

HILTI

Annual Report
2007

with Sustainability Report



Once again, significant organic growth
How Hilti steers sustainability
Red shell - sophisticated core
Supply Chain shapes up for further growth

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The company in brief

Hilti provides leading-edge technology to the global construction industry. Hilti products, systems and services offer the construction professional innovative solutions with outstanding added value. The headquarters of the Hilti Group are in Schaan in the Principality of Liechtenstein.

Some 20,000 employees, in more than 120 countries around the world, enthuse their customers and build a better future. The corporate culture is founded on integrity, courage, teamwork and commitment.

Hilti excels through outstanding innovation, top quality, direct customer relations and effective marketing. Two-thirds of the employees work directly for the customer in sales organizations and in engineering, which means a total of more than 200,000 customer contacts every day. Hilti has its own

production plants as well as research and development centers in Europe and Asia.

Founded in 1941, the worldwide Hilti Group evolved from a small family company. Since 2000, the Martin Hilti Family Trust holds all shares and, since January 2008, all participation certificates of Hilti Corporation. This safeguards the further development of the company founder Martin Hilti's life's work in the long term.

Hilti upholds a clear value orientation and pursues a policy of stakeholder value. Integrating the interests of all the company's partners – customers, suppliers and employees – into its strategy and actively honoring its social and ecological responsibility creates the foundation of trust that makes possible the long-term success of the company. ■

Hilti Group: sustainable success

// The strong economy put wind in our sails in 2007. At the same time, we also took full advantage of our ability to make the very best of a business upturn. For the fourth year in a row we expanded our worldwide sales network and thus garnered additional market share, as witness our sales growth of 13 percent. We have grown further under our own steam, and our profitable growth is continuing: thanks also to a healthy increase in productivity, our operating result in 2007 rose by 26 percent to 533 million Swiss francs.

Behind this accomplishment is a global team capable of conveying its enthusiasm to customers – as well as attracting new team members: the average number of employees rose in 2007 by 10 percent to reach 18,930, with 1389 new team members alone working in sales. We intend to further build up our efforts in that field in the year to come, in order to meet future economic fluctuations from a position of strength.

For many years now, we have firmly believed that economic success can only be sustained by meeting the needs of all major stakeholders, including our society and the envi-

ronment. For this reason, acting with a sense of social and ecological responsibility is a fixture of our Mission Statement. So when we talk about “building a better future,” we mean every word of it. And this same conviction is behind our decision to publish information about our economic development together with an account of our sustainability in one single Annual Report.

We stand by the principles of the UN Global Compact, which we signed in early 2006. We strive with resolve to make them a reality – increasingly and with ever greater insistence in the case of our suppliers too, as you will read on page 31, training our own auditors for the task as well.

You will find more information on sustainability in this Annual Report than in last year's. Part of the reporting processes for the measurement of aspects of sustainability relevant to us is now in place, and we can put figures to activities and chart performance over the course of several years. We consider our progress toward social and ecological sustainability a journey, just as we do the development of our corporate culture. As we continue on this road we are constantly capable of further



Bo Risberg (left) and Pius Baschera: The company saw further organic growth in 2007.

improvement and can continuously enhance the interaction among the economic, social and ecological aspects of our business.

This same dedication to the twin principles of development and continuity is reflected in our personnel policy, with the changing of the guard on our Executive Board and

Board of Directors, so carefully prepared in 2006, now successfully completed.

We would like to express our sincerest thanks to the people around the globe who have made our success possible: to our customers, our employees, our partners and our suppliers. **//**

Pius Baschera

Chairman of the Board of Directors

Bo Risberg

Chief Executive Officer

" We create enthusiastic customers "

Hilti employees follow the Mission Statement in their everyday work. It provides them with a foundation for effective collaboration, personal development and success.

Mission Statement

We create enthusiastic customers and build a better future!

Enthusiastic customers

We create success for our customers by identifying their needs and providing innovative and value-adding solutions.

Build a better future

We foster a company climate in which every team member is valued and able to grow.

We develop win-win relationships with our partners and suppliers.

We embrace our responsibility toward society and environment.

We aim to achieve significant and sustainable profitable growth, thus securing our freedom of action.

We live our values

The foundation of our culture is integrity, courage, teamwork and commitment.

Our culture

We share a common purpose.

We take self-responsibility for the development of the business, our team and ourselves.

We encourage, coach and support each other to achieve outstanding results.

Our culture is a journey – Our Culture Journey.

People

We have excellent team members.

We expect high performance and we offer high incentives.

We recruit and develop our people based on their competencies, accomplishments and potential.

We give them the chance to grow with us as part of a team and to develop a long-term career within the Hilti Group.

Our "Champion 3C Strategy"

Customer: We want to be our customers' best partner. Their requirements drive our actions.

Competency: We are committed to excellence in innovation, total

quality, direct customer relationships and effective marketing.

Concentration: We focus on products and markets where we can achieve and sustain leadership positions.

We accomplish our purpose through global processes

All of our activities are derived from our strategic imperatives "Product Leadership," "Market Reach" and "Operational Excellence."

In order to continuously improve customer satisfaction and productivity, our approach is based on the highest level of harmonization and ongoing optimization of our business processes. ■





"This is how we organize and steer sustainability"

An integral part of the Hilti Mission Statement and business model is the aim to grow profitably over the long term, by means of its positive influence on employees, customers, suppliers, society and environment as well as the way these stakeholders interact positively with each other. A vision of sustainability integrated to this degree demands a systematic approach and transparency, as outlined below by Executive Board member Christoph Loos.



Christoph Loos:
"A core team sets the agenda for our sustainability."

Mr. Loos, a company which aims at comprehensive sustainability must surely lay the groundwork for it in its strategy.

Christoph Loos: I think sustainability needs to start even earlier, in the attitude of management and employees. They must believe in the entire approach so they can act on the strategy with a whole heart.

That's why we made our responsibility to our crucial stakeholders part of our Mission Statement, summed up in the sentence "We build a better future." This responsibility was part of our company tradition before anyone was talking about sustainability. Seen from today's point of view, however, we weren't systematic enough, nor were we terribly transparent, whether internally or externally.

Well, in the meantime Hilti initiated an internal sustainability management project in 2004, agreed to the UN Global Compact in 2006, signed the Caring for Climate Convention in 2007 and speaks out against all forms of corruption.

Christoph Loos: That is all true, and important. We might also note that, beginning as early as 1998, all production plants as well as product development of the individual Business Units, and now some of our national organizations too, were certified to the ISO 14001 environmental standard.

Now, in order to address this matter in an orderly and sustainable fashion, we have created the necessary organizational structures, which were launched in January 2008. Human resources, part of my mandate on the Executive Board, is responsible for all support and activities which affect our employees directly – in line with our vision of Hilti as a "great place to work."

Legal affairs is home to our Chief Compliance Officer, who has already been named and who is charged with the issue of corruption, as well as the person responsible for all our activities as a "great citizen," our involvement in the environment in which we work. Health & Safety and Environment, meanwhile, have a new unit all of their own, whose head reports directly to Executive Board member Stefan Nöken.

The people handling these assignments make up our sustainability core team, setting the agenda and an annual plan for our activities in that area, reporting regularly, and coordinating the collaboration of the Hilti Group and the Hilti Foundation on "great citizen" projects.

That's a lot of work for our core team!

Christoph Loos: Well, the way we see it, sustainability has many facets. And, as you can see from the articles in this year's Annual Report, we're already doing a pretty good job of covering them. But we can still do much better. We think of the continuing expansion of our sustainability as a journey, just as we do the development of our corporate culture. And as we continue down that path, we will not cease to become more sophisticated, increase our commitment and refine our system. Just as we are doing with our economic sustainability, we aim to steer the efficiency and

Systematic responsibility

Only a company which shoulders its responsibility to society and the environment can grow profitably over the long term. This belief is well entrenched at Hilti; over the last three years it has been lent additional support with the phasing in of sustainability management, which is now being further expanded and systematized within the organization.

In their Mission Statement, Hilti employees vow to “build a better future.” This is their way of expressing their traditionally strong sense of responsibility toward society and environment. Systematized sustainability management began in 2004, when the direction to be taken by the management system was clearly sustainability, building on numerous environmental protection activities in production and product development, a strong corporate culture and a variety of social projects. Accordingly, the Executive Board initiated

its “Sustainability Management at Hilti” project.

It began with an intensive stakeholder dialogue, to identify individual topics and establish a priority list. Together with ongoing projects and activities, this led to a comprehensive project portfolio, the “Sustainability Roadmap.” Elements of this portfolio were concerned with the development and launch of appropriate processes and steering instruments. A newly defined ecological management process, for instance, is applicable

to plants and product development as well as to sales organizations in specific countries, a first for Hilti. Hilti management’s core steering instrument, its so-called “Value Cockpit,” was gradually supplemented with indicators designed to track the achievement of sustainability, some of which are included in this Annual Report.

One crucial milestone was the creation of a new organizational approach to sustainability management, intended to establish an organizational structure that would

over the long term ensure the development and implementation of strategic initiatives with an eye to sustainable corporate management, and which would constitute the backbone of systematic sustainability management. The result of this work is a sustainability core team, headed by Christoph Loos and Stefan Nöken, both members of the Executive Board. It covers the entire range of sustainability issues, from its social to its ecological aspects. For more details, see the interview with Christoph Loos opposite. ■

the effectiveness of our sustainability measures in the areas of society, education, culture, health and safety, and the environment. This will in turn mean greater transparency in the interaction among our key stakeholders.

You mention society, education and culture. How do the commitments of the Hilti Group differ from the activities of the Hilti Foundation?

Christoph Loos: The Hilti Group’s proprietor, the Martin Hilti Family Trust, was solely responsible for financing the Hilti Foundation until the end of 2006. Now, as a stakeholder, the Hilti Group passes on at least one percent of its net in-

come to the Hilti Foundation. It basically concentrates on larger projects with global impact, while our national organizations and production plants as well as our headquarters in Liechtenstein get involved locally and give something back to the society in which they are enjoying success. ■

Our commitments at a glance

Responsibility to employees:

Corporate culture: pages 18–19
Training and career: page 19
Health promotion: pages 20–21

Responsibility to society: pages 8 and 44

Responsibility to the environment: pages 32 and 34

Zero tolerance of corruption:

Code of Conduct for employees: page 9
Code of Conduct for suppliers, supplier audits: page 31

Summary of all sustainability measures: page 48

"We want to help people believe in themselves"

As of 2007, the Hilti Foundation is pursuing a new strategy: it supports social and educational projects around the world, and continues to fund the research work of marine archaeologist Franck Goddio. The Hilti Foundation is now jointly financed by the Martin Hilti Family Trust and the Hilti Group. Egbert Appel, a member of the Executive Board until the end of 2006, has since the beginning of 2007 been charged with the Hilti Foundation's business.

Mr. Appel, not much has been known about the Hilti Foundation until now, apart from the fact that it supports marine archaeologist Franck Goddio.

Egbert Appel: As part of the Martin Hilti Family Trust, the Hilti Foundation has done a great deal of good without making a lot of fuss about it. It has made a host of extremely generous commitments, largely focusing on social projects in Egypt and the Rhine valley, which means in Liechtenstein, where Hilti has its headquarters, as well as the neighboring Austrian and Swiss regions.

Since January 1, 2007, the Hilti Foundation is no longer financed solely by the Martin Hilti Family Trust, but by the Hilti Group as well, which has pledged a portion of its net income to the Hilti Foundation. This new arrangement dovetails with the new strategy elaborated by the Hilti Foundation

Board, of which Michael Hilti, his brother Markus Hilti, Bo Risberg and Christoph Loos from the Executive Board, and I are all members. We have decided that the Hilti Foundation should have a global presence, and that this requires it to consolidate its forces. For this reason it is now concentrating on social and educational projects, while continuing to co-operate with the international organization Ashoka* in support of so-called social entrepreneurs. These are people who implement initiatives in their own region for the good of the local population. In the cultural department, meanwhile, the Hilti Foundation also continues to support the research work of Franck Goddio.

