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uponor

FINANCIAL STATEMENTS 2009

Financial results briefing

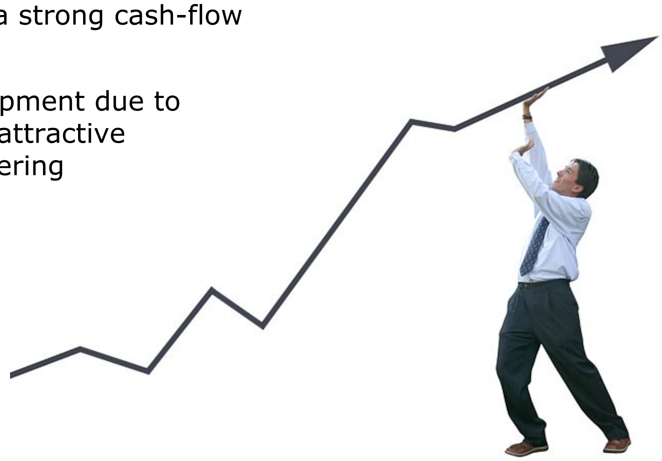
10 February 2010

Jyri Luomakoski
President and CEO
Uponor Corporation

Summary of 2009

uponor

- Uponor carried out a forced evolution to right-size the company – with visible results
- Determined savings and control over costs and net working capital yielded a strong cash-flow
- Strong market share development due to focussed organisations and attractive new product and service offering



Market indicators show a continued weak development

	Indicator	% change YTD	Data through
Germany	Housing permits	+2%	Nov. 2009
USA	Housing starts	-39%	Dec. 2009
Finland	Housing permits	-5%	Nov. 2009
Sweden	Housing starts	-30%	Sept. 2009
Spain	Housing permits	-58%	Nov. 2009
Netherlands	Housing permits	-17%	Oct. 2009
Italy	Construction index	-13%	Sept. 2009
Denmark	Housing starts	-37%	Sept. 2009
Norway	Housing starts	-25%	Nov. 2009
Canada	Housing starts	-32%	Dec. 2009

Q4: More stable demand and performance development

	10-12/2009	10-12/2008	Change, %
Net sales MEUR	174.4	198.9	-12.3
Operating profit MEUR	12.3	-19.9	162.2

- The stabilisation of the market demand that became visible after summer continued towards the end of the year
  - Much of it driven by residential new-build and renovation demand
  - The infrastructure and commercial & public building segments stayed sluggish
- Upward turn in North American net sales (in local currency)
- Building solutions – Europe demand lively in the Nordic countries
- Profitability improved, supported by restructuring benefits
- Restructuring costs of 7.4m burdened the quarter's result

Full-year 2009: Declining demand in all segments

Net sales MEUR	1-12/2009	1-12/2008	Change, %
Uponor	**734.1**	**949.2**	**-22.7**
Building Solutions – Europe	486.9	635.3	-23.4%
Building Solutions – North America	109.0	130.8	-16.6%
(Building Solutions – North America, USD	151.8	191.5	-20.7%)
Infrastructure Solutions – Nordic	143.4	192.1	-25.4%

- Negative demand development in all key markets continued
- All customer segments affected

Full-year 2009: Lower volumes and non-recurring items impact performance

Operating profit MEUR	1-12/2009	1-12/2008	Change, %
Uponor	**41.2**	**51.2**	**-19.4**
Building Solutions – Europe	32.4	65.6	-50.6%
Building Solutions – North America	3.9	-16.0	+124.5%
(Building Solutions – North America, USD	5.5	-23.4	+123.3%)
Infrastructure Solutions – Nordic	14.4	10.0	+45.0%

- Results affected by slow markets and restructuring costs of EUR 12.5m
- Healthy improvement of profitability in Building solutions – North America and Infrastructure solutions – Nordic

Highlights 2009

+ Changes in the organisation structure together with the adjusting of company size to demand facilitated significant cost reduction and efficiency improvements
+ Focus on cash-flow yielded visible results
  + Eliminating the disposal proceeds of 2008, cash-flow before financing improved despite the non-recurring items in 2009
+ Relatively stable development of input costs
+ Encouraging market penetration of new indoor climate offering (new self-balancing control systems, various cooling solutions, etc.)

