



2019

COMPANY REPORT





COVER STORY

“GREAT TO SEE YOU!”

**Noel Rolando Orosa, Logistics Manager,
Hilti Indonesia**

When Noel Rolando Orosa visits a construction site, he brings more than just a warm disposition and his tools with him. The red Hilti toolbox he carries contains solutions for saving customers time while enhancing their safety and efficiency. This makes him one of 30,000 Hilti employees around the world who work passionately to meet their customers' needs. In this 2019 Company Report, we have included images, text and sound bites which capture snippets of Hilti customers' and employees' stories.

There's more inside than meets the eye

We've created six short films to document the events and issues that impacted Hilti in 2019. Simply scan the QR code with your smartphone camera or a free QR code scanner, open the link and download the Hilti augmented reality app. Then open the report's foldout to the left and, with the app running, scan the world map with the smartphone to start your journey.





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DEAR READERS,

According to our newly-designed customer satisfaction survey, 92 percent of our customers have come to place their trust in Hilti. And more than 60 percent say that they have a strong connection to us. With over 1 million active customers around the world, we are thrilled to receive such feedback at the end of what has been quite a dynamic year. The economic enthusiasm for the worldwide construction industry has noticeably lessened in the course of the year and investments have stalled, particularly in the political hotspots of the Middle East, Turkey and Great Britain. After many years of low interest rates and strong economic cycles, there is now a worldwide surplus of both residential and commercial real estate. Combined with the increasing uncertainties associated with global trade, this has led to market growth of only 1.5 percent as measured in Swiss francs. Additionally, unfavorable currency developments have had a negative impact on our sales and financial results.

With sales growth of 4.3 percent to 5.9 billion Swiss francs, we performed well in this environment, further strengthening our market position. In 2019, the primary growth driver was again the introduction of nearly 70 new products and many new software solutions and services, some of which are presented in this report. We also continued to expand our worldwide service and sales team, and welcomed 1000 additional team members to the company. Every day, they are committed to enabling high productivity and safety for our customers' core applications.

Our operating results rose by 7.4 percent to 783 million Swiss francs, which led to a 13.3 percent return on sales as well as a 19.8 percent return on capital employed. Thus, we once again achieved our ambitious targets in the sixth year of implementing our Champion 2020 corporate strategy. We also used this solid foundation to carry out significant investments in the future. The outlays for research and development – particularly with regard to our digital agenda – once again rose by 3.2 percent.

We further refined the Hilti Foundation's social and cultural initiatives, which now support some 40 projects around the world. Initiatives include affordable housing, economic empowerment and utilizing music for social change, in which we supported more than 120,000 people in 2019 on their path to a better life. Funding for these activities comes from contributions on behalf of both the Hilti Group and the company's owner – the Martin Hilti Family Trust. Learn more at www.hiltifoundation.org.

As we look back on a successful 2019 business year, we remain convinced that by supporting our customers with ever-improving solutions regarding productivity, safety, design, technical calculations and the digital transformation of construction processes, we have taken another important step in implementing our corporate strategy. We will continue to enhance these developments in the coming year, even in the face of what could be a more demanding market environment.

We want to thank you, our customers and partners, for your ongoing trust. A special word of thanks goes out to our employees around the world for their commitment and passion in bringing our corporate mission statement to life every day: *We passionately create enthusiastic customers and build a better future.*

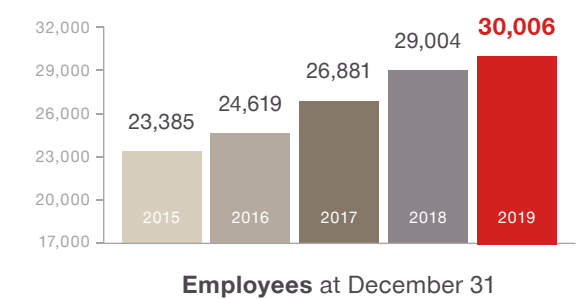
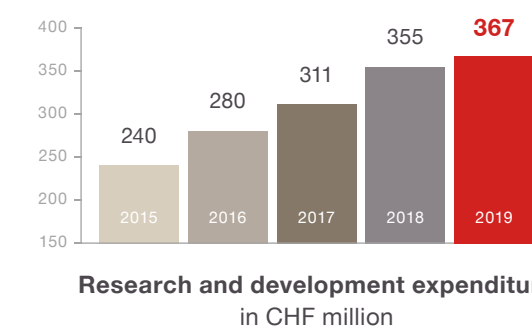
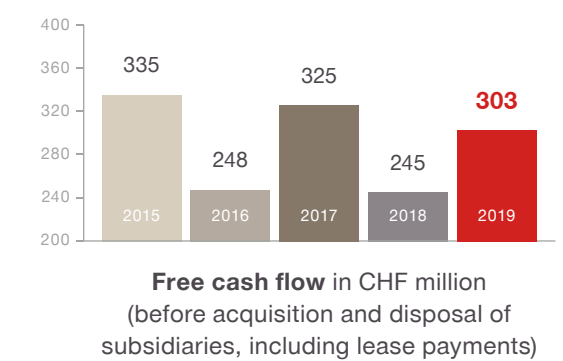
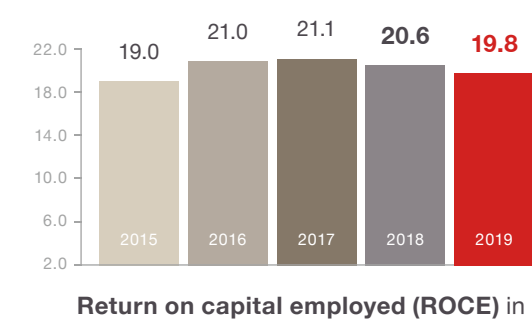
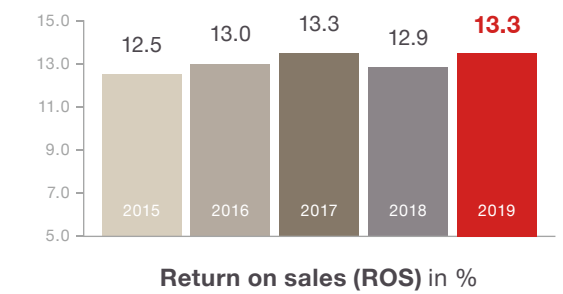
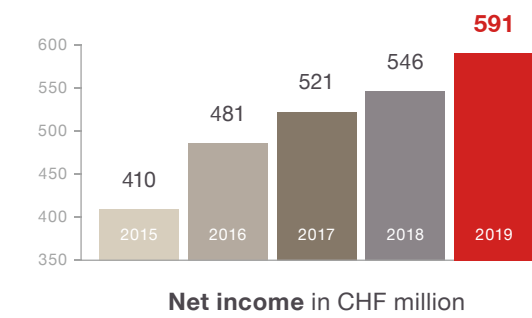
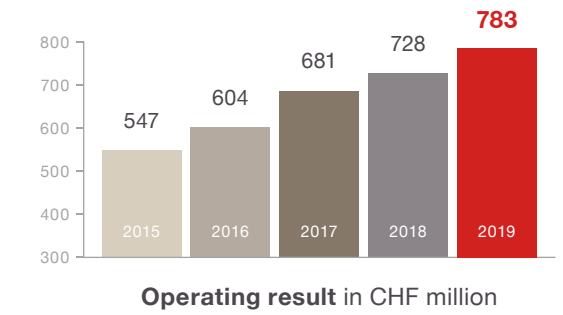
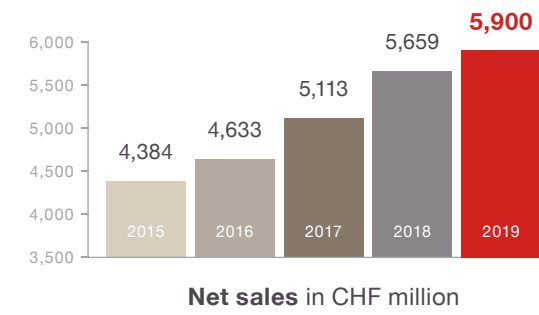


Heinrich Fischer
Chairman of the Board of Directors

Christoph Loos
Chief Executive Officer



KEY FIGURES



Please note
2017 numbers have been restated due to the adoption of IFRS 15 Revenue from contracts with customers and IFRS 9 Financial Instruments. Numbers prior to 2017 have not been restated.

