

Dedicated to People Flow™

KONE

Smart people flow in office buildings.

Property owners and facility managers increasingly demand smooth people flow coupled with improved security and access control for their tenants.

Our People Flow Intelligence solutions are designed to meet this need by offering access, destination control, information and equipment monitoring solutions.

KONE Q3

INTERIM REPORT
FOR JANUARY–SEPTEMBER 2015

KONE's January–September 2015 review

July–September 2015: Profitable growth and strong cash flow

- In July–September 2015, orders received totaled EUR 1,764 (7–9/2014: 1,577) million. Orders received grew by 11.9% at historical exchange rates and 3.6% at comparable exchange rates.
- Net sales grew by 16.3% to EUR 2,184 (1,878) million. At comparable exchange rates the growth was 7.7%.
- Operating income was EUR 325.9 (277.5) million or 14.9% (14.8%) of net sales.
- Cash flow from operations (before financing items and taxes) was EUR 432.0 (372.1) million.
- KONE specifies its business outlook for 2015. In 2015, KONE's net sales is estimated to grow by 6–8% at comparable exchange rates as compared to 2014. The operating income (EBIT) is expected to be in the range of EUR 1,200–1,250 million, assuming that translation exchange rates would remain at approximately the average level of January–September 2015. KONE previously estimated its net sales to grow by 6–8% at comparable exchange rates as compared to 2014. KONE's previous outlook for its operating income (EBIT) was EUR 1,190–1,250 million, assuming that translation exchange rates would have remained at approximately the average level of January–June 2015.

January–September 2015: Strong development on a broad basis

- In January–September 2015, orders received totaled EUR 6,012 (1–9/2014: 5,109) million. Orders received grew by 17.7% at historical exchange rates and by 5.2% at comparable exchange rates. The order book stood at EUR 8,351 (September 30, 2014: 6,996) million at the end of September 2015.
- Net sales grew by 17.7% to EUR 6,085 (5,169) million. At comparable exchange rates the growth was 7.2%.
- Operating income was EUR 863.0 (720.4) million or 14.2% (13.9%) of net sales.
- Cash flow from operations (before financing items and taxes) was EUR 1,070 (977.6) million.

KEY FIGURES

		7–9/2015	7–9/2014	1–9/2015	1–9/2014	1–12/2014
Orders received	MEUR	1,764.5	1,577.2	6,011.8	5,108.8	6,812.6
Order book	MEUR	8,350.7	6,995.8	8,350.7	6,995.8	6,952.5
Sales	MEUR	2,184.2	1,877.9	6,085.5	5,168.6	7,334.5
Operating income (EBIT)	MEUR	325.9	277.5	863.0	720.4	1,035.7
Operating income (EBIT)	%	14.9	14.8	14.2	13.9	14.1
Cash flow from operations (before financing items and taxes)	MEUR	432.0	372.1	1,070.2	977.6	1,345.4
Net income	MEUR	263.3	215.2	680.4	563.2	773.9
Basic earnings per share	EUR	0.50	0.41	1.30	1.07	1.47
Interest-bearing net debt	MEUR	-1,137.6	-767.3	-1,137.6	-767.3	-911.8
Total equity/total assets	%	42.4	41.5	42.4	41.5	43.6
Gearing	%	-52.1	-41.9	-52.1	-41.9	-44.2

KONE's January–September 2015 review

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

"I am pleased that we have continued to perform strongly in a market environment that is challenging in many areas. It shows that our strategy and strong execution continue to bring results. Orders received totaled EUR 1,764 million, growing by 11.9% at historical and by 3.6% at comparable exchange rates. Sales was EUR 2,184 million and saw an acceleration from previous quarters with a growth of 16.3% at historical and 7.7% at comparable rates. Operating income grew to EUR 326 million, and the relative operating income improved to 14.9% of net sales. Cash flow was strong in the quarter at a level of EUR 432 million. Translation exchange rates continued to have a positive impact on our reported figures.

There were no major changes in the market environment during the third quarter. The new equipment market in China declined slightly from a high level. In North America, new equipment and modernization demand developed very positively. In Europe, Central and North Europe saw a positive development and South Europe continued to stabilize from a weak level. Maintenance markets grew globally, with continued strong growth in Asia-Pacific.

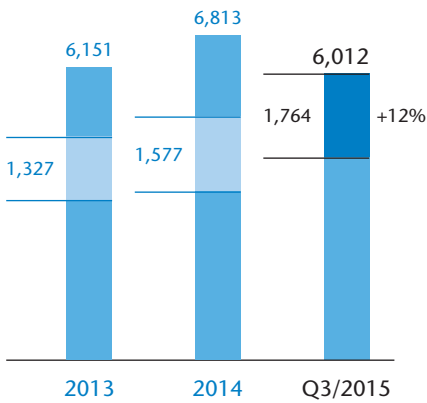
Looking at our own development, our orders grew in North America, Central and North Europe, as well as Asia-Pacific outside of China, with these regions compensating for a slower development in China. Sales growth was driven by our new equipment and maintenance businesses. Regionally, both Asia-Pacific and North America saw clear growth in sales. I would like to thank all of our employees for the good progress that we have made and for a job well done.

During the quarter, we announced the establishment of a new Technology & Innovation unit, which will be operational from the beginning of next year. This new unit brings together several teams, including R&D, IT and Partnership Development, to accelerate innovation and capture new, exciting business opportunities. Given the increasing pace of digitalization, our goal with the new organization is to further strengthen our ability to differentiate in the market and improve both the user and customer experience as well as the productivity of our operations.

We have slightly adjusted our business outlook following our good performance in the third quarter."

