

Q1

**Uponor Corporation
Interim Report
January-March 2022**

Michael Rauterkus,
President and CEO

Markus Melkko,
Chief Financial Officer



With its new PEX Pipe Blue line, based on renewable raw materials, Uponor features an up to 90 per cent lower product carbon footprint compared to fossil-based PEX pipes on the market.

uponor

Q1 22 in brief : Sales grew, operating profit stable at previous year's level

Net sales
(+13.0%)

349.5 M€
(309.2)

Comparable operating profit (Margin 13.5%)

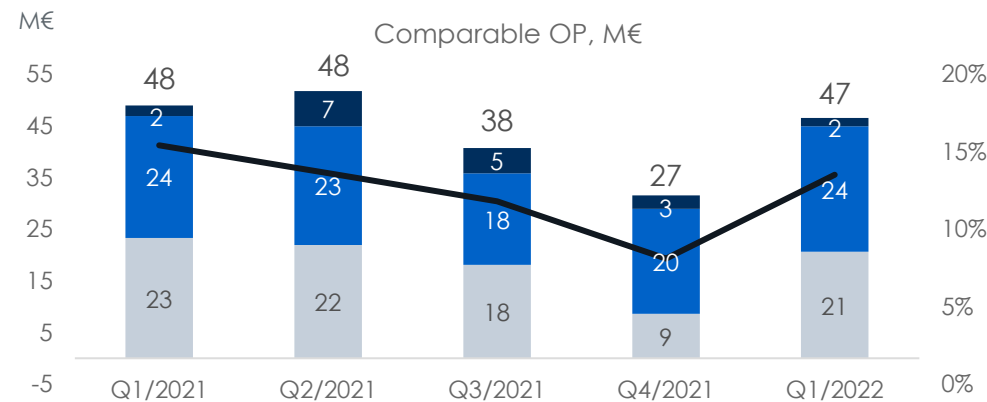
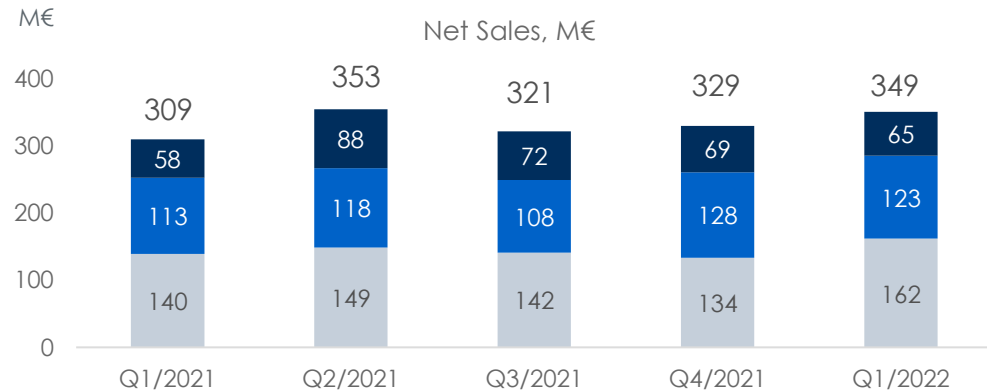
47.2 M€
(47.6)

Strategy

- Our safety performance improved with an LTIF rate of 6.4 (9.1)
- New strategy and financial targets launched at CMD in March
- New CHRO joins the Executive committee to drive People First agenda
- Uponor launched world's first bio-based PEX pipes
- Exports to and imports from Russia suspended; Uponor is exploring options related to its Russian operations

Uponor Group

Net sales growth in all divisions, Group operating profit margin 13.5%



■ BLD Europe
 ■ BLD North America
 ■ Uponor Infra
 — Comparable OP %

- **Group net sales growth +13%, organic growth +10%**
 - Improved flexibility in passing on sales price increases

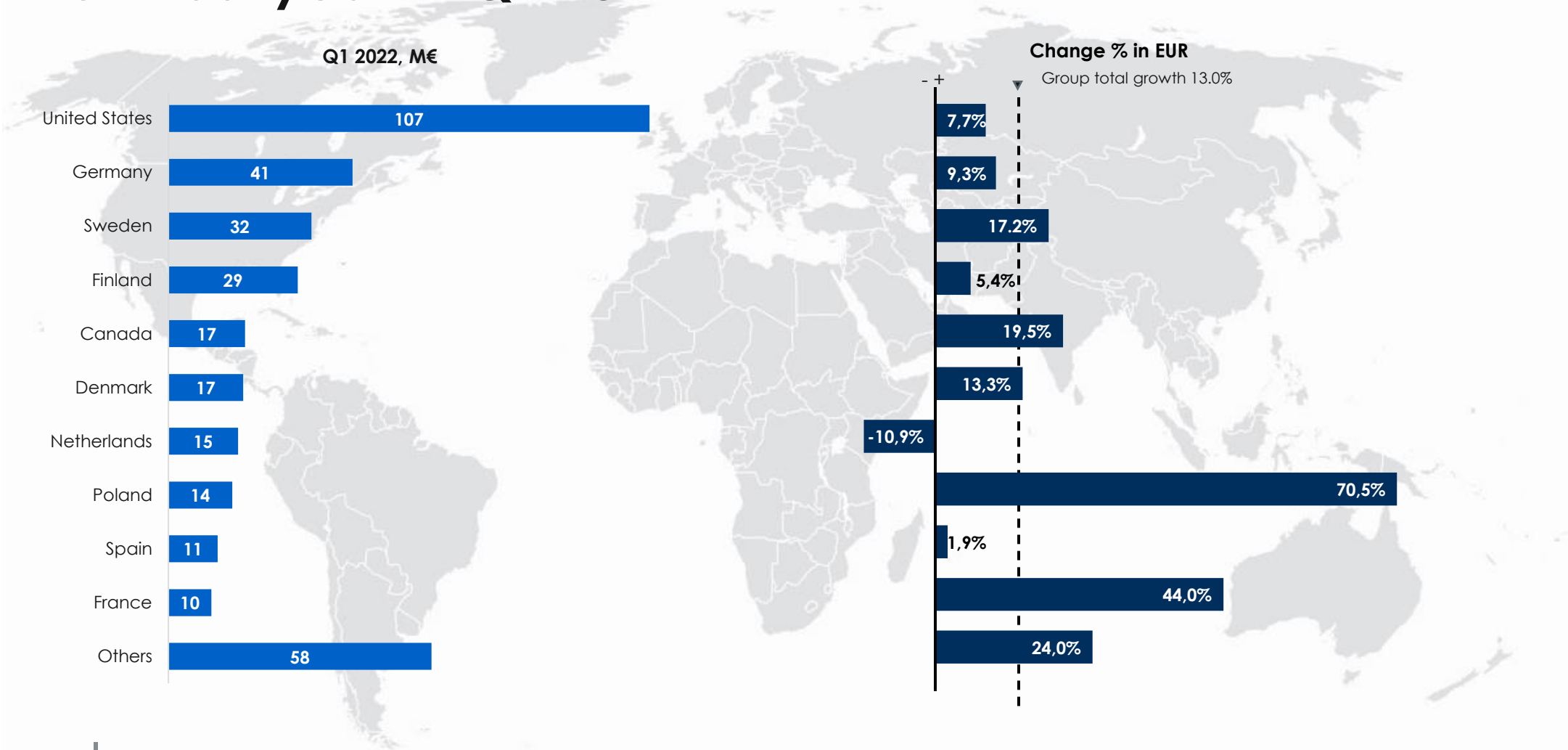
- **Group comparable operating profit -0.7%**

