

KONE CMD 2022

Our path towards our financial targets

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We are committed to our long-term financial targets



Growth

Faster than market growth

Profitability

16% EBIT margin

Cash flow

Improved working capital rotation

Leveraging our leading position to drive long-term profitable growth



Strong position in growth markets and steadily increasing maintenance base



Solid track record in innovation



The most energy-efficient offering



A dedicated team of professionals



#1 in China

#2 in Rest of Asia-Pacific

Faster than market maintenance growth

KONE DX Class elevators featuring inbuilt connectivity

Predictive maintenance with **24/7 Connected Services**

31 products with best-in-class energy efficiency according to ISO 25745

KONE Care DX the world's first carbon neutral maintenance solution

Engaged and capable people central for driving **customer loyalty**

Driving growth and
improved profitability



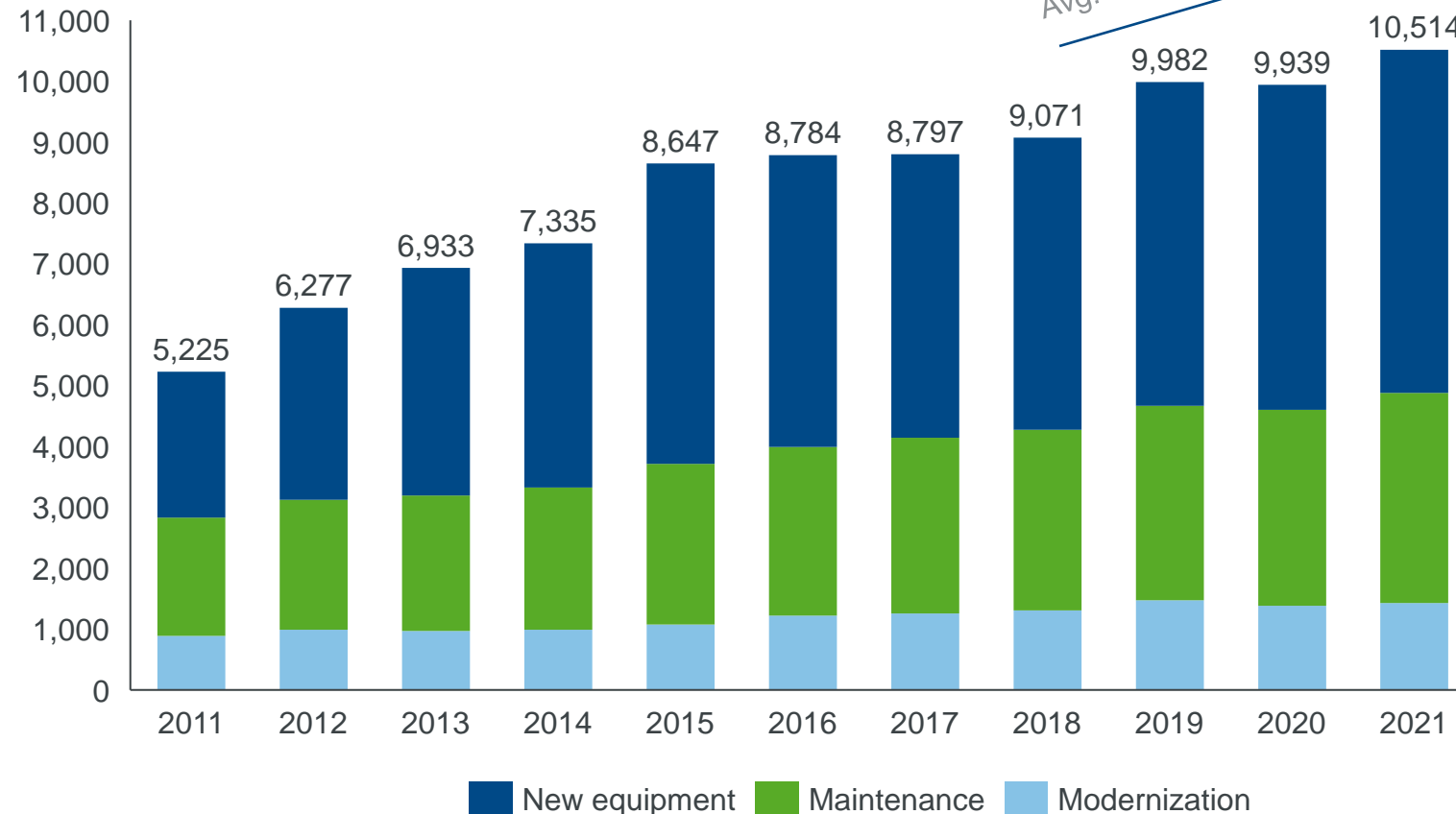
We have consistently grown faster than markets...