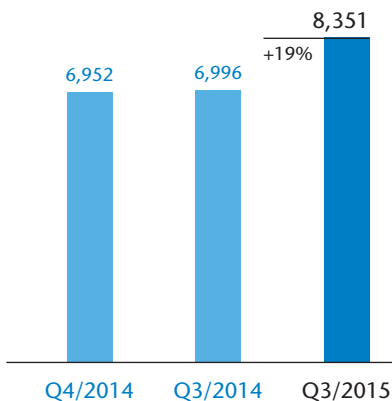
Key Figures

Orders received (MEUR)



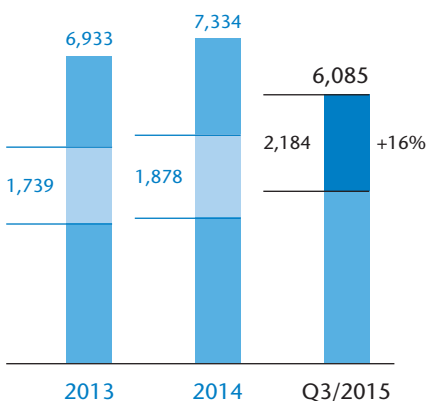
- In July–September 2015 orders received grew by 11.9% at historical exchange rates (at comparable exchange rates by 3.6%).
- New equipment orders received were stable, with slight growth in the volume business and a clear decline in major projects. In modernization, orders received grew significantly. KONE does not include maintenance contracts in orders received.
- At comparable exchange rates, orders received grew somewhat in the EMEA region, clearly in North America, and were stable in Asia-Pacific.
- In January–September 2015 KONE's orders received grew in the volume business. In the major projects business, orders received declined somewhat from a high comparison level. Orders received grew somewhat in new equipment and clearly in modernization.
- Orders received grew somewhat in the EMEA region at comparable rates, strongly in the Americas and slightly in Asia-Pacific.

Order book (MEUR)



- The order book grew by 19.4% at historical rates (at comparable exchange rates by 13.9%).
- In July–September 2015 the margins of orders received remained at a good level, despite the price competition seen in many markets. Improvements in the overall product competitiveness, including cost, helped in maintaining the healthy margins.
- In January–September 2015 the margin of the order book remained at a good level.

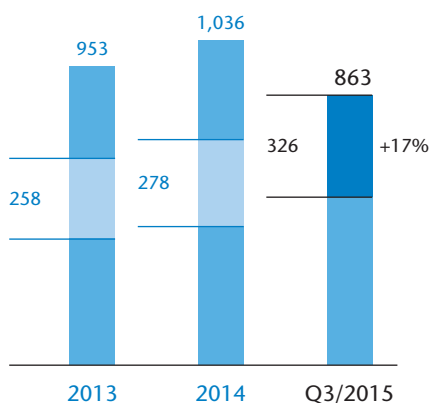
Sales (MEUR)



- During July–September 2015 net sales grew by 16.3% at historical exchange rates (at comparable exchange rates 7.7%).
- New equipment sales grew by 21.0% (at comparable rates by 9.8%). Service (maintenance and modernization) sales grew by 10.3% (5.0%), with maintenance sales growing by 11.8% (6.7%) and modernization sales by 6.4% (0.8%).
- Sales in the EMEA region grew by 0.3% at historical rates (at comparable exchange rates -0.5%), 36.4% in the Americas region (19.9%), and 24.5% in the Asia-Pacific region (10.5%).
- During January–September 2015, sales in the EMEA region grew by 3.9% at historical rates (at comparable exchange rates 2.4%), 33.1% in the Americas region (14.3%), and 26.8% in the Asia-Pacific region (9.2%).
- New equipment sales grew by 22.4% (at comparable rates by 8.8%). Service (maintenance and modernization) sales grew by 12.1% (5.3%), with maintenance sales growing by 13.2% (6.4%) and modernization sales by 9.2% (2.2%).

Key Figures

EBIT¹ (MEUR)

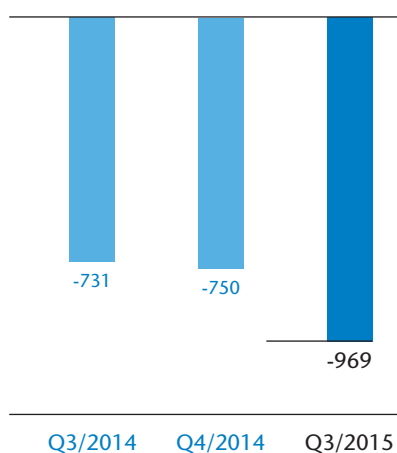


- In July–September 2015 operating income was 14.9% of net sales (7–9/2014: 14.8%).
- Operating income grew driven by a positive development in both the new equipment and service businesses.
- The growth was driven by a broad-based positive development across geographical regions. Also favorable translation exchange rates clearly contributed to the growth in operating income.
- KONE continued to increase fixed costs in areas that support the growth of the business, in particular in North America, as well as in R&D, process development and IT.

- In January–September 2015 operating income was 14.2% of net sales (1–9/2014: 13.9%).

¹⁾ Operating profit excluding one-time items

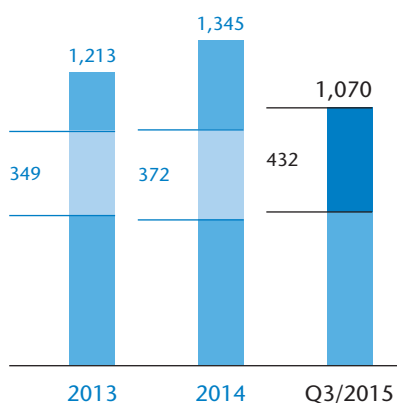
Working capital² (MEUR)



- In January–September 2015 net working capital improved.
- The impact from translation exchange rates was significantly positive on the reported working capital, but also at comparable rates, net working capital improved from a very good level. This was a result of a strong level of advances received relative to inventories and good collection of accounts receivable.

²⁾ Including financing and tax items

Cash flow³ (MEUR)



- In July–September 2015 cash flow from operations was EUR 432.0 (7–9/2014: 372.1) million.
- The strong cash flow was driven by growth in operating income and continued favorable development in working capital.
- The positive development in net working capital was due to a good level of advance payments received relative to inventories and sustained good collection of accounts receivable.

- In January–September 2015 cash flow generated from operations was strong. The strong cash flow was driven by growth in operating income and continued favorable development in working capital.

³⁾ Cash flow from operations before financing items and taxes

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Accounting Principles

KONE Corporation's Interim Report for January–September 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.

