



2017 / STRONG MOMENTS

COMPANY REPORT





A YEAR ON THE GO

What makes Hilti so special? We would immediately point to our high-quality and innovative products, software and services. We would also list our dedicated and skilled worldwide team or our extraordinary corporate culture. It's a list that could go on and on. But what is it that makes Hilti so special to our customers?

The answer to this question can be found in the many big and also small stories found on the construction sites of the world. These stories were generated together with our customers and partners or may simply be taken from the day-to-day activities of our team members. The stories translate into moments and are portrayed in impressive, sometimes unusual, but always authentic images that have been collected in this year's Company Report. Irrespective of how large or small the moments were, or which corner of the world they came from, they focus on the thing that drives us on a daily basis: enthusing our customers and building a better future.





2 EDITORIAL

4 OVERVIEW

8 CEO INTERVIEW

10 2017 STRONG MOMENTS

56 EXECUTIVE BOARD

58 BOARD OF DIRECTORS

62 FINANCIAL FIGURES

DEAR READERS,

2017 was an excellent year for us. Not only did we manage to successfully expedite our strategic initiatives, but we also closed the financial year with very gratifying key figures. For the first time in the company's history, sales broke through the barrier of 5 billion Swiss francs. And our more than 10 percent growth rate gives us the accelerated pace we had envisaged. With more than 13 percent ROS and roughly 21 percent ROCE, profitability is at a very solid level allowing us to continue to invest heavily in our future. This also includes acquisitions: In the year under review, we managed to take over the Norwegian Oplaend System Group, which will enable us to extend our comprehensive portfolio of products, software and services to offshore clients as well.

We are especially pleased that all business units and regions are showing solid growth. In this respect, we would like to highlight the positive

development in Russia and Eastern Europe as a whole and our continued significant growth in North America and Northern Europe. With the aim of achieving our ambitious goals also in 2018, we will continue to focus on digital applications to help our customers save time and money.

2017 was also a year in which we set the course for the future leadership of both the Martin Hilti Family Trust and the Hilti Group. In April, Heinrich Fischer took over as Chairman of the Board of Directors from Pius Baschera. In addition to his role as member of the Board of Directors of the Hilti Group, Pius Baschera succeeds Michael Hilti as Speaker of the Martin Hilti Family Trust while Michael Hilti remains a Trustee in the Trust and member of the Board of Directors of the Hilti Group. This transition will pave the path for the change of generations that will take place in a few years, both in the Trust and the Board of Directors.





Our global head count has grown to roughly 27,000 employees who have given their utmost to create enthusiastic customers. But our team members are also enthusiastic about their own work as confirmed by many leading places in this year's Great Place to Work rankings of the best local, European and global workplaces. This puts us on the road to share even more success in 2018. Our objectives

for this year are clear: We are determined to keep our current momentum and gain additional market share.

After a very successful year, we wish to thank all our customers, employees and partners for the excellent cooperation in 2017 and look forward to experiencing many new inspiring Hilti moments with you in 2018.

Heinrich Fischer
Chairman of the Board of Directors

Pius Baschera
Chairman of the Board of Directors,
until April 2017, and Speaker
of the Martin Hilti Family Trust

Christoph Loos
Chief Executive Officer



OVERVIEW

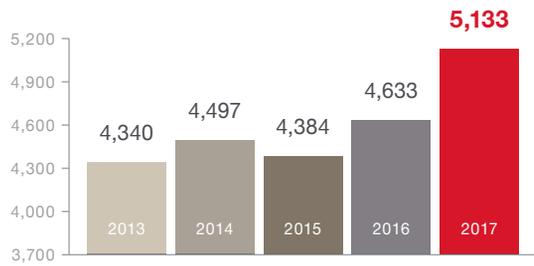
Hilti makes construction site work simpler, faster and safer. The company develops and manufactures products, systems, software and services that provide the construction and energy sectors with clear added value. Hilti stands for quality, innovation and direct customer relationships. The company has roughly 250,000 individual interactions each day, meaning that many innovative ideas are developed directly on construction sites. If there is a challenge on the construction site for which there is no Hilti solution, one will be developed. This is why the com-

pany, based in Schaan, Liechtenstein, invests more than 5 percent of sales each year in research and development.

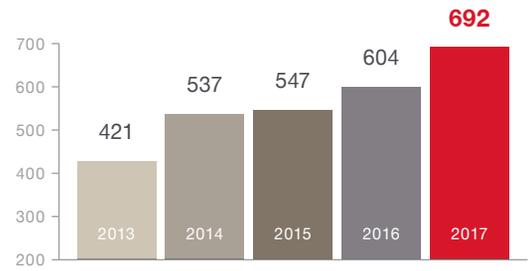
All of Hilti's activities, every day, are aimed at enthusing customers. The strategic aim is sustainable value creation through market leadership and differentiation. The company, founded in 1941 by brothers Eugen and Martin Hilti, also plans with financial foresight. All company shares are in the possession of the Martin Hilti Family Trust, which ensures the long-term continuity of the company.

Hilti builds a better future – with sustainable and innovative solutions. The company accepts an equal amount of responsibility for society and for the environment so that it can actively pursue a better future also outside the core business area. In addition to the charitable Hilti Foundation, the company's values of integrity, courage, teamwork and commitment contribute to building a better future. These values are lived out every day by roughly 27,000 employees in interactions with team members, partners and customers.

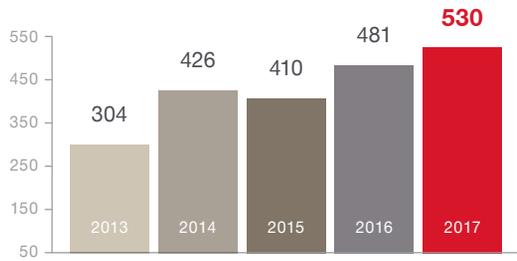
KEY FIGURES



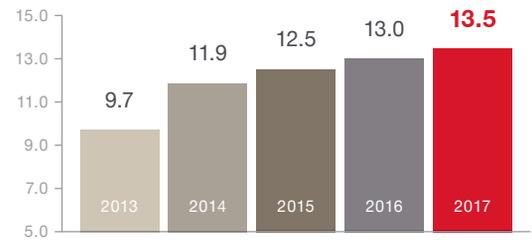
Net sales in CHF million



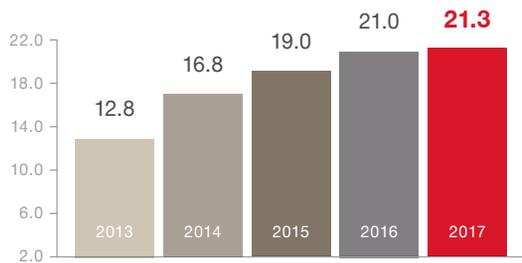
Operating result in CHF million



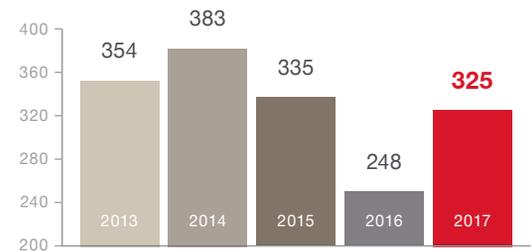
Net income in CHF million



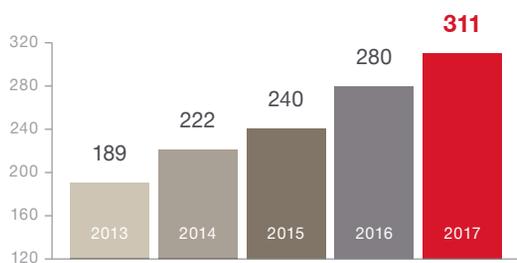
Return on sales (ROS) in %



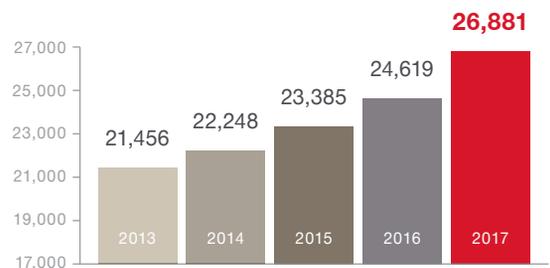
Return on capital employed (ROCE) in %



Free cash flow in CHF million
(before acquisition and disposal
of subsidiaries)



Research and development expenditure
in CHF million



Employees at December 31

BUSINESS AREAS

Anchor systems

Hilti sets new standards in anchor fastening technology with mechanical and chemical anchoring systems as well as cast-in anchors. These systems are also designed to withstand seismic action. Technical experts and software ensure correct anchor selection and application.

Electric tools & accessories

Hilti electric tools are known for top performance, user convenience and a long lifetime. Accessories developed specifically for these tools ensure efficient chiseling, grinding and drilling. Fleet management, online asset management and tool services increase productivity and decrease administrative effort.

Direct fastening & screw fastening

Hilti systems make direct fastening on steel and concrete simple, safe and productive. Vibration, noise and dust emissions are reduced to a minimum. Optimized systems of innovative tools and fasteners provide additional speed on the construction site.



