

KONE Q3 2024

Philippe Delorme, President & CEO
Ilkka Hara, CFO

OCTOBER 24, 2024

INTERIM REPORT JANUARY-SEPTEMBER 2024

Dedicated to
People Flow™

Q3 2024 highlights

- Strong support and excitement around new strategy – executing at full speed
- Continued strong growth in Service and Modernization
- Strong growth in Americas, Europe and APMEA. Intensified headwinds in China
- Business outlook for 2024 specified: 0-3% sales growth at comparable exchange rates; 11.5-11.9% adjusted EBIT margin

~20%

Growth in
Modernization orders*

-20%

Decline in
Greater China sales*

10%

Growth in
Service sales*

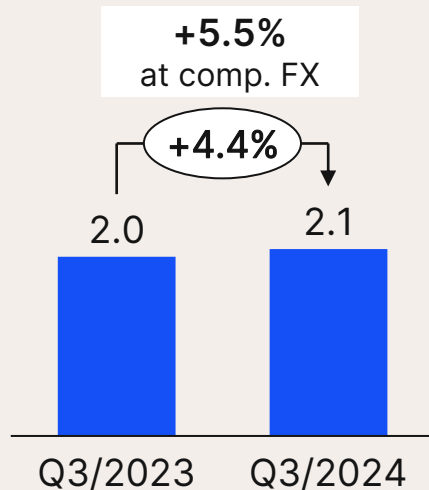
10%

Growth in
rest of the world sales*

Q3 2024 financial highlights

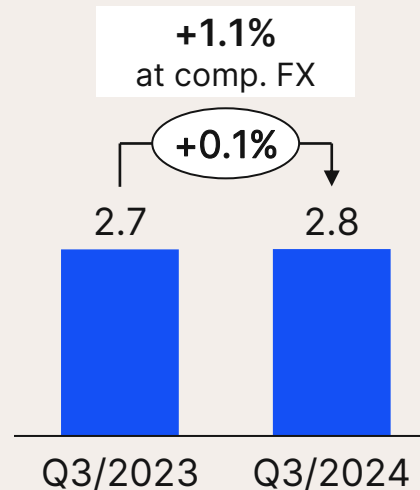
Double digit growth in **orders** in three out of four Areas

Orders received, EUR bn



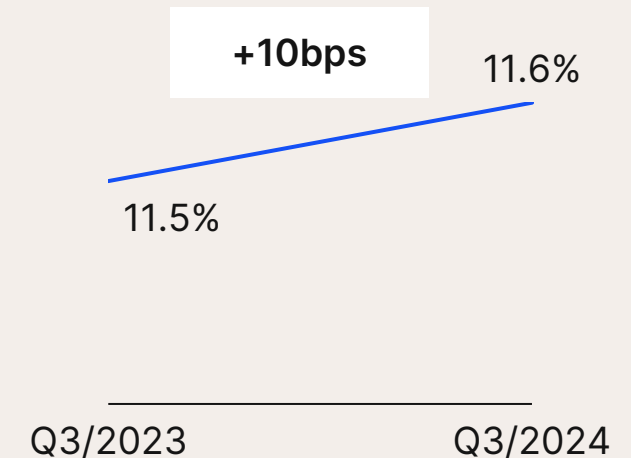
Strong growth in Service and Modernization **sales**. Greater China sales declined by 20%*

Sales, EUR bn



Positive development in **adjusted EBIT-%** continued. Performance improvement initiatives launched

Adjusted EBIT margin, % of sales



Rise to lead

#1 for Employees & Customers • Innovation & Sustainability • Growth & Profitability



Accelerate Digital



Drive Modernization



Win Residential



Cut Carbon

Easiest to work for and work with



Dedicated to People Flow™

We shape the future of cities

Bringing new innovations to market



- KONE High-Rise MiniSpace DX with UltraRope launched
- Significantly lower carbon footprint and more floor space for developers



- ~35% of Service base connected – moving towards tiered connected services
- Dynamic maintenance live in eight countries – key enabler for productivity
- Remote Service live in 10 countries

Exciting customer references across the world

New Building Solutions



Wooden modular residential project, The Netherlands

New Building Solutions



Melbourne Square BLVD, Australia

Modernization



Harry Reid International Airport, Las Vegas

Modernization



Oasis City Garden, Shanghai

Recognition for innovation and sustainability

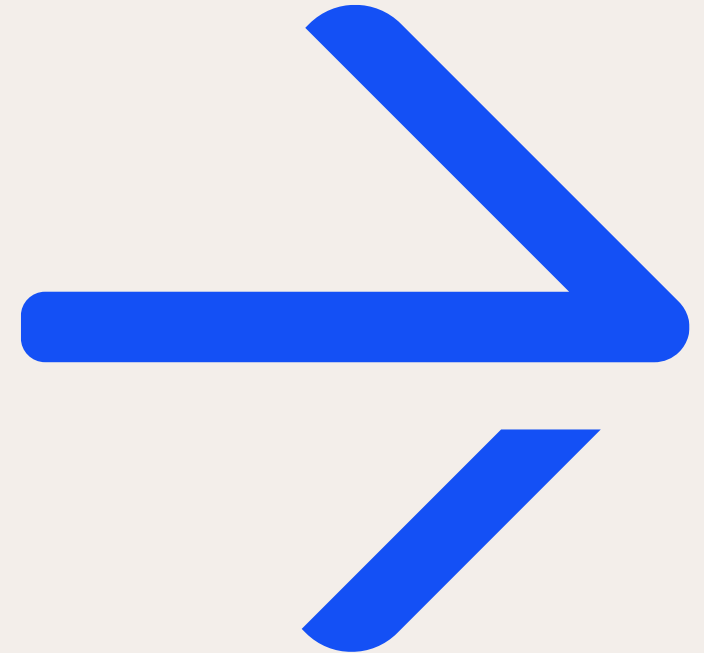


- KONE SiteFlow wins the CTBUH 2024 Innovation Award, KONE also awarded for diversity, equity and inclusion



