



# Business review 2009

March 1, 2010

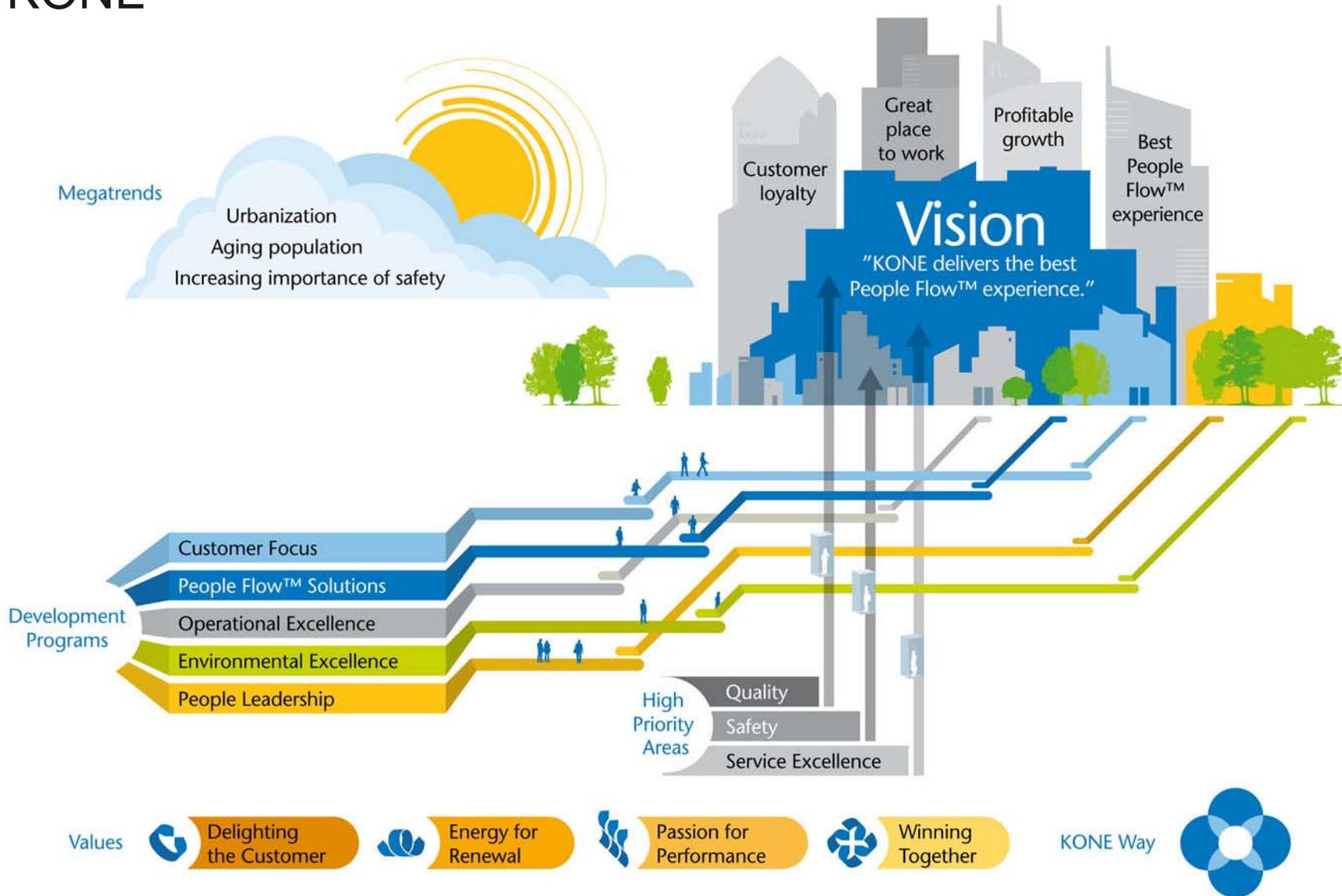
President & CEO, Matti Alahuhta

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