

▶ Q2

Uponor Corporation Interim Report January–June 2022

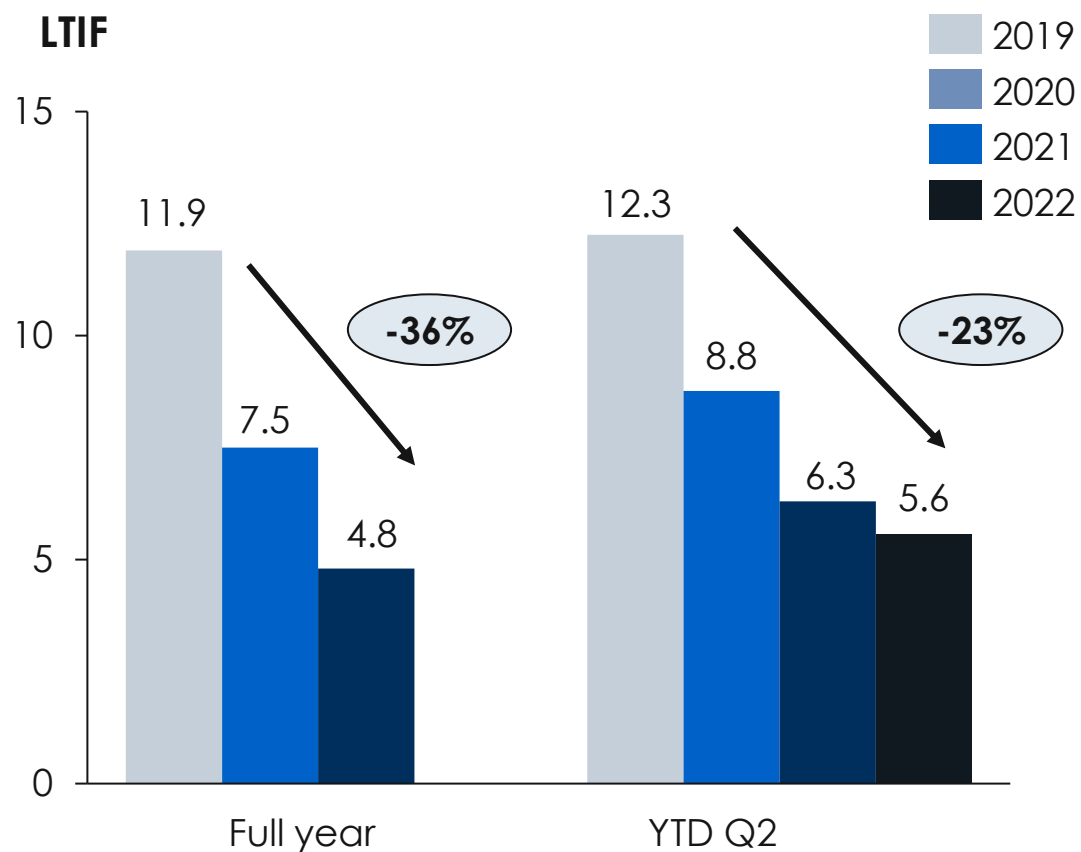
Michael Rauterkus
President and CEO

Markus Melkko
Chief Financial Officer



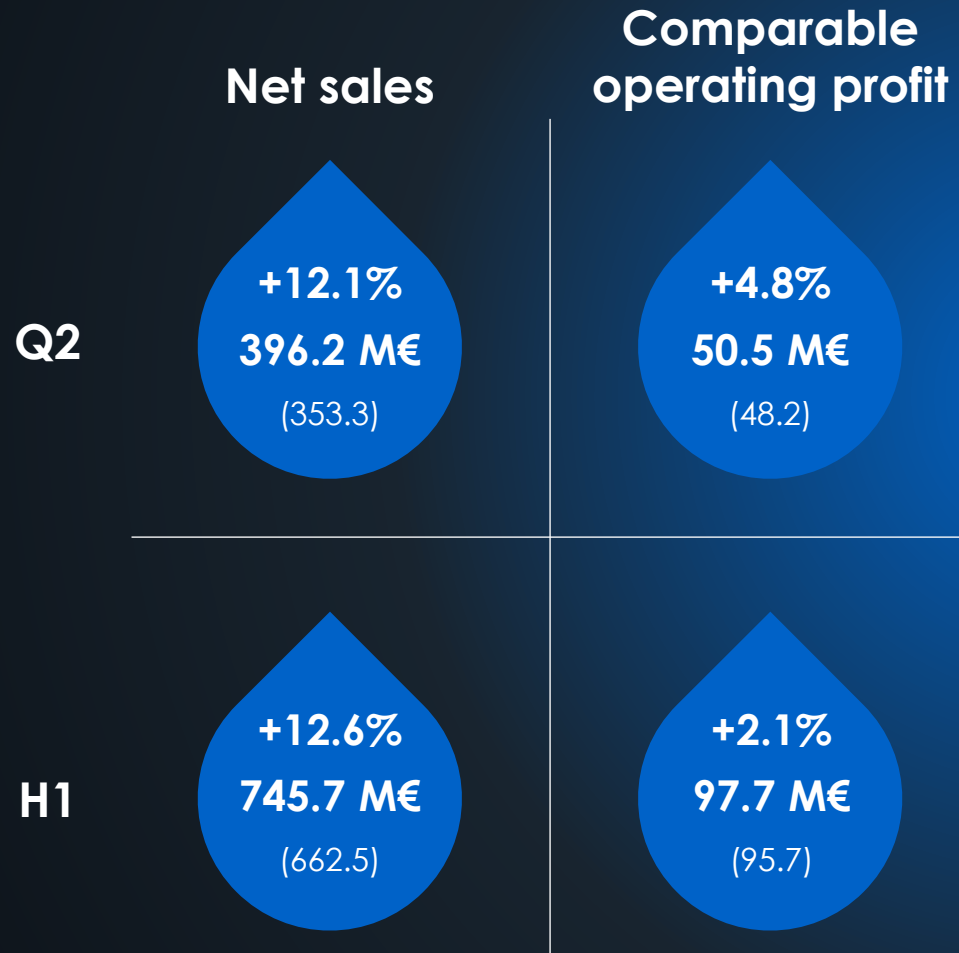
uponor

People and Safety First



Uponor's target is zero accidents

Strong Q2 performance, H1 result reached a new high

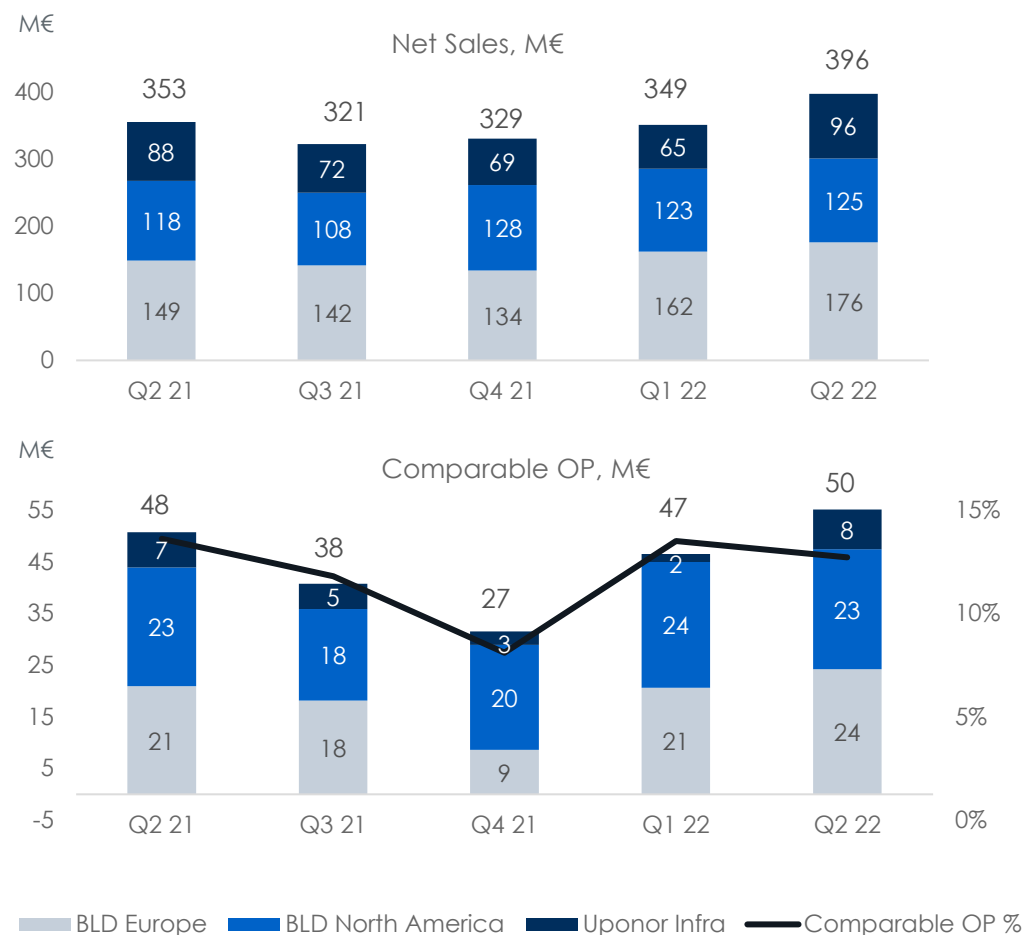


Q2 2022 Highlights

- Strategy execution progressed as planned
- New President of Building Solutions – North America and member of Executive Committee appointed
- New Chief Technology Officer and member of Executive Committee appointed
- Our safety performance improved with an YTD LTIF rate of 5.6 (6.3)
- Russia operations reclassified as assets held for sale

