

A group of five people are standing in a modern office hallway with glass walls. From left to right: a man in a pink shirt (partially visible), a man in a blue striped shirt, a woman in a green and yellow saree, a man in a light blue shirt and dark tie, and a woman in a red dress. They are all smiling and appear to be in a friendly conversation. The hallway has a metallic railing and a sign on the wall that says "KONE" and "14 PERSONS".

KONE CMD 2013

Further strengthening KONE's market share in Asia-Pacific and the Middle East

Noud Veeger, Executive Vice President, Asia-Pacific and the Middle East
September 24, 2013

Agenda

The background of the slide is a low-angle photograph of several tall skyscrapers with glass facades, reaching towards a clear blue sky. The buildings are the primary visual element, with the text boxes overlaid on them.

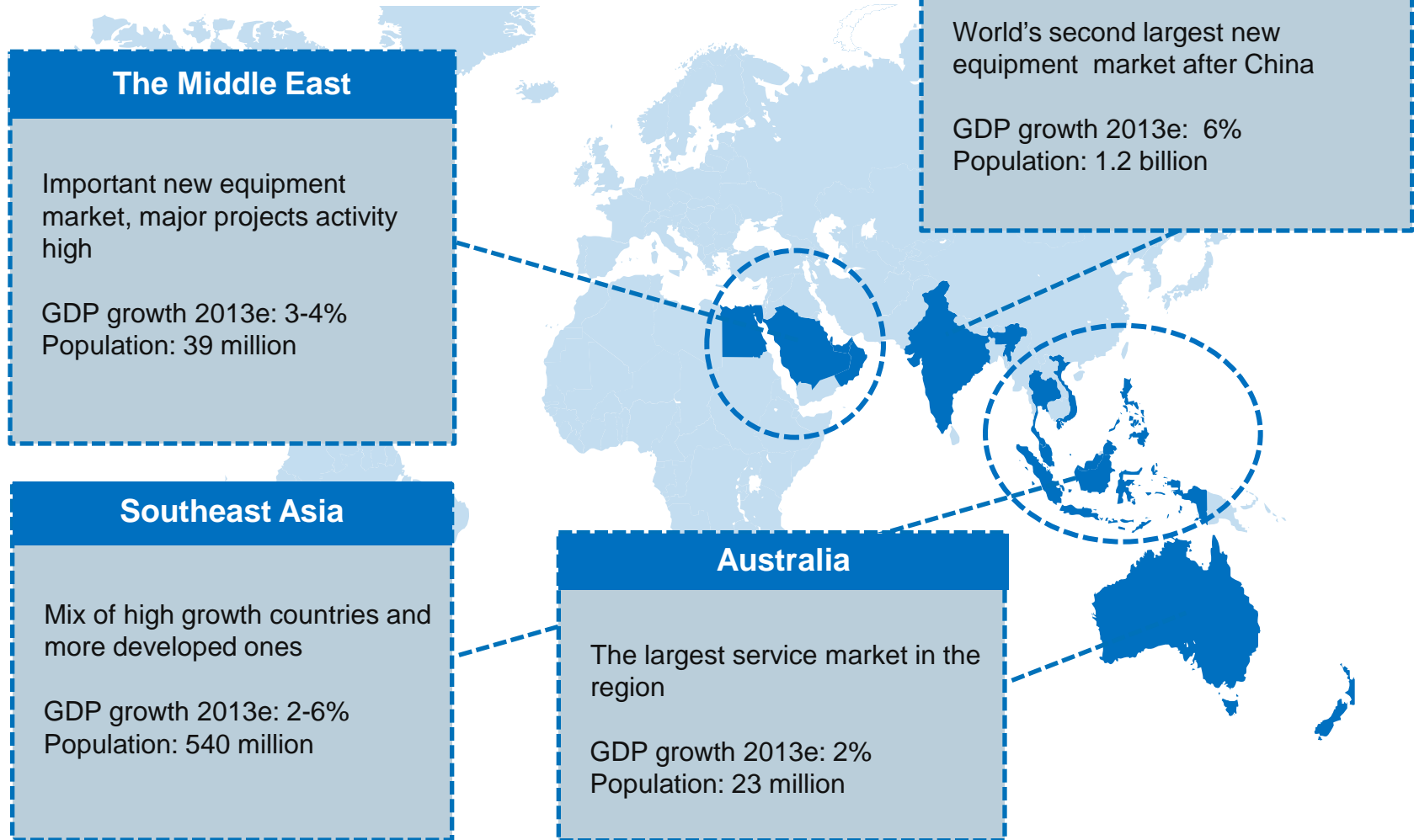
→ Overview of Asia-Pacific and the Middle East