COMPANY PROFILE

Hilti stands for quality, innovation and direct customer relationships resulting in about 250,000 individual customer contacts each day. Based in Schaan, Liechtenstein, the company has 30,000 employees around the world who contribute to making construction work simpler, faster and safer while inspiring customers every single day with technologically leading products, systems, software and services. Many ideas for improvements are developed directly on construction sites while talking to

customers. If there is an on-site challenge for which no Hilti solution exists, one will be developed. This is why the company invests approximately 6 percent of sales each year in research and development. The strategic objective is sustainable value creation through market leadership and differentiation. The company has also been planning with financial foresight since its founding in 1941 by brothers Eugen and Martin Hilti. 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 supports society and environment equally to actively pursue a better future both within and outside of the core business area. In addition to the charitable Hilti Foundation, the company's values of integrity, courage, teamwork and commitment are demonstrated every day in its interactions with team members, partners and customers.

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 help to ensure correct anchor selection and application.

Power Tools & Accessories

Hilti power tools are known for top performance, user convenience and a long lifetime. Accessories developed specifically for these tools ensure efficient chiseling, drilling, sawing and grinding. Vibration reduction, dust removal and active torque control systems are all designed to provide additional safety and protection.

Direct Fastening & Screw Fastening

Hilti systems make direct fastening on steel and concrete simpler, safer and more productive. Recoil, 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 helping prevent 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 that deliver a higher level of safety from a single source.

Diamond Systems

The tools and the cutting segments using Hilti diamond technology 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 through to renovation and maintenance tasks. The easy-to-use system solutions also serve to bring digital planning directly to the construction site.

Tool Services

Hilti services can enhance productivity while minimizing administrative efforts. This is true in terms of fleet management, repair and maintenance service, Hilti's integrated software solutions for asset management as well as for apps that ensure constant availability of all information regarding Hilti tools.

Construction Services

Hilti bundles its services for fastening and fire protection products to generate higher productivity and safety along the entire construction value-adding chain. These services include BIM modeling, engineering, testing, pre-assembly, training and technical consulting.

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.



A BALANCE OF FOCUS AND CHANGE

CEO Christoph Loos on the dynamics of the Group in 2019 and why learning curves make him optimistic.

Hilti's 2019 sales growth weakened to 4.3 percent. How do you view this development?

In recent years, the construction industry has been able to reap the benefits of a very strong economy in many countries, which resulted in a great deal of design and construction. This wave of investments is now diminishing. There is an overcapacity of properties on the market resulting from the low interest rate environment that has been widespread in recent years. This has been exacerbated by ongoing political tensions in the Middle East and Turkey, Brexit and trade conflicts between China and the USA. It's a shame, but in the end, these represent normal market developments. Our strategy sets targets relative to our competitors who, of course, are facing the same weakened economic conditions. It's encouraging that we could reach many of these relative targets despite significant financial investments.

In which areas are these investments concentrated?

For several years now, Hilti has been evolving from being a provider of innovative, high-quality products to becoming a company that provides integrated solutions for the professional construction industry. These solutions comprise various products, software elements and services, and almost all of them contain digital elements – special software, sensors integrated into tools or IoT- and cloud-based solutions for evaluating data. At the same time, we are currently digitizing large parts of our corporate processes, from market-

ing and sales to logistics and finance to manufacturing and training. It's a very exciting time that is unleashing great potential, but also demands great efforts and financial commitments.

What were the greatest challenges the company faced in 2019?

It's essential to find the correct balance of focus and change. In our case, a trio of interests is involved: the focused implementation of initiatives stemming from our Champion 2020 corporate strategy, the achievement of our ambitious financial targets and the significant transformation of our company and associated investments. We are currently rethinking many areas in an effort to try and make the work of our customers safer and more productive. This journey to becoming a provider of comprehensive construction industry solutions also requires a great deal of effort internally to ensure we take all our team members along. This includes transforming trusted processes as well as developing skills and abilities within the organization. This type of transition is never an easy one and, more than anything, it requires time.

What makes you so certain that the course you are following will continue to be successful?

First and foremost, the certainty that success is always coupled with the willingness to learn. Naturally, we are going through multiple learning curves associated with the many changes and the implementation of strategic projects. But overall, I'm very optimistic, as we've already witnessed a lot of

encouraging progress, including the following: The Energy and Industry sector now accounts for almost 20 percent of sales. At the center of this success are modular system solutions which are digitally integrated into larger projects' work processes, from early on in the design phase through to installation. For example, we replace the traditional welded support structure in electrical/communication and pipe installations along with numerous other applications, helping our customers to reduce weight while significantly saving on time and cost expenditures. Another example is our Fleet Management program for professionally and efficiently managing customers' entire tool fleets, which is seeing increasing acceptance on account of our battery platform for cordless tools, our very efficient repair service and the high level of transparency provided by the various digital elements of our service. We now sell over 50 percent of our electrical tools in many countries worldwide via Fleet Management. Four years after the launch of ON!Track, our digital asset management system, thousands of customers are profiting from this solution which provides efficient and transparent management, geolocation and reliable documentation of their assets. And in an increasing number of BIM projects, we have helped our customers to significantly save time and cut costs through BIM design and workflow services. With this, we have also achieved our ambitious targets in the sixth year of implementing our Champion 2020 strategy. So, I'm quite confident about the coming business year.





“OUR FOUNDATION IS A STRONG CARING AND PERFORMANCE-ORIENTED CULTURE.”

Christoph Loos, Chief Executive Officer

“We passionately create enthusiastic customers and build a better future.” This mission statement is based on the conviction that we grow together with the people around us – with our customers, employees and partners. Personal exchanges and the aspiration to never rest, only to improve and get better, has put us in the position to provide products, systems, software and services that are world-class.

Our strategic objective is sustainable value creation through market leadership and differentiation; market leadership in terms of relative market share, and differentiation via the direct sale of our portfolio. We will continue to follow the successful course of recent years in 2020 and beyond, while emphasizing four proven strategic fields of activity. We are investing in continuous innovation. In doing so, we will continue to rely on the core of our corporate strategy: the direct access to and partnership with our customers in the construction industry. Operational excellence in all processes helps to ensure our customers’ success and firms up our leading position on the market. A high-performing global team with 30,000 employees works diligently every day to achieve these targets. This year’s Company Report will take you on a journey and illustrate how our Champion 2020 corporate strategy can be seen in everything we do.



01


PRODUCT
AND SERVICE
DIFFERENTIATION





“THIS IS PRODUCT DIFFERENTIATION THAT WE CAN REALLY USE.”

Ronald Klein-Holte, Head of Development VBI, The Netherlands

 When lifting as much as two tons of concrete through the air, safety is the highest priority. VBI, a provider of prefabricated components for building construction in the Netherlands, sought a faster and simpler solution for transporting heavy concrete slabs for customers. Oftentimes, when constructing prefabricated houses, it's only a matter of 24 hours before everything is erected, from the foundation to the roof. This task was perfectly suited for Hilti's team of experts, as there was no standard solution available. The team quickly developed a custom-designed anchor solution tailored to meet the customer's needs, which can be included directly in the manufacturing process. The colleagues looked on while the solution was demonstrated on-site, as shown in this image taken just before it was put into use for the first time.

From the factory hall to the roof – have a look at the digital version of this report to view the process of how a prefabricated concrete component can be transformed into a transportable roof: www.hilti-companyreport.com/en/vbi

SPX
Ultimate


SP
Premium

P
Standard




**“OUR CUSTOMERS CAN FIND
WHAT THEY ARE LOOKING
FOR WITH GREATER EASE.”**

Nokwanda Nzuzo, Account Manager, Hilti South Africa

 Red, black or gray? In 2019, Hilti has globally introduced the three-level multiline approach, which sorts all products by color. The three lines Ultimate, Premium and Standard sort tools, anchors, foams and other products by performance level and price class. Using the color categories, Hilti Account Manager Nokwanda Nzuzo explains to her customer exactly what he needs. This eliminates the need for him to review the entire product portfolio, making the selection easier.

“THE CORDLESS BREAKER MAKES HILTI A GLOBAL LEADER.”


Tassilo Deinzer, Head of the Power Tools & Accessories Business Unit,
Hilti Headquarters, Liechtenstein

 The more demanding the job, the more important it is to have a simple and safe application. Hilti develops nearly 70 product innovations each year, all aimed at making the work of our customers more efficient. One of the products developed in 2019 was the TE 500-A36 – the first cordless breaker in its class worldwide. The tool enables customers to carry out demanding breaking and chiseling work for up to one hour with full mobility and without the need to connect it to the power grid. This is made possible by our 36-volt cordless battery technology, which is compatible with many Hilti tools, offering customers full flexibility. The tool includes Hilti’s well-known high safety standard – low vibration levels provided by Active Vibration Reduction (AVR) technology and an optional dust-removal system.




