

Interim report 1–3/2021

5 May 2021



uponor

INTERIM REPORT JANUARY-MARCH 2021

Strong demand in building solutions in Europe and North America drive the increase in comparable operating profit

January-March 2021

- Net sales in January–March totalled €309.2 (277.4) million, a growth of 11.4%. Organic growth was 14.4% in constant currency terms.
- Comparable operating profit was €47.6 (29.5) million, a growth of 61.5%.
- Operating profit was €47.0 (28.6) million, a growth of 64.4%.
- Earnings per share were €0.43 (0.30).
- Return on investment was 29.6% (21.4) and gearing 9.2% (52.2).
- Cash flow from business operations was €6.1 (-11.3) million.

Guidance statement for 2021:

Updated on 16 April 2021: 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.

Jyri Luomakoski, President and CEO, comments:

“As we stated on 16 April, demand has been strong in our key markets in Europe and North America. Activity in the residential market and demand for building solutions, in particular, were at a high level during the first quarter and we expect the positive trend to continue. The outlook for 2021 still involves uncertainties regarding the next phases of the COVID-19 pandemic and the speed of economic recovery in our markets, but we had a good start to the year and I expect us to reach last year’s comparable operating profit level.

The aftermath of Texas winter storms in February combined with globally increased demand of polymers has led to bottlenecks of supply in some polymers. These bottlenecks can impact our ability to source desired quantities of raw materials, restrict our production and hence cause delays in our service. Recent imbalances in supply and demand have increased price levels, which are already visible in parts of our markets. Even though we mitigate these impacts with price increases, we expect higher input costs to impact our profitability later during the year.

Building Solutions – Europe had a strong quarter. Demand in our main operating countries was at a good level and volume growth supported our comparable operating profit development. At the same time, the execution of the operational excellence programme continued according to plans and contributed to the division’s profitability development.

For Building Solutions – North America the first quarter was extremely strong. Demand in the residential market has remained at a high level and supported our net sales and operating profit development. As stated in February, we have placed emphasis on building healthy inventory levels and we are also planning some capacity expansions in 2021 to respond to the growth in demand.

Uponor Infra had a solid performance in the first quarter. Demand was good in system on stock sales. Sales in designed solutions projects also started to brighten up after project delays during 2020.

During the detailed planning and implementation of our operational excellence programme, we have identified more savings potential than earlier announced. Therefore, we have decided to extend the duration of the programme until the end of the first half of 2022 to generate in total annual savings of €25 million. We estimate that the originally announced annual savings of €20 million will be achieved by the end of this year as planned.

In April, we received approval from the Science Based Targets initiative for Uponor's new greenhouse gas emission reduction targets. The new targets are based on the Paris Climate Agreement and aim to limit the global temperature rise to 1.5°C. We are committed to doing our part in safeguarding the planet for future generations."

Uponor has changed its terminology and now refers to its reporting segments as business divisions, instead of business segments. The reporting structure and scope remain the same.

Key figures

M€	1-3/2021	1-3/2020	Change	1-12/2020
Net sales	309.2	277.4	11.4%	1,136.0
Building Solutions – Europe	139.7	128.8	8.5%	499.5
Building Solutions – North America	113.2	92.7	22.2%	389.1
Uponor Infra	57.5	57.2	0.5%	252.0
Operating expenses	250.1	235.5	6.2%	952.0
Depreciation and impairments	12.3	13.4	-8.6%	52.7
Other operating income	0.2	0.1	274.8%	1.0
Operating profit	47.0	28.6	64.4%	132.3
Building Solutions – Europe	22.8	11.9	91.3%	45.1
Building Solutions – North America	23.6	16.8	40.4%	74.5
Uponor Infra	2.0	1.7	17.9%	19.0
Comparable operating profit	47.6	29.5	61.5%	142.7
Building Solutions – Europe	23.3	12.8	82.9%	55.1
Building Solutions – North America	23.6	16.8	40.8%	74.6
Uponor Infra	2.0	1.7	17.9%	19.0
Financial income and expenses	-2.8	3.1	-191.2%	-6.3
Profit before taxes	43.2	30.4	42.1%	121.8
Profit for the period	31.7	22.3	42.1%	96.1
Earnings per share	0.43	0.30	42.4%	1.21

	31 Mar 2021	31 Mar 2020	Change	31 Dec 2020
Net working capital, M€	81.3	138.4	-41.3%	65.9
Net-interest bearing debt, M€	37.9	180.5	-79.0%	15.1
Solvency, %	43.0	39.7	8.4%	48.7
Gearing, %	9.2	52.2	-82.4%	3.6
Return on investment, %	29.6	21.4	38.6%	21.8

Webcast of the results briefing and the presentation

A webcast of the news conference in English will be broadcast on 5 May at 10:00 EET. It can be viewed via our website at uponorgroup.com or via the Uponor IR mobile app. The recorded webcast can be viewed via the website or the app shortly after the live presentation. All presentation materials will be available at www.uponorgroup.com > Investors > Reports and presentations.

Uponor Corporation's financial reporting in 2021

27 July 2021 Interim report 1–6/2021

28 Oct 2021 Interim report 1–9/2021

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Markets

Construction markets throughout the Group's geographies were healthy overall during the quarter. Residential demand remained solid, supported by government stimulus measures and strong consumer finances. However, headwinds were also present, as softness in non-residential segments persisted and builders in Europe and North America faced supply chain challenges.

