

The background of the slide is a photograph of a modern office hallway. The hallway has a dark grey tiled floor and light-colored walls. On the left, there is a glass-walled elevator. In the center, a man in a dark suit and white shirt is walking towards the right, carrying a black briefcase. To his right, another man in a dark suit is walking towards the left, and a woman in a black top and blue skirt is walking towards the right. In the background, a woman in a black and white checkered dress is standing near the elevator. The hallway is well-lit, and there is a large, abstract blue sculpture on the wall to the right.

KONE'S CAPITAL MARKETS DAY 2010

# Central and North Europe review

Noud Veeger

Executive Vice President, Central & North Europe

# Agenda

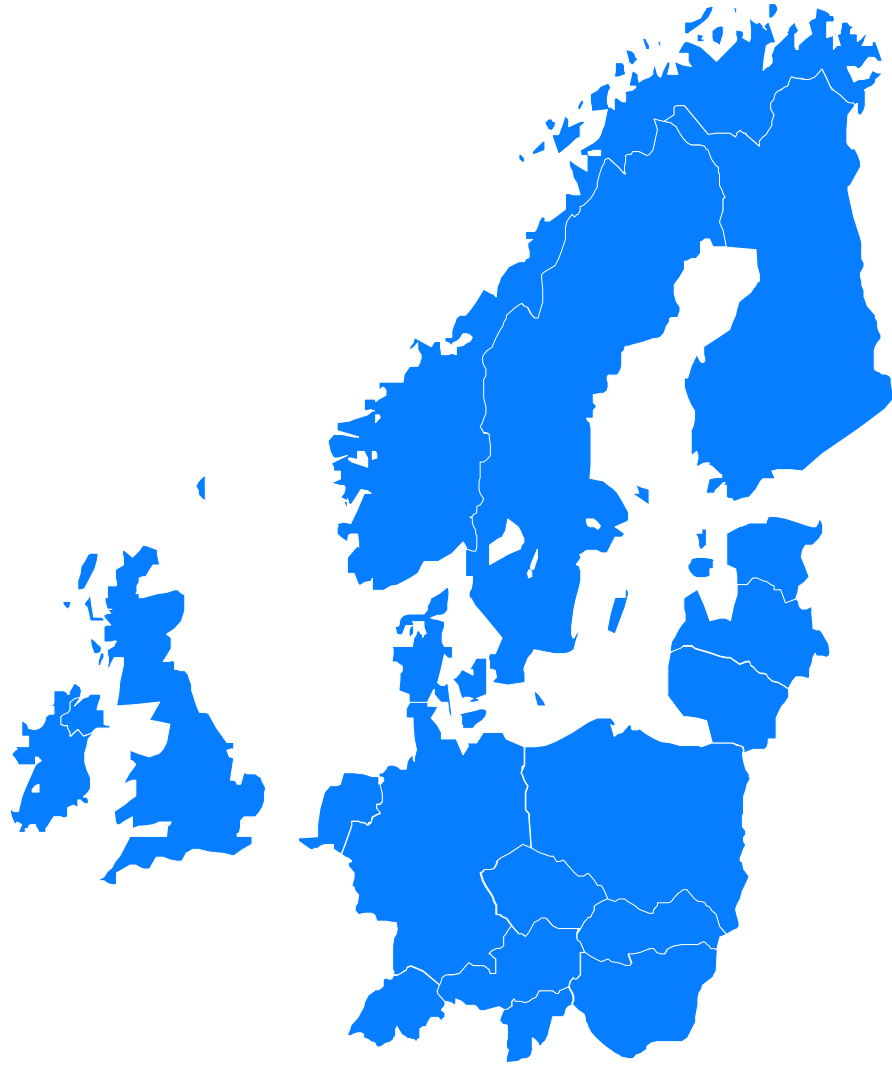


- Central and North Europe market review
  - New equipment market
  - Maintenance market
  - Modernization market
  
