

- KONE Elevators & Escalators: January–March 2005
 - *Matti Alahuhta*, President, KONE Corporation
 - Followed by a Q&A session
- Kone Cargotec: January–March 2005
 - *Carl-Gustaf Bergström*, President, Kone Cargotec
 - Followed by a Q&A session

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KONE Elevators & Escalators: Jan–March 2005 Pro forma

Matti Alahuhta, President of KONE Corporation



Quarterly comparison (Pro forma)



- Performance improved during the first quarter of 2005

		Q1/2005	Q1/2004	Change*
Orders	MEUR	604	518	17%
Order book	MEUR	2,023	1,907	6%
Sales	MEUR	649	557	17%
Operating income**	MEUR	39.0	27.4	42%
Operating income**	%	6.0	4.9	

* official currency rates

** excluding the MEUR 89.2 provision for the development and restructuring program

- In Europe, moderate growth in demand
 - KONE's order intake rose, modernizations strongest
- In North America, new equipment demand picked up, price pressure eased slightly
 - KONE posted strong order intake for new equipment and modernizations
- In Asia-Pacific, market growth continued; strongest in India
 - KONE's order intake growth moderate; same growth level as in Q4/2004

- New equipment
 - Installations increased to normal levels from weak Q1/2004
- Service business
 - Modernization revenue showed significant growth
 - Maintenance continued steady growth with moderate price increases
 - Automatic building door service continued steady growth
- Geographically, KONE U.S. business was the strongest single contributor to operating income growth

In our focus (28.1.&17.3.)



- Emphasis on growth
 - in particular in Asia (China, India) and Russia
- Product portfolio
 - to respond better to market requirements in Asia and the U.S.A.
- Cost competitiveness of new equipment
 - development and restructuring program
- Operational excellence
 - better alignment of global and local activities

Actions boosting growth



- Asia
 - Thai Lift Industries Plc
 - Giant Kone Elevator Company Ltd
 - KONE Toshiba escalator production
- Europe
 - Karacharovo Mechanical Factory (KMZ) in Moscow
- North America
 - strong order intake (Trump Tower and modernizations)

Core of KONE strategy



- *KONE gives a performance edge to its customers with innovative services and solutions.*
- *Simultaneously, KONE's products and services are cost-competitive and its processes characterized by globally aligned operational excellence.*

Operational mode to support strategy



- Clarity and strength to matrix structure and new responsibilities



- KONE reiterates its outlook for unchanged operative profitability for the calendar year 2005, disregarding the EUR 89.2 million costs of the development and restructuring program.
- KONE's focus is on implementing the necessary changes to enable faster-than-market growth and improving profitability from 2006.
- The key opportunity is to exploit better growth opportunities in Asia, particularly in China and India, as well as in Russia. Other areas of growth include the machine-room-less elevator, high-rise segments and the market for modernizations.

Consolidated Statement of Income



MEUR	1-3/2005	% 1-3/2004	% 1-12/2004*	% 1-12/2003
Sales	649.3	557.1	2,894.5	2,890.5
Costs and expenses	-684.8	-515.6	-2,601.5	-2,550.5
Depreciation	-14.7	-14.1	-58.4	-57.2
Operating income	-50.2	-7.7	27.4	4.9
Share of associated companies' income	0.5	0.5	1.3	1.6
Financing income and expenses	-2.1	-0.3	-2.7	-1.3
Income before taxes	-51.8	-8.0	27.6	5.0
Taxes	11.8	-8.0	-69.2	-76.4
Minority share	0.2	0.0	-0.1	-1.1
Net income	-39.8	-6.1	19.6	3.5

*) Disregarding EUR 15.3 million non-recurring income due to a provision reversal regarding disability pensions.

