



Financial statements bulletin 1–12/2020

11 February 2021

Strong performance in all segments continued in Q4

October–December 2020

- Net sales were €280.5 (269.2) million, a growth of 4.2%. Organic growth was 6.0% in constant currency terms.
- Comparable operating profit was €27.3 (21.8) million, a growth of 25.6%.
- Operating profit was €23.8 (20.4) million, a growth of 16.7%.
- Earnings per share were €0.27 (0.18).

January–December 2020

- Net sales were €1,136.0 (1,103.1) million, a growth of 3.0%. Organic growth was 4.6% in constant currency terms.
- Comparable operating profit was €142.7 (92.7) million, a growth of 53.9%.
- Operating profit was €132.3 (91.3) million, a growth of 44.9%.
- Earnings per share were €1.21 (0.72).
- Cash flow from business operations was €207.5 (109.2) million.
- Return on investment was 21.8% (14.4) and gearing 3.6% (37.6).
- The Board's dividend proposal: €0.57 (0.53) per share to be paid, of which 0.28 cents will be paid in March 2021 and 0.29 cents is planned to be paid in September 2021.

Jyri Luomakoski, President and CEO, comments:

“During the exceptional year of 2020, our primary focus was to keep our employees safe and ensure uninterrupted deliveries to our customers. After a slowdown at the start of the pandemic, demand for our offering remained at a good level and a number of favourable drivers, including cost improvements partly triggered by COVID-19, supported our profitability development. This resulted in a record year for Uponor in terms of profitability, our best since the financial crisis in 2008, and we met our long-term financial target of an operating profit margin above 10%. During all our years as a listed company, we have only twice reported comparable operating profits and margins of this magnitude. But in those years, there were around 1.5 million more homes under construction yearly in our key markets than in 2020.

The Building Solutions – Europe segment improved its profitability significantly in 2020, while net sales increased slightly. Our operational excellence programme's initiatives are progressing as planned and started to yield the first results during 2020. In addition, favourable input costs and tight cost control increased profitability. We are pleased that improvements in operations, including at our Virsbo manufacturing facility in Sweden, continued during the whole year.

The Building Solutions – North America segment had a strong performance throughout the year. Profitability improvement was driven by well-managed pricing, increased volumes and favourable input costs, together with improvements in operations. Net sales increased in both the U.S. and Canadian markets. We were able to respond to the growth in demand, but by the end of 2020 this had lowered our inventory levels and increased our freight costs. Building a healthy level of inventory will be our focus area in 2021.

Uponor Infra had a solid year in terms of both net sales and operating profit. Even though COVID-19 had a negative impact on sales of large designed solutions projects, it was offset by the segment's solid

performance in other product groups. Profitability development was supported by improvements in operations and favourable input costs.

During 2020, we also advanced our sustainability agenda. Climate change is one of the biggest global threats we are facing, and we want to play our part in the fight against it. In December, we committed to the Science Based Targets initiative and we expect to gain approval for our new GHG emission reduction targets during the first half of 2021.

I want to thank all our employees for their hard work and commitment, as well as our customers and other stakeholders for their unwavering trust in us in 2020.

Our outlook for 2021 still involves uncertainties regarding the impacts of the COVID-19 pandemic. We do not expect to witness significant growth in demand overall for 2021, as construction is a late cyclical industry. We will continue to execute our operational excellence programme, as communicated earlier. On the other hand, there are already signs that some of our input costs are on the rise. While we will mitigate this development with price increases, we expect it to have some impact on our profitability in 2021.

We are happy to witness a strong start into the year 2021. Demand in January has been good much driven by high activity in the North American residential building segment.”

Guidance statement for 2021:

Excluding the impact of currencies, Uponor expects its net sales to stay at the level of the year 2020*.

Uponor expects its comparable operating profit to decrease from 2020, but the comparable operating profit margin to remain above 10%.

*Stay at the level indicates a range of +/- 2.5% in comparison to the year 2020.

The Board's dividend proposal:

The Board proposes to the Annual General Meeting that a dividend of €0.57 (0.53) per share be paid, of which 0.28 cents will be paid in March 2021 and 0.29 cents is planned to be paid in September 2021.

When deciding on its dividend proposal, the Board considered the solvency, investment plans and other capital needs of the company. Further, the Board decided to deviate from the long-term target of dividend pay-out to be at least 50% of annual earnings, because the 2020 result was favourably impacted by pandemic triggered cost savings of around €10 million and non-recurring tax cost reductions of around €3 million, which had over 0.14 EUR impact on EPS.

Key figures

M€	10-12/ 2020	10-12/ 2019	Change	1-12/ 2020	1-12/ 2019	Change
Net sales	280.5	269.2	4.2%	1,136	1,103.1	3.0%
Building Solutions – Europe	126.8	116.0	9.3%	499.5	489.3	2.1%
Building Solutions – North America	100.5	102.0	-1.5%	389.1	375.4	3.6%
Uponor Infra	54.1	52.0	4.0%	252.0	243.9	3.3%
Operating expenses	243.5	235.7	3.2%	952.0	961.3	-1.0%
Depreciation and impairments	13.5	13.1	2.5%	52.7	51.8	1.7%
Other operating income	0.3	0.1	9.1%	1.0	1.3	-37.0%
Operating profit	23.8	20.4	16.7%	132.3	91.3	44.9%
Building Solutions – Europe	8.5	5.3	62.0%	45.1	31.6	42.9%

Building Solutions – North America	15.6	19.0	-17.9%	74.5	57.1	30.5%
Uponor Infra	2.0	0.0		19.0	10.8	75.5%
Comparable operating profit	27.3	21.8	25.6%	142.7	92.7	53.9%
Building Solutions – Europe	11.9	5.9	100.7%	55.1	32.3	70.6%
Building Solutions – North America	15.6	19.0	-17.9%	74.6	57.1	30.6%
Uponor Infra	2.1	0.0		19.0	10.8	75.9%
Financial income and expenses	-3.5	-3.1	10.6%	-6.3	-11.6	-43.3%
Profit before taxes	19.4	16.3	19.0%	121.8	75.6	61.1%
Profit for the period	20.8	12.3	68.4%	96.1	55.3	73.8%
Earnings per share	0.27	0.18	53.4%	1.21	0.72	68.1%

M€	31 Dec 2020	31 Dec 2019	Change
Net working capital	65.9	115.1	-42.8%
Net interest-bearing debt	15.1	139.1	-89.2%
Solvency	48.7	44.6	9.1%
Gearing	3.6	37.6	-90.5%
Return on investment	21.8	14.4	50.8%

Uponor Corporation's long-term financial targets

(updated on 13 February 2019)

Annual targets and actuals	2020	2019	2018	2017	2016
Organic net sales growth to exceed	3.0	-0.4	4.9	6.5	2.0
GDP growth ⁽¹⁾ by 3 pts (2020E: -1.2%)					
Comparable ⁽²⁾ EBIT margin >10%	12.6	8.4	8.3	8.3	8.2
Return on investment, ROI ⁽³⁾ (p.a.) >20%	21.8	14.4	17.2	16.3	14.1
Gearing ⁽³⁾ (annual average for the four latest quarters) 40–80%	28.6	57.5	53.0	58.4	56.7
Dividend payout > 50% of earnings	47.1	73.6	70.8	59.0	79.3

¹⁾ GDP growth based on weighted average growth in the top 10 countries, measured by net sales.

²⁾ The targets issued in February 2013 referred to reported EBIT margin.

³⁾ The impact of IFRS 16 adoption on Uponor's liabilities as of 1 January 2019 was €44.3 million, increasing the amount of lease liabilities.

