

KONE H1 2024

Philippe Delorme, President & CEO
Ilkka Hara, CFO

JULY 19, 2024

HALF-YEAR FINANCIAL REPORT JANUARY-JUNE 2024

Dedicated to
People Flow™

Q2 2024 highlights

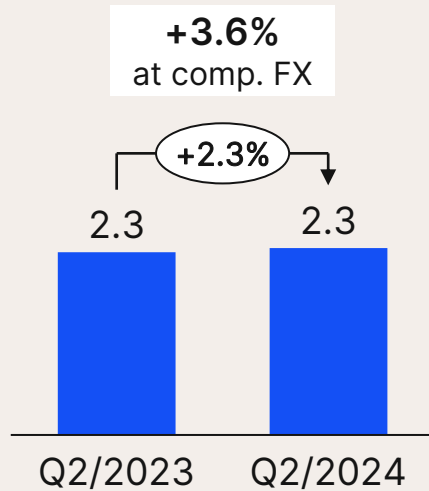
- Focus on Service and Modernization delivering results: strong Service sales growth at 9% and record high Modernization orders
- Sixth consecutive quarter of profitability improvement
- Market outlook downgraded for China New Building Solutions and upgraded for North America Modernization
- Employee engagement improving and well above global benchmark



Q2 2024 financial highlights

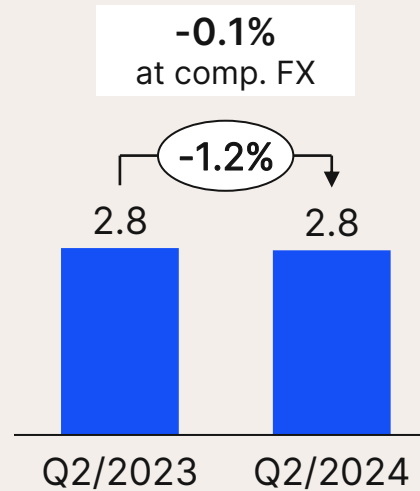
Double digit growth in **orders** in three out of four Areas

Orders received, EUR bn



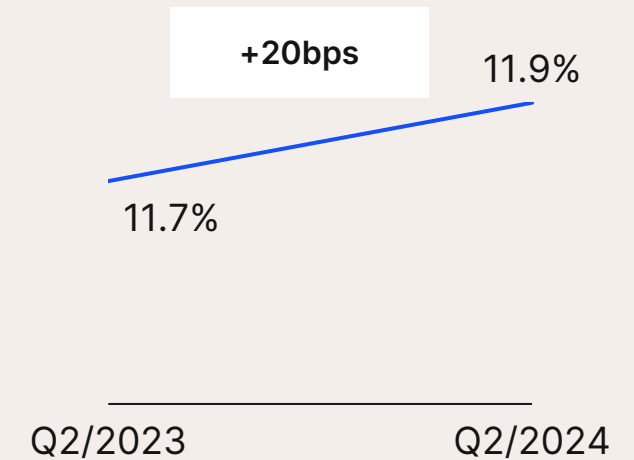
Continued strong growth in Service and Modernization **sales**, China New Building Solutions still a headwind

Sales, EUR bn



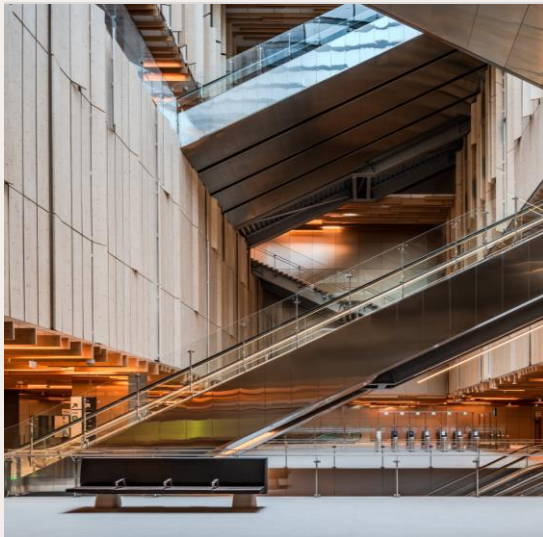
Sixth consecutive quarter of **adjusted EBIT-%** improvement and solid cash flow

Adjusted EBIT margin, % of sales



Exciting customer references across the world

New Building Solutions



Grand Paris Express Metro

New Building Solutions



Wasl Tower Dubai

Modernization



Xujiahui Garden Shanghai

Modernization



Large office project in Chicago

Q2 business highlights



Service

- 7% Service base growth (>5% organic) taking us above 1.7 million units in service
- Developing and scaling new digital tools for smarter service



Modernization

- Record high Modernization orders
- New KONE Upgrade solutions for KONE and non-KONE equipment → reliability and improved user experience in a sustainable way



New Building Solutions

- Improving our residential offering to better match customer needs in a cost competitive way
- Gen AI assisted tendering improving responsiveness to customers and efficiency

Valuable feedback from our employees and customers

Employee engagement index (2024)

92% participation rate

Employee engagement +1 vs 2023

4 points above global average benchmark

Customer net promoter score (2024)

New Building Solutions: +1 vs 2023

Service: -2

Modernization: +4

Appointment to the Executive Board

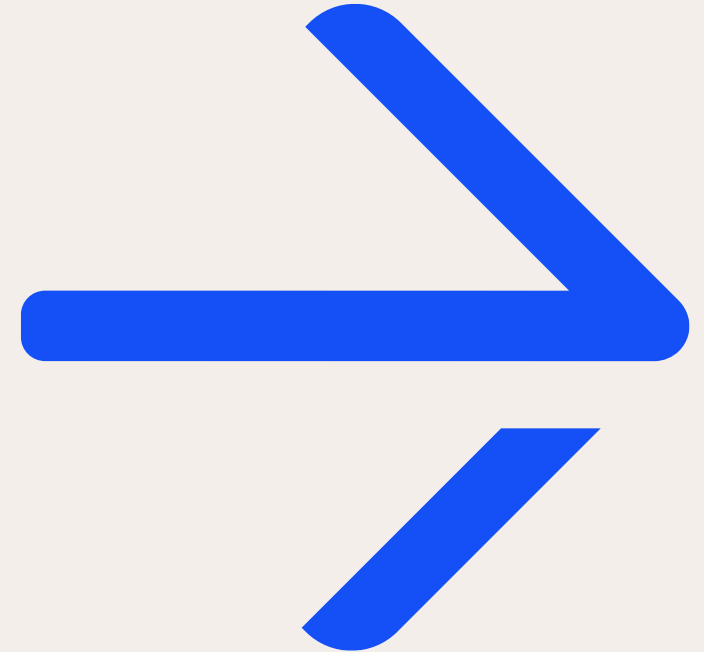
Kaija Bridger

Kaija Bridger has been appointed Executive Vice President, People & Communications as of July 1, 2024.

