FINANCIAL STATEMENTS
1 Jan-31 Dec 2015
Uponor Corporation

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Markets

In general, construction activity in Uponor's markets remained subdued during 2015, with no significant growth from the previous year. Although construction accelerated markedly in a few key markets, such as the USA, the Netherlands and Sweden, most markets showed few signs of noteworthy recovery from their already constrained levels of economic activity.

Within the Nordic countries, developments varied significantly by country. New residential building continued to expand at a robust rate in Sweden and showed some progress in Denmark and Norway, but continued to contract in Finland. Meanwhile, new non-residential building was subdued across the area, with all countries except Denmark shrinking from 2014. The downturn has not affected renovation, which is steadily growing in both the residential and non-residential segments. Civil engineering spending was flat with the exception of Norway, where investments in roads and water works compensated for declines in energy-related projects.

Developments within the markets of Central Europe were also mixed. Germany achieved some minor year-on-year growth in the new residential segment, but this was largely muted by flat development in the much larger residential renovation segment. Stagnation in non-residential building offset small residential gains, leaving the overall construction market flat. On a more positive note, the Netherlands continued its recovery by posting noteworthy growth across most construction segments.

In Southwest Europe, growth in the UK's new residential segment slowed considerably from 2014, remained weak in France and Italy, and made minor gains in Iberia. Residential renovation was largely flat across the area. In non-residential building, the renovation segment was able to offset the flat new build development to some extent.

In Eastern Europe, continued economic and political instability in Russia took a toll on the residential and non-residential building segments, with consumers and businesses becoming increasingly cautious. Construction spending in the Baltic countries also fell overall in both the building and civil engineering segments. In contrast, some of the larger East-Central European countries, such as Poland and the Czech Republic, were able to post year-on-year growth.

The general slowdown in global growth, especially in developing countries, was reflected in Uponor's export markets, where investments in residential and non-residential projects were negatively impacted.

In North America, growth continued in the USA across nearly all construction segments. Following three years of robust improvement, new residential construction remained strong, but the growth rate began to slow slightly. Meanwhile, sustained improvements in business and consumer confidence led to substantial investments in the non-residential segment. Despite expectations to the contrary, the residential segment in Canada continued to develop well during the year. However, falling energy prices negatively impacted on activity in some areas of the non-residential and civil engineering segments.

Net sales

Uponor's 2015 consolidated net sales from continuing operations amounted to €1,050.8 (2014: €1,023.9) million, up 2.6% year-on-year. In organic terms, i.e. adjusting for the divestment of Uponor Infra's Thai and Extron business units in the 2014 figures, Uponor's consolidated net sales grew by 5.2%. Based on a constant currency comparison, there was a €+35.0 million difference in full-year net sales. This was mainly due to the positive impact from the USD, but also CAD and GBP, while the main negative influence came from RUB.

Building Solutions – Europe's net sales declined by -2.5%, reflecting the weak performance in the first three quarters of the year. Notwithstanding the short-term pick-up in demand in the last two months of the year, European markets have generally remained flat, with Sweden and the Netherlands standing out as the few brighter spots. The strength of the fourth quarter 2015 was supported by mild weather especially in northern Europe, some pre-stocking among customers, as well as the timing of commercial projects in Germany.

Through a series of manufacturing expansions over recent few years, Building Solutions – North America has been able to sustain sturdy net sales growth over a lengthy period of time, and 2015 was no exception. Due to currency changes, reported net sales in euro were particularly strong. Net sales developed healthily in the U.S., driven by the plumbing business in particular. Thanks to a strong final quarter, the Canadian business also posted growth, mainly driven by significant new product innovations in the indoor climate segment of the market.

Uponor Infra's net sales for 2015 saw a clear decline, a bit over half of which originated in the divested Thai and Extron business units, which had combined net sales in 2014 of €28.6 million. The segment's continuing net sales decline was mainly driven by weak development in Poland and Canada.

Within the business groups, the share of Plumbing Solutions represented 45% (39%), Indoor Climate Solutions 25% (27%), while Infrastructure Solutions represented 30% (34%) of Group net sales.

Net sales by segment for 1 January – 31 December 2015:

M€	1–12 2015	1–12 2014	Reported change
Building Solutions – Europe	467.1	479.1	-2.5%
Building Solutions – North America	275.8	200.8	37.4%
(Building Solutions – North America (M$)	304.6	265.2	14.8%)
Uponor Infra	312.0	351.3	-11.2%
Eliminations	-4.1	-7.3	
Total	1,050.8	1,023.9	2.6%

Measured in terms of reported net sales, and their respective share of Group net sales, the 10 largest countries were as follows (2014 figures in brackets): the USA 23.9% (17.6%), Germany 13.0% (13.9%), Finland 11.8% (13.2%), Sweden 8.9% (9.2%), Canada 7.9% (8.2%), Denmark 4.5% (4.7%), the Netherlands 3.5% (3.1%), the United Kingdom 3.4% (3.5%), Norway 2.9% (3.6%), and Spain 2.8% (2.8%).

Results

The consolidated full-year gross profit ended at €370.2 (340.1) million, a change of €30.1 million or 8.9%. The gross profit margin came to 35.2% (33.2%). The main influencer of this trend was the larger relative share of the North American building solutions business and, in terms of Uponor Infra, the sales growth of the strategically important designed solutions and successful pricing in a volatile resin price environment.

Consolidated operating profit came to €71.4 (63.4) million, up 12.6% from the previous year. The operating profit margin improved slightly, coming to 6.8% (6.2%) of net sales. Currency exchange rates had a €7.5 million positive translation impact on the improvement in full-year operating profit.

Overhead cost development was mainly influenced by two factors, the first being growth in Building Solutions - North America, exaggerated by currency translation, and the other being non-recurring

items relating to the implementation of the transformation programmes in the European segments. In addition, results of past and ongoing cost saving initiatives are visible in the underlying numbers.

Operating profit was burdened by €6.2 (5.9) million in non-recurring costs and included non-recurring gains for the amount of €1.9 (1.7) million, bringing the net amount to €4.3 (4.3) million. Of these, €3.6 (3.7) million was reported in Building Solutions – Europe and €0.7 (0.6) million in Uponor Infra. The non-recurring items in 2015 were mainly related to provisions and impairments in connection with the ongoing transformation programmes in both segments, while Uponor Infra benefited from gains from the divested businesses. In Building Solutions – Europe, the initiatives related to the streamlining programme announced on 21 July 2015 have mostly been completed, with the exception of those relating to the German business operations, where consultations with the works council are ongoing. Any streamlining initiatives to be implemented in Germany will be reported as part of the transformation programme, announced on 26 November 2015.

Excluding any non-recurring items, consolidated operating profit was €75.8 (67.7) million, an increase of 11.9%. Similarly, excluding any non-recurring items, Building Solutions – Europe's operating profit came to €27.6 (38.7) million, while Uponor Infra reported a slightly positive €0.9 (0.0) million.

The volatility of input costs, especially those of plastic resins, has continued to be high and average prices remain high according to a longer term comparison. Regardless of the dramatic drop witnessed in global oil prices, plastic resin prices in Europe, in particular, have remained high due to resin manufacturers' capacity constraints and the resulting bottle-necks in deliveries.

Operating profit by segment for 1 January – 31 December 2015:

M€	1-12/ 2015	1-12/ 2014	Reported change
Building Solutions – Europe	24.0	35.0	-31.4%
Building Solutions – North-America	51.0	31.5	61.9%
(Building Solutions – North-America (M$)	56.3	41.6	35.4%)
Uponor Infra	0.2	-0.5	142.0%
Others	-3.8	-2.6	
Eliminations	0.0	0.0	
Total	71.4	63.4	12.6%

Uponor's net financial expenses came to €8.9 (€7.4) million. Net currency exchange differences in 2015 totalled €-3.4 (-1.2) million.

Profit before taxes was €62.8 (56.3) million. At a tax rate of 40.9% (35.5%), income taxes totalled €25.7 (20.0) million. The 2015 income taxes include €1.6 million in taxes paid in Estonia due to dividends distributed as well as an additional €0.5 million deferred tax liability related to remaining retained earnings in the Estonian subsidiaries, corresponding to a one-time effective tax rate increase of 3.3 percentage points. In addition, the share of North American business with a relatively higher income tax rate has increased.

Profit for the period totalled €36.9 (36.0) million, of which continuing operations accounted for €37.1 (36.3) million.

Return on equity declined to 12.1% (12.3%). Return on investment reached 15.5% (14.2%).

Earnings per share were €0.51 (0.50), and €0.51 (0.50) for continuing operations. Equity per share was €3.39 (3.16). For other share-specific information, please see the Tables section.

Consolidated cash flow from operations was €58.2 (75.7) million, while cash flow before financing came to €16.5 (45.1) million. The change was mainly driven by increased net sales in the last two

months of the year resulting in higher accounts receivable, as well as an increase of €13 million in paid taxes. In line with the profit improvement, net cash from operations improved from €99.0 million in 2014 to €105.6 million in 2015.

Key figures are reported for a five-year period in the financial section.

Investment, research and development, and financing

Uponor's largest investment in fixed assets in 2015 was its sixth expansion of manufacturing capacity in the Apple Valley facility in Minnesota, which is part of Building Solutions – North America. This building project was completed during the fourth quarter of 2015.

In terms of capital expenditure, Uponor aims to maintain a balance between targeting resources at the most viable opportunities, while keeping overall investment levels tight. A high proportion of the funds spent are being directed towards selected productivity improvements and maintenance.

In 2015, gross investment in fixed assets totalled €50.1 (35.7) million, an increase of €14.4 million year on year. Of this, €18.6 million comes from the manufacturing expansion ongoing in North America. In addition to the increase from the strengthening U.S. dollar, also other currency changes influenced investment numbers reported in euro. Net investments totalled €49.2 (32.1) million.

Research and development costs amounted to €18.5 (16.3) million, or 1.8% (1.6%) of net sales.

The main existing funding programmes on 31 December 2015 included an €80 million bond maturing in 2018 and a €20 million bond maturing in 2016. With existing bond issues, Uponor has balanced the maturity structure and diversified its sources of funding. In addition to these, Uponor Infra Oy took out a loan of €35 million on 1 July 2013 in order to finance its operations, €11 million of which was outstanding at the end of 2015.

Committed bilateral revolving credit facilities, which will mature in 2019-2020, totalled €200 million; none of these back-up facilities were used during the year.

For short-term funding needs, Uponor’s main source is its domestic commercial paper programme, totalling €150 million, none of which was outstanding on the balance sheet date. At the end of the year, Uponor had €49.2 (60.2) million in cash and cash equivalents.

Accounts receivable and credit risks received special attention throughout the year. The amount of bad debt remained low at €0.6 (0.7) million.

Consolidated net interest-bearing liabilities went up to €91.3 (82.0) million. The solvency ratio was 44.3% (43.9%) and gearing came to 29.3% (27.6%). Average quarterly gearing was 40.4 (45.8), in line with the range of 30-70 set in the company's financial targets.

Events during the period

On 25 February 2015, Uponor announced Uponor Infra's divestment of its majority shareholding in Wiik & Hoeglund PLC of Thailand. Furthermore, on 30 March it was announced that Uponor Infra Oy has divested its fully owned Finnish subsidiary, Extron Engineering Oy, a specialist in machinery for the plastic products industry. Despite the divestment, Uponor Infra will continue to license and sell certain technologies relevant to the infrastructure business. Both divestments were based on a strategy of focusing on markets where Uponor Infra can command a strong market position and achieve operational synergies. Later, in December, following the strategic adjustment of its product portfolio, Uponor Infra divested its Omega-Liner® pipeline renovation business to the Danish company Per Aarsleff A/S.

On 25 March, Uponor established a captive insurance company, Uponor Insurance Ltd, a fully-owned subsidiary, for the purpose of improving management of its global liability programmes and gaining access to comprehensive insurance coverage under more favourable terms.

On 21 July, Uponor announced a streamlining programme in its Building Solutions – Europe segment, for the purpose of adjusting operations to the weak demand in Europe. The target was to achieve annual savings of around €3 million, for instance, by adjusting sales network and by centralising and outsourcing support functions. It was estimated that such initiatives will incur a total of €4–€5 million in non-recurring costs in 2015. The measures were expected to account for around 100 man years of work in Building Solutions - Europe. Further, on 26 November, Uponor announced plans to start a transformation programme in Europe to accelerate profitable growth and reduce cost. The programme involves Building Solutions – Europe and Uponor Infra. The transformation programme is expected to contribute a minimum of €25 million in savings by the end of 2017, of which Building Solutions – Europe accounts for at least €20 million and Uponor Infra €5 million. These measures are expected to incur €32 million in non-recurring items, of which €13 million non-cash, to be booked in the 2016 accounts for the most part. As already referred to above, the initiatives related to the streamlining programme in Building Solutions – Europe, announced on 21 July 2015, have mostly been completed, with the exception of the German operations. Any streamlining initiatives to be implemented in Germany, with the remaining €2.5 million in non-recurring items, will in future be reported as part of the transformation programme, announced on 26 November 2015.

On 25 November, Uponor announced that the Administrative Court of Helsinki had rejected the appeals of Uponor Corporation and Uponor Business Solutions Ltd, submitted in July 2013. The case concerns taxation adjustment decisions made by the Large Taxpayers' Office in 2011, which Uponor viewed as being ungrounded. Uponor has sought leave to appeal to the Supreme Administrative Court.

Uponor also announced that, effective from 4 January 2016, Uponor Holding GmbH, Germany had acquired the shares in two German companies, Delta Systemtechnik GmbH and the KaMo Group. This acquisition aims at broadening Uponor's portfolio and competencies in the increasingly important hygienic drinking water delivery sector. In 2014, the 119 employees of both companies combined generated a total turnover of €32.8 million.

In 2015, Uponor, Inc. completed a manufacturing expansion project in its Apple Valley facilities in Minnesota. This building work was finalised in December. The investment will add an additional 8,175m^2 of manufacturing and office space and secure further capacity needs in the near-term. In Russia, Uponor's new greenfield factory for the production of local heat distribution systems was officially inaugurated on 1 October 2015. A new distribution centre in Hassfurt, southern Germany, close to the main German manufacturing operations was opened for business in March. In November, Uponor further announced that the company is planning to begin its own manufacture of building solutions in China in 2016 in order to satisfy growing demand in this large market.

In the USA, Uponor, Inc.'s class action settlements, originally announced on 10 June 2015, became final after court approvals on 17 December 2015. Uponor's U.S. operative subsidiary company, Uponor, Inc., together with its insurers and some of its key trade partners was involved in settlement negotiations in two class action suits due to the alleged failure risks of Uponor yellow brass fittings sold in the USA. Court approvals of the final settlement terms were granted in the form of two separate Class Action Settlements. To all intents and purposes, the settlements were approved by the court in the form originally proposed by the parties, making them final and binding on all parties. According to the terms of the settlements, Uponor, Inc. will provide building owners with an enhanced warranty to cover potential fitting failures.

In December, the Board of Directors of Uponor Corporation resolved to continue the key management Performance Share Plan mechanism resolved by the Board in 2014. Approximately 25—30 Group key managers, including the members of the Executive Committee, belong to the target group of the new plan. The purpose of the plan is to continue aligning the objectives of the management and Uponor shareholders in order to increase the value of the company, boost profitable growth and retain

the services of the participants in the longer term. The new plan covers the calendar years 2016-2018.

Personnel and organisation

At the end of the year, the Uponor Group had 3,735 (3,982) employees, in full-time-equivalent (FTE) terms. This is 247 less than at the end of 2014. The average number of employees (FTE) for the year was 3,842 (4,127). The workforce was reduced as a result of the divestments carried out in Uponor Infra and streamlining measures in the European operations.

The geographical breakdown of the Group's personnel (FTE) was as follows: Germany 22.2% (20.8), Finland 17.1% (17.2), the USA 15.7% (12.8), Sweden 13.3% (12.5), Poland 5.4% (5.1), Canada 4.9% (4.9), Spain 4.6% (4.5), Denmark 3.0% (2.9), the UK 2.8% (3.3), Russia 2.5% (2.4) and other countries 8.5% (13.6).

Further, in North America, Uponor utilises manufacturers' representatives to sell its products. Such representatives are not direct employees of Uponor, but instead are independent businesses that operate in defined geographical areas and are paid commission by Uponor. Uponor utilises 36 such representative organisations throughout North America, the size of an individual representative firm varying from several persons to organisations that have fairly significant staffing levels.

In September 2015, Uponor introduced a new organisational structure involving the Building Solutions –Europe segment and the Group Technology function. The dual functional manager principle that had been practised in the segment was discarded as the Board of Directors appointed Jan Peter Tewes (46), M.Sc. (Econ.), MBA, as Executive Vice President Building Solutions – Europe and a member of the Group's Executive Committee. Reporting to Jyri Luomakoski, President and CEO of Uponor Corporation, Tewes also assumed responsibility for Group brand management. Fernando Roses, then EVP, Offering and Supply Chain for Building Solutions – Europe, and member of the Group's Executive Committee, continued as Executive Committee member assuming the new role of EVP, Technology and Corporate Development at Uponor Group. This appointment highlighted the growing strategic importance of research, technology and sustainability for Uponor globally. The changes were effective from 1 September 2015.

Heiko Folgmann, EVP, Sales and Marketing for Building Solutions – Europe resigned from Uponor in the same connection.

A total of €230.3 (€227.1) million was recorded in salaries, other remunerations and employee benefits during the financial period.

Key risks associated with business

Uponor's financial performance could be affected by a range of market, operational, financing and hazard risks.

Market risks

Uponor's principal areas of business are Europe and North America, where its exposure to political risks is generally considered to be relatively low. However, the situation changed somewhat in 2015 when Uponor opened a production facility in the St. Petersburg area in Russia, and announced a similar plan concerning the Shanghai area in China. On the other hand, Uponor Infra divested its Thailand operations in February 2015, a move that to some extent decreases the Group's emerging market exposure.

The Ukraine crisis and its repercussions have kept the political risks associated with Russia on the agenda. Sanctions imposed by the U.S. and EU against Russia, and Russia's counter sanctions, are still affecting business conditions in Russia and elsewhere in Europe, particularly in Finland, and no

solution is in sight in the foreseeable future. These tense relations have had a negative impact on the European markets and on fragile economic growth on the continent. Russia's share of Uponor's net sales was around 2.0% in 2015.

The European economy and Europe's economic climate show some signs of recovery, but the upturn is slow and fragile. The Ukrainian situation referred to above is still a negative factor. Unrest and military conflict in the Middle East are not a new phenomenon, but have recently escalated in a rapid and uncontrolled manner. The situation has led to unpredictable levels of volatility and huge challenges facing Europe in the form of terrorism and the hundreds of thousands of refugees who entered Europe in 2015, a migration that will continue in 2016. Uponor is continually monitoring the situation and performing internal assessments of the potential risks facing Europe and the euro area, and their possible repercussions for Uponor's operations.

Since Uponor's net sales are divided among a large number of customers, most of which are distributors (wholesalers), end-market demand for the company's products is distributed across a wide customer base. The five largest customer groups, whose sales is distributed between over 20 countries, generate roughly one third of Uponor's net sales.

Demand for Uponor's products depends on business cycles in the construction sector. Uponor's main end market has traditionally comprised single-family housing. However, the company's products are increasingly being supplied for multi-family residential and non-residential building construction. Demand often fluctuates differently within each of these two sectors. To a certain degree, such fluctuations are being offset by demand for renovation projects, which is not always as discretionary as that for new housing projects.

Close to one third of Uponor's annual net sales come from the infrastructure solutions business. This entails a corresponding increase in the associated risks for the company. In addition to construction sector cycles, demand for infrastructure products depends on civil engineering and publicly funded investments in municipal development. To safeguard against risks associated with economic cycles and fluctuations in demand, the company has developed its sales forecasting processes and enhanced the flexibility of its organisation and supply chain.

In many countries, Uponor's operations are regulated by local legislation. For example, Uponor seeks national product approval for a large proportion of the products it sells. It also closely monitors any laws and regulations under preparation, in order to anticipate their impact on Uponor and its customers.

Operational risks
The prices of raw materials used in the manufacture of plastic pipe systems are susceptible to change, driven by several factors including petrochemical and metal product price fluctuations, supply capacity, market demand etc. In recent years, Uponor has been able to pass most of the effects of such fluctuations on to its selling prices with a reasonable delay, in such a way that this has not resulted in any material losses in income. Whenever feasible, Uponor manages the risk of fluctuations in the price of metals and plastics raw materials through supply agreements with fixed prices, and by means of financial products. Uponor continuously and systematically uses financial instruments to manage price risks associated with electricity prices at Nordic level.

With respect to component and raw material sourcing, Uponor aims to use supplies and raw materials available from several suppliers. Where only one raw material supplier is used, Uponor seeks to ensure that the supplier has at least two production plants manufacturing the goods used by Uponor. Uponor implements systems for material and raw material quality control and supplier accreditation.

