

Uponor

Moving > Water

Continuous strong margin in a volatile market



Q3

Uponor Corporation
Interim Report
January–September
2023

Continuous strong margin in a volatile market

July–September 2023 in brief

- Net sales were €298.5 (364.0) million, a decrease of -18.0% or -16.0% in constant currency terms.
- Operating profit was €32.8 (44.4) million or 11.0% (12.2) of net sales.
- Comparable operating profit was €36.1 (44.9) million or 12.1% (12.3) of net sales.
- Earnings per share were €0.29 (0.40).

January–September 2023 in brief

- Net sales were €943.4 (1,109.7) million, a decrease of -15.0% or -12.9% in constant currency terms.
- Operating profit was €117.8 (134.0) million or 12.5% (12.1) of net sales.
- Comparable operating profit was €122.9 (142.6) million or 13.0% (12.9) of net sales.
- Earnings per share were €1.01 (1.19).

Guidance statement for 2023 (unchanged)

Due to structural changes, Uponor expects its net sales, excluding the impacts of currencies, to be between €1,250 and €1,350 million in 2023, and its comparable operating profit margin to be at or above 11%.

Short-term market outlook

Uponor expects that construction markets will remain soft overall, especially in the new housing segment, in the fourth quarter of the year. While long-term demand drivers remain intact, elevated mortgage interest rates, a general environment of uncertainty and geopolitical conflicts are expected to continue to constrain the initiation of new construction projects and, to a lesser extent, investments in renovation projects in the near-term. Spending on civil engineering projects in the Nordics will be comparatively more stable overall, continuing at the same low level.

Michael Rauterkus, President and CEO, comments:



“In the third quarter of 2023, we continued to deliver on our ambition to build margin resilience under volatile market conditions. The third quarter saw us achieve a strong comparable operating profit margin of 12.1% (12.3%). Our net sales adjusted for structural changes decreased by 14.7%, affected by soft overall market demand. We continue to see the benefits of our ongoing transformation and new operating model. I would like to thank the Uponor team, whose dedication and hard work in driving our transformation and financial performance has delivered again strong profitability in demanding times.

Building Solutions – North America achieved yet again a great result, exceeding the previous year's

comparable operating margin level supported by robust operational performance and cost initiatives. Net sales were at the same level as the previous year in USD terms driven by strong demand generation activities and price discipline.

Uponor Infra continued to deliver on its strategy to focus on the profitable core. While net sales declined due to lower market activity, the comparable operating profit margin exceeded the previous year's level supported by a favourable product and channel mix.

In Building Solutions – Europe, the comparable operating margin was negatively impacted by lower sales volumes due to continued slow underlying market activity in our key European markets. However, there were some signs of stabilisation visible in the order book development towards the end of the quarter. The ongoing transformation of the division has accelerated further, and I am pleased to welcome Jonas Brennwald to Uponor's Executive Committee to lead the next phase of our transformation in Europe as our new President of the Building Solutions – Europe division.

Our commitment to sustainability was recognized during the quarter as Uponor was awarded a Gold level rating for the first time by EcoVadis. In line with our People First agenda, I was also pleased to see our safety performance continued to improve. Our lost time injury frequency rate, LTIF, for the first nine months of the year was 3.2 (9.2).

The execution of our Transformation programme remains on track. Several reorganizations have taken place to support our company's transformation towards becoming a leaner and more resilient company. The transformation actions implemented so far within the programme are expected to generate annualised savings of €19.6 million of the total targeted €30 million cost savings by the end of 2024.

As part of our transformation, we are also bolstering our innovation and technological capabilities to better capture global growth opportunities and respond to customer needs. Through our newly introduced global Category Management Structure, based on our product categories Water, Energy, Installation and Infrastructure, we have great opportunity for driving innovation and long-term product strategies to implement in close collaboration with R&D. Redefining how this works within Uponor is an important part of our growth and innovation strategy, and I am very pleased to welcome Charlotta Persfell to Uponor as our new Chief Marketing Officer to ensure alignment of divisional Marketing teams and the global category structure, as well as to strengthen our brand.

The building blocks for accelerating the execution of our growth strategy through innovation are now in place. We are dedicated to responding to the growing long-term need for energy-efficient heating and cooling systems as well as systems for safe and clean water. We are turning our innovation focus towards adding more intelligence to our products enabling smart water delivery, heating and cooling, keeping people in their comfort zone, saving energy, and money, thereby enabling affordable sustainable housing.

For the remainder of 2023, we are prepared for continued high market volatility and a soft demand picture, especially in Europe, impacted by volatile interest rates and the effects of inflation.

Looking ahead, backed by our robust strategic plan, the improved resilience of our business model and healthy balance sheet, we are well equipped to achieve our strategic targets. We continue to focus firmly on our profitable core, executing our transformation and delivering value to our customers through leading the change in sustainable water solutions."

Key figures

M€	7-9/2023	7-9/2022	Change	1-9/2023	1-9/2022	Change	1-12/2022
Net sales	298.5	364.0	-18.0%	943.4	1,109.7	-15.0%	1,386.2
Operating expenses	253.8	306.2	-17.1%	802.4	936.4	-14.3%	1,197.7
Depreciation and impairments	12.7	13.7	-7.2%	38.6	39.7	-2.8%	54.5
Operating profit	32.8	44.4	-26.2%	117.8	134.0	-12.1%	135.5
Operating profit, %	11.0	12.2	-9.9%	12.5	12.1	+3.4%	9.8
Comparable operating profit	36.1	44.9	-19.7%	122.9	142.6	-13.8%	153.7
Comparable operating profit, %	12.1	12.3	-2.1%	13.0	12.9	+1.4%	11.1
Financial income and expenses	-0.2	1.3	-114.0%	-4.1	0.7	-691.0%	-1.0
Profit before taxes	32.7	45.8	-28.7%	113.8	134.9	-15.6%	134.9
Profit for the period	22.9	33.1	-30.8%	80.5	95.9	-16.1%	97.5
Earnings per share	0.29	0.40	-26.8%	1.01	1.19	-15.1%	1.21

	30 Sep 2023	30 Sep 2022	Change	31 Dec 2022
Net working capital, M€	131.5	180.9	-27.3%	164.5
Net-interest bearing debt, M€	56.8	55.2	+2.9%	48.5
Solvency, %	49.8	53.4	-6.7%	55.2
Gearing, %	11.9	9.9	+19.1%	9.1
Return on investment, %	25.0	29.1	-14.2%	22.2

Uponor Corporation's financial calendar 2024

16 Feb 2024	Financial Statements 2023 Bulletin
13 Mar 2024	Annual General Meeting 2024
19 Apr 2024	Interim Report 1-3/2024
18 Jul 2024	Half-Year Financial Report 1-6/2024
23 Oct 2024	Interim Report 1-9/2024

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UPONOR CORPORATION INTERIM REPORT JANUARY–SEPTEMBER 2023

Financial review July–September 2023
Market development

Construction markets in the Group continued to be negatively impacted by increased borrowing rates, with builders scaling back the initiation of new residential projects significantly compared to last year. Within Uponor's core geographies, the tentative recovery witnessed during Q2 in the U.S. appeared to stall, while the demand environment in Europe grew progressively darker throughout the summer.

In North America, residential mortgage rates continued to rise in the U.S., reaching a 20-year high in September. Having both improved throughout the first half of the year, housing starts slowed during the summer and homebuilder confidence weakened markedly as the quarter came to a close. On a more positive note, construction spending increased in key non-residential segments, such as lodging, offices, and healthcare. In Canada, housing starts began the quarter at a very high rate but slowed as the quarter progressed.

