



Interim report 1–9/2020

28 October 2020

Strong performance for all segments

July–September 2020

- Net sales were €301.0 (292.4) million, a growth of 2.9%. Organic growth was 4.0% in constant currency terms.
- Comparable operating profit was €49.7 (31.3) million, a growth of 58.7%.
- Operating profit was €49.6 (31.3) million, a growth of 58.4%.
- Earnings per share were €0.43 (0.26).

January–September 2020

- Net sales were €855.5 (833.9) million, a growth of 2.6%. Organic growth was 3.6% in constant currency terms.
- Comparable operating profit was €115.3 (70.9) million, a growth of 62.7%.
- Operating profit was €108.5 (70.9) million, a growth of 53.1%.
- Earnings per share were €0.94 (0.54).
- Cash flow from business operations was €129.2 (47.4) million.
- Return on investment was 23.2% (15.1) and gearing 18.6% (52.9).

Guidance statement for 2020

On 16 September 2020, Uponor reinstated its guidance for 2020: Uponor expects comparable operating profit to improve from 2019.

Jyri Luomakoski, President and CEO, comments:

“In the third quarter, we witnessed the markets starting to recover from the COVID-19 shock in the spring. However, after a calmer summer in Europe, the infection rates began to rise again towards the end of the quarter, keeping the market outlook uncertain. Since the second quarter, raw material prices have risen, but when compared year-over-year, our input costs have stayed at a favourable level. This and other positive drivers helped us deliver another strong quarterly result.

Building Solutions – Europe made good progress in the third quarter. Net sales increased slightly; positive development was visible in parts of Northern and Central Europe. Tight cost control, favourable input costs and the operational excellence programme have driven the segment’s positive profitability development. Improvements in operations, especially positive yield development, also contributed to the profit increase year-over-year.

The Building Solutions – North America segment had a very strong quarter. In the U.S, Uponor’s traditionally strong foothold, the residential market has remained strong despite COVID-19. Increased net sales in both the U.S. and Canada combined with well-managed pricing, cost containment and favourable input costs resulted in an exceptionally strong operating profit.

Uponor Infra also performed well in the third quarter. Profitability improved in Norway, Denmark and Sweden, in particular. After the reporting period, we acquired a small Finnish engineering company that specialises in underwater construction and services. This acquisition will support our growth strategy in designed solutions projects, where many of our projects have already been related to different water systems below the surface.

When we reinstated our guidance in September, we communicated that visibility of demand is still weak, and this has continued. The reinstatement of the guidance was based on our actual year-to-date performance instead of improved visibility on market development. As we approach the end of the year, it is good to keep in mind that our fourth quarter was especially strong last year. Due to seasonality of our business, the fourth quarter is slower for us in comparison to Q2 and Q3. We estimate that some favourable drivers witnessed earlier this year will benefit us less towards the end of the year. Regarding the demand, our current levels of demand are at the same level as in October 2019.”

Key figures

M€	7-9/ 2020	7-9/ 2019	Change	1-9/ 2020	1-9/ 2019	Change	1-12/2019
Net sales	301.0	292.4	2.9%	855.5	833.9	2.6%	1,103.1
Building Solutions – Europe	125.3	124.0	1.1%	372.7	373.3	-0.2%	489.3
Building Solutions – North America	105.5	102.4	3.0%	288.6	273.4	5.6%	375.4
Uponor Infra	71.1	67.1	6.0%	197.8	191.9	3.1%	243.9
Operating expenses	238.9	248.2	-3.7%	708.5	725.6	-2.3%	961.3
Depreciation and impairments	12.7	12.9	-2.0%	39.3	38.7	1.4%	51.8
Other operating income	0.2	0.0	489.3%	0.7	1.2	-40.6%	1.3
Operating profit	49.6	31.3	58.4%	108.5	70.9	53.1%	91.3
Building Solutions – Europe	17.2	10.9	57.9%	36.6	26.3	39.1%	31.6
Building Solutions – North America	27.1	16.8	61.4%	58.9	38.1	54.6%	57.1
Uponor Infra	7.9	4.9	62.6%	17.0	10.8	56.7%	10.8
Comparable operating profit	49.7	31.3	58.7%	115.3	70.9	62.7%	92.7
Building Solutions – Europe	17.2	10.9	58.1%	43.2	26.3	63.9%	32.3
Building Solutions – North America	27.1	16.8	61.5%	59.0	38.1	54.9%	57.1
Uponor Infra	7.9	4.9	62.6%	17.0	10.8	56.7%	10.8
Financial income and expenses	-1.0	-1.9	-48.4%	-2.8	-8.5	-67.2%	-11.6
Profit before taxes	47.7	28.3	68.6%	102.4	59.3	72.7%	75.6
Profit for the period	35.2	20.5	71.4%	75.3	43.0	75.3%	55.3
Earnings per share	0.43	0.26	68.2%	0.94	0.54	72.8%	0.72

M€	30 Sep 2020	30 Sep 2019	Change	31 Dec 2019
Net working capital	103.8	150.7	-31.1%	115.1
Net interest-bearing debt	73.9	190.5	-61.2%	139.1
Solvency	42.7	42.1	1.4%	44.6
Gearing	18.6	52.9	-64.9%	37.6
Return on investment	23.2	15.1	53.5%	14.4

Webcast of the results briefing and the presentation

A live webcast on the third quarter results will be broadcasted on 28 October at 10:00 EET. It can be viewed via Uponor's IR website at investors.uponor.com or via the Uponor IR mobile app. The recorded webcast can be viewed via the website 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

Construction activity in Uponor's major markets was at a healthy level overall during the summer, driven by households investing heavily in new-build and renovation projects. Outside the residential segment, there were some indications that businesses have become more hesitant about investing in non-residential projects, though existing projects helped support construction spending.

