

Going forward with a positive mindset

October 24, 2012

Matti Alahuhta, President & CEO

Agenda



- Business development in January–September 2012
- New global elevator offering
- Global markets in 2011 and KONE's market share development
- Market development in Q3 2012
- Market and business outlook 2012

Q3 2012: Continued positive development and record high cash flow



		Q3/2012	Q3/2011	Historical change	Comparable change
Orders received	MEUR	1,295.6	1,095.4	18.3%	10.5%
Order book	MEUR	5,283.7	4,143.2	27.5%	21.7%
Sales	MEUR	1,633.7	1,296.2	26.0%	18.8%
Operating income (EBIT)	MEUR	224.5	188.9	18.8%	
Operating income (EBIT)	%	13.7	14.6		
EBITA	MEUR	233.1	192.5	21.1%	
EBITA	%	14.3	14.9		
Cash flow from operations (before financing items and taxes)	MEUR	351.9	240.1		

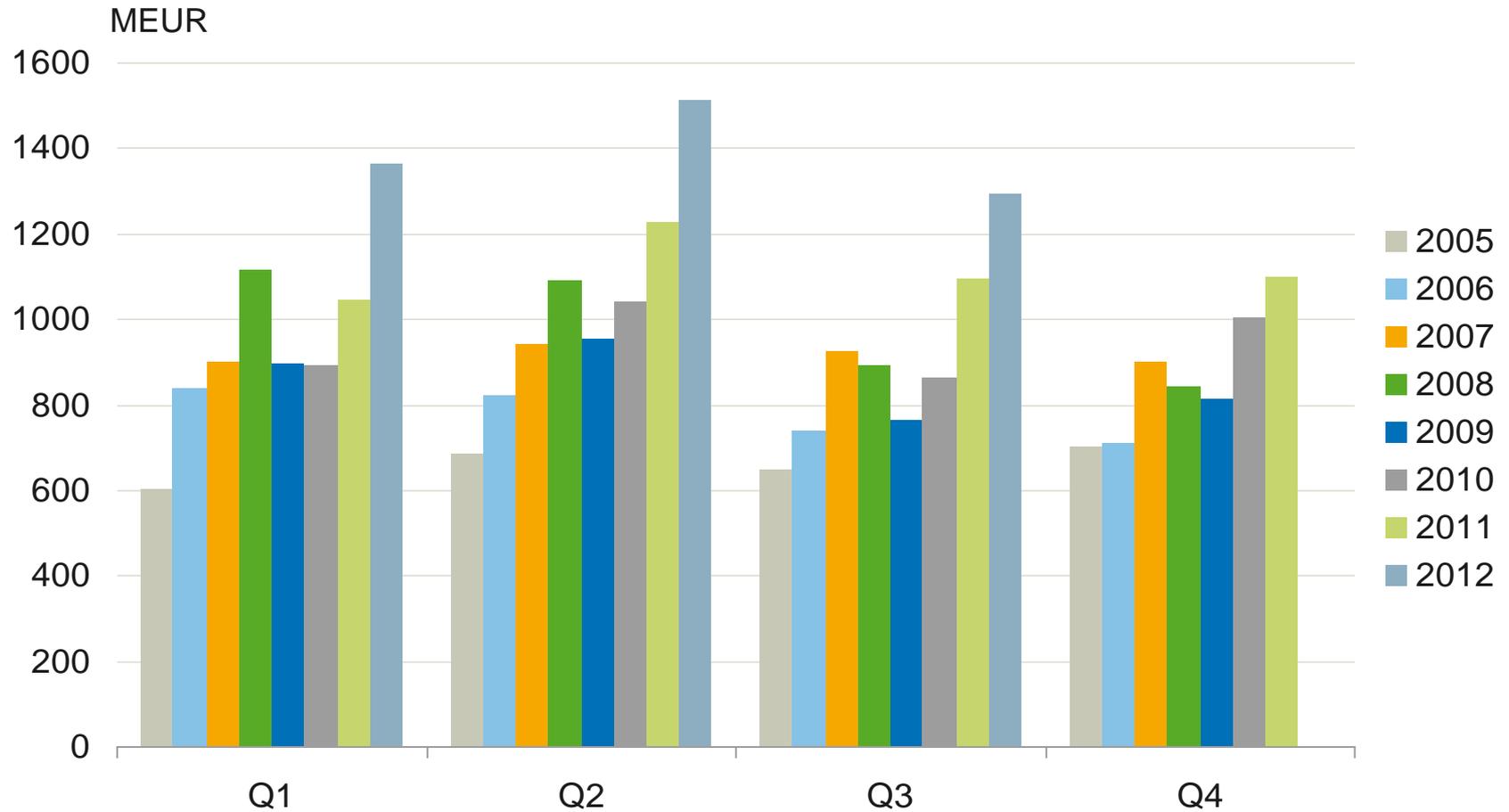
January–September 2012: Solid progress on a broad basis



