

# KONE Financial Statements 2008

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# Q4 2008: Good growth in sales and EBIT



		Q4/2008	Q4/2007	Historical change	Comparable change
Orders received	MEUR	845.2	901.9	-6%	-6%
Order book	MEUR	3,576.7	3,282.3	9%	13%
Sales	MEUR	1,431.6	1,294.2	11%	13%
Operating income	MEUR	189.2	160.8 <sup>1)</sup>		
Operating income	%	13.2	12.4 <sup>1)</sup>		
Cash flow from operations (before financial items and taxes)	MEUR	88.5	116.0		

1) Excluding a EUR 22.5 million provision for the Austrian cartel Court's fine decision and a EUR 12.1 million sales profit from the sale of KONE Building.

# 2008: Strong profitable growth

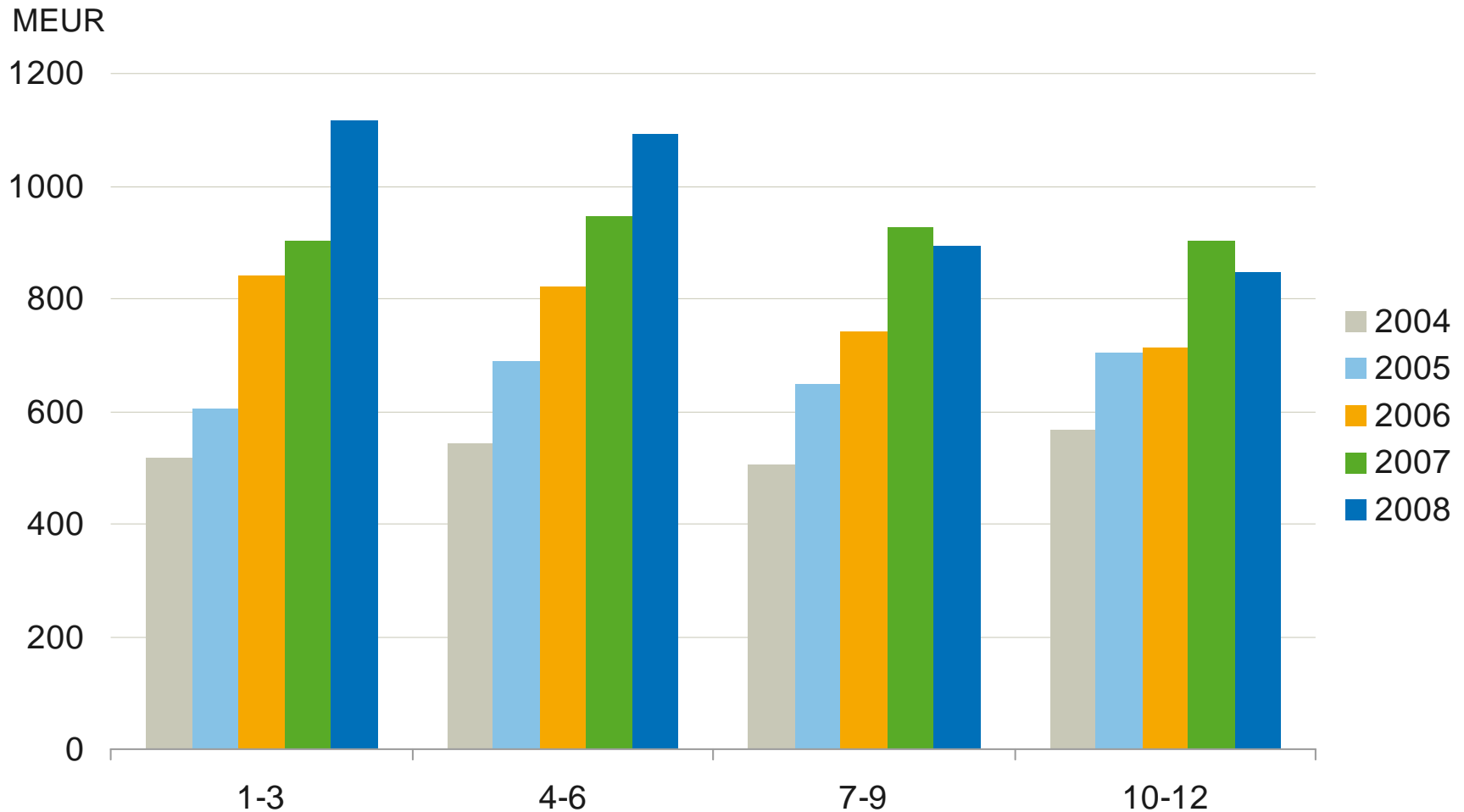


		2008	2007	Historical change	Comparable change
Orders received	MEUR	3,947.5	3,674.7	7%	12%
Order book	MEUR	3,576.7	3,282.3	9%	13%
Sales	MEUR	4,602.8	4,078.9	13%	17%
Operating income	MEUR	558.4	473.2 <sup>1)</sup>		
Operating income	%	12.1	11.6 <sup>1)</sup>		
Cash flow from operations (before financial items and taxes)	MEUR	527.4	380.0		