In the U.S, where higher-wage employment has largely returned to pre-pandemic levels and interest rates have reached all-time lows, consumers invested heavily in existing properties and prices rose notably on the limited number of new homes on the market. Consequently, home builders' confidence in the market for single-family homes reached the highest reading since the survey began in 1985, despite their continued concerns about factors limiting growth going forward. Meanwhile, spending in key non-residential segments, such as hospitality and offices, softened somewhat as some firms postponed or cancelled the initiation of new projects. In Canada, housing starts during the quarter were solid despite significant volatility in the multi-family segment.

In Europe, building activity rose from the second quarter, but with significant variation across markets. In Germany, demand for new homes supported the residential market, while non-residential building stalled as continued uncertainty led to a reluctance to commit to new projects. In the Nordic region, building construction was flat or contracted overall, while governments across the region continued to commit additional funds to new infrastructure projects. In the Netherlands and Spain, construction activity picked up from the spring, but slowed significantly compared to a year ago.

Net sales

Uponor's net sales for the third quarter reached €301.0 (292.4) million, a growth of 2.9%. There was a negative net currency impact of €3.1 million, mainly due to RUB, USD and NOK, bringing the growth without currency impact to 4.0%.

Net sales of Building Solutions – Europe were €125.3 (124.0) million, a growth of 1.1%. The growth was driven by Finland, Sweden, Germany and Austria.

Building Solutions – North America's net sales were €105.5 (102.4) million, a growth of 3.0% in euro terms or 9.6% in USD. Net sales increased in both the U.S. and Canada.

Uponor Infra's net sales were €71.1 (67.1) million, a growth of 6.0%. The growth was mainly driven by Poland and a large designed solutions project in Warsaw.

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

	7–9/ 2020	7–9/ 2019	Change
M€			
Building Solutions – Europe	125.3	124.0	1.1%
Building Solutions – North America	105.5	102.4	3.0%
(Building Solutions – North America (M\$))	124.1	113.2	9.6%
Uponor Infra	71.1	67.1	6.0%
Eliminations	-0.9	-1.1	
Total	301.0	292.4	2.9%

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

M€	1–9/ 2020	1–9/ 2019	Change
Building Solutions – Europe	372.7	373.3	-0.2%
Building Solutions – North America	288.6	273.4	5.6%
(Building Solutions – North America (M\$))	326.1	306.7	6.3%
Uponor Infra	197.8	191.9	3.1%
Eliminations	-3.6	-4.6	
Total	855.5	833.9	2.6%

Results and profitability

Uponor's gross profit in the third quarter was €116.9 (101.3) million, an increase of €15.6 million. The gross profit margin improved to 38.8% (34.6).

Comparable operating profit was €49.7 (31.3) million, a growth of 58.7%. The items affecting comparability (€0.1 million) were related to Uponor's operational excellence programme. Comparable operating profit margin was 16.5% (10.7). Operating profit was €49.6 (31.3) million, a growth of 58.4% year-over-year. Operating profit margin was 16.5% (10.7).

Building Solutions – Europe's operating profit was €17.2 (10.9) million, showing a growth of 57.9%. The good profitability development was driven by lower input costs together with tight cost control and the operational excellence programme.

Building Solutions – North America reported an operating profit of €27.1 (16.8) million, a growth of 61.4% in euro terms and 68.9% in USD. Increased net sales together with well-managed pricing, favourable input costs and cost containment contributed to the strong profitability development.

Uponor Infra's operating profit was €7.9 (4.9) million, a growth of 62.6%. Profitability improved in Norway, Denmark and Sweden, in particular, and was driven by increased net sales, one large designed solutions project in Poland and lower operative costs.

Financial expenses were €1.0 (1.9) million, lower than in the comparison period due to currency exchange rate differences.

Profit before taxes for July–September totalled €47.7 (28.3) million. Tax expense was €12.5 million for the period, while the amount of taxes in the comparison period was €7.8 million.

Profit for the period in the third quarter was €35.2 (20.6) million.

