

Dedicated to People Flow™



In retail, experience is everything.

Keeping visitors and shop owners happy is about delivering the best possible shopping experience. When people can move effortlessly, they are more likely to stay and shop for longer. KONE's people flow expertise, combined with preventive maintenance solutions, helps business run smoothly year after year.

KONE Q1

INTERIM REPORT FOR JANUARY–MARCH 2015

KONE's January–March 2015 review

January–March 2015: A good start to the year

- In January–March 2015, orders received totaled EUR 2,054 (1–3/2014: 1,730) million. Orders received grew by 18.7% at historical exchange rates and by 5.5% at comparable exchange rates. The order book stood at EUR 8,530 (March 31, 2014: 6,175) million at the end of March 2015.
- Net sales grew by 17.3% to EUR 1,691 (1,442) million. At comparable exchange rates the growth was 7.1%.
- Operating income was EUR 211.9 (179.6) million or 12.5% (12.5%) of net sales.
- Cash flow from operations (before financing items and taxes) was EUR 212.2 (325.4) million.
- KONE specifies its operating income outlook for 2015. KONE's net sales is estimated to grow by 6–9% at comparable exchange rates as compared to 2014. The operating income (EBIT) is expected to be in the range of EUR 1,140–1,230 million, assuming that translation exchange rates would remain at approximately the average level of January–March 2015. KONE's previous outlook for its operating income (EBIT) was EUR 1,130–1,230 million, assuming that translation exchange rates would have remained at approximately the average level of January 2015.

KEY FIGURES

		1–3/2015	1–3/2014	1–12/2014
Orders received	MEUR	2,053.8	1,729.7	6,812.6
Order book	MEUR	8,529.6	6,175.4	6,952.5
Sales	MEUR	1,690.9	1,441.8	7,334.5
Operating income (EBIT)	MEUR	211.9	179.6	1,035.7
Operating income (EBIT)	%	12.5	12.5	14.1
Cash flow from operations (before financing items and taxes)	MEUR	212.2	325.4	1,345.4
Net income	MEUR	151.1	143.3	773.9
Basic earnings per share	EUR	0.29	0.28	1.47
Interest-bearing net debt	MEUR	-584.4	-371.3	-911.8
Total equity/total assets	%	36.7	35.0	43.6
Gearing	%	-33.4	-28.1	-44.2

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Henrik Ehrnrooth, President and CEO, in conjunction with the review:

"I am pleased with our good start to the year. Orders received totaled EUR 2,054 million, with a growth of 18.7% at historical and 5.5% at comparable exchange rates. Favorable translation exchange rates had a very positive impact on our reported figures. Sales was EUR 1,691 million, with a growth of 17.3% at historical and 7.1% at comparable rates. Our sales growth accelerated from the end of last year and sales grew in all geographic regions, with good growth in both Asia-Pacific and the Americas. Operating income developed positively and was EUR 212 million. Our cash flow was clearly lower than last year but it was solid at the level of the operating income, EUR 212 million.

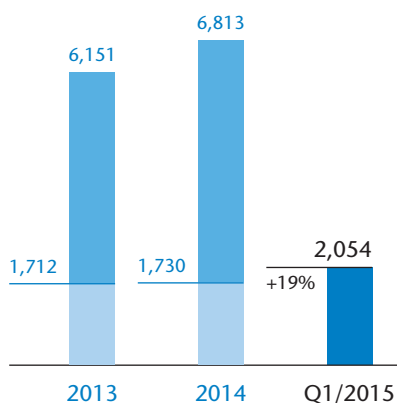
I want to express my thanks to our employees for their efforts and commitment. These together with our strong culture are the most important drivers of our good development.

For the most part, markets developed in line with our expectations in the beginning of the year. In new equipment and modernization, market development was overall rather subdued in Europe, but North America remained on a good growth trajectory. In maintenance, both regions continued to grow, but with varying development trends. In Asia-Pacific, the new equipment market in China was rather stable at the previous year's good level as expected, but uncertainty in the market increased somewhat. Maintenance markets in the region continued to develop well.

Despite the overall lower new equipment market growth as compared to last year and increased price pressure, we continue to see good opportunities for profitable growth in all regions and businesses. Our good performance during the first quarter shows again that the investments we have made in the development of our competitiveness, as well as our sales capabilities, are delivering results. Going forward, we will continue increasing our investments in the development of innovative solutions and services for our customers as well as the improvement of our cost competitiveness. Our development programs provide a clear roadmap on how we will deliver upon these actions. I am confident that with the strong execution of our team, we will continue on a good development path."

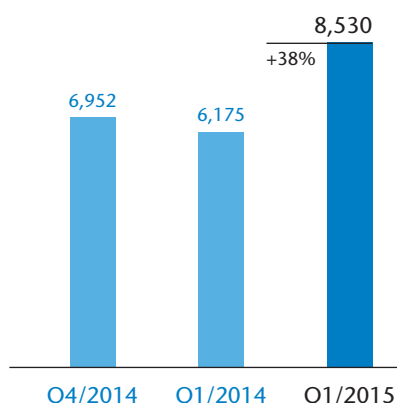
Key Figures

Orders received (MEUR)



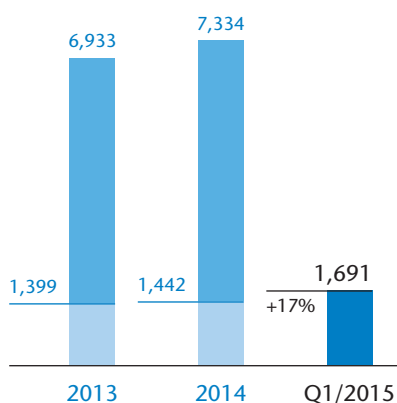
- Orders received grew by 18.7% at historical exchange rates (at comparable exchange rates by 5.5%).
- In new equipment, orders received grew somewhat during the quarter. KONE's orders received grew clearly in the volume business, but declined significantly in the major projects business from a high comparison level. In modernization, orders received grew clearly. KONE does not include maintenance contracts in orders received.
- Orders received in the EMEA region grew slightly at comparable rates. New equipment orders received declined slightly in the region. KONE's modernization order intake in the EMEA region grew somewhat.
- Orders received in the Americas region grew strongly at comparable rates. New equipment orders received grew very strongly. Also in modernization, orders received grew strongly.
- Orders received in the Asia-Pacific region grew slightly at comparable rates. New equipment orders received grew slightly. Modernization orders received declined clearly in the region.

Order book (MEUR)



- The order book grew by 38.1% at historical rates (at comparable exchange rates by 15.6%).
- The margin of the order book remained at a healthy level.
- The overall margin of orders received was also stable at a good level.

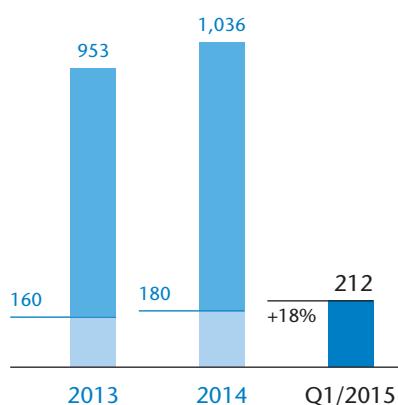
Sales (MEUR)



- Net sales grew by 17.3% at historical exchange rates (at comparable exchange rates by 7.1%).
- New equipment sales grew by 24.2% (at comparable rates by 10.6%). Service (maintenance and modernization) sales grew by 10.7% (3.7%), with maintenance sales growing by 13.2% (6.1%) and modernization sales by 3.1% (-3.7%).
- Sales in the EMEA region grew by 3.6% at comparable rates. New equipment sales grew significantly and maintenance sales grew somewhat. Modernization sales declined clearly.
- Sales in the Americas region grew by 7.9% at comparable rates. New equipment sales grew significantly and also modernization sales grew clearly. Maintenance sales grew slightly.
- Sales in the Asia-Pacific region grew by 10.6% at comparable rates. New equipment sales grew clearly and maintenance sales grew significantly. Modernization sales declined strongly.

