

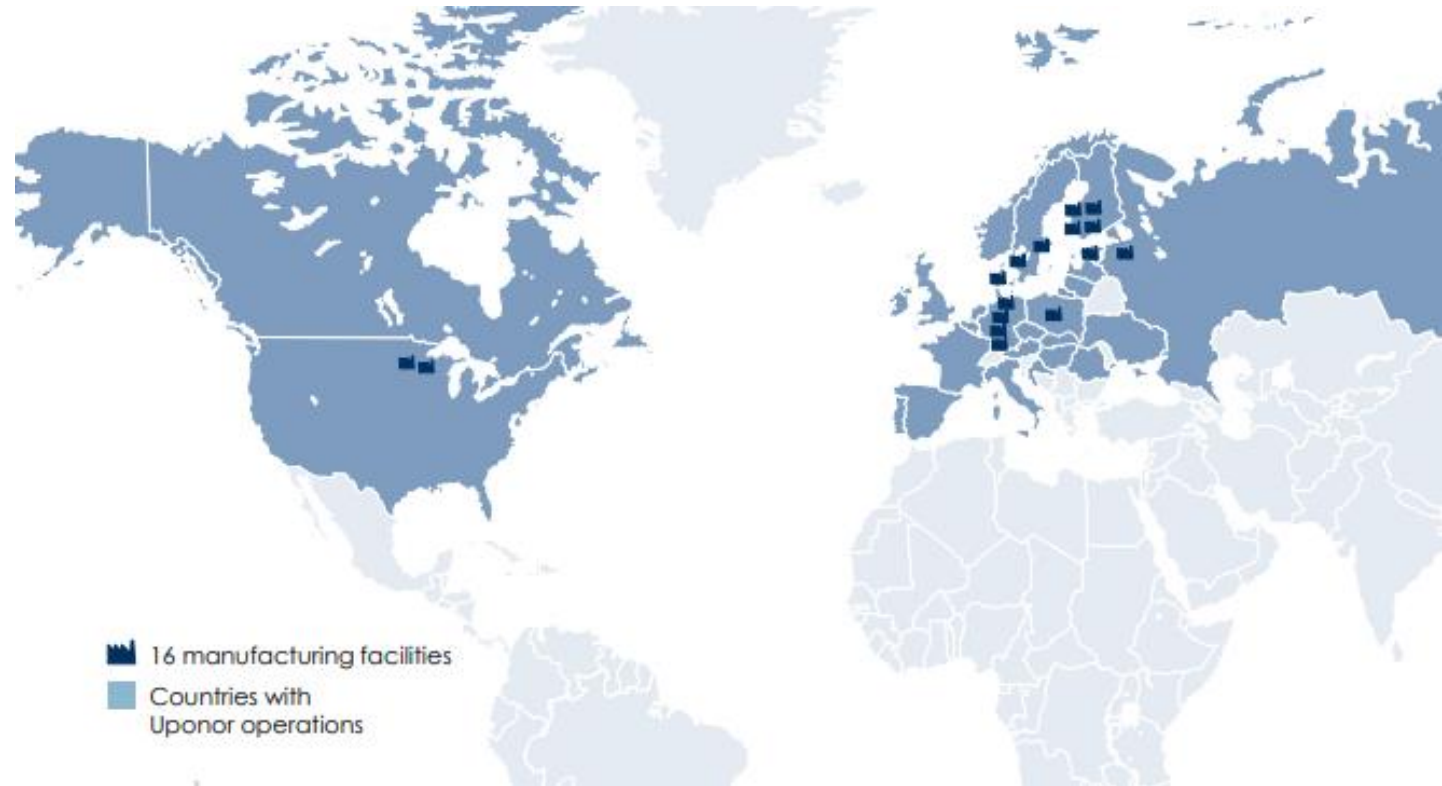
# Uponor roadshow presentation Q1/2021

uponor

Jyri Luomakoski, President and CEO  
Minna Yrjönmäki, CFO

# Uponor in a minute

Uponor is rethinking water for future generations. Our offering, including safe drinking water delivery, energy-efficient radiant heating and cooling and reliable infrastructure, enables a more sustainable living environment. Listed on Nasdaq Helsinki.



**3,700** — personnel on average

**€1.1** — billion net sales

**~80** — Countries where our products are sold

# Meeting today's challenges with tomorrow's game-changing innovations – for more than 100 years

Aukusti Asko-Avonius establishes a carpentry workshop in Lahti, Finland.

1918



Swedish Wirsbo starts to manufacture the unique and innovative PEX pipe for heating and plumbing applications first in the world.

1972



Uponor enters the plastic hot water pipe business by acquiring German company Hewing and Swedish company Wirsbo.

1987–88



Uponor consolidates all business under one brand.

**uponor**

2006

The first plastic factory, Upo-Muovi starts in Nastola, Finland, and launches its first plastic pipes and fittings.



1965



1986

Uponor introduces the unique structured wall pipe construction called Ultra Rib.



1991

Wirsbo opens a factory in Apple Valley, Minnesota, USA.

## PURPOSE

Rethinking water for future generations

## VISION

To become a recognised leader in sustainable building and infrastructure solutions



# Our strategy of profitable growth is based on four pillars

Employees	Customers	Innovations	Operational excellence
<p>We continue to prioritise the safety and well-being of our employees during the pandemic.</p> <p>Our employee engagement survey eNPS (employee Net Promoter Score) was 36, which is among the top 10% in the manufacturing industry.</p>	<p>We have secured continuous supply of our products during the pandemic.</p> <p>We are creating new digital ways of interacting with our customers.</p>	<p>Innovative products and services add value and enable our customers to work more efficiently.</p> <p>New products like Ecoflex VIP, Ultra Rib 2 sewer system and total polymer offering, demonstrate our passion for driving the business forward.</p>	<p>Our operational excellence programme has generated saving worth €8 million by the end of 2020.</p> <p>The programme has reduced complexity and harmonised processes.</p>

# Our business

# Megatrends transform our markets and support our growth ambition

Megatrends	Climate change, scarcity of resources	Urbanisation	Digital transformation
Implications to Uponor	Energy and raw material efficiency Hygiene and quality of water Management of water	Demand for multi-family homes Offsite construction with prefabricated solutions	Shift from manufacturing to services and solutions Building information modeling (BIM)
Example indicators	Short term: Building permits and starts, builder confidence index, GDP development Long term: Population growth, building stock, government policies		