In North America, construction activity in the USA continued to be driven by a very active market for single-family homes. Strong housing starts levels continued and builders significantly expanded their order books, although concerns about rising input costs also increased. On the non-residential side, construction spending slowed further in key building segments, such as hospitals, offices, and retail. Encouragingly, the Architectural Billing Index (ABI), a forward-looking indicator of non-residential demand, returned to positive territory for the first time since the onset of the pandemic. In Canada, the trend in housing starts remained solid while non-residential spending was flat overall.

In Europe, construction activity was stable overall, but with significant differences between countries and building segments. In Uponor's largest European market, Germany, demand for residential projects remained elevated while non-residential building was weaker, with increased supply chain and labour bottlenecks likely constraining growth to some extent throughout the industry. In the Nordics, residential property prices rose from last year in most markets, but meaningful positive impacts on building activity have been muted to-date. Meanwhile, non-residential building activity remained slow and civil engineering spending expanded. In Southwest Europe, builders reported continued improvement in activity levels and order books, but were still less confident than before the pandemic.

Net sales

Uponor's net sales reached €309.2 (277.4) million, a growth of 11.4%. The changes in currencies had a negative net impact of €8.2 million, mainly due to USD, RUB and SEK, bringing the growth without currency impact to 14.4%.

Net sales of Building Solutions – Europe were €139.7 (128.8) million, a growth of 8.5%. Net sales increased in all key markets, in Benelux countries, Germany and Sweden, in particular. Net sales also increased in all product categories, with the highest rise seen in plumbing.

Building Solutions – North America's net sales were €113.2 (92.7) million, a growth of 22.2% in euro terms or 33.3% in US dollars. Net sales increased both in the U.S. and Canadian markets, driven by active residential markets, but the commercial segment also contributed to the growth.

Uponor Infra's net sales were €57.5 (57.2) million, a growth of 0.5%. Net sales increased in Denmark, Norway and Sweden. Demand was good in system on stock and designed solutions sales.

Breakdown of net sales by division (January–March):

M€	1–3/2021	1–3/2020	Change
Building Solutions – Europe	139.7	128.8	8.5%
Building Solutions – North America	113.2	92.7	22.2%
(Building Solutions – North America (M\$))	135.8	101.9	33.3%
Uponor Infra	57.5	57.2	0.5%
Eliminations	-1.3	-1.2	
Total	309.2	277.4	11.4%

Results and profitability

Driven by increase in operating profit, Uponor's gross profit was €125.0 (104.3) million, a growth of €20.7 million. The gross profit margin was 40.4% (37.6).

The comparable operating profit in the first quarter of 2021 was €47.6 (29.5) million, a growth of 61.5% year-over-year. The items affecting comparability (IAC) amounted to €0.6 (0.9) million and were related to Uponor's operational excellence programme as in the comparison period 2020. Comparable operating profit margin was 15.4% (10.6). Operating profit was €47.0 (28.6) million. Operating profit margin was 15.2% (10.3).

Building Solutions – Europe's operating profit was €22.8 (11.9) million, a growth of 91.3%. Comparable operating profit was €23.3 (12.8) million. The items affecting comparability were related to the operational excellence programme. The growth in operating profit was driven by higher volumes, favourable sales mix, price increases and the operational excellence programme.

Building Solutions – North America's operating profit was €23.6 (16.8) million, a growth of 40.4%. The profitability improvement was driven by higher sales volumes, in particular. Higher input and freight costs had a negative impact on profitability.

Uponor Infra's operating profit was €2.0 (1.7) million, a growth of 17.9%. The profitability improvement was driven by good development in Sweden and Norway.

Operating profit by division (January–March):

M€	1–3/2021	1–3/2020	Change
Building Solutions – Europe	22.8	11.9	91.3%
Building Solutions – North America	23.6	16.8	40.4%
(Building Solutions – North America (M\$))	28.3	18.5	53.2%
Uponor Infra	2.0	1.7	17.9%
Others	-2.2	-2.1	
Eliminations	0.7	0.2	
Total	47.0	28.6	64.4%

Comparable operating profit by division (January–March):

M€	1–3/2021	1–3/2020	Change
Building Solutions – Europe	23.3	12.8	82.9%
Building Solutions – North America	23.6	16.8	40.8%
(Building Solutions – North America (M\$))	28.3	18.5	53.6%
Uponor Infra	2.0	1.7	17.9%
Others	-2.1	-2.0	
Eliminations	0.7	0.2	
Total	47.6	29.5	61.5%

Financial income and expenses totalled €-2.8 (3.1) million, driven by currency exchange rate differences.

The share of the result in associated companies at €-1.0 (-1.3) million is related to Uponor's 50% share in the joint venture company, Phyn, established in 2016.

Profit before taxes for January–March totalled €43.2 (30.4) million. The effect of taxes on profits was €10.3 (8.1) million.

The profit for the first quarter of 2021 amounted to €32.9 (22.3) million.

Investment and financing

Uponor's gross investments in the first quarter were €6.5 (6.1) million. Depreciation was €12.3 (13.4) million. The investments were mainly related to maintenance, efficiency improvements and capacity expansions in North America.

