

Interim report 1–9/2021

28 October 2021



uponor

INTERIM REPORT 1–9/2021

Net sales growth of 6.8% in Q3 - further price increases in place to mitigate raw material and supply chain headwinds

July-September 2021

- Net sales were €321.4 (301.0) million, a growth of 6.8%. Organic growth was 8.1% in constant currency terms.
- Comparable operating profit was €38.1 (49.7) million, a decline of 23.3%.
- Operating profit was €37.3 (49.6) million, a decline of 24.7%.
- Earnings per share were €0.35 (0.43).

January-September 2021

- Net sales were €983.9 (855.5) million, a growth of 15.0%. Organic growth was 16.4% in constant currency terms.
- Comparable operating profit was €133.8 (115.3) million, a growth of 16.0%.
- Operating profit was €131.3 (108.5) million, a growth of 21.1%.
- Earnings per share were €1.10 (0.94).
- Cash flow from business operations was €115.3 (129.2) million.
- Return on investment was 28.5% (23.2) and gearing -5.6% (18.6).

Guidance statement for 2021:

Updated on 11 June 2021: 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.)

Michael Rauterkus, President and CEO, comments:

“The strong demand witnessed in the construction industry in both Europe and North America throughout the year continued to support our sales volume growth and increase our net sales in the third quarter. Over the last months, we have seen price levels of raw materials continuing to increase or stay at a high level. Furthermore, we faced supply shortages of raw materials and components, resulting in lower service levels for our customers at times. These factors burdened our operating profit and profitability in the third quarter despite the good demand. It should also be kept in mind that we had a strong comparison period due to the recovery of demand after Q2 and a favourable cost level related to COVID-19.

Building Solutions – Europe performed well in the third quarter. Net sales grew in most of the key markets and improvements in operations increased operating profit. To support our future growth initiatives, we announced in August the acquisition of Capricorn S.A., a Polish manufacturer of components for heating and sanitary installations. We expect to close the transaction during the last quarter of the year.

The Building Solutions – North America division's net sales increased, while operating profit decreased. The impacts of supply chain shortages were most visible in North America. This created challenges for our

production and logistics optimisation, which together with increased input and freight costs decreased profitability.

Strong market demand supported the growth of Uponor Infra's net sales. Due to the higher input costs, operating profit decreased but the impact was partly offset by increased sales volumes and good operational performance.

During the last quarter of the year, we will focus on stabilising our supply chain and operational performance to secure good customer experience and service. We will continue to mitigate the impacts of the rise in input costs and supply shortages, but expect that these issues delay the margin recovery. After my first months at Uponor, I am very impressed by our excellent teams in all around Uponor operations. Our product, service and solution portfolio is capable of responding to the global megatrends and challenges of the next decades: sustainability and resource scarcity. Combined with our strong financial position, we are well prepared for the next step in our journey of profitable growth."

Key figures

M€	7-9/ 2021	7-9/ 2020	Change	1-9/ 2021	1-9/ 2020	Change	1-12/ 2020
Net sales	321.4	301.0	6.8%	983.9	855.5	15.0%	1,136.0
Building Solutions – Europe	141.6	125.3	13.0%	430.4	372.7	15.5%	499.5
Building Solutions – North America	108.3	105.5	2.7%	340.0	288.6	17.8%	389.1
Uponor Infra	72.4	71.1	1.8%	217.7	197.8	10.0%	252.0
Operating expenses	272.2	238.9	13.9%	816.9	708.5	15.3%	952.0
Depreciation and impairments	12.1	12.7	-4.7%	36.5	39.3	-6.9%	52.7
Other operating income	0.3	0.2	50.7%	0.8	0.7	19.5%	1.0
Operating profit	37.3	49.6	-24.7%	131.3	108.5	21.1%	132.3
Building Solutions – Europe	17.6	17.2	2.4%	61.4	36.6	67.7%	45.1
Building Solutions – North America	17.7	27.1	-34.5%	64.3	58.9	9.2%	74.5
Uponor Infra	4.9	7.9	-38.5%	13.7	17.0	-19.2%	19.0
Comparable operating profit	38.1	49.7	-23.3%	133.8	115.3	16.0%	142.7
Building Solutions – Europe	18.1	17.2	5.3%	63.4	43.2	46.7%	55.1
Building Solutions – North America	17.7	27.1	-34.6%	64.4	59.0	9.2%	74.6
Uponor Infra	4.9	7.9	-38.3%	13.7	17.0	-19.2%	19.0
Financial income and expenses	-1.1	-1.0	18.2%	-7.0	-2.8	149.3%	-6.3
Profit before taxes	37.2	47.7	-22.1%	117.9	102.4	15.2%	121.8
Profit for the period	27.4	35.2	-22.3%	85.0	75.3	12.8%	96.1
Earnings per share	0.35	0.43	-19.7%	1.10	0.94	16.5%	1.21

	30 Sep 2021	30 Sep 2020	Change	31 Dec 2020
Net working capital, M€	82.2	103.8	-20.8%	65.9
Net-interest bearing debt, M€	-26.6	73.9	-136.0%	15.1
Solvency, %	50.2	42.7	17.4%	48.7
Gearing, %	-5.6	18.6	-130.4%	3.6
Return on investment, %	28.5	23.2	22.5%	21.8

Webcast of the results briefing and the presentation

A webcast in English will be broadcast on 28 October at 10:00 EET. It can be viewed via our website at uponorgroup.com or via the Uponor IR mobile app. The recorded webcast can be viewed via the website or the app shortly after the live presentation. All presentation materials will be available at www.uponorgroup.com > Investors > Reports and presentations.

Uponor Corporation's financial reporting in 2022

10 Feb 2022	Financial statements bulletin for 2021
14 March 2022	Capital Markets Day in Helsinki, Finland
28 April 2022	Interim report 1–3/2022
27 July 2022	Half-year report 1-6/2022
4 Nov 2022	Interim report 1–9/2022

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Markets

Residential construction activity, both new build and renovation, continued to benefit from accommodative monetary policies and elevated household savings, while some areas within the diverse non-residential segment showed early, if tentative, signs of stabilisation. However, continued concerns about supply chain challenges, a pervasive lack of skilled labour and price inflation created headwinds that restrained construction output.

