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FINANCIAL RESULTS 2007

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## Performance in 2007

Annual results briefing  
7 Feb. 2008, Helsinki

## Declining residential markets in Europe and North America in 2007

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### Europe:

- H1 very lively
- decline in building activity in H2
  - Germany, Spain, UK...
- non-residential and infrastructure segments sustained a more healthy demand

### North America:

- market environment subdued since 2006
- further deterioration in H2 due to problems in the housing & financial sectors



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## FY2007 net sales in line with targets thanks to strong H1



Net sales MEUR	1-12/2007	1-12/2006	Change, %
<b>Uponor</b>	<b>1,219.3</b>	<b>1,157.0</b>	<b>Reported +5.4</b> Organic +6.2
Central Europe	351.3	345.1	+1.8
Nordic	397.7	377.8	+5.2
Europe – West, East, South	445.4	387.9	Reported +14.8 Organic +17.4
North America	169.2	183.0	-7.5
(North America, USD)	233.1	230.9	+1.0)

- Europe – WES strengthened its positions and entered new markets
- Eastern Europe and much of Nordic sustained healthy activity levels
- Central Europe supported by the strong start to the year
- Infrastructure demand on a healthy level

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## Q4/2007 net sales impacted by drop in housing solutions demand



Net sales MEUR	10-12/2007	10-12/2006	Change, %
<b>Uponor</b>	<b>276.0</b>	<b>285.9</b>	<b>-3.5</b>
Central Europe	75.7	88.7	-14.7
Nordic	88.1	98.0	-10.1
Europe – West, East, South	101.9	93.9	+8.6
North America	38.7	38.8	-0.2
(North America, USD)	56.8	50.8	+11.8)

- Q3 decline in housing solutions business continued in Q4
- Central Europe suffered from low residential single-family demand
- Investment in marketing maintained strong sales vs. market demand in North America

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## Full-year profitability developed favourably despite market turbulence



Operating profit MEUR	1-12/2007	1-12/2006	Change, %
<b>Uponor</b>	<b>151.0</b>	<b>143.7</b>	<b>Reported +5.1</b> Organic +6.2
Central Europe	41.1	49.3	-16.7
Nordic	49.7	56.6	-12.1
Europe – West, East, South	57.5	38.2	+50.3
North America	16.6	14.5	+14.7
(North America, USD)	22.9	18.3	+25.1)

- Strong Europe – WES profitability development driven by HS and also IE business
- Impact of improvement initiatives in North America
- Non-recurring product liability issues and additional post-go-live ERP-related resource costs

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## Profitability development impacted by decline in European markets in Q4



Net sales MEUR	10-12/2007	10-12/2006	Change, %
<b>Uponor</b>	<b>27.3</b>	<b>29.9</b>	<b>-8.4</b>
Central Europe	7.1	10.6	-33.2
Nordic	7.7	12.9	-39.8
Europe – West, East, South	10.7	9.8	+8.7
North America	4.0	3.4	+19.7
(North America, USD)	5.9	4.4	+34.0)

- Gross profit lost as a consequence of lower volumes
- Increased warehousing and dispatching costs as well as shipment issues related to Nordic ERP launch
- High concentration of R&D costs in Q4
- Intensified customer programmes supported by efficiency initiatives gave a positive response in North America

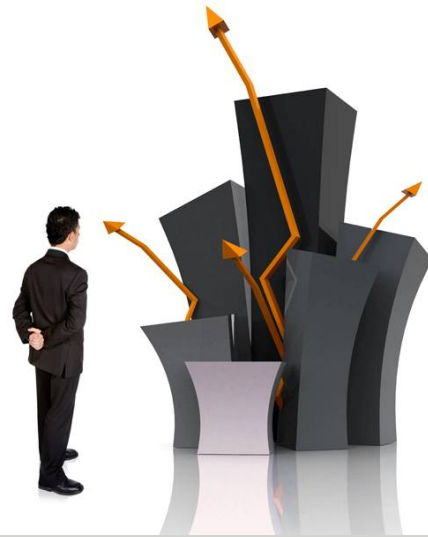
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- Growth initiatives proceed as planned
  - Share of high-rise grew to ca 20% of net sales
    - successful projects & installations in all geographies
  - Geographical expansion in East Europe proceeded
    - Romania, Ukraine
    - Additional offices in Russian cities
- European ERP
  - All European housing solutions supply units implemented by beginning of 2008



- + Growth throughout Europe–WES as a result of focussed actions and marketing investments
- + Profitability improvement in North America from streamlining, redirection and management strengthening
- + Healthy demand for infrastructure products in UK/Ireland and the Nordic region
- Continued weak or deteriorating demand in many key housing solutions markets
- Inefficiencies in supply chain due to fluctuating demand
- Challenging Nordic ERP launch in Q4 leading to some loss of sales

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## Financial statements Q4 and FY/2007

Annual results briefing  
7 Feb. 2008, Helsinki

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### Q4/2007: Income statement

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MEUR	10-12 2007	10-12 2006	Change Y/Y
Net sales	276.0	285.9	-3.5%
Cost of goods sold	178.2	186.3	-4.4%
Gross profit	97.8	99.6	-1.7%
- % of net sales	35.5 %	34.8 %	+0.6%
Other operating income	1.2	1.6	-27.6%
Expenses	71.7	71.3	+0.5%
Operating profit	27.3	29.9	-8.4%
- % of net sales	9.9 %	10.5 %	-0.6%
Financial expenses, net	-1.8	0.9	-305.5%
Profit before taxes	29.1	29.0	+0.7%
Profit for the period	21.3	19.4	+9.8%
EBITDA	36.6	39.3	-6.6%

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## Q4/2007: Net sales by region

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MEUR	10-12 2007	10-12 2006	Change Y/Y
Central Europe	75.7	88.7	-14.7 %
Nordic	88.1	98.0	-10.1 %
Europe - West, East, South	101.9	93.9	8.6 %
North America	38.7	38.8	-0.2 %
Eliminations	-28.4	-33.5	
Uponor Group	276.0	285.9	-3.5 %

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## Q4/2007: Operating profit by region

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MEUR	10-12 2007	10-12 2006	Change Y/Y
Central Europe	7.1	10.6	-33.2 %
Nordic	7.7	12.9	-39.8 %
Europe - West, East, South	10.7	9.8	8.7 %
North America	4.0	3.4	19.7 %
Others	-3.5	-4.9	-30.5 %
Eliminations	1.3	-1.9	
Uponor Group	27.3	29.9	-8.4 %

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## Q4/2007: Cash flow

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MEUR	10-12/ 2007	10-12/ 2006	Change Y/Y
Net cash from operations	37.6	40.0	-2.4
Change in NWC	29.2	38.9	-9.7
Net payment of income tax and interest	-11.9	-13.1	+1.2
<b>Cash flow from operations</b>	<b>54.9</b>	<b>65.8</b>	<b>-10.9</b>
Cash flow from investments	-25.3	-13.3	-12.0
<b>Cash flow before financing</b>	<b>29.6</b>	<b>52.5</b>	<b>-22.9</b>
Dividends and buy backs	0.0	-100.2	+100.2
Other financing	-30.7	14.5	-45.2
Cash flow from financing	-30.7	-85.7	+55.0
Change in cash and cash equivalents	-1.1	-33.2	+32.1

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## FY 2007: Key figures

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MEUR	1-12 2007	1-12 2006	Change Y/Y
Net sales	1,219.3	1,157.0	+5.4%
Operating profit	151.0	143.7	+5.1%
Operating profit margin	12.4%	12.4%	-0.0%
Earning per share (diluted), EUR	1.39	1.32	+5.3%
Return on equity, % (p.a.)	30.1%	25.3%	+4.8%
Return on investment, % (p.a.)	39.2%	35.8%	+3.4%
Net interest bearing liabilities	84.5	21.7	+289.4%
Gearing, %	25.4%	6.3%	+19.1%
Average number of employees	4,497	4,260	+5.6%

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## FY 2007: Income statement

