



uponor

# A leader in sustainable water systems and indoor climate

Q2 2022 Roadshow presentation



# This is Uponor.

A leading provider of  
safe drinking water  
delivery.

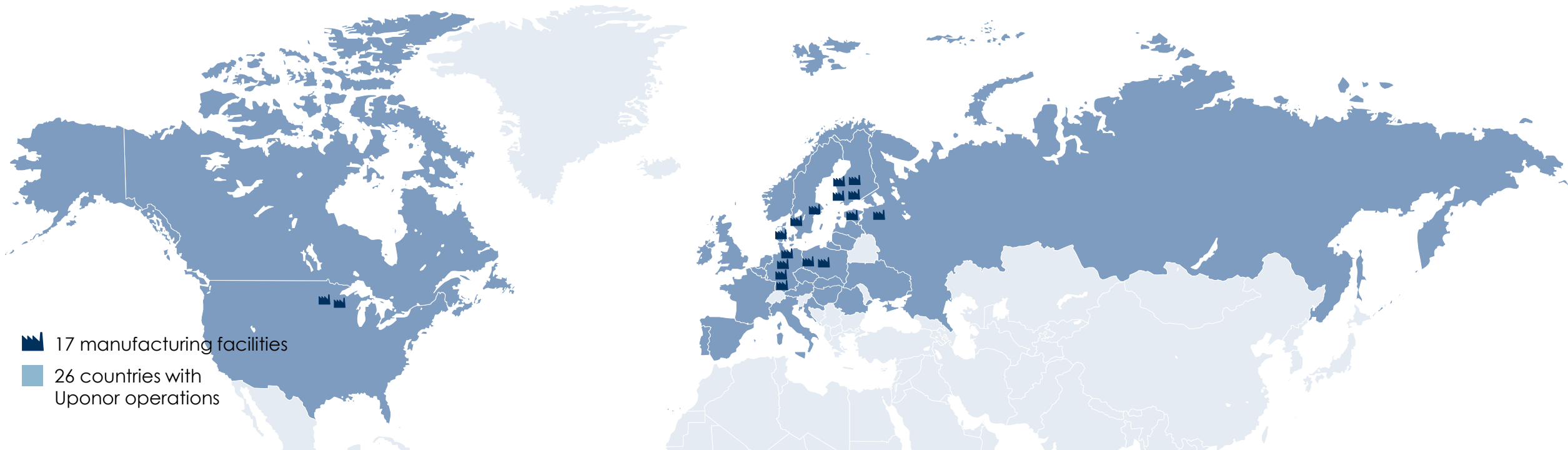
Expert in energy-  
efficient radiant  
heating and cooling  
systems for  
construction.

Strong in reliable  
infrastructure piping  
systems.

Listed on Nasdaq Helsinki.



# Finnish by origin, global by ambition



## Key figures 2021

**3,900**

personnel  
on average

**€1.3**

billion  
net sales

**~80**

Countries where our  
products are sold

# 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





# Our three business areas cover buildings' systems for water, indoor climate and surrounding infrastructure

## Indoor climate

Underfloor heating & cooling  
Smart controls  
Digital energy monitoring  
Heat interface units  
Local heat distribution pipes  
Manifolds