In North America, the residential construction market in the U.S. continued to expand, with builders receiving support from home price appreciation and a limited inventory of homes for sale. Construction firms remained optimistic, but construction material price and availability issues, coupled with lack of skilled labour, led some builders to lower their production ambition levels for 2021. Non-residential construction was below last year's level, although some early signs of stabilisation were witnessed in, for example, commercial projects, and leading indicators remain positive. In Canada, housing starts remained at elevated levels.

In Europe, Central European and Nordic construction activity continued at a brisk pace, while southern European markets made gains. In Uponor's largest European market, Germany, demand remained solid though supply bottlenecks, capacity constraints and strong price pressures all continued to act as headwinds for project completions and order book building. In the Netherlands, builders continued to report healthy building activity levels. In the Nordic region, demand for housing in urban growth centres remained strong, supporting both new and renovation projects. Non-residential markets showed signs of benefiting somewhat from improved business confidence and a regained willingness to engage in capital investments, while infrastructure activity was largely stable. Building activity in southern Europe improved, but remained low, challenged more by a lack of demand than labour or supply chain issues.

Net sales

Uponor's net sales for the third quarter reached €321.4 (301.0) million, a growth of 6.8%. There was a negative net currency impact of €4.0 million, mainly due to RUB, USD and PLN, bringing the growth without currency impact to 8.1%.

Net sales of Building Solutions – Europe were €141.6 (125.3) million, a growth of 13.0%. Net sales increased in Germany, the Netherlands and Eastern Europe, in particular, and in all product groups.

Building Solutions – North America's net sales were €108.3 (105.5) million, a growth of 2.7% in euro terms or 2.7% in USD. Net sales grew in both the U.S. and Canada.

Uponor Infra's net sales were €72.4 (71.1) million, a growth of 1.8%. The increase was driven by good performance in Sweden and designed solutions sales in Norway.

Breakdown of net sales by division (July–September):

M€	7–9/2021	7–9/2020	Change
Building Solutions – Europe	141.6	125.3	13.0%
Building Solutions – North America	108.3	105.5	2.7%
(Building Solutions – North America (M\$))	127.4	124.1	2.7%
Uponor Infra	72.4	71.1	1.8%
Eliminations	-1.0	-0.9	
Total	321.4	301.0	6.8%

Breakdown of net sales by division (January–September):

M€	1–9/2021	1–9/2020	Change
Building Solutions – Europe	430.4	372.7	15.5%
Building Solutions – North America	340.0	288.6	17.8%
(Building Solutions – North America (M\$))	405.9	326.1	24.5%
Uponor Infra	217.7	197.8	10.0%
Eliminations	-4.2	-3.6	
Total	983.9	855.5	15.0%

Results and profitability

Uponor's gross profit in the third quarter was €115.0 (116.9) million, a decrease of €1.8 million mainly due to higher input costs. The gross profit margin decreased to 35.8% (38.8).

Comparable operating profit was €38.1 (49.7) million, a decrease of 23.3%. The items affecting comparability, €0.7 (0.1) million were related to Uponor's operational excellence programme. Comparable operating profit margin was 11.8% (16.5). Operating profit was €37.3 (49.6) million, a decrease of 24.7% year-over-year. Operating profit margin was 11.6% (16.5).

Building Solutions – Europe's operating profit was €17.6 (17.2) million, showing a growth of 2.4%. Comparable operating profit was €18.1 (17.2) million. The increase in operating profit was driven by increased volumes, improvements in operations and the operational excellence programme, which offset the impacts of the higher cost level.

Building Solutions – North America reported an operating profit of €17.7 (27.1) million, a decrease of 34.5% in euro terms and 34.0% in USD. The decrease was due to the higher cost level caused by increased volumes and overall cost inflation in the U.S. Also, supply shortages impacted the optimisation of production and logistics, burdening profitability. The division also had a strong comparison period due to the recovery of demand after Q2 and a favourable cost level related to COVID-19.

Uponor Infra's operating profit was €4.9 (7.9) million, a decrease of 38.5%. The increase in input cost was not fully compensated by price increases. The comparison period also included a large designed solutions project in Poland.

Financial expenses were €1.1 (1.0) million.

Profit before taxes for July–September totalled €37.2 (47.7) million. Tax expense was €9.8 (12.5) million for the period.

Profit for the period in the third quarter was €27.4 (35.2) million.

Operating profit by division (July–September):

M€	7–9/2021	7–9/2020	Change
Building Solutions – Europe	17.6	17.2	2.4%
Building Solutions – North America	17.7	27.1	-34.5%
(Building Solutions – North America (M\$))	20.8	31.4	-34.0%
Uponor Infra	4.9	7.9	-38.5%
Others	-1.6	-1.7	
Eliminations	-1.3	-0.9	
Total	37.3	49.6	-24.7%

Comparable operating profit by division (July–September):

M€	7–9/2021	7–9/2020	Change
Building Solutions – Europe	18.1	17.2	5.3%
Building Solutions – North America	17.7	27.1	-34.5%
(Building Solutions – North America (M\$))	20.8	31.5	-34.0%
Uponor Infra	4.9	7.9	-38.5%
Others	-1.4	-1.7	
Eliminations	-1.3	-0.9	
Total	38.1	49.7	-23.3%

Operating profit by division (January–September):

M€	1–9/2021	1–9/2020	Change
Building Solutions – Europe	61.4	36.6	67.7%
Building Solutions – North America	64.3	58.9	9.2%
(Building Solutions – North America (M\$))	76.8	66.5	15.4%
Uponor Infra	13.7	17.0	-19.2%
Others	-6.1	-3.6	
Eliminations	-1.9	-0.4	
Total	131.3	108.5	21.1%

Comparable operating profit by division (January–September):

M€	1–9/2021	1–9/2020	Change
Building Solutions – Europe	63.4	43.2	46.7%
Building Solutions – North America	64.4	59.0	9.2%
(Building Solutions – North America (M\$))	76.9	66.6	15.4%
Uponor Infra	13.7	17.0	-19.2%
Others	-5.7	-3.4	
Eliminations	-1.9	-0.4	
Total	133.8	115.3	16.0%

The January–September gross profit was €366.9 (323.4) million and gross profit margin 37.3% (37.8).