FUNDAMENTAL GROWTH DRIVERS REMAIN IN PLACE

KONE's sales

MEUR



KONE +5.0%
Avg. for largest peers +2.3%

KONE
CAGR-% '11-'21

8.9%

5.9%

4.9%

New equipment

Stable to low growth driven by urbanization and urban renewal

Maintenance

Mid to high single-digit growth driven by steadily increasing installed base and digital offering

Modernization

High single-digit growth driven by aging installed base and opportunities in China

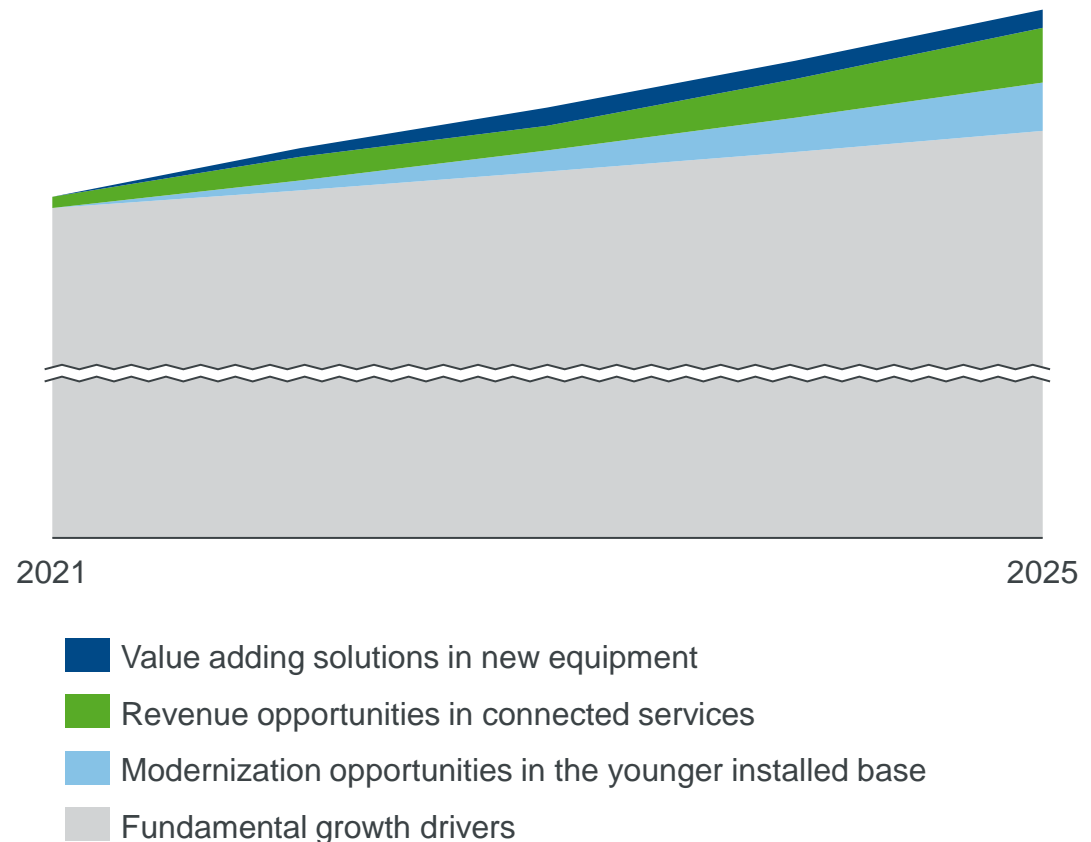
...and see opportunities to further boost our growth rate



Potential to accelerate growth through adaptability, connectivity and sustainability

- Driving market share and higher value per unit in new equipment with connectivity and productivity enhancing solutions
- Building on our 24/7 Connected Services platform to increase revenue per unit in the maintenance base
- Capturing modernization opportunities in younger installed base as customers focus on adaptability and sustainability increases

