

**Company Report 2008**

Hilti Corporation    Company Report 2008





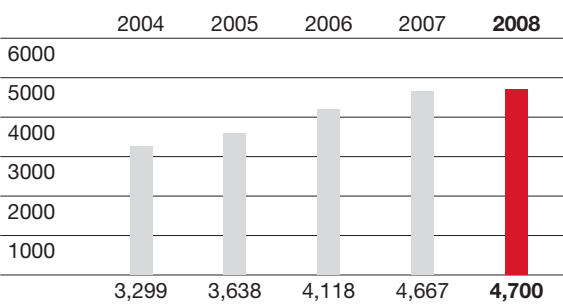
We passionately create enthusiastic customers and build a better future.

Overview.

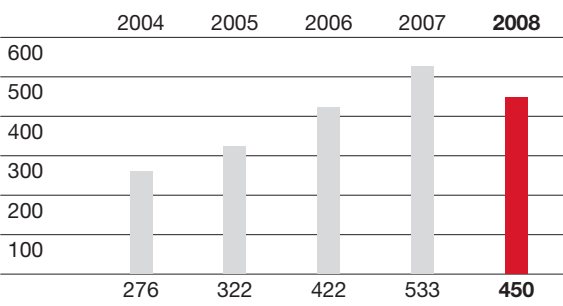
Key data (in CHF million)

	2008	2007	Change
Net sales	4,699.5	4,666.5	+33.0
Operating result	449.6	532.9	-83.3
Earnings before finance costs and income tax expense (EBIT)	384.5	563.9	-179.4
Net income	242.5	421.6	-179.1
Employees (average of year)	20,450	18,930	+1,520

Net sales (in CHF million)



Operating result (in CHF million)



# That is Hilti.

We supply the construction industry world-wide with technologically superior products, systems and services. We offer innovative solutions with outstanding added value.

With almost 21,000 employees in over 120 countries we enthuse our customers all over the world and build a better future. Integrity, courage, teamwork and commitment are the foundations of our corporate culture.

We live up to clear values. We combine financial success with social responsibility and caring for the environment.

Our goal is to steadily increase the value of our company through sustainable profitable growth.



# Contents.

- 02 Editorial
- 04 Strategy
- 10 Customer orientation
- 20 Product development
- 28 Attractive employer
- 36 Environment
- 44 Social responsibility
- 52 Executive Board
- 54 Board of Directors
- 56 Key figures
- 74 The Hilti trades

**Publisher:** Hilti Corporation, Corporate Communications, PO Box 333, FL-9493 Schaan, Principality of Liechtenstein  
**Design:** milano-graphic (Rapperswil-Jona, Switzerland)  
**Editor/Text:** Stephanie Schütte (responsible), Anja Büchel, Matthias Hassler  
**Photography:** Uli Reitz, Lisa + Dr. W. Bahnmüller Fotografie und Journalismus (Geretsried, Germany), Hans Lippert Fotografie (Geretsried, Germany), Fotografie Klein & Schneider GbR (Mindelheim, Germany)  
**Production:** Florian von Loesch and bmedien (Buchs SG, Switzerland)  
**Printed by:** AZ Druck und Datentechnik GmbH (Kempten, Germany)

The Company Report is published in German and English.  
Duplication, even in part, only with the permission of the publisher.

The complete Financial Report, principles of corporate governance, an organigram of the group organization, list of consolidated companies and information on the Martin Hilti Family Trust are to be found on the Internet at [www.hilti.com](http://www.hilti.com).



## Dear Readers,

We look back on a turbulent 2008 – a year with many ups and downs. We did not escape the effects of a financial crisis that has escalated into a global economic crisis. But we are proud of what we have achieved. Despite continued deterioration of basic parameters, we can claim to have stood our ground on the market and in comparison to the competition. We continued to grow in 2008 – as much as seven percent in local currencies. On a currency-neutral basis we were able to slightly improve on the previous year's good figures for operating income. However, currency fluctuations had a negative impact on our growth. Total sales stood at 4,700 million Swiss francs in 2008, an increase of 1 percent compared to the previous year. Group results well below those of the previous year were likewise attributable to negative currency trends.

We are confident that we will be able to take advantage of the adverse general situation, in which we see opportunities to further consolidate our position and gain additional market share. Our direct marketing and differentiated program of products and services, of which many examples can be found in this company report, make us unique.

This report is dedicated to one overriding theme: corporate responsibility and the related concept of sustainability. "Corporate responsibility" is close to our hearts – and not just since yesterday. In our company it has a long tradition, beginning with our founder Martin Hilti. Our self-image makes us attractive – not only to our customers, but also to our employees.

Our corporate responsibility is founded on four pillars: "responsible business conduct", "health, workplace

safety & environmental protection", "attractive employer" and "social responsibility". These four pillars in turn provide the basis for the chapters comprised by this report. Health and workplace safety, for example, are reflected in the chapters on customer orientation and product development. With social responsibility we refer in particular to the activities of the Hilti Foundation, which has been active for many years as a so-called "great citizen". We do justice to the concept of "responsible business conduct", meanwhile, by adhering to the principles of the UN Global Compact and supporting them to the best of our knowledge and belief.

"We create enthusiastic customers and build a better future," to sum up our corporate culture and corporate purpose, and we likewise see the development of our corporate responsibility as a journey. In future this concept will be more deeply embedded in our activities, even in difficult times like the present, because we are convinced that we can only achieve our goal of sustainable profitable growth if we think for the long term and integrate social aspects and the environment into our core processes.

This will not be possible on our own, however. We will need the sustained input and support of our customers, employees and suppliers all over the world. We would like to take this opportunity to thank you for your loyalty in the past years and tell you how much we are looking forward to working together in the coming months. By combining forces we will succeed in mastering the challenges ahead.

Sincerely,

Pius Baschera  
Chairman of the Board of Directors

Bo Risberg  
Chief Executive Officer





Bo Risberg, Chief Executive Officer:  
“Our Vision 2015 focuses on increased productivity, sustainable profitable growth, differentiation and our employees. We will continue to concentrate on these priorities in 2009.”

**We look ahead.**





Granulate. The red toolbox, Hilti's hallmark, is made of this material. It enjoys such a high degree of familiarity that it was registered as a trademark in 2008.

## Targets set until 2015.

Customers, competence and concentration. These words are the three Cs of the Hilti “Champion 3C” strategy. With “Vision 2015” Hilti has set itself the goal of being a great company. The priorities set to achieve it are growth, differentiation, productivity and employee development.

We developed our “Champion 3C” strategy, now an integral part of our business model, as early as 1996. The three pillars of this strategy are the three elements customers, competence and concentration.

We look after professional **customers** from the construction industry with widely differing interests. If we want to be the best partner to our customers we must first of all understand them. Their needs determine our actions.

Our **core competences** enable us to offer services that clearly set us apart from our competitors. In particular our hallmarks are path-breaking innovation, end-to-end quality, direct customer contacts and effective marketing.

We **concentrate** on products and markets in which we can achieve and maintain a leading position in the long term. This calls for selective allocation of our resources within the overall organization.

Our strategic priorities are growth, differentiation, productivity and the development of our workforce. In the

coming years we want to *grow* worldwide, both in the current core business and through the development of new business fields. This means that we must continually extend our market range and cultivate our customer relations through direct marketing. It is also important to *differentiate* in all dimensions – with our products and services, accessibility, customer relations and our brand. We want to defend our price premium and concentrate on segments in which we can achieve innovations and market leadership. We will also strive to steadily increase our *productivity*, setting clear priorities and streamlining our processes wherever possible. Last but not least, the concentration on the *development of our workforce* is crucial for our future. They are the most important catalyst for our success.

### Integrated social responsibility

We can only achieve our “Vision 2015” to be a great company and the goal anchored therein – profitable long-term growth – if we place an emphasis on satisfied customers, employees and suppliers. This goes hand in hand with our social and environmental responsibility in our core business. It is an integral part of all we do to achieve our goal.

**3**  
pillars form the  
basis of the Hilti  
corporate strategy.



## Focused into the future.

Last year Hilti stood its ground in an increasingly adverse market environment. In an interview Bo Risberg, Chief Executive Officer, explains how the company succeeds in doing so. At the same time he casts a glance at the current year.



Bo Risberg, Chief Executive Officer: "We have a clear advantage over our competitors."



### Mr Risberg, 2008 was marked by a global financial crisis. Did this also have an impact on Hilti's business?

**Bo Risberg:** Of course, this financial crisis has presented many challenges to Hilti. Our sales growth has slowed down, particularly in the second half of 2008. In many markets the crisis has already had a severe impact on building activity. In some countries the bottom has virtually dropped out of the construction industry. For 2009 we anticipate a further downturn. In all likelihood we will experience a deep global recession. But with our direct marketing system, innovative

strength, competent and dedicated team and financial strength we have a distinct advantage over the competition. And in the past we have shown that in times like this we can consolidate our market position. Notwithstanding, we must assume that due to the anticipated negative market trends we will hardly grow in 2009.

### Which successes was Hilti able to post last year?

**Bo Risberg:** We achieved a seven percent growth in sales in local currency. This means that we have clearly gained market shares and asserted ourselves in the market.

Besides that, we have launched a series of excellent and innovative products. In conjunction with the investment in our sales team these have resulted in growth. However, I must admit that we were not satisfied with the development of our profitability. In particular, this was attributable to our high pre-investment in marketing, high material and logistics costs as well as negative currency influences.

### On which fronts did the company make progress in 2008?

**Bo Risberg:** Our "Vision 2015" is to be a great company. We want to fill our customers and employees with



enthusiasm and double our sales profitably. We will achieve this vision by concentrating on four focal points within the framework of the "Champion 3C" strategy: growth, differentiation, productivity and employee development.

### Can you name a few examples?

**Bo Risberg:** On the subject of growth we have not only invested in our sales team worldwide, but also built up new business segments – in the solar industry, to name one example. In our endeavors to set ourselves apart from the competition we have launched no fewer than 30 new products annually and greatly boosted the share of our fleet management in our overall activities. We propose to further increase our supply chain productivity by placing the focus on the regional supply structure. This year we will build a plant in Mexico and expand three of our plants in Europe. Last

but not least, in 2008 we recruited 1,500 additional employees – in spite of the difficult times.

### Where will the focus lie this year?

**Bo Risberg:** It goes without saying that we will continue to pursue the course necessary to achieve our "Vision 2015" and adhere to our long-term goals in 2009. In an increasingly adverse environment, however, it is particularly important to place a focus on key initiatives. By combining our energy we will succeed in further consolidating our market position. We must pursue a course of short-term profitability management and at the same time ensure that we use the time to strengthen our market and competitive position in the long term. In this respect it is important that we continue to invest in our core competences – in our innovative power, our quality and our segmented sales and marketing approach.

### What expectations do you have in 2009?

**Bo Risberg:** In 2009 our goal is to maintain our sales and profitability at the same level as last year. Of course, in today's environment it is difficult to assess the impact the financial crisis will have on building activities. However, we are quite sure that 2009 will be a year of challenges. It is crucial that we do not lose sight of our long-term strategy. If we succeed, I am convinced that we will emerge even stronger from the crisis.

**1500**  
additional employees were recruited by Hilti worldwide in 2008.

**7**  
percent was the growth of Hilti's sales in local currency in 2008.





Marco Meyrat,  
Member of the  
Executive Board:  
“Hilti employees have  
200,000 customer  
contacts around  
the world each day.  
This is a significant  
figure, and repre-  
sents 200,000 mo-  
ments of truth that  
test our commitment  
to customer orienta-  
tion on a daily basis.  
We want to generate  
enthusiasm in our  
customers – each  
time we have con-  
tact with them.”

A solar park about  
350 kilometers to the  
west of Madrid.

**We are close to our customers.**



A solar panel. With solar technology Hilti has entered a new business segment. More and more customers are using this know-how when it comes to modular installation systems.

## Knowledge that is needed.

Trend research and industry and application studies are instruments with which Hilti endeavors to understand the needs of its customers. Only when the company has a precise picture of what the customer needs – now and in the future – can it offer optimum solutions.

Together with experts from the construction industry, research institutes and universities, we are engaged in anticipating the future of construction. In 2006 we prepared the first study to learn more about trends in the construction industry. We spoke to over 150 experts and customers from the construction sector worldwide. It enabled us to identify almost 1,000 trends. From these we filtered out the 50 most important trends for Hilti and defined them in detail. This project was continued in 2008, allowing us to take an in-depth look at the relevant trends and develop long-term scenarios.

### Understanding what the customer does

With our industry and application studies we try to understand exactly what our customers do. We are interested not only in what they do with our products,

we also examine their procedures – from seven in the morning to five in the evening, from the bid stage to completion of the contract. Many of our employees spend days and weeks on construction sites, talking to those working there and recording procedures on video. When we evaluate the material we see how the value-added chain of our customers functions, how they use our tools, which applications they execute and at what points optimization potential exists.

We invest considerable amounts of time and money in understanding the needs of our customers and coming trends. We use our comprehensive knowledge of procedures, applications and the future of construction to refine our products and services. Only then can our customers optimize their work procedures with our products.

**1000**  
trends identified  
in a Hilti study help  
us to meet the cus-  
tomers' needs.



## Turning toward the sun.

The business of constructing solar parks is booming, something people hardly expected a relatively short while ago. Hilti Spain began developing expertise in this young field of business five years ago, a commitment that has been rewarded. Today the market organization has over 600 solar customers.



Manuel Garcia Castro of Isolux-Corsan (2nd from right) demonstrates the dimensions of a new solar park in Spain to Hilti employees Jesús Alegra, Alfredo Pradas and Daniel Rubio.



The solar park developed in a mere three months by Isolux-Corsán with the help of Hilti Spain is located some 350 kilometers to the west of Madrid, near the small town of Merida. It lies amid a range of low-lying hills, surrounded by fields and farmland. Here, the shiny solar panels snake through the landscape in rows too numerous to count. A pretty image.