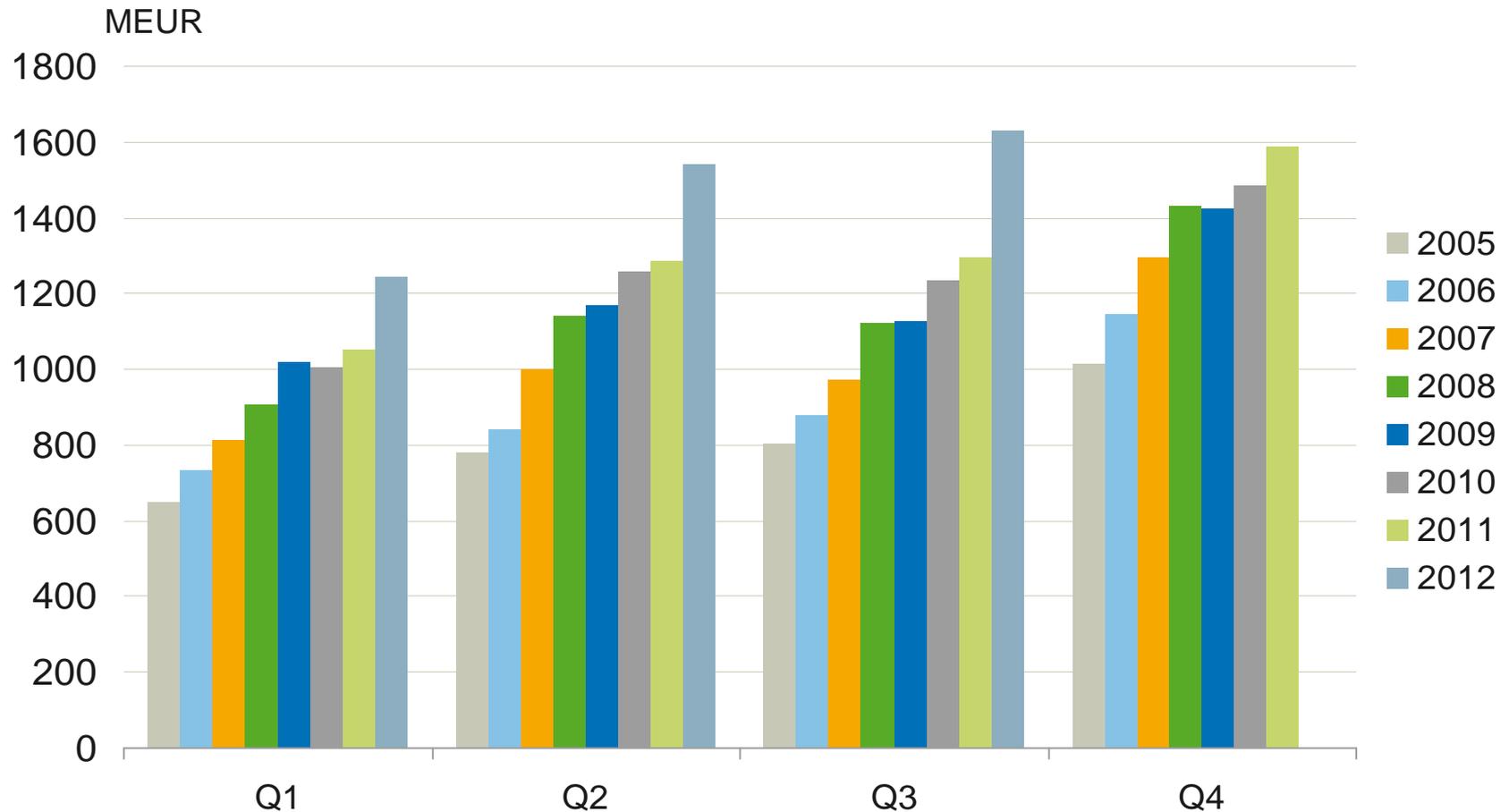
		1–9/2012	1–9/2011	Historical change	Comparable change
Orders received	MEUR	4,174.9	3,366.3	24.0%	17.6%
Order book	MEUR	5,283.7	4,143.2	27.5%	21.7%
Sales	MEUR	4,419.1	3,636.4	21.5%	15.9%
Operating income (EBIT)	MEUR	565.7 ¹⁾	492.1	15.0%	
Operating income (EBIT)	%	12.8 ¹⁾	13.5		
EBITA	MEUR	591.6 ¹⁾	502.6	17.7%	
EBITA	%	13.4 ¹⁾	13.8		
Cash flow from operations (before financing items and taxes)	MEUR	792.6	607.3		

