



Roadmap towards our ambition

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KONE Capital Markets Day 2024

27 SEPTEMBER 2024

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Dedicated to
People Flow™

Financial targets

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Financial targets and our strategy for 2025-2030

Our Ambition is to become the industry leader

#1 for employees & customers

Innovation & sustainability

Growth & profitability

Our long-term financial targets remain unchanged

Faster than market growth

EBIT 16%

Improved working capital rotation

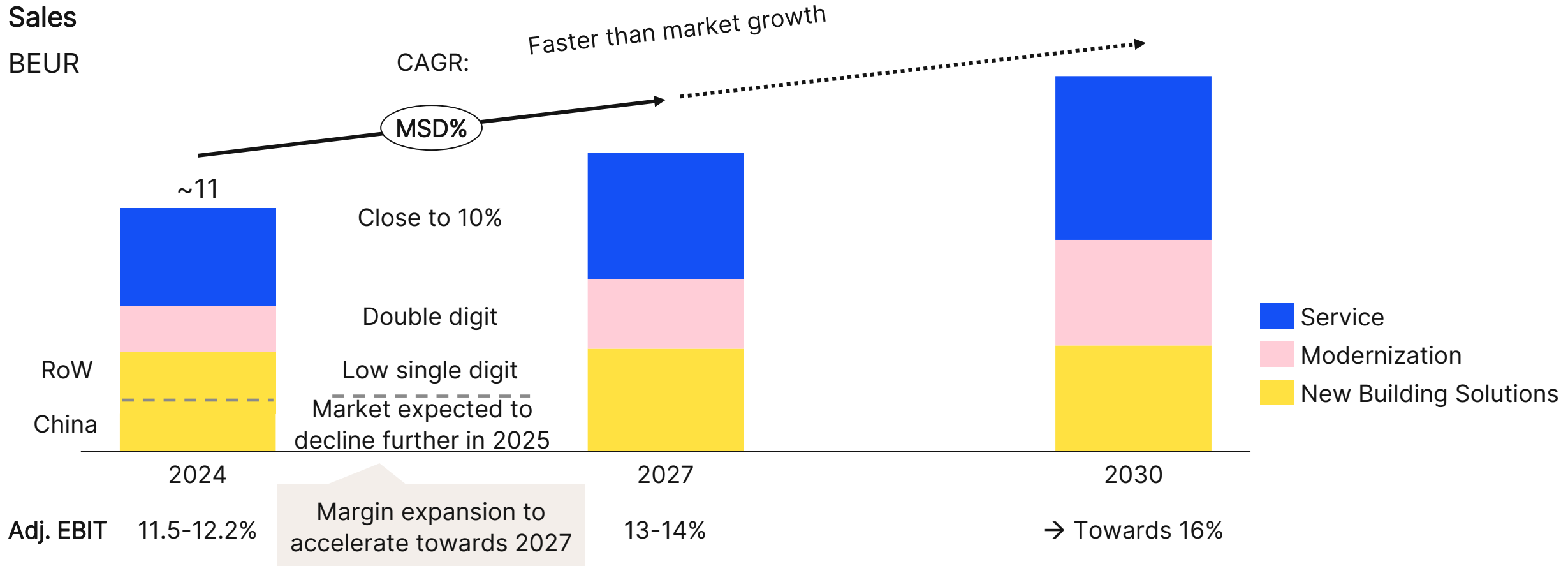
Our new mid-term financial targets until 2027:

Mid-single digit annual sales growth*

13-14% adjusted EBIT by 2027

* Including bolt-on acquisitions but excluding major acquisitions and divestments

