

PRESS RELEASE

Zeppelin Group Concludes a Successful Fiscal Year

Company experiences further development through targeted investments, and acquisition and expansion of new business areas

- Group sales: EUR 2.36 bn
- Group's earnings before taxes on income and earnings: EUR 85.9 m
- Average workforce over the year: 7,646 (including trainees)
- Strategic focus: Digital Transformation

Garching near Munich, Germany, April 7, 2017. Zeppelin Group had positive results in fiscal year 2016. Group sales totaled EUR 2.36 bn (previous year: EUR 2.33 bn), while the Group's earnings before taxes on income and earnings increased year on year to EUR 85.9 m (previous year: EUR 81.2m). Based on the positive results in recent years and the further increase in the Group results for the 2016 fiscal year, all employees will receive a special bonus of up to EUR 600.¹

“Thanks to the outstanding performance of our employees and the successful implementation of our strategy, we have succeeded in developing the Group further while remaining highly profitable – despite the continuing crises in Ukraine and Russia”, summarizes Peter Gerstmann, Chairman of the Management Board of Zeppelin GmbH. “Fortunately, Creditreform Rating AG raised the Group’s credit rating to A- with a stable outlook once again in 2016”, adds Christian Dummler, Managing Director and CFO of Zeppelin GmbH.

Strategic business units on track

The Construction Equipment EU business unit saw an extremely successful fiscal year. The construction equipment market share in Europe was expanded once again in 2016. A new sales record was set in Germany, with sales of 5,700 new Caterpillar machines, and more than 3,000 used. In the age of “smart iron”, digital construction equipment technology with geodata, machine data and assistance systems has become a key success factor in increasing customer benefits.

Despite persisting geopolitical tensions, the Construction Equipment CIS business unit achieved a stable result and expanded its market position, particularly in Russia. The development of existing partnerships in the agricultural machines sector, as well as

exceptional successes in terms of orders received, also contributed to this success. For example, in Armenia the business unit won its largest ever single order in the amount of USD 65 m.

The Rental business unit achieved very good business development. The founding of Fast Rent GmbH has allowed the Group to appeal to a new customer segment and the takeover of the rental business area from STAPLER-RENT 2000 GmbH has expanded the unit's product range considerably. In addition, the introduction of the online rental service has made it possible to create momentum within the market and marks an important step in securing the future of the company and networking with customers.

The Power Systems business unit received a high volume of orders for cruise liner drive units and auxiliary generators in the marine segment. The business unit succeeded in expanding its range of services substantially, tapping into new market segments through obtaining the marketing rights for gas engine sets from the Mannheim-based Caterpillar Energy Solutions production facility (formerly MWM).

The Plant Engineering business unit also saw positive development in 2016. The unit received its highest ever order volume in Germany and also won its largest single order to date in Russia. The business unit also completed a strategic repositioning in the food industry sector, which had a significant impact on order success. Silo production was concentrated in the Friedrichshafen site, with production discontinued in Genk, Belgium accordingly.

Focal point digitization

The strategic focus of the Zeppelin Group in 2016 was on digitization. The digital expansion of existing business models was advanced, ensuring that customers could use a growing number of products and services online on a gradual basis. The founding of Z Lab, the sixth strategic business unit, which is to concentrate exclusively on the development and improvement of new digital business models, was a milestone achievement. The start-up klickrent – an online sharing platform for construction equipment – is the first digital product to be positioned on the market. In total, the Zeppelin Group is set to invest tens of millions of euros in the digitization of new and existing business models over the next five years. By 2025, the Group expects to be doing 50% of its business via digital business models and channels.

Stable finances

In 2016, Creditreform Rating AG increased the Zeppelin Group's credit rating from BBB+ to A-, with a stable outlook. In addition, the Group succeeded in reducing its net debt significantly in 2016.

Investing in the future

The total investment volume for the 2016 fiscal year was EUR 230 m. Expansion of the warehousing, production and office capacities as well as the engine test rig at the Achim site near Bremen was completed, with a total investment of around EUR 31 m. Further expenditure of EUR 11.6 m went towards infrastructure development in the form of construction work and land acquisition. In addition, the fleet was modernized at a cost of EUR 15.4 m.

Sustainability and compliance

The successful implementation in Germany and Austria of an energy management system in line with the DIN EN ISO 50001 standard marked a further step towards becoming a sustainable company. Obtaining this certification constitutes an undertaking on the part of Zeppelin GmbH to make a sustainable, genuine contribution towards energy efficiency and thereby towards protecting the environment. In joining the UN Global Compact in 2016, Zeppelin has also highlighted its firm commitment to human rights and sustainable corporate management.

Outlook for 2017

The Zeppelin Group is forecasting various developments in those markets relevant to the company. Oil and raw materials prices will remain at a low, if slightly raised, level. Little growth is expected in the plant engineering markets in China, the Middle East, Russia and South America. Similarly, no major increases are expected in the marine and oil and gas sectors. Continued positive market development and therefore sales development are expected for construction equipment in Central Europe, due to increased investment in infrastructure as well as high levels of capacity utilization within the construction industry. The Group also expects further growth in the markets for the rental of construction machines and equipment, flexible construction site management and logistics solutions. On the other hand, US and EU sanctions against Russia persist, which is severely curtailing growth potential on the construction and mining equipment markets. Zeppelin will continue to benefit from the shift towards renewable energy in 2017 and expects positive sales development for energy applications. The high level of project activity in the field of plastic production is also bolstering the Group's positive expectations in terms of order volume. Demand for plastic,

rubber and food processing plants remains stable. The Zeppelin Group began 2017 with its highest ever order volume, providing a good starting point for the year ahead.

For more information, please visit www.zeppelin.com.

Key figures at a glance

		2016	2015
Sales			
Construction Equipment EU SBU	EUR m	1,205	1,123
Construction Equipment CIS SBU	EUR m	299	307
Rental SBU	EUR m	363	373
Power Systems SBU	EUR m	307	283
Plant Engineering SBU	EUR m	262	328
Group total (including Zeppelin GmbH)	EUR m	2,362	2,328
Employees (average for the year, including trainees)			
Group total		7,646	7,801
Earnings before taxes	EUR m	85.9	81.2
SBU: Strategic Business Unit			

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¹ All current employees who have been employed in the German companies within Zeppelin Group in the period from 31.12.2016 will receive a special bonus of EUR 600, while employees in the international companies will be paid a bonus that is adjusted for purchasing power. These special payments will be made in addition to the profit-sharing bonus already paid out and will also be provided to employees who retired or entered active semi-retirement in 2016. Trainees and part-time employees will receive 50 percent of the bonus calculated.

About Zeppelin Group

Zeppelin Group operates 190 sites around the world. In the 2016 fiscal year, its 7,646 employees generated sales of over 2.36 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 www.zeppelin.com.

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