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Q1

INTERIM REPORT JANUARY-MARCH 2007

April 24, 2007

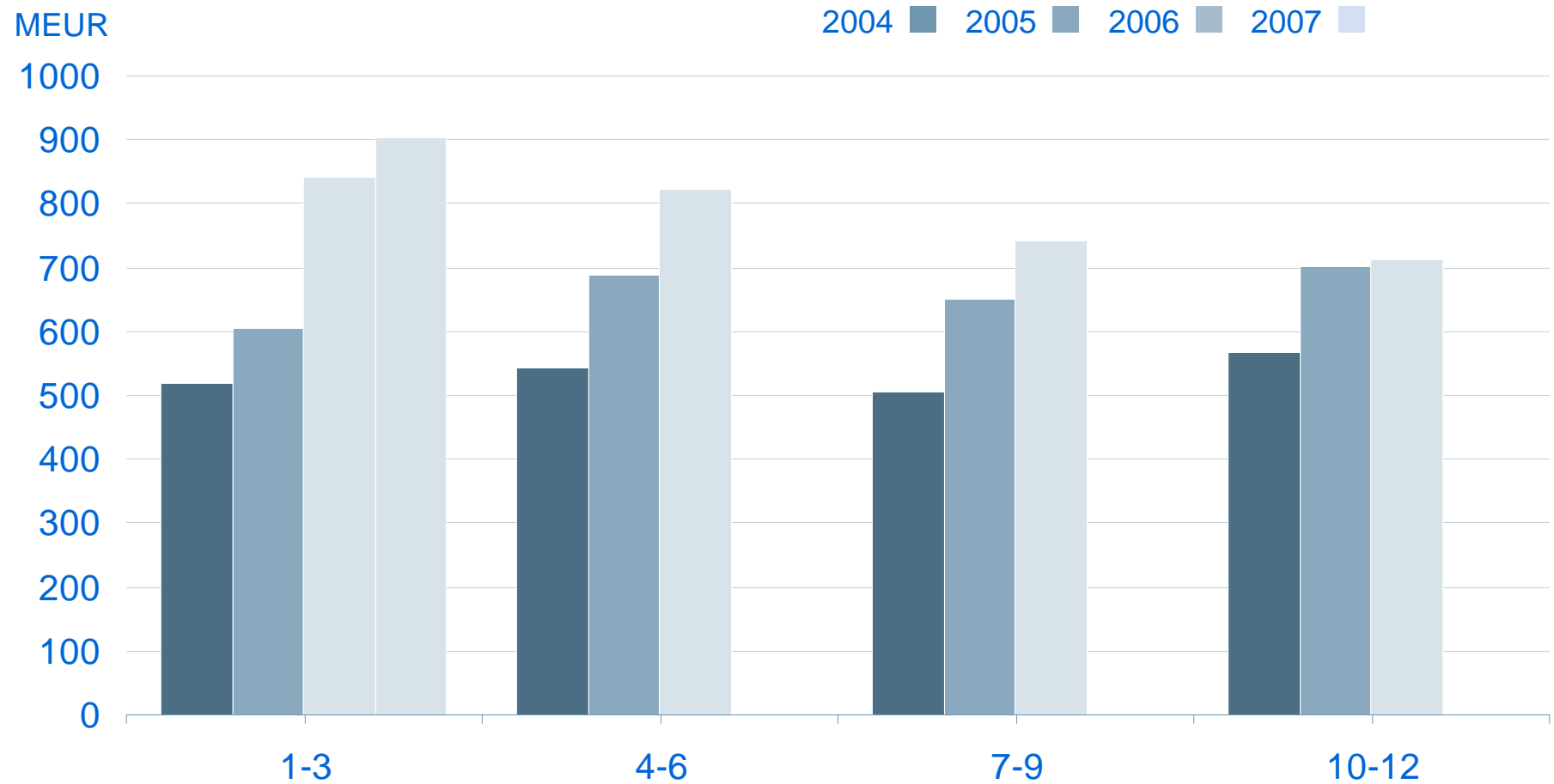
Matti Alahuhta, President & CEO

Q1 REVIEW, 2007

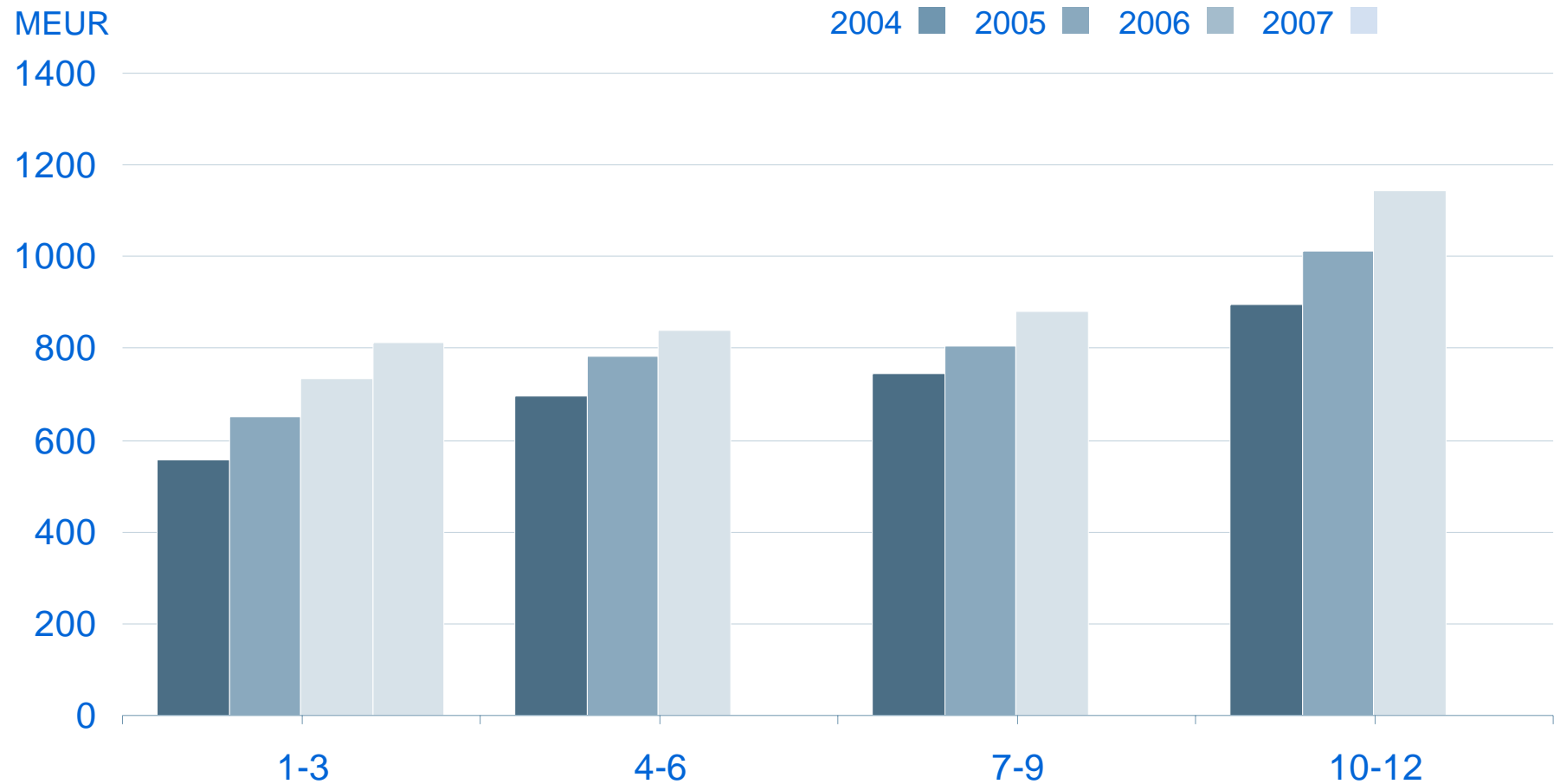
		1-3/2007	1-3/2006	change	2006
Orders received	MEUR	902.1	840.3	7%	3,116.3
Order book	MEUR	3,105.7	2,654.0	17%	2,762.1
Sales	MEUR	811.2	735.0	10%	3,600.8
Operating income	MEUR	69.3 ¹⁾	51.7	34%	360.1
Operating income	%	8.5	7.0		10.0
Cash flow from operations (before financing items and taxes)	MEUR	142.7	117.3		371.7

1) Excluding the EUR 142.0 million provision for the European Commission's fine decision.