“IN THE EVENT OF A FIRE,
SAFETY IS OUR NUMBER
ONE PRIORITY.”

Roland Weixler, Development Team Lead,
Hilti Germany

 The flames are climbing higher and higher up the wooden wall, swiftly melting exposed cables and plastic pipes in record time. In reality, this could be catastrophic, which is why Hilti engineers do extensive testing in the lab. Their goal: to determine how long the Hilti firestop sleeves can withstand the intense heat before the protected cables are affected. After a two-hour test, the answer is “passed”. Only then can the firestop solutions be officially approved and installed without reservation in wooden buildings. Hilti closes a gap in wooden construction. Moreover, the passive firestop products can be preinstalled, and can thus reduce construction time enormously.

“WE HAVEN’T LOST A SINGLE TOOL SINCE WE’VE STARTED USING ON!TRACK.”

Imad Itani, Innovation Manager,
ALEC Engineering & Contracting, Dubai

 At a typically large construction site, such as the one pictured in Dubai, with hundreds of workers, even more tools and countless building materials, it’s not easy to keep an eye on everything. That’s why ALEC Engineering & Contracting relies on the Hilti ON!Track smart asset management solution to keep track of almost 10,000 pieces of equipment on its sites. This image shows ON!Track experts Gerry Bocarro and Melanie Garcia assisting employees from ALEC with registering their assets. They are explaining how easy it is to find a given tool – all that’s needed is a Bluetooth-enabled smartphone to scan even the most complex construction sites for tools and other assets. The teams now know exactly where to find what they are looking for, saving them time, keeping everything in order and enhancing the efficiency on the construction site.



02

DIRECT CUSTOMER
RELATIONSHIP






“CHINA IS DEVELOPING AT A RAPID PACE.”

Camilla Zhou, Business Development Manager, Hilti China

 A new 4.2-kilometer-long segment is being added to one of the longest supply tunnels in the world, located in Chengdu, China. Hilti employee Camilla Zhou examines the work done on the Hilti installation system helping to ensure that the roughly 8 million inhabitants of the city can continue to enjoy a reliable supply of electricity and water. This large-scale project in Chengdu is only one of many that are now being realized in the most populous nation on earth. This also means an increase in demand for Hilti installation systems, which provide customers with innovative, high-quality and safer solutions for their applications. In 2019, Hilti laid the foundations for more rapidly supplying China with its latest innovation, the MT system. By 2021, a cutting-edge production facility will be built in Handan, China, as part of a joint venture between Hilti, China Electronic System Technology – one of the largest general contractors for high-end buildings in China – and Welser – the Austrian-based world leader in roll-forming technology.

“THE SEARCH FOR INNOVATION IS TAKING PLACE EVERYWHERE.”

Ruediger Wagner, Head of Open Technology Innovation,
Hilti Headquarters, Liechtenstein

 The process of generating new ideas at Hilti doesn't only happen in collaboration with the customer or in the company's own Innovation Center, but increasingly in large event halls and coworking spaces. Hilti engineers meet up with programmers and software engineers at hackathons, taking place over the course of a weekend, in order to develop special digital solutions for the industry. These ideas and initial approaches don't merely create new Hilti solutions, as cooperation now takes place in completely new groupings. Continuously advancing digitalization on building sites is turning the construction industry into an attractive target for start-up companies. Whether as part of an event conducted by UnternehmerTUM in Munich, as pictured here, or via our scouting teams in Silicon Valley and in Israel – the search for innovation is taking place everywhere.



“BIM ALLOWS THE CONSTRUCTION INDUSTRY TO PRACTICE INTEGRATED COOPERATION.”

Daniel Gmeiner, Head of BIM Competence Center, Hilti Netherlands

It's just the beginning of a journey, and it starts in Rotterdam.


In June, the Hilti BIM Experience Center opened its doors, offering its visitors a hands-on experience of Building Information Modelling (BIM). What's the idea behind it? To make complex ideas as simple and customer-oriented as possible: digital elements are linked with real installations based on concrete use cases along the entire value chain. On a tour, visitors experience how construction projects are carried out using BIM and how Hilti can accompany them along this path. It begins with design optimization, proceeding through prefabrication and logistics to validation and documentation. In 2019, Hilti was able to take 250 companies on this exciting journey.

An up-close look at BIM – in the report's digital version we take you on a tour of the BIM Experience Center in Rotterdam:
www.hilti-companyreport.com/en/bim




“WITH THE RIGHT TRAINING, IT CAN BE QUITE EASY.”


Rodrigo Nifure, Account Manager, Hilti Chile

 When Gaston Díaz from Novatec goes to work on a construction site, things get dusty. To protect himself from the concrete dust, Gaston often works in a full safety suit, which restricts his movement and can cause him discomfort. Rodrigo Nifure, Account Manager at Hilti Chile, recognized the problem and offered a specialized training. Using the diamond grinder DGH-130, one can work with greater safety, easier and virtually dust-free, even without a full safety suit. That’s because a powerful dust removal system helps to reduce the dust at the source. This not only makes things easier for Gaston, who no longer needs to wear a full-body suit, but it also pleases the health and safety team at Novatec, which takes the occupational safety of its employees very seriously.

Hilti is close to customers – approximately 14,000 employees call the streets and construction sites of the world their workplace. They share their experiences on internal social channels as well as on Instagram, Facebook or LinkedIn. Here is a selection of big and small Hilti moments from 2019.


 It seems hard to believe, but by the end of 2020, items from a Swedish furniture store will be on sale right here, where there is currently nothing more to see than a gaping hole in an empty area being developed into a suburb of Indonesia's capital city. Hilti Key Account Manager Kurnia Bijaksana actively supports the construction work. He carries his breaker under the blazing sun across the rough terrain to wherever it's needed in order to help demonstrate to construction site teams how to quickly and safely remove unwanted foundation piles.




 A construction site with a view: An exclusive block of 698 apartments is currently being built in downtown Chicago, where workers on the 203-meter-tall Wolf Point East Tower are putting a countless number of Hilti anchors and firestop elements to use. Hilti employee Sandra Grigoletti not only enjoys the spectacular panorama from the skyscraper's 39th floor, but also the satisfaction of supplying her customers with first-class solutions.




 On the day that an earthquake shook the Chinese province of Sichuan in June 2019, a Hilti team was already in the city of Yibin teaching a local search and rescue crew how to correctly use Hilti's reliable demolition tools. What started as a training session immediately turned into actual rescue operations aimed at saving people buried beneath the rubble. This image shows emergency personnel cutting through the debris of a collapsed residential building.

