

The background of the entire page is a photograph of a modern building's interior. Several people are walking through a glass-walled area, likely a transit hub or a modern office lobby. In the foreground, a man in a dark jacket and jeans is pulling a large, dark brown leather suitcase. To his right, an older man in a tan jacket and glasses is walking with a cane. Further right, a woman in a blue scarf and white pants is walking, followed by a man in a black jacket and green shirt pulling a black suitcase. On the far right, a woman in a white jacket and black pants is walking. The floor is made of large, grey tiles, and the walls are a mix of glass and light-colored panels. The lighting is bright and even.

# KONE's Annual General Meeting 2014

February 24, 2014

Matti Alahuhta, President & CEO

# 2013: Strong overall progress



		2013	2012	Historical change	Comparable change
Orders received	MEUR	<b>6,151.0</b>	5,496.2	11.9%	14.1%
Order book	MEUR	<b>5,587.5</b>	5,050.1	10.6%	16.0%
Sales	MEUR	<b>6,932.6</b>	6,276.8	10.4%	12.6%
Operating income (EBIT)	MEUR	<b>953.4</b>	828.7 <sup>1)</sup>	15.1%	
Operating income (EBIT)	%	<b>13.8</b>	13.2 <sup>1)</sup>		
EBITA	MEUR	<b>973.6</b>	861.5 <sup>1)</sup>		
EBITA	%	<b>14.0</b>	13.7 <sup>1)</sup>		
Cash flow from operations (before financing items and taxes)	MEUR	<b>1,213.1</b>	1,070.8		
Basic earnings per share	EUR	<b>1.37</b>	1.23 <sup>2)</sup>		
Dividend per share	EUR	<b>1.00 <sup>3)</sup></b>	0.88 <sup>4)</sup>		

Comparative figures for 2012 have been restated according to the revised IAS 19 'Employee Benefits'.

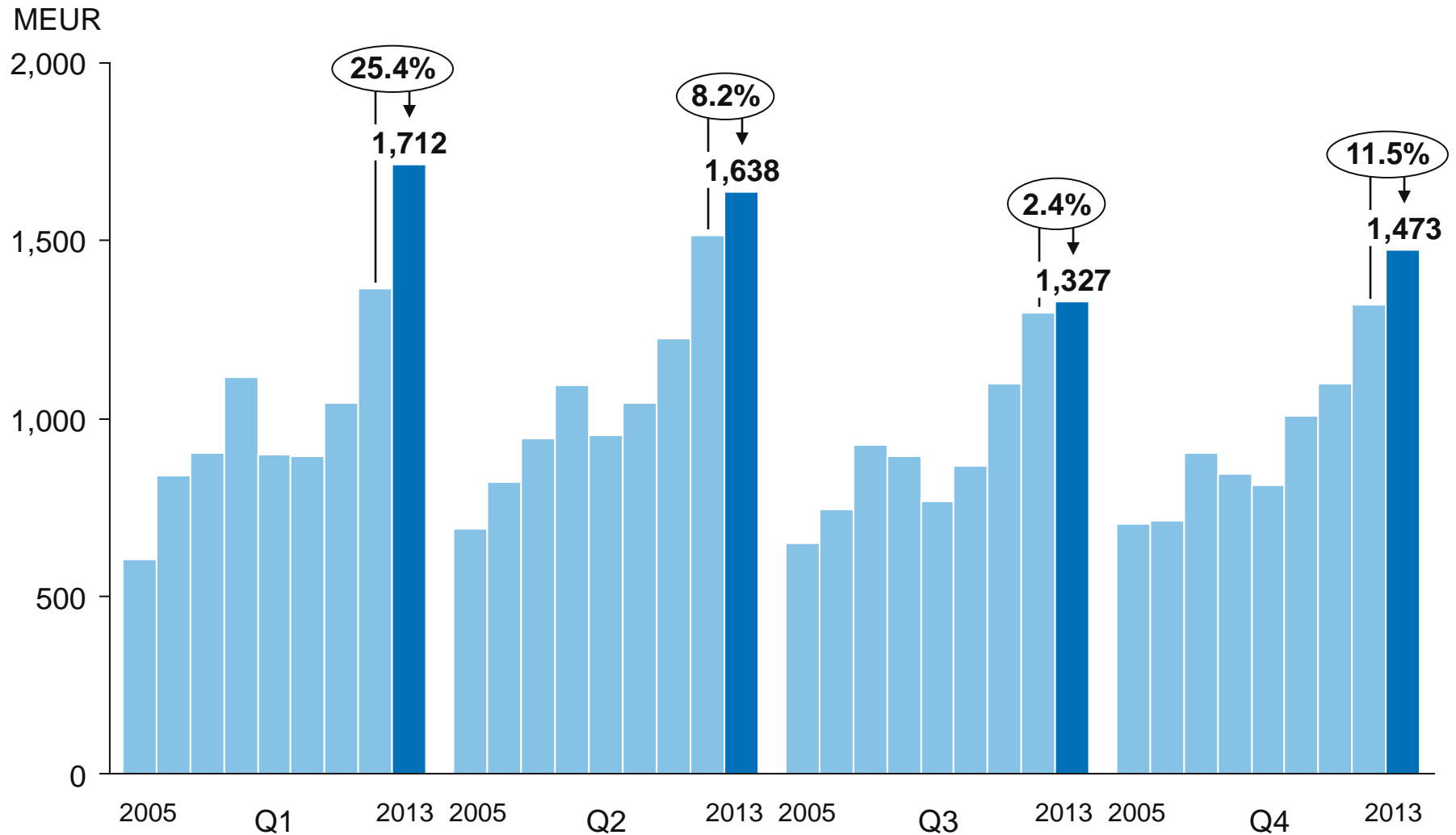
1) Excluding a MEUR 37.3 one-time cost related to the support function development and cost adjustment programs.

