



KONE Financial Statements 2007

January 25, 2008

President & CEO Matti Alahuhta

Q4 High growth in orders received and operating income continued

		10-12/2007	10-12/2006	Historical change	Comparable change
Orders received	MEUR	901.9	712.1	27%	31%
Order book	MEUR	3,282.3	2,762.1	19%	24%
Sales	MEUR	1,294.2	1,145.6	13%	16%
Operating income	MEUR	160.8 ¹⁾	123.4		
Operating income	%	12.4 ¹⁾	10.8		

1) Excluding a EUR 22.5 million provision for the Austrian Cartel Court fine decision and a EUR 12.1 million sales profit from the selling of the KONE Building.

2007 High growth in orders and operating income

		2007	2006	Historical change	Comparable change
Orders received	MEUR	3,674.7	3,116.3	18%	21%
Order book	MEUR	3,282.3	2,762.1	19%	24%
Sales	MEUR	4,078.9	3,600.8	13%	16%
Operating income	MEUR	473.2 ¹⁾	360.1		
Operating income	%	11.6 ¹⁾	10.0		
Cash flow from operations (before financial items and taxes)		380.0 ²⁾	371.7		

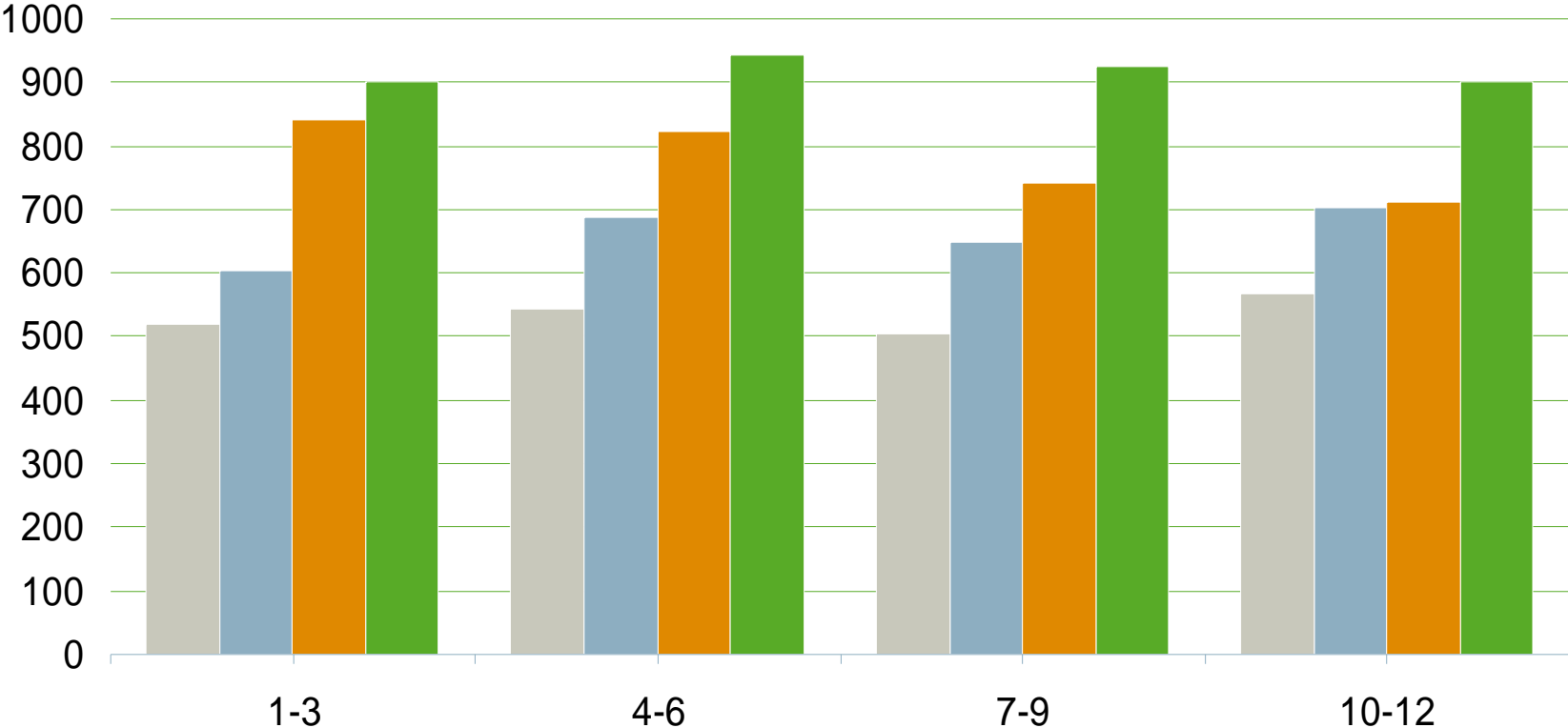
1) Excluding EUR 152.4 million (which includes the European Commission's fine, the Austrian Cartel Court's fine and the sales profit from the sale of the KONE Building)

