

The heart of your building™



INTERIM REPORT JANUARY-JUNE 2007

July 20, 2007

Matti Alahuhta, President & CEO

Q2 REVIEW, 2007

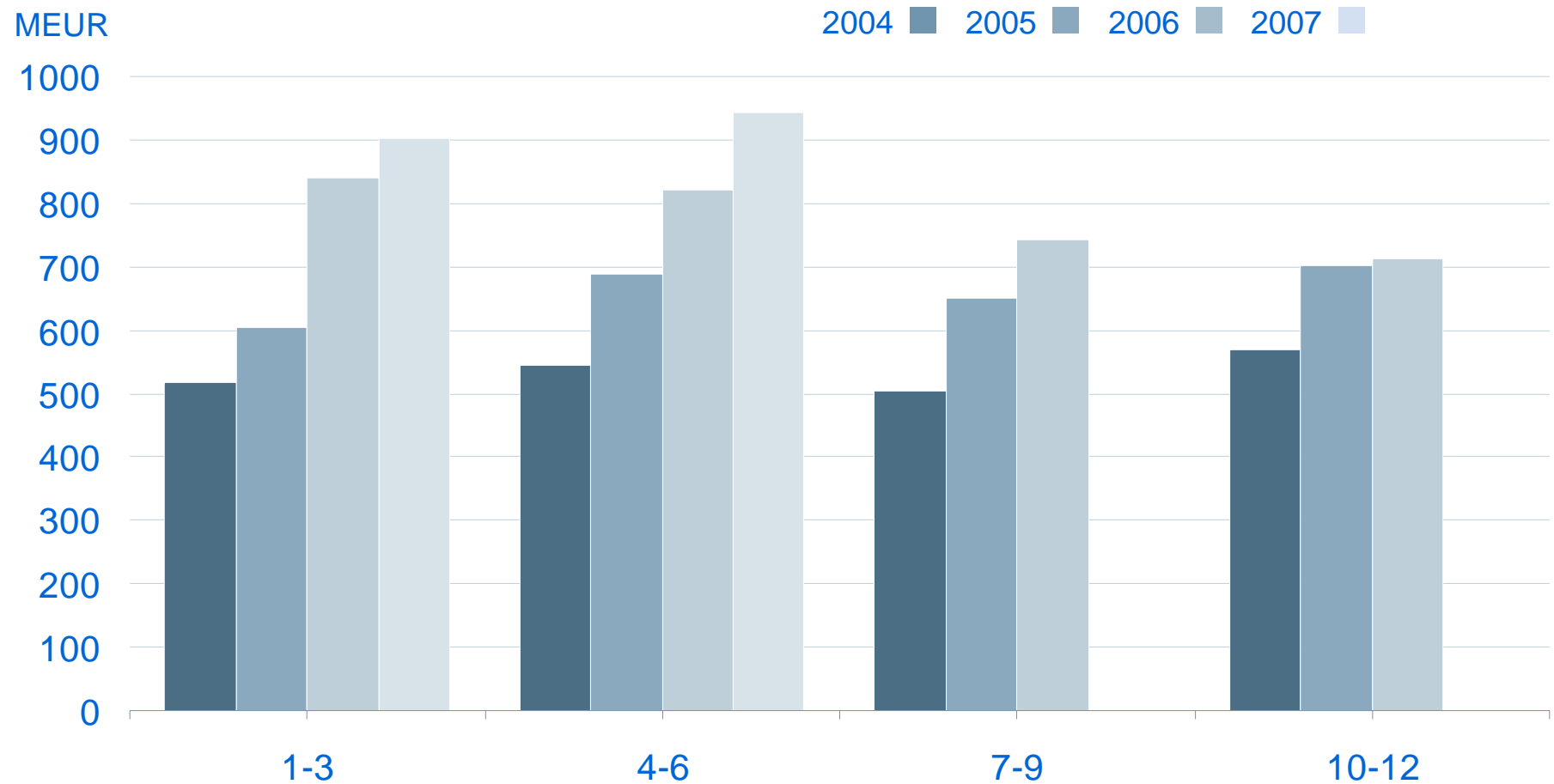
		4-6/2007	4-6/2006	change	2006
Orders received	MEUR	944.4	821.9	15%	3,116.3
Order book	MEUR	3,318.0	2,818.0	18%	2,762.1
Sales	MEUR	1,001.9	840.4	19%	3,600.8
Operating income	MEUR	116.4	83.9	39%	360.1
Operating income	%	11.6	10.0		10.0
Cash flow from operations (before financing items and taxes)	MEUR	- 37.4	29.3		371.7