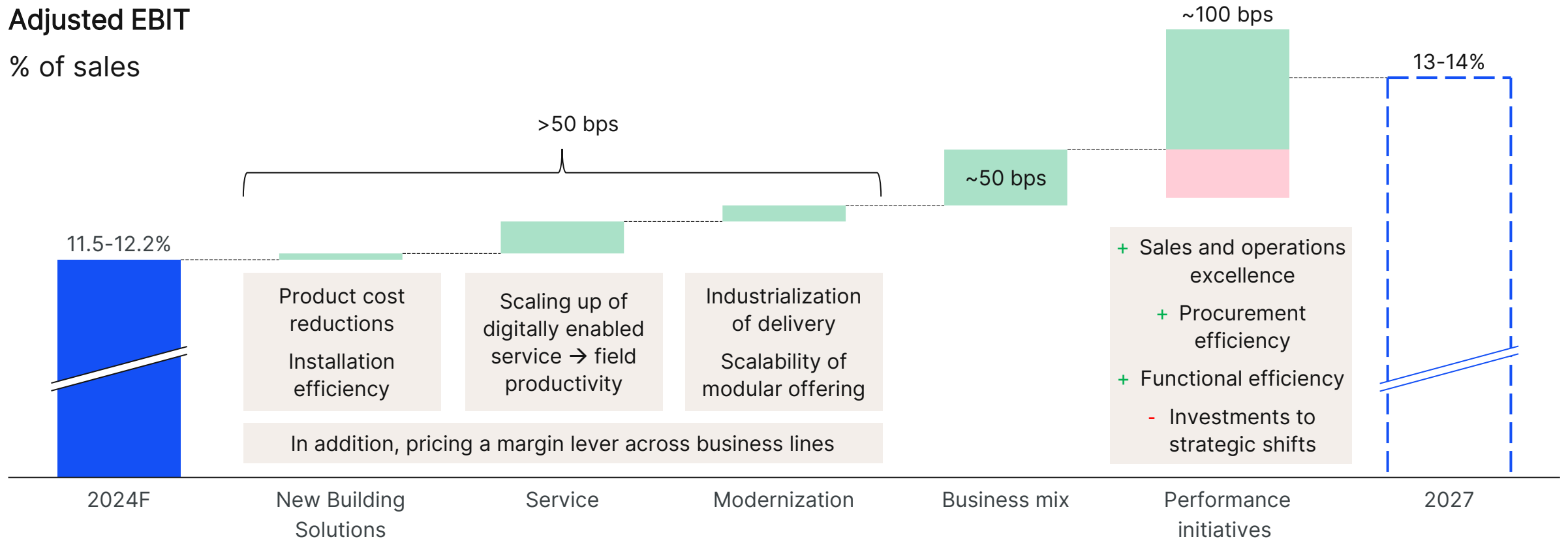
Roadmap towards scalable and resilient growth