Cash flow from business operations came to €6.1 (-11.3) million. Cash flow from financing and thus cash flow for the period in the first quarter of 2021 included the first of the two instalments of the dividend payment, €0.28 per share, totalling €20.4 million. The second of the two instalments of the dividend payment, €0.29 per share, is planned to be paid in the third quarter. The total dividend payment for 2021 will amount to €41.6 (38.7) million.

The main existing long-term funding programme on 31 March 2021 was the 5-year bilateral loan agreement of €100 million, which will mature in July 2022.

In January, Uponor signed two bilateral long-term loans of €40 million and €30 million, both of which will mature in January 2026. Both loan arrangements have success KPIs that are tied to Uponor's greenhouse gas reduction targets.

As back-up funding arrangements, Uponor has four €50 million committed bilateral revolving credit facilities in force, totalling €200 million and maturing in 2021–2023; none of these were used during the reporting period.

For short-term funding needs, Uponor's main source of funding is its domestic commercial paper programme, totalling €150 million, none of which was outstanding on the balance sheet date (€30.0 million). Available cash-pools limits granted by Uponor's key banks amounted to €35.1 million, none of which was in use on the balance sheet date (€0.0 million). At the end of the period, Uponor had €168.6 (63.0) million in cash and cash equivalents.

The Group's solvency, at 43.0% (39.7), has remained at a good level. Net interest-bearing liabilities were €37.9 (180.5) million. Gearing was 9.2% (52.2) with the four-quarter rolling gearing being at 17.9% (52.3).

Operational excellence programme

Uponor updated the savings target and schedule of its operational excellence programme on 5 May. The updated annual savings target of the programme is €25 million by the end of the first half of 2022. The estimated one-time costs of the whole programme around €22 million.

During the first quarter of 2021, the programme generated savings of approximately €4 million, which brings the total generated savings under the programme up to approximately €12 million by 31 March 2021. The main initiatives are related to Building Solutions – Europe and Group functions, and they are progressing as planned. The programme is expected to reduce approximately 200 FTEs. By the end of the first quarter of 2021, the reduction was around 130 FTE since the beginning of the programme.

Since the launch of the programme, a total of €12.4 million in one-time costs have been recorded as items affecting comparability. Of that amount, €0.6 million was recorded in the first quarter of 2021.

Originally Uponor announced the operational excellence programme in October 2019 with €20 million annual savings target by the end of 2021 and around €20 million one-time costs.

The impacts of COVID-19

The outlook for 2021 still involves uncertainties regarding the next phases of the COVID-19 pandemic and the speed of economic recovery in Uponor's markets. Continued uncertainty among businesses may negatively

impact the initiation of non-residential projects, though the relative size and timing of this effect is uncertain. Supported by strong result from 2020 and balance sheet, Uponor is in a solid financial position when facing the next phases of the pandemic and its implications. The pandemic has not had an impact on the valuation of Uponor's assets.

Resolutions of the Annual General Meeting 2021

Uponor's Annual General Meeting was held in Helsinki, Finland, on 18 March 2021. The AGM adopted the financial statements and the consolidated financial statements for 2020, and released the Board members and the President and CEO from liability. The AGM approved the proposed dividend of €0.57 per share for 2020, the dividend will be paid in two instalments. The first instalment of €0.28 per share was paid on 22 March 2021. The second instalment of €0.29 per share is planned to be paid in September 2021.

Existing Board members Annika Paasikivi (chair), Pia Aaltonen-Forsell, Johan Falk, Markus Lengauer, Casimir Lindholm and Michael G. Marchi were re-elected. The AGM elected Annika Paasikivi as Chair of the Board.

KPMG Oy Ab, a company of Authorised Public Accountants, was elected as the auditor of the company for 2021.

The Board of Directors was authorised to resolve on the repurchase of no more than 3,500,000 of the company's own shares amounting in total to approximately 4.8 per cent of the total number of the shares of the company at the date of the general meeting. These shares will be bought back using distributable earnings from unrestricted equity. The authorisation is valid until the end of the next annual general meeting, however, no longer than 18 months from the date of the general meeting.

The Board of Directors was authorised to resolve on issuing a maximum of 7,200,000 new shares or transferring the company's own shares, amounting in total to approximately 9.8 per cent of the total number of the shares of the company. The Board of Directors is authorised to resolve on all the conditions of the issuance of shares. This authorisation is valid until the end of the next annual general meeting, however, no longer than 18 months from the date of the general meeting.

Further details regarding the Annual General Meeting are available at www.uponorgroup.com/en-en/investors/governance/agm-2021

Personnel

The number of Group full-time-equivalent employees averaged 3,695 (3,754) in January–March 2021, a decrease of 59 persons from the comparison period. At the end of the period, the Group had 3,739 (3,776) employees, showing a decrease of 37 employees, mainly due to the operational excellence programme.

Change in the Executive Committee

On 12 February, Uponor announced that its President and CEO, Jyri Luomakoski, will leave his position on 20 August 2021. The Board of Directors have started the recruitment process of the new President and CEO.

Sustainability

Uponor has received an approval from the Science Based Targets Initiative for its new greenhouse gas (GHG) emissions reductions targets. The new targets are based on the Paris Climate Agreement and aim to limit the global temperature rise to 1.5°C.

Uponor's new climate-related targets are (the baseline for targets is 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.

Shares and shareholders

Uponor Corporation's share capital amounts to €146,446,888 and the number of shares totals 73,206,944. There were no changes in the share capital and the number of shares during the reporting period.