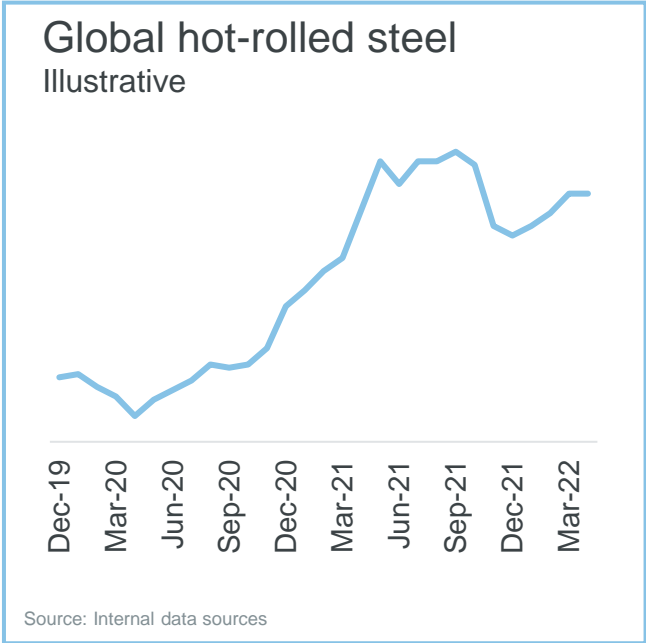
Capturing opportunities with differentiated offering Illustrative



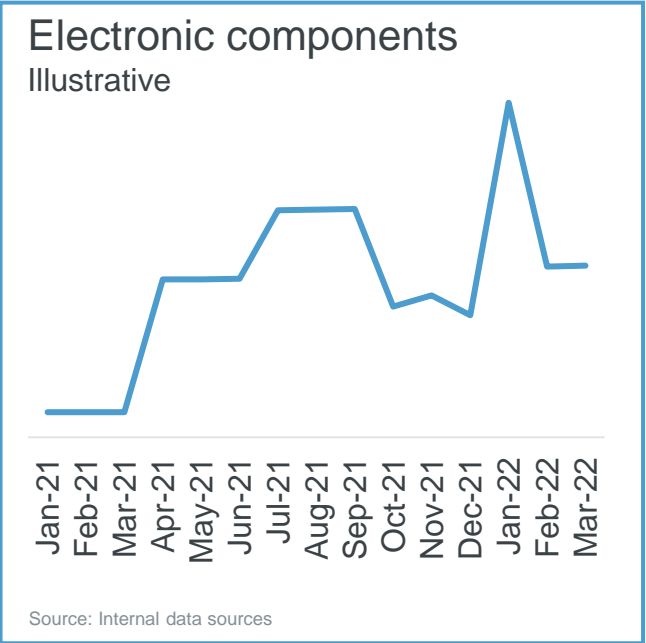
Significant cost increases since 2020 with additional impact from recent geopolitical uncertainty



