

KONE Europe

Nicolas Alchal, Executive Vice President, Europe
KONE Capital Markets Day 2024

27 SEPTEMBER 2024

KONE CAPITAL MARKETS DAY 2024 © KONE CORPORATION

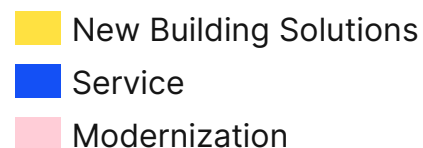
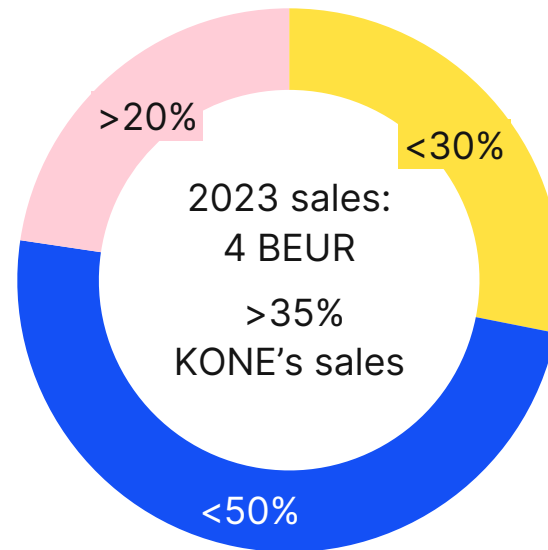
Dedicated to
People Flow™

KONE in Europe

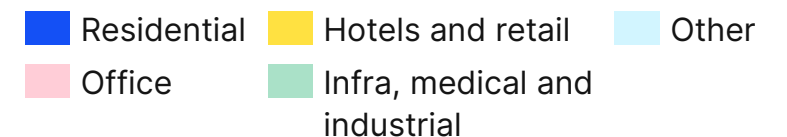
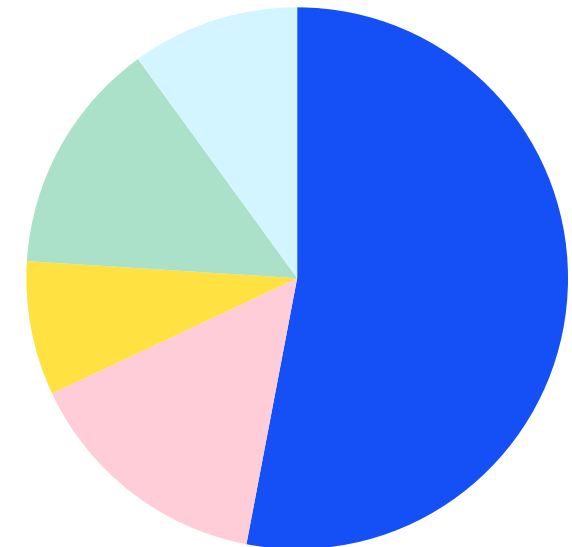
Market characteristics

- With 37 countries, one of the most mature markets with a large and old installed base
- Fragmented service market; ~40% of market for independent service providers
- KONE #2 in New Building Solutions and #3 in Service

