

The image features a man in a dark blue KONE uniform standing in front of a white KONE service van. The van has the KONE logo and the words 'Elevators Escalators' printed on its side. The man's polo shirt has the slogan 'Taking care of People Flow®' on it. The background shows an industrial or construction site.

**KONE**

Elevators  
Escalators

Taking  
care of  
People  
Flow®

KONE CMD 2018

# Gaining momentum in service differentiation

HUGUES DELVAL, EVP, SERVICE BUSINESS

SEPTEMBER 25, 2018

- MOMENTUM PICKING UP IN SERVICES
- MARKETS CONTINUE TO OFFER EXCELLENT GROWTH OPPORTUNITIES
- CREATING VALUE FOR CUSTOMERS IN NEW WAYS



Momentum picking up  
in services



A year ago we talked about how we aim to improve differentiation

We now have more evidence that we are on the right path



SERVICE MINDSET



CUSTOMER-CENTRIC SOLUTIONS



CAPTURING THE DIGITAL OPPORTUNITY



## Service mindset

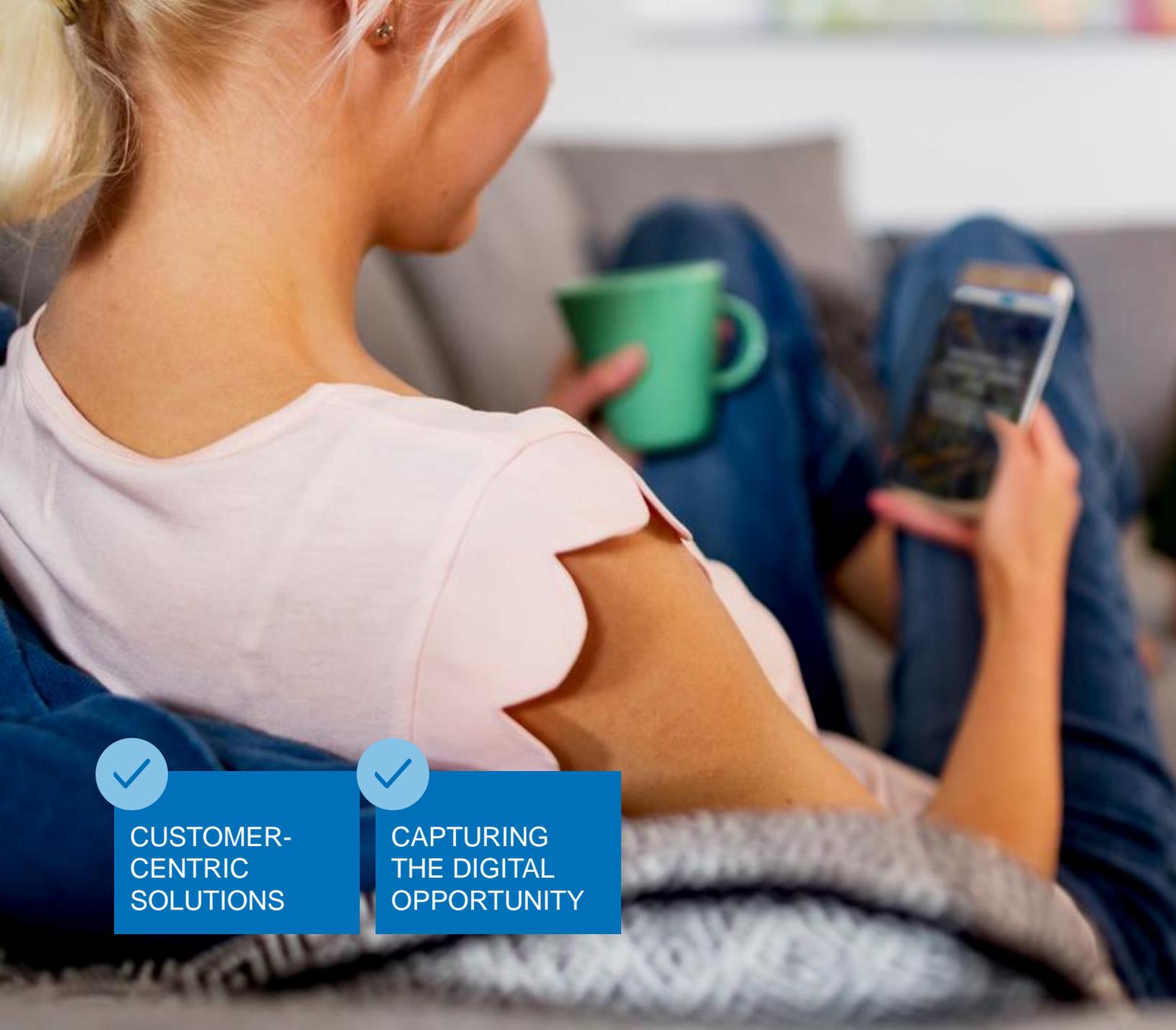
Positive feedback from customers on the competence and responsiveness of our people

Actions taken:

- ⇒ Training on both competences and service mindset
- ⇒ Development of online and mobile communication tools, focus on proactive communication
- ⇒ Improved mobile tools for field supervisors enable more time for customer interaction



SERVICE  
MINDSET



CUSTOMER-  
CENTRIC  
SOLUTIONS



CAPTURING  
THE DIGITAL  
OPPORTUNITY

## New services resonating well with our customers

Customers see the value and it is  
visible in pricing

Actions taken:

