



KONE – moving people and goods

Tractors and Forest Machines to be divested

26 June 2003

1. KONE business focus
2. Post-merger corporate development
3. Tractors and Forest Machines to be divested
4. Impact of the divestments
5. Management

- The acquisition of Partek has fulfilled KONE's expectations.
- After acquisition, KONE Materials Handling has developed according to strategy and planned divestments have been executed promptly.
- The restructuring actions in Container and Load Handling are well on their way and have already impacted positively on profitability.
- Within Materials Handling, KONE has decided to concentrate on Container Handling and Load Handling.
- New owners are being sought for Tractors and Forest Machines.

1. KONE business focus

2. Post-merger corporate development

3. Tractors and Forest Machines to be divested

4. Impact of the divestments

5. Management

Post-merger Corporate Development



KONE Elevators & Escalators

Container Handling

Load Handling

Tractors: divestment plan disclosed in June 2003

Forest Machines: divestment plan disclosed in June 2003

Consolis Oy Ab (26 % holding): divestment plan disclosed in September 2002

Oy Sisu Auto Ab: divestment plan disclosed in September 2002

Sisu Akselit Oy (32 % holding): divestment plan disclosed in September 2002

Cellit Oy Ab: divested on 15 April 2003

Paroc Group Oy Ab (38% holding) divested on 12 February 2003

Nordkalk Oyj Abp: divested on 12 February 2003

Partek consolidated
as of July 2002

June
2003

- Each Kalmar Container Handling product group now has a single supply unit with responsibility for product development, marketing and production.
- Component manufacturing outsourced in Texas.
- Welding operations and spare parts logistics outsourced in Kalmar's plant in Tampere, Finland.
- Production of the large Kalmar ship-to-shore cranes outsourced in Rotterdam, the Netherlands.
- Bromma's spreader production in North Carolina, USA, will be shifted to Malaysia by the end of October 2003. In Malaysia, the main Bromma factory will be expanded.

Restructuring Actions

Load Handling



- Product supply of demountables is being centralized to Multilift, Raisio.
- The HIAB loader crane factory in Denmark has been closed in June.
- The manufacturing of key components for loader cranes has been centralized to Hudiksvall.
- The forest-cranes businesses will be retained by KONE and transferred from Forest Machines to Load Handling. Jonsered forest crane operations will be moved from Hudiksvall, Sweden to Loglift, Salo.
- Actions started to further integrate and streamline the sales network in Europe.

1. KONE business focus
2. Post-merger corporate development
3. Tractors and Forest Machines to be divested
4. Impact of the divestments
5. Management

- Valtra is the market leader in the Nordic countries and ranked third in Latin America. Valtra is the fastest growing brand in Europe and is the fifth largest tractor company in the world.
- 2002 net sales totaled 762 MEUR.
- Sales have increased organically by 40 percent in five years.
- Return on assets is the best in the industry.



- In 2002, 9,700 tractors were manufactured in Finland and 8,300 in Brazil.
- Valtra employs 2,508, including 1,541 in Finland and 710 in Brazil.
- Sisu Diesel, which is part of Tractors, produces over 27,000 off-road diesel engines annually.

- Valtra's unique customer-driven way of working has been perfected over 10 years and resulted in improved capital turnover as no stock of new machines is needed.
- Valtra focuses on the high-powered product range and is very competitive as a result of recent key product launches.
 - ▶ The 120-209 hp T-series
 - ▶ The F-line for forest thinnings
- The plant in Suolahti, Finland is the most efficient tractor factory in Europe.
 - ▶ The assembly line is being extended in 2002-2003 to meet increasing sales volumes.

Forest Machines 1/2



- Forest Machines is the world's second largest manufacturer of cut-to-length forest machines and also has a strong position in machines for the full-tree harvesting method.
- Its broad product range is sold under the well-known Valmet and Timbco brands.
- 2002 net sales totaled EUR 292 million, of which the forest cranes accounted for EUR 57 million.
- Production facilities are located in Umeå and Vindeln, Sweden and Shawano, Wisconsin, USA.
- Forest Machines employs 1,034, including 613 in Sweden, 186 in Brazil and 55 in Finland (excluding forest cranes).
- The forest-cranes businesses will be retained by KONE and transferred to Load Handling.



- Forest Machines' products are technologically advanced, cost-efficient, environmentally friendly and ergonomically advanced.
- Forest Machines' innovative, industry-leading product range includes recently introduced products including
 - ▶ The Valmet 801 Combi is the most significant forest machine introduction in 20 years – it fells, de-limbs, cross-cuts, loads and transports.
 - ▶ The Valmet 941 Harvester is the world's largest, most powerful cut-to-length harvester - it was designed for high production in heavy forests but also handles normal final felling with ease.
- The recent focus has been to grow the service business.
 - ▶ A majority interest in the Swedish dealer SweLog was acquired in 2002.
 - ▶ Large-scale service and maintenance agreements have been signed with forest companies in Brazil.