1) Excluding a MEUR 37.3 one-time cost related to the support function development and cost adjustment programs.

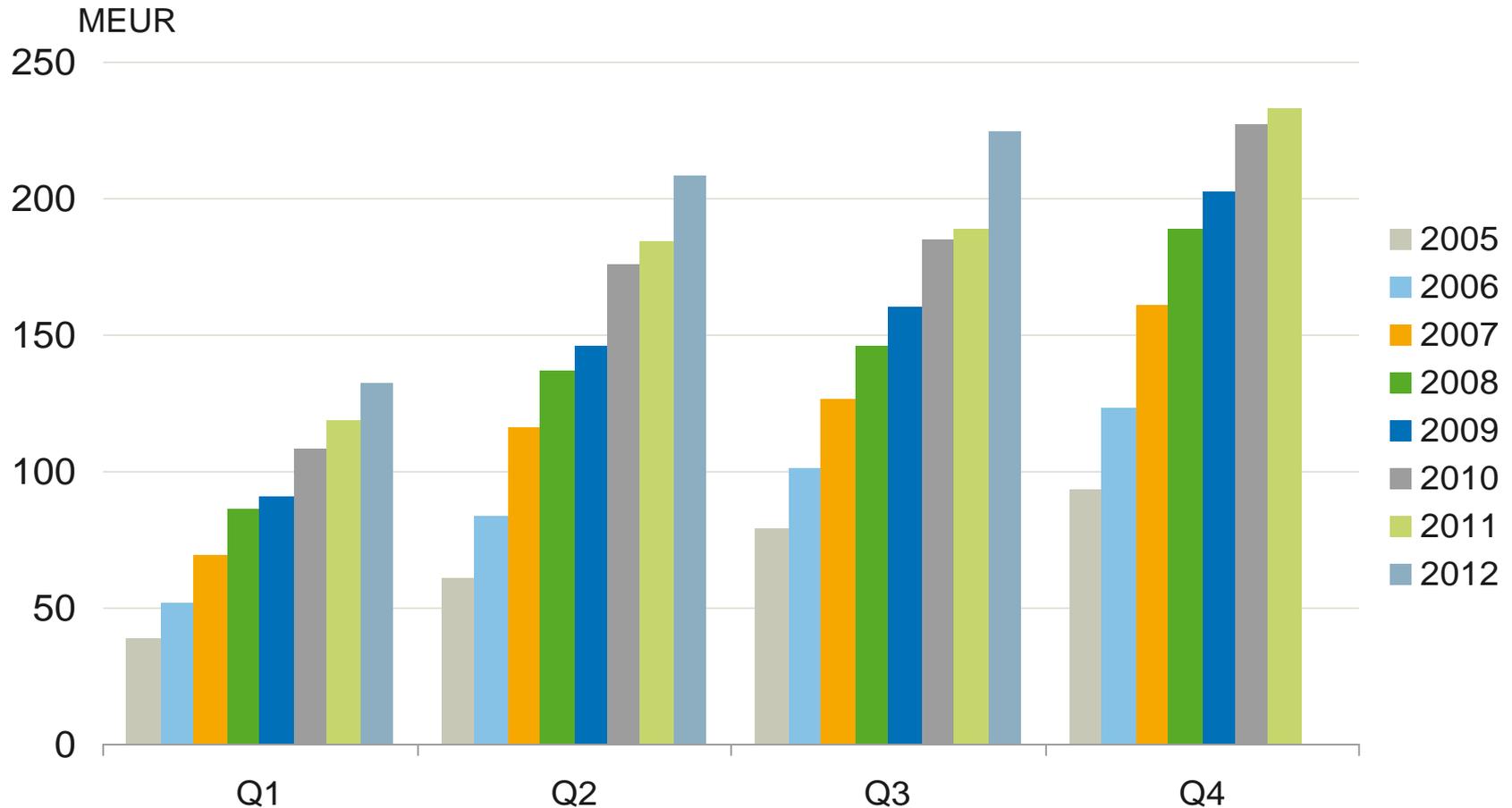
Q3 2012 Orders received: Growth continued driven by Asia



