KONE Q3 2019

Interim Report for January–September

KONE's January–September 2019 review:

Continued good growth in orders received and sales, adjusted EBIT improving

July–September 2019

- Orders received grew by 9.6% to EUR 2,007 (7–9/2018: 1,832) million. At comparable exchange rates, orders received grew by 6.8%.
- Sales grew by 11.7% to EUR 2,558 (2,289) million. At comparable exchange rates, sales grew by 9.4%.
- Operating income (EBIT) was EUR 314.2 (258.0) million or 12.3% (11.3%) of sales. The adjusted EBIT was EUR 321.9 (273.7) million or 12.6% (12.0%) of sales.* IFRS 16 had a positive impact of EUR 2 million to the operating income.
- Cash flow from operations (before financing items and taxes) was EUR 462.9 (273.3) million. IFRS 16 had a positive impact of EUR 30 million to the cash flow from operations (before financing items and taxes).

January–September 2019

- Orders received grew by 9.4% to EUR 6,411 (1–9/2018: 5,859) million. At comparable exchange rates, orders received grew by 7.6%.
- Sales grew by 10.1% to EUR 7,297 (6,627) million. At comparable exchange rates, sales grew by 8.3%.
- Operating income (EBIT) was EUR 836.1 (750.0) million or 11.5% (11.3%) of sales. The adjusted EBIT was EUR 869.9 (792.5) million or 11.9% (12.0%) of sales.* IFRS 16 had a positive impact of EUR 6 million to the operating income.
- Cash flow from operations (before financing items and taxes) was EUR 1,164 (818.5) million. IFRS 16 had a positive impact of EUR 87 million to the cash flow from operations (before financing items and taxes).

KONE has adopted a new IFRS 16 and IFRIC 23 effective January 1, 2019 using the modified retrospective approach and the comparative figures have not been restated. More information on the adoption of IFRS 16 and IFRIC 23 is presented on page 30.

Business outlook for 2019 (specified)

In 2019, KONE sales is estimated to grow by 5–8% at comparable exchange rates as compared to 2018. The adjusted EBIT is expected to be in the range of EUR 1,190–1,250 million, assuming that foreign exchange rates would remain at the October 2019 level. Foreign exchange rates are estimated to impact EBIT positively by around EUR 20 million.

KONE previously estimated its sales to grow by 4–7% at comparable exchange rates compared to 2018. The adjusted EBIT was expected to be in the range of EUR 1,170–1,250 million, assuming that foreign exchange rates would have remained at the July 2019 level. Foreign exchange rates were estimated to impact EBIT positively by EUR 20 million.

KEY FIGURES

		7–9/2019	7–9/2018	Change	1–9/2019	1–9/2018	Change	1–12/2018
Orders received	MEUR	2,007.3	1,831.9	9.6%	6,411.5	5,859.1	9.4%	7,797.0
Order book	MEUR	8,399.8	7,791.6	7.8%	8,399.8	7,791.6	7.8%	7,950.7
Sales	MEUR	2,557.6	2,288.7	11.7%	7,297.2	6,627.3	10.1%	9,070.7
Operating income (EBIT)	MEUR	314.2	258.0	21.8%	836.1	750.0	11.5%	1,042.4
Operating income margin (EBIT margin)	%	12.3	11.3		11.5	11.3		11.5
Adjusted EBIT*	MEUR	321.9	273.7	17.6%	869.9	792.5	9.8%	1,112.1
Adjusted EBIT margin*	%	12.6	12.0		11.9	12.0		12.3
Income before tax	MEUR	320.9	271.9	18.0%	851.5	786.0	8.3%	1,087.2
Net income	MEUR	247.1	217.2	13.8%	655.7	613.1	6.9%	845.2
Basic earnings per share	EUR	0.48	0.42	13.8%	1.26	1.19	6.4%	1.63
Cash flow from operations (before financing items and taxes)	MEUR	462.9	273.3		1,163.9	818.5		1,150.1
Interest-bearing net debt	MEUR	-1,276.9	-1,425.5		-1,276.9	-1,425.5		-1,704.0
Equity ratio	%	44.1	47.8		44.1	47.8		49.9
Return on equity	%	29.1	28.0		29.1	28.0		27.7
Net working capital (including financing items and taxes)	MEUR	-871.5	-719.0		-871.5	-719.0		-757.8
Gearing	%	-43.3	-50.8		-43.3	-50.8		-55.3

* In September 2017, KONE introduced a new alternative performance measure, adjusted EBIT, to enhance comparability of the business performance between reporting periods during the Accelerate program. Restructuring costs related to the Accelerate program are excluded from the calculation of the adjusted EBIT.

Henrik Ehrnrooth, President and CEO:

“**I am in many ways pleased with our development in the third quarter.** Orders received continued to grow at a good rate across regions, and the margin of orders received improved for a second quarter in a row. Sales growth was strong with solid deliveries of new installations and accelerating growth in services. Most importantly, the adjusted EBIT margin improved as a result of improved pricing and efficiency. Cash flow was record high in the third quarter and overall strong year-to-date.

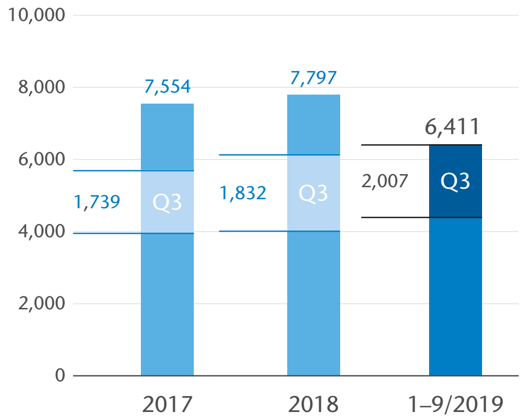
We have made good progress with the Accelerate program, and are starting to see benefits. The new Customer Solutions Engineering function is fully up and running enabling us to serve our customer better and more efficiently. We have also seen encouraging impacts from the changes in Customer Service and Administration as well as Sourcing. I am pleased with the results we have seen so far and I am confident that they are taking us in the right direction. In the latest customer loyalty survey conducted in the summer, our net promoter score was stable at a good level. Our customers continue to appreciate KONE as a good and reliable partner as well as the quality of our products and our customer service. We can still improve our responsiveness and communication with our customers.

Our transformation continues to improve our differentiation. Our new services have been well received by our customers, and are generating new revenue streams that did not previously exist in our industry. This gives us confidence to continue to invest in this area. Overall, I feel that our competitiveness has strengthened further during the Winning with Customers strategy period.

Overall, we have had good development so far this year. Therefore, we now expect our sales to grow by 5–8% at comparable exchange rates in 2019. We have also narrowed our adjusted EBIT range to EUR 1,190–1,250 million. When we look forward, we can see an increasingly uncertain economic environment. However, I feel confident about the coming year, given our strong and improving competitiveness, solid order book and growing service business.”

Key Figures

Orders received (MEUR)



- **In July–September 2019**, orders received grew by 9.6% (6.8% at comparable exchange rates).
- At comparable rates, new equipment orders received grew clearly with clear growth in the volume business and slight growth in major projects. In modernization, orders received grew significantly with clear growth in volume business and significant growth in major projects.
- The margin of orders received improved slightly.

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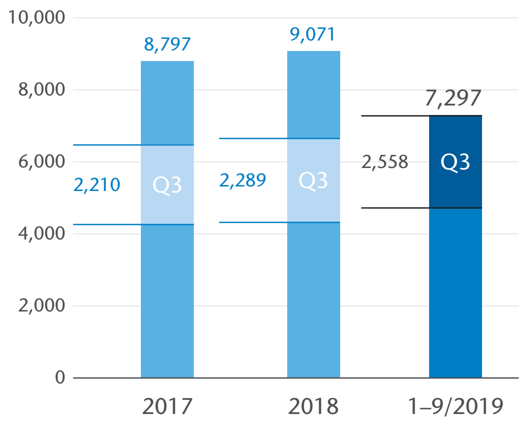
- **In January–September 2019**, orders received grew by 9.4% (7.6% at comparable exchange rates).

Sales (MEUR)



- **In July–September 2019**, sales grew by 11.7% (9.4% at comparable exchange rates).
- New equipment sales grew by 12.9% (10.2% at comparable exchange rates). Service (maintenance and modernization) sales grew by 10.3% (8.5% at comparable rates), with maintenance sales growing by 9.2% (7.4% at comparable rates) and modernization sales growing by 13.0% (10.9% at comparable rates).
- Sales in the EMEA region grew by 8.8% (8.1% at comparable rates). In the Americas region, sales grew by 12.3% (7.6% at comparable rates). In the Asia-Pacific region, sales grew by 14.3% (11.5% at comparable rates).

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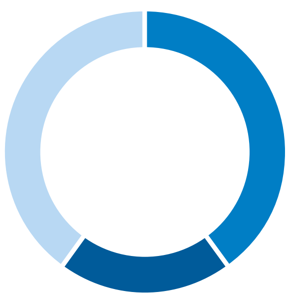
- **In January–September 2019**, sales grew by 10.1% (8.3% at comparable exchange rates).

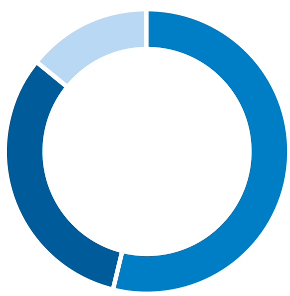
Sales by region



- EMEA 40% (42%)
- Americas 20% (20%)
- Asia-Pacific 40% (38%)

1–9/2019 (1–9/2018)

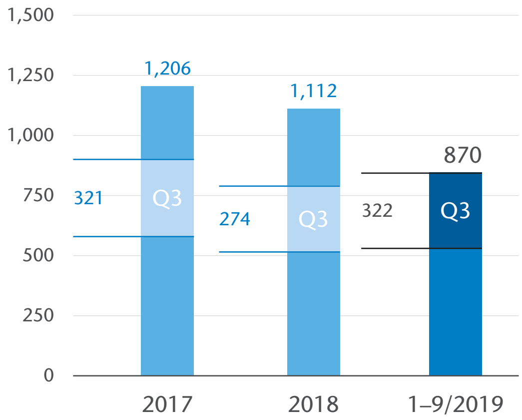
Sales by business



- New equipment 53% (53%)
- Maintenance 32% (33%)
- Modernization 14% (14%)

1–9/2019 (1–9/2018)

Adjusted EBIT (MEUR)



- **In July–September 2019**, operating income was 12.3% of sales (7–9/2018: 11.3%). The adjusted EBIT margin turned to growth as a result of improved pricing and efficiency and was 12.6% (12.0%).
- Translation exchange rates had a positive impact of EUR 8 million on the operating income.
- Restructuring costs related to the Accelerate program were EUR 7.7 million and are excluded from the calculation of the adjusted EBIT.
- The adoption of IFRS 16 had a positive impact of EUR 2 million on the operating income.

