



KONE Interim Report for January–September 2010

October 19, 2010

President & CEO, Matti Alahuhta

Q3 2010: Good progress resulted in strong operating income



		Q3/2010	Q3/2009	Historical change	2009
Orders received	MEUR	865.2	766.5	12.9%	3,432.4
Order book	MEUR	3,657.9	3,603.4	1.5%	3,309.1
Sales	MEUR	1,235.9	1,127.3	9.6%	4,743.7
Operating income	MEUR	184.8	160.1	15.4%	600.3 ¹⁾
Operating income	%	15.0	14.2		12.7 ¹⁾
Cash flow from operations (before financial items and taxes)	MEUR	242.8	255.5		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.

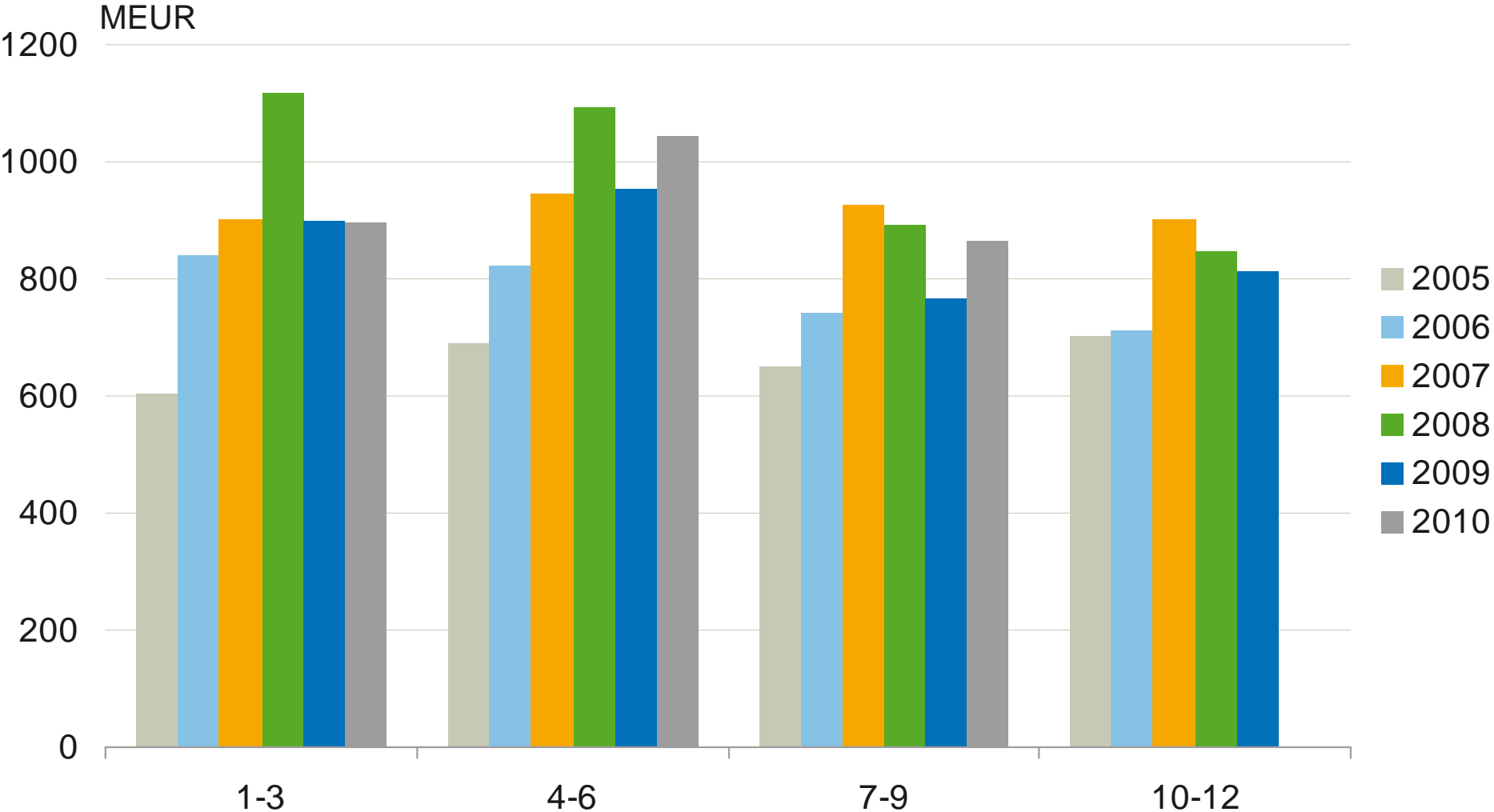
January–September 2010: Strong development