Sales split by business 1-12/2023

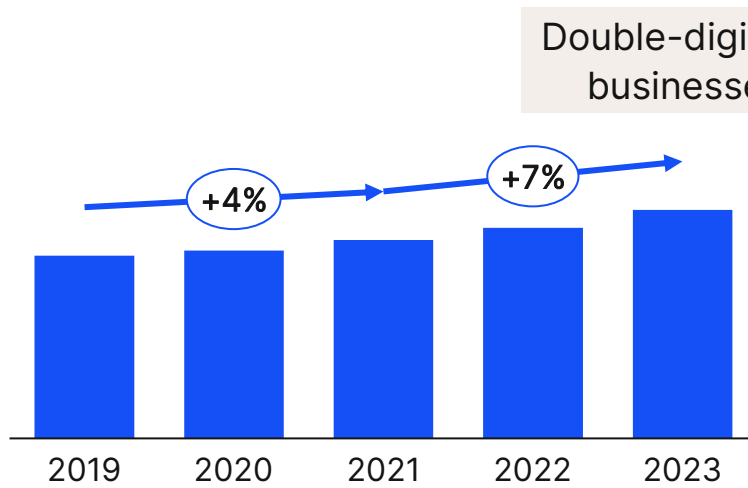


Customer segment split KONE's indicative exposure

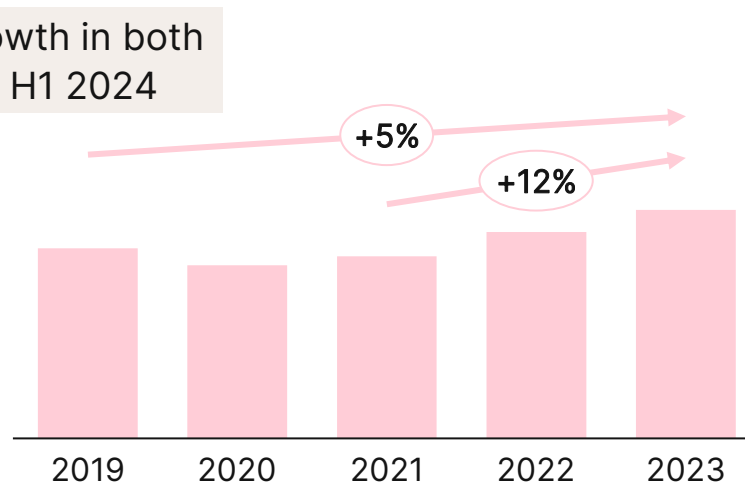


Growth driven by Service and Modernization

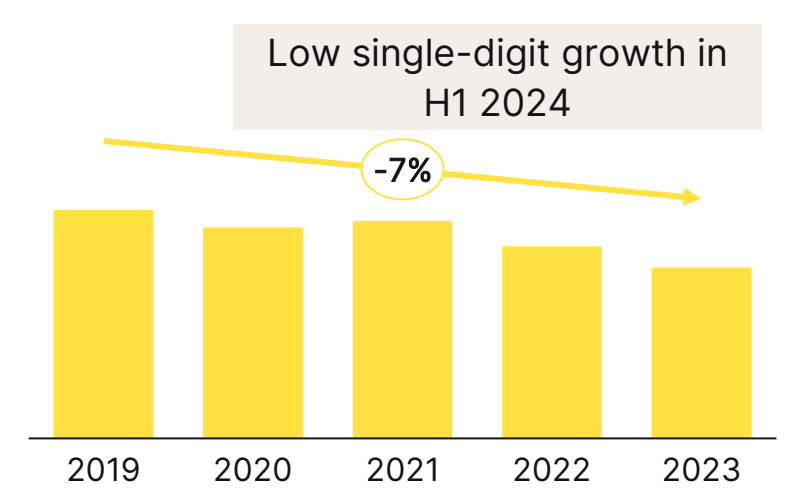
Service
Sales, MEUR



Modernization
Orders received, MEUR



New Building Solutions
Orders received, MEUR



Europe market outlook 2024

+

++

stable

Rise to lead

#1 for Employees & Customers • Innovation & Sustainability • Growth & Profitability