→ India, Southeast Asia and Australia

→ Middle East

→ Developing KONE further in the region

Asia-Pacific and the Middle East present a variety of different opportunities

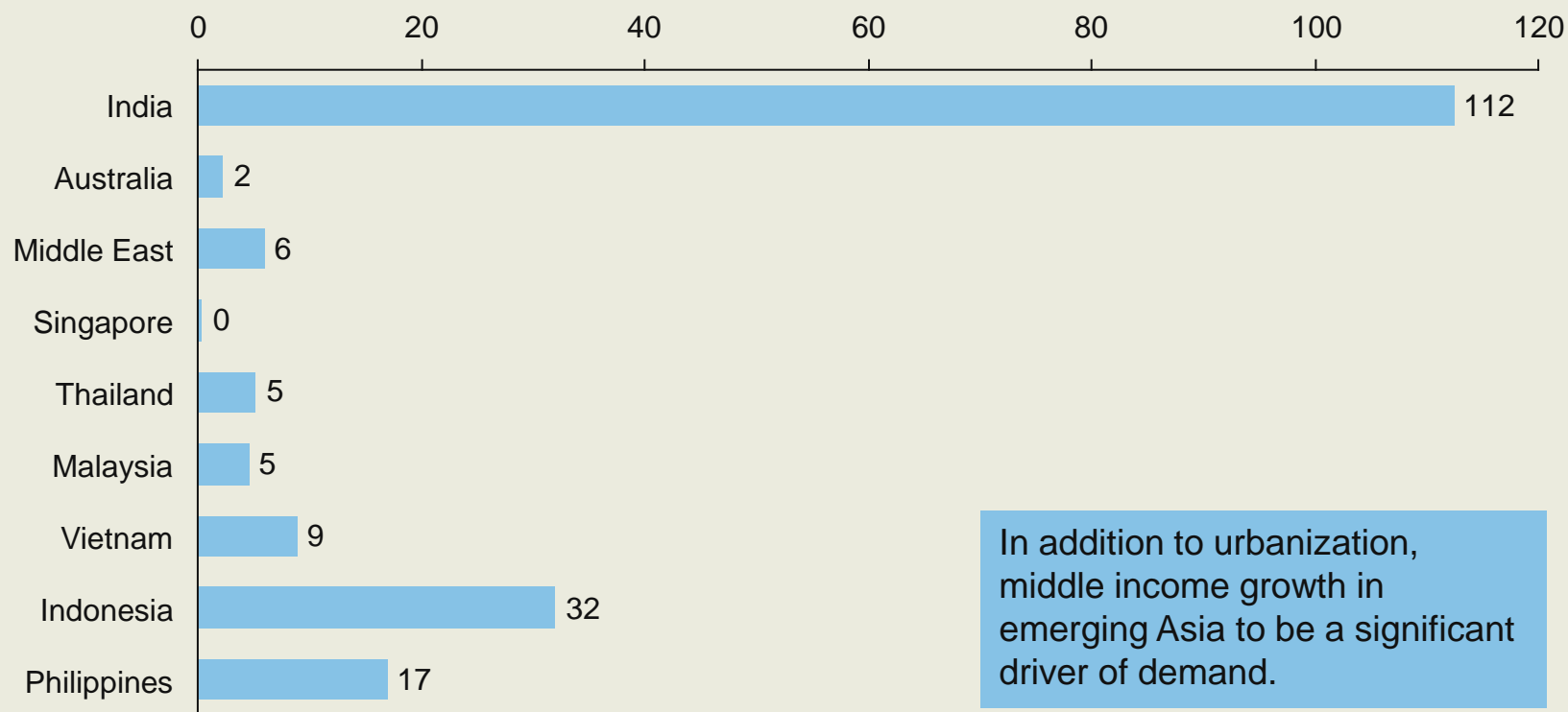


The region comprises a diverse set of markets from mature urban to emerging



Urban population growth

Growth, millions of people, 2013-2023E



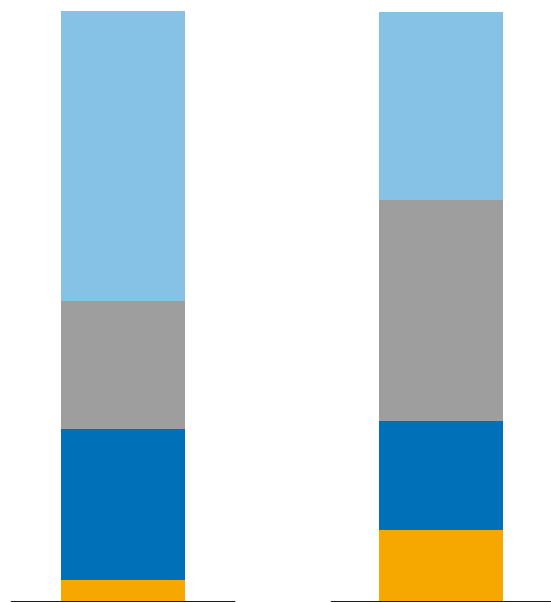
In addition to urbanization, middle income growth in emerging Asia to be a significant driver of demand.

There are highly interesting opportunities both in new equipment and service



E&E market in APAC and Middle East region

New equipment units Units in operation



2012



Please note: data is indicative only. Based on KONE estimates.

Middle East: Saudi Arabia, Qatar, Dubai, Oman, Abu Dhabi, Bahrain and distributors
Southeast Asia: Indonesia, Vietnam, Malaysia, Singapore, Thailand and Philippines.

We are targeting to continue faster than market growth in Asia-Pacific and the Middle East



Market positions in new equipment

Country	2009	2012
India	shared nr. 2	nr. 1
Southeast Asia	nr. 3	nr. 2
Australia	shared nr. 1	shared nr. 1
Middle East	nr. 3	nr. 1

- Expand coverage of selected market segments
- Target market share gains in growth markets
- Improve value proposition in the high-rise segment



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Overview of Asia-Pacific and the Middle East