Q3 2012 Sales: Growth in all geographies and in all businesses



Q3 2012 Operating income: Growth driven by strong sales growth in China, good development in maintenance business as well as favorable FX development

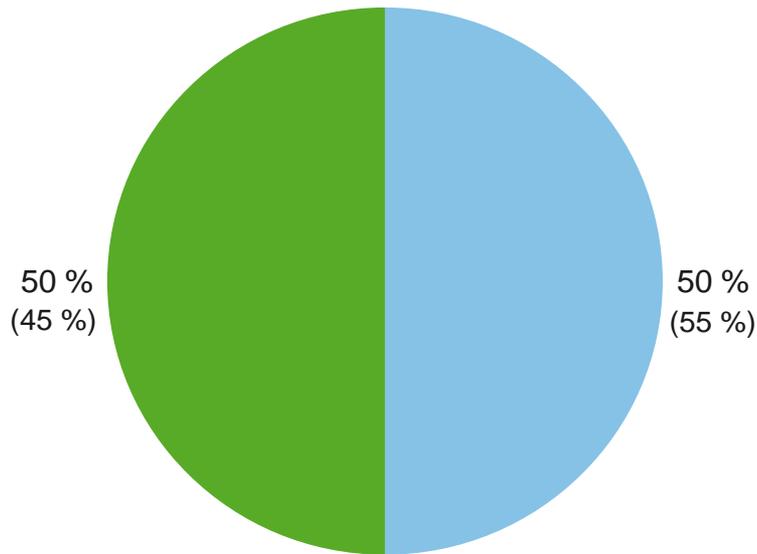


Note: Operating income excluding one-time items

January–September 2012: New equipment and service equal at 50% of total sales

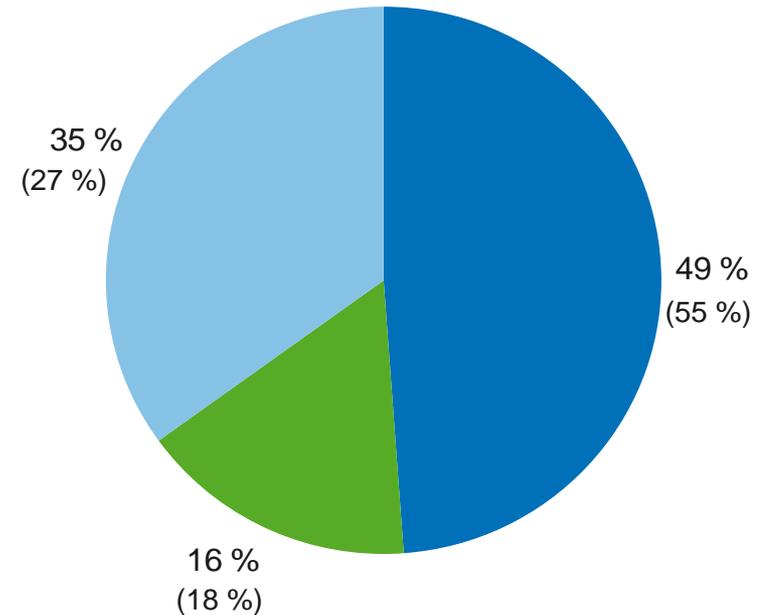


Sales by business



■ Service ■ New equipment

Sales by market



■ EMEA ■ Americas ■ Asia-Pacific

Key highlights in January–September 2012



- New global volume elevator offering
 - Sales started in the EMEA region and in Asia-Pacific
 - Offering will be launched in the Americas in the first half of 2013
 - Gradual ramp-up of volumes
 - Further improves KONE's product competitiveness from the already high current level
- Relocation and expansion of production and R&D facilities in Kunshan, China
 - Production was moved to the new facilities during April–September 2012



