

2009 Company Report



**We passionately create
enthusiastic customers and
build a better future.**

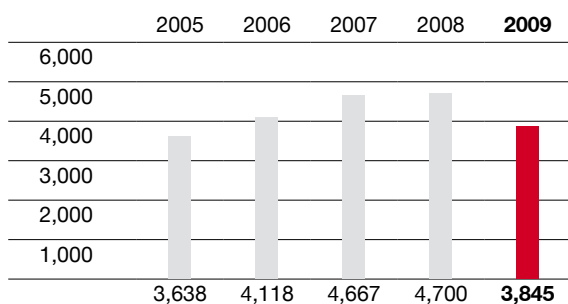
Overview.

Key figures (in CHF million)

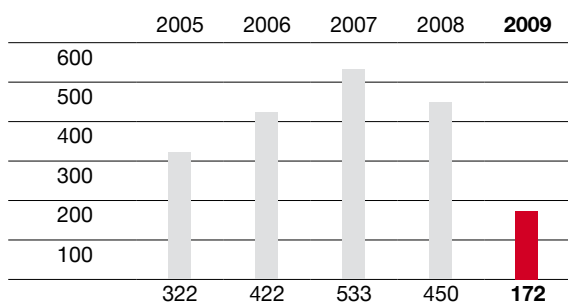
	2009	2008	Change
Net sales	3,845	4,700	-855
Operating result	172	450	-278
Cash flow from operating activities	487	437	+50
Net income	78	243	-165
Employees (as at December 31)	19,709*	20,994	-1,285

* Including Bhukhanvala Diamond Systems Private Ltd. (India, 209 employees) and Diamond B Inc. (USA, 38 employees).

Net sales (in CHF million)



Operating result (in CHF million)



This is Hilti.

We supply the construction industry with technologically superior products, systems and services. We provide innovative solutions that feature outstanding added value.

We passionately create enthusiastic customers and build a better future with almost 20,000 team members located in more than 120 countries around the world.

We live clear values. Integrity, the courage to embrace change, teamwork and commitment are the foundations of our corporate culture.

We combine long-term financial success with comprehensive responsibility toward society and the environment. Reciprocal tenets of openness, honesty and tolerance apply to team members, partners and suppliers alike. Our corporate goal is to generate sustainable profitable growth.



Topics.

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The complete Financial Report, principles of corporate governance, a Group organizational chart, list of consolidated companies and information on the Martin Hilti Family Trust may be found on the Internet at www.hilti.com

This Company Report was printed on paper bleached without chlorine.



Dear Readers,

2009 was a difficult year. It was a year that placed significant demands on the management of our company. But it was also a year that clearly illustrated how important it is for Hilti to concentrate on its own strengths.

Our innovative power allowed us once again to bring a great number of fascinating new products and system solutions to market, many featuring revolutionary technology developments. The company's direct sales system allowed us to gain additional market share by taking advantage of our proximity to the customer. The stability we have as a family-owned company with a solid financial background and long-term focus also allowed us to respond to the financial crisis with considered and well-planned measures as opposed to hasty decisions. The fact that we did all this while continuing to preserve our values and corporate culture is reflected in the positive results of this year's employee opinion survey.

These positive tendencies, however, could not prevent us from taking measures to counter the weak economic situation. The downturn in construction activity, which exceeded 50 percent in certain regions, forced us to take country-specific corrective measures, both in terms of costs and organizational structure. We did so with the greatest

care and circumspection, stretching the effect of the measures over a timeframe extending to the end of 2010. The Martin Hilti Family Trust, our company's shareholder, also made a contribution to safeguarding liquidity by declaring its intention to forego the distribution of a dividend for the 2009 business year.

Together, these measures made it possible for us to once again ensure the company's financial stability. Although our operating profit is significantly lower than in the previous year, the cash flow level increased in spite of the economic crisis. In 2010 we are expecting a slow but steady recovery and results that will positively reflect the measures initiated in 2009.

This Company Report provides you with an insight into the challenges Hilti faced in 2009 and those the company will experience in 2010. It will show you how we identify customer needs on construction sites throughout the world, how we create fascinating innovations in cross-departmental teams, how we further develop our employees at both local and international levels, and how we are using sustainability to positively address environmental and societal issues. —

Thanking all employees, customers and partners for their dedicated cooperation and partnership, we hope you enjoy reading our Company Report.



Pius Baschera
Chairman of the Board of Directors




Bo Risberg
Chief Executive Officer





Challenges bring out our strengths.

Bo Risberg, Chief Executive Officer: "In spite of the economic crisis I remain optimistic. We took the right measures to ensure the short-term stabilization and long-term success of our company."

A close-up photograph of a red, textured surface, likely a Hilti toolbox, featuring prominent diagonal ribbing. The lighting creates a gradient from a deep red at the bottom to a lighter, more vibrant red at the top, highlighting the fine texture and the raised ridges of the ribs.

The rib pattern is a succinct element of the Hilti toolbox. On a functional level, the ribs ensure stability, robustness and durability. On an emotional level, their unmistakable character creates unique recognition value.

A good strategy needs longevity.

“ For me, strategy is largely about having clear priorities and goals. A strategy must be clear, practical and must lead to clearly attainable targets. I really appreciate the simplicity of Hilti’s strategy. Champion 3C succinctly summarizes our intentions.

We defined the basic tenets of Champion 3C in 1996. Our activities focus on three terms beginning with the letter C:

- Customer – because we want to be our customers’ best partner
- Competence – because we clearly focus on innovation, the best quality, effective marketing and direct sales
- Concentration – because we concentrate on products and markets where we can achieve and sustain leadership positions.

We have remained true to the premise of Champion 3C because a good strategy needs longevity. In my daily work, I take heart in the fact that Champion 3C does not merely consist of slogans or catchwords but is put into practice and is an integral part of all our projects. Since 2007 we have consistently followed the priorities of growth, differentiation, productivity and people development. I’m convinced that the quality inherent in Champion 3C has a tremendous amount of potential. In my daily work as a Corporate Development Project Manager, I have the opportunity to develop this potential together with our various teams. ”



Name	Lalit Kumar
Position	Corporate Development Project Manager
Nationality	Indian
Time with Hilti	2 years
Favorite tool	Hilti TE 1000-AVR breaker
Motto	You can’t be perfect, but you can be excellent.



On the right path.

The economic downturn caused by the worldwide financial and economic crisis also had a significant effect on Hilti. Bo Risberg, Chief Executive Officer, is nonetheless optimistic and sees solid opportunities in the future.

Mr. Risberg, 2009 was a difficult year for Hilti. What were the biggest challenges the company faced?

Bo Risberg: The effects of the world economic crisis also hit us with unexpected speed and intensity. Construction activity in numerous countries slowed significantly in a matter of weeks. Strong currency influences also contributed to the problem. Our biggest challenge was to react in a differentiated way, thereby maintaining a sense of balance. By differentiated I mean that we were confronted by differing situations and requirements depending on where we looked worldwide, while balance was based on getting the most we could out of our available resources. We had to find the correct path between short-term stabilization measures and long-term success. In doing so we had to cut jobs. Unfortunately it wasn't always possible to do this via natural fluctuation. For me personally the worst moments involved being part of these decisions. Even though we were dealing with the survival of our company, I was always aware that we were talking about people and their personal livelihood.

You mentioned stabilization measures. Have they been successful?

Bo Risberg: Yes. Even though we posted an 18-percent drop in sales at the end of the year, I believe that we took exactly the right steps to counter the crisis. This can be seen if we take a detailed look at our results. The tremendous

commitment of our team not only led to defending our market share but to expanding it. Our employees around the world showed solidarity and understanding in implementing a cost-cutting program the likes of which Hilti had never before seen. We also were able to disproportionately reduce our warehouse inventory and accounts receivable compared to sales, ensuring our financial stability. Additionally, our 2009 cash flow was higher than in the previous year. This puts us in a good position for 2010 although we know that this won't be an easy year.

Another difficult year? Do you also see future opportunities?

Bo Risberg: Certainly. A crisis like this also offers possibilities to better position the company for the future. In good times the focus of a company is often on growth and primarily on meeting market demands. Efficiency and optimal processes are often neglected in good times. During a downturn, one can correct this. We are therefore implementing future-oriented structural changes in marketing and sales, finance, logistics, repair and production segments. These measures will give us greater competence and better prepare us for the future.

Which of Hilti's strengths do you trust the most?

Bo Risberg: All of them, really. We not only have a successful business model that guarantees us direct access to customers, but also outstanding product and service innovations, a highly motivated team and a strong brand. We continue to clearly place our focus on satisfying customer needs and on quality in all we do. We gain additional strength and trust from the fact that we also are owned by a family that thinks long-term.

What will Hilti face in 2010?