Firestop systems

The correct installation of firestop systems is decisive in preventing the spread of fire, smoke and toxic fumes. Hilti provides a comprehensive range of technical consulting services as well as efficient design and documentation software which deliver a higher level of safety from a single source.

Diamond systems

Hilti's high-tech diamond technology tools are built for high performance and low wear. Drilling, cutting, sawing and grinding concrete and other mineral building materials is easy, achieves maximum accuracy and efficiency while keeping dust and vibration to a minimum.

Measuring systems

Hilti's robust laser, radar and optical tools cover all the requirements for measuring, leveling, aligning and detecting, from excavation right through to renovation and maintenance tasks. The easy-to-use system solutions also serve to bring digital planning directly to the construction site.

Installation systems

Modular installation systems from Hilti provide flexibility and efficiency to solutions for supporting and fastening pipes, ventilation ducts and electrical installations. Engineering and logistics services and design software round out the comprehensive package.



THE BEST IS YET TO COME

CEO Christoph Loos talks about an emotional number and the courage it takes to try out new things.

What was your Hilti moment in 2017?

The fact that we broke through the 5 billion sales mark for the first time in our corporate history. That is certainly an emotional number for us. Back in 2008 we were poised to take this hurdle for the first time, but the financial crisis and the appreciation of the Swiss franc thwarted our expectations for almost ten years. Therefore, this achievement is a very special milestone for us.

It's halftime in the implementation of the Champion 2020 strategy: Is Hilti making headway?

Overall, we have reason to be very satisfied with the level of implementation. After five years of crisis management, we needed 2014 and 2015 to switch back to growth and attack mode throughout the company and make significant investments again. Since 2016, we have seen the long-hoped-for return to accelerated growth and expanding market shares, combined with excellent financial results over and beyond our target range.

What will be the focus on during the remaining three years?

In all business units and regions, we have set ourselves very specific goals for our product, software and service offering, our interaction with cus-

tomers and our market shares. This is where we have many plans going forward until the end of 2020. Add to that an ambitious agenda focusing on digitalization, spanning our offering via the customer interface to all our internal processes. This will entail a continued and significant expansion of our workforce and major financial investments.

What was this year's greatest challenge?

Everything related to digitalization kept us on our toes. And this was evident almost everywhere: from development, procurement, production and logistics to finance, sales, marketing and HR. Our digital environment is highly dynamic and it is impossible to address this challenge with a perfect master plan. Innovation takes the courage to try out many things and to accept that some things may not work from the very beginning. Luckily, we are doing very well in many areas, just think of the launch of our new PROFIS Engineering Suite, software that performs calculations for post-installed anchors and handrails; our ON!Track asset management solution, the online sales generated via our website or the Hilti Connect app, which provides customers with immediate access to tool-specific data.





What has impressed you most in 2017?

My visits in the development centers of Shanghai, Kaufering, Schaan and Dallas. I was impressed by our ongoing ability to expand our technological expertise and the resulting pipeline of innovative products and software solutions.

How would you complete the following sentences?

We made best use of 2017 ...

... because we were able to reap the harvest of former years and have sown the seeds for continued growth going forward.

2018 will ...

... be a decisive year for our Champion 2020 corporate strategy. If we maintain our current cruising altitude, we will be able to take what is probably going to be the largest step toward achieving our strategic objectives.



FIREWORK

A great many people are moving to Plano, Texas. 

The booming suburb of Dallas is not only the headquarters of Hilti's North America Market Organization, it is also home to many corporate offices. Another high-rise building in the city of 290,000 residents is now shooting out of the ground. The 25-story building will host luxury apartments, pools and its own park. The firestop products are Hilti's. Some 10,000 Hilti firestop cable collars are being installed throughout the building to ensure added safety. Stacy Crawford (middle) and Eric DeFreitas are proven Hilti firestop experts who are happy to support construction professionals directly on the construction site.





NIGHT SHIFT



It is 1:15 a.m. Project Leader Sabeur Charni and Field Technician Gilles Christien leave the Paris Metro Montparnasse station. The Grand Paris Express project is the fourth-largest construction site in the world. It includes 300 jobsites and some 200 kilometers of tunnels. At 27 Metro stations, automated doors are being installed on the platforms. This requires the drilling of perfectly placed vertical holes and the precise installation of steel baseplates. Being close to the customer sometimes means having no set office hours. So Sabeur Charni and Gilles Christien are always at one of the project's 300 construction sites when their expertise is called for – whether during the day or late at night.



UNDERWORLD



Concrete walls, blue garbage containers, red Hilti toolboxes. It looks like a normal construction site. Here, on the new platform at Bella Vista Station in Sydney, Hilti employees Ashley Smallcombe and Matthew Hill join customer Richard Brewer to head into the longest railway tunnels in Australia, twin 15-kilometer tunnels making a path underneath Sydney's north west. Hilti has provided thousands of special anchors, ensuring the safe fastening of power lines, water pipes and landings to the tunnel walls. Rail service starts in 2019 on the 8.3 billion Australian dollar Sydney Metro Northwest project – stage 1 of Sydney Metro, Australia's biggest public transport project.





CONNECTING POINT

The tool won't work. The site manager must think fast or his schedule might suffer. Is it defective? How old is the tool? Is the maintenance service agreement still valid? Customer service can help over the phone – all that's needed is the tool's serial number, but sometimes it's illegible. No problem thanks to Hilti Connect. All new Hilti tools include a built-in chip allowing the user to simply scan and identify the tool with a smartphone. Older Hilti tools can be upgraded. The Hilti Connect app immediately shows information on the tool's maintenance or repair history – taken directly from the cloud. The site manager can arrange for the repair pick up service via the app while keeping to schedule.





RERAILERS

For six years, the mammoth London Bridge Station construction site was like a second home to Hilti employees Sammy Obadan, Umar Riaz, Gareth Evans and their team. Always available, always there and always with the right products when the contractor, Costain, needed support. Numerous fastening solutions and corresponding software were constantly in demand, as was Hilti's engineering know-how. The railway station will be finished in 2018 and the 56 million passengers who use the station annually will move through the British capital much faster. 

ELEVATION DIFFERENCE

 It is mid-September in Tirol, Austria, and it still feels like summer. But at a height of 1969 meters elevation, the thermometer reads only 2°C. A new aerial cableway is being built for the Patscherkofelbahn system, including mountain and valley stations. The installers from the Fröschl construction company are using modern measuring technology from Hilti. Quickly positioned and ready to go with the push of a button, the building's axes and walls can be measured with the PLT 300 total station – in a very user-friendly manner via tablet. Once the system is finished, 51 modern cabins, each holding ten people, will transport sporting and nature enthusiasts to the mountaintop in only ten minutes, in both summer and in winter.





TAKING OFF

 The Antonov An-124 is one of the largest cargo aircraft in the world and a true rarity. Only a few of these aircraft remain airworthy. One of these, fully loaded with about 2500 Hilti vacuum cleaners, is preparing for its flight from Germany to New York. New regulations for permissible dust levels have meant a rapidly rising demand for vacuum cleaners in North America. This extraordinary delivery is one example of Hilti going the extra mile for its customers, and helping to make construction sites across America more dust-free.





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VELKOMMEN

In Oglaend System Group, Hilti has found a strong partner that perfectly supplements both sales and the customer portfolio for the offshore oil, gas and wind energy markets as well as in shipbuilding. While Hilti operates as a supplier of structural steel applications, such as grating fastener solutions for the offshore segment, Oglaend is a global market leader in total support solutions for electrical, instrumentation, HVAC and piping applications. Hilti and Oglaend are jointly striving to achieve clear market leadership and are well-positioned for the future in the offshore segment.



ON THE GO

The internal online “Hilti Moments” Yammer group is where worldwide employees share their personal highlights and favorite images from their daily work. Here is a selection of images and stories from 2017 that capture truly special moments.

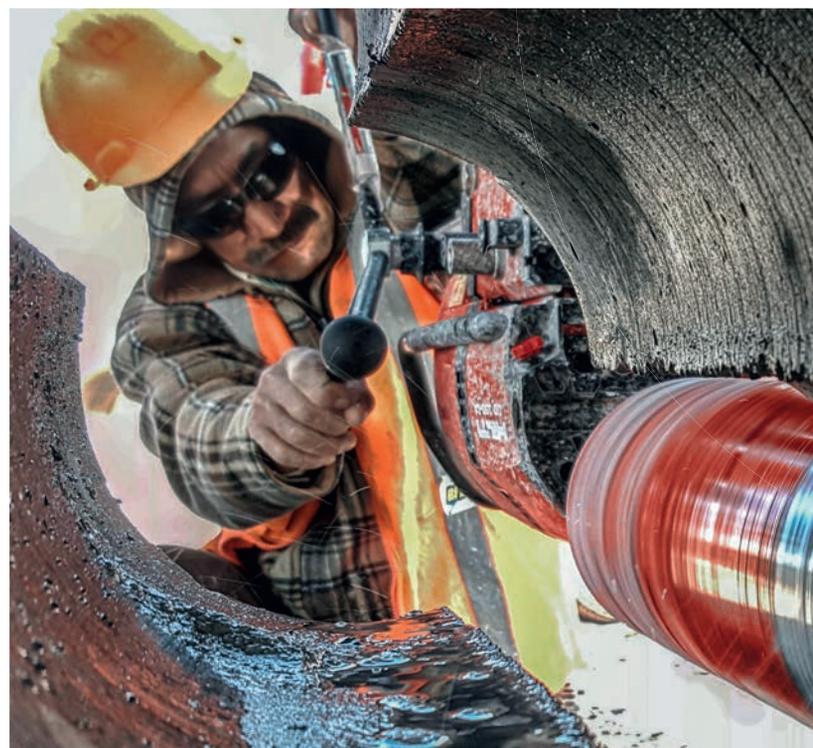


Hanging by well-secured threads. Milsons Point, Sydney. A high-rise building is being renovated. An employee of the Buildcorp construction company uses an anchor tester to check the strength of Hilti anchors at a lofty height. 