Three Hilti employees, Daniel Rubio, Head of the Solar Team, Alfredo Pradas, Solar Photovoltaic Manager, and Solar Specialist Jesús Alegre are visibly proud of

what they helped accomplish. Manuel Garcia Castro of Isolux-Corsán is also satisfied. "Hilti really did a great job here. Without them we wouldn't have been able to complete the solar park as quickly as we did." But this system was only one of twenty to be constructed. A multitude of Isolux-Corsán employees worked flat out to ensure that the parks, which generate a total of 95 megawatts of electricity, could go on stream in 2008. A total of 300 trucks delivered almost 6,000 tons of Hilti material to the construction sites. The length of all structures together represents a to-

tal distance of 1,600 km. A mammoth task.

### A business with potential

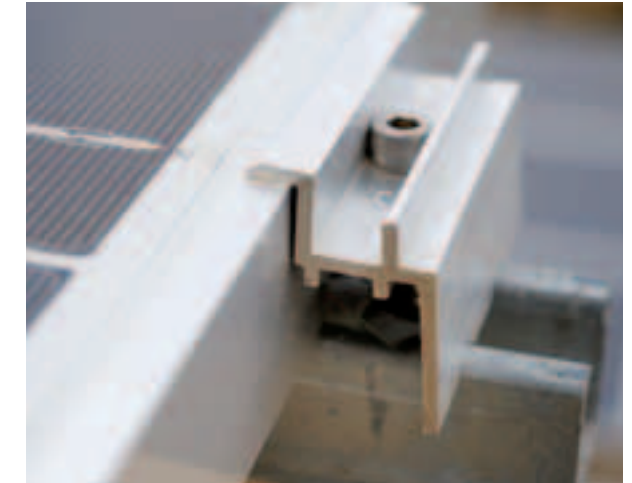
Hilti is relatively new to the solar business. The Spanish market organization became involved in 2003. "We started small," explains Alfredo Pradas, who has driven the business over the last few years and knows the inherent problems well. Today, five years later, Hilti Spain has nine employees alone at its Madrid headquarters dedicated exclusively to the solar business. The team can count more than



600 customers spread throughout Spain. This impressive figure was made possible because the company showed the courage to try something new and thereby trusted in the idea that the construction of solar plants could represent a new business with significant potential. "In 2004 the solar business was not particularly interesting for the Group. This interest only developed over time," remembers Pradas.

Although Alfredo Pradas was initially on his own, this did not last long. Basically, Hilti's entire Spanish organization was involved in this proj-

ect. A great many people helped to establish the business including technicians, the whole Sales team, Marketing and Logistics. There was also a great deal of support from Hilti headquarters in Schaan. Now the goal is to further expand the offered solutions. Daniel Rubio: "We're currently working with the proven MQ fastening systems used everywhere on traditional construction sites. Now we are part of a global project team in Schaan developing special solutions for the solar business that are easier to install. This may be a challenging task, but it's also fun."



Daniel Rubio, Head of the Spanish Solar Team, is delighted that Hilti MQ fastening systems are selling so well.

### A worthwhile commitment

It was worthwhile for Hilti Spain to take on a trailblazing role in a new business area in the country, not only because of the good results that were achieved. There remains a great deal to do in the future. "We are currently working together with other market organizations around the world to further expand our solar business globally," explains Daniel Rubio. "We are happy to share our experience and knowledge with our colleagues from all over the Hilti world."

**800**  
tons of Hilti  
material were used  
for the solar park  
in Merida alone.





## The road to Rio.

Stephanie Schütte, Corporate Publishing Manager at Hilti, and photographer Hans Lippert took an extraordinary trip to Brazil, where they accompanied Hilti Key Account Manager Marcílio Oliveira through Rio de Janeiro over three days. They visited the large Cidade da Música, also known as City of Music, construction and also toured the site of a future station for the Rio de Janeiro Metro subway system. There were also many other impressions and insights they gained while visiting Rio.

**Monday, December 8, 2008, 10:00 p.m.** We're finally here and are able to breathe Brazilian air for the first time! It's still pleasantly warm at this late hour. We immediately recognize our two Hilti colleagues, Sales Director Gustavo Morales Campos and Key Account Manager Marcílio Oliveira. They're waiting for us at the airport exit, both wearing red Hilti shirts. We're given an exuberant welcome to Rio as we approach them. In spite of the usual jetlag after a flight of this duration and the three-hour time difference, we're wide awake once again. So we enthusiastically agree when invited to a typical Brazilian dinner.

The exciting nighttime drive through Rio takes two hours, leading us to the Barra da Tijuca section of the city. "Barra is one of the newer parts of Rio, about 30 years old. A safe and quiet place," explains Gustavo while Marcílio drives the Hilti red Chevrolet Celta assigned to all key account managers in Brazil. We arrive at the restaurant,

a churrascaria, a typical Brazilian steakhouse. Upon entering the restaurant we are taken aback by the wide range of delicacies awaiting us on the grand buffet. As it turns out, they are only the starters! The busy waiters serve copious amounts of meat to the throng of boisterous customers. The meat is cut directly from skewers onto plates and is delicious. Well fed and informed as to what is awaiting us in the coming days, we depart for the hotel shortly after one in the morning, where we retire for a sorely needed night of sleep.

**Tuesday, December 9, 2008, 9:00 a.m.** As punctual as clockwork, Marcílio and his interpreter, Kristian, who speaks perfect English, meet us in the hotel lobby. Unfortunately Gustavo cannot join us as he has an important management meeting in São Paulo. Once again we squeeze into the tiny Celta. The car is full of Hilti material. We're as anxious as can be as we head to the large construction project known as Cidade da Música, or City of Music.

After about 20 minutes we reach our destination. The huge construction site can't be missed. The building is 220 meters long, 86 meters wide and 30 meters high. A banner visible from far away bears the name: Cidade da Música Roberto Marinho. I ask Marcílio who Roberto Marinho is. A famous Brazilian journalist, he tells me. A street of containers, almost one kilometer long, leads us directly to the site. Marcílio explains: "Construction began four years ago. The pace was rather relaxed at the beginning but has sped up significantly over the last two years."

We're impressed by the structure's architecture. Despite the great size, it looks elegant, purist and linear. This may have to do with the fact that the building consists of 95 percent concrete. It is also interesting to note that it has a different appearance from each side. This is certainly due to the unusual construction, founded essentially on 14 supporting pillars. Anyone looking up from the ground floor has the

**220**  
meters is the length  
of the new Cidade  
da Música in Rio  
de Janeiro.





# 500

packs of Hilti HIT-RE 500 injectable mortar were sold for the construction of the Cidade da Música.

feeling they are looking at a dove's breast. Christian de Portzamparc, the French architect, specializes in the construction of concert and opera houses. He also designed the sister houses of the Brazilian Cidade da Música, the City of Music institutions in Paris and Luxembourg.

Upon entering, the dimensions of the building are once again driven home. For what seems like kilometers, we are led through the Cidade by Marcílio and Rene Sâder, an engineer with Andrade Gutierrez, one of the largest construction companies in Brazil. Three movie houses, a restaurant and two cafés will be constructed here. But the true highlight is the concert auditorium with space for 1,800 spectators. One can already see how beautiful this hall, the future home of the Brazilian Symphony Orchestra, will be. It is almost impossible to imagine that the first performance will take place

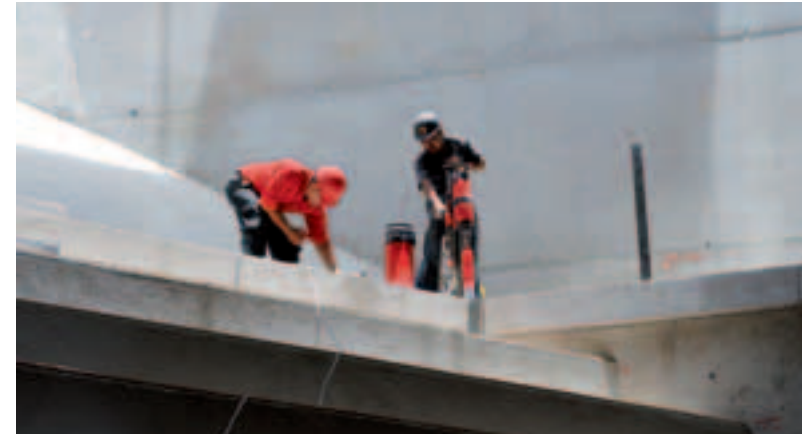
here in two weeks. As Rene says: "The people of Rio should get a first impression of the Cidade." Construction should be fully completed in 2009.

During the tour Marcílio continues to highlight places and segments where Hilti products have been used. He not only knows the construction site inside out – many of the construction workers are colleagues of his. "Once I was here for almost 20 hours. This was when the pace of construction accelerated," he remembers. He spoke with many workers then about their activities, showing them how Hilti products and services can simplify their day-to-day work. His efforts were a success. Hilti red can be found throughout the site. The product used most is Hilti HIT-RE 500 injectable adhesive mortar. It was used in countless places. Railings and banisters, of which there are many, were fastened with the material.

"I sold 500 packets," says Marcílio proudly. Hilti accessories were not the only things used, however, as we continually happen upon workers using Hilti tools.

The number of workers on the construction site is amazing. They number between 2,300 and 3,000 during the day and 700 at night. They look like ants as they transport materials, drill, fasten and cut. An unbelievable sight.

We descend into the cellar where, in addition to the 14 pillars we saw above ground, we find two outsized concrete rectangles that support the building. Rene Sâder highlights Hilti product quality: "The quality of Hilti products has proved itself time and again in working with concrete. Fastening systems and injectable mortar, such as Hilti HIT-RE 500 and Hilti HIT-HY 150, hold even in porous concrete sections. No other manufacturer can say the same."



Hilti Key Account Manager Marcílio Oliveira (dressed in red) knows the construction site of the Cidade da Música like the back of his hand. He never tires of explaining how the Hilti tools are best handled.



Marcílio is pleased with this kind of statement. The two men lead us to another location where Hilti tools are contributing to positive results. "Ventilation shaft drilling in the cellar was completed with the greatest efficiency and speed using Hilti diamond coring systems," explains Rene. No wonder that four Hilti DD 200s and two Hilti DD 120s are in non-stop use.

By late afternoon we are almost dizzy at the multitude of interesting things we have seen and heard. But this could also be related to hunger, as both Marcílio and our interpreter feel the same way.

**Wednesday, December 10, 2008, 9:00 a.m.** Today there is scant room in the Celta. We hardly have space next to our baggage and numerous Hilti toolboxes. But somehow, it works. We are once again on our way to the Cidade. Today we want to take a closer look at the

Hilti products being used on this construction site. Upon arriving we are amazed to see that, after only a day, significant progress on the site is clearly visible. Flower beds have been planted on the outdoor areas. They are quite beautiful!

We quickly locate the first Hilti application. A worker is busy slitting an electric cable channel with the DC-SE 20 diamond slitting tool. On the first floor, in one of the two future cafés, a group of young workers are busy fastening decorative white pillars to the external façade. Holes are being drilled in the deck with the Hilti TE 40-AVR combi-hammer. Marcílio shows the young men how best to handle the tool. Hilti HIT-HY 150 injectable adhesive mortar secures the pillars. Marcílio explains the significant role that HIT-HY 150 plays in the entire building. "This chemical anchor was used in all pillars for subsequent rebar fastening. It holds the construc-

tion together." In the auditorium we discover a worker using the Hilti DD 200 diamond coring tool to put holes in the deck where railings will later be fastened. The final product we see in action today is Marcílio's favorite, Hilti HIT-RE 500 injectable mortar. Together with the Hilti MD 2500 dispenser it will secure the railings. The key account manager is pleased that he has been able to show us so many applications. We are pleased, too.

# 3000

people are working on the construction site at peak time.





Stefan Nöken,  
Member of the Executive Board: "Bringing 30 innovations a year to fruition, to provide our customers with true added value based on their high performance and reliability – this is one of the goals that helps us create enthusiastic customers."

**We stand for innovative power.**

The non-rusting HUS-HR screw anchor rounds off Hilti's portfolio.





Steel. The raw material from which Hilti screws and anchors are manufactured – as well as the new non-rusting HUS-HR screw anchor.

## Concentration on progress.

Year after year Hilti launches new, innovative products on the market. Hundreds of employees work with great commitment on developing them to ensure the highest possible degree of performance, quality and user-friendliness.

In product development our attention is focused on the customer, with questions such as: What does the customer actually do with our products? How must a product be designed so that the customer can work efficiently with it?

### Highest productivity and quality

In order to learn what our customers value, we involve them in the product development process from the very beginning. At an early stage we organize focus groups in which we identify potential for improvement together with customers.

In the early phases of product prototype development, we perform customer acceptance tests. The results are used to further improve the product. In the customer satisfaction test, customers have the opportunity to use the new product for two to three months in their everyday work routines before it is released for large-scale production.

The focus of our product development is on creating customers' products with optimum productivity and quality. The products undergo intensive testing to ensure that they fulfill customer requirements. New products are put through their paces to verify their benefits and user-friendliness in long-term tests under real conditions. Health and workplace safety – oriented to the needs of our customers – rank highly here. If, for example, it is determined that a tool emits excessive noise, vibrations or dust, it will be adapted and improved until these defects are eliminated.

All these processes require an interdisciplinary approach. Employees in the various specialized departments – ranging from project managers, designers, research engineers and supply managers to buyers, market researchers, marketing experts and many others – work in unison to make new Hilti products with major customer benefits ready for the market.

**2-3**  
months is the time during which customers can test a new product prior to series production.



## Strong arguments.

The new TE 80 is Hilti's first combihammer in the 10 kg class. This tool is ideal for heavy work and lowers the risk of injuries to the operator. At a construction site in Southern Germany the new machine passed one of its first assignments with flying colors.



After the test Wolfsholz foreman Helmut Krieger was won over by the new TE 80-ATC with AVR.



