

2011 Company Report



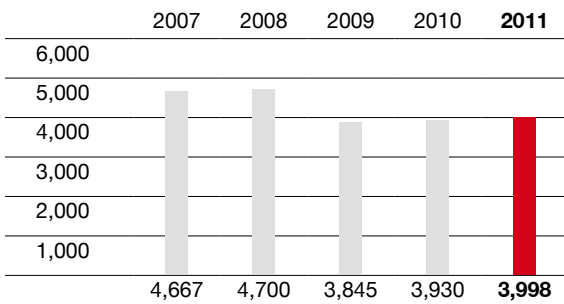
**We passionately create
enthusiastic customers and
build a better future.**

Overview.

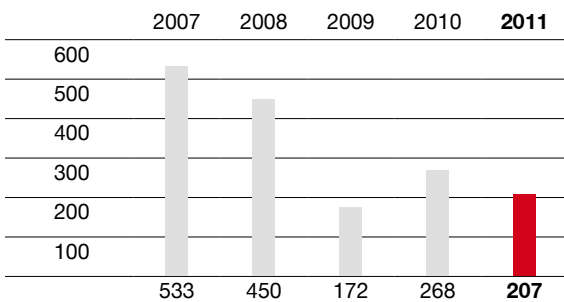
Key figures (in CHF million)

	2011	2010	Change
Net sales	3,998	3,930	+68
Operating result	207	268	-61
Cash flow from operating activities	242	376	-134
Net income	97	142	-45
Employees (as at December 31)	21,848	20,305	+1,543

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 approximately 22,000 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.



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Editor-in-chief: Jessica Nowak

Editorial team / Text / Translation: Nicole Bays, Priya Ender, Claudia Fernus, Matthias Hassler, Stephan Moosbrugger, Jessica Nowak, Anja Nöstler-Büchel, Susie Wellendorf, Chris Larson

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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.



Wir begeistern unsere Kunden. We create enthusiastic customers.

Dear Readers,

From Hilti's point of view, the summary of the 2011 business year has two sides. While we posted above-average worldwide sales growth and gained added market share, our successes were not significantly reflected in our operating result. There are many reasons for this.

Negative currency influences and rising material and logistics costs are contributing factors. The significant strategic investments we made in growth markets and new areas of business, some of which have yet to generate satisfactory profitability, also impacted our overall results.

The strong level of increased sales is a confirmation of our strategy of maintaining focus on growth markets and new business areas where we can set ourselves apart from the competition and generate sustainable profitable growth. Our operating result nonetheless clearly shows that we must return to a more robust performance level to sustain our investments and better prepare for future global influences and market uncertainties.

Growth is important, but it must be profitable. Profitability is key, but it must be sustainable. Together they form the mainspring for our activities

in 2012. The core of our efforts is based on what makes Hilti so unique: our quality, strength of innovation and differentiation in both products and services – all of which generate enthusiasm as well as true added value for our customers.

The decisive resource we need to achieve our aspirations is our employees. Their great commitment and bond with Hilti were reflected in 2011 through top rankings in numerous benchmark competitions on employee satisfaction. We are proud of this recognition and will build on these results in the future. A competent and highly motivated team is invaluable, particularly in demanding times.

2012 will be characterized by new challenges and changes. We will target our investments, and we will perceptively adapt our structures. We will strongly focus on profitability, but not at the cost of sustainability. We also will allocate competencies and responsibilities for maximum impact. One thing remains certain amid any changes: Hilti will remain Hilti. This is true for our customers as well as our team members. —



Pius Baschera
Chairman of the Board of Directors



Bo Risberg
Chief Executive Officer





Differentiation is, and will continue to be, our claim.

Bo Risberg, Chief Executive Officer: "We have to look closely at where and how we can focus on differentiation while also being able to grow in a sustainably profitable manner."



Our goal is to achieve a sustainable double-digit return on sales.

2011 was a year replete with both highs and lows. Hilti accelerated its rate of growth in most countries and gained greater market share. But extensive currency influences and rising material and logistics costs had a strongly negative influence on results. The company plans to significantly improve profitability in the coming months through the consistent implementation of a program of initiatives.

Mr. Risberg, how did 2011 play out for Hilti?

Bo Risberg: We took significant steps in terms of sales and posted double-digit sales growth in numerous countries over many months, and we also improved our market position. There were even positive sales results in North America, where the construction industry remains slow. In Europe the picture diverged due to the growing debt problems in some countries, but was also positive overall. We were satisfied with sales development in the growth markets and in our new areas of business in 2011, even if we invested significantly in support of this growth. But despite our solid sales growth, our overall result is significantly below the prior-year level and not at all satisfactory.

What put so much pressure on the result?

Bo Risberg: The greatest influence was generated by the massive currency losses. The strong appreciation of the Swiss franc alone influenced our net income by more than 120 million Swiss francs. But we also had to contend with rising material prices and higher transportation costs. The rise in transportation costs was not solely due to external factors. This also was based on our strong growth in developing countries. But these additional influences were all the more painful for us because of the numerous strategic investments we made in developing countries and in new areas of business in 2011. We were not as profitable in 2011 as we should have been.

Does this mean you will stop investing?

Bo Risberg: Certainly not. Investments in growth markets and segments where we can improve our position and market share are central to Hilti's strategy. In the future we will have to better target our opportunities, and we will primarily invest where we can generate the most profitable growth. Our focus will clearly rest on increasing our profitability. This applies not only to developing our market share in various countries or to new areas of business, but also for all areas of investment.

We also will adapt our cost structure and have begun to significantly reduce expenses at our corporate headquarters, where we are optimizing organizational structures and processes. In addition to sustainable profitable growth, our goal is to become faster, more flexible and more efficient and to package competencies wherever it makes sense.

Will there be a change to Hilti's strategy?

Bo Risberg: In principle, no. Our strategy is the right one and also serves as the basis for our subsequent development. Differentiation is, and will continue to be, our claim. As a result our focus will remain on our quality, power of innovation, consulting competence and service level. Now we have to see exactly which markets, which segments and which product and service portfolios are appropriate for differentiation while also being able to generate profitable growth.

What are your expectations for this year?

Bo Risberg: In times such as these it's difficult to make a forecast because the entire atmosphere will continue to be volatile. Overall we expect the market to cool and to see a further shift of economic power and financial strength towards developing markets. But I'm also confident, particularly regarding our profitability. We expect to see strong growth in our operating result this year, but with lower sales growth than in 2011. Both customer and market requirements will continue to change: worldwide competition will become more difficult and the demands on global players will grow. We know what we can do and where we want to go and we have a certain something that many other companies envy. We are owned by a family trust which is oriented towards the long term. We also have a motivated and competent worldwide team, innovative products and services, as well as the courage and ability to change and adapt to a shifting framework. This gives us what we need to generate sustainable success, even in a volatile environment. —



We belong at the side of our customers.

Marco Meyrat, Executive Board Member: "Two-thirds of our employees are involved in sales and engineering, acting directly on behalf of our customers. This generates more than 200,000 customer contacts every day."



Hilti know-how was in demand during the construction of the 12th line of Mexico City's Metro transportation system.



There has to be more than merely good products.

Hilti places the needs of customers at the top of the priority list. This is why Hilti employees are there when the customer needs them, whether to provide technical support, to assist in product tests or to deliver replacement tools.

Three questions for José Oscar Bernal Espinoza, Project Manager for ICA on the construction of the “Estación 20 de Noviembre” metro station.

Mr. Espinoza, why did you decide to partner with Hilti on this project?

Because we know the brand well and have enjoyed many years of cooperation with Hilti. We also have concluded a Hilti Fleet Management agreement that provides us with replacement tools, if we need them, quickly and without red tape.

Where do you see the added value of working with Hilti?

The constant availability of account managers when we face questions or problems, and the associated excellent service. The quality level of Hilti’s consulting services and product support is very high.

Were there any problems during construction of the “Estación 20 de Noviembre”?

No. Everything went very smoothly. We enjoyed good cooperation with all our partners and Hilti always supported us with advice and know-how.



Striving to be the best possible partner.

The construction of the 12th line of Mexico City's Metro transportation system places significant demands on all participating companies. This makes the task of Hilti's Project Coordinator very important to ICA, the second-largest construction company in Mexico. The project coordinator is on the construction site every day, organizing important topics, carrying out advance planning work and thinking ahead.



“The biggest challenge is keeping up with the schedule,” says Carlos Gidi Casas, Hilti’s primary Project Coordinator. “There is a distance of 50 kilometers between the Line 12 project and the Emisor Oriente Tunnel, which are being built at the same time. The two projects need to be bridged in terms of logistics. We have our hands full at the moment.” Gidi Casas has managed all of Hilti’s activities associated with this large project since it began three years ago. He holds all the strings, whether in terms of sales, consulting or administrative questions. “I’m the first point of contact for customers,” explains Gidi Casas.

As Project Coordinator he not only ensures that any questions are answered as quickly as possible, he also does everything he can to quickly suggest product solutions or provide customers with suitable applications. “We want to offer a type of customized service throughout all phases of the project,” says Gidi Casas. This approach is a popular one with customers as delays are the last thing they want to deal with on the construction site. José Oscar Bernal Espinoza, Project Manager with ICA on the construction of the “Estación 20 de Noviembre” metro station, adds: “Hilti is always

there for us when we require support and this is very helpful for us as, in the end, it saves us time and money.”

The Mexico City Metro is the second-largest subway system in North America and was the first worldwide to designate stations via individual logos, a system that developed due to the high illiteracy rate prevalent when the system’s first line opened in 1969. The construction of Line 12, which will again increase the capacity of the entire metro network, was set in motion in 2007. Construction work should conclude this year.

Eight Hilti employees are directly involved in the project, including a key account manager, two sales managers and one field engineer. Carlos Gidi Casas remains at the center of all the activity, looking after the needs and concerns of customers around the clock, if required. “Our claim is to be the best partner for our customers. Not only when it comes to demonstrating an application or in terms of sales, but also when it comes to solid consulting, providing great service and standing shoulder to shoulder with the customer,” says the Project Coordinator. —

The Pluto Liquefied Natural Gas (LNG) Plant in Western Australia. Contractors in the energy and industry sector expect a high level of safety and efficiency for Hilti relevant applications.





Going the extra mile.

Christoph Loos, Executive Board Member: "Hilti has become a presence in the energy and industry sector through its participation in numerous large projects. The company's goal is to further establish its core abilities and competencies in these areas, thereby underpinning the Hilti Group's growth on a global basis."



Meeting demands in a harsh environment.

As one of the contractors involved in the construction of the Pluto LNG Plant, Monadelphous is responsible for providing structural, mechanical and piping works to the project. With a team of international specialists, Hilti assists this customer in every phase of the project.

Three questions for Dave Burch, Senior Construction Manager with Monadelphous.

Mr. Burch, productivity, efficiency and safety have the utmost priority in your industry. How did the solutions Hilti provided support these aspects?

With first-class consulting services and many product training sessions. This helped us to complete many tasks faster and easier than we would have otherwise. This is very important because during peak construction times there were more than 1,000 Monadelphous workers at the facility.

What type of challenges did you face in this project?

Working in such a remote area definitely has its challenges, especially when you are more than 1,500 kilometers away from the capital city of Western Australia. Having an efficient logistics network is vital. Hilti was able to meet these demanding supply conditions from the outset. The harsh climate of this region also posed challenges; and that's where Hilti products and know-how helped, such as the X-BT grating fastening system made of stainless steel components.