Uponor manages its organisational and management risks, such as employee turnover and distortion of the age distribution, by continuously analysing its human resources and ensuring that its organisational structure supports efficient operations. Personnel development programmes focus on enhancing leadership skills in a multicultural matrix organisation. Uponor's internal employee surveys provide important information on our employees' engagement, by measuring various aspects of

engagement, alignment, the working environment and motivation. Action plans are agreed and followed up based on the survey results, resulting in better performance and employee engagement.

Uponor's business processes are managed using several IT applications, the most important of which are the ERP systems for the company's European and North American operations. A system criticality review and contingency planning are included in the implementation and lifecycle management of major IT systems. Contingency plans can include activities such as failover planning, backup and restore management, and testing. Disaster recovery tests are held every two years for key systems. IT-related risks are evaluated as part of Uponor's risk management process, with an increasing emphasis being placed on IT systems security issues. In 2015, Uponor reviewed its cyber security approach with its internal audit partner and initiated further development based on those recommendations. In addition, Uponor has been acquiring insurance coverage for this issue over a period of several years.

Uponor applies an ISO 9001 quality management system and an ISO 14001 environmental management system, which enhance production safety and productivity while reducing the environmental impact and risks of Uponor's operations. In Germany, Uponor has begun to implement an Energy Management System based on ISO 50001 in two factories, both of which have been certified.

In its Project Business operations, Uponor seeks to manage risks related to issues such as project-specific timing and costs. Such risks are covered in project and supplier agreements in so far as possible. In addition, the staff's project management skills are being actively enhanced.

Financing risks
Recent years have shown that major disruptions can occur in financial markets with very little warning. For this reason, although the situation now seems rather stable from Uponor's perspective, significant risks may arise in the future in relation to the availability of financing. Uponor aims to ensure the availability, flexibility and affordability of financing by maintaining sufficient credit limit reserves and a well-balanced maturity distribution of loans, as well as by using several reputable and well-rated counterparties and various forms of financing.

The Group manages its liquidity through efficient cash management solutions and by applying a risk-averse investment policy, investing solely in low-risk instruments that can be liquidated rapidly and at a clear market price.

Interest rate movements expose the Group to changes in interest expenses, as well as in the fair value of fixed-rate financial items. The interest rate risk is managed by spreading Group funding across fixed and floating rate instruments.

The international nature of its operations exposes the Group to currency risks associated with various currencies. A significant proportion of Uponor's net sales are created in currencies other than the euro. Correspondingly, a major part of expenses associated with these net sales are also denominated in the same local currencies, markedly decreasing the associated currency risks. The Group Treasury function is responsible for managing and hedging Group-level net currency flows in external currency markets, mainly by using currency forward contracts and currency options as hedging instruments.

Uponor is also exposed to currency translation risk, which manifests itself in the translation of non-euro-area subsidiaries' equity into euro. According to the company's hedging policy, non-euro-area balance sheet items are not hedged, with the exception of some internal loans, which are classified as net investments and included in hedge accounting.

Hazard risks
Uponor operates 14 production plants in nine countries. The products manufactured in these plants generate most of the company's net sales. Uponor co-ordinates property damage and business interruption insurance at Group level on a centralised basis, in order to achieve extensive insurance cover neutralising the possible financial damage caused by risks associated with machine

breakdowns, fire etc. Another major hazard risk is associated with product liability related to products manufactured and sold by Uponor. Product liability is also addressed through centralised insurance programmes at Group level.

Uponor launched a Group-wide Business Continuity Management and Business Interruption Analysis project again in 2015 and the project's first phase should be finished during the first half of 2016. Various and numerous measures are already being taken in order to manage the risks associated with property damage and business interruption. These include safety training for personnel, adherence to maintenance schedules, and actions taken to maintain the availability of major spare parts. Audits and training conducted at Uponor's production sites by, and in cooperation with, insurance companies also form an essential part of Group risk management. Cyber risks and threats are subject to constant monitoring by default.

Risk management in 2015

Because the business environment in many of Uponor's major geographical markets remained challenging, the management and monitoring of market risks continued to play a key role in the field of risk management.

In March 2015, Uponor established a captive insurance company, Uponor Insurance Ltd, a fully-owned subsidiary of Uponor Corporation. With the new company, Uponor aims to improve its management of Uponor Group's global liability programmes.

In 2014, a public discussion arose in Finland related to taste and odour issues observed in PEX tap water pipes representing different brands. Abnormalities were found in a few production batches of Uponor products; these abnormalities were not compliant with the type approval requirements applied in Finland. As a result, Uponor implemented corrective measures in post-production processes to ensure consistent product quality. Due to promptly performed corrective measures any concerns have been alleviated and the magnitude and effects of the issue have turned out to be relatively small.

Price developments in 2015 were challenging with regard to several of Uponor's key raw materials, and suppliers also faced capacity constraints. The volatility of both the price of plastic resin and the price of oil and oil products, and their increasingly diverging trends, posed extra challenges for the sourcing function. This had no material impact on Uponor's business. In sum, continuous risk management is an important and clearly acknowledged component of sourcing.

Uponor conducted risk assessment exercises in the spring and autumn of 2015 in relation to the primary risks identified, and updated its risk management plans accordingly.

In 2015, in cooperation with insurance companies, Uponor assessed the functionality and preparedness of its risk management in five production units. The results showed the level of risk management to be sound in all units.

With volatility still dominating the global economic arena, concern about the availability of bank and market-based funding on favourable terms remained on the agenda. To secure longer-term funding, Uponor has diversified its financing risks through various funding instruments, maturities, multiple counterparties and markets. When funding is not raised from money or capital markets, special attention is paid to the quality of the counterparties. Only solid, well-rated banks or financial institutions are used. In the summer of 2015, Uponor renewed the remaining part of its committed bilateral credit limits, representing a value of €50 million, for a five-year period. The size of Uponor's total committed revolving credit facility programmes is €200 million, with maturities ranging between 2019 and 2020.

As in previous years, special attention was paid to the monitoring of account receivables and the handling of credit risk.

Together with changing tax policies, global economic volatility has increased companies' tax risk exposure, giving tax risk management continued prominence within Uponor. The company has

proactively endeavoured to focus on good tax governance and has assigned a more explicit role to tax risk assessment within its risk assessment process.

Uponor is involved in several judicial proceedings in various countries. The year 2015 saw no materialisation of risks, pending litigation or other legal proceedings, or measures taken by the authorities that, based on current information, might have been of material significance to the Group. Uponor Corporation's U.S. operative subsidiary company, Uponor, Inc., its insurers and some of its key trade partners (home builders, plumbers and distributors) came together to resolve the alleged failure risks of Uponor yellow brass fittings sold in the U.S., in connection with two proposed class action settlements. Court approvals of the final settlement terms were granted in December 2015. To all intents and purposes, the settlements were approved by the court in the form originally proposed by the parties, making them final and binding on all parties.

Administration and audit

The Annual General Meeting (AGM) of 17 March 2015 re-elected the following Board members for a term of one year: Jorma Eloranta, Timo Ihamuotila, Eva Nygren, Annika Paasikivi and Jari Rosendal. In addition, Markus Lengauer, an Austrian citizen, was elected as the sixth member. Jorma Eloranta was elected Chair of the Board and Annika Paasikivi Deputy Chair. Deloitte & Touche Oy, Authorised Public Accountants, was elected as the company’s auditor, with Teppo Rantanen, Authorised Public Accountant, as the principal auditor.

Uponor prepares a separate corporate governance statement and a remuneration statement, which are made available online after the annual accounts have been published, on Uponor’s IR website at http://investors.uponor.com > Governance > Corporate governance.

While Uponor complies with the Finnish Corporate Governance Code 2010, issued by the Securities Market Association, the company deviates from the code with respect to recommendation 22. Uponor’s Personnel and Remuneration Committee, which was established subsequent to the AGM held in March 2014, has two members instead of the three stated in the recommendation. Uponor is of the view that sufficient expertise for the Personnel and Remuneration Committee has been secured based on two members, and the Committee can also seek the views of non-Committee members. The Committee acts as a preparatory body assisting the Board of Directors, and all essential matters relating to remuneration are decided by the Board of Directors.

Share capital and shares

In 2015, Uponor's share turnover on NASDAQ Helsinki was 27.6 (18.8) million shares, totalling €384.1 (€229.3) million. The share quotation at the end of 2015 was €13.60 (€11.49), and market capitalisation of the outstanding shares was €995.6 (€841.1) million. At the end of the year, there were a total of 14,539 (15,846) shareholders. Foreign shareholding in Uponor accounted for 31.5% (28.3%) of all shareholding in the company at the end of the reporting period. More detailed information is available in the financial statements.

In 2015, Uponor Corporation's share capital totalled €146,446,888, and the number of shares stood at 73,206,944; there were no changes during the year.

There were no notifications of a change in ownership in 2015. Further information on shares and holdings is given in the financial statements.

Board authorisations

In the AGM held on 17 March 2015, the Board of Directors was authorised to buy back a maximum of 3.5 million of the company’s own shares, which equals 4.8 per cent of the total number of shares of the company. The authorisation will remain valid until the end of the next annual general meeting and

for no longer than 18 months. The AGM proposals and resolutions can be viewed in detail at http://investors.uponor.com.

The AGM of 15 March 2012 authorised the Board to resolve on issuing a maximum of 7.2 million new shares or transferring the company's own shares, representing 9.8 per cent of the total number of the company's shares. The authorisation was valid for three years, i.e. till 15 March 2015. Thus, on 12 February 2015, the Board decided on a directed share issue to the company's management, as part of the long-term share-based incentive plan 2012-2014, transferring, without payment, 42,818 of the company's own shares to 10 key employees, as specified in the rules of the plan. Combined, the transfers amount to 62,440 shares. Prior to this, this authority was exercised once, on 15 March 2012.

Treasury shares
At the end of the year, Uponor held 97,560 treasury shares, representing approximately 0.1% of the company's shares and voting rights.

Management shareholding
At the end of the year the members of the Board of Directors, the CEO and his deputy, along with corporations known to the company and in which they exercise control, held a total of 137,272 Uponor shares (141,568 shares). These shares accounted for 0.19% of all shares and votes in the company.

Share-based incentive programme
The Board of Directors has resolved on several long-term incentive programmes for key management in the past few years. The incentive plan for 2012-2014 was closed on 12 February 2015, as mentioned above. The plan for 2013-2015 came to an end at the end of the year 2015. Still in place are the programmes for the years 2014-2016 and 2015-2017.

In December 2015, the Board of Directors further resolved to continue the Performance Share Plan from the year 2014. Approximately 25—30 Group key managers, including members of the Executive Committee, belong to the target group of the new plan that covers the years 2016—2018. The plan offers its participants an opportunity to earn Uponor shares as a reward for achieving performance targets set by the Board.

The purpose of the plans is to continue aligning the objectives of the management and Uponor shareholders in order to increase the value of the company, boost profitable growth and retain the services of the participants over the longer term. The plans offer key managers a competitive reward plan based on achieving the company's strategic profitability and growth targets, and earning and accumulating Uponor shares.

Details of the plans are presented on the company's IR website.

Events after the period

On 4 January, Uponor concluded the acquisitions of two German companies, KaMo and Delta. On 19 January, the Finnish companies Uponor Infra Oy and Uponor Suomi Oy brought to end their employee consultation process concerning the companies' domestic operations. There were no other events to report after the period.

Short-term outlook

No major changes in outlook are in prospect in Uponor's key geographic areas. Economic trends are likely to continue in a similar manner to the last two years, i.e. North America continuing to experience lively economic growth, while Europe struggles with stagnant economies and lack of growth drivers. Overall, the Asian markets, which remain of marginal importance to Uponor, are expected to perform at their current levels, but economic trends there may change unexpectedly, posing a risk to global market developments.

Although the economic drivers behind building and construction related investments seem very similar to 2015, Uponor has launched an extensive restructuring that is expected to improve Uponor's market presence, and thus positively contribute to both net sales development and performance improvement. In North America, manufacturing capacity enhancements will support the growth of net sales.

On 21 July 2015, Uponor announced a streamlining programme in the Building Solutions – Europe segment, for the purpose of adjusting operations to the weak demand in Europe. Later, on 26 November 2015, Uponor announced a plan to carry out a major transformation in its Building Solutions - Europe and Uponor Infra segments. The implementation of these programmes will continue in 2016.

Uponor has traditionally channelled a considerable amount or resources on new offering development, such as the recently announced unique seamless aluminium composite pipe. In addition, standard productivity improvement related activities and maintenance will be carried out as usual in 2016. With respect to the fact that Uponor announced extensive transformation initiatives in 2015, including manufacturing footprint optimisation and a plan to establish a greenfield factory in China, all these will temporarily increase the Group's capital expenditure from that experienced in the last few years. Uponor estimates that capital expenditure, excluding any investment in shares, in total will amount to circa €58 million in 2016, against €50 million in 2015.

Due to favourable weather and extemporary customer behaviour, such as prestocking, the last quarter of 2015 was particularly lively, which together with harsh weather is likely to affect demand in the first quarter 2016. Assuming that economic development in Uponor's key geographies otherwise continues undisturbed, Uponor issues the following guidance for 2016: the Group’s net sales and operating profit (excluding any non-recurring items) are expected to improve from 2015.

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

Uponor Corporation
Board of Directors

GROUP KEY FINANCIAL FIGURES

	2015 IFRS	2014 IFRS	2013 IFRS	2012 IFRS	2011 IFRS
Consolidated income statement (continuing operations), M€					
Net sales	1,050.8	1,023.9	906.0	811.5	806.4
Operating expenses	942.7	926.4	828.6	726.5	743.0
Depreciation and impairments	39.1	36.5	33.0	28.2	29.4
Other operating income	2.4	2.4	0.8	0.9	1.4
Operating profit	71.4	63.4	50.2	57.7	35.4
Financial income and expenses	-8.9	-7.4	-7.1	-8.6	-17.7
Profit before taxes	62.8	56.3	43.2	49.4	17.7
Result from continuing operations	37.1	36.3	27.1	32.9	1.9
Profit for the period	36.9	36.0	26.8	32.8	1.6
Consolidated balance sheet, M€					
Non-current assets	274.8	253.7	249.0	186.5	199.81
Goodwill	83.3	83.1	82.3	74.9	74.9
Inventories	112.4	117.4	115.4	78.7	81.8
Cash and cash equivalents	49.2	60.2	53.7	17.7	29.1
Accounts receivable and other receivables	188.1	167.4	160.6	141.6	129.4
Equity attributable to the owners of the parent company	248.0	231.1	219.7	207.3	209.2
Non-controlling interest	63.7	66.7	68.0	-	2.9
Provisions	25.0	16.2	22.1	20.6	22.0
Non-current interest-bearing liabilities	91.2	126.3	136.4	107.6	110.2
Current interest-bearing liabilities	48.3	15.9	14.2	4.2	2.8
Non-interest-bearing liabilities	231.6	225.5	200.6	159.7	167.9
Balance sheet total	707.8	681.8	661.0	499.4	515.0
Other key figures					
Operating profit (continuing operations), %	6.8	6.2	5.5	7.1	4.4
Profit before taxes (continuing operations), %	6.0	5.5	4.8	6.1	2.2
Return on Equity (ROE), %	12.1	12.3	10.8	15.7	0.7
Return on Investment (ROI), %	15.5	14.2	12.5	16.5	11.0
Solvency, %	44.3	43.9	43.9	41.5	41.2
Gearing, %	29.3	27.6	33.7	45.4	39.3
Net interest-bearing liabilities, M€	91.3	82.0	96.9	94.1	83.9
- % of net sales	8.7	8.0	10.7	11.6	10.4
Change in net sales, %	2.6	13.0	11.6	0.6	7.6
Exports from Finland, M€	55.5	55.5	43.3	32.8	34.7
Net sales of foreign subsidiaries, M€	910.7	870.1	770.4	717.6	709.8
Total net sales of foreign operations, M€	927.3	888.8	781.4	718.1	714.1
Share of foreign operations, %	88.2	86.8	86.2	88.5	88.6
Personnel at 31 December	3,735	3,982	4,141	3,052	3,228
Average no. of personnel	3,842	4,127	3,649	3,098	3,288
Investments (continuing operations), M€	50.1	35.7	33.9	19.2	24.0
- % of net sales	4.8	3.5	3.7	2.4	3.0

SHARE-SPECIFIC KEY FIGURES

	2015 IFRS	2014 IFRS	2013 IFRS	2012 IFRS	2011 IFRS
Share capital, M€	146.4	146.4	146.4	146.4	146.4
Number of shares at 31 December, in thousands	73,207	73,207	73,207	73,207	73,207
Number of shares outstanding, in thousands					
- at end of year	73,109	73,067	73,067	73,067	73,067
- average	73,106	73,067	73,067	73,062	73,067
Total equity attributable to the owners of the parent company, M€	248.0	231.1	219.7	207.3	209.2
Share trading, M€	384.1	229.3	179.3	186.1	366.2
Share trading, in thousands	27,590	18,843	14,563	21,963	38,155
- of average number of shares, %	37.7	25.8	19.9	30.1	52.2
Market value of share capital, M€	995.6	841.1	1,041.0	702.8	502.2
Earnings per share (diluted), €	0.51	0.50	0.38	0.45	0.03
Equity per share, €	3.39	3.16	3.00	2.84	2.86
Dividend, M€	32.2 [1)]	30.7	27.8	27.8	25.6
Dividend per share, €	0.44 [1)]	0.42	0.38	0.38	0.35
Effective share yield, %	3.2	3.7	2.7	4.0	5.1
Dividend per earnings, %	86.3	84.0	100.0	84.4	1,018.5
P/E ratio	26.7	23.0	37.4	21.3	199.7
Issue-adjusted share prices, €					
- highest	17.30	14.94	15.85	10.00	14.25
- lowest	10.42	9.11	9.65	6.77	6.03
- average	13.92	12.17	12.31	8.47	9.57

The definitions of key ratios are shown on page 17.

Notes to the table:

1) Proposal of the Board of Directors

The average number of shares is adjusted with treasury shares.