- KONE has been recognized as one of the best employers in the world for several years by Forbes business magazine

Market development



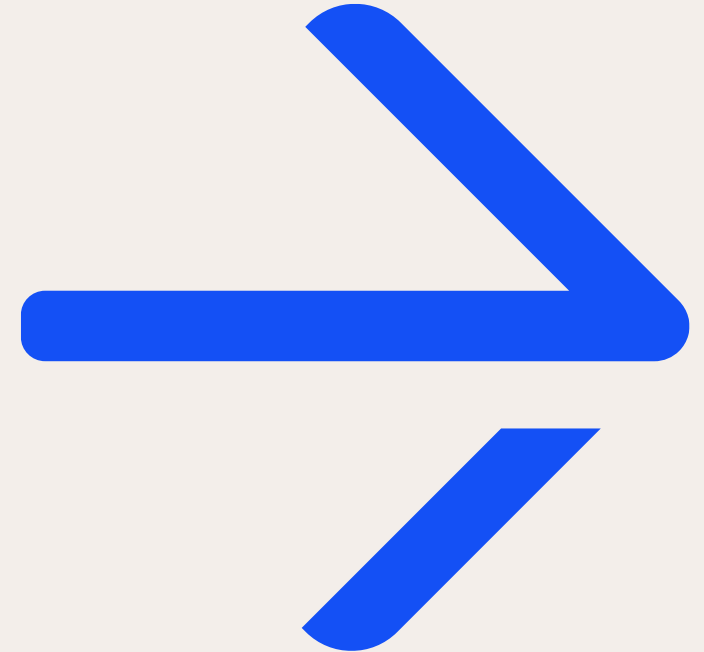
Market development in Q3 2024

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

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

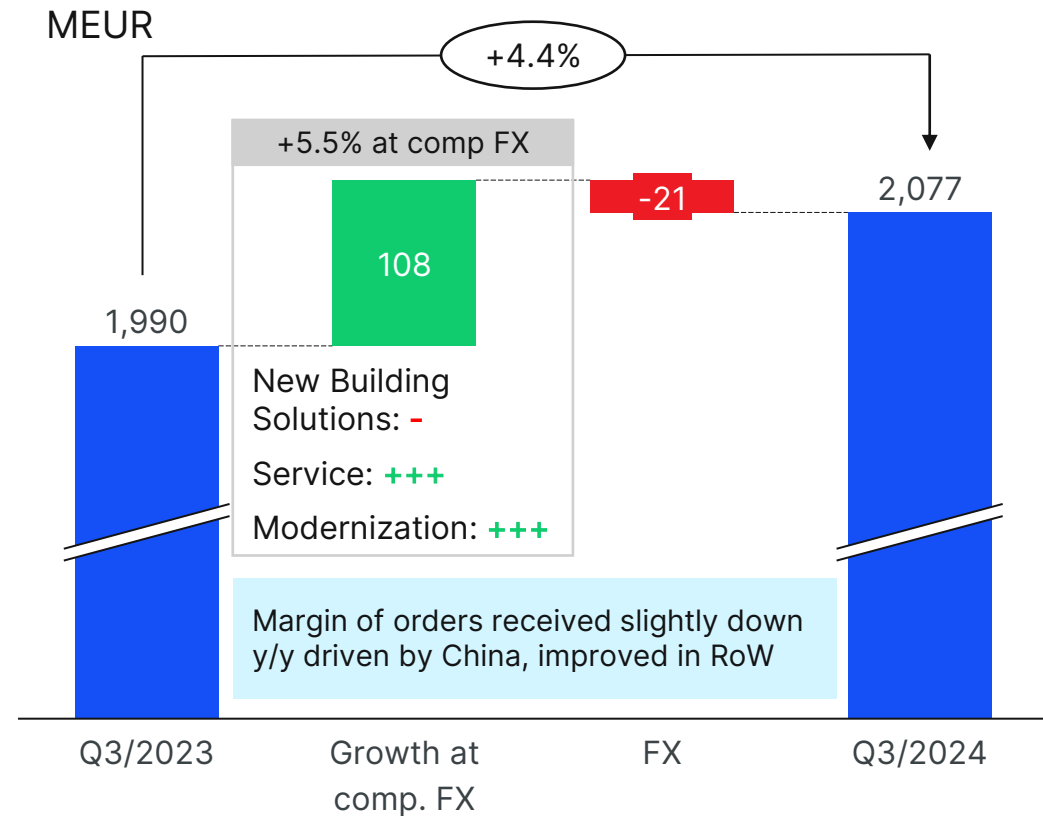
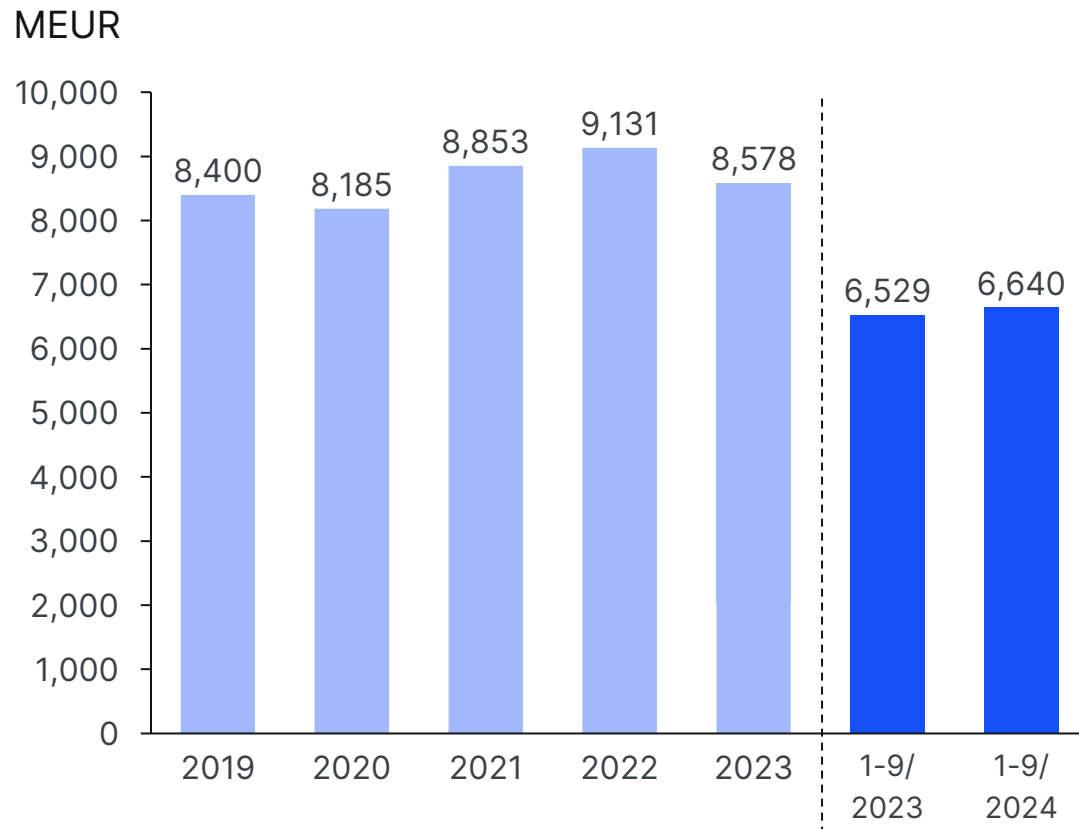
--- Significant decline (>10%). -- Clear decline (5-10%). - Slight decline (<5%). Stable. + Slight growth (<5%). ++ Clear growth (5-10%). +++ Significant growth (>10%).
The development of the operating environment compared to the corresponding period last year. Based on KONE's estimate.