2) Excluding one-time items. Including one-time items, basic earnings per share was EUR 1.17 in 2012.

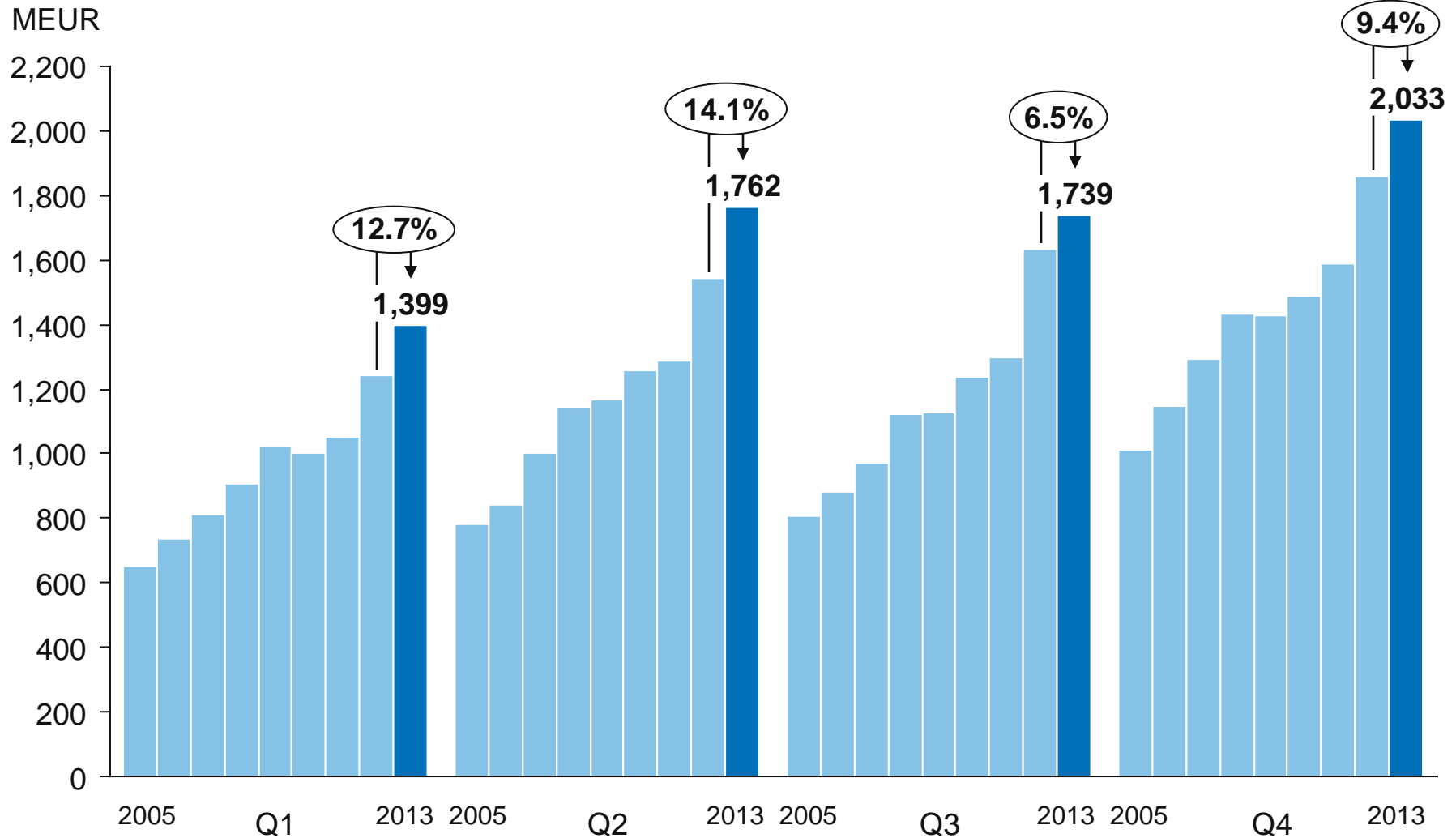
3) Board's proposal to the AGM.

