



KONE

Interim Report for January-June 2008

July 22, 2008

President & CEO, Matti Alahuhta

Q2/08 Strong growth in orders received and operating income continued



		4-6/2008	4-6/2007	Historical change	2007
Orders received	MEUR	1,092.4	944.4	16%	3,674.7
Order book	MEUR	3,838.7	3,318.0	16%	3,282.3
Sales	MEUR	1,142.1	1,001.9	14%	4,078.9
Operating income	MEUR	136.7	116.4	17%	473.2 ¹⁾
Operating income	%	12.0	11.6		11.6 ¹⁾
Cash flow from operations (before financial items and taxes)	MEUR	118.9	-37.4		380.0

1) Excluding an expense of EUR 142.0 million relating to the European Commission's fine decision, a EUR 22.5 million provision for the Austrian Cartel Court's fine decision and a EUR 12.1 million profit from the sale of the KONE Building

January-June 2008 Strong growth in orders received and operating income continued

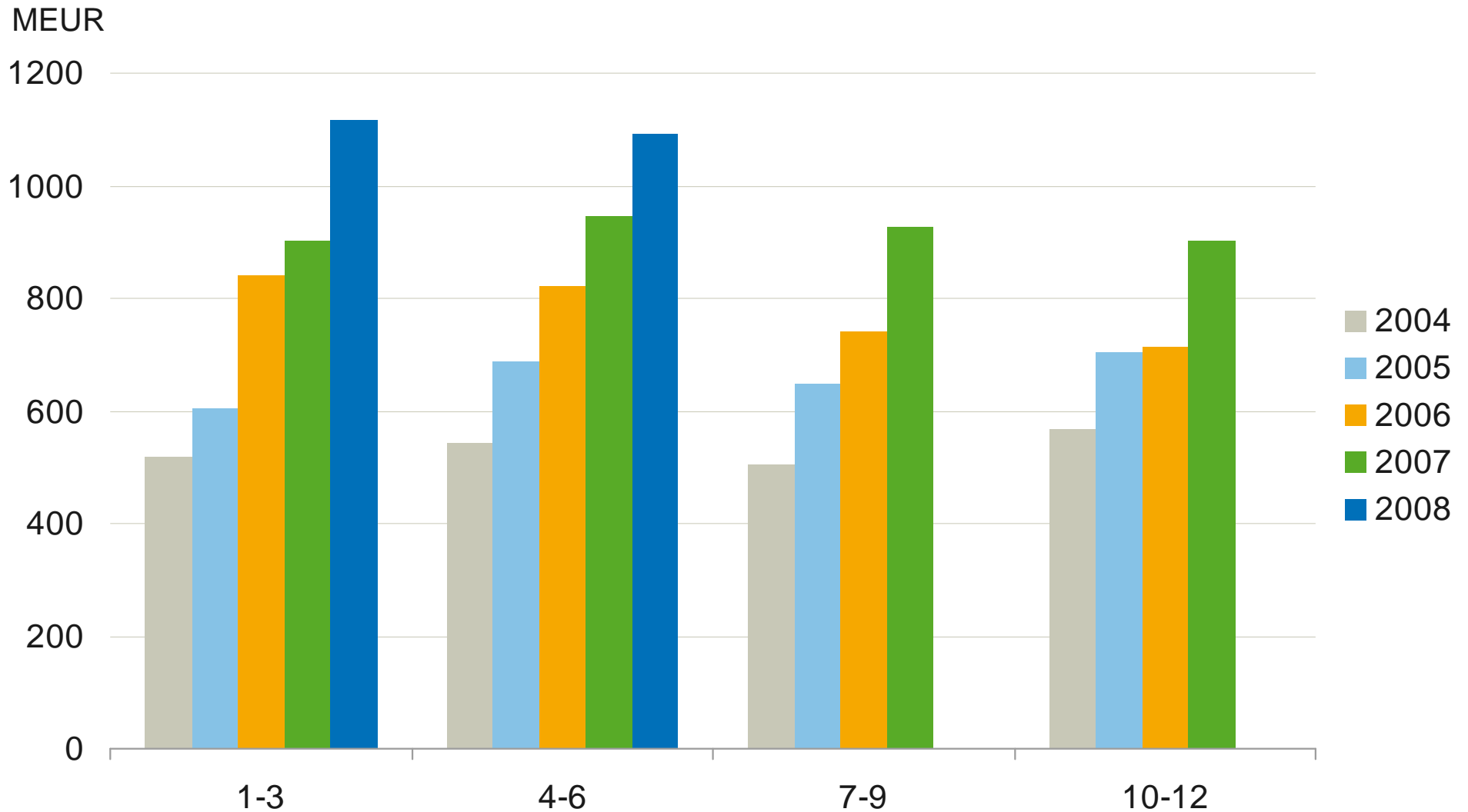


		1-6/2008	1-6/2007	Historical change	2007
Orders received	MEUR	2,209.9	1,846.5	20%	3,674.7
Order book	MEUR	3,838.7	3,318.0	16%	3,282.3
Sales	MEUR	2,047.4	1,813.1	13%	4,078.9
Operating income	MEUR	223.2	185.7 ¹⁾	20%	473.2 ²⁾
Operating income	%	10.9	10.2 ¹⁾		11.6 ²⁾
Cash flow from operations (before financial items and taxes)	MEUR	285.5	105.3		380.0