Becoming general manager of the Hilti Foundation in 2007 meant moving from the profit side of things to the non-profit side. Do the classic distinctions

between profit and non-profit organizations still apply?

Egbert Appel: The idea that the one side earns the money while the other spends it on charitable causes is no longer valid, as far as I'm concerned. The non-profit organizations we work with account for the effectiveness of their use of our funds. We have figures we can keep track of and help them to improve. For our part, we provide material and human resources to ensure that they meet the objectives we have jointly set. After a few years, a project should be able to do without our financial support and stand on its own, earning its own keep. That's the sort of sustainability we have in mind.

But let's change our point of view. If a profit-making organization is looking to maximize its profits over the long term, it needs to take the requirements of all interest groups into account. In other

words, if a company wants to turn a profit, it has to think about more than just its employees, customers, suppliers and shareholders; it must also make a contribution to society and to the environment. This is the integrated approach that the Hilti Group supports, because it believes in it, and because it is part of its tradition. The words "We build a better future" in our Mission Statement are not simply window-dressing!

If we turn what you say around, can we also assume that the needy in principle have a right to expect help?

Egbert Appel: Put it this way: there is such a thing as the right to be helped to help oneself! It is unforgivable to simply abandon an illiterate person to the winds of fortune. Basic education is the prerequisite for self-determination. And self-determination is the soil from which grows the will to take one's life



Egbert Appel: "It is unforgivable to simply abandon an illiterate person to the winds of fortune."

in one's hands. As with illiterate people, so it is with the homeless: their will does not simply grow all on its own. This is precisely where the Hilti Foundation comes in. We want to help needy people believe in themselves again. To this end we are preparing a worldwide project aimed at giving the needy a roof over their head. After all, this is a project with a direct connection to the Hilti Group's professional

field – as well as going beyond it: construction means jobs, as well as experience that can be passed on; it means lasting values, which are in turn the bedrock of new ideas. ■

* www.ashoka.org
www.changemakers.net

Learn more about the Hilti Foundation's involvement on page 46.

Zero tolerance of corruption

Hilti tolerates no corruption in any form and provides its employees with the appropriate Code of Conduct.

In line with its well-developed corporate culture, Hilti sets high ethical standards. At the 2004 Davos World Economic Forum, Pius Baschera, in his then-capacity as Chief Executive Officer, signed the Partnering Against Corruption Initiative (PACI) launched there to oblige engineering and construction firms worldwide to introduce anti-corruption principles. The UN Global Compact as well, which Hilti agreed to in 2006, provides measures against corruption in its Principle 10 – see page 48 for more details.

The Hilti Group is strictly opposed to any form of bribery and corruption, in all areas of business, and in all geographical regions. The relevant directives are available to all employees on the Intranet. The centerpiece is the Code of Conduct, drafted in 2002. It helps reach a global standard which not only satisfies legal provisions, but actually exceeds them in many points. In addition, an e-learning program is currently being rolled out to raise aware-

ness about employees' duty to combat corruption and to train them in correct behavior.

In 2007, the Chief Compliance Officer trained Hilti general managers in European countries and in the Near/Middle East and Africa regions, as well as employees of both Business Areas. Furthermore, all new employees are taught the basic elements of the Code of Conduct. Employees who become aware of dubious goings-on can contact the Chief Compliance Officer confidentially by way of a central helpline or local helplines in the various countries. The Group uses the appropriate audits to monitor the implementation of the Code of Conduct, and to investigate all tips. A proven case of corruption led to the summary dismissal of one person in 2007. ■

The Hilti Group in 2007

Once again, significant organic growth

In 2007 the Hilti Group was able to put the favorable global economic situation to full use by growing vigorously: turnover posted its fourth double-digit advance in a row and increased 13 percent, from 4.1 to 4.7 billion Swiss francs. Operating result growth outstripped that of sales turnover, increasing 26 percent from 422 to 533 million Swiss francs. The Hilti Group thus continued its very profitable growth.

Against a generally rosy economic backdrop, the Hilti Group enhanced global sales capacities in 2007 on an even grander scale than the year before. The result was additional market share and further organic growth for the company.

The Hilti Group's average number of employees rose by 9.7 percent, from 17,250 in 2006 to 18,930. Of the total of 1680 new positions Hilti created in 2007, 1389 alone (or 82.7 percent) are in sales.

In addition to benefiting from personnel reinforcements in sales, Hilti also saw turnover increase on the back of services with a decidedly improved reach as well as its launch of a wide range of innovative products. At 4.667 billion Swiss francs, 2007 turnover out-

performed the previous year's figure of 4.118 billion by 13 percent, or 11 percent in local currencies.

Growth was broad-based in 2007, with all regions except North America boasting double-digit increases. Europe continues to account for the majority of the Hilti Group's turnover (65% of total sales), with Eastern Europe posting the strongest growth. Thanks to its focus on the commercial and industrial construction sector, meanwhile, Hilti North America has felt the economic effects of the financial crisis to only a limited degree, and its single-digit growth can be considered a sign of health in view of a generally sluggish US building market. The Latin America and Asia regions as well as the Near/Middle East and Africa region* promise

high growth in general, and Hilti is riding the trend to make significant turnover inroads there.

Result

The operating result rose significantly, buoyed up by the strong sales growth as well as by marked cost discipline.

The additional improved services and the product innovations launched by the Hilti Group in 2007 offer customers overall added value and increased efficiency, a bonus they are willing to pay for. This in turn has allowed Hilti to compensate for higher commodity prices.

Taken together, these factors helped to generate a 2007 operating result of 533 million Swiss francs, or 26 percent more than the 2006

result of 422 million. The Hilti Group was thus able to speed up the pace of its ongoing profitable growth.

Earnings before interest and income tax expenses climbed 20 percent, from 471 million Swiss francs in 2006 to 564 million in 2007.

Net income rose 23 percent, from 344 million to 422 million Swiss francs.

On December 31, 2007, the equity ratio stood at 64 percent as against 57 percent year on year.

2008 outlook

The Hilti Group plans to grow further in 2008 and is aiming at a turnover of 5 billion Swiss francs. To what extent the economic uncertainty arising from the financial



crisis in the United States will affect matters by dampening growth, however, cannot be predicted. Furthermore, negative currency development could also feed through into sales and results.

The Hilti Group will make selected major investments during 2008 and

will have several more in the pipeline for the following years. It will expand production plants in Schaan (Liechtenstein), Thüringen (Austria), Kaufering and Strass (Germany) and build up warehouse capacity worldwide. Another important project will be the construction of an innovation center for re-

search and development at its headquarters in Schaan. ■

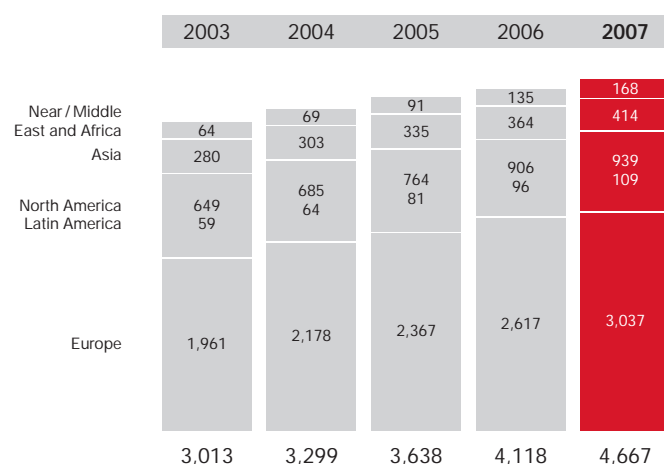
2007 sales growth year on year

	2007 in CHF million	2006 in CHF million	Difference in CHF (%)	Difference in local currencies (%)
Europe	3,037	2,617	16	11
North America	939	906	4	7
Latin America	109	96	14	16
Asia	414	364	14	13
Near / Middle East and Africa*	168	135	24	28
Total	4,667	4,118	13	11

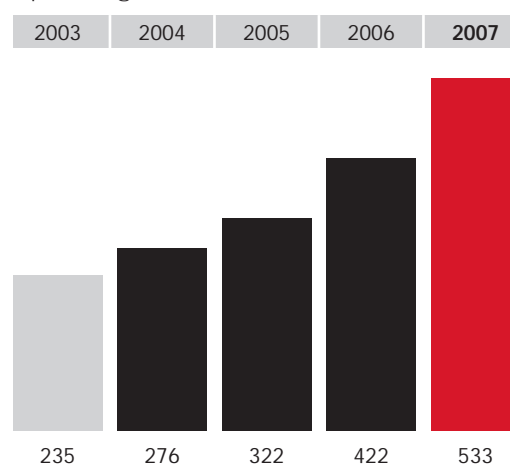
* Starting in 2007, Hilti now includes sales development figures in its reporting from the Near / Middle East and Africa region. The 2006 figures have been adjusted to the new reporting structure.

Key statistics

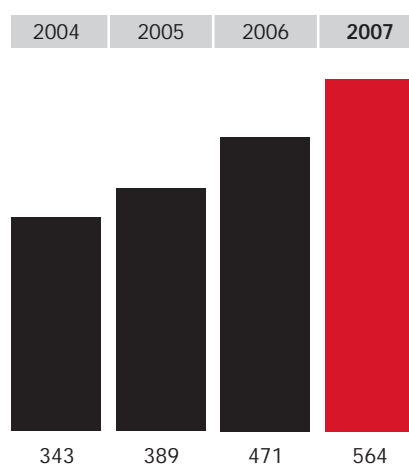
Net sales (CHF million)



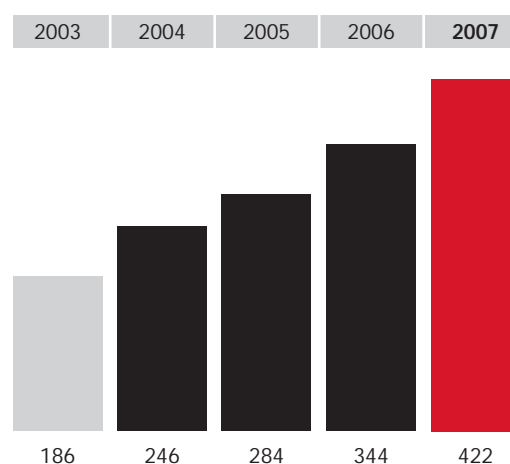
Operating result (CHF million)



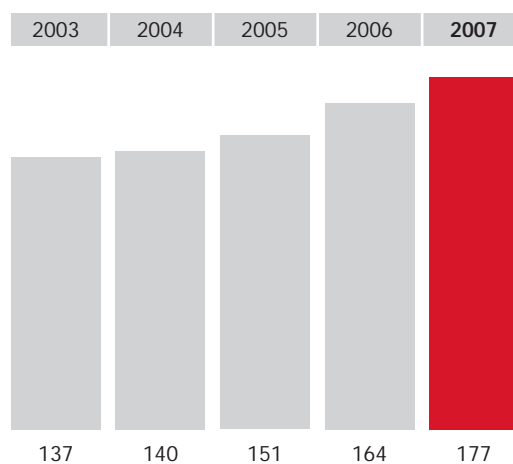
EBIT (CHF million)



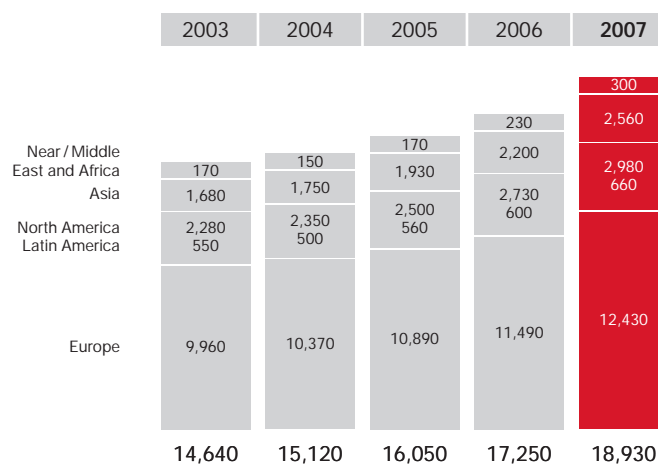
Net income (CHF million)



Research and development expenditure (CHF million)



Employees (average of year)



Important Note

The following pages contain extracts from the 2007 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 2007. Complete information, including the notes to the consolidated financial statements referred to below, is contained in the 2007 financial report which will be available on the Group's website (www.hilti.com) from late March 2008.

