

ZEPPELIN[®]
WE CREATE SOLUTIONS



2012
ANNUAL REPORT
Focus on Customer Value



ZEPPELIN GMBH

Headquarters

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Germany

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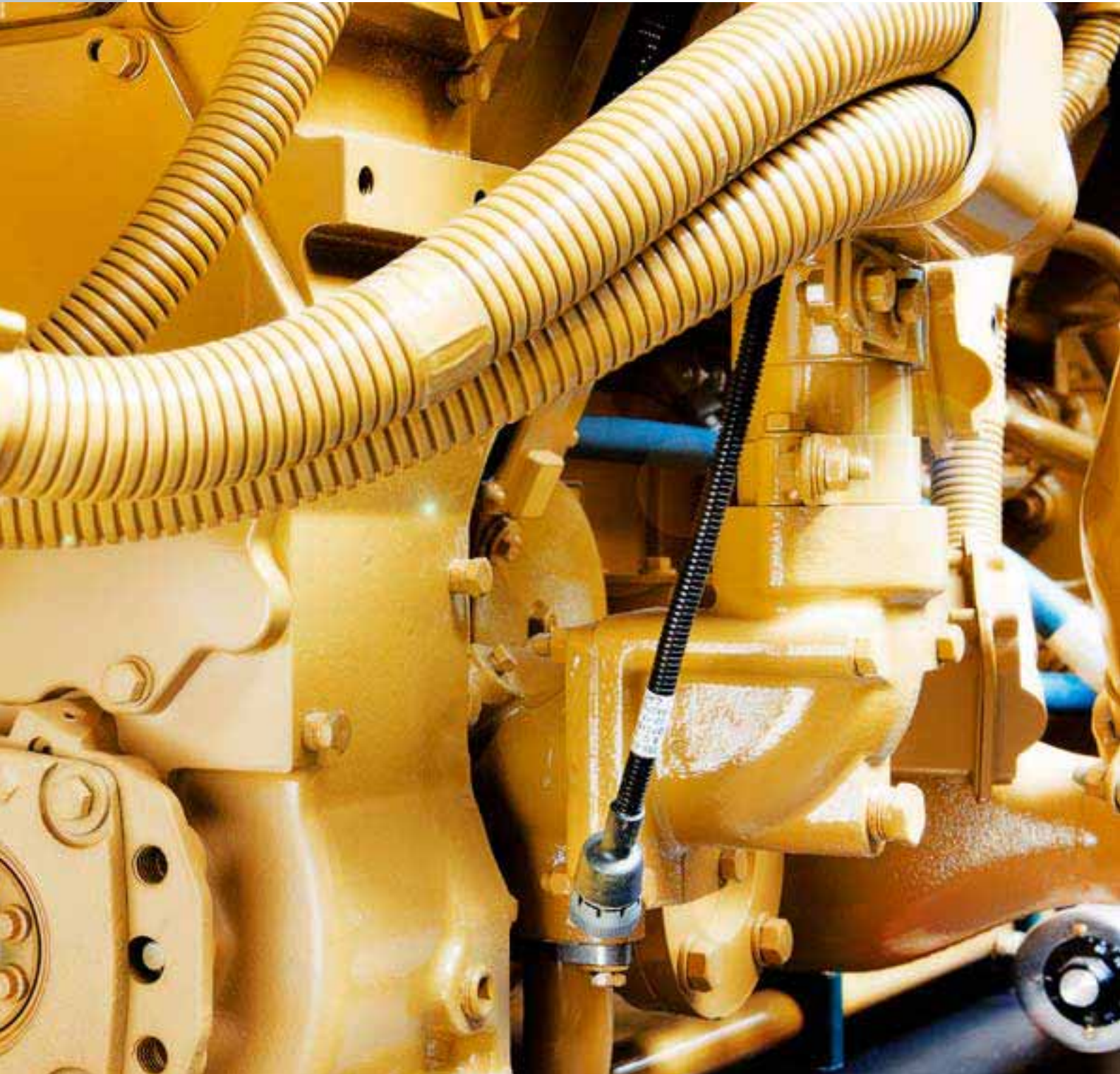
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Company Seat

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ZEPPELIN AT A GLANCE

		2012	2011	2010	2009	2008
Sales						
Construction Equipment EU SBU	EURm	1,070	1,126	985	-	-
Construction Equipment CIS SBU	EURm	665	516	337	-	-
Rental SBU	EURm	288	254	222	-	-
Power Systems SBU	EURm	344	365	316	-	-
Subtotal (former Trade division) ¹⁾	EURm	2,268	2,195	1,797	1,558	2,208
Plant Engineering SBU	EURm	282	234	249	238	239
Total for Zeppelin Group ²⁾	EURm	2,550	2,429	2,046	1,796	2,447
Employees (yearly averages)						
Construction Equipment EU SBU		2,687	2,660	2,597	-	-
Construction Equipment CIS SBU		1,491	1,211	964	-	-
Rental SBU		1,052	898	744	-	-
Power Systems SBU		750	716	657	-	-
Subtotal (former Trade division)		5,980	5,485	4,962	5,088	5,271
Plant Engineering SBU		1,302	1,122	1,115	1,144	669
Total for Zeppelin Group ²⁾		7,332	6,647	6,113	6,268	5,973
Fixed Assets						
Additions	EURm	160.4	151.5	109.8	99.6	149.7
Changes in consolidated companies	EURm	-3.2	9.8	-	31.5	0.6
Depreciation	EURm	73.2	75.8	63.9	67.8	54.3
	% of additions	46	50	58	68	36
Thereof, rental assets						
Additions	EURm	102.9	98.3	71.3	52.3	88.9
Changes in consolidated companies	EURm	0.1	2.0	-	0.0	0.0
Depreciation	EURm	41.8	36.6	29.3	30.8	31.0
Result of ordinary activities	EURm	98.4	85.7	26.2	26.7	101.2
Net consolidated profits of Group	EURm	68.7	55.8	10.0	12.8	65.4
Net cash flow	EURm	152.0	154.3	80.7	92.3	170.0
Group equity	EURm	507.8	449.3	396.0	383.2	394.4
Thereof:						
Subscribed capital	EURm	100.0	100.0	100.0	100.0	100.0
Capital reserves	EURm	60.0	60.0	60.0	60.0	60.0
Retained earnings	EURm	337.8	277.5	224.1	212.0	140.6
Balance sheet profit	EURm	0.0	0.0	0.0	0.0	83.0
Minority interests	EURm	10.1	11.8	11.9	11.2	10.8

¹⁾ Consolidated. ²⁾ Incl. ZEPPELIN GmbH.

CONTENTS



Management Board	6
Management Board Report	8
Supervisory Board	12
Supervisory Board Report	14
GPS Strategy	16
Interview with Management Board	18
History	20
Structure in 2012	21
Zeppelin Worldwide	22
Milestones in 2012	24
Sustainability	26
Strategic Business Units	
Construction Equipment EU	28
Construction Equipment CIS	32
Rental	36
Power Systems	40
Plant Engineering	44
Group Management Report	48
Group Financial Statements	66



PETER GERSTMANN
Chairman of the Management Board

Corporate Development, IT, Auditing, Corporate Communication;
Plant Engineering and Construction Equipment CIS Strategic Business Units

Diplom-Betriebswirt (roughly equivalent to MBA)

- 2000: Joined Zeppelin as Commercial Director of Zeppelin Silo- und Apparatechnik GmbH*
- 2002: Managing Director of Zeppelin Silos & Systems GmbH*
- 2006: Chairman of the Management Board of Zeppelin Silos & Systems GmbH*
- 2007: Also Managing Director of ZEPPELIN GmbH
- 2010: Chairman of the Management Board of ZEPPELIN GmbH

* Now Zeppelin Systems GmbH



MICHAEL HEIDEMANN
Deputy Chairman of the Management Board

Sales, Marketing, Service;
Construction Equipment EU and Rental Strategic Business Units

Industrial Manager

- 1992: Joined Zeppelin Baumaschinen GmbH as Branch Manager
- 1997: Head of Construction Equipment Sales and Marketing
- 1999: Managing Director for Sales and Service of Zeppelin Baumaschinen GmbH
- 2000: Also Managing Director of ZEPPELIN GmbH
- 2003–2007: Also Labor Director of ZEPPELIN GmbH
- 2008: Chairman of the Management Board of Zeppelin Baumaschinen GmbH
- 2010: Also Deputy Chairman of the Management Board of ZEPPELIN GmbH



CHRISTIAN DUMMLER
Member of the Management Board

Management Accounting, Finance, Real Estate Management

Certified Banking Specialist

- 2003: Joined Zeppelin as Commercial Director of MVS Zeppelin GmbH & Co. KG (now Zeppelin Rental Germany)
- 2005: Commercial Director of MVS Zeppelin GmbH & Co. KG
- 2007: Managing Director of Zeppelin Baumaschinen GmbH
- 2009–2010: Also Managing Director of Zeppelin Rental GmbH & Co. KG
- 2011: Member of the Management Board of ZEPPELIN GmbH



JÜRGEN-PHILIPP KNEPPER
Member of the Management Board

Personnel (Labor Director), Legal Affairs, Compliance;
Power Systems Strategic Business Unit

Lawyer

- 1997: Joined Zeppelin as Head of the Group Legal Affairs Department (Chief Legal Officer) of ZEPPELIN GmbH and Zeppelin Baumaschinen GmbH
- 2000: Authorized representative of ZEPPELIN GmbH and Zeppelin Baumaschinen GmbH
- 2008: Member of the Management Board of ZEPPELIN GmbH

2012

ANNUAL REPORT Management Board Report



“Our strategy of tapping our employees’ superior problem-solving competence to significantly increase customer benefits is enabling us to bolster our position as a future-oriented solution provider.”



Peter Gerstmann



The 2012 fiscal year was a very successful one for Zeppelin: nearly all of its business units succeeded in boosting both sales and profits. As a result, the Zeppelin Group's sales volume in 2012 was five percent higher than the year before, despite a relatively unstable market environment that was impacted by the debt and euro crises.

Our business developed very heterogeneously across our markets. While our territories in the Commonwealth of Independent States (CIS)

exhibited dynamic growth rates and increased sales and rentals of construction equipment, our business volumes declined throughout Central Europe. Our plant engineering activities benefited from buoyant markets in Asia, Latin America, and the Middle East.

The Zeppelin Group's overall sales climbed by five percent over the preceding year to reach about EUR 2.55b. The pretax profit rose by 16.7 percent to EUR 95.5m (previous year: EUR 81.8m).



The workforce comprised an average of 7,332 employees during the year under review. This was 10.3 percent more than in the previous year, mainly the result of integrating previously unconsolidated Group companies and expanding our service activities.

Zeppelin continued to invest to extend and renew its infrastructure in 2012. For example, a total of EUR 58.5m was spent to modernize and expand our network of branches, to build logistics facilities for our engine business and component service centers near customers in Russia, and to create a state-of-the-art testing center for our food processing systems. In addition, the company's owner, Luftschiffbau Zeppelin GmbH, invested around EUR 12m in a new, modern office building for staff of the Plant Engineering business unit in Friedrichshafen.

The greatly improved financial clout and positive business development of our enterprise were confirmed by the awarding of an upgraded rating of A by Creditreform Rating AG and the successful placement of a bonded loan of EUR 120m.

The Group's GPS (Growth–Performance–Stability) strategy, which has been in place since 2010, was adjusted to account for new market developments. In the construction equipment sector, we implemented it in the area of service with a strategic initiative called "Seed–Growth–Harvest". This has involved expanding our service activities while making a number of improvements in planning, online sales, and logistics. In addition, investments were made in infrastructure and new personnel.

Throughout the year, compliance courses were held to hone our employees' value orientation. We also improved our risk management system for dealing with currency exchange and interest rate fluctuations, and early warning indicators for risks were introduced.

The forecasts for our core markets for 2013 are cautious. The important Eastern Europe mining sector is showing signs of saturation as a result of the weakening global economy, and this can be expected to dampen the outlook for our global plant engineering activities. However, we anticipate that the restructuring of our business model, which is

transforming us into an integrated provider of services and solutions, will provide good opportunities for us to offset the expected decline in sales of our primary products.

The world's largest trade show devoted to construction equipment, bauma in Munich this spring, can be expected to additionally stimulate business.

Our manufacturing partner, Caterpillar, has launched its new 966K XE wheel loader, an innovative construction machine featuring the novel CVT transmission technology, which reduces fuel consumption by up to 25 percent. It will also be exhibited at this year's bauma.

Zeppelin is a modern service enterprise engaged in sales, services, and engineering. We now enjoy a leading position in the market, for which our employees deserve credit. They have consistently worked hard and performed their best. Our strategy of tapping our employees' superior problem-solving competence to significantly increase customer benefits is enabling us to bolster our position as a future-oriented solution provider. We are focusing all of our resources on developing optimized service packages that are directly tailored to customers' requirements, thus generating a clear competitive edge.

We want to thank our customers, the members of the Supervisory Board, and our shareholders for the trust they have placed in us and for their farsighted support and backing for the projects we are conducting to introduce changes. Special thanks also go to our employees for their commitment, untiring efforts, and outstanding loyalty.

