



# KONE's Annual General Meeting 2015

February 23, 2015

Henrik Ehrnrooth, President & CEO

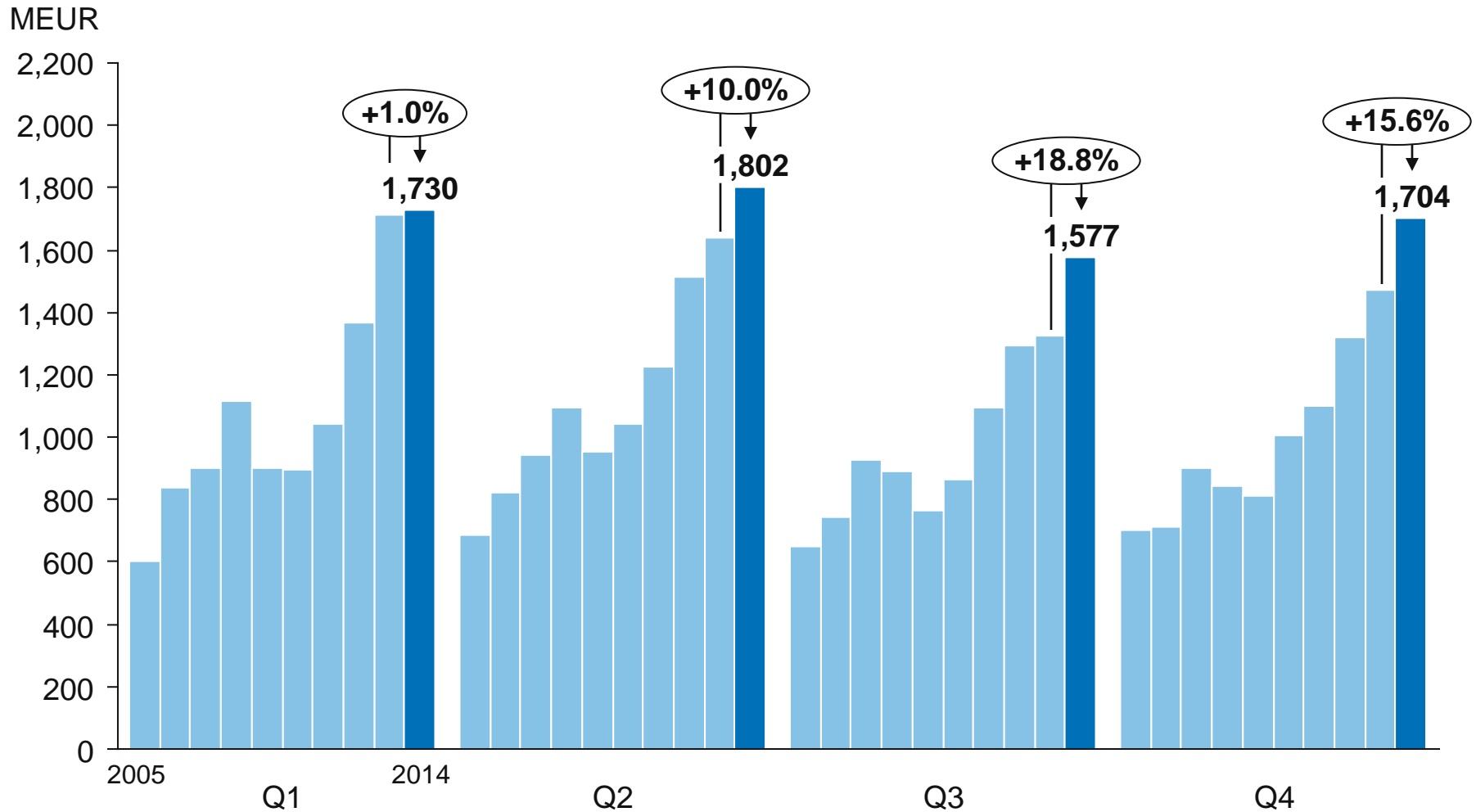
# 2014: Continued profitable growth



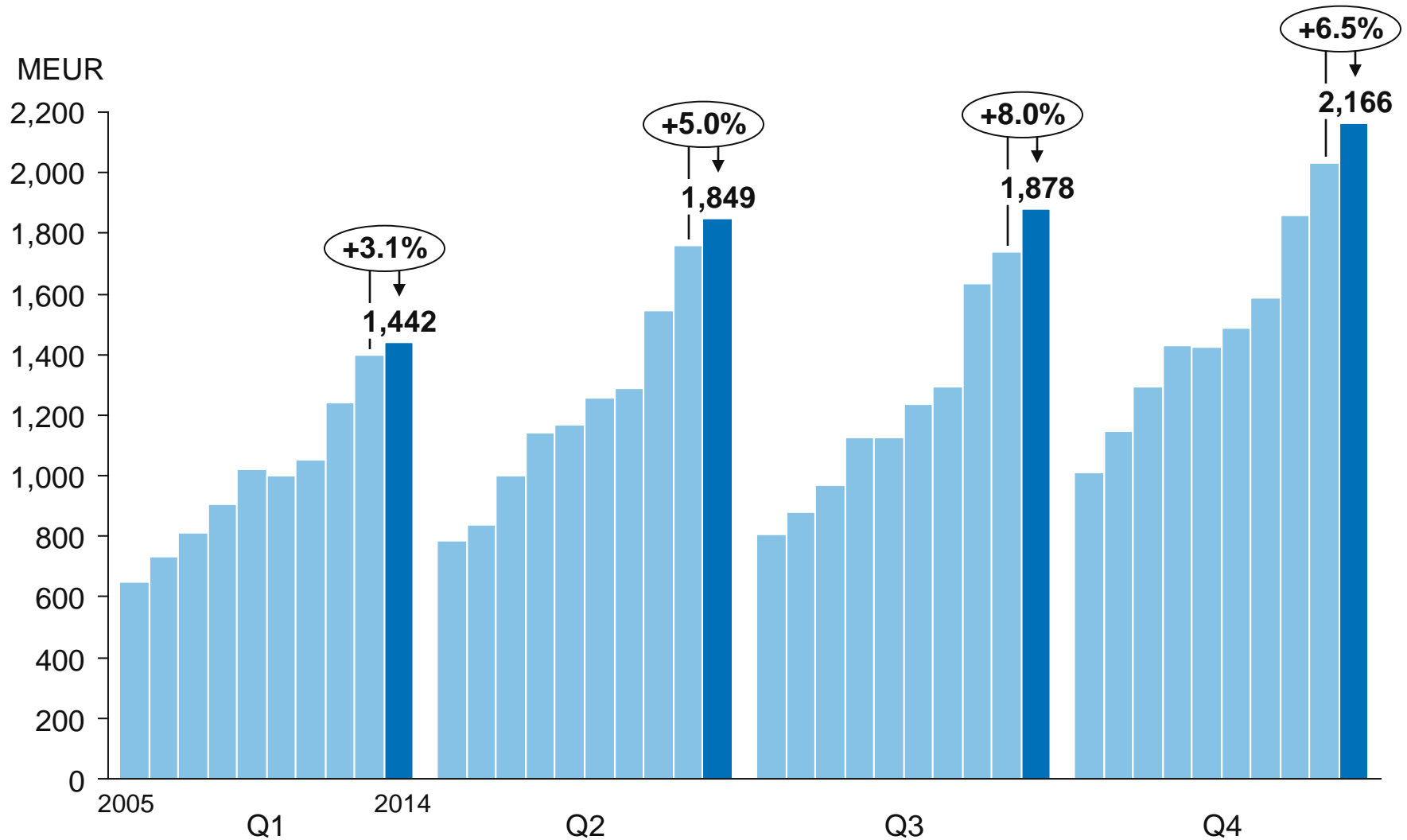
		2014	2013	Historical change	Comparable change
Orders received	MEUR	6,812.6	6,151.0	10.8%	11.9%
Order book	MEUR	6,952.5	5,587.5	24.4%	15.6%
Sales	MEUR	7,334.5	6,932.6	5.8%	6.7%
Operating income (EBIT)	MEUR	1,035.7	953.4	8.6%	
Operating income (EBIT)	%	14.1	13.8		
Cash flow from operations (before financing items and taxes)	MEUR	1,345.4	1,213.1		
Basic earnings per share	EUR	1.47	1.37		
Dividend per share	EUR	1.20 <sup>1)</sup>	1.00		

1) Board's proposal to the AGM.

