

KONE CMD 2022

# Leading in service business

HUGUES DELVAL, EVP, SERVICE BUSINESS

JUNE 1, 2022

Service markets are  
growing

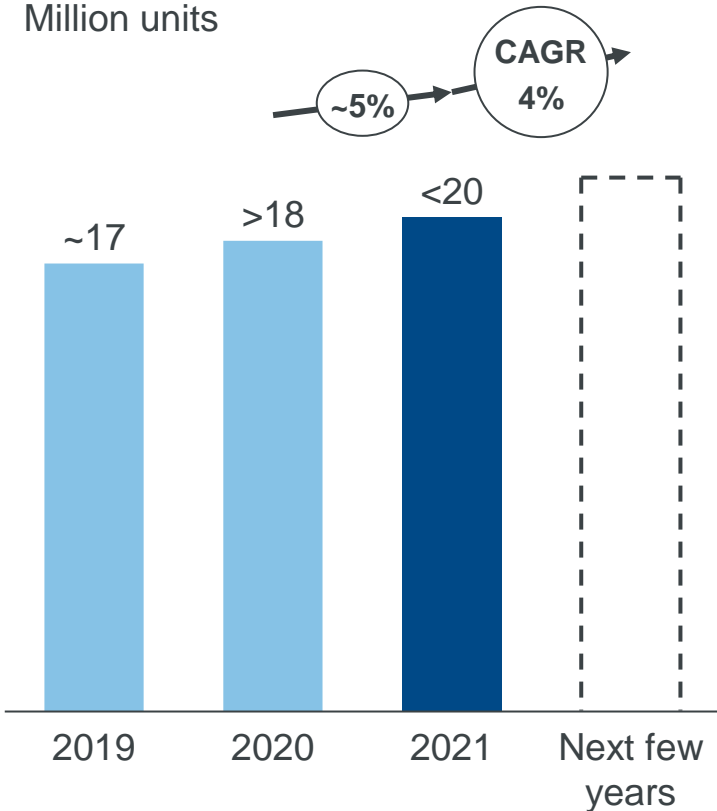


# Maintenance markets expected to keep growing consistently

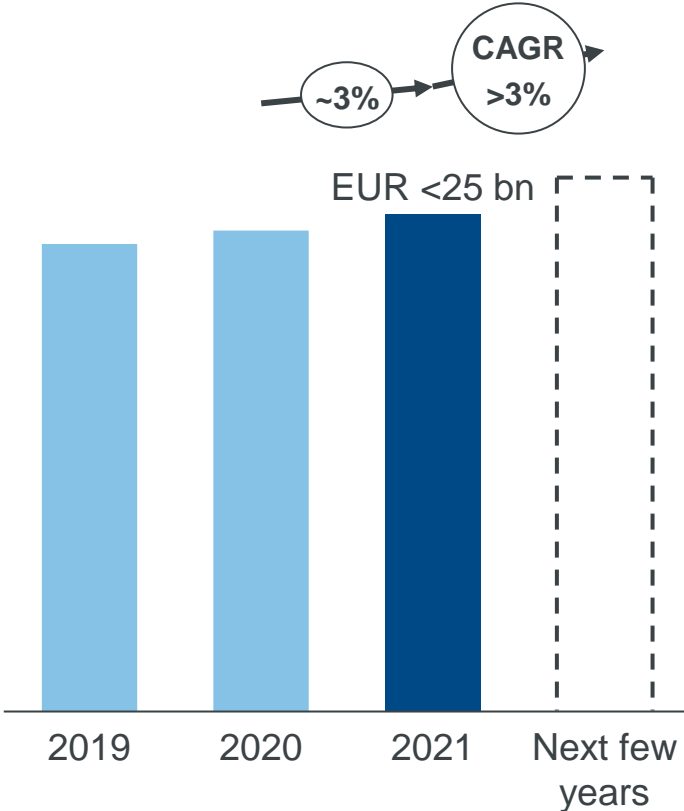


The global installed base continues to grow steadily

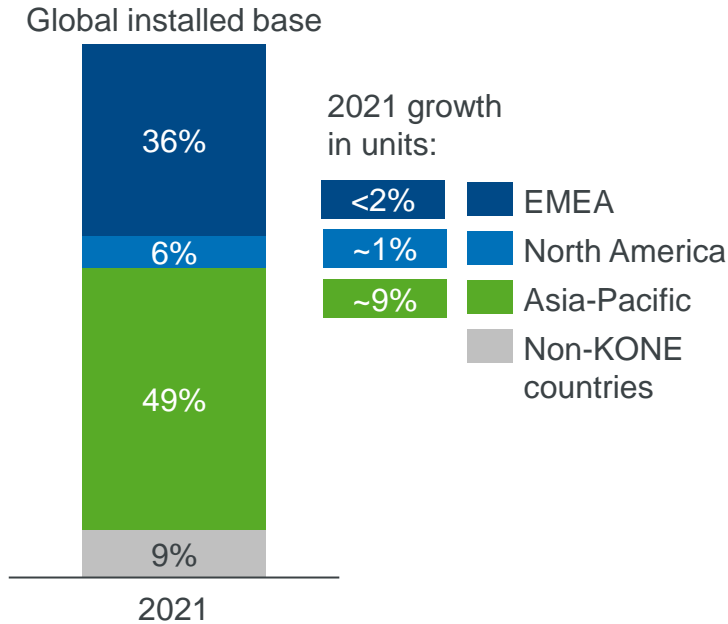
Million units



In monetary value, maintenance market growth has been slower...




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



# Fundamental trends driving modernization growth



### New drivers

Changing building usage	New technology	Green building requirements
Seamless customer experience		Covid-19 → Touchless People Flow
 <b>Even young buildings get value from modernization</b>		

### Traditional drivers

Code	Safety	Aging
Technical		Obsolescence



Construction

Young buildings (0–15 years)

Older buildings

Market: ~1 million units/year (2021)

~12 million units (2021)

<8 million units (2021) → 10 million (2030)