4) KONE also paid an extraordinary dividend of EUR 0.65 per B-share for the financial year 2012. Dividends adjusted for the share split (1:2) done in December 2013.

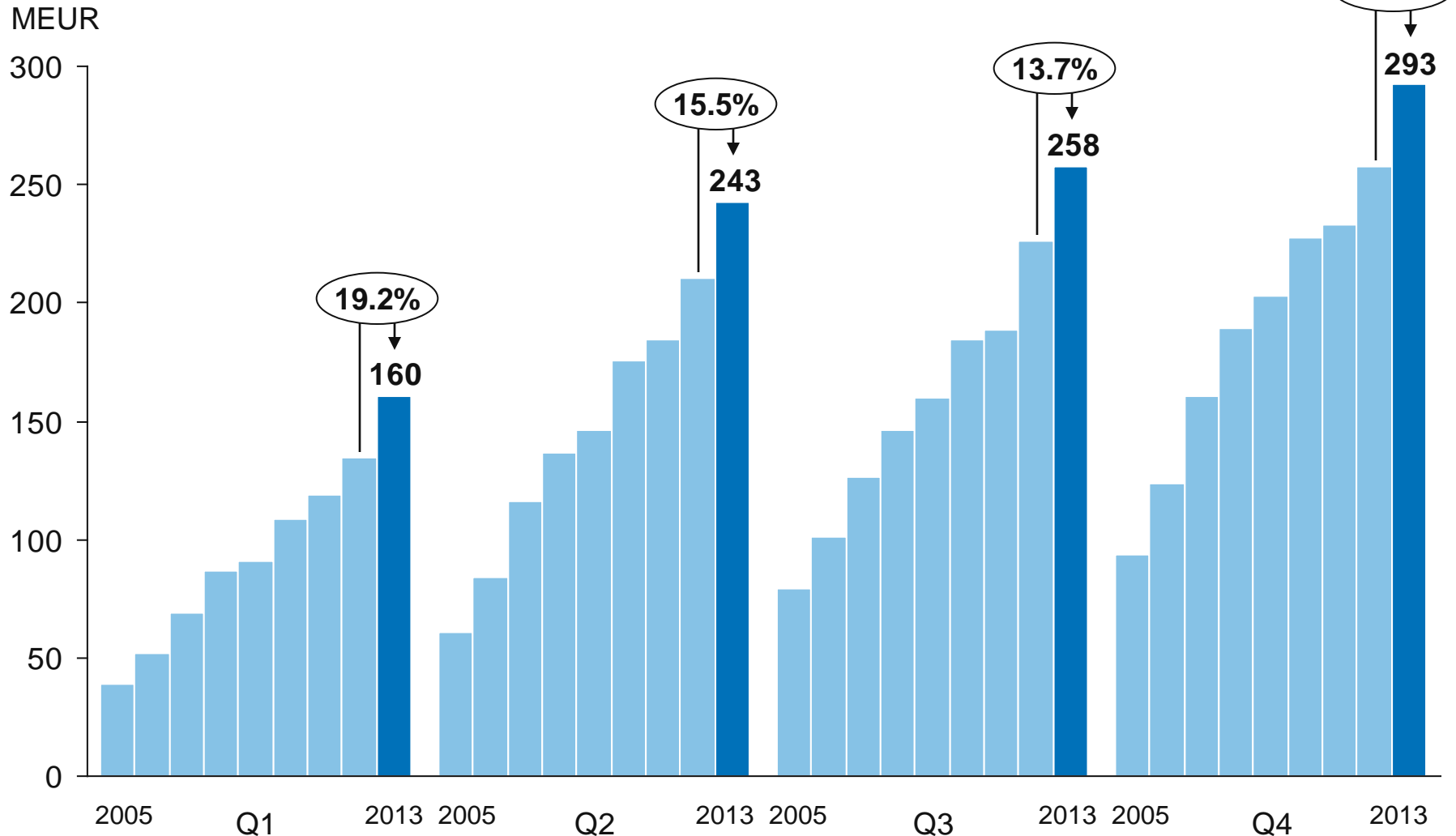
# Orders received: Clearly faster growth than market growth



# Sales: Very strong growth in new equipment and good growth in maintenance – modernization sales declined slightly



# Operating income: Growth driven by excellent development in new equipment in Asia-Pacific and a good global development in maintenance



Operating income excluding one-time items. Comparative figures for 2012 have been restated according to the revised IAS 19 'Employee Benefits'.

# Q4 2013 Market in the EMEA region: New equipment demand was stable



## New equipment markets

- In Central and North Europe, the market declined slightly.
- In South Europe, demand continued to decline.
- In the Middle East and Turkey, demand continued to grow.

## Modernization markets

- The market grew somewhat in Central and North Europe, but remained weak in South Europe.

## Maintenance markets

- The market grew, although with significant variation between countries. The pricing environment remained characterized by very intense competition, particularly in South Europe and also in some Central and North European markets.