DEFINITIONS OF KEY RATIOS

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

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

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

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

Net interest-bearing liabilities = Interest-bearing liabilities – cash, bank receivables and financial assets excluding restricted cash

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

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

Dividend per share ratio =
$$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

Effective dividend yield =
$$\frac{\text{Dividend per share}}{\text{Share price at the end of financial period}} \times 100$$

Price – Earnings ratio (P/E) =
$$\frac{\text{Share price at the end of financial period}}{\text{Earnings per share}}$$

Market value of shares = Number of shares at the end of financial period x last trading price

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Continuing operations	Note	2015	2014
Net sales	2	1,050.8	1,023.9
Cost of goods sold		680.6	683.8
Gross profit		**370.2**	**340.1**
Other operating income	6	**2.4**	**2.4**
Dispatching and warehousing expenses		35.3	37.1
Sales and marketing expenses		187.4	173.1
Administration expenses		56.8	51.1
Other operating expenses	6	21.7	17.8
Expenses		**301.2**	**279.1**
Operating profit	2	**71.4**	**63.4**
Financial income	9	11.3	8.8
Financial expenses	9	20.2	16.2
Share of result in associated companies		0.3	0.3
Profit before taxes		**62.8**	**56.3**
Income taxes	10	25.7	20.0
Result from continuing operations		**37.1**	**36.3**
Discontinued operations			
Result from discontinued operations	3	-0.2	-0.3
Profit for the period		**36.9**	**36.0**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurements on defined benefit pensions, net of taxes		1.4	-5.0
Items that may be reclassified subsequently to profit or loss:			
Translation differences		11.3	7.3
Cash flow hedges, net of taxes		0.0	-0.9
Net investment hedges		-2.0	0.6
Other comprehensive income for the period, net of taxes		**10.7**	**2.0**
Total comprehensive income for the period		**47.6**	**38.0**
Profit for the period attributable to			
Equity holders of parent company		37.5	36.5
Non-controlling interest		-0.6	-0.5
Total comperensive income for the period attributable to			
Equity holders of parent company		47.3	39.1
Non-controlling interest		0.3	-1.1
Earnings per share, €	11	0.51	0.50
- Continuing operations		0.51	0.50
- Discontinued operations		0.00	0.00
Diluted earnings per share, €		0.51	0.50
- Continuing operations		0.51	0.50
- Discontinued operations		0.00	0.00

CONSOLIDATED BALANCE SHEET

Assets	Note	31.12.2015	31.12.2014
Non-current assets			
Intangible assets			
Intangible rights		9.0	12.1
Goodwill		83.3	83.1
Customer relationship value		1.2	1.7
Technology		1.0	1.2
Other intangible assets		0.2	0.2
Investment in progress		0.0	0.1
Total intangible assets	12	**94.7**	**98.4**
Tangible assets			
Land and water areas		15.4	17.2
Buildings and structures		69.7	57.5
Machinery and equipment		98.8	96.1
Other tangible assets		15.7	16.0
Construction work in progress		21.8	21.0
Total tangible assets	13	**221.4**	**207.8**
Securities and long-term investments			
Investments in associated companies	15	0.2	0.1
Other shares and holdings	16	0.2	0.8
Non-current receivables	17	20.6	10.3
Total securities and long-term investments		**21.0**	**11.2**
Deferred tax assets	22	**21.0**	**19.4**
Total non-current assets		**358.1**	**336.8**
Current assets			
Inventories	18	**112.4**	**117.4**
Current receivables			
Interest-bearing current assets		0.3	0.3
Accounts receivables		154.5	137.3
Current income tax receivables		2.9	3.0
Accruals		5.3	8.8
Other receivables		25.1	18.0
Total current receivables	19	**188.1**	**167.4**
Cash and cash equivalents	20	**49.2**	**60.2**
Total current assets		**349.7**	**345.0**
Total assets		**707.8**	**681.8**

CONSOLIDATED BALANCE SHEET

Shareholders' equity and liabilities	Note	31.12.2015	31.12.2014
Equity attributable to the owners of the parent company	21		
Share capital		146.4	146.4
Share premium		50.2	50.2
Other reserves		-1.0	-1.0
Translation reserve		-1.8	-10.3
Retained earnings		16.7	9.3
Profit for the period		37.5	36.5
Total equity attributable to the owners of the parent company		**248.0**	**231.1**
Non-controlling interest		63.7	66.7
Total equity		**311.7**	**297.9**
Liabilities			
Non-current liabilities			
Interest-bearing liabilities	25	91.2	126.3
Employee benefit obligations	23	26.8	29.9
Provisions	24	10.6	4.6
Deferred tax liabilities	22	20.2	19.3
Other non-current liabilities		1.3	1.0
Total non-current liabilities		**150.1**	**181.1**
Current liabilities			
Interest bearing liabilities	25	48.3	15.9
Accounts payable		63.9	67.6
Current income tax liability		3.3	5.0
Provisions	24	14.4	11.6
Other current liabilities	26	116.1	102.7
Total current liabilities		**246.0**	**202.8**
Total liabilities		**396.1**	**383.9**
Total shareholders' equity and liabilities		**707.8**	**681.8**

CONSOLIDATED CASH FLOW STATEMENT

	Note	1.1.-31.12. 2015	1.1.-31.12. 2014
Cash flow from operations			
Net cash from operations			
Profit for the period		36.9	36.0
Adjustments for:			
Depreciation		39.1	36.5
Dividend income		0.0	-0.6
Income taxes		25.7	20.0
Interest income		-1.0	-0.4
Interest expense		5.3	4.7
Sales gains/losses from the sale of businesses and fixed assets		-2.0	-1.2
Share of profit in associated companies		-0.3	-0.3
Other cash flow adjustments		1.9	4.3
Net cash from operations		**105.6**	**99.0**
Change in net working capital			
Receivables		-33.0	-7.3
Inventories		2.4	-0.5
Non-interest-bearing liabilities		15.6	4.3
Change in net working capital		**-15.0**	**-3.5**
Income taxes paid		-29.5	-16.0
Interests paid		-3.2	-4.3
Interests received		0.3	0.5
Cash flow from operations		**58.2**	**75.7**
Cash flow from investments			
Acquisition of subsidiaries and businesses	4	-0.1	-
Proceeds from disposal of subsidiaries and businesses	5	7.6	0.0
Purchase of fixed assets		-50.1	-35.7
Proceeds from sale of fixed assets		0.7	4.8
Dividends received		0.2	0.6
Loan granted		0.0	-0.3
Cash flow from investments		**-41.7**	**-30.6**
Cash flow before financing		**16.5**	**45.1**
Cash flow from financing			
Borrowings of debt		17.4	21.0
Repayments of debt		-33.3	-31.0
Change in other short term debt		19.1	1.9
Dividends paid		-30.7	-27.8
Payment of finance lease liabilities		-0.9	-1.8
Cash flow from financing		**-28.4**	**-37.7**
Conversion differences for cash and cash equivalents		-0.1	-0.9
Change in cash and cash equivalents		**-12.0**	**6.5**
Cash and cash equivalents at 1 January		60.2	53.7
Cash and cash equivalents at 31 December		48.2	60.2
Changes according to balance sheet	20	**-12.0**	**6.5**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Number of shares outstanding (1,000)	Share capital	Share premium	Other reserves	Unrestricted equity	Hedge reserve	Treasury shares	Translation reserve	Retained earnings	Equity attributable to the owners of the parent company	Non-controlling interest	Total equity
Balance at 1 January 2015	**73,067**	**146.4**	**50.2**	**1.6**	**0.1**	**-2.7**	**-1.0**	**-10.3**	**46.8**	**231.1**	**66.8**	**297.9**
Total comprehensive income for the period								8.5	38.8	47.3	0.3	**47.6**
Dividend paid									-30.7	-30.7		**-30.7**
Transfers between reserves				0.0					0.0	0.0		**-**
Share based incentive plan	42						0.3		0.0	0.3		**0.3**
Disposal of subsidiaries and businesses										0.0	-3.3	**-3.3**
Other adjustments										0.0	-0.1	**-0.1**
Balance at 31 December 2015	**73,109**	**146.4**	**50.2**	**1.6**	**0.1**	**-2.7**	**-0.7**	**-1.8**	**54.9**	**248.0**	**63.7**	**311.7**
Balance at 1 January 2014	**73,067**	**146.4**	**50.2**	**1.7**	**0.1**	**-1.8**	**-1.0**	**-17.6**	**41.7**	**219.7**	68	**287.7**
Total comprehensive income for the period						-0.9		7.3	32.7	39.1	-1.1	**38.0**
Dividend paid									-27.8	-27.8		**-27.8**
Transfers between reserves				-0.1					0.1	-		**-**
Share based incentive plan									-0.1	-0.1		**-0.1**
Other adjustments									0.2	0.2	-0.1	**0.1**
Balance at 31 December 2014	**73,067**	**146.4**	**50.2**	**1.6**	**0.1**	**-2.7**	**-1.0**	**-10.3**	**46.8**	**231.1**	**66.8**	**297.9**

For further information see note 21.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting principles

Company profile

Uponor is an international industrial Group providing building and municipal infrastructure solutions. The Group's segment structure consists of the following three reporting segments: Building Solutions – Europe, Building Solutions – North America and Uponor Infra. Its segment business risks and profitability factors differ from each other with respect to the market and business environment as well as offering, services and customers. Group management, control and reporting structures are organised according to the business segments.

Uponor Group's parent company is Uponor Corporation, domiciled in Helsinki in the Republic of Finland. Its registered address is:

Uponor Corporation
P.O. Box 37 (street address: Äyritie 20)
FI-01511 Vantaa
Finland
Tel. +358 (0)20 129 211, Fax +358 (0)20 129 2841

The Financial Statements will also be available on the company website at investors.uponor.com and can be ordered from Uponor Corporation at the above-mentioned address.

At its meeting of 12 February 2016, Uponor Corporation's Board of Directors approved the publication of these financial statements. According to the Finnish Limited Liability Companies Act, the shareholders have the opportunity to approve or reject the financial statements at the Annual General Meeting to be held after their publication. Furthermore, the Annual General Meeting can decide on the modification of the financial statements.

Basis of preparation

Uponor Group's consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS), including International Accounting Standards (IAS) and their SIC and IFRIC interpretations valid on 31 December 2015. In the Finnish Accounting Act and ordinances based on the provisions of the Act, IFRS refer to the standards and their interpretations adopted in accordance with the procedures as set in regulation (EC) No 1606/2002 of the European Parliament and of the European Council. The consolidated financial statements also include additional information required by the Finnish Accounting Act and the Limited Liability Companies Act. The consolidated financial statements are presented in millions of euros (M€) and are based on the historical cost convention, unless otherwise specified in the accounting principles section below.

Use of estimates

The preparation of consolidated financial statements under IFRS requires the use of estimates and assumptions affecting the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities on the date of the financial statements, as well as the reported amounts of income and expenses during the report period. Although these estimates are based on the management's best view of current events and actions, the actual results may ultimately differ from these estimates. In addition, judgement is required in the application of accounting policies.

Consolidation principles

The consolidated financial statements include the parent company, Uponor Corporation, and all companies in which the parent company holds more than half of the voting rights, either directly or through its subsidiaries. Subsidiaries include those companies in which Uponor Corporation has direct or indirect control of over 50 per cent of the voting rights or otherwise has power to govern the financial and operating policies, with the purpose of gaining financial benefit from their operations. Subsidiaries acquired or established during the year are included from the date the Group obtained control. Divested companies have been included up to their date of sale.

Intra-Group shareholdings are eliminated using the acquisition cost method. Accordingly, the assets and liabilities of an acquired company are measured at fair value on the date of acquisition. The excess of the acquisition cost over the fair value of the net assets has been recorded as goodwill. Based on the First-Time-Adoption of IFRS 1, any company acquisitions made prior to the IFRS transition date (1 January 2004) are not adjusted for IFRS, but book value according to Finnish Accounting Standards (FAS) is applied to goodwill amounts. Intra-Group transactions, receivables, liabilities, unrealised gains and dividends between Group companies are eliminated in the consolidated financial statements.

Associated companies are entities over which the Group has 20–50 per cent of the voting rights, or over which the Group otherwise exercises a major influence. Holdings in associated companies are included in the consolidated financial statements, using the equity method. Accordingly, the share of post-acquisition profits and losses of associated companies is recognised in the income statement, to the extent of the Group's holding in the associated companies.

When the Group's share of losses of an associated company exceeds the carrying amount, it is reduced to nil and any recognition of further losses ceases, unless the Group has an obligation to fulfil the associated company's obligations.

Foreign currency translations and exchange rate differences

Each company translates its foreign currency transactions into its own functional currency, using the rate of exchange prevailing on the transaction date. Outstanding monetary receivables and payables in foreign currencies are stated using the exchange rates on the balance sheet date. Exchange rate gains and losses on actual business operations are treated as sales adjustment items or adjustment items to materials and services. Exchange rate gains and losses on financial transactions are entered as exchange rate differences in financial income and expenses.

In the consolidated financial statements, the income statements of the Group's foreign subsidiaries are converted into euros using the average exchange rates quoted for the reporting period. All balance sheet items are converted into euros using the exchange rates quoted on the reporting date. The resulting conversion difference and other conversion differences resulting from the conversion of subsidiaries' equity are shown as a separate item under equity. In addition, in the consolidated financial statements, exchange rate differences in the loans granted by the parent company to foreign subsidiaries in replacement of their equity are treated as translation differences. Realised translation differences in relation to the divestment of subsidiaries and the redemption of material shares in subsidiaries are recognised as income or expenses in the consolidated statement of comprehensive income.

Key exchange rates for the euro

	At end of period		Average	
	2015	**2014**	**2015**	**2014**
USD	1.0887	1.2141	1.1046	1.3211
SEK	9.1895	9.3930	9.3371	9.1205
CAD	1.5116	1.4063	1.4251	1.4636
DKK	7.4626	7.4453	7.4607	7.4547
NOK	9.6030	9.0420	8.9910	8.3966
GBP	0.7340	0.7789	0.7242	0.8031

Non-current assets held for sale and discontinued operations

Non-current assets held for sale and assets related to discontinued operations are formed once the company, according to a single co-ordinated plan, decides to dispose of a separate significant business unit, whose net assets, liabilities and financial results can be separated operationally and for financial reporting purposes (cash generating unit). Non-current assets held for sale are shown separately in the consolidated balance sheet. Profit or loss from a discontinued operation and gains or losses on its disposal are shown separately in the consolidated statement of comprehensive income. Assets related to non-current assets held for sale and discontinued operations are assessed at book value or, if it is the lower of the two, at fair value. Depreciation from these assets has been discontinued upon the date of classifying assets as non-current assets held for sale and discontinued operations. The Group has no assets classified as non-current assets held for sale at the end of the financial or a comparable period.

Revenue recognition

Sales of products are recognised as income once the risks and benefits related to ownership of the sold products have been transferred to the buyer, according to the agreed delivery terms, and the Group no longer has possession of, or control over, the products. Sales of services are recognised as income once the service has been rendered. Net sales comprise the invoiced value of the sale of goods and services net of indirect taxes, sales rebates and exchange rate differences. Uponor uses percentage of completion method to recognise work-in-progress for long-term contracts in project business companies, when the outcome of the project can be estimated reliably. The percentage of completion is defined as the proportion of the individual project cost incurred to date from the total estimated project costs.

Research and development

Research costs are expensed as incurred and are included in the consolidated statement of comprehensive income in other operating expenses. Development costs are expensed as incurred, unless the criteria for capitalising these costs as assets are met. Product development costs are capitalised as intangible assets and are depreciated during the useful life of the asset, if future economic benefits are expected to flow to the entity and certain other criteria, such as the product's technical feasibility and commercial usability, are confirmed. The Group does not have any such capitalised development costs in the balance sheet that would fulfil the criteria for capitalisation.

Employee benefits

The Group's pension schemes comply with each country's local rules and regulations. Pensions are based on actuarial calculations or actual payments to insurance companies. The Group applies defined contribution and defined benefit pension plans.

Within the defined contribution plan, pension contributions are paid directly to insurance companies and, once the contributions have been paid, the Group has no further payment obligations. These contributions are recognised in the income statement for the accounting period during which such contributions are made.

For defined benefit pension plans, the liability is the present value of the defined benefit obligation on the balance sheet date less the fair value of plan assets. The pension obligation is defined using the projected unit credit method. The discount rate applied to calculating the present value of post-employment benefit obligations is determined by the market yields of long-term corporate bonds or government bonds. Costs resulting from the defined benefit pension plans are recognised as expenses for the remaining average period of employment.

Current service cost (benefit expense) and net interest cost on defined benefit obligation (net liability) are recognised in the income statement and presented under employee benefit costs.
Re-measurement items on defined benefit plan obligations and plan assets, including actuarial gains and losses and return on plan assets (excluding interest income), are immediately recognised through other comprehensive income and such balances are permanently excluded from the consolidated income statement.

Operating profit

Operating profit is an income statement item, which is calculated by deducting expenses related to operating activities from net sales.

Borrowing costs

Borrowing costs are recognised in the income statement as they incur. Direct transaction expenses due to loans, clearly linked to a specific loan, are included in the loan's original cost on an accrual basis and recognised as interest expenses using the effective interest method. Interest costs on borrowings to finance the construction of assets are capitalised as part of the cost during the period required to prepare and complete the property for its intended use.

Income taxes

Income taxes in the consolidated statement of comprehensive income comprise taxes based on taxable income recognised for the period by each Group company on an accrual basis, according to local tax regulations, including tax adjustments from the previous periods and changes in deferred tax. Deferred tax assets or liabilities are calculated, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, using the tax rate approved on the balance sheet date. Deferred tax assets are recognised to the extent that it appears probable that future taxable profit will be available, against which temporary differences can be utilised.

Intangible assets

Goodwill
Goodwill represents future economic benefits arising from assets that are not capable of being individually identified and separately recognised by the Group. Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets of the acquired company on the date of acquisition. Goodwill is allocated to the business segments. Goodwill is not amortised, but is tested for impairment annually. Gains and losses on the disposal of a Group entity include any goodwill relating to the entity sold.

Other intangible assets
Other intangible assets include trademarks, patents, copyrights, capitalised development costs, software licences and customer relations. Intangible assets are recognised in the balance sheet at historical costs less accumulated depreciation, according to the expected useful life and any impairment losses.

Property, plant and equipment

Group companies' property, plant and equipment are stated at historical cost less accumulated depreciation, according to the expected useful life and any impairment losses. Interest costs on borrowings to finance the construction of these assets are capitalised as part of the cost during the period required to prepare and complete the property for its intended use.

Ordinary repair and maintenance costs are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the asset's carrying amount when it is probable that the Group will incur future economic benefits in excess of the originally assessed standard of performance of the existing asset.

Gains or losses on the disposal, divestment or removal from use of property, plant and equipment are based on the difference between the net gains and the balance sheet value. Gains are shown within other operating income and losses under other operating expenses.

Depreciations

Group companies' intangible assets and property, plant and equipment are stated at historical cost less accumulated straight-line depreciation, according to their expected useful life and any impairment losses. Land is not depreciated, as it is deemed to have an indefinite life, but depreciation is otherwise based on estimated useful lives as follows:

	Years
Buildings	20 – 40
Production machinery and equipment	8 – 12
Other machinery and equipment	3 – 15
Office and outlet furniture and fittings	5 – 10
Transport equipment	5 – 7
Intangible assets	3 – 10

The residual value and useful life of assets are reviewed on each balance sheet date and, if necessary, adjusted to reflect any changes in expectations of financial value.

Government grants

Any grants received for the acquisition of intangible or tangible assets are deducted from the asset's acquisition cost and recorded on the income statement to reduce the asset's depreciation. Other grants are recognised as income for the periods during which the related expenses are incurred. Such grants are shown as deductions from expenses related to the target of the grant.

Impairment

The balance sheet values of assets are assessed for impairment on a regular basis. Should any indication of an impaired asset exist, the asset's recoverable amount will be assessed. The asset's recoverable amount is its net selling price less any selling expenses, or its value in use, whichever is higher. The value in use is determined by reference to the discounted future net cash flow expected from the asset. Discount rates correspond to the cash generating unit's average return on investment before taxes. Impairment is measured at the level of cash generating units, which is the lowest level that is primarily independent of other units and whose cash flows can be distinguished from other cash flows.

Whenever the asset's carrying amount exceeds its recoverable amount, it is impaired and the resulting impairment loss is recognised in the income statement. An impairment of property, plant and equipment and other intangible assets, excluding goodwill, will be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. Impairment is not reversed over the balance sheet value that existed before the recognition of impairment losses in the previous financial periods. Any impairment loss on goodwill is not reversed.

Goodwill is assessed for impairment at least annually, or if any indication of impairment exists, more often.

Leases

Lease liabilities, which expose the Group to the risks and rewards inherent in holding such leased assets, are classified as finance leases. These are recognised as tangible assets on the balance sheet and measured at the lesser of the fair value of the leased property at the inception of the lease or the present value of the minimum lease payments. Similarly, lease obligations, from which financing expenses are deducted, are included in interest bearing liabilities. Financing interests are recognised in the consolidated statement of comprehensive income during the lease period. An asset acquired under finance lease is depreciated over its useful life or within the shorter lease term.

Leases, which expose the lessor to the risks and rewards inherent in holding such leases, are classified as other leases. These rents are recognised as expenses during the lease period.

The assets leased by the Group, where the lessee bears the risks and rewards inherent in holding such leases, are treated as finance leases and recognised as receivables on the balance sheet at their present value. The Group has no finance lease receivables.

Inventories

Inventories are stated at the lower of cost or net realisable value, based on the FIFO principle. The net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and sale. In addition to the cost of materials and direct labour, an appropriate proportion of production overheads is included in the inventory value of finished products and work in progress.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation or if the settlement of an obligation will cause a legal loss and a reliable estimate of the amount of obligation can be made. Provisions can include inter alia environmental provisions, warranty provisions, restructuring costs and onerous contracts. Changes in provisions are

included in relevant expenses on the consolidated statement of comprehensive income. The amount of provisions is reviewed on every balance sheet date and the amounts are revised to correspond to the best estimate at that moment.

Contingent assets and liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of uncertain future events not wholly within the control of the entity. Such present obligation that probably does not require a settlement of a payment obligation or the amount of which cannot be reliably measured is also considered to be a contingent liability. Contingent liabilities are disclosed in the notes to the financial statements.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at bank and other short-term, highly liquid investments, whose maturity does not exceed three months. Cash and cash equivalents are carried in the balance sheet at cost. The bank account credit limit in use is recognised under current interest-bearing liabilities.

Financial assets

Financial assets are classified as follows: financial assets at fair value through profit and loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets. Sales and purchase of financial assets are recognised at their trading date.

Financial assets at fair value through profit and loss include financial assets held for trading and measured at fair value. Financial assets at fair value through profit and loss have been acquired principally for the purpose of generating a profit from short-term fluctuations in market prices. Derivative instruments, for which hedge accounting is not applied, are included in financial assets at fair value through profit and loss. Interest and currency derivatives, for which no hedge accounting is applied, are recognised in the balance sheet at historical cost and valued at fair value on each balance sheet date. Fair value is determined using market prices on the balance sheet date, or the present value of estimated future cash flows. Changes in the fair value of financial assets at fair value through profit and loss, and unrealised and realised gains and losses, are included in financial income and expenses in the period in which they occur**.** Financial assets at fair value through profit and loss are presented under the other current assets in the balance sheet.

Held-to-maturity investments are assets with a fixed maturity, which the enterprise has the positive intent and ability to hold to maturity. Held-to-maturity assets are measured at amortised cost using the effective interest rate method. The Group did not have any held-to-maturity investments during the financial period.

Loans and receivables are non-derivative assets with fixed or determinable payment dates that are not quoted in the active markets or held for trading purposes. Loan and receivables are measured at amortised cost. Accounts receivable are carried at expected fair value, which is the original invoice amount less the provision made for impairment of these receivables. A provision for impairment of accounts receivable is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, the probable bankruptcy of the debtor or default in payments are considered as probable indicators of the impairment of accounts receivable. Impairment of a loan receivable is assessed with the same criteria as an impairment of accounts receivable.