Elevated material prices



Increased costs for securing electronic component availability



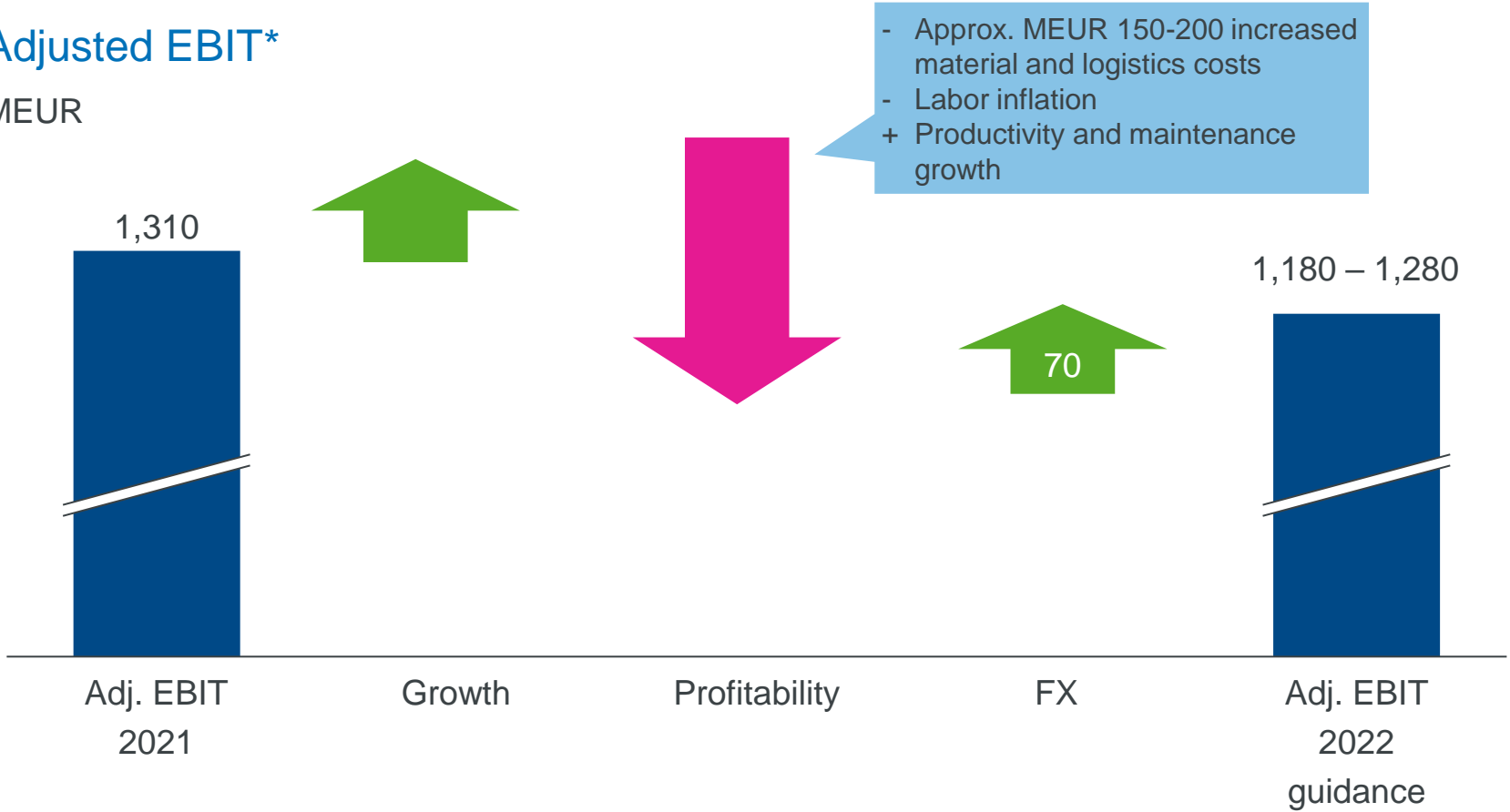
Increased logistics costs



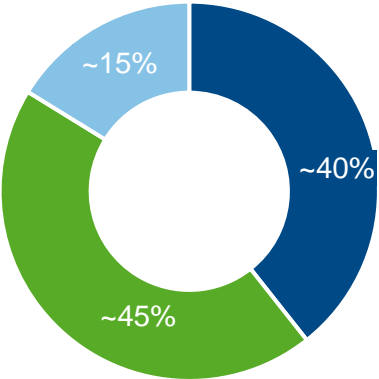
Increased material and logistics costs are burdening our adjusted EBIT



Adjusted EBIT*
MEUR



KONE's cost structure
Indicative



- Materials
- Labor and subcontracting
- Other

*KONE presents adjusted EBIT as an alternative performance measure to enhance comparability of the business performance between reporting periods. Restructuring costs related to significant restructuring programs are excluded from the calculation of the adjusted EBIT. In January–December 2021, the adjusted EBIT excluded costs of EUR 14.5 million related to restructuring measures in KONE's global business lines and functions. During 2017–2020, all restructuring costs excluded from the adjusted EBIT related to the Accelerate program.