Q3 Financials



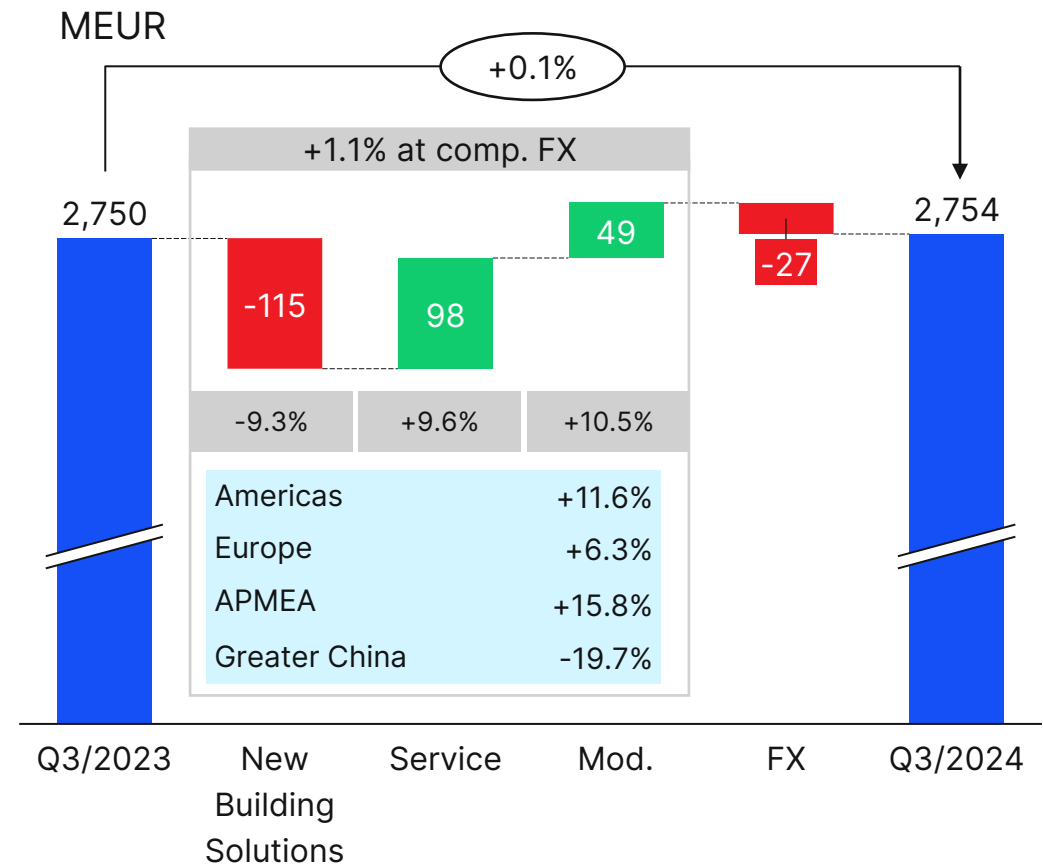
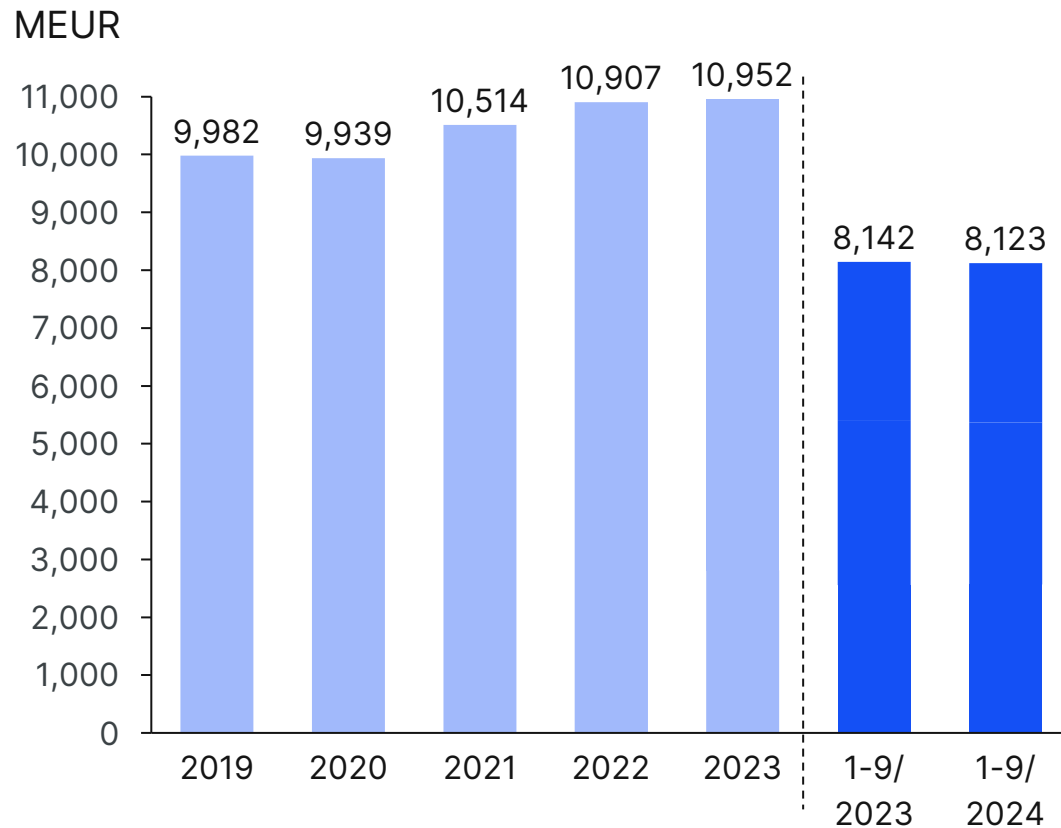
Orders received

