

# KONE Q1 2021

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## Q1 2021 Highlights

- Growth in sales and earnings
- Exceptionally strong cash flow
- Signs of recovery in market activity



# Q1 2021 Key figures

STRONG START TO THE YEAR



		Q1/2021	Q1/2020	Change	Comparable change
Orders received	MEUR	<b>2,075.9</b>	2,109.3	-1.6 %	1.3 %
Order book	MEUR	<b>8,180.4</b>	8,386.4	-2.5 %	-1.9 %
Sales	MEUR	<b>2,326.4</b>	2,198.3	5.8 %	9.1 %
Operating income (EBIT)	MEUR	<b>249.8</b>	197.2	26.7 %	
Operating income margin (EBIT %)	%	<b>10.7</b>	9.0		
Adjusted EBIT	MEUR	<b>249.8</b>	205.6	21.5 %	
Adjusted EBIT margin	%	<b>10.7</b>	9.4		
Cash flow from operations (before financing items and taxes)	MEUR	<b>425.5</b>	346.9		
Basic earnings per share	EUR	<b>0.37</b>	0.29	26.7 %	

# Q1 2021 Business highlights

- New strategy phase focused on differentiation through adaptability and sustainability
  - Capturing growth opportunities from value added solutions
    - DX class elevators rolled out in Asia-Pacific and EMEA
    - 24/7 Connected Services sales accelerating
  - Increased actions around diversity and inclusion
    - Targets include increasing the share of women at director level positions to 35% by 2030



# Sustainability highlights from 2020



**-8.9%**

Reduction in KONE's overall operational carbon footprint relative to sales



CDP 2020 'A' score for corporate climate leadership



Science-based targets for significant reductions in greenhouse gas emissions by 2030



Forbes' 2020 Global 2000: World's Best Employers list



EcoVadis platinum medal for sustainability performance



Industrial Injury Frequency Rate improved to 1.2



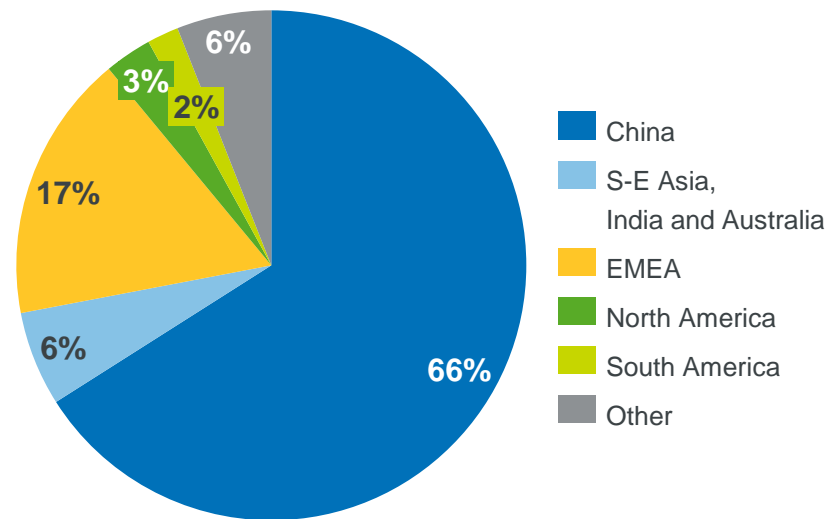
**Read more in our  
2020 Sustainability  
report published  
today**

# KONE's market position strengthened in 2020



## New equipment market in 2020

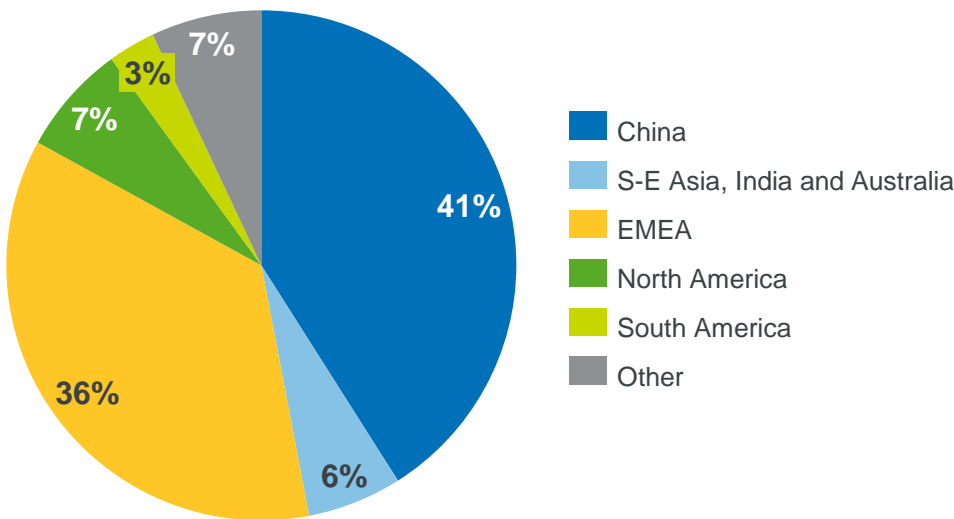
~1 million units



In new equipment KONE's market share increased slightly mainly driven by China and was ~19%\*.

## Equipment base in 2020

>18 million units



In maintenance, KONE continued to be a challenger with a market share of close to 10%\*.

Based on KONE's estimate. Figures have been rounded.  
\* In regions where KONE has presence, maintenance market share includes both maintenance base and units in first service. Market share has been calculated with a re-assessed market size.

A modern office interior with a glass railing and people walking. The image is split into two parts. The left part is a blue-tinted overlay showing two women walking past a glass railing. The right part is a clear photograph of a modern office interior with a glass railing. A woman in a green dress stands with her arms crossed, and two other people are talking in the background. The floor is light wood, and the walls are white. An elevator is visible in the background.