The full 2007 consolidated financial statements which are included in the 2007 financial report have been prepared in accordance with international financial reporting standards (IFRS). The five-year summary information in the charts on the opposite page is reported in accordance with IFRS only from the 2004 year. The 2003 information has not been restated from the prior basis of reporting (Swiss GAAP FER).

Consolidated income statement (amounts in CHF million)

	Note	2007	2006
Net sales	(29)	4,666.5	4,118.2
Other operating revenues		53.1	55.6
Total operating revenues		4,719.6	4,173.8
Change in inventory of components of work in progress and finished goods		39.5	48.5
Material costs	(30)	(1,459.0)	(1,304.0)
Personnel expenses	(31)	(1,712.8)	(1,565.0)
Depreciation and amortisation	(32)	(180.8)	(170.7)
Other operating expenses	(33)	(873.6)	(760.8)
Total operating expenses		(4,186.7)	(3,752.0)
Operating result		532.9	421.8
Share of profit/(loss) of equity-accounted associates and joint ventures	(10)	0.7	0.8
Other revenues and expenses (net)	(34)	30.3	48.6
Earnings before finance costs and income tax expense (EBIT)		563.9	471.2
Finance costs	(35)	(68.0)	(70.4)
Net income before income tax expense		495.9	400.8
Income tax expense	(36)	(74.3)	(56.9)
Net income		421.6	343.9

Net income is 100% attributable to equity holders of the parent. The group has no minority interest.

The notes to the consolidated financial statements 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 the Hilti Group as at December 31 (amounts in CHF million)

	Note	2007	2006
ASSETS			
Intangible assets	(7)	207.5	184.5
Property, plant and equipment	(8)	744.5	704.4
Investment property	(9)	5.6	5.9
Investments in associates and joint ventures	(10)	6.7	6.0
Deferred income tax assets	(11)	124.1	101.7
Other financial investments	(12)	13.5	14.1
Trade and other receivables	(14)	189.5	119.6
Derivative financial instruments	(16)	–	–
Total non-current assets		1,291.4	1,136.2
Inventories	(13)	681.9	560.2
Trade and other receivables	(14)	1,129.1	992.2
Current income taxes receivable	(26)	8.7	9.6
Accrued income and prepayments	(15)	71.2	51.2
Derivative financial instruments	(16)	2.6	5.9
Financial assets at fair value through profit or loss	(17)	44.6	45.0
Cash and cash equivalents	(18)	627.9	978.0
Assets classified as held for sale	(19)	3.9	0.5
Total current assets		2,569.9	2,642.6
TOTAL ASSETS		3,861.3	3,778.8

The notes to the consolidated financial statements 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.

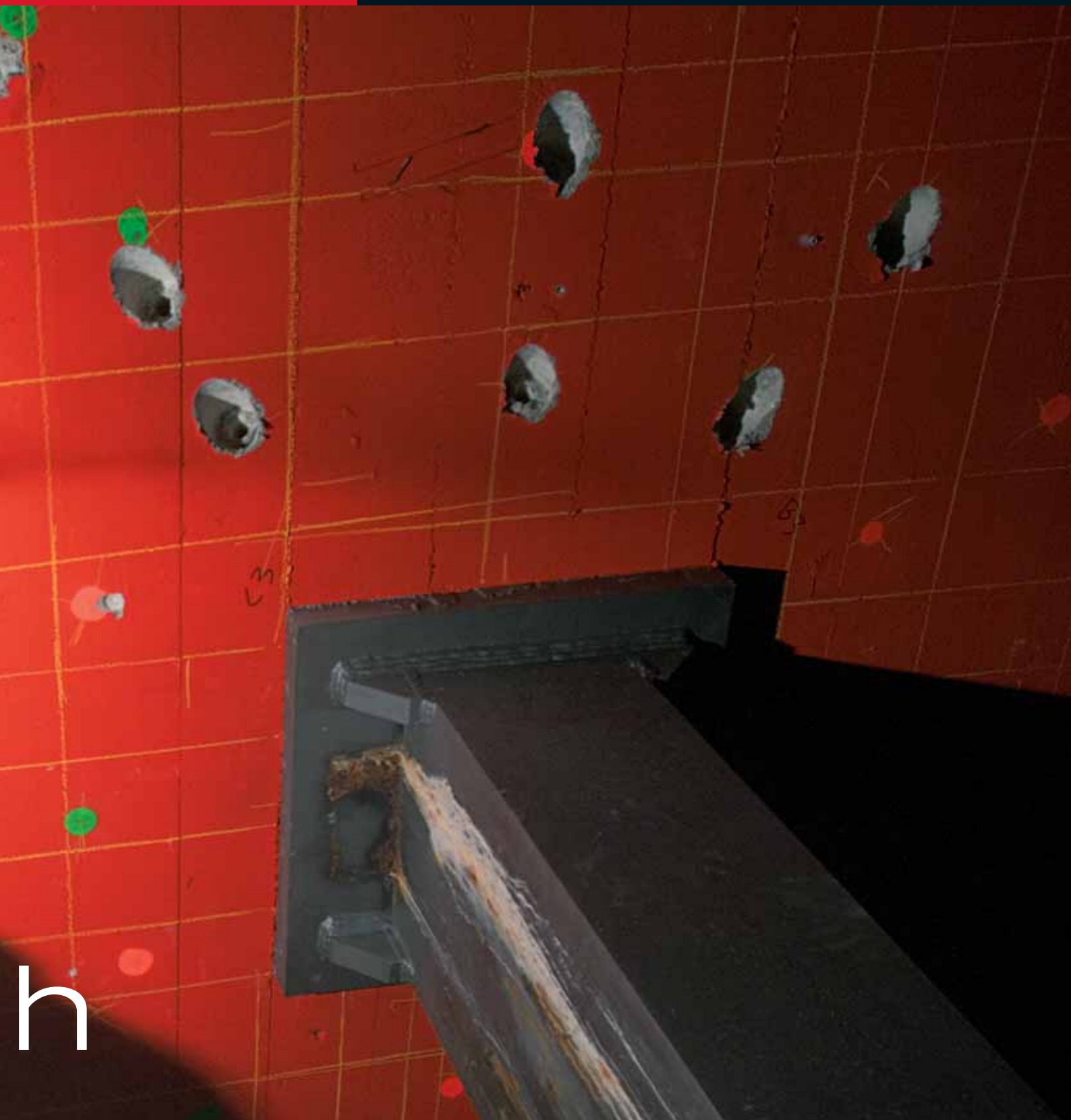
	Note	2007	2006
EQUITY AND LIABILITIES			
Equity	(20)	2,483.2	2,158.9
Provisions	(21)	132.4	138.6
Pension and termination benefit obligations	(22)	80.8	108.3
Deferred income tax liabilities	(11)	48.3	35.5
Bonds	(23)	148.0	147.6
Long-term bank borrowings	(24)	8.1	11.3
Trade and other payables	(25)	18.3	13.1
Derivative financial instruments	(16)	–	0.9
Total non-current liabilities		435.9	455.3
Provisions	(21)	63.1	45.6
Trade and other payables	(25)	318.8	272.5
Current income taxes payable	(26)	118.2	100.6
Accrued liabilities and deferred income	(27)	358.7	334.1
Bonds	(23)	–	200.7
Short-term bank borrowings	(28)	74.8	204.8
Derivative financial instruments	(16)	8.6	6.3
Total current liabilities		942.2	1,164.6
Total liabilities		1,378.1	1,619.9
TOTAL EQUITY AND LIABILITIES		3,861.3	3,778.8

Equity comprises share capital (176,000 registered shares with par value of CHF 500 each) and participation capital (774,000 participation certificates with par value of CHF 50 each) as well as reserves. The group has no minority interest.

The notes to the consolidated financial statements 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.



More strengt



Bern is looking forward to this June, when the European Football Championship (Euro 08) is held in Switzerland and Austria. Bern's gigantic Bahnhofplatz, as well as the shopping arcade underneath it, will have to be renovated by then. The ceiling over the

shops no longer met current safety standards and could not have been subjected to new loads from above-ground traffic – so reinforcement was called for, to prevent load-bearing columns from punching through the concrete when stress exceeds the critical level. The ini-

tial suggestions for dealing with this potential danger were textbook solutions which turned out to be unsuited to the particular demands of the site's structural engineering and architecture. Hilti had the right answer: Drill inclined holes and bond-in shear reinforce-

ment. The new method has already been proven in trials, and its world premiere in Bern is sure to attract adherents – so let the games begin! ■

People culture, corporate culture

Courage and loyalty

In 2007, Hilti continued to build up its reputation as a "great place to work." Its corporate culture affords Hilti employees a basis for success – for both themselves and their company. This in turn means long-term career opportunities within the company. Economic success is of a piece with the strong personal growth enjoyed by individual team members as well as vigorous growth in employee numbers.



The Hilti team in Dubai:
Taking on challenges together,
celebrating successes
together.

People with the courage to look unflinchingly at themselves and their work day after day will grow, and help others to grow, and will find themselves with new and promising ideas. Courage leads to innovation – and it is a solid pillar of the Hilti corporate

culture, which, together with the company's strategy, provides the foundation for economic success.

Practically all Hilti employees around the world have attended at least one Corporate Culture Workshop since the workshops were launched in 2004. They think of the evolution of the Hilti corporate culture – as well as their own evolution, and that of the company itself – as a journey. Taking part in a Culture Workshop means regularly pausing to take stock, before continuing to work as part of a team with fresh awareness and new goals. The employees also take time to think about their own particular development and to determine their next individual develop-

	2005	2006	2007
Number of working days employees have used for Corporate Culture Workshops	16,000	32,000	38,000
Expenditure for Corporate Culture Workshops (in CHF million)	6.8	12.5	13.2
Internal survey: participation rate	91%	92%	92%
Proud to work for Hilti	87%	87%	87%
Fluctuation	13%	13%	14%
Successful integration*	80%	82%	83%
Open management positions filled with internal candidates	82%	76%	82%
Number of apprentices worldwide	296	302	344
Average number of employees	+6%; 16,050	+7.5%; 17,250	+9.7%; 18,930

* By "successful integration" Hilti means an employee working for two years or longer at the company.

More apprentices

Since the summer of 2007, 82 apprentices are being trained at Hilti headquarters in Schaan, up from 73. By 2009 the ranks of apprentices will have swelled past the hundred mark, and as of 2013, 116 young people will be learning their trade at the Liechtenstein location. Traditional professions such as clerk, polymechanic and designer have been joined by three new trades, practical mechanic, practical machinist and logistician. All training programs are open to both men and women. Hilti is thus not only ensuring its own continued supply of skilled employees, it is also doing its part to lower youth unemployment and providing many young people with a solid education.

In addition to the apprenticeships at headquarters and production plants in Liechtenstein, Hilti also offers training opportunities at four production plants in Germany, Austria and Hungary as well as in the Swiss, Austrian, German, UK/Irish, French, Portuguese, Brazilian, Venezuelan, Indonesian, Indian and New Zealand national organizations.

Read the article entitled "Greetings from Shanghai" to learn how a Hilti apprenticeship can open the door to a professional career.

They're proud - naturally!

Every year, Hilti takes its employees' pulse. After all, when you're talking about work, the atmosphere on the job, and teams, there's always room for improvement – that's why it's called continuing development! And employees appreciate it. It's no accident that more than 90 percent take part in the survey every year, entirely of their own free will. And every year, more than 87 percent of those who do take part, veterans and newcomers alike, say they are proud to work for Hilti.

ment steps: every employee meets with his or her supervisor at least once a year to discuss and evaluate performance and to make plans for the next individual move.