# Q4 2013 Market in North America: Growth continued in the markets of all businesses



## New equipment markets

- In the United States, growth continued driven by the residential and office segments.
- In Canada, the market was stable.
- In Mexico, demand declined.

## Modernization markets

- The market grew slightly.

## Maintenance markets

- The market continued to grow, but price competition remained intense, particularly in the non-residential segments.

# Q4 2013 Market in Asia-Pacific: Growth across the region, accelerated growth in China



## New equipment markets

- In China, the market growth accelerated.
- In India, market growth continued driven by the residential segment and strong activity in large projects.
- In Australia, demand was stable.
- In Southeast Asia, markets grew somewhat.

## Modernization markets

- The modernization market in Australia was stable.

## Maintenance markets

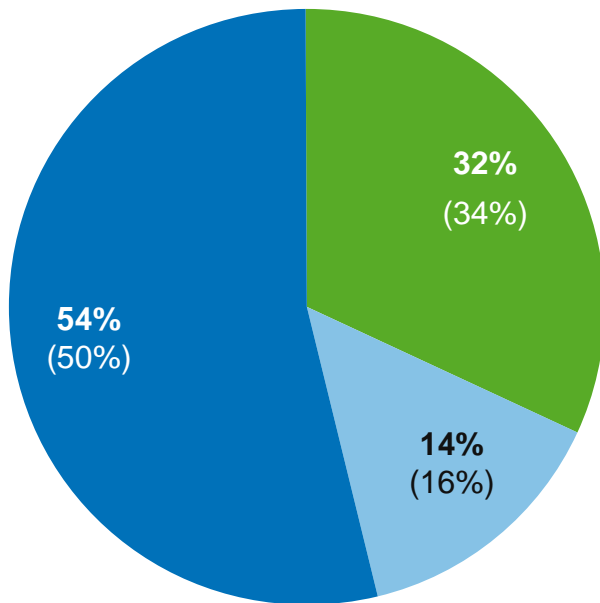
- The market continued to grow.



