

PRESS RELEASE

The Zeppelin Group completes the financial year with a new record Targeted digitization and acquisitions contribute to success

- The Group Financial Statements are compiled in accordance with IFRS for the first time
- Group sales: EUR 2.9 bn
- Group earnings before taxes on income and earnings: EUR 131 m
- Average workforce over the year: 8,502 (FTEs, including trainees)
- Group Management Board expects conditions to be largely stable in 2019

Garching near Munich, Germany, March 29, 2019. The Zeppelin Group finishes the 2018 financial year having achieved the highest revenue in its history, and has once again exceeded the previous year's result. Group sales totaled EUR 2.9 bn (previous year: EUR 2.62 bn), Group earnings before tax increased to EUR 131 m (previous year: EUR 97.7 m). In 2018, Creditreform Rating AG rated the Zeppelin Group's creditworthiness as A- for the third consecutive time, and stated that its outlook is stable. The total investment volume was around EUR 279 m. The company is forecasting largely stable financial conditions for 2019.

“With revenue of EUR 2.9 bn, the Zeppelin Group has just completed the best financial year in the company's history,” comments Peter Gerstmann, Chairman of the Management Board of Zeppelin GmbH. “We have further increased both our order entry and revenue in 2018. We also concentrated on driving forward the digital transformation of our existing business and the development of new digital business models.” Christian Dummler, Member of the Management Board and CFO of Zeppelin GmbH, adds: “Zeppelin compiled its Group Financial Statements in accordance with the International Financial Reporting Standards (IFRS) for the first time in 2018, as well as adapting the previous year's figures to the new financial reporting standard. It is now far more straightforward for national and international business partners to assess Zeppelin's financial performance and creditworthiness. In this way, we are taking our growing international importance into account and as such are very much fit for the future in respect of reporting and financial market communication.” The Group's result gives Andreas Brand, Chairman of the Supervisory Board of the Zeppelin Group, reason to look with confidence to the current financial year: “The fact that Zeppelin has once again achieved a record result is proof of the extraordinary commitment and

motivation of all of the Group's employees. This is the ideal foundation for continued positive and stable development in 2019."

Development of the Business Units

Zeppelin benefited from the consistently positive situation in the construction industry, with the result that the Construction Equipment EU strategic business unit (hereinafter: SBU) was able to maintain a high position – and in some cases even slightly expand its leading role – in the construction equipment market in Germany, Austria, Czech Republic, and the Slovak Republic; it also exceeded the revenue of the previous year. New products contributed to the result, such as the 320 GC, 320 and 323 tracked excavators which are setting new standards in the 20-25 ton class, while further developed and expanded digital services also played an important role.

The Construction Equipment CIS SBU significantly increased its revenue, and successfully completed the financial year despite growing economic and political restrictions such as the rise in import duties imposed by Russia. These limitations were counteracted by stable business activity in most of the SBU's revenue markets: The construction machine industry is recording growth rates in almost all markets, and Zeppelin has achieved double-digit percentage growth for new machine sales. Zeppelin has moved away from business activities whose development has not met financial expectations. This includes the agricultural machinery business area in some regions of Russia, as well as the small Russian sales territory for the sale of commercial vehicles.

The 2018 revenue for the Rental SBU once again significantly exceeded the very good previous year. Zeppelin achieved an above-average share in market growth, and – through the acquisition of Baustellen-Verkehrs-Technik GmbH – further strengthened its presence in site and traffic guidance across Germany.

Revenue for the Power Systems SBU was based first and foremost on high turnover of new engines, and very good capacity utilization in the service and spare parts business. The sales and service of industrial engines proved to be particularly strong here. The AIDAnova is the world's first cruise ship to be equipped with MaK dual fuel engines, supplied by Caterpillar and fitted by Zeppelin; this puts Zeppelin in a great position as interest in liquefied natural gas (LNG) engines increases. Alternative gas applications are also in demand for major and complete energy production systems, such as combined heat and power plants

(CHP plants). Zeppelin has become established as a general contractor in this respect, for example with a new CHP plant for Stadtwerke Aachen.

The Plant Engineering SBU achieved very high order entry due to winning several major orders for the construction of plastic production plants in China. For the baking industry, Zeppelin has brought to market product innovations such as the CODOS NT kneading system, and the KROMix. It strengthened its market position in the rubber and tire production sector in 2018 through the acquisition of Italian company Nuova Ciba S.p.A.