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MEUR	1-12 2007	1-12 2006	Change Y/Y
Net sales	1,219.3	1,157.0	+5.4%
Cost of goods sold	781.5	743.8	+5.1%
Gross profit	437.8	413.2	+6.0%
- % of net sales	35.9 %	35.7 %	+0.2%
Other operating income	6.2	3.7	+67.8%
Expenses	293.0	273.2	+7.3%
Operating profit	151.0	143.7	+5.1%
- % of net sales	12.4 %	12.4 %	-0.0%
Financial expenses, net	2.5	2.2	+12.2%
Profit before taxes	148.5	141.5	+5.0%
Profit for the period	101.9	96.5	+5.6%
EBITDA	188.2	179.3	+4.9%

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## FY 2007: Income statement

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	MEUR	1-12 2007	1-12 2006	Change Y/Y
• Sustained gross profit margin in a volatile market environment	Net sales	1,219.3	1,157.0	+5.4%
	Cost of goods sold	781.5	743.8	+5.1%
	Gross profit	437.8	413.2	+6.0%
	- % of net sales	35.9 %	35.7 %	+0.2%
• Sales gain from a real estate disposal in Portugal 3.4 MEUR	Other operating income	6.2	3.7	+67.8%
	Expenses	293.0	273.2	+7.3%
	Operating profit	151.0	143.7	+5.1%
	- % of net sales	12.4 %	12.4 %	-0.0%
• 19.8 MEUR higher expenses mainly driven by increased spend into sales and marketing	Financial expenses, net	2.5	2.2	+12.2%
	Profit before taxes	148.5	141.5	+5.0%
	Profit for the period	101.9	96.5	+5.6%
• Tax rate 31.4 %	EBITDA	188.2	179.3	+4.9%

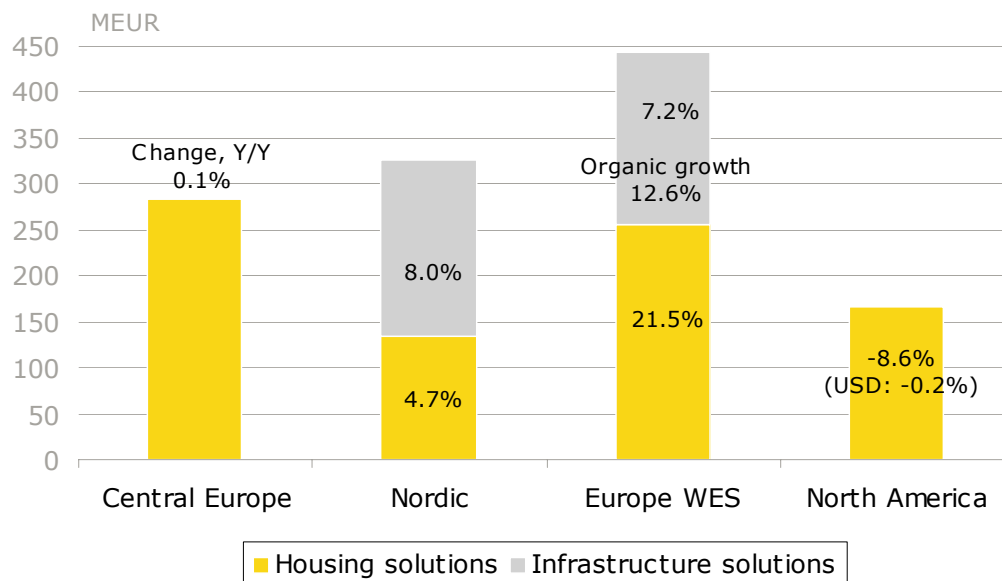
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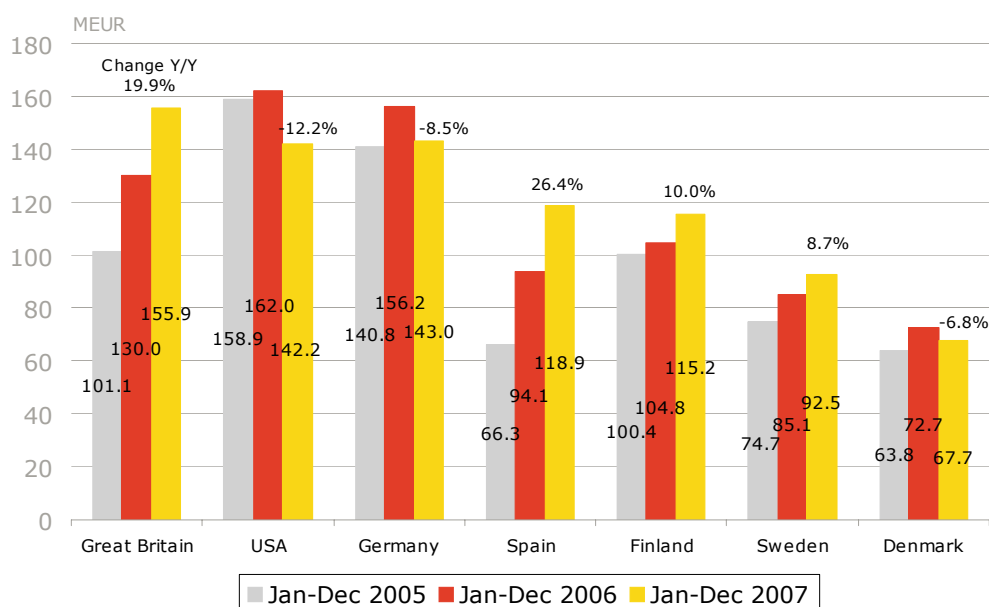
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## FY 2007: Business segment external revenue



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## FY 2007: Net sales development by key national markets (> 5% of Uponor net sales)



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Germany excluding Uponor Anger GmbH (divested in 2006)

## FY 2007: Balance sheet

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MEUR	31 Dec 2007	31 Dec 2006	Change Y/Y
Property, plant and equipment	218.9	211.8	+7.1
Intangible assets	101.7	97.6	+4.1
Securities and long-term investments	3.6	3.6	+0.0
Inventories	150.6	128.1	+22.5
Cash and cash equivalents	6.3	12.4	-6.1
Other current and non-current assets	183.2	190.4	-7.2
Shareholders' equity	333.0	344.4	-11.4
Non-current interest-bearing liabilities	14.7	17.2	-2.5
Provisions	16.2	15.5	+0.7
Non-interest-bearing liabilities	224.3	249.9	-25.6
Current interest-bearing liabilities	76.1	16.9	+59.2
Balance sheet total	664.3	643.9	+20.4

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## FY 2007: Comments to balance sheet

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	MEUR	31 Dec 2007	31 Dec 2006	Change Y/Y
<ul style="list-style-type: none"> <li>ERP investment 7.4 MEUR, depreciation 2.8 MEUR</li> </ul>	Property, plant and equipment	218.9	211.8	+7.1
	Intangible assets	101.7	97.6	+4.1
	Securities and long-term investments	3.6	3.6	+0.0
	Inventories	150.6	128.1	+22.5
<ul style="list-style-type: none"> <li>Due to decline in demand in Q3/Q4 inventory turnover down</li> </ul>	Cash and cash equivalents	6.3	12.4	-6.1
	Other current and non-current assets	183.2	190.4	-7.2
	Shareholders' equity	333.0	344.4	-11.4
	Non-current interest-bearing liabilities	14.7	17.2	-2.5
	Provisions	16.2	15.5	+0.7
	Non-interest-bearing liabilities	224.3	249.9	-25.6
<ul style="list-style-type: none"> <li>Accounts payable decreased by 14.8 MEUR due to lower activity level</li> </ul>	Current interest-bearing liabilities	76.1	16.9	+59.2
	Balance sheet total	664.3	643.9	+20.4
<ul style="list-style-type: none"> <li>Net interest-bearing liabilities 84.5 MEUR</li> </ul>				