- Business development in January–September 2012



- New global elevator offering

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The new offering covers a significant part of our new equipment volumes globally



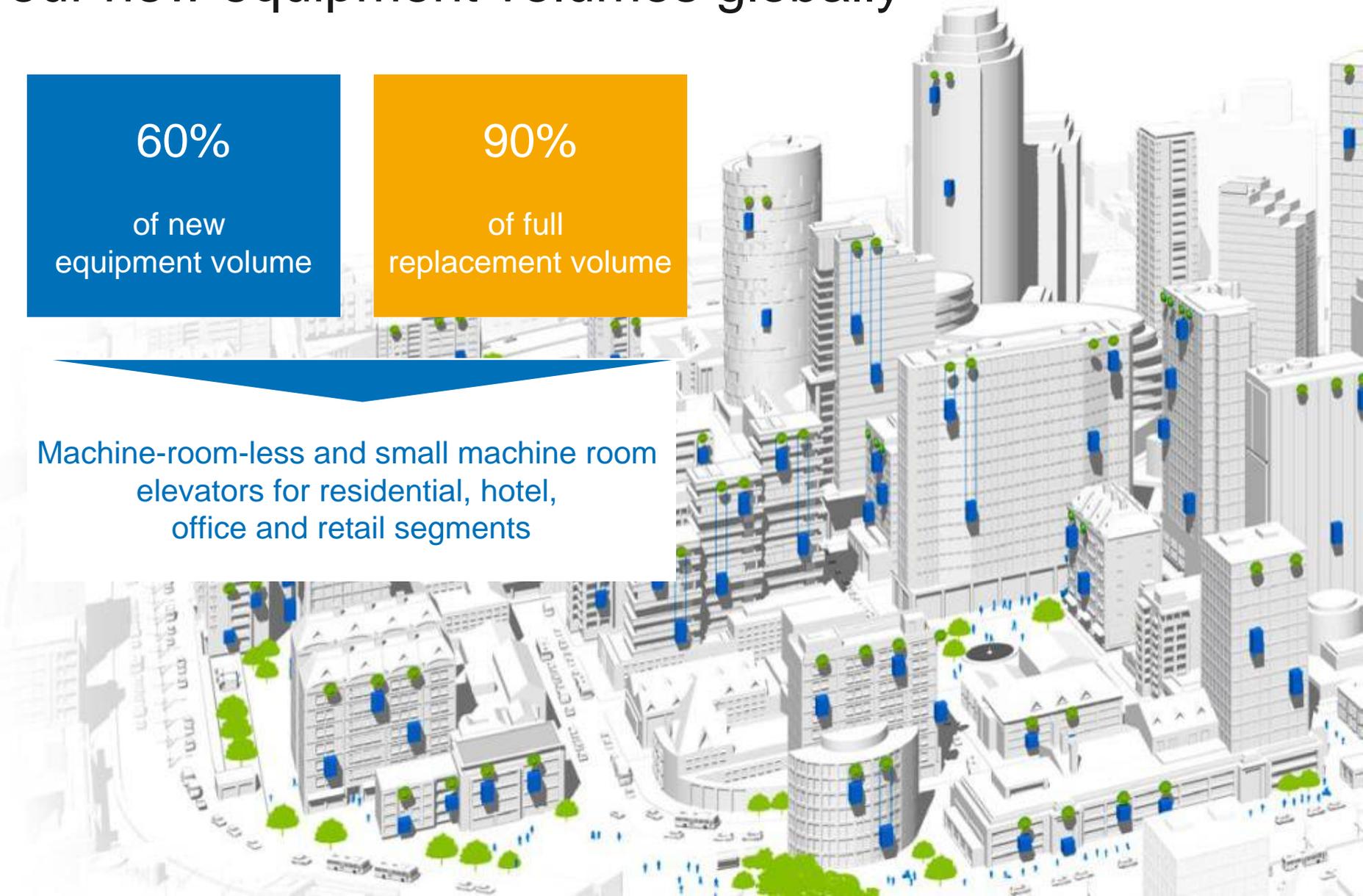
60%

of new
equipment volume

90%

of full
replacement volume

Machine-room-less and small machine room
elevators for residential, hotel,
office and retail segments



