

A close-up photograph of a person wearing a dark lab coat, focused on a laboratory task. They are using a white pipette to transfer a liquid into a multi-well plate. The plate has several wells, some of which already contain a red liquid. The background is slightly blurred, showing more of the lab equipment and the person's face in profile.

uponor

Interim results briefing 1–9/2021

28 October 2021

Michael Rauterkus, President & CEO
Minna Yrjönmäki, CFO

Two months at Uponor

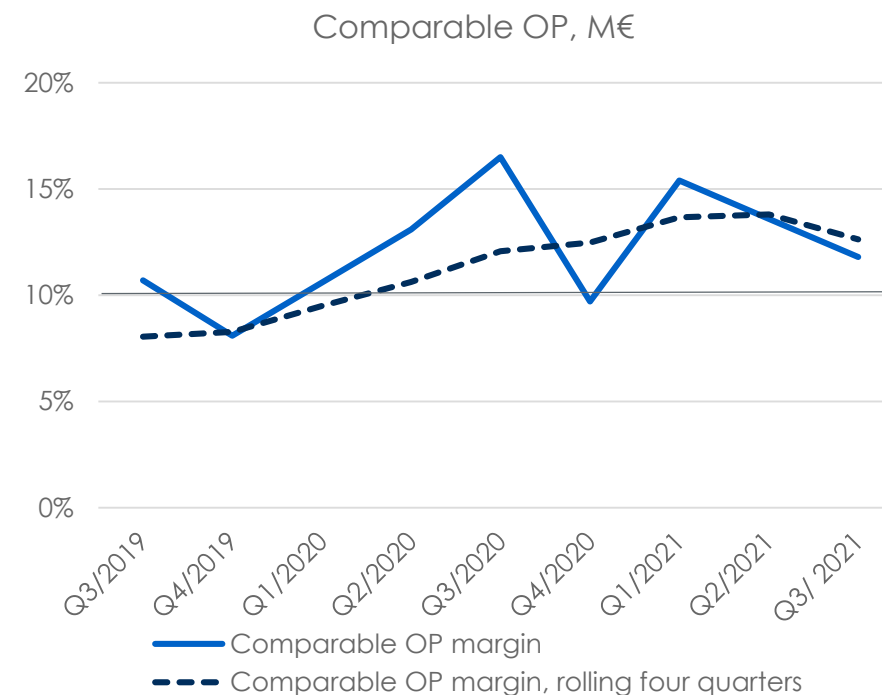
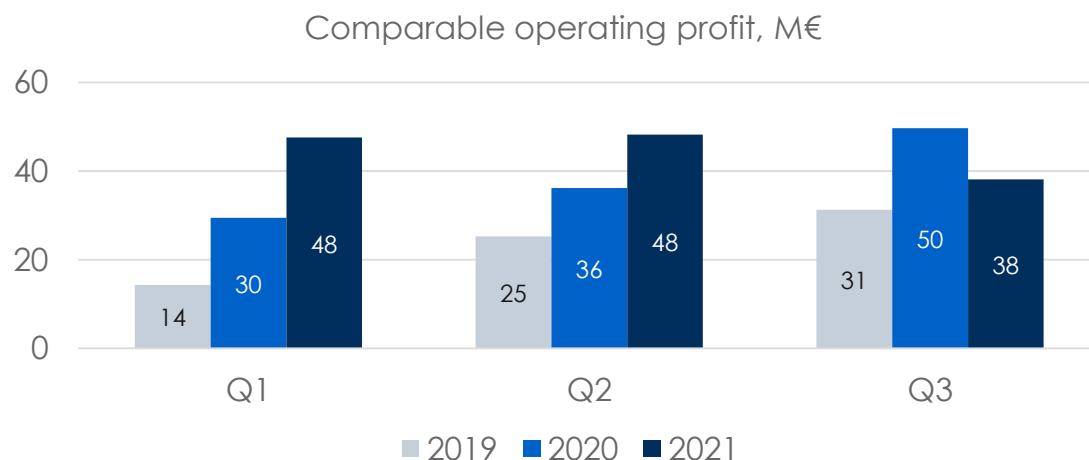
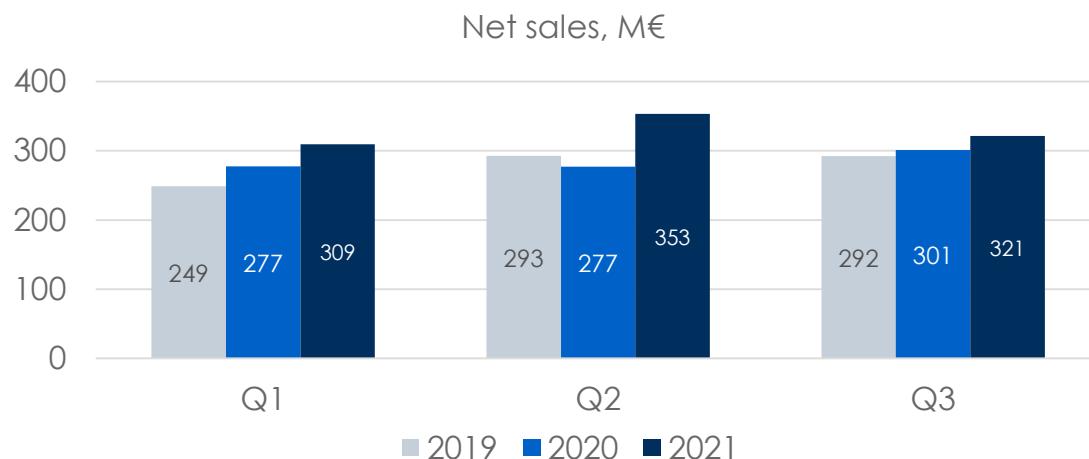


Highlights of Q3

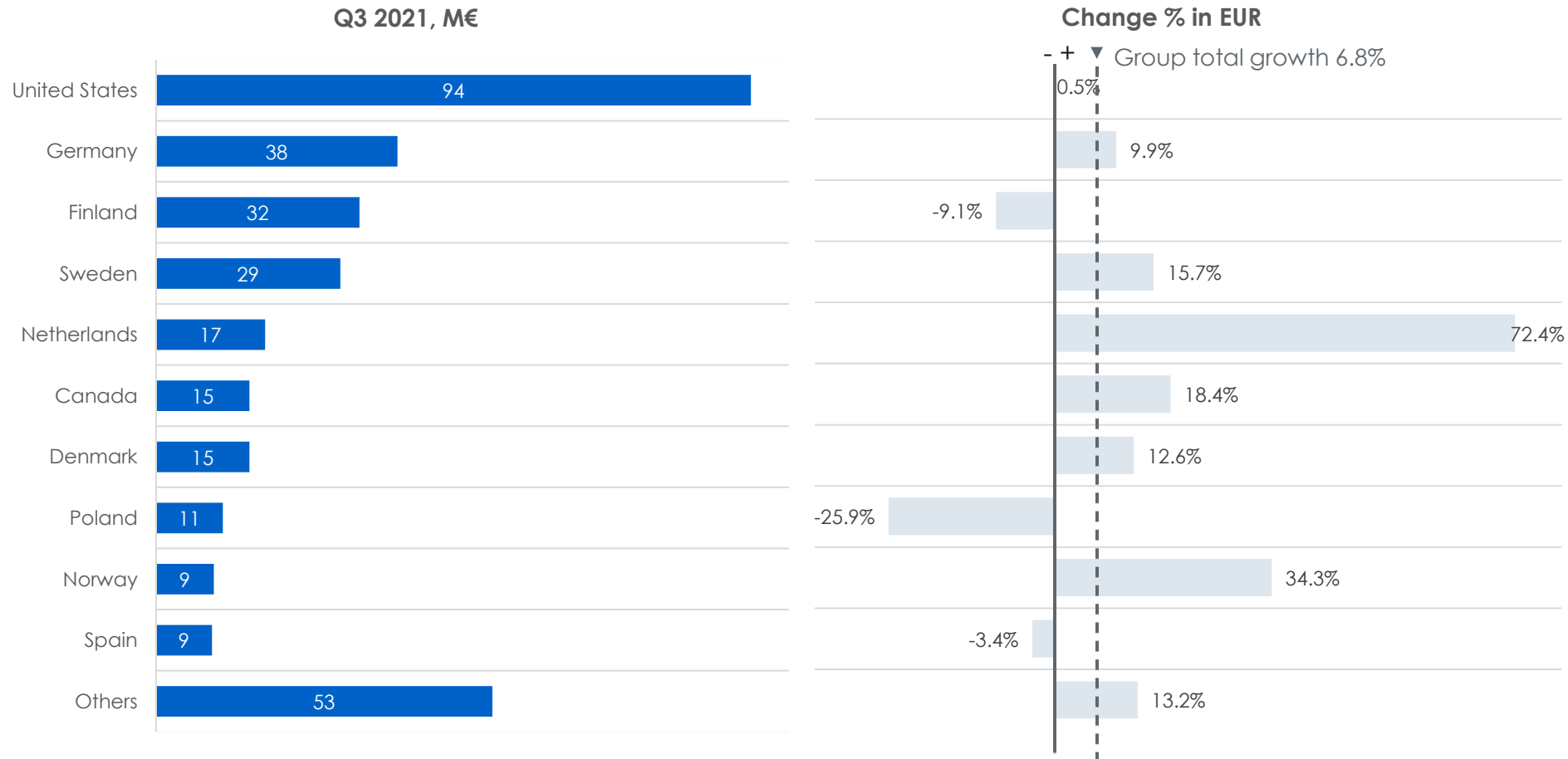
- Net sales were €321.4 million, a growth of 6.8% or 8.1% in constant currency terms
- Comparable operating profit was €38.1 million, a decline of 23.3%
- Net sales and comparable operating profit increased in Building Solutions – Europe
- Net sales increased, while operating profit decreased in Building Solutions – North America and Uponor Infra



