

A close-up photograph of a worker in a white hard hat with the KONE logo, safety glasses, and a blue work shirt. The worker is wearing gloves and is focused on adjusting a blue plastic component on a metal track. The background shows a large, light-colored industrial structure, possibly a building under construction or a large machine.

KONE

# Interim Report for January-March 2009

April 23, 2009

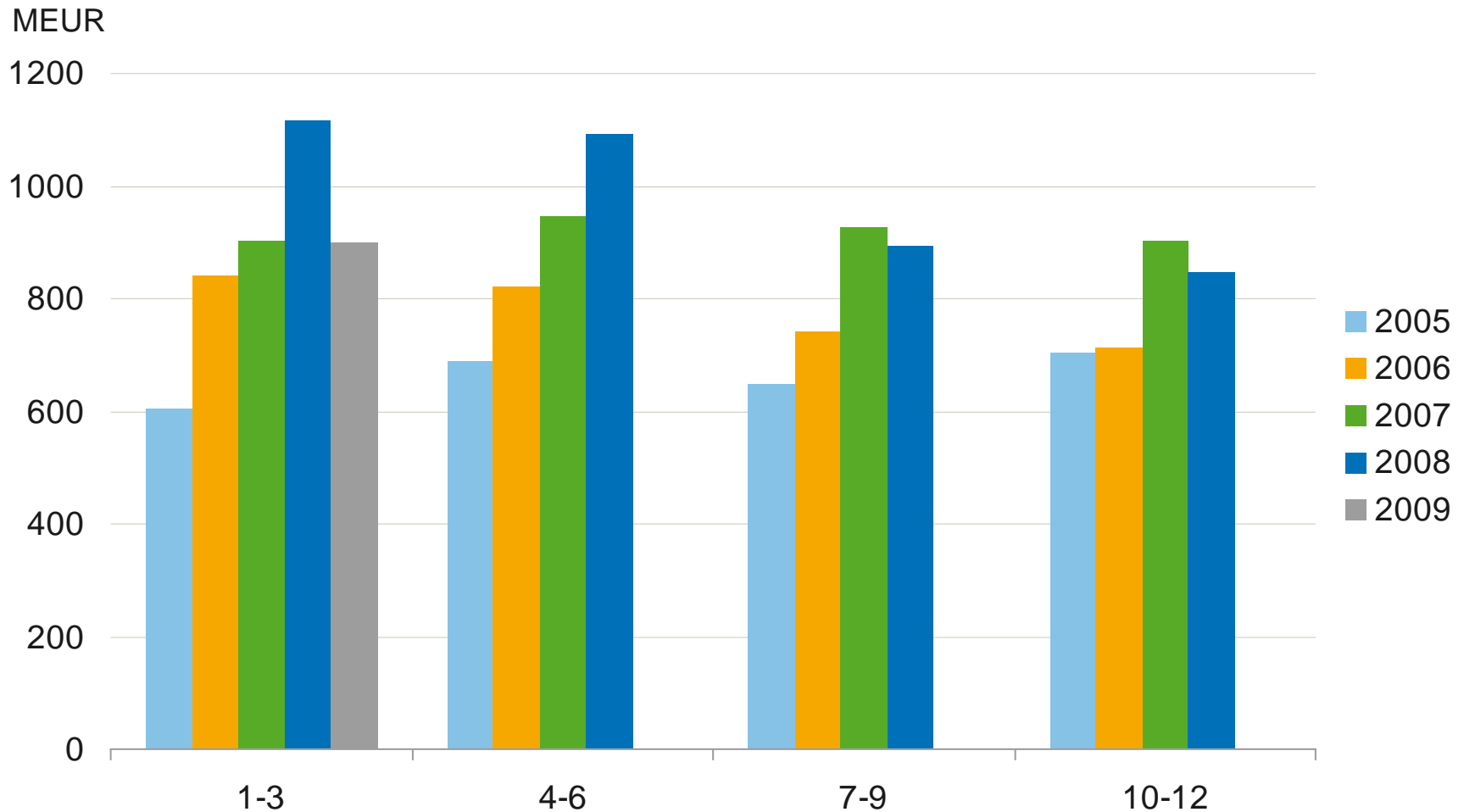