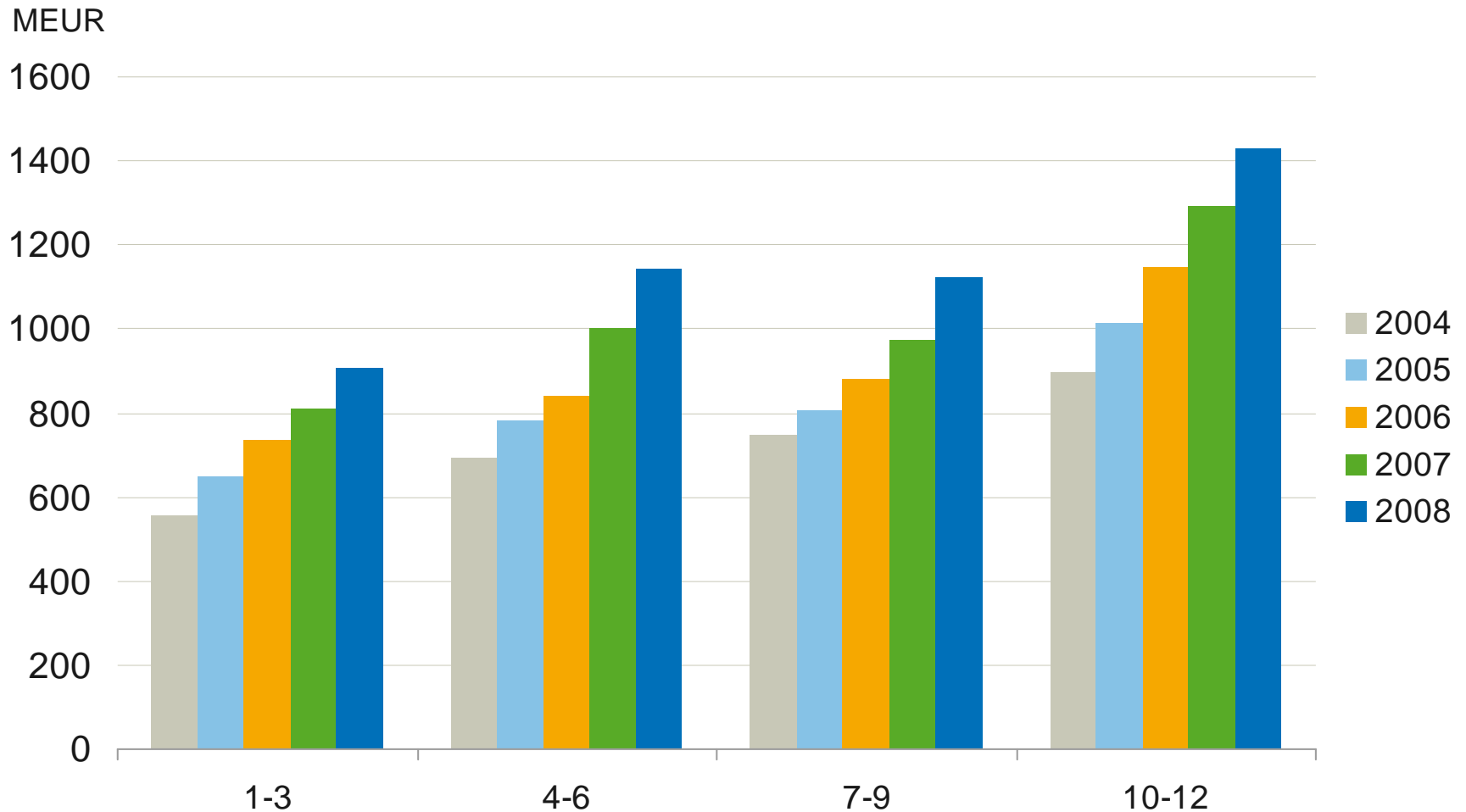
1) Excluding an expense of EUR 142.0 million relating to the European Commission's fine decision, a EUR 22.5 million provision for the Austrian Cartel Court's fine decision and a EUR 12.1 million profit from the sale of the KONE Building