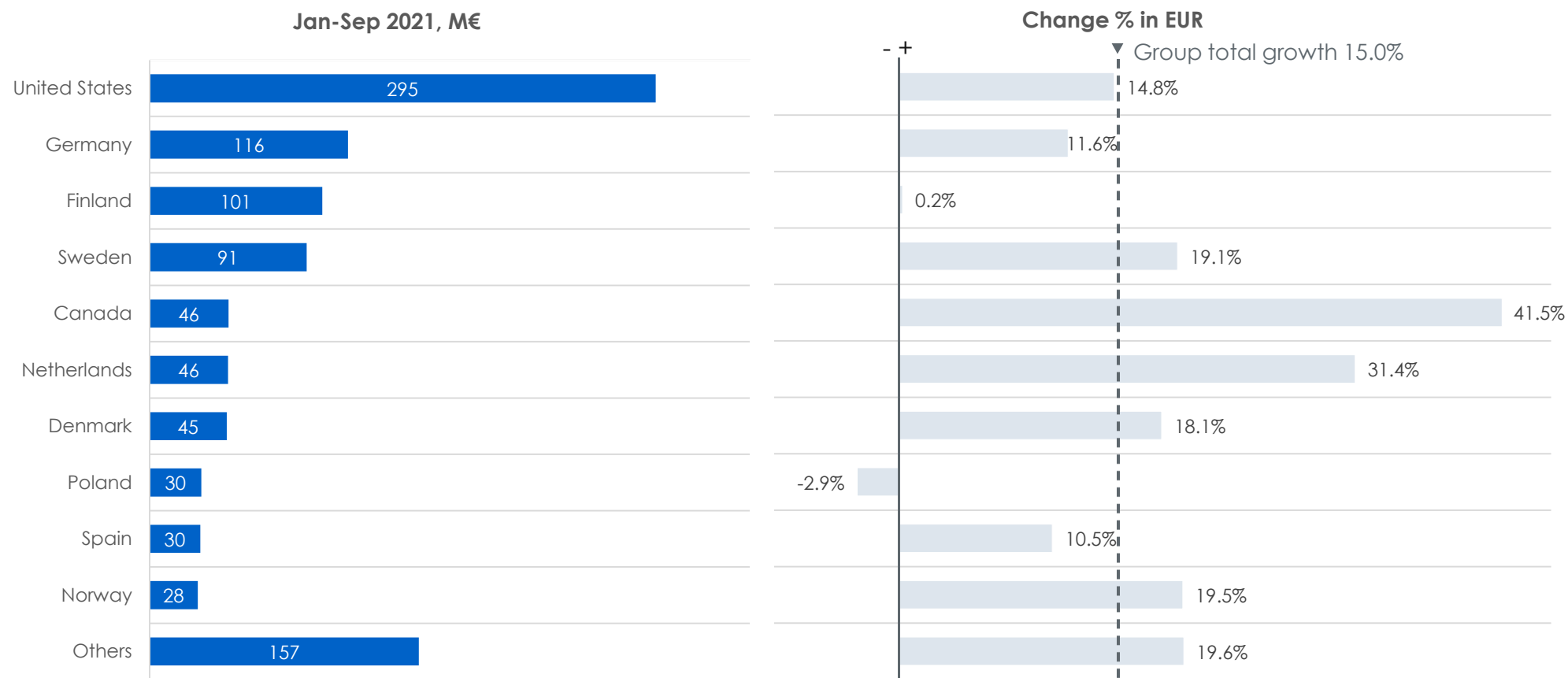
Net sales driven by strong demand, increased cost level and supply shortages decreased profits



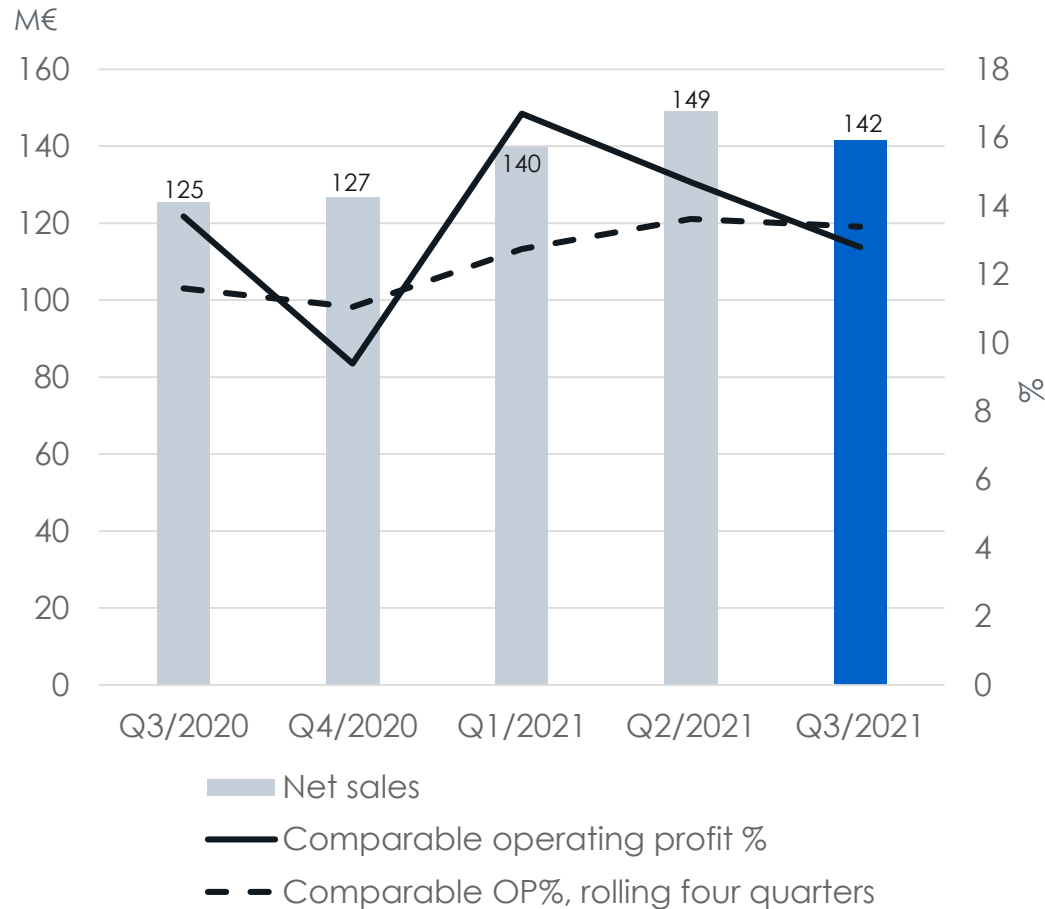
Q3: Net sales grew in all key markets except in Finland, Poland and Spain



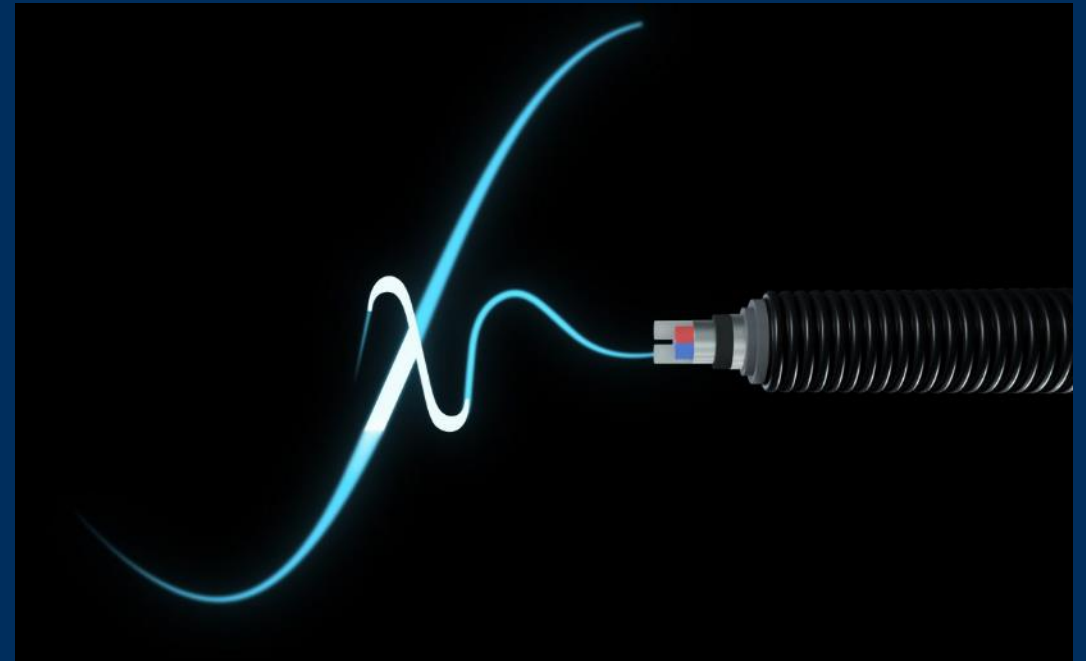
Jan-Sep: Net sales grew in all key markets except in Poland