Paying the pope a visit. Salesperson Cristiana Magi looks out on St. Peter's Square from beneath Vatican City. While pilgrims await the pontiff, she is monitoring underground pipes and electrical installations. 

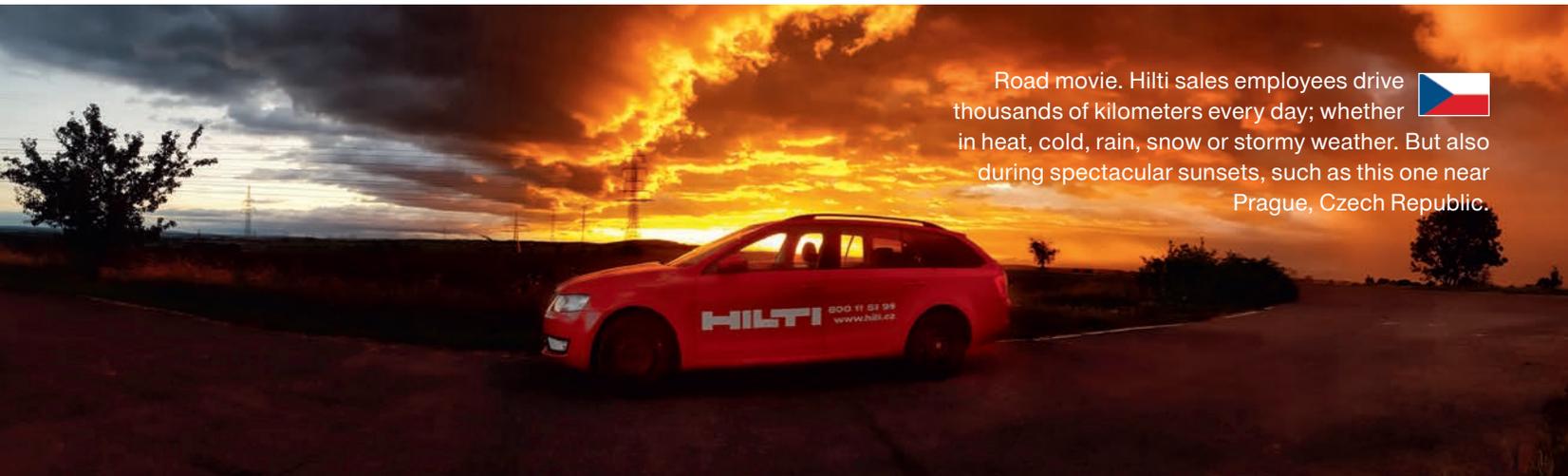
Hilti on a grand stage. With a great view of the Tower of London, a technician fastens metal stairs for an event. He's using a Hilti cordless impact wrench. 



Women's power. Aleksandra Lavrentjeva, salesperson in Estonia, discusses interior finishing tools with customers. She's not the only one. Today is the women's tour, an initiative aimed at strengthening customer relationships, where all the women employed in the Baltics participate and, in doing so, support sales teams on constructions sites.



Road movie. Hilti sales employees drive thousands of kilometers every day; whether in heat, cold, rain, snow or stormy weather. But also during spectacular sunsets, such as this one near Prague, Czech Republic.



Point of view. Victor Valdéz Flores, from Mexico City, guides a diamond coring tool through concrete. The hole should eventually have a diameter of three meters and will link two large pipes. Johener Diaz, a diamond specialist with Hilti Mexico, observed his progress and took this snapshot.



A stomach for heights. Kjerag, a rocky plateau in Norway. Sebastian Bender, a product manager with Hilti Germany, shows no fear at all while on a private climbing tour. Hilti is his most important partner on this trip as the small Hilti toolbox carries his mid-morning snack.

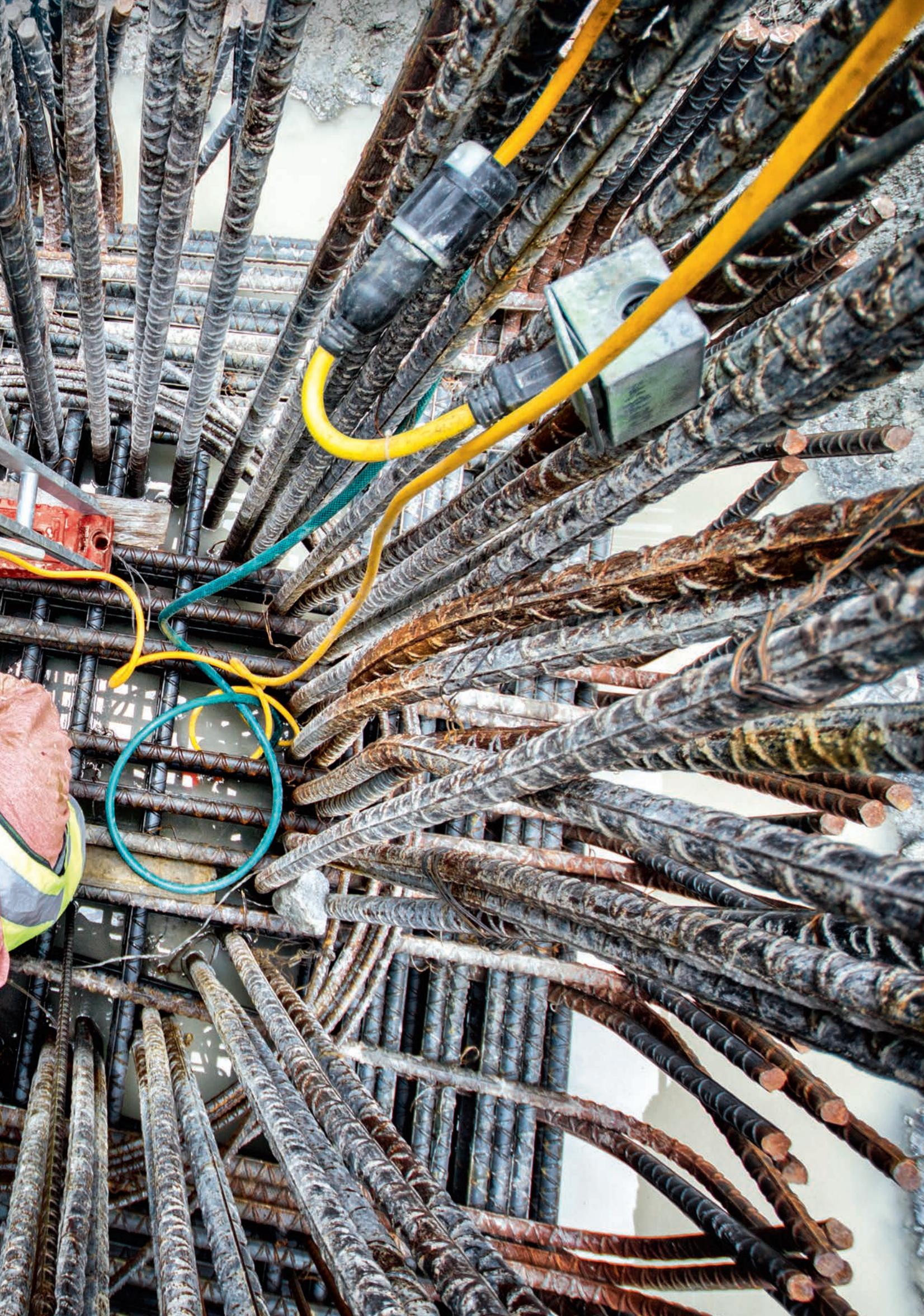


A TIGHT SPOT



The commute from Toluca to Mexico City is both time-consuming and dangerous. The 90-minute drive causes an average of 400 accidents and 30 fatalities a year. A new 58-kilometer-long rail line, which covers the route in only 39 minutes, will change this while also helping to improve the city's notoriously poor air quality, largely generated by road traffic. Hilti Mexico is playing a key role in the project by contributing specialized services, products and the support of engineers. This image shows how a Hilti diamond drilling system is being used to increase the stability of a rail line support pillar.