Operating profit by segment (July–September):

M€	7–9/ 2020	7–9/ 2019	Change
Building Solutions – Europe	17.2	10.9	57.9%
Building Solutions – North America	27.1	16.8	61.4%
(Building Solutions – North America (M\$))	31.4	18.6	68.9%
Uponor Infra	7.9	4.9	62.6%
Others	-1.7	-1.0	
Eliminations	-0.9	-0.2	
Total	49.6	31.3	58.4%

Comparable operating profit by segment (July–September):

M€	7–9/ 2020	7–9/ 2019	Change
Building Solutions – Europe	17.2	10.9	58.1%
Building Solutions – North America	27.1	16.8	61.5%
(Building Solutions – North America (M\$))	31.5	18.6	69.1%
Uponor Infra	7.9	4.9	62.6%
Others	-1.7	-1.0	
Eliminations	-0.9	-0.2	
Total	49.7	31.3	58.7%

Operating profit by segment (January–September):

M€	1–9/ 2020	1–9/ 2019	Change
Building Solutions – Europe	36.6	26.3	39.1%
Building Solutions – North America	58.9	38.1	54.6%
(Building Solutions – North America (M\$))	66.5	42.7	55.7%
Uponor Infra	17.0	10.8	56.7%
Others	-3.6	-4.1	
Eliminations	-0.4	-0.2	
Total	108.5	70.9	53.1%

Comparable operating profit by segment (January–September):

M€	1–9/ 2020	1–9/ 2019	Change
Building Solutions – Europe	43.2	26.3	63.9%
Building Solutions – North America	59.0	38.1	54.9%
(Building Solutions – North America (M\$))	66.6	42.7	56.0%
Uponor Infra	17.0	10.8	56.7%
Others	-3.4	-4.1	
Eliminations	-0.4	-0.2	
Total	115.3	70.9	62.7%

The January–September gross profit was €323.4 (285.1) million and gross profit margin 37.8% (34.2).

The comparable operating profit was €115.3 (70.9) million. The items affecting comparability (IAC), €6.9 million, were related to Uponor’s operational excellence programme (€8.0 million) and the release of the provision due to essentially completing the exit from Asia (€-1.1 million). The comparison period included no items affecting comparability. Comparable operating profit margin was 13.5% (8.5). Operating profit was €108.5 (70.9) million. The operating profit margin for the January–September period was 12.7% (8.5).

Financial expenses were €2.8 (8.5) million, lower than in the comparison period due to currency exchange rate differences.

The share of the result in associated companies at €-3.3 (-3.1) million is related to Uponor’s 50% share in the joint venture company, Phyn, established in 2016. On 9 May 2019, Uponor announced that Uponor and

Belkin have decided to invest an additional USD6 million each, in total USD12 million, in their joint venture Phyn. At the end of the third quarter, Uponor had invested the total announced amount.

Profit before taxes for January–September totalled €102.4 (59.3) million. Tax expense was €27.0 (16.3) million. The estimated tax rate for the full year 2020 is 26.4%, compared to 26.8% for 2019.

The profit for the period was €75.3 (43.0) million. Earnings per share, both basic and diluted, for January–September totalled €0.94 (0.54). Equity per share, both basic and diluted, was €4.58 (4.13).

Investment and financing

Due to the general economic uncertainty caused by the COVID-19 pandemic, Uponor has maintained a cautious approach to new investments. Uponor's gross investments in January–September were €16.0 (16.2) million. The investments were mainly addressed at maintenance and efficiency improvements. Depreciation and impairments were €39.3 (38.7) million.

Cash flow from business operations in January–September was €129.2 (47.4) million. Cash flow from financing and thus cash flow for the January–September period included the two instalments of dividend payment (paid in March and September, €40.0 (37.2) million in total).

The main existing long-term funding programme on 30 September 2020 was the 5-year bilateral loan agreement of €100 million, which will mature in July 2022.

In addition, Uponor has outstanding, bilateral short-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 €20.0 (5.0) million was outstanding on the balance sheet date. Available cash-pools limits granted by Uponor's key banks amounted to €34.6 million, none of which (€0.1 million) was in use on the balance sheet date. At the end of the period, Uponor had €155.5 (31.5) million in cash and cash equivalents.

The Group's solvency, at 42.7% (42.1), has remained at a good level. Net interest-bearing liabilities were €73.9 (190.5) million. The change was driven by positive cash flow development. Gearing was 18.6% (52.9) with the four-quarter rolling gearing at 37.1% (57.9).

Operational excellence programme

In October 2019, Uponor announced an operational excellence programme to secure competitiveness and further accelerate growth. Execution of the programme is ongoing with a target of €20 million in annual cost savings by the end of 2021. The main initiatives are related to Building Solutions – Europe and Group functions and they aim to improve efficiency through reducing complexity and overlapping work, as well as harmonising processes. In addition, Uponor has identified some savings potential in its sourcing.

Year-to-date, the programme has generated savings of approximately €5 million. Since the launch of the programme, in total €9.3 million in one-time costs have been reported as items affecting comparability. As the execution of the programme has advanced, Uponor re-estimates that around €10 million one-time costs from the programme will be recognised as items affecting comparability by the end of 2020. Of that around €10 million, €1.4 million was reported already in 2019.

The impacts of COVID-19

COVID-19 restrictions and related economic uncertainty have created overall market slowness and uncertainties in Uponor's operating environment. Visibility remains limited overall, as developments in Uponor's markets will depend to a large extent on how the pandemic can be managed. It is expected that ongoing construction projects will most likely be finalised, but they may not be enough to compensate for the anticipated decline in new projects, especially in the non-residential markets.

Tight cost control, favourable input costs and the operational excellence programme have supported Uponor's profitability development during 2020. Combined with its strong balance sheet, Uponor has a solid financial position during the next phases of the pandemic and its implications.