The comparable operating profit was €133.8 (115.3) million. The items affecting comparability (IAC), €2.5 million, were related to Uponor's operational excellence programme. During the comparison period, the items affecting comparability, €6.9 million, were related to Uponor's operational excellence programme (€8.0 million) and the release of the provision due to essentially completing the exit from Asia (€-1.1 million). Comparable operating profit margin was 13.6% (13.5). Operating profit was €131.3 (108.5) million. The operating profit margin for the January–September period was 13.3% (12.7).

Financial expenses were €7.0 (2.8) million; the difference was due to currency exchange rate differences.

The share of the result in associated companies at €-6.4 (-3.3) million was related to Uponor's 50% share in the joint venture company, Phyn. The result includes an impairment of Phyn's valuation. Uponor announced on 13 August that Uponor and Belkin International, Inc. have signed a share purchase agreement for the sale of Uponor's shares in Phyn to Belkin.

Profit before taxes for January–September totalled €117.9 (102.4) million. Tax expense was €32.9 (27.0) million. The estimated tax rate for the full year 2021 is 27.5%, compared to 21.1% for 2020.

The profit for the period was €85.0 (75.3) million. Earnings per share, both basic and diluted, for January–September totalled €1.10 (0.94). Equity per share, both basic and diluted, was €5.54 (4.58).

Investment and financing

Uponor's gross investments in January–September were €27.2 (16.0) million. The investments were mainly related to capacity expansion in North America as well as maintenance and efficiency improvements. Depreciation and impairments were €36.5 (39.3) million.

Cash flow from business operations in January–September was €115.3 (129.2) million. Cash flow from financing and thus cash flow for the January–September period included the two instalments of dividend payment (paid in March and September, €44.3 (40.0) million in total).

During Q3, Uponor paid off its 5-year bilateral loan agreement of €100 million, which was to mature in July 2022.

Uponor has two bilateral long-term loans of €40 million and €30 million, both of which will mature in January 2026. As back-up funding arrangements, Uponor has four €50 million committed bilateral revolving credit facilities in force, totalling €200 million and maturing in 2022–2023; none of these were used during the reporting period.

For short-term funding needs, Uponor's main source of funding is its domestic commercial paper programme, totalling €150 million, of which €0.0 (20.0) million was outstanding on the balance sheet date. Available cash-pools limits granted by Uponor's key banks amounted to €34.8 million, none of which (€0 million) was in use on the balance sheet date. At the end of the period, Uponor had €128.5 (155.5) million in cash and cash equivalents.

The Group's solvency, at 50.2% (42.7), has remained at a good level. Net interest-bearing liabilities were €-26.6 (73.9) million. The change was driven by positive cash flow development. Gearing was -5.6% (18.6) with the four-quarter rolling gearing at 1.5 (37.1).

Key events

On 13 August, Uponor announced that the company and Belkin International, Inc. have signed a share purchase agreement for the sale of Uponor's shares in Phyn, a water sensing and conservation technology

company, to Belkin. Phyn was founded in 2016 as a joint venture between Uponor and Belkin, with both owning 50% of the company. The parties have agreed not to disclose the purchase price.

On 23 August, Uponor announced that the company and the owners of Capricorn S. A. have signed a share purchase agreement for all outstanding shares in Capricorn S. A., a Polish manufacturer of components for heating and sanitary installations. The parties have agreed not to disclose the purchase price. The closing of the acquisition is expected to take place during the last quarter of the year.

On 7 September, Uponor announced its collaboration with Borealis, one of the world's leading providers of advanced and circular polyolefin solutions. The parties have been working together to launch Uponor Infra's first product, the Ultra Rib 2 Blue sewer pipe, utilising renewable raw materials and reducing the carbon footprint by up to 70%.

Operational excellence programme

Uponor updated the savings target and schedule of its operational excellence programme on 5 May. The updated annual savings target of the programme is €25 million by the end of the first half of 2022. The estimated one-time costs of the whole programme are around €22 million.

During the third quarter of 2021, the programme generated savings of approximately €3 million, which brings the total generated savings under the programme up to approximately €18 million by 30 September 2021. The main initiatives are related to Building Solutions – Europe and Group functions, and progressing as planned. The programme is expected to reduce approximately 200 FTEs. By the end of the third quarter of 2021, the reduction was around 160 FTE since the beginning of the programme.

Since the launch of the programme, a total of €14.3 million in one-time costs have been recorded as items affecting comparability. Of that amount, €0.7 million was recorded in the third quarter of 2021.

Originally, Uponor announced the operational excellence programme in October 2019 with an annual savings target of €20 million by the end of 2021 and around €20 million in one-time costs.

The impacts of COVID-19

The outlook for 2021 still involves uncertainties regarding the next phases of the COVID-19 pandemic even though good progress has been made in vaccination coverage in Uponor's operating area. Continued uncertainty among businesses may negatively affect the initiation of new construction and renovation projects, though the relative size and timing of this effect is uncertain.

The shortages and delays in supply chain witnessed since the start of the pandemic have started to impact Uponor's operations during the second half of 2021 and they are likely to continue with some extent in 2022.

Supported by its strong balance sheet and cash position, Uponor is in a solid financial position to face possible next phases of the pandemic and its implications. The pandemic has not had an impact on the valuation of Uponor's assets.

Resolutions of the Annual General Meeting 2021

Uponor's Annual General Meeting was held in Helsinki, Finland, on 18 March 2021. The AGM adopted the financial statements and the consolidated financial statements for 2020, and released the Board members and the President and CEO from liability. The AGM approved the proposed dividend of €0.57 per share for 2020, the dividend will be paid in two instalments. Existing Board members Annika Paasikivi (chair), Pia Aaltonen-Forsell, Johan Falk, Markus Lengauer, Casimir Lindholm and Michael G. Marchi were re-elected. The AGM elected Annika Paasikivi as Chair of the Board. KPMG Oy Ab, a company of Authorised Public Accountants, was elected as the auditor of the company for 2021.

