

# KONE Annual General Meeting 2013

February 25, 2013

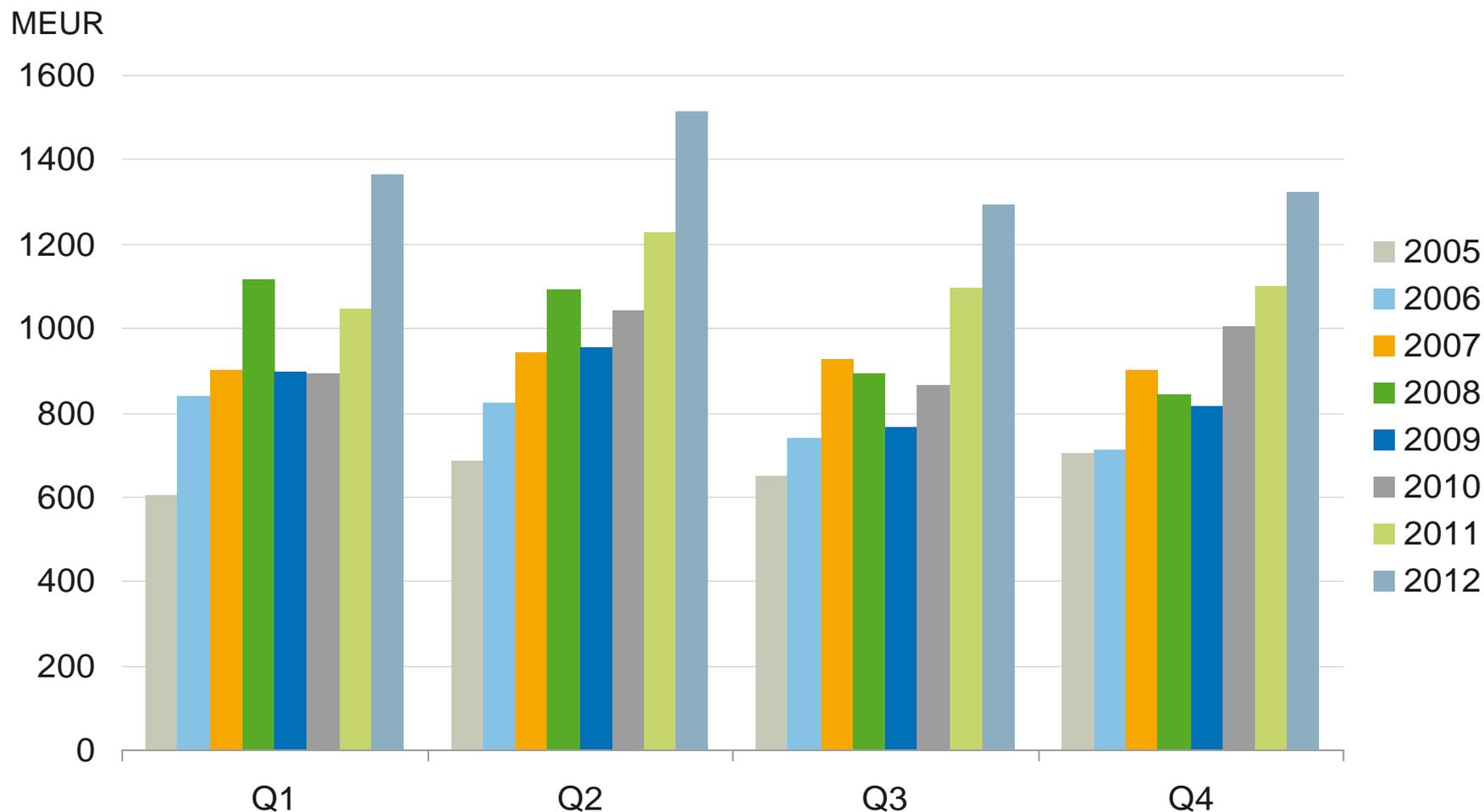
Matti Alahuhta, President & CEO

# 2012: Strong overall progress and a record high cash flow

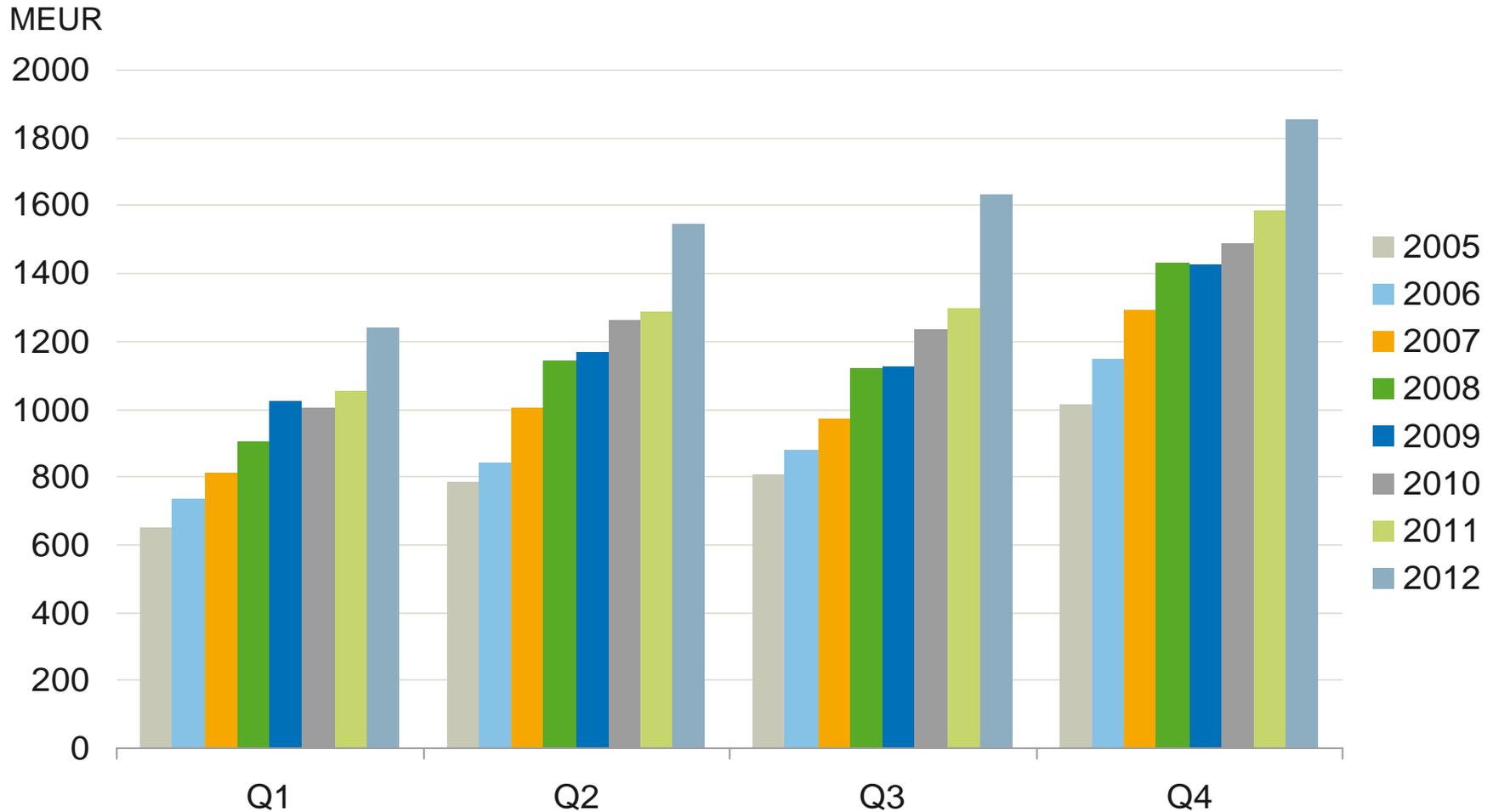
|   |      | 2012                      | 2011               | Historical change | Comparable change |
|---|------|---------------------------|--------------------|-------------------|-------------------|
| Orders received   | MEUR | <b>5,496.2</b>            | 4,465.1            | 23.1%             | 17.4%             |
| Order book  | MEUR | <b>5,050.1</b>            | 4,348.2            | 16.1%             | 16.5%             |
| Sales   | MEUR | <b>6,276.8</b>            | 5,225.2            | 20.1%             | 15.2%             |
| Operating income (EBIT)   | MEUR | <b>821.3<sup>1)</sup></b> | 725.1              | 13.3%             |                   |
| Operating income (EBIT)   | %    | <b>13.1<sup>1)</sup></b>  | 13.9               |                   |                   |
| EBITA   | MEUR | <b>854.1<sup>1)</sup></b> | 741.2              |                   |                   |
| EBITA   | %    | <b>13.6<sup>1)</sup></b>  | 14.2               |                   |                   |
| Cash flow from operations<br>(before financing items and taxes) | MEUR | <b>1,055.3</b>            | 819.8              |                   |                   |
| Basic earnings per share  | EUR  | <b>2.46<sup>2)</sup></b>  | 2.30 <sup>2)</sup> |                   |                   |
| Dividend per share  | EUR  | <b>1.75<sup>3)</sup></b>  | 1,40 <sup>4)</sup> |                   |                   |