Roadmap to 13-14% Adjusted EBIT by 2027

Adjusted EBIT

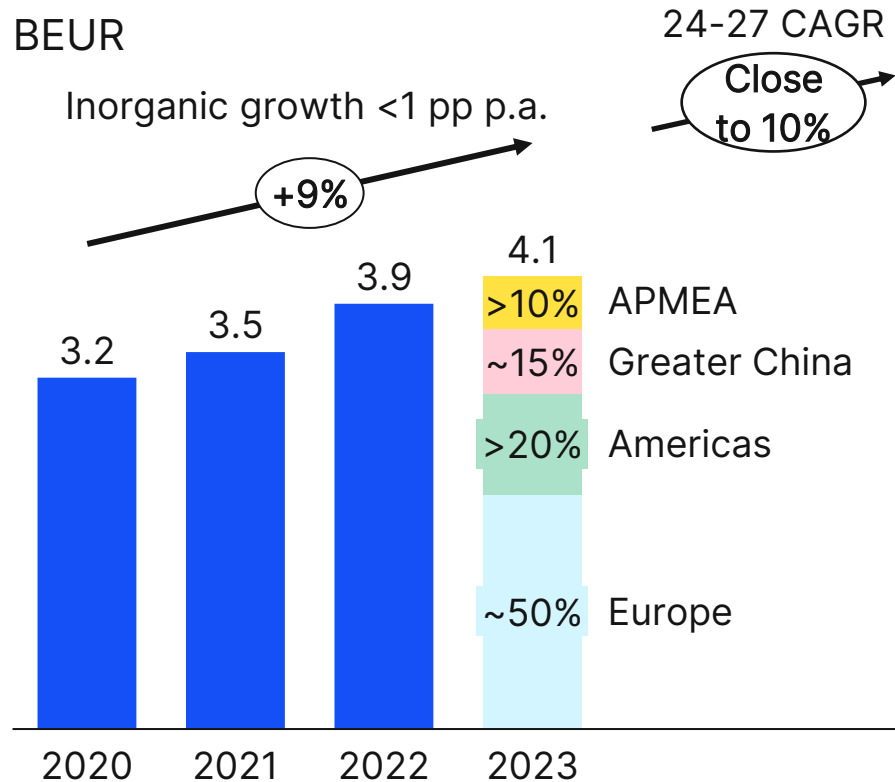
% of sales



Strong Service growth to continue

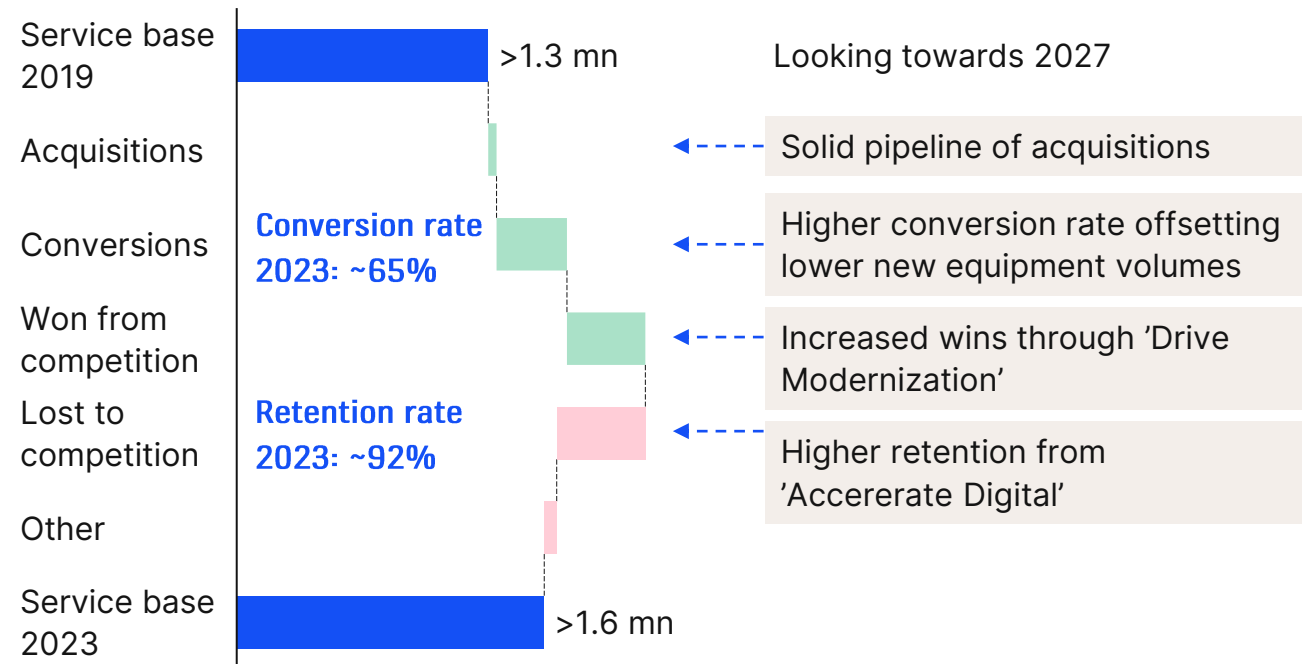
Service sales

BEUR



Service base

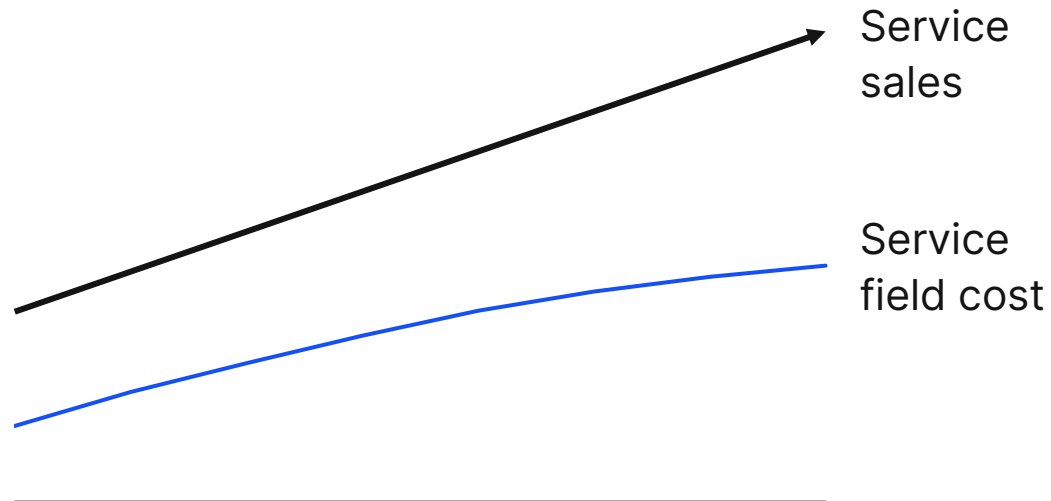
Units



Accelerate Digital: Productivity and customer stickiness

Productivity – time spent more wisely in the field allows growth with limited additions to resources

Illustrative



Customer stickiness – connectivity leading to improved customer experience

Illustrative

+2 pp in global retention rate



+2 pp in annual service portfolio growth rate



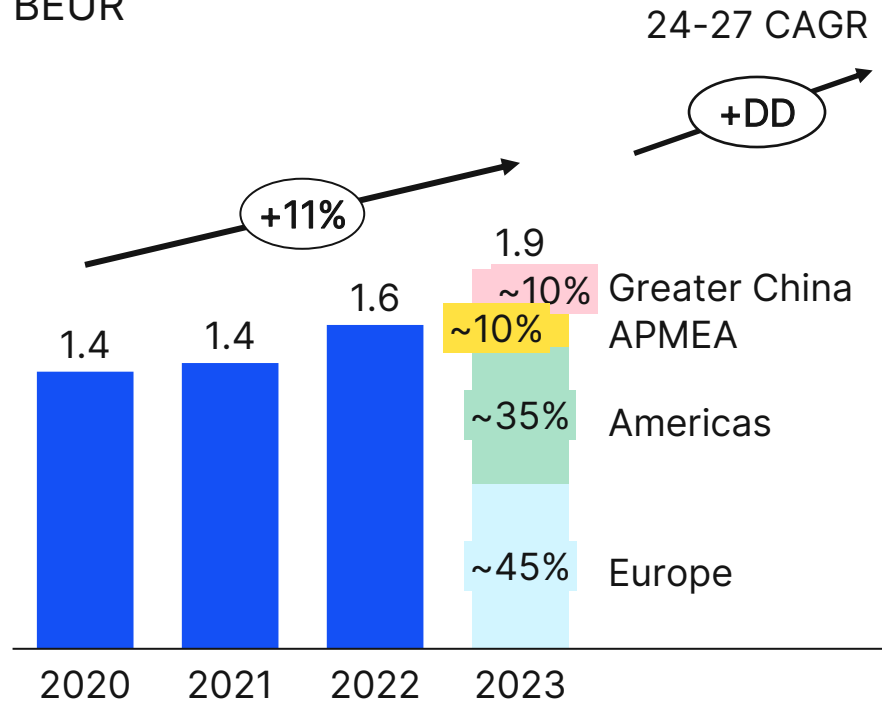
~500 MEUR sales impact cumulatively over 5 years