- KONE's response to market trends
  
- Creating solid business progress also in tougher times
  - Key actions
  
- Conclusions



## Central and North Europe market review

# Central and North European markets



# New equipment market is challenging but there are signs of improvement



Copyright ÖBB/beyer.co.at

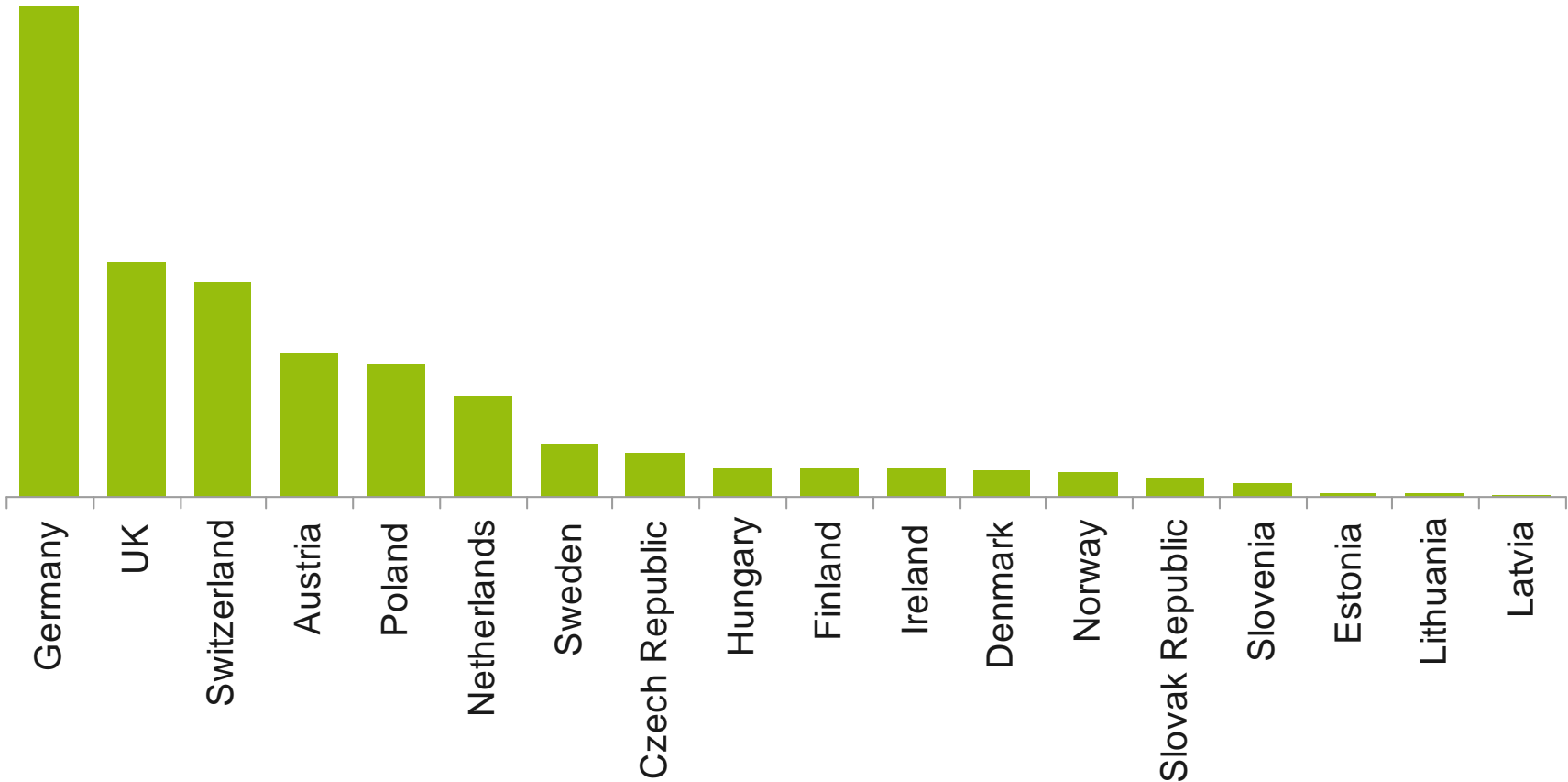
- Residential segment in the UK, Germany, Poland and the Nordic countries starting to look more favorable
- Market has remained weak in Ireland and parts of Eastern Europe
- Office segment still under pressure but some major developments in London being re-activated
- KONE's market share stable to slightly positive with strong position in major projects, residential segment and recovering markets