The economic growth that Hilti is undergoing in line with its corporate strategy also calls for more personnel, and the average number of employees accordingly continued to show considerable growth in 2007. Indeed, in the last five years it has increased by 29.3 percent, from 14,640 in 2003 to 18,930 this year.

Along with the number of employees, the financial outlay for the Corporate Culture Workshops has also risen, joined by a concomitant

increase in the number of working days employees used for them. Despite a depleted labor market on which engineers are especially in demand, the fluctuation rate remained virtually constant in 2007, while the share of employees who spend more than two years at Hilti after signing on has risen slightly. Hilti employees' continuing development means that, when vacancies open up in management, four-fifths of the positions can be filled with internal candidates. ■



Greetings from Shanghai

“ Before I had completed my four-year training as a polymechanic I was already thinking about what I would do next. I had a chat with my instructor, and so it was that, just a few months after completing my apprenticeship, I found myself an apprentice once again, doing a two-year follow-on stint to become a designer. Then, in the spring of 2006, with thoughts of the future in my head again, my instructor drew my attention to the job in Shanghai I have had since January 2007, with a year-and-a-half contract.

Before leaving Europe, I was able to take a month-long intensive Chinese course in Germany, and to attend a cultural training program. Once in Shanghai, I spent a semester at Jiao Tong University to continue learning Chinese. It's a language one can in fact learn, but it calls for a certain amount of commitment and motivation. I'm now working here at the Hilti production plant as a builder in the design department. I had not had anything to do with rotary hammers and cordless screwdrivers before, so my time here has been a professional awakening as well, very interesting and exciting.

When I arrived in Shanghai, the city made an enormous impression on me, in fact it almost scared me.

High-rises as far as the eye can see, and every skyscraper trying to outdo the others in design and altitude. The extreme climate is another challenge, with icy cold winters and brutally hot summers. But I quickly grew accustomed to city life and the hectic pace of the streets, with their unbelievable crowds of people. I live right in the middle of it, in the heart of Shanghai, on the top floor of a 34-storey high-rise.

It was only when I got to Shanghai that I realized how tranquil and sleepy my life had been back in Liechtenstein. Here in China there isn't much else you can do but go with the flow and adapt as fast as possible. You need lots of patience and frequently nerves to get unscathed through the day, because the culture is completely different and occasionally difficult to understand.

I have also discovered a whole new way of traveling. The country and its people, their language and culture widen my horizons, as does my professional life. To my way of thinking, if you can get along in China without too much trouble, you're set for the rest of the world. ”

Patrick Lampert,
Designer

Fitness has taken on a whole new meaning



“ I used to do a lot of sports, play badminton and ride motocross. But with the claims of my career, sports took more and more of a back seat. At the same time I quit smoking – and suddenly I had put on an extra ten kilos. My muscle tone diminished, my joints had less support, and I developed problems with my knees. It was obvious to me that I had to do something.

Since January 2006 I have been working as a development engineer for installation systems at Hilti headquarters in Liechtenstein. I began my career with an apprenticeship as a toolmaker at the Hilti production plant in Kaufering, in Germany. My new office is just a stone's throw from the Rhine. The little road along the top of the dike built to contain floods is perfect for in-line skating. I have also chosen swimming and Nordic walking as two other sports.

You have to be ready to call a spade a spade and to make changes when you start having trouble. That's one of the things we learn in our Corporate Culture Workshops, after all. When I did the fitness test our health management organized and was asked if I wanted to take part in a monitored fitness training program, I said yes.

By investing time and money in me, the company is giving fitness a new significance. And it rubs off on my attitude and behavior, too: together with a fitness trainer, I have analyzed my pattern in the past and designed improvements. My physical condition matters to me again. More movement, more fruit, more fluids – that's nothing new. The challenge has been to change the rhythm of my life, and for example to alter my former eating habits, and stick to it. So I have started to plan sports the way I plan work. I'm not going to give up until my new rhythm has simply become a part of my life.

My general state has improved in just a few weeks, my weight is slowly dropping, and I am performing better too. I'm not just saying it, it's actually true! And of course it sometimes requires a certain kick in the pants to get me into the swimming pool. But now I know that my company values my fitness, and that gives me an incentive to stay at it and keep to my sports goals.”

Ulrich Birnbaum,
Hilti Development Engineer,
Schaan, Liechtenstein

No charge for the swimming pool

Hilti employees in Germany interested in their own fitness need nothing more than a bit of motivation: the rest is laid on. At headquarters in Kaufering, for example, they pay 120 euros for three months at a fitness studio – and get 80 euros back when they're done. Participation in health-related courses such as autogenous training or Pilates at the local community college is subsidized 50 percent by Hilti. And in winter, employees can even swim or enjoy a sauna free of charge once a week. “We also promote sports groups outside the company,” explains Peter Göllner, a safety specialist at Hilti in Kaufering, whose job includes being the contact for the “Healthy and Active” program. Andreas Kutschera, Head of Human Resources at the Hilti production plant in Kaufering, adds: “We are constantly working to develop further health-promoting activities.”

Hilti has launched a new wellness incentive program in the United States to help team members live longer and healthier lives. The program focuses on measuring key risk factors for cardiovascular disease, stroke and type 2 diabetes. With the launch of this program in 2007, 83 percent of team members and their partners participated in a health screening. In 2008, a coaching program will be introduced to help team members and their partners take action to improve their long-term health by reducing risk factors associated with diseases that can be influenced by lifestyle adjustments.

Keeping health in mind, day after day

Physical fitness and sound mental health are the prerequisites for taking on challenges with gusto. Hilti employees are responsible for their own health, but since 2004 they have enjoyed the support of a health manager at headquarters. Other organizations are following suit.

How do working people deal with stress? What does a healthy diet mean? What ergonomic principles should be followed when setting up a workplace? Health Manager Christian Frenck is constantly raising his colleagues' awareness at Hilti headquarters in Liechtenstein, pointing out important health and safety issues. He publishes information pamphlets and organizes events to keep the topics of health and safety on everyone's mind. Christian Frenck

also offers individual counseling on workplace design, and encourages employees to be health and safety conscious in their free time as well.

In 2007, for instance, he invited his colleagues to take a fitness test. They could assess their body-mass index and the proportion of fat in their total weight, test their physical fitness and have their coordination and strength measured. "Those who felt fit and healthy al-

ready were naturally happy to take part, and did so with ease," recalls Christian Frenck. In fact, however, he had actually wanted to appeal to overweight or sluggish people, "and it took some courage for them to come forward." A small group of just such courageous people was prepared to look squarely at their own physical condition and took up his offer of an individually run fitness program. For most members of that group, it paid to find the courage and the will to take a

look at habits and patterns of behavior, and to change them if necessary. ■

See opposite how Ulrich Birnbaum benefits from his individual fitness program.

On the growth path in line with strategy

Customers, competency and concentration – these are the three Cs of the "Champion 3C Strategy." In 2007, the Hilti strategy, which was introduced in 1996, entered its third phase, due to conclude in 2015. During this period, Hilti aims at growth, differentiation and productivity – and most of all, employee development.

The Hilti growth course in 2007 was unmistakable: thanks to its worldwide expansion of sales employees, the Group was able to take full advantage of the positive economic situation, gain market share, and make further significant advances in turnover and profit – for details see page

10. New products skillfully tailored to customer requirements like the Hilti GX 120 gas system – see the following pages for more information – and innovative service offerings like Hilti Lifetime Service or Hilti Fleet Management afford Hilti further prominence on the market. Furthermore, in 2007 a

company-wide target portfolio was created, containing products that are best suited to distinguishing Hilti and promise the greatest growth potential.

Productivity was up strongly in 2007 as well, albeit in part growth-related. For this reason, Chief

Executive Officer Bo Risberg appealed to employees to improve basic productivity in 2008. For more information on employee development please see page 18. ■



soph



Red shell – sophisticated core

Works like a radio but isn't one, works like a car but isn't one. A glimpse inside the new Hilti GX 120 gas system: it just functions the way a Hilti tool must, simply, efficiently and as user- and environment-friendly as possible. It took a team of developers all of their knowledge and innovative energy to come up with it – and a certain amount of passion as well.

The more than ten members of the team went through thick and thin together. The development engineers, the research engineers and the research mechanic – they didn't require long explanations to understand each other. Together they celebrated successful development milestones, overcame inevitable setbacks, picked themselves up and carried on – six days a week when things were really happening. And while they were creating the Hilti GX 120 gas sys-

tem, a supply engineer was already organizing production in consultation with the quality manager, and the product manager was getting ready for the launch. All of this effort – for the sake of customers – paid off. With the Hilti GX 120, interior specialists now have a tool at their disposal that lets them work more efficiently and protect their health at the same time.

Stefan Bönig was the technical project head responsible for the

development of the Hilti GX 120. “We brought the tool's center of gravity right up close to where it is held in the user's hand,” he explains, looking back. So users don't need to exert a great deal of force to hold and guide it. Stefan Bönig and his colleagues know very well how workers on a construction site use their tools; after all, they've observed them at it. When setting a nail they use their left hand to hold the tool at the rear as well. “So that's why we put in a

double wall there, with a heat shield, because the tool can get warm.”

All in all, compared with its predecessor, the Hilti GX 100, the new tool is lighter – and slimmer. Drywallers who need to fasten U-tracks for their plasterboard walls to the floor, wall and ceiling first, can now set nails, even into the edges of buildings, without any effort. And there's no problem getting the tool's slimmer nose into any U-profile.

In terms of performance, however, the Hilti GX 120 is anything but a lightweight: “If you want to, you can set two nails a second without any trouble,” says Stefan Bönig with conspicuous sangfroid. “Which means that, in constant use, it's no problem to put in up to 1200 fasteners an hour.” The new gas system has also plainly passed speed tests at rates of 3000 settings

Environment-friendly

The Hilti GX 120 gas system is hardly in circulation, and it's already being broken down into its various components, to determine how environment-friendly its eventual disposal will be. When its materials are subjected to analysis accurate to a tenth of a gram, the system does practically as well as its predecessor, the Hilti GX 100. Almost 96 percent of the materials used to construct it can either be reused or recovered, partly as a source of energy, partly for other purposes.

Only a minimal residual amount of some 4 percent must be disposed of, and thus constitutes actual waste.

In contrast to the earlier model, the Hilti GX 120's gas can makes do without a dosage valve, which theoretically means a saving of 22.4 tons of synthetic material per million cans. Further evidence of how big a difference ostensibly small improvements can make.



World premiere: An LED gas indicator tells users the current gas level.



The tool's nose can be removed and keylessly adjusted.

per hour. And what's more, workers need less strength than previously to press the tool against the material they're working on prior to setting the nail. High efficiency with less effort – exactly what everyone is looking for. Users only need to reload the magazine every now and then, since it now holds four sets of ten nails each.

The contents of the gas can that delivers the power to drive in the nails is sufficient for at least an entire package, that is, for 750 nails. No matter how fast the tool is called upon to work, it will calculate the gas-air mix for each fastening anew. For example, if the air is thinner, at a higher altitude, it will need less gas. That's why Stefan Bönig and his team developed the first consumable that can "think": before the nail is set, radio waves transmit the fill level from a chip at the can to the tool. And after the nail is set, these same waves tell the



"I love it! I want it!"

" The GX 120 was a tool that I heard a lot about and I was pretty excited about working with it. I had one particular super at one of my larger drywall accounts who was not using any Hilti products. I arranged a demonstration with him and many members of his company including the vice-president of operations. While doing the demo, I explained all the features and benefits of the tool and everybody was really impressed. So the next step was to take the tool out to the jobsite. About two weeks later, I checked back with him. He said: 'It was working like a champ.' This was impressive since the concrete on this job was especially hard and the competitive tool that he was using was not working. He said: 'Mark, I love the tool!' Now here's a guy that had been using the competition for years and overnight, he became a believer. 'I love it! I want it! I want to make a deal!' So I thought that was a pretty good experience.