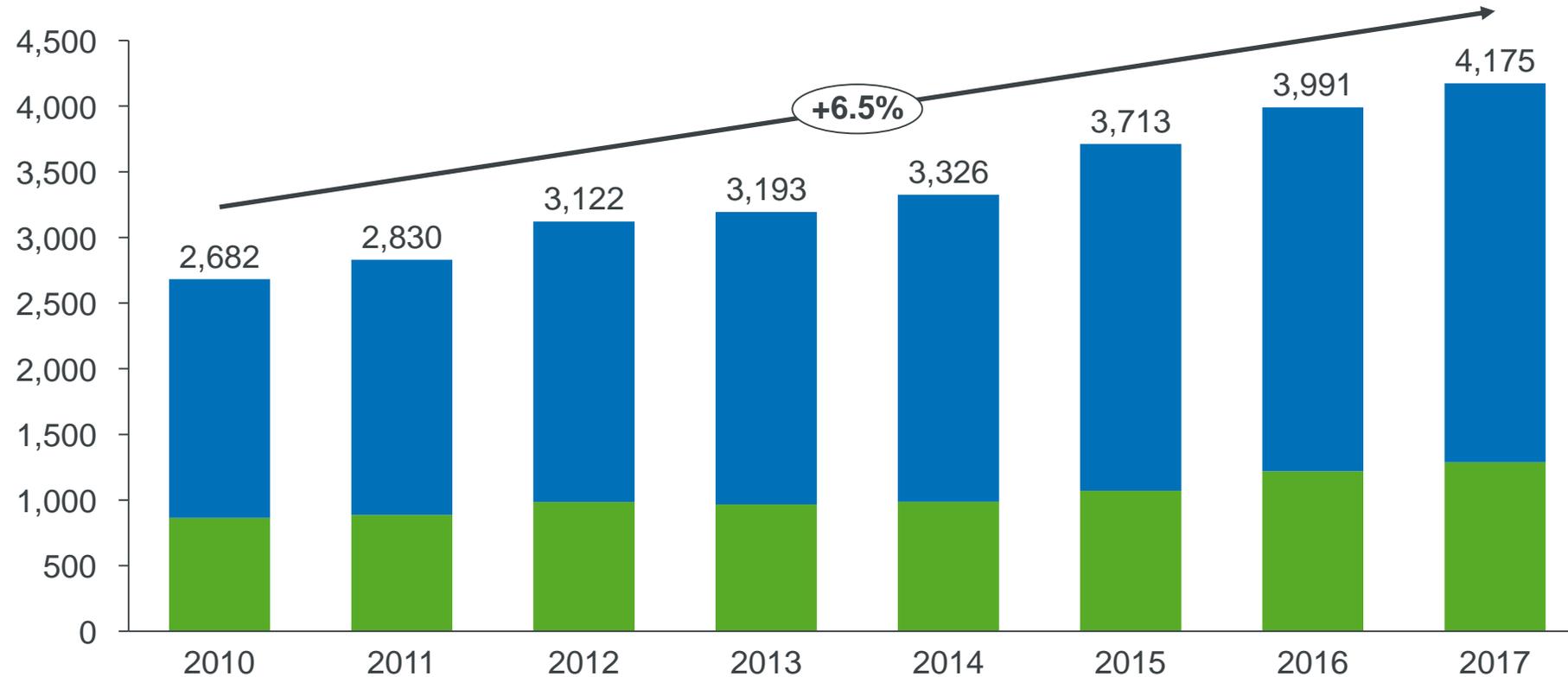
- ➔ Full readiness to sell now in  
~20 countries
- ➔ Training the sales force
- ➔ Investments into the end-to-  
end processes

# We have continued to grow faster than key competitors with good profitability



## Services sales

MEUR



H1 2018 sales growth at comp. FX:

- Maintenance +5.9%
- Modernization +6.5%

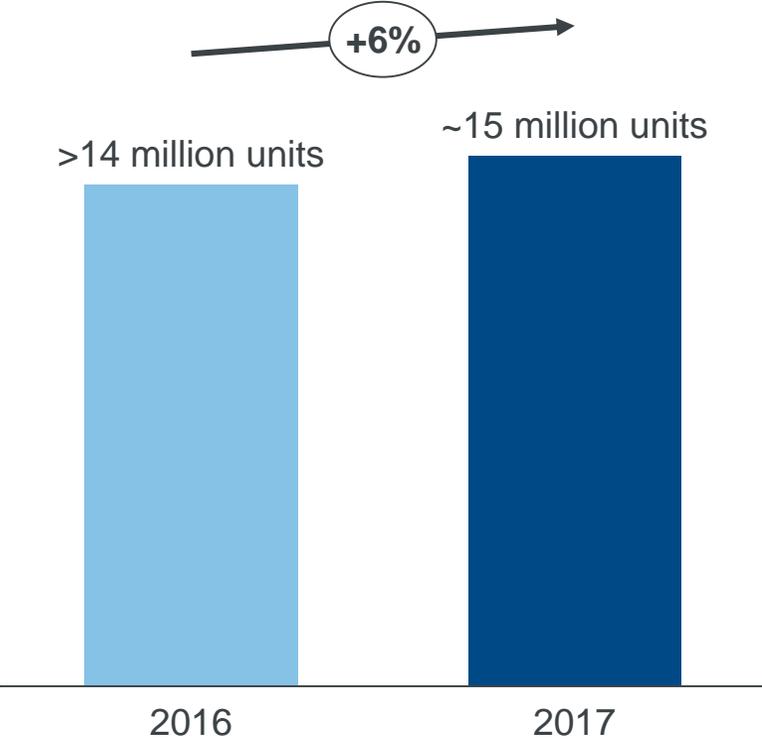
Markets continue to  
offer excellent growth  
opportunities



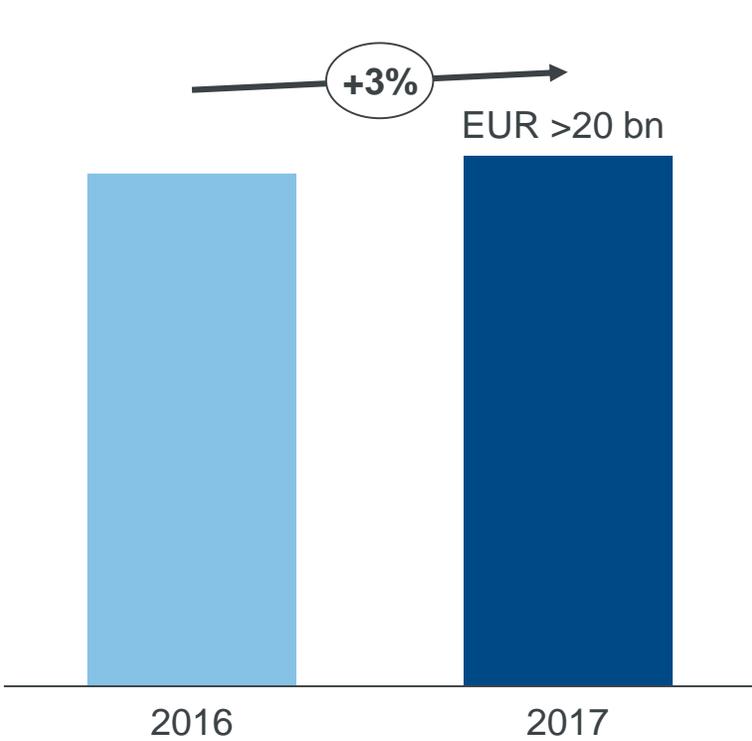
# Global installed base continues to grow driven by high level of new equipment deliveries