- 1) Excluding a MEUR 37.3 one-time cost related to the support function development and cost adjustment programs.  
2) Excluding one-time items. Including one-time items, basic earnings per share was EUR 2.35 in 2012 and EUR 2.52 in 2011.  
3) Board's proposal to the AGM.  
4) In addition, KONE paid an extraordinary dividend of EUR 1.50 per B-share for the financial year 2011.

# Orders received: Strong growth in new equipment in Asia-Pacific



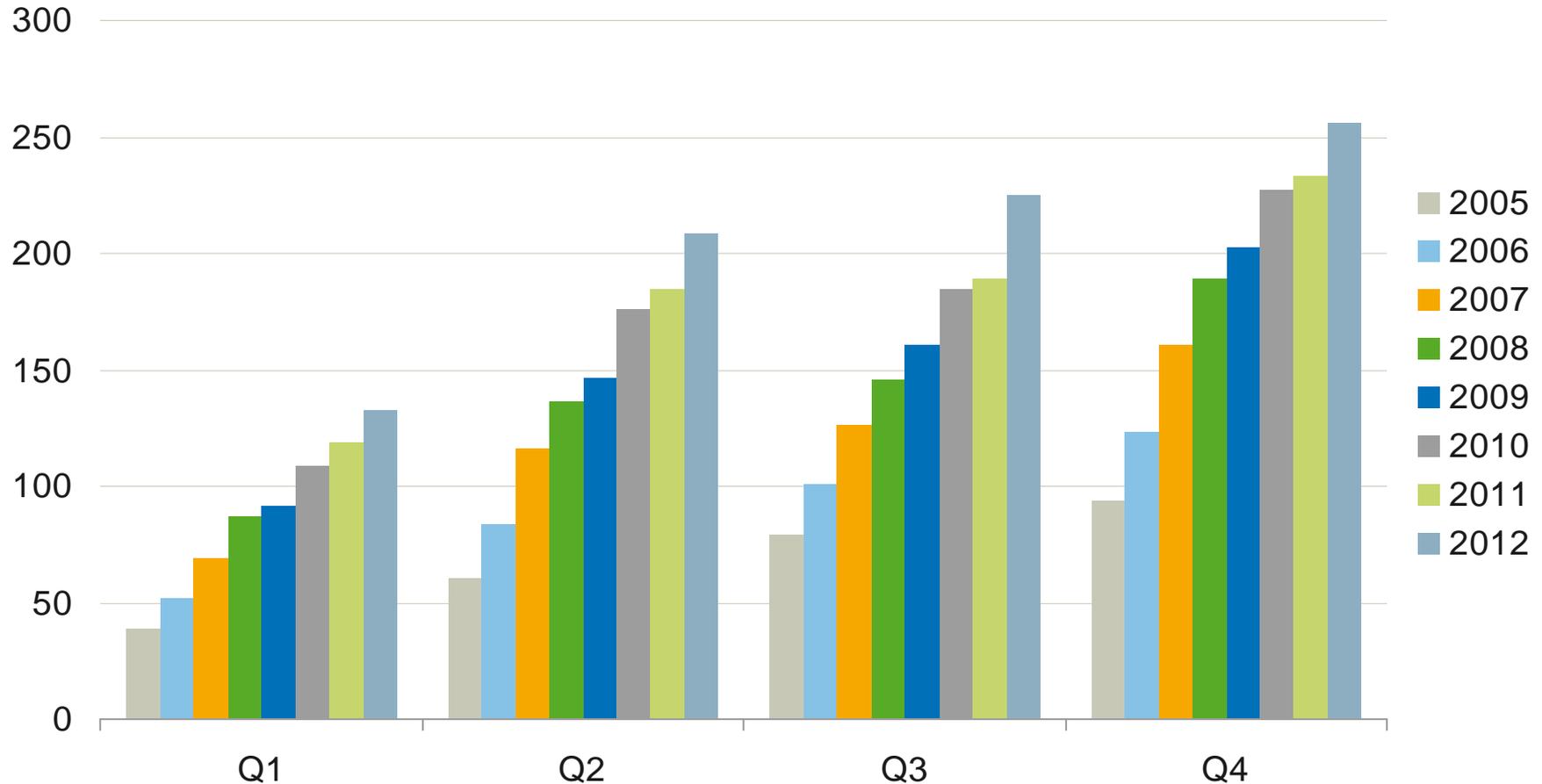
# Sales: Growth in all businesses with strongest growth in new equipment



