



April 23, 2003

KONE Interim Report: January – March, 2003

Improved Profitability and Higher Order Intake in Both Divisions

* Orders received rose to MEUR 1,155 (Q1 2002: 500). KONE Elevators & Escalators accounted for MEUR 503 (500) (at comparable exchange rates, growth was nine percent) and KONE Materials Handling for MEUR 653 (Q1 2002, not consolidated: 615, reflecting growth of 16 percent at comparable exchange rates).

* Net sales totaled MEUR 1,147 (631). Elevators & Escalators' net sales decreased to MEUR 563 (631). (At comparable exchange rates, sales decreased two percent). Materials Handling's sales were MEUR 584 (568, reflecting growth of 11 percent at comparable exchange rates).

* Operating income before goodwill amortization (EBITA) was MEUR 69.3 (45.0). In Elevators & Escalators EBITA was MEUR 47.6 (45.0), representing 8.5 (7.1) percent of net sales. Materials Handling's EBITA was MEUR 22.2 (14.6), or 3.8 (2.6) percent of net sales. Unallocated corporate costs accounted for MEUR 0.5 (0.0).

* Cash flow from operations before financial items and taxes decreased to MEUR 68.9 (92.9). Elevators & Escalators accounted for MEUR 60.3 (92.9) and Materials Handling for MEUR 8.6 (-18.9).

* Net income amounted to MEUR 25.6 (21.3).

* Earnings per share rose to EUR 0.41 from EUR 0.36.

* KONE finalized the sale of the entire share capital in Nordkalk Corporation to NK-Holding Oy Ab and the sale of its holding in Paroc Group Oy Ab, which significantly reduced KONE's net debt.

The figures for Materials Handling were consolidated into KONE's figures as of July 1, 2002. The comparison figures for 2002 are, therefore, not consolidated figures, nor do the comparison figures for the first quarter of 2002 include the sold businesses, Nordkalk and Paroc.

CEO Antti Herlin in conjunction with the interim report:

“We achieved a first quarter result that lives up to our expectations.

“The profitability of Elevators & Escalators rose despite the tougher market situation.

“The Materials Handling business developed according to our disclosed plans, and profitability improved. Reorganization of the businesses has progressed rapidly. The effect of these changes already shows to some extent, but the main contribution to improved profitability will come later this year and in 2004.



“The outlook for at least the same level of full-year order intake and sales in new elevators and escalators, and in Materials Handling as a year earlier still holds at comparable exchange rates.”

Sender:

KONE Corporation

Aimo Rajahalme
Executive Vice President,
Finance and Information Services

Outi-Maria Liedes
Senior Vice President,
Corporate Communications & IR

For further information please contact:

Aimo Rajahalme, Executive Vice President, Finance and Information Services, KONE,
tel. +358 (0)204 75 4484

KONE is a global service and engineering company that specializes in moving people and goods. Annual net sales total EUR 5,500 million, and we employ nearly 35,000 people. KONE's B shares are listed on the Helsinki Exchanges.

www.kone.com



The Long-Standing Chairman of the Board of Directors of KONE Corporation, Pekka Herlin, Passed Away

The long-standing chairman of the Board of Directors of KONE Corporation, Pekka Herlin, passed away on April 4, 2003 after a lengthy illness.

Pekka Herlin became a member of KONE's Board of Directors in 1954. He was vice president of the company from 1962 to 1964, president from 1964 to 1986, and chairman of the Board from 1987 up until his death. Through acquisitions and strong organic growth, Pekka Herlin developed KONE into a large-scale, global group whose products and services are industry leaders.

In accordance with KONE's Articles of Association, a shareholder meeting will choose a new chairman of the Board. CEO and deputy chairman of the Board Antti Herlin is presently acting as chairman of the Board.

The controlling rights to the shares in Security Trading Oy and Holding Manutas Oy held by Pekka Herlin before his death have been transferred to Antti Herlin. The ownership right to the shares in question was transferred to Antti Herlin in an arrangement on March 1, 1999, according to which Pekka Herlin kept the right of possession of the shares for as long as he lived.