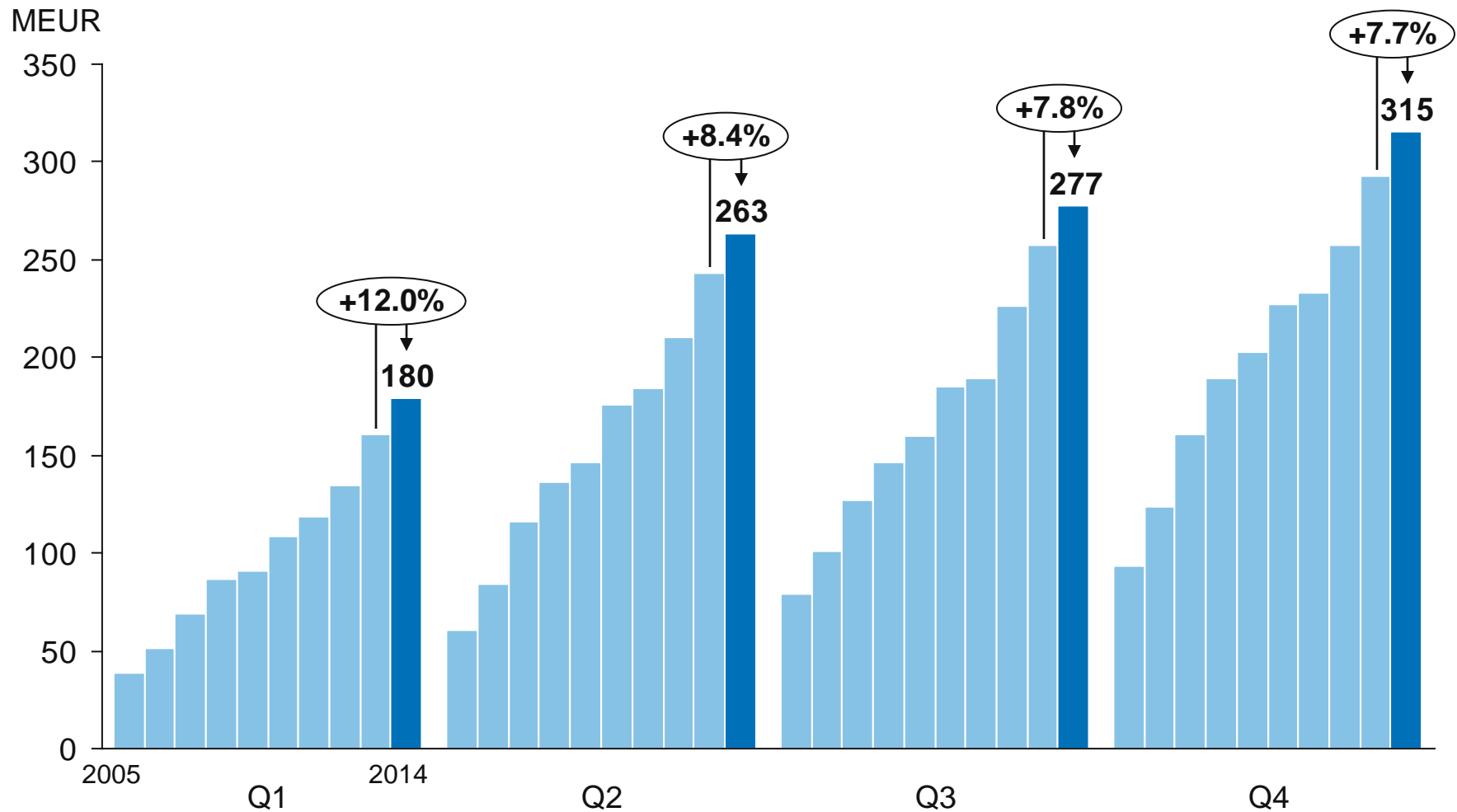
# Orders received: Strong growth, driven by new equipment in Asia-Pacific and North America