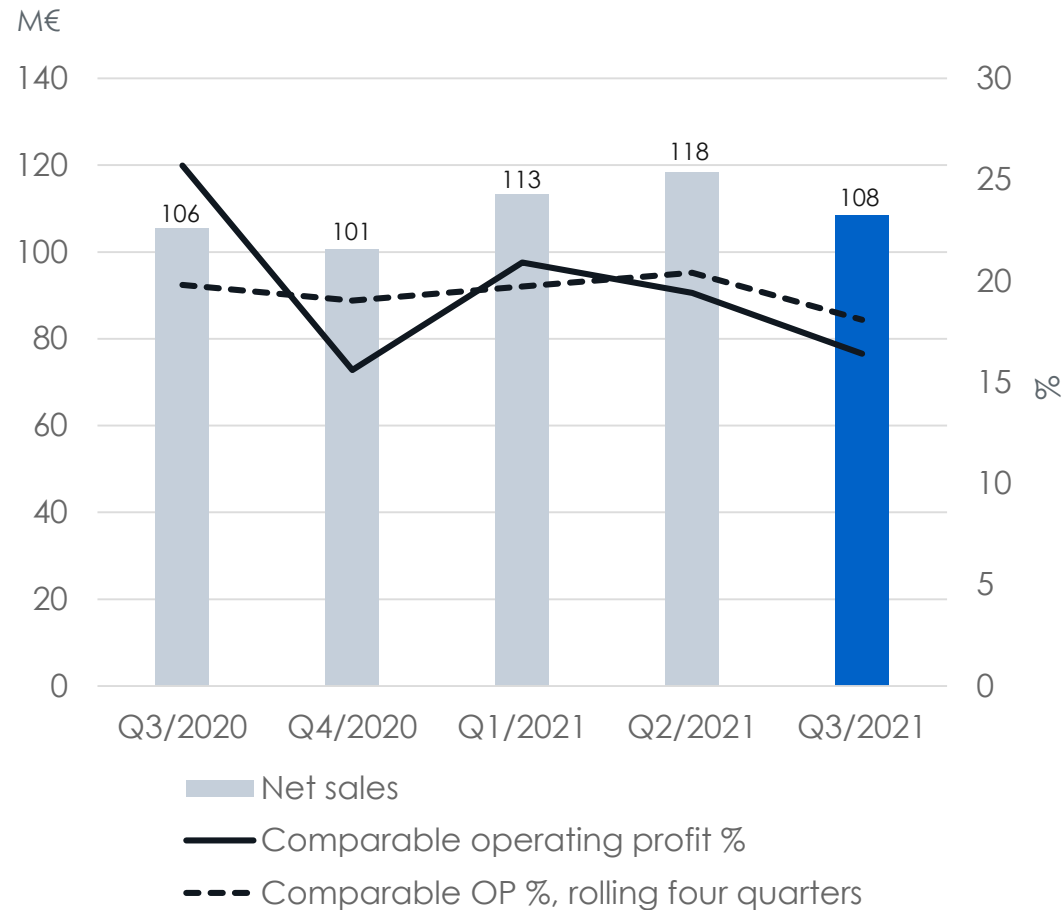
Building Solutions – Europe: Development in Q3



- Net sales increased in Germany and the Netherlands, in particular
- Higher sales volumes, improvements in operations and operational excellence programme increased comparable operating profit
- The acquisition of Capricorn S.A., a Polish manufacturer of components for heating and sanitary installations in August



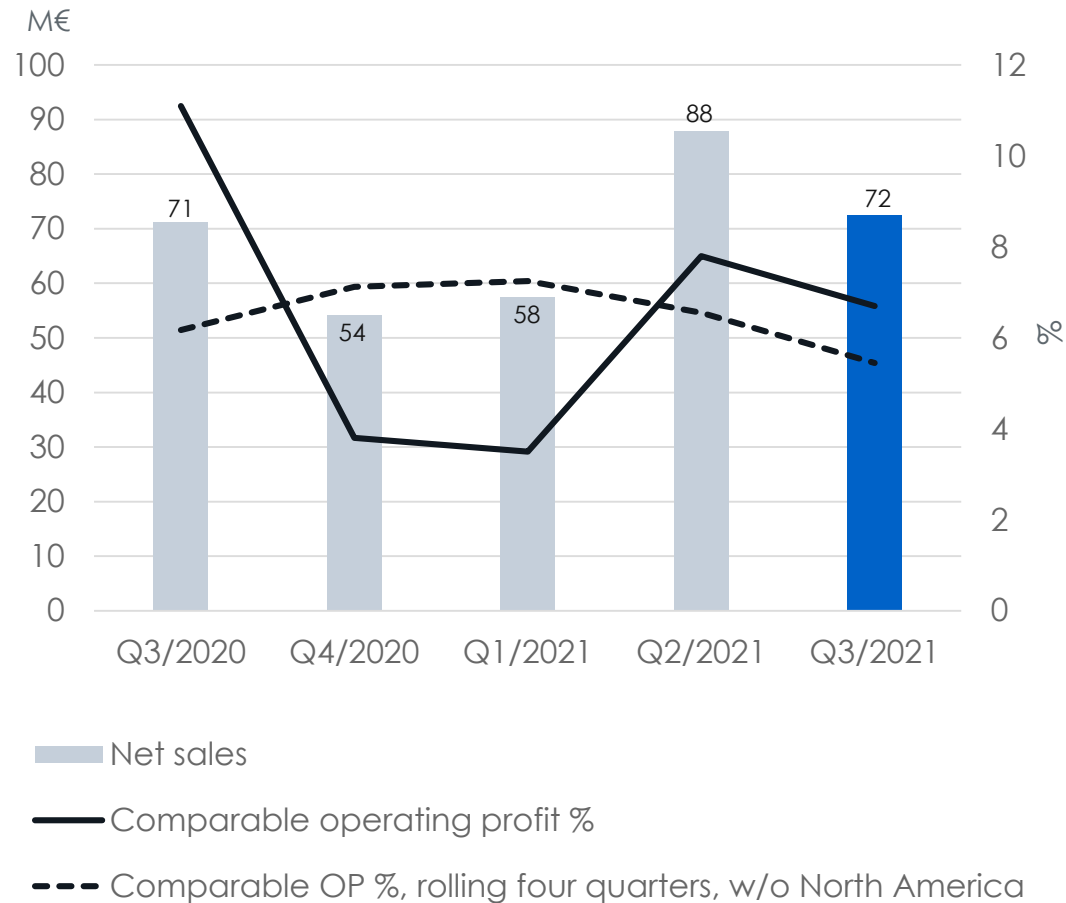
Building Solutions – North America: Development in Q3



- Strong demand in residential markets in both the U.S. and Canada continued
- The decrease in operating profit was due to higher cost levels and overall cost inflation in the U.S. together with the supply shortages



Uponor Infra: Development in Q3



- Net sales increased especially in Sweden and Norway
- Price increases could not mitigate all impacts of higher input costs
- Comparison period included a large designed solution sales project in Poland





Moving sustainability agenda forward

- In Q3/2021, Uponor Infra launched its first sewer pipe utilising renewable material
- In Q1/2022, Uponor will launch its first PEX pipes utilising renewable material in Europe
- These products are the first results of a collaboration with Borealis, and are based on replacing a significant share of fossil raw materials by renewable alternatives

BLUE
IS THE NEW
GREEN

Uponor supports its customers to achieve their CO2 emission reduction targets



Sewer pipe

Up to 70%* lower carbon footprint in comparison to traditional Ultra Rib 2



Aqua pipe
Combi pipe
Comfort pipe PLUS

Up to 86%* lower carbon footprint compared to standard PEX pipe in the market

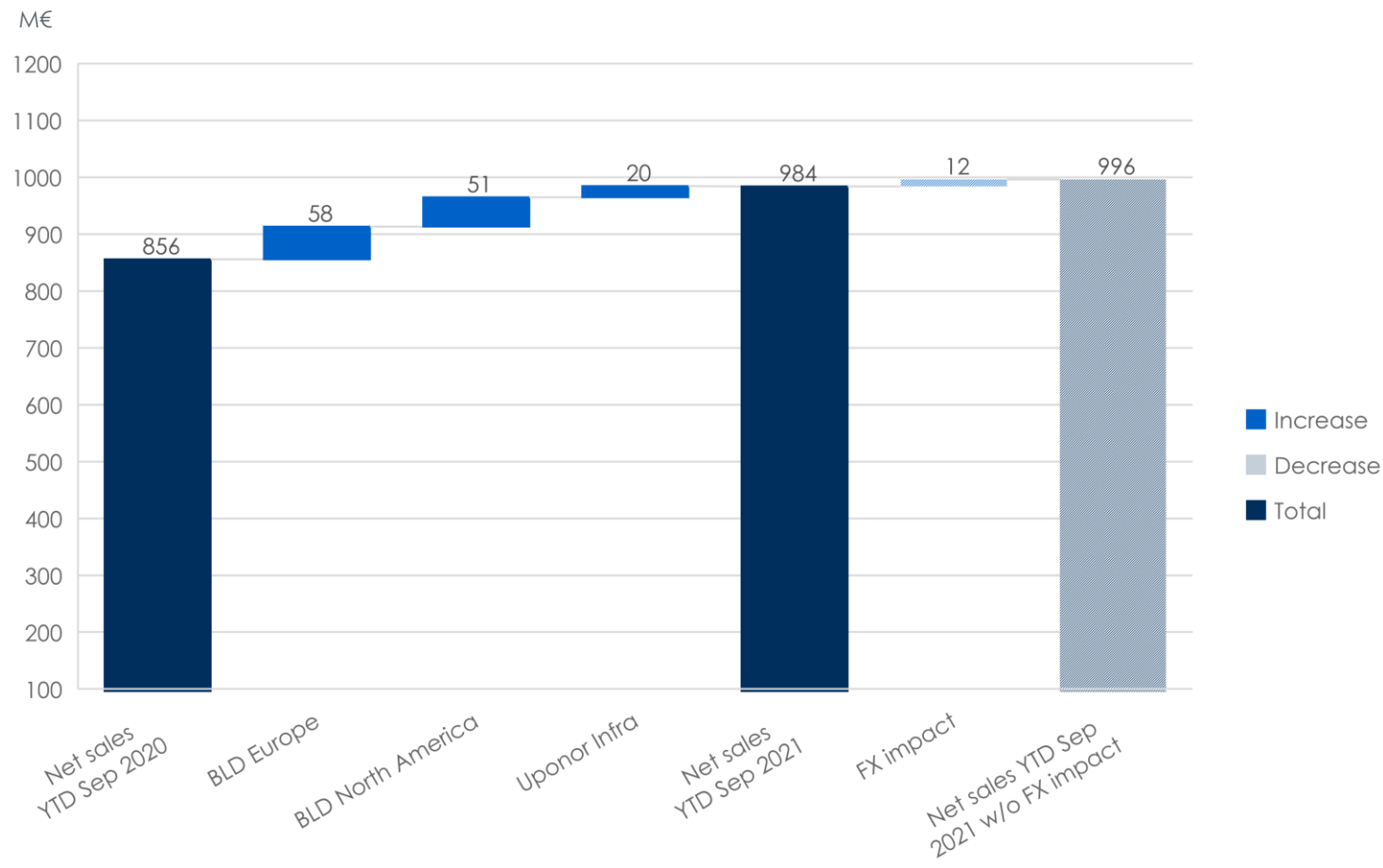


The supply chain of Uponor Blue products is ISCC certified ensuring full traceability and transparency of raw materials