Garching near Munich, Germany

April 26, 2013

On behalf of the Management Board



Peter Gerstmann

Chairman of the Management Board
of ZEPPELIN GmbH

SUPERVISORY BOARD

The Supervisory Board, constituted according to Article 7 of the German Codetermination Act (Mitbestimmungsgesetz), comprises the following members:



Shareholder Representatives

Andreas Brand

Chairman,
Mayor of the City of Friedrichshafen

Dipl.-Ing. Werner Baier

Chairman of the Supervisory Board of Webasto SE

Dr. Reinhold Festge

Managing Partner of HAVER & BOECKER oHG

Dr. Werner Pöhlmann

Attorney, Tax Adviser, Certified Public Accountant

Univ.-Prof. Dr.-Ing. Dr.-Ing. e. h. Dieter Spath

Head of Fraunhofer IAO and the Institute of Human Factors,
Ergonomics and Technology Management of the University of Stuttgart

Univ.-Prof. Dr. Dr. h. c. mult. Horst Wildemann

Chair for Business Studies, Management, Logistics,
and Manufacturing at the Munich University of Applied Sciences



Employee Representatives

Heribert Hierholzer

Deputy Chairman,
Foreman and Chairman of the Employee Council of Zeppelin Systems GmbH

Manfred Enger

Service Technician, Zeppelin Baumaschinen GmbH

Roswita Feineis

Head of Personnel at ZEPPELIN GmbH / Zeppelin Baumaschinen GmbH,
Management Representative

Ludwig Maier

Head of the Economics Department of the German Federation of Trade Unions (DGB),
Bavarian Chapter

Ralph Misselwitz

Senior Field Sales Representative,
Chairman of the General Employee Council of Zeppelin Baumaschinen GmbH

Vincenzo Savarino

Authorized Representative of the IG Metall Trade Union in Friedrichshafen-Oberschwaben



Andreas Brand

Report by the Supervisory Board of ZEPPELIN GmbH

2012

The Supervisory Board of ZEPPELIN GmbH properly complied with its duties and obligations as dictated by law and the articles of incorporation and rules of procedure for the Supervisory Board. In the 2012 fiscal year, the Supervisory Board thoroughly informed itself about the business activities of the Company and the Zeppelin Group by regularly meeting with the Management Board and reading the monthly written reports

submitted by the Management Board. In three sessions, the Supervisory Board examined reports, presentations, and other submissions and discussed in detail with the Management Board the strategy and planning, profit, asset, and financial situation, as well as the risk and compliance reports of the Company and its subsidiaries and associate companies, and also monitored the Management Board on this basis.

The Supervisory Board thoroughly discussed the annual corporate, investment, and financial planning. Following in-depth consultation with the Management Board, it vetted a number of projects and measures that, according to law or the articles of incorporation or rules of procedure for the Supervisory Board, require the approval of the Supervisory Board. This mainly concerned investment plans for the 2012 fiscal year, the establishment of a new property company in Russia, the amalgamation of two Group companies, and the appointment or reappointment of managing directors of subsidiaries and associate companies.

The Supervisory Board deliberated the strategies proposed by the Management Board for ensuring stability and future growth and the measures it planned for recruiting and training personnel, developing further the Group-wide financial and currency management system, and managing the Group via its five Strategic Business Units. In addition, the Supervisory Board was informed in detail by the Management Board about the implementation status of important strategic projects, the 2012 Strategy Meeting in Berlin, and the strategic planning for and integration status and business development of the acquisitions made during the last three fiscal years.

The activities of the Supervisory Board in general, and its monitoring of the Management Board in particular, did not reveal any grounds for criticism.

The personnel committee held three sessions to discuss important issues concerning the Management Board and future changes in its membership for managing the Group and formulate appropriate recommendations for the Supervisory Board's decisions. There were no changes in the composition of the Management Board of ZEPPELIN GmbH in the 2012 fiscal year.

The end-of-year financial statements prepared in accordance with the rules of the German Commercial Code, the management report on the Company's situation, the consolidated Group financial statement, and the management report on the Group's situation of ZEPPELIN GmbH as of December 31, 2012 were audited by the accountancy PricewaterhouseCoopers Aktiengesellschaft in Munich, which had been chosen at the annual general shareholders' meeting on May 4, 2012 to perform the final audits and contracted by the

Supervisory Board. The auditors fully approved of all four. The end-of-year statements, management reports, and reports by the auditors were all submitted punctually to the Supervisory Board. Prior to the Supervisory Board's balance sheet session, the auditors met twice with members of the Supervisory Board to discuss the content and findings of the final audits. In the balance sheet session on April 26, 2013, the auditors informed the Supervisory Board about the focuses and principal findings of the audits, which also covered the early warning system for risks as instructed.

The Supervisory Board examined and approved the end-of-year financial statements and consolidated Group statements and management reports that the Management Board submitted on the situation of the Company and the Group. The end-of-year financial statements and consolidated Group financial statement of ZEPPELIN GmbH as of December 31, 2012 were approved, as a result of which the end-of-year financial statements are official. The Supervisory Board adopted the Management Board's suggestion to acknowledge the indicated balance-sheet profit.

All employees of the Zeppelin Group, all workforce representatives, the heads of the Strategic Business Units, and the members of the management teams did excellent work in 2012. The Supervisory Board thanks and praises them for their work and high level of commitment to the Company.

Friedrichshafen, Germany
April 16, 2013
On behalf of the Supervisory Board



Andreas Brand
Chairman

THE GPS STRATEGY

Growth – Performance – Stability



As part of a comprehensive strategy process in 2010, the Zeppelin Group organized its market activities in five Strategic Business Units (SBUs): Construction Equipment EU, Construction Equipment CIS, Rental, Power Systems, and Plant Engineering. The basis for all of ZEPPELIN GmbH's business operations is a three-pillar, Group-wide strategy called GPS. It is designed to steer the enterprise to a successful future by means of Growth (an expansion orientation), Performance (a results orientation), and Stability (an assets orientation). The Group's strategy and structure ensure that Zeppelin will not only succeed in mastering future challenges, but also continue to actively drive its growth. Within the scope of the ongoing strategy process, in the last fiscal year additional important strategic initiatives and measures were introduced to ensure that the company achieves its goals through 2015.

Initially, efforts concentrated on furthering the business units' core strategies. Then, in 2011, the strategic focus shifted to personnel management throughout the Group, with the motto "Focus on our People". The declared objective was to create a work environment in which staff actively share and practice the company's goals and values. Initiatives were launched everywhere to win qualified new employees for Zeppelin and lastingly integrate them. Even greater attention began to be paid to providing basic and advanced training to develop specialists and managers from the company's own ranks.

Focus on Customer Value: Stressing Customer Benefits

In 2012, a new strategic emphasis was defined with the motto "Focus on Customer Value". All processes, initiatives, and activities related to customers were examined and optimized. The aim was to offer them



added value through comprehensive expertise and an all-inclusive portfolio of products and services. Another central element was measures to boost the efficiency of sales by striking a balance between market coverage and expenditures. Efforts to improve the cost structure by continually checking and monitoring work and order handling processes also played a central role.

Reviewing costs, making processes and procedures leaner, and speeding order turnaround were important prerequisites for convincing customers of our superior problem-solving competence and offering them a wider range of services than our competitors. Attention also focused on optimizing and expanding our portfolio in order to consolidate and strengthen our leading positions in each of our fields of business with innovative products, systems, and services.

Lean processes, high productivity, and low costs are advantages that measurably benefit customers and increase Zeppelin's competitiveness. Long-term plans were therefore forged to position the Zeppelin Group in the market by 2025 as follows:

Zeppelin is evolving from a corporate conglomerate with a mixture of manufacturing and trading activities into an integrated services group with outstanding problem-solving competencies in the areas of construction equipment, rental, power, and industrial plants and systems.

FOCUS ON CUSTOMER VALUE

Concentrating on Customers

Mr. Gerstmann, why is the GPS strategy based on growth, performance, and stability so important for the Zeppelin Group's further development?

The three pillars of growth, performance, and stability are our system for navigating toward a successful future. There are companies that want to grow at any price. Others give top priority to results. At Zeppelin, we want to enjoy solid, profitable growth, we derive great satisfaction from performing well, and we also keep an eye on our long-term targets. But it is mainly our customers who benefit from Zeppelin's legendary stability and reliability.

We keep working to become even better, to streamline our processes, to critically examine our costs, and to expand our portfolio further. We convince customers with the very best products from our plant engineers and manufacturing partners, and especially with our solutions, systems, and services. Our wish is for our customers to place their trust in us for their future projects as well.

As Mr. Gerstmann already stressed, where our GPS strategy really comes to the fore is where it is put into practice in our five business units and in the interactions between our employees and our customers. Our customers know that they can always count on Zeppelin.

Mr. Heidemann, what concrete measures are behind the motto "Focus on Customer Value"?

Zeppelin is first and foremost a service enterprise. We attach particularly great importance to services. And we have steadily widened the scope of our services like no other company in our industry. We're committed to always offering our customers complete solutions and not just products. Let me illustrate this with an example. Recently a customer asked us to review the processes in their gravel pits. The goal was to check costs and find a way for them to produce more cost-effectively while reducing harmful environmental impacts. Our consultants began by analyzing the quarries and carrying out seismographic tests. After they had all the facts on the table, they chose appropriate hydraulic excavators and dump trucks. The customer opted for a full-service contract from Zeppelin so they could concentrate on what they do best, namely building and running gravel pits. The results have been impressive: the operating costs in the quarries have fallen by 30 percent. This is a great example of how we deliver tangible value adds to our customers. Our aim is to boost their competitiveness.

Our dense network of service centers and branches lets us promise customers that our optimally trained experts, service technicians, and sales consultants will always be available to serve them fast. We supply engines, machines, and spare parts by the agreed-on dates. Also where plant engineering is concerned, Zeppelin customers can count on getting expert advice and professionally executed and completed orders. Zeppelin occupies leading positions in all of its fields of business. And the fact that our customers keep coming back for more confirms that we are on the right track.

Mr. Gerstmann, in your opinion how far along are the Strategic Business Units in implementing

Mr. Heidemann, last year's strategic orientation was expressed with the motto "Focus on our People". How does that tie in with customer benefits?

Last year we concentrated our activities on the employees of the Zeppelin Group, with the motto "Focus on our People". Training has great importance at Zeppelin. We know that only the best-trained, most highly motivated staff are able to add value for our customers. Our number one priority is therefore to strengthen our problem-solving competencies.





a “Focus on Customer Value”, and where do you still see potentials?

We have already made major progress in implementing our most important strategic initiatives across all five business units. Some of the successes are already visible, while others will yield long-term benefits. Reducing the turnaround times for orders, for example, is an ongoing process, but we can already see very good progress there. Our customers greatly appreciate Zeppelin’s readiness to serve them. The fact that our market shares are growing in all of our areas of business shows impressively that our strategy is having the intended effect and customers are increasingly taking advantage of our comprehensive system offering.

We want to enthuse our customers with our wide-ranging problem-solving competence. I’d like to mention just two examples: over the last couple of years, our Power Systems business unit has progressed from selling engines to offering entire systems. We used to only supply engines from Caterpillar, but now we offer customers complete drive systems for machines, ships, and locomotives. Leading-edge cogeneration plants made by Zeppelin are helping to enable local power and heat supplies. In plant engineering as well, we have expanded our network of facilities to be close to customers, in Germany and elsewhere. As a result, we are now close at hand to serve our customers as reliable partners worldwide.

Interview Participants

Peter Gerstmann, Chairman of the Management Board

Michael Heidemann, Deputy Chairman of the Management Board

This interview was conducted by **Sandra Scherzer**, Head of Corporate Communication.

Mr. Gerstmann, what positive effects do you expect these measures to yield for the Zeppelin Group?

We want to consistently offer the right solutions and thus make major contributions to bolstering our customers’ competitiveness. And by gaining our customers’ approval, which translates into large market shares, we secure our own future. Our close, personal contacts with customers and our innovative products, systems, and services will additionally fortify our already-leading market position. Lean processes and high productivity, together with low costs, will also benefit our customers while adding more value. Our customers automatically associate the Zeppelin name with above-average problem-solving competence, which I see as the best possible proof that we are on the right course with our strategy.

OUR HISTORY

The Zeppelin Group looks back on a long corporate history. It began back in 1908, when Ferdinand Graf von Zeppelin (1838-1917) founded the company of Luftschiffbau Zeppelin GmbH in Friedrichshafen. He was enabled to do so by a spectacular fundraising campaign that collected more than six million marks from the German public after his fourth airship had been completely destroyed by a storm. It was the largest voluntary donation ever seen in the German Empire, and allowed Count Zeppelin not only to launch Luftschiffbau Zeppelin GmbH, but also to establish a foundation. The Zeppelin Foundation still holds a stake in ZEPPELIN GmbH today, via Luftschiffbau Zeppelin GmbH.

Luftschiffbau Zeppelin GmbH was a market success for decades. It built airships in Friedrichshafen and later launched the first commercial airship service between Europe and the United States, thus marking the start of civil aviation. But after the Hindenburg burned out in an accident at Lakehurst, New Jersey in 1937, the company's airship business came to an abrupt end.

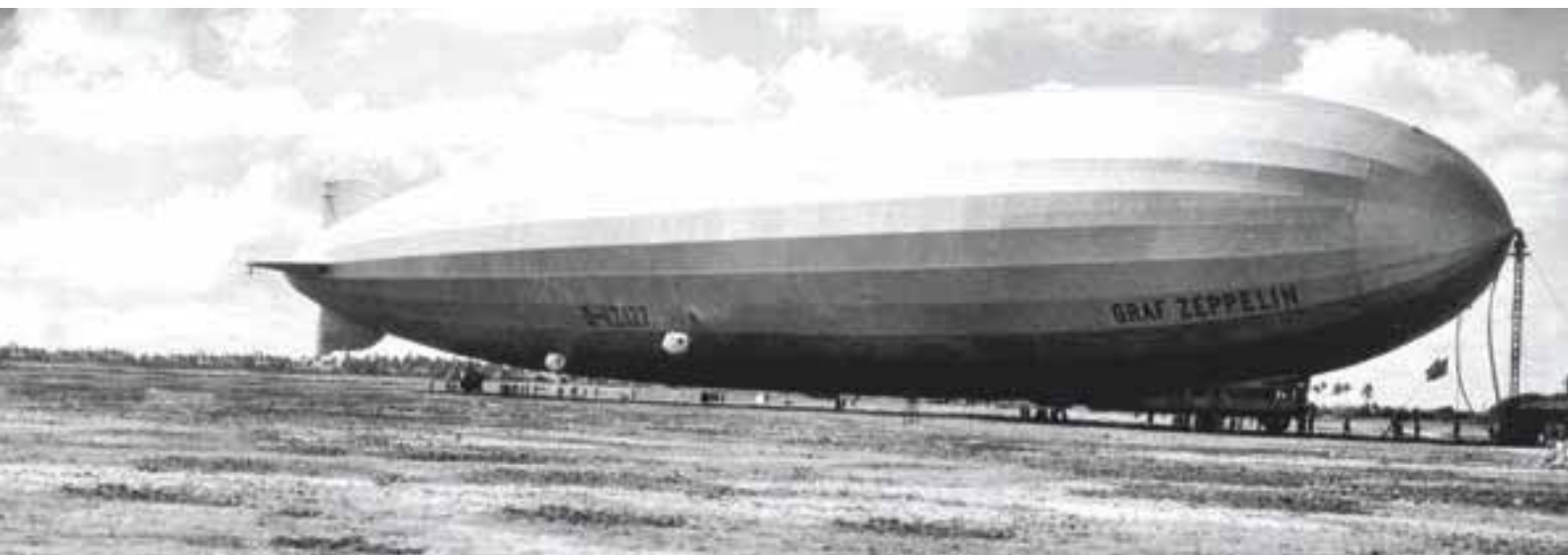
The Zeppelin production facilities were completely destroyed during World War II. In 1950, the company of Metallwerk Friedrichshafen GmbH (later renamed Zeppelin-Metallwerke GmbH and, in 1995, ZEPPELIN GmbH) was founded. That ushered in a complete reorientation of the Zeppelin Group's business activities. After successfully manufacturing containers

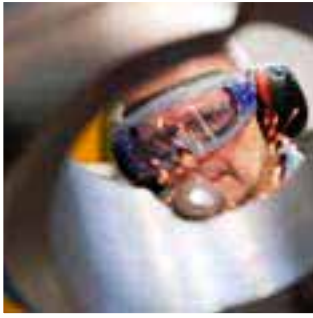
and components, in 1954 the company acquired exclusive rights to sell and service Caterpillar construction machines in West Germany. That launched a new field of business and set a milestone in the Group's history.

