



# Q4

**Uponor Corporation**  
Financial Statements  
Bulletin 2022

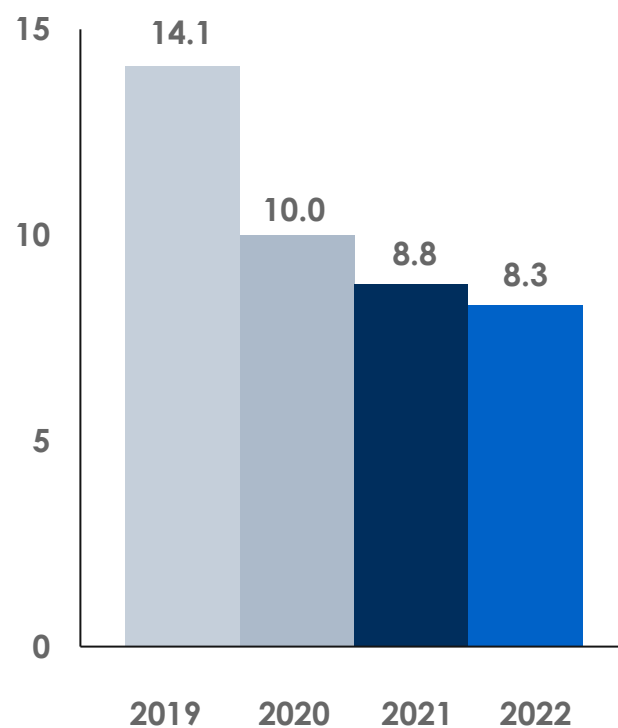
**Michael Rauterkus**  
President and CEO

**Markus Melkko**  
Chief Financial Officer

**uponor**  
Moving > Water

# Strong Focus on Improving Safety Performance Continues

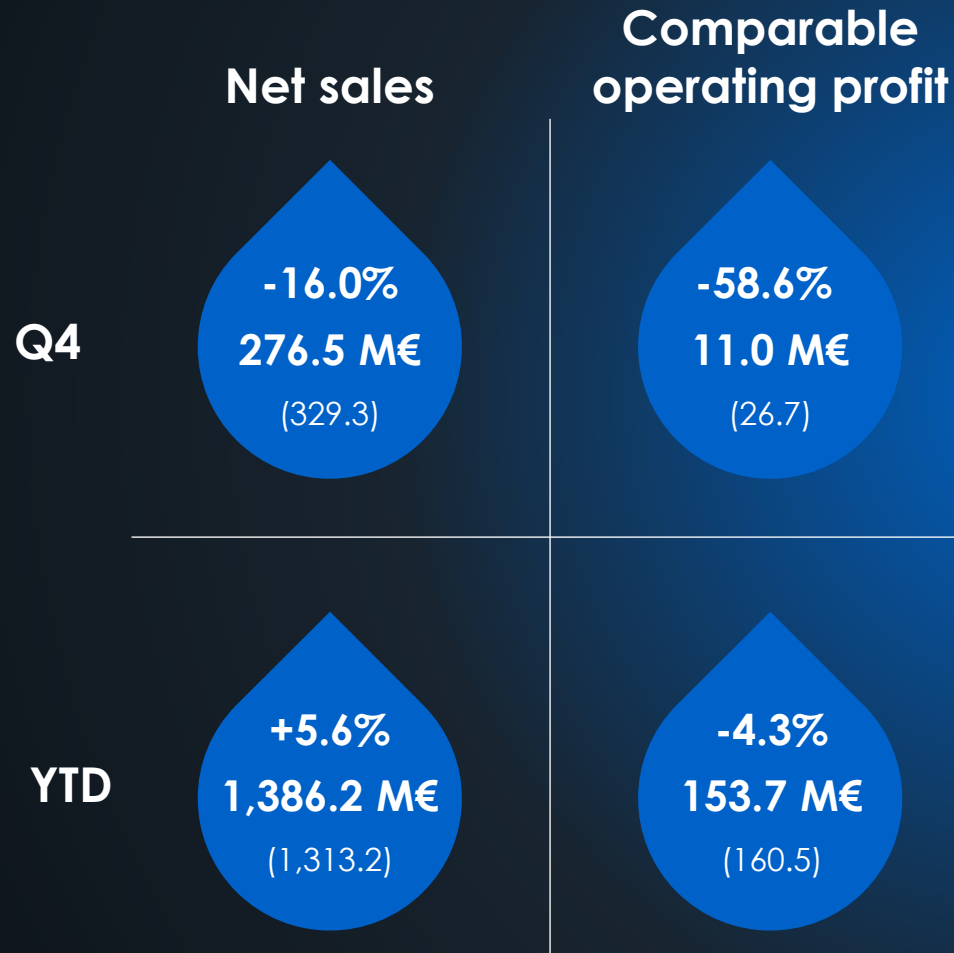
Lost time injury frequency, LTIF\*



\*Harmonized calculation of LTIF accident rate across all divisions



# 2022 Was a Good Year for Uponor

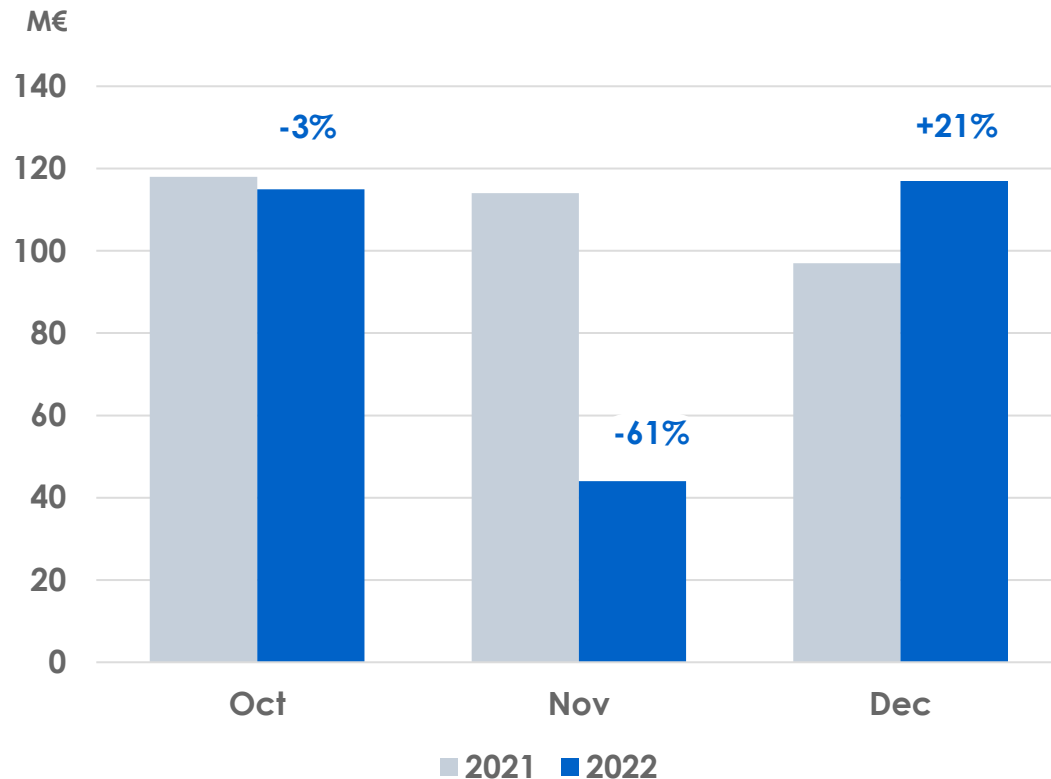


## Highlights

- Successful strategy execution in its initial year
- Success in Infra project business
- Strong pricing realization in all three divisions
- Strong management of cyber incident in Q4
- Transformation programme launched
- The Board's dividend proposal, €0.69 (0.67)