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

- **Comparable operating margin 13.5 % (15.4)**

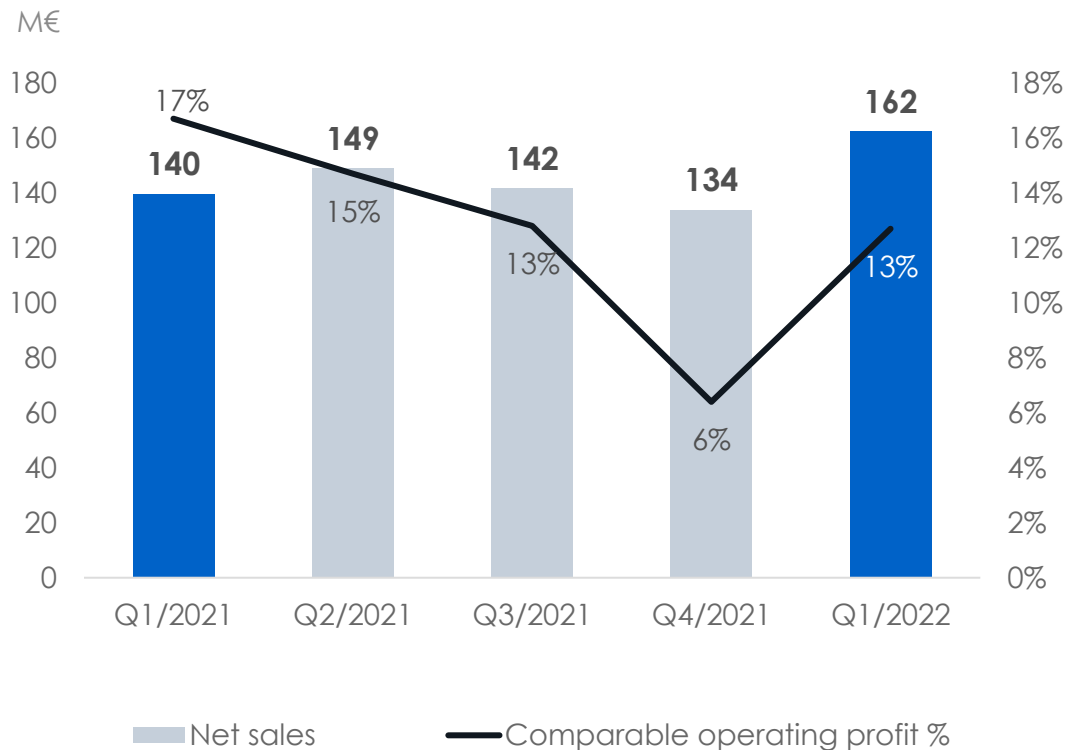
- **Guidance statement for 2022 unchanged**

All key markets except for the Netherlands increased sales from last year in Q1 2022



Building Solutions – Europe

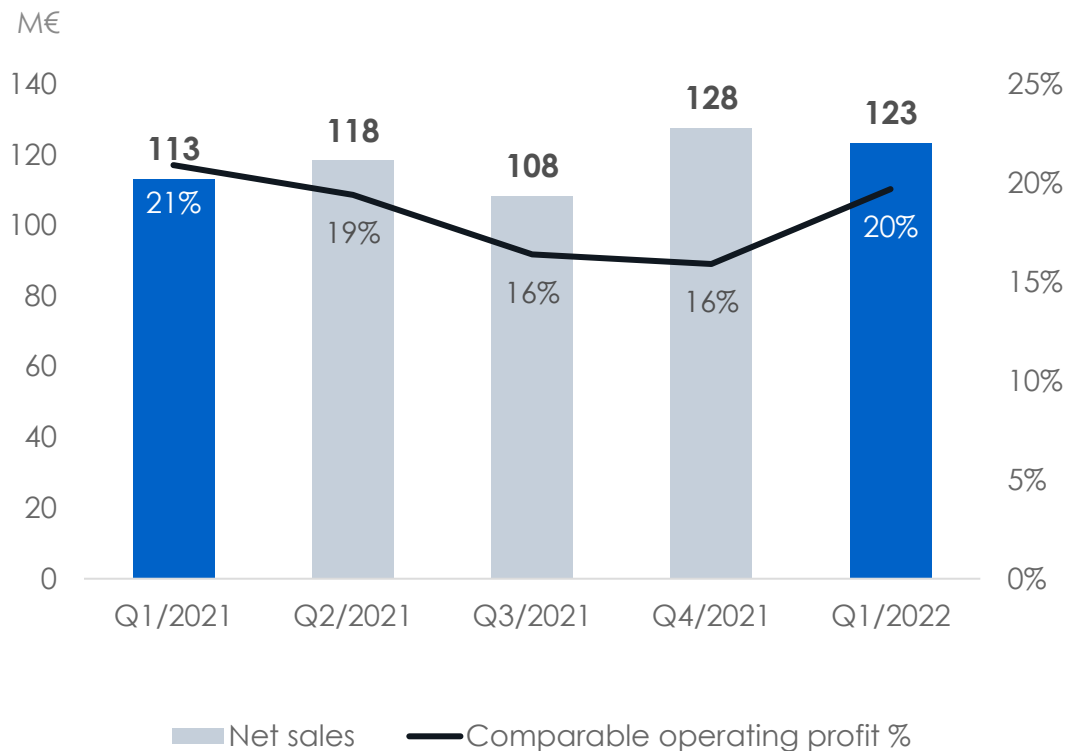
Volumes grew in most countries



- **Record high net sales level in a quarter: net sales growth +16%, organic growth +10%**
 - Mainly driven by sales price increases and the acquisition of Capricorn S.A.
- **Comparable operating profit decreased by -12%**
 - Pricing actions compensated for higher input prices
 - Exceptionally low overhead costs in the comparison period due to Covid-19
- **Integration of Capricorn acquisition on track**
- **World's first PEX Pipes, based on renewable raw materials, launched in Norway, Sweden and Finland**

Building Solutions – North America

Strong operational performance and price actions supported profitability



➤ Net sales growth +9%

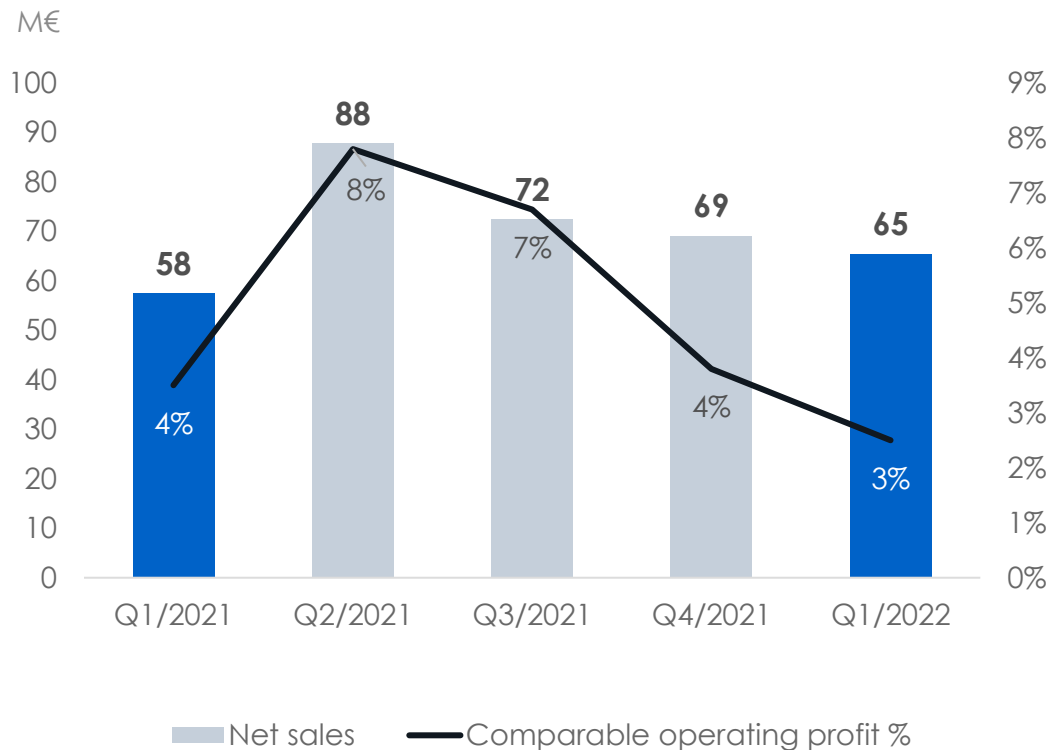
- Good progress in sales price increases in both the U.S. and Canada
- Currency movements had a positive impact on net sales