Uponor Group quarterly development

Strong Q2 performance



➤ Group net sales growth +12%, organic growth +10%

- Net sales growth was driven by successful pricing strategy implementation
- Currency movements had a positive impact on net sales

➤ Group comparable operating profit +5%

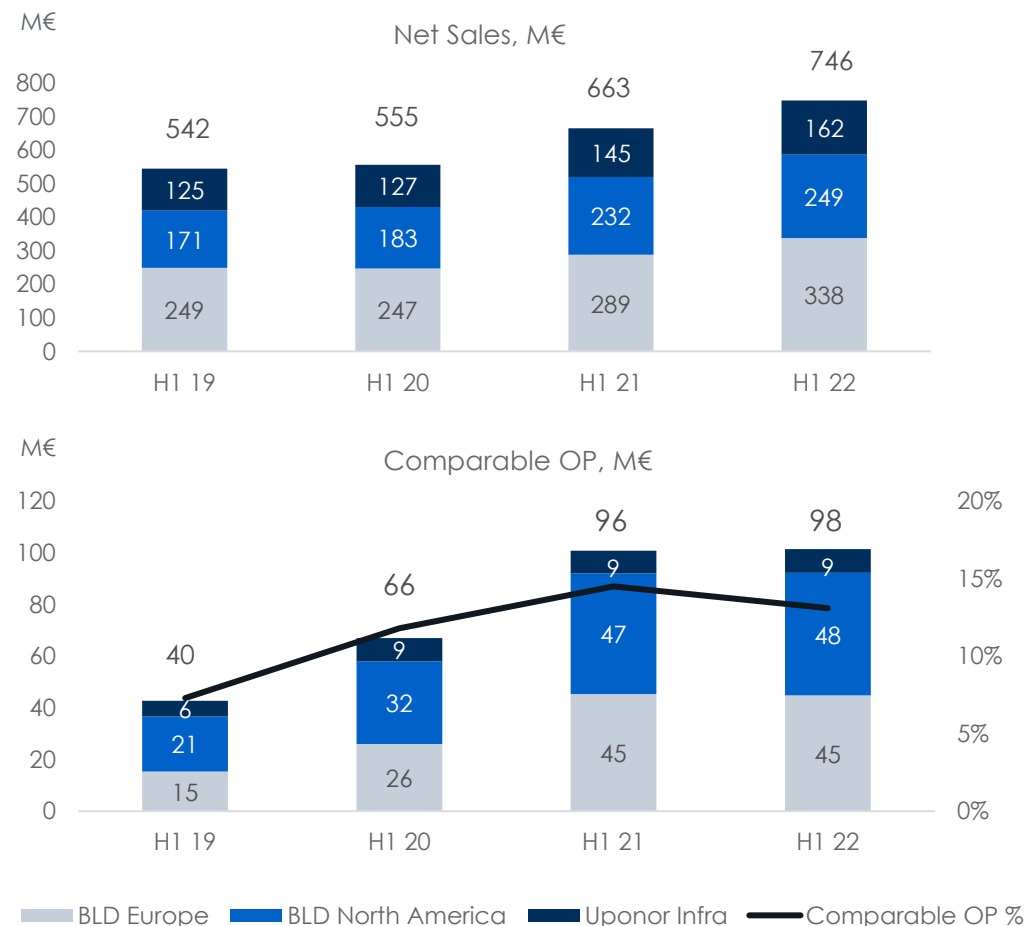
- Pricing actions had a positive impact on the operating profit in a tough supply environment with high inflationary pressures

➤ Comparable operating margin 12.7% (13.6)

➤ Guidance statement for 2022 unchanged

Uponor Group half year development

H1 net sales and comparable operating profit reached a new high



➤ Group net sales growth +13%, organic growth +10%

- Improved flexibility in passing on sales price increases
- Currency movements had a positive impact on net sales

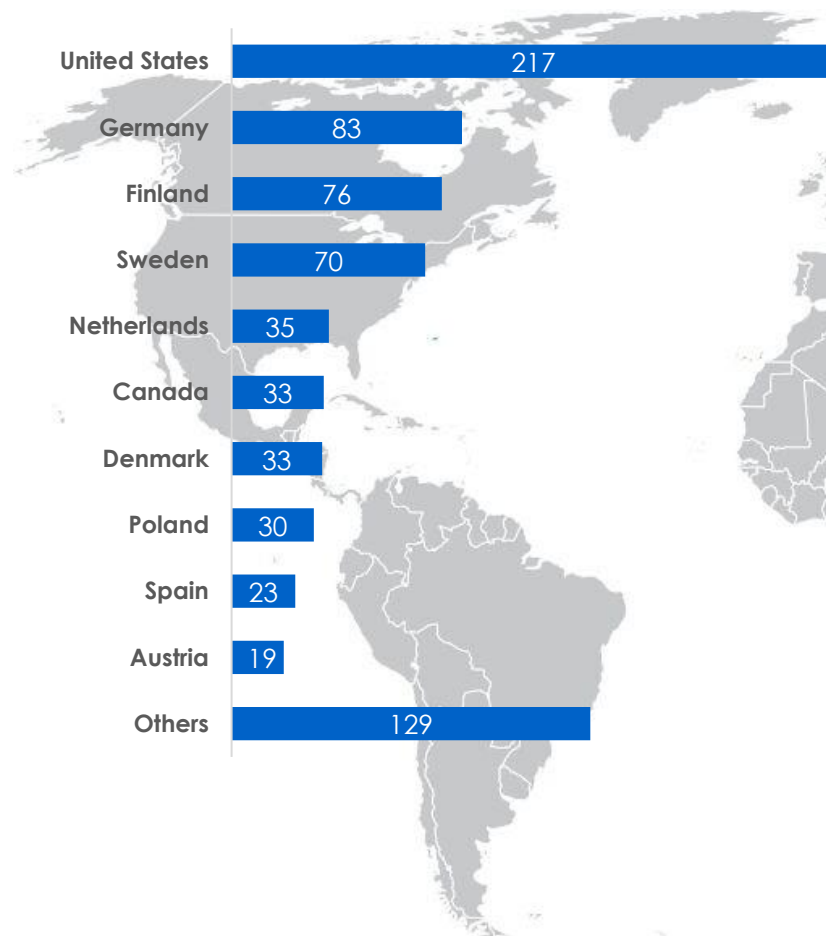
➤ Group comparable operating profit +2%

- Pricing actions compensated for higher input costs
- Exceptionally low cost level in the comparison period caused by Covid-19

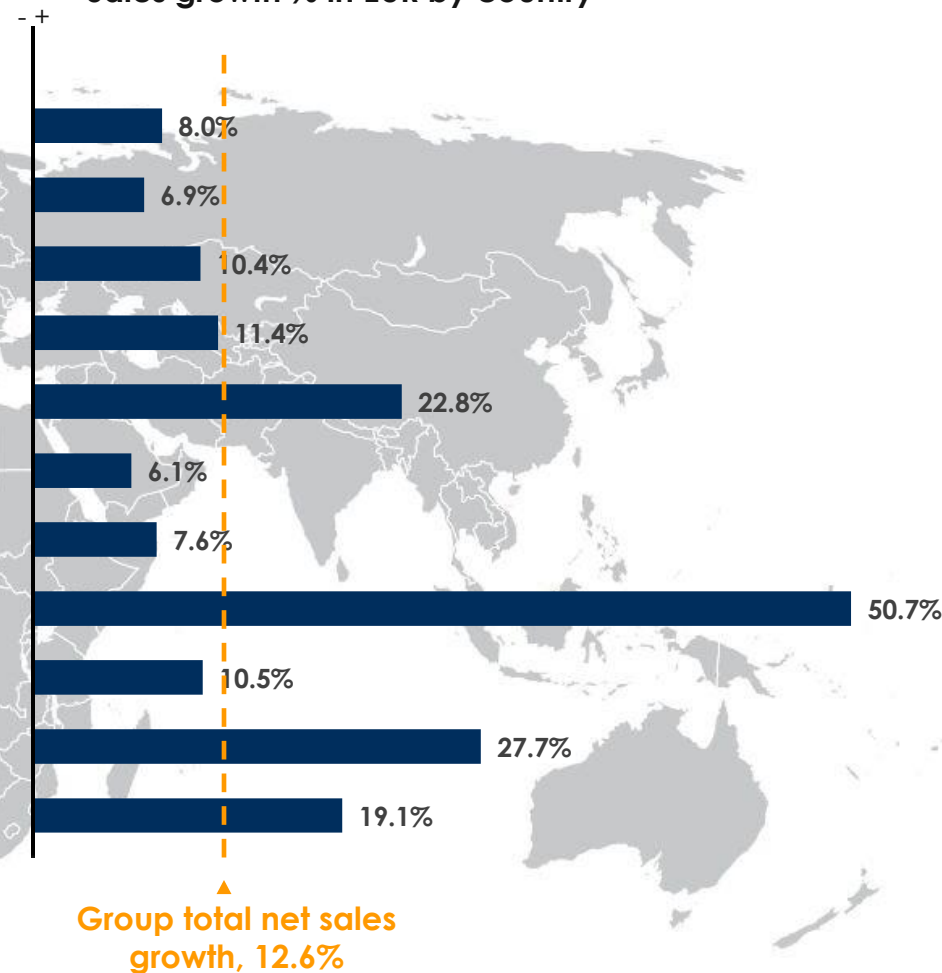
➤ Comparable operating margin 13.1% (14.5)

