



KONE

KONE Financial Statements 2011

January 26, 2012

Matti Alahuhta, President & CEO

Q4 2011: Good development in a challenging environment



		Q4/2011	Q4/2010	Historical change	Comparable change
Orders received	MEUR	1,098.8	1,006.3	9.2%	9.3%
Order book	MEUR	4,348.2	3,597.8	20.9%	19.3%
Sales	MEUR	1,588.8	1,488.8	6.7%	6.9%
Operating income	MEUR	233.0	227.3	2.5%	
Operating income	%	14.7	15.3		
Cash flow from operations (before financial items and taxes)	MEUR	212.5	195.1		

2011: Record year in orders received and good overall performance in an uncertain environment

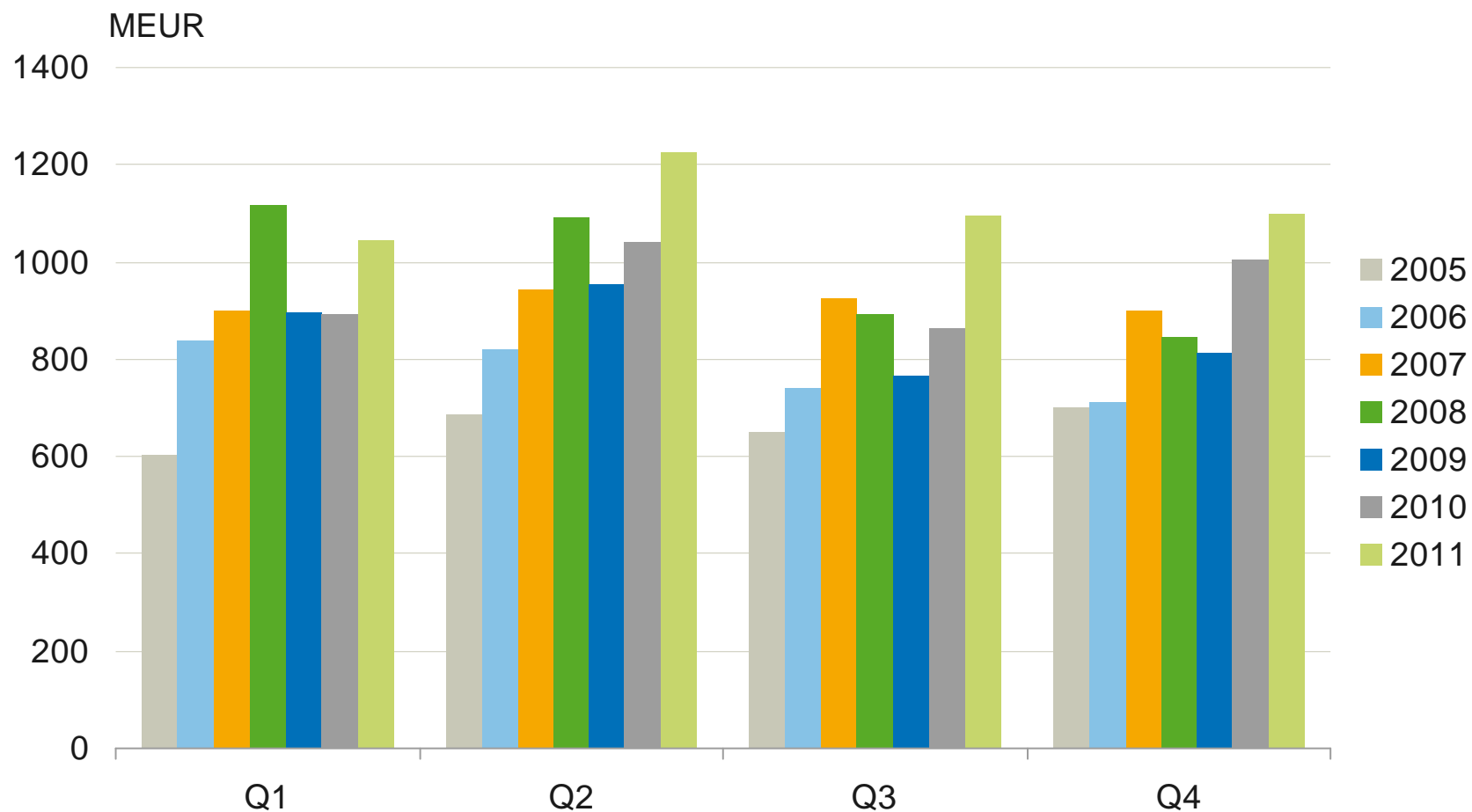