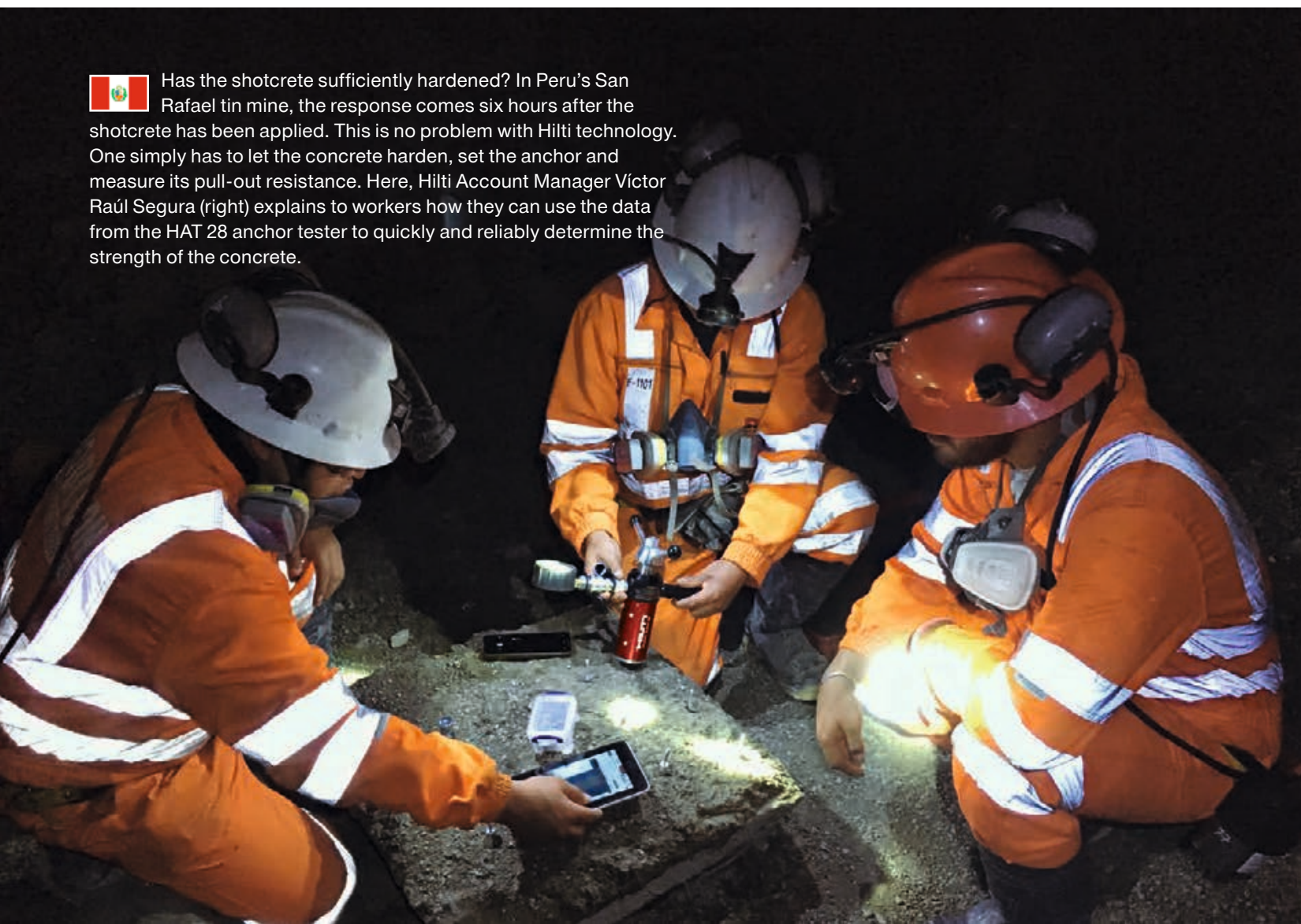
 When his customers in the Golden Outback need him, Hilti Account Manager Andrew Sindall gets into his red off-road vehicle. This can mean driving for up to 12 hours and 700 miles to get from Perth to the Western Australian mining regions. In Australia, having satisfied customers requires going more than just one extra mile, but Andrew is happy to go the distance. This picture was taken on the way to a new mine on a rough unpaved road leading out of Leonora, Western Australia.




 They are known as “hunters” – maneuvering their motorcycles to get closer to smaller customers in Tanzania as quickly as they can, and better than anyone else. One thing that’s always along for the ride with the 22 construction site hunters: a red Hilti sales box containing basic tools and accessories. Their target is to make a spontaneous sale to one of the many of workers who largely improvise their work and applications, helping them to be more reliable in what they do.



 Has the shotcrete sufficiently hardened? In Peru’s San Rafael tin mine, the response comes six hours after the shotcrete has been applied. This is no problem with Hilti technology. One simply has to let the concrete harden, set the anchor and measure its pull-out resistance. Here, Hilti Account Manager Víctor Raúl Segura (right) explains to workers how they can use the data from the HAT 28 anchor tester to quickly and reliably determine the strength of the concrete.



 In 2016, Mihai Ojog, the general manager of the Romanian company Brenneka Install, signed his first fleet management contract with Hilti Account Manager Bogdan Frantia. This year, he extended that contract. After all, having one’s tools available when they are needed has a positive impact on productivity – something he and his teams can’t do without.





OPERATIONAL EXCELLENCE





“WE ARE ALL WORKING
TOWARD A BETTER FUTURE.”

Mirko Haase, Chief Compliance Officer, Hilti Headquarters,
Liechtenstein




Hilti is working for a better future from many different perspectives. This could be a charity run in Australia, a school cleanup project in Portugal or more and more environmental projects such as the one in Japan seen in this photo. Last year, Ai Yanagisawa and her team planted 50 Mizunara oak tree seedlings at the foot of the Mount Fuji to maintain the diversity of the forest there. Small acts like these can make a big difference. One significant target is firmly anchored in the CO₂ strategy: reducing carbon dioxide production by 30 percent per employee by 2030. A decisive factor here is the vehicle fleet, which is responsible for half of the company's CO₂ emissions. This is why Hilti is successively transitioning to vehicles having a more climate-friendly drive system by 2030.

Find out more about Hilti's initiatives for reducing CO₂ intensity on our website at www.hilti.group.

6.40

“IN THE FUTURE, WE WILL BE ABLE TO OFFER EVEN BETTER SERVICES TO OUR CUSTOMERS.”

Oliver Lorenz, Head of CRM of the Future, Hilti Headquarters, Liechtenstein

 Direct customer relationships represent a particular strength of Hilti. But this is also an area we are looking at in terms of how we can be better at promptly providing our customers with the solutions they need, and in supporting them when they make a decision to purchase a Hilti product. At the headquarters in Liechtenstein, as well as in Paris and in Kuala Lumpur, cross functional Hilti teams have developed our sales approach of the future. At the center of this is one software platform to link all points of contact a customer has with Hilti. This will enable us to respond even faster and more individually to customer needs. And this helps us when consulting with our customers at their job sites, as shown here on a construction site in France. In 2019, the system was tested by a group of selected first users. The system will be rolled out globally by the end of 2021.



“FIELD2BIM SOLUTIONS GREATLY ENHANCE THE PRODUCTIVITY OF OUR CUSTOMERS.”

**Thomas Hillbrand, Head of the Measuring Business Unit,
Hilti Headquarters, Liechtenstein**


 This image shows Hilti Project Manager Ashvin Kumar with four of his colleagues – of course, they cannot actually be seen with Ashvin on the construction site in Toronto, Canada, because they are touring the site with him virtually from their workplaces in the USA, Asia and Europe. The images that Ashvin scans are processed into a 3D digital walk-through of the project. This technology, purchased by Hilti in 2019 from the start-up company Indoor Reality Inc., allows Ashvin’s customer to precisely plan the project’s next steps together with an international team of experts. This is made possible using cloud-based 3D visualization, which creates a technological bridge between the physical and digital worlds.





“PROFIS ENGINEERING SAVES US UP TO 75 PERCENT OF THE TIME REQUIRED TO PERFORM CALCULATIONS BY HAND.”

Eric Wheeler, Senior Associate, Thornton Tomasetti, Chicago

 The proof that a solution provides true value to customers can be seen when they work together with Hilti to tell others about their experiences. This image shows Eric Wheeler, from Thornton Tomasetti, and Mila Averbush and Jennifer Ray from Hilti looking through training documentation for the PROFIS Engineering Premium Software, which Hilti launched in both North America and Great Britain in 2019. Eric’s company, which primarily focuses on building construction, uses PROFIS Engineering to design concrete anchors and base plates. In addition to the advantages presented by the BIM-compatible software solution, Eric is quick to name another: “I think the availability of Hilti’s technical staff to answer any questions that arise is even more important than the software itself.” Service doesn’t end simply because the software has been delivered.

“IF WE CAN’T GET OUR EMPLOYEES TO THE CONSTRUCTION SITE FOR TRAINING, WE BRING THE CONSTRUCTION SITE TO US.”

Matthew Hill, Head of Learning Centre, Hilti Singapore

 Virtual reality glasses are a standard training component at the Singapore Learning Centre, which opened in January 2019. Projects and applications that require specific knowledge to more thoroughly advise customers are conveyed here as realistically as possible. The Hilti employees pictured above are taking part in a virtual tour in order to become more familiar with the conditions inside a railway tunnel. The realistic knowledge they gain can be directly applied at the construction site. More than 300 employees located in Asia visited Singapore in 2019 to learn more about new products and to test applications. At Hilti, we regularly conduct training to reinforce the expertise of our sales employees.

04


HIGH-PERFORMING
GLOBAL TEAM






“EXCELLENT GLOBAL TEAMWORK AND OUR CLOSE RELATIONSHIP WITH CUSTOMERS WERE KEY TO WINNING THE TYRA PROJECT.”

Reinhard Schindler, Head of Energy & Industry, Hilti Headquarters, Liechtenstein

 Tyra field is the biggest gas field in the Danish North Sea. In a multi-billion dollar project, several wellhead topsides and a processing platform are currently being redeveloped. The picture shows workers at the offshore construction yard in Indonesia, installing Mekano modular supports from Hilti/Oglaend. As opposed to the conventional method of pre-fabricating supports by welding, the combined Hilti/Oglaend multi-disciplinary tray supports, non-tray supports and integrated flooring systems can be pre-assembled and mounted modularly. The result: less weight, significant saved time and lower total cost. In a truly global team effort that spans multiple countries, organizations and teams, Hilti and Oglaend System conduct engineering optimization studies and site surveys, assist in 3D modeling and provide extensive job site technical support in aspects of cutting, kitting and pre-assembly.

