

The background of the slide is a photograph of a technician wearing a white hard hat and safety glasses, working on a piece of machinery. The scene is dimly lit with a strong blue color cast. The technician's face is partially visible in the upper left, looking towards the right. The machinery has various components, including a prominent teal-colored part. The overall atmosphere is industrial and focused.

KONE CMD 2017

Differentiating with services

HUGUES DELVAL, EXECUTIVE VICE PRESIDENT, SERVICE BUSINESS

SEPTEMBER 29, 2017

AGENDA

- › STRONG PERFORMANCE IN SERVICES
- › EXCELLENT GROWTH OPPORTUNITIES
- › FURTHER IMPROVING OUR COMPETITIVENESS



Strong performance in
services



A typical day in our services business



>1.15 million
units in
maintenance
base

>400,000
customers
served

Over 1 billion
people moved

~70,000
maintenance
visits

400-500
orders booked

Operations
in over
60 countries



Our customers value the service we provide, and we continue to see a lot of potential for further improvement



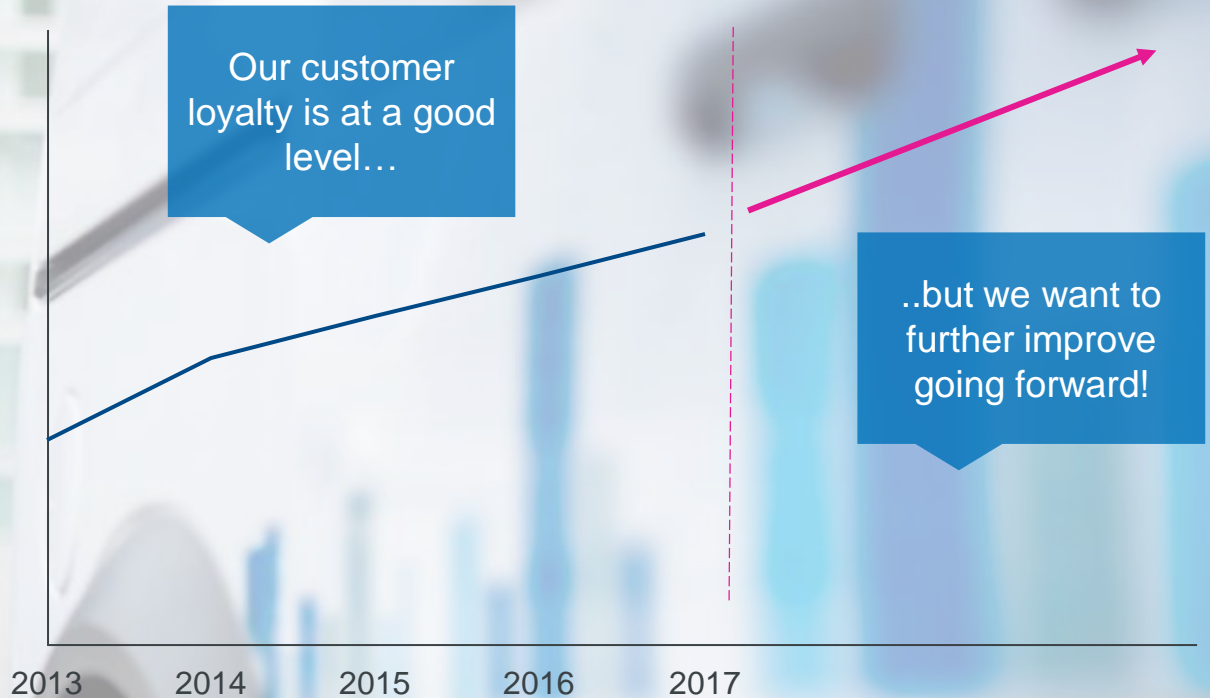
Maintenance quality

Competence of our people

Quick response times

Customer relationships

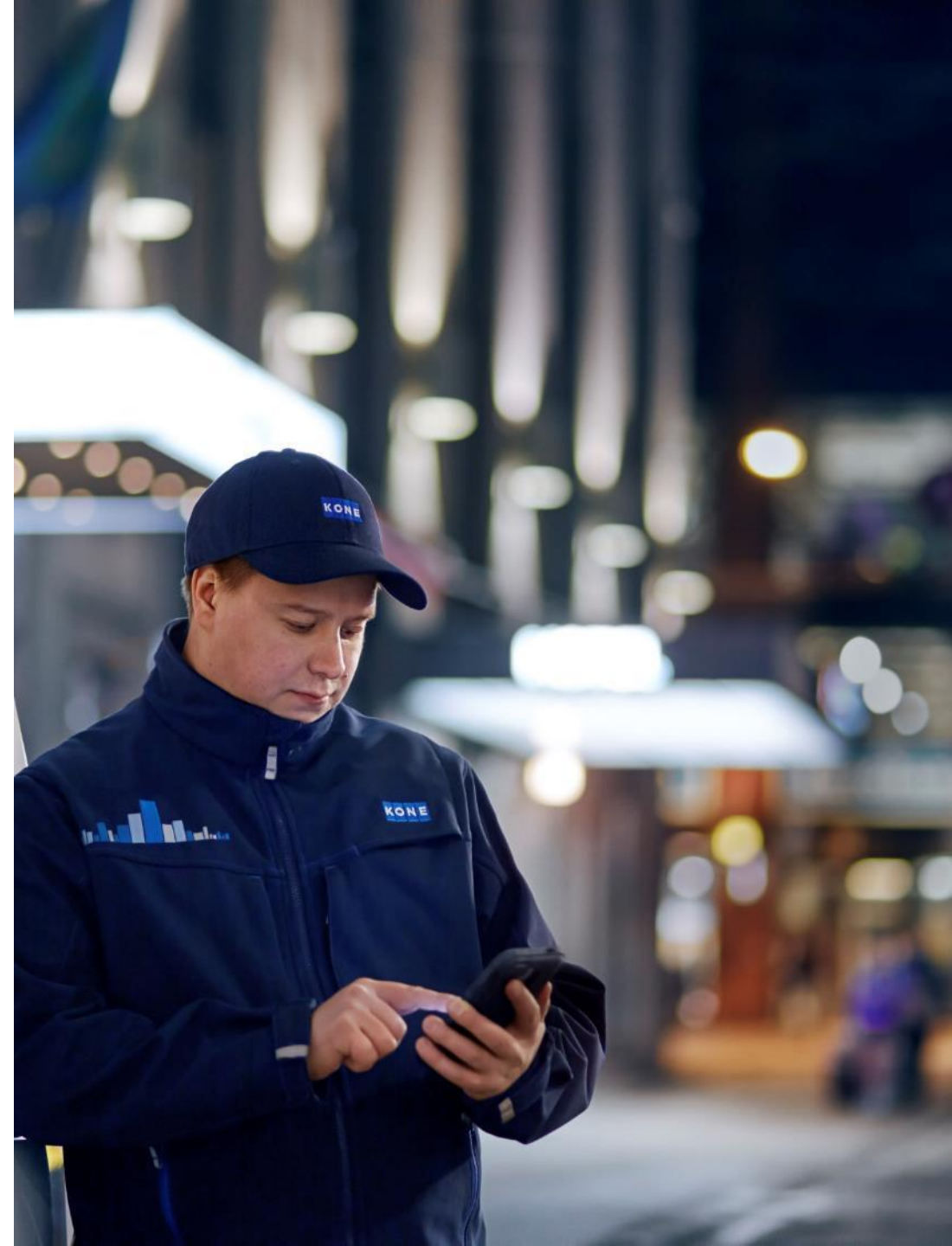
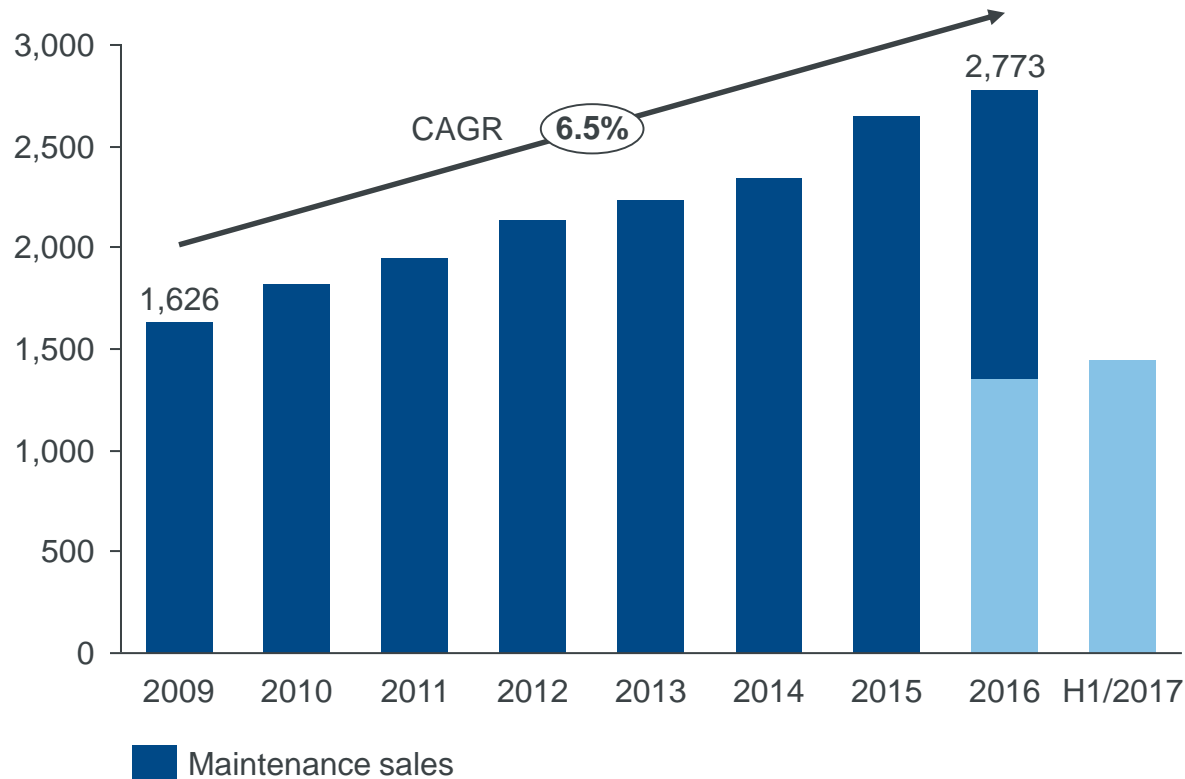
Our service business customer satisfaction has improved steadily



We have grown faster than the market in maintenance with positive development in profitability