The new offering features significant developments in competitiveness and added value for customers



USER EXPERIENCE

- Improved ride comfort
- Enhanced visual design

CUSTOMER EXPERIENCE

- Better eco-efficiency
- Improved space efficiency
- KONE is an even closer partner to customers

IMPROVED TECHNOLOGY

- Harmonized and modular global product platform:
 - New machines, hoisting mechanics
 - Cars, slings, signalization, visuals
- Simplification across product range



- Business development in January–September 2012
- New global elevator offering



- Global markets in 2011 and KONE's market share development

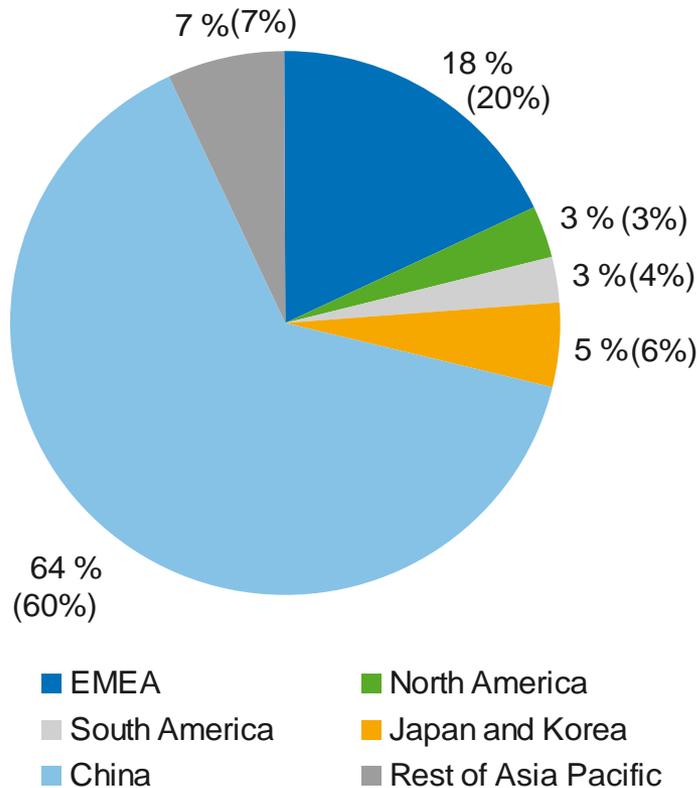
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Elevator and escalator markets in 2011