Net sales development by key markets during H1 2022

January – June 2022 Net sales by country, M€

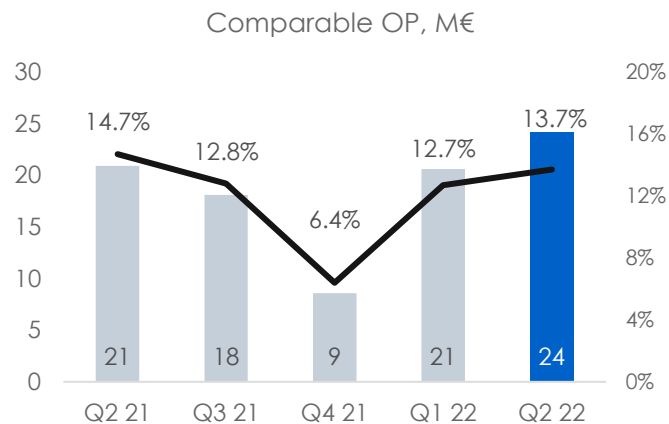
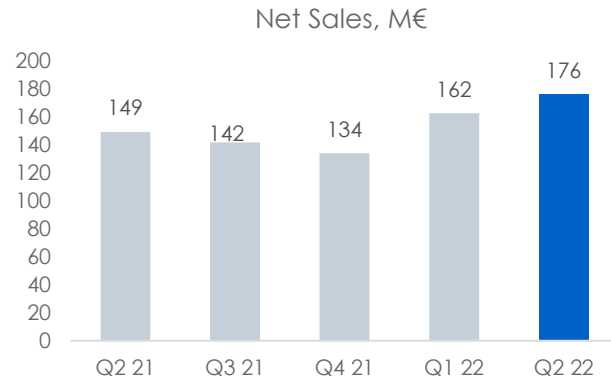


Sales growth % in EUR by country



Building Solutions – Europe

Strong sales growth supported by strong pricing execution



➤ Net sales growth +18%, organic growth +12%

- Mainly driven by sales price increases and the acquisition of Capricorn S.A.

➤ Comparable operating profit increased by +10%

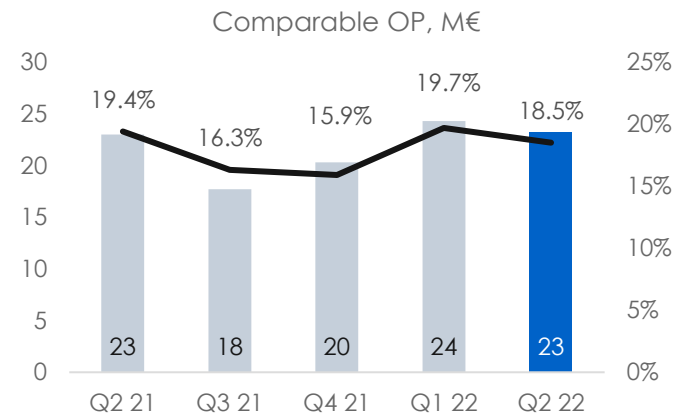
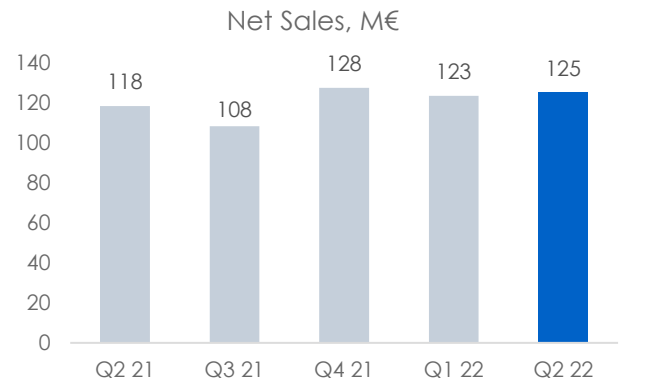
- Pricing actions had a positive impact on the operating profit and compensated for higher input costs

➤ Russian operations reclassified as assets held for sale

- IAC's included a €-6.2 million write-down of related net assets
- Our aim is to find a solution with local ownership that is sustainable long-term for our employees and customers in Russia

Building Solutions – North America

Strong pricing execution and operational performance supported profitability



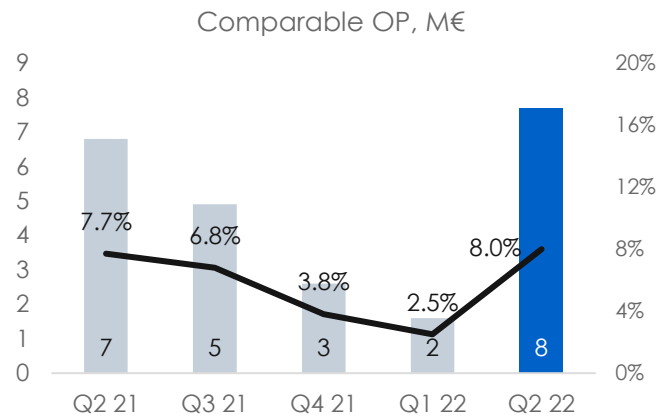
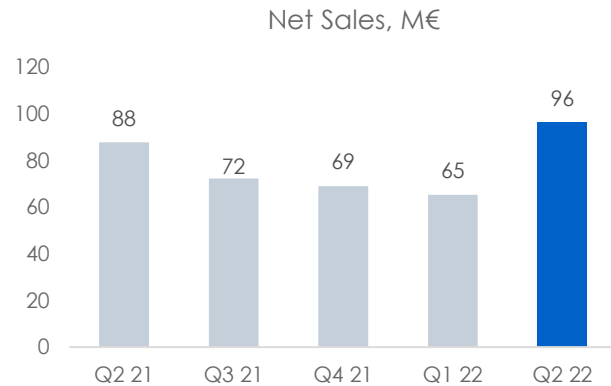
➤ Net sales growth +6%, in USD terms net sales declined -7%

- Slower net sales growth largely due to distributors' inventory rebalance as our service levels have improved since the comparison period

➤ Operating profit increased by +1%

- Operating profit remained solid supported by strong price penetration and good operational performance

Strong sales growth and operating profit improvement



➤ Net sales grew by +11%

- Growth was driven by successful pricing execution

➤ Comparable operating profit €7.7 (6.8) million, increase of +13%

- Despite record high input prices, the operating profit improved due to successful pricing actions and more efficient usage of raw materials in the production.

Robust strategic action plan to deliver performance and improve the resilience of our business model

Uponor Group Strategy



Building Solutions – Europe



Building Solutions – North America



Uponor Infra

Maximize core with systematic growth plan and commercial excellence

Drive growth through **innovation** of integrated systems and sustainability solutions

Lead construction industry towards **net zero**

Instill performance mindset with **People First** initiative

Strategy execution proceeding as planned

Maximize the core

- Focus on **markets with high potential**: growth opportunities in **cross-selling** and selling **integrated systems** for the entire building.
- Identification of **new savings opportunities** through procurement and new customer service improvements.

