

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

uponor

# Financial results briefing 1–12/2021

10 February 2022

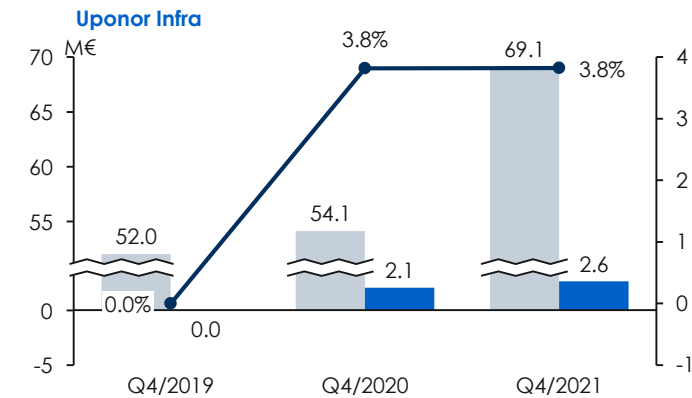
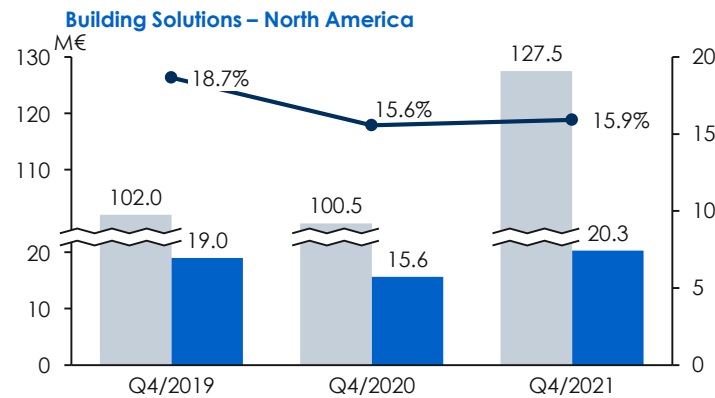
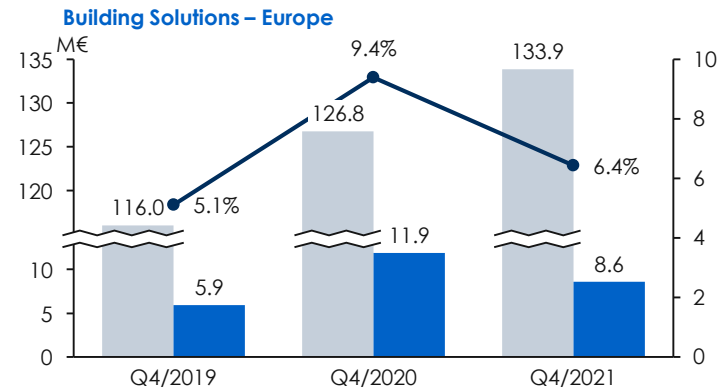
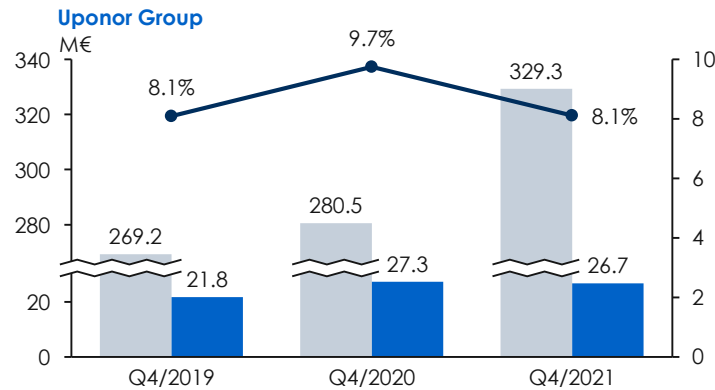
Michael Rauterkus, President & CEO  
Markus Melkko, CFO



# Highlights of Q4

- Net sales were €329.3 (280.5) million, a growth of 17.4%.
- Comparable operating profit was €26.7 (27.3) million, a decrease of 2.3%.
- Building Solutions – North America and Uponor Infra increased both net sales and comparable operating profit.
- Building Solutions – Europe's comparable operating profit decreased, which was due to higher input costs, decreased sales volumes, phasing of maintenance and repair as well as investments in marketing activation.

# Q4 2021: Group's net sales growth was strong at +17.4%, profitability was burdened by higher input costs



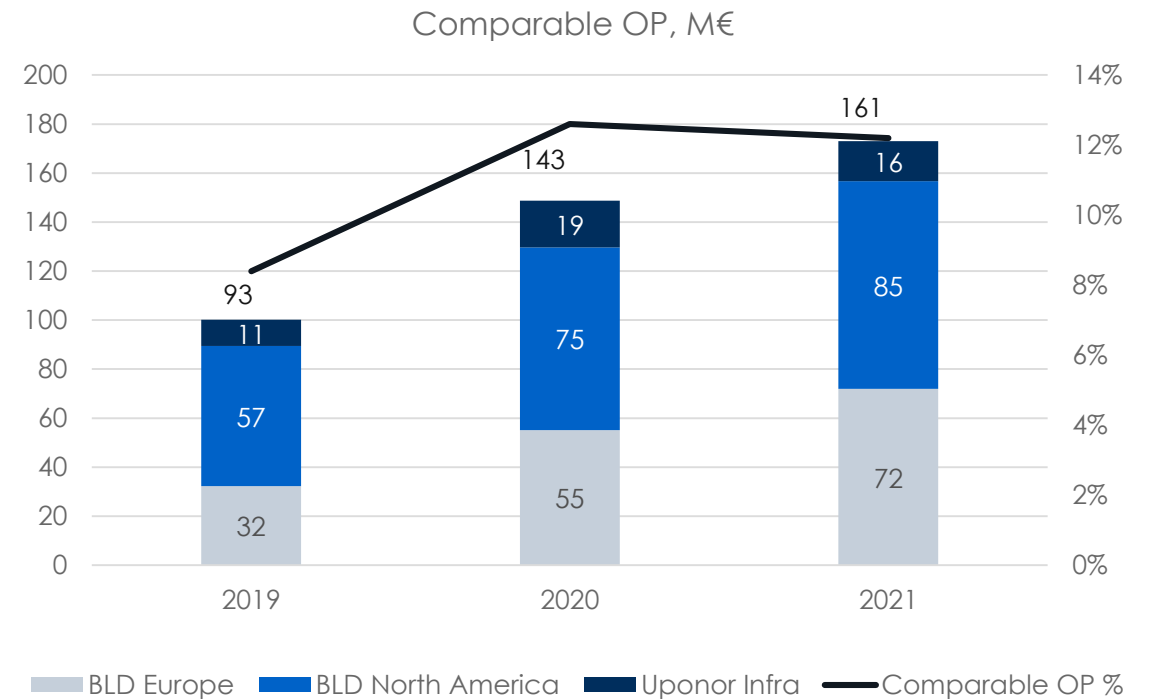
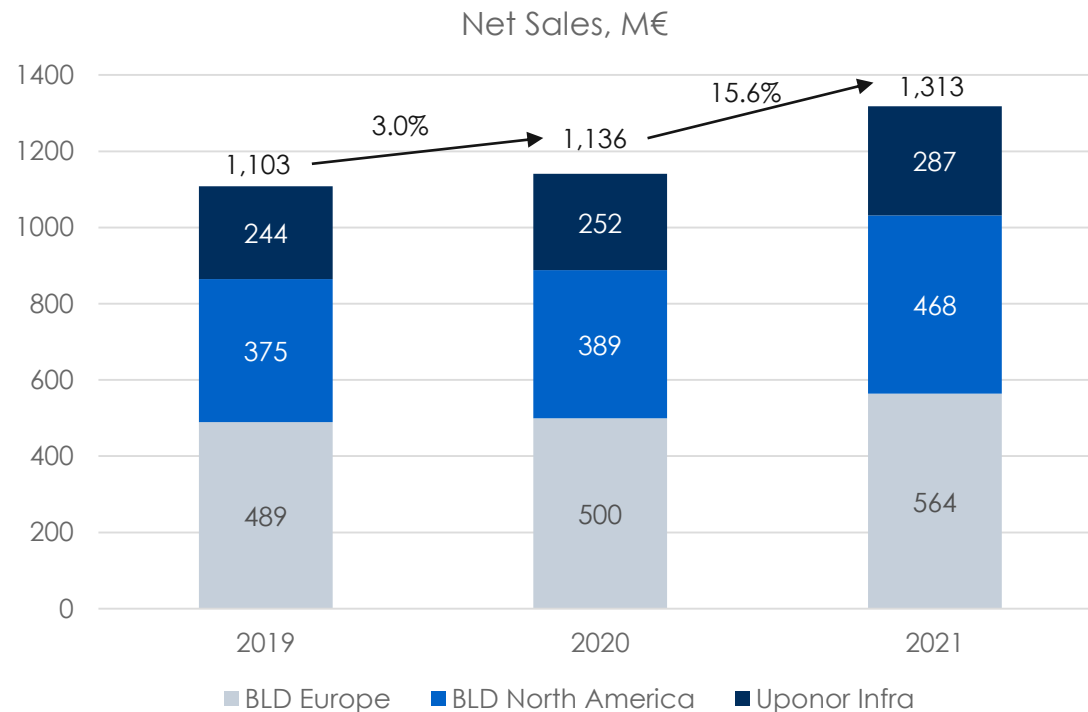
■ Net Sales, M€ ■ Comparable operating profit, M€ ● Comparable OP margin (%)