Acquisitions and Changes in Group Structure

Acquisition of Partek

A court of arbitration confirmed on April 2, 2003, that Kone Finance Oy has, in accordance with the Finnish Companies Act, Chapter 14, Paragraph 19, an undisputed right to redeem the minority shareholders' shares in Partek Corporation at market price.

The redemption price was confirmed to be 15.30 euros per share, and the interest on the redemption price from December 18, 2002, up to the day of payment of the redemption price, was set at five percent per annum.

Divestments

The sales of Nordkalk Corporation and Paroc Group Oy Ab, which are not part of the business areas of KONE Materials Handling, were finalized on February 12, 2003.

The transaction price for Nordkalk, after reduction of minority interests, was EUR 270 million. The price for the shares was EUR 140 million.

The debt-free price for the 38 percent holding in Paroc was approximately EUR 75 million, including the price for the shares and the repayment of loans.



KONE Elevators & Escalators

Markets, Orders Received and Order Book

The market situation varied in Europe, but total market demand was lower than in the corresponding period last year. Economic uncertainty depressed the office building sector while the residential sector held up better. Demand in China and Australia continued at a good level, but other Asian markets, especially Singapore and Hong Kong, weakened. The North American market was unchanged at relatively weak levels.

The maintenance and modernization market progressed steadily.

Orders received, excluding the value of maintenance contracts, totaled EUR 503 (Q1 2002: 500) million. At comparable exchange rates, order intake growth was nine percent.

In Europe, order intake was approximately at the same level as in the first quarter of 2002. In North America orders rose clearly. At comparable exchange rates, orders in Asia Pacific remained at the year-ago level.

The order book at the end of March stood at EUR 1,890 (end of 2002: 1,792) million.

Elevators & Escalators received several significant orders during the first quarter.

The Dutch construction company G&S Bouw has ordered 23 KONE Minispace™ and 15 KONE Monospace® elevators for two construction projects in the Netherlands.

Thai Lift Industries, KONE's licensee in Thailand, has received a follow-on order for six heavy-duty KONE escalators for the Bangkok Transit System.

Bovis Lend Lease has ordered 36 elevators and escalators for the 50-story Hyatt Center office building in Chicago. The delivery will include, *inter alia*, 25 KONE Alta™ elevators.

Clark-Kiewit Largo has awarded KONE the contract to supply eight custom elevators and seven transit escalators for the extension of the Washington Blue Line service to two new stations.

Sales

Net sales totaled EUR 563 (631) million. At fixed exchange rates, net sales fell by two percent. Europe accounted for 67 (59) percent, North America for 23 (31) percent and Asia-Pacific for 10 (8) percent of net sales.

Deliveries of new equipment decreased during the quarter under review. At comparable exchange rates net sales growth in maintenance and modernizations reached the five percent target set for the full year. Strong growth continued in the automatic building door business, and sales rose to approximately EUR 31 (24) million.



Quarterly sales by market area (MEUR)

| | Q1/2003 | Q4/2002 | Q3/2002 | Q2/2002 | Q1/2002 |
|---------------|--------------|--------------|--------------|--------------|--------------|
| Europe | 376.7 | 573.9 | 402.4 | 449.4 | 372.4 |
| North America | 130.5 | 236.5 | 198.6 | 218.5 | 197.5 |
| Asia Pacific | 54.6 | 92.3 | 74.9 | 72.0 | 53.0 |
| Others | 1.3 | 8.4 | 5.5 | 6.7 | 8.1 |
| Total | 563.1 | 911.1 | 681.4 | 746.6 | 631.0 |

Financial Result, Assets Employed and Cash Flow

Operating income before goodwill amortization (EBITA) in KONE Elevators and Escalators was EUR 47.6 (45.0) million or 8.5 (7.1) percent of net sales. The maintenance and modernization business accounted for a larger share of net sales, which resulted in improved operating margins.

At the end of March, working capital was negative at EUR -76.2 (end of 2002: -84.5) million. Tangible fixed assets without goodwill were EUR 182.9 (186.6) million.

Cash flow from operating activities before financial items and taxes totaled EUR 60.3 (92.9) million.

