KONE Profile

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More than 100 years in business
Who we are

- KONE is a global leader in the elevator and escalator industry. Our job is to make the best of the world’s cities, buildings and public spaces.
  - KONE provides elevators, escalators, automatic doors, turnstiles, monitoring and access control systems
  - services covering the entire lifetime of a building, from the design phase to maintenance, repairs and modernization solutions
- Family-owned company, founded in Finland in 1910
- 400,000 customers
- Net sales EUR 8.6 billion in 2015
- Listed on the NASDAQ Helsinki since 1967
# KONE key financials 2015

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>Historical Change*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders received</td>
<td>MEUR</td>
<td>7,959</td>
<td>6,813</td>
</tr>
<tr>
<td>Order book</td>
<td>MEUR</td>
<td>8,210</td>
<td>6,953</td>
</tr>
<tr>
<td>Sales</td>
<td>MEUR</td>
<td>8,647</td>
<td>7,335</td>
</tr>
<tr>
<td>Operating income (EBIT)</td>
<td>MEUR</td>
<td>1,242</td>
<td>1,036</td>
</tr>
<tr>
<td>Operating income (EBIT)</td>
<td>%</td>
<td>14.4</td>
<td>14.1</td>
</tr>
<tr>
<td>Cash flow from operations</td>
<td>MEUR</td>
<td>1,474</td>
<td>1,345</td>
</tr>
<tr>
<td>(before financing items and taxes)</td>
<td></td>
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</table>
KONE’s global scale

KONE collaborates with distributors in close to 80 countries.
A typical working day for KONE

- 1.1 million units in service
- 400-500 orders booked
- 450 units delivered every day
- Operations in 60 countries
- 10,000 packages through our distribution centres
- 70,000 maintenance visits
- 400,000 customers served
Our KONE Americas footprint

- North America headquarters in Lisle, Illinois
- Broad district and branch network across North America
- Two production sites and one research center
- Over 5,000 employees
OUR BUSINESSES

New Equipment

State of the art solutions for all types of buildings.
Our versatile product portfolio features a wide range of innovative products including elevators, escalators, autowalks, monitoring, access and destination control systems.
OUR BUSINESSES

Service

Maintenance and monitoring solutions that maximize safety and reliability while minimizing downtime and costs. Including smart preventive services, expert advice and rapid response.
OUR BUSINESSES

Modernization

We give customers full control over the upgrade of their equipment. Our modernization services help customers determine when and how to upgrade equipment to ensure a lifetime of optimal operation and to maximize customers’ return on investment.
Making cities better places to live
The global population is increasing

Estimates state the world’s population will reach 8.5 billion in 2030, 9.7 billion in 2050 and 11.2 billion by 2100.
The world’s cities are growing

200,000 people move into cities each day – the same as 140 people every minute
Needs for sustainable and smart urban living
WE ADDRESS THESE NEEDS TO CREATE MORE VALUE

Affordable, accessible vertical housing
Safe, reliable, efficient infrastructure
Improving living standards and convenience
Eco-efficiency and sustainability
Growing building intelligence
Well being and happiness
At KONE, our mission is to improve the flow of urban life.

We understand People Flow in and between buildings, making people’s journeys safe, convenient and reliable.

We make cities better places to live.
KONE delivers the best People Flow® experience

We provide Ease, Effectiveness and Experiences to users and customers, over the full life cycle of buildings.
Our Development Programs support our strategy

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.
Our values guide us towards a customer centric culture

Delighting the Customer
Passion for Performance
Energy for Renewal
Winning Together
Trends in our industry
Safety

Urban infrastructure is aging. In Europe alone, many buildings have old elevators which need to be upgraded. We also believe all accidents are preventable. We strive towards achieving our ultimate goal of zero accidents through the continuous development of our people and processes. Safety is one of the key drivers for our industry.
A majority of elevators and escalators are over 20 years old

Age distribution of operational elevators and escalators in Europe, million units

- Over 20 years
- Under 20 years

<table>
<thead>
<tr>
<th>Year</th>
<th>Over 20 years</th>
<th>Under 20 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>3.4</td>
<td>1.2</td>
</tr>
<tr>
<td>2010</td>
<td>4.4</td>
<td>2.2</td>
</tr>
<tr>
<td>2020</td>
<td>4.4</td>
<td>2.2</td>
</tr>
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Annual growth 2010-2020: 3.8%

Share of over 20-year-olds:
- 2000: 35%
- 2010: 50%
- 2020: 60%

Source: European Lift Association (ELA)
Demographic change

Changes in the world's population mean a growing need for more affordable housing and aging populations.

At the same time, an increasing value is being placed on well-being and better living standards.