## 2021: Strong net sales growth in all divisions

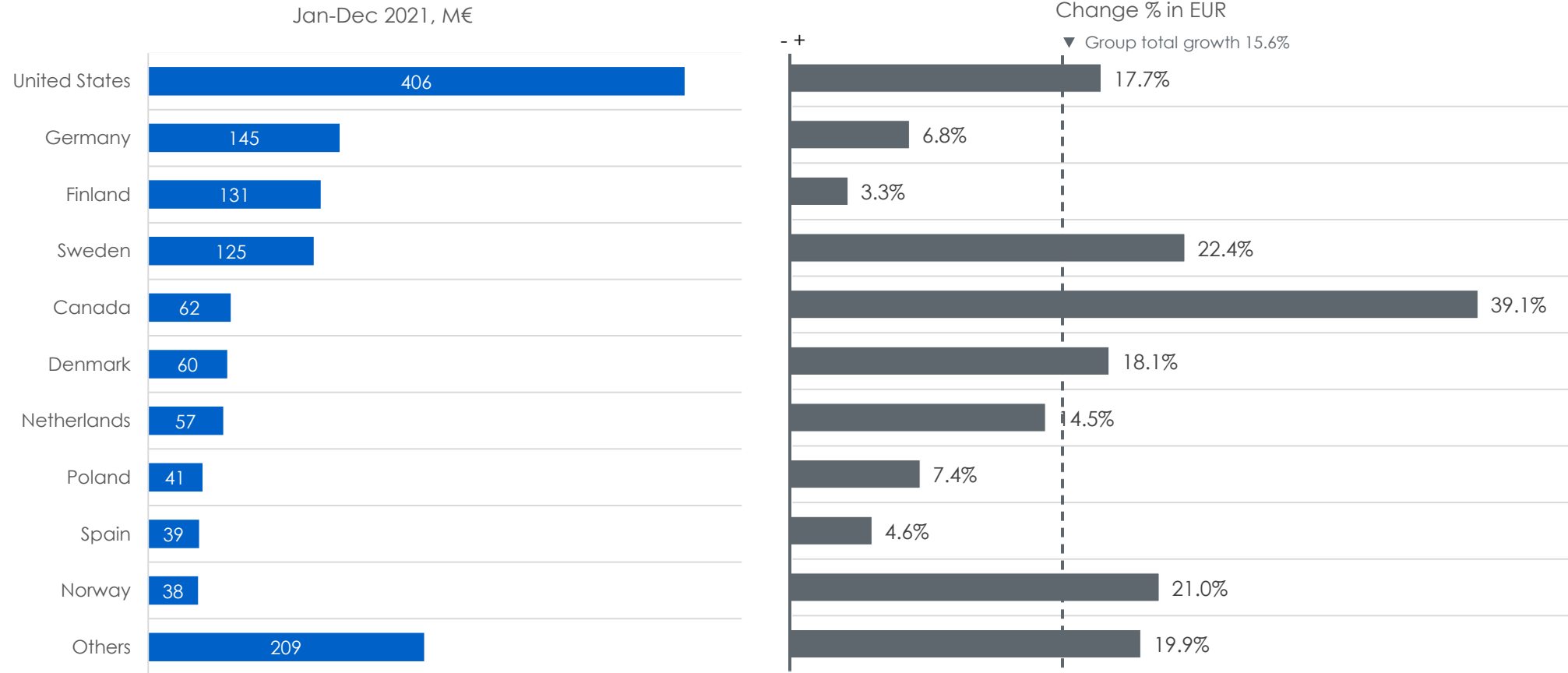
- Net sales were €1,313.2 (1,136.0) million, a growth of 15.6%.
- Comparable operating profit was €160.5 (142.7) million, a growth of 12.5%.
- Building Solutions divisions increased their comparable operating profits.
- The first building material company to receive approval from the Science Based Targets initiative for GHG emission reduction targets in April.
- The acquisition of Capricorn S.A., a Polish manufacturer of components for heating and sanitary installations, was completed in October.



# A record year in both net sales and operating profit in a very volatile market environment

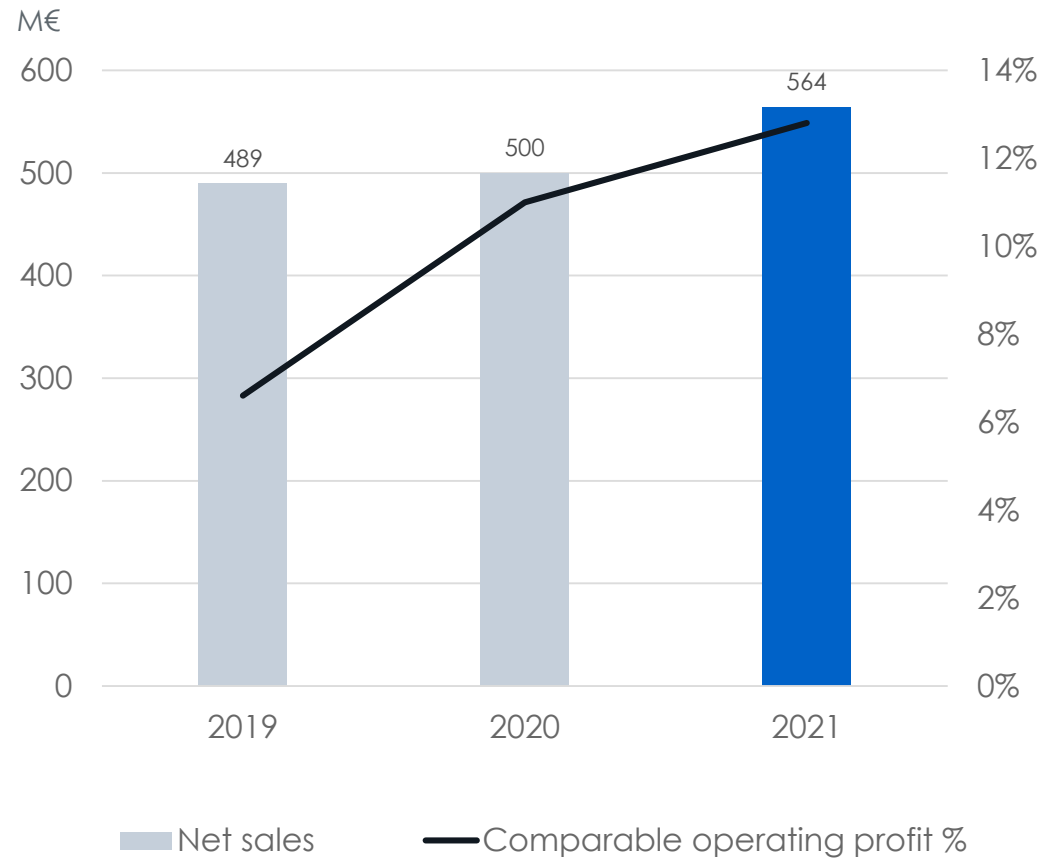


# Net sales grew in all key markets in 2021





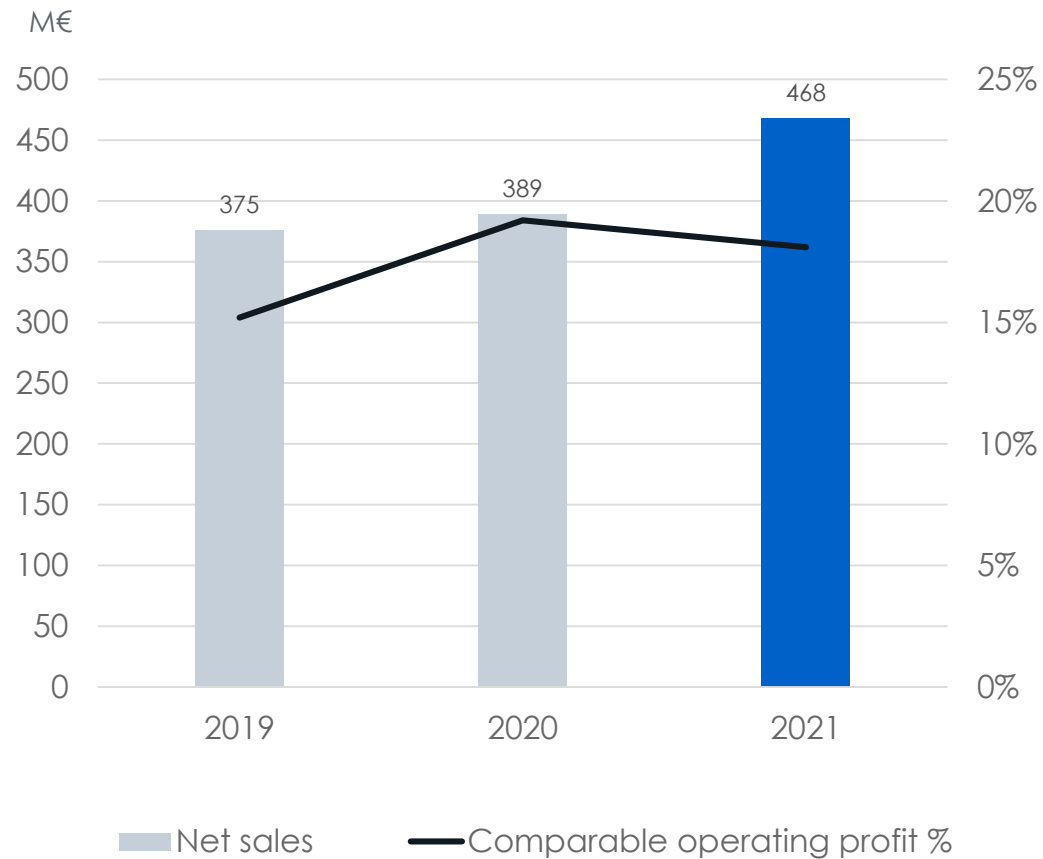
# Building Solutions – Europe: Development in 2021



- Despite the decrease in Q4, the full year resulted in a growth of 30.6% in comparable OP.
- Improvements were driven by higher volumes, price increases and savings generated by the operational excellence programme.
- Positive net sales development was driven by growth in Germany, the Netherlands and Sweden.