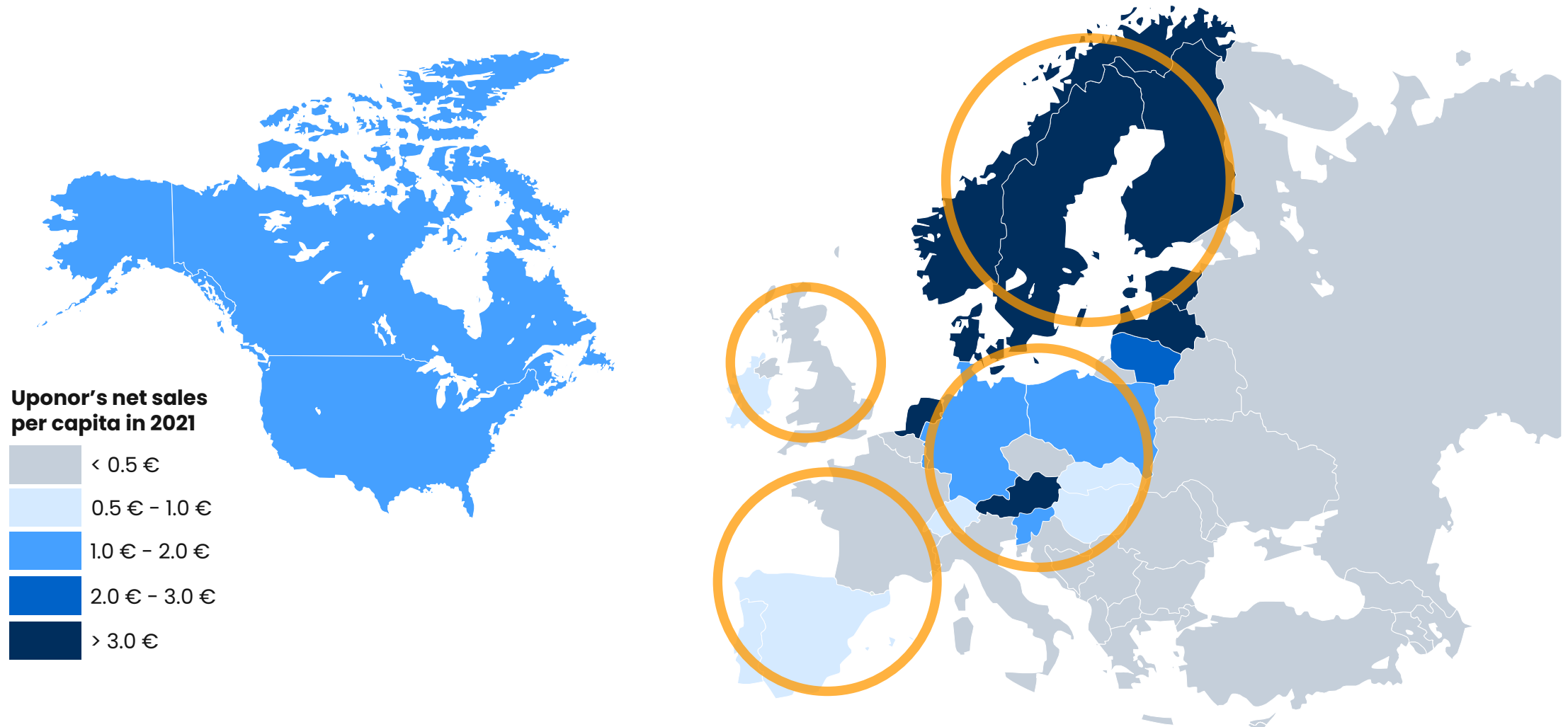
Sustainable innovation

- **Acceleration of R&D initiatives** by reviewing our pipeline of new product and service innovations at our internal science fair.

Net Zero

- **Taking steps on our sustainability journey**: new product launches based on renewable raw materials are in the pipeline.

Maximizing the core - focus on markets with high potential



Maximizing the core - moving from component selling to integrated systems



- 1 **Uponor UniPipe & S-Press Plus**
Composite piping system
- 2 **Uponor CombiPort**
Heat interface unit
- 3 **Uponor Motion**
Automatic flushing unit
- 4 **Uponor Inox**
Stainless steel riser pipes

The Uponor WaterCare system provides up to 8x higher sales per dwelling¹

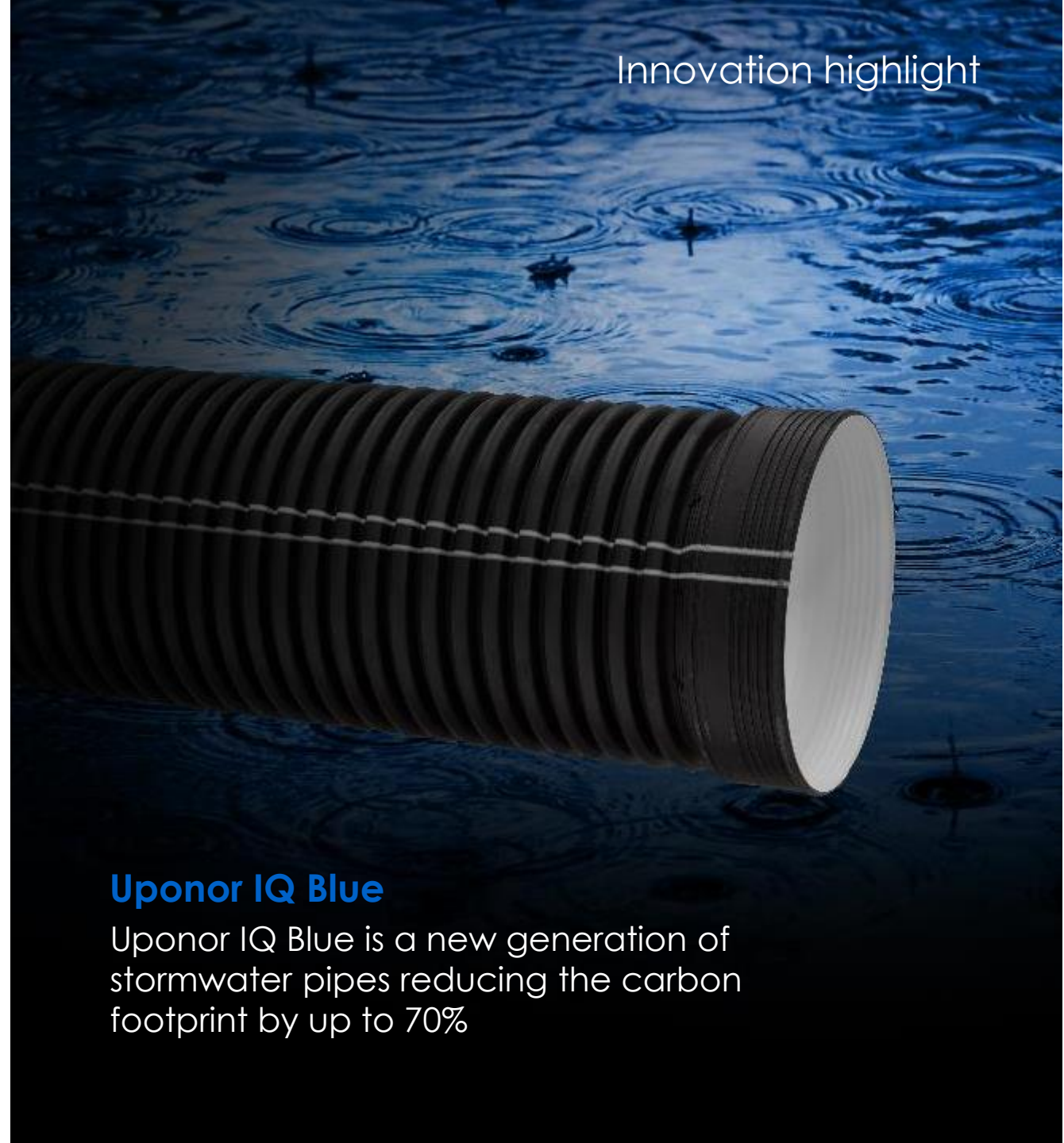
1) Source: bathroom design simulation acc. to standards in Germany

Progress on our sustainability journey

New stormwater pipe, Uponor IQ Blue, based on renewable materials

- We advanced on our target to offer a sustainable alternative for 50% of our product portfolio
- Uponor IQ Blue is a new generation of stormwater pipes reducing the carbon footprint by up to 70%
- The reduction is achieved thanks to its composition of over 50% of raw material from certified renewable feedstock
- PEX Pipes Blue feature ISCC* certified renewable raw material

**International Sustainability and Carbon Certification (ISCC)*



Uponor IQ Blue

Uponor IQ Blue is a new generation of stormwater pipes reducing the carbon footprint by up to 70%

Andres Caballero joined the Executive Committee as President, Building Solutions – North America

- Born 1974, M.Sc. (Eng.), United States citizen
- Assumed his position as President, Building Solutions – North America and member of the Executive Committee on 25 July 2022
- Primary work experience:
 - 2018-2022 Founder and Operating Executive of three businesses: ArtixMind LLC, Kimerance Consulting Group S.A., Buendia Productions LLC
 - 2008-2018 Honeywell International Inc. Various general management roles leading global businesses in Environmental and Control Solutions, Building Solutions, Honeywell Homes, and Sensing and Control
 - 2003-2008 Danfoss Power Americas leader, JV Topcon-Danfoss; Market manager, Latin America, Danfoss Mobile Electronics division