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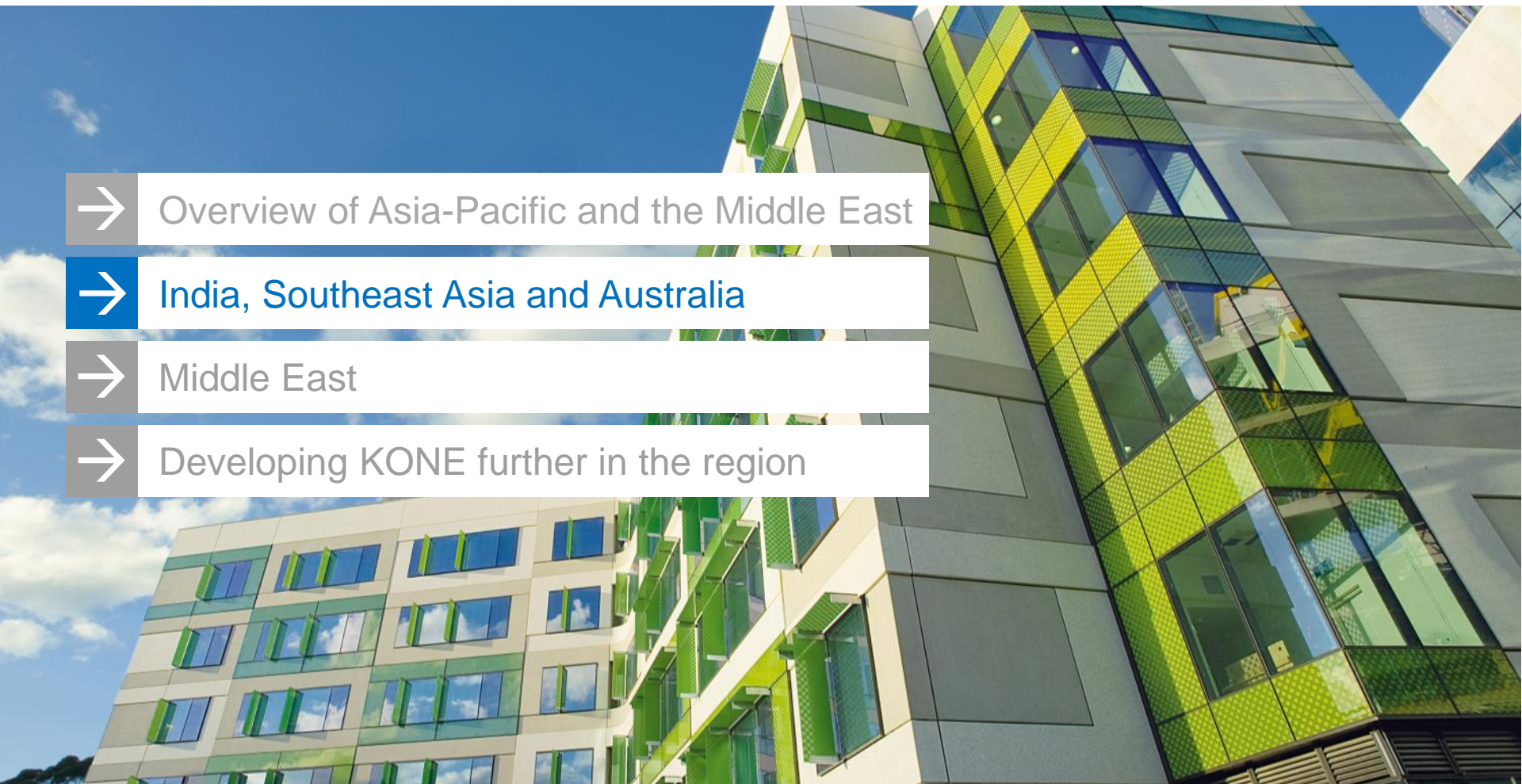
India, Southeast Asia and Australia

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Middle East

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Developing KONE further in the region



We have a solid position in India and we aim to grow further

Priorities in India

New equipment

- Most important segments: residential and infrastructure
- Solutions for local requirements in different segments
- Deepening market presence with branch expansion
- Training of new equipment sales teams, actions to counter high market attrition

Service

- Growing market share following leading share in new equipment
- Increasing productivity further
- Training of service technicians, actions to counter high market attrition