23%

55%

## Plumbing and water systems

Plumbing pipes  
Risers  
Sewag

22%

## Infra

Storm & sewer  
Water monitoring  
District energy

Pressure pipe systems  
Wastewater management  
Cable protection

% of Group net sales

# 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.

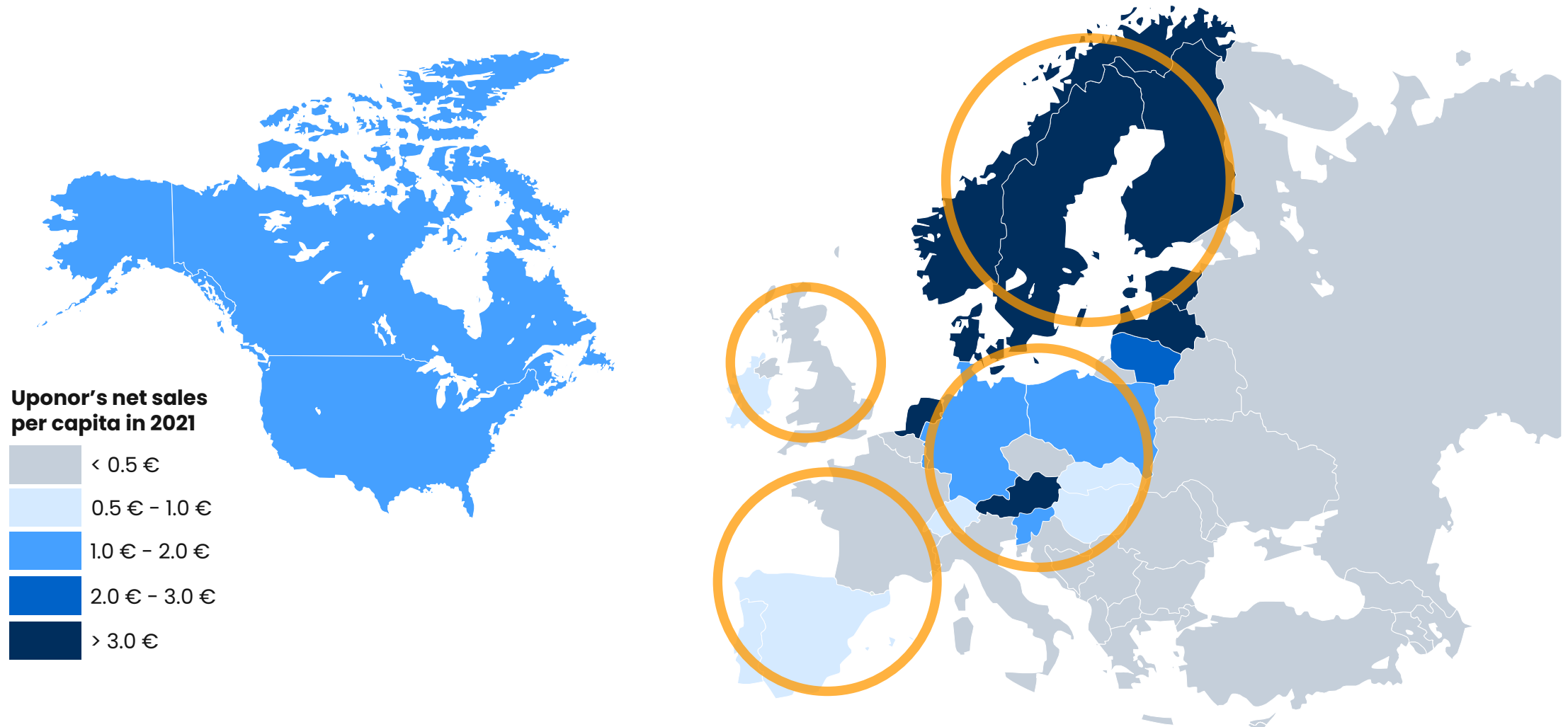
## Sustainable innovation

- **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 dwelling<sup>1</sup>

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

# Moving forward towards target of having a sustainable alternative for 50% of our product portfolio by 2027

- In Q3/2021, Uponor Infra launched **Ultra Rib 2 Blue**, its first sewer pipe based on renewable material
- In Q1/2022, Uponor launched the world's first **PEX Blue** pipe based on renewable material
- In Q2/2022, **IQ Blue**, Uponor launched first stormwater pipes based on renewable materials
- **Uponor Blue products feature ISCC\*** certified renewable raw material; they are the first results of a collaboration with Borealis, and are based on replacing a significant share of fossil raw materials by renewable alternatives



# New Chief Technology Officer appointed to the Executive Committee



**Michael Rauterkus**  
President and CEO



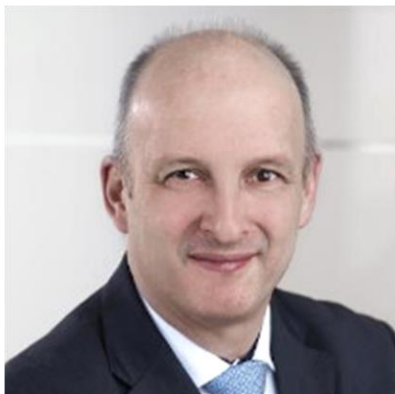
**Markus Melkko**  
CFO



**Jennifer Hauschildt**  
CHRO



**Thomas Fuhr**  
Chief Technology Officer  
(as of 1 Oct 2022)



**Karsten Hoppe**  
President, Building Solutions  
– Europe (until 9 Sept 2022)



**Sebastian Bondestam**  
President, Uponor Infra



**Andres Caballero**  
President, Building Solutions  
– North America





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

## New Technology organization

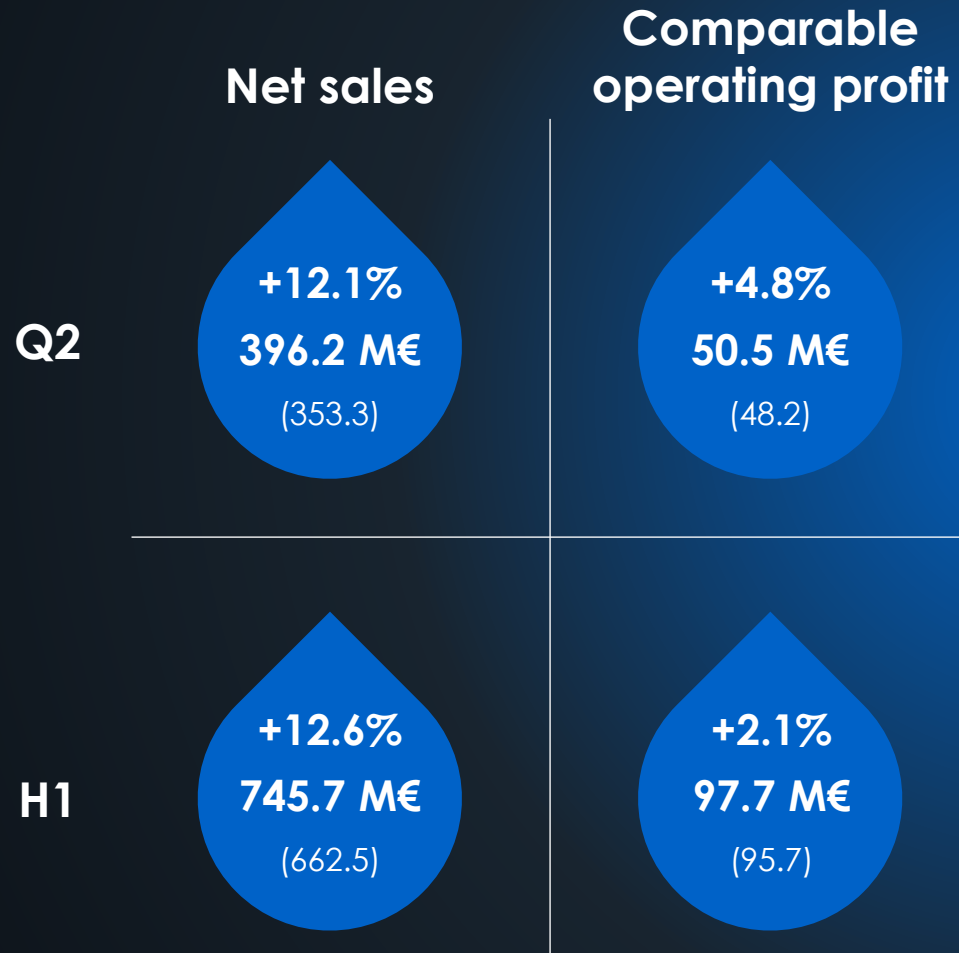
- Global lead on innovation and sustainability
- Provides operational support for Building Solutions-Europe division
  - BLD-E's Manufacturing and Supply Chain functions will move to new Technology organization
- Drives cross-division collaboration of the manufacturing and supply chain functions