Uponor's management has prepared different scenarios concerning the possible financial impacts of COVID-19. The management has utilised these scenarios to assess the validity of impairment calculations, fair values of assets, recoverability of deferred tax assets, contract modifications and expected credit losses. Based on these analyses, the management's judgement is that Uponor's liquidity and financial position has remained strong and the pandemic has not had an impact on the valuation of Uponor's assets.

Resolutions of the Annual General Meeting 2020

Uponor's Annual General Meeting was held in Helsinki, Finland, on 16 March 2020. The AGM adopted the financial statements and the consolidated financial statements for 2019, and released the Board members and the President and CEO from liability. The AGM approved the proposed dividend of €0.53 per share for 2019, the dividend will be paid in two instalments. Existing Board members Annika Paasikivi (chair), Pia Aaltonen-Forsell, Johan Falk, Markus Lengauer and Casimir Lindholm were re-elected. Michael G. Marchi was elected as a new member of the Board. The AGM elected Annika Paasikivi as Chair of the Board. Eva Nygren, member of the Board since 2011, was not available for re-election. KPMG Oy Ab, a company of Authorised Public Accountants, was elected as the auditor of the company for 2020.

Further details regarding the Annual General Meeting are available at <https://investors.uponor.com/governance/annual-general-meeting/agm-2020>.

Personnel

The number of Group full-time-equivalent employees averaged 3,729 (3,829) in January–September 2020, a decrease of 100 persons from the third quarter of 2019. At the end of the period, the Group had 3,682 (3,754) employees, showing a decrease of 72 employees, mainly due to the COVID-19 related right-sizing of the personnel and the operational excellence programme.

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 or in the number of shares during the reporting period.

The number of Uponor shares traded on Nasdaq Helsinki in the reporting period January–September was 22.0 (20.2) million shares, totalling €250.8 (195.7) million. The market value of share capital at the end of the period was €1.1 (0.7) billion and the number of shareholders 18,012 (19,776).

At the end of the quarter, Uponor held a total of 184,966 (219,527) of its own shares.

Notices under the Securities Market Act 9:5

On 6 July, Uponor received a notification from Varma Mutual Pension Insurance Company, in accordance with the Finnish Securities Market Act Chapter 9, Section 5. According to the notification, Varma Mutual Pension Insurance Company's holdings decreased below 5.0% of the share capital in Uponor on 3 July 2020.

Short-term risks and uncertainties

Changes in the global economy and financial markets may have a negative impact on Uponor's operations, performance, financial position and sources of capital.

Risks related to the COVID-19 pandemic can be found in a separate section: The impacts of COVID-19.

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.

Uponor has started an operational excellence programme that aims to achieve annual savings of around €20 million by the end of 2021. The company is exposed to a risk of capturing the savings within the planned timeline.

Digitalisation, emerging technologies and capabilities related to those areas are needed to build new business opportunities for Uponor. In addition, digitalisation and smart solutions expose the company to cyber risks.

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 market 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 16 manufacturing facilities in Europe and North America, which exposes the company to possible environmental risks. 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.

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.

Uponor can be exposed to different judicial proceedings. By the end of the third quarter of 2020, such proceedings had no material impact on Uponor's result.

The international nature of its operations exposes the company to currency risks associated with various currencies. 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 can be found from www.investors.uponor.com.

Short-term market outlook

Uponor anticipates that the trends witnessed in the third quarter will continue for the rest of the year. Recovering labour markets and accommodative government policies are likely to support demand for both new and renovation projects in the residential segment. Meanwhile, continued uncertainty among businesses may negatively impact the initiation of non-residential projects, though the relative size and timing of this effect is uncertain. Visibility remains limited overall, as developments in Uponor's markets will depend to a large extent on how the pandemic can be managed.

Guidance for 2020

On 16 September 2020, Uponor reinstated its guidance for 2020: Uponor expects comparable operating profit to improve from 2019.

Vantaa, 28 October 2020

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 2019. 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€	1-9/2020	1-9/2019	7-9/2020	7-9/2019	1-12/2019
Net sales	855.5	833.9	301.0	292.4	1,103.1
Cost of goods sold	532.1	548.8	184.2	191.1	721.2
Gross profit	323.4	285.1	116.9	101.3	381.9
Other operating income	0.7	1.2	0.2	0.0	1.3
Dispatching and warehousing expenses	23.9	24.3	7.4	7.7	32.2
Sales and marketing expenses	131.8	134.4	41.7	44.4	180.0
Administration expenses	43.7	41.3	13.7	12.9	58.3
Other operating expenses	16.2	15.5	4.6	5.0	21.4
Operating profit	108.5	70.9	49.6	31.3	91.3
Financial expenses, net	2.8	8.5	1.0	1.9	11.6
Share of results in associated companies and joint ventures	-3.3	-3.1	-0.9	-1.1	-4.0
Profit before taxes	102.4	59.3	47.7	28.3	75.6
Income taxes	27.0	16.3	12.5	7.8	20.3
Profit for period	75.3	43.0	35.2	20.5	55.3
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Re-measurements on defined benefit pensions, net of taxes	-	-	-	-	-1.9
Items that may be reclassified subsequently to profit or loss					
Translation differences	-7.5	1.7	-4.4	1.9	1.9
Cash flow hedges, net of taxes	-0.8	-1.6	0.3	0.0	-1.8
Other comprehensive income for the period, net of taxes	-8.3	0.1	-4.1	0.0	-1.8
Total comprehensive income for the period	67.1	43.1	31.1	22.5	53.5
Profit/loss for the period attributable to					
- Equity holders of parent company	68.7	39.8	31.7	18.9	52.3
- Non-controlling interest	6.6	3.2	3.5	1.7	3.0
Total comprehensive income for the period attributable for					
- Equity holders of parent company	60.9	40.5	27.8	21.0	50.8
- Non-controlling interest	6.1	2.6	3.3	1.5	2.8
Earnings per share, €	0.94	0.54	0.43	0.26	0.72
Diluted earnings per share, €	0.94	0.54	0.43	0.26	0.72