Kaija began her career at KONE in 2015 and has held various leadership positions in People & Communications, most recently as Vice President, People & Communications for KONE Asia-Pacific, Middle East, and Africa.



Market development



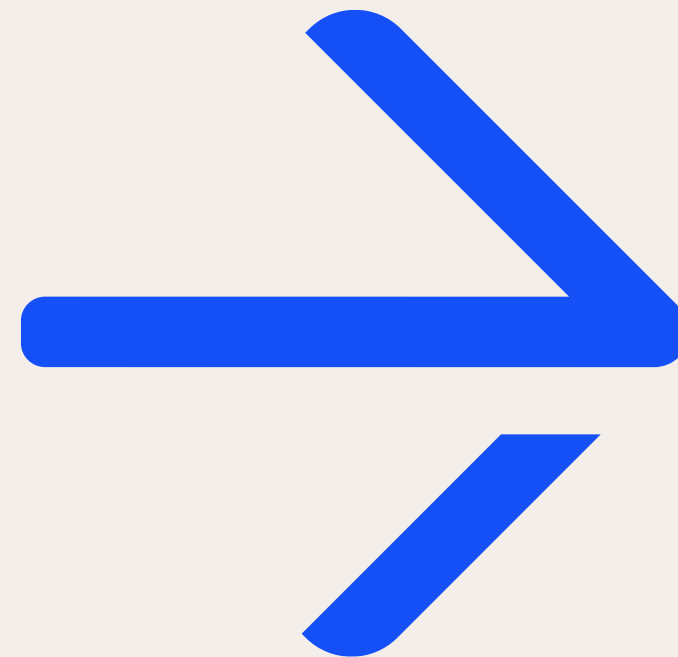
Market development in Q2 2024

	North America	Europe	APMEA	China
New Building Solutions in units	-	+	++	---
Service in units	+	+	++	++
Modernization in monetary value	+++	++	+++	++

- In New Building Solutions market gradual stabilization in Western markets; continued difficult environment in China
- Positive market environment in Service and Modernization across Areas
- Continued strong growth in APMEA market

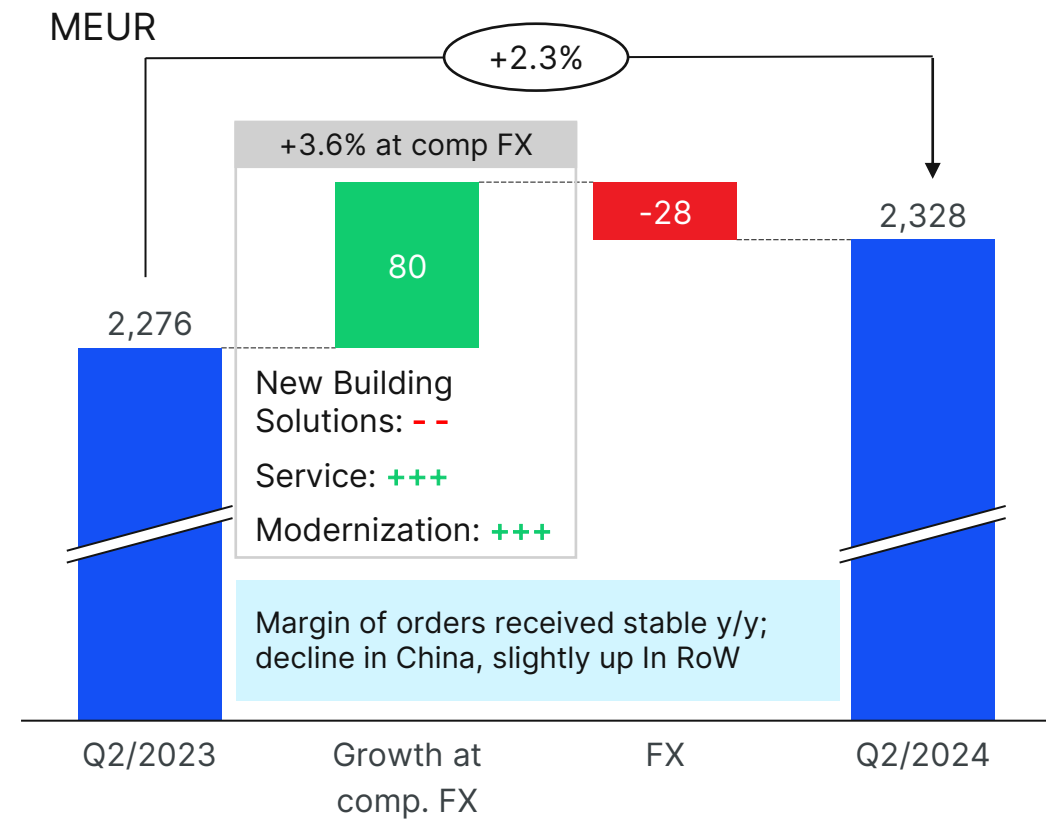
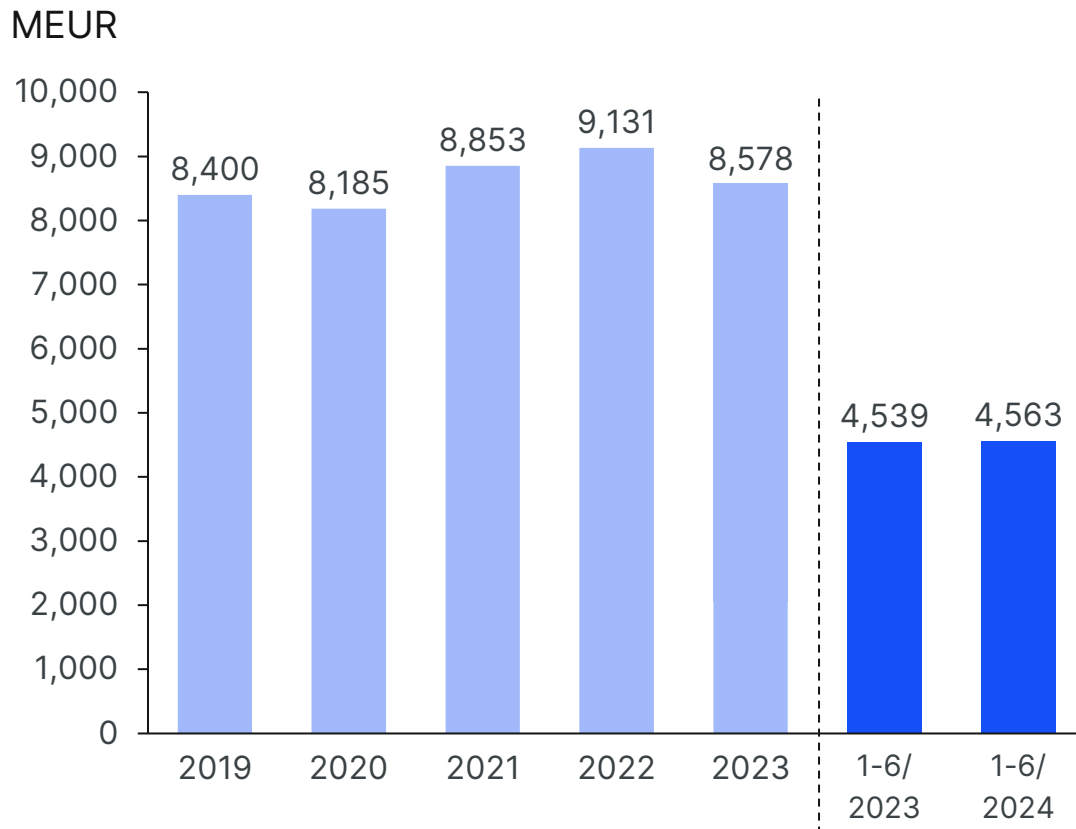
--- Significant decline (>10%), -- Clear decline (5-10%), - Slight decline (<5%), Stable, + Slight growth (<5%), ++ Clear growth (5-10%), +++ Significant growth (>10%).
The development of the operating environment compared to the corresponding period last year. Based on KONE's estimate.