– Continued unfavourable development of building and construction markets in all economies
  – Against common expectations, the U.S. construction market continued weak until year-end

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FINANCIAL STATEMENTS 2009

Financial statements Q4 and FY / 2009

Riitta Palomäki
CFO

January – December 2009
Key figures

MEUR	1-12 2009	1-12 2008	Change Y/Y
Net sales, continuing operations	734,1	949,2	-22,7%
Operating profit, continuing operations	41,2	51,2	-19,4%
Operating profit margin, continuing operations	5,6%	5,4%	0,2% pts
Earnings per share (diluted), EUR	0,16	0,99	-83,8%
Return on equity, % (p.a.)	4,1%	22,7%	-18,6% pts
Return on investment, % (p.a.)	8,1%	22,2%	-14,1% pts
Net interest bearing liabilities	64,6	60,6	+6,6%
Gearing, %	25,0%	19,8%	5,2% pts
Net Working capital of Net Sales, %	13,3%	15,6%	-2,3% pts
Average number of employees, continuing operations	3 426	4 006	-14,5%
Number of employees, end of period, continuing operations	3 316	3 678	-9,8%

October – December 2009
Income statement

MEUR	10-12 2009	10-12 2008	Change Y/Y
Continuing operations			
Net sales	174,4	198,9	-12,3%
Cost of goods sold	106,7	136,6	-21,9%
Gross profit	67,7	62,3	+8,8%
- % of net sales	38,8 %	31,3 %	+7,5%
Other operating income	3,9	0,8	-
Expenses	59,3	83,0	-28,8%
Operating profit	12,3	-19,9	+162,2%
- % of net sales	7,1 %	-10,0 %	+17,1%
Financial expenses, net	2,9	5,6	-45,2%
Profit before taxes	9,4	-25,5	+136,4%
Profit for the period	3,4	-15,9	+121,3%
EBITDA	21,5	-12,2	+276,9%

- EUR 7.4m in non-recurring costs compared to EUR 14.5m in Q4 2008
- Other income includes a property insurance claim compensation of EUR 2.9m related to fire in Danish production site

October – December 2009
Cash flow

MEUR	10-12 2009	10-12 2008	Change Y/Y
Net cash from operations	23,8	-12,5	+36,3
Change in NWC	16,7	60,1	-43,4
Net payment of income tax and interest	6,4	-7,3	+13,7
Cash flow from operations	**46,9**	**40,3**	**+6,6**
Cash flow from investments	-8,6	-14,6	+6,0
Cash flow before financing	**38,3**	**25,7**	**+12,6**
Dividends and buy backs	0,0	-1,2	+1,2
Other financing	-32,9	23,7	-56,6
Cash flow from financing	-32,9	22,5	-55,4
Change in cash and cash equivalents	5,4	48,2	-42,8

- Net cash from operations better in Q4 2009 than in Q4 2008

January – December 2009
Income statement

- Gross profit impacted by non-recurring costs of EUR 8.9m from efficiency initiatives
- Expenses down by EUR 47.0m, excluding EUR 3.6m in non-recurring costs in 2009 and EUR 14.5m in 2008
- Financial expenses, net:
  - interest expenses EUR 5.5m
  - interest income EUR 1.2m
  - exchange differences EUR 6.1m
  - other EUR 2.3m
- Increase in effective tax rate due to increased share of taxable profits in high tax burden countries

MEUR	1-12 2009	1-12 2008	Change Y/Y
Continuing operations			
Net sales	734,1	949,2	-22,7%
Cost of goods sold	463,0	607,4	-23,8%
Gross profit	271,1	341,8	-20,7%
- % of net sales	36,9 %	36,0 %	+0,9%
Other operating income	4,2	1,4	+175,4%
Expenses	234,1	292,0	-19,9%
Operating profit	41,2	51,2	-19,4%
- % of net sales	5,6 %	5,4 %	+0,2%
Financial expenses, net	12,7	10,2	+25,9%
Profit before taxes	28,5	41,0	-30,6%
Profit for the period	17,2	30,1	-42,9%
EBITDA	73,8	82,6	-10,7%

