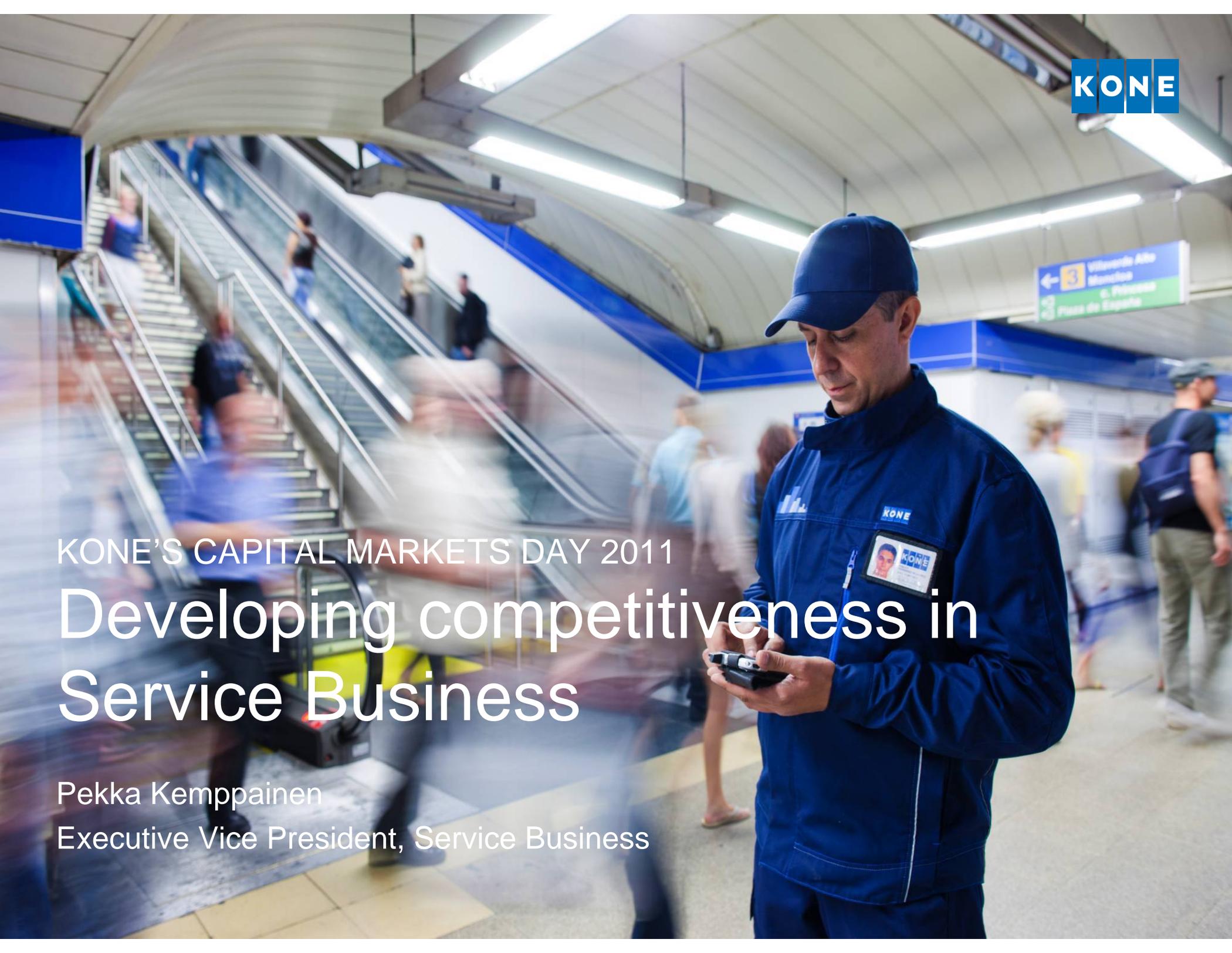


KONE'S CAPITAL MARKETS DAY 2011

Developing competitiveness in Service Business

Pekka Kemppainen
Executive Vice President, Service Business



Agenda



- Key elements in global service business
 - Drivers for maintenance base growth
 - Driving productivity in maintenance
 - Tapping the modernization opportunity
 - Service Leadership

What is an industrial service?