# We deliver high-quality solutions for selected customer segments

## Applications



## Competitive advantages

Quality  
Lead time  
Offering range  
Easy-to-use  
Expert services

## Main sales channel

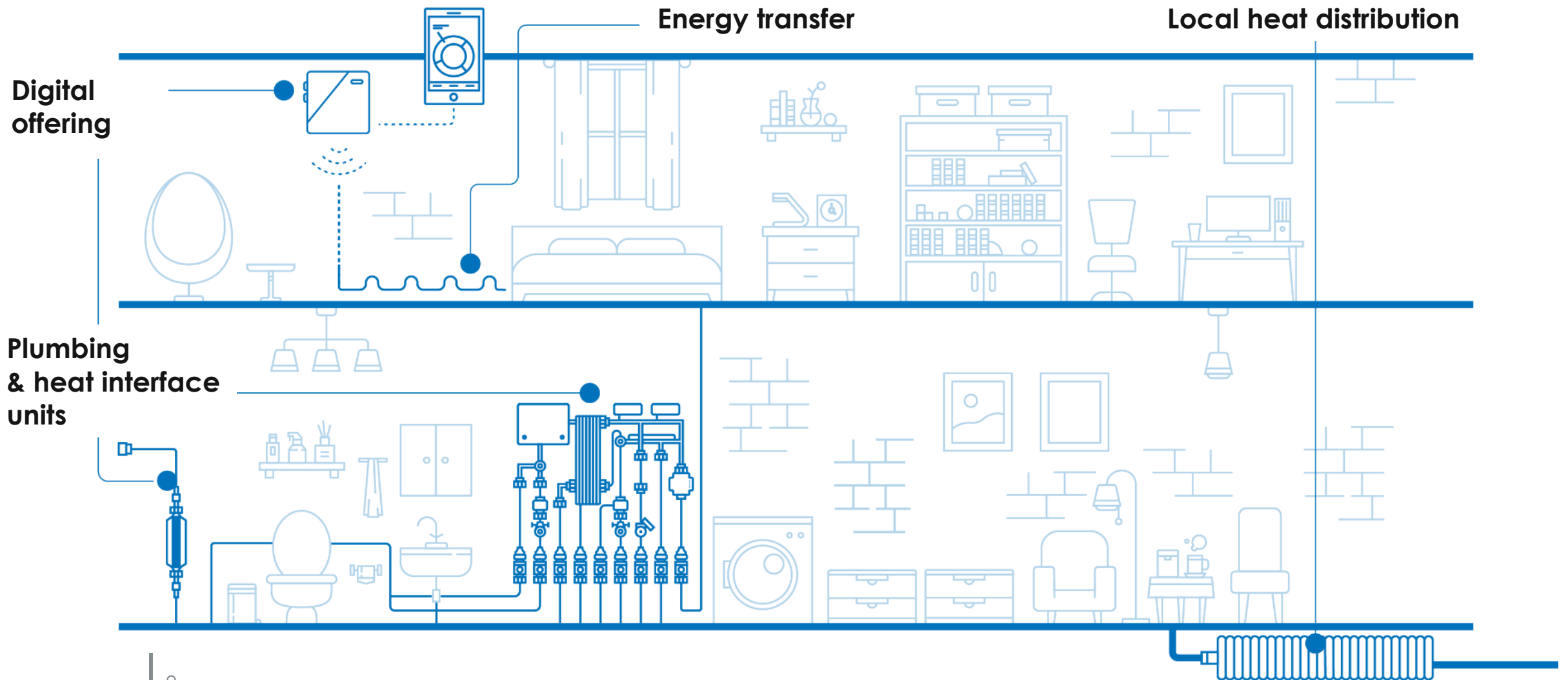
Distributor chains

## Key customer segments

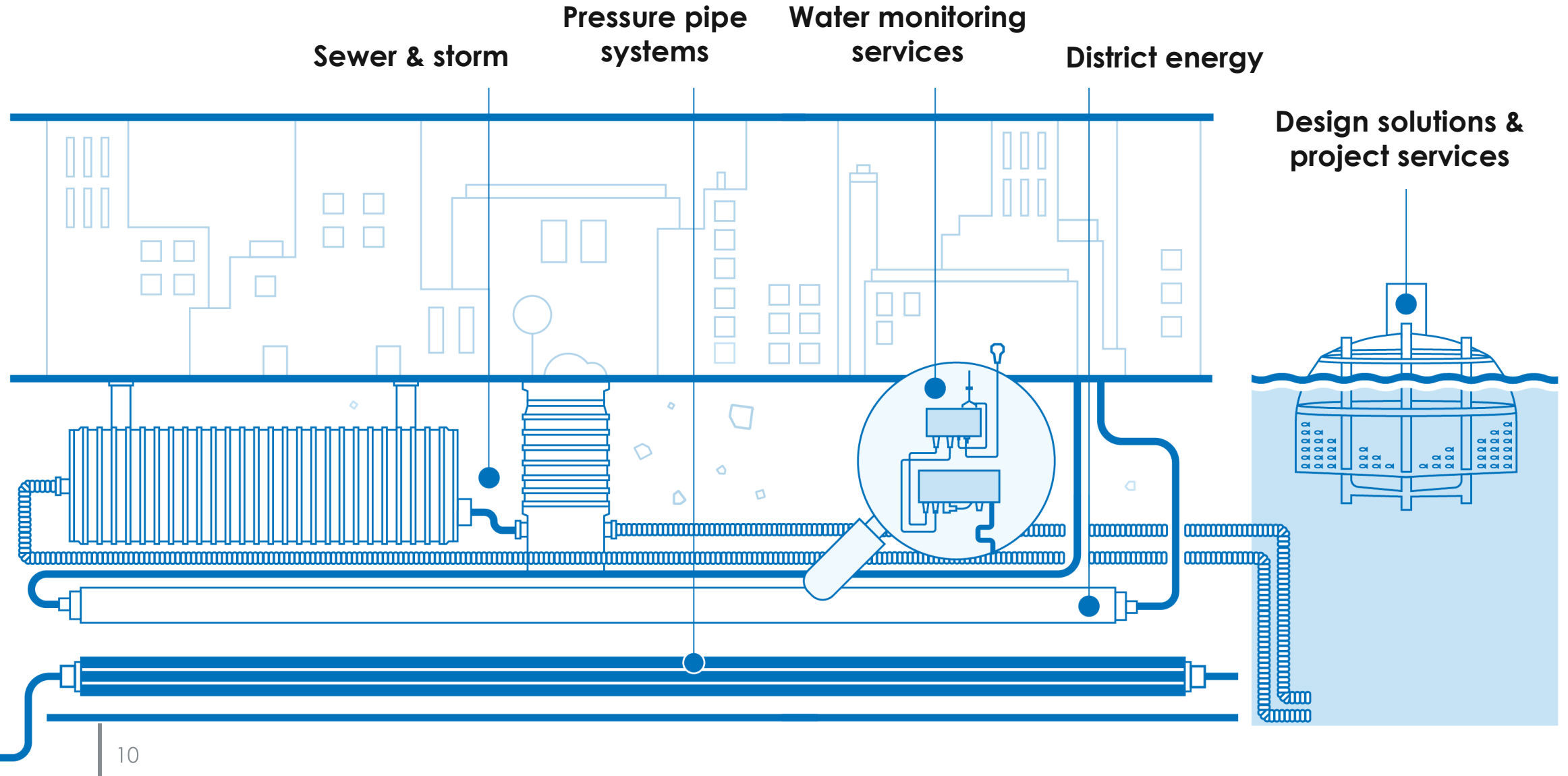




# Sustainable building solutions

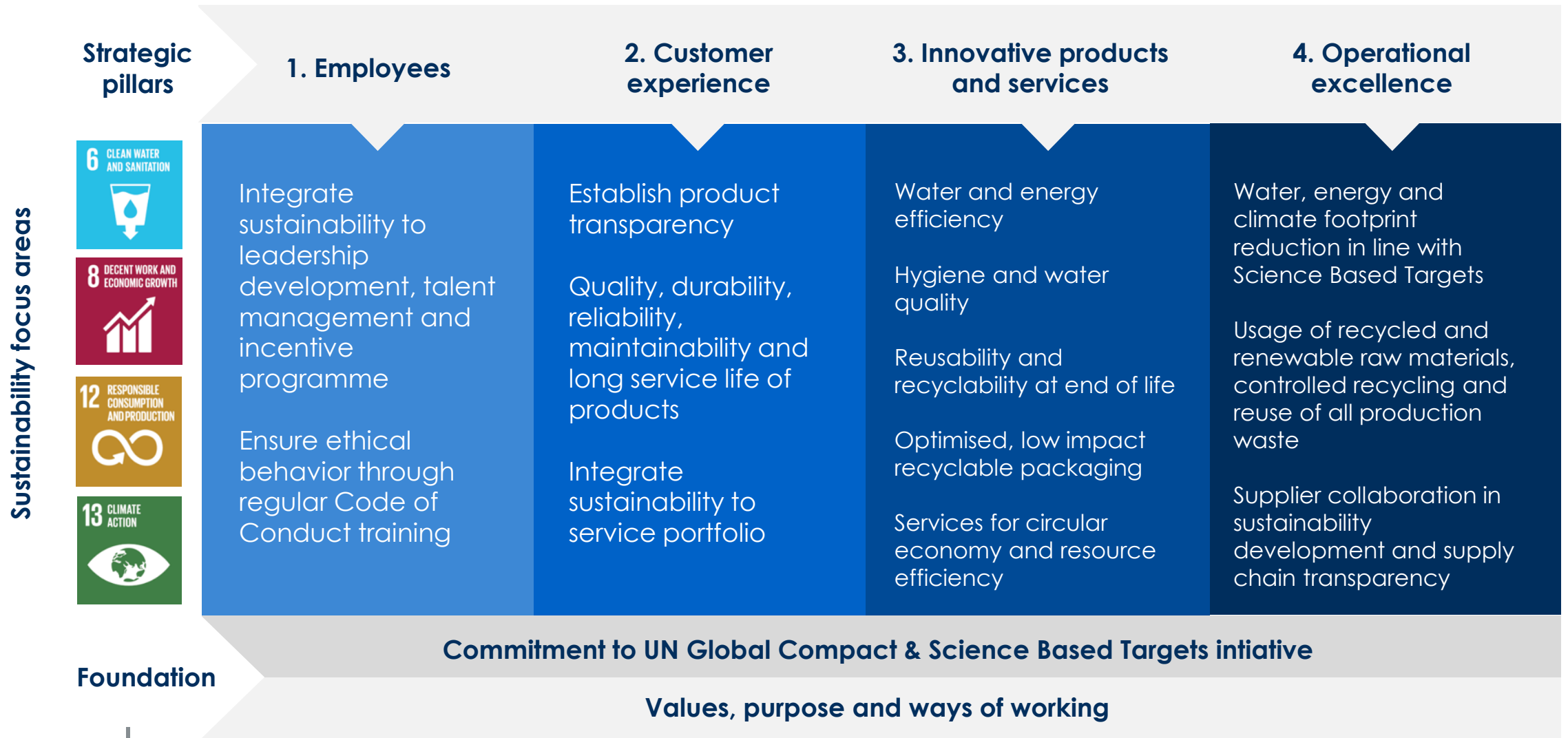


# Sustainable infrastructure solutions



# Our approach to sustainability

# Our sustainability agenda is built on selected UN SDG's



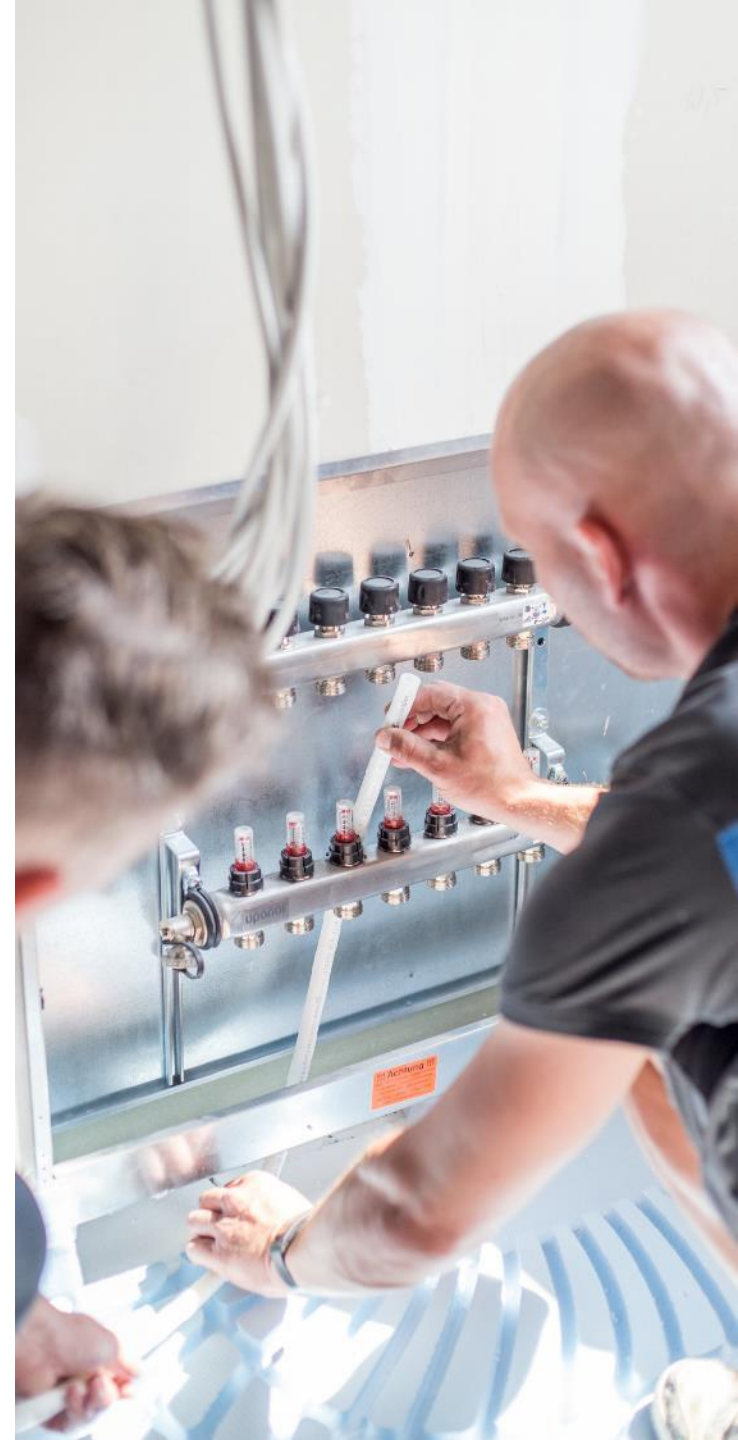
# Key sustainability initiatives in 2021

1. Reduce accidents in line with our zero accidents target
2. Reduction of GHG emissions in line with our Science Based Targets
3. Implement Operation Clean Sweep process to all manufacturing facilities
4. Publish first set of Environmental Product Declarations (EPDs)
5. Progress the PEX scrap recycling plan



# Favourable progress in the sustainability agenda execution

	Unit	2019	2020
Total energy consumption	1,000 MWh	218.0	<b>208.5</b>
Raw material used	1,000 tonnes	146.2	<b>157.1</b>
Water consumption	1,000 m3	154.1	<b>139.3</b>
Total GHG emissions (Scope 1)	1,000 tonnes	8.4	<b>6.7</b>
Total GHG emissions (Scope 2)	1,000 tonnes	27.0	<b>14.4</b>
Total waste	1,000 tonnes	18.1	<b>15.9</b>
Incident rate (LTIF)	Per million work hours	11.9	<b>7.5</b>





# Invest in Uponor

# Why invest in Uponor

## THE BUSINESS

### **Sustainable building and infrastructure solutions**

Safe drinking water delivery and energy-efficient heating and cooling continue to be essential needs in built environments

Uponor mitigates the cyclical nature of construction industry by operating in European and North American markets and serving both new construction and renovation projects

## THE COMPANY

### **An industry innovator building on a century of tradition**

A leading supplier for residential and commercial construction for drinking water delivery and radiant heating and cooling systems; and a strong position in infrastructure piping systems in northern Europe

Established brand with a broad and loyal customer base

Well maintained manufacturing network with capacity to grow

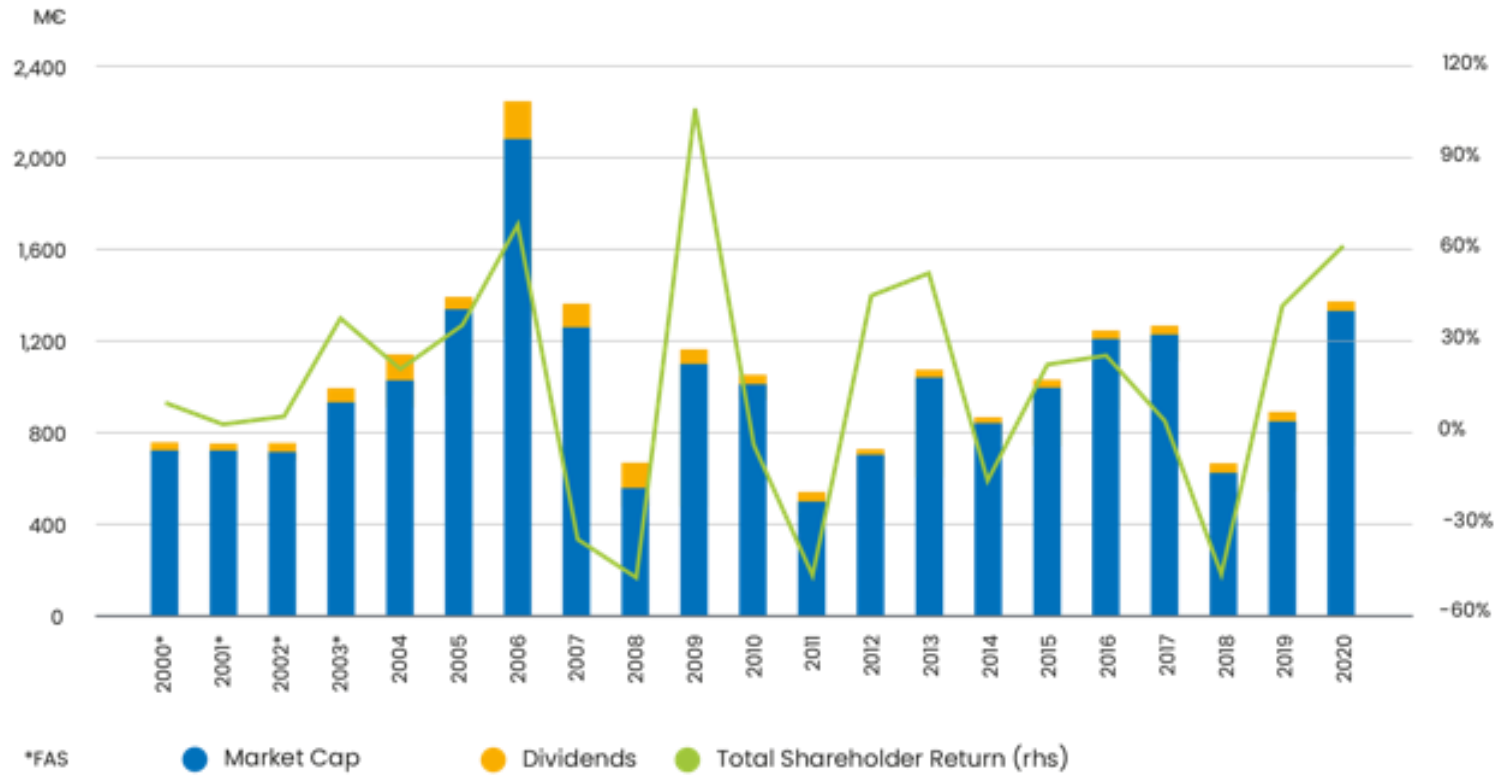
Continuous material and production technology development to support operational efficiency