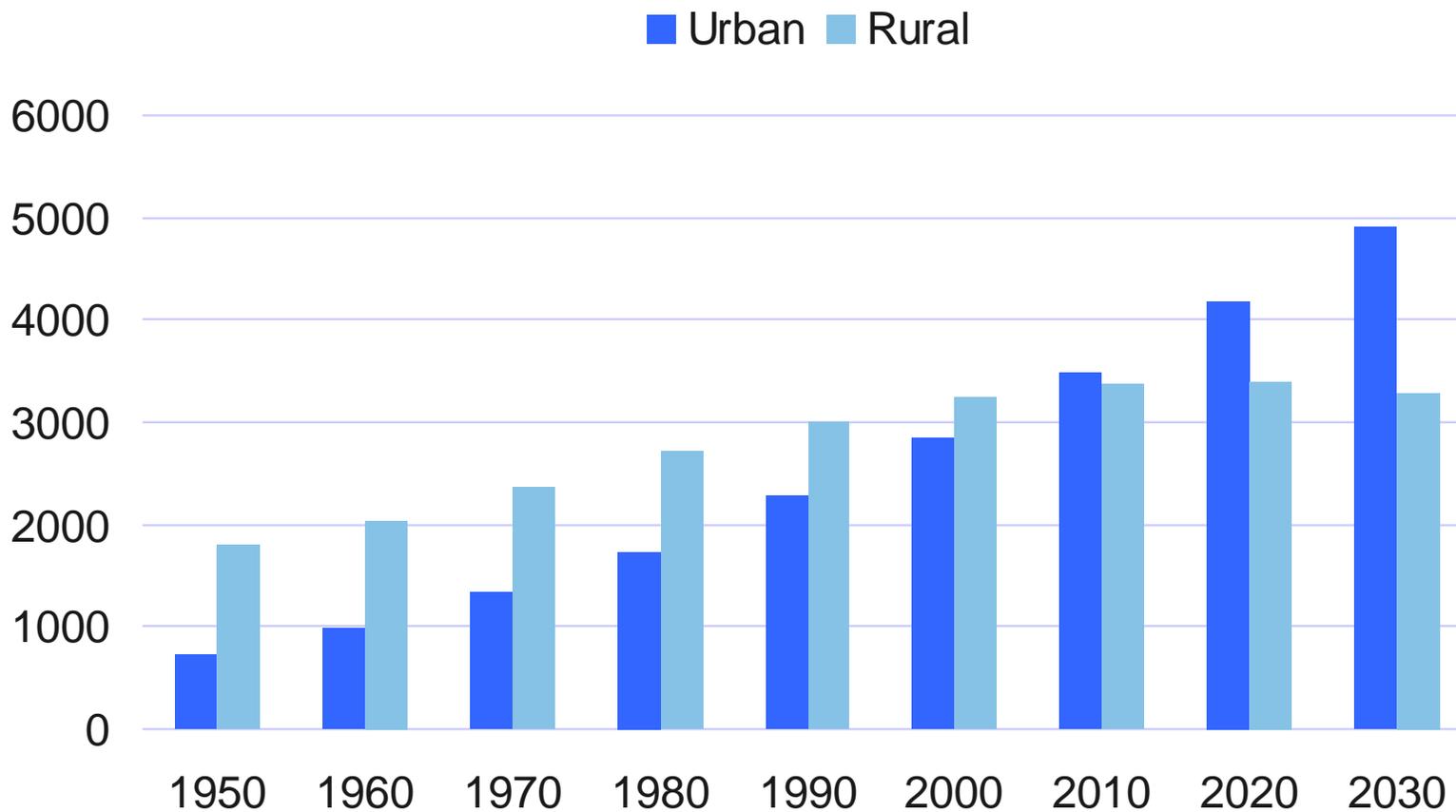
# Taking advantage of megatrends and systematic development of competitiveness are key factors for KONE