President & CEO, Matti Alahuhta

# Q1 2009: Good growth in sales and EBIT

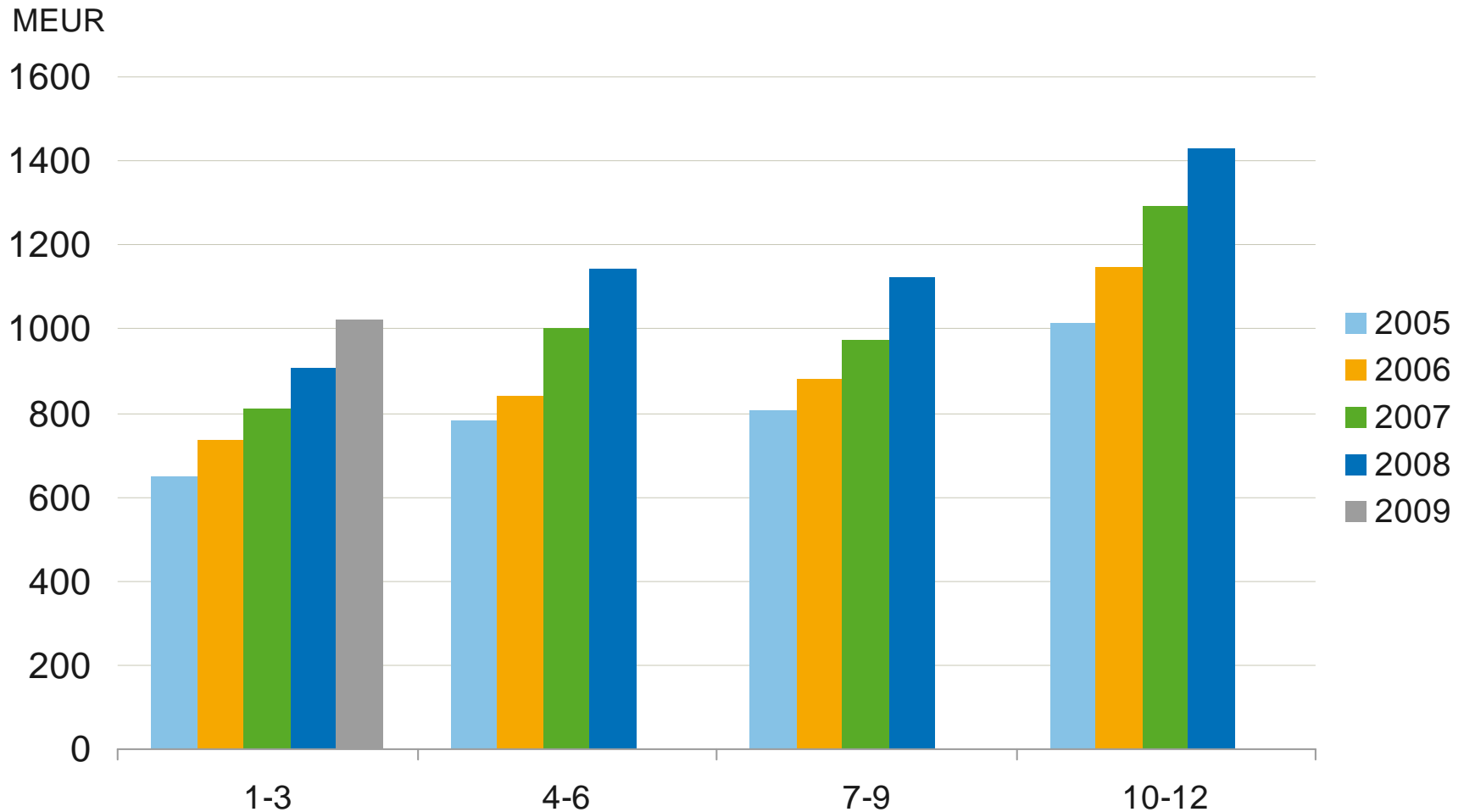


		Q1/2009	Q1/2008	Historical change	2008
Orders received	MEUR	898.5	1,117.5	-19.6%	3,947.5
Order book	MEUR	3,753.1	3,617.4	3.8%	3,576.7
Sales	MEUR	1,021.0	905.3	12.8%	4,602.8
Operating income	MEUR	91.2	86.5		558.4
Operating income	%	8.9	9.6		12.1
Cash flow from operations (before financial items and taxes)	MEUR	170.3	166.6		527.4