What aspects of your relationship with Hilti impressed you?

Whether it is the competence of their technical support, their customer service or the reliability, the commitment provided by Hilti was unparalleled. Hilti technical and service representatives provided valuable support during the project. There aren't many suppliers who back up their products with that type of service offering.



No compromising on quality and service.

New natural gas fields are being tapped in the Pilbara region of Western Australia, 1,535 kilometers north of Perth. The Pluto LNG Plant being constructed there will produce approximately 4.3 million tons of gas per year. Hilti supports customers in this large project, from product specification to on-site logistics.

There is a hive of activity on the giant industrial site on the Indian Ocean, under the unforgiving sun of the Australian Pilbara. Construction cranes, steel towers, giant tanks and a labyrinth-like pipe system flicker in the midday sun as if a mirage. The Pluto LNG Project is one of many large projects worldwide that is supported by the specialists from Hilti's Energy and Industry Business Area. For more than ten years Hilti has made incremental inroads into new markets in this area.

Natural gas is a significant source of energy in the future of the world economy. With the Pluto LNG Project and other production and processing facilities in the planning stages, Australia aims to become one of the world's leading producers of liquefied natural gas. A massive amount of investment is going into the Pluto LNG Project – a joint venture between the facility's operator, Woodside, who owns 90 percent of the project, and partners



Tokyo Gas (TG) and Kansai Electric (KE), who each hold a five percent interest in the foundation project.

The facility has been under construction since 2007 and the first gas shipments should flow in early 2012. Hilti's involvement in the project has been as a supplier and technical consultant to a number of construction companies contracted to work on the site. Since work began, Hilti Australia has supplied the project with more than 6 kilometers of MI-90 girder, part of the MI-90 channel installation system, used as cable tray support under the project's seven substations, as well as 80,000 X-BT and X-FCM-R 25/30 grating discs, for securing grating on many of the elevated walkways. Apart from the corrosive environment caused by the coastal location, temperatures regularly reach 40° Celsius and higher in the summer months and cyclones causing torrential downpours and devastating winds are not uncommon

between late spring and early autumn. To tolerate the variable weather conditions, the chemical anchor used due to its high load capacity and wide range of installation temperatures was Hilti HIT-RE 500. "The construction site and the structures being built need to endure the harshest of weather conditions, that's why there is no compromising on quality," says Dave Burch, Senior Construction Manager at Monadelphous. "With Hilti we get support from the experts and have absolute faith that their products meet the strictest requirements."

An international team of Hilti specialists and engineers from Australia, England and Liechtenstein worked on product specifications, as well as in technical planning, sales consulting and logistics. The smooth cross-border teamwork and the highly differentiated offering of applications and services turned out to be decisive factors in the success of the project within Hilti. —

The Hilti HAC anchor channel increases the ability to take up greater shear loads close to edges. It was the first choice of contractors constructing the "L'Avenue" luxury shopping center in Shanghai.





Our products deliver what we promise.

Stefan Nöken, Executive Board Member: "We have the right products for every application. Our product portfolio is regularly monitored and adapted to meet changing market needs."



Hilti sets product standards for tomorrow.

The small details are often decisive when it comes to representing the true quality of a product. This was the case with the Hilti HAC anchor channel, which has thoroughly convinced users with its new V shape – unheard of in the market until now.

Three questions for Helen Xue, Product Manager with Hilti China who leads the “L’Avenue” project, the new business complex being built in Shanghai by the Moët Hennesy Louis Vuitton luxury group and by Stanley Ho, the Hong Kong billionaire and real estate entrepreneur.

How has the Chinese market responded to the Hilti HAC anchor channel?

While cast-in anchor channels are a new product in the Hilti portfolio, they have been used in the Chinese market for some time. Therefore our biggest challenge was to convince construction professionals, who had been using competitor products, of the advantages of our anchor channel. Hilti China thus prepared a six-month soft launch and conducted product launch seminars in Shanghai, Beijing and Shenzhen, where most of the curtain wall companies and consultants are based.

“L’Avenue” is the first building in China to feature the new Hilti HAC anchor channel. How did this come about?

Hilti’s anchor channel had yet to be launched when building specifications were drawn up. When the Gartner Company was selected to carry out façade construction, and the technical requirements for the project had been specified, the engineers involved immediately thought of Hilti HAC.

Which characteristics of the Hilti product proved decisive?

The ability to take up greater shear loads close to edges and the fast and simple installation.



Where luxury meets precision technology.

The new office building of the Moët Hennessy Louis Vuitton luxury group and Hong Kong billionaire Stanley Ho not only sets new standards in an optical sense. Significant attention also was given to technical quality. It is the first building in China to use the Hilti HAC anchor channel.

The silhouette of the highly modern building, located in Shanghai's Hongqiao district, quickly gained form when the German façade specialist Gartner began constructing a three-dimensional curtain wall façade. Some 140,000 square meters of office and commercial space are being constructed, packed in modern steel and glass. The 28-story building is being built by the Moët Hennessy Louis Vuitton group (LVMH) and Hong Kong real estate magnate Stanley Ho. The investors are creating a fashionable address for luxury brands.

In late 2010, as Gartner Shanghai was considering options to attach the curtain wall brackets to the concrete structure, Hilti China approached the company to discuss Hilti's newly launched HAC anchor channel product. Thus began an intense period of calculations, clarifications and detailed technical discussions between Gartner and Hilti in Germany, Liechtenstein and China. As Gartner engineers were using HAC for the first time, the burden of proof was on Hilti. Product Manager Helen Xue and her internationally based colleagues had to prove that all loads were accounted for, all approvals had been obtained and all certifications

were in place. Hilti was successful as the HAC, one of the company's most significant innovations in recent years, was selected to fasten the curtain wall façade.

Anthony Bai, a Project Manager with Gartner, doesn't regret the decision to go with Hilti. The groundbreaking V shape of the HAC directs occurring loads into the concrete particularly well, thereby increasing the ability to take up greater shear loads close to edges. This not only reduces Gartner's material costs, but also simplifies planning work. "The ease of positioning the Hilti anchor channels is better than anything we have seen until now," says Bai.

By the time construction is finished in the second half of 2012, some 4,000 Hilti HAC anchor channels will have been used in "L'Avenue". Then the complex will be ready to host the world's luxury brands. Construction workers soon will pack up their toolboxes and head home, making way for the logos and monogrammed bags and clothes of Louis Vuitton and others. —



One also has to gain an in-depth look.

Matthias Gillner, Executive Board Member: "Hilti stands for the power of innovation. We continually invest in research and development, even in difficult economic times. Our new products meet the continuous rise in customer demands, even those based on the harshest operating conditions."



An extensive innovation for structural analysis entered the market with the launch of the new Hilti X-Scan PS 1000 detection system. An interdisciplinary development team from Hilti's Measuring Systems Business Unit created a precision tool that looks inside concrete construction.





An “X-ray” through concrete.

The Hilti X-Scan PS 1000 detection system looks inside concrete construction. It allows the user to precisely locate rebars, pipes or cable channels, minimizing the risk of damage when drilling.

Three questions for Sascha Korl, head of a team of experts and Technical Project Manager for the development of the new Hilti X-Scan PS 1000 at Hilti’s Measuring Systems Business Unit.

Mr. Korl, what goes into real Hilti innovation?

Real Hilti innovation is not merely satisfying the customer, but enthusing them! This begins with a construction site analysis, when we attempt to understand the customer’s needs. It ends with solutions that provide the customer with true added value.

What drove the team in developing the new detection system?

The immediate sense of enthusiasm we saw when we initially showed the customer the X-Scan PS 1000. All of a sudden there were pipes and cables that were not previously visible. That’s when we knew that we were on the right track.

Why are detection systems playing an increasingly significant role in building analysis?

New buildings and their architecture are more complex. More older buildings also are being examined. Detection systems help to avoid damage to pipes and they also increase safety for construction workers when they carry out drilling work.



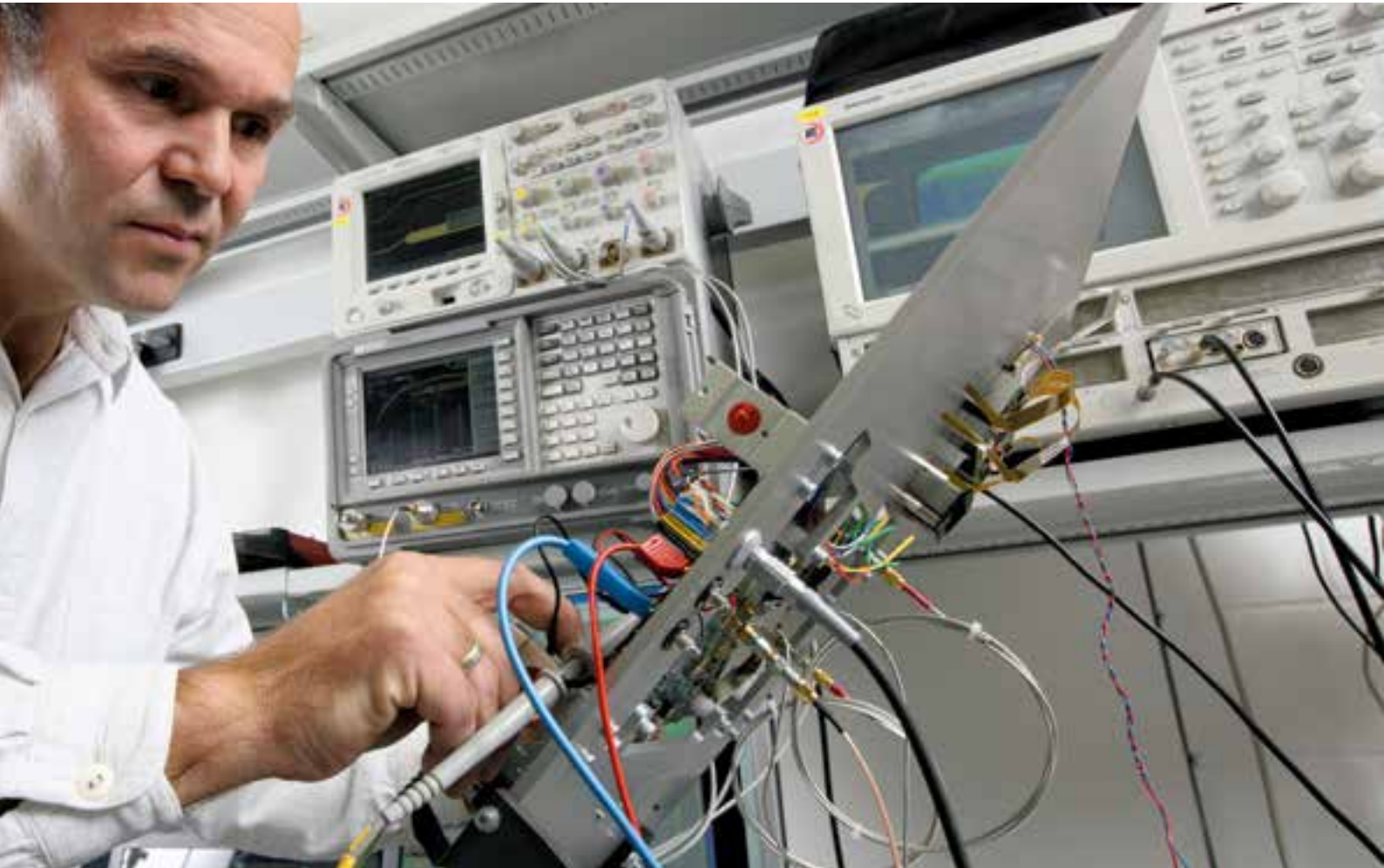
We have to reinvent ourselves on a daily basis.

