

KONE Capital Markets Day 2008

Significant growth potential for KONE in Russia

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Significant growth potential for KONE in Russia



Capital City, Moscow

- Rapidly growing economy
- One of the top ten elevator markets
- KONE uniquely positioned to drive growth

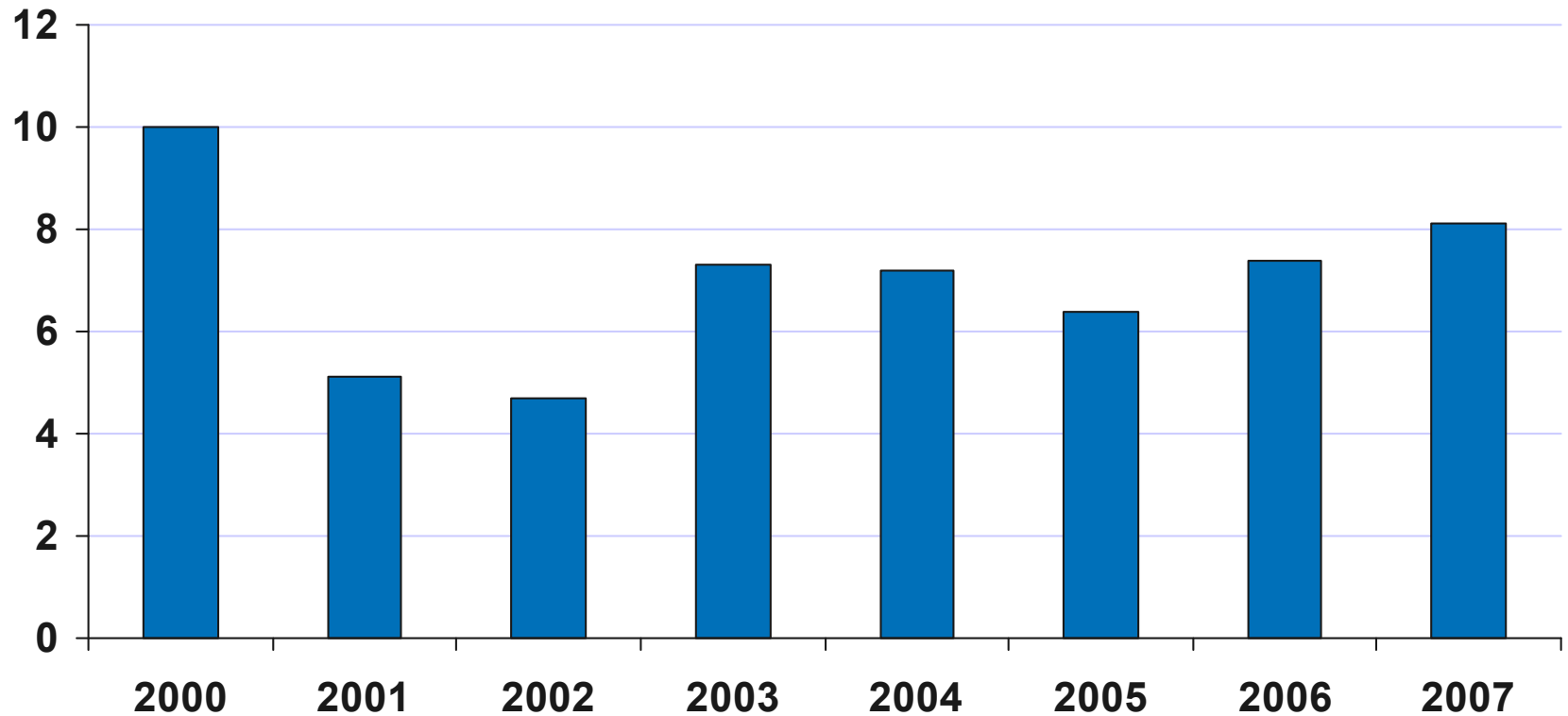
Rapidly growing economy



Antey-III, Yekaterinburg

- Strong GDP growth
- 140 million population – mostly urban
- High disposable income – high consumption

Strong GDP growth



*Note: Real GDP Growth
Source: Bank of Finland*

In addition to Moscow and St. Petersburg there are 11 cities with a population exceeding one million



Source: United Nations Population density and urbanization statistics

Source: United Nations Population Division estimates and projections

High disposable income



MIBC, Moscow

- Unleashed hungry urban consumers
- 13% flat income tax
- Growing middle class
- Demand for quality and brand value