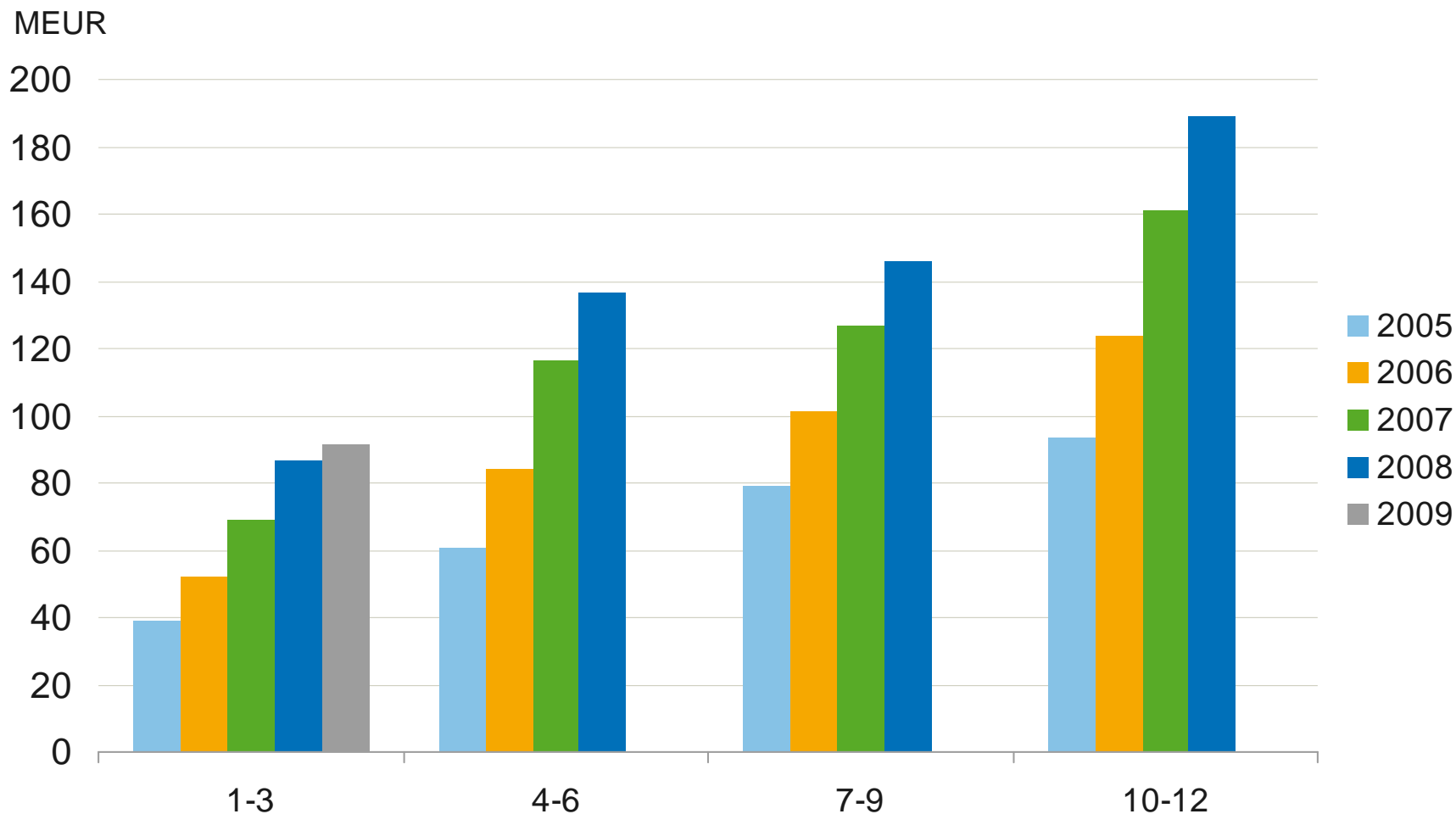
# Q1 2009: Orders received was higher than in Q3 and Q4 2008