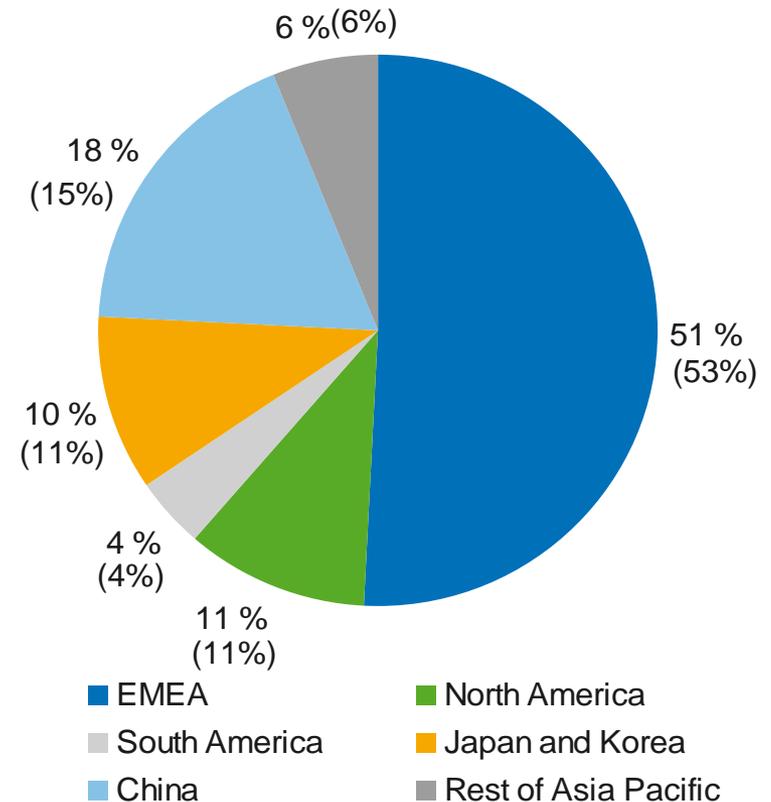


(2010 figures in brackets)

New elevator and escalator market 610,000 units



Elevators and escalators in operation 2011 ~11M units



New equipment: we have been able to significantly grow our market share



KONE's market position	2005	2009	2011
EMEA:			
Central and North Europe	nr. 2 →	nr. 2 →	shared nr. 1
South Europe	nr. 3 →	shared nr. 2 →	nr. 2
Middle East	nr. 4 →	nr. 3 →	nr. 2
Russia	nr. 4 →	nr. 4 →	nr. 4
Asia-Pacific:			
China	nr. 8 →	nr. 4 →	nr. 2
India	nr. 2 →	shared nr. 2 →	nr. 1
Southeast Asia	nr. 5 →	nr. 3 →	nr. 3
Australia	nr. 2 →	shared nr. 1 →	nr. 1
North America:	nr. 4 →	nr. 4 with significantly improved market share →	nr. 4 with further improved market share



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▪ Market development in Q3 2012

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Q3 2012 EMEA: The new equipment market continued to decline



New equipment markets

- In Central and North Europe, the market declined somewhat but remained at a relatively good level.
- In South Europe, the market declined further from an already weak level.
- In the Middle East, the market remained strong in Saudi Arabia and showed signs of recovery in some other markets.
- In Russia and Turkey, the market continued to grow.

Modernization markets

- The market grew slightly in Central and North Europe and continued to decline in South Europe.

Maintenance markets

- The market continued to develop well, although with clear variation between countries. Price competition has intensified in many countries.

Q3 2012 Americas: The new equipment market continued to gradually recover from a low level



New equipment markets

- In the United States, the gradual recovery of the market continued driven by small and mid-sized projects in the residential and office segments.
- In Canada, the market grew slightly.
- In Mexico, the market was stable.

Modernization markets

- The market grew slightly.

Maintenance markets

- Price competition intensified, particularly in the non-residential segments.

Q3 2012 Asia-Pacific: Somewhat slower growth than in the first half



New equipment markets

- In China, all segments grew, but at a somewhat slower rate than in the first half of the year.
- In India, the market was relatively stable.
- In Australia, the market declined significantly.
- The Southeast Asian markets continued to grow, but the growth was more moderate than earlier.

Modernization markets

- The market declined slightly in Australia.

Maintenance markets

- The market continued to grow.



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- The new equipment markets:
 - The markets in Asia-Pacific are expected to grow slightly in the last quarter of the year.
 - The markets in Central and North Europe are expected to decline somewhat, and the markets in South Europe are expected to further decline from an already weak level.
 - The market in North America is expected to continue to gradually recover from a low level.

- The modernization markets are expected to be stable or decline slightly in the last quarter of the year.

- The maintenance markets are expected to continue to develop rather well in most countries.

Business outlook 2012 (specified)



- KONE's net sales is estimated to grow by 13–17% at comparable exchange rates as compared to 2011.
- The operating income (EBIT), excluding one-time costs, is expected to be in the range of EUR 780–820 million.

The proposal of the Board of Directors for the Extraordinary General Meeting



- The Board of Directors proposes that for the financial year 2011 an extra dividend of EUR 1.495 be paid for each class A share and an extra dividend of EUR 1.50 be paid for each class B share.
- The date of record for dividend distribution is proposed to be October 29, 2012 and the dividend be paid November 5, 2012.
- The proposal for the extra dividend is supported by a very strong net cash and liquidity position. KONE's capital structure would remain strong also after the payment of the extra dividend.



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