Bo Risberg: As I already mentioned, this year will not be an easy one for Hilti. We will have to face several challenges. Externally, these include an ongoing negative economic influence that will prevent the worldwide construction industry from rapid recovery. Economic stimulus programs generate isolated opportunities within the industry, but there remains surplus capacity and open real estate space on the market created by the speed and severity of the decline. Internally, the structural adjustments we have made mean our entire organization and our team members must remain strong. I'm nonetheless optimistic. While I expect sales development to remain fairly flat in 2010, I'm convinced that we will see strong profitability growth this year. If we stay the course, we should be able to enter a growth phase in 2011 and we'll be well prepared for the future. —

Firestop screens were fastened to walls inside Tokyo's Yamate Tunnel using the Hilti X-BT threaded stud.



Our customers define our actions.

Marco Meyrat, Member of the Executive Board: "We want to be the best possible partner for our customers. This is why our actions are defined by the wishes and needs of our customers on a daily basis."



The new Yamate Tunnel
eases traffic on Tokyo's
main thoroughfares.



We find our answers on the construction site.

Name	Koji Nakamura
Position	Key Project Manager
Nationality	Japanese
Time with Hilti	14 years
Favorite product	Hilti DD EC-1 diamond coring system
Motto	Honesty and integrity



“ To me, customer orientation means finding solutions. The key here is to listen. If I listen carefully, I can clearly and unmistakably identify the needs of the customer. If I don't, their wishes can get lost in an unfathomable haze.

The answers to all the questions that we as a company have can be found on the construction site. It is there, not on paper, that life plays out. In theory, it's possible to have many ideas and thoughts. But on the construction site, one sees if an idea will work or not. The customer's reaction is the best barometer for measuring the quality of what we do. When we generate enthusiasm, in addition to satisfaction, we have achieved our goal.

In principle, all our customers are looking for quick, safe and inexpensive solutions. But they also are prepared to invest more if a product's benefits and added value are clearly visible. An example of this occurred while I was looking after a large project. At issue was whether supporting pillars should be welded or fastened with our DX technology. Welding is less expensive, but our direct-fastening system provides more reliable quality. In the end, we sold 15 direct fastening tools and 10,000 threaded studs for steel because the solution created an enthusiastic customer. ”

Reliability proven 300,000 times over.

For two decades the plans for building Tokyo's Yamate Tunnel gathered dust. Now the project is all but concluded. Hilti X-BT threaded studs were used to fasten firestop screen, but only after the product was modified to meet requirements specified by the customer.



The features of Tokyo's Yamate Tunnel on the Central Circular Route are impressive: 20 kilometers long, 13 meters in diameter and average daily traffic of 30,000 vehicles. Part of this gigantic traffic artery, which flows beneath one of the main thoroughfares of Tokyo, was opened for use in 2007. The last segment is now being completed and enjoys significant support from Hilti.

Developed for the customer

Hilti's Japanese sales organization supplied 300,000 Hilti X-BT threaded studs to this project. The Kajima company, the local contractor responsible for completing the 2.6-kilometer-long section, used them to fasten firestop screen to walls

inside the tunnel. But what is truly interesting about this project is that when it began the fastener didn't exist at current specifications. The existing product, which already featured a high-end design, had to be further developed to meet the exacting standards of the customer.

Tapping new areas of usage

The fastener had to withstand the highly-aggressive climate in the tunnel. When development was finished, the new X-BT far exceeded requirements and expectations. The fastener's resistance to corrosion was improved to such a degree that, in addition to standing up to the moisture and vehicle exhaust of the tunnel atmosphere, it also could be



Hilti X-BT
threaded stud

1000

Hilti X-BT
threaded studs
were used each
day in the
construction of the
Yamate Tunnel.

used in highly corrosive environments, such as in underwater applications on offshore platforms where it would be subject to extreme pressures, saltwater and seafloor bacteria.

Exactly what the customer needed

“We don’t believe there is another product on the market that is better suited to this application than the Hilti fastener,” says Masami Moriguchi, Project Manager at Kajima. “The X-BT is easily and quickly fastened. Our workers set up to 1000 of them every day. Even with this setting frequency the product is very reliable. This combination makes the fastener worth its weight in gold to us.” —





Amid the city's skyline, an exceptional shopping center is constructed in Frankfurt's new Palais quarter.



Our passion drives us to innovation.

Stefan Nöken, Member of the Executive Board: "Our customers sense the enthusiasm we have for our work in all of our innovations and product developments."



Fluid transparency: 3200 glass components form the heart of the new My Zeil shopping center.

Innovation is more than merely developing a product.



Name	Sebastian Simon
Position	Firestop System Developer
Nationality	German
Time with Hilti	4 years
Favorite product	Hilti CP 653 firestop sleeve
Motto	There are no problems. Only challenges.

“ To me, product innovation means that Hilti knows what the customer needs before they do. By this I don't mean sitting at a computer and quietly imagining what a customer may need, but by going directly to the construction site where our products are used. It's here that we observe, study and analyze each movement and process. These observations lead us to ask questions such as: Can this or that application be completed simpler or faster? Can we simplify the process? How can

we make the work safer or more productive? In firestop development we are encouraged to go beyond the limits of our day-to-day business, giving free reign to our ideas and inventions. This often results in unusual and extraordinary product innovations that we may not have come up with previously. The focus is on the added value the customer should notice when using one of our products or services. So our incentive is to have this innovation formed in the mind before the customer even knows they need it. That, and always being a bit better than the others.

The sense of pride and the drive to come up with even newer and better ideas come from visiting a construction site and seeing how much faster or simpler procedures and processes have become thanks to Hilti innovations. ”



Glass perfection.

A new shopping center opened last year along Frankfurt's pedestrian shopping zone, known as My Zeil. The light, airy exteriors of the center hide work that was truly challenging to the companies involved in the center's construction.

When the famous Italian architect Massimiliano Fuksas viewed the plans for the shopping and leisure center in Frankfurt's downtown area, he was reminded of a river. He had the idea of designing a building that had neither corners nor edges. The impressive realization of his idea is unique. Almost every shape on the building is round, arched or curved.

The My Zeil shopping center is built on six floors and has one of the longest self-supporting escalators in Germany. It snakes upward under a dome of approximately 3200 triangular glass components. But the truly unique building, amazing to visitors and architects alike, created many difficult tasks for the various construction companies supporting the project.

The right product for every need

In addition to meeting the demanding architectural standards in terms of care and applications, safety and flexibility also played a large part in bringing the center to life. Cem Adanir, a firestop specialist with Hilti Germany, knows this all too well. "We closed off some 3200 openings and penetrations in the building with our firestop products. All of them had different requirements in terms of size, installation and optical dimensions," he said. Most of the building's walls were designed to withstand a fire for at least 90 minutes. These specifications



3200
openings and penetrations in the new Frankfurt shopping center were closed with Hilti firestop products.



Hilti CP 660 firestop foam



Hilti ED 3500-A dispenser

for the walls applied also to the numerous large and small wall openings. Hilti had the right product for every requirement. In addition to firestop foam, firestop mortar and firestop bricks, Hilti also supplied firestop coating.

Verifying the safety potential

“Safety is simply paramount in a building that is visited by roughly 15,000 people a day,” says Adanir. In addition to the products, he also contributed his experience and knowledge of the approvals process to the project. He provided advice and assistance to the installers for more than six months. “Fire prevention work has very strict legal requirements regarding correct documentation,” said the Hilti firestop specialist. “Each company must provide proof that all openings and penetrations were closed according to regulations. Hilti can support the customer here as well.” Hilti’s new Web-based firestop documentation manager provides firestop customers with software that coordinates

documentation requirements. The documentation manager shows the floor plan for each building being worked on. The user can zoom in on the floor plan and enter the work they have completed by clicking on a symbol. The work is then documented optically with before-and-after photographs. “All processes are shown in detail, from planning through to acceptance. This provides companies with solid documentation showing that all the openings were correctly closed,” says Adanir.

Added value means greater efficiency

Cem Adanir finds the support provided by the documentation manager to be a special service that he primarily recommends to customers having complicated firestop projects. “Providing added value means giving customers comprehensive project support. This includes innovative instruments such as our documentation software. It helps customers to work in a more efficient, legally compliant way.” —

Hilti was a popular team during construction of the stadiums in South Africa for soccer's 2010 World Cup.





People are our motivation.



Christoph Loos, Member of the Executive Board: "The linkage between teamwork and substantial individual commitment generates growth for the company as well as for the individual team member."



The 94,000 seats in Soccer City were fastened using various Hilti products, including the Hilti HSA segment anchor.

Growth is the key to progress.

Name	Hannelie Strydom
Position	Human Resources Manager
Nationality	South African
Time with Hilti	3 years
Favorite product	Hilti PR 26 rotating laser
Motto	Live now and live fully.



“ To me, personal development means allowing all the people in our company to grow – at any level within the hierarchy. And I mean not only in terms of expertise, but also as a person. Growth, after all, is the key to progress, as an individual or as an organization in its entirety.

At Hilti we are convinced that diversity in the structure of our staff is a basic prerequisite for corporate success. To achieve good results, we need a balance of team members of both genders, from various cultural backgrounds and with different kinds of experience. We actively promote the creation and maintenance of this kind of variety in all countries – not only in places where this is required by law as it is in South Africa.