The number of Uponor shares traded on Nasdaq Helsinki in the reporting period was 5.9 (9.9) million shares, totalling €109.8 (105.1) million. The market value of share capital at the end of the period was €1.4 (0.6) billion and the number of shareholders 18,126 (19,061).

On 11 February, based on the authorisation granted by the Annual General Meeting on 16 March 2020, Uponor's Board of Directors has decided on a directed share issue of 45,659 shares to the company's management, as a part of long-term share-based incentive plan 2018–2020. No new shares will be issued in connection with the plan and therefore the plan will have no diluting effect.

At the end of the quarter, Uponor held a total of 139,307 (184,966) of its own shares.

Short-term risks and uncertainties

Changes in the global economy and financial markets may have a negative impact on Uponor's operations, performance, financial position and sources of capital.

Risks related to the COVID-19 pandemic can be found in a separate section: The impacts of COVID-19.

Demand for Uponor's products depends on business cycles in the construction sector. Uponor mitigates this risk by distributing its business to two main geographical areas: Europe and North America. In addition, Uponor has three business areas: plumbing solutions, indoor climate solutions and infrastructure solutions. Uponor's products are used in both new construction projects and renovation projects, and in the latter the demand is usually more stable than in more cyclical new construction.

Increasing competitive pressure through, for example, private labelling creates a risk for Uponor. There is also a risk associated with product liability related to products manufactured and sold by Uponor.

Uponor's ongoing operational excellence programme aims to achieve annual savings of €25 million by the end of the first half of 2022. The company is exposed to a risk of capturing the savings within the planned timeline.

Digitalisation, emerging technologies and capabilities related to those areas are needed to build new business opportunities for Uponor. In addition, digitalisation and smart solutions expose the company to cyber risks.

Uponor's ability to attract and retain talent to drive change are key to the company's future success. Uponor manages this risk by building its employer brand and helping its current employees to develop, for example, their leadership skills.

The prices of raw materials used in the manufacture of Uponor's products are susceptible to change, driven by several market factors including petrochemical and metal product price fluctuations, supply capacity, and market demand, among others. In recent years, Uponor has been able to pass most of the effects of such fluctuations onto its selling prices with a reasonable delay.

Uponor has 16 manufacturing facilities in Europe and North America, which exposes the company to possible environmental risks. Uponor operates under an ISO 9001 quality management system and an ISO 14001 environmental management system, which enhance quality, production safety, environmental law compliance and productivity while reducing the environmental impact and risks related to Uponor's operations.

Several factors, including disturbances in the supply chain and IT systems as well as natural disasters, can pose a business continuity risk to Uponor. Uponor mitigates the risk with comprehensive business continuity planning and management.

Uponor can be exposed to different judicial proceedings. By the end of the first quarter of 2021, such proceedings had no material impact on Uponor's result.

The international nature of its operations exposes the company to currency risks associated with various currencies. Approximately 60% of Uponor's net sales were generated in currencies other than the euro. Correspondingly, a major part of expenses associated with these net sales were also denominated in the same local currencies, markedly decreasing the associated currency risks.

A more detailed risk analysis can be found from www.uponorgroup.com > Investors > Uponor as an investment.

Short-term market outlook

Uponor anticipates that the trends witnessed during the first quarter of 2021 will continue into the second quarter of 2021. Supported by strong personal finances and accommodative government spending and policies, consumers are likely to continue to create demand for new building and renovation projects in the residential segment. Meanwhile, as ongoing projects are completed in the non-residential segment, activity may moderate further in some markets. Despite an increase in vaccination levels and increasing confidence that economies will be reopening in the near-term, visibility remains limited and uncertainty around forecasts remains high.

Guidance for 2021:

Updated on 16 April 2021: 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.

Vantaa, 5 May 2021

Uponor Corporation

Table part

This interim report has been compiled in accordance with the IAS 34 reporting standard and it is unaudited. The figures in brackets are the reference figures for the equivalent period in 2020. All figures presented have been rounded and consequently, the sum of individual figures might differ from the presented total figure. The change percentages reported have been calculated from the exact figures and not from the rounded figures published in the interim report.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

M€	1-3/2021	1-3/2020	1-12/2020
Net sales	309.2	277.4	1 136.0
Cost of goods sold	184.2	173.2	706.6
Gross profit	125.0	104.3	429.4
Other operating income	0.2	0.1	1.0
Dispatching and warehousing expenses	7.6	7.7	31.7
Sales and marketing expenses	48.9	48.0	180.6
Administration expenses	17.1	14.8	61.9
Other operating expenses	4.7	5.3	23.9
Operating profit	47.0	28.6	132.3
Financial expenses, net	2.8	-3.1	6.3
Share of results in associated companies and joint ventures	-1.0	-1.3	-4.2
Profit before taxes	43.2	30.4	121.8
Income taxes	11.4	8.1	25.7
Profit for period	31.7	22.3	96.1
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurements on defined benefit pensions, net of taxes	-	-	0.1
Items that may be reclassified subsequently to profit or loss			
Translation differences	2.4	-4.8	-6.3
Cash flow hedges, net of taxes	0.3	-1.8	-0.3
Other comprehensive income for the period, net of taxes	2.6	-6.6	-6.5
Total comprehensive income for the period	34.4	15.7	89.6
Profit/loss for the period attributable to			
- Equity holders of parent company	31.1	21.8	88.6
- Non-controlling interest	0.7	0.5	7.5
Total comprehensive income for the period attributable for			
- Equity holders of parent company	33.9	16.0	82.0
- Non-controlling interest	0.4	-0.3	7.6
Earnings per share, €	0.43	0.30	1.21
Diluted earnings per share, €	0.43	0.30	1.21