Key Figures

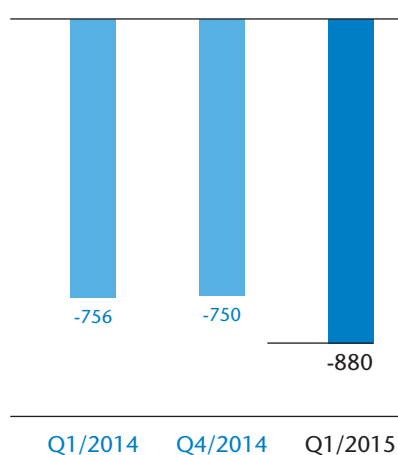
EBIT¹ (MEUR)



- Operating income was 12.5% of net sales (1–3/2014: 12.5%).
- Favorable translation exchange rates contributed significantly to the growth in operating income. Additionally, growth in operating income was a result of positive development in both the new equipment and the service business, despite the intense price pressure seen in many markets.
- Geographically, a positive development in North America contributed to the growth in operating income. In many markets, the pricing actions taken during the past few years as well as measures related to the reduction of product costs contributed to the growth in operating income by offsetting some of the price pressure.
- KONE continued to increase fixed costs in areas that support the growth of the business, in particular in Asia-Pacific as well as R&D, process development and IT.

¹⁾ Operating profit excluding one-time items

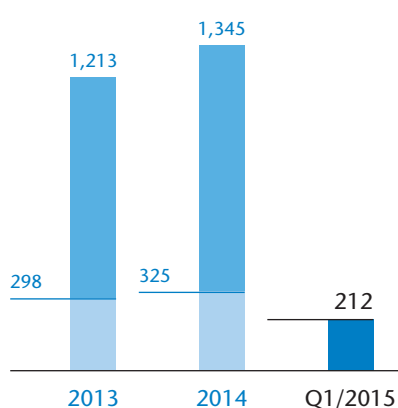
Working capital² (MEUR)



- Net working capital remained at a very good level.
- The impact from translation exchange rates was significantly positive on the reported working capital. At comparable rates, working capital remained rather stable at the earlier good level, even though seasonality in accounts payable burdened the development.
- The level of advance payments received relative to inventories declined slightly, but remained at a good level.

²⁾ Including financing and tax items

Cash flow³ (MEUR)



- Cash flow generated from operations was solid against an exceptionally strong comparison level. While an improvement in net working capital contributed to the strong cash flow in the comparison period, net working capital remained rather stable in the first quarter of 2015.

³⁾ Cash flow from operations before financing items and taxes

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Accounting Principles

KONE Corporation's Interim Report for January–March 2015 has been prepared in line with IAS 34, 'Interim Financial Reporting' and should be read in conjunction with KONE's financial statements for 2014, published on January 29, 2015. KONE has applied the same accounting principles in the preparation of this Interim Report as in its Financial Statements for 2014, except for the adoption of new standards and interpretations effective during 2015 that are relevant to its operations. The changes did not have material impact on the Interim Report. The information presented in this Interim Report has not been audited.

January–March 2015 review

Operating environment in January–March

In the first quarter of 2015, the global new equipment market was rather stable overall. In Asia-Pacific, growth in the new equipment market leveled off, with the market volumes in China remaining approximately at the previous year's high level. In the Europe, Middle East and Africa (EMEA) region, the market declined slightly. In North America, the market continued to grow. The major projects segment grew in the quarter, driven by activity in Asia-Pacific. The modernization market grew in North America, but was on a more stable trend overall in Europe. Maintenance markets grew globally, although at low rates in such countries, where new equipment activity has been weak for the past years.

In the EMEA region, the new equipment market slightly declined in Central and North Europe in the first quarter of 2015. The residential segment saw some growth, but other segments declined. Of the larger markets, Germany remained at a good level, and Great Britain grew somewhat. In South Europe, new equipment demand remained weak across segments. Markets in France and Italy still saw some decline, while the Spanish market continued to recover. In the Middle East, the new equipment market was rather stable at a good level. The modernization market in Central and North Europe grew in the quarter, but remained weaker in South Europe. The maintenance market grew, although with significant variation between countries.

In North America, the new equipment market continued on a growth trajectory. The positive development followed from continued market growth in the United States that was driven by the commercial and residential segments. In Canada, the new equipment market was rather stable. Also the modernization market grew in North America. The maintenance market continued to grow, albeit slowly as a result of low volumes in new equipment deliveries in prior years.

In the Asia-Pacific region, the growth of the new equipment market leveled off in the quarter. In China, the new equipment volumes were rather stable at the previous year's level, but uncertainty increased somewhat in the market. In

the residential segment, affordable housing was stable, while demand in commercially-funded residential projects declined slightly. Other commercial segments saw slight growth. With support from stimulus measures, the infrastructure segment continued to see increased activity. The first-tier cities continued to show an overall solid level of demand, while development in lower-tier cities varied significantly. In India, the market grew slightly, but with the improved market sentiment still not fully translating into increased demand. The Southeast Asian new equipment markets saw some growth, and in Australia, new equipment and modernization demand were both rather stable at a good level. Maintenance markets in Asia-Pacific continued to see good growth, following the positive development of new equipment demand in the region.

In the first quarter, several markets continued to see clear price pressure. In Asia-Pacific, price competition intensified in the Chinese new equipment market, but the rest of Asia-Pacific saw a rather stable development overall. In the EMEA region, the pricing environment in new equipment was the most challenging in South European markets with persisting low volumes. The pricing of new equipment in North America continued to improve slightly, particularly in the volume business. In maintenance and modernization, the pricing environment was characterized by strong competition in the EMEA region, particularly in South Europe and also in some of the Central and North European markets. Also in North America, price competition remained rather intense in maintenance, but continued to slightly ease in modernization.

Orders received and Order Book

Orders received grew by 18.7% as compared to January–March 2014, and totaled EUR 2,054 (1–3/2014: 1,730) million. At comparable exchange rates, KONE's orders received increased by 5.5%. In new equipment, orders received grew somewhat during the quarter. KONE's orders received grew clearly in the volume business, but declined significantly in the major projects business from a high comparison level. In modernization, orders received grew clearly as compared to the first quarter of 2014. KONE does not include maintenance contracts in orders received.

The order book grew by 38.1% compared to the end of March 2014, and stood at a level of EUR 8,530 (March 31, 2014: 6,175) million at the end of the reporting period. At comparable exchange rates, the increase was 15.6%. The margin of the order book remained at a healthy level. The overall margin of orders received was also stable at a good level. Cancellations of orders remained at a very low level.

Orders received in the EMEA region grew slightly at comparable rates as compared to January–March 2014. New equipment orders received declined slightly in the region. In Central and North Europe, they grew somewhat, with growth in all of the largest markets in the region. In South Europe, new equipment orders grew strongly, albeit from a low level,

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SALES BY AREA, MEUR

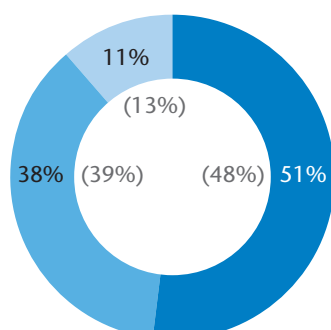
	1–3/2015	1–3/2014	Historical change	Comparable change	1–12/2014
EMEA ¹⁾	708.7	675.5	4.9%	3.6%	3,204.6
Americas	281.5	222.3	26.6%	7.9%	1,100.6
Asia-Pacific	700.8	544.0	28.8%	10.6%	3,029.3
Total	1,690.9	1,441.8	17.3%	7.1%	7,334.5

