77.8	85.7	72.0
Other liabilities	135.7	148.0	121.6
Total current liabilities	255.7	256.5	220.3
Total equity and liabilities	855.1	842.8	786.6

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

M€	1-9/2019	1-9/2018	1-12/2018
Cash flow from operations			
Net cash from operations	96.6	100.5	122.5
Change in net working capital	-28.2	-52.6	-28.1
Income taxes paid	-19.8	-10.5	-12.3
Interest paid	-1.6	-2.4	-2.8
Interest received	0.3	0.5	0.6
Cash flow from operations	47.4	35.5	79.9
Cash flow from investments			
Proceeds from disposal of subsidiaries and businesses	3.2	38.9	53.8
Acquisition of joint venture	-1.3	-8.1	-8.1
Purchase of fixed assets	-16.2	-36.2	-54.0
Proceeds from sale of fixed assets	2.8	0.8	0.9
Loan repayments	0.4	0.0	0.0
Dividends received	0.0	0.0	0.2
Cash flow from investments	-11.1	-4.6	-7.2
Cash flow from financing			
Borrowings of debt	0.0	0.2	0.2
Repayment of debt	-0.8	-80.1	-80.1
Change in other short-term loan	5.1	-0.4	-0.4
Dividends paid	-37.2	-35.8	-35.8
Purchase of own shares	-	-	-1.9
Return of capital to Infra Oy's non-controlling interest	-	-	-22.4
Payment of lease liabilities	-10.0	-0.8	-1.0
Cash flow from financing	-43.0	-116.9	-141.4
Conversion differences for cash and cash equivalents	0.1	-0.1	-0.2
Change in cash and cash equivalents	-6.6	-86.1	-68.9
Cash and cash equivalents at 1 January	38.1	107.0	107.0
Cash and cash equivalents at end of period	31.5	20.9	38.1
Changes according to balance sheet	-6.6	-86.1	-68.9

STATEMENT OF CHANGES IN EQUITY

M€	A	B	C	D*	E	F	G	H	I
Balance at 1 Jan 2019	146.4	50.2	3.3	-9.7	-2.2	109.6	297.6	56.0	353.6
Profit for the period						39.8	39.8	3.2	43.0
Other comprehensive income for the period			-1.6	2.3			0.7	-0.6	0.1
Dividend (€0.51 per share)						-37.2	-37.2		.-37.2
Share-based incentive plan					0.2	0.1	0.3		0.3
Balance at 30 September 2019	146.4	50.2	1.7	-7.5	-2.0	112.3	301.2	58.7	359.8
Balance at 1 Jan 2018	146.4	50.2	1.7	-10.4	-0.4	92.7	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	1.7	-10.4	-0.4	93.7	281.2	68.2	349.4
Profit for the period						46.8	46.8	9.7	56.5
Other comprehensive income for the period			1.4	0.3			1.7	-0.3	1.4
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

*) Includes a €-14.3 (-14.0) 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 January 1, 2019.

New standards adopted beginning on January 1, 2019

IFRS 16 Leases
IFRS 16 Leases became effective on January 1, 2019 and supersedes the IAS 17 -standard and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases.

Uponor adopted IFRS 16, Leases using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. This means that the comparatives have not been adjusted for the period ending 31.12.2018. Uponor recognized a right-of-use asset and lease liability for lease contracts previously categorized as operating leases under IAS 17. The right-of-use asset is recognized at an amount equal to the lease liability at the present value of the lease payments that are not paid on January 1, 2019. The adoption of IFRS 16 did not have any impact on equity.

Prior to the adoption of IFRS 16, lease agreements were classified as either finance leases or operating leases under IAS 17. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset. Otherwise it was classified as an operating lease. Finance leases were capitalized at the commencement of the lease at the inception date fair value of the asset or if lower, at the present value of the minimum lease payments. Similarly, lease obligations, deducted by financing expenses, were recognized in interest bearing liabilities. The finance lease assets were depreciated over their useful life or within the shorter lease term. Interest costs were expensed in the consolidated statement of comprehensive income during the lease term. Leases in which the lessor retained risks and rewards incidental to ownership of the asset were classified as operating leases. The rents related to operating leases were recognized as expenses in profit or loss on a straight line basis over the lease term. The undiscounted commitments were presented in the notes to the financial statements.