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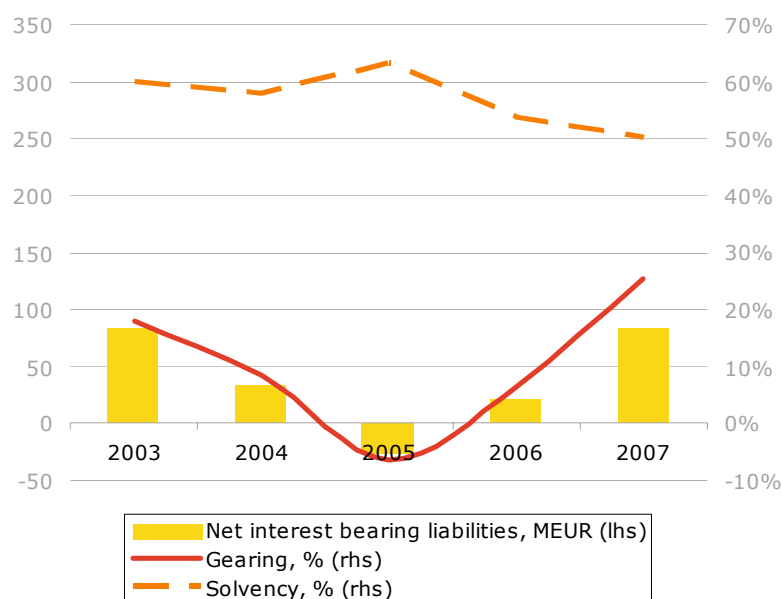
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## FY 2007: Cash flow

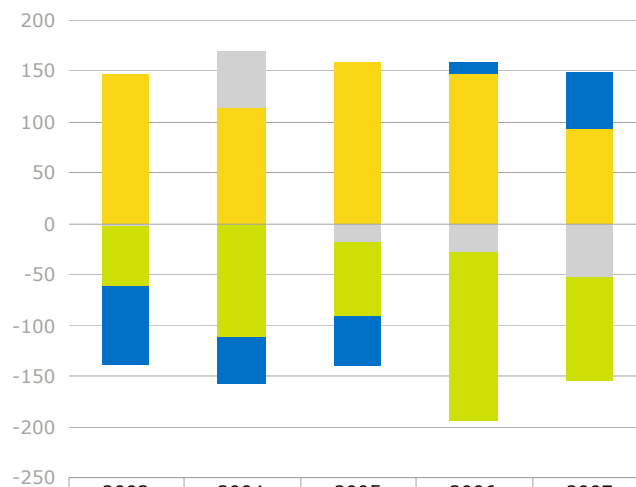
MEUR	1-12/ 2007	1-12/ 2006	Change Y/Y
Net cash from operations	186.0	180.7	+5.3
Change in NWC	-45.1	5.2	-50.3
Net payment of income tax and interest	-47.1	-38.6	-8.5
<b>Cash flow from operations</b>	<b>93.8</b>	<b>147.3</b>	<b>-53.5</b>
Cash flow from investments	-52.7	-28.8	-23.9
<b>Cash flow before financing</b>	<b>41.1</b>	<b>118.5</b>	<b>-77.4</b>
Dividends and buy backs	-102.5	-166.0	+63.5
Other financing	55.3	11.0	+44.3
Cash flow from financing	-47.2	-155.0	+107.8
Change in cash and cash equivalents	-6.1	-36.5	+30.4

- Decrease in cash flow from operations due to capital spend in net working capital
  - Decline in inventory turnover
  - Decrease in accounts payable due to lower activity level at the end of the year

## FY 2007: Capital structure development



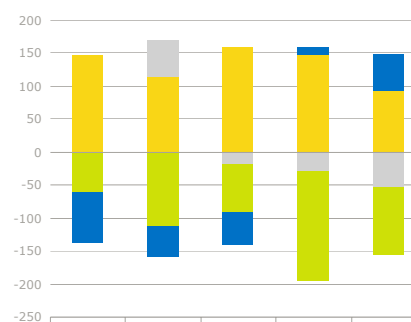
## FY 2007: 5-year cash flow



	2003	2004	2005	2006	2007
Financing	-76.6	-46.8	-48.4	11.0	55.3
Dividends & buy backs	-60.1	-111.8	-72.0	-166.0	-102.5
From investments	-1.2	56.1	-18.8	-28.8	-52.7
Cash flow from operations	148.0	115.1	158.6	147.3	93.8

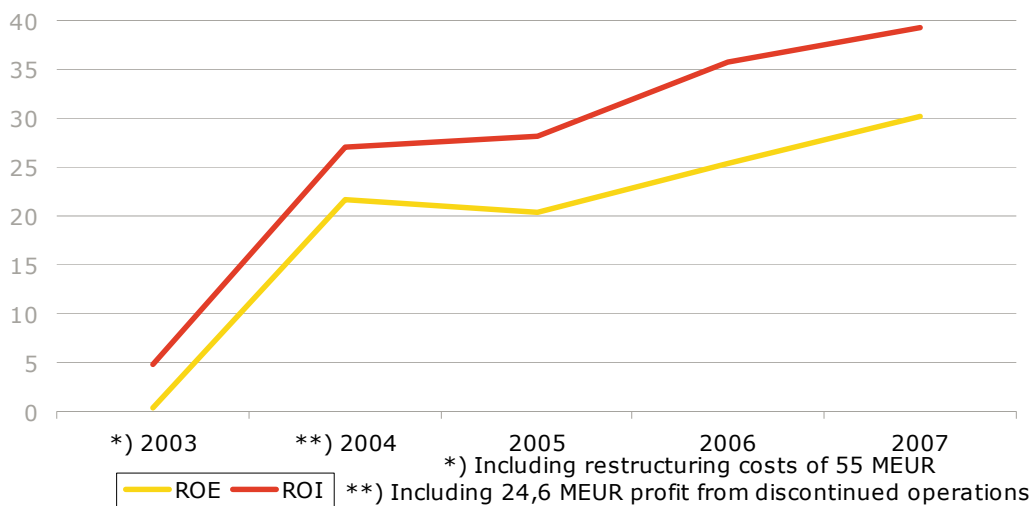
## FY cash flow comments

- 512.4 MEUR returned to shareholders during past 5 years
- Gross investments essentially on prior year level, but net investments above due to loan repayments in 2006
- Financing used to fund short-term capital needs and dividends

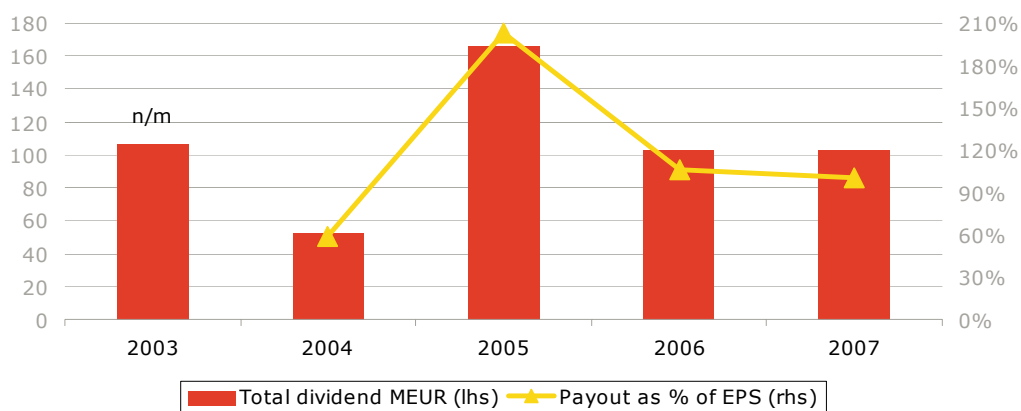


	2003	2004	2005	2006	2007
Financing	-76.6	-46.8	-48.4	11.0	55.3
Dividends & buy backs	-60.1	-111.8	-72.0	-166.0	-102.5
From investments	-1.2	56.1	-18.8	-28.8	-52.7
Cash flow from operations	148.0	115.1	158.6	147.3	93.8

## ROI and ROE



## Dividends and payout ratio



- Board's dividend proposal 1.40 EUR per share based on the dividend policy

## Major shareholders 31 December 2007

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Oras Invest Group	23.9%	Share capital	146,4 MEUR
Varma *)	6.7%	Number of shares	73,206,944
Sampo Life	4.7%		
Ilmarinen	2.4%		
Tapiola Companies	2.2%		
Fennia Companies	0.9%		
State Pension Fund	0.9%		
Nominee registration	31.9%		
Others	26.4%		
	<hr/> 100.0%		

\*) Varma has informed to own 6.7% of Uponor shares.  
2.1% shown in the register due to stock lending.