The personal development process at Hilti is supported by various tools. These include the company's internal Assessment Center, comprehensive feedback sessions and personal coaching. The goal is to show each team member the way to personal growth and development and how to reach their potential.

We put our own performance to the test at regular intervals by taking part throughout the world in competitions to find the best employer in the country – and we regularly gain top spots in the ranking lists. In 2010 we will be taking part in a competition of this kind in South Africa for the first time. I am certain that we have a good chance to achieve a top result. ”



From call center to remarkable construction sites.

Experiencing personal development in areas one never considered possible when embarking on a career – with Hilti this can be a reality. The story of Simone Barlow shows what’s possible.

Rising up out of the red earth on this bustling construction site in Johannesburg, its facade made up of rectangular slabs in various earthy colors, the building looks like a gigantic African clay pot. Inside, a flat area of green turf is encircled by 94,000 seats in a terraced oval. Welcome to Soccer City, the venue for the opening game and the final of soccer’s 2010 World Cup.

At the wheel of her red Hilti off-roader, Simone Barlow negotiates the security barrier at the entrance to the construction site. In her role as product manager for measuring and screw-fastening systems, she wants to be on top of her game today when the PR 26 rotating laser is set up for use. The main contractor for the construction project has been using the tool since the project began. Product management is a field of responsibility that’s new to Simone Barlow. Recently, she successfully completed a course at the Hilti Assessment Center and qualified for the new job. “It’s a further milestone in my career,” 32-year-old Simone remarks.

Following a developmental plan

She began her career with Hilti as a receptionist for the South African Market Organization 11 years ago – a temporary job that quickly developed into



12

years with Hilti have allowed Simone Barlow to take extraordinary developmental steps.



Hilti PR 26
rotating laser



Hilti PA 921
adjustable tripod

a permanent position. In daily contact with customers, she soon realized that she was most enthusiastic about the sales field. Together with Simone, her team leaders then drew up a personal development plan that would make her dream of a career in the field sales force become a reality. "To begin with, I worked in the call center as an assistant to the territory salespeople. Later, I was assigned responsibility for all key accounts. This was a huge challenge for me," Simone explains. One of the most pleasing moments in her Hilti career, however, occurred four years ago, when she was awarded her own sales territory – with responsibility for customers in the interior finishing trade in the Cape Town region.

Contributing experiences

In her position as product manager, her field of activity and responsibilities have changed once

again. As Simone puts it, "I now have the opportunity to make my know-how and experience available not only to our customers but also to members of our own sales team. When I joined Hilti, I never thought that one day I would be doing something like this." And does she have further plans for her career? "I'm perfectly satisfied where I am for the moment," Simone smiles. "But I can imagine there are many opportunities ahead."

She strides confidently through the catacombs of Soccer City and steps out onto what will become the soccer field inside the stadium. The customer with the PR 26 rotating laser is due to arrive. Simone is looking forward to the meeting. Contact with customers always has been a pleasure to her. Just as it was when she was a receptionist. —



Paris' luxurious Royal Monceau Hotel undergoes extensive renovation. Hilti dust removal systems ensure that as little dust as possible escapes into the surrounding environment.



Our corporate actions are guided by responsibility.

Stefan Nöken, Member of the Executive Board: "As a globally active company, Hilti shares responsibility for the world's resources and for the safety of our employees and customers."



The rich decorative facade betrays the exclusiveness of the location.



We help to make the construction industry safer.

Name	Catherine Moulinier
Position	Manager for Technical Marketing and Health, Safety and Environment
Nationality	French
Time with Hilti	10 years
Favorite product	Hilti TE DRS-B dust removal system
Motto	Caring for others.



“ For me, the topics of health, safety and the environment mean our products aid in protecting the health of construction site workers, preventing accidents and showing that we accept our responsibilities toward the environment. I think Hilti has a significant advantage here. Our direct sales system enables us to contact customers throughout all organizational levels. We communicate with purchasers, health-and-safety managers and construction site employees, helping us learn the needs of our individual target customers.

Hilti is responsible for consistent innovation in the areas of health, safety and the environment. System solutions aimed at reducing dust levels, for example, cover all the important construction site applications, such as demolition, slitting, cutting and grinding.

The new DCG 230-DB angle grinder is a clear example of how Hilti's innovative strength translates into user safety. This unique tool is equipped not only with Hilti's Active Torque Control (ATC) and Active Vibration Reduction (AVR), but also has an electro-mechanical brake that brings the disc to a rapid standstill once it is turned off. The angle grinder also can be outfitted to reduce the level of dust generated in applications. All these factors provide users with added working comfort while protecting their health.

It's clear that anyone can put a vacuum cleaner on a construction site. But only Hilti offers a comprehensive, high-performance solution that significantly reduces dust levels and health risks. I'm proud to be responsible for this at Hilti France. ”



Clearing the dust away.

The heavy crystal chandeliers, the enveloping armchairs and the stately statues have all been removed. The Hilti TE 1000-AVR breaker is being used on the lobby floor of the empty hotel. Paris' noble Royal Monceau Hotel is undergoing renovation.



The walls are emblazoned with blobs of paint and the autographs of modern artists from around the world. These are the last vestiges of the “demolition party” that took place in the summer of 2008, when the elite of Parisian society assembled to bid farewell to the old Royal Monceau with a champagne flute in one hand and a sledgehammer in the other. The party also raised the curtain on the hotel’s comprehensive renovation. Now, in January 2010, the first signs of the redesigned hotel are visible in the form of prefabricated concrete ceiling elements that precisely mirror the form of the original structure.

With health and safety in mind

Otherwise, there’s not much to see on the ground floor of what will be a palatial interior. A worker for the French construction company Bouygues is shaping concrete base plates with the Hilti TE 1000-AVR breaker. Orange spray paint in the background explains that this will be the future location of the kitchen in the hotel’s star-winning restaurant. Work with the heavy tool is proceeding quickly, using features that lower the health risks for the operator, such as Active Vibration Reduction (AVR), which reduces vibrations by as much as two-thirds compared to conventional breakers and helps prevent the user from tiring quickly.

In spite of the ongoing demolition work, the air on the building’s ground floor remains clear. The Bouygues employee is using the Hilti TE DRS-B dust removal system. Together with the Hilti

VC 40-UM universal vacuum cleaner, this system removes up to 95 percent of critical fine dust from the area around the breaker’s chisel and chuck, thereby keeping the amount of dust in the air to an absolute minimum. This benefits the worker’s health and allows him to work with greater precision due to improved visibility. Usage of the dust removal system also prevents time-consuming activities such as having to seal off the area or substantial post-work cleanup.

Meeting safety requirements

“We are happy to work with Hilti and to take advantage of the company’s perfect technical advice,” says Rachid Krich, Site Manager of Bouygues Rénovation Privée. “Hilti’s DRS dust removal system meets all the health-and-safety needs of our workers on construction sites worldwide. It fully corresponds to what we think of in terms of working perfection, high standards and quality.”

Field Engineer Alexandre Montaudouin opens the VC 40-UM universal vacuum cleaner. His hand holds the dust that was generated by only a few minutes’ working time inside the Royal Monceau. It still will be some time before the elite of Parisian society once again assembles here to drink champagne. But the dust that is generated will scarcely bother the workers and their jobsite environment, thanks to Hilti’s dust removal systems. —

95

percent of fine dust
is removed at its
source by the Hilti
TE DRS-B dust
removal system.



Hilti TE 1000-AVR breaker with
TE DRS-B dust removal system





We aspire to sustainability.

Egbert Appel, Managing Director of the Hilti Foundation: “Corporate responsibility also means making a meaningful, long-term contribution to the development of society.”

The work done by “El Sistema” ensures that children and young people in Venezuela receive a well-founded musical education. The Hilti Foundation supports this unique endeavor.



The violin constructed by Lorenzo Ventapane around 1845 is particularly rare. It is one of the musical instruments provided to Venezuela's Simón Bolívar Youth Orchestra through the support of the Hilti Foundation.

The importance of receiving an opportunity cannot be overstated.



Name	Alejandro Carreño
Position	Concertmaster/First Chair Violin in the Simón Bolívar Youth Orchestra
Nationality	Venezuelan
Violinist for	16 years
Favorite musical composition	Many pieces are unique and wonderful.
Goal	To play in this orchestra for as many years as possible because this is my family.

“ As the concertmaster of the Simón Bolívar Youth Orchestra of Venezuela, Hilti’s commitment represents a unique opportunity to achieve something in my life. The new musical instruments that the Hilti Foundation has provided for our use help us to improve our performance as an orchestra and to play at a world-class level. The sound of these instruments is simply outstanding and greatly improves the quality of our music. But each individual who gets to play a Hilti Foundation instrument is highly motivated to better their own performance to such an extent that it is equal to the level of the instrument. Anyone having the opportunity to play one of these instruments wants to show the other musicians that they have really earned that opportunity and they practice more frequently and with greater intensity.