July–September 2015 review

Operating environment in July–September

In the third quarter of 2015, the global new equipment market volumes weakened marginally due to a slight decline in China. In the Europe, Middle East and Africa (EMEA) region, new equipment demand grew slightly, and in North America, the market continued to see clear growth. The major projects segment saw a slowdown in the quarter. The modernization market grew strongly in North America, and was on a slightly positive trend in Europe driven by Central and North 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 grew clearly in Central and North Europe driven by continued growth in the residential segment. Of the larger markets, Germany and Great Britain saw good growth. In South Europe, new equipment demand continued to stabilize from a weak level. The new equipment markets in Italy and France were stable at a low level, while the Spanish market continued to slowly recover. In the Middle East, new equipment demand saw some growth driven by volume projects, but the major projects market was uncertain in the region. The modernization market in Central and North Europe continued to grow with Great Britain in particular contributing to the growth. Modernization demand remained weaker in South Europe, with Spain being the only major market showing signs of recovery. The maintenance market grew, although with significant variation between countries.

In North America, the new equipment market continued to grow driven by good development in the United States, in the commercial and residential segments in particular. In Canada, the new equipment market remained rather stable. The modernization market grew strongly in North America. The maintenance market continued to grow, albeit slowly as a result of the low volumes in new equipment deliveries in prior years.

In the Asia-Pacific region, the new equipment market volumes as a whole weakened marginally in the quarter following a slight decline in the new equipment market in China. In the residential segment in China, affordable housing was stable, while demand in commercially-funded residential projects continued to decline slightly. Other commercial segments were rather stable. With support from stimulus measures, the infrastructure segment saw good growth. The first-tier cities and selected second-tier cities continued to show an overall solid

level of demand, while the development in lower-tier cities in particular varied significantly. Outside China, the new equipment market in India grew somewhat, but the Southeast Asian new equipment markets were affected by economic uncertainty. In Australia, both new equipment and modernization demand increased during the quarter. Maintenance markets in Asia-Pacific continued to see good growth, following the positive development of new equipment demand in the region.

In the third quarter, trends in the pricing environment remained broadly unchanged. In China, competition for market share in the new equipment market remained intense, resulting in continued pressure on pricing. 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.

Financial performance in July–September

Orders received grew by 11.9% as compared to July–September 2014, and totaled EUR 1,764 (7–9/2014: 1,577) million. At comparable exchange rates, KONE's orders received increased by 3.6%. New equipment orders received were stable, with slight growth in the volume business and a clear decline in major projects in the quarter. In modernization, orders received grew significantly. At comparable exchange rates, orders received grew somewhat in the EMEA region. Orders saw significant growth in Central and North Europe, whereas in South Europe and in the Middle East they declined clearly. In the Americas region, KONE's order intake grew clearly driven by a continued positive development in the United States. In Asia-Pacific, orders received were stable. In China, orders received declined slightly, whereas in Australia and India orders grew. The margins of orders received remained at a good level, despite the price competition seen in many markets. Improvements in the overall product competitiveness, including cost, helped in maintaining the healthy margins. KONE does not include maintenance contracts in orders received.

KONE's net sales grew by 16.3% as compared to July–September 2014, and totaled EUR 2,184 (7–9/2014: 1,878) million. At comparable exchange rates KONE's net sales growth was 7.7%.

New equipment sales accounted for EUR 1,280 (1,058) million and represented an increase of 21.0% over the comparison period. At comparable exchange rates, new equipment sales grew by 9.8%.

Service (maintenance and modernization) sales grew by 10.3% and totaled EUR 904.2 (820.0) million. At comparable exchange rates, service sales grew by 5.0%. Maintenance sales was EUR 655.1 (585.7) million and grew by 11.8% at historical and by 6.7% at comparable exchange rates. Maintenance sales include elevator and escalator maintenance as well as KONE's automatic doors business. Modernization sales grew by

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SALES BY AREA, MEUR

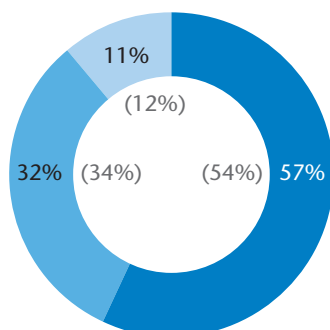
	1–9/2015	1–9/2014	Historical change	Comparable change	1–12/2014
EMEA ¹⁾	2,339.2	2,252.1	3.9%	2.4%	3,204.6
Americas	997.4	749.2	33.1%	14.3%	1,100.6
Asia-Pacific	2,748.9	2,167.3	26.8%	9.2%	3,029.3
Total	6,085.5	5,168.6	17.7%	7.2%	7,334.5

¹⁾ EMEA = Europe, Middle East, Africa

SALES BY BUSINESS, MEUR

	1–9/2015	1–9/2014	Historical change	Comparable change	1–12/2014
New equipment	3,446.4	2,814.9	22.4%	8.8%	4,008.8
Maintenance	1,949.1	1,722.2	13.2%	6.7%	2,338.3
Modernization	689.9	631.5	9.2%	2.2%	987.4
Total	6,085.5	5,168.6	17.7%	7.2%	7,334.5

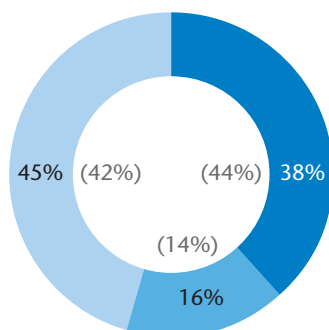
Sales by business



■ New equipment
■ Maintenance
■ Modernization

1–9/2015
(1–9/2014)

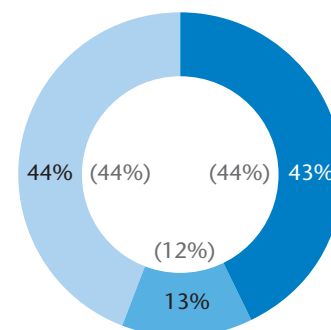
Sales by area



■ EMEA
■ Americas
■ Asia-Pacific

1–9/2015
(1–9/2014)

Personnel by area



■ EMEA
■ Americas
■ Asia-Pacific

Sep 30, 2015: 49,139
(December 31, 2014: 47,064)

6.4% and totaled EUR 249.1 (234.2) million. At comparable exchange rates, modernization sales grew by 0.8%.