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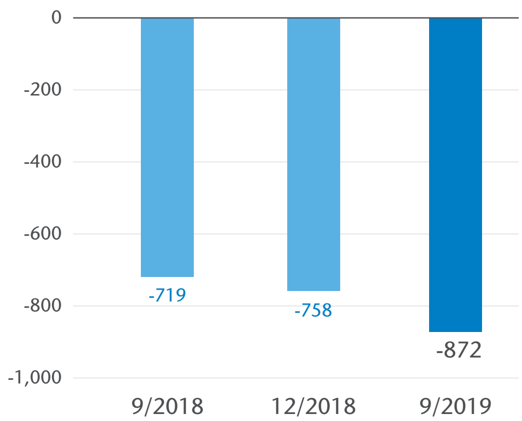
- **In January–September 2019**, operating income was 11.5% of sales (1–9/2018: 11.3%). The adjusted EBIT margin was 11.9% (12.0%).
- The adoption of IFRS 16 had a positive impact of EUR 6 million to the operating income.

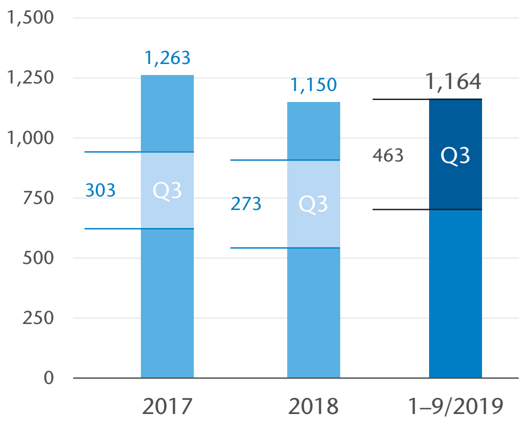
Net working capital[1] (MEUR)



- **At the end of September 2019**, net working capital was at a clearly improved level compared to the beginning of the year and to the end of September 2018.
- The improvement was driven by strong development in advances received and progress payments from customers.

1) Including financing items and taxes

Cash flow[2] (MEUR)



- **In July–September 2019**, cash flow was very strong at EUR 462.9 million due to the growth in operating income and a clear improvement in net working capital.
- The adoption of IFRS 16 had a positive impact of EUR 30 million on the cash flow from operations before financing items and taxes.

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- **In January–September 2019**, cash flow was very strong at EUR 1,164 million due to the growth in operating income and a clear improvement in net working capital.
- The adoption of IFRS 16 had a positive impact of EUR 87 million on the cash flow from operations before financing items and taxes.

2) Cash flow from operations before financing items and taxes

KONE’s January–September 2019 review

KONE’s operating environment

Operating environment by region

	New equipment market in units		Maintenance market in units		Modernization market	
	7–9/2019	1–9/2019	7–9/2019	1–9/2019	7–9/2019	1–9/2019
Total market	Stable	+	+	+	+	+
EMEA	+	+	+	+	++	+
Central and North Europe	+	+	+	+	++	+
South Europe	+	+	+	+	+	+
Middle East	–	–	+	+	++	++
North America	Stable	Stable	+	+	+	+
Asia-Pacific	Stable	+	++	++	++	+++
China	+	+	++	++	+++	+++

– – – Significant decline (>10%), – – Clear decline (5–10%), – Slight decline (<5%), Stable, + Slight growth (<5%), ++ Clear growth (5–10%), +++ Significant growth (>10%)

July–September 2019

The global new equipment market was stable in units compared to the third quarter of 2018. **In Asia-Pacific**, the new equipment market was stable. **In China**, infrastructure segment developed positively and residential segment grew slightly, while non-residential segment declined. Government continued to support the economic activity through infrastructure investments while maintaining restrictions in the residential market. Overall, the Chinese new equipment market grew slightly in units. In the rest of Asia-Pacific, the new equipment markets declined slightly. The market in India and in some Southeast Asian countries declined after a growth period. **In the EMEA region**, the new equipment market grew slightly. The new equipment market in Central and North Europe grew slightly from a high level. In South Europe, the market grew slightly with growth in most of the countries in the area. In the Middle East, the market declined due to increased uncertainty in the area. **In North America**, the new equipment market was stable on a high level.

Global service markets continued to develop positively. Both the maintenance and the modernization markets saw growth across the regions, with the strongest rate of growth seen in Asia-Pacific. Also in the EMEA region the modernization market grew clearly driven by Central and North Europe and the Middle East.

Pricing trends remained varied during July–September. In China, competition remained intense but pricing was rather stable in the new equipment market. In the EMEA region, the pricing environment was mixed. In South Europe, there were signs of improving pricing environment while in Central and North Europe pricing was more stable. In the Middle East region, intense competition continued. In North America, competition intensified somewhat.

January–September 2019

The global new equipment market grew slightly in units compared to January–September 2018. **In Asia-Pacific**, the new equipment market grew slightly. **In China**, infrastructure segment developed positively and residential segment grew slightly, while non-residential segment declined. Government continued to balance between supporting the economic activity and restricting the residential market. Overall, the Chinese new equipment market grew slightly in units. In the rest of Asia-Pacific, the new equipment markets were stable with growth in the first half and slight decline in the third quarter. **In the EMEA region**, the new equipment market grew slightly. The new equipment market in Central and North Europe grew slightly from a high level. In South Europe, the market grew slightly. In the Middle East, the market continued to decline. **In North America**, the new equipment market was stable on a high level.

Global service markets continued to develop positively. Both the maintenance and the modernization markets saw growth across the regions, with the strongest rate of growth seen in Asia-Pacific and a more moderate development in Europe and North America.

Pricing trends remained varied during January–September. In China, competition remained intense but pricing was rather stable in the new equipment market. In the EMEA region, the pricing environment was mixed. The Middle East region continued to be characterized by intense competition, while there were some signs of improving pricing environment in parts of Europe. In North America, competition intensified somewhat.

Orders received and order book

Orders received

MEUR	7–9/2019	7–9/2018	Change	Comparable change[1]	1–9/2019	1–9/2018	Change	Comparable change[1]	1–12/2018
Orders received	2,007.3	1,831.9	9.6%	6.8%	6,411.5	5,859.1	9.4%	7.6%	7,797.0

[1] Change at comparable foreign exchange rates

Orders received consist predominantly of new equipment and modernization orders. Maintenance contracts are not included in orders received, but the figure includes orders related to the maintenance business, such as repairs.

July–September 2019

Orders received grew by 9.6% as compared to July–September 2018 and totaled EUR 2,007 million. At comparable exchange rates, KONE's orders received grew by 6.8%.

At comparable rates, new equipment orders received grew clearly with clear growth in the volume business and slight growth in major projects. In modernization, orders received grew significantly with clear growth in the volume business and significant growth in major projects.

The relative margin of orders received improved slightly compared to the comparison period. We have successfully taken focused pricing actions and continued to make progress in improving efficiency to compensate for the cost pressures.

Orders received in the EMEA region grew clearly at comparable exchange rates as compared to July–September 2018. New equipment orders were stable, while modernization orders grew significantly.

In the Americas region, orders received grew clearly at comparable rates as compared to July–September 2018. New equipment orders grew slightly and modernization orders grew significantly.

Orders received in the Asia-Pacific region grew clearly at comparable rates as compared to July–September 2018. In China, new equipment orders grew significantly both in units and in monetary value. Like-for-like prices were stable compared to the comparison period while mix was slightly negative. In the rest of Asia-Pacific, new equipment orders declined clearly. Modernization orders continued to grow significantly in China, but declined significantly in the rest of Asia-Pacific.

January–September 2019

Orders received grew by 9.4% as compared to January–September 2018 and totaled EUR 6,411 million. At comparable exchange rates, KONE's orders received grew by 7.6%.

At comparable rates, new equipment orders received grew clearly with clear growth in both the volume business and in major projects. In modernization, orders received grew significantly with clear growth in the volume business and significant growth in major projects.

The relative margin of orders received improved slightly compared to the comparison period. We have successfully taken focused pricing actions and continued to make progress in improving efficiency to compensate for the cost pressures.

Orders received in the EMEA region grew clearly at comparable exchange rates as compared to January–September 2018. Both new equipment and modernization orders grew clearly.

In the Americas region, orders received grew slightly at comparable rates as compared to January–September 2018. New equipment orders declined slightly, while modernization orders grew significantly.

Orders received in the Asia-Pacific region grew significantly at comparable rates as compared to January–September 2018. In China, new equipment orders grew clearly in units and significantly in monetary value. Like-for-like prices were slightly higher than in the comparison period and mix contributed also positively. In the rest of Asia-Pacific, new equipment orders declined slightly. Modernization orders continued to grow significantly in China, but declined significantly in the rest of Asia-Pacific.

Terminology: Slight <5%, clear 5–10%, significant >10%

Order book

MEUR	Sep 30, 2019	Sep 30, 2018	Change	Comparable change[1)]	Dec 31, 2018
Order book	8,399.8	7,791.6	7.8%	4.2%	7,950.7

[1)] Change at comparable foreign exchange rates

The order book grew clearly compared to the end of September 2018 and stood on a strong level of EUR 8,400 million at the end of the reporting period.

The order book margin remained at a healthy level. Customer cancellations remained at a very low level.

Sales

By region

MEUR	7–9/2019	7–9/2018	Change	Comparable change[1)]	1–9/2019	1–9/2018	Change	Comparable change[1)]	1–12/2018
EMEA	979.0	899.6	8.8%	8.1%	2,918.0	2,758.6	5.8%	5.5%	3,791.5
Americas	514.5	458.3	12.3%	7.6%	1,485.2	1,326.1	12.0%	6.3%	1,804.6
Asia-Pacific	1,064.1	930.8	14.3%	11.5%	2,894.1	2,542.6	13.8%	12.4%	3,474.6
Total	2,557.6	2,288.7	11.7%	9.4%	7,297.2	6,627.3	10.1%	8.3%	9,070.7

[1)] Change at comparable foreign exchange rates

By business

MEUR	7–9/2019	7–9/2018	Change	Comparable change[1)]	1–9/2019	1–9/2018	Change	Comparable change[1)]	1–12/2018
New equipment	1,402.4	1,241.7	12.9%	10.2%	3,895.8	3,512.3	10.9%	9.1%	4,796.9
Services	1,155.3	1,047.1	10.3%	8.5%	3,401.4	3,115.1	9.2%	7.4%	4,273.9
Maintenance	798.4	731.4	9.2%	7.4%	2,353.1	2,189.1	7.5%	5.9%	2,968.7
Modernization	356.9	315.7	13.0%	10.9%	1,048.3	925.9	13.2%	11.0%	1,305.1
Total	2,557.6	2,288.7	11.7%	9.4%	7,297.2	6,627.3	10.1%	8.3%	9,070.7

[1)] Change at comparable foreign exchange rates

July–September 2019

KONE's sales grew by 11.7% as compared to July–September 2018, and totaled EUR 2,558 million. At comparable exchange rates, KONE's sales grew by 9.4%.