Q2 Financials



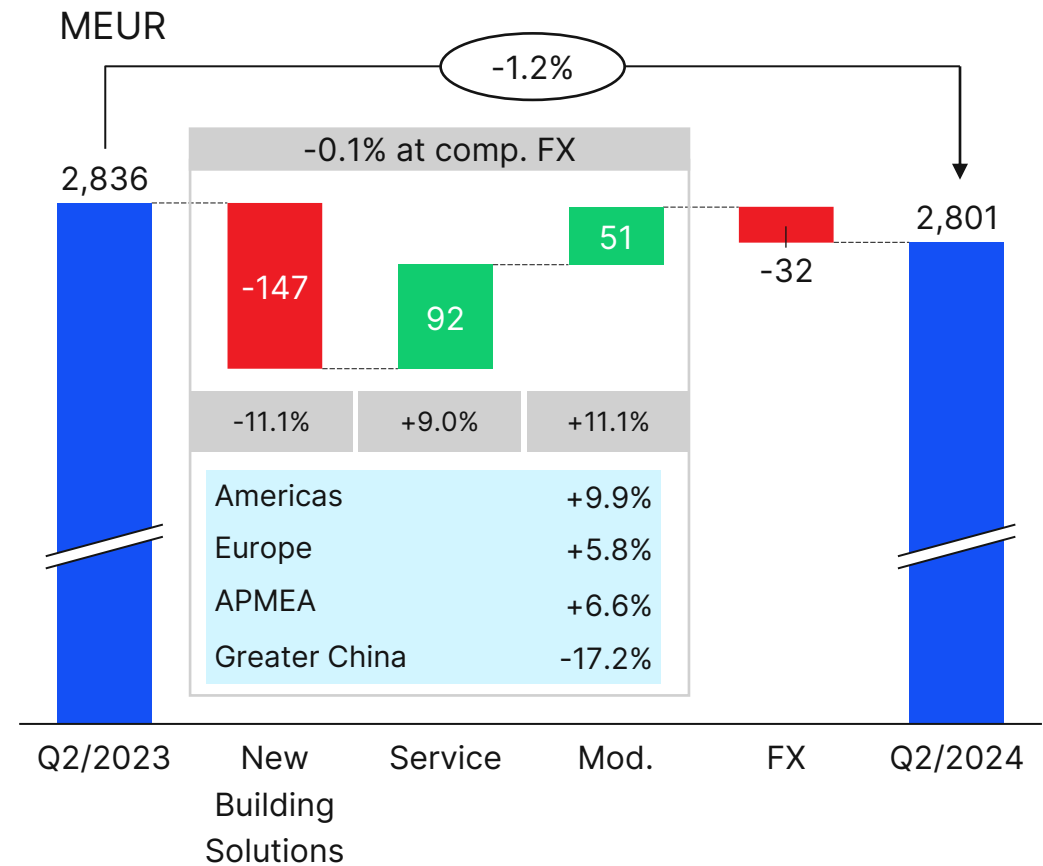
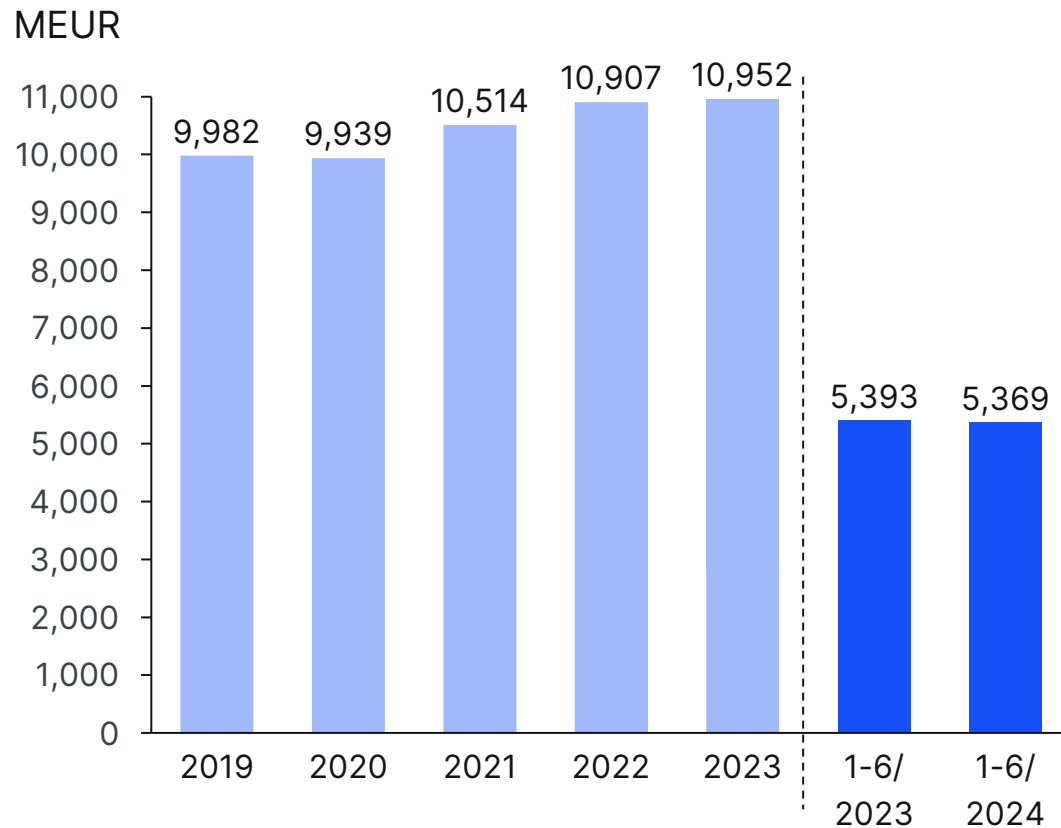
Orders received