		2011	2010	Historical change	Comparable change
Orders received	MEUR	4,465.1	3,809.0	17.2%	17.8%
Order book	MEUR	4,348.2	3,597.8	20.9%	19.3%
Sales	MEUR	5,225.2	4,986.6	4.8%	5.4%
Operating income	MEUR	725.1	696.4	4.1%	
Operating income	%	13.9	14.0		
Cash flow from operations (before financial items and taxes)	MEUR	819.8	857.2		
Basic earnings per share	EUR	2.52 ¹⁾	2.10		
Dividend	EUR	1.40 ²⁾	0.90		

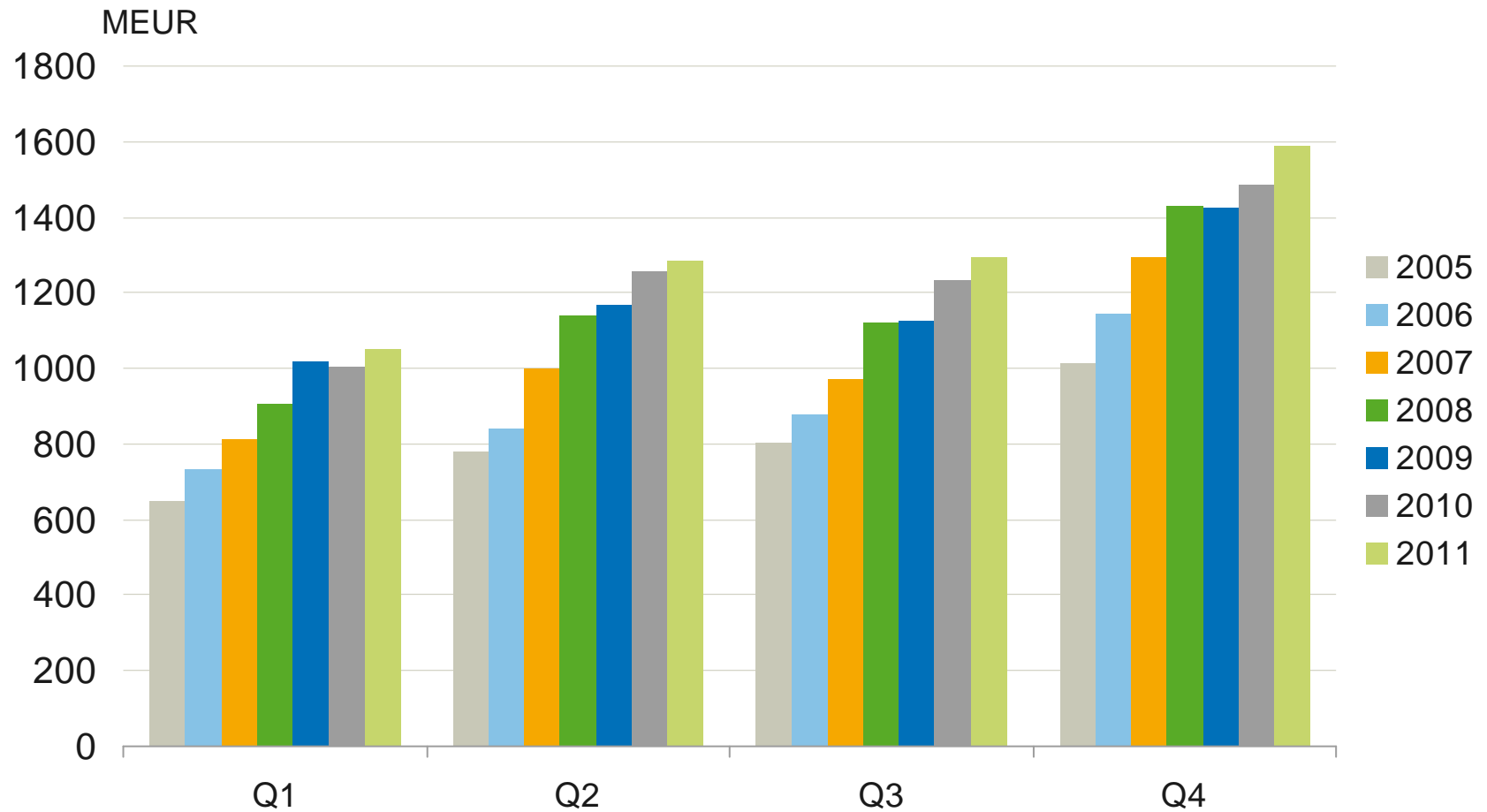
1) Including one-time gain from the revaluation of KONE's previously held stake in GiantKONE. Excluding this one-time gain, basic earnings per share is EUR 2.30.