Double digit growth in three out of four Areas



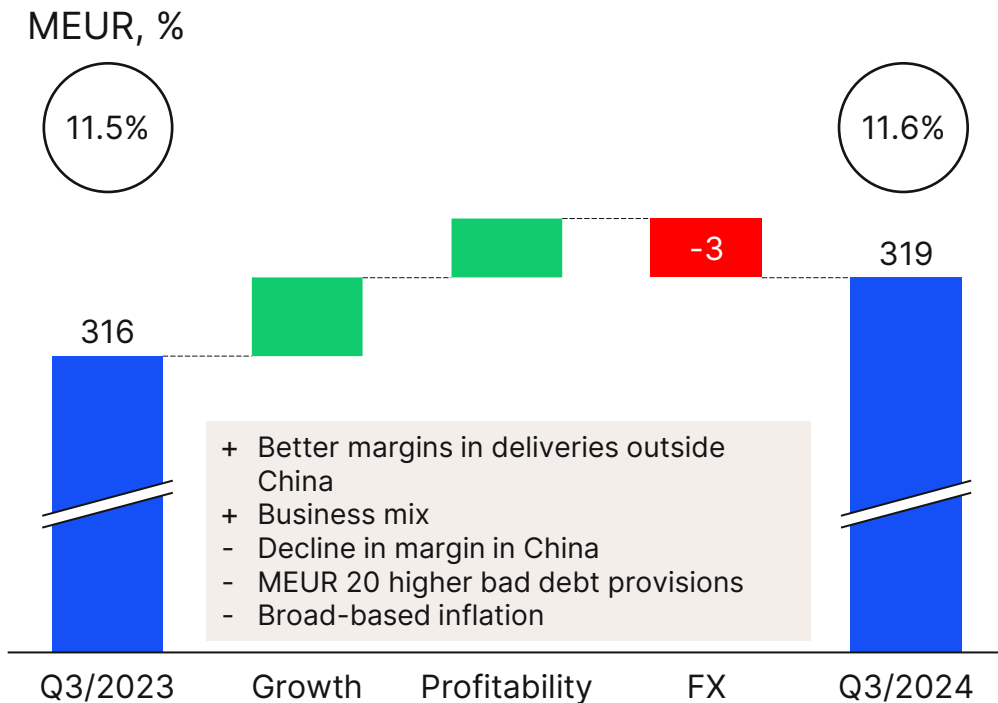
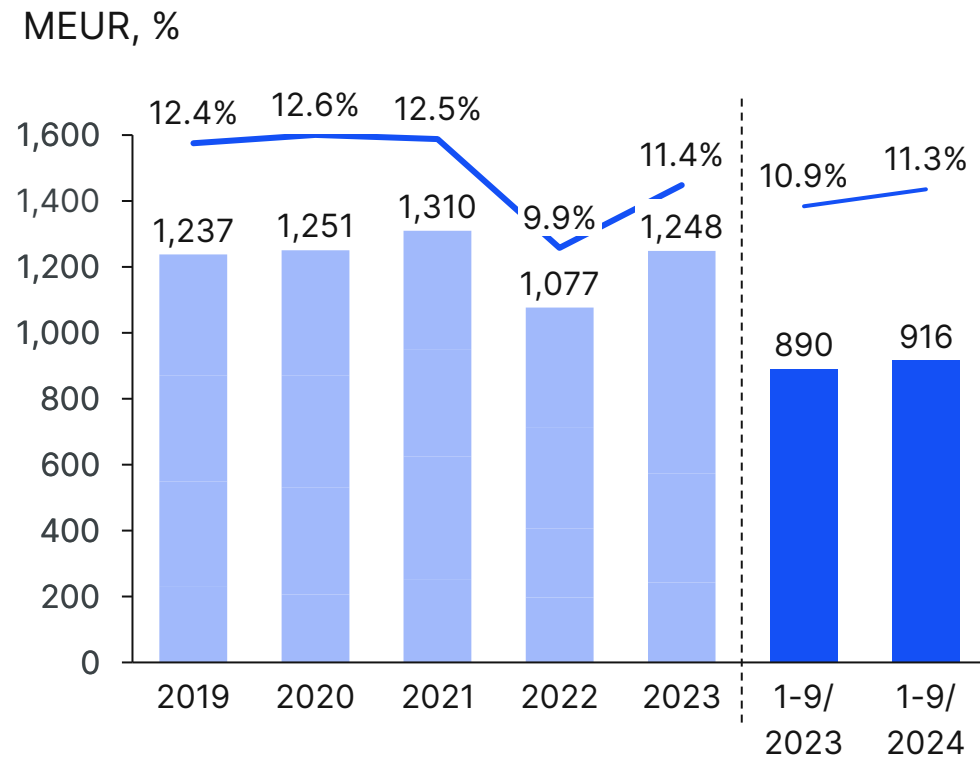
Sales