¹⁾ EMEA = Europe, Middle East, Africa

SALES BY BUSINESS, MEUR

	1–3/2015	1–3/2014	Historical change	Comparable change	1–12/2014
New equipment	866.5	697.4	24.2%	10.6%	4,008.8
Maintenance	636.9	562.6	13.2%	6.1%	2,338.3
Modernization	187.4	181.8	3.1%	-3.7%	987.4
Total	1,690.9	1,441.8	17.3%	7.1%	7,334.5

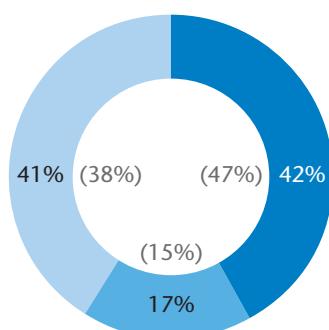
Sales by business



■ New equipment
■ Maintenance
■ Modernization

1–3/2015
(1–3/2014)

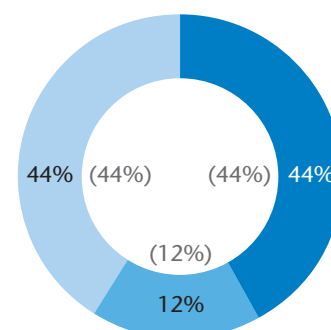
Sales by area



■ EMEA
■ Americas
■ Asia-Pacific

1–3/2015
(1–3/2014)

Personnel by area



■ EMEA
■ Americas
■ Asia-Pacific

March 31, 2015: 47,700
(December 31, 2014: 47,064)

with orders in France declining slightly but Italy and Spain seeing very strong growth. In the Middle East, new equipment orders received declined strongly due to several large projects in the comparison period. KONE's modernization order intake in the EMEA region grew somewhat as compared to January–March 2014, with clear growth in Central and North Europe and some growth also in South Europe.

Orders received in the Americas region grew strongly at comparable rates as compared to January–March 2014.

New equipment orders received grew very strongly, driven by growth in the United States. Also in modernization, orders received grew strongly in North America.

Orders received in the Asia-Pacific region grew slightly at comparable rates as compared to January–March 2014. New equipment orders received grew slightly. Orders grew slightly in China and strongly in Australia, but declined somewhat in India and significantly in Southeast Asia. Moderniza-

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tion orders received declined clearly in the region, with a significant decline in Australia in the quarter.

Net sales

KONE's net sales increased by 17.3% as compared to January–March 2014, and totaled EUR 1,691 (1–3/2014: 1,442) million. At comparable exchange rates the increase was 7.1%.

New equipment sales accounted for EUR 866.5 (697.4) million of the total and represented an increase of 24.2% over the comparison period. At comparable exchange rates, new equipment sales grew by 10.6%.

Service (maintenance and modernization) sales increased by 10.7%, and totaled EUR 824.4 (744.4) million. At comparable exchange rates, service sales grew by 3.7%. Maintenance sales grew by 13.2% at historical and by 6.1% at comparable exchange rates, and totaled EUR 636.9 (562.6) million. Modernization sales increased by 3.1%, and totaled EUR 187.4 (181.8) million. At comparable exchange rates, modernization sales decreased by 3.7%.

The share of new equipment sales was 51% (48%) and the share of service sales 49% (52%) of total sales, with maintenance representing 38% (39%) and modernization 11% (13%) of total sales.

Sales in the EMEA region grew by 4.9%, and totaled EUR 708.7 (675.5) million. At comparable exchange rates, the growth was 3.6%. New equipment sales grew significantly and maintenance sales grew somewhat. Modernization sales declined clearly.

Sales in the Americas region grew by 26.6%, and totaled EUR 281.5 (222.3) million. At comparable exchange rates, the growth was 7.9%. New equipment sales grew significantly and also modernization sales grew clearly. Maintenance sales grew slightly.

Sales in the Asia-Pacific region grew by 28.8%, and totaled EUR 700.8 (544.0) million. At comparable exchange rates, the growth was 10.6% with clear growth in new equipment, significant growth in maintenance, and a strong decline in modernization sales.

The geographical distribution of net sales was 42% (47%) EMEA, 17% (15%) Americas and 41% (38%) Asia-Pacific.

Financial result

KONE's operating income (EBIT) grew and reached EUR 211.9 (1–3/2014: 179.6) million or 12.5% (12.5%) of net sales. Favorable translation exchange rates contributed significantly to the growth in operating income. Additionally, growth in operating income was a result of positive development in both the new equipment and the service business, despite the intense price pressure seen in many markets. Geographically, a positive development in North America contributed to the growth in operating income. In many markets, the pricing actions taken during the past few years as well as measures related to the reduction of product costs contributed to the

growth in operating income by offsetting some of the price pressure. KONE continued to increase fixed costs in areas that support the growth of the business, in particular in Asia-Pacific as well as R&D, process development and IT.

Net financing items was EUR -17.4 (7.1) million. The net financing items was impacted by negative foreign exchange valuation of option liabilities related to acquisitions.

KONE's income before taxes was EUR 195.0 (186.7) million. Taxes totaled EUR 43.9 (43.4) million, taking into account taxes proportionate to the amount estimated for the financial year. This represents an effective tax rate of 22.5% (23.3%) for the full financial year. Net income for the period under review was EUR 151.1 (143.3) million.

Basic earnings per share was EUR 0.29 (0.28).

Consolidated statement of financial position and Cash flow

KONE's financial position was very strong at the end of March 2015. Cash flow generated from operations during January–March 2015 (before financing items and taxes) was solid at EUR 212.2 (1–3/2014: 325.4) million, against an exceptionally strong comparison level. While an improvement in net working capital contributed to the strong cash flow in the comparison period, net working capital remained rather stable in the first quarter of 2015.

Net working capital remained at a very good level and was at the end of March 2015 EUR -880.2 (December 31, 2014: -749.7) million, including financing items and taxes. The impact from translation exchange rates was significantly positive on the reported working capital. At comparable rates, working capital remained rather stable at the earlier good level, even though seasonality in accounts payable burdened the development. The level of advance payments received relative to inventories declined slightly, but remained at a good level.

Interest-bearing net debt at the end of March 2015 was EUR -584.4 (December 31, 2014: -911.8) million. KONE's cash and cash equivalents together with current deposits and loan receivables were EUR 1,004 (1,279) million at the end of the reporting period. Interest-bearing liabilities were EUR 426.5 (373.2) million, including a net pension liability of EUR 205.6 (178.9) million and short-term loans of EUR 20.7 (12.0) million. In addition, the interest-bearing net debt includes EUR 170.6 (151.0) million of option liabilities from acquisitions. Gearing was -33.4%, compared with -44.2% at the end of 2014. KONE's total equity/total assets ratio was 36.7% at the end of March 2015 (December 31, 2014: 43.6%).

Equity per share was EUR 3.31 (3.93).

Capital expenditure and acquisitions

KONE's capital expenditure, including acquisitions, totaled EUR 30.0 (1–3/2014: 19.4) million. Capital expenditure,

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excluding acquisitions, was mainly related to facilities and equipment in R&D, IT, operations and production. Acquisitions accounted for EUR 17.9 (3.4) million of this figure.

During January–March 2015, KONE's larger acquisitions included a German elevator company, Janzhoﬀ Aufzüge GmbH. In addition, KONE completed a number of smaller acquisitions of maintenance businesses in Europe and the United States during the reporting period. The acquisitions completed during the reporting period did not individually or as a whole have a material impact on the result or financial position of KONE.

Research and development

Research and development expenses totaled EUR 26.3 (1–3/2014: 24.2) million, representing 1.6% (1.7%) of net sales. R&D expenses include the development of new product and service concepts as well as the further development of existing solutions and services. KONE's elevators and escalators are based on industry-leading energy-efficient technology.

KONE's customers and end-users are at the center of its research and development efforts. In accordance with its vision of delivering the best People Flow® experience, KONE focuses on understanding the needs of its customers and the users of its solutions in order to make people flow in buildings smoother and to improve the user experience. The aim of one of KONE's five development programs, the Most Competitive People Flow Solutions®, is to offer industry-leading elevators, escalators and automatic building doors, and to further develop KONE's People Flow Intelligence solutions for the smart buildings of the future.