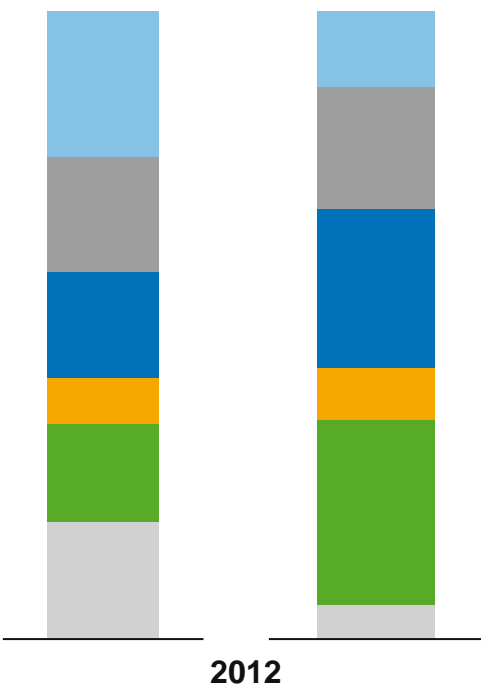
Talent management

The Southeast Asian opportunity in perspective: Indonesia represents the highest growth potential



The Southeast Asian E&E market

New equipment units Units in operation



- Indonesia
- Singapore
- Thailand
- Malaysia
- Philippines
- Vietnam

Indonesia

- Strong urbanization driving the market
- E&E market still relatively small compared to total construction

Malaysia, Singapore, Philippines

- High level of urbanization
- Good activity in both the volume and major projects segments

Thailand and Vietnam

- Still predominantly rural
- Market opportunities particularly in the residential and infrastructure segments

Please note: data is indicative only. Based on KONE estimates.
Construction market size and E&E market size estimates based on KONE analysis and IHS Global Insight

We actively expand our presence in Indonesia and increase our sales efforts in Malaysia



Priorities in Malaysia and Indonesia

Continue increasing sales activity

- We have already strongly grown market share

Malaysia

- Expand major project activity

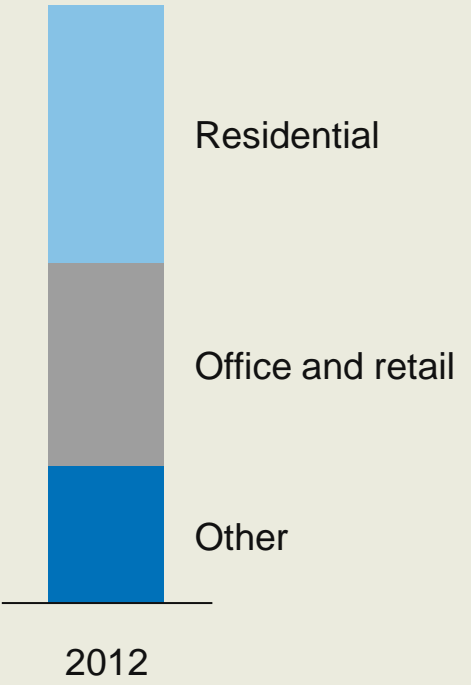
Indonesia

- Active work to expand our presence through expansion of branch network

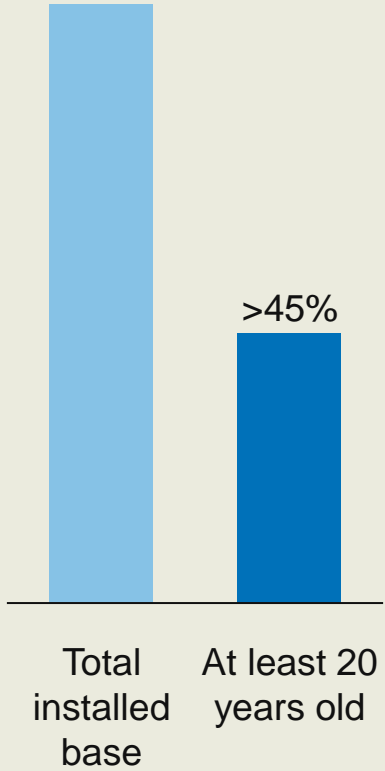
Australia is the most mature market in Asia-Pacific with attractive service opportunities



The Australian new equipment market offers good opportunities...