Continued strong growth in Service and Modernization sales across Areas



Adjusted EBIT and profitability

Continued positive margin development

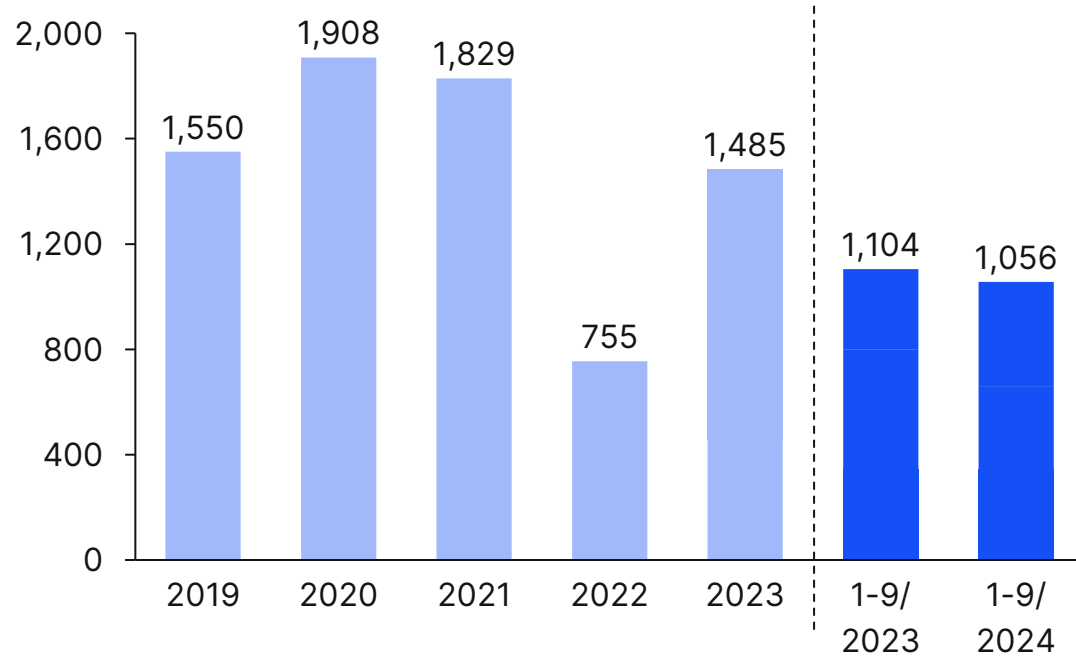


KONE presents adjusted EBIT as an alternative performance measure to enhance comparability of business performance between reporting periods. In January-September 2024, there were no items affecting comparability. In the comparison period, items affecting comparability included restructuring costs and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

Cash flow from operations and net working capital

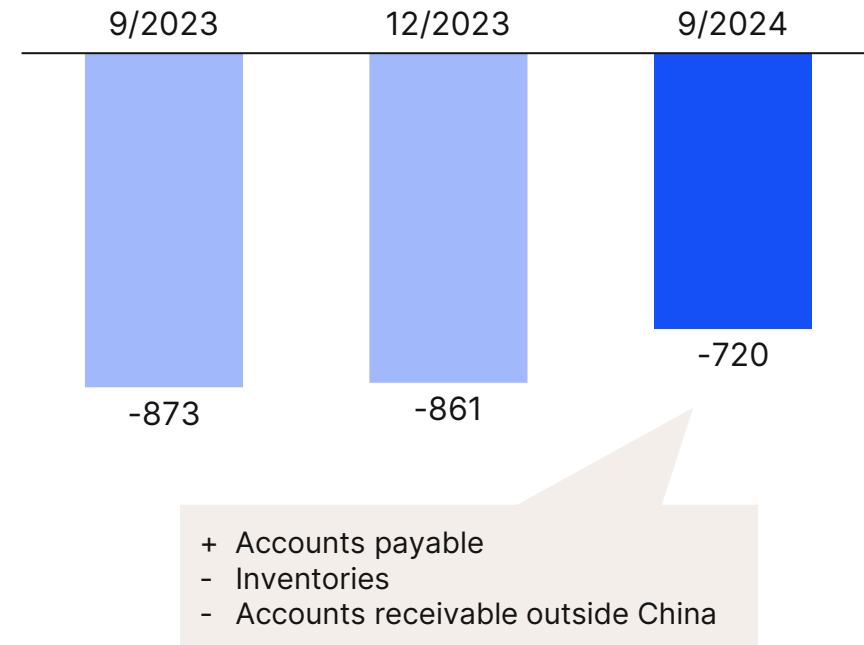
Solid cash flow, moderate increase in net working capital