The tool has certain features and benefits that need to be explained. You have to go out onto the jobsite and talk to the users and say: 'Listen, when the tool stops working, meaning the competitor's tool,

what's the reason?' I think you're probably going to get several different answers. The truth is they don't know. They will have to go through a series of problem-solving steps to find the answer. First, they will have to go back to their gangbox to get a new gas canister, a new battery or nails. Then they will have to change the gas canister. If that doesn't work, they will have to change the battery and finally, it could be that they are out of nails. The point is that all of these steps take time. Now with the GX 120, the LED gas indicator light combined with the internal battery system which doesn't need charging eliminates all of this guesswork. It is the same thing with the front end of the tool: show your customers how easy the front end is to remove and how you can adjust the power of it. I really think this tool is top-notch, and I think when you combine the DX351 with the GX 120 you can cover all the needs on the jobsite.

In the northeastern United States you have high wages, so any time you have a problem with tools or with the quality of fastenings, it costs a lot of money. My customers are quick to see that the quality of the tool and the performance of the

nails are more important than their price. I also explain to people the benefits of an account manager like me. 'Where else can you go and have a guy come out to your jobsite, who will actually hold your hand, and explain everything you need to know about this tool. You don't have to spend another two hours of your life reading the instruction manual. We do it for you. So we're worth the price.'

As far as price goes, I've never had someone come up to me and ask: 'What's the value of this tool?' They always say: 'What's your price?' The key is to discuss the features and benefits of the tool and the value of it to the customer. 75 percent of the job is labor, 25 percent is material, of which the material for the fastenings is a mere fraction. So what's really important is saving time, and how productive the tools are. **"**

Mark Tett,
Hilti Account Manager,
New York, USA



Success grows out of teamwork: together they overcame setbacks and celebrated successful milestones.

Stefan Bönig (second from left) and his colleagues, creators of the new gas system.

chip the fill level less the amount of gas just used. The can's "little brain" records this value and provides the tool's electronic apparatus with the data, so it can prepare the optimal dose for the next delivery of gas – no matter whether the gas can is used in the same tool, or in another. "This is the same technology, though slightly simplified, that has been used in automotive construction for some time now," explains Stefan Bönig. "A car key with a door-opener function works according to the same principle."

An LED gas indicator, a world premiere, lets users know the current gas level and reminds them to change cans in time, so that they don't have to break off their work unexpectedly.

There are other ways in which the Hilti GX 120 is like a car: if the tool ever fails to function, a specialist in the Hilti repair center can hook it up to the so-called service interface on his or her computer and immediately discover the cause for the breakdown. And if the specialist opens the tool up, its components are arranged so cleverly that it is easy to replace individual parts. On the other hand, the piston isn't likely to need replacing all that soon: it was made to deliver 50,000 fastenings, probably a record. And certainly another gain in efficiency and economy for users.

So does the new gas system actually work like an airplane in the end? It certainly is the case – and Stefan Bönig and his team are particularly proud of this – that a flying plate mixes the air sucked into the tool with gas until it ignites. Other



manufacturers' tools are dependent on a battery-driven fan, which means that the battery must be recharged from time to time. The Hilti GX 120 is different: thanks to its flying plate, it can go its entire lifetime without a new battery. One single battery is enough to run all of the electronic switches inside the tool. Think of it as a small contribution to the environment and to user-friendliness.

And by the way, before the tool's developers built the prototype, they were able to look at it on the computer screen and shorten the time needed for development by simulating airstreams and thermal conduction. In other words, the prototype itself already enjoyed optimal cooling. Because excessively high operating temperatures reduce performance, the tool cools itself as much as possible during use. And once the nail has been set, the flying plate returns to its original position. ■

For electricians, plumbing fitters and ventilation technicians



The new Hilti GX120 gas system is available as a special model for the electrical industry, as well as for heating, plumbing and air conditioning. The magazine holds only 20 fasteners, and the tool's nose can be exchanged without any appliances, just as on the standard tool. Electricians can use the Hilti GX 120-ME to fasten clamps, brackets, pegs and cable bends directly to the necessary material. All they need to do is attach the right tool nose, and they will be amazed at their own efficiency.



Hilti GX 120: "outstanding performance"

" On this jobsite here where we've been testing the Hilti GX 120s we've got a very hard concrete. We started out using other tools, ended up with a lot of spalling and we broke those tools every way they could be broken. We ran into some problems when we started setting nails into iron, we started breaking them one a day. Then the manufacturer brought us a prototype of the next generation of tools out here to test, it did not even hold water to what we've got with the Hilti GX 120s. The batteries that you've got to charge just simply take it out of the game, and we were able to wear out the

O-ring inside the combustion chamber in little or no time. I'd consider a month to be little time on a tool of that caliber.

With the prototype, we were probably getting a 75 percent nail set rate, whereas with the Hilti GX 120 we're closer to 95, 98 percent. We lose very, very, very few nails. We've been testing the GX 120s out here from Hilti for about two months. We've not had any mechanical failures at all, and we've also not run into any applications that it's failed at, it's performed superior, and the failure rate decreased dramatically compared to

what we had with the other tools. And the GX 120 has also been a slight increase in productivity.

The features that we prefer in the GX 120 is the simplicity of the depth adjustment at the tip, to keep your nails from going into the surface too far; the LED gas indicator is also a big help, to keep the guys from running their gas practically dry, and that way they can switch it out in time. There's been some improvement in the heat dispersion with the GX 120 in that you can run a whole lot, many more rounds with the GX 120 than you could with the previous system, the

GX 100. You don't have to charge the batteries, and that's always been a problem with other tools.

Myself, my colleagues and the company we work for, we believe we're going to stick with this Hilti GX 120, simply because of its outstanding reliability and performance that we've experienced while using this tool. "

David Rhine,
Project Supervisor,
Midwest Drywall, Dallas, USA



A steel bird's nest



Here in Beijing's National Stadium, at 8:08 pm on the eighth day of the eighth month of 2008, the 29th Summer Olympic Games will open. Designed by Swiss architects Jacques Herzog and Pierre de Meuron, the building

has been turning heads even before it is finished. If Jacques Herzog gets his wish, the National Stadium will become for Beijing what the Eiffel Tower is for Paris: a landmark. Comparison with the French structure is appropriate in any case,

since here, too, the main material is steel. Girders with a combined weight of 42,500 tons have been interwoven in Beijing to create an imposing figure, 320 meters in length and 70 meters in height – like the twigs and branches of a

bird's nest. And when all 90,000 visitors – the stadium's capacity – take their places, they will do so on seats fastened with Hilti anchors. ■

Network for research and development



Innovation comes from teamwork, but the members of this team don't even need to be on the same continent. Hilti engineers develop new products and consumables at headquarters in Liechtenstein as well as at the Hilti-Entwicklungsgesellschaft mbH in Kaufering, Germany, and in Shanghai. Development projects are also handled at production plants in the Hungarian town of Kecskemét and in Zhanjiang in China. Meanwhile, Hilti works with leading universities and experts around the world as well.

In 2007, the German Accreditation Council (DAR) recognized the Research Laboratory for Fastening Systems in Liechtenstein as an autonomous test lab. The accreditation means Hilti can assist its customers even more promptly and flexibly. It constitutes a further enhancement of the network joining industry, science and customers.

The company's growth can also be sensed in its stepped-up drive to innovate. In order to continue improving its development processes,

Hilti is planning to build a center of innovation at its Liechtenstein headquarters. It will set standards both architecturally and in terms

of sustainability; it will be innovative and exemplary in the design of workplaces and work processes. ■

	2005	2006	2007
Spending on research and development in CHF millions	151	164	177
As a proportion of turnover	4.2%	4.0%	3.8%

Hilti once again substantially increased its spending on research and development in 2007, although the company's strong growth means that the outlay as a proportion of turnover has somewhat declined.



In 2007, the Hilti Research Laboratory for Fastening Systems was accorded the same status as a university test lab. Here customer product uses can be simulated and tested, among other things.

Supply Chain Quality must be high – and that's not all

Hilti has established not only qualitative standards for its production and sourcing, but social and ecological ones as well. Supply Chain employees monitor supplier compliance with these standards.

With quality comes responsibility. Wherever a Hilti tool or the parts for it may be manufactured, it must always be the same high quality. In addition, in 2005 Hilti developed a Code of Conduct for the Supply Chain, which it then launched in 2006. The Code of Conduct summarizes the standards to be complied with: Hilti production plants and suppliers must observe all national and international laws relevant to their business; neither the acceptance nor the payment of bribes is tolerated; human rights must be respected; and working conditions must be secure.

With its code, Hilti satisfies the provisions of the United Nations, the International Labour Organization, the International Chamber of Commerce, the World Economic Forum, the European Union and, of course, the UN Global Compact, to which the company committed itself in 2006. The Code of Conduct for production and sourcing also calls for environmental responsibility and makes corresponding stipulations – for example in the treatment of chemicals.

Since 2007, potential new suppliers have had to pledge their com-

mitment to compliance with the Code of Conduct in writing and submit to an audit before being considered for a contract. If the finding of the evaluation audit is negative, Hilti does not enter into a relationship with the supplier. In order to ensure that existing suppliers are observing the Code of Conduct, the audit process used to date was newly designed and accordingly expanded. In 2007, some 30 Supply Chain experts were trained internally as auditors.

Hilti has audits performed exclusively to determine compliance with its Code of Conduct by an accredited external partner, which in 2007 determined that the company was exposed to a significant risk neither of child labor nor of forced or compulsory labor. In 2008,

additional Hilti auditors will be deployed in Asia to monitor compliance with both social and ecological standards. "We are aware that we have some way to go on this issue in certain countries," confesses Günter Schweitzer, Head Supply Chain. At the same time he points out that Hilti provides the necessary support to suppliers who care about the Code of Conduct. "We commit ourselves both financially and morally to helping them provide their employees with protective clothing, for instance, and better equipment on the job." Compliance with the Code of Conduct will be verified at a majority of existing suppliers in countries where it is most needed in 2008. ■

Suppliers* who have signed the Hilti Code of Conduct	100%
Proportion of existing suppliers* who underwent general audits in 2007	20%
Additional proportion of existing suppliers* whose compliance with the Code of Conduct was reviewed in 2007	5%

* These suppliers represent more than 90 percent of the sourced volume of direct materials.

Supply Chain

High production volumes

Employees at Hilti production plants – in Europe and Asia – experience the company's sales growth firsthand. They process

the resulting production volumes with motivation and commitment. The Hilti plant in Shanghai saw its production area almost tripled

in 2006, while planning for expansion of the plants in Schaan (Liechtenstein), Thüringen (Austria), Kaufering and Strass (both

in Germany) began in 2007. Hilti thus provides yet another proof of its commitment to technology and manufacture in Europe. ■

6,000 tons less CO₂

As of 2008, Hilti Germany's headquarters in Kaufering will derive all of its thermal heat from a communal biomass power plant that has been constructed in its immediate vicinity. The brainchild of the local Hilti production plant promises to make a big impact.

As of 2008, the roughly 8,500 megawatt hours needed to heat the offices at Hilti Germany, the rooms at the Hilti-Entwicklungsgesellschaft and the halls of the production plant in Kaufering will be supplied by Kaufering's municipal wood chip power plant. By switching from natural gas, a fossil fuel, to energy derived from a renewable resource, Hilti Germany will become the new power plant's main customer. Together with the rest of the plant's users, Hilti will thus save an estimated 6,000 tons of CO₂ emissions annually.

	2005	2006	2007
Water use	199,220 m ³	195,212 m ³	222,388 m ³
Energy use			
– Oil ¹	808 MWh	804 MWh	708 MWh
– Gas	17,304 MWh	17,548 MWh	16,264 MWh
– Electricity	58,804 MWh	62,624 MWh	66,308 MWh

	2005	2006	2007
Waste			
– Residual waste	648 t	704 t	740 t
– Hazardous materials / special refuse	904 t	773 t	948 t
– Recyclable materials	5,932 t	6,073 t	6,324 t
CO₂-equivalents² (t)	37,878	40,039	41,968
CO₂-equivalents (t) / value added (millions)	227	216	209

Despite a dramatic increase in production volume at Hilti plants, water and gas use has remained practically constant. Electricity needs, meanwhile, have kept pace with the growth of production volume. The amounts of residual waste, special refuse and recyclable materials have increased only slightly. The rise in energy use meant more greenhouse gas emissions.