2) Including the European Commission's fine

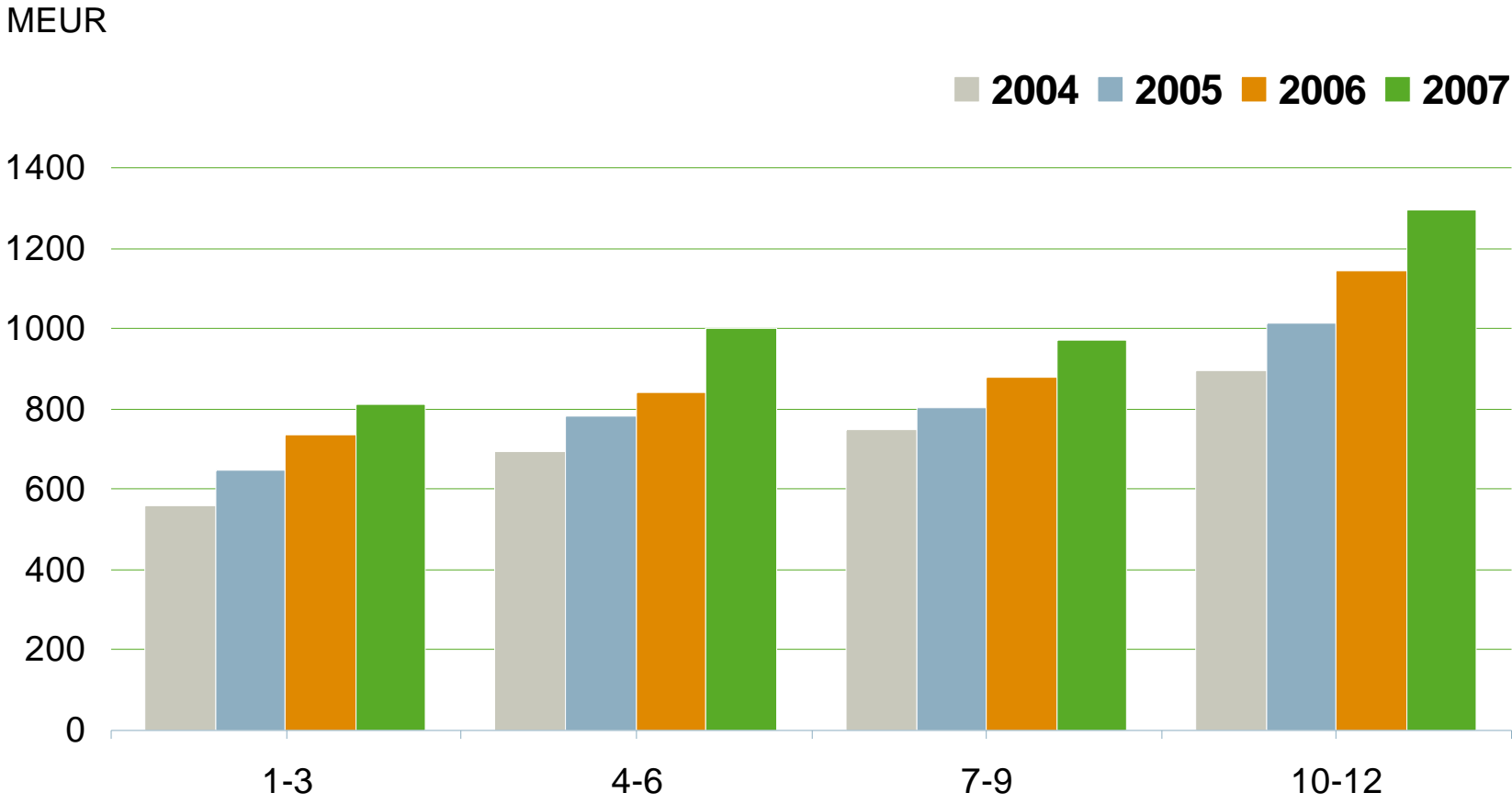
2007 Highest growth in orders received in Asia-Pacific; Americas and EMEA were also strong