January – December 2009: **Net sales and operating profit by segment**

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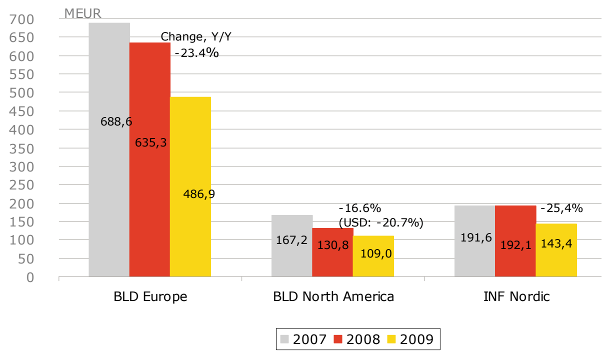
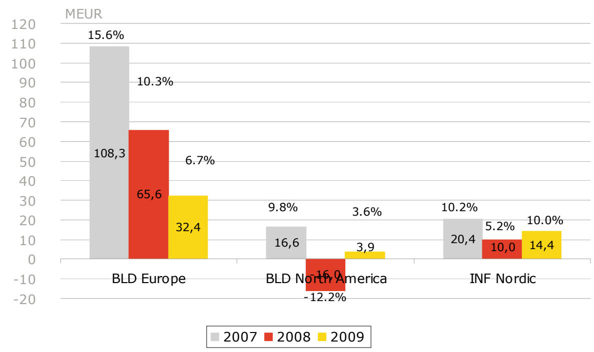
Net sales



Operating profit and profit margin



Net sales development by key national markets (10 largest by net sales)

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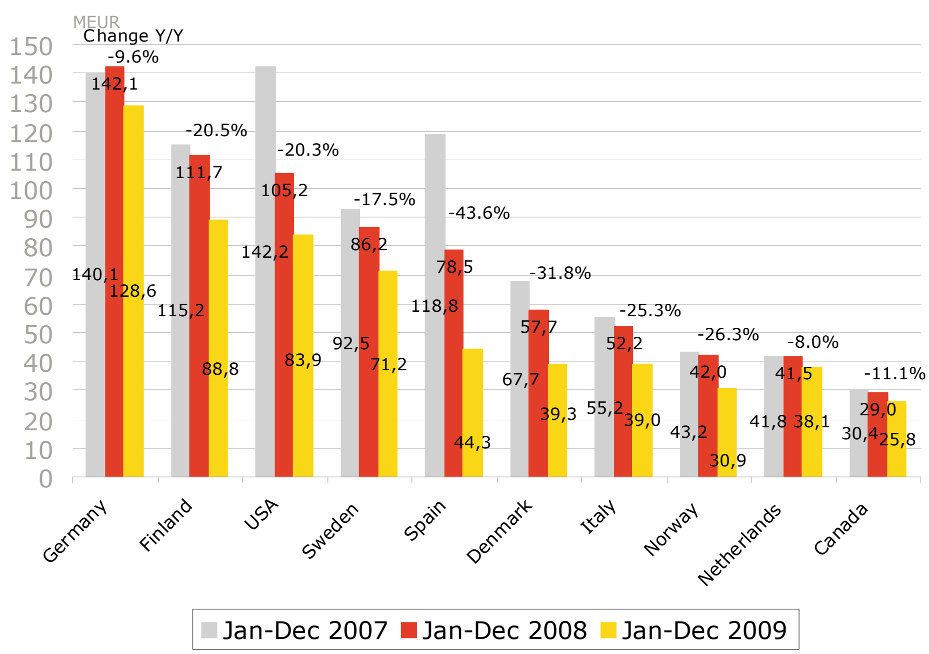


January – December 2009
Balance sheet

MEUR	31 Dec 2009	31 Dec 2008	Change Y/Y
Property, plant and equipment	175,1	184,5	-9,4
Intangible assets	101,5	101,3	+0,2
Securities and long-term investments	7,5	6,3	+1,2
Inventories	74,3	104,5	-30,2
Cash and cash equivalents	13,2	53,2	-40,0
Other current and non-current assets	127,0	145,1	-18,1
Shareholders´ equity	258,0	305,6	-47,6
Non-current interest-bearing liabilities	60,2	77,0	-16,8
Provisions	18,4	30,0	-11,6
Non-interest-bearing liabilities	144,4	145,5	-1,1
Current interest-bearing liabilities	17,6	36,8	-19,2
Balance sheet total	498,6	594,9	-96,3