Available-for-sale financial assets consist of holdings in listed and non-listed companies and investments. Available-for-sale assets are measured at fair value based on market prices on the balance sheet date, or using the net present value method of cash flows, or another revaluation model. If the fair value of a holding or investment cannot be measured reliably, it will be measured at cost. Changes in the fair value of available-for-sale assets are recognised in the fair value reserve under shareholders' equity, taking tax consequences into account. Changes in the fair value will be re-entered from shareholders' equity into the consolidated statement of comprehensive income when the asset is disposed of or has lost its value to the extent that an impairment loss must be recognised.

Financial liabilities

Financial liabilities at fair value through profit and loss are measured at their fair value. This group includes those derivatives for which hedge accounting is not applied and whose fair value is negative.

Other financial liabilities are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method. Transaction costs are included in the original book value of financial liabilities. Other financial liabilities include non-current and current interest-bearing liabilities and accounts payable.

Derivative contracts and hedge accounting

Financial derivatives are used for hedging purposes and are initially recognised in the balance sheet at fair value and are subsequently re-measured at fair value on each reporting period's balance sheet date. At the contract date derivatives are classified as either cash flow hedges, hedges of net investments in foreign entities or hedges that hedge accounting is not applied to. For derivatives that hedge accounting is not applied to the changes in fair value are recognised under financial items in the consolidated statement of comprehensive income. The fair values of derivatives are determined on the basis of publicly quoted market prices.

Cash flow hedging is applied to electricity derivatives and interest rate derivatives. Net investment hedging is applied to certain currency derivatives that hedge foreign currency risk in internal loans classified as net investments in foreign entities. Hedge programmes are documented according to the requirements of IAS 39, and the efficiency of hedge accounted derivatives is tested both at the inception of, and during, the hedge.

Fair value changes of derivatives, which are designated as cash flow hedges, are recognised in other comprehensive income in the hedge reserve to the extent that the hedge is effective. The spot price part of the fair value changes of currency derivatives designated as hedges of net investment in foreign entities, are recognised in other comprehensive income in the translation differences whereas the interest rate differential part of the fair value changes is recognised under financial items. Accumulated fair value changes in other comprehensive income are released into the consolidated statement of comprehensive income in the period during which the hedged cash flow affects the result, while electricity derivatives are recognised under cost of goods sold and interest rate derivatives under financial items.

The ineffective portion of the fair value change of cash flow hedges is recognised under cost of goods sold for electricity derivatives and under financial items for interest rate derivatives.

Share-based payments – Management incentive scheme

The costs relating to share-based payments are recorded in the income statement and the corresponding liability for share-based payments settled in cash is deferred. The recognised liability is measured at fair value on every balance sheet date. For equity-settled share-based payment transactions, an increase corresponding to the expensed amount is recorded in equity.

Treasury shares

Treasury shares are presented in the financial statements as a reduction in shareholders' equity. Treasury shares are taken into account in calculating key figures and ratios according to IAS 33.

Dividends

Dividends proposed by the Board of Directors are not recognised in the financial statements until their proposal is approved by the shareholders in the Annual General Meeting.

Accounting policies requiring consideration by management and essential uncertainty factors associated with estimates

Estimates and assumptions regarding the future must be made during the preparation of the financial statements, and the outcome may differ from the estimates and assumptions. Furthermore, the application of accounting principles requires consideration.

Group management needs to make decisions regarding the selection and application of accounting principles. These judgements are in particular required in those cases in which the IFRS in force provide the opportunity to choose between various accounting, valuation or presentation methods.

The estimates made in connection with preparing the financial statements reflect the management's best view at the time of the closing of the accounts. These estimates are affected by historical experience and assumptions regarding future developments, which are regarded as well-founded at the time of closing the accounts. On a regular basis, the Group monitors the realisation of these estimates and assumptions through internal and external information sources. Any changes in estimates and assumptions are recognised in the financial statements for the period during which such corrections are made, and all subsequent financial periods.

Estimates have been used in determining the size of items reported in the financial statements, including, among other things, the realisability of certain asset items, such as deferred tax assets and other receivables, the economic useful life of property, plant and equipment, provisions, pension liabilities and impairment on goodwill.

From the Group's perspective, the most significant uncertainty factors are related to impairment testing on goodwill and the defined benefit-based pension obligations. The application of the related accounting policies requires the use of estimates and assumptions that also have a large impact. Uncertainty factors in connection with impairment testing on goodwill relate to the assumptions made on future cash flows and determining the discount rate. The Group's weighted average capital cost rate (WACC), determined by reporting segment, is used as the discount rate in impairment tests. The book value of the defined benefit-based pension obligation is based on actuarial calculations, which in turn are based on the assumptions and estimates of a discount rate used for assessing plan assets and obligations at their current value, the expected rate of return on plan assets and developments in inflation, salary and wage levels.

Non-recurring items

Non-recurring items described in the Review by the Board of Directors, are exceptional transactions that are not related to normal business operations. The most common non-recurring items are capital gains and losses, inefficiencies in production related to plant closures, additional write-downs, or reversals of write-downs, expenses due to accidents and

disasters, provisions for planned restructurings, environmental matters or penalties. The Group's management exercises its discretion when taking decisions regarding the classification of non-recurring items.

New and amended IFRSs and Interpretations adopted in 2015

The following new and revised IFRSs have been adopted in these consolidated financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions and events.

- IFRIC 21 *Levies* (effective in the EU for annual periods beginning on or after 17 June 2014). The interpretation provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and those where timing and amount of the levy is certain.

- *Annual Improvements to IFRS 2011-2013* (effective in the EU for annual periods beginning on or after 1 January 2015). In the annual improvement process the non-urgent but necessary amendments to IFRS are collected and issued annually. The nature of the improvements depends on the standards, but they do not have material impact on the consolidated financial statements.

Application of new and revised IFRSs in issue but not yet effective

IASB has published the following new or revised standards which the Group has not yet adopted. The Group will adopt each standard as from the effective date, or if the effective date is other than the first day of the reporting period, from the beginning of the next reporting period after the effective date. The effects of these new and amended standards are under investigation, unless otherwise stated below.

- *Amendments to IAS 19 Defined Benefit Plans: Employee Contributions* (effective in the EU for annual periods beginning on or after 1 February 2015). The amendments to IAS 19 *Employee Benefits* clarify how an entity should account for contributions made by employees or third parties that are linked to services should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, be recognised as a reduction in the service cost in the period in which the related service is rendered. Retrospective application is required.

- *Annual Improvements to IFRS 2010-2012* (effective in the EU for annual periods beginning on or after 1 February 2015). In the annual improvement process the non-urgent but necessary amendments to IFRS are collected and issued annually. The nature of the improvements depends on the standards, but they do not have material impact on the consolidated financial statements.

- IFRS 9 *Financial Instruments* (effective date for annual periods beginning on or after 1 January 2018). IFRS 9 is a several phase project which aims to replace IAS 39 *Financial Instruments: Recognition and Measurement* with a new standard. According to the classification and measurement part of IFRS 9, financial assets are classified and measured based on entity's business model and the contractual cash flow characteristics of the financial asset. Classification and measurement of financial liabilities is mainly based on the current IAS 39 principles. The general hedge accounting model allows entities to reflect risk management activities in the financial statements more closely as it provides more opportunities to apply hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of "economic relationship". The impairment model reflects expected credit losses, as opposed to incurred credit losses under IAS 39. It is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, entities always account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. The standard also introduces a number of new disclosure requirements about an entity's risk management activities. The standard has not yet been endorsed by the EU.

- IFRS 15 *Revenue from Contracts with Customers* (effective for annual periods beginning on or after 1 January 2018). IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under IFRS 15, a customer of an entity is a party that has contracted with the entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration. The standards core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Extensive disclosures are required by the standard. Entities can choose to apply the Standard retrospectively or to use a modified transition approach, which is to apply the Standard retrospectively only to contracts that are not completed contracts at the date of

initial application. The standard has not yet been endorsed by the EU. The Group does not expect to have any significant changes from adoption of this new standard.

- *Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations* (effective in the EU for annual periods beginning on or after 1 January 2016). The amendments to IFRS 11 provide guidance on how to account for the acquisition of an interest in a joint operation in which the activities constitute a business as defined in IFRS 3 *Business Combinations*. The amendments are required to be applied prospectively.

- *Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation* (effective in the EU for annual periods beginning on or after 1 January 2016). The amendments to IAS 16 *Property, Plant and Equipment* prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 *Intangible Assets* introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. The amendments apply prospectively.

- *Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants* (effective in the EU for annual periods beginning on or after 1 January 2016). The amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The amendments apply retrospectively.

- *Amendments to IAS 1 Disclosure Initiative* issued in December 2014 (effective for annual periods beginning on or after 1 January 2016). The amendments were a response to comments that there were difficulties in applying the concept of materiality in practice as the wording of some of the requirements in IAS 1 *Presentation of Financial Statements* had in some cases been read to prevent the use of judgement. Specifically, an entity should not reduce the understandability of financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. A specific disclosure required by an IFRS is not needed to be provided if the information is immaterial.

- *Annual Improvements to IFRS 2012-2014* issued in September 2014 (effective in the EU for annual periods beginning on or after 1 January 2016). In the annual improvement process the non-urgent but necessary amendments to IFRS are collected and issued annually. The nature of the improvements depends on the standards, but they do not have material impact on the consolidated financial statements.

- *Amendments to IAS 27 Equity Method in Separate Financial Statements* issued in August 2014 (effective for annual periods beginning on or after 1 January 2016). The amendments focus on separate financial statements and allow the use of equity method in such statements, in addition to already existing alternatives of valuing investments in subsidiaries, joint ventures and associates either at cost or in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*. The amendments are to be applied retrospectively.

- *Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception* (effective for annual period beginning on or after 1 January 2016). The amendments clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10 *Consolidated Financial Statements*. Consequential amendments have also been made to IAS 28 *Investments in Associates and Joint Ventures* to clarify that the exemption from applying equity method is also applicable to an investor in an associate or joint venture if that investor is a subsidiary of an investment entity that measures all its subsidiaries at fair value. The amendments have not yet been endorsed by the EU.

- IFRS 16 *Leases* issued in January 2016 (effective for annual periods beginning on or after 1 January 2019). IFRS 16 specifies the recognition, measurement, presentation and disclosure requirements on leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from the current standards. The adoption of the new standard will have an impact on the way leases are presented by the Group. The standard has not yet been endorsed by the EU.

- Amendments to IAS 12 Income taxes: Recognition of Deferred Tax Assets for Unrealised Losses issued in January 2016 (effective for annual periods beginning on or after 1 January 2017). The amendments addresses recognition of deferred tax assets relating to unrealised losses arising from fair value changes in debt instruments classified as available for sale. The amendments have not yet been endorsed by the EU.

2. Segment information

Uponor's segment structure is based on business and geographical segments in accordance with the organisational structure. The reporting segments are Building Solutions – Europe, Buildings Solutions – North America and Uponor Infra. The business risks and profitability factors differ from each other with respect to the market and business environments, product offering, services and customers. The Group's management, control and reporting structures are organised by business segment. The reported segments are specified as operating segments, which have not been combined.

Building Solutions – Europe is in charge of the European markets and sales to such non-European countries in which Uponor does not have its own operations. Buildings Solutions – North America is responsible for business operations in the USA and Canada. Buildings Solutions in Uponor mainly refers to indoor climate and plumbing solutions for residential and non-residential buildings. A major part of the Building Solutions customers are heating, ventilation and air conditioning (HVAC) professionals, such as installers and building companies.

Uponor Infra is market leader in municipal infrastructure pipe systems in Northern Europe and it has also business in Central Europe and North America. Its products and services, such as sewer and storm water systems and waste water treatment systems and project services are sold to municipalities, utilities and pipeline construction and renovation customers.

The 'Others' segment includes Group functions and non-operative companies.

Financial target setting and monitoring mainly focus on figures for segment sales, operating profit, operative costs and net working capital. Group resources are managed, for instance, by allocating investments to attractive businesses and balancing human resources and competencies to match the requirements of business processes.

Segment reporting is based on the Group accounting principles. All transactions between segments are market-based and internal sales and margins are eliminated from consolidated figures.

The segment revenue equals to the net sales and the segment result equals to the operating profit presented in the condensed consolidated income statement. The income statement consists of continuing operations by segment, while balance sheet items match the Group structure on the closing dates. Continuing operations do not include the infrastructure business in Ireland, which was sold in June 2008.

Segment assets include items directly attributable to a segment and items which can be allocated on a reasonable basis. These are mainly non-interest bearing items such as intangible assets, property, plant and equipment, inventories, accruals, accounts receivables and other receivables.

2015 M€	Building Solutions - Europe	Building Solutions - North America	Uponor Infra	Others	Eliminations	Uponor Group
Net sales, external	466.4	275.8	308.6	-	-	1,050.8
Net sales, internal	0.7	-	3.4	-	-4.1	-
Net sales, total	**467.1**	**275.8**	**312.0**	**-**	**-4.1**	**1,050.8**
Operating result	**24.0**	**51.0**	**0.2**	**-3.8**	**0.0**	**71.4**
Operating result, %	5.1	18.5	0.1			6.8
Finance income						11.3
Finance expenses						20.2
Share of result in associated companies						0.3
Income taxes						25.7
Result from discontinued operations						-0.2
Profit for the period						36.9
Assets	325.5	216.0	212.9	227.7	-274.3	707.8
Liabilities						
Total liabilities for reportable segments	211.3	160.2	80.0	245.7	-301.0	396.2
Unallocated amounts						311.6
Total liabilities						707.8
Investments	15.4	22.6	11.3	0.8	-	50.1
Depreciation and impairment	10.2	9.8	14.5	4.5	0.1	39.1
Personnel, average	2,014	592	1,173	64	-	3,842

2014 M€	Building Solutions - Europe	Building Solutions - North America	Uponor Infra	Others	Eliminations	Uponor Group
Net sales, external	477.7	200.8	345.4	-	-	1,023.9
Net sales, internal	1.4	0.0	5.9	-	-7.3	-
Net sales, total	**479.1**	**200.8**	**351.3**	**-**	**-7.3**	**1,023.9**
Operating result	**35.0**	**31.5**	**-0.5**	**-2.6**	**0.0**	**63.4**
Operating result, %	7.3	15.7	-0.1			6.2
Finance income						8.8
Finance expenses						16.2
Share of result in associated companies						0.3
Income taxes						20.0
Result from discontinued operations						-0.3
Profit for the period						36.0
Assets	338.8	161.2	242.3	190.5	-251.0	681.8
Liabilities						
Total liabilities for reportable segments	227.4	85.7	105.7	240.3	-275.1	384.0
Unallocated amounts						297.8
Total liabilities						681.8
Investments	13.6	11.4	10.3	0.4	-	35.7
Depreciation and impairment	10.4	8.0	13.1	4.5	0.5	36.5
Personnel, average	2,052	537	1,481	57	-	4,127

Entity-wide information

Information about product and services

External net sales, continuing operations	**2015**	**2014**
Building Solutions	742.2	678.3
Infrastructure Solutions	308.6	345.6
Uponor Group	**1,050.8**	**1,023.9**

Information about geographical areas

External net sales, continuing operations	2015	2014
Finland	123.7	135.1
United States	250.9	179.9
Germany	136.7	141.8
Sweden	93.1	94.1
Canada	82.9	83.5
Denmark	47.8	48.6
Netherlands	37.0	31.5
United Kingdom	35.2	35.9
Norway	30.4	36.6
Spain	29.6	28.5
Others	183.4	208.4
Uponor Group	**1,050.8**	**1,023.9**

Non-current assets	2015	2014
Finland	53.1	61.9
Unites States	87.5	57.5
Sweden	36.1	32.0
Germany	33.5	34.5
Canada	11.2	12.1
Others	32.4	36.3
Uponor Group	**253.8**	**234.3**

External net sales are presented in accordance with the geographical location of the customers. Non-current assets are presented in accordance with the geographical location of the assets. Non-current assets do not include goodwill and deferred tax asset.

3. Discontinued operations

In 2015, the discontinued operations include €0.2 (0.3) million in costs related to the Irish infrastructure business sold in 2008. These costs mainly incurred from administrative and operative costs.

	2015	2014
Expenses	0.2	0.3
Result before taxes	-0.2	-0.3
Income taxes		-
Result after taxes	-0.2	-0.3
Result for the period from discontinued operations	-0.2	-0.3
Cash flow from discontinued operations		
Cash flow from operations	-0.6	-0.5

4. Business combinations

On 4 January 2016, Uponor Holding GmbH closed the acquisition of all of the shares in two German companies, Delta Systemtechnik GmbH and the KaMo Group, as announced on 30 November, 2015. Kamo Group consists of the three companies: KaMo Frischwarmwassersystem GmbH, KaMo Verteilersysteme GmbH and Morlok Betriebsgesellschaft mbH. Delta Systemtechnik produces fresh water units for central domestic hot water systems as well as heating transfer stations and components for hot water and heating systems. KaMo develops and distributes systems for local and central heating and domestic hot water preparation. This acquisition aims at broadening Uponor's portfolio and competencies in the increasingly important hygienic drinking water delivery sector. The new companies will be included in the Building Solutions - Europe segment. The new companies will be consolidated in the January-March 2016 interim

report for the first time and IFRS 3 related notes will be disclosed in the same interim report, as the required information is not yet available.

In December 2015, Uponor Corporation acquired the entire shareholding in a Finnish start-up company UWater Oy (NWater Oy until 11 January 2016) specialising in online water quality monitoring. Consideration paid, net assets acquired and liabilities assumed were immaterial.

The Group did not have any significant acquisitions in 2014.

5. Disposal of subsidiaries and businesses

On 25 February 2015, Uponor announced that its majority-held subsidiary Uponor Infra Oy sold its majority shareholding of 65.99% of the shares in Wiik & Hoeglund PLC, a company listed on the stock exchange of Thailand. Uponor Infra Oy made a decision to withdraw from the business in accordance with its strategy to focus on markets where it can command a strong market position and achieve operational synergies. As a result of the sale, non-controlling interest related to Wiik & Hoeglund Plc ceased to exist.

Further, on 30 March 2015 it was announced that Uponor Infra Oy divested, for the same reasons, its fully owned Finnish subsidiary, Extron Engineering Oy, a specialist in the business of designing and manufacturing machinery for the plastic products industry.

Later, in December 2015, following the strategic adjustment of Uponor Infra's product portfolio, Uponor Infra Oy sold its Omega-Liner® pipeline renovation business.

The sales price received from these transactions totalled to €9.8 million. The net impact on the result was €1.9 million.

M€	**2015**	**2014**
Book value of disposed assets		
Tangible assets	8.0	-
Intangible assets	0.0	-
Other non-current assets	1.5	-
Inventory	5.1	-
Accounts receivable and other receivables	5.9	-
Cash and cash equivalents	2.2	-
Total assets	22.7	-
Interest-bearing non-current liabilities	0.4	
Employee benefits and other liabilities	0.4	-
Interest bearing current liabilities	6.0	
Accounts payable and other current liabilities	4.7	-
Total liabilities	11.5	-
Net assets	11.2	-
- attributable to parent company	7.9	-
Cash received from sales	9.8	-
Cash and cash equivalent disposed of	2.2	-
Cash flow effect	7.6	-

6. Other operating income and expenses

	2015	2014
Other operating income		
Gains from sales of fixed assets	0.3	2.1
Profit from disposal of subsidiaries and businesses	1.9	-
Other items	0.2	0.3
Total	**2.4**	**2.4**
Other operating expenses		
Research and development expenses	18.5	16.3
Losses from sales of fixed assets	0.1	0.8
Impairments	3.0	0.5
Other items	0.1	0.2
Total	**21.7**	**17.8**
Auditor fees		
Authorised Public Audit firm Deloitte & Touche		
Statutory audit services	0.8	0.8
Other services	0.3	0.2
Total	**1.1**	**1.0**

7. Employee benefits

	2015	2014
Short-term employee benefits:		
- Salaries and bonuses	187.3	182.2
- Other social costs	27.8	28.5
Post-employment benefits:		
- Pension expenses - defined contribution plans	11.6	11.1
- Pension expenses - defined benefit plans	1.3	1.4
Other long-term employee benefits	0.1	-
Termination benefit expenses	1.2	4.2
Share based payments		
- Equity settled share-based payment transactions	1.0	-0.3
Total	**230.3**	**227.1**
Personnel at 31 December	3,735	3,982
Personnel, average	3,842	4,127

Information on the management's employee benefits is presented in the note 34 Related party transactions.

8. Depreciation and impairment

	2015	2014
Depreciation and impairment by asset category		
Intangible rights	4.9	5.0
Other intangible assets	0.7	0.8
Land and water areas	0.3	0.1
Buildings and structures	5.7	4.3
Machinery and equipment	21.2	20.6
Other tangible assets	6.3	5.7
Total	**39.1**	**36.5**
Depreciation and impairment by function		
Cost of goods sold	24.2	24.3
Dispatching and warehousing	1.4	1.4
Sales and marketing	2.1	2.0
Administration	7.4	7.3
Other	4.0	1.5
Total	**39.1**	**36.5**

In 2015, an impairment of €3.0 (0.5) million was made relating to tangible assets. By function this is included in the line other.