Positive also for profitability

Modernization, our fastest growing business – margins on solid improvement track

Modernization sales BEUR



Modernization profitability

+4 pp

Improvement in Modernization margins since 2020

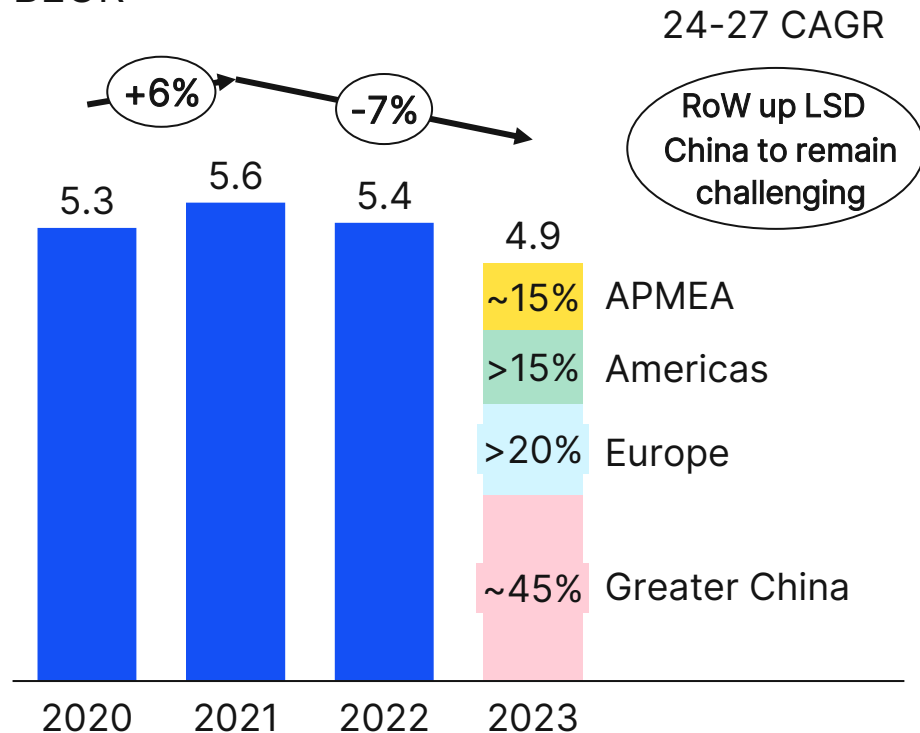
Levers for further margin gains in Modernization

- Industrialization of offering and delivery
- Sales efficiency
- Pricing excellence

New Building Solutions sales and margins under pressure, but we have several levers to improve