When I received this unique Lorenzo Ventapane violin, it was like a dream come true. I had reached a certain limit with my own violin that I can exceed with the Ventapane. My timbre, the quality of tone, has significantly improved. I have a great deal of respect for this instrument, not only because it is much older than I am, but because I see in it a very distinct personality. Commitments like the one made by the Hilti Foundation are important. They motivate me and my colleagues in the orchestra to further improve our performance and to work more intently on our future as musicians.”

Musical training as a springboard to a better life.

The Hilti Foundation has supported the Simón Bolívar Youth Orchestra of Venezuela for more than two years. The Foundation's commitment includes providing the orchestra's musicians with high-quality instruments. This allows the young musicians, who have gained a tremendous amount of international acclaim under Artistic Director Gustavo Dudamel, to expand and strengthen their musical training.

The moment she has been waiting for has arrived. Angélica Olivo is playing Prokofiev's Violin Concerto No. 1 as if her life depended on it – and Claudio Abbado is moved. The 16-year-old violinist has practiced and rehearsed for eleven hours every day for two years. And the great maestro wants to help her to develop her talent and find her way. Angélica received a new violin to play in the concert that took place on St. Valentine's Day 2009. It wasn't merely a new instrument, but an exceptional Ruggeri reproduction crafted by Madrid violin maker Laurent López.

Sustainable support

This violin and some 50 other high-quality instruments represent the collection used by the Hilti Foundation to support the Simón Bolívar Youth Orchestra of Venezuela. The goal of this unusual type of support is to make it possible for young people, largely coming from disadvantaged backgrounds, to have a well-founded musical education, thereby giving them a chance to eventually be



200

Young musicians, largely from disadvantaged social backgrounds in Venezuela, make up the Simón Bolívar Youth Orchestra.

independent and have an income of their own. For the Hilti Foundation's Managing Director, Egbert Appel, this commitment is the perfect example of the Foundation's main focus. "For more than a decade we have supported selected sustainable projects and initiatives having social, cultural or educational backgrounds. The support of Venezuela's national youth orchestra combines all of these aspects in a single project," explains Mr. Appel.

The orchestra is the product of a group popularly known in Venezuela as El Sistema. This unique organization was started more than 34 years ago by the Venezuelan economist and musician José Antonio Abreu. In 1975 he invited eleven youngsters from the slums into a garage to practice music. Soon, he had hundreds practicing. The result was a national movement of music schools. The lead organization is now the national Simón Bolívar Youth Orchestra.

In spite of its social roots, El Sistema has produced numerous musicians of extraordinary quality and talent. This includes the exceptional Gustavo Dudamel, the orchestra's Artistic Director and the symbolic figure for the unique classical music movement in his country. The Simón Bolívar Youth Orchestra has achieved worldwide renown and success under his charismatic leadership.

Music instead of violence

The model used by El Sistema deploys music to counter the cycle of drugs, violence and neglect that are common in the less structured areas of Venezuela. Violinist Angélica Olivo also now studies at the conservatory in Caracas. She and her family have moved from a poor area of Barquisimeto. Egbert Appel comments: "She is one of many who have been able to embark on an independent life thanks to musical encouragement. This tells us that our commitment in this area is working." —



The Executive Board.



Dr. Christoph Loos

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

Dr. Stefan Nöken

Stefan Nöken (born 1965, Germany) has been responsible for the Business Areas, the Supply Chain and Corporate Research & Technology on the Executive Board since January 1, 2007. Following studies in mechanical engineering at Aachen University, where he earned a doctorate, he was employed at the Fraunhofer Institute for Production Technology in Aachen before becoming Senior Vice President of Corporate Engineering at Hilti in 2001. In 2004 he was appointed to the position of Executive Vice President of 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 Executive Board (from left): Christoph Loos, Stefan Nöken, Bo Risberg and Marco Meyrat.

**Bo Risberg,
Chief Executive Officer**

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

Marco Meyrat

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

The Board of Directors.

Prof. Dr. Pius Baschera

Chairman of the Board of Directors, Switzerland

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

Michael Hilti, Schaan, Principality of Liechtenstein

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

Prof. Dr. Giorgio Behr, Buchberg, Switzerland

Giorgio Behr (born 1948; re-elected to serve until the 2012 Annual General Meeting), Honorary Professor at the University of St. Gallen, was previously a member of the Board of Directors of the Hilti Corporation. Since January 2008 he has been a member of the Hilti Foundation Board of Directors. He was again elected to serve on the Board of Directors of the Hilti Corporation in January 2009. Giorgio Behr is a member of the Supervisory Board of ZF AG, Friedrichshafen. 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).

Heinrich Fischer, Rüschlikon, Switzerland

Heinrich Fischer (born 1950; elected until the 2010 Annual General Meeting) has been a member of the Board of Directors since 2007. He graduated in



1973 with an engineering diploma from the Swiss Federal Institute of Technology in Zurich, having studied electrical engineering and technical physics. He then went on to study business economics at the University of Zurich while working in this field, earning a master's degree in 1976. Beginning in 1977 he held 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 (born 1945; re-elected to serve until the 2011 Annual General Meeting) has been a member of the Board of Directors since 2005. A US citizen with an MBA from the University of North Texas, Ewald Hoelker was, as Executive Board member, responsible for all Hilti marketing regions worldwide up to the end of 2004.



The Board of Directors (from left): Heinrich Fischer, Michael Jacobi, Giorgio Behr, Tis Prager, Pius Baschera, Michael Hilti, Ewald H. Hoelker, Jakob (Jack) Schmuckli.

Dr. Michael Jacobi, Binningen, Switzerland

Dr. Michael Jacobi (born 1953; elected until the 2010 Annual General Meeting) was elected to the Board of Directors in 2007. He studied business economics at the University of St. Gallen and at the University of Washington, Seattle, and earned his doctorate from St. Gallen in 1979. From 1978 until 2007 he held various management positions in the financial area of Ciba Geigy AG (now known as Ciba Specialty Chemicals Inc., Basle). He was Global Chief Financial Officer from 1996 until 2007. Today Michael Jacobi is an independent corporate consultant. Since 2003 he has been a member of the Board of Directors of Sonova Holding AG, Stäfa and since 2008 a member of the Board of Trustees of the Martin Hilti Family Trust. He was named to the Board of Directors of Actelion Pharmaceuticals Ltd., Allschwil, in 2009.

Dr. Tis Prager, Zumikon, Switzerland

Tis Prager (born 1948; elected until the 2010 Annual General Meeting) has been a member of the Board of Directors since June 1, 2006. He earned a

doctorate in law from the University of Zurich in 1975, was admitted to the bar of the Canton of Zurich in 1978 and is a founding member of the Prager Dreifuss law firm in Zurich and Bern, specializing in international commercial law. Among other mandates, Prager is the Chairman of the Board of the IE Engineering Group AG, Zurich, of Hotel Zürich AG (Marriott), a member of the Board of Directors of Bourquin SA, Couvet and of Scherer & Bühler AG, Meggen. He is also active in STEP, the Society of Trust and Estate Practitioners.

Jakob (Jack) Schmuckli, Stäfa, Switzerland

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





A year of challenges.

2009 will go down as one of the most difficult years in the history of the Hilti Corporation. The company countered the effects of the economic downturn with a financial stabilization program implemented over two years.

In September 2008, Hilti already had noted clear signs of an economic downturn and correspondingly created precautionary measures covering various scenarios. The swiftness and depth of the worldwide crisis caused a drop in sales of roughly 16 percent and additional currency losses of 4 percent for Hilti over the first few months of 2009. A financial stabilization program was launched at the beginning of 2009 and numerous measures were taken to both stabilize the company's financial situation and put the Group back on the path to solid, sustainable profitability.

The main goal was to ensure balance between the necessary financial stabilization measures and the level of personnel cuts, particularly among the direct sales staff and in research and development. With the speed and severity of the drop in sales, the company anticipated a significant short-term reduction in the operating result and net income solely based on Hilti's business model and its high level of fixed costs.

The stabilization program's guidelines were based on a scenario that envisioned Hilti's sales falling a total of 15 percent during 2009 and 2010 followed by a slow recovery period. Among other things, the program includes lowering costs by 15 percent and reducing the worldwide workforce by 10 percent by the end of 2010. Net current assets were also significantly reduced to shore up cash flow. Hilti delayed or cancelled CHF 100 million of the CHF 350 million in investments planned for 2009.

Costs lowered significantly

The disciplined worldwide implementation of the stabilization program began to show results by the end of 2009. Costs were reduced by 11 percent and the negative volume effect on the gross margin was largely offset. The work force reduction also went according to plan with roughly 1500 positions, approximately 7 percent, eliminated by the end of 2009. Reductions took place in the form of natural fluctuation wherever possible, although more substantial restructuring measures were unavoidable in the regions hardest hit by the crisis.

487

million Swiss francs – Hilti's cash flow from operating activities in 2009.

Successful implementation of the program generated positive development in cash flow from operating activities, which improved from CHF 437 million to CHF 487 million. Free cash flow also rose to CHF 136 million. The Hilti Group therefore had a very solid liquidity basis throughout the entire year. The low interest level on the Swiss capital market also was used to place a bond valued at CHF 300 million.