9. Financial income and expenses and currency exchange differences

	2015	2014
Financial income		
Dividend income on available-for-sale financial assets	0.0	0.6
Interest income from loans and other receivables	0.3	0.4
Interest income from interest rate swaps	0.7	0.2
Profit from financial assets and liabilities designated at fair value through profit and loss		
- net foreign currency derivatives, not under hedge accounting	-	1.4
Exchange differences	10.3	6.2
Total	**11.3**	**8.8**
Financial expenses		
Interest expense for financial liabilities measured at amortised cost	3.6	4.7
Interest expense from interest rate swaps	1.7	1.4
Loss from financial assets and liabilities designated at fair value through profit and loss		
- net foreign currency derivatives, not under hedge accounting	0.4	-
Exchange differences	13.3	8.8
Other financial costs	1.2	1.3
Total	**20.2**	**16.2**

In 2015, exchange rate gains and losses included in operating income and expenses total a €0.3 million gain (€0.3 million loss in 2014). Interest expenses include the interest part of finance lease payments of €0.5 (0.6) million.

10. Income taxes

	2015	2014
Current year and previous years taxes		
For the financial period	27.1	20.0
For previous financial periods	0.3	-0.2
Change in deferred taxes	-1.7	0.2
Total	**25.7**	**20.0**
Tax reconciliation		
Profit before taxes	62.8	56.3
Computed tax at Finnish statutory rate	12.6	11.3
Difference between Finnish and foreign rates	8.3	6.8
Non-deductible expenses	1.5	1.6
Tax exempt income	-1.4	-0.8
Utilisation of previously unrecognised tax losses	-0.1	-0.3
Unrecognised deferred tax assets on losses	2.2	2.0
Change in tax legislation	0.0	-0.1
Taxes from previous years	0.3	-0.2
Other items	2.3	-0.3
Total	**25.7**	**20.0**
Effective tax rate, %	40.9	35.5

During 2015 and 2014, there were no significant changes in the national tax legislation influencing on Group companies. The effective tax rate in 2015 increased to 40.9 per cent from the previous year's 35.5 per cent. In 2015, income taxes include €1.6 million taxes paid in Estonia related to dividends distributed. In 2015, an additional €0.5 million deferred tax liability related to remaining undistributed earnings in Estonian subsidiaries was recognised.

Taxes relating to other comprehensive income

2015	Before taxes	Tax effect	Net of taxes
Cash flow hedges	0.0	0.0	0.0
Net investment hedging	-2.0	-	-2.0
Re-measurements on defined benefit pensions	1.7	0.3	1.4
Translation differences	11.0	-0.3	11.3
Total	10.7	0.0	10.7

2014	Before taxes	Tax effect	Net of taxes
Cash flow hedges	-0.9	0.0	-0.9
Net investment hedging	0.6	-	0.6
Re-measurements on defined benefit pensions	-5.1	0.1	-5.0
Translation differences	7.3	-	7.3
Total	1.9	0.1	2.0

11. Earnings per share

	2015	**2014**
Result from continuing operations	37.1	36.3
Result from discontinued operations	-0.2	-0.3
Profit for the period	36.9	36.0
Profit for the period attributable to equity holders of parent company	37.5	36.5
Shares, in thousands		
Weighted average number of shares *)	73,106	73,067
Diluted weighted average number of shares	73,128	73,133
Basic earnings per share, €	0.51	0.50
- Continuing operations	0.51	0.50
- Discontinued operations	0.00	0.00
Diluted earnings per share, €	0.51	0.50
- Continuing operations	0.51	0.50
- Discontinued operations	0.00	0.00

*) Weighted average number of shares does not include treasury shares.

12. Intangible assets

2015	Intangible rights	Customer relationship value	Technology	Goodwill	Other intangible assets	Investment in progress	**Intangible assets**
Acquisition costs 1 Jan	61.9	2.4	1.5	83.8	0.9	0.1	**150.6**
Structural changes	0.1	-	-	-	-0.1	-	**0.0**
Translation difference	0.3	-	-	0.2	0.0	-	**0.5**
Increases	1.2	-	-	-	0.1	0.0	**1.3**
Decreases	-0.4	-	-	-	-	-	**-0.4**
Transfers between items	0.2	-	-	-	-	-0.1	**0.1**
Acquisition costs 31 Dec	63.3	2.4	1.5	84.0	0.9	0.0	**152.1**
Accumulated depreciations and impairments 1 Jan	49.8	0.7	0.3	0.7	0.7	-	**52.2**
Structural changes	-0.3	-	-	-	-	-	**-0.3**
Translation difference	0.3	-	-	-	-0.1	-	**0.2**
Acc. depreciation on disposals and transfers	-0.3	-	-	-	-	-	**-0.3**
Depreciation for the financial period	4.8	0.5	0.2	-	0.1	-	**5.6**
Accumulated depreciations and impairments 31 Dec	54.3	1.2	0.5	0.7	0.7	-	**57.4**
Book value 31 December	**9.0**	**1.2**	**1.0**	**83.3**	**0.2**	**0.0**	**94.7**

2014	Intangible rights	Customer relationship value	Technology	Goodwill	Other intangible assets	Investment in progress	**Intangible assets**
Acquisition costs 1 Jan	63.0	2.4	0.0	83.0	1.4	0.6	**150.4**
Translation difference	-0.5	-	-	0.2	0.0	-	**-0.3**
Increases	0.5	-	-	0.6	0.1	0.1	**1.3**
Decreases	-0.3	-	-	-	-0.6	-	**-0.9**
Transfers between items	-0.8	-	1.5	-	0.0	-0.6	**0.1**
Acquisition costs 31 Dec	61.9	2.4	1.5	83.8	0.9	0.1	**150.6**
Accumulated depreciations and impairments 1 Jan	45.5	0.2	0.0	0.7	1.2	-	**47.6**
Translation difference	-0.5	-	-	-	0.0	-	**-0.5**
Acc. depreciation on disposals and transfers	-0.2	-	-	-	-0.6	-	**-0.8**
Depreciation for the financial period	5.0	0.5	0.2	-	0.1	-	**5.8**
Transfers between items	0.0	0.0	0.1	0.0	0.0	-	**0.1**
Accumulated depreciations and impairments 31 Dec	49.8	0.7	0.3	0.7	0.7	-	**52.2**
Book value 31 December	**12.1**	**1.7**	**1.2**	**83.1**	**0.2**	**0.1**	**98.4**

In 2015 increases in intangible rights include investments to ERP system and software as well as patents and trademarks. In 2014, increases in intangible rights include investments to ERP system and software.

According to the IFRS 3 standard, goodwill is not depreciated, but it is tested at least annually for any impairment. If a unit's carrying value does not exceed goodwill amount, impairment is booked. Goodwill has been allocated between the segments as follows: Building Solutions – Europe €66.4 (66.2) million and Uponor Infra €17.1 (17.1) million.

Impairment tests are carried out for each separate cash-generating unit. Cash flow forecasts related to goodwill cover a period of 5 years. Terminal value is calculated from the fifth year's cash flow. Cash flow forecasts are based on the strategic plans approved by the management. Key assumptions of the plans relate to growth and profitability development of the markets and the product and service offerings. A cash-generating unit's useful life has been assumed to be indefinite, since these units have been estimated to impact on the accrual of cash flows for an undetermined period. The discount rate used is based on the interest rate level reflecting the average yield requirement for the cash generating unit in question. The discount rate used was 7.9 (8.2) per cent for Building Solutions – Europe and 7.8 (8.4) per cent for Uponor Infra. The 2015 goodwill impairment tests indicated that there was no need to make impairments.

A sensitivity analysis is performed for the following variables: sales, gross profit margin and discount rate. A 3.7 per cent sales reduction compared to the forecasted long-term levels would not expose the Group to any material impairment risk. A decrease of 1.4 percentage points in gross profit margin would not cause any impairment, provided that other business factors remained unchanged. A discount rate increase of 2.5 percentage points would not lead to any impairment, either. Presented sensitivities relate to the segment Uponor Infra, as its goodwill is more sensitive to the risk of impairment. It is the opinion of management that the changes in the basic assumptions in the theoretical scenarios mentioned above should not be interpreted as evidence that they are likely to occur.

The Group does not have any capitalised development costs.

13. Property, plant and equipment

2015	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction work in progress	**Tangible assets**
Acquisition costs 1 Jan	19.0	146.0	375.3	59.3	21.0	**620.6**
Structural changes	-2.8	-4.2	-11.7	-1.7	-0.4	**-20.8**
Translation difference	0.7	3.1	9.0	1.4	0.9	**15.1**
Increases	0.6	18.5	18.8	5.8	5.1	**48.8**
Decreases	0.0	-4.2	-9.6	-2.8	0.0	**-16.6**
Transfers between items	-	0.0	4.5	0.0	-4.8	**-0.3**
Acquisition costs 31 Dec	17.5	159.2	386.3	62.0	21.8	**646.8**
Accumulated depreciations and impairments 1 Jan	1.8	88.5	279.2	43.3	-	**412.8**
Structural changes	0.1	-1.3	-10.0	-1.6	-	**-12.8**
Translation difference	0.0	0.9	6.2	0.8	-	**7.9**
Acc. depreciation on disposals and transfers	0.0	-4.3	-9.0	-2.5	-	**-15.8**
Depreciation for the financial period	0.0	4.2	20.9	5.4	-	**30.5**
Transfers between items	-	-	-0.2	0.0	-	**-0.2**
Impairments	0.2	1.5	0.4	0.9	-	**3.0**
Accumulated depreciations and impairments 31 Dec	2.1	89.5	287.5	46.3	-	**425.4**
Book value 31 December	**15.4**	**69.7**	**98.8**	**15.7**	**21.8**	**221.4**
Book value for production plant, machinery and equipment			88.9			

2014	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction work in progress	**Tangible assets**
Acquisition costs 1 Jan	19.0	146.5	380.6	53.0	15.5	**614.6**
Translation difference	0.8	2.4	6.2	1.5	0.2	**11.1**
Increases	-	4.8	15.4	4.9	10.4	**35.5**
Decreases	-0.7	-5.4	-16.9	-14.7	-0.4	**-38.1**
Transfers between items	-0.1	-2.3	-10.0	14.6	-4.7	**-2.5**
Acquisition costs 31 Dec	19.0	146.0	375.3	59.3	21.0	**620.6**
Accumulated depreciations and impairments 1 Jan	2.1	90.2	282.1	38.4	-	**412.8**
Translation difference	0.0	0.4	4.5	1.5	-	**6.4**
Acc. depreciation on disposals and transfers	-0.2	-5.9	-22.3	-6.2	-	**-34.6**
Depreciation for the financial period	0.0	4.3	20.7	5.2	-	**30.2**
Transfers between items	-0.1	-0.5	-5.8	3.9	-	**-2.5**
Impairments	-	0.0	-	0.5	-	**0.5**
Accumulated depreciations and impairments 31 Dec	1.8	88.5	279.2	43.3	-	**412.8**
Book value 31 December	**17.2**	**57.5**	**96.1**	**16.0**	**21.0**	**207.8**
Book value for production plant, machinery and equipment			86.5			

The 2015 increases include investment in the sixth expansion of manufacturing capacity in the Apple Valley facility in Minnesota, North America and new greenfield factory for the production of local heat distribution systems in Russia.

The 2014 increases include investments in new pipe technologies, such as the new seamless aluminium composite pipe, PEX pipe extrusion and capacity investments in Apple Valley, Minnesota in North America, where the fifth expansion of the manufacturing facility was completed by the end of the year.

Construction work in progress increased during 2015 by €0.8 million to €21.8 million at closing date.

Structural changes relate to sale of subsidiaries or business combinations. In 2015 structural changes include the sale of Wiik & Hoeglund Plc in Thailand and Extron Engineering Oy in Finland.

Tangible assets include property acquired under finance lease arrangements, as follows:

2015	Land and water areas	Buildings and structures	Others	**Finance lease arrangements total**
Acquisition costs 1 Jan	0.7	11.3	0.6	**12.6**
Translation difference	-	0.0	0.0	**0.0**
Increases	-	-	0.1	**0.1**
Decreases	0.0	0.0	-	**0.0**
Acquisition costs 31 Dec	0.7	11.3	0.7	**12.7**
Accumulated depreciations and impairments 1 Jan	0.0	7.9	0.2	**8.1**
Translation difference	-	0.0	0.0	**0.0**
Acc. depreciation on disposals and transfers	-	-	0.0	**0.0**
Depreciation for the financial period	-	0.3	0.1	**0.4**
Accumulated depreciations and impairments 31 Dec	-	8.2	0.3	**8.5**
Book value 31 December	**0.7**	**3.1**	**0.4**	**4.2**

2014	Land and water areas	Buildings and structures	Others	**Finance lease arrangements total**
Acquisition costs 1 Jan	0.9	12.1	0.6	**13.6**
Translation difference	-	0.1	0.0	**0.1**
Decreases	-0.2	-0.9	-	**-1.1**
Acquisition costs 31 Dec	0.7	11.3	0.6	**12.6**
Accumulated depreciations and impairments 1 Jan	-	8.4	0.1	**8.5**
Translation difference	-	0.0	0.0	**-0.1**
Acc. depreciation on disposals and transfers	-	-0.8	-	**-0.8**
Depreciation for the financial period	-	0.3	0.1	**0.4**
Accumulated depreciations and impairments 31 Dec	-	7.9	0.2	**8.1**
Book value 31 December	**0.7**	**3.4**	**0.4**	**4.5**

14. Financial assets and liabilities by measurement category

2015	Derivative contracts, under hedge accounting	Financial assets/liabilities at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortised cost	Carrying amounts by balance sheet item	IFRS 7 Fair value hierarchy level	Note
Non-current financial assets								
Other shares and holdings				0.2		0.2		16
Non-current receivables			20.6			20.6		17
Current financial assets								
Accounts receivable and other receivables			178.1			178.1		19
Other derivative contracts	0.0	1.4				1.4	2	30
Cash and cash equivalent			49.2			49.2		20
Carrying amount by category	**0.0**	**1.4**	**247.9**	**0.2**		**249.5**		
Non-current financial liabilities								
Interest-bearing liabilities					91.2	91.2		25
Electricity derivatives	0.9					0.9	1	30
Current financial liabilities								
Interest-bearing liabilities					48.3	48.3		25
Electricity derivatives	0.9					0.9	1	30
Other derivative contracts	2.7	0.5				3.2	2	30
Accounts payable and other liabilities					92.7	92.7		26
Carrying amount by category	**4.5**	**0.5**			**232.2**	**237.2**		

2014	Derivative contracts, under hedge accounting	Financial assets/liabilities at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortised cost	Carrying amounts by balance sheet item	IFRS 7 Fair value hierarchy level	Note
Non-current financial assets								
Other shares and holdings				0.8		0.8		16
Non-current receivables			10.3			10.3		17
Current financial assets								
Accounts receivable and other receivables			152.4			152.4		19
Other derivative contracts	0.4	2.5				2.9	1, 2	30
Cash and cash equivalent			60.2			60.2		20
Carrying amount by category	**0.4**	**2.5**	**222.9**	**0.8**		**226.6**		
Non-current financial liabilities								
Interest-bearing liabilities					126.3	126.3		25
Electricity derivatives	0.6					0.6	1	30
Current financial liabilities								
Interest-bearing liabilities					15.9	15.9		25
Electricity derivatives	0.4					0.4	1	30
Other derivative contracts	3.5	2.3				5.8	1, 2	30
Accounts payable and other liabilities					90.1	90.1		26
Carrying amount by category	**4.5**	**2.3**			**232.3**	**239.1**		

The carrying value of financial assets and liabilities is considered to correspond to their fair value. Group’s financial instruments are classified according to IFRS 7 fair value hierarchies.

Uponor applies hierarchy as follows:
The fair value of electricity derivatives are measured based on stock exchange prices. (Hierarchy 1)

The fair value of currency forward agreements are measured based on price information from common markets and commonly used valuation methods. (Hierarchy 2)

15. Investment in associated companies

	2015	2014
Acquisition costs 1 Jan	0.1	0.0
Share of result in associated companies	0.3	0.3
Decreases	-0.2	-0.2
Translation difference	-	0.0
Book value 31 Dec	**0.2**	**0.1**

The Group has two German associated companies: Punitec GmbH and Punitec Verwaltungs GmbH, whose book value is €0.2 (0.1) million. From its 2015 result, Punitec GmbH paid a dividend of €0.2 (0.2) million to Uponor. The Group has also a joint venture company, Uponor Middle East S.A.L. Its book value is insignificant.

16. Other shares and holdings

	2015	2014
Other non-current investments	0.2	0.8
Total	**0.2**	**0.8**

Other non-current investments include other unlisted shares accounted for at cost, since it was not possible to determine their fair value reliably.

17. Non-current receivables

	2015	2014
Other loan receivables	0.2	0.2
Other receivables	20.4	10.1
Total	**20.6**	**10.3**

Other non-current receivables include €10.2 million funds recorded as receivable related to court approved class action settlements in the USA in 2015 and the tax receivable of €9.6 (9.6) million related to the unresolved Finnish tax dispute. Further information related to Finnish tax dispute is disclosed in the note 27 Commitments, contingent assets and contingent liabilities.

18. Inventories

	2015	2014
Raw materials and consumables	15.9	16.3
Semifinished products	15.3	15.4
Finished products / goods	81.2	85.7
Total	**112.4**	**117.4**

Based on the FIFO principle, inventories are valued at the lower of cost or net realisable value. During the year, inventories were scrapped or written down by €3.2 (3.4) million.

19. Accounts receivable and other receivables

	2015	2014
Accounts receivable	154.5	137.3
Current income tax receivables	2.9	3.0
Prepayments and accrued income	5.3	8.8
Derivative contracts	1.5	2.9
Interest-bearing current assets	0.3	0.3
Other receivable	23.6	15.1
Total	**188.1**	**167.4**

According to the Group's assessment, the carrying value of non-interest-bearing current receivables, except for commodity contracts receivable, is considered to correspond with their fair value.

The Group booked a €0.6 (0.7) million impairment in accounts receivable as expenses during the financial period. The Group is unaware of any factors which would cause possible additional impairments.

Aging of accounts receivable is as presented in note 29 Financial risk management.

Accrued income	2015	2014
Other taxes	0.0	2.7
Other accrued income	5.3	6.1
Total	**5.3**	**8.8**

20. Cash and cash equivalents

	2015	2014
Cash and bank deposits	25.3	28.8
Restricted cash	1.0	-
Other short-term investments (1-3 months)	22.9	31.4
Total	**49.2**	**60.2**

21. Shareholders' equity

During 2015, Uponor Corporation's share capital remained unchanged at 146,446,888 euros and the number of shares totalled 73,206,944. Each share entitles its holder to one vote at the shareholders' meeting. The share does not have any nominal value. Additionally, it does not have any minimum or maximum share capital. All shares issued have been paid in full.

At the beginning of 2015 the company held 140,378 treasury shares with a value of €1.0 million. During the period 42,818 of the company's own shares were transferred to the management as part of the long-term incentive programme for the years 2012-2014. At the end of 2015 company held a total of 97,560 treasury shares with a value of €0.7 million. The treasury shares were reacquired during the period 17 Nov. – 5 Dec. 2008. The justification for the buy-back was the use of shares as consideration in connection with the company's share-based incentive schemes. Treasury shares are presented as a reduction in retained earnings and do not have any asset value in the financial statements.

Reserve for invested unrestricted equity includes investments complying with the Limited Liability Companies Act. Hedge reserve is used for recording the changes in fair value of derivative contracts under hedge accounting.

At present, other reserves include statutory legal reserves.

22. Deferred taxes

	2015	2014
Deferred tax assets		
Internal profit in inventory	0.6	0.6
Provisions	8.7	6.1
Unused tax losses	3.3	3.4
Tangible assets	0.3	0.8
Employee benefits	2.3	2.9
Fair valuation of available-for-sale investments and financial instruments	0.4	0.2
Other temporary differences	5.4	5.4
Total	**21.0**	**19.4**
Deferred tax liabilities		
Accumulated depreciation difference and untaxed reserve	6.5	7.1
Tangible assets	0.1	0.1
Fair valuation of available-for-sale investments and financial instruments	0.3	0.6
Other temporary differences	13.3	11.5
Total	**20.2**	**19.3**

Deferred tax assets

	2015	2014
1 Jan	**19.4**	**15.9**
Recognised on income statement	2.1	2.2
Recognised in comprehensive income	-0.3	0.3
Recorded in equity	-0.2	0.2
Translation difference	0.7	0.8
Bought / sold business operations	-0.7	-
31 Dec	**21.0**	**19.4**

Deferred tax liabilities

	2015	2014
1 Jan	**19.3**	**15.7**
Recognised on income statement	0.3	2.3
Recognised in comprehensive income	-0.3	0.0
Recorded in equity	-0.2	0.3
Translation difference	1.1	1.0
Bought / sold business operations	0.0	-
31 Dec	**20.2**	**19.3**

The Group has recognised a deferred tax asset for its net operating loss carry-forwards, which can probably be utilised against future profits in the relevant tax jurisdictions. On 31 December 2015, the Group carried forward losses of €16.2 (15.4) million, for which the Group has a recognised deferred tax asset. In 2015, there is a €32.6 (32.8) million of loss carry-forwards for which no deferred tax asset has been recognised due to the uncertainty of the utilisation of these loss carry-forwards. Losses of €2.4 million will expire in 2016.