# 2013: The share of new equipment grew to 54% of sales and the share of Asia-Pacific to 38% of sales

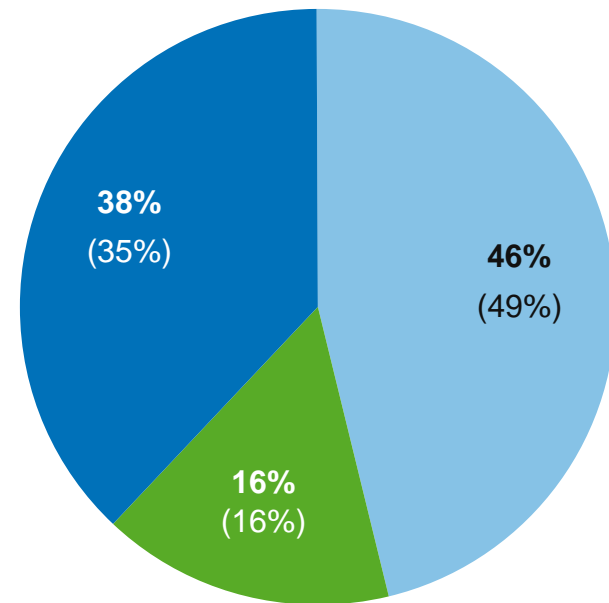


## Sales by business



- Maintenance
- Modernization
- New equipment

## Sales by market

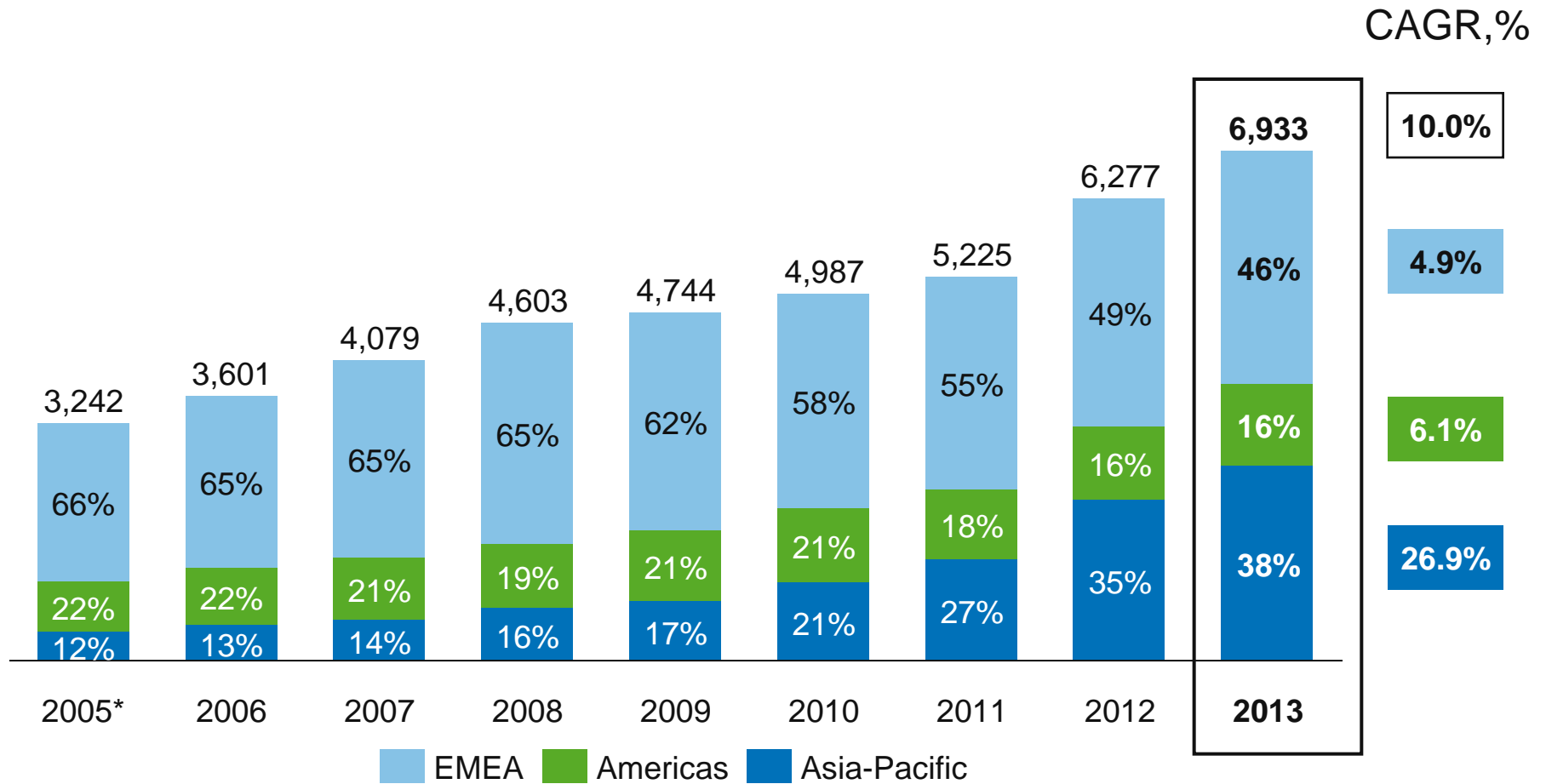


- EMEA
- Americas
- Asia-Pacific

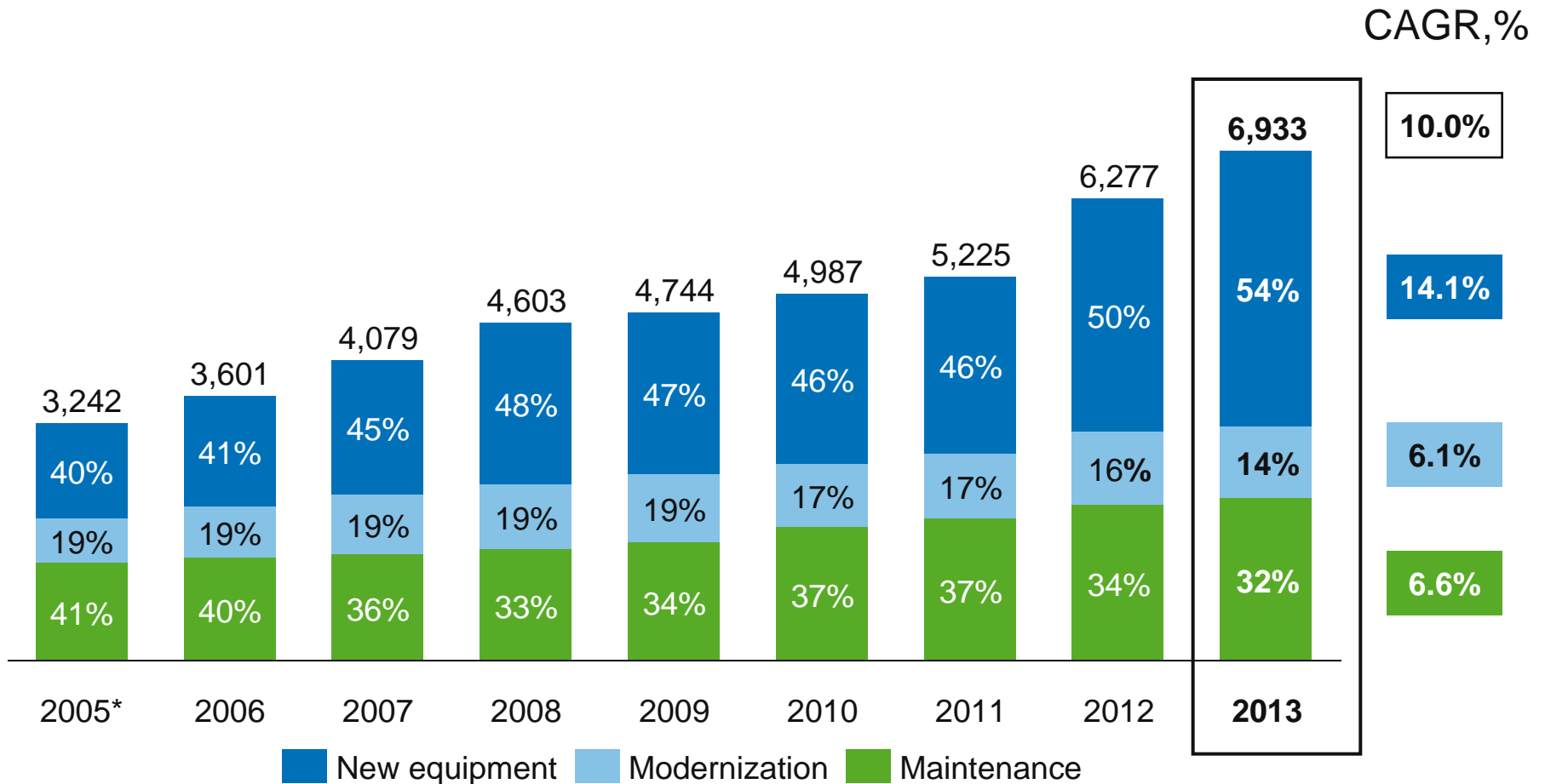
(2012 figures in brackets)