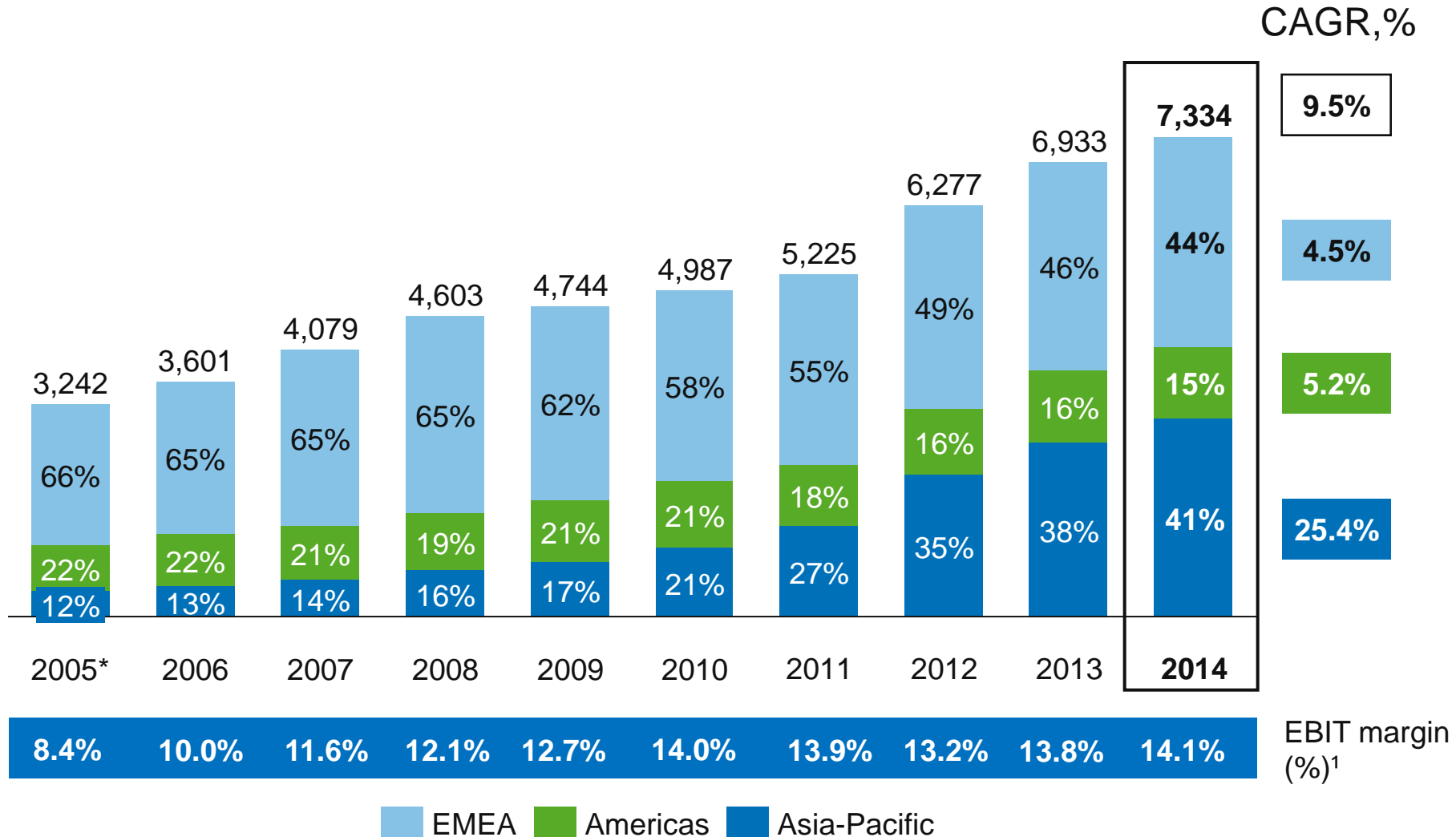
# Sales: Clear growth in the Asia-Pacific region and in new equipment



# Operating income: Growth driven by a good development both in new equipment and services



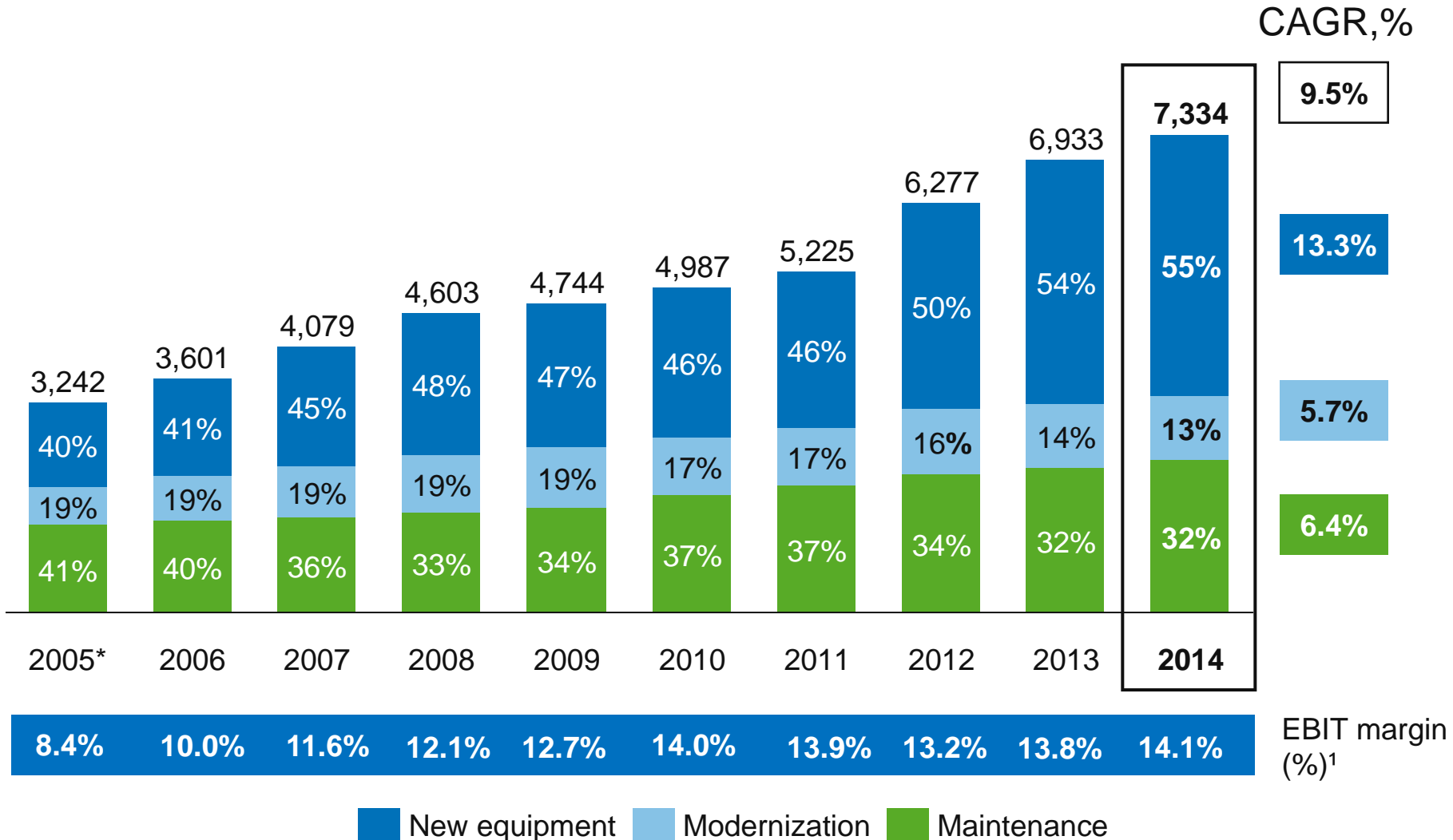
# Sales by market 2005–2014 (MEUR)



