Q2

INTERIM REPORT 2008

Q2

INTERIM REPORT 2008

uponor

Performance in Q2/2008

Interim results briefing
12 August 2008, Helsinki
Jan Lång, President and CEO

Building markets declined further from Q1

uponor

- New residential building markets continued to be subdued in key markets
  - signs of weakening/peaking also in non-residential and infrastructure segments
  - some previously stable markets have started to deteriorate

Europe:

- Germany – stable – with low level of activity, economic upswing slowing down
- Spain – strong decline started in mid-2007 continued
- Nordic – a decline in activity in all markets
- Eastern European growth continues

North America:

- USA continues on historically low levels
- Canada sustains healthy volumes

Net sales down as anticipated, vs. strong Q2/2007

Net sales, MEUR Continuing operations	2008 4-6	2007 4-6	Change 08/07, %	Change 08/06, %
Uponor	**267.4**	**288.8**	**-7.4**	**+1.5**
Central Europe	**96.8**	95.6	+1.3	+12.8
Nordic	**108.5**	116.0	-6.5	+4.1
Europe – West, East, South	**65.3**	70.3	-6.9	+5.6
North America	**34.5**	49.9	-30.9	-25.6
(North America, $	**53.8**	67.2	-20.1	-8.7)

- Sharp fall in key markets impacted net sales negatively
  – CE sales supported by good demand in the eastern parts
- Nordic impacted by overall weak demand in housing solutions, weakening infrastructure and drop in internal sales
- Favourable development in strategic growth markets, i.e. Eastern Europe, South-West Europe (excl. Iberia) and Canada

Drop of volumes burdened profitability

Operating profit, MEUR Continuing operations	2008 4-6	2007 4-6	Change 08/07, %	Change 08/06, %
Uponor	**29.0**	**45.1**	**-35.7**	**-22.3**
Central Europe	**12.5**	12.5	-0.1	-8.5
Nordic	**12.8**	19.0	-33.0	-30.1
Europe – West, East, South	**4.9**	11.8	-58.4	-4.7
North America	**1.5**	7.4	-80.2	-38.0
(North America, $	**2.3**	9.9	-77.2	-24.5)

- Profitability mainly affected by declining volumes
- Managed to contain costs despite inflationary pressures on certain cost categories
- Europe–WES and also Nordic hit by the failing Iberian building market
- North American profitability influenced by slow sales and continued spend into strategic growth programmes

Highlights of Q2/2008

+ Successful new customer acquisition programmes and new product introductions in North America
+ Progress in strategic initiatives
  – market entry of heating/cooling in Iberia and North America
    - Iberia: Radiant Heating & Cooling included in more developments YTD than in FY 2007
    - North America: clear increase in design demand
+ ERP roll-out progressing smoothly

– Market slowdown much stronger than anticipated
– Cost containment not sufficient to compensate for volume short-fall
– Inflationary pressures on certain cost items high
– Inventory reductions lagging behind

Q2

INTERIM REPORT 2008

Financial results

Jyri Luomakoski
CFO and deputy CEO

Interim January – June 2008
Key figures

MEUR	1-6 2008	1-6 2007	Change Y/Y	1-12 2007
Net sales, continuing operations	501,2	547,1	-8,4%	1 047,4
Operating profit, continuing operations	48,3	72,4	-33,3%	135,7
Operating profit margin, continuing operations	9,6%	13,2%	-3,6%	13,0%
Earnings per share (diluted), EUR	1,01	0,74	+36,5%	1,39
Return on equity, % (p.a.)	47,0%	34,1%	+12,9%	30,1%
Return on investment, % (p.a.)	43,8%	40,1%	+3,7%	39,2%
Net interest bearing liabilities	127,0	150,1	-15,4%	84,5
Gearing, %	42,7%	51,0%	-8,3%	25,4%
Average number of employees, continuing operations	4 096	3 929	+4,3%	4 008

Interim January – June 2008
Income statement

MEUR	1-6 2008	1-6 2007	Change Y/Y	1-12 2007
Continuing operations				
Net sales	501,2	547,1	-8,4%	1 047,4
Cost of goods sold	312,3	333,1	-6,2%	640,4
Gross profit	188,9	214,0	-11,7%	407,0
- % of net sales	37,7 %	39,1 %	-1,4%	38,9 %
Other operating income	0,6	1,0	-39,9%	5,9
Expenses	141,2	142,6	-1,0%	277,2
Operating profit	48,3	72,4	-33,3%	135,7
- % of net sales	9,6 %	13,2 %	-3,6%	13,0 %
Financial expenses, net	2,9	2,0	+42,5%	2,6
Profit before taxes	45,4	70,4	-35,5%	133,1
Profit for the period	31,5	48,2	+36,1%	91,4
EBITDA	63,8	86,9	-26,7%	165,2

Interim January – June 2008
Comments to the income statement

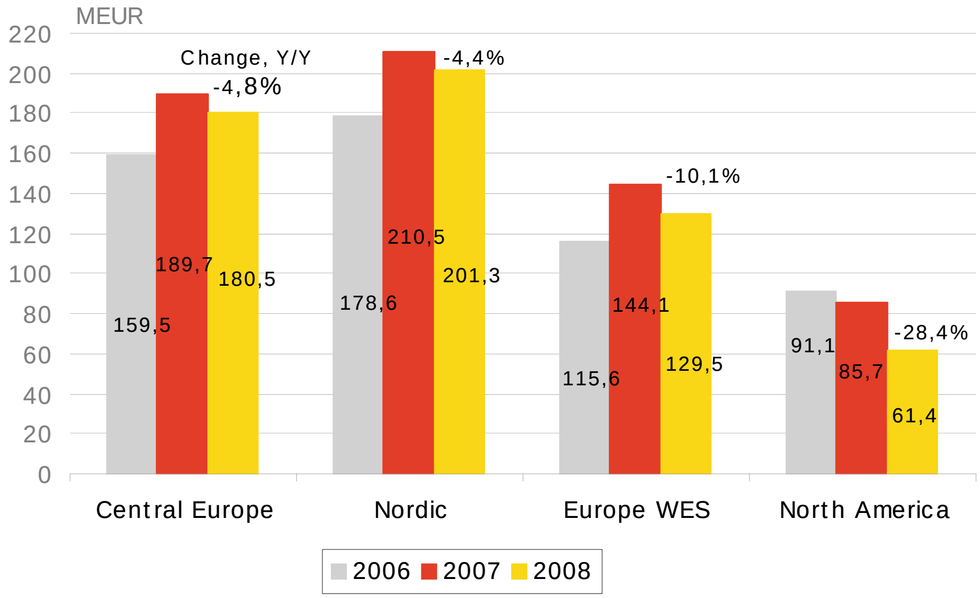
- Gross profit margin suffering from lower volumes / lack of production scale
  - Also some mix issues
- Expenses still at prior year level
- Financial expenses reflecting higher interest rates and more levered balance sheet

MEUR	1-6 2008	1-6 2007	Change Y/Y	1-12 2007
Continuing operations				
Net sales	501,2	547,1	-8,4%	1 047,4
Cost of goods sold	312,3	333,1	-6,2%	640,4
Gross profit	188,9	214,0	-11,7%	407,0
- % of net sales	37,7 %	39,1 %	-1,4%	38,9 %
Other operating income	0,6	1,0	-39,9%	5,9
Expenses	141,2	142,6	-1,0%	277,2
Operating profit	48,3	72,4	-33,3%	135,7
- % of net sales	9,6 %	13,2 %	-3,6%	13,0 %
Financial expenses, net	2,9	2,0	+42,5%	2,6
Profit before taxes	45,4	70,4	-35,5%	133,1
Profit for the period	31,5	48,2	+36,1%	91,4
EBITDA	63,8	86,9	-26,7%	165,2