## 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**

# Strong Q2 performance, H1 result reached a new high

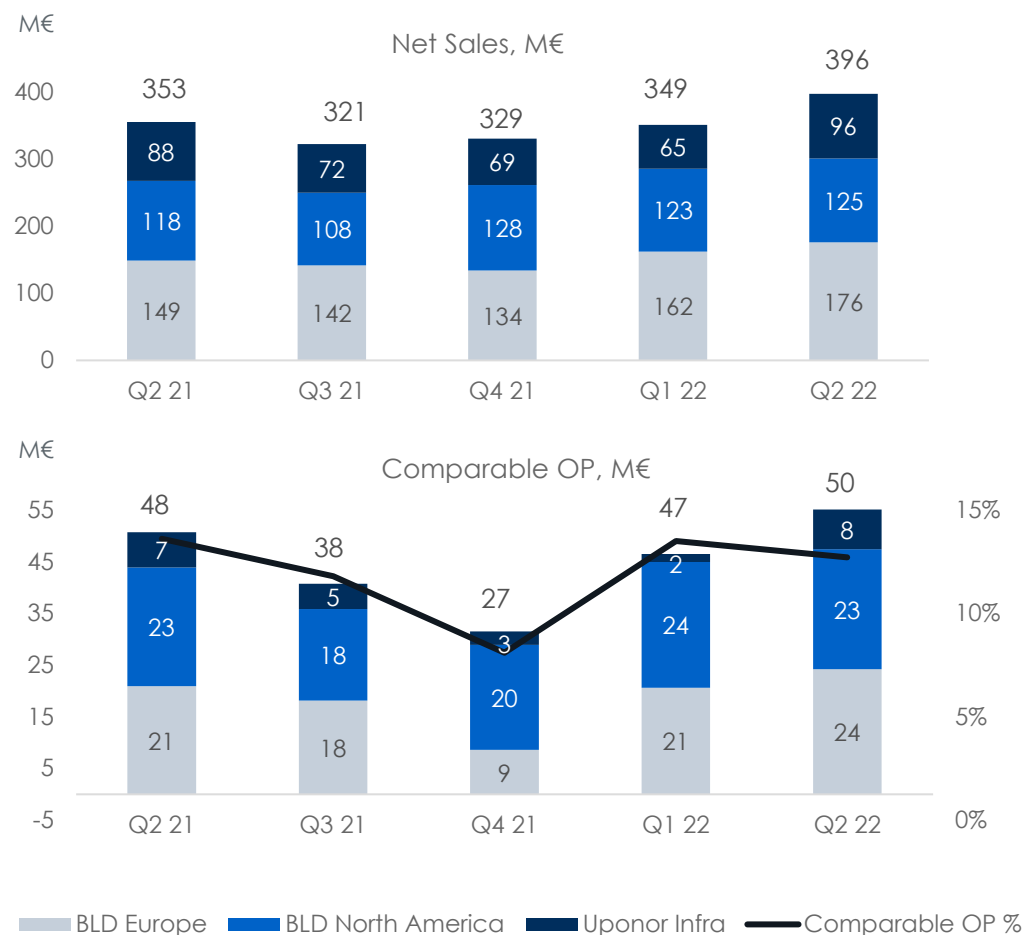


## Q2 2022 Highlights

- 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%

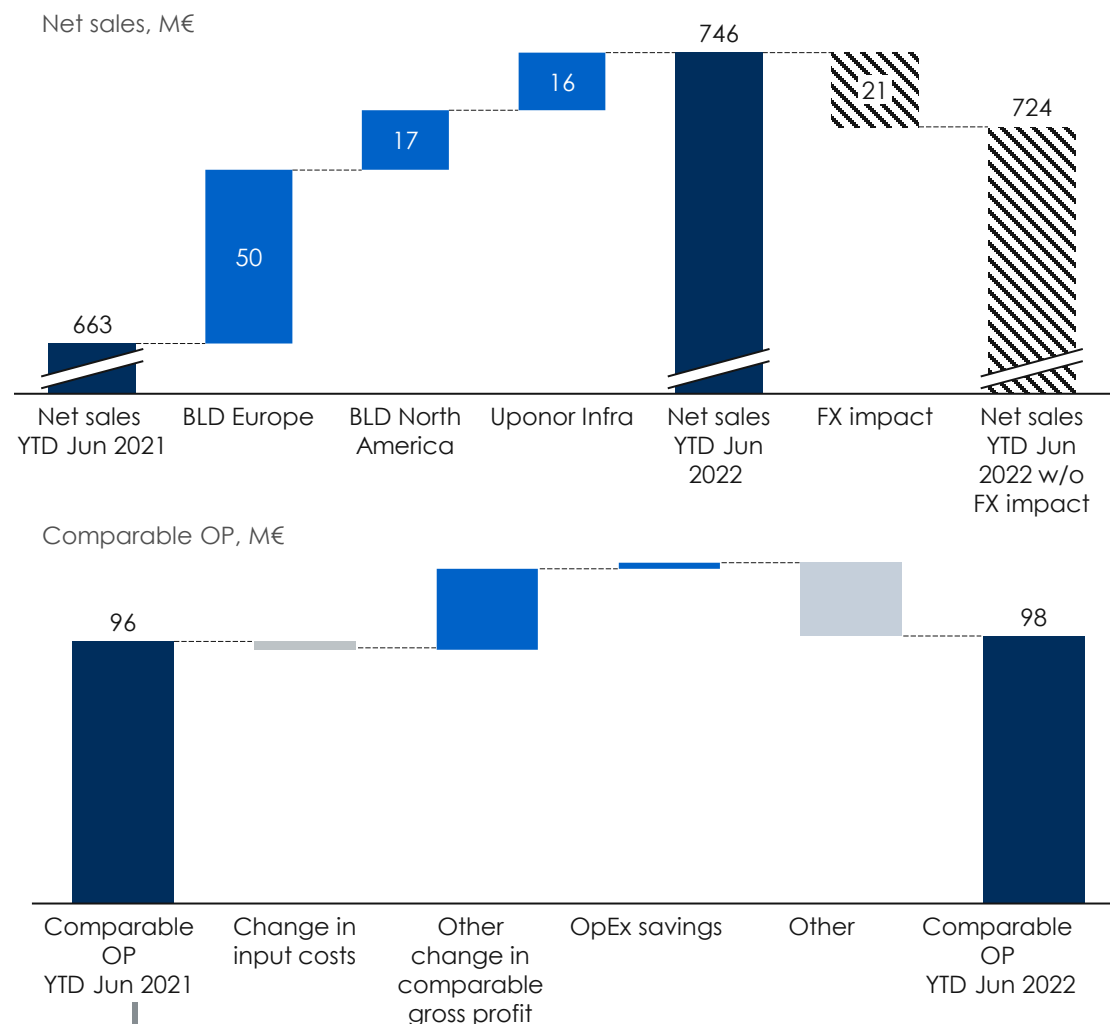
- Pricing actions had a positive impact on the operating profit in a tough supply environment with high inflationary pressures