New Building Solutions sales

BEUR



New Building Solutions profitability

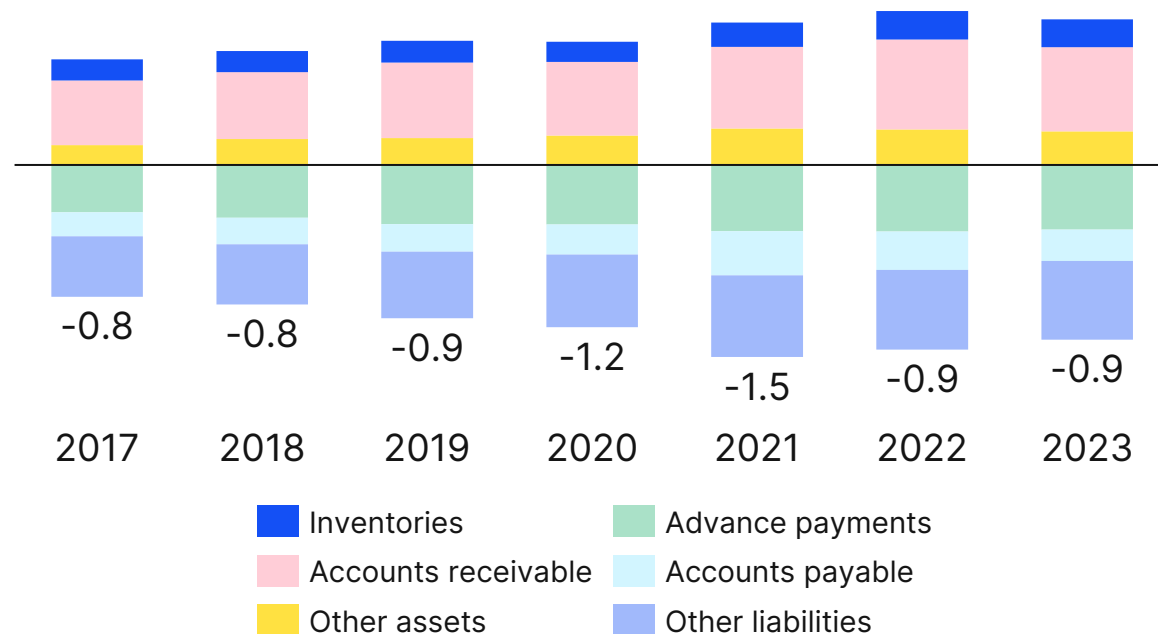
Margins have declined as a result of China, and are clearly below KONE average

Levers for margin improvement in New Building Solutions through Win Residential

- Frugal innovation for cost-effective design
- Procurement optimization
- Sales and installation efficiency

We will continue to drive improved working capital rotation

Net working capital BEUR



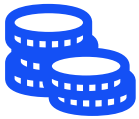
- Our lifecycle business will continue to have negative working capital
- Business mix expected to be a slight headwind
- Several opportunities to offset by improving working capital rotation through:
 - Focus on collections
 - Optimal payment terms with suppliers
 - Driving inventory rotation to more normal level

Capital allocation

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Our business model is capital-light, yielding a high return on capital and enabling a net cash position