Over the subsequent decades, Zeppelin-Metallwerke GmbH steadily expanded its activities in much of Western and Eastern Europe. In 1994 it assumed the role of a holding company, while existing and newly founded subsidiaries in Germany and other companies took responsibility for actual operations. Other milestones were the expansion of the rental business to include construction and construction site equipment in 2003 and, in 2006, the pooling of all activities related to Caterpillar and MaK engines in a separate company called Zeppelin Power Systems GmbH & Co. KG.

In order to respond more sensitively to the needs of different markets and customer groups, in 2010 the Group restructured its operations in five Strategic Business Units.

Since 1993, airships have once again been produced in Friedrichshafen on Lake Constance. Zeppelin Luftschifftechnik GmbH & Co. KG develops and builds helium-filled Zeppelin NT ("Neue Technologie") airships. It is owned by Luftschiffbau Zeppelin GmbH and ZF Friedrichshafen AG, in which the Zeppelin Foundation in turn owns a majority stake.





STRUCTURE IN 2012

The Zeppelin Group is organized into five Strategic Business Units, each of which has a different, comprehensive portfolio.

The Construction Equipment EU business unit is devoted to selling and servicing Caterpillar construction machines and Hyster lift trucks. Caterpillar and Zeppelin have been successfully collaborating since 1954, and Zeppelin has partnered with the U.S.-based NACCO Materials Handling Group, which makes the Hyster brand, since 2001.

The Construction Equipment CIS business unit, which serves countries including Russia, Turkmenistan, Uzbekistan, Tajikistan, Armenia, Belarus, and Ukraine, focuses on selling and servicing construction and mining machines as well as special Caterpillar mining equipment. It also sells machines made by the Chinese manufacturer SEM (a company of the Caterpillar Group), agricultural machines from Case New Holland and Claas, and forestry equipment from Ponsse.

The product and service portfolio of the Rental business unit comprises rentals of construction machines and equipment, container and sanitary systems, equipment for securing construction sites and guiding traffic, aerial platforms, lift trucks, agricultural machines, vehicles, and trailers. Rental also supports its customers with supplementary services, which include analyzing and planning project-specific requirements, advice on deployment, logistics, assembly and installation, maintenance and servicing, and insurance.

The Power Systems business unit offers system solutions in the propulsion and energy industries. As an

exclusive partner for CAT and MaK brand Caterpillar engines, Power Systems offers customers tailored, highly efficient system solutions backed by comprehensive services for the marine, locomotive, and oil & gas industries as well as for power generation and mobile & stationary applications with outputs from 15 kW to 16 MW.

The Plant Engineering business unit is specialized in developing and producing components and systems for handling high-quality bulk goods and liquids. These systems are sold worldwide to customers in the chemical, plastics, rubber and tire, food, confectionery, baked goods, and beverage industries.

ZEPPELIN WORLDWIDE

CONSTRUCTION EQUIPMENT EU

Austria / Czech Republic /
Germany / Hungary¹⁾ /
Poland¹⁾ / Slovak Republic

CONSTRUCTION EQUIPMENT CIS

Armenia / Belarus / Russia /
Tajikistan / Turkmenistan /
Ukraine / Uzbekistan

RENTAL

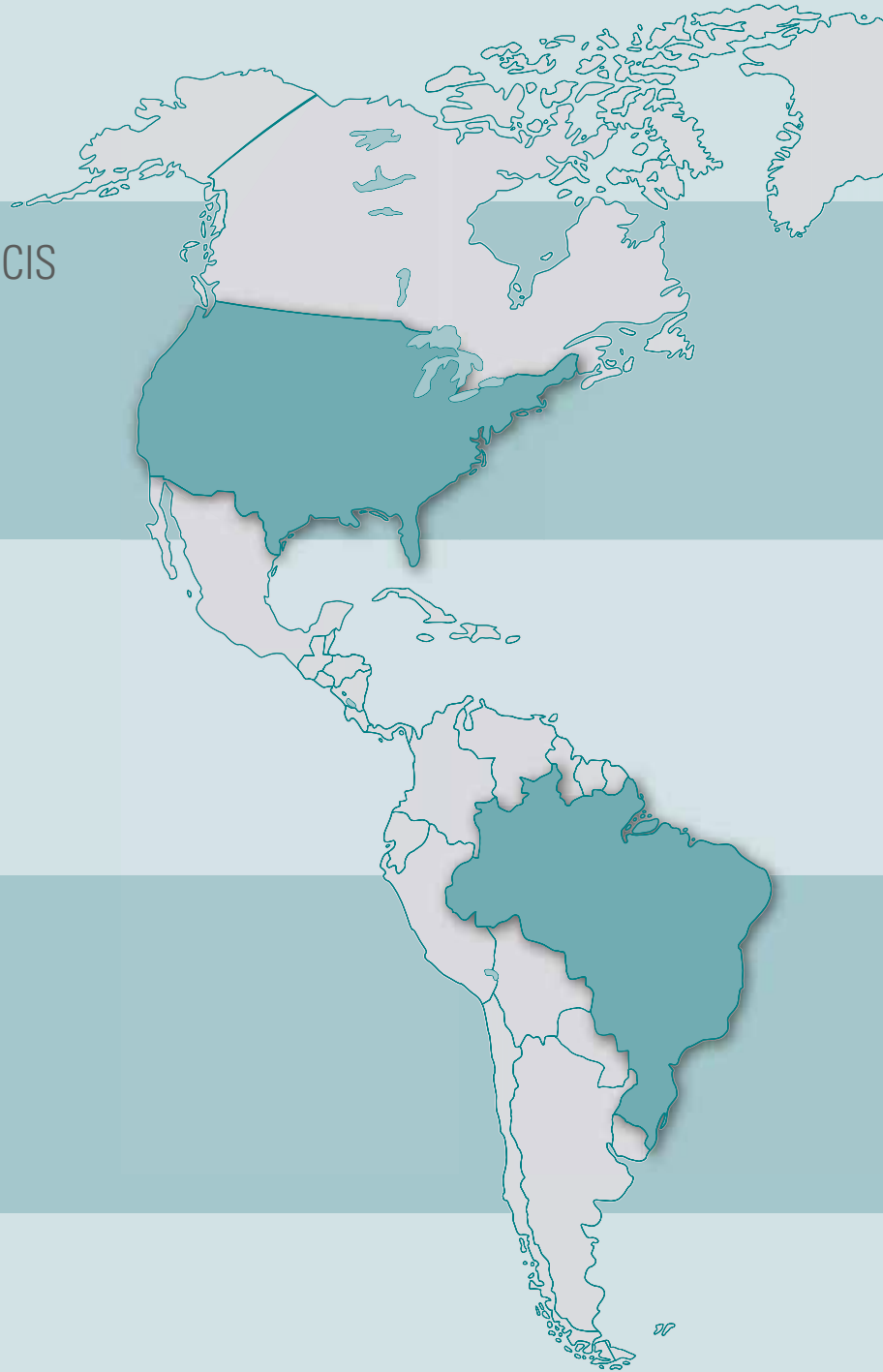
Austria / Czech Republic /
Germany / Russia /
Slovak Republic

POWER SYSTEMS

Armenia / Austria / Belarus / Bulgaria²⁾ /
Czech Republic / Germany / Hungary²⁾ / Kazakhstan²⁾ /
Poland²⁾ / Romania²⁾ / Russia / Slovak Republic /
Tajikistan / Turkmenistan / Ukraine / Uzbekistan

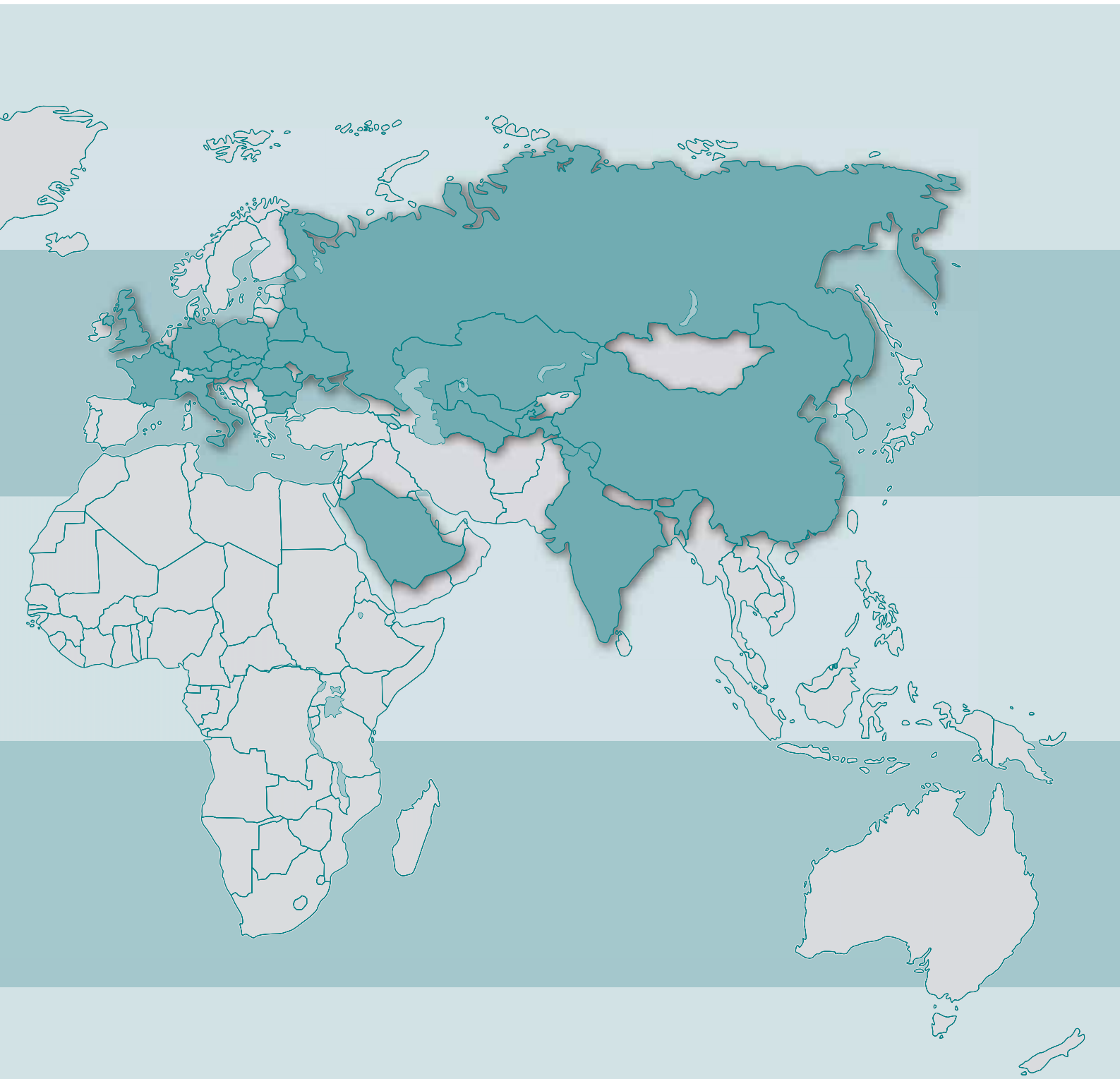
PLANT ENGINEERING

Belgium / Brazil / China / France /
Germany / India / Italy / Russia / Saudi Arabia /
Singapore / South Korea / United Kingdom / USA



¹⁾ Hyster lift trucks only

²⁾ MaK engines only



Leveraging its unique problem-solving competence at 190 locations worldwide, Zeppelin works day in, day out to give its customers a clear competitive edge.

MILESTONES IN 2012

Bouncing back from the crisis that had begun in 2009, in the 2012 fiscal year the Zeppelin Group achieved the largest sales volume in its history. The enterprise developed new markets and systematically extended its portfolio of products and services. As a result, Zeppelin is now well on its way to becoming an integrated services group. The year 2012 was marked by a number of Group-wide initiatives.

Personnel Management

The crucial driver of Zeppelin's success is how its employees perform in their daily interactions with customers. Solid expertise and commitment play central roles in this, since they demonstrate competence and instill trust. This recipe for success has proved its effectiveness. Zeppelin has been successfully operating in the market for decades—with a strong customer focus and custom-tailored solutions.

In order to ensure its long-term success, Zeppelin will continue to win qualified staff and do even more to tap the potentials of its existing team.

Special attention was therefore paid in 2012 to employer branding. A dedicated project worked to compile and analyze insights gained from workshops, meetings with focus groups, and telephone interviews with employees. The goal was to define unique employer characteristics and typical qualities to enhance the Zeppelin Group's attractiveness for job applicants and employees. The next step is now to prepare the main conclusions for implementation.

