

The background of the entire page is a photograph of a modern, multi-level building interior. A prominent feature is a wide, silver-colored metal escalator that curves through the space. Several people are using the escalator: a man and a woman are walking up, two women are talking while descending, and another woman is talking on a mobile phone while standing on a lower level. The architecture is clean and contemporary, with large glass panels and recessed ceiling lights. The overall atmosphere is one of a busy, modern public space.

KONE Interim Report for January-March 2010

April 20, 2010

President & CEO, Matti Alahuhta

Q1 2010: The year started strongly

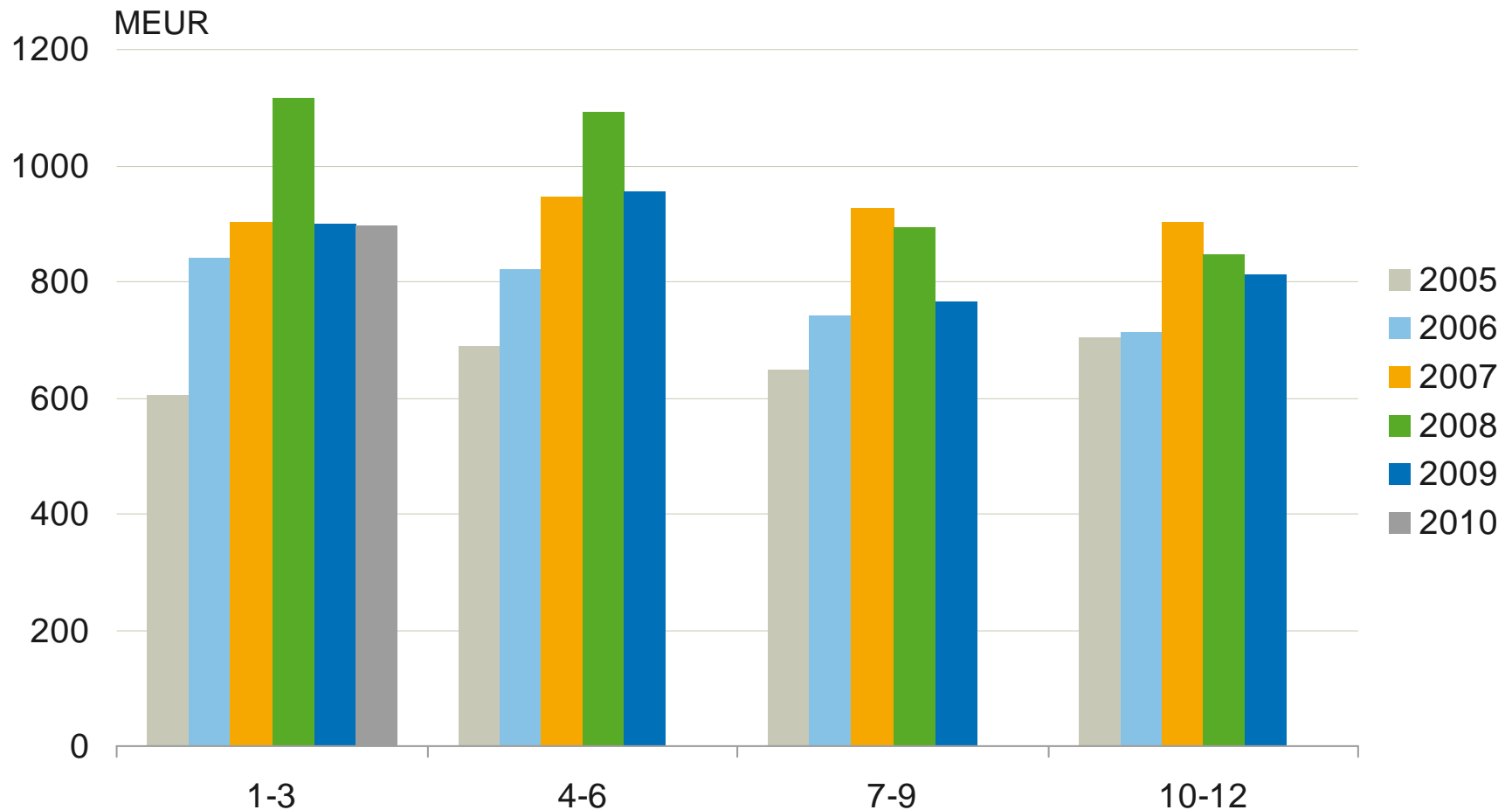


| | | Q1/2010 | Q1/2009 | Historical change | 2009 |
|---|------|---------|---------|----------------------|---------------------|
| Orders received | MEUR | 894.7 | 898.5 | -0.4% | 3,432.4 |
| Order book | MEUR | 3,638.5 | 3,753.1 | -3.1% | 3,309.1 |
| Sales | MEUR | 1,003.0 | 1,021.0 | -1.8% | 4,743.7 |
| Operating income | MEUR | 108.6 | 91.2 | 19.1% | 600.3 ¹⁾ |
| Operating income | % | 10.8 | 8.9 | | 12.7 ¹⁾ |
| Cash flow from operations (before financial items and taxes) | MEUR | 217.6 | 170.3 | | 825.1 |