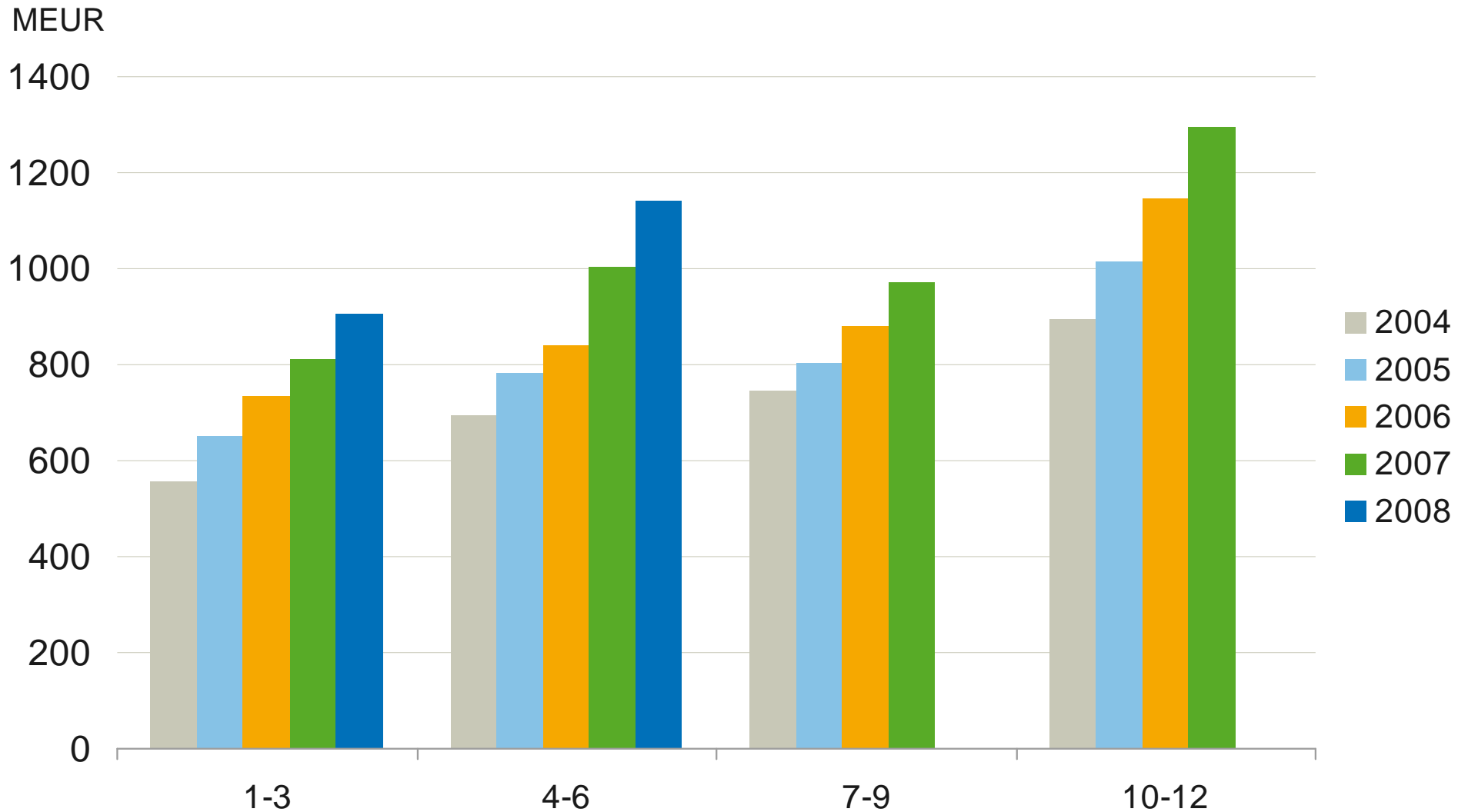
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