

2 May, 2005

Cargotec's Pro Forma Review: January–March, 2005, according to the Business and Corporate Structure Prevailing after KONE's demerger

Cargotec's Orders Received Continued Strong

- Cargotec's orders received amounted to MEUR 644.9 (1-3/2004: MEUR 536.1), which resulted in the order book growing to MEUR 1,309.6 (31.3.2004: MEUR 860.6).
- Net sales grew by 35 percent to MEUR 543.8 (1-3/2004: MEUR 404.0).
- Operating income improved clearly to MEUR 35.2 (MEUR 19.8) or 6.5 (4.9) percent of net sales.
- Cash flow from operations (before financial items and taxes) was MEUR 16.1 (MEUR 34.8).
- Net income amounted to MEUR 20.4 (MEUR 12.4).
- Earnings per share were EUR 0.32 (EUR 0.19).
- Gearing at the end of March totaled 46.1 percent (31.3.04: 58.1 percent).

KONE Corporation will on 31 May, 2005 be demerged into two corporations, Cargotec Corporation, comprising KONE Corporation's cargo-handling business, and KONE Corporation (new KONE), comprising KONE Corporation's elevator, escalator and automatic door service operations. The two corporations will be listed on the main list of the Helsinki Stock Exchange on 1 June, 2005 in accordance with the disclosed demerger plan. In order to facilitate the evaluation of the financial performance and status of Cargotec, this pro forma review presents Cargotec's January-March 2005 financial results according to the business and corporate structure that will prevail after the demerger. It is based on KONE Corporation's Financial Statements and the operations of recently acquired MacGREGOR Group.

The most significant deviations between KONE Corporation's Financial Statements and Cargotec's pro forma figures are due to the allocation of corporate costs to Cargotec, as well as the inclusion of the operations of MacGREGOR Group. The operations of MacGREGOR Group are included in the pro forma figures with the exception of the elevator operations, which will be transferred to New KONE.

Markets

Investments in new ports and on-going port expansions continued globally at a strong level in the first quarter 2005 similar to that of the previous year. Good container traffic volumes kept activity in ports at a high level, which was reflected in strong demand for service and refurbishments.

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Container freight rates remained high despite additional capacity coming on-stream during the quarter. As a result, ship building activity remained strong, especially for container ships and bulk carriers.

Investments in new trucks increased in all main market areas resulting in strong growth in demand for load handling solutions. The growth was strongest in North America due to the continued strength of the U.S. economy and the robust retail and building material markets.

Orders Received and Order Book

Cargotec's orders received in the first quarter 2005 grew by 20 percent from the comparison period and amounted to EUR 644.9 (1-3/2004: 536.1) million. Kalmar accounted for EUR 310.1 (244.2) million, Hiab for EUR 220.1 (201.5) million and MacGREGOR for EUR 115.1 (90.8) million of the orders received.

Kalmar's orders received for container handling solutions continued extremely strong. Also demand for terminal tractors in North American distribution centers was at a very high level. In March 2005, Kalmar won a major order from Gateway Terminals India Pvt Ltd. (GTI) for the supply of 29 rubber-tired gantry cranes (RTGs) for a new terminal under construction at the Port of Nhava Sheva. GTI is joint venture between Maersk A/S and Container Corporation of India Ltd. and is due to start operations in August 2006. The RTGs will be delivered during 2006.

During the quarter Kalmar also received an order from Antwerp Gateway N.V. for 20 electrical 7th generation ESC-straddle carriers for the new Antwerp Gateway port operated by P&O Ports. In addition, Virginia Port Authority in Norfolk, Virginia, USA ordered 31 straddle carriers, which will be delivered by the end of 2005.

Orders received for Hiab's load handling solutions grew significantly from the corresponding period a year ago. Growth was strongest in North America, where especially truck-mounted forklifts and tail lifts enjoyed strong demand. However, order intake was healthy also in Europe and Asia.

MacGREGOR's orders received reflect the continued high ship building activity for container ships and bulk carriers. Orders for hatch covers and securing systems grew clearly from the comparison period. Demand from the RoRo segment was somewhat weaker than a year ago, but remains at a satisfactory level.

Cargotec's order book strengthened clearly and at the end of March 2005 totaled EUR 1,309.6 (end of March 2004: 860.6) million. Kalmar accounted for EUR 624.4 (398.0) million, Hiab for EUR 241.2 (163.5) million and MacGREGOR for EUR 444.3 (299.3) million of the order book.

Sales

Cargotec's net sales amounted to EUR 543.8 (404.0) million. Sales growth was 35 percent from the comparison period. The strong growth reflects the significantly higher delivery

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volumes in all business areas. Net sales in Kalmar accounted for EUR 264.5 (181.7) million, in Hiab for EUR 197.8 (155.0) million and in MacGREGOR for EUR 81.7 (67.6) million.

Service revenue grew by 16 percent and amounted to EUR 107.5 (92.9) million, accounting for 20 (23) percent of net sales. In Kalmar service business accounted for 21 (26) percent of net sales, in Hiab for 13 (15) percent and in MacGREGOR for 31 (34) percent.

Financial Result

Cargotec's operating income improved clearly to EUR 35.2 (19.8) million, which represents 6.5 (4.9) percent of net sales. All business areas continued to benefit from the strong market situation and increased deliveries. In addition, the businesses saw further benefits from the restructuring done during recent years. The continued rise in raw material and component prices affected profitability. Operating income in Kalmar accounted for EUR 20.7 (13.3) million, in Hiab for EUR 14.2 (8.7) million and in MacGREGOR for EUR 3.0 (0.4) million.