In addition to recruiting personnel, great attention was paid to fostering employees and furthering their development. The Zeppelin Group Academy, which had been established the previous year, continued its work to raise the qualifications of specialists and managers in 2012 by conducting four Group-wide Zeppelin personnel development programs. In all of them, management of project participants and employees was a central theme. In response to the increasing internationalization of markets, the scope of the International Executive Program was extended, mainly to encourage managers to create networks across countries and the Group's companies.

Global Collaboration Project

The Global Collaboration Project was initiated to achieve greater international networking of staff. For this purpose, the Zeppelin Group's IT systems—including e-mail programs, address systems, and intranets—are being merged and simplified. One key component of the IT project is the gradual introduction of a single, Group-wide intranet, dubbed the Z NET.

The name Z NET reflects the central idea of more robustly interlinking the various parts of the Zeppelin Group to facilitate broad collaboration. These steps to improve participation in projects across countries and companies add more value for employees and customers. Optimized IT processes also open up more opportunities to tap synergies through joint projects. By launching the Global Collaboration Project, in 2012 Zeppelin paved the way for worldwide cooperation and greater success in markets around the globe.





Project for a New Corporate Design

During the first half of 2012, the Corporate Communication department analyzed all of the Zeppelin Group's marketing communication activities and found that they were excessively diverse. This led to a project for developing and implementing a new, uniform corporate design that would be mandatory for the entire Group.

The first step was to assemble a project team with equal numbers of members drawn from each of the five Strategic Business Units and the holding company. A project agenda was drawn up, as well as a timetable detailing the crucial milestones. Three workshops took place in the second half of the year to discuss and identify the corporate goals, value

systems, and customer requirements of each of the Zeppelin Group's business operations.

The project team came up with a proposal for the future brand architecture and overall visual design, which was vetted by all marketing and communication officers throughout the Group. In December 2012, it was submitted to the Management Board, which decided to adopt the recommendations. The heads of the Strategic Business Units also approved the results of the project. After the details have been worked out, which will be done by May 2013, the implementation road map calls for the new corporate design to be rolled out Group-wide by the end of 2014.





SUSTAINABILITY

Sustainability also means responsibly conducting business activities. Zeppelin bases its actions on the three pillars of the Group-wide GPS strategy: growth, performance, and stability. These are crucial factors that give customers long-term security. As a sustainable enterprise, Zeppelin is characterized by a sound business model and professional management, which explains why stability is such an important pillar of the GPS strategy. Apart from that, Zeppelin offers a diverse range of top-quality products and services and has forged strong strategic alliances. This has been confirmed by, among other things, Creditreform Rating AG, which awarded a score of A to the Zeppelin Group in August 2012. This means that creditors, suppliers, and customers may consider it a reliable partner with good solvency. In 2012 the Group also invested more than EUR 58.5m to ensure sound, forward-looking market positioning.

Zeppelin also regards compliance with all relevant laws and regulations as another of the basic prerequisites for sustainably doing business. The "Zeppelin Code of Conduct: Business Ethics and Compliance" is the basis for meeting this responsibility every day. It services as an ethical and legal guide and defines the fundamental rules for dealing with customers and the public.

Zeppelin treats compliance as an obligation. It is therefore actively practiced by all employees of the Zeppelin Group. This is reflected in the very large numbers of them who have taken the e-learning course "Zeppelin Code of Conduct and Compliance Basics". In 2012 it was only available to staff in the German-speaking parts of Europe, but English- and Russian-language versions and a supplementary intensive module on avoiding corruption risks are now in preparation.

Detailed information on sustainability in the Zeppelin Group is contained in the recently published sustainability brochure "Living Responsibly", which is available at www.zeppelin.com.

Social Responsibility

For Zeppelin, business and social involvement are inseparably intertwined. The Group feels particularly obligated to support children, adolescents, and young adults. Especially deserving of mention in this context is the Zeppelin Youth Foundation JUST!, which is devoted to fostering and challenging young, talented individuals. The emphasis is on holding competitions to reward students who enter outstanding projects in the fields of science, technology, economics, and social and cultural studies. Besides financially supporting the Youth Foundation JUST!, the Zeppelin



Group systematically encourages young people to develop their inventiveness and pursue their interests in field of science. At the same time, it strives to get young people interested in the Zeppelin Group as a potential employer by offering a comprehensive range of training and study opportunities.

The Group has also supported education and research projects at the Zeppelin University in Friedrichshafen since its establishment in 2003. More than a thousand young people are now studying toward bachelor's and master's degrees at this private but state-accredited university.

In 2012, Zeppelin made donations to support a children's home in Gyumri, Armenia and the St. Anna Children's Hospital in Vienna, whose attached Children's Cancer Research Institute is devoted to diagnosing and treating cancer in children. The Zeppelin Group also made contributions to the Clemens Maria Home for Children in Putzbrunn near Munich. In addition, the Group's headquarters worked with the Bavarian Foundation for Bone Marrow Donation to conduct a typing drive to identify suitable donors of lifesaving blood stem cells. Zeppelin also demonstrates social involvement by sponsoring sports and culture. For years, it has been the main sponsor of the VfB

Friedrichshafen men's volleyball team, which has won the German championship a number of times. Zeppelin has also been supporting the Zeppelin Sportpark in Garching near Munich since 2011.

Environmental Responsibility

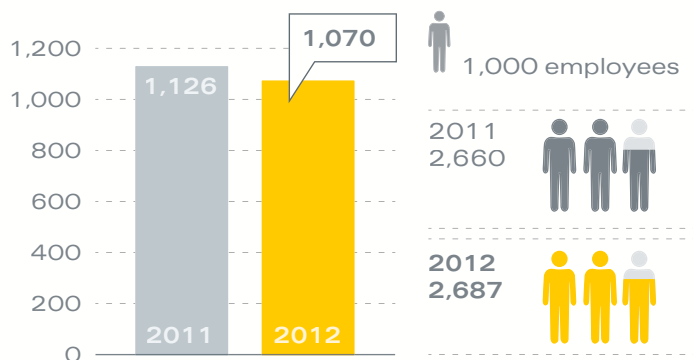
An excellent example of sustainability in business is the Caterpillar Certified Rebuild (CCR) program offered by the Construction Equipment EU and CIS business units (see page 30). In addition to letting customers save by purchasing a rebuilt machine instead of a new one, the program conserves resources and reduces waste volumes. Another example of responsible management of environmental resources is the energy concept of the Plant Engineering business unit's new administrative building in Friedrichshafen (see page 46). Its energy efficiency has been boosted by planting vegetation on the roof, installing highly effective roof and façade insulation, and using triple-glazed thermally insulating windows. Heat is supplied by an on-site cogeneration plant installed by Power Systems. In addition, the EcoRent program developed by the Rental business unit was continued with great success in 2012. It involves renting state-of-the-art machines and equipment that use particulate filters and biodegradable hydraulic oils to appreciably slash emissions and boost efficiency.

“Our relationship with Zeppelin is marked by great openness and communication. We genuinely appreciate the fact that we are involved in developing new products. When we let Zeppelin know our needs in terms of construction machines and services, they make sure to meet them. We work with them not only because of price considerations, but also because of the overall service they provide, their fairness, their ability to accept criticism, their reliability based on experience, and the quality of the production equipment we receive.”

Gerhard Hirth
CEO of the Schwenk Group



Facts on the Construction Equipment EU SBU
Sales (EURm) Employees



Sales consolidated; employee figures as yearly averages



**MEETING
WISHES**



CONSTRUCTION EQUIPMENT EU

The Construction Equipment EU business unit is a reliable partner to its customers. Its foremost aim is to improve their productivity and processes to ensure their competitiveness by providing leading-edge construction machines from Caterpillar and first-class services from Zeppelin. The business unit once again impressively succeeded in doing this in 2012.

Successes in 2012

The 25,000th Caterpillar mobile excavator was supplied to a German-Austrian customer: BMTI, a subsidiary of the STRABAG Group. The Osnabrück branch also provided 141 factory-new Caterpillar construction machines—the largest single delivery in the company’s history—to its longtime customer Köster GmbH. Successes also characterized the cooperation that was concluded in 2012 with Swedish manufacturer MultiDocker, which develops and produces material and cargo handling machines with a reach of up to 27 meters. MultiDocker almost exclusively uses components from Caterpillar for this. In turn, Zeppelin is leveraging its handlers and other industrial machines to develop new markets in industry, waste disposal, forestry, and agriculture.

Numerous awards documented the success of the Construction Equipment EU in the 2012 fiscal year. Caterpillar honored its new customer portal with the first prize in the Web Marketing category. The business unit also received an award in the Trade Shows category for its successful exhibition at NordBau 2012. And Caterpillar elevated it to the rank of “World Champion” in compact construction machines. Zeppelin Austria declared 2012 as the year of compact machines and successfully launched a marketing campaign with the slogan “Not without my Caterpillar”.

Zeppelin achieved another string of successes with its rebuild program for construction machines, which had begun in Germany in 2003. Basically, it offers customers completely overhauled, like-new preowned machines. Caterpillar bestowed a special award on Zeppelin for the 75th rebuild carried out in Germany.

2012 was also a year of product offensives. The Construction Equipment EU business unit, for example, introduced 60 new Caterpillar products to the German, Austrian, Czech, and Slovak markets. The new Caterpillar 966K XE wheel loader sparked particularly great excitement at the NordBau construction trade show in Neumünster, Germany. Its novel continuously variable transmission (CVT) immediately convinced customers. Its biggest benefit is that it moves larger with a fuel saving of up to 25 percent.

To crown the list, a Caterpillar 320 DL crawler excavator attracted international attention by playing one of the leading roles in a spectacular stunt in the James Bond film “Skyfall”.





Outlook for 2013

At bauma 2013 in Munich, the world's largest trade show devoted to construction machines, the innovative technology of the CAT 336EH will be publicly showcased for the first time. Instead of wasting the kinetic energy used to brake the upper structure, this new hybrid excavator from Caterpillar channels it into a hydraulic accumulator and then reuses it to rotate the excavator. The CAT 336EH offers customers a major value add with its low fuel consumption and significantly reduced operating costs.

Another highlight at bauma 2013 is the newly developed Caterpillar 6020 hydraulic mining shovel. It is the latest new model that Caterpillar is manufacturing in Dortmund since its takeover of U.S. mining machine maker Bucyrus. Used together with a Caterpillar 777 mining truck, it forms an ideal loading and transport team for quarries and surface mining.

The Construction Equipment EU business unit invests steadily to modernize and expand its network of branches. In June 2013, for example, a new sales and service center for North Rhine-Westphalia will be inaugurated in Hamm with the motto "50 Years of Zeppelin in Hamm". Zeppelin has spent some EUR 12m to upgrade the site.

"All of our actions revolve around our customers. In 2012 the German, Austrian, Czech, and Slovak employees of our Construction Equipment EU business unit once again went all out to defend our leading position in the construction machine sector. With success: we additionally boosted our leading positions in the German and Austrian markets and won even more customers for Zeppelin, because we offer more than just good products. What counts these days is first-class service. And precisely that is Zeppelin's special strength. Zeppelin's king-size service ranges from sound advice on deployment to custom-tailored financing and leasing models, and from state-of-the-art equipment management systems across one-of-a-kind technical services to optimal remarketing of preowned machines around the world. Day in, day out, we work hard to become even better—because we know what our customers expect of us."

Michael Heidemann

Head of the Construction Equipment EU Strategic Business Unit

BOOSTING PRODUCTIVITY



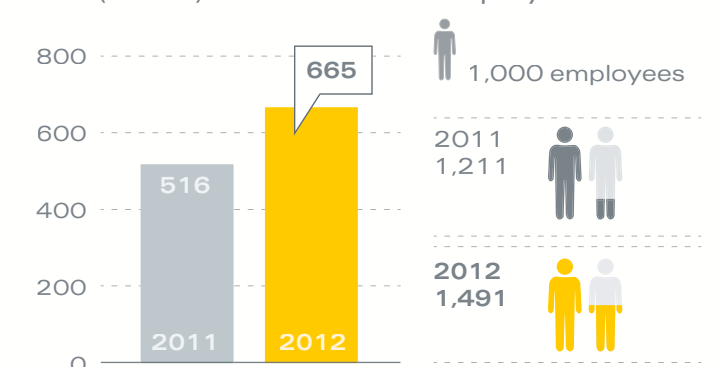


“Our company relies on the most efficient, market-leading technologies. Caterpillar machines deliver high quality and dependability, and are backed by professional service to maximize our productivity. The Zeppelin teams in our mines in Kostomuksha and Olenegorsk in northern Russia work very professionally and support us around the clock in every respect. They enable us to derive the greatest possible benefits from Caterpillar machines, laying the groundwork for a close partnership between Severstal and Zeppelin—with great potential for the future.”

Pavel Lezhnev

Procurement Director of JSC Severstal Resources, Severstal’s Mining Division

Facts on the Construction Equipment CIS SBU



Sales consolidated; employee figures as yearly averages



CONSTRUCTION EQUIPMENT CIS

For a decade and a half, the Construction Equipment CIS business unit has been successfully selling and servicing construction machines from the world market leader, Caterpillar, as its exclusive distributor in Armenia, Belarus, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan. In addition, this SBU sells agricultural machines from Case New Holland as well as Claas and Ponsse forestry machines in response to regional needs. Quality products from the Chinese manufacturer SEM and the AccuGrade machine control system round out the portfolio. The Construction Equipment CIS business unit offers customers in the manufacturing, road construction, oil and gas, and mining sectors a complete range of services that leave no customer requirement unmet.

Successes in 2012

In 2012, Zeppelin Russia achieved major successes in two Caterpillar evaluation systems: the Global Dealer Scorecard and the Standards for Leadership Scorecard. Every year, Caterpillar assesses its dealers worldwide. Zeppelin Russia received an outstanding mark on the Global Dealer Scorecard, occupying a place among the best Caterpillar dealers in the world. Another significant accomplishment was its performance on the Standards for Leadership Scorecard, which Caterpillar uses to grade dealers' financial performance. Here Zeppelin Russia had the best result in the CIS countries.