# Building Solutions – North America: Development in 2021



- The growth of net sales was driven by volume growth and price increases in both the U.S. and Canada.
- Strong operational performance, higher volumes and price increases all contributed to the increase in operating profit despite higher input costs and supply shortages.





# Uponor Infra: Development in 2021



- Net sales increased in Finland, Norway and Sweden, in particular. Net sales decreased slightly in designed solutions sales.
- The profitability decrease was due to higher input costs, which were not fully compensated by price increases.



# Moving our sustainability agenda forward

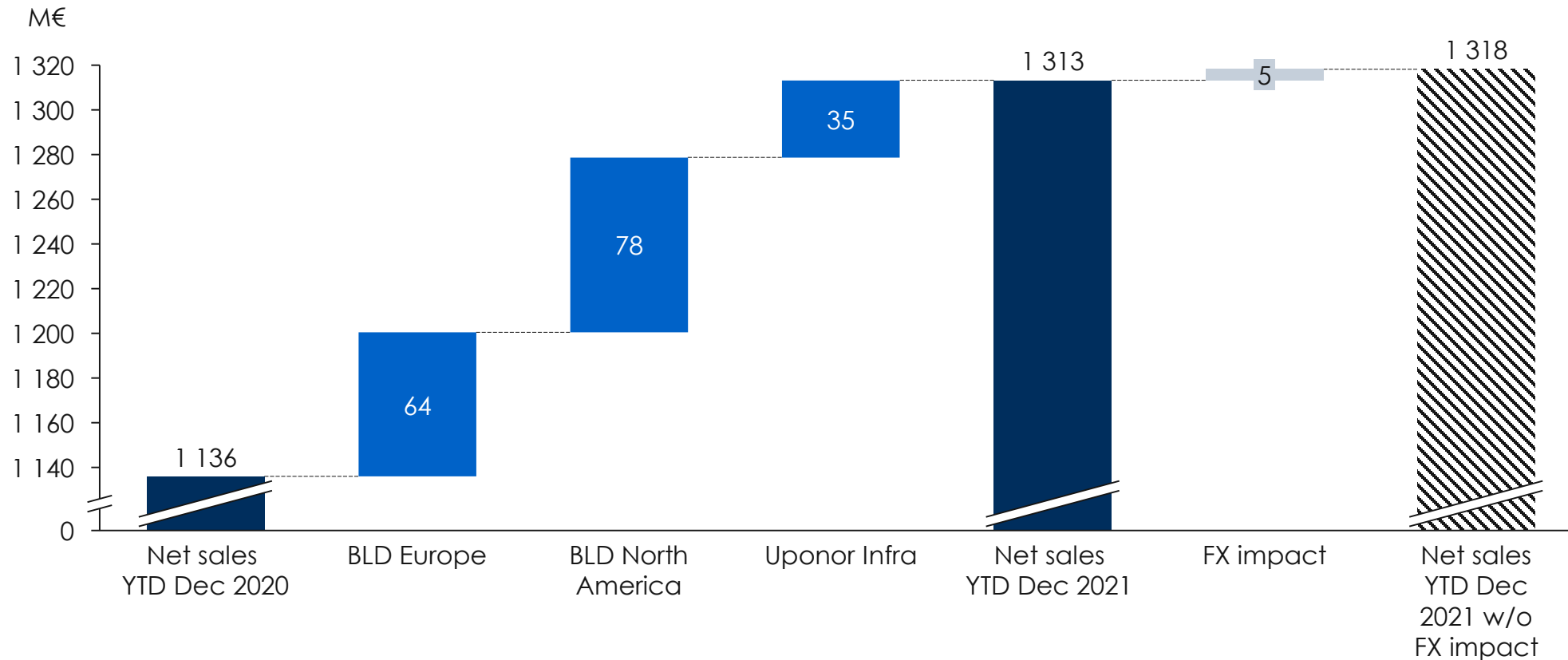
	Unit	2020	2021	Change
Net sales	M€	1,136.0	<b>1,313.2</b>	+15.6%
Total energy consumption	1,000 MWh	206.6	<b>227.0</b>	+9.9%
Raw materials	1,000 tonnes	157.1	<b>163.1</b>	+3.8%
Water consumption	1,000 m3	139.0	<b>146.9</b>	+5.7%
Total GHG emissions (Scope 1)	1,000 tonnes CO2	6.4	<b>6.3</b>	-1.6%
Total GHG emissions (Scope 2)	1,000 tonnes CO2	14.8	<b>4.1</b>	-72.3%
Total waste	1,000 tonnes	15.9	<b>18.0</b>	+13.2%
Incident rate (LTIF)	per million work hours	7.5	<b>4.8</b>	-36.0%

- Growth in production volumes impacted energy consumption, raw materials and the amount of total waste
- The decrease in Scope 2 was driven by an increase in the purchase of green electricity
- Good progress in LTIF