Sales in the EMEA region was stable with an increase of 0.3% and totaled EUR 773.6 (771.4) million. At comparable exchange rates, sales declined by 0.5%. Sales in the Americas region accounted for EUR 379.1 (277.8) million and represented an increase of 36.4% over the comparison period. At comparable exchange rates, the growth was 19.9%. Sales in the Asia-Pacific region grew by 24.5% and totaled EUR 1,031 (828.7) million. At comparable rates, the growth was 10.5%.

KONE's operating income (EBIT) for the July–September 2015 period totaled EUR 325.9 (277.5) million or 14.9%

(14.8%) of net sales. Operating income grew driven by a positive development in both the new equipment and service businesses. The growth was driven by a broad-based positive development across geographical regions. Also favorable translation exchange rates clearly contributed to the growth in operating income. KONE continued to increase fixed costs in areas that support the growth of the business, in particular in North America as well as in R&D, process development and IT.

Cash flow from operations in July–September 2015 (before financing items and taxes) was EUR 432.0 (372.1) million. The strong cash flow was driven by growth in operating income and continued favorable development in working capital. The

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positive development in net working capital was due to a good level of advance payments received relative to inventories and sustained good collection of accounts receivable.

January–September 2015 review

Orders received and Order book in January–September

During January–September 2015, the new equipment market volumes were globally on a marginally decreasing trend with a slight decline in market volumes in the large Chinese market. In the EMEA region, market volumes grew in Central and North Europe and stabilized in South Europe at a weak level. In the Middle East, the market volumes saw some growth. In North America, good development in new equipment demand continued. In modernization, the large European market developed favorably in the Central and Northern parts of the continent, but remained weaker in South Europe. In North America, modernization demand grew, and markets in Asia-Pacific also showed some modernization opportunities. The maintenance market continued to grow globally, with volume growth driven by Asia-Pacific following the positive development of the new equipment market in the region. The pricing environment was challenging in all businesses, in particular in countries suffering from a prolonged weakness in the new equipment market.

Orders received grew by 17.7% as compared to January–September 2014, and totaled EUR 6,012 (1–9/2014: 5,109) million. At comparable exchange rates, KONE's orders received increased by 5.2%. During January–September 2015, KONE's orders received grew in the volume business. In the major projects business, orders received declined somewhat from a high comparison level. Orders received grew somewhat in new equipment and clearly in modernization. KONE does not include maintenance contracts in orders received.

The order book grew by 19.4% compared to the end of September 2014, and stood at a level of EUR 8,351 (September 30, 2014: 6,996) million at the end of the reporting period. At comparable exchange rates, the increase was 13.9%. The margin of the order book remained at a good level. The overall margin of orders received also remained at a good level. This was achieved due to a good progress in overall competitiveness, including product cost, despite price pressure in several markets. Cancellations of orders remained at a very low level.

Orders received in the EMEA region grew somewhat at comparable exchange rates as compared to January–September 2014. New equipment orders grew in the region. They grew significantly in Central and North Europe driven by Great Britain and the Nordic countries. In Germany, new equipment orders were stable. In South Europe, new equipment orders grew slightly. In Spain orders grew strongly, whereas they declined in France and in Italy. In the Middle East, new equipment orders received declined clearly due to a high level of major projects in the comparison period. KONE's modernization order intake in the EMEA region grew somewhat as compared to January–September 2014, with clear growth in Central and North Europe and a stable development in South Europe.

Orders received in the Americas region grew strongly at comparable rates as compared to January–September 2014. New equipment orders received grew very strongly, driven by

the United States in particular. Also in modernization, orders received grew clearly in North America.

Orders received in the Asia-Pacific region grew slightly at comparable rates as compared to January–September 2014. New equipment orders received were stable in the region. In China, new equipment orders received grew slightly. New equipment orders grew significantly in Australia and somewhat in India, but in Southeast Asia they declined significantly due to several large projects in the comparison period. Modernization orders received grew clearly in the region.

Net sales

KONE's net sales increased by 17.7% as compared to January–September 2014, and totaled EUR 6,085 (1–9/2014: 5,169) million. At comparable exchange rates the increase was 7.2%.

New equipment sales accounted for EUR 3,446 (2,815) million and represented an increase of 22.4% over the comparison period. At comparable exchange rates, new equipment sales grew by 8.8%.

Service (maintenance and modernization) sales increased by 12.1%, and totaled EUR 2,639 (2,354) million. At comparable exchange rates, service sales grew by 5.3%. Maintenance sales grew by 13.2% at historical and by 6.4% at comparable exchange rates, and totaled EUR 1,949 (1,722) million. Modernization sales increased by 9.2%, and totaled EUR 689.9 (631.5) million. At comparable exchange rates, modernization sales increased by 2.2%.

The share of new equipment sales was 57% (54%) and the share of service sales 43% (46%) of total sales, with maintenance representing 32% (34%) and modernization 11% (12%) of total sales. The geographical distribution of net sales was 38% (44%) EMEA, 16% (14%) Americas and 45% (42%) Asia-Pacific. The increase in the share of new equipment and Asia-Pacific was to a large extent due to changes in translation exchange rates.

Sales in the EMEA region grew by 3.9%, and totaled EUR 2,339 (2,252) million. At comparable exchange rates, the growth was 2.4%. New equipment sales grew slightly, and also maintenance saw some growth. Modernization sales was stable.

Sales in the Americas region grew by 33.1%, and totaled EUR 997.4 (749.2) million. At comparable exchange rates, the growth was 14.3%. Sales grew very strongly in new equipment and significantly in modernization. Maintenance sales grew slightly.

Sales in the Asia-Pacific region grew by 26.8%, and totaled EUR 2,749 (2,167) million. At comparable exchange rates, the growth was 9.2% with clear growth in new equipment and significant growth in maintenance. Modernization sales saw a significant decline.

Financial result

KONE's operating income (EBIT) grew and reached EUR 863.0 (1–9/2014: 720.4) million or 14.2% (13.9%) of net sales. Operating income grew driven by a positive development in both the new equipment and service businesses. The growth was driven by a broad-based positive development across geographical regions. Favorable translation exchange rates clearly contributed to the growth in operating income. KONE contin-

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ued to increase fixed costs in areas that support the growth of the business, in particular in Asia-Pacific and North America as well as R&D, process development and IT.

Net financing items were EUR 25.8 (13.5) million.