One of the top ten elevator markets



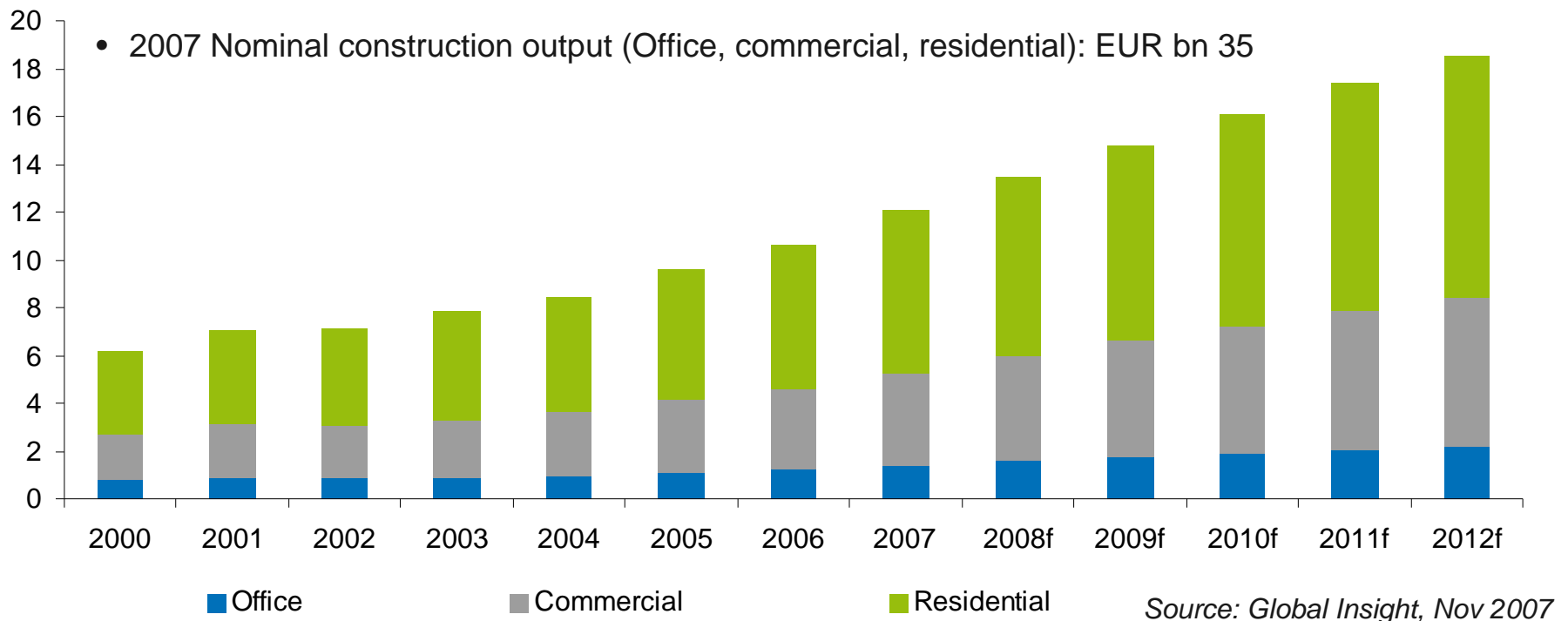
- Huge construction growth
- 450,000 elevators in operation
- Significant residential market