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

M€	30.9.2020	30.9.2019	31.12.2019
Assets			
Non-current assets			
Property, plant and equipment	263.1	288.8	285.8
Intangible assets	93.0	97.8	96.7
Investments in associates and joint ventures	11.0	12.4	10.9
Other securities and non-current receivables	4.7	11.8	9.0
Deferred tax assets	9.3	8.6	9.1
Total non-current assets	381.1	419.4	411.3
Current assets			
Inventories	131.6	150.1	144.4
Accounts receivable	226.1	221.3	157.7
Other receivables	38.5	32.8	43.7
Cash and cash equivalents	155.5	31.5	76.1
Total current assets	551.7	435.7	421.9
Total assets	932.8	855.1	833.2
Equity and liabilities			
Equity			
Equity attributable to the owners of the parent company	334.4	301.2	311.6
Non-controlling interest	63.6	58.7	58.8
Total equity	398.0	359.8	370.4
Non-current liabilities			
Interest-bearing liabilities	128.2	204.8	203.4
Deferred tax liability	11.8	10.3	10.7
Provisions	15.5	5.4	4.3
Employee benefits and other liabilities	21.8	19.0	21.5
Total non-current liabilities	177.4	239.6	239.9
Current liabilities			
Interest-bearing liabilities	101.2	17.1	11.8
Provisions	18.5	25.1	25.8
Accounts payable	76.8	77.8	65.5
Other liabilities	161.0	135.7	119.9
Total current liabilities	357.5	255.7	223.0
Total equity and liabilities	932.8	855.1	833.2

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

M€	1-9/2020	1-9/2019	1-12/2019
Cash flow from operations			
Net cash from operations	151.6	96.6	132.6
Change in net working capital	-10.2	-28.2	8.0
Income taxes paid	-10.1	-19.8	-28.4
Interest paid	-2.7	-1.6	-3.3
Interest received	0.5	0.3	0.3
Cash flow from operations	129.2	47.4	109.2
Cash flow from investments			
Proceeds from disposal of subsidiaries and businesses	-	3.2	3.2
Investments in joint ventures	-4.0	-1.3	-1.3
Purchase of other shares	-	-	-0.5
Purchase of fixed assets	-16.0	-16.2	-26.1
Proceeds from sale of fixed assets	0.4	2.8	3.1
Loan repayments	-	0.4	0.4
Dividends received	0.1	0.0	0.4
Cash flow from investments	-19.4	-11.1	-20.8
Cash flow from financing			
Borrowings of debt	-	0.0	-
Repayment of debt	0.0	-0.8	-1.5
Change in other short-term loan	19.8	5.1	0.0
Dividends paid	-40.0	-37.2	-37.2
Payment of lease liabilities	-9.4	-10.0	-11.8
Cash flow from financing	-29.7	-43.0	-50.6
Conversion differences for cash and cash equivalents	-0.7	0.1	0.2
Change in cash and cash equivalents	79.4	-6.6	38.0
Cash and cash equivalents at 1 January	76.1	38.1	38.1
Cash and cash equivalents at end of period	155.5	31.5	76.1
Changes according to balance sheet	79.4	-6.6	38.0

STATEMENT OF CHANGES IN EQUITY

M€	A	B	C	D*	E	F	G	H	I
Balance at 1 Jan 2020	146.4	50.2	1.5	-7.6	-2.0	123.1	311.6	58.8	370.4
Profit for the period						68.7	68.7	6.6	75.3
Other comprehensive income for the period			-0.8	-7.1			-7.8	-0.5	-8.3
Dividend (€0.53 per share)						-38.7	-38.7		-38.7
Dividend paid to non-controlling interest								-1.3	-1.3
Share-based incentive plan					0.3	0.2	0.6		0.6
Transfer between reserves			-0.3			0.3	-		-
Balance at 30 September 2020	146.4	50.2	0.4	-14.6	-1.7	153.6	334.4	63.6	398.0
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

*) Includes a €-14.3 (-14.3) 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 2019.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

M€	30.9.2020	30.9.2019	31.12.2019
Gross investment	16.0	16.2	26.1
- % of net sales	1.9	1.9	2.4
Book value of disposed fixed assets	0.5	2.2	2.9
Depreciation and impairments	39.3	38.7	51.8

PERSONNEL

Converted to full time employees	1-9/2020	1-9/2019	1-12/2019
Average	3,729	3,829	3,801
At the end of the period	3,682	3,754	3,708