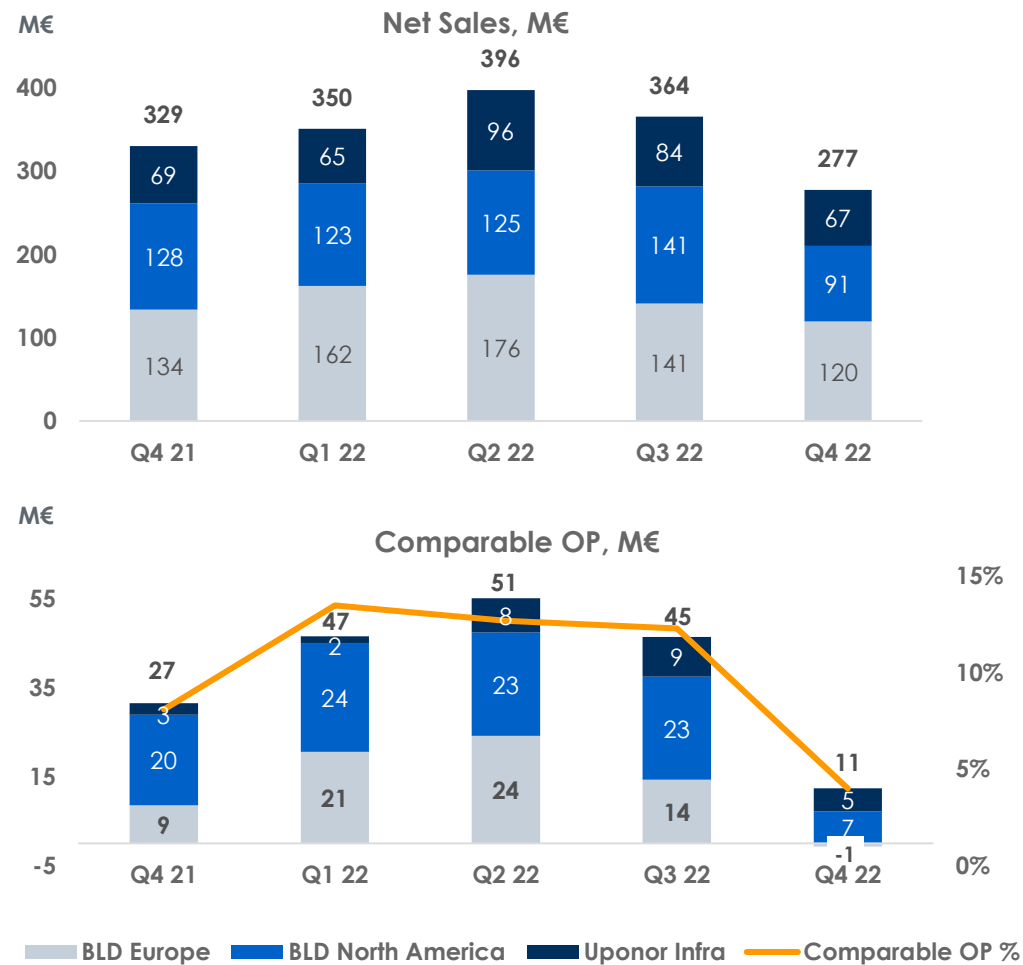
# Fast Recovery from Cyberattack in Q4

## Q4 Monthly Net Sales Development



- Net sales declined 61% in November 2022 due to production interruption following cyberattack
- Despite fast recovery and a record strong development in month of December, we did not manage to fully compensate for the volume loss in November before the financial year ended

# On the Path to a Record Year, Interrupted by Cyberattack



## ➤ Q4 22 Group net sales declined 16%

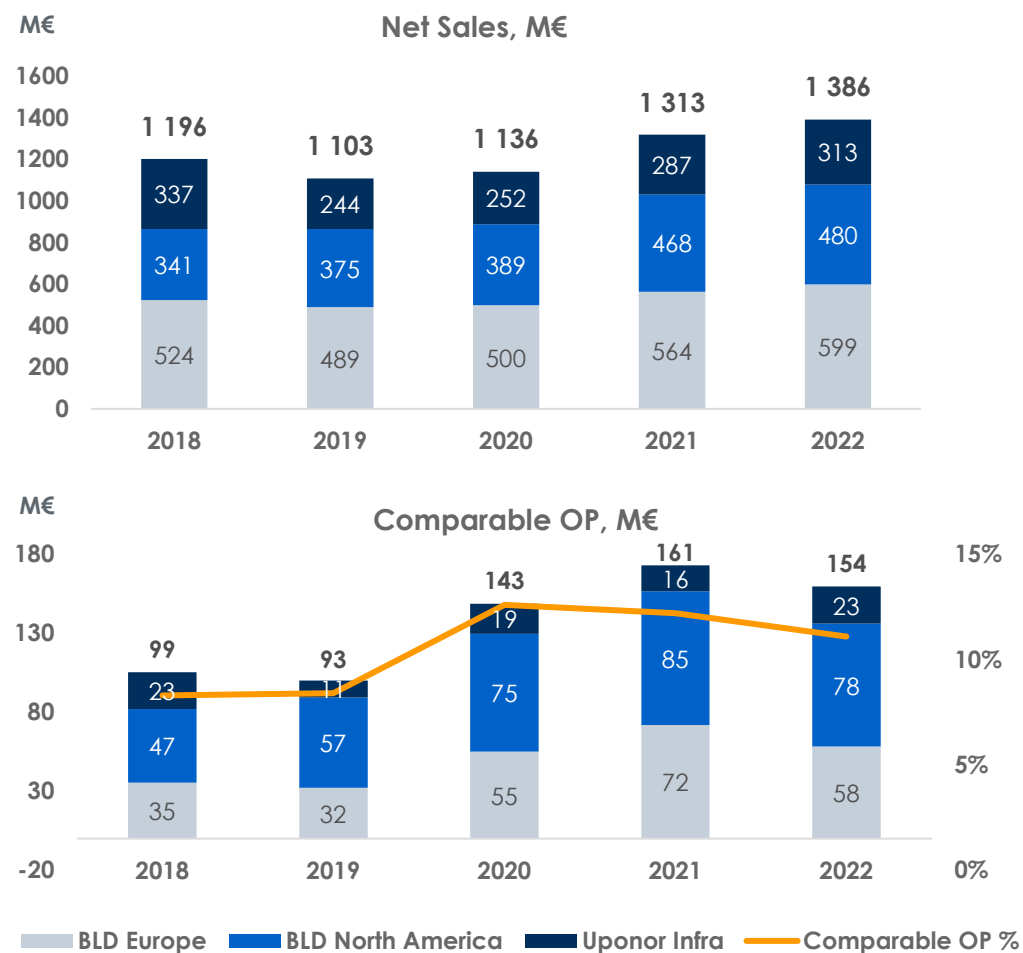
- Net sales declined in Building Solutions North America and Europe
- Uponor Infra's net sales were the least impacted by the cyberattack; particularly strong development in designed solutions
- Favourable currency movements