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

M€	31.3.2021	31.3.2020	31.12.2020
Assets			
Non-current assets			
Property, plant and equipment	264.1	280.3	264.7
Intangible assets	96.1	95.3	95.9
Investments in associates and joint ventures	8.7	11.5	9.4
Other securities and non-current receivables	5.7	8.8	4.8
Deferred tax assets	16.0	9.3	16.2
Total non-current assets	390.7	405.2	391.0
Current assets			
Inventories	141.4	153.9	128.7
Accounts receivable	240.2	218.0	163.6
Other receivables	23.1	32.8	47.1
Cash and cash equivalents	168.6	63.0	138.0
Total current assets	573.2	467.6	477.4
Total assets	963.8	872.8	868.4
Equity and liabilities			
Equity			
Equity attributable to the owners of the parent company	348.7	289.0	356.8
Non-controlling interest	65.5	57.2	65.1
Total equity	414.2	346.1	421.9
Non-current liabilities			
Interest-bearing liabilities	193.0	201.7	124.1
Deferred tax liability	9.6	11.4	9.7
Provisions	21.1	4.3	15.8
Employee benefits and other liabilities	21.9	21.5	21.1
Total non-current liabilities	245.7	238.9	170.7
Current liabilities			
Interest-bearing liabilities	13.5	41.8	29.0
Provisions	18.2	26.5	21.3
Accounts payable	88.5	84.4	83.9
Other liabilities	183.8	135.2	141.7
Total current liabilities	304.0	287.8	275.8
Total equity and liabilities	963.8	872.8	868.4

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

M€	1-3/2021	1-3/2020	1-12/2020
Cash flow from operations			
Net cash from operations	53.4	42.7	191.1
Change in net working capital	-43.3	-50.2	40.2
Income taxes paid	-3.1	-2.9	-21.1
Interest paid	-0.8	-1.1	-3.3
Interest received	0.0	0.1	0.5
Cash flow from operations	6.1	-11.3	207.5
Cash flow from investments			
Acquisition of subsidiaries and businesses	-	-	-4.0
Investments in joint ventures	-	-1.7	-3.9
Purchase of other shares	-0.8	-	-
Purchase of fixed assets	-6.5	-6.1	-30.2
Proceeds from sale of fixed assets	0.1	0.1	0.9
Loan repayments	0.0	-	0.0
Dividends received	-	-	0.4
Cash flow from investments	-7.2	-7.6	-36.8
Cash flow from financing			
Borrowings of debt	70.0	-	-
Repayment of debt	-	-	-70.3
Change in other short-term loan	-15.0	30.0	15.0
Dividends paid	-20.4	-20.3	-40.0
Payment of lease liabilities	-3.3	-3.3	-12.7
Cash flow from financing	31.3	6.4	-108.0
Conversion differences for cash and cash equivalents	0.4	-0.5	-0.7
Change in cash and cash equivalents	30.6	-13.1	61.9
Cash and cash equivalents on 1 January	138.0	76.1	76.1
Cash and cash equivalents at end of period	168.6	63.0	138.0
Changes according to balance sheet	30.6	-13.1	61.9

STATEMENT OF CHANGES IN EQUITY

M€	A	B	C	D*	E	F	G	H	I
Balance at									
1 Jan 2021	146.4	50.2	0.9	-13.9	-1.7	174.9	356.8	65.1	421.9
Profit for the period						31.1	31.1	0.7	31.7
Other comprehensive income for the period			0.3	2.6			2.9	-0.2	2.6
Dividend (€0.57 per share)						-41.6	-41.6		-41.6
Share-based incentive plan					0.3	-0.7	-0.4		-0.4
Balance at	146.4	50.2	1.1	-11.3	-1.4	163.7	348.7	65.5	414.2
31 Mar 2021									
Share-based incentive plan	146.4	50.2	1.5	-7.6	-2.0	123.1	311.6	58.8	370.4
1 Jan 2020									
Profit for the period						21.8	21.8	0.5	22.3
Other comprehensive income for the period			-1.8	-4.0			-5.8	-0.8	-6.6
Dividend (€0.53 per share)						-38.7	-38.7		-38.7
Dividend paid to non-controlling interest								-1.3	-1.3
Share-based incentive plan					0.3	-0.3			0.0
Balance at	146.4	50.2	-0.3	-11.6	-1.7	105.9	289.0	57.2	346.1
31 Mar 2020									

*) Includes a €-14.3 (-14.3) million effective part of net investment hedging at the end of period.