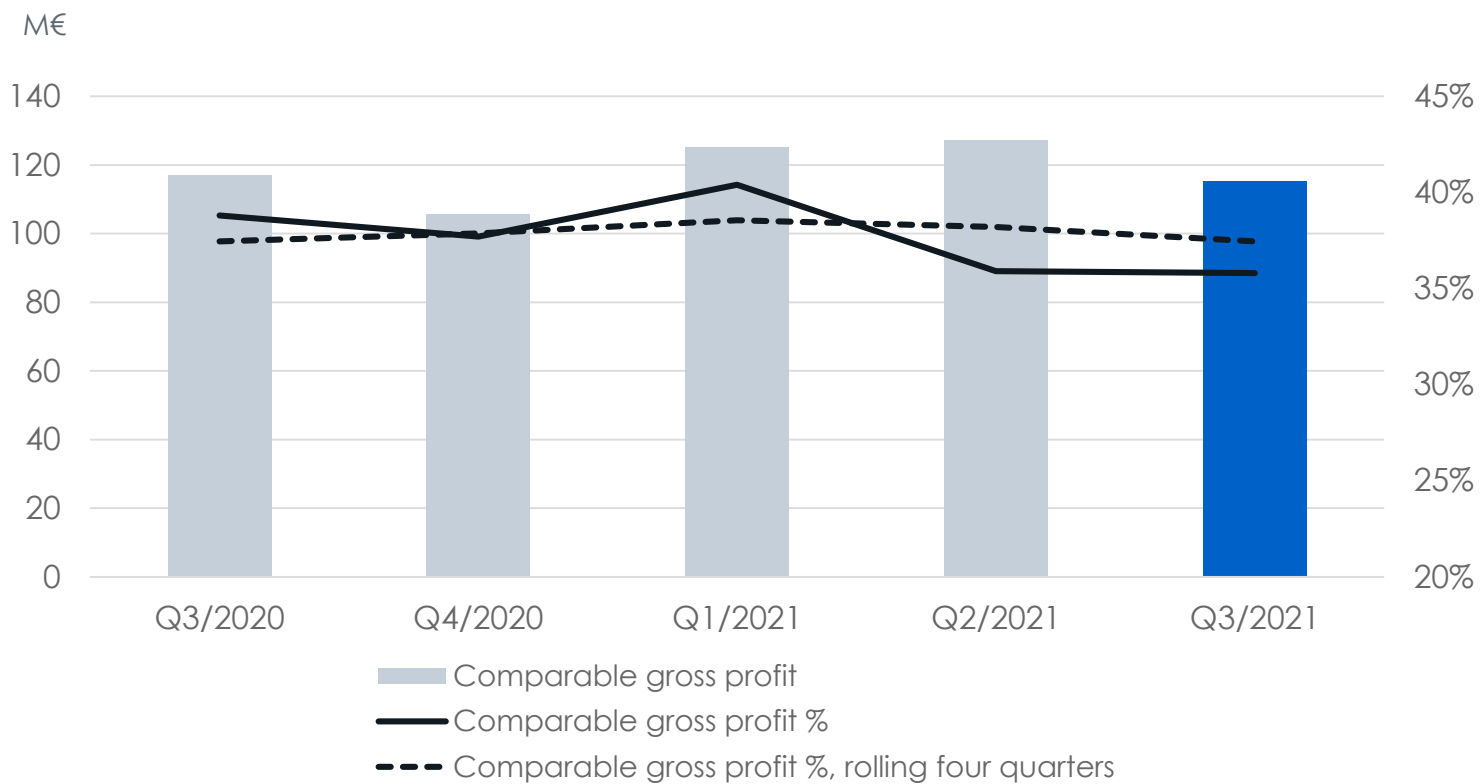
Minna Yrjönmäki, CFO

Financial statements

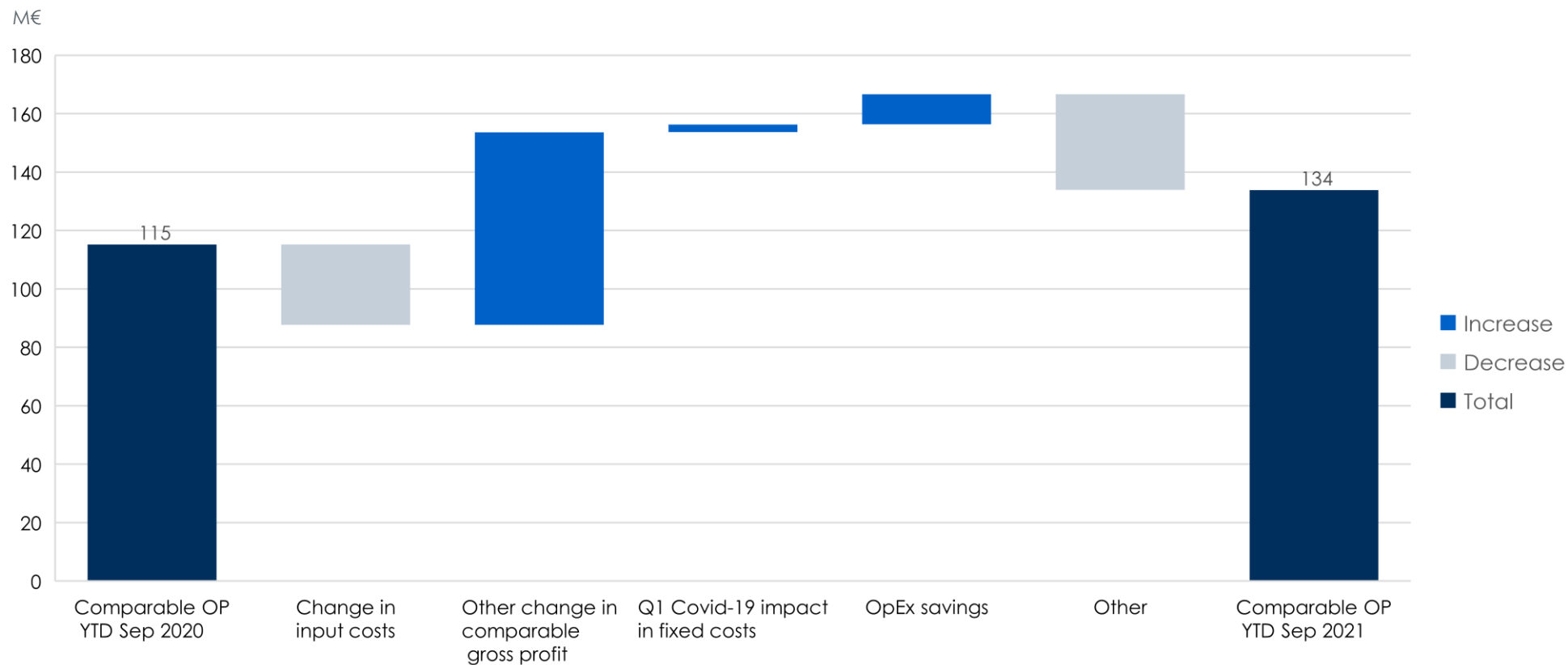
Demand continued strong in all divisions