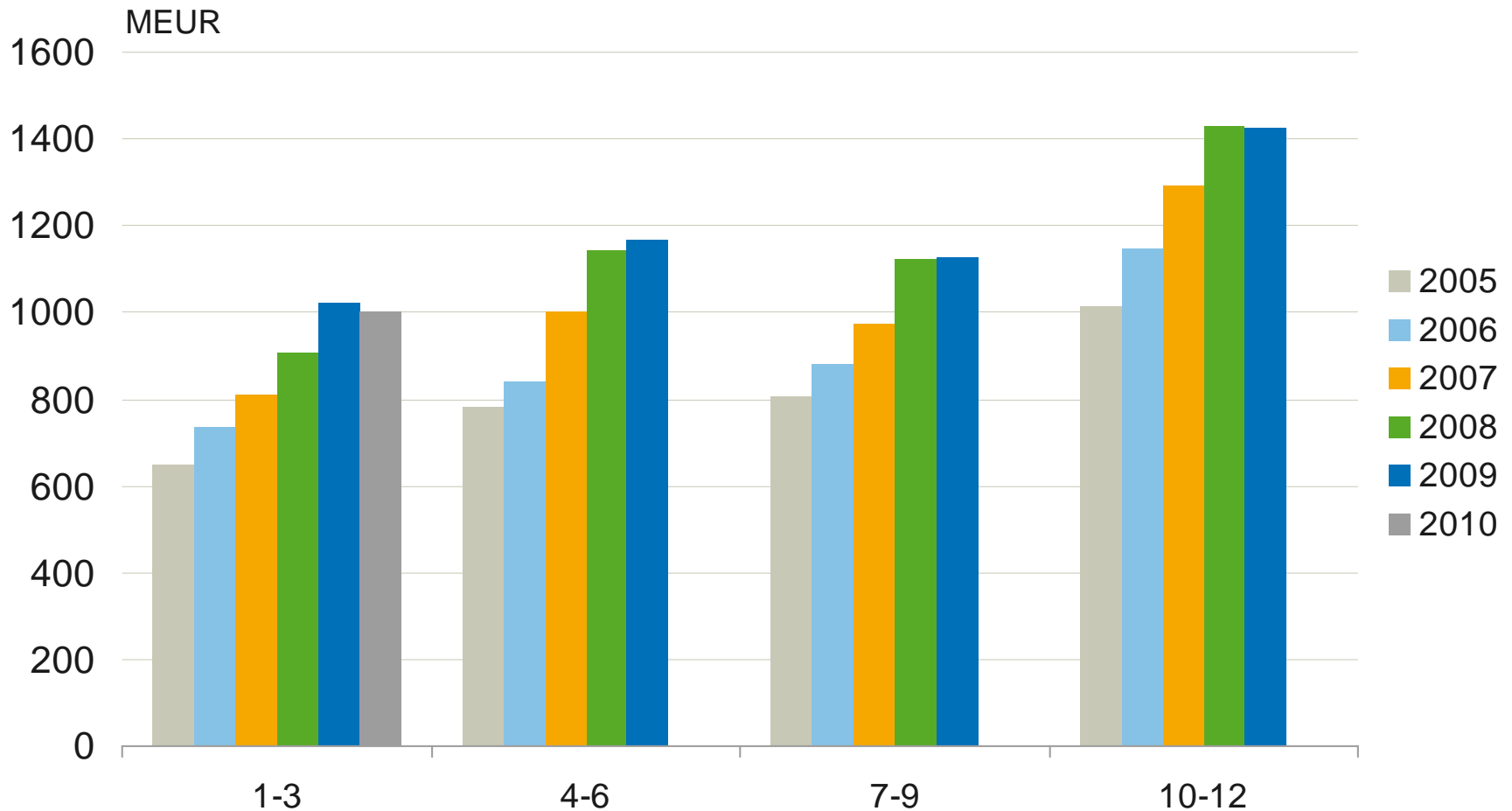
- 1) Operating income, including the one-time cost of EUR 33.6 million related to the fixed cost adjustment program, was EUR 566.7 million.