“EDUCATION IS KEY FOR LEADING AN AUTONOMOUS LIFE.”

Beatrix Baettig Staud, Project Manager, Hilti Foundation


 Dararath still looks a bit skeptical in the learning center in Steung Sen, Cambodia. But whether he is aware or not, it is likely that he already holds the key to leading an autonomous life through his access to books. Almost one in four Cambodians cannot read or write. The Hilti Foundation supports the social enterprise Bookbridge in assisting committed people from disadvantaged regions in establishing self-financed learning centers. These centers are aimed at providing affordable access to education for children and youths. The Hilti Foundation also makes it possible for employees of the Hilti Group to contribute their expertise in the planning and development of the learning centers. In return, they gain a sense of responsibility while earning the opportunity to reinforce their intercultural communication skills and put new management styles into practice.

For more information on the cooperation with Bookbridge and on Hilti Foundation projects please visit www.bookbridge.org and www.hiltifoundation.org.



“ARE YOU REDi?”

Magdalena Gajda, Digital Marketing & Communications Team Lead,
Hilti Latin America

 Hilti has long supported an open and creative exchange among employees worldwide. This is reflected in both agile working methods and in the company’s communications systems. In 2019, the global internal collaboration platform known as “REDi” was introduced, along with numerous departmental, hierarchical and transnational communities. These are designed to allow employees to quickly exchange information on various topics and provide each other with help and support. This shared knowledge and the corresponding wealth of ideas it generates not only benefits employees, but also Hilti’s customers. This image shows employees from the REDi project team at the launch of the system in Panama.



“OUR CORPORATE CULTURE IS CONTINUOUSLY DEVELOPING.”

**Eivind Slaaen, Head of People & Culture Development,
Hilti Headquarters, Liechtenstein**




Frequent periods of recovery lead to higher performance. In the seventh edition of Hilti's series of corporate culture workshops known as Team Camps, the focus is on the challenge of dealing with an increasing workload and higher demands of everyday life. Under the motto Care & Perform, team members at all levels of the company are given practical tips and tools supporting them in paying attention to themselves and building resilience to minimize stress factors – even during phases where demands are high. In 2019, the amount of time team members spent in internal workshops was equal to 42,000 working days. The foundation of Hilti's Team Camps is a caring and performance-oriented corporate culture which is characterized by shared values, exemplary leadership and the conviction that corporate growth and personal growth go hand in hand.



“NO TWO DAYS ARE ALIKE.”

Annette Borén, Head of Finance GB, Hilti Northern Europe

 Normally, Annette Borén manages finances for Hilti’s market organizations in Northern Europe. However, at her most recent product training, she was less concerned with figures than with the latest Hilti tools. For Annette, it’s these varied possibilities for inspiration that make Hilti a great place to work. A diverse working environment where people can realize their full potential allows us to gain highly qualified and talented professionals from around the world. We have found that diverse teams consisting of members representing various cultures, generations, genders, levels of education and skill sets are most successful when their environments are inclusive enough to allow them to achieve their best. This is also one of the reasons why our approach is to ensure a balanced management team while continuing to fill a good 80 percent of management positions with internal candidates. In 2019, 21 percent of the Group’s management positions were filled by women. Annette is one of them.

More inspiring personalities and careers can be found in the digital version of our report:
www.hilti-companyreport.com/diversity

30,006

employees worldwide
(2018: 29,004)

63

nationalities
at headquarters
(2018: 65)

127

nationalities
in the global team
(2018: 127)

25%

of team members
worldwide are women
(2018: 24%)

21%

of team leaders
worldwide are women
(2018: 20%)



Behind the scenes

In the digital version of the Company Report, you can see which tools and solutions were put to use in the construction of the new building:
www.hilti-companyreport.com/executiveboard

Avraham (Avi) Kahn
 Member of the Executive Board since 2020
 1977, USA/Israel

He is responsible for Asia and the Americas markets and began his Hilti career in sales in the USA in 2004. After holding various management positions, he was promoted to General Manager for Hilti Canada in 2011. In 2017, he took over the responsibility for the entire North American region.



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

In addition to being responsible for the global Energy and Industry business he also leads Finance, Tax, Human Resources, IT and Corporate Development. He held various positions at Hilti since 2000, such as Head of the Electric Tools & Accessories Business Area.



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 of Hilti Germany.



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.

Jahangir (Jan) Doongaji
 Member of the Executive Board since 2014
 1967, India/Switzerland

He is responsible for the Electric Tools and Accessories business, Corporate Research & Technology and Tool Services. Since joining Hilti in 2000, he has held various positions. In his most recent function, he headed the Power Tools & Accessories Business Unit.



Joaquim Sardà Solsona
 Member of the Executive Board since 2020
 1974, Spain

He is responsible for the European and Middle East markets and for the Strategic Marketing unit. In 2005, he started at Hilti in Corporate Development at headquarters. Later he held multiple management positions in Italy and Germany. In 2012, he took the position of General Manager of the Italy market organization and Southern Europe Region.

EXECUTIVE BOARD

With some 1700 employees at our headquarters in Liechtenstein, Hilti ranks as one of the largest employers in the world's sixth-smallest country. Additional investments in the future of the headquarters location were made in 2019, for instance with the construction of two new office buildings that will allow the company to offer employees an attractive working environment that motivates and inspires. The company's newly constituted Executive Board met with Hilti Project Manager Marco Belleri in November to observe the progress of the construction.

Marco Meyrat*
 Executive Board Member from 2005-2019
 Most recently responsible for North America and the Emerging Markets.

Jörg Kampmeyer*
 Executive Board Member from 2011-2019
 Most recently responsible for Europe; served as CFO

* Marco Meyrat and Jörg Kampmeyer left the Executive Board as of December 31, 2019. New Executive Board Members effective January 1, 2020 are Joaquim Sardà Solsona and Avraham (Avi) Kahn.



Michael Hilti

Schaan, Liechtenstein
1946, elected Honorary Chairman at 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 2022 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. Heinrich Fischer is a member of the Board of Directors of Tecan AG and Sensirion AG.



Daniel Daeniker

Zürich, Switzerland
1963, elected until the 2021 Annual General Meeting

Daniel Daeniker joined the Board of Directors in 2018. He is the Senior Partner of Homburger AG, a commercial law firm in Zurich. He also holds a board mandate with dormakaba Holding AG (Switzerland), is a member of the Supervisory Board of Rothschild & Co SCA (France) and a lecturer at the University of Zurich.



BOARD OF DIRECTORS

Hilti promotes a corporate culture in which employees listen to one another and feel welcome to voice their own opinions, be it in a brainstorming session as a team or when meeting with the Board of Directors. The potential to exchange views and perspectives provides the basis for creative, innovative and effective thought processes while uniting diversity with success. The link between a globally operating company and the caring characteristics of a family-owned operation is what has made Hilti into an attractive and award-winning employer.



Carla De Geyseler

Erembodegem, Belgium
1968, elected until the 2022 Annual General Meeting

Carla De Geyseler joined the Board of Directors in 2019. She holds an Executive MBA from the Institute for Management Development in Lausanne, Switzerland. Since October 2019 she has been CFO of Volvo Car Group in Sweden. She previously served for several years as CFO for SGS in Geneva, Switzerland, Libertel B.V. and DHL Express Benelux, both located in the Netherlands. Before that, she served in multiple finance and business development roles on a regional and global level at DHL.

Prof. Dr. Pius Baschera

Zurich, Switzerland
1950, re-elected until the 2022 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.



Kim Fausing

Sønderborg, Denmark
1964, re-elected until the 2022 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.

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. Since 2006 she has been an entrepreneur in the industrial sector building a company that today is the largest recycler of plastics in Scandinavia. She is also a director on the boards of SCA AB and Essity AB in Sweden and G4S Plc in the UK.



NON-FINANCIAL ASPECTS OF CORPORATE RESPONSIBILITY

HUMAN RIGHTS

Code of Conduct

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

Anti-discrimination

Hilti is convinced that commercial success and corporate responsibility are directly connected. In addition to a culture that is based on integrity and mutual respect, globally valid anti-discrimination guidelines create transparency in order to ensure inclusive behavior in the workplace.

ENVIRONMENTAL PROTECTION

Reducing CO₂ emissions

As part of its global CO₂ strategy Hilti has taken various measures from a trio of subjects that include deploying electric vehicles, greater energy efficiency in manufacturing and purchasing greener energy. Having achieved large savings in the previous years, the emissions per employee were further reduced by 2.7 percent.