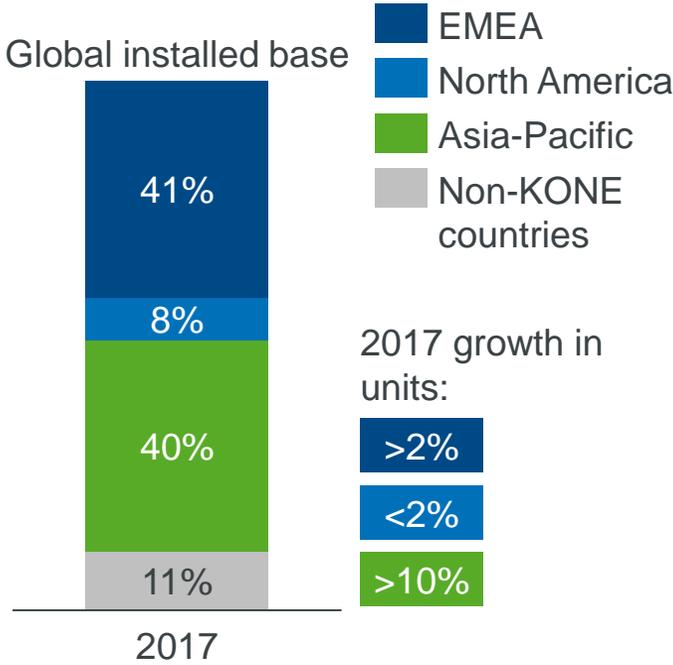
The global installed base continues to grow steadily



In monetary value market growth has been slower...



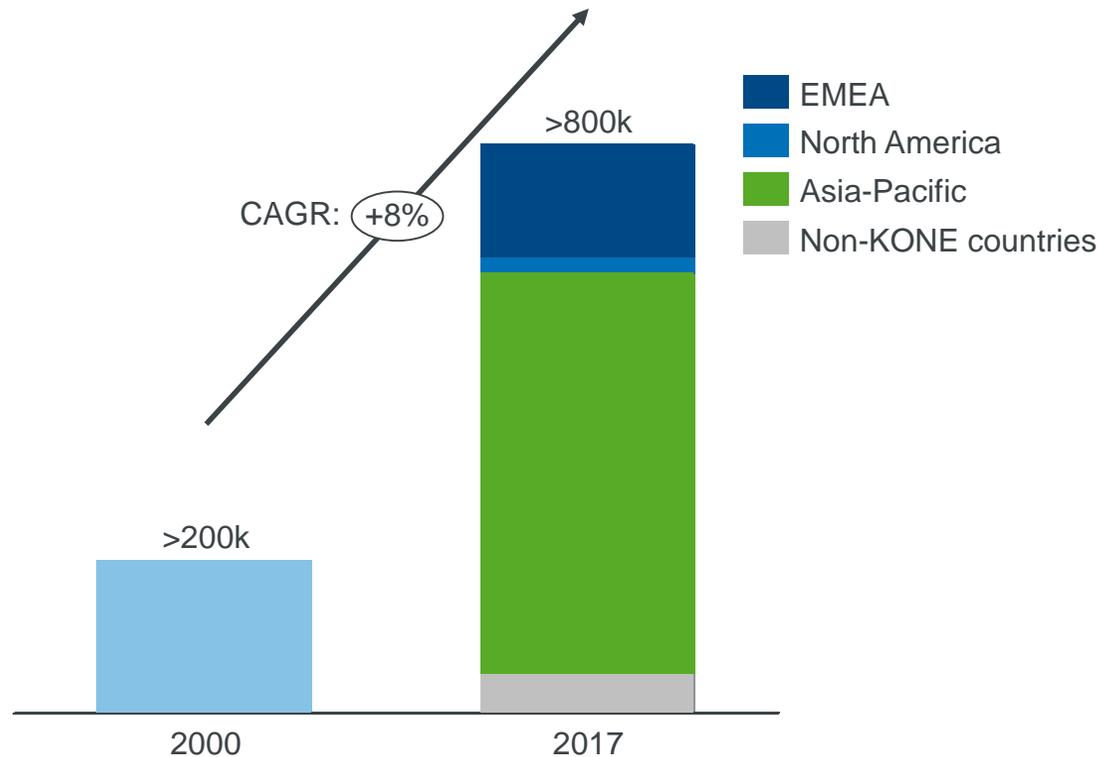
... as growth is driven by countries where revenue per unit is lower