IFRS 16 requires lessees to account for the majority of lease contracts under a single on-balance sheet model. Lessees recognize a right-of-use asset and lease liability at the inception of the lease discounted to the present value of future lease payments. Previously recognized operating expenses for leases are replaced by depreciations of the right-of-use asset and interest expenses over the lease term.

Leases previously classified as finance leases
Uponor did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases applying IAS 17. For these leases, Uponor has already recognized tangible assets and lease liabilities prior to the adoption of IFRS 16. The requirements of IFRS 16 was applied to these leases from January 1, 2019. After the transition these lease contracts will be treated in a similar way as all the lease contracts meeting the capitalization criteria of IFRS 16.

Leases previously classified as operating leases
The majority of lease agreements Uponor has entered into were previously classified as operating leases. These lease agreements consist mainly of real estate (offices and warehouses including land areas), cars and forklifts. The adoption of IFRS 16 has changed the accounting for these leases.

Uponor applies the practical expedients relating to the short term and low-value leases. Uponor has not recognized right-of-use assets and liabilities for short-term leases with a lease term of 12 months or less or for leases of low value assets. Furthermore, Uponor does not apply IFRS 16 to intangible assets. Uponor also uses the practical expedients of the modified retrospective approach and does not thus include lease contracts which end within 12 months from the date of the initial application of IFRS 16 and do not contain a purchase option.

Uponor recognised lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets on January 1, 2019 based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of application, and a right-of-use asset with an equivalent value. In assessing the lease term, Uponor has estimated the expected termination date. In estimating the termination date, Uponor considers e.g. the expenditure related to the termination of the lease and the importance of the underlying asset to its operations. Uponor has entered into lease agreements valid until further notice relating mainly to real estate leases.

Based on the foregoing, as at January 1, 2019 Uponor recognized an addition of €44.3 million of right-of-use assets and €44.3 million of lease liabilities.

AMOUNTS RECOGNISED IN CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

M€	1.1.2019	IFRS 16	31.12.2018
Property, plant and equipment			
ROU assets	47.2	47.2	
Capitalised finance lease assets		-2.9	2.9
Interest-bearing liabilities, non-current			
Lease liability	37.7	34.1	3.6
Interest-bearing liabilities, current			
Lease liability	11.0	10.2	0.8

As a result of applying IFRS 16 the equity ratio decreased by 2.4 percentage points, the gearing increased by 12.5 percentage points and the net interest-bearing liabilities increased by 32 percentage points when adjusting 31.12.2018 figures with IFRS 16 impact.

Additionally, the adoption of IFRS 16 will impact the income statement of Uponor. From January 1, 2019 onwards Uponor will recognize a depreciation charge in the income statement instead of an operating expense and an interest expense related to the lease liability. This change will have only minor impact on operating profit and net result will decrease slightly.

IFRS 16 will also impact the presentation of cash flows. Lease expenditure was previously presented as cash flow from operations in its entirety but in the future only the interest expense related to leases shall be presented in the cash flow from operations. The majority of the expenditure related to lease payments is presented in the cash flow from financing activities.

Summary of new accounting policies

Lease liabilities

At the commencement date of the lease, Uponor recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments, inclusive of in-substance fixed payments, less any lease incentives receivable and variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date. The lease contracts may also contain payments of penalties for terminating the leases. Uponor includes the termination penalty in the lease payments if it has determined that there is a reasonable certainty of terminating the lease. VAT is not included in the carrying amount of the leasing liability. Uponor has analysed the expected lease term and thereby assessed whether it is reasonably certain that any options to extend or terminate the agreements will be exercised for the lease contracts.
Uponor calculates the present value of the lease payments using the interest rate implicit in the lease if this is readily available. For contracts where the interest rate implicit in the lease is not readily available, the incremental borrowing rate is used. The incremental borrowing rate is defined in IFRS 16 as the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Uponor has determined the incremental borrowing rates taking into consideration the financial environment of the contract, the maturity of the lease agreements as of 31.12.2018 and the different economic environments. Based on these factors Uponor uses an interest rate matrix to determine the appropriate discount rate in different lease contracts where the interest rate implicit in the lease is not readily available.

Right-of-use assets

Uponor recognizes right-of-use assets at the commencement date of the lease which is the date that the underlying asset is available for use. Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.
Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment in future periods.