JANUARY-JUNE REVIEW, 2007

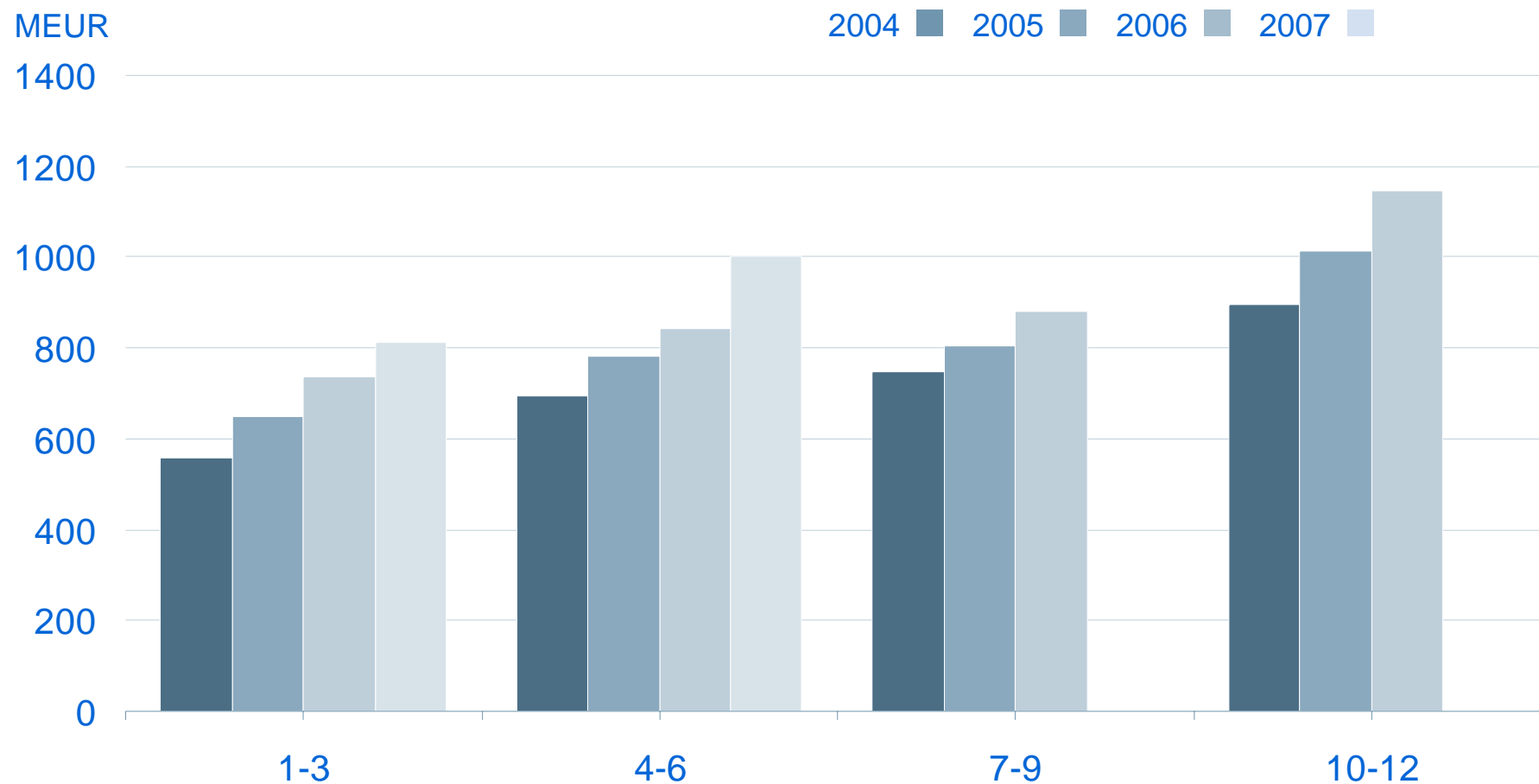
		1-6/2007	1-6/2006	change	2006
Orders received	MEUR	1,846.5	1,662.2	11%	3,116.3
Order book	MEUR	3,318.0	2,818.0	18%	2,762.1
Sales	MEUR	1,813.1	1,575.4	15%	3,600.8
Operating income	MEUR	185.7 ¹⁾	135.6	37%	360.1
Operating income	%	10.2 ¹⁾	8.6		10.0
Cash flow from operations (before financing items and taxes)	MEUR	105.3	146.6		371.7