# More and more units will require modernization as the installed base ages

The global new equipment market is over 4x bigger than it was 20 years ago

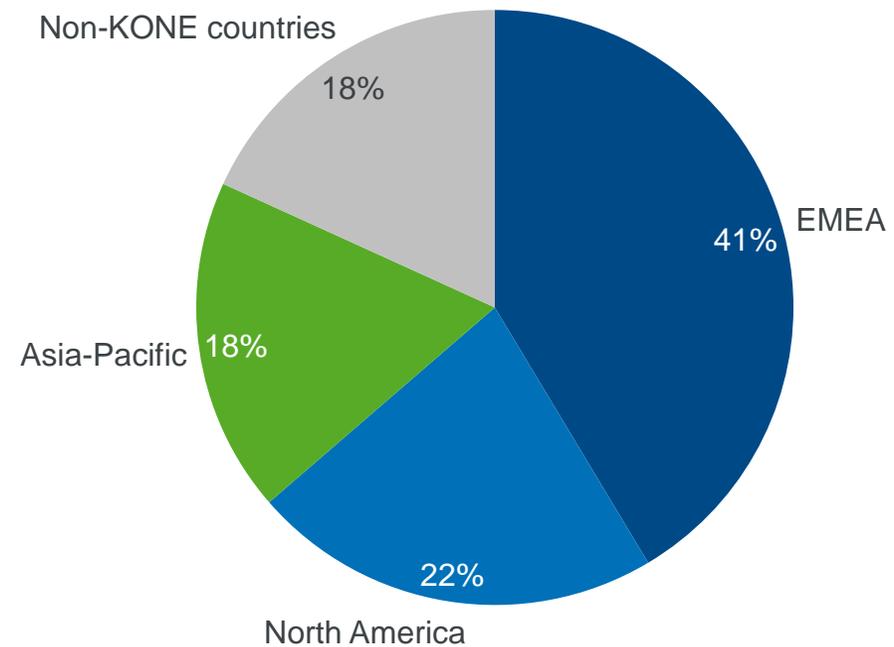
Units



Source: KONE estimates

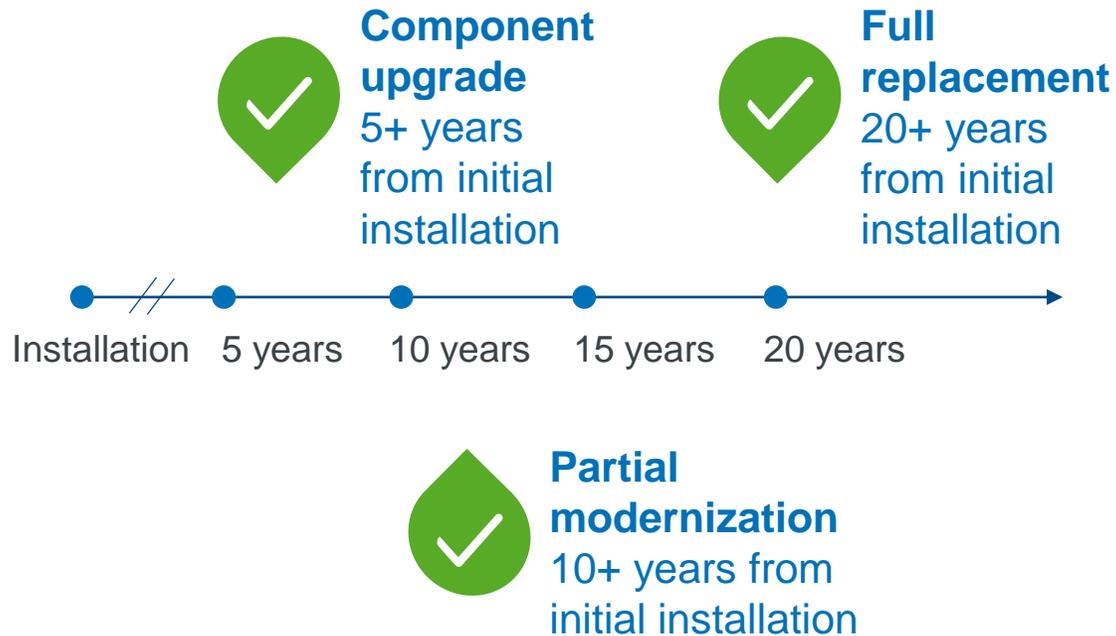
Current modernization activity is focused on >20-year-old units