Sales in the EMEA region grew by 8.8% and totaled EUR 979.0 million. At comparable exchange rates, the growth was 8.1%. New equipment and maintenance sales grew clearly and modernization sales grew significantly.

In the Americas region, sales grew by 12.3% and totaled EUR 514.5 million. At comparable exchange rates, sales grew by 7.6%. New equipment, maintenance and modernization sales grew clearly.

Sales in the Asia-Pacific region grew by 14.3% and totaled EUR 1,064 million. At comparable exchange rates, sales grew by 11.5%. New equipment, maintenance and modernization sales grew significantly.

January–September 2019

KONE's sales grew by 10.1% as compared to January–September 2018, and totaled EUR 7,297 million. At comparable exchange rates, KONE's sales grew by 8.3%.

Sales in the EMEA region grew by 5.8% and totaled EUR 2,918 million. At comparable exchange rates, the growth was 5.5%. New equipment and maintenance sales grew slightly and modernization sales grew significantly.

In the Americas region, sales grew by 12.0% and totaled EUR 1,485 million. At comparable exchange rates, sales grew by 6.3%. New equipment and modernization sales grew clearly and maintenance sales grew slightly.

Sales in the Asia-Pacific region grew by 13.8% and totaled EUR 2,894 million. At comparable exchange rates, sales grew by 12.4%. New equipment, maintenance and modernization sales grew significantly.

Financial result

Financial result

MEUR	7–9/2019	7–9/2018	Change	1–9/2019	1–9/2018	Change	1–12/2018
Operating income, MEUR	314.2	258.0	21.8%	836.1	750.0	11.5%	1,042.4
Operating income margin, %	12.3	11.3		11.5	11.3		11.5
Adjusted EBIT, MEUR	321.9	273.7	17.6%	869.9	792.5	9.8%	1,112.1
Adjusted EBIT margin, %	12.6	12.0		11.9	12.0		12.3
Income before taxes, MEUR	320.9	271.9	18.0%	851.5	786.0	8.3%	1,087.2
Net income, MEUR	247.1	217.2	13.8%	655.7	613.1	6.9%	845.2
Basic earnings per share, EUR	0.48	0.42	13.8%	1.26	1.19	6.4%	1.63

The adoption of IFRS 16 had a positive impact of EUR 2 million on the operating income in July–September. In January–September, the impact was EUR 6 million.

July–September 2019

KONE's operating income (EBIT) grew to EUR 314.2 million or 12.3% of sales. The adjusted EBIT, which excludes restructuring costs related to the Accelerate program, was EUR 321.9 million or 12.6% of sales.

Adjusted EBIT margin turned to growth as a result of improved pricing and efficiency.

Translation exchange rates had a positive impact of EUR 8 million on the operating income, and the restructuring costs related to the Accelerate program were EUR 7.7 million. Adoption of IFRS 16 had a positive impact of EUR 2 million on the operating income. Correspondingly, financing expenses increased by EUR 3 million.

Basic earnings per share was EUR 0.48.

January–September 2019

KONE's operating income (EBIT) grew to EUR 836.1 million or 11.5% of sales. The adjusted EBIT, which excludes restructuring costs related to the Accelerate program, was EUR 869.9 million or 11.9% of sales.

Adjusted EBIT margin was slightly below the level of the comparison period due to some of the cost headwinds being more pronounced in the early part of the year. In the third quarter, the adjusted EBIT margin turned to growth as a result of improved pricing and efficiency.

Translation exchange rates had a positive impact of EUR 16 million on the operating income, and the restructuring costs related to the Accelerate program were EUR 33.8 million. Adoption of IFRS 16 had a positive impact of EUR 6 million on the operating income. Correspondingly, financing expenses increased by EUR 9 million.

KONE's income before taxes was EUR 851.5 million. Taxes totaled EUR 195.8 (172.9) million, taking into account taxes proportionate to the amount estimated for the financial year. This represents an effective tax rate of 23.0% for the full financial year. Net income for the period grew to EUR 655.7 million.

Basic earnings per share was EUR 1.26.

Cash flow and financial position

Cash flow and financial position

	7–9/2019	7–9/2018	1–9/2019	1–9/2018	1–12/2018
Cash flow from operations (before financing items and taxes), MEUR	462.9	273.3	1,163.9	818.5	1,150.1
Net working capital (including financing items and taxes), MEUR			-871.5	-719.0	-757.8
Interest-bearing net debt, MEUR			-1,276.9	-1,425.5	-1,704.0
Gearing, %			-43.3	-50.8	-55.3
Equity ratio, %			44.1	47.8	49.9
Equity per share, EUR			5.66	5.41	5.94

The adoption of IFRS16 had a positive impact of EUR 30 million on the cash flow from operations (before financing items and taxes) in July–September. In January–September, the impact was EUR 87 million. The adoption also increased the opening balance of interest-bearing net debt by EUR 358 million.

KONE's financial position was very strong at the end of September 2019.

Cash flow from operations (before financing items and taxes) during January–September 2019 was very strong at EUR 1,164 million due to growth in operating income and a clear improvement in net working capital. Adoption of IFRS 16 had a positive impact of EUR 87 million on the cash flow from operations before financing items and taxes.

Net working capital (including financing items and taxes) was strong at EUR -871.5 million at the end of September 2019. Net working capital contributed positively to the cash flow driven by strong development in advances received and progress payments from customers.

Interest-bearing net debt was EUR -1,277 million at the end of September 2019. KONE's cash and cash equivalents together with current deposits and loan receivables were EUR 1,967 (December 31, 2018: 2,043) million at the end of the reporting period. Interest-bearing liabilities were EUR 716.2 (369.0) million, including a net pension liability of EUR 154.7 (147.0) million and leasing liability of EUR 387.4 (49.3) million. Adoption of IFRS 16 increased the opening balance of interest-bearing liabilities by EUR 357.6. million. Gearing was -43.3% and equity ratio was 44.1% at the end of September 2019.

Equity per share was EUR 5.66.

Capital expenditure and acquisitions

Capital expenditure & acquisitions

MEUR	7–9/2019	7–9/2018	1–9/2019	1–9/2018	1–12/2018
On fixed assets	23.4	20.7	71.1	58.8	92.7
On leasing agreements	30.3	5.6	66.9	14.0	19.3
On acquisitions	23.3	2.5	33.4	10.9	27.8
Total	77.0	28.8	171.4	83.7	139.8

The adoption of IFRS 16 increased capital expenditure on lease agreements by EUR 24 million in July–September. In January–September, the impact was EUR 56 million.

KONE's capital expenditure and acquisitions totaled EUR 171.4 million in January–September 2019. Capital expenditure was mainly related to equipment and facilities in R&D, IT, operations and production.

Acquisitions totals EUR 33.4 million in January–September 2019. KONE completed small acquisitions of maintenance businesses in Europe and in the United States.

Research and development

R&D expenditure

MEUR	7–9/2019	7–9/2018	Change	1–9/2019	1–9/2018	Change	1–12/2018
R&D expenditure, MEUR	41.2	39.5	4.4%	122.9	119.2	3.1%	164.0
As percentage of sales, %	1.6	1.7		1.7	1.8		1.8

KONE's vision is to deliver the Best People Flow® experience by providing ease, effectiveness and experiences to its customers and users. In line with its strategy, Winning with Customers, the objective of KONE's solution and service development is to drive differentiation further by putting the needs of customers and users at the center of all development. By closer collaboration with customers and partners, KONE will increase the speed of bringing new services and solutions to the market.

Research and development expenditure totaled EUR 122.9 million, representing 1.7% of sales in January–September 2019. R&D expenditures include the development of new product and service concepts as well as further development of existing solutions and services.

During January–September 2019, KONE made updates and enhancements to its existing product offering. In the first quarter, the analytics tools and sensors in KONE 24/7 Connected Services were further improved. In the second quarter, KONE made enhancements to KONE MiniSpace™ offering in the residential segment in India improving the eco-efficiency, safety and reliability of the elevators. In China, we widened our coverage in the modernization business. In the third quarter, we continued developing our modernization offering in several areas. For example, we improved the flexibility of our modernization offering in India. For major projects, we introduced a new modernization solution which enhances the people flow during the modernization project and helps reduce the downtime.

Personnel

KONE employees

	1–9/2019	1–9/2018	1–12/2018
Number of employees at the end of period	58,777	56,611	57,359
Average number of employees	57,987	55,815	56,119

Geographical distribution of KONE employees

	1–9/2019	1–9/2018	1–12/2018
EMEA	23,117	22,592	22,645
Americas	7,508	7,299	7,465
Asia-Pacific	28,151	26,720	27,249
Total	58,777	56,611	57,359

The main goals of KONE's personnel strategy are to secure the availability, engagement, motivation and continuous development of the company's personnel. All KONE's activities are guided by ethical principles. Employee rights and responsibilities include the right to a safe and healthy working environment, personal well-being, freedom of association, collective bargaining, non-discrimination and the right to a working environment in which harassment of any kind is not tolerated. We actively encourage diversity at KONE, and our values guide us in upholding an inclusive culture.

During the first quarter, we ran a salary review in the majority of the KONE countries and made adjustments based on performance and market level comparisons. Based on the review, women and men are on a global level compensated equally at KONE. On a local level there are still differences, which we are addressing.

We strive to have the best professionals with the right competencies in each position. We facilitate this effort as well as increase the motivation, engagement and continuous development of the personnel through regular performance discussions, which take place at least twice a year. During the first quarter, we concentrated on performance discussions which focused on goal setting for 2019 and achievement reviews from the past year. Goals were set to more than 43,000 employees. During the second quarter, we had our global annual talent review process to support employees with development and career opportunities. The participation rate improved compared to previous year and now more than 15,000 employees have their talent profile completed. During the third quarter, mid-year performance discussions and individual development discussions were held in all countries.