➤ Operating profit increased by +3%

- Strong operational performance and price increases contributed positively
- Exceptionally low cost level in the comparison period caused by the Covid-19 situation
- Currency movements also had a positive impact on operating profit

Uponor Infra

Sales grew, operating profit close to previous year's level



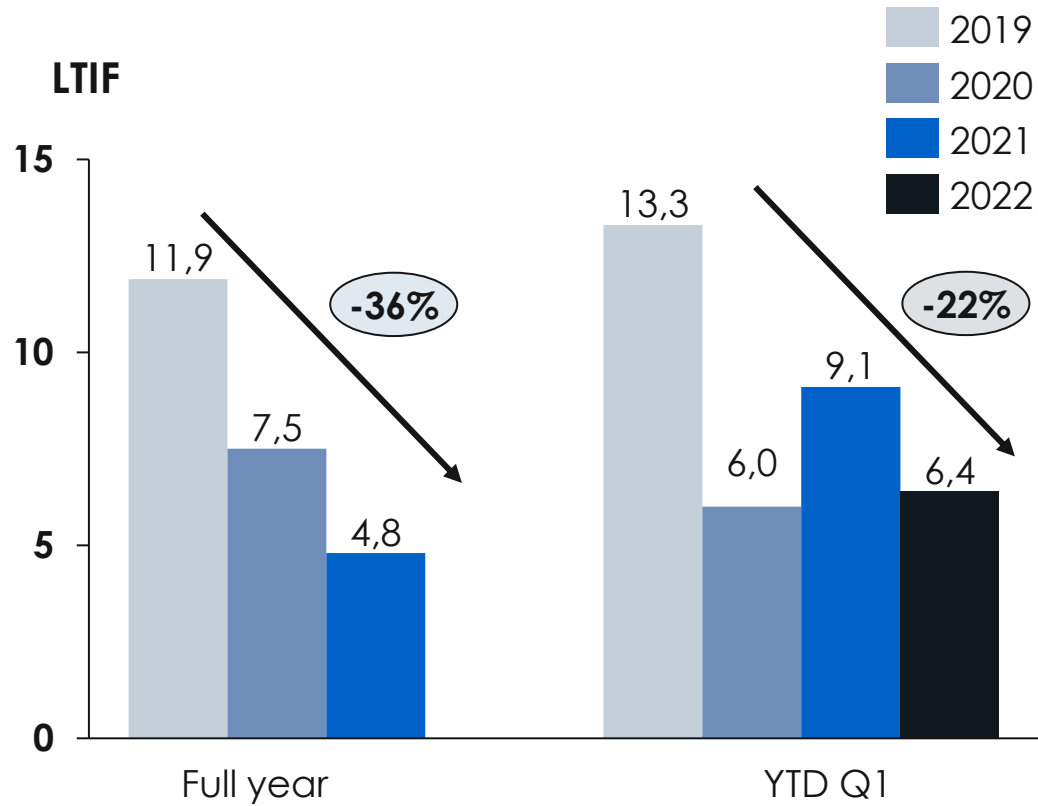
➤ Net sales grew by +14%

- Growth was driven by sales price increases in all markets

➤ Comparable operating profit €1.6 (2.0) million

- Unfavorable sales mix and higher extraordinary costs related to new Group strategy launch

Our safety performance improved



Uponor's target is zero accidents

We are well positioned to drive profitable growth by maximizing the core and driving sustainable innovation

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

Jennifer Hauschildt joins Executive Committee as new CHRO to drive People First agenda

- ▶ b. 1969, United States citizen, BA (Mathematics), MBA
- ▶ Chief Human Resources Officer
- ▶ Employed by Uponor since 2014
- ▶ Member of the Executive Committee since 1 April 2022
- ▶ Previous work experience:
 - ▶ Vice President, HR, Building Solutions – North America, 2019–03/2022,
Vice President, IT, Building Solutions – North America, 2014–2019
 - ▶ Various managerial positions in human resources and IT, Thomson Reuters, 1993–2013



Uponor launched world's first PEX pipes based on renewable raw materials

- Up to 90% lower product carbon footprint compared to fossil-based PEX pipes on the market
- PEX Pipes Blue feature ISCC* certified renewable raw material
- The innovation is part of Uponor's commitment to renewable raw material
- The PEX Pipe Blue helps our customers to achieve their sustainability goals

**International Sustainability and Carbon Certification (ISCC)*



Key operative focus areas

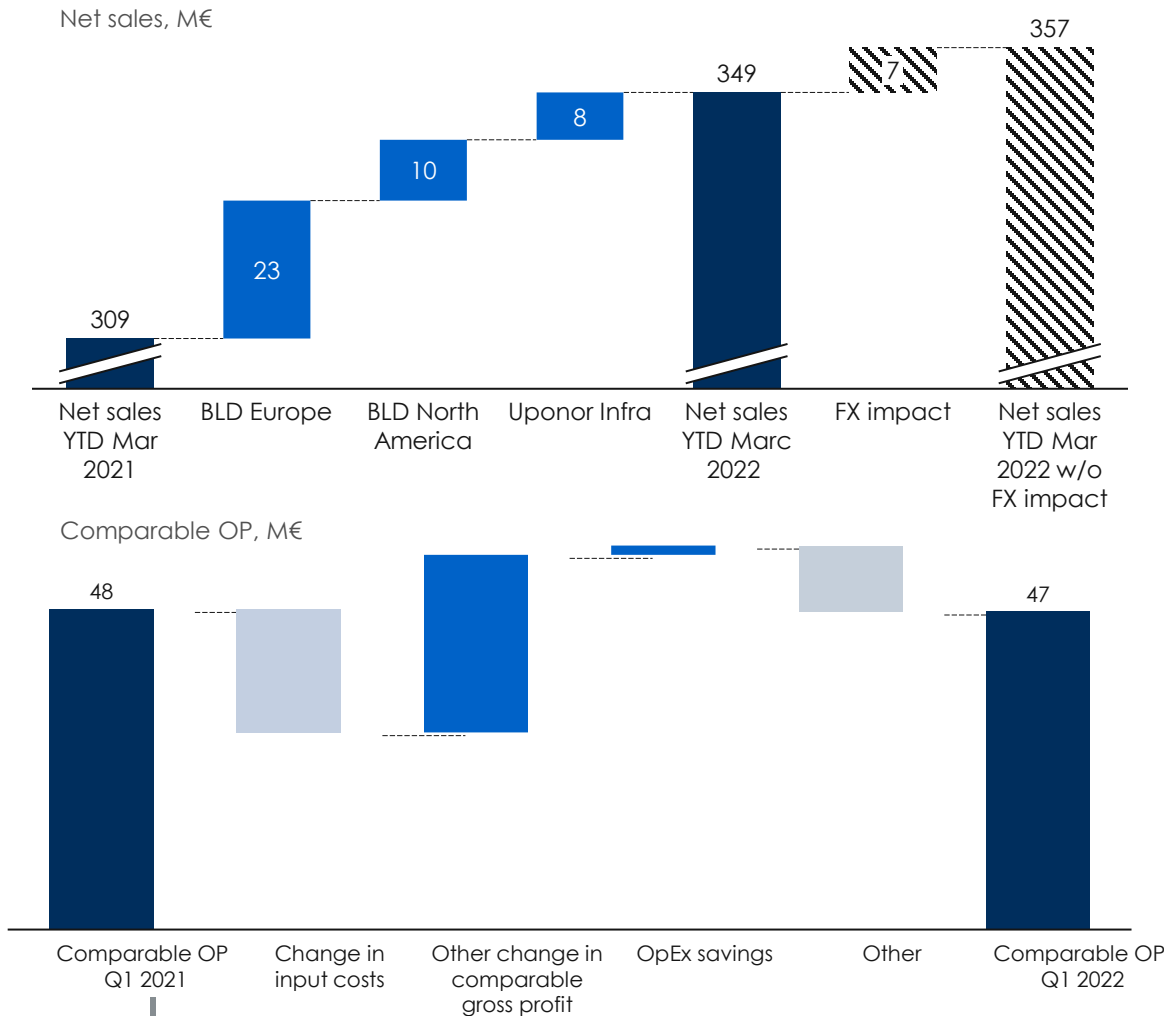
- Maximizing the core - improving pricing power
- Continuing to add flexibility to terms and conditions of customer agreements
- Reducing product costs and improving productivity
- Managing challenging supply chain environment and securing component availability and service levels
- Driving differentiation with our value-added systems and solutions