Energy efficiency

Another focus topic in 2019 was the energy efficiency in the production facilities. At Hilti's manufacturing facility in Thuringen, Austria, for example, hall ventilators were replaced by modern lamellar ventilators. In addition to significantly reducing the amount of energy used, this measure also improved the building's air quality. Various measures taken in the year under review resulted in the saving of several 100,000 kWh of energy solely at the company's production facilities.

You can find an overview of key environment-related figures online at www.hilti.group.

ANTI-CORRUPTION ACTIVITIES

Organization

The Compliance Management System (CMS) developed over previous years was developed further in the year under review, notably establishing guidelines for regulating conflicts of interest. 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. Hilti continues to work on creating modern methods and approaches to prevent corruption. Additionally, possible corporate acquisitions are subject to appropriate prevention and inspection measures which meet the company's high level of compliance requirements.

SOCIAL AND EMPLOYEE MATTERS

Corporate culture

The Hilti Way describes a corporate culture characterized by common values, exemplary management and the conviction that corporate growth and personal development go hand in hand. This is why Hilti invests in workshops each year that exclusively focus on corporate culture and that reach all employees and management levels at all locations. In 2019, some 42,000 employee workdays were spent 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.

Employee health

In 2019, 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 initiatives focusing on sport, nutrition and medical and psychological counselling.





FINANCIAL
FIGURES

PROFITABLE GROWTH IN A CHALLENGING ENVIRONMENT

With sales growing by 4.3 percent to CHF 5.9 billion, the Hilti Group posted an operating result of CHF 783 million in 2019 (+7.4%). This increase came in a challenging economic and currency environment and despite ongoing investments in the implementation of the corporate strategy as well as in new initiatives to strengthen the company's future viability.

CHF 783 million

The Hilti Group's operating result increased by 7.4 percent.

Hilti produced solid sales growth in 2019 despite the noticeable economic slowdown. The North America and Europe business regions grew, in local currencies, by 7.3 and 6.9 percent, respectively. The above-average growth rates in Central and Western Europe were particularly gratifying. Similar to the previous year, Latin America posted an increase of 8.5 percent, driven by the further recovery of the Brazilian market. The performance in the Eastern Europe / Middle East / Africa region was mixed (+3.7%). While the Middle East was affected by political tensions, Eastern Europe saw double-digit growth. In the Asia/Pacific region, growth slowed to 4.3 percent and was therefore below expectations. Overall, Hilti posted almost triple the average growth in the global construction market and gained further market share. A weaker euro and the ongoing decline in value of a number of currencies around the

world had a negative impact on sales in Swiss francs totaling 2 percentage points.

Hilti continues to invest in products, services and software

The Hilti Group also brought numerous innovations (70) onto the market in 2019, which was the result of the continued increase in expenditure on research and development, which advanced by 3.2 percent to CHF 367 million. This investment is nearly 100 percent higher than in 2013 (CHF 189 million), when the Champion 2020 strategy was developed, underscoring the company's consistent focus on product and service differentiation. With the additional expansion of integrated solutions combining products, software and services, Hilti continues to provide innovative concepts for the professional construction industry. Hilti has acknowledged increasing digitalization on

the construction site by also making wide-ranging investments in this area. In 2019, for example, new centers for digital marketing were developed in Paris (France) and Plano (Texas, USA). A new customer management system was also introduced to further increase the quality of consulting and the effectiveness of the company's direct sales model. Efforts to digitize corporate processes and new personnel processes and systems were also driven forward. As of the end of the year, the Group had 30,000 team members, with around 1000 more employees than a year ago.

Increased operating result and profitability

The operating result rose by 7.4 percent to CHF 783 million (2018: CHF 728 million). Net income was CHF 591 million (2018: CHF 546 million). Despite the continued investments, the return on sales (ROS) grew slightly.

At 13.3 percent (2018: 12.9%), this figure is back at its 2017 level. By contrast, the return on capital employed (ROCE), at 19.8 percent, is 0.8 percentage points lower than the year before, which is solely due to a change in accounting (IFRS 16). As a result of this change, lease liabilities are allocated to the operating capital, and therefore this figure increased by CHF 385.2 million on a one-off basis. However, the ROS and ROCE continue to hover at the upper end of the target corridor of 10-12 and 15-20 percent, respectively. The free cash flow (before the acquisition and sale of Group companies, incl. lease payments) climbed to CHF 303 million (2018: CHF 245 million). A significant factor here is the normalization of the inventory level that had been built up in 2018. The negative development of the euro exchange rate and the ongoing depreciation of other currencies compared to the Swiss franc

had – despite good natural hedging in main currencies – a negative impact of CHF -27 million on the operating result (2018: CHF -20 million).