In Europe, the German market for new residential buildings weakened dramatically during the summer months. Builder confidence decreased to levels last seen in the period after the financial crisis, as home prices fell and residential building permits were issued for a third fewer homes than a year earlier. The industry was supported somewhat by steadier activity in renovation and commercial projects, but these segments also showed signs of weakening. In the Nordic region, construction activity slowed further, especially within the residential segment, as builders and investors reacted to falling real estate prices and increased mortgage rates by scaling back new projects. Civil engineering activity softened in the Nordic region as a whole but remained more robust than other segments. Markets in Southwest Europe were comparatively more stable but remain subdued overall.

Net sales

Uponor Group's net sales for the third quarter of the year reached €298.5 (364.0) million, a decrease of -18.0% or -14.7% adjusted for structural changes in Uponor Infra. The organic net sales growth was -13.6%. Lower overall market activity impacted net sales negatively especially in Building Solutions Europe but also in Uponor Infra. Net sales remained close to last year's level in Building Solutions – North America in USD terms supported by strong demand generation activities.

Negative net currency impact was €7.5 million, bringing the growth without currency impact to -16.0%. Biggest currency impact came from SEK, USD and CAD.

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

M€	7–9/2023	7–9/2022	Change
Building Solutions – Europe	107.0	141.2	-24.2%
Building Solutions – North America	130.9	140.5	-6.8%
(Building Solutions – North America (M\$))	141.7	141.2	+0.4%
Uponor Infra	61.4	83.9	-26.8%
Eliminations	-0.9	-1.6	
Total	298.5	364.0	-18.0%

Measured in terms of reported net sales, and their respective share of Group net sales, the 10 largest countries were as follows: the U.S. 38.3% (34.4), Germany 10.0% (11.0), Sweden 9.9% (11.1), Finland 8.0% (9.8), Canada 5.6% (4.3), Poland 4.0% (3.6), the Netherlands 3.3% (3.3), Denmark 3.2% (4.0), Spain 2.4% (1.9), and Norway 2.1% (2.7).

Results and profitability

Uponor's gross profit in the third quarter of the year was €121.2 (132.5) million. The gross profit margin was 40.6% (36.4) and the comparable gross profit margin was 40.7% (36.4).

The operating profit in the third quarter of 2023 was €32.8 (44.4) million with an operating profit margin of 11.0% (12.2). Pricing discipline and effective cost management as well as a favourable product mix contributed positively to the profitability development. The comparable operating profit was €36.1 (44.9) million and the comparable operating profit margin was 12.1% (12.3). The total negative net effect of items affecting comparability was €3.3 (0.5) million of which €-0.6 million related to Uponor's ongoing Transformation programme and €-2.5 million related to strategic projects.

Operating profit by division (July–September):

M€	7–9/2023	7–9/2022	Change
Building Solutions – Europe	4.6	13.7	-66.2%
Building Solutions – North America	24.9	23.2	+7.2%
(Building Solutions – North America (M\$))	27.0	23.2	+16.4%
Uponor Infra	8.8	8.9	-1.5%
Others	-5.3	-1.3	
Eliminations	-0.3	-0.2	
Total	32.8	44.4	-26.2%

Comparable operating profit by division (July–September):

M€	7–9/2023	7–9/2022	Change
Building Solutions – Europe	5.5	14.3	-61.6%
Building Solutions – North America	25.3	23.2	+9.1%
(Building Solutions – North America (M\$))	27.4	23.2	+18.5%
Uponor Infra	8.5	8.9	-4.9%
Others	-1.7	-1.3	
Eliminations	-1.5	-0.2	
Total	36.1	44.9	-19.7%

Uponor's net financial income and expenses were €-0.2 (1.3) million. In the third quarter of 2023, net currency exchange differences totalled €0.5 (2.0) million.

The share of the result in associated companies was €0.1 (0.1) million.

Uponor's profit before taxes for July–September was €32.7 (45.8) million. The tax expense was €9.8 (12.7) million.

Profit for the period in the third quarter of 2023 was €22.9 (33.1) million.

Return on equity was 18.0% (24.8). Return on investment was 21.3% (29.2). Return on investment, adjusted for items affecting comparability, was 23.4% (29.5).

Earnings per share were €0.29 (0.40). Equity per share was €6.58 (6.60). For other share-specific information, please see the Tables section.

Cash flow

Cash flow from operations was €81.2 (59.4) million in July–September 2023. Cash flow increase from comparison period was mainly due to change in net working capital. Cash flow before financing was €77.2 (49.0) million.

Capital expenditure

Gross investment in fixed assets totalled €5.1 (10.8) million. Depreciation and impairments were €12.7 (13.7) million. Net investments totalled €4.0 (10.5) million. Uponor's investments in the third quarter of 2023 were related to maintenance and efficiency improvements.

Innovations, research and development

In July–September 2023, total research and development expenses were €5.5 (5.9) million, representing 1.9% (1.6) of the Group's net sales.

Financial review January–September 2023

Net sales

Uponor Group's net sales for the nine months of 2023 reached €943.4 (1,109.7) million, a decrease of -15.0% or -12.4% adjusted for structural changes in Uponor Infra. Negative net currency impact was €22.7 million, bringing the growth without currency impact to -12.9%. Biggest currency impact came from USD, CAD, SEK and NOK. The organic net sales growth was -11.5%. Net sales remained close to last year's level in Building Solutions – North America but decreased in Building Solutions – Europe and Uponor Infra.

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

M€	1–9/2023	1–9/2022	Change
Building Solutions – Europe	388.5	479.5	-19.0%
Building Solutions – North America	377.0	389.2	-3.1%
(Building Solutions – North America (M\$))	407.7	411.0	-0.8%
Uponor Infra	181.1	245.6	-26.3%
Eliminations	-3.2	-4.7	
Total	943.4	1,109.7	-15.0%

Measured in terms of reported net sales, and their respective share of Group net sales, the 10 largest countries were as follows: the U.S. 34.9% (30.8), Germany 11.1% (11.1), Sweden 9.9% (9.9), Finland 8.2% (10.0), Canada 5.1% (4.4), the Netherlands 4.3% (4.2), Poland 3.3% (3.9), Denmark 3.1% (4.3), Spain 3.0% (2.7) and Austria 2.3% (2.4).

Results and profitability

Uponor's gross profit in January–September was €377.2 (412.0) million. The gross profit margin was 40.0% (37.1).

The operating profit in January–September of 2023 was €117.8 (134.0) million with an operating profit margin of 12.5% (12.1). The comparable operating profit was €122.9 (142.6) million. The total negative net effect of items affecting comparability was €5.2 (8.6) million, of which €12.4 million is related to the divestment of Uponor Infra's district energy business, €-3.7 million related to the sale of the Russian operation, €-7.8 million related to Uponor's ongoing transformation programme and €-4.6 million related to strategic projects. The comparable operating profit margin was 13.0% (12.9). Lower sales volumes weighed on the profitability. Price discipline and cost efficiency measures supported profitability.

Operating profit by division (January–September):

M€	1–9/2023	1–9/2022	Change
Building Solutions – Europe	27.9	50.9	-45.2%
Building Solutions – North America	71.2	70.7	+0.7%
(Building Solutions – North America (M\$))	77.0	74.6	+3.1%
Uponor Infra	27.4	18.1	+51.6%
Others	-10.2	-6.4	
Eliminations	1.5	0.7	
Total	117.8	134.0	-12.1%

Comparable operating profit by division (January–September):

M€	1–9/2023	1–9/2022	Change
Building Solutions – Europe	37.3	59.0	-36.8%
Building Solutions – North America	72.3	70.7	+2.3%
(Building Solutions – North America (M\$))	78.2	74.6	+4.8%
Uponor Infra	16.0	18.2	-11.9%
Others	-4.4	-6.0	
Eliminations	1.6	0.7	
Total	122.9	142.6	-13.8%

Uponor's net financial income and expenses were €-4.1 (0.7) million. In January–September 2023, net currency exchange differences totalled €-2.2 (3.2) million.