### ➤ Comparable operating margin 12.7% (13.6)

### ➤ Guidance statement for 2022 unchanged

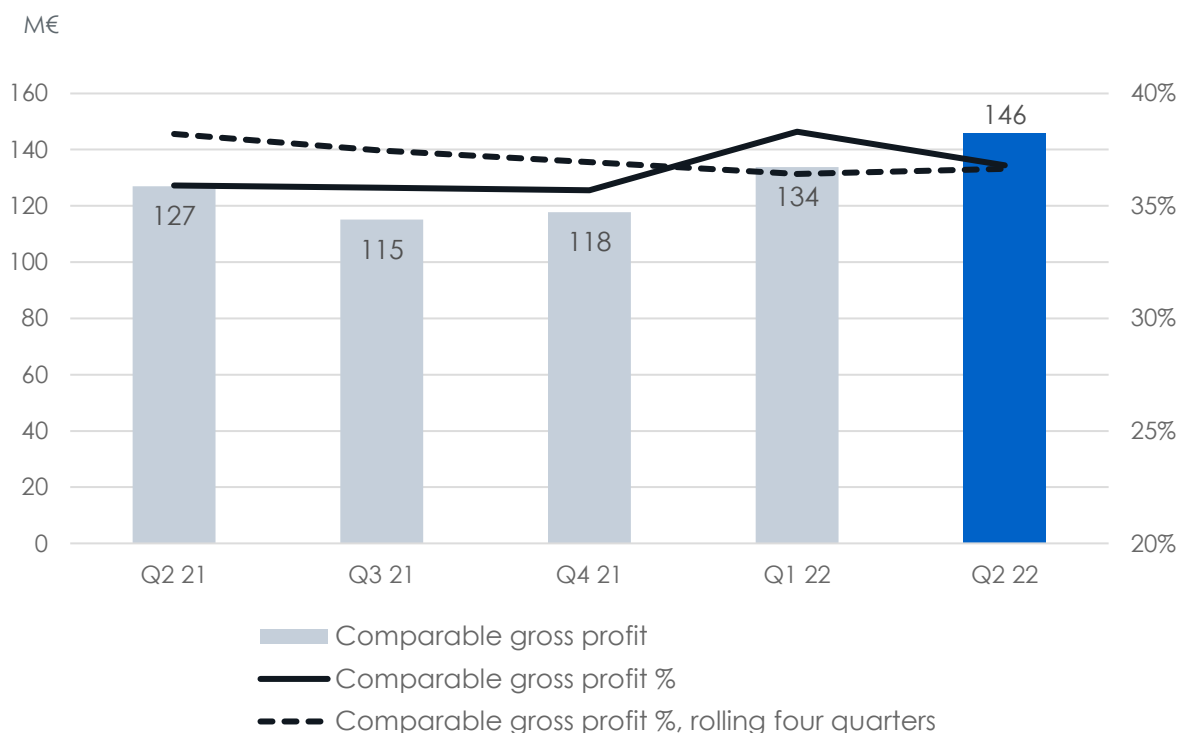


# Strong net sales growth driven by sales price increases



- 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

# 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



# 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



# 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.

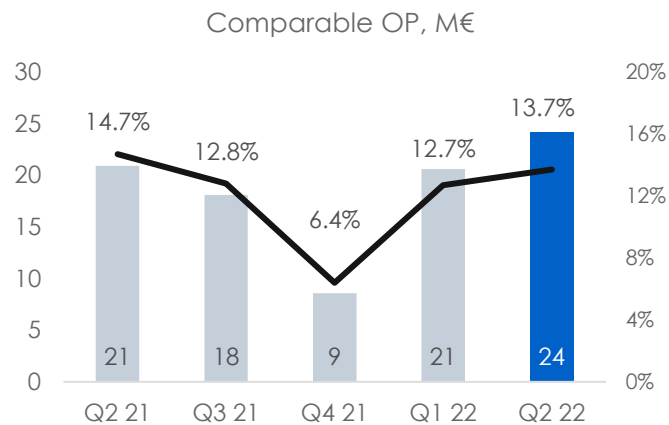
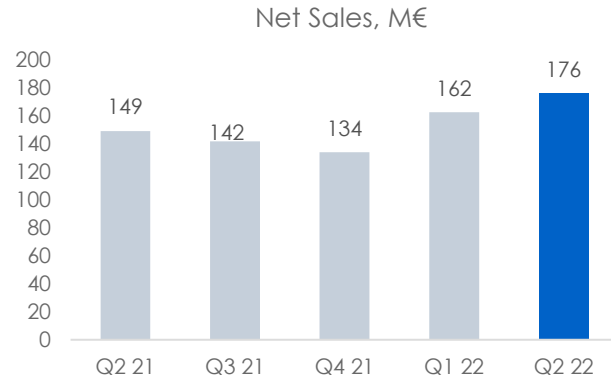
uponor

**Moving** > **Forward**

# Appendix

## 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%

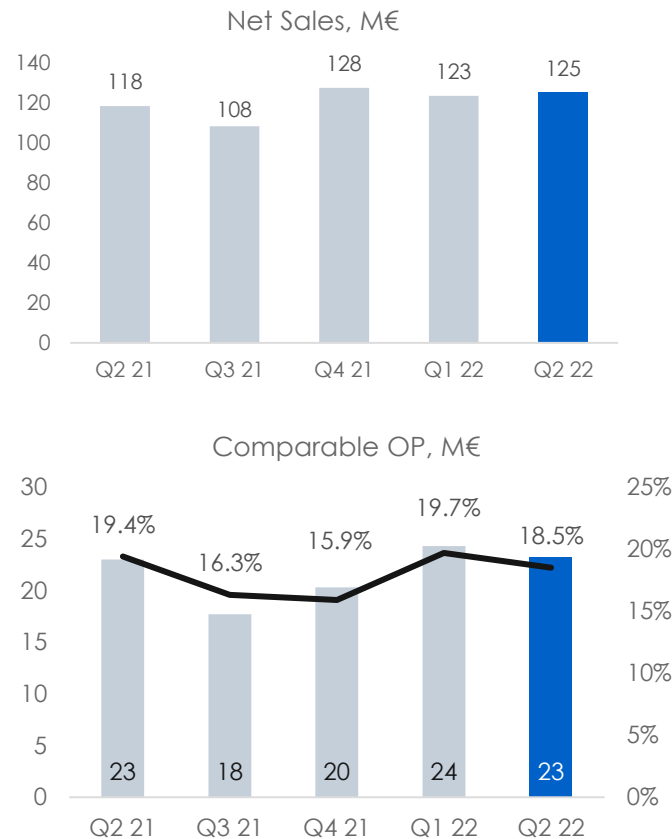
- Pricing actions had a positive impact on the operating profit and compensated for higher input costs