Webcast of the results briefing and the presentation

A live webcast on the financial statements will be broadcasted on 11 February at 10:00 EET. It can be viewed via Uponor's IR website at investors.uponor.com or via the Uponor IR mobile app. The recorded webcast can be viewed via the website or via the app shortly after the live presentation. All presentation materials will be available at investors.uponor.com > News & downloads.

Uponor Corporation's financial reporting in 2021

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Week 8 Annual report 2020
5 May 2021 Interim report 1–3/2021
27 July 2021 Interim report 1–6/2021
28 Oct 2021 Interim report 1–9/2021

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Interim results October–December 2020

Markets

Construction markets remained stable overall during the quarter, although significant differences between countries and building segments persisted. In North America, U.S. residential construction spending was up significantly, with homebuilder confidence reaching an all-time high in November, while spending in key non-residential segments slowed compared to a year earlier. In Europe, construction activity continued to improve from the spring slowdown, remaining healthy on the whole in Germany, recovering ground after pandemic shutdowns in Southern Europe, but moderating further in the Nordics.

Net sales

Uponor's net sales for the fourth quarter reached €280.5 (269.2) million, a growth of 4.2%. Negative net currency impact was €4.7 million, mainly due to USD, RUB and NOK bringing the growth without currency impact to 6.0%.

Net sales of Building Solutions – Europe were €126.8 (116.0) million, a growth of 9.3%. Good development was driven by increased net sales in Germany, Benelux and the Nordics, in particular. Sales in plumbing increased.

Building Solutions – North America's net sales were €100.5 (102.0) million, a decline of 1.5% in euro terms or a growth of 5.9% in USD. The net sales development was driven by growth in the U.S.

Uponor Infra's net sales were €54.1 (52.0) million, a growth of 4.0%. In the fourth quarter of 2020, net sales growth was driven by Denmark, Norway and Sweden.

Breakdown of net sales by segment (October–December):

M€	10-12/ 2020	10-12/ 2019	Change
Building Solutions – Europe	126.8	116.0	9.3%
Building Solutions – North America	100.5	102.0	-1.5%
(Building Solutions – North America (M\$))	120.2	113.5	5.9%
Uponor Infra	54.1	52.0	4.0%
Eliminations	-0.9	-0.8	
Total	280.5	269.2	4.2%

Results and profitability

Uponor's gross profit in the fourth quarter was €106.0 (96.7) million. The gross profit margin improved to 37.8% (35.9%).

The comparable operating profit was €27.3 (21.8) million. The items affecting comparability (IAC) were related to Uponor's operational excellence programme. The total net effect of items affecting comparability was €3.5 (1.4) million. During the comparison period, the items affecting comparability were also mainly related to the operational excellence programme. Comparable operating profit margin was 9.7% (8.1). Operating profit in the fourth quarter of 2020 was €23.8 (20.4) million. Operating profit margin was 8.5% (7.6%).

Building Solutions – Europe’s operating profit was €8.5 (5.3) million, an increase of 62.0%. The segment’s comparable operating profit was €11.9 (5.9) million. The good profitability development was driven by increased volumes, the operational excellence programme and favourable input costs.

Building Solutions – North America reported an operating profit of €15.6 (19.0) million, a decline of 17.9% in euro terms and 10.7% in USD. The result suffered slightly from a rise in input costs as well as higher freight costs that were impacted by the low inventory level and increased order backlog. However, the development was partially offset by an increase in volume together with well-managed pricing.

Uponor Infra’s operating profit was €2.0 (0.0) million. The result improved in all operating countries, except Poland.

Uponor’s profit before taxes for October–December was €19.4 (16.3) million. Taxes had a positive effect of €1.3 million for the period due to one-time impacts related to utilisation of unrecognised tax losses and transfer pricing agreement reached between tax authorities. The tax expense in the comparison period was €4.0 million.

Profit for the period in the fourth quarter was €20.8 (12.3) million.

Operating profit by segment (October–December):

M€	10-12/ 2020	10-12/ 2019	Change
Building Solutions – Europe	8.5	5.3	62.0%
Building Solutions – North America	15.6	19.0	-17.9%
(Building Solutions – North America (M\$))	18.9	21.2	-10.7%
Uponor Infra	2.0	0.0	
Others	-1.1	-3.9	
Eliminations	-1.3	0.0	
Total	23.8	20.4	16.7%

Comparable operating profit by segment (October–December):

M€	10-12/ 2020	10-12/ 2019	Change
Building Solutions – Europe	11.9	5.9	100.7%
Building Solutions – North America	15.6	19.0	-17.9%
(Building Solutions – North America (M\$))	18.9	21.2	-10.7%
Uponor Infra	2.1	0.0	
Others	-1.0	-3.9	
Eliminations	-1.3	0.0	
Total	27.3	20.4	25.6%

Financial statements January–December 2020

Markets

As the year began, construction activity levels were maintained, or even increased, in Uponor's key markets in comparison to 2019. However, the onset of COVID-19 led to significant, though temporary, disruptions or shutdowns at construction sites throughout North America and Europe. While there were differences in the severity of COVID-19 outbreaks and in the approaches to combatting the outbreaks between countries, most local and national governments were quick to classify construction as an essential industry, and sites were predominately reopened in Uponor's main markets by the late spring. Beginning in the summer and continuing through the end of the year, residential building in many markets gained strength while the initiation of new projects in non-residential segments slowed.

In North America, construction activity in the U.S. was healthy in the early months of the year, but slowed dramatically in April. Thereafter, a combination of all-time low mortgage rates, the strong performance of the higher-wage labour market, and increased disposable income drove investments in both new-build and renovation spending in the residential segment. In the final quarter of the year, home prices continued to rise and home builders reported being more confident about their business prospects than at any point in the last 35 years. The non-residential building sector, however, was significantly less buoyant. Although ongoing projects helped support construction activity, the initiation of new projects slowed in most non-residential sub-segments, including hospitality and office space, as firms' appeared to scale back new capital expenditures. In Canada, housing starts recovered from the exceptionally low production levels seen in April, while non-residential starts slowed.

In Uponor's largest Central European market, Germany, deep builder order books, a stable renovation market, and elevated consumer confidence helped maintain a similar level of activity in residential building as in the previous year. Meanwhile, uncertainty about the future led to a pronounced weakening in non-residential builder confidence and a slowing of new projects in the non-residential segment. In the Netherlands, both the new residential and non-residential segments moderated somewhat, while renovation markets expanded slightly.

In the Nordic region, new residential construction continued to moderate from the high levels seen in earlier years in Finland and Sweden, but was supported by a steady renovation segment. In the non-residential segment, projects that began the previous year and early in 2020 helped support activity, while the initiation of new projects began to slow as the year progressed. Expenditures in civil engineering, an important demand driver for Uponor Infra, expanded notably as a result of increased spending on transportation infrastructure, especially in rail projects.

Construction markets in Southwest Europe were the most severely impacted by the implementation of COVID-19 restrictions and, despite improvements after the spring, witnessed significant slowing for the year overall.

Net sales

Uponor's net sales were €1,136.0 (1,103.1) million, a growth of 3.0% year-over-year. Negative currency impact totalled €17.9 million, mainly due to USD, RUB and NOK, bringing the 2020 full-year organic growth to 4.6% in constant currency terms.

Building Solutions – Europe's net sales were €499.5 (489.3) million, a growth of 2.1% year-over-year. Net sales increased in Germany and Eastern Europe, in particular, but development was positive in most European markets. In South European markets, where construction industry suffered from COVID-19-related lockdowns during the year, net sales decreased. Net sales increased in plumbing.

Building Solutions – North America’s net sales were €389.1 (375.4) million, a growth of 3.6%. In U.S. dollar terms, the growth was 6.2%. Net sales grew in both the U.S. and Canadian markets. Especially the U.S. single-family residential market has remained strong during the COVID-19 pandemic.