		1–9/2010	1–9/2009	Historical change	2009
Orders received	MEUR	2,802.7	2,618.9	7.0%	3,432.4
Order book	MEUR	3,657.9	3,603.4	1.5%	3,309.1
Sales	MEUR	3,497.8	3,316.9	5.5%	4,743.7
Operating income	MEUR	469.1	397.6 ¹⁾	18.0%	600.3 ²⁾
Operating income	%	13.4	12.0 ¹⁾		12.7 ²⁾
Cash flow from operations (before financial items and taxes)	MEUR	662.1	626.9		825.1

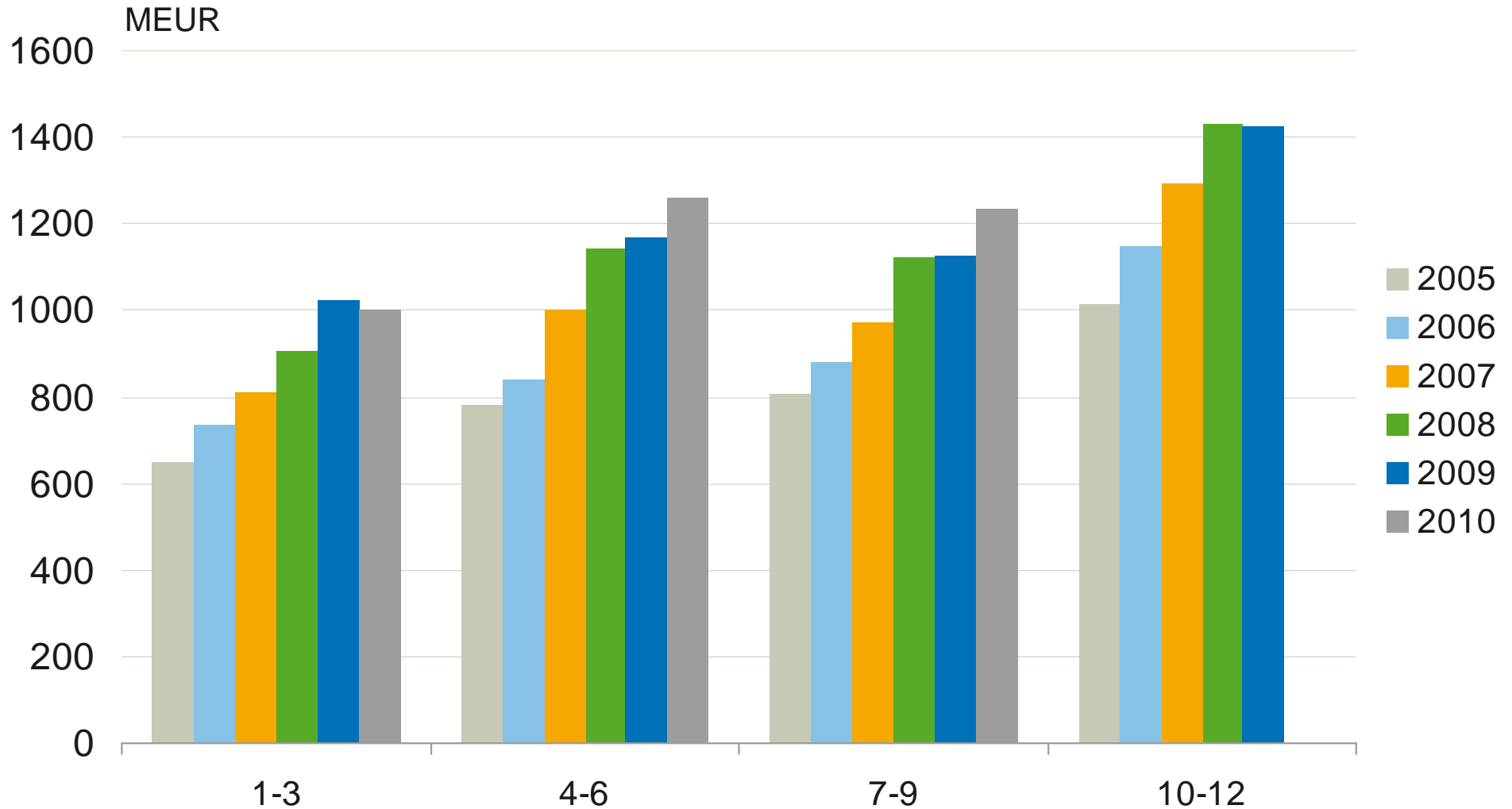
1) Operating income, including the one-time cost of EUR 33.6 million related to the fixed cost adjustment program, was EUR 364.0 million.