The claim of tirelessly searching for new products and solutions has been part of Hilti since the beginning. Hilti is trading new technological ground with the X-Scan PS 1000 detection system, which specializes in the non-destructive examination of concrete structures.

Sascha Korl quickly moves across the wall of a cellar in Hilti's technical center with a laptop-sized tool. In 30 seconds he has scanned a section of the wall, covered with a paper grid, with the new X-Scan PS 1000. Korl follows the horizontal and vertical lines and traces shown on the grid. "Our new technology, which includes three antennas that are integrated in the scanner, allows us to scan to a depth of 30 centimeters relatively quickly," adds Dietmar Schönbeck, the interdisci-

plinary team member responsible for the scanner's electronics. Thanks to radar technology it is possible to see other objects located behind rebars in buildings with complex designs.

The question of how to precisely locate cable channels or rebars buried in concrete, and to avoid costly and time-consuming drilling errors, has been a concern of both Hilti developers and customers. The damage associated with drilling into



hidden objects can be very serious and is associated with high costs. There also is a significant safety risk if a tensioning cable in bridge or deck construction is hit. The user could be severely injured by the uncontrolled release of a tensioning cable. A solution had to be found that would allow an anchor to be precisely positioned and set in the thick concrete wall of an atomic power plant.

“This is no standard product; it is cutting-edge technology,” comments Schönbeck. A team of highly specialized employees, including physicists and high-frequency electronics technicians and mechanics, were involved in the detector’s development. All of the tool’s components are based on Hilti research and development. One quickly notices the fascination development team members have for the project. “We were motivated to develop something completely new,” says Patrick Haldner, Software Development Project Manager.

The X-Scan PS 1000 is truly a high-tech tool. Measuring data is collected in intervals of billionths of seconds. The signals are immediately

converted into images, and it is easy to identify objects concealed beneath the concrete. Rebars, water pipes and cable channels are clearly visible to the viewer. Now the user can decide where to drill. A new feature is a three-dimensional image, which appears on a monitor. This makes structural analysis and evaluation simpler, as confirmed by many customers in various field tests. “It’s never been easier to identify and localize individual objects.” Customers do not explicitly note the tool’s complex technology. Thanks to the simple operating concept and the clear visual presentation of results, the operator needs no particular specialized know-how and can use the tool after completing a brief training session.

The development project will not end for the team with the X-Scan PS 1000’s introduction. “We’re not running out of ideas and we already have started work on a subsequent project,” says Sascha Korl. While he won’t reveal what is involved, it is certain to once again be based on generating customer enthusiasm. —

Frank Iaccino, Hilti Account Manager in Toronto, ventured a new start in more ways than one. He simultaneously changed sales areas and trade segments and launched a new career in doing so.



Responsibility for people and the company.

Jörg Kampmeyer, Executive Board Member: "Entrepreneurial success is deeply linked to the leadership and development of team members. Hilti offers every employee the opportunity to grow and to personally discover new horizons."





An incentive and motivation to become even better.

The ongoing development of employees is a firm component of Hilti's corporate management. For the first time, Hilti ranked 15th in the benchmark study of the world's best multinational workplaces conducted by the Great Place to Work® Institute. This places Hilti among the best multinational employers and in the same league as firms such as Microsoft, Google and 3M.

Three questions for
Klaus Risch, Head of Global
Human Resources for the Hilti
Group.

Mr. Risch, the study looked into workplace culture and studied the attractiveness of an employer using employee surveys. What significance does this recognition have for you?

We were very happy to receive this independent recognition, particularly because it was for a topic that is close to the heart of the company: being a great place to work for our employees. It also is a renewed incentive and motivation to continue to consistently follow the course to become even better. This is an ongoing task for us.

What are the pillars of employee development?

People and the development of their talents and aptitude are a primary focus at Hilti. Managers and human resources are not the only ones responsible for employee development. Employees also have a great deal of responsibility for their own progress and growth.

What possibilities for growth do employees have at Hilti?

Hilti is an ideal employer for anyone who wants to accept responsibility and grow professionally. We grant people a great deal of flexibility and encourage them to leave the circle of habits, to collect new experiences and to grow as they do. Hilti provides a solid framework for this and a wealth of opportunities, such as training possibilities, moving into a new function or working in a different country and culture.



Having the chance to grow with the company.

When talking with Frank Iaccino, it's impossible not to feel the passion he has for his job. The Canadian with Italian heritage recently took the courageous step of changing careers, albeit in the same company and with the blessing of his boss.



Frank Iaccino is one of eight account managers in Toronto. He and the entire building and construction team are responsible for industrial construction in the smallest, yet most central territory in the city that borders Lake Ontario. Small, however, only refers to the geographical area as his territory has more construction sites than any other in Canada. The growth appears to be unlimited and new skyscrapers appear every 500 meters. There are so many that it's difficult to figure out which construction site the many crane jibs are moving towards. Hotels, offices, apartment buildings – Canada's largest city appears to be bursting at the seams.

This is good news for Iaccino and his team. Their order books are full and the team members are always greeted enthusiastically on construction sites. But it wasn't always this way. The 40-year-old has only recently taken over responsibility for the sales territory in the heart of Toronto, switching not only the area where he worked previously, but also the trade segment. Until recently Iaccino was one of the residential construction specialists on the Canadian team, and there were very few construction and renovation projects that didn't require his advice or expertise. He also was a committed member of all relevant associations and boards. "I had nothing to do with industrial construction. I didn't know anyone and the people there didn't know me either," says Iaccino.

One day his boss came to him, certain that Frank had the potential to delve into a new segment and take on a higher position. "It's fantastic when the company you work for trusts you to develop personally and professionally. They could have left me where I was. The customers were happy and I was happy and everything was running smoothly," explains Iaccino. But Hilti gave him the opportunity to do more, and the father of two had the courage

to take this step and start from scratch. Today he's happy that he made the transition, even though it wasn't easy at the outset.

"Everyone supported me. My colleagues, my new team, my boss and my family. Initially I didn't know where and how to begin. Everything was new. My trade segment, my customers, my territory and my team. I was very impatient with myself and wanted to do everything correctly from the get-go, but I had too many things going at the same time. My boss helped me to learn to take it one step at a time, not to be discouraged and to see every new experience as an important one," says Iaccino. The most difficult thing for him was giving up the customer relationships he had built up over years. "They were like a part of my family and I almost felt like I was letting them down. But my successor did a great job and that relieved my apprehensions."

The only thing Iaccino couldn't give up was his "personal neighborhood." This is where he grew up, where he still lives with his family and where he has been known as the Hilti guy for decades. People recognize and trust him. They go to him when they have questions about construction. His boss and his successor both understood and didn't take long to create a small island of territory for which he is still responsible.

His red Hilti pickup is still a popular place to meet on the street where he lives. People stop by to talk shop and chat. For Iaccino this is always a pleasure, just like his everyday job. Even if it gets late or takes place on Sunday. "It's very satisfying and prideful when people need your help and you can place products in their hands that almost always elicit a 'wow' in response," he laughs. That's when one senses the great passion for what he does. —

The Executive Board.

Bo Risberg

Chief Executive Officer

Wollerau, Switzerland

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 an MBA at IMD in Lausanne, Switzerland. From 1981 to 1995 he worked in various positions with the ABB Group before working for a consulting firm between 1995 and 1999. 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. Bo Risberg is a Member of the Board of Directors of Trelleborg AB, Sweden, Grundfos Holding A/S, Denmark, and IMD, Switzerland.

Matthias Gillner

Grabs, Switzerland

Matthias Gillner (born 1967, Germany) has been a Member of the Executive Board since April 2011. He is responsible for the Electric Tools & Accessories, Corporate Research & Technology and Global Tool Service units. Matthias Gillner studied chemical engineering at Friedrich-Alexander University of Erlangen-Nürnberg, Germany. He was then employed by a consulting company from 1993 to 2000. During this time he acquired an MBA at INSEAD in Fontainebleau, France. He began his Hilti career in 2000 as the Head of Corporate Development. After leading Corporate HR he was named Head of the Measuring Systems Business Unit in 2003. From 2006 to 2011 Matthias Gillner was Head of the Electric Tools & Accessories Business Area. Matthias Gillner is Member of the Board of the European Power Tool Association (EPTA).

Jörg Kampmeyer

Vaduz, Principality of Liechtenstein

Jörg Kampmeyer (born 1968, Germany) has been a Member of the Executive Board since April 2011. He is responsible for the Finance, Human Resources, IT and Corporate Development units. Jörg Kampmeyer studied mechanical engineering and economics at RWTH Aachen University after which he worked as a management consultant. He began his Hilti career in 2002 as the Head of Corporate Development in Schaan. From 2003 to 2005 he was responsible for the company's worldwide marketing activities before heading the German market organization in 2006 and, as of 2010, the Market Region Central Europe.

Dr. Christoph Loos

Schaan, Principality of Liechtenstein

Christoph Loos (born 1968, Germany) has been a Member of the Executive Board since 2007. He is responsible for the Emerging Markets and Energy & Industry units. Subsequent to training as a banker, he completed studies in business administration with a doctorate from the University of St. Gallen. He then worked as a management consultant in Germany and China. Upon joining Hilti in 2001, he first led the Corporate Development team, after which he established the Strategic Marketing unit. At the end of 2003 he moved to Germany, first as a Regional Sales Director and then as General Manager of Hilti Germany.



The Executive Board (from left): Stefan Nöken, Marco Meyrat, Christoph Loos, Bo Risberg, Matthias Gillner and Jörg Kampmeyer on the occasion of their visit to the Hilti Development Corporation in Kaufering, Germany.

Marco Meyrat
Chur, Switzerland

Marco Meyrat (born 1963, Switzerland) has been a Member of the Executive Board since the beginning of 2005. He is responsible for the markets in Europe and North America. 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 holding various positions in Hilti France and Hilti Germany, he was named Head of Hilti Switzerland in 1999 and was subsequently appointed General Manager of Hilti Germany in 2002. Marco Meyrat is Chairman of the Board of Directors of OLMeRO AG, Glattbrugg, Switzerland.

Dr. Stefan Nöken
Mörschwil, Switzerland

Stefan Nöken (born 1965, Germany) has been on the Executive Board since the beginning of 2007. He is responsible for the Fastening & Protection, Global Logistics, Global Manufacturing and Corporate Intellectual Property units. 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, Germany. In 2000 he joined Hilti as the Head of Corporate Engineering. In 2004 he was appointed Head 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 Unitech International, the network of Europe's leading technical universities.

The Board of Directors.

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

Pius Baschera (born 1950; re-elected to serve until the 2013 Annual General Meeting) is Chairman of the Board of Directors. He studied mechanical engineering and business administration 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. Before being named Chairman, he served as CEO for 13 years. He is currently a Member of the Board of Directors of F. Hoffmann-La Roche Ltd., Basel, and the Schindler Group, Hergiswil. He also is a Member of the Advisory Boards of Vorwerk & Co., Wuppertal, and Ardex GmbH, Witten, Chairman of the Board of Directors of Venture Incubator AG, 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. After studying business administration at the University of St. Gallen he worked in banking in London before joining Hilti in 1974 as the Deputy Head of Marketing. Two years later he was named to the company's Executive Board and he served as CEO from 1990 to 1993. He was Chairman of the Board of Directors from 1994 to 2006. Michael Hilti is a Trustee of the Martin Hilti Family Trust and President of the Board of the Hilti Foundation.