Specialists among themselves (from left to right): Hilti Account Manager Andreas Uhl, Wolfsholz foreman Hansjörg Stepper and Peter Brandt, Head of the business segment at Hilti Germany, discuss the requirements and solutions for renovating historic masonry.

The sturdy walls of historic structures appear impregnable. But in addition to time, dynamic forces take their toll on the cavity stone walls, mostly filled with rubble and lime mortar. The fill material loosens piece by piece, resulting in hollow spaces and cracks on exterior walls. To save the structure from further deterioration, the crumbling inner layer must be stabilized with liquid mortar. This is a job for the team from August Wolfsholz Ingenieurbau GmbH of Leonberg (Germany), a company specializing in the renovation and stabilization of structures of this kind. Depending on the condition and dimensions of the building, hundreds or even thousands of deep holes must be drilled into the masonry and liquid mortar injected into the cavities. For the August Wolfsholz specialists this means weeks or months of drilling hole after hole into the masonry.

### Skeptical, but curious

This was the case in the renovation of the district court and internal revenue service buildings in Dillingen on the Danube river. Both offices are housed in an old castle urgently in need of restoration. "That was a real challenge for man and machine," remembers Andreas Uhl, Hilti Account Manager who looks after the Wolfsholz account. "To me it was a clear case for our new TE 80 combihammer. It is simply the tool with the best performance and weight ratio in the 10 kilo class, offering a high degree of safety into the bargain. Other tools are far heavier and in this kind of work the operator feels every hundred grams," says Uhl.

At first his customer, site manager Hansjörg Stepper, reacted skeptically to his suggestion. "They all claim to be the best," the engineer countered. But he knew from his many years of cooperation that Hilti's innovations were no hollow promises. He agreed to test the new "miracle machine" on site. The only problem was that special drill bit lengths were needed for the work on the castle to penetrate the meter-thick stone walls. Andreas Uhl discussed the matter with Peter Brandt of the Electric Tools & Accessories business segment at Hilti Germany. The latter immediately picked up the phone and inquired at the Hilti plant in Hungary whether custom-made fittings were available for this special drill.

### "The best we know"

The Hungarian colleagues tackled the job with determination: the special drills were ready only a few weeks later. Hansjörg Stepper left it to his experienced foremen to test the new Hilti combihammer on the job. The result: "Delighted faces all round!" reports Stepper. Not only the drilling performance convinced the construction specialists: even more important was the reduction in vibration. "A clear improvement over other tools," says Stepper. The TE 80 incorporates an anti-vibration system (AVR) consisting of a spring-mounted Tilger system that dampens vibrations over the entire tool, and a unique handle isolated from the housing that absorbs vibration torque.

In the opinion of specialist Stepper it would be downright irresponsible to forego innovative technologies

### Reducing vibrations

**A pre-development team at Hilti Entwicklungsgesellschaft (HEG) in Kaufering has specialized in reducing the vibrations and noise of Hilti tools and systems.**

Active Vibration Reduction (AVR) is the keyword under which the "Vibration & Noise" Competence Center comes into play. The team develops ideas and forward-looking solutions for the reduction of noise and vibrations. At the same time it refines known solution principles in terms of effectiveness, robustness and cost reduction. These technical solutions are adapted to subsequent generations of existing equipment and systems to the individual requirements of the products. To ensure that it provides the right input for projects at the right time, the competence center is integrated into the processes from an early stage: from research requirements and strategic product orientation by roadmap preparation to pretechnology, technology and series development.

such as Hilti's AVR. After all, tool vibrations are the third most frequent cause of occupational injuries in the construction industry. "A system like this simply cannot be ignored. The Hilti AVR system is the best we know; it's not available anywhere else."

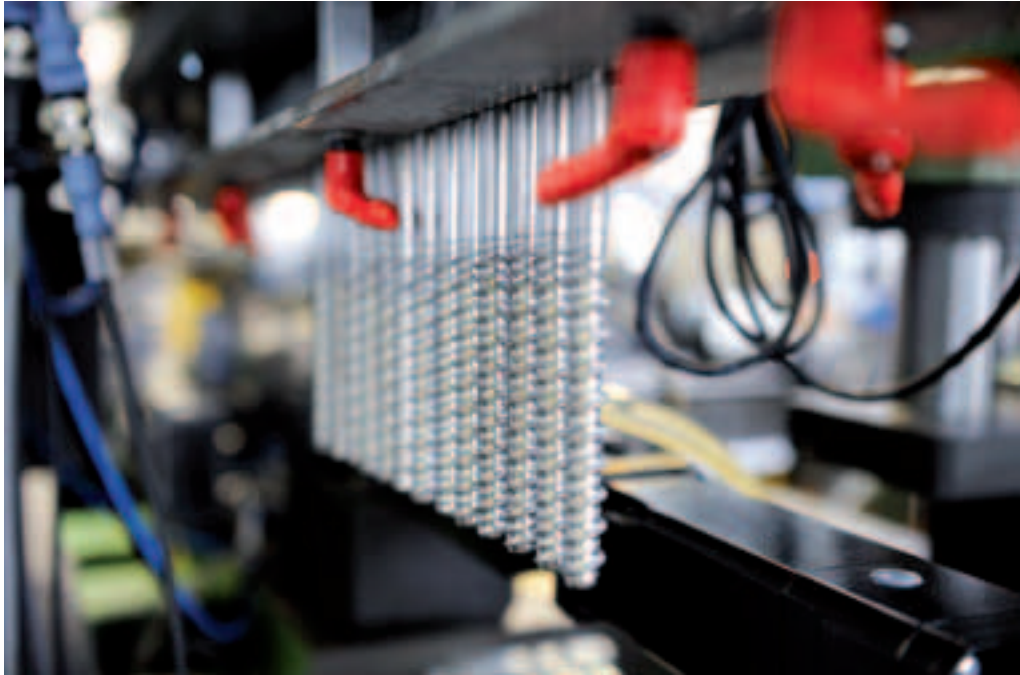
That is not the only Hilti innovation the Wolfsholz site manager would no longer wish to be without: the ATC electric emergency switch-off that reacts in a fraction of a second if the drill becomes jammed. Although this feature makes tools a good deal heavier, "the additional weight is justified," says Hansjörg Stepper, "the safety of the operator is of overriding importance." Andreas Uhl was able to convince his customer with his exceptional test assignment for the new combihammer and it is not surprising that a TE 80-ATC is already included in the Wolfsholz inventory besides over 20 other Hilti tools.

**1700**  
is the nominal load  
of the TE 80.



# Differentiation thanks to new technology.

For almost three years, the interdisciplinary team has worked together with various market organizations on the development of a non-rusting screw anchor for Hilti up to the marketing stage. In January 2009 their task was completed: the long-awaited product was delivered to the first market organizations.



## HUS-HR non-rusting screw anchor

### Applications

- Railing installation
- Façade anchoring
- Rail installation
- Tunnel construction

### Advantages

- Productive working: less drilling and work stages compared to the conventional anchor bolt
- Hexagonal head with integral disc for aesthetically appealing through-mounting
- ETA approval even in cracked concrete

### Highlights

- Innovative cutting geometry guarantees superior shrinkage behavior even in critical drilling conditions
- New name stands for the drill diameter: less drilling with the same consumption

“The development project was extremely important for us from a strategic point of view,” says Project Manager Jürgen Gahn. With the launch of the HUS-HR non-rusting screw anchor the company achieved a technology leap in a mature market. Anchor bolts have been available for 30 years – but innovations were only possible in small steps. “With the new anchor we have opened up a completely new area of application. Next to the C-steel anchors for interior applications we now have the perfect product for exterior applications to round off our portfolio,” explains Product Manager Axel Schweiker. A little pride can be detected in his voice. Rightly so. The process from the idea to market maturity was not always easy.

First of all, the search for the right technology proved to be complicated. The project team had to meet wide range of specifications: the anchor should be rustproof, withstand specified loads, have optimum shrinkage behavior and remain within ambitious cost targets. “This combination presented a major technical challenge to the team right from the beginning,” says Jürgen Gahn. A rustproof base material alone is not able to cut a thread into the considerably harder and inhomogeneous anchor material concrete.

### Multiple players involved

The team set about finding an efficient cutting consumable that could be firmly bonded to the non-rusting base material. Various technologies

were developed and extensively tested. This required close cooperation between development and production engineers at an early phase of the project. In particular, the skills of production engineer Andreas Vorhauer and development engineers Franz Huber and Peter Gstach were called for. Finally a solution was found using welded



hard metal elements. Hard metal elements – up to seven of them are needed – embedded in the screw tip ensure powerful and reliable cutting.

Closely integrated into the development process were not only the Hilti employees, but also representatives of a mechanical engineering company. Andreas Vorhauer: “The link between development and production was very intensive. In this context we engineers speak of simultaneous engineering. Without this close cooperation we would not have been able to produce the new product.” Jürgen Gahn adds: “We looked at the geometry of the cavities and the position and number of hard metal elements both from a functional and production point of view. The re-

quirements of development and subsequent series production thus merged at an early stage.”

### A major challenge

The first stamping and welding tests were undertaken with auxiliary devices built by the Hilti engineers and toolmakers. The operation of a near-series prototype system was supported by numerous students, undergraduates and trainees. In spring 2008, the final design of the new product had been determined. The mechanical engineers now had the task of switching from the prototype system to series production. For this purpose they developed a machine which stamps the cavities for the hard metal elements in a first stage and welds them in a second stage.

Andreas Vorhauer explains: “This screw is something completely new. In particular the stamping and positioning of hard metals, i.e. the transfer of the geometry to the machine, presented us with a major challenge.” Hilti engineer Corinna Achleitner adds: “The whole joint project was thoroughly enjoyed by everyone involved!” Jürgen Gahn: “Together we developed a new, almost revolutionary production technology. It gives us the technical superiority expected from Hilti products.”



An interdisciplinary team led by Project Manager Jürgen Gahn (top left) developed the non-rusting HUS-HR screw anchor.

**7**  
hard metal elements ensure powerful and reliable cutting of the new anchor.



**We are a strong team.**



Christoph Loos, Member of the Executive Board: "The decisive factors in our success are the very high level of identification our employees have with Hilti and our corporate culture. We aspire to be a great place for our employees to work."

Hilti's Technical Center is a great place to work, especially for engineers.







The face of Linda Justen. She is one of almost 21,000 employees who work with a high degree of commitment for Hilti worldwide.

## Proud to work at Hilti.

To be an attractive employer for 30,000 employees – that is not only one of the four goals of Hilti’s Vision 2015. It is also the key objective of its personnel strategy. But what does that mean in specific terms? What is Hilti’s hallmark as an employer? How can this goal be realized? Over the past year the personnel management has taken an in-depth look at this issue.

Vision 2015 and the goals it contains call for strong growth in human resources. Personnel managers all over the world are faced with the challenge of finding new recruits in line with our company and its corporate culture and committing them for the long term. One thing is clear: the first six months are critical in deciding whether a new employee will assimilate into our company and develop his personality. Not only our employees have duties: we as an employer must also take an appropriate position. In 2008 we completely revised our integration process under the motto “Let’s start together”.

### We’re different!

A challenge for us is to further boost the high level of commitment of employees. We can only be successful in the long term if we have satisfied and committed employees. That is why last year we asked our workforce to give reasons why they enjoy working at Hilti. The response was overwhelming. We wanted to gain a picture not only from the inside, but also of how our company is perceived from the outside. We asked potential employees in focus groups for their opinions.

As a result it became apparent that a special teamwork culture is attributed to us. Our international perspec-

tive, open-door policy, flat hierarchies and direct, open and feedback-oriented communication are highly valued. What sets us apart from other companies is our diverse activities and successes in the area of professional development.

### Measurements results

And this is what we hear when we ask our employees once a year through a worldwide survey translated into 31 languages. In a nutshell, the purpose of our Global Employee Opinion Survey (GEOS) is to evaluate the extent to which the workforce identifies with the company and its commitment (see chart on page 70). The participation rate speaks for itself: over 90% of our workforce took the opportunity to let us know how they feel. Each participant helps us to identify improvement potential and measure our progress.

We are well aware that we can only achieve the lofty goals we have set ourselves if we implement the first part of our corporate motto – “we create enthusiastic customers” – within Hilti itself. It is our conviction: our employees and our culture are the basis for our success.

**90**

percent of employees took part in the global employee survey in 2008.



## “I want to pass on my enthusiasm”

As a University Champion Sven Matthiesen, full-time Head of Product Development Screw Fastening at Hilti Corporation, maintains contact with his former educational institution, the University of Karlsruhe (TH). In an interview he explains his reasons and what his commitment means to the company and himself.

Sven Matthiesen has been working at the Hilti Corporation since January 2003. He began as a designer in the field of powder-driven direct fastening devices. Since 2005 he has built up screw technology, initially as group leader and since 2007 as Head of Development in Product Development.



**Mr Matthiesen, why do you maintain such active relations with your former university?**

**Sven Matthiesen:** Since I started working at Hilti, I have had the opportunity to get to know the company from a fresh perspective. I have had a broad area of responsibility right from the start and it has expanded even further in the course of time. Every day I have countless opportunities to make a

and at the same time confidence built up in one's environment. Personal, friendly relations help. It is equally important to inspire others with one's ideas and have the right arguments at hand to convince others. Then Hilti will provide the necessary means to implement ideas and develop oneself.

**We read and hear a lot about the Hilti culture. What's that all about?**

**Sven Matthiesen:** A wide spectrum of tasks and responsibilities is assigned to an employee right from the beginning. Individual responsibility is taken very literally at Hilti. We are often required to identify our own projects and seek the appropriate support. The communication culture is also special: it is marked by mutual understanding and courtesy. Not everyone can cope with this culture and the way we deal with each other.