The Z Lab SBU is committed to the development of digital solutions for the construction industry, using agile methods and innovative technologies to make the construction site of the future more efficient, more connected, and more automated. In 2018, a management solution for inventory management and scheduling for construction equipment was developed, and it is launched to market as *zamics* in 2019. In addition, the development of *klickcheck*, a solution for creating a digitized and automated issuing and return process for rental equipment, was worked on. This offering is supplemented by the *klickrent* platforms for rental of construction machines, and *klickparts* for the sale of spare parts and construction machines.

New Corporate Design

In our age of digitization and an ever-increasing flood of information, it's essential for companies to have an easily recognizable brand, in order to remain both competitive and fit for the future. For this reason, in December 2018, Zeppelin added a figurative mark to its word mark, and changed the lettering color from gray to indigo blue. The Zeppelin lettering, which the company has been using since the 1970s remains unchanged, as does the corporate tagline "We Create Solutions" – an important expression of the Group's identity.

Outlook for the 2019 financial year

The Zeppelin Group is working on the assumption of fundamentally stable economic conditions for the 2019 financial year, although there may be slightly less dynamic growth in some market segments. The uncertainty of the political situation may have a dampening effect on markets in Russia and the CIS countries in particular.

Consistently high demand for construction is to be expected, particularly in respect of civil engineering projects such as bridges and transportation routes. Zeppelin expects the bauma 2019 trade fair – the world’s largest trade fair, taking place in Munich in April – to create particular momentum for the construction machinery business as well as for machine and equipment rental, temporary infrastructure, and construction logistics.

In energy and propulsion technology, the trend towards smaller engines for industrial applications will continue, whereas in the combined heat and power plant/gas engine sector, large-scale plants from 20 MW will be increasingly important. The Group is working on the assumption of largely stable demand for drivetrain solutions for rail vehicles, as well as diesel emergency power systems in the data center segment.

Bulk goods solutions required in the recycling and battery production sectors offer growth opportunities into new markets for plant engineering.

The good starting situation and high level of existing orders for the Zeppelin Group enables a positive outlook for 2019.

bauma 2019

At bauma, Zeppelin will showcase 64 different construction machines in all size classes together with its partner Caterpillar. Exhibits will include 20 new introductions – more than ever before. A great deal of interest is expected for the next generation of mini-excavators, which are already equipped with low-consumption engines that meet emissions level V. Alternative drive systems that make construction machines cleaner, more efficient, and quieter, are also in demand: Zeppelin and Caterpillar are presenting the first fully electrically operated variant of the compact Cat 906 wheel loader.

Zeppelin will also be presenting innovations in the digital products and services sector, such as the virtual exploration of an engine installation project using VR glasses, which opens up potential for optimization even in the planning phase of engine installation. Traffic telematics solutions enable a greater degree of safety to be achieved in road traffic, as well as reduced traffic jams and increased environmental protection. New digital applications for innovative equipment management will simplify logistical processes on the customer side.

Additional information about bauma is available at <https://wearebauma.com>

Key figures at a glance

		2018	2017
Revenue			
Construction Equipment EU SBU	EUR m	1,315	1,210
Construction Equipment CIS SBU	EUR m	482	412
Rental SBU	EUR m	473	410
Power Systems SBU	EUR m	360	341
Plant Engineering SBU	EUR m	348	323
Z Lab SBU	EUR m	1	0
Group total	EUR m	2,897	2,622
Employees (average for the year (FTEs), including trainees)			
Group total		8,502	8,004
Cashflow from operating activity	EUR m	256.9	219.0
Investments	EUR m	279.4	223.4
Earnings after taxes	EUR m	90.0	63.0
SBU: Strategic Business Unit			
All information in accordance with IFRS			

Caption: The Management Board of the Zeppelin Group: Michael Heidemann, Peter Gerstmann, Alexandra Mebus, Christian Dummler.

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About the Zeppelin Group

The Zeppelin Group operates more than 200 sites around the world. In the 2018 fiscal year, it had around 9,000 employees who generated sales of 2.9 billion euros. Group-wide collaboration in the Zeppelin Group revolves around a management holding company and six strategic business units: Construction Equipment EU (sales and servicing of construction machines), Construction Equipment CIS (sales and servicing of construction and agricultural machines), Rental (rental and project solutions for the construction and industry sectors), Power Systems (drive, propulsion, traction, and energy systems), Plant Engineering (engineering and plant engineering) and Z Lab (new digital business models). Zeppelin GmbH is the Group holding company. It is legally domiciled in Friedrichshafen and has its head office in Garching near Munich. For more information, visit zeppelin.com.

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