During January–March 2015, KONE launched the I MonoSpace® elevator designed for the Indian residential market. The new elevator has been designed for the needs of low- and mid-rise apartment buildings, providing end-users with improved ride comfort and eco-efficiency as well as inspiring design. In Asia-Pacific, KONE also released other updates and enhancements to its existing elevator offering with a focus on the residential segment, and to its People Flow Intelligence solutions.

In February 2015, KONE won a 2015 iF Design Award for its KONE Turnstile 100 solution. The awarded turnstile sets a new standard for innovative and timeless design and functionality, while improving building security and guidance. This is the third time that KONE has been recognized in the renowned competition.

Personnel

The objective of KONE's personnel strategy is to help the company meet its business targets. The main goals of this strategy are to further secure the availability, engagement, motivation and continuous development of the company's personnel. All of KONE's activities are guided by ethical principles. The

personnel's rights and responsibilities include the right to a safe and healthy working environment, personal well-being as well as the prohibition of any kind of discrimination.

One of the five development programs launched at the beginning of 2014 was defined as "A Winning Team of True Professionals." The implementation of various initiatives continued under this program during the first quarter of 2015. The initiatives target to help all employees perform at their best, to enhance the systematic development of field competences, and to ensure the attraction of the right talent to all positions.

During January–March 2015, the delivery of existing training programs continued and new e-learning programs were launched. In line with its increased focus on field training, KONE started new partnerships to enhance maintenance technicians' competence building in China. The global rollout of KONE's online learning management system continued as planned.

KONE's International Trainee Program for the year 2015 received more than 2,100 applications around the world. The program will offer selected students and recent graduates an opportunity to learn about working in an international environment.

During the reporting period, KONE's annual performance management round was completed with a record high share of employees with a personal development plan. KONE's annual employee survey was also conducted during the reporting period with a record-high response rate of 93% (2014: 91%). The results are to be reported for action point identification during the second quarter of the year.

KONE had 47,700 (December 31, 2014: 47,064) employees at the end of March 2015. The average number of employees was 47,314 (1–3/2014: 43,512).

The geographical distribution of KONE employees was 44% (December 31, 2014: 44%) in EMEA, 12% (12%) in the Americas and 44% (44%) in Asia-Pacific.

Environment

For KONE, environmental responsibility is a combination of offering its customers innovative solutions that are both energy- and cost-efficient, and reducing the adverse environmental impacts of its own operations. The focus in developing eco-efficient solutions is on further improving energy-saving stand-by and hoisting solutions for elevators as well as innovative energy-saving solutions for escalators. KONE aims to strengthen its position as the industry leader in sustainability, supporting governmental and other green building initiatives and the ongoing transformation of the built environment into smart eco-cities globally.

The most significant environmental impact of KONE's business globally relates to the amount of electricity used by KONE products during their lifetime. This underlines the

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importance of energy-efficient innovations for elevators and escalators.

During January–March 2015, KONE extended the certification coverage of its product range according to the new energy efficiency standard ISO 25745, which was published in March 2015. In addition to the elevators certified in late 2014, the KONE N MonoSpace® elevator achieved the best possible A-class certification according to the new standard. This increased the number of KONE elevator models with the A-class certification to eight. In addition, the KONE TravelMaster™ 100 escalator achieved the best A+++ certification according to the same energy efficiency standard for escalators. All the measurements have been conducted at customer reference locations, and the certifications have been granted by external third parties.

KONE continuously works on minimizing its operational carbon footprint and ensuring that its suppliers comply with corresponding requirements and environmental targets. The most significant impact of KONE's operational carbon footprint relates to logistics, the company's vehicle fleet, and electricity consumption at KONE facilities. During the reporting period, KONE finalized the calculations of its 2014 carbon footprint. KONE's 2014 carbon footprint relative to overall operations (net sales) decreased by 1.8% compared to 2013. The carbon footprint of externally assured scope 1 and 2 greenhouse gas emissions relative to net sales decreased by 9.1% compared to 2013. In absolute terms, the scope 1 and 2 carbon footprint decreased by 4.6%. The major achievements in reducing the total relative carbon footprint, including scope 1, 2 and 3 emissions, were a 4.8% decrease in the vehicle fleet carbon footprint relative to units in service, a 15.2% decrease in electricity carbon footprint relative to KONE's headcount, achieved mainly by increasing the share of green electricity at KONE facilities, and a 4.3% decrease in the business air travel carbon footprint relative to headcount. KONE's 2014 absolute operational carbon footprint amounted to 325,500 tonnes of carbon dioxide equivalent (2013: 315,700). The 3.1% increase in the absolute carbon footprint is largely due to the increase in KONE's headcount and net sales, which increased by 8.7% and 5.8% in 2014, respectively. Scope 1 and 2 emissions comprising direct energy use and electricity consumption as well as logistics and business air travel emissions from scope 3 have been externally assured.

In January 2015, KONE was ranked as one of the world's most sustainable companies and included in the Global 100 index fund managed by investment advisory company Corporate Knights. Ranked 28, KONE is the only elevator and escalator company in the Global 100 index.

Other events

In 2007 a decision was issued by the European Commission concerning alleged local anticompetitive practices before early 2004 in Germany, Luxembourg, Belgium and the Neth-

erlands by leading elevator and escalator companies, including KONE's local subsidiaries. Also, the Austrian Cartel Court issued in 2007 a decision concerning anticompetitive practices that had taken place before mid-2004 in local Austrian markets by leading elevator and escalator companies, including KONE's local subsidiary. As announced by KONE earlier, a number of civil damage claims by certain companies and public entities, relating to the two 2007 decisions, are pending in related countries. The claims have been made against various companies concerned by the decisions, including certain KONE companies. All claims are independent and are progressing procedurally at different stages, with some processes having ended favorably for KONE. The total capital amount claimed jointly and severally from all of the defendants together was EUR 279 million at the end of March 2015 (December 31, 2014: EUR 280 million). KONE's position is that the claims are without merit. No provision has been made.

Risk management

KONE is exposed to risks that may arise from its operations or changes in the business environment. The risk factors described below can potentially have an adverse effect on KONE's business operations and financial position and, as a result, on the value of the company. Other risks, which are currently either unknown or considered immaterial to KONE may, however, become material in the future.

A weakening of the global economic environment or an increase in geopolitical tensions could result in a deterioration of the market environment and the competitive situation in the global new equipment and service markets. In particular, a disruption of the growth or prolonged weakness in the construction market, in China or in other growing regions globally, could result in a decline of the global market for new elevators and escalators. A weakening market environment could lead to a decrease in orders received, cancellations of agreed deliveries, delays in the commencement of projects or further intensified price competition, and, as a result, have a negative effect on KONE's growth and profitability. To counteract the pressures resulting from a possible deterioration of the economic environment and its impact on the elevator and escalator markets, KONE strives to continuously develop its competitiveness.

KONE operates in an industry with various local regulatory requirements in both the new equipment and service businesses. Sudden or unanticipated changes in regulations, codes or standards may result in a need for process or technology adjustments, which could adversely affect KONE's profit development in affected countries. In order to mitigate the risk of unanticipated changes in the regulatory environment, KONE is actively involved in the development of regulations, codes and standards that aim to further improve the

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safety and other technological features of elevators, escalators and automatic doors.

KONE operates in certain high growth markets, where focused management of rapid business growth is required. This applies in particular to the availability of skilled personnel and the adequate supply of components and materials, as well as ensuring the quality of delivered products and services. Failure to adequately manage resourcing, quality of delivery, or other aspects in projects could result in delays in deliveries and increases in costs, which in turn could have an adverse impact on the profitability of the company. KONE manages these risks through proactive project and resource planning and strict quality control processes.