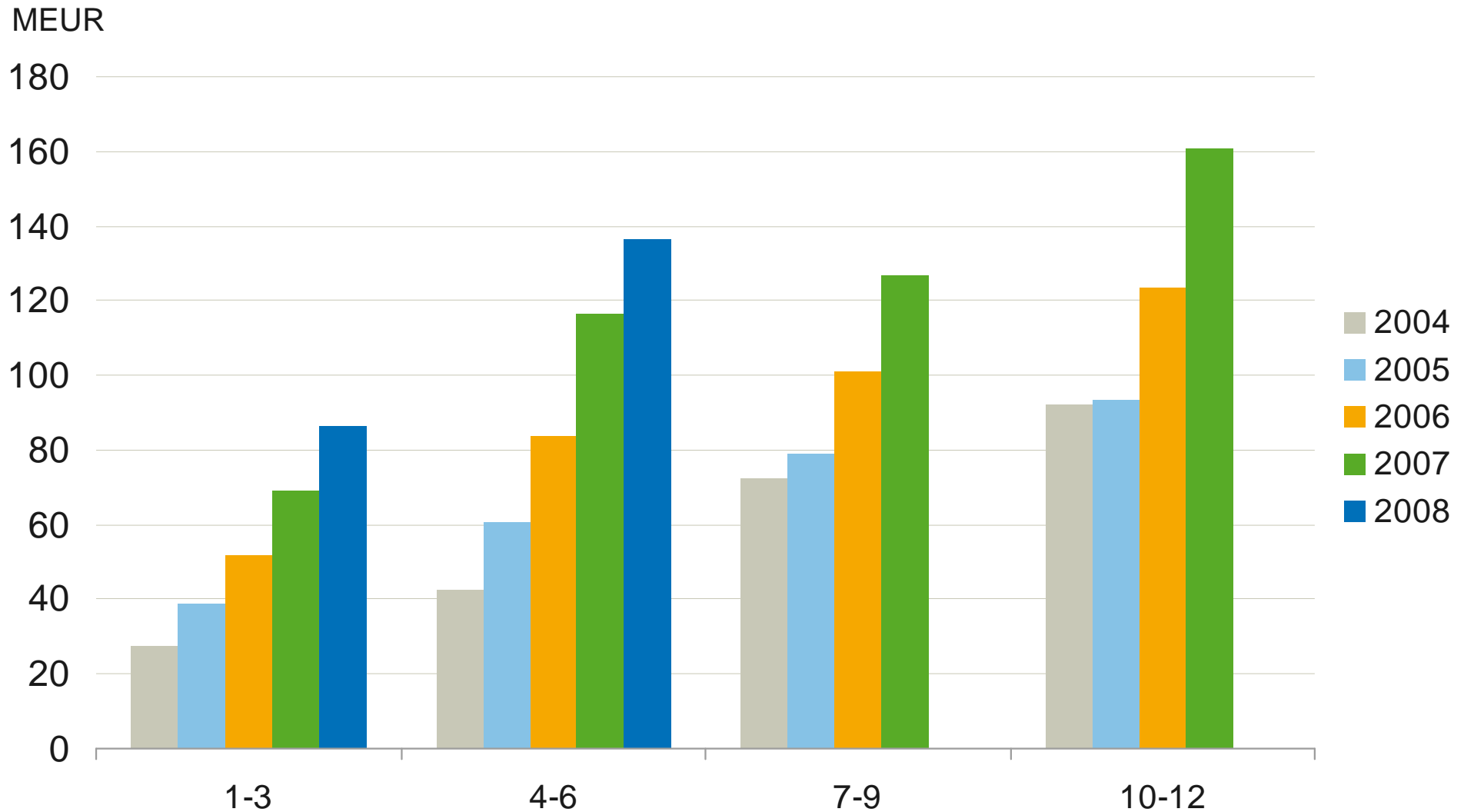
Q2/08 Highest growth in orders received in Asia-Pacific and the Americas