A – Share capital

B – Share premium

C – Other reserves

D* – Translation reserve

E – Treasury shares

F – Retained earnings

G – Equity attributable to owners of the parent company

H – Non-controlling interest

I – Total equity

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES

The interim report has been prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by the EU and IAS 34 Interim Financial Reporting. In its interim reports, Uponor Group follows the same principles as in the annual financial statements for 2020.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

M€	31.3.2021	31.3.2020	31.12.2020
Gross investment	6.5	6.1	30.2
- % of net sales	2.1	2.2	2.7
Book value of disposed fixed assets	-	0.2	0.7
Depreciation and impairments	12.3	13.4	52.7

PERSONNEL

	1-3/2021	1-3/2020	1-12/2020
Converted to full time employees	3,695	3,754	3,708
Average	3,695	3,754	3,708
At the end of the period	3,739	3,776	3,658

OWN SHARES

	31.3.2021	31.3.2020	31.12.2020
Own shares held by the company, pcs	139,307	184,966	184,966
- of share capital, %	0.2	0.3	0.3
- of voting rights, %	0.2	0.3	0.3
Accounted par value of own shares held by the company, M€	0.3	0.4	0.4

DIVISION INFORMATION

M€	1-3/2021			1-3/2020		
	External	Internal	Total	External	Internal	Total
Net sales by division						
Building Solutions - Europe	139.3	0.4	139.7	128.3	0.5	128.8
Building Solutions - North America	113.2	-	113.2	92.7	-	92.7
Uponor Infra	56.6	0.9	57.5	56.4	0.8	57.2
Eliminations	-	-1.3	-1.3	-	-1.3	-1.3
Total	309.2	-	309.2	277.4	-	277.4

M€	1-12/2020		
	External	Internal	Total
Net sales by division			
Building Solutions - Europe	497.9	1.5	499.5
Building Solutions - North America	389.1	-	389.1
Uponor Infra	249.0	3.0	252.0
Eliminations	-	-4.5	-4.5
Total	1,136.0	-	1,136.0

M€	1-3/2021	1-3/2020	1-12/2020
Operating profit by division			
Building Solutions - Europe	22.8	11.9	45.1
Building Solutions - North America	23.6	16.8	74.5
Uponor Infra	2.0	1.7	19.0
Others	-2.2	-2.1	-4.7
Eliminations	0.7	0.2	-1.6
Total	47.0	28.6	132.3

M€	1-3/2021	1-3/2020	1-12/2020
Division depreciation and impairments			
Building Solutions - Europe	4.7	5.2	20.6
Building Solutions - North America	4.6	5.3	20.6
Uponor Infra	2.6	2.5	10.2
Others	0.3	0.4	1.4
Eliminations	-	-	-
Total	12.3	13.4	52.7
Division investments			
Building Solutions - Europe	1.7	3.2	9.9
Building Solutions - North America	3.1	1.3	10.2
Uponor Infra	1.2	1.5	9.3
Others	0.5	-	0.7
Total	6.5	6.1	30.2
Division assets			
M€	31.3.2021	31.3.2020	31.12.2020
Building Solutions - Europe	435.8	398.7	374.6
Building Solutions - North America	323.3	307.6	293.2
Uponor Infra	208.5	179.2	193.0
Others	475.7	406.7	422.9
Eliminations	-479.5	-419.5	-415.4
Total	963.8	872.8	868.4
Division liabilities			
Building Solutions - Europe	355.1	359.7	313.0
Building Solutions - North America	243.6	240.5	231.7
Uponor Infra	71.8	61.0	56.9
Others	393.6	320.6	297.8
Eliminations	-514.4	-455.0	-452.9
Total	549.6	526.7	446.5
Division personnel, average			
	1-3/2021	1-3/2020	1-12/2020
Building Solutions - Europe	1,818	1,905	1,876
Building Solutions - North America	928	925	886
Uponor Infra	834	823	835
Others	116	100	111
Total	3,695	3,754	3,708
Reconciliation			
M€	1-3/2021	1-3/2020	1-12/2020
Operating profit by division			
Total result for reportable divisions	48.4	30.4	138.6
Others	-2.2	-2.1	-4.7
Eliminations	0.7	0.2	-1.6
Operating profit	47.0	28.6	132.3
Financial expenses, net	2.8	-3.1	6.3
Share of results in associated companies and joint ventures	-1.0	-1.3	-4.2
Profit before taxes	43.2	30.4	121.8

REVENUE FROM CONTRACT WITH CUSTOMERS

The Group disaggregates revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Set out below is the disaggregation of the Group's revenue from contract with customers, including reconciliation of the revenue:

M€	1-3/2021			1-3/2020		
	Sale of goods	Rendering of services	Total	Sale of goods	Rendering of services	Total
Revenue from contract with customers by division						
Building Solutions - Europe	137.8	1.5	139.3	126.8	1.5	128.3
Building Solutions - North America	113.2	-	113.2	92.7	-	92.7
Uponor Infra	54.6	2.0	56.6	53.7	2.7	56.4
External customer, total	305.6	3.5	309.2	273.2	4.2	277.4
Internal	1.3		1.3	1.3		1.3
Total	307.0	3.5	310.5	274.5	4.2	278.7
Eliminations	-1.3		-1.3	-1.3		-1.3
Total revenue from contracts with customer	305.6	3.5	309.2	273.2	4.2	277.4

M€	1-12/2020		
	Sale of goods	Rendering of services	Total
Revenue from contract with customers by division			
Building Solutions - Europe	491.3	6.7	497.9
Building Solutions - North America	389.1	-	389.1
Uponor Infra	233.1	15.9	249.0
External customer, total	1,113.4	22.6	1,136.0
Internal	4.5		4.5
Total	1,117.9	22.6	1,140.5
Eliminations	-4.5		-4.5
Total revenue from contracts with customer	1,113.4	22.6	1,136.0

