

PRESS RELEASE

Zeppelin Group closes the 2021 financial year with great success

Further business development affected by Ukraine war

- Group sales: 3.7 billion euros (+ 13%)
- EBITDA 444 million euros (+ 13%)
- Group earnings before taxes on income and earnings: 160 million euros (+ 28%)
- Number of employees 10,673 (+ 5%) (*FTEs as at the reporting date, 31 December 2021, including trainees*)
- All strategic business units have contributed to the positive result
- Geopolitical conflict in Ukraine dampens prospects for 2022

Friedrichshafen / Garching bei München, March 25, 2022. While the Zeppelin Group finished the year with great success, with sales of 3.7 billion euros in the 2021 financial year (2020: 3.3 billion euros), an EBITDA of 444 million euros (previous year: 394 million euros) and earnings before taxes of 160 million euros (previous year: 125 million euros), it expects a significant decline in business volume for 2022 due to the war in Ukraine.

“During the ongoing pandemic, it was also the case in 2021 that providing all the usual services for our customers while also ensuring employees’ health and job security continued to be our top priority. Zeppelin’s success and outstanding results are based on the great commitment, flexibility and tireless dedication of all employees worldwide,” commented Peter Gerstmann, Chairman of the Management Board of Zeppelin GmbH, on the 2021 financial year. “Against the background of the war in Ukraine, the safety of our employees and their families on the ground now takes priority. We are helping them to evacuate and be received in other countries. I am particularly proud of our workforce, which especially at this time is so united and full of solidarity for our colleagues and all the people in Ukraine. That’s what makes Zeppelin so special: Working together to tackle problems, without hesitation.”

Christian Dummler, Managing Director and CFO of Zeppelin GmbH, adds: “The very successful development of the Zeppelin Group in recent years and prudent financial policy have resulted in excellent creditworthiness and good capital market capability on the part of the Group. Creditreform Rating AG once again recognized this success with an overall “A”

rating result. The recent review of the rating grade in the context of the war in Ukraine confirmed the level, but *WATCH new* was added. In view of the military escalation between

Russia and Ukraine and its consequences, we expect a significant decline in business volume and earnings before taxes in 2022 and beyond.”

“Excellent collaboration between management and employee representatives, as well as with the Supervisory Board, has made Zeppelin a successful Group for some years. 2021 was the best year in the company’s history. Zeppelin’s financial and economic stability is now helping it get through the current crisis. Zeppelin reacted very quickly in response to the war in Ukraine, setting up crisis management teams and introducing measures to ensure the safety of employees on the ground, as well as supporting them in their evacuation. The wave of helpfulness and solidarity within the Zeppelin team is overwhelming,” comments Andreas Brand, Chairman of the Supervisory Board of the Zeppelin Group, assessing the situation.

Development of the strategic business units

In 2021, the construction industry recovered more quickly than expected from the effects of the COVID-19 pandemic in almost all markets in which Zeppelin is represented as a sales and distribution partner of the US construction equipment manufacturer Caterpillar. The Construction Equipment Central Europe, Construction Equipment Nordics and Construction Equipment Eurasia strategic business units were able to significantly increase sales and earnings compared to the previous year. Order entry developed positively in all countries and contributed to the consolidation of market shares in the respective regions.

The range of services has been expanded, particularly in Northern Europe. The mining business in Sweden benefited particularly from the increased global demand for raw materials. In the Eurasian region, too, high demand for raw and building materials as well as infrastructure investments by the respective governments triggered sales growth for new construction and agricultural and forestry machinery, as well as for spare parts and service.

The Rental SBU was able to consolidate its strong market position and increase sales due to the good market conditions in the construction industry, but also thanks to the strong demand for temporary infrastructure and traffic guidance solutions.

Following the severe COVID-19-related slump in core markets such as cruise ships in 2020, the Power Systems SBU for the most part recovered in 2021. The key drivers for sales growth were strong performance in the service business and the resumption of new engine sales to our OEM customers. The continued demand for energy solutions for data centers also contributed to the rise in sales. With the withdrawal of our partner Caterpillar from the medium-

speed MaK engines market, these products will be removed from the portfolio from the end of 2022.

Zeppelin Plant Engineering achieved very high order entry in 2021 and was therefore able to very much more than compensate for the pandemic-related low order entry in the previous year. Success factors here included a backlog of contracts in all business segments in China and the USA, but also the opening up of new markets and the processing of battery compounds for e-mobility and the construction of malt plants in Brazil. By acquiring a majority stake in Magdalena Kitzmann GmbH (effective January 1, 2022), Zeppelin also secured further market share in PVC plants and chemicals.