BahnhofCity Wien West, to be completed in the beginning of 2011

# Markets in Central and North Europe



Total new equipment market size in units in 2009

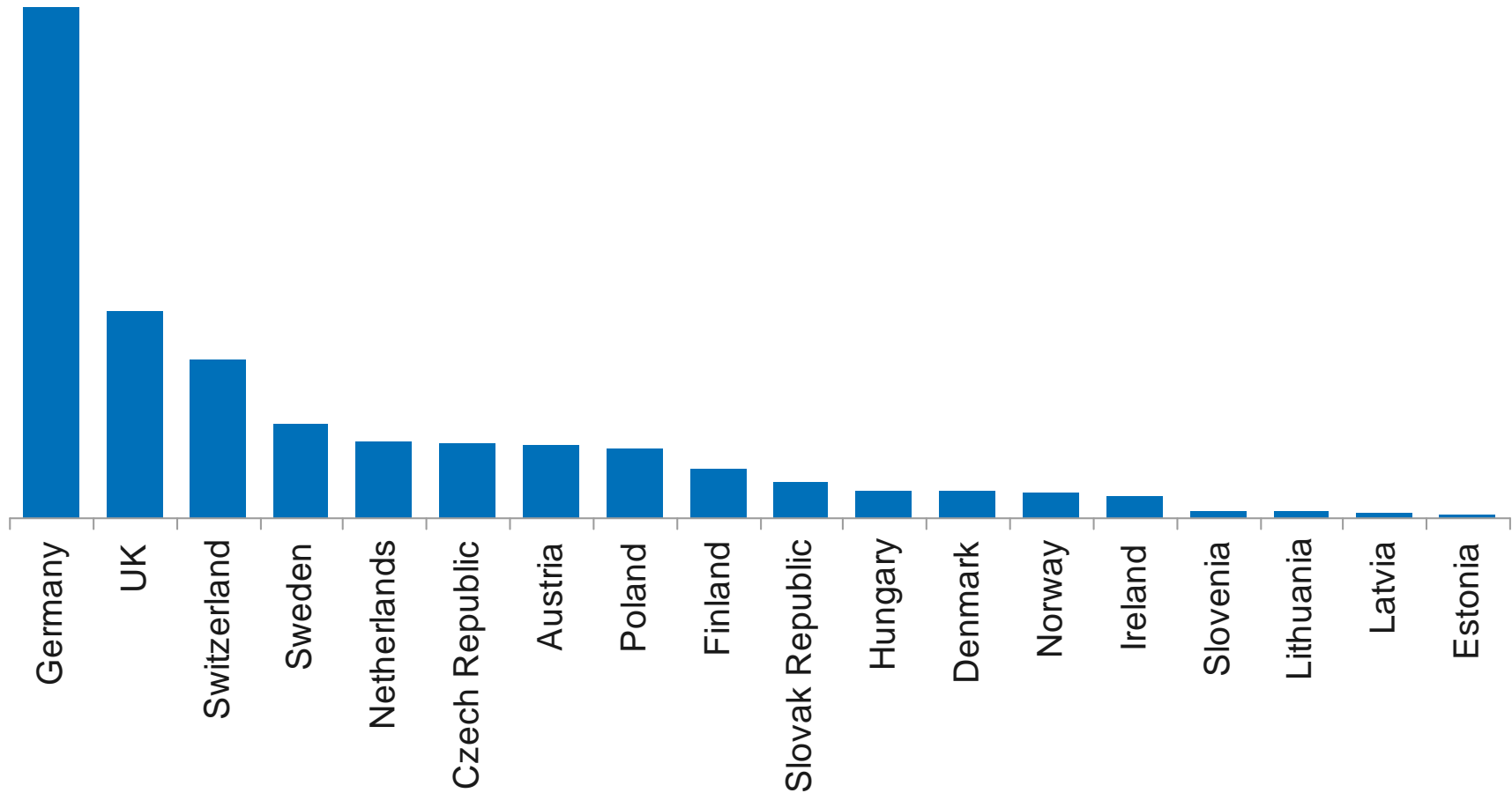


Source: based on KONE's estimate, including elevators and escalators

# Markets in Central and North Europe



Total equipment in service market size in units in 2009



# Maintenance market growing steadily



- Central and North European market grows by low single digits per year
- KONE's good performance in the new equipment market provides excellent long-term potential in maintenance
- KONE's position on the maintenance market
  - High conversion and retention rates
  - Increasing competence in 3rd party maintenance