Further details regarding the Annual General Meeting are available at www.uponorgroup.com/en-en/investors/governance/agm-2021

Personnel

The number of the Group's full-time-equivalent employees averaged 3,794 (3,729) in January–September 2021, an increase of 65 persons from the third quarter of 2020. At the end of the period, the Group had 3,855 (3,682) employees, showing an increase of 173 employees to support growth in all of Uponor's divisions.

Change in the Executive Committee

On 21 August, Michael Rauterkus started as President and CEO of Uponor Group and Chairman of the Executive Committee.

Shares and shareholders

Uponor Corporation's share capital amounts to €146,446,888 and the number of shares totals 73,206,944. There were no changes in the share capital and the number of shares during the reporting period.

The number of Uponor shares traded on Nasdaq Helsinki in the reporting period January–September was 14.7 (22.0) million shares, totalling €326.1 (250.8) million. The market value of share capital at the end of the period was €1.6 (1.1) billion and the number of shareholders 18,156 (18,012).

At the end of the quarter, Uponor held a total of 134,206 (184,966) of its own shares.

Notice under the Securities Market Act 9:5

On 23 September, Uponor received a notification from Nordea Funds Ltd., in accordance with the Finnish Securities Market Act Chapter 9, Section 5. According to the notification, Nordea Funds Ltd.'s holdings decreased below 5.0% of the voting rights in Uponor, on 22 September 2021.

Events after the reporting period

On 7 October, Uponor received a notification from Nordea Funds Ltd., in accordance with the Finnish Securities Market Act Chapter 9, Section 5. According to the notification, Nordea Funds Ltd.'s holdings exceeded 5.0% of the voting rights in Uponor, on 6 October 2021.

Short-term risks and uncertainties

Changes in the global economy and financial markets may have a negative impact on Uponor's operations, performance, financial position, and sources of capital.

Risks related to the COVID-19 pandemic can be found in a separate section: The impacts of COVID-19.

Demand for Uponor's products depends on business cycles in the construction sector. Uponor mitigates this risk by distributing its business to two main geographical areas: Europe and North America. In addition, Uponor has three business areas: plumbing solutions, indoor climate solutions and infrastructure solutions. Uponor's products are used in both new construction projects and renovation projects, and in the latter the demand is usually more stable than in more cyclical new construction.

In autumn 2021, certain product-related lawsuits with class allegations were filed against Uponor in two states in North America. The cases are still in their early stages and it is uncertain if the classes will be certified and what impact, if any, the lawsuits will have on Uponor. Uponor mitigates its product liability-related risks through local and centralised insurance programmes at Group level.

Uponor's ongoing operational excellence programme aims to achieve annual savings of €25 million by the end of the first half of 2022. The company is exposed to a risk of capturing the savings within the planned timeline.

Digitalisation, emerging technologies, and capabilities related to those areas are needed to build new business opportunities for Uponor. In addition, digitalisation and smart solutions expose the company to cyber risks.

Uponor's ability to attract and retain talent to drive change are key to the company's future success. Uponor manages this risk by building its employer brand and helping its current employees to develop, for example, their leadership skills.

The prices of raw materials used in the manufacture of Uponor's products are susceptible to change, driven by several market factors including petrochemical and metal product price fluctuations, supply capacity, and market demand, among others. In recent years, Uponor has been able to pass most of the effects of such fluctuations onto its selling prices with a reasonable delay.

Uponor has 16 manufacturing facilities in Europe and North America, which exposes the company to possible environmental risks. Uponor operates under an ISO 9001 quality management system and an ISO 14001 environmental management system, which enhance quality, production safety, environmental law compliance and productivity while reducing the environmental impact and risks related to Uponor's operations.

Several factors, including disturbances in the supply chain and IT systems as well as natural disasters, can pose a business continuity risk to Uponor. Uponor mitigates the risk with comprehensive business continuity planning and management.

The international nature of its operations exposes the company to currency risks associated with various currencies. Approximately 60% of Uponor's net sales were generated in currencies other than the euro. Correspondingly, a major part of expenses associated with these net sales were also denominated in the same local currencies, markedly decreasing the associated currency risks.

A more detailed risk analysis can be found from www.uponorgroup.com > Investors > Uponor as an investment.

Short-term market outlook

Uponor anticipates that the trends witnessed during the third quarter of 2021 will continue into the fourth quarter of 2021. While underlying demand is expected to remain healthy, downside risks and limitations on construction industry output may persist, including continued uncertainty about builder supply chain challenges, a lack of skilled labour in the construction industry and construction material price inflation.

Guidance for 2021

Updated on 11 June 2021: 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.)

Vantaa, 28 October 2021

Uponor Corporation
Board of Directors

Table part

This interim report has been compiled in accordance with the IAS 34 reporting standard and it is unaudited. The figures in brackets are the reference figures for the equivalent period in 2020. All figures presented have been rounded and consequently, the sum of individual figures might differ from the presented total figure. The change percentages reported have been calculated from the exact figures and not from the rounded figures published in the interim report.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

