

KONE CMD 2022

Sustainable success with customers

HENRIK EHRNROOTH, PRESIDENT AND CEO

JUNE 1, 2022

We are in a growth industry



- **68%** of the world's population expected to be urban by 2050, adding **2.2 billion** people to urban areas
- **19.5%** increase in single adult households in Europe over the past decade

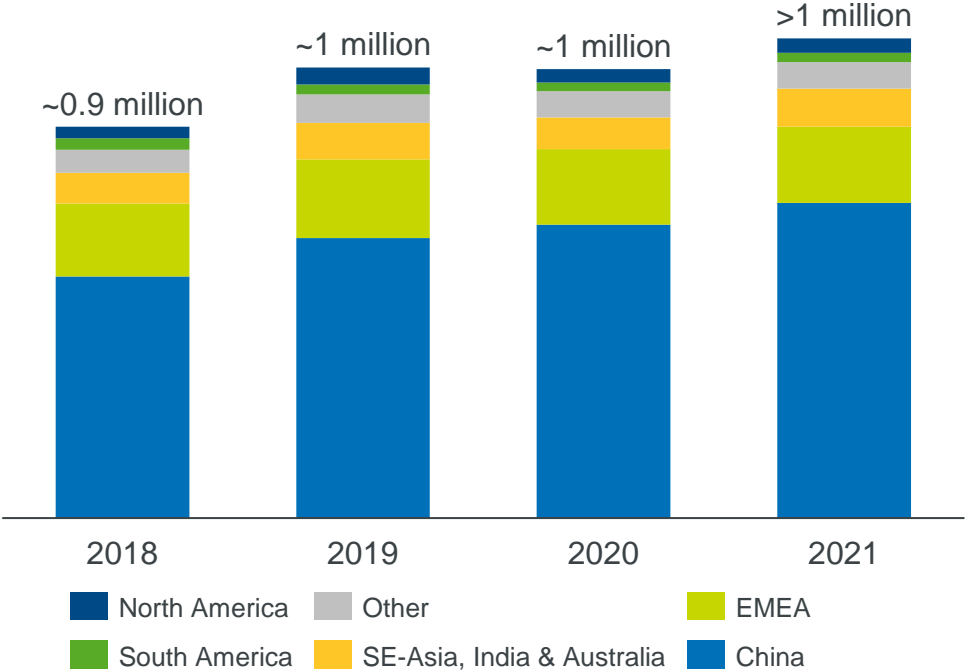
- Buildings account for **~40%** of the world's GHG emissions
- **>40%** of developers expecting the majority of new buildings to be green by 2024

- **60%** of hybrid workers prioritize a wellness equipped smart office over a remote office

Markets have recovered from the pandemic



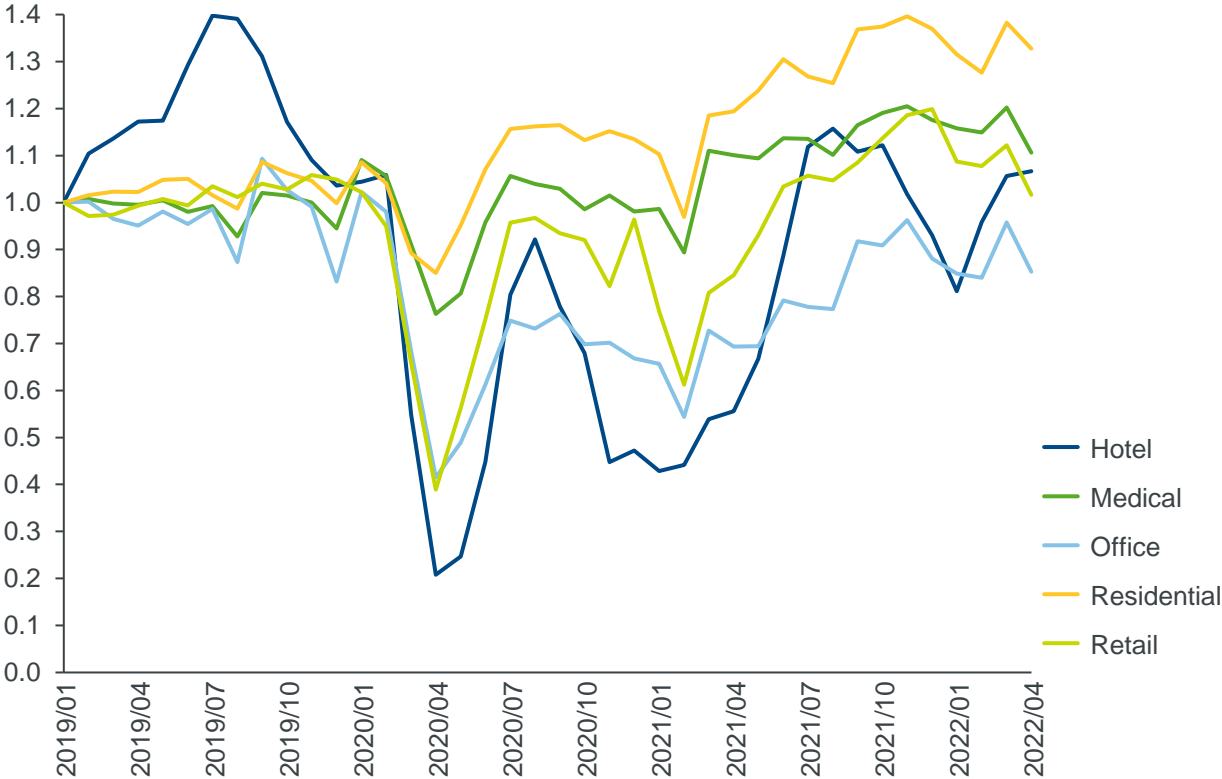
Global new equipment market well above pre-pandemic levels (units)