#### ➤ 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%

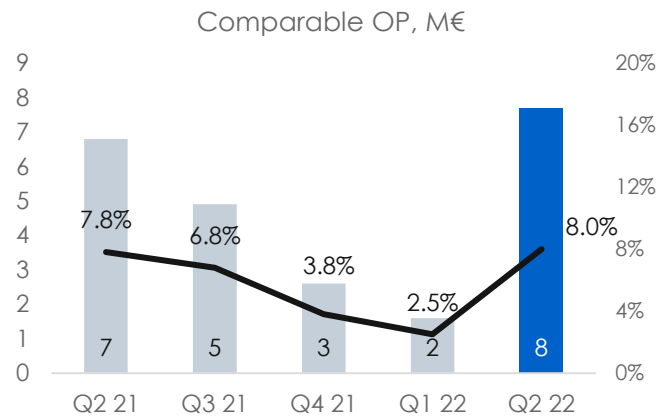
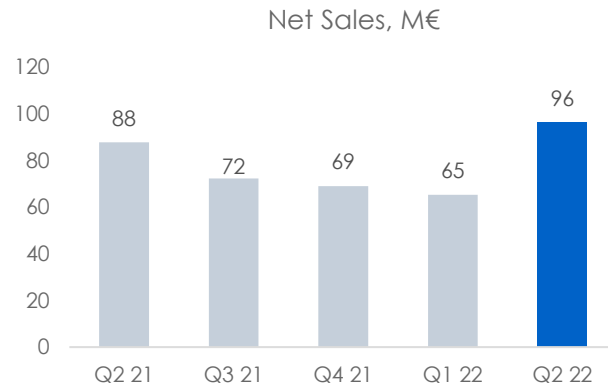
- Slower net sales growth largely due to distributors' inventory rebalance as our service levels have improved since the comparison period

#### ➤ 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%

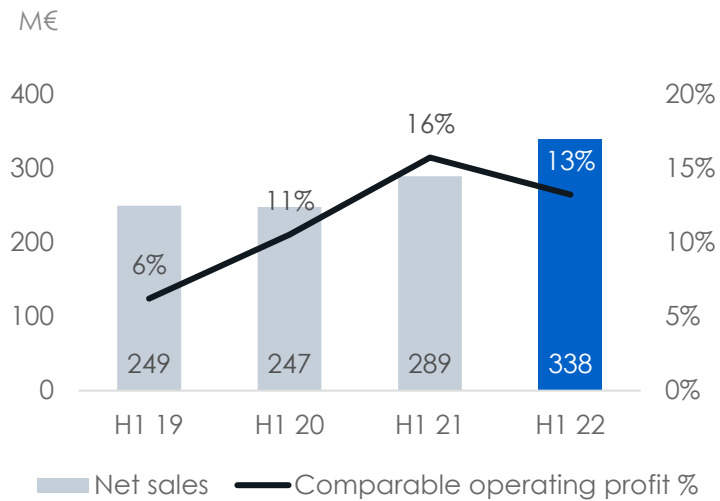
- Growth was driven by successful pricing execution

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

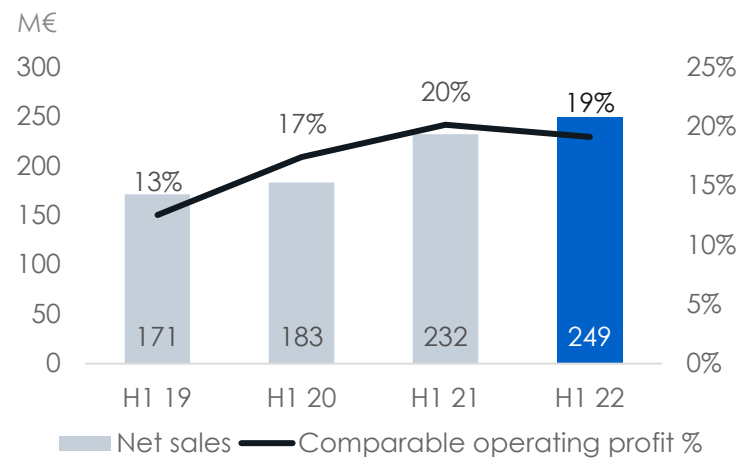
- Despite record high input prices, the operating profit improved due to successful pricing actions and more efficient usage of raw materials in the production.