KONE introduces new technology and continuously develops the competitiveness of its existing offering and solutions based on anticipated future developments in relevant technologies, customer needs and market requirements. The development of new technology and execution of product releases involve risks related to the uninterrupted functioning of the delivery chain, including component supply from KONE's large supplier base, as well as product integrity and quality. Additionally, a failure to anticipate or address changes either in the industry, market and competitive environment or in customer needs and behavior, or an incident causing reputational or other damage to the company could result in a deterioration of KONE's competitiveness, market share or profitability. To mitigate these risks, KONE follows closely market and customer trends and has defined processes for product design, supply, manufacturing, installation and maintenance involving strict quality control.

KONE's business activities are dependent on the uninterrupted operation, quality and reliability of sourcing channels, production plants, and logistics processes. A significant part of KONE's component suppliers and supply capacity is located in China. The risks related to the supply chain are controlled by analyzing and improving the fault tolerance of processes, diligent forecasting, by close cooperation with KONE's suppliers and by increasing the readiness for transferring the manufacturing of critical components from one production line or supplier to another. KONE actively monitors the operations and financial strength of its key suppliers. The aim is also to secure the availability of alternative sourcing channels for critical components and services. Additionally, KONE has a global property damage and business interruption insurance program in place.

KONE's operations utilize information technology extensively. This may expose KONE to information security violations, misuse of systems and/or data, viruses, malwares and to such malfunctions, which can result in system failures or disruptions in processes and therefore impact KONE's business. Clear roles and responsibilities have been defined to manage IT security risks to ensure that adequate security is inbuilt

within the IT management processes according to security policies, principles and guidelines.

Changes in raw material and component prices are reflected directly in the production costs of elevators, escalators and automatic doors, and may therefore have an impact on KONE's profitability. In order to reduce the impact of material and sourcing price fluctuation, KONE aims to enter into fixed-price contracts with its major suppliers for a significant part of its raw material and component purchases.

KONE is exposed to counterparty risks related to financial institutions through the significant amounts of liquid funds deposited into financial institutions, financial investments and in derivatives. In order to diversify the financial credit risk, KONE deposits its funds into several banks and invests a part of its liquidity into highly liquid money market funds. KONE also manages its counterparty risk by accepting only counterparties with high creditworthiness. The size of each counterparty limit reflects the creditworthiness of the counterparty and KONE constantly evaluates such limits.

KONE is also exposed to risks related to the liquidity and payment schedules of its customers, which may lead to credit losses. To mitigate this risk, defined rules for tendering, levels of approval authority, and credit control have been established. The risks related to accounts receivable are minimized also through the use of advance payments, documentary credits and guarantees in KONE's payment terms. KONE's customer base consists of a large number of customers in several market areas, with no individual customer representing a material share of KONE's sales.

KONE operates internationally and is thus exposed to risks arising from foreign exchange rate fluctuations related to currency flows from revenues and expenses, as well as from the translation of income statement and statement of financial position items of foreign subsidiaries into euros. The KONE Treasury is responsible for the centralized management of financial risks in accordance with the KONE Treasury Policy approved by the Board of Directors.

For further information regarding financial risks, please refer to note 2 in the consolidated Financial Statements for 2014.

Decisions of the Annual General Meeting

KONE Corporation's Annual General Meeting was held in Helsinki on February 23, 2015. The meeting approved the financial statements and discharged the responsible parties from liability for the financial period January 1–December 31, 2014.

The number of Members of the Board of Directors was confirmed as nine. Re-elected as Members of the Board were Matti Alahuhta, Anne Brunila, Antti Herlin, Jussi Herlin, Ravi Kant, Juhani Kaskeala and Sirpa Pietikäinen. Iiris Herlin and Kazunori Matsubara were elected as new Members of the Board.

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At its meeting held after the General Meeting, the Board of Directors elected from among its members Antti Herlin as its Chairman and Jussi Herlin as Vice Chairman.

Jussi Herlin was elected as Chairman and Anne Brunila, Antti Herlin and Ravi Kant as members of the Audit Committee. Anne Brunila and Ravi Kant are independent of both the company and of significant shareholders and Jussi Herlin is independent of the company.

Antti Herlin was elected as Chairman and Matti Alahuhta, Jussi Herlin and Juhani Kaskeala as members of the Nomination and Compensation Committee. Juhani Kaskeala is independent of both the company and of significant shareholders and Matti Alahuhta is independent of significant shareholders.

The General Meeting confirmed an annual compensation of EUR 54,000 for the Chairman of the Board, EUR 44,000 for the Vice Chairman and EUR 33,000 for Board Members. In addition, a compensation of EUR 500 was approved for attendance at Board and Committee meetings, but such that an EUR 2,000 compensation for Committee meetings will be paid for members residing outside of Finland. Of the annual remuneration, 40 percent will be paid in class B shares of KONE Corporation and the rest in cash.

The General Meeting approved the authorization for the Board of Directors to repurchase KONE's own shares. Altogether no more than 52,440,000 shares may be repurchased, of which no more than 7,620,000 may be class A shares and 44,820,000 class B shares. The authorization shall remain in effect for a period of one year from the date of decision of the General Meeting.

Further, the General Meeting authorized the Board of Directors to decide on the issuance of shares as well as the issuance of options and other special rights entitling to shares referred to in chapter 10 section 1 of the Finnish Companies Act. The amount of shares to be issued based on this authorization shall not exceed 7,620,000 class A shares and 44,820,000 class B shares. The Board of Directors decides on all the conditions of the issuance of shares and of special rights entitling to shares. The authorization concerns both the issuance of new shares as well as the transfer of treasury shares. The issuance of shares and of special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorization shall remain in effect for a period of five years following the date of decision of the General Meeting.

Authorized public accountants PricewaterhouseCoopers Oy and Niina Vilske were nominated as the Company's auditors.

Dividend 2014

The General Meeting approved dividends of EUR 1.1975 for each of the 76,208,712 class A shares and EUR 1.20 for each of the outstanding 437,517,818 class B shares. The date of

record for dividend distribution was February 25, 2015 and dividends were paid on March 4, 2015.

Share capital and Market capitalization

In 2010, KONE granted a conditional option program. The 2010 stock options were listed on the NASDAQ OMX Helsinki Ltd. on April 2, 2013. The total number of stock options was 3,000,000 and 896,000 of them are held by KONE Corporation's subsidiary. On March 31, 2015 a maximum of 870,312 shares could be subscribed with the remaining outstanding option rights. Each option entitles its holder to subscribe for two (2) new class B shares at the price of, from February 24, 2015, EUR 11.875 per share. The share subscription period for the stock option 2010 is April 1, 2013–April 30, 2015.

In January 2013, KONE granted a conditional option program. Stock options 2013 are granted according to the decision of the Board of Directors on January 24, 2013 to approximately 480 key employees and the decision was based on the authorization received from the Shareholders Meeting on March 1, 2010. A maximum total of 750,000 options are granted. The original share subscription price for the option was EUR 29.125 per share and it is further reduced in situations mentioned in the terms, for example with dividends distributed before the subscription of the shares. The effective subscription price as per March 31, 2015 was EUR 25.40. Each option entitles its holder to subscribe for two (2) new or existing company's own class B KONE shares. The share subscription period for the stock options 2013 is April 1, 2015–April 30, 2017. The share subscription period began on April 1, 2015, since the financial performance of the KONE Group for the financial years 2013–2014, based on the total consideration of the Board of Directors, has been equal to or better than the average performance of the key competitors of KONE.

In December 2013, KONE granted a conditional option program. Stock options 2014 are granted according to the decision of the Board of Directors on December 20, 2013 to approximately 550 key employees and the decision was based on the authorization received from the Shareholders Meeting on March 1, 2010. A maximum total of 1,500,000 options are granted. The original share subscription price for the option was EUR 31.80 per share and it is further reduced in situations mentioned in the terms, for example with dividends distributed before the subscription of the shares. The effective subscription price as per March 31, 2015 was EUR 29.60. Each option entitles its holder to subscribe for one (1) new or existing company's own class B KONE share. The share subscription period for the stock options 2014 will be April 1, 2016–April 30, 2018. The share subscription period begins only if the financial performance of the KONE Group for the financial years 2014–2015, based on the total consideration of the Board of Directors, is equal to or better than the average performance of the key competitors of KONE.