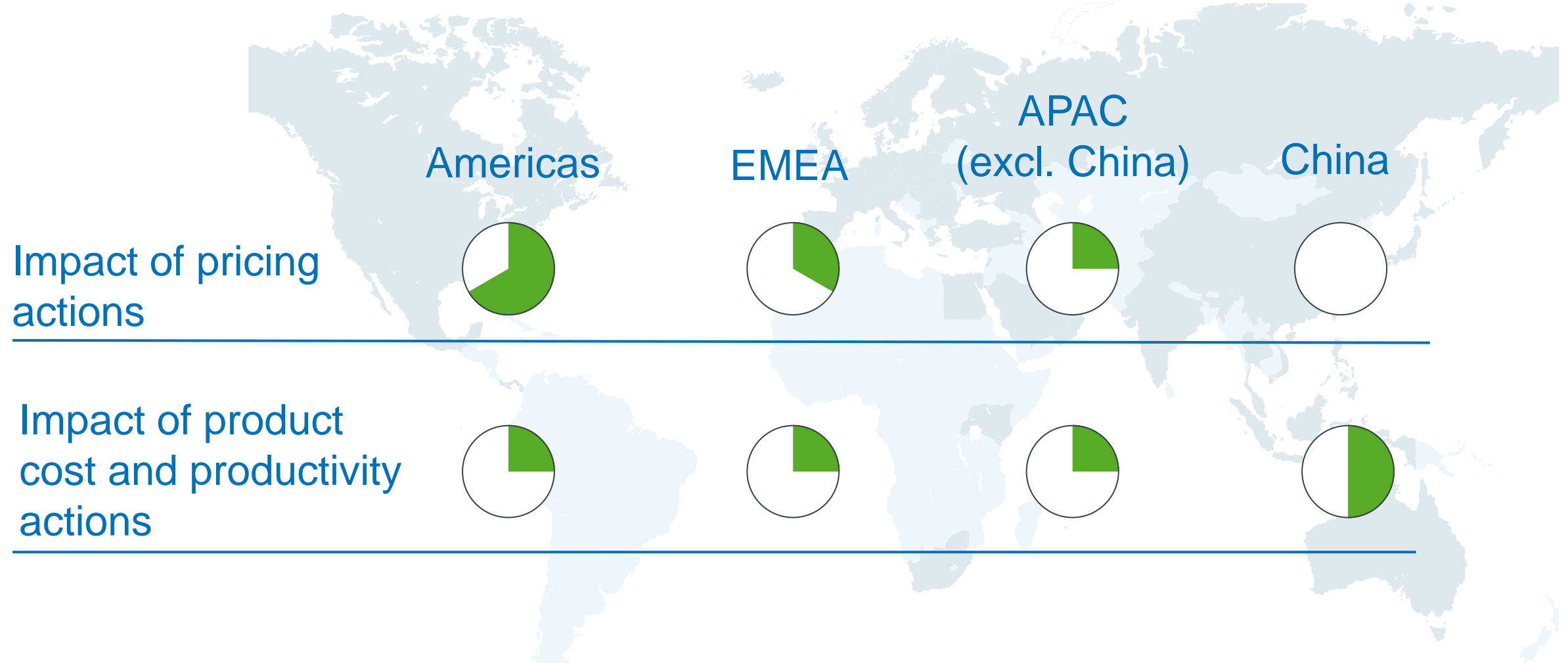
We are taking strong actions across multiple fronts to restore our margins

Driving pricing across all regions and businesses

Lowering product cost through sourcing and offering developments

Improving field productivity in installation and maintenance

Pricing and product cost actions have enabled us to mitigate ~50% of the headwind in Q1 orders



Securing continuous improvement in field productivity



Driving quality and installation productivity

90%

reduction in product defects

>25%

Example Americas:
Reduction in elevator installation hours



Enhancing the efficiency of maintenance operations

>5%

reduction in fixed cost per maintenance unit

30%

Reduction in call out rates for installations covered by 24/7 connected services

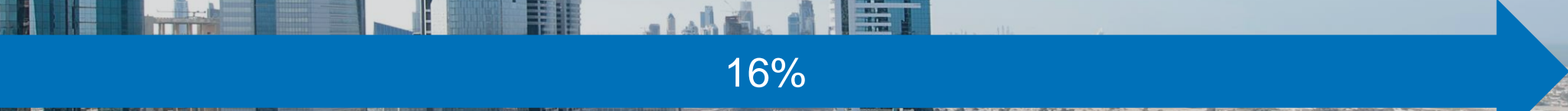
How we will progress towards our long-term profitability target

Maintain faster than market growth to benefit from economies of scale

Drive pricing with differentiated offering

Accelerate service growth with new value-adding solutions

Leverage connectivity to drive value

A large blue arrow pointing to the right, spanning the width of the four strategy boxes above it.