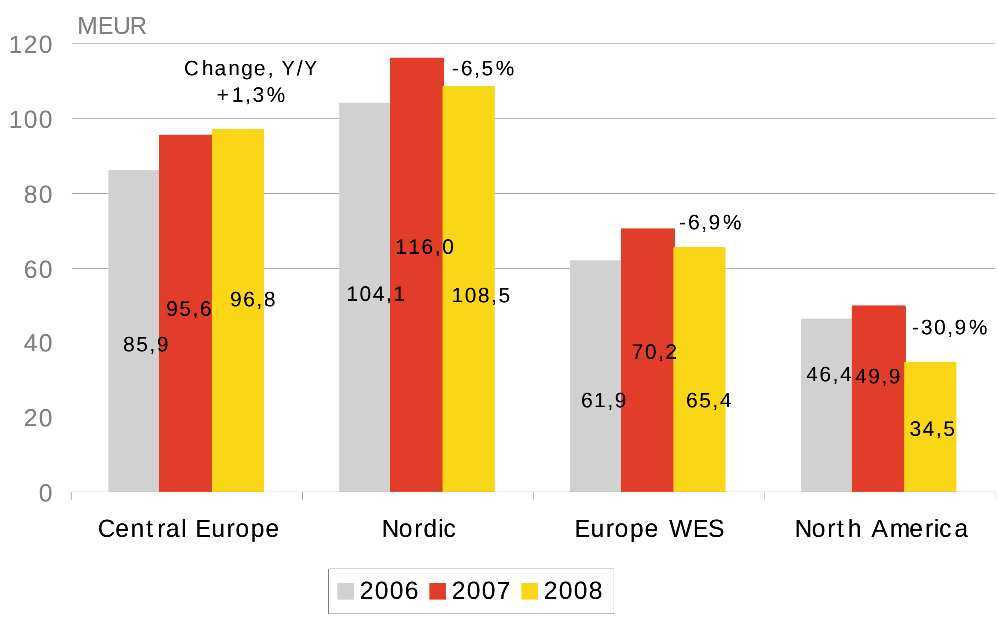
Interim April – June 2008
Income statement

MEUR	4-6 2008	4-6 2007	Change Y/Y
Continuing operations			
Net sales	267,4	288,8	-7,4%
Cost of goods sold	166,5	171,9	-3,1%
Gross profit	100,9	116,9	-13,7%
- % of net sales	37,7 %	40,5 %	-2,7%
Other operating income	0,3	0,5	-28,6%
Expenses	72,2	72,3	-0,0%
Operating profit	29,0	45,1	-35,7%
- % of net sales	10,8 %	15,6 %	-4,8%
Financial expenses, net	2,4	2,1	+24,4%
Profit before taxes	26,6	43,0	-38,6%
Profit for the period	19,2	29,1	
EBITDA	36,9	52,3	-29,5%