Thomas Fuhr to join the Executive Committee as new Chief Technology Officer

- Born 1965, M.Sc. (Mech. Eng.), German citizen
- New Technology Officer and member of the Executive Committee as of 1 October 2022
- Thomas will lead Uponor's new Technology organization
- Primary work experience:
 - 2013-2022 Grohe AG
Various leading roles and most recently as Co-CEO of Grohe AG, responsible for R&D, Procurement, Supply Chain, Quality, Safety, and Manufacturing
 - 1989-2012 Mercedes Benz
Various managerial positions in Purchasing, R&D, Quality, Logistics and Production improving operational processes



New Technology organization to power next phase of innovation, growth and productivity

New Technology organization

- Global lead on innovation and sustainability
- Provides operational support for Building Solutions-Europe division
 - BLD-E's Manufacturing and Supply Chain functions will move to new Technology organization
- Drives cross-division collaboration of the manufacturing and supply chain functions

New leadership structure in Building Solutions-Europe (BLD-E)

- Moving BLD-E's operational functions to the Technology organization, enables increased focus on customers and commercial growth in Europe and other international markets
- An SVP of BLD-E, reporting to President and CEO Michael Rauterkus, will be appointed to lead the new BLD-E organization
- This new leadership structure replaces the President, Building Solutions – Europe role that was previously an Executive Committee role

The updated organizational structure has no impact on the external financial reporting of the divisions

Key operative focus areas in H2/2022

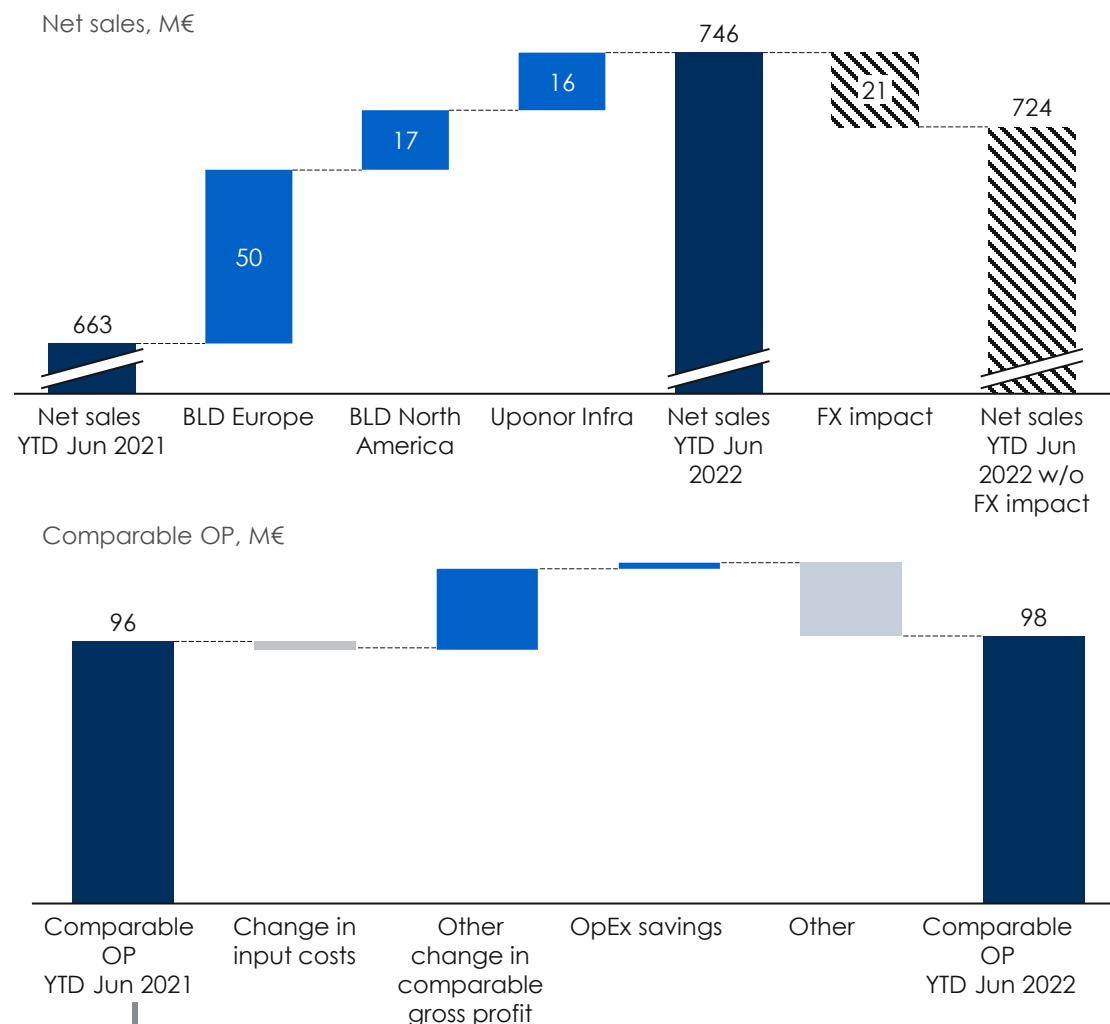
- **Resilience** - Monitoring risks related to energy and raw material supply
- **Reliability** - Managing challenging supply chain environment and securing component availability and service levels
- **Productivity** - Reducing product costs and improving productivity
- **People** – Refining the new Technology and BLD-E organizational models



Markus Melkko, CFO

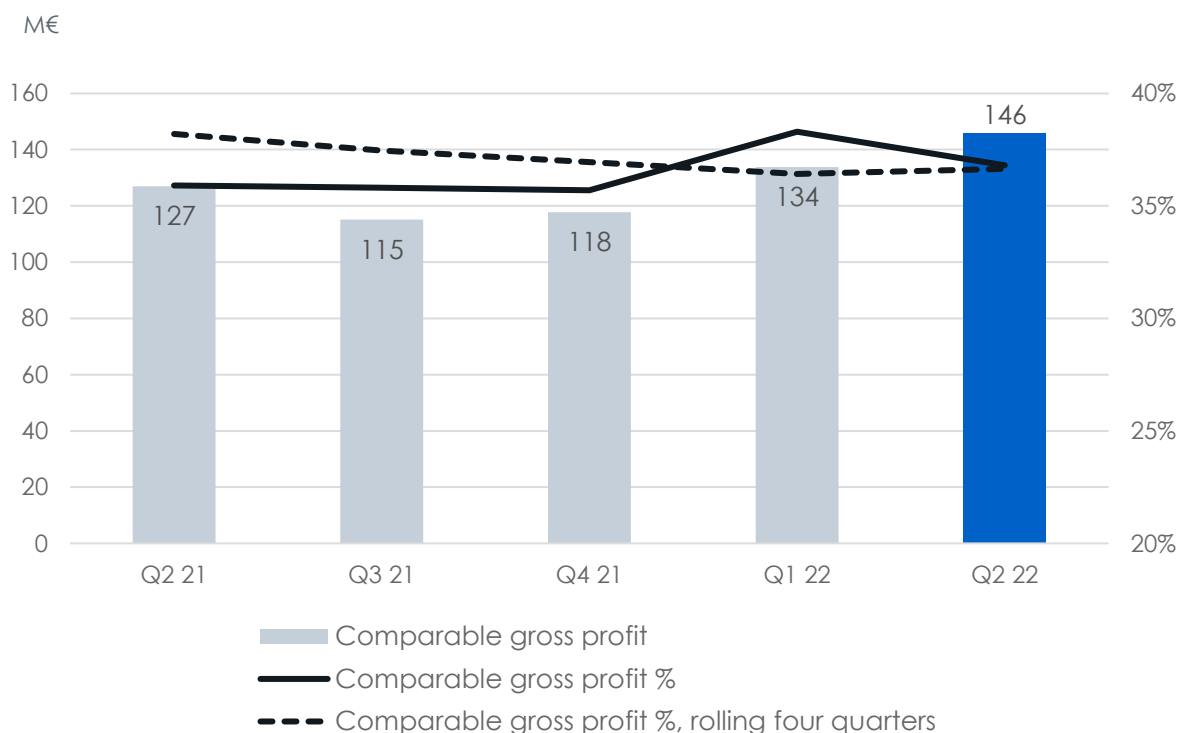
Q2 Financials

Strong net sales growth driven by sales price increases



- H1 2022 net sales €745.7 (662.5) million, up by +12.6%
- Net sales grew in all three divisions, in euro terms, mainly driven by sales price increases
- H1 2022 comparable operating profit €97.7 (95.7) million, up by +2.1%
 - Profitability was burdened by higher costs overall compared to the extraordinary low cost level caused by Covid-19 in the comparison period