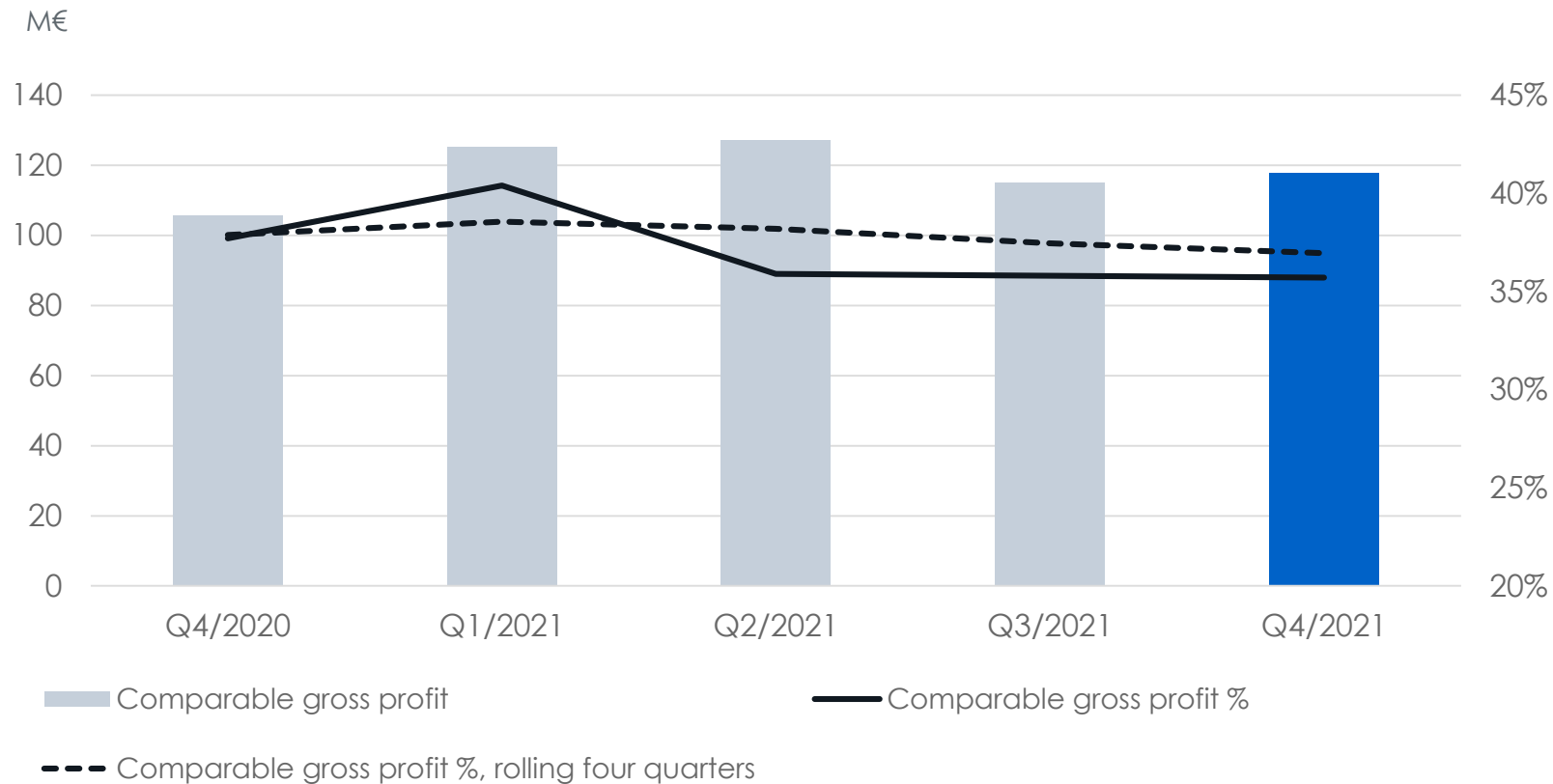
Markus Melkko, CFO

# Financial statements

# Strong net sales was driven by increases in sales volumes and prices

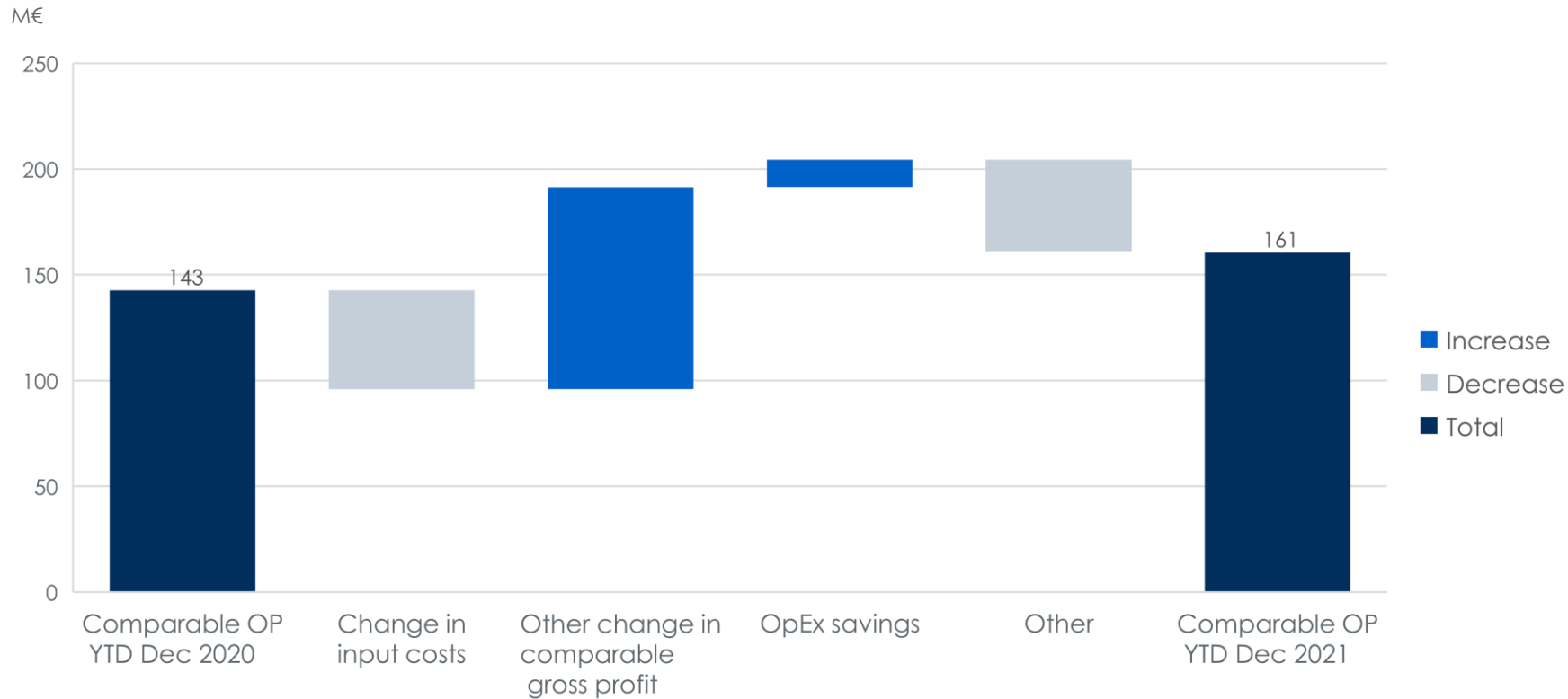


# Increased input costs continued to impact gross profit margin



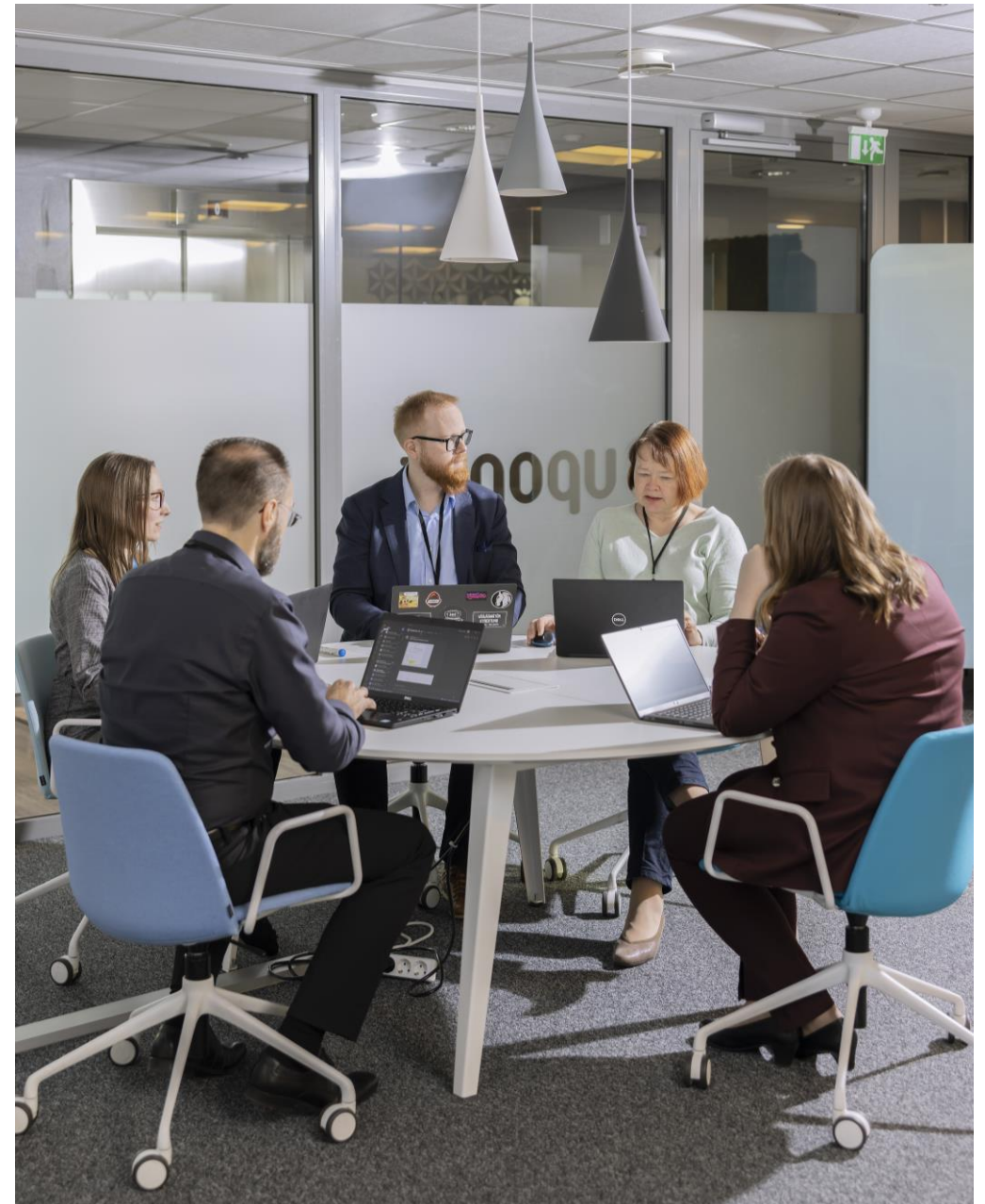


# Sales volumes, good operational performance and price increases drove the positive development in comparable operating profit

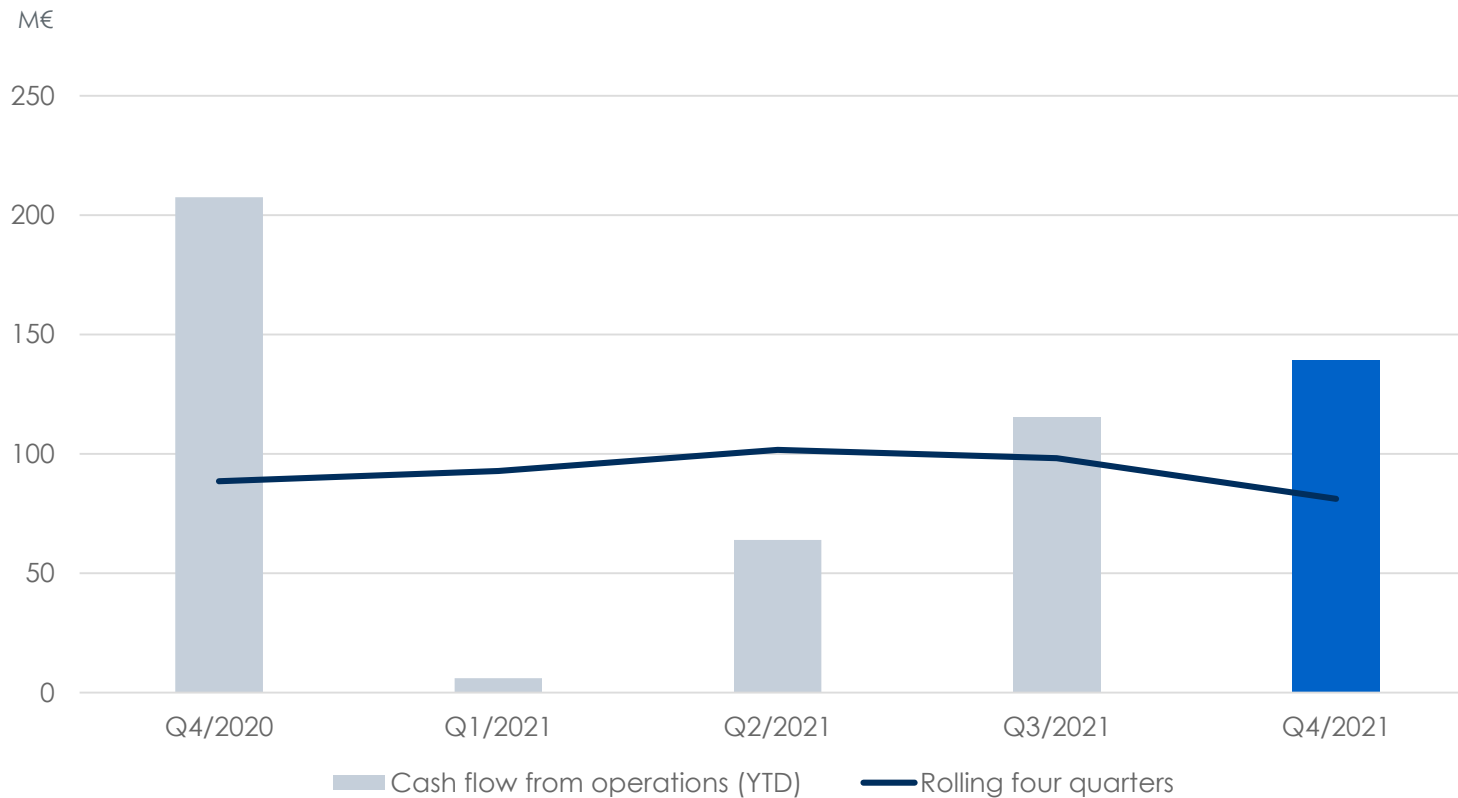


# Progress of the operational excellence programme

- During 2021, the programme generated savings of approximately €13 million.
  - The total generated savings under the programme are approximately €21 million by the year end.
- During 2021, €5.4 million was recorded as items affecting comparability.
  - In total, €17.2 million IAC's since the launch of the programme.
- The programme is expected to generate savings of approximately €25 million by the end of H1/2022.



