

Michael Rauterkus
President and CEO

Markus Melkko
Chief Financial Officer

Q1

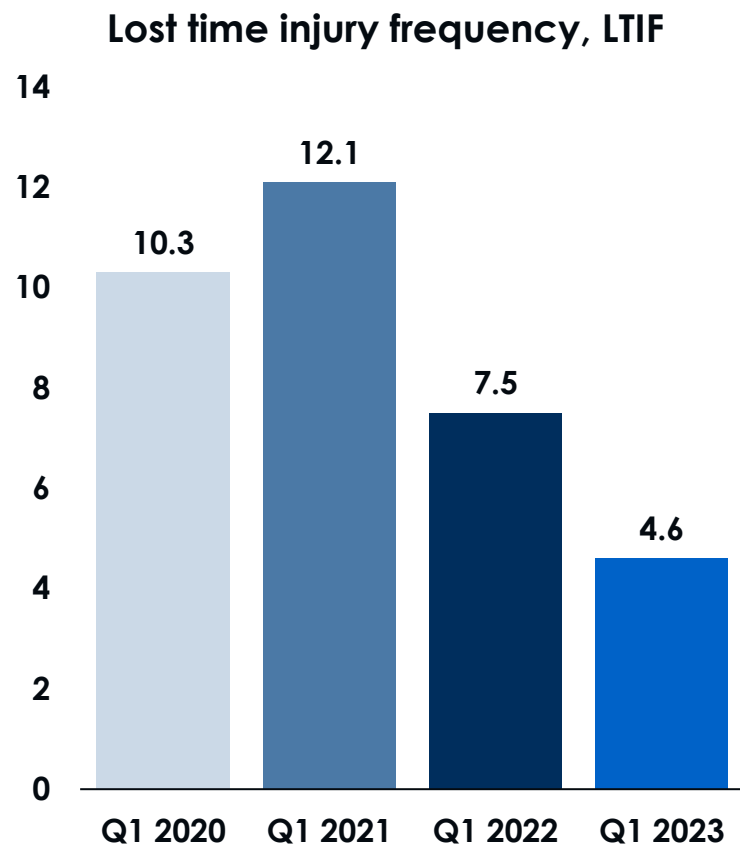
Uponor Corporation
Interim Report
January-March 2023