\* Official closing currency rates

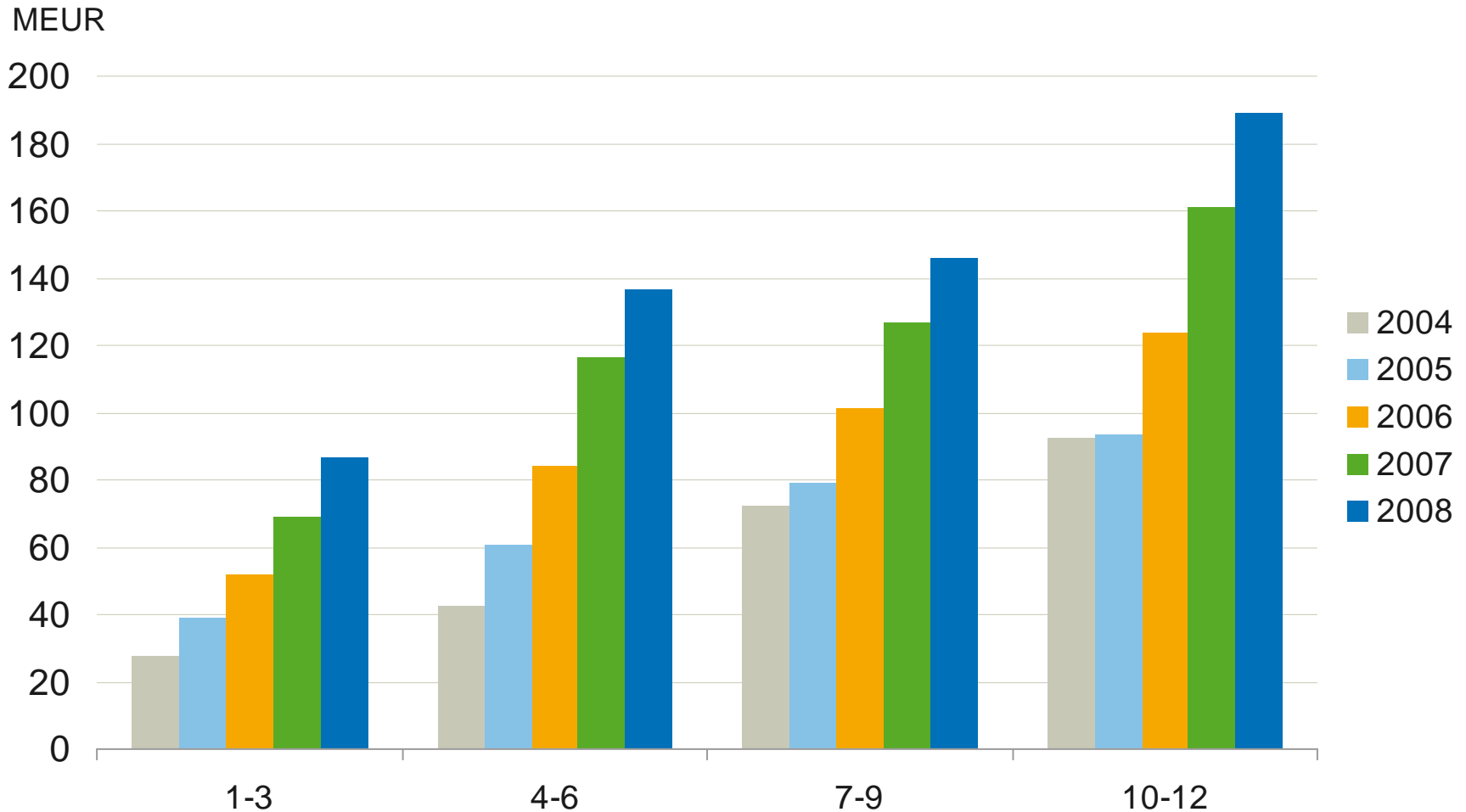
# Q4 2008: Orders received growth was fastest in Asia-Pacific