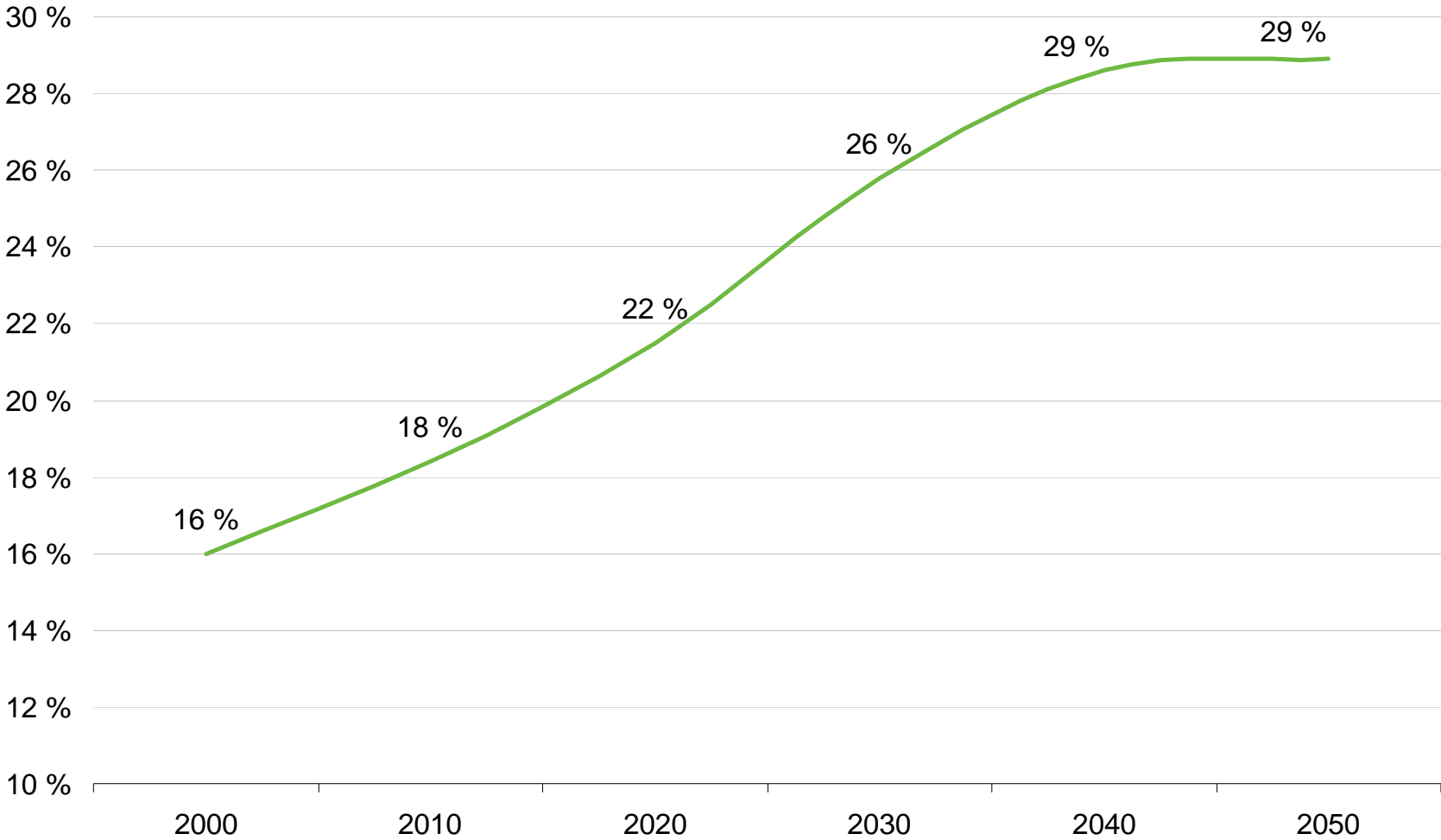


# Modernization market provides growth potential

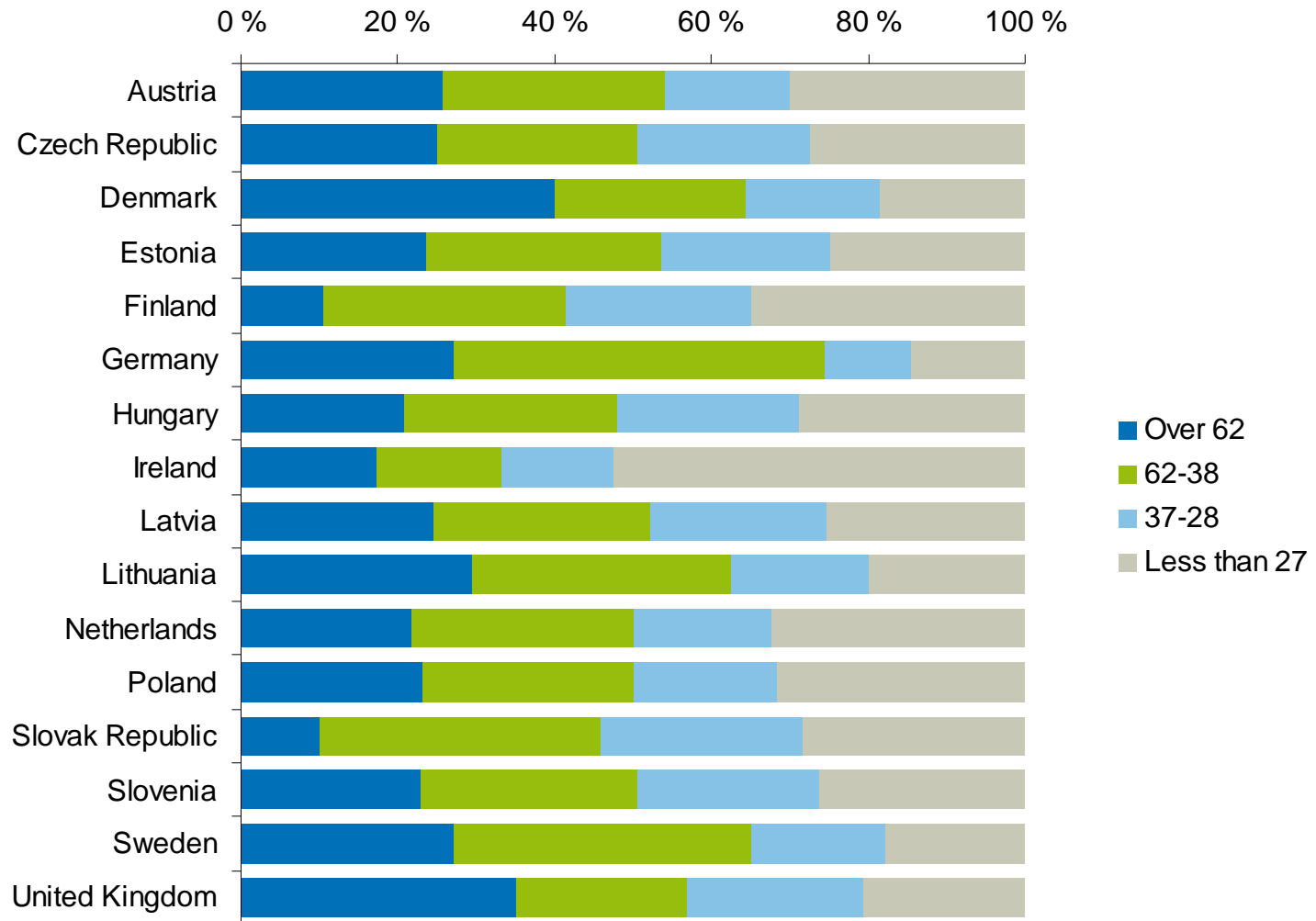


- Aging population and buildings