Gross profit impacted by increased input costs, margin recovery delayed



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

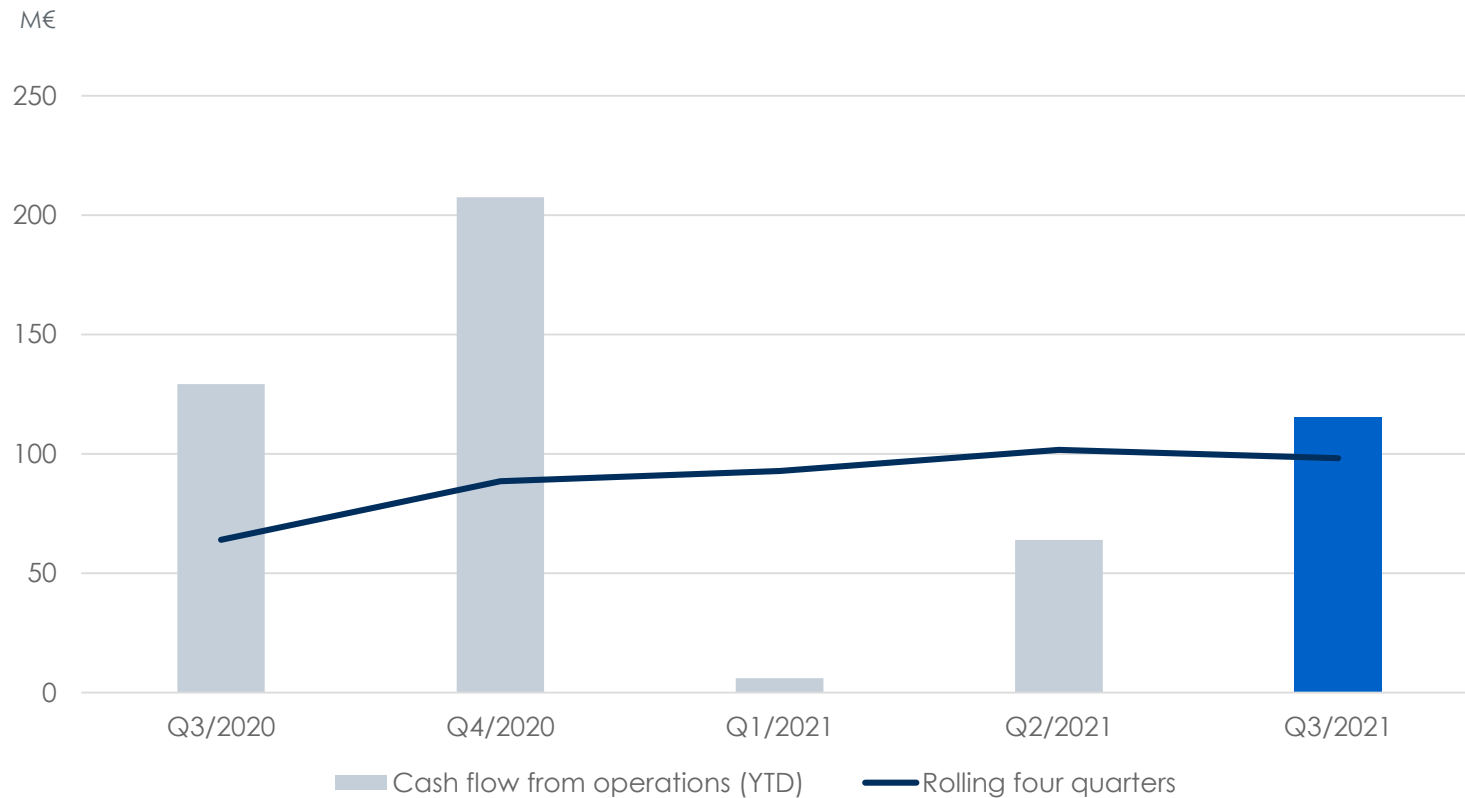


Progress of operational excellence programme

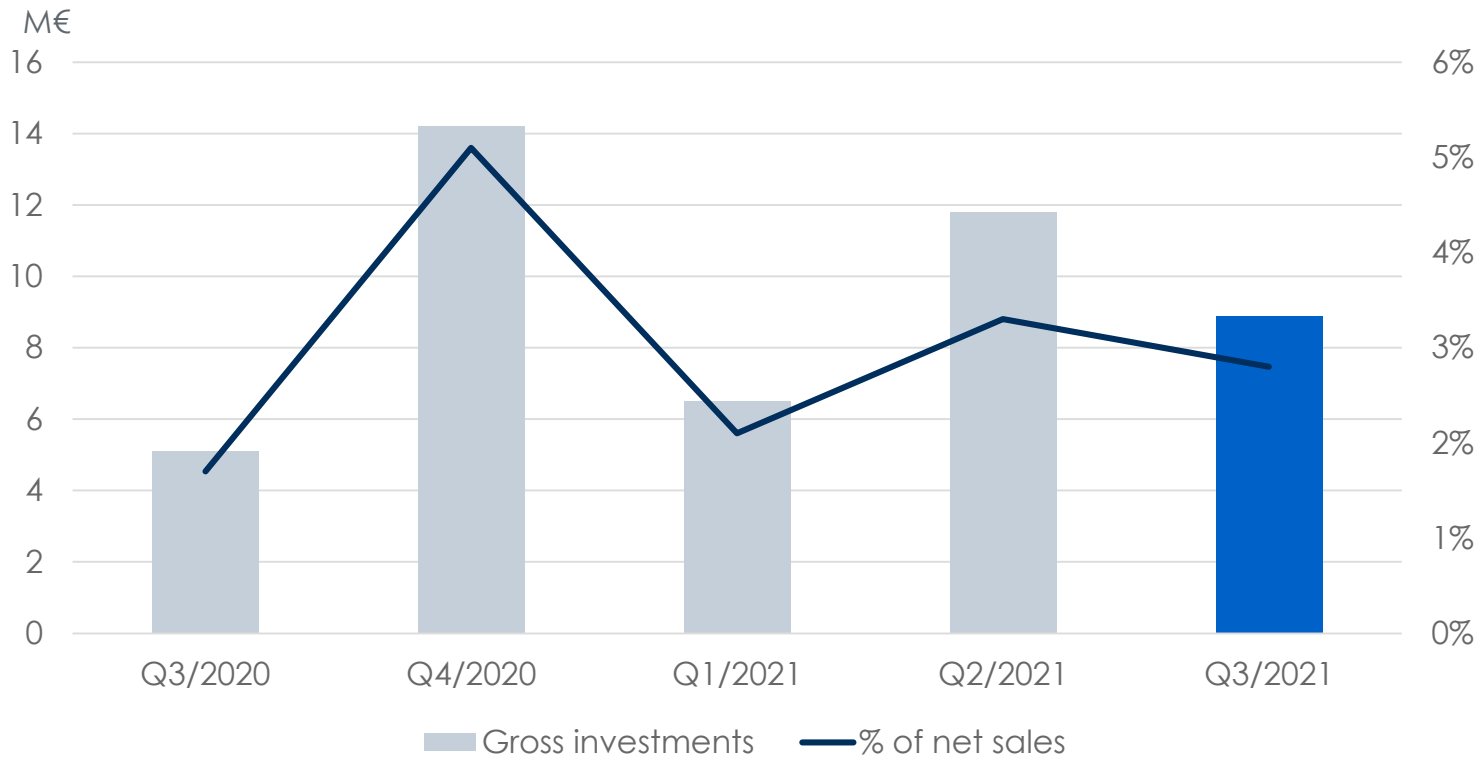
- During the third quarter of 2021, the programme generated savings of approximately €3 million
 - The total generated savings under the programme are approximately €18 million
- During the third quarter of 2021, €0.7 million was recorded as items affecting comparability
 - In total, €14.3 million IAC's since the launch of the programme



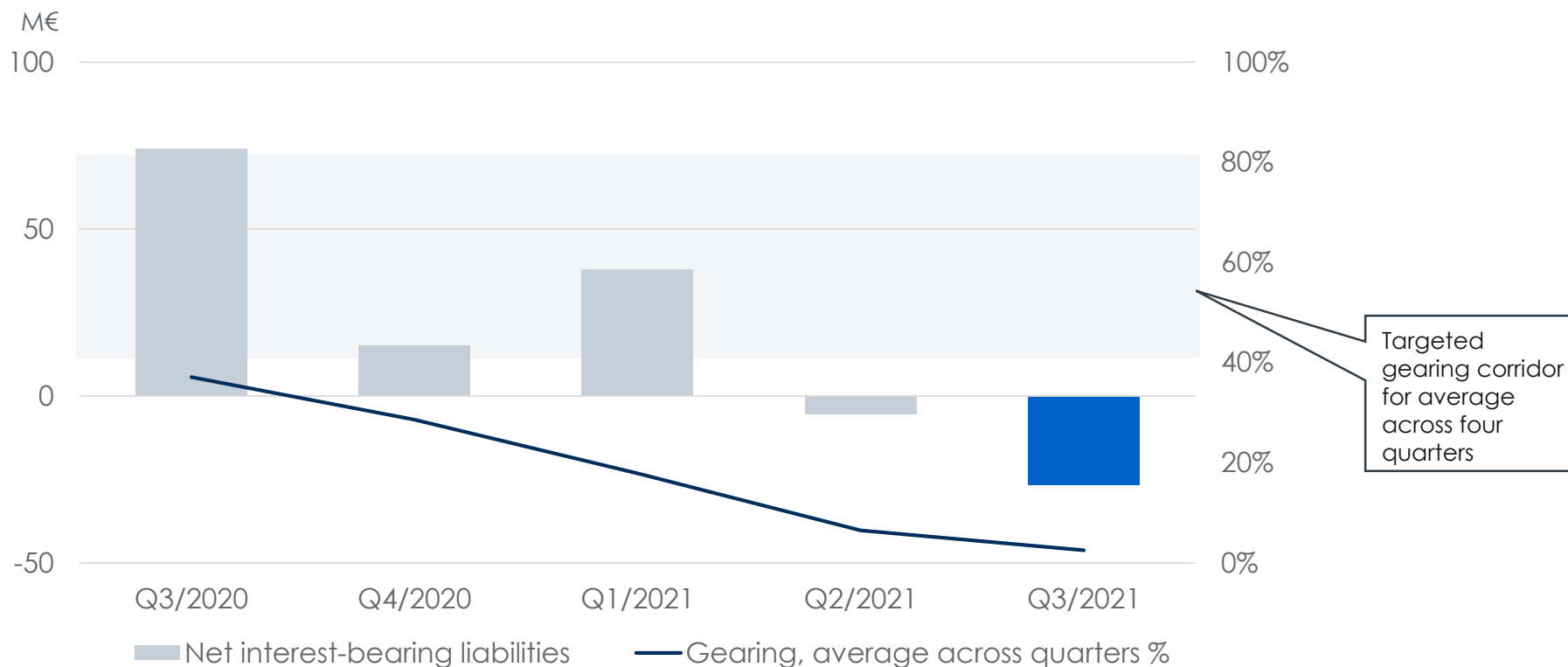
Operative cash flow strong, but higher investments and operative net working capital impacted the y-o-y comparison



Investments were mainly related to North American capacity expansions, maintenance and efficiency improvements



Strong cash flow led to positive net cash position – average gearing across quarters at 2.5%