Very healthy balance sheet and solid liquidity

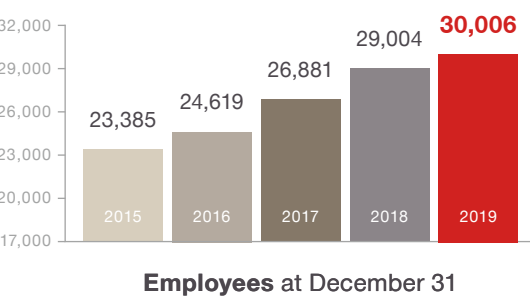
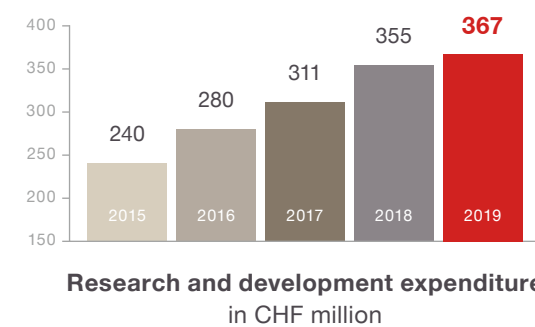
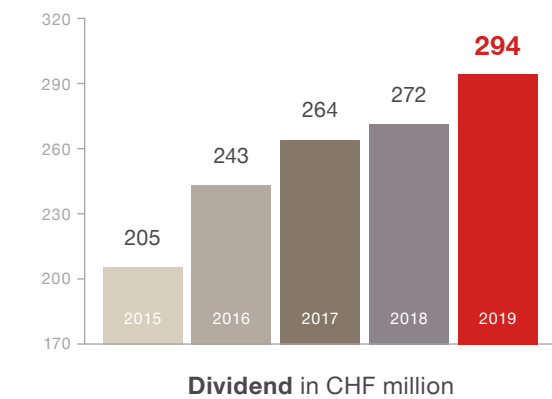
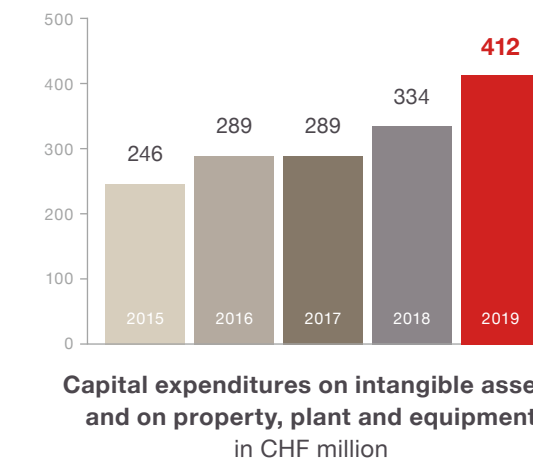
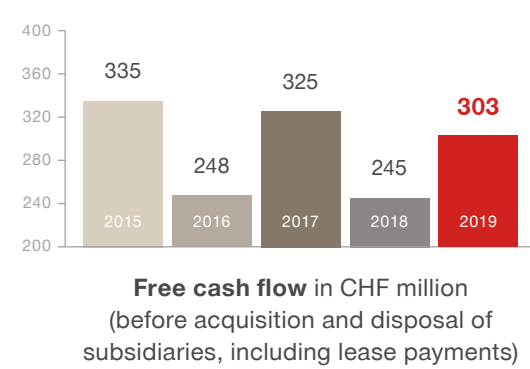
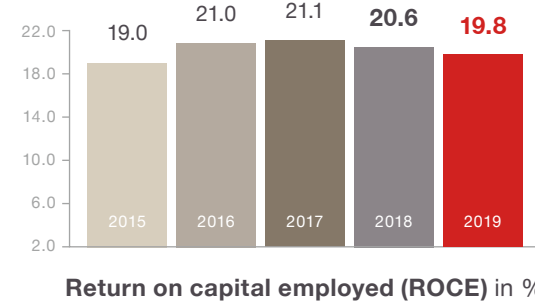
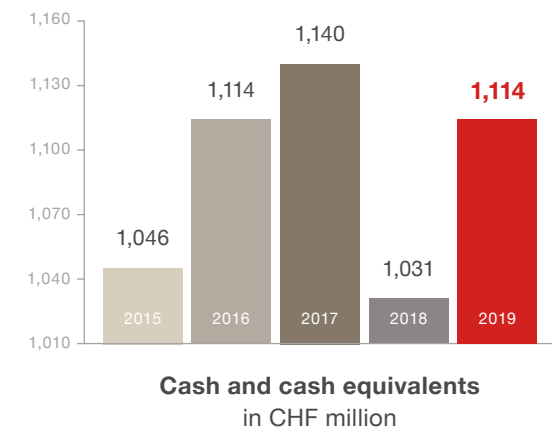
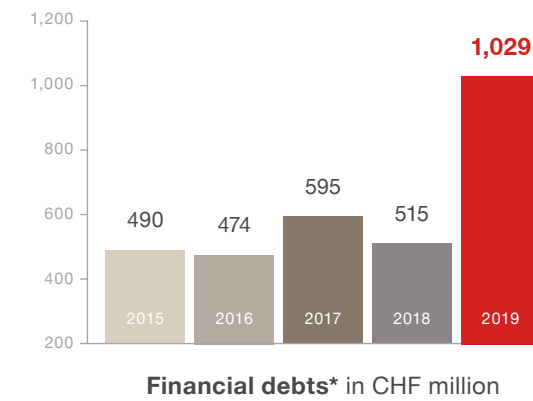
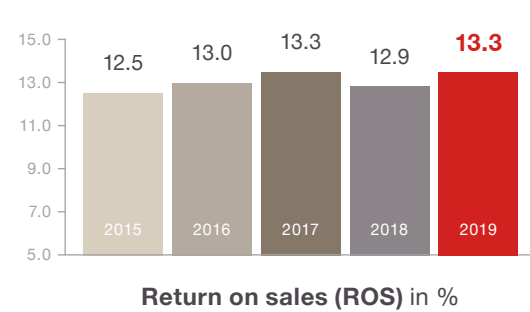
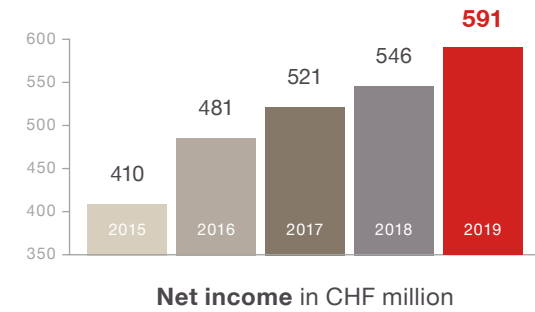
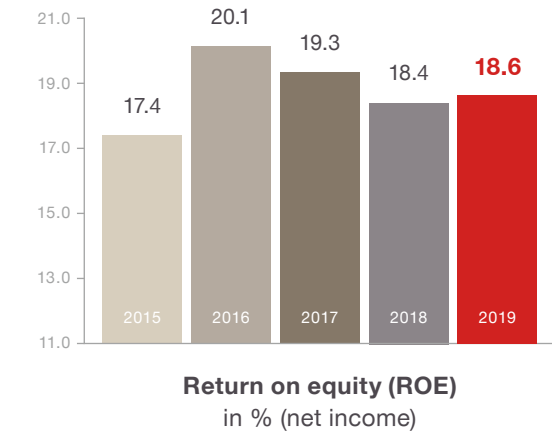
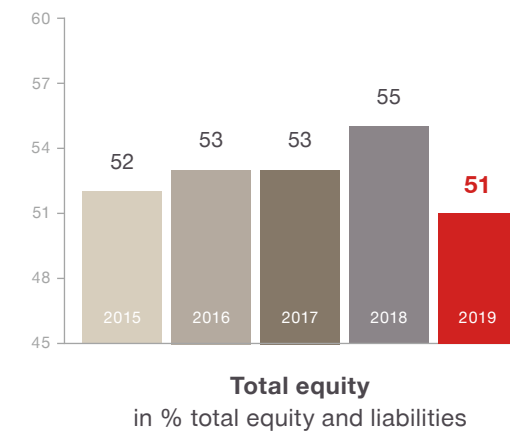
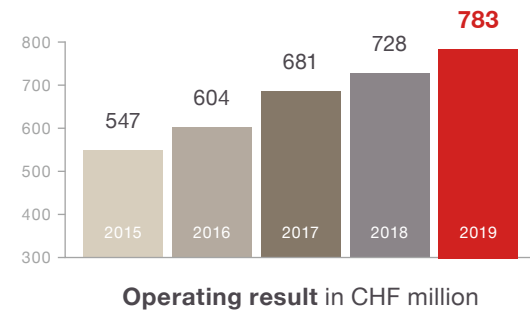
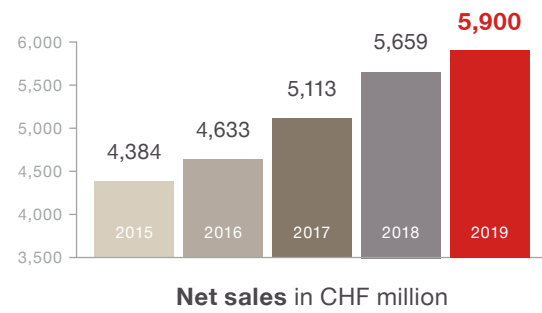
The equity ratio was 4 percentage points below the previous year's figure (55%). The main reason for this is the introduction of IFRS 16 and the resulting rebalancing of lease liabilities. Nevertheless, the equity ratio continues to be more than the target level of 50 percent. At CHF 1.11 billion, cash and cash equivalents remained stable and were slightly higher than the previous year (CHF 1.03 billion). Financial liabilities increased to CHF 1,029 million mainly due to the adoption of IFRS 16 (2018: CHF 515 million). Given the Group's healthy financial situation, the Board of Directors proposes the payout of an ordinary dividend of

CHF 294 million for the 2019 financial year (2018: CHF 272 million).

Outlook for 2020

Economic forecasts point to further weakening of the environment in 2020. This development is underscored by greater political uncertainty and trade conflicts. The global construction market will not be able to escape these forces and it is expected to cool further, with market growth in the low single digits. However, the Group is adhering to its strategic objectives and will use its solid financial position to make additional significant investments in innovative solutions and the digitalization of corporate processes. The Hilti Group expects sales growth in 2020 in the mid-single digits and profitability at around the same levels as in 2019.

KEY FIGURES



* Includes lease liabilities due to the adaption of IFRS 16 Leases.

Please note

The following pages contain extracts from the 2019 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 2019. Complete information, including the notes to the consolidated financial statements, is contained in the 2019 Financial Report, which will be available on the Group's website (www.hilti.group) from late March 2020. The full 2019 consolidated financial statements, which are included in the 2019 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 | 2019 | 2018 |
|---|----------------|----------------|
| Intangible assets | 893.4 | 808.3 |
| Property, plant and equipment | 952.6 | 894.0 |
| Right of use assets | 435.2 | - |
| Investment property | 1.9 | 1.9 |
| Investments in associates and joint ventures | 2.7 | 2.8 |
| Deferred income tax assets | 143.0 | 128.8 |
| Other financial investments | 16.6 | 12.2 |
| Trade and other receivables | 800.9 | 683.5 |
| Derivative financial instruments | 4.7 | 5.3 |
| TOTAL NON-CURRENT ASSETS | 3,251.0 | 2,536.8 |
| Inventories | 645.6 | 678.6 |
| Trade and other receivables | 1,249.6 | 1,244.2 |
| Current income taxes receivable | 13.6 | 23.4 |
| Accrued income and prepayments | 67.2 | 68.4 |
| Derivative financial instruments | 11.0 | 6.6 |
| Financial assets at fair value through profit or loss | 27.3 | 23.0 |
| Cash and cash equivalents | 1,113.8 | 1,030.9 |
| TOTAL CURRENT ASSETS | 3,128.1 | 3,075.1 |
| TOTAL ASSETS | 6,379.1 | 5,611.9 |

Please note

As per year ending 2018 equity comprises share capital of 253,440 registered shares with a par value of CHF 500 each as well as reserves. All of the registered shares are owned by the Martin Hilti Family Trust.