Maintenance sales 2009-H1/2017

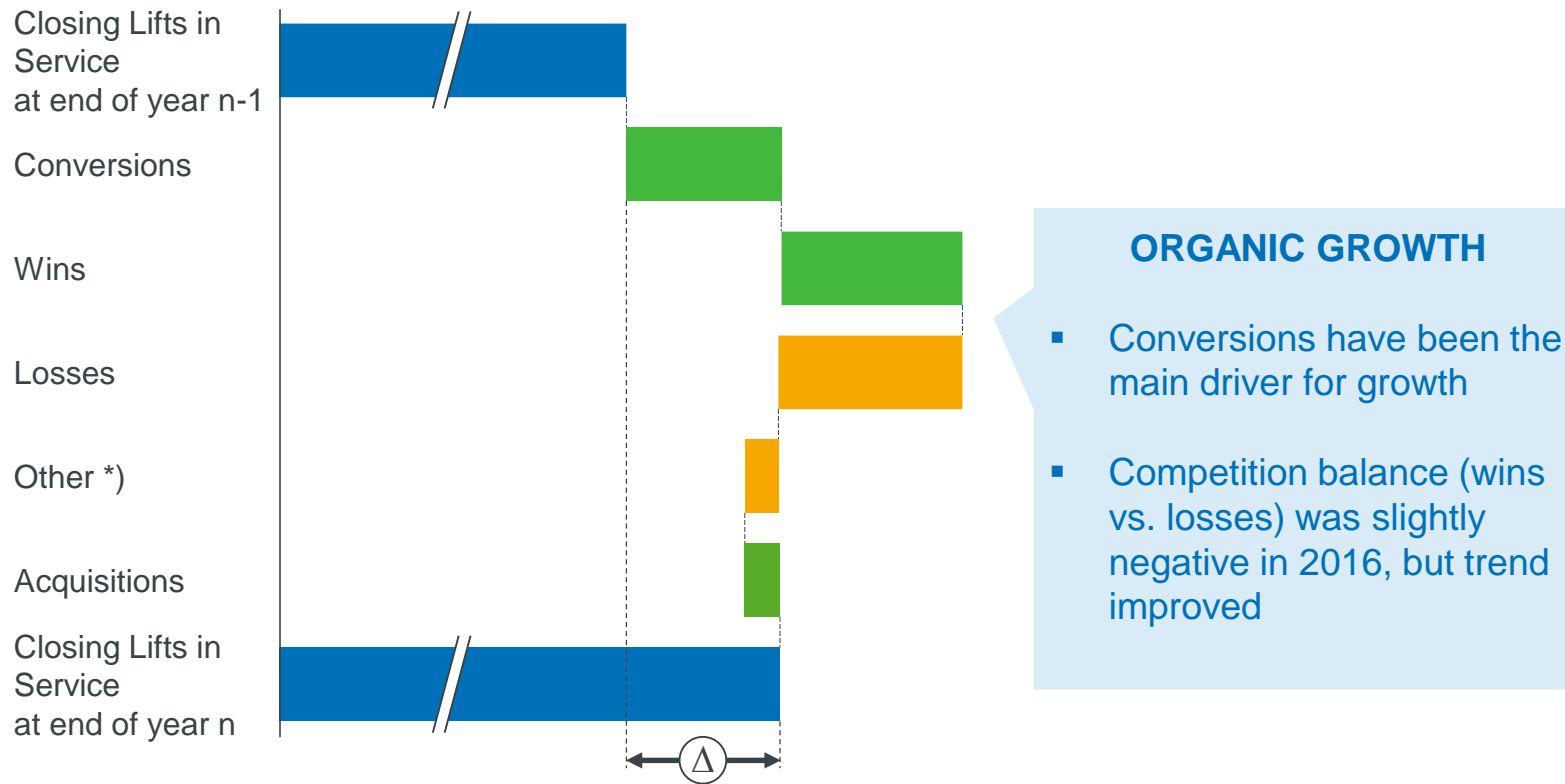
MEUR, CAGR at comparable rates



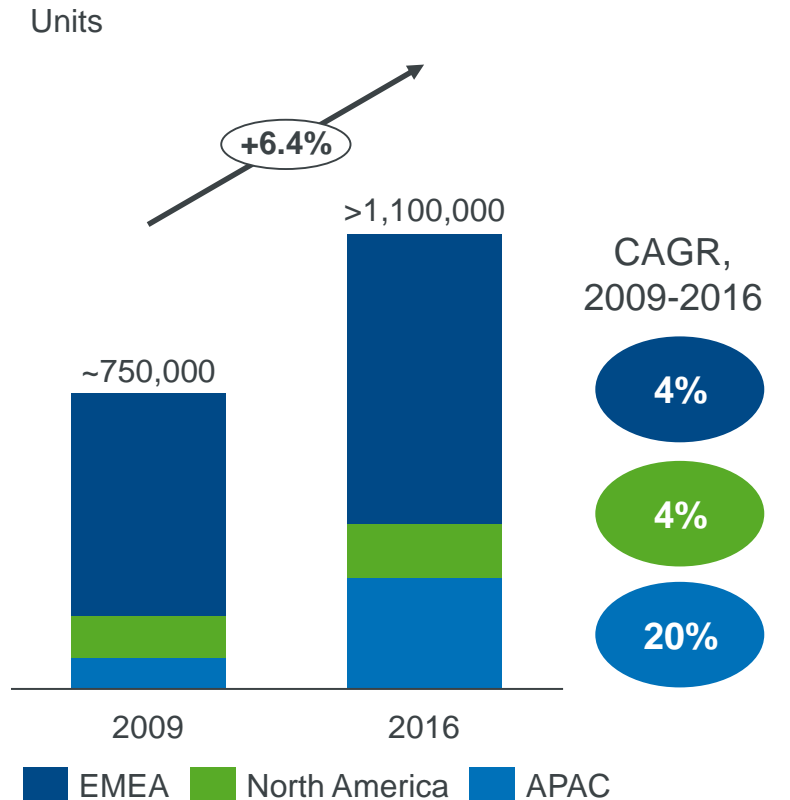
The growth of our maintenance base has been driven by conversions in Asia-Pacific in particular