MEUR

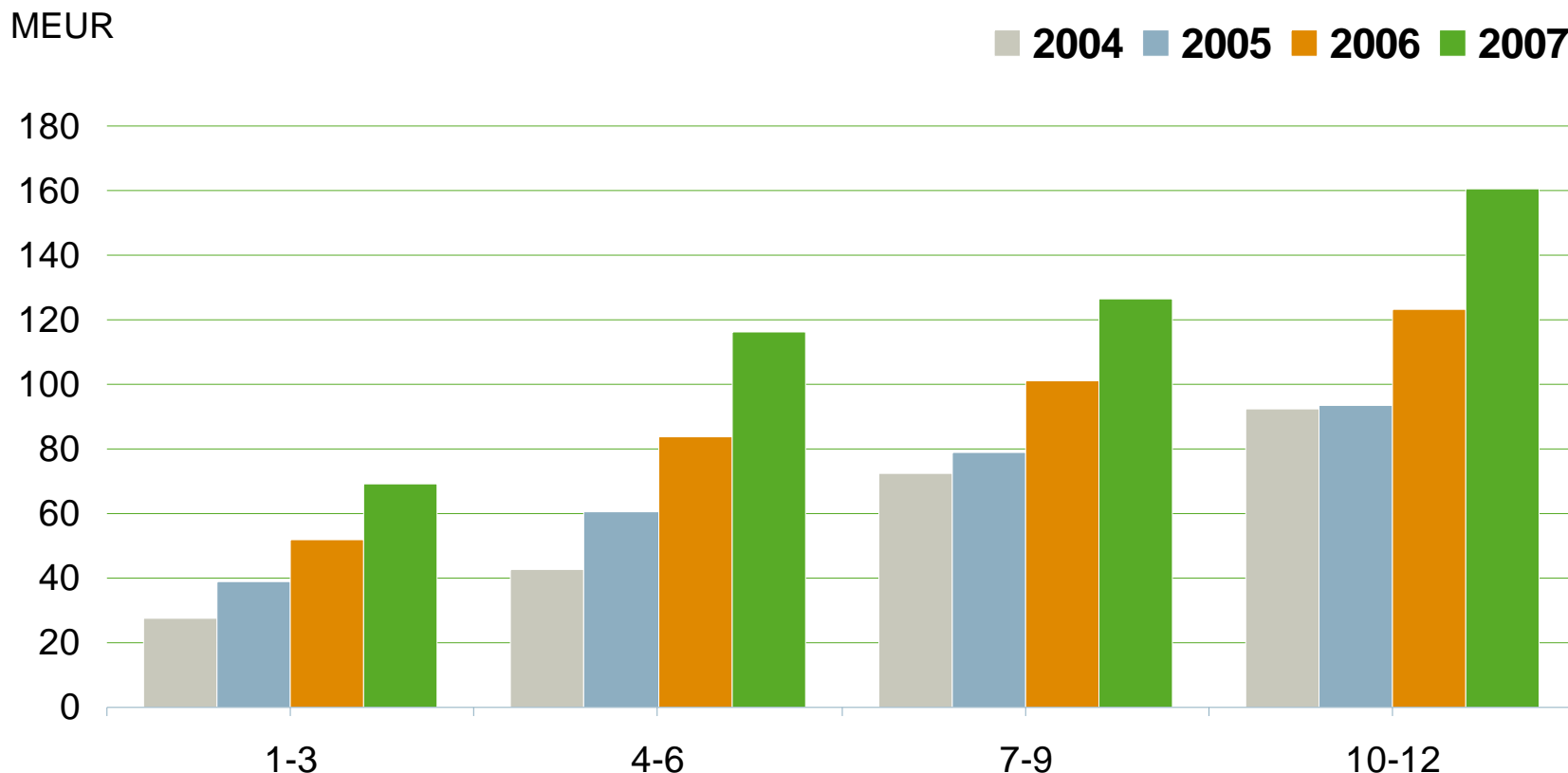
2004 2005 2006 2007



2007 Sales growth fastest in Asia-Pacific



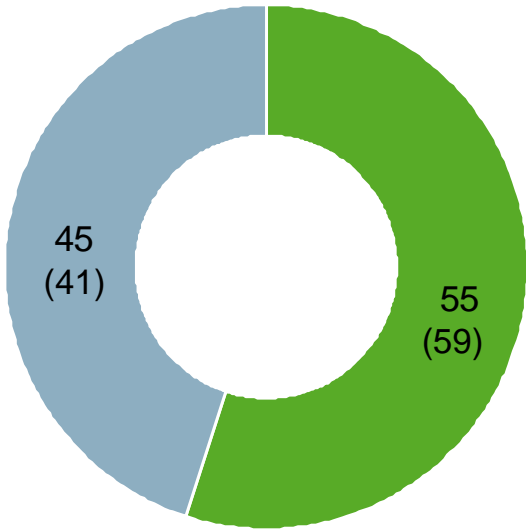
2007 EBIT growth continued driven by sales growth and productivity improvement



Note: Q4/2004 disregarding MEUR 15.3 non-recurring income due to a provision reversal regarding disability pensions, Q1/2005 excluding MEUR 89.2 provision for the development and restructuring program. Q1/2007 excluding EUR 142.0 million fine for the European Commission's decision. Q4/2007 excluding a provision for the Austrian Cartel Court's fine and a sales profit of EUR 12.1 million from the sale of the KONE Building.

