

A man in a dark jacket and light shirt is standing inside a glass elevator, talking on a mobile phone. The elevator is part of a modern building with a stone facade and glass panels. The background shows a brightly lit interior space with other elevators and a person in a blue uniform.

Going forward with continuous renewal

February 28, 2011

President and CEO Matti Alahuhta

Contents



- Financial development in 2010
- Market development
- Developing competitiveness
- Long-term financial targets
- Outlook for 2011

We achieved a record operating income and cash flow in 2010

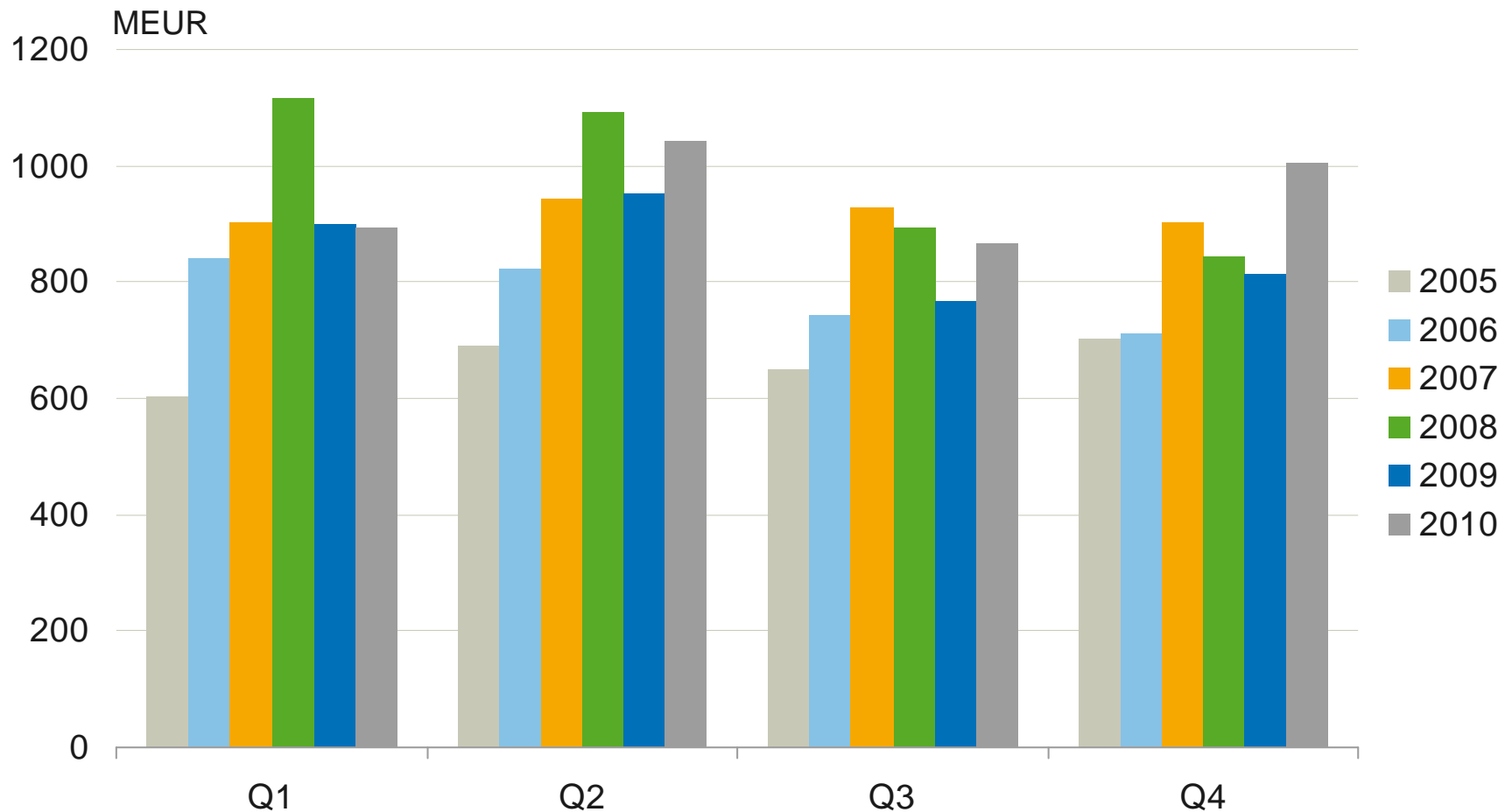


		2010	2009	Historical change	Comparable change
Orders received	MEUR	3,809.0	3,432.4	11.0%	6.0%
Order book	MEUR	3,597.8	3,309.1	8.7%	0.6%
