

An aerial night view of a city skyline, likely Copenhagen, featuring a river with several bridges and illuminated buildings. The sky is a deep blue, and the city lights are reflected in the water.

uponor

Review of business in 2016

Jyri Luomakoski – President and CEO

Annual General Meeting 2017

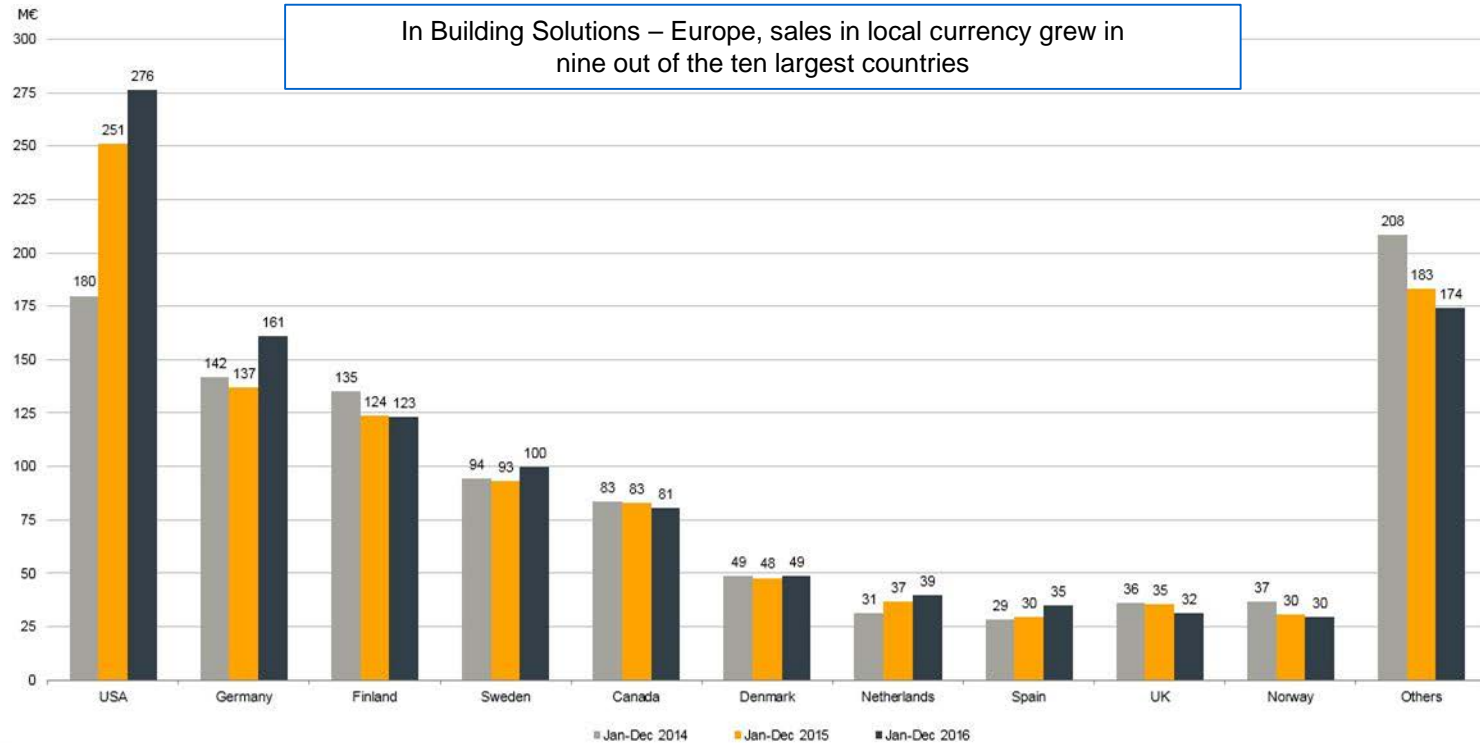
Net sales

Uponor Corporation, M€	1-12/ 2015	1-12/ 2016	Change
Net sales	1,050.8	1,099.4	4.6%
Comparable operating profit	75.8	90.7	19.7%
EPS	0.51	0.58	