Interim January – June 2008
Revenue development by region

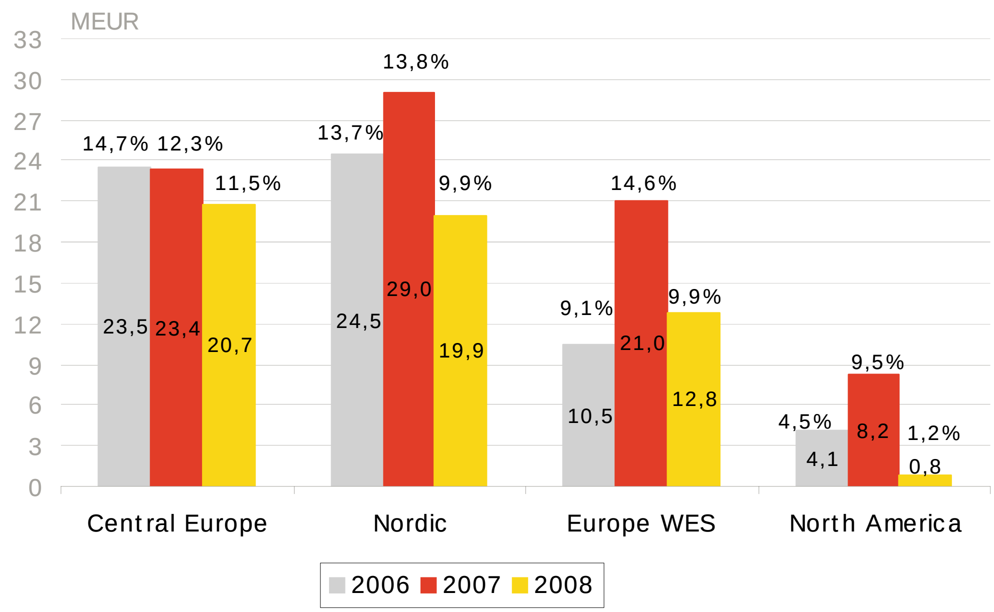


Interim April – June 2008
Revenue development by region



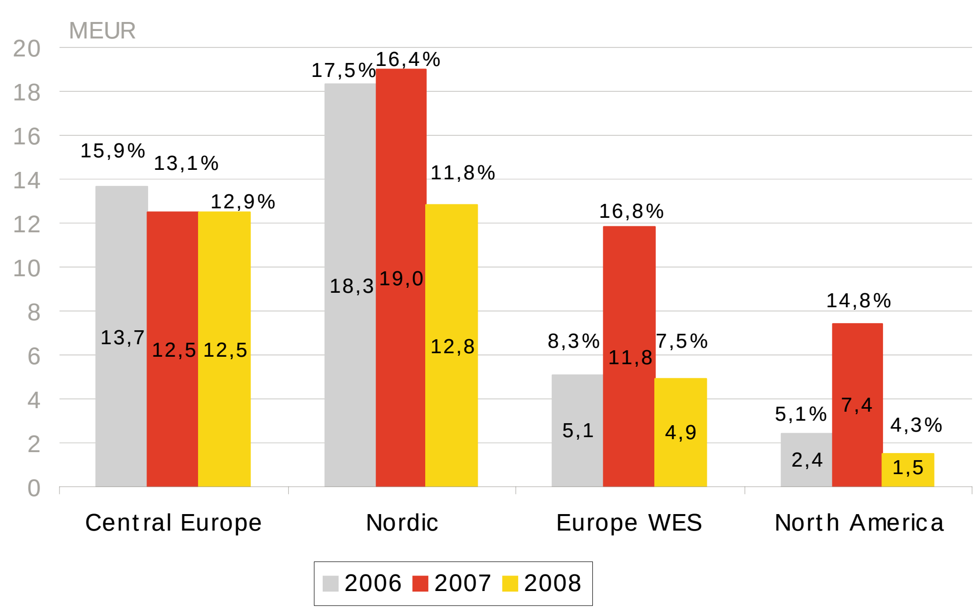
Interim January – June 2008

Result development by region



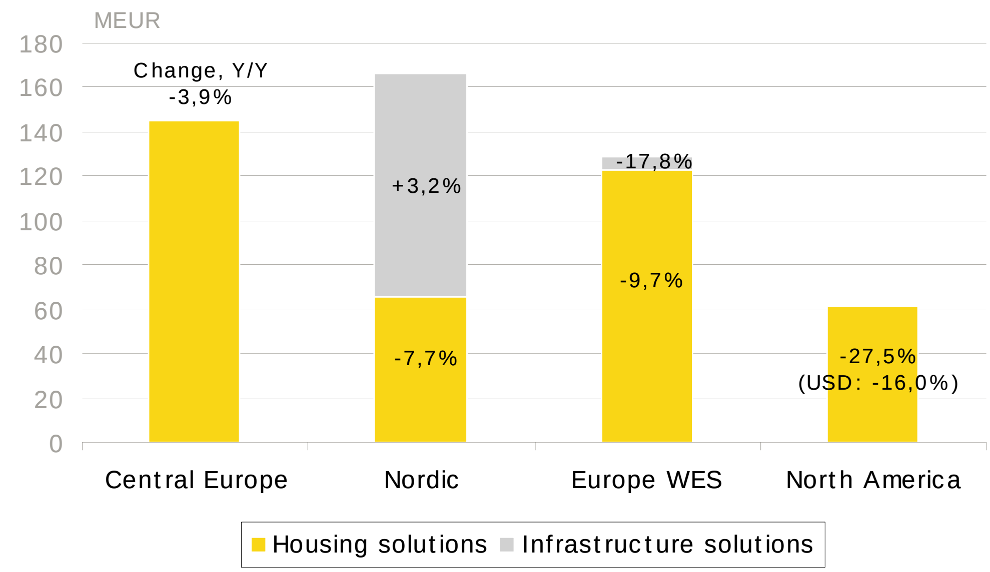
Interim April – June 2008

Result development by region

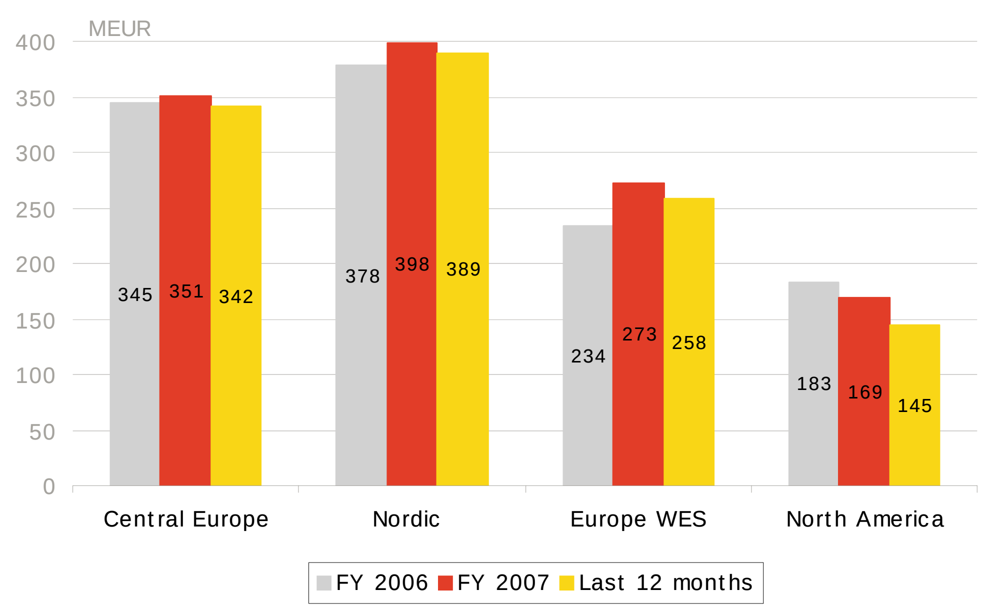


Interim January – June 2008

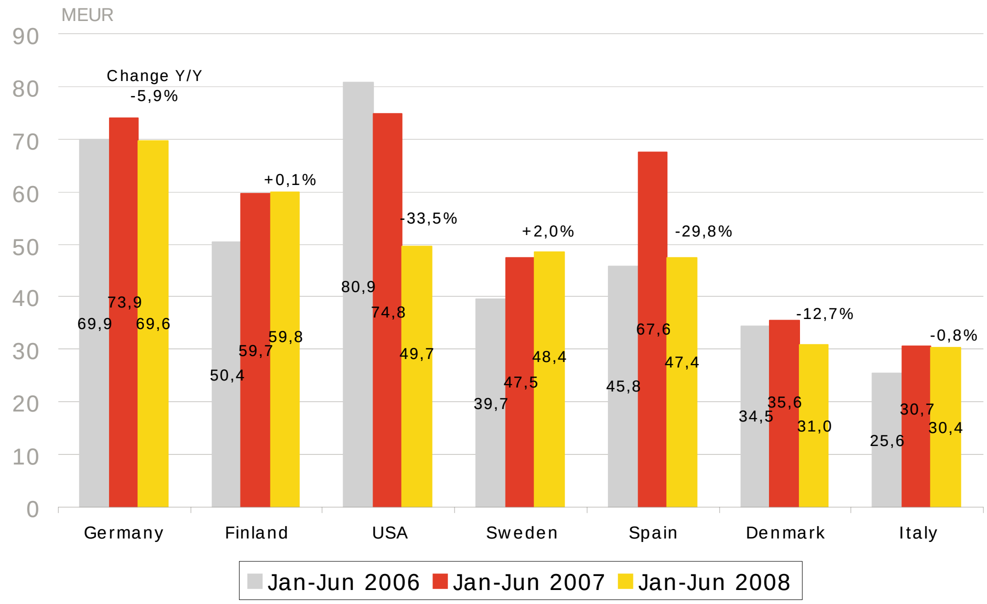
Business segment external revenue



Revenue development by region, last 12 months



Net sales development by key national markets (> 5% of Uponor net sales)



Interim January – June 2008
Balance sheet

MEUR	30 Jun 2008	30 Jun 2007	Change Y/Y	31 Dec 2007
Property, plant and equipment	179,3	209,4	-30,1	218,9
Intangible assets	101,9	96,9	+5,0	101,7
Securities and long-term investments	8,0	3,6	+4,4	3,6
Inventories	135,2	158,5	-23,3	150,6
Cash and cash equivalents	8,5	10,1	-1,6	6,3
Other current and non-current assets	230,3	283,1	-52,8	183,2
Shareholders´ equity	297,4	294,4	+3,0	333,0
Non-current interest-bearing liabilities	17,7	20,8	-3,1	14,7
Provisions	13,4	16,9	-3,5	16,2
Non-interest-bearing liabilities	216,9	290,1	-73,2	224,3
Current interest-bearing liabilities	117,8	139,4	-21,6	76,1
Balance sheet total	663,2	761,6	-98,4	664,3

Interim January – June 2008
Comments to balance sheet

- Inventories down as a consequence of focussed action during Q2 but still above targets
- Increase in securities and long-term investments reflects a 4 MGBP vendor loan note

MEUR	30 Jun 2008	30 Jun 2007	Change Y/Y	31 Dec 2007
Property, plant and equipment	179,3	209,4	-30,1	218,9
Intangible assets	101,9	96,9	+5,0	101,7
Securities and long-term investments	8,0	3,6	+4,4	3,6
Inventories	135,2	158,5	-23,3	150,6
Cash and cash equivalents	8,5	10,1	-1,6	6,3
Other current and non-current assets	230,3	283,1	-52,8	183,2
Shareholders´ equity	297,4	294,4	+3,0	333,0
Non-current interest-bearing liabilities	17,7	20,8	-3,1	14,7
Provisions	13,4	16,9	-3,5	16,2
Non-interest-bearing liabilities	216,9	290,1	-73,2	224,3
Current interest-bearing liabilities	117,8	139,4	-21,6	76,1
Balance sheet total	663,2	761,6	-98,4	664,3

Interim January – June 2008
Cash flow

MEUR	1-6/ 2008	1-6/ 2007	Change Y/Y	1-12/ 2007
Net cash from operations	64,4	100,6	-36,2	186,0
Change in NWC	-16,4	-79,3	+62,9	-45,1
Net payment of income tax and interest	-21,6	-25,9	+4,3	-47,1
Cash flow from operations	**26,4**	**-4,6**	**+31,0**	**93,8**
Cash flow from investments	61,0	-16,5	+77,5	-52,7
Cash flow before financing	**87,4**	**-21,1**	**+108,5**	**41,1**
Dividends and buy backs	-102,5	-102,5	+0,0	-102,5
Other financing	17,3	121,3	-104,0	55,3
Cash flow from financing	-85,2	18,8	-104,0	-47,2
Change in cash and cash equivalents	2,2	-2,3	+4,5	-6,1

- NWC spend clearly less than prior year
- Divestment proceeds bring cash flow from investments into a positive

Interim April – June 2008

Cash flow

uponor

MEUR	4-6/ 2008	4-6/ 2007	Change Y/Y
Net cash from operations	32,8	59,3	-26,5
Change in NWC	22,4	-21,5	+43,9
Net payment of income tax and interest	-11,4	-15,8	+4,4
Cash flow from operations	**43,8**	**22,0**	**+21,8**
Cash flow from investments	69,2	-9,6	+78,8
Cash flow before financing	**113,0**	**12,4**	**+100,6**
Dividends and buy backs	0,0	0,0	+0,0
Other financing	-117,4	-10,7	-106,7
Cash flow from financing	-117,4	-10,7	-106,7
Change in cash and cash equivalents	-4,4	1,7	-6,1