Sales	MEUR	4,986.6	4,743.7	5.1%	0.6%
Operating income	MEUR	696.4	600.3 ¹⁾	16.0%	
Operating income	%	14.0	12.7 ¹⁾		
Cash flow from operations (before financial items and taxes)	MEUR	857.2	825.1		
Dividend	EUR	0.90 ²⁾	1.30		

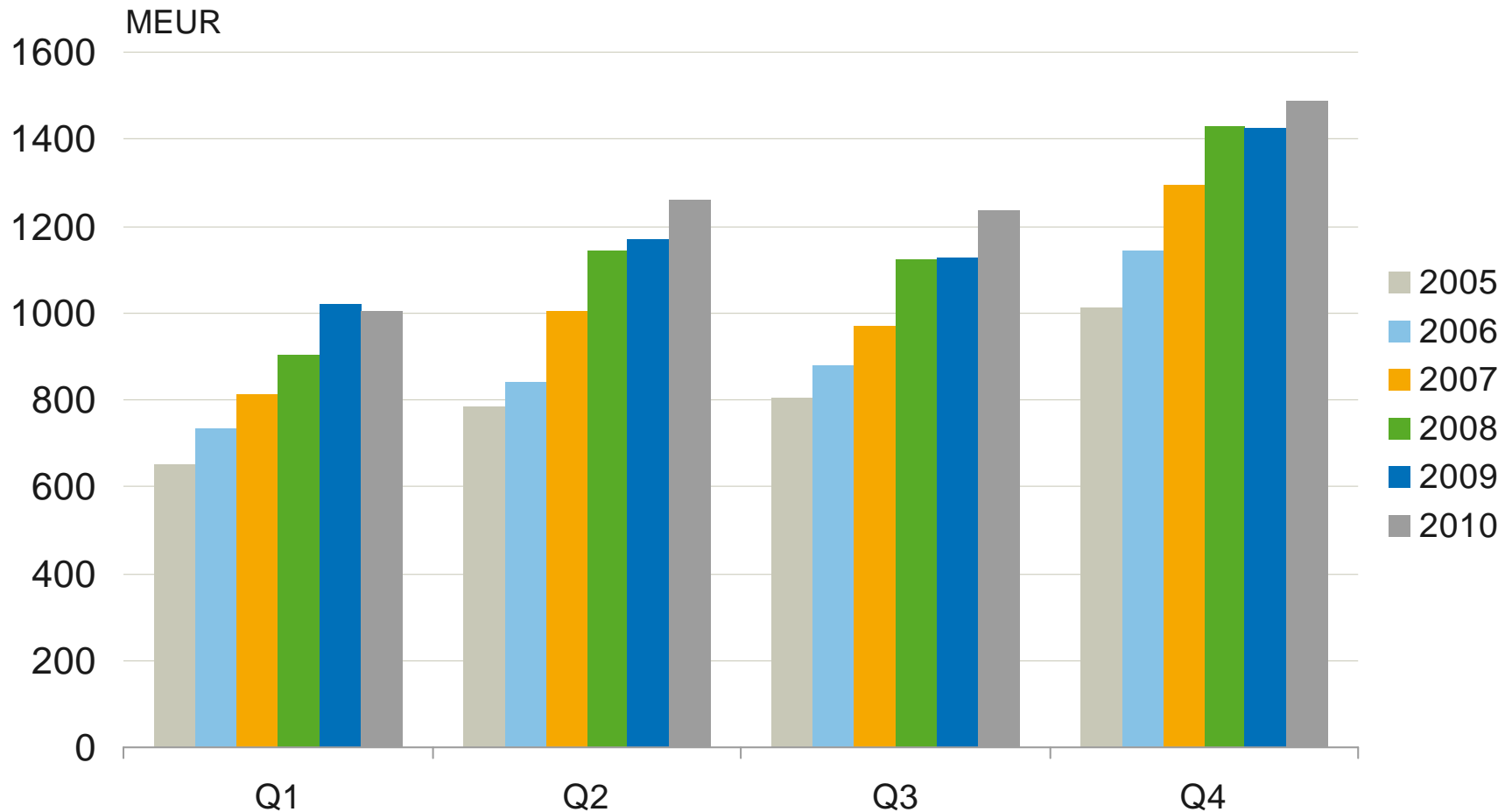
1) Operating income, including the one-time cost of EUR 33.6 million related to the fixed cost adjustment program, was EUR 566.7 million.