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 between 1993 and 2007. Since January 2008 he has been a Trustee of the Martin Hilti Family Trust and in January 2009 he was

again elected to serve on the Board of Directors of the Hilti Corporation. Giorgio Behr is a Member of the Supervisory Board of ZF Friedrichshafen AG. 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. Today he is an entrepreneur in the industrial sector (Behr Bircher Cellpack BBC Group).

Kim Fausing
Sonderborg, Denmark

Kim Fausing (born 1964; elected to serve until the 2013 Annual General Meeting) was elected to the Board of Directors in 2010. He earned a degree in mechanical engineering at Aarhus Teknikum, in Denmark, in 1987, and an MBA degree at Henley Management School, in London, in 1996. His professional career led him to the Hilti Group in 1990, where he served in various management functions in Europe and Asia until 2007. After moving to the Danish Danfoss Group, he was named Chief Operating Officer and Member of the company's executive committee in January 2008. He also is a Director of Sauer-Danfoss Inc., USA, Danfoss Turbocor Compressors, Inc., in Tallahassee, Florida (USA), and the Velux Group in Copenhagen.

Heinrich Fischer
Rüschlikon, Switzerland

Heinrich Fischer (born 1950; re-elected until the 2013 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 Zurich, having studied electrical engineering and technical physics. He then went on to study business administration 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 Bühler 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, Fortu AG and Sensirion AG.



The Board of Directors (from left): Michael Jacobi, Michael Hilti, Pius Baschera, Tis Prager, Giorgio Behr, Heinrich Fischer and Kim Fausing on a trip to the Eastern Europe Region, where they visited the Hilti Center in Prague as well as other locations.

Dr. Michael Jacobi
Binningen, Switzerland

Michael Jacobi (born 1953; re-elected until the 2013 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 and later in Ciba Specialty Chemicals Inc., Basel. 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 December 2008 a Trustee 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; re-elected until the 2013 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. Among other mandates, Tis Prager is the Chairman of the Board of the IE Engineering Group AG, Zurich, Hotel Zurich AG (Marriott), Caprez Ingenieure AG, Zurich, and Scherer & Bühler AG, Meggen. He also is a Member of the Board of Directors of Bourquin SA, Couvet, and is active in STEP, the Society of Trust and Estate Practitioners.







Hilti's business activities have local, national and global influence on society, employees, the environment and the economy. Accepting responsibility for this influence is a matter of course for Hilti and at the heart of the corporate philosophy. Hilti focuses on transparency, ethics and respect towards all stakeholders, underscoring this accountability by separating corporate responsibility into five segments: team members, user health and safety, corporate social responsibility, the environment and compliance.

The company creates an environment – a great place to work – for **team members** in which they enjoy a sense of well-being, can grow personally and can fully develop their potential. True to the company values of integrity, courage, teamwork and commitment, the Hilti Group invests in its employees, creating perspectives that make customized development and long-term worldwide career planning possible for everyone.

There are few professions as dangerous as that of a construction worker. Thousands of accidents occur every year on construction sites throughout Europe. **User health and safety** is therefore a constant topic of interest. Hilti competence centers for ergonomics and reduction of dust, noise and vibration continue to develop new technologies aimed at protecting the user. This enhances jobsite safety and reduces the danger of injury and resulting work interruptions. Viewed together, these efforts make the construction site a safer place.

As part of **corporate social responsibility**, the Hilti Foundation and the Hilti Group jointly support projects in the areas of affordable housing, community development, culture, disaster relief, education and social entrepreneurship. All of these commitments are based on the goal of helping people towards a dignified, sustainable and independent life while reducing the gaps and divisions within society.

The construction industry is responsible for a significant amount of the world's CO₂ emissions. To help maintain the **environment** for future generations, Hilti has commitments at both product and corporate levels. Hilti's production facility in Austria, for example, is a pioneer in environmentally friendly construction. Eighty percent of the energy used at this Hilti plant is taken from renewable resources. Hilti customers benefit from energy-efficient tools that enjoy a long life and are made with a significant amount of recyclable materials. Hilti also offers products in the areas of green building and solar, water and wind power and has supported the UN's Caring for Climate initiative since 2007.

The **compliance** standards apply to all Hilti employees, suppliers and partners worldwide. The obligation to observe legal and ethical rules, particularly those for anticorruption, fair competition and the protection of data, is integrated in the company's Code of Conduct. Hilti has a strict zero-tolerance policy for bribery and corruption in all of its business activities worldwide. Hilti's participation in the UN Global Compact and in the Partnering against Corruption Initiative demonstrates its determination to counter corruption and to support and maintain social and ecological standards. —



At the forefront of international competition.

Being at the front is not merely a goal for veteran Hilti employees. Newer employees also are encouraged to achieve top technical results. Manufacturing specialist Sandro Ospelt showed off his talents last year at the WorldSkills professional championships in London, winning a bronze medal in the CNC milling category.



The WorldSkills 2011 event hosted some 1,000 young people from 51 countries, competing against each other in 46 separate skills categories. Approximately 200,000 visitors watched the semiannual competition, among them U.K. Prime Minister David Cameron who gamely followed the aspiring specialists.

These included Liechtenstein's Sandro Ospelt. He concluded his polymechanic apprenticeship with Hilti in 2010 and is now a manufacturing specialist at Hilti's production facility in Schaan.

At WorldSkills the 21-year-old completed three test modules over a period of 18 hours. The modules, to manufacture aluminum and steel parts, included all the necessary work steps from programming a computer to finishing the work on the CNC milling machine.

The strenuous training completed in advance of the competition by the CNC milling specialist and his vocational trainer, Reto Blumenthal, paid off in the end as the young man from Liechtenstein outpaced all but a few of the international competitors. "The medal means a great deal to me. It shows that I can keep up with anyone from anywhere," said a happy Sandro Ospelt. The gold medal was shared by representatives from Japan and South Korea.

Sandro Ospelt's third place ratifies the high quality of Hilti's vocational training. "Once they conclude their apprenticeship our trainees are highly coveted professional specialists," adds Remo Kluser, Head of Vocational Training at Hilti. "This is why we want to give them various perspectives and possibilities that make a career with our company an attractive option." —

The company within the company.

During the third year of their apprenticeship training, Hilti Corporation trainees based at headquarters in Schaan, Liechtenstein, operate their own company over a six-month period. They learn a great deal about company management and collect experiences that will be valuable to them later in their careers.



Over the last year the team members of Hilti's "All In" junior enterprise have displayed a significant amount of entrepreneurial spirit. The 28 apprentices, including commercial and IT specialists, polymechanics and logisticians, have developed an innovative product portfolio that has generated solid results. The primary customers were employees based at Hilti headquarters who purchased creative garden decorations, bottle openers and raclette grills, among other items. The young entrepreneurs ran their company under actual conditions with real cash flow and movement of goods.

As with any company, the junior enterprise underwent various phases during its six-month lifecycle. The company created a business plan, was officially founded, experienced initial success and even survived a crisis in January when it had no inventory of products and required new ideas. This was followed by successful change management

and a renewed upturn in business. The learning experience was a great one and the company also booked a positive financial result, generating a five-digit net profit. "All In" General Manager Dermot Allen knows the secret of the company's success: "It's due to our cohesiveness, our team spirit and the constructive way we managed the crisis. We always focused on the positive aspects, even when it was difficult to do so."

Hilti gives the managers of tomorrow a comprehensive education that includes social, systematic and technical focus. The junior enterprise is a significant cornerstone of the vocational training concept. "Entrepreneurial thought is developed by having the apprentices complete practical tasks. But initiative and independence also are stimulated by giving the young people the responsibility to make their own decisions," adds Remo Kluser, Head of Vocational Training at Hilti. —



Safely through the mountain.

It is currently the largest construction project in Switzerland. The construction of the New Railway Link through the Alps (NRLA) creates a fast and efficient railway connection through the Swiss Alps for the transport of both passengers and freight. Hilti is delivering on-site support to customers in the form of comprehensive advice and consulting while also providing user training to ensure the safe handling and usage of Hilti tools.

The centerpieces of the NRLA project are the Gotthard and Ceneri Base Tunnels. The Gotthard Base Tunnel is 57 kilometers long, making it the longest tunnel in the world. If one adds together both main tunnel bores and all the tunneling work done for the cross-passages, access tunnels and shafts, the total length of the tunnel system is more than 152 kilometers. After some 11 years of construction, the initial final breakthrough took place in mid-October 2010. The Ceneri Base Tunnel also is an impressive construction project with its two 15-kilometer-long bores. AlpTransit Gotthard AG is responsible for construction.

A total of 5,500 people are working along the entire tunnel route. In addition to the strict safety regulations governing work in the tunnel, ensuring user safety when handling and operating tools is a high priority. The workers are constantly subject to high temperatures, dust, noise and vibrations. To help reduce the impact of these factors, Hilti Account Manager Gregorio Vincenzino advises customers on the jobsite and provides them with the most suitable tool for the various applications. "The Hilti TE 80 combihammer, for example, uses Active Vibration Reduction (AVR), which limits vibration intensity and is much less tiring to work



with,” explains Vincenzino. A mass damper system absorbs vibrations along the tool’s longitudinal axis. The grip also is decoupled from the rest of the tool, helping to reduce vibrational torque. Electronic Active Torque Control (ATC) affords the user additional safety in the event of the drill bit becoming stuck. The Hilti Account Manager also had a ready solution to reduce dust levels when drilling: the Hilti Dust Removal System (DRS) allows for practically dust-free work when used together with Hilti rotary hammers, combihammers and medium- and heavy-duty breakers.

In user training sessions, Vincenzino also familiarizes workers with the tools and the correct protective clothing and equipment. The iron safety nets fastened to the walls and decks of the Ceneri Base Tunnel are fastened with Hilti nails by the Italian-Swiss joint venture Consorzio Condotte Cossi. The nails are driven into the hard base material with the Hilti DX 460 powder-actuated fastening tool. “I provide comprehensive safety training to each worker before they begin using the tool. The powder-actuated fastening tools are in use all day long. It’s therefore important to be on-site,” adds the experienced Account Manager, who has worked for Hilti for more than 20 years.

Alpiq Burkhalter Bahntechnik AG, the company responsible for part of the technical railway infrastructure and another Hilti customer, also profits from Hilti’s consulting services. Vincenzino provides the company with lightweight cordless drill/drivers to complete what can be tiring overhead work. This greatly simplifies installation work. “In advance of the actual construction work we looked at many tools from different manufacturers together with our people. We also tried them out in a test gallery. One hundred percent of our installers said that they wanted to work with the Hilti products. Other firms may be able to deliver good tools, but the additional expert advice and service one gets with Hilti is unique,” says Beat Klossner, South Section Manager with Alpiq Burkhalter Bahntechnik AG.

The Gotthard Base Tunnel is scheduled to be opened at the end of 2016, the Ceneri Base Tunnel at the end of 2019. When finished, trains will travel at top speeds of up to 250 kilometers per hour on the high-speed rail line. —



The window to the world.

Fatima is 27 years old. Together with her parents and two siblings she lives in an apartment that has 50 square meters of area in a poor section of Cairo. Making her way to work at seven each morning, she travels to El Nafeza, a center for manufacturing handmade paper.