uponor

Moving > Water

Transformation on track with strong margin

Steps taken to transform our safety culture bearing fruit



Uponor's target is zero accidents by 2025



Q1 2023: Transformation on track with strong margin

Net sales



Comparable operating profit



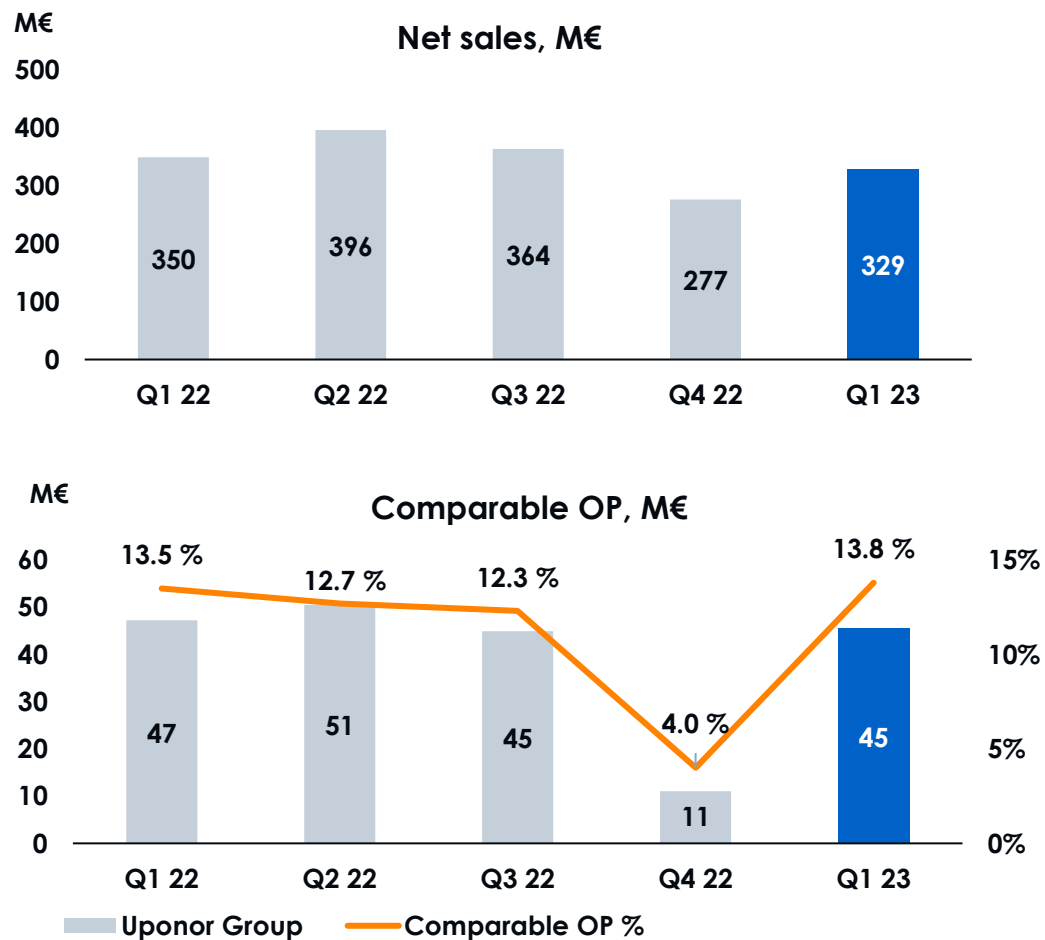
Comparable Operating margin



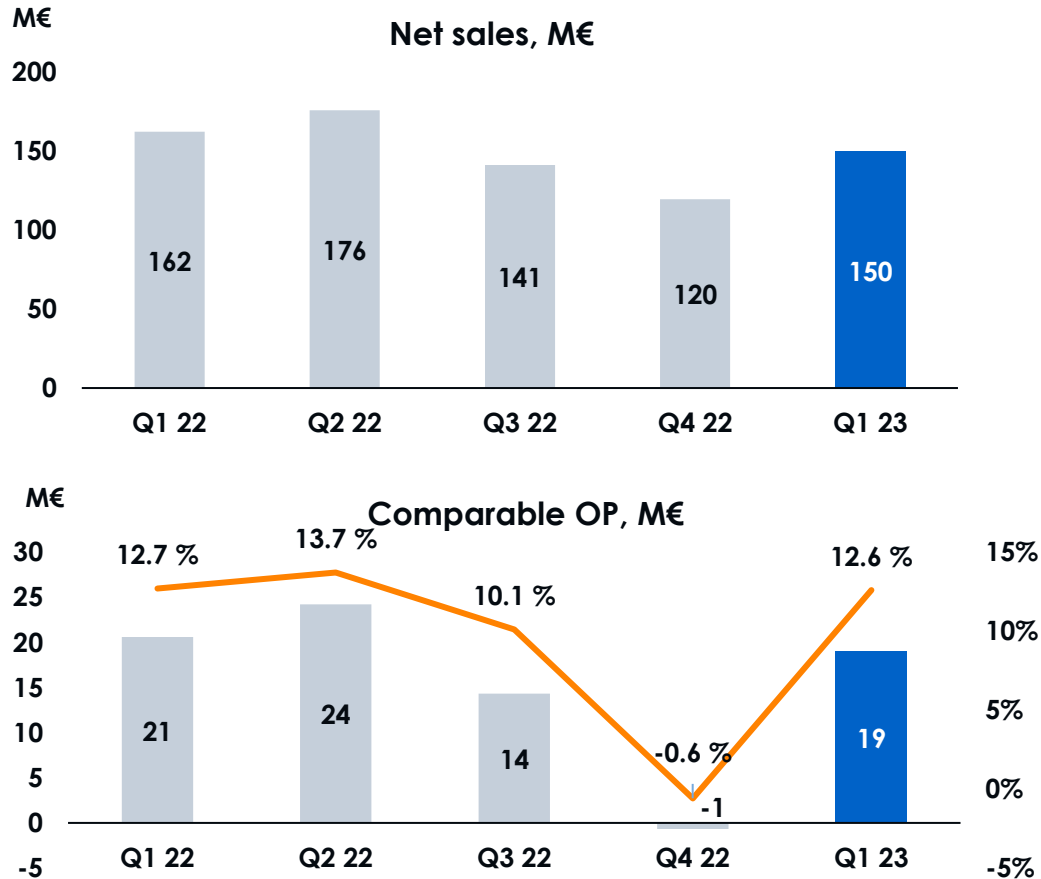
Highlights

- Strong comparable operating margin in tougher market conditions
- Margin resilience visible in all divisions
- Transformation programme on track
- Russian market exit completed
- Non-core district energy business sold
- Factory in Ehingen, Germany, closed
- After review period: SBTi validation for net-zero target as first in its industry

Margin resilience under tougher market conditions



Soft topline, stable comparable operating margin



➤ Net sales decreased due to

- Lower underlying demand and absence of sales from the Russian operation which was sold on 1 March