Committed long-term key ownership with a clear understanding of the industry's dynamics



# Strong track record in shareholder value creation

## Shareholder value development 2000–2020





# Financial performance in line with long-term targets

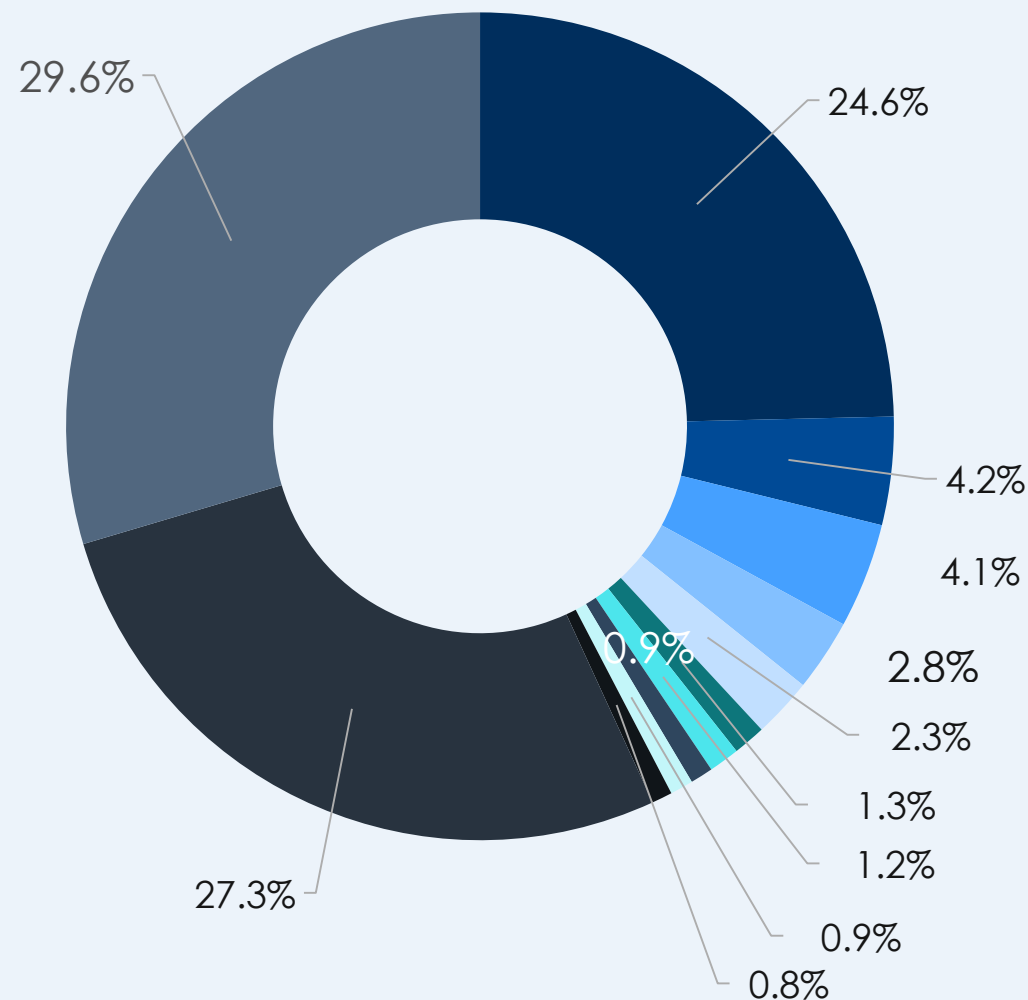
	Target	Achievement in 2020
Growth	Organic net sales growth to exceed annual GDP growth* by 3 ppts <i>* (GDP growth based on a weighted average growth in the top 10 countries)</i>	<b>3.0%</b> <b>(GDP growth 2020E: -1.2%)</b>
Comparable operating profit margin	To exceed 10%	<b>12.6%</b>
Dividend pay-out	To be at least 50% of annual earnings	<b>47.1%</b>
Gearing	To stay within 40-80% As an annual average of the quarters	<b>28.6%</b>
Return on investment	To exceed 20%	<b>21.8%</b>



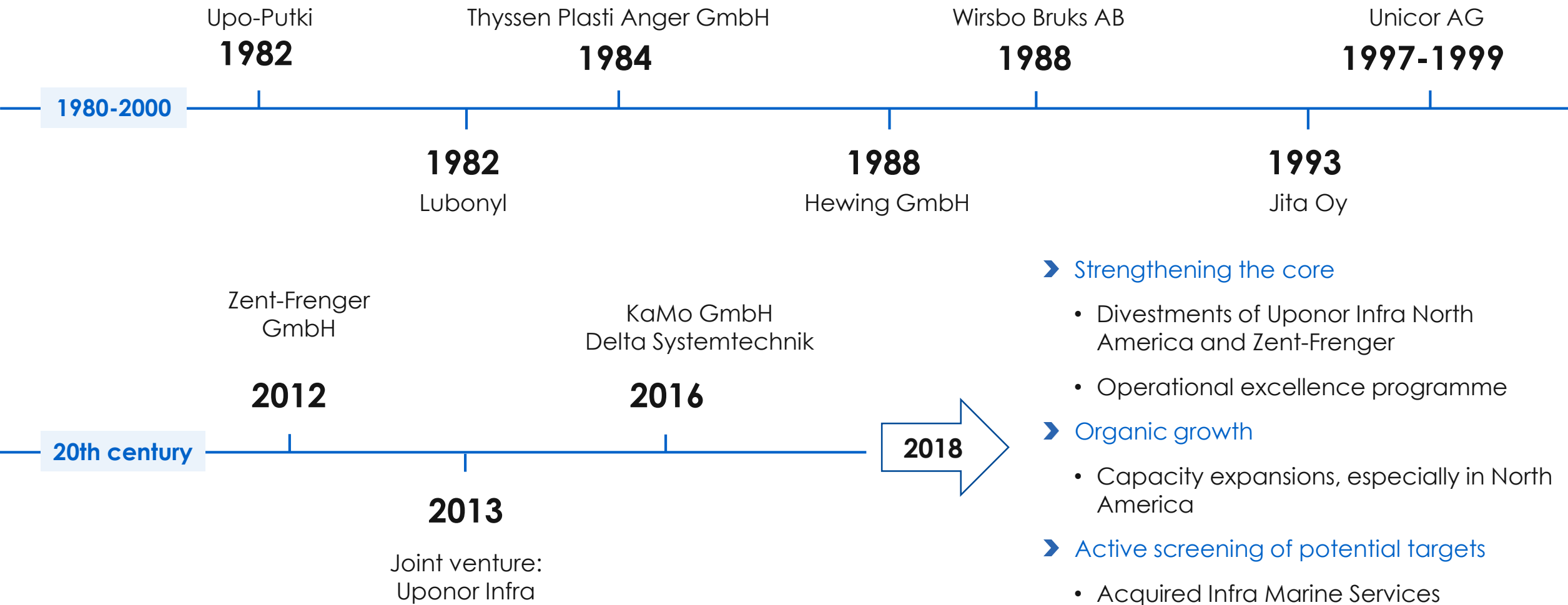
# Major shareholders as of 31 March 2021

- Oras Invest Ltd 24.6%
- Nordea Nordic Small Cap Fund 4.2%
- Varma Mutual Pension Insurance Company 4.1%
- Ilmarinen Mutual Pension Insurance Company 2.8%
- Mandatum Life Insurance Company Ltd. 2.3%
- Sigrid Jusélius Foundation 1.3%
- Pekka Paasikivi 1.2%
- OP-Finland 0.9%
- The State Pension Fund 0.9%
- Jukka Paasikivi 0.8%
- Nominee registrations 27.3%
- Others 29.6%

Uponor had 18,126 (19,061) shareholders on 31 March 2021.



# Uponor has a long history with M&As





# Our business divisions



## Building Solutions – Europe

**Net sales** €499.5 million

**Personnel** 1,880

**Market area** Europe and European Russia

**Main offering** Drinking water delivery, heating and cooling solutions, prefabricated solutions, control systems, pre-insulated pipes and manifolds



## Building Solutions – North America

**Net sales** €389.1 million

**Personnel** 890

**Market area** United States and Canada

**Main offering** PEX plumbing, radiant heating/cooling, hydronic distribution, pre-insulated pipe and fire sprinkler systems



## Uponor Infra

**Net sales** €252.0 million

**Personnel** 840

**Market area** Baltic Sea area

**Main offering** sewer and storm, pressure pipe systems, water monitoring services, district energy, design solutions and project services