Uponor Infra’s net sales were €252.0 (243.9) million, a growth of 3.3%. Net sales increased in all operating countries, even though sales of large designed solutions declined due to COVID-19, which postponed new project starts.

Within the business groups, the share of plumbing solutions represented 55% (55), indoor climate solutions 23% (23), and infrastructure solutions 22% (22) of Group net sales.

In the absence of the full set of technical screening criteria referred to in the EU regulation on the establishment of a framework to facilitate sustainable investment (2020/852), Uponor currently considers that the share of its taxonomy-aligned, green net sales is 23% (equalling Uponor’s indoor climate solutions).

Measured in terms of reported net sales, and their respective share of Group net sales, the 10 largest countries were as follows: the U.S. 30.4% (29.9), Germany 11.9% (11.8), Finland 11.1% (11.2), Sweden 9.0% (9.1), Denmark 4.5% (4.3), the Netherlands 4.4% (4.2), Canada 4.0% (4.2), Poland 3.4% (2.9), Spain 3.2% (3.7) and Norway 2.8% (3.0).

Net sales by segment for 1 January–31 December 2020:

M€	1–12/ 2020	1–12/ 2019	Change
Building Solutions – Europe	499.5	489.3	2.1%
Building Solutions – North America	389.1	375.4	3.6%
(Building Solutions – North America, (M\$))	446.3	420.2	6.2%
Uponor Infra	252.0	243.9	3.3%
Eliminations	-4.5	-5.5	
Total	1,136.0	1,103.1	3.0%

Results and profitability

Driven by improvements in operations and favourable input costs in all segments, Uponor’s full-year gross profit was €429.4 (381.9) million, a growth of €47.5 million. The gross profit margin improved and was 37.8% (34.6). Comparable gross profit was €430.2 (382.0) million, with a margin of 37.9% (34.6). The items affecting comparability were related to the operational excellence programme.

Comparable operating profit, i.e., excluding any items affecting comparability, was €142.7 (92.7) million, a growth of 53.9%. The total net amount of items affecting comparability was €10.4 (1.4) million. The items were related to Uponor’s operational excellence programme and the release of the provision due to essentially completing the exit from Asia. During the comparison period, the items affecting comparability were mainly related to the operational excellence programme. Comparable operating profit margin was 12.6% (8.4).

Operating profit was €132.3 (91.3) million. The operating profit margin was 11.6% (8.3).

Building Solutions – Europe’s operating profit was €45.1 (31.6) million. Comparable operating profit was €55.1 (32.3) million. The items affecting comparability were related to the operational excellence programme. The growth was driven by increased volume and favourable input costs together with the operational excellence programme and tight cost control.

Building Solutions – North America’s operating profit was €74.5 (57.1) million. Comparable operating profit was €74.6 (57.1) million. The segment’s result was mainly driven by increased volumes and well-managed pricing. The profitability improvement was also supported by tight cost control and favourable input costs.

Uponor Infra’s operating profit was €19.0 (10.8) million. The growth was driven by good performance in all operating countries, especially in Sweden and Norway. Increase in volume, improvements in operations and favourable input costs supported the profitability development.

Operating profit by segment for 1 January–31 December 2020:

M€	1–12/ 2020	1–12/ 2019	Change
Building Solutions – Europe	45.1	31.6	42.9%
Building Solutions – North America	74.5	57.1	30.5%
(Building Solutions – North America, (M\$))	85.5	63.9	33.7%
Uponor Infra	19.0	10.8	75.5%
Others	-4.7	-8.0	
Eliminations	-1.6	-0.2	
Total	132.3	91.3	44.9%

Comparable operating profit by segment for 1 January–31 December 2020:

M€	1–12 2020	1–12 2019	Change
Building Solutions – Europe	55.1	32.3	70.6%
Building Solutions – North America	74.6	57.1	30.6%
(Building Solutions – North America, (M\$))	85.6	63.9	33.8%
Uponor Infra	19.0	10.8	75.9%
Others	-4.4	-7.3	
Eliminations	-1.6	-0.2	
Total	142.7	92.7	53.9%

Uponor’s net financial expenses were €6.3 (11.6) million. In 2020, net currency exchange differences totalled €-2.7 (-6.4) million.

The share of the result in associated companies and joint ventures, €-4.2 (-4.0) million, is mainly related to Uponor’s 50% share in the joint venture company, Phyn, established in 2016. In January 2021, Phyn and Kohler Co., a global leader in the design and innovation of kitchen and bath products, signed a partnership agreement to launch two co-branded products to the North American markets.

Profit before taxes was €121.8 (75.6) million. The effective tax rate was 21.1% (26.8). The decrease was related to the utilisation of unrecognised tax losses and transfer pricing agreement reached between tax authorities, items which Uponor does not expect to reoccur in 2021. Income taxes totalled €25.7 (20.3) million.

Profit for the period totalled €96.1 (55.3) million. Return on equity was 24.3% (15.3).

Return on investment was 21.8% (14.4). Return on investment, adjusted for items affecting comparability, was 23.6% (14.7).

Earnings per share were €1.21 (0.72). Equity per share was €4.89 (4.27). For other share-specific information, please see the Tables section.

Cash flow from operations increased and was €207.5 (109.2) million. This was driven by increased operating profit and low net working capital. Cash flow before financing was €170.7 (88.4) million.

Investment, research and development, and financing

In 2020, due to the general economic uncertainties caused by the COVID-19 pandemic, Uponor maintained a cautious approach to new investments. Gross investment in fixed assets totalled €30.2 (26.1) million. Net investments totalled €29.5 (23.2) million. Uponor's investments in 2020 were mainly related to efficiency improvements and maintenance in the manufacturing facilities together with capacity expansions in the U.S.

Research and development costs increased slightly to €22.5 (21.9) million, or 2.0% (2.0) of net sales. The main research and development activities were related to the development of improved expansion tools for connections with our partner, various prefabricated solutions, and new materials for engineered polymer fittings. In addition, the development of new pipe extrusion technologies and processes continued.

The main existing long-term funding programme on 31 December 2020 was the five-year bilateral loan agreement of €100 million, which will mature in July 2022.

As back-up funding arrangements, Uponor has four €50 million committed bilateral revolving credit facilities in force, totalling €200 million and maturing in 2021–2023; none of these were used during the reporting period.

For short-term funding needs, Uponor's main source of funding is its domestic commercial paper programme, totalling €150 million, €15.0 million of which was outstanding on the balance sheet date. Available cash-pools limits granted by Uponor's key banks amounted to €34.5 million, none of which was in use on the balance sheet date. At the end of the year, Uponor had €138.0 (76.1) million in cash and cash equivalents.

Most of Uponor's accounts receivable are secured by credit insurance.

Net interest-bearing liabilities were €15.1 (139.1) million. The solvency ratio was 48.7% (44.6) and gearing declined to 3.6% (37.6), with a four-quarter rolling gearing of 28.6% (57.5), below the range of 40–80% set in the company's financial targets.

Operational excellence programme

In October 2019, Uponor announced an operational excellence programme to secure competitiveness and further accelerate growth. The execution of the programme is ongoing with a target of €20 million in annual cost savings by the end of 2021. Of this target, the programme generated savings of approximately €8 million in 2020. The main initiatives are related to Building Solutions – Europe and Group functions, and they are advancing as planned.

The programme is expected to reduce approximately 200 FTEs by the end of 2021. By the end of 2020, the reduction was close to 80 FTEs.

Since the launch of the programme, in total €11.8 million in one-time costs have been recorded as items affecting comparability. Of that amount, €10.4 million was recorded in 2020, €1.4 million already in 2019.