OWN SHARES

	30.9.2020	30.9.2019	31.12.2019
Own shares held by the company, pcs	184,966	219,527	219,527
- of share capital, %	0.3	0.3	0.3
- of voting rights, %	0.3	0.3	0.3
Accounted par value of own shares held by the company, M€	0.4	0.4	0.4

SEGMENT INFORMATION

M€	1-9/2020			1-9/2019		
	External	Internal	Total	External	Internal	Total
Net sales by segment						
Building Solutions - Europe	371.3	1.4	372.7	371.1	2.1	373.3
Building Solutions - North America	288.6	0.0	288.6	273.4	0.0	273.4
Uponor Infra	195.6	2.2	197.8	189.4	2.5	191.9
Eliminations	0.0	-3.6	-3.6	-	-4.6	-4.6
Total	855.5	-	855.5	833.9	-	833.9

M€	7-9/2020			7-9/2019		
	External	Internal	Total	External	Internal	Total
Net sales by segment						
Building Solutions - Europe	125.1	0.3	125.3	123.6	0.4	124.0
Building Solutions - North America	105.5	0.0	105.5	102.4	0.0	102.4
Uponor Infra	70.5	0.6	71.1	66.4	0.7	67.1
Eliminations	0.0	-0.9	-0.9	-	-1.1	-1.1
Total	301.0	-	301.0	292.4	-	292.4

M€	1-12/2019		Total
	External	Internal	
Net sales by segment			
Building Solutions - Europe	486.9	2.4	489.3
Building Solutions - North America	375.4	0.0	375.4
Uponor Infra	240.8	3.1	243.9
Eliminations	0.0	-5.5	-5.5
Total	1,103.1	-	1,103.1

M€	1-9/2020	1-9/2019	7-9/2020	7-9/2019	1-12/2019
Operating profit by segment					
Building Solutions - Europe	36.6	26.3	17.2	10.9	31.6
Building Solutions - North America	58.9	38.1	27.1	16.8	57.1
Uponor Infra	17.0	10.8	7.9	4.9	10.8
Others	-3.6	-4.1	-1.7	-1.0	-8.0
Eliminations	-0.4	-0.2	-0.9	-0.2	-0.2
Total	108.5	70.9	49.6	31.3	91.3

M€	1-9/2020	1-9/2019	1-12/2019
Segment depreciation and impairments			
Building Solutions – Europe	15.5	14.6	19.5
Building Solutions - North America	15.2	15.4	20.7
Uponor Infra	7.5	7.5	10.0
Others	1.1	1.2	1.6
Eliminations	0.0	0.0	0.0
Total	39.3	38.7	51.8

Segment investments			
Building Solutions - Europe	5.6	6.3	9.1
Building Solutions - North America	5.1	5.2	8.4
Uponor Infra	5.2	4.4	8.3
Others	0.1	0.3	0.4
Total	16.0	16.2	26.1

M€	30.9.2020	30.9.2019	31.12.2019
Segment assets			
Building Solutions - Europe	390.9	392.6	366.4
Building Solutions - North America	330.4	324.2	298.1
Uponor Infra	201.1	183.4	172.4
Others	467.3	357.0	397.5
Eliminations	-457.0	-402.0	-401.1
Total	932.8	855.1	833.2

Segment liabilities			
Building Solutions - Europe	333.4	343.8	320.7
Building Solutions - North America	241.6	244.0	241.7
Uponor Infra	68.6	62.5	50.6
Others	378.7	284.5	288.4
Eliminations	-487.4	-439.6	-438.5
Total	534.8	495.3	462.8

	1-9/2020	1-9/2019	1-12/2019
Segment personnel, average			
Building Solutions - Europe	1,895	1,962	1,950
Building Solutions - North America	886	898	898
Uponor Infra	839	886	867
Others	109	83	86
Total	3,729	3,829	3,801

M€	1-9/2020	1-9/2019	1-12/2019
Reconciliation			
Operating profit by segment			
Total result for reportable segments	112.4	75.2	99.5
Others	-3.6	-4.1	-8.0
Eliminations	-0.4	-0.2	-0.2
Operating profit	108.5	70.9	91.3
Financial expenses, net	2.8	8.5	11.6
Share of results in associated companies and joint ventures	-3.3	-3.1	-4.0

Profit before taxes	102.4	59.3	75.6
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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	1-9/2020 Rendering of services	Total	Sale of goods	1-9/2019 Rendering of services	Total
Revenue from contract with customers by segment						
Building Solutions - Europe	366.1	5.2	371.3	366.8	4.3	371.1
Building Solutions - North America	288.6	0.0	288.6	273.4	0.0	273.4
Uponor Infra	184.3	11.3	195.6	172.9	16.5	189.4
External customer, total	839.0	16.5	855.5	813.1	20.8	833.9
Internal	3.6		3.6	4.6		4.6
Total	842.7	16.5	859.1	817.7	20.8	838.6
Eliminations	-3.6		-3.6	-4.6		-4.6
Total revenue from contracts with customer	839.0	16.5	855.5	813.1	20.8	833.9