Continuation of the digitalization strategy

The introduction of new tools for efficient digital collaboration, which was accelerated back at the start of the COVID-19 pandemic in 2020, was continued in 2021 with completion of the full roll-out of the Microsoft 365 collaboration solution and increased use of cloud technologies. The standardization of the process landscape took a significant step forward with introduction of the “Workday” global HR software. The gradual introduction of SAP at the individual Group companies was also continued. To counter the increasingly aggressive attacks on IT and data structures, the expansion of the global information security management system was further advanced and appropriate protection and monitoring was installed.

Outlook for the 2022 financial year

The war in Ukraine and the sanctions imposed by the USA and the EU against Russia, as well as Russia’s response to these, will have a significant impact on the Zeppelin Group’s business in these countries. In addition to the distribution and service of construction, mining and agricultural machinery, ongoing Plant Engineering orders are also affected. The 2021 order backlog included significant orders for Russia and Ukraine. If their processing cannot be guaranteed, which in part is already foreseeable today, this will significantly impact the expected sales and earnings for 2022. In general, approximately 20% of Zeppelin’s business volume is generated in the regions affected by the war. This portion of sales is at risk in addition to the potential loss of assets with a corresponding impact on financial performance.

In terms of the company’s further distribution and service territories: In spite of a shortage of specialist skills, disrupted supply chains and the expectation of further price increases, Zeppelin is looking to the future with confidence. Germany and many other countries are facing major challenges in terms of expanding and renovating their infrastructure, which is also to be

climate-friendly. The increasing trend toward electromobility requires the expansion of power lines, and the renewable energy generation of the future must also be supported by infrastructure; these factors are likely to result in increased public investment and further stimulate demand for products and services for the construction industry.

However, the effects of the war in Ukraine on the global economy cannot be estimated here either. We assume that growth will not be at the expected level and that there may be market slumps.

Zeppelin will be attending to its customers at bauma – the world’s largest trade fair for the construction industry – in October 2022, and will be presenting a range of electrified Caterpillar construction machines. The offering for customers is also being expanded in the area of rental, for example with a focus on temporary solutions with low-carbon equipment. In Plant Engineering, the Group is specifically investing in recycling solutions for plastics and car tires and is continuing to develop this area to tackle the processing of materials in battery production. Overall, with its products and services the Group is therefore well equipped for the challenges of the future, even though it expects a sharp decline in sales and earnings before taxes in 2022 due to the war in Ukraine.

Key figures at a glance

		2021	2020
Sales			
Construction Equipment Central Europe SBU	EUR million	1,494	1,373
Construction Equipment Nordics SBU	EUR million	292	258
Construction Equipment Eurasia SBU	EUR million	642	494
Rental SBU	EUR million	576	528
Power Systems SBU	EUR million	437	407
Plant Engineering SBU	EUR million	340	306
Group total¹	EUR million	3,696	3,272
Employees (FTEs as at the reporting date 31 December, including employees of the companies Zeppelin GmbH, Accelerent GmbH, Z Lab GmbH and Klickparts GmbH, as well as trainees)			
Group total¹		10,673	10,178
Cash flow from operating activities²	EUR million	240.1	259.6
Investments	EUR million	249	203
EBITDA (Earnings before interest, tax, depreciation and amortization)	EUR million	444	394
Net profit before tax	EUR million	159.5	124.6

SBU: Strategic business unit
All information stated in accordance with IFRS

Caption: The Management Board of the Zeppelin Group (from left to right): Christian Dummler, Alexandra Mebus, Michael Heidemann, Peter Gerstmann

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¹ including Zeppelin GmbH, Accelerent GmbH, Z Lab GmbH and Klickparts GmbH

² Cash flow from operating activities (IFRS)

About the Zeppelin Group

The Zeppelin Group offers solutions in the construction industry, drive and energy systems, engineering and plant engineering. The Group provides customers with expertise in a number of areas, from the distribution and service of construction, mining, forestry and agricultural machinery, through rental and project solutions for the construction sector and industry as a whole, to drive and energy systems as well as engineering and plant engineering and enhances its offering with digital capabilities in all areas. Zeppelin is represented at more than 340 sites in 43 countries and regions worldwide. In the 2021 financial year, the Group workforce comprised almost 11,000 employees, which generated sales of EUR 3.7 billion. The Group organizes its activities into six strategic business units (Construction Equipment Central Europe, Construction Equipment Nordics, Construction Equipment Eurasia, Rental, Power Systems, and Plant Engineering) and the Zeppelin Digit Strategic Management Center. Zeppelin GmbH is the Group holding company. It is legally domiciled in Friedrichshafen and has its head office in Garching near Munich. 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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