\*) 2005 figures are pro forma

<sup>1</sup> excluding one-time items

# Sales by business 2005–2014 (MEUR)



\*) 2005 figures are pro forma

<sup>1</sup> excluding one-time items

# 2014 EMEA: Markets remained mixed, with the most positive development seen in the Middle East



## Maintenance markets

- The market continued to grow, although with significant variation between countries.
- In many countries, the pricing environment was characterized by strong competition.

## New equipment markets

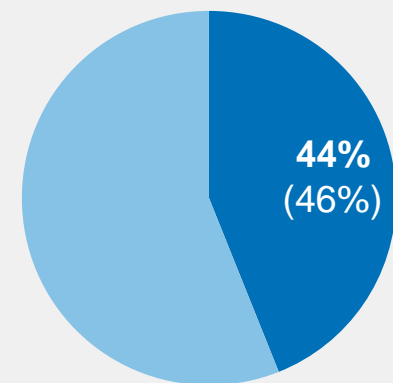
- In Central and North Europe, the market grew slightly, but in South Europe demand remained weak.
- In the Middle East and Turkey, demand grew.

## Modernization markets

- The market declined in Europe.



% sales in 2014



(2013 figures in brackets)



# 2014 North America: Clear growth in the new equipment market driven by United States



## Maintenance markets

- The market continued to grow, but price competition remained intense.

## New equipment markets

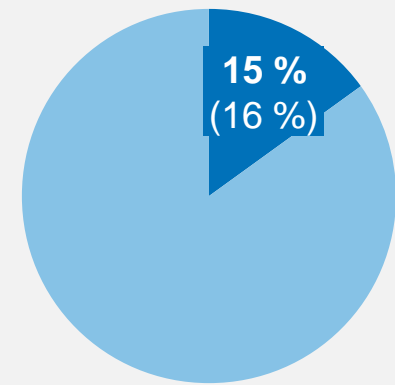
- The United States saw broad-based growth across the country and segments.
- The market in Canada was stable at a good level.

## Modernization markets

- The market growth continued.



% sales in 2014



(2013 figures in brackets)

# 2014 China: Good growth on the market continued, with clear regional variations



## New equipment markets

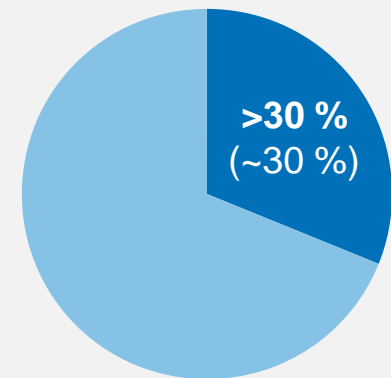
- The market grew by approximately 10 % as compared to the previous year
- The residential and commercial segments developed positively; activity in the infrastructure segment increased towards the end of the year.
- Clear variation in market development between different geographical regions.