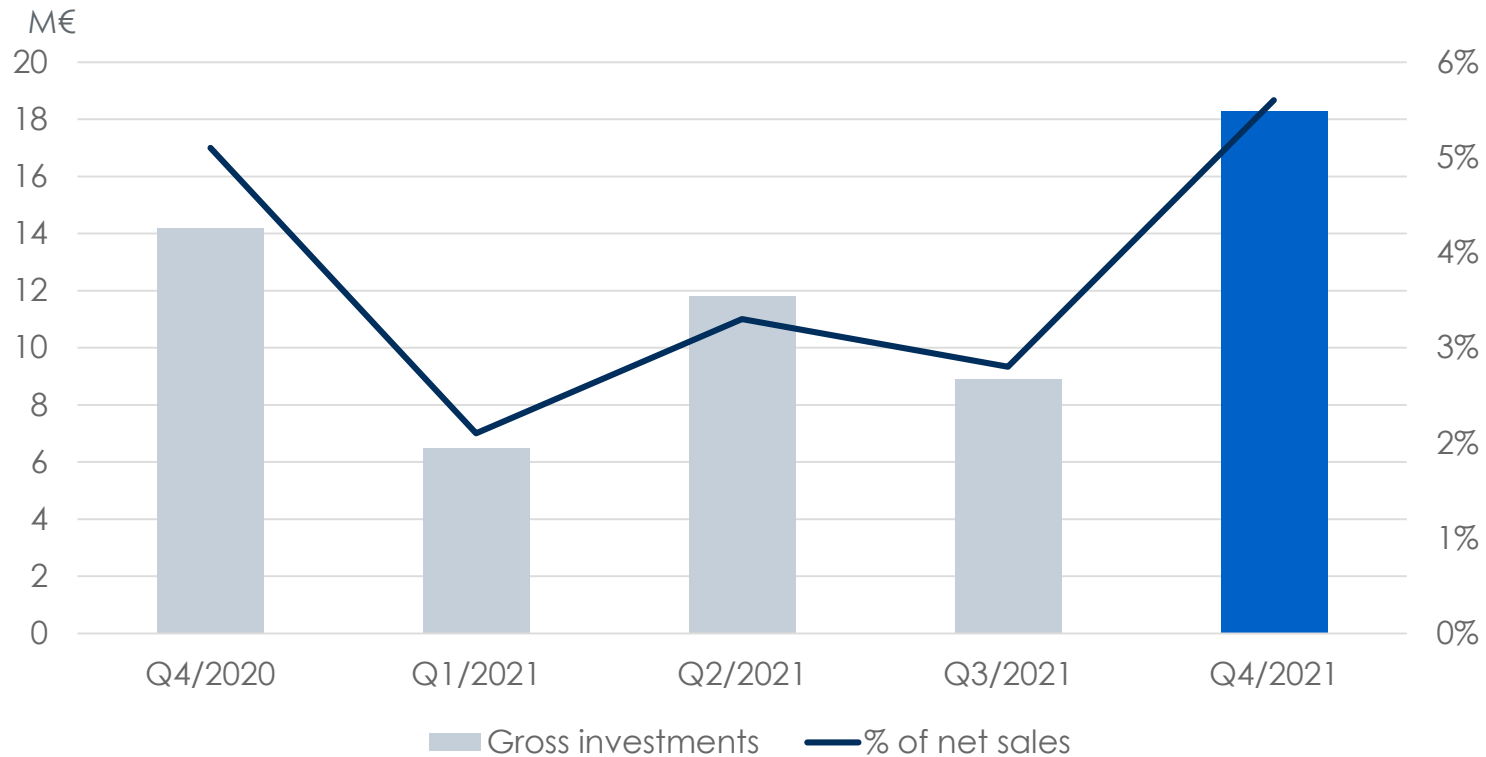
# Operative cash flow strong, but higher investments and operative net working capital impacted the y-o-y comparison



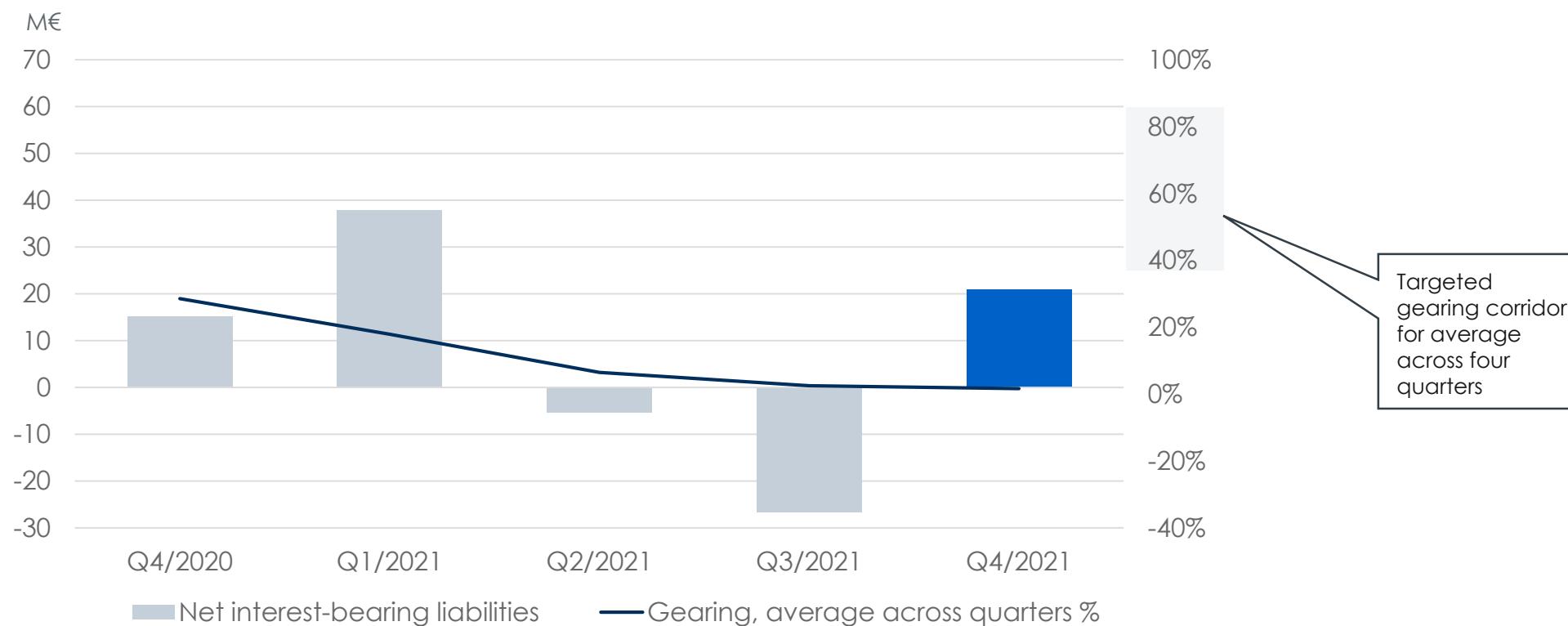
## ► Operative net working capital highlights:

- During 2021, inventory levels have returned to healthier levels.
- Trade receivables increased due to net sales growth.
- Payables increased along with growth and inflation.