**What does that mean for the recruitment process?**

**Sven Matthiesen:** For the applicant and the company it is equally important to recognize at an early stage of the application process whether or not a candidate is suitable for the company. In this context I must refer to my secondary job as University Champion. Through my contacts I can gain a first picture of a potential applicant. I also ask assistant lecturers how they experience the candidates in

everyday dealings. Besides his or her professional qualification, I am particularly interested in working style and the environment in which the candidate could feel comfortable. If he or she appears to be suitable for Hilti, I pass this information on to the interview partner in the company.

**What advantages does this procedure offer?**

**Sven Matthiesen:** A job interview becomes much more personal. We embark on the interview with prior knowledge. It goes without saying that the recommended candidate must prove his or her proficiency in the interview just like any other applicant. But due to the pre-selection the probability of success is substantial. If one of these candidates joins Hilti, there is a good chance that he will remain in the company in the long term. We both know what to expect.

**What benefits do you see for yourself?**

**Sven Matthiesen:** Shortly after I joined the company I recognized the real advantages through active participation in the recruitment process. Here I have an opportunity to influence my environment at Hilti. People interacting together and speaking a similar language quickly establish the trust needed for success. To me, that's the hallmark of a great place to work.



Once a semester Sven Matthiesen, who received a PhD in product development at the University of Karlsruhe, represents Hilti at a course on integrated product development. Success is visible: due to his network eight former students from Karlsruhe have already joined Hilti as full-time employees.

**Hilti is a highly international company. Is Karlsruhe the right place for these activities?**

**Sven Matthiesen:** I have often been confronted with this question. And I always reply: yes, Karlsruhe is the right place. The TH Karlsruhe is one of Germany's top three elite universities. It has partnerships with many other universities all over the world. The body of students comes from all over the world, making Karlsruhe a catalyst for ideas. Hilti already has 100 University Champions distributed over the globe. And we all put our heart and soul into the job.

**How do times of crisis, like we are currently experiencing, affect your commitment?**

**Sven Matthiesen:** Especially now it is important to step up our efforts! I am not concerned with building a pipeline for short-term personnel recruitment. I want to establish long-term partnerships that go beyond mere recruitment, bridging over times in which we recruit fewer employees. Times when engineers are in short supply and there is strong competition for employees will return soon enough!

### University Champions

In pursuit of the personnel growth goals of Vision 2015, the Global Human Resources Department is setting up an international network of University Champions as part of its strategy.

Last year the network posted a high rate of growth and has drawn attention from around the globe. Over 100 University Champions are putting out their feelers in all markets representing the company in events by leading universities and colleges, offering case studies with Hilti background, or recruiting students for internships and final theses. Examples of this are the cooperation with the University of Karlsruhe and the Tongji University in Shanghai.

**100**

University Champions around the globe represent Hilti at their former educational institutions.



## ...and then the MBA.

Six different jobs in 14 years – all with the same company. Heinrich Bücheler's career shows how personnel development can fall on fertile soil if employees seize the opportunities offered to them.

**1.5**

years of double stress. Then Heinrich Bücheler had his MBA in his pocket.

He knew he would like Hilti even before he had spoken to anyone. "I entered the building and it just felt right," remembers Heinrich Bücheler, today Product Manager in Supply Management. In spite of other offers and although he regards himself as a city slicker, he decided to launch his career as project head of investment planning in rural Liechtenstein.

It was a decision that the management and production scientist from ETH with Mexican, Canadian and Swiss passports never regretted. Heinrich Bücheler: "It's obvious that not everyone will have the same experience here. But I personally see it as a stroke of luck that I was able to further my career within Hilti." He highly values the corporate culture, in-house exchange and awareness that there is always something new to learn.

### Back to the roots

The dynamic course that careers can take at Hilti was already obvious to Bücheler two years after launching his own professional career. The Spanish native speaker was invited to join in an analysis and location study for the Hilti plant in Mexico. For Bücheler, who had spent the first twelve years of his life in Mexico and came to Switzerland after another seven years in Venezuela, this was an opportunity he just couldn't refuse.

After the decision had been made to relocate the plant to a different site within Mexico City, Bücheler assumed the role of production manager. Together with his wife, whom he had met at Hilti, he moved to Central America, where he implemented a quality assurance system according to Swiss standards in the local Hilti organization. "Due to the different mentalities it was a major challenge, but also a positive experience," he says.

### From Mexico to China

In 2000 Bücheler returned to Schaan as Head of Engineering in element production, and in this new capacity he helped to increase productivity at Hilti with new manufacturing technologies. But the Mexico chapter was not yet finished. When Hilti decided to close the Mexico and USA plants in 2003, Heinrich

Bücheler assumed the task of supervising the relocation of the production of DX elements to China as project manager.

"In those days we globally had excess capacities. We wanted to merge production in Europe and Asia in order to exploit synergistic effects," explains Bücheler. He would never have suspected that only a few years later a Hilti plant would be built in Mexico to better supply the US market and avoid high shipping costs. "Unbelievable how quickly the situation can change. But that's how the global economy works."

### Passion for processes

After the relocation to China was completed in 2005, Bücheler became team manager of strategic procurement in supply chain management. With a young team he set about identifying the suppliers and products that could be best incorporated into the Hilti supply chain. It was a dream assignment for Bücheler, who has always been enthusiastic about the optimization of processes.

It was this passion for processes and the supply chain in general that prompted his superior to ask Bücheler if he wanted to take an Executive MBA in supply chain management at ETH in Zurich. The



Heinrich Bücheler's office bears witness to his regular travels between various continents.

### The MBA SCM

The MBA SCM is the only Executive MBA worldwide in international supply chain management. The course of study sponsored by the Hilti Corporation is available at ETH Zurich. Single modules take place in Japan, China, Russia and the USA. The focus of the program is the optimization of the supply chain, i.e. flow of products, information and resources from the producer of the raw material to the final consumer.

42-year-old considered the offer and agreed. "In actual fact, I had never toyed with the idea of an MBA, but then I thought I would be well-equipped for the second half of my career if I learned the latest findings from practice and took a study course in supply chain management."

### Perfect grade 6

No sooner said than done. Bücheler started his studies in March 2007. With a workload full-time he completed the 80 course days and took five intermediate examinations. He

sacrificed his evenings and weekends to handle the learning matter and group work. The effort has paid off: with a thesis on procurement strategies for Hilti Consumables Bücheler graduated in summer 2008 with a top grade of 6 and a distinction.

"The distinction is an added bonus for me, but I take much greater satisfaction in knowing that the findings of my work had already been put into practice prior to their publication at Hilti," says Heinrich Bücheler. Until new professional

challenges present themselves, he now wants to take a small breather: "The MBA was highly interesting and working together with the other students extremely fruitful, but I have always had a problem with the work-life balance. Now I must rectify the situation according to the Hilti philosophy!"





Stefan Nöken, Member of the Executive Board: "The topic of sustainability is gaining significance around the world. We accept responsibility by consistently and systematically reducing the effects that our activities have on the environment."

A huge floor temperature control system heats or cools the new Hilti factory building in Thüringen/Austria.

**We act in the best interests of the environment.**





Ground collectors are used to control the temperature of fresh air fed to the Hilti plant in Thüringen, Austria. A very forward-looking concept from an ecological point of view.

## Environmental protection has potential.

A balanced approach to the environment is a major aspect of corporate responsibility for a company such as Hilti. Day after day, Hilti strives to improve itself in this respect.

We have a responsibility toward future generations and are aware of the impact that our business activities, products and services have on the environment. One of our major concerns is the counteraction of climatic changes. In 2007 we decided to sign the “Caring for Climate” convention. The initiative came from a group of commercial enterprises in summer 2007. It is based on the principle that climatic changes and climate protection call for prompt action by business enterprises. We see it as our task to improve our energy efficiency and reduce CO<sub>2</sub> emissions. “Caring for Climate” is a platform for companies who participate in the UN Global Compact (see page 68) and are resolved to counteract climatic changes.

### Enhance performance

An internal analysis showed there is considerable potential for CO<sub>2</sub> savings in the procurement of electricity. This led to the decision last year to purchase electricity from regenerative sources for our production facilities in Germany and Austria in future. In addition, we are currently identifying further potential for CO<sub>2</sub> reduction and recycling. Moreover, we have optimized parts of our production with respect to environmental pollution and conservation of resources, we have re-

duced the volume of commercial traffic and in some countries we have converted our fleet to low emission vehicles.

With our Global Process Management System (GPMS), for which all business processes are accounted, we have created a framework for these activities within which we intend to comprehensively fulfill our responsibilities. We want to improve the quality of our products, services and processes throughout the company – for the benefit of the environment. This also means fulfilling the established international quality and environmental standards ISO 9001 and ISO 14001. We will endeavor to systematize and further optimize the quality, environmental and process decisions taken daily. In this way we can pursue a continuous improvement process and consistently enhance our performance in all these areas.

Our commitment in the environmental sector pays off not only from an ecological, but also an economical viewpoint. We will apply the knowledge acquired in this field to be even more innovative and develop new business segments. It is our firm conviction that sustainable growth can only be achieved if we systematically integrate environmental protection into our daily activities.

**2007**  
is the year in which  
Hilti signed the  
“Caring for Climate” convention.



## Eco-friendly red cars.

Less fuel consumption, less CO<sub>2</sub>, more safety: with its new fleet of vehicles Hilti France is underscoring the meaning of eco-friendly and long-term investments for the company.

An eye-catcher in the Parisian traffic: the new Citroën C4 used by Hilti field staff in France.



The smart new Citroën C4s with their vivid red paintwork and white logo have made an eye-catching appearance on France's roads. Light and maneuverable, they weave their way through the backroads to bring together key account managers and sales consultants with work materials and the customer by the fastest route. Hilti France has ordered 500 C4s for 2008 – a complete fleet renewal.

### Eco-friendly and safer

“For the past few years we have been endeavoring to supply our field staff with fuel-efficient vehicles,” explains Jacques Houssin, Manager of the vehicle pool. “With the switch to the C4 we have made a great step forward.” The new cars save a total of 140,000 liters

of fuel per year compared to their predecessors. The fleet's CO<sub>2</sub> emissions have been cut by 400 tons. Appealing side effect: The new model is safer to drive due to improved rear visibility, costs less and provides greater driver comfort. “Economy and ecology do not always go hand in hand. But naturally we are more than pleased that that was the case with this project,” says Guillaume Aberlenc, General Manager of Hilti France since January 2009.

Ecological considerations in the vehicle sector are not new in France. Aberlenc's predecessor Alain Baumann already had advocated a reduction in fuel consumption and the number of kilometers traveled. “Protection of the environment is

in Hilti's genes,” he says. “Company founder Martin Hilti was the first to grapple intensively with the topic. He is and remains our inspiration.”

### Reduced mileage

To ensure maximum eco-friendliness, special software is being used in France to record the fuel consumption, kilometers traveled and CO<sub>2</sub> emissions of each vehicle and compare them with the individually specified targeted consumption of each driver. If the results are not satisfactory, the employee involved and his superior are required to research the reasons and initiate measures for improvement.

“The use of eco-friendly vehicles has not always been a foregone conclusion,” recalls car pool man-

ager Jacques Houssin. “At the many meetings I have attended in France on the subject of vehicle fleets in large-scale facilities, I have never come across a company that is as committed to the cause as we are.”

### A future with hybrid cars?

Hilti France is convinced of the soundness of the decision taken. “We have a responsibility toward our employees, the industry and the company as a whole,” explains Alain Baumann. “It is our duty to remain vigilant and continue to work on a reduction in CO<sub>2</sub> emissions.” Guillaume Aberlenc endorses the sustainability policy of his predecessor. In two years' time, the General Manager intimates, the French fleet of vehicles could be re-tested for emissions. Although it is still unclear which decisions will be made at that time, in France a fleet of hybrid vehicles – current discussions are heading this way – appears to be closer to reality than one may suspect.



Jacques Houssin (top), Fleet Manager of Hilti France, is full of praise for the conversion to environmentally friendly cars. Bottom: Former and new Managing Director of Hilti France, Alain Baumann (left) and Guillaume Aberlenc have been involved in environmental protection for several years.



**400**

tons is the reduction in CO<sub>2</sub> that results by the new cars in France.

**140**

thousand liters of gasoline – that's how much the French save every year with the new automotive fleet.



## Clever use of energy.

In 2007 the Hilti Corporation decided to expand its plant in Thüringen (Vorarlberg). Besides adaptability and flexibility, sustainability was a key issue in the planning.



The new building should not have a negative impact on nature and the environment. That was the declared goal of the owners. In the past few years Gernot Schubert, overall project manager and Eugen Tschann, member of the team responsible for technical building installations, have acquired an immense pool of know-how to ensure that these requirements can be satisfied. In addition, Eugen Tschann acquired an additional qualification as an energy consultant and completed a college course in ecological and healthy construction at the Energy Institute of Vorarlberg in Dornbirn. Together with their external partners, ATP architectural and engineering consultants from Innsbruck and the consortium Nägelebau and Hilti & Jehle,

they have developed an innovative and progressive concept.

It is perfectly obvious that heating is necessary in Vorarlberg in winter. But in the future, cooling will be required in summer. The reason: a large amount of energy is utilized in production in the form of electricity and natural gas – causing the production halls to heat up. “The conventional solution for the expanded plant would have meant installing additional gas boilers and an air conditioning system with a number of cooling towers driven by electricity,” explains Eugen Tschann.

But a different course was taken for this project. The starting point was an energy flow analysis. The latter

provides information on where, when and how much energy is available and required in the plant. It showed that with selective exploitation of existing sources it would be possible to minimize the additional energy required for room temperature control. The team designed an integrated, efficient energy system consisting of three pillars: the use of resource-saving, regenerative local energy sources, selected utilization of existing waste heat and the use of all these resources according to requirements.

### How the system functions

On a tour of the site one enters a long corridor into which a mass of pipes opens. Behind this wall is



Practicability and ecological aspects are important to Hilti general project manager Gernot Schubert (left) and external project manager Günter Summer from contracting partners Nägelebau and Hilti & Jehle when it comes to the new building design.

the ground collector, used as an air-to-ground heat exchanger for adjusting the temperature of the external air. The air is sucked in via the ground collector, consisting of 140 pipes, each of them 63 meters long. The pipes are installed in the ground beneath the hall – all in all, a length of nine kilometers. “That’s how we use geothermal energy, to heat up cold fresh air or to cool warm air,” says Gernot Schubert.