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

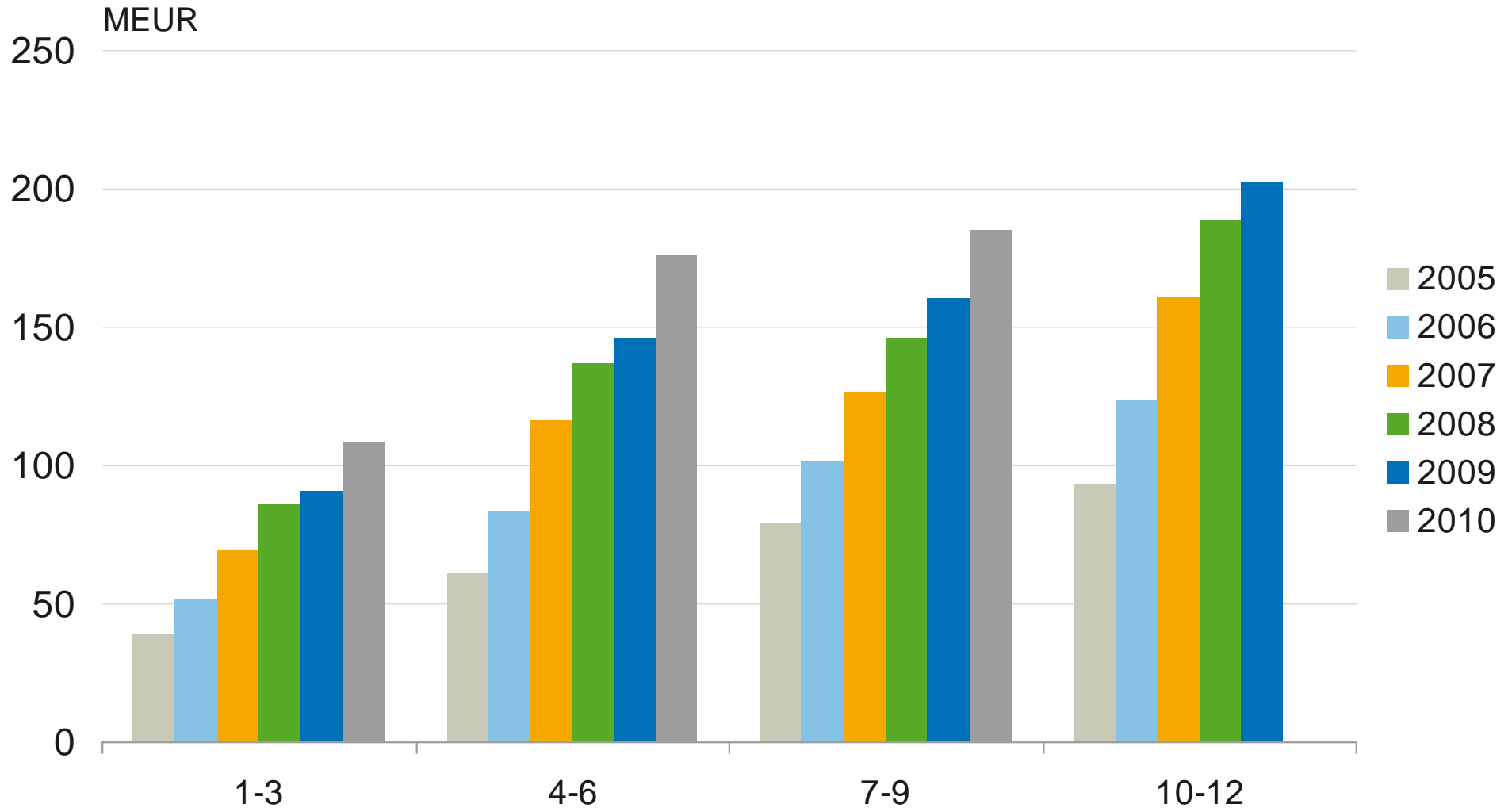
Q3 2010: Strong level of orders received in Asia-Pacific



Q3 2010: Continued good sales growth driven by Asia-Pacific



Q3 2010: Strong growth in operating income driven by both internal and external factors