## ➤ Q4 22 Group comparable operating profit decreased 59%

- Volume loss due to production interruption in November impacted negatively
- Uponor Infra's profitability improved due to many project completions in the quarter

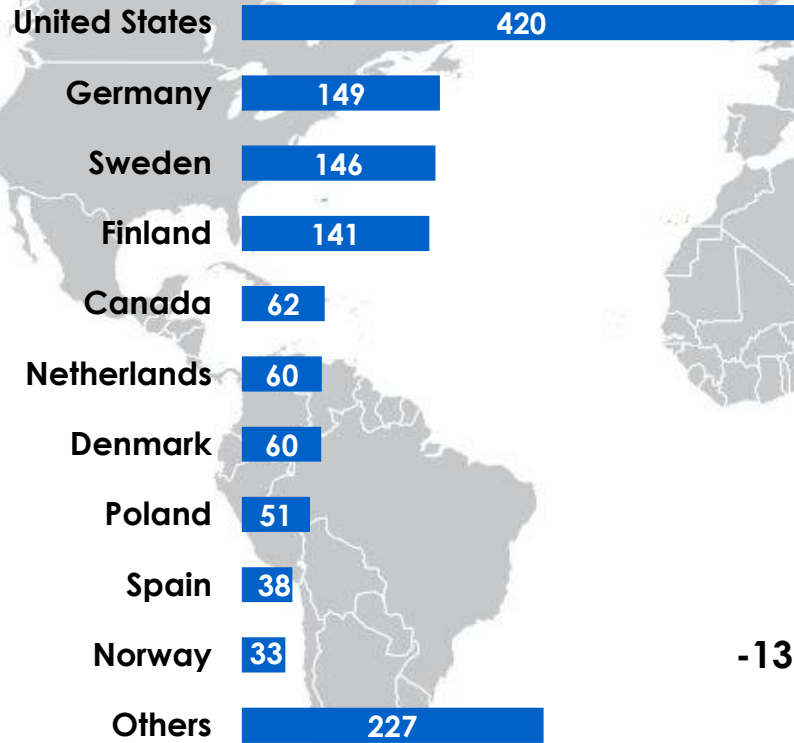
## • Q4 22 Comparable operating margin 4.0% (8.1)