Components of units in maintenance growth



Geographic split of maintenance base



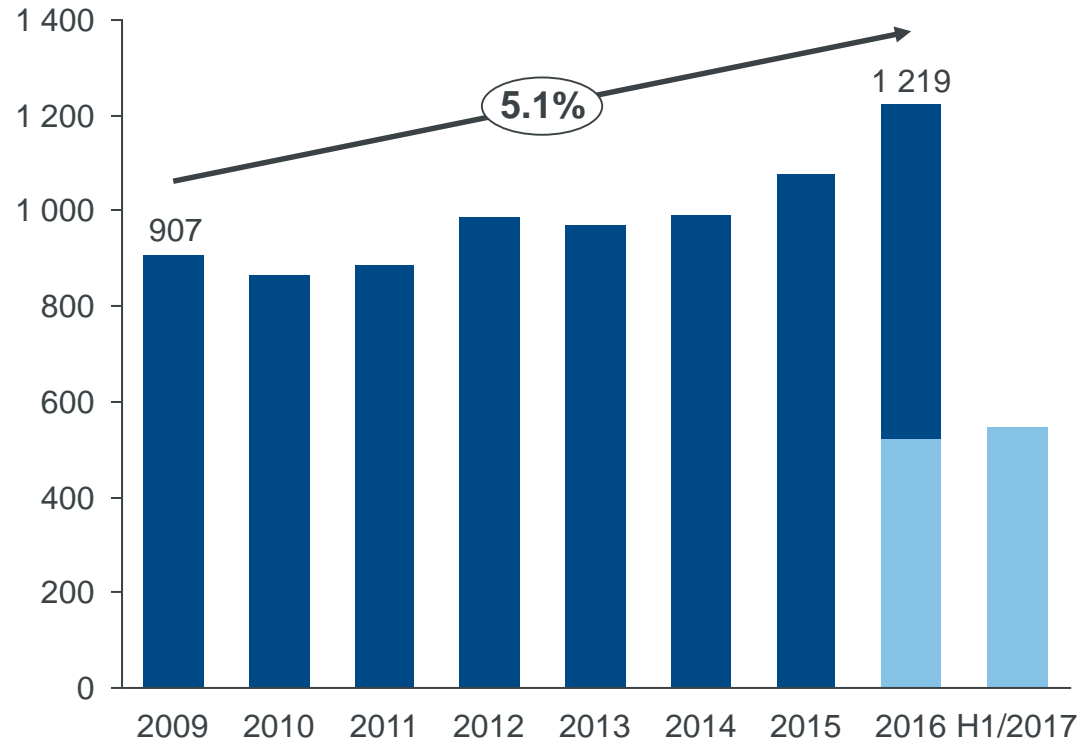
* Equipment taken out of use

Our actions in modernization have enabled us to grow faster than the market in a profitable way



Modernization sales 2009-H1/2017

MEUR, CAGR at comparable rates



We have put increasing focus on modernization sales management and pricing

- Focused sales efforts
- Monthly pricing governance in place
- Increasing customer awareness of the benefits of modernization