- Favourable progress in European transformation programmes
- Growth from acquisitions and recovery in the European markets
- Stable performance in North America continued
- Strong investment into renewal and product development

January-December 2016

Net sales development by key markets



Developments by segment: Building Solutions – Europe

- Net sales in local currency grew in 9/10 largest countries reflecting the budding recovery in Europe
 - In Germany, growth was from acquisitions as well as successes achieved in project business
 - Within the Nordic countries, the boom continued in Sweden, and Finland trended well
- Thanks to transformation, new setup with stronger and leaner management structure and efficient manufacturing network
- With the new factory operational, China ranks in top 10 in terms of personnel by country



Developments by segment: Building Solutions – North America

- The year 2016 was twofold, with solid growth continuing in the first half, and growth stabilising in the 2nd half, reflecting general building and construction market trends
- Challenges were posed by plastic fittings resin supply and its careful management; returned to full supply by year-end
- Overall, Uponor's PEX plumbing offering sales grew well in 2016 in the U.S. and in Canada

Recent capacity expansion became operational in 2016



Developments by segment: Uponor Infra

- Modest increase in infrastructure solutions demand in northern Europe, while weak market development persisted in eastern Europe (Poland) and North America
- Benefits from the earlier streamlining programmes in the Nordic countries achieved as expected
- Transformation programme in Europe and the cost reduction programme started in Canada in the fourth quarter 2016 were completed in Q1/2017
 - Production centralised in Finland and Denmark
 - In total, 75 jobs were reduced as part of the transformation programme during 2016
- In stark contrast to 2015, the resin price development in 2016 was rather stable, contributing to a more stable input cost environment and gross profit



Transformation programme completed

- The transformation programme initiated in Q4/2015 was almost completed, final measures scheduled for completion during Q1/2017
- Ecoflex pipe production moved from Finland to Sweden
- Concentration of European PEX pipe production in Virsbo, Sweden almost finalised
- A total of 9 offices closed during 2016 and the UK office moved close to London
- Net reduction in head count at 164 in 2016 (overall target 250)