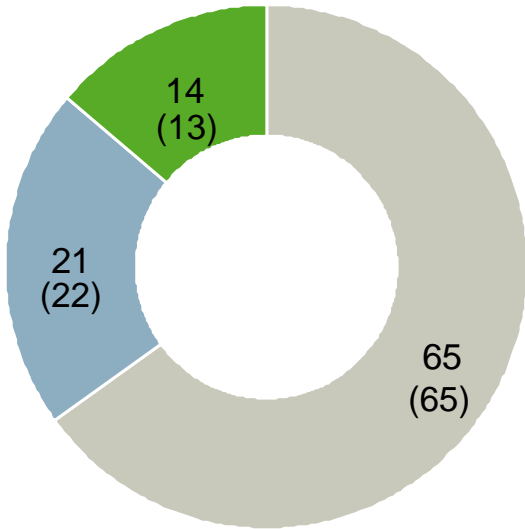
2007 Sales split, %

Sales by business



■ Service ■ New equipment

Sales by market



■ EMEA ■ Americas ■ Asia-Pacific

Note: 2006 in brackets

Q4 Europe

Northern European market experienced no major changes to previous quarter

Southern European market activity remained stable, with exception of Spain's residential market

Eastern European and Russian market experienced strong growth

Middle East construction activity continued to be very strong

The strong growth continued in the modernization market

Q4 Americas

North American market was solid, the office and lodging market remained strong

Multi-family residential market weakened

Modernization demand continued to be strong



Q4 Asia-Pacific

Strong growth continued in most markets

In China, the construction activity continued to expand to 2nd and 3rd tier cities