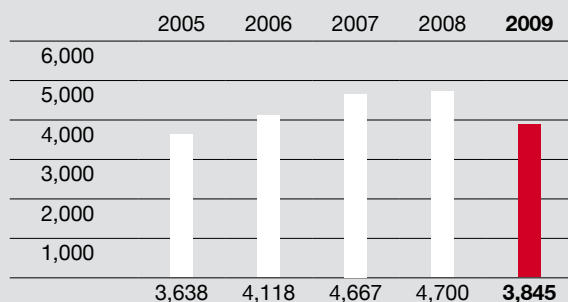
Outperforming the market trend

For the entire year, a drop in sales of 18 percent in Swiss francs and a reduced operating result of almost 62 percent versus the previous year correspond with management expectations in light of the dramatic developments on the worldwide economy. Two factors were largely responsible for keeping sales development ahead of the market trend. Innovative new products helped the company gain additional market share while Hilti's direct sales model was flexible enough to be redirected to market segments less strongly affected by the economic crisis.

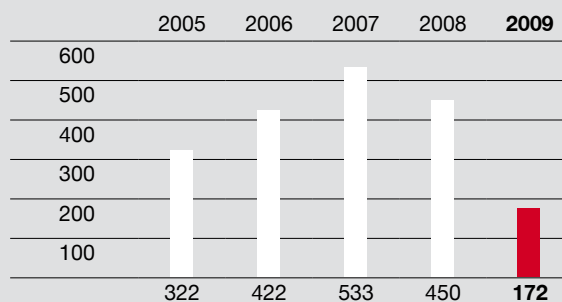
The Hilti Group expects the environment in 2010 to remain difficult. An ongoing retrenchment of the worldwide construction economy will contribute to keeping sales figures at 2009 levels. Implementation of the stabilization program will continue. The lower costs and improved margins generated by the program should lead to improved results in 2010. —

Key figures.

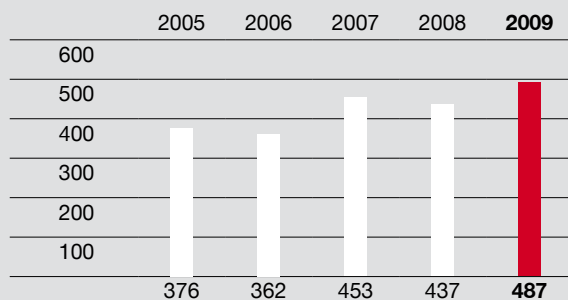
Net sales (in CHF million)



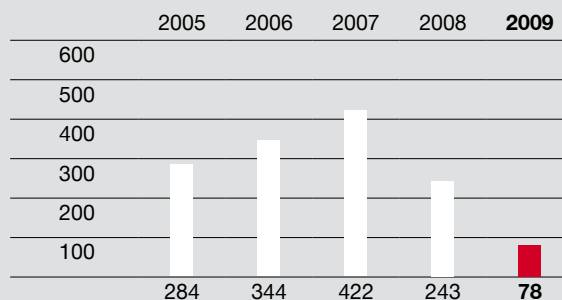
Operating result (in CHF million)



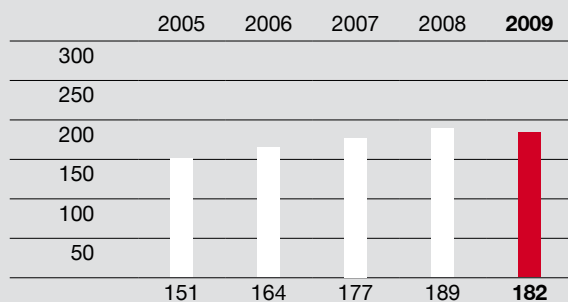
Cash flow from operating activities (in CHF million)



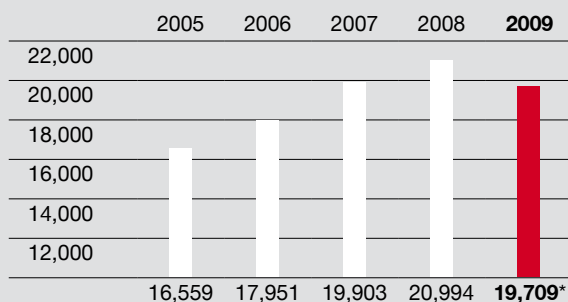
Net income (in CHF million)



Research and development expenditure (in CHF million)



Employees (as at December 31)



* Including Bhukhanvala Diamond Systems Private Ltd. (India, 209 employees) and Diamond B Inc. (USA, 38 employees)

Important note

The following pages contain extracts from the 2009 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 2009. Complete information, including the notes to the consolidated financial statements, is contained in the

2009 financial report which will be available on the Group's website (www.hilti.com) from late March 2010.

The full 2009 consolidated financial statements, which are included in the 2009 financial report, have been prepared in accordance with international financial reporting standards (IFRS).

Consolidated income statement of Hilti Group (in CHF million)

	2009	2008
Net sales	3,844.9	4,699.5
Other operating revenues	63.8	63.8
Total operating revenues	3,908.7	4,763.3
Change in inventory	(144.3)	35.9
Material costs	(1,088.3)	(1,508.0)
Personnel expenses	(1,558.2)	(1,741.3)
Depreciation and amortization	(200.3)	(184.9)
Other operating expenses	(746.0)	(915.4)
Total operating expenses	(3,737.1)	(4,313.7)
Operating result	171.6	449.6
Share of profit / (loss) of equity-accounted associates and joint ventures	0.5	0.7
Other revenues and expenses (net)	23.7	(97.7)
Finance costs	(59.5)	(44.4)
Net income before income tax expense	136.3	308.2
Income tax expense	(58.1)	(65.7)
Net income	78.2	242.5
Attributable to:		
Equity holders of the parent	78.2	243.6
Minority interest	-	(1.1)

In 2009, for the first time, interest costs on defined benefit pension plan obligations are included in "Other revenues and expenses (net)". In prior years they were included in "Finance costs". Prior year numbers have been restated accordingly.

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

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

ASSETS	2009	2008
Intangible assets	264.8	248.1
Property, plant and equipment	836.4	775.8
Investment property	4.9	5.2
Investments in associates and joint ventures	9.2	6.7
Deferred income tax assets	91.6	102.4
Other financial investments	13.1	12.4
Trade and other receivables	270.7	259.2
Derivative financial instruments	24.2	-
Total non-current assets	1,514.9	1,409.8
Inventories	573.6	706.1
Trade and other receivables	946.4	1,042.7
Current income taxes receivable	6.9	6.6
Accrued income and prepayments	62.9	80.7
Derivative financial instruments	15.9	17.9
Financial assets at fair value through profit or loss	38.7	34.4
Cash and cash equivalents	1,166.8	906.1
Assets classified as held for sale	-	-
Total current assets	2,811.2	2,794.5
TOTAL ASSETS	4,326.1	4,204.3

EQUITY AND LIABILITIES

	2009	2008
Minority interest	5.3	0.5
Equity attributable to equity holders of the parent	2,391.1	2,428.6
Total equity	2,396.4	2,429.1
Provisions	103.7	92.9
Pension and termination benefit obligations	166.5	135.5
Deferred income tax liabilities	27.6	31.3
Bonds	744.4	446.4
Long-term bank borrowings	70.4	100.5
Trade and other payables	19.3	20.2
Derivative financial instruments	2.8	2.2
Total non-current liabilities	1,134.7	829.0
Provisions	81.3	101.3
Trade and other payables	257.9	292.7
Current income taxes payable	108.3	115.4
Accrued liabilities and deferred income	265.8	305.4
Short-term bank borrowings	81.3	126.8
Derivative financial instruments	0.4	4.6
Total current liabilities	795.0	946.2
Total liabilities	1,929.7	1,775.2
TOTAL EQUITY AND LIABILITIES	4,326.1	4,204.3

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

All of the registered shares and participation certificates are owned by the Martin Hilti Family Trust.