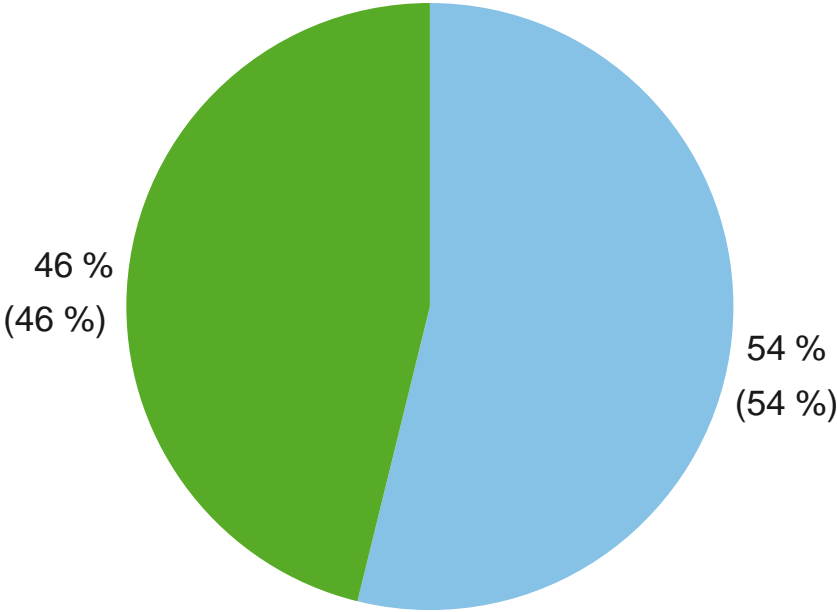


Note : Operating income excluding one-time items

January–September 2010: Both new equipment and service sales grew

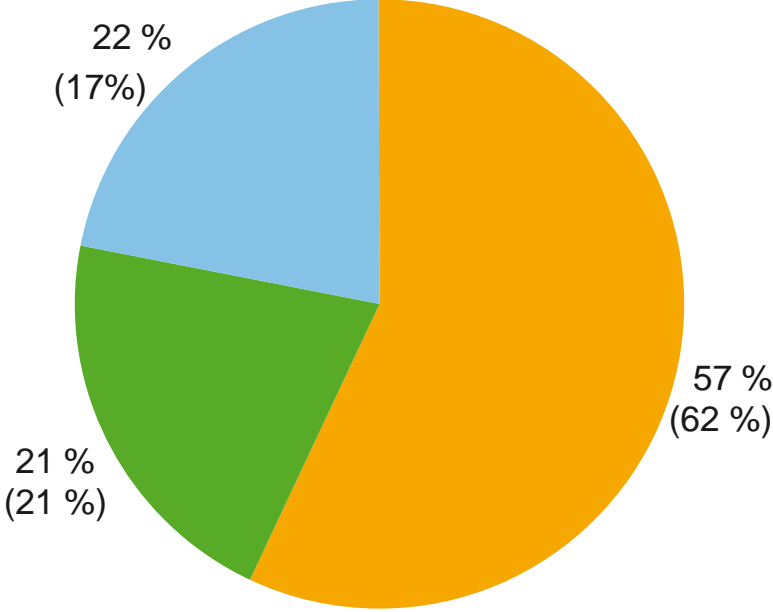


Sales by business



■ Service ■ New equipment

Sales by market



■ EMEA ■ Americas ■ Asia-Pacific

Q3 2010: The market situation continued to differ from country to country in EMEA



- Maintenance markets developed well, but price competition remained strong.
- Modernization markets were quite stable.
- New equipment markets
 - Growth in the residential markets in the UK, Sweden, Norway and Poland. The residential markets in Germany and Finland were stable at a good level.
 - Southern European markets remained weak. Decline in Spain continued. The commercial segment was burdened by high vacancy rates.
 - Markets in the Middle East continued to develop positively, particularly in Abu Dhabi and Saudi Arabia.

Q3 2010: The new equipment market in the Americas has stabilized at a low level



- Maintenance markets developed rather well, but were very competitive.
- Modernization activity increased in the United States slightly. The modernization market in Canada remained stable.
- New equipment markets
 - In the United States, the new equipment market remained challenging and uncertain. Price competition continued to be very intense. Tendering activity in infrastructure and publicly funded projects declined.
 - In Canada, the new equipment market remained rather active.
 - The markets in Mexico continued to recover, albeit slowly.

Q3 2010: Continued good growth in Asia-Pacific



- Modernization and maintenance markets continued to develop favorably.
- New equipment markets
 - In China, all segments continued to grow.
 - In India, tendering activity continued to grow in the residential segment, affordable housing in particular.
 - In Australia, housing construction activity was at a low level due to financing constraints, but tendering activity increased slightly.
 - In Southeast Asia, market growth strengthened.

Good progress in our development programs



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

Market outlook 2010 (specified)



- The new equipment markets in Asia-Pacific are expected to continue to grow, albeit at a lower rate than during the first half of the year. In Central and North Europe, the positive development in residential construction is expected to continue in most countries, while the markets in South Europe are stabilizing at a low level. The new equipment market in North America has stabilized at a low level. The development of the markets in South Europe and North America remains uncertain and their recovery is expected to be slow.
- The modernization markets are expected to be at about last year's level.
- The maintenance markets are expected to continue to develop well, but remain very competitive.

Outlook 2010 (upgraded)



- KONE's net sales is estimated to grow 2–6% compared to 2009.
- The operating income (EBIT) is expected to be in the range of EUR 660–690 million.



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