Naberezhnaya Tower,
Moscow

Strong construction growth in Russia is forecasted to continue



Office, commercial and residential construction activity, real EUR bn

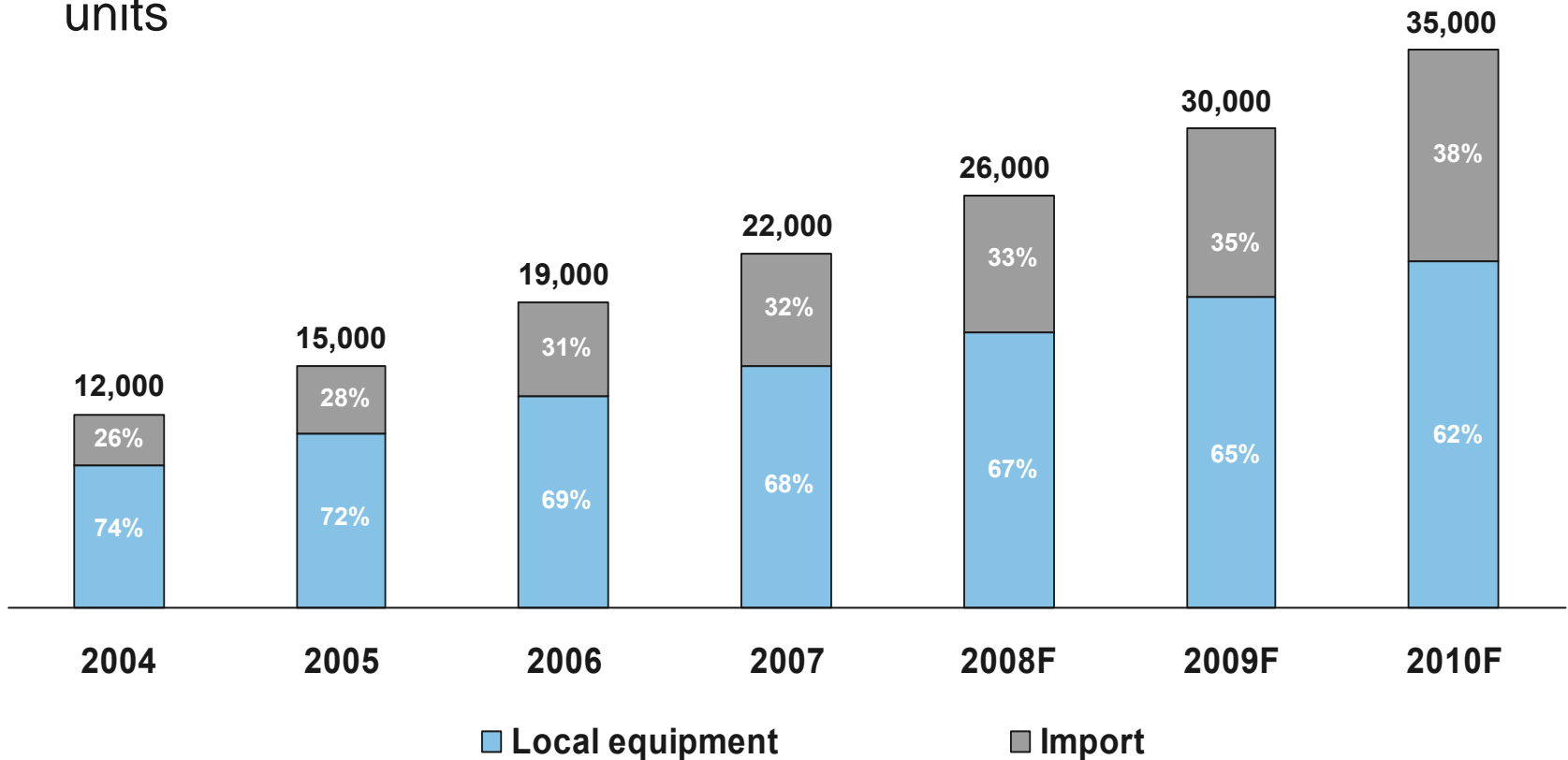


NOTE: The figures presented in the graph are real bn EUR figures, converted from USD 2000 real figures using recent conversion rates