**Accelerate
Digital**



**Drive
Modernization**



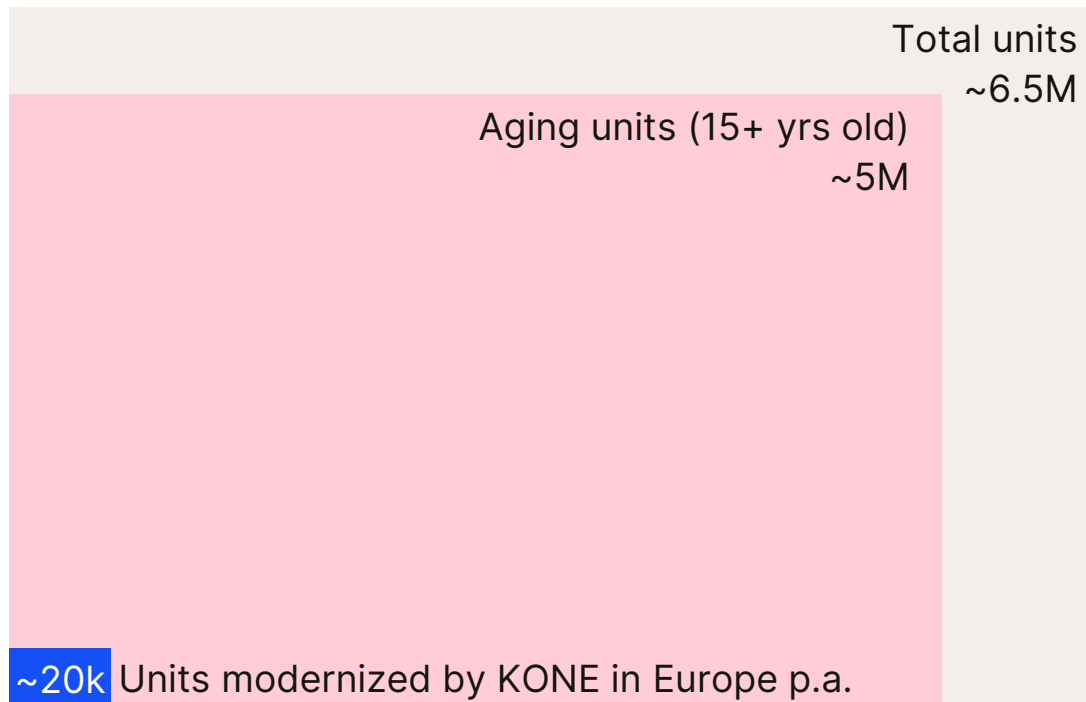
**Win
Residential**



**Cut
Carbon**

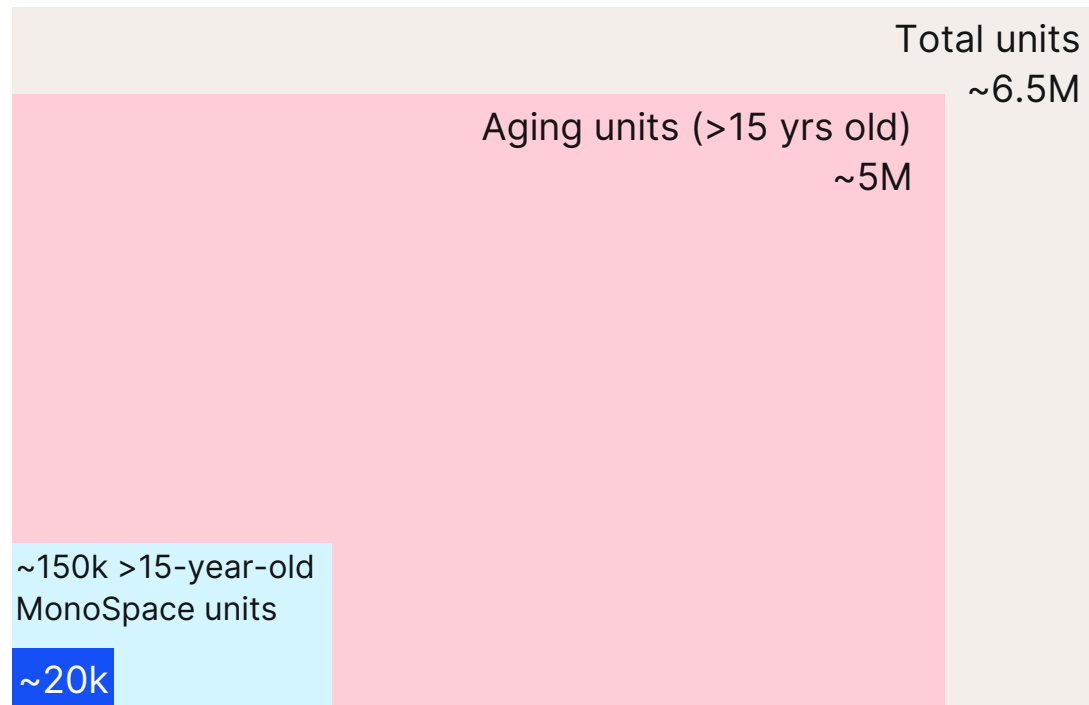
Core: Easiest to work for and work with

Modernization will take over as the growth engine in Europe



- Very old installed base with accumulated modernization debt – e.g. in Italy >40% of the installed base >30 years old
- Strong sustainability agenda
 - EU aims at 55% reduction in greenhouse gas emissions by 2030 and climate-neutrality by 2050
 - 112 cities have committed to net zero by 2030
 - Approx. 10-20% of buildings in Europe have a green building certification

Case: Opportunities in upgrading the first generation of MonoSpace elevators in Europe in a sustainable way



Units modernized by KONE in Europe p.a.

Significant opportunity

- The shift towards machine room-less platforms started in 1996 with the introduction of KONE MonoSpace
- ~150k +15-year-old KONE MonoSpace units in Europe

KONE MonoSpace Upgrade

- Upgrades that are attractive alternatives to a brand-new elevator, with the latest on technology, sustainability, and design
- ~50% lower carbon emissions vs. full replacement
- Easy and fast solution to customers: tendering from hours to minutes, delivery from weeks to days
- Already several thousands of MonoSpace upgrades sold

Digital as an accelerator for European Service growth

More customer value and better customer experience

- Opportunity to improve both conversion and retention rates
- Wins from outside our Service base by modernizing elevators for digitally enabled service

Bolt-on acquisitions to complement

- ~40% of service market today with thousands of independent service providers
- Bolt-on acquisitions have contributed around 40% of Service unit growth in Europe in 2020-2023

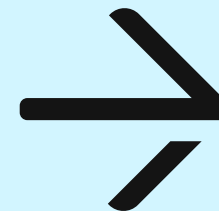
Retention

95%

Competition balance

Neutral

(vs. negative in the past)