Michael Rauterkus, President & CEO

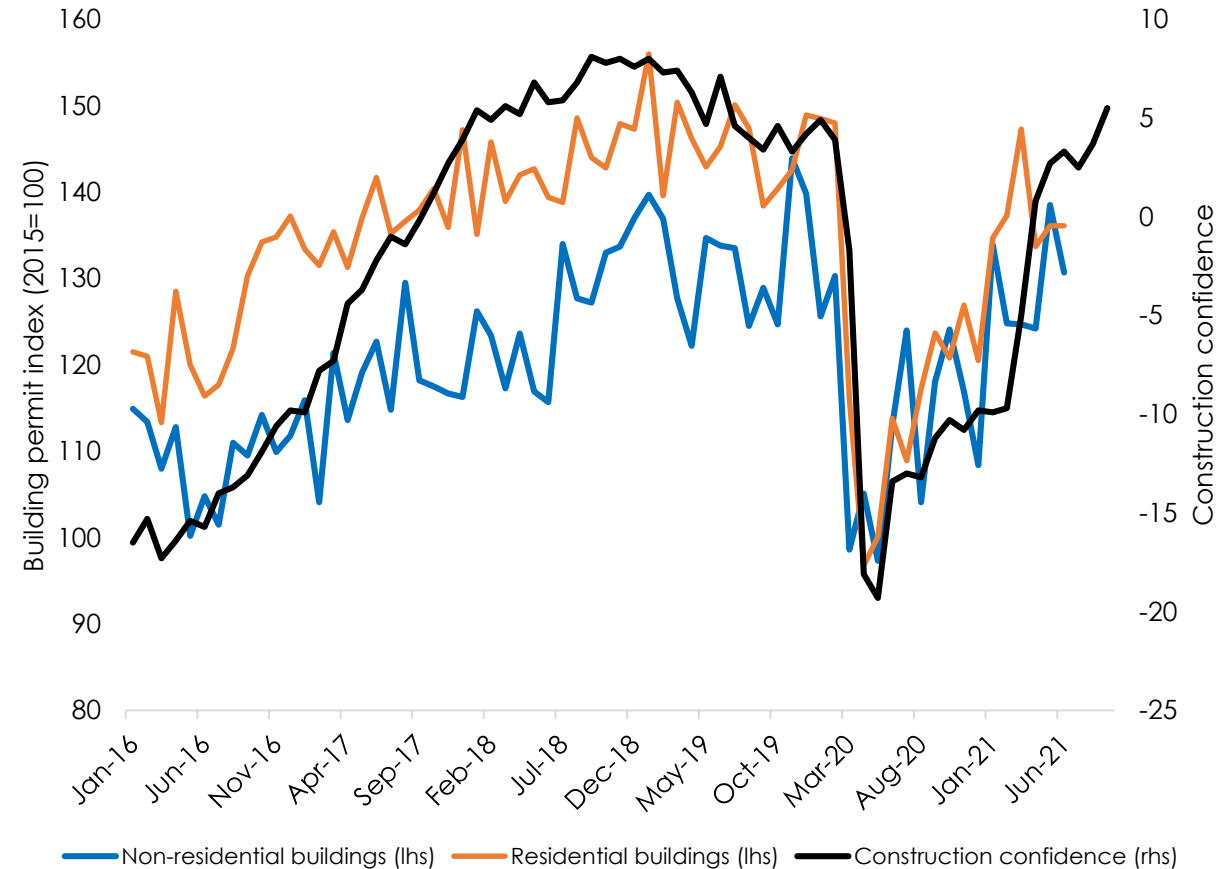
Outlook for 2021

Europe: Builder confidence has recovered despite supply-related headwinds

Consumer demand remains upbeat and businesses are investing despite supply challenges amplified by COVID-19 and 13-year high inflation in the Euro zone

Within the construction industry:

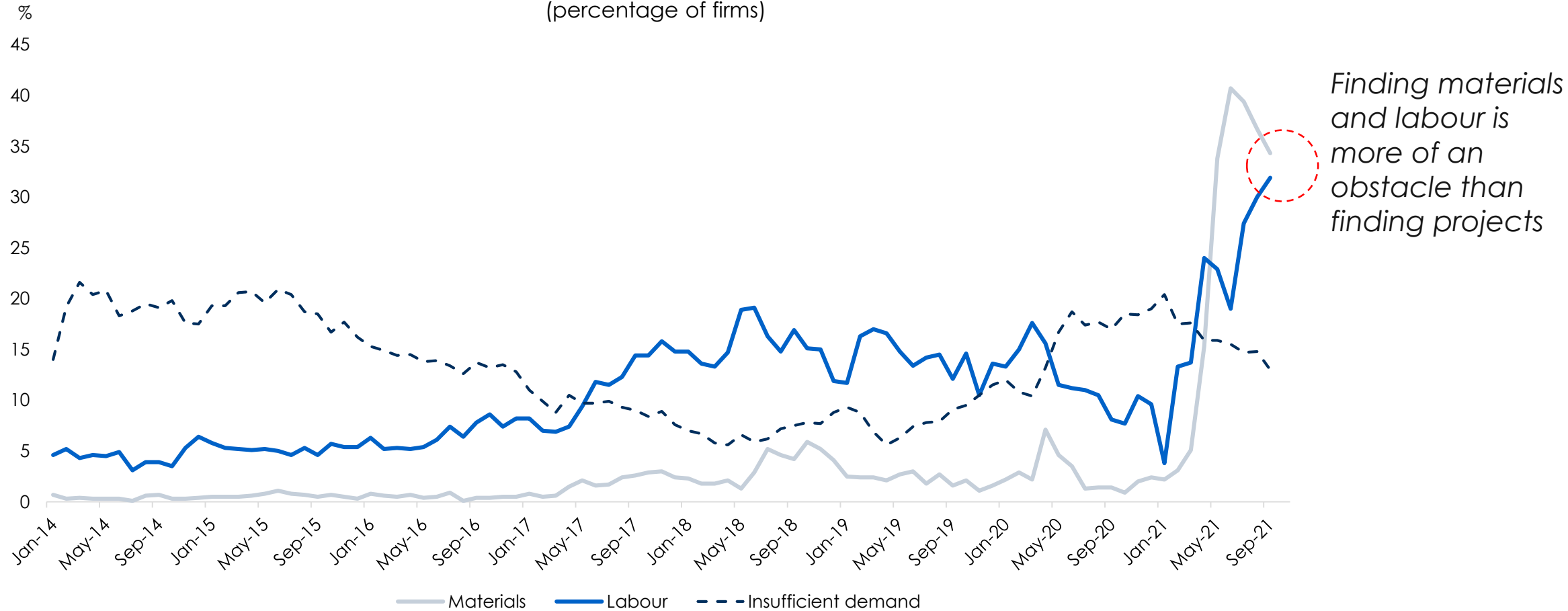
- Construction confidence returned to pre-pandemic levels
- Both residential and non-residential building permits are trending upward



Source: Eurostat

German builders' labour and inflation challenges continue

Germany- Factors limiting building activity
(percentage of firms)



Source: Eurostat

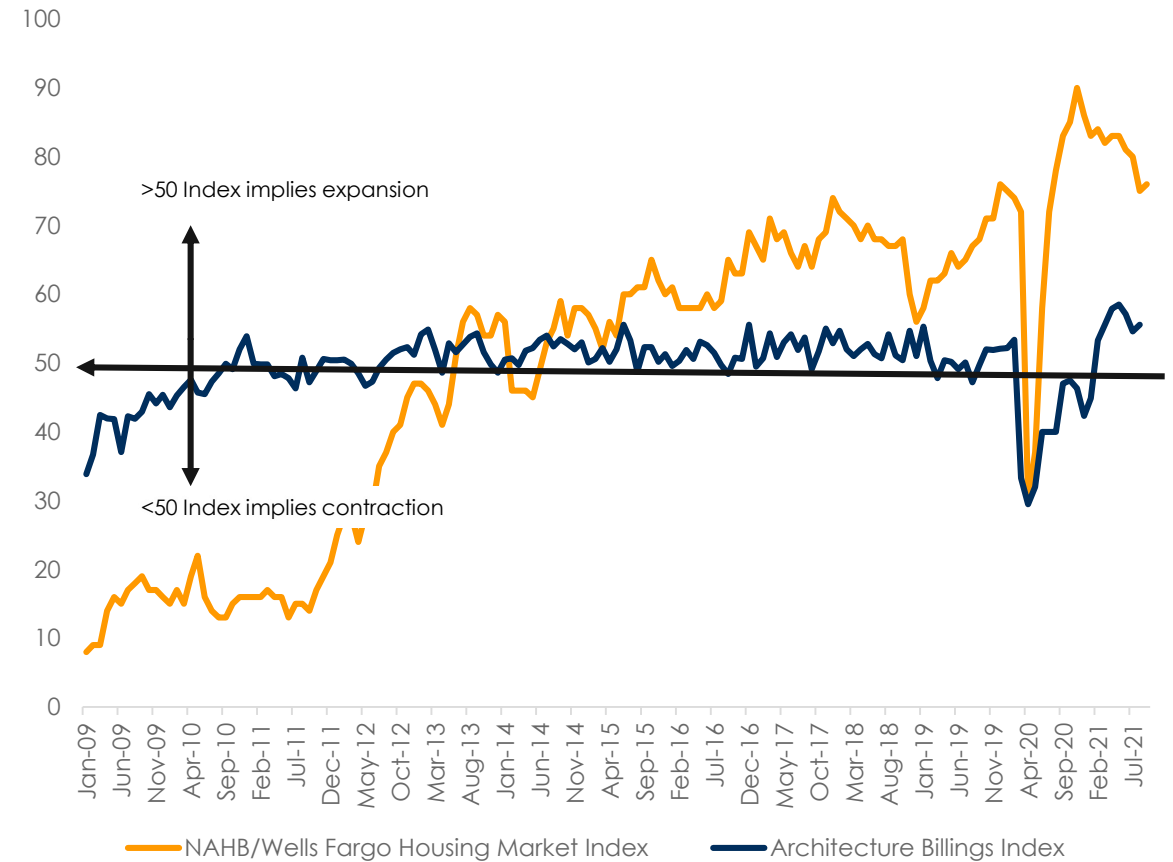
U.S.: Residential construction grew further and non-residential showed tentative signs of stabilising

Widespread supply issues and increased prices dampened otherwise robust economic growth

In construction:

- Residential construction expanded, despite supply chain challenges
- Housing starts and permits continued to trend upward
- Improvements in architectural billings have yet to meaningfully impact non-residential segment

U.S. leading construction indicators



Source: NAHB, AIA

Market outlook for Q4

While underlying demand is expected to remain healthy, downside risks and limitations on construction industry output may persist:

- builder supply chain challenges,
- a lack of skilled labour,
- and construction material price inflation.