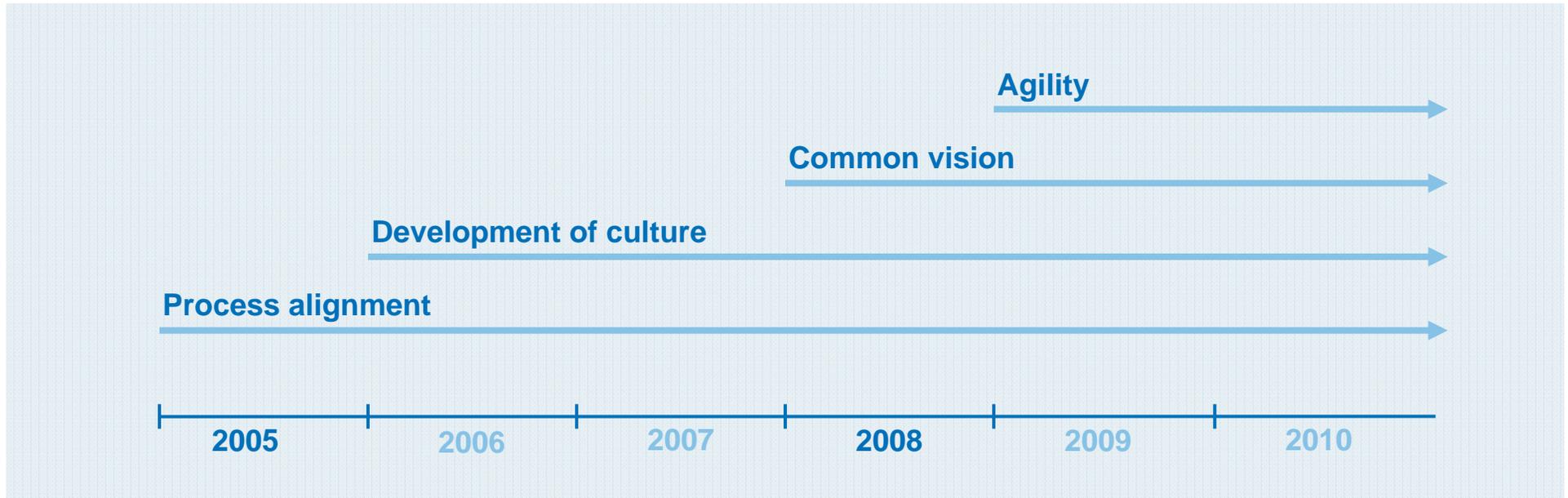
# Urbanization is a significant global megatrend