M€	1-9/2021	1-9/2020	7-9/2021	7-9/2020	1-12/2020
Net sales	983.9	855.5	321.4	301.0	1,136.0
Cost of goods sold	617.0	532.1	206.4	184.2	706.6
Gross profit	366.9	323.4	115.0	116.9	429.4
Other operating income	0.8	0.7	0.3	0.2	1.0
Dispatching and warehousing expenses	23.3	23.9	7.7	7.4	31.7
Sales and marketing expenses	145.5	131.8	48.3	41.7	180.6
Administration expenses	53.3	43.7	17.3	13.7	61.9
Other operating expenses	14.4	16.2	4.7	4.6	23.9
Operating profit	131.3	108.5	37.3	49.6	132.3
Financial expenses, net	7.0	2.8	1.1	1.0	6.3
Share of results in associated companies and joint ventures	-6.4	-3.3	1.0	-0.9	-4.2
Profit before taxes	117.9	102.4	37.2	47.7	121.8
Income taxes	32.9	27.0	9.8	12.5	25.7
Profit for period	85.0	75.3	27.4	35.2	96.1
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Re-measurements on defined benefit pensions, net of taxes	-	-	-	-	0.1
Items that may be reclassified subsequently to profit or loss					
Translation differences	4.9	-7.5	1.7	-4.4	-6.3
Cash flow hedges, net of taxes	1.9	-0.8	1.0	0.3	-0.3
Other comprehensive income for the period, net of taxes	6.8	-8.3	2.8	-4.1	-6.5
Total comprehensive income for the period	91.8	67.1	30.1	31.1	89.6
Profit/loss for the period attributable to					
- Equity holders of parent company	80.1	68.7	25.5	31.7	88.6
- Non-controlling interest	4.9	6.6	1.8	3.5	7.5
Total comprehensive income for the period attributable for					
- Equity holders of parent company	87.1	60.9	28.5	27.8	82.0
- Non-controlling interest	4.7	6.1	1.7	3.3	7.6
Earnings per share, €	1.10	0.94	0.35	0.43	1.21
Diluted earnings per share, €	1.10	0.94	0.35	0.43	1.21

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

M€	30.9.2021	30.9.2020	31.12.2020
Assets			
Non-current assets			
Property, plant and equipment	264.2	263.1	264.7
Intangible assets	96.4	93.0	95.9
Investments in associates and joint ventures	0.3	11.0	9.4
Other securities and non-current receivables	6.4	4.7	4.8
Deferred tax assets	16.0	9.3	16.2
Total non-current assets	383.2	381.1	391.0
Current assets			
Inventories	155.5	131.6	128.7
Accounts receivable	242.7	226.1	163.6
Other receivables	34.9	38.5	47.1
Cash and cash equivalents	128.5	155.5	138.0
Total current assets	561.6	551.7	477.4
Total assets	944.8	932.8	868.4
Equity and liabilities			
Equity			
Equity attributable to the owners of the parent company	404.5	334.4	356.8
Non-controlling interest	67.1	63.6	65.1
Total equity	471.6	398.0	421.9
Non-current liabilities			
Interest-bearing liabilities	91.5	128.2	124.1
Deferred tax liability	7.6	11.8	9.7
Provisions	23.6	15.5	15.8
Employee benefits and other liabilities	22.8	21.8	21.1
Total non-current liabilities	145.5	177.4	170.7
Current liabilities			
Interest-bearing liabilities	10.4	101.2	29.0
Provisions	19.0	18.5	21.3
Accounts payable	103.2	76.8	83.9
Other liabilities	195.2	161.0	141.7
Total current liabilities	327.7	357.5	275.8
Total equity and liabilities	944.8	932.8	868.4

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

M€	1-9/2021	1-9/2020	1-12/2020
Cash flow from operations			
Net cash from operations	162.9	151.6	191.1
Change in net working capital	-23.8	-10.2	40.2
Income taxes paid	-21.6	-10.1	-21.1
Interest paid	-2.5	-2.7	-3.3
Interest received	0.3	0.5	0.5
Cash flow from operations	115.3	129.2	207.5
Cash flow from investments			
Acquisition of subsidiaries and businesses	-	-	-4.0
Investments in joint ventures	-	-4.0	-3.9
Purchase of other shares	-0.8	-	-
Purchase of fixed assets	-27.2	-16.0	-30.2
Proceeds from sale of other shares	2.5	-	-
Proceeds from sale of fixed assets	0.5	0.4	0.9
Loans granted	-1.1	-	0.0
Dividends received	0.5	0.1	0.4
Cash flow from investments	-26.0	-19.4	-36.8
Cash flow from financing			
Borrowings of debt	70.0	-	-
Repayment of debt	-100.0	0.0	-70.3
Change in other short-term loan	-15.0	19.8	15.0
Dividends paid	-44.3	-40.0	-40.0
Payment of lease liabilities	-10.0	-9.4	-12.7
Cash flow from financing	-99.3	-29.7	-108.0
Conversion differences for cash and cash equivalents	0.6	-0.7	-0.7
Change in cash and cash equivalents	-9.4	79.4	61.9
Cash and cash equivalents at 1 January	138.0	76.1	76.1
Cash and cash equivalents at end of period	128.5	155.5	138.0
Changes according to balance sheet	-9.4	79.4	61.9

STATEMENT OF CHANGES IN EQUITY

M€	A	B	C	D*	E	F	G	H	I
Balance at 1 Jan 2021	146.4	50.2	0.9	-13.9	-1.7	174.9	356.8	65.1	421.9
Profit for the period						80.1	80.1	4.9	85.0
Other comprehensive income for the period			1.9	5.0			6.9	-0.1	6.8
Dividend (€0.57 per share)						-41.6	-41.6		-41.6
Dividend paid to non-controlling interest								-2.7	-2.7
Share-based incentive plan					0.4	1.8	2.2		2.2
Balance at 30 Sep 2021	146.4	50.2	2.8	-8.9	-1.3	215.3	404.5	67.1	471.6
Balance at 1 Jan 2020	146.4	50.2	1.5	-7.6	-2.0	123.1	311.6	58.8	370.4
Profit for the period						68.7	68.7	6.6	75.3
Other comprehensive income for the period			-0.8	-7.1			-7.8	-0.5	-8.3
Dividend (€0.53 per share)						-38.7	-38.7		-38.7
Dividend paid to non-controlling interest								-1.3	-1.3
Share-based incentive plan					0.3	0.2	0.6		0.6
Transfer between reserves			-0.3			0.3	-		-
Balance at 30 Sep 2020	146.4	50.2	0.4	-14.6	-1.7	153.6	334.4	63.6	398.0

*) Includes a €-14.3 (-14.3) million effective part of net investment hedging at the end of period.