KONE is well positioned to grow faster than the market

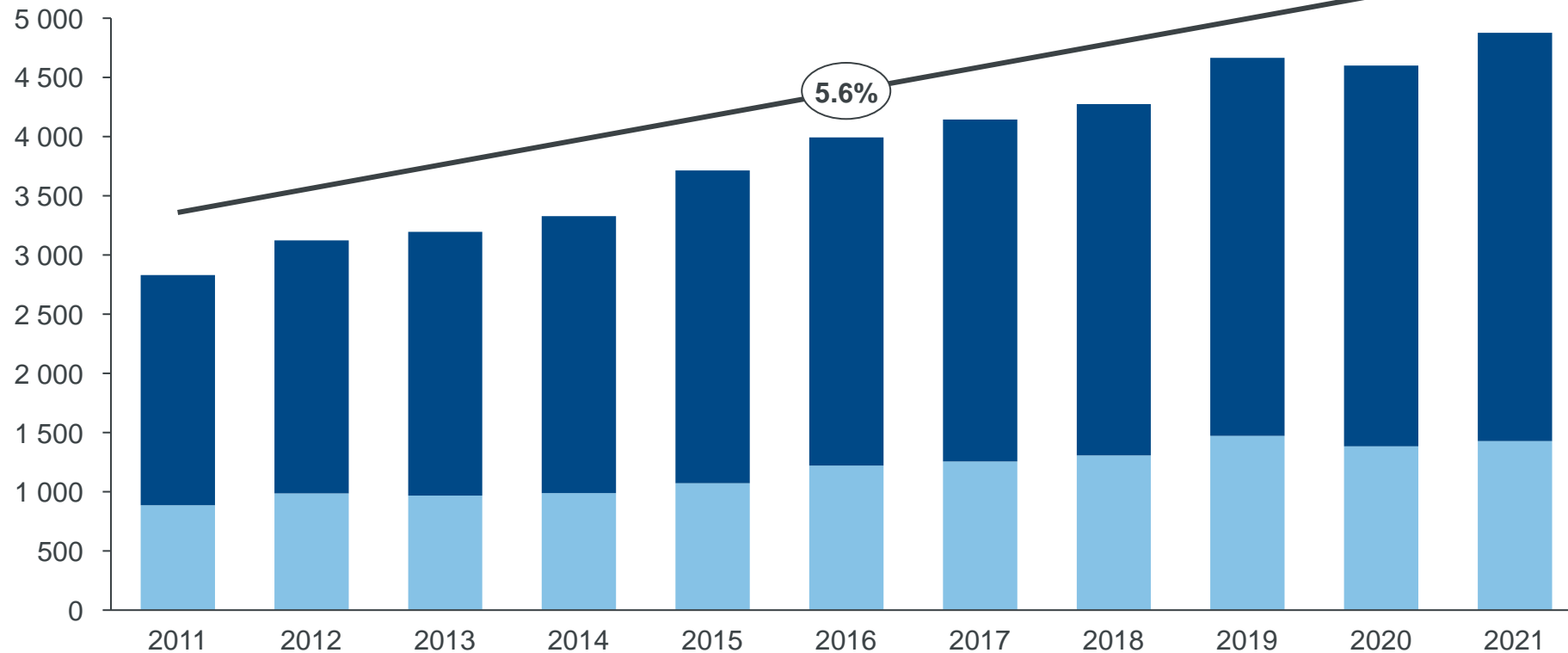


# Our competitiveness is visible in our performance



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

KONE's service sales, MEUR



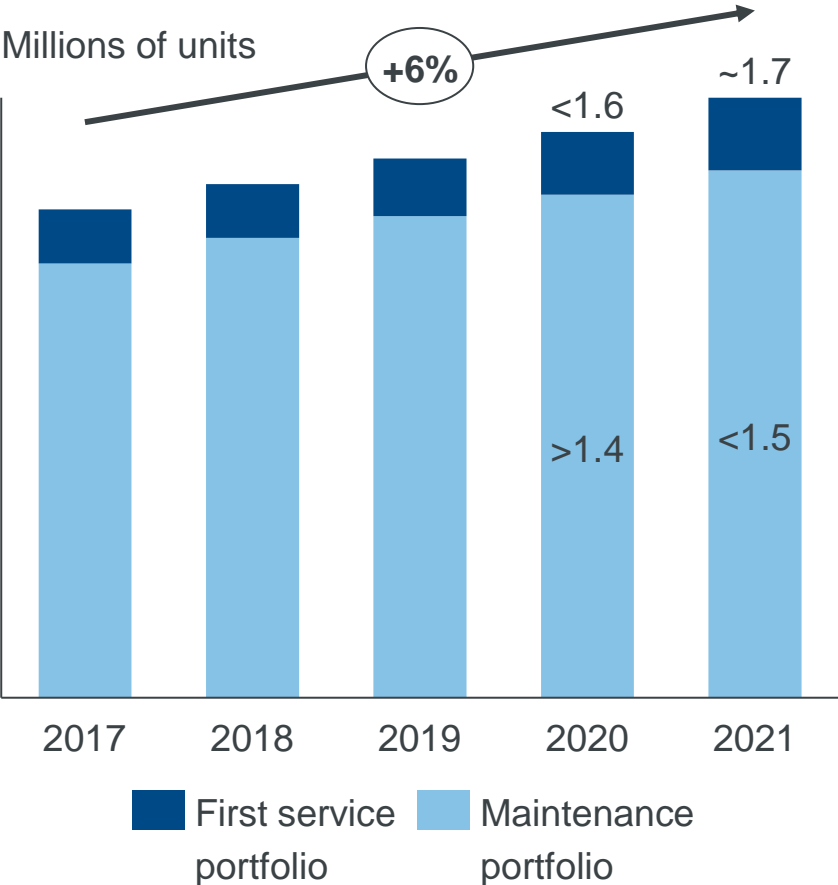
Q1 2022 sales growth at comp. FX:

- Maintenance +8.7%
- Modernization +11.5%

# Our growth in maintenance is driven by expanding our portfolio and value-add



We have been growing our portfolio steadily



We continue to capture the value of our portfolio through three levers

- 1 Maintenance contract revenue
  - 2 Value-added solutions
  - 3 Maintenance repairs and spare parts
- + Inflation creates additional opportunities