Comparable gross profit margin increased supported by strong pricing execution



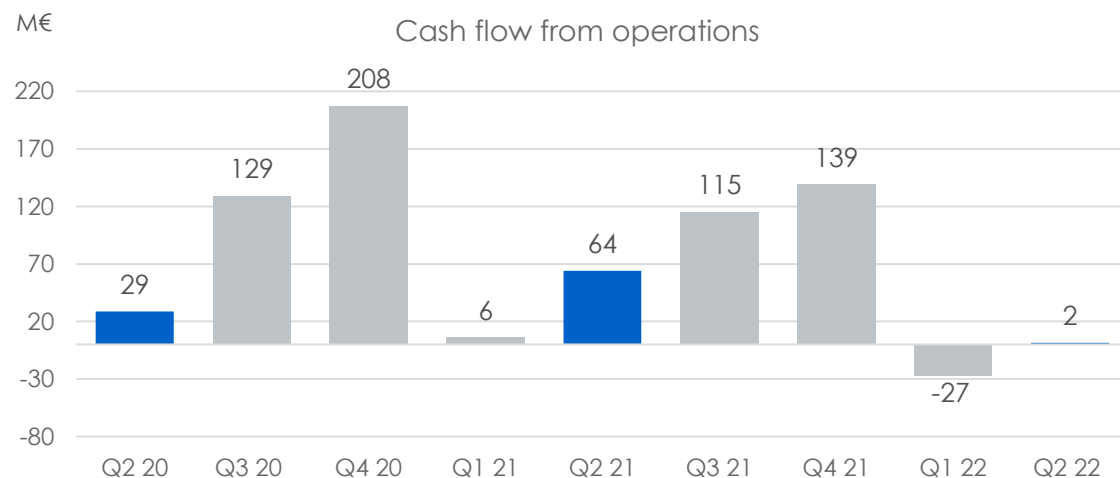
- Q2 2022 comparable gross profit €145.7 (126.9) million
- Comparable gross profit margin 36.8% (35.9)
- Rolling four quarters comparable gross profit increased supported by strong price execution
- Increased input costs were driven by higher raw material prices, freight costs and slightly higher conversion costs

Operational excellence program 2019–2022 completed

- The 2019–2022 Operational excellence program, with a €25 million annual savings target, was completed at the end H1 2022
- **Total generated annual savings reached approximately €24 million**
 - During Q2 2022, the program generated additional annual savings of approximately €2 million
- Items affecting comparability since launch of the program totaled €19.0 million
 - In H1 2022, IAC's were €1.7 million



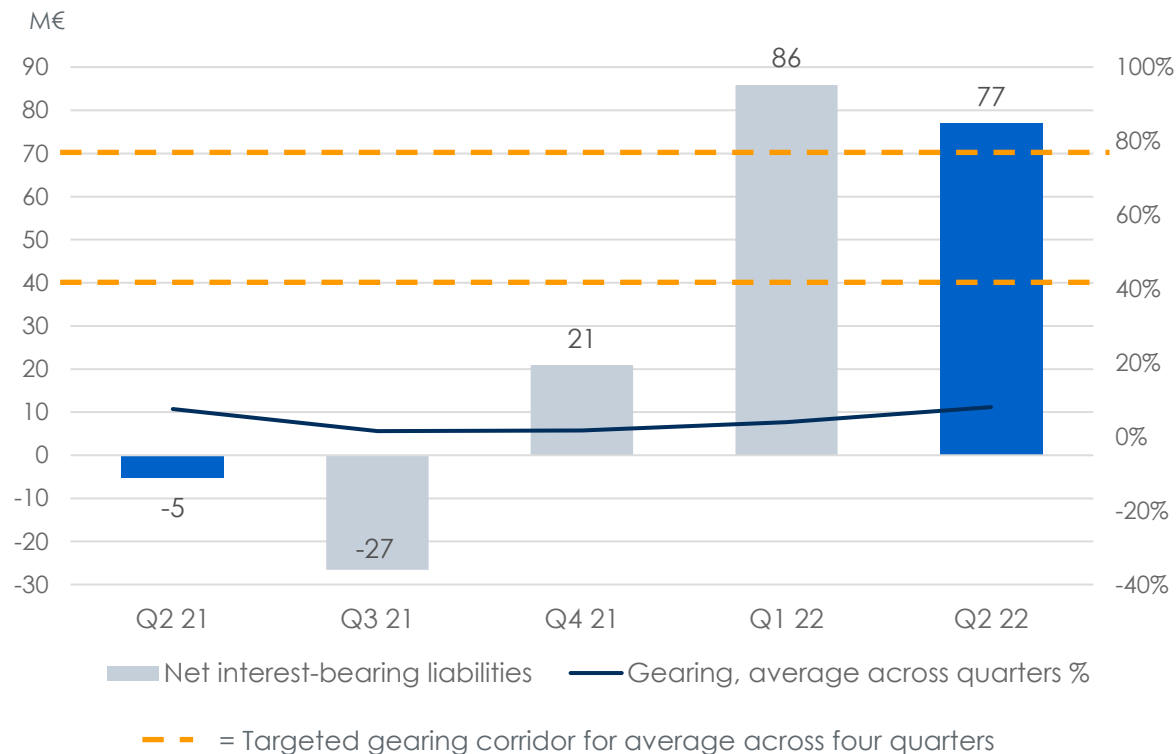
Higher investments and ONWC impacted operative cash flow



- Cash flow from operations decreased to €1.5 (64.0) million
- Cash flow decrease was mainly driven by higher net working capital due to increased raw material prices as well as normalized inventory levels
- Cash flow from financing included the first instalment of dividend payments
- Investments in Q2/2022 related to maintenance, efficiency improvements and capacity expansions

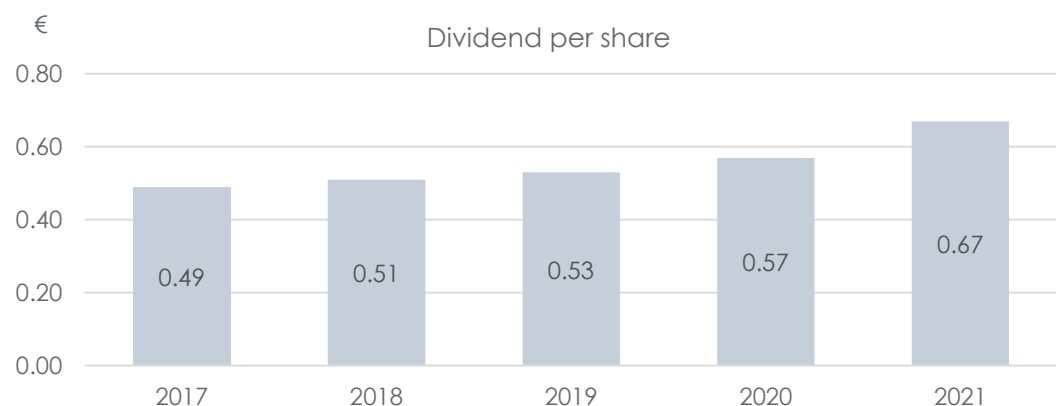
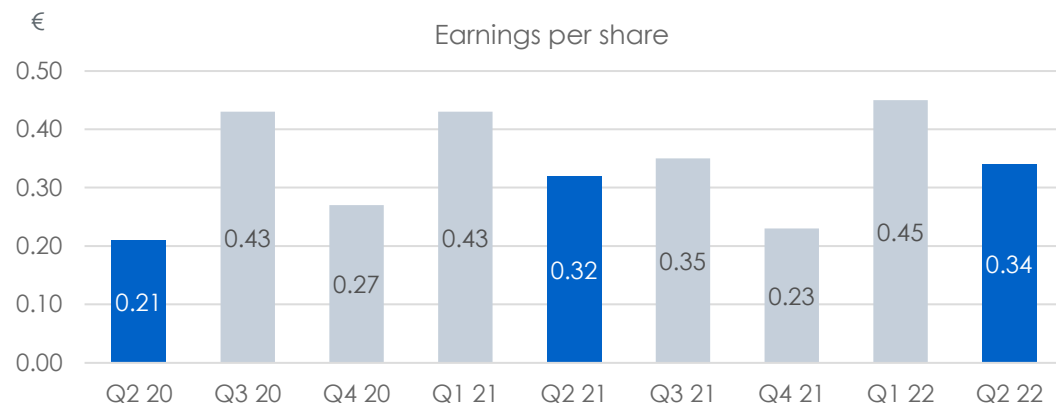
| Cash flow YTD, M€ | Q2/2022 | Q2/2021 | Q4/2021 |
|----------------------------------|--------------|-------------|--------------|
| Cash flow from operations | 1.5 | 64.0 | 139.2 |
| Cash flow from investments | -24.0 | -19.5 | -64.2 |
| Cash flow from financing | -37.4 | 25.0 | -115.4 |
| Total cash flow movements | -59.9 | 69.6 | -40.4 |

Net interest-bearing liabilities higher due to higher ONWC, gearing well below financial target levels



- Gearing 15.1% (-1.2), four-quarter rolling gearing 8.0% (7.5)
- Net interest-bearing liabilities increased due to a decrease in cash flow
- No change in financing position