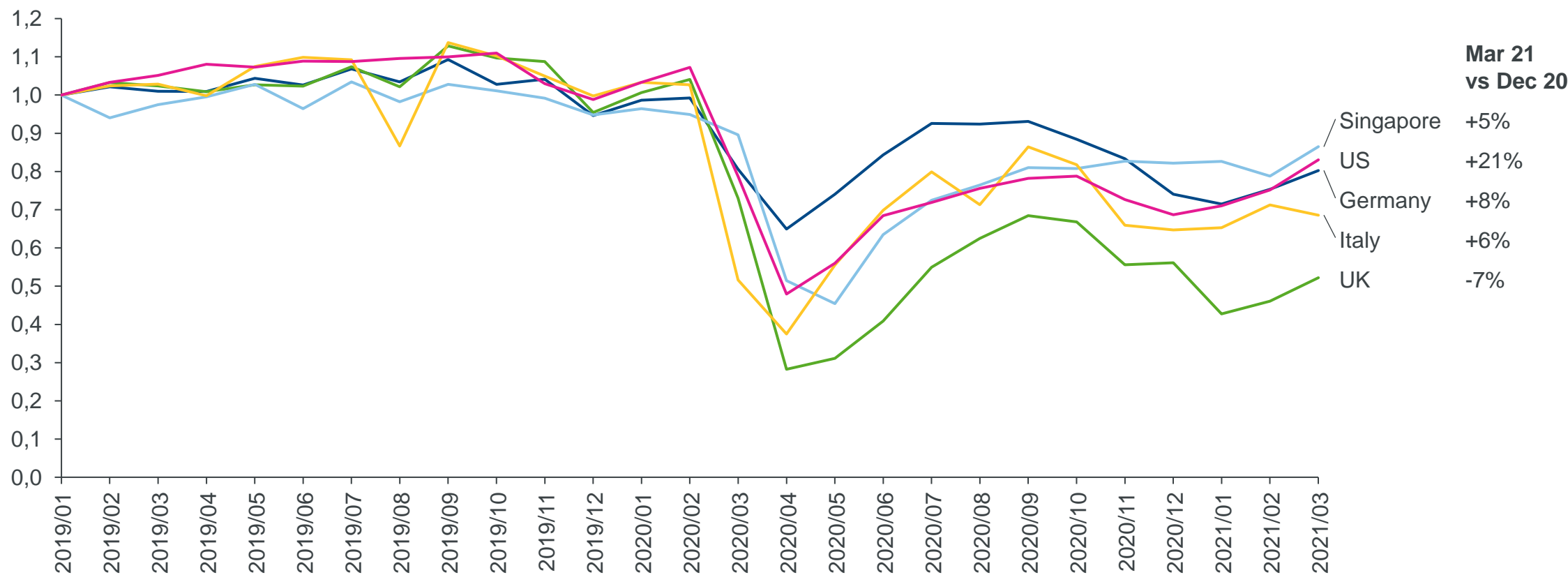
# Market development

# Elevator usage increasing, but still clearly below normal levels



## Monthly average number of starts per elevator, data from connected units

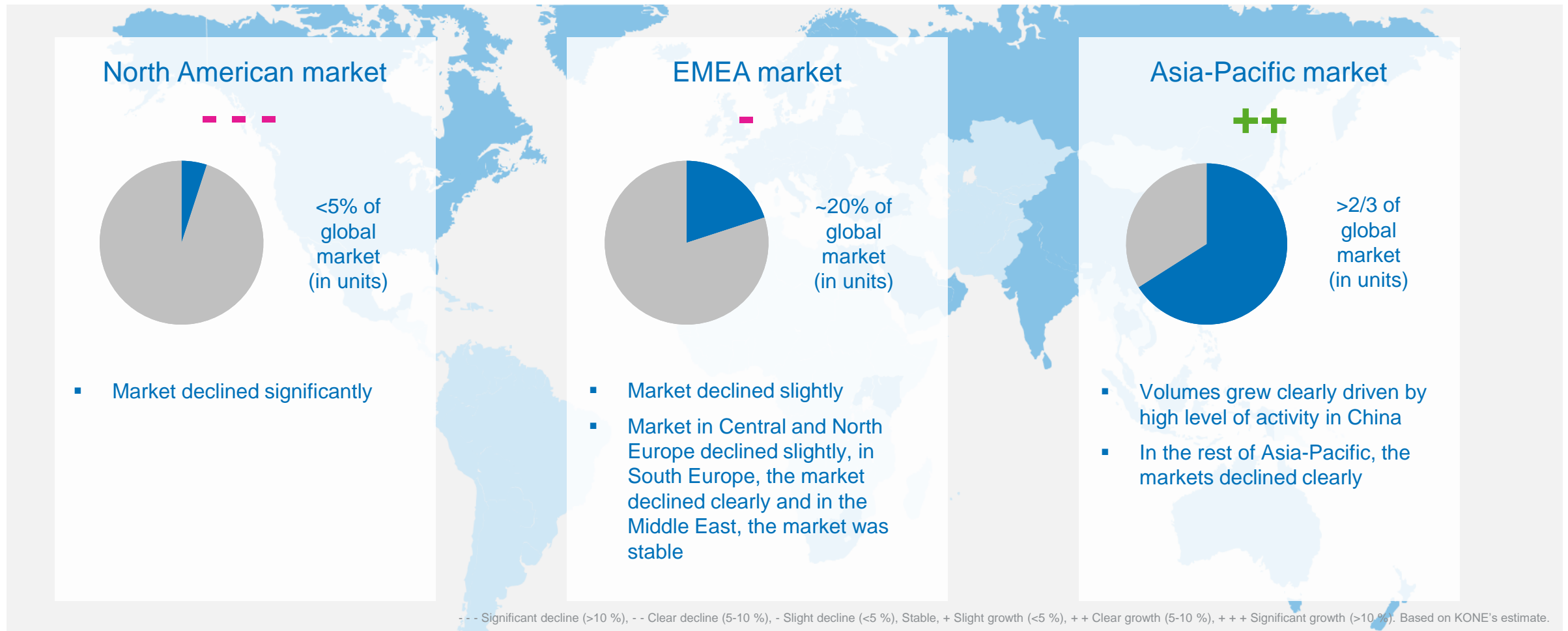
Indexed, indicative as data from a limited number of units