# Operating income: Growth as a result of good development in all businesses



MEUR

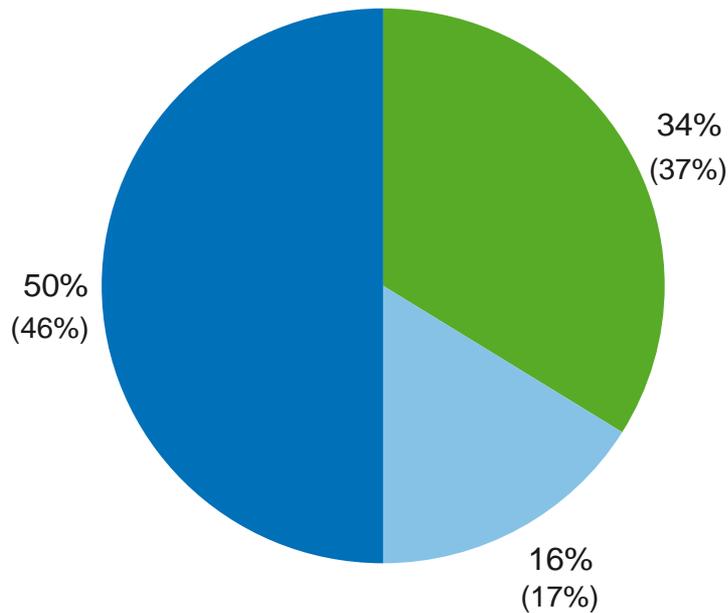


Note: Operating income excluding one-time items

# The share of new equipment and Asia-Pacific grew due to strong organic growth and consolidation of GiantKONE

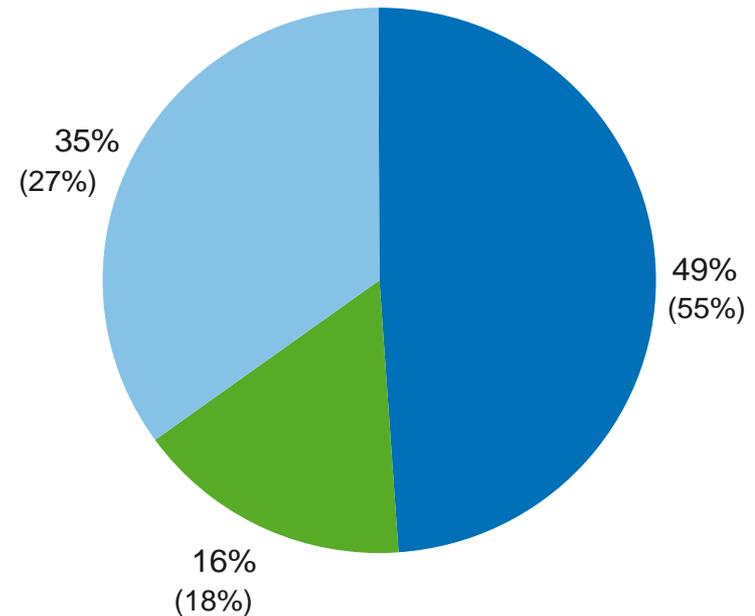


### Sales by business



■ Maintenance ■ Modernization ■ New equipment

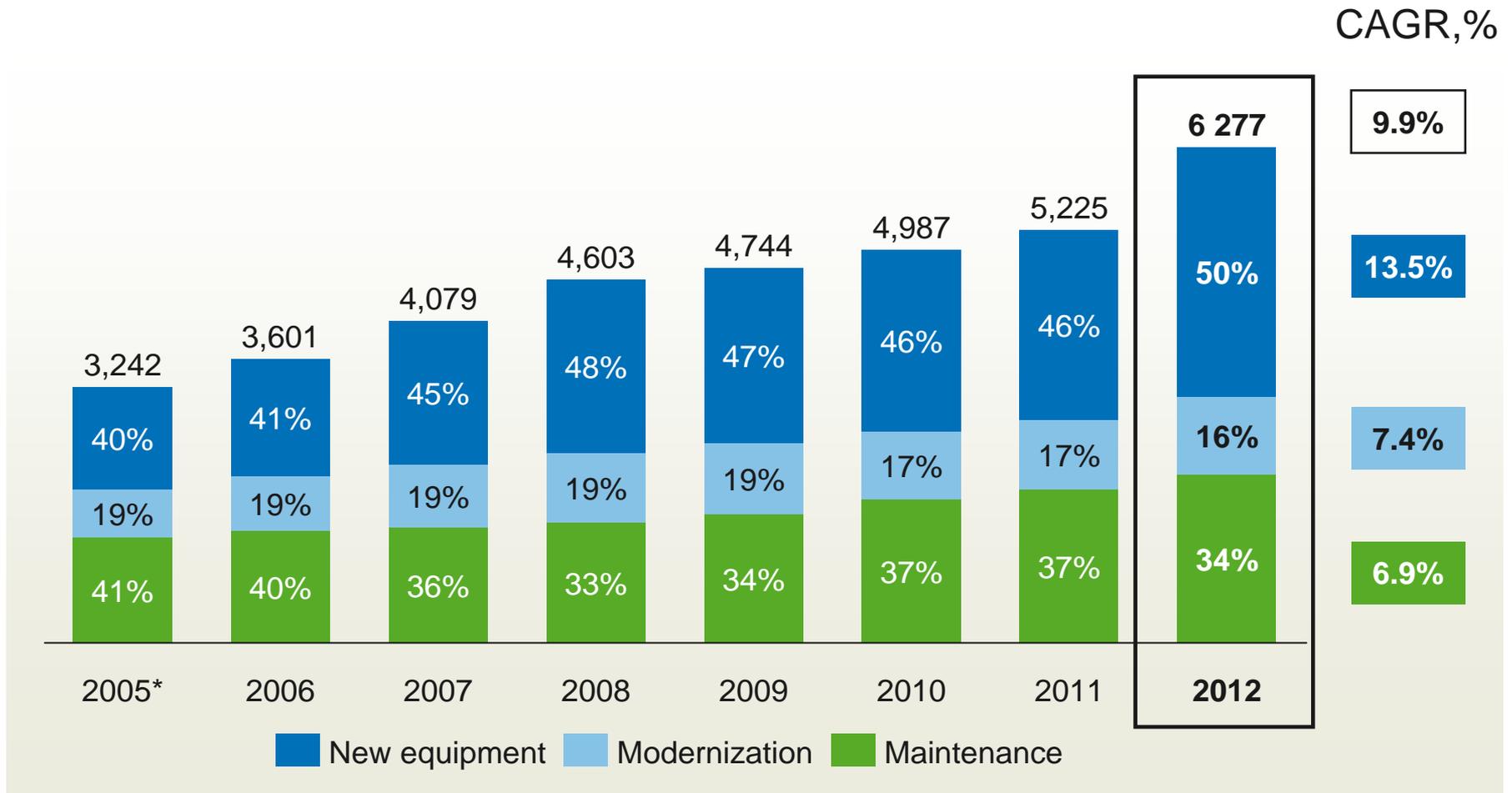
### Sales by market



■ EMEA ■ Americas ■ Asia-Pacific

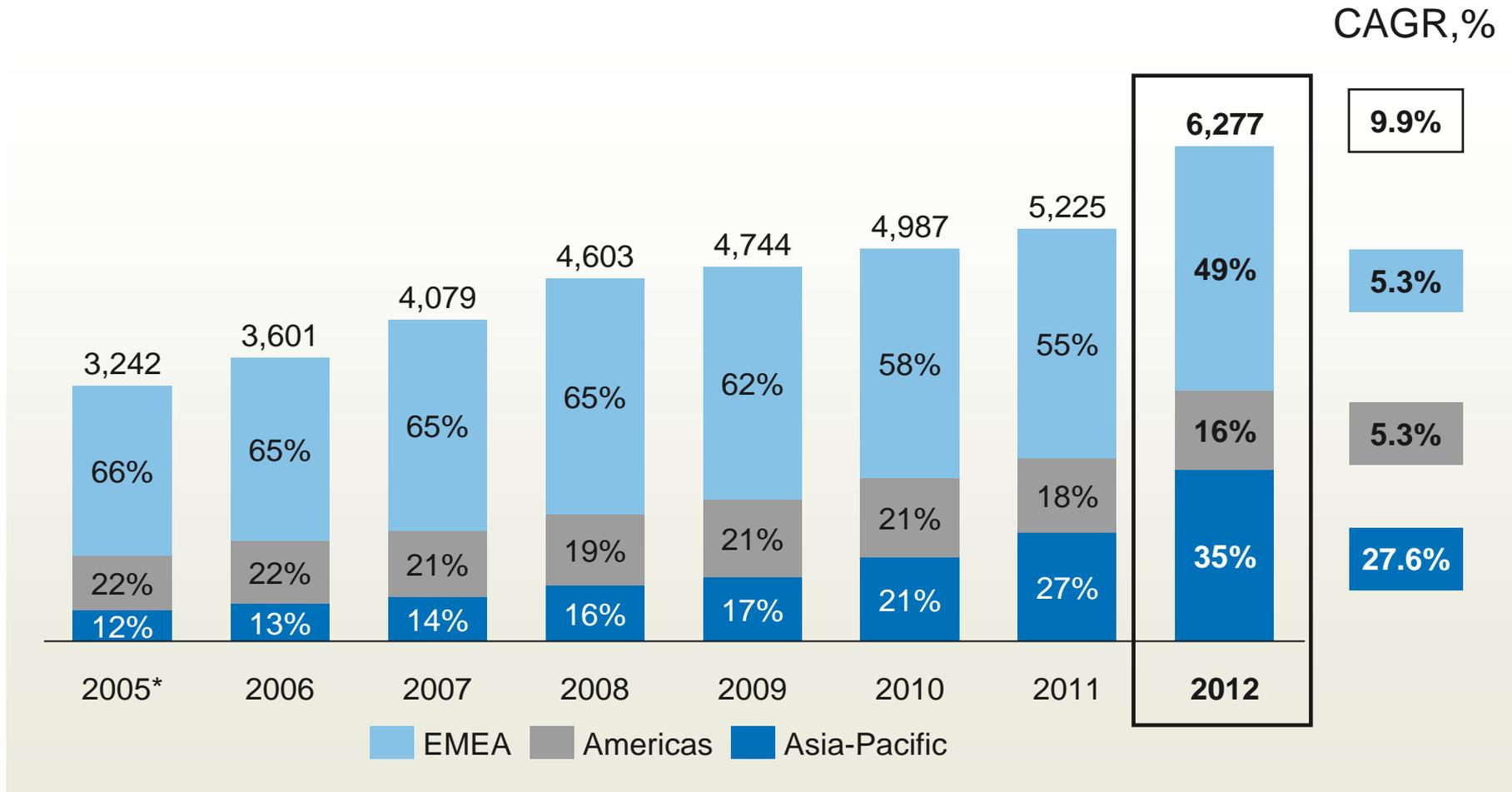
# Sales by business 2005–2012

(MEUR)



# Sales by market 2005–2012

(MEUR)



# EMEA: The new equipment market weakened towards the end of the year



## New equipment markets

- In Central and North Europe, the market declined slightly, but remained at a relatively good level.
- In South Europe, the demand declined from an already low level.
- In the Middle East, demand was strong in Saudi Arabia and started to recover in some other markets.

## Modernization markets

- The market declined slightly in Central and North Europe and declined further from a lower level in South Europe.

## Maintenance markets

- The market continued to grow, although with clear variation between countries. Price competition was very intense throughout the year.

# Americas: Gradual recovery continued to progress



## New equipment markets

- In the United States, the gradual market recovery continued driven by small and mid-sized projects in the residential and office segments.
- In Canada and Mexico, the market growth leveled off as the year progressed.

## Modernization markets

- The market grew slightly.

## Maintenance markets

- Price competition was highly intense, particularly in the non-residential segments.

# Asia-Pacific: Markets grew, although at a slower pace than in 2011



## New equipment markets

- In China, the market grew clearly, although at a slower rate than in 2011.
- In India, the market grew slightly despite financing constraints.
- In Australia, the market declined slightly.
- In Southeast Asia, the market grew throughout the year with the highest growth rates in Malaysia, Indonesia and Thailand.

## Modernization markets

- The modernization demand in Australia declined somewhat.