Based on KONE's estimate. Figures have been rounded.

Broad-based recovery in elevator usage

Monthly average number of starts per elevator



Data from connected units. Indexed.

Changes in customer expectations are accelerating



WE ARE INNOVATING AROUND OUR CUSTOMERS CORE NEEDS

Increasing construction productivity as a response to cost pressures

Reducing construction time with KONE JumpLift for machine room-less elevators

Improving user experience and efficiencies through smart buildings

Enhancing user experience with KONE Office and Residential Flow

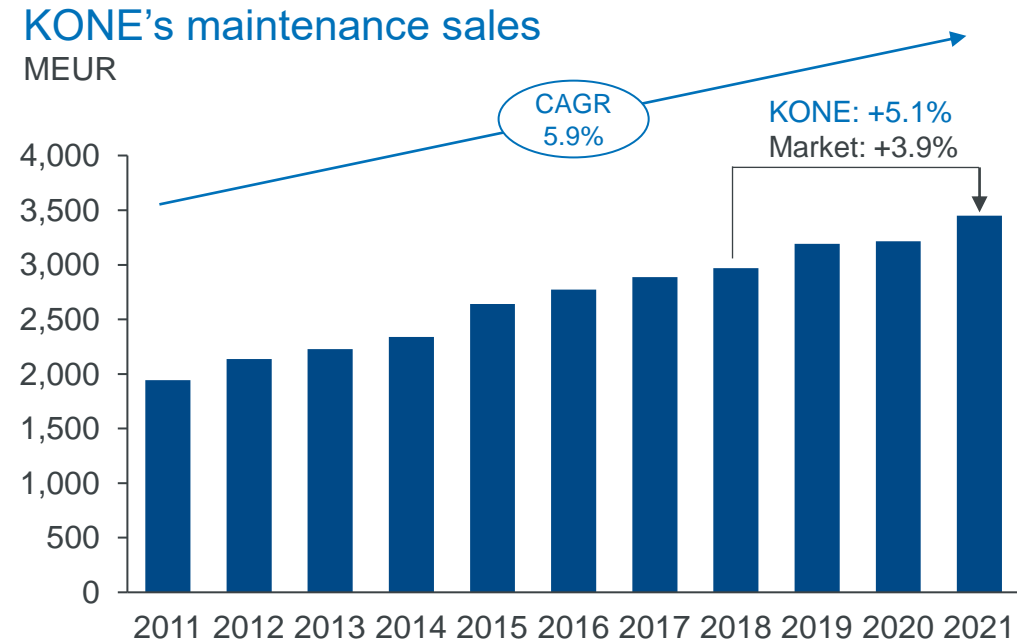
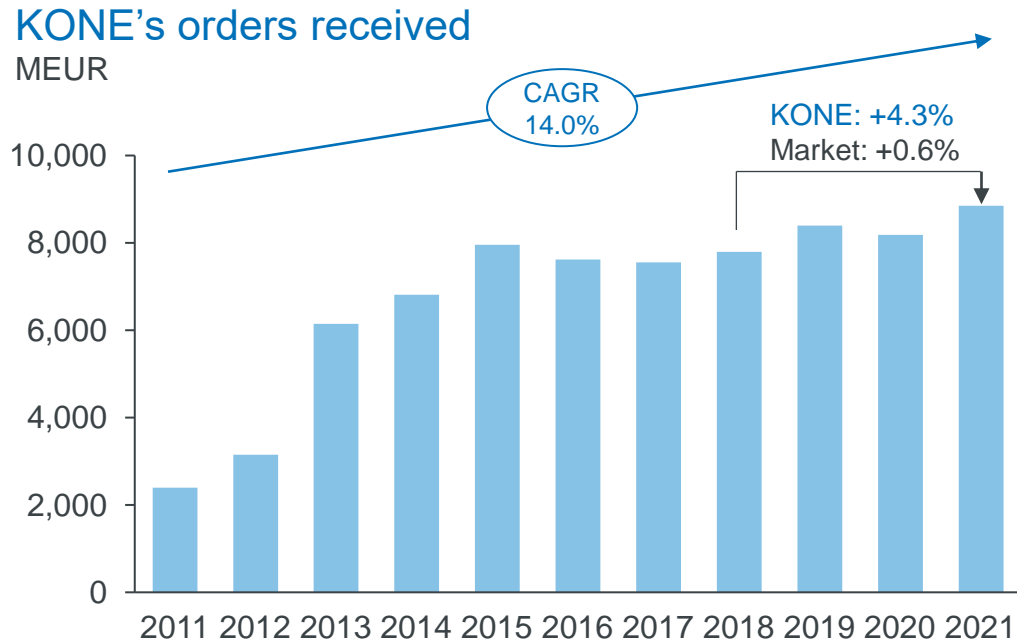
Emphasizing adaptability as the need for flexible spaces increases