COMMITMENTS

M€	31.3.2021	31.3.2020	31.12.2020
Commitments of purchase PPE (Property, plant, equipment)	10.8	5.9	2.6
Other commitments	-	-	-
- on own behalf			
Pledges at book value	0.0	0.0	0.0
Mortgages issued	1.0	1.1	1.1
Guarantees issued	0.4	0.5	0.4
- on behalf of a subsidiary			

Guarantees issued	12.9	34.4	12.9
Letter of Comfort commitments undertaken on behalf of subsidiaries are not included in the above figures			
Pledges at book value	0.0	0.0	0.0
Mortgages issued	1.0	1.1	1.1
Guarantees issued	13.4	34.9	13.3
Total	14.4	36.1	14.4

FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY

M€	IFRS 7 Fair value hierarchy level	31.3.2021	31.3.2020	31.12.2020
Non-current financial assets				
Fair value through other comprehensive income				
Electricity derivatives	1	0.1	-	0.1
Amortised cost				
Other non-current receivables		4.2	8.1	4.1
Other shares and holdings		1.5	0.7	0.6
Current financial assets				
Fair value through other comprehensive income				
Electricity derivatives	1	0.4	-	0.4
Fair value through profit or loss				
Other derivative contracts	2	0.5	3.1	3.8
Amortised cost				
Accounts receivable and other receivables		253.1	237.7	196.3
Cash and cash equivalents		168.6	63.0	138.0
Financial assets total		428.3	312.6	343.2
Non-current financial liabilities				
Fair value through other comprehensive income				
Electricity derivatives	1	0.1	0.5	0.1
Amortised cost				
Interest bearing liabilities		193.0	201.7	124.1
Current financial liabilities				
Fair value through other comprehensive income				
Electricity derivatives	1	0.1	1.0	0.2
Other derivative contracts	2	0.8	1.1	1.0
Fair value through the profit or loss				
Other derivative contracts	2	4.8	2.0	0.9
Amortised cost				
Interest bearing liabilities		13.5	41.8	29.0
Accounts payable and other liabilities		160.4	143.8	134.5
Financial liabilities total		372.6	391.9	289.7

The carrying value of financial assets and liabilities is considered to correspond to their fair value. The Group's financial instruments are classified according to IFRS 7 fair value hierarchies. Uponor applies the hierarchy as follows:

- The fair value of electricity derivatives is measured based on Nord Pool power exchange prices. (Hierarchy 1)
- The fair value of currency forward agreements is measured based on price information from common markets and commonly used valuation methods. (Hierarchy 2)

KEY FIGURES

	1-3/2021	1-3/2020	1-12/2020
Earnings per share, €	0.43	0.30	1.21
Operating profit, %	15.2	10.3	11.6
Return on equity, % (p.a.)	30.4	24.9	24.3
Return on investment, % (p.a.)	29.6	21.4	21.8
Solvency ratio, %	43.0	39.7	48.7
Gearing, %	9.2	52.2	3.6
Gearing, % rolling 4 quarters	17.9	52.3	28.6
Net interest-bearing liabilities	37.9	180.5	15.1
Equity per share, €	4.77	3.96	4.89
- diluted	4.77	3.96	4.89
Trading price of shares			
- low, €	17.24	6.73	6.73
- high, €	19.30	14.11	18.60
- average, €	18.39	10.58	12.55
Shares traded			
- 1,000 pcs	5,886	9,938	28,795
- M€	109.8	105.1	361.2

QUARTERLY DATA

	1-3/ 2021	10-12/ 2020	7-9/ 2020	4-6/ 2020	1-3/ 2020
Net sales, M€	309.2	280.5	301.0	277.1	277.4
- Building Solutions – Europe	139.7	126.8	125.3	118.5	128.8
- Building Solutions – North America	113.2	100.5	105.5	90.5	92.7
Building Solutions – North America, \$	135.8	120.2	124.1	100.1	101.9
- Uponor Infra	57.5	54.1	71.1	69.5	57.2
Gross profit, M€	125.0	106.0	116.9	102.3	104.3
- Gross profit, %	40.4	37.8	38.8	36.9	37.6
Operating profit, M€	47.0	23.8	49.6	30.3	28.6
- Building Solutions – Europe	22.8	8.5	17.2	7.5	11.9
- Building Solutions – North America	23.6	15.6	27.1	15.0	16.8
Building Solutions – North America, \$	28.3	18.9	31.4	16.6	18.5
- Uponor Infra	2.0	2.0	7.9	7.3	1.7
- Others	-2.2	-1.1	-1.7	0.1	-2.1
Operating profit, % of net sales	15.2	8.5	16.5	10.9	10.3
- Building Solutions – Europe	16.3	6.7	13.7	6.3	9.3
- Building Solutions – North America	20.8	15.8	25.4	16.6	18.1
- Uponor Infra	3.5	3.7	11.1	10.6	3.0
Profit for the period, M€	31.7	20.8	35.2	17.8	22.3
Balance sheet total, M€	963.8	868.4	932.8	906.6	872.8
Earnings per share, €	0.43	0.27	0.43	0.21	0.30
Equity per share, €	4.77	4.89	4.57	4.19	3.96
Market value of share capital, M€	1,385.1	1,329.4	1,093.7	877.0	607.6
Return on investment, % (p.a.)	29.6	21.8	23.2	19.0	21.4
Net interest-bearing liabilities at the end of the period, M€	37.9	15.1	73.9	147.0	180.5
Gearing, %	9.2	3.6	18.6	40.2	52.2
Gearing, % rolling 4 quarters	17.9	28.6	37.1	45.7	52.3
Gross investment, M€	6.5	14.2	5.1	4.9	6.1
- % of net sales	2.1	5.1	1.7	1.8	2.2