Q1 2010: Orders received flat year-on-year

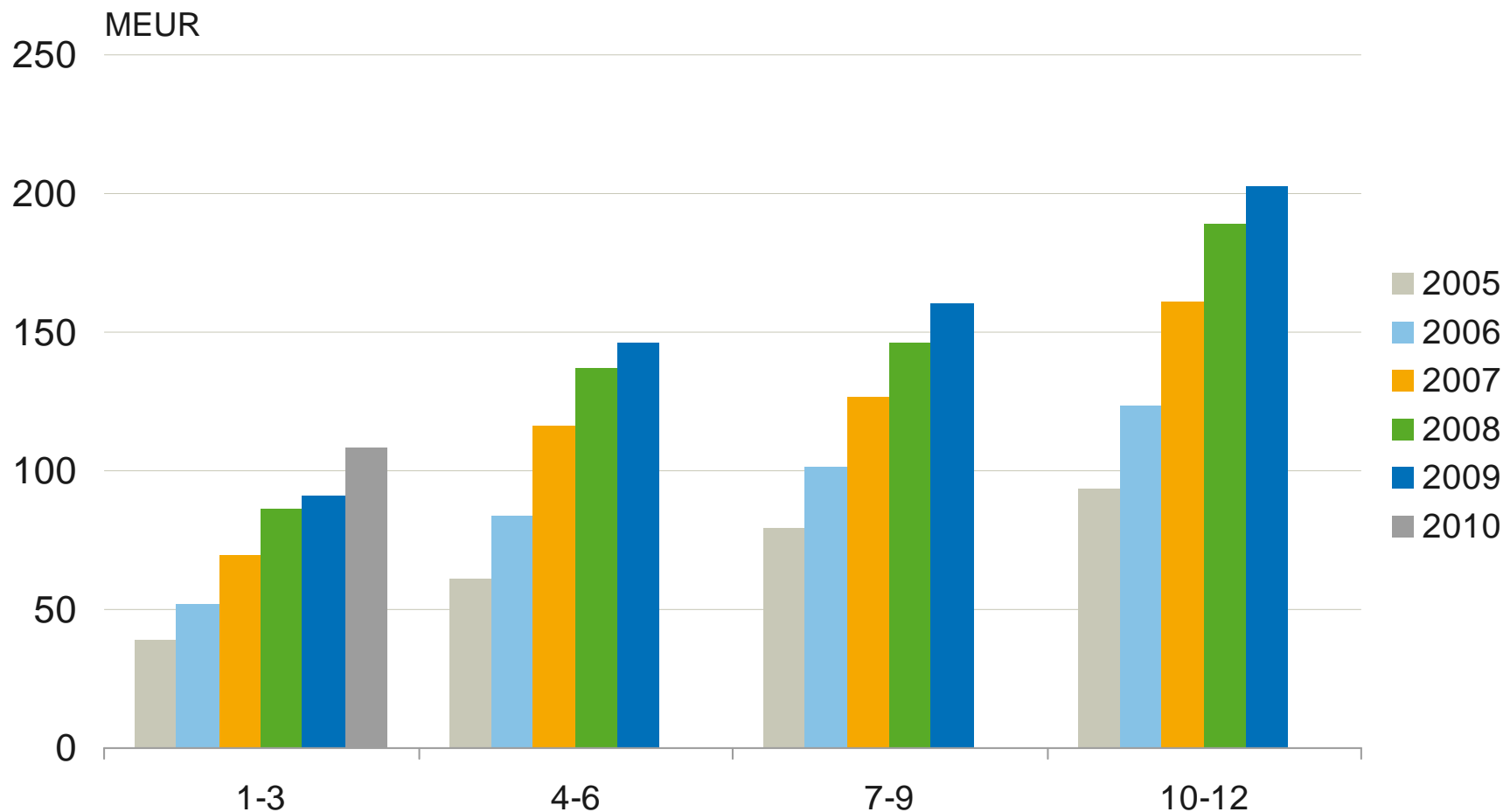
– strong growth in Asia-Pacific compensated weakness in EMEA and the Americas



Q1 2010: Sales almost at last year's level (year-on-year) – strong growth in Asia-Pacific



Q1 2010: Operating income on a record high level for the period – good productivity improvement