A large drilling rig is standing on the loading yard. This is where the groundwater well is to be located, 65 meters deep, with a diameter of almost a meter. Once completed, it will produce up to 130 liters of water per second – as much as a filled bathtub. This is how the building and production facilities will

be cooled in future. In winter this source also can be used for heating with the aid of heat pumps.

The use of waste heat is basically problematic: on the one hand the temperature level for many heating systems is too low, on the other hand the waste heat is often not available when it is needed. But the team has found a good solution to this problem: besides the direct use of the waste heat in a low temperature heating system (for example concrete core activation), energy is stored by warming water in the sprinkler tanks. From here the heat can be utilized at a later time. If the waste heat temperature is insufficient to supply the systems it can be boosted with the heat pump.

Heater, cooler and storage in one component? What sounds like squaring a circle has been achieved with what is referred to as concrete core activation. Essentially, it is a pipe system in a solid concrete slab, comparable to an oversized floor temperature control. Similar to a tiled stove, this structure has a high storage capacity and is used as a heating and cooling surface. In four months a total of almost 90 kilometers of piping was installed in an installation and production area of about 8,300 square meters.

### Benefits to the environment

Each year approximately a million kilowatt hours can be saved with the ground collector and groundwater utilization alone. Put another way, this reduction in energy saves approximately 210,000 kilograms of carbon dioxide. That corresponds to the CO<sub>2</sub> emissions of an average car or approximately 1,300,000 kilometers per year.

All involved are extremely proud of the sustainable use and distribution of energy within the plant: “The interplay of system components makes the energy available to the whole building. In part we store it for later use, we refine it and bring it to another level, and last but not least we cool with groundwater,” Eugen Tschann explains. Gernot Schubert adds: “This solution is sustainable. It has stood up to our economic analyses and is a forward-looking ecological concept that creates excellent working conditions for our employees.”

**7000**

square meters of new production area are being created.

**4000**

square meters is the surface of the new logistics section. It will accommodate 6,000 pallets and 17,000 containers.



**We are committed to the community.**



Egbert Appel,  
Managing Director of  
the Hilti Foundation:  
“The Hilti name and  
brand also stand for  
socially responsible  
entrepreneurship. We  
support projects in  
the social and cultural  
sectors and promote  
education and train-  
ing. This helps us  
build a better future.”

The Hilti Foundation helps  
to provide a better life for  
people in the favela Osasco  
(São Paulo).



Brick. A basic material for housing construction. Together with the non-profit-making Ashoka organization the Hilti Foundation is sponsoring housing construction in some of Brazil's slums.

## Help for self-help.

As a company with global activities, Hilti shares in the responsibility for the world's resources and likewise for their development. Hilti encourages, on the one hand, the social commitment of its organizations in their respective fields. The Hilti Foundation, on the other hand, assumes social responsibility at a global level.

The maxim of the Hilti Foundation is: "Not to provide support and create a dependency on donations, but to offer help for self-help." According to this principle we support relief projects worldwide in the social, educational and cultural sectors. Despite their diversity, they all have one thing in common: they make a sustained contribution to social development and are designed to be self-supporting in the medium term.

In the social sector the Hilti Foundation is currently subsidizing the following initiatives: mobile clinics in Palestine set up by the Doctors for Human Rights organization, the installation of solar technology in villages without their own electricity supply in Ethiopia and the Ashoka "Housing for all" project in Brazil. In the cultural sector two projects are currently in the foreground: for the past few years we have been supporting the valuable work of marine archaeologist Franck Goddio. Together with his team he has not only brought the submerged seaport of Alexandria to light, he has also achieved worldwide acclaim by excavating numerous lost treasures in Egypt.

### Chance on independence

With our second commitment we function as one of the main sponsors of the Venezuelan Youth Orchestra Simón Bolívar. This orchestra, which has meanwhile gained worldwide recognition under conductor Gustavo Dudamel, is composed of over 200 young musicians from poor backgrounds, mostly from the impoverished regions of Venezuela. In the orchestra these young people receive a sound musical training and the opportunity to secure a steady income and independence. In

the educational sector our attention has been focused on the International School Rheintal (ISR), in which over 130 pupils from 21 nations are taught according to the curriculum of the globally recognized International Baccalaureate Organization.

### Render unbureaucratically help

The local commitment of the Hilti organizations enables their employees to play a part in fulfilling the social obligations of their respective locations, and – what is important to us – with an emphasis on the long-term effect. In India, for example, our employees are renovating a school with the company's support. In the United States they are building houses for poor families and in Spain they have donated and planted a large number of trees following a devastating forest fire. We are always ready to provide on-the-spot aid as we did for the earthquake victims in China and the flood victims in Myanmar. If relief organizations need equipment or materials from our product portfolio for use in disaster areas, we provide them quickly and unbureaucratically. Since 2005 our employees have been working together with SOS-Kinderdorf on a training center in Monaragala (Sri Lanka).

In all that we do there must be a clearly formulated claim to "help for self-help" and "sustainability". We want to help the organizations, and thus the people we support, to achieve a level of self-determination and independence under economically sustainable conditions. In doing so we are acting according to our principle of "building a better future".

**200**  
young musicians  
of the Venezu-  
elan Simón Bolívar  
youth orchestra  
were pleased to  
receive new instru-  
ments by courtesy  
of the Hilti Founda-  
tion.



## Freeing people from poverty.

Ashoka and the Hilti Foundation have launched the global joint initiative “Housing for all”. The reason: over a billion people worldwide live in slums and are in dire need of better or larger accommodation. The purpose of “Housing for all” is to develop new ways of helping slum dwellers to acquire better and affordable housing.



Grasiella Drumond, architect and general manager of “A casa é sua” (picture left), explains to a customer which questions her team can answer.

São Paulo is a sea of houses. Big houses, little houses. Houses of concrete. Houses of brick. High-rise, low rise. Houses as far as the eye can see. Despite the vast number of houses in this megalopolis of eleven million people, for many inhabitants home ownership is not taken for granted. Living space is scarce. Furthermore, millions of people live in the so-called favelas, Brazil's slums. Over 200,000 people live in the Favela Osasco alone.

Muddy tracks, dilapidated or half-finished houses rising crookedly skywards – that's the first impression gained by visitors to Osasco. But in the middle of this there is a spark of hope: the service center of “A casa é sua”, in English: “The house is yours”. It is a project called into being by the Hilti Foundation together with Ashoka. The

blue logo of “A casa é sua” is visible from afar. It shows a woman, a man and a child: a small family holding hands. “We consider it our duty to enable people here to enjoy a better life,” explains Grasiella Drumond, General Manager of “A casa é sua”.

### Residents and tradesmen benefit

It is not easy to develop the market: How can the fragmented demand of the slum-dwellers be combined and effectively satisfied? How can they finance the construction work? How can they legalize their homes? How can they gain access to building materials? How do they acquire the necessary know-how? The “A casa é sua” team provides the answers to these and many other questions to the inhabitants of Osasco. The model

is based on a membership system. Each customer pays a membership fee. In return “A casa é sua” guarantees optimum advice and support. The idea is for the initiative to pay for itself in the long term and manage without the financial support of sponsors. The outlook is good: Since its beginnings in summer 2008, 30 customers have been able to purchase “A casa é sua”. The team's declared goal is to have 200 customers on its books within a year. But not only the customers benefit from this model. “When the slum-dwellers are in a position to buy building materials and other important things for their houses, the suppliers benefit as well,” explains Grasiella Drumond.

Brazil is the first country in the world where “Housing for all” is being practiced. But although about

3.2 million people in this country live in favelas, the housing issue is not unique to Brazil. Worldwide there are a billion people who live in houses they do not legally own. With this new approach the Hilti Foundation and the “Housing for all” project want to combine their efforts to boost the building sector in the countries concerned and prove that business alliances are powerful instruments in the struggle to free people from conditions of poverty.

### This is Ashoka

**Ashoka is the first and largest organization to promote social entrepreneurs and form a global network for social innovation. The name Ashoka is derived from a Sanskrit word whose English meaning is basically “active absence of sorrow”.**

Since it was founded by Bill Drayton in 1980, this non-profit-making organization has been seeking and appointing social entrepreneurs as so-called Ashoka Fellows in almost 70 countries. Today they number about 2,000. They are counseled and supported by 120 full-time Ashoka employees in spreading their concepts and working together across boundaries. Ashoka's main focus is placed on identifying the factors and blueprints for social change and implementing innovative,

practical solutions aimed at strengthening civil society together with the social entrepreneurs and other partners. The network builds bridges between the social sector and the business world, it promotes the efficiency of social organizations and creates the infrastructure for social change. It is committed to the goal of giving people the chance to live a better life.

**200**

is the number of customers that “A casa é sua” wants to look after in the favela Osasco in São Paulo.





Christine Leimgruber, Director of SOS-Kinderdorf in Switzerland, has put her heart and soul into the cause. And that's exactly what she admires in the Hilti employees who are committed to the construction and maintenance of a training center in Monaragala (Sri Lanka) together with SOS-Kinderdorf.

## “The interest is tangible”

Hilti employees all over the world have enthusiastically joined forces with SOS-Kinderdorf in the construction and day-to-day running of a training center in Monaragala (Sri Lanka). In the past few years the co-sponsoring project has evolved into an extremely amicable relationship. Christine Leimgruber, Director of SOS-Kinderdorf in Switzerland, explains the meaning of the cooperation.

### What triggered the idea for the construction of a training center in Monaragala?

**Christine Leimgruber:** The Kinderdorf (children's village) in Monaragala has been in existence for several years. The colleagues in Sri Lanka determined that many of the families living there cannot afford to send their children to advanced schools. Furthermore, many of the parents are illiterate and cannot give the appropriate assistance to their children. Many children have only a primary school education and must make their living as day laborers. They are barely able to earn a subsistence wage. We decided to support the construction of a training center tailored to the needs of the population – for example slower learning.

### How did the contact to Hilti arise?

**Christine Leimgruber:** It was the wish of Hilti employees to help the victims of the tsunami catastrophe in December 2004. The company set up a project team specially for this commitment under the management of Bea Bättig Staud and Simona Moritsch. The initial task was to find a suitable project. In the course of research the team came into contact with SOS-Kinderdorf. Monaragala is located in the interior of Sri Lanka and, fortunately, not directly affected by the tsunami. The construction of the training center was planned long ago. However, due to the tsunami this project took on a new dimension, as people from elsewhere – such as the coastal regions where the situation

was disastrous – were to be trained there.

### In what form is Hilti's commitment in Monaragala?

**Christine Leimgruber:** At Hilti the project has assumed an extraordinary momentum, like in no other company. That makes this cooperation really unique. All those involved are putting their heart and soul into it. The project members are getting to grips with the realities in the country and appreciate the many difficulties arising in the course of implementation. Bea Bättig Staud traveled alone to Monaragala to gain a first-hand impression of the situation. We attended the opening in January 2007 together with Simona Moritsch and spent many eventful days there. Over time this very personal cooperation has developed into a friendship. It is running parallel to the project of CEO Pius Baschera, who regularly inquires about its progress.

### What do you personally value about the partnership with Hilti?

**Christine Leimgruber:** Hilti's interest in Monaragala is really tangible. This is evident from the creativity with which many people produce fundraising ideas. These range from the sale of baked or knitted goods to the production and sale of bags made of old advertising banners and dance courses held by employees for their colleagues. I am extremely impressed by the extent of individual commitment I have seldom experienced in many years of work for non-profit organizations.

### Monaragala training center: the curriculum

Hilti employees from all over the world have helped to finance the training center in Monaragala, a village in the interior of Sri Lanka. Since January 2007 boys and girls from impoverished conditions have been learning a trade here – as a mechanic, welder, carpenter, plumber or electrician. Computer and English courses also are available, and even courses in eco-tourism. 119 young people already completed their training courses, which have full state recognition in Sri Lanka. Almost all of them immediately found a job.



## The Executive Board.



The Executive Board: Marco Meyrat, Stefan Nöken, Bo Risberg und Christoph Loos. (f.l.t.r.)

### **Bo Risberg, Chief Executive Officer**

Bo Risberg (born 1956, Sweden) has been CEO since January 1, 2007. On the same date his predecessor Pius Baschera assumed the position of Chairman of the Board of Directors. Risberg trained as a mechanical engineer at Queen's University in Canada and acquired a Master of Business Administration at IMD in Switzerland. He joined Hilti in 1999 as Head of the Business Unit Drilling and Demolition. From 2001 to 2006, as a member of the Executive Board, he was responsible for the Business Areas, for the Supply Chain (comprising production, sourcing and logistics) and for New Business & Technology.

### **Dr. Christoph Loos**

Christoph Loos (born 1968, Germany) has been a Member of the Executive Board responsible for employees, finances and IT since January 1, 2007. Subsequent to his training as a banker he earned a doctorate (Dr. oec. HSG) from the University of St. Gallen and worked for several years at an international consultancy in Germany and China. Upon joining Hilti in 2001 he was first charged with Group Development at Hilti headquarters in Schaan before building up Strategic Marketing. At the end of 2003 he moved to Germany, first as Head of Regional Sales and then for two years as General Manager of Hilti Germany.

### **Marco Meyrat**

Marco Meyrat (born 1963, Switzerland) has been a Member of the Executive Board responsible for all Hilti marketing worldwide since the beginning of 2005. With a business degree from the University of St. Gallen he began his career in 1989 as Product Manager at Hilti headquarters in Schaan. After spending several years performing strategic activities for Hilti France and Hilti Germany, he took over as Head of Hilti Switzerland in 1999 and was appointed General Manager of Hilti Germany in 2002, when he became a Member of the Executive Board. Marco Meyrat is a Member of the Board of Directors of OLMERO AG, Glattbrugg.

