

KONE Financial Statements 2010

January 26, 2011

President and CEO, Matti Alahuhta

Q4 2010: Strong order intake and record operating income



		Q4/2010	Q4/2009	Historical change	Comparable change
Orders received	MEUR	1,006.3	813.5	23.7%	16.0%
Order book	MEUR	3,597.8	3,309.1	8.7%	0.6%
Sales	MEUR	1,488.8	1,426.8	4.3%	-1.4%
Operating income	MEUR	227.3	202.7	12.1%	
Operating income	%	15.3	14.2		
Cash flow from operations (before financial items and taxes)	MEUR	195.1	198.2		

2010: Strong performance throughout the year

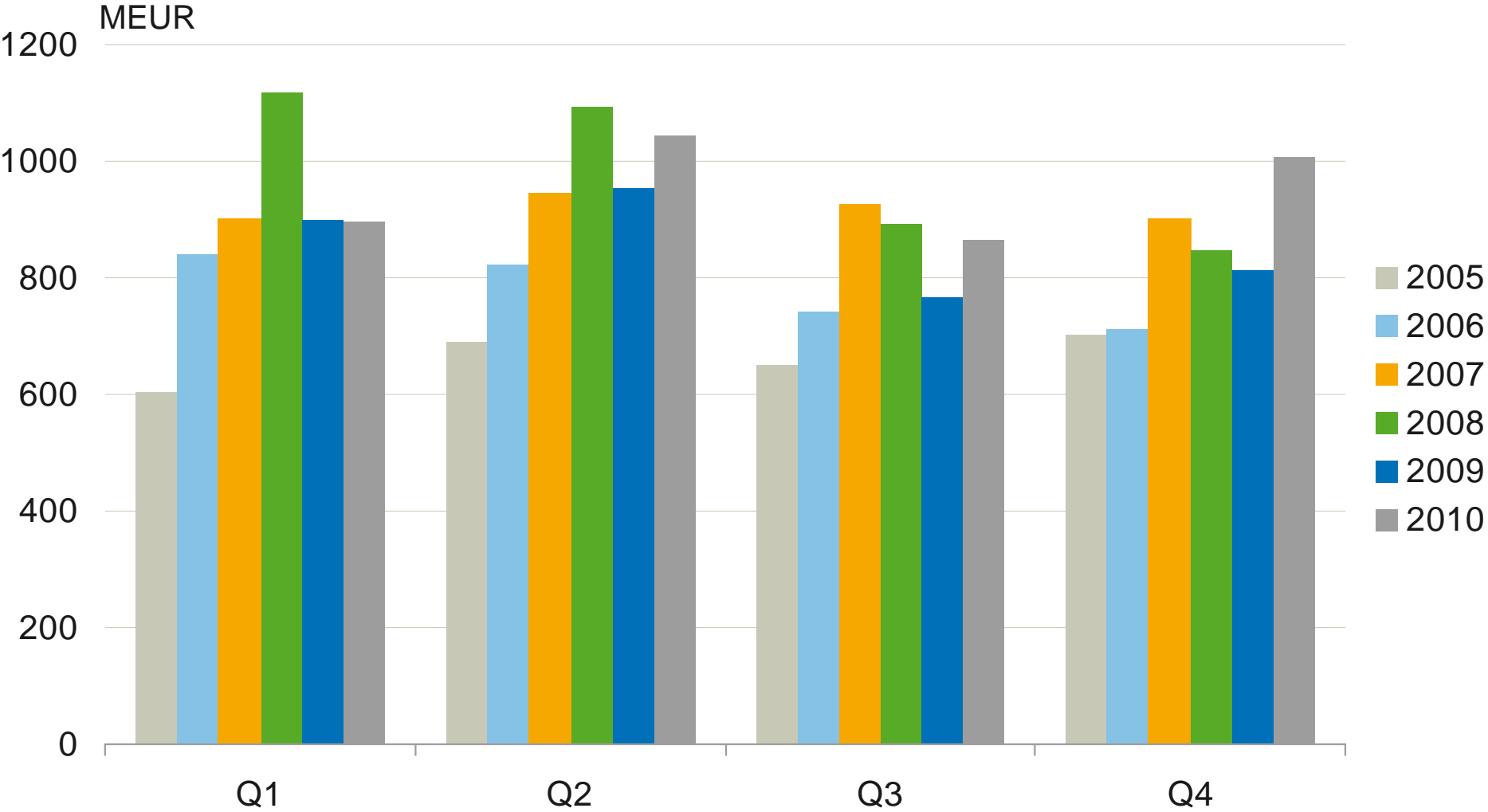


		2010	2009	Historical change	Comparable change
Orders received	MEUR	3,809.0	3,432.4	11.0%	6.0%
Order book	MEUR	3,597.8	3,309.1	8.7%	0.6%
Sales	MEUR	4,986.6	4,743.7	5.1%	0.6%
Operating income	MEUR	696.4	600.3 ¹⁾	16.0%	
Operating income	%	14.0	12.7 ¹⁾		
Cash flow from operations (before financial items and taxes)	MEUR	857.2	825.1		
Dividend	EUR	0.90 ²⁾	1.30		

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.

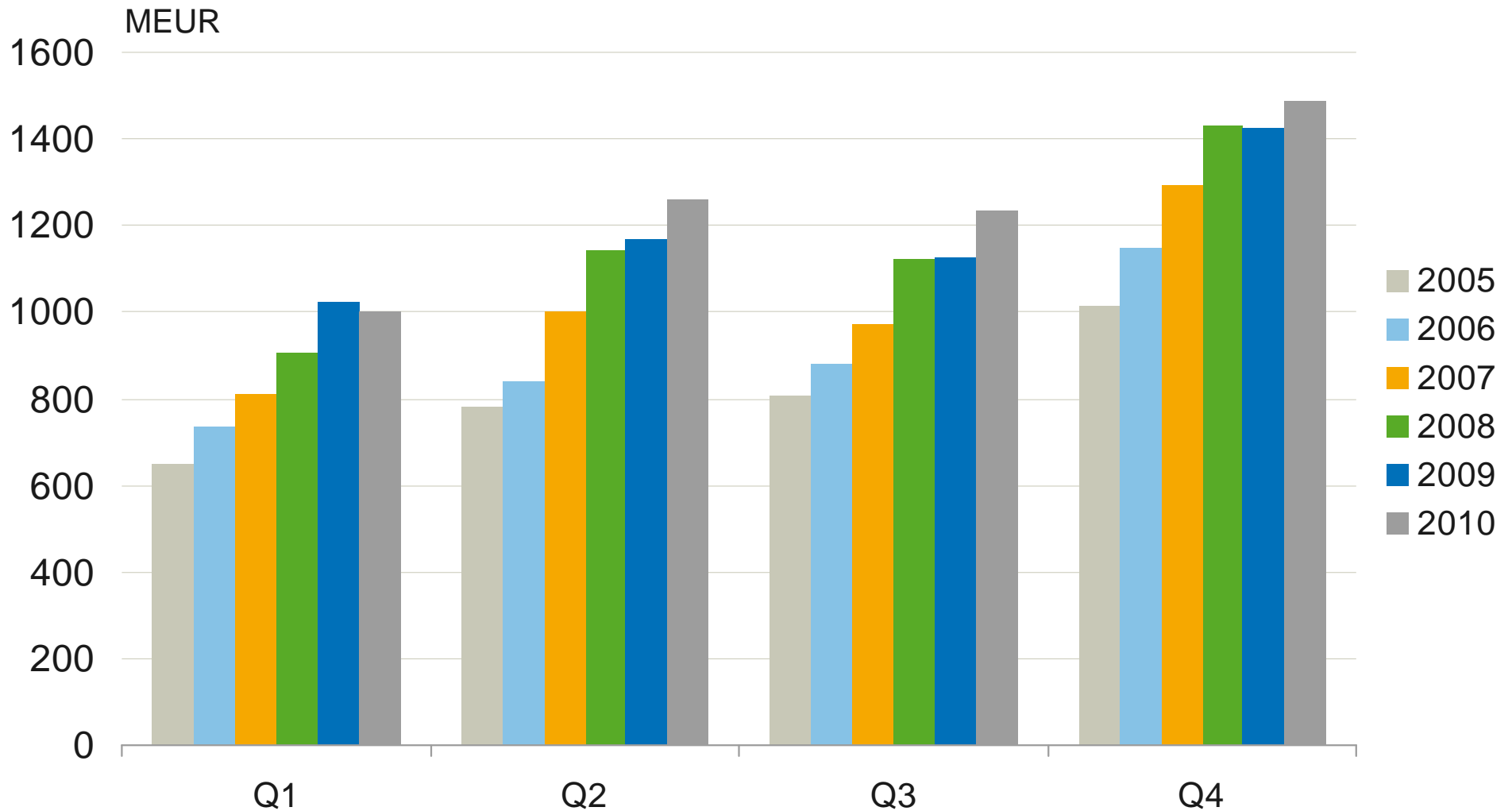
2) Board's proposal to the AGM.