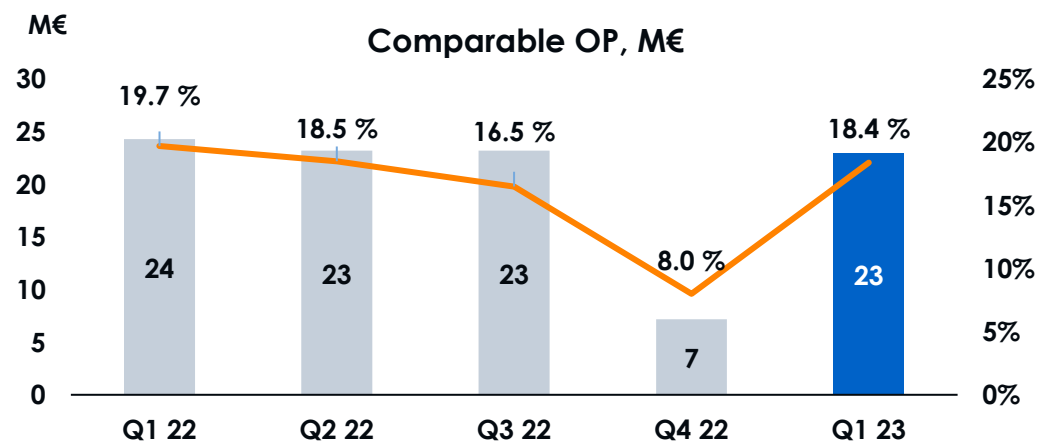
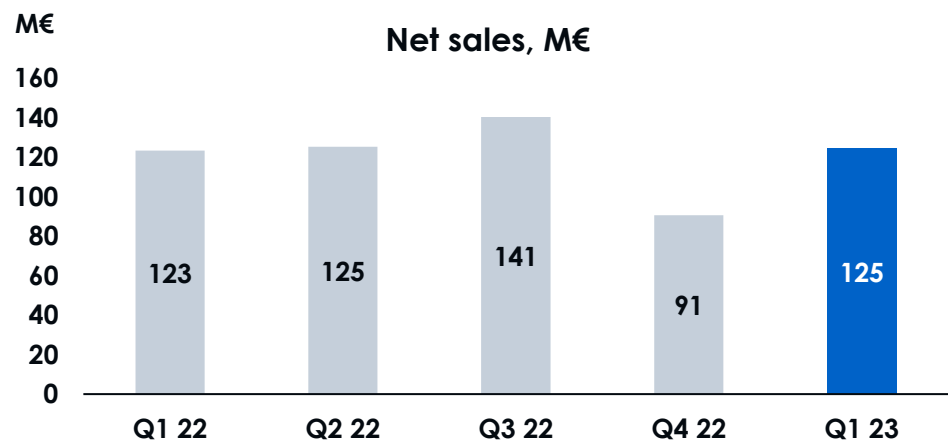
➤ Comparable operating profit margin stable at previous year's level

- Strong pricing discipline and cost management contributed positively
- IAC's of €-3.7 million related to sale of Russian operation

➤ Transformation programme

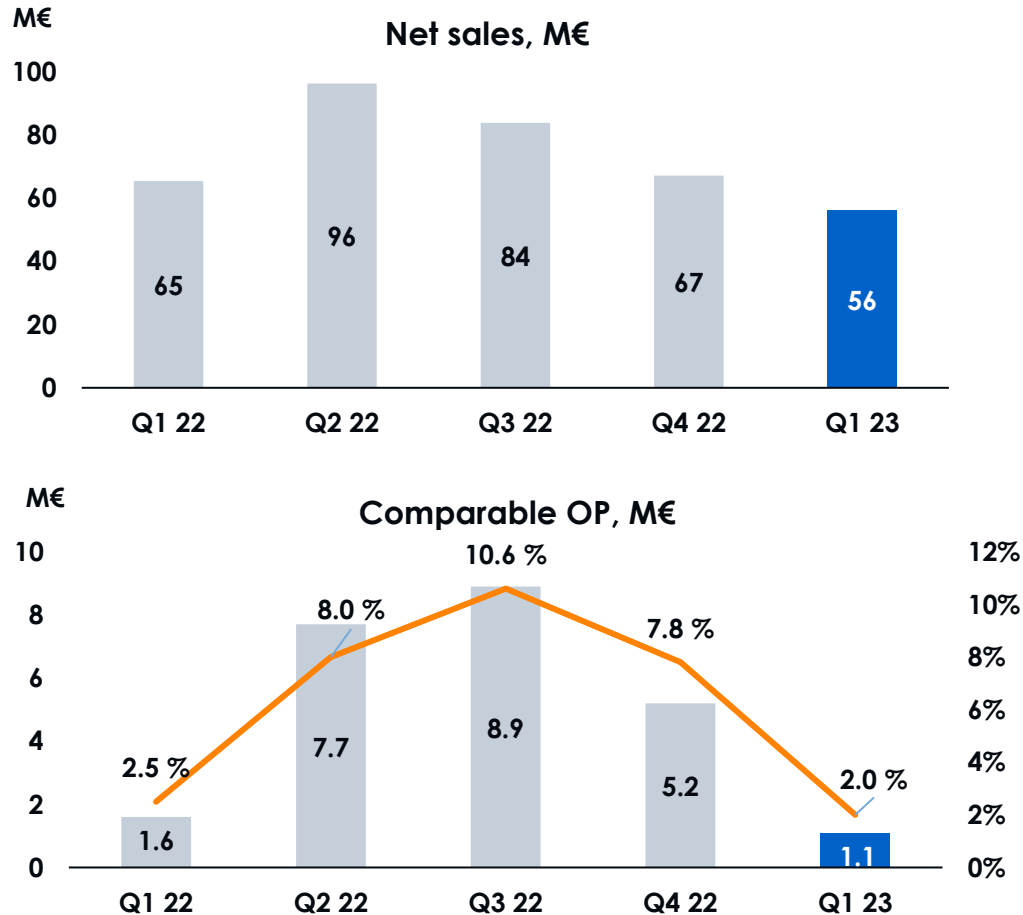
- Closing of Ehingen, Germany assembly factory