SHOWROOM

 Lyubertsy, southeast of Moscow. A gigantic residential area is being built in the city including some 22 buildings, each up to 25 stories high. The project includes ten kindergartens and seven schools. Nikolay, a construction worker, is interested in a core bit for his combihammer. Hilti salesperson Nikolay Novak can provide a demonstration on the spot. He has parked the red Hilti transporter, chock-full of tools and accessories, exactly between the two sites. An ideal location for direct support. Some 43 of these rolling demo vans have been on roads throughout Russia over the last year. Always there when customers need fast and professional consulting – whether in a small town or a thriving metropolis.



hilti.ru





TRUSTED ADVISOR

It's like being among friends. Anyone who needs advice grabs the phone and describes the problem. At Hilti, these friends are called customers and they always have someone available on workdays from 7:00 in the morning until 6:00 in the afternoon. This responsibility extends to the ON!Track asset management solution. If Walter Böck (left), a service technician, needs help tagging a new tool shortly before quitting time, he gets support from Marc-André Zobeley (right), a Hilti software customer consultant in Kaufering, Germany, who won't rest until there are no more open questions and all problems have been solved.



Regal 4
Buderus
Gas
ersatzteil







RED RIDERS

Ho Chi Minh City is the commercial center of Vietnam. It is home to eight million residents and almost as many motor scooters,  which push through the overcrowded streets day after day. Farmers moving their goods, hundreds of thousands of commuters going to work. Despite the bustle, one group stands out in the traffic: the red sales team of Hilti Vietnam. This group has just finished a training course on products and their various applications. Complete with their newly gained knowledge, they move once again into the traffic throng, on their way to customers.

ON THE GO

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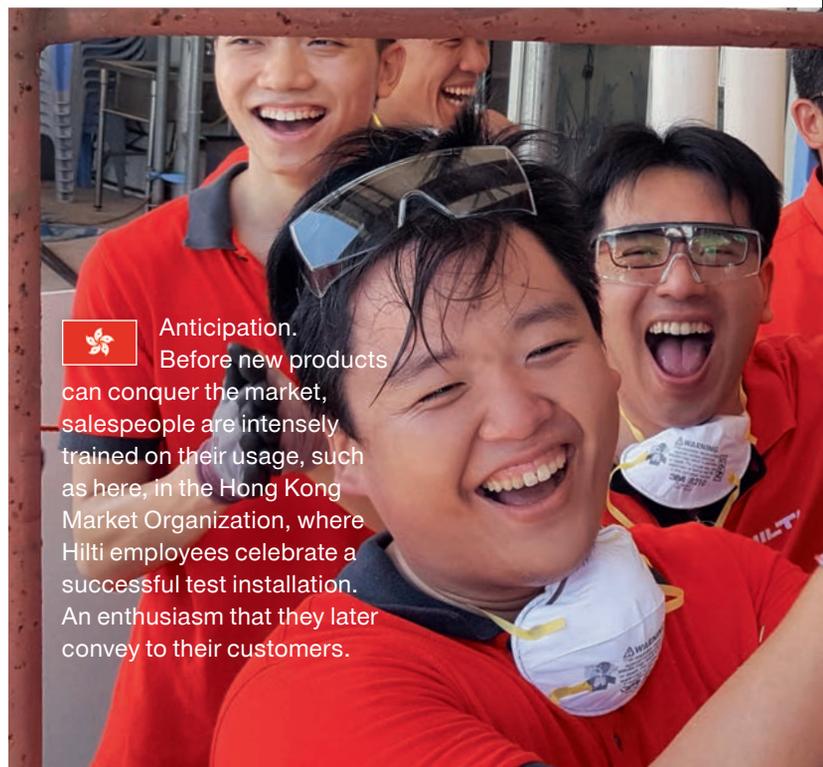
Load test. Yossi Maor amidst countless concrete blocks. The Hilti Israel salesperson is carrying out tests on the material for a rail project in Jerusalem. The rails are to be fastened to the substructure with anchors and the results of the test will tell Yossi which Hilti anchor is most suitable.



 Hitting the heights. Hilti customer Tommaso Bandini specializes in rope access maintenance work. Once safely secured, he uses a Hilti cordless screwdriver to repair a section of the dome on the Santa Maria del Rosario Dominican Church, some 30 meters above the rooftops of Venice.



 Happiness. Demolition work throughout greater Berlin is the specialty of ARU. General Manager Hubert Grötzinger now knows exactly where the tools he uses in his business are at all times thanks to ON!Track, the asset management solution from Hilti.



 Anticipation. Before new products can conquer the market, salespeople are intensely trained on their usage, such as here, in the Hong Kong Market Organization, where Hilti employees celebrate a successful test installation. An enthusiasm that they later convey to their customers.



Taking correct action.

Whether difficult contractual negotiations, legal disputes, corporate governance, various crises or compliance – solid preparation is often decisive when dealing with complex topics such as these. What does one need to know? What's the best course of action or the legal framework? Together with the Finance department, Hilti's Corporate Legal unit provided training to all Hilti market organization general managers in 2017. The General Manager Office Duties Workshop was created for this very purpose. Here, in Panama, Pedro Fajardo, General Manager of Hilti Colombia, closely follows the discussion.



A breakthrough.

Demolition specialists carry heavy-duty Hilti tools to an office complex in the north of Mexico City. Their task is to demolish walls before connecting two neighboring buildings.





DOUBLE DUTY

  In the truest sense of the term. Hilti anchors are not only put through their paces in the lab, but also on the Atlantic coast of France. And they have been for more than 35 years. The image at left shows Hilti employees Alexander Tomandl and Daniel Schott simulating a corrosion load in the lab by using saltwater. With their colleague Michael Ziltener (on ladder), they monitor whether or not the anchor can bear the same load after being subjected to saltwater for years in the testing area on the Atlantic. This is a process that goes beyond the usual standards and shows that Hilti goes the extra mile to meet its exacting quality standards.

DUST OFF



Hilti's DRS (Dust Removal System) eliminates dust particles where they fall. The tool's effectiveness is tested by Hilti experts such as Eberhard Lang in Kaufering, Germany, even as the tools and accessories are being developed. If the established dust limits are maintained and the amount of dust is minimized, the user can confidently proceed with the knowledge that they have added health protection to go with an efficient application process. If, counter to expectations, too much dust is generated on the construction site, Hilti can provide application training and corresponding relief.





Bei Leckagen / Schäden
in diesem Bereich auf
Schutzmaßnahmen
achten!

STANDING ORDERS



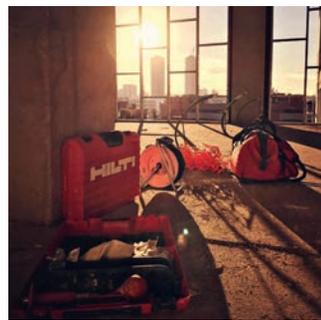
Hilti has no sense of humor when it comes to quality. New products are tested without mercy to ensure that they can stand up to everyday construction site use at five testing centers, one of which is located at the Hilti manufacturing plant in Kecskemét, Hungary. Infrastructure and capacity are currently more than doubling here in order to meet the rising demand to test electric tools, diamond and direct fastening systems, all generated by the accelerated rate of product innovation. Viewed worldwide, there are more than 200 employees working at Hilti test centers. Each year they complete approximately 32,000 tests which translates to total tool operating time of roughly 55,000 hours.

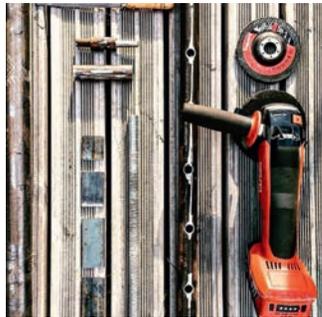




SHARED

Images that were taken by Hilti employees, customers or partners around the world and shared via online social media. Authentic, fascinating and surprising photographs – a look at Hilti North America's Instagram channel.









GIVING THANKS

Sowing rice with bare hands while knee-deep in a muddy field, and without the usage of mechanized tools or pesticides, is an act that respects agricultural traditions.  With the Taiwan Rice, Taiwan Love campaign, Hilti Taiwan employees actively supported local agriculture by planting rice. To complete the task, they purchased their own harvest, of 4000 kilograms, at a rate that was significantly above the market price. As 2017 marked Hilti Taiwan's 30th anniversary, the market organization then gifted its rice harvest to customers as a way to thank them for their long-standing loyalty.



LEARNING EFFECT

Beaming faces both left and right. It's tough to say whether the children or the employees of Hilti Ireland had more fun. As part of Engineers Week, Thierry Klinklin, key project engineer with Hilti, clearly demonstrated different fastening possibilities for various base materials at a school. The students loved it. The Hilti team used interactive workshops and everyday experiments to inspire the coming generation of engineers.





ROCK SOLID



2400 meters above sea level in the Swiss Alps. An unusual noise can be heard in the idyllic mountain landscape near Zermatt. New training grounds are being erected for the mountain and air rescue operations of Air Zermatt. This is why a Hilti cordless combihammer is drilling precise anchor holes. In the future, they will safely hold doctors and paramedics on the steep cliffs during training exercises.