Short-term leases and leases of low-value assets

Uponor applies the short-term lease recognition exemption to its short-term leases and does not recognize at 1 January 2019 leases with a lease term of 12 months or less from the commencement date. In determining whether a contract is a short-term contract Uponor takes into account reasonable certainty of exercising extension and termination options similarly as for other leases. If a lease contains a purchase option, Uponor does not consider it to be a short-term lease. Lease payments relating to short-term leases are recognized as an expense on a straight-line basis over the lease term.
Uponor also applies the recognition exemption related to leases of low-value assets and recognizes leases of low-value assets as an expense on a straight-line basis over the lease term. In determining whether a lease contains a low-value asset, Uponor considers the value of the underlying asset when new and not in its current age and condition.

Significant judgment

IFRS 16 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. Uponor has analysed the expected lease term and thereby assessed whether it is reasonably certain that any options to extend or terminate the agreements will be exercised for the lease contracts.
Uponor has lease agreements with either a fixed lease term or which are valid until further notice. Uponor evaluates the lease term on a case by case basis. For lease agreements valid until further notice, Uponor has determined the lease term using the expected

termination date based on its best estimate. Uponor considers any significant leasehold improvements undertaken over the term, costs relating to the termination of the lease, such as negotiation costs, relocation costs, costs of identifying another underlying asset suitable for the lessee's needs, costs of integrating a new asset into the lessee's operations, or termination penalties and similar costs, including costs associated with returning the underlying asset in a contractually specified condition or to a contractually specified location. Additionally, the importance of that underlying asset to the lessee's operations are considered, for example, whether the underlying asset is a specialised asset, the location of the underlying asset and the availability of suitable alternatives. Uponor will revise the lease term if there is a change in the non-cancellable period of a lease.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

M€	30.9.2019	30.9.2018	31.12.2018
Gross investment	16.2	36.2	54.0
- % of net sales	1.9	4.0	4.5
Book value of disposed fixed assets	2.2	0.6	0.7
Depreciation and impairments*	38.7	29.6	42.4

** 2019 include ROU asset depreciations 8.6M€*

PERSONNEL

Converted to full time employees	1-9/2019	1-9/2018	1-12/2018
Average	3,829	4,171	4,074
At the end of the period	3,754	4,079	3,928

OWN SHARES	30.9.2019	30.9.2018	31.12.2018
Own shares held by the company, pcs	219,527	44,756	244,756
- of share capital, %	0.3	0.1	0.3
- of voting rights, %	0.3	0.1	0.3
Accounted par value of own shares held by the company, M€	0.4	0.1	0.5

SEGMENT INFORMATION

		1-9/2019			1-9/2018	
M€	External	Internal	Total	External	Internal	Total
Net sales by segment						
Building Solutions - Europe	371.1	2.1	373.3	394.0	1.7	395.7
Building Solutions - North America	273.4	0.0	273.4	250.0	0.0	250.0
Uponor Infra	189.4	2.5	191.9	269.7	2.3	272.0
Eliminations	-	-4.6	-4.6	-	-4.0	-4.0
Total	833.9	-	833.9	913.7	-	913.7

		7-9/2019			7-9/2018	
M€	External	Internal	Total	External	Internal	Total
Net sales by segment						
Building Solutions - Europe	123.6	0.4	124.0	131.2	0.6	131.8
Building Solutions - North America	102.4	0.0	102.4	88.9	0.0	88.9
Uponor Infra	66.4	0.7	67.1	91.8	0.8	92.6
Eliminations	-	-1.1	-1.1	-	-1.4	-1.4
Total	292.4	-	292.4	311.9	-	311.9

		1-12/2018	
M€	External	Internal	Total
Net sales by segment			
Building Solutions - Europe	521.6	2.6	524.2
Building Solutions - North America	340.5	0.0	340.5
Uponor Infra	334.2	3.1	337.3
Eliminations	-	-5.7	-5.7
Total	1,196.3	-	1,196.3

M€	1-9/2019	1-9/2018	7-9/2019	7-9/2018	1-12/2018
Operating profit by segment					
Building Solutions - Europe	26.3	26.0	10.9	9.0	31.1
Building Solutions - North America	38.1	32.9	16.8	13.9	46.6
Uponor Infra	10.8	35.3	4.9	21.9	35.1
Others	-4.1	-4.0	-1.0	-1.7	-5.2
Eliminations	-0.2	-0.8	-0.2	1.5	-0.9
Total	70.9	89.6	31.3	44.6	106.7