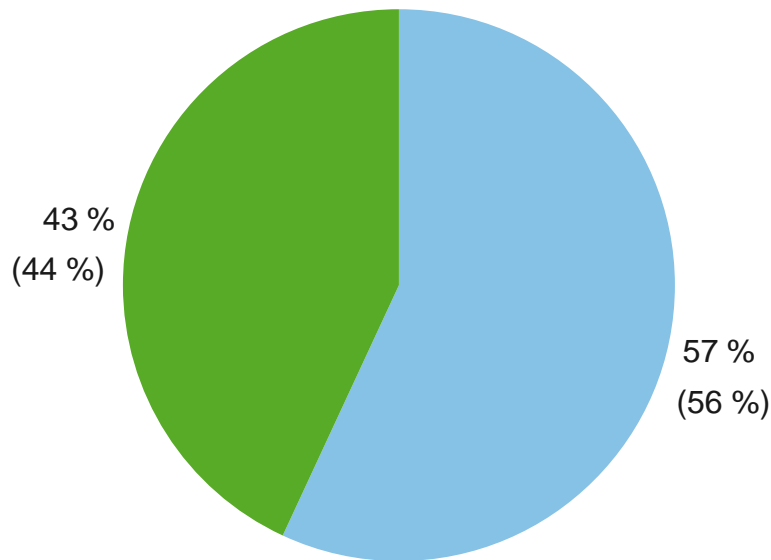


Note : Operating income excluding one-time items

Q1 2010: The share of Asia-Pacific continues to grow

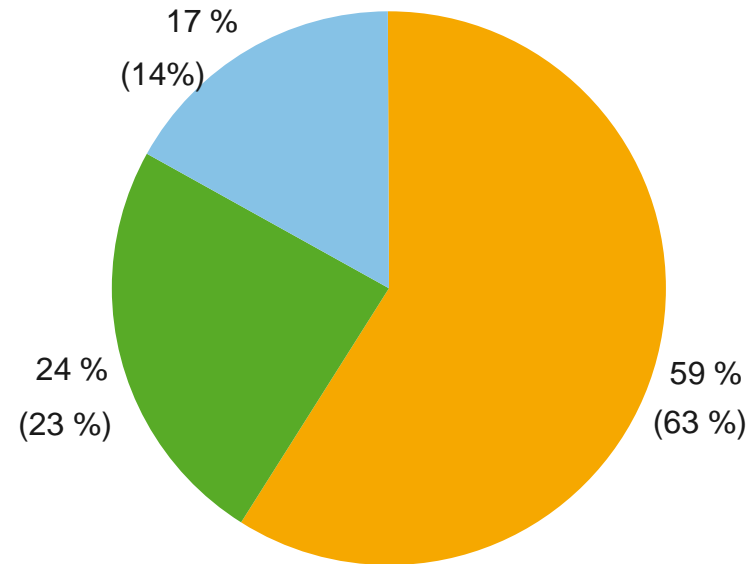


Sales by business



■ Service ■ New equipment

Sales by market



■ EMEA ■ Americas ■ Asia-Pacific

Q1 2010: The market situation was mixed in EMEA



- Maintenance markets developed well, but were increasingly competitive.
- Modernization markets were quite stable, providing good growth opportunities.
- New equipment markets
 - Market remained weak in Russia, the UK and Spain.
 - Market weakened in France and Italy.
 - The residential segment showed positive progress especially in Sweden, Finland and Belgium.
 - Markets in the Middle-East developed positively.

Q1 2010: In the Americas, the market remained challenging but with some positive signs especially in Canada



- Maintenance markets were rather stable, but increasingly competitive.
- In modernization activity remained relatively stable.
- New equipment markets
 - In the United States the market continued to be challenging and slightly weaken.
 - In Canada private sector activity increased and government-funded activity remained at a good level.
 - In Mexico the market showed signs of slow recovery.

Q1 2010: Positive development in all major markets in Asia-Pacific



- Modernization and maintenance markets developed favorably.
- New equipment markets
 - In China the public transportation and residential market, particularly the affordable housing segment showed strong growth.
 - In India good growth driven by residential, medical and public transportation segments.
 - Markets in Australia and Southeast Asia started to recover.

Development programs and a mindset focusing on market opportunities have driven performance



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

Market outlook 2010 (unchanged)



- The good development is expected to expand in the new equipment market in the Asia-Pacific region. In EMEA and North America, the market will continue to decline in most countries. However, stabilization is expected towards the end of the year.
- The modernization market will be at about last year's level.
- Maintenance markets will continue to develop well, but remain very competitive.

Outlook 2010 (upgraded)



- KONE's net sales is estimated to decline by 0-5% compared to 2009.
- The operating income (EBIT) is expected to be in the range of EUR 580-620 million.



Dedicated to People Flow™