In less than 15 years the global middle class will grow to nearly five billion people.
Higher living standards result in higher demands on housing

Number of middle-income people (billions)

2015: 2.4 billion
2030: 4.9 billion

+2.5 billion people

UNDP Human Development Report, data from Brookings Institution. The middle income consumer group includes people earning or spending $10 – $100 a day (2005 PPP).
Making our cities more sustainable

Cities occupy 2% of world’s land mass, but account for 75% of energy consumption and 80% of manmade greenhouse gas emission. We must improve the quality of life while reducing consumption and use of energy, transport and resources.
Three paths to environmental excellence

**KONE solutions**
Elevators, escalators and automatic building doors that save energy and costs.

**KONE services**
Services to improve the eco-efficiency of all phases of a building’s lifecycle – designing, building, maintaining and modernizing.

**KONE operations**
Making KONE’s own operations as eco-efficient as possible.
Reducing our operational carbon footprint

Between 2008 and 2015, we have managed to reduce our energy use carbon footprint relative to orders received by up to 60%.*

Our goal is to reduce KONE’s carbon footprint relative to net sales by 3% annually. We do this by:

- Vehicle fleet management
- Eco-efficient logistics
- Energy savings at facilities

*) Calculations include Scope 1 direct energy and cooling gases as well as Scope 2 indirect electricity and district heat.
KONE one of the world’s greenest companies

- KONE has continuously improved its score in the Carbon Disclosure Project rankings on carbon disclosure. In 2015, we received the best possible score of 100.
- KONE placed 12th in the American magazine Newsweek Green Rankings 2014.
- KONE ranked 28th in the 2015 list of Global 100 Most Sustainable Corporations in the World, released by a Toronto-based media and investment advisory company Corporate Knights.
Digitalization continues to accelerate

Everything becomes mobile and connected.

Customers have full real-time transparency.

Users demand increased convenience, efficiency and enjoyment in People Flow.

New "ecosystems" emerging around smart buildings and cities.
KONE and IBM

KONE will use IBM’s technology and experience to harness the potential of digitalization and the Internet of Things (IoT).

Creating solutions which improve People Flow in buildings or new smart building applications.

We will use the IBM Watson IoT Cloud platform to collect and store equipment data and use advanced analytics to build applications and develop new solutions.

KONE will also work with IBM and its partners from various industries, by becoming part of IBM’s global facilities, real estate and IoT developer ecosystems.
Our solutions
An industry leader

Our equipment moves over 1 billion users each day, with over 1 million elevators and escalators in our service base.
Solutions for vertical and horizontal people and goods flow

- Innovative solutions for buildings of all sizes, from low-rise housing to the world’s tallest skyscrapers
  - elevators
  - escalators and autowalks
  - People Flow Intelligence solutions

- Services to support the whole lifecycle of the building
  - design, construction, maintenance and modernization
KONE fulfils the people flow needs of different buildings

- Residential
- Office
- Retail
- Hotel
- Leisure, education, special buildings
- Medical
- Public transportation and airports
- Marine
Supporting you every step of the way

### 1. Planning
- Expert planning advice
- Easy-to-use online design tools
- Energy consumption calculations

### 2. Installation
- Efficient scaffoldless installation methods
- Strict quality criteria
- Maximum site safety
- Eco-efficient installation

### 3. Handover
- Ride quality testing
- Excellent reliability after handover
- Availability of spare parts
- Preventive KONE Care® maintenance solutions
Expert planning services and design tools

- **Expert planning advice** helps you specify the optimal elevator solution for your building requirements.
- **Easy-to-use online design tools** save you time and effort during the design process by allowing you to create CAD drawings, 3D BIM models, and custom car interiors.
- **Energy consumption calculations** for individual elevator solutions.
Efficient and safe installation

- Efficient scaffoldless installation methods and a simple building interface result in considerable cost savings for our customers and minimize disruption to other construction work.
- Strict quality criteria for each phase of installation – ensuring “first time right every time”.
- Maximum site safety with continuous training, site audits, installation safety passports, and proven methods.
- Eco-efficient installation processes maximize waste recycling and minimize the use of solvents.
Quality assurance at handover and professional maintenance

- **In-depth ride quality testing** of each elevator before handover – quality guaranteed.
- **Excellent reliability** of KONE elevators after handover – average availability rate over 99%.
- **Minimum downtime** – availability of over 150,000 parts and 24-hour delivery for the most commonly requested parts.
- **Preventive KONE Care® maintenance** service with a comprehensive new online reporting system – easier maintenance monitoring and budgeting.
Supporting you every step of the way

1. Service
   - Equipment-specific maintenance plan for all brands and types based on equipment’s technical properties and use
   - KONE’s trained customer service staff at your service 24/7/365
   - Over 99% availability rate for maintained equipment
   - Extensive service network and continuous customer communication

2. Modernization
   - Assessment and planning
   - Installation
   - Completion
KONE service solutions

KONE has over 1,000,000 elevators and escalators in its maintenance base

- Flexible maintenance services for elevators, escalators and doors
- Modular Based Maintenance for uninterrupted People Flow in buildings
- KONE Care™ service contracts, KONE remote monitoring services and 24/7 Customer Care Centers
KONE modernization solutions