The share of the result in associated companies and joint ventures was €0.1 (0.2) million.

Uponor's profit before taxes for January–September was €113.8 (134.9) million. The tax expense was €33.3 (38.9) million.

Profit for the period in January–September was €80.5 (95.9) million.

Return on equity was 21.2% (24.6). Return on investment was 25.0% (29.1). Return on investment, adjusted for items affecting comparability, was 26.2% (30.9).

Earnings per share were €1.01 (1.19). Equity per share was €6.58 (6.60). For other share-specific information, please see the Tables section.

Cash flow

Cash flow from operations increased from comparison period and was €127.9 (60.8) million. Cash flow increase was mainly driven by lower change in net working capital. The increase of net working capital in comparison period was due to increased raw material prices impacting inventory levels. Cash flow before financing was €138.9 (26.5) 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, totalling €50.2 (48.7) million.

Capital expenditure

Gross investment in fixed assets totalled €17.4 (35.4) million. Depreciation and impairments were €38.6 (39.7) million. Net investments totalled €13.8 (34.8) million. Uponor's investments in January–September of 2023 were mainly related to maintenance and efficiency improvements.

Innovations, research and development

In January–September 2023, total research and development expenses were €19.0 million (17.2), representing 2.0% (1.6) of the Group's net sales.

Financial position

Uponor has two bilateral long-term loans of €40 million and €30 million, both of which will mature in January 2026. As back-up funding arrangements, Uponor has three €50 million committed bilateral revolving credit facilities in force, totalling €150 million maturing in 2025–2027 none of which were used during the reporting period. The revolving credit facilities have success KPIs that are tied to Uponor's greenhouse gas reduction targets.

For short-term funding needs, Uponor's main source of funding is its domestic commercial paper programme, totalling €150 million, of which €20 million was outstanding at the end of the reporting period. Available cash pool limits granted by Uponor's key banks amounted to €35.0 million, none of which was in use on the balance sheet date. At the end of September 2023, Uponor had €81.1 (53.5) million in cash and cash equivalents.

Net interest-bearing liabilities were €56.8 (55.2) million. The solvency ratio was 49.8% (53.4) and gearing was 11.9% (9.9), with a four-quarter rolling gearing of 7.9% (11.9), below the range of 40–80% set in the company's financial targets.

Strategy execution and transformation

Uponor Group's profitable growth strategy centres around maximizing the core, a step-change in innovation, a People First agenda to drive an engaged, performance-based culture and leading the construction industry towards net zero while at the same time improving the resiliency of the company.

Our strategy execution progressed as planned during the third quarter. In line with our strategy to Maximize the Core, the newly introduced concept of global product category management (Water systems, Energy systems, Installation systems and Infra systems) was further developed and aligned with how the divisional Marketing functions will support and drive this model forward. The new Category Structure supports our global growth strategy and ensures we are running the company through a systematic 4 C approach (Customers, Channels, Categories, Countries) in all geographies. As part of our transformation, we are also bolstering our innovation and technological capabilities to better capture global growth opportunities and respond to customer needs. Through the global Category Management Structure, we have great opportunity for driving innovation and long-term product strategies to implement in close collaboration with R&D. Redefining how this works within Uponor is an important part of our growth and innovation strategy. In the quarter, Uponor appointed Charlotta Persfell as Chief Marketing Officer, effective 23 October 2023, to ensure alignment of divisional Marketing teams and the global category structure, as well as to strengthen our brand. The building blocks for accelerating the execution of our growth strategy through innovation are now in place. We are turning our innovation focus towards adding more intelligence to our products enabling smart water delivery, heating and cooling, keeping people in their comfort zone, saving energy, and money, thereby enabling affordable sustainable housing.

In the quarter, strong momentum was maintained in the execution of Uponor's Transformation programme. Big steps have been taken throughout the organisation improving the company's operational excellence. In particular, in Building Solutions – Europe, Uponor introduced a new organizational structure for its commercial organization with centralized marketing and customer service organization and re-balanced its sales area

organizations. The actions implemented by the end of September 2023 are expected to generate annualized savings of €19.6 million with a headcount reduction of 282.

The transformation programme 2023-2024 aims at creating a new Uponor operating model that will result in a leaner, more efficient, and resilient organization, while also producing expected annual cost savings of around €30 million with an estimated net reduction of up to 400 jobs globally. The programme includes investing into future growth through innovation and R&D, simplifying organizational structures, rationalizing product portfolios, enhancing factory utilization, enhancing procurement partnerships, and driving globally harmonized processes and systems.

Personnel and occupational safety

Uponor's safety performance improved and the accident frequency (LTIF, accidents per million working hours) for the first nine months of the year was 3.2 (2022: 9.2, according to harmonised LTIF calculation method across all divisions).

At the end of September, the Uponor Group had 3,601 (4,195) employees, in full-time-equivalent (FTE) terms. The decrease in the number of employees is related to the ongoing Uponor-wide Transformation programme, the sale of Uponor Infra's district energy business as well as workforce reductions due to weakened market conditions. The average number of employees (FTE) for January–September was 3,761 (4,255).

Review by business division

Building Solutions – Europe

The Building Solutions – Europe division serves the European market with drinking water delivery, heating and cooling solutions, prefabricated solutions, control systems, pre-insulated pipes and manifolds. The division has production in Finland, Sweden, Germany and Poland.

M€	7-9/ 2023	7-9/ 2022	Change	1-9/ 2023	1-9/ 2022	Change	1-12/ 2022
Net sales	107.0	141.2	-24.2%	388.5	479.5	-19.0%	599.2
Operating profit	4.6	13.7	-66.2%	27.9	50.9	-45.2%	44.0
Operating profit margin, %	4.3	9.7		7.2	10.6		7.3
Comparable operating profit	5.5	14.3	-61.6%	37.3	59.0	-36.8%	58.3
Comparable operating profit margin, %	5.1	10.1		9.6	12.3		9.7
Personnel, average				1,996	2,206	-210	2,192

July–September

Building Solutions – Europe's net sales were €107.0 (141.2) million, a decrease of -24.2%. In Building Solutions – Europe, net sales decreased due to low demand in our key European markets and especially in the Nordic countries. Signs of stabilisation were visible in the order book development towards end of the quarter.

Building Solutions – Europe's comparable operating profit was €5.5 (14.3) million. The comparable operating margin was negatively impacted by lower sales volumes. Actions taken as part of Uponor's Group-wide Transformation programme, as well as other cost reduction measures, contributed positively to the operating profit, but were not sufficient to fully offset the negative impact of lower sales volumes.

January–September

Building Solutions – Europe's net sales were €388.5 (479.5) million, a decrease of -19.0%. The decline in net sales was driven by lower overall underlying demand across all key European markets and wholesalers destocking their inventories. Price discipline contributed to net sales.

Building Solutions – Europe's operating profit was €27.9 (50.9) million, a decrease of -45.2%. The comparable operating profit decreased to €37.3 (59.0) million impacted by lower sales volumes. Execution of profitability improvement actions and the ongoing implementation of new operating model as part of Uponor's Group-wide Transformation programme supported division's performance.