Industrial service is:

- Service delivery tied to equipment
- Target is to retain and enhance equipment performance over the lifetime
- Consisting of work and material
- Performed in a live environment

Key success factors in the global service business



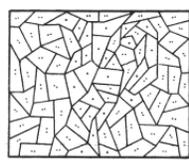
- Technical capability: skills and material availability
- Service attitude and conduct of service personnel
- Capability to fulfill customers' needs in each segment and geography – with good quality and productivity
- Trust – keeping one's promises

Key elements for successful global service business



Description

Granular market insights



- Knowledge of market potential by customer, market price levels, competitor actions, granular growth opportunities by segment / geographical location

Modular portfolio



- Modular and packaged offering creates transparency and clarity

Global processes and innovations



- Defines one way of working to create a consistent service experience
- Innovations are developed either locally or globally, formalized globally and then rolled out

Local operations



- Local operations deliver the service

Trust



- Trust enforced through:
 - Clarity and transparency
 - Communication
 - Keeping one's promises



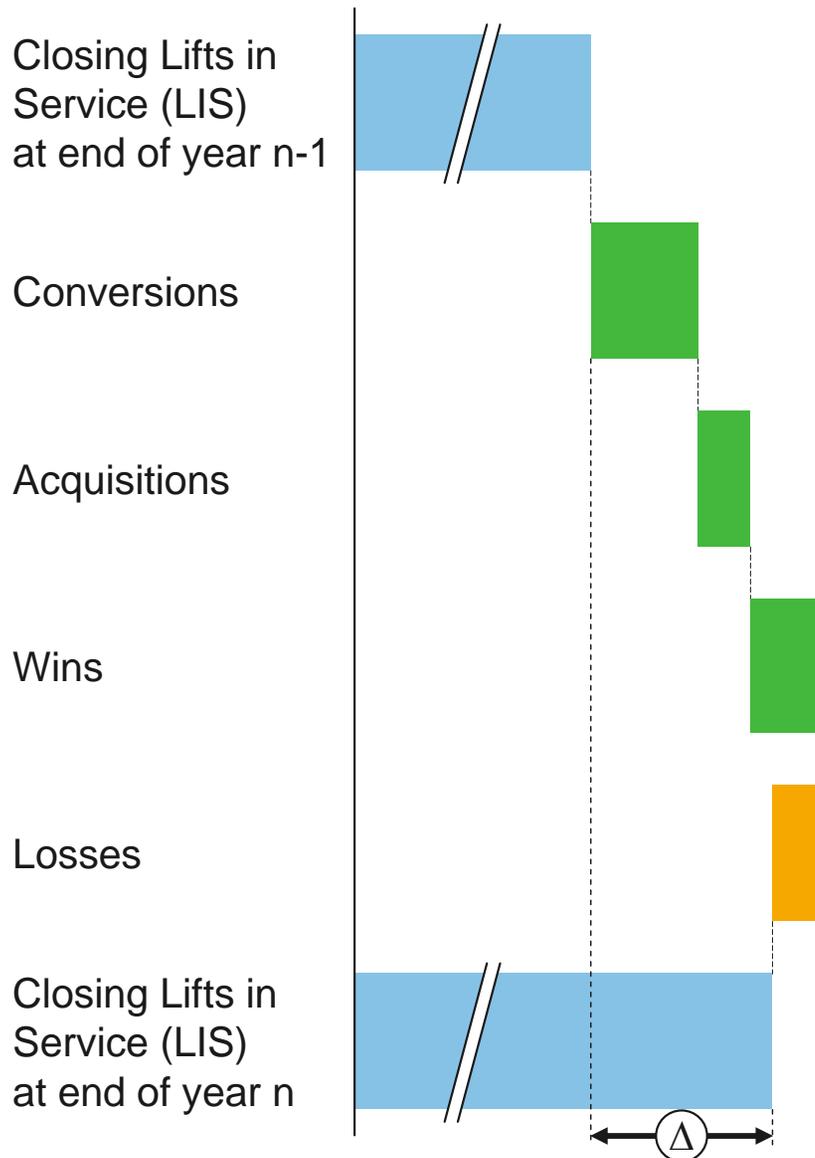
- Key elements in global service business