The Group does not provide for deferred taxes on the undistributed earnings of non-Finnish subsidiaries, to the extent that such earnings are intended to be permanently reinvested in those operations and repatriation would cause tax expenses.

23. Employee benefit obligations

The Group has a number of pension plans covering its operations, complying with each country's local rules and regulations. Moreover, the Group applies defined contribution and defined benefit pension plans. Pensions are based on actuarial calculations or actual payments to insurance companies. Independent authorised actuaries have prepared the actuarial calculations. The discount rate for actuarial calculations is determined by the reference to market yields of high-quality corporate bonds or government bonds. Used discount rates are country specific. Pension benefits are normally based on the number of working years and salary. Most defined benefit plans are located in Germany, Sweden and Canada, constituting around 97 (96) % of the defined benefit pension liability in the Group's balance sheet. Defined benefit plans in Germany and Sweden are unfunded and relate to pensions. These plans are closed for new entrants. Nowadays, pensions are accrued according to defined contribution plans. In Canada, defined benefit plans relate to pensions and post-employment medical and life insurance benefits. Defined benefit pension plan is funded.

	2015	2014
Post-employment benefit obligations:		
- Defined benefit plans	25.2	28.0
Other long-term employee benefit liability	1.6	1.9
Total	**26.8**	**29.9**

Defined benefit obligations

	2015	2014
Reconciliation of assets and liabilities recognised in the balance sheet		
Defined benefit obligation	33.9	37.6
Fair value of plan assets	-8.7	-9.6
Net liability in the balance sheet	**25.2**	**28.0**
Expenses recognised in the income statement		
Service costs	0.6	0.5
Net interest costs	0.7	0.9
Total	**1.3**	**1.4**
Expenses recognised in the income statement by function		
Cost of goods sold	0.3	0.3
Dispatching and warehousing	0.2	0.3
Sales and marketing	0.4	0.6
Administration	0.4	0.2
Other	0.0	0.0
Total	**1.3**	**1.4**

Movements in obligation	2015	2014
Obligation at 1 Jan	37.6	31.5
Sale of businesses	-0.4	-
Service cost	0.6	0.5
Interest expense	1.0	1.3
Remeasurements	-2.0	5.5
Member contributions	0.1	0.1
Conversion difference	-1.0	0.1
Benefit payments	-2.0	-1.4
Obligation at 31 Dec	**33.9**	**37.6**

Movements in fair value of plan assets		
Fair value of plan assets at 1 Jan	9.6	8.5
Interest income	0.3	0.5
Remeasurements	-0.3	0.2
Contributions by employer	1.7	1.4
Member contributions	0.1	0.1
Conversion difference	-0.7	0.3
Benefit payments	-2.0	-1.4
Fair value of plan assets at 31 Dec	**8.7**	**9.6**

Major categories of plan assets, fair values and % of total plan assets

	2015		2014	
	Käypä arvo	%	Käypä arvo	%
Equity instruments	5.1	58.6%	5.5	57.9%
Debt instruments	3.4	39.1%	3.7	37.9%
Assets held by insurance company	0.2	2.4%	0.4	4.2%
Total	8.7	100.0%	9.6	100%

Major categories of plan assets by countries

	Saksa		Ruotsi		Kanada		Muut	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Defined benefit obligation	11.4	11.9	7.4	8.5	14.5	15.7	1.0	1.4
Fair value of plan assets	-	-	-	-	8.5	9.2	0.2	0.4
Net liability (asset)	**11.4**	**11.9**	**7.4**	**8.5**	**6.0**	**6.6**	**0.8**	**1.0**

Principal actuarial assumptions

	Saksa		Ruotsi		Kanada		Muut maat	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Discount rate (%)	2.2	2.0	3.0	2.5	4.0-4.25	4.0	2.2-2.5	1.5-2.5
Expected rate of salary increase (%)	3.0	3.0	n/a	n/a	3.0	3.0	n/a-2.25	n/a-3.0
Expected rate of pension increase (%)	1.5	1.5	1.5	1.5	n/a	n/a	0.1-2.0	n/a-2.0

Sensitivity analysis of discount rate	Vaikutus velan määrään
Increase of 0.5%	Keskimäärin 7% lasku
Decrease of 0.5%	Keskimäärin 8% nousu

The Group expects to contribute €1.6 (1.7) million to its defined benefit pension plans in 2016.

The following table shows maturity of expected benefit payments:

Maturity of benefit payments	2016	2017	2018	2019	2020	2021 ->
Expected benefit payments	1.3	0.8	0.8	1.0	1.1	5.9

24. Provisions

	Guarantee and warranty obligations	Environmental obligations	Restructuring	Other provisions	Total
Provisions at 1 Jan 2015	6.5	3.2	2.0	4.5	16.2
Conversion difference	0.3	-	0.0	0.3	0.6
Additional provisions	4.1	-	1.8	11.3	17.2
Utilised provisions	-3.6	0.0	-1.6	-3.7	-8.9
Unused amounts reversed	0.0	-	0.0	-0.1	-0.1
Provisions at 31 Dec 2015	**7.3**	**3.2**	**2.2**	**12.3**	**25.0**
Current provisions	6.5	0.3	2.2	5.4	14.4
Non-current provisions	0.8	2.9	-	6.9	10.6
Total	**7.3**	**3.2**	**2.2**	**12.3**	**25.0**

Warranty provisions amounted to €7.3 (6.5) million at the end of the period. Warranty provisions are based on the previous years' experience of defective goods. The aim is to be prepared for future warranty expenses. Warranty periods vary from country to country, depending on local legislation and commercial practices. Other provisions include provision for enhanced warranty to cover potential fitting failures related to Uponor yellow brass fittings sold in the USA. This enhanced warranty relates to the court approved terms of the class action suits settled on 17 December 2015.

The increase in restructuring provisions relates mainly to streamlining operations in Building Solutions - Europe. The used restructuring provisions relate mainly to the relocation of the distribution centre in Germany and streamlining of the Finnish operations in Uponor Infra.

At period end, the environmental provision relating mainly to the divested Finnish real estate business in 2004 was €3.2 (3.2) million.

25. Interest-bearing liabilities

	2015	2014
Non-current interest bearing liabilities		
Bonds	80.0	99.9
Loans from financial institutions	5.0	19.9
Finance lease liabilities	5.9	6.5
Other non-current interest bearing liabilities	0.3	-
Total	**91.2**	**126.3**
Current interest-bearing liabilities		
Loans from financial institutions	27.7	15.3
Current portion of bonds	19.9	-
Finance lease liabilities	0.7	0.6
Total	**48.3**	**15.9**

Maturity of non-current interest bearing liabilities

	2017	2018	2019	2020	2021-
Bonds	-	80.0	-	-	-
Loans from financial institutions	5.0	-	-	-	-
Finance lease agreements	0.7	0.8	0.8	0.9	2.7
Other non-current interest bearing liabilities	0.1	0.1	0.1	0.0	-
Total	**5.8**	**80.9**	**0.9**	**0.9**	**2.7**

The interest rate ranges of interest-bearing liabilities, %pa	2015	2014
Loans from financial institutions	1,5	1,579 - 5,300
Bonds *)	1,709 - 2,009	1,926 - 2,226
Other non-current interest bearing liabilities	1.0-1.06	-

*) The Group has entered into an interest rate swap to fix half of the bond interest until June 2018.

Uponor raised a long term five-year bilateral loan of €35 million in 2013. The loan was related to Uponor Infra Oy, jointly owned together with KWH Group. At the end of 2015, remaining bilateral loan is €11.0 million. Uponor has two bonds totalling €100 million, issued in 2011. The amount of the five-year floating-rate loan totals €20 million and the amount of the seven-year floating-rate loan €80 million. They have bullet repayment structure maturing in 2016 and 2018. €50 million of the bonds' nominal value is hedged with fixed rate interest rate swaps. The transaction costs of the bonds have been netted to the bond.

At the end of the year, the Group did not have any outstanding commercial papers.

Finance lease liabilities	2015	2014
Minimum lease payments		
In less than one year	1.0	1.0
1-5 years	4.2	4.1
Over 5 years	2.8	3.8
Total	**8.0**	**8.9**
Future finance charges	1.4	1.8
Finance lease liabilities - the present value of minimum lease payments	**6.6**	**7.1**
The present value of minimum lease payments		
In less than one year	0.7	0.6
1-5 years	3.2	2.9
Over 5 years	2.7	3.6
Total	**6.6**	**7.1**

The Group’s finance lease agreements are mainly related to office, factory and warehouse premises. On 31 December 2015, the total amount of capitalised costs for finance lease agreements in the Group was €4.2 (4.5) million, which was included in the balance sheet under property, plant and equipment. The corresponding depreciation in 2015 was €0.4 (0.4) million. The total amount of finance lease payments in 2015 was €0.9 (1.8) million, which included €0.5 (0.6) million in interest expenses.

The most significant leasing liability is the finance lease agreement relating to office buildings and production facilities in Germany, signed in 1999. In 2015, the Group did not enter into any significant new finance lease agreements.

26. Accounts payable and other liabilities

	2015	**2014**
Accounts payable	63.8	67.6
Current income tax liability	3.3	5.0
Accrued liabilities	82.8	72.5
Advances received	0.2	1.5
Derivative contracts	4.2	6.2
Other current liabilities	28.9	22.5
Total	**183.2**	**175.3**
Accrued liabilities		
Personnel expenses	40.7	32.8
Bonuses	18.4	17.6
Taxes	0.9	1.0
Interest	0.3	0.3
Others	22.5	20.8
Total	**82.8**	**72.5**

27. Commitments, contingent assets and contingent liabilities

	2015	**2014**
Commitments of purchase PPE (Property, plant, equipment)	5.7	1.9
Other commitments	1.5	1.1
- on own behalf		
Pledges at book value	0.1	0.5
Mortgages issued	-	14.3
Guarantees issued	4.8	5.1
- on behalf of a subsidiary		
Pledges at book value	-	0.0
Guarantees issued	19.6	18.8
Letter of Comfort commitments undertaken on behalf of subsidiaries are not included in the above figures.		
Pledges at book value	0.1	0.5
Mortgages issued	-	14.3
Guarantees issued	24.4	24.0
Total	**24.5**	**38.8**

Contingent liabilities are presented in accordance with the best estimate of the amount of liability.

Uponor Corporation’s subsidiary in Spain, Uponor Hispania, SA, had a tax audit in December 2011 – May 2012, covering financial years 2006 and 2007. As a result of the audit, the tax authority claims €3.9 million in taxes, delay interest and penalties from Uponor Hispania. The claim mainly relates to the tax deductibility of certain costs such as services rendered by Uponor Group and advertising. Uponor Hispania disagrees with the assessment of the tax authority and has appealed the case. In May 2015, the Spanish tax authority accepted Uponor Hispania SA’s appeal for the most part, however rejecting the tax deductibility of costs related to Group services. Related to this, Uponor Hispania SA has started a process to avoid double taxation. While the appeal is being handled, Uponor Hispania, SA has provided a bank guarantee of €2.7 million covering the tax amount and delay interests due to the Spanish tax authority in 2012. The bank guarantee given is included in Guarantees on behalf of a subsidiary above.

In the beginning of 2012, Uponor Corporation and its subsidiary Uponor Business Solutions Oy paid €15.0 million in taxes, surtaxes and penalties based on the taxation adjustment decisions made by the Finnish tax authority for the years 2005-2009. The additional taxation and taxation adjustments are based on a tax audit for the years 2004-2007. The

dispute mainly pertains to market based transfer pricing of the company's internal service charges. Uponor appealed against the decisions and filed a request for rectification to the Board of Adjustment. The Board of Adjustment rejected Uponor Business Solutions Oy's appeal in April 2013 and, for the most part, also Uponor Corporation's appeal in June 2013. In July 2013, Uponor placed the issue before the administrative court and applied for rectification of the Board of Adjustment's ruling. Uponor also started a process to avoid possible double taxation. In November 2015, the administrative court rejected the appeals. This decision by the administrative court will not lead to any new payments or payment returns at this stage, and will therefore not affect Uponor's consolidated cash flow. Uponor does not agree with the dismissal of the case by the administrative court and has sought leave to appeal to the supreme administrative court. The surtaxes (€1.9 million) and the interest on delayed payments (€3.3 million) were recorded as expenses in 2011. The paid taxes (€9.8 million) relating to an increase in taxable income were booked as receivables from the tax authority in 2012. Tax authority returned €0.3 million to Uponor Corporation in June 2013; thus the tax receivable decreased to €9.6 million. The tax receivable is transferred to non-current receivables, as the process can last years. If Uponor, against expectations, should fail to get the appeal approved, the surtaxes and interests would remain as the company's loss. If the appeal would be approved, the surtaxes and interests would be returned to the company.

Uponor is involved several judicial proceedings, in various countries. The Group believes at the moment that the outcome of these disputes will not have a material effect on the Group's result or financial position.

28. Operating lease commitments

	2015	**2014**
Future minimum lease payments		
In less than one year	11.1	10.6
1-5 years	24.7	23.6
Over 5 years	10.1	10.4
Total	**45.9**	**44.6**

The Group has rented office and warehouse premises under various agreements. In addition, rental agreements, which do not constitute finance lease agreements, are classified as other rental agreements. The rents of operative leasing commitments are booked as expenses during the maturity period.

29. Financial risk management

Financial risk management aims to ensure Uponor Group's sufficient liquidity in a cost-efficient manner and to minimise any adverse effects on the Group's financial performance caused by uncertainties in the financial markets. The general operating principles of financial risk management are defined in the Group Treasury Finance Policy, approved by the Board.

At practical level Group's Treasury activities are governed by Treasury Committee. Treasury Committee is chaired by the Group's President and CEO, and its other members are the Group CFO and Vice President Treasury and Risk Management. The Treasury Committee is responsible for steering and supervising practical financial risk management. For the purposes of risk management, Uponor uses only such financial instruments whose market value and risk profile can be monitored reliably and continuously. Hedging transactions related to, for instance foreign currency, interest rate, liquidity and counterparty risks, are carried out in accordance with the Group Hedging Policy.

The management of financial risk is centralised into parent company and Group Treasury which also operates as the Group's internal bank. Group Treasury's financial risk management duties include identifying, assessing and covering the Group's financial risks. The Treasury is also responsible for external market transactions related to financial assets and risk management. Providing Group companies with consultation and services within financing belongs to the scope of Group Treasury as well.

Currency risk

Due to its international operations, the Group is exposed to currency risks arising from, for instance, currency-denominated accounts receivable and payable, intra-Group transactions, currency-denominated financing, deposits and bank account balances. According to the Group hedging policy, subsidiaries hedge all relevant transaction risks with the Group Treasury, using internal forward transactions. Group Treasury is responsible for assessing net positions and hedging them in external currency markets. Currency forward agreements and options are main instruments used in external hedging. The maximum duration of used foreign exchange contracts is one year.

A rule in intra-Group trade is that the production units invoice the sales units in the sales units' local currency. This enables the concentration of the currency risks into the production units, which have better resources for managing currency risks together with the Group Treasury. Currency risks in internal trade arise mainly from the sales from the production units in Germany, Sweden, the United States and Finland, in currencies other than seller units' home currency.

Subsidiaries forecast their foreign currency cash flows monthly for the following 12 month period. In accordance with the Group hedging policy, they hedge the relevant portion of their net foreign currency cash flows. In addition to the euro, other main invoicing currencies are US dollar (USD), Swedish krona (SEK), Canadian dollar (CAD) and Danish krona (DKK). On 31 December 2015, these currencies accounted for approximately 51.9 percent of the Group's external accounts receivable. Costs arising from the Group's own production in the United States and Sweden are used as natural hedges against sales in the mentioned currencies.

Group's currency risk position at 31 Dec 2015

M€	EUR USD	EUR SEK	USD CAD	EUR CAD	EUR DKK	Total
Gross exposure	30.6	9.7	0.5	7.8	5.1	53.7
Hedged	-45.6	-45.4	12.9	-16.0	3.7	-90.4
Net exposure	-15.0	-35.7	13.4	-8.2	8.8	-36.7
Sensitivity analysis (+/- 10%)	**EUR USD**	**EUR SEK**	**USD CAD**	**EUR CAD**	**EUR DKK**	**Total**
Income statement	0.1	1.2	1.3	0.8	0.9	4.3
Equity (translation differences)	1.4	2.4				3.8

Group's currency risk position at 31 Dec 2014

M€	EUR USD	EUR SEK	USD CAD	EUR CAD	EUR DKK	Total
Gross exposure	-14.5	4.4	-0.3	5.6	5.4	0.6
Hedged	0.1	-26.6	11.5	-12.0	5.4	-21.6
Net exposure	-14.4	-22.2	11.2	-6.4	10.8	-21.0
Sensitivity analysis (+/- 10%)	**EUR USD**	**EUR SEK**	**USD CAD**	**EUR CAD**	**EUR DKK**	**Total**
Income statement	0.2	0.8	1.1	0.7	1.1	3.9
Equity (translation differences)	1.2	3.0				4.2

The exposure presented includes only financial instruments as defined by IFRS 7. An exposure is a net of all the financial assets and liabilities nominated in foreign currencies outstanding on the balance sheet date. The exposure does not include any internal loans designated as net investments in foreign operations or any forecasted sales and purchases that are not yet on the balance sheet. The presented foreign exchange risk sensitivity analysis illustrates the impact of a 10 percent change in exchange rates on the income statement and on the balance sheet in euro.

Translational risks arise when the currency denominated assets and liabilities of subsidiaries located outside the euro area are exposed to currency fluctuations and these assets and liabilities are translated into the parent company's reporting currency, the euro. The most important balance sheet items in foreign currency are in the United States (USD) and Sweden (SEK). Translational risk affects the reported profit and key ratios through changes in the balance sheet, but not the cash flow. A 10 percent change in the euro against the Swedish krona and the US dollar would have resulted in a translation difference of €3.8 million before taxes in equity. According to the Group hedging policy, such non-euro denominated balance sheet items are not hedged, with the exception of non-euro denominated internal loans which are hedged in full. In addition, hedge accounting is applied to certain hedges on internal loans defined as net investments by the Group's Treasury Committee. Thereby, the fair value changes in these loans and loan hedges will not have an effect on the profit, but will be recognised in the equity to the extent that the hedge is effective.

Interest rate risk

Interest rate risk arises when changes in market interest rates influence financing costs, returns on financial investments and valuation of interest-bearing balance sheet items. Group Treasury is responsible for managing interest rate risks within the framework specified by Group Treasury policy, with the aim of balancing the interest rate position and optimising interest rate risks.

In order to manage interest rate risks, Uponor Group's funding is executed by using both fixed and floating interest rate loans and financial instruments. Currently all the external loans are based on floating interest rates. The duration of the interest rate position is managed by choosing loans with different interest rate periods. Different derivative instruments, such as interest rate swaps, forward rate agreements and interest rate options can also be used. Group Treasury is also responsible for matching external financial items and the duration of balance sheet items funded by such items. Short-term money market investments expose the Group to cash flow interest rate risks, but the overall impact of such investments is insignificant.

Financial instruments' sensitivity to fluctuations in market interest rates, as stated in the standard IFRS 7, is as follows: the impact of an interest rate increase or decrease of one percent is -/+ €0.5 (-/+ 0.6) million to the income statement and +/- €1.3 (+/- 1.8) million to shareholders' equity. The impact is calculated before taxes. The interest position impacting income statement consists of floating rate interest-bearing financial liabilities and assets and interest rate swaps, where hedge accounting is not applied. The impact to shareholders' equity results from the fair value change of the interest rate swap under cash flow hedge accounting.

Liquidity and refinancing risk

Liquidity and refinancing risk arises when a company is not able to arrange funding at reasonable terms and conditions, or at all. Uponor seeks to ensure availability and flexibility of financing through a balanced distribution of loan maturities, utilisation of various types of funding, multiple sources and by maintaining adequate credit limit reserves. The Group's liquidity is managed through efficient cash management and by investing solely in low-risk instruments, that can be liquidated rapidly and at a clear market price.

Group Treasury is responsible for the co-ordination of Group funding through the parent company. In exceptional cases, mainly for practical or legal reasons, Group Treasury can establish local working capital credit lines or loan structures in the name of a subsidiary, guaranteed by the parent company.