- Legislation development for the safety of existing lifts (SNEL)
- KONE has a solid market share in almost all Central and North Europe countries
- Consultative sales processes lay as foundation for continued customer focus

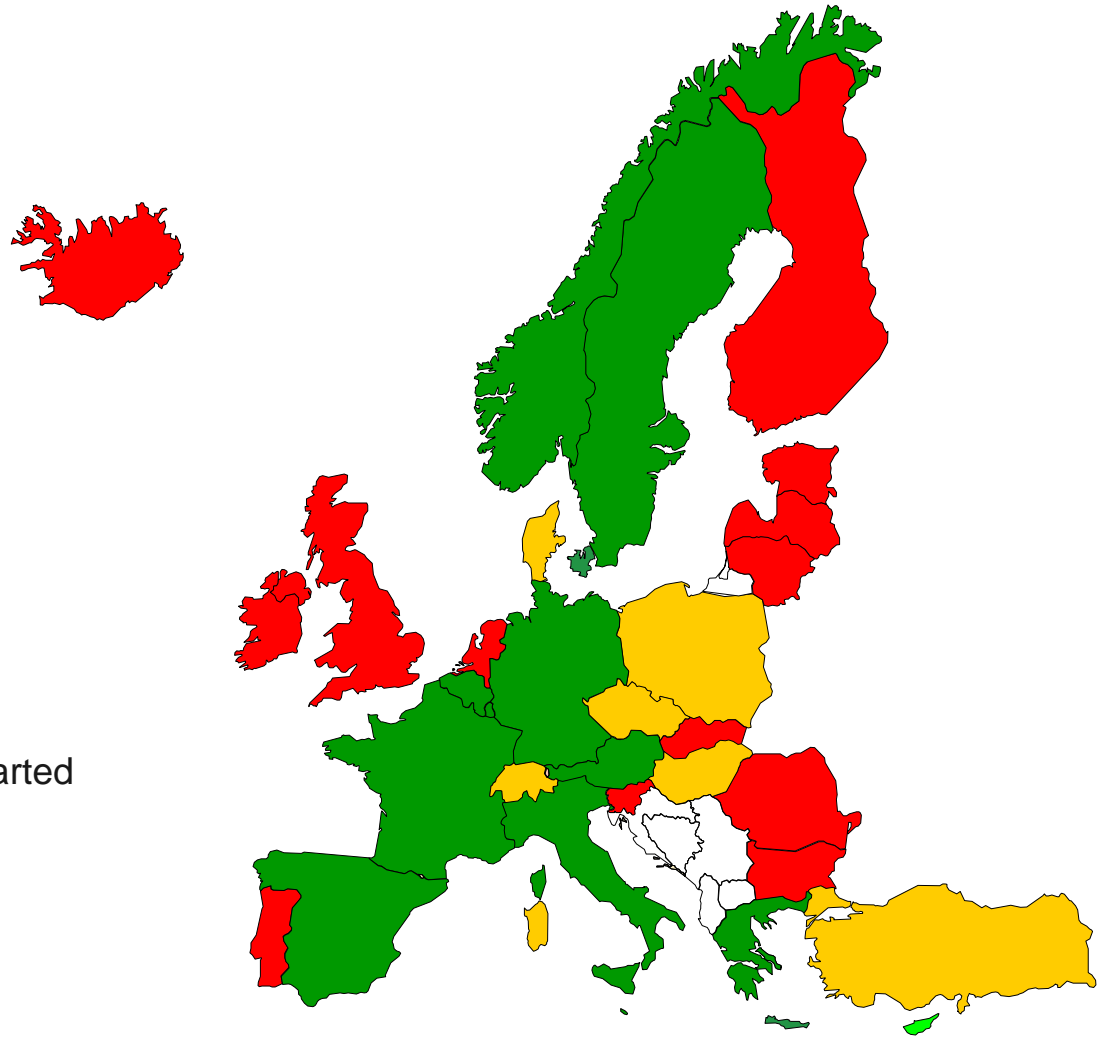
# Percentage of population aged 65 or older in Western Europe