The impacts of COVID-19

In 2020, COVID-19 restrictions and related economic uncertainty led to overall market slowness and uncertainties in Uponor's operating environment. During spring, demand for Uponor's solutions decreased due to the first wave of the pandemic, but after May, demand returned to normal seasonal level. Costs related to marketing activities (e.g. cancelled trade shows and customer events) and travelling were directly impacted by the pandemic creating savings of around €10 million. Starting in 2021, Uponor expects most of these costs to gradually reoccur.

Strong result and balance sheet creates a solid financial position for Uponor during the next phases of the pandemic and its implications. The outlook for 2021 still involves uncertainties regarding the impacts of the COVID-19 pandemic on Uponor's markets.

Annual impairment testing for goodwill has been prepared at year-end, based on which no need for impairment has been identified. Uponor's management has prepared different scenarios concerning the possible financial impacts of COVID-19. The management has utilised these scenarios to assess also fair values of assets, recoverability of deferred tax assets, contract modifications and expected credit losses. Based on these analyses, the management's judgement is that Uponor's liquidity and financial position has remained strong and the pandemic has had no impact on the valuation of Uponor's assets.

Resolutions of the Annual General Meeting 2020

Uponor's Annual General Meeting was held in Helsinki, Finland, on 16 March 2020. The AGM adopted the financial statements and the consolidated financial statements for 2019 and released the Board members and the President and CEO from liability. The AGM approved the proposed dividend of €0.53 per share for 2019, the dividend will be paid in two instalments. The first instalment of €0.26 per share was paid on 25 March 2020. The second instalment of €0.27 per share was paid in September 2020.

Existing Board members Annika Paasikivi (chair), Pia Aaltonen-Forsell, Johan Falk, Markus Lengauer and Casimir Lindholm were re-elected. Michael G. Marchi was elected as a new member of the Board. The AGM elected Annika Paasikivi as Chair of the Board. The former Board member Eva Nygren was not available for re-election. KPMG Oy Ab, a company of Authorised Public Accountants, was elected as the auditor of the company for 2020.

The Board of Directors was authorised to resolve on the repurchase of no more than 3,500,000 of the company's own shares amounting in total to approximately 4.8 per cent of the total number of the shares of the company at the date of the general meeting. These shares will be bought back using distributable earnings from unrestricted equity. The authorisation is valid until the end of the next annual general meeting, however, no longer than 18 months from the date of the general meeting.

The Board of Directors was authorised to resolve on issuing a maximum of 7,200,000 new shares or transferring the company's own shares, amounting in total to approximately 9.8 per cent of the total number of the shares of the company. The Board of Directors is authorised to resolve on all the conditions of the issuance of shares. This authorisation is valid until the end of the next annual general meeting, however, no longer than 18 months from the date of the general meeting.

The Annual General Meeting approved the Remuneration Policy for Governing Bodies.

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

Governance

Uponor prepares a separate corporate governance statement and a remuneration report for governing bodies, which are available on the company's investor website at investors.uponor.com.

Uponor complies with the Finnish Corporate Governance Code 2020 issued by the Securities Market Association, with the exception of recommendation 15. According to recommendation 15, the Board of Directors' committees should have at least three members each. The Personnel and Remuneration Committee, however, has two members instead of the three stated in the recommendation. Uponor considers sufficient expertise to have been secured for the Personnel and Remuneration Committee on the basis of two members, and the Committee may also obtain views from outside the Committee. The Committee acts as a preparatory and assisting body for the Board of Directors, and all essential matters relating to remuneration shall be dealt with by the Board of Directors.

Personnel

At the end of the year, the Uponor Group had 3,658 (3,708) employees, in full-time-equivalent (FTE) terms. This is 50 less than at the end of 2019. The average number of employees (FTE) for the year was 3,708 (3,801). The decline was mainly due to the operational excellence programme.

The geographical breakdown of the Group's personnel (FTE) was as follows: the U.S. 23% (23), Germany 23% (23), Finland 17% (16), Sweden 15% (15), Poland 7% (7), Denmark 3% (3), Spain 2% (3), Russia 2% (2), Canada 1% (1), France 1% (1) and other countries 6% (6).

A total of €256.7 (247.5) million was recorded in salaries, other remunerations and employee benefits during the financial period.

Non-financial information

This section describes Uponor's sustainability activities as required in Chapter 3a of the Finnish Accounting Act on non-financial information. More information on sustainability and the value creation model can be found in the Annual Review 2020 (which will be published during week 8/2021).

Uponor's business model and value creation

Operating in an industry with a strong influence on sustainable living, Uponor's vision is to become a recognised leader in sustainable building and infrastructure solutions.

Uponor's materiality analysis together with four selected UN's Sustainable Development Goals; clean water and sanitation (6), decent work and economic growth (8), responsible production and consumption (12) and climate action (13), form the framework for Uponor's sustainability agenda. The selected focus areas are those that have the greatest impact potential on the business, including major opportunities, and are aligned with Uponor's business scope. The KPIs are reported at the end of this section.

Uponor is organised into three segments (Building Solutions – Europe, Building Solutions – North America and Uponor Infra) according to business responsibility and proximity to customers. Common people, brand, sustainability; IT and R&D topics are managed at Group level in order to benefit from global presence and maximise the return from long-term R&D projects.

Operating principles and due diligence processes

Uponor complies with local laws and regulations, and the company's Code of Conduct and other Group policies form the foundation for its operating principles. Uponor is also a signatory of the UN Global Compact.

Environment

Uponor considers the environmental aspects of its product offering and continuously aims to reduce the overall impact of its business operations. Uponor has 16 manufacturing facilities in Europe and North America, and their key environmental impacts are greenhouse gas emissions, waste and water usage.

Uponor pursues an environmental management system according to the standard ISO 14001, and an energy-management system compliant with the standard ISO 50001 in order to reach its environmental and energy targets systematically. In 2020, 15 manufacturing facilities were ISO 14001 certified and 9 ISO 50001 certified. Uponor's environmental topics are covered by its Quality Environmental Management Policy. Internal and external audits are conducted on a yearly basis to ensure enforcement of the Quality Environmental Management Policy.

In addition, Uponor is developing innovations related to recyclable packaging systems and alternative resins, among others, to reduce its environmental impacts.

Personnel and social matters

Uponor emphasises equal treatment and promotes employee safety and well-being. The health and safety of employees is a management priority, and Uponor is striving towards zero accidents by 2025. Employee health and safety topics are covered by the Quality Environmental Management Policy.

Uponor's people strategy is based on three main themes: leadership, talent and culture. With the people strategy, the company aims to ensure that it attracts and retains the right talent to support Uponor's business goals under good leadership and a high-performance culture.

Uponor conducts a yearly employee engagement survey to get feedback from its employees on employee-related matters.

Human rights

Uponor respects human rights as defined, for example, in the United Nations' Universal Declaration of Human Rights. Uponor is a responsible employer and supports equal opportunities for its employees. No discrimination is allowed. Uponor does not allow child or forced labour or any other activities that are against basic labour rights across its value chain.

Uponor has a Supplier Policy, which aims to ensure that suppliers also meet Uponor's ethical, social, environmental and quality standards, as well as comply with all local laws and regulations.

Through Uponor's whistle-blower channel, its employees have the opportunity to report non-compliant behaviour, even anonymously if they wish. Uponor is planning on opening the whistle-blower channel to external stakeholders as well in 2021.

Anti-corruption and bribery

Uponor has zero tolerance for corruption and bribery. Uponor's Fraud Prevention Policy sets out the company's attitude towards fraud and its intention to prevent it, as well as the responsibilities of all Uponor employees regarding fraud prevention.

Results of compliance with the operating principles

Environmental matters

Uponor continued to develop its product portfolio and help its customers to reduce their environmental impacts. The company started a project to create Environmental Product Declarations for its product portfolio to give its customers a better understanding of the lifecycle impacts of its products.