Zeppelin Russia began selling mid-tier wheel loaders of the SEM brand in 2011 with the goal of conquering a large share of the Russian wheel loader market in the intermediate price bracket. It achieved this aim in 2012 with flying colors.

The market for compact machines has also grown by leaps and bounds in the last three years. Thanks to a focused backhoe loader marketing strategy with optimal price positioning and a market-appropriate machine configuration, in 2012 considerable market shares were gained in collaboration with Caterpillar.

Zeppelin Belarus underscored its importance in that country's market by selling its 300th Caterpillar construction machine.

In April 2012, Caterpillar carried out an environmental audit of Zeppelin Armenia, awarding it four stars—the best result of any dealer in a CIS country so far.

On May 16, 2012 the new Component Rebuild Center (CRC) was officially inaugurated at Zeppelin Armenia's main facility in Abovyan. The CRC constitutes yet another step in continually improving the quality of service provided, marking Zeppelin as one of the trendsetting service providers in the Armenian market. Now Zeppelin Armenia is in a position to offer its customers complete technical overhauls of construction and mining equipment. At the inauguration event for the CRC, the company Zangezur Copper Molybdenum Combine left a 130-tonne Caterpillar 785C mining truck for Zeppelin Armenia to rebuild.

The largest hydraulic shovel in Ukraine—a new CAT 6060—was delivered to Ferrexpo Yeristovo Mining (FYM) and ceremoniously handed over in a special event in May. Counting the new CAT 6060 and 10 recently acquired CAT 793D mining trucks with a



Outlook for 2013

The Construction Equipment CIS business unit anticipates that the market will grow by about five percent in 2013. In view of the ongoing projects and negotiations that will take place with strategic customers in 2013, as well as strong demand driven by infrastructure expansion programs, the order situation for the coming year is expected to remain stable. The business unit will be carrying out quite a number of activities and strategic initiatives to help increase its market shares. New areas of business, such as the Product Link equipment management system and Trimble machine controllers, implementation of which began in 2012, will generate results and fresh impetus in 2013. Construction Equipment CIS will also strengthen its market position in 2013 by continuing to expand its technical service offering.

“Offering Caterpillar machines with their high value retention, a full range of services provided right where they are needed, and intensive training for customers’ personnel, Construction Equipment CIS offers exactly the right kind of flexible solution package that customers need to succeed with their projects in a dynamic market. Because of this universal problem-solving competence, customers value Zeppelin as a long-term partner that accounts for a significant share of their success.”

Frank Janas

Head of the Construction Equipment CIS
Strategic Business Unit

loading capacity of 220 tonnes each, the customer now boasts a fleet of 125 machines.

In August, the CJSC KP-Gabbro quarry in north-western Russia was officially opened after six years of construction. The area is being developed by Europe’s largest gravel producer. The start of work in 2006 also coincided with the beginning of a successful collaboration between Zeppelin Russia and the Russian enterprise, which is now using 15 Caterpillar machines.

The world’s most important event for the mining industry, the international MINExpo trade show, took place in Las Vegas on September 24-26, 2012. Caterpillar was there in force with an armada of 90 of its dealers. It showcased 30 exhibits weighing a total of 2,600 tonnes and arrayed over an area of about 5,000 square meters. Zeppelin Russia took advantage of the trade show to intensively talk business with its large customers in the construction industry. The event was an excellent opportunity for both Caterpillar and Zeppelin to show off their capabilities.



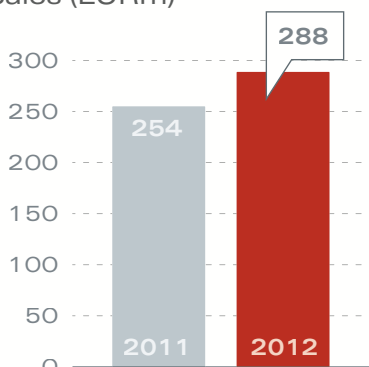
“We have been working with Zeppelin Rental for many years in a relationship built on trust. Although we have about 460 employees and large machine fleet of our own, we depend on suitable rentals to get through temporary peaks that exceed our in-house capacities. It’s important for us to have access to a widespread network of rental centers in Germany and neighboring countries. Zeppelin Rental stocks leading-edge equipment, is capable and flexible, and provides us with competent, practical advice. We take advantage of a large part of its extensive rental portfolio, although the focus is on excavators of all sizes plus attachments for them. Since last year, we have also been renting more tools and clothing from the Profi-Baushop for our ordnance clearance sites.”

Klaus Löhle & Stephan Kleinau

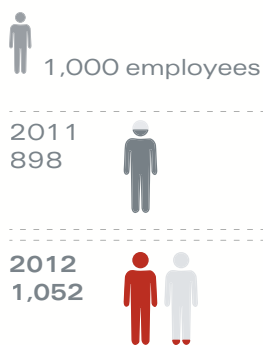
Managing Directors of SCHOLLENBERGER
Kampfmittelbergung GmbH



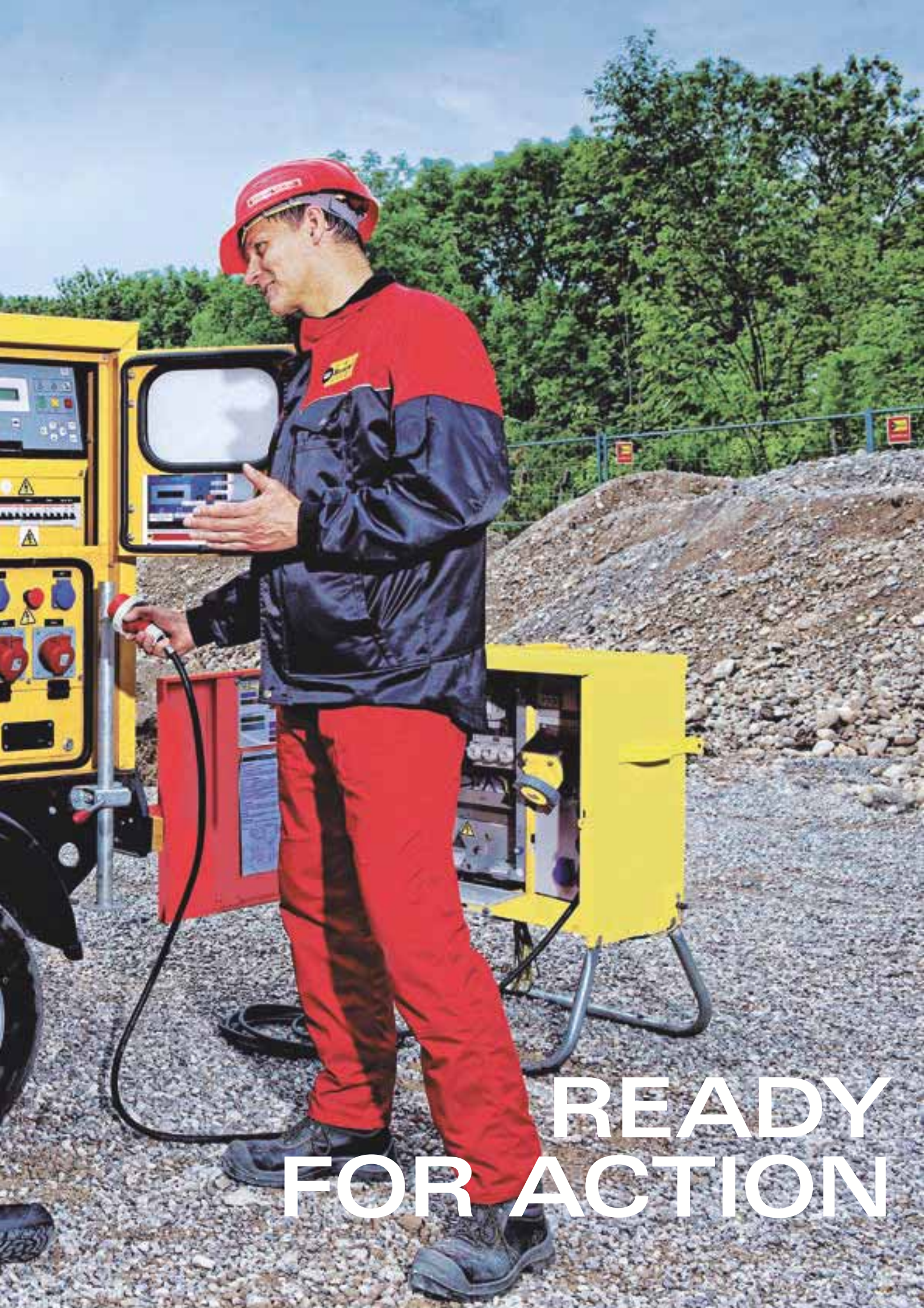
Facts on the Rental SBU
Sales (EURm)



Employees



Sales consolidated; employee figures as yearly averages



READY
FOR ACTION



RENTAL

The Rental business unit is one of Europe's leading rental organizations. It is active in Austria, the Czech Republic, Germany, Russia, and the Slovak Republic, offering custom-tailored, cost-effective system solutions for construction, manufacturing, the manual trades, and events. Customers benefit from state-of-the-art, top-quality products, professional services, and the know-how of real experts. The portfolio ranges from fleet management all the way to planning, organizing, and implementing complex temporary infrastructural and outsourcing solutions.

Successes in 2012

The Rental business unit once again gained more market shares in 2012. Despite challenging market conditions, it won out with its strong customer focus and flexible range of services. Thanks to practical cross-border collaboration, continual expansion of its portfolio, and operation of dense network of rental centers, it succeeded in additionally expanding its complete, solution-enabling service and consolidating its international market leadership.

For example, in 2012 the fleet of aerial work platforms in Austria, the Czech Republic, and Germany was significantly enlarged and a single centralized system introduced for coordinating rentals of them across all three countries, a project that will be completed in 2013. Now customers benefit from new special products as well as greater availability and more flexible deployment. Comprehensive service packages, for example for temporary power supplies, make sure that customers receive complete, appropriate solutions.

Expansion of the network of centers and capacities has also ensured greater proximity to customers. A total of nine new rental centers were opened. In Germany, the Rental business unit initiated a highly promising alliance with BayWa, which is specialized in agro, construction, and power solutions. In 2012, the number of field experts was considerably increased to offer even more efficient advice on

projects and applications nationwide. These steps were supported by extensive training and coaching activities, optimization of processes, and the introduction of uniform standards to focus even more strongly on quality and meeting customer needs.

The high quality and reliability of the Rental business unit's processes have also been certified under DIN EN ISO 9001:2008; its largest company, Germany-based Zeppelin Rental GmbH & Co. KG, was successfully audited by the independent inspection agency DGUV Test (an arm of the umbrella association of the German accident prevention societies).



Outlook for 2013

None of the markets served by the Rental business unit is expected to grow in 2013. However, positive effects and consequently also business opportunities will probably be generated by infrastructure projects, the German shift toward renewable energies, and the need to clear away building waste in some areas.

The goal is to continue impressing customers with new offerings and strengthening the business unit's market leadership in 2013. Two factors are driving this high-quality growth: a cross-country asset management system implemented in 2012, and increasing specialization in certain particularly consultancy- and service-intensive areas. The sales offensive is being continued and customer relationships intensified, also with the aid of advanced CRM systems.

In addition, the recently created Industrial Services division is opening up a new field of business that is set to appreciably widen the portfolio and enable access to additional customer groups. Industrial Services offers professional industrial management services in connection with power, chemical, and petrochemical plants, pipelines, and wind power systems.

"Our Rental business unit is developing very positively. We have advanced to the rank of leading provider in the European rental market. Now we are concentrating our efforts on consolidating our market leadership in Germany and the Czech Republic while also positioning ourselves at the top in the Slovak Republic, Austria, and Russia. Our objectives are to become Europe's best-performing, most innovative rental organization and establish new benchmarks for efficiency, process orientation, and especially customer service. We're already in the process of making things significantly simpler and more transparent for our customers by crafting tailor-made rental solutions. We support and take burdens off our customers with our expertise and wide-ranging services. And most of all, our extraordinary commitment enables us to enthuse our customers with the quality of our service—and enthusiastic customers are what will ensure our lasting success."

Wolfgang Hahnenberg

Head of the Rental Strategic Business Unit



TAPPING POTENTIALS



“It was important for us to get everything we need from one source, including a roughly five-year service contract with an option to extend it for another five years to ensure high uptime for our plant. Zeppelin Power Systems offered us a sound overall concept and had the experience, expertise, and flexibility required to efficiently implement it.”

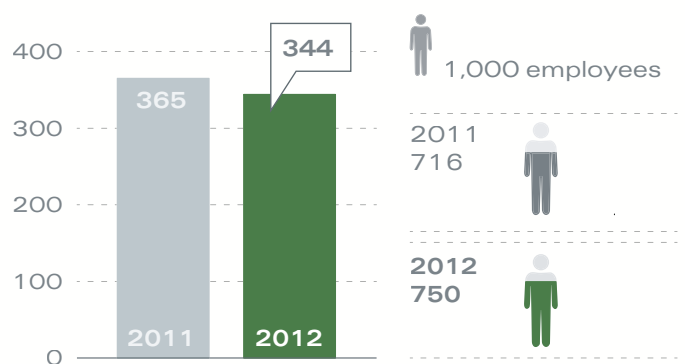
Ulrich Rheinfeld

Member of the Management
Board of Fernheizwerk Neukölln AG

Facts on the Power Systems SBU

Sales (EURm)

Employees



Sales consolidated; employee figures as yearly averages



POWER SYSTEMS

The Power Systems business unit offers system solutions in the propulsion and energy industries. As an exclusive Caterpillar partner that has been distributing Caterpillar and MaK engines for more than 50 years, Power Systems offers customers custom-tailored, highly efficient system solutions with comprehensive services for the marine, locomotive, and oil & gas industries as well as for power generation and mobile & stationary applications with outputs from 15 kW to 16 MW. It is active in Armenia, Austria, Belarus, the Czech Republic, Germany, Russia, the Slovak Republic, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan. It also sells MaK engines in Bulgaria, Hungary, Kazakhstan, Poland, Romania, and Switzerland.