Record high Modernization orders with all Areas contributing



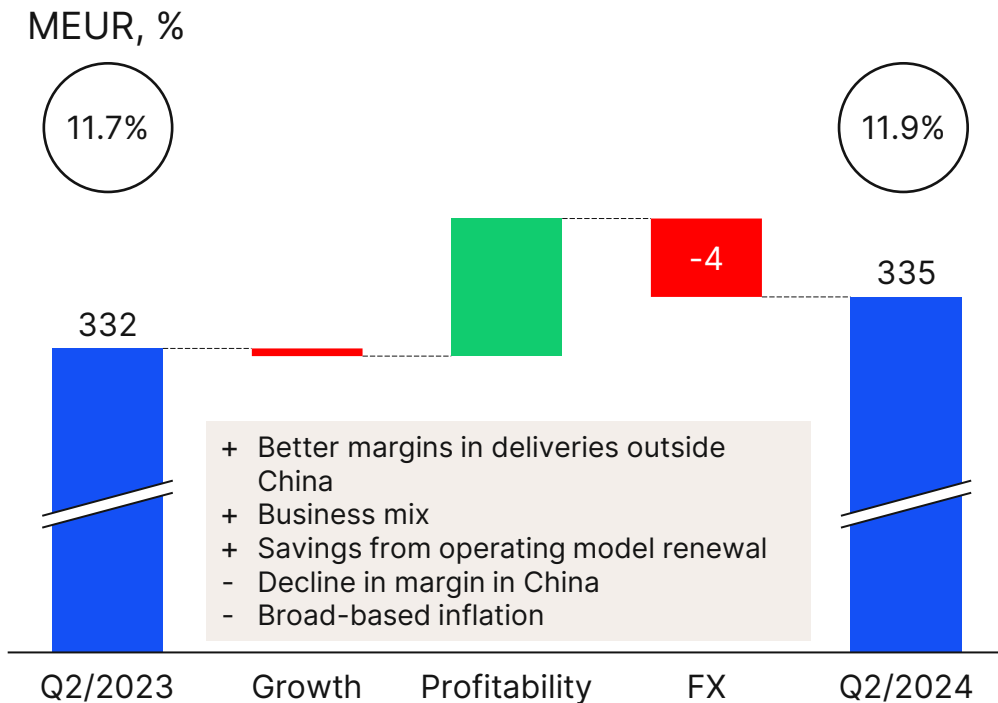
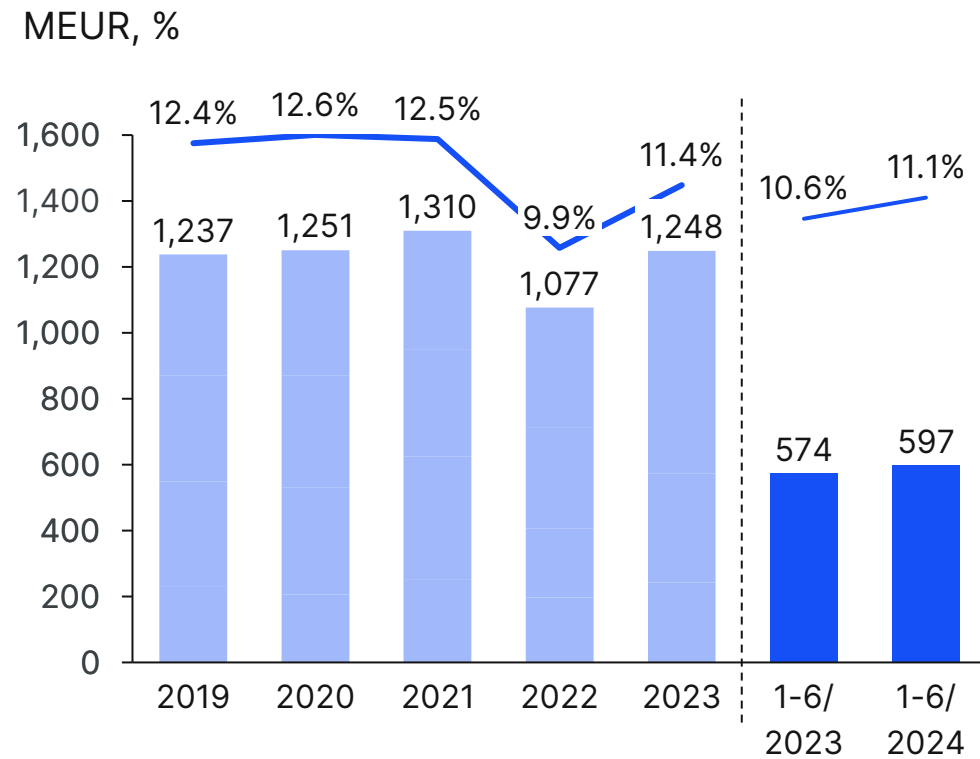
Sales