Acquisition activity continued, and the integration of the acquired businesses into KONE has required adjustments in order to improve profitability. Operations have also been adjusted to reflect the current market situation.

Capital Expenditure and Product Development

Capital expenditure in production facilities, field operations and information systems totaled EUR 6.9 (20.4) million.

IT harmonization continued, and the roll-out of KONE Model 2 progressed as planned.

KONE Elevators & Escalators' product development expenditures totaled EUR 8.9 (9.8) million or 1.6 (1.6) percent of net sales.

Outlook

At comparable exchange rates, net sales and orders for new elevators and escalators are also anticipated to achieve at least the 2002 level.

At comparable exchange rates, maintenance and modernization revenue is expected to increase approximately five percent and door service revenue by 20 percent during the year under review.

The EBITA margin is expected to exceed 10 percent.

KONE Materials Handling

KONE Materials Handling consists of four business areas - Container Handling, Load Handling, Forest Machines and Tractors - and of minor holdings.

Markets, Orders Received and Order Book

Uncertainty continued to characterize the market situation for Container Handling, Load Handling and Forest Machines. Tractors again recorded good demand in its main markets.

The value of orders received increased in all businesses except Load Handling, amounting to EUR 653 (615) million. At comparable exchange rates, order intake rose 16 percent. The product launches and investments in the sales and distribution network made during 2002 had a positive effect on orders received.

Quarterly orders by business area (MEUR)

| | Q1/2003 | Q4/2002 | Q3/2002 | Q2/2002 | Q1/2002 |
|--------------------|--------------|--------------|--------------|--------------|--------------|
| Container Handling | 213.7 | 183.0 | 155.6 | 182.1 | 187.8 |
| Load Handling | 165.7 | 147.6 | 118.5 | 153.2 | 172.4 |
| Forest Machines | 77.2 | 83.4 | 68.3 | 81.3 | 69.8 |
| Tractors | 207.1 | 229.0 | 166.8 | 220.3 | 194.7 |
| Eliminations | (11.2) | (11.5) | (8.3) | (9.8) | (9.7) |
| Total | 652.5 | 631.5 | 500.9 | 627.1 | 615.0 |

The order book at the end of March was significantly higher than at the end of 2002 in Forest Machines and Tractors, which raised the value of the total order book to EUR 526 (end-2002: 448) million.

Kalmar RT Center in the U.S.A. received an order for delivery of 93 Kalmar Rough Terrain Container Handlers from the U.S. Army's Tank Automotive & Armaments Command (TACOM). The value of the order is approximately USD 50 million. The order is part of the contract for delivery of 400-500 machines in 2001-2005 signed by Kalmar RT Center and TACOM in 2000.

Sales

Net sales amounted to EUR 584 (568) million. At comparable exchange rates, sales rose 11 percent. The net sales of the four business areas rose to EUR 553 (531) million. Sales in Forest Machines and Tractors rose clearly while sales in Container Handling and Load Handling remained practically unchanged.

Quarterly sales by business area (MEUR)

| | Q1/2003 | Q4/2002 | Q3/2002 | Q2/2002 | Q1/2002 |
|--------------------|--------------|--------------|--------------|--------------|--------------|
| Container Handling | 164.7 | 212.4 | 161.0 | 181.9 | 164.0 |
| Load Handling | 142.5 | 149.0 | 133.6 | 156.1 | 147.4 |
| Forest Machines | 69.1 | 93.1 | 66.0 | 72.0 | 60.4 |
| Tractors | 187.2 | 207.3 | 172.1 | 213.1 | 169.2 |
| Eliminations | (10.6) | (11.6) | (8.4) | (9.4) | (9.7) |
| Total | 552.9 | 650.2 | 524.3 | 613.7 | 531.3 |

Financial Result, Assets Employed and Cash Flow

Operating income before goodwill amortization (EBITA) rose clearly to EUR 22.2 (14.6) million, which is 3.8 (2.6) percent of net sales. Structural measures which have been carried out had a positive effect on profits.

Net working capital at the end of March was EUR 418.0 (end of 2002: 410.9) million. The value of tangible fixed assets was EUR 230.1 (end of 2002: 461.9) million.