Import elevators are gaining share in the growing Russian elevator market



Russian elevator and escalator market, units

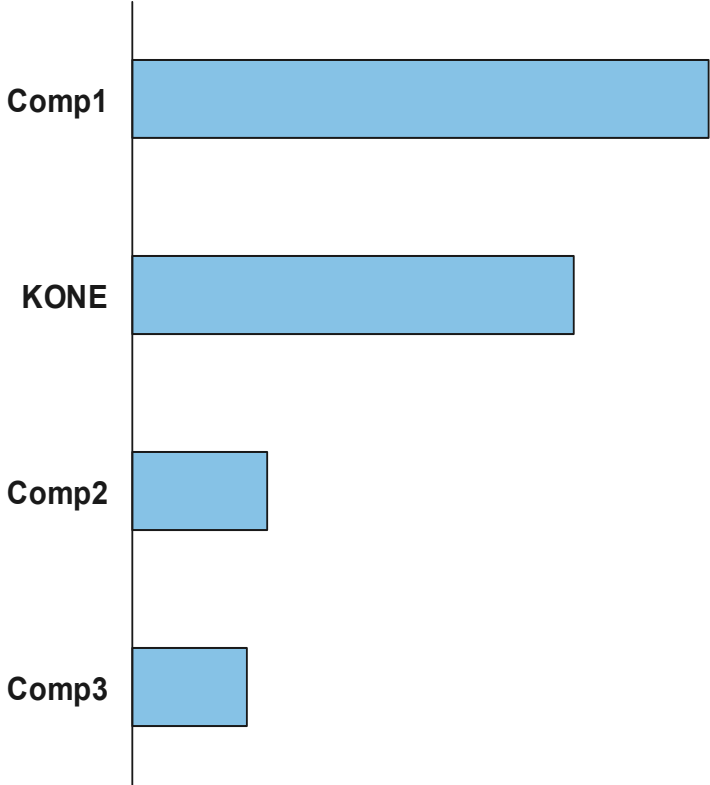
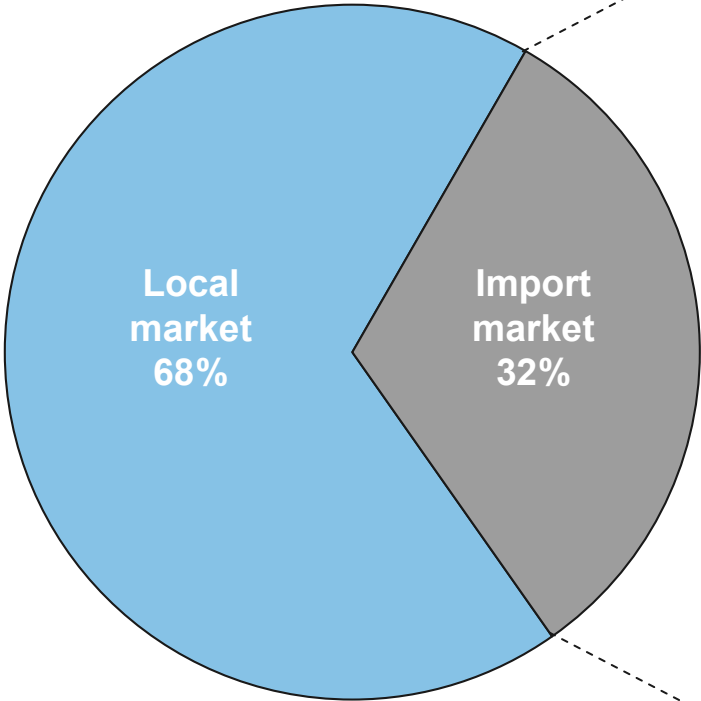