Increasing attractiveness, adaptability and value of buildings with future-proof KONE DX Class elevators

Sustainability becoming a key design principle

Industry's first carbon neutral elevators and maintenance with carbon compensation

Our growth in new equipment and services has been faster than market

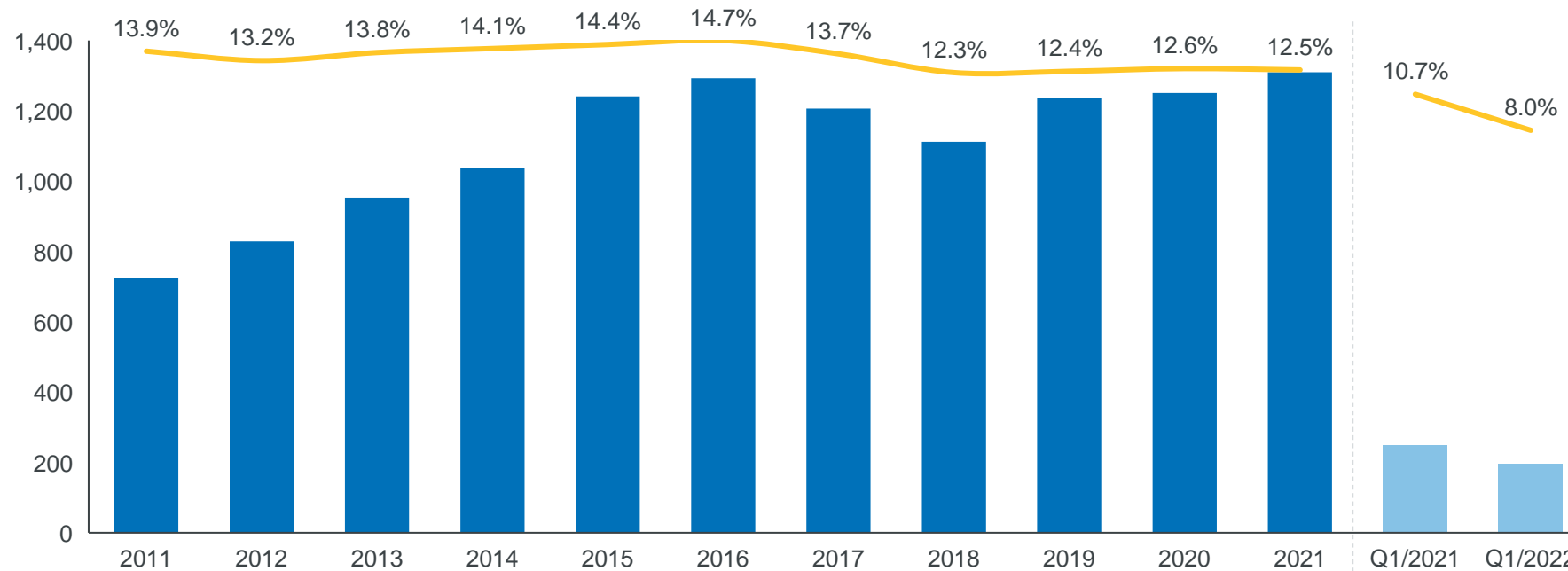


- In Q1 2022 orders received grew by 10.6% at comparable rates with all businesses and regions contributing to the growth

- In Q1 2022 maintenance sales grew by 8.7% at comparable rates, thanks to maintenance base growth, improved pricing and continued momentum in value-added services

Cost increases are putting pressure on adj EBIT, our actions to counter the headwinds are progressing

Adjusted EBIT*
%, MEUR



How we are adapting to a high-inflation world

- ➔ Implementing more dynamic pricing and product cost strategies
- ➔ Continuous focus on improving productivity
- ➔ Establishing more dynamic contract models

*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.

Driving differentiation
with 'Sustainable
Success with
Customers' strategy



The world around us is changing



Key positives

Markets have recovered strongly, and the demand environment remains favorable

Strong increase in customers' demand for value-adding solutions

Urban development seeks to combat climate change – rising demand for sustainable solutions

Challenges and changes

Weakened economic outlook as a result of surging inflation, China's COVID-19 restrictions and the war in Ukraine

Era of zero interest rates and abundant liquidity is over