...and the installed base has high potential for modernization; over 45% is over 20 years old



The background of the slide is a photograph of a city skyline at night. Several tall skyscrapers are visible, with their windows illuminated from within, creating a warm glow against the dark blue night sky. The buildings vary in height and architectural style, with some featuring curved facades.

→ Overview of Asia-Pacific and the Middle East

→ India, Southeast Asia and Australia

→ **Middle East**

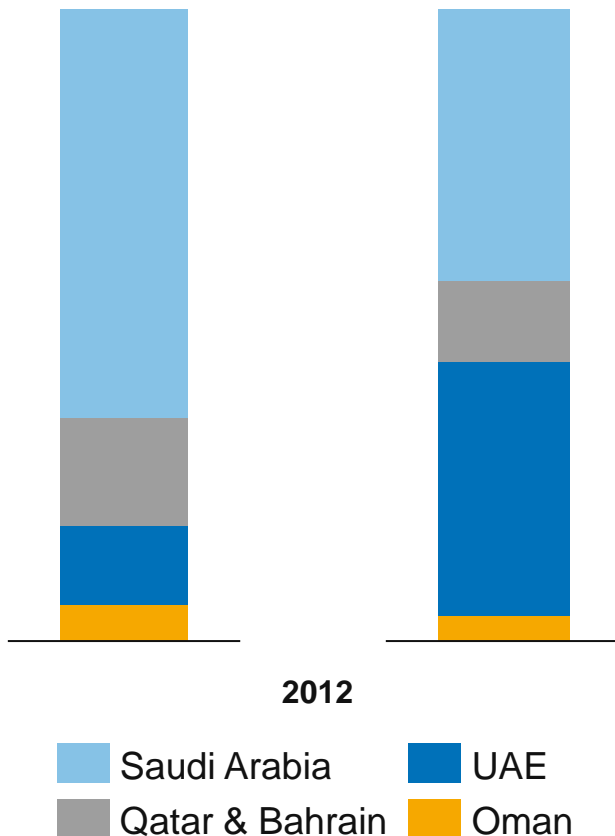
→ Developing KONE further in the region

Saudi Arabia is the largest new equipment market in the Middle East



New equipment market (units)

E&E units in operation



Market development and drivers

- **Saudi Arabia:** new equipment market growing driven by high construction activity in both the volume and major projects segments
- **United Arab Emirates:** market weakened in the financial crisis, but has been recovering, particularly in the hotel and retail segments
- **Qatar:** market has developed well
- The Middle East is one of the most important high-rise markets in the world:
 - 2012: 16 buildings over 200m tall completed
 - 2013-2016: 36 more planned to be completed

Our strengths and opportunities in the Middle East region



KONE presence in the Middle East

- Own operations in UAE, Oman, Qatar, Bahrain
- JVs in Saudi Arabia and Egypt
- Distributors serving several countries

- Middle East accounts for <5% of KONE's global sales today

Priorities in the Middle East

- Further capitalize on strengths in new equipment: excellent competitiveness on the high-rise segment; international brand and reputation