# **Interim results briefing 1–3/2021**

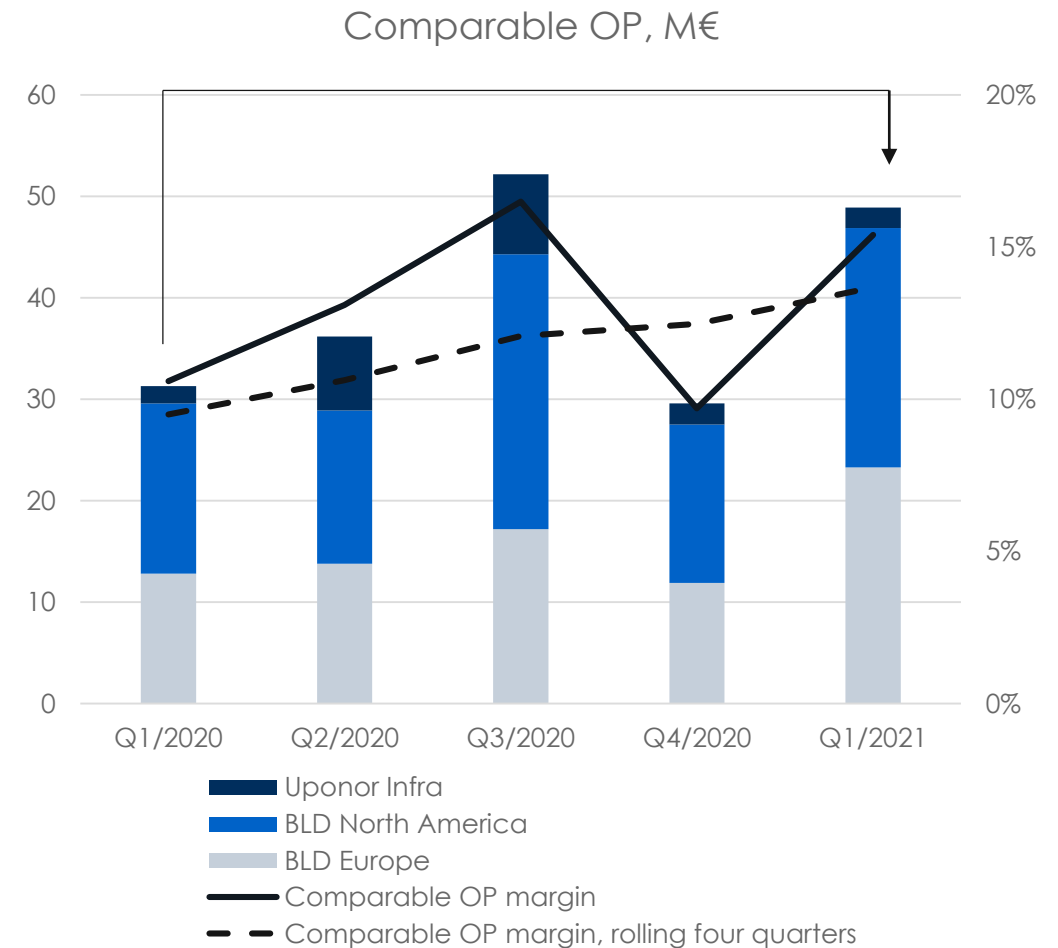
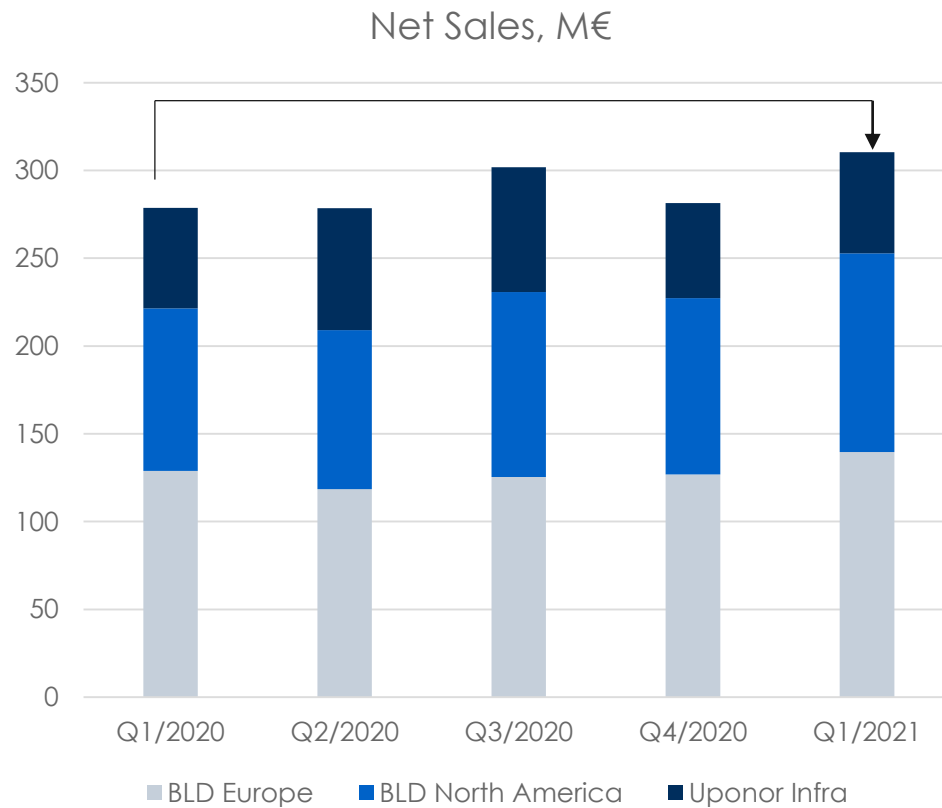
**uponor**

# Highlights of Q1: Strong demand continued

- Net sales were €309.2 million, an organic growth of 14.4%
- Comparable operating profit was €47.6 million, a growth of 61.5%
- Net sales and comparable operating profit increased in all divisions

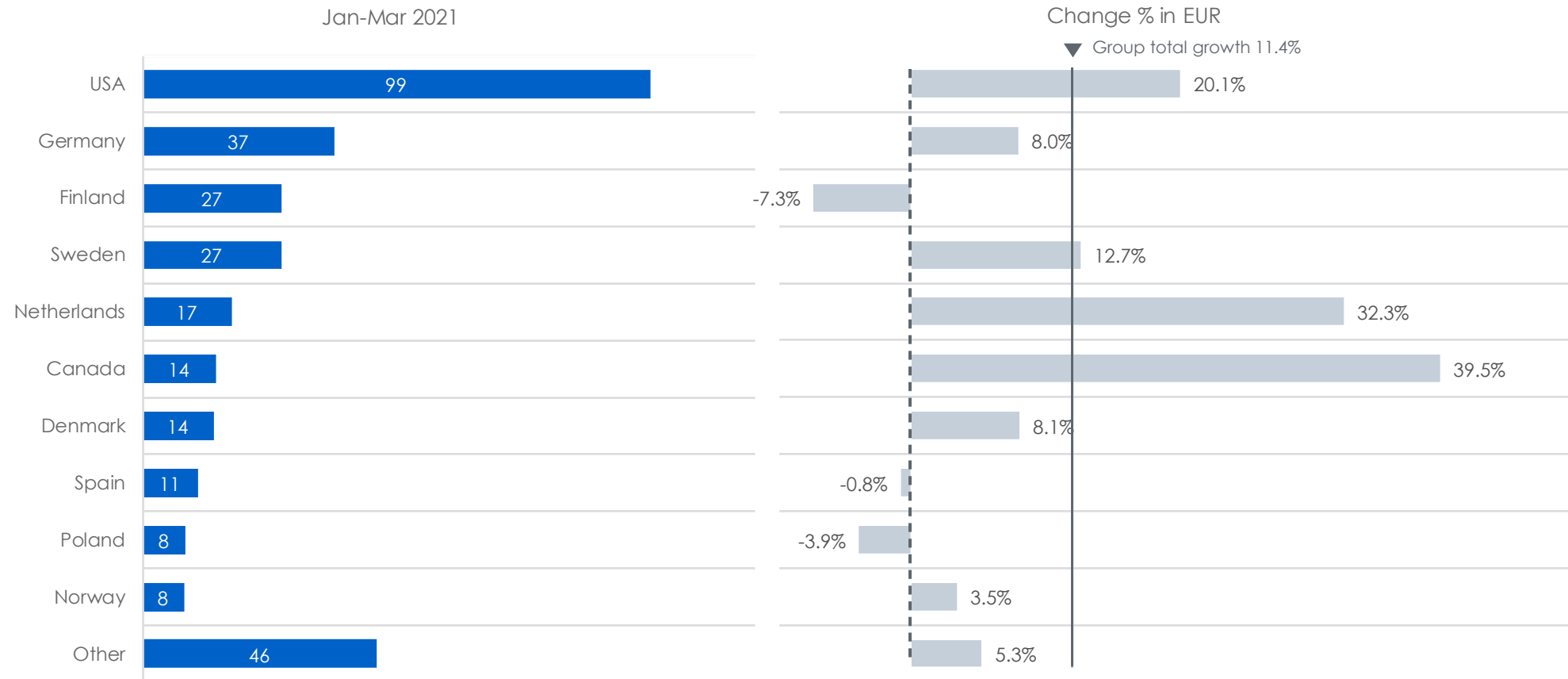


# Net sales and comparable operating profit: Good development in both key figures



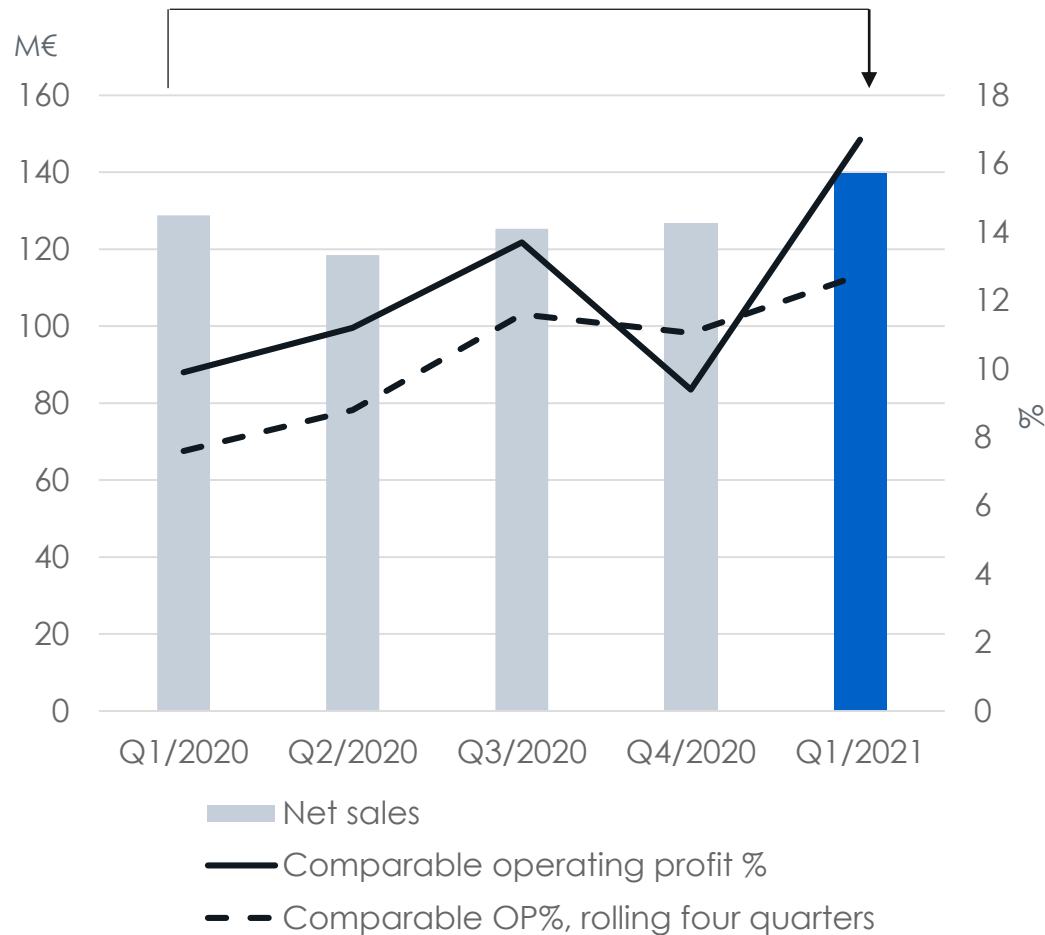
# Net sales development by key markets:

## Net sales grew in most countries





# Building Solutions – Europe: Development in Q1

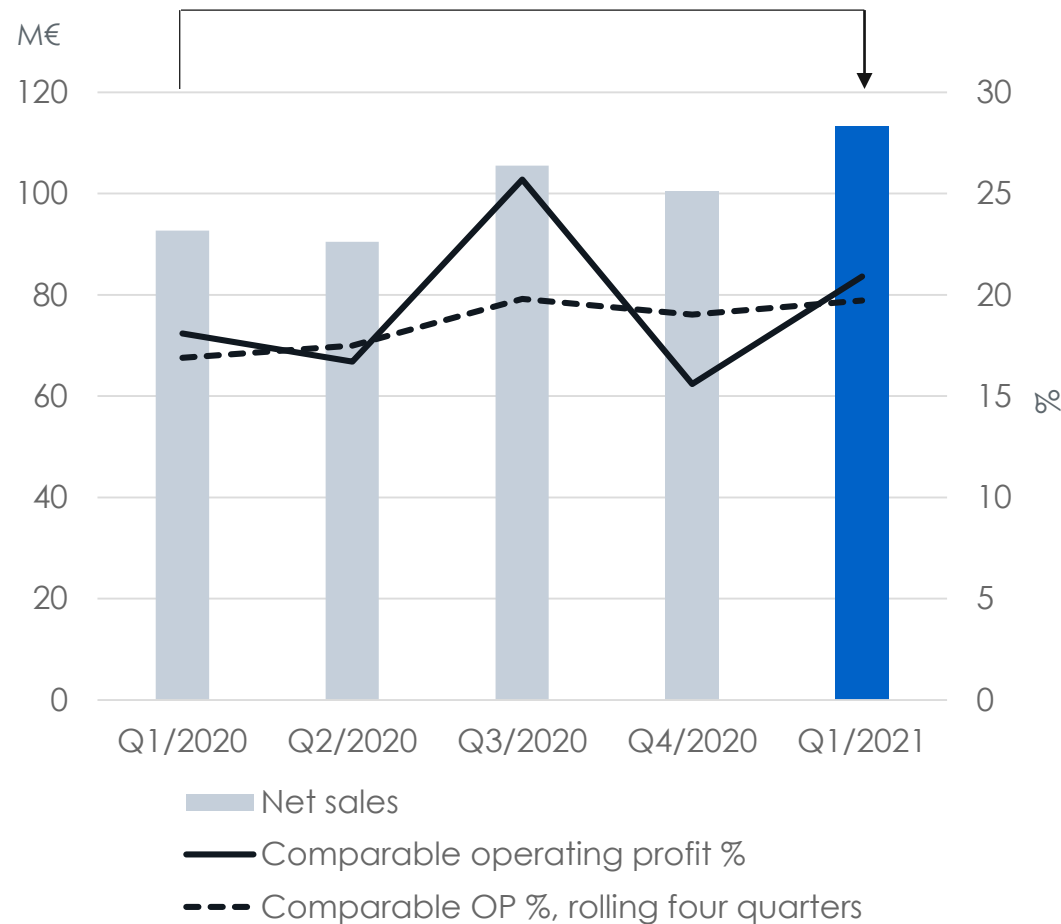


- Demand in key markets was at a good level
- Volume growth supported profitability development together with favourable sales mix and price increases
- Initiatives of operational excellence programme are progressing according to the plan