## Clear market leader in China service business

- China service markets large and with fastest growth
- KONE has strong position and ambition





Leading through  
differentiation



# Our customers are looking for new ways to stay competitive and maximize building value



## Smart and sustainable

Increasing need for smart and sustainable buildings and cities

Improving efficiency, transparency and sustainability

## Adaptable

Adaptable solutions, combining digital and traditional services to answer customer-specific needs

Improving tenant and user experience

## Responsive and convenient

Expertise and responsiveness through a seamless combination of online and personal interaction

Easiness to deal with

# We continue to add value and scale up our new services



## KONE Care

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



2016

## 24/7 Planner and 24/7 Connect

Intelligence, safety and transparency through connectivity & analytics



## KONE Care DX

Smartest service for the smartest equipment  
Carbon neutral maintenance



2021

## Continue creating new value-added services

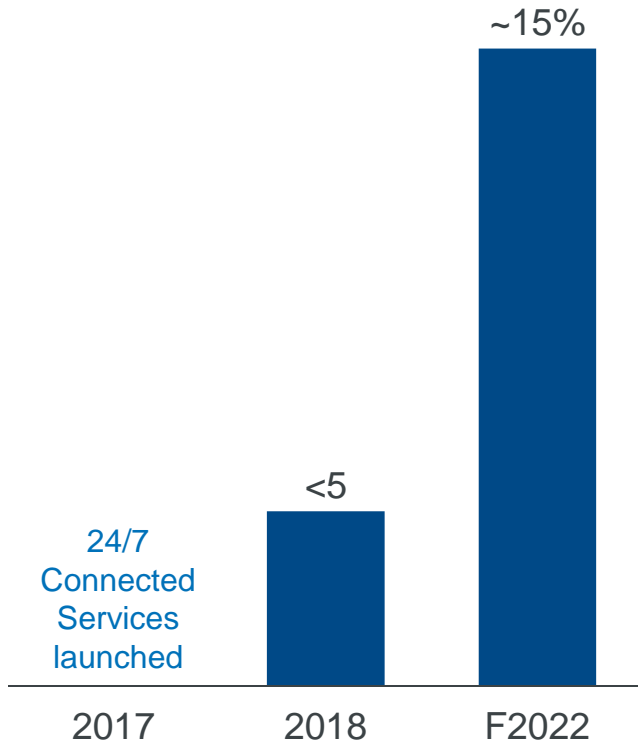
Remote services, People Flow and sustainability



# 24/7 Connected Services continue to ramp up, creating value for customers and KONE



24/7 Connected Services penetration has been increasing steadily... as % of maintenance base



...creating measurable benefits to customers...