KONE's income before taxes was EUR 889.4 (734.3) million. Taxes totaled EUR 209.0 (171.1) million, taking into account taxes proportionate to the amount estimated for the financial year. This represents an effective tax rate of 23.5% (23.3%) for the full financial year. Net income for the period under review was EUR 680.4 (563.2) million.

Basic earnings per share was EUR 1.30 (1.07).

Consolidated statement of financial position and Cash flow

KONE's financial position was very strong at the end of September 2015.

Cash flow from operations during January–September 2015 (before financing items and taxes) was strong at EUR 1,070 (1–9/2014: 977.6) million. The strong cash flow was driven by growth in operating income and continued favorable development in working capital.

Net working capital improved, and was at the end of September 2015 EUR -968.7 (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, but also at comparable rates, net working capital improved from a very good level. This was a result of a strong level of advances received relative to inventories and good collection of accounts receivable.

Interest-bearing net debt at the end of September 2015 was EUR -1,138 (December 31, 2014: -911.8) million. KONE's cash and cash equivalents together with current deposits and loan receivables were EUR 1,505 (1,279) million at the end of the reporting period. Interest-bearing liabilities were EUR 374.3 (373.2) million, including a net pension liability of EUR 175.1 (178.9) million and short-term loans of EUR 9.5 (12.0) million. In addition, the interest-bearing net debt includes EUR 159.8 (151.0) million of option liabilities from acquisitions. Gearing was -52.1%, compared with -44.2% at the end of 2014. KONE's total equity/total assets ratio was 42.4% at the end of September 2015 (December 31, 2014: 43.6%).

Equity per share was EUR 4.18 (3.93).

Capital expenditure and acquisitions

KONE's capital expenditure, including acquisitions, totaled EUR 109.4 (1–9/2014: 76.3) million. Capital expenditure, excluding acquisitions, was mainly related to facilities and equipment in R&D, IT, operations and production. Acquisitions accounted for EUR 60.9 (21.2) million of this figure.

During January–September 2015, KONE's larger acquisitions included Janzhoff Aufzüge GmbH and Klostermann Aufzüge GmbH in Germany. During the reporting period KONE also acquired its authorized distributors in Croatia and Bosnia. In addition, KONE completed a number of smaller acquisitions in the EMEA region and in 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 84.5 EUR (1–9/2014: 72.9) million, representing 1.4% (1.4%) of net sales. R&D expenses include the development of new product and service concepts and 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–September 2015, KONE continued to enhance its offering and launched a number of new solutions. In the first half of the year, KONE launched the I MonoSpace® elevator designed for the Indian residential market and an updated version of the TransitMaster™ 140 escalator targeted for the infrastructure market. In addition, the Turnstile 100 and updates to People Flow Intelligence solutions were released in the North American market. During the third quarter, KONE launched the KONE Z MiniSpace™ elevator designed for the Chinese affordable residential market. KONE also released other smaller updates and enhancements to its existing elevator offering in all regions.

KONE was ranked 48th out of the 100 most innovative companies in the world by business magazine Forbes (2014: 42nd). Out of all European companies listed in 2015, KONE was ranked fifth. KONE was listed by Forbes for the fifth consecutive year and was the only elevator and escalator company included on the list in 2015.

Change in the Board of Directors

Kazunori Matsubara, member of the Board of Directors of KONE since 23 February, 2015, tendered his resignation from the Board of Directors as of July 22, 2015. Kazunori Matsubara resigned from the Board following the sale by Toshiba Elevator and Building Systems Corporation (TELC) of their previously held 4.6% stake in KONE Corporation's share capital. Following the resignation of Kazunori Matsubara, the Board of Directors of KONE consists of eight members.

Changes in the Executive Board

In September 2015, KONE announced that it will establish a new Technology & Innovation unit bringing together KONE's Research & Development and IT functions. Tomio Pihkala has been appointed KONE's Chief Technology Officer to head the new unit as of January 1, 2016. Tomio Pihkala is currently responsible for KONE's Operations Development. In his new position, he will continue as a member of the Executive Board and report to Henrik Ehrnrooth, President & CEO.

Mikko Korte has been appointed Executive Vice President, Operations Development as of January 1, 2016. KONE Operations Development includes KONE's installation operations

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as well as quality, safety and environment functions. Mikko Korte is currently responsible for KONE's new equipment business in the Americas region. In his new position, he will become a member of the Executive Board and report to Henrik Ehrnrooth.

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 third 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 the third quarter, a continued focus area at KONE was to ensure that all employees would have a high-quality individual development plan in place. The target set in the beginning of the year for individual development plans to be completed by the end of September 2015 was exceeded. In several countries, special focus was given to supervisor competence evaluations and development plans.

During January–September, KONE had a record high activity in online training. At the end of September, over 360 online learning modules were available in KONE's online learning management system, and over half of all active training registrations were made for online modules. The topics of the modules include safety, KONE's product portfolio, installation and maintenance methods, as well as leadership capabilities. In addition to the online material, mobile learning was also piloted in several countries.

The results of KONE's tenth annual employee survey were announced in the second quarter. Following the results, action plans for the identified improvement areas were made and their execution continued in the third quarter. In addition, KONE continued its talent attraction activities. KONE now has formal apprentice programs and employer branding plans in place in over 20 countries globally.

KONE had 49,139 (December 31, 2014: 47,064) employees at the end of September 2015. The average number of employees was 48,127 (1–9/2014: 44,655).

The geographical distribution of KONE employees was 43% (December 31, 2014: 44%) in EMEA, 13% (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 inno-

vative energy-saving solutions for escalators. KONE aims to strengthen its position as a leader in sustainability in its industry, supporting governmental and other green building initiatives and the ongoing transformation of the built environment into smart eco-cities globally.

KONE has set ambitious environmental targets for 2014–2016 with the focus on reducing greenhouse emissions from KONE's own operations. The biggest impact on KONE's carbon footprint from its own operations relates to the company's vehicle fleet, electricity consumption, and logistics. KONE also continues to focus on the environmental aspects of its supply chain network.

During January–September 2015, KONE extended the classification 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 evaluated in late 2014, the KONE N MonoSpace® elevator achieved the best possible A-class classification for elevators according to the new standard. Also, the KONE TravelMaster™ 110 escalator achieved the highest A+++ classification for escalators.