1. KONE business focus
2. Post-merger corporate development
3. Tractors and Forest Machines to be divested
4. Impact of the divestments
5. Management

Impact of the Divestments

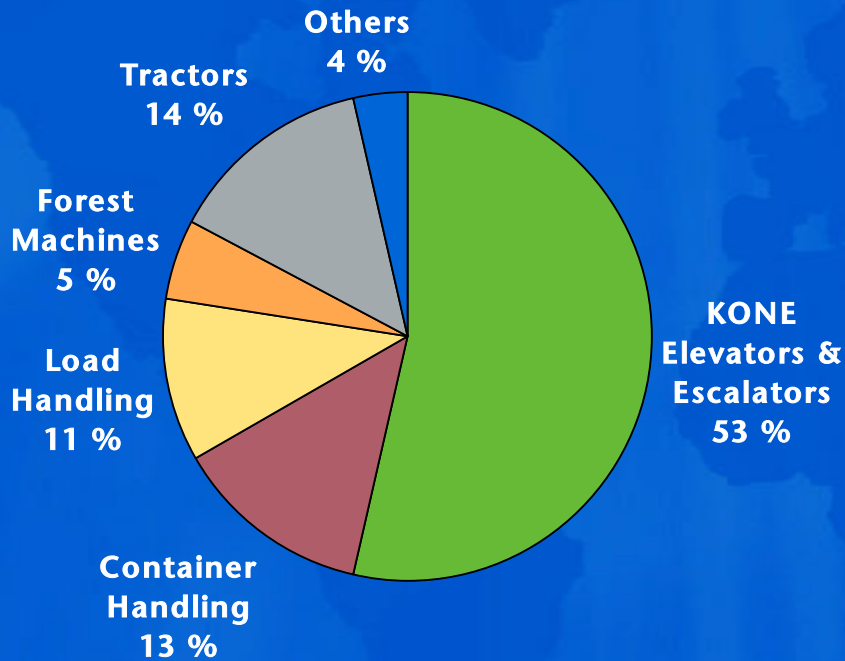


- Substantially reduces KONE's debt.
 - ▶ Currently net debt is approximately EUR 1 billion.
- Improves possibilities to develop and grow KONE Elevators & Escalators and KONE Materials Handling through complementary acquisitions and investments.
- Clearer business structure.

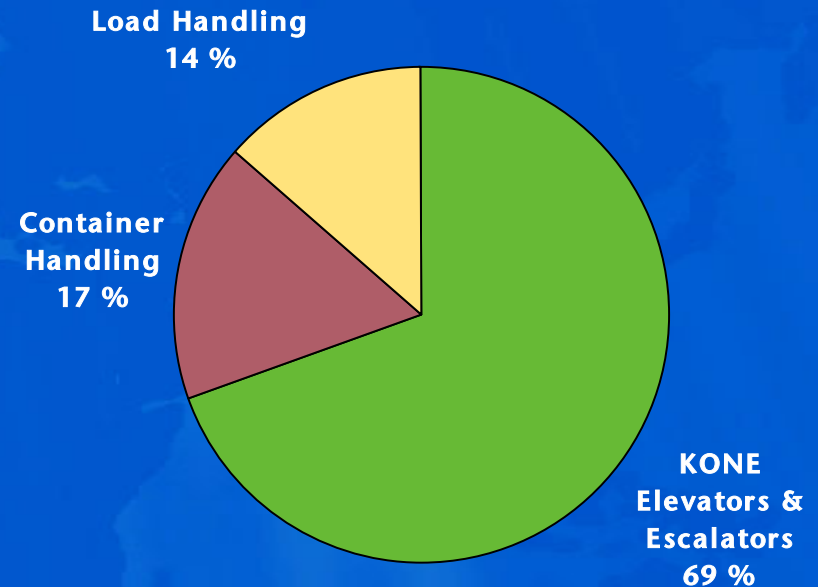
KONE after the Partek Acquisition and after the Divestments



After Partek acquisition



After divestments



- Globally-leading brands

- ▶ KONE, market position #4 in elevators and escalators with 500,000 units under service agreements
- ▶ Kalmar, market position #1 in container-handling equipment
- ▶ HIAB, market position #1 in load-handling equipment



1. KONE business focus
2. Post-merger corporate development
3. Tractors and Forest Machines to be divested
4. Impact of the divestments
5. Management

- Manfred Eiden continues as president of KONE Corporation and the KONE Elevators & Escalators division.
- Carl-Gustaf Bergström remains president of the KONE Materials Handling division.
- Both report to CEO Antti Herlin.

A Portfolio of Leading Brands



KONE Elevators & Escalators



KONE Materials Handling