## Maintenance markets

- The market continued to grow very well.



% sales in 2014



(2013 figures in brackets)

# 2014 Rest of Asia-Pacific: strong market in Australia; the Indian market mixed



## New equipment markets

- In India, the market declined slightly as compared to the previous year, but sentiment on the market improved towards the end of the year.
- In Australia, the demand developed strongly.
- In South East Asia, markets grew somewhat.

## Maintenance markets

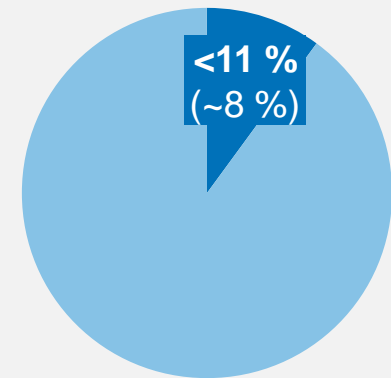
- The market continued to grow well.

## Modernization markets

- The modernization market in Australia saw growth.



% sales in 2014



(2013 figures in brackets)

# We continued to make good progress in new equipment



## New equipment highlights in 2014

- Solid growth in both volume business and major project orders
- Major orders included an order to supply elevators and escalators for Kingdom Tower in Jeddah, Saudi Arabia, the world's tallest building
- KONE's People Flow Intelligence solutions released for sales globally and KONE Turnstile 100 introduced

### New equipment orders received

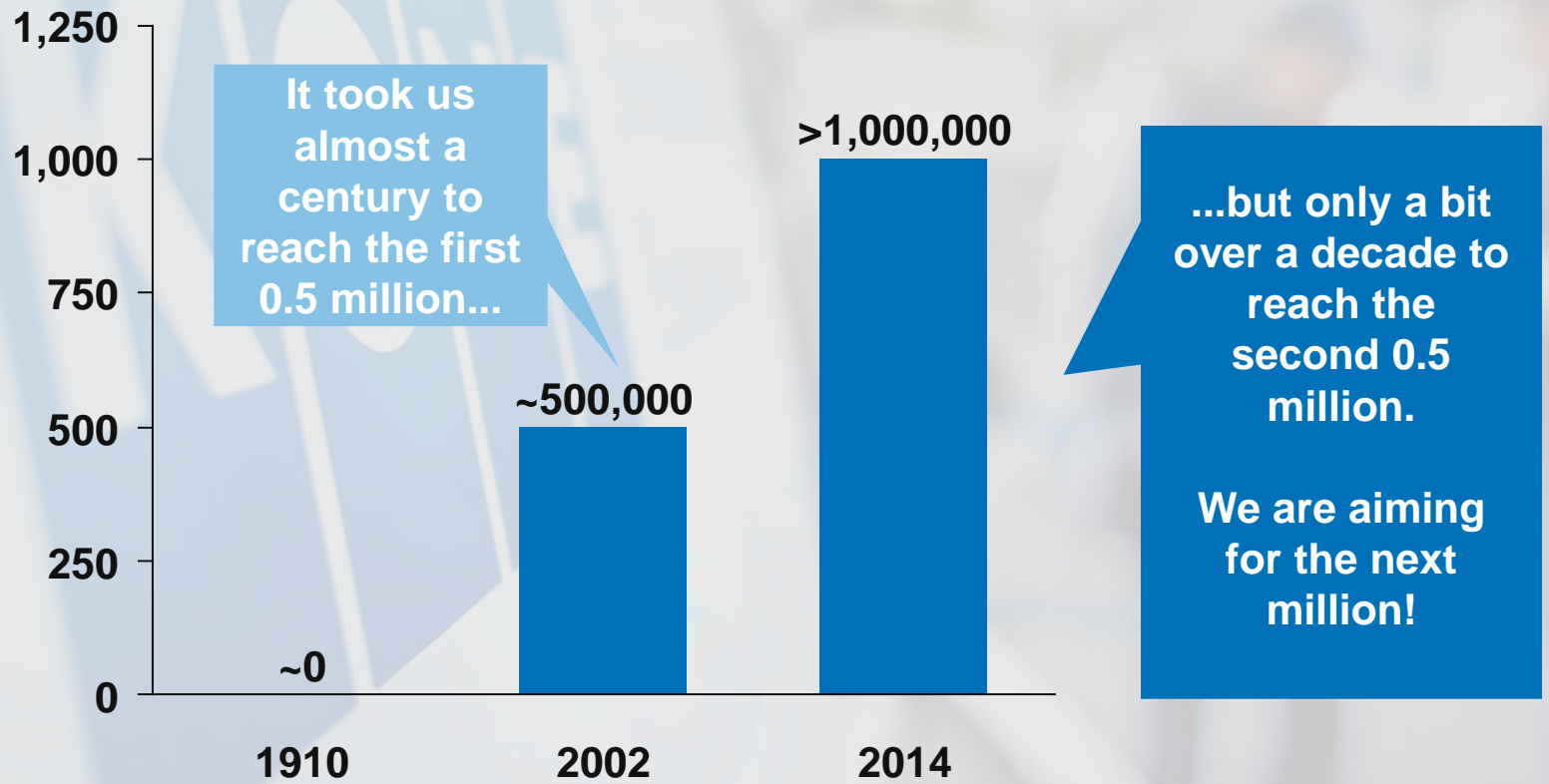
**~154,000 units**  
(~137,000)