A – Share capital

B – Share premium

C – Other reserves

D* – Translation reserve

E – Treasury shares

F – Retained earnings

G – Equity attributable to owners of the parent company

H – Non-controlling interest

I – Total equity

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES

The interim report has been prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by the EU and IAS 34 Interim Financial Reporting. In its interim reports, Uponor Group follows the same principles as in the annual financial statements for 2020.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

M€	30.9.2021	30.9.2020	31.12.2020
Gross investment	27.2	16.0	30.2
- % of net sales	2.8	1.9	2.7
Book value of disposed fixed assets	0.1	0.5	0.7
Depreciation and impairments	36.5	39.3	52.7

PERSONNEL

	1-9/2021	1-9/2020	1-12/2020
Converted to full time employees	3,794	3,729	3,708
Average	3,855	3,682	3,658
At the end of the period			

OWN SHARES

	30.9.2021	30.9.2020	31.12.2020
Own shares held by the company, pcs	134,206	184,966	184,966
- of share capital, %	0.2	0.3	0.3
- of voting rights, %	0.2	0.3	0.3
Accounted par value of own shares held by the company, M€	0.3	0.4	0.4

Division information		1-9/2021			1-9/2020		
M€	External	Internal	Total	External	Internal	Total	
Net sales by division							
Building Solutions - Europe	429.1	1.3	430.4	371.3	1.4	372.7	
Building Solutions - North America	340.0	-	340.0	288.6	0.0	288.6	
Uponor Infra	214.8	2.9	217.7	195.6	2.2	197.8	
Eliminations	-	-4.2	-4.2	-	-3.6	-3.6	
Total	983.9	-	983.9	855.5	-	855.5	

		7-9/2021			7-9/2020		
M€	External	Internal	Total	External	Internal	Total	
Net sales by division							
Building Solutions - Europe	141.4	0.2	141.6	125.1	0.3	125.3	
Building Solutions - North America	108.3	0.0	108.3	105.5	0.0	105.5	
Uponor Infra	71.6	0.7	72.4	70.5	0.6	71.1	
Eliminations	-	-1.0	-1.0	0.0	-0.9	-0.9	
Total	321.4	-	321.4	301.0	-	301.0	

		1-12/2020		
M€	External	Internal	Total	
Net sales by division				
Building Solutions - Europe	497.9	1.5	499.5	
Building Solutions - North America	389.1	-	389.1	
Uponor Infra	249.0	3.0	252.0	
Eliminations	-	-4.5	-4.5	
Total	1,136.0	-	1,136.0	

M€	1-9/2021	1-9/2020	7-9/2021	7-9/2020	1-12/2020
Operating profit by division					
Building Solutions - Europe	61.4	36.6	17.6	17.2	45.1
Building Solutions - North America	64.3	58.9	17.7	27.1	74.5
Uponor Infra	13.7	17.0	4.9	7.9	19.0
Others	-6.1	-3.6	-1.6	-1.7	-4.7
Eliminations	-1.9	-0.4	-1.3	-0.9	-1.6
Total	131.3	108.5	37.3	49.6	132.3

M€	1-9/2021	1-9/2020	1-12/2020
Division depreciation and impairments			
Building Solutions - Europe	14.0	15.5	20.6
Building Solutions - North America	13.6	15.2	20.6
Uponor Infra	7.9	7.5	10.2
Others	1.0	1.1	1.4
Eliminations	-	-	-
Total	36.5	39.3	52.7

Division investments			
Building Solutions - Europe	8.8	5.6	9.9
Building Solutions - North America	11.7	5.1	10.2
Uponor Infra	5.1	5.2	9.3
Others	1.6	0.1	0.7
Total	27.2	16.0	30.2

M€	30.9.2021	30.9.2020	31.12.2020
Division assets			
Building Solutions - Europe	453.8	390.9	374.6
Building Solutions - North America	337.8	330.4	293.2
Uponor Infra	223.6	201.1	193.0
Others	399.0	467.3	422.9
Eliminations	-469.5	-457.0	-415.4
Total	944.8	932.8	868.4

Division liabilities			
Building Solutions - Europe	353.2	333.4	313.0
Building Solutions - North America	231.7	241.6	231.7
Uponor Infra	84.2	68.6	56.9
Others	290.9	378.7	297.8
Eliminations	-486.8	-487.4	-452.9
Total	473.3	534.8	446.5

Division personnel, average			
	1-9/2021	1-9/2020	1-12/2020
Building Solutions - Europe	1,838	1,895	1,876
Building Solutions - North America	982	886	886
Uponor Infra	858	839	835
Others	125	109	111
Total	3,803	3,729	3,708

Reconciliation			
M€	1-9/2021	1-9/2020	1-12/2020
Operating profit by division			
Total result for reportable divisions	139.4	112.4	138.6
Others	-6.1	-3.6	-4.7
Eliminations	-1.9	-0.4	-1.6
Operating profit	131.3	108.5	132.3
Financial expenses, net	7.0	2.8	6.3
Share of results in associated companies and joint ventures	-6.4	-3.3	-4.2
Profit before taxes	117.9	102.4	121.8

REVENUE FROM CONTRACT WITH CUSTOMERS

The Group disaggregates revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Set out below is the disaggregation of the Group's revenue from contract with customers, including reconciliation of the revenue:

M€	1-9/2021			1-9/2020		
	Sale of goods	Rendering of services	Total	Sale of goods	Rendering of services	Total
Revenue from contract with customers by division						
Building Solutions - Europe	424.8	4.3	429.1	366.1	5.2	371.3
Building Solutions - North America	340.0	-	340.0	288.6	0.0	288.6
Uponor Infra	207.9	6.9	214.8	184.3	11.3	195.6
External customer, total	972.7	11.2	983.9	839.0	16.5	855.5
Internal	4.2		4.2	3.6		3.6
Total	976.9	11.2	988.1	842.7	16.5	859.1
Eliminations	-4.2		-4.2	-3.6		-3.6
Total revenue from contracts with customer	972.7	11.2	983.9	839.0	16.5	855.5