M€	1-9/2019	1-9/2018	1-12/2018
Segment depreciation and impairments			
Building Solutions - Europe	14.6	10.2	16.4
Building Solutions - North America	15.4	10.9	15.1
Uponor Infra	7.5	7.7	9.9
Others	1.2	0.8	1.0
Eliminations	0.0	0.0	0.0
Total	38.7	29.6	42.4
Segment investments			
Building Solutions - Europe	6.3	11.7	15.3
Building Solutions - North America	5.2	18.1	27.6
Uponor Infra	4.4	5.9	9.5
Others	0.3	0.5	1.6
Total	16.2	36.2	54.0

M€	30.9.2019	30.9.2018	31.12.2018
Segment assets			
Building Solutions - Europe	392.6	405.1	357.0
Building Solutions - North America	324.2	283.1	286.1
Uponor Infra	183.4	241.3	171.5
Others	357.0	352.8	358.5
Eliminations	-402.0	-439.5	-386.5
Total	855.1	842.8	786.6
Segment liabilities			
Building Solutions - Europe	343.8	348.5	305.0
Building Solutions - North America	244.0	205.7	232.0
Uponor Infra	62.5	79.8	58.3
Others	284.5	309.3	261.7
Eliminations	-439.6	-472.3	-424.1
Total	495.3	471.0	432.9

	1-9/2019	1-9/2018	1-12/2018
Segment personnel, average			
Building Solutions - Europe	1,962	2,115	2,073
Building Solutions - North America	898	929	925
Uponor Infra	886	1,048	999
Others	83	79	77
Total	3,829	4,171	4,074

Reconciliation

M€	1-9/2019	1-9/2018	1-12/2018
Operating profit by segment			
Total result for reportable segments	75.2	94.2	112.8
Others	-4.1	-4.0	-5.2
Eliminations	-0.2	-0.6	-0.8
Operating profit	70.9	89.6	106.7
Financial expenses, net	8.5	7.0	8.5
Share of results in associated companies and joint ventures	-3.1	-3.6	-4.7

Profit before taxes	59.3	79.0	93.5

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:

M€	Sale of goods	1-9/2019 Rendering of services	Total	Sale of goods	1-9/2018 Rendering of services	Total
Revenue from contract with customers by segment						
Building Solutions - Europe	366.8	4.3	371.1	366.1	27.9	394.0
Building Solutions - North America	273.4	0.0	273.4	250.0	0.0	250.0
Uponor Infra	172.9	16.5	189.4	258.9	10.8	269.7
External customer, total	813.1	20.8	833.9	875.0	38.7	913.7
Internal	4.6		4.6	4.0		4.0
Total	817.7	20.8	838.6	879.0	38.7	917.7
Eliminations	-4.6		-4.6	-4.0		-4.0
Total revenue from contracts with customer	813.1	20.8	833.9	875.0	38.7	913.7

M€	Sale of goods	7-9/2019 Rendering of services	Total	Sale of goods	7-9/2018 Rendering of services	Total
Revenue from contract with customers by segment						
Building Solutions - Europe	122.6	1.1	123.6	121.5	9.7	131.2
Building Solutions - North America	102.4	0.0	102.4	88.8	0.0	88.8
Uponor Infra	60.1	6.2	66.4	86.3	5.6	91.9
External customer, total	285.1	7.3	292.4	296.6	15.3	311.9
Internal	1.1	0.0	1.1	1.3	0.0	1.3
Total	286.2	7.3	293.5	297.9	15.3	313.2
Eliminations	-1.1	0.0	-1.1	-1.3	0.0	-1.3
Total revenue from contracts with customer	285.1	7.3	292.4	296.6	15.3	311.9

CONTINGENT LIABILITIES AND ASSETS

M€	30.9.2019	30.9.2018	31.12.2018
Commitments of purchase PPE (Property, plant, equipment)	7.2	10.2	7.4
Other commitments	0.0	0.7	0.0
- on own behalf			
Pledges at book value	0.0	0.1	0.1
Mortgages issued	1.8	2.0	1.9
Guarantees issued	0.5	5.1	0.6
- on behalf of a subsidiary			
Guarantees issued	36.3	29.9	27.3
Letter of Comfort commitments undertaken on behalf of subsidiaries are not included in the above figures			
Pledges at book value	0.0	0.1	0.1
Mortgages issued	1.8	2.0	1.9
Guarantees issued	36.7	35.0	27.9
Total	38.6	37.1	29.9

FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY

M€	IFRS 7 Fair value hierarchy level	30.9.2019	30.9.2018	31.12.2018
Non-current financial assets				
Fair value through other comprehensive income				
Electricity derivatives	1	0.5	0.9	1.0
Amortised cost				
Other non-current receivables		11.0	10.7	10.8
Other shares and holdings		0.2	0.2	0.2
Current financial assets				
Fair value through other comprehensive income				
Electricity derivatives	1	0.6	1.0	1.5
Fair value through profit or loss				
Other derivative contracts	2	0.6	0.9	2.4
Amortised cost				
Accounts receivable and other receivables		243.5	251.2	192.3
Cash and cash equivalents		31.5	20.9	38.1
Financial assets total		**288.0**	**285.8**	**246.3**
Non-current financial liabilities				
Amortised cost				
Interest bearing liabilities		204.8	176.5	175.6
Current financial liabilities				
Fair value through other comprehensive income				
Other derivative contracts	2	1.3	0.2	0.6
Fair value through the profit or loss				
Other derivative contracts	2	2.8	2.6	0.5
Amortised cost				
Interest bearing liabilities		17.1	1.1	1.7
Accounts payable and other liabilities		124.8	117.7	98.2
Financial liabilities total		**350.8**	**298.1**	**276.6**

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 29 April, Uponor Infra and EP Industries a.s. signed a share purchase agreement for Uponor Infra's Czech subsidiary Fintherm. The sales price for the transaction was €3.4 million and the profit of €0.5 million has been booked to other operating income.

M€	2019
Book value of disposed assets and liabilities	
Property, plant and equipment	2.0
Inventory	1.9
Accounts receivable and other receivables	1.3
Cash and cash equivalents	0.2

Total assets	**5.4**
Interest-bearing non-current liabilities	0.4
Accounts payable and other current liabilities	1.2
Total liabilities	**1.7**
Net assets	3.7
Cash received from sales	3.4
Cash and cash equivalents disposed of	0.2
Cash flow effect	**3.2**

KEY FIGURES

	1-9/2019	1-9/2018	1-12/2018
Earnings per share, €	0.54	0.64	0.72
Operating profit, %	8.5	9.8	8.9
Return on equity, % (p.a.)	16.1	20.9	18.0
Return on investment, % (p.a.)	15.1	19.1	17.2
Solvency ratio, %	42.1	44.3	45.1
Gearing, %	52.9	42.2	39.4
Gearing, % rolling 4 quarters	57.9	54.1	53.0
Net interest-bearing liabilities	190.5	156.7	139.2
Equity per share, €	4.13	4.02	4.08
- diluted	4.13	4.02	4.08
Trading price of shares			
- low, €	8.52	10.79	8.13
- high, €	11.06	17.62	17.62
- average, €	9.70	13.87	12.24
Shares traded			
- 1,000 pcs	20,175	26,027	40,763
- M€	195.7	361.0	499.0

QUARTERLY DATA

	7-9/ 2019	4-6/ 2019	1-3/ 2019	10-12/ 2018	7-9/ 2018	4-6/ 2018	1-3/ 2018
Net sales, M€	292.4	292.6	248.9	282.6	311.9	324.9	276.9
- Building Solutions – Europe	124.0	125.7	123.5	128.5	131.8	138.7	125.2
- Building Solutions – North America	102.4	96.3	74.7	90.5	88.9	83.5	77.6
Building Solutions – North America, $	113.2	108.5	85.0	103.3	103.8	98.8	95.7
- Uponor Infra	67.1	72.4	52.4	65.3	92.6	104.1	75.3
Gross profit, M€	101.3	97.6	86.2	94.2	106.1	107.3	93.2
- Gross profit, %	34.6	33.4	34.6	33.3	34.0	33.0	33.7
Operating profit, M€	31.3	25.3	14.3	17.1	44.6	28.0	17.0
- Building Solutions – Europe	10.9	8.2	7.2	5.1	9.0	11.0	6.0
- Building Solutions – North America	16.8	13.8	7.5	13.7	13.9	8.8	10.2
Building Solutions – North America, $	18.6	15.6	8.5	15.7	16.3	10.4	12.5
Uponor Infra	4.9	5.4	0.6	-0.2	21.9	10.1	3.3
- Others	-1.0	-1.8	-1.3	-1.2	-1.7	-1.3	-1.0
Operating profit, % of net sales	10.7	8.6	5.7	6.1	14.3	8.6	6.1
- Building Solutions – Europe	8.8	6.5	5.9	4.0	6.9	7.9	4.8
- Building Solutions – North America	16.4	14.4	10.0	15.2	15.8	10.5	13.1
- Uponor Infra	7.3	7.5	1.1	-0.4	23.6	9.8	4.4
Profit for the period, M€	20.5	15.4	7.1	6.7	30.0	17.3	9.2
Balance sheet total, M€	855.1	862.0	848.3	786.6	842.8	905.1	855.5
Earnings per share, €	0.26	0.18	0.10	0.08	0.34	0.19	0.11
Equity per share, €	4.13	3.84	3.68	4.08	4.02	3.66	3.43
Market value of share capital, M€	714.5	699.1	746.0	631.0	824.3	1,006.6	993.4
Return on investment, % (p.a.)	15.1	12.2	8.0	17.2	19.1	13.5	9.9
Net interest-bearing liabilities at the end of the period, M€	190.5	224.9	236.0	139.2	156.7	218.3	211.9
Gearing, %	52.9	66.7	72.8	39.4	42.2	64.2	66.3
Gearing, % rolling 4 quarters	57.9	55.2	54.6	53.0	54.1	55.6	56.4
Gross investment, M€	6.4	5.0	4.8	17.8	11.3	15.0	9.9
- % of net sales	2.2	1.7	1.9	6.3	3.6	4.6	3.6