Continued strong growth in Service and Modernization sales across Areas



Adjusted EBIT and profitability

Sixth consecutive quarter of margin improvement

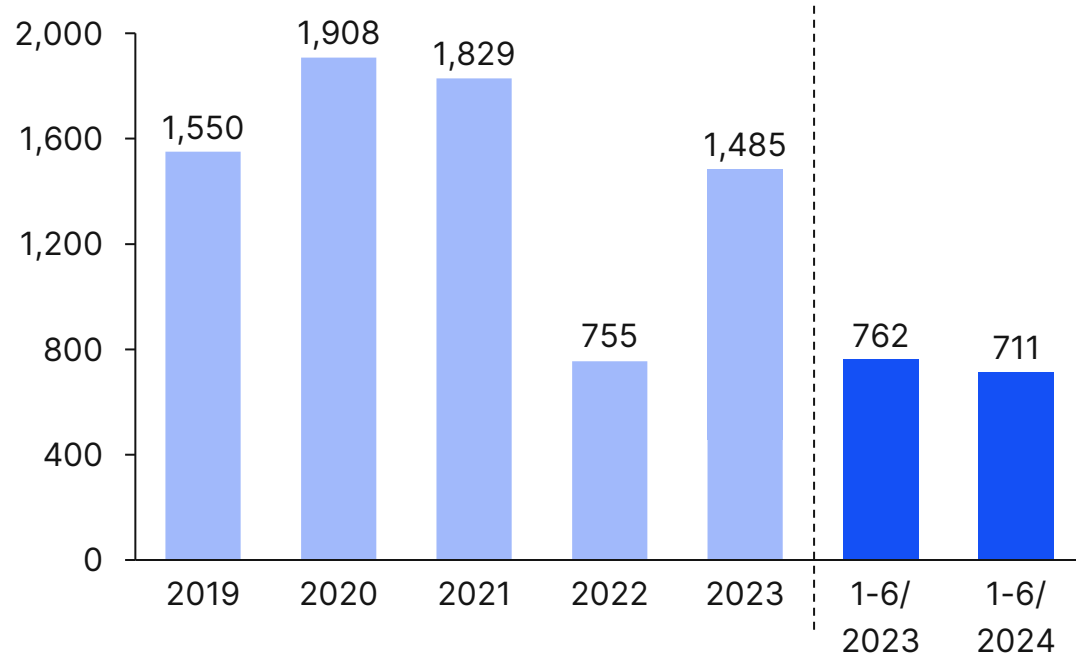


KONE presents adjusted EBIT as an alternative performance measure to enhance comparability of business performance between reporting periods. In January-June 2024, there were no items affecting comparability. In the comparison period, items affecting comparability included restructuring costs and a positive effect arising from the revaluation of operations in Russia classified as held for sale.

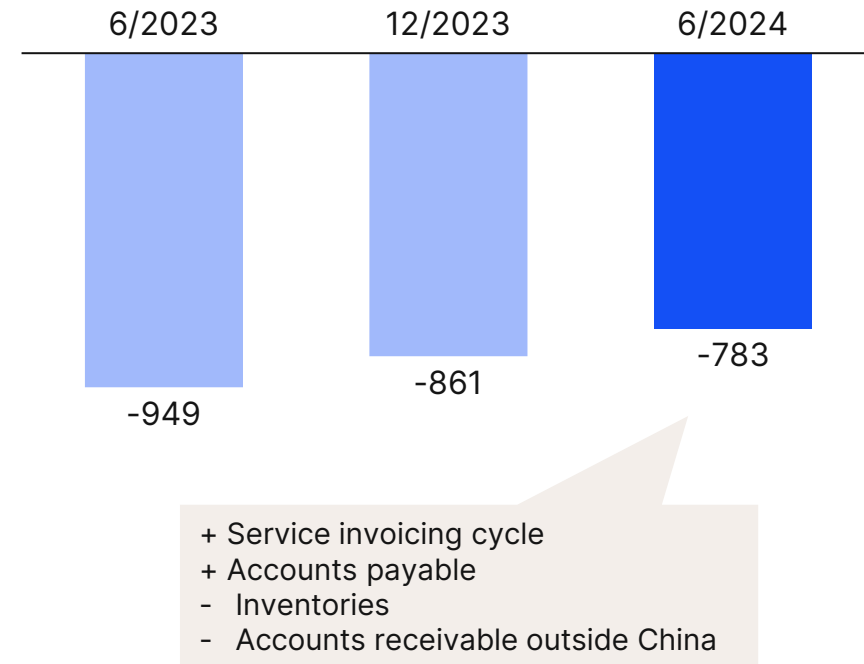
Cash flow from operations and net working capital