# Q1 2009: Sales growth was good because implementation work in sites proceeded as planned



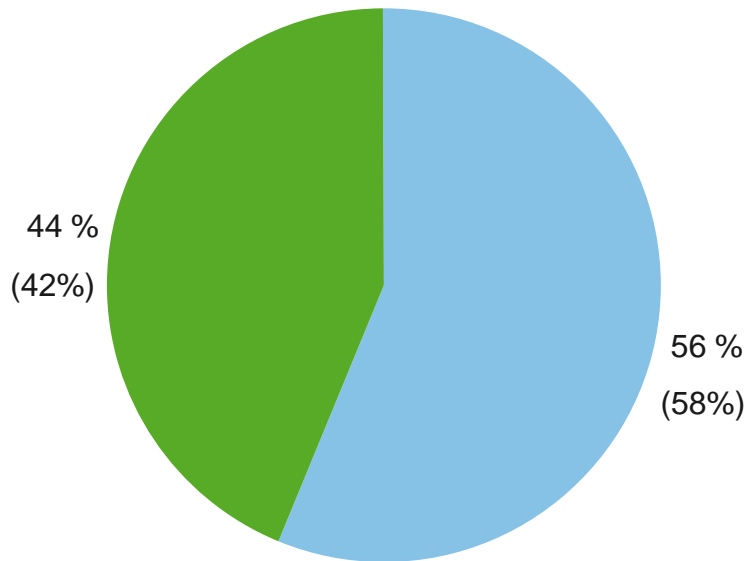
# Q1 2009: EBIT growth was driven by sales and productivity growth, but suffered from high raw material costs



# Q1 2009: Good growth in new equipment, and also service sales growth exceeded 10%

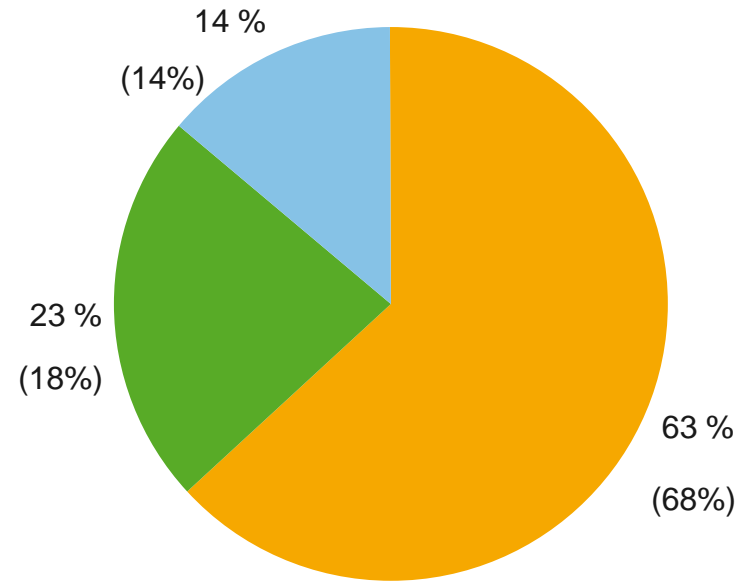


## Sales by business



■ Service ■ New equipment

## Sales by market



■ EMEA ■ Americas ■ Asia-Pacific

# Q1 2009: In EMEA, new equipment markets continued to decline



- Maintenance markets have continued to develop well, but were very competitive.
- Modernization markets were somewhat negatively impacted.
- New equipment market declined clearly.
  - Worst development in Spain, UK, Ireland, Russia, Middle-East and the Nordic countries.
  - More favorable situation in Germany, Austria, France, Italy and Belgium.

# Q1 2009: New equipment market continued to weaken in the Americas



- Maintenance markets continued to develop well, but were very competitive.
- Modernization markets were somewhat negatively impacted.
- New equipment market continued to decline.
  - Decreased in all sectors in the US, but the infrastructure segment was rather good.
  - The market in Canada was still at a rather good level.
  - The market in Mexico was weak.