Indian market remained good

Australian market was active

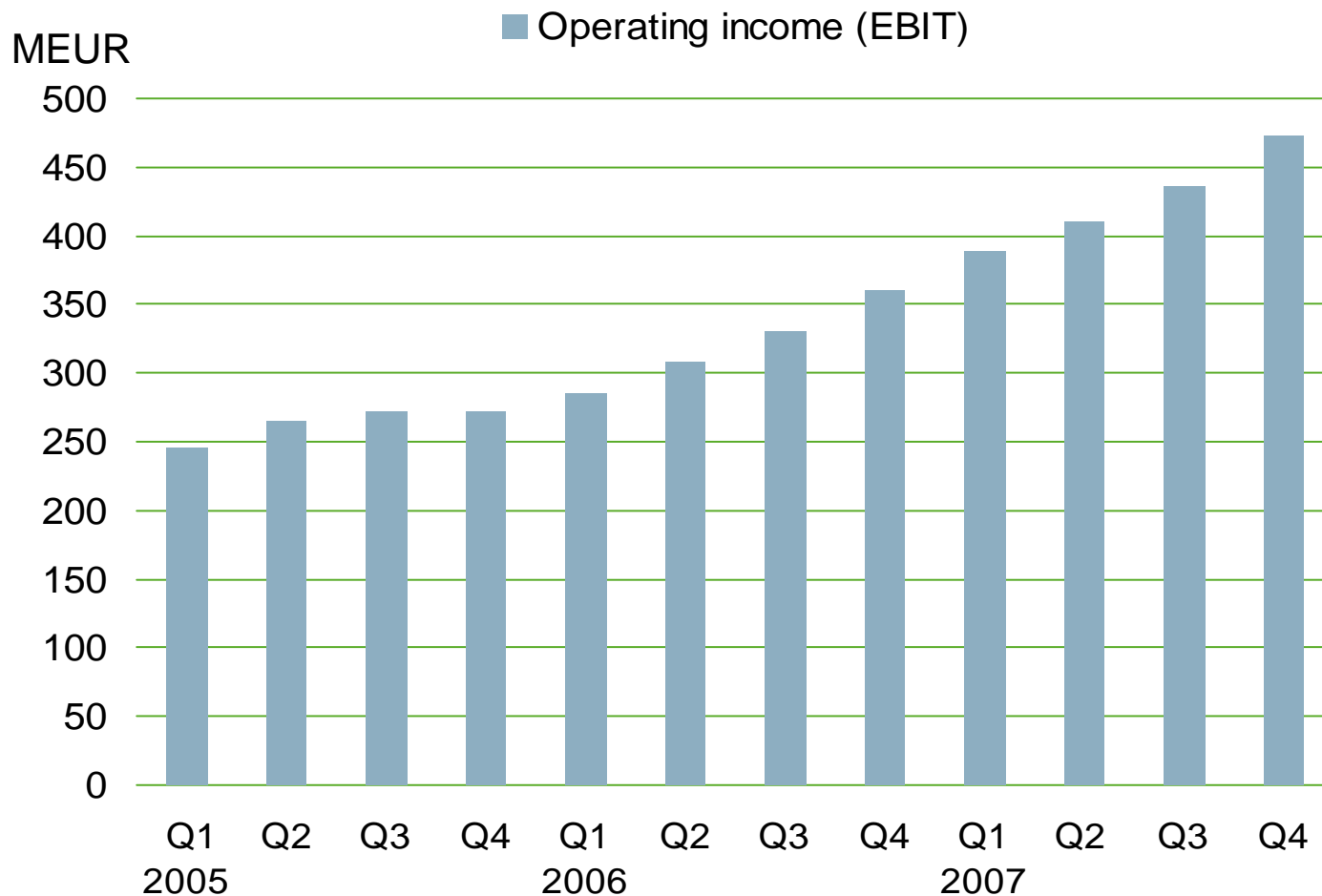




Development programs continue to bring results

- Customer Focus
- Product and Service Competitiveness
- Operational Excellence
- Sourcing Power
- Presence in Asia

Rolling twelve months EBIT by quarter

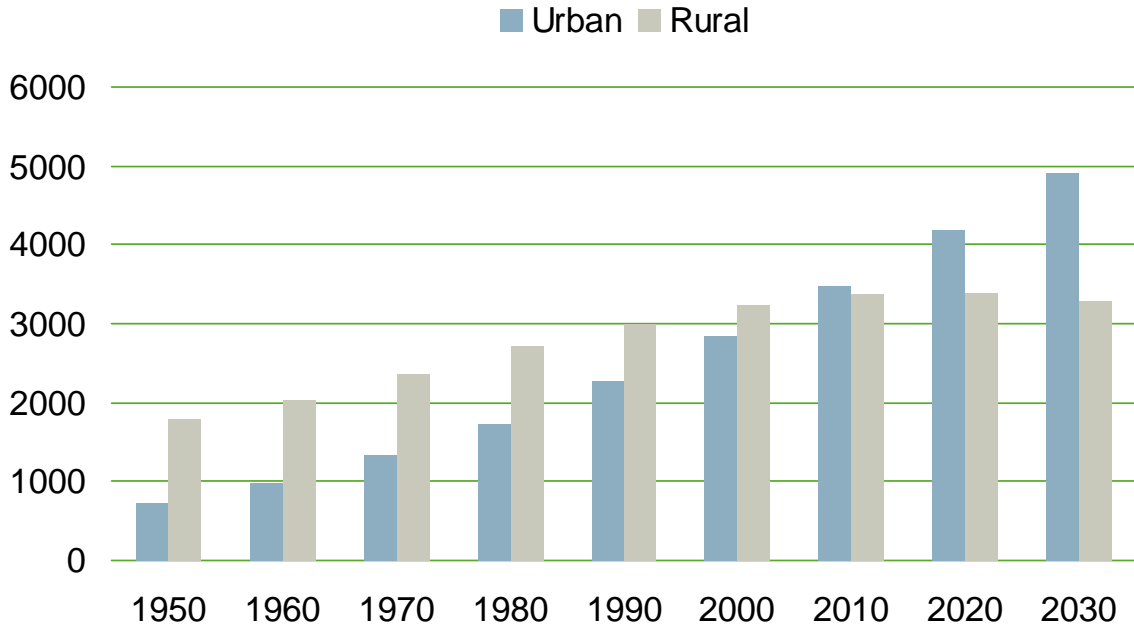


Note: Q4/2004 disregarding MEUR 15.3 non-recurring income due to a provision reversal regarding disability pensions, Q1/2005 excluding MEUR 89.2 provision for the development and restructuring program. Q1/2007 excluding EUR 142 million, which includes the European Commission's fine. Q4/2007 excluding EUR 22.5 million provision for the Austrian Cartel Court's fine and the sales profit of EUR 12.1 million for the sale of the KONE Building.