# 2022 Net Sales Reached All-Time High and Comparable OP Reached Second Highest Level Ever

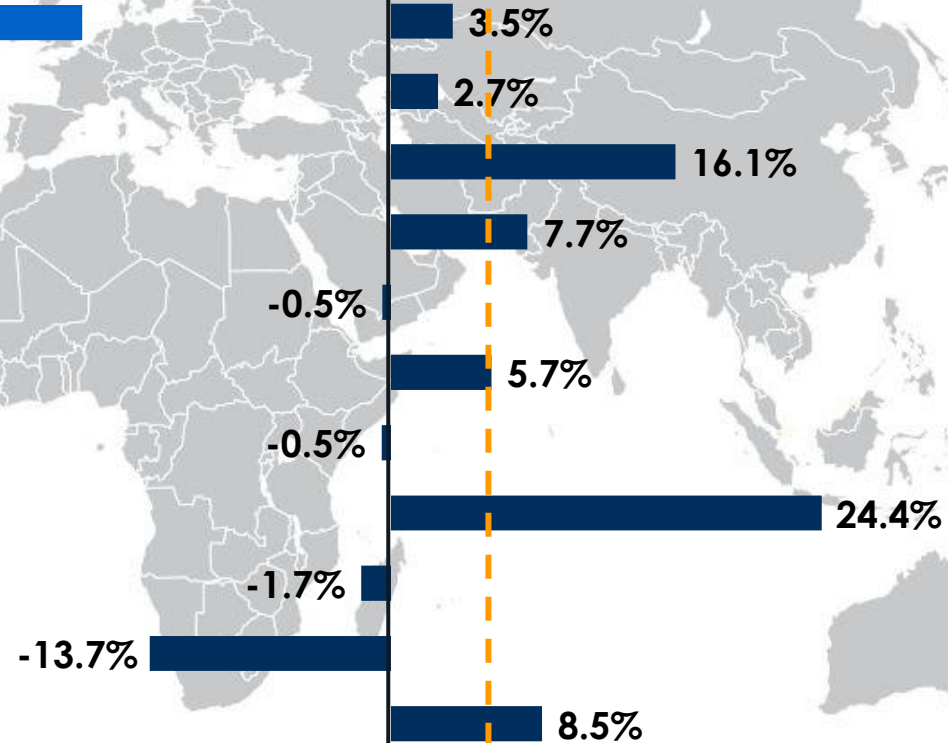


# 2022 Net Sales Development by Key Markets

2022 Net sales by country, M€

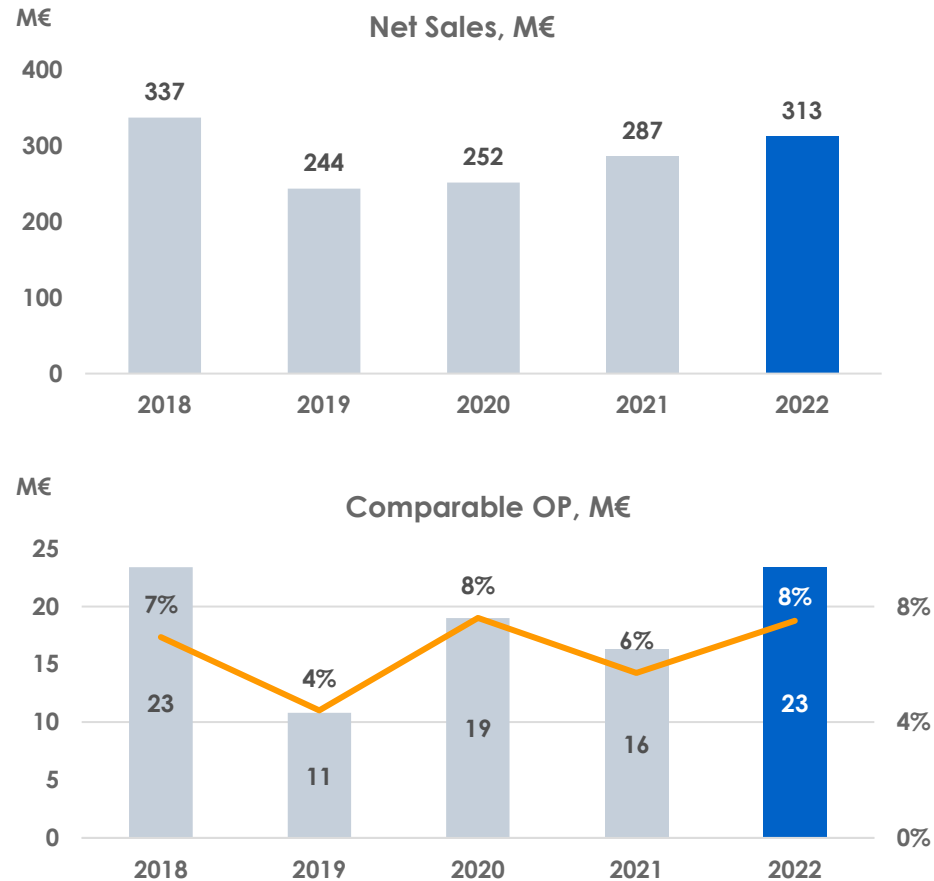


2022 Net sales growth % in EUR by country



▲ Group total growth 5.6%

## Strong Sales Growth and Operating Profit Improvement



### ➤ Net sales growth +9%, driven by

- Strong development in designed solutions
- Pricing actions
- Weakening market conditions in Finland

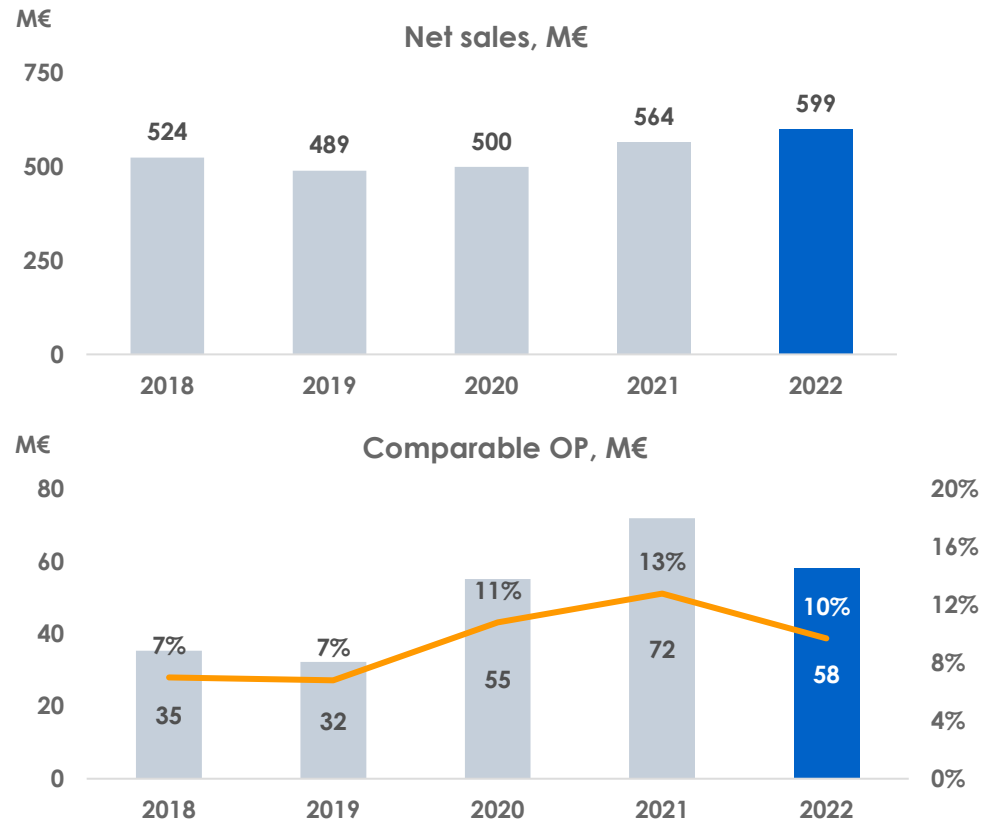
### ➤ Comparable operating profit +43%, driven by

- Favourable sales mix, successful transition towards more high margin projects
- Pricing actions offsetting cost inflation
- Improved operational efficiencies

### ➤ Close-down of pipe factory in Middelfart, Denmark in Q4 22

## Building Solutions – Europe

### Stable Sales Development, Operating Profit Impacted by Cyberattack



#### ➤ Net sales stable, organic growth, 2%

- Pricing actions and the acquisition of Capricorn S.A. impacted positively
- Net sales impacted negatively by cyberattack in Q4

#### ➤ Comparable operating profit -19%

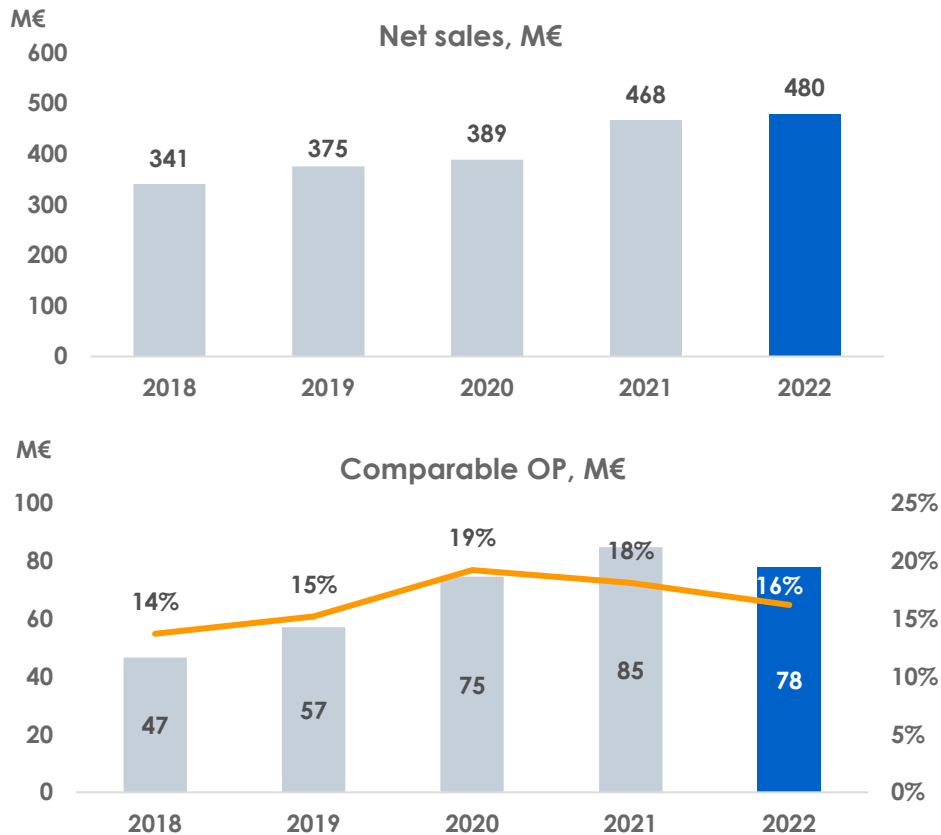
- Profitability burdened by interruption in production and related volume loss due to cyber incident