| Equity and liabilities in CHF million | 2019 | 2018 |
|---|----------------|----------------|
| Non-controlling interests | 6.7 | 3.7 |
| Equity attributable to equity holders of the parent | 3,269.6 | 3,071.4 |
| TOTAL EQUITY | 3,276.3 | 3,075.1 |
| Provisions | 12.5 | 13.6 |
| Employee benefits | 636.8 | 522.8 |
| Deferred income tax liabilities | 119.7 | 116.0 |
| Bonds | 299.9 | 299.9 |
| Long-term bank borrowings | 54.0 | 27.6 |
| Lease liabilities | 332.5 | 1.6 |
| Contract liabilities | 90.6 | 71.6 |
| Trade and other payables | 36.2 | 35.3 |
| TOTAL NON-CURRENT LIABILITIES | 1,582.2 | 1,088.4 |
| Provisions | 8.4 | 9.4 |
| Employee benefits | 8.5 | 105.6 |
| Trade and other payables | 471.7 | 478.9 |
| Current income taxes payable | 116.9 | 104.1 |
| Accrued liabilities and deferred income | 461.7 | 445.5 |
| Contract liabilities | 108.3 | 114.7 |
| Bonds | - | 33.2 |
| Short-term bank borrowings | 226.0 | 153.9 |
| Lease liabilities | 116.1 | 0.1 |
| Derivative financial instruments | 3.0 | 3.0 |
| TOTAL CURRENT LIABILITIES | 1,520.6 | 1,448.4 |
| TOTAL LIABILITIES | 3,102.8 | 2,536.8 |
| TOTAL EQUITY AND LIABILITIES | 6,379.1 | 5,611.9 |

CONSOLIDATED INCOME STATEMENT OF HILTI GROUP

| in CHF million | 2019 | 2018 |
|---|------------------|------------------|
| Net sales | 5,899.9 | 5,659.3 |
| Other operating revenues | 154.9 | 134.9 |
| TOTAL OPERATING REVENUES | 6,054.8 | 5,794.2 |
| Change in inventory | (25.4) | 56.7 |
| Material costs | (1,623.0) | (1,648.9) |
| Personnel expenses | (2,452.8) | (2,340.5) |
| Depreciation and amortization | (374.0) | (202.4) |
| Losses on trade and other receivables | (51.9) | (44.8) |
| Other operating expenses | (745.1) | (885.9) |
| TOTAL OPERATING EXPENSES | (5,272.2) | (5,065.8) |
| OPERATING RESULT | 782.6 | 728.4 |
| Other revenues and expenses (net) | (13.5) | (29.7) |
| Finance costs | (53.3) | (31.1) |
| NET INCOME BEFORE INCOME TAX EXPENSE | 715.8 | 667.6 |
| Income tax expense | (124.6) | (121.2) |
| NET INCOME | 591.2 | 546.4 |
| Attributable to: | | |
| Equity holders of the parent | 588.1 | 545.0 |
| Non-controlling interests | 3.1 | 1.4 |

Please note

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF HILTI GROUP

| in CHF million | 2019 | 2018 |
|--|----------------|---------------|
| NET INCOME | 591.2 | 546.4 |
| Net movement on cash flow hedges | (1.6) | 2.7 |
| Deferred tax on net movement on cash flow hedges | 0.2 | (0.3) |
| Foreign currency translation differences | (48.1) | (59.3) |
| Deferred tax on foreign currency translation differences | 0.2 | 0.8 |
| ITEMS THAT MAY BE SUBSEQUENTLY RECLASSIFIED TO THE INCOME STATEMENT | (49.3) | (56.1) |
| Remeasurements on employee benefits | (81.7) | (25.3) |
| Deferred tax on remeasurements on employee benefits | 13.4 | 1.0 |
| ITEMS THAT WILL NEVER BE RECLASSIFIED TO THE INCOME STATEMENT | (68.3) | (24.3) |
| OTHER COMPREHENSIVE INCOME (OCI) | (117.6) | (80.4) |
| TOTAL COMPREHENSIVE INCOME | 473.6 | 466.0 |
| Attributable to: | | |
| Equity holders of the parent | 470.6 | 464.8 |
| Non-controlling interests | 3.0 | 1.2 |

CONSOLIDATED CASH FLOW STATEMENT OF HILTI GROUP

| in CHF million | 2019 | 2018 |
|--|----------------|----------------|
| OPERATING RESULT | 782.6 | 728.4 |
| Depreciation and amortization | 374.0 | 202.4 |
| Interest received | 5.2 | 5.6 |
| Interest paid | (52.4) | (31.3) |
| Income tax paid | (97.6) | (101.0) |
| (Increase) / decrease in inventories | 25.4 | (56.7) |
| (Increase) / decrease in trade receivables | (9.4) | (13.6) |
| (Increase) / decrease in finance lease receivables | (180.9) | (188.2) |
| Increase / (decrease) in trade payables | (10.3) | (4.8) |
| Increase / (decrease) in contract liabilities | 17.2 | 12.7 |
| Change in non-cash items | 14.6 | 61.0 |
| Change in other net operating assets | (36.2) | (41.1) |
| CASH FLOW FROM OPERATING ACTIVITIES | 832.2 | 573.4 |
| Capital expenditure on intangible assets | (202.6) | (169.9) |
| Capital expenditure on property, plant and equipment | (209.3) | (163.9) |
| Acquisition of subsidiaries | - | (3.7) |
| (Increase) / decrease in financial investments | (11.4) | 1.5 |
| Disposal of intangible assets | - | 0.1 |
| Disposal of property, plant and equipment | 29.8 | 4.0 |
| CASH FLOW FROM INVESTING ACTIVITIES | (393.5) | (331.9) |

| in CHF million | 2019 | 2018 |
|---|----------------|----------------|
| Proceeds from long-term borrowings | 26.5 | 1.5 |
| Repayment of long-term borrowings | (4.5) | (0.5) |
| Payment of lease liabilities | (136.2) | - |
| Proceeds from / (repayment of) short-term borrowings | 78.2 | 43.8 |
| Repayment of bonds | (33.5) | (111.6) |
| Increase / (decrease) in liability to shareholder | 0.1 | 0.2 |
| Dividend paid | (272.4) | (263.6) |
| CASH FLOW FROM FINANCING ACTIVITIES | (341.8) | (330.2) |
| Exchange differences | (14.0) | (20.6) |
| TOTAL INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS | 82.9 | (109.3) |
| Cash and cash equivalents at January 1 | 1,030.9 | 1,140.2 |
| CASH AND CASH EQUIVALENTS AT DECEMBER 31 | 1,113.8 | 1,030.9 |

KEY FIGURES INFORMATION OF HILTI GROUP

| Results in CHF million / % | 2019 | 2018 |
|--|---------------|---------------|
| Net sales | 5,900 | 5,659 |
| Depreciation and amortization | 374 | 202 |
| Operating result | 783 | 728 |
| Net income before tax | 716 | 668 |
| Net income | 591 | 546 |
| Return on capital employed (ROCE) in % (operating result) | 19.8 | 20.6 |
| Return on equity (ROE) in % (net income) | 18.6 | 18.4 |
| Return on sales (ROS) in % | 13.3 | 12.9 |
| Free cash flow (before acquisition and disposal of subsidiaries) | 303 | 245 |
| Balance sheet in CHF million / % | 2019 | 2018 |
| Total equity | 3,276 | 3,075 |
| Total equity in % Total equity and liabilities | 51 | 55 |
| Total non-current liabilities | 1,582 | 1,088 |
| Total current liabilities | 1,521 | 1,448 |
| Capital expenditures on intangible assets and on property, plant and equipment | 412 | 334 |
| Intangible assets and property, plant and equipment | 1,846 | 1,702 |
| Other non-current assets | 1,405 | 835 |
| Total current assets | 3,128 | 3,075 |
| Total assets | 6,379 | 5,612 |
| Dividend* | 294 | 272 |
| EMPLOYEES (as at December 31) | 30,006 | 29,004 |

2019 SALES GROWTH YEAR ON YEAR

| Sales growth in CHF million | 2019 | 2018 | Change in CHF (%) | Change local currencies (%) |
|---------------------------------------|--------------|--------------|-------------------|-----------------------------|
| Europe | 2,900 | 2,809 | 3.2 | 6.9 |
| North America | 1,445 | 1,331 | 8.6 | 7.3 |
| Latin America | 132 | 129 | 2.3 | 8.5 |
| Asia / Pacific | 765 | 741 | 3.2 | 4.3 |
| Eastern Europe / Middle East / Africa | 658 | 649 | 1.4 | 3.7 |
| HILTI GROUP | 5,900 | 5,659 | 4.3 | 6.3 |

* Proposal by the Board of Directors

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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.