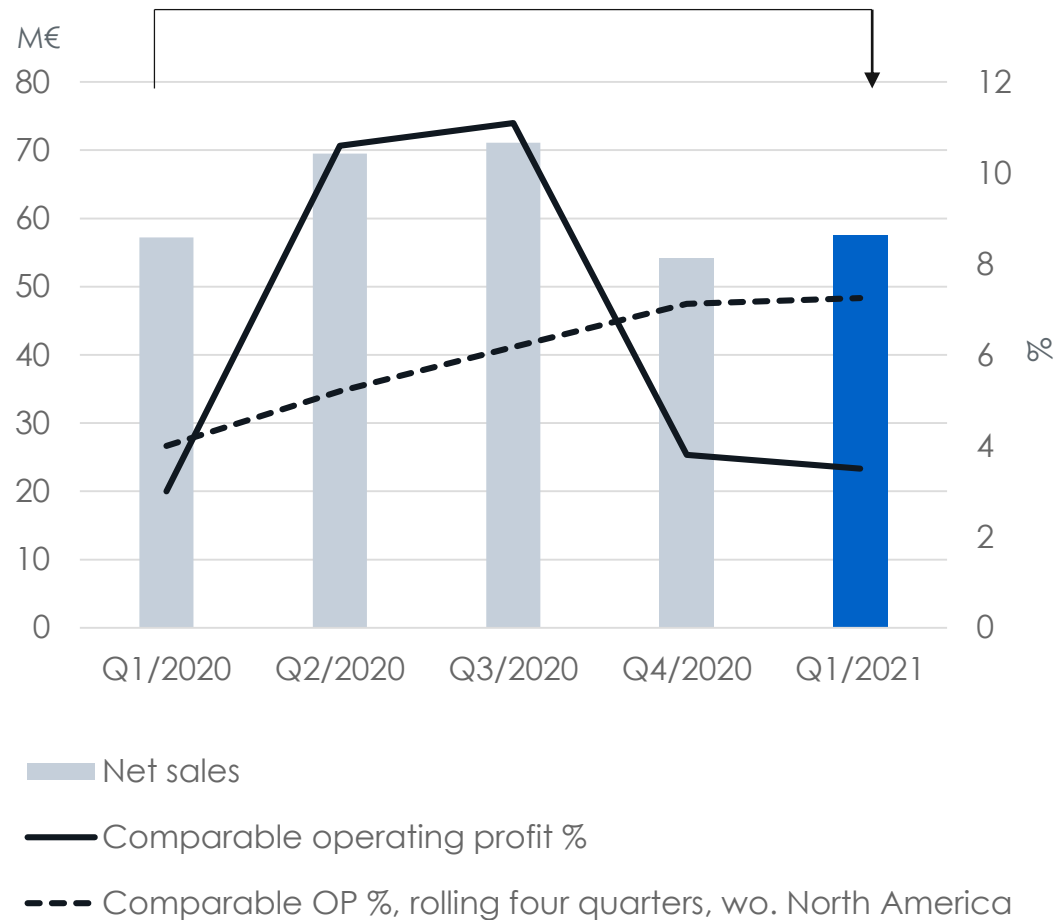
# Building Solutions – North America: Development in Q1



- Demand in the residential markets was at a high level, but also commercial segment contributed to volume growth
- Higher volumes drove the profitability development, while there were some increases in input and freight costs
- Focus on building healthy inventory levels, capacity expansion investments planned for 2021



# Uponor Infra: Development in Q1



- Solid performance in both net sales and profitability
- Sales of designed solutions sales showing signs of picking up
- Profitability development driven by good progress in Sweden and Norway



# Progress of operational excellence programme

- Updated target and schedule:
  - Annual savings of €25 million
  - By the end of H1/2022
  - With around €22 million one-time costs
- Original target of annual savings of €20 million to be reached by the end of 2021





# Uponor's new GHG emission reduction targets

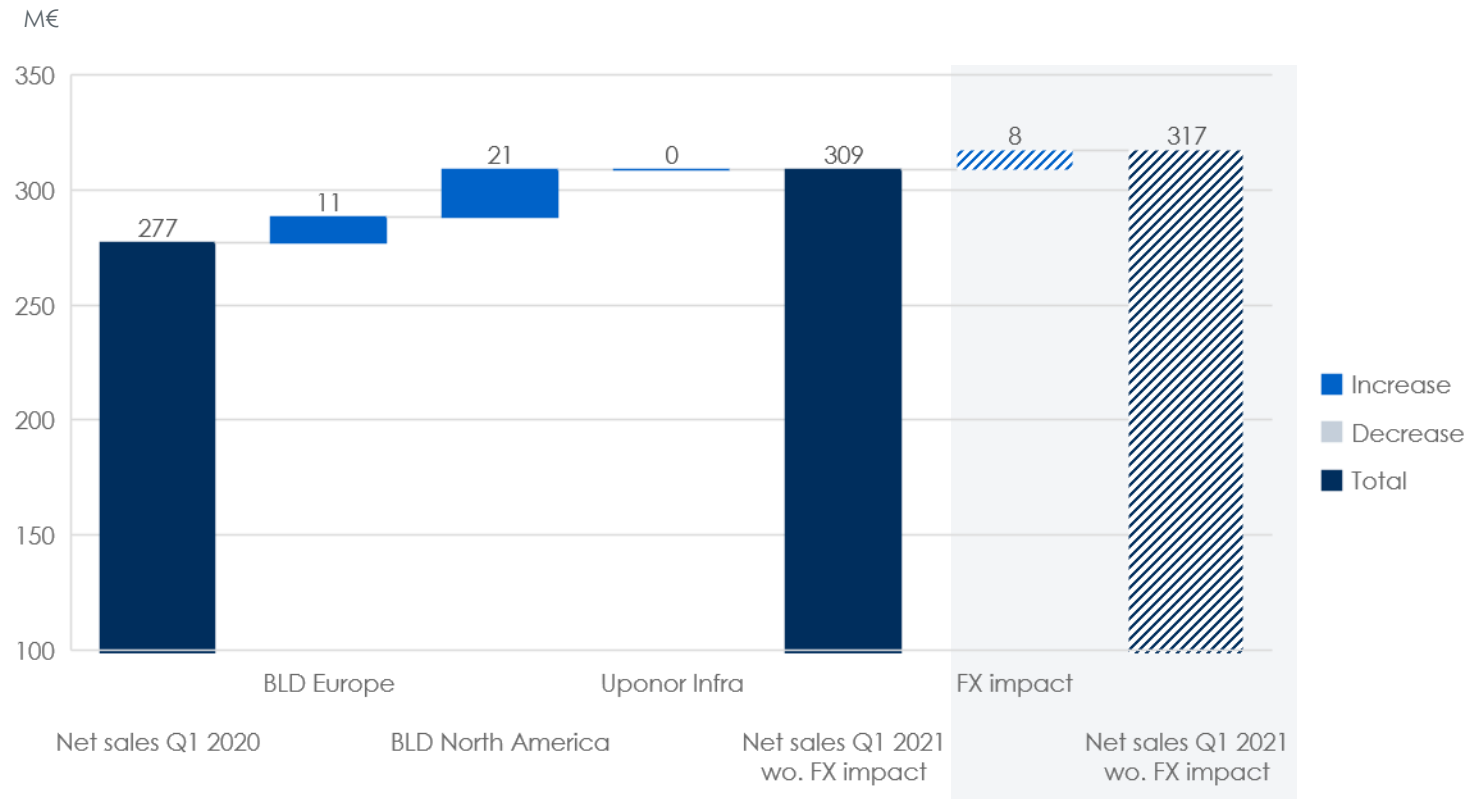
- Uponor received approval from the Science Based Targets initiative in April
- New GHG emission reduction targets (baseline year 2019):
  - Reduce absolute scope 1 and 2 GHG emissions by 46% by 2030
  - Reduce absolute scope 3 GHG emissions from purchased goods and services and upstream transportation and distribution by 14% by 2030
  - All purchased electricity to be renewable by 2025