Shortage economy is a fundamental challenge as disruptions in global supply chains continue

What does it take to win in this new era?



- Value over volume to drive growth – differentiation will win
- Productivity and agility for customers and for us
- Supply chain resilience
- Sustainable offerings and operations
- Being the employer of choice

Sustainable success with customers



MEGATRENDS

URBANIZATION

SUSTAINABILITY

TECHNOLOGY



Dedicated to People Flow™ **KONE**

STRATEGIC TARGETS

- Great place to work
- Most loyal customers
- Faster than market growth
- Best financial development
- Leader in sustainability

WAYS TO WIN

We will ensure our success through:

- Empowered people
- Marketing and sales renewal
- Digital + physical enterprise
- Lean KONE



CULTURE

SAFETY
QUALITY
SUSTAINABILITY

- CARE
- COLLABORATION
- CUSTOMER
- COURAGE

WHERE TO WIN

We will lead the way in:

Core products and services

New solutions for customer value

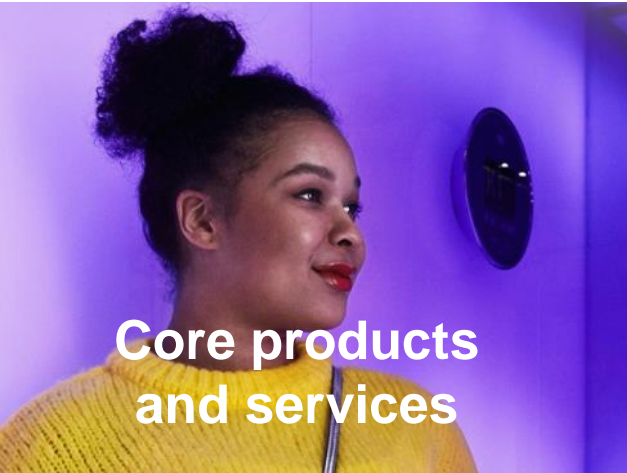
Smart and sustainable cities

Service business in China

MISSION
OUR MISSION IS TO IMPROVE THE FLOW OF URBAN LIFE

VISION
WE CREATE THE BEST PEOPLE FLOW™ EXPERIENCE

Our strategy is built on four key areas of growth and differentiation



Core products and services

Lead the industry with connected and adaptable products and services



New solutions for customer value

Create, scale and monetize solutions and experiences related to People Flow



Service business in China

Become a clear market leader in the fast-growing and fragmented China service market