Consolidated Balance Sheet



Assets MEUR	31.3.2005	31.3.2004	31.12.2004	31.12.2003
Non-current assets				
Intangible assets	514.1	477.5	500.2	442.6
Tangible assets	213.9	195.4	186.8	182.7
Loans receivable and other Interest-bearing assets	68.7	50.7	77.1	60.0
Other non interest-bearing assets	126.0	101.9	97.7	103.1
Investments	189.9	149.0	158.4	171.5
Total	1,112.6	974.5	1,020.2	959.9
Current asset				
Inventories	159.7	129.6	130.3	114.3
Loans receivable and other Interest-bearing assets	0.5	0.7	0.8	0.5
Accounts receivable and other non interest-bearing assets	714.6	639.5	658.4	652.1
Cash and cash equivalents	112.2	375.8	255.1	388.3
Total	987.0	1,145.6	1,044.6	1,155.2
Total assets	2,099.6	2,120.1	2,064.8	2,115.1
Shareholders' equity and liabilities				
MEUR	31.3.2005	31.3.2004	31.12.2004	31.12.2003
Equity	681.8	504.9	726.8	621.3
Long-term liabilities	258.4	469.4	296.9	377.8
Provisions	216.0	161.1	143.3	148.9
Current liabilities	943.4	984.7	897.8	967.1
Total shareholders' equity and liabilities	2,099.6	2,120.1	2,064.8	2,115.1

Consolidated Cash Flow



MEUR	1-3/2005	1-3/2004	1-12/2004	1-12/2003
Operating income	-50.2	27.4	234.6	282.8
Change in working capital	104.3	27.6	-4.0	-14.9
Depreciation	14.7	14.1	58.4	57.2
Cash flow from operations	68.8	69.1	289.0	325.1
Cash flow from financial items and taxes	-62.5	-6.7	-55.3	-56.9
Cash flow from operating activities	6.3	62.4	233.7	268.2
Cash flow from investing activities	-99.4	-10.6	-125.6	-83.4
Purchase and sales of own shares	0.0	-7.3	60.0	0.0
Share issue	0.4	0.0	4.8	0.0
Dividends paid	0.0	-125.1	-125.1	-93.7
Change in net debt	-92.7	-80.6	47.8	91.1
Net debt in the beginning of period	-61.4	-13.6	-13.6	77.5
Net debt in the end of period	31.3	67.0	-61.4	-13.6
Change in net debt	-92.7	-80.6	47.8	91.1

Key Figures



Key figures		1-3/2005	1-3/2004	1-12/2004	1-12/2003
Basic earnings per share	EUR	-0.63	0.31	2.66	3.28
Equity per share	EUR	10.35	7.77	11.06	9.59
Interest bearing net debt	MEUR	31.3	67.0	-61.4	-13.6
Total equity/total assets	%	32.5	23.8	35.2	29.4
Gearing	%	4.6	13.3	-8.4	-2.2
Return on equity	%	neg.	13.9	24.3	-
Return on capital employed	%	neg.	10.8	23.1	-

Key Figures



Orders received MEUR	1-3/2005	1-3/2004	1-12/2004	1-12/2003
	604.1	518.3	2,135.8	2,052.3

Order book MEUR	31.3.2005	31.3.2004	31.12.2004	31.12.2003
	2,023.1	1,907.5	1,796.1	1,667.0

Capital expenditure MEUR	1-3/2005	1-3/2004	1-12/2004	1-12/2003
In fixed assets	9.7	7.8	41.9	36.2
In leasing agreements	3.6	2.7	4.7	4.3
Total	13.3	10.5	46.6	40.5

Expenditure for R&D MEUR	1-3/2005	1-3/2004	1-12/2004	1-12/2003
	9.9	9.5	41.0	40.5
Expenditure for R&D as percentage of sales	1.5	1.7	1.4	1.4

Number of employees	1-3/2005	1-3/2004	1-12/2004	1-12/2003
Average	25,418	23,843	24,315	23,596
In the end of the period	25,672	23,867	25,262	23,771



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Cargotec



**World's Leading Provider of Cargo-Handling
Solutions for Ships, Ports, Terminals and Local
Distribution**

**January - March 2005 Pro Forma Review
President Carl-Gustaf Bergström**



Key issues during January – March 2005

- Acquisition of MacGREGOR finalized and integration started
- Continued actions in strategic development of Cargotec
- Orders received continued strong totaling EUR 645 million
- Order backlog at exceptionnally high level at EUR 1,310 million
- Profitability in Q1/05 improved from Q1/04 and was at the same level as in Q4/04