Minna Yrjönmäki, CFO

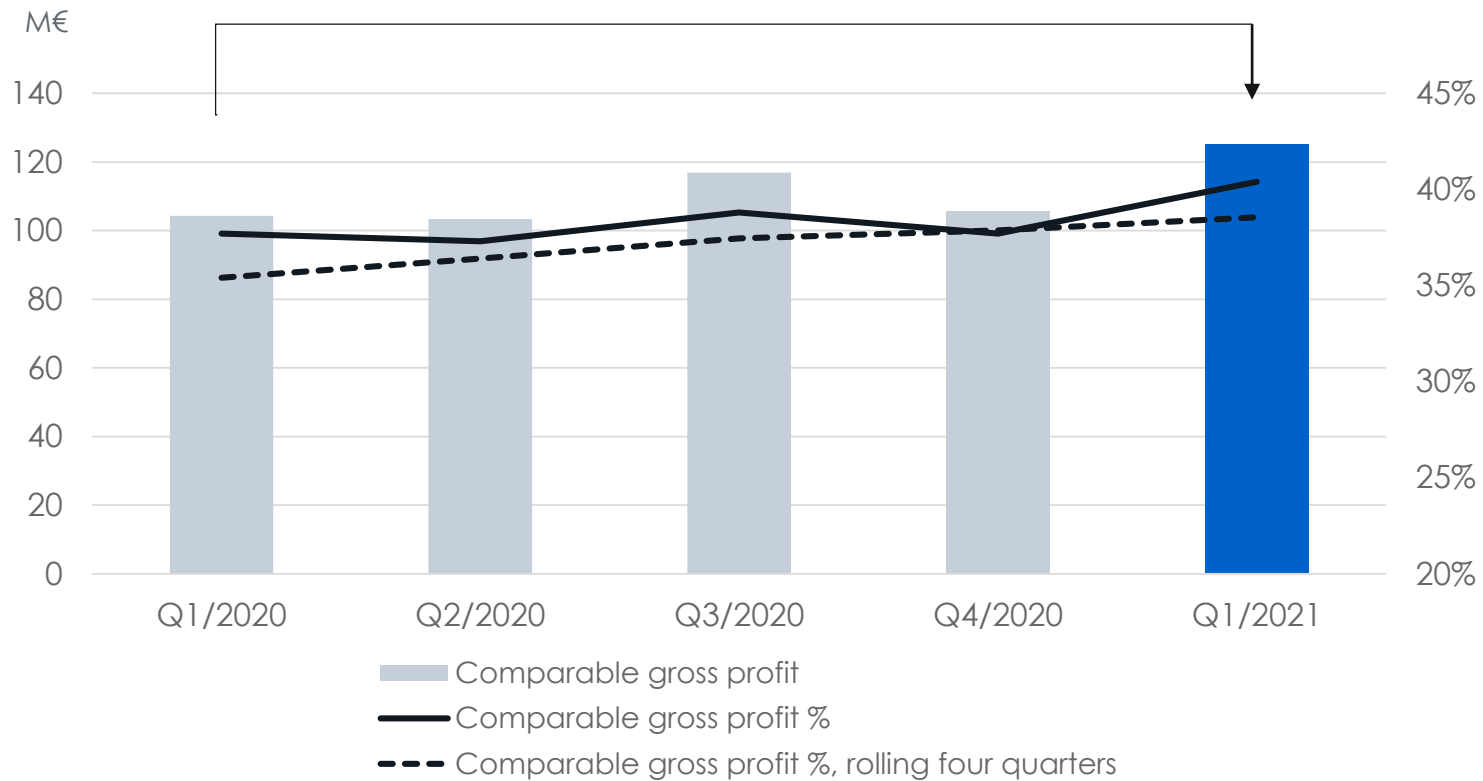
# Financial statements

# The increase in net sales was driven by strong demand in both building solutions segments

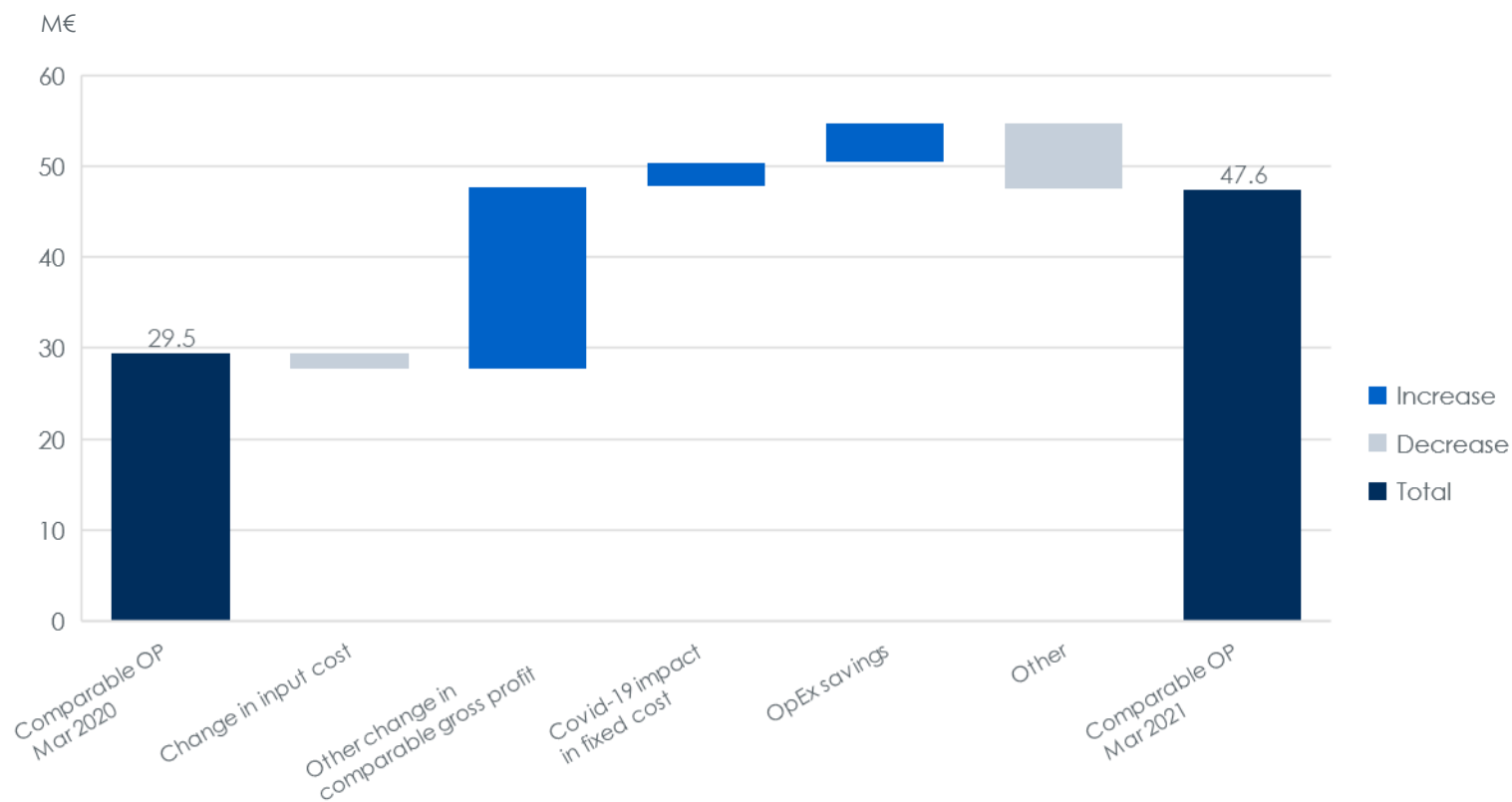




# Volume growth supported the positive comparable gross profit development



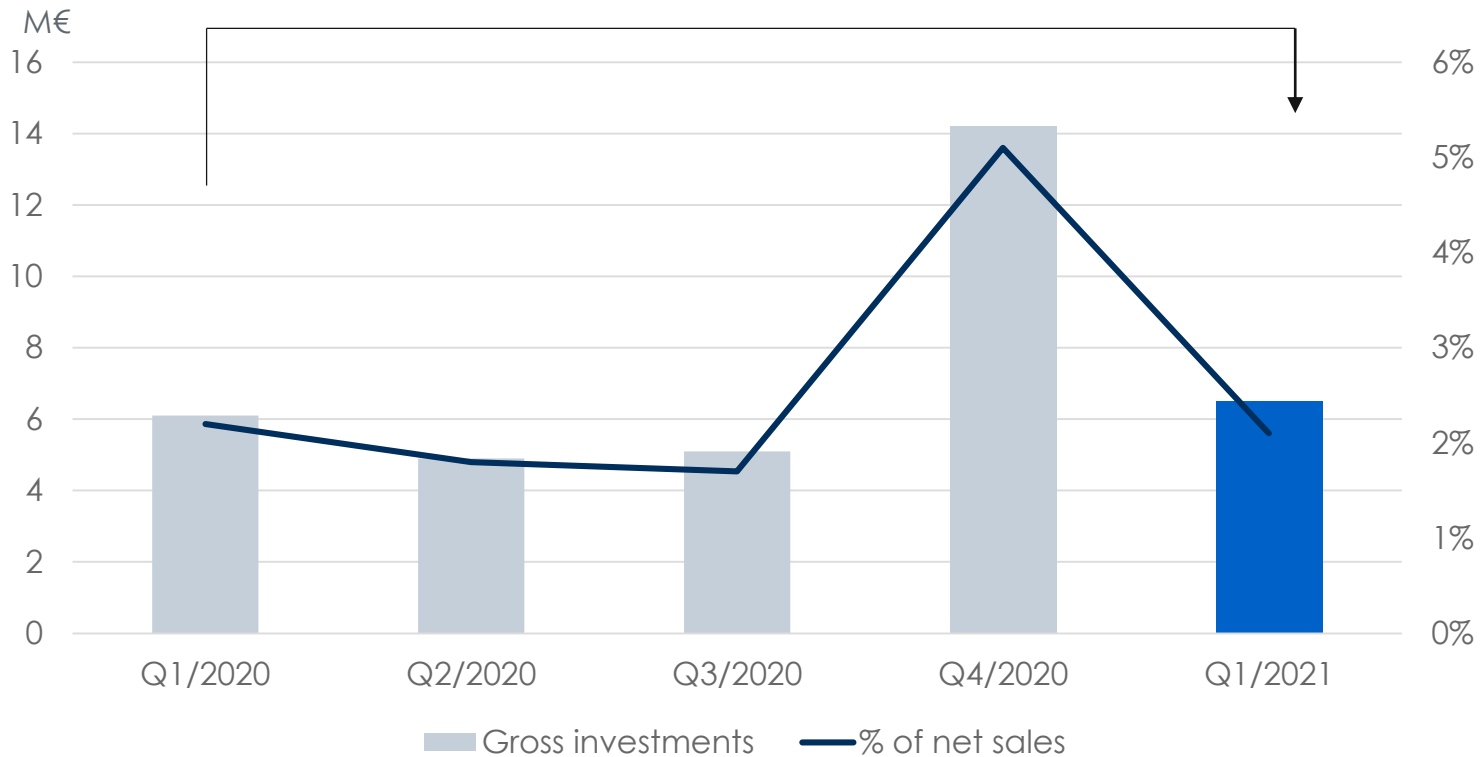
# The increase in comparable operating profit was mainly driven by volume growth



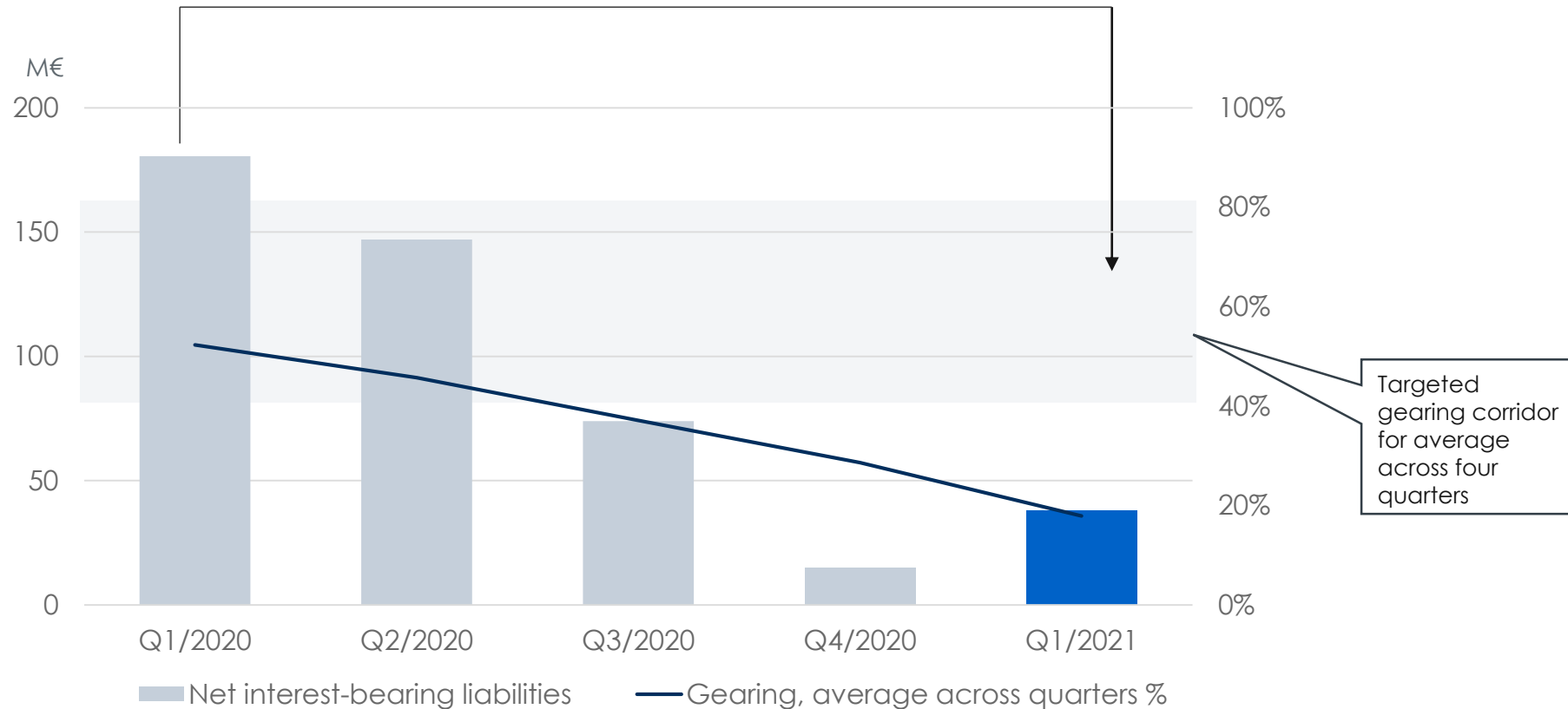
# Cash flow from operations exceeded last years level driven by higher operating profit