# H1 2022 development by division

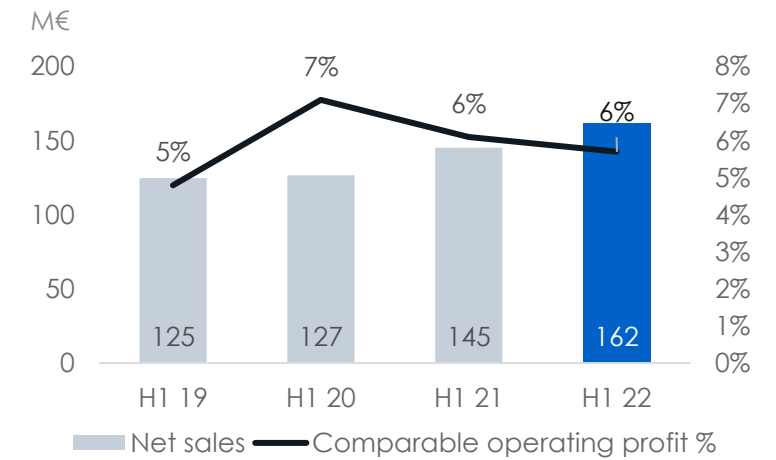
## Building Solutions-Europe



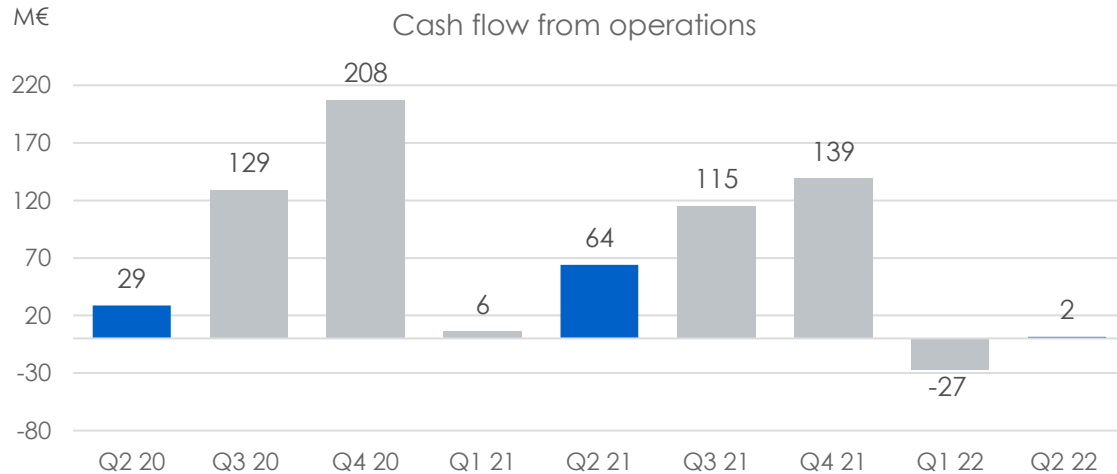
## Building Solutions-North America



## Uponor Infra



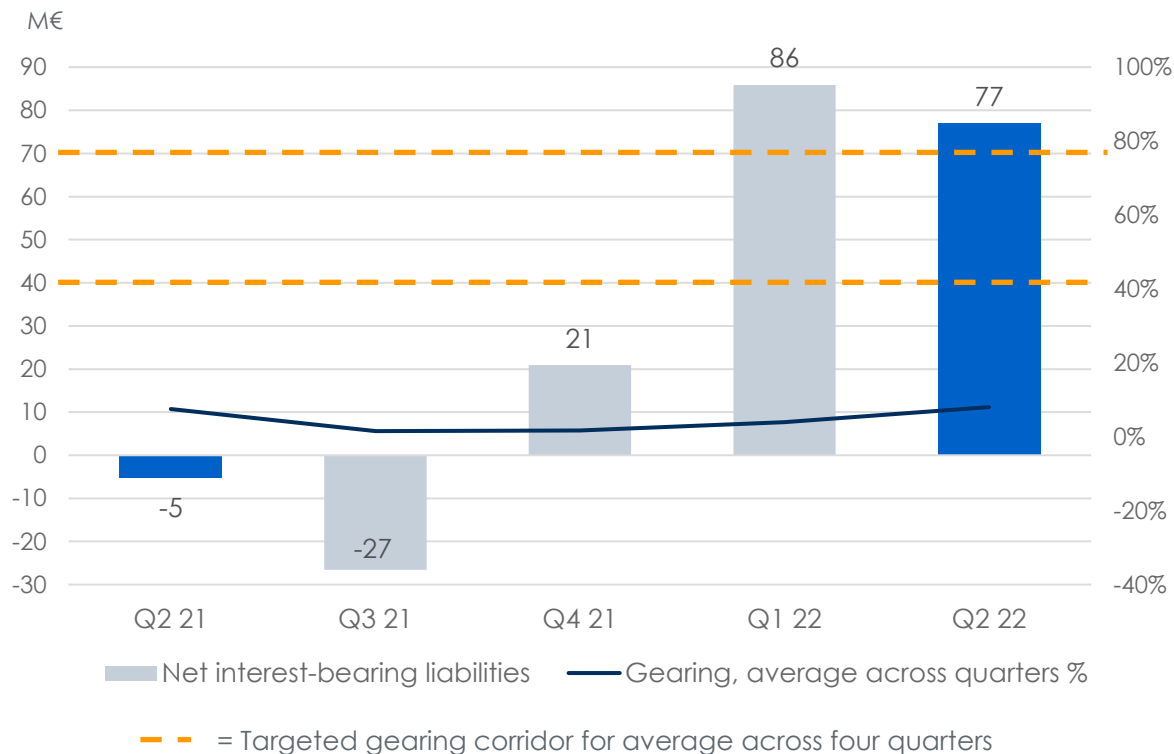
# Higher investments and ONWC impacted operative cash flow



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
<b>Total cash flow movements</b>	<b>-59.9</b>	<b>69.6</b>	<b>-40.4</b>

- 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

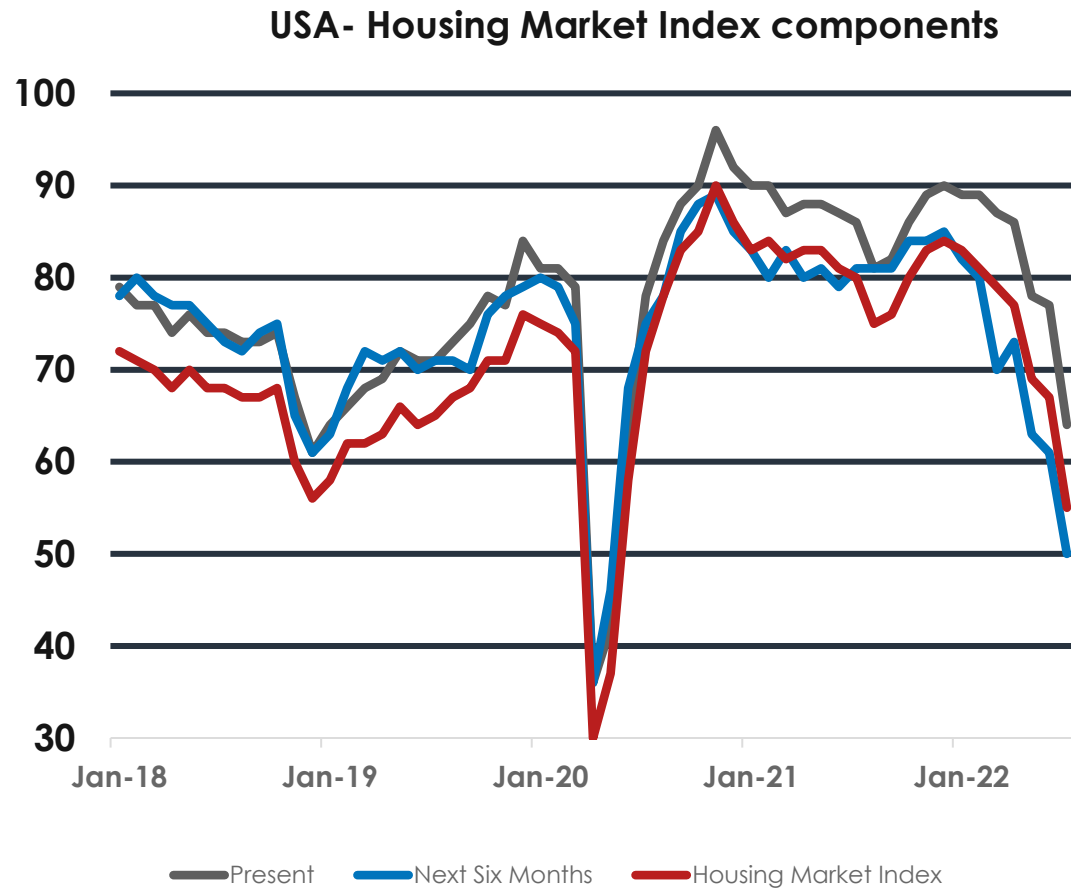
# Net interest-bearing liabilities higher due to higher ONWC, gearing well below financial target levels