- Drivers for maintenance base growth

- Driving productivity in maintenance
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The development of the maintenance base is driven by conversions, wins and losses as well as acquisitions



Key actions:

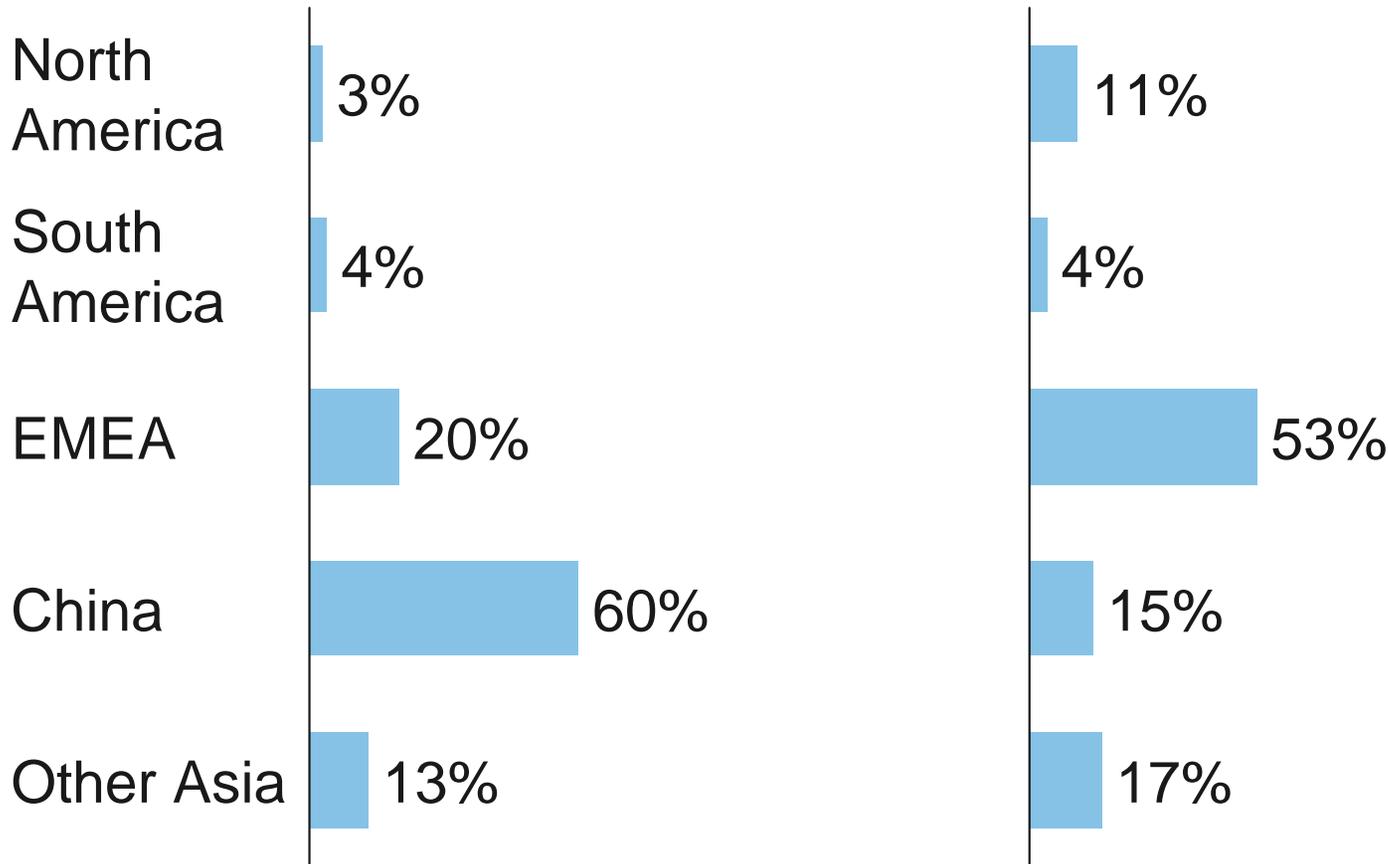
- Secure high service quality, build trust and relationship already during first maintenance period prior to conversion
- Communicate clearly
- Be proactive with sales efforts
- Offer the right value for the right price