16%

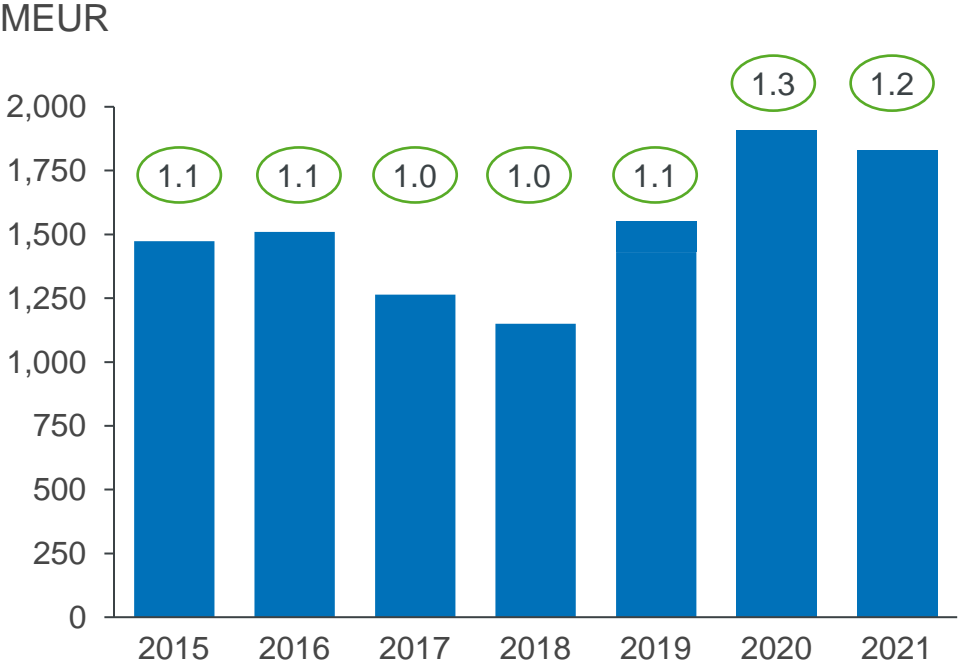
Strong financial
position supports
strategy execution



Solid and cash-generative business model



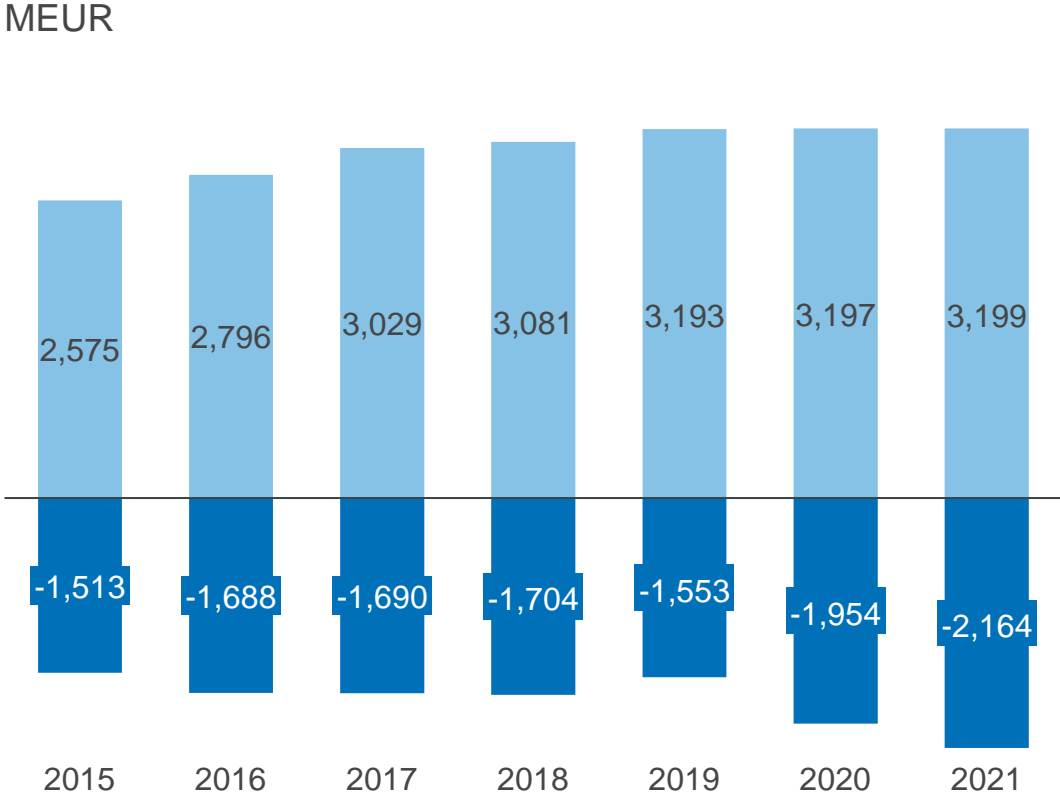
Continuous focus on working capital management visible in strong cash flow



■ Cash flow from operations (before financing items and taxes)*
 ○ Cash conversion ratio (cash flow from operations before financing items and taxes / EBITDA)