Q4 2010 Orders received: Growth in all regions

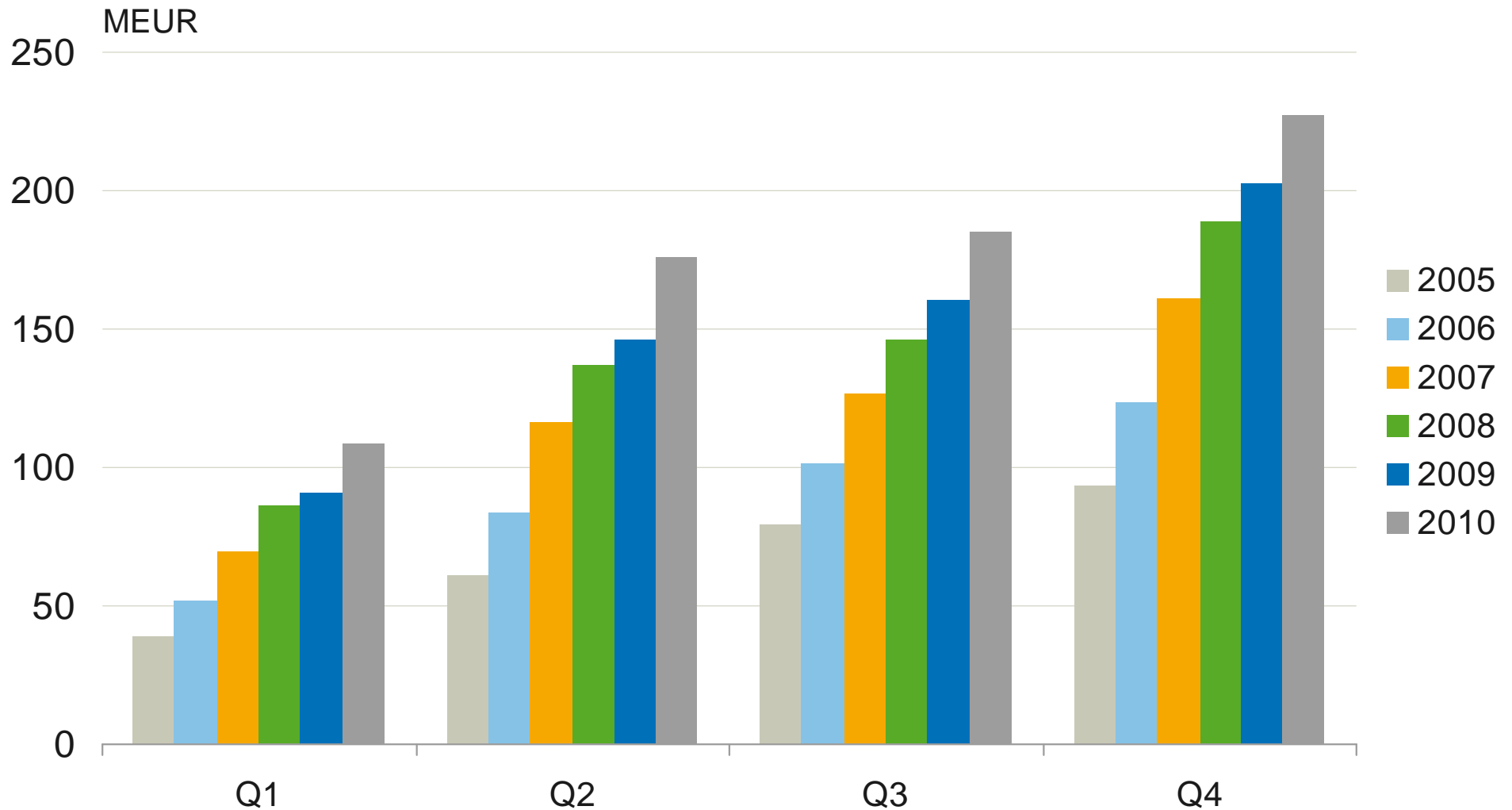


Q4 2010 Sales:

Growth in both new equipment and service



Q4 2010 Operating income: Record high operating income of EUR 227 million

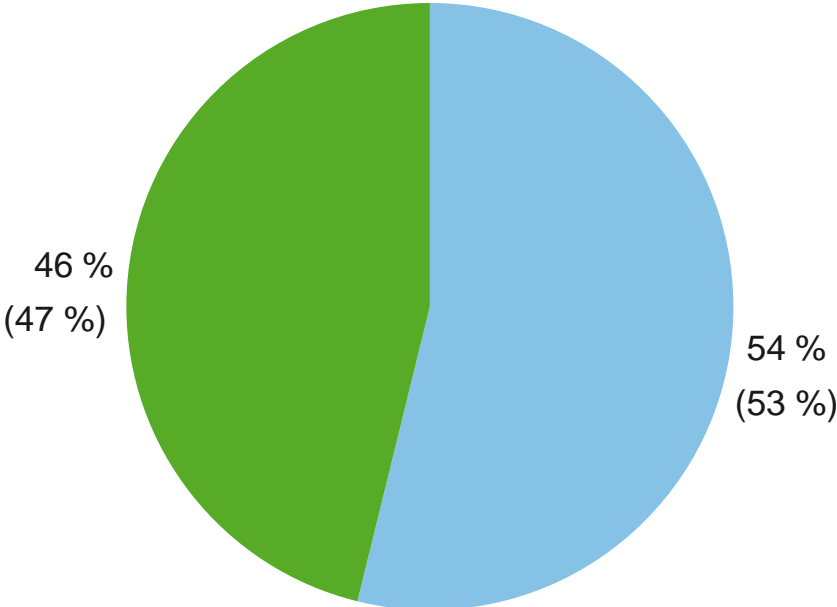


Note : Operating income excluding one-time items

2010: The share of Asia-Pacific continued to grow

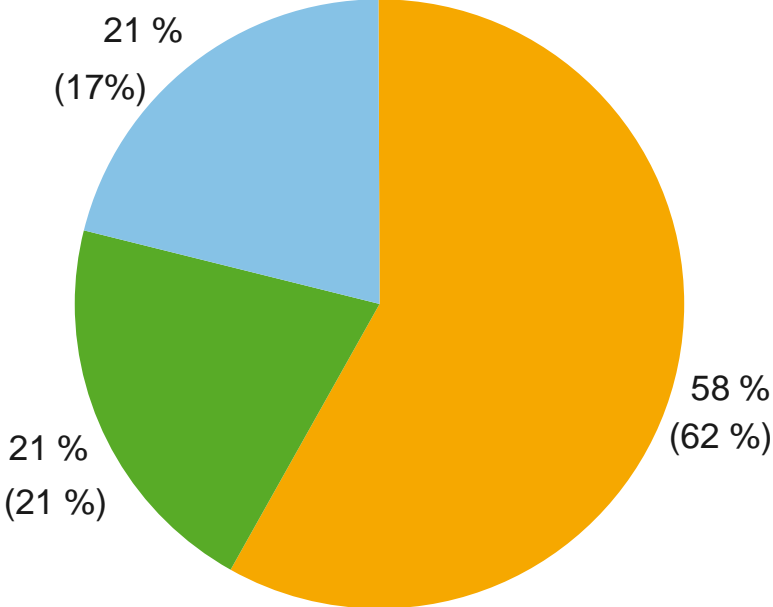


Sales by business



■ Service ■ New equipment

Sales by market



■ EMEA ■ Americas ■ Asia-Pacific

Q4 2010 EMEA: The business environment continued to differ from country to country



- Maintenance markets continued to develop well, but price competition remained strong.
- Modernization markets were quite stable.
- New equipment markets
 - Growth in the residential markets in the UK, Sweden and Norway. Market activity in Germany and Finland was stable at a good level.
 - The residential markets in France and Italy remained stable at a low level. Decline in Spain continued.
 - Markets in the Middle East continued to develop positively, particularly in Abu Dhabi, Saudi Arabia and Qatar.

Q4 2010 Americas: Early signs of improved activity in the US, rather good activity in Canada and Mexico



- Maintenance markets developed rather well, but were very competitive.
- Modernization markets grew slightly.
- New equipment markets
 - In the United States, the new equipment market remained stable at a low level, but showed some early signs of improved activity. Price competition continued to be very intense.
 - In Canada, the new equipment market remained rather active.
 - In Mexico, the gradual recovery of the market continued to progress.

Q4 2010 Asia-Pacific: Continued good growth



- Modernization and maintenance markets continued to develop favorably.
- New equipment markets
 - In China, all segments grew. Growth was fastest in the affordable housing segment.
 - In India, growth slowed down due to increasing interest rates and funding constraints.
 - In Australia, tendering activity was at a healthy level, but financing constraints had a negative impact on the new equipment market.