KONE published its Sustainability Report 2014 in June 2015. The report follows the application level B of the Global Reporting Initiative guidelines. The most significant environmental achievements in 2014 included reductions in reported greenhouse gas emissions from the company's own operations. 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%. KONE's greenhouse gas reporting has been assured by an objective third party.

KONE's manufacturing facilities received recognition for their sustainability during January–September 2015. The manufacturing unit in Italy achieved the ISO 50001 Energy management systems certification as the second KONE unit, in addition to the already previously certified unit in the Czech Republic.

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 Netherlands 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. The total capital amount claimed jointly and severally from all of the defendants together was EUR 269 million at the end of September 2015 (June 30, 2015: EUR 272 million). KONE's position is that the claims are without merit. No provision has been made.

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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 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

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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.

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.

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. Each option entitled its holder to subscribe for two (2) new class B shares at the price of, from February 24, 2015, EUR 11.875 per share. As the subscription period ended on April 30, 2015, the 896,000 KONE 2010 option rights held by KONE Capital Oy, a subsidiary of KONE Corporation, and otherwise unused 105 KONE 2010 option rights expired. The rest of the remaining 2,103,895 options had been used.

In 2013, KONE granted a conditional option program. The stock options 2013 were listed on NASDAQ OMX Helsinki Ltd. as of April 1, 2015. The total number of stock options was 750,000 and 55,000 of them are held by KONE Corporation's subsidiary. During the reporting period 119,242 new KONE class B shares were subscribed for with the 2013 option rights. On September 30, 2015 a maximum of 1,270,758 shares could be subscribed for 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 25.40 per share. The share subscription period for the stock option 2010 is April 1, 2015–April 30, 2017.

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 September 30, 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.

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

KONE's January–September 2015 review

price as per September 30, 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 September 30, 2015, KONE's share capital was EUR 65,674,909.00 comprising 449,190,560 listed class B shares and 76,208,712 unlisted class A shares. KONE's market capitalization was EUR 17,447 million on September 30, 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–September 2015, KONE used its authorization to repurchase own shares. In April, 354,838 class B shares in the company's possession were assigned to the share-based incentive plan and 3,210 class B shares as a part of the board members' annual remuneration. In July, 5,194 class B shares were returned to KONE Corporation by virtue of the terms of KONE Corporation's share-based incentive program for the years 2013–2015. In addition, KONE bought back in total 1,910,000 of its own class B shares in July. At the end of September, the Group had 12,240,544 class B shares in its possession. The shares in the Group's possession represent 2.7% of the total number of class B shares. This corresponds to 1.0% of the total voting rights.

Shares traded on the NASDAQ OMX Helsinki Ltd.

The NASDAQ OMX Helsinki Ltd. traded 206.3 million KONE Corporation's class B shares in January–September 2015, equivalent to a turnover of EUR 7,898 million. The daily average trading volume was 1,097,398 shares (1–9/2014: 969,958). The share price on September 30, 2015 was EUR 34.00. The volume weighted average share price during the period was EUR 38.25. The highest quotation during the period under review was EUR 44.35 and the lowest EUR 31.50. 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 30.7% of the total volume of KONE's class B shares traded in January–September 2015 (source: Fidessa Fragmentation Index, <http://fragmentation.fidessa.com>).

The number of registered shareholders was 51,075 at the beginning of the review period and 56,788 at its end. The number of private households holding shares totaled 52,788 at the end of the period, which corresponds to approximately 13.7% of the listed B shares.

According to the nominee registers, 49.1% of the listed class B shares were owned by foreign shareholders on September 30, 2015. Other foreign ownership at the end of the period totaled 1.3%. Thus a total of 50.4% of KONE's listed class B shares were owned by international investors, corresponding to approximately 18.7% of the total votes in the company.

Market outlook 2015

In new equipment, the market in Asia-Pacific is expected to slightly decline in 2015, due to a slight decline in China. In the Europe, Middle East and Africa region, the market is expected to grow slightly. In Central and North Europe, the market is expected to grow slightly, and the market in South Europe to continue to gradually recover. In the Middle East, the market is expected to see some growth. 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 business outlook for 2015.

KONE's net sales is estimated to grow by 6–8% at comparable exchange rates as compared to 2014.

The operating income (EBIT) is expected to be in the range of EUR 1,200–1,250 million, assuming that translation exchange rates would remain at approximately the average level of January–September 2015.

Previous business outlook

KONE's net sales is estimated to grow by 6–8% at comparable exchange rates as compared to 2014.

The operating income (EBIT) is expected to be in the range of EUR 1,190–1,250 million, assuming that translation exchange rates would remain at approximately the average level of January–June 2015.

Helsinki, October 22, 2015

KONE Corporation's Board of Directors

Consolidated statement of income

MEUR	7-9/2015	%	7-9/2014	%	1-9/2015	%	1-9/2014	%	1-12/2014	%
Sales	2,184.2		1,877.9		6,085.5		5,168.6		7,334.5	
Costs and expenses	-1,833.3		-1,579.4		-5,148.2		-4,386.6		-6,214.6	
Depreciation and amortization	-25.0		-21.0		-74.4		-61.7		-84.2	
Operating income	325.9	14.9	277.5	14.8	863.0	14.2	720.4	13.9	1,035.7	14.1
Share of associated companies' net income	0.2		0.3		0.6		0.4		-0.3	
Financing income	35.9		14.7		68.6		30.2		43.5	
Financing expenses	-10.9		-11.9		-42.8		-16.6		-62.6	
Income before taxes	351.1	16.1	280.7	14.9	889.4	14.6	734.3	14.2	1,016.4	13.9
Taxes	-87.9		-65.5		-209.0		-171.1		-242.4	
Net income	263.2	12.1	215.2	11.5	680.4	11.2	563.2	10.9	773.9	10.6
Net income attributable to:										
Shareholders of the parent company	256.8		209.2		667.7		550.7		755.6	
Non-controlling interests	6.5		6.0		12.6		12.5		18.4	
Total	263.2		215.2		680.4		563.2		773.9	
Earnings per share for profit attributable to the shareholders of the parent company, EUR										
Basic earnings per share, EUR	0.50		0.41		1.30		1.07		1.47	
Diluted earnings per share, EUR	0.50		0.41		1.30		1.07		1.47	