MacGREGOR acquisition finalized and integration started

- Acquisition finalized on March 4, 2005
- Elevator operations will be transferred to New KONE and letter of intent signed on the sale of galleys business
- Operations organized into 3 divisions: Dry Cargo, RoRo and Service
- Key areas, where integration is currently ongoing, and first steps achieved
 - Service
 - Procurement
 - Administration

Further actions in strategic development

Assembly closer to customers

- New assembly plants being built in Shanghai, China for both Kalmar container handling equipment and Hiab demountables
- Expansion of Hiab's truck-mounted fork lift assembly in Ohio, USA
- Decision made to start heavy forklift truck assembly at Kalmar's Kansas, USA plant

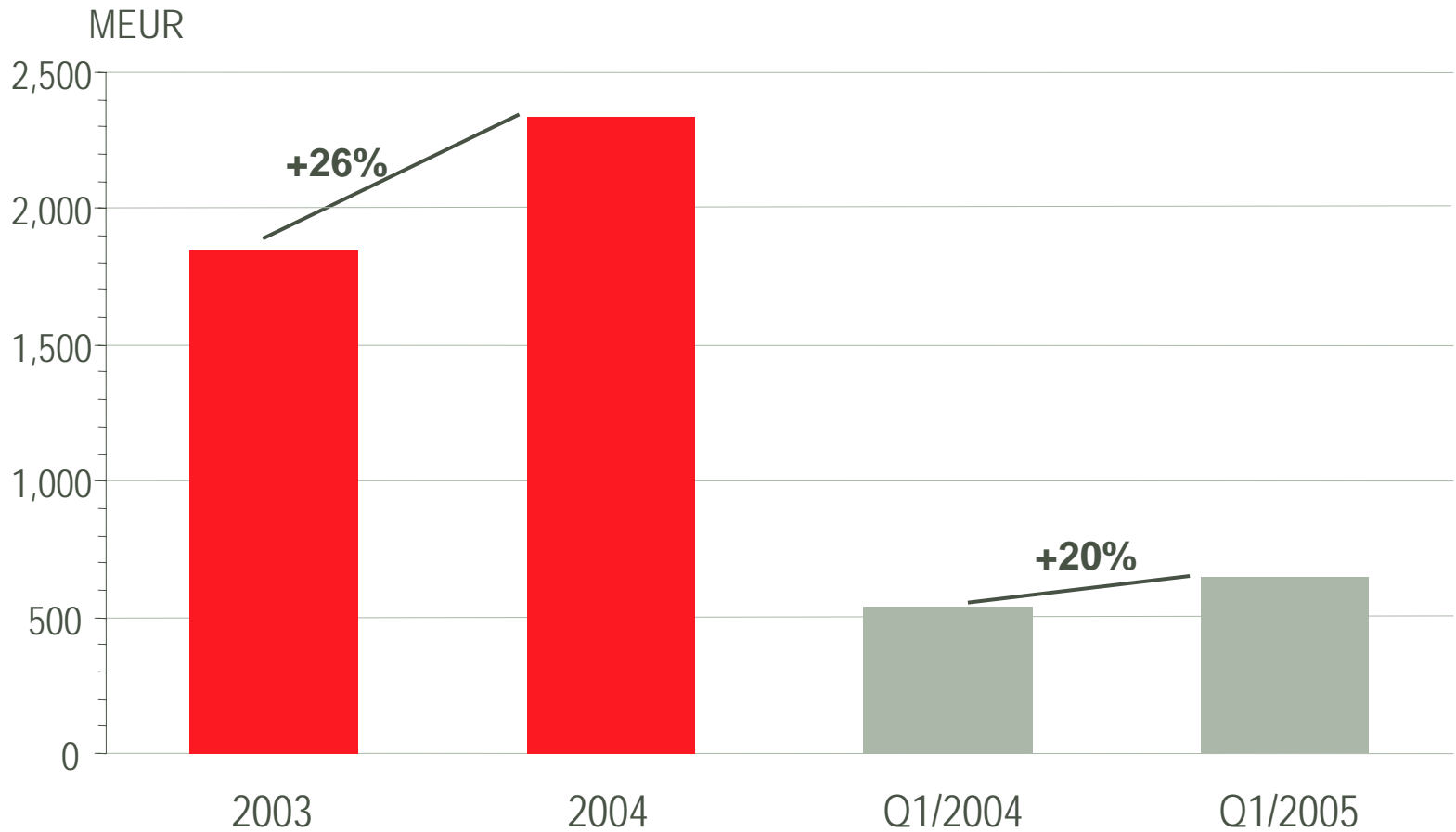
Outsourcing and focusing on core

- Finmec divested in March
- Zetterbergs divestment finalized in April

Growth through service