### New equipment units delivered

**~130,000 units**  
(~120,000)

# In the service business, we reached a major milestone in maintenance

## KONE's global maintenance base exceeded one million units



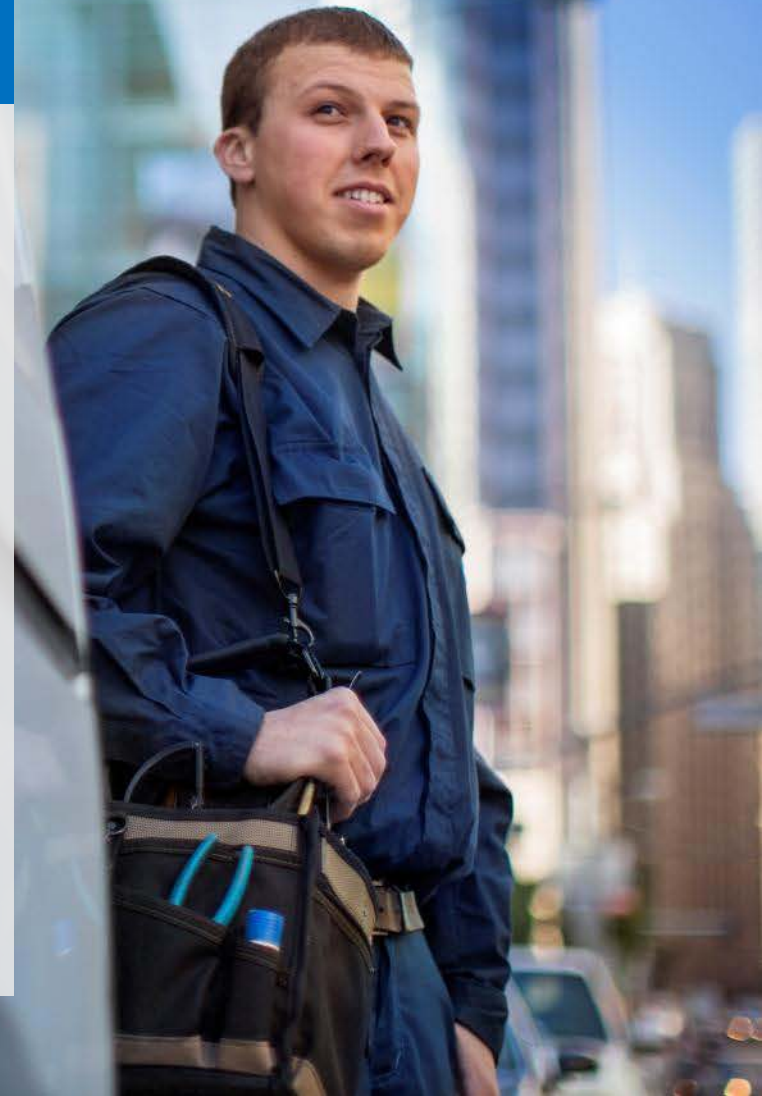
Figures at end of the period

# Good development in modernization orders in North America and a new innovation for European markets



## Modernization highlights in 2014

- Orders received in modernization grew significantly in North America on a comparable basis
- Major contracts included an order to modernize 11 Madison Avenue, an office building in New York, United States
- We introduced the KONE NanoSpace™ elevator, a new solution for full elevator replacement in Europe