Consolidated statement of comprehensive income

MEUR	7-9/2015	7-9/2014	1-9/2015	1-9/2014	1-12/2014
Net income	263.2	215.2	680.4	563.2	773.9
Other comprehensive income, net of tax:					
Translation differences	-34.1	106.2	145.2	113.1	152.7
Hedging of foreign subsidiaries	-0.2	-18.4	-16.1	-19.0	-27.5
Cash flow hedges	15.0	-7.8	1.4	-15.8	-12.9
Items that may be subsequently reclassified to statement of income	-19.3	80.0	130.6	78.3	112.4
Remeasurements of employee benefits	-11.5	-17.1	-13.6	-37.3	-41.5
Items that will not be reclassified to statement of income	-11.5	-17.1	-13.6	-37.3	-41.5
Total other comprehensive income, net of tax	-30.9	62.9	116.9	41.0	70.9
Total comprehensive income	232.4	278.1	797.3	604.2	844.8
Total comprehensive income attributable to:					
Shareholders of the parent company	225.9	272.1	784.7	591.7	826.5
Non-controlling interests	6.5	6.0	12.6	12.5	18.4
Total	232.4	278.1	797.3	604.2	844.8

Condensed consolidated statement of financial position

Assets MEUR	Sep 30, 2015	Sep 30, 2014	Dec 31, 2014
Non-current assets			
Goodwill	1,293.3	1,143.3	1,208.9
Other intangible assets	271.9	236.7	261.8
Tangible assets	328.3	295.6	317.1
Loans receivable and other interest-bearing assets	6.7	5.9	6.3
Investments	120.2	118.5	112.5
Deferred tax assets	274.7	240.1	262.8
Total non-current assets	2,295.1	2,040.1	2,169.4
Current assets			
Inventories	1,444.3	1,323.0	1,211.8
Accounts receivable	1,421.2	1,308.8	1,368.3
Deferred assets and income tax receivables	498.3	418.6	331.9
Current deposits and loan receivables	986.4	746.2	942.7
Cash and cash equivalents	518.8	344.5	336.1
Total current assets	4,869.0	4,141.0	4,190.6
Total assets	7,164.1	6,181.1	6,360.0

Equity and liabilities MEUR	Sep 30, 2015	Sep 30, 2014	Dec 31, 2014
Equity	2,182.6	1,830.8	2,062.4
Non-current liabilities			
Loans	29.9	25.4	31.2
Employee benefits	175.1	183.1	178.9
Deferred tax liabilities	120.8	104.2	110.6
Total non-current liabilities	325.8	312.7	320.8
Provisions	142.2	133.2	137.4
Current liabilities			
Loans	169.3	120.8	163.0
Advance payments received	2,022.2	1,766.9	1,628.7
Accounts payable	663.9	568.4	597.1
Accruals and income tax payables	1,658.1	1,448.4	1,450.6
Total current liabilities	4,513.5	3,904.5	3,839.4
Total equity and liabilities	7,164.1	6,181.1	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									667.7	12.6	680.4
Other comprehensive income:											
Translation differences					145.2						145.2
Hedging of foreign subsidiaries					-16.1						-16.1
Cash flow hedges				1.4							1.4
Remeasurements of employee benefits						-13.6					-13.6
Transactions with shareholders and non-controlling interests:											
Profit distribution								-616.3			-616.3
Increase in equity (option rights)	0.1		13.3								13.4
Purchase of own shares							-71.2				-71.2
Change in non-controlling interests										-17.7	-17.7
Option and share-based compensation							11.4	3.4			14.8
Sep 30, 2015	65.7	100.3	140.3	-4.1	247.4	-105.7	-210.6	1,242.1	667.7	39.4	2,182.6

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									550.7	12.5	563.2
Other comprehensive income:											
Translation differences					113.1						113.1
Hedging of foreign subsidiaries					-19.0						-19.0
Cash flow hedges				-15.8							-15.8
Remeasurements of employee benefits						-37.3					-37.3
Transactions with shareholders and non-controlling interests:											
Profit distribution								-512.5			-512.5
Increase in equity (option rights)	0.0		4.9								4.9
Purchase of own shares											-
Change in non-controlling interests								-0.7		-5.1	-5.8
Option and share-based compensation							10.8	4.5			15.3
Sep 30, 2014	65.4	100.3	110.3	-8.4	87.1	-87.8	-118.0	1,093.5	550.7	37.8	1,830.8

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	7-9/2015	7-9/2014	1-9/2015	1-9/2014	1-12/2014
Operating income	325.9	277.5	863.0	720.4	1,035.7
Change in working capital before financing items and taxes	81.1	73.5	132.9	195.5	225.5
Depreciation and amortization	25.0	21.0	74.4	61.7	84.2
Cash flow from operations before financing items and taxes	432.0	372.1	1,070.2	977.6	1,345.4
Cash flow from financing items and taxes	-74.6	-68.5	-59.2	-155.4	-221.1
Cash flow from operating activities	357.4	303.6	1,011.0	822.2	1,124.3
Cash flow from investing activities	-54.2	-44.2	-113.6	-89.4	-145.9
Cash flow after investing activities	303.3	259.4	897.4	732.8	978.4
Purchase of own shares	-71.2	-	-71.2	-	-32.8
Increase in equity (option rights)	0.1	1.9	13.4	4.9	21.8
Profit distribution	-	-	-616.3	-537.5	-537.5
Change in deposits and loans receivable, net	-190.7	-267.2	-13.3	-187.2	-359.3
Change in loans payable and other interest-bearing debt	-3.0	0.5	-11.8	-4.2	-69.7
Changes in non-controlling interests	-18.3	-0.1	-18.3	-12.3	-12.3
Cash flow from financing activities	-283.1	-264.9	-717.5	-736.3	-989.8
Change in cash and cash equivalents	20.1	-5.4	179.9	-3.5	-11.4
Cash and cash equivalents at beginning of period	507.7	341.9	336.1	339.1	339.1
Translation difference	-9.1	8.0	2.8	8.9	8.4
Cash and cash equivalents at end of period	518.8	344.5	518.8	344.5	336.1

CHANGE IN INTEREST-BEARING NET DEBT

MEUR	7-9/2015	7-9/2014	1-9/2015	1-9/2014	1-12/2014
Interest-bearing net debt at beginning of period	-955.3	-520.6	-911.8	-622.0	-622.0
Interest-bearing net debt at end of period	-1,137.6	-767.3	-1,137.6	-767.3	-911.8
Change in interest-bearing net debt	-182.3	-246.7	-225.7	-145.3	-289.9