KONE's strategy, Winning with Customers, focuses on putting the needs of our customers and users at the center of all development at KONE. People are key to the strategy's success, which requires us to develop and obtain new competences in the fields of leadership, digitalization, partnering, understanding customers' businesses and project management. During the first quarter, we launched new training programs in the field of, for example, solution selling and strategic sourcing. During the second quarter, we launched a joint HR initiative for developing & retaining our pool of global emerging leaders at KONE. During the second quarter, we also introduced a new gamified learning solution for KONE 24/7 Connected Services. During January–September, we continued to strengthen our training capability by opening two new training centers, one in Israel in the first quarter and another in Thailand in the third quarter, adding up to a total of 41 training centers globally. In addition to employee training, the center in Thailand supports also customers visits and is equipped with modern learning solutions such as VR, AR and mobile learning.

A key focus area within the KONE people strategy is attracting the best talent. In the beginning of the 2019, we started to systematically track the hiring of new competencies and to increase diversity through recruitment. One channel for finding new talent is KONE's annual International Trainee Program (ITP), to which we received more than 2,000 applications. During the third quarter, efforts to increase diversity through talent management continued. As a result of focused recruitment and succession planning activities the share of women at director level increased to 19% taking us closer to our global ambition level of 20% than ever before.

The Accelerate program continued with a focus on change management. The aim of the program is to create a more customer-focused way of working on a country, area and global level, across the entire KONE organization. During January-September, Customer Solutions Engineering and Logistics organizations were launched and together with re-established Sourcing organization they are now actively using new ways of working. Renewed Finance and Customer Service functions started to operate in the first countries.

HIGHLIGHTS Q3/2019

- The share of women at director level increased to 19% (target 20%)
- We opened a new training center in Thailand

Environment

KONE's environmental targets for 2017–2021 are to be the leading provider of low-carbon People Flow® solutions and to have efficient low-carbon operations. Our Environmental Excellence program supports the transformation of the built environment into smart eco-cities, low-carbon communities, and net zero energy buildings. Improving resource efficiency is one of our top priorities.

In January 2019, KONE was ranked as the 43rd most sustainable company in the world by Corporate Knights Inc., a leading sustainable business magazine and ranking organization. KONE was second among peer companies in the machinery manufacturing industry category and the only elevator and escalator industry company to make the Global 100 Most Sustainable Corporations in the World ranking.

During the first quarter of 2019, we finalized the calculations of our 2018 carbon footprint. KONE's target is to reduce the carbon footprint relative to sales by 3% annually. In 2018, we exceeded this target as our overall operational carbon footprint (scope 1, 2 and 3) relative to sales decreased by 4.0% compared to 2017, with sales growth calculated at comparable exchange rates. Our scope 1 and 2 greenhouse gas emissions relative to sales decreased by 5.5%. KONE's 2018 absolute operational carbon footprint amounted to 318,400 tons of carbon dioxide equivalent (2017: 312,000; figure restated). KONE's carbon footprint data has been externally assured.

The most significant impacts of KONE's operational carbon footprint relate to logistics (51%), vehicle fleet (31%), and electricity and district heat (10%) consumption at KONE's facilities. As a major achievement in terms of carbon footprint reduction in 2018, our absolute electricity and district heat emissions decreased by 5.6%. In 2018, 33% (2017: 30%) of all electricity in KONE facilities was produced from renewable sources, our target being over 50% by 2021. Additionally, we have set a long term target of having 0% landfill waste in our manufacturing units by 2030. In 2018, the share of landfill waste in our manufacturing units was down to 0.6% (2017: 0.8%).

HIGHLIGHTS Q3/2019

- KONE reached a Gold recognition level in EcoVadis sustainability assessment
- KONE recognized in Asia Corporate Excellence & Sustainability Awards

During the first quarter of 2019, KONE had important accomplishments related to the transparent communication about the environmental and health impacts of our materials and supply chain. We published a Health Product Declaration (HPD) for KONE MonoSpace® 500 in addition to the previously published HPD for KONE MonoSpace® 700. KONE also renewed the Singapore Green Building Product (SGBP) certifications for KONE N MonoSpace® and KONE N MiniSpace™ elevators and KONE TravelMaster™ 110 escalator to the highest "Leader" rating in the vertical transportation category. KONE currently has seven solutions which are SGBP certified and thus, recommended for Green Mark certified green buildings. In Sweden, KONE also received approved Byggvarubedömningen (BVB) assessments for KONE TravelMaster™ 110 and KONE TransitMaster™ 140 escalators. BVB is a non-profit organization that evaluates solutions for buildings and promotes the use of healthy and sustainable building materials.

During the second quarter, KONE was awarded the best A grade in CDP's 2018 Supplier Engagement Rating, demonstrating leadership and best practice in engaging our suppliers on climate change issues. We also extended the classification coverage of our product range according to the ISO 25745 energy efficiency standard by achieving the best A+++ rating for the KONE TravelMaster™ 120 escalator, in addition to 14 elevators and three escalators or autowalks classified with the best available ratings earlier.

During the third quarter, KONE reached the best Gold recognition level in the Ecovadis sustainability rating with improved scoring in comparison to 2018. This result places KONE among the top 5% performers out of the over 55,000 companies in 150 countries evaluated by EcoVadis. In September, KONE was also recognized in Asia Corporate Excellence & Sustainability Awards as one of Asia's best performing companies.

Changes in the Executive Board

In January–September 2019, KONE announced changes in the Executive Board. Maciej Kranz (54, MBA, Business Administration), was appointed Chief Technology Officer and Executive Vice President, KONE Technology and Innovations, as of July 1, 2019. Maciej Kranz succeeds Tomio Pihkala (43, M.Sc. Mechanical Engineering), who was appointed Executive Vice President, New Equipment Business as of July 1, 2019. In this role, Tomio Pihkala succeeds Heikki Leppänen, who served as Executive Vice President, New Equipment Business and member of the Executive Board since 2005. Heikki Leppänen has been employed by KONE since 1982. He decided to leave his position to focus on non-executive duties.

Other events

In 2007, a decision was issued by the European Commission concerning alleged local anticompetitive practices before early 2004 in Germany, Luxembourg, Belgium and the Netherlands by leading elevator and escalator companies, including KONE's local subsidiaries. Also, the Austrian Cartel Court issued in 2007 a decision concerning anticompetitive practices that had taken place before mid-2004 in local Austrian markets by leading elevator and escalator companies, including KONE's local subsidiary. As announced by KONE earlier, a number of civil damage claims by certain companies and public entities, relating to the two 2007 decisions, are pending in related countries. The claims have been made against various companies concerned by the decisions, including certain KONE companies. All claims are independent and are progressing procedurally at different stages. The total capital amount claimed jointly and severally from all of the defendants together was EUR 166 million at the end of September 2019 (June 30, 2019: EUR 166 million). KONE's position is that the claims are without merit. No provision has been made.

Most significant risks

KONE is exposed to risks that may arise from its operations or changes in the operating environment. The most significant risk factors described below can potentially have an adverse effect on KONE's business operations and financial position and, as a result, on the value of the company. Other risks, which are currently either unknown or considered immaterial to KONE may, however, become material in the future.

Strategic risks

Demand for KONE's products and services and the competitive environment are impacted by the general economic cycles and especially the level of activity within the construction industry. As China accounts for over 25% of KONE's sales, a sustained market decline in the Chinese construction industry, in particular, could have an adverse effect on KONE's growth and profitability.

Geopolitical tensions and protectionism continue to expose KONE to various business risks. In addition to the potential adverse impacts on the general economic activity, geopolitical tensions and protectionism could impact the competitiveness of KONE's supply chain, and lead to increased costs from trade and customs tariffs. A significant portion of KONE's component suppliers and global supply capacity is located in China. A no-deal Brexit could also increase costs, create disruptions to KONE's operations in UK and affect KONE's UK based suppliers' operations.

In addition to the level of market demand, competitiveness of KONE's offering is a key driver of the company's growth and profitability. A failure to anticipate or address changes in customer requirements and in competitors' offerings, ecosystems and business models or in the regulatory environment could result in a deterioration of the competitiveness of KONE's offering.

Operational risks

Digitalization is shaping the ways of working and business models also in the elevator and escalator industry. In order to be successful in this transformation, KONE needs new organizational capabilities and new competences on the individual employee level. The ability for fast roll out of new services and solutions and new sales capabilities are among other things considered to be critical for success. A failure to develop these capabilities could have an adverse impact on KONE's growth and profitability.

The majority of components used in KONE's supply chain are sourced from external suppliers. In addition to this, KONE uses a significant amount of subcontracted installation resources, has outsourced some business support processes and collaborates with partners in digital services. These expose KONE to component and skilled labor availability and cost risk and continuity risk in partnerships. A failure to secure the needed components or resources or quality issues within these could cause business disruptions and cost increases.

As one of the leading companies in the industry, KONE has a strong brand and reputation. Issues that impact the company's reputation or brand could have an effect on KONE's business and financial performance. Such reputational risks could materialize; for example, in the case of an incident, a major delivery issue or a product quality issue. Matters concerning product integrity, safety or quality could also have an impact on KONE's financial performance and affect customer operations.

Hazard, security and incidental risks

KONE's business activities are dependent on the uninterrupted operation, quality and reliability of its manufacturing facilities, sourcing channels, operational service solutions and logistics processes. Physical damage to these operations caused by fire, extreme weather conditions, natural catastrophes or terrorism, among other things, could cause business interruption for KONE. Both KONE's and its suppliers' operations also utilize extensively information technology and KONE's business is dependent on the quality, integrity and availability of information. Thus, KONE is exposed to cyber security risks, as operational information systems and products may be vulnerable to interruption, loss or manipulation of data, or malfunctions which can result in disruptions in processes and equipment availability. Any breach of sensitive employee or customer data may also result in significant penalties as well as reputational damage. Such cyber incidents could be caused by, including but not limited to, cybercrime, cyber-attacks, computer malware, information theft, fraud, misappropriation, or inadvertent actions from our employees and vendors.

Financial risks

The majority of KONE's sales and result are denominated in currencies other than the Euro, which exposes KONE to risks arising from foreign exchange-rate fluctuations. KONE is also exposed to counterparty risks related to financial institutions, through the significant amounts of liquid funds deposited with financial institutions, in the form of financial investments and in derivatives. Additionally, KONE is exposed to risks related to the liquidity and payment schedules of its customers, which may impact cash flow or lead to credit losses. Significant changes in local financial or taxation regulation could also have an impact on KONE's financial performance and cash flow. For further information on financial risks, please refer to notes 2.4 and 5.3 in the Financial Statements for 2018.