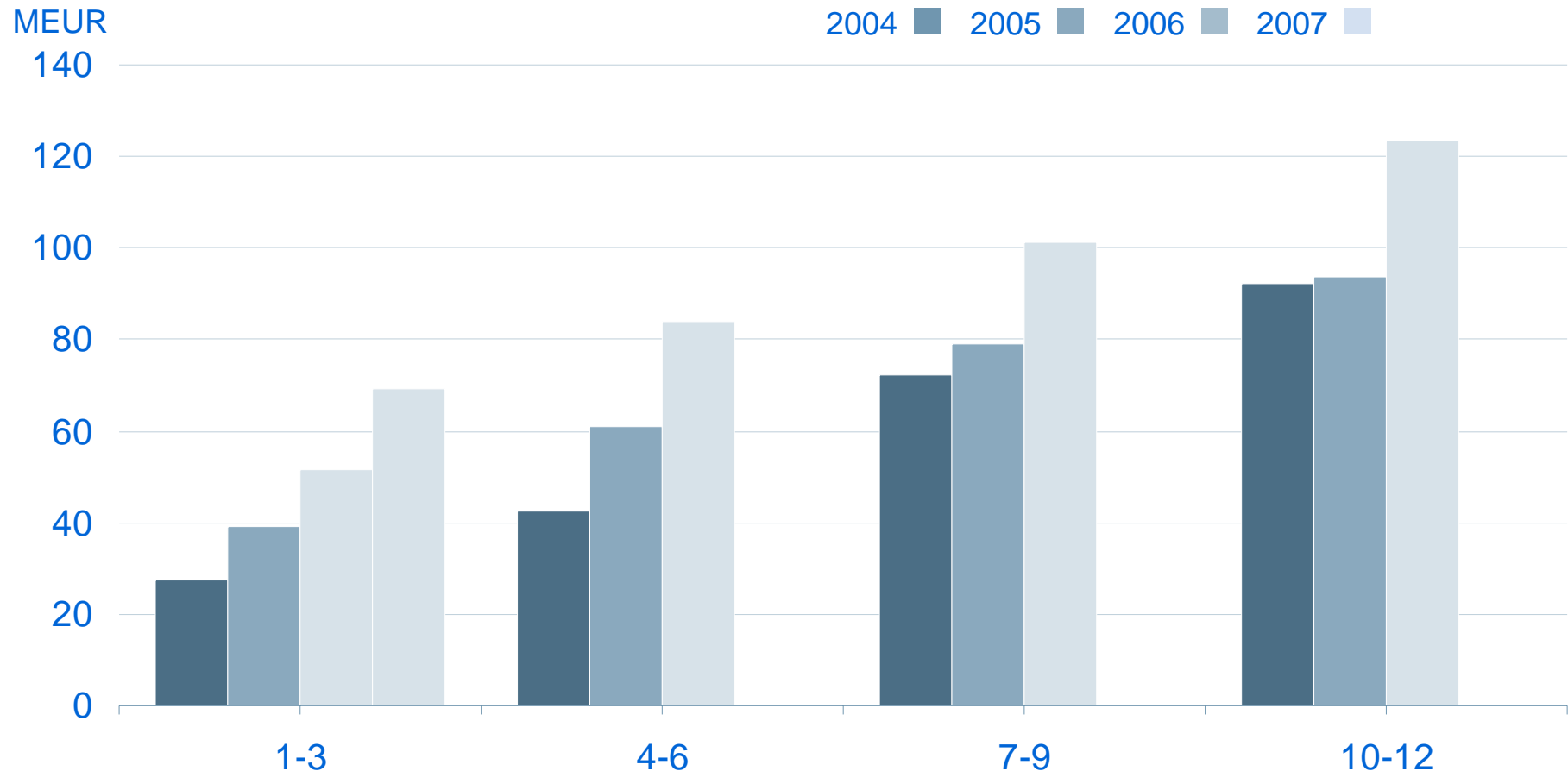
ORDERS RECEIVED GROWTH WAS FASTEST IN ASIA-PACIFIC