KONE's January–March 2015 review

In December 2014, KONE granted a conditional option program. Stock options 2015 are granted according to the decision of the Board of Directors on December 18, 2014 to approximately 560 key employees. The decision was based on the authorization received from the shareholders' meeting on March 1, 2010. A maximum total of 1,500,000 options are granted. The original share subscription price for the option is EUR 36.20 per share and it is further reduced in situations mentioned in the terms, for example with dividends distributed before the subscription of the shares. The effective subscription price as per March 31, 2015 was EUR 35.00. Each stock option entitles its holder to subscribe for one (1) new or an existing company's own class B KONE share. The share subscription period for the stock options 2015 will be April 1, 2017–April 30, 2019. The share subscription period begins only if the financial performance of the KONE Group for the financial years 2015–2016 based on the total consideration of the Board of Directors is equal to or better than the average performance of the key competitors of KONE.

On March 31, 2015, KONE's share capital was EUR 65,551,241.00, comprising 448,201,216 listed class B shares and 76,208,712 unlisted class A shares. KONE's market capitalization was EUR 21,207 million on March 31, 2015, disregarding own shares in the Group's possession. Market capitalization is calculated on the basis of both the listed B shares and the unlisted A shares excluding treasury shares. Class A shares are valued at the closing price of the class B shares at the end of the reporting period.

Shares in KONE's possession

During January–March 2015, KONE did not use its authorization to repurchase own shares. At the end of March, the Group had 10,683,398 class B shares in its possession. The shares in the Group's possession represent 2.4% of the total number of class B shares. This corresponds to 0.9% of the total voting rights.

Shares traded on the NASDAQ OMX Helsinki Ltd.

The NASDAQ OMX Helsinki Ltd. traded 63.4 million KONE Corporation's class B shares in January–March 2015, equivalent to a turnover of EUR 2,561 million. The daily average trading volume was 1,023,186 shares (1–3/2014: 1,219,895). The share price on March 31, 2015 was EUR 41.28. The volume weighted average share price during the period was EUR 40.40. The highest quotation during the period under review was EUR 43.52 and the lowest EUR 36.46. In addition to the NASDAQ OMX Helsinki Stock Exchange, KONE's class B share is traded also on various alternative trading platforms. The volume of KONE's B shares traded on the NASDAQ OMX Helsinki Stock Exchange represented approximately 32.6% of the total volume of KONE's class B shares traded in January–March 2015 (source: Fidessa Fragmentation Index, www.fragmentation.fidessa.com).

The number of registered shareholders was 51,075 at the beginning of the review period and 51,365 at its end. The number of private households holding shares totaled 47,760 at the end of the period, which corresponds to approximately 13.4% of the listed B shares.

According to the nominee registers 45.2% of the listed class B shares were owned by foreign shareholders on March 31, 2015. Other foreign ownership at the end of the period totaled 6.6%. Thus a total of 51.8% of KONE's listed class B shares were owned by international investors, corresponding to approximately 19.2% of the total votes in the company.

Market outlook 2015

In new equipment, the market in Asia-Pacific is expected to grow slightly in 2015, with the expectation that the market in China will remain at the good level of 2014 or grow slightly. In the Europe, Middle East and Africa region, the market is expected to be rather stable. In Central and North Europe, the market is expected to be stable or grow slightly, while in South Europe it is expected to remain at a weak level. In the Middle East, the market is expected to be stable at the previous year's level. The market in North America is expected to continue to grow.

The modernization market is expected to remain rather stable in Europe, but to continue to grow in North America and Asia-Pacific. This is expected to result in a rather stable or slightly growing market globally.

The maintenance markets are expected to develop rather well in most countries.

Business outlook 2015

KONE specifies its operating income outlook for 2015.

KONE's net sales is estimated to grow by 6–9% at comparable exchange rates as compared to 2014.

The operating income (EBIT) is expected to be in the range of EUR 1,140–1,230 million, assuming that translation exchange rates would remain at approximately the average level of January–March 2015.

Previous business outlook

In 2015, KONE's net sales is estimated to grow by 6–9% at comparable exchange rates as compared to 2014.

The operating income (EBIT) is expected to be in the range of EUR 1,130–1,230 million, assuming that translation exchange rates would remain at approximately the average level of January 2015.

Espoo, April 22, 2015

KONE Corporation's Board of Directors

Consolidated statement of income

MEUR	1-3/2015	%	1-3/2014	%	1-12/2014	%
Sales	1,690.9		1,441.8		7,334.5	
Costs and expenses	-1,454.5		-1,241.7		-6,214.6	
Depreciation and amortization	-24.4		-20.4		-84.2	
Operating income	211.9	12.5	179.6	12.5	1,035.7	14.1
Share of associated companies' net income	0.4		-0.1		-0.3	
Financing income	12.3		8.9		43.5	
Financing expenses	-29.7		-1.8		-62.6	
Income before taxes	195.0	11.5	186.7	12.9	1,016.4	13.9
Taxes	-43.9		-43.4		-242.4	
Net income	151.1	8.9	143.3	9.9	773.9	10.6
Net income attributable to:						
Shareholders of the parent company	149.9		141.7		755.6	
Non-controlling interests	1.2		1.6		18.4	
Total	151.1		143.3		773.9	
Earnings per share for profit attributable to the shareholders of the parent company, EUR						
Basic earnings per share, EUR	0.29		0.28		1.47	
Diluted earnings per share, EUR	0.29		0.28		1.47	

Consolidated statement of comprehensive income

MEUR	1-3/2015	1-3/2014	1-12/2014
Net income	151.1	143.3	773.9
Other comprehensive income, net of tax:			
Translation differences	245.0	-19.1	152.7
Hedging of foreign subsidiaries	-32.2	0.0	-27.5
Cash flow hedges	-22.9	-4.8	-12.9
Items that may be subsequently reclassified to statement of income	189.9	-23.8	112.4
Remeasurements of employee benefits	-44.3	-11.9	-41.5
Items that will not be reclassified to statement of income	-44.3	-11.9	-41.5
Total other comprehensive income, net of tax	145.7	-35.8	70.9
Total comprehensive income	296.8	107.5	844.8
Total comprehensive income attributable to:			
Shareholders of the parent company	295.6	105.9	826.5
Non-controlling interests	1.2	1.6	18.4
Total	296.8	107.5	844.8

Condensed consolidated statement of financial position

Assets MEUR	Mar 31, 2015	Mar 31, 2014	Dec 31, 2014
Non-current assets			
Goodwill	1,306.8	1,099.9	1,208.9
Other intangible assets	274.7	222.7	261.8
Tangible assets	339.2	271.4	317.1
Loans receivable and other interest-bearing assets	7.1	5.3	6.3
Investments	126.2	114.2	112.5
Deferred tax assets	286.6	221.8	262.8
Total non-current assets	2,340.7	1,935.3	2,169.4
Current assets			
Inventories	1,438.7	1,203.8	1,211.8
Accounts receivable	1,472.1	1,195.5	1,368.3
Deferred assets and income tax receivables	469.5	323.3	331.9
Current deposits and loan receivables	651.7	378.1	942.7
Cash and cash equivalents	352.1	322.6	336.1
Total current assets	4,384.2	3,423.3	4,190.6
Total assets	6,724.8	5,358.6	6,360.0

Equity and liabilities MEUR	Mar 31, 2015	Mar 31, 2014	Dec 31, 2014
Equity	1,751.2	1,323.6	2,062.4
Non-current liabilities			
Loans	29.6	20.7	31.2
Employee benefits	205.6	150.3	178.9
Deferred tax liabilities	121.5	104.8	110.6
Total non-current liabilities	356.7	275.8	320.8
Provisions	141.3	135.7	137.4
Current liabilities			
Loans	191.2	163.7	163.0
Advance payments received	1,955.5	1,578.1	1,628.7
Accounts payable	610.3	507.5	597.1
Accruals and income tax payables	1,718.6	1,374.3	1,450.6
Total current liabilities	4,475.6	3,623.5	3,839.4
Total equity and liabilities	6,724.8	5,358.6	6,360.0