**KONE's ambition
for Service
growth in Europe
close to 10%**

Case: Poland – Customer value and productivity hand-in-hand

Today >80% of units connected

24/7 Connected Service

→ Predictability, transparency, service delivery quality

- Retention rate +5pp higher than KONE avg.
- NPS +20%

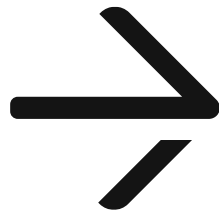
Dynamic scheduling

>80% of units with dynamic maintenance plans

- On-site hours/equipment >-25%
- Number of units/technician >+20%

New remote services

>1,000 units in remote service, allowing e.g. remote resets and rescues



Service profitability

+3pp

Monetary value/service contract

+21%

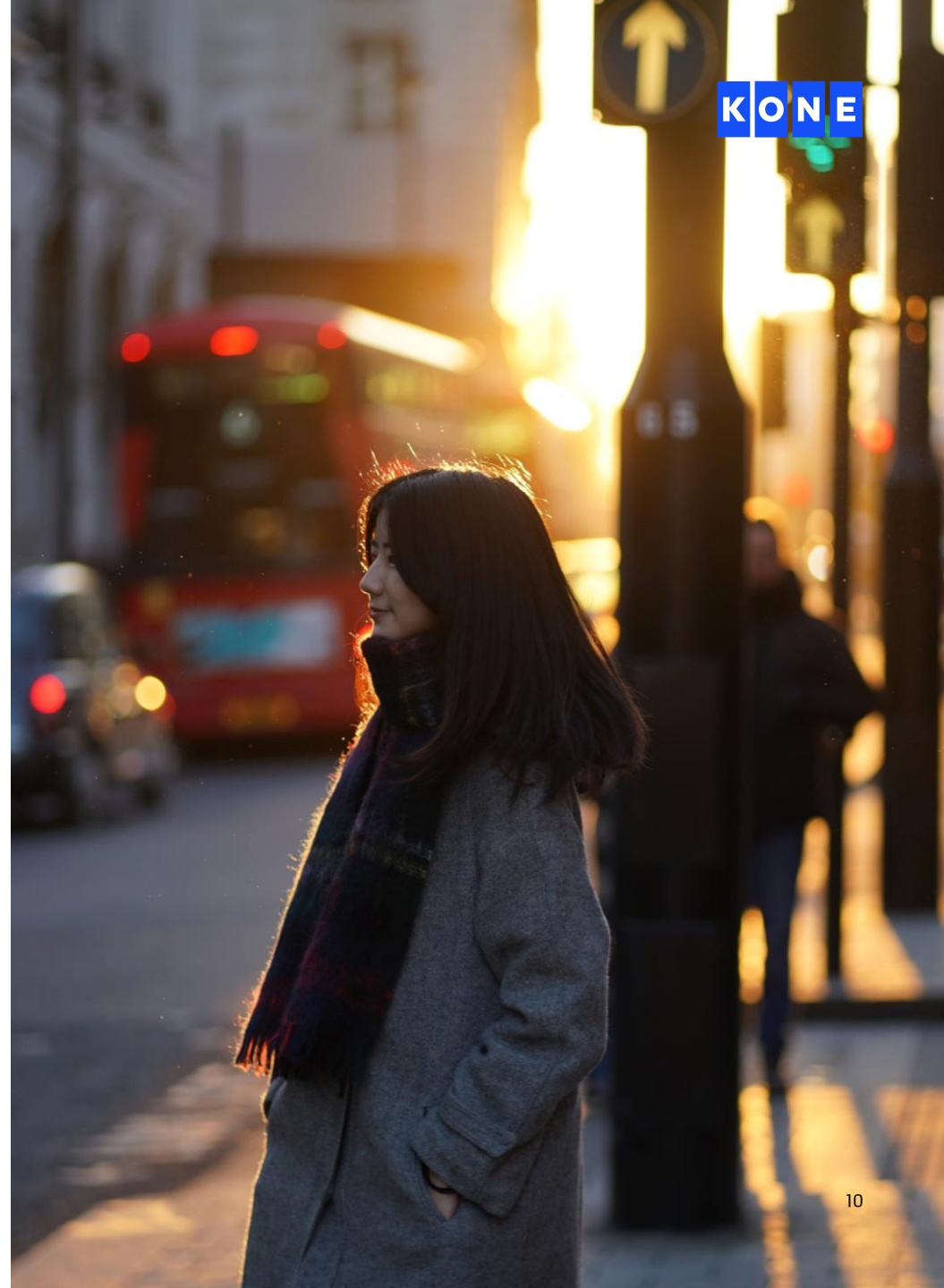
Sales and operations excellence enabling a step-change in profitability

- Focus on improving business performance on region level, where we currently have clear variance in results
- Aim to standardize and cultivate best practices across teams to improve both productivity and pricing
- We are targeting substantial margin uplift from the initiative over the mid-term



Accelerating growth in Service and Modernization...

- Driven by digital, large and old installed base, and strong sustainability agenda
- Targeting mid single-digit+ growth over the next years
- Strengthening our culture with courage, speed, and simplicity



An aerial photograph of a city, likely Helsinki, Finland, showing a dense urban landscape with numerous buildings, streets, and a waterfront area. The sky is a mix of blue and light grey clouds. A large white rectangular box is superimposed over the upper portion of the image, containing the letter 'K'.

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