AGENTS OF CHANGE

 No electricity or flowing water and no hope for a better life. Many people in Zambia wish nothing more than to escape the bitter poverty of rural life for the cities. Basic medical services in remote areas also suffer as a result. To counter this, the Hilti Foundation is helping hospitals in rural areas attract the urgently needed help of medical professionals. Together with their partner SolidarMed, the foundation is helping to provide practical training and is also building affordable staff residences. The image shows three nurses in training, at St. Luke's Nursing School in Mpanshya, preparing for their future vocation.







MULTIPLE HONORS



Enthusiasm is contagious, and the Hilti team present at the CEMS career forum in Budapest found it easy to spread this sentiment at the company's dedicated fair stand. Hilti regularly ranks high on best employer surveys worldwide, as was the case in 2017 when the company was ranked the 22nd best international employer by Great Place to Work. Independent surveys monitor the extent to which Hilti's global team identifies

and lives the company's corporate culture, which is characterized by common values, authentic leadership, performance orientation, ongoing development and the respectful treatment of one another. However, the positive results are no reason for Hilti to rest on its achievements. The feedback gleaned from the various surveys serves as an opportunity to continue to advance the programs in support of the development of all worldwide employees.

FUTURE BUILDER



Learning with head and hands.

Student Ana Grosso completes a seminar with her cordless rotary hammer at Hilti in Prague, Czech Republic. Drilling and fastening formed the practical seminar blocks for 39 management students of the global CEMS network. In addition to practical exercises, there were also numerous theoretical tasks, including the search for new and innovative business models in a digital world. Under the motto "Let's build the future," Hilti provides such study events for interested economists and engineers. The fundamental idea is that the construction industry is going digital. At Hilti, one can help build the future.





26,881

employees
worldwide
(2016: 24,619)

125

nationalities
in the global team
(2016: 124)

66

nationalities
at headquarters
(2016: 64)

23%

of team members
worldwide are women
(2016: 23%)

19%

of team leaders
worldwide are women
(2016: 17%)



EXECUTIVE BOARD

6000 customers, 2 million registered assets. ON!Track ranks among the 2017 product highlights. The system solution for simple, manufacturer-independent asset management has been further developed in its second year and it enthruses customers with a variety of new technical features. The Executive Board gathers information on these from Sandra Hintringer, ON!Track software product manager.

Jahangir (Jan) Doongaji

Member of the Executive Board since 2014
1967, India/Switzerland

In charge of the Electric Tools and Corporate Research units and the Internet of Things (IoT) area. Since joining Hilti in 2000, he has held various positions. In his most recent function, he headed the Power Tools & Accessories Business Unit.

Dr. Stefan Nöken

Member of the Executive Board since 2007
1965, Germany

Responsible for the Fastening & Protection business, Application Software and Corporate Logistics. After joining Hilti in 2000, he held various positions in Corporate Engineering and Supply Chain Management.

Jörg Kampmeyer

Member of the Executive Board and CFO since 2011
1968, Germany

Next to his role as CFO, he is in charge of the European markets, as well as the Digital Business and Strategic Marketing of the Group. Since 2002 with Hilti, he first led several corporate functions. In 2006, he took over the position of General Manager Hilti Germany and in 2010 the lead for the Central Europe market region.



Marco Meyrat
Member of the Executive Board since 2005
1963, Switzerland

Head of North America and Emerging Markets. He began his Hilti career in 1989 as a product manager at headquarters. Other functions in his career with Hilti included responsibility for Hilti Switzerland and Hilti Germany.

Dr. Christoph Loos
CEO since 2014
1968, Germany

A member of the Executive Board since 2007, he was appointed CEO in 2014. Having joined Hilti in 2001, he was responsible for Corporate Development and later developed the Strategic Marketing unit. In 2005, he took the position of General Manager Hilti Germany.

Matthias Gillner
Member of the Executive Board since 2011
1967, Germany

Heads the global Energy & Industry business as well as Human Resources, IT and Corporate Development. Held various positions at Hilti since 2000, such as head of Electric Tools & Accessories.



BOARD OF DIRECTORS

Prototypes of future products and new manufacturing technologies are essential to consistently improve the direct fastening portfolio. The Board of Directors visits the Schaan manufacturing facility in Liechtenstein where Plant Manager Armin Küper explains the innovative nail and fastener designs.

Kim Fausing
Sønderborg, Denmark
1964, re-elected until the
2019 Annual General Meeting

Kim Fausing was elected to the Board of Directors in 2010. He holds a degree in mechanical engineering and an MBA. Kim Fausing joined Hilti in 1990 where he held various management positions in Europe and Asia until 2007. In 2007, he moved to the Danish Danfoss Group and in 2008, he was appointed COO and member of the Group Executive Team. In July 2017, he became President and CEO of the Danfoss Group.

Dr. Michael Jacobi
Binningen, Switzerland
1953, re-elected until the
2019 Annual General Meeting

Michael Jacobi was elected to the Board of Directors in 2007. He studied business economics at the University of St. Gallen, where he earned his doctorate, and at the University of Washington. In 1978, he joined Ciba-Geigy AG and, from 1996 to 2007, he held the position of Global Chief Financial Officer for Ciba Specialty Chemicals Inc. Today, he is a Trustee of the Martin Hilti Family Trust and a self-employed business consultant.

Dr. Tis Prager
Zumikon, Switzerland
1948, re-elected until the
2018 Annual General Meeting

Tis Prager has been a member of the Board of Directors since 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 partner of Prager Dreifuss law firm in Zurich and Bern.

Barbara Milian Thoralfsson
Oslo, Norway
1959, re-elected until the
2020 Annual General Meeting

Barbara Milian Thoralfsson was elected to the Board of Directors in 2014. She has an MBA in marketing and finance from Columbia University and a BA in psychology from Duke University. She has held various CEO positions in the telecom and consumer goods industries and since 2006, she has been an entrepreneur in the industrial sector (Fleming Industrier AS, Oslo) as well as an Industrial Advisor of EQT Partners, Oslo.



Michael Hilti

Schaan, Liechtenstein
1946, re-elected until the
2018 Annual General Meeting

Michael Hilti, son of company founder Professor Martin Hilti, has been a member of the Board of Directors since 1990 and acted as its Chairman from 1994 to 2006. After studying business administration at the University of St. Gallen, he joined the family-owned company in 1975 and was named to the Executive Board one year later. From 1990 to 1993, he held the position of CEO. Michael Hilti is Trustee of the Martin Hilti Family Trust, member of the Board of the Hilti Foundation and Chairman of the Hilti Art Foundation.

Heinrich Fischer

Chairman of the Board of Directors
Rüschlikon, Switzerland
1950, re-elected until the
2019 Annual General Meeting

Heinrich Fischer was elected to the Board of Directors in 2007 and became its Chairman in April 2017. Prior to his tenure at Hilti, Heinrich Fischer, who holds degrees in electrical engineering and technical physics (Swiss Federal Institute of Technology Zurich) and business administration, was CEO of Saurer AG.

Prof. Dr. Pius Baschera

Zurich, Switzerland
1950, re-elected until the
2019 Annual General Meeting

Pius Baschera joined the Board of Directors in 2006. He served as its Chairman until April 2017 when he ceded this position to Heinrich Fischer. After earning his doctorate in mechanical engineering and business administration from the Swiss Federal Institute of Technology Zurich, he joined Hilti in 1979 as Head of Financial Controlling for production. He served as the company's CEO for 13 years beginning in 1994. Since April 2017 he has been Speaker of the Martin Hilti Family Trust.

NON-FINANCIAL ASPECTS OF CORPORATE RESPONSIBILITY



HUMAN RIGHTS

Code of Conduct

Hilti strives to consistently improve ethical and social conditions associated with business. The company also mandates that its suppliers observe international requirements and ethical standards. In case of serious violations of the Code of Conduct for Suppliers, such as employing child or forced labor, Hilti is authorized to terminate any agreement.

Anti-discrimination

Hilti believes there is an inseparable connection between business success and corporate responsibility. Building on the existing Code of Conduct and a culture of integrity, respect and anti-discrimination, Hilti has implemented specific anti-discrimination guidelines in 2017 which will generate increased transparency and further reduce the risk of workplace discrimination. The guidelines were communicated to all employees worldwide to promote inclusive behavior across the company.