# New equipment market development in Q1 2021

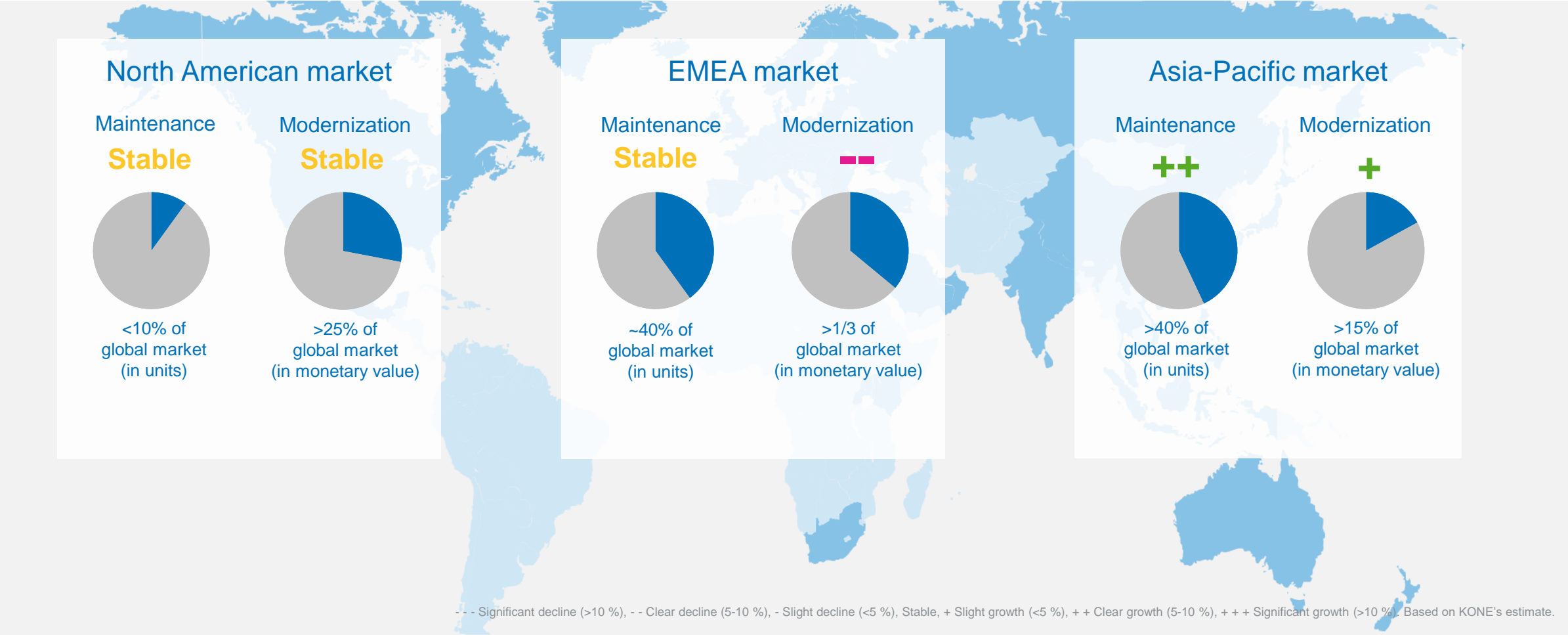
DEMAND DECREASED IN MOST PARTS OF THE WORLD FROM A HIGH COMPARISON PERIOD



# Service market development in Q1 2021



GLOBAL MAINTENANCE MARKET WAS RESILIENT, MODERNIZATION STILL IMPACTED BY DELAYED DECISION-MAKING





# Chinese property market in Q1 2021



- In units ordered, the new equipment market grew significantly y-o-y
- Pricing environment continues to be characterized by intense competition



- First quarter economic development robust
- Healthy activity in the real estate markets
- Financing environment for developers continues tightening



	Q1 2021, y-o-y	CAGR, Q1 2019
Real estate investment	25.6%	7.6%
Residential sales volume	68.1%	12%
New starts	30.1%	-3%
New home prices in 70 biggest cities	4.4%	