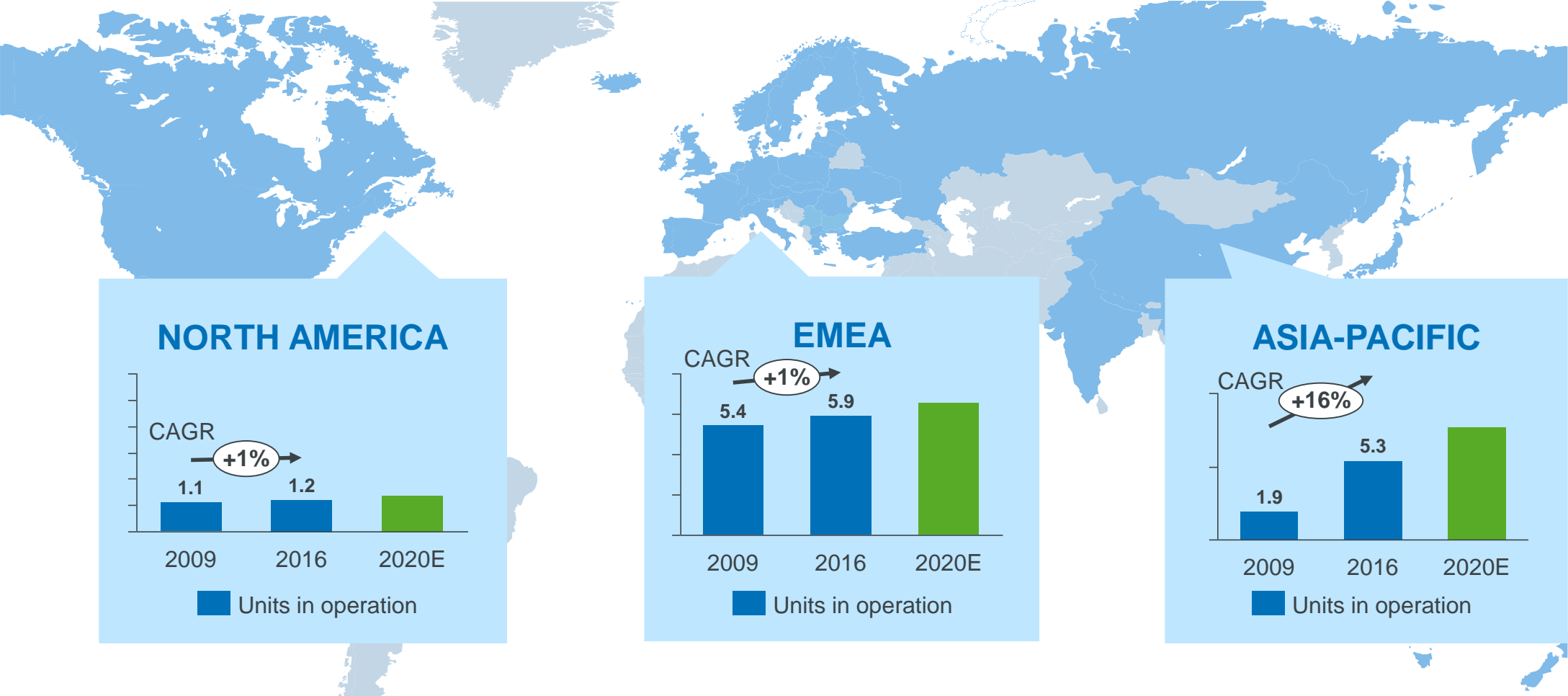


4%-pt improvement in hit rates since 2015



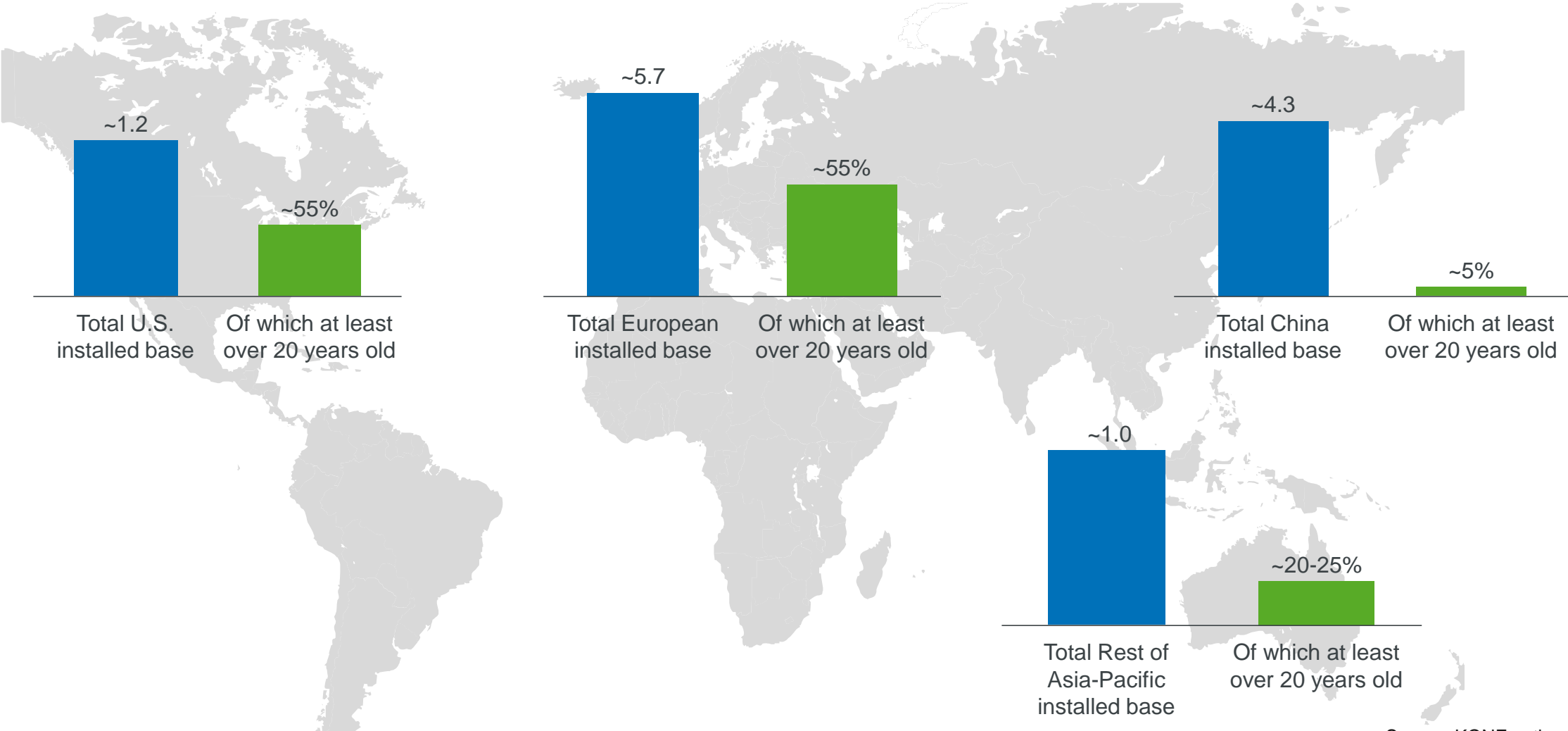
Excellent growth
opportunities

Maintenance: the market in Asia-Pacific is expected to see the fastest rate of growth going forward