Cash flow from operations*, MEUR



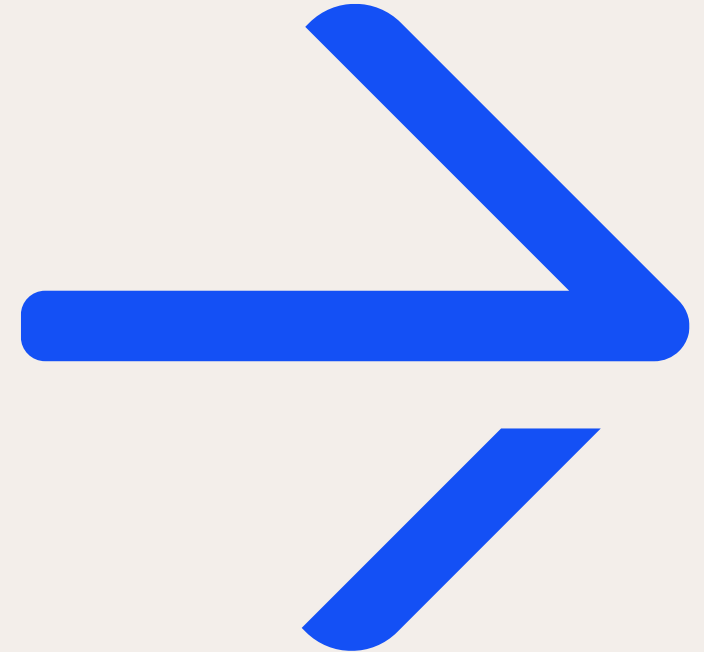
* Before financing items and taxes

Net working capital**, MEUR



** Including financing items and taxes

Market and business outlook



Market outlook for 2024 (unchanged)

11 of our 12 markets growing or stable

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

--- 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 0-3% at comparable exchange rates in 2024

Adjusted EBIT

- The adjusted EBIT margin is expected to be in the range of 11.5%-11.9%
- Assuming that foreign exchange rates remain at the October 2024 level, the negative impact of foreign exchange rates on the adjusted EBIT would be approximately EUR 10 million

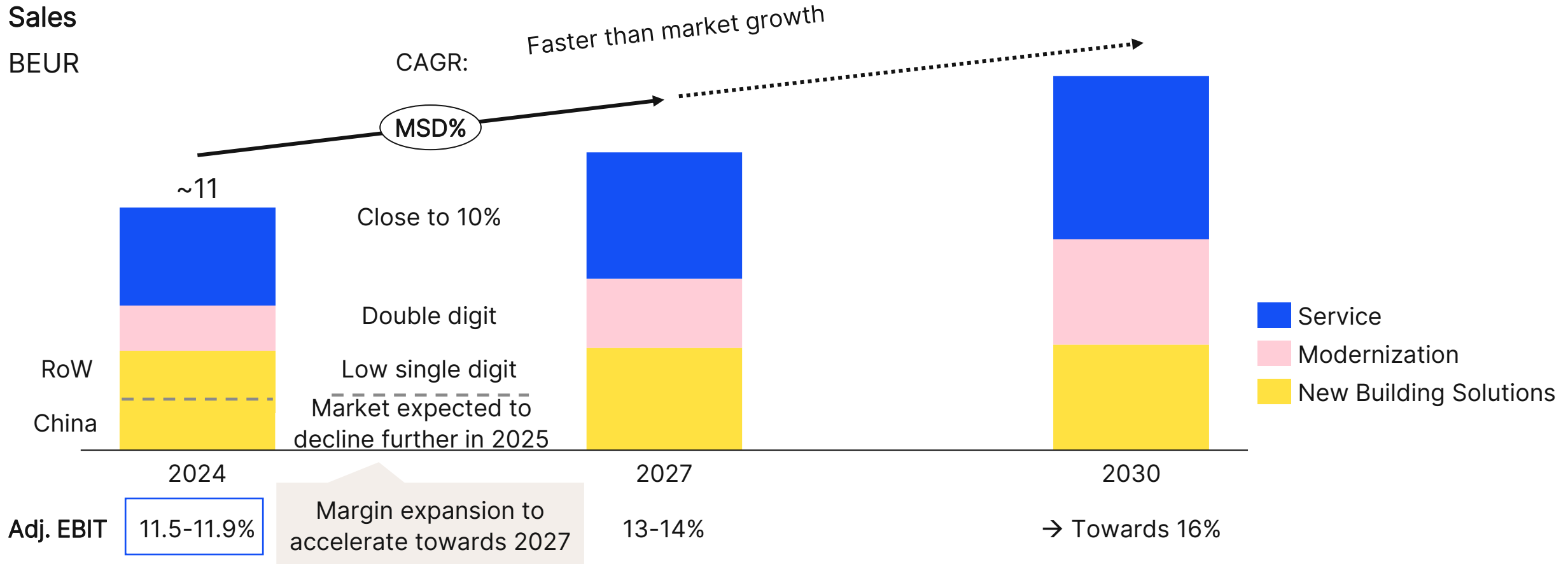
Supporting our performance

- 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

New mid-term targets set for 2027



Summary

- New strategy in motion
- Strong growth in the resilient Service and Modernization to continue
- 11 of our 12 markets growing or stable. Stronger headwinds in China
- Performance initiatives ramping up
- Targeting mid single-digit annual sales growth and 13-14% adjusted EBIT margin by 2027



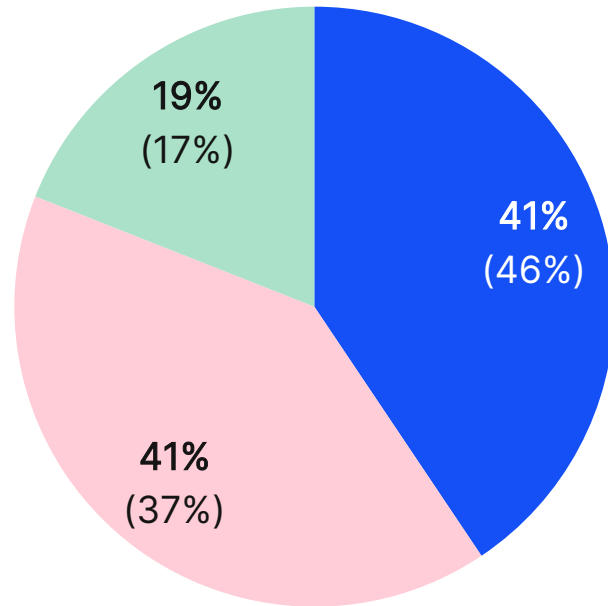
A woman with curly hair, wearing a white blouse and black skirt, is walking on a staircase. She is smiling and looking to her right. The word "KONE" is overlaid in large, white, sans-serif capital letters across the center of the image. The background is a blurred indoor setting with greenery and architectural elements.