Stable topline, strong comparable operating margin



- Net sales stable at previous year's level
 - Net sales benefitted from a strong order book at the end of 2022
- Comparable operating profit margin remained strong
 - Pricing discipline and factory efficiencies impacted positively
- Transformation programme
 - Actions taken to improve operational efficiency and right-size operation for changing market conditions

Seasonally slow quarter for Uponor Infra



➤ Net sales decreased due to

- Lower overall market activity and timing of projects

➤ Successful product mix supported profitability

➤ Non-core district energy business sold

- IAC's include a €11.5 million sale gain related to the divestment

➤ Transformation programme

- Closure of Danish pressure pipe factory in Q4 22 had a positive impact on profitability

Uponor's sustainability work has a legacy of industry firsts – now also first to receive net-zero target validation by SBTi

FIRST PEX PIPE BASED ON
RENEWABLE RAW MATERIALS



FIRST CIRCULAR PEX PIPE PRODUCED FROM
OWN PEX PRODUCTION WASTE



FIRST IN ITS INDUSTRY TO RECEIVE
NET-ZERO TARGET APPROVED BY SBTi

Solid Q1 23 performance emphasizes the strength of our strategy

Unlocking the potential
of water to protect the place we call home

To be the leader in sustainable water solutions



Max the Core

Maximize core with
systematic 4 C approach



Innovation

Innovation of sustainable
solutions and integrated systems



Sustainability

Lead construction industry
towards net zero



People First

Instill performance
mindset

Transformation to new Uponor Operating Model

Create lean and resilient organization
Enhance and harmonize business processes and systems

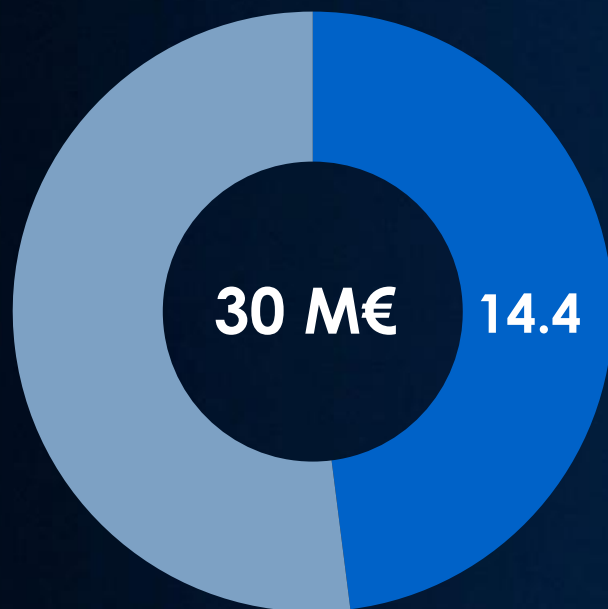
Transformation programme to strengthen resilience



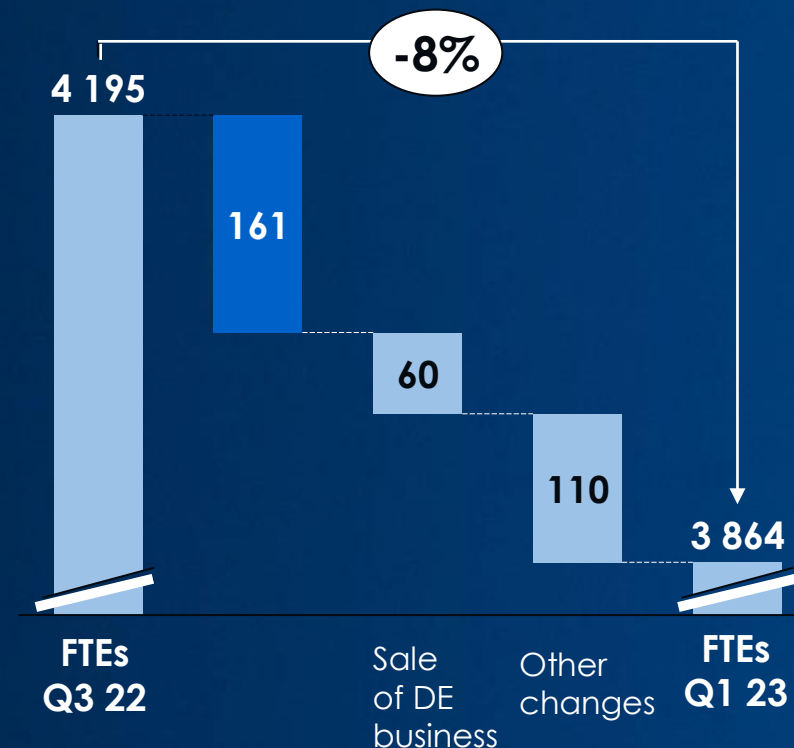
Markus Melkko, CFO

Financials

Transformation programme well on track - costs and headcount



- 14.4 M€ expected annualized savings from actions completed by end of Q1 23



- Reduction in headcount related to transformation programme

Recap from Q3 22 – continued strong focus on margin management is showing results