EMEA = Europe, Middle East, Africa

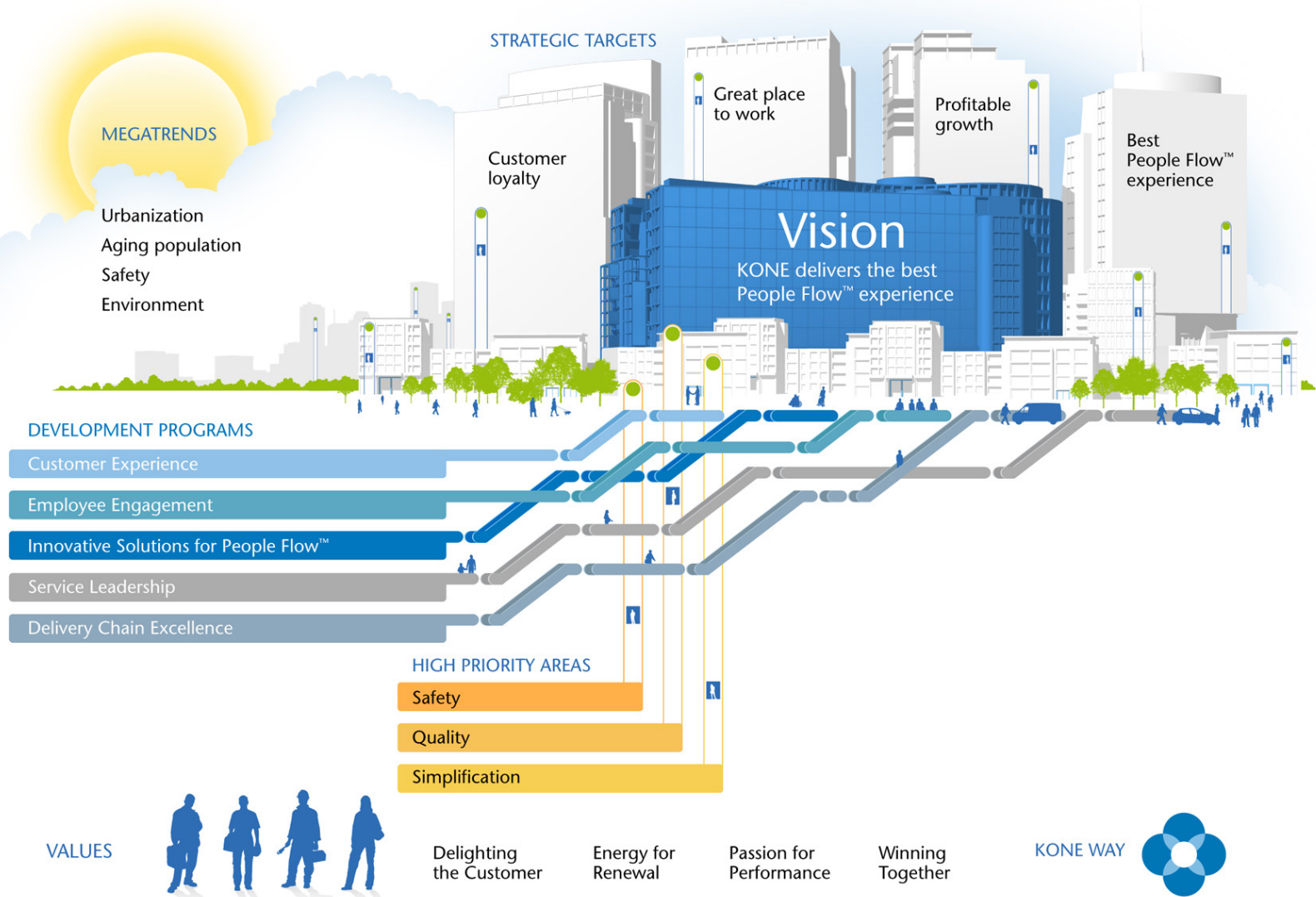
# Sales by market 2005–2013 (MEUR)