# Q1 Financials



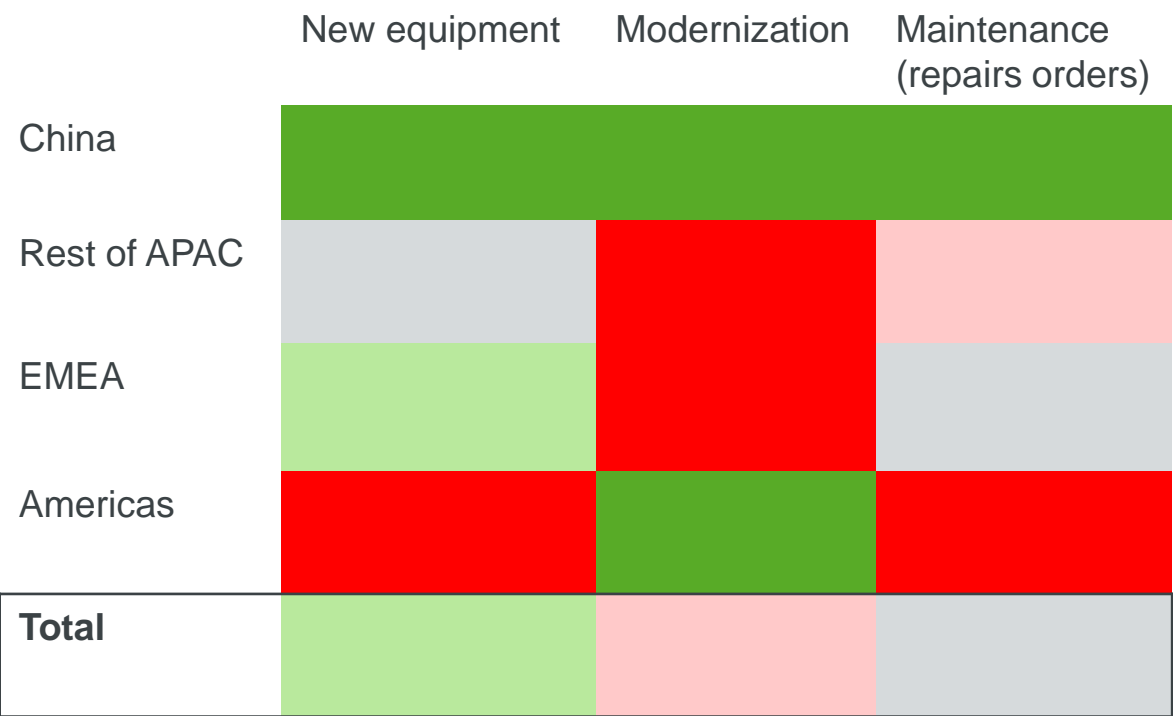


# Mixed development between the regions

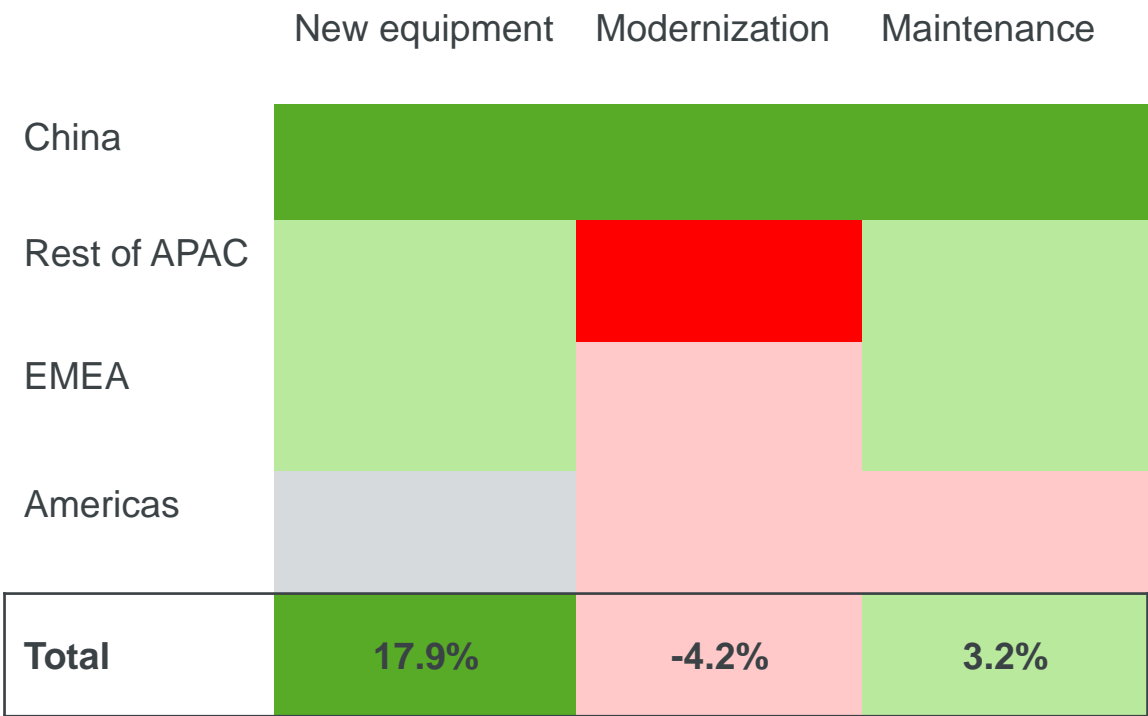


GROWTH IN CHINA, RESTRICTIONS AND UNCERTAINTY STILL IMPACTED OTHER MARKETS

KONE’s Q1 orders received growth at comparable FX rates



KONE’s Q1 sales growth at comparable FX rates

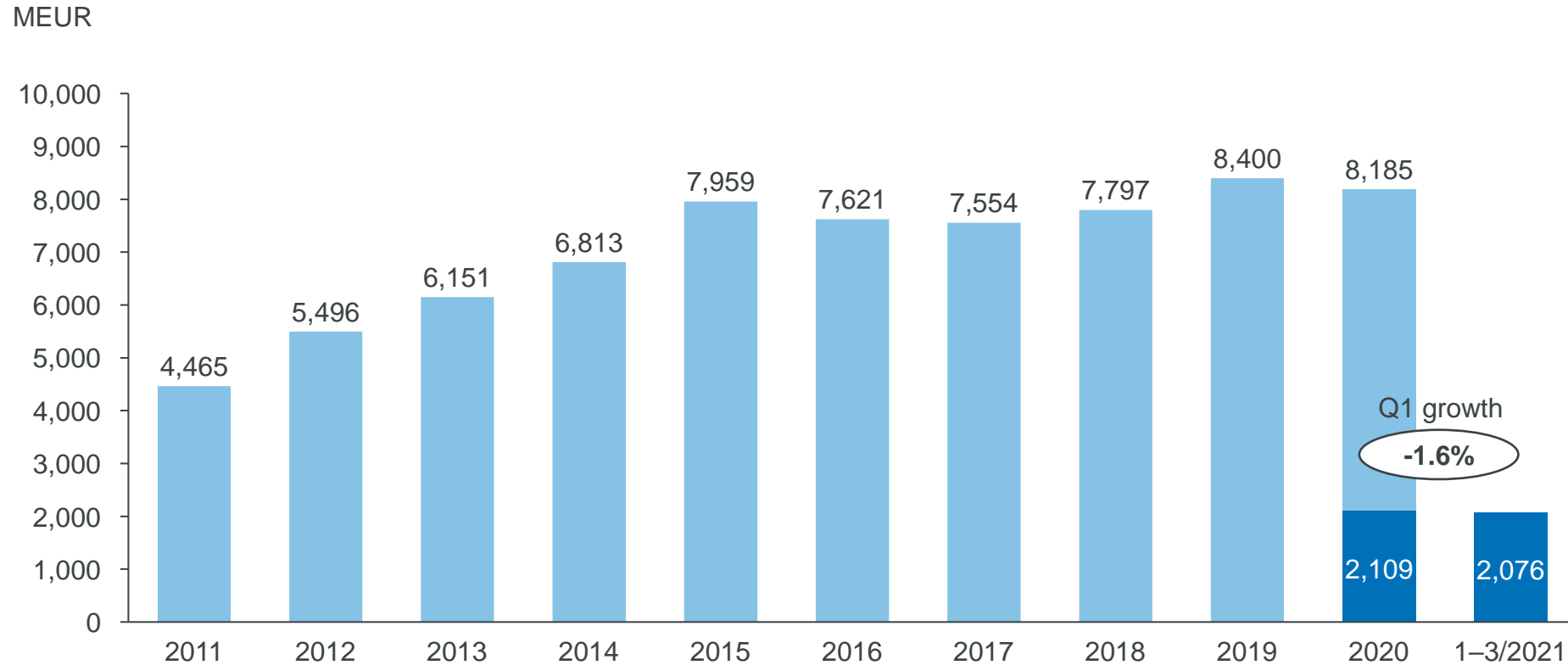