Consolidated statement of comprehensive income of Hilti Group (in CHF million)

	2009	2008
Net income per income statement	78.2	242.5
Gains/(losses) on cash flow hedges taken to equity	10.5	3.8
(Gains)/losses on cash flow hedges transferred from equity to income statement	(8.4)	2.3
Actuarial gains/(losses) on defined benefit plans	(37.0)	(68.6)
Foreign currency translation differences	7.3	(122.4)
Deferred tax on items taken directly to or transferred from equity	7.7	3.3
Other comprehensive income	(19.9)	(181.6)
Total comprehensive income	58.3	60.9
Attributable to:		
Equity holders of the parent	58.1	60.9
Minority interest	0.2	-

Consolidated cash flow statement of Hilti Group (in CHF million)

	2009	2008
Cash flow from operating activities before interest and tax	592.2	537.0
Interest received	4.9	14.3
Interest paid	(59.5)	(44.4)
Income tax paid	(50.2)	(70.0)
Cash flow from operating activities	487.4	436.9
Capital expenditure on intangible assets	(90.2)	(84.5)
Capital expenditure on property, plant and equipment	(193.7)	(217.4)
Acquisition of subsidiaries	(0.5)	(6.5)
(Increase)/decrease in financial investments	(6.0)	9.1
Disposal of intangible assets	1.4	-
Disposal of property, plant and equipment	1.5	15.6
(Increase)/decrease in finance lease receivables	(63.9)	(160.4)
Cash flow from investing activities	(351.4)	(444.1)
Increase/(decrease) in long-term bank borrowings	(36.3)	101.2
Increase/(decrease) in short-term bank borrowings	(40.3)	59.4
Increase/(decrease) in bonds	297.8	297.7
Transactions with shareholder	(0.7)	(18.3)
Dividend paid	(96.3)	(116.6)
Cash flow from financing activities	124.2	323.4
Effects of exchange rate changes on cash and cash equivalents	0.5	(38.0)
Total increase/(decrease) in cash and cash equivalents	260.7	278.2
Cash and cash equivalents at January 1	906.1	627.9
Cash and cash equivalents at December 31	1,166.8	906.1

Key figures of Hilti Group

	2009	2008	2007	2006	2005
Results (CHF million / %)					
Net sales	3,845	4,700	4,667	4,118	3,638
Depreciation and amortization	200	185	181	171	164
Operating result	172	450	533	422	322
Net income before tax	136	308	496	401	322
Net income	78	243	422	344	284
Return on assets (RoA) in % (Net income + Finance costs)	3.2	7.1	12.8	11.6	10.9
Return on equity (RoE) in % (Net income)	3.2	9.9	18.2	17.1	16.3
Cash flow from operating activities	487	437	453	362	376
Balance sheet (CHF million / %)					
Total equity	2,396	2,429	2,483	2,159	1,854
Total equity in % Total equity and liabilities	55	58	64	57	55
Non-current liabilities	1,135	829	436	455	532
Current liabilities	795	946	942	1,165	987
Capital expenditures on Intangible assets and on Property, plant and equipment	283	290	246	242	204
Intangible assets and Property, plant and equipment	1,101	1,024	952	889	821
Other non-current assets	414	386	339	247	196
Current assets	2,811	2,795	2,570	2,643	2,356
Total assets	4,326	4,204	3,861	3,779	3,373
Dividend*	-	96	117	112	93
Employees (as at December 31)	19,709**	20,994	19,903	17,951	16,559

* As proposed by the Board of Directors

** Including Bhukhanvala Diamond Systems Private Ltd. (India, 209 employees) and Diamond B Inc. (USA, 38 employees)

2009 sales development year on year

	2009 in CHF million	2008 in CHF million	Change in CHF (%)	Change in local currencies (%)
Europe	2,455	3,086	(20)	(15)
North America	695	859	(19)	(19)
Latin America	96	111	(14)	(5)
Asia / Pacific	441	450	(2)	0
Near / Middle East and Africa	158	194	(19)	(18)
Hilti Group	3,845	4,700	(18)	(14)





We accept responsibility.

For a company, corporate responsibility means being accountable for the effects generated by the company's business activities.

Hilti's distinct corporate culture and high sense of responsibility is reflected in the company's attitude and behavior toward stakeholders.

For Hilti, financial success without corporate responsibility is unthinkable. Corporate responsibility is therefore an integral component of our business model. "We create enthusiastic customers and build a better future," is our mission statement. To us this also means effective sustainability management and being accountable for all aspects of corporate responsibility: toward our team members, customers, partners and suppliers, toward society and the environment.

Team members

Making our employees enthusiastic for the Hilti brand while ensuring their ongoing personal development is as important to Hilti as financial success. We therefore offer our team members outstanding career opportunities in a globally successful, family-owned company. Team members also have the possibility to experience and discover new activities and areas of interest as well as different countries and cultures. Our highly developed corporate culture is characterized by the values of integrity, courage, teamwork and commitment. It forms the basis from which our employees lead the company, and themselves, to sustainable success. A varied offering of training and advancement possibilities allow us to fill approximately 85 percent of our management positions from within Hilti's internal ranks. We also invest thousands of workdays annually in workshops aimed at reinforcing our corporate culture to prepare our team for the challenges that lie ahead.

User health and safety

We take the topics of health and safety very seriously. We continue to invest in new technologies

to improve the safety of the people using our tools and to prevent accidents. Our qualified salespeople, technicians and engineers have daily contact with more than 200,000 customers. They have in-depth knowledge of the needs and problems of our customers and can offer individual consultation and support regarding the reduction of dust, noise or vibration. In this way we can provide our customers with the most suitable solutions for enhanced health and safety in all phases of construction.

Society

Jointly funded by the Martin Hilti Family Trust and the Hilti Group, the Hilti Foundation supports projects in the areas of education and training, art and culture, and social commitment. The Foundation's aspiration to sustainability and responsible entrepreneurial action is clearly represented in all its projects. Encouraging innovative ideas and projects that have a benefit for society is the focus of the Hilti Foundation's activities. In addition to promoting education and cultural diversity, a great deal of emphasis is placed on help to self-help, which sets the basic prerequisites for a better and longer life.

The environment

In 2007 we signed the UN Caring for Climate initiative, which is dedicated to a better environment and is primarily aimed at countering climate change. By signing this initiative we agreed to increase our energy efficiency and reduce our CO₂ emissions relative to our business development. In the developmental stage of our products we use ecological guidelines as the foundation for care-

2007

we signed the
UN Caring for
Climate initiative

fully selecting both recyclable materials to be used in their manufacture and environmentally friendly packaging materials. The ISO 9001 and ISO 14001 international quality and environmental standards also are part of our comprehensive process management system. Additionally, we have established strict environmental guidelines and a code of business conduct that suppliers are expected to follow.

Ethical business practices

Integrity is one of our corporate values. Our ethical standards, valid worldwide, are correspondingly high. These apply to team members as well as to suppliers and partners. Clear guidelines call for mutual openness, honesty and tolerance. The

equivalent regulations are contained in codes of conduct for suppliers and team members. We have a zero-tolerance policy toward bribery and corruption in all our business activities. Accordingly, we signed the Partnering against Corruption Initiative in 2004. In doing so we joined other engineering and construction companies in agreeing to introduce worldwide anti-corruption principles. We also signed the UN Global Compact in 2006. This worldwide agreement, under the organization of the United Nations, obligates companies to counter all types of corruption and to maintain certain social and ecological standards. —



	Human rights	Labor norms
UN Global Compact	<p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence; and</p> <p>Principle 2: make sure that they are not complicit in human rights abuses.</p>	<p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining, as well as</p> <p>Principle 4: the elimination of all forms of forced and compulsory labor;</p> <p>Principle 5: the abolition of child labor; and</p> <p>Principle 6: the elimination of discrimination in respect of employment and occupation.</p>
GRI Indicators	<p>LA8: education, training, counseling, prevention and risk-control programs in place to assist workforce members, their families or community members regarding serious diseases.</p> <p>HR2: percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.</p>	<p>HR6: operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.</p> <p>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.</p>
Activities / Measures 2009	<ul style="list-style-type: none"> • Implementation of Hilti's Mission Statement, calling for responsible behavior toward team members, customers, partners and suppliers as well as society and the environment (pages 60, 61 and 65).* • "Our Culture Journey" (OCJ): The company's distinct culture and the Hilti values continue to be strengthened and further implemented in corporate culture workshops (pages 60, 61 and 64). • Hilti has defined dimensions that will make it a great place to work. Discussions have started in all of Hilti's worldwide organizations aimed at anchoring these elements internally. • 100% of Hilti's suppliers have signed a Code of Conduct for suppliers. Existing and potential suppliers are audited on an ongoing basis. The implementation of improvement measures that have been agreed on is regularly monitored (page 65).* 	<ul style="list-style-type: none"> • General Working Conditions at Hilti's Corporate Headquarters in Schaan, Liechtenstein, have been adapted and implemented. • Internal guidelines on protecting employees at Hilti's Corporate Headquarters in Schaan, Liechtenstein, against workplace discrimination, sexual harassment and mobbing have been successfully implemented.
	<p>* Measures also refer to the principle "Labor norms".</p>	

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.

EN3: direct energy consumption by primary energy source (page 66).
EN5: energy saved through environment-friendly use and increased efficiency.
EN7: initiatives to reduce indirect energy use; savings made.
EN8: Total water withdrawal separated by source.
EN16: entire direct and indirect greenhouse gas emissions by weight (page 66).
EN18: initiatives to reduce greenhouse gas emissions; results achieved (pages 60, 61 and 66).
EN22: total weight of waste by type and disposal method (page 67).
EN26: initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation (page 67).