-30% call-outs

-40% entrapments

65% proactive fault identification

+ improved transparency and sustainability

...and driving improved customer satisfaction, retention & profitability

+7 NPI

+2-4pp retention\*

+2-9pp contract margin\*

\*Avg. impact

KONE Capital Markets Day 2022 | © KONE Corporation

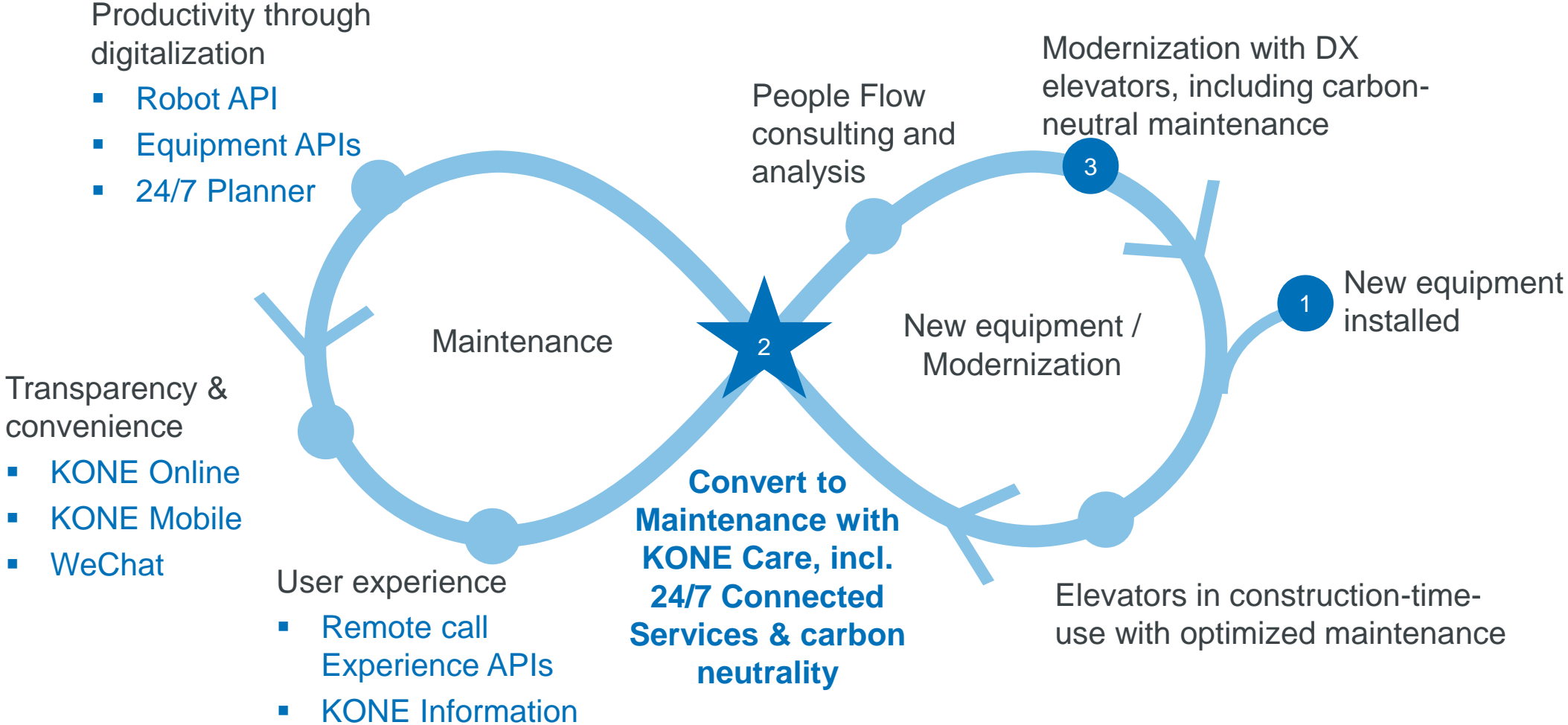
# Mapletree Industrial Trust, Singapore

*“We decided to go for reputable original equipment manufacturer who provides quality lifts and good maintenance service. KONE is able to meet our requirements and add value with 24/7 connected services. KONEs predictive maintenance assures us that our tenants are able to use MIT properties safely and without disruption.”*

-Ms. Ng Kim Kee, Vice President, Property Management)



# Creating value throughout the building life-cycle



# Technology enables field and SG&A efficiency gains



Elevators are talking – we are using the data to improve service quality, efficiency & sustainability

We see potential to further improve customer service and efficiency

**Real time transparency**  
to customer on fingertips

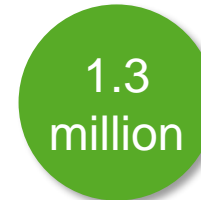
24/7 Connected Services to prevent call-outs and **provide root cause analysis to technician**



**Maintenance tasks planned dynamically**  
based on real time condition

**Spare part need predicted & available close by**

**Sequence of jobs optimized**



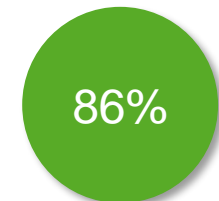
Customer queries 2021\*



Answering time



Recorded and analyzed



First call resolution

\* Excluding call-outs

## Summary

- Service markets will continue to grow
- Inflationary environment creates new opportunities
- Maintenance portfolio development at the core
- Modernization growth to accelerate maintenance portfolio expansion
- Differentiation at scale will keep KONE on a faster than market growth trajectory





Dedicated to People Flow™