- Acquisition of Peinemann Kalmar CV and Peinemann Kalmar Rental BV

Orders received continued strong

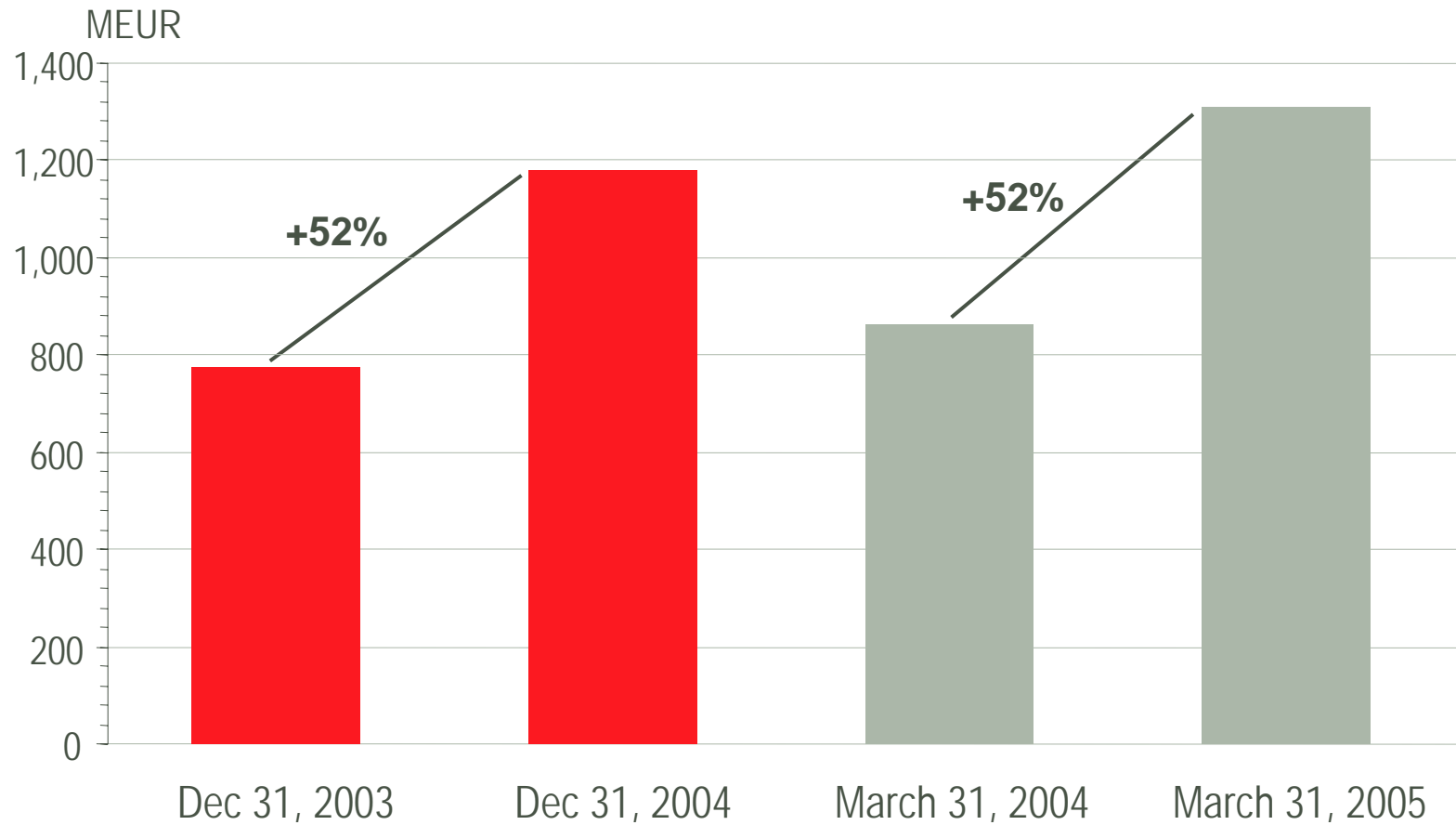


Pro forma figures

5 May 2, 2005



Order book continued to grow

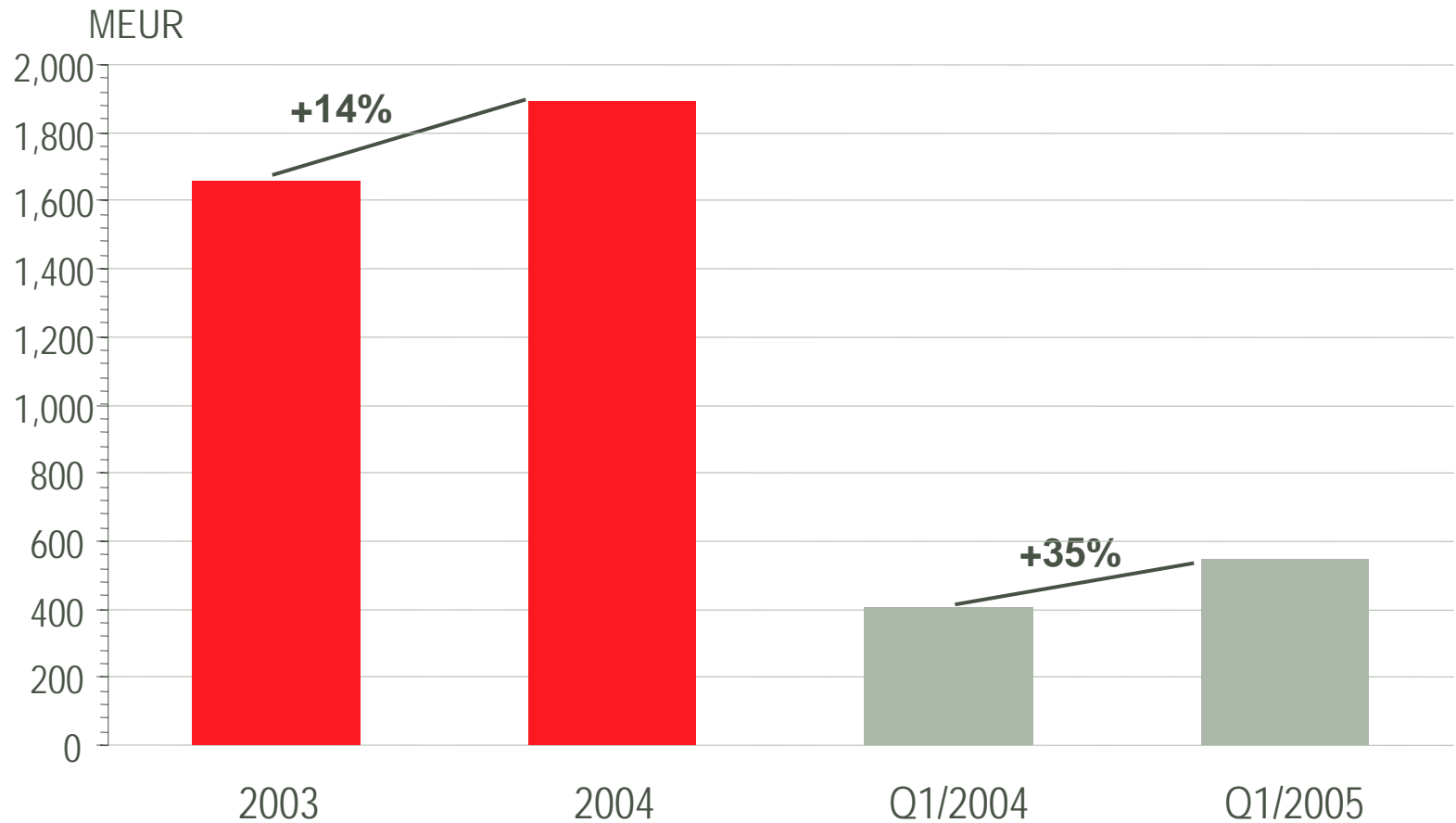


Pro forma figures

6 May 2, 2005



High delivery volumes supported sales growth



Pro forma figures

7 May 2, 2005



Operating income by business area

MEUR	Q1/2005	Q1/2004	2004	2003
Kalmar	20.7	13.3	66.4	52.1
%	7.8%	7.3%	7.7%	7.2%
Hiab	14.2	8.7	44.6	29.4
%	7.2%	5.6%	6.4%	4.7%
MacGREGOR	3.0	0.4	19.9	13.2
%	3.7%	0.6%	6.1%	4.2%
Cargotec total	35.2	19.8	122.9	85.6
%	6.5%	4.9%	6.5%	5.2%

Pro forma figures

8 May 2, 2005



Outlook

- Cargotec's outlook is based on figures including MacGREGOR.
- Order intake during the rest of the year is expected to return to a normalized level from the record levels experienced during the past twelve months.