MARGIN MANAGEMENT

Trade term flexibility



Drive pricing and implement volume adjusted contract models

Procurement excellence



Lower product costs through global program and value engineering

COST AND CAPACITY MANAGEMENT

Cost management



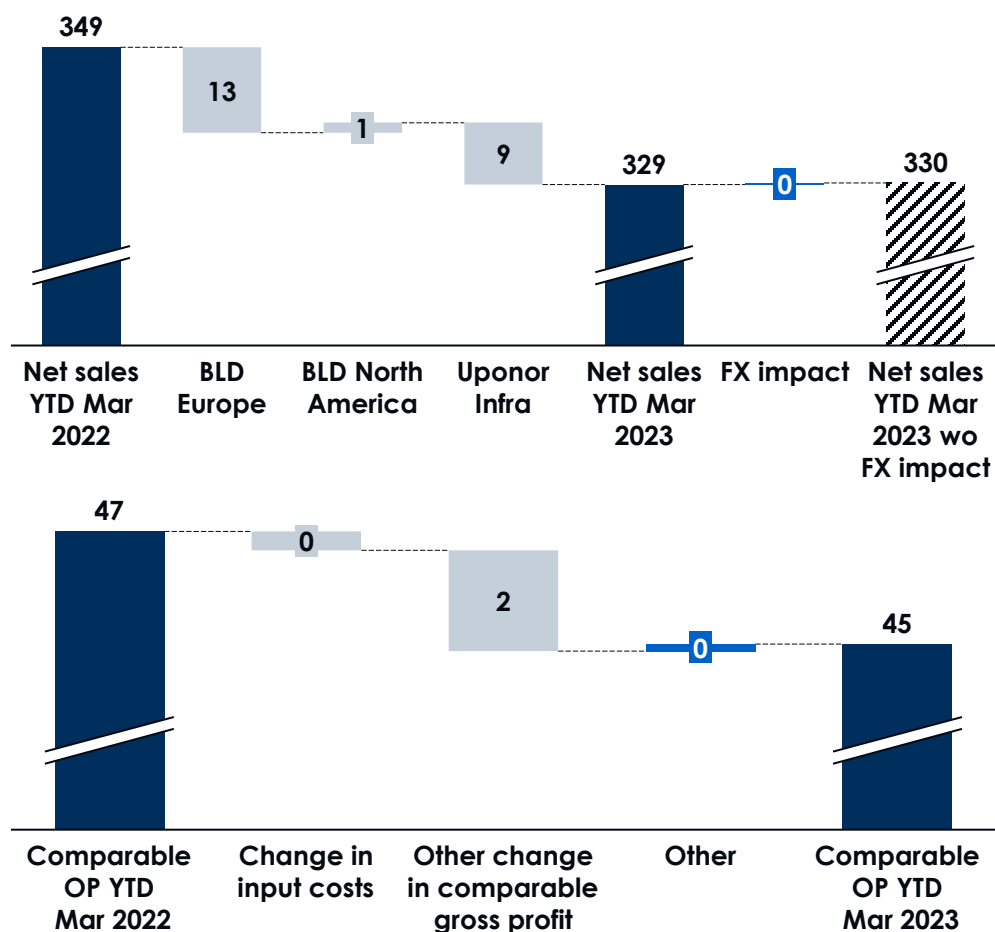
Implement tighter spend controls and prioritize initiatives

Capacity optimization



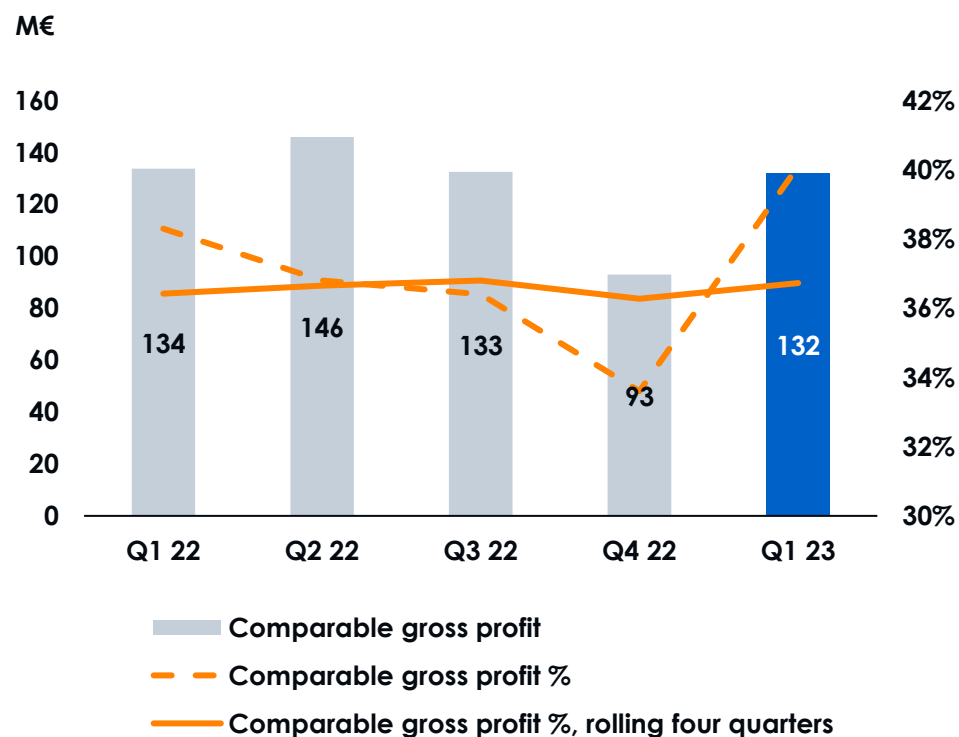
Increase operational flexibility and drive productivity