The calculation of greenhouse gas emissions (CO₂ equivalents²) is based on the factors of the Intergovernmental Panel on Climate Change (IPCC 2001) and ecoinvent v2.01. Information concerns greenhouse gases from the direct use of oil, diesel and gasoline, as well as what is released by the manufacture of these fuels. Data presented on this page also reflect greenhouse gases caused by the production of the electrical power used.

The relationship between the CO₂ equivalents produced and the plants' value added has slightly improved. Value added is calculated on the basis of production costs, which are in turn composed of direct production costs and the labor cost of production. Material costs are not reflected in the calculation. For a report on CO₂ emissions by national organizations see page 34.

¹ Oil use refers only to the production plants in Mauren (Liechtenstein) and Strass (Germany), the sole plants to use oil.

² CO₂-equivalent: figure representing the greenhouse gas potential of substances released into the earth's atmosphere, including methane (CH₄), nitrous oxide (N₂O), CFC / PFC and sulfur hexafluoride (SF₆), calculated on the basis of the greenhouse effect of carbon dioxide.

Supply Chain Fit for growth

Logistics, too, is gearing up for future growth. Two years in the making, the logistics center in Nendeln, Liechtenstein, opened its doors in 2007. For its part, the Supply Chain tested the distribution structure and initiated optimization measures.



In 2007, a range of new warehouses was established. Regional distribution centers ensure next-day delivery.

The Hilti warehouse in Oberhausen, Germany, was converted into the first regional distribution center (RDC) with the aim of achieving greater flexibility and better delivery service for customers with cross-border deliveries. This means that all Hilti customers within the RDC Oberhausen delivery area can have their order filled the very next day if they choose. Additional regional distribution centers will follow, in Austria and southern Germany, in

the course of 2008, permitting Hilti to meet customer wishes for next-day delivery throughout a wider area.

In the United States, another central warehouse has been opened in Los Angeles to supplement the Tulsa location. A further five new warehouses have been opened in various urban centers in addition to the 14 existing local warehouses, and six more will follow in 2008. Russia has also been built up, and



its capacity increased from one warehouse to four.

Logistics is aware of its responsibility to people and to the environment. For the first time in many years, air freight deliveries grew less in relation to total sales growth in 2007. At the same time, the proportion of deliveries made by rail increased, with virtually all products and tools bound for overseas being moved from the Rheintal location by rail to the shipping port.

This means some 3,000 fewer trips by truck every year to the northern European ports of Hamburg, Bremerhaven and Rotterdam. ■

Systematically working the market



Whether customers are advised over the phone, at a Hilti Center, or on a construction site, they get the same information wherever they are.

Hilti has been continuously expanding its global sales capacities since 2004. In 2007 alone, some 1400 new employees were hired in sales. Hilti is now in contact with customers around the world more than 200,000 times every day, which makes efficient processes a must – as well as employees sharing their experiences with one another.

Direct marketing is part of the Hilti experience. Customers interested in a Hilti product deserve the appropriate skilled and personal advice, whether it comes from a salesperson, a Hilti Center, or over the phone from customer service. And customers can also order online in many countries, or visit a Hilti ProShop, in selected specialty shops for building professionals, to be expertly advised by Hilti employees.

With the rollout of standardized processes, and the corresponding IT system to display and support them, all sales employees in a given national organization now have access to the same information. This means not only increased internal efficiency, it also makes for more satisfied customers, who know they will receive the same service regardless of how they contact Hilti.

Hilti has defined standards for the so-called market-reach processes as well as for all other key processes, and introduced them successively over the past few years. While global process owners and global process managers are responsible for the continuing improvement of processes, local process experts

implement them in the individual organizations and consult their own practical experience to devise potential improvements that could be useful for all. Process owners, process managers and local process experts meet regularly – to learn from each other, among other things. This way, individual em-

ployees as well as entire organizational units can pass on their expertise and experience so that others may profit and grow. ■

Fuel used for sales in the 11 highest-selling national organizations

	2005	2006	2007
Diesel (l)	8,775,944	9,232,148	9,278,448
Gasoline (l)	6,792,556	8,086,796	8,493,464
CO ₂ equivalents (t)	47,422	52,651	53,990
CO ₂ equivalents (t) / net sales (in millions of Swiss francs) of the 11 highest-selling national organizations	16.63	16.83	15.86

The calculation of greenhouse gas emissions (CO₂ equivalents) is based on the factors of the Intergovernmental Panel on Climate Change (IPCC 2001) and ecoinvent v2.01. Information concerns greenhouse gases from the direct use of oil, diesel and gasoline, as well as what is released by the manufacture of these fuels. See more on page 32.

In the future, the use of standardized processes and the IT system needed to allow salespersons in many countries to plan their daily consulting rounds electronically should reduce kilometers traveled in relation to sales.

Customers without a care in the world

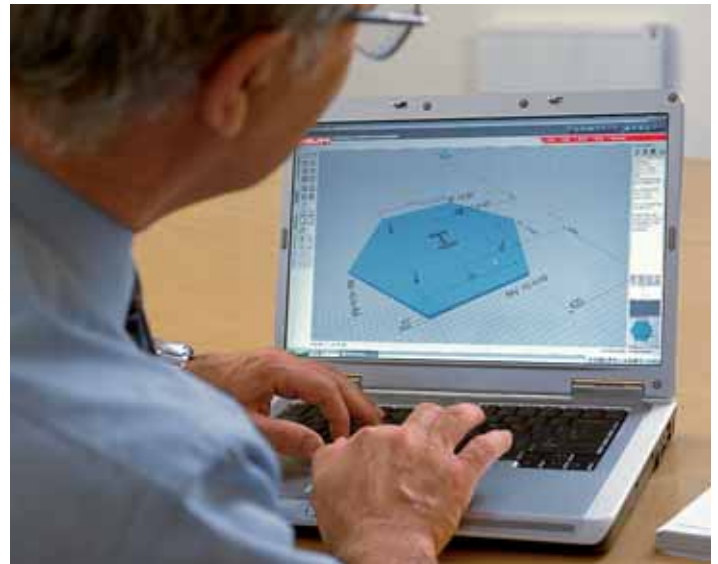
Hilti service begins before a tool is purchased – and never ends. Customers appreciate such comprehensive services, a fact Hilti took advantage of in 2007 to strengthen its competitive edge.

From project planning to completion, engineers, project heads and other participating specialists can count on advice from experienced Hilti professionals. The sooner a fastening problem is solved, for instance, the more efficiently work on the construction site can proceed. Software for calculating anchors, direct fastening and installation systems as well as technical documentation, some of which is available online, make planning quicker and easier, while tool and assembly training right on the construction site improve execution efficiency and help ensure quality.

Construction professionals also appreciate Hilti Fleet Management, which spares them time-consuming tool administration, and Hilti Lifetime Service, which lays out repair conditions in a simple, straightforward fashion

and reduces costs in many cases to zero. Although both services have to some extent been copied, their comprehensiveness is unique.

If a tool is ever down, repair service experts get involved immediately, taking care of all the problems a busy customer under permanent time pressure cannot hope to deal with, and getting the tool right back onto the construction site as soon as possible. And if every once in a while something “disappears”, customers with a Hilti Fleet Management contract with theft insurance pay only a fraction of the replacement price, and receive a new tool with a minimum of fuss and a maximum of speed. “The comprehensive Hilti service package increases cost-efficiency and general efficiency for customers,” says Marco Letta, Head Professional Services. “These services are as important to cus-



Calculation programs and technical documentation, partly available on the internet, make planning easier.

tomers as the products, since they save time and trouble, which customers tend to underestimate, and which then provide them with some unpleasant surprises.” Sur-

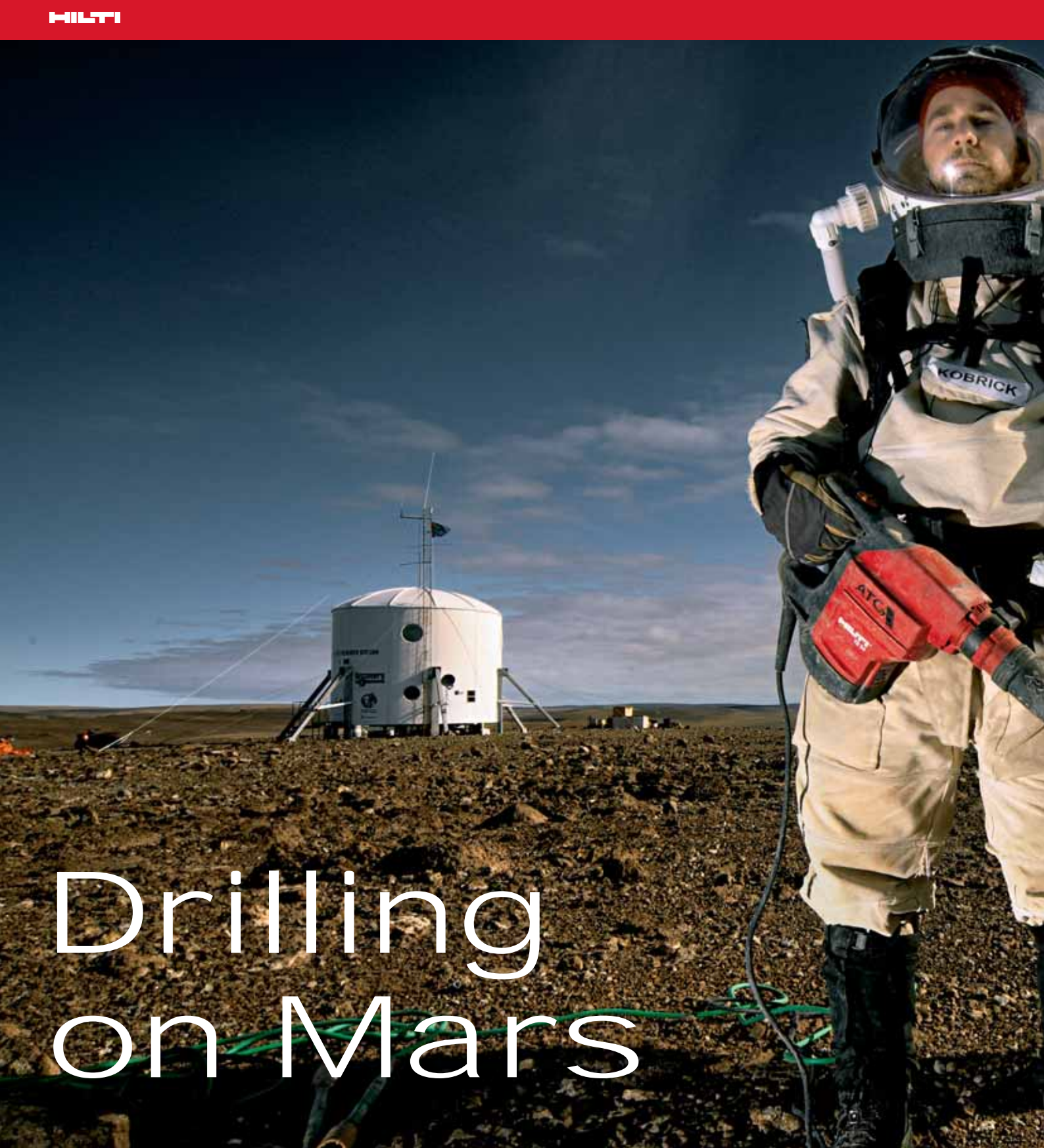
prises that can also quickly turn out to be very costly. ■

Great satisfaction

Hilti customer satisfaction in 2007 remained at the very high level reached the previous year, with customers of the 11 largest national organizations rating their satisfaction at 82 on a scale from 0 to 100.