Source: KONE

KONE is one of the two leading elevator companies on the Russian import market

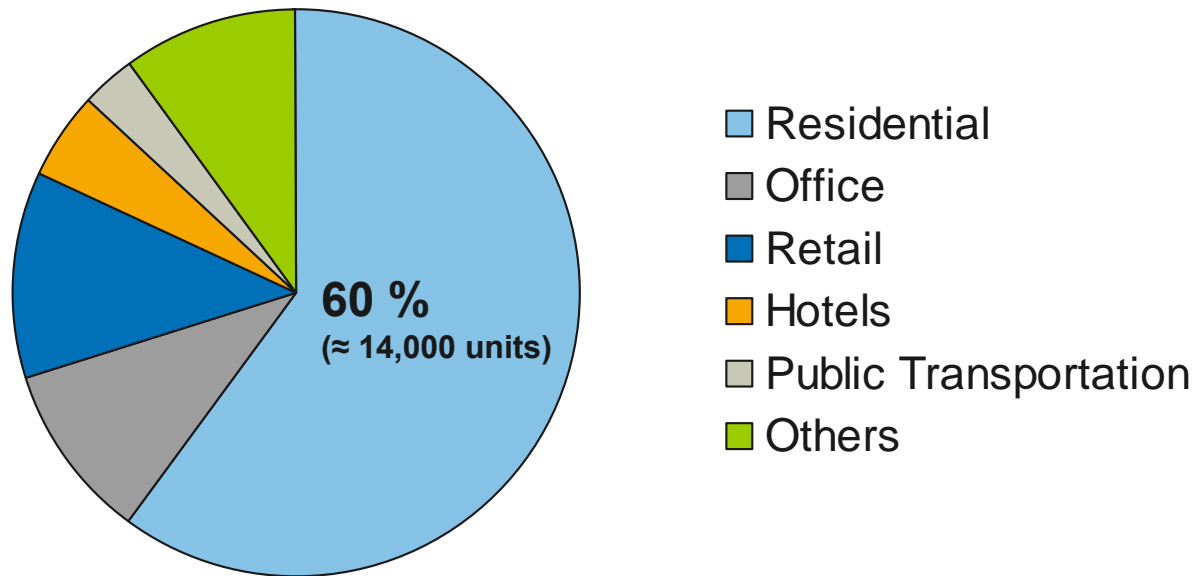


Russian total new equipment market approx. 22,000 units in 2007



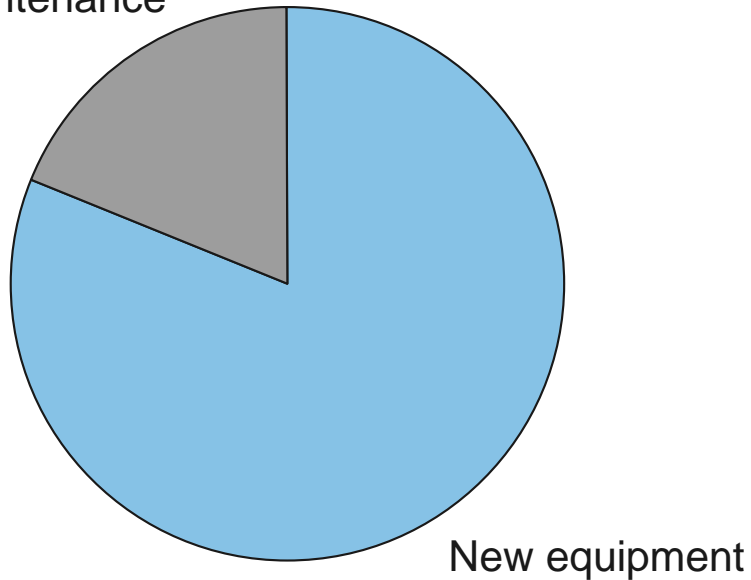
Source: KONE

Residential segment clearly the biggest in units



Split of KONE revenues in Russia 2007

Maintenance



- Small share but growing every year through new installations
- Moscow & St. Petersburg
- Future base for modernization business as market develops

KONE uniquely positioned to drive growth



- Distribution network
- Correct product portfolio for Russian market
- Brand value linked to high quality and class

Imperia Tower, Moscow

KONE history in Russia goes back to the 1930's



- **1935** First elevator deliveries to Russia
- **1971** KONE representative office in Moscow
- **1994** KONE subsidiary in Moscow
- **1995** KONE subsidiary in St. Petersburg
- **2000** Creation of distributor network started
- **2007** Acquisition of JSC Lift RSU-5 in St. Petersburg
- **2008** One of the two leading elevator companies in import segment with over 560 employees, subsidiaries in Moscow and St. Petersburg and 20 distributors covering all major cities

KONE coverage extends to all major cities through 20 distributors



KONE elevator offering covers segments from budget residential to high-rise



Price



KONE EcoDom® 3000

- Machine room elevators
- Sold primarily to Mid-low-price residential segment



KONE EcoDom® 5000

- Machine room elevators
- Sold primarily to Mid-price residential segment



KONE MonoSpace® and KONE MonoSpace® Special

- Machineromless elevators
- KONE MonoSpace® sold primarily to mid-price office and improved residential segment
- KONE MonoSpace® Special sold to High-class residential segment and Office segment



KONE MiniSpace®

- Machine room elevators
- Sold to High-class office segment and High rise residential segment



KONE Alta™

- High rise elevators
- Over 30 floors and 4 m/s and

→ Value

KONE has a number of landmark projects in Russia



Capital City

Moscow



- This 274-meter high complex will be the tallest residential building in Europe
- 73 floors
- 48 elevators with speeds up to 7 m/s
- 4 dual-purpose high-rise double deck elevators
- 6 escalators
- KONE destination control system