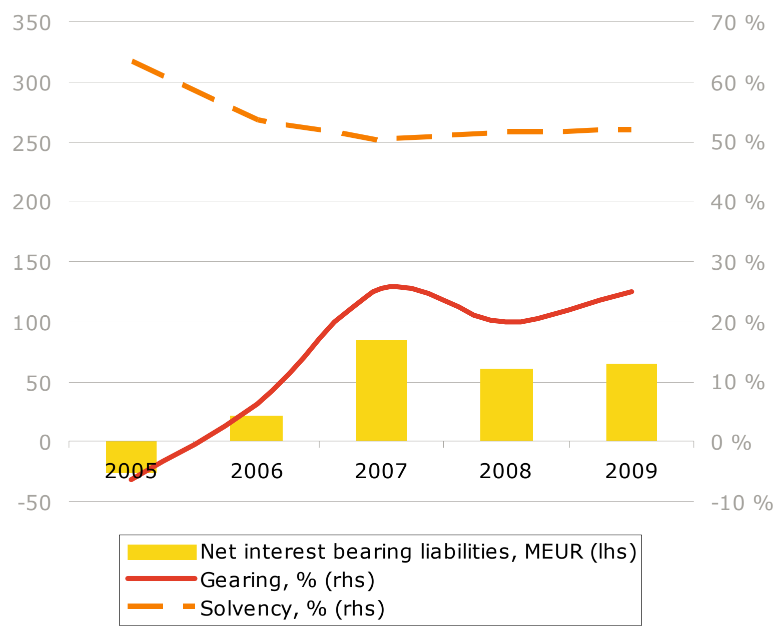
- Inventory down by EUR 30.2m, in addition to a decrease of EUR 46.1m in 2008
- Total balance sheet down by almost EUR 100m

January – December 2009
Cash flow

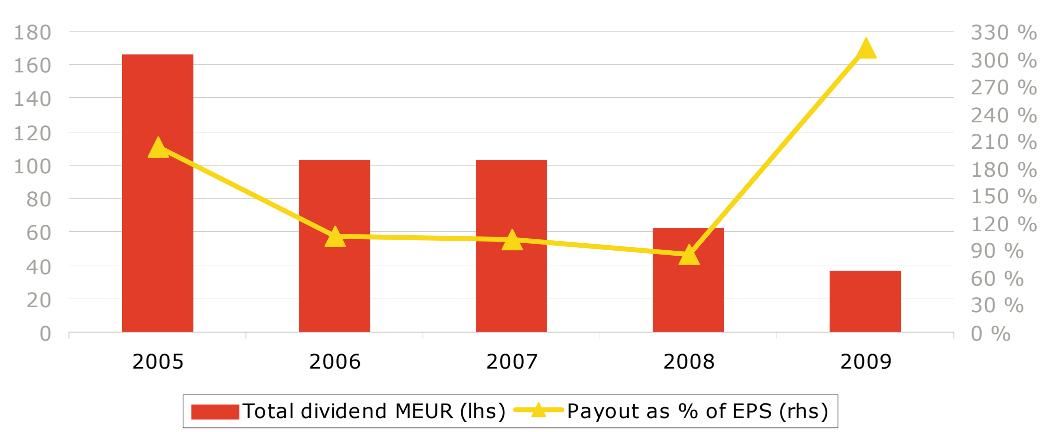
MEUR	1-12/ 2009	1-12/ 2008	Change Y/Y
Net cash from operations	65,7	85,0	-19,3
Change in NWC	+25,9	55,7	-29,8
Net payment of income tax and interest	-12,8	-45,3	+32,5
Cash flow from operations	**78,8**	**95,4**	**-16,6**
Cash flow from investments	-18,2	38,2	-56,4
Cash flow before financing	**60,6**	**133,6**	**-73,0**
Dividends and buy backs	-62,1	-103,7	+41,6
Other financing	-38,4	+17,1	-55,5
Cash flow from financing	-100,5	-86,6	-13,9
Change in cash and cash equivalents	-40,0	46,9	-86,9