El Nafeza, also known as “the window to the world,” was founded by the Egyptian artist Mohamed Abou El Naga. He was inspired to create this center after traveling during his education. “In Japan I saw that the production of handmade paper products not only created jobs and generated income for untrained workers, but that it could reinvigorate entire communities. I decided to implement this concept in Egypt.”

The Hilti Foundation and its partner organization Ashoka supported him in realizing his idea. “We advised Mohamed Abou El Naga and provided him with entrepreneurial knowledge and financial support, making it possible for him to have access to a worldwide network of contacts in the social sector,” says Egbert Appel, Managing Director of the Hilti Foundation.

Since 2005 women, young people and the disabled have learned how to make handmade paper in El Nafeza and how to create artfully designed paper products such as gift boxes, book covers and cards. They use only agricultural waste, such as rice straw or banana bushes, in the production. El Nafeza is a good example of an innovative project that combines entrepreneurial activity and sustainability. Creating new jobs is just as important in Egypt as environmental protection and the preservation of traditional paper-making methods.

Fatima is the first to arrive at El Nafeza – she opens the window to the world. Her morning rounds take her to a water basin where she placed rice straw to soak the previous day. She removes the saturated rice straw from the water and heats it in a pale. The straw is boiled for two hours, after which it is worked into a paste and dried before being turned

into paper. During the cooking stage she discusses the workday with her colleagues and also uses sign language as eight of the ten women and youths are deaf and unable to speak. Often isolated socially, it is nearly impossible for them to find work, and establish an existence, outside El Nafeza. The idea to train the deaf at El Nafeza was made possible in cooperation with Tamer Bahaa, another Egyptian entrepreneur. Contact was established through the Hilti Foundation and Ashoka.

In the afternoons Fatima and her colleagues regularly conduct courses for children and young people from poor villages surrounding Cairo. The idea is to show the children that they can influence their lives with their own hands.

Fatima is satisfied when she closes the doors of El Nafeza at 4:30 p.m. She loves her work and is proud to earn her own money. The roughly 700 Egyptian pounds (about 105 Swiss francs) she earns per month is more than the 500-pound average monthly income of an Egyptian worker.

The money allows Fatima to support her family and save a small amount. She hopes that her savings will be enough to help realize her dream of one day opening her own paper manufacturing center. Fatima wants to pass on her knowledge and to train as many women and young people as possible. This corresponds exactly to the Hilti Foundation’s long-term approach in the area of social entrepreneurship. The Foundation supports business models that can be copied and replicated. The positive effect of such projects expands again and again, giving more people the ability to shape their own life and destiny. —



A rating of “attractiveness and sustainability.”

The pulsating finance and cultural metropolis of London is scheduled to gain another luxury hotel in 2012, just in time for the Summer Olympic Games. In addition to quality, the building’s owners also place a great deal of significance on sustainability and ecological aspects.

Knightsbridge, in the heart of London, is one of the city's most prestigious districts. Luxury brands such as Gucci, Chanel and Louis Vuitton can be found on the most popular promenades. This was the location that the Italian luxury group Bulgari selected for its latest Bulgari Hotels & Resorts project. Construction began in 2010 and the five-star Bulgari Hotel & Residences is scheduled to open in May 2012. The design is extravagant, the style timeless and the material selected is only the best. Silver dominates the interior design in homage to the founder of Bulgari, the silversmith Sotirio Bulgari. Star architect Antonio Citterio selected Portland stone and bronze materials so that the building would fit neatly into the existing cityscape.

The glamorous appearance is based on a concept of sustainability. The Bulgari Hotel & Residences were built according to the highest ecological standards. There were no compromises made regarding the building's CO₂ footprint, and no stone was left unturned in attempts to minimize the influence on the environment. This uncompromising claim was honored in 2010 when the project was given the U.K. Property Award in the "Best Hotel" and "Best Development" categories.

The developer of the property, Prime Development, paid strict attention to green building criteria when selecting partners for the project. A building earns the green building designation when it is planned, built and operated in an environmentally compatible manner, using less energy, water and materials while reducing CO₂ emissions and operating costs.

Hilti is acutely aware of customers' green building requirements and offers a range of products and services that help meet the worldwide criteria for ecological construction such as the BRE Environmental Assessment Method, or BREEAM. BREEAM is one of the leading providers of building certification standards and has become a benchmark for describing the influence a building has on the environment.

With the aim of achieving a BREEAM certification of excellent, the Bulgari Hotel & Residences is the first building in the United Kingdom that deploys ground-source heat pumps, which reduce CO₂ emissions when heating and cooling. Time-saving installation, quality, resource and cost efficiency also were a focus to enhance mechanical and electrical installation aspects.



Neil McGurk of Briggs & Forrester is responsible for the project's electrical installation. To help with the installation he contacted Hilti expert Jon Gammidge, Central London Account Manager. Gammidge recommended Hilti's new MM channel installation system, designed for light- and medium-duty loads, for the ventilation channels and cable trays. The mobile MQ channel installation system was used with heavy-duty pipe installation, and the MM push-button system also enables simple, time-saving installation. The intelligent design significantly reduces the required amount of steel as well as the weight of channels without diminishing durability. This is a unique solution feature. Compared to common systems, 9.96 tons of steel were saved in the electrical installation alone. This is a significant plus in the eyes of the BREEAM evaluation.

Gammidge also calculated the CO₂ footprint of the Hilti system – the amount of CO₂ produced by the channels during their lifetime from gaining the raw materials through production, transport, assembly and eventual disposal. The Hilti Account Manager calculated an impressive reduction in CO₂ emissions of 29 tons, or 49 percent, compared to common solutions. Neil McGurk was sold: "Sustainability aspects are becoming increasingly important in construction projects. As contractors, it's central that we make an effective contribution to our customers' ecological targets if we are to remain competitive."

The Bulgari Hotel & Residences is well on the way to being awarded BREEAM's excellent rating. Thanks to its glamour, style and class, it also will leave a sustainable impression with guests in more ways than one. —

Honesty is the best policy.

A sustainable fight against corruption is only possible if all market forces work together and are committed to maintaining compliance standards. The International Business Leaders Forum is committed to this goal and is supported in its efforts by Hilti Russia.



Key phrases such as anticorruption, corporate governance and business ethics are part of Vera Cherepanova's daily work. She is an Internal Audit and Financial Investigation Manager with Hilti Russia. For the past year she also has spent about 50 percent of her time working on behalf of the International Business Leaders Forum (IBLF), a non-profit organization that works together with leading international corporations to promote sustainable and ethical business practices around the world.

Cherepanova works in a five-person team of compliance experts, all of whom come from the fields of finance and academia. Under the leadership of Brook Horowitz, the manager of IBLF in Russia, they are defining anticorruption measures specific to the Russian market as part of the IBLF's Improving Business Standards in Russia project. The Russian economy has experienced a significant uptick in recent years and investments in Russia are increasingly popular. "In spite of this, problems such as corruption, murky legal ground and a lack of transparent administrative structures remain unsolved," says Cherepanova in describing the difficult market conditions that plague most Western European companies.

The secondment of an employee by a member company is unique in the history of the IBLF. "By placing Vera directly with the IBLF we are able to move our program of promoting responsible business standards in Russia to a new level by making workshops, information material and common action programs accessible to a new generation of Russian managers," says Brook Horowitz. Vera Cherepanova's professionalism and efforts in the fight against corruption are not going unnoticed. In 2011 the International Compliance Association named her best compliance manager in the area of anticorruption in Russia and the Commonwealth of Independent States.

Anticorruption is a global topic. The United States and United Kingdom have the strictest anticorruption laws in the world. The Hilti Group has based its internal compliance rules on these standards. They must be maintained without exception on a worldwide basis and extend far beyond the requirements of many national regulations.

Hilti is convinced that it is the responsibility of the people in the markets to help shape conditions that will allow sustainable economic growth



through their own business activities. This is particularly true for those markets that are not yet fully developed. Hilti is therefore committed to putting its own high compliance strategy standards into the markets. “Hilti Russia’s cooperation with the IBLF has sent a corresponding message to partners and other market players and also underscores the Hilti Group’s companywide compliance strategy,” assures Cherepanova.

The project is clearly aimed at actively developing business ethics in Russia. One of the things Vera Cherepanova is responsible for is the organization of roundtable discussions involving managers and compliance and legal experts from both Russian and foreign companies. This forum is used to exchange best practices, to learn from one another and to jointly create approaches for combatting corruption. “While they cannot define the framework, participants can outline their own business conduct. By being jointly committed to the fight against corruption and showing integrity, reputable companies can successfully sensitize authorities towards anticorruption topics,” explains Cherepanova.

Future Russian generations and decision-makers also will be trained to recognize the significance of compliance standards for the national economy. Vera and her team see a significant potential for increasing knowledge and sustainably improving the economic framework through the training of economists and lawyers. The team organizes workshops for students that are led by managers and IBLF members and creates training documentation for five Moscow universities. Thanks to the team’s efforts, a course in business ethics will be offered for the first time in Russia, at Moscow’s Mirbis Business School, beginning in September 2012. “We want to help create a generation that is sensitized toward combatting corruption,” emphasizes Cherepanova.

In the future the more people who stand up to corruption in the market, the less compelling the incentive to deviate from compliance standards or to engage in bribery or blackmail. Initiatives such as those carried out by the IBLF and its members will decisively contribute to eliminating corruption from everyday business activity. —

	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 2011	<ul style="list-style-type: none"> Hilti's Mission Statement calls for responsible behavior toward team members, customers, partners and suppliers as well as society and the environment. This is consistently implemented throughout the company (pages 44 – 57 and 61). “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 47, 60). “Hilti, a great place to work” is measured both internally and externally. Within the company it is gauged by the Global Employee Opinion Survey, or GEOS, which consistently generates high participation rates and very positive results (page 60). These results show that Hilti takes its team members seriously and initiates the measures required for a positive working environment. The Great Place to Work® Institute carries out external assessments. Hilti has taken part in these surveys for three years, often attaining top results at the national level. In 2011, for example, Hilti ranked 3rd in Liechtenstein/Switzerland and in Singapore; an outstanding 1st place in Australia; 4th in Portugal and 16th in Germany. Hilti laid the groundwork for a Europe-wide ranking of 12th place while also finishing 15th in the category of the world's best multinational workplaces, putting the company solidly among the best employers globally (page 37). 	<ul style="list-style-type: none"> The health circle at Hilti Corporation headquarters in Liechtenstein provides employees with information on the topics of health and safety. Regular advisory sessions are held regarding workstation ergonomics. A company physician, located at corporate headquarters in Liechtenstein, supports employees in many health-related questions while also offering eye tests, immunization advice and preventive medical checkups. Employees are schooled annually on fundamental safety regulations via an e-learning module. Fire prevention training was again carried out in 2011 for all employees at Hilti headquarters. Some 900 staff members have completed this training. The Hilti plant in Nersingen-Strass, Germany received the “Top Health Management Award 2011” for its operational health management. The award was given by TG LifeConcept in cooperation with the Bavarian State Ministry for Labor and the Bavarian Chamber of Industry and Commerce. The Hilti plant offers regular training and activities on the topic of health, improves work station ergonomics and carries out an annual health day that features lectures and workshops on nutrition, sport and stress prevention. The goal of “zero occupational accidents” has been established in all plants worldwide. Additionally, all plants record and process standardized dangerous situations (near accidents) on a daily basis.