>10% decline   2-10% decline   < 2% change   2-10% growth   >10% growth

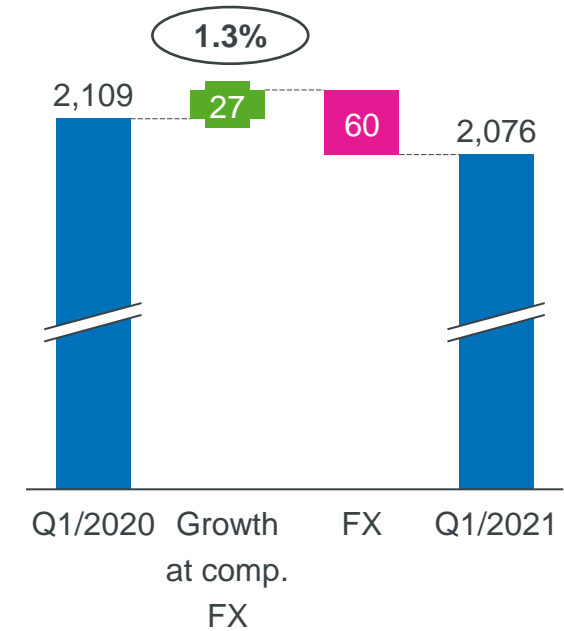
# Orders received



ORDERS RECEIVED ON A STABLE LEVEL THANKS TO CONTINUED MOMENTUM IN CHINA



- In Q1, the margin of orders received declined slightly

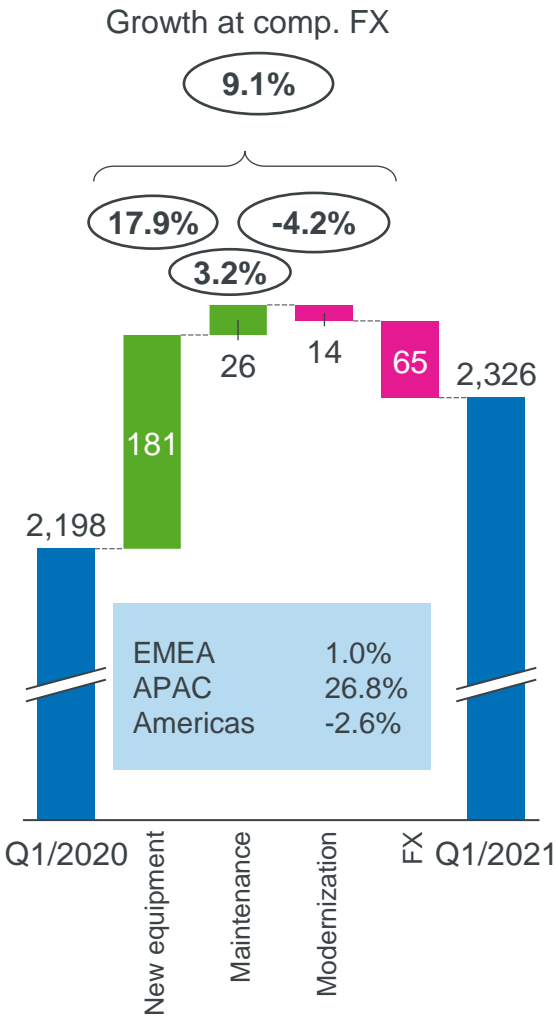
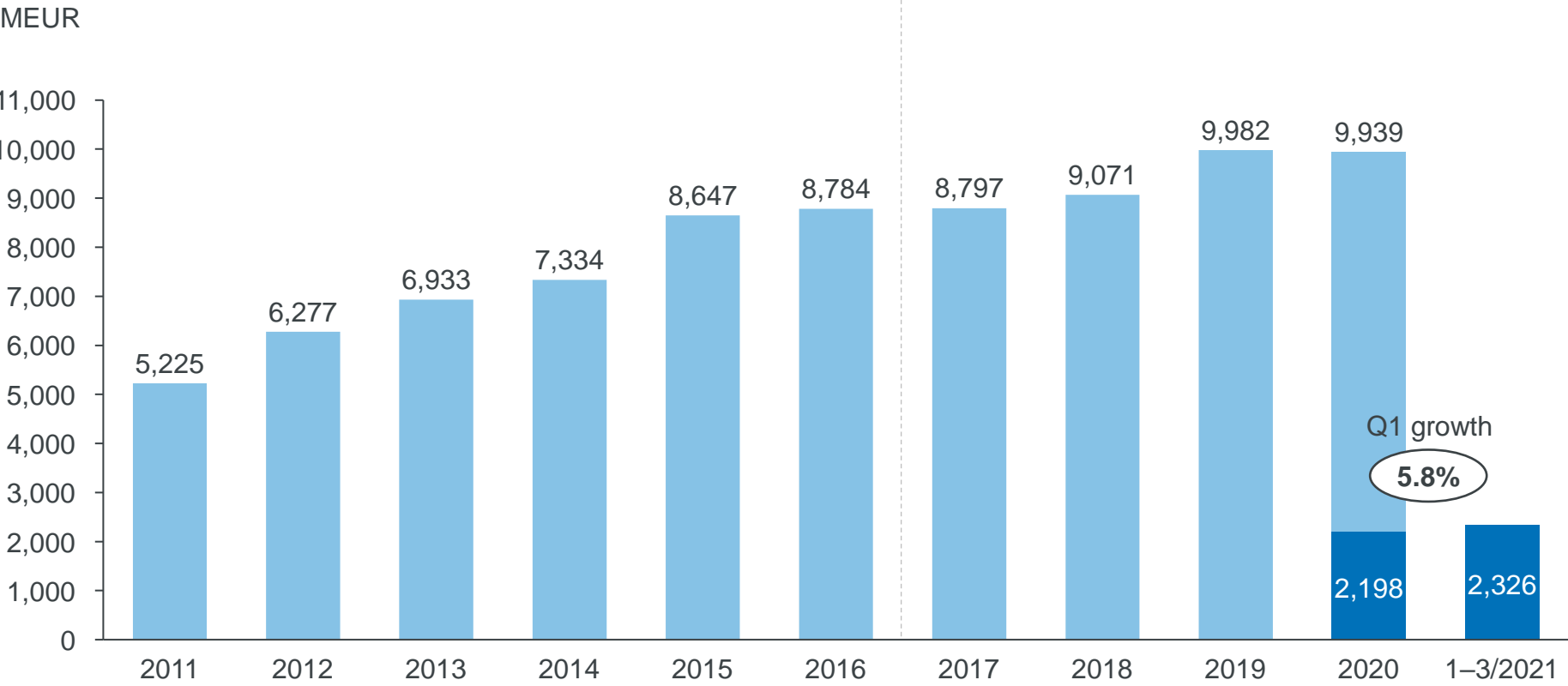