Risk management

Risk	Mitigation actions
Weakening of the economic environment, particularly in China	KONE strives to continuously develop its competitiveness in all regions and businesses. KONE has a wide geographic presence and a balanced business portfolio with a high share of maintenance business.
Geopolitical tensions impacting the competitiveness of KONE's supply chain, leading to increased costs or causing potential disruptions	KONE actively monitors the development of the applicable and relevant regulations, policies and trade rules, and evaluates the competitiveness and viability of KONE's supply chain and sourcing channels.
Changes in customer requirements or competitors' offerings impacting the competitiveness of KONE's offering	KONE aims to be the industry leader by investing in research and development and by taking an open innovation approach. KONE also closely follows emerging industry and market trends.
A failure to develop the capabilities needed for the digital transformation	KONE continuously evaluates the skills and competences required for the execution of the selected strategy and develops and/or acquires these from internal talent pools or externally. KONE also has extensive training programs in place to develop critical talents.
Risks related to component and subcontracted labor availability	KONE's sourcing processes aim to identify critical suppliers and supply categories and implement dual sourcing, multi-year agreements, last-buy options and other measures to ensure the availability of the supply. KONE has also developed multinational subcontractor pools to ensure subcontractor capacity on a regional level. Subcontractors competences and capabilities are monitored and developed continuously, similarly as with own employees.
Product integrity, safety or quality issues as well as issues with reputation	To mitigate product risks, KONE has processes in place for product design, supply, manufacturing, installation and maintenance, involving strict quality control. In addition, KONE aims for transparent and reliable communication, to prevent reputational risks and to manage potential incidents. KONE also has stringent corporate governance principles in place.
Interruptions to KONE's or its suppliers operations	KONE actively develops business continuity management capabilities to reduce the impact and likelihood of disruptions within its supply chain. Furthermore, KONE monitors the operations, business continuity management capabilities, financial strength and cybersecurity of its key suppliers. In addition, KONE aims to secure the availability of alternative sourcing channels for critical components and services. KONE also has a global property damage and business interruption insurance program in place
Quality and reliability of IT systems and cybersecurity risks	KONE's security policies define controls to safeguard information and information systems which are both in development and in operation, in order to detect cybersecurity incidents and to respond and recover in a timely manner. KONE works with third-party security service providers and trusted, well-known technology partners to manage the risks through the control framework. KONE conducts tests, reviews and exercises to identify areas of risk and to ensure the appropriate preparedness. The company continues to invest in its cybersecurity capabilities based on these findings.
Financial risks	Centralized risk management in accordance with the KONE Treasury Policy. More information in notes 2.4 and 5.3 of KONE's Financial Statements 2018.

Decisions of the Annual General Meeting

KONE Corporation's Annual General Meeting was held in Helsinki on February 26, 2019. The meeting approved the financial statements and discharged the responsible parties from liability for the financial period January 1-December 31, 2018.

The number of Members of the Board of Directors was confirmed as eight. Re-elected as Members of the Board were Matti Alahuhta, Anne Brunila, Antti Herlin, Iiris Herlin, Jussi Herlin, Ravi Kant, Juhani Kaskeala and Sirpa Pietikäinen.

At its meeting held after the General Meeting, the Board of Directors elected from among its members Antti Herlin as its Chairman and Jussi Herlin as Vice Chairman. Jussi Herlin was elected as Chairman and Anne Brunila, Antti Herlin and Ravi Kant as members of the Audit Committee. Anne Brunila and Ravi Kant are independent of both the company and of significant shareholders. Antti Herlin was elected as Chairman and Matti Alahuhta, Jussi Herlin and Juhani Kaskeala as members of the Nomination and Compensation Committee. Matti Alahuhta and Juhani Kaskeala are independent of both the company and of significant shareholders.

The General Meeting confirmed an annual compensation of EUR 55,000 for the Chairman of the Board, EUR 45,000 for the Vice Chairman and EUR 40,000 for Board Members. In addition, a compensation of EUR 500 was approved for attendance at Board and Committee meetings. For Committee members residing outside of Finland, a compensation of EUR 2,000 for attendance at Committee meetings was approved. Of the annual remuneration, 40 percent will be paid in class B shares of KONE Corporation and the rest in cash.

The General Meeting approved the authorization for the Board of Directors to repurchase KONE's own shares. Altogether no more than 52,440,000 shares may be repurchased, of which no more than 7,620,000 may be class A shares and 44,820,000 class B shares. The authorization shall remain in effect for a period of one year from the date of decision of the General Meeting.

Authorized public accountants PricewaterhouseCoopers Oy and Jouko Malinen were nominated as auditors.

Share-based incentives

KONE has two separate share-based incentive plans. One plan is targeted for the senior management of KONE including the President & CEO, members of the Executive Board and other top management, consisting of approximately 60 individuals. A second plan is targeted for other key personnel of KONE, totaling approximately 450 individuals. The potential reward is based on KPIs as decided by the Board on an annual basis in line with the strategic targets. The potential reward is to be paid as a combination of KONE class B shares and a cash payment equivalent to the taxes and similar charges that are incurred from the receipt of shares.

The share-based incentive plans have a vesting period of two years. If the participant's employment or service contract is terminated during the vesting period, they are either obliged to return the shares already received or lose the entitlement to the shares they have not yet received. As part of the plan for the senior management, a long-term target for their ownership has been set. For the Executive Board members, the long-term ownership target is that the members have an ownership of KONE shares corresponding to at least five years' annual base salary. For other selected top management positions the ownership target is at least two years' base salary.

In December 2014, KONE granted a conditional 2015 option program. The stock options 2015 were listed on the Nasdaq Helsinki Ltd. as of April 1, 2017. The total number of stock options was 1,500,000 and 131,000 of them were held by KONE Corporation's subsidiary. Each stock option entitled its holder to subscribe for one (1) new class B KONE share at the price of, from February 26, 2019, EUR 28.75 per share. During the reporting period, 1,303,193 new KONE class B shares were subscribed for with 2015 option rights. The share subscription period for the 2015 option rights ended on April 30, 2019. The 131,000 KONE 2015 option rights in possession of KONE Corporation's subsidiary, and the 6,110 KONE 2015 option rights not exercised during the subscription period have expired upon the expiry of the subscription period.

KONE Share

Share capital and market capitalization*

	Sep 30, 2019	Dec 31, 2018
Number of class B shares	453,187,148	451,883,955
Number of class A shares	76,208,712	76,208,712
Total shares	529,395,860	528,092,667
Share capital, EUR	66,174,483	66,011,583
Market capitalization, MEUR*	26,876	21,489

* Market capitalization is calculated on the basis of both the listed B shares and the unlisted A shares excluding treasury shares. Class A shares are valued at the closing price of the class B shares at the end of the reporting period.

Shares in KONE's possession

	1–9/2019
Shares in KONE's possession at the beginning of the period	12,031,814
Changes in own shares during the period	-481,697
Shares in KONE's possession at the end of the period	11,550,117

At the end of September 2019, the Group had 11,550,117 class B shares in its possession. The shares in the Group's possession represent 2.5% of the total number of class B shares. This corresponds to 1.0% of the total voting rights.

Trading on the Nasdaq Helsinki Ltd

		1–9/2019	1–9/2018	1–12/2018
Shares traded on the Nasdaq Helsinki Ltd., million		123.8	132.8	172.4
Average daily trading volume		654,857	702,495	689,430
Volume-weighted average share price	EUR	48.23	44.02	43.68
Highest share notation	EUR	55.64	49.13	49.13
Lowest share notation	EUR	41.01	39.15	38.05
Share notation at the end of period	EUR	52.24	46.02	41.64

In addition to the Nasdaq Helsinki Ltd., KONE's class B share is traded also on various alternative trading platforms. The volume of KONE's B shares traded on the Nasdaq Helsinki Stock Exchange represented approximately 34.1% of the total volume of KONE's class B shares traded in January–September 2019 (source: Infront). The number of registered shareholders was 62,491 at the beginning of the review period and 61,897 at its end. The number of private households holding shares totaled 58,216 at the end of the period, which corresponds to approximately 12.5% of the listed B shares. At the end of September 2019, a total of 52.9% of the B shares were owned by nominee-registered and non-Finnish investors.

Flagging notifications

During January–September 2019, BlackRock, Inc. announced several notices in accordance with the Finnish Securities Market Act Chapter 9, Section 5. The notices were announced on January 28, January 30, February 1, February 4, February 7, May 22 and May 23. The notices have been released as stock exchange releases and are available on KONE Corporation's internet pages at www.kone.com. According to the latest notification, the total number of KONE Corporation shares owned by BlackRock, Inc. and its funds decreased below five (5) per cent of the total number of shares of KONE Corporation on May 22, 2019.

Outlook

Market outlook 2019

North America		EMEA		Asia-Pacific	
New equipment	Services	New equipment	Services	New equipment	Services
Stable	Maintenance Slight growth Modernization Slight growth	Stable	Maintenance Slight growth Modernization Slight growth	China Slight growth Outside China Stable	Maintenance Strong growth Modernization Strong growth

Market outlook 2019

The new equipment market is expected to be relatively stable or to grow slightly. In China the market is expected to grow slightly in units ordered, while in the rest of the Asia-Pacific, the market is expected to be stable. The new equipment markets in North America and the Europe, Middle East and Africa region are expected to be rather stable.

Maintenance markets are expected to see the strongest growth rate in Asia-Pacific and to grow slightly in other regions.

The modernization market is expected to grow slightly in North America and in the Europe, Middle East and Africa region and to develop strongly in Asia-Pacific.

Business outlook for 2019 (specified)

In 2019, KONE's sales is estimated to grow by 5–8% at comparable exchange rates as compared to 2018. The adjusted EBIT is expected to be in the range of EUR 1,190–1,250 million, assuming that foreign exchange rates would remain at the October 2019 level. Foreign exchange rates are estimated to impact EBIT positively by around EUR 20 million.

The outlook is based on KONE's maintenance base and order book as well as the market outlook. KONE has a solid order book for 2019 in the new equipment business and the service business is expected to continue to grow. Targeted pricing and productivity improvement actions are expected to support profitability together with the savings from the Accelerate program. High component and labor costs together with trade tariffs are the main headwinds for the adjusted EBIT in 2019. The impact of high raw material prices and trade tariffs is estimated to be less than EUR 50 million.