Q2

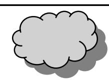
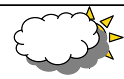
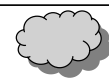
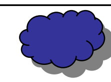
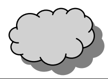
INTERIM REPORT 2008

uponor

Future outlook

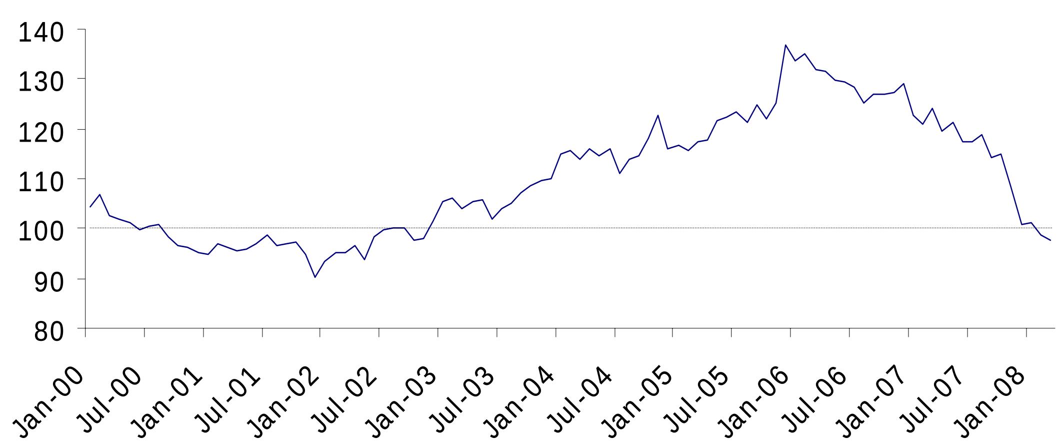
Jan Lång
President and CEO

Uponor market outlook for 2008 continues to weaken

Residential new building	Germany	Nordic	Iberia	USA
2006				
2007				
Outlook 2008				

Western Europe: Residential Building Permits Index

- Leading construction indicators have continued to deteriorate
- Eurostat's Building Permits Index implies that the pace of the decline has accelerated since the end of 2007

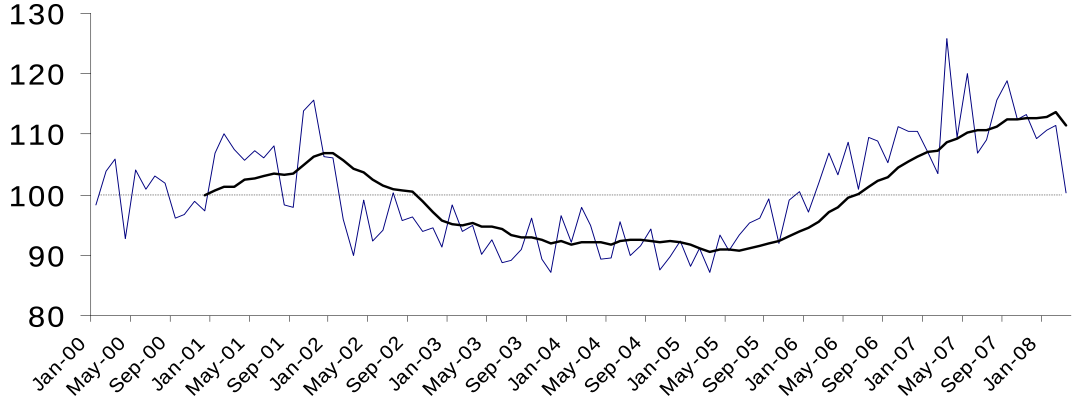


Source: Eurostat

Western Europe: Non-residential Building Permits Index

uponor

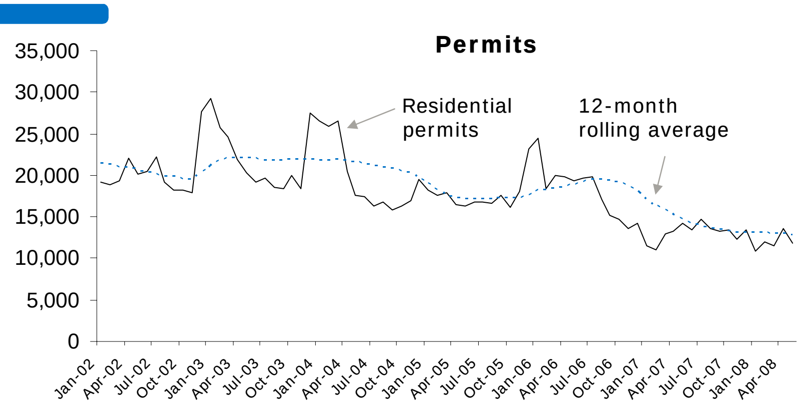
- While the non-residential segment maintained momentum through 2007, the cycle may have reached its peak
- The 12-month rolling average has declined in recent months



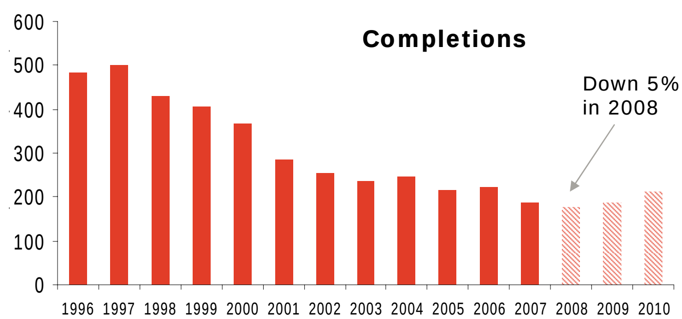
Source: Eurostat

Residential housing development in Germany

uponor

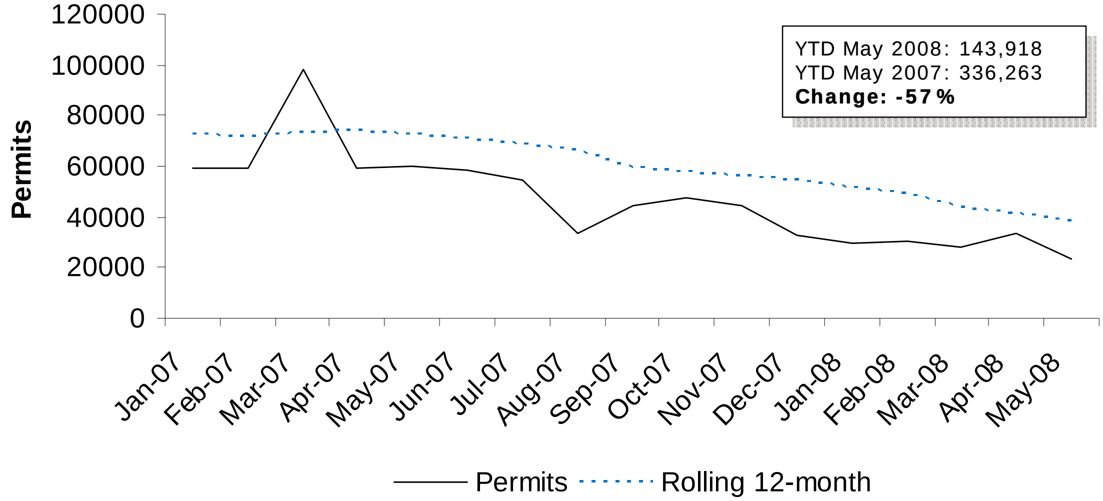


YTD May 2008: 59,689
YTD May 2007: 62,915
Change: -5.1%



Source: Statistisches Bundesamt

Residential housing permits development in Spain



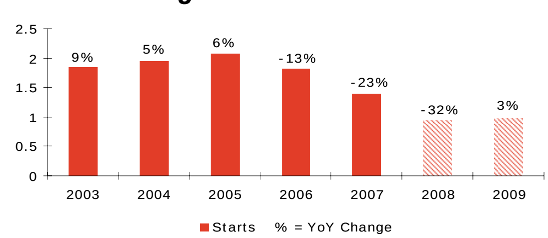
Source: INE

U.S. construction outlook

- **Residential**

  The most recent 'Blue Chip' forecast is for 0.960 million U.S. starts in 2008 and then increasing to 1.030 million in 2009

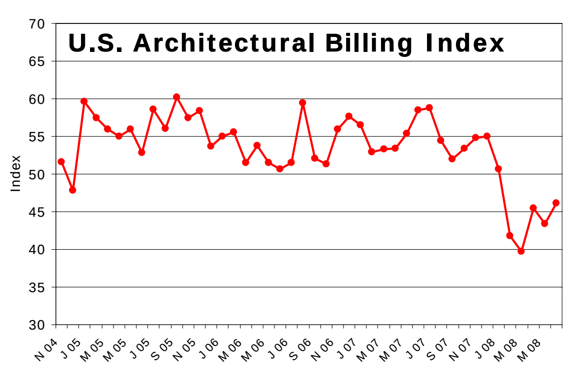
U.S. Housing Starts



Source: Consensus Economics 7/2008

- **Non-residential**

  The latest consensus forecast predicts that non-residential construction will decline by 1.2% for the full year 2008, though some segments are still expected to show positive growth