# Sales



SALES GROWTH WAS DRIVEN BY STRONG RECOVERY IN CHINA



KONE has applied IFRS 15 and IFRS 9 standards from January 1, 2018 onwards and 2017 financials are restated retrospectively. Figures for 2011-2016 are not restated and thus not fully comparable.

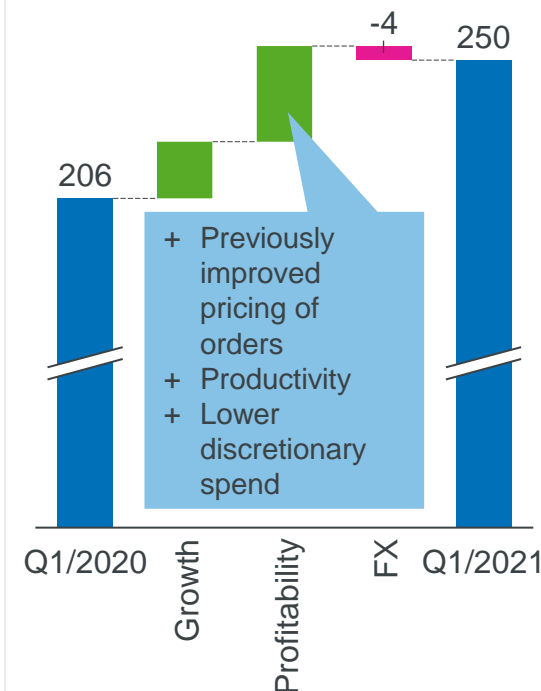
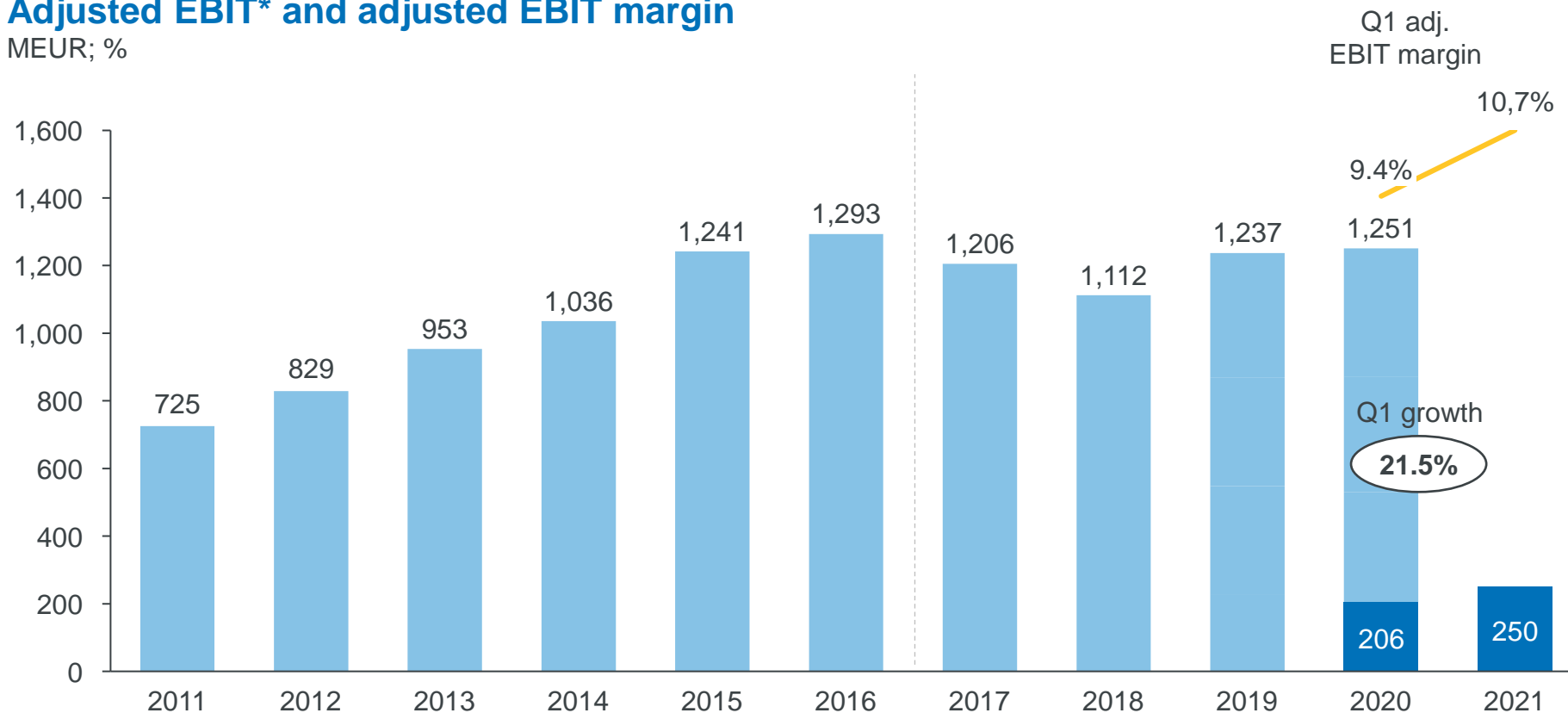
# Adjusted EBIT