### **Dr. Stefan Nöken**

Stefan Nöken (born 1965, Germany) has been responsible for the Business Areas, the Supply Chain (comprising production, sourcing and logistics) and New Business & Technology on the Executive Board since January 1, 2007. Following studies in mechanical engineering at Aachen University, where he earned a doctorate, he embarked on a series of professional assignments at the Fraunhofer Institute for Production Technology in Aachen before becoming Senior Vice President Corporate Engineering at Hilti in 2001. In 2004 he was appointed Executive Vice President Supply Chain Management. Stefan Nöken is a Member of the Board of

Trustees of the Fraunhofer Institute for Production Technology in Aachen and Vice President of the Unitech International Society, the network of Europe's leading technical universities.



# The Board of Directors.

**Prof. Dr. Pius Baschera**  
**Chairman of the Board of Directors,**  
**Switzerland**

Pius Baschera (born 1950; re-elected to serve until the 2010 Annual General Meeting) is Chairman of the Board of Directors. He studied mechanical engineering and economic science at the Swiss Federal Institute of Technology Zurich, where he earned his doctorate. In 1979 he came to Hilti as head of financial controlling in the production area. He is currently a Member of the Board of Directors of F. Hoffmann-La Roche Ltd., Basle, and the Schindler Group, a Member of the Advisory Boards of Vorwerk & Co., Wuppertal, and Ardex GmbH, Witten, Chairman of the Board of Directors of Venture Incubator AG in Zug and a Professor of Corporate Management at the Swiss Federal Institute of Technology Zurich.

**Michael Hilti, Schaan, Principality of Liechtenstein**  
Michael Hilti (born 1946; re-elected to serve until the 2012 Annual General Meeting), son of company founder, Professor Martin Hilti, has been a member of the Board of Directors since 1990. He served as Chairman of the Board from 1994 to 2006 before handing over these duties to Pius Baschera on January 1, 2007. Michael Hilti is a member of the Board of Trustees of the Martin Hilti Family Trust. Before being appointed Chairman he was Chief Executive Officer and Managing Director. Michael Hilti

is a Member of the Board of Directors of Hilcona AG, Schaan.

**Heinrich Fischer, Rüschlikon, Switzerland**  
Heinrich Fischer (born 1950; elected until the 2010 Annual General Meeting) has been a member of the Board of Directors since 2007. He graduated in 1973 with an engineering diploma from the Swiss Federal Institute of Technology in Zurich, having studied electrical engineering and technical physics. He then went on to study business economics at the University of Zurich while working in his field, earning a master's degree in 1976. Beginning in 1977 he held key senior management positions at Oerlikon Bührle Holding, Balzers AG (1980 to 1989), and finally at Oerlikon Holding once again (1990 to 1995). From 1996 to 2007 he was Chief Executive Officer at Saurer AG, Arbon. Heinrich Fischer is a Member of the Board of Directors at Schweiter AG, Tecan AG and Gurit AG.

**Ewald H. Hoelker, Vaduz, Principality of Liechtenstein**  
Ewald H. Hoelker (born 1945; re-elected to serve until the 2011 Annual General Meeting) has been a Member of the Board of Directors since 2005. A US citizen with an MBA from the University of North Texas, Ewald Hoelker was, as Executive Board member, responsible for all Hilti marketing regions worldwide up to the end of 2004.

**Dr. Michael Jacobi, Binningen, Switzerland**  
Dr. Michael Jacobi (born 1953; elected until the 2010 Annual General Meeting) was elected to the Board of Directors in 2007. He studied business economics at the University of St. Gallen and at the University of Washington, Seattle, and earned his doctorate from St. Gallen in 1979. From 1978 until 2007 he held various management positions in the financial area of Ciba Geigy AG (now known as Ciba Specialty Chemicals Inc., Basle) in Brazil, the USA and Switzerland, and was Global Chief Financial Officer from 1996 until 2007. Today Michael Jacobi is an independent corporate consultant. Since 2003 he has been a Member of the Board of Directors of Sonova Holding AG, Stäfa and since 2008 a Member



The Board of Directors: Heinrich Fischer, Michael Jacobi, Tis Prager, Pius Baschera, Michael Hilti, Ewald H. Hoelker, Jakob (Jack) Schmuckli. (f.l.t.r.)

of the Board of Trustees of the Martin Hilti Family Trust.

**Dr. Tis Prager, Zumikon, Switzerland**  
Tis Prager (born 1948; elected until the 2010 Annual General Meeting) has been a Member of the Board of Directors since June 1, 2006. He earned a doctorate in law from the University of Zurich in 1975, was admitted to the bar of the Canton of Zurich in 1978 and is a founding member of the Prager Dreifuss law firm in Zurich and Bern, specializing in international commercial law. Among other mandates, Prager is the Chairman of the Board of the IE Engineering Group AG, Zurich, of Hotel Zürich AG (Marriott), a member of the Board of Directors of Bourquin SA, Couvet and of Scherer & Bühler AG, Meggen. He is

also active in STEP, the Society of Trust and Estate Practitioners.

**Jakob (Jack) Schmuckli, Stäfa, Switzerland**  
Jack Schmuckli (born 1940; re-elected to serve until the 2010 Annual General Meeting) was appointed to the Board of Directors of Hilti Corporation in 2001. After a long international career at Sony he currently holds a number of directorships, for the most part in Swiss companies with international operations. Among other posts, Jack Schmuckli is Chairman of the Board of Directors of Wicor Holding AG, Rapperswil, as well as a Member of the Board of Directors of SEZ Holding AG, Zurich.

**Changes**  
On the occasion of the Annual General Meeting on 28th March 2008 Hubertus Christ and Giorgio Behr retired from the Board of Directors. As of December 18, 2008, Giorgio Behr was re-elected to the Board of Directors.



**We continue to grow.**


Wir begeistern unsere Kunden. We passionately create enthusiastic customers.



Christoph Loos, Member of the Executive Board: "We will achieve our goal – sustainable profitable growth – only if we have satisfied customers, employees and suppliers and by having a positive influence on both the environment and society."







In the past years almost 21,000 employees worldwide have played their part in ensuring that Hilti grows in conformance with its corporate strategy. Despite the economic crisis the group was able to expand its market share and sustain its position in the global market.

## Hilti maintains course for growth

The Hilti Group continued to grow in 2008. The 7 percent increase in sales in local currencies showed a very positive performance despite hugely challenging market conditions, while the smaller increase of 1 percent in sales reported in Swiss francs – from 4,667 million to 4,700 million – showed the impact of extremely negative currency influences.

The global economy's further deterioration throughout 2008 affected the building sector in many countries. The situation worsened dramatically in many countries, particularly in the last quarter of the year. Nevertheless, the Hilti Group stood its ground in the market. The growth trend continued with a 7 percent increase in sales in local currencies, a very respectable result in comparison to past record years. Regional growth rates varied widely in 2008 with disproportionately high growth in local currencies in the Near/Middle East and Africa of 41 percent and Asia/Pacific of 16 percent as well as low single-digit growth of 2 percent in North America. In Europe, the largest sales region, growth slowed to 5 percent despite a continuing positive trend particularly in the German-speaking region.

### Very strong negative currency effects

Currency trends had a very strong negative effect on The Swiss franc's strong appreciation against almost all international currencies reduced total sales growth to a 1 percent increase in Swiss francs. These extremely negative currency effects combined with continued high investments – particularly in research & development and sales – weighed considerably on both the operating result and net income.

The operating result of 450 million Swiss francs in 2008 fell 16 percent short of the previous year. Removing the effects of negative currency influences, however, it increased 3 percent over the record result posted in 2007.

Currency adjustments had a particularly strong impact on net profits, which fell from 422 million to 243 million Swiss francs. Non-cash-flow-relevant conversion

effects on balance sheet items resulted in additional charges of slightly more than 100 million Swiss francs to the financial result. In terms of group net income, the currency influences had a negative impact of slightly more than 200 million Swiss francs.

In addition to growth in sales in local currencies, the continued strong operational performance of the Hilti Group also is reflected by the development of cash flow from operating activities, which at 437 million Swiss francs in 2008 was only 3.5 percent below the previous year's high level.

Currency translation effects had a corresponding impact on the equity ratio as at December 31, 2008. However, at 58 percent, it remains at a very solid level.

### Outlook

As a result of the continued adverse economic environment and unpredictable trends in the global economy and currency developments, the Hilti Group expects 2009 to be a year without growth.

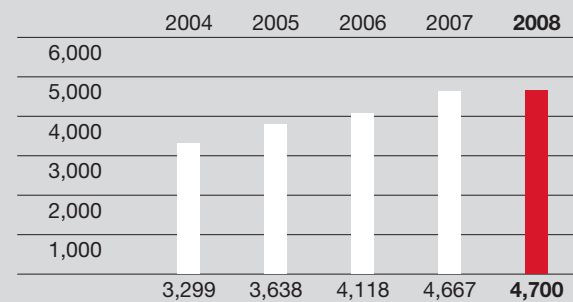
Notwithstanding the dismal outlook for the near future, the Hilti Group remains fully committed to its ambitious 2015 growth targets and will continue to invest in strategically important sectors, e.g. in research & development, including the planned innovation center in Schaan (Liechtenstein) as well as the global production structure with a new plant in Mexico and plant expansions in Thüringen (Austria), Kaufering and Strass (Germany). The Hilti Corporation is thus paving the way to further expand its market share through growth, differentiation and productivity.

**450**  
million Swiss francs  
was the operating  
result of the Hilti  
Group in 2008.

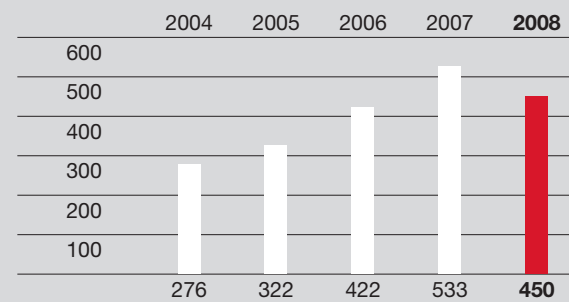


## Key figures.

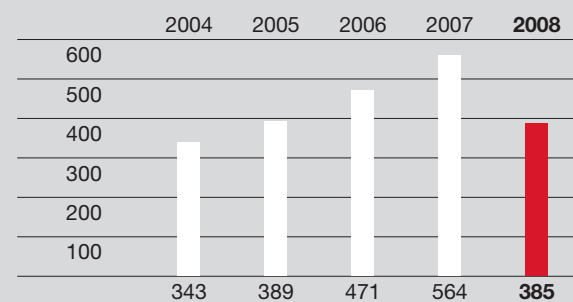
### Net sales (in CHF million)



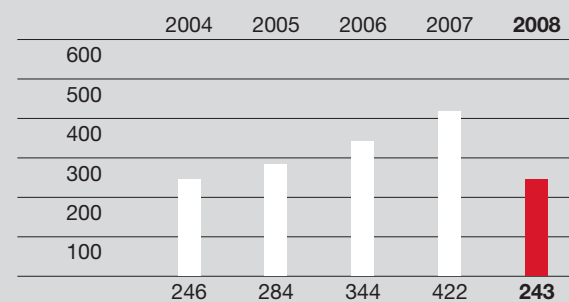
### Operating result (in CHF million)



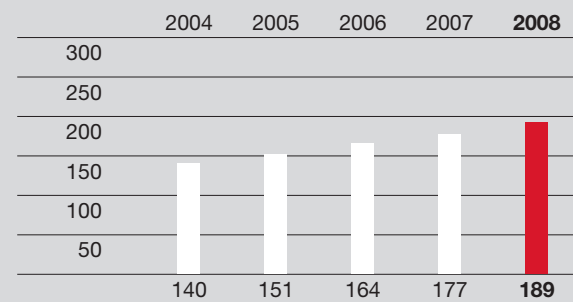
### EBIT (in CHF million)



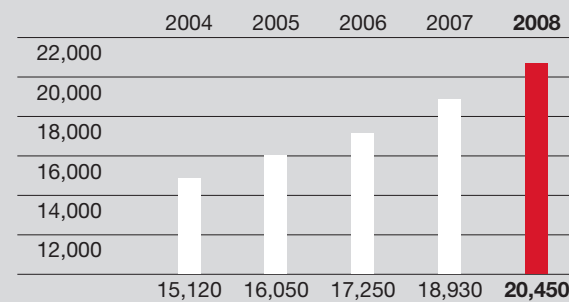
### Net income (in CHF million)



### Research and development expenditure (in CHF million)



### Employees (average of year)



### Important note

The following pages contain extracts from the 2008 financial report of the Hilti Group. Because these pages do not contain the full consolidated financial statements, they do not present complete information about the financial position, financial performance and cash flows of the Hilti Group for 2008. Complete information, including the notes to the consolidated financial statements, is contained in the 2008 financial report which

will be available on the Group's website ([www.hilti.com](http://www.hilti.com)) from late March 2009.

The full 2008 consolidated financial statements which are included in the 2008 financial report have been prepared in accordance with international financial reporting standards (IFRS).

### Consolidated income statement of Hilti Group for year ending December 31

(amounts in CHF million)

	2008	2007
Net sales	4,699.5	4,666.5
Other operating revenues	63.8	53.1
<b>Total operating revenues</b>	<b>4,763.3</b>	<b>4,719.6</b>
Change in inventory	35.9	39.5
Material costs	(1,508.0)	(1,459.0)
Personnel expenses	(1,741.3)	(1,712.8)
Depreciation and amortization	(184.9)	(180.8)
Other operating expenses	(915.4)	(873.6)
<b>Total operating expenses</b>	<b>(4,313.7)</b>	<b>(4,186.7)</b>
<b>Operating result</b>	<b>449.6</b>	<b>532.9</b>
Share of profit / (loss) of equity-accounted associates and joint ventures	0.7	0.7
Other revenues and expenses (net)	(65.8)	30.3
<b>Earnings before finance costs and income tax expense (EBIT)</b>	<b>384.5</b>	<b>563.9</b>
Finance costs	(76.3)	(68.0)
<b>Net income before income tax expense</b>	<b>308.2</b>	<b>495.9</b>
Income tax expense	(65.7)	(74.3)
<b>Net income</b>	<b>242.5</b>	<b>421.6</b>
<b>Attributable to:</b>		
Equity holders of the company	243.6	421.6
Minority interest	(1.1)	–

The notes to the consolidated financial statements which immediately follow the consolidated cash flow statement are an integral part of, and should be read in conjunction with, the consolidated balance sheet, the

consolidated income statement, the consolidated statement of recognized income and expense and the consolidated cash flow statement.