Management agenda for 2008

- Allocation of resources in key strategic initiatives continues
  - high-rise
  - strengthening of position in North America
  - geographical expansion in Europe
  - penetrating low market share markets

- Drive synergic benefits
  - ERP: warehousing, transportation and sourcing initiatives
- Cost-reduction programme to secure performance in the continued weak market environment
  - adjust expense levels to the low demand
  - target cost reductions in the range of EUR 30 million for 2009
  - likely to affect more than 200 employees

Long-term financial targets 2007-2009

Target	Scale	Achieved in 2007	Achieved in Q1+Q2 /08
Annual organic net sales growth (over the cycle)	> 6%	6.2%	-8.4%*
Operating profit margin	~15%	12.4%	9.6%*
Return on investment (ROI)	>30%	39.2%	43.8%
Gearing (average across quarters)	30 – 70	43.9	42.7
A growing ordinary dividend payout	> 50% of earnings	100.7% of earnings	

*) Continuing operations

Guidances for 2008

- Based on information at hand regarding building market development and less challenging comparables, Uponor expects:
  - continuing operations' net sales not to quite reach last year's level
  - continuing operations' operating profit to fall short of the 2007 level
- Guidance justified by ongoing growth initiatives, continued penetration, and efficiency improvements/cost containment

Measure	**Current guidance** (Announced on 11 June 2008)
Net sales	< 1,047.4 MEUR (=2007 level)
Operating profit	< 135.7 MEUR (=2007 level)
Gross capex	~ 45 MEUR
Tax rate	~ 31.5%*

*) excluding gain from the UK/Irish divestment

uponor

simply more

The text may contain forward-looking statements, which are based on the management's present expectations and beliefs about the future. The actual result may differ materially from such statements.

INTERIM REPORT FOR JANUARY-JUNE 2008

Uponor progresses in penetrating new segments despite difficult markets

- Continuing operations* net sales for January–June came to 501.2 (547.1) million euros, a change of -8.4%
- January-June operating profit for continuing operations was 48.3 (72.4) million euros, a change of –33.3%
- Earnings per share for the company came to 1.01 (0.74) euros
- Return on investment over the period was 43.8% (40.1%), with gearing at 42.7% (51.0%)
- Guidance: Uponor repeats the guidance, issued on 11 June, for 2008: Net sales for continuing operations are not expected to quite reach last year's level, and operating profit is estimated to fall short of the 2007 level.

*) Discontinued operations contain the divested infrastructure business in the United Kingdom, effective 1 January 2008, the divested infrastructure business in the Republic of Ireland, which was sold in an asset deal, effective on 18 June 2008, and the German divestment of Uponor Klärtechnik GmbH.

CEO Jan Lång comments on the performance:

- Despite the deteriorating market situation in many key market areas, we have made good progress in building on our new business opportunities. In particular, our high-rise initiative has been successful in big markets like the USA and Spain.
- The building and construction markets remain very difficult. The low demand has been affecting the new residential market especially, but it is being felt increasingly in other segments as well, while the impact is simultaneously expanding to previously untouched countries as well.
- The current low activity levels in the markets necessitate an adjustment to our cost base. We are starting a company-wide programme through which we target structural cost reductions in the range of 30 million euros, effective in 2009. The planned actions are likely to affect more than 200 employees.

Webcast and presentation material
Following the release of this report, the presentation material for the interim report will be available at www.uponor.com/investors, under 'IR material'.

Uponor will hold a webcast in English, at 9:00 am EET. You can access the webcast via www.uponor.com. Questions for the webcast can be sent to ir@uponor.com.

Markets

The building and construction market, especially that related to residential building, continued to be subdued in most of Uponor's key geographic areas in the second quarter of 2008. With the exception of Eastern Europe, where business growth remained strong, and Germany, where demand was stable but on a low level, other key markets exhibited further signs of weakness. New residential spending continued to decline in the USA and Spain, while in the Nordic countries, a softening was felt in Sweden and Norway in addition to Denmark and Finland, where demand had weakened earlier.

New non-residential and public building markets in general continued to perform well in the second quarter, but with emerging indications of slower growth or stabilisation within the near term.

In infrastructure, the slowing trend from Q1 that was especially tangible in Denmark, and to some extent in Finland, continued through Q2, now affecting also Sweden and Norway.

Net sales

Uponor's continuing operations' net sales for April–June declined by 7.4 per cent from their level for the comparison period and totalled 267.4 (288.8) million euros.

Supported by the fairly stable markets, the net sales of Uponor Central Europe increased slightly from last year's figure, despite lower inter-company sales to sister regions. A strong growth of local business was recorded in the eastern parts of the region. The main reasons for increased sales were initiatives to market the systems offering and stronger pushing of the multi-layer composite pipe system.

In the Nordic region, net sales lagged behind the equivalent figures for 2007, reflecting a weaker local market for housing solutions – both residential and non-residential – and infrastructure solutions, as well as lower exports to sister regions. Despite the decline in residential demand, Uponor was able to expand its housing solutions business in Sweden and Norway and partly compensate for the decline in residential building by penetrating the high-rise and renovation sectors.

The net sales of Uponor Europe – West, East, South were also lower than in 2007. The main reason for this was the weak demand from those Spanish and Portuguese customers hit by the continued contraction of building and construction spending in Iberia. In other Southern and Western European markets, solid increases in net sales were recorded. Growth in Eastern Europe continued at nearly the same level as in the first quarter, except in the Baltic countries, where the slowdown indicated in Q1 materialised. The dramatic drop in Iberian market activity was partially offset by utilising market opportunities efficiently, actively continuing strategic marketing efforts for new customer groups, and focusing on sectors not hit by the market slowdown. In Eastern Europe, Uponor's harmonised sales proposition, along with ongoing customer programmes, received a favourable response, supporting the sales growth.

The net sales of Uponor North America were clearly down from the levels seen in the equivalent period last year. Factors that influenced net sales development positively were, among other things, the sustained lively building market in Canada and the commercial high-rise business development that continued to grow in the USA.

Net sales by segment, April–June:

MEUR	4–6/2008	4–6/2007	Change
Central Europe	96.8	95.6	+1.3%
Nordic	108.5	116.0	-6.5%
Europe – West, East, South	65.3	70.3	-6.9%
North America	34.5	49.9	-30.9%
(North America, MUSD	53.8	67.2	-20.1%)
Eliminations	-37.7	-43.0	
Total	267.4	288.8	-7.4%

January–June net sales totalled 501.2 (547.1) million euros, representing a decline of 8.4%. As anticipated, net sales development continued to be weak in the first two quarters and lagged clearly behind the strong level of the first six months of 2007. The impact of currency exchange rates on net sales during the January-June period was -10.7 million euros, of which the U.S. dollar contributed -7.5 million.

Net sales by segment, January–June:

MEUR	1–6/2008	1–6/2007	Change
Central Europe	180.5	189.7	-4.8%
Nordic	201.3	210.5	-4.4%
Europe – West, East, South	129.4	144.1	-10.1%
North America	61.4	85.7	-28.4%
(North America, MUSD	94.8	114.3	-17.1%)
Eliminations	-71.4	-82.9	
Total	501.2	547.1	-8.4%

Results and profitability

Continuing operations' operating profit for April–June totalled 29.0 (45.1) million euros, a drop of 35.7%, mostly driven by lower volumes. Continuing operations operating profit margin fell to 9.6% from 13.2% in the equivalent period for 2007. Gross profit margin was affected by increased costs of raw materials and components, energy, and transportation. Uponor implemented various short-term initiatives to contain operating expenses and curbed investments.

In Uponor Central Europe, operating profit reached the previous year's level, supported by the high-rise business demand and the strong contribution of the businesses outside Germany. Falling volumes in inter-company and external project business burdened profitability.

In Uponor Nordic, profitability suffered from lower volumes in both the domestic and export markets, where an unfavourable product mix made a significant impact.