 - In Southeast Asia, growth strengthened primarily driven by the residential markets.

We achieved good results with the 2008–2010 Development Programs



Customer Focus

People Flow Solutions

Operational Excellence

Environmental Excellence

People Leadership

New Development Programs to accelerate the improvement of our competitiveness



Customer Experience

Employee Engagement

Innovative Solutions
for People Flow™

Service Leadership

Delivery Chain Excellence



MEGATRENDS

- Urbanization
- Aging population
- Safety
- Environment

STRATEGIC TARGETS

Customer loyalty

Great place to work

Profitable growth

Best People Flow™ experience

Vision

KONE delivers the best People Flow™ experience

DEVELOPMENT PROGRAMS

Customer Experience

Employee Engagement

Innovative Solutions for People Flow™

Service Leadership

Delivery Chain Excellence

HIGH PRIORITY AREAS

Safety

Quality

Simplification

VALUES



Delighting the Customer

Energy for Renewal

Passion for Performance

Winning Together

KONE WAY



New long-term targets



Growth	Faster than the market
Profitability	EBIT 16%
Cash flow	Improved Working Capital Rotation



- The new equipment markets in Asia-Pacific are expected to continue to develop positively, although with certain regional differences. The recovery of the new equipment markets in Central and North Europe is expected to continue in most countries, whereas most markets in South Europe are expected to be relatively stable at the current low level. The new equipment markets in North America are expected to recover modestly.
- The modernization markets are expected to be at about last year's level.
- The maintenance markets are expected to continue to develop well.

Outlook 2011



- KONE's net sales is estimated to grow 0–5% at comparable exchange rates as compared to 2010.
- The operating income (EBIT) is expected to be in the range of EUR 700–750 million, assuming that translation exchange rates do not deviate materially from the situation of the beginning of 2011.



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