Drivers for capital-light business model

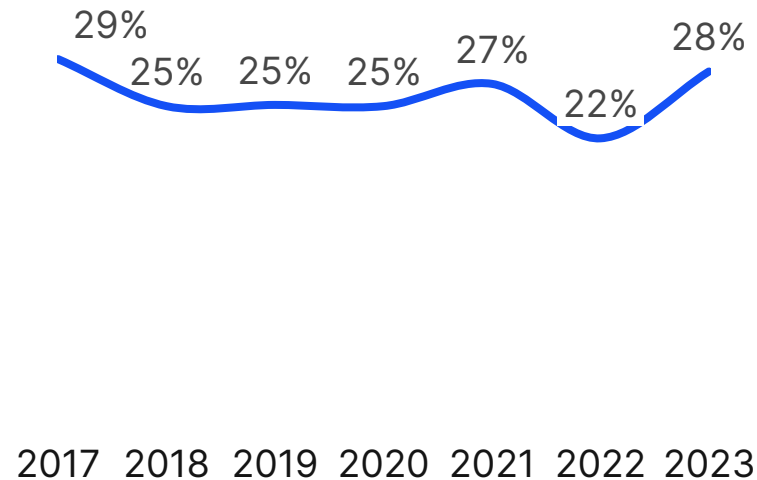


Clearly negative net working capital

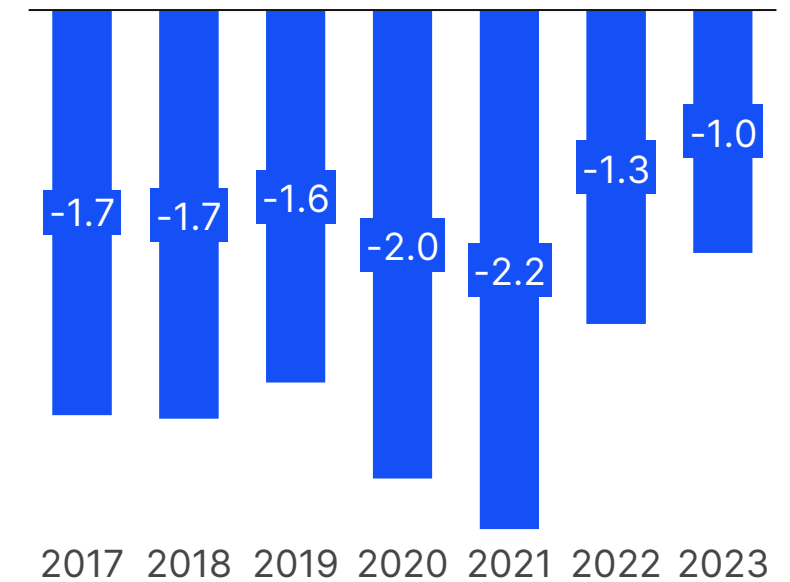


Low capital expenditure requirements

High return on capital Return on capital employed



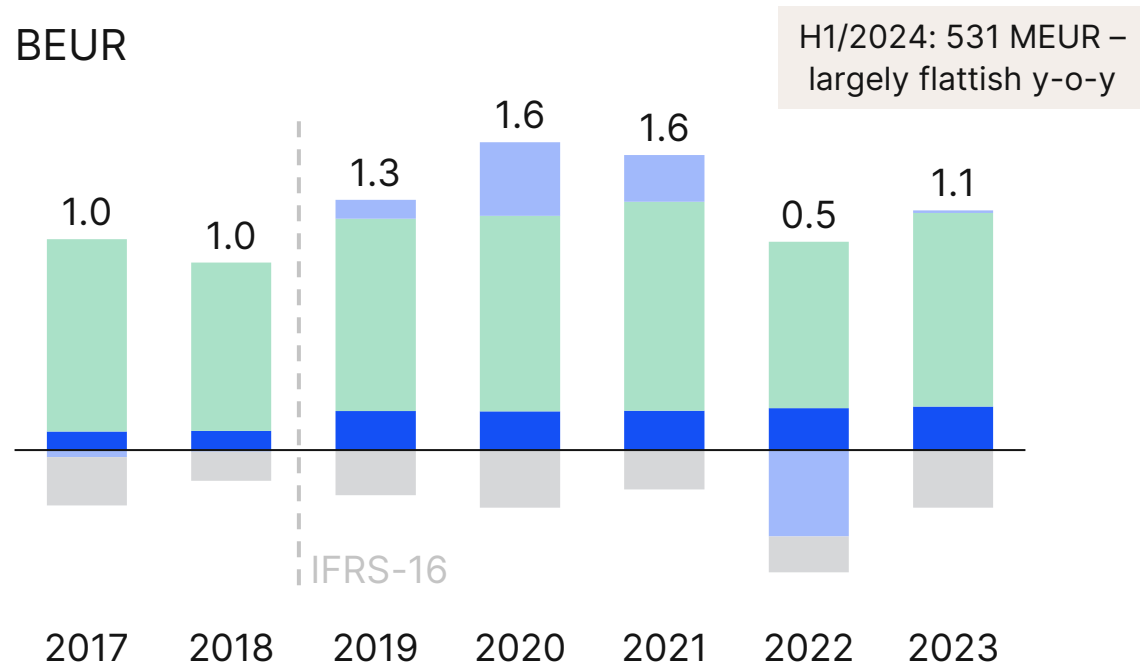
Net cash position Net debt, BEUR



We have solid cash flow and capacity to distribute profit and pursue acquisition opportunities

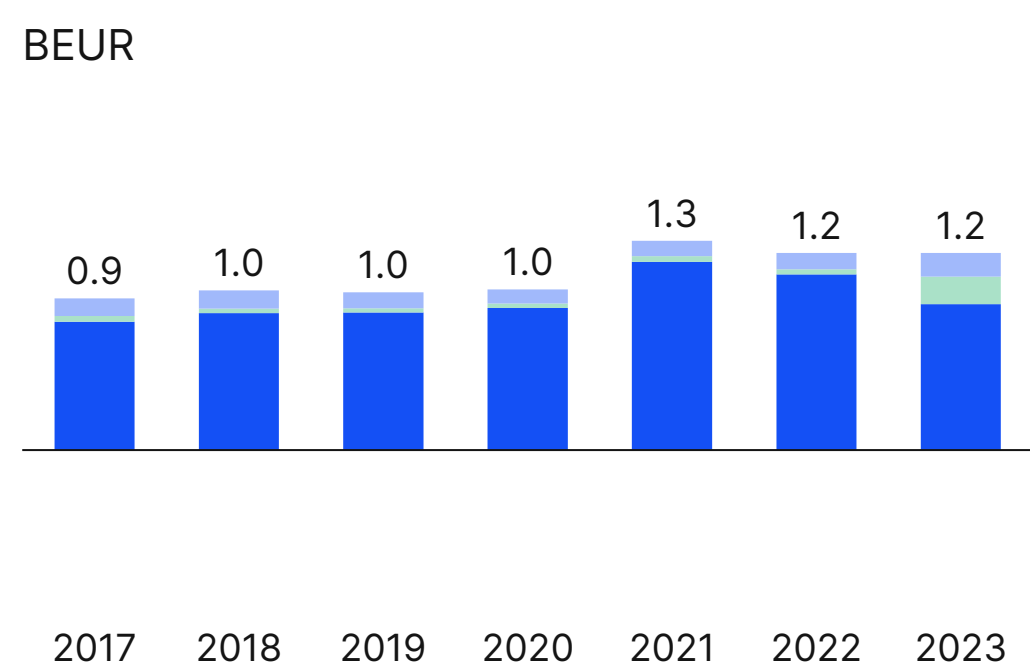
Cash flow from operating activities

BEUR



Capital allocation

BEUR



■ Change in net working capital ■ Depreciation and amortization
■ EBIT ■ Financing items and taxes