*Post 2019 including IFRS 16

Unleveraged balance sheet creates flexibility



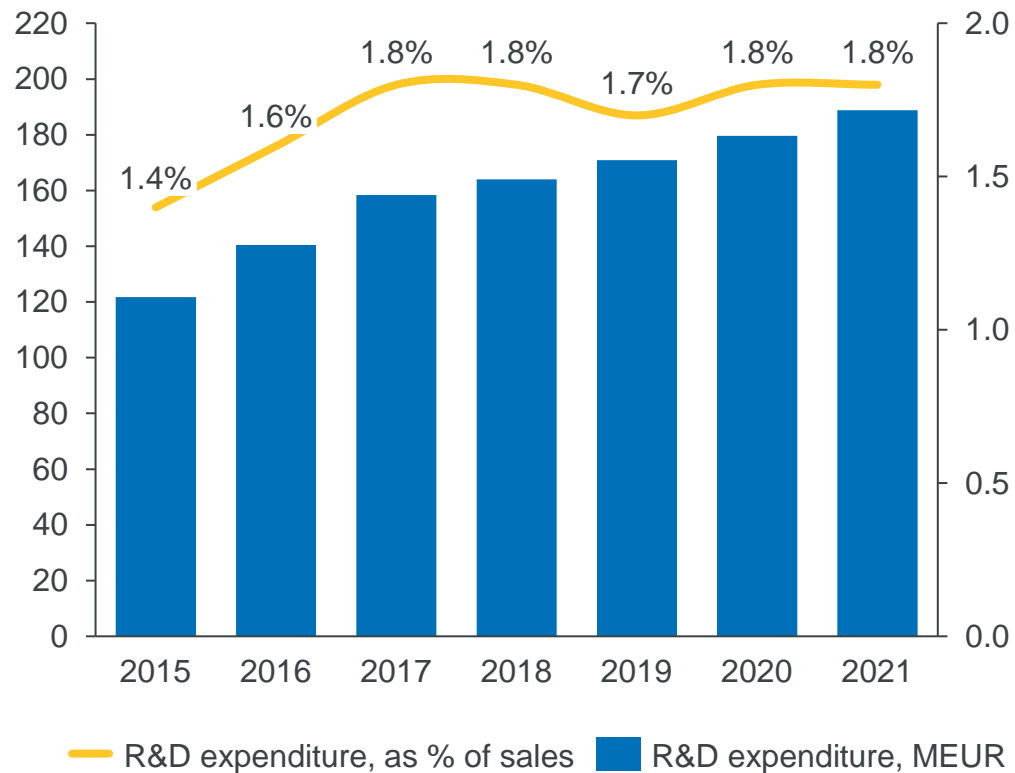
■ Total equity ■ Net debt

* IFRS 16 increased the 2019 opening interest-bearing debt by EUR 358 million

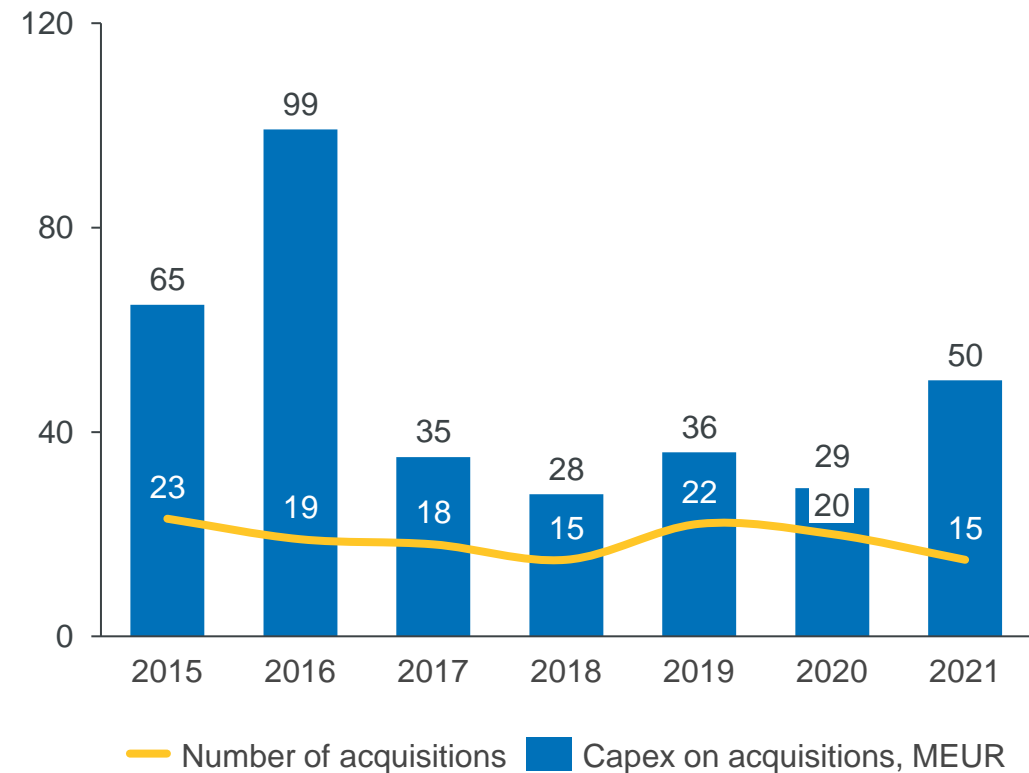
Continuously investing into growth and competitiveness