Consolidated statement of changes in equity

MEUR	Share capital	Share premium account	Paid-up unrestricted equity reserve	Fair value and other reserves	Translation differences	Remeasurements of employee benefits	Own shares	Retained earnings	Net income for the period	Non-controlling interests	Total equity
Jan 1, 2015	65.6	100.3	127.0	-5.5	118.3	-92.0	-150.8	1,855.0		44.5	2,062.4
Net income for the period									149.9	1.2	151.1
Other comprehensive income:											
Translation differences					245.0						245.0
Hedging of foreign subsidiaries					-32.2						-32.2
Cash flow hedges				-22.9							-22.9
Remeasurements of employee benefits						-44.3					-44.3
Transactions with shareholders and non-controlling interests:											
Profit distribution								-616.3			-616.3
Increase in equity (option rights)											-
Purchase of own shares											-
Change in non-controlling interests										3.5	3.5
Option and share-based compensation								4.8			4.8
Mar 31, 2015	65.6	100.3	127.0	-28.5	331.1	-136.3	-150.8	1,243.6	149.9	49.3	1,751.2

MEUR	Share capital	Share premium account	Paid-up unrestricted equity reserve	Fair value and other reserves	Translation differences	Remeasurements of employee benefits	Own shares	Retained earnings	Net income for the period	Non-controlling interests	Total equity
Jan 1, 2014	65.3	100.3	105.4	7.3	-7.0	-50.6	-128.8	1,602.2		30.4	1,724.6
Net income for the period									141.7	1.6	143.3
Other comprehensive income:											
Translation differences					-19.1						-19.1
Hedging of foreign subsidiaries					0.0						0.0
Cash flow hedges				-4.8							-4.8
Remeasurements of employee benefits						-11.9					-11.9
Transactions with shareholders and non-controlling interests:											
Profit distribution								-512.5			-512.5
Increase in equity (option rights)											-
Purchase of own shares											-
Change in non-controlling interests								-0.7		-0.7	-1.4
Option and share-based compensation								5.3			5.3
Mar 31, 2014	65.3	100.3	105.4	2.5	-26.0	-62.5	-128.8	1,094.2	141.7	31.3	1,323.6

Consolidated statement of changes in equity

MEUR	Share capital	Share premium account	Paid-up unrestricted equity reserve	Fair value and other reserves	Translation differences	Remeasurements of employee benefits	Own shares	Retained earnings	Net income for the period	Non-controlling interests	Total equity
Jan 1, 2014	65.3	100.3	105.4	7.3	-7.0	-50.6	-128.8	1,602.2		30.4	1,724.6
Net income for the period									755.6	18.4	773.9
Other comprehensive income:											
Translation differences					152.7						152.7
Hedging of foreign subsidiaries					-27.5						-27.5
Cash flow hedges				-12.9							-12.9
Remeasurements of employee benefits						-41.5					-41.5
Transactions with shareholders and non-controlling interests:											
Profit distribution								-512.5			-512.5
Increase in equity (option rights)	0.2		21.6								21.8
Purchase of own shares							-32.8				-32.8
Change in non-controlling interests								-0.7		-4.2	-4.9
Option and share-based compensation							10.8	10.5			21.3
Dec 31, 2014	65.6	100.3	127.0	-5.5	118.3	-92.0	-150.8	1,099.4	755.6	44.5	2,062.4

Condensed consolidated statement of cash flows

MEUR	1-3/2015	1-3/2014	1-12/2014
Operating income	211.9	179.6	1,035.7
Change in working capital before financing items and taxes	-24.2	125.3	225.5
Depreciation and amortization	24.4	20.4	84.2
Cash flow from operations before financing items and taxes	212.2	325.4	1,345.4
Cash flow from financing items and taxes	35.2	-31.0	-221.1
Cash flow from operating activities	247.4	294.4	1,124.3
Cash flow from investing activities	-31.8	-24.6	-145.9
Cash flow after investing activities	215.6	269.8	978.4
Purchase of own shares	-	-	-32.8
Increase in equity (option rights)	-	-	21.8
Profit distribution	-563.7	-495.7	-537.5
Change in deposits and loans receivable, net	346.0	163.4	-359.3
Change in loans payable and other interest-bearing debt	1.2	48.0	-69.7
Changes in non-controlling interests	-	-0.4	-12.3
Cash flow from financing activities	-216.4	-284.7	-989.8
Change in cash and cash equivalents	-0.8	-14.9	-11.4
Cash and cash equivalents at beginning of period	336.1	339.1	339.1
Translation difference	16.9	-1.6	8.4
Cash and cash equivalents at end of period	352.1	322.6	336.1

CHANGE IN INTEREST-BEARING NET DEBT

MEUR	1-3/2015	1-3/2014	1-12/2014
Interest-bearing net debt at beginning of period	-911.8	-622.0	-622.0
Interest-bearing net debt at end of period	-584.4	-371.3	-911.8
Change in interest-bearing net debt	327.4	250.7	-289.9

Notes for the interim report

KEY FIGURES

		1–3/2015	1–3/2014	1–12/2014
Basic earnings per share	EUR	0.29	0.28	1.47
Diluted earnings per share	EUR	0.29	0.28	1.47
Equity per share	EUR	3.31	2.52	3.93
Interest-bearing net debt	MEUR	-584.4	-371.3	-911.8
Total equity/total assets	%	36.7	35.0	43.6
Gearing	%	-33.4	-28.1	-44.2
Return on equity	%	31.7	37.6	40.9
Return on capital employed	%	31.4	31.7	37.7
Total assets	MEUR	6,724.8	5,358.6	6,360.0
Assets employed	MEUR	1,166.8	952.3	1,150.5
Working capital (including financing and tax items)	MEUR	-880.2	-756.0	-749.7

QUARTERLY FIGURES

		Q1/2015	Q4/2014	Q3/2014	Q2/2014	Q1/2014
Orders received	MEUR	2,053.8	1,703.8	1,577.2	1,801.9	1,729.7
Order book	MEUR	8,529.6	6,952.5	6,995.8	6,537.2	6,175.4
Sales	MEUR	1,690.9	2,165.8	1,877.9	1,848.9	1,441.8
Operating income	MEUR	211.9	315.3	277.5	263.2	179.6
Operating income	%	12.5	14.6	14.8	14.2	12.5

		Q4/2013	Q3/2013	Q2/2013	Q1/2013	Q4/2012	Q3/2012	Q2/2012	Q1/2012
Orders received	MEUR	1,473.2	1,327.2	1,638.2	1,712.4	1,321.3	1,295.6	1,513.4	1,365.9
Order book	MEUR	5,587.5	5,642.1	5,874.4	5,823.1	5,050.1	5,283.7	5,305.3	4,842.8
Sales	MEUR	2,033.0	1,739.2	1,761.7	1,398.7	1,857.7	1,633.7	1,544.1	1,241.3
Operating income	MEUR	292.8	257.5	242.8	160.4	257.4	226.4	210.3 ¹⁾	134.6
Operating income	%	14.4	14.8	13.8	11.5	13.9	13.9	13.6 ¹⁾	10.8

		Q4/2011	Q3/2011	Q2/2011	Q1/2011	Q4/2010	Q3/2010	Q2/2010	Q1/2010
Orders received	MEUR	1,098.8	1,095.4	1,226.2	1,044.7	1,006.3	865.2	1,042.8	894.7
Order book	MEUR	4,348.2	4,143.2	3,947.7	3,737.5	3,597.8	3,657.9	3,933.7	3,638.5
Sales	MEUR	1,588.8	1,296.2	1,286.4	1,053.8	1,488.8	1,235.9	1,258.9	1,003.0
Operating income	MEUR	233.0	188.9	184.5	118.7	227.3	184.8	175.7	108.6
Operating income	%	14.7	14.6	14.3	11.3	15.3	15.0	14.0	10.8

		Q4/2009	Q3/2009	Q2/2009	Q1/2009	Q4/2008	Q3/2008	Q2/2008	Q1/2008
Orders received	MEUR	813.5	766.5	953.9	898.5	845.2	892.4	1,092.4	1,117.5
Order book	MEUR	3,309.1	3,603.4	3,754.1	3,753.1	3,576.7	4,002.8	3,838.7	3,617.4
Sales	MEUR	1,426.8	1,127.3	1,168.6	1,021.0	1,431.6	1,123.8	1,142.1	905.3
Operating income	MEUR	202.7	160.1	146.3 ²⁾	91.2	189.2	146.0	136.7	86.5
Operating income	%	14.2	14.2	12.5 ²⁾	8.9	13.2	13.0	12.0	9.6

¹⁾ Excluding a MEUR 37.3 one-time cost related to the support function development and cost adjustment programs.