# Investments were mainly related to maintenance, efficiency improvements and capacity expansions in North America



# Net interest-bearing liabilities were lower than last year – average gearing continued to decrease to 17.9%





Jyri Luomakoski, President & CEO

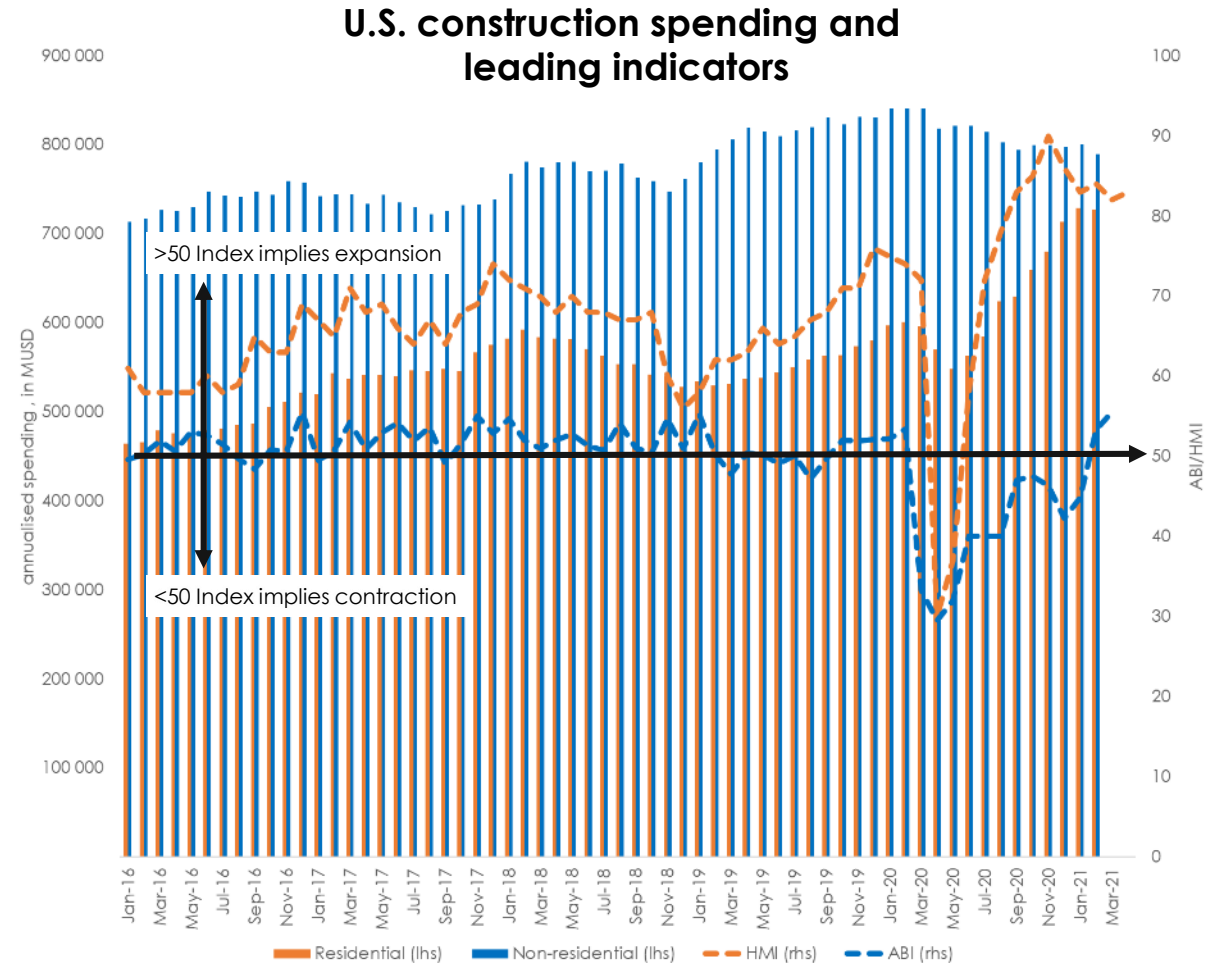
# Outlook for future

# U.S.: Residential construction was very strong

Stimulus and pent-up demand are driving growth in the economy

In construction:

- Residential spending was growing, non-residential relatively soft
- Homebuilder confidence was strong, despite rising costs
- Architecture firm billings returned to positive territory



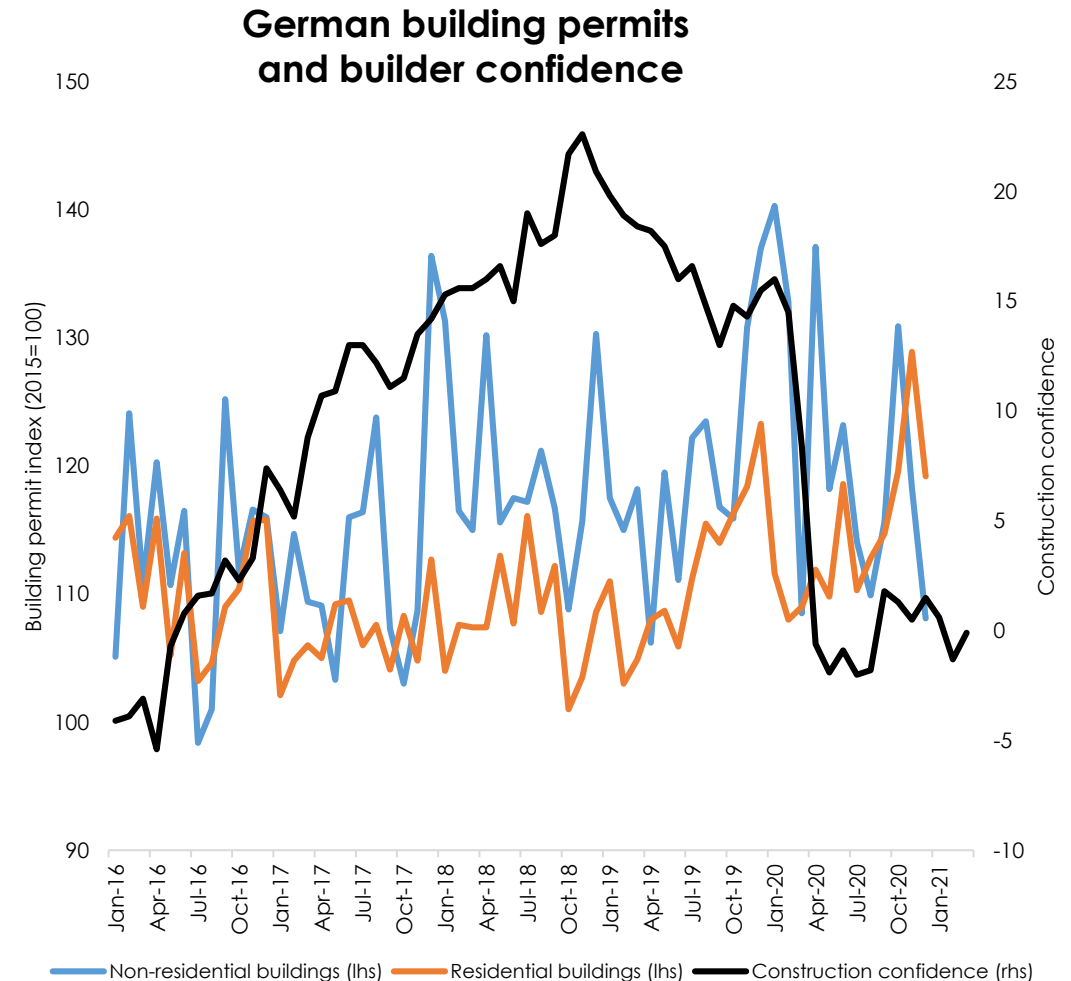
Source: Census Bureau, AIA, NAHB

# Germany: Strong underlying demand offset by constraints

Manufacturers and consumers are upbeat despite continued COVID-19 challenges

In the construction industry:

- Builder confidence was held back by weather and cost concerns
- Residential building permits are still solid
- Building material and labour shortages are creating challenges



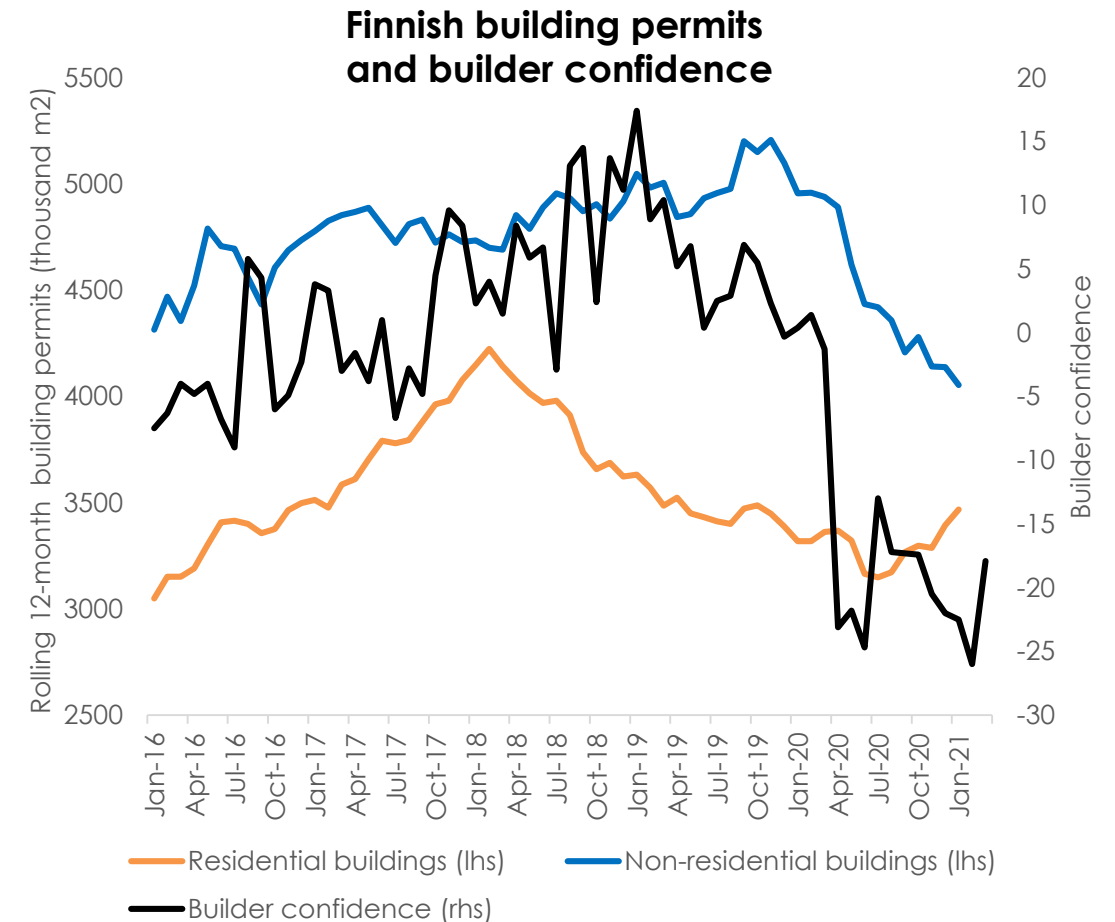
Source: Eurostat

# Finland: Building construction slower, while civil engineering expanded

Industrial output has risen from last year and consumers are upbeat

Within the construction industry:

- Builder confidence remains below pre-pandemic levels
- Residential permits no longer slowing, non-residential still in decline
- Civil engineering segment continued to expand