The highest conversion growth potential is shifting to Asia – most of installed base still in Europe



New equipment market
2010, % of total market

Equipment in operation
2010, % of total



Growth rate of KONE's maintenance portfolio (LIS) in China (CAGR 2006-2010): 37%

Source: KONE's estimates



- Key elements in global service business
- Drivers for maintenance base growth



■ Driving productivity in maintenance

- Tapping the modernization opportunity
- Service Leadership

Driving productivity in service operations requires correct measurement, benchmarking and coaching



Key mechanisms to drive productivity:

- Measurement
- Benchmarking
- Coaching

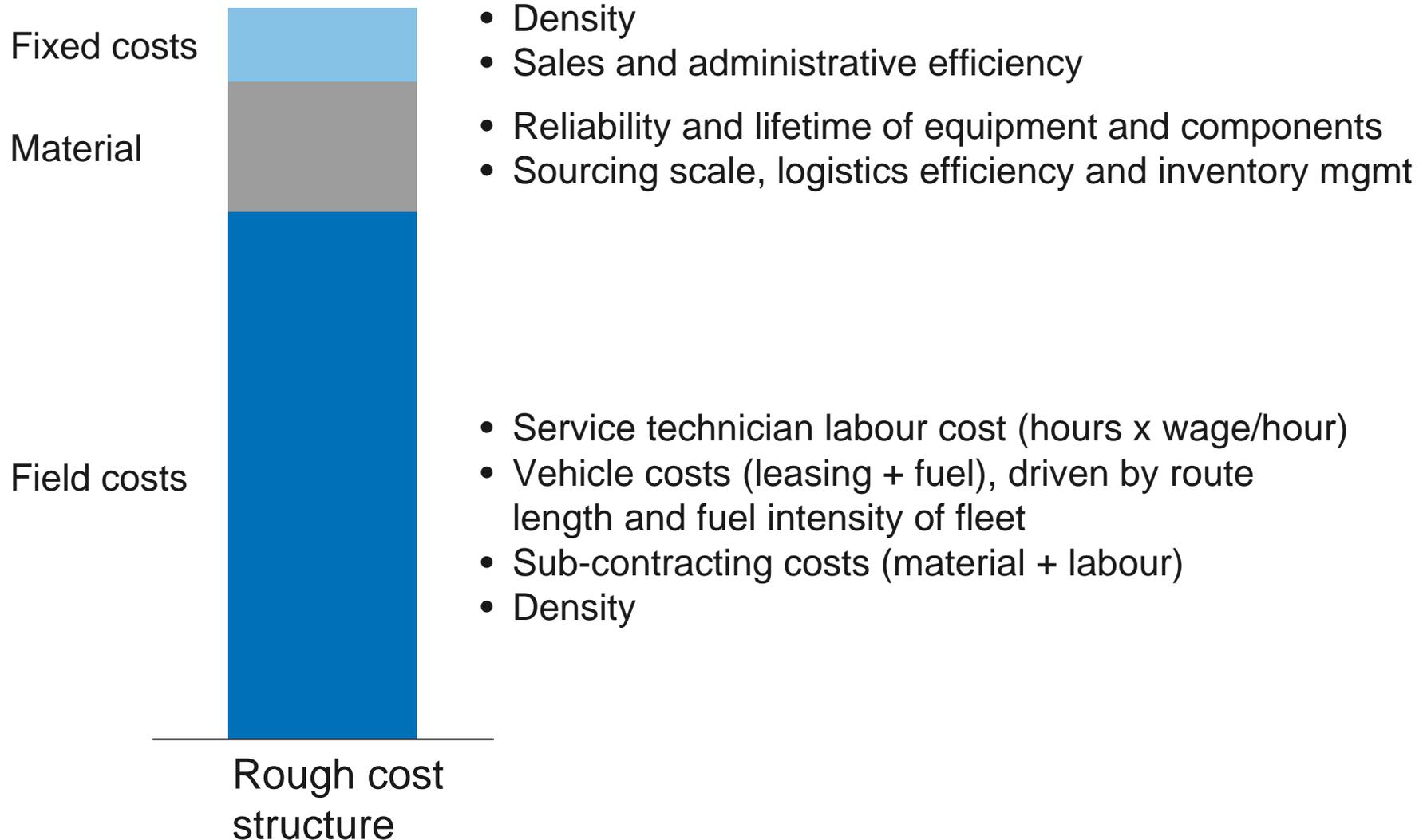
Enabling factors are:

- Field terminals (PDAs)
- Reporting
- Effective management system
- Competent people

Maintenance productivity can be enhanced by actively managing field, material and fixed costs



Cost drivers

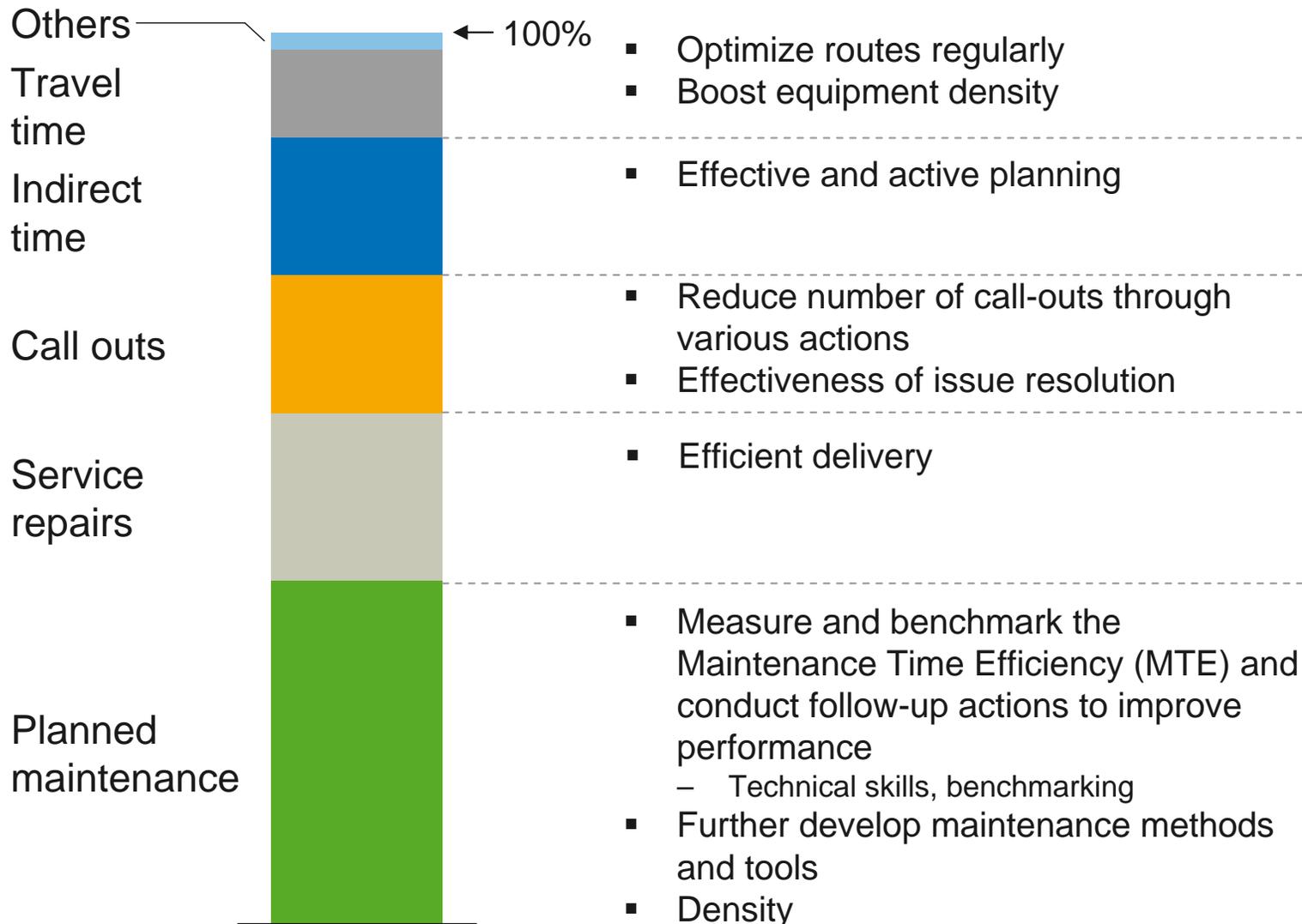


Key driver for field costs is the time utilization of service technicians



Total working hours per year

Key levers to boost productivity



Aspiration:

- Shift work from unplanned to planned to help improve workforce management
- Shift work from un-billable to billable



- Key elements in global service business
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- 
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Modernization opportunities in developed markets are significant

More than a half of the elevators in operation in Europe and North America have been installed over 20 years ago.

Safety

Accessibility

User experience

Reliability

Energy efficiency

Access to information

Transportation capacity

KONE's response to modernization market opportunities



Safety	Responding to drivers such as regular inspection, SNEL Care for Life: KONE's repair and modernization solutions
Accessibility	Larger cabins: MaxiSpace, solutions for existings buildings without elevators
User experience	Interior and signalization design, modern drives
Reliability	Replacing worn-out and unreliable subsystems
Energy efficiency	Significant reductions of energy consumption