M€	1-12/2020		
	Sale of goods	Rendering of services	Total
Revenue from contract with customers by division			
Building Solutions - Europe	491.3	6.7	497.9
Building Solutions - North America	389.1	0.0	389.1
Uponor Infra	233.1	15.9	249.0
External customer, total	1,113.4	22.6	1,136.0
Internal	4.5		4.5
Total	1,117.9	22.6	1,140.5
Eliminations	-4.5		-4.5
Total revenue from contracts with customer	1,113.4	22.6	1,136.0

COMMITMENTS

M€	30.9.2021	30.9.2020	31.12.2020
Commitments of purchase PPE (Property, plant, equipment)	17.7	5.3	2.6
Other commitments	-	0.0	-
- on own behalf			
Pledges at book value	0.0	0.0	0.0
Mortgages issued	1.0	1.1	1.1
Guarantees issued	0.3	0.5	0.4
- on behalf of a subsidiary			
Guarantees issued	17.2	33.4	12.9
Letter of Comfort commitments undertaken on behalf of subsidiaries are not included in the above figures			
Pledges at book value	0.0	0.0	0.0
Mortgages issued	1.0	1.1	1.1
Guarantees issued	17.5	33.8	13.3
Total	18.5	34.9	14.4

FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY

M€ level	IFRS 7 Fair value hierarchy	30.9.2021	30.9.2020	31.12.2020
Non-current financial assets				
Fair value through other comprehensive income				
Electricity derivatives	1	0.6	0.0	0.1
Amortised cost				
Other non-current receivables		4.2	4.0	4.1
Other shares and holdings		1.5	0.7	0.6
Current financial assets				
Fair value through other comprehensive income				
Electricity derivatives	1	1.6	0.1	0.4
Fair value through profit or loss				
Other derivative contracts	2	1.1	1.7	3.8
Amortised cost				
Accounts receivable and other receivables		266.2	255.9	196.3
Cash and cash equivalents		128.5	155.5	138.0
Financial assets total		403.8	417.9	343.2
Non-current financial liabilities				
Fair value through other comprehensive income				
Electricity derivatives	1	0.0	0.2	0.1
Amortised cost				
Interest bearing liabilities		91.5	128.2	124.1
Current financial liabilities				
Fair value through other comprehensive income				
Electricity derivatives	1	0.0	0.2	0.2
Other derivative contracts	2	0.5	1.0	1.0
Fair value through the profit or loss				
Other derivative contracts	2	3.1	1.8	0.9
Amortised cost				
Interest bearing liabilities		10.4	101.2	29.0
Accounts payable and other liabilities		166.7	135.8	134.5
Financial liabilities total		272.3	368.3	289.7

The carrying value of financial assets and liabilities is considered to correspond to their fair value. The Group's financial instruments are classified according to IFRS 7 fair value hierarchies. Uponor applies the hierarchy as follows:

- The fair value of electricity derivatives is measured based on Nord Pool power exchange prices. (Hierarchy 1)
- The fair value of currency forward agreements is measured based on price information from common markets and commonly used valuation methods. (Hierarchy 2)

KEY FIGURES

	1-9/2021	1-9/2020	1-12/2020
Earnings per share, €	1.10	0.94	1.21
Operating profit, %	13.3	12.7	11.6
Return on equity, % (p.a.)	25.4	26.1	24.3
Return on investment, % (p.a.)	28.5	23.2	21.8
Solvency ratio, %	50.2	42.7	48.7
Gearing, %	-5.6	18.6	3.6
Gearing, % rolling 4 quarters	1.5	37.1	28.6
Net interest-bearing liabilities	-26.6	73.9	15.1
Equity per share, €	5.54	4.58	4.89
- diluted	5.54	4.58	4.89
Trading price of shares			
- low, €	16.86	6.73	6.73
- high, €	28.88	15.96	18.60
- average, €	22.14	11.40	12.55
Shares traded			
- 1,000 pcs	14,728	22,000	28,795
- M€	326.1	250.8	361.2

QUARTERLY DATA

	7-9/ 2021	4-6/ 2021	1-3/ 2021	10-12/ 2020	7-9/ 2020	4-6/ 2020	1-3/ 2020
Net sales, M€	321.4	353.3	309.2	280.5	301.0	277.1	277.4
- Building Solutions – Europe	141.6	149.0	139.7	126.8	125.3	118.5	128.8
- Building Solutions – North America	108.3	118.4	113.2	100.5	105.5	90.5	92.7
Building Solutions – North America, \$	127.4	142.8	135.8	120.2	124.1	100.1	101.9
- Uponor Infra	72.4	87.8	57.5	54.1	71.1	69.5	57.2
Gross profit, M€	115.0	126.9	125.0	106.0	116.9	102.3	104.3
- Gross profit, %	35.8	35.9	40.4	37.8	38.8	36.9	37.6
Operating profit, M€	37.3	47.0	47.0	23.8	49.6	30.3	28.6
- Building Solutions – Europe	17.6	20.9	22.8	8.5	17.2	7.5	11.9
- Building Solutions – North America	17.7	23.0	23.6	15.6	27.1	15.0	16.8
Building Solutions – North America, \$	20.8	27.7	28.3	18.9	31.4	16.6	18.5
- Uponor Infra	4.9	6.8	2.0	2.0	7.9	7.3	1.7
- Others	-1.6	-2.4	-2.2	-1.1	-1.7	0.1	-2.1
Operating profit, % of net sales	11.6	13.3	15.2	8.5	16.5	10.9	10.6
- Building Solutions – Europe	12.4	14.0	16.3	6.7	13.7	6.3	9.3
- Building Solutions – North America	16.3	19.4	20.8	15.8	25.3	16.6	18.1
- Uponor Infra	6.7	7.8	3.5	3.7	11.1	10.6	3.0
Profit for the period, M€	27.4	25.9	31.7	20.8	35.2	17.8	22.3
Balance sheet total, M€	944.8	1,021.9	963.8	868.4	932.8	906.6	872.8
Earnings per share, €	0.35	0.32	0.43	0.27	0.43	0.21	0.30
Equity per share, €	5.54	5.13	4.77	4.89	4.57	4.19	3.96
Market value of share capital, M€	1,572.5	1,789.2	1,385.1	1,329.4	1,093.7	877.0	607.6
Return on investment, % (p.a.)	28.5	27.6	29.6	21.8	23.2	19.0	21.4
Net interest-bearing liabilities at the end of the period, M€	-26.6	-5.3	37.9	15.1	73.9	147.0	180.5
Gearing, %	-5.6	-1.2	9.2	3.6	18.6	40.2	52.2
Gearing, % rolling 4 quarters	2.5	6.5	17.9	28.6	37.1	45.7	52.3
Gross investment, M€	8.9	11.8	6.5	14.2	5.1	4.9	6.1
- % of net sales	2.8	3.3	2.1	5.1	1.7	1.8	2.2