Cash flow from operations before financial items and taxes was EUR 8.6 (-18.9) million.

Capital Expenditure and Product Development

Capital expenditure in production facilities, field operations and information systems totaled EUR 5.9 (8.1) million.

Research and development expenditure was EUR 11.5 (11.7) million, which is 2.0 (2.1) percent of net sales.

Other Significant Events

The reorganization of operations has progressed swiftly. The goal of steps being taken is to improve profitability by outsourcing lower value-adding operations, decreasing the number of production facilities, and concentrating production mainly in one location per product.

Kalmar Industries and TP Group entered into a contract which transferred all of Kalmar's welding operations in Tampere, Finland, to TP Group. The transfer affects nearly 150 employees, who continue in their current positions under TP Group's ownership, as well as more than 30 temporary or outside employees, who are also retained under their existing contract conditions.

Kalmar and Lubbers' Constructiewerkplaats en Machinefabriek Hollandia BV, one of the leading steel construction companies in Western Europe, started negotiating an agreement concerning the production of steel structures for ship-to-shore cranes. This arrangement will lead to approximately 100 Kalmar employees, who are presently engaged in steel construction and assembly work, being transferred to Hollandia.

Jonsered Cranes AB initiated personnel negotiations regarding a transfer of production of Jonsered forest and loader cranes from Jonsered Cranes AB in Hudiksvall, Sweden to Loglift Oy Ab in Salo, Finland.

In April, KONE sold the real estate company Cellit Oy Ab to the management of the company. The value of Cellit's real estate holding is approximately EUR 12 million. The transaction will not have a significant effect on the financial result.

Outlook

The outlook for the rest of the year is still characterized by great uncertainty. However, the combined order intake and sales of the business areas are expected to reach at least the 2002 levels at comparable exchange rates.

Profits for 2003 are anticipated to exceed an EBITA margin of five percent.

KONE Financial Result, Balance Sheet, Cash Flow and Personnel

KONE's operating income before goodwill amortization (EBITA) totaled EUR 69.3 (45.0) million, or 6.0 (7.1) percent of net sales. KONE Elevators & Escalators' EBITA was EUR 47.6 (45.0) million, and KONE Materials Handling's EBITA totaled EUR 22.2 (14.6) million. The remainder of the EBITA consists of non-allocated headquarters costs.

The capital gain from the sale of Nordkalk and Paroc has been booked against goodwill and, therefore, had no impact on profits.

Net income totaled EUR 25.6 (21.3) million when taxes proportionate to the amount due for the full year are taken into account. Earnings per share stood at EUR 0.41 (0.36).

Cash flow from operations (before financial items and taxes on the corporate level) totaled EUR 68.9 (92.9) million. Consolidated cash flow from operating activities was EUR 45.9 (82.8) million. Net cash flow from investment activities, including acquisitions and divestments, totaled EUR 179.7 (-88.4) million.

KONE's net debt at the end of the period was EUR 1,019.7 (end of 2002: 1,251.5) million. Total equity as a share of total assets was 23.4 (end of 2002: 24.2) percent. Gearing was 112 (end of 2002: 125) percent.

KONE employed 34,388 (end of 2002: 35,864) people at the end of March. The average number of employees during the first quarter was 35,126.

KONE Annual General Meeting and Board of Directors

KONE's Annual General Meeting (AGM) approved the 2002 financial statements and discharged the responsible parties from liability for the financial year.



The AGM approved dividends of EUR 1.48 for each of the 9,526,089 class A shares and EUR 1.50 for the 53,104,052 outstanding class B shares. The rest of the distributable equity, EUR 760.8 million, will be retained and carried forward.

The number of members of the Board of Directors was confirmed at seven. Pekka Herlin was re-elected as chairman of the Board. Re-elected as full members of the Board were KONE CEO Antti Herlin, Gerhard Wendt, Iiro Viinanen, Jean-Pierre Chauvarie, and President and CEO of Toshiba Elevator and Building Systems Corporation, Hiroshi Nishioka. The President of Nokia Mobile Phones, Matti Alahuhta, was elected as a new member of the Board.