Operating profit in Uponor Europe – West, East, South ended up clearly lower than in 2007, mainly driven by lack of volume in Iberia and the fairly high costs from ongoing growth initiatives.

Also in North America, operating profit fell clearly below the 2007 level, reflective of the volume shortfall and the resources channelled to the strategic high-rise initiatives and new customer acquisition programmes. Also actions to reduce inventory burdened profitability.

Operating profit by segment, April–June:

MEUR	4–6/2008	4–6/2007	Change
Central Europe	12.5	12.5	-0.1%
Nordic	12.8	19.0	-33.0%
Europe – West, East, South	4.9	11.8	-58.4%
North America	1.5	7.4	-80.2%
(North America, MUSD	2.3	9.9	-77.2%)
Other	-2.1	-4.1	
Eliminations	-0.6	-1.5	
Total	29.0	45.1	-35.7%

Continuing operations' operating profit for January–June, excluding the sales gain of 43.5 million euros from the divested infrastructure business, came to 48.3 (72.4) million euros, a change of -33.3%.

Operating profit by segment, January–June:

MEUR	1–6/2008	1–6/2007	Change
Central Europe	20.7	23.4	-11.4%
Nordic	19.9	29.0	-31.4%
Europe – West, East, South	12.8	21.0	-39.1%
North America	0.8	8.2	-90.8%
(North America, MUSD	1.2	10.9	-89.4%)
Other	-5.6	-6.3	
Eliminations	-0.3	-2.9	
Total	48.3	72.4	-33.3%

Continuing operations' profit before taxes for January–June came to 45.4 (70.4) million euros, down 35.5% from the previous year's figure. Taxes amounted to 13.9 (22.2) million euros, with a tax rate of 31.0 (31.5) per cent.

The profit for the period was 74.0 (54.4) million euros, an increase of 19.6 million euros, reflecting the sales gain from the divestment of the UK and Irish infrastructure business. On the closing date, Uponor recorded a sales gain of 43.7 million euros from the divestment instead of the anticipated nearly 50 million euros that was communicated earlier. Further, an unrecognised actuarial loss amounting to 4.8 million euros was transferred with the sold entity. The divestment increased the parent company's distributable earnings by some 64 million euros.

The Group's earnings per share (basic and diluted) totalled 1.01 (0.74) euros, of which continuing operations represented 0.43 (0.66) euros. Equity per share was 4.06 (4.02) euros, basic and diluted.

Investment and financing

Careful consideration was given to new investment launches as a result of the adverse business cycle. The amount of investment related to continuing operations therefore decreased in Q2, coming to 9.0 (9.4) million euros for April–June. Investment in process improvement was continued, especially in the Nordic countries and North America.

Gross investment for January–June totalled 15.6 (17.0) million euros, or 3.1 (2.7) per cent of net sales.

Gearing declined to 42.7 (51.0) per cent, mainly as a result of interest-bearing liabilities falling to 127.0 (150.1) million euros. Accordingly, the solvency ratio improved to 44.9 (38.7) per cent.

The Group's return on investment (ROI) grew to 43.8 (40.1) per cent and return on equity (ROE) to 47.0 (34.1) per cent.

Key events during the period

Uponor's strategic initiative to enter the high-rise building sector was actively promoted. In the USA, Uponor signed a contract to supply PEX plumbing for Ohio public schools and entered a partnership agreement with M/I Homes, a leading U.S. builder that will start using PEX pipe in all of its house lines. The value of these contracts is expected to exceed 2 million dollars annually.

Another key initiative, the market entry for radiant heating/cooling, is progressing favourably, and customer interest in its potential continues to grow. Recently, radiant cooling has received additional support from a number of pro-environment regulatory changes in various countries. In Iberia, Uponor's radiant heating and cooling solution had been approved for more development projects by the end of Q2/2008 than in the whole of 2007. Design demand has also increased markedly in the USA. Reflecting growing customer interest, a major U.S. retail company is installing an Uponor radiant cooling system in one of its new stores as a sustainable technology evaluation project.

In North America, Uponor has been successful in converting several large builders and developers to specifying Uponor systems. Uponor has launched a series of new strategic products there to complement its systems offering, aiming at further market share gains for the residential and commercial markets. A decision to build a new distribution centre in North America was reached in May, with the aim of increasing operational efficiency levels and improving service levels.

In Europe, the second quarter of 2008 witnessed the opening of an office in Istanbul, Turkey, and further market penetration in Eastern Europe is proceeding.

In May, Uponor Corporation signed a contract to divest its UK and Irish infrastructure business to the European private equity company 3i and funds managed by 3i. The contract included sale of the share capital of the UK Uponor subsidiary Uponor Ltd. and the latter's subsidiary Radius Plastics Ltd. in Northern Ireland. The infrastructure business in Cork in the Republic of Ireland was included in the deal also. The divested business had net sales of 169.1 million euros in 2007, employing a staff of 470 persons. Uponor had earlier made a separate sale of its factory premises in Cork to a third party, the closing of which will take place in the first quarter of 2009.

In Germany, Uponor divested the last remaining continental European infrastructure business, Uponor Klärtechnik GmbH, with effect from 1 April. Its net sales, around 3 million euros in 2007, were part of the Uponor Europe – West, East, South region.

The Oracle ERP implementation in Europe continues according to plan. For the Finnish housing solutions unit, it successfully went live in May, and rollout preparations are underway in the UK and Ireland.

Human resources and organisation

The reported number of Group full-time-equivalent employees averaged 4,505 (4,417) during the period under review, while at the end of the period the Group had 4,195 (4,562) full-time-equivalent employees. The divested UK/Irish infrastructure business employed 470 persons. Compared to year-end 2007, the end-of-June figures include more than 100 additional, temporary employees, to cover holiday-season needs.

Share capital and shares

The number of Uponor shares exchanged on the OMX Nordic Exchange Helsinki increased in the second quarter to 30.2 (16.6) million shares, and the monetary value of the shares exchanged totalled 382.9 (486.8) million euros. The market value of the share capital at the end of the period was 0.7 (2.1) billion euros, and the number of shareholders was 16,321 (8,239).

Uponor Corporation's share capital remained constant at 146,446,888 euros and the number of shares at 73,206,944.

Events after the period under review

On 12 August, the Board of Directors authorised the management to proceed with a company-wide cost reduction programme in order to align expenses with the low activity level in the building and construction industry. The programme targets structural cost reductions in the range of 30 million euros, effective in 2009. The planned actions are likely to affect more than 200 employees. The programme is preliminarily estimated to generate a one-time cost impact of about 10 million euros, which will be split between the years 2008 and 2009.

Risks

Uponor's financial results are exposed to a number of strategic, operational, financial, and hazard risks. A detailed risk analysis can be found in Uponor Annual Report 2007.

Uponor has various legal proceedings and litigation in progress in different countries. The management does not expect these proceedings to have a material impact on the company's performance in the foreseeable future.

Short-term outlook

In Europe, with the exception of some Eastern European countries, the pace of the decline in residential construction has accelerated since the end of 2007, and markets for new residential building are expected to contract or, at best, remain flat for the second half of 2008.

In the USA, the residential market is expected to continue its 2008 decline, while non-residential construction is forecast to be stable or decline only slightly. Canadian markets, which are on a healthy level, are expected to maintain their resilience.

Uponor continues to exploit the encouraging trends and opportunities that exist in some of its growth segments, but, overall, the general building market development is expected to deteriorate further. Therefore, Uponor repeats the guidance for 2008, issued on 11 June: Continuing operations' net sales are not expected to quite reach last year's level, and operating profit is expected to fall short of the 2007 level.

The Group's capital expenditure plans for the current year have been adjusted to reflect the lower demand, bringing gross investment for the full year down to around 45 million euros.

Uponor Corporation
Board of Directors

For further information, please contact:
President and CEO Jan Lång, at tel. +358 20 129 2822
CFO and Deputy CEO Jyri Luomakoski, at tel. +358 40 515 4498

Tarmo Anttila
Vice President, Communications
Tel. +358 20 129 2852

DISTRIBUTION:
OMX Nordic Exchange Helsinki
Media
www.uponor.com

Information on the interim report

The figures in brackets in this interim report are the refer figures for the equivalent period in 2007. The change percentages reported in the interim report have been calculated from exact figures not from rounded figures published in the interim report.

INTERIM REPORT 1-6/2008

The figures in this interim report are unaudited.