- Cash-flow from investments for 2008 include the proceeds from the disposal of the UK/Irish infrastructure business (EUR 76.4m)
- Capex down to EUR 25.9m compared to EUR 39.0m in 2008

January – December 2009
Capital structure development



January – December 2009
Dividends and payout ratio



- Board's dividend proposal for 2009: EUR 0.50 per share

Major shareholders
31 December 2009

Oras Invest Ltd	22,7%		Share capital
Varma Mutual Pension Insurance Company	7,1%		146.4 MEUR
Mandatum Life Insurance Company Limited	2,2%		
Tapiola Mutual Pension Insurance Company	1,9%		Number of shares outstanding
Ilmarinen Mutual Pension Insurance Company	1,8%		
State Pension Fund	1,3%		73 046 944
Sigrid Juselius Foundation	1,1%		
Nominee registration	23,2%		
Others	38,7%		
	100,0%		

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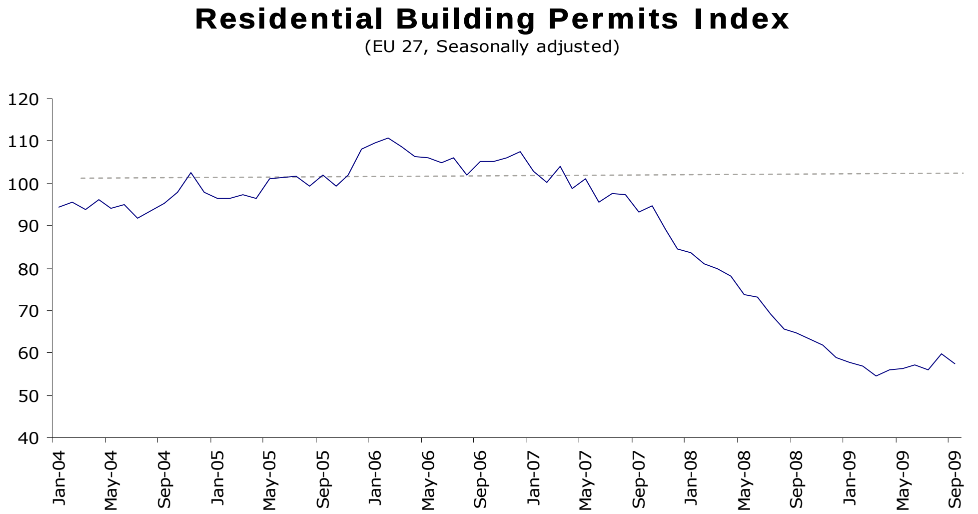
FINANCIAL STATEMENTS 2009

Outlook for the future

Jyri Luomakoski
President and CEO
Uponor Corporation

Europe: Residential building permits

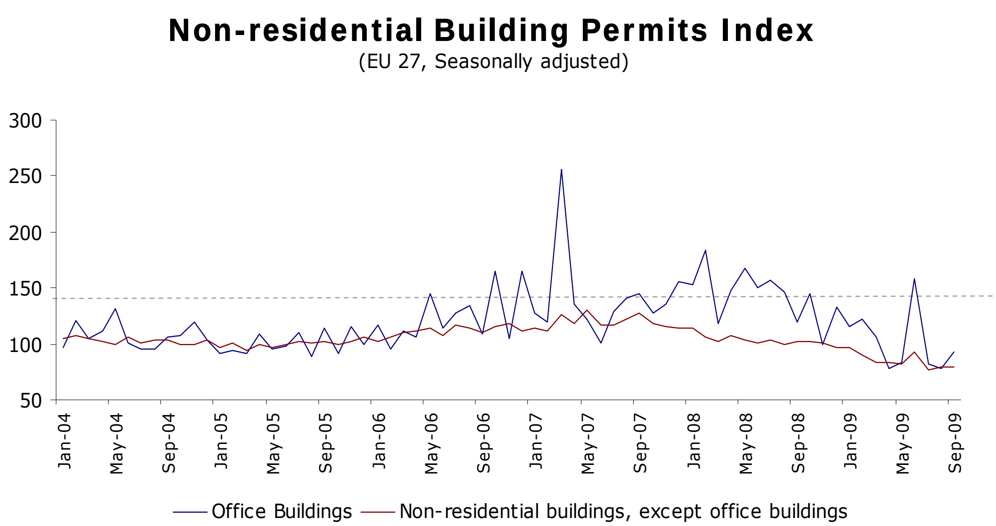
• Residential building permits appear to have bottomed out in late spring, with the Index managing some minor gains in the period from April to September