EPS increased slightly, DPS on upward trend



- Earnings per share (EPS) increased both in Q2 2022 €0.34 (0.32) and in H1 2022 €0.79 (0.75)
- The first dividend instalment for financial year 2021, €0.33, was paid in March 2022. The second instalment, €0.34, shall be paid in September 2022

Financial targets to drive profitable growth

| | H1 2022 | FINANCIAL TARGETS: 2022-2024 | AMBITION: 2025- |
|-----------------------|---------|------------------------------|------------------------------------|
| ORGANIC GROWTH | +9.9% | Organic growth >4% | Ambition to accelerate growth rate |
| COMPARABLE OP-% | 13.1% | >12 OP-% | Ambition to increase OP-% further |
| GEARING | 15.1% | 40-80% | |
| DIVIDEND PAYOUT RATIO | | Growing | |

The new financial targets were introduced at the Capital Markets Day on 14 March 2022

Michael Rauterkus, President & CEO

Outlook for 2022

The near future will be more volatile and complex – Uponor well-equipped with new strategy launched at CMD 2022

Headwinds

- Volatility in raw materials, energy and component supply
- High inflationary pressures
- Interest rate hikes adding uncertainty to the demand picture

Tailwinds

- Current energy crisis will likely accelerate the transformation toward more energy-efficient systems
- Continued demand for safe water supply
- Continued growth in select segments

Short-term market outlook

- Uponor expects market conditions and the competitive landscape to become tougher in H2 2022
- Downside risks to the demand outlook in both residential and non-residential construction markets have clearly increased
- Monetary policy and energy supply uncertainties adding to increasingly acute builder supply chain challenges, a lack of skilled labor in the construction industry and construction material price inflation

Guidance statement for 2022 (unchanged):

Excluding the impact of currencies, Uponor expects its net sales and comparable operating profit to increase from year 2021

Increase indicates a growth of 2.5% or more



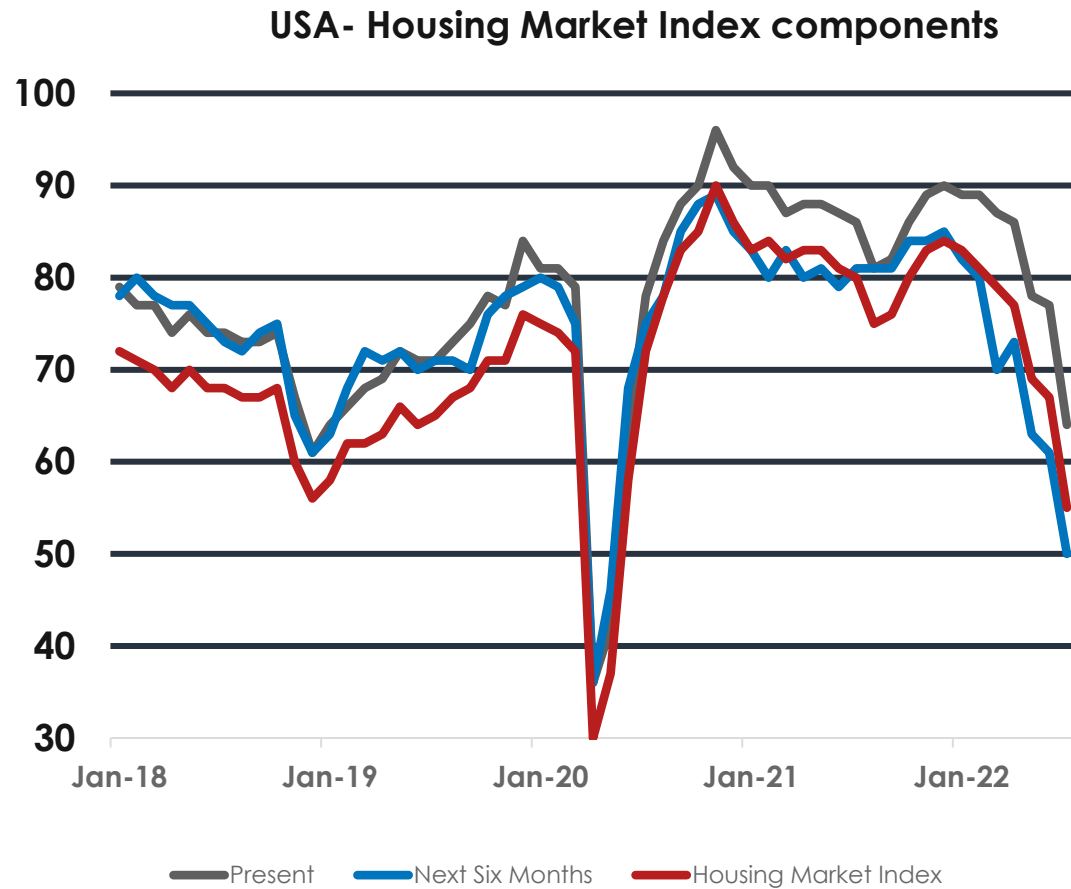
The logo graphic consists of a central blue circle. Two large, dark blue, semi-transparent triangular shapes overlap the circle, forming a stylized 'X' or 'V' shape that points towards the top and bottom corners of the frame.

uponor

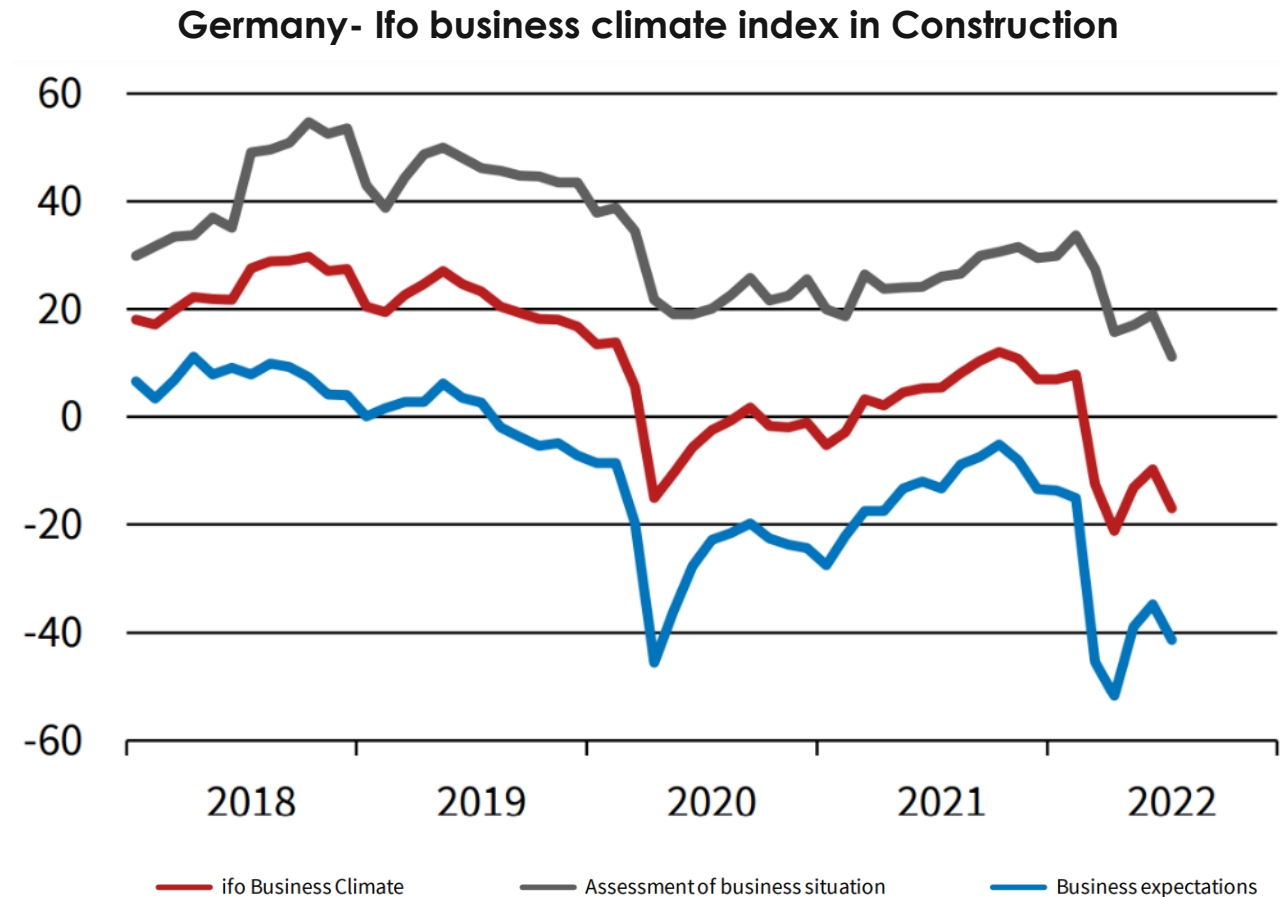
Moving > **Forward**

Appendix

Builders' assessment of current activity levels has weakened, while expectations for the future have darkened further