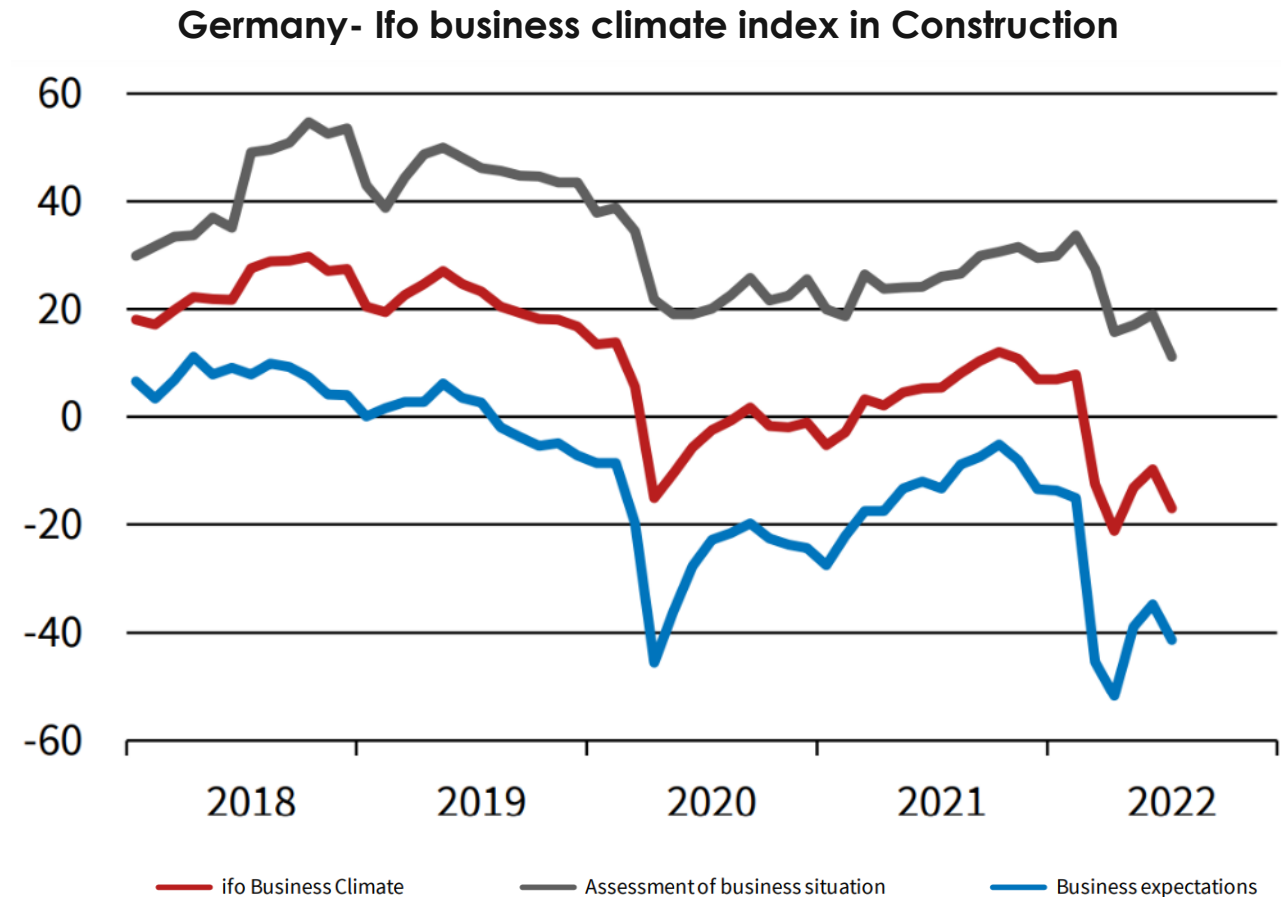
- Gearing 15.1% (-1.2), four-quarter rolling gearing 8.0% (7.5)
- Net interest-bearing liabilities increased due to a decrease in cash flow
- No change in financing position



# 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)

## PURPOSE

Rethinking water for future generations

## VISION

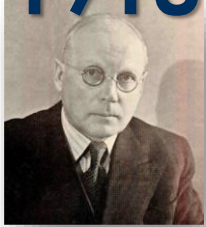
To become a recognised leader in sustainable building and infrastructure solutions



# More than 100 years of game-changing innovations

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

**1918**



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

**1986**



First overlapped welded multi-layer composite pipe (MLCP) is invented and patented