EARNINGS GROWTH DRIVEN BY INCREASED VOLUMES AND COST EFFICIENCY

## Adjusted EBIT\* and adjusted EBIT margin

MEUR; %



\*KONE presents adjusted EBIT as an alternative performance measure to enhance comparability of the business performance between reporting periods. Restructuring costs related to significant restructuring programs are excluded from the calculation of the adjusted EBIT. During 2017-2020, all restructuring costs excluded from adjusted EBIT related to the Accelerate program.

KONE has applied IFRS 15 and IFRS 9 standards from January 1, 2018 onwards and 2017 financials are restated retrospectively. Figures for 2011-2016 are not restated and thus not fully comparable.



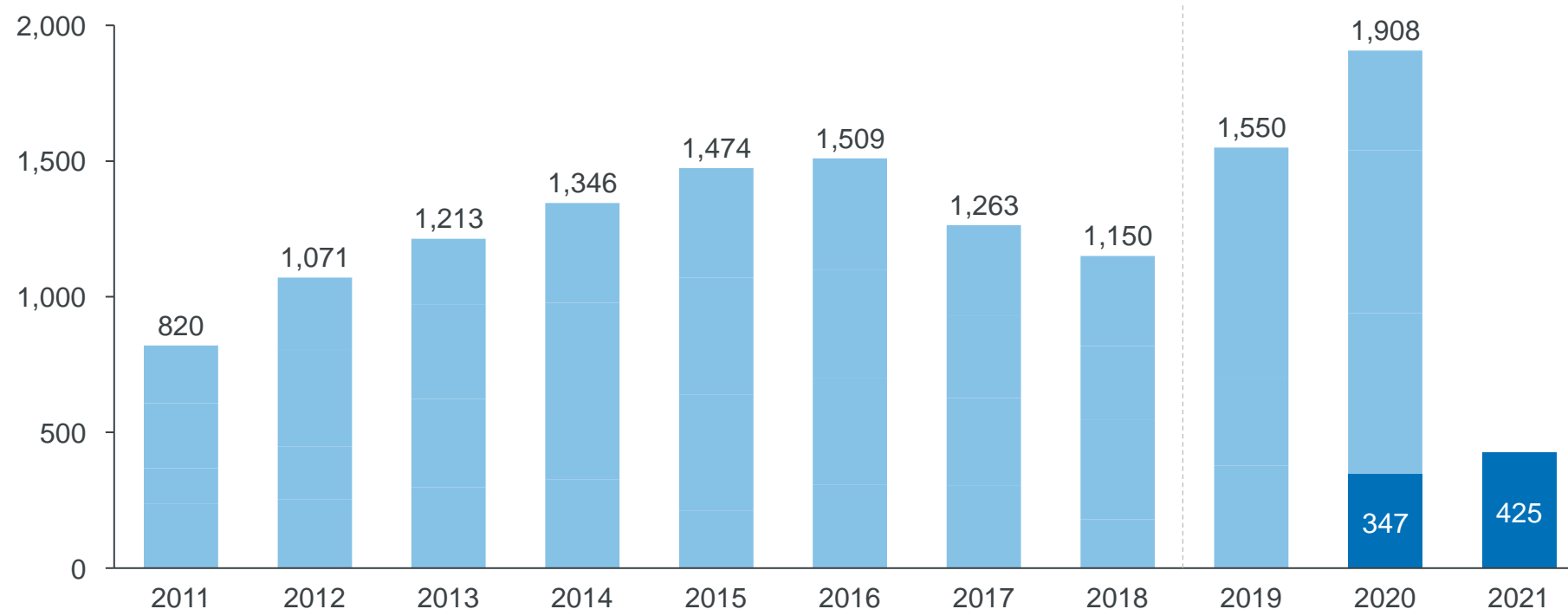
# Cash flow



## Q1 CASH FLOW EXCEPTIONALLY STRONG

### Cash flow from operations\*

MEUR



- Operating income and net working capital contributed positively to the cash flow

\* Before financing items and taxes

KONE had adopted IFRS16 from January 1, 2019 onward which improved cash flow from operations as payments of lease liabilities were included into cash flow from financing activities. The cash flows for comparative periods have not been restated.

# Market and business outlook



# Market outlook for 2021 (updated)

## New equipment markets

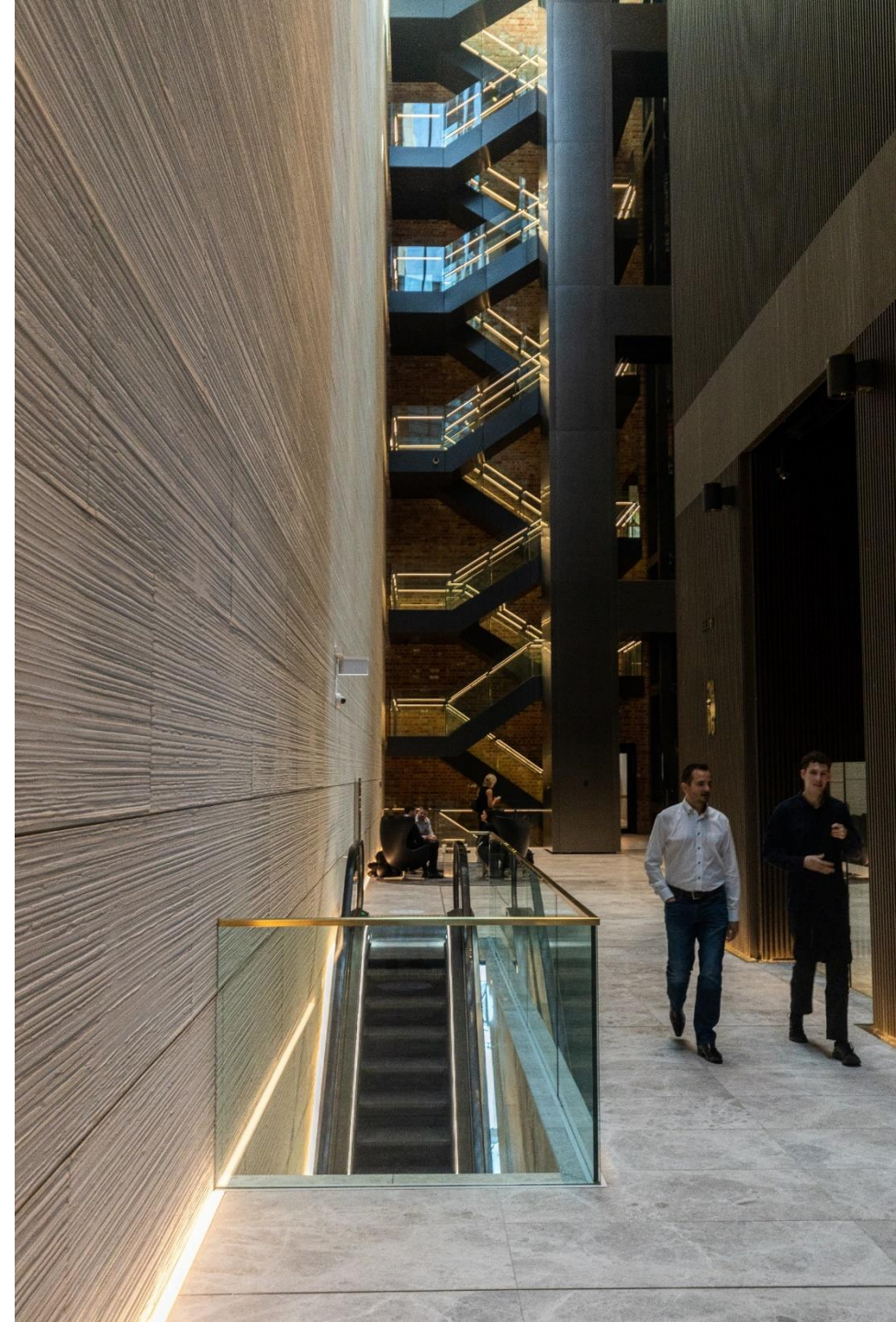
- The Chinese market is expected to grow slightly
- In the rest of the world, the markets are expected to gradually recover