- General Working Conditions at Hilti's Corporate Headquarters in Schaan, Liechtenstein, have been adapted and implemented.
- Internal guidelines on protecting employees at Hilti's Corporate Headquarters in Schaan, Liechtenstein, against workplace discrimination, sexual harassment and mobbing have been successfully implemented.
- Measures taken to reduce CO₂ emissions will lead to a reduction of pollutants in the upcoming years. Hilti will further reduce its CO₂ emissions by 2010, lowering them to the levels of 2005 (page 66).
- Product Carbon Footprint (PCF): Hilti is in the process of providing the PCF for all products to ensure transparency to the customer. Hilti will be able to further improve the PCF of its products.
- Energy Efficiency Program: Hilti has started to implement a number of initiatives to improve energy efficiency by 5%. A global rollout at other plants is planned for 2010 / 2011.
- Plant Thüringen enlargement – a forerunner in green building: Plant 4 in Thüringen (Austria) is using an environmentally friendly system to regulate temperature at the production facility. The result is a savings of 210,000 kilograms of CO₂ per year (page 66).

Combating corruption

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

SO4: actions taken in response to incidents of corruption.

- 21 anti-corruption training sessions carried out worldwide.
- Annual confirmation requirement on the local adherence to Hilti's anti-corruption (zero tolerance) policy signed by the General Managers.
- 13 reported cases in 2009: Measures taken in response to suspicious incidents (there were dismissals in ten cases. Investigations are ongoing in three others).
- 22 internal audits with regard to local implementation of the compliance program.
- Current improvement of the compliance process.
- Local helpline reviewed/reinstalled in all Hilti units.
- E-learning tool finalized.
- Progress Report to PACI ("PACI's 2009 Highlighting Achievers Mechanism").
- Benchmark (pages 60 and 61).
- Code of Conduct audit: 59% existing suppliers and 100% new suppliers (page 65).

Corporate culture.

The people at Hilti

Based on its highly developed corporate culture, Hilti offers employees outstanding career opportunities in a worldwide group. In 2009, 85% of the management positions were filled from within the company.

	2009	2008	2007	2006
Number of working days employees have used for Corporate Culture Workshops	18,000	35,000	38,000	32,000
Expenditure for Corporate Culture Workshops (in CHF million)	7.6	11.4	13.2	12.5
Fluctuation	15%	14%	14%	13%
Integration Success Rate*	74%	79%	83%	82%
Open management positions filled with internal candidates	85%	80%	82%	76%
Number of apprentices worldwide	341	320	296	302
Employees (as at December 31)	-6.1% 19,709**	+5.5% 20,994	+10.9% 19,903	+8.4% 17,951

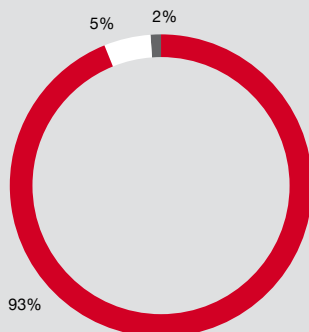
* The Integration Success Rate measures the number of employees who joined Hilti during the past two years and are still employed at the company.

** Including Bhukhanvala Diamond Systems Private Ltd. (India, 209 employees) and Diamond B Inc. (USA, 38 employees)

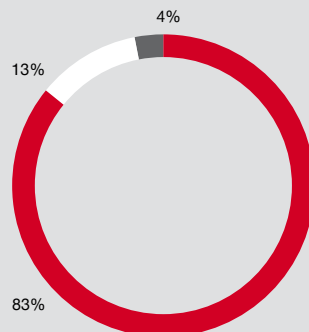
Employees exhibit a high level of identification and commitment

A survey of Hilti employees worldwide is carried out once a year. In 2009 the participation rate of this Global Employee Opinion Survey (GEOS) was 91%.

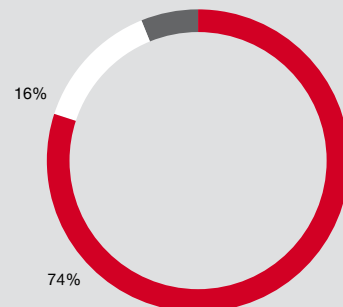
■ Favorable ■ Neutral ■ Unfavorable



93%
are willing to do
the outmost for Hilti



83%
are proud to work
for Hilti



74%
would recommend Hilti
as a great place to work

Suppliers.

Hilti suppliers must observe the Code of Conduct

Hilti has established a Code of Conduct for suppliers to follow. Suppliers worldwide have been required to undergo an evaluation to ensure compliance with the principles contained in the code since 2007. In 2009 the company once

again trained auditors with the help of an extensive program. This gives Hilti access to a worldwide pool of auditors.

	2009	2008
Suppliers of direct production materials and allied suppliers		
Suppliers* who have signed the Code of Conduct	100%	100%
Share of suppliers* audited through the end of 2009		
Existing suppliers	59%	27%
New potential suppliers	100%	n/a
Share of suppliers audited in threshold countries	43%	35%
Additional share of suppliers* subject to a Code of Conduct compliance audit by an external, accredited partner in addition to undergoing the evaluation audit.	27%	24%
Improvement potential was agreed upon with audited suppliers as appropriate. The implementation of this improvement will be monitored. Nine potential suppliers have been rejected by Hilti. Hilti also ended business relationships with three existing suppliers for not complying with the company's Code of Conduct.		
Suppliers of indirect production materials		
Since 2008 manufacturers of Hilti clothing articles (jackets, shirts, T-shirts, caps, etc.) have been audited with regard to the Code of Conduct by an accredited external partner on Hilti's behalf. Since 2009 Hilti has also received equivalent certificates from all producers via Hilti's global merchandising partner. Preparations were also made in 2009 to introduce the Code of Conduct for Suppliers to suppliers of indirect production materials beginning in 2010.		

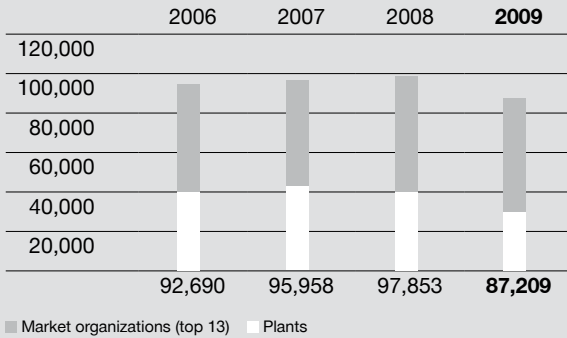
* These suppliers account for over 90 percent of the procurement volume of direct production materials.

Environment-related key data.

CO₂ emission and energy consumption

CO₂ emissions of Hilti Group

(in t) CO₂ equivalents

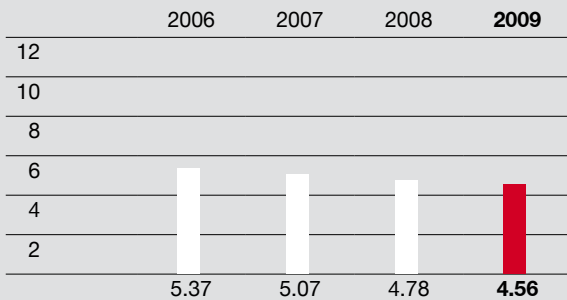


Comments

The significant CO₂ emission reduction of 10,644 tons is caused by two main factors:

- 40% of this reduction results from a change in the electricity mix (>80% from renewable energy sources) in our plants in Thüringen (Austria), Kaufering and Strass (both Germany).
- 60% of this reduction is caused by the global economic downturn also affecting the production sites of Hilti.

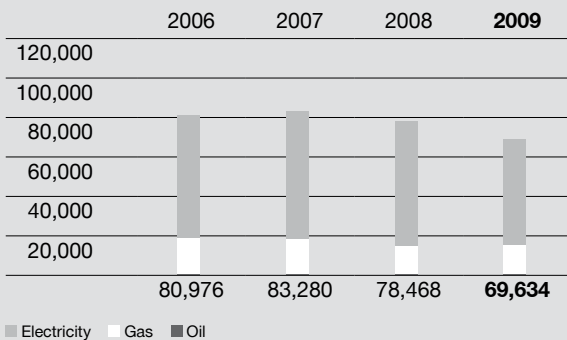
CO₂ emissions per employee (in t)



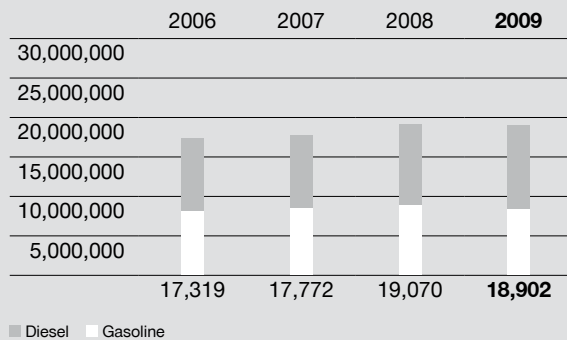
CO₂ emissions per employee as the prime CO₂ indicator for the Hilti Group gives a further transparency and shows the development more accurately.

Hilti introduces a global car policy containing CO₂ emission caps with the aim of reducing its CO₂ emissions in the long term.