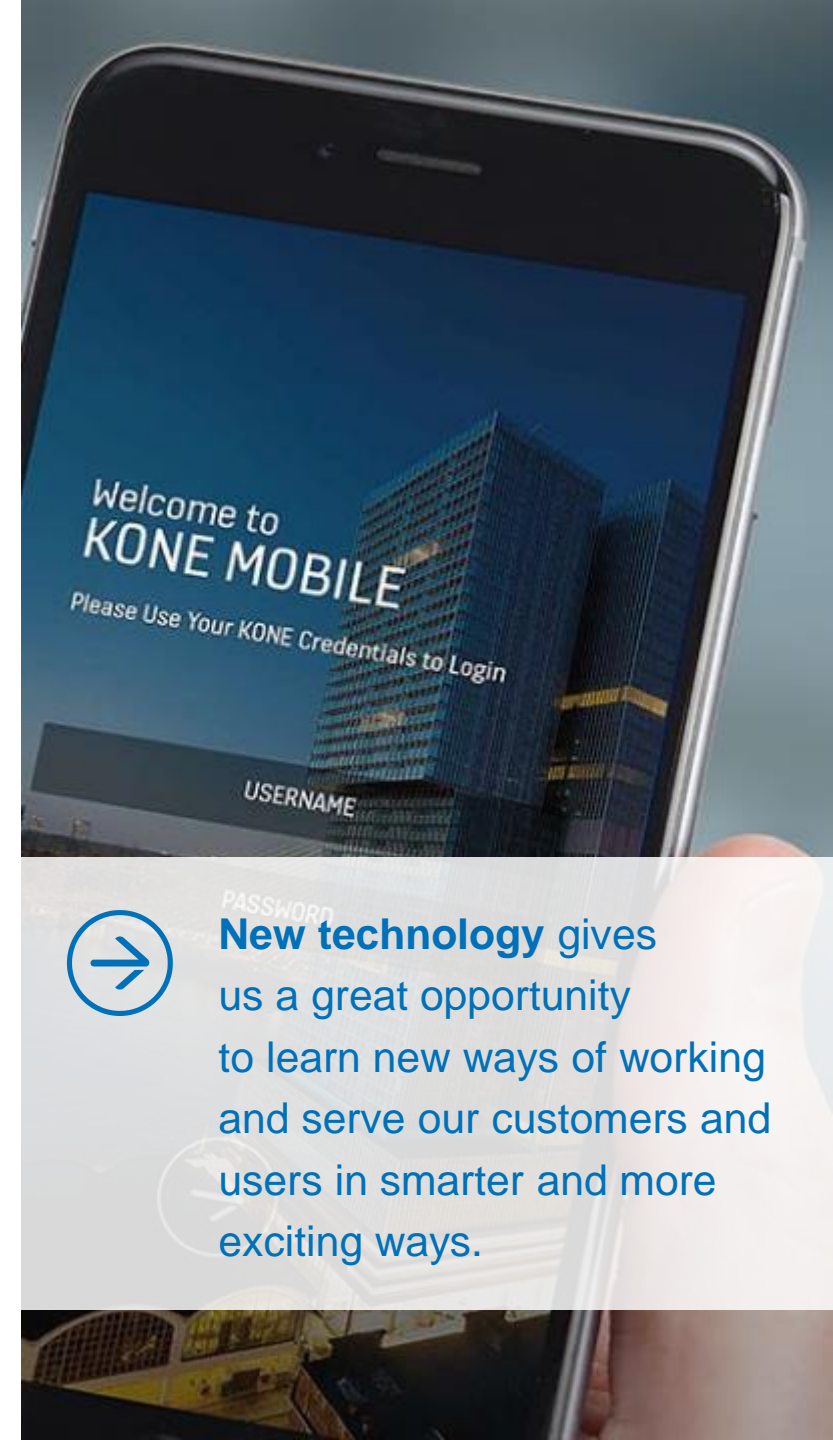
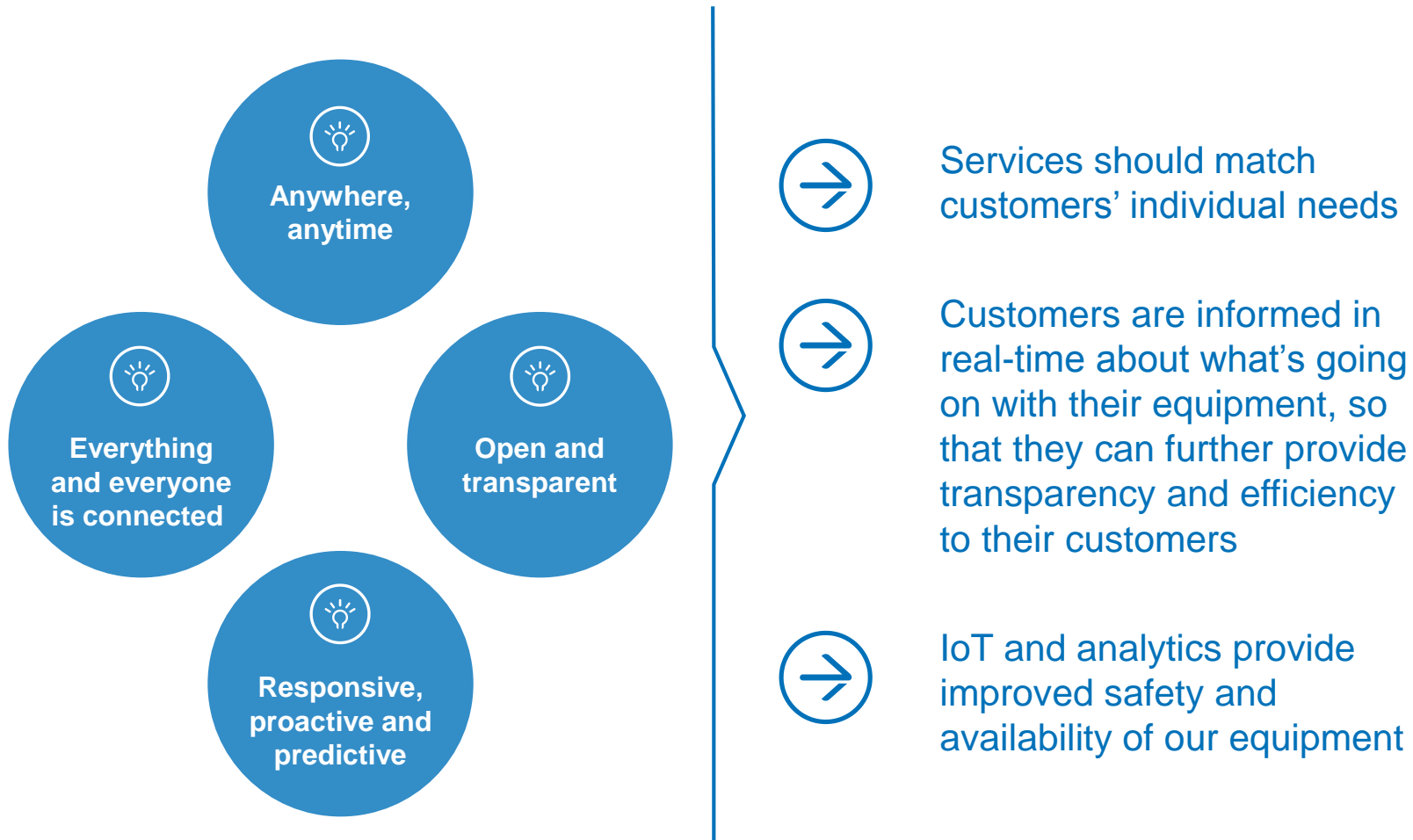
Source: KONE estimates