Previous business outlook

KONE previously estimated its sales to grow by 4–7% at comparable exchange rates as compared to 2018. The adjusted EBIT was expected to be in the range of EUR 1,170–1,250 million, assuming that foreign exchange rates would have remained at the July 2019 level. Foreign exchange rates were estimated to impact EBIT positively by around EUR 20 million.

Helsinki, October 23, 2019

KONE Corporation's Board of Directors

Accounting Principles

KONE Corporation's Interim Report for January–September 2019 has been prepared in line with IAS 34, 'Interim Financial Reporting' and should be read in conjunction with KONE's financial statements for 2018, published on January 24, 2019. KONE has applied the same accounting principles in the preparation of this Interim Report as in its Financial Statements for 2018, except for the adoption of new standards and interpretations effective during 2019 that are relevant to its operations. KONE has adopted the new IFRS 16 and IFRIC 23 effective January 1, 2019 using the modified retrospective approach and the comparative figures have not been restated. More information of the adoption of IFRS 16 and IFRIC 23 is presented in page 30. Changes of other standards or interpretations did not have a material impact on the Interim Report. The information presented in this Interim Report has not been audited.

Consolidated statement of income

MEUR	7–9/2019	%	7–9/2018	%	1–9/2019	%	1–9/2018	%	1–12/2018	%
Sales	2,557.6		2,288.7		7,297.2		6,627.3		9,070.7	
Costs and expenses	-2,183.5		-2,001.0		-6,284.9		-5,789.1		-7,909.4	
Depreciation and amortization	-59.9		-29.7		-176.2		-88.2		-118.9	
Operating income	314.2	12.3	258.0	11.3	836.1	11.5	750.0	11.3	1,042.4	11.5
Share of associated companies' net income	-		-1.2		-		-2.4		-2.5	
Financing income	13.7		18.4		35.0		47.9		61.4	
Financing expenses	-7.1		-3.3		-19.6		-9.4		-14.2	
Income before taxes	320.9	12.5	271.9	11.9	851.5	11.7	786.0	11.9	1,087.2	12.0
Taxes	-73.8		-54.7		-195.8		-172.9		-241.9	
Net income	247.1	9.7	217.2	9.5	655.7	9.0	613.1	9.3	845.2	9.3
Net income attributable to:										
Shareholders of the parent company	247.0		216.5		651.4		610.5		840.8	
Non-controlling interests	0.1		0.7		4.3		2.5		4.4	
Total	247.1		217.2		655.7		613.1		845.2	
Earnings per share for profit attributable to the shareholders of the parent company, EUR										
Basic earnings per share, EUR	0.48		0.42		1.26		1.19		1.63	
Diluted earnings per share, EUR	0.48		0.42		1.26		1.18		1.63	

Consolidated statement of comprehensive income

MEUR	7–9/2019	7–9/2018	1–9/2019	1–9/2018	1–12/2018
Net income	247.1	217.2	655.7	613.1	845.2
Other comprehensive income, net of tax:					
Translation differences	32.8	-40.7	52.9	-19.0	13.8
Hedging of foreign subsidiaries	10.3	-1.6	11.4	-6.3	-14.9
Cash flow hedges	-19.2	-12.9	-21.3	-24.9	-16.3
Items that may be subsequently reclassified to statement of income	23.9	-55.2	43.0	-50.3	-17.4
Changes in fair value	6.0	1.9	9.6	2.7	7.1
Remeasurements of employee benefits	5.7	2.0	-15.8	14.8	15.7
Items that will not be reclassified to statement of income	11.7	3.9	-6.1	17.5	22.8
Total other comprehensive income, net of tax	35.5	-51.3	36.9	-32.7	5.4
Total comprehensive income	282.6	165.9	692.5	580.3	850.6
Total comprehensive income attributable to:					
Shareholders of the parent company	282.5	165.2	688.3	577.8	846.2
Non-controlling interests	0.1	0.7	4.3	2.5	4.4
Total	282.6	165.9	692.5	580.3	850.6

Condensed consolidated statement of financial position

Assets

MEUR		Sep 30, 2019	Sep 30, 2018	Dec 31, 2018
Non-current assets				
Goodwill		1,379.2	1,321.6	1,333.4
Other intangible assets		254.4	260.5	260.2
Tangible assets		758.2	378.5	397.4
Loan receivables and other interest-bearing assets	I	0.8	1.0	1.0
Investments		152.3	138.3	143.3
Employee benefits	I	25.7	10.4	29.0
Deferred tax assets	II	268.1	243.7	253.7
Total non-current assets		2,838.7	2,354.1	2,418.2
Current assets				
Inventories	II	700.0	648.5	624.1
Accounts receivable	II	2,182.0	1,910.8	1,988.3
Deferred assets	II	714.8	640.5	601.5
Income tax receivables	II	100.6	74.8	59.0
Current deposits and loan receivables	I	1,380.7	1,227.3	1,407.0
Cash and cash equivalents	I	586.0	539.6	636.0
Total current assets		5,664.1	5,041.4	5,315.9
Total assets		8,502.7	7,395.5	7,734.0

Equity and liabilities

MEUR		Sep 30, 2019	Sep 30, 2018	Dec 31, 2018
Equity		2,949.5	2,805.5	3,080.6
Non-current liabilities				
Loans	I	439.7	201.4	193.8
Employee benefits	I	154.7	128.2	147.0
Deferred tax liabilities	II	156.0	143.4	148.7
Total non-current liabilities		750.4	473.0	489.5
Provisions	II	139.3	132.8	139.4
Current liabilities				
Loans	I	121.8	23.2	28.3
Advance payments received and deferred revenue	II	1,808.8	1,531.7	1,562.2
Accounts payable	II	771.0	741.5	786.7
Accruals	II	1,850.4	1,650.2	1,574.0
Income tax payables	II	111.4	37.6	73.3
Total current liabilities		4,663.5	3,984.3	4,024.5
Total equity and liabilities		8,502.7	7,395.5	7,734.0

Items designated “ I “ comprise interest-bearing net debt.
Items designated “ II “ comprise net working capital.

Consolidated statement of changes in equity

MEUR	Share capital	Share premium account	Paid-up unrestricted equity reserve	Fair value and other reserves	Translation differences	Remeasurements of employee benefits	Own shares	Retained earnings	Net income for the period	Non-controlling interests	Total equity
Jan 1, 2019	66.0	100.3	259.1	27.0	64.8	-89.5	-203.3	2,840.0		16.0	3,080.6
Restatement impact								-28.5			-28.5
Jan 1, 2019, restated	66.0	100.3	259.1	27.0	64.8	-89.5	-203.3	2,811.5		16.0	3,052.1
Net income for the period									651.4	4.3	655.7
Other comprehensive income:											
Translation differences					52.9						52.9
Hedging of foreign subsidiaries					11.4						11.4
Cash flow hedges				-21.3							-21.3
Changes in fair value				9.6							9.6
Remeasurements of employee benefits						-15.8					-15.8
Transactions with shareholders and non-controlling interests:											
Profit distribution								-851.7			-851.7
Increase in equity (option rights)	0.2		37.3								37.5
Purchase of own shares											-
Change in non-controlling interests										-1.3	-1.3
Option and share-based compensation			20.3				18.2	-18.2			20.3
Sep 30, 2019	66.2	100.3	316.7	15.4	129.1	-105.2	-185.1	1,941.7	651.4	19.0	2,949.5

MEUR	Share capital	Share premium account	Paid-up unrestricted equity reserve	Fair value and other reserves	Translation differences	Remeasurements of employee benefits	Own shares	Retained earnings	Net income for the period	Non-controlling interests	Total equity
Jan 1, 2018	65.9	100.3	205.8	36.2	65.9	-105.2	-217.8	2,862.7		15.0	3,028.9
Net income for the period									610.5	2.5	613.1
Other comprehensive income:											
Translation differences					-19.0						-19.0
Hedging of foreign subsidiaries					-6.3						-6.3
Cash flow hedges				-24.9							-24.9
Changes in fair value				2.7							2.7
Remeasurements of employee benefits						14.8					14.8
Transactions with shareholders and non-controlling interests:											
Profit distribution								-849.2			-849.2
Increase in equity (option rights)	0.1		22.4								22.5
Purchase of own shares											-
Change in non-controlling interests										-1.8	-1.8
Option and share-based compensation			24.5				14.7	-14.5			24.7
Sep 30, 2018	66.0	100.3	252.7	14.0	40.6	-90.3	-203.1	1,999.0	610.5	15.8	2,805.5

MEUR	Share capital	Share premium account	Paid-up unrestricted equity reserve	Fair value and other reserves	Translation differences	Remeasurements of employee benefits	Own shares	Retained earnings	Net income for the period	Non-controlling interests	Total equity
Jan 1, 2018	65.9	100.3	205.8	36.2	65.9	-105.2	-217.8	2,862.7		15.0	3,028.9
Net income for the period									840.8	4.4	845.2
Other comprehensive income:											
Translation differences					13.8						13.8
Hedging of foreign subsidiaries					-14.9						-14.9
Cash flow hedges				-16.3							-16.3
Changes in fair value				7.1							7.1
Remeasurements of employee benefits						15.7					15.7
Transactions with shareholders and non-controlling interests:											
Profit distribution								-849.2			-849.2
Increase in equity (option rights)	0.1		22.9								23.1
Purchase of own shares											-
Change in non-controlling interests										-3.4	-3.4
Option and share-based compensation			30.4				14.5	-14.3			30.6
Dec 31, 2018	66.0	100.3	259.1	27.0	64.8	-89.5	-203.3	1,999.2	840.8	16.0	3,080.6

Condensed consolidated statement of cash flows

MEUR	7–9/2019	7–9/2018	1–9/2019	1–9/2018	1–12/2018
Operating income	314.2	258.0	836.1	750.0	1,042.4
Change in working capital before financing items and taxes	88.7	-14.5	151.6	-19.7	-11.2
Depreciation and amortization	59.9	29.7	176.2	88.2	118.9
Cash flow from operations before financing items and taxes	462.9	273.3	1,163.9	818.5	1,150.1
Cash flow from financing items and taxes	-95.6	-72.9	-235.6	-192.7	-180.2
Cash flow from operating activities	367.3	200.3	928.3	625.8	969.8
Cash flow from investing activities	-41.5	-13.7	-99.6	-67.9	-121.1
Cash flow after investing activities	325.8	186.6	828.7	557.9	848.7
Purchase of own shares	-	-	-	-	-
Increase in equity (option rights)	-	0.3	37.5	22.5	23.1
Profit distribution	-	-	-851.7	-849.2	-849.2
Change in deposits and loans receivable, net	-260.7	-144.4	35.2	331.2	155.3
Change in loans payable and other interest-bearing debt	-58.1	-9.4	-110.2	-13.9	-35.3
Changes in non-controlling interests	-3.3	-2.4	-3.7	-3.0	-3.1
Cash flow from financing activities	-322.1	-155.9	-893.0	-512.4	-709.2
Change in cash and cash equivalents	3.7	30.7	-64.3	45.6	139.5
Cash and cash equivalents at beginning of period	574.8	511.7	636.0	496.5	496.5
Translation difference	7.5	-2.8	14.2	-2.5	-0.1
Cash and cash equivalents at end of period	586.0	539.6	586.0	539.6	636.0