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

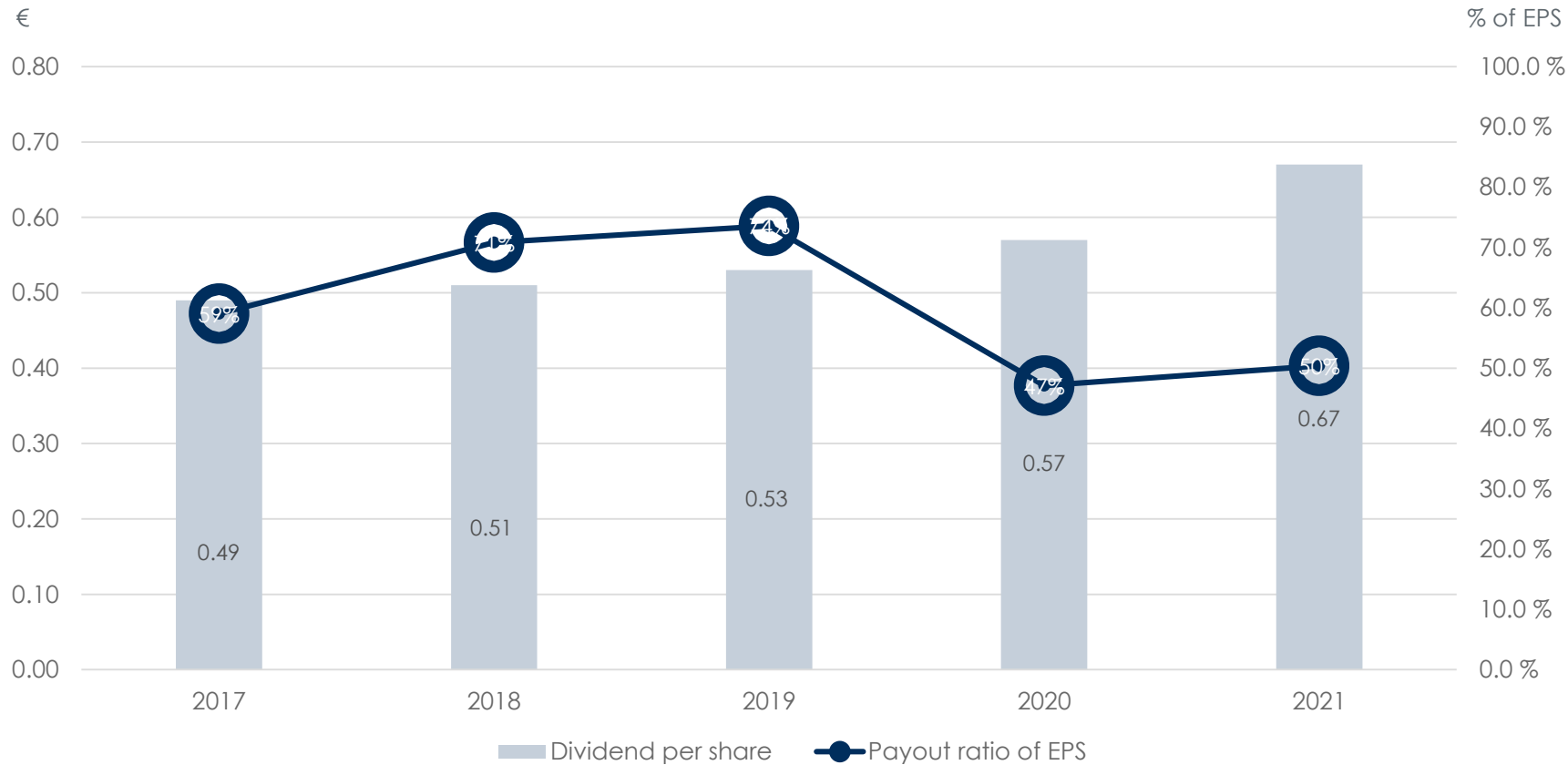


# Net interest-bearing liabilities were higher than last year – average gearing continued to decrease to 1.7%





# Dividends and payout ratio



The Board's dividend proposal: €0.67 (0.57) per share, of which €0.33 will be paid in March 2022 and €0.34 is planned to be paid in September 2022.

# Progress with long-term financial targets

	Target	Achievement in 2021	
Growth	Organic net sales growth to exceed annual GDP growth* by 3 ppt  <i>* (GDP growth based on a weighted average growth in the top 10 countries)</i>	<b>15.6%</b> (GDP growth 2021E: 7.5%)	✓
Comparable operating profit margin	To exceed 10%	<b>12.2%</b>	✓
Dividend pay-out	To be at least 50% of annual earnings	<b>50.4%</b>	✓
Gearing	To stay within 40–80% as an annual average of the quarters	<b>4.3%</b>	✓
Return on investment	To exceed 20%	<b>24.7%</b>	✓

Michael Rauterkus, President & CEO

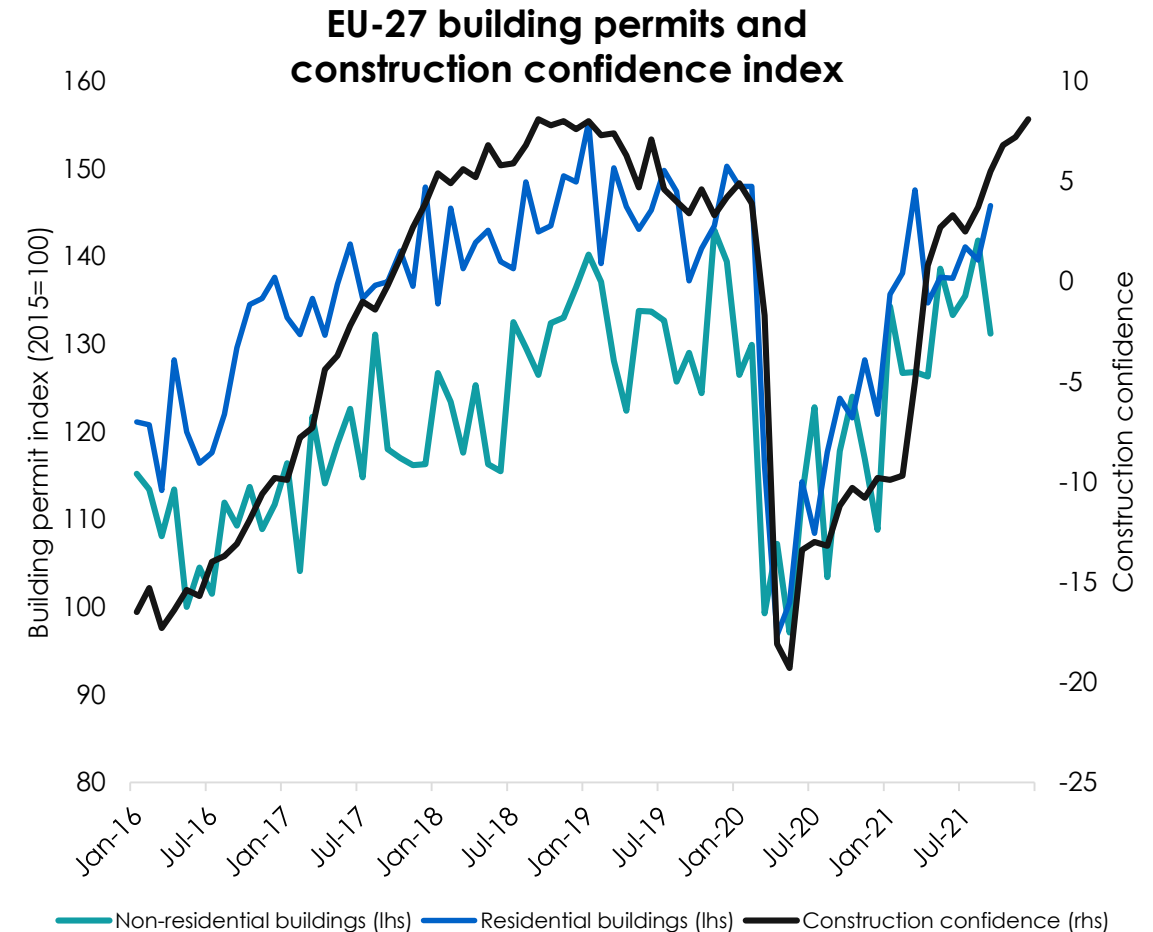
# Outlook for 2022

# Europe: Leading indicators continued to move in a positive direction

Despite challenges with COVID-19 and supply chains as the year came to an end, economic growth was solid for the year as a whole.

Within the construction industry:

- Construction confidence surpassed pre-pandemic levels
- Both residential and non-residential building permits have trended upward overall



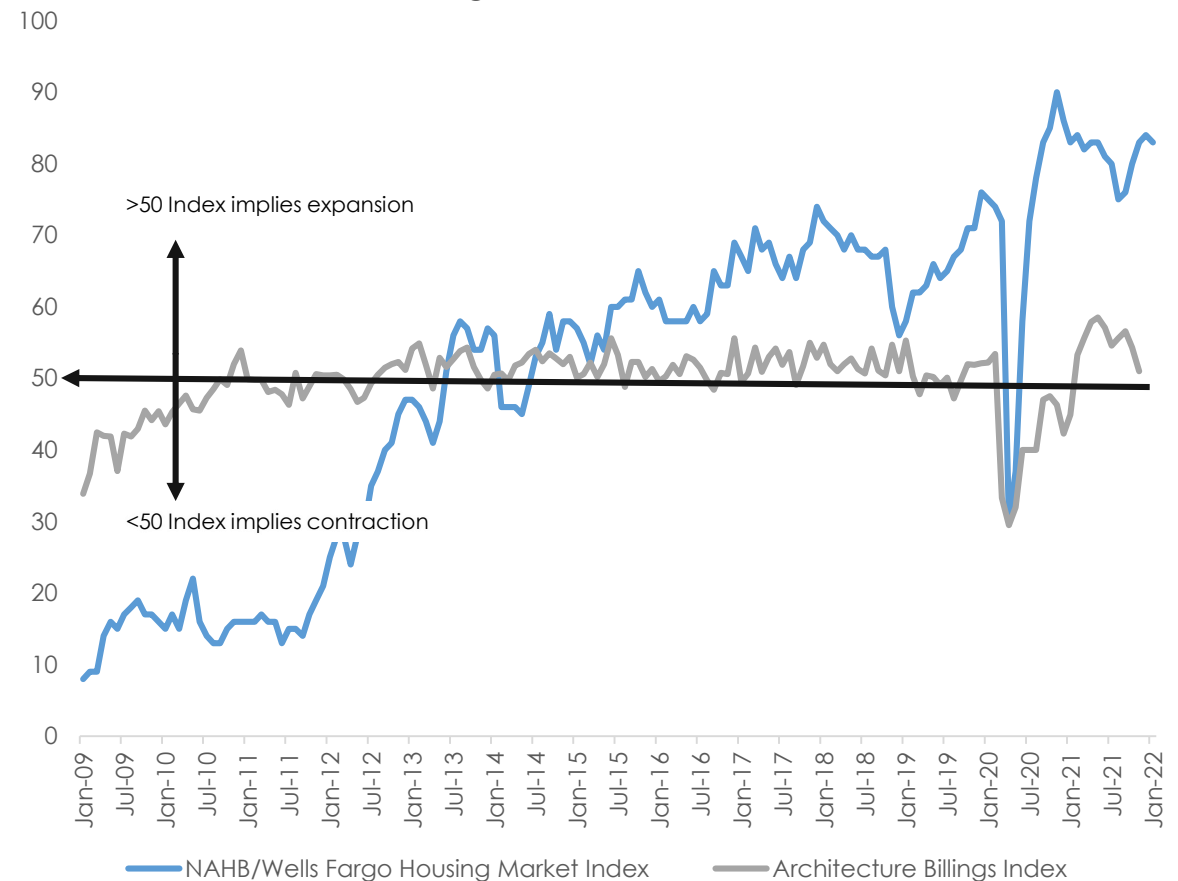
# U.S.: Residential construction still strong, while non-residential segment mixed

Supply chain, labour and inflation challenges moderating otherwise strong economic growth.