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

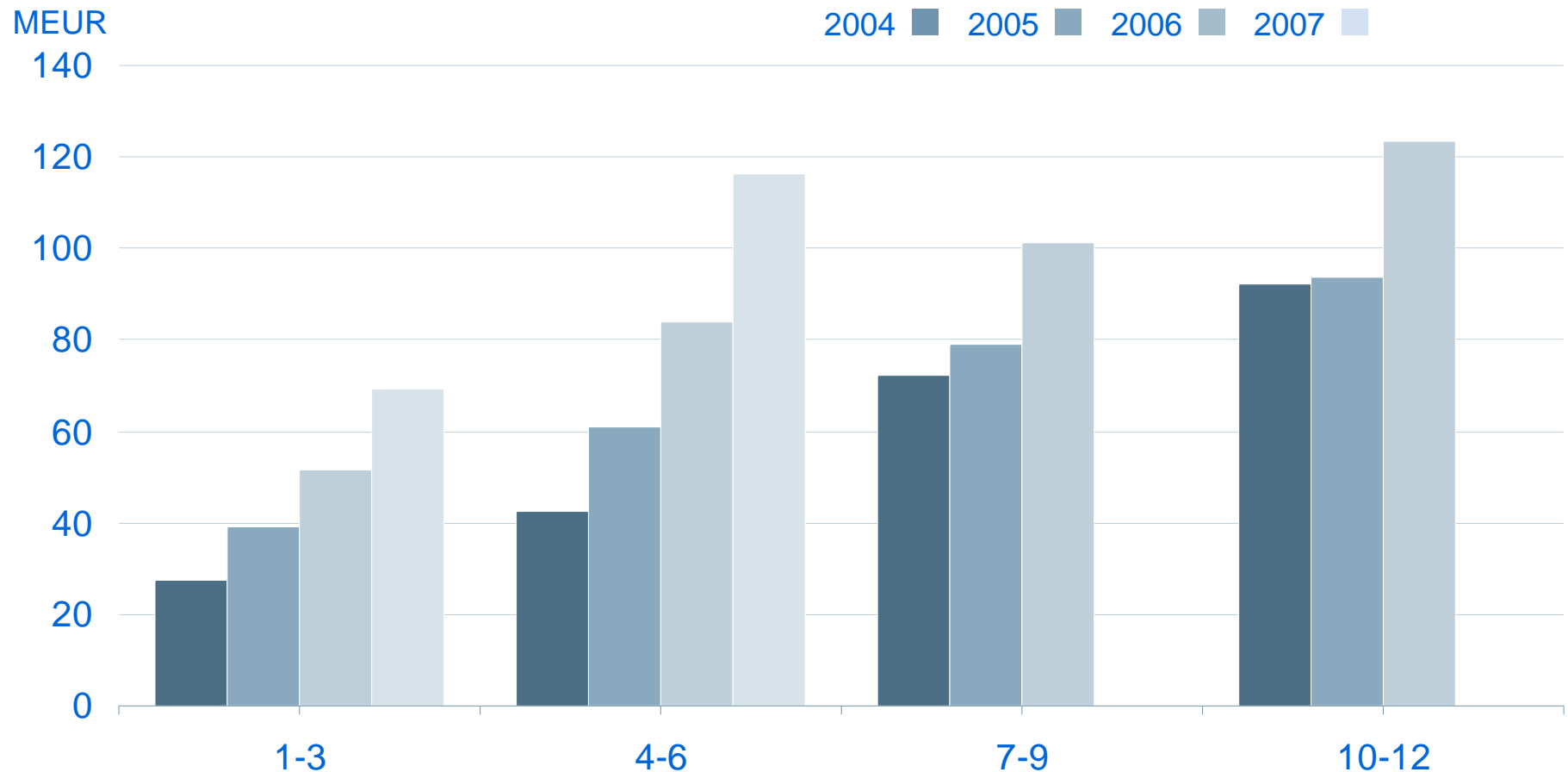
ORDERS RECEIVED GROWTH WAS FASTEST IN ASIA-PACIFIC



SALES GROWTH WAS FASTEST IN ASIA-PACIFIC



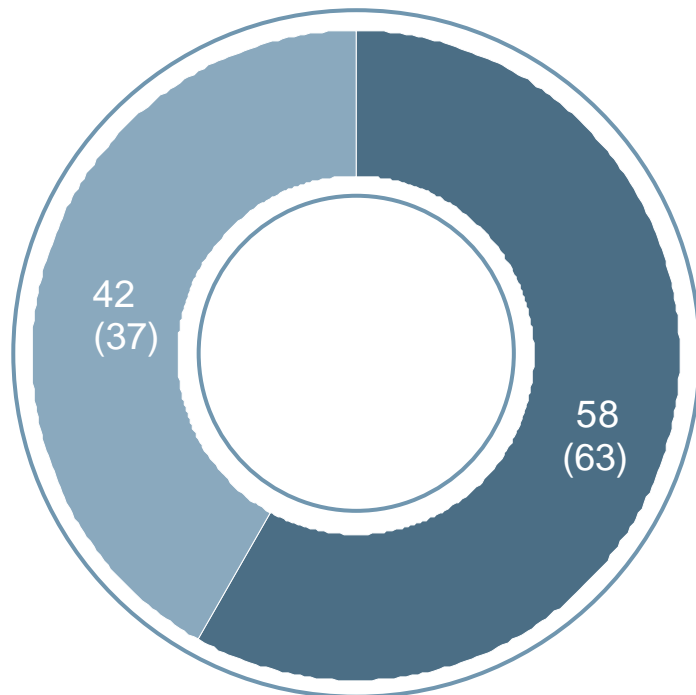
EBIT GROWTH WAS DRIVEN BY SALES GROWTH AND PRODUCTIVITY IMPROVEMENT



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 excluding the MEUR 142.0 fine for the European Commission's fine decision.