SALES GROWTH WAS FASTEST IN EMEA



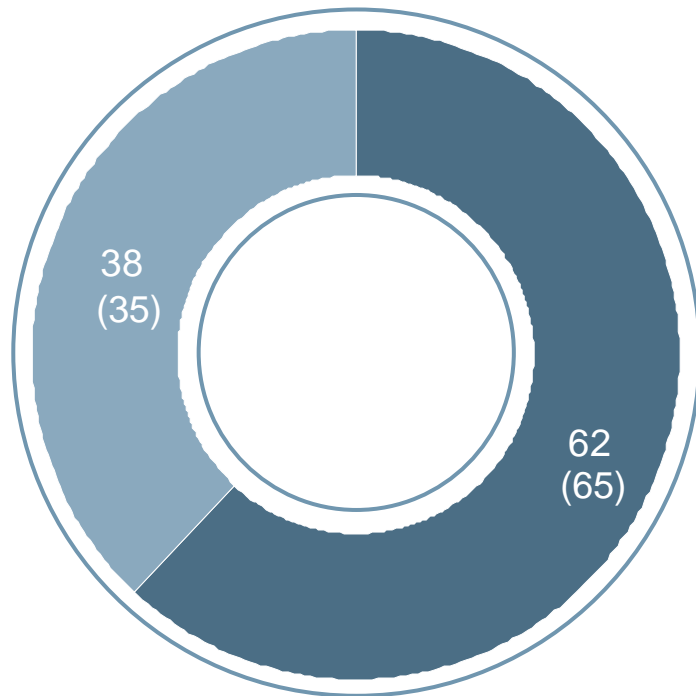
EBIT GROWTH WAS DRIVEN BY SALES GROWTH AND PRODUCTIVITY IMPROVEMENT



Note: 10-12/2004 disregarding MEUR 15.3 non-recurring income due to a provision reversal regarding disability pensions, 1-3/2005 excluding MEUR 89.2 provision for the development and restructuring program. 1-3/2007 disregarding the MEUR 142 provision for the European Commission's fine decision.

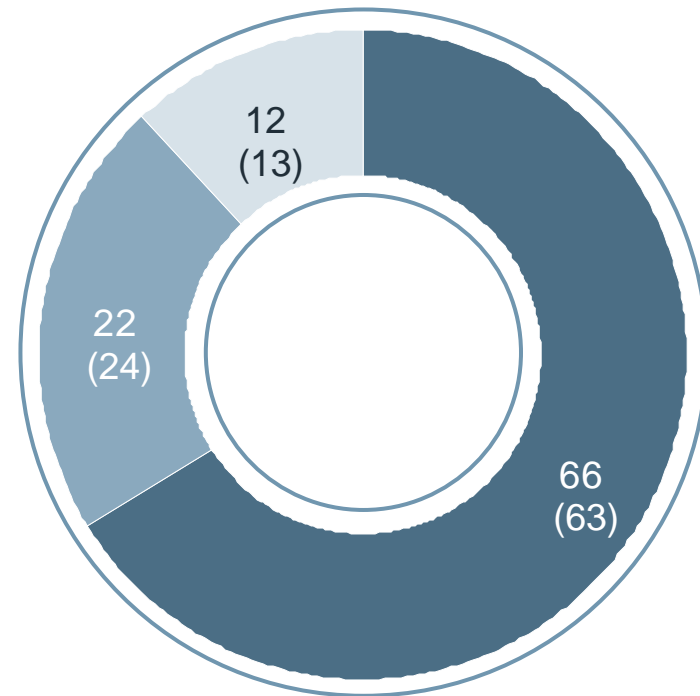
SALES SPLIT IN JANUARY-MARCH 2007

Sales by business, %



■ Services ■ New equipment

Sales by market, %



■ EMEA ■ Americas ■ Asia-Pacific

Note: January-March 2006 figures in brackets

GOOD PROGRESS IN EMEA

- New equipment market continued to be strong in many Central and Northern European countries and in the Middle-East
- Good growth in the modernization market
- Maintenance market continued to develop well
- Strongest orders received for KONE in Central and Northern Europe and in the Middle-East

NORTH AMERICAN MARKET CONTINUES TO OFFER GOOD OPPORTUNITIES



- The residential segment of the new equipment market is weaker in certain states in the U.S.
- Modernization market development continues to be good
- Maintenance market development solid
- KONE's order book margins continued to develop well