Uponor strives to reduce its greenhouse gas emissions and waste. In December 2020, Uponor committed to the UN Global Compact's Business ambition for 1.5°C and the Science Based Targets initiatives, promising to pursue actions that will limit the global temperature rise to 1.5°C. The company is currently waiting for the

approval of its new greenhouse gas emission reduction targets from the Science Based Targets initiative and expects to receive it during the first half of 2021. In addition to science-based targets, Uponor aims to source 100% renewable electricity by 2025.

In 2020, the target level of Uponor's earlier climate related goal to reduce its greenhouse gas emissions (reduction of direct and indirect scope 1 and 2 by 20% per net sales by 2020, from the 2015 levels) were met. The overall change in volumes and product mixes resulted in reduced energy consumption, which also lowered Uponor's scope 1 and 2 GHG emissions. In addition, Uponor transferred to green electricity in its Nordic and US manufacturing facilities, which reduced scope 2 GHG emissions. The total amount of waste reduced, and its recycle rate was 97.0%. Water consumption reduced slightly.

Social and employee related matters

Safety is Uponor's top priority, and the COVID-19 pandemic emphasised that even further. Keeping employees safe, introducing new digital ways of working and promoting remote work were the main topics on the management's agenda during 2020.

Uponor's lost time injury frequency improved to 7.5 (11.9), driven by good progress in building solutions segments. Uponor continues to develop its internal trainings, ways of working and enhanced processes and safety equipment that improve safety. Sharing the best practices and near-miss learnings are important tools in enhancing the safety culture.

Uponor invests in the personal development of its employees. In 2020, the company continued to run its internal supervisor training programme. All Uponor supervisors participated in the training. In addition, Uponor organises three targeted training courses to employees in different stages of their career, from young professionals to senior-level managers. The COVID-19 pandemic affected some of the scheduled training sessions, but all programmes will continue in 2021 in virtual mode.

Uponor conducted a Group-wide employee engagement survey during autumn 2020. The response rate was 85%, and the employee Net Promoter Score (eNPS) was among the top 10% in the manufacturing industry.

Human rights, anti-corruption and bribery

Uponor started a project to further improve the transparency of its supply chain and ensure that Uponor's Supplier Policy and other guidelines are followed in its supply chain. The work continues in 2021.

No incidents related to human rights violations, corruption or bribery were detected in daily management processes, internal audit investigations or through the whistle-blower channel in Uponor's operations.

Main risks related to non-financial themes

Environmental matters

Non-compliance with local legislation and regulations may lead to fines as well as reputational and business risk to Uponor. Uponor mitigates environmental risks by means of training and implementing ISO 14001, ISO 9001 and ISO 50001 processes and certifications in its manufacturing facilities.

Uponor has identified that climate change can cause transition risks to the company. As Uponor's manufacturing facilities are located inland and further away from areas which are more exposed to extreme weather conditions, the company has no material physical risks related to climate change.

Policy or legal risks

As Uponor's main raw material is plastic, produced using fossil fuel, i.e. crude oil, tightening regulations and/or taxation around fossil fuels can increase Uponor's operational costs and set new requirements for Uponor's products. To mitigate the risk, Uponor's R&D actively participates in projects seeking alternatives for fossil oil-based resins. Uponor also participates in different trade organisations' work and aims to influence local and regional decision makers in questions related to energy, health and water usage.

Market and reputation risk

Uponor's customers' preference may shift towards products that are produced from renewable and recycled raw materials. If Uponor fails to introduce new materials on time, the company can lose market share. If Uponor continues to use fossil-based resins while competitors move to other options, it can cause reputational damage to Uponor and its brand.

Social and employee related matters

Health and safety-related issues may cause risks to Uponor. Uponor may also have difficulties in attracting and retaining talent in the organisation.

Uponor mitigates health and safety-related risks by means of internal training, near-miss reporting and continuous improvement of internal processes. In addition, Uponor invests in building an attractive corporate culture and employer brand, as well as enabling diverse career paths.

Human rights

Possible violation of human rights and employee rights may impact Uponor's reputation and business opportunities.

Uponor mitigates risks by developing internal training and processes, as well as supply chain audits. In addition, an internal anonymous whistle-blowing channel is in use.

Anti-corruption and bribery

Unethical behaviour by Uponor's employees or partners may negatively impact Uponor's reputation and business opportunities.

Uponor mitigates these risks by means of a careful recruitment process, internal training and monitoring partners. In addition, the company has an internal anonymous whistle-blowing channel in use.

Key non-financial performance indicators

Measure	Unit	2020	2019	2018	2017	2016
Total energy consumption	1,000 MWh	208.5	218.0	226.0	200.0	199.0
Raw material used	1,000 tonnes	157.1	146.2	151.2	140.9	132.7
Water consumption	1,000 m3	139.3	154.1	206.2	155.2	168.4
Total GHG emissions (Scope 1)	1,000 tonnes	6.7	8.4	8.5	7.5	8.7
Total GHG emissions (Scope 2)	1,000 tonnes	14.4	27.0	30.8	32.1	32.2
Total waste	1,000 tonnes	15.9	18.1	20.2	18.8	16.4
Incident rate (LTIF)	per million work hours	7.5	11.9	12.7	8.9	7.8
Share of white-collar employees participating in Code of Conduct e-learning	%	95.2	90.9	-	-	-

Some figures for previous years have changed due to improved accuracy in the data collection and reporting. Uponor is reporting its scope 2 emissions using location-based methodology, factors were updated and used from "GHG Protocol/IEA (11/2019) - IEA2019". For the countries, where Uponor purchases green electricity, market-based factors are in use. All 16 manufacturing facilities are included in the figures. The total working hours are calculated based on the combined FTE of all active employees and the average yearly working hours of Uponor's biggest operating countries.

Short-term risks and uncertainties

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

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

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

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

Uponor's ongoing operational excellence programme aims to achieve annual savings of €20 million by the end of 2021. The company is exposed to a risk of capturing the savings within the planned timeline.

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

Uponor's ability to attract and retain talent to drive change are key to the company's future success. Uponor manages this risk by building its employer brand and helping its current employees to develop, for example, their leadership skills.

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

Uponor has 16 manufacturing facilities in Europe and North America, which exposes the company to possible environmental risks. Uponor operates under an ISO 9001 quality management system and an ISO 14001 environmental management system, which enhance quality, production safety, environmental law compliance and productivity while reducing the environmental impact and risks related to Uponor's operations.

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

Uponor can be exposed to different judicial proceedings. In 2020, such proceedings had no material impact on Uponor's result.

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

A more detailed risk analysis can be found from investors.uponor.com.

Share capital and shares

In 2020, Uponor's share turnover on Nasdaq Helsinki was 28.8 (26.5) million shares, totalling €361.2 (266.7) million. The share quotation at the end of 2020 was €18.16 (11.65), and the market capitalisation of the shares was €1,329.4 (852.9) million.

At the end of the year, there were a total of 17,834 (18,907) shareholders. Foreign shareholding in Uponor accounted for 28.7% (27.2) of all shareholding in the company at the end of the reporting period. More detailed information is available in the financial statements.

In 2020, 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.

Treasury shares

At the end of the year, Uponor held 184,966 of its own shares, representing approximately 0.25% of the company's shares and voting rights.

Management shareholding

At the end of the year, the members of the Board of Directors and the President and CEO, along with corporations known to the company and in which they exercise control, held a total of 117,922 Uponor shares (119,531 shares). These shares accounted for 0.16% 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 last few years. Details of the plans can be found from investors.uponor.com.

In December 2020, the Board of Directors of Uponor Corporation resolved to continue the key management Performance Share Plan mechanism, originally decided on by the Board in 2014. Approximately 50 Group key managers, including the members of the Executive Committee, belong to the target group covered by the new plan. The potential reward based on the 2021–2023 plan will be paid in 2024, partly in company shares and partly in cash.