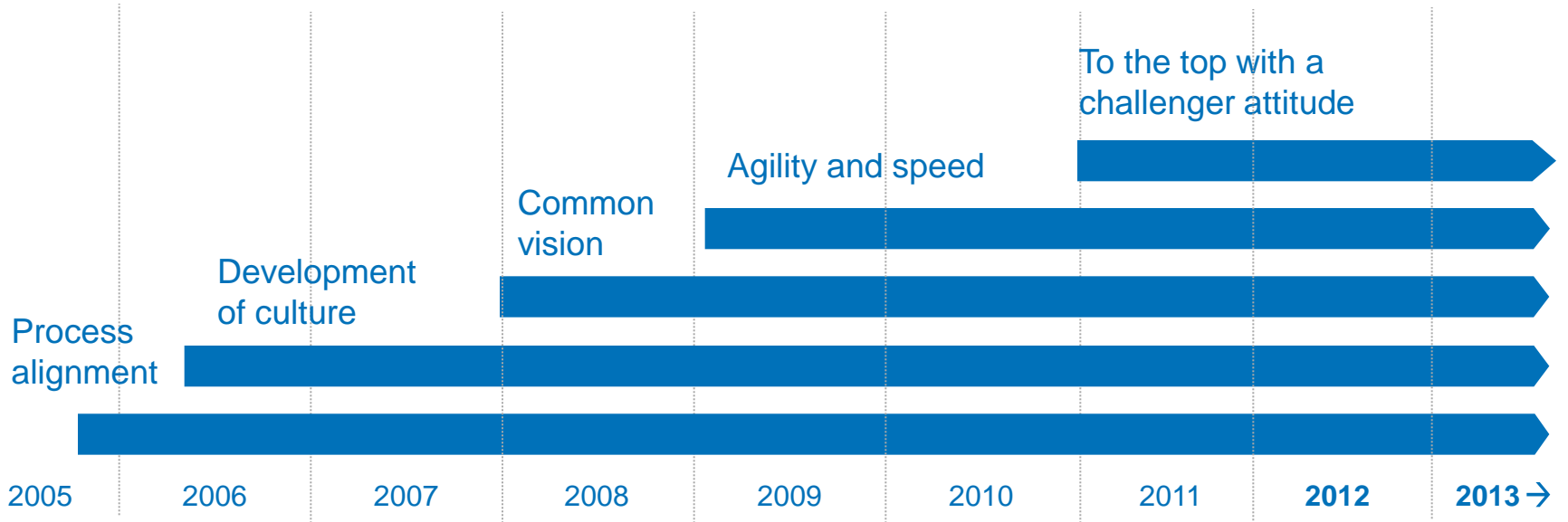
# Sales by business 2005–2013 (MEUR)



# We develop our competitiveness in an active and systematic way



# The Development programs enable our continuous renewal



# Our Development Programs supported our systematic development in 2011–2013



Customer Experience

Improved customer loyalty every year.

Employee Engagement

Improved employee satisfaction every year.

Innovative Solutions  
for People Flow™

Launched new volume elevator offering, escalator offering, KONE People Flow Intelligence solutions and KONE UltraRope™ hoisting technology.

Service Leadership

Developed sales and field competences and the quality and productivity of field operations.

Delivery Chain Excellence

Increased the effectiveness of delivery chain through Lean methods, and improved the supply-demand planning.

# Some key highlights and figures in 2013



## Some highlights in 2013

- Launched KONE UltraRope™ hoisting technology and KONE People Flow Intelligence solutions
- New volume elevator offering's orders and deliveries progressed as planned
- Released new commercial and public transport escalator offering with award winning design
- Third consecutive nomination for the Forbes' list of world's 50 most innovative companies

### New equipment orders received

**~137,000 units**  
(~118,000)

### New equipment units delivered

**~120,000 units**  
(~103,000)

### KONE's global maintenance base

**>950,000 units**  
(>900,000)

# Our progress was good in all five strategic target areas



**Customer satisfaction**

**Employee satisfaction**

**Faster than market growth**

**Financial performance versus competition**

**Sustainability**





# To accelerate our development, we have chosen five new Development Programs for 2014–2016



## First in Customer Loyalty

Improve our customer service and communication for increased loyalty.

## A winning team of true professionals

Ensure we have a committed and competent employee in every job.