Building Solutions – North America

The Building Solutions - North America division serves local markets with PEX plumbing, radiant heating and cooling, hydronic distribution, pre-insulated pipe and fire sprinkler systems. The division has production in the United States.

M€	7-9/ 2023	7-9/ 2022	Change	1-9 / 2023	1-9 / 2022	Change	1-12/ 2022
Net sales	130.9	140.5	-6.8%	377.0	389.2	-3.1%	479.8
Operating profit	24.9	23.2	+7.2%	71.2	70.7	+0.7%	77.5
Operating profit margin, %	19.0	16.5		18.9	18.2		16.2
Comparable operating profit	25.3	23.2	+9.1%	72.3	70.7	+2.3%	77.9
Comparable operating profit margin, %	19.4	16.5		19.2	18.2		16.2
Personnel, average				885	1,051	-166	1,036

July–September

Building Solutions – North America's net sales were €130.9 (140.5) million, a decrease of -6.8% in euro terms or in USD terms an increase of 0.4%. Net sales benefitted from continued strong demand generation activities across the U.S. and Canada. Ongoing price discipline contributed also positively to net sales.

Building Solutions – North America's operating profit was €24.9 (23.2) million, an increase of 7.2% in euro terms and 16.4% in USD. Robust operational performance and cost savings initiatives were key contributors to the strong operating profit performance.

January–September

Building Solutions – North America's net sales were €377.0 (389.2) million, a decrease of -3.1% in euro terms or a decrease of -0.8% in USD. Strong demand generation activities and price discipline helped to mostly offset broader market declines.

Building Solutions – North America's operating profit was €71.2 (70.7) million, an increase of 0.7% in euro terms or 3.1% in USD. Cost savings initiatives, taken early in the year as part of Uponor's Transformation programme, along with continued focus on operational efficiency contributed positively to the operating profit.

Uponor Infra

Uponor Infra serves the Baltic Sea area with sewer and storm, pressure pipe systems, design solutions and project services for municipalities, utilities and industry. The division has production in Finland, Sweden, and Poland.

M€	7-9/ 2023	7-9/ 2022	Change	1-9 / 2023	1-9 / 2022	Change	1-12/ 2022
Net sales	61.4	83.9	-26.8%	181.1	245.6	-26.3%	312.8
Operating profit	8.8	8.9	-1.5%	27.4	18.1	+51.6%	23.1
Operating profit margin, %	14.3	10.6		15.1	7.4		7.4
Comparable operating profit	8.5	8.9	-4.9%	16.0	18.2	-11.9%	23.4
Comparable operating profit margin, %	13.8	10.6		8.9	7.4		7.5
Personnel, average				749	861	-112	850

July–September

Uponor Infra's net sales were €61.4 (83.9) million, a decrease of -26.8% or -11.8% adjusted for structural changes. Lower overall market demand in the Nordic countries and Poland impacted negatively on net sales. The impact of structural changes on net sales was -€14.2 million including the divestment of Uponor's District Energy business (annual net sales of €40 million) and the closure of the factory in Middelfart, Denmark.

During the quarter, Uponor completed the acquisition of full ownership of Uponor Infra Oy from KWH Group following the receipt of relevant authority approvals.

Uponor Infra's operating profit was €8.8 (8.9) million. Despite the decrease in sales volumes, the comparable operating profit margin continued to improve strongly, supported by a favourable product and channel mix.

January–September

Uponor Infra's net sales were €181.1 (245.6) million, a decrease of -26.3% or -14.9% adjusted for structural changes. Lower overall market demand impacted negatively on net sales. The impact of structural changes on net sales was -€32.7 million including the divestment of Uponor's District Energy business (annual net sales of €40 million) and the closure of the factory in Middelfart, Denmark.

Uponor Infra's operating profit was €27.4 (18.1) million, an increase of 51.6%. The comparable operating profit margin improved due to an improved product mix, reduced input cost and execution of the ongoing Group-wide transformation programme.

Share capital and shareholders

In January–September 2023, Uponor's share turnover on Nasdaq Helsinki was 20.6 (15.3) million shares, totalling €500.2 (257.1) million. The share quotation at the end of September was €28.44 (13.48), and the market capitalisation of the shares was €2,082 (987) million.

At the end September, there were a total of 14,571 (21,690) shareholders. Foreign shareholding in Uponor accounted for 46.6 (28.8) per cent of all shareholdings in the company at the end of the reporting period.

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.

Treasury shares

At the end of September, Uponor held 373,685 (530,950) of its own shares, representing approximately 0.5 (0.7) per cent of the company's shares and voting rights.

Flagging Notifications

On 18 July 2023, Uponor Corporation received a notification of a change in shareholding in accordance with Chapter 9, Section 5 of the Securities Market Act. According to the notification, holdings of Georg Fischer AG (Schaffhausen, Switzerland) in shares of Uponor Corporation had gone above the threshold of 5% on 17 July 2023 and is 4,173,876 shares representing 5.70% of the share capital and votes in the company.

Public tender offers for the shares in Uponor Corporation

On 17 April 2023, Uponor noted the announcement by Aliaxis S.A. regarding a non-binding intention to make a potential offer to acquire all shares in Uponor at an indicative price of €25.00 per share. On 26 April 2023, Uponor announced that the Board had unanimously decided to reject Aliaxis non-binding intention as the indicated offer price of €25.00 per share did not in the Board's opinion reflect the company's value and long-term prospects and was therefore not in the best interest of its shareholders.

On 16 May 2023, Uponor announced that subsequent to the Board's rejection of Aliaxis non-binding Intention, the Board had received indications of interest from other parties in relation to potential strategic transactions and was assessing whether such approaches could result in outcomes that would be in the best interest of the shareholders of Uponor. On 22 May 2023 Aliaxis announced a public tender offer (through a subsidiary Unari Holding Oy) to acquire all shares in Uponor at an offer price of €25.75 per share, which represented a 3.0% increase to their initial offer price. On the same day, the Board of Uponor unanimously decided to reject Aliaxis' public tender offer and concluded that the offer price included in the tender offer was insufficient.

On 12 June 2023, Georg Fischer Ltd. (GF) and Uponor Corporation announced entering into a combination agreement pursuant to which the GF would make a voluntary recommended public all-cash tender offer for all the issued and outstanding shares that are not held by Uponor or any of its subsidiaries at a price of €28.85 per share. GF initiated the tender offer for all the shares in Uponor on 26 June 2023.

Following GF's competing public tender offer, Aliaxis S.A. announced on 14 June 2023 withdrawing its public tender offer for Uponor.

On 19 July 2023, Uponor noted that Georg Fischer announced that the expiration of the Hart-Scott-Rodino waiting period in the United States occurred on 18 July 2023 at 11:59 p.m. ET. The expiration of the waiting period in the U.S. is an important milestone in the tender offer and, consequently, with respect to regulatory approvals.

On 31 August 2023, GF's tender offer period was extended to expire on 31 October 2023, at 4:00 p.m. (Finnish time).

As of 12 September 2023, GF adjusted the tender offer price to €28.50 per share following the second instalment of Uponor's dividend €0.35 for the fiscal year 2022.

Resolutions of the Annual General Meeting 2023

Uponor Corporation's Annual General Meeting was held in Helsinki on 17 March 2023. The general meeting approved the financial statements, considered the remuneration report, and discharged the members of the Board of Directors and the company's President & CEO from liability for the financial year 2022. The general meeting approved the Board of Directors proposal of €0.69 per share for the financial year 2022. The first instalment of €0.34 per share was paid on 28 March 2023 and the second instalment of €0.35 per share was paid on 20 September 2023.