Q2/08 Sales growth fastest in Asia-Pacific



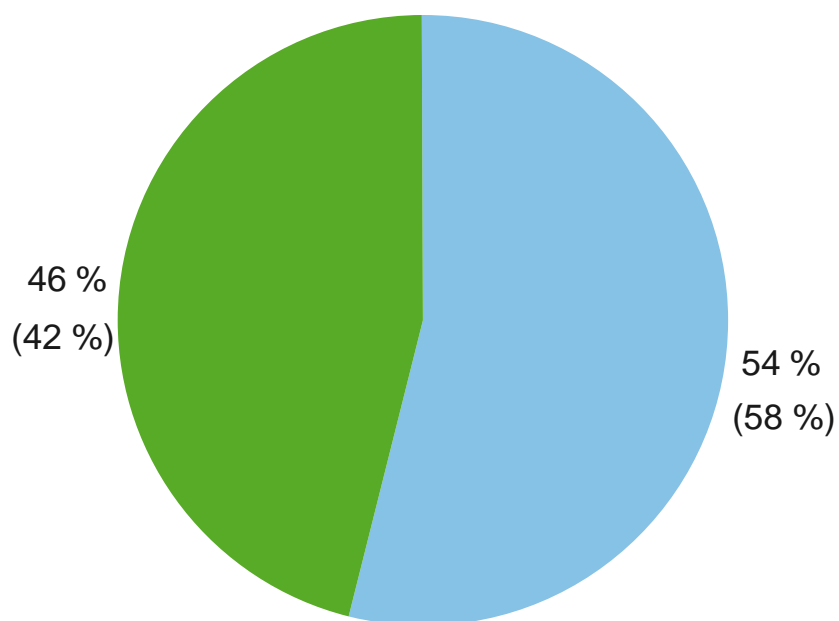
Q2/08 EBIT growth continued to be driven by sales growth and productivity improvement



January-June 2008 Sales split, %

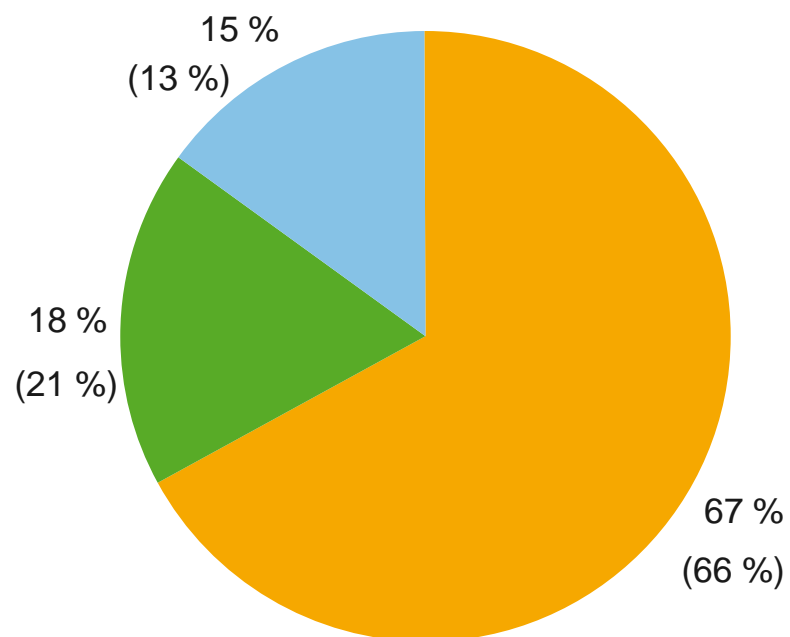


Sales by business



■ Service ■ New equipment

Sales by market



■ EMEA ■ Americas ■ Asia-Pacific



- New equipment market continued to provide opportunities for growth
 - Fast market growth in the Middle East and Russia
 - Residential market was weaker in the UK, Scandinavia, Italy and especially in Spain
 - Major Project market continued to develop well
- In maintenance and modernization, market growth was good but competition was increasingly intensive



- New equipment market
 - Continued weakness in the US residential market
 - The overall US market went somewhat down
 - Canada & Mexico continued to be rather stable

- In maintenance and modernization, markets continued to develop well



- Very fast growth continued in China. Good growth both in residential and office building markets
- Good market growth continued in India. Fastest growth in 2nd and 3rd tier cities
- In Australia, market activity shifted from the residential market to the commercial segment

Activities in new development programs have started well



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

Long-term financial targets



Growth	Faster than market
Profitability	EBIT 14%
Cash flow	Improving Working Capital



- KONE's target for 2008 is to achieve, at comparable exchange rates, a growth of more than 10 percent in net sales compared to 2007
- The operating income (EBIT) target is to achieve a growth close to 20 percent compared to the 2007 figure of EUR 473 million
- This corresponds to an operating income (EBIT) margin of at least 12.0 percent

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