- Grow market share in service, focus on further training of technicians

**Royal Clock Tower
Hotel – Saudi Arabia**



KONE has been successful in high rise in the Middle East and globally

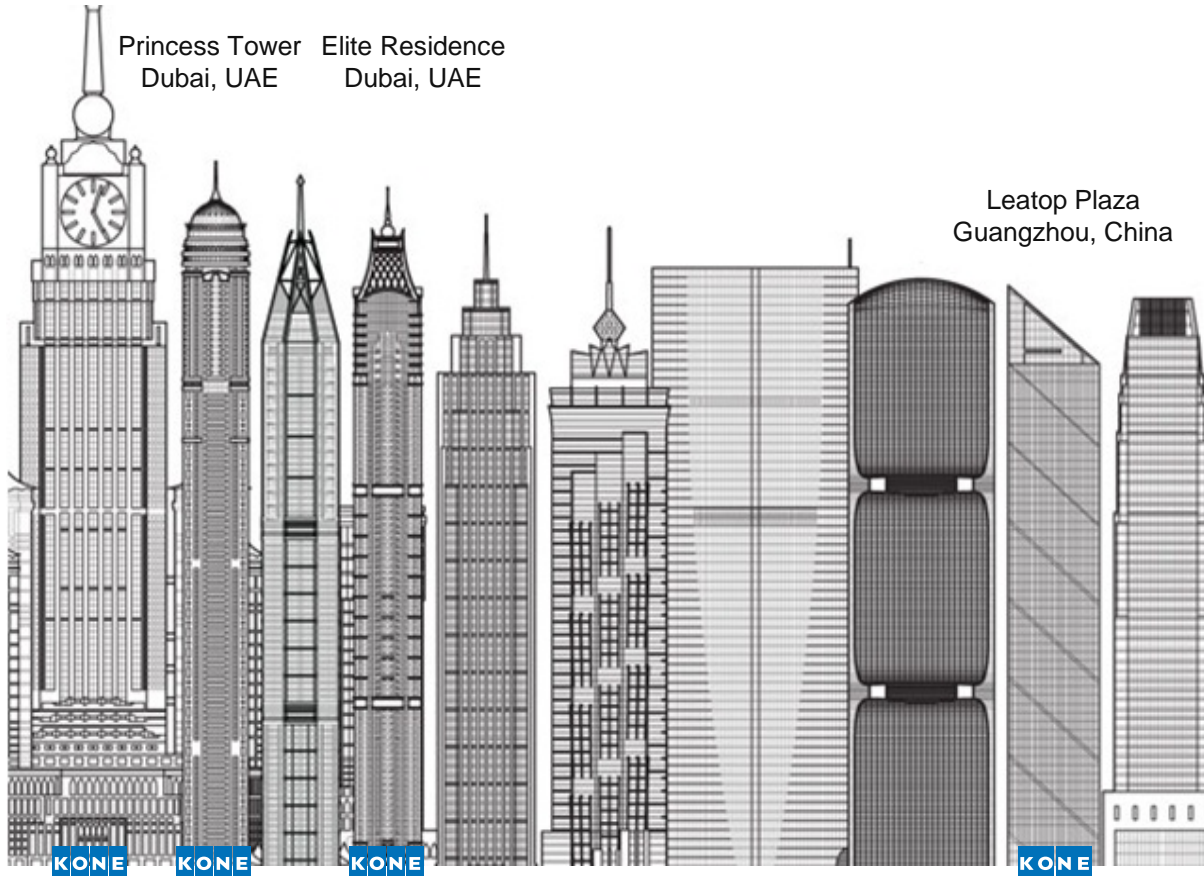


10 TALLEST BUILDINGS COMPLETED IN 2012

Makkah Clock Tower
Makkah, Saudi
Arabia

Princess Tower Elite Residence
Dubai, UAE Dubai, UAE

Leatop Plaza
Guangzhou, China



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Overview of Asia-Pacific and the Middle East

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India, Southeast Asia and Australia

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Middle East

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Developing KONE further in the region

Developing KONE further in Asia-Pacific and the Middle East



Key focus areas going forward

<p>New equipment</p>	<ul style="list-style-type: none"> ▪ Ramp-up of new volume elevator offering ▪ Installation productivity ▪ Training of salespeople 	<p>Talent management</p> <p>→ Employee engagement</p> <p>→ Focused training of personnel</p>	<p>Responding to challenges from currency movements and inflation</p> <p>→ Pricing excellence</p> <p>→ Productivity of operations</p> <p>→ Contractual terms</p>
<p>Maintenance</p>	<ul style="list-style-type: none"> ▪ Grow the business through conversions and high retention ▪ Develop competences of field personnel ▪ Quicker follow-up cycles 		
<p>Modernization</p>	<ul style="list-style-type: none"> ▪ Growth opportunities in Australia and emerging markets 		



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