The Board of Directors' proposal that the AGM authorize the Board of Directors to repurchase KONE's own shares with assets distributable as profit was approved. The number of shares to be repurchased shall not exceed 3,173,180 shares (maximums: 476,304 class A shares and 2,696,876 class B shares).

In addition, the Board of Directors' proposal that the Annual General Meeting authorize the Board of Directors to decide on the distribution of any shares repurchased by the company was approved. The authorizations are in effect for a period of one year from the date of decision of the AGM.

Repurchase of KONE shares

During the first three months of 2003, KONE did not repurchase any of its own shares.

At the end of the reporting period, KONE's Board of Directors had no current authorization to raise the share capital or to issue convertible or warrant loans.

Outlook

The 2003 outlook was disclosed in the 2002 financial statements. The 2003 targets of reaching at least the 2002 sales and order intake levels in new elevators and escalators, and in Materials Handling, when comparable exchange rates are applied, remain unchanged.

The EBITA margin is anticipated to exceed 10 percent in Elevators & Escalators and five percent in Materials Handling.

The expected strong cash flow of both divisions, coupled with the major divestments, will considerably strengthen KONE's balance sheet for 2003. Gearing is expected to decrease to 70 percent, net debt to fall to EUR 800 million, and the equity ratio to exceed 25 percent.

Helsinki, April 23, 2003

KONE Corporation
Board of Directors

Unaudited



TABLES

CONSOLIDATED STATEMENT OF INCOME (MEUR)

| | 1-3/2003 | % | 1-3/2002 | % | 1-12/2002 | % |
|--|-----------|-----|----------|-----|-----------|-----|
| Sales | 1,146.7 | | 631.0 | | 4,341.8 | |
| Costs and expenses | (1,056.7) | | (575.0) | | (3,926.0) | |
| Depreciation without goodwill amortization | (20.7) | | (11.0) | | (75.6) | |
| Operating income before goodwill amortization (EBITA) | 69.3 | 6.0 | 45.0 | 7.1 | 340.2 | 7.8 |
| Goodwill amortization | (20.5) | | (9.7) | | (65.0) | |
| Operating income | 48.8 | 4.3 | 35.3 | 5.6 | 275.2 | 6.3 |
| Share of associated companies' net income | 0.0 | | 0.9 | | 5.9 | |
| Financing income and expenses | (7.1) | | 0.4 | | (24.9) | |
| Income before taxes | 41.7 | 3.6 | 36.6 | 5.8 | 256.2 | 5.9 |
| Taxes | (15.8) | | (15.1) | | (95.5) | |
| Minority share | (0.3) | | (0.2) | | (3.6) | |
| Net income | 25.6 | 2.2 | 21.3 | 3.4 | 157.1 | 3.6 |

Taxes proportionate to the amount due for the full year are taken into account.

CONSOLIDATED BALANCE SHEET (MEUR)

| Assets | 31/3/2003 | 31/3/2002 | 31/12/2002 |
|---|-----------|-----------|------------|
| Fixed assets and other long-term investments | | | |
| Intangible assets | 1,023.5 | 444.4 | 1,120.2 |
| Tangible assets | 413.1 | 204.1 | 648.7 |
| Investments | 227.1 | 167.4 | 234.0 |
| Total | 1,663.7 | 815.9 | 2,002.9 |
| Current assets | | | |
| Inventories | 576.5 | 102.3 | 530.4 |
| Receivables | 1,230.8 | 856.1 | 1,207.2 |
| Deposits and cash | 426.5 | 415.9 | 419.7 |
| Total | 2,233.8 | 1,374.3 | 2,157.3 |
| Total assets | 3,897.5 | 2,190.2 | 4,160.2 |
| Shareholders' equity and liabilities | 31/3/2003 | 31/3/2002 | 31/12/2002 |
| Equity | 934.5 | 810.0 | 1,109.3 |
| Minority shares | 7.6 | 0.7 | 20.1 |
| Provision for liabilities and charges | 223.9 | 201.6 | 247.0 |
| Long-term debt | 840.5 | 350.8 | 975.8 |
| Current Liabilities | 1,891.0 | 827.1 | 1,808.0 |
| Total shareholders' equity and liabilities | 3,897.5 | 2,190.2 | 4,160.2 |