The urban and rural population of the world



# Systematic development work continues



## Development programs:

Customer Focus →

Product and Service Excellence → People Flow Solutions →

Operational Excellence →

Sourcing → Environmental Excellence →

Asia-Pacific → People Leadership →

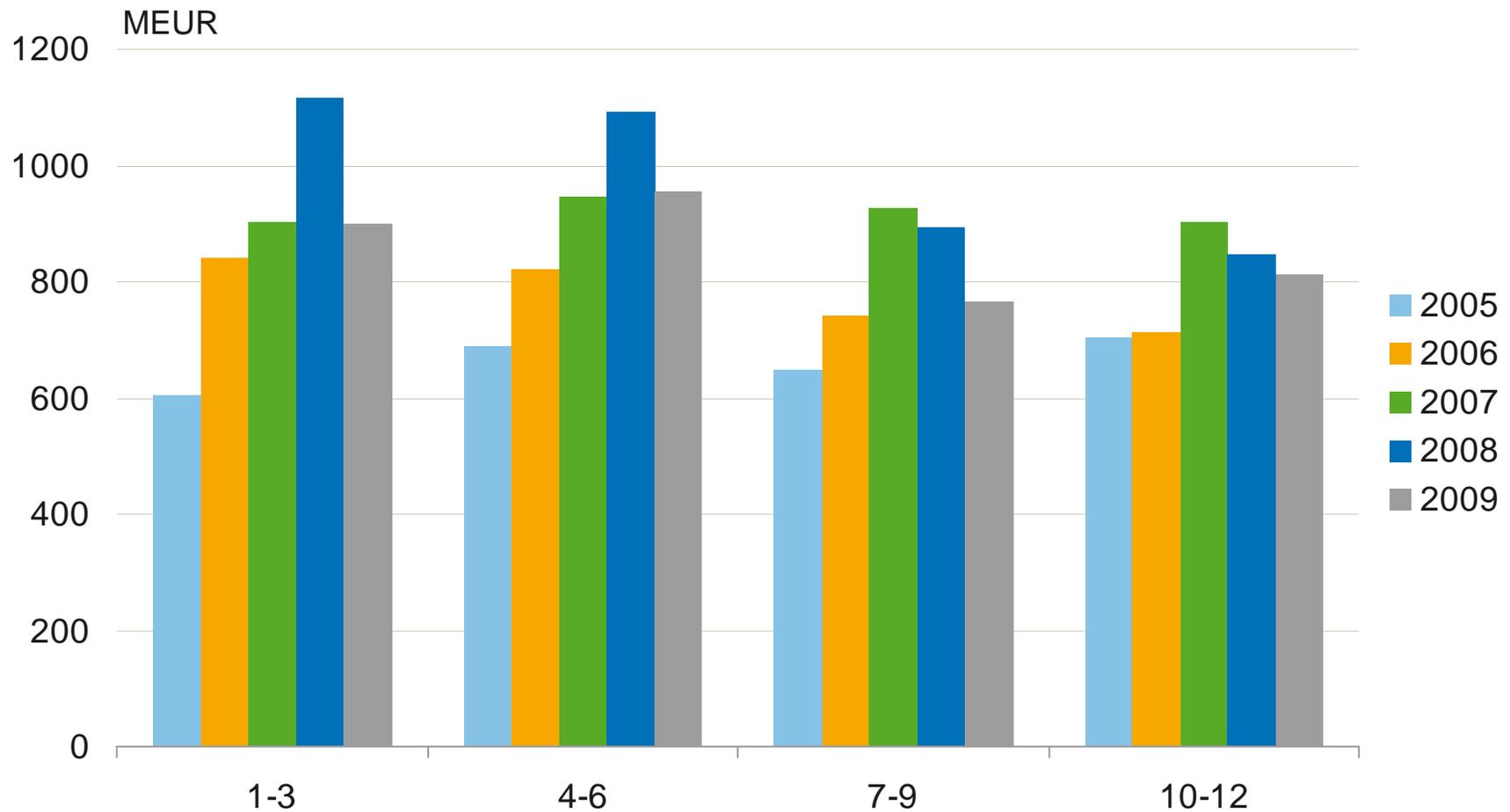
2009 was a record year in sales and operating income and the cash flow was exceptionally strong