Smart and sustainable cities

Become the preferred partner for smart and sustainable urban environments

Leading the industry with our connected offering



HELPING CUSTOMERS TO DIFFERENTIATE IN THEIR MARKETS

KONE DX class elevators now rolled out to all areas

EMEA	Asia-Pacific	Americas
DX launched in 2019 Share of ordered units ~100%	DX launched in 2021 Share of ordered units ~30%	DX launched in March 2022

24/7 Connected Services value proposition resonating in all customer segments
Penetration of maintenance base

Commercial ~13%	Medical >15%	Infrastructure >10%	Residential ~10%
--------------------	-----------------	------------------------	---------------------

Building new, value-adding solutions on our KONE DX and 24/7 Connected Services platforms



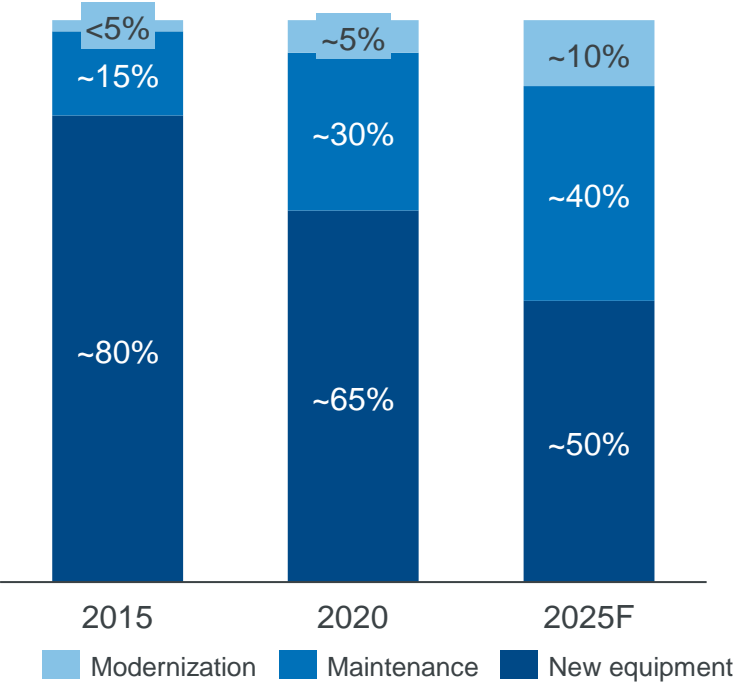
Driving differentiation, customer loyalty and growth

Capturing growth in the China service market



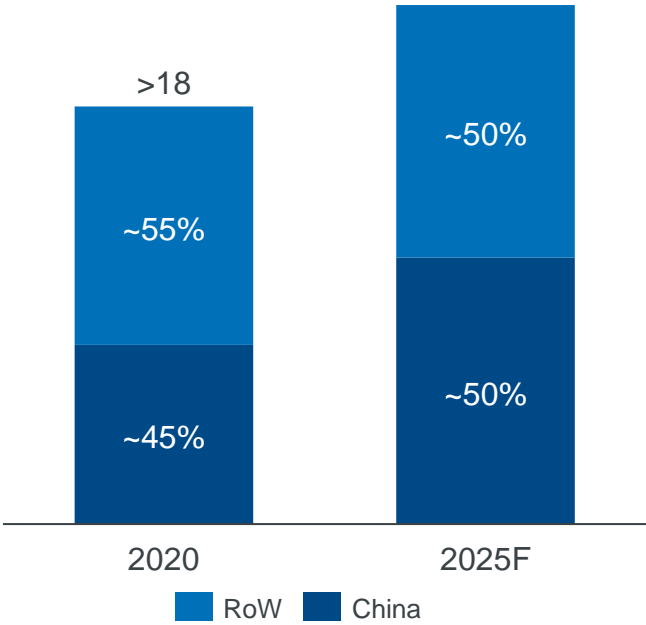
China is rapidly transitioning towards a service driven market