# Q4 2008: Sales growth was fastest in Asia-Pacific



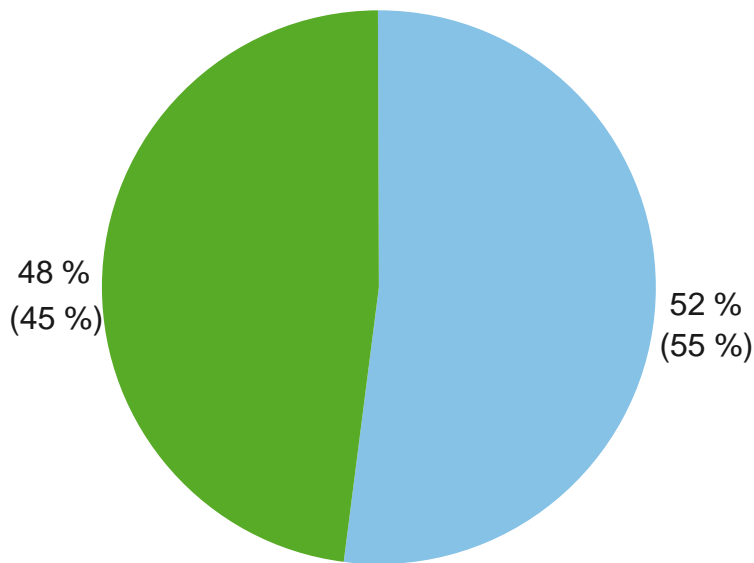
# Q4 2008: EBIT growth was driven by sales and productivity growth



# 2008: Good growth in new equipment, but also in modernization and maintenance

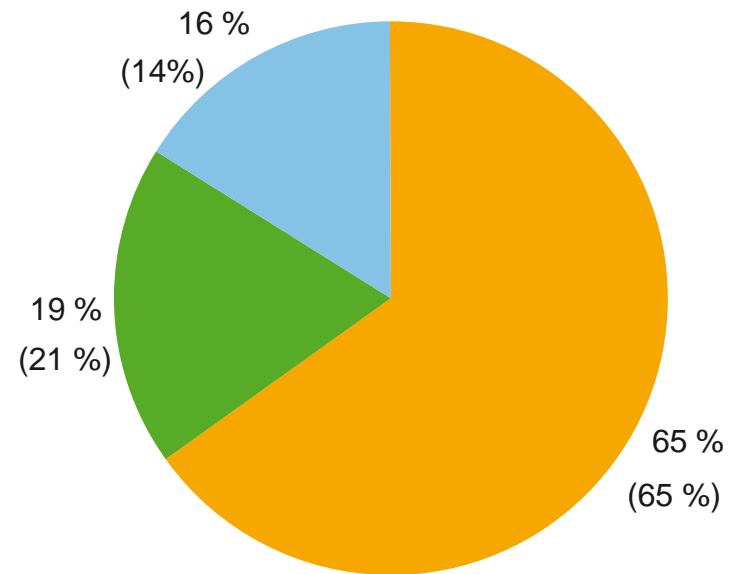


## Sales by business



■ Service ■ New equipment

## Sales by market



■ EMEA ■ Americas ■ Asia-Pacific

# Q4 2008: In EMEA, new equipment market declined because of the weakening economy



- Maintenance markets have continued to develop well.
- Modernization markets were somewhat negatively impacted.
- New equipment market continued to weaken
  - Weakened strongly in the United Kingdom, Russia and at the end of the year also in the UAE.
  - North European market experienced increasing hesitation in decision making.
  - Market continued to weaken in Southern European residential markets.

# Q4 2008: Market continued to weaken in the Americas



- Maintenance markets continued to develop favorably.
- In modernization, some negative impact
- New equipment market continued to decline
  - Decreased in all sectors.
  - The market in Canada was still rather resilient.
  - Mexico continued to follow the development in the United States.

# Q4 2008: Growth was slowing down in new equipment in Asia-Pacific



- The modernization and maintenance markets continued to develop favorably.
- In China, the new equipment market growth slowed down towards the end of the year.
- In India, market activity continued to suffer from high interest rates and cost inflation.
- In Australia, commercial market cooled down somewhat – the residential continued to slow down.

# 2008: KONE had positive progress in all continents



- In EMEA
  - Most markets contributed positively to orders received growth.
  - Market share gains in many countries.
  - Good progress in modernization.
  - Maintenance base growth accelerated.
  
- In the Americas
  - Market share gains in a declining market.
  - Overall good development.
  
- In Asia-Pacific
  - One of the fastest growing companies in the industry, especially in China
  - Maintenance base developed favorably.

# Development programs continued to improve KONE's competitiveness



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

# 2009: KONE's objective is to also use this market phase as an opportunity



- To continue to gain market share and put the company into a great shape
  - In quality
  - In maintenance and installation productivity
  - In working capital rotation
  
- To continue the strong development of the service business
  - Maintenance
  - Modernization
  
- To differentiate in product competitiveness
  - Design
  - Eco-efficiency



- The new equipment market will continue to decline because of the weakening global economy.
- Modernization will be less impacted.
- The maintenance market will continue to develop well.



- In net sales, KONE's objective is to reach a growth of 5 percent or at least approximately the net sales level of 2008.
- In operating income (EBIT), the objective is to reach a growth of 5 percent or at least approximately the operating income level of 2008.

*Dedicated to People Flow™*