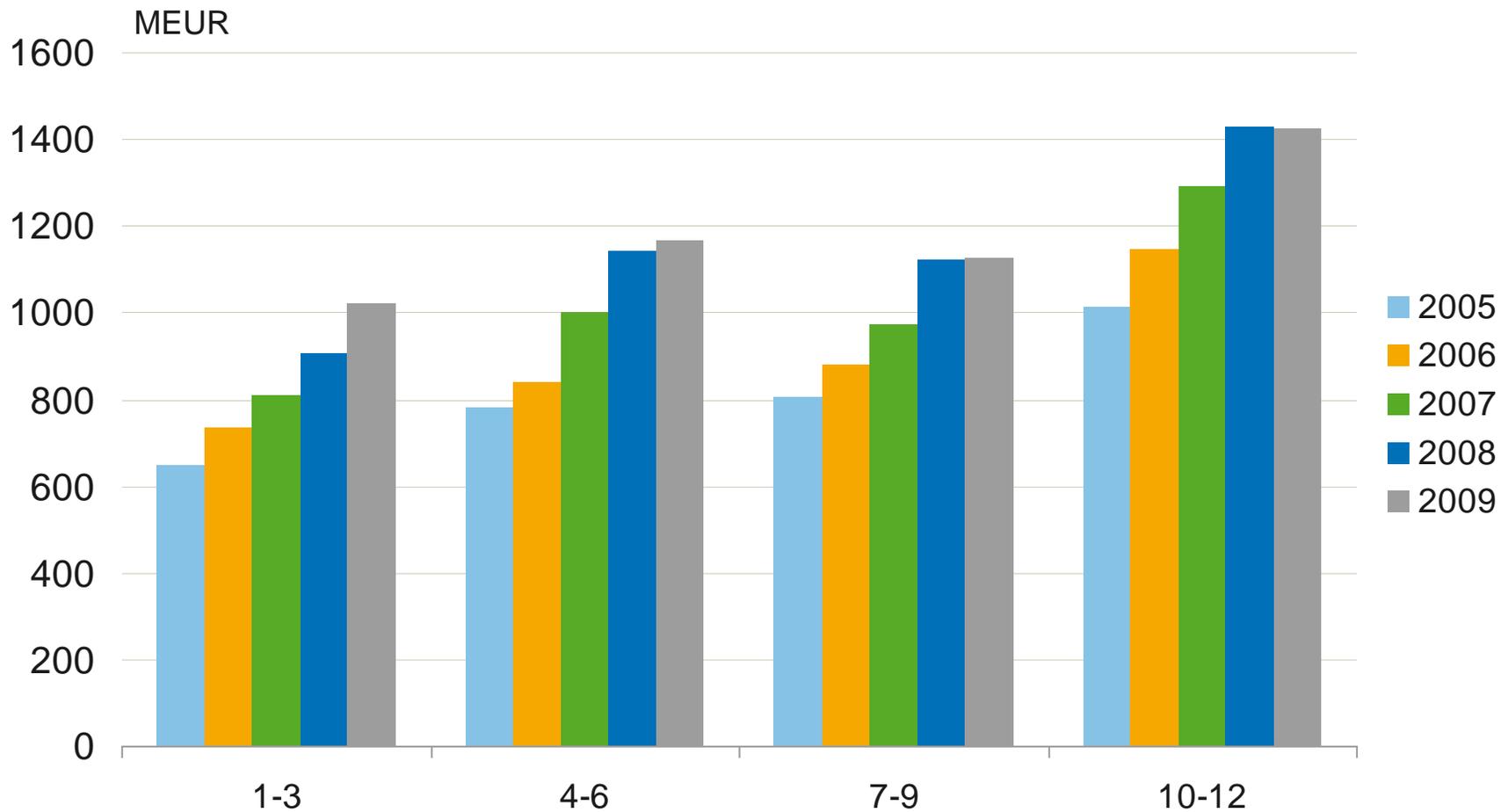
		2009	2008	Historical change	Comparable change
Orders received	MEUR	3,432.4	3,947.5	-13.0%	-12.7%
Order book	MEUR	3,309.1	3,576.7	-7.5%	-8.4%
Sales	MEUR	4,743.7	4,602.8	3.1%	3.7%
Operating income	MEUR	600.3 <sup>1)</sup>	558.4	7.5%	
Operating income	%	12.7 <sup>1)</sup>	12.1		
Cash flow from operations (before financial items and taxes)	MEUR	825.1	527.4		

1) Operating income, including the one-time cost of EUR 33.6 million related to the fixed cost adjustment program, was EUR 566.7 million.