KONE

Appendix

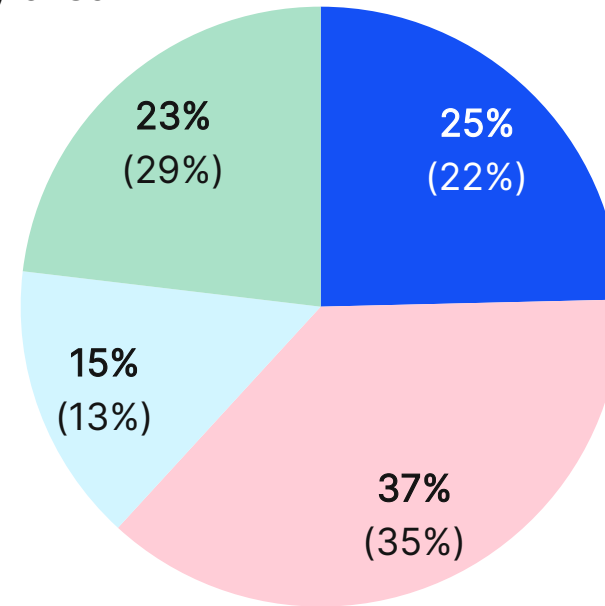
7-9/2024 Sales split

By business



- New Building Solutions
- Service
- Modernization

By area

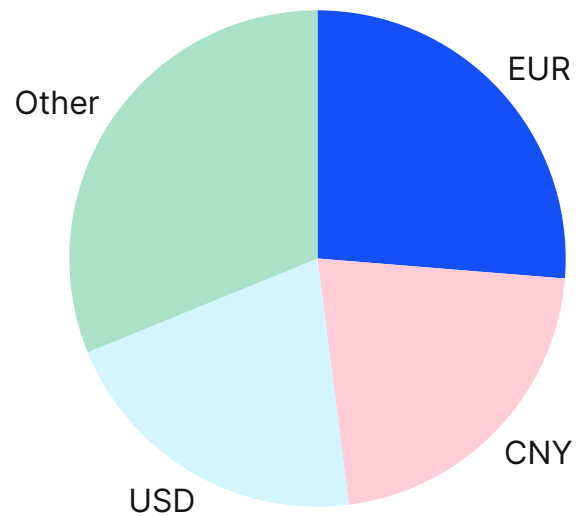


- Americas
- Europe
- Asia-Pacific, Middle East and Africa
- Greater China

7-9/2023 figures in brackets. Figures in charts are rounded and at historical exchange rates.

Currencies

Sales by currencies 7-9/2024



Currency impact*

MEUR	Q3	FY
Sales	-27	ca. -120
EBIT	-3	ca. -10
Orders received	-21	ca. -120

Main currencies

MEUR	Q3/2024 average	Q3/2023 average	2023 average
EUR / CNY	7.8155	7.6145	7.6589
EUR / USD	1.0891	1.0801	1.0816
EUR / GBP	0.8510	0.8706	0.8702
EUR / INR	90.8365	88.9944	89.3371
EUR / AUD	1.6394	1.6232	1.6297

*The impact of retranslating Q3/2023 and 1-12/2023 amounts with comparable exchange rates.

Q3 2024 key figures

		Q3/2024	Q3/2023	Change	Comparable change
Orders received	MEUR	2,076.6	1,989.9	4.4%	5.5%
Order book	MEUR	9,001.2	8,839.5	1.8%	4.6%
Sales	MEUR	2,753.6	2,749.9	0.1%	1.1%
Operating income (EBIT)	MEUR	319.4	316.5	0.9%	
Operating income margin (EBIT margin)	%	11.6	11.5		
Adjusted EBIT	MEUR	319.4	315.9	1.1%	
Adjusted EBIT margin	%	11.6	11.5		
Cash flow from operations (before financing items and taxes)	MEUR	344.8	342.1		
Basic earnings per share	EUR	0.48	0.47	0.4%	

1-9/2024 key figures

		1-9/2024	1-9/2023	Change	Comparable change
Orders received	MEUR	6,640.0	6,528.5	1.7%	3.5%
Order book	MEUR	9,001.2	8,839.5	1.8%	4.6%
Sales	MEUR	8,122.8	8,142.4	-0.2%	1.2%
Operating income (EBIT)	MEUR	916.5	837.9	9.4%	
Operating income margin (EBIT margin)	%	11.3	10.3		
Adjusted EBIT	MEUR	916.5	889.8	3.0%	
Adjusted EBIT margin	%	11.3	10.9		
Cash flow from operations (before financing items and taxes)	MEUR	1,055.6	1,104.1		
Basic earnings per share	EUR	1.37	1.26	8.5%	

Balance sheet – assets employed

MEUR	Sep 30, 2024	Sep 30, 2023	Dec 31, 2023
Assets employed			
Goodwill	1,504.0	1,479.3	1,469.0
Other intangible assets	341.6	302.5	287.2
Tangible assets	821.7	743.9	779.7
Shares and other non-current financial assets	96.7	95.2	97.9
Net working capital	-720.4	-872.6	-861.2
Assets employed total	2,043.6	1,748.3	1,772.6
Financed by			
Equity	2,603.7	2,542.7	2,786.0
Interest-bearing net debt	-560.1	-794.4	-1,013.4
Equity and interest-bearing net debt total	2,043.6	1,748.3	1,772.6