■ Capital expenditure ■ Acquisitions ■ Dividends

Forward-looking view on capital allocation

- Operating profit expansion is expected to be the main cash flow growth driver going forward
- Capital expenditure on tangibles is expected to remain on recent years' level
- We continue to have appetite for both bolt-on and larger acquisitions
- We have no dividend policy, but stability of dividends has been considered important



Summary

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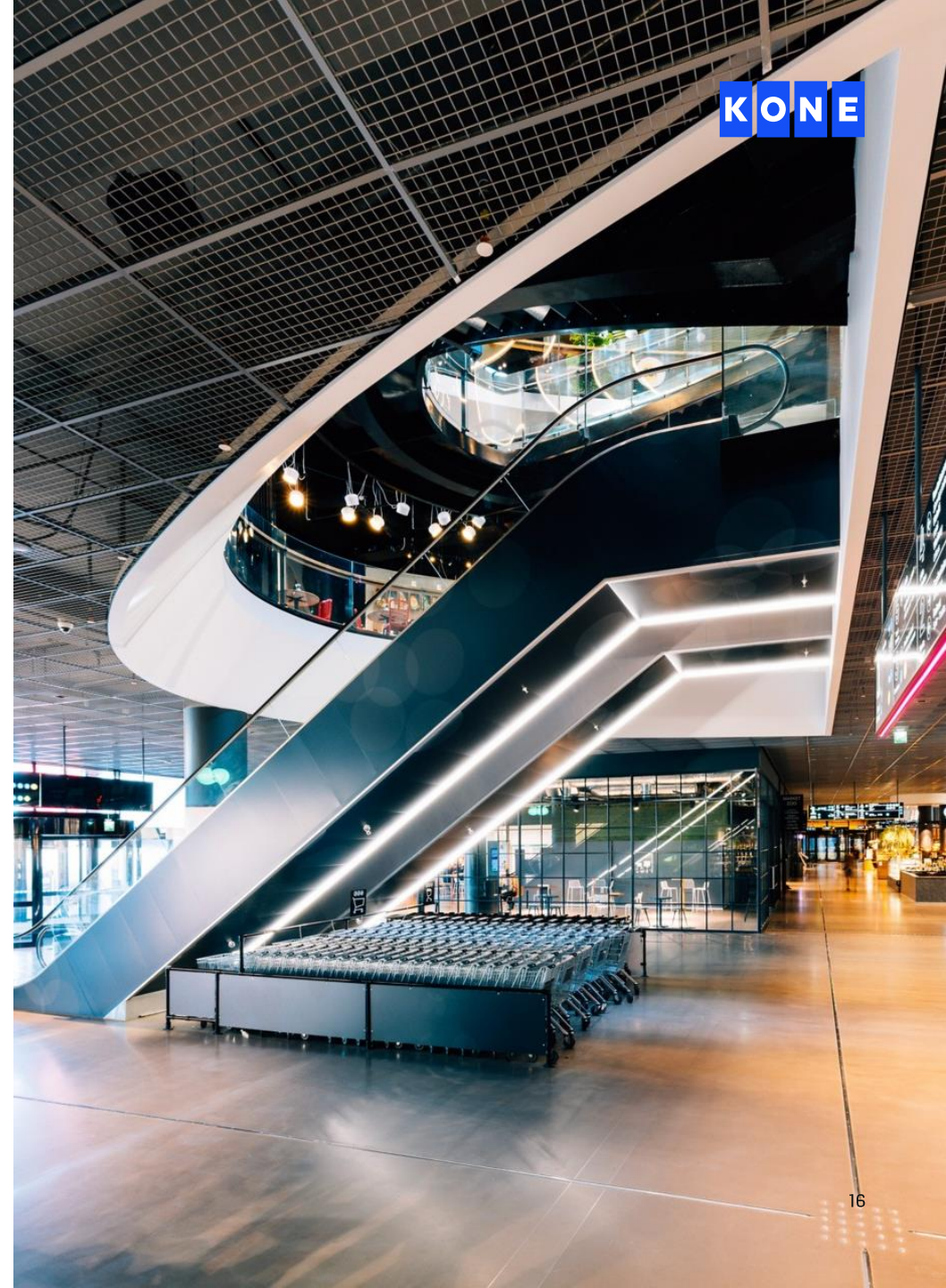
Business outlook for 2024 (unchanged)