Modernization: over half of the E&E in operation in the mature markets is over 20 years old



Source: KONE estimates

Technological disruption is changing overall customer requirements in services



Continued good growth opportunities



Solid growth drivers

Growing market in the Asia-Pacific region

Increasing awareness of safety & quality

Market consolidation opportunities in many regions

Digitalization acting as a game changer



Further improving our
competitiveness

We are building on our strong new equipment position

We have a strong position in the growing Asia-Pacific maintenance markets

19%

market share in new equipment

	EMEA	North America	China	Rest of Asia-Pacific
Market position	#2	#4	#1	#1

<10%

market share in maintenance

	EMEA	North America	China	Rest of Asia-Pacific
Market position	#3	#4	#1	#2

Source: KONE estimates

Our aim is to differentiate further from our competitors in both maintenance and modernization

New services and offerings

Competent personnel with a true service mindset

Improving customer communication and transparency

Strengthened differentiation

The New KONE Care has been rolled out in Europe with positive customer feedback

- Co-created with customers and concept validated in pilots
- The deployment is accelerating
- Positive customer feedback, in particular regarding individually tailored service and being listened to

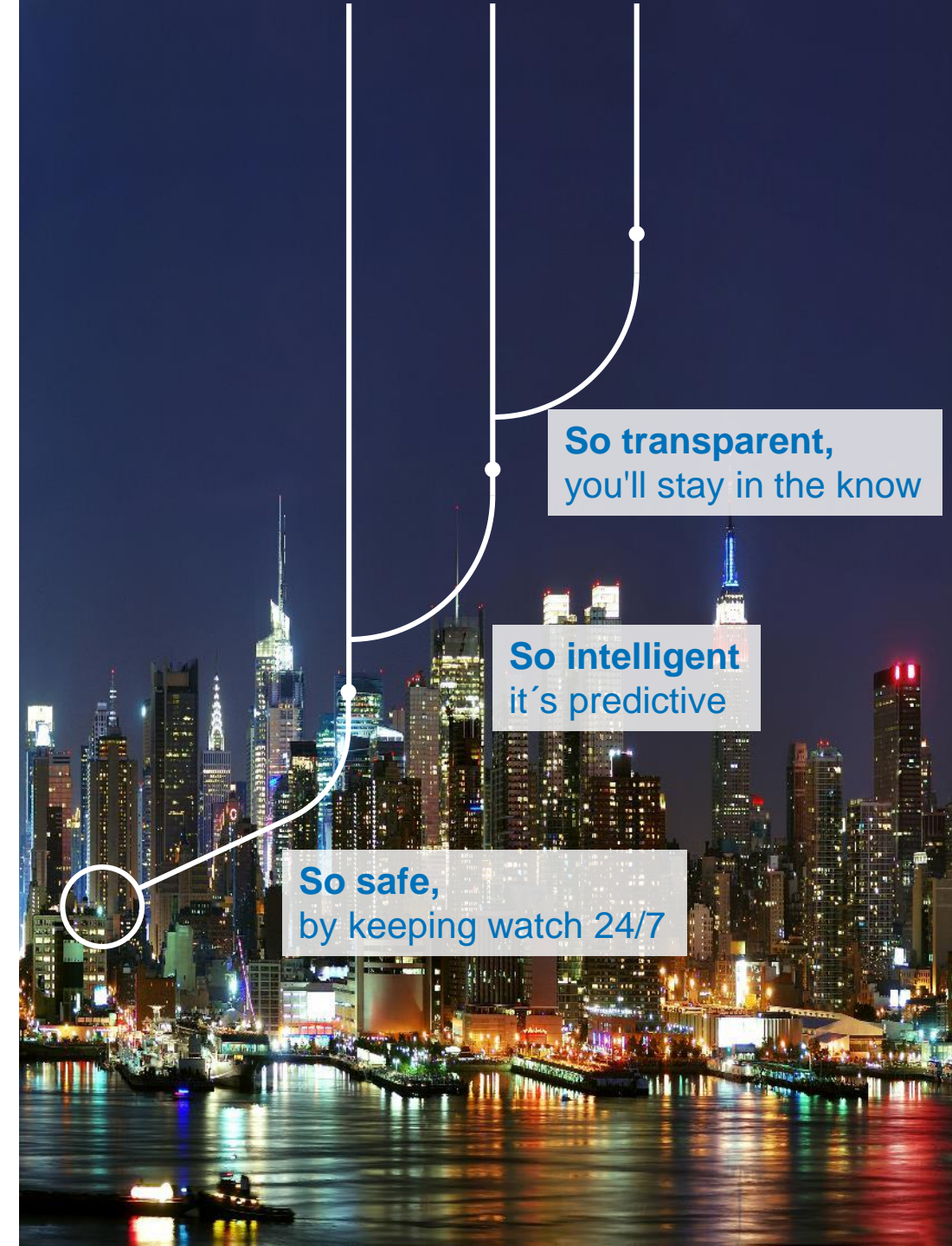
➔ Higher customer satisfaction generates higher conversion and retention

➔ Positive development in contract pricing



24/7 Connected Services launched with good momentum

- 24/7 Connected Services launched in China, Finland and Germany. Around 10 countries live by the end of 2017 with the roll-out continuing into 2018
- We aim to differentiate our offering with:
 - Understanding our customer needs
 - Analytics and technical aspect will play an important role; however understanding our customers' business is key