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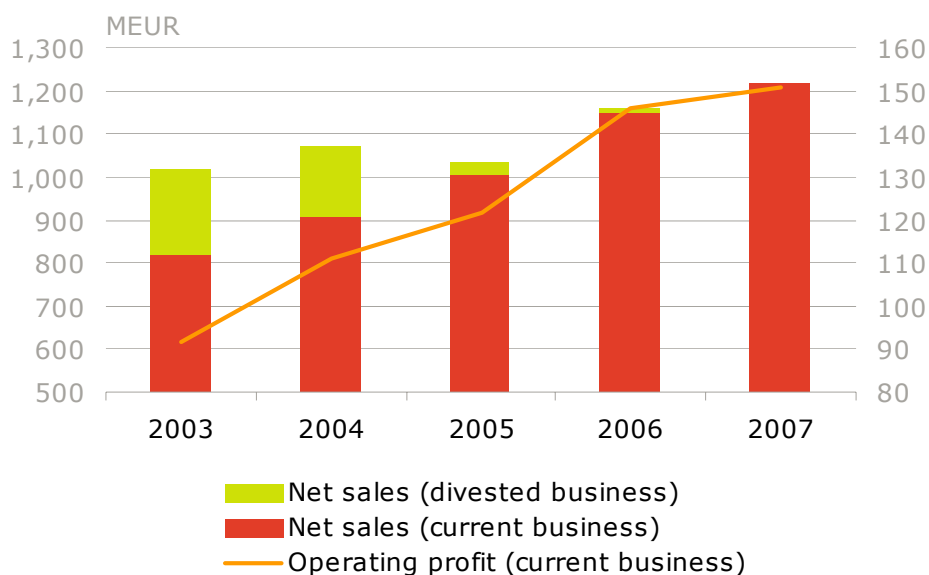
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## 5-year development of the current business portfolio

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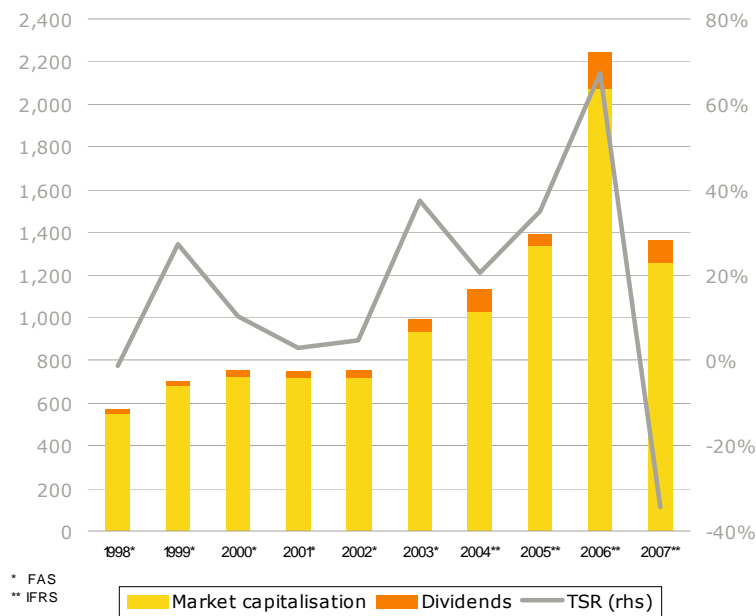
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## Shareholder value development



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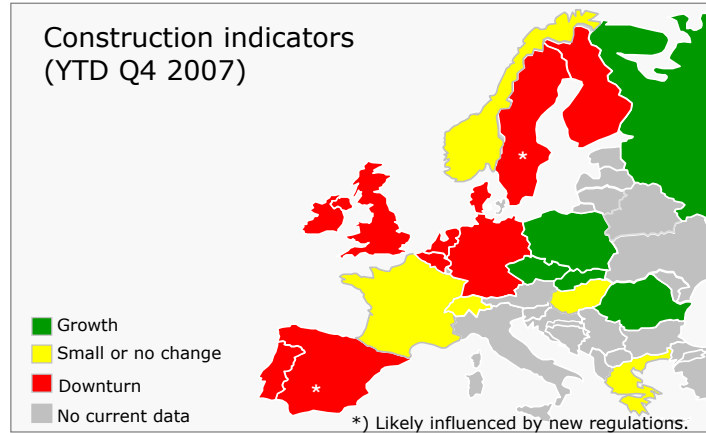
## Future outlook

Annual results briefing  
7 Feb. 2008, Helsinki

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- Market visibility weak
- Consumer and building industry investment moods heavily influenced by the developments in the global financial environment



Residential new building	Germany	Nordic	UK & Ireland	Iberia	USA
2007					
Outlook 2008					

- Continue with key strategic initiatives
  - high-rise
  - strengthen position in North America
  - geographical expansion in Europe
  - penetrate low market share markets
- Given increased market volatility, management of capacity and overhead costs is key
  - continuous improvement in productivity
  - drive synergic benefits (ERP)



## Long-term financial targets 2007-2009

Target	Scale	Achievement in 2007
Annual organic net sales growth (over the cycle)	> 6%	6.2%
Operating profit margin	~15%	12.4%
Return on investment (ROI)	>30%	39.2%
Gearing (average across quarters)	30 – 70	43.9
A growing ordinary dividend payout	> 50% of earnings	100.7% of earnings

## Guidances for 2008

- Uponor expects to
  - grow its net sales organically
  - reach at least the 2007 operating profit level
- Net sales and operating profit in H1/2008 expected to stay behind from the robust H1/2007 performance

Measure	Current guidance On 7 Feb. 2008
Net sales	Achieve organic growth
Operating profit	≥ 151 MEUR
Gross capex	~ 60 MEUR
Tax rate	~ 31.5%

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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.*

## Uponor financial results bulletin 1-12/2007

### Uponor maintained its profitability in volatile markets

- Full-year net sales and operating profit improved in 2007
- Q4 2007: net sales and profitability declined
- Net sales 1-12: EUR 1,219.3m (2006: EUR 1,157.0m), organic change +6.2%
- Operating profit 1-12: EUR 151.0m (EUR 143.7m), change +5.1%
- Earnings per share EUR 1.39 (1.32)
- In 2008, Uponor expects to grow its net sales organically while at least reaching its 2007 operating profit level
- Board of Directors' dividend proposal EUR 1.40 per share

Comparable figures have been adjusted to take account of the impact of changes in the company structure.

#### CEO Jan Lång comments on the financial performance for the period:

- We managed to increase our net sales and operating profit in 2007, a good achievement in weakening markets. Uponor's net sales growth came close to the minimum of our long-term target due to the fact that the year turned out more challenging than expected.
- Positive development in Europe – West, East, South and North America shows that correctly timed and targeted investments generate results, even in sluggish market conditions.
- We have continued investing resources into our strategic initiatives, such as penetrating the high-rise segment, which is a growing area in our key markets.

#### Dividend proposal

The Board of Directors proposes to the AGM that a dividend of EUR 1.40 per share be paid, in total EUR 102.5m, corresponding to 100.7% of the profit for the period. As a consequence of this proposal, the company's gearing is estimated to be in line with the company's long-term financial targets, i.e. between 30 – 70. Last year, Uponor paid an ordinary dividend of EUR 1.15 and an extra dividend of EUR 0.25, in total EUR 1.40 per share.

#### For further information, please contact:

Jan Lång, President and CEO, tel. +358 20 129 2822

Jyri Luomakoski, CFO and Deputy CEO, tel. +358 40 515 4498

#### Presentation material and the webcast:

Following the release of this report, the presentation material for the results briefing will be available at [www.uponor.com/investors](http://www.uponor.com/investors), under IR material.

The webcast from the results briefing will be broadcast in English today at 2:00 pm local Finnish time (London 12:00 noon, New York 7:00 am). The link to the webcast can be found at [www.uponor.com](http://www.uponor.com). Questions are invited to [ir@uponor.com](mailto:ir@uponor.com). A recording of the webcast will be made available after 18:00 pm local time at [www.uponor.com](http://www.uponor.com).

## Last quarter of 2007

For Uponor housing solutions, the end of 2007 proved clearly more difficult than the beginning of the year, as markets continued to soften during the last quarter. The decrease in demand mainly concerned the single-family housing segment, one of Uponor's key businesses, and was felt most in Germany and the US.