Share of monetary value of modernization market

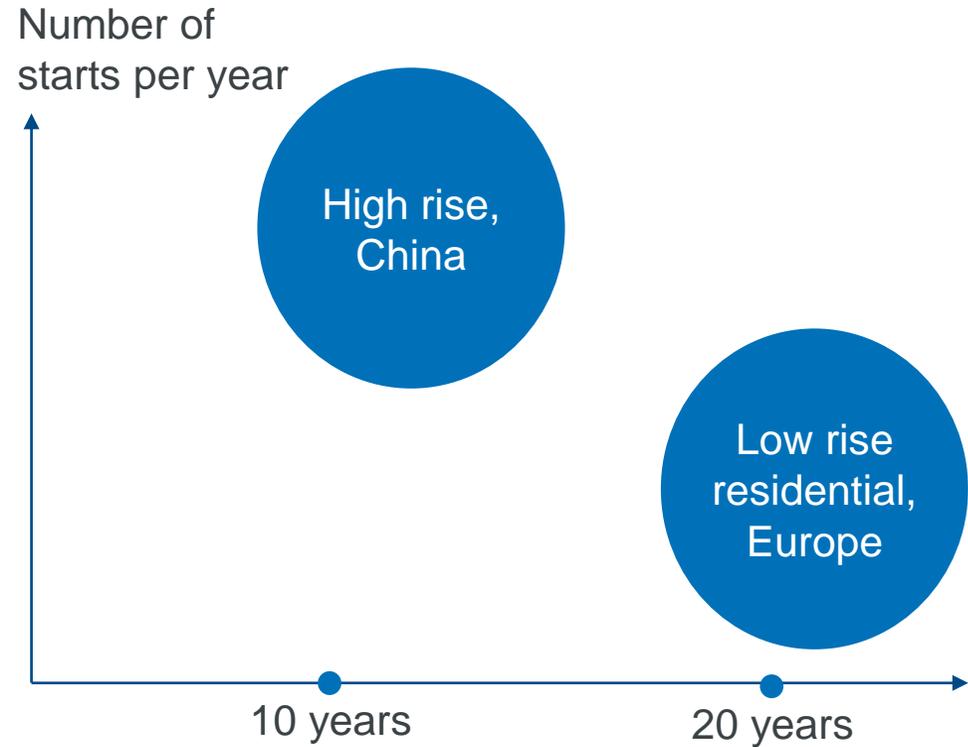


# The length of the modernization cycle depends on usage

## There are various forms of modernization



## And a lot of variation on when the modernization need arises



# Changing use of buildings and higher expectations increasingly important drivers for modernizations

## What does good people flow look like in a modern building

Quick and secure access



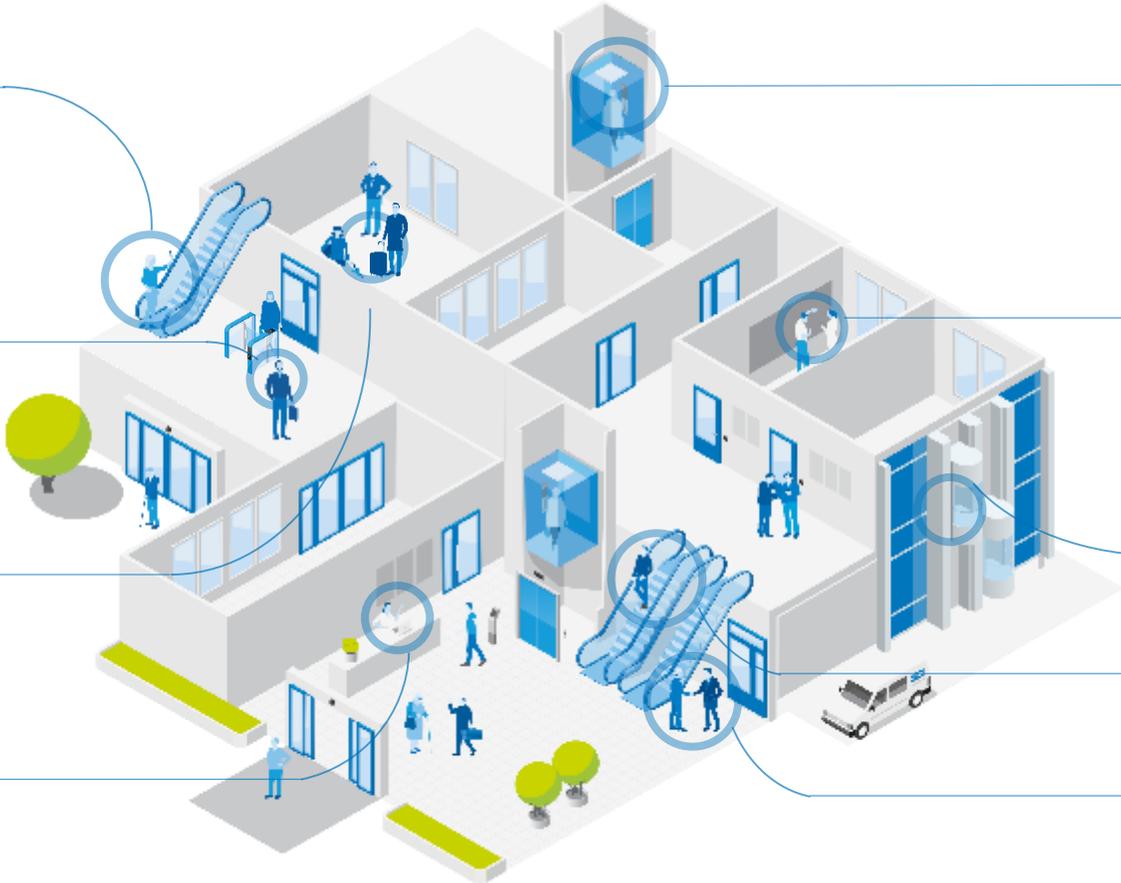
Effortless navigation



Lack of congestion



Clear guidance and timely information sharing



Fewer bottlenecks



Real-time performance data



Shorter travel times



Safety



No cross-flows

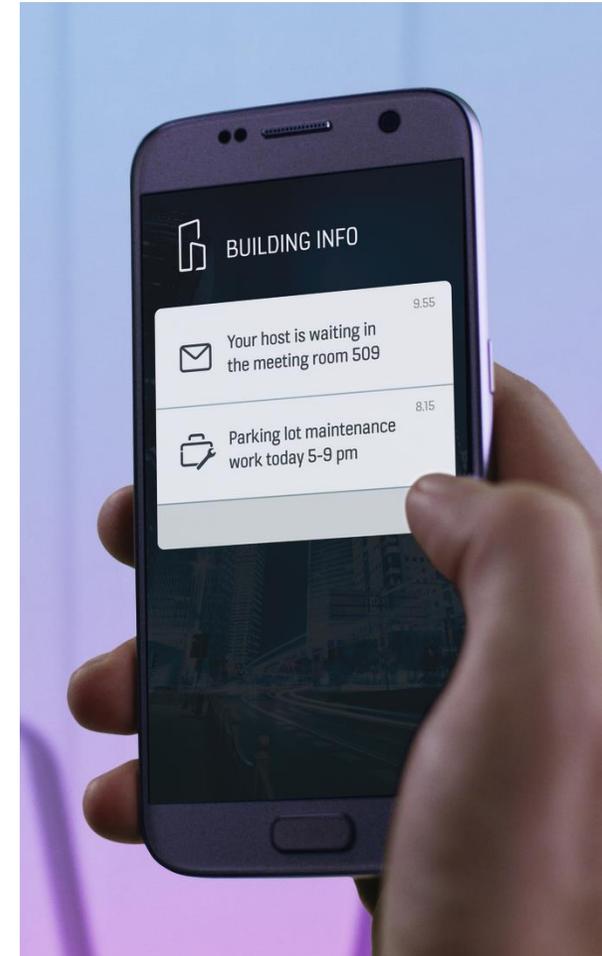
# Digitalization enables new ways to create value in both the 15 million unit installed base and in new equipment



Insight for keeping buildings up-to-date, competitive and flexible over the life of the building

Intelligent services for smart buildings

The core: servicing the equipment to ensure safety and reliability



Creating value for  
customers in new ways



# Services created together with customers help us differentiate from the competition in all of our businesses



## NEW KONE CARE

New way of selling maintenance; contracts tailored according to customers individual needs