Hilti considers satisfaction a key figure. Only when customers are satisfied, after all, can economic success be sustained. In order to allow more national organizations to derive further improvements from direct customer feedback, the systematic survey will be extended to

additional countries in 2008. By 2009, those organizations that together generate some 96 percent of total sales should be regularly surveying their customers. ■



Drilling on Mars



Although no human being has yet landed on Mars, Hilti has first-hand experience of the Red Planet: from seven scientists who spent four months in Canada's Arctic north simulating a Martian mission. The American-

Canadian team lived and worked at extremely close quarters on the "Flashline Mars Arctic Research Station" (FMars), some 900 miles (or 1440 kilometers) from the North Pole. The expedition called for strength, both psychological

and physical, as crew members had to don a heavy and voluminous spacesuit before leaving the station. All the same, they were also able to count on the Hilti TE 56-ATC combihammer to make their work easier as they took

samples from partially frozen, rock-hard soil. ■

The best for professionals



At Hilti, building professionals can meet practically all their needs, whether they involve measurement, alignment, drilling, demolition, cutting, sanding, fastening, installation, insulation or fire protection. And they also get free consulting and expert support - see page 35. The key product innovations in 2007 at a glance.

Measuring and alignment

Robust precision

A technical breakthrough in convenient laser range meters: the Hilti PD 40 and PD 42 measure accurately within one millimeter up to 200 meters, which makes them the most precise tools of their kind. Their clearly legible

display makes them easy to use and gives building professionals a measurable time advantage. The Hilti PD 42 range meter also offers complex measurement functions for tricky calculations. ■



Watertight measurements

Handy and small like a mobile phone, the Hilti PD 4 range meter's single-button interface takes high-precision measurements at distances of up to 70 meters. The smallest Hilti tool to date is simple

and robust, watertight and dust-proof. It belongs in the pocket of every builder – instead of a yardstick. ■



From floor to ceiling

The Hilti PRI 2 rotating laser – the compact and robust laser tool for interior use. Its precise and brilliant laser line and simple infrared remote control make alignment and transposition jobs quick and easy

to perform. Its "standing" laser line leaves the user free to work efficiently, and its self-activating shock warning when it is excessively shaken helps produce dependable results. ■

One for all

The Hilti PMC 36 combilaser combines all of the advantages of line and point lasers. Whether it's being used for checking plumbs, leveling, or conveniently transposing right angles or points, the Hilti PMC 36 can perform all alignment and setting-out tasks. It's proven its mettle in drywalling, to align walls,

in electrical work, to save time on positioning sockets and cable trays, and in installation work, to align pipes precisely. Pros use it for transposing measurement points to save time when doing plumbing and air conditioning work, or when setting out guidelines for tiles. ■



Drilling and demolition



Concentrated experience

Just as in Formula 1 racing, the performance of a combihammer depends on just the right combination of all key factors. Comprehensive field tests in Dubai, North America and Germany have proven that to date only Hilti has been able to optimally set all relevant parameters,

such as single-stroke energy, engine output, stroke frequency, rotational angle of the bit, and electronics – all the way to drills and chisels. The result is by far the strongest combihammer in its class: the Hilti TE 70! ■



Flagship

With its 1050 watts and weighing in at a slender 5.7 kg, the Hilti TE 50 is the combihammer offering the best performance-to-weight ratio in its class. Compact

construction and light weight mean comfortable handling and help prevent tired arms even when used serially. ■



A powerhouse that's a pleasure to hold The Hilti TE 40-AVR combihammer has more performance power than any other tool in its class, while turning heads with its innovative design, sophisticated technology and unique user comfort. ■

Light and versatile

From installation work in concrete and masonry all the way to drilling into metal, wood, plasterboard and synthetics – the new Hilti TE 2 lightweight rotary hammer can take a real pounding. A new mechanical concept means constantly high drilling performance in all diameters, from 4 to 22 mm. ■



Five kilos of perfection

The Hilti TE 500-AVR breaker hammer offers higher performance – and greater on-the-job comfort. Smooth starting, perfect tool balance, and the integrated Active

Vibration System (AVR) make this a precision breaker that packs a punch virtually without tiring its user out. ■



Unpack it and start drilling

High performance has never been this light and compact: Hilti presents the DD 120, the first diamond coring tool that fits into the red toolbox – together with its drill rig! Its total height of just 600 mm makes it the most compact system of its performance class. And with a full 1600 watts and a mere 9.8 kg in weight, the Hilti DD 120 sets new standards for coring systems. ■



It's raining prizes

Customers and users alike are excited about Hilti products – and so are design specialists. The international jury charged with bestowing iF Industrie Forum Design's world-renowned iF product design awards in Hannover, Germany, singled out three Hilti tools and the celebrated Hilti toolbox for prizes in 2007. Another German institution, meanwhile, the Design Zentrum Nordrhein Westfalen, also turned an approving eye on Hilti, granting it a full eight of its internationally sought-after red dot awards, including one for the Hilti toolbox and a best of the best award for the Hilti TE 7-C rotary hammer.

"Secret in a Box," the film Hilti produced on the occasion of the 40th anniversary of the electro-pneumatic principle used in its rotary, breaker and combihammers in 2007, was also honored, winning gold at the interna-

tional World Media Festival in Hamburg and silver at the WorldFest Film Festival in Houston, USA. Watch the film at www.morethanatool.com

The Hilti PX 10 transpointer, which transfers reference points through masonry and concrete walls and won a red dot award in 2007, was also named product of the year by an American trade journal and featured among the most innovative products at the USA's largest construction industry event, World of Concrete. The transpointer was singled out by heating, ventilation and air conditioning specialists in Canada too, winning as most innovative product in its category at one of the industry's biggest events in that country. ■

Cutting and sanding

Sanding in comfort

They're both light and robust: the Hilti DCG 125-S angle grinder for work above and below ground and installations, and the Hilti DAG 125-S angle grinder for the metal industry. They feature newly developed disc guards and guard attachment interfaces, and their ergonomically slender tool design, with a no-slip grip zone on the tool's back and a smooth side grip, let pros do precision sanding, slitting and cutting with a minimum of vibration – up to 35 mm deep. ■



Fastening



Hit the gas!

Now even speedier and easier to handle: the Hilti GX 120 gas system is setting new standards for direct fastening in drywall. Ever since its roaring sales launch in

2007, it's been winning over Hilti customers the same way it works: fast and furious. Learn more about the Hilti GX 120 gas system on page 22. ■

Tough guy

The Hilti X-U premium nail is a tough guy. Thanks to its special spiral-shaped full knurling all the way to the tip, it can usually turn even in very hard materials. ■



Beats the rest to the punch

On all ordinary profiled metal sheet fastening jobs, the Hilti DX76-PTR fastening tool with its unique PTR system (punch through resistance) has earned its stripes. Developed and patented by Hilti, PTR technology uses a built-in piston-brake system to help prevent punching through plates and keep fastening quality consistently high, especially with thin base materials, from 3 mm in thickness. ■





Small – but feisty

The new Hilti SID/SIW 144-A and 121-A impact screwdrivers are turning heads, with RPMs and torque thought to be out of reach for cordless devices. Both the 14.4-volt and 12-volt versions are available with a hexagon socket chuck (SID) or half-inch square drive (SIW). The SIDs (the D stands for driver) are terrific at setting wood, drywall and self-drilling screws, while the SIWs (the W stands for wrench) are power wrenches for nuts, screw anchors and wood spacer bolts.



Full power – extremely light

Power and comfort all day long: that's the promise Hilti makes with its new SFH 144-A cordless impact drill/driver. This bundle of power has the best performance-to-weight ratio in its class! And thanks

to its lithium-ion (Li-ion) battery, it's an amazingly light-weight tool. Li-ion batteries are only half the weight of conventional nickel-cadmium batteries but have the same capacity and last even longer.



Firestop

Can-do cushions

Rest easy, thanks to the new Hilti CP651N firestop cushions: they can be used quickly and easily in practically any kind of opening and demonstrate impressive flexibility, especially for laying cables. Small, medium and large – the three cushion sizes combine optimally to create the perfect solution, and it's highly cost-efficient as well. The

firestop cushions are reusable, which means they are also suitable for temporary installations.





Berlin, Paris, Bonn: No matter where they are shown, "Egypt's sunken treasures," raised by Franck Goddio with the help of the Hilti Foundation, arouse great interest.

Hilti shares its economic success with others. Employees, national organizations, production plants and headquarters all do their part in their various geographic and specialty areas to give something back to the society in which they enjoy their success. In the process, they are making a key element of the Hilti Mission Statement a reality and "building a better future." In 2007, for the first time, the Hilti Group passed on an amount in the single-digit millions from its net income to the Hilti Foundation, which the Martin Hilti Family Trust for its part has been financing for years, with regular transfers in the double-digit millions.

Social entrepreneurs

Since the beginning of 2007, the Hilti Foundation has been jointly financed by the Martin Hilti Family Trust and the Hilti Group. In line with the Hilti Foundation's new strategy – see page 8 for more details – it is giving its social commitment a global orientation and working primarily with the international organization Ashoka. The two bodies share one goal: to help people help themselves, which means getting the needy back on their feet so they can make their own way. A real leverage effect!

Being a successful entrepreneur in the world of business takes the courage to innovate, to think beyond the everyday and to arouse needs customers didn't know they had. This way of thinking can be extended to the realm of social success, a realm in which so-called social entrepreneurs take the initiative and encourage their fellows to help themselves live better. Anaclaudia Rossbach, for example, is just such a social entrepreneur. In the teeming Brazilian metropolis of São Paulo, she motivates slum dwellers to take their lives into their own hands and start building a financial future for themselves by joining a savings union.

Anaclaudia Rossbach is one of around 2000 social entrepreneurs in the Ashoka network. Founded by Bill Drayton of the USA 27 years ago, the organization gives them the seed capital needed until their innovative business has established itself and can earn its own keep. Brazilian computer specialist Rodrigo Baggio is another example. In 1996 he began organizing IT courses for young inhabitants of

poverty-struck neighborhoods in Rio de Janeiro. There are now 833 schools built according to his ideas in ten countries.

Ashoka's Valeria Budinich uses an image Bill Drayton is also fond of: "It's not our mission to give people fish, nor to teach them how to fish. What we want to do is revolutionize fishing." If the initiative, innovation and courage shown by these social entrepreneurs rub off onto others, and if this helps them improve their living standard, then success will multiply itself and become sustainable.

Valeria Budinich and Egbert Appel, general manager of the Hilti Foundation, take these successful ideas a step further. In order to raise their self-esteem, needy people must first of all have a proper roof over their head. But since they don't have the money to achieve this, no profit-oriented company is interested in supplying them with the construction materials they need. "There is a way out of this vicious circle," says Egbert Appel firmly. "If the needs of Brazil's slum dwellers, for instance, are



A favela behind the Copacabana in Rio de Janeiro. In order to raise their self-esteem, people need a proper roof over their head.

combined, and if the seed capital is available, the construction material suppliers can also be found." Valeria Budinich continues: "That's the way a new market evolves, one that is no longer dependent on outside help over the medium term and from which everyone can benefit." In such a model, social entrepreneurs function as agents and as hubs. The Hilti Foundation and Ashoka started a pilot project in Brazil at the end of 2007.

By the way, the Hilti Foundation's support for Ashoka's social entrepreneurs is nothing new. "When we visited the marine archaeologist Franck Goddio some years ago

at Abukir in Egypt," recounts Michael Hilti, "we decided to get involved in the local society." The Hilti Foundation helped spread social entrepreneurship in Egypt, and there are now close to 30 social entrepreneurs at work. The bill for this social commitment is roughly equivalent to the cost of Franck Goddio's research work. ■

100 opportunities, 100 takers

Hilti employees' commitment to Sri Lanka is paying off: in the summer of 2007, 56 young professionals graduated from the Hilti vocational training center in Monaragala, certificate in hand. Since the center opened in 2006, some 100 young people have taken advantage of the opportunity for a professional career and a better life. And the next 54 have already taken their places in the classrooms and workshops.



The Hilti vocational training center in Sri Lanka offers apprenticeships to boys and girls alike.