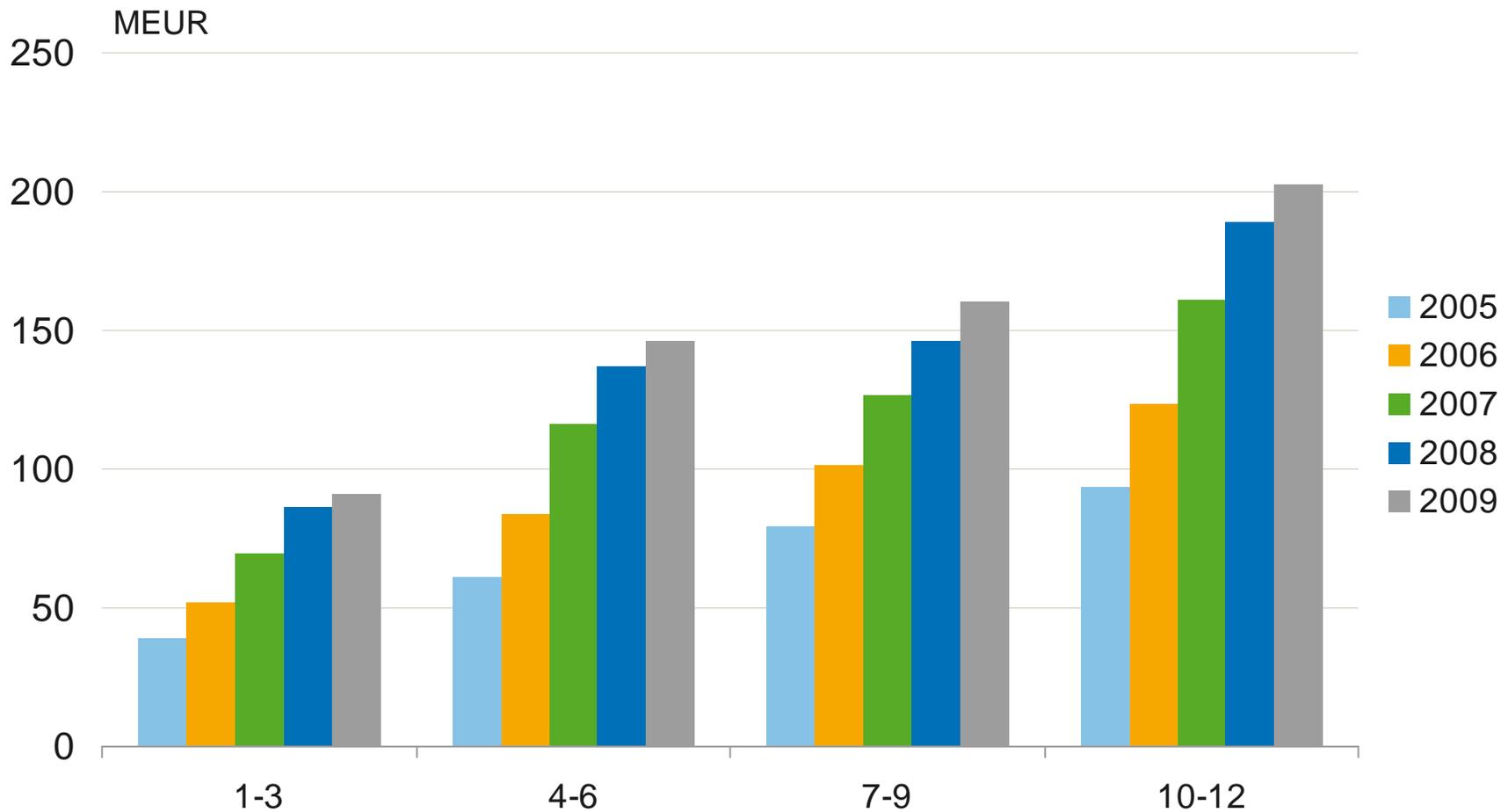
# Orders received development was best in Asia-Pacific



# Sales growth was fastest in Asia-Pacific and in the Americas



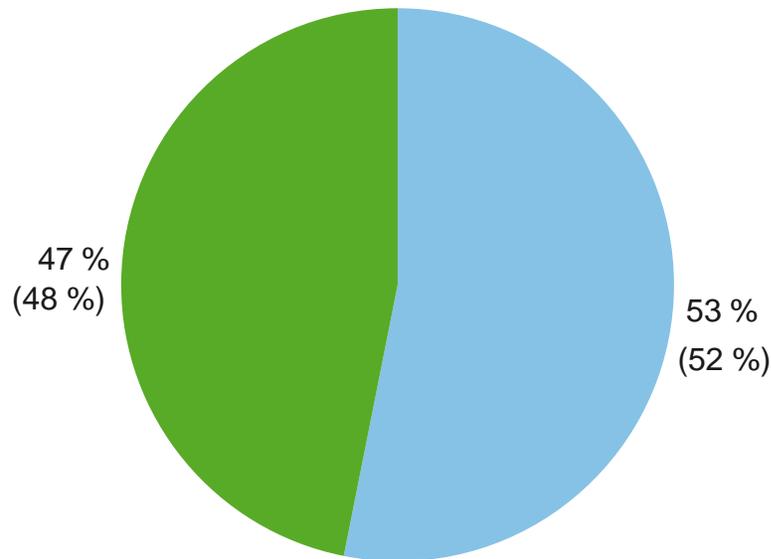
# Operating income growth was driven by good development in quality, productivity and sourcing costs



The service business continued to develop well in 2009. Quality and productivity improvement was very positive also in the new equipment business