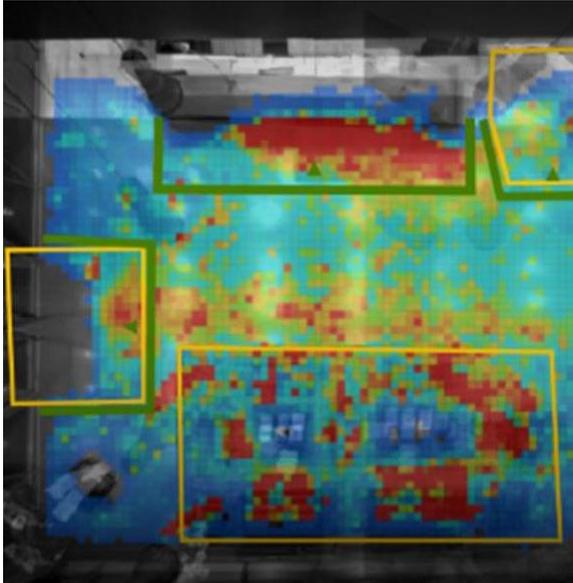
## KONE 24/7 CONNECTED SERVICES

Predictability, safety and transparency through connectivity and intelligence



## RESIDENTIAL FLOW

Simpler homecomings, visitor access control and information sharing



## PEOPLE FLOW PLANNING AND CONSULTING

Making buildings more functional and adaptable by analyzing people flow patterns and suggesting solutions

# PEOPLE FLOW PLANNING AND CONSULTING

Data & insights for better performing buildings

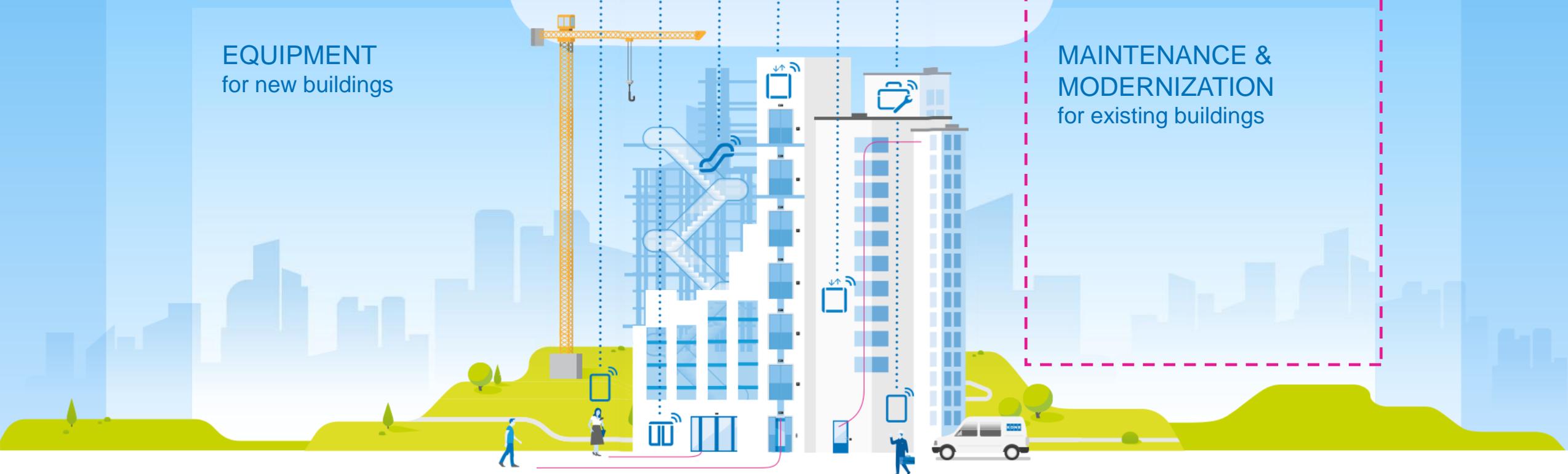


# ADVANCED PEOPLE FLOW SOLUTIONS for smarter buildings



# EQUIPMENT for new buildings

# MAINTENANCE & MODERNIZATION for existing buildings



# New KONE Care, differentiating with the core offering



BETTER PRICING, A CLEAR EVIDENCE OF CUSTOMER VALUE



INTERACTIVE SALES  
APPROACH &  
FLEXIBLE OFFERING



ONLINE  
COMMUNICATION

PROGRESS RELATIVE TO OUR  
MAINTENANCE BASE

Coverage of readiness to sell



Contract penetration

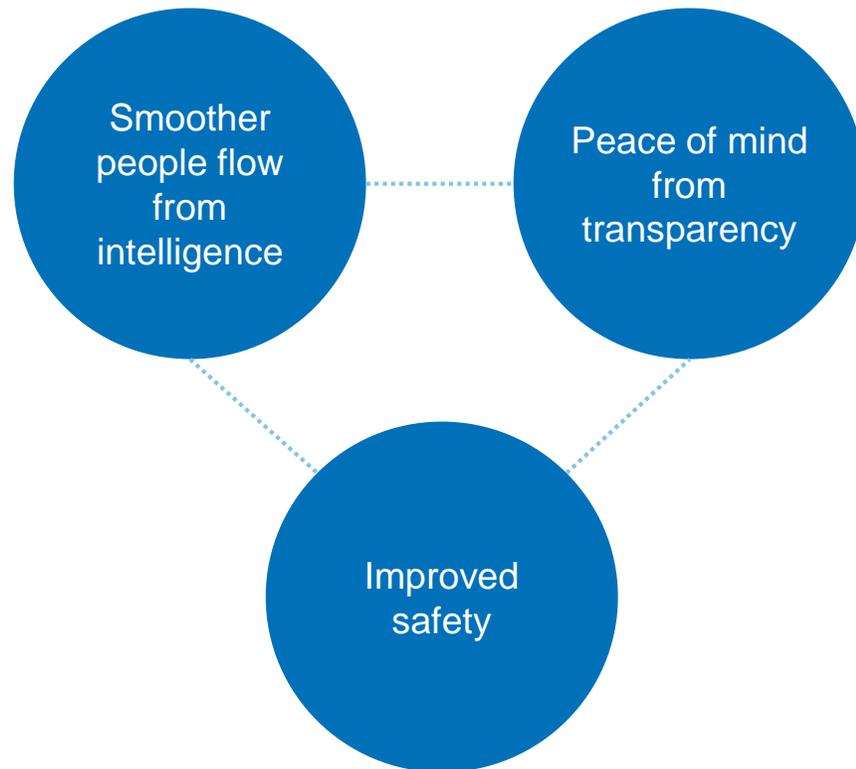


Maintenance base rotates slowly. New KONE Care is offered in cases of a new contract or a re-negotiation