In construction:

- Residential construction grew further, non-residential segments mixed
- Home builder confidence, housing permits and housing starts still solid
- Architectural billings still positive, but less so than earlier in the year

U.S. leading construction indicators



Source: NAHB, AIA



## Short-term market outlook for Q1/2022

- Residential markets remain upbeat
- Non-residential markets stabilise further
- Supply chain and labour challenges persist
- Input costs still volatile

## Guidance statement for 2022:

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.*



# Virtual Capital Markets Day 2022

Date: 14 March 2022  
Time: 15:00 EET

**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**

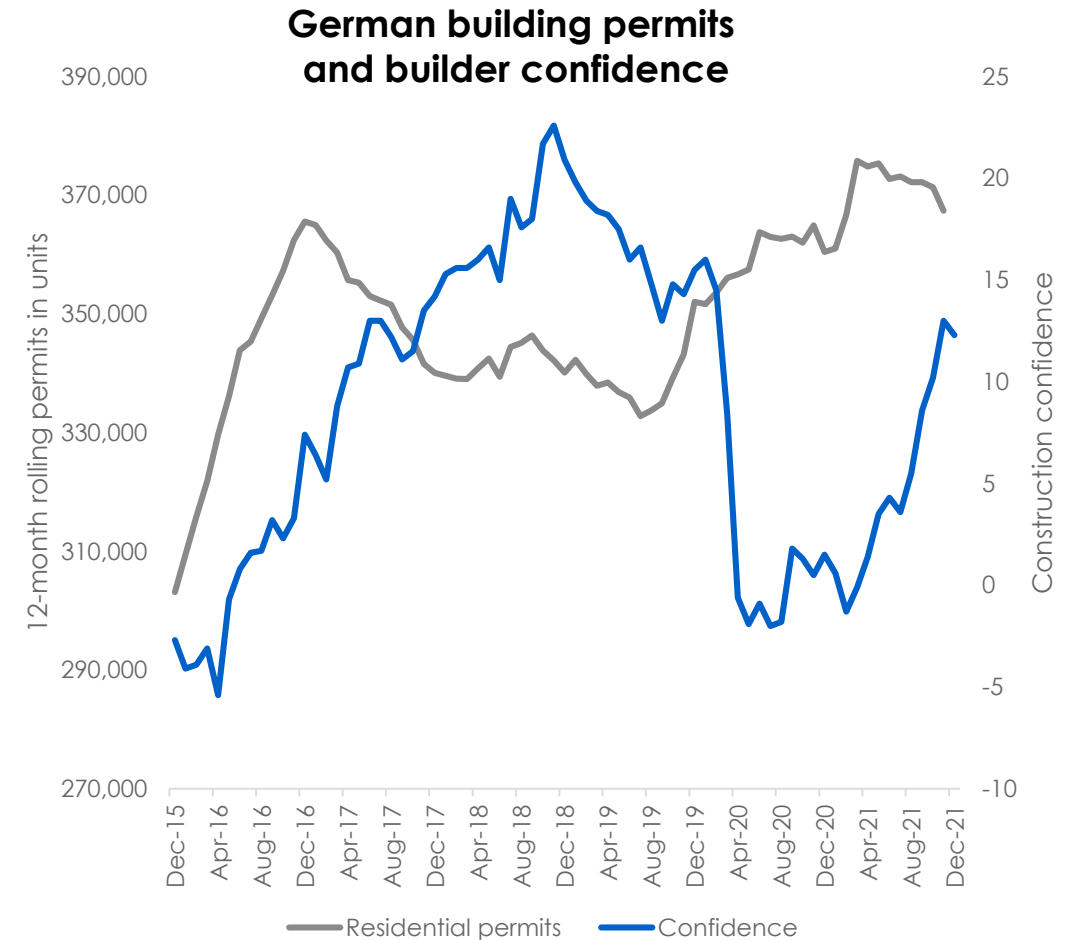
# Appendix

# Germany: Residential construction activity solid despite ongoing supply-side challenges

Supply bottlenecks and hesitant spending by consumers is holding back the economy.

In the construction industry:

- Building activity challenged by labour and material constraints, though material availability improved somewhat
- Residential permits still at elevated levels, renovation solid
- Non-residential building subdued



Source: Eurostat and Federal Statistical Office of Germany

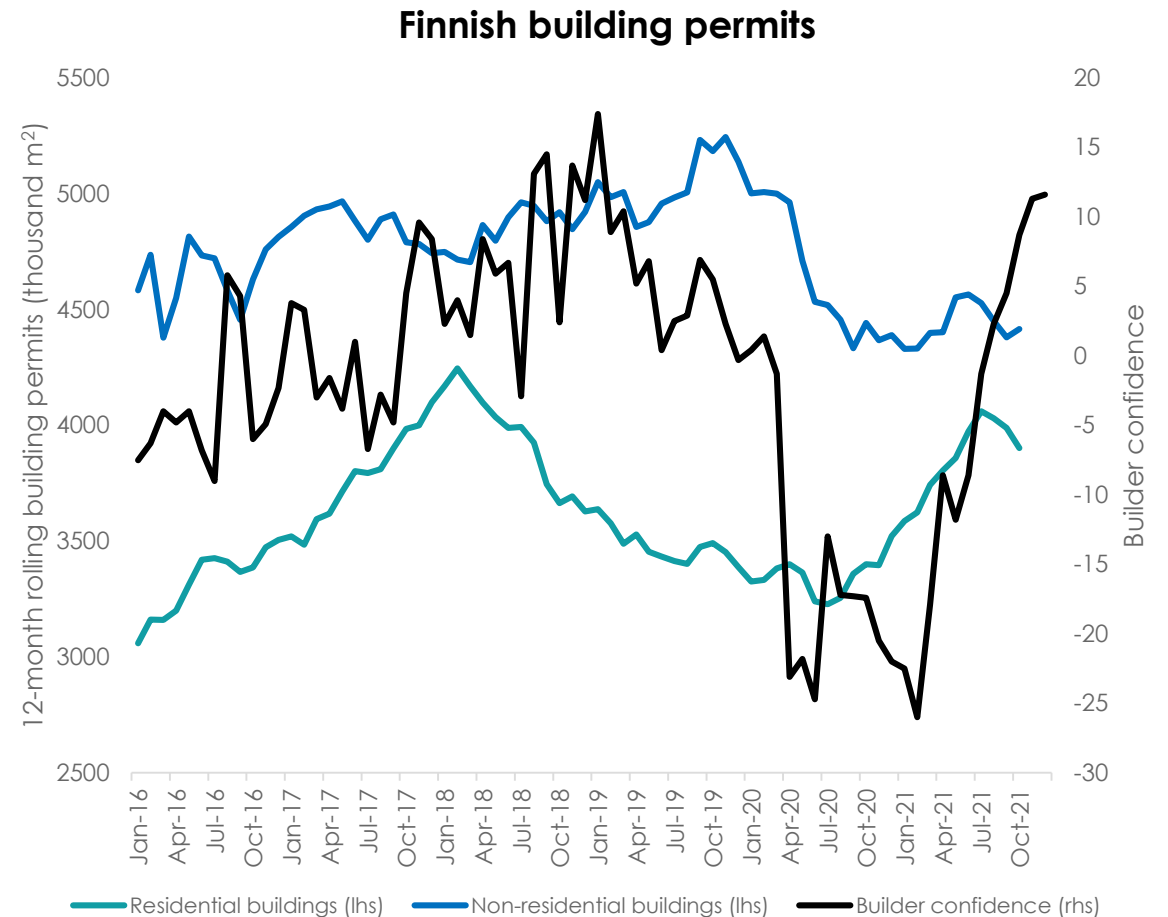


# Finland: Residential market remains very strong, other segments relatively weaker

Economy continued to strengthen, though labour shortages across industries are creating challenges.