2) Board's proposal to the AGM.

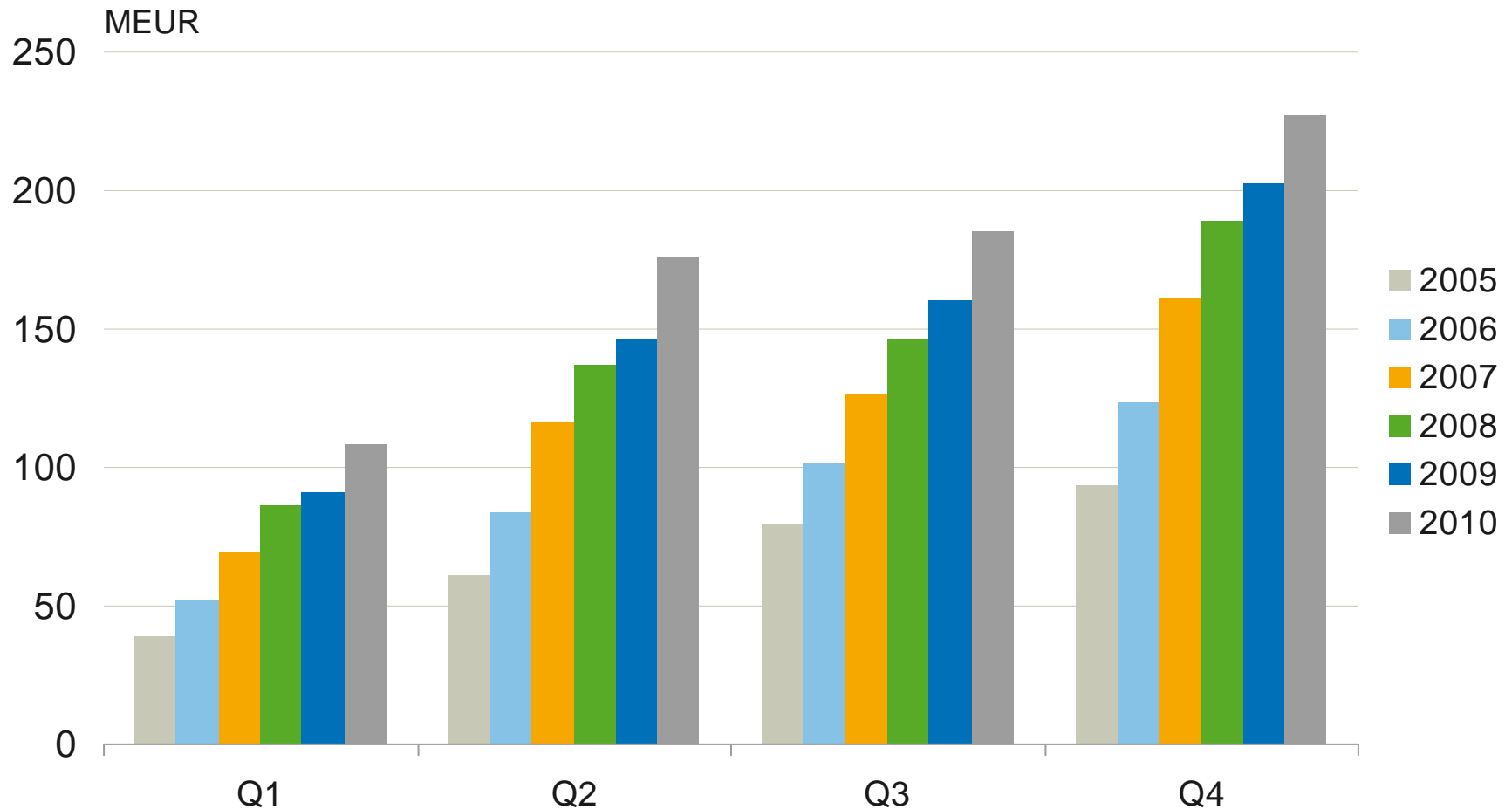
2010 Orders Received: Good development in Asia-Pacific accelerated growth in orders received