Positive demand continued in public and commercial construction, and in the infrastructure market, benefiting especially the Europe - WES region.

## Net sales

Uponor's net sales for Q4 came to EUR 276.0m (EUR 285.9m), down by 3.5 per cent year on year.

The decrease was due to a clear fall in demand in the housing solutions market from the fairly robust demand in Europe at the end of 2006. The launch of the new ERP system in the Nordic countries in November also somewhat weakened the delivery performance, contributing to the decrease in net sales. Continued growth in net sales in Europe – West, East, South reflected our strengthening market position in the region.

Measured in the local currency, North American net sales took an upward turn from the weak final quarter of 2006. However, the fall in the value of the dollar from the previous year weakened the growth in euros.

Net sales by region, October–December:

EUR million	10–12/2007	10–12/2006	Change
Central Europe	75.7	88.7	-14.7%
Nordic	88.1	98.0	-10.1%
Europe – West, East, South	101.9	93.9	+8.6%
North America	38.7	38.8	-0.2%
(North America, USD million)	56.8	50.8	+11.8%
Eliminations	-28.4	-33.5	
Uponor Group	276.0	285.9	-3.5%

## Results and profitability

Uponor's operating profit for October-December stood at EUR 27.3m (EUR 29.9m), down by EUR 2.6m year on year, due mainly to a decrease in net sales. However, gross profit margin showed a favourable trend despite the continued difficult market situation. Controlled development was seen in sales and marketing costs and administration costs, while the warehousing and dispatching costs took an upward turn due to strong fluctuations in delivery volumes and the implementation of the ERP system in the Nordic countries. Other operating expenses also increased, due to a number of research and development payments scheduled for the final quarter.

Operating profit fell, mainly in the Nordic region and Central Europe, whereas the North American businesses significantly improved their result.

Operating profit by region, October-December:

EUR million	10-12/2007	10-12/2006	Change
Central Europe	7.1	10.6	-33.2%
Nordic	7.7	12.9	-39.8%
Europe – West, East, South	10.7	9.8	+8.7%
North America	4.0	3.4	+19.7%
(North America, USD million)	5.9	4.4	+34.0%
Others	-3.5	-4.9	
Eliminations	1.3	-1.9	
Uponor Group	27.3	29.9	-8.4%

Consolidated earnings per share for October-December were EUR 0.29 (EUR 0.27). Cash flow before financing was EUR 29.6m (EUR 52.5m) for the period.

## Report of operations 1 January 2007 – 31 December 2007

### Overview

Uponor experienced robust development in 2007. Its strategic development programmes proceeded according to plan, and the company reinforced its structures, operations and strategies. Furthermore, in 2007 Uponor achieved its best result yet, with its operating profit increasing to EUR 151 million.

The 2007 market developments proved historical for two reasons. First, never before has the company experienced such a drop from a boom phase of the economic cycle as between the spring and autumn of 2007. The second surprise was the speed at which trouble spread from the North American housing and financial markets across Europe, weakening the prospects of housing solutions in many of Uponor's key markets, such as Germany, Spain, the UK and Italy.

Housing solutions markets remained largely buoyant in the Nordic countries, Eastern Europe and Central Europe outside Germany. Public and commercial construction made encouraging progress in all of Uponor's geographic markets, as did the infrastructure segment in the Nordic countries and in the UK and Ireland, where Uponor has infrastructure operations.

### Net sales

Uponor's net sales increased to EUR 1,219.3m (2006: EUR 1,157.0m) in 2007, a rise of 5.4 per cent year on year. When these figures are adjusted for the structural changes in 2006, organic growth stands at 6.2 per cent. In addition to that, the effect of exchange rates is 1.4 percentage points.

Reported operating profit grew most solidly in Europe – West, East, South, where the company could capitalise on market growth and the opportunities offered by new operations. Stimulated by infrastructure sales, net sales grew in the Nordic region, while the housing solutions targets were not reached, due to year-end delivery problems. Because of the difficult market situation, North American net sales lagged behind the year-on-year figures measured in euros, but slight growth was achieved when measured in the local currency.

Net sales by region for 1 Jan.–31 Dec. 2007:

EUR million	1-12/2007	1-12/2006	Reported change, %
Central Europe	351.3	345.1	+1.8
Nordic	397.7	377.8	+5.2
Europe – West, East, South	445.4	387.9	+14.8
North America	169.2	183.0	-7.5
(North America, USD million)	233.1	230.9	+1.0)
Eliminations	-144.3	-136.8	
Total	1,219.3	1,157.0	+5.4

Uponor's net sales by secondary segment increased to EUR 839.9m (EUR 804.4m) in housing solutions, representing 68.9 (69.5) per cent of total net sales, with growth at 4.4 (15.3) per cent. Net sales for infrastructure solutions amounted to EUR 379.4m (EUR 352.6m), with adjusted organic growth at 10.2 (11.3) per cent.

The largest geographical markets and their share of consolidated net sales were as follows: Great Britain 12.8% (11.2), USA 11.7% (14.0), Germany 11.7% (13.9), Spain 9.8% (8.1), Finland 9.5% (9.1), Sweden 7.6% (7.4) and Denmark 5.6% (6.3).

## Results

Uponor's consolidated operating profit came to EUR 151.0m (EUR 143.7m), accounting for 12.4 per cent (12.4) of net sales. Like-for-like organic growth in operating profit improved by 6.2 (14.6) per cent year on year. This growth was mainly due to leverage from increased sales in Europe – West, East, South, increases in sales prices, although they failed to fully absorb rises in raw material prices, and the streamlining efforts carried out, particularly in North America. Operating profit was affected by expenditure on the development of the company's operations, such as the modernisation of the ERP system, which exceeded the target expenditure level during the second half of the year. In addition, North America was burdened by non-recurring expenses due to product liability compensation.

Operating profit by region for 1 Jan. – 31 Dec. 2007:

EUR million	1-12/2007	1-12/2006	Reported change, %
Central Europe	41.1	49.3	-16.7
Nordic	49.7	56.6	-12.1
Europe – West, East, South	57.5	38.2	+50.3
North America	16.6	14.5	+14.7
(North America, USD million)	22.9	18.3	+25.1)
Others, EUR	-13.2	-12.0	
Eliminations	-0.7	-2.9	
Total	151.0	143.7	+5.1

Consolidated profit before taxes increased by 5.0 per cent, to EUR 148.5m (EUR 141.5m). At a tax rate of 31.4 (31.8) per cent, income tax totalled EUR 46.6m (EUR 45.0m). Profit for the financial year totalled EUR 101.9m (EUR 96.5m).

Consolidated net financial expenses remained at the same level at EUR 2.5m (EUR 2.2m), despite higher interest rates.

Return on equity increased to 30.1 (25.3) per cent and return on investment to 39.2 (35.8) per cent.

Earnings per share stood at EUR 1.39 (1.32), and equity per share at EUR 4.55 (EUR 4.71).

Cash flow from operations was EUR 93.8m (EUR 147.3m), EUR 53.5m below the 2006 level. This was mainly due to larger inventories, created to secure deliveries but failing to



achieve the planned turnover following a decline in demand. Further, accounts payable were reduced as a result of curtailed production in response to falling demand towards the end of the year.

Key figures are reported for five years in the financial accounts.

### **Investments, research and development, and financing**

Significant investments were made to increase production capacity in Apple Valley, US, and to expand the composite pipe production in Germany. Consistent with the high-rise growth strategy, a new Uponor Academy training centre was erected in Germany to provide training opportunities for this market segment. Further, investments were made to continue the European ERP programme according to planned.

Gross investments totalled EUR 58.1m (EUR 54.2m), up by EUR 3.9m year on year. Net investments totalled EUR 53.1m (EUR 47.4m).

R&D expenditure, allocated in line with the Group strategy, showed a slight increase, totalling EUR 19.7m (EUR 16.5m), accounting for 1.6 (1.4) per cent of net sales.

Net interest-bearing liabilities increased to EUR 84.5m (EUR 21.7m). The solvency ratio was 50.2 (53.6) per cent and gearing came to 25.4 (6.3) per cent. The average quarterly gearing was 43.9, compared to the range of 30–70 set in the company's financial targets.

Uponor increased its domestic commercial paper programme, signed in 2000, from EUR 100m to EUR 150m.