Source: Eurostat

Europe: Non-residential building permits

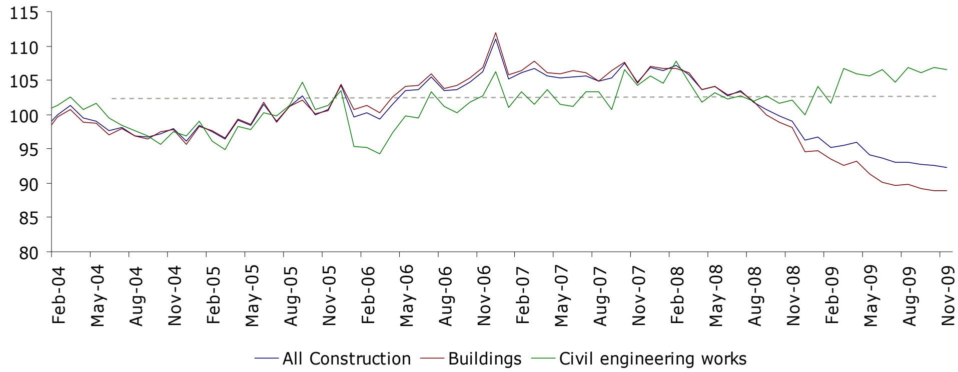
• Permits for non-residential structures continued to weaken through the summer months



Source: Eurostat

Europe: Construction output

- The stabilisation of residential permits and construction sentiment still had not translated into increased production of buildings as of November
- Meanwhile, the civil engineering segment appears to be benefiting from government stimulus packages targeting infrastructure projects



Source: Eurostat

German building activity indicators

- **German building permits, November 2009 (compared to previous year)**

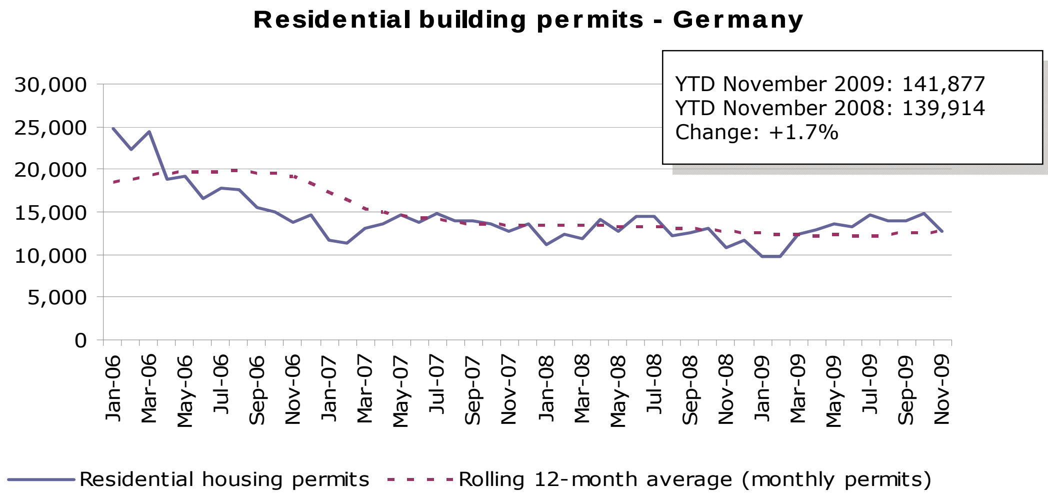
	YTD	Month
Residential	+1.7%	+18.7%
Single houses	+1.2%	+21.1%
Non-residential	-23.7%	-0.7%