Source: NAHB (through July '22)



Source: Ifo Institute (through July '22)

Q2/2022: Leading residential indicators: Still solid overall, but some markets moderating from very high levels

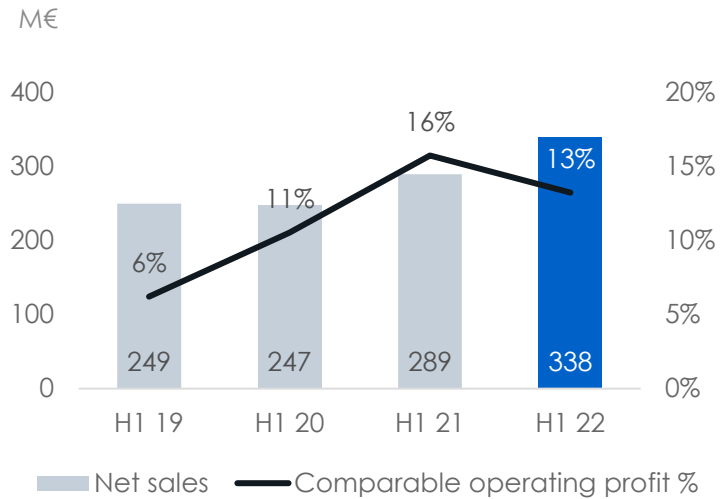
| | Indicator | YTD % Change | Rolling 12-month % Change | Data through | Trend since Q1 update |
|--|---------------------|-------------------|---------------------------|--------------|-----------------------|
|  USA | Housing starts | -4% ¹⁾ | N/A | May 2022 | ➡ |
|  Germany | Housing permits | -2% | -2% | April 2022 | ➡ |
|  Finland | Housing permits | -18% | -4% | April 2022 | ➡ |
|  Sweden | Housing permits | +17% | +21% | March 2022 | ➡ |
|  Canada | Housing starts | +1% ¹⁾ | N/A | May 2022 | ➡ |
|  Netherlands | Housing permits | -18% | -4% | April 2022 | ➡ |
|  Denmark | Construction index | +9% | N/A | April 2022 | ➡ |
|  Poland | Housing completions | +4% | +4% | May 2022 | ➡ |
|  Spain | Housing permits | +6% | +22% | April 2022 | ⬇ |
|  Norway | Housing starts | +1% | -1% | May 2022 | ➡ |

¹⁾ Seasonally adjusted, annualised rate vs. same month in previous year

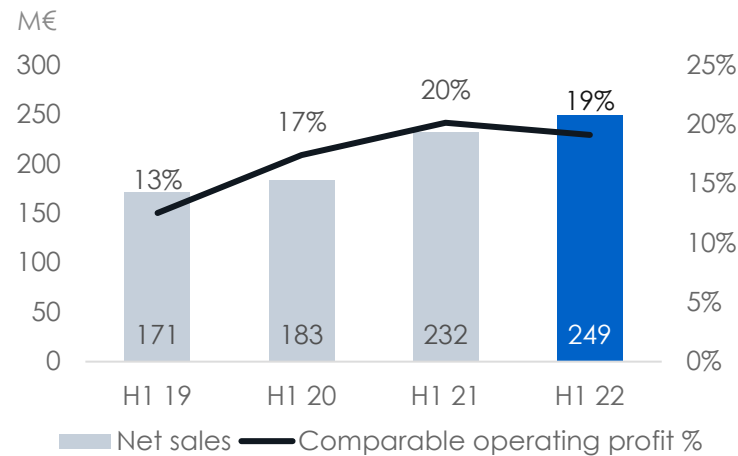
Source: National Statistics Offices

H1 2022 development by division

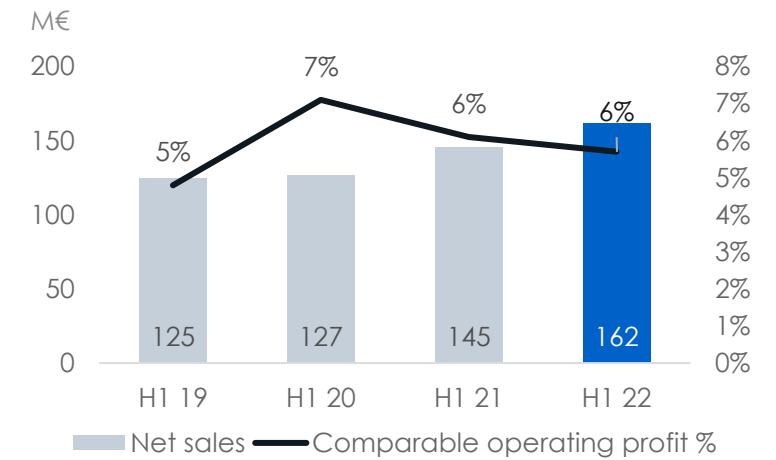
Building Solutions-Europe



Building Solutions-North America



Uponor Infra



Q2/2022: Income statement

| Uponor Group, M€ | 4-6 2021 | 4-6 2022 | Change Y/Y |
|---|--------------|--------------|---------------|
| Net sales | 353.3 | 396.2 | +12.1% |
| Cost of goods sold | 226.5 | 250.5 | +10.6% |
| Gross profit | 126.9 | 145.7 | +14.8% |
| Gross profit margin (%) | 35.9% | 36.8% | +0.9% pts |
| Other operating income | 0.4 | 0.1 | -69.3% |
| Expenses | 80.2 | 103.0 | +28.4% |
| Operating profit | 47.0 | 42.8 | -8.9% |
| Operating profit margin (%) | 13.3% | 10.8% | -2.5% pts |
| Comparable operating profit | 49.3 | 50.5 | +2.4% |
| Comparable operating profit margin (%) | 14.0% | 12.7% | -1.2% pts |
| Financial expenses, net | 3.0 | -0.3 | -111.4% |
| Share of result in associated companies | -6.5 | 0.0 | -100.0% |
| Profit before taxes | 37.6 | 43.2 | +14.9% |
| Profit for the period | 25.9 | 29.6 | +14.2% |
| EBITDA | 59.2 | 55.9 | -5.6% |

YTD June 2022: Income statement

| Uponor Group, M€ | 1-6 2021 | 1-6 2022 | Change Y/Y | | 1-12 2021 |
|---|--------------|--------------|---------------|-----|--------------|
| Net sales | 662.5 | 745.7 | +12.6% | | 1,313.2 |
| Cost of goods sold | 410.6 | 466.3 | +13.6% | | 828.5 |
| Gross profit | 251.9 | 279.4 | +10.9% | | 484.7 |
| Gross profit margin (%) | 38.0% | 37.5% | -0.5% | pts | 36.9% |
| Other operating income | 0.6 | 0.2 | -66.2% | | 0.9 |
| Expenses | 158.5 | 190.0 | +19.9% | | 331.4 |
| Operating profit | 94.0 | 89.6 | -4.6% | | 154.1 |
| Operating profit margin (%) | 14.2% | 12.0% | -2.2% | pts | 11.7% |
| Comparable operating profit | 97.0 | 97.7 | +0.8% | | 161.7 |
| Comparable operating profit margin (%) | 14.6% | 13.1% | -1.5% | pts | 12.3% |
| Financial expenses, net | 5.8 | 0.6 | -89.4% | | 7.9 |
| Share of result in associated companies | -7.4 | 0.1 | -101.0% | | -6.4 |
| Profit before taxes | 80.7 | 89.1 | +10.3% | | 139.8 |
| Profit for the period | 57.6 | 62.9 | +9.1% | | 103.4 |
| EBITDA | 118.4 | 115.7 | -2.4% | | 203.3 |

YTD June 2022: Balance sheet

| Uponor Group, M€ | 30 Jun 2021 | 30 Jun 2022 | Change Y/Y |
|---|----------------|----------------|---------------|
| Property, plant and equipment | 262.8 | 301.7 | 38.9 |
| Intangible assets | 96.2 | 112.3 | 16.1 |
| Securities and long-term investments | 8.0 | 10.5 | 2.5 |
| Inventories | 138.3 | 231.5 | 93.2 |
| Cash and cash equivalents | 208.1 | 33.9 | -174.1 |
| Other current and non-current assets | 308.5 | 350.8 | 42.3 |
| Assets total | 1,021.9 | 1,040.8 | 18.9 |
| Total equity | 440.2 | 510.9 | 70.7 |
| Non-current interest-bearing liabilities | 192.1 | 99.5 | -92.6 |
| Provisions | 40.2 | 49.6 | 9.4 |
| Non-interest-bearing liabilities | 338.7 | 369.3 | 30.6 |
| Current interest-bearing liabilities | 10.7 | 11.5 | 0.8 |
| Shareholders' equity and liabilities total | 1,021.9 | 1,040.8 | 18.9 |