The general meeting approved the authorisation for the Board of Directors to resolve on the repurchase of a maximum of 7,200,000 of the company's own shares amounting in total to approximately 9.8 per cent of the total number of shares in the company at the date of the general meeting. These shares will be bought back using funds from unrestricted equity. The general meeting further approved the authorisation for the Board of Directors to resolve on issuing a maximum of 7,200,000 new shares or transferring the company's own shares, amounting in total to approximately 9.8 per cent of the total number of shares in the company. The Board of Directors is authorised to resolve on all terms of the issuance of shares. These authorisations are valid until the end of the next annual general meeting, however, no longer than 18 months from the date of the general meeting.

The general meeting re-elected Annika Paasikivi, Johan Falk, Markus Lengauer, Michael G. Marchi and Susanne Skippari as Members of the Board. Hans Sohlström and Katja Keitaanniemi were elected as new members. Annika Paasikivi was elected as the Chair of the Board of Directors. In its organising meeting, the Board of Directors elected Markus Lengauer as Deputy Chair of the Board. Katja Keitaanniemi was elected as Chair and Michael G. Marchi and Hans Sohlström were elected as members of the Audit Committee. Paasikivi was elected as Chair and Susanne Skippari as member of the Personnel and Remuneration Committee. KPMG Oy Ab, a company of Authorised Public Accountants, was re-elected as the auditor of the company for the following term of office.

Further details about the Annual General Meeting are available at <https://www.uponorgroup.com/en-en/investors/governance/agm-2023>.

Significant events during the period

On 19 July 2023, due to structural changes and Uponor's robust financial performance in the first half of 2023, Uponor revised its full-year 2023 guidance. Uponor expects its comparable operating profit margin in 2023 to be at or above 11% (previously above 10%). Furthermore, due to the divestment of Uponor's District Energy business (approximately €40 million in annual net sales) and the closure of factory in Denmark, Uponor adjusted downwards its full-year 2023 net sales guidance range to €1,250–1,350 million (previously €1,300–1,400 million.)

On 31 August 2023, following the receipt of all relevant authority approvals Uponor completed acquisition of full ownership of Uponor Infra Oy from KWH Group and paid the acquisition price of approximately €60 million to KWH Group.

On 29 September 2023, Uponor announced that a total of 27,587 of Uponor Corporation's treasury shares were conveyed on 28 September 2023 without consideration to two key employees from the performance period 2020–2022 in accordance with the terms and conditions of the share-based incentive plan. The directed share issue is based on an authorization given by the Annual General Meeting held on 15 March 2022. Uponor announced in a stock exchange release published on 15 February 2023 that the conveyance of the shares will be executed in two sets. The first set of shares were transferred on 20 February 2023 in accordance with the terms and conditions of the 2020–2022 share-based incentive plan.

Significant events after the period

On 15 October 2023, Uponor Corporation received a notification of a change in shareholding in accordance with Chapter 9, Section 5 of the Securities Market Act. According to the notification, holdings of Georg Fischer AG (Schaffhausen, Switzerland) in shares of Uponor Corporation had gone above the threshold of 10% on 13 October 2023 and is 7,336,068 shares representing 10.02% of the share capital and votes in the company.

On 20 October 2023, Uponor noted GF's announcement regarding the European Commission that had granted an unconditional merger clearance regarding the Tender Offer. The approval is an important milestone and further enhances the certainty for the completion the Tender Offer.

On 25 October 2023, Uponor announced the appointment of Jonas Brennwald (b. 1968, Swedish and Swiss citizen, B.Sc. Marketing) as new President of the Building Solutions – Europe division and a member of the Executive Committee as of 1 January 2024. He will be based in Frankfurt, Germany, and report to Michael Rauterkus, President and CEO, Uponor Corporation.

Short-term risks and uncertainties

Uponor is exposed to risks and uncertainties which may have a negative impact on Uponor's operations, performance, financial position and sources of capital. For example, the following risks could potentially have an impact on Uponor's business:

The outlook for 2023 continues to be volatile with many uncertainties related to the general economic development with high inflation, labour shortages, rising mortgage rates notably in North America, the impacts of the geopolitical turmoil and current energy crisis in Europe.

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. Uponor aims to pass most of the effects of such fluctuations onto its selling prices with a reasonable delay.

Uponor is subject to risks related to macroeconomic and geopolitical conditions. Political uncertainties may cause serious disruption and additional trade barriers to Uponor's operations or supply chain and thus affect e.g., the company's sales and credit risk. Economic downturns may increase trade customers' payment problems and Uponor may need to recognize impairment of trade receivables. The credit risk of customers is mitigated by having well-developed practices for customer credit risk management including the use of credit insurance where applicable.

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: water and 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 the more cyclical new construction. Management uses scenario planning to identify and manage actions to handle potential economic downturns.

Compliance with laws and regulations is top priority within Uponor. Non-compliance with legislation and regulations may lead to fines as well as reputational and business risk to Uponor. Uponor can be exposed to different judicial proceedings. Two product-related lawsuits with class allegations filed in the autumn of 2021 remain pending against Uponor and a third lawsuit with similar class allegations was filed in Q2 2023 in the United States. Uponor has been successful thus far in its defence of the cases, which are essentially identical, but they remain in their early stages. As such, it remains uncertain what impact, if any, the cases will have on Uponor. In September 2022, the Finnish Competition and Consumer Authority (FCCA) proposed that the Market Court would impose competition infringement fines to its subsidiaries Uponor Infra Oy (€8.5 million) and Uponor Suomi Oy (€5 million) concerning alleged violations of the Competition Act. Market Court hearings

were held during Q2, but no ruling has yet been issued. Uponor deems the claims to be without foundation, and no provisions have been made to the proposed fines.

Uponor has 14 manufacturing facilities in Europe and North America, which exposes the company to possible environmental risks. Uponor mitigates environmental risks by means of training and implementing ISO 14001, ISO 9001 and ISO 50001 processes and certifications in its manufacturing facilities. As Uponor's manufacturing facilities are located inland and further away from areas which are more exposed to extreme weather conditions, the company has no material physical risks related to climate change.

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.

Uponor's operations and services rely heavily on different software and data networks. Cybercrime, malfunctions or other security related breaches having an impact to Uponor's core systems or sensitive data may result adversely in Uponor's business and financial positions as well as lead to reputational damage.

A more detailed risk analysis can be found from www.uponorgroup.com > Investors > Uponor as an investment.

Long-term financial targets

Net sales: > 4% annual organic growth
Profitability: > 12% comparable operating margin
Capital structure: gearing 40–80%
Dividend: growing

The financial targets are linked to managements' STI and LTI programs.

ESG targets by 2027

75% reduction in greenhouse gas emission in own operations compared to the 2019 level
20% reduction in greenhouse gas emissions in supply chain compared to the 2019 level
Net-zero by 2040
A sustainable alternative for 50% of the portfolio
40% both male and female in Top 50 management positions
Top tier engagement scores
Zero accident ambition
Collaboration with top 25 customers to strengthen impact
Impactful social programs in all business divisions

The ESG targets are linked to managements' STI and LTI programs.