M€	Sale of goods	7-9/2020 Rendering of services	Total	Sale of goods	7-9/2019 Rendering of services	Total
Revenue from contract with customers by segment						
Building Solutions - Europe	123.2	1.8	125.1	122.6	1.1	123.6
Building Solutions - North America	105.5	0.0	105.5	102.4	0.0	102.4
Uponor Infra	65.4	5.1	70.5	60.1	6.2	66.4
External customer, total	294.1	6.9	301.0	285.1	7.3	292.4
Internal	0.9	0.0	0.9	1.1	0.0	1.1
Total	295.0	6.9	301.9	286.2	7.3	293.5
Eliminations	-0.9	0.0	-0.9	-1.1	0.0	-1.1
Total revenue from contracts with customer	294.1	6.9	301.0	285.1	7.3	292.4

M€	Sale of goods	1-12/2019 Rendering of services	Total
Revenue from contract with customers by segment			
Building Solutions - Europe	480.9	6.0	486.9
Building Solutions - North America	375.4	0.0	375.4
Uponor Infra	220.8	20.0	240.8
External customer, total	1,077.1	26.0	1,103.1
Internal	5.5		5.5
Total	1,082.5	26.0	1,108.6
Eliminations	-5.5		-5.5
Total revenue from contracts with customer	1,077.1	26.0	1,103.1

COMMITMENTS

M€	30.9.2020	30.9.2019	31.12.2019
Commitments of purchase PPE (Property, plant, equipment)	5.3	7.2	4.3
Other commitments	0.0	0.0	0.0
- on own behalf			
Pledges at book value	0.0	0.0	0.0
Mortgages issued	1.1	1.8	1.1
Guarantees issued	0.5	0.5	0.5
- on behalf of a subsidiary			
Guarantees issued	33.4	36.3	33.9
Letter of Comfort commitments undertaken on behalf of subsidiaries are not included in the above figures			
Pledges at book value	0.0	0.0	0.0
Mortgages issued	1.1	1.8	1.1
Guarantees issued	33.8	36.7	34.4
Total	34.9	38.6	35.6

FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY

M€	IFRS 7 Fair value hierarchy level	30.9.2020	30.9.2019	31.12.2019
Non-current financial assets				
Fair value through other comprehensive income				
Electricity derivatives	1	0.0	0.5	0.4
Amortised cost				
Other non-current receivables		4.0	11.0	7.9
Other shares and holdings		0.7	0.2	0.7
Current financial assets				
Fair value through other comprehensive income				
Electricity derivatives	1	0.1	0.6	0.3
Fair value through profit or loss				
Other derivative contracts	2	1.7	0.6	1.8
Amortised cost				
Accounts receivable and other receivables		255.9	243.5	187.3
Cash and cash equivalents		155.5	31.5	76.1
Financial assets total		417.9	288.0	274.5
Non-current financial liabilities				
Fair value through other comprehensive income				
Electricity derivatives	1	0.2	-	-
Amortised cost				
Interest bearing liabilities		128.2	204.8	203.4
Current financial liabilities				
Fair value through other comprehensive income				
Electricity derivatives	1	0.2	-	-
Other derivative contracts	2	1.0	1.3	1.1
Fair value through the profit or loss				
Other derivative contracts	2	1.8	2.8	0.9
Amortised cost				
Interest bearing liabilities		101.2	17.1	11.8
Accounts payable and other liabilities		135.8	124.8	102.0
Financial liabilities total		368.3	350.8	319.2

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 Nord Pool power 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)

KEY FIGURES

	1-9/2020	1-9/2019	1-12/2019
Earnings per share, €	0.94	0.54	0.72
Operating profit, %	12.7	8.5	8.3
Return on equity, % (p.a.)	26.1	16.1	15.3
Return on investment, % (p.a.)	23.2	15.1	14.4
Solvency ratio, %	42.7	42.1	44.6
Gearing, %	18.6	52.9	37.6
Gearing, % rolling 4 quarters	37.1	57.9	57.5
Net interest-bearing liabilities	73.9	190.5	139.1
Equity per share, €	4.58	4.13	4.27
- diluted	4.58	4.13	4.27
Trading price of shares			
- low, €	6.73	8.52	8.52
- high, €	15.96	11.06	12.37
- average, €	11.40	9.70	10.05
Shares traded			
- 1,000 pcs	22,000	20,175	26,537
- M€	250.8	195.7	266.7