Notices under the Securities Market Act 9:5

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

Events after the reporting period

There were no events to report on.

Short-term market outlook

Uponor anticipates that the trends witnessed during the fourth quarter of 2020 will continue into the first quarter of 2021. Supported by accommodative government spending and policies, consumers are likely to continue to create demand for residential building projects. Meanwhile, as ongoing projects are completed in the non-residential segment, activity may moderate further in some markets. Given the continued uncertainty surrounding the evolution of, and response to, the COVID-19 pandemic, visibility remains limited and uncertainty around forecasts remains exceptionally high.

Guidance for 2021

Excluding the impact of currencies, Uponor expects its net sales to stay at the level of the year 2020*. Uponor expects its comparable operating profit to decrease from 2020, but the comparable operating profit margin to remain above 10%.

**Stay at the level indicates a range of +/- 2.5% in comparison to the year 2020.*

Vantaa, 11 February 2021

Uponor Corporation
Board of Directors

Table part

This interim report has been compiled in accordance with the IAS 34 reporting standard and it is unaudited. The figures in brackets are the reference figures for the equivalent period in 2019. All figures presented have been rounded and consequently, the sum of individual figures might differ from the presented total figure. The change percentages reported have been calculated from the exact figures and not from the rounded figures published in the interim report.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

M€	1-12/2020	1-12/2019	10-12/2020	10-12/2019
Net sales	1,136.0	1,103.1	280.5	269.2
Cost of goods sold	706.6	721.2	174.5	172.4
Gross profit	429.4	381.9	106.0	96.7
Other operating income	1.0	1.3	0.3	0.1
Dispatching and warehousing expenses	31.7	32.2	7.7	7.9
Sales and marketing expenses	180.6	180.0	48.8	45.6
Administration expenses	61.9	58.3	18.1	17.0
Other operating expenses	23.9	21.4	7.8	5.9
Operating profit	132.3	91.3	23.8	20.4
Financial expenses, net	6.3	11.6	3.5	3.1
Share of results in associated companies and joint ventures	-4.2	-4.0	-0.9	-1.0
Profit before taxes	121.8	75.6	19.4	16.3
Income taxes	25.7	20.3	-1.3	4.0
Profit for period	96.1	55.3	20.8	12.3
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Re-measurements on defined benefit pensions, net of taxes	0.1	-1.9	0.1	-1.9
Items that may be reclassified subsequently to profit or loss				
Translation differences	-6.3	1.9	1.3	0.2
Cash flow hedges, net of taxes	-0.3	-1.8	0.4	-0.2
Other comprehensive income for the period, net of taxes	-6.5	-1.8	1.8	-1.9
Total comprehensive income for the period	89.6	53.5	22.5	10.4
Profit/loss for the period attributable to				
- Equity holders of parent company	88.6	52.3	19.9	12.5
- Non-controlling interest	7.5	3.0	0.9	-0.2
Total comprehensive income for the period attributable for				
- Equity holders of parent company	82.0	50.8	21.1	10.3
- Non-controlling interest	7.6	2.8	1.5	0.1
Earnings per share, €	1.21	0.72	0.27	0.18
Diluted earnings per share, €	1.21	0.72	0.27	0.18

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

M€	31.12.2020	31.12.2019
Assets		
Non-current assets		
Property, plant and equipment	264.7	285.8
Intangible assets	95.9	96.7
Investments in associates and joint ventures	9.4	10.9
Other securities and non-current receivables	4.8	9.0
Deferred tax assets	16.2	9.1
Total non-current assets	391.0	411.3
Current assets		
Inventories	128.7	144.4
Accounts receivable	163.6	157.7
Other receivables	47.1	43.7
Cash and cash equivalents	138.0	76.1
Total current assets	477.4	421.9
Total assets	868.4	833.2
Equity and liabilities		
Equity		
Equity attributable to the owners of the parent company	356.8	311.6
Non-controlling interest	65.1	58.8
Total equity	421.9	370.4
Non-current liabilities		
Interest-bearing liabilities	124.1	203.4
Deferred tax liability	9.7	10.7
Provisions	15.8	4.3
Employee benefits and other liabilities	21.1	21.5
Total non-current liabilities	170.7	239.9
Current liabilities		
Interest-bearing liabilities	29.0	11.8
Provisions	21.3	25.8
Accounts payable	83.9	65.5
Other liabilities	141.7	119.9
Total current liabilities	275.8	223.0
Total equity and liabilities	868.4	833.2

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

M€	1-12/2020	1-12/2019
Cash flow from operations		
Net cash from operations	191.1	132.6
Change in net working capital	40.2	8.0
Income taxes paid	-21.1	-28.4
Interest paid	-3.3	-3.3
Interest received	0.5	0.3
Cash flow from operations	207.5	109.2
Cash flow from investments		
Proceeds from disposal of subsidiaries and businesses	-	3.2
Acquisition of subsidiaries and businesses	-4.0	-
Investments in joint ventures	-3.9	-1.3
Purchase of other shares	-	-0.5
Purchase of fixed assets	-30.2	-26.1
Proceeds from sale of fixed assets	0.9	3.1
Loan repayments	0.0	0.4
Dividends received	0.4	0.4
Cash flow from investments	-36.8	-20.8
Cash flow from financing		
Borrowings of debt	-	-
Repayment of debt	-70.3	-1.5
Change in other short-term loan	15.0	0.0
Dividends paid	-40.0	-37.2
Payment of lease liabilities	-12.7	-11.8
Cash flow from financing	-108.0	-50.6
Conversion differences for cash and cash equivalents	-0.7	0.2
Change in cash and cash equivalents	61.9	38.0
Cash and cash equivalents at 1 January	76.1	38.1
Cash and cash equivalents at end of period	138.0	76.1
Changes according to balance sheet	61.9	38.0

STATEMENT OF CHANGES IN EQUITY

M€	A	B	C	D*	E	F	G	H	I
Balance at 1 Jan 2020	146.4	50.2	1.5	-7.6	-2.0	123.1	311.6	58.8	370.4
Profit for the period						88.6	88.6	7.5	96.1
Other comprehensive income for the period			-0.3	-6.4		0.1	-6.7	0.1	-6.5
Dividend (€0.53 per share)						-38.7	-38.7		-38.7
Dividend paid to non-controlling interest								-1.3	-1.3
Share-based incentive plan					0.3	1.7	2.0		2.0
Transfer between reserves			-0.3			0.3			
Balance at 31 December 2020	146.4	50.2	0.9	-13.9	-1.7	174.9	356.8	65.1	421.9
Balance at 1 Jan 2019	146.4	50.2	3.3	-9.7	-2.2	109.6	297.6	56.0	353.6
Profit for the period						52.3	52.3	3.0	55.3
Other comprehensive income for the period			-1.8	2.2		-1.9	-1.5	-0.3	-1.8
Dividend (€0.51 per share)						-37.2	-37.2		-37.2
Share-based incentive plan					0.2	0.3	0.5		0.5
Balance at 31 December 2019	146.4	50.2	1.5	-7.6	-2.0	123.1	311.6	58.8	370.4

*) Includes a €-14.3 (-14.3) million effective part of net investment hedging at the end of period.