- However, the current strong order backlog supports expectations of Cargotec's net sales clearly exceeding EUR 2 billion in 2005.
- Comparable operating income (EBIT) is estimated to somewhat improve from the previous year despite the negative effects of changes in product mix, cost increases in raw materials and components, and currency effects.



Appendices

Consolidated statement of income

MEUR	1-3/2005	%	1-3/2004	%	1-12/2004*	%	1-12/2003	%
Sales	543.8		404.0		1,889.8		1,656.8	
Costs and expenses	-499.2		-375.6		-1,734.4		-1,535.8	
Depreciation	-9.4		-8.6		-32.5		-35.4	
Operating income	35.2	6.5	19.8	4.9	122.9	6.5	85.6	5.2
Share of associated companies' income	-1.4		-0.2		3.3		5.2	
Financing income and expenses	-3.1		-3.9		-14.0		-17.7	
Income before taxes	30.7	5.6	15.7	3.9	112.2	5.9	73.1	4.4
Taxes	-10.1		-3.0		-34.8		-19.9	
Minority share	-0.2		-0.3		-1.4		-0.9	
Net income	20.4	3.8	12.4	3.1	76.0	4.0	52.3	3.2

*)Disregarding MEUR 3,1 non-recurring income due to a provision reversal regarding disability pensions

Pro forma figures

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Balance sheet 1/2 – Assets

MEUR	31.3.2005	31.3.2004	31.12.2004	31.12.2003
Non-current assets				
Intangible assets	485.6	475.9	480.9	479.9
Tangible assets	186.2	178.1	175.9	179.5
Loans receivable and other interest-bearing assets	0.7	8.1	0.3	7.6
Other non interest-bearing assets	39.9	27.2	24.6	22.3
Investments	63.6	51.3	64.8	52.6
Total	776.0	740.6	746.5	741.9
Current assets				
Inventories	322.0	266.6	296.4	260.9
Loans receivable and other interest-bearing assets	1.3	0.3	0.6	0.6
Accounts receivable and other non interest-bearing assets	440.7	408.5	459.7	405.2
Cash and cash equivalents	42.4	32.4	46.3	32.5
Total	806.4	707.8	803.0	699.2
Total assets	1,582.4	1,448.4	1,549.5	1,441.1

Pro forma figures

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Balance sheet 2/2 - Shareholders' equity and liabilities