STRONG ORDERS RECEIVED GROWTH IN ASIA-PACIFIC



- New equipment market driven by
 - urbanization
 - economic growth
- Modernization market growing
- KONE's orders received progressed well especially in China, India and Australia

DEVELOPMENT PROGRAMS BRING INCREASING RESULTS



- Customer Focus
- Product and Service Competitiveness
- Operational Excellence
- Sourcing Power
- Presence in Asia

IN CUSTOMER FOCUS, SHIFT FROM DEVELOPMENT TO GLOBAL ROLL-OUT



- Customer process training done globally
- Strong focus on Strategic customers
- CRM roll-out almost completed
- New Customer Complaint process and related tool in a global roll-out
- Good on-line services progress: Solution specifier and 3D Car designer in global roll-out phase

GLOBAL PROGRESS IN PRODUCT COMPETITIVENESS



Asia Pacific

- Xmini sales release

Americas

- EcoSpace product family extension to expand accessible market

Europe

- MonoSpace 2.5. release
 - improving space saving
 - new visual designs, incl. MARIMEKKO
- EcoSpace

Global

- High rise competitiveness improved both in new equipment and modernization
- First delivery of Innotrack completed at Schiphol airport in Amsterdam

OPERATIONAL EXCELLENCE INITIATIVES BRINGING RESULTS



- Modular based maintenance global roll-out in a final stage
- Modernization installation productivity has started to improve
- Global streamlining of spare parts logistics has started to bring results
- Delivery accuracy improved to an excellent level
- Next generation development of ERP systems started
- Positive first experiences from the new field mobility solution

CONTINUING CONSOLIDATION IN SOURCING

- Decreasing number of suppliers
- Integration of local sourcing activities to global sourcing
- More sourcing from emerging markets

CONTINUED STRONG DEVELOPMENT IN ASIA-PACIFIC



- High growth in Orders Received in China
- Continuing good growth in India
 - Resourcing for the next phases
- Strong quarter in Australia

OUTLOOK 2007

- At comparable exchange rates, KONE's target is to achieve an approximate 10 percent increase in 2007 net sales, compared to the 2006 figure.
- The operating income (EBIT) target is to achieve a growth¹⁾ of approximately 20 percent compared to the 2006 figure of EUR 360 million.

1) Excluding the EUR 142.0 million provision for the European Commission's fine decision.

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SUMMARY IN FIGURES

CONSOLIDATED STATEMENT OF INCOME



MEUR	1-3/2007	%	1-3/2006	%	1-12/2006	%
Sales	811.2		735.0		3,600.8	
Costs and expenses	-727.7		-668.6		-3,182.4	
Depreciation	-14.2		-14.7		-58.3	
Provision for the European Commission's fine decision	-142.0		-		-	
Operating income	-72.7	-9.0	51.7	7.0	360.1	10.0
Share of associated companies' net income	-0.2		-0.2		-0.3	
Financing income	3.4		3.9		16.1	
Financing expenses	-5.2		-4.1		-19.6	
Income before taxes	-74.7	-9.2	51.3	7.0	356.3	9.9
Taxes	-20.3		-19.5		-121.9	
Net income	-95.0	-11.7	31.8	4.3	234.4	6.5

CONSOLIDATED BALANCE SHEET

Assets			
MEUR	31.3.2007	31.3.2006	31.12.2006
Non-current assets			
Intangible assets	624.2	574.0	615.7
Tangible assets	217.2	217.2	217.7
Loans receivable and other interest-bearing assets	3.0	55.6	5.1
Deferred tax assets	135.0	130.5	134.1
Investments	130.1	137.7	129.6
Total	1,109.5	1,115.0	1,102.2
Current assets			
Inventories	774.8	654.8	668.8
Advance payments received	-665.8	-528.3	-552.1
Loans receivable and other interest-bearing assets	1.4	0.6	44.6
Accounts receivable and other non interest-bearing assets	833.3	710.1	805.1
Cash, cash equivalents and financial assets	252.3	193.3	223.8
Total	1,196.0	1,030.5	1,190.2
Total assets	2,305.5	2,145.5	2,292.4