- **German construction industry, November 2009 (compared to previous year)**

	YTD	Month
Order entry	-14.0%	-0.4%
Turnover	-4.2%	-0.3%

Source: Statistisches Bundesamt

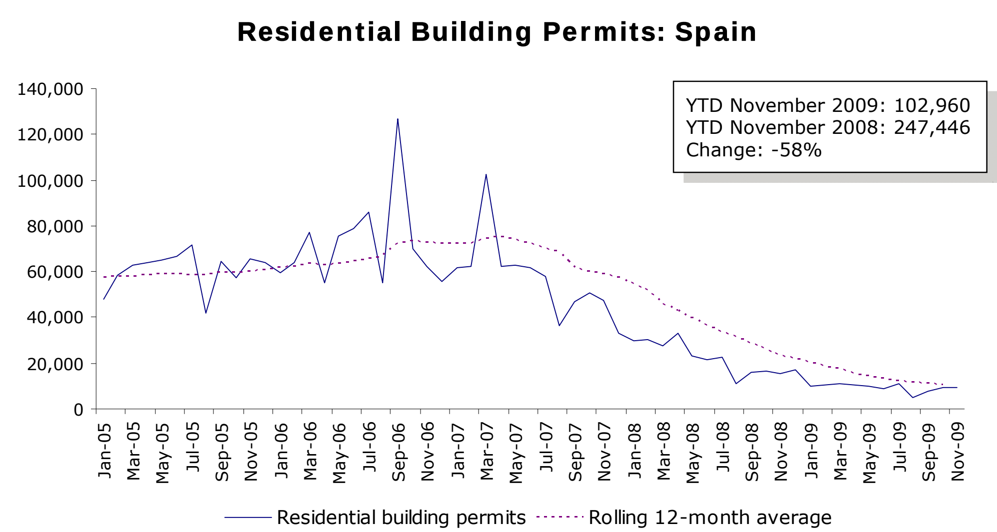
Housing permits development in Germany



Source: German Federal Statistic Office

Housing permits development in Spain

- Housing permits for November were down 39% from November 2008, and down 58% from January to November compared to the same period in 2008

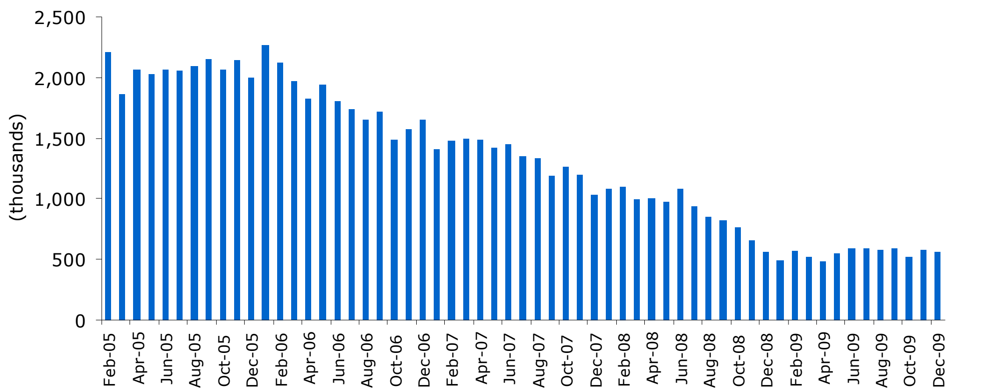


Source: INE

Housing starts development in USA

- Housing starts in December were at a seasonally adjusted annual rate of 557,000. This is 0.2% above the December 2008 rate of 556,000
- An estimated 553,800 housing units were started in 2009. This is 38.8% below the 2008 figure of 905,500

U.S. Housing Starts
(Seasonally adjusted, annualised rate)



Source: U.S. Census Bureau

The management agenda for 2010

The economic climate will remain challenging in 2010

- Continue with active cost and cash-flow management
- Deeper integration of the new European organisation
- Boost penetration growth supported by favourable building trends and own innovations
- Continue to invest in strategic initiatives
- Continue with organic expansion in new territories and in low-market share countries

Guidance for 2010

- In the current business environment, Uponor's net sales in 2010 are expected to remain level with 2009, and operating profit is expected to improve from last year's reported operating profit
- The Group’s fixed-asset investments are not expected to exceed depreciation, and efficient net working capital management measures will help retain the Group’s cash-flow at a reasonable level

simply more

The text may contain forward-looking statements, which are based on the present business scope and the management’s present expectations and beliefs about the future. The actual result may differ materially from such statements.