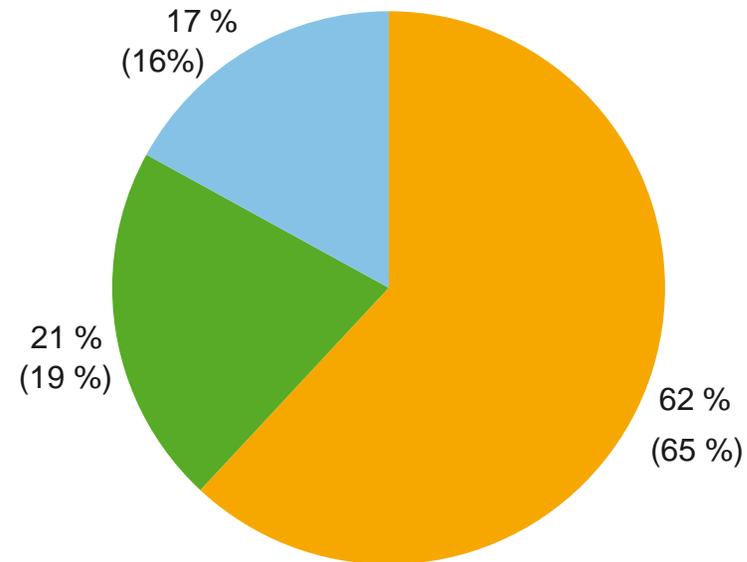


**Sales by business**



■ Service ■ New equipment

**Sales by market**



■ EMEA ■ Americas ■ Asia-Pacific

# The business environment was mixed in the Europe, Middle East and Africa region



- Maintenance markets continued to develop well.
- Modernization markets were stable, providing good business opportunities.
- New equipment markets
  - Market continued to weaken, especially in Russia, the UK and Spain.
  - The activity in the residential segment improved towards the end of year in Finland, Sweden and Austria.

# The business environment remained challenging in the Americas



- Maintenance markets grew, but were increasingly competitive.
- In modernization, stimulus packages kept activity relatively stable in the U.S.
- New equipment markets
  - In the U.S., the market weakened clearly.
  - In Canada, the market showed signs of bottoming.
  - In Mexico, the market continued to be weak, but was bottoming.

# Increasing signs of recovery were seen at the end of year in Asia-Pacific



- Modernization and maintenance markets developed favorably.
- New equipment markets
  - The market growth strengthened towards the end of year in China.
  - In India, the residential market started to pick up at the end of year.
  - In Australia and Southeast Asia, the market was weak but the tendering activity improved.

# KONE managed well in a demanding environment in 2009



- In new equipment
  - Improved product portfolio for growing segments.
  - Market share improved in China and in the U.S.
  - Good development in sourcing, quality and productivity.
  
- In modernization
  - Growth both in orders received and sales.
  - Improved productivity.
  
- In maintenance
  - Good growth in the maintenance base – high conversion.
  - Improved productivity.

# Development programs enabled good business performance in 2009



- Customer Focus
- People Flow Solutions
- Operational Excellence
- Environmental Excellence
- People Leadership

# Market outlook 2010



- The good development is expected to expand in the new equipment market in the Asia-Pacific region. In EMEA and North America, the market will continue to decline in most countries, however stabilization is expected towards the end of the year.
- The modernization market will be at about last year's level.
- Maintenance markets will continue to develop well, but remain very competitive.

# Managing in a challenging environment: we continue to see this demanding phase as an opportunity



NEW EQUIPMENT	<p>Market will still decline in most countries in Europe and North America – very competitive landscape.</p> <p>Focus on growing markets and segments; Improve market share selectively.</p>	 
MAINTENANCE	<p>New equipment conversion feeds the maintenance base.</p> <p>Improving maintenance productivity.</p>	
MODERNIZATION	<p>Total market size rather stable in 2010 – opportunity to increase market share and productivity.</p>	
QUALITY	<p>Positive development in product and operational quality.</p>	
FIXED COSTS	<p>Decrease fixed costs.</p>	

# Outlook 2010



- KONE's net sales is estimated to decline approximately 5% at comparable exchange rates.
- The operating income (EBIT) is expected to be in the range of EUR 560-610 million.

*Dedicated to People Flow™*