ITEMS AFFECTING COMPARABILITY AND RECONCILIATIONS TO IFRS

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.

	7-9/ 2019	4-6/ 2019	1-3/ 2019	10-12/ 2018	7-9/ 2018	4-6/ 2018	1-3/ 2018
Items affecting comparability							
Restructuring charges	0.0	0.0	0.0	-6.9	-1.4	-	-
Capital gains and losses on sale of non-current assets	0.0	0.0	0.0	3.5	12.2	-	-
Total items affecting comparability in operating profit	0.0	0.0	0.0	-3.4	10.8	-	-
Items affecting comparability, total	**0.0**	**0.0**	**0.0**	**-3.4**	**10.8**	**-**	**-**
Comparable gross profit							
Gross profit	101.3	97.6	86.2	94.2	106.1	107.3	93.2
Less: Items affecting comparability in gross profit	-	-	-	-	-	-	-
Comparable gross profit	**101.3**	**97.6**	**86.2**	**94.2**	**106.1**	**107.3**	**93.2**
% of sales	34.6	33.4	34.6	33.3	34.0	33.0	33.7
Comparable operating profit							
Operating profit	31.3	25.3	14.3	17.1	44.6	28.0	17.0
Less: Items affecting comparability in operating profit	0.0	0.0	0.0	-3.4	10.8	-	-
Comparable operating profit	**31.3**	**25.3**	**14.3**	**20.5**	**33.8**	**28.0**	**17.0**
% of sales	10.7	8.6	5.7	7.2	10.9	8.6	6.1
Comparable operating profit by segment							
Building Solutions - Europe							
Operating profit	10.9	8.2	7.2	5.1	9.0	11.0	6.0
Less: Items affecting comparability in operating profit	0.0	0.0	0.0	-2.9	-1.4	-	-
Comparable operating profit	10.9	8.2	7.2	8.0	10.4	11.0	6.0
% of sales	8.8	6.5	5.9	6.2	7.9	7.9	4.8
Building Solutions - North America							
Operating profit	16.8	13.8	7.5	13.7	13.9	8.8	10.2
Comparable operating profit	16.8	13.8	7.5	13.7	13.9	8.8	10.2
% of sales	16.4	14.4	10.0	15.2	15.8	10.5	13.1
Uponor Infra							
Operating profit	4.9	5.4	0.6	-0.2	21.9	10.1	3.3
Less: Items affecting comparability in operating profit	-	-	-	-0,5	12.2	-	-
Comparable operating profit	4.9	5.4	0.6	0.3	9.7	10.1	3.3
% of sales	7.3	7.5	1.1	0.3	10.4	9.8	4.4
Others							
Operating profit	-1.0	-1.8	-1.3	-1.2	-1.7	-1.3	-1.0
Less: Items affecting comparability in operating profit	-	-	-	-	-	-	-
Comparable operating profit	-1.0	-1.8	-1.3	-1.2	-1.7	-1.3	-1.0
% 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

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