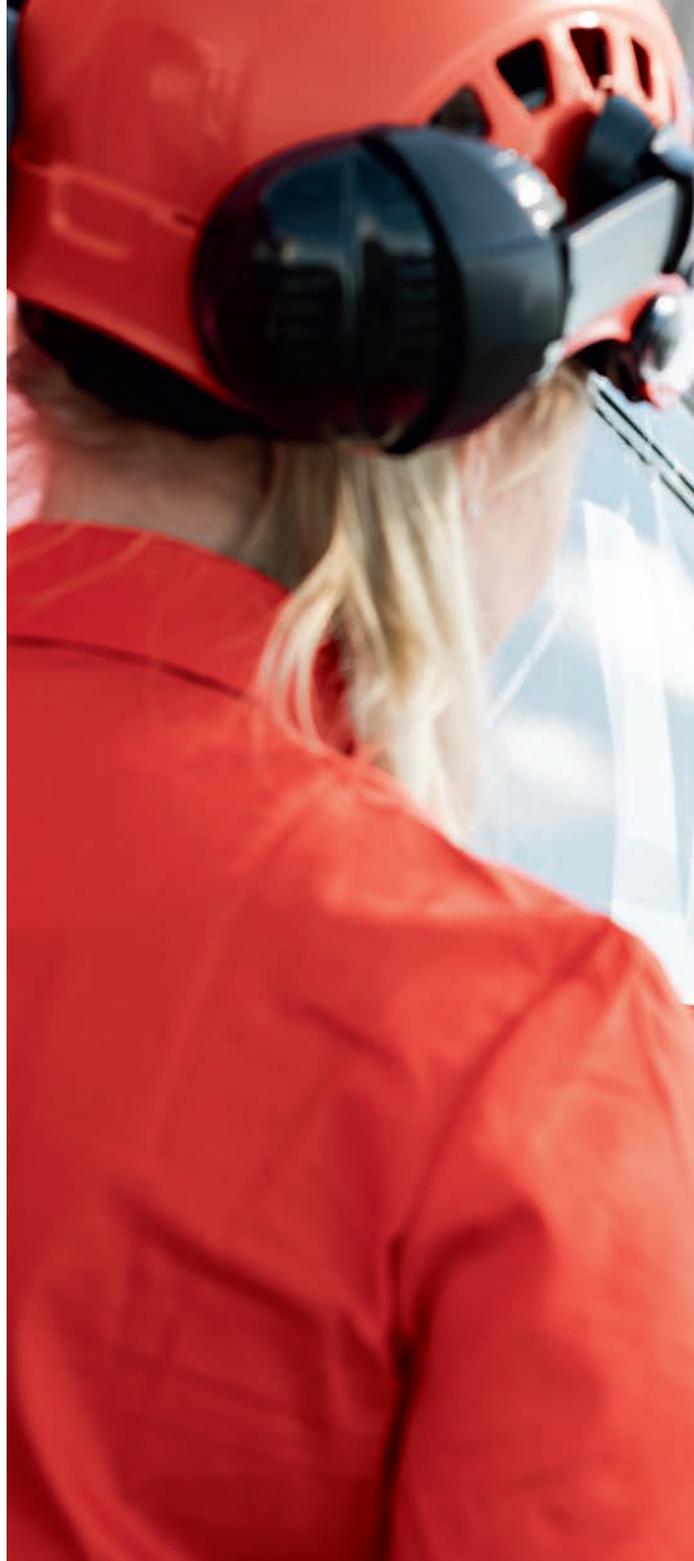
ANTI-CORRUPTION ACTIVITIES

Organization

The Compliance Management System (CMS) that was established over previous years was further institutionalized in 2017. It is further developed in close cooperation with the various regions on an ongoing basis. In strategic terms, the CMS is based on the guidelines contained in ISO 19600 and ISO 37001.

Prevention

Hilti employees are regularly trained to observe the company's internal anti-corruption guidelines. During the year under review, Hilti further strengthened its Compliance unit and studied new approaches in prevention and detection. Additionally, possible corporate acquisitions are subject to appropriate prevention and inspection measures which meet the company's high level of compliance requirements.



Significant non-financial performance indicators

- | | |
|---|--|
| <p>LA8 Health and safety topics covered in formal agreements with trade unions</p> | <p>taken to contribute to the effective abolition of child labor</p> |
| <p>HR2 Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained</p> | <p>HR6 Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor</p> |
| <p>HR5 Operations and suppliers identified as having significant risk for incidents of child labor, and measures</p> | <p>EN3 Energy consumption within the organization</p> |
| | <p>EN6 Reduction of energy consumption</p> |



ENVIRONMENTAL PROTECTION

Reducing CO₂ emissions

Hilti works to reduce its ecological footprint in a targeted manner. Emissions per employee were reduced in the year under review by 5.3 percent across the entire Group. The most significant factors influencing CO₂ emissions are energy usage at the various locations and the fuel consumption of Hilti's worldwide vehicle fleet.

Energy efficiency

Energy efficiency also plays a significant role at Hilti. The company's Kaufering, Germany, location, for example, introduced energy management software which is capable of quickly identifying abnormally high energy usage which may be caused by defective production machinery. In addition to many other direct energy-saving measures the company has implemented, this leads to a reduction in energy consumption. Several hundred thousand kWh of energy were saved in Hilti's production facilities alone in 2017.

You can find an overview of the most significant environmental figures online under www.hilti-companyreport.com.



SOCIAL AND EMPLOYEE MATTERS

Corporate culture

The Hilti Way describes the employee- and performance-oriented corporate culture that is characterized by common values, exemplary management and the conviction that corporate growth and employee development go hand in hand. In 2017, employees spent 32,000 working days on corporate culture workshops.

Occupational safety

Accident prevention is a central point of occupational safety. Over the past several years, a program known as "near-miss management" was established in the manufacturing facilities, warehouses and tool service centers as part of a comprehensive lean initiative. The target is to identify dangerous situations or near misses and to implement corresponding preventive measures. The consistent implementation has resulted in a reduction of the severity of accidents and in the number of lost workdays.

Employee health

In 2017, Hilti once again implemented a number of measures and campaigns aimed at promoting better health at various locations around the world. In addition to measures which are required legally, many local organizations also offer proactive initiatives focusing on sport, nutrition and medical and psychological counselling.

EN 8 Total water withdrawal by source

EN 15 Direct greenhouse gas (GHG) emissions

EN 16 Energy indirect greenhouse gas (GHG) emissions

EN 19 Reduction of greenhouse gas (GHG) emissions

EN 23 Total weight of waste by type and disposal method

EN 27 Extent of impact mitigation of environmental impacts of products and services

DMA General information on the management approach

SO 4 Communication and training on anti-corruption policies and procedures

FINANCIAL FIGURES





BREAKTHROUGH

In 2008, Hilti was at the threshold of passing the 5 billion Swiss franc mark in sales before the worldwide financial crisis upset those plans. But at the end of 2017, the time was finally here. Hilti passed the 5 billion Swiss franc mark in sales for the first time in the history of the company. Employees around the world celebrated this milestone in many ways, sharing their moments and photos on the company's internal social networks; such as Hilti Saudi Arabia on this image.





ACCELERATED SALES GROWTH AND RENEWED RISE IN PROFITABILITY

With a sales increase of 10.8 percent in Swiss francs, a total which exceeded the 5 billion mark for the first time, the Hilti Group appreciably surpassed its growth targets for 2017. A strong portfolio of products and services and a 10-percent-larger sales team played an important part in this success. With an increase of 14.6 percent, the operating result also significantly outpaced the result of the previous year. The positive year-end closing was additional validation of the Champion 2020 corporate strategy, introduced in 2014, which focuses on sustainable value creation through market leadership and differentiation.

In all business regions Hilti again managed to increase sales considerably and improve growth rates. Europe recorded a plus of 9.7 percent in local currencies. With 8.5 percent, North America grew significantly once again. Sales also increased in Latin America (+9.7%), even though the economic situation in the region is generally stabilizing only gradually. In the Asia/Pacific region, business development was lower than expected, with growth of 5.3 percent. In contrast, the Eastern Europe / Middle East / Africa region (+17.4%), led by an extremely strong upwards trend in Russia (+25.1%), was very dynamic. The takeover of the Norwegian Oplaend System Group contributed approximately CHF 38 million (+0.8 percentage points) to the growth of the Group in the last four months of 2017.

Investment course systematically pursued

Investment also remained at a high level during the fourth year of implementation of the Champion 2020 corporate strategy. More than 1000 employees were added to the sales team worldwide. Consequently, staff numbers throughout the world reached a new high of 26,881 at the end of the year. At CHF 311 million (+11.1%), R&D spending was once again significantly more than the previous year. In addition to products, investment focused on software and digital applications. With more than 60 new products and the portfolio for offshore customers purchased with Oplaend, Hilti systematically worked on comprehensive and stand-out system solutions.

Earnings and profitability significantly increased

The operating result increased 14.6 percent to CHF 692 million (2016: CHF 604 million), and net income was CHF 530 million (2016: CHF 481 million). With 13.5 percent (2016: 13.0%) and 21.3 percent (2016: 21.0%) respectively, return on sales (ROS) and return on capital employed (ROCE) also achieved new record figures. The Hilti Group finished 2017 with a high free cash flow (before acquisition and disposal of subsidiaries) of CHF 325 million (2016: CHF 248 million). The currency situation was once again slightly favorable. Worthy of particular note are the appreciation of the euro in the second half of the year as well as significantly more stable currencies

5 billion

Hilti breaks 5 billion mark in sales for the first time.

in a number of growth markets, such as the Russian ruble and the Indian rupee. Furthermore, Hilti was able to implement targeted price increases, which had an additional positive effect on gross margin and profitability.