Successes in 2012

In order to continue expanding its customer services internationally, in 2012 Power Systems focused on more extensively merging its activities outside Germany. By introducing uniform rules and guidelines and creating the new position of cross-country business development manager, it attained a new level of quality and efficiency in conducting international projects. As a result, customers now benefit from improved service and faster availability of solutions.

The new subsidiary Zeppelin Power Systems Russia was established in Moscow to expand the business activities internationally. This company, which began operating on March 1, 2012, has already been certified as an independent general contractor. As such, it is authorized to manage and implement complete turnkey projects. Power Systems has consequently also established itself as a system provider in the Russian market, where it has already successfully completed its first cogeneration plant. Teams from multiple countries worked together to quickly and efficiently design the plant, assemble it from standard modules produced in Germany, and get it up and running for a local customer.

The main facility of the Power Systems business unit in Achim near Bremen was considerably enlarged in April 2012 by the addition of a new 6,000-square-meter engine warehouse. Two additional production halls are currently being built on the premises. This will ensure maximum product availability and fast responses to customer requests. In 2012, the German company became the third Caterpillar dealer

worldwide to receive platinum certification for extraordinary service from Germanischer Lloyd, one of the market-leading ship classification societies. Also new is a website, launched in June 2012, that comprehensively informs customers about the business unit's product and service portfolio in German, English, and Russian and is set to drive even greater market penetration.

In 2012, in the context of Germany's "energy revolution" or shift to more extensive use of renewable energy sources, Power Systems additionally stepped up its market activities in connection with wind energy. In September one of the world's largest jack-up vessels for installing offshore wind farms entered service. The business unit equipped it with new technology that gives it the lowest fuel consumption in its class. Power Systems has also added generators for supplying platform substations for wind farms to its portfolio. Since 2012, it has also its first MaK dual-fuel marine engine with IMO III class emissions, something that is still a rarity on ships. Reduction of emissions will continue to grow in importance in the years ahead. System solutions with gas-powered engines for use in ports with stricter emission rules are in preparation.

At one of the world's most important trade shows for locomotives and rolling stock, InnoTrans 2012, Bombardier exhibited a locomotive that Zeppelin had equipped with Caterpillar engines and presented it to Deutsche Bahn. Its diesel-electric drive conforms to the EU's new Stage IIIB emissions regulation. This

innovative design, which was developed in close cooperation with Bombardier, sets unprecedented standards of energy efficiency, reduced emissions, and low maintenance.

Outlook for 2013

In 2013, Power Systems business unit will concentrate even more heavily on power generation, offshore applications, and the oil and gas industry. Increasing demand and overall growth are expected in these areas. The forecasts for the marine sector, in contrast, continue to be cautious.

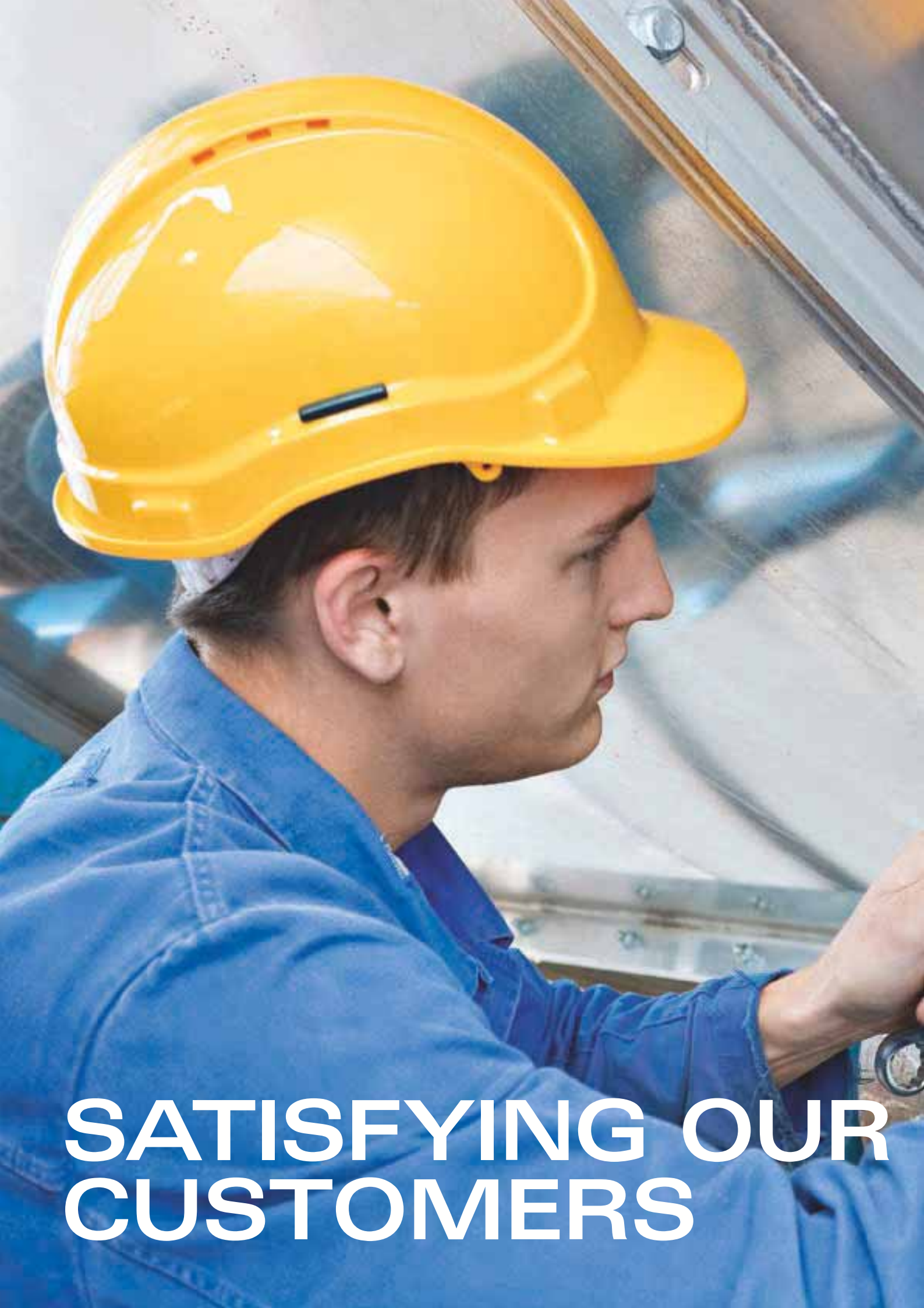
Caterpillar's acquisition of Motorenwerke Mannheim laid the foundation for the first two successful gas engine projects in the Czech Republic. One engine is operating in a biogas plant in Přerov, while the other is being run on natural gas in Šumperk. These activities are also being steadily expanded in 2013.

In addition, the business unit is growing its business with used generator sets in 2013 by introducing a line of premium preowned machines and equipment. Professionally overhauled, quality-inspected sets are being supplied from its Achim site near Bremen to customers around the world.

"Merging our activities outside Germany to offer greater benefits to internationally active customers was a major goal in 2012. Optimal networking now lets us offer faster solutions and improved service. We are now in a position to respond more quickly and competently to customer requests in all of our countries. Together we're stronger—for our customers."

Volker Poßögel
Head of the Power Systems
Strategic Business Unit





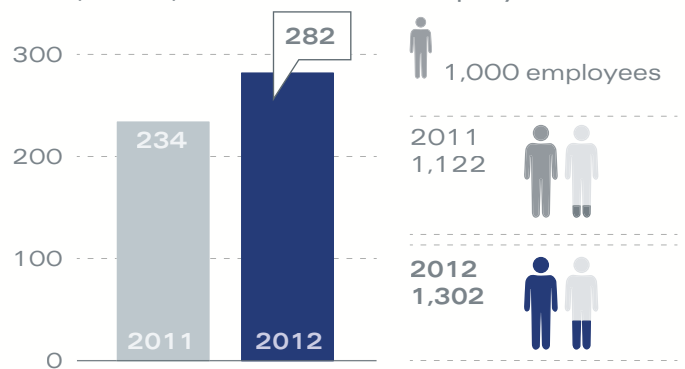
**SATISFYING OUR
CUSTOMERS**



“The Canadian company NOVA Chemicals decided to partner with Zeppelin Systems USA for expanding a petrochemical plant in Alberta. Zeppelin’s role was to develop and build a polyethylene reactor R3 with an output of 400,000 tonnes of linear low-density polyethylene (LLDPE), which would boost the on-site polyethylene production volume by 40 percent. In addition to improved productivity, NOVA Chemicals stood to benefit from better-quality production with lower investment costs. In close collaboration with a team of employees of NOVA Chemicals and Technip USA, Zeppelin Systems USA optimized pneumatic feed, storage, and capacity utilization to boost the efficiency and performance of the entire plant complex.”

NOVA Chemicals

Facts on the Plant Engineering SBU
Sales (EURm) Employees



Sales consolidated; employee figures as yearly averages



PLANT ENGINEERING

The core business of the Plant Engineering business unit is developing and producing customer-specific systems. It offers integrated solutions for applications that involve storing, conveying, mixing, metering, and weighing high-quality bulk goods such as powders and granulates for the chemical, plastics, and rubber and tire industry, and for customers in the food, confectionary, baked goods, and beverage industries.

Successes in 2012

In 2012, the Plant Engineering Strategic Business Unit continued its tradition of meeting customers' needs and expectations. To accomplish this while increasing its competitiveness, it invested eight-digit euro sums. For example, to modernize its silo production facility in Friedrichshafen with the purchase of a new decoiling and trimming system for automatically unrolling materials.

Customers are greatly benefitting from the opening of a Food Technology Center in Rödermark. The new facility lets them try out new recipes, formulations, and ingredient mixtures together with the business unit's experts. It is equipped with state-of-the-art, modular testing systems for metering, conveying, weighing, sifting, and mixing.

The business unit's excellent quality service once again proved its salt with competent advice on quality management, 3D measurements, calibration, materials testing, and x-raying, and was therefore in considerable demand. Its service activities were additionally extended by building an annex to the Quality Center in Friedrichshafen and establishing the center in Rödermark.

A key milestone in 2012 was the inauguration of a new building in Friedrichshafen to house the internationally active business unit's headquarters. All threads now come together there in an image-enhancing facility that shares many attributes with the Zeppelin Group as a whole: modern, innovative and efficient, to mention only three.

Above all, the new administrative building is an outstanding example of how process-oriented

teamwork can be fostered by innovatively and flexibly partitioning office space.

During the year under review, the Plant Engineering business unit also came up with numerous innovations that have been very positively received by customers and the market. They include a new series of metering components that cover the entire spectrum of bulk good conveying applications, from straightforward standard uses all the way to complex systems. They also include improvements to control technology, optimized batch reactors with integral heating/cooling, and major advances in hygienically designing processing systems to ensure safe food production.

The year 2012 was marked by strong demand, generating an order volume in excess of EUR 344m. The busi-





ness unit additionally bolstered its market position by making strategic acquisitions of component suppliers.

The themes of future growth, efficiency, process optimization, and performance were addressed in workshops in 2012. The issues were thoroughly analyzed and highly promising solutions identified. This productive approach to collaboration also brought the entire global network closer together and encouraged intensive exchanges among staff.



Outlook for 2013

The Plant Engineering business unit is planning to increase its sales volume and profits in the 2013 fiscal year. In response to the investments made as well as further improvements to international cooperation and the portfolio of products and services, sales and profitability are expected to grow as forecast. Internally, all German sites will migrate to SAP software: yet another step toward simplifying business processes.

“The investments, innovations, and changes we made in 2012 are all contributing to make Plant Engineering fit for the future. Both our business partners and our staff worldwide will benefit. We have met the prerequisites for consolidating and strengthening our market position.”

Bernhard Scherer

Head of the Plant Engineering
Strategic Business Unit

GROUP MANAGEMENT REPORT FOR THE 2012 FISCAL YEAR

A. Business Activities and Economic Conditions

1. Strategic Business Units

The Zeppelin Group is operationally and strategically managed via five Strategic Business Units (SBUs). This organizational structure ensures the ability to focus on individual markets, customer groups, and products segments while managing activities across multiple countries and companies. The SBUs are Construction Equipment EU, Construction Equipment CIS, Power Systems, Rental, and Plant Engineering

Zeppelin's business activities comprise sales and servicing of Caterpillar construction machines and diesel engines, MaK marine engines, Bucyrus mining excavators, Hyster lift trucks, and agricultural and forestry equipment from New Holland, Claas, and Ponsse. In Germany and many countries of Central and Eastern Europe and Central Asia, Zeppelin is the exclusive sales partner of Caterpillar Inc. headquartered in Peoria, Illinois (USA). The other brands are sold in various Central and Eastern European countries. The Rental SBU rents and leases construction machines as well as a wide range of construction equipment, containers and mobile space systems, components for controlling traffic and securing construction sites, aerial platforms and lifts, and vehicles.

The business activities of the Plant Engineering SBU involve developing, implementing, and selling systems for producing and processing high-quality bulk goods and liquids in the worldwide market for plastics, rubber and tires, food, and pharmaceuticals. Zeppelin is a world market leader in solutions for bulk goods.

2. Economic Conditions

The global gross domestic product (GDP) grew by about 2.0 percent in 2012. Germany's, however, only expanded by 0.7 percent. After two years of robust growth, the German economy was unable to fully escape the effects of the euro debt crisis; despite a good start early in the year, it gradually lost momentum from quarter to quarter.¹ Due to cyclic and structural factors, the Russian economy fell short of its performance in the previous year. Other Central and Eastern European countries also recorded weak economic growth, with GDP rising by only about 2.5 percent in 2012.² In Asia, economic growth also slowed compared to the preceding year. China only succeeded in boosting its GDP by 7.8 percent, and India by 4.5 percent. In Brazil, the downturn of the previous year continued, with growth dipping to 1.0 percent. GDP climbed by 2.3 percent in the United States.³ Owing to the lingering euro debt crisis and weak growth in the United States and Japan, world trade only picked up by about 2.5 percent in 2012, down from six percent the year before and less than half of the average growth rate of the preceding 20 years.⁴

Because of the weak euro zone data, the European Central Bank kept its reference interest rates low in 2012. On July 5, 2012 it cut its benchmark rate to a historic low of 0.75 percent. In the United States as well, prime rates have been held low to support the recovery of the national economy.

