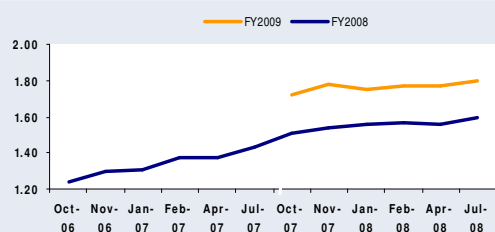


**Date:** 07/16/2008

**Consensus Rating\*: +1.15 (Acc.)**

|                      |  |
|----------------------|--|
| Previous rating      | +1.15 (Acc.)                                   |
| Stock price (in €)** | 21.13  |
| High/low(52 weeks)** | 29.69/19.74                                    |
| Market cap (in €)    | 5,414.3  |
| ISIN                 | FI0009013403                                   |
| Reuters              | KNEBV.HE                                       |
| Bloomberg            | KNEBV:FH                                       |
| Exchange             | OMX  |
| Sector               | Industr. Machinery                             |
| Website              | <a href="http://www.kone.com">www.kone.com</a> |
| Coverage             | 15   |

**Clean EPS Estimates in Euro**

**Change in Estimates yoy (in Euro m)**

|            | Q2 2008E | Q2 2007 | Delta |
|------------|----------|---------|-------|
| Sales      | 1,092    | 1,002   | 9.0%  |
| EBIT clean | 137      | 116     | 18.0% |
| EBIT       | 137      | 116     | 18.0% |
| EPS clean  | 0.39     | 0.33    | 18.3% |
| EPS        | 0.39     | 0.33    | 18.3% |

\*\* B shares

**\* Consensus Rating (CR):**
**Classification:**

|             |                    |
|-------------|--------------------|
| Buy:        | 1.50 ≤ CR < 2.00   |
| Accumulate: | 0.50 ≤ CR < 1.50   |
| Hold:       | -0.50 < CR < 0.50  |
| Reduce:     | -1.50 ≤ CR < -0.50 |
| Sell:       | -2.00 ≤ CR < -1.50 |

**Disclaimer:** This document has been issued by Vara Research GmbH for information purposes only and is not intended to constitute investment advice. It is based on estimates and forecasts of various analysts regarding revenues, earnings and business developments of relevant company. Such estimates and forecasts cannot be independently verified by reason of subjective character. Vara Research GmbH gives no guarantee, representation or warranty and is not responsible or liable as to its accuracy and completeness.

# Kone

## Summary

**Last outlook given by the company (after Q1 2008 results):**

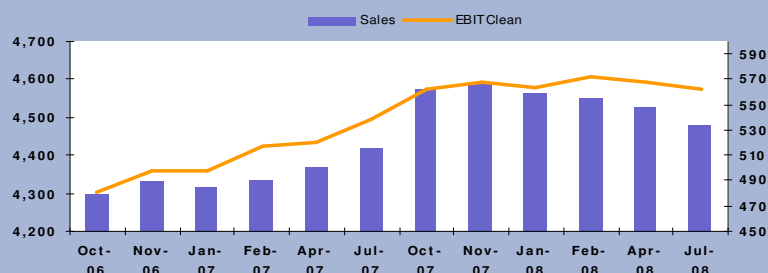
Kone's target for 2008 is to achieve, at comparable exchange rates, a growth of about 10 percent in net sales, compared to 2007. The operating income (EBIT) target is to achieve a growth close to 20 percent compared to the 2007 figure of EUR 473 million. This corresponds to an operating income (EBIT) margin of at least 12.0 percent.

**Price Targets in Euro**

|               | Current | Previous | Change | Up-/Downside |
|---------------|---------|----------|--------|--------------|
| Current price | 21.13   |          |        |              |
| Highest       | 35.68   | 36.19    | -1.4%  | 68.9%        |
| Consensus     | 28.89   | 27.57    | 4.8%   | 36.7%        |
| Median        | 28.00   | 26.75    | 4.7%   | 32.5%        |
| Lowest        | 25.00   | 23.00    | 8.7%   | 18.3%        |

**Consensus Valuation**

|       | EPS Clean | EBIT Clean | P/E   | EV/Sales | EV/EBIT | Div. Yield |
|-------|-----------|------------|-------|----------|---------|------------|
| 2005  | 0.56      | 272        | 21.66 | 1.03     | 12.27   | 4.1%       |
| 2006  | 0.92      | 360        | 19.32 | 1.29     | 12.93   | 5.7%       |
| 2007  | 1.34      | 474        | 15.83 | 1.35     | 11.62   | 3.1%       |
| 2008e | 1.59      | 562        | 13.25 | 1.23     | 9.81    | 4.1%       |
| 2009e | 1.80      | 637        | 11.72 | 1.15     | 8.65    | 4.8%       |

**FY 2008 Consensus Estimates (in Euro m)**

**Quarterly Development (in Euro m)**