MEUR	31.3.2005	31.3.2004	31.12.2004	31.12.2003
Equity	659.8	589.0	655.1	587.3
Non-current liabilities				
Loans	134.5	199.7	135.8	210.4
Deferred tax liabilities	12.9	10.4	16.5	14.2
Pension benefit liabilities and other liabilities	41.9	48.9	42.6	41.9
Total	189.3	259.0	194.9	266.5
Provisions	29.8	31.9	29.6	31.8
Current liabilities				
Loans	213.8	183.4	192.8	191.4
Accounts payable and other liabilities	489.7	385.1	477.1	364.1
Total	703.5	568.5	669.9	555.5
Total shareholders' equity and liabilities	1,582.4	1,448.4	1,549.5	1,441.1

Pro forma figures

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Consolidated cash flow

MEUR	1-3/2005	1-3/2004	1-12/2004	1-12/2003
Operating income	35.2	19.8	122.9	85.6
Change in working capital	-28.5	6.4	2.1	25.6
Depreciation	9.4	8.6	32.5	35.4
Cash flow from operations	16.1	34.8	157.5	146.6
Cash flow from financial items and taxes	-13.4	-8.3	-34.8	-27.8
Cash flow from operating activities	2.7	26.5	122.7	118.8
Cash flow from investing activities	-25.2	-7.7	-43.0	-32.3
Change in net debt	-22.5	18.8	79.7	86.5
Net debt in the beginning of period	281.4	361.1	361.1	447.6
Net debt in the end of period	303.9	342.3	281.4	361.1
Change in net debt	-22.5	18.8	79.7	86.5

Pro forma figures

Orders and order book by business area

Orders received, MEUR	1-3/2005	1-3/2004	1-12/2004	1-12/2003
Kalmar	310.1	244.2	1,065.6	813.7
Hiab	220.1	201.5	805.1	653.2
MacGREGOR	115.1	90.8	468.1	386.8
Internal orders received	-0.4	-0.4	-1.5	-5.8
Total	644.9	536.1	2,337.3	1,847.9

Order book, MEUR	1-3/2005	1-3/2004	1-12/2004	1-12/2003
Kalmar	624.4	398.0	548.7	357.2
Hiab	241.2	163.5	215.0	114.2
MacGREGOR	444.3	299.3	416.2	304.4
Internal order book	-0.3	-0.2	-0.2	-0.1
Total	1,309.6	860.6	1,179.7	775.7

Sales by geographical segments and business area

MEUR	1-3/2005 %		1-3/2004 %		1-12/2004 %		1-12/2003 %	
EMEA	306.0	56.3	232.3	57.5	1,063.8	56.3	900.9	54.4
Americas	130.6	24.0	107.2	26.5	476.2	25.2	455.7	27.5
Asia Pacific	107.2	19.7	64.5	16.0	349.8	18.5	300.2	18.1
Total	543.8		404.0		1,889.8		1,656.8	

Sales MEUR	1-3/2005	1-3/2004	1-12/2004	1-12/2003
Kalmar	264.5	181.7	865.4	728.3
Hiab	197.8	155.0	697.0	622.4
Mac GREGOR	81.7	67.6	328.8	312.7
Internal sales	-0.2	-0.3	-1.4	-6.6
Total	543.8	404.0	1,889.8	1,656.8

Number of employees by business area

Number of employees at the end of the period	1-3/2005	1-3/2004	1-12/2004	1-12/2003
Kalmar	2 899	2 888	2 936	2 821
Hiab	3 487	3 296	3 420	3 168
MacGREGOR	925	911	900	965
Corporate administration	38	41	38	43
Total	7 349	7 136	7 294	6 997

Average number of employees	1-3/2005	1-3/2004	1-12/2004	1-12/2003
Kalmar	2 895	2 862	2 907	2 931
Hiab	3 459	3 212	3 339	3 380
MacGREGOR	912	938	915	1 029
Corporate administration	36	41	40	43
Total	7 302	7 053	7 201	7 383

Cargotec



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