## Maintenance markets

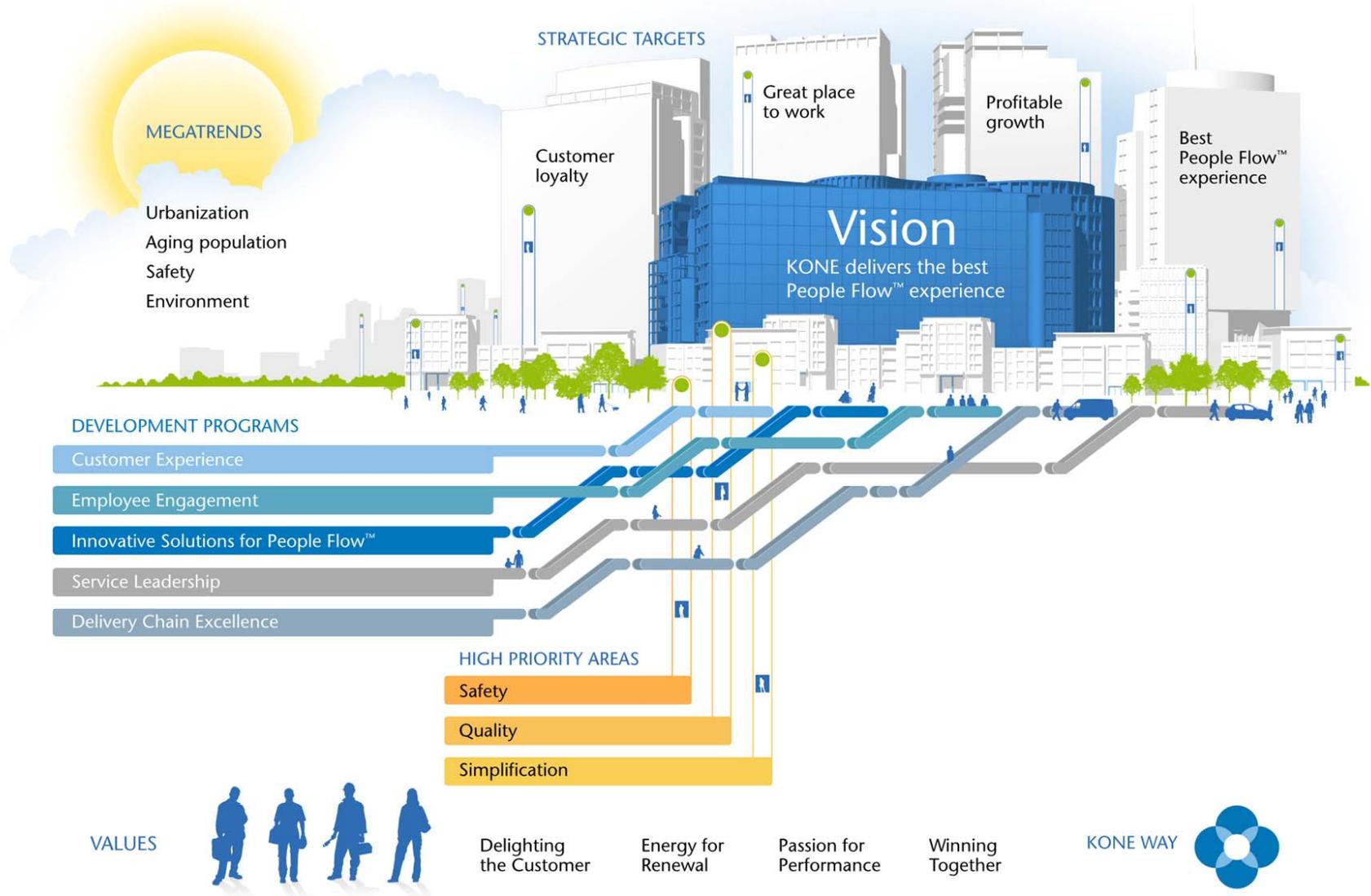
- The market grew throughout the year.

# Some key highlights and figures in 2012



- New equipment orders received grew to 118,000 units (2011: 86,000) and deliveries to 103,000 units (2011: 74,000).
- New global volume elevator product range introduced.
- Expansion and move of production in Kunshan, China.
- Maintenance base exceeded 900,000 elevators and escalators (2011: 850,000).
- EGM decided on an extraordinary dividend of EUR 1.50 in addition to the already paid ordinary dividend of EUR 1.40.





# Good progress in our Development Programs



## Development programs

Customer Experience

Employee Engagement

Innovative Solutions  
for People Flow™

Service Leadership

Delivery Chain Excellence

## Key achievements

- Further improved customer loyalty score
- New extensive training programs
- New global volume elevator offering
- Expanded modernization offering
- Improved efficiency
- Good development in logistics
- Further improved working capital rotation

# We measure our performance in five key areas to assess our development



Customer satisfaction

Target: Continuously improved customer loyalty

Employee satisfaction

Target: Continuously improved employee satisfaction

Faster than market growth

Target: Continue to grow faster than the market

Financial performance  
vs. competition

Target: Better financial development than that of key  
global competitors

Sustainability

Target: Good progress in the area of sustainability

# Market outlook 2013



- The new equipment market:
  - The market in Asia-Pacific is expected to grow clearly.
  - The market in Central and North Europe is expected to decline slightly and the market in South Europe to decline further from an already weak level.
  - The market in North America is expected to continue to gradually recover.
  
- The modernization market is expected to be at about the same level as in 2012 or decline slightly.
  
- The maintenance market is expected to continue to develop rather well in most countries.

# Business outlook 2013



- KONE's net sales is estimated to grow by 5–9% at comparable exchange rates as compared to 2012.
- The operating income (EBIT) is expected to be in the range of EUR 840–920 million, assuming that translation exchange rates do not materially deviate from the situation of the beginning of 2013.



*Dedicated to People Flow™*