### **Key events**

Uponor launched a number of new or modernised products in 2007. Its development of underfloor heating systems continued briskly and, in Central Europe, Uponor launched a self-adhesive underfloor heating system, making installation simpler and faster. A wireless control system for underfloor heating was launched in Central Europe at the end of 2006 and in the Nordic region during 2007. In Spain, Uponor signed a partnership agreement with a local company involved in solar energy development in order to promote its sales in underfloor heating and cooling systems.

In the UK, Uponor won a major contract to deliver composite plumbing systems for 8,000 households to be overhauled in the near future. In all regional organisations, Uponor signed several high-rise and cooling project contracts, which support its strategic focus areas.

In line with Uponor's growth strategy, operations were expanded and new sites opened in Russia, the Baltic and elsewhere in eastern Europe. Uponor continued to place a heavy emphasis on training, completing the construction of the company's 18<sup>th</sup> training centre, located in north-western Germany, at the end of 2007. Representing a new generation of control technology and thinking, the centre offers training to the engineers and architects of the high-rise segment in particular. Other training centres were also opened.

The launch of the ERP system continued into the Nordic region when the housing solutions sites in Sweden, Denmark and Norway transferred to the new system by the end of 2007.

In the infrastructure segment, Uponor renewed the three-year contract with Wales and West Utilities, UK. Sales of a sewer pipe that withstands high cleaning pressure were initiated in the UK. Uponor's commitment to environmentally-friendly solutions was recognised, when the recycling system initiated by Uponor in the UK received two environmental awards. In Denmark, Uponor renewed its contract to deliver telecommunications pipe systems to TDC. Valued at around EUR 10m, the contract will continue until the end of 2009. In December, Uponor announced a plan to concentrate all of its Irish infrastructure production in the company's production plant in Northern Ireland. Streamlining the production network forms part of Uponor's programme to enhance the efficiency of its operations and its supply chain. Uponor signed a contract to sell its Cork plant to an Irish company in the final quarter of 2008. When completed, this sale will generate a profit of around EUR 18m before taxes.

Uponor was one of the main partners of the Clima 2007 scientific conference, held in June in Helsinki. The conference programme focused on building and housing technology, offering Uponor a chance to network with the leading international experts and scientists in the field.

## Personnel

The Group had a staff of 4,743 (2006: 4,390, 2005: 4,302) at the end of the year. As full-time equivalents, the number of employees stood at 4,581 (2006: 4,325, 2005: 4,126) at year-end, the annual average number being 4,497 (2006: 4,260, 2005: 4,169). The number of employees grew, particularly in Europe – West, East, South, where operations expanded both in volume and geographically, and in North America, where new skills and competencies were recruited.

The geographical breakdown of personnel was as follows: Germany 1,247 (27.2%), Sweden 673 (14.7%), Finland 527 (11.5%), Great Britain 525 (11.5%), USA 449 (9.8%), Spain 322 (7.0%) and other countries 838 (18.3%).

A total of EUR 183.2m (2006: 181.3m, 2005: 164.4) was paid in wages and other remunerations during the financial period.

In October, Uponor's Board of Directors appointed two new members to the company's Executive Committee: Heiko Folgmann, 39, Head of East European and International Business Operations, and Fernando Roses, 36, Head of Operations in Southern and Western Europe.

## Risks associated with business

### Strategic risks

Uponor's business is concentrated in Europe and North America, where exposure to political risks is low. Since Uponor's net sales are divided among a large number of customers, the majority of which are distributors (wholesalers), the end market demand for the company's products is distributed across a wide customer base. The largest single customer generates less than 10 per cent of Uponor's net sales.

With respect to component and raw material suppliers, Uponor aims to use supplies and raw materials available at several suppliers. Any sole supplier used must have at least two production plants manufacturing goods used by Uponor.

### Operational risks

The prices of raw materials used in the manufacture of plastic pipe systems are susceptible to other petrochemical product price fluctuations. In recent years, Uponor has been capable of passing the effects of such fluctuations onto its selling prices with a reasonable delay, in such a way that this has not resulted in any major income losses.

Demand for Uponor's end products depends on business cycles in the construction sector. Traditionally, Uponor's major end market has been single-family housing. However, the company's products are increasingly being supplied to the high-rise segment, representing both residential, commercial and public construction. Demand fluctuations often differ between these segments. Fluctuations are also offset to a certain degree by demand for renovation projects, which is not always as discretionary as new housing projects.

### Financial risks

Since Uponor has strengthened its balance sheet in the last few years, financial risks play a considerably smaller role in the company's risk management. Consequently, the translation risk is the most significant currency risk, reflected in translating non-euro area results into the euro.

In addition to the euro, the main invoicing currencies are the US dollar, the pound sterling and the Swedish krona. Last year, one third of Uponor's net sales was generated in these currencies. Costs arising from the Group's own production in the US, the UK and Sweden balance the open risk positions denominated in the said currencies.

### Hazard risks

Uponor runs 17 production plants in 9 countries, and products manufactured in these plants generate a major proportion of the company's net sales. Uponor co-ordinates indemnity and business interruption insurance at Group-level on a centralised basis, in order to achieve extensive insurance coverage neutralising financial damage caused by any risks associated with machine breakdowns, fire etc. Another major hazard risk is associated with product liability related to products manufactured and sold by Uponor. Product liability is also insured at Group level.

In Q3 2007, Uponor recognised a non-recurring expense of approximately EUR 3m in North America as the company decided to replace defective pipe fittings delivered by its subcontractor in around 700 apartments. Uponor is claiming damages from involved parties. The year 2007 saw no other materialised risks, pending litigation or other legal proceedings or measures by the authorities that could have had a material significance for the Group.

## Administration and audit

The 2007 Annual General Meeting (AGM) of 15 March re-elected the following Board members for a term of one year: Anne-Christine Silfverstolpe Nordin, Jorma Eloranta, Pekka Paasikivi, Aimo Rajahalme and Rainer S. Simon, and elected Jari Paasikivi as a new member. Pekka Paasikivi was elected as Chairman and Aimo Rajahalme as Deputy Chairman of the Board. The AGM elected KPMG Oy Ab, Authorised Public Accountants, as the company's auditor, with Sixten Nyman, Authorised Public Accountant, acting as the principal auditor.

Each member of the Board has invested EUR 200,000–300,000 in Uponor's shares in accordance with the announcement at the end of March. The purpose of the measure is to further strengthen the Board's identification with the shareholders' long-term objectives.

## Share capital and shares

At the beginning of 2007, Uponor Corporation's share capital totalled EUR 146,446,888 and the number of shares stood at 73,223,444. The share capital did not change during the year, but the number of shares fell to 73,206,944, when a decision was made on 26 April 2007 to cancel 16,500 treasury shares held by the company.

On 24 May 2007, Uponor received a notification on a change in the holdings of Sampo Life Insurance Company, part of the Sampo Group. As a result of a share transaction concluded on 23 May 2007, the holdings of Sampo Life Insurance Company Ltd represent less than 5 per cent of the voting rights and share capital in Uponor Corporation, standing at 4.71 per cent.

On 13 September, Capital Research and Management Company and Capital Group International, Inc. issued notifications, according to which the holdings of Capital Research and Management Company represent over 5 per cent of the share capital and voting rights in Uponor Corporation, whereas the aggregate holdings of Capital Group Companies, Inc. and Capital Group International, Inc. and its subsidiaries have fallen below 5 per cent of the share capital and voting rights.

Further information on shares and shareholdings are reported in the financial statements.

### Board authorisations

The AGM authorised the Board to decide on the buyback of the company's own shares, using distributable earnings from unrestricted equity. The number of shares to be bought back will be no more than 3,500,000 shares, representing approximately 4.8 per cent of the company's shares. The authorisation is valid for one year from the date of the AGM, and it has not been exercised until now.

### Treasury shares

On 8 February, the Board agreed to transfer 71,500 treasury shares to seven members of the Executive Committee as authorised by the Extraordinary General Meeting of 27 October 2006. This transfer formed part of the share-based incentive plan announced on 6 May 2004. After the cancellation of the treasury shares in April, the company has no treasury shares left.