Helsinki, 25 October 2023

Uponor Corporation
Board of Directors

Table part

This interim financial 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 2022. 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€	1-9/2023	1-9/2022	7-9/2023	7-9/2022	1-12/2022
Net sales	943.4	1,109.7	298.5	364.0	1,386.2
Cost of goods sold	566.2	697.7	177.3	231.4	882.3
Gross profit	377.2	412.0	121.2	132.5	503.9
Other operating income	15.3	0.5	0.9	0.3	1.5
Dispatching and warehousing expenses	27.1	28.5	8.5	9.7	38.3
Sales and marketing expenses	161.4	165.4	53.2	54.1	213.2
Administration expenses	61.8	60.5	22.1	18.0	83.3
Other operating expenses	24.5	24.2	5.5	6.6	35.2
Operating profit	117.8	134.0	32.8	44.4	135.5
Financial expenses, net	4.1	-0.7	0.2	-1.3	1.0
Share of results in associated companies and joint ventures	0.1	0.2	0.1	0.1	0.4
Profit before taxes	113.8	134.9	32.7	45.8	134.9
Income taxes	33.3	38.9	9.8	12.7	37.4
Profit for period	80.5	95.9	22.9	33.1	97.5
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Re-measurements on defined benefit pensions, net of taxes	-	-	-	-	2.4
Items that may be reclassified subsequently to profit or loss					
Translation differences	3.7	15.2	4.2	7.2	-1.7
Cash flow hedges, net of taxes	-6.1	11.4	-1.6	3.4	4.3
Other comprehensive income for the period, net of taxes	-2.4	26.6	2.7	10.5	5.0
Total comprehensive income for the period	78.1	122.5	25.5	43.6	102.5
Profit/loss for the period attributable to					
- Equity holders of parent company	73.3	86.3	21.4	29.2	88.0
- Non-controlling interest	7.1	9.7	1.4	3.8	9.5
Total comprehensive income for the period attributable for					
- Equity holders of parent company	71.6	113.9	23.9	40.2	94.6
- Non-controlling interest	6.5	8.7	1.6	3.4	7.9
Earnings per share, €	1.01	1.19	0.29	0.40	1.21
Diluted earnings per share, €	1.01	1.19	0.29	0.40	1.21

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

M€	30 Sep 2023	30 Sep 2022	31 Dec 2022
Assets			
Non-current assets			
Property, plant and equipment	294.5	306.7	304.7
Intangible assets	107.8	111.7	111.1
Investments in associates and joint ventures	0.5	0.4	0.5
Other securities and non-current receivables	2.6	10.3	4.0
Deferred tax assets	23.1	16.4	17.8
Total non-current assets	428.5	445.4	438.1
Current assets			
Inventories	190.7	240.0	220.3
Accounts receivable	230.3	250.3	176.7
Other receivables	33.1	40.5	67.8
Cash and cash equivalents	81.1	53.5	65.5
Total current assets	535.3	584.2	530.3
Assets held for sale	-	10.9	1.5
Total assets	963.8	1,040.5	969.8
Equity and liabilities			
Equity			
Equity attributable to the owners of the parent company	479.4	480.0	460.7
Non-controlling interest	-	74.7	73.9
Total equity	479.4	554.8	534.7
Non-current liabilities			
Interest-bearing liabilities	107.3	97.6	103.2
Deferred tax liability	4.6	7.7	7.4
Provisions	37.2	31.0	30.9
Employee benefits and other liabilities	14.6	19.0	14.8
Total non-current liabilities	163.8	155.3	156.3
Current liabilities			
Interest-bearing liabilities	30.6	11.0	10.8
Provisions	23.7	21.3	21.0
Accounts payable	81.0	97.9	93.7
Other liabilities	185.4	197.4	152.2
Total current liabilities	320.6	327.6	277.7
Liabilities related to assets held for sale	-	2.9	1.1
Total equity and liabilities	963.8	1,040.5	969.8

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

M€	1-9/2023	1-9/2022	1-12/2022
Cash flow from operations			
Net cash from operations	145.9	172.0	193.1
Change in net working capital	11.6	-76.8	-54.5
Income taxes paid	-28.4	-32.4	-48.7
Interest paid	-3.9	-2.3	-2.8
Interest received	2.8	0.4	1.2
Cash flow from operations	127.9	60.8	88.4
Cash flow from investments			
Disposals of subsidiaries and businesses	24.5	-	-
Purchase of fixed assets	-17.4	-35.4	-50.5
Proceeds from sale of fixed assets	3.6	0.6	0.9
Loans granted and repaid	-0.0	0.0	0.1
Dividends received	0.2	0.4	0.5
Cash flow from investments	10.9	-34.4	-49.1
Cash flow from financing			
Borrowings of debt	-	0.3	0.3
Repayment of debt	-0.0	-4.3	-4.3
Change in other short-term loan	19.8	0.0	0.0
Dividends paid	-73.5	-51.4	-51.4
Acquisition of NCI	-60.0	-	-
Payment of lease liabilities	-9.6	-10.0	-13.2
Cash flow from financing	-123.4	-65.5	-68.6
Conversion differences for cash and cash equivalents	0.1	2.3	0.1
Change in cash and cash equivalents	15.6	-36.7	-29.2
Cash and cash equivalents at 1 January	65.5	98.1	98.1
Cash classified as assets held for sale	-	-8.0	-3.4
Cash and cash equivalents at end of period	81.1	53.5	65.5
Changes according to balance sheet	15.6	-36.7	-29.2

STATEMENT OF CHANGES IN EQUITY

M€	A	B	C	D	E	F	G	H	I
Balance at 1 Jan 2023	146.4	50.2	7.8	-6.7	-11.0	274.0	460.7	73.9	534.7
Profit for the period						73.3	73.3	7.1	80.5
Other comprehensive income for the period			-6.1	4.4		0.0	-1.7	-1.0	-2.7
Dividend (€0.69 per share)						-50.2	-50.2		-50.2
Dividend paid to non-controlling interest								-23.3	-23.3
Share-based incentive plan					2.9	-2.5	0.4		0.4
Acquisition of NCI						-3.1	-3.1	-56.9	-60.0
Balance at 30 Sep 2023	146.4	50.2	1.7	-2.3	-8.1	291.5	479.4	0.0	479.4
Balance at 1 Jan 2022	146.4	50.2	3.5	-6.6	-12.0	233.2	414.6	68.7	483.4
Profit for the period						86.3	86.3	9.7	95.9
Other comprehensive income for the period			11.4	16.2		0.0	27.6	-1.0	26.6
Dividend (€0.67 per share)						-48.7	-48.7		-48.7
Dividend paid to non-controlling interest								-2.7	-2.7
Share-based incentive plan					1.0	-0.7	0.3		0.3
Balance at 30 Sep 2022	146.4	50.2	14.9	9.6	-11.0	270.0	480.1	74.7	554.8

*) 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 report reports, Uponor Group follows the same principles as in the annual financial statements for 2022.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

M€	30 Sep 2023	30 Sep 2022	31 Dec 2022
Gross investment	17.4	35.4	50.5
- % of net sales	1.8	3.2	3.6
Book value of disposed fixed assets	3.6	0.6	1.0
Depreciation and impairments	38.6	39.7	54.5

PERSONNEL

	1-9/2023	1-9/2022	1-12/2022
Converted to full time employees			
Average	3,761	4,255	4,214
At the end of the period	3,601	4,195	4,055

OWN SHARES

	30 Sep 2023	30 Sep 2022	31 Dec 2022
Own shares held by the company, pcs	373,685	530,950	530,950
- of share capital, %	0.5	0.7	0.7
- of voting rights, %	0.5	0.7	0.7
Accounted par value of own shares held by the company, M€	0.7	1.1	1.1