Comparable operating margin remained strong



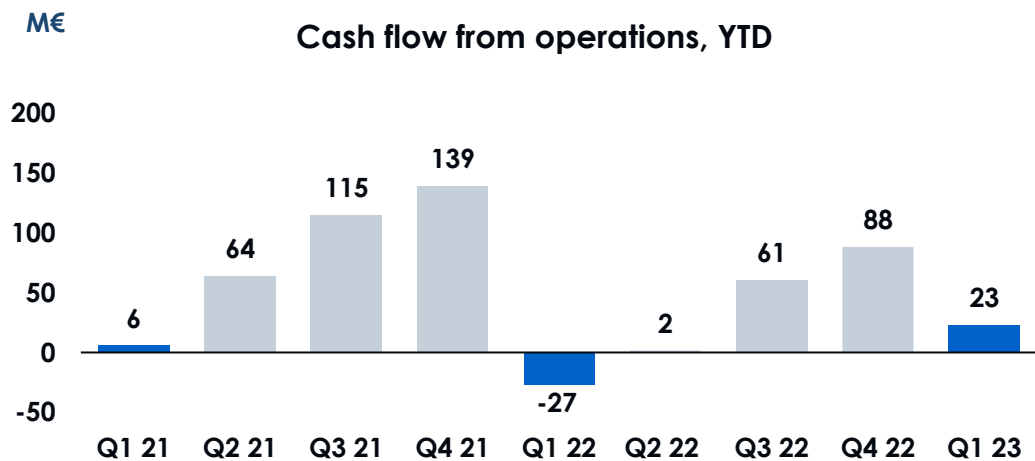
- Jan–Mar 2023 net sales €329.4 (349.5) million, decline of -5.8%
- Lower market activity impacted negatively on net sales development
- Jan–Mar 2023 comparable operating profit €45.5 (47.2) million, down by -3.7%
- Comparable operating profit margin improved to 13.8% (13.5%)

Comparable gross margin improved markedly



- Q1 2023 comparable gross profit €131.9 (133.8) million, close to prior year level
- Comparable gross profit margin improved to 40.1% (38.3)
- Improved productivity and efficiency contributed positively to the gross profit margin

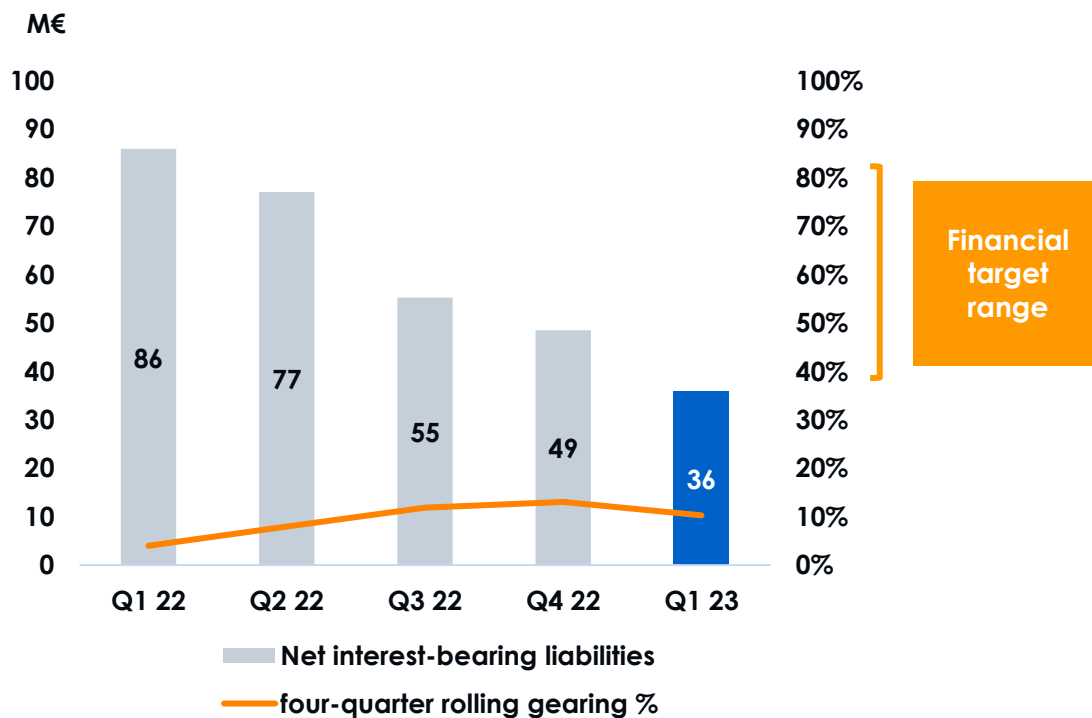
Cash flow improved based on positive NWC development