# Age distribution of the construction base in Central and North Europe



# SNEL - Overview of national legislations in EU+EFTA



## Legend

- 1** National laws have been introduced
- 2** National laws in preparation
- 3** Preparation for national laws to be started

Source: European Lift Association



## KONE's response to market trends

# KONE's response to market trends



## Market trend

## KONE response

**Customers  
demanding  
green**



KONE has the first and only “A” rated elevators in Europe (Germany)

**Uncertain  
markets and  
economies**



KONE improves further internal efficiencies (quality, installation, maintenance) to increase competitiveness

**Competitive  
environment**



KONE's commercial processes ensure close link to the customer buying processes



Creating solid business progress also in tougher times

# Key sales actions



- Extensive training ensures that sales force is able to consult customer on best solution
- Tools and market info support our people to know when to act in every phase of the well-defined sales process
- Increasing conversion rate ensures continued market share growth in maintenance
- Close follow-up of contract performance leads to customer satisfaction and contract renewals
- KONE Care for Life™ process ensures an appropriate solution for every customer

Shard of Glass, London, to be completed in 2012



# Key maintenance actions



- Modular based maintenance continues to improve efficiency through clearly defined process for engineers' work
- Reduction of call-outs has further improved customer satisfaction and productivity in Central and North Europe through focused corrective actions
- Preventive replacements in service will further improve efficiency
- Improving customer loyalty

# Key operational actions



- Installation productivity supports needed competitiveness
- Supply chain improvements reduce working capital, further improving cash flow
- Quality feedback leads to corrective actions and cost reductions
- JumpLift creates value for our customers already during installation

# Benefits of Agile KONE



- Market penetration deeper through regionalization
- Better benchmarking through comparability
- Faster best practice copying
- “One KONE” closer to the customer

# Example: Germany



- New regional organization structure introduced in 2007
  
- Customer Focus
  - Getting closer to our customers
  - Strong regional leadership close to customer
  - Customer ratings improving strongly
  
- Covering the "white spots" in the market
  
- Suitable sales processes and tools leading to good results

Tower 185, LEED Gold certified, Frankfurt, to be completed in May 2012

# Conclusions



- The Central and North European new equipment markets showing positive signs in certain countries
- Increasing maintenance conversion rates and decreasing call-out rates
- Long-term modernization growth potential accelerated through consultative selling and appropriate offering
- Continuously increasing customer focus leading to higher customer ratings and market share
- Operational improvements gaining speed through process development, organizational adjustments and leadership involvement



*Dedicated to People Flow™*