#### ➤ The sale of the Russia operation continued

- IAC's includes €11.4 million write-down of related net assets and other related costs

## Building Solutions – North America

### Strong Price Realization and Operational Performance Supported Profitability



#### ➤ Net sales growth +3% or in USD terms -9%,

- Strong price realization and improved sales mix benefitted sales development
- Cyber incident impacted negatively

#### ➤ Operating profit -8%, driven by

- Cyberattack related volume loss burdened profitability
- Improved operational efficiency and cost management contributed positively

## ESG progress

# Uponor Makes History Producing First PEX Pipe Made from 100% Chemically Recycled Raw Material

- Uponor has produced its first circular PEX pipe based on 100% chemically recycled raw material from its own PEX pipe manufacturing waste
- In cooperation with Wastewise, Neste and Borealis, Uponor has successfully managed to chemically recycle PEX pipe manufacturing waste on an industrial scale back to plastic raw material
- The chemically recycled plastic raw material has been produced using an ISCC PLUS certified mass balance approach

## Sustainable Innovation



# Sustainability Highlights 2022

## Progress in sustainable alternatives for 50% of the product portfolio

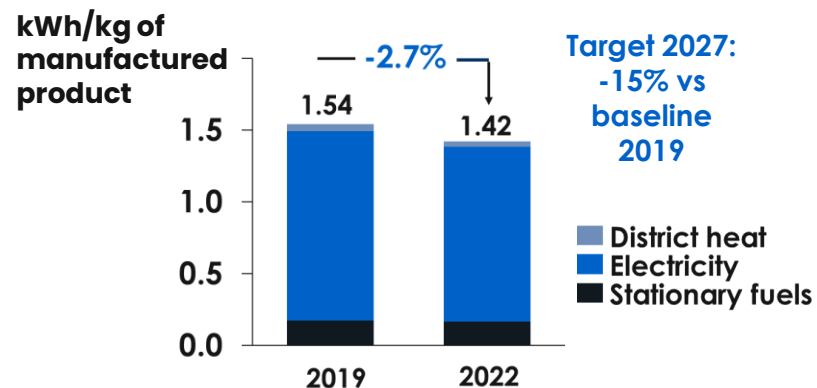
PEX Blue pipes



IQ Blue stormwater pipe



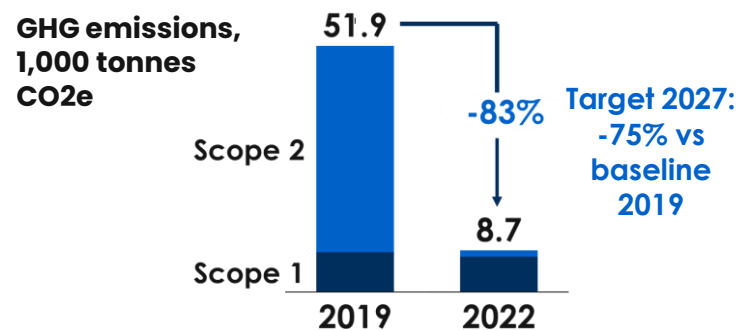
## Energy intensity improved



## Advancement towards a circular solution for PEX pipe production



## GHG emissions reduction target surpassed\*



## SBTi net-zero target submitted for validation by SBTi



# Uponor's Strategy to Become the Leader in Sustainable Water Solutions

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

Create lean and resilient organization

Update and harmonize systems and processes

# Uponor – moving water

through cities, buildings and homes

To be the leader in sustainable water solutions

Vision

## Megatrends

Need for safe and clean water  
Energy transformation  
Need for solutions to lower CO<sub>2</sub>  
Construction productivity

## Competitive advantages

Superior quality  
Ease of installation  
Comprehensive offering  
Expert service  
Leading brand

## Customers



## Strategy for growth and resilience

Maximize the core  
Sustainable innovations  
Lead construction to net zero  
People First



We are Uponorians

Distributors

Uponor Infra 

Building solutions  
– North America

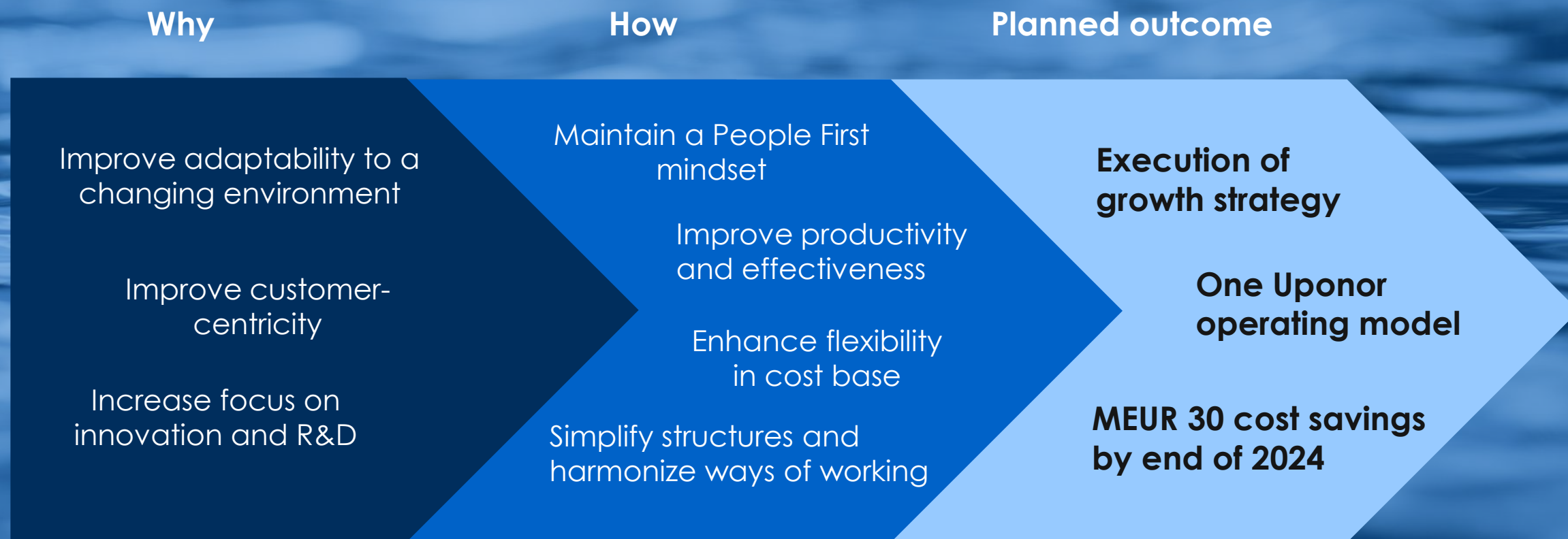
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Building solutions  
– Europe