Markus Melkko, CFO

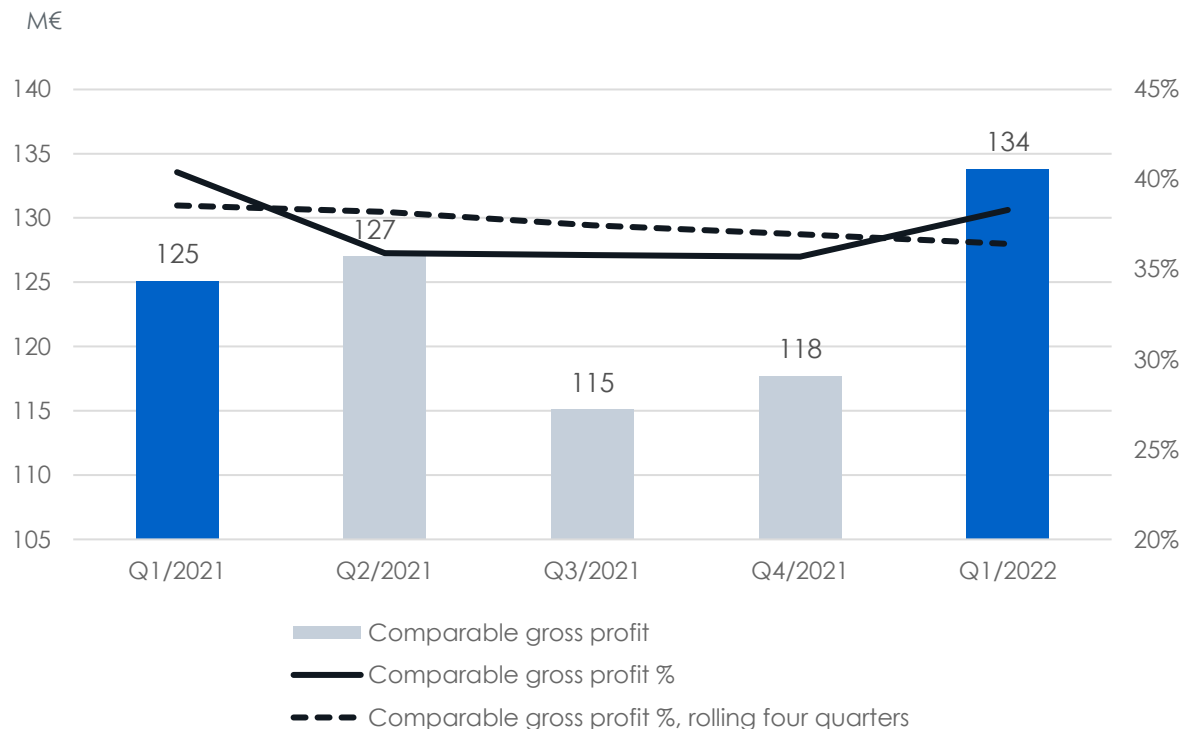
Q1 Financials

Strong net sales growth driven by sales price increases



- Net sales were €349.5 (309.2) million, a growth of 13.0%
- Net sales grew in all three divisions and was mainly driven by sales price increases
- Comparable operating profit was €47.2 (47.6) million, a decrease of 0.7%
 - Profitability was burdened by higher costs overall compared to the extraordinary low cost level caused by the Covid-19 situation in the comparison period

Increased input costs continued to impact gross profit margin



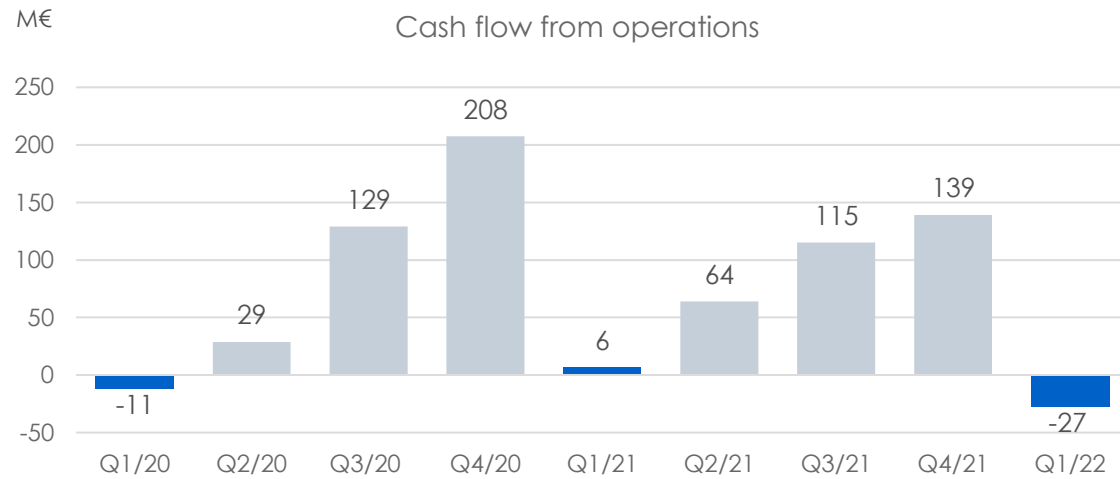
- Gross profit in the first quarter was €133.7 (125.0) million
- Gross profit margin at 38.3% (40.4)
- Increased input costs were driven by higher raw material and freight costs combined with slightly higher conversion costs

Operational excellence programme nearing completion

- During Q1 2022, the programme generated savings of approximately €1 million
 - The total generated savings under the programme are approximately €22 million
- Items affecting comparability was €0.4 million in Q1 2022
 - In total, €17.6 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