Access to information	E-link, displays
Transportation capacity	Larger cabin and ability to take more load: MaxiSpace Modern group control

Modernizing equipment is an investment into the future of the building



KONE ReFine™

is a modular modernization solution that enables to replace individual components and systems.

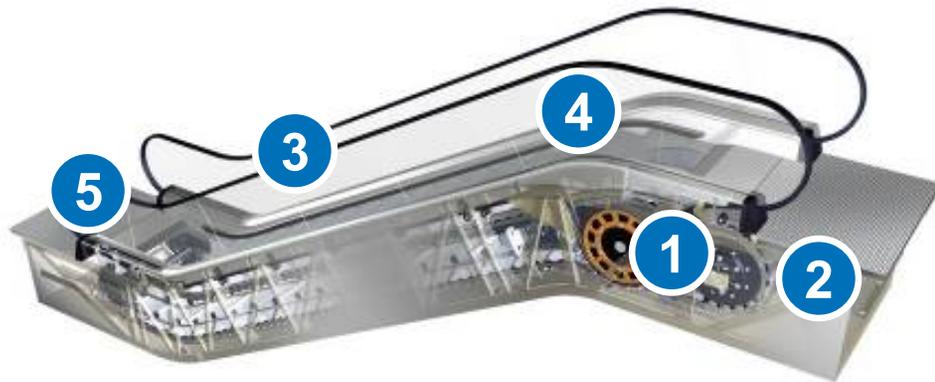
KONE RePower™

is a comprehensive modernization package designed to be easy to order and install.

KONE RePlace™

is a cost-effective full replacement solution that provides the benefits of a completely new elevator.

Modular modernization solutions for escalators



- KONE's modular solutions enable modernization with minimal impact on the building structure and minimal interruption to the People Flow of the building
- KONE modular escalator solutions cover:
 1. mechanical
 2. electrical
 3. aesthetics
 4. safety
 5. accessibility solutions
 6. and safety and interior components



- Key elements in global service business
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- Service Leadership

Service Leadership



- We ensure the best life cycle performance for our customers' equipment
- Key initiatives include:
 - Developing capabilities of field personnel
 - Increasing the productivity of field operations
 - Securing high quality in service operations
- We continue to grow profitably and faster than the market



Dedicated to People Flow™