A – Share capital
 B – Share premium
 C – Other reserves
 D* – Translation reserve
 E – Treasury shares
 F – Retained earnings
 G – Equity attributable to owners of the parent company
 H – Non-controlling interest
 I – Total equity

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES

The interim report has been prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by the EU and IAS 34 Interim Financial Reporting. In its interim reports, Uponor Group follows the same principles as in the annual financial statements for 2020.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

M€	31.12.2020	31.12.2019
Gross investment	30.2	26.1
- % of net sales	2.7	2.4
Book value of disposed fixed assets	0.7	2.9
Depreciation and impairments	52.7	51.8

PERSONNEL

	1-12/2020	1-12/2019
Converted to full time employees		
Average	3,708	3,801
At the end of the period	3,658	3,708

OWN SHARES

	31.12.2020	31.12.2019
Own shares held by the company, pcs	184,966	219,527
- of share capital, %	0.3	0.3
- of voting rights, %	0.3	0.3
Accounted par value of own shares held by the company, M€	0.4	0.4

SEGMENT INFORMATION

M€	1-12/2020			1-12/2019		
	External	Internal	Total	External	Internal	Total
Net sales by segment						
Building Solutions - Europe	497.9	1.5	499.5	486.9	2.4	489.3
Building Solutions - North America	389.1	0.0	389.1	375.4	0.0	375.4
Uponor Infra	249.0	3.0	252.0	240.8	3.1	243.9
Eliminations	0.0	-4.5	-4.5	-	-5.5	-5.5
Total	1,136.0	-	1,136.0	1,103.1	-	1,103.1

M€	10-12/2020			10-12/2019		
	External	Internal	Total	External	Internal	Total
Net sales by segment						
Building Solutions - Europe	126.6	0.1	126.8	115.8	0.2	116.0
Building Solutions - North America	100.5	0.0	100.5	102.0	0.0	102.0
Uponor Infra	53.4	0.7	54.1	51.4	0.6	52.0
Eliminations	0.0	-0.9	-0.9	-	-0.8	-0.8
Total	280.5	-	280.5	269.2	-	269.2

M€	1-12/2020		1-12/2019	
	10-12/2020	10-12/2019	10-12/2020	10-12/2019
Operating profit by segment				
Building Solutions - Europe	45.1	31.6	8.5	5.3
Building Solutions - North America	74.5	57.1	15.6	19.0
Uponor Infra	19.0	10.8	2.0	0.0
Others	-4.7	-8.0	-1.1	-3.9
Eliminations	-1.6	-0.2	-1.3	0.0
Total	132.3	91.3	23.8	20.4

M€	1-12/2020	1-12/2019
Segment depreciation and impairments		
Building Solutions - Europe	20.6	19.5
Building Solutions - North America	20.6	20.7
Uponor Infra	10.2	10.0
Others	1.4	1.6
Eliminations	0.0	0.0
Total	52.7	51.8
Segment investments		
Building Solutions - Europe	9.9	9.1
Building Solutions - North America	10.2	8.4
Uponor Infra	9.3	8.3
Others	0.7	0.4
Total	30.2	26.1
M€	31.12.2020	31.12.2019
Segment assets		
Building Solutions - Europe	374.6	366.4
Building Solutions - North America	293.2	298.1
Uponor Infra	193.0	172.4
Others	422.9	397.5
Eliminations	-415.4	-401.1
Total	868.4	833.2
Segment liabilities		
Building Solutions - Europe	313.0	320.7
Building Solutions - North America	231.7	241.7
Uponor Infra	56.9	50.6
Others	297.8	288.4
Eliminations	-452.9	-438.5
Total	446.5	462.8
	1-12/2020	1-12/2019
Segment personnel, average		
Building Solutions - Europe	1,876	1,950
Building Solutions - North America	886	898
Uponor Infra	835	867
Others	111	86
Total	3,708	3,801
Reconciliation		
M€	1-12/2020	1-12/2019
Operating profit by segment		
Total result for reportable segments	138.6	99.5
Others	-4.7	-8.0
Eliminations	-1.6	-0.2
Operating profit	132.3	91.3
Financial expenses, net	6.3	11.6
Share of results in associated companies and joint ventures	-4.2	-4.0
Profit before taxes	121.8	75.6

Revenue from contract with customers

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

M€	Sale of goods	1-12/2020 Rendering of services	Total	Sale of goods	1-12/2019 Rendering of services	Total
Revenue from contract with customers by segment						
Building Solutions - Europe	491.3	6.7	497.9	480.9	6.0	486.9
Building Solutions - North America	389.1	0.0	389.1	375.4	0.0	375.4
Uponor Infra	233.1	15.9	249.0	220.8	20.0	240.8
External customer, total	1,113.4	22.6	1,136.0	1,077.1	26.0	1,103.1
Internal	4.5		4.5	5.5		5.5
Total	1,117.9	22.6	1,140.5	1,082.5	26.0	1,108.6
Eliminations	-4.5		-4.5	-5.5		-5.5
Total revenue from contracts with customer	1,113.4	22.6	1,136.0	1,077.1	26.0	1,103.1

M€	Sale of goods	10-12/2020 Rendering of services	Total	Sale of goods	10-12/2019 Rendering of services	Total
Revenue from contract with customers by segment						
Building Solutions - Europe	125.2	1.5	126.6	114.1	1.7	115.8
Building Solutions - North America	100.5	0.0	100.5	102.0	0.0	102.0
Uponor Infra	48.8	4.6	53.4	47.9	3.5	51.4
External customer, total	274.4	6.1	280.5	264.0	5.2	269.2
Internal	0.9		0.9	0.8		0.8
Total	275.3	6.1	281.4	264.8	5.2	270.0
Eliminations	-0.9		-0.9	-0.8		-0.8
Total revenue from contracts with customer	274.4	6.1	280.5	264.0	5.2	269.2

COMMITMENTS

M€	31.12.2020	31.12.2019
Commitments of purchase PPE (Property, plant, equipment)	2.6	4.3
- on own behalf		
Mortgages issued	1.1	1.1
Guarantees issued	0.4	0.5
- on behalf of a subsidiary		
Guarantees issued	12.9	33.9
Letter of Comfort commitments undertaken on behalf of subsidiaries are not included in the above figures		
Mortgages issued	1.1	1.1
Guarantees issued	13.3	34.4
Total	14.4	35.6

FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY

M€	IFRS 7 Fair value hierarchy level	31.12.2020	31.12.2019
Non-current financial assets			
Fair value through other comprehensive income			
Electricity derivatives	1	0.1	0.4
Amortised cost			
Other non-current receivables		4.1	7.9
Other shares and holdings		0.6	0.7
Current financial assets			
Fair value through other comprehensive income			
Electricity derivatives	1	0.4	0.3
Fair value through profit or loss			
Other derivative contracts	2	3.8	1.8
Amortised cost			
Accounts receivable and other receivables		196.3	187.3
Cash and cash equivalents		138.0	76.1
Financial assets total		343.2	274.5
Non-current financial liabilities			
Fair value through other comprehensive income			
Electricity derivatives		0.1	-
Amortised cost			
Interest bearing liabilities		124.1	203.4
Current financial liabilities			
Fair value through other comprehensive income			
Electricity derivatives		0.2	0.0
Other derivative contracts	2	1.0	1.1
Fair value through the profit or loss			
Other derivative contracts	2	0.9	0.9
Amortised cost			
Interest bearing liabilities		29.0	11.8
Accounts payable and other liabilities		134.5	102.0
Financial liabilities total		289.7	319.2

The carrying value of financial assets and liabilities is considered to correspond to their fair value. The Group's financial instruments are classified according to IFRS 7 fair value hierarchies. Uponor applies the hierarchy as follows:

- The fair value of electricity derivatives is measured based on stock exchange prices. (Hierarchy 1)
- The fair value of currency forward agreements is measured based on price information from common markets and commonly used valuation methods. (Hierarchy 2)

