

PRESS RELEASE

Zeppelin Group increases operating result again Sales and net profit reach record highs for the third year in a row

- Group sales: EUR 3.1 bn
- Group earnings before taxes on income and earnings: EUR 134 m
- Number of employees: 10,048 (FTEs as at the reporting date of December 31, 2019, including trainees and employees from acquisitions in Sweden and Denmark)
- Group Management Board expecting further long-term growth as a result of the takeover of new distribution and service territories in northern Europe

Friedrichshafen/Garching bei München, April 3, 2020. The Zeppelin Group finished the 2019 financial year having achieved the highest revenue and the highest net profit in its 70-year history. With Group sales totaling EUR 3.1 billion (previous year: EUR 2.9 billion) and a net profit before tax of EUR 134 million (previous year: EUR 131 million), the Group has overtaken its figures from the previous year. Creditreform Rating AG increased its assessment of the company's creditworthiness to an A rating in 2019. The total investment volume for 2019 is EUR 369 million, which includes expenditure for inorganic growth. In 2020 the Zeppelin Group expects to see a dramatic slump and a significant worsening of economic conditions arising from the coronavirus pandemic.

“2019 was a highly successful year: We had record-breaking sales, the best bauma ever, and the largest acquisition in the history of our company. All of this was only achievable by working together, and thanks to the commitment and outstanding contributions of our employees!” notes Peter Gerstmann, Chairman of the Management Board of Zeppelin GmbH. “I am very much looking forward to continuing this success with our new colleagues in northern Europe.”

Christian Dummler, Managing Director and CFO of Zeppelin GmbH, adds: “The very positive performance enabled us to further improve our return figures, and Group debt remains at a very conservative level even following the acquisitions. The capital market environment was highly favorable in 2019, and we used the opportunity to secure our financing in the long term, taking the acquisitions into account. We are delighted to receive an improved A credit

rating from Creditreform Rating AG; it makes it clear that we remain a solid, reliable business partner.”

“These outstanding results are proof positive that the Zeppelin Group is pursuing the right strategy and, above all, that it has the right employees on board. I hope that our acquisition of the additional northern Europe distribution and service territories, along with numerous new product and service innovations, will enable us to continue our successful trajectory in 2020, under the new conditions in play,” comments Andreas Brand, Chairman of the Supervisory Board of the Zeppelin Group.

Expansion of distribution and service territory into northern Europe

With effect from December 31, 2019, the Zeppelin Group took over responsibility for the distribution and service of Caterpillar products in Denmark, Greenland and Sweden. Zeppelin also took over service and distribution for MaK engines in Estonia, Latvia, Lithuania, Finland, Iceland and the Faroe Islands. With the takeover of sales activities in northern Europe, Zeppelin’s workforce grew to around 10,000 employees at the end of 2019. The company anticipates long-term growth potential from successful adaptation of the new markets, built on decades of experience as a Caterpillar distribution and service partner and by making use of logistical synergies. The new unit has been integrated into the existing Group structure as the Construction Equipment Nordics strategic business unit, managed by Volker Poßögel, who was previously Head of the Power Systems strategic business unit.

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Development of the strategic business units

Thanks to the overall stability of the economic environment and good market positioning, all strategic business units (SBU) recorded positive development.

The **Construction Equipment EU strategic business unit** succeeded in further expanding its leading position on all markets, and also increased its sales and net profit compared with the previous year. The positive trend was bolstered by a favorable economic climate in the construction industry as well as sales success at bauma, the leading global construction machinery trade fair in Munich. A further expanded machine population and increased machine utilization in its sales territories meant that the SBU was able to make the best possible use of its service capacities and also grow its service business.

The **Construction Equipment CIS strategic business unit** increased both its sales and its net profit in the 2019 financial year. Systematic development of the spare parts and customer service business resulted in a significant increase on the previous year’s figure. There was a

recovery in mining equipment business in the various countries of the region, and this contributed significantly to positive sales development and a large order backlog.

All markets relevant to the **Rental strategic business unit** – Germany, Austria, the Czech Republic and the Slovak Republic – recorded growth, and the SBU benefited disproportionately from this growth, as sales exceeded EUR 500 million for the first time. With the acquisition of the Luther Group, Zeppelin significantly strengthened its expertise in the field of traffic safety and traffic engineering. The integration of Baustellen-Verkehrs-Technik GmbH, which was acquired in 2018, was completed successfully.

The overseas companies contributed significantly to the net profit of the **Power Systems strategic business unit** in 2019, with particularly high volumes of orders for new engine sales in Belarus and the Czech Republic. The expansion of service sales led in turn to an increase in revenue. Continued high demand for alternative drive systems using hybrid and LNG energy for ferries, cruise ships, and special purpose vessels helped secure several important orders as well as future sales arising from maintenance contracts. The company succeeded in placing a larger number of ballast water treatment systems in ships onto the market for the first time. Demand also remained high in the segments of power generation, large data center systems and combined heat and power plants (CHP), with the company successfully winning various major contracts.