# Q1 2009: New equipment markets weakened also in Asia-Pacific



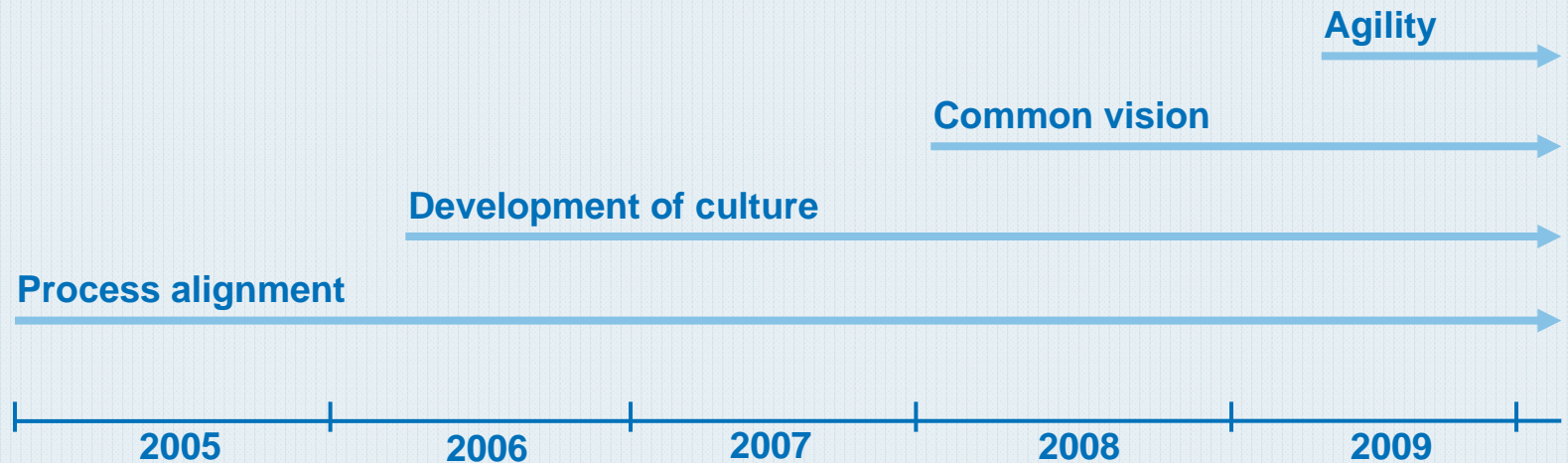
- Maintenance markets continued to develop favorably.
- In China, the new equipment market declined in the coastal area, but grew somewhat in the Central and Western parts.
- In India, the new equipment market was below last year's level.
- New equipment markets weakened clearly in Australia and South-East Asia.

# Intensive work in development programs



- Customer Focus
- People Flow Solutions
- Operational Excellence
- Environmental Excellence
- People Leadership

# As the next step, we are now working to make KONE more agile



## Development Programs:





- Flatter structure  
→ closer to customers
- Wider span of control  
→ hands-on leadership
- More uniform structures  
→ better internal collaboration
- Improve efficiency and speed

# 2009: KONE's objective is to also use this market phase as an opportunity



- To continue to gain market share and put the company into a great shape
  - In quality
  - In maintenance and installation productivity
  - In working capital rotation
- To continue the strong development of the service business
  - Maintenance
  - Modernization



- The new equipment market will continue to decline because of the weakening global economy.
- Modernization will be less impacted.
- The maintenance market will continue to develop well.



- In net sales, KONE's objective is to reach a growth of 5 percent or at least approximately the net sales level of 2008.
- In operating income (EBIT), the objective is to reach a growth of 5 percent or at least approximately the operating income level of 2008.

*Dedicated to People Flow™*



# Attachment

## New major deals in Q1



- **High-rise**
  - The Shard London Bridge, London, UK
  - Anthill Residence, Istanbul, Turkey
  
- **Public transportation**
  - Dulles Corridor Metrorail Project (DCMP), Washington D.C, USA
  - Delhi Airport Metro Express Line, India
  
- **Maintenance and modernization**
  - GDF Suez, Europe

# The Shard London Bridge, London, UK



- The Shard will become the tallest mixed-use building in Western Europe standing at 310 metres
- KONE will supply 36 elevators and 10 escalators including 13 double-deck elevators
- The project strengthens KONE's leading position in the European high-rise market



# Anthill Residence, Istanbul, Turkey



- Anthill Residence comprises two residential towers with 54 floors each
- KONE will supply 14 high-rise elevators
- The towers are the first in Turkey to use high-rise elevators powered by KONE EcoDisc® technology
- The project demonstrates KONE's increasing foothold in high-rise market in Turkey

# Dulles Corridor Metrorail Project (DCMP), Washington D.C, USA



- A new 11.6 mile metro extension (“Silver Line”)
- KONE will supply 25 transit escalators and 26 hydraulic elevators (subcontracted for furnish and installation by KONE and a local MBE elevator company)

# Delhi Airport Metro Express Line, India



- The new express line connects the city with the international airport
- KONE will supply 33 KONE MonoSpace® elevators
- KONE was also granted an annual maintenance contract for 10 years
- KONE has offered equipment for the two earlier phases of the Delhi Metro development

# GDF Suez, Europe



GDF SUEZ



- KONE agreed on a three-year elevator maintenance partnership contract for GDF SUEZ's European facilities
- The competitive edges for winning the deal: aligned global processes, efficient global tools and our global network of experts