CONSOLIDATED INCOME STATEMENT

MEUR	1-6/2008	1-6/2007	4-6/2008	4-6/2007	1-12/2007
Continuing operations					
Net sales	501.2	547.1	267.4	288.8	1,047.4
Cost of goods sold	312.3	333.1	166.5	171.9	640.4
Gross profit	188.9	214.0	100.9	116.9	407.0
Other operating income	0.6	1.0	0.3	0.5	5.9
Dispatching and warehousing expenses	15.8	14.2	8.3	7.4	28.8
Sales and marketing expenses	90.1	92.7	46.1	46.4	178.5
Administration expenses	26.4	28.3	12.5	14.2	51.7
Other operating expenses	8.9	7.4	5.3	4.3	18.2
Operating profit	48.3	72.4	29.0	45.1	135.7
Financial expenses, net	2.9	2.0	2.4	2.1	2.6
Profit before taxes	45.4	70.4	26.6	43.0	133.1
Income taxes	13.9	22.2	8.2	13.6	41.7
Profit for the period from continuing operations	31.5	48.2	18.4	29.4	91.4
Discontinued operations					
Profit for the period from discontinued operations	42.5	6.2	41.4	3.5	10.5
Profit for the period	74.0	54.4	59.8	32.9	101.9
Earnings per share, EUR	1.01	0.74	0.82	0.45	1.39
- Continuing operations	0.43	0.66	0.25	0.40	1.25
- Discontinued operations	0.58	0.08	0.57	0.05	0.14
Diluted earnings per share, EUR	1.01	0.74	0.82	0.45	1.39
- Continuing operations	0.43	0.66	0.25	0.40	1.25
- Discontinued operations	0.58	0.08	0.57	0.05	0.14

CONSOLIDATED BALANCE SHEET

MEUR	30.6.2008	30.6.2007	31.12.2007
Assets			
Non-current assets			
Property, plant and equipment	179.3	209.4	218.9
Intangible assets	101.9	96.9	101.7
Securities and long-term investments	8.0	3.6	3.6
Deferred tax assets	15.2	22.4	16.3
Total non-current assets	304.4	332.3	340.5
Current assets			
Inventories	135.2	158.5	150.6
Accounts receivable	192.9	247.0	144.6
Other receivables	22.2	13.7	22.3
Cash and cash equivalents	8.5	10.1	6.3
Total current assets	358.8	429.3	323.8
Total assets	663.2	761.6	664.3
Shareholders' equity and liabilities			
Shareholders' equity	297.4	294.4	333.0
Non-current liabilities			
Interest-bearing liabilities	17.7	20.8	14.7
Deferred tax liability	11.6	16.7	15.0
Provisions	7.6	10.4	8.8
Employee benefits and other liabilities	20.3	25.4	28.1
Total non-current liabilities	57.2	73.3	66.6
Curren liabilities			
Interest-bearing liabilities	117.8	139.4	76.1
Provisions	5.8	6.5	7.4
Accounts payable	79.4	97.0	75.2
Other liabilities	105.6	151.0	106.0
Total current liabilities	308.6	393.9	264.7
Total shareholders' equity and liabilities	663.2	761.6	664.3

CONSOLIDATED CASH FLOW STATEMENT

MEUR	1-6/2008	1-6/2007	1-12/2007
Net cash from operations	64.4	100.6	186.0
Change in net working capital	-16.4	-79.3	-45.1
Income taxes paid	-18.0	-23.9	-42.7
Interest paid	-4.6	-3.1	-7.1
Interest received	1.0	1.1	2.7
Cash flow from operations	26.4	-4.6	93.8
Cash flow from investments			
Proceeds from disposal of subsidiaries and businesses	76.4	-	-
Purchase of fixed assets	-15.6	-17.0	-58.1
Proceeds from sales of fixed assets	0.1	0.4	5.0
Received dividends	0.0	0.0	0.2
Loan repayments	0.1	0.1	0.2
Cash flow from investments	61.0	-16.5	-52.7
Cash flow from financing			
Borrowings of debt	18.3	122.6	58.9
Repayments of debt	-	-0.3	-1.7
Dividends paid	-102.5	-102.5	-102.5
Payment of finance lease liabilities	-1.0	-1.0	-1.9
Cash flow from financing	-85.2	18.8	-47.2
Conversion differences for cash and cash equivalents	0.0	0.0	0.0
Change in cash and cash equivalents	2.2	-2.3	-6.1
Cash and cash equivalents at 1 January	6.3	12.4	12.4
Cash and cash equivalents at end of period	8.5	10.1	6.3
Changes according to balance sheet	2.2	-2.3	-6.1

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

MEUR	Share capital	Share premium	Other reserves	Treasury shares	Translation reserve	Retained earnings	Total
Balance at 31 Dec 2007	146.4	35.6	14.3	-	-21.6	158.3	333.0
Translation differences					-7.8		-7.8
Cash flow hedges							
- recorded in equity, net of taxes			0.7				0.7
Net profit for the period						74.0	74.0
Total recognised income and expense for the period			0.7		-7.8	74.0	66.9
Dividend paid (EUR 1.40 per share)						-102.5	-102.5
Other adjustments			0.0			-0.0	-
Balance at 30 Jun 2008	146.4	35.6	15.0	-	-29.4	129.8	297.4
Balance at 31 Dec 2006	146.4	42.5	6.7	-1.6	-10.2	160.6	344.4
Translation differences					-2.0		-2.0
Net profit for the period						54.4	54.4
Total recognised income and expense for the period					-2.0	54.4	52.4
Cancelling of shares				0.3		-0.3	-
Dividend paid (EUR 1.40 per share)						-102.5	-102.5
Share based incentive plan				1.3		-1.3	-
Other adjustments			0.1				0.1
Balance at 30 Jun 2007	146.4	42.5	6.8	-	-12.2	110.9	294.4

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 EU and IAS 34 Interim Financial Reporting. In interim reports Uponor Group follows the same principles as in the annual financial statement 2007.

Divestments of infrastructure business in UK, Ireland and Germany have been classified as discontinued operations.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

MEUR	1-6/2008	1-6/2007	1-12/2007
Gross investment	15.6	17.0	58.1
- % of net sales	3.1	2.7	4.8
Depreciation	15.8	18.6	37.2
Book value of disposed fixed assets	2.7	0.4	2.2

PERSONNEL

Converted to full time employees	1-6/2008	1-6/2007	1-12/2007
Average	4,505	4,417	4,497
At the end of the period	4,195	4,562	4,581

SEGMENT INFORMATION

Geographical segments

	1-6/2008			1-6/2007		
MEUR	External	Internal	Total	External	Internal	Total
Segment revenue, continuing operations						
Central Europe	145.2	35.3	180.5	151.0	38.7	189.7
Nordic	166.0	35.3	201.3	168.3	42.2	210.5
Europe – West, East, South	128.6	0.8	129.4	143.2	0.9	144.1
North America	61.4	-	61.4	84.6	1.1	85.7
Eliminations	-	-71.4	-71.4	-	-82.9	-82.9
Total	501.2	-	501.2	547.1	-	547.1

	4-6/2008			4-6/2007		
	External	Internal	Total	External	Internal	Total
Segment revenue, continuing operations						
Central Europe	77.9	18.9	96.8	75.5	20.1	95.6
Nordic	90.2	18.3	108.5	94.5	21.5	116.0
Europe – West, East, South	64.8	0.5	65.3	69.9	0.4	70.3
North America	34.5	-	34.5	48.9	1.0	49.9
Eliminations	-	-37.7	-37.7	-	-43.0	-43.0
Total	267.4	-	267.4	288.8	-	288.8

MEUR	1-12/2007 External	Internal	Total
Segment revenue, continuing operations			
Central Europe	283.7	67.6	351.3
Nordic	325.4	72.3	397.7
Europe – West, East, South	271.1	1.8	272.9
North America	167.2	2.0	169.2
Eliminations	-	-143.7	-143.7
Total	1,047.4	-	1,047.4

	1-6/2008	1-6/2007	4-6/2008	4-6/2007	1-12/2007
Segment result, continuing operations					
Central Europe	20.7	23.4	12.5	12.5	41.1
Nordic	19.9	29.0	12.8	19.0	49.7
Europe – West, East, South	12.8	21.0	4.9	11.8	42.2
North America	0.8	8.2	1.5	7.4	16.6
Others	-5.6	-6.3	-2.1	-4.1	-13.2
Eliminations	-0.3	-2.9	-0.6	-1.5	-0.7
Total	48.3	72.4	29.0	45.1	135.7