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

# Uponor in Transformation to Strengthen Resilience and Drive Execution of Growth Strategy



Markus Melkko, CFO

# Financials

# Recap from Q3 22 Report - Actions Started to Improve Resilience and Readjust Capacity

## 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

# Uponor Transformation Programme 2023–2024



## What we want to achieve?

Strengthened foundations to accelerate profitable growth

Flexibility in market down- and upturns

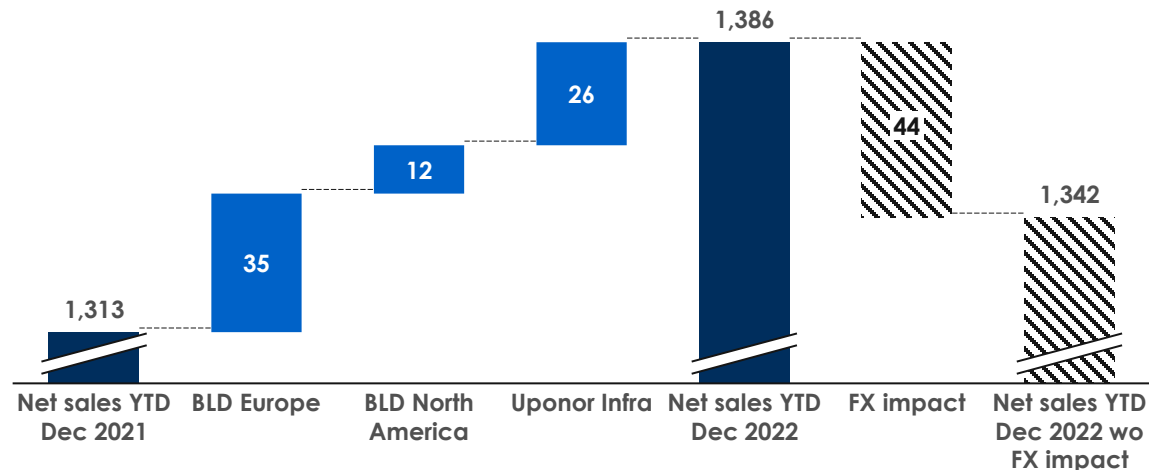
Increased focus on growth and customers

Reduced complexity and new ways of working

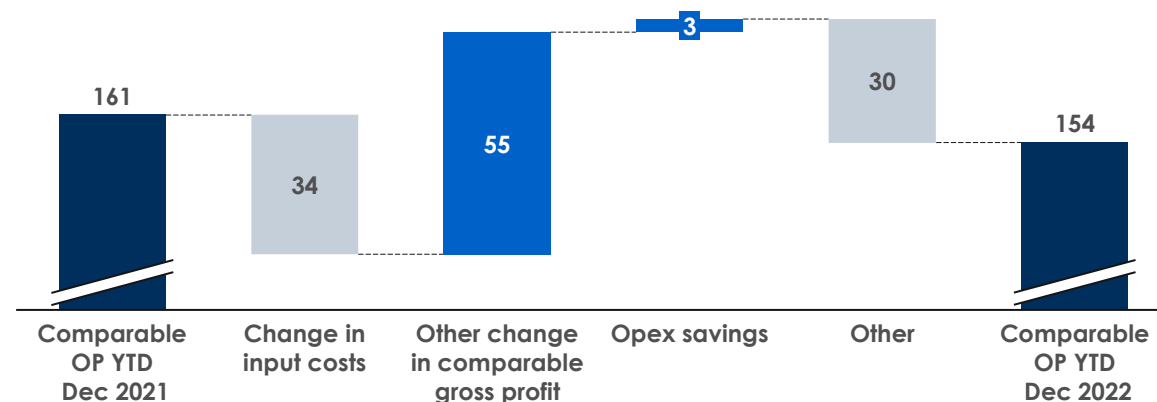
Productivity and effectiveness

# Solid Net Sales Development Despite Cyberattack Impact

Net sales, M€

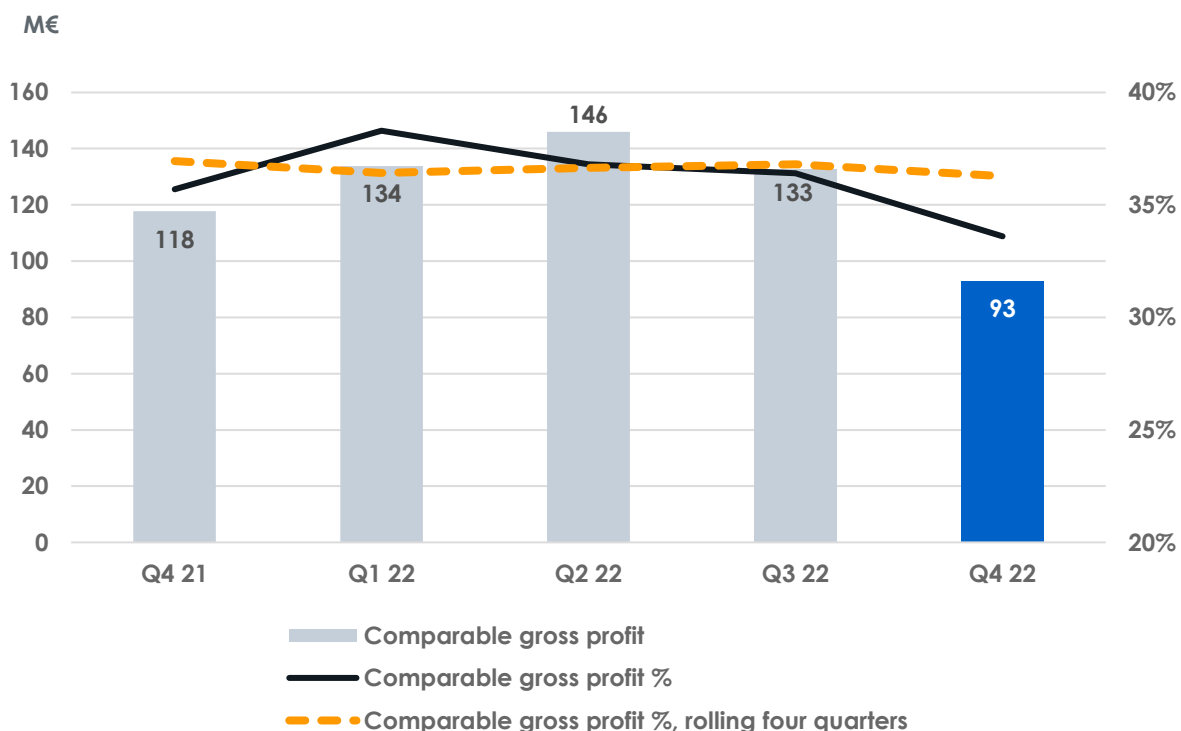


Comparable OP, M€



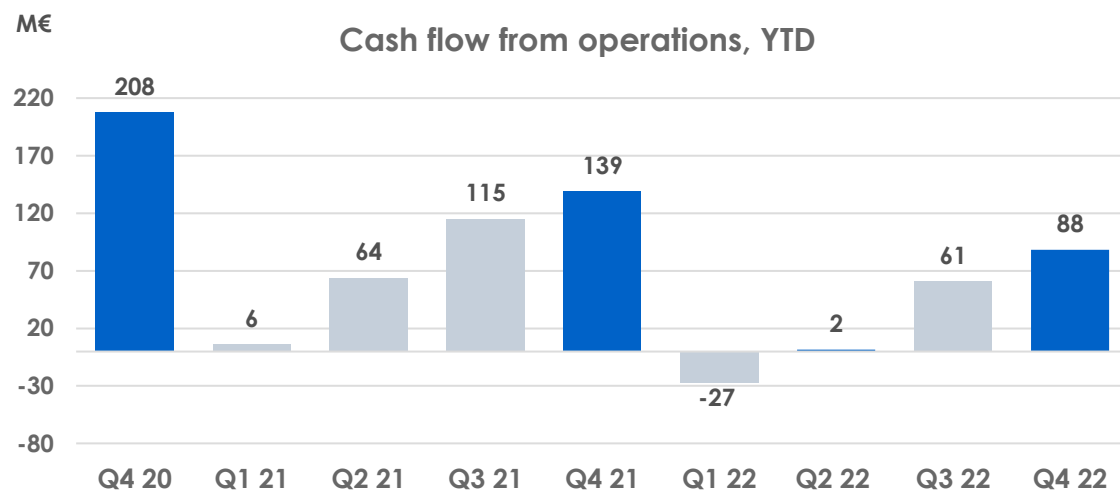
- Jan–Dec 2022 net sales €1,386.2 (1,313.2) million, up by +5.6%