CASH FLOW (MEUR)

| | 1-3/2003 | 1-3/2002 | 1-12/2002 |
|--|--------------|---------------|----------------|
| Cash flow from operations before taxes and financing items: | | | |
| KONE Elevators & Escalators | 60.3 | 92.9 | 460.7 |
| KONE Materials Handling (7-12/02) | 8.6 | | 154.9 |
| Total | 68.9 | 92.9 | 615.6 |
| Cash flow from taxes and financing items | (23.0) | (10.1) | (118.7) |
| Cash flow from investments | 179.7 | (88.4) | (887.7) |
| Dividends paid | (93.8) | (42.3) | (42.3) |
| Change in capital loans | 100.0 | | |
| Change in net debt | 231.8 | (47.9) | (433.1) |
| Partek net debt on 1 July 2002* | | | 866.0 |
| Net debt in the beginning of period | 1,251.5 | (47.6) | (47.6) |
| Net debt in the end of period* | 1,019.7 | 0.3 | 1,251.5 |

* Incl. capital loans

KEY FIGURES

| | | 1-3/2003 | 1-3/2002 | 1-12/2002 |
|-----------------------------|------|----------|----------|-----------|
| Earnings/share* | EUR | 0.41 | 0.36 | 2.54 |
| Equity/share* | EUR | 14.5 | 13.3 | 15.7 |
| Interest bearing net debt** | MEUR | 1,020 | 0 | 1,252 |
| Total equity/total assets | % | 23.4 | 37.0 | 24.2 |
| Gearing** | % | 112 | 0 | 125 |

* On May 28, 2002 the shares were split at a ratio of one to three. The comparison figures have been restated accordingly.

** Capital loans are included in debt



ORDERS RECEIVED (MEUR)

| | 1-3/2003 | 1-3/2002 | 1-12/2002 |
|-----------------------------|----------------|--------------|----------------|
| KONE Elevators & Escalators | 502.8 | 500.2 | 2,128.6 |
| KONE Materials Handling | 652.5 | | 1,132.4 |
| Total | 1,155.3 | 500.2 | 3,261.0 |

ORDER BOOK (MEUR)

| | 31/3/2003 | 31/3/2002 | 31/12/2002 |
|-----------------------------|----------------|----------------|----------------|
| KONE Elevators & Escalators | 1,890.2 | 1,994.8 | 1,791.8 |
| KONE Materials Handling | 526.3 | | 447.7 |
| Total | 2,416.5 | 1,994.8 | 2,239.5 |

SALES (MEUR)

| | 1-3/2003 | 1-3/2002 | 1-12/2002 |
|-----------------------------|----------------|--------------|----------------|
| KONE Elevators & Escalators | 563.1 | 631.0 | 2,970.1 |
| KONE Materials Handling | 583.6 | | 1,371.7 |
| Total | 1,146.7 | 631.0 | 4,341.8 |

CAPITAL EXPENDITURE (MEUR)

| | 1-3/2003 | 1-3/2002 | 1-12/2002 |
|-----------------------------|-------------|-------------|-------------|
| KONE Elevators & Escalators | 6.9 | 20.4 | 51.1 |
| KONE Materials Handling | 5.9 | | 41.7 |
| Total | 12.8 | 20.4 | 92.8 |

EXPENDITURE FOR R&D (MEUR)

| | 1-3/2003 | 1-3/2002 | 1-12/2002 |
|-----------------------------|-------------|------------|-------------|
| KONE Elevators & Escalators | 8.9 | 9.8 | 40.2 |
| KONE Materials Handling | 11.5 | | 23.1 |
| Total | 20.4 | 9.8 | 63.3 |

AVERAGE NUMBER OF EMPLOYEES

| | 1-3/2003 | 1-3/2002 | 1-12/2002 |
|--|----------|----------|-----------|
| | 35,126 | 22,990 | 29,407 |