2010 Sales: Growth in both new equipment and service



2010 Operating Income: Quality and productivity improvements and increased volumes in Asia enabled strong development in operating income

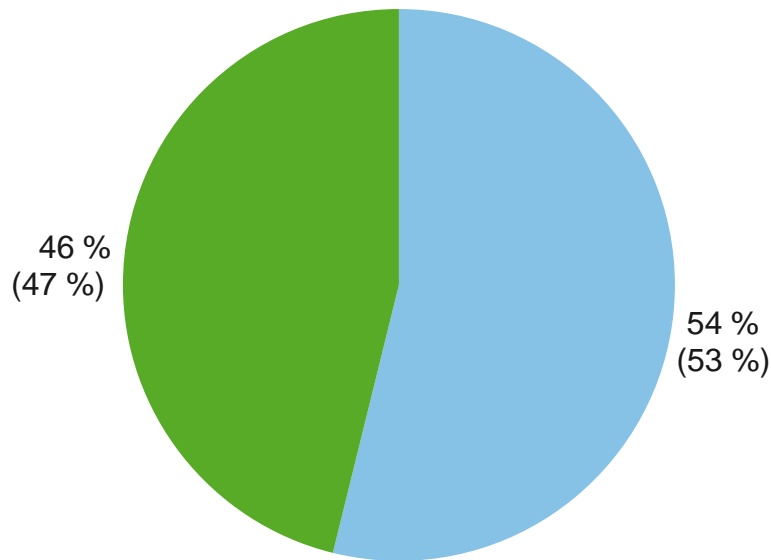


Note : Operating income excluding one-time items

The geographical balance of our business has improved clearly

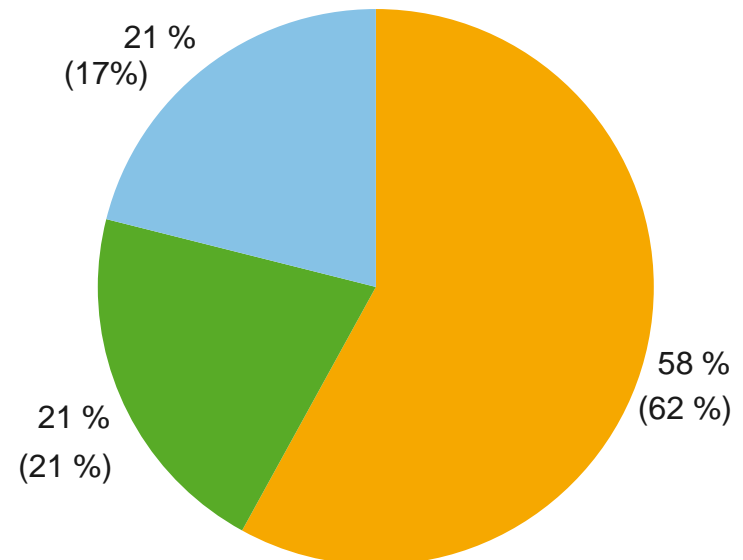


Sales by business



■ Service ■ New equipment

Sales by market



■ EMEA ■ Americas ■ Asia-Pacific

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Europe, Middle East and Africa: New equipment markets began to recover in many Central and North European countries and in the Middle East



- Maintenance markets continued to develop well, but price competition remained strong.
- Modernization markets were quite stable.
- New equipment markets
 - Good development in the residential markets in Finland, Sweden and Norway. Modest recovery in the residential market in the United Kingdom. The residential market in Germany remained at a good level throughout the year.
 - New equipment markets in South Europe were challenging. Markets in France and Italy stabilized at a low level towards the end of the year, whereas the market in Spain declined throughout the year.
 - Markets in the Middle East developed positively throughout the year.

Americas: The market in the United States stabilized towards mid-2010 – recovery began at year end



- Maintenance markets developed rather well, but were very competitive.
- Modernization markets grew slightly.
- New equipment markets
 - In the United States, the new equipment market stabilized at a low level towards mid-2010 and showed early signs of improved activity at the end of the year. Price competition continued to be very intense.
 - In Canada, the new equipment market activity grew and was at a good level throughout the year.
 - In Mexico, the market recovered gradually during 2010.

Asia-Pacific: Positive market development



- Modernization and maintenance markets continued to develop favorably.
- New equipment markets
 - In China, all segments continued to grow. Growth was fastest in the affordable housing segment and the infrastructure segment.
 - In India, the market grew strongly in the first half of the year. The growth slowed down towards the end of the year due to increasing interest rates and constraints in the availability of financing.
 - In Australia, the market grew strongly in the beginning of the year and eventhough tendering activity remained at a good level, constraints in the availability of financing had a negative impact on the new equipment market towards the end of the year.
 - Markets in Southeast Asia recovered in the beginning of the year and grew strongly thereafter driven by growth in the residential markets.

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Our active work with our Development Programs has enabled the continuous improvement of our business



Customer Focus

People Flow Solutions

Operational Excellence

Environmental Excellence

People Leadership

Our target is to differentiate ourselves from our competitors through our new Development Programs