So transparent,
you'll stay in the know

So intelligent
it's predictive

So safe,
by keeping watch 24/7

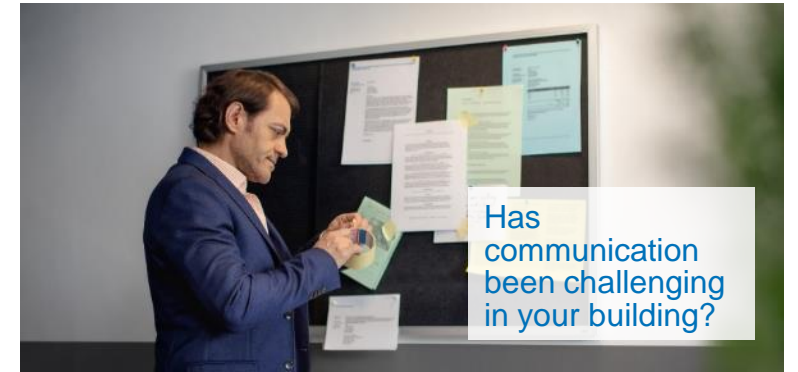
The new KONE Residential Flow to improve the ease of access to residential buildings



KONE Access



KONE Visit



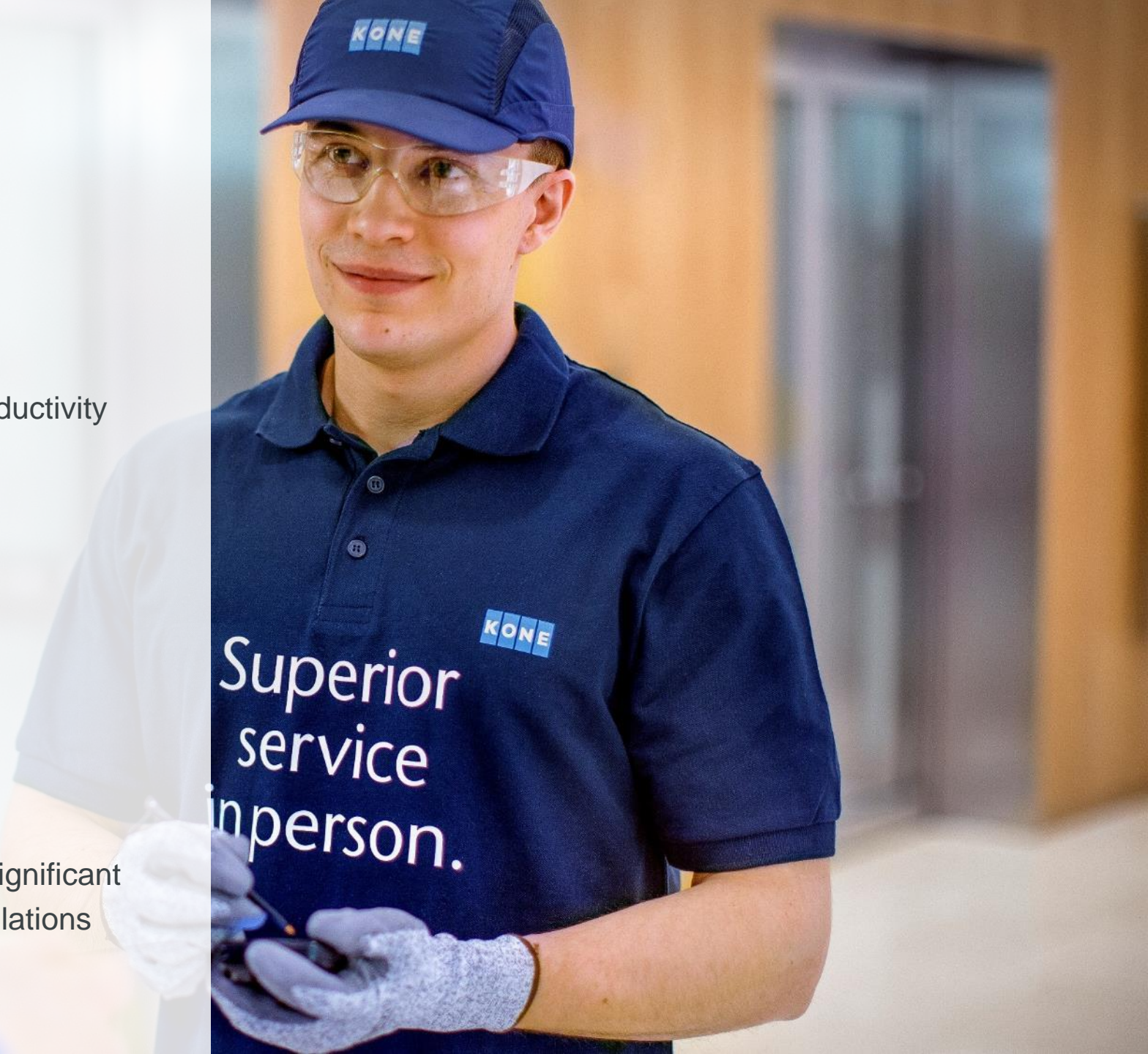
KONE Information



KONE Flow™ app

We have good upside in maintenance productivity

- **Productivity drivers:**
 - Competence of our people
 - Quality: fewer call-outs means better productivity
 - Density & growth
- **Connectivity:**
 - We have lower call-out rates in our pilots
- **New technologies and processes:**
 - Better structure for technicians' day
 - Reduction of non-value adding tasks
- Productivity varies by country as there are significant differences between local maintenance regulations





Concluding remarks

Excellent growth opportunities in all markets

Our aim is to differentiate further by providing more value to our customers

The roll-out of new services is gaining traction and shows promising results

New technologies also enable improved productivity

Dedicated to People Flow™