Cash flow YTD, M€	Q1/2023	Q1/2022	Q4/2022
Cash flow from operations	23.0	-27.2	88.4
Cash flow from investments	19.1	-9.7	-49.1
Cash flow from financing	-28.2	-30.7	-68.6
Total cash flow movements	13.8	-67.1	-29.2

- Cash flow from operations improved to €23.0 (-27.2) million due to a lower change in NWC
- Investments in Q1 2023 related to maintenance and efficiency improvements
- Divestment of district energy business contributed positively to cash flow from investments
- Cash flow from financing included the first dividend payment instalment, €24.8 (24.0) million

Strong financial position



- Gearing 7.0% (18.4) well below financial target levels, four-quarter rolling gearing 10.3% (4.0)
- Net interest-bearing liabilities decrease supported by strong cash flow development
- No change in financing position

Financial targets to drive profitable growth

	Q1 2023	FINANCIAL TARGETS: 2022-2024	AMBITION: 2025-
ORGANIC GROWTH	-5.8%	Organic growth >4%	Ambition to accelerate growth rate
COMPARABLE OP-%	13.8%	>12 OP-%	Ambition to increase OP-% further
GEARING	7.0%	40-80%	
DIVIDEND		Growing dividend	

Michael Rauterkus, President & CEO

Outlook for 2023

Near-term outlook: High market volatility and a soft demand picture in the construction sector

Tailwinds

Demand for safe water supply

Demand for more energy-efficient systems

Growth in select segments

Headwinds

Geopolitical uncertainties

Rising interest rates

General cost inflation

Guidance statement for 2023 unchanged

Excluding the impacts of currencies, Uponor expects its net sales to be between €1,300 and €1,400 million in 2023, and its comparable operating margin to be above 10%.





Uponor

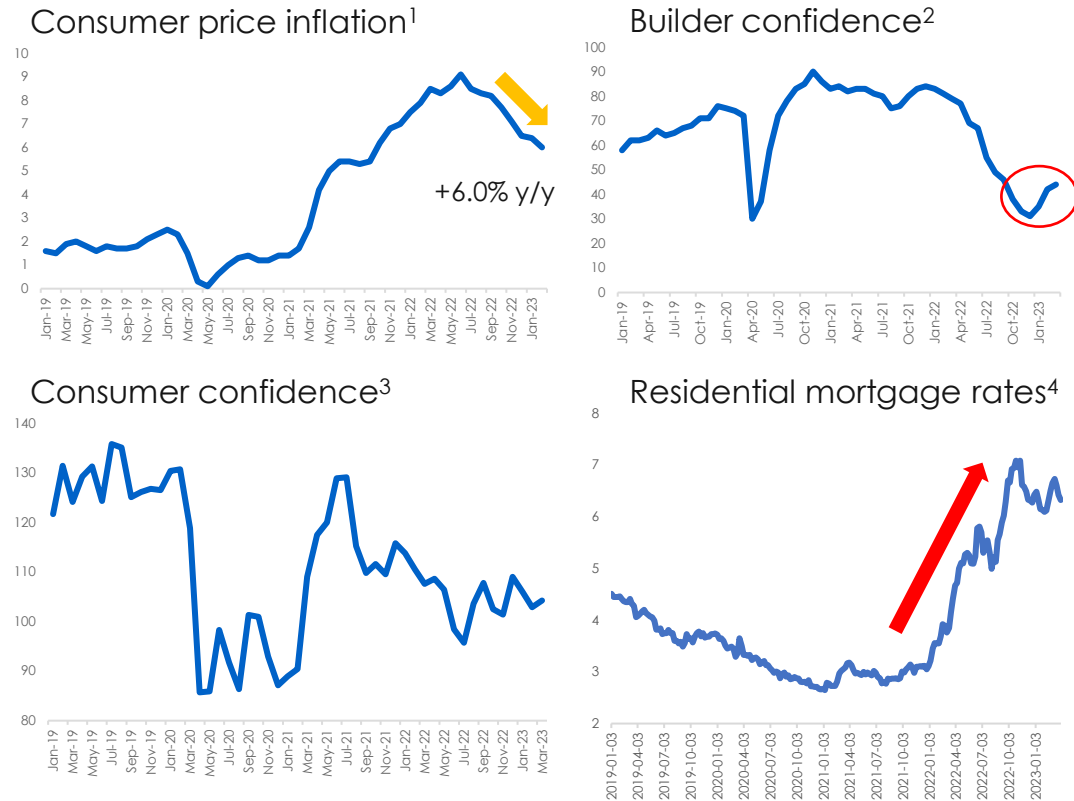
Moving > Water

Moderating, but high, inflation rates and large increases in borrowing costs are still hurting builder activity and confidence