Solid cash flow, moderate increase in net working capital

Cash flow from operations*, MEUR



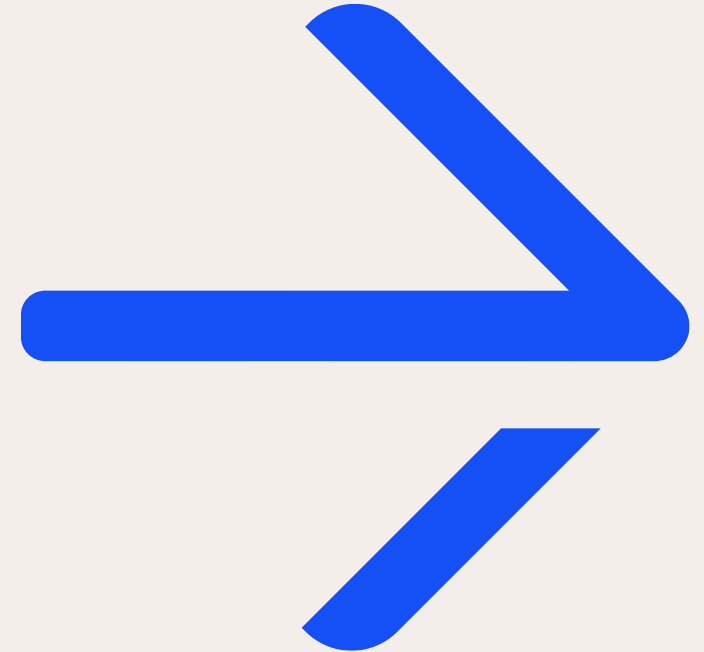
Net working capital**, MEUR



* Before financing items and taxes

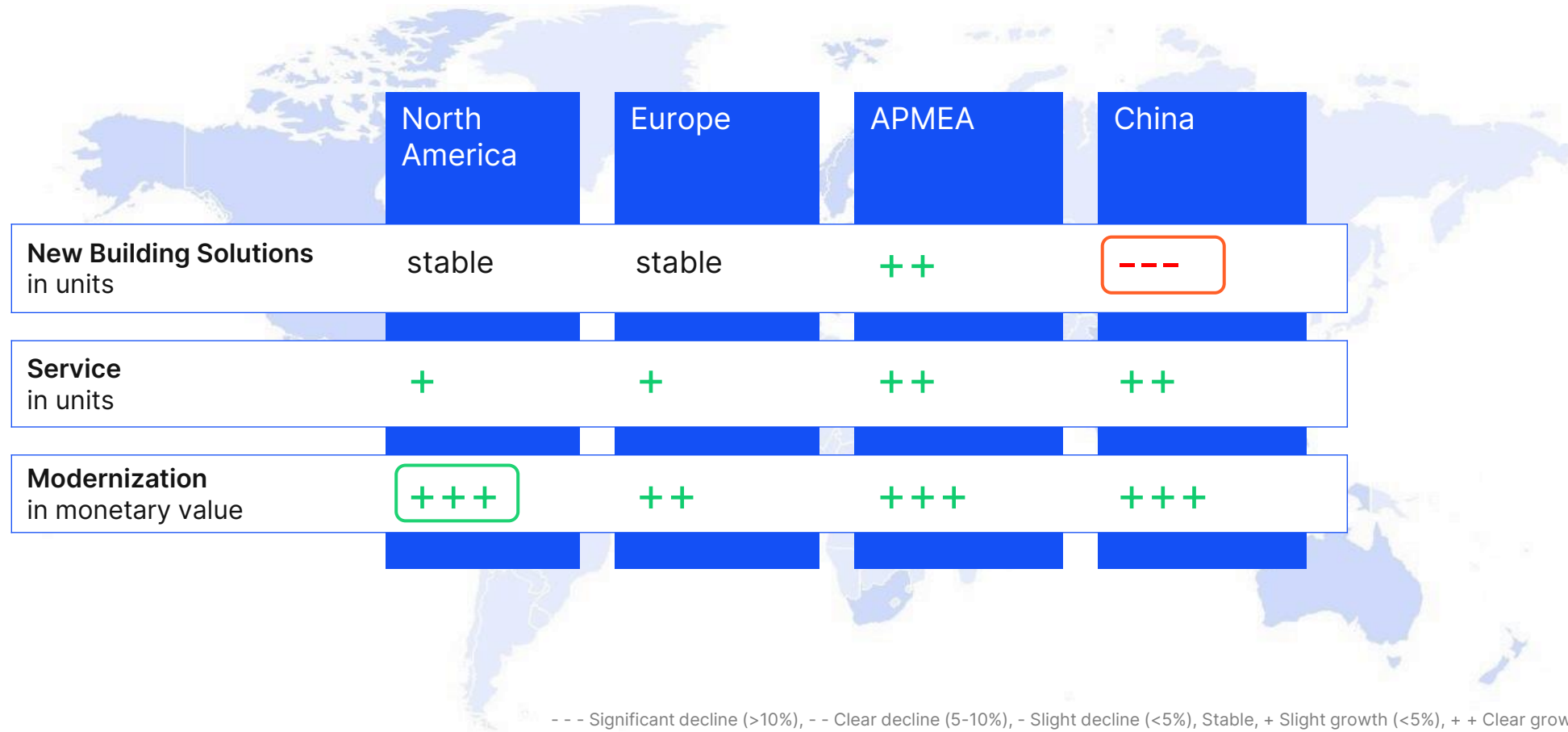
** Including financing items and taxes

Market and business outlook



Market outlook for 2024 (updated)

11 of our 12 markets growing or stable



--- Significant decline (>10%), -- Clear decline (5-10%), - Slight decline (<5%), Stable, + Slight growth (<5%), ++ Clear growth (5-10%), +++ Significant growth (>10%).
The development of the operating environment compared to the corresponding period last year. Based on KONE's estimate.

Business outlook for 2024 (specified)

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%
- Assuming that foreign exchange rates remain at the July 2024 level, the negative impact of foreign exchange rates on the adjusted EBIT would be approximately EUR 10 million

Supporting our performance

- Strong growth in Service and Modernization
- Improved margin coming through in deliveries outside China
- Strong order book
- Savings from operating model renewal

Burdening our performance

- Declining New Building Solutions market in China
- Persistent cost inflation
- Decision to slightly increase investment in R&D and IT

Summary

- Strong growth in the resilient Service and Modernization to continue
- 11 of our 12 markets growing or stable
- Profitability on an improving track