Guidance statement for 2021, updated on 11 June:

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

Increase indicates a growth of 2.5% or more.



Uponor Capital Markets Day 2022

Date: 14 March 2022

Location: Helsinki, Finland

uponor

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

uponor

Moving › **Forward**

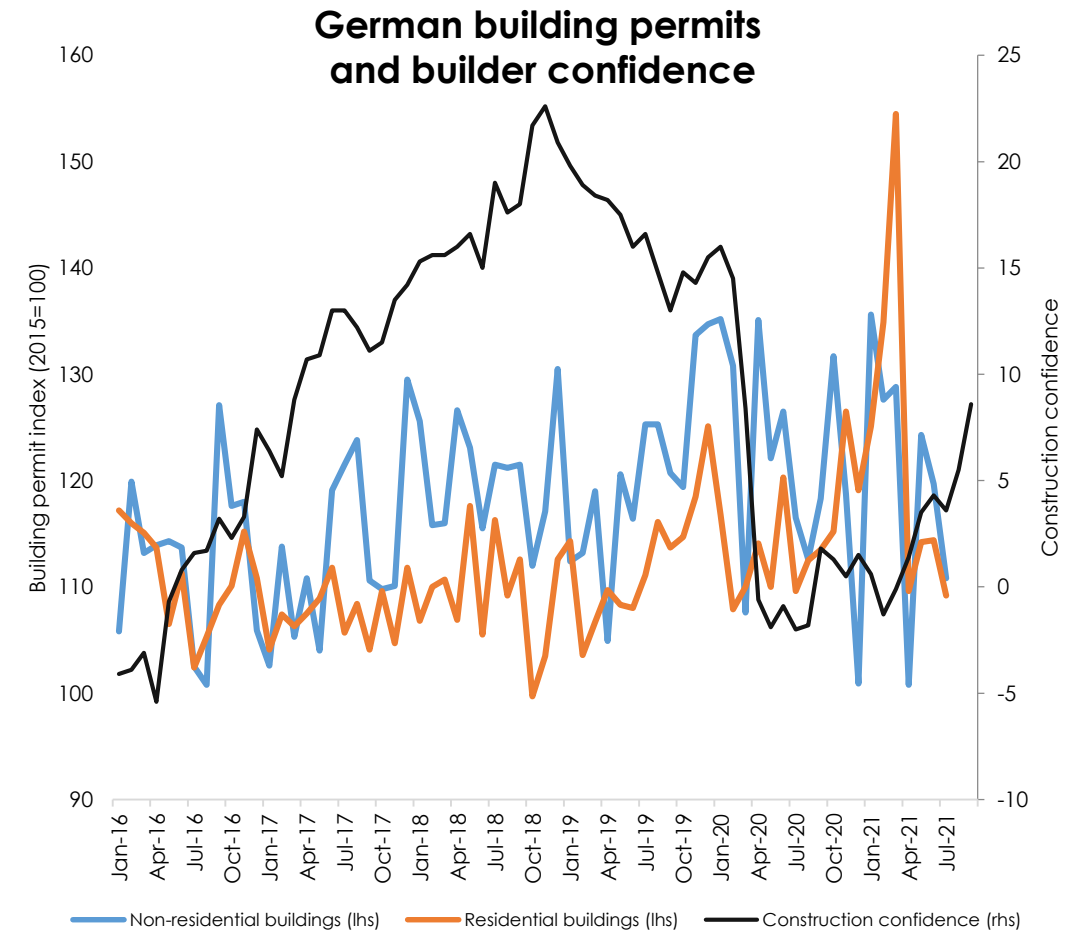
Appendix

Germany: Despite continued industry capacity headwinds, construction activity is solid overall

Economic growth has been strong, but not enough to offset 2020 losses, as supply issues have hurt key industries

In the construction industry:

- Builder confidence improved throughout the summer despite labour and supply headwinds
- Residential building permits were up year-to-date, but slowed during summer
- The downturn in non-residential construction showed early signs of easing

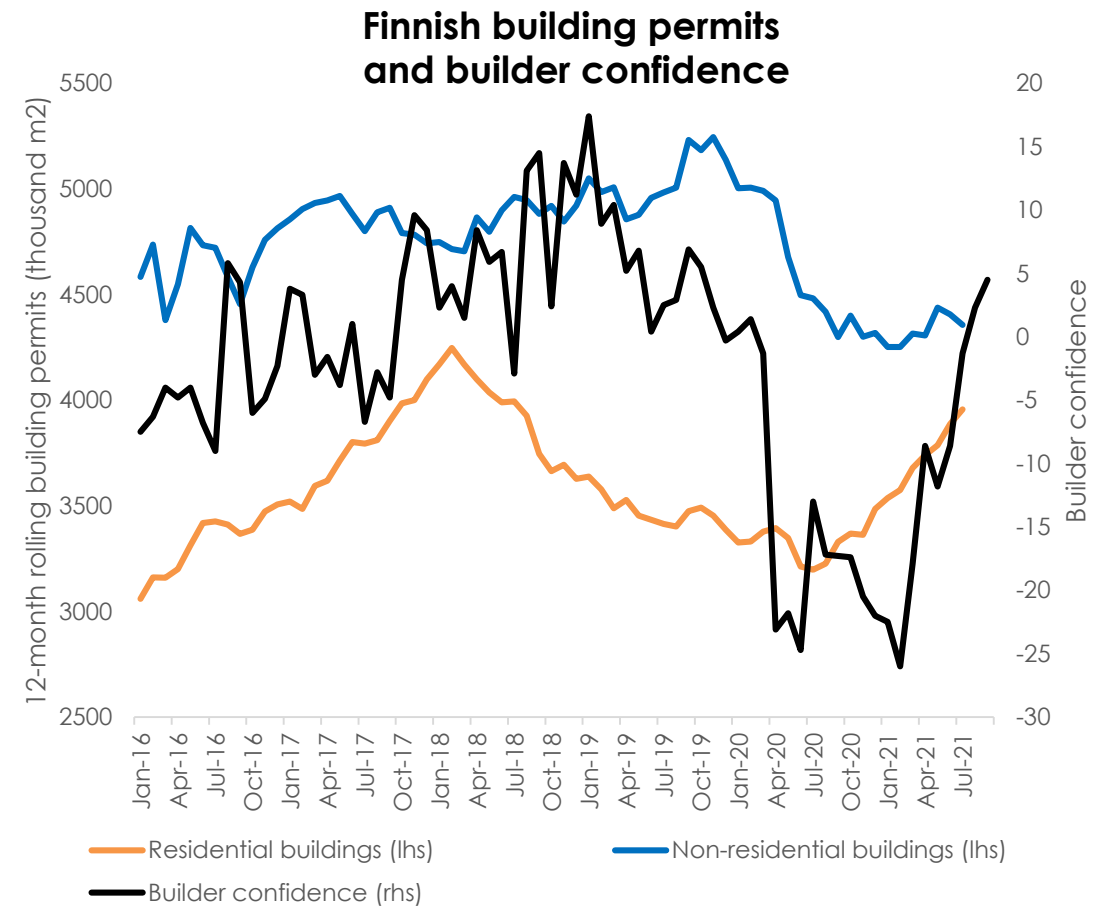


Finland: Significant improvements in residential building, other segments steady

The economy has largely gained back losses from 2020, with consumers and manufacturers optimistic

Within the construction industry:

- Construction turnover grew at a solid rate throughout the summer
- Construction confidence continued to rise, with improved order books
- Residential building permits were up 25% YTD, while non-residential permits remained low, but steady