Notes for the interim report

KEY FIGURES

		1-9/2015	1-9/2014	1-12/2014
Basic earnings per share	EUR	1.30	1.07	1.47
Diluted earnings per share	EUR	1.30	1.07	1.47
Equity per share	EUR	4.18	3.49	3.93
Interest-bearing net debt	MEUR	-1,137.6	-767.3	-911.8
Total equity/total assets	%	42.4	41.5	43.6
Gearing	%	-52.1	-41.9	-44.2
Return on equity	%	42.7	42.2	40.9
Return on capital employed	%	38.6	37.2	37.7
Total assets	MEUR	7,164.1	6,181.1	6,360.0
Assets employed	MEUR	1,045.1	1,063.5	1,150.5
Working capital (including financing and tax items)	MEUR	-968.7	-730.6	-749.7

QUARTERLY FIGURES

		Q3/2015	Q2/2015	Q1/2015	Q4/2014	Q3/2014	Q2/2014	Q1/2014
Orders received	MEUR	1,764.5	2,193.5	2,053.8	1,703.8	1,577.2	1,801.9	1,729.7
Order book	MEUR	8,350.7	8,627.4	8,529.6	6,952.5	6,995.8	6,537.2	6,175.4
Sales	MEUR	2,184.2	2,210.4	1,690.9	2,165.8	1,877.9	1,848.9	1,441.8
Operating income	MEUR	325.9	325.2	211.9	315.3	277.5	263.2	179.6
Operating income	%	14.9	14.7	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	1-9/2015	%	1-9/2014	%	1-12/2014	%
EMEA ¹⁾	2,339.2	38	2,252.1	44	3,204.6	44
Americas	997.4	16	749.2	14	1,100.6	15
Asia-Pacific	2,748.9	45	2,167.3	42	3,029.3	41
Total	6,085.5		5,168.6		7,334.5	

¹⁾ EMEA = Europe, Middle East, Africa

ORDERS RECEIVED

MEUR	1-9/2015	1-9/2014	1-12/2014
	6,011.8	5,108.8	6,812.6

ORDER BOOK

MEUR	Sep 30, 2015	Sep 30, 2014	Dec 31, 2014
	8,350.7	6,995.8	6,952.5

CAPITAL EXPENDITURE

MEUR	1-9/2015	1-9/2014	1-12/2014
In fixed assets	39.4	44.3	73.3
In leasing agreements	9.1	10.8	14.6
In acquisitions	60.9	21.2	67.0
Total	109.4	76.3	154.8

DEPRECIATION AND AMORTIZATION

MEUR	1-9/2015	1-9/2014	1-12/2014
Depreciation	53.5	45.2	61.9
Amortization of acquisition-related intangible assets	20.9	16.5	22.3
Total	74.4	61.7	84.2

R&D EXPENDITURE

MEUR	1-9/2015	1-9/2014	1-12/2014
	84.5	72.9	103.1
R&D Expenditure as percentage of sales	1.4	1.4	1.4

NUMBER OF EMPLOYEES

	1-9/2015	1-9/2014	1-12/2014
Average	48,127	44,655	45,161
At the end of the period	49,139	46,221	47,064

Notes for the interim report

COMMITMENTS

MEUR	Sep 30, 2015	Sep 30, 2014	Dec 31, 2014
Mortgages			
Group and parent company	-	-	-
Pledged assets			
Group and parent company	-	-	-
Guarantees			
Associated companies	-	1.8	1.9
Others	4.2	4.3	4.2
Operating leases	263.3	250.2	277.8
Total	267.5	256.4	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 1,318 (1,074) million as of September 30, 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	Sep 30, 2015	Sep 30, 2014	Dec 31, 2014
Less than 1 year	70.7	66.3	72.0
1–5 years	143.3	145.0	151.7
Over 5 years	49.4	38.9	54.1
Total	263.3	250.3	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	Sep 30, 2015	Sep 30, 2015	Sep 30, 2015	Sep 30, 2014	Dec 31, 2014
Foreign exchange forward contracts and swaps	37.7	-32.2	5.5	37.2	27.8
Cross-currency swaps	10.3	-0.3	10.0	13.6	19.7
Electricity price forward contracts	-	-1.2	-1.2	0.2	-1.1
Total	48.0	-33.7	14.3	51.0	46.4

Nominal values of derivative financial instruments

MEUR	Sep 30, 2015	Sep 30, 2014	Dec 31, 2014
Foreign exchange forward contracts and swaps	2,236.3	1,903.7	1,879.7
Cross-currency swaps	138.9	138.9	138.9
Electricity price forward contracts	3.0	4.6	5.5
Total	2,378.2	2,047.2	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 sheet on a gross 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

Sep 30, 2015	Class A shares	Class B shares	Total
Number of shares	76,208,712	449,190,560	525,399,272
Own shares in possession ¹⁾		12,240,544	
Share capital, EUR			65,674,909
Market capitalization, MEUR			17,447
Number of B shares traded (millions), 1–9/2015		206.3	
Value of B shares traded, MEUR, 1–9/2015		7,898	
Number of shareholders	3	56,788	56,788

	Close	High	Low
Class B share price, EUR, Jan–Sep 2015	34.00	44.35	31.50

¹⁾ During January–September 2015, KONE used its authorization to repurchase own shares. In April, 354,838 class B shares in the company's possession were assigned to the share-based incentive plan and 3,210 class B shares as a part of the board members' annual remuneration. In July, 5,194 class B shares were returned to KONE Corporation by virtue of the terms of KONE Corporation's share-based incentive program for the years 2013–2015. In addition, KONE bought back in total 1,910,000 of its own class B shares in July.

KONE Corporation

Corporate Offices

Keilasatama 3
P.O. Box 7
FI-02150 Espoo, Finland
Tel. +358 (0)204 751
Fax +358 (0)204 75 4496

www.kone.com

For further information please contact:

Eriikka Söderström
CFO
Tel. +358 (0)204 75 4251

Katri Saarenheimo
Director, Investor Relations
Tel. +358 (0)204 75 4705

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.