

PRESS RELEASE

Zeppelin Group closes a successful 2022 financial year despite current challenges

- Group sales: EUR 3.8 billion (+4%)
- EBITDA: EUR 437 million (-2%)
- Group earnings before taxes on income and earnings: EUR 135 million (-16%)
- Number of employees 10,417 (+2%) (*FTEs as at the reporting date, December 31, 2022, including trainees*)
- War in Ukraine dampens the outlook for 2023

Friedrichshafen / Garching near Munich, March 31, 2023. The Zeppelin Group finished a successful 2022 financial year, with sales of EUR 3.8 billion (2021: EUR 3.7 billion), an EBITDA of EUR 437 million (previous year: EUR 444 million) and earnings before taxes of EUR 135 million (previous year: EUR 160 million), though the Russian war of aggression against Ukraine had a negative impact on the result. The Zeppelin Group is also anticipating war-related stresses in 2023.

“Despite the particular challenges we have faced, especially the war against Ukraine and its effects, the sometimes-challenging political framework on some markets, highly dynamic price behavior, and persistent supply bottlenecks among our manufacturing partners and suppliers, we have achieved a remarkable result thanks to the combined strength and great commitment of our employees,” says Peter Gerstmann, Chairman of the Management Board of the Zeppelin Group.

Christian Dummler, Managing Director and CFO of the Zeppelin Group, emphasizes: “Thanks to our prudent corporate policy, financial stability, tried-and-tested crisis management and diversified product and service portfolio, we succeeded in continuing to develop the company in a positive and economically successful manner in 2022. In addition, Creditreform Rating AG has ranked the Zeppelin Group with an “A-” rating and a “stable” outlook. This rating once again confirms our high level of creditworthiness and very low default risk in a challenging environment.”

“Zeppelin came through the crisis year 2022 quite well. The Group responded very quickly and appropriately to the additional challenges. The very good cooperation between the management, supervisory board and employee representatives is what sets us apart, especially during the crisis,” says Andreas Brand, Chairman of the Supervisory Board of the Zeppelin Group.

Development of the strategic business units

Despite the current challenges, Zeppelin can look back on a successful year with robust sales and earnings development in the company’s strategic business units (SBUs). The order backlog in the Construction Equipment Central Europe SBU reached a record high, offering a strong starting point for the 2023 financial year.

The Construction Equipment Nordics SBU was able to expand its earnings despite a slight decline in sales performance as a result of Caterpillar’s limited delivery capacity, labor shortages and increasing inflation. The large order backlog provides a good basis for further development in Sweden, Denmark and Greenland. The construction of the new regional headquarters in Landvetter near Gothenburg underlines Zeppelin’s commitment to these areas.

After strong market growth in recent years, the positive business development of the Construction Equipment Eurasia SBU in the sales and service territories in Russia, Belarus and Ukraine was abruptly ended by the war. This caused economic power in Ukraine to shrink by more than a third. Mining and agriculture proved to be stabilizing factors in times of crisis, though with significantly lower sales than before the start of the war. Zeppelin discontinued business activities in Belarus due to the Western sanctions imposed. After a strong first quarter, activities in Russia were significantly reduced with the imposition of sanctions, and existing obligations to employees and partners were largely fulfilled under existing laws. Further imports of new machines were discontinued in coordination with our manufacturing partners in mid-2022. On the other hand, business development in Armenia and Uzbekistan was positive, in particular due to government infrastructure measures and noticeably higher levels of mining activities.

The rental market for construction machinery and equipment continued to grow in 2022. In this environment, the Rental SBU was able to expand its strong market position and significantly exceed the previous year’s figures in terms of both sales and earnings.

In addition, Zeppelin Rental worked on a comprehensive expansion of its integrated offering, focusing on growth abroad, especially in Sweden and Denmark.

The Power Systems SBU core markets for drive system technology and energy generation were severely impacted by the current sanctions against Russia and Belarus and the resulting energy crisis. Disrupted supply chains meant supply bottlenecks also arose for engines and spare parts. In the industrial segment, Caterpillar's high demand could not be fully met due to limited delivery capacity. On the other hand, high order volumes were received in the Service division for overhauls and repairs of cruise ships, yachts and tugs.

Strong demand, broad process engineering expertise, an international presence and a strong market position on the future markets of battery production and plastics recycling secured high order volumes for the Plant Engineering SBU in nearly all market segments and regions. The SBU also strengthened its market position with a large-scale plastics production plant in the United Arab Emirates and a large malting plant for preliminary products used in beer production in South America.