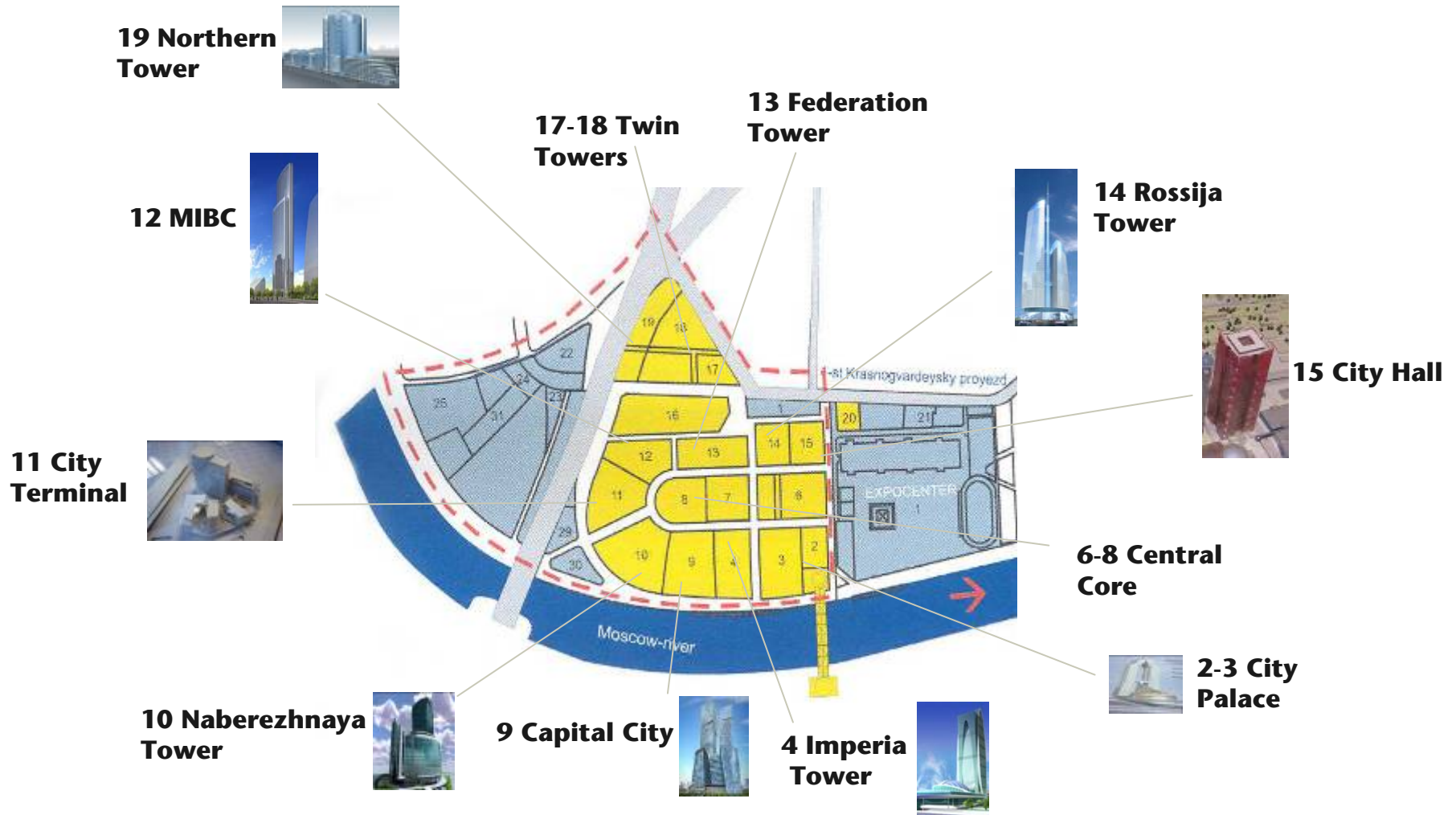
Antey-III

Yekaterinburg



- A first high-rise building in the Ural region
- 50 floors
- 19 elevators with speeds up to 6 m/s
- KONE destination control system

KONE has demonstrated continuous success in winning orders e.g. in the Moscow City project



Future opportunities - construction outlook promises continued growth in Russia



- Residential construction volumes to double, from 40 million m² to 80 million m² in 2007-2012
- Significant replacement plans; 5-storey housing to 25-storey buildings
- Local municipalities plan to move industrial facilities away from city centers and build office, commercial and residential buildings
- Significant number of major projects planned in all major cities
- Olympics in Sochi 2014 bringing further growth

KONE is uniquely positioned to capture the growth opportunities in Russia



- Competitive product portfolio covering most segments
- Positive brand image linked to quality and high class
- Strong local presence

www.kone.com