- Ranging from small upgrades to the full replacement of elevators, escalators and doors
- Improving equipment’s safety, accessibility, performance, aesthetic appeal and eco-efficiency
- Increasing the eco-efficiency of an elevator by 70%
- KONE Care for Life™ is a unique service that analyses the condition of equipment in order to plan modernization
KONE People Flow Intelligence solutions

- Access solutions for improved People Flow and security with integrated access, elevator and door solutions.
- Optimized elevator performance with KONE Destination control system.
- Information displays and screens so facility managers and service providers offer services to tenants and visitors.
- Easy monitoring of elevator and escalator operations from a single location through KONE E-Link™.
- Remote configuration and management of equipment.
Technology and innovations
An innovation leader

- Over 3,000 patents related to the elevator and escalator industry
- Cooperation with customers, key partners, leading universities and research facilities
- In 2015, Forbes has ranked KONE among the most innovative companies in the world (#48)
Innovations that change the industry

EXAMPLES

KONE MonoSpace® machine-room-less elevator
KONE UltraRope® high-rise hoisting technology
KONE JumpLift construction time elevator

Next generation KONE MonoSpace® and MiniSpace® elevators
KONE EcoMod™ escalator modernization solution
KONE People Flow Intelligence solutions
Machine-room-less technology

#1 INNOVATION IN THE INDUSTRY

- **KONE MonoSpace® elevator**
  - Machine-room-less (MRL) elevator concept
  - Eliminates the need for space-consuming machine rooms by putting the hoisting mechanism in the lift shaft itself

- **KONE EcoDisc® hoisting machine**
  - The green heart of the MonoSpace platform
  - Fits in the shaft
  - Consumes only 60% of the energy of a comparable geared traction machine and 30% of a comparable hydro
  - The most eco-efficient solution on the market today
KONE UltraRope®

- Ultra-light and durable rope that offers huge advantages over the steel ropes traditionally used to hoist elevators
- Lightweight carbon fiber core and special, high-friction coating
  - Longer future elevator travel distances (1,000 meters, twice the distance currently feasible)
  - Significant energy savings – benefits grow as travel distance increases
  - Less elevator downtime on windy days
  - Unprecedented durability with a lifetime twice that of conventional steel rope
KONE JumpLift

- The KONE JumpLift is a unique solution for improving the people and goods flow during construction.
- The temporary machine room of the KONE JumpLift elevator is moved upward in the shaft as new floors are added.
- KONE JumpLift advantages:
  - enabling a faster, safer construction process
  - earlier closing of the facade
  - reduced down-time
  - all weather operation
  - safer transportation
KONE EcoMod™

- Full escalator modernization without removing the existing truss
- Complete renewal of old escalators without demolishing floors and roofs is an excellent solution in narrow, difficult to access locations
- The escalator is delivered in modules and assembled on site
- Maintain the appearance of the building while gaining the advantages of:
  - improved performance
  - increase safety
  - reduced maintenance costs
Double-deck elevator

- Two elevator cars on top of each other
- Increases transportation capacity and shortens traveling time
- Saves space
- Saves construction costs
- Increases the freedom of architectural design
KONE design
Award winning design

- KONE designs and innovations have been recognized with many prestigious awards.
- For example, our KONE Design Collection won a GOOD DESIGN award in 2014.
KONE design cornerstones

Global approach - Genuine KONE

Local essence - Customer understanding

Whole lifecycle - Upgradeability through modularity

Innovativeness - Challenging the norm

User Centered Design - Solutions for the best user experience
Our references
Marina Bay Sands

SINGAPORE

A pioneer in adopting state-of-the-art technology and of smart building, Marina Bay Sands was our first customer to install KONE UltraRope.
Madison Square Garden
NEW YORK CITY
The indoor arena has been in its present location since 1968 and is currently home to two major New York sports teams. After years of high traffic use, the arena was in need of a major transformation to meet the expectations of today’s spectators.
To combat commuting delays of the construction workers at Toronto’s 75-story condominium tower, developer Great Gulf chose the innovative KONE JumpLift solution that runs four times faster than a traditional external hoist. The solution accelerated construction work like never before.
Metro Tower III - VANCOUVER, CANADA

Metrotower III is the first project in British Columbia to implement the KONE Polaris™ Destination Control System (DCS). Relying on smart technology to detect calls and passenger information over a period of time, it anticipates traffic, and adapts elevator operations accordingly.
Standing at over one kilometer upon its completion in 2018, Jeddah Tower will be the world’s tallest building. Using KONE UltraRope technology. The world’s fastest double deck elevators travelling over 10 m/s. In total, KONE will deliver 57 elevators and 8 escalators for the Kingdom Tower project.