Zeppelin's contribution to ensuring more security of supply

The current energy crisis led to sharply rising prices and a significant supply shortage. To be prepared to handle potential supply bottlenecks and further gas regulations, Zeppelin is implementing a Group-wide energy-saving campaign titled "Be sustainable. Save sustainable" and a Europe-wide gas contingency plan to safeguard its business operations to make an active contribution to ensuring environmental and climate protection and, above all, greater security of supply. The necessary savings potential and supply requirements were recorded at the European sites and concrete measures were derived in order to maintain business activities even in the event of a gas shortage. As part of this process, Zeppelin Rental has provided fast and pragmatic support with an extensive portfolio of heating technology and has secured the company's needs in the event of a possible emergency, including all necessary ancillary services. At the same time, targeted cost-cutting measures at the German sites have resulted in significantly higher energy savings than the 20 percent demanded by politicians.

bauma exceeds expectations

In 2022, bauma, the world's leading trade fair for construction, building material and mining machinery, construction vehicles and equipment, was the highlight of the industry. Zeppelin Construction Equipment and Zeppelin Rental presented their products, solutions and services

together for the first time at the event in Hall B6. Zeppelin Power Systems was represented with a trade fair stand in Hall A4.

By the end of the trade fair, Zeppelin Construction Equipment had sold 1,176 new and used machines, generating a total of EUR 160 million in sales, including engines, components and other services. Zeppelin Rental demonstrated to the Group its expertise in the rental of machinery and equipment, temporary infrastructure and building logistics. Totalling over EUR 70 million, the order volume was double that achieved at bauma 2019. At Zeppelin Power Systems, the focus was on the drive systems of the future construction equipment industry. In addition to the latest EU Stage V high-performance diesel engine technology, trade fair visitors were also able to learn more about Caterpillar's future 48-volt, 300-volt and 600-volt battery generation for the off-highway industry.

As a foundation-owned company, Zeppelin combines business with social responsibility wherever possible, and with that in mind, not only were all proceeds from the Driver's Bar and a raffle of Caterpillar construction machine pictures donated to the South African Home from Home relief organization, which helps children in need, but the Zeppelin Group also made a further donation to take the final amount from around EUR 45,000 to a total of EUR 100,000.

Outlook for the 2023 financial year

Fred Cordes was appointed Managing Director of Zeppelin GmbH by the Supervisory Board on January 1, 2023, succeeding Michael Heidemann, who will retire on June 30, 2023 after more than 30 years of service. Cordes will assume responsibility for sales, service and marketing, as well as the Construction Equipment Central Europe, Eurasia and Nordics SBUs.

The ongoing war in Ukraine will continue to have a negative impact on the Zeppelin Group's economic development in 2023. Zeppelin is currently fulfilling its local service and maintenance obligations in Russia in strict compliance with sanctions and in accordance with its contractual obligations to its manufacturer partner Caterpillar. The assumption is that business in Russia cannot be continued, on a permanent basis.

Zeppelin is currently anticipating a further slowdown in the construction industry and on the construction equipment market. However, the large population of machines and engines provides a solid basis for the service business.

The rental business will continue to grow this year, offering temporary, flexible solutions. The range of services, which includes small devices as well as logistics for complex construction sites and the organization of large-scale events, opens up various interesting development opportunities. In addition, digital solutions facilitate the use of machines and equipment and the logistical control of the construction site.

Due to its high level of process engineering expertise, Plant Engineering is anticipating further project successes in the areas of plastics processing, malt production and raw material processing for the production of batteries for electromobility. This success was built on the Group's broad portfolio and its activities in various industries as well as the extraordinary performance of the international companies in the past financial year.

Key figures at a glance

		2022	2021
Sales			
Construction Equipment Central Europe SBU	EUR million	1,516	1,494
Construction Equipment Nordics SBU	EUR million	292	292
Construction Equipment Eurasia SBU	EUR million	525	642
Rental SBU	EUR million	666	576
Power Systems SBU	EUR million	442	437
Plant Engineering SBU	EUR million	493	340
Group total¹	EUR million	3,838	3,696
Employees (FTEs as at the reporting date December 31, including employees of the companies Zeppelin GmbH, klickrent GmbH, Z Lab GmbH and klickparts GmbH, as well as trainees)			
Group total¹		10,417	10,673
Cash flow from operating activities	EUR million	-42.8	240.1
Investments	EUR million	339	249
EBITDA (Earnings before interest, tax, depreciation and amortization)	EUR million	437	444
Net profit before tax	EUR million	134.6	159.5

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

Caption: The Management Board of the Zeppelin Group (from left to right):
Fred Cordes, Peter Gerstmann, Alexandra Mebus, Christian Dummler, Michael Heidemann
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¹ including Zeppelin GmbH, klickrent GmbH, Z Lab GmbH and klickparts GmbH

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 active worldwide in more than 340 locations in 26 countries and regions. In the 2022 financial year, the Group workforce comprised over 10,000 employees and generated sales of EUR 3.8 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 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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