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.
EN5: Energy saved through environmentally 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.
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.

- Hilti strongly focuses on reducing the influence its products have on the environment. In 2009 the company began measuring this influence through Life Cycle Assessments. All new Hilti tools are analyzed according to the Product Carbon Footprint method and Hilti has set a goal of reducing the ecological footprint of the next generation of its products. Other guidelines and instruments aiming to further reduce CO₂ emissions have been integrated into the product development process (pages 47 and 62).
- A new guideline for the company's fleet of automobiles defines relevant environmental and safety standards. This includes regional consumption limits that will lead to significant savings in fuel consumption (20 percent) over the next six years. Plans also call for replacing established automobile technologies (gasoline and diesel) with alternative technologies (electric automobiles), (pages 47 and 63).
- The topics of energy efficiency and waste and water management, as well as occupational safety and health management, have been defined as central HSE elements for Hilti plants. Clear targets and measures have been defined for all units. These will lead to a significant reduction in Hilti's ecological footprint. As a result, Hilti has decided to improve energy efficiency by 2 percent per year. Until 2015 this measure will lead to an improvement of 10 percent (pages 47, 62 and 63).

Combatting 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.

- Monitoring and reinforcing the compliance network by naming local compliance officers.
- Revising anticorruption guidelines (Hilti's internal regulations on the offering, providing and receiving of donations and contributions, such as gifts and hospitality services).
- Introduction of a new approval form and a new approval process for documenting, reporting and monitoring doubtful cases.
- Creating a new global Code of Conduct that includes the most significant Hilti compliance regulations.
- Carrying out workshops for the Group-wide rollout of the new anticorruption guidelines and the global Code of Conduct through personal training sessions with more than 70 local compliance officers.
- Testing all external compliance helplines, monitoring the helpline system and changing the helpline provider in more than 20 countries.

Corporate culture.

The people at Hilti

Based on its highly developed corporate culture, Hilti offers employees outstanding career opportunities in a worldwide group. In 2011, employees invested 24,000 working days in corporate culture workshops.

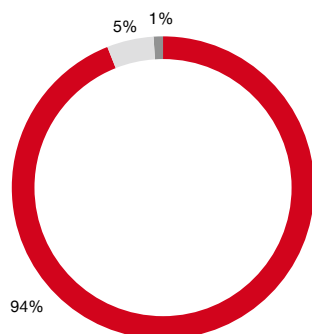
	2011	2010	2009	2008
Number of working days employees have used for corporate culture workshops	24,000	32,000	18,000	35,000
Expenditure for corporate culture workshops (in CHF million)	9.5	10.3	7.6	11.4
Fluctuation	14%	13%	15%	14%
Integration success rate*	83%	83%	74%	79%
Open management positions filled with internal candidates	81%	85%	85%	80%
Number of apprentices worldwide	366	360	341	320
Employees (at December 31)	21,848	20,305	19,709	20,994

* The integration success rate measures the number of employees who joined Hilti during the past two years and are still employed at the company.

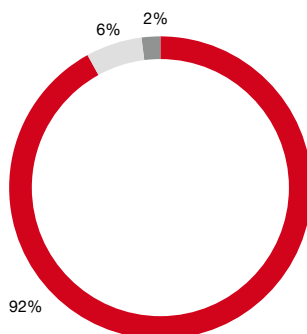
Employees exhibit a high level of identification and commitment

A survey of Hilti employees worldwide is carried out once a year. In 2011 the participation rate of this Global Employee Opinion Survey (GEOS) was 90%.

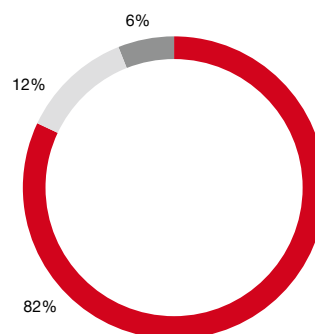
■ Favorable ■ Neutral ■ Unfavorable



94%
are willing to do
the utmost for Hilti



92%
are proud to work
for Hilti



82%
would recommend Hilti
as a great place to work

Suppliers.

Hilti suppliers sign a Code of Conduct

All potential Hilti suppliers must complete a comprehensive audit before being considered an official partner of the company. A total of nine areas are monitored in detail. In addition to topics such as technology, quality and efficiency, the Hilti Code of Conduct for Suppliers, which is based on compliance standards, also plays a significant role. Each new Hilti supplier must sign the Code of Conduct

which serves as an integral part of the contractual agreement. By signing suppliers are obligated to observe the principles contained in the Code of Conduct. It includes clear rules for maintaining legal requirements and social responsibility as well as the obligation to observe a zero-tolerance policy regarding any type of corruption.

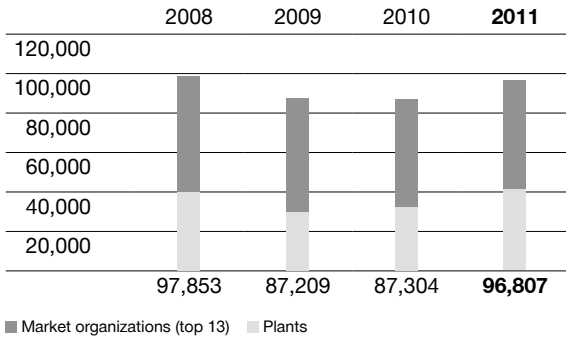
	2011	2010
Suppliers of direct production materials and allied suppliers		
Suppliers who have signed the Code of Conduct	100%	100%
Share of suppliers audited through the end of 2011		
Existing suppliers*	97%*	79%*
New potential suppliers	100%	100%
Additional share of suppliers* subject to a Code of Conduct compliance audit by an external, accredited partner in addition to undergoing the evaluation audit.	8%	0%
Improvement potential was agreed upon with audited suppliers* as appropriate. The implementation of this improvement will be monitored.		
Suppliers of indirect production materials		
In 2010 Hilti expanded its Code of Conduct for Suppliers to include the procurement of indirect construction materials. Suppliers of all material groups are therefore obligated to meet the stipulations in the Code of Conduct. Particular attention was paid to suppliers of the material groups of merchandizing, trade fairs, cleaning, catering, building safety, temporary work, transport and logistics. Hilti monitors the maintenance of the Code of Conduct in the critical area of clothing production through neutral external auditors. The regular, contractual application of the Code of Conduct is also a main task of the Chief Compliance Officer and of the Procurement Indirect Materials Unit in 2012.		

* These suppliers account for over 90% of the procurement volume of direct production materials and related products.

Environment-related key data.

CO₂ emissions of Hilti Group

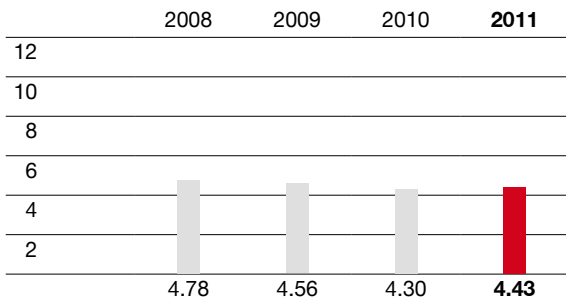
(in t) CO₂ equivalents



Comments

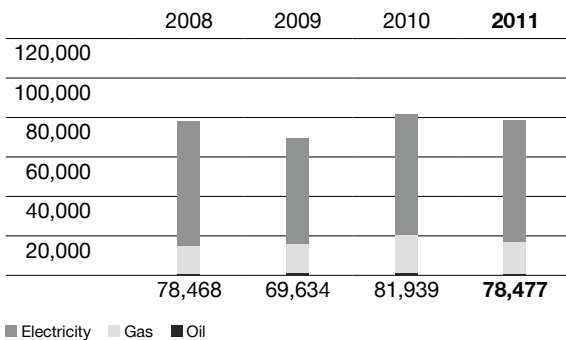
Hilti Group CO₂ emissions rose 10.9 percent in 2011 compared to the previous year. The reason for the increase is a shift in the energy mix at two Hilti plants in Germany. The new energy mix contains a significant increase in energy derived from fossil fuels, leading to the increase in CO₂ emissions. Total energy consumption, however, declined over the same period due to the results of Hilti's energy efficiency program.

CO₂ emissions per employee (in t)



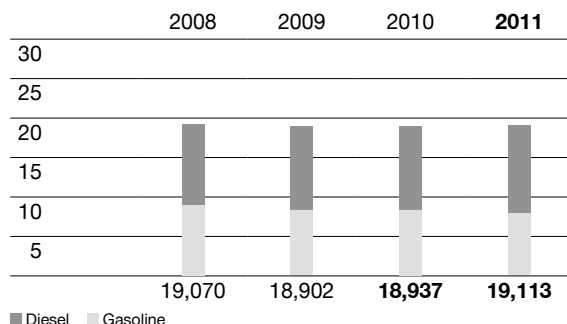
Despite the rise in total CO₂ emissions by approximately 10.9 percent, and the fact that the number of employees in the field using an automobile again rose in 2011, CO₂ emissions per employee rose only 3 percent. The two main reasons for this positive trend are energy efficiency projects implemented at Hilti plants and the establishing of Hilti International Car Fleet Guidelines, which call for regional consumption limits, among other measures.

Energy consumption in the Hilti plants (in MWh)



Energy consumption at all Hilti plants fell by approximately 4.2 percent in 2011 in spite of a significant rise in production volume. This was achieved through the implementation of Hilti's energy efficiency program, agreed to in 2010, that calls for an annual improvement in energy consumption of 2 percent.

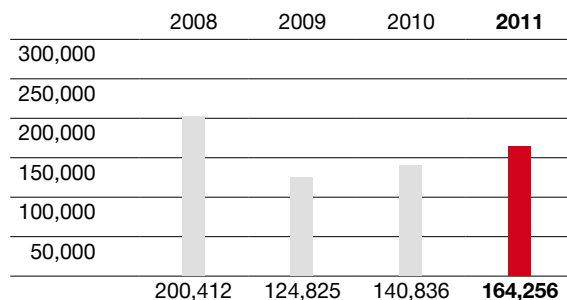
Fuel consumption in the top 13 market organizations (in million liters)



Comments

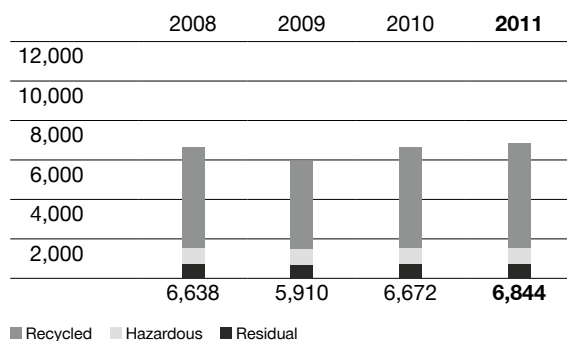
Although the number of sales employees grew significantly in 2011, the consumption of diesel and gasoline rose only marginally in the Hilti Group's 13 largest market organizations. This was achieved, among other measures, by using low-consumption vehicles. Some two-thirds of all Hilti employees worldwide work in sales, a fact that has a direct influence on fuel consumption.

Water consumption (in m³)



Water consumption is directly linked to production volume. As production volume rose significantly in 2011 water consumption was correspondingly higher.

Total waste production (in t)



Waste production increased by approximately 2.6 percent in 2011. This slight increase is also linked to the increase in production volume. Hilti has planned measures that will reduce the total waste amount. In Plant 1, in Schaan, Liechtenstein, for example, waste amounts will be substantially reduced by the recycling of segments containing cobalt and the reuse of industrial diamonds.