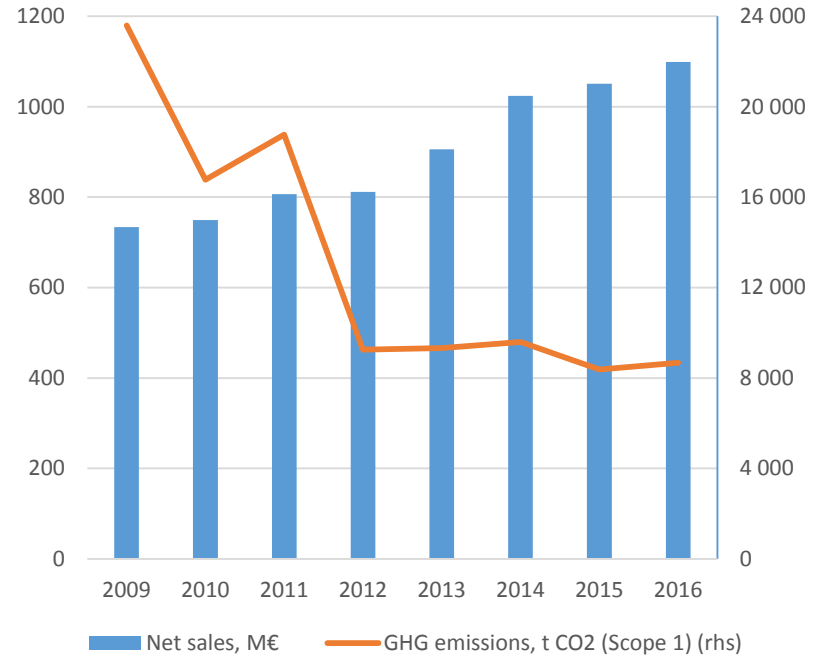
Investment in R&D and technology

- In 2016, Uponor's R&D expenditure exceeded €20 million for the first time
 - New Group Technology function
 - Investment in digitalisation initiatives
 - New product, application and materials development
- Strategic focus on hygiene, safety and sustainability
 - UWater online monitoring – Dec 2015
 - KaMo/Delta fresh water stations - Jan 2016
 - Joint venture Phyn with Belkin to pioneer in intelligent water - July 2016



People and planet in focus

- Renewed leadership development portfolio: in 2016, ca 100 employees participated
- Transition management training for 150 leaders across Europe
- Reduced GHG emissions in operations and improved CDP Climate Change ranking
- 10 out of 14 sites are certified by ISO 14001 environmental management system
- 6 are certified by ISO 50001 energy management system, with a rollout to all Uponor production sites planned by 2020

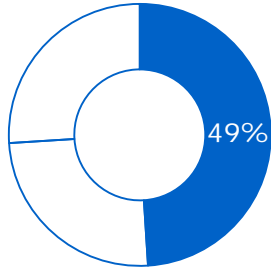


Plumbing solutions

Increased need for fresh water
Higher demand for hygiene
Ease of installation and reliability

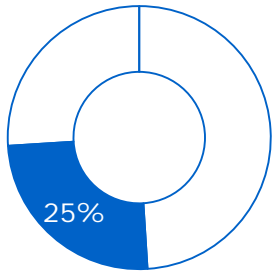


Demands are driven by megatrends that change our way of life:
urbanisation, higher standards of living, prefabrication...



Indoor climate solutions

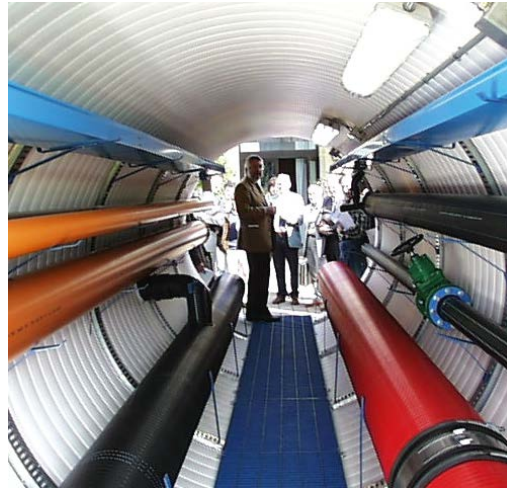
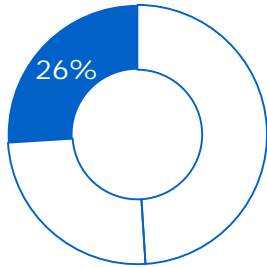
- Uponor Smatrix, the intelligent control system for radiant heating and cooling, giving more comfort for less energy, equipped with mobile access
- Comfort Pipe PLUS, a more flexible pipe satisfying more demanding needs



Infrastructure solutions

In line with corporate strategy, Uponor Infra's focus is on adding designed solutions sales

- Increase significantly designed solution sales
- Focus on selected growth segments
- Leverage global competence



Uponor has a strategy to generate sustainable growth in the shorter and longer term



Agenda for 2017

- With the transformation in Building Solutions – Europe completed:
 - achieve profitable growth
 - leverage knowhow and capabilities of our strategic focus areas throughout the organisation
- Return back to earlier growth and performance trends in Building Solutions – North America after volatile 2016
- Aim for a solid performance improvement and net sales growth in Uponor Infra
- Continue determined efforts on digitalised offering development and launch new offerings currently in test phase
- Get new organisation and production working effectively in China and capture more market share



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