# 24/7 Connected Services, new value for customers



WELL RECEIVED BY THE CUSTOMERS



## PROGRESS RELATIVE TO OUR MAINTENANCE BASE

### Coverage of readiness to sell



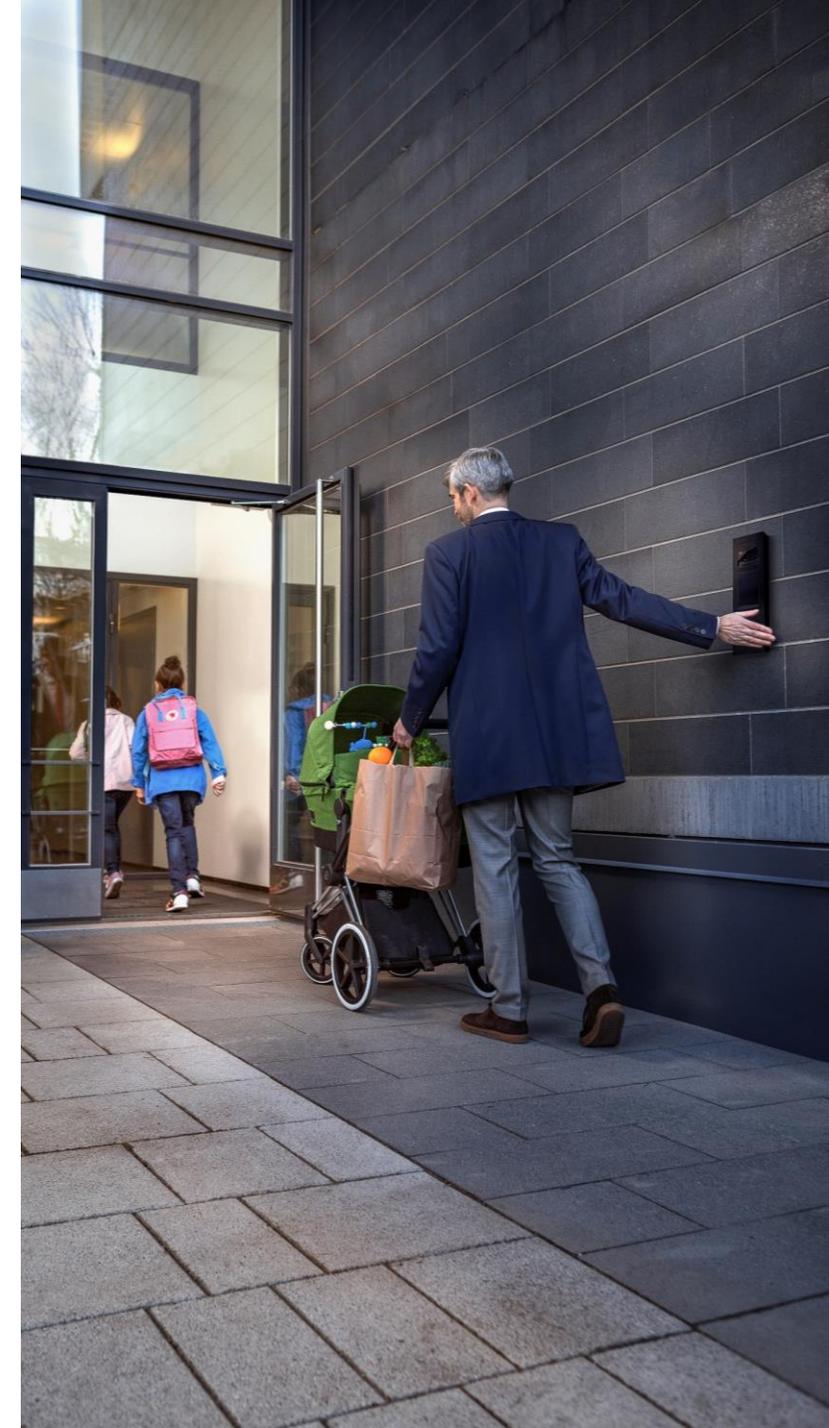
### Contract penetration



# Residential Flow helps our customers differentiate

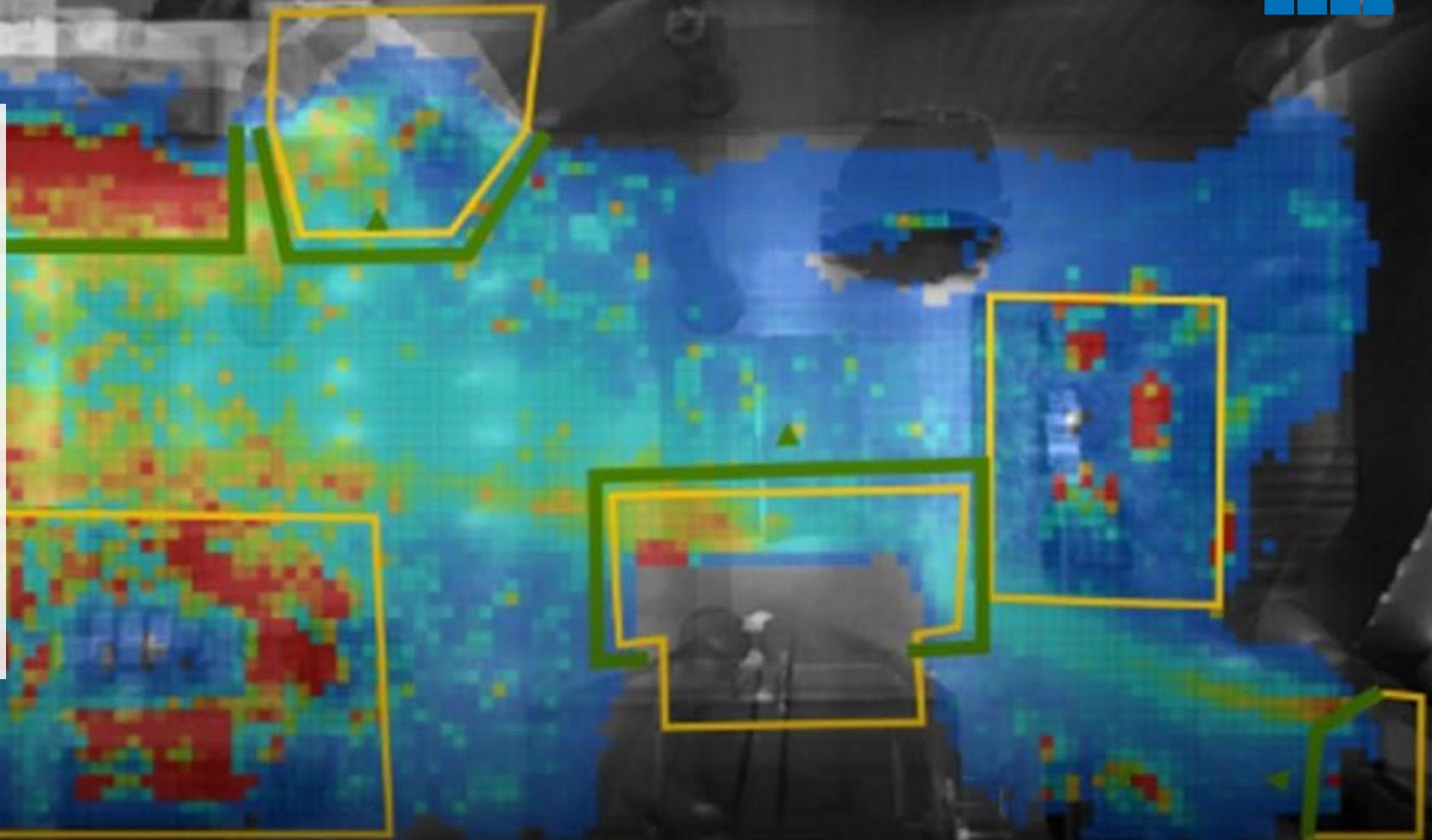
## OUR CUSTOMERS

use Residential Flow to promote their own business - we are truly Winning with Customers



## People Flow Planning & Consulting

- Making sure the buildings function over their lifecycle