NUMBER OF EMPLOYEES

| | 31/3/2003 | 31/3/2002 | 31/12/2002 |
|-----------------------------|---------------|---------------|---------------|
| KONE Elevators & Escalators | 23,310 | 23,031 | 23,317 |
| KONE Materials Handling | 11,078 | | 12,547 |
| Total | 34,388 | 23,031 | 35,864 |



SALES BY MARKET AREA (MEUR)

KONE Corporation

| | 1-3/2003 | % | 1-3/2002 | % | 1-12/2002 | % |
|---------------|----------------|----|--------------|----|----------------|----|
| Europe | 761.8 | 66 | 372.4 | 59 | 2,715.4 | 63 |
| North America | 225.1 | 20 | 197.5 | 31 | 1,059.3 | 24 |
| Asia Pacific | 97.2 | 9 | 53.0 | 8 | 391.7 | 9 |
| Others | 62.6 | 5 | 8.1 | 2 | 175.4 | 4 |
| Total | 1,146.7 | | 631.0 | | 4,341.8 | |

KONE Elevators & Escalators

| | 1-3/2003 | % | 1-3/2002 | % | 1-12/2002 | % |
|---------------|--------------|----|--------------|----|----------------|----|
| Europe | 376.7 | 67 | 372.4 | 59 | 1,798.1 | 60 |
| North America | 130.5 | 23 | 197.5 | 31 | 851.1 | 29 |
| Asia Pacific | 54.6 | 10 | 53.0 | 8 | 292.2 | 10 |
| Others | 1.3 | 0 | 8.1 | 2 | 28.7 | 1 |
| Total | 563.1 | | 631.0 | | 2,970.1 | |

KONE Materials Handling

| | 1-3/2003 | % | 1-3/2002 | % | 7-12/2002 | % |
|---------------|--------------|----|----------|---|----------------|----|
| Europe | 385.1 | 66 | | | 917.3 | 67 |
| North America | 94.6 | 16 | | | 208.2 | 15 |
| Asia Pacific | 42.6 | 7 | | | 99.5 | 7 |
| Others | 61.3 | 11 | | | 146.7 | 11 |
| Total | 583.6 | | | | 1,371.7 | |



NOTES ON THE CONSOLIDATED FINANCIAL STATEMENT (MEUR)

| Contingent liabilities and pledged assets | 31/3/2003 | 31/3/2002 | 31/12/2002 |
|--|--------------|--------------|--------------|
| Assets pledged to secure loans | 24.7 | 1.4 | 26.4 |
| Pledged assets | 13.9 | 23.3 | 22.7 |
| Guarantees | | | |
| Associated companies | 4.0 | 3.2 | 4.1 |
| Others | 56.9 | 2.2 | 19.6 |
| Leasing liabilities | 131.7 | 118.0 | 178.2 |
| Other contingent liabilities | 110.1 | - | 111.4 |
| Total | 341.3 | 148.1 | 362.4 |

Guarantees for others include MEUR 13.4 (Dec. 31, 2002 MEUR 10.3) customer finance arrangements where the sold machines form security, and other contingent liabilities include repurchase commitments for sold products to a value of MEUR 74.5 (Dec. 31, 2002 MEUR 71.7).

| Derivates | 31/3/2003 | 31/3/2002 | 31/12/2002 |
|---------------------|----------------|--------------|----------------|
| Forward contracts | 903.3 | 326.2 | 983.9 |
| Currency options | 144.9 | 355.5 | 83.2 |
| Currency swaps | 153.8 | 153.8 | 153.8 |
| Interest rate swaps | 274.5 | - | 276.6 |
| Total | 1,476.4 | 835.5 | 1,497.5 |

QUARTERLY FIGURES (MEUR)

KONE Corporation

Orders received

| | Q1 | Q2 | Q3 | Q4 | Total |
|------|---------|-------|-------|---------|---------|
| 2002 | 500.2 | 607.6 | 991.5 | 1,161.7 | 3,261.0 |
| 2003 | 1,155.3 | | | | |