Energy consumption in the Hilti plants (in MW)

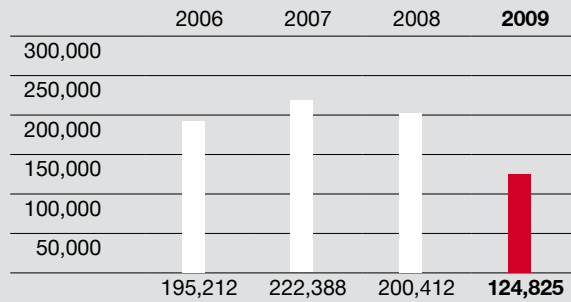


Fuel consumption in the top 13 market organizations (in million liters)



Water consumption and waste production at Hilti plants worldwide

Water consumption (in m³)

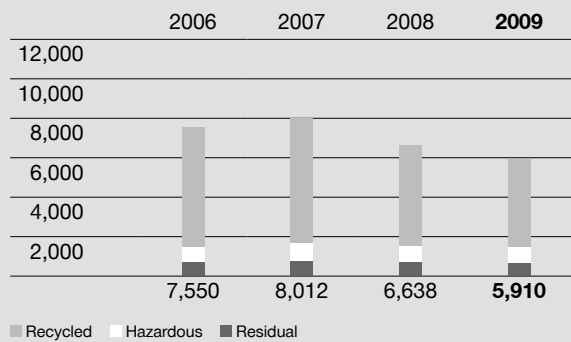


Comments

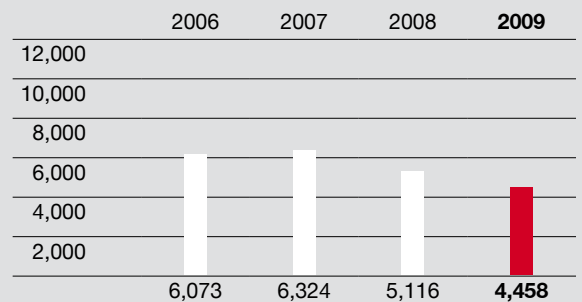
Drop in water consumption mainly influenced by Chinese plants as well as lowered capacity utilization in Hilti plants worldwide.

Reorganization of waste collection processes to optimize material separation and to reduce number of transports (pilot project at FL locations).

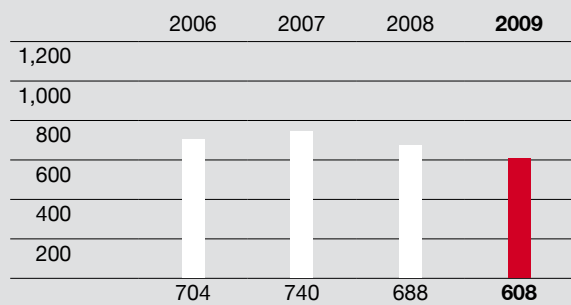
Total waste production (in t)



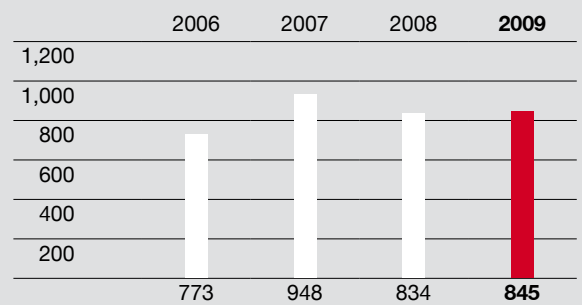
Recyclable waste (in t)



Residual waste (in t)



Hazardous waste (in t)



The Hilti trades.



Building construction

The range of innovative tools and accessories we supply to the construction industry is as varied as the applications in this field. Covering the areas of construction, renovation and demolition, we supply a full range of products for measuring, drilling, chiseling, cutting and grinding or fastening as well as special solutions for applications such as the installation of formwork or rebar connections. As matched components of systems, these products offer outstanding performance, reliability and high efficiency. With health and safety at the top of our list of priorities, our advanced and well-proven dust removal, vibration reduction and torque control systems provide highly effective protection for the user.



Civil engineering

Our high-performance, long-lasting power tools and time-saving fastening solutions are also in demand in the civil engineering trades. Installation work or heavy demolition and breaking jobs – it all has to be carried out as quickly and reliably as possible. Intensive tests ensure the highest level of trustiness and many of our products are approved for use in sensitive environments such as in the atomic power industry. Even critical fastenings to take up high loads or post-installed rebar connections can be installed with exceptional reliability thanks to technological developments that lead the field plus the experienced advice offered by Hilti engineers at the planning stage or on site.



Steel and metal

With our expert know-how and aids such as anchor design software we support planners and contractors in the steel and metal construction business. Professionals on jobsites everywhere can expect peak performance from our system solutions. No matter whether leveling, aligning and anchoring steel structures, fastening profile metal roofing sheets or facade panels, installing railings or canopy roofs, we are the one-stop shop for all of their tool and fastening consumables requirements: direct fastening and high-speed screw fastening systems plus versatile anchor solutions backed by a broad range of advanced, ergonomically designed tools offering maximum safety.



Hilti DX 460 MX powder-actuated fastening tool with X-FS form stop



Hilti TE 1500-AVR breaker with TE DRS-B dust removal system



Hilti HIT-HY 150 MAX injectable adhesive mortar with ED 3500-A cordless electric dispenser



Interior finishing

Productivity gains for contractors in every field of interior finishing including drywall and ceiling installation, tiling and floor renovation or door and window installation – that’s our goal. Laser tools for measuring and aligning, a comprehensive range of drilling tools and anchors or direct fastening and screw fastening systems for repetitive fastening applications ensure maximum productivity and cost efficiency. Surface finishing and re-finishing while keeping dust to a minimum, plus the use of special foams for insulation, filling, fastening and soundproofing are other areas in which our know-how is in great demand. Hilti’s product portfolio for interior finishers is rounded off by a comprehensive range of firestop products.



Hilti SD 5000-A22 cordless drywall screwdriver with SMD 57 screw magazine



Sanitary, heating and air conditioning

Our product range offers a multitude of efficient solutions for fastening pipes and ducts of all kinds. Heating, sanitary and air conditioning systems installers will find that Hilti supplies everything needed for quickly and securely fastening pipes of all types and sizes to ceilings, walls and floors. Hilti channel installation systems are found to be particularly convenient and versatile as they can be assembled and fastened exceptionally quickly and easily. A wide selection of products designed to seal off pipes and openings in the event of a fire is also available.



Hilti CP 660 firestop foam with ED 3500-A cordless electric dispenser



Electrical

Electrical installation work becomes particularly efficient – and virtually dustless – when our direct fastening tools are used. The comprehensive range of electrical fasteners from Hilti covers a broad spectrum of applications in this trade. With our highly effective dust removal systems for power tools used for slitting, cutting, drilling and chiseling, jobs on mineral materials of all kinds can be carried out quickly, easily and safely. Hilti cordless tools for sawing, drilling and screwdriving come into their own where maximum mobility is required in conjunction with lasting high performance.



Hilti SFH 22-A cordless hammer drill / driver



Diamond business

Reliable equipment, backed by reliable services, is particularly relevant to diamond service contractors. As a dependable partner in this trade, Hilti is renowned not only for quick repairs and short delivery times but also for innovative equipment and accessories. With our unique fleet management system we guarantee continuous reliability of replacement tools and comprehensive services at calculable costs. We also manufacture wall saw blades and coring bits according to customer specifications. Training users in handling and operating new tools and consulting on complex projects with experienced engineers are both hallmarks of our service offering.



Hilti DS TS32 wall saw



Mining

The combination of outstanding technology, on-site requirement analyses and reliable services make us a competent mining partner. The TE MD20 electric drilling system ensures powerful drilling in rock and a significant reduction in health hazards. The self-drilling OneStep rock anchor system securely bolts mine walls and roofs while cutting operating and servicing costs. Our comprehensive portfolio of products and accessories provide efficient infrastructure construction, both above and below ground.



Solar

The ability to install any type of solar panel while using just six system components delivers highly cost-effective and flexible solutions. Our mounting structure consists of corrosion-resistant material that is simple to install thanks to pre-assembled parts. The combination of Hilti know-how in structural design, foundation work and innovative products, ensures the required tailored versatility for ground-mounted solar parks and for roof installations. Our experts with many years of experience offer support in planning, specification and project management.



Energy

We offer our customers in the energy industries innovative solutions to boost productivity, increase reliability and minimize health and safety risks. Our well-engineered direct fastening methods and flexible modular pipe installation systems replace extensive welding or installation work in a large number of applications. Irrespective of project location, our specialists provide technical support from design to construction around the world.



Hilti TE MD20 drilling system



Hilti MSP-AL mounting system photovoltaic aluminium



Hilti DX 351 BT powder-actuated fastening tool with X-BT threaded stud

We help our customers to be successful. We identify their needs and provide them with innovative solutions featuring outstanding added value.



Hilti. Outperform. Outlast.
www.hilti.com