**Consolidated balance sheet of Hilti Group as at December 31** (amounts in CHF million)

ASSETS	2008	2007
Intangible assets	248.1	207.5
Property, plant and equipment	775.8	744.5
Investment property	5.2	5.6
Investments in associates and joint ventures	6.7	6.7
Deferred income tax assets	102.4	124.1
Other financial investments	12.4	13.5
Trade and other receivables	259.2	189.5
Derivative financial instruments	–	–
<b>Total non-current assets</b>	<b>1,409.8</b>	<b>1,291.4</b>
Inventories	706.1	681.9
Trade and other receivables	1,042.7	1,129.1
Current income taxes receivable	6.6	8.7
Accrued income and prepayments	80.7	71.2
Derivative financial instruments	17.9	2.6
Financial assets at fair value through profit or loss	34.4	44.6
Cash and cash equivalents	906.1	627.9
Assets classified as held for sale	–	3.9
<b>Total current assets</b>	<b>2,794.5</b>	<b>2,569.9</b>
<b>TOTAL ASSETS</b>	<b>4,204.3</b>	<b>3,861.3</b>

EQUITY AND LIABILITIES	2008	2007
Minority interest in equity	0.5	–
Equity attributable to equity holders of the company	2,428.6	2,483.2
<b>Total equity</b>	<b>2,429.1</b>	<b>2,483.2</b>
Provisions	92.9	132.4
Pension and termination benefit obligations	135.5	80.8
Deferred income tax liabilities	31.3	48.3
Bonds	446.4	148.0
Long-term bank borrowings	100.5	8.1
Trade and other payables	20.2	18.3
Derivative financial instruments	2.2	–
<b>Total non-current liabilities</b>	<b>829.0</b>	<b>435.9</b>
Provisions	101.3	63.1
Trade and other payables	292.7	318.8
Current income taxes payable	115.4	118.2
Accrued liabilities and deferred income	305.4	358.7
Short-term bank borrowings	126.8	74.8
Derivative financial instruments	4.6	8.6
<b>Total current liabilities</b>	<b>946.2</b>	<b>942.2</b>
<b>Total liabilities</b>	<b>1,775.2</b>	<b>1,378.1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,204.3</b>	<b>3,861.3</b>

Equity comprises share capital (176,000 registered shares with par value of CHF 500 each) and participation capital (774,400 participation certificates with par value of CHF 50 each) as well as reserves.



Consolidated statement of recognized income and expense of Hilti Group  
for year ending December 31 (amounts in CHF million)

	2008	2007
Gains/(losses) on cash flow hedges taken to equity	3.8	2.6
Gains/(losses) on cash flow hedges transferred from equity to income statement	2.3	(7.7)
Actuarial gains/(losses) on defined benefit plans	(68.6)	17.3
Foreign currency translation differences	(122.4)	6.2
Deferred tax on items taken directly to or transferred from equity	3.3	(4.2)
Net income recognized directly in equity	(181.6)	14.2
Net income per income statement	242.5	421.6
Total recognized income and expense	60.9	435.8
Attributable to:		
Equity holders of the company	60.9	435.8
Minority interest	–	–

Consolidated cash flow statement of Hilti Group  
for year ending December 31 (amounts in CHF million)

	2008	2007
Cash flow from operating activities before interest and tax	537.0	541.6
Interest received	14.3	19.0
Interest paid	(44.4)	(36.9)
Income tax paid	(70.0)	(71.0)
Cash flow from operating activities	436.9	452.7
Capital expenditure on intangible assets	(84.5)	(64.9)
Capital expenditure on property, plant and equipment	(217.4)	(181.8)
Acquisition of Bhukhanvala Diamond Systems	(6.5)	–
(Increase) / decrease in financial investments	9.1	0.2
Disposal of intangible assets	–	0.1
Disposal of property, plant and equipment	15.6	6.4
(Increase) / decrease in finance lease receivables	(160.4)	(122.5)
Cash flow from investing activities	(444.1)	(362.5)
Increase / (decrease) in long-term bank borrowings	101.2	(2.8)
Increase / (decrease) in short-term bank borrowings	59.4	(132.0)
Increase / (decrease) in bonds	297.7	(200.0)
Transaction with shareholder	(18.3)	7.1
Dividend paid	(116.6)	(111.5)
Cash flow from financing activities	323.4	(439.2)
Effects of exchange rate changes on cash and cash equivalents	(38.0)	(1.1)
Total increase / (decrease) in cash and cash equivalents	278.2	(350.1)
Cash and cash equivalents at January 1	627.9	978.0
Cash and cash equivalents at December 31	906.1	627.9



Key figures of Hilti Group

	2008	2007	2006	2005	2004
Results (CHF million / %)					
Net sales	4,700	4,667	4,118	3,638	3,299
Depreciation and amortization	185	181	171	164	163
Operating result	450	533	422	322	276
EBIT	385	564	471	389	343
Net income before tax	308	496	401	322	279
Net income	243	422	344	284	246
Return on assets (RoA) in % (Net income + finance costs)	7.9%	12.8%	11.6%	10.9%	10.5%
Return on equity (RoE) in % (Net income)	9.9%	18.2%	17.1%	16.3%	16.1%
Balance sheet (CHF million / %)					
Equity	2,429	2,483	2,159	1,854	1,624
Equity in % equity and liabilities	58%	64%	57%	55%	53%
Non-current liabilities	829	436	455	532	699
Current liabilities	946	942	1,165	987	724
Capital expenditures on intangible assets and on property, plant and equipment	290	246	242	204	175
Intangible assets and property, plant and equipment	1,024	952	889	821	775
Other non-current assets	386	339	247	196	193
Current assets	2,795	2,570	2,643	2,356	2,079
Total assets	4,204	3,861	3,779	3,373	3,047
Dividend*	96	117	112	93	71
Employees (average of year)	20,450	18,930	17,250	16,050	15,120

\* As proposed by the Board of Directors

2008 sales growth year on year

	2008	2007	Change	Change
	in CHF million	in CHF million	in CHF million	in local currencies (%)
Europe	3,086	3,037	2	5
North America	859	939	(9)	2
Latin America	111	109	2	10
Asia / Pacific	450	414	9	16
Near / Middle East and Africa	194	168	15	41
Group	4,700	4,667	1	7



## For a better company.

Hilti has committed itself to corporate responsibility, in particular to human rights, labor norms, the environment and the fight against corruption. It will continue to fulfill this obligation on a daily basis, now and in the future.

**2006**  
is the year in which  
Hilti signed the  
Global Compact.

For many years we have maintained a distinct corporate culture based on high ethical standards that are far in excess of the legal minimum. This corporate culture and our pledge to take steps against corruption culminated in our signature on the Partnering against Corruption Initiative (PACI) in 2004 at the World Economic Forum (WEF) in Davos. Together with other engineering and construction companies we undertook to introduce global anti-corruption principles.

Two years after the signing of PACI we joined the UN Global Compact. This is an international initiative of the United Nations initiated on January 31, 1999 on the occasion of an address by Kofi Annan at the WEF in Davos. The purpose of the UN Global Compact is to promote the social commitment of businesses by joint actions and to meet the challenges of globalization. The UN Global Compact is founded on ten principles pertaining to human rights, working standards, environmental protection and the fight against corruption.

The UN Initiative “Caring for Climate” is an offshoot of the UN Global Compact. It lobbies for a better environment and is primarily dedicated to the climate change. We signed this supplementary convention in 2007, committing ourselves to increased energy efficiency and reduced CO<sub>2</sub> emissions relatively to the business development.

The communication and development of responsible business practices is essential in the face of increasing demands on the sustainable development of companies. In order to satisfy this call for sustainable, comparable and transparent reporting we have decided to apply the principles of the Global Reporting Initiative (GRI) to our sustainability reporting. The UN Global Compact and GRI are voluntary initiatives dedicated to the promotion of universal principles by showing enterprises how to render accounts and increase performance. The GRI guidelines serve as instruments for sustainable reporting to gauge progress and publish the results, measured by the principles of the UN Global Compact.

### Continued responsibility

In our endeavors to achieve the above goals of PACI, the UN Global Compact and Caring for Climate we are confronted with the major challenges of enhancing people’s awareness and putting the standards into practice. This requires making allowances for intercultural differences and local conditions. Hilti has made good progress in this respect and encourages its staff worldwide to take this course. We lose no opportunity to stress that we have a policy of zero tolerance toward any form of bribery and corruption – in all of our business transactions and activities worldwide – and we consistently implement this policy that is based on the Hilti Code of Conduct with internal instructions in the Intranet, e-learning programs and anti-corruption training.

UN Global Compact	GRI Indicators	Activities / Measures 2008
<b>Human Rights</b>		
<b>Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence; and <b>Principle 2:</b> make sure that they are not complicit in human rights abuses.	<b>LA8:</b> education, training, counseling, prevention and risk-control programs in place to assist workforce members, their families or community members regarding serious diseases. <b>HR2:</b> percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	<ul style="list-style-type: none"><li>• Consistent implementation of the Mission Statement, which calls for acting responsibly towards both society and the environment (pages 3, 68 and 71).*</li><li>• Code of Conduct for production and sourcing: audits of existing suppliers; since 2007 potential new suppliers have had to pledge their commitment to compliance with the Code of Conduct in writing and submit to an audit before being considered for a contract (page 71).*</li></ul>
<b>Labor Norms</b>		
<b>Principle 3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining, as well as <b>Principle 4:</b> the elimination of all forms of forced and compulsory labor; <b>Principle 5:</b> the abolition of child labor; and <b>Principle 6:</b> the elimination of discrimination in respect of employment and occupation.	<b>HR6:</b> operations identified as having significant risk for incidents of child labor and measures taken to contribute to the elimination of child labor. <b>HR7:</b> operations identified as having significant risk for incidents of forced or compulsory labor and measures taken to contribute to the elimination of forced or compulsory labor.	<ul style="list-style-type: none"><li>• Adaptation of general working conditions at Hilti headquarters in Schaan (FL).</li><li>• Development of an internal guideline called “protection of personnel rights” for employees at Hilti headquarters in Schaan (FL). Examples: protection against discrimination at the workplace, sexual harassment, mobbing.</li></ul>
<b>Environmental Protection</b>		
<b>Principle 7:</b> Businesses should support a precautionary approach to environmental challenges; <b>Principle 8:</b> undertake initiatives to promote greater environmental responsibility; and <b>Principle 9:</b> encourage the development and diffusion of environmentally friendly technologies.	<b>EN3:</b> direct energy consumption by primary energy source (page 72). <b>EN5:</b> energy saved through environment-friendly use and increased efficiency (pages 40-43). <b>EN7:</b> initiatives to reduce indirect energy use; savings made (pages 39-43). <b>EN16:</b> entire direct and indirect greenhouse gas emissions by weight (page 72). <b>EN18:</b> initiatives to reduce greenhouse gas emissions; results achieved (pages 14-15, 39-41). <b>EN22:</b> total weight of waste by type and disposal method (page 73). <b>EN26:</b> initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation (page 73).	<ul style="list-style-type: none"><li>• Hilti has undertaken to introduce systematic sustainability management with the respective responsibilities (pages 3, 39 and 68).</li><li>• Hilti maintains a comprehensive supplier audit management system to ensure that the ecological and social standards defined in the Code of Conduct are rigorously upheld by our suppliers (pages 68 and 71).</li><li>• Hilti Germany has installed 60 solar panels on the canteen at the Kaufering (D) site. Together they supply about 21,000 kWh of renewable energy and reduce annual CO<sub>2</sub> emissions by about 15 tons.</li></ul>
<b>Combating Corruption</b>		
<b>Principle 10:</b> Businesses should work against corruption in all its forms, including extortion and bribery.	<b>SO4:</b> actions taken in response to incidents of corruption.	<ul style="list-style-type: none"><li>• Continued training in one regional meeting, four market organizations, four plants and at Headquarters.</li><li>• Annual confirmation requirement of local adherence to Hilti’s anti-corruption (zero tolerance) policy signed by the General Manager. Appropriate measures taken in response to suspicious incidents (two persons dismissed, several undergoing further investigations).</li><li>• Continued internal audit to ensure local implementation of compliance program.</li><li>• Appointment of two new persons in the compliance department.</li><li>• Improvement of the compliance process.</li><li>• Establishing of a compliance Intranet page.</li><li>• Progress Report to PACI (“PACI’s 2008 Highlighting Achievers Mechanism”).</li><li>• Benchmark. (pages 3 and 68)</li></ul>

\* Measures also refer to the principle “labor norms”.



# Corporate culture.

## The people at Hilti

Hilti's distinct corporate culture is the basis on which employees achieve success for themselves and the company. We make a great effort to constantly implement this culture and promote the personal development of each individual team member.

	2008	2007	2006	2005
Number of working days employees have used for Corporate Culture Workshops	35,000	38,000	32,000	16,000
Expenditure for Corporate Culture Workshops (in CHF million)	11.4	13.2	12.5	6.8
Fluctuation	14%	14%	13%	13%
Integration Success Rate*	79%	83%	82%	80%
Open management positions filled with internal candidates	80%	82%	76%	82%
Number of apprentices worldwide	320	296	302	296
Average number of employees	+8.0% 20,450	+9,7% 18,930	+7,5% 17,250	+6% 16,050

\* The Integration Success Rate measures the number of employees who joined Hilti during the past two years and are still employed at the company.