Net income amounted to EUR 20.4 (12.4) million and earnings per share were EUR 0.32 (0.19).

Balance Sheet and Cash Flow

At the end of March, net working capital was EUR 213.1 (31.3.2004: 166.5) million. The value of tangible fixed assets on the balance sheet was EUR 186.2 (31.3.2004: 178.1) million. Intangible fixed assets amounted to EUR 485.6 (475.9) million. Net debt totaled EUR 303.9 (342.3) million. The total equity/total assets ratio increased to 41.7 (40.7) percent and gearing decreased to 46.1 (58.1) percent.

Cash flow from operations (before financial items and taxes) was EUR 16.1 (1-3/2004: 34.8) million. Improved profitability had a positive effect on cash flow but the increased work in progress and delivery volumes tied up more working capital in the business.

Capital Expenditure and Product Development

Capital expenditure totaled EUR 9.3 (7.7) million, customer financing accounted for EUR 3.0 (3.9) million.

Investments are ongoing in China for both Kalmar and Hiab. Kalmar is investing in a new assembly plant for terminal tractors, empty container lift trucks, reach stackers and rubber tired gantry cranes in the Shanghai area. The plant will open by the beginning of 2006. Hiab is starting up a demountables assembly plant in Shanghai. Assembly of demountables will begin in the new plant during 2005.

Cargotec's research and development expenditure was EUR 7.1 (7.3) million, which is 1.3 (1.8) percent of net sales.

MacGREGOR acquisition

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Cargotec agreed on 2 December, 2004 to purchase the entire share capital of global marine cargo-flow solution and service provider MacGREGOR International AB from Sweden's Industri Kapital and Gambro. The acquisition was finalized on 4 March, 2005. The debt-free transaction price was approximately EUR 180 million.

MacGREGOR is the global market leader in providing marine cargo flow solutions and service. Its products include hatch covers, cranes, cargo-securing systems, RoRo equipment, shipboard elevators and escalators, and galleys. MacGREGOR's 2004 net sales totaled EUR 360 million. MacGREGOR employed 975 people at the end of December 2004. The elevator operations of MacGREGOR will be transferred to KONE Elevators & Escalators and hence the respective figures reported have been excluded from Cargotec's pro forma figures and are reported as part of KONE Elevators & Escalators. A letter of intent has been signed on the sale of the galleys business.

Structural changes

In February 2005, Hiab signed an agreement to divest the entire shareholding of Zetterbergs Produkt AB of Sweden to its operative management. Zetterbergs' product range comprises tipper and dumper bodies as well as other truck bodies. Its 2004 net sales totaled EUR 15 million and it employed 143 people. The final necessary competition authority approvals were received on 22 April, 2005.

In March 2005, Kalmar sold Finmec, located in Estonia, which specializes in the welding and provision of steel components for heavy equipment. Finmec employed 133 people. This divestment is part of Kalmar's strategy to outsource production while concentrating on product development, assembly and service.

Kalmar's own maintenance and rental services were further strengthened in March 2005 by the acquisition of companies specializing in these activities in the Netherlands. The acquisitions of Peinemann Kalmar CV and Peinemann Kalmar Rental BV, which employ 37 people, strengthened Kalmar's strategy of expanding the direct provision of maintenance and rental services in major ports and container terminals around the world.

Changes in Executive Committee

Hans Pettersson, President of MacGREGOR, was appointed a member of the executive committee as of 4 March, 2005. Eeva Mäkelä was appointed Senior Vice President, Investor Relations and Communications of Cargotec and a member of the executive committee effective 1 April, 2005. She will be responsible for the company's investor relations and corporate communications. Both Pettersson and Mäkelä report to Cargotec's President Carl-Gustaf Bergström.

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

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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.

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CARGOTEC PRO FORMA FIGURES: JANUARY - MARCH, 2005

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 EUR 3.1 million non-recurring income due to a provision reversal regarding disability pensions

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Consolidated balance sheet

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

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

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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

Key figures

		1-3/2005	1-3/2004	1-12/2004	1-12/2003
Basic earnings per share	EUR	0.32	0.19	1.19	0.82
Equity per share	EUR	10.27	9.17	10.20	9.15
Interest bearing net debt	MEUR	303.9	342.3	281.4	361.1
Total equity/total assets	%	41.7	40.7	42.3	40.8
Gearing	%	46.1	58.1	43.0	61.5
Return on equity	%	12.5	8.6	12.5	-
Return on capital employed	%	13.6	8.0	12.8	-

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Sales by geographical segments, 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
MacGREGOR	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

Operating income, MEUR	1-3/2005	%	1-3/2004	%	1-12/2004	%	1-12/2003	%
Kalmar	20.7	7.8	13.3	7.3	66.4	7.7	52.1	7.2
Hiab	14.2	7.2	8.7	5.6	44.6	6.4	29.4	4.7
MacGREGOR	3.0	3.7	0.4	0.6	19.9	6.1	13.2	4.2
Corporate administration and other	-2.7		-2.6		-8.0		-9.1	
Total	35.2	6.5	19.8	4.9	122.9	6.5	85.6	5.2

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

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Capital expenditure, MEUR	1-3/2005	1-3/2004	1-12/2004	1-12/2003
In fixed assets	5.8	3.6	23.4	23.3
In leasing agreements	0.5	0.2	1.0	1.7
In customer financing	3.0	3.9	18.3	6.9
Total	9.3	7.7	42.7	31.9

Expenditure for R&D	1-3/2005	1-3/2004	1-12/2004	1-12/2003
Expenditure for R & D, MEUR	7.1	7.3	29.0	28.5
Expenditure for R & D, as percentage of sales	1.3	1.8	1.5	1.7

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