Division information	1-9/2023			1-9/2022		
	External	Internal	Total	External	Internal	Total
M€						
Net sales by division						
Building Solutions – Europe	386.7	1.8	388.5	477.0	2.6	479.5
Building Solutions – North America	377.0	-	377.0	389.2	-	389.2
Uponor Infra	179.8	1.4	181.1	243.5	2.1	245.6
Eliminations	-	-3.2	-3.2	-	-4.7	-4.7
Total	943.4	-	943.4	1,109.7	-	1,109.7

Division information	7-9/2023			7-9/2022		
	External	Internal	Total	External	Internal	Total
M€						
Net sales by division						
Building Solutions – Europe	106.5	0.6	107.0	140.3	0.9	141.2
Building Solutions – North America	130.9	-	130.9	140.5	-	140.5
Uponor Infra	61.1	0.3	61.4	83.2	0.7	83.9
Eliminations	-	-0.9	-0.9	-	-1.6	-1.6
Total	298.5	-	298.5	364.0	-	364.0

Division information	1-12/2022		
	External	Internal	Total
M€			
Net sales by division			
Building Solutions – Europe	596.2	3.0	599.2
Building Solutions – North America	479.8	-	479.8
Uponor Infra	310.2	2.6	312.8
Eliminations	-	-5.6	-5.6
Total	1,386.2	-	1,386.2

M€	1-9/2023	1-9/2022	7-9/2023	7-9/2022	1-12/2022
Operating profit by division					
Building Solutions – Europe	27.9	50.9	4.6	13.7	44.0
Building Solutions – North America	71.2	70.7	24.9	23.2	77.5
Uponor Infra	27.4	18.1	8.8	8.9	23.1
Others	-10.2	-6.4	-5.3	-1.3	-8.2
Eliminations	1.5	0.7	-0.3	-0.2	-0.9
Total	117.8	134.0	32.8	44.4	135.5

M€	1-9/2023	1-9/2022	1-12/2022
Division depreciation and impairments			
Building Solutions – Europe	15.5	16.4	22.7
Building Solutions – North America	15.2	14.4	19.5
Uponor Infra	6.9	7.8	10.7
Others	1.0	1.1	1.6
Eliminations	-	-	-
Total	38.6	39.7	54.5

Division investments			
Building Solutions – Europe	5.2	9.7	13.4
Building Solutions – North America	6.5	19.0	25.7
Uponor Infra	4.0	4.5	8.3
Others	1.7	2.1	3.1
Eliminations	-	-	-
Total	17.4	35.4	50.5

M€	30 Sep 2023	30 Sep 2022	31 Dec 2022
Division assets			
Building Solutions – Europe	460.7	531.4	514.5
Building Solutions – North America	406.0	401.2	355.0
Uponor Infra	181.0	227.5	205.1
Others	379.9	392.6	390.2
Eliminations	-463.7	-512.1	-494.9
Total	963.8	1,040.5	969.8

Division liabilities			
Building Solutions – Europe	376.0	379.2	384.3
Building Solutions – North America	231.9	253.2	234.0
Uponor Infra	61.4	80.3	54.1
Others	300.8	298.7	279.6
Eliminations	-485.7	-528.6	-517.9
Total	484.4	482.9	434.0

	1-9/2023	1-9/2022	1-12/2022
Division personnel, average			
Building Solutions – Europe	1,996	2,206	2,192
Building Solutions – North America	885	1,051	1,036
Uponor Infra	749	861	850
Others	133	137	136
Total	3,761	4,255	4,214

Reconciliation			
M€	1-9/2023	1-9/2022	1-12/2022
Operating profit by division			
Total result for reportable divisions	126.5	139.7	144.6
Others	-10.2	-6.4	-8.2
Eliminations	1.5	0.7	-0.9
Operating profit	117.8	134.0	135.5
Financial expenses, net	4.1	-0.7	1.0
Share of results in associated companies and joint ventures	0.1	0.2	0.4
Profit before taxes	113.8	134.9	134.9

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€	1-9/2023			1-9/2022		
	Sale of goods	Rendering of services	Total	Sale of goods	Rendering of services	Total
Revenue from contract with customers by division						
Building Solutions – Europe	383.7	3.0	386.7	471.3	5.7	477.0
Building Solutions – North America	377.0	-	377.0	389.2	-	389.2
Uponor Infra	171.7	8.1	179.8	226.3	17.2	243.5
External customer, total	932.3	11.1	943.4	1,086.8	22.9	1,109.7
Internal	3.2		3.2	4.7		4.7
Total	935.5	11.1	946.6	1,091.5	22.9	1,114.4
Eliminations	-3.2		-3.2	-4.7		-4.7
Total revenue from contracts with customer	932.3	11.1	943.4	1,086.8	22.9	1,109.7

M€	7-9/2023			7-9/2022		
	Sale of goods	Rendering of services	Total	Sale of goods	Rendering of services	Total
Revenue from contract with customers by division						
Building Solutions – Europe	105.9	0.6	106.5	138.5	1.8	140.3
Building Solutions – North America	130.9	-	130.9	140.5	-	140.5
Uponor Infra	58.4	2.7	61.1	74.6	8.6	83.2
External customer, total	295.1	3.3	298.5	353.7	10.3	364.0
Internal	0.9		0.9	1.6		1.6
Total	296.0	3.3	299.3	355.3	10.3	365.6
Eliminations	-0.9		-0.9	-1.6		-1.6
Total revenue from contracts with customer	295.1	3.3	298.5	353.7	10.3	364.0

M€	1–12/2022		
	Sale of goods	Rendering of services	Total
Revenue from contract with customers by division			
Building Solutions – Europe	588.8	7.4	596.2
Building Solutions – North America	479.8	-	479.8
Uponor Infra	289.3	20.9	310.2
External customer, total	1,357.8	28.3	1,386.2
Internal	5.6		5.6
Total	1,363.5	28.3	1,391.8
Eliminations	-5.6		-5.6
Total revenue from contracts with customer	1,357.8	28.3	1,386.2

COMMITMENTS

M€	30 Sep 2023	30 Sep 2022	31 Dec 2022
Commitments of purchase PPE (Property, plant, equipment)	8.3	8.2	4.0
- on own behalf			
Mortgages issued	0.9	0.9	0.9
Guarantees issued	0.2	0.3	0.2
- on behalf of a subsidiary			
Guarantees issued	11.7	13.1	12.7
Letter of Comfort commitments undertaken on behalf of subsidiaries are not included in the above figures			
Mortgages issued	0.9	0.9	0.9
Guarantees issued	11.9	13.3	12.8
Total	12.8	14.3	13.8

FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY

M€	IFRS 7 Fair value hierarchy level	30 Sep 2023	30 Sep 2022	31 Dec 2022
Non-current financial assets				
Fair value through other comprehensive income				
Electricity derivatives	1	0.2	3.4	1.6
Amortised cost				
Other non-current receivables		0.8	5.1	0.8
Other shares and holdings		1.6	1.7	1.6
Current financial assets				
Fair value through other comprehensive income				
Electricity derivatives	1	0.3	11.7	6.3
Fair value through profit or loss				
Other derivative contracts	2	3.5	5.5	5.9
Amortised cost				
Accounts receivable and other receivables		250.4	269.8	219.5
Cash and cash equivalents		81.1	53.5	65.5
Financial assets total		338.0	350.8	301.1
Non-current financial liabilities				
Fair value through other comprehensive income				
Electricity derivatives	1	0.1	-	-
Amortised cost				
Interest bearing liabilities		107.3	97.6	103.2
Current financial liabilities				
Fair value through other comprehensive income				
Electricity derivatives	1	0.2	-	-
Other derivative contracts	2	-	0.0	0.0
Fair value through the profit or loss				
Other derivative contracts	2	2.2	4.7	2.2
Amortised cost				
Interest bearing liabilities		30.6	11.0	10.8
Accounts payable and other liabilities		143.1	156.4	147.3
Financial liabilities total		283.5	269.7	263.4