KEY FIGURES

	1-12/2020	1-12/2019
Earnings per share, €	1.21	0.72
Operating profit, %	11.6	8.3
Return on equity, % (p.a.)	24.3	15.3
Return on investment, % (p.a.)	21.8	14.4
Solvency ratio, %	48.7	44.6
Gearing, %	3.6	37.6
Gearing, % rolling 4 quarters	28.6	57.5
Net interest-bearing liabilities	15.1	139.1
Equity per share, €	4.89	4.27
- diluted	4.89	4.27
Dividend per share, €	0.57*)	0.53
Dividend per earnings, %	47.1*)	73.6
Effective share yield, %	3.1	4.5
P/E ratio	27.8	16.2
Market value of share capital	1,329.4	852.9
Trading price of shares		
- low, €	6.73	8.52
- high, €	18.60	12.37
- average, €	12.55	10.05
Shares traded		
- 1,000 pcs	28,795	26,537
- M€	361.2	266.7

*) Proposal of the Board of Directors

QUARTERLY DATA

	10-12/ 2020	7-9/ 2020	4-6/ 2020	1-3/ 2020	10-12/ 2019	7-9/ 2019	4-6/ 2019	1-3/ 2019
Net sales, M€	280.5	301.0	277.1	277.4	269.2	292.4	292.6	248.9
- Building Solutions – Europe	126.8	125.3	118.5	128.8	116.0	124.0	125.7	123.5
- Building Solutions – North America	100.5	105.5	90.5	92.7	102.0	102.4	96.3	74.7
Building Solutions – North America, \$	120.2	124.1	100.1	101.9	113.5	113.2	108.5	85.0
- Uponor Infra	54.1	71.1	69.5	57.2	52.0	67.1	72.4	52.4
Gross profit, M€	106.0	116.9	102.3	104.3	96.7	101.3	97.6	86.2
- Gross profit, %	37.8	38.8	36.9	37.6	35.9	34.6	33.4	34.6
Operating profit, M€	23.8	49.6	30.3	28.6	20.4	31.3	25.3	14.3
- Building Solutions – Europe	8.5	17.2	7.5	11.9	5.3	10.9	8.2	7.2
- Building Solutions – North America	15.6	27.1	15.0	16.8	19.0	16.8	13.8	7.5
Building Solutions – North America, \$	18.9	31.4	16.6	18.5	21.2	18.6	15.6	8.5
- Uponor Infra	2.0	7.9	7.3	1.7	0.0	4.9	5.4	0.6
- Others	-1.1	-1.7	0.1	-2.1	-3.9	-1.0	-1.8	-1.3
Operating profit, % of net sales	8.5	16.5	10.9	10.6	7.6	10.7	8.6	5.7
- Building Solutions – Europe	6.7	13.7	6.3	9.3	4.6	8.8	6.5	5.9
- Building Solutions – North America	15.8	25.4	16.6	18.1	18.7	16.4	14.4	10.0
- Uponor Infra	3.7	11.1	10.6	3.0	0.0	7.3	7.5	1.1
Profit for the period, M€	20.8	35.2	17.8	22.3	12.3	20.5	15.4	7.1
Balance sheet total, M€	868.4	932.8	906.6	872.8	833.2	855.1	862.0	848.3
Earnings per share, €	0.27	0.43	0.51	0.30	0.18	0.26	0.18	0.10
Equity per share, €	4.89	4.57	4.19	3.96	4.27	4.13	3.84	3.68
Market value of share capital, M€	1,329.4	1,093.7	877.0	607.6	852.9	714.5	699.1	746.0
Return on investment, % (p.a.)	21.8	23.2	19.0	21.4	14.4	15.1	12.2	8.0
Net interest-bearing liabilities at the end of the period, M€	15.1	73.9	147.0	180.5	139.1	190.5	224.9	236.0
Gearing, %	3.6	18.6	40.2	52.2	37.6	52.9	66.7	72.8
Gearing, % rolling 4 quarters	28.6	37.1	45.7	52.3	57.5	57.9	55.2	54.6
Gross investment, M€	14.2	5.1	4.9	6.1	9.9	6.4	5.0	4.8
- % of net sales	5.1	1.7	1.8	2.2	3.7	2.2	1.7	1.9

ITEMS AFFECTING COMPARABILITY AND RECONCILIATIONS TO IFRS

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

	10-12/ 2020	7-9/ 2020	4-6/ 2020	1-3/ 2020	10-12/ 2019	7-9/ 2019	4-6/ 2019	1-3/ 2019
Items affecting comparability								
Restructuring charges	-3.5	-0.1	-5.9	-0.9	-1.4	0.0	0.0	0.0
Capital gains and losses on sale of non-current assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total items affecting comparability in operating profit	-3.5	-0.1	-5.9	-0.9	-1.4	0.0	0.0	0.0
Items affecting comparability, total	-3.5	-0.1	-5.9	-0.9	-1.4	0.0	0.0	0.0
Comparable gross profit								
Gross profit	106.0	116.9	102.3	104.3	96.7	101.3	97.6	86.2
Less: Items affecting comparability in gross profit	0.3	0.0	-1.1	0.0	-0.1	-	-	-
Comparable gross profit	105.7	116.9	103.4	104.3	96.8	101.3	97.6	86.2
% of sales	37.7	38.8	37.3	37.6	36.0	34.6	33.4	34.6
Comparable operating profit								
Operating profit	23.8	49.6	30.3	28.6	20.4	31.3	25.3	14.3
Less: Items affecting comparability in operating profit	-3.5	0.1	-5.9	-0.9	-1.4	0.0	0.0	0.0
Comparable operating profit	27.3	49.7	36.2	29.5	21.8	31.3	25.3	14.3
% of sales	9.7	16.5	13.1	10.6	8.1	10.7	8.6	5.7
Comparable operating profit by segment								
Building Solutions - Europe								
Operating profit	8.5	17.2	7.5	11.9	5.3	10.9	8.2	7.2
Less: Items affecting comparability in operating profit	-3.4	0.0	-5.8	-0.8	-0.7	0.0	0.0	0.0
Comparable operating profit	11.9	17.2	13.8	12.8	5.9	10.9	8.2	7.2
% of sales	9.4	13.7	11.2	9.9	5.1	8.8	6.5	5.9
Building Solutions - North America								
Operating profit	15.6	27.1	15.0	16.8	19.0	16.8	13.8	7.5
Less: Items affecting comparability in operating profit	-	0.0	-0.1	-	-	-	-	-
Comparable operating profit	15.6	27.1	15.1	16.8	19.0	16.8	13.8	7.5
% of sales	15.6	25.7	16.7	18.1	18.7	16.4	14.4	10.0
Uponor Infra								
Operating profit	2.0	7.9	7.3	1.7	0.0	4.9	5.4	0.6
Less: Items affecting comparability in operating profit	0.0	-	-	-	-	-	-	-
Comparable operating profit	2.1	7.9	7.3	1.7	0.0	4.9	5.4	0.6
% of sales	3.8	11.1	10.6	3.0	0.0	7.3	7.5	1.1
Others								
Operating profit	-1.1	-1.7	0.1	-2.1	-3.9	-1.0	-1.8	-1.3
Less: Items affecting comparability in operating profit	-0.1	0.0	-0.1	-0.1	-0.7	-	-	-
Comparable operating profit	-1.0	-1.7	0.2	-2.0	-3.2	-1.0	-1.8	-1.3
% of sales	na	na	na	na	na	na	na	na

DEFINITIONS OF KEY RATIOS

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

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

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

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

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

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

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

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

$$\begin{aligned} &\text{Gross profit margin} \\ &= \frac{\text{Gross profit}}{\text{Net sales}} \times 100 \end{aligned}$$

$$\begin{aligned} &\text{Operating profit margin} \\ &= \frac{\text{Operating profit}}{\text{Net sales}} \times 100 \end{aligned}$$

$$\begin{aligned} &\text{Comparable gross profit} \\ &= \text{Gross profit – items affecting comparability} \end{aligned}$$

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

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

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