Net working capital*

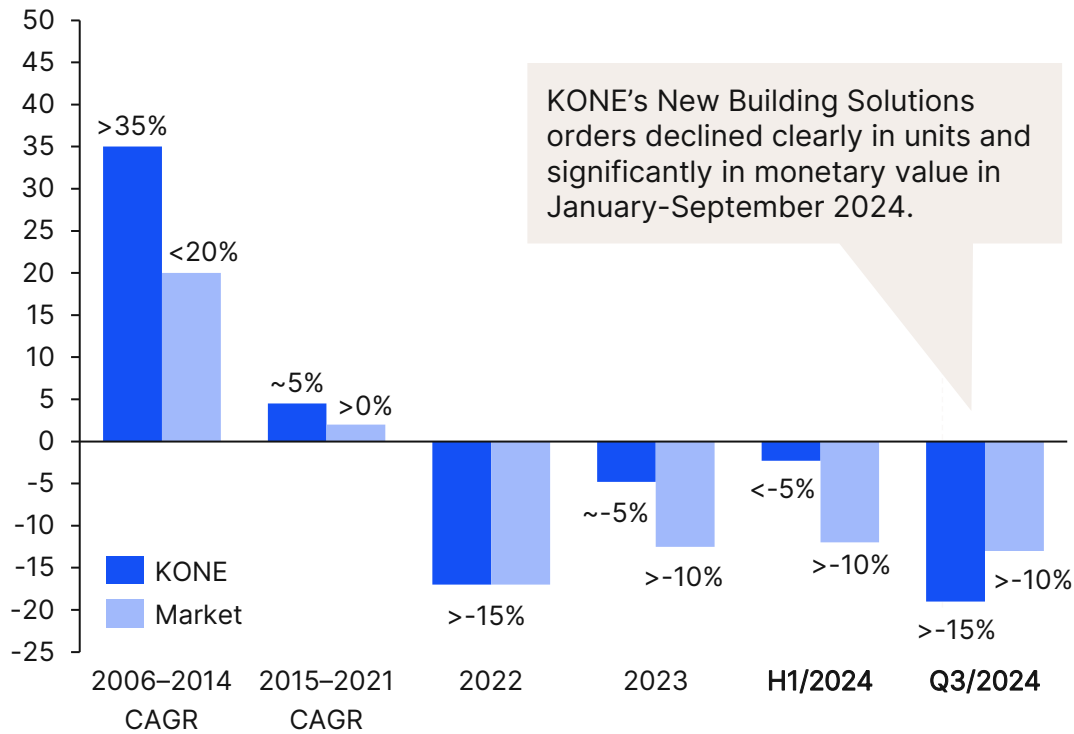
MEUR	Sep 30, 2024	Sep 30, 2023	Dec 31, 2023
Net working capital			
Inventories	872.0	852.2	820.9
Advance payments received and deferred revenue	-1,953.7	-1,964.2	-1,915.7
Accounts receivable	2,469.0	2,508.0	2,495.1
Deferred assets and income tax receivables	879.8	916.3	759.7
Accruals and income tax payables	-2,128.3	-2,250.3	-2,131.1
Provisions	-168.4	-213.5	-196.9
Accounts payable	-945.1	-919.4	-927.0
Other non-current receivables	37.5	-	-
Net deferred tax assets / liabilities	216.7	198.3	233.9
Net working capital total	-720.4	-872.6	-861.2

* Including financial items and taxes.

KONE in Greater China

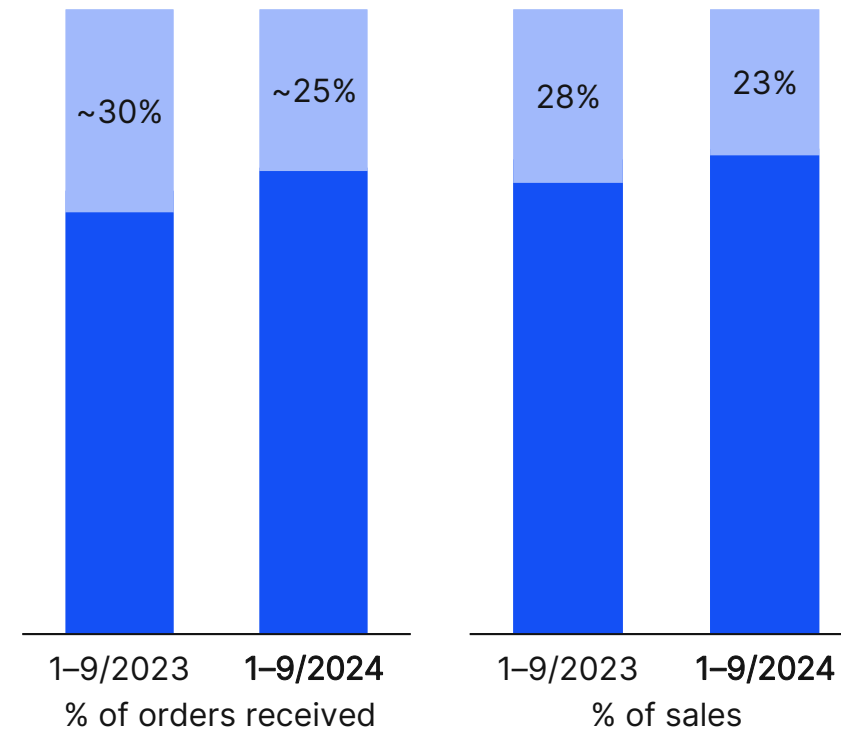
New Building Solutions market

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



	Q3 2024 y/y	YTD 2024 y/y
Real estate investment	-10.1%	-10.1%
Residential sales volume	-12.7%	-19.2%
New starts	-18.8%	-22.2%
Completion	-30.4%	-24.4%
New home prices in 70 largest cities (Sep)	-6.1%	-4.0%