## The Most Competitive People Flow® Solutions

Further develop the competitiveness of our products.

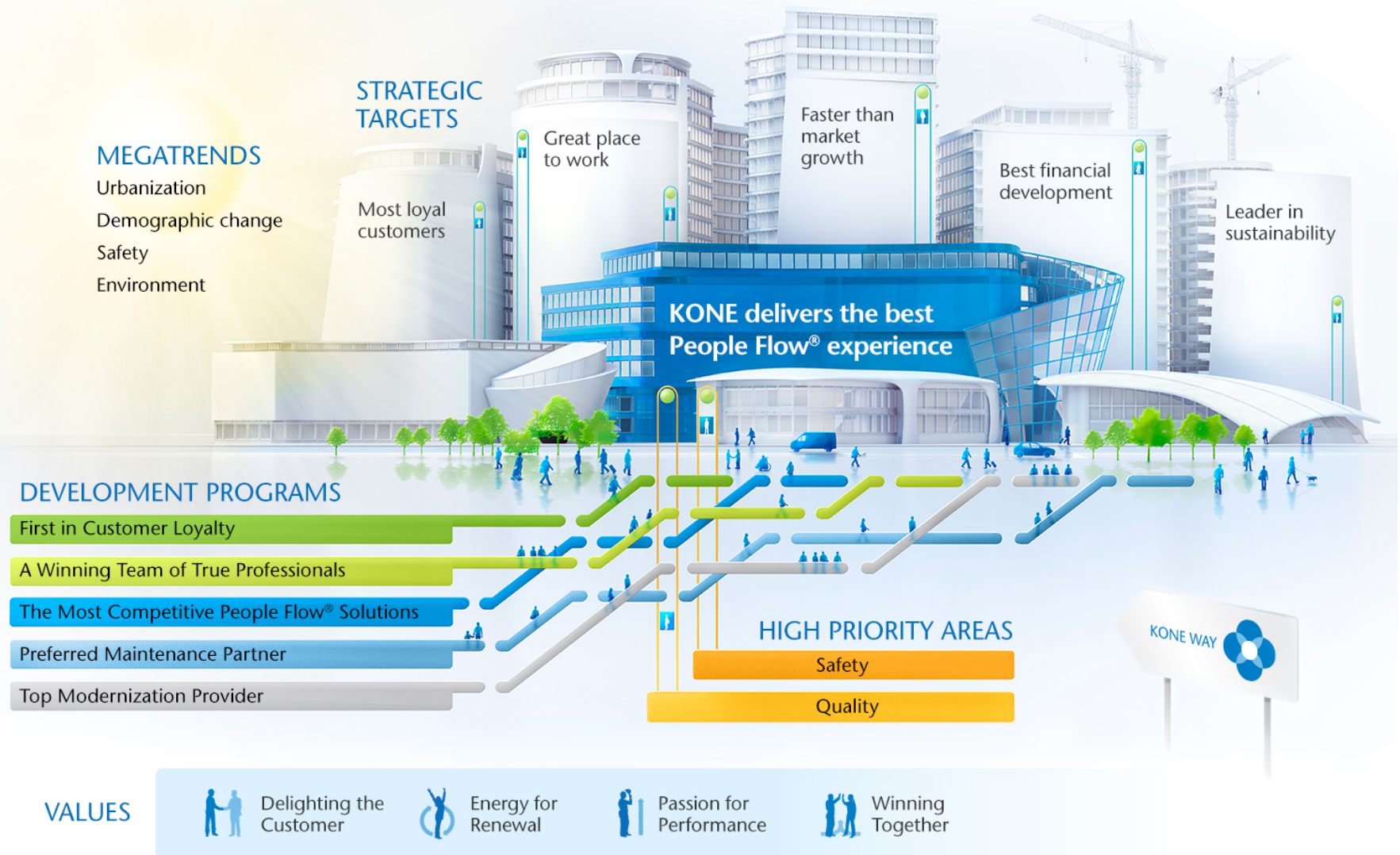
## Preferred Maintenance Partner

Drive the profitable growth of our maintenance base.

## Top Modernization Provider

Accelerate the development of our modernization business.

# We continue to systematically develop our business towards our vision





## New equipment markets

- The market in Asia-Pacific is expected to grow clearly. The market in China is expected to grow by approximately 10%.
- The market in the EMEA region is expected to grow slightly, with relatively stable demand in Central and North Europe, a further slight decline in South Europe, and a growing demand in the Middle East.
- The market in North America is expected to continue to grow.

## Modernization markets

- The modernization market is expected to grow slightly.

## Maintenance markets

- The maintenance market is expected to develop rather well in most countries.



## Sales

- KONE's net sales is estimated to grow by 6–9 % at comparable exchange rates as compared to 2013.

## Operating income

- The operating income (EBIT) is expected to be in the range of EUR 980–1,050 million, assuming that translation exchange rates do not materially deviate from the situation of the beginning of 2014.



*Dedicated to People Flow™*