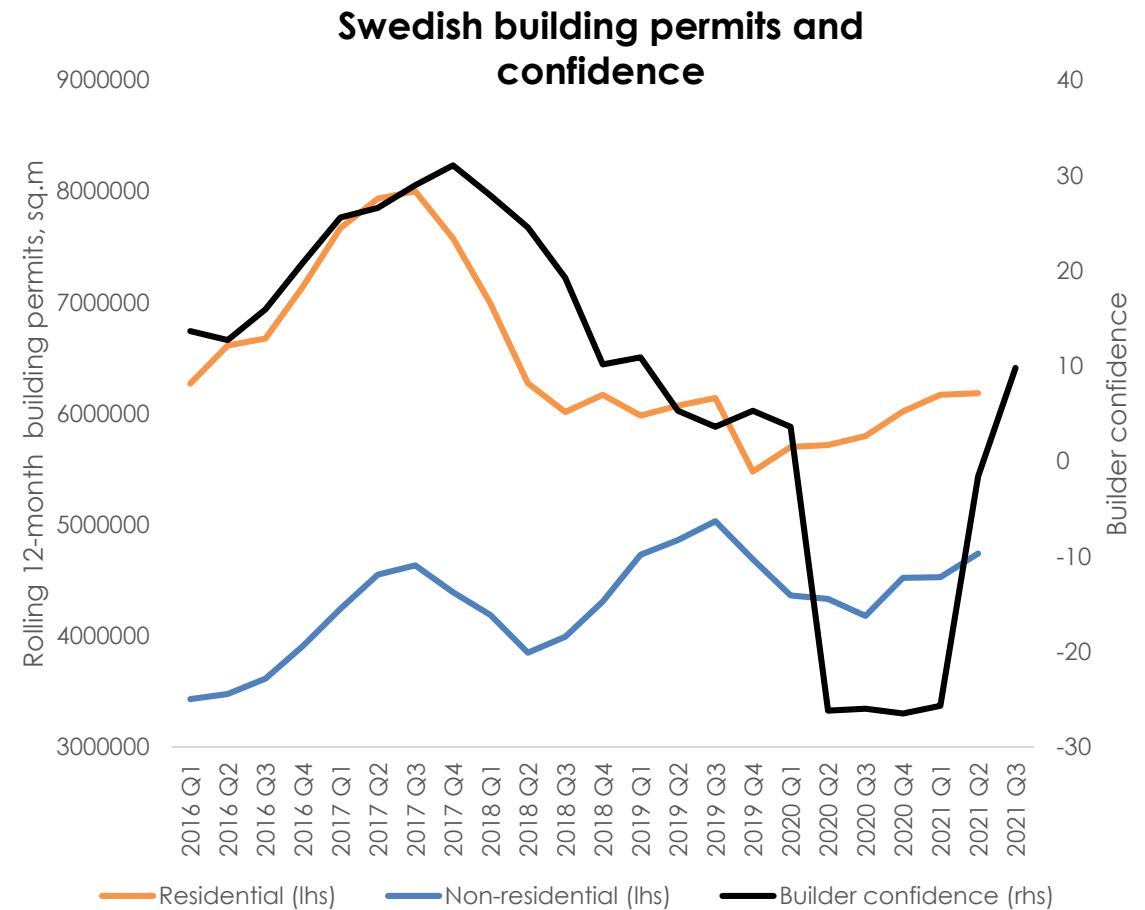
Source: Statistics Finland and Eurostat

Sweden: Broad-based recovery continued despite supply headwinds

Very strong development in the economy, with both consumers and businesses driving growth











Within the construction industry:

- Building permits trended higher, but remain below earlier peaks
- Housing starts were up 25% through Q2 compared to 2020
- Builder confidence improved further from Q1



Source: Statistics Sweden and Eurostat

Leading residential indicators: Improvements are visible in most of Uponor's main markets

	Indicator	YTD % Change	Rolling 12-month % Change	Data through	Trend since Q2 update
 USA	Housing starts	+17% ¹⁾	N/A	August 2021	➡
 Germany	Housing permits	+7%	+4%	July 2021	➡
 Finland	Housing permits	+26%	+26%	July 2021	➡
 Sweden	Housing starts	+25%	+21%	June 2021	➡
 Canada	Housing starts	+0% ¹⁾	N/A	August 2021	➡
 Netherlands	Housing permits	+16%	+15%	July 2021	➡
 Denmark	Construction index	+19%	N/A	July 2021	➡
 Poland	Housing completions	+4%	+5%	August 2021	➡
 Spain	Housing permits	+25%	+13%	July 2021	↗
 Norway	Housing starts	+0%	+5%	August 2021	➡

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

Source: National Statistics Offices

Jul-Sep 2021: Income statement

Uponor Group, M€	7-9 2020	7-9 2021	Change Y/Y
Net sales	301.0	321.4	+6.8%
Cost of goods sold	184.2	206.4	+12.0%
Gross profit	116.9	115.0	-1.6%
Gross profit margin (%)	38.8%	35.8%	-3.0% pts
Other operating income	0.2	0.3	+50.7%
Expenses	67.4	78.0	+15.6%
Operating profit	49.6	37.3	-24.7%
Operating profit margin (%)	16.5%	11.6%	-4.9% pts
Comparable operating profit	49.6	38.1	-23.2%
Comparable operating profit margin (%)	16.5%	11.8%	-4.6% pts
Financial expenses, net	1.0	1.1	+18.2%
Share of result in associated companies	-0.9	1.0	+208.5%
Profit before taxes	47.7	37.2	-22.1%
Profit for the period	35.2	27.4	-22.3%
EBITDA	62.3	49.4	-20.7%

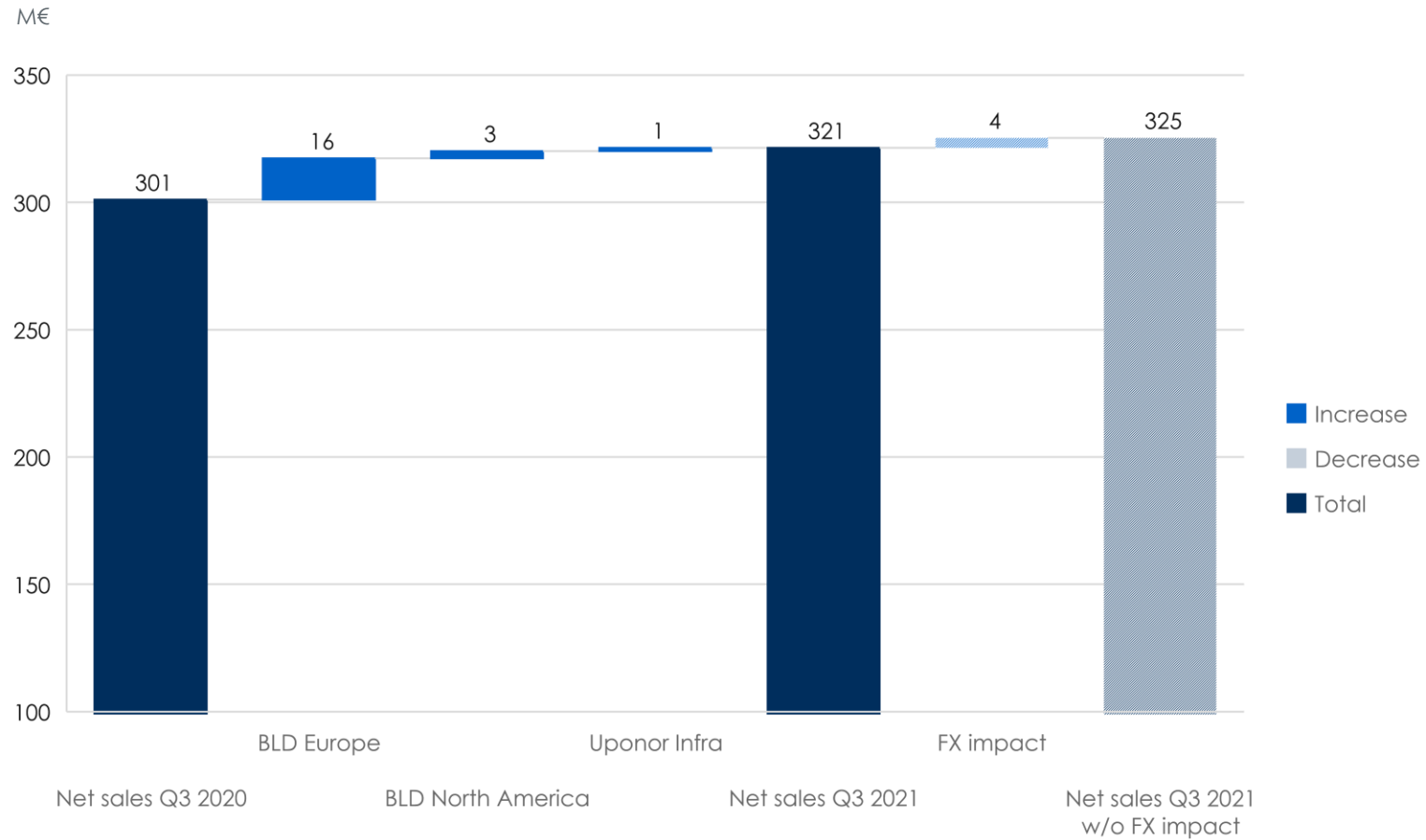
Sep 2021: Balance sheet

Uponor Group, M€	30 Sep 2020	30 Sep 2021	Change Y/Y	31 Dec 2020
Property, plant and equipment	263.1	264.2	1.1	264.7
Intangible assets	93.0	96.4	3.4	95.9
Securities and long-term investments	15.7	6.7	-9.0	14.2
Inventories	131.6	155.5	24.0	128.7
Cash and cash equivalents	155.5	128.5	-26.9	138.0
Other current and non-current assets	273.9	293.5	19.6	226.9
Assets total	932.8	944.8	12.0	868.4
Total equity	398.0	471.6	73.6	421.9
Non-current interest-bearing liabilities	128.2	91.5	-36.7	124.1
Provisions	34.0	42.6	8.6	37.1
Non-interest-bearing liabilities	271.4	328.7	57.3	256.4
Current interest-bearing liabilities	101.2	10.4	-90.8	29.0
Shareholders' equity and liabilities total	932.8	944.8	12.0	868.4

Jan-Sep 2021: Income statement

Uponor Group, M€	1-9 2020	1-9 2021	Change Y/Y	1-12 2020
Net sales	855.5	983.9	+15.0%	1 136.0
Cost of goods sold	532.1	617.0	+15.9%	706.6
Gross profit	323.4	366.9	+13.5%	429.4
Gross profit margin (%)	37.8%	37.3%	-0.5% pts	37.8%
Other operating income	0.7	0.8	+19.5%	1.0
Expenses	215.6	236.4	+9.6%	298.1
Operating profit	108.5	131.3	+21.1%	132.3
Operating profit margin (%)	12.7%	13.3%	+0.7% pts	11.6%
Comparable operating profit	115.3	133.8	+16.0%	142.7
Comparable operating profit margin (%)	13.5%	13.6%	+0.1% pts	12.6%
Financial expenses, net	2.8	7.0	+149.3%	6.3
Share of result in associated companies	-3.3	-6.4	-94.5%	-4.2
Profit before taxes	102.4	117.9	+15.2%	121.8
Profit for the period	75.3	85.0	+12.8%	96.1
EBITDA	147.7	167.9	+13.6%	185.0

Jul-Sep 2021: Net sales bridge



Jul-Sep 2021: Comparable operating profit bridge