Monetary value



...and is expected to represent ~50% of global service market by 2025

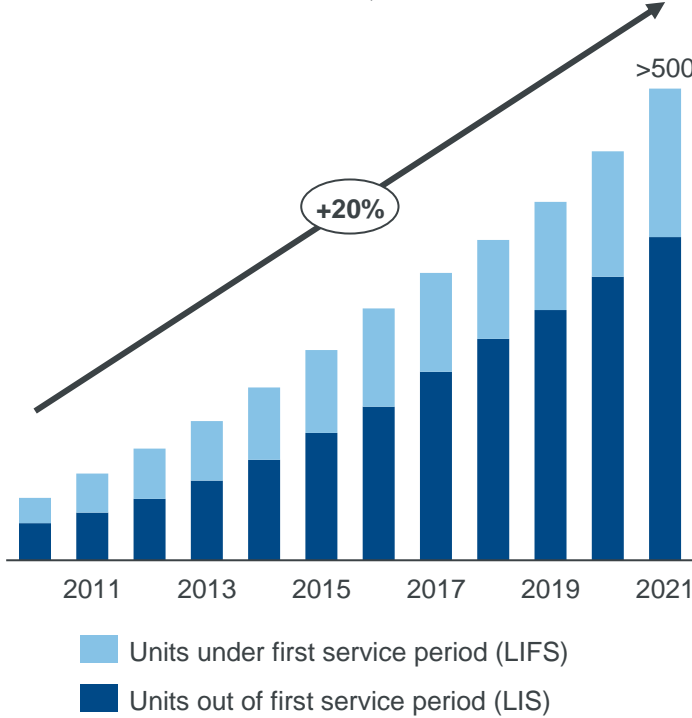
Units, million



Based on KONE's estimate. Figures have been rounded. Includes regions where KONE has presence. Maintenance market share includes both maintenance base and units in first service

We are the leader in the fast growing and fragmented maintenance market

KONE maintenance base, thousand units



Includes KONE and GiantKONE.

Responding to the increased demand for sustainable solutions



Connectivity

- Improving safety and accessibility with connected solutions



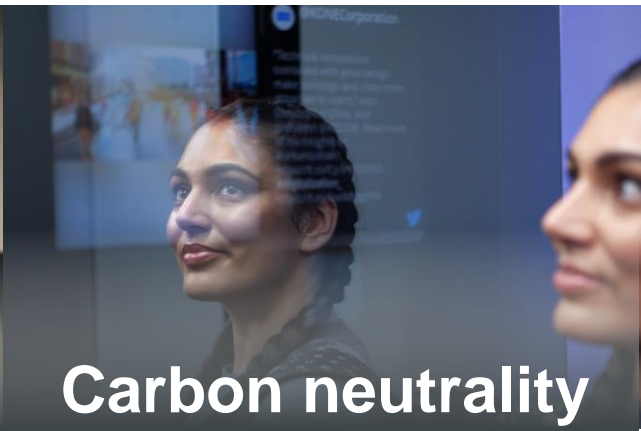
Predictability

- Prolonging equipment lifetime with predictive maintenance



Resource efficiency

- Elevator modernization can provide up to 70% energy savings
- Up to 90% of the materials in our solutions can be recovered



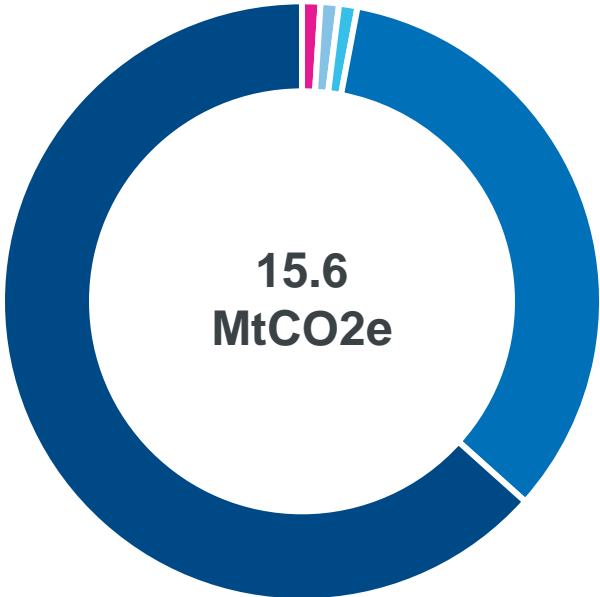
Carbon neutrality

- Carbon neutral elevator and maintenance solutions with compensation
- Support for low carbon construction, e.g. wooden buildings