Despite the political unrest in other parts of Sri Lanka that weighed heavily on tourism during 2007, the first ten professionals trained in green tourism at the Monaragala center have taken up steady jobs. They are employed in hotels not far from Monaragala, to the particular satisfaction of Cedric P. de Silva, National Director of SOS Children's Villages of Sri Lanka, which run the training cen-

ter in Monaragala financed by Hilti employees. The 18 young men from the first one-year car-mechanic's course are now working in garages and workshops in the Kalutara district south of Colombo, the nation's capital, and some 235 kilometers away from Monaragala. The prospect is not quite as rosy for trainees who opted to work with computers. "They have scant hope of work

in the Monaragala district," admits Cedric P. de Silva, "and their parents – especially those of girls – don't want to send them to Colombo." On the other hand, welders are likely to have found work in Colombo.

The next courses began in the fall and winter of 2007, and the trainee places available have all been filled. The Monaragala cen-

ter is now also training cabinet-makers.

Hilti employees, meanwhile, are continuing to think up new ways of collecting donations from their colleagues to keep the vocational training center in Monaragala running. ■

From air raid shelter to dining room



In just four days, a saw had cut windows and doors through 100 meters of concrete, and the Children's Village in Dorohoi, Romania, had a new dining room.

What do you do when the once-obligatory air raid shelter is no longer required? The managers of the Children's Village in Dorohoi, a city in the furthest northeastern corner of Romania, quickly realized that it would make a nice dining room and kitchen. But what about windows? And who would pay for the costly renovation? The Kaufering protestant

church congregation, one of the sponsors of the Village, turned to Hilti, whose German headquarters happens to be in Kaufering.

And so it came to pass that Hilti Romania provided the tools and the contact to a diamond coring specialist willing to do the work for free. Hilti headquarters donated the saw blades, and in just four

days the Hilti wall saw had worked its way through almost 100 meters of concrete. Windows and six doors were cut, and the air raid shelter became a big, bright dining room with auxiliary areas. Those who took part in the project were paid many times over by the children themselves, whose eyes shone with joy at the sight. ■

Endowed chair

Hilti Group headquarters launched an initiative in 2007 to endow a Chair of Business Information Systems and Business Process Management at Hochschule Liechtenstein. Hilti is also funding student stipends at various universities and institutions of higher learning, assisting in the completion of semester and diploma projects and awarding prizes for outstanding scholarship. By supporting the university as well as new talent, Hilti does a service not only as a "great citizen" to society, it also contributes to its own personnel development and makes itself known as a "great place to work" – for more details see page 18.

Duty-bound to humanity and the environment

Two years ago, in the spring of 2006, Hilti signed the UN Global Compact, thus clearly signaling its adherence to the ten principles contained in the compact, as well as its will to see them implemented. In its reporting, Hilti also refers to the indicators provided by the Global Reporting Initiative (GRI). The overview on the next page demonstrates how Hilti complies with these regulations.

The principles set out in the UN Global Compact are based on an international consensus with regard to

- the Universal Declaration of Human Rights
- the ILO Declaration on Fundamental Principles and Rights at Work

- the Rio Declaration on Environment and Development
- the United Nations Convention against Corruption

The UN Global Compact calls on companies to recognize, support and put into practice within their sphere of influence a catalog of basic values pertaining to human

rights, labor norms, environmental protection and combating corruption.

Since Hilti also bears ecological responsibility, which means that, among other environmental aspects, climate protection is also a concern, it signed the Caring for Climate convention in 2007. The

convention was launched on the initiative of a group of business enterprises in the summer of 2007 and presented at the UN Global Compact Leaders Summit in Geneva. These corporate leaders, recognizing that climate change and climate protection call for prompt action on the part of companies as well, pledge to increase their energy efficiency and reduce their CO₂ emissions.

On the two pages following, read how Hilti is implementing the principles of the UN Global Compact.

Duty-bound to humanity and the environment

UN Global Compact

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labor Norms

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining, as well as

Principle 4: the elimination of all forms of forced and compulsory labor;

Principle 5: the abolition of child labor; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environmental Protection

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Activities / Measures 2007

- Consistent implementation of Mission Statement, which calls for acting responsibly toward both society and the environment (page 4).
- 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 31).
- Consistent implementation of Mission Statement (page 4) and continuous development of corporate culture (page 18).
- 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 31).
- Introduction of systematic sustainability management with the corresponding responsibilities (page 6).
- 20 percent of suppliers underwent general audits in 2007. Compliance with the Code of Conduct was also monitored in the case of a further 5 percent (page 31).
- Hilti Germany's headquarters switches to sustainable resources for its thermal heat and reduces its CO₂ emissions by 6000 tons annually.

Combating Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

- Ongoing training
- Development of an e-learning program
- PACI clauses in contracts
- Benchmarks
- Begin of revision to Code of Conduct and adoption of Compliance Policy
- Appropriate measures taken in response to incidents
- Progress report to PACI

Additional GRI indicators reported on in the Hilti 2007 Annual Report

EC1: direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments (taxes)

EC3: amount of corporate social donations

LA11: programs for knowledge management and life-long learning to promote employee proficiency

LA12: percentage of employees whose performance is regularly evaluated and who receive regular development planning assistance

PR1: life cycle stages in which health and safety impact of products and services is assessed for improvement, and percentage of product and service categories subject to such procedures

PR5: activities in connection with customer satisfaction, including findings of surveys on customer satisfaction

GRI Indicators

LA8: education, training, counseling, prevention and risk-control programs in place to assist workforce members, their families or community members regarding serious diseases.

HR2: percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.

HR6: operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.

HR7: 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.

EN3: direct energy consumption by primary energy source.

EN5: energy saved through environment-friendly use and increased efficiency.

EN7: initiatives to reduce indirect energy use; savings made.

EN16: entire direct and indirect greenhouse gas emissions by weight.

EN18: initiatives to reduce greenhouse gas emissions; results achieved.

EN22: total weight of waste by type and disposal method.

EN26: initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.

SO4: actions taken in response to incidents of corruption.

Detailed Reports

LA8: "Keeping health in mind, day after day" (page 21)

HR2: "Quality must be high – and that's not all" (page 31)

HR6/HR7: In 2007, Hilti commissioned an accredited external partner to monitor compliance on the part of a selection of suppliers with the social standards set out in the Code of Conduct. This auditor determined that the company was exposed to a significant risk neither of child labor nor of forced or compulsory labor (page 31).

EN3/EN5: pages 32 and 34

EN7: pages 22 – 27

EN16: pages 32 and 34

EN18: page 32

EN22: page 32

EN26: : pages 22 – 27

SO4: page 9

Turnover, operating expenses, personnel expenses, equity capital, income tax expenses: pages 10 – 16 and Financial Report on www.hilti.com;
group cash flow accounting: Financial Report on www.hilti.com

Pension provisions and similar obligations: page 46 and Financial Report on www.hilti.com

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Pages 22 – 27

Page 35

The Executive Board

Members as of January 1, 2007



The new Executive Board, from left to right: Stefan Nöken, Bo Risberg, Christoph Loos and Marco Meyrat.



Bo Risberg

Chief Executive Officer

Bo Risberg (Sweden) has been CEO since January 1, 2007. His predecessor in office, Pius Baschera, became Chairman of the Board of Directors, effective on the same date.

Bo Risberg trained as a mechanical engineer in Canada and earned a Master of Business Administration in Switzerland. He came to 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. Since fall 2006 Bo Risberg has served as President of the European Power Tool Association (EPTA).

Dr. Christoph Loos

Christoph Loos (Germany) has been charged on the Executive Board with employees, finances and IT since January 1, 2007. Following training as a banker, he earned a doctorate (Dr. oec. HSG) from the University of St. Gallen and went on to work for several years for an international consultancy firm in Germany and China. When he joined Hilti in 2001 he was first charged with Group Development before building up Strategic Marketing. At the end of 2003 he moved to Germany, first as Regional Sales Head and then for two years as General Manager of Hilti Germany.

Marco Meyrat

Marco Meyrat (Switzerland) has been responsible on the Executive Board for all Hilti marketing regions 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 named General Manager of Hilti Germany in 2002 before being appointed to the Executive Board. Marco Meyrat is a member of the Board of Directors of Olmero AG, Glattbrugg.

Dr. Stefan Nöken

Stefan Nöken (Germany) has been responsible for the Business Areas, for the Supply Chain (comprising production, sourcing and logistics) and for 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 went on initially to 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 made 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

Members until the 2008 Annual General Meeting



The Board of Directors, from left to right: Heinrich Fischer (new), Ewald H. Hoelker, Michael Hilti, Pius Baschera, Jakob (Jack) Schmuckli, Tis Prager, Hubertus Christ (until 2008 AGM), Michael Jacobi (new) and Giorgio Behr (until 2008 AGM).

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

Pius Baschera (Switzerland) succeeded Michael Hilti as Chairman of the Board of Directors on January 1, 2007, handing over the job of Chief Executive Officer, which he had held since 1994, to Bo Risberg.

Pius Baschera 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., Basel, and of 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 (re-elected to serve until the 2009 Annual General Meeting), son of the company's founder, Honorary 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 nominated as Chairman, he was Chief Executive Officer and Managing Director. Michael Hilti is a member of the Board of Directors of Hilcona AG, Schaan.

Prof. Dr. Giorgio Behr, Buchberg, Switzerland

Giorgio Behr, Honorary Professor at the University of St. Gallen, has been a member of the Board of Directors since 1993. He will step down at the



2008 Annual General Meeting, in accordance with internal restrictions on term of office. He gained his doctorate at the law school of the University of Zurich, was admitted to the bar and obtained a diploma as a Certified Public Accountant (CPA). Today he is an entrepreneur in the industrial sector (Behr Bircher Cellpack BBC Group).

Prof. Dr. Hubertus Christ, Langenargen, Germany

Hubertus Christ joined the Board of Directors at the beginning of 1999 and will step down at the 2008 Annual General Meeting, in accordance with internal restrictions on term of office. Formerly a member of the Executive Board of ZF Friedrichshafen AG, he is currently a member of the Board of Directors of ZF Friedrichshafen and of Forschungszentrum Karlsruhe GmbH. Hubertus Christ also holds several other directorships and supports the promotion of technical development and education for young people.

Heinrich Fischer, Rüschlikon, Switzerland

Heinrich Fischer (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 Bühle 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 (re-elected to serve until the 2008 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 (German citizen; 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., Basel) in Brazil, the USA and Switzerland, and was global chief financial officer from 1996 until 2007. Since 2007 Michael Jacobi has been an independent corporate consultant and, since 2003, a member of the Board of Directors of Sonova Holding AG, Stäfa.

Dr. Tis Prager, Zumikon, Switzerland

Tis Prager (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, and of Hotel Zürich AG (Marriott), and 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 (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.

Imprint

Publisher: Hilti Corporation,
Corporate Communications,
Postfach 333, FL-9494 Schaan,
Principality of Liechtenstein

Concept: Hilti Corporation,
Corporate Communications

Design: Fabrizio Milano,
milano-graphic, Rapperswil-Jona,
Switzerland

Text: Ursula Trunz,
Hilti Corporation, Corporate
Communications

English version: Rafaël Newman
Translations, Zurich,
www.newmantrans.ch

Photography: Uli Reitz, Hilti Corpora-
tion, Fabian Biasio (page 3), Geri
Krischker (pages 16 – 17), Andreas
Keller (pages 28 – 29), Christian Lamon-
tagne (pages 36 – 37), Christoph Gerigk
(page 46, copyright Franck Goddio/
Hilti Foundation), Simona Moritsch
(page 48).

Production: bmedien,
Buchs SG, Switzerland

The Annual Report is issued in
German and English.

The full Financial Report, the principles
of corporate governance, the organiza-
tion chart, a list of the consolidated
companies of the Hilti Group and infor-
mation on the Martin Hilti Family Trust
are all available on the Internet:
www.hilti.com

Next information:

June 9: Interim financial information
for January – April 2008

October 1: Interim financial information
for January – August 2008

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