Order book

| | Q1 | Q2 | Q3 | Q4 |
|------|---------|---------|---------|---------|
| 2002 | 1,994.8 | 1,956.5 | 2,454.1 | 2,239.5 |
| 2003 | 2,416.5 | | | |

Sales

| | Q1 | Q2 | Q3 | Q4 | Total |
|------|---------|-------|---------|---------|---------|
| 2002 | 631.0 | 746.6 | 1,302.9 | 1,661.3 | 4,341.8 |
| 2003 | 1,146.7 | | | | |

Operating income before goodwill amortization (EBITA)

| | Q1 | % | Q2 | % | Q3 | % | Q4 | % | Total | % |
|------|------|-----|------|-----|-------|-----|-------|-----|-------|-----|
| 2002 | 45.0 | 7.1 | 72.3 | 9.7 | 107.1 | 8.2 | 115.8 | 7.0 | 340.2 | 7.8 |
| 2003 | 69.3 | 6.0 | | | | | | | | |



KONE Elevators & Escalators

Orders received

| | Q1 | Q2 | Q3 | Q4 | Total |
|------|-------|-------|-------|-------|---------|
| 2002 | 500.2 | 607.6 | 490.6 | 530.2 | 2,128.6 |
| 2003 | 502.8 | | | | |

Order book

| | Q1 | Q2 | Q3 | Q4 |
|------|---------|---------|---------|---------|
| 2002 | 1,994.8 | 1,956.5 | 1,983.9 | 1,791.8 |
| 2003 | 1,890.2 | | | |

Sales

| | Q1 | Q2 | Q3 | Q4 | Total |
|------|-------|-------|-------|-------|---------|
| 2002 | 631.0 | 746.6 | 681.4 | 911.1 | 2,970.1 |
| 2003 | 563.1 | | | | |

Operating income before goodwill amortization (EBITA)

| | Q1 | % | Q2 | % | Q3 | % | Q4 | % | Total | % |
|------|------|-----|------|-----|------|------|------|------|-------|-----|
| 2002 | 45.0 | 7.1 | 72.3 | 9.7 | 77.7 | 11.4 | 92.0 | 10.1 | 287.0 | 9.7 |
| 2003 | 47.6 | 8.5 | | | | | | | | |

KONE Materials Handling

Orders received

| | Q1 | Q2 | Q3 | Q4 | Total |
|------|-------|----|-------|-------|---------|
| 2002 | | | 500.9 | 631.5 | 1,132.4 |
| 2003 | 652.5 | | | | |

Order book

| | Q1 | Q2 | Q3 | Q4 |
|------|-------|----|-------|-------|
| 2002 | | | 470.2 | 447.7 |
| 2003 | 526.3 | | | |

Sales

| | Q1 | Q2 | Q3 | Q4 | Total |
|------|-------|----|-------|-------|---------|
| 2002 | | | 621.5 | 750.2 | 1,371.7 |
| 2003 | 583.6 | | | | |

Operating income before goodwill amortization (EBITA)

| | Q1 | % | Q2 | % | Q3 | % | Q4 | % | Total | % |
|------|------|-----|----|---|------|-----|------|-----|-------|-----|
| 2002 | | | | | 29.4 | 4.7 | 34.8 | 4.6 | 64.2 | 4.7 |
| 2003 | 22.2 | 3.8 | | | | | | | | |



SHARES AND SHAREHOLDERS

| March 31, 2003 | A shares | B shares | Total |
|--|-----------|------------|------------|
| Number of shares | 9,526,089 | 53,937,531 | 63,463,620 |
| Share capital, MEUR | | | 63.5 |
| Market capitalization, MEUR | 267 | 1,487 | 1,754 |
| Number of shares traded, 1-3/2003 | | 9,798,482 | |
| Value of shares traded, MEUR, 1-3/2003 | | 298 | |
| Number of shareholders | 3 | 8,277 | 8,280 |
| | Close | High | Low |
| Class B share price, EUR, 1-3/2003 | 27.89 | 32.55 | 27.60 |

From the beginning of the year KONE's share price fell 3 percent to the end of March.

The 2002 dividend of 1.5 euro per B-share and 1.48 euro per A -share was distributed during the period.