## Maintenance markets

- The maintenance markets are expected to be resilient, excluding the direct impacts of the lockdown measures

## Modernization markets

- In the modernization markets, activity is expected to gradually recover supported by improving confidence





# Business outlook for 2021 (specified)



## Sales

- KONE estimates that in 2021, its sales growth will be in the range of 2% to 6% (0% to 6%) at comparable exchange rates as compared to 2020

## Adjusted EBIT

- The adjusted EBIT margin is expected to be in the range of 12.4% to 13.2% (12.4% to 13.4%). Assuming that foreign exchange rates remain at the April 2021 level, the impact of foreign exchange rates would be limited

### Supporting our performance

- ⑦ Solid order book and maintenance base
- ⑦ Improved margin of orders received
- ⑦ Continuous improvements in quality and productivity

### Burdening our result

- ⑧ Increased material and logistics costs
- ⑧ Investing in our capability to sell and deliver digital services and solutions

## Summary

- Continued strong performance
- Focused on offsetting cost inflation with productivity and differentiated offering
- Well positioned to benefit from market recovery

KONE



Dedicated to People Flow™



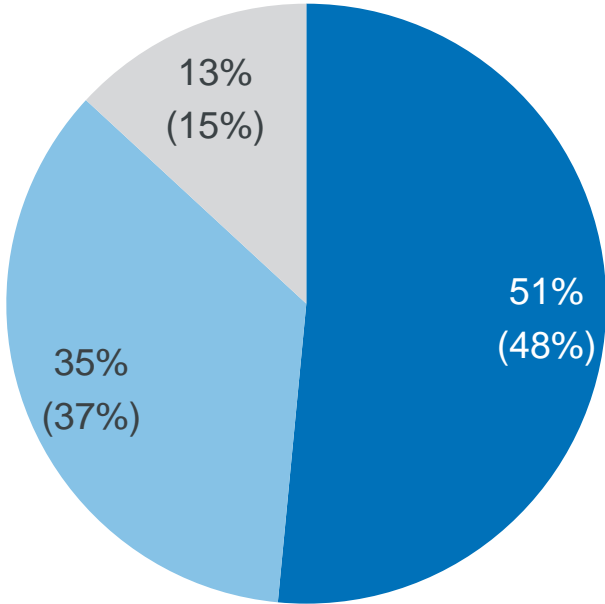


# Appendix

# 1-3/2021 Sales split

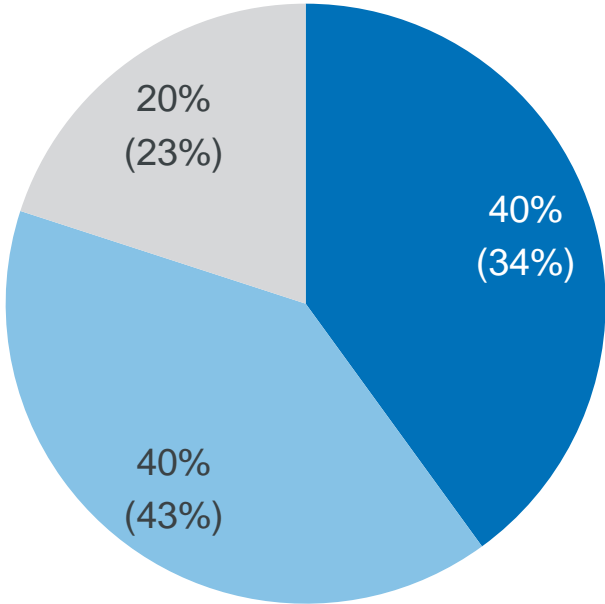


By business



- New equipment
- Maintenance
- Modernization

By region

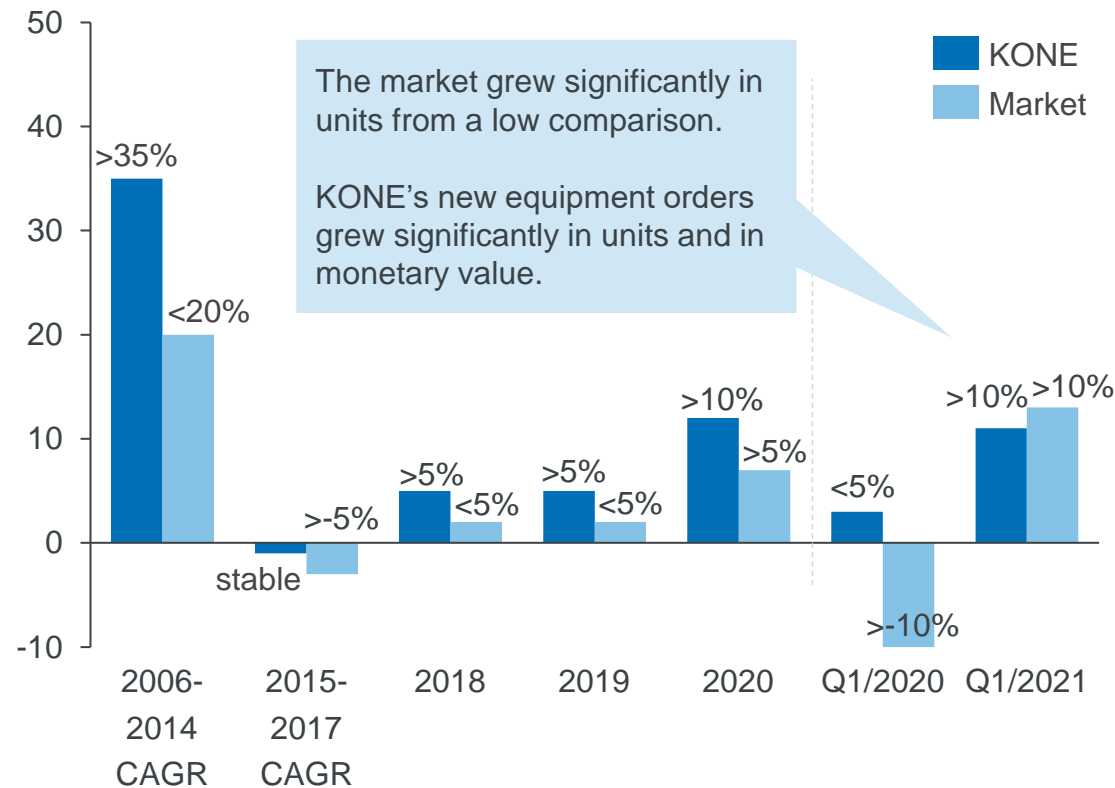


- Asia-Pacific
- EMEA (Europe, Middle East and Africa)
- Americas

1-3/2020 figures in brackets. Figures in charts are rounded and at historical exchange rates.

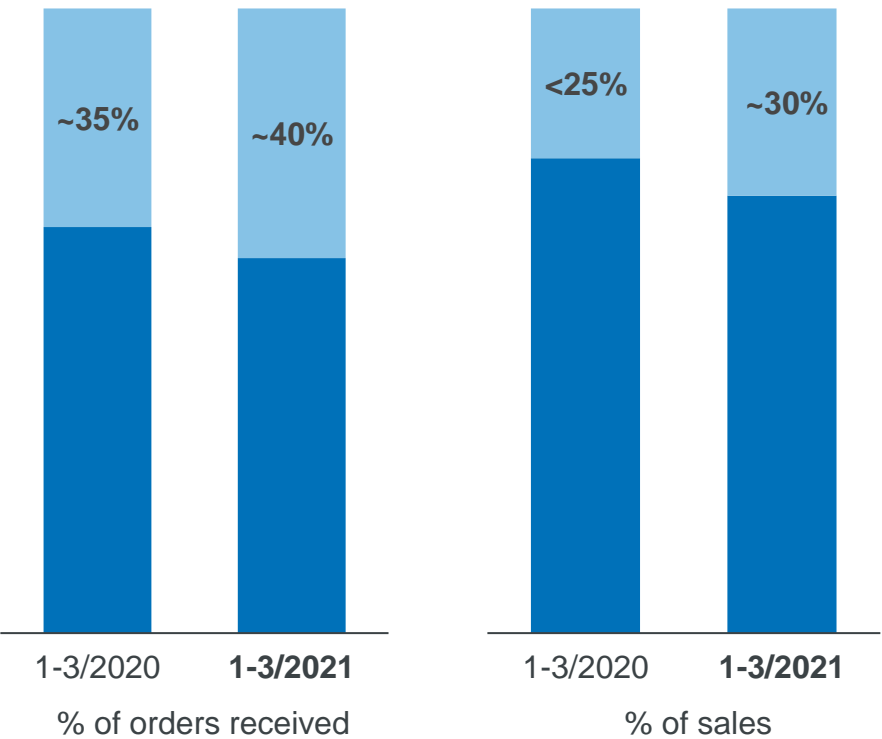
## New equipment market

New equipment orders received in units vs. market development



## China's share of KONE's orders received and sales

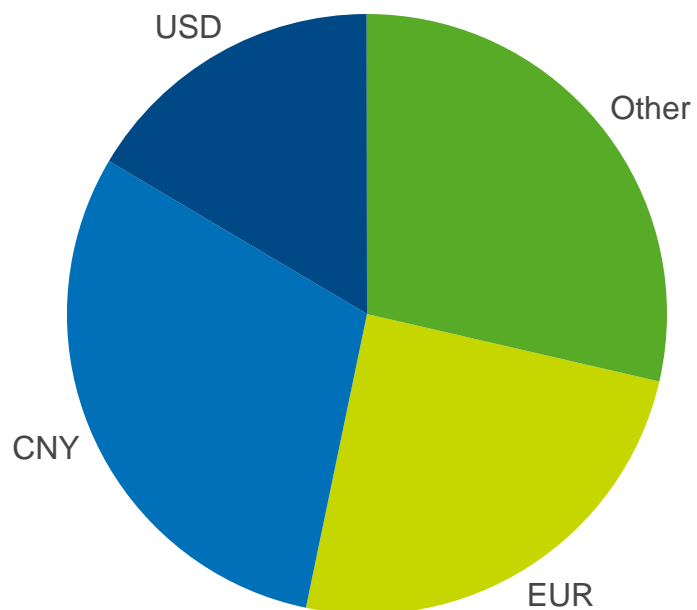
Monetary value



# Currencies



## Sales by currencies 1-3/2021



## Currency impact\*

MEUR	Q1/2021	1–12/2020
Sales	-65.2	-87.0
EBIT	-4.4	-5.3
Orders received	-59.9	-62.3

## Main currencies

	Q1/2021 average	2020 average	Mar 31, 2021 spot
EUR / CNY	7.8367	7.8916	7.6812
EUR / USD	1.2063	1.1452	1.1725
EUR / GBP	0.8764	0.8864	0.8521
EUR / AUD	1.5683	1.6523	1.5412

\*Currency impact between average Q1/2020, Q1/2021 and full year 2020 rates.



# Balance sheet – assets employed



MEUR	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
<b>Assets employed</b>			
Goodwill	1,352.9	1,370.7	1,327.0
Other intangible assets	223.4	229.4	223.2
Tangible assets	724.9	730.2	710.0
Investments	139.5	137.0	143.2
Net working capital	-1,467.7	-964.3	-1,160.1
<b>Assets employed total</b>	<b>973.0</b>	<b>1,502.9</b>	<b>1,243.4</b>
<b>Financed by</b>			
Equity	2,348.3	2,473.1	3,197.3
Net debt	-1,375.3	-970.2	-1,953.8
<b>Equity and net debt total</b>	<b>973.0</b>	<b>1,502.9</b>	<b>1,243.4</b>

# Net working capital



MEUR	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
<b>Net working capital</b>			
Inventories	620.9	666.0	597.0
Advance payments received and deferred revenue	-1,864.9	-1,774.3	-1,766.8
Accounts receivable	2,164.0	2,192.8	2,178.6
Deferred assets and income tax receivables	746.2	741.1	720.9
Accruals and income tax payables <sup>1)</sup>	-2,347.4	-2,099.6	-1,996.2
Provisions	-152.7	-122.2	-154.7
Accounts payable	-804.0	-698.6	-890.9
Net deferred tax assets / liabilities	170.2	130.5	152.0
<b>Net working capital total</b>	<b>-1,467.7</b>	<b>-964.3</b>	<b>-1,160.1</b>

<sup>1)</sup> As at March 31, 2021, net working capital included a withholding tax payable for dividends amounting to EUR 189 (88) million.