- Net sales grew in all three divisions, in euro terms, mainly driven by successful pricing strategy; volume loss related to the cyber incident impacted negatively on net sales
- Jan–Dec 2022 comparable operating profit €153.7 (160.5) million, -4.3%

# Decline in Gross Profit Margin Mainly due to Impact of Cyberattack



- Q4 22 comparable gross profit €93.0 (117.7) million, decline driven by cyber incident related volume loss
- Comparable gross profit margin 33.6% (35.7)
- Increased input costs were driven by higher raw material prices and freight costs
- Higher input costs during 2022, combined with impact of cyberattack, burdened the rolling four quarters comparable gross profit despite strong price execution

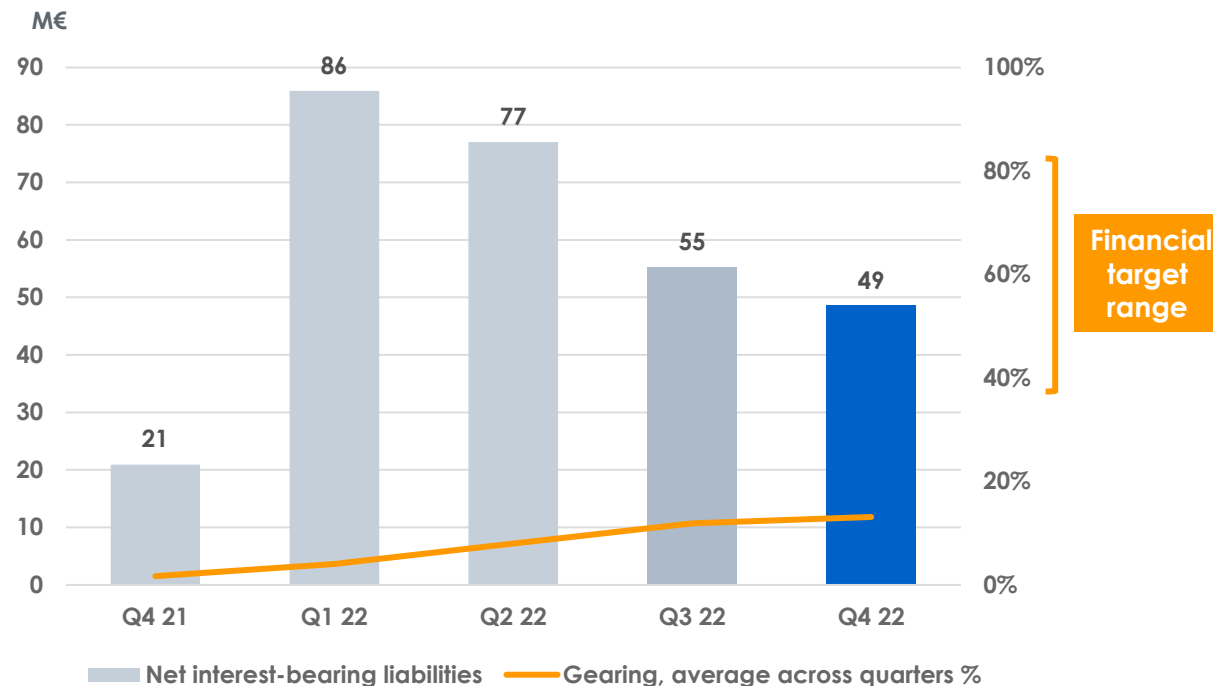
# Lower Profit, Higher Investments and ONWC Impacted Operative Cash Flow



Cash flow YTD, M€	Q4/2022	Q4/2021
Cash flow from operations	88.4	139.2
Cash flow from investments	-49.1	-64.2
Cash flow from financing	-68.6	-115.4
<b>Total cash flow movements</b>	<b>-29.2</b>	<b>-39.8</b>