¹ Cf. *manager magazin online* of January 15, 2013.

² Cf. UniCredit Economics, *FI/FX & Commodities Research CEE 1Q 2013*.

³ Cf. www.statista.com, keyword "growth of gross domestic product".

⁴ Cf. *Spiegel Online* of September 21, 2012.

The U.S. dollar and the Russian and Belarusian ruble, which are important currencies for the Zeppelin Group, remained very volatile in relation to the euro in 2012. Although the EUR-USD exchange rate returned at the end of the year to the same level it had started at, over the course of the year it fluctuated between USD 1.20 and 1.37 per euro. Subsequent to the drastic devaluation of the Belarusian ruble in 2011, that currency's value in euros continued to fall until mid-2012 before recovering late in the year. The Russian ruble gained slightly on the U.S. dollar in 2012, despite fluctuating by as much as 10 percent during the year.

3. Market Development

In 2012, the industries that are important for Zeppelin developed as follows:

The various sectors of the German construction industry developed quite differently in 2012. As of November 2012, the main construction trades (those engaged in civil engineering, building construction, and road construction) registered the largest decline in orders in two years. Building construction grew by 3.3 percent, mainly driven by an increase in housing construction (+6.4 percent). Commercial construction grew somewhat less dynamically (+2.0 percent). Public construction, by contrast, fell off by 4.3 percent, mainly because of a drop in public building construction (-11.8 percent).

The German construction machine market shrank by 4.6 percent in 2012. This was primarily because of declining sales of compact machines. During the 2012 fiscal year, a total of 27,369 new construction machines were sold in Germany, which was still above the long-term average of 25,000 units per year. The breakdown of this market contraction was as follows: business with final customers (retail) decreased by 5.8 percent and the demand for rental equipment fell by 2.5 percent. Zeppelin's German companies, however, maintained their good level by selling 4,525 units (previous year: 4,524 units) while boosting their market share to 16.5 percent (from 15.8 percent the year before). This was mainly because of strong sales to final customers (retail), which grew by 1.5 percent.

In 2012, German companies selling and renting out construction machines achieved total sales of EUR 5.9b, thus exceeding the previous year's figure by 1.5 percent. Sales of new machines rose by one percent, and those of used machines by 1.5 percent. The volumes of rentals and technical services both increased by 2.5 percent, while sales of replacement parts remained at the previous year's level.

Following strong growth in the preceding two years, the German market for lift trucks shrank in 2012 by 5.2 percent compared to the previous year. Zeppelin's sales of new forklift trucks fell to 939 units (down 10.1 percent from 2011), thus slightly depressing its market share.

The volume of construction in Austria climbed noticeably to EUR 12.7b as of October 2012, although building construction increased much faster (+9.5 percent) than civil engineering (+5.3 percent). The overall market for new construction machines in Austria expanded in 2012 by 6.6 percent to 1,754 units, mainly driven by growth in the rental market. The value of construction in the Czech Republic diminished by five percent compared to the preceding year, and that country's market for new construction machines contracted by another 28 percent to 1,150 units. In the Slovak Republic, civil engineering in particular slipped back by 12 percent, while the new construction machine market there tumbled 39.3 percent to 354 units.

The Russian construction and mining industries grew by four and nine percent, respectively, in 2012. In Ukraine, the construction industry edged up by 0.2 percent while the mining industry lost 11.8 percent. The markets for new construction machines in the Commonwealth of Independent States (CIS) mostly developed well: the

volumes in Russia and Ukraine swelled by seven and 17 percent, respectively. This was mainly because of the generally clement economic climate and catch-up effects from the recent economic crisis.

The rental market in Germany increased by about four percent in the 2012 fiscal year to an estimated total of EUR 3.16b, including sales of used equipment.⁵

The German market for locomotives saw only mild growth in 2012. The privately owned railways were cautious about making new investments, and the state-owned railways placed hardly any orders at all. The energy sector, by contrast, grew vigorously as a result of the German "energy revolution", while the world's ship markets continued to stagnate. The development of the oil and gas industry was once again driven by the price of oil. The market risks in this sector continued to be affected by economic, environmental, and political factors. Rising oil prices worldwide stoked the oil and gas industry's demand for engines.

The German chemical industry federation, Verband der Chemischen Industrie (VCI), reported industry sales of EUR 184b in 2012, level with the preceding year. In 2012 the chemical industry invested about five percent more than the previous year. The German mechanical and plant engineering sectors, however, experienced a three percent decline in orders. Domestic demand dropped by eight percent while foreign orders remained roughly at the same level as the year before. Sales of plastics and rubber processing machines climbed by two percent over 2011, although new orders decreased. According to the German Engineering Association (VDMA), the order intake of makers of food processing and packaging machines remained at a very good level, despite decreasing by three percent in real terms compared to the previous year.

B. Development of the Company's Business

1. Development of Sales and Orders

The companies of the Zeppelin Group were able to take advantage of the positive development of most of the relevant national economies and industries to increase their order intake and sales volumes, resulting in a significant improvement in operating results.

The Group's overall sales rose by EUR 120.9m or 5.0 percent to EUR 2.550b (previous year: EUR 2.429b). This increase was mainly the result of organic growth. The share of sales made outside of Germany climbed to 54.2 percent (previous year: 50.8 percent).

The Strategic Business Units of the Zeppelin Group that sell and service construction machines and engines increased their sales by EUR 105.8m (+4.7 percent) in 2012. The Construction Equipment CIS SBU accounted for EUR 148.5m (+28.7 percent) of this total, while the Construction Equipment EU SBU sold EUR 55.7m less (-4.9 percent) and the Power Systems SBU saw its sales dip by EUR 21.0m (-5.8 percent).

⁵According to the European Rental Association (ERA).

Sales by Strategic Business Units

BREAKDOWN OF GROUP SALES (EURm)	2012	2011	Change (%)
Construction Equipment EU	1,070	1,126	-5
Construction Equipment CIS	665	516	29
Rental	288	254	13
Power Systems	344	365	-6
Plant Engineering	282	234	21
ZEPPELIN GMBH GROUP ¹⁾	2,550	2,429	5

¹⁾ Consolidated

In 2012 a total of 18,078 machines and engines were sold, corresponding to a decline of 72 units or 0.4 percent. The breakdown was as follows: new construction machines up 540 units (+7.5 percent), used construction machines down 300 units (-6.4 percent), and engines down 614 units (-18.9 percent). Most of the market shares for new construction machines increased.

In the 2012 fiscal year, the Plant Engineering business unit boosted its sales by about 20.6 percent over the previous year to EUR 281.8m. This was mainly the achievement of the companies outside Germany, which ramped up their sales by 31.4 percent to around EUR 113.9m.

The total order intake of all Group companies amounted to EUR 2.4b, or only slightly less than the very good level of the previous year (EUR 2.5b). The order backlog at year's end of about EUR 517m was less than that a year before (EUR 640m), but nevertheless constituted a good basis for beginning the 2013 fiscal year. The Plant Engineering SBU took in EUR 344m in new orders (previous year: EUR 261m) and had an order backlog worth EUR 240m at year's end (previous year: EUR 177m).

2. Workforce

The increased volume of business in 2012, the growth prospects until 2016, and first-time consolidations were mainly responsible for the 9.4 percent increase in the Zeppelin Group's workforce. As of the end of 2012, the Group had 7,518 employees, including 318 trainees (previous year: 6,872 and 332). Of these, 150 employees were added by first-time consolidations. Personnel was primarily increased in the Zeppelin International part of the Group and in Plant Engineering. At the end of the year under review, the Group's foreign companies employed 3,477 persons or 46.2 percent of the total workforce (previous year: 44 percent).

The high level of training of employees was maintained and additionally raised in 2012 by means of technical and business courses, programs to foster young staff, and activities to extend the knowledge of managers and executives.

The growing share of business operations and employees outside Germany is increasingly influencing the Group's activities for developing specialists and managers. In 2012, for example, Zeppelin concentrated on enhancing its attractiveness as an employer in order to successfully master the challenges posed by future growth and demographic change. This is also supported by Group-wide additional training and continuing employee education based on cooperative education programs with universities.

Employees by Strategic Business Units

AT END OF YEAR	2012	2011	Change (%)
Construction Equipment EU	2,452	2,490	-2
Construction Equipment CIS	1,596	1,262	26
Rental	1,055	932	13
Power Systems	742	720	3
Plant Engineering	1,305	1,092	20
Trainees in Group	318	332	-4
ZEPPELIN GMBH GROUP ¹⁾	7,518	6,873	9
Germany	4,041	3,872	4
Other countries	3,477	3,001	16

¹⁾ Incl. ZEPPELIN GmbH

3. Important Activities During the Year Under Review

In order to provide a basis for future growth prospects in view of the increasing differentiation of international markets and the growing requirements of customers, the Zeppelin Group is organized into Strategic Business Units for managing its activities. They are Construction Equipment EU, Construction Equipment CIS, Rental, Power Systems, and Plant Engineering. The responsibilities and personnel of the management of the SBUs are defined, and the Group's management process is institutionalized in a clearly designated Group Management Board. The strategy process of the year 2012, which paid special attention to the Group-wide "Focus on Customer Value" initiative, examined and confirmed the Group's fundamental strategic orientation. The concrete projects, goals, tasks, and measures were appropriately continued and supplemented as required. At the Group Strategy Meeting in the fall of 2012, the top management validated and confirmed the overall strategy for the years until 2017.

The navigation instruments defined for measuring the achievement of goals within the scope of the "Growth, Performance, Stability" (GPS) strategy continued to be applied without any changes. Caterpillar's strategies in connection of its Vision 2020 were pursued consistently and in strong agreement with Zeppelin's own strategic orientation in 2012.

The companies of MWM GmbH and Bucyrus International Inc., which Caterpillar had acquired in the previous year, also provide major future growth potentials for Zeppelin as Caterpillar's distribution partner.

The "Connected Worksite" strategic alliance between Caterpillar and Trimble Navigation Ltd. of Sunnyvale, California (USA) for equipping construction machines with machine control technology and equipment management systems and its implementation by Caterpillar dealers worldwide continued to be extended at Zeppelin's dealerships in 2012 via the acquisition of sales and service structures.

The **Construction Equipment EU SBU** introduced a large number of new products to the market in 2012. They included new crawler excavators of the E Series based on leading-edge engine technology and wheel loaders of the K Series with trendsetting transmission technology: innovative products that conform to the EU's new Stage IIIB emissions standard and are characterized by significantly reduced fuel consumption and emissions. The new products feature additional functions that improve their performance and ease of operation further. Zeppelin presented these new products at trade shows in Germany and Austria.

Since January 1, 2012, customers of Zeppelin Baumaschinen GmbH (in Germany) have had access to a new customer portal for ordering spare parts online. This ability to quickly and conveniently place orders is yet another of the important factors that are enabling high-quality service with fast response times, professional handling, and maximum availability of replacement parts. There are plans to systematically extend the customer portal in the years to come.

During 2012, Zeppelin Österreich GmbH (in Austria) intensively prepared to install SAP software and take it live on January 1, 2013. Following this successful migration, the SBU's other companies will also be switching to SAP.

The network of sites was additionally strengthened by the completion of the branch in Hamm, Germany. In addition, considerable investments were made in various branches in 2012 in order to lastingly meet customers' growing expectations and comply with environmental protection regulations.

In 2012, the **Construction Equipment CIS SBU** concluded a dealership agreement with leading agricultural machinery maker AGCO for four territories in Ukraine and all of Turkmenistan. Zeppelin Agro OOO was renamed PRIME Machinery OOO in 2012 to reflect its changed business activities, which now include not only sales and servicing of agricultural equipment but also distribution of SEM construction machines and Trimble machine control systems. The dealerships awarded in Russia by agricultural equipment producer Case New Holland were rearranged in 2012. The Chinese manufacturer SEM, which belongs to the Caterpillar Group, also granted additional dealerships to Zeppelin.

In order to strengthen the SBU's site network and enhance its future prospects, work began in 2012 to build new customer repair centers in Arkhangelsk in Russia and Komsomolsk in Ukraine. They will be completed in 2013. The company of Zeppelin Immobilien Russland OOO was founded in 2012 to manage investments in new branches in St. Petersburg and Moscow that will be co-utilized by the Power Systems and Rental SBUs. These investments have been secured against political risks by German government-backed trade credit guaranties.

The **Rental SBU** successfully concluded the integration of GSL Zeppelin GmbH (formerly GSL Gerätevermietung, Service, Logistik GmbH), which it had acquired in 2011, thus meeting the prerequisites for further diversification of its business activities. The competencies of GSL Zeppelin GmbH served as the basis for driving the development of the SBU's new Industrial Services division. This company brings together all of the Zeppelin Group's expertise for industrial services, opening up additional growth opportunities with its wide range of services for large plants.

The Rental division of Phoenix-Zeppelin was reorganized. In addition, Zeppelin Rental GmbH & Co. KG acquired the remaining 20 percent of Fritz Berndt Verkehrstechnik GmbH in December 2012, thus systematically continuing its strategy of expanding its business with products for controlling and securing traffic.

As part of ensuring effective occupational safety, the SBU went through the process of obtaining approval from the responsible accident prevention society. Zeppelin Rental GmbH & Co. KG also became Germany's first rental company to be certified under the ISO 9001 quality management standard.

Supported by the German "energy revolution" with its shift to renewables, the **Power Systems SBU** noticeably stepped up its project activities in 2012. At one of the world's most important trade shows for locomotives and rolling stock, InnoTrans 2012, Bombardier exhibited a locomotive that Zeppelin had equipped with CAT engines and presented it to Deutsche Bahn. Its diesel-electric drive conforms to the EU's new Stage IIIB emissions regulation. This innovative design, which was developed in close cooperation with Bombardier, sets unprecedented standards of energy efficiency, reduced emissions, and low maintenance.

In September 2012, one of the world's largest and most innovative wind farm installation ships was launched in Bremerhaven. Power Systems had worked with Caterpillar and other technology partners to create an integrated power and drive package for it. The solution comprises a complete on-board system for power generation, including engineering and project management.