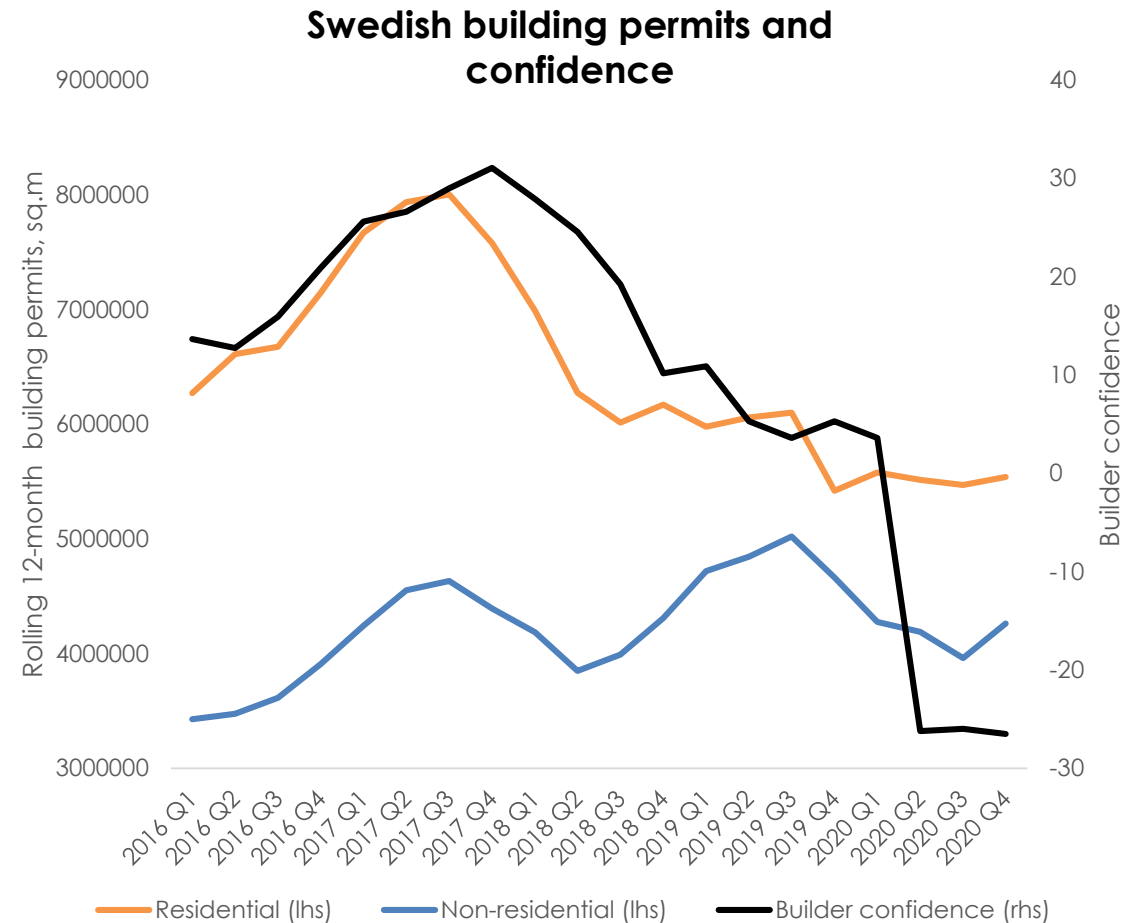
Source: Statistics Finland and Eurostat

# Sweden: Demand is outstripping supply in the residential market

A broad recovery is taking hold in the economy

Within the construction industry:

- House prices are up significantly, while FY2020 housing starts were up 6%
- Residential and non-residential permit levels have stabilised
- However, builder confidence has not recovered



Source: Statistics Sweden and Eurostat

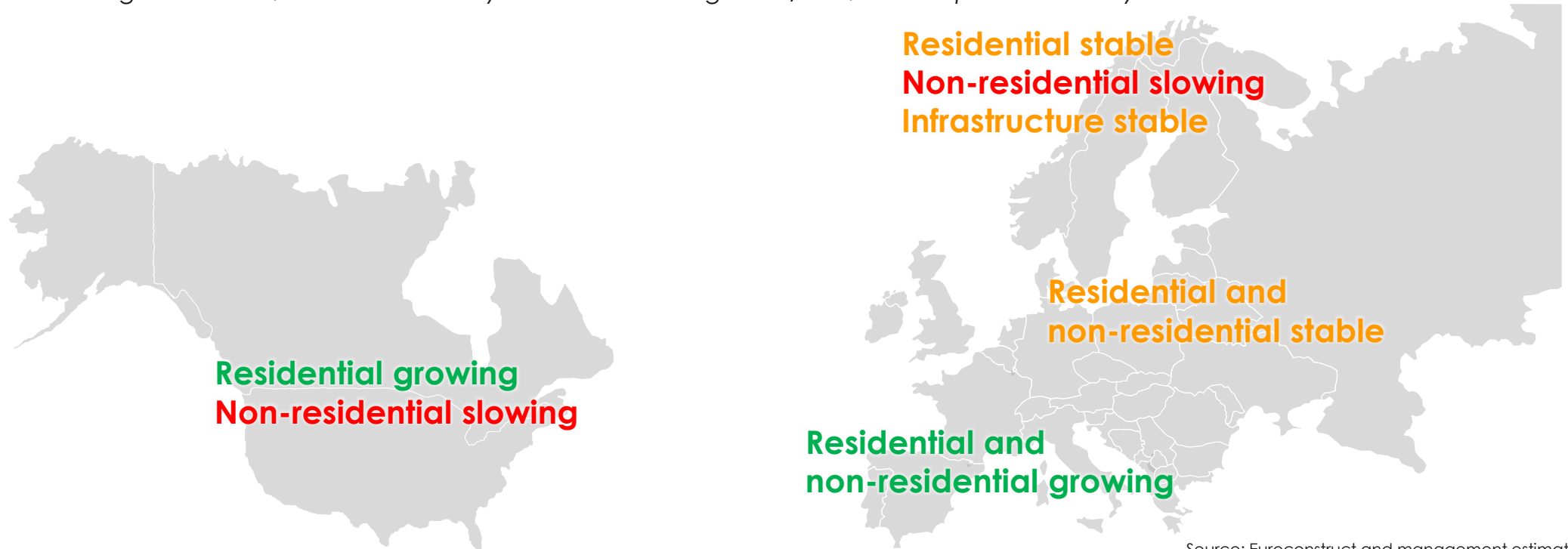


# Market outlook for Q2

## Guidance statement for 2021, updated on 16 April:

Excluding the impact of currencies, Uponor expects its net sales to increase from year 2020 and its comparable operating profit to stay at the level of year 2020.

*Increase indicates a growth of 2.5% or more and stay at the level a range of +/- 2.5% in comparison to the year 2020.*



Source: Euroconstruct and management estimates

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

uponor

**Moving** › **Forward**

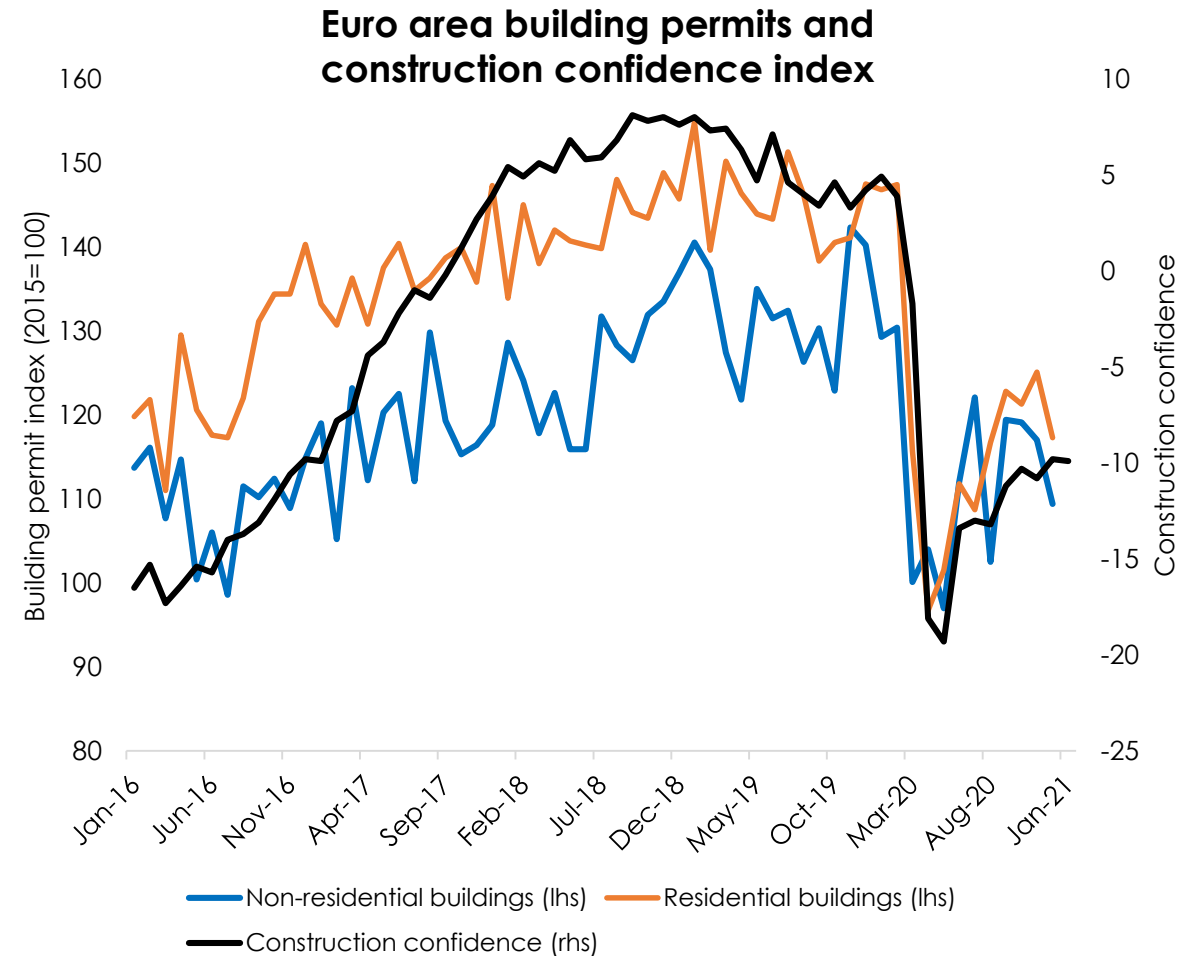
# Appendix

# Europe: Trends moving in the right direction

Economies fairly resilient despite COVID-19 restrictions











Within the construction industry:

- Residential and non-residential permits improving, but below pre-pandemic levels
- Builder confidence trending higher, but has not completely recovered



Source: Eurostat

# Leading residential indicators: Generally positive

	Indicator	YTD % Change	Rolling 12-month % Change	Data through	Trend since Q4 update
 <b>USA</b>	Housing starts	+37 <sup>1)</sup>	N/A	March 2021	↗
 <b>Germany</b>	Housing permits	+12%	+6%	February 2021	→
 <b>Finland</b>	Housing permits	+0%	+0%	February 2021	↗
 <b>Sweden</b>	Housing starts	+6%	+6%	December 2020	→
 <b>Denmark</b>	Construction index	+7%	N/A	January 2021	→
 <b>Netherlands</b>	Housing permits	-3%	+12%	January 2021	→
 <b>Canada</b>	Housing starts	+17 <sup>1)</sup>	N/A	February 2021	→
 <b>Poland</b>	Housing completions	+0%	+6%	February 2021	→
 <b>Spain</b>	Housing permits	-12%	-19%	January 2021	→
 <b>Norway</b>	Housing starts	+10%	-1%	February 2021	↗

<sup>1)</sup> Seasonally adjusted, annualised rate vs. same month in previous year

Source: National Statistics Offices



# Jan-March 2021: Income statement

Uponor Group, M€	1-3 2020	1-3 2021	Change Y/Y	1-12 2020
Net sales	277.4	309.2	+11.4%	1,136.0
Cost of goods sold	173.2	184.2	+6.4%	706.6
Gross profit	104.3	125.0	+19.9%	429.4
Gross profit margin (%)	37.6%	40.4%	+2.8% pts	37.8%
Other operating income	0.1	0.2	+274.8%	1.0
Expenses	75.8	78.2	+3.3%	298.1
Operating profit	28.6	47.0	+64.4%	132.3
Operating profit margin (%)	10.3%	15.2%	+4.9% pts	11.6%
Comparable operating profit	29.5	47.6	+61.4%	142.7
Comparable operating profit margin (%)	10.6%	15.4%	+4.8% pts	12.6%
Financial expenses, net	-3.1	2.8	+191.2%	6.3
Share of result in associated companies	-1.3	-1.0	+25.4%	-4.2
Profit before taxes	30.4	43.2	+42.1%	121.8
Profit for the period	22.3	31.7	+42.1%	96.1
EBITDA	42.0	59.2	+41.0%	185.0

# Jan-March 2021: Balance sheet

Uponor Group, M€	31 Mar 2020	31 Mar 2021	Change Y/Y	31 Dec 2020
Property, plant and equipment	280.3	264.1	-16.2	264.7
Intangible assets	95.3	96.1	0.8	95.9
Securities and long-term investments	20.3	14.4	-5.9	14.2
Inventories	153.9	141.4	-12.5	128.7
Cash and cash equivalents	63.0	168.6	105.6	138.0
Other current and non-current assets	260.0	279.2	19.2	226.9
Assets total	872.8	963.8	91.0	868.4
Total equity	346.1	414.2	68.1	421.9
Non-current interest-bearing liabilities	201.7	193.0	-8.7	124.1
Provisions	30.7	39.3	8.6	37.1
Non-interest-bearing liabilities	252.4	303.7	51.3	256.4
Current interest-bearing liabilities	41.8	13.5	-28.3	29.0
Shareholders' equity and liabilities total	872.8	963.8	91.0	868.4