Business for the **Plant Engineering strategic business unit** was muted in a number of segments and regions, on account of more challenging global economic conditions, a slowing economy in the chemicals sector, and uncertainties within the automotive industry. However, despite lower sales revenue, an improvement in profitability was achieved. In addition, the SBU succeeded in further increasing its order entry in the 2019 financial year by means of various large-scale projects in the area of plastics production systems.

Digitization

The Zeppelin Digit strategic management center was established to offer all strategic business units targeted support in relation to innovation and digitization. This cross-functional unit brings together IT, innovation, digitization, and the current Z LAB strategic business unit activities. The company Z Lab GmbH will continue in the future, as a division of Zeppelin

Digit, to develop digital business models for the construction industry and the industrial sector.

The company further expanded its digital offerings for customers in 2019. This expansion ranges from the introduction of new fleet management software to the wider market launch of the zamics, klickrent and klickcheck products, which customers in the construction industry can use to simplify their internal processes or to rent out and hire machinery and equipment via an independent platform.

Outlook for the 2020 financial year

The previously forecast 2020 upturn for the global economy will not materialize. In addition to continuing trade disputes and sanctions, and the uncertainties surrounding the terms of Brexit, the coronavirus pandemic has plunged the global economy into a far-reaching crisis, the effects of which cannot yet be predicted. The massive drop in oil prices and the conflict between Russia and Saudi Arabia are also affecting our core markets. Despite the difficult business outlook, the Zeppelin Group still sees opportunities for the current financial year. The stable construction industry and additional investment in public infrastructure in Germany have mitigated the negative impact on sales and revenue that is expected to arise from the coronavirus pandemic and oil prices.

Zeppelin will focus on maintaining its leading position on the market and on further expanding its service business within the existing business areas. In northern Europe, the Group will concentrate entirely on integrating the new companies and territories served, which will create opportunities for further sales growth in the future, even if it can be assumed that the integration will add certain stress factors from a net profit perspective. In addition to the expansion and strengthening of its existing range of machinery and services, the focus will be on expanding the business to include compact machines, construction equipment and conveyor technology, as well as growing the branch network.

Zeppelin is clearly signaling its commitment to the Eurasian markets, and investing in the construction of a new headquarters in Kiev, Ukraine.

Zeppelin will counter the effects of the coronavirus pandemic by means of cost-cutting measures, adjustment of capacities and a cautious investment policy.

Key figures at a glance

		2019	2018
<u>Revenue</u>			
Construction Equipment EU SBU	EUR million	1,470	1,315
Construction Equipment CIS SBU	EUR million	500	482
Rental SBU	EUR million	509	473
Power Systems SBU	EUR million	392	360
Plant Engineering SBU	EUR million	332	348
Z LAB SBU	EUR million	4	1
Group total	EUR million	3,118	2,897
Employees (FTE as at December 31, including trainees, Zeppelin GmbH as well as 709 employees and 8 trainees from the acquisitions in Sweden and Denmark)			
Group total		10,048	8,700
Cash flow from operating activities	EUR million	235.2	203.3*
Investments	EUR million	369.2	239.8
Net profit before tax	EUR million	133.7	130.8

SBU: Strategic business unit

All information in accordance with IFRS

*Definition adjusted

Caption: Zeppelin Group Management Board: Christian Dummler (seated), Peter Gerstmann, Michael Heidemann, Alexandra Mebus (left to right).

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About the Zeppelin Group

The Zeppelin Group offers solutions for the construction industry, drive systems and energy sectors as well as engineering and plant engineering; it is represented in 43 countries and regions around the world, and active at more than 220 locations. The company's approximately 10,000 employees work together in a management holding company, six strategic business units and a strategic management center (= Zeppelin Digit): Construction Equipment Central Europe (formerly Construction Equipment EU), Construction Equipment Nordics, Construction Equipment Eurasia (formerly Construction Equipment CIS) (distribution and service of construction, mining and agricultural machinery), Rental (rental and project solutions for the construction industry and the industrial sector), Power Systems (drive and energy systems), Plant Engineering (engineering and plant engineering). All digital business is handled together within Zeppelin Digit. In the 2019 fiscal year, the Group generated revenue of EUR 3.1 billion. Zeppelin GmbH is the Group holding company. It is legally domiciled in Friedrichshafen and has its head office in Garching bei München. The Zeppelin Group is a foundation-owned company. Its roots can be traced back to the establishment of the Zeppelin Foundation by Graf Ferdinand von Zeppelin in 1908. For more information, visit zeppelin.com.

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