# Suppliers.

## Hilti suppliers must comply with a Code of Conduct for Suppliers

Hilti has laid down a Code of Conduct (CoC) for cooperation with its suppliers. Suppliers worldwide are required to undergo the respective evaluation audit in order to gain approval. Again in 2008 the company trained auditors and qualified new supplier auditors in practice under an extensive program, to ensure it an adequate auditor pool. With the aim of expanding the company's relevant know-how and experience, a benchmark was established with renowned, comparable companies. This confirms the Hilti approach in supplier evaluation and approval.

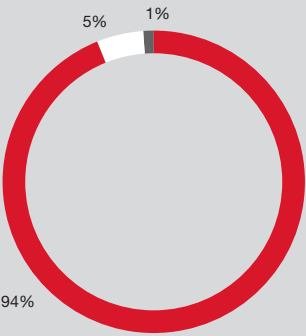
Suppliers* who have signed the CoC:	100%
Proportion of suppliers* audited in 2008:	27%
Additional proportion of suppliers* who besides the evaluation audit were audited for actual compliance with the CoC:	7%
Proportion in Asian and East-European countries increased to 45%. Improvement potential was agreed with these suppliers as appropriate; its implementation will be monitored in follow-up audits.	
In 2008 all manufacturers of Hilti clothing articles (jackets, shirts, T-shirts, caps, etc.) were additionally audited by an external accredited partner with regard to the Code of Conduct for Suppliers.	

\* These suppliers account for over 90% of the procurement volume of direct production material.

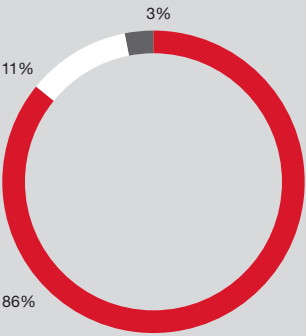
## Employees exhibit a high level of identification and commitment

A survey of Hilti employees worldwide is carried out once a year. In 2008 the participation rate of this Global Employee Opinion Survey (GEOS) was 90%.

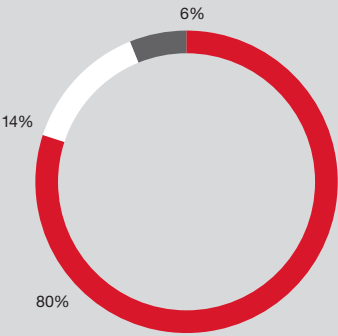
■ Favorable ■ Neutral ■ Unfavorable



**94%**  
are willing to do the outmost for Hilti



**86%**  
are proud to work for Hilti



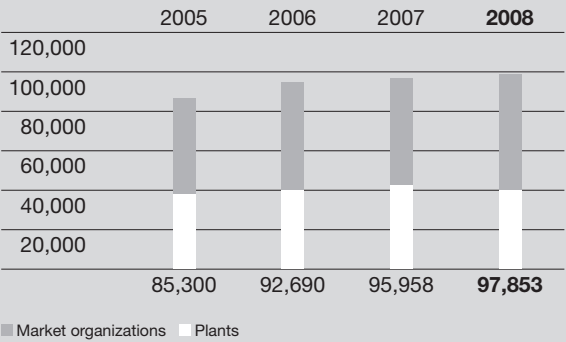
**80%**  
would recommend Hilti as a great place to work



Environment-related key data.

CO<sub>2</sub> and energy consumption

CO<sub>2</sub> consumption of Hilti Corporation (total) (in t) CO<sub>2</sub> equivalent

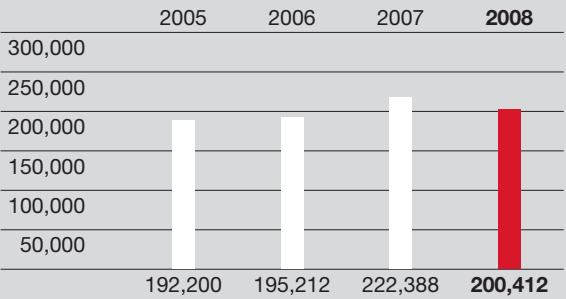


Comments:

- CO<sub>2</sub> emissions calculated for Hilti as a whole, split into market organizations and plants.
- Overall CO<sub>2</sub> emissions increasing due to growing sales force.

Waste production and water consumption at Hilti plants worldwide

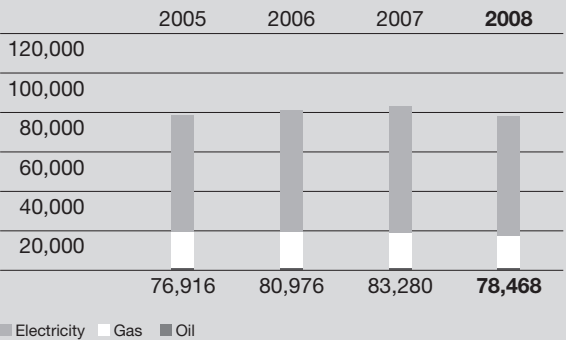
Water consumption (in m<sup>3</sup>)



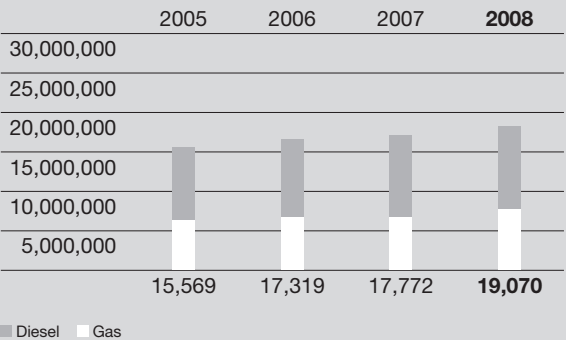
Comments

- Data reflecting all Hilti plants
- Results cover water & waste consumption

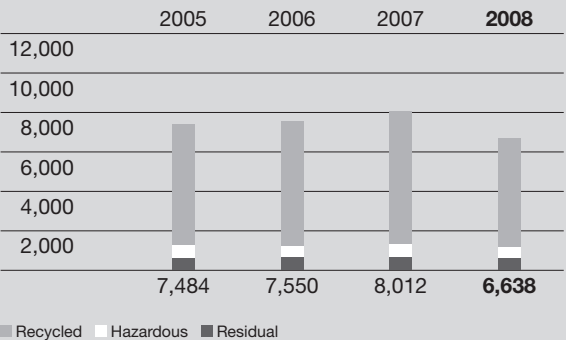
Energy consumption in the Hilti plants (in MWh) energy



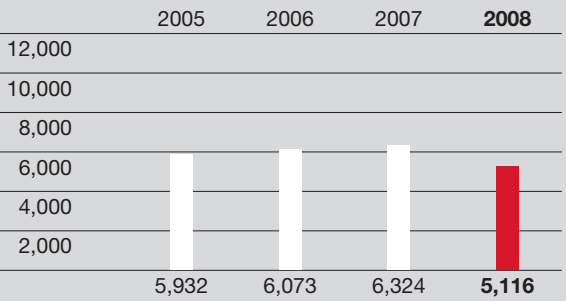
Fuel consumption in the eleven top-selling market organizations (in million liters fuel)



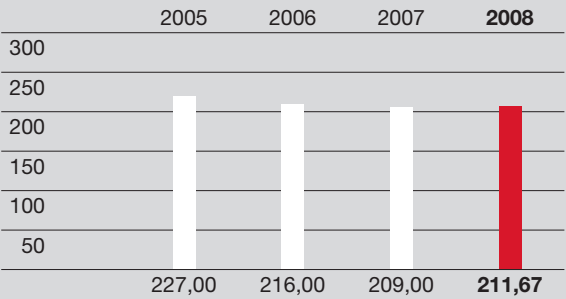
Total waste production (in t)



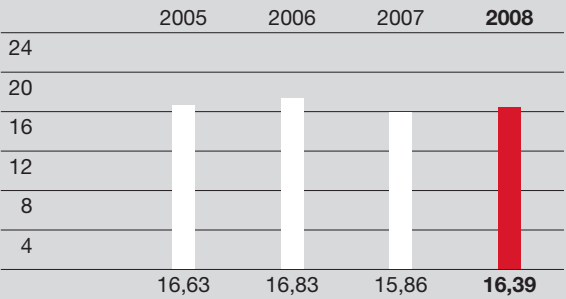
Residual waste (in t)



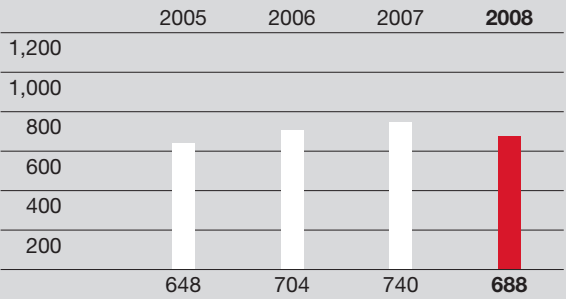
CO<sub>2</sub> consumption in the plants (in t) CO<sub>2</sub> equivalent/value-added (millions)



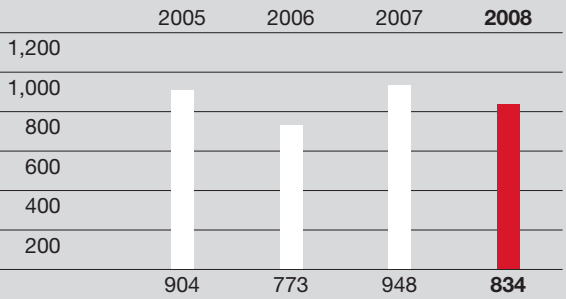
CO<sub>2</sub> consumption in the eleven top-selling market organizations (in t) CO<sub>2</sub> equivalent/net sales (in million CHF)



Recyclable materials (in t)



Hazardous materials (in t)





# The Hilti trades.



## Structural engineering

In the structural engineering segment we strive to fulfill the needs of construction companies worldwide. We are primarily involved in construction and renovation projects in the residential, commercial, industrial and infrastructure sectors. We endeavor to be the preferred partner. This we achieve on a daily basis with exceptionally reliable and powerful products and system solutions, combined with first-rate service.



## Civil engineering

We strive to be the preferred partner in fastening systems for house owners, planners and civil engineering companies (transport, power stations, water treatment and sewage plants). We achieve this with innovative products and services, optimum technical advice and all-in-one solutions with the best possible price-performance ratio. With our robust and reliable equipment, together with the high performance and durability of materials, we guarantee our customers safe, productive and profitable work procedures.



## Steel and metal

Backed by innovative system solutions and services combined with optimum technical advice, we have succeeded in becoming the world's premier fastening specialist for home owners, planners and businesses in the metal construction sector.



## Interior finishing

In interior finishing we want to support our partners in boosting productivity. For this purpose we supply a broad range of reliable products and services. Interior finishing includes companies working in the following sectors: dry wall and ceiling construction, floor and tile laying, painting as well as door and window installation.



## Heating, sanitary and air conditioning

Our aim is to competently and reliably support planners and project managers in the heating, sanitary and air conditioning sector. We achieve this with the most innovative products and services, outstanding technical advice and all-in-one solutions along our customers' supply chain. The unequalled robustness and dependability of our equipment, coupled with the high performance and durability of our materials, assist our customers in boosting productivity and guaranteeing safe working procedures.



## Electrical

We strive to be the best partner and supplier of electrical equipment, fastening systems and fire protection for electricians and technicians in the telecommunications sector. We create enthusiastic customers with genuine added value in productivity, dependability, ergonomics and safety. Our solutions in key applications for through-holes in ceilings and walls, surface- and flush-mounting of electrical installations, conducting and fastening cable support systems, lighting and other electrical consumers are unsurpassed.



## Diamond drilling and sawing

Hilti diamond drilling and sawing systems offer optimum support to concrete cutting specialists in providing professional solutions for their tasks. Our tools and devices permit significantly more economical handling of construction projects and ensure the highest quality and safety standards. Our specialized sales office advises customers individually and competently. At the same time we support them with unique services and a perfectly functioning international logistics system.



Combi Hammer TE 70-ATC with Dust Removal System TE DRS-B



Battery Dispenser ED 3500-A with High Performance Injection System HIT-RE 500-SD



Screw Anchor HUS-HR



Rotating Laser PR 26 with Laser Receiver PRA 26



Residential Pipe Ring MP-LHI



Gas Actuated Tool GX 120-ME



Diamond Coring Tool DD 500 with Core Bit DD-B P2





### **Mining**

We strive to offer the best solutions worldwide for handheld production drilling, ground control rock bolting, infrastructure build-up, extension and utility in the mining industry. Our innovative value-added system solutions, professional project management for on-site implementation and professional services above and below ground result in a significant increase in productivity and improved safety for our customers. The focus is thereby placed on the application and its incorporation in mining operations.



### **Solar**

Whether it's large-scale solar parks, commercial flat roofs or residential pitched roofs: Hilti offers modular mounting racks for safe and corrosion-resistant mounting for just about every type of module. Our extensive planning and logistics services enable cost reductions in solar energy systems to make them more competitive. A high degree of competence in consultancy, which we offer during all phases of the project, allows our customers to save time and avoid making mistakes – in 120 countries worldwide.



### **Energy**

On oil or gas platforms, in refineries and petrochemical plants or for shipbuilding and other energy recovery applications – our products and services are employed in all sectors of the energy industry. In the planning phase our innovative software solutions save professionals time, for example in installation. In the construction or maintenance phase, in the installation of grating or fastening of steel we support them with our direct fastening systems.

**We create success for our customers. We identify their needs and offer innovative solutions with supreme added value.**



Rock Drilling System TE MD 20



Cordless Impact Screwdriver  
SID 144-A



Powder Actuated Fastening  
Tool DX 351 BT with Threaded  
Stud X-BT