Healthy balance sheet and continued high liquidity

At year-end 2017, the equity ratio was at a constant high level of 54 percent (2016: 53%). Cash and cash equivalents reached CHF 1140 million (2016: CHF 1114 million) and financial debt amounted to CHF 595 million (2016: CHF 474 million). These figures include the outflow of funds due to the Oplaend acquisition (CHF -127 million) as well as the repayment (CHF -116 million) and the reissue (CHF +200 million) of corporate bonds. The new bonds

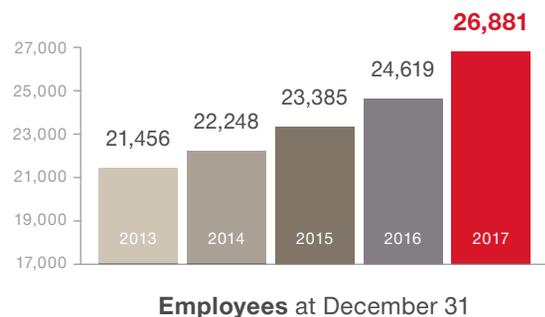
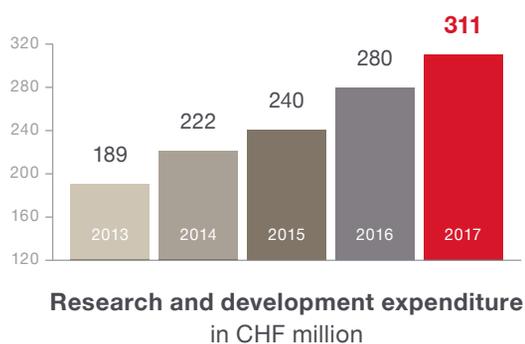
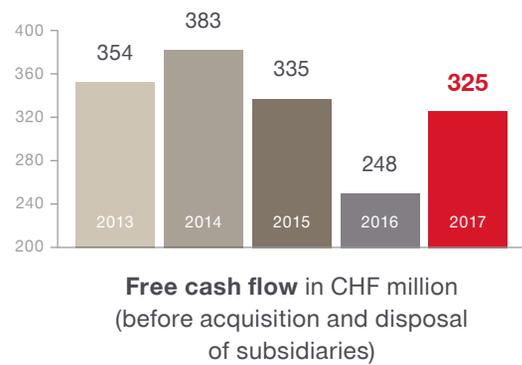
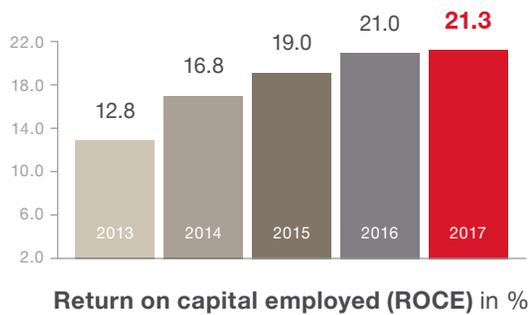
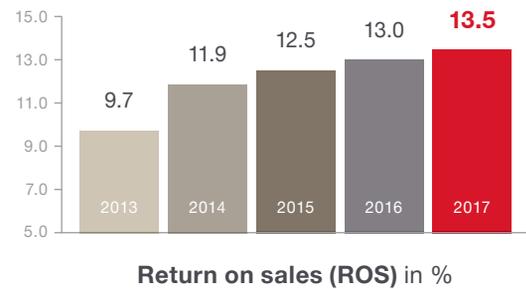
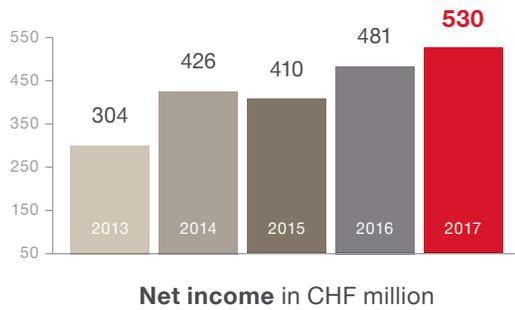
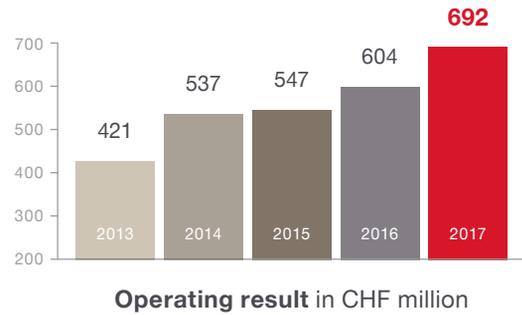
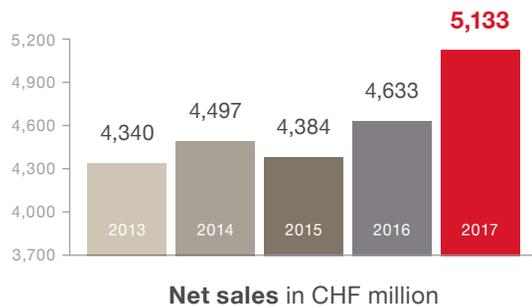
were issued in October and allowed the Hilti Group to obtain refinancing on the Swiss capital market for 7 and 10 years at 0.2 and 0.4 percent, respectively. For the 2017 financial year, the Board of Directors proposes a CHF 264 million ordinary dividend payout (2016: CHF 243 million).

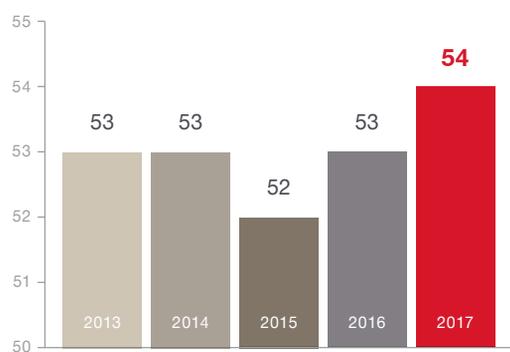
Outlook

For 2018, Hilti expects the generally positive economic parameters to remain unchanged. However, current political uncertainties in various regions could lead to volatile markets with corresponding impact on the general economic situation. Overall, the Group is aiming for high growth rates similar to those in 2017. Hilti will continue to adhere to its strategic objectives and, given the good financial

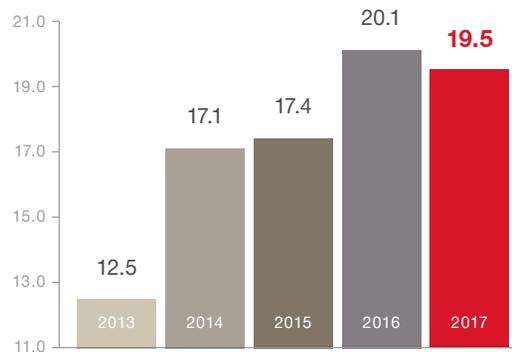
situation, will further increase investments in sales, products, services and digital solutions. The key financial indicators are expected to remain at their current high level. The IFRS financial reporting changes which will be applied in 2018 (IFRS 9 and IFRS 15) are not likely to have a significant impact on Group results.

KEY FIGURES

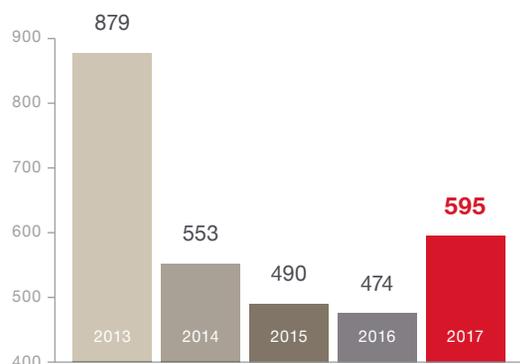




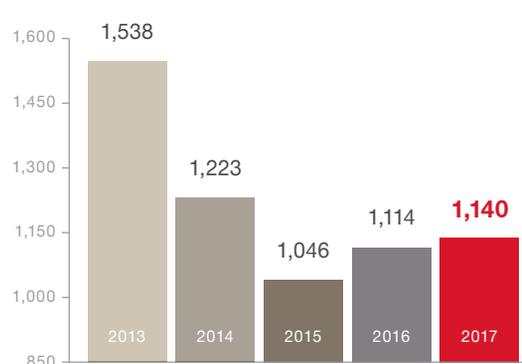
Total equity
in % Total equity and liabilities



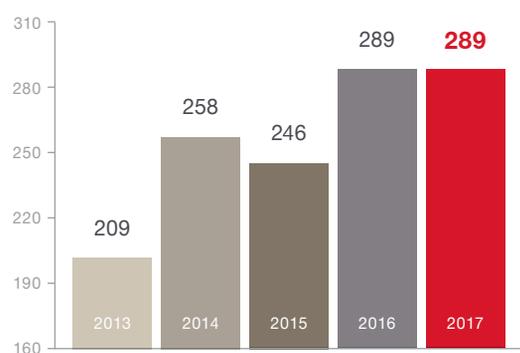
Return on equity (ROE)
in % (net income)



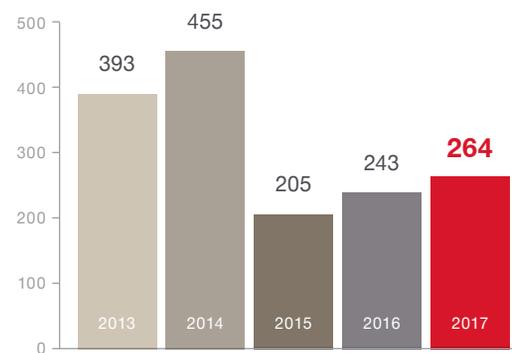
Financial debts in CHF million



Cash and cash equivalents
in CHF million



Capital expenditures on intangible assets and on property, plant and equipment
in CHF million



Dividend in CHF million

Please note

The following pages contain extracts from the 2017 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 2017. Complete information, including the notes to the consolidated financial statements, is contained in the 2017 Financial Report, which will be available on the Group's website (www.hilti.group) from late March 2018. The full 2017 consolidated financial statements, which are included in the 2017 Financial Report, have been prepared in accordance with International Financial Reporting Standards (IFRS).