USA

Economy

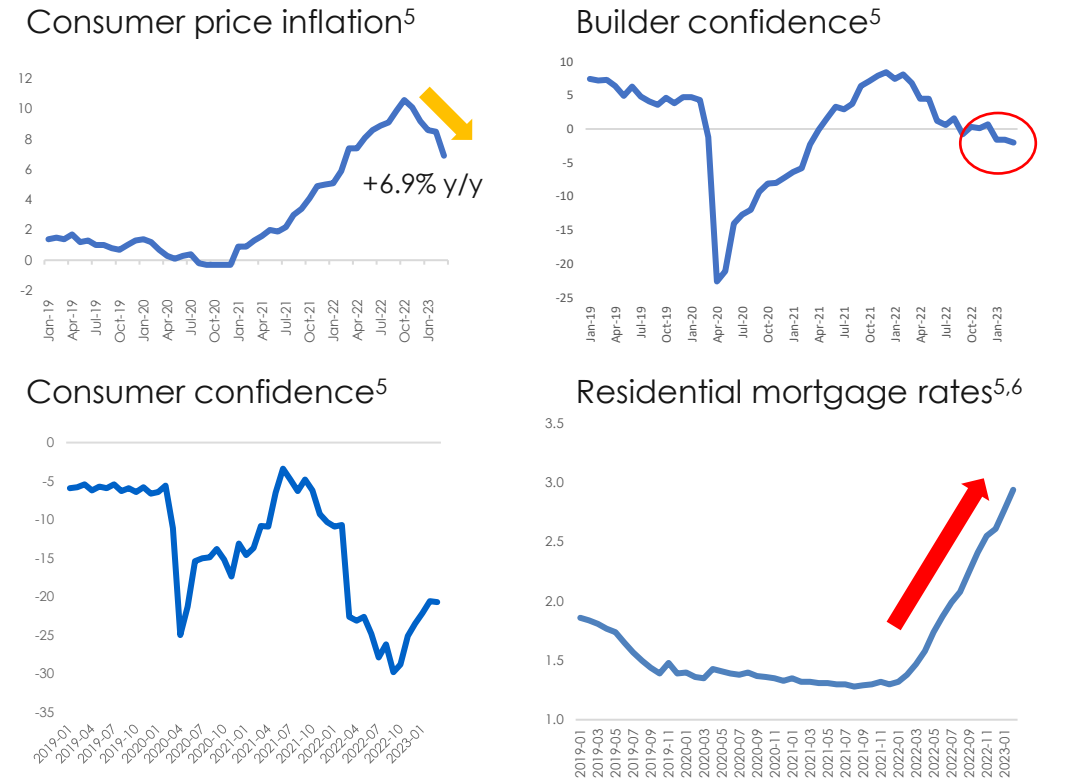
Construction industry



Europe

Economy

Construction industry



1-US Bureau of Labor Statistics 2-NAHB Housing Market Index 3-Conference Board 4-St. Louis Fed, 30yr fixed 5-Eurostat 6-Lending for house purchase

Q1 23 Income statement

Uponor Group	1-3 2023	1-3 2022	Change Y/Y
Net sales	329.4	349.5	-5.8 %
Cost of goods sold	199.1	215.8	-7.7 %
Gross profit	130.2	133.7	-2.6 %
Gross profit margin	39.5 %	38.3 %	1.3 % pts
Other operating income	11.6	0.1	13250.2 %
Expenses	92.3	86.9	
Operating profit	49.5	46.8	5.7 %
Operating profit margin	15.0 %	13.4 %	1.6 % pts
Comparable operating profit	45.5	47.2	-3.7 %
Comparable operating profit margin (%)	13.8 %	13.5 %	0.3 % pts
Financial expenses, net	1.9	1.0	99.2%
Share of result in associated companies	0.0	0.1	-100.0 %
Profit before taxes	47.6	45.9	3.6 %
Profit for the period	34.1	33.3	2.5 %
EBITDA	62.5	59.8	4.5 %

Balance sheet – March 2023

Uponor Group, M€	31 Mar 2023	31 Mar 2022	Change Y/Y
Property, plant and equipment	295.3	295.6	-0.3
Intangible assets	109.8	113.0	-3.2
Securities and long-term investments	3.7	7.9	-4.2
Inventories	213.0	210.4	+2.6
Accounts receivable	235.5	260.8	-25.3
Cash and cash equivalents	79.3	31.0	+48.3
Other current and non-current assets	53.7	48.5	+5.2
Assets total	990.3	967.2	+23.1
Shareholders' equity	513.2	466.8	+46.4
Provisions	52.5	45.5	+7.0
Accounts payable	96.5	117.7	-21.2
Interest-bearing liabilities	112.9	116.9	-4.0
Non-interest-bearing liabilities	215.2	220.4	-5.2
Shareholders' equity and liabilities total	990.3	967.2	+23.1