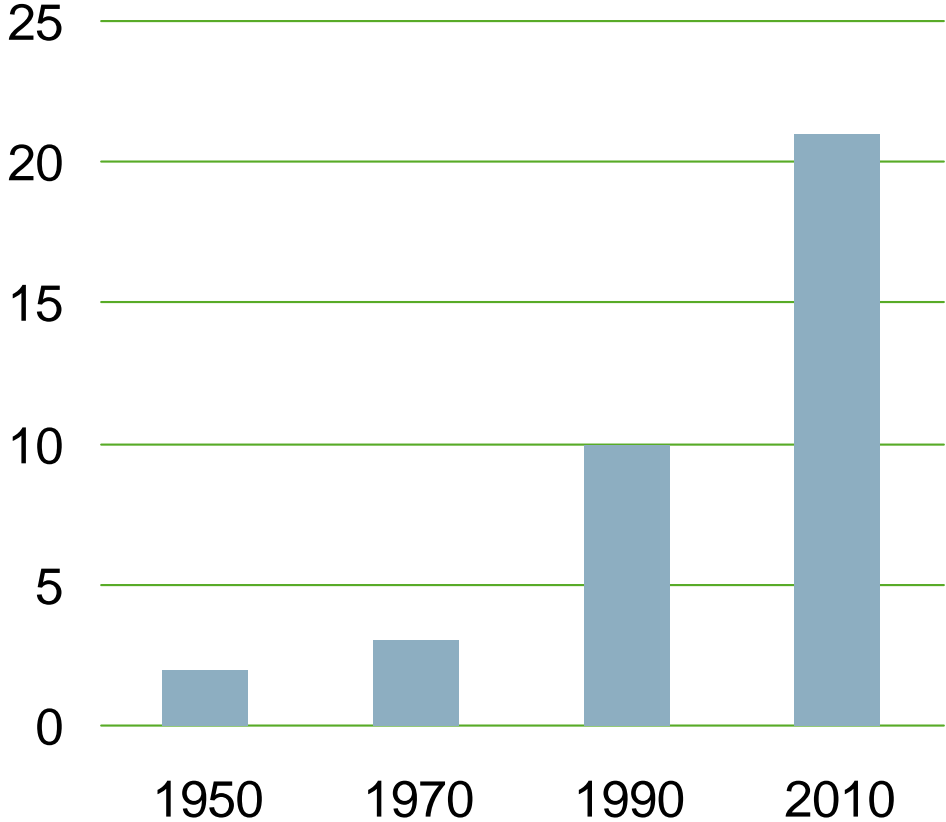
Megatrend Urbanization

The urban and rural population of the world



Source: U.N. World Urbanisation Prospects 2007

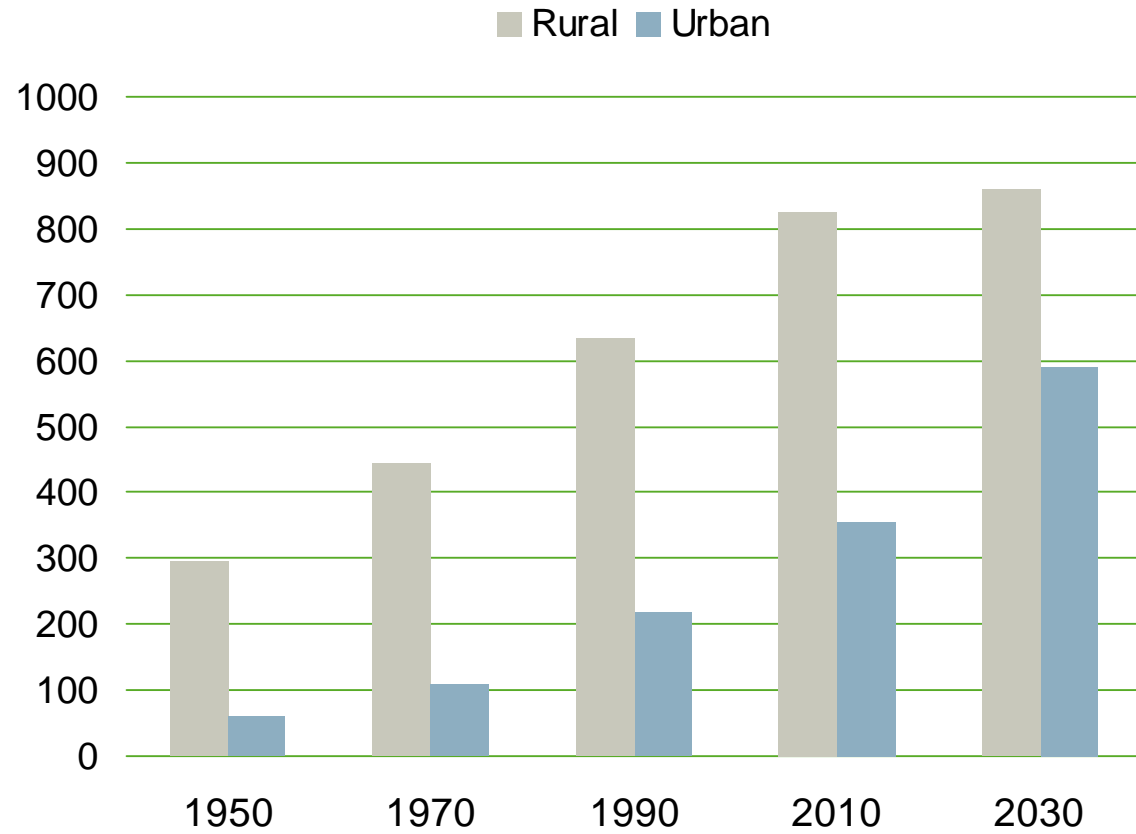
Number of mega cities over 10 million people