Within the construction industry:

- Construction turnover expanded, though civil engineering slowed in real terms
- Non-residential permits stable but low, residential permits have moderated
- Builder confidence up significantly from early 2021 despite labour issues



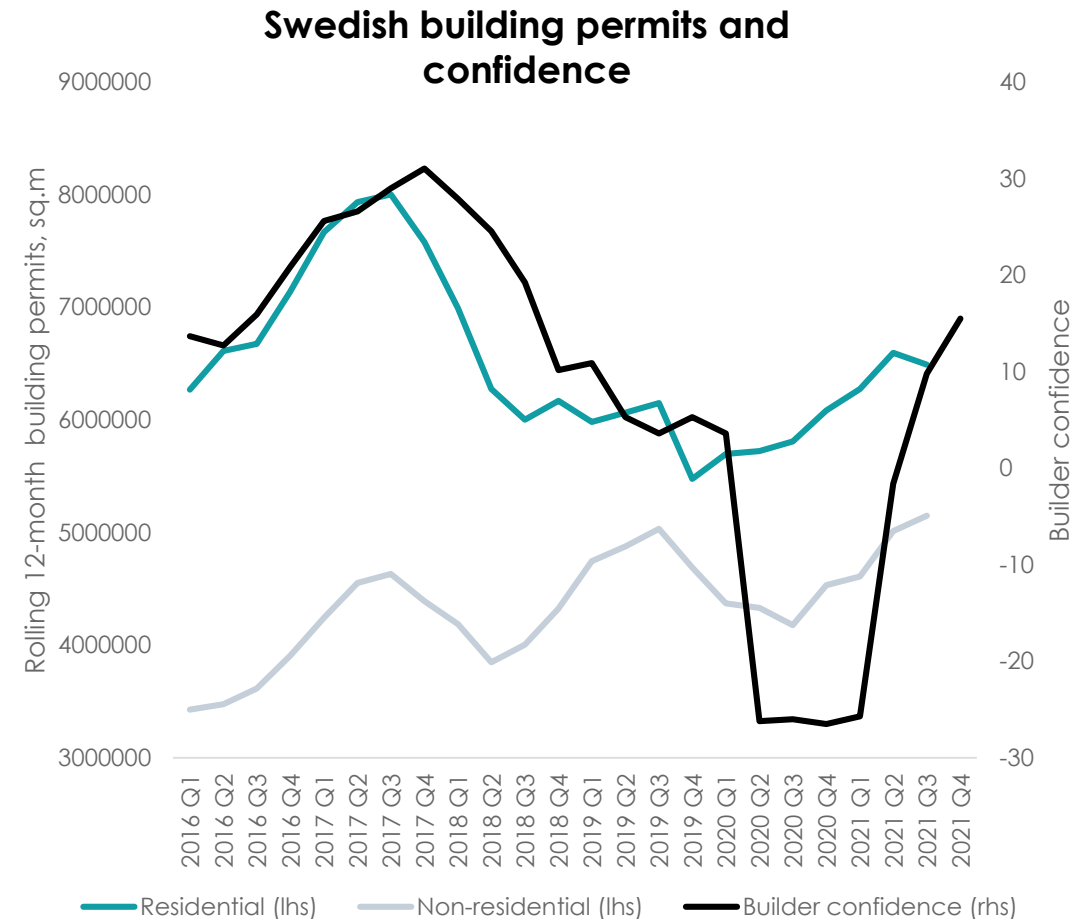
Source: Statistics Finland and Eurostat

# Sweden: Residential and civil engineering growing, non-residential building mixed

Improved business investment and household consumption have driven significant growth in the economy.











Within the construction industry:

- Builder confidence surpassed pre-pandemic levels
- Building permits still trending higher, but remain below earlier peaks
- Housing starts through Q3 up 17% compared to 2021
- Civil engineering expanding



Source: Statistics Sweden and Eurostat

# Leading residential indicators: Still solid overall, but growing at a slower rate than earlier in 2021

	Indicator	YTD % Change	Rolling 12-month % Change	Data through	Trend since Q3 update
 <b>USA</b>	Housing starts	+3% <sup>1)</sup>	N/A	December 2021	➡
 <b>Germany</b>	Housing permits	+2%	+1%	November 2021	➡
 <b>Finland</b>	Housing permits	+13%	+15%	October 2021	⬇
 <b>Sweden</b>	Housing permits	+12%	+12%	September 2021	➡
 <b>Netherlands</b>	Housing permits	+12%	+13%	November 2021	➡
 <b>Canada</b>	Housing starts	+3% <sup>1)</sup>	N/A	December 2021	➡
 <b>Denmark</b>	Construction index	+2%	N/A	October 2021	⬇
 <b>Poland</b>	Housing completions	+5%	+5%	November 2021	➡
 <b>Spain</b>	Housing permits	+28%	+24%	October 2021	➡
 <b>Norway</b>	Housing starts	+0%	+0%	December 2021	➡

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

Source: National Statistics Offices

# Oct-Dec 2021: Income statement

Uponor Group, M€	10-12 2020	10-12 2021	Change Y/Y
Net sales	280.5	329.3	+17.4%
Cost of goods sold	174.5	211.6	+21.2%
Gross profit	106.0	117.7	+11.1%
Gross profit margin (%)	37.8%	35.8%	-2.0% pts
Other operating income	0.3	0.1	-80.1%
Expenses	82.4	95.0	+15.2%
Operating profit	23.8	22.8	-4.2%
Operating profit margin (%)	8.5%	6.9%	-1.6% pts
Comparable operating profit	27.3	26.7	-2.3%
Comparable operating profit margin (%)	9.7%	8.1%	-1.6% pts
Financial expenses, net	3.5	1.0	-71.5%
Share of result in associated companies	-0.9	0.0	-103.8%
Profit before taxes	19.4	21.9	+12.6%
Profit for the period	20.8	18.4	-11.2%
EBITDA	37.3	35.4	-5.0%

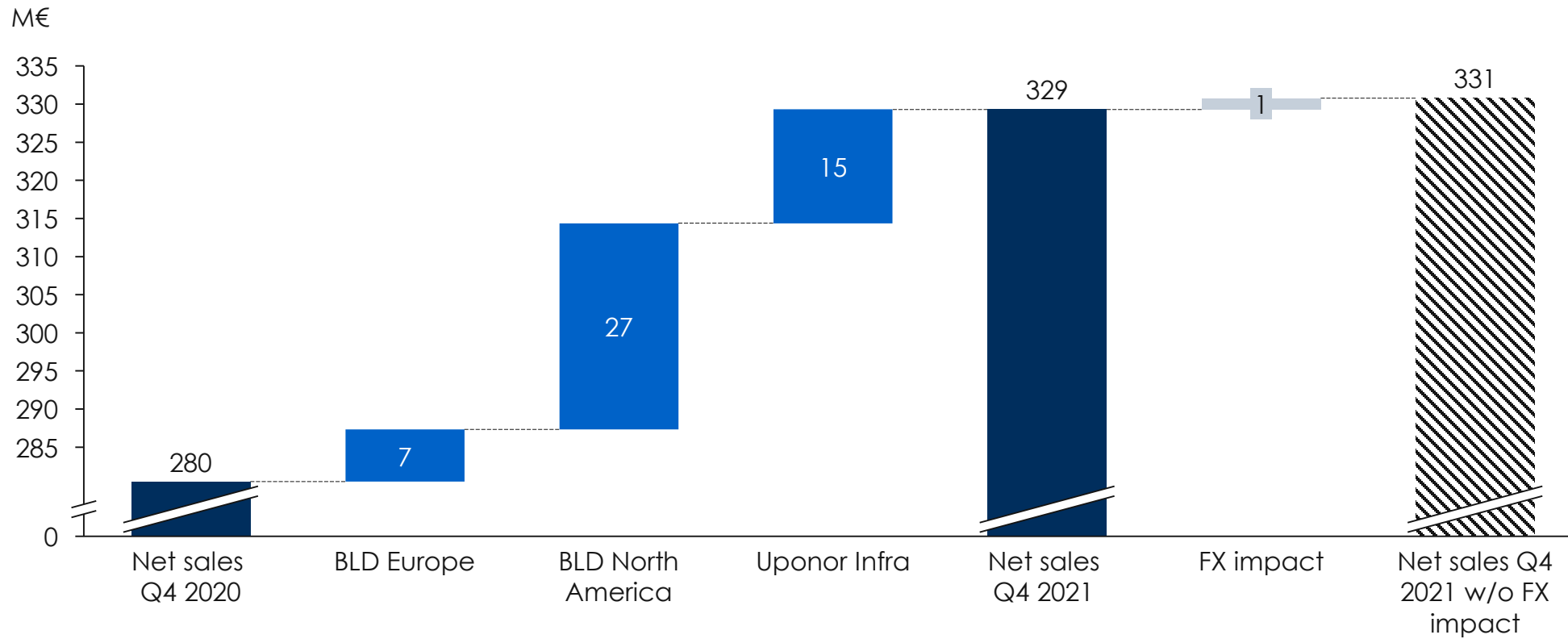
# Dec 2021: Balance sheet

Uponor Group, M€	31 Dec 2020	31 Dec 2021	Change Y/Y
Property, plant and equipment	264.7	295.5	30.8
Intangible assets	95.9	113.2	17.3
Securities and long-term investments	14.2	6.9	-7.3
Inventories	128.7	174.4	45.7
Cash and cash equivalents	138.0	98.1	-39.8
Other current and non-current assets	226.9	279.1	52.3
Assets total	868.4	967.2	98.8
Total equity	421.9	483.4	61.5
Non-current interest-bearing liabilities	124.1	106.7	-17.4
Provisions	37.1	43.2	6.1
Non-interest-bearing liabilities	256.4	321.5	65.1
Current interest-bearing liabilities	29.0	12.4	-16.6
Shareholders' equity and liabilities total	868.4	967.2	98.8

# Jan–Dec 2021: Income statement

Uponor Group, M€	1-12 2020	1-12 2021	Change Y/Y
Net sales	1 136.0	1 313.2	+15.6%
Cost of goods sold	706.6	828.5	+17.3%
Gross profit	429.4	484.7	+12.9%
Gross profit margin (%)	37.8%	36.9%	-0.9% pts
Other operating income	1.0	0.9	-6.7%
Expenses	298.1	331.4	+11.2%
Operating profit	132.3	154.1	+16.5%
Operating profit margin (%)	11.6%	11.7%	+0.1% pts
Comparable operating profit	142.7	160.5	+12.5%
Comparable operating profit margin (%)	12.6%	12.2%	-0.3% pts
Financial expenses, net	6.3	7.9	+26.9%
Share of result in associated companies	-4.2	-6.4	+50.8%
Profit before taxes	121.8	139.8	+14.8%
Profit for the period	96.1	103.4	+7.6%
EBITDA	185.0	203.3	+9.9%

# Oct-Dec 2021: Net sales bridge



# Oct–Dec 2021: Comparable operating profit bridge