Currency effects weaken strong growth.

The Hilti Group generated sales growth of 14.6 percent in local currencies in the 2011 business year. In spite of this strong operating performance the company's operating result declined by 23 percent while net income was down 32 percent; developments largely due to negative currency influences.

The 2011 economic environment was primarily dominated by positive development. The construction industry pertinent to the largest segment of business proved very dynamic in Northern and Central Europe as well as in Eastern Europe, Asia and Latin America. The market environment in North America, however, declined as it did in Southern Europe.

Broad-based organic growth

Against the backdrop of solid framework conditions, significant sales growth was achieved over a broad geographic area. Strong growth was recorded in the Eastern Europe/Middle East/Africa Region with sales advancing 39 percent in local currencies. This included an acquisition-related impact on growth of 22 percent, caused by the integration of existing distribution partners. At Group level the acquisition-related impact amounted to 1.8 percent.

Latin America continued the trend of strong growth witnessed in recent years (+24%). Sales grew 13 percent in North America although the prevalent economic environment remained difficult. The Asia/Pacific Region posted double-digit growth (+12%). Europe, the region with the largest share of sales, also had strong growth (+11%) although development in individual markets varied. While double-digit growth was posted in North and Central Europe, sales development was negative in the weaker economies of Southern Europe (Greece, Portugal, Spain, Italy).

The positive growth in local currencies was significantly reduced at Group level due to the ongoing, massive appreciation of the Swiss franc. The influence was exceptionally large in the North America and Eastern Europe/Middle East/Africa Regions as the currencies of these regions suffered disproportionate devaluation against the Swiss franc. Due to the great significance the euro zone holds for Hilti the weakness of the euro also was strongly felt. When translated into Swiss francs, sales growth at Group level was correspondingly reduced by 12.9 percent to 1.7 percent.

Strong Swiss franc weighs down profit

In spite of a noteworthy rise in sales the 2011 annual results are characterized by a significant drop in the profit level. The operating result (EBIT) was 23 percent lower, declining from CHF 268 million to CHF 207 million. The operating margin (EBIT margin) was reduced from 6.8 percent to 5.2 percent.

Great strides were made in terms of productivity in both sales and production. Despite an increase in research and development expenditures to CHF 184 million (+7%) expenses at Hilti Corporate Headquarters were below their 2010 level.

The robust improvement in operational performance was nonetheless significantly overcompensated by two strongly negative factors: the strong rise in material prices, primarily for steel and oil and mainly in the first half of 2011, and rising transport costs. Due to existing price agreements

these factors were only transferred to the market with a significant delay. Gross margins therefore continued to be under pressure in 2011. The positive effect of compensating measures will largely take hold in 2012.

The Swiss franc had a considerable impact on the operating result. When adjusted for currencies the operating result advanced 8.1 percent. But negative currency effects weakened the operating result by CHF 87 million. An additional negative currency effect of CHF 39 million in the financial result was generated by the valuation of monetary balance sheet items. Currency influences in the Hilti Group's profit and loss statement total CHF 126 million. Group net income therefore fell from CHF 142 million to CHF 97 million (-32%).

Reducing the share of Swiss franc costs

The extent of the dramatic appreciation of the Swiss franc during 2011 can be viewed as an exceptional development. We nonetheless continue to expect further pressure on results due to both the overvalued Swiss franc and anticipated exchange rate volatility.

Special importance is therefore given to the intensification of measures, initiated several years ago, designed to improve the natural hedge. Ongoing improvement efforts in purchasing and manufacturing have been redoubled and further shifts of production volume to plants in Mexico, China and Hungary, as well as into the euro zone, have been

implemented. Additionally, a program was introduced at Corporate Headquarters in Liechtenstein that will reduce costs by CHF 50 million (approximately 10%), having a positive influence on results within 18 months. In addition to implementing increased efficiency and cost-cutting measures, there is also a central emphasis on shifting development and support activities to less wage-cost intensive regions and on optimizing the cost share of the Swiss franc.

Balance sheet and cash flow remain solid

Negative currency translation effects, resulting from the balance sheet conversion of Group companies into Swiss francs, amounted to CHF 35 million. Hilti Group equity also was negatively impacted due to the increase in pension fund provisions of CHF 92 million required to close a balance sheet deficit for the pension fund, in accordance with IFRS. The share of equity as a proportion of total capital nonetheless remained at a very solid 51 percent (2010: 54%).

The positive trend of net working capital, seen in the previous year, continued in 2011. Net working capital, valued at constant exchange rates, rose by 9.7 percent due to the generated growth. This growth rate, however, was significantly below the 14.6-percent level of sales growth in local currencies. Turnover rates further improved as a result. The receivables from finance leasing rose by CHF 67 million due to the growth in sales volume. Cash flow from operating activities was reduced to

CHF 242 million due to lower profitability and higher net working capital. Due to the comprehensive renovation of production and logistics structures made in recent years, investments in tangible fixed assets could again be reduced, dropping from CHF 135 million to CHF 124 million. In spite of the lower profitability, caused by currency effects, free cash flow once again amounted to CHF 82 million (before finance leasing, acquisition and integration effects).

The Board of Directors recommends a dividend payment of CHF 47 million (2010: 71 million) for the 2011 business year.

Cash and cash equivalent declined slightly from CHF 1.134 billion to CHF 1.063 billion. Interest bearing debts amounted to CHF 942 million at the end of 2011, having risen by CHF 34 million. Short-term bank liabilities were CHF 113 million (+15 million) while long-term bank liabilities were CHF 81 million (+17 million). As of December 31, 2011, the Hilti Group maintained three bonds placed on the Swiss capital market totaling CHF 750 million. They have maturities in 2012 (300 million), 2013 (150 million) and 2014 (300 million).

The Hilti Group thereby has a stable and comfortable level of net liquidity of CHF 121 million. Combined with the high equity ratio of 51 percent this

underscores the pronounced strength of the Group's financial basis, even in an environment as difficult as 2011.

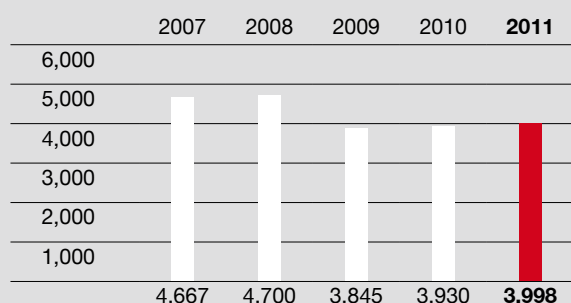
Outlook

The Hilti Group remains cautiously optimistic in 2012. Demand in most end markets is solid at the beginning of the year. However, due to the problems in the euro zone we expect demand to level out, particularly in Southern Europe, resulting in a negative influence on growth as a whole. Single-digit expansion is anticipated.

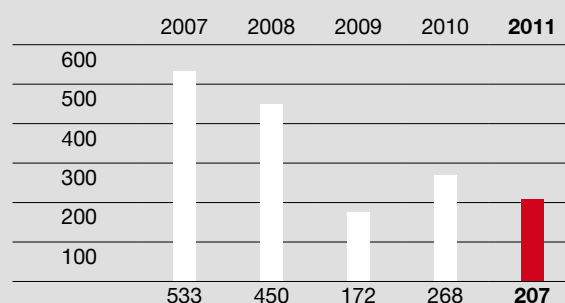
Assuming that there are no significant economic upheavals, the measures introduced to cut costs and to compensate the negative currency influences should allow for sizeable increases to both the operating result and the operating margin in 2012. —

Key figures.

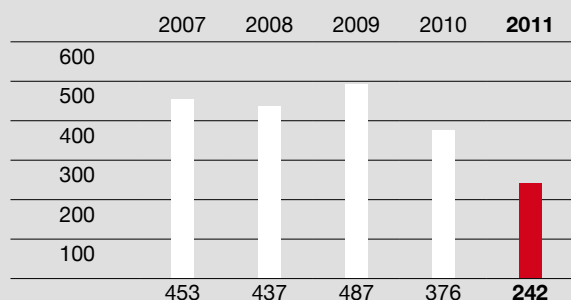
Net sales (in CHF million)



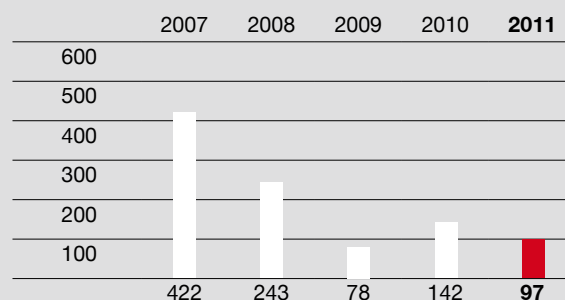
Operating result (in CHF million)



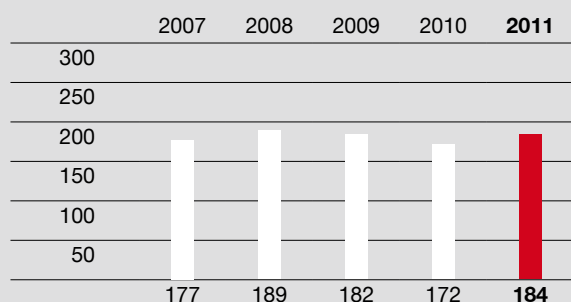
Cash flow from operating activities (in CHF million)



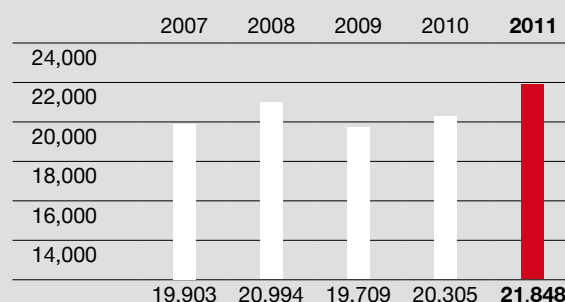
Net income (in CHF million)



Research and development expenditure (in CHF million)



Employees (as at December 31)



Please note

The following pages contain extracts from the 2011 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 2011. Complete information, including the notes to the consolidated financial statements, is contained in the

2011 Financial Report which will be available on the Group's website (www.hilti.com) from late March 2012.

The full 2011 consolidated financial statements, which are included in the 2011 Financial Report, have been prepared in accordance with international financial reporting standards (IFRS).