2) Board's proposal to the AGM.

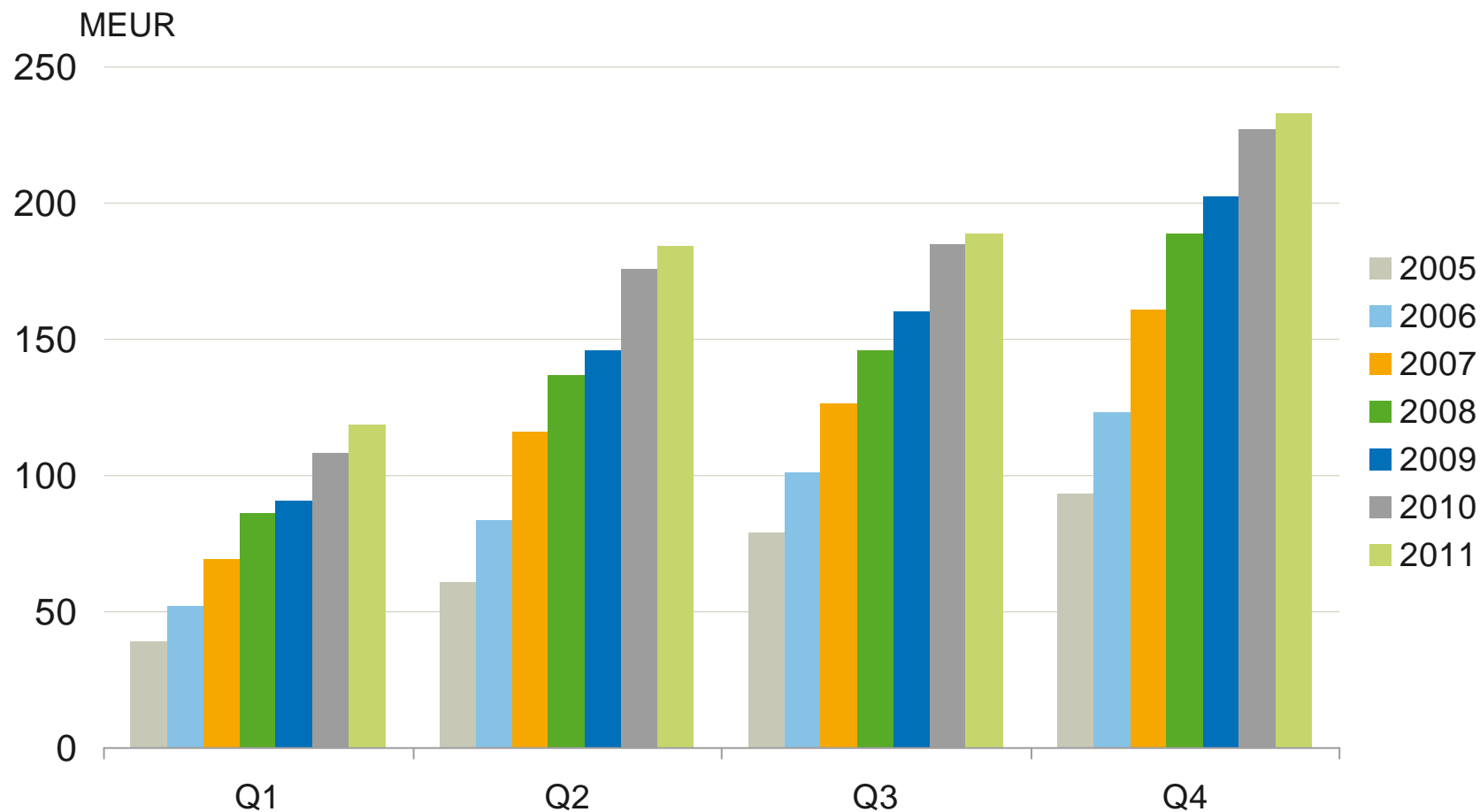
Q4 2011 Orders received: Growth in all geographies