ITEMS AFFECTING COMPARABILITY AND RECONCILIATIONS TO IFRS

Uponor provides comparable operating profit and comparable gross profit in order to provide useful and comparable information of its operative business performance. Comparable operating or gross profit excludes items affecting comparability (IAC). Items affecting comparability are exceptional transactions that are unrelated to normal business operations. Such items often include issues such as capital gains and losses, additional costs arising from site closures and other restructuring, additional write-downs, or reversals of write-downs, expenses due to accidents and disasters, environmental matters, legal proceedings, and changes in regulation.

	1-3/ 2021	10-12/ 2020	7-9/ 2020	4-6/ 2020	1-3/ 2020
Items affecting comparability					
Restructuring charges	-0.6	-3.5	-0.1	-5.9	-0.9
Capital gains and losses on sale of non-current assets	-	-	-	-	-
Total items affecting comparability in operating profit	-0.6	-3.5	-0.1	-5.9	-0.9
Items affecting comparability, total	-0.6	-3.5	-0.1	-5.9	-0.9
Comparable gross profit					
Gross profit	125.0	106.0	116.9	102.3	104.3
Less: Items affecting comparability in gross profit	-0.1	0.3	0.0	-1.1	0.0
Comparable gross profit	125.1	105.7	116.9	103.4	104.3
% of sales	40.4	37.7	38.8	37.3	37.6
Comparable operating profit					
Operating profit	47.0	23.8	49.6	30.3	28.6
Less: Items affecting comparability in operating profit	-0.6	-3.5	0.1	-5.9	-0.9
Comparable operating profit	47.6	27.3	49.7	36.2	29.5
% of sales	15.4	9.7	16.5	13.1	10.6
Comparable operating profit by division					
Building Solutions – Europe					
Operating profit	22.8	8.5	17.2	7.5	11.9
Less: Items affecting comparability in operating profit	-0.5	-3.4	0.0	-5.8	-0.8
Comparable operating profit	23.3	11.9	17.2	13.2	12.8
% of sales	16.7	9.4	13.7	11.2	9.9
Building Solutions – North America					
Operating profit	23.6	15.6	27.1	15.0	16.8
Less: Items affecting comparability in operating profit	-0.1	0.0	0.0	-0.1	0.0
Comparable operating profit	23.6	15.6	27.1	15.1	16.8
% of sales	20.9	15.6	25.7	16.7	18.1
Uponor Infra					
Operating profit	2.0	2.0	7.9	7.3	1.7
Less: Items affecting comparability in operating profit	-	0.0	-	-	-
Comparable operating profit	2.0	2.1	7.9	7.3	1.7
% of sales	3.5	3.8	11.1	10.6	3.0
Others					
Operating profit	-2.2	-1.1	-1.7	0.1	-2.1
Less: Items affecting comparability in operating profit	-0.1	-0.1	0.0	-0.1	-0.1
Comparable operating profit	-2.1	-1.0	-1.6	0.2	-2.0
% of sales	na	na	na	na	na

DEFINITIONS OF KEY RATIOS

Return on Equity (ROE), %

$$= \frac{\text{Profit before taxes} - \text{taxes}}{\text{Total equity, average}} \times 100$$

Return on Investment (ROI), %

$$= \frac{\text{Profit before taxes} + \text{interest and other financing costs}}{\text{Balance sheet total} - \text{non-interest-bearing liabilities, average}} \times 100$$

Solvency, %

$$= \frac{\text{Total equity}}{\text{Balance sheet total} - \text{advance payments received}} \times 100$$

Gearing, %

$$= \frac{\text{Net interest-bearing liabilities}}{\text{Total equity}} \times 100$$

Net interest-bearing liabilities

$$= \text{Interest-bearing liabilities} - \text{cash and cash equivalents excluding restricted cash}$$

Earnings per share (EPS)

$$= \frac{\text{Profit for the period attributable to equity holders of the parent company}}{\text{Average number of shares adjusted for share issue in financial period excluding treasury shares}}$$

Equity per share ratio

$$= \frac{\text{Equity attributable to the owners of the parent company}}{\text{Number of shares adjusted for share issue at end of year}}$$

Average share price

$$= \frac{\text{Total value of shares traded (€)}}{\text{Total number of shares traded}}$$

Gross profit margin, %

$$= \frac{\text{Gross profit}}{\text{Net sales}} \times 100$$

Operating profit margin, %

$$= \frac{\text{Operating profit}}{\text{Net sales}} \times 100$$

Comparable gross profit

$$= \text{Gross profit} - \text{items affecting comparability}$$

$$\begin{array}{l} \text{Comparable gross profit margin} \\ = \frac{\text{Gross profit – items affecting comparability}}{\text{Net sales}} \times 100 \end{array}$$

$$\begin{array}{l} \text{Comparable operating profit} \\ = \text{Operating profit – items affecting comparability} \end{array}$$

$$\begin{array}{l} \text{Comparable operating profit margin} \\ = \frac{\text{Operating profit – items affecting comparability}}{\text{Net sales}} \times 100 \end{array}$$