CHANGE IN INTEREST-BEARING NET DEBT

MEUR	7–9/2019	7–9/2018	1–9/2019	1–9/2018	1–12/2018
Interest-bearing net debt at beginning of period	-973.3	-1,254.8	-1,346.4	-1,690.2	-1,690.2
Interest-bearing net debt at end of period	-1,276.9	-1,425.5	-1,276.9	-1,425.5	-1,704.0
Change in interest-bearing net debt	-303.6	-170.7	69.5	264.7	-13.8

Adoption of IFRS 16 has a significant impact on presentation of the consolidated statement of cash flows improving cash flow from operations before financing items and taxes. Under IFRS 16 payments of lease liabilities are presented in financing activities and related interest expense as interest paid while previously the full amount of lease payments was included in the cash flow from operations before financing items and taxes.

In January–September 2019 cash flow from operations before financing items and taxes is improved by EUR 87 million as a result of adoption of IFRS 16. Interest expense paid on lease liability is included in cash flow from financing items and taxes and was EUR 8 million and the payments of lease liabilities included in financing activities were EUR 79 million in January–September 2019. Adoption of IFRS 16 increased the opening interest-bearing net debt by EUR 358 million. More information of the adoption of IFRS 16 is presented on page 30.

Notes for the Interim Report

KEY FIGURES

		1–9/2019	1–9/2018	1–12/2018
Basic earnings per share	EUR	1.26	1.19	1.63
Diluted earnings per share	EUR	1.26	1.18	1.63
Equity per share	EUR	5.66	5.41	5.94
Interest-bearing net debt	MEUR	-1,276.9	-1,425.5	-1,704.0
Equity ratio	%	44.1	47.8	49.9
Gearing	%	-43.3	-50.8	-55.3
Return on equity	%	29.1	28.0	27.7
Return on capital employed	%	24.2	25.2	25.0
Total assets	MEUR	8,502.7	7,395.5	7,734.0
Assets employed	MEUR	1,672.6	1,380.0	1,376.6
Net working capital (including financing and tax items)	MEUR	-871.5	-719.0	-757.8

The calculation formulas of key figures are presented in KONE's Financial Statements for 2018.

Key figures for January–September 2019 are calculated considering the adoption of the new IFRS16 and IFRIC 23 as of January 1, 2019.

ALTERNATIVE PERFORMANCE MEASURE

KONE reports an alternative performance measure, adjusted EBIT, to enhance comparability of the business performance between reporting periods during the Accelerate program. The adjusted EBIT is calculated by excluding significant items impacting comparability such as significant restructuring costs arising from redundancy and other costs directly associated to the Accelerate program.

		7–9/2019	7–9/2018	1–9/2019	1–9/2018	1–12/2018
Operating income	MEUR	314.2	258.0	836.1	750.0	1,042.4
Operating income margin	%	12.3	11.3	11.5	11.3	11.5
Items impacting comparability	MEUR	7.7	15.7	33.8	42.5	69.6
Adjusted EBIT	MEUR	321.9	273.7	869.9	792.5	1,112.1
Adjusted EBIT margin	%	12.6	12.0	11.9	12.0	12.3

Net working capital

MEUR	Sep 30, 2019	Sep 30, 2018	Dec 31, 2018
Net working capital			
Inventories	700.0	648.5	624.1
Advance payments received and deferred revenue	-1,808.8	-1,531.7	-1,562.2
Accounts receivable	2,182.0	1,910.8	1,988.3
Deferred assets and income tax receivables	815.4	715.3	660.5
Accruals and income tax payables	-1,961.8	-1,687.8	-1,647.3
Provisions	-139.3	-132.8	-139.4
Accounts payable	-771.0	-741.5	-786.7
Net deferred tax assets/liabilities	112.1	100.3	105.0
Total net working capital	-871.5	-719.0	-757.8

QUARTERLY FIGURES

KONE has adopted the new IFRS 16 effective January 1, 2019 using the modified retrospective approach and the comparative figures have not been restated. KONE applied IFRS 15 and IFRS 9 standards from January 1, 2018 onwards and 2017 financials are restated retrospectively. Figures for 2012–2016 are not restated and thus not fully comparable.

		Q3/2019	Q2/2019	Q1/2019	Q4/2018	Q3/2018	Q2/2018	Q1/2018
Orders received	MEUR	2,007.3	2,310.1	2,094.1	1,937.9	1,831.9	2,118.6	1,908.7
Order book	MEUR	8,399.8	8,407.1	8,454.7	7,950.7	7,791.6	7,915.3	7,786.6
Sales	MEUR	2,557.6	2,540.8	2,198.8	2,443.4	2,288.7	2,330.6	2,008.0
Operating income	MEUR	314.2	306.5	215.4	292.5	258.0	280.5	211.5
Operating income margin	%	12.3	12.1	9.8	12.0	11.3	12.0	10.5
Adjusted EBIT [1]	MEUR	321.9	319.6	228.4	319.6	273.7	300.4	218.3
Adjusted EBIT margin [1]	%	12.6	12.6	10.4	13.1	12.0	12.9	10.9
Items impacting comparability	MEUR	7.7	13.1	13.1	27.1	15.7	19.9	6.9

		Q4/2017	Q3/2017	Q2/2017	Q1/2017	Q4/2016	Q3/2016	Q2/2016	Q1/2016
Orders received	MEUR	1,845.8	1,739.0	2,056.2	1,913.0	1,839.2	1,771.7	2,067.8	1,942.3
Order book	MEUR	7,357.8	7,473.5	7,749.2	7,960.5	8,591.9	8,699.0	8,763.6	8,529.7
Sales	MEUR	2,306.3	2,209.7	2,337.2	1,943.4	2,593.2	2,170.2	2,272.6	1,748.3
Operating income	MEUR	292.8	317.9	335.8	245.8	392.2	331.1	348.6	221.4
Operating income margin	%	12.7	14.4	14.4	12.6	15.1	15.3	15.3	12.7
Adjusted EBIT [1]	MEUR	302.6	321.3	335.8	245.8	392.2	331.1	348.6	221.4
Adjusted EBIT margin [1]	%	13.1	14.5	14.4	12.6	15.1	15.3	15.3	12.7
Items impacting comparability	MEUR	9.9	3.3						

		Q4/2015	Q3/2015	Q2/2015	Q1/2015	Q4/2014	Q3/2014	Q2/2014	Q1/2014
Orders received	MEUR	1,947.2	1,764.5	2,193.5	2,053.8	1,703.8	1,577.2	1,801.9	1,729.7
Order book	MEUR	8,209.5	8,350.7	8,627.4	8,529.6	6,952.5	6,995.8	6,537.2	6,175.4
Sales	MEUR	2,561.8	2,184.2	2,210.4	1,690.9	2,165.8	1,877.9	1,848.9	1,441.8
Operating income	MEUR	378.5	325.9	325.2	211.9	315.3	277.5	263.2	179.6
Operating income margin	%	14.8	14.9	14.7	12.5	14.6	14.8	14.2	12.5
Adjusted EBIT [1]	MEUR	378.5	325.9	325.2	211.9	315.3	277.5	263.2	179.6
Adjusted EBIT margin [1]	%	14.8	14.9	14.7	12.5	14.6	14.8	14.2	12.5
Items impacting comparability	MEUR								

		Q4/2013	Q3/2013	Q2/2013	Q1/2013	Q4/2012	Q3/2012	Q2/2012	Q1/2012
Orders received	MEUR	1,473.2	1,327.2	1,638.2	1,712.4	1,321.3	1,295.6	1,513.4	1,365.9
Order book	MEUR	5,587.5	5,642.1	5,874.4	5,823.1	5,050.1	5,283.7	5,305.3	4,842.8
Sales	MEUR	2,033.0	1,739.2	1,761.7	1,398.7	1,857.7	1,633.7	1,544.1	1,241.3
Operating income	MEUR	292.8	257.5	242.8	160.4	257.4	226.4	173.0	134.6
Operating income margin	%	14.4	14.8	13.8	11.5	13.9	13.9	11.2	10.8
Adjusted EBIT [1]	MEUR	292.8	257.5	242.8	160.4	257.4	226.4	210.3	134.6
Adjusted EBIT margin [1]	%	14.4	14.8	13.8	11.5	13.9	13.9	13.6	10.8
Items impacting comparability	MEUR							37.3	

[1] Operating income excluding items impacting comparability.

Depreciation and amortization

MEUR	7–9/2019	7–9/2018	1–9/2019	1–9/2018	1–12/2018
Depreciation and amortization of fixed assets	50.8	21.4	149.3	63.8	85.8
Amortization of acquisition-related intangible assets	9.2	8.3	26.9	24.5	33.1
Total	59.9	29.7	176.2	88.2	118.9

The adoption of IFRS 16 increased depreciation and amortization of fixed assets by EUR 28 million in July–September. In January–September, the impact was EUR 81 million.

Key exchange rates in euros

		Sep 30, 2019		Sep 30, 2018	
		Income statement	Statement of financial position	Income statement	Statement of financial position
Chinese Renminbi	RMB	7.7167	7.7784	7.7934	7.9662
US Dollar	USD	1.1241	1.0889	1.1938	1.1576
British Pound	GBP	0.8841	0.8857	0.8845	0.8873
Australian Dollar	AUD	1.6081	1.6126	1.5757	1.6048

Derivatives

Fair values of derivative financial instruments	Derivative assets	Derivative liabilities	Fair value, net	Fair value, net	Fair value, net
MEUR	Sep 30, 2019	Sep 30,2019	Sep 30,2019	Sep 30,2018	Dec 31, 2018
Foreign exchange forward contracts and swaps	59.8	-72.9	-13.1	-8.0	-3.6
Electricity price forward contracts	-	-	-	0.1	-
Total	59.8	-72.9	-13.1	-8.0	-3.6

Nominal values of derivative financial instruments

MEUR	Sep 30, 2019	Sep 30, 2018	Dec 31, 2018
Foreign exchange forward contracts and swaps	4,293.3	3,440.7	2,769.0
Electricity price forward contracts	-	0.2	-
Total	4,293.3	3,440.9	2,769.0

The fair values of foreign exchange forward contracts and swaps are measured based on price information derived from active markets and commonly used valuation methods (fair value hierarchy level 2). For electricity price forward contracts, there exists a stock exchange price.