Q4 2011 Sales: Very strong growth in Asia-Pacific



Q4 2011 Operating income: Slower growth due to increased labor costs in Asia, material costs and price competition

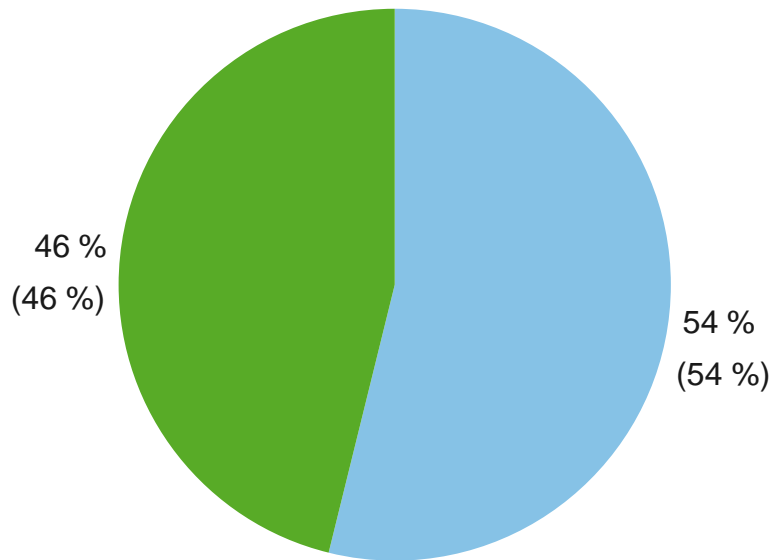


Note : Operating income excluding one-time items

2011: Development towards a more balanced geographical mix

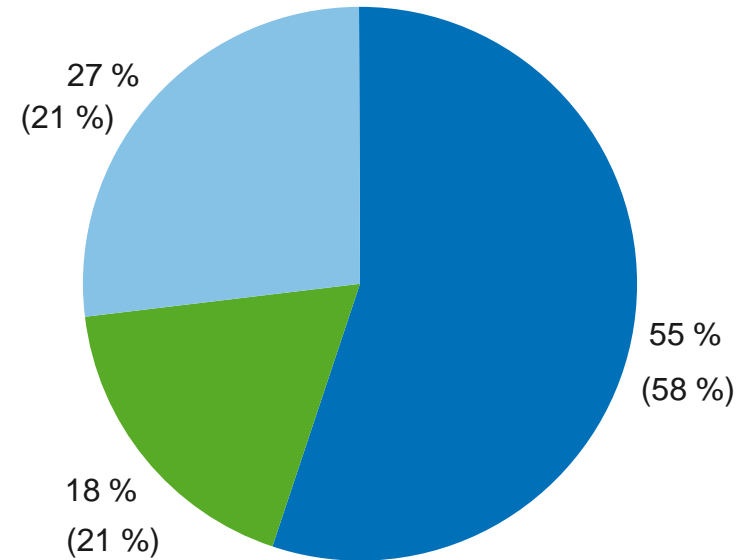


Sales by business



■ Service ■ New equipment

Sales by market

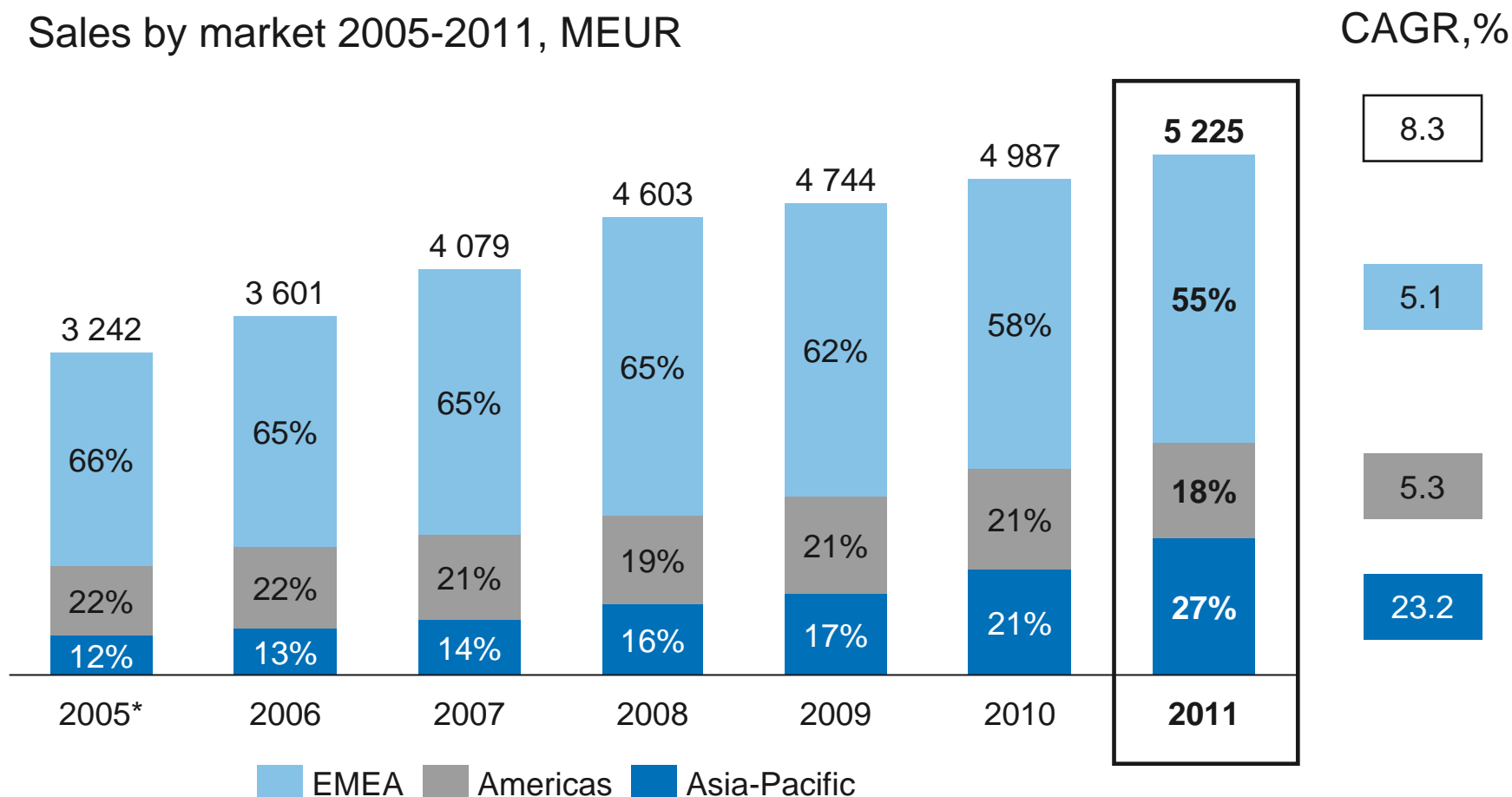


■ EMEA ■ Americas ■ Asia-Pacific

2011 Sales by market: Asia-Pacific's share of sales grew to 27% of total sales



Sales by market 2005-2011, MEUR



Q4 2011 EMEA: Mixed and uncertain market environment



New equipment markets

- In Central and North Europe, the market was stable.
- In South Europe, the market was weak.
- In the Middle East, the market grew in Saudi Arabia.
- In Russia, the market continued to grow.

Modernization markets

- Growth in Central and North Europe and decline in South Europe.

Maintenance markets

- Good development, but price competition remained intense.

Q4 2011 Americas: Continued gradual recovery from a low level in the new equipment market



New equipment markets

- In the United States, the gradual recovery of the market continued. The activity level varied significantly across the different regions and cities.
- In Canada, the market remained stable at a good level.
- In Mexico, the market continued to grow.

Modernization markets

- Rather stable markets.

Maintenance markets

- Good development, but price competition remained intense.