- Helps us differentiate both in new equipment and modernization



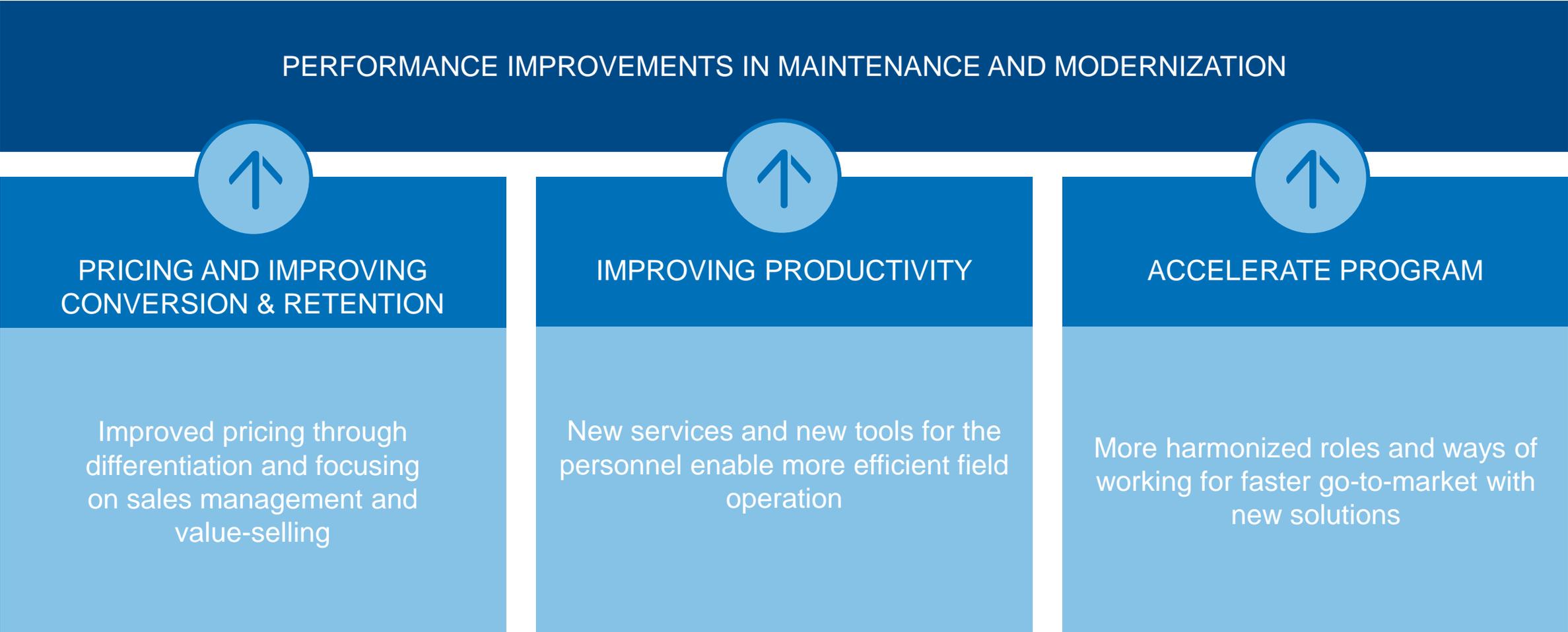
## We are speeding up the roll-out of new services

- Building the sales capabilities
- Deepening and widening the offering
- Accelerating the go-to-market and demonstrating value



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# Improving our performance in the core business





## Summary

- Excellent growth opportunities
- Growing faster than the market
- The new services bringing clear differentiation
- Improving performance in the core business

Dedicated to People Flow™