The fair values are represented on the balance sheet on a gross basis and can be set off on conditional terms. No collaterals or pledges have been given as a security against any liabilities or received against any assets arising from derivatives or other financial instruments. Financial contracts are executed only with counterparties that have high credit ratings. The credit risk of these counterparties as well as the present creditworthiness of KONE are considered when calculating the fair values of outstanding financial assets and liabilities.

INVESTMENTS

The shares held include a 19.9% holding in Toshiba Elevator and Building Systems Corporation (TELC). TELC is an investment in equity instruments that does not have a quoted price in an active market. Investment also include other non-current financial assets which are investments in smaller holdings in other companies without public quotation.

Shares and other non-current financial assets are classified as investments measured at fair value through other comprehensive income and the fair value is measured using income or market approach valuation techniques under fair value hierarchy level 3.

COMMITMENTS

Commitments include guarantees issued by banks and financial institutions for obligations arising in the ordinary course of business of KONE companies up to a maximum of EUR 1,614 (September 30, 2018: 1,617) million as of September 30, 2019.

ADOPTION OF IFRIC 23

KONE has adopted IFRIC 23 Uncertainty over Income Tax Treatments effective January 1, 2019. The interpretation clarifies the application of the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatment. KONE has reviewed it's income tax treatment and adopted the interpretation using a modified retrospective approach. An adjustment of EUR 29 million related to tax liabilities has been done to the opening balance of retained earnings and income tax payables at the date of the initial application, 1 January 2019. This adoption did not have impact to other accounts.

ADOPTION OF IFRS 16

KONE has adopted the new IFRS 16 effective January 1, 2019. KONE has applied IFRS 16 using the modified retrospective approach by recognizing the cumulative effect of initially applying the standard in the opening balance sheet as at January 1, 2019, thus comparative information has not been restated.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. These right-of-use assets are depreciated over the contract period or over the useful lifetime, which is the shorter. Interest cost of leases are presented in financing expenses. There are optional exemptions for short-term leases and leases of low-value items which KONE has selected to utilize and the lease expense is recognized on a straight-line basis as permitted by IFRS 16. Lessor accounting remains similar to IAS 17 standard – i.e. lessors continue to classify leases as finance or operating leases. KONE does not have any material contracts as lessor.

At initial application of IFRS 16 KONE has recognized new assets and liabilities, mainly for its operating leases of facilities and vehicles. KONE has measured a right-of-use asset at the date of initial application for leases previously classified as an operating lease applying IAS 17 at an amount equal to the lease liability. This includes also leases whose lease term will end within 12 months at the initial application of IFRS 16. Leases that were previously classified as finance leases applying IAS 17 are accounted for as right-of-use assets and lease liabilities applying IFRS 16 from the date of initial application. At initial application of IFRS 16 KONE has excluded initial direct costs from the measurement of the right-of-use asset, has not used hindsight when assessing the lease term and has relied on its assessment of whether leases are onerous applying IAS 37 immediately before the date of initial application.

As of January 1, 2019 KONE has recognized new right-of-use assets and respective lease liabilities of EUR 358 million. Operating lease obligation at December 31, 2018 was EUR 384 million. The difference to the lease liability value at initial application is mainly due to application of exemptions for short-term leases and leases of low-value items and discounting of the lease liability. At initial application lease liabilities were discounted at an incremental borrowing rate at January 1, 2019. The weighted average discount rate was 3.0%.

Adoption of IFRS 16 has a significant impact on presentation of the consolidated statement of cash flows improving cash flow from operations before financing items and taxes. Under IFRS 16 payments of lease liabilities are presented in financing activities and related interest expense as interest paid while previously the full amount of lease payments was included in the cash flow from operations before financing items and taxes.

Adoption of IFRS 16 and IFRIC 23

Assets

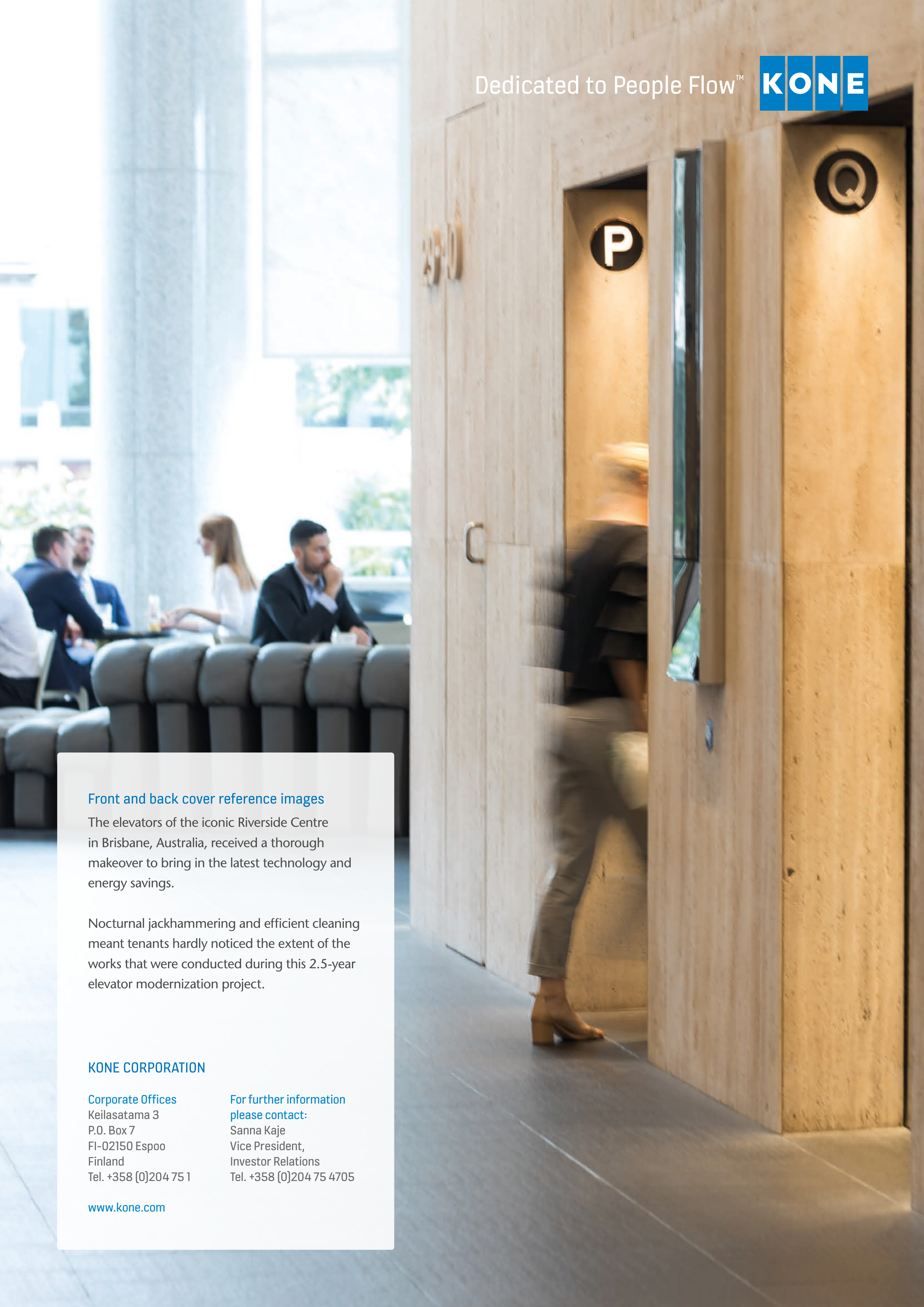
MEUR		Dec 31, 2018	Restatement impact	Jan 1, 2019
Non-current assets				
Goodwill		1,333.4		1,333.4
Other intangible assets		260.2		260.2
Tangible assets		397.4	357.6	755.0
Loan receivables and other interest-bearing assets	I	1.0		1.0
Investments		143.3		143.3
Employee benefits	I	29.0		29.0
Deferred tax assets	II	253.7		253.7
Total non-current assets		2,418.2	357.6	2,775.7
Current assets				
Inventories	II	624.1		624.1
Accounts receivable	II	1,988.3		1,988.3
Deferred assets	II	601.5		601.5
Income tax receivables	II	59.0		59.0
Current deposits and loan receivables	I	1,407.0		1,407.0
Cash and cash equivalents	I	636.0		636.0
Total current assets		5,315.9		5,315.9
Total assets		7,734.0	357.6	8,091.6

Equity and liabilities

MEUR		Dec 31, 2018	Restatement impact	Jan 1, 2019
Equity		3,080.6	-28.5	3,052.1
Non-current liabilities				
Loans	I	193.8	250.3	444.1
Employee benefits	I	147.0		147.0
Deferred tax liabilities	II	148.7		148.7
Total non-current liabilities		489.5	250.3	739.8
Provisions	II	139.4		139.4
Current liabilities				
Loans	I	28.3	107.3	135.5
Advance payments received and deferred revenue	II	1,562.2		1,562.2
Accounts payable	II	786.7		786.7
Accruals	II	1,574.0		1,574.0
Income tax payables	II	73.3	28.5	101.8
Total current liabilities		4,024.5	135.8	4,160.3
Total equity and liabilities		7,734.0	357.6	8,091.6

Items designated “ I “ comprise interest-bearing net debt.
Items designated “ II “ comprise net working capital.

Dedicated to People Flow™ KONE



Front and back cover reference images

The elevators of the iconic Riverside Centre in Brisbane, Australia, received a thorough makeover to bring in the latest technology and energy savings.

Nocturnal jackhammering and efficient cleaning meant tenants hardly noticed the extent of the works that were conducted during this 2.5-year elevator modernization project.

KONE CORPORATION

Corporate Offices
Keilasatama 3
P.O. Box 7
FI-02150 Espoo
Finland
Tel. +358 (0)204 75 1

For further information please contact:
Sanna Kaje
Vice President,
Investor Relations
Tel. +358 (0)204 75 4705

www.kone.com