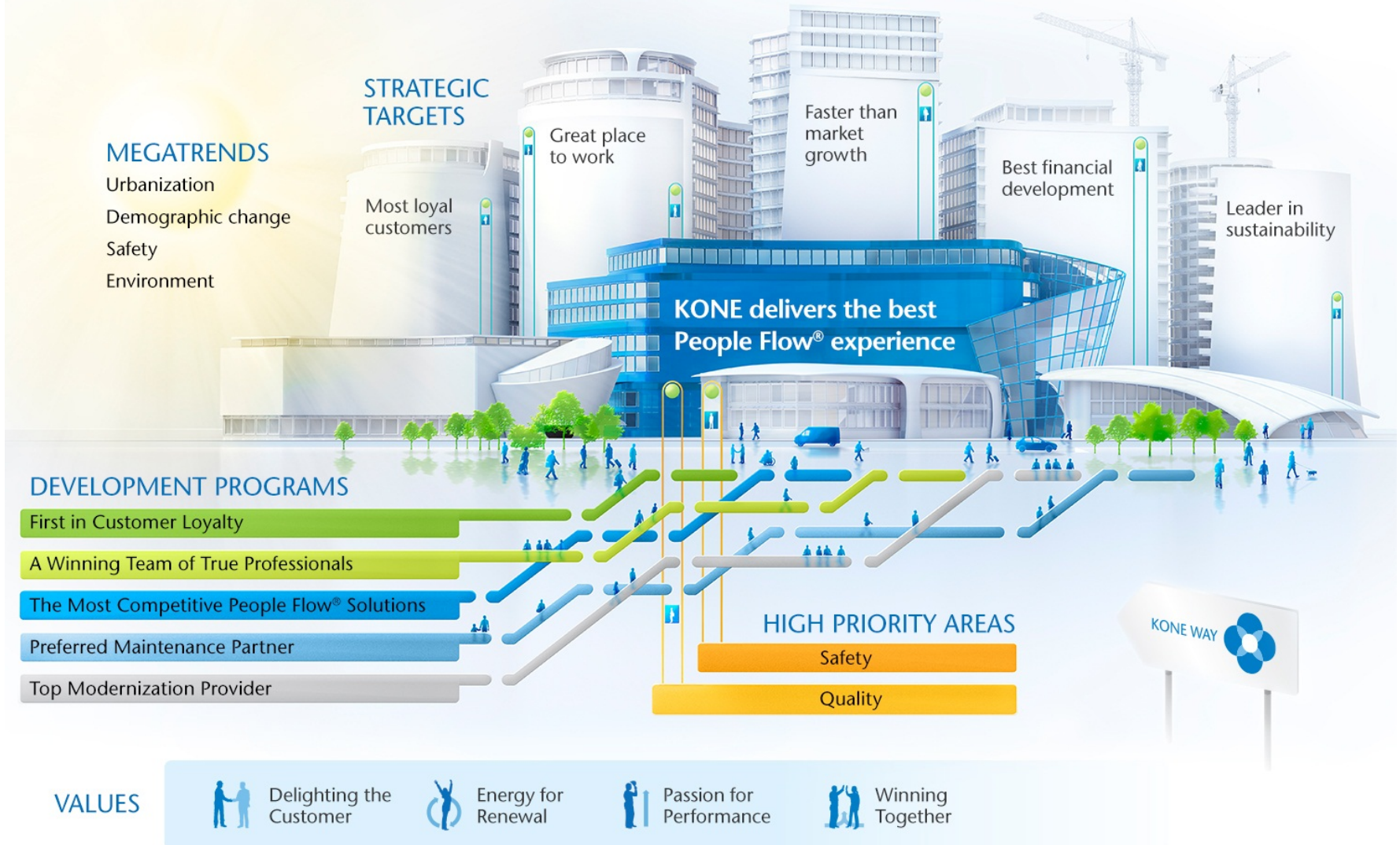


# We measure our performance each year through five strategic targets



Positive development in 2014

# Our development programs are at the core of the implementation of our strategy





# We had a good start to our development programs in 2014 – we will continue further improving our competitiveness



## 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.



## New equipment markets

- In new equipment, the market in Asia-Pacific is expected to grow slightly in 2015, with the expectation that the market in China will remain at the good level of 2014 or grow slightly.
- In the Europe, Middle East and Africa region, the market is expected to be rather stable. In Central and North Europe, the market is expected to be stable or grow slightly, while in South Europe it is expected to remain at a weak level. In the Middle East, the market is expected to be stable at the previous year's level.
- The market in North America is expected to continue to grow.

## Modernization markets

- The modernization market is expected to remain rather stable in Europe, but to continue to grow in North America and Asia-Pacific. This is expected to result in a rather stable or slightly growing market globally.

## Maintenance markets

- The maintenance markets are 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 2014.

## Operating income

- The operating income (EBIT) is expected to be in the range of EUR 1,130–1,230 million, assuming that translation exchange rates would remain at approximately the average level of January 2015.



*Dedicated to People Flow™*