CONSOLIDATED BALANCE SHEET

Equity and liabilities			
MEUR	31.3.2007	31.3.2006	31.12.2006
Equity	479.9	574.9	698.6
Non-current liabilities			
Loans	76.8	140.0	100.2
Deferred tax liabilities	30.5	27.6	30.3
Employee benefits	144.6	151.9	145.0
Total	251.9	319.5	275.5
Provisions	210.0	100.8	71.8
Current liabilities			
Loans	322.2	239.2	298.2
Accounts payable and other liabilities	1,041.5	911.1	948.3
Total	1,363.7	1,150.3	1,246.5
Total equity and liabilities	2,305.5	2,145.5	2,292.4

CONSOLIDATED STATEMENT OF CASH FLOW



MEUR	1-3/2007	1-3/2006	1-12/2006
Operating income	-72,7	51.7	360.1
Change in working capital	201.2	50.9	-46.7
Depreciation	14.2	14.7	58.3
Cash flow from operations	142.7	117.3	371.7
Cash flow from financing items and taxes	-2.4	-11.1	-105.9
Cash flow from operating activities	140.3	106.2	265.8
Cash flow from investing activities	-43.9	-22.7	-96.4
Cash flow after investing activities	96.4	83.5	169.4
Purchases and sales of own shares	-0.3	-	-69.3
Share issue	0.4	0.7	1.7
Dividends paid	-116.0	-114.6	-126.8
Change in loans receivable	13.4	-2.9	-14.3
Change in loans payable	2.7	21.4	38.2
Cash flow from financing activities	-99.8	-95.4	-170.5
Change in cash and cash equivalents	-3.4	-11.9	-1.1

CONSOLIDATED STATEMENT OF CASH FLOW



Change in net debt

Net debt at the beginning of the period	124.9	99.3	99.3
Net debt at the end of the period	142.3	129.7	124.9
Change in net debt	-17.4	-30.4	-25.6

KEY FIGURES

Key figures		1-3/2007	1-3/2006	1-12/2006
Basic earnings per share	EUR	-0.76	0.25	1.86
Diluted earnings per share	EUR	-0.75	0.25	1.85
Equity per share	EUR	3.80	4.50	5.55
Interest bearing net debt	MEUR	142.3	129.7	124.9
Total equity/total assets	%	20.8	26.8	30.5
Gearing	%	29.7	22.6	17.9
Return on equity	%	neg.	20.4	34.3
Return on capital employed	%	neg.	21.2	35.4
Total assets	MEUR	2,305.5	2,145.5	2,292.4
Assets employed	MEUR	622.2	704.6	823.5
Working capital (including financing and tax items)	MEUR	-349.3	-224.3	-139.5

KEY FIGURES

Orders received MEUR	1-3/2007	1-3/2006	1-12/2006
	902.1	840.3	3,116.3
Order book MEUR	31.3.2007	31.3.2006	31.12.2006
	3,105.7	2,654.0	2,762.1
Capital expenditure MEUR	1-3/2007	1-3/2006	1-12/2006
In fixed assets	6.6	10.2	51.3
In leasing agreements	1.4	1.3	9.1
In acquisitions	9.1	15.2	90.1
Total	17.1	26.7	150.5
R&D expenditure MEUR	1-3/2007	1-3/2006	1-12/2006
	13.1	11.8	50.3
R&D expenditure as percentage of sales	1.6	1.6	1.4
Number of employees	1-3/2007	1-3/2006	1-12/2006
Average	29,622	27,653	28,366
At the end of the period	29,868	27,783	29,321

QUARTERLY FIGURES

		Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005	pro forma Q2 2005	pro forma Q1 2005
Orders received	MEUR	902.1	712.1	742.0	821.9	840.3	702.5	649.4	688.3	604.1
Order book	MEUR	3,105.7	2,762.1	2,951.0	2,818.0	2,654.0	2,326.8	2,371.7	2,264.7	2,023.1
Sales	MEUR	811.2	1,145.6	879.8	840.4	735.0	1,013.4	804.7	783.1	649.3
Operating income	MEUR	69.3 ¹⁾	123.4	101.1	83.9	51.7	93.6	79.1	60.8	39.0 ²⁾
Operating income	%	8.5 ¹⁾	10.8	11.5	10.0	7.0	9.2	9.8	7.8	6.0 ²⁾

¹⁾ Excluding MEUR 142.0 provision for the European Commission's fine decision.

²⁾ Excluding MEUR 89.2 provision for the development and restructuring program.

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