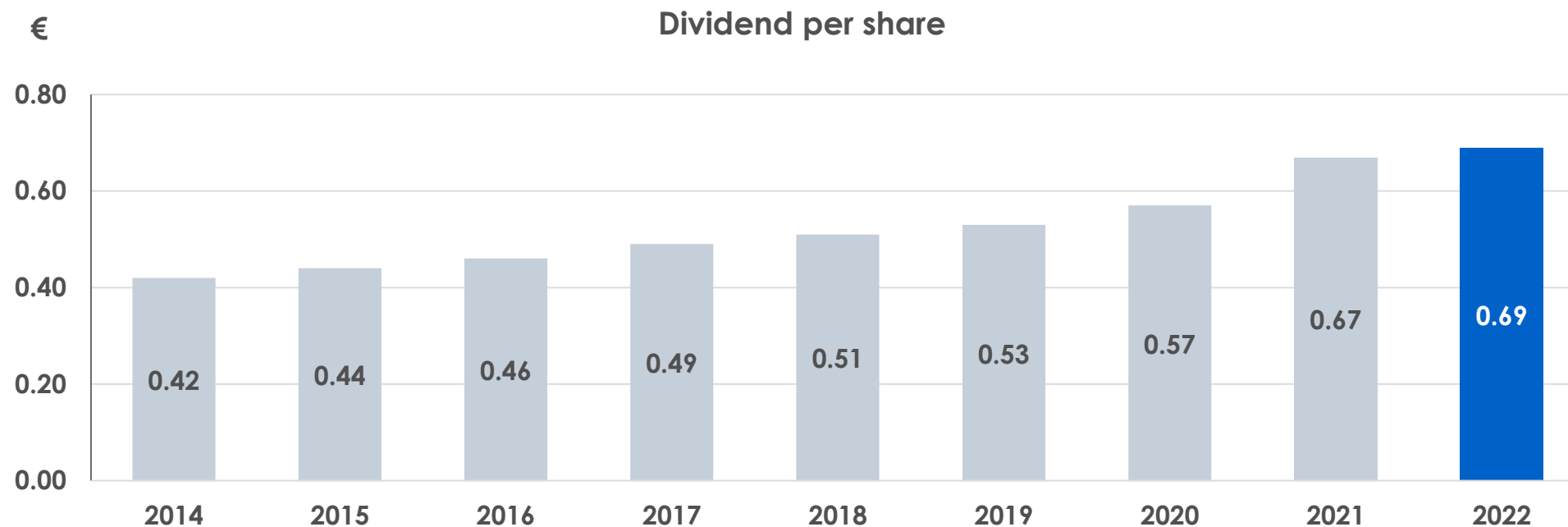
- Cash flow from operations decreased to €88.4 (139.2) million
- Cash flow decrease was mainly driven by higher net working capital due to increased raw material prices during the year
- Cash flow from financing included the two instalment of dividend payments, totaling €51.4 (44.4) million
- Investments in Q4 22 related to maintenance, efficiency improvements and capacity expansions

# Strong Financial Position, Gearing Well Below Financial Target Levels



- Gearing 9.1% (4.3) well below financial target levels, four-quarter rolling gearing 13.1% (1.7)
- Net interest-bearing liabilities increased due higher net working capital decreasing cash flow
- No change in financing position

# Dividend Per Share Continues on an Upward Trend



\*The Board's dividend proposal for 2022 is €0.69 per share, which will be paid in two installments € 0.34 in March and € 0.35 September 2023

# Financial Targets to Drive Profitable Growth

	2022	FINANCIAL TARGETS: 2022-2024	AMBITION: 2025-
ORGANIC GROWTH	+3.6%	Organic growth >4%	Ambition to accelerate growth rate
COMPARABLE OP-%	11.1%	>12 OP-%	Ambition to increase OP-% further
GEARING	9.1%	40-80%	
DIVIDEND	€0.69	Growing dividend	

The financial targets were introduced at the CMD 2022

Michael Rauterkus, President & CEO

# Outlook for 2023

# Uponor Expects Volatility to Remain High

## 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

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%.



The logo features a large, light blue 'V' shape. Inside the bottom point of the 'V' is a solid blue circle. The word 'uponor' is written in white, lowercase, sans-serif font across the center of this blue circle.

uponor

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# Q&A

## Q4 2022: Income statement

Uponor Group	10-12 2022	10-12 2021	Change Y/Y
Net sales	276.5	329.3	-16.0%
Cost of goods sold	184.5	211.6	-12.8%
<b>Gross profit</b>	<b>92.0</b>	<b>117.7</b>	<b>-21.9%</b>
Gross profit margin	33.3 %	35.8 %	-2.5%pts
Other operating income	1.0	0.1	1936.0%
Expenses	91.5	95.0	
<b>Operating profit</b>	<b>1.4</b>	<b>22.8</b>	<b>-93.7%</b>
Operating profit margin	0.5 %	6.9 %	-6.4%pts
<b>Comparable operating profit</b>	<b>11.0</b>	<b>26.7</b>	<b>-58.6%</b>
Comparable operating profit margin (%)	4.0 %	8.1 %	-4.1%pts
Financial expenses, net	1.7	1.0	69.0%
Share of result in associated companies	0.2	0.0	438.3%
<b>Profit before taxes</b>	<b>0.0</b>	<b>21.9</b>	<b>-100.1%</b>
<b>Profit for the period</b>	<b>1.5</b>	<b>18.4</b>	<b>-91.8%</b>
<b>EBITDA</b>	<b>16.2</b>	<b>35.4</b>	<b>-54.2%</b>

# Income statement

Uponor Group	1-12 2022	1-12 2021	Change Y/Y
Net sales	1,386.2	1,313.2	5.6%
Cost of goods sold	882.3	828.5	6.5%
<b>Gross profit</b>	<b>503.9</b>	<b>484.7</b>	<b>4.0%</b>
Gross profit margin	36.4 %	36.9 %	-0.6%pts
Other operating income	1.5	0.9	66.1%
Expenses	370.0	331.4	
<b>Operating profit</b>	<b>135.5</b>	<b>154.1</b>	<b>-12.1%</b>
Operating profit margin	9.8 %	11.7 %	-2.0%pts
<b>Comparable operating profit</b>	<b>153.7</b>	<b>160.5</b>	<b>-4.3%</b>
Comparable operating profit margin (%)	11.1 %	12.2 %	-1.1%pts
Financial expenses, net	1.0	7.9	-87.7%
Share of result in associated companies	0.4	-6.4	-106.1%
<b>Profit before taxes</b>	<b>134.9</b>	<b>139.8</b>	<b>-3.5%</b>
<b>Profit for the period</b>	<b>97.5</b>	<b>103.4</b>	<b>-5.8%</b>
<b>EBITDA</b>	<b>189.9</b>	<b>203.3</b>	<b>-6.6%</b>

# Balance sheet

Uponor Group, M€	31 Dec 2022	31 Dec 2021	Change Y/Y
Property, plant and equipment	304.7	295.5	+9.2
Intangible assets	111.1	113.2	-2.1
Securities and long-term investments	4.5	6.9	-2.4
Inventories	220.3	174.4	+45.9
Accounts receivable	176.7	206.8	-30.1
Cash and cash equivalents	65.5	98.1	-32.6
Other current and non-current assets	87.0	72.3	+14.7
<b>Assets total</b>	<b>969.8</b>	<b>967.2</b>	<b>+2.6</b>
Shareholders' equity	534.7	483.4	+51.3
Provisions	51.9	43.2	+8.7
Accounts payable	93.7	117.7	-24.0
Interest-bearing liabilities	114.0	119.1	-5.1
Non-interest-bearing liabilities	175.6	203.9	-28.3
<b>Shareholders' equity and liabilities total</b>	<b>969.8</b>	<b>967.2</b>	<b>+2.6</b>