The most significant existing funding programmes on 31 December 2015 included:

- Bond €80 million maturing in 2018
- Bond €20 million maturing in 2016
- Several committed bilateral revolving credit facilities totalling €200 million of which 100 million maturing in 2019 and 100 million maturing in 2020

None of the committed bilateral revolving credit facilities were used during the reporting period. €50 million of the revolving credit facilities were renegotiated and extended during the third quarter of 2015.

In addition, the Group has a domestic commercial paper programme totalling €150 million, none of which was used at the end of the reporting period.

At the end of the reporting period, the Group had a total of €49.2 (60.2) million in cash and cash equivalents.

Contractual maturity of financial liabilities at 31 Dec 2015	**2016**	**2017**	**2018**	**2019**	**2020-**
Bonds	21.8	1.7	80.9		
Loans from financial institutions	6.1	5.1			
Finance lease liabilities	1.0	1.1	1.1	1.0	3.8
Other non-current interest bearing liabilities		0.1	0.1	0.1	0.0
Bank overdrafts in use	21.7				
Accounts payable	63.8				
Derivative contracts					
Foreign currency derivatives					
- cash outflow	196.1				
- cash inflow	196.8				
Interest derivatives	1.0	1.0	0.4		
Electricity derivatives	1.0	0.6	0.2	0.1	

Contractual maturity of financial liabilities at 31 Dec 2014	**2015**	**2016**	**2017**	**2018**	**2019 -**
Bonds	2.2	22.0	2.0	81.0	
Loans from financial institutions	13.4	6.3	6.2	8.1	
Finance lease liabilities	1	1	1	1.1	4.8
Bank overdrafts in use	2.7				
Accounts payable	67.6				
Derivative contracts					
Foreign currency derivatives					
- cash outflow	227.1				
- cash inflow	227.3				
Interest derivatives	1.0	1.0	0.8	0.4	
Electricity derivatives	0.4	0.3	0.3	0.0	0.0

Counterparty and credit risk

The counterparty risk related to financial instruments has been defined as the risk of the counterparty being unable or unwilling to fulfil its contractual obligations.

In order to minimise counterparty risks, the Group invests its cash reserves and makes derivative contracts using only counterparties who meet the Group's criteria for creditworthiness. The Group did not suffer any significant credit losses in its normal business operations during the financial year. The maximum counterparty risk is the book value of financial assets on 31 December 2015.

Potential concentrations of credit risk with respect to trade and other receivables are limited due to the large number and geographic dispersion of companies that comprise the Group's customer base. Customer credit limits are established and constantly monitored, and the evaluation of customers' financial conditions is performed on an ongoing basis. Trade

receivables are credit insured when applicable. The Group recorded a €0.6 (0.7) million impairment in accounts receivable in 2015.

The aging of accounts receivable	**2015**	**2014**
Undue	128.9	107.0
Due 1-30 days	16.0	20.9
Due 31-60 days	2.6	2.7
Due 61-90 days	1.0	2.4
Due over 90 days	6.1	4.3
Total	**154.6**	**137.3**

Price risk

In its business operations, the Group is exposed to raw material price risks including materials like plastics, aluminium, copper, zinc as well as electricity price risks. Such price risks are managed through long-term fixed-price supply contracts, whenever financially feasible. As far as the metals' price risk is concerned, LME-based (London Metal Exchange) financial instruments can be used to supplement fixed-price contracts. Hedge accounting is not applied to metals hedging via financial instruments.

Group Treasury is responsible for managing electricity price risks at the Nordic level within the framework defined in the Group hedging policy. Hedging targets are achieved mainly by using financial electricity derivative contracts. The Group applies hedge accounting to the electricity derivatives.

The table below presents the sensitivity of open electricity derivatives to fluctuations in electricity prices should the market price of electricity increase or decrease by 10 percent, while other factors are expected to remain unchanged. These figures are calculated before taxes. Electricity derivatives recorded at fair value affect the profit and loss statement. Any changes in the value of electricity derivatives that meet the criteria for hedge accounting as set forth in IAS 39 have an impact on shareholders' equity.

	2015	**2014**
Change in shareholders' equity	+/- 0.3	+/- 0.5

30. Derivative contracts and hedge accounting

Nominal value	**2015**	**2014**
Interest derivatives:		
Interest rate swaps	61.0	170.0
Foreign currency derivatives:		
Forward agreements		
- not under hedge accounting	192.6	176.5
- under hedge accounting	37.4	51.9
Currency options, bought	-	9.4
Currency options, sold	-	9.4
Commodity derivatives:		
Forward agreements		
- under hedge accounting	5.0	7.1

Fair value	2015 Positive fair value	2015 Negative fair value	2015 Net fair value	2014 Positive fair value	2014 Negative fair value	2014 Net fair value
Interest derivatives:						
Interest rate swaps	0.0	-2.4	-2.4	0.6	-3.7	-3.1
Foreign currency derivatives:						
Forward agreements						
- not under hedge accounting	1.4	-0.5	1.0	2.0	-1.9	0.1
- under hedge accounting	-	-0.3	-0.3	0.3	-0.2	0.1
Currency options, bought	-	-	-	0.6	-	0.6
Currency options, sold	-	-	-	-	0.0	0.0
Electricity derivatives						
- under hedge accounting	-	-1.8	-1.8	-	-0.9	-0.9

Changes in the fair values of electricity and interest rate derivatives designated as cash flow hedges are recognised in hedge reserve in equity to the extent that the hedge is effective.

From electricity derivatives a loss of €0.3 (a gain of 0.1) million was entered into hedge reserve during the financial period. The impact of the ineffective portion on the profit for the financial period was a loss of €0.3 (a gain of 0.2) million. A loss of €0.2 (a loss of 0.2) million in electricity derivatives was removed from hedge reserve and recorded in the consolidated statement of comprehensive income during the financial period, in costs of goods sold.

From interest rate derivatives a gain of €0.3 (loss of 1.0) million was entered into hedge reserve during the financial period. The tax impact has been taken into account in the amount. No ineffectiveness has been booked.

31. Capital management

The purpose of the Group's capital management is to create an efficient capital structure in order to ensure normal operational preconditions and growth opportunities and, thereby, to increase long-term shareholder return.

In addition to investment decisions, dividend distribution is a key factor affecting the capital structure. The Group's long-term goal is to pay a basic dividend which represents at least 50 percent of annual earnings per share.

The Group's capital structure developments are monitored by means of gearing. Gearing is calculated by dividing net interest-bearing liabilities by total equity. Net interest-bearing liabilities include interest bearing liabilities less cash and cash equivalents. The Group's target is to keep its gearing between 30 and 70 percent across quarters. In 2015, gearing average was 40.4 (45.8) per cent.

	2015	**2014**
Interest-bearing liabilities	139.5	142.2
Cash and cash equivalent	49.2	60.2
Restricted cash	1.0	-
Net interest-bearing liabilities	91.3	82.0
Total equity	311.7	297.9
Gearing, %	29.3	27.6
Gearing across quarters, %	40.4	45.8

Group's financial agreements include typical covenant clauses regarding the gearing and interest cover ratio. The realised ratio levels have clearly fulfilled the covenant clauses.

32. Management incentive programmes and share based payments

Uponor has long-term share based incentive plans for its key management. The existing plans are described below.

The plan 2015-2017, announced in 2014, is based on achieving the company's performance over a three year period. The plan 2015-2017 covers a maximum of 25 key managers of the Group including Executive Committee members. The maximum number of shares awarded corresponds to a maximum total of 350,000 shares including the proportion to be paid in cash.

The terms for the plans for the years 2013-2015 and 2014-2016 are the following:
Each participant in the incentive plan invests in Uponor shares within the pre-determined minimum and maximum limits of the plan. The reward in the plan consists of the following parts:

1) The matching share incentive based on the investment with a three year vesting period.
2) A performance share plan that depends on the company's earnings performance over a three-year performance period.

Both the matching shares and performance shares will be restricted by a one year restriction period after the share delivery, during which the delivered shares may not be transferred.

The plan 2014-2016 covers a maximum of ten members of the Group's key management. The maximum number of the shares awarded based on the share investment corresponds with approximately 8,500 shares and the maximum number of performance shares to be delivered corresponds with approximately 170,000 shares.

The plan 2013-2015 covers a maximum of twelve members of the Group's key management. The maximum value of the shares awarded based on the share investment corresponds with approximately 13,000 shares and the maximum value of performance shares to be delivered corresponds with 260,000 shares.

The management incentive scheme impact on the Group's operating profit is €-1.0 (0.3) million, on equity it is €0.3 (-0.1) million and the liability reserved for paying any related income taxes for scheme participants is €0.9 (0.5) million.

In addition, on 14 December 2015 the Board resolved to continue the key management performance share plan mechanism resolved by the Board in 2014. Approximately 25—30 Group key managers, including the members of the Executive Committee, belong to the target group of the new plan. The plan covers the calendar years 2016-2018. This did not have any impact on the consolidated financial statements 2015.

33. Interests in subsidiaries and non-controlling interests

Subsidiaries are listed in the note 34 Related party transactions.

Uponor Corporation's subsidiary Uponor Infra Oy has material non-controlling interest as a result of its ownership structure. Uponor Corporation has control in Uponor Infra Oy through the 55.3 per cent direct ownership and the voting ownership by holding the Chair position in the board of directors of Uponor Infra Oy. KWH Group Ltd has 44.7 per cent ownership in Uponor Infra Oy. Uponor Infra Oy is a parent company of a subgroup and its consolidated financials are presented below. The structure of this subgroup is presented in the list of subsidiaries.

		Non-controlling		Profit for the period		Equity attributable to	
	Location	2015	2014	2015	2014	2015	2014
Uponor Infra Oy	Finland, Helsinki	44.7%	44.7%	-0.6	-0.5	63.7	66.8

Financial information on Uponor Infra Oy's consolidated financial statements:

Financial information on subsidiaries, which has significant non-controlling interest

	Uponor Infra Group	
	2015	**2014**
Net sales	312.0	351.3
Profit for the period	-1.2	-1.4
Total comprehensive income for the period	0.4	-3.7
Profit for the period attributable to		
- Equity holders of parent company	-1.2	-1.5
- Non-controlling interest	0.0	0.1
Total comprehensive income for the period		
- Equity holders of parent company	0.0	-4.2
- Non-controlling interest	0.4	0.5
Non-current assets	81.4	93.3
Current assets	130.6	145.7
Non-current liabilities	16.7	32.8
Current liabilities	62.2	70.1
Cash flow from operations	14.6	-2.3
Cash flow from investments	-1.8	-6.7
Cash flow from financing	-12.9	1.8

Uponor Infra Oy's consolidated profit for 2014 includes non-controlling interest related to Wiik & Hoeglund Plc. This is not material from Uponor Group's perspective. Uponor Infra Oy sold Wiik & Hoeglund Plc in February 2015.

Uponor Infra Oy did not pay any dividends in 2015 or in the comparison period to its owners.

34. Related party transactions

Uponor Group's related parties include subsidiaries and associates as well as Board members, the managing director, his deputy and Executive Committee members.

The related party transactions disclosed consist of transactions carried out with related parties that are not eliminated in the consolidated financial statements.

Executive Committee and Board remuneration

Executive Committee remuneration, T€	2015	2014
Remuneration	2,543.6	2,182.0
Post-employment benefits		
- defined contribution plans	288.1	223.5
Share based benefits	675.5	-248.0
Total	**3,507.2**	**2,157.5**

Executive Committee remuneration includes salaries, fringe benefits and short term incentives.

Post-employment benefits include expenses accrued in accordance with local legal pension arrangements for the members of the Executive Committee and expenses related to defined contribution pension insurances taken in addition to the managing director and his deputy. The Group does not have any other commitments related to post-employment benefits.

Share based benefits include accrued expenses relating to management long term incentive schemes (further details in the note 32).

Remuneration of the managing director and his deputy is included also above presented table.

	2015	2014
Executive Committee remuneration: managing director and his deputy, T€		
Luomakoski Jyri, Managing Director	842.3	491.7
Bondestam Sebastian, Deputy to the Managing Director	425.9	265.9

Retirement age for the managing director and his deputy will be determined in accordance with the Employees' Pensions Act (TyEL), however both the Company and the managing director may require the managing director’s retirement at the age of 63 years. The managing director’s and his deputy’s pension accrues in accordance with the Employees’ Pensions Act (TyEL). Furthermore, the company has taken a defined contribution pension insurance for the managing director for which the company pays €40,000 on an annual basis, and for his deputy for which the Board decides separately the amount of the defined contribution for each year. In 2015, the Company has further concluded a pension arrangement based on capitalisation agreement for the benefit of the managing director, to which the company has paid €40,000.

Board remuneration, T€		
Eloranta Jorma, Chair	98.8	81.2
Paasikivi Annika, Deputy Chair from 19 March 2014	62.2	58.6
Ihamuotila Timo, Chair of the Audit Committee	58.0	58.0
Nygren Eva	50.0	54.8
Rosendal Jari	53.0	53.0
Lengauer Markus, from 17 March 2015	54.2	-
Simon Rainer S., until 17 March 2015	2.4	53.0
Paasikivi Jari, Chair until 19 March 2014	-	3.0
Total	**378.6**	**361.6**

The Company has taken a voluntary pension insurance for Board members. Upon retirement, this entitles them to a pension according to TyEL, the Finnish Employees' Pensions Act.

Other related party disclosures

The Group had not issued any loans to the persons classified as related party by 31 December 2015 or 31 December 2014.

In addition, persons classified as related party to the company have carried out minor transactions with companies belonging to the Group.

The shareholdings of the management and Board members are presented under the Corporate Governance section of the Financial Statements.

Transactions with associated companies, M€	2015	2014
Continuing operations		
Purchases	1.9	1.6
Balances at the end of period		
Loan receivables	0.3	0.3
Accounts payable and other liabilities	0.1	0.1

Shares and holdings

Subsidiaries

Name	Country and domicile
Uponor Beteiligungs GmbH	Germany, Hassfurt
Uponor GmbH	Germany, Hassfurt
Uponor S.A.R.L.	France, Saint Quentin Fallavier
Uponor Middle East S.A.L. (Off Shore) (50.0%)	Lebanon, Beirut
Uponor S.r.l.	Italy, Badia Polesine
Uponor Holding GmbH	Germany, Hassfurt
Zent-Frenger GmbH	Germany, Heppenheim
Uponor Hispania, S.A.U.	Spain, Móstoles
Uponor A/S	Denmark, Brøndby
Uponor Eesti Oü	Estonia, Tallinn
Uponor Suomi Oy	Finland, Nastola
Uponor Business Solutions Oy	Finland, Vantaa
Nwater Oy	Finland, Tampere
Uponor Asia Oy (*)	Finland, Helsinki
Uponor Technikes Lyseis gia Ktiria AE	Greece, Athens
Uponor Kft. (Uponor Épuletgépészeti Korlátolt Felelösségu Társaság)	Hungary, Budapest
Cork Pipe Plant Limited	Ireland, Bishopstown
SIA Uponor Latvia	Latvia, Riga
UAB Uponor	Lithuania, Vilnius
Uponor, s.r.o.	Czech, Prague
Uponor AS	Norway, Vestby
Uponor Sp. z o.o.	Poland, Plonie
Uponor Portugal - Sistemas para Fluidos, Lda.	Portugal, V.N. Gaia
Uponor AG	Switzerland, Pfungen
JSC "Uponor Rus"	Russia, Moscow
Uponor Innovation AB	Sweden, Borås
Uponor AB	Sweden, Virsbo
Uponor Vertriebs GmbH	Austria, Guntramsdorf
Uponor Limited	England, Lutterworth
Uponor Building Energy Limited	England, Skelmanthorpe
Uponor NA Holding, Inc.	USA, Delaware
Uponor NA Asset Leasing, Inc.	USA, Delaware
Uponor North America, Inc.	USA, Delaware
Tulsa Pipe Plant, Inc. (*)	USA, Delaware
Hot Water Systems North America, Inc.	USA, Delaware
Uponor Ltd	Canada, Saskatchewan
Radiant Technology, Inc.	USA, Delaware
Uponor, Inc.	USA, Illinois
Uponor Innovations, LLC	USA, Delaware
Uponor Trading (Beijing) Co., Ltd.	China, Beijing
Uponor Hong Kong Ltd	Hong Kong
Uponor Romania S.R.L.	Romania, Bucharest
Uponor Insurance Limited	Guernsey

Name	Country and domicile
Uponor Infra Oy (shareholding 55.3% Uponor Corporation, 44.7% KWH Group Ltd)	Finland, Helsinki
Jita Oy	Finland, Virrat
Uponor Infra AB	Sweden, Virsbo
Uponor Infra A/S	Denmark, Holbæk
Uponor Infra AS	Norway, Vestby
Uponor Infra Ltd	Canada, Mississauga
Uponor Infra Holding Corp.	USA, Delaware
Uponor Infra Corp.	USA, California
Uponor Infra Tech GmbH	Germany, Fulda
Uponor Infra Limited (99% Uponor Infra A/S, 1% Uponor Infra Oy)	England, Milton Keynes
Uponor Infra Sp. z o.o.	Poland, Warsaw
Uponor Infra Oü	Estonia, Tartu
CJSC "Uponor Infra"	Russia, St Petersburg
Koy Tuusulan Pakkasraitti 12	Finland, Tuusula
KWH Pipe (Malaysia) Sdn. Bhd. (*)	Malaysia, Kuala Lumpur
KWH Pipe Holdings (L) Ltd.	Malaysia, Labuan
KWH Pipe (India) Ltd. (76% KWH Pipe Holdings (L) Ltd., 24% Uponor Infra Oy) (*)	India, Mumbai
Uponor Infra Fintherm a.s.	Czech, Prague
KWH Pipe Espana SA (*)	Madrid, Spain
KWH Pipe (Portugal) Tubos Lda. (*)	Portugal, Palmela

Associated companies

Name	Country and domicile
Punitec GmbH & Co. KG	Germany, Gochsheim
Punitec Verwaltungs GmbH	Germany, Gochsheim

(*) Dormant company

35. Events after the balance sheet date

On 4 January 2016, Uponor Holding GmbH closed the acquisition of the shares in two German companies, Delta Systemtechnik GmbH and the KaMo Group. Further details are presented in the note 4 Business combinations.

SHARES AND SHAREHOLDERS

The volume of Uponor shares traded on the NASDAQ OMX Helsinki Exchange in 2015 totalled 27,590,225, valued at € 384.1 million. The share closed at € 13.6 and the market capitalisation came to € 995.6 million. The yearend number of shareholders totalled 14,539 of which foreign shareholders accounted for 31.5 (28.3) per cent.

Major shareholders on 31 December 2015

Shareholder	Shares	% of shares	% of votes
Oras Invest Ltd	16,571,780	22.6	22.7
Varma Mutual Pension Insurance Company	3,862,072	5.3	5.3
Investment Fund Nordea Nordic Small Cap	3,012,006	4.1	4.1
Ilmarinen Mutual Pension Insurance Company	1,996,527	2.7	2.7
Investment Fund Nordea Suomi	717,939	1.0	1.0
State Pension Fund	705,000	1.0	1.0
Investment Fund Nordea Pro Suomi	701,500	1.0	1.0
Mandatum Life Insurance Company Limited	596,794	0.8	0.8
Paasikivi Pekka	560,406	0.8	0.8
Paasikivi Jari	548,888	0.7	0.8
Paasikivi Jukka	538,173	0.7	0.7
SEB Finlandia Fund	502,143	0.7	0.7
Others	42,796,156	58.5	58.4
Total	73,109,384	99.9	100.0
Own shares held by the company	97,560	0.1	-
Grand total	73,206,944	100.0	100.0

Nominee registered shares on 31 December 2015

Nordea Bank Finland Plc	13,077,860	17.9	17.9
Nasdaq OMXBS/Skandinaviska Enskilda Banken AB	7,840,173	10.7	10.7
Svenska Handelsbanken AB (publ.)	1,229,398	1.7	1.7
Others	246,073	0.3	0.3
Total	22,393,504	30.6	30.6

The maximum number of votes which may be cast at the Annual General Meeting is 73,109,384 (status on 31 December 2015).

At the end of the financial period the company held a total of 97,560 own shares corresponding to the same number of votes. These shares do not entitle to vote in the Annual General Meeting.

The Paasikivi family has shareholdings directly and through Oras Invest Ltd totalling 25.3 (25.3) per cent.