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

ASSETS

	2011	2010
Intangible assets	394.4	396.8
Property, plant and equipment	746.4	765.6
Investment property	6.8	4.6
Investments in associates and joint ventures	12.1	10.9
Deferred income tax assets	130.4	96.1
Other financial investments	16.6	12.5
Trade and other receivables	312.0	250.0
Derivative financial instruments	43.5	59.8
Total non-current assets	1,662.2	1,596.3
Inventories	615.9	559.8
Trade and other receivables	930.6	877.1
Current income taxes receivable	14.4	10.1
Accrued income and prepayments	47.6	47.8
Derivative financial instruments	8.2	27.7
Financial assets at fair value through profit or loss	26.4	40.2
Cash and cash equivalents	1,062.5	1,134.4
Assets classified as held for sale	-	-
Total current assets	2,705.6	2,697.1
TOTAL ASSETS	4,367.8	4,293.4

EQUITY AND LIABILITIES

	2011	2010
Non-controlling interest	13.0	4.3
Equity attributable to equity holders of the parent	2,198.9	2,300.1
Total equity	2,211.9	2,304.4
Provisions	108.7	89.2
Pension and termination benefit obligations	303.2	226.5
Deferred income tax liabilities	29.8	24.7
Bonds	447.8	746.0
Long-term bank borrowings	81.2	63.8
Trade and other payables	24.7	19.8
Derivative financial instruments	1.4	1.7
Total non-current liabilities	996.8	1,171.7
Provisions	51.4	58.7
Trade and other payables	278.0	266.0
Current income taxes payable	98.4	102.7
Accrued liabilities and deferred income	304.8	290.4
Bonds	299.8	-
Short-term bank borrowings	112.7	97.9
Derivative financial instruments	14.0	1.6
Total current liabilities	1,159.1	817.3
Total liabilities	2,155.9	1,989.0
TOTAL EQUITY AND LIABILITIES	4,367.8	4,293.4

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 income statement of Hilti Group (in CHF million)

	2011	2010
Net sales	3,997.5	3,929.9
Other operating revenues	73.9	87.6
Total operating revenues	4,071.4	4,017.5
Change in inventory	62.4	22.6
Material costs	(1,418.0)	(1,260.4)
Personnel expenses	(1,572.1)	(1,594.5)
Depreciation and amortization	(215.8)	(213.0)
Other operating expenses	(720.7)	(704.6)
Total operating expenses	(3,864.2)	(3,749.9)
Operating result	207.2	267.6
Share of profit / (loss) of equity-accounted associates and joint ventures	2.4	0.6
Other revenues and expenses (net)	(33.2)	(43.9)
Finance costs	(57.5)	(57.2)
Net income before income tax expense	118.9	167.1
Income tax expense	(22.4)	(25.3)
Net income	96.5	141.8
Attributable to:		
Equity holders of the parent	94.1	142.8
Non-controlling interest	2.4	(1.0)

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

	2011	2010
Net income per income statement	96.5	141.8
Gains/(losses) on cash flow hedges taken to equity	(2.1)	8.7
(Gains)/losses on cash flow hedges transferred from equity to income statement	(9.3)	(2.0)
Actuarial gains/(losses) on defined benefit plans	(91.8)	(70.3)
Foreign currency translation differences	(34.5)	(180.0)
Deferred tax on items taken directly to or transferred from equity	13.9	9.2
Other comprehensive income	(123.8)	(234.4)
Total comprehensive income	(27.3)	(92.6)
Attributable to:		
Equity holders of the parent	(30.2)	(91.3)
Non-controlling interest	2.9	(1.3)

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

	2011	2010
Net income	96.5	141.8
Adjustment for depreciation and amortization	215.8	213.0
Adjustments for non-operating transactions	127.3	136.6
Cash flow from operating activities before interest, tax and working capital changes	439.6	491.4
(Increase) / decrease in inventories	(62.4)	(28.5)
(Increase) / decrease in trade receivables	(54.9)	(41.9)
Increase / (decrease) in trade payables	20.7	7.0
(Increase) / decrease other net operating assets	(3.8)	48.0
Cash flow from operating activities before interest and tax	339.2	476.0
Interest received	7.1	6.1
Interest paid	(57.5)	(57.2)
Income tax paid	(47.3)	(49.3)
Cash flow from operating activities	241.5	375.6
Capital expenditure on intangible assets	(87.9)	(85.1)
Capital expenditure on property, plant and equipment	(123.7)	(134.6)
Acquisition of subsidiaries	(7.2)	(149.7)
(Increase) / decrease in financial investments	9.1	(3.6)
Disposal of intangible assets	-	0.4
Disposal of property, plant and equipment	7.9	3.3
(Increase) / decrease in finance lease receivables	(67.4)	(19.3)
Cash flow from investing activities	(269.2)	(388.6)
Increase in long-term bank borrowings	26.7	29.4
(Decrease) in long-term bank borrowings	(10.1)	(30.3)
Increase / (decrease) in long term loans	3.2	-
Increase / (decrease) in short-term bank borrowings	18.8	23.8
Increase in bonds	-	-
Increase / (decrease) in liability to shareholder	(0.4)	0.2
Dividend paid	(71.0)	-
Cash flow from financing activities	(32.8)	23.1
Effects of exchange rate changes on cash and cash equivalents	(11.4)	(42.5)
Total increase / (decrease) in cash and cash equivalents	(71.9)	(32.4)
Cash and cash equivalents at January 1	1,134.4	1,166.8
Cash and cash equivalents at December 31	1,062.5	1,134.4

Key figures of Hilti Group

	2011	2010	2009	2008	2007
Results (CHF million / %)					
Net sales	3,998	3,930	3,845	4,700	4,667
Depreciation and amortization	216	213	200	185	181
Operating result	207	268	172	450	533
Net income before tax	119	167	136	308	496
Net income	97	142	78	243	422
Return on assets (RoA) in % (Net income + Finance costs)	3.6	4.6	3.2	7.1	12.8
Return on equity (RoE) in % (Net income)	4.3	6.0	3.2	9.9	18.2
Cash flow from operating activities	242	376	487	437	453
Balance sheet (CHF million / %)					
Total equity	2,212	2,304	2,396	2,429	2,483
Total equity in % Total equity and liabilities	51	54	55	58	64
Non-current liabilities	997	1,172	1,135	829	436
Current liabilities	1,159	817	795	946	942
Capital expenditures on Intangible assets and on Property, plant and equipment	212	209	283	290	246
Intangible assets and Property, plant and equipment	1,141	1,162	1,101	1,024	952
Other non-current assets	521	434	414	386	339
Current assets	2,706	2,697	2,811	2,795	2,570
Total assets	4,368	4,293	4,326	4,204	3,861
Dividend*	47	71	-	96	117
Employees (as at December 31)	21,848	20,305	19,709	20,994	19,903

* As proposed by the Board of Directors

2011 sales growth year on year*

	2011 in CHF million	2010 in CHF million	Change in CHF (%)	Change in local currencies (%)
Europe	2,240	2,229	0.5	11
North America	712	740	-4	13
Latin America	118	110	7	24
Asia / Pacific	488	485	0.5	12
Eastern Europe / Middle East / Africa	440	366	20	39
Hilti Group	3,998	3,930	2	15

* The segmentation of the regions corresponds with the changed internal organization. The previous year's figures were restated accordingly.

The Hilti trades.



Building construction

The innovative tools and accessories we supply to the construction industry are as varied as the applications in this field. Hilti supplies a range of products for measuring, drilling, chiseling, cutting, grinding or fastening as well as special solutions for applications such as rebar connections or formwork in construction, renovation and demolition. Being matched system components, these products offer outstanding performance, reliability and high efficiency. Health and safety always have priority, and our well-proven dust removal, vibration reduction and active torque control systems provide highly effective protection for the user.



Civil engineering

One of Hilti's aims in civil engineering is to provide the ability to carry out demolition or heavy chiseling work quickly and safely. Our powerful and durable tools provide high reliability in this field. Many of our products, including time-saving fastening solutions, are also approved for use in sensitive environments such as in the atomic power industry. Critical fastenings designed to take up high loads or post-installed rebar connections can be installed with exceptional reliability thanks to field-leading technological developments and the experienced advice offered by Hilti engineers at the planning stage or on the construction site.



Steel and metal

Steel and metal construction specialists expect peak performance – and achieve it with our system solutions. With our know-how and aids such as anchor design software we also support planners and contractors in this business. Whether leveling, aligning and anchoring steel structures, fastening profile metal roofing sheets and façade panels or installing railings or canopy roofs, we are the one-stop shop for all requirements. We supply direct fastening systems, high-speed screw fastening systems and versatile anchor solutions backed by a broad range of advanced, safety-tested and ergonomically designed tools – all in renowned Hilti quality.



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



Hilti POS 18 total station



Hilti ST 1800-A22



Interior finishing

Our goal is higher productivity and greater reliability for contractors in every field of interior finishing including drywall and ceiling installation, tiling and floor renovation and door and window installation. Laser tools for measuring and aligning, a comprehensive range of drilling tools and anchors, and direct fastening and screw fastening systems for repetitive use ensure top productivity and cost efficiency. Concrete surface finishing, 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.



Plumbing, heating and air conditioning

The ability to work quickly and efficiently while achieving high quality, regardless of the application or the materials on which the installation work is carried out, is an essential everyday requirement for specialists in this field. The Hilti product range offers a multitude of efficient solutions for measuring and laying out fastening points, drilling anchor holes, making penetrations in walls and ceilings, and fastening pipes and ducts of all kinds to walls, floors and ceilings. We also supply a comprehensive range of firestop products designed to seal off pipes and openings in the event of fire.



Electrical

Hilti direct fastening systems make electrical installation work exceptionally efficient – and virtually dustless. The comprehensive range of electrical fasteners supplied by Hilti covers a broad spectrum of applications in this trade, while highly effective dust removal systems for power tools make slitting, cutting, drilling and chiseling on mineral materials of all kinds quicker, easier and more reliable. Hilti cordless tools for drilling, screw-driving and cutting set the standard where maximum mobility is required in conjunction with high performance and long battery life.



Concrete sawing and coring

Reliable equipment and dependable services are of great importance to service contractors. Hilti is renowned not only for innovative equipment and accessories, but also for on-time delivery and quick repairs. Our unique Hilti Fleet Management system guarantees availability of replacement tools at all times, comprehensive services at calculable costs as well as rental equipment to cover periods of peak demand. Hilti also manufactures wall saw blades and core bits to customer specifications for special applications. Training for users in operating new equipment plus expert advice from Hilti engineers are just some of the additional services we offer.



Hilti GX 120 gas-actuated fastening tool



Hilti TE 6-A36 cordless rotary hammer with the TE DRS-6-A dust removal system



Hilti CP 653 speed sleeve



Hilti DST 10-E wall saw system



Mining

A combination of outstanding technology, competent on-site analysis of requirements and reliable services make Hilti the preferred partner for the mining industry. Our TE MD20 electric rock drilling system not only provides high performance, it also significantly reduces health hazards caused by noise and vibrations. Hilti's OneStep self-drilling rock anchor system makes wall and roof bolting quicker while cutting operating and servicing costs. The comprehensive Hilti portfolio of products and accessories makes the installation of infrastructure above and below ground more efficient than ever before.



Solar

The ability to install any type of solar panel with only six system components ensures high cost-efficiency and great flexibility. The Hilti panel mounting system consists of preassembled, corrosion-resistant parts and thus ensures easy installation and long life. Hilti know-how in structural design and foundation work combined with a broad range of innovative products ensure the required versatility for ground-mounted solar parks as well as roof installations. Our experts with many years of experience provide support in planning, specification and project management.

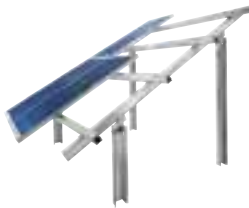


Energy

One of our prime goals in the energy industry is to provide innovative solutions that boost productivity, increase reliability and minimize health and safety risks. Hilti certainly has a great deal to offer in this field. Our well-proven direct fastening methods and flexible modular pipe installation systems, for instance, can make time-consuming and costly welding or tedious installation work unnecessary in many cases. Offering competent, on-the-spot support with the planning and execution of complex energy projects of all magnitudes, our specialists are at your service throughout the world.



Hilti TE MD20 drilling system



Hilti MSP-AL photovoltaic panel mounting system



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.
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