Scale up of R&D investments to enhance core offering and develop digital platforms



Steadily expanding our maintenance portfolio with bolt-on service acquisitions

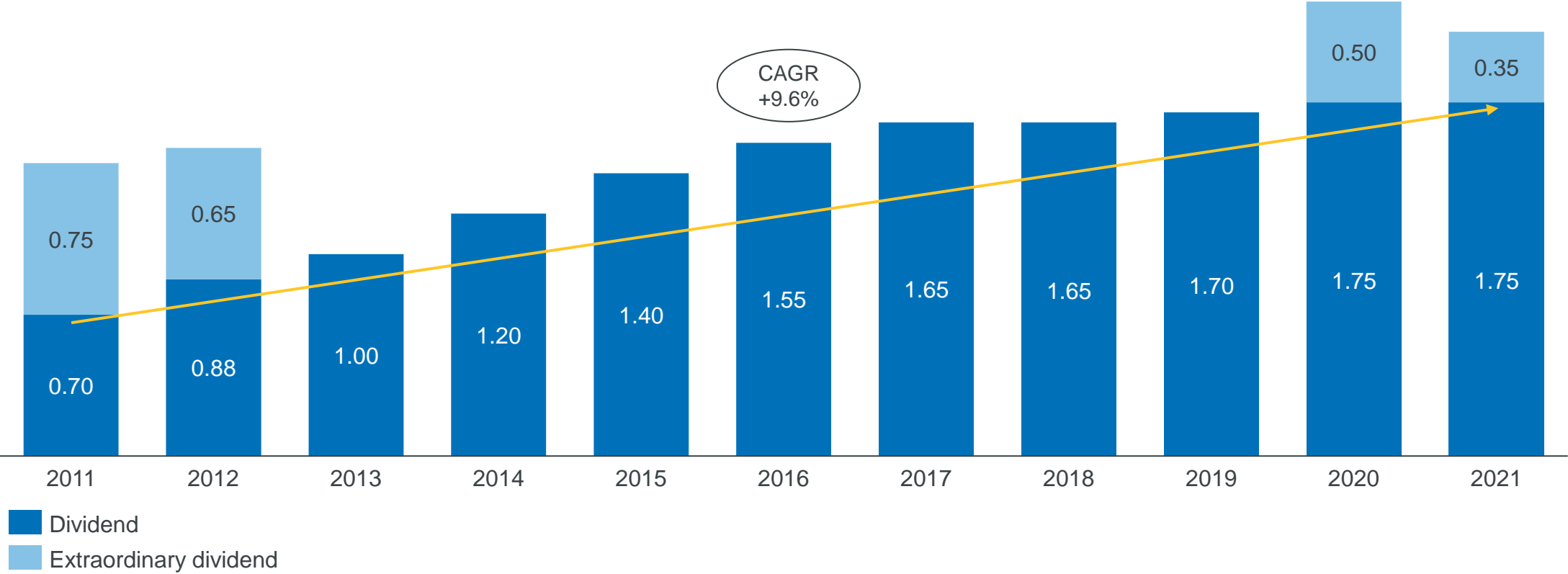


Strong financial development has enabled a steadily increasing dividend



Split-adjusted dividend per class B share

EUR



Adjusted for share split in 2013 (1:2)

Delivering shareholder value

- Well-positioned to capture growth opportunities from underlying markets and differentiated offering
- Clear actions to restore margins and secure progress towards long-term targets
- Committed to developing our business and ensuring steadily increasing shareholder returns



Dedicated to People Flow™