MEUR	1-6/2008	1-6/2007	1-12/2007
Segment depreciation and impairments, continuing operations			
Central Europe	4.1	3.7	7.7
Nordic	5.0	5.2	10.1
Europe – West, East, South	1.4	1.2	2.2
North America	2.7	2.6	5.6
Others	2.0	1.6	3.3
Eliminations	0.3	0.2	0.6
Total	15.5	14.5	29.5
Segment investments, continuing operations			
Central Europe	3.1	4.1	11.0
Nordic	4.8	5.8	15.5
Europe – West, East, South	0.5	1.5	4.0
North America	5.0	3.3	13.4
Others	2.2	0.7	8.1
Total	15.6	15.4	52.0

MEUR	1-6/2008	1-6/2007	1-12/2007
Segment assets			
Central Europe	193.2	200.5	181.4
Nordic	212.2	232.0	185.3
Europe – West, East, South	164.1	253.2	240.1
North America	109.3	121.7	123.7
Others	512.0	628.0	577.9
Eliminations	-527.6	-673.8	-644.1
Total	663.2	761.6	664.3
Segment liabilities			
Central Europe	111.1	113.6	119.0
Nordic	248.5	279.1	233.5
Europe – West, East, South	56.6	137.8	101.9
North America	44.1	54.7	55.0
Others	450.2	573.1	477.8
Eliminations	-544.7	-691.1	-655.9
Total	365.8	467.2	331.3

	1-6/2008	1-6/2007	1-12/2007
Segment personnel, average			
Central Europe	1,245	1,246	1,261
Nordic	1,380	1,367	1,380
Europe – West, East, South	1,233	1,189	1,224
North America	581	558	573
Others	66	57	59
Total	4,505	4,417	4,497
Continuing operations	4,096	3,929	4,008
Discontinued operations	409	488	489

Business segments

	1-6/2008		
Segment external revenue, continuing operations	Housing solutions	Infrastructure solutions	Total
Central Europe	145.2	-	145.2
Nordic	65.7	100.3	166.0
Europe – West, East, South	122.7	5.9	128.6
North America	61.4	-	61.4
Total	395.0	106.2	501.2

Segment external revenue, continuing operations	1-6/2007 Housing solutions	Infrastructure solutions	Total
Central Europe	151.0	-	151.0
Nordic	71.1	97.2	168.3
Europe West, East, South	136.0	7.2	143.2
North America	84.6	-	84.6
Total	442.7	104.4	547.1

Segment external revenue, continuing operations	1-12/2007 Housing solutions	Infrastructure solutions	Total
Central Europe	283.7	-	283.7
Nordic	133.8	191.6	325.4
Europe – West, East, South	255.2	15.9	271.1
North America	167.2	-	167.2
Total	839.9	207.5	1,047.4

CONTINGENT LIABILITIES

MEUR	30.6.2008	30.6.2007	31.12.2007
Group:			
Mortgages - on own behalf	-	-	0.0
Guarantees			
- on behalf of others	1.6	12.7	11.5
Parent company:			
Guarantees			
- on behalf of a subsidiary	7.5	11.0	10.5
- on behalf of others	7.2	9.5	9.3
OPERATING LEASE COMMITMENTS	23.4	24.2	24.4

DERIVATIVE CONTRACTS

MEUR	Nominal value 30.6.2008	Fair value 30.6.2008	Nominal value 30.6.2007	Fair value 30.6.2007	Nominal value 31.12.2007	Fair value 31.12.2007
Currency derivatives						
- Forward agreements	111.6	1.0	49.3	-0.2	85.9	1.7
Commodity derivatives						
- Forward agreements	3.8	2.0	4.9	0.1	3.6	0.8

DISCONTINUED OPERATIONS

Divested infrastructure businesses in UK, Ireland and Germany have been classified as discontinued operations according to IFRS 5 -standard. In June Uponor closed the deal concerning the disposal of infrastructure business in UK and Ireland. The deal included the sale of Uponor Ltd. in the UK, its subsidiary Radius Plastics Ltd. in Northern Ireland and the Uponor Ltd's business in the Republic of Ireland. In April, Uponor Klärtechnik GmbH in Germany was sold.

MEUR	1-6/2008	1-6/2007	1-12/2007
Net sales	8.9	87.9	171.9
Expenses	9.9	78.9	156.5
Profit before taxes	-1.0	9.0	15.4
Income taxes	0.0	2.8	4.9
Profit after taxes	-1.0	6.2	10.5
Net profit from divestment of discontinued operations	43.5	-	-
Income taxes	-	-	-
Profit from divestment of discontinued operations	43.5	-	-
Profit for the period from discontinued operations	42.5	6.2	10.5
Cash flow from discontinued operations			
Cash flow from operations	-3.6	14.5	19.1
Cash flow from investments	76.4	-1.6	-6.1

DISPOSAL OF BUSINESSES

Disposal of businesses includes the divestments of infrastructure business in UK, Ireland and Germany, classified as discontinued operations.

Book value of assets disposed

MEUR	1-6/2008	1-6/2007	1-12/2007
Property, plant and equipment	33.7	-	-
Deferred tax asset	1.9	-	-
Inventories	17.8	-	-
Accounts receivable and other receivables	25.1		
Cash and cash equivalent	1.1	-	-
Total assets	79.6	-	-
Deferred tax liability	3.1	-	-
Employee benefits and other liabilities	4.3	-	-
Accounts payable and other current liabilities	33.2	-	-
Total liabilities	40.6	-	-
Net assets	39.0	-	-

Cash received from sales	77.5	-	-
Cash and cash equivalent disposed of	1.1	-	-
Cash flow effect	76.4	-	-

In addition to the cash received from sales, 5.0 MEUR vendor loan note was issued at closing of the deal. Total sales price of the transactions was 82.5 MEUR.

RELATED-PARTY TRANSACTIONS

MEUR	1-6/2008	1-6/2007	1-12/2007
Continuing operations			
Purchases from associated companies	1.1	1.0	2.1
Balances at the end of the period			
Loan receivable from associated companies	-	1.1	1.0
Accounts and other receivables	-	1.7	1.1
Accounts payables and other liabilities	0.1	0.6	0.2

KEY FIGURES

	1-6/2008	1-6/2007	1-12/2007
Earnings per share, EUR	1.01	0.74	1.39
- continuing operations	0.43	0.66	1.25
- discontinued operations	0.58	0.08	0.14
Operating profit (continuing operations), %	9.6	13.2	13.0
Return on equity, %, cumulative	47.0	34.1	30.1
Return on investment, %, cumulative	43.8	40.1	39.2
Solvency ratio, %	44.9	38.7	50.2
Gearing, %	42.7	51.0	25.4
Net interest-bearing liabilities	127.0	150.1	84.5
Equity per share, EUR	4.06	4.02	4.55
- diluted	4.06	4.02	4.55
Trading price of shares			
- low, EUR	9.15	25.56	15.31
- high, EUR	18.91	31.45	31.45
- average, EUR	14.51	28.20	23.76
Shares traded			
- 1,000 pcs	56,260	39,438	99,423
- MEUR	816	1,112	2,362

DEFINITIONS OF KEY RATIOS

Return on Equity (ROE), %

$$= \frac{\text{Profit before taxes – taxes}}{\text{Shareholders' equity + minority interest, average}} \times 100$$

Return on Investment (ROI), %

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

Solvency, %

$$= \frac{\text{Shareholders' equity} \pm \text{minority interest}}{\text{Balance sheet total – advance payments received}} \times 100$$

Gearing, %

$$= \frac{\text{Net interest-bearing liabilities}}{\text{Shareholders' equity + minority interest}} \times 100$$

Net interest-bearing liabilities

= Interest-bearing liabilities – cash, bank receivables and financial assets

Earnings per share (EPS)

$$= \frac{\text{Profit for the period}}{\text{Number of shares adjusted for share issue in financial period excluding treasury shares}}$$

Equity per share ratio

$$= \frac{\text{Shareholders' equity}}{\text{Average number of shares adjusted for share issue at end of year}}$$

Average share price

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