²⁾ Excluding a MEUR 33.6 one-time restructuring cost related to the fixed cost adjustment program.

Notes for the interim report

SALES BY GEOGRAPHICAL REGIONS

MEUR	1-3/2015	%	1-3/2014	%	1-12/2014	%
EMEA ¹⁾	708.7	42	675.5	47	3,204.6	44
Americas	281.5	17	222.3	15	1,100.6	15
Asia-Pacific	700.8	41	544.0	38	3,029.3	41
Total	1,690.9		1,441.8		7,334.5	

¹⁾ EMEA = Europe, Middle East, Africa

ORDERS RECEIVED

MEUR	1-3/2015	1-3/2014	1-12/2014
	2,053.8	1,729.7	6,812.6

ORDER BOOK

MEUR	Mar 31, 2015	Mar 31, 2014	Dec 31, 2014
	8,529.6	6,175.4	6,952.5

CAPITAL EXPENDITURE

MEUR	1-3/2015	1-3/2014	1-12/2014
In fixed assets	10.6	13.9	73.3
In leasing agreements	1.5	2.1	14.6
In acquisitions	17.9	3.4	67.0
Total	30.0	19.4	154.8

DEPRECIATION AND AMORTIZATION

MEUR	1-3/2015	1-3/2014	1-12/2014
Depreciation	17.9	15.0	61.9
Amortization of acquisition-related intangible assets	3.9	5.4	22.3
Total	21.7	20.4	84.2

R&D EXPENDITURE

MEUR	1-3/2015	1-3/2014	1-12/2014
	26.3	24.2	103.1
R&D Expenditure as percentage of sales	1.6	1.7	1.4

NUMBER OF EMPLOYEES

	1-3/2015	1-3/2014	1-12/2014
Average	47,314	43,512	45,161
At the end of the period	47,700	43,878	47,064

Notes for the interim report

COMMITMENTS

MEUR	Mar 31, 2015	Mar 31, 2014	Dec 31, 2014
Mortgages			
Group and parent company	-	-	-
Pledged assets			
Group and parent company	-	-	-
Guarantees			
Associated companies	2.1	1.7	1.9
Others	4.1	4.6	4.2
Operating leases	289.7	245.2	277.8
Total	296.0	251.4	283.9

Banks and financial institutions have guaranteed obligations arising in the ordinary course of business of KONE companies up to a maximum of EUR 1,253.4 (932.2) million as of March 31, 2015.

Possible unidentified debts and liabilities of the in 2005 demerged Kone Corporation were transferred to the new KONE Corporation according to the demerger plan.

KONE leases cars, machinery & equipment and buildings under operating leases with varying terms.

The future minimum lease payments under non-cancellable operating leases

MEUR	Mar 31, 2015	Mar 31, 2014	Dec 31, 2014
Less than 1 year	74.3	65.9	72.0
1–5 years	157.7	140.4	151.7
Over 5 years	57.7	39.0	54.1
Total	289.7	245.2	277.8

INVESTMENTS

The shares held include a 19.9% holding in Toshiba Elevator and Building Systems Corporation (TELC). TELC is an investment in equity instruments that does not have a quoted price in an active market. The fair value of TELC shares cannot be reliably measured because the range of reasonable fair value measurements is significant and the probabilities of the various estimates cannot be reasonably assessed. TELC is classified as available-for-sale investments and measured at cost.

Investments include also non-current loans receivable and smaller available-for-sale investments in other companies without public quotation. These investments are measured at cost since the fair values cannot be reliably measured.

Notes for the interim report

DERIVATIVES

Fair values of derivative financial instruments	Derivative assets	Derivative liabilities	Fair value, net	Fair value, net	Fair value, net
MEUR	Mar 31, 2015	Mar 31, 2015	Mar 31, 2015	Mar 31, 2014	Dec 31, 2014
Foreign exchange forward contracts and swaps	131.0	-72.1	59.0	-8.7	27.8
Cross-currency swaps	4.8	-0.2	4.5	17.1	19.7
Electricity price forward contracts	1.0	-2.0	-1.0	-1.3	-1.1
Total	136.8	-74.3	62.5	7.1	46.4

Nominal values of derivative financial instruments	Mar 31, 2015	Mar 31, 2014	Dec 31, 2014
MEUR	Mar 31, 2015	Mar 31, 2014	Dec 31, 2014
Foreign exchange forward contracts and swaps	2,697.7	1,557.5	1,879.7
Cross-currency swaps	138.9	138.9	138.9
Electricity price forward contracts	3.8	5.4	5.5
Total	2,840.5	1,701.7	2,024.1

The fair values of foreign exchange forward contracts and swaps as well as the fair values of cross-currency swaps are measured based on price information derived from active markets and commonly used valuation methods (fair value hierarchy level 2). For electricity price forward contracts there exists a stock exchange price, based on which the fair value can be measured reliably (fair value hierarchy level 1).

The fair values are represented in the balance on a cross basis and can be set off on conditional terms. No collaterals or pledges have been given as security against any liabilities or received against any assets arising from derivatives or other financial instruments. Financial contracts are executed only with counterparties that have high credit ratings. The credit risk of these counterparties as well as the present creditworthiness of KONE are considered when calculating the fair values of outstanding financial assets and liabilities.

Shares and shareholders

Mar 31, 2015	Class A shares	Class B shares	Total
Number of shares	76,208,712	448,201,216	524,409,928
Own shares in possession ¹⁾		10,683,398	
Share capital, EUR			65,551,241
Market capitalization, MEUR			21,207
Number of B shares traded (millions), 1–3/2015		63.4	
Value of B shares traded, MEUR, 1–3/2015		2,561	
Number of shareholders	3	51,365	51,365

	Close	High	Low
Class B share price, EUR, Jan–Mar 2015	41.28	43.52	36.46

¹⁾ During January–March 2015, KONE did not use its authorization to repurchase own shares.

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KONE is one of the global leaders in the elevator and escalator industry. KONE's objective is to offer the best People Flow® experience by developing and delivering solutions that enable people to move smoothly, safely, comfortably and without waiting in buildings in an increasingly urbanizing environment. KONE provides industry-leading elevators, escalators, automatic building doors and integrated solutions to enhance the People Flow in and between buildings. KONE's services cover the entire lifetime of a building, from the design phase to maintenance, repairs and modernization solutions. In 2014, KONE had annual net sales of EUR 7.3 billion, and at the end of the year over 47,000 employees. KONE class B shares are listed on the NASDAQ OMX Helsinki Ltd. in Finland. www.kone.com

This bulletin contains forward-looking statements that are based on the current expectations, known factors, decisions and plans of the management of KONE. Although the management believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be correct. Accordingly, results could differ materially from those implied in the forward-looking statements as a result of, among other factors, changes in economic, market and competitive conditions, changes in the regulatory environment and other government actions as well as fluctuations in exchange rates.