KONE's Capital Markets Day will be held
in Helsinki on Friday, September 27

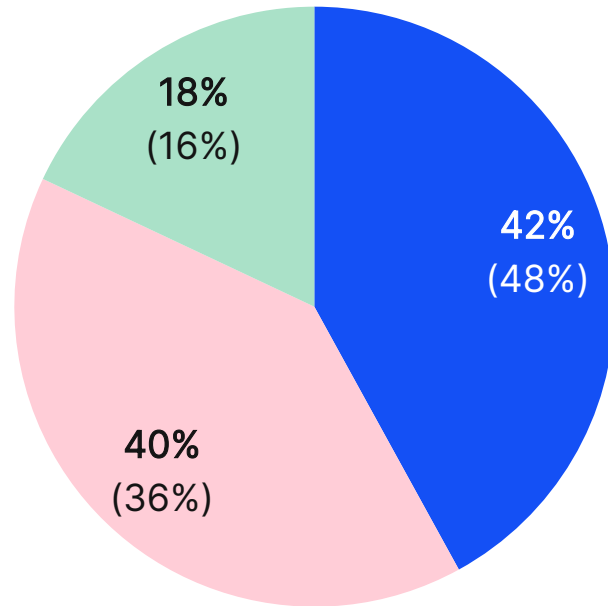


K O N E

Appendix

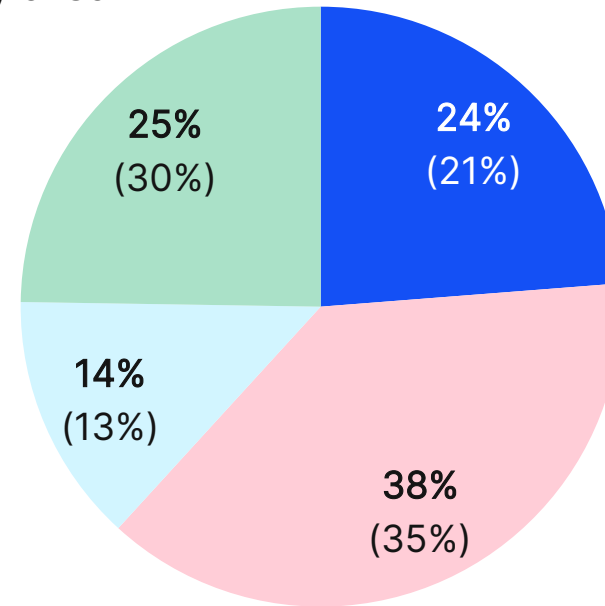
4-6/2024 Sales split

By business



- New Building Solutions
- Service
- Modernization

By area

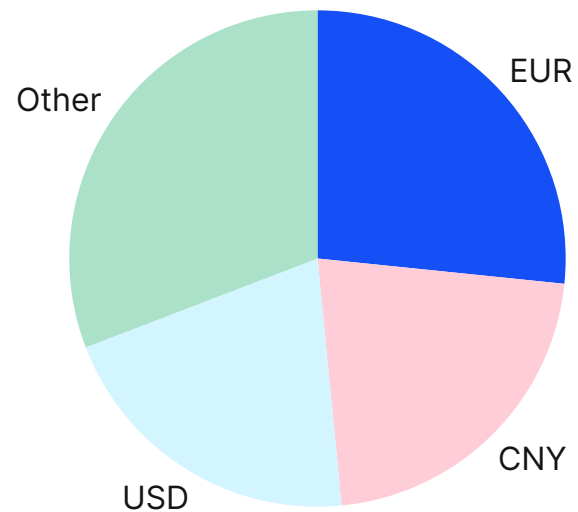


- Americas
- Europe
- Asia-Pacific, Middle East and Africa
- Greater China

4-6/2023 figures in brackets. Figures in charts are rounded and at historical exchange rates.

Currencies

Sales by currencies 4-6/2024



Currency impact*

MEUR	Q2	FY
Sales	-32	ca. -100
EBIT	-4	ca. -10
Orders received	-28	ca. -100

Main currencies

	Q2 2024 average	Q2 2023 average	2023 average
EUR / CNY	7.8038	7.5156	7.6589
EUR / USD	1.0828	1.0789	1.0816
EUR / GBP	0.8557	0.8752	0.8702
EUR / INR	90.1398	88.7613	89.3371
EUR / AUD	1.6406	1.6108	1.6297

* Impact of retranslating the comparison period with comparable exchange rates. For the full-year, 1-6/2024 exchange rates used for H1 and July 11, 2024 rates for Q3-Q4.

Q2 2024 key figures

		Q2/2024	Q2/2023	Change	Comparable change
Orders received	MEUR	2,327.6	2,275.5	2.3%	3.6%
Order book	MEUR	9,326.6	9,041.9	3.1%	2.6%
Sales	MEUR	2,801.0	2,835.9	-1.2%	-0.1%
Operating income (EBIT)	MEUR	334.7	283.2	18.2%	
Operating income margin (EBIT %)	%	11.9	10.0		
Adjusted EBIT	MEUR	334.7	332.0	0.8%	
Adjusted EBIT margin	%	11.9	11.7		
Cash flow from operations (before financing items and taxes)	MEUR	312.6	306.1		
Basic earnings per share	EUR	0.50	0.43	15.8%	

1-6/2024 key figures

		1-6/2024	1-6/2023	Change	Comparable change
Orders received	MEUR	4,563.3	4,538.6	0.5%	2.6%
Order book	MEUR	9,326.6	9,041.9	3.1%	2.6%
Sales	MEUR	5,369.3	5,392.5	-0.4%	1.2%
Operating income (EBIT)	MEUR	597.0	521.5	14.5%	
Operating income margin (EBIT %)	%	11.1	9.7		
Adjusted EBIT	MEUR	597.0	573.9	4.0%	
Adjusted EBIT margin	%	11.1	10.6		
Cash flow from operations (before financing items and taxes)	MEUR	710.8	762.0		
Basic earnings per share	EUR	0.89	0.79	13.4%	

Balance sheet – assets employed

MEUR	Jun 30, 2024	Jun 30, 2023	Dec 31, 2023
Assets employed			
Goodwill	1,509.9	1,439.0	1,469.0
Other intangible assets	316.0	281.2	287.2
Tangible assets	823.1	718.3	779.7
Shares and other non-current financial assets	86.4	98.4	97.9
Net working capital	-782.8	-948.7	-861.2
Assets employed total	1,952.5	1,588.2	1,772.6
Financed by			
Equity	2,370.2	2,229.1	2,786.0
Interest-bearing net debt	-417.7	-640.9	-1,013.4
Equity and interest-bearing net debt total	1,952.5	1,588.2	1,772.6