To serve the market even better, the company of Zeppelin Power Systems Russia was established with headquarters in Moscow and successfully began operating.

As part of the SBU's investments to enlarge its main site in Achim near Bremen, two warehouses with 6,000 sq.m of space were completed. Another warehouse and a production hall will tentatively begin operating in early 2013. Work will also begin in 2013 to build a test rig, an office building, and additional production halls and warehouses.

In the year under review, the **Plant Engineering SBU** continued its project to integrate and restructure the Reimelt-Henschel Group, which it had acquired in 2009. Joint IT projects, including one to introduce SAP software and another to implement engineering software, tapped additional synergies to benefit the Zeppelin network.

Preparations were also made to merge the SBU's lead companies in Germany, Zeppelin Systems GmbH and Zeppelin Reimelt GmbH. This move is expected to generate considerable synergies.

Other projects to optimize processes in order handling, engineering, and production in Rödermark and in connection with components in Friedrichshafen are working to sustainably boost the SBU's profitability. A foundation for further growth was laid in Rödermark by establishing a new Quality Service division. A new Food Technology Center was also inaugurated in Rödermark, providing an appropriate setting for presenting the SBU's systems and letting customers conduct trials.

In the last quarter of the year under review, Zeppelin Systems GmbH occupied a newly built, modern administration building in Friedrichshafen. In addition, the company invested EUR 1.5m in a new decoiling and trimming system, which will be completed in 2013 (for a total investment of EUR 3.0m).

The SBU also developed new products and processes for additionally strengthening its technology leadership in the market. In particular, a pyrolysis process for recycling used tires is set to tap greater market potentials.

Production of components also began at the SBU's Chinese subsidiary.

C. Results of Operations, Financial Position, and Net Assets

The results of operations, financial position, and new assets situation of the Zeppelin Group were favored by predominantly positive general economic and industry-specific conditions during the reporting period. Its total operating performance rose by 3.9 percent over the previous year, while net assets only climbed by 2.2 percent. The increase in net assets was mainly due to growth in rental assets and a larger volume of receivables for products and services provided, while financial assets—mainly as a result of beginning to consolidate additional Group companies—and cash and cash equivalents remained below the corresponding levels of the preceding year. The equity ratio improved to 38.5 percent (previous year: 34.8 percent).

1. Results of Operations

Sales revenues increased by 5.0 percent to EUR 2.550b (previous year: EUR 2.429b), pushing up the total operating performance to EUR 2.546b (previous year: EUR 2.450b) despite a decrease in inventory. Stocks of finished and unfinished products etc. fell by EUR 24.9m after rising by EUR 20.4m the year before. Other revenues from operations were, at EUR 76.0m, 9.8 percent lower than the preceding year (EUR 84.3m). This was caused by reduced revenues from sales of fixed assets, which had been bolstered in 2011 by sales of real estate (for EUR 9.2m) not required for operations.

The expenses for materials increased at a slower rate than total operating performance, namely by 2.8 percent to EUR 1.832b (previous year: EUR 1.783b), causing costs for materials to account for a slightly smaller share (71.9 percent) of total operating performance (compared to 72.8 percent the year before). The gross profit⁶ improved by EUR 47.0m or 7.0 percent to EUR 714.2m (previous year: EUR 667.2m).

Personnel expenses climbed 7.7 percent to EUR 390.6m (previous year: EUR 362.9m). Most of this increase was due to the larger volume of salaries and wages collected by the expanded workforce. As a result, personnel costs rose to 15.3 percent of total operating performance (previous year: 14.8 percent).

Amortization of intangible and depreciation of tangible assets amounted to EUR 31.4m, or slightly more than the preceding year (EUR 28.7m). The depreciation on tangible assets designated for rentals (the rental fleet) increased to EUR 41.8m (previous year: EUR 36.6m). It is included in the material expenses.

Other operating expenses rose by 1.5 percent or EUR 3.7m to EUR 248.1m (previous year: by EUR 2.2m to EUR 244.5m). The increase in total operating performance caused sales- and performance-related increases in operating costs (EUR +2.3m) and administrative costs (EUR +6.2m), while sales and distribution costs dropped by EUR 4.1m.

The financial result improved by EUR 8.2m to EUR -21.7m (previous year: EUR -29.9m). Whereas net interest income worsened to EUR -22.2m (previous year: EUR -20.6m), investment earnings improved by EUR 9.9m to EUR 0.6m (previous year: EUR -9.3m). The negative figure for the preceding year resulted from writing an investment down by EUR 6.8m.

The Group's earning before income taxes amounted to EUR 95.5m in 2012 (previous year: EUR 81.8m). Consequently, the net operating margin increased to 3.7 percent (previous year: 3.4 percent). The equity ratio⁷ before tax climbed to 20.0 percent (previous year: 19.4 percent) and the return on assets⁸ to 9.3 percent (previous year: 8.5 percent). The return on total capital employed (ROCE) edged up to 9.4 percent (preceding year: 9.3 percent).

Deducting taxes on income and earnings amounting to EUR 26.8m (previous year: EUR 26.0m), in the 2012 fiscal year the Zeppelin Group generated a net profit of EUR 68.7m (previous year: EUR 55.8m). The overall tax ratio for 2012 is 28.1 percent (previous year: 31.8 percent).

⁶Sales revenues plus changes in inventories minus materials used

⁷Pretax result ÷ (equity in preceding year + equity in year under review) ÷ 2

⁸(Pretax result + interest paid) / (balance sheet total in preceding year + balance sheet total in year under review) ÷ 2

Result of Ordinary Operations by Strategic Business Units

BREAKDOWN OF GROUP RESULT (EURk)	2012	2011	% change
Construction Equipment EU	24,077	29,236	-18
Construction Equipment CIS	43,946	24,332	81
Rental	14,952	17,570	-15
Power Systems	27,556	27,070	2
Plant Engineering	4,737	4,479	6
ZEPPELIN GMBH GROUP ¹⁾	98,398	85,706	15
Thereof, foreign companies	49,455	42,059	

¹⁾ Consolidated

2. Financial Position

The financial demands on the Zeppelin Group are characterized by long-term fixed assets (including a large rental fleet), which account for over a third of net assets, as well as other stocks and receivables required in order to trade in construction equipment and other high-value capital goods that are characterized by relatively rapid turnover.

The Group's equity increased in the 2012 fiscal year by EUR 58.5m to EUR 507.8m (previous year: EUR 449.3m). With net assets rising by 2.2 percent to EUR 1.319b, the equity ratio improved to 38.5 percent (previous year: 34.8 percent). As of the balance sheet date, the total long-term assets amounted to EUR 876.2m (previous year: EUR 790.0m)—comprising equity, pension accruals (EUR 101.5m) and other long-term provisions (EUR 5.8m), and liabilities to banks and other creditors due to be liquidated in more than a year (EUR 261.1m)—and thus exceeded by EUR 407.2m (previous year: EUR 355.0m) the fixed assets and the portion of current assets that are tied up on a long-term basis, which together amounted to EUR 469.0m (previous year: EUR 435.0m). They therefore included 84 percent of the Group's inventories. Major contributors to the rise in long-term assets were an increase in liabilities to banks with a future benefit exceeding one year (EUR +53.8m) and a significant increase in equity (EUR +58.5m).

The short-term provisions and liabilities at the end of the fiscal year amounted to EUR 435.4m (previous year: EUR 500.0m). They mostly consisted of trade liabilities amounting to EUR 85.6m (previous year: EUR 110.0m), liabilities to banks amounting to EUR 77.8m (previous year: EUR 89.0m), provisions for taxes and other purposes amounting to EUR 168.2m (previous year: EUR 142.0m), and partial payments received and other liabilities amounting to EUR 103.6m (previous year: EUR 157.0m).

Like in the preceding year, a syndicated loan of EUR 500m taken out in 2011 was available for financing the Zeppelin Group during the year under review. As of the end of 2012, EUR 246.2m of the loan (including EUR 73.2m for guarantees) had been used. In addition, ZEPPELIN GmbH had access to additional bank lines of credit amounting to EUR 20.6m, of which EUR 9.1m had been used. In the year under review, ZEPPELIN GmbH placed a bonded loan worth EUR 120m at attractive terms. Of this sum, EUR 65m was used to refinance a bonded loan that matured in 2012, to refinance in advance a bonded load due to mature in 2014, and to repay a loan from the Kreditanstalt für Wiederaufbau (KfW). Another EUR 55m of funds also flowed to the Group, which it employed to reduce use of the syndicated loan and liquidate other bank liabilities. At the end of 2012, the total volume of bonded loans was EUR 207.5m. The Group adhered in 2012 to the financial covenants, based on its financial data, that it pledged in connection with the syndicated and bonded loans.

The companies of the Construction Equipment EU and CIS and Power Systems SBUs were able to continue taking advantage of extensive lines of credit from Caterpillar Financial Services and other specialized institutions for financing their sales activities in Germany and elsewhere. The existing asset-backed securities (ABS) program with a volume of EUR 25m was renewed at the end of 2012 for another five years and is available to the Group as an additional source of financing. In addition, the Group is utilizing the instrument of asset leasing for making large investments in its rental fleet and for financing vehicles and computer hardware and software.

The Group's operational and financial development in 2011 and the first half of 2012 resulted in its Creditreform AG rating being raised to "A" (previous year: "A-").

The additions to assets, amounting to EUR 160.4m (including EUR 102.9m of rental assets), were offset in the year under review by depreciations of EUR 73.2m (EUR 41.8m of which was on the rental fleet, contained in material expenses), which thus amounted to 45.0 percent of the capital expenditures made (previous year: 50.0 percent).

Development of Group Investments

EURk	2012	2011	2010	2009	2008
Intangible assets	14,302	8,796	2,308	7,701	9,911
Tangible assets	145,628	130,416	95,983	86,941	127,215
Land and buildings	7,740	4,927	7,163	18,292	11,494
Technical systems, machinery and operational and business equipment	24,688	15,920	10,579	10,308	19,308
Rental assets	102,862	98,255	71,256	52,258	88,880
Other tangible assets	10,338	11,314	6,985	6,083	7,533
Financial assets	510	12,280	11,523	4,944	12,625
TOTAL CAPITAL EXPENDITURES¹⁾	160,440	151,492	109,814	99,586	149,751
¹⁾ Additionally: changes to group of consolidated companies	-3,225	9,847	0	31,511	572

The Group's net cash flow in the 2012 fiscal year dropped by EUR 2m or 1.3 percent to EUR 152m (previous year: EUR 154m). The cash flow ratio⁹ was 6.0 percent of sales (previous year: 6.4 percent).

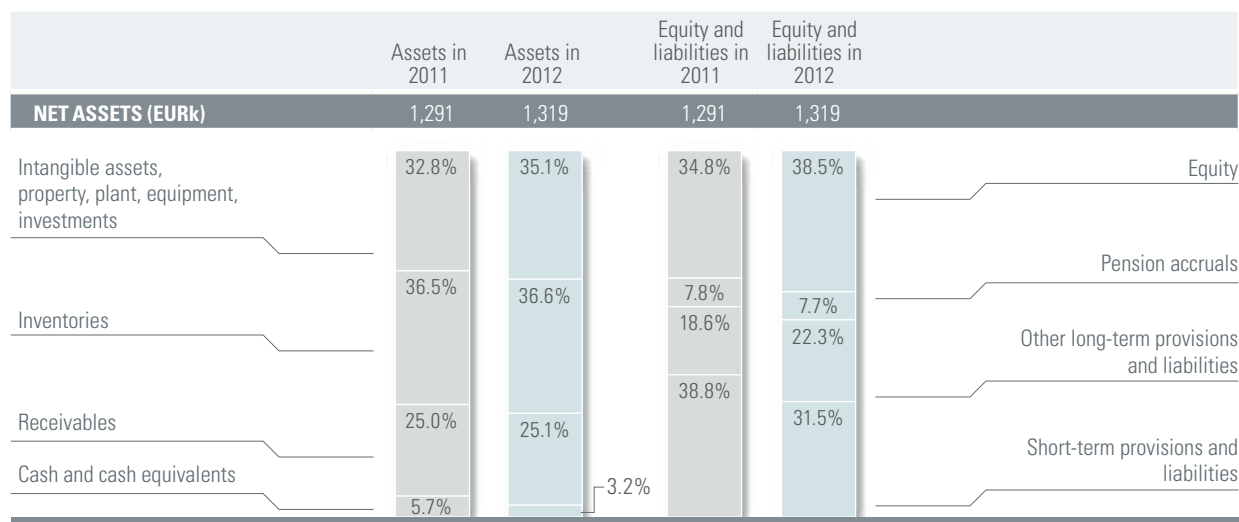
3. Net Assets

The net assets of the Zeppelin Group increased in 2012 by EUR 28.9m (2.2 percent) to EUR 1.32b (previous year: EUR 1.29b). This rise was mainly due to an increase in inventories by the amount of EUR 12.0m (previous year: EUR 88.0m) and of fixed assets by the amount of EUR 40.1m (previous year: EUR 24.0m) while cash and cash equivalents fell by EUR 31.4m (previous year: EUR 39.0m). The increase in assets primarily took place in the rental fleet. Trade receivables increased proportionately to the growth in sales by 6.6 percent.

The assets breakdown in the Group balance sheet as of December 31, 2012 was not significantly different from that of the previous year. While the relative share of assets (EUR 462.9m) climbed to 35.1 percent (previous year: 32.8 percent), the proportion of receivables and other assets (EUR 320.9m) remained constant at the

⁹ Net cash flow ÷ sales

previous year's level of 24.3 percent. At the same time, the share of cash and cash equivalents (EUR 42.3m) fell to 3.2 percent (previous year: 5.7 percent).



The capital turnover ratio improved slightly, as a consequence of the greater sales revenues and slower growth in net assets, to 2.0 p.a. (previous year: 1.9 p.a.). The calculated collection period for trade receivables increased slightly to 39 days as of the balance sheet date (previous year: 38 days).

Besides the balance sheet assets, the companies of the Zeppelin Group leased plant and equipment for the rental fleet as well as systems (motor pool, computer hardware and software) for a total of EUR 226.8m (previous year