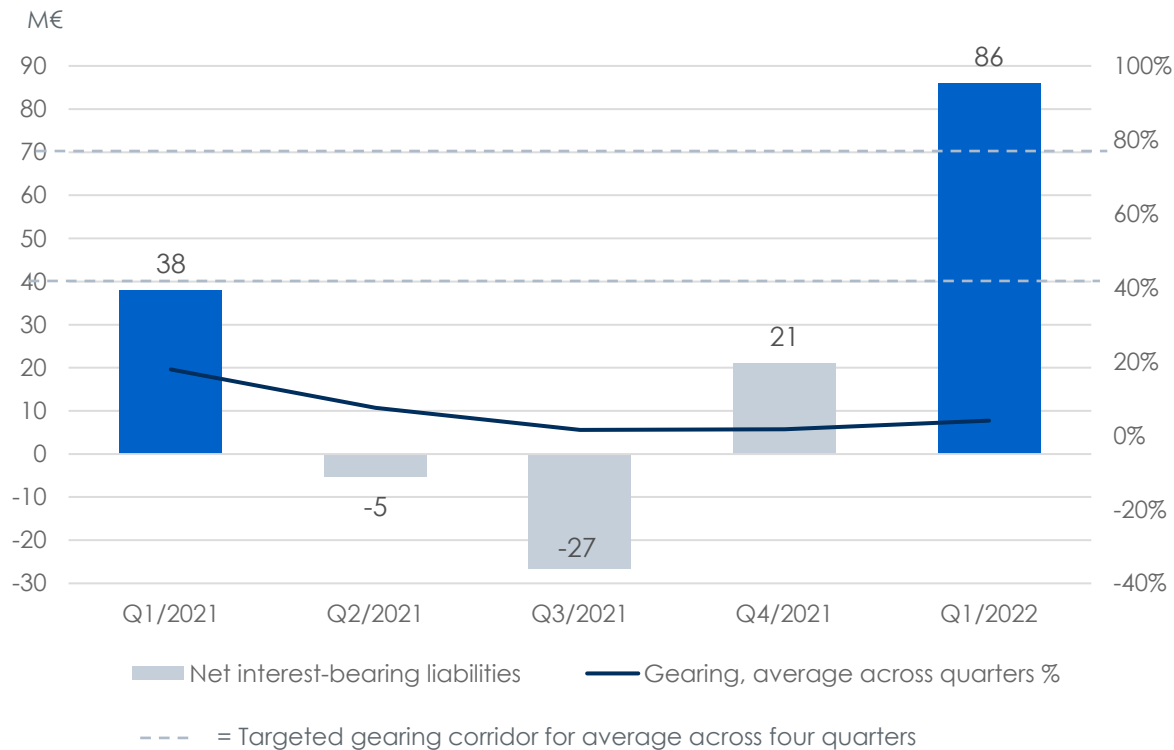
Higher investments and ONWC impacted operative cash flow



- Cash flow from operations decreased from year end and was €-27.2 (6.1) million
- Cash flow decrease was driven by higher raw material prices impacting inventory levels and increasing net working capital
- Cash flow from financing was impacted by first instalment of dividend payments
- Investments in Q1 2022 were related to maintenance, efficiency improvements and capacity expansions

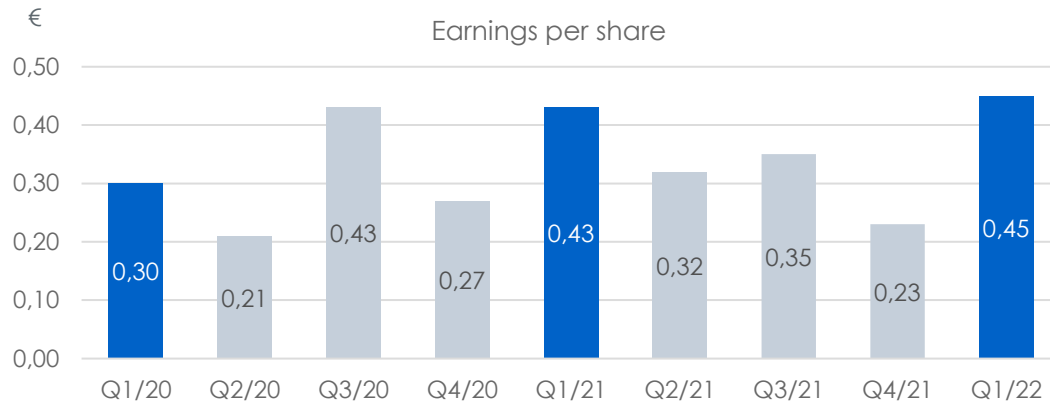
Cash flow YTD, M€	Q1 2022	Q1 2021	Q4 2021
Cash flow from operations	-27.2	6.1	139.2
Cash flow from investments	-9.7	-7.2	-64.2
Cash flow from financing	-30.7	31.3	-115.4
Total cash flow movements	-67.5	30.2	-40.4

Net interest-bearing liabilities higher than last year



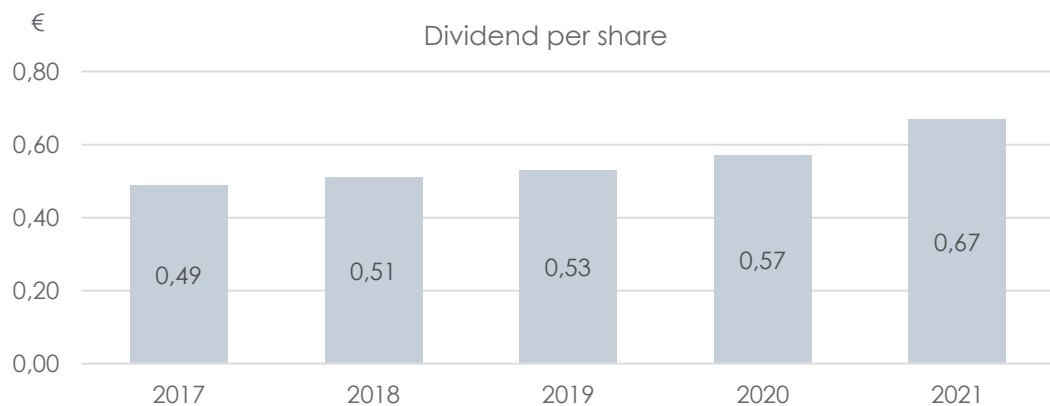
- Gearing at 18.4% (9.2) with the four-quarter rolling gearing being at 4.0% (17.9)
- Increased net interest-bearing liabilities was driven by decreased cash flow
- Financing on previous year-end level

EPS increased slightly, DPS on upward trend



➤ Earnings per share, EPS, rose to €0.45 (0.43)

➤ The first instalment of the dividend for financial year 2021 €0.33 was paid in March 2022. The second instalment of €0.34 shall be paid in September 2022



New financial targets to drive profitable growth

	Q1 2022	FINANCIAL TARGETS: 2022-2024	AMBITION: 2025-
ORGANIC GROWTH	+10%	Organic growth >4%	Ambition to accelerate growth rate
PROFITABILITY OP-%	13.4%	>12 OP-%	Ambition to increase OP-% further
GEARING	18.4%	40-80%	
DIVIDEND PAYOUT RATIO		Growing	

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

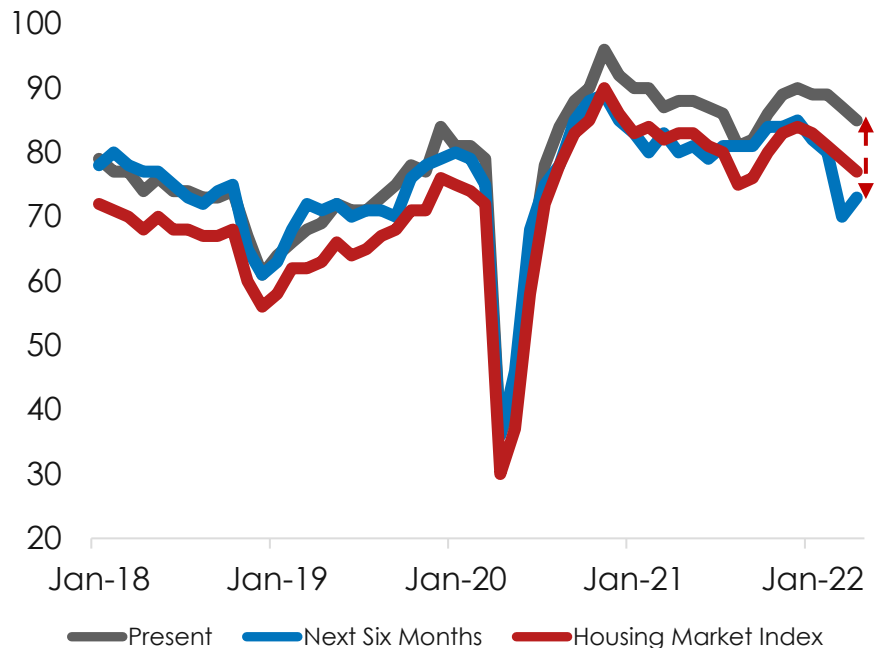
Michael Rauterkus, President & CEO

Outlook for 2022

Builders' assessment of their current activity levels remains positive, while expectations for the future have weakened