#### Management shareholding

The members of the Board of Directors, the CEO and his deputy, as well as corporations known to the company, in which they exercise control, held a total of 1,094,182 (458,515) Uponor shares on 31 December 2007. These shares accounted for 1.5 per cent of all company shares and total votes.

#### Share-based incentive programme

On 25 September 2007, Uponor Corporation's Board of Directors launched a long-term incentive scheme for members of the company's Executive Committee, following the closure of the previous scheme in 2006. To be eligible to participate in the scheme, an Executive Committee member must acquire a specific number of Uponor shares, as defined under the scheme, by the end of August 2008. Depending on the cumulative operating profit of Uponor during 2007–2011, and the number of shares acquired within the scheme, each Executive Committee member is eligible for being awarded Uponor shares in the spring of 2012. Until now, the members of the Executive Committee have not purchased any shares within the incentive programme.

#### Events after the financial year

Uponor's European ERP system was launched successfully in Spain and Portugal at the beginning of January.

#### Outlook for 2008

The short-term outlook for national economies and changes in construction and consumer demand is unclear, which makes forecasting business development difficult. Unstable financial markets, and especially market interest rate developments, will have an impact on construction activity levels during 2008, affecting e.g. the investment decisions of property developers and house builders.

According to public estimates published in November 2007, the European residential and commercial construction markets are expected to grow this year, although at a lower rate than in 2007. In the US, the housing market is generally expected to decline further. Assumptions for the infrastructure market, on the other hand, are to maintain a satisfactory performance in the Nordic region and the UK.

Supported by the company's geographic growth initiatives and the penetration of plastic pipe systems in existing and new applications as well as in new market segments, Uponor expects to grow its net sales organically in 2008. Uponor also expects to at least reach its 2007 operating profit level. Since the first half of 2007 proved exceptionally robust, Uponor expects its net sales and operating profit in the first half of 2008 to fall behind from the year-on-year results.

Uponor Corporation  
Board of Directors

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ENCLOSURE: Table part

## Information on the financial results bulletin

The figures in brackets in this financial results bulletin are the reference figures for the equivalent period in 2006. The change percentages reported in the financial results bulletin have been calculated from exact figures, not from rounded figures published in the financial results bulletin.

## FINANCIAL RESULTS BULLETIN 1-12/2007

### CONSOLIDATED INCOME STATEMENT

MEUR	1-12/2007	1-12/2006	10-12/2007	10-12/2006
Net sales	1,219.3	1,157.0	276.0	285.9
Cost of goods sold	781.5	743.8	178.2	186.3
Gross profit	437.8	413.2	97.8	99.6
Other operating income	6.2	3.7	1.2	1.6
Dispatching and warehousing expenses	29.5	25.7	7.9	7.0
Sales and marketing expenses	185.5	176.6	43.5	46.4
Administration expenses	57.3	51.0	13.4	13.4
Other operating expenses	20.7	19.9	6.9	4.5
Operating profit	151.0	143.7	27.3	29.9
Financial expenses, net	2.5	2.2	-1.8	0.9
Profit before taxes	148.5	141.5	29.1	29.0
Income taxes	46.6	45.0	7.8	9.6
Profit for the period	101.9	96.5	21.3	19.4
Earnings per share, EUR	1.39	1.32	0.29	0.27
Diluted earning per share, EUR	1.39	1.32	0.29	0.27

## CONSOLIDATED BALANCE SHEET

MEUR	31 Dec 2007	31 Dec 2006
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	218.9	211.8
Intangible assets	101.7	97.6
Securities and long-term investments	3.6	3.6
Deferred tax assets	16.3	20.9
<b>Total non-current assets</b>	<b>340.5</b>	<b>333.9</b>
<b>Current assets</b>		
Inventories	150.6	128.1
Accounts receivable	144.6	150.6
Other receivables	22.3	18.9
Cash and cash equivalents	6.3	12.4
<b>Total current assets</b>	<b>323.8</b>	<b>310.0</b>
<b>Total assets</b>	<b>664.3</b>	<b>643.9</b>
<b>Shareholders' equity and liabilities</b>		
<b>Shareholders' equity</b>	<b>333.0</b>	<b>344.4</b>
<b>Non-current liabilities</b>		
Interest-bearing liabilities	14.7	17.2
Deferred tax liability	15.0	16.9
Provisions	8.8	10.8
Employee benefits and other liabilities	28.1	29.2
<b>Total non-current liabilities</b>	<b>66.6</b>	<b>74.1</b>
<b>Current liabilities</b>		
Interest-bearing liabilities	76.1	16.9
Provisions	7.4	4.7
Accounts payable	75.2	90.0
Other liabilities	106.0	113.8
<b>Total current liabilities</b>	<b>264.7</b>	<b>225.4</b>
<b>Total shareholders' equity and liabilities</b>	<b>664.3</b>	<b>643.9</b>



## CONSOLIDATED CASH FLOW

MEUR	1-12/2007	1-12/2006
Net cash from operations	186.0	180.7
Change in net working capital	-45.1	5.2
Income taxes paid	-42.7	-37.9
Interest paid	-7.1	-3.9
Interest received	2.7	3.2
<b>Cash flow from operations</b>	<b>93.8</b>	<b>147.3</b>
Cash flow from investments		
Proceeds from disposal of subsidiaries	-	0.3
Purchase of fixed assets	-58.1	-54.2
Proceeds from sales of fixed assets	5.0	6.5
Received dividend	0.2	0.0
Loan repayments	0.2	18.6
<b>Cash flow from investments</b>	<b>-52.7</b>	<b>-28.8</b>
Cash flow from financing		
Borrowings of debt	58.9	14.7
Repayments of debt	-1.7	-1.7
Dividends paid	-102.5	-166.0
Payment of finance lease liabilities	-1.9	-2.0
<b>Cash flow from financing</b>	<b>-47.2</b>	<b>-155.0</b>
Conversion differences for cash and cash equivalents	0.0	0.0
<b>Change in cash and cash equivalents</b>	<b>-6.1</b>	<b>-36.5</b>
Cash and cash equivalents at 1 January	12.4	48.9
Cash and cash equivalents at end of period	6.3	12.4
<b>Change according to balance sheet</b>	<b>-6.1</b>	<b>-36.5</b>

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

MEUR	Share capital	Share premium	Other reserves	Treasury shares	Translation reserve	Retained earnings	Total
Balance at 31 Dec 2006	146.4	42.5	6.7	-1.6	-10.2	160.6	344.4
Translation differences					-11.4		-11.4
Cash flow hedges							
- recorded in equity, net of taxes			0.5				0.5
Net profit for the period						101.9	101.9
Total recognised income and expense for the period			0.5		-11.4	101.9	91.0
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		-6.9	7.1			-0.1	0.1
Balance at 31 Dec 2007	146.4	35.6	14.3	-	-21.6	158.3	333.0
Balance at 31 Dec 2005	148.8	40.1	3.3	-21.2	-5.4	252.8	418.4
Translation differences					-4.8		-4.8
Net profit for the period						96.5	96.5
Total recognised income and expense for the period					-4.8	96.5	91.7
Cancelling of shares	-2.3	2.3		19.6		-19.6	-
Dividend paid (EUR 2.27 per share)						-166.0	-166.0
Share based incentive plan						0.3	0.3
Other adjustments	-0.1	0.1	3.4			-3.4	-
Balance 31 Dec 2006	146.4	42.5	6.7	-1.6	-10.2	160.6	344.4

## NOTES TO THE FINANCIAL RESULTS BULLETIN

### ACCOUNTING PRINCIPLES

The financial results bulletin has been prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by EU and IAS 34 Interim Financial Reporting. In the financial results bulletin Uponor Group follows the same principles as in the annual financial statements 2007.

The Group has adopted the following new and amended standards from 1 January 2007:

- IFRS 7 Financial instruments: Disclosures
- Amendment to IAS 1 Presentation of Financial Statements – Capital Disclosures

The adoption of the standard and the amendment has an impact on information presented in the notes to consolidated financial statements.

**Hedge accounting**

Uponor Group has applied hedge accounting for electricity derivatives in September 2007.