Items affecting comparability and reconciliations to IFRS

Uponor provides comparable operating profit and comparable gross profit in order to provide useful and comparable information of its operative business performance. Comparable operating or gross profit excludes items affecting comparability (IAC). Items affecting comparability are exceptional transactions that are unrelated to normal business operations. Such items often include issues such as capital gains and losses, additional costs arising from site closures and other restructuring, additional write-downs, or reversals of write-downs, expenses due to accidents and disasters, environmental matters, legal proceedings and changes in regulation.

	7-9/ 2021	4-6/ 2021	1-3/ 2021	10-12/ 2020	7-9/ 2020	4-6/ 2020	1-3/ 2020
Items affecting comparability							
Restructuring charges	-0.7	-1.2	-0.6	-3.5	-0.1	-5.9	-0.9
Capital gains and losses on sale of non-current assets	-	-	-	-	-	-	-
Total items affecting comparability in operating profit	-0.7	-1.2	-0.6	-3.5	-0.1	-5.9	-0.9
Items affecting comparability, total	-0.7	-1.2	-0.6	-3.5	-0.1	-5.9	-0.9
Comparable gross profit							
Gross profit	115.0	126.9	125.0	106.0	116.9	102.3	104.3
Less: Items affecting comparability in gross profit	-0.1	-0.1	-0.1	0.3	0.0	-1.1	0.0
Comparable gross profit	115.1	127.0	125.1	105.7	116.9	103.4	104.3
% of sales	35.8	35.9	40.4	37.7	38.8	37.3	37.6
Comparable operating profit							
Operating profit	37.3	47.0	47.0	23.8	49.6	30.3	28.6
Less: Items affecting comparability in operating profit	-0.7	-1.2	-0.6	-3.5	-0.1	-5.9	-0.9
Comparable operating profit	38.1	48.2	47.6	27.3	49.7	36.2	29.5
% of sales	11.8	13.6	15.4	9.7	16.5	13.1	10.6
Comparable operating profit by division							
Building Solutions – Europe							
Operating profit	17.6	20.9	22.8	8.5	17.2	7.5	11.9
Less: Items affecting comparability in operating profit	-0.5	-1.0	-0.5	-3.4	0.0	-5.8	-0.8
Comparable operating profit	18.1	21.9	23.3	11.9	17.2	13.2	12.8
% of sales	12.8	14.7	16.7	9.4	13.7	11.2	9.9
Building Solutions – North America							
Operating profit	17.7	23.0	23.6	15.6	27.1	15.0	16.8
Less: Items affecting comparability in operating profit	0.0	0.0	-0.1	-	0.0	-0.1	-
Comparable operating profit	17.7	23.0	23.6	15.6	27.1	15.1	16.8
% of sales	16.4	19.4	20.9	15.6	25.7	16.7	18.1
Uponor Infra							
Operating profit	4.9	6.8	2.0	2.0	7.9	7.3	1.7
Less: Items affecting comparability in operating profit	0.0	-	-	0.0	-	-	-
Comparable operating profit	4.9	6.8	2.0	2.1	7.9	7.3	1.7
% of sales	6.7	7.8	3.5	3.8	11.1	10.6	3.0
Others							
Operating profit	-1.6	-2.4	-2.2	-1.1	-1.7	0.1	-2.1
Less: Items affecting comparability in operating profit	-0.2	-0.1	-0.1	-0.1	0.0	-0.1	-0.1
Comparable operating profit	-1.4	-2.2	-2.1	-1.0	-1.7	0.2	-2.0
% of sales	na	na	na	na	na	na	na

DEFINITIONS OF KEY RATIOS

Return on Equity (ROE), %

$$= \frac{\text{Profit before taxes} - \text{taxes}}{\text{Total equity, average}} \times 100$$

Return on Investment (ROI), %

$$= \frac{\text{Profit before taxes} + \text{interest and other financing costs}}{\text{Balance sheet total} - \text{non-interest-bearing liabilities, average}} \times 100$$

Solvency, %

$$= \frac{\text{Total equity}}{\text{Balance sheet total} - \text{advance payments received}} \times 100$$

Gearing, %

$$= \frac{\text{Net interest-bearing liabilities}}{\text{Total equity}} \times 100$$

Net interest-bearing liabilities

$$= \text{Interest-bearing liabilities} - \text{cash and cash equivalents excluding restricted cash}$$

Earnings per share (EPS)

$$= \frac{\text{Profit for the period attributable to equity holders of the parent company}}{\text{Average number of shares adjusted for share issue in financial period excluding treasury shares}}$$

Equity per share ratio

$$= \frac{\text{Equity attributable to the owners of the parent company}}{\text{Number of shares adjusted for share issue at end of year}}$$

Average share price

$$= \frac{\text{Total value of shares traded (€)}}{\text{Total number of shares traded}}$$

Gross profit margin, %

$$= \frac{\text{Gross profit}}{\text{Net sales}} \times 100$$

Operating profit margin, %

$$= \frac{\text{Operating profit}}{\text{Net sales}} \times 100$$

Comparable gross profit

$$= \text{Gross profit} - \text{items affecting comparability}$$

Comparable gross profit margin

$$= \frac{\text{Gross profit – items affecting comparability}}{\text{Net sales}} \times 100$$

Comparable operating profit

$$= \text{Operating profit – items affecting comparability}$$

Comparable operating profit margin

$$= \frac{\text{Operating profit – items affecting comparability}}{\text{Net sales}} \times 100$$