Source: U.N. World Urbanisation Prospects 2007

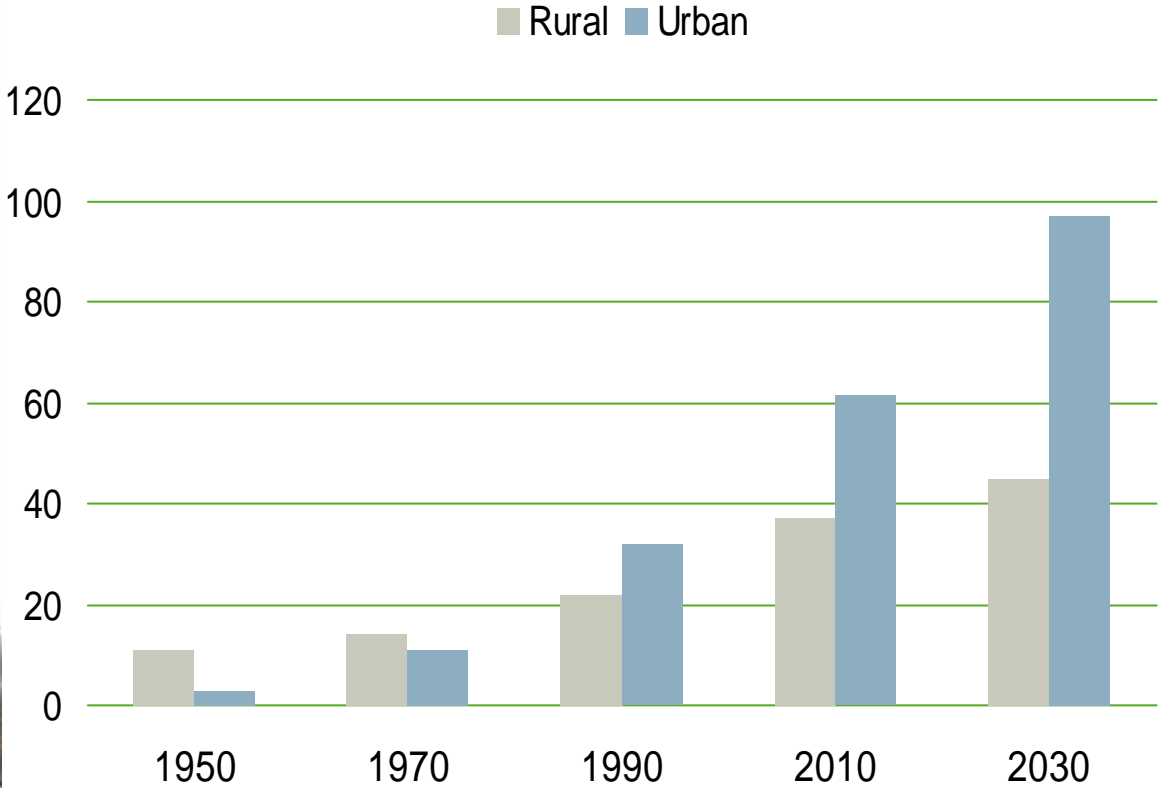


India - urbanization accelerates



Source: U.N. World Urbanisation Prospects 2007

Middle East* - strong urbanization

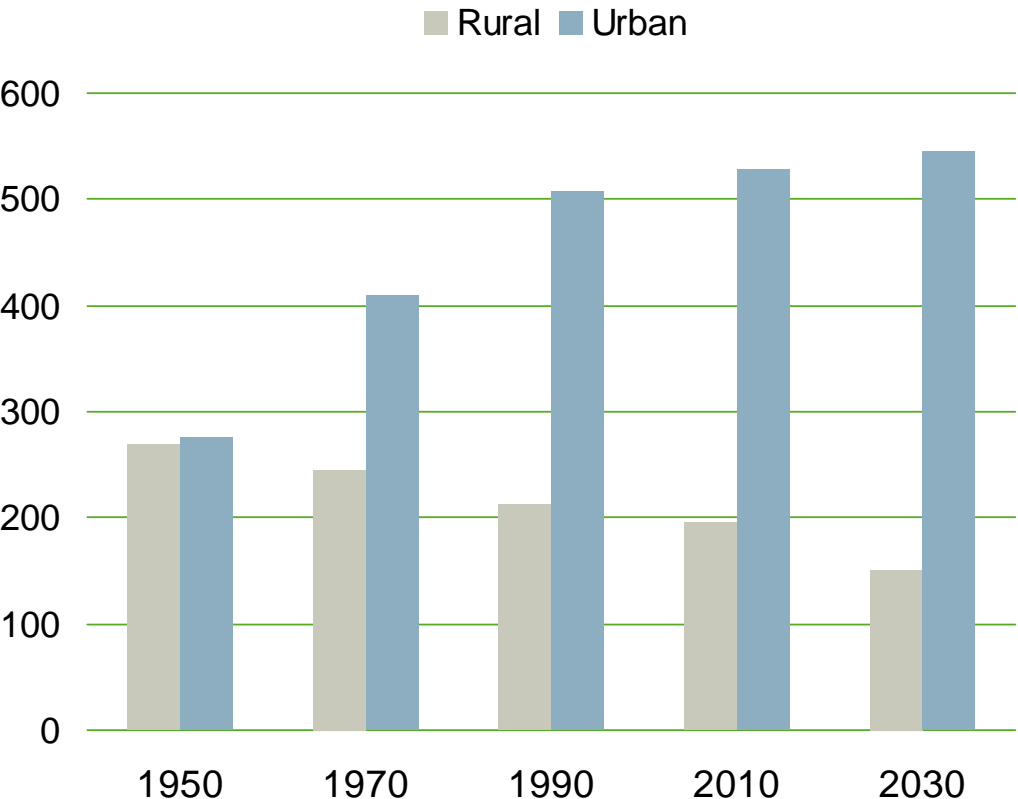


*Including Bahrain, Israel, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria, United Arab Emirates, Yemen.

Source: U.N. World Urbanisation Prospects 2007



Europe - growing dynamics between cities

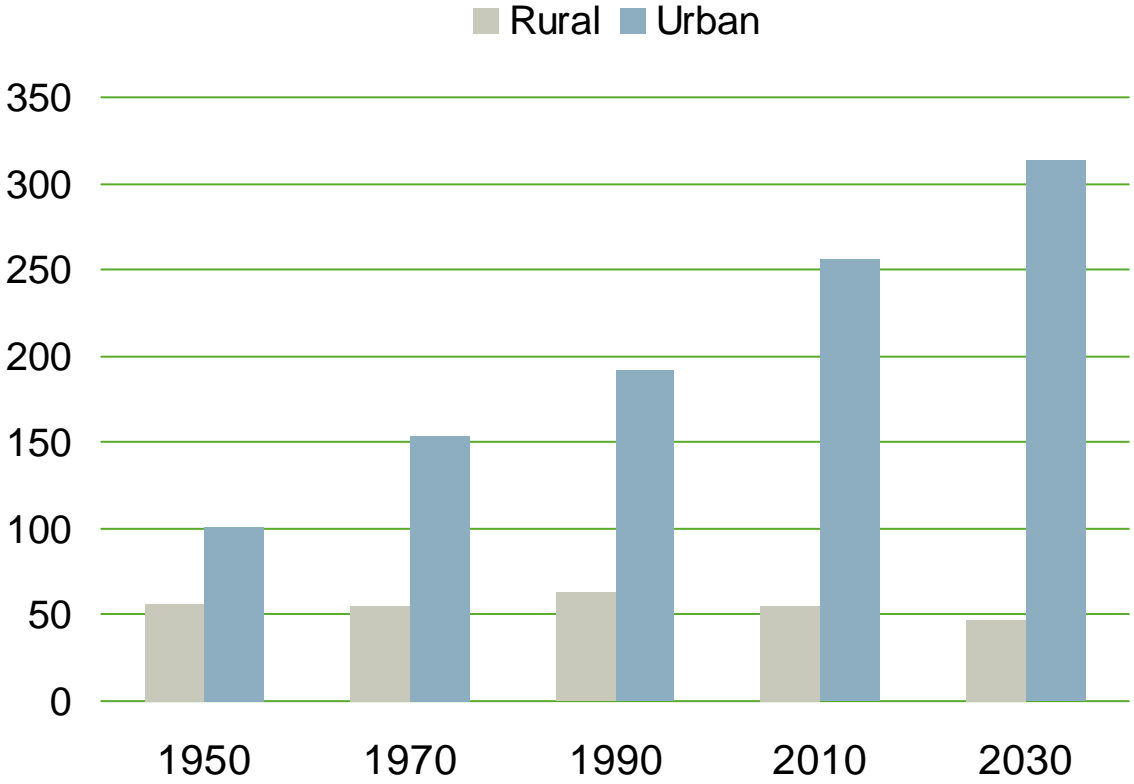


Source: U.N. World Urbanisation Prospects 2007





USA - all growth is seen in urban areas



Source: U.N. World Urbanisation Prospects 2007

A challenge and an opportunity

Challenge

- More buildings and more people in them
- Congestion and crowding
- Environmental issues
- Successful urbanization is a prerequisite for economic growth

Opportunity

- Understanding the user needs
- Creating unique ways of solving the problems of people flow



The best people flow experience

We want to deliver solutions that enable people to move smoothly, safely, comfortably and without waiting from one place to another





Vision

KONE delivers
the best people flow
experience

Strategy

KONE delivers a performance edge to its customers by creating the best user experience with innovative people flow solutions

Simultaneously, KONE's people leadership and processes enable operational excellence and cost competitiveness

New development programs

- Customer focus
- People flow solutions
- Operational excellence
- Environmental excellence
- People leadership



2008 Outlook

KONE's target for 2008 is to achieve, at comparable exchange rates, a growth of about 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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