CONSOLIDATED BALANCE SHEET

OF HILTI GROUP AS AT 31 DECEMBER

Assets in CHF million	2017	2016
Intangible assets	732.0	471.7
Property, plant and equipment	866.3	812.8
Investment property	1.9	1.9
Investments in associates	2.6	–
Deferred income tax assets	141.1	158.3
Other financial investments	11.5	11.0
Trade and other receivables	579.4	481.3
Derivative financial instruments	5.6	7.0
TOTAL NON-CURRENT ASSETS	2,340.4	1,944.0
Inventories	630.9	542.5
Trade and other receivables	1,243.4	1,014.2
Current income taxes receivable	11.6	22.4
Accrued income and prepayments	55.4	47.9
Derivative financial instruments	5.7	5.9
Financial assets at fair value through profit or loss	25.0	23.5
Cash and cash equivalents	1,140.2	1,113.8
TOTAL CURRENT ASSETS	3,112.2	2,770.2
TOTAL ASSETS	5,452.6	4,714.2

Please note

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.

Equity and liabilities in CHF million	2017	2016
Non-controlling interests	6.0	4.6
Equity attributable to equity holders of the parent	2,926.0	2,507.6
TOTAL EQUITY	2,932.0	2,512.2
Provisions	70.6	70.4
Employee benefits	550.9	582.4
Deferred income tax liabilities	98.1	48.3
Bonds	334.4	242.4
Long-term bank borrowings	30.9	28.4
Trade and other payables	40.6	21.9
TOTAL NON-CURRENT LIABILITIES	1,125.5	993.8
Provisions	78.0	70.1
Employee benefits	8.7	6.6
Trade and other payables	479.1	377.3
Current income taxes payable	122.1	124.4
Accrued liabilities and deferred income	470.1	415.5
Bonds	111.7	117.1
Short-term bank borrowings	117.7	86.0
Derivative financial instruments	7.7	11.2
TOTAL CURRENT LIABILITIES	1,395.1	1,208.2
TOTAL LIABILITIES	2,520.6	2,202.0
TOTAL EQUITY AND LIABILITIES	5,452.6	4,714.2

CONSOLIDATED INCOME STATEMENT

OF HILTI GROUP

in CHF million	2017	2016
Net sales	5,133.0	4,632.9
Other operating revenues	114.9	103.3
TOTAL OPERATING REVENUES	5,247.9	4,736.2
Change in inventory	49.6	15.6
Material costs	(1,493.0)	(1,330.4)
Personnel expenses	(2,109.9)	(1,886.2)
Depreciation and amortization	(173.5)	(156.4)
Other operating expenses	(829.0)	(775.0)
TOTAL OPERATING EXPENSES	(4,555.8)	(4,132.4)
OPERATING RESULT	692.1	603.8
Other revenues and expenses (net)	(9.3)	(3.3)
Finance costs	(27.6)	(27.4)
NET INCOME BEFORE INCOME TAX EXPENSE	655.2	573.1
Income tax expense	(125.6)	(91.7)
NET INCOME	529.6	481.4
Attributable to:		
Equity holders of the parent	528.0	485.9
Non-controlling interests	1.6	(4.5)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF HILTI GROUP

in CHF million	2017	2016
NET INCOME	529.6	481.4
Net movement on cash flow hedges	(4.5)	3.2
Deferred tax on net movement on cash flow hedges	0.6	(0.4)
Foreign currency translation differences	55.5	(3.0)
Deferred tax on foreign currency translation differences	(0.5)	0.2
ITEMS THAT MAY BE SUBSEQUENTLY RECLASSIFIED TO THE INCOME STATEMENT	51.1	-
Remeasurements on employee benefits	96.1	(43.4)
Deferred tax on remeasurements on employee benefits	(13.7)	8.0
ITEMS THAT WILL NEVER BE RECLASSIFIED TO THE INCOME STATEMENT	82.4	(35.4)
OTHER COMPREHENSIVE INCOME (OCI)	133.5	(35.4)
TOTAL COMPREHENSIVE INCOME	663.1	446.0
Attributable to:		
Equity holders of the parent	661.7	450.4
Non-controlling interests	1.4	(4.4)

CONSOLIDATED CASH FLOW STATEMENT OF HILTI GROUP

in CHF million	2017	2016
NET INCOME	529.6	481.4
Depreciation and amortization	173.5	156.4
(Gain) / loss on disposal of subsidiaries	-	1.4
(Increase) / decrease in inventories	(49.6)	(15.6)
(Increase) / decrease in trade receivables	(60.1)	(32.4)
(Increase) / decrease in finance lease receivables	(144.1)	(102.0)
Increase / (decrease) in trade payables	65.6	20.3
Change in non-cash items and other net operating assets	95.8	(2.8)
CASH FLOW FROM OPERATING ACTIVITIES	610.7	506.7
Capital expenditure on intangible assets	(157.4)	(148.8)
Capital expenditure on property, plant and equipment	(131.6)	(140.1)
Acquisition of subsidiaries	(127.0)	-
Disposal of subsidiaries	-	38.5
(Increase) / decrease in financial investments	(5.9)	16.1
Disposal of intangible assets	1.9	0.6
Disposal of property, plant and equipment	6.9	13.7
CASH FLOW FROM INVESTING ACTIVITIES	(413.1)	(220.0)

in CHF million	2017	2016
Proceeds from long-term borrowings	4.6	1.8
Repayment of long-term borrowings	(3.1)	(1.4)
Proceeds from / (repayment of) short-term borrowings	(20.8)	(15.9)
Proceeds from issuance of bonds	200.0	-
Repayment of bonds	(116.2)	-
Increase / (decrease) in liability to shareholder	0.1	(0.4)
Dividend paid	(243.3)	(205.3)
CASH FLOW FROM FINANCING ACTIVITIES	(178.7)	(221.2)
Exchange differences	7.5	2.1
TOTAL INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	26.4	67.6
Cash and cash equivalents at January 1	1,113.8	1,046.2
CASH AND CASH EQUIVALENTS AT DECEMBER 31	1,140.2	1,113.8
Cash flow from operating activities includes		
Interest received	4.0	3.9
Interest paid	(29.3)	(27.4)
Income tax paid	(89.3)	(66.4)

KEY FIGURES INFORMATION

OF HILTI GROUP

Results in CHF million / %	2017	2016
Net sales	5,133	4,633
Depreciation and amortization	174	156
Operating result	692	604
Net income before tax	655	573
Net income	530	481
Return on capital employed (ROCE) in % (operating result)	21.3	21.0
Return on equity (ROE) in % (net income)	19.5	20.1
Return on sales (ROS) in %	13.5	13.0
Free cash flow (before acquisition and disposal of subsidiaries)	325	248
Balance sheet in CHF million / %	2017	2016
Total equity	2,932	2,512
Total equity in % Total equity and liabilities	54	53
Total non-current liabilities	1,126	994
Total current liabilities	1,395	1,208
Capital expenditures on intangible assets and on property, plant and equipment	289	289
Intangible assets and property, plant and equipment	1,598	1,285
Other non-current assets	742	660
Total current assets	3,112	2,770
Total assets	5,453	4,714
Dividend*	264	243
EMPLOYEES (as at December 31)	26,881	24,619

* Proposal by the Board of Directors

2017 SALES GROWTH

YEAR ON YEAR

Sales growth in CHF million	2017	2016	Change in CHF (%)	Change local currencies (%)
Europe	2,469	2,222	11.1	9.7
North America	1,218	1,120	8.7	8.5
Latin America	128	117	9.4	9.7
Asia / Pacific	700	662	5.7	5.3
Eastern Europe / Middle East / Africa	618	512	20.7	17.4
HILTI GROUP	5,133	4,633	10.8	9.6

Please note

Group sales include a growth effect of +0.8 percentage points and CHF 38 million due to the acquisition of the Oglaend System Group effective August 2017.

PUBLICATION DETAILS

Publisher

Hilti Corporation
Corporate Brand & Communications
PO Box 333, 9494 Schaan, Liechtenstein

Editors-in-chief

Jessica Nowak, Jagna Züllig

Concept

Hilti Corporate Brand & Communications

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Printed by

BVD Druck + Verlag AG
9494 Schaan, Liechtenstein

We wish to thank our customers and partners for their kind support.

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

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

The 2017 Hilti Company Report
is available online at
www.hilti-companyreport.com.