Part of the derivatives may be designated as hedging instruments, in which case the hedge accounting is applied. Hedge programmes are documented according to the requirements of IAS 39, and the efficiency of hedge instruments is tested both at the inception of the hedge and during the hedge. Fair value changes of derivatives, which are designated as cash flow hedges, are recognised directly in shareholders' equity to the extent that the hedge is effective. At the end of the financial period, EUR 0.5 million was recorded directly in own equity. Such accumulated fair value changes are released into the income statement in the period, in which the hedged cash flow affects the result. The ineffective portion of the gain or loss of the hedging instrument is recognised immediately in the income statement. The impact of the ineffective portion on January-December result was insignificant.

**PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS**

MEUR	1-12/2007	1-12/2006
Gross investment	58.1	54.2
- % of net sales	4.8	4.7
Depreciation	37.2	35.6
Book value of disposed fixed assets	2.2	6.7

**PERSONNEL**

	1-12/2007	1-12/2006
Converted to full-time employees		
Average	4,497	4,260
End of period	4,581	4,325

**OWN SHARES**

	31 Dec 2007	31 Dec 2006
Own shares held by the company, pcs	-	88,000
- of share capital, %	-	0.1%
- of voting rights, %	-	0.1%

**SEGMENT INFORMATION**

**Geographical segments**

MEUR	1-12/2007			1-12/2006		
	External	Internal	Total	External	Internal	Total
<b>Segment revenue</b>						
Central Europe	283.7	67.6	351.3	283.5	61.6	345.1
Nordic	325.4	72.3	397.7	305.2	72.6	377.8
Europe – West, East, South	443.0	2.4	445.4	385.3	2.6	387.9
North America	167.2	2.0	169.2	183.0	-	183.0
Eliminations	-	-144.3	-144.3	-	-136.8	-136.8
<b>Total</b>	<b>1,219.3</b>	<b>-</b>	<b>1,219.3</b>	<b>1,157.0</b>	<b>-</b>	<b>1,157.0</b>

MEUR	10-12/2007			10-12/2006		
	External	Internal	Total	External	Internal	Total
<b>Segment revenue</b>						
Central Europe	61.3	14.4	75.7	74.3	14.4	88.7
Nordic	74.6	13.5	88.1	79.2	18.8	98.0
Europe – West, East, South	101.4	0.5	101.9	93.6	0.3	93.9
North America	38.7	-	38.7	38.8	-	38.8
Eliminations	-	-28.4	-28.4	-	-33.5	-33.5
Total	276.0	-	276.0	285.9	-	285.9

MEUR	1-12/2007	1-12/2006	10-12/2007	10-12/2006
<b>Segment result</b>				
Central Europe	41.1	49.3	7.1	10.6
Nordic	49.7	56.6	7.7	12.9
Europe – West, East, South	57.5	38.2	10.7	9.8
North America	16.6	14.5	4.0	3.4
Others	-13.2	-12.0	-3.5	-4.9
Eliminations	-0.7	-2.9	1.3	-1.9
Total	151.0	143.7	27.3	29.9

MEUR	1-12/2007	1-12/2006
<b>Segment depreciation and impairments</b>		
Central Europe	7.7	7.8
Nordic	10.1	10.7
Europe – West, East, South	9.9	9.4
North America	5.6	5.7
Others	3.3	1.6
Eliminations	0.6	0.4
Total	37.2	35.6

<b>Segment investments</b>		
Central Europe	11.0	7.5
Nordic	15.5	14.7
Europe – West, East, South	10.1	8.6
North America	13.4	8.8
Others	8.1	14.6
Total	58.1	54.2

MEUR	31 Dec 2007	31 Dec 2006
<b>Segment assets</b>		
Central Europe	181.4	197.6
Nordic	185.3	203.5
Europe – West, East, South	240.1	223.3
North America	123.7	109.5
Others	577.9	612.5
Eliminations	-644.1	-702.5
<b>Total</b>	<b>664.3</b>	<b>643.9</b>
<b>Segment liabilities</b>		
Central Europe	119.0	132.2
Nordic	233.5	270.3
Europe – West, East, South	101.9	115.8
North America	55.0	46.8
Others	477.8	454.8
Eliminations	-655.9	-720.4
<b>Total</b>	<b>331.3</b>	<b>299.5</b>

	1-12/2007	1-12/2006
<b>Segment personnel, average</b>		
Central Europe	1,261	1,167
Nordic	1,380	1,309
Europe – West, East, South	1,224	1,132
North America	573	603
Others	59	49
<b>Total</b>	<b>4,497</b>	<b>4,260</b>

**Business segments**

<b>Segment external revenue</b>	1-12/2007		Total
	Housing solutions	Infrastructure solutions	
Central Europe	283.7	-	283.7
Nordic	133.8	191.6	325.4
Europe – West, East, South	255.2	187.8	443.0
North America	167.2	-	167.2
<b>Total</b>	<b>839.9</b>	<b>379.4</b>	<b>1,219.3</b>

Segment external revenue	1-12/2006		Total
	Housing solutions	Infrastructure solutions	
Central Europe	283.5	-	283.5
Nordic	127.7	177.5	305.2
Europe – West, East, South	210.2	175.1	385.3
North America	183.0	-	183.0
Total	804.4	352.6	1,157.0

#### CONTINGENT LIABILITIES

MEUR	31 Dec 2007	31 Dec 2006
Group:		
Mortgages		
- on own behalf	0.0	-
Guarantees		
- on behalf of others	11.5	12.6
Parent company:		
Guarantees		
- on behalf of subsidiaries	10.5	11.4
- on behalf of others	9.3	9.7
<b>OPERATING LEASE LIABILITIES</b>	24.4	24.4

#### DERIVATIVE CONTRACTS

MEUR	Nominal value		Fair value	
	31 Dec 2007	31 Dec 2007	31 Dec 2006	31 Dec 2006
Currency derivatives				
- Forward agreements	85.9	1.7	13.0	0.2
Commodity derivatives				
- Forward agreements	3.6	0.8	5.6	-0.4

#### COMMERCIAL PAPER PROGRAMME

In February 2007, Uponor Corporation increased its EUR 100 million domestic Commercial Paper Programme to EUR 150 million. The proceeds of the programme will be used to fund short-term working capital needs.

## SHARE-BASED PAYMENTS

At the end of September, Uponor Corporation's Board of Directors decided to launch a long-term incentive scheme for the members of the company's Executive Committee. To be eligible to participate in the scheme, an Executive Committee member must acquire a specific number of Uponor shares, as defined under the scheme, by the end of August 2008. Depending on the cumulative operating profit of Uponor during 2007-2011, and the number of shares acquired within the scheme, each Executive Committee member is eligible for being awarded Uponor shares in the spring 2012. Until now, the Executive Committee members have not acquired any Uponor shares under this scheme, and therefore have not participated in the programme yet. The incentive plan did not have any impact on the result during the reporting period.

In February, members of the Executive Committee received 71,500 shares in compliance with the share-based incentive scheme published on 6 May 2004. The share-based payments were expensed during 2004-2006 according to the IFRS 2 standard.

## RELATED-PARTY TRANSACTIONS

MEUR	1-12/2007	1-12/2006
Net sales to associated companies	5.2	3.1
Purchases from associated companies	2.1	2.9
Balances at the end of the period		
Loan receivable from associated companies	1.0	1.1
Accounts and other receivables	1.1	0.4
Accounts and other liabilities	0.2	0.2

## KEY FIGURES

MEUR	1-12/2007	1-12/2006
Earnings per share, EUR	1.39	1.32
- diluted	1.39	1.32
Operating profit, %	12.4	12.4
Return on equity, %, cumulative	30.1	25.3
Return on investment, %, cumulative	39.2	35.8
Solvency ratio, %	50.2	53.6
Gearing, %	25.4	6.3
Net interest-bearing liabilities	84.5	21.7
Equity per share, EUR	4.55	4.71
- diluted	4.55	4.70
Trading prices of shares		
- low, EUR	15.31	18.00
- high, EUR	31.45	29.35
- average, EUR	23.76	22.73
Shares traded		
- 1,000 pcs	99,423	42,417
- MEUR	2,362	964

## DEFINITIONS OF KEY RATIOS

Return on equity (ROE), %

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

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, %

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

Gearing, %

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

Net interest-bearing liabilities

$$= \text{Interest-bearing liabilities} - \text{cash, bank receivables and financial assets}$$

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

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