**1990**



The world's first press fitting for MLCP is launched

**1993**



Uponor consolidates all business under one brand

**2006**

**uponor**



**1965**

The first plastic factory, Upo-Muovi starts in Nastola, Finland



**1972**

First in world, Wirsbo in Sweden starts to manufacture PEX pipes



**1987–88**

Plastic hot water pipe acquisitions Hewing in Germany and Wirsbo in Sweden



**1991**

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



**1994**

Launch of the unique and revolutionary Quick & Easy fitting system

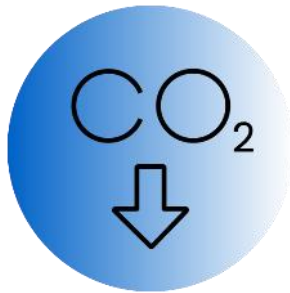


**2022**

Uponor launches world's first PEX Pipe based on renewable raw materials

# Megatrends supporting our growth ambition

**Demand for solutions contributing to net zero**



**~30% of carbon emissions from buildings, need for sustainable heating solutions**



Demand for sustainable products and systems to lower emissions

**Demand for systems to improve productivity**

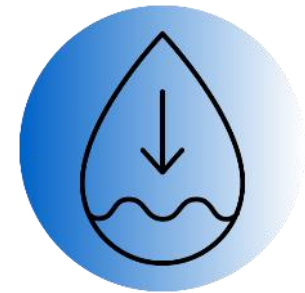


**Labor shortages and raising costs drive need for efficiency**



Strong demand for easy-to-install and pre-fabricated systems

**Demand for safe and clean water**



**Expectation for high water quality under all circumstances**

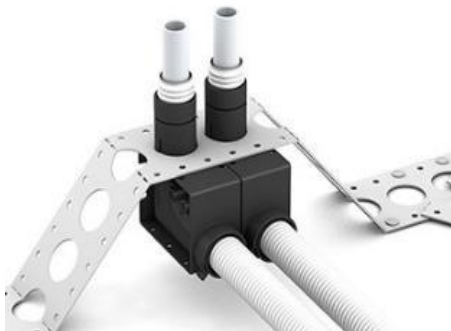


Demand for plastic pipes and systems as safe & clean solution



# Plumbing and Water Systems

## Efficient and hygienic drinking water supply



Flexible pipe systems



Multilayer composite pipe



Risers



Pressfittings



Manifolds



Quick & Easy Fittings



Tools



Leakage protection

# Indoor Climate

## Pleasant and energy-efficient atmosphere



Under floor heating and cooling



Concrete core activation



Ceiling cooling



Heat interface units



Manifolds



Smart controls



Local heat distribution pipes



Ventilation



# Infrastructure

Safe transportation of water, air, electricity, telecommunications & data



Standard solutions



360° Projekt-Services



Water monitoring services



Weholite® Technology Licensing

# Main product groups in Plumbing, Indoor climate and Infra

Plumbing  
& water  
systems  
55%



**Plumbing pipes**



**Sewage**



**Risers**

Indoor  
climate  
23%



**Underfloor heating  
& cooling**



**Smart  
controls**



**Digital energy  
monitoring**



**Heat interface  
units**



**Local heat  
distribution pipes**



**Manifolds**

Infra  
22%



**Storm & sewer  
water pipes**



**Pressure  
pipes**



**Inhouse  
drainage**



**Stormwater  
infiltration**



**District  
heating**



**Clean & wastewater  
treatment systems**



**Cable  
protection**



**Water  
monitoring**



# Our ESG targets by 2027

## ENVIRONMENTAL IMPACT

**Sustainability enabler and committed to SBTi net-zero targets**

- GHG emissions: **70%** reduction in own operations, **20%** in supply chain from 2019 level
- Sustainable alternative for **50%** of portfolio

## EMPLOYEES

**People first and top employer**

- **40% both male and female** in Top 50 management positions
- Top tier engagement scores
- Zero accident ambition

## SOCIETY











**Collaboration in the industry and value for the society**

- **Collaboration with top 25 customers** to strengthen impact
- Impactful social programs in all divisions we operate

### Governance

ESG targets are linked to managements' STI and LTI programs

# 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
 <b>USA</b>	Housing starts	-4% <sup>1)</sup>	N/A	May 2022	➡
 <b>Germany</b>	Housing permits	-2%	-2%	April 2022	➡
 <b>Finland</b>	Housing permits	-18%	-4%	April 2022	➡
 <b>Sweden</b>	Housing permits	+17%	+21%	March 2022	➡
 <b>Canada</b>	Housing starts	+1% <sup>1)</sup>	N/A	May 2022	➡
 <b>Netherlands</b>	Housing permits	-18%	-4%	April 2022	➡
 <b>Denmark</b>	Construction index	+9%	N/A	April 2022	➡
 <b>Poland</b>	Housing completions	+4%	+4%	May 2022	➡
 <b>Spain</b>	Housing permits	+6%	+22%	April 2022	⬅
 <b>Norway</b>	Housing starts	+1%	-1%	May 2022	➡

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

Source: National Statistics Offices

## 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%
<b>Gross profit</b>	<b>126.9</b>	<b>145.7</b>	<b>+14.8%</b>
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%
<b>Operating profit</b>	<b>47.0</b>	<b>42.8</b>	<b>-8.9%</b>
Operating profit margin (%)	13.3%	10.8%	-2.5% pts
<b>Comparable operating profit</b>	<b>49.3</b>	<b>50.5</b>	<b>+2.4%</b>
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%
<b>Profit before taxes</b>	<b>37.6</b>	<b>43.2</b>	<b>+14.9%</b>
<b>Profit for the period</b>	<b>25.9</b>	<b>29.6</b>	<b>+14.2%</b>
<b>EBITDA</b>	<b>59.2</b>	<b>55.9</b>	<b>-5.6%</b>

# 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
<b>Gross profit</b>	<b>251.9</b>	<b>279.4</b>	<b>+10.9%</b>		<b>484.7</b>
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
<b>Operating profit</b>	<b>94.0</b>	<b>89.6</b>	<b>-4.6%</b>		<b>154.1</b>
Operating profit margin (%)	14.2%	12.0%	-2.2%	pts	11.7%
<b>Comparable operating profit</b>	<b>97.0</b>	<b>97.7</b>	<b>+0.8%</b>		<b>161.7</b>
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
<b>Profit before taxes</b>	<b>80.7</b>	<b>89.1</b>	<b>+10.3%</b>		<b>139.8</b>
<b>Profit for the period</b>	<b>57.6</b>	<b>62.9</b>	<b>+9.1%</b>		<b>103.4</b>
<b>EBITDA</b>	<b>118.4</b>	<b>115.7</b>	<b>-2.4%</b>		<b>203.3</b>



## 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
<b>Assets total</b>	<b>1,021.9</b>	<b>1,040.8</b>	<b>18.9</b>
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
<b>Shareholders' equity and liabilities total</b>	<b>1,021.9</b>	<b>1,040.8</b>	<b>18.9</b>