Q4 2011 Asia-Pacific: Rapid growth continued but at a lower rate than earlier in the year



New equipment markets

- In China, all segments except the infrastructure segment continued to grow, but at a lower rate.
- In India, the market grew slightly. The growth rate was clearly lower than in H1 2011 due to financing constraints.
- In Australia, the market declined due to longer lead times in decision-making.
- In Southeast Asia, markets remained strong.

Modernization markets

- Continued growth in Australia and other markets.

Maintenance markets

- Continued good development.

2011: KONE performed well in a demanding environment



- Very strong growth in orders received.
- Strong progress in the key growth markets in Asia-Pacific.
- Investments in future growth: Asia-Pacific, R&D and process development.
- Good development in quality and productivity.
- In modernization, growth in orders received and sales.
- Maintenance base exceeded 850.000 elevators and escalators in service.

KONE became the majority owner of GiantKONE – market share grew both in China and globally



- KONE increased its shareholding in GiantKONE from 40% to 80%.
- The acquisition was completed and GiantKONE consolidated as a subsidiary as of December 1, 2011.
- GiantKONE is one of the largest Chinese E&E companies.
- Key financial figures 2011:
 - Orders received: EUR 342 million
 - Sales EUR 247 million
 - EBIT margin: approximately 11%
 - Personnel: approximately 2000 employees
- KONE has an option to buy and Giant Holdings an option to sell the remaining 20%.

The financial impacts of GiantKONE's consolidation



- Financial impacts of consolidation in 2011:
 - One-time gain of EUR 63 million relating to the revaluation of the previously held 40% stake, recorded under the share of associated companies' net income.
 - A slight negative impact on KONE's operating income in Q4.

- Financial impacts of consolidation in 2012:
 - GiantKONE's EBIT contribution in 2012 is expected to be marginal due to intangible asset amortizations.

Good progress in our Development Programs



Customer Experience

Employee Engagement

Innovative Solutions
for People Flow™

Service Leadership

Delivery Chain Excellence

Our long-term financial targets remain intact



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 grow, but at a clearly lower rate than in 2011.

In new equipment, the markets in Central and North Europe are expected to remain relatively stable or decline slightly, and the markets in South Europe are expected to decline from an already weak level.

The new equipment market in North America is expected to gradually recover from a low level.

- The modernization markets are expected to be at about the same level as in 2011 or grow slightly.
- The maintenance markets are expected to continue to develop well.

Business outlook 2012



- KONE's net sales is estimated to grow by 8-13% at comparable exchange rates as compared to 2011.
- The operating income (EBIT) is expected to be in the range of EUR 730-790 million, assuming that translation exchange rates do not materially deviate from the situation of the beginning of 2012.



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