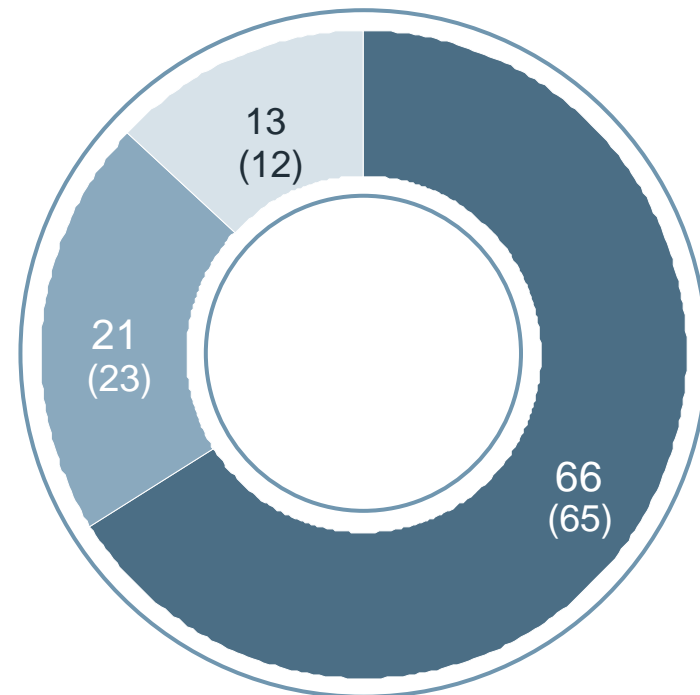
SALES SPLIT IN JANUARY-JUNE 2007

Sales by business, %



■ Services ■ New equipment

Sales by market, %



■ EMEA ■ Americas ■ Asia-Pacific

Note: January-June 2006 figures in brackets

EUROPE AND MIDDLE EAST: GOOD MARKET GROWTH HAS CONTINUED

- Western Europe:
 - In new equipment, Germany continued to strengthen, good development in UK, Benelux and Nordic countries, stable market in South Europe. Good growth in modernization market. Maintenance market continues to grow.
- Eastern Europe:
 - High growth, especially strong in Russia
- Middle East:
 - Strong growth in Qatar, Abu Dhabi and Saudi Arabia
 - Dubai market is stabilized at a high level

KONE'S MARKET SHARE AND PROFITABILITY DEVELOPING WELL IN EUROPE AND MIDDLE EAST

- Western Europe:
 - Positive market share development in new equipment
 - KONE ReGenerate and KONE MaxiSpace® have improved competitiveness in the modernization market
 - Good development also in maintenance
- Eastern Europe:
 - Market share growing
 - In Russia strong growth in Moscow and St. Petersburg, expansion to other major cities
- Middle East:
 - Strong progress both in major projects and in the volume business
 - On high rise market increasing demand for Double Deck applications and Destination Control Systems - KONE very well positioned in both

NORTH AMERICA: MARKET REMAINS SOLID

- USA:
 - Increased demand from the hotel, office and hospital segments
 - MRL technology continuing to gain market acceptance
 - Modernization continues to evolve from repair to more comprehensive projects
 - Very tough competition in maintenance
- Canada:
 - Solid market development
- Mexico:
 - Good growth, especially in multi-use/integrated building projects for retail, residential and office space.

KONE'S PROFITABILITY IS IMPROVING IN NORTH AMERICA



- USA:
 - Margins continue to improve in new equipment
 - KONE Ecomod™ product is industry leader for escalator modernization
 - Reorganization to increase customer focus, cross-functional synergies and operational excellence
- Canada:
 - Gaining share with significant new equipment development and solid service contract retention
- Mexico:
 - Strong market position, positive business development

ASIA PACIFIC: STRONG MARKET GROWTH CONTINUES



- China:
 - Investment climate index moving upwards
 - Real estate investment growth rate 27 % during the last 3 months
 - Strong market growth continued in 1H in new equipment
 - Very intensive competition
 - Maintenance market also growing
- India:
 - Strong market growth
 - Big projects in Public Transportation and increasingly also in high rise
- South East Asia
 - Modest growth
- Australia:
 - Good growth in the volume market, strong growth in major projects
 - Modernization market active

KONE GROWING MARKET SHARE IN ASIA PACIFIC - GOOD PROFITABILITY LEVEL



- **China:**
 - KONE one of the fastest growing elevator & escalator -companies
 - Continuous offering extensions and geographic expansions
- **India:**
 - Strong market position both in new equipment and in the service business
- **South East Asia**
 - Strong growth
- **Australia:**
 - Very strong growth in new equipment

DEVELOPMENT PROGRAMS BRING INCREASING RESULTS



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

URBANIZATION IS THE KEY DRIVER FOR FAST GROWTH IN MAJOR PROJECTS MARKET

- 2 billion more people will live in urban areas by 2030
- The number of big cities is growing fast:
 - Cities with > 1 million people: 275 (y 2000) -> 420 (y 2015)
 - Cities with > 5 million people: 35 (y 2000) -> 50 (y 2015)

KONE HAS HAD VERY GOOD PROGRESS IN *MAJOR PROJECTS*

- Overall strength improved in high rise solutions
- Competitive Double Decker and Destination Control solutions
- Superior expertise in traffic calculations
- Good development in project selection, project management, contract competence
- High growth in visible, new high rise projects has further increased our credibility and attractiveness

OUTLOOK 2007

- At comparable exchange rates, KONE's target is to achieve a growth of 10 to 15 percent in net sales compared to 2006.
- The operating income (EBIT) target 1) is to achieve growth of 25 – 30 percent from the comparable 2006 figure of EUR 360 million.

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

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