QUARTERLY DATA

	7-9/ 2020	4-6/ 2020	1-3/ 2020	10-12/ 2019	7-9/ 2019	4-6/ 2019	1-3/ 2019
Net sales, M€	301.0	277.1	277.4	269.2	292.4	292.6	248.9
- Building Solutions – Europe	125.3	118.5	128.8	116.0	124.0	125.7	123.5
- Building Solutions – North America	105.5	90.5	92.7	102.0	102.4	96.3	74.7
Building Solutions – North America, \$	124.1	100.1	101.9	113.5	113.2	108.5	85.0
- Uponor Infra	71.1	69.5	57.2	52.0	67.1	72.4	52.4
Gross profit, M€	116.9	102.3	104.3	96.7	101.3	97.6	86.2
- Gross profit, %	38.8	36.9	37.6	35.9	34.6	33.4	34.6
Operating profit, M€	49.6	30.3	28.6	20.4	31.3	25.3	14.3
- Building Solutions – Europe	17.2	7.5	11.9	5.3	10.9	8.2	7.2
- Building Solutions – North America	27.1	15.0	16.8	19.0	16.8	13.8	7.5
Building Solutions – North America, \$	31.4	16.6	18.5	21.2	18.6	15.6	8.5
- Uponor Infra	7.9	7.3	1.7	0.0	4.9	5.4	0.6
- Others	-1.7	0.1	-2.1	-3.9	-1.0	-1.8	-1.3
Operating profit, % of net sales	16.5	10.9	10.6	7.6	10.7	8.6	5.7
- Building Solutions – Europe	13.7	6.3	9.3	4.6	8.8	6.5	5.9
- Building Solutions – North America	25.4	16.6	18.1	18.7	16.4	14.4	10.0
- Uponor Infra	11.1	10.6	3.0	0.0	7.3	7.5	1.1
Profit for the period, M€	35.2	17.8	22.3	12.3	20.5	15.4	7.1
Balance sheet total, M€	932.8	906.6	872.8	833.2	855.1	862.0	848.3
Earnings per share, €	0.43	0.51	0.30	0.18	0.26	0.18	0.10
Equity per share, €	4.57	4.19	3.96	4.27	4.13	3.84	3.68
Market value of share capital, M€	1093.7	877.0	607.6	852.9	714.5	699.1	746.0
Return on investment, % (p.a.)	23.2	19.0	21.4	14.4	15.1	12.2	8.0
Net interest-bearing liabilities at the end of the period, M€	73.9	147.0	180.5	139.1	190.5	224.9	236.0
Gearing, %	18.6	40.2	52.2	37.6	52.9	66.7	72.8
Gearing, % rolling 4 quarters	37.1	45.7	52.3	57.5	57.9	55.2	54.6
Gross investment, M€	5.1	4.9	6.1	9.9	6.4	5.0	4.8
- % of net sales	1.7	1.8	2.2	3.7	2.2	1.7	1.9

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/ 2020	4-6/ 2020	1-3/ 2020	10-12/ 2019	7-9/ 2019	4-6/ 2019	1-3/ 2019
Items affecting comparability							
Restructuring charges	-0.1	-5.9	-0.9	-1.4	0.0	0.0	0.0
Capital gains and losses on sale of non-current assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total items affecting comparability in operating profit	-0.1	-5.9	-0.9	-1.4	0.0	0.0	0.0
Items affecting comparability, total	-0.1	-5.9	-0.9	-1.4	0.0	0.0	0.0
Comparable gross profit							
Gross profit	116.9	102.3	104.3	96.7	101.3	97.6	86.2
Less: Items affecting comparability in gross profit	0.0	-1.1	0.0	-0.1	-	-	-
Comparable gross profit	116.9	103.4	104.3	96.8	101.3	97.6	86.2
% of sales	38.8	37.3	37.6	36.0	34.6	33.4	34.6
Comparable operating profit							
Operating profit	49.6	30.3	28.6	20.4	31.3	25.3	14.3
Less: Items affecting comparability in operating profit	0.1	-5.9	-0.9	-1.4	0.0	0.0	0.0
Comparable operating profit	49.7	36.2	29.5	21.8	31.3	25.3	14.3
% of sales	16.5	13.1	10.6	8.1	10.7	8.6	5.7
Comparable operating profit by segment							
Building Solutions - Europe							
Operating profit	17.2	7.5	11.9	5.3	10.9	8.2	7.2
Less: Items affecting comparability in operating profit	0.0	-5.8	-0.8	-0.7	0.0	0.0	0.0
Comparable operating profit	17.2	13.8	12.8	5.9	10.9	8.2	7.2
% of sales	13.7	11.2	9.9	5.1	8.8	6.5	5.9
Building Solutions - North America							
Operating profit	27.1	15.0	16.8	19.0	16.8	13.8	7.5
Less: Items affecting comparability in operating profit	0.0	-0.1	-	-	-	-	-
Comparable operating profit	27.1	15.1	16.8	19.0	16.8	13.8	7.5
% of sales	25.7	16.7	18.1	18.7	16.4	14.4	10.0
Uponor Infra							
Operating profit	7.9	7.3	1.7	0.0	4.9	5.4	0.6
Less: Items affecting comparability in operating profit	-	-	-	-	-	-	-
Comparable operating profit	7.9	7.3	1.7	0.0	4.9	5.4	0.6
% of sales	11.1	10.6	3.0	0.0	7.3	7.5	1.1
Others							
Operating profit	-1.7	0.1	-2.1	-3.9	-1.0	-1.8	-1.3
Less: Items affecting comparability in operating profit	0.0	-0.1	-0.1	-0.7	-	-	-
Comparable operating profit	-1.7	0.2	-2.0	-3.2	-1.0	-1.8	-1.3
% of sales	na	na	na	na	na	na	na

DEFINITIONS OF KEY RATIOS

$$\text{Return on Equity (ROE), \%} = \frac{\text{Profit before taxes – taxes}}{\text{Total equity, average}} \times 100$$

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

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

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

$$\text{Net interest-bearing liabilities} = \text{Interest-bearing liabilities – cash and cash equivalents excluding restricted cash}$$

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

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

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

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

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

$$\text{Comparable gross profit} = \text{Gross profit – items affecting comparability}$$

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

$$\text{Comparable operating profit} = \text{Operating profit – items affecting comparability}$$

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