Net working capital*

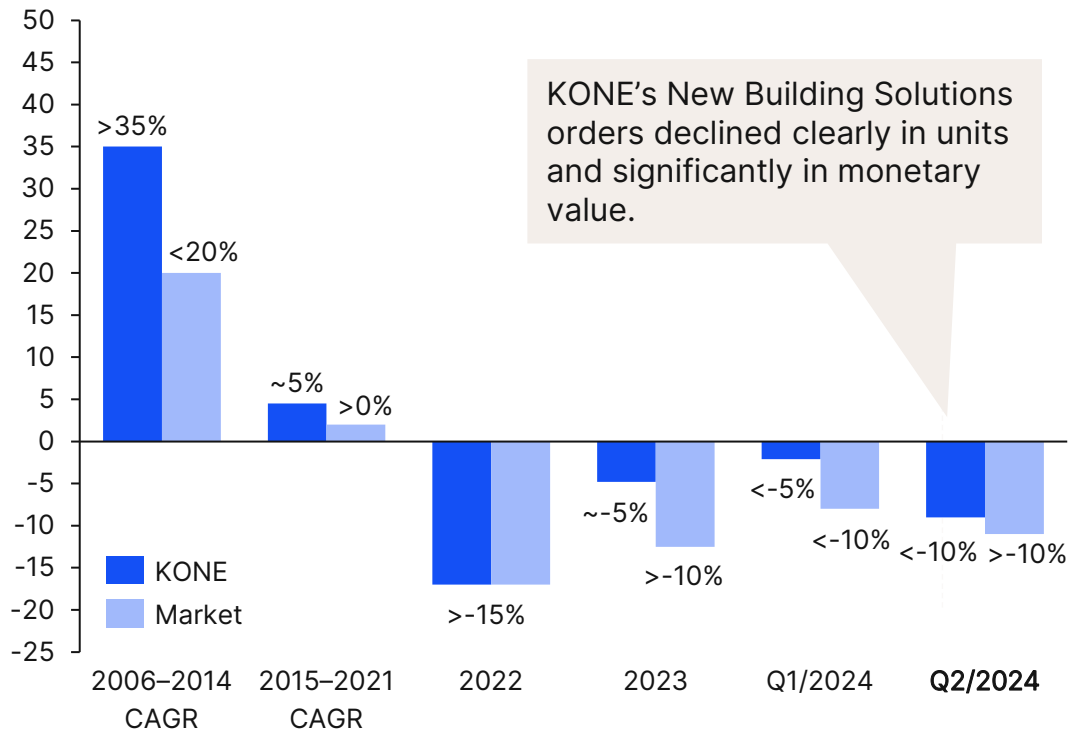
MEUR	Jun 30, 2024	Jun 30, 2023	Dec 31, 2023
Net working capital			
Inventories	845.4	829.2	820.9
Advance payments received and deferred revenue	-1,924.2	-1,953.5	-1,915.7
Accounts receivable	2,530.7	2,531.6	2,495.1
Deferred assets and income tax receivables	846.4	873.0	759.7
Accruals and income tax payables	-2,197.6	-2,262.4	-2,131.1
Provisions	-190.2	-217.3	-196.9
Accounts payable	-962.8	-952.4	-927.0
Other non-current receivables	36.0	-	-
Net deferred tax assets / liabilities	233.4	203.2	233.9
Net working capital total	-782.8	-948.7	-861.2

* Including financial items and taxes.

KONE in Greater China

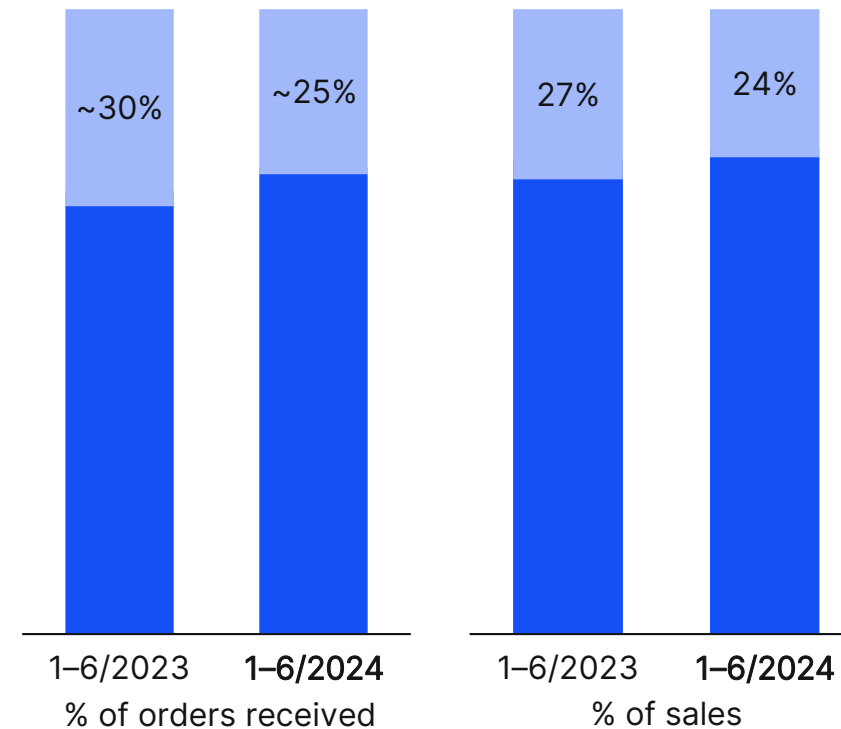
New Building Solutions market

New Building Solutions orders received in units vs. market development



Greater China's share of KONE's orders received and sales

Monetary value (at comp. FX)



Market activity in China



- Weak consumer sentiment and developers' liquidity challenges continued to weigh on new construction activity, policy actions also key to recovery
- New Building Solutions pricing environment characterized by intense competition
- Strong growth in Service and Modernization markets



	Q2 2024 y/y	H1 2024 y/y
Real estate investment	-10.50%	-10.10%
Residential sales volume	-23.40%	-21.90%
New starts	-19.90%	-23.70%
Completions	-23.20%	-21.80%
New home prices in 70 largest cities (June)	-4.89%	-3.08%