Shareholders by category on 31 December 2015

Category	No. of shares	% of shares
Private non-financial corporations	19,063,733	26.0
Public non-financial corporations	5,750	0.0
Financial and insurance corporations	8,990,490	12.3
General government	7,365,379	10.1
Non-profit institutions	2,607,713	3.6
Households	12,107,231	16.5
Foreign (including nominee registrations)	23,065,794	31.5
Other (joint account)	854	0.0
Total	73,206,944	100.0

Shareholders by size of holding on 31 December 2015

Shares per shareholder	No. of shares, total	% of share capital	No. of shareholders	% of shareholders
1 - 100	246,955	0.3	3,780	26.0
101 - 1,000	3,562,977	4.9	8,445	58.1
1,001 - 10,000	5,766,376	7.9	2,104	14.5
10,001 - 100,000	4,750,365	6.5	168	1.2
100,001 - 1,000,000	11,290,455	15.4	35	0.2
1,000,001 -	47,589,816	65.0	7	0.0
Total	73,206,944	100.0	14,539	100.0

Share capital development 2011 - 2015

	Date	Reason	Change, euro	Share capital, euro	Number of shares
2015	31 Dec			146,446,888	73,206,944
2014	31 Dec			146,446,888	73,206,944
2013	31 Dec			146,446,888	73,206,944
2012	31 Dec			146,446,888	73,206,944
2011	31 Dec			146,446,888	73,206,944

PARENT COMPANY INCOME STATEMENT (FAS)

	Note	1 Jan - 31 Dec 2015 Euro	1 Jan - 31 Dec 2014 Euro
Net sales	2	26,544,109.02	21,444,513.45
Other operating income	3	0.00	275.00
Personnel expenses	4	6,415,989.60	4,764,194.50
Depreciation and impairments	5	204,566.57	335,929.63
Other operating expenses	3	27,528,914.33	23,150,985.56
Operating loss		**-7,605,361.48**	**-6,806,321.24**
Financial income and expenses	6	68,709,913.44	31,136,879.86
Profit before extraordinary items		**61,104,551.96**	**24,330,558.62**
Extraordinary items	7	7,575,000.00	7,903,000.00
Profit before appropriations and taxes		**68,679,551.96**	**32,233,558.62**
Change in depreciation difference		-22,910.25	104,514.29
Income taxes	8	24.48	-22,473.89
Profit for the period		**68,656,666.19**	**32,315,599.02**

PARENT COMPANY BALANCE SHEET (FAS)

	Note	31.12.2015 Euro	31.12.2014 Euro
Assets			
Non-current assets			
Intangible assets			
Intangible rights		296,267.46	388,325.10
Intangible assets	9	**296,267.46**	**388,325.10**
Tangible assets			
Machinery and equipment		121,737.47	176,618.89
Tangible assets	9	**121,737.47**	**176,618.89**
Securities and long-term investments			
Shares in subsidiaries		285,025,854.48	283,029,963.05
Other shares and holdings		48,585.35	48,585.35
Loan receivables		94,602,957.04	89,035,979.25
Securities and long-term investments	10	**379,677,396.87**	**372,114,527.65**
Total non-current assets		**380,095,401.80**	**372,679,471.64**
Current assets			
Non-current receivables			
Deferred tax assets		506,169.54	506,145.06
Non-current receivables	11	**506,169.54**	**506,145.06**
Current receivables			
Accounts receivable		3,827,297.64	3,294,339.58
Loan receivables		99,092,568.77	71,226,628.05
Accruals		906,713.23	478,455.14
Other receivables		34,328,909.86	34,057,271.22
Current receivables	12	**138,155,489.50**	**109,056,693.99**
Cash and cash equivalents			
Cash and cash equivalents		32,573,615.19	46,693,090.94
Cash and cash equivalents		**32,573,615.19**	**46,693,090.94**
Total current assets		**171,235,274.23**	**156,255,929.99**
Total assets		**551,330,676.03**	**528,935,401.63**

PARENT COMPANY BALANCE SHEET (FAS)

		31.12.2015 Euro	31.12.2014 Euro
Liabilities and shareholders' equity			
Shareholders' equity			
Share capital		146,446,888.00	146,446,888.00
Share premium		50,184,372.40	50,184,372.40
Unrestricted equity		66,613.56	66,613.56
Retained earnings		66,954,257.53	65,042,155.49
Profit for the period		68,656,666.19	32,315,599.02
Total shareholders' equity	13	**332,308,797.68**	**294,055,628.47**
Accumulated appropriations			
Depreciation difference	14	163,719.07	140,808.82
Accumulated appropriations total		**163,719.07**	**140,808.82**
Provisions	15	**2,530,847.68**	**2,530,725.28**
Liabilities			
Non-current liabilities			
Bonds		80,000,000.00	100,000,000.00
Non-current liabilities	16	**80,000,000.00**	**100,000,000.00**
Current liabilities			
Bonds		20,000,000.00	0.00
Accounts payable		3,227,864.23	2,549,207.07
Accruals		3,088,293.14	2,865,538.95
Other current liabilities		110,011,154.23	126,793,493.04
Current liabilities	17	**136,327,311.60**	**132,208,239.06**
Total liabilities		**216,327,311.60**	**232,208,239.06**
Total liabilities and shareholders' equity		**551,330,676.03**	**528,935,401.63**

PARENT COMPANY CASH FLOW STATEMENT

	1 Jan - 31 Dec 2015	1 Jan - 31 Dec 2014
	Euro	Euro
Cash flow from operations		
Operating profit	-7,605,361.48	-6,806,321.24
Depreciation	204,566.57	335,929.63
Other non-cash items	122.40	-139,411.36
Net cash from operations	**-7,400,672.51**	**-6,609,802.97**
Change in working capital		
Receivables	-9,737,360.13	4,832,198.24
Non-interest-bearing liabilities	-33,074,322.31	7,532,662.03
Change in working capital	**-42,811,682.44**	**12,364,860.27**
Dividends received	82,347,416.85	34,357,281.63
Group contributions	9,053,000.00	5,810,000.00
Cash flow from operations	**41,188,061.90**	**45,922,338.93**
Cash flow from investments		
Purchase of fixed assets	-57,627.51	-73,765.69
Granted loans	-51,477,195.92	-1,138,877.77
Loan repayments	8,053,386.90	1,981,848.31
Changes in investments in subsidiaries	-2,207,326.54	-3,939,331.22
Interests received	3,428,727.71	3,976,600.83
Dividends received	1,260.00	1,050.00
Cash flow from investments	**-42,258,775.36**	**807,524.46**
Cash flow before financing	**-1,070,713.46**	**46,729,863.39**
Cash flow from financing		
Borrowings of debt	26,000,000.00	21,000,000.00
Repayments of debt	-26,000,000.00	-21,000,000.00
Change in other short term debt	19,783,028.98	-9,716.58
Interests paid	-2,125,849.99	-2,363,788.88
Dividends paid	-30,705,941.28	-27,765,295.08
Income taxes paid	0.00	-334,545.66
Cash flow from financing	**-13,048,762.29**	**-30,473,346.20**
Change in cash and cash equivalents	**-14,119,475.75**	**16,256,517.19**
Cash and cash equivalents at 1 January	46,693,090.94	30,436,573.75
Cash and cash equivalents at 31 December	32,573,615.19	46,693,090.94
Changes according to balance sheet	**-14,119,475.75**	**16,256,517.19**

PARENT COMPANY

1. Accounting Principles

The Parent Company's Financial Statements have been prepared according to Generally Accepted Accounting Principles in Finland. Uponor Group´s financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and the parent company observes the Group's accounting policies whenever this has been possible. Presented below are principally the accounting policies in which the practice differs from the Group's accounting policies. In other respects, the Group's accounting policies are applied.

Net Sales
Parent Company's business consists of Group functions and turnover of the service charges to the Group companies.

Loan arrangement fee
Loan arrangement fee has been accrued linearly to current assets.

Pension arrangements
The Company's pension liabilities are handled through a pension insurance company. All expenses incurred in pension benefits are recorded as expenses in the period during which the corresponding work was performed.

Extraordinary income and expenses
Extraordinary income and expenses consist of Group contributions received and given, which are eliminated at the Group level.

Financial assets, financial liabilities and derivative contracts
Currency derivatives are measured at their fair value, which are based on market prices on closing date. Changes in the value of financial assets and liabilities, including derivatives, are recorded as gain or loss through profit and loss as financial income and expenses. Parent company does not apply hedge accounting. Otherwise the methods of measuring derivative contracts are explained in the section on the Group's accounting principles.

Leases
All leasing payments have been treated as rental expenses.

	2015 Euro	**2014 Euro**
2. Net sales		
Income from services		
- From group companies	26,544,109.02	21,440,736.36
- External	0.00	3,777.09
Total	**26,544,109.02**	**21,444,513.45**
3. Other operating income and expenses		
Other operating income		
Other	-	275.00
Total	**-**	**275.00**
Other operating expenses		
Travel expenses	1,286,683.87	1,262,603.54
Purchased services	12,219,742.86	10,882,154.50
Other	14,022,487.60	11,006,227.52
Total	**27,528,914.33**	**23,150,985.56**
Auditor's fees		
- Audit fees	75,000.00	66,500.00
- Tax advice	2,420.00	2,500.00
- Other services	17,108.89	45,642.08

4. Personnel expenses	2015	2014
Salaries and bonuses	5,520,980.26	4,187,536.68
Pension expenses	637,397.58	390,714.49
Other personnel expenses	257,611.76	185,943.33
Total	**6,415,989.60**	**4,764,194.50**

During financial period company employed:		
Employees, average	44	38

Salaries and emoluments paid to the managing director and board of directors *)		
Managing director	842,252.88	491,692.93
Board of Directors	378,600.00	361,600.00
Total	**1,220,852.88**	**853,292.93**

Loans to company directors

At 31 December 2015, the company´s managing director and members of the Board of directors had no loans outstanding from the company or its subsidiaries.

Managing director's pension obligations

Retirement age for the managing director will be determined in accordance with the Employee's Pensions Act (TyEL), however both the Company and the managing director may require managing director's retirement at the age of 63 years. The managing director's pension accrues in accordance with the Employee's Pensions Act (TyEL).

Furthermore, the company has taken defined contribution pension insurance for the managing director for which the company pays €40,000 on annual basis. In 2015, the Company has further concluded a pension arrangement based on capitalisation agreement for the benefit of the managing director to which the company has paid €40,000.

5. Depreciations		
Intangible assets	142,465.15	267,594.80
Tangible assets	62,101.42	68,334.83
Total	**204,566.57**	**335,929.63**

6. Financial income and expenses	2015	2014
Interest income	764,640.80	1,882,761.73
Intercompany interest income	3,908,404.40	4,776,015.35
- Associated companies	9,776.87	2,012.94
Dividend income	1,260.00	1,050.00
Dividend income from subsidiaries	82,347,416.85	34,357,281.63
Interest expenses	-8,229,691.58	-7,564,983.49
Intercompany interest expenses	-61,330.70	-121,915.61
Other financial expenses	-64,782.73	-72,694.34
Other financial income	1,000.00	0.00
Impairments on non-current investments	-8,279,865.90	-33.64
Income from shares in Group companies	1,000.00	0.00
Gains and losses from derivatives		
Realised	-134,705.76	3,628,973.67
Unrealised	-150,825.46	-2,429,651.59
Exchange differences		
Realised	-1,173,153.47	-1,519,713.59
Unrealised	-229,229.88	-1,802,223.20
Financial income and expenses total	**68,709,913.44**	**31,136,879.86**

7. Extraordinary income	2015	2014
Group contributions	7,575,000.00	7,903,000.00
Total	**7,575,000.00**	**7,903,000.00**

8. Taxes

For the financial period	0.00	0.00
For previous financial periods	0.00	5,408.38
Change in deferred taxes	24.48	-27,882.27
Total	**24.48**	**-22,473.89**

9. Intangible and tangible assets

2015	Intangible rights	Intangible investment in progress	Machinery and equipment	Investment in progress	Intangible and tangible assets
Acquisition costs 1 Jan	2,752,062.65	0.00	517,381.15	0.00	**3,269,443.80**
Increases	50,407.51	0.00	7,220.00	0.00	**57,627.51**
Decreases	0.00	0.00	0.00	0.00	**0.00**
Acquisition costs 31 Dec	2,802,470.16	0.00	524,601.15	0.00	**3,327,071.31**
Accumulated depreciations 1 Jan	2,363,737.55	0.00	340,762.26	0.00	**2,704,499.81**
Acc. depreciation on disposals and transfers	0.00	0.00	0.00	0.00	**0.00**
Depreciation for the financial period	142,465.15	0.00	62,101.42	0.00	**204,566.57**
Accumulated depreciations 31 Dec	2,506,202.70	0.00	402,863.68	0.00	**2,909,066.38**
Book value 31 December	**296,267.46**	**0.00**	**121,737.47**	**0.00**	**418,004.93**

2014	Intangible rights	Intangible investment in progress	Machinery and equipment	Investment in progress	Intangible and tangible assets
Acquisition costs 1 Jan	2,668,458.39	45,877.50	478,088.22	3,254.00	**3,195,678.11**
Increases	37,726.76	0.00	36,038.93	0.00	**73,765.69**
Decreases	0.00	0.00	0.00	0.00	**0.00**
Transfers between items	45,877.50	-45,877.50	3,254.00	-3,254.00	**0.00**
Acquisition costs 31 Dec	2,752,062.65	0.00	517,381.15	0.00	**3,269,443.80**
Accumulated depreciations 1 Jan	2,096,142.75	0.00	272,427.43	0.00	**2,368,570.18**
Acc. depreciation on disposals and transfers	0.00	0.00	0.00	0.00	**0.00**
Depreciation for the financial period	267,594.80	0.00	68,334.83	0.00	**335,929.63**
Accumulated depreciations 31 Dec	2,363,737.55	0.00	340,762.26	0.00	**2,704,499.81**
Book value 31 December	**388,325.10**	**0.00**	**176,618.89**	**0.00**	**564,943.99**

10. Non-current investments	2015	2014
Shares in subsidiaries book value 1 Jan	283,029,963.05	272,571,570.93
Increases	10,275,757.33	10,458,392.12
Decreases	887,728.47	0.00
Shares in subsidiaries acquisition cost 31 Dec	292,417,991.91	283,029,963.05
Impairments	7,392,137.43	0.00
Shares in subsidiaries book value 31 Dec	**285,025,854.48**	**283,029,963.05**
Other shares and holdings 1 Jan	48,585.35	48,618.99
Decreases	0.00	33.64
Other shares and holdings 31 Dec	**48,585.35**	**48,585.35**
Loans receivables		
- From group companies	89,279,066.76	83,669,015.31
- Subordinated loan	5,000,000.00	5,000,000.00
- Others	323,890.28	366,963.94
Loan receivables total	**94,602,957.04**	**89,035,979.25**
Total	379,677,396.87	372,114,527.65

Impairments in 2015 in subsidiary shares are relating to Uponor Ltd and Uponor Cork Pipe Plant Ltd shares.

11. Non-current receivables	2015	2014
- deferred tax assets	506,169.54	506,145.06
Total	**506,169.54**	**506,145.06**

Deferred tax asset is recorded for obligatory provisions in the balance sheet.
Deferred tax asset includes long-term tax assets totalling €51,542.34.

12. Current receivables

	2015	2014
From group companies		
- accounts receivable	3,826,550.18	3,293,499.66
- loan receivable	98,771,084.43	70,938,348.67
- accruals	88,851.15	2,841.38
- other receivables	30,950,223.78	29,141,111.16
Total	**133,636,709.54**	**103,375,800.87**

Associated companies		
- loan receivable	**321,484.34**	**288,279.38**
From external parties		
- accounts receivable	747.46	839.92
- accruals	817,862.08	475,613.76
- other receivables	3,378,686.08	4,916,160.06
Total	**4,197,295.62**	**5,392,613.74**
Total current receivables	138,155,489.50	109,056,693.99

Accruals		
Interest income	101,463.58	40,065.77
Taxes	138,520.69	138,520.69
Others	666,728.96	299,868.68
Total	**906,713.23**	**478,455.14**

13. Changes in equity

	2015	**2014**
Restricted equity		
Share capital on 1 January	146,446,888.00	146,446,888.00
Share capital on 31 December	**146,446,888.00**	**146,446,888.00**
Share premium on 1 January	50,184,372.40	50,184,372.40
Share premium on 31 December	**50,184,372.40**	**50,184,372.40**
Total restricted equity	**196,631,260.40**	**196,631,260.40**
Unrestricted equity		
Unrestricted equity 1.1.	66,613.56	66,613.56
Unrestricted equity 31.12.	**66,613.56**	**66,613.56**
Retained earnings 1 January	97,357,754.51	92,807,450.57
Dividend payments	-30,705,941.28	-27,765,295.08
Treasury shares	302,444.30	-
Retained earnings 31 December	**66,954,257.53**	**65,042,155.49**
Profit for financial period	68,656,666.19	32,315,599.02
Total unrestricted equity	**135,677,537.28**	**97,424,368.07**
Shareholders' equity 31 December	**332,308,797.68**	**294,055,628.47**
Distributable funds		
Unrestricted equity	66,613.56	66,613.56
Retained earnings	67,676,683.24	66,067,025.50
Profit for the period	68,656,666.19	32,315,599.02
Treasury shares	-722,425.71	-1,024,870.01
Distributable funds 31 December	**135,677,537.28**	**97,424,368.07**

14. Depreciation differences	2015	2014
- Other capitalised long-term expenditure	169,519.62	127,822.75
- Plant and machinery	-5,800.55	12,986.07
Total	**163,719.07**	**140,808.82**

Depreciation differences include deferred tax liabilities, which have not been recorded in the parent company's financial statements.

15. Provisions	2015	2014
Pension obligation	30,847.68	30,725.28
Environmental provision	2,500,000.00	2,500,000.00
Total	**2,530,847.68**	**2,530,725.28**

16. Non-current liabilities

Bonds	80,000,000.00	100,000,000.00
Total	**80,000,000.00**	**100,000,000.00**

Maturity of non-current interest bearing liabilities

	2018
Bonds	80,000,000.00

17. Current liabilities

From group companies		
- accounts payable	2,271,170.24	1,606,970.70
- accruals	4,796.68	989,267.67
- other current liabilities	104,856,648.50	119,912,621.92
Total	**107,132,615.42**	**122,508,860.29**
From external parties		
- bonds	20,000,000.00	0.00
- accounts payable	956,693.99	942,236.37
- accruals	3,083,496.46	1,876,271.28
- other current liabilities	5,154,505.73	6,880,871.12
Total	**29,194,696.18**	**9,699,378.77**
Total current liabilities	136,327,311.60	132,208,239.06

Accrued liabilities		
Personnel expenses	831,414.72	520,717.86
Bonuses	828,152.71	496,361.92
Taxes	118,243.14	132,194.88
Interest	167,862.51	198,437.60
Others	1,142,620.06	1,517,826.69
Total	**3,088,293.14**	**2,865,538.95**

18. Contingent liabilities

- on behalf group companies		
Guarantees issued	29,893,705.90	30,954,403.30
Guarantees issued	**29,893,705.90**	**30,954,403.30**

Operating lease commitments (including rental lease obligations)

Operating lease commitments for next 12 months	702,227.91	696,565.32
Operating lease commitments over next 12 months	3,091,476.51	3,514,662.42
Lease commitments	**3,793,704.42**	**4,211,227.74**
Total	**33,687,410.32**	**35,165,631.04**

Letter of Comfort commitments undertaken on behalf of subsidiaries are not included in the above figures.

19. Derivative contracts

	Nominal value	
	2015	**2014**
Interest derivatives:		
Interest rate swaps	61,000,000.00	170,000,000.00

	Fair value	
	2015	**2014**
Interest derivatives:		
Interest rate swaps	-2,386,741.85	-3,131,382.80

	Nominal value	
Foreign currency derivatives:	**2015**	**2014**
Forward agreements	230,045,271.42	225,542,879.89
Intragroup forward agreements	89,362,044.85	104,961,951.42
Currency options, bought		9,353,443.24
Currency options, sold		9,353,443.24
Commodity derivatives:		
Electricity derivatives	4,965,863.00	7,130,790.00
Energy 149 100MWh(208 137)		

	Fair value	
Foreign currency derivatives:	**2015**	**2014**
Forward agreements	637,478.67	253,326.54
Intragroup forward agreements	-1,111,760.05	-1,140,284.37
Currency options, bought		557,447.33
Currency options, sold		-11,152.87
Commodity derivatives:		
Electricity derivatives	-1,845,756.00	-938,760.00

20. Ledgers, vouchers and storaging

In electronic format:
General ledger
Journal
Accounts ledgers
Payroll accounting
Bank vouchers
Account sales

As paper documents:
Purchase account
Memo vouchers

Separately bound:
Balance book of financial period
Balance sheet specifications

PROPOSAL OF THE BOARD OF DIRECTORS

The distributable funds of the parent company Uponor Corporation are €135,677,537.28 of which profit for the period is €68,656,666.19.

The Board of Directors proposes to the Annual General Meeting that

-a dividend of €0.44 per share will be paid, at maximum	€ 32,168,128.96
-the remainder be retained in the shareholders' equity	€ 103,509,408.32
	€ 135,677,537.28

Company's financial situation has not changed materially after the closing day. Company's liquidity is good. Board of Directors view is that proposed profit distribution does not risk company's liquidity.

SIGNATURES ON THE REVIEW BY THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS

Vantaa, 12 February 2016

Jorma Eloranta
Chair

Annika Paasikivi

Jari Rosendal

Timo Ihamuotila

Markus Lengauer

Eva Nygren

Jyri Luomakoski
Managing director

THE AUDITOR'S NOTE

A report on the audit performed has been issued today.

Vantaa, 12 February 2016

Deloitte & Touche Oy
Authorised Public Audit Firm

Teppo Rantanen
Authorised Public Accountant