Customer Experience

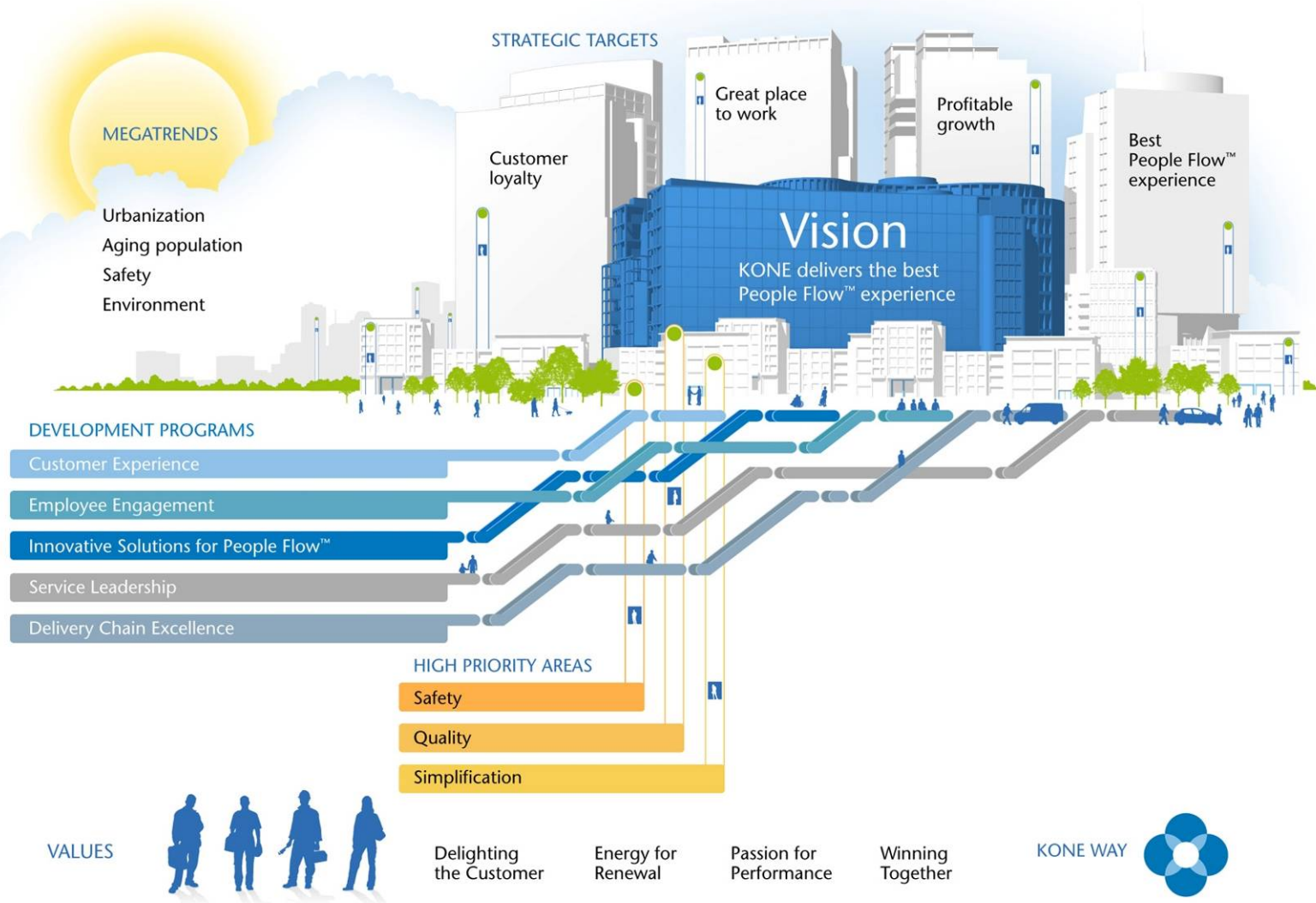
Employee Engagement

Innovative Solutions
for People Flow™

Service Leadership

Delivery Chain Excellence

Our aim is that all KONE employees know how we develop our competitiveness



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We have defined new long-term financial targets



Growth	Faster than the market
Profitability	EBIT 16%
Cash flow	Improved Working Capital Rotation

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Markets have begun to develop positively



- The new equipment markets in Asia-Pacific are expected to continue to develop positively, although with certain regional differences. The recovery of the new equipment markets in Central and North Europe is expected to continue in most countries, whereas most markets in South Europe are expected to be relatively stable at the current low level. The new equipment markets in North America are expected to recover modestly.
- The modernization markets are expected to be at about last year's level.
- The maintenance markets are expected to continue to develop well.

Our target is to continue profitable growth during 2011



- KONE's net sales is estimated to grow 0–5% at comparable exchange rates as compared to 2010.
- The operating income (EBIT) is expected to be in the range of EUR 700–750 million, assuming that translation exchange rates do not deviate materially from the situation of the beginning of 2011.



KONE Ascensores
Escaleras Mecánicas
Puertas de edificio

Dedicated to People Flow™