Improving the sustainability of our footprint with the industry's most ambitious targets



KONE's total carbon footprint in 2021



- Scope 1 and 2
- Scope 3 logistics
- Scope 3 other
- Scope 3 materials used for products and packaging
- Scope 3 product lifetime energy consumption

Emissions from own operations (Scope 1 & 2)

100% renewable electricity

-50% in absolute emissions



Carbon-neutral operations

Emissions from products (Scope 3)

-40% in emissions per ordered product

2018 → 2030



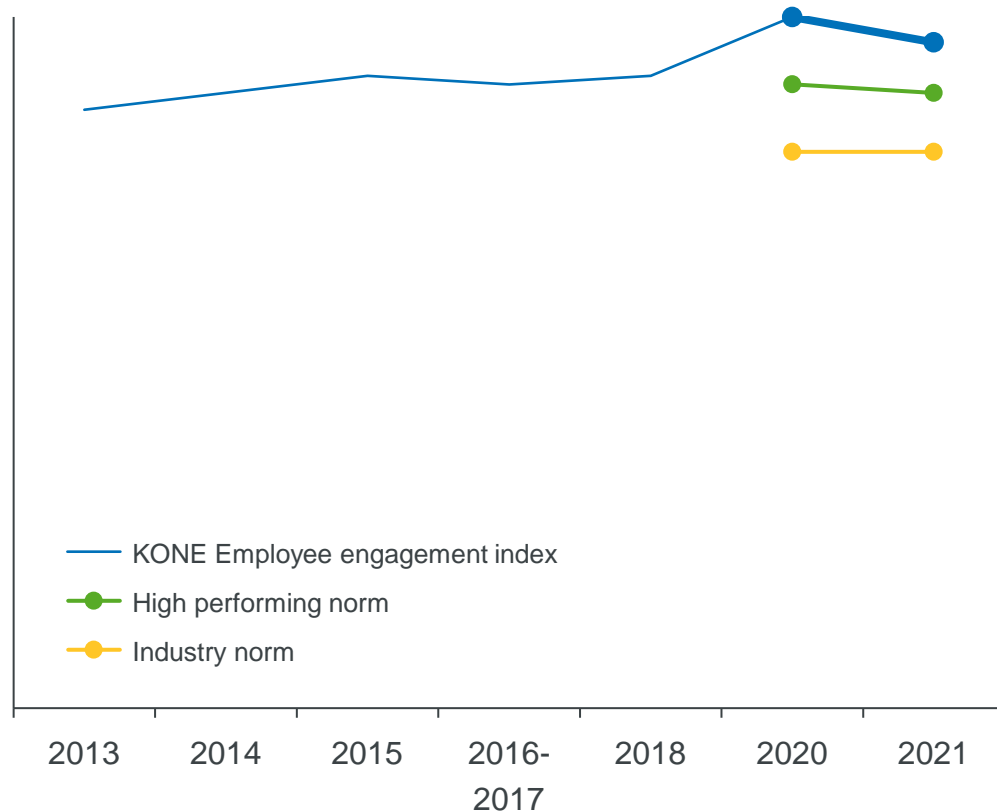
SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Empowered and engaged employees are central to our success



Our employee engagement index is well above high performance benchmark



Developing a great place to work is our top strategic priority

- Building **great employee experiences** throughout the whole employee journey
- Continuous development of our **culture** and **leadership**
- Ensuring that **Diversity, Equity and Inclusion** are integral to everything we do
- Enabling **upskilling** through learning and recruitment
- Further strengthening focus on **flexibility** and **wellbeing**

Taking actions to counter near-term headwinds

Improving financial performance

Dynamic pricing strategies and contract models

Lowering product costs and improving productivity

Rapid recovery from China COVID-19 lockdowns



Actions visible in margin of orders received, P&L impact expected towards latter part of 2022

Driving long-term competitiveness

Creating sustainable success with customers

Differentiation through adaptability, productivity, and sustainability

Capturing growth opportunities in maintenance and modernization



Good progress in strategy execution, positive feedback from customers on our differentiating offering

Summary

- Continued favorable long-term market outlook
- Fundamental changes in the global environment creates opportunities
- We are well placed to address customer's changing needs and capture growth with differentiated, value-adding offering



Dedicated to People Flow™