Sales

- KONE expects its sales to grow 0-4% at comparable exchange rates in 2024

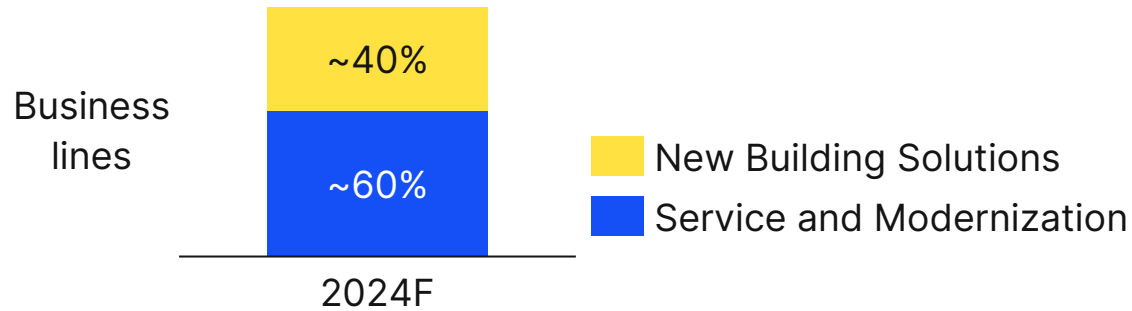
Adjusted EBIT

- The adjusted EBIT margin is expected to be in the range of 11.5%-12.2%

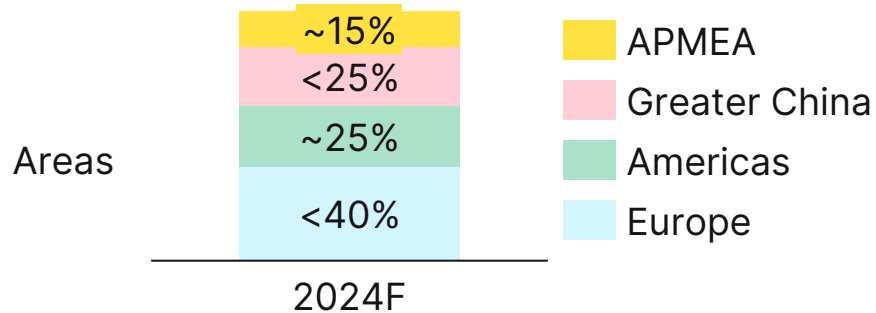
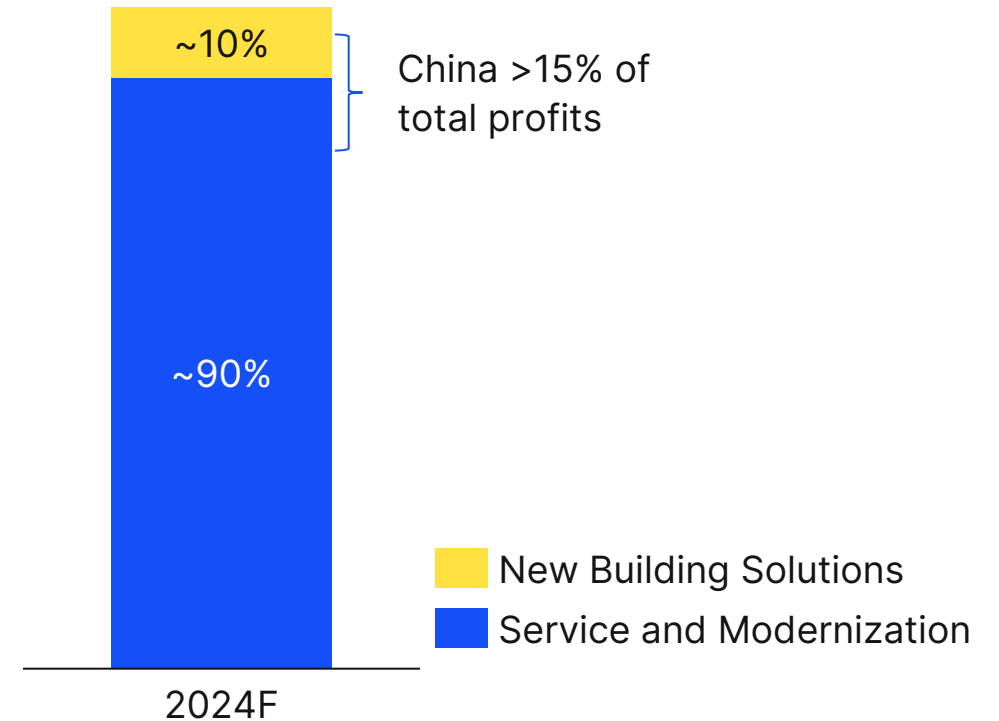


We have a resilient Service and Modernization based business with a balanced geographical footprint

Sales (share of total)



Profits (share of total)



We are focused and committed to deliver on our ambition

- We have a highly resilient business model with ~60% of sales and around 90% of profits from Service and Modernization businesses
- We target mid-single digit annual sales growth and 13-14% adjusted EBIT-% by the full year 2027
- Our strong cash generation and balance sheet ensure flexibility in capital allocation



An aerial photograph of a city, likely Helsinki, Finland, showing a dense urban landscape with numerous buildings, streets, and green spaces. The city is situated near a body of water, with a large white ship visible in the harbor. The sky is a mix of blue and light grey clouds. Overlaid on the center of the image is the word "KONE" in large, bold, semi-transparent grey letters. Each letter is contained within a white rectangular box that allows the city scene to be seen through it.

KONE