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

	1-9/2023	1-9/2022	1-12/2022
Earnings per share, €	1.01	1.19	1.21
Operating profit, %	12.5	12.1	9.8
Return on equity, % (p.a.)	21.2	24.6	19.1
Return on investment, % (p.a.)	25.0	29.1	22.2
Solvency ratio, %	49.8	53.4	55.2
Gearing, %	11.9	9.9	9.1
Gearing, % rolling 4 quarters	7.9	11.9	13.1
Net interest-bearing liabilities	56.8	55.2	48.5
Equity per share, €	6.58	6.60	6.34
- diluted	6.58	6.60	6.34
Trading price of shares			
- low, €	15.85	12.29	12.29
- high, €	30.68	21.74	21.74
- average, €	24.24	16.82	16.25
Shares traded			
- 1,000 pcs	20,630	15,325	20,549
- M€	500.2	257.1	333.2

QUARTERLY DATA

	7-9/ 2023	4-6/ 2023	1-3/ 2023	10-12/ 2022	7-9/ 2022	4-6/ 2022	1-3/ 2022
Net sales, M€	298.5	315.6	329.4	276.5	364.0	396.2	349.5
- Building Solutions – Europe	107.0	131.6	149.8	119.7	141.2	175.9	162.4
- Building Solutions – North America	130.9	121.4	124.7	90.6	140.5	125.3	123.4
Building Solutions – North America, \$	141.7	131.7	134.3	92.7	141.2	132.2	137.6
- Uponor Infra	61.4	63.5	56.1	67.2	83.9	96.3	65.4
Gross profit, M€	121.2	125.8	130.2	92.0	132.5	145.7	133.7
- Gross profit, %	40.6	39.9	39.5	33.3	36.4	36.8	38.3
Operating profit, M€	32.8	35.5	49.5	1.4	44.4	42.8	46.8
- Building Solutions – Europe	4.6	9.6	13.7	-7.0	13.7	16.9	20.3
- Building Solutions – North America	24.9	23.8	22.4	6.8	23.2	23.2	24.3
Building Solutions – North America, \$	27.0	25.8	24.2	6.7	23.2	24.4	27.1
- Uponor Infra	8.8	6.5	12.1	5.1	8.9	7.5	1.6
- Others	-5.3	-3.5	-1.5	-1.8	-1.3	-3.3	-1.7
Operating profit, % of net sales	11.0	11.2	15.0	0.5	12.2	10.8	13.4
- Building Solutions – Europe	4.3	7.3	9.1	-5.8	9.7	9.6	12.5
- Building Solutions – North America	19.0	19.6	18.0	7.2	16.4	18.5	19.7
- Uponor Infra	14.3	10.2	21.6	7.6	10.6	7.8	2.5
Profit for the period, M€	22.9	23.5	34.1	1.5	33.1	29.6	33.3
Balance sheet total, M€	963.8	1,035.5	990.3	969.8	1,040.5	1,040.8	967.2
Earnings per share, €	0.29	0.29	0.43	0.02	0.40	0.34	0.45
Equity per share, €	6.58	6.28	5.99	6.34	6.60	6.05	5.51
Market value of share capital, M€	2,082.0	2,096.6	1,246.7	1,216.0	986.8	964.1	1,343.3
Return on investment, % (p.a.)	25.0	25.3	30.7	22.2	29.1	29.8	31.8
Net interest-bearing liabilities at the end of the period, M€	56.8	20.4	35.9	48.5	55.2	77.0	85.9
Gearing, %	11.9	3.8	7.0	9.1	9.9	15.1	18.4
Gearing, % rolling 4 quarters	7.9	7.5	10.3	13.1	11.9	8.0	4.0
Gross investment, M€	5.1	7.1	5.2	15.1	10.8	14.5	10.2
- % of net sales	1.7	2.2	1.6	5.5	3.0	3.6	2.9

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/ 2023	4-6/ 2023	1-3/ 2023	10-12/ 2022	7-9/ 2022	4-6/ 2022	1-3/ 2022
Items affecting comparability							
Restructuring charges	-3.3	-5.9	4.0	-9.6	-0.5	-7.7	-0.4
Capital gains and losses on sale of non-current assets	-	-	-	-	-	-	-
Total items affecting comparability in operating profit	-3.3	-5.9	4.0	-9.6	-0.5	-7.7	-0.4
Items affecting comparability, total	-3.3	-5.9	4.0	-9.6	-0.5	-7.7	-0.4
Comparable gross profit							
Gross profit	121.2	125.8	130.2	92.0	132.5	145.7	133.7
Less: Items affecting comparability in gross profit	-0.4	-1.5	-1.7	-1.0	0.0	-0.2	-0.1
Comparable gross profit	121.6	127.3	131.9	93.0	132.5	146.0	133.8
% of sales	40.7	40.3	40.1	33.6	36.4	36.8	38.3
Comparable operating profit							
Operating profit	32.8	35.5	49.5	1.4	44.4	42.8	46.8
Less: Items affecting comparability in operating profit	-3.3	-5.9	4.0	-9.6	-0.5	-7.7	-0.4
Comparable operating profit	36.1	41.4	45.5	11.0	44.9	50.5	47.2
% of sales	12.1	13.1	13.8	4.0	12.3	12.7	13.5
Comparable operating profit by division							
Building Solutions – Europe							
Operating profit	4.6	9.6	13.7	-7.0	13.7	16.9	20.3
Less: Items affecting comparability in operating profit	-0.8	-3.3	-5.3	-6.3	-0.5	-7.2	-0.3
Comparable operating profit	5.5	12.9	19.0	-0.7	14.3	24.2	20.6
% of sales	5.1	9.8	12.6	-0.6	10.1	13.7	12.7
Building Solutions – North America							
Operating profit	24.9	23.8	22.4	6.8	23.2	23.2	24.3
Less: Items affecting comparability in operating profit	-0.4	-0.2	-0.5	-0.4	-	0.0	0.0
Comparable operating profit	25.3	24.0	23.0	7.2	23.2	23.2	24.3
% of sales	19.4	19.8	18.4	8.0	16.5	18.5	19.7
Uponor Infra							
Operating profit	8.8	6.5	12.1	5.1	8.9	7.5	1.6
Less: Items affecting comparability in operating profit	0.3	0.0	11.0	-0.1	0.0	-0.1	-
Comparable operating profit	8.5	6.4	1.1	5.2	8.9	7.7	1.6
% of sales	13.8	10.1	2.0	7.8	10.6	8.0	2.5
Others							
Operating profit	-5.3	-3.5	-1.5	-1.8	-1.3	-3.3	-1.7
Less: Items affecting comparability in operating profit	-3.5	-2.1	-0.2	-1.2	0.0	-0.3	-0.1
Comparable operating profit	-1.7	-1.4	-1.3	-0.7	-1.3	-3.1	-1.7
% of sales	na	na	na	na	na	na	na

DEFINITIONS OF KEY RATIOS

Return on Equity (ROE), %

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

Return on Investment (ROI), %

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

Solvency, %

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

Gearing, %

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

Net interest-bearing liabilities

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

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

$$= \text{Gross profit} - \text{items affecting comparability}$$

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

$$\begin{array}{l} \text{Comparable operating profit} \\ = \text{Operating profit – items affecting comparability} \end{array}$$

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