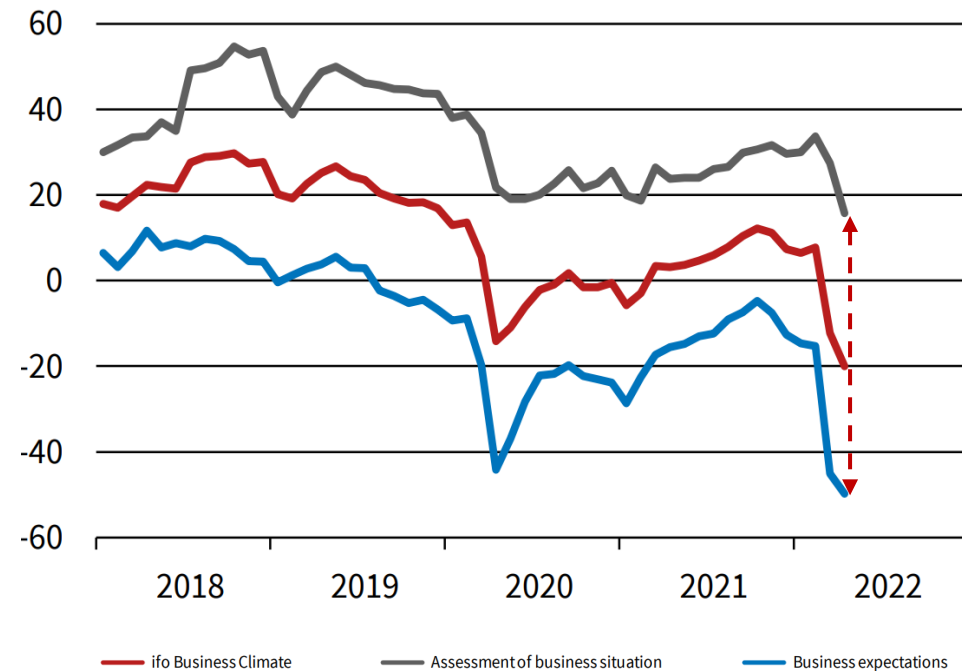
According to Ifo Business Climate Index for Germany, the construction business climate plunged to its lowest value since May 2010. Business in this sector is burdened especially by bottlenecks in the materials supply

USA-NAHB Housing market index



Source: The National Association of Home Builders, NAHB

Germany- Ifo business climate index in Construction



Source: Ifo Institute

Short-term market outlook for Q2/2022

- Residential markets having solid levels of activity
- Non-residential markets stable
- Supply chain, labor, input costs and interest rate pressures
- Downside risks to the outlook have increased, due to geopolitical and monetary policy uncertainties

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 features the word "uponor" in a white, lowercase, sans-serif font. The text is centered within a blue, teardrop-shaped graphic that has a rounded top and a pointed bottom. This graphic is set against a dark blue background that is divided into four quadrants by two diagonal lines meeting at the top center, creating a stylized 'X' or 'V' shape. The teardrop shape is positioned in the lower half of the 'V'.

Moving > **Forward**

Appendix

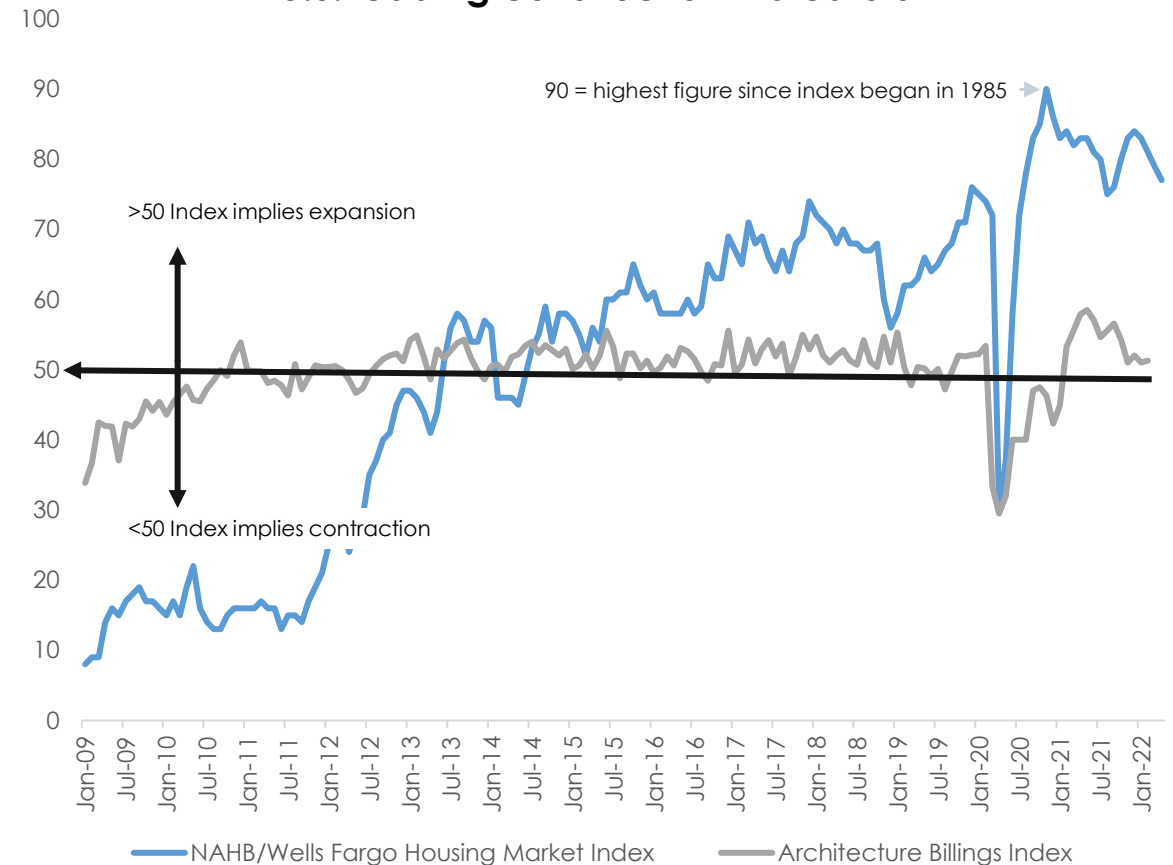
U.S.: Construction activity remained strong despite growing inflation and supply challenges

Supply bottlenecks and raw material shortages are driving inflation and dampening growth

In construction:

- Leading indicators remain positive, but have moderated
- Housing starts above 2021 levels
- Non-residential mixed, with lodging segment weak but commercial and offices strong

U.S. leading construction indicators

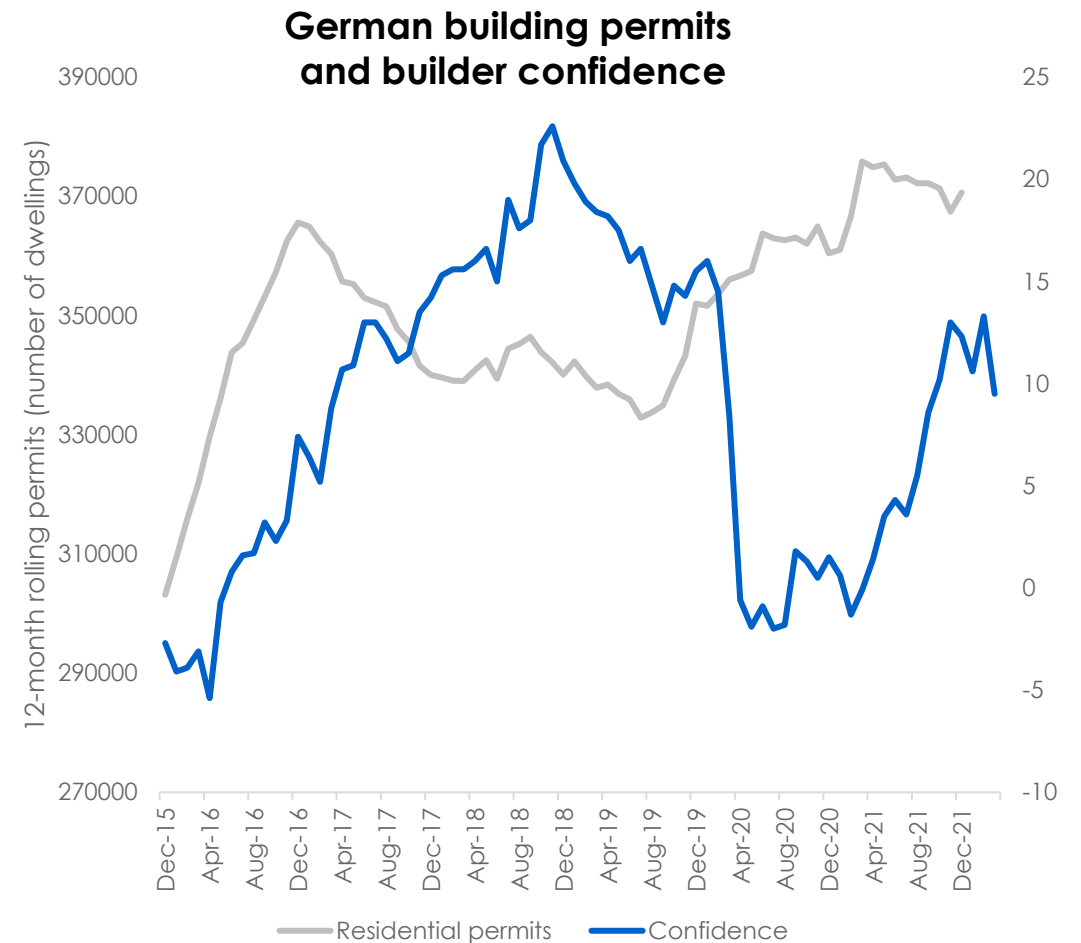


Germany: Construction activity still solid despite new and prevailing industry challenges

Supply chain challenges in the manufacturing industry have led to a slowing in the economy

In the construction industry:

- Residential building permit levels remain high
- Building activity and order books are solid
- Builder confidence weakened late in Q1 on increased uncertainty and price pressures



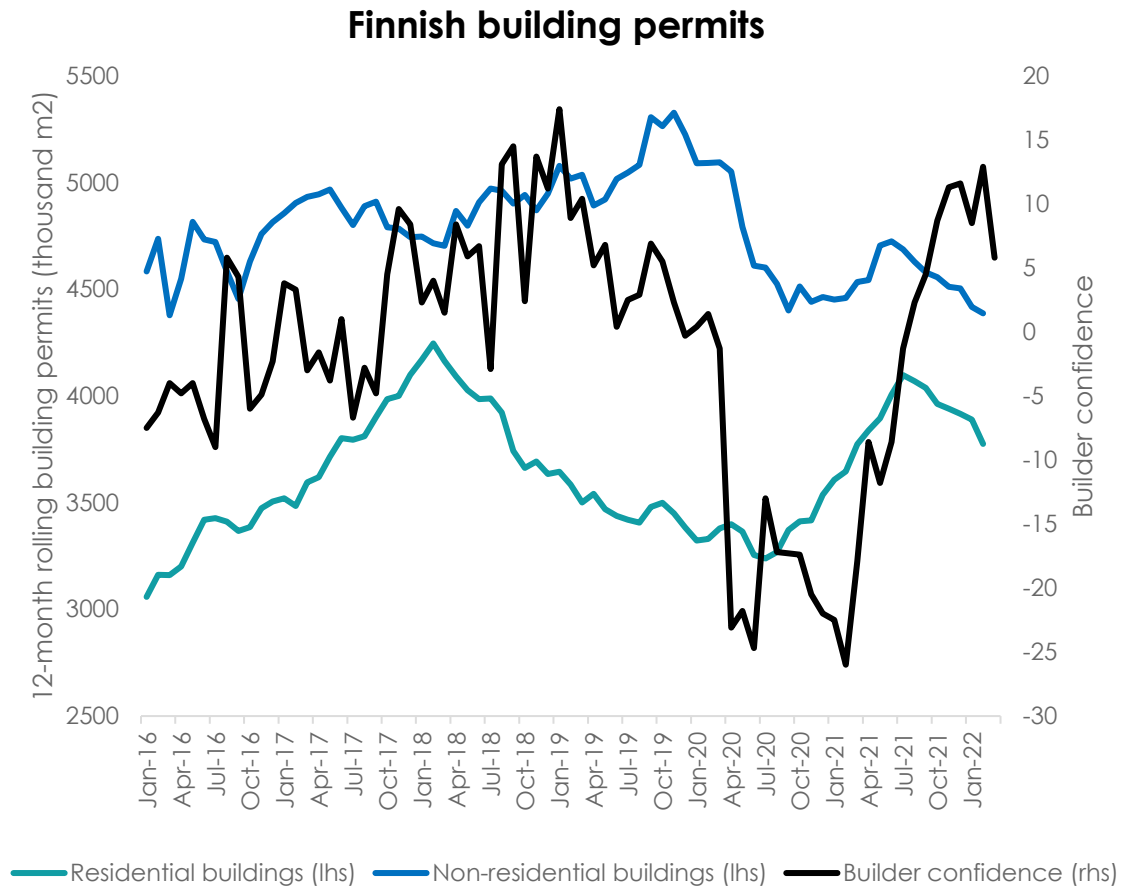
Source: Eurostat and Federal Statistical Office of Germany

Finland: Construction stable despite new era of uncertainty

The labour market is still solid but downside risks to the economy have risen substantially

Within the construction industry:

- Building activity and order books stronger than a year ago
- Building permit levels weaker in recent months
- Construction confidence high despite moderation in March



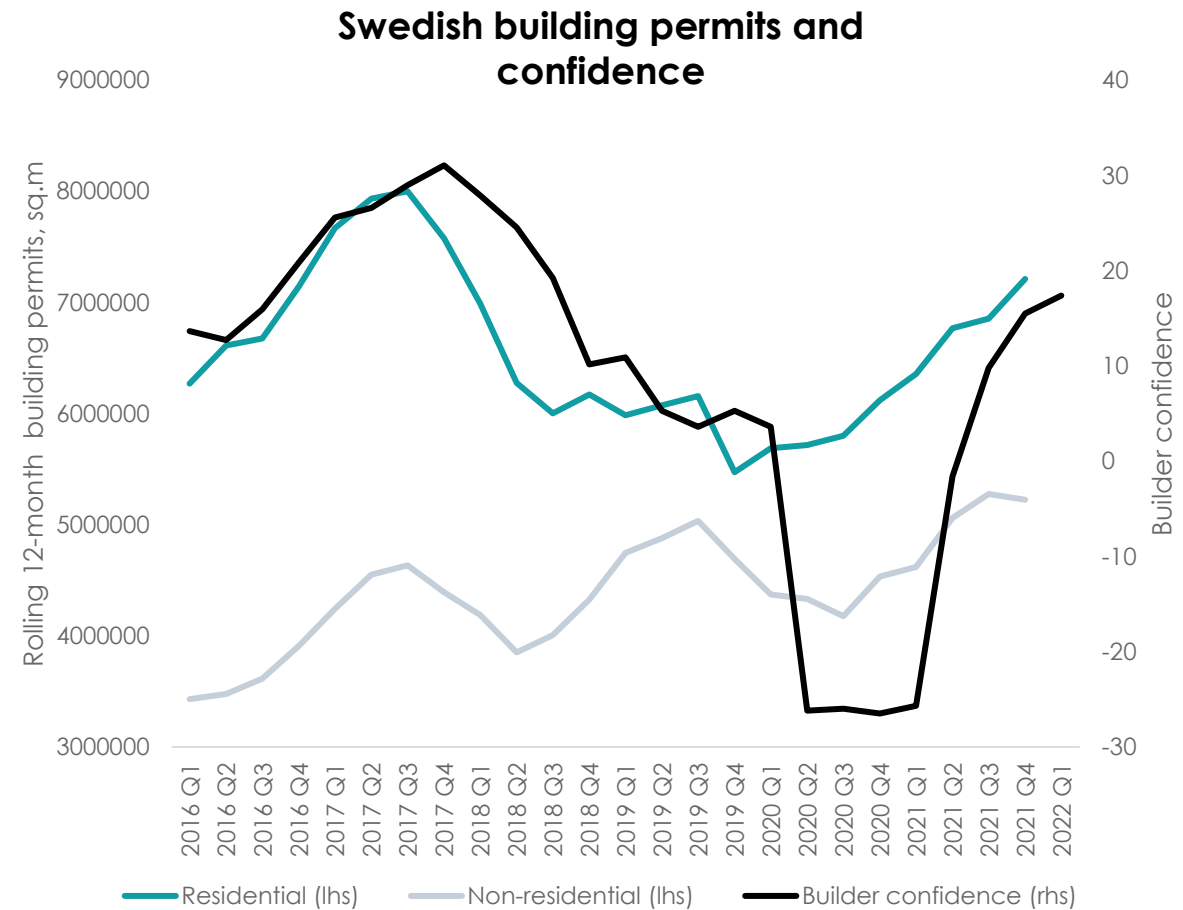
Source: Statistics Finland and Eurostat

Sweden: Solid construction activity despite headwinds

Economic growth solid but challenged by high core inflation and tightening monetary policy

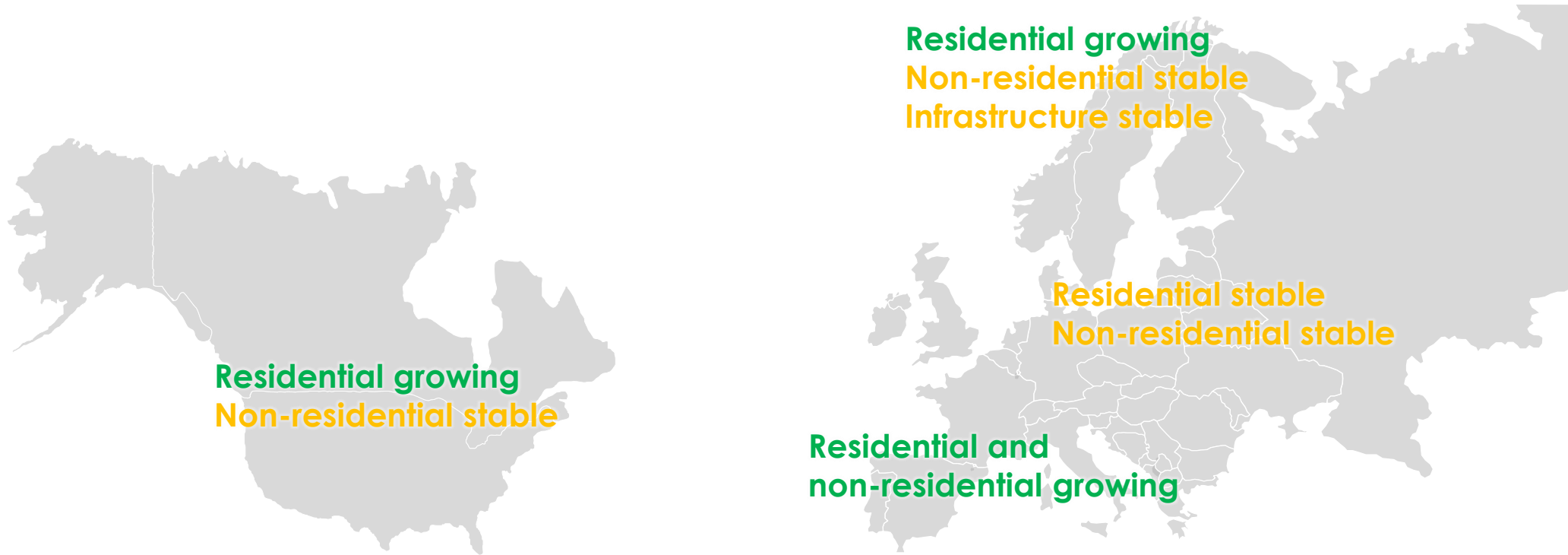
Within the construction industry:

- Residential and non-residential building permits solid
- Housing starts trending upward
- Builder confidence improved further despite inflation on labour constraints













Source: Statistics Sweden and Eurostat

Market outlook for Q2 2022



Q1 22: 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 Q4 update
 USA	Housing starts	+4% ¹⁾	N/A	March 2022	↕
 Germany	Housing permits	+3%	+3%	December 2021	➡
 Finland	Housing permits	-13%	+7%	January 2022	↘
 Sweden	Housing permits	+16%	+16%	December 2021	➡
 Canada	Housing starts	-25% ¹⁾	N/A	March 2022	↘ <i>Starts still high, but lower than 2021</i>
 Netherlands	Housing permits	-15%	+10%	January 2022	➡
 Denmark	Construction index	+8%	N/A	January 2022	➡
 Poland	Housing completions	+0%	+6%	February 2022	➡
 Spain	Housing permits	+20%	+30%	January 2022	➡
 Norway	Housing starts	+4%	0%	February 2022	➡

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

Source: National Statistics Offices

Q1 2022: Income statement

Uponor Group, M€	1-3 2021	1-3 2022	Change Y/Y	1-12 2021
Net sales	309.2	349.5	+13.0%	1,313.2
Cost of goods sold	184.2	215.8	+17.2%	828.5
Gross profit	125.0	133.7	+7.0%	484.7
Gross profit margin (%)	40.4%	38.3%	-2.2% pts	36.9%
Other operating income	0.2	0.1	-61.3%	0.9
Expenses	78.2	86.9	+11.1%	331.4
Operating profit	47.0	46.8	-0.3%	154.1
Operating profit margin (%)	15.2%	13.4%	-1.8% pts	11.7%
Comparable operating profit	48.8	47.2	-3.2%	161.7
Comparable operating profit margin (%)	15.8%	13.5%	-2.3% pts	12.3%
Financial expenses, net	2.8	1.0	-66.0%	7.9
Share of result in associated companies	-1.0	0.1	-107.5%	-6.4
Profit before taxes	43.2	45.9	+6.4%	139.8
Profit for the period	31.7	33.3	+4.9%	103.4
EBITDA	59.2	59.8	+0.9%	203.3

Q1 2022: Balance sheet

Uponor Group, M€	31 Mar 2021	31 Mar 2022	Change Y/Y
Property, plant and equipment	264.1	295.6	31.5
Intangible assets	96.1	113.0	16.9
Securities and long-term investments	14.4	7.9	-6.6
Inventories	141.4	210.4	69.0
Cash and cash equivalents	168.6	31.0	-137.6
Other current and non-current assets	279.2	309.3	30.1
Assets total	963.8	967.2	3.4
Total equity	414.2	466.8	52.6
Non-current interest-bearing liabilities	193.0	101.7	-91.3
Provisions	39.3	45.5	6.2
Non-interest-bearing liabilities	303.8	337.9	34.1
Current interest-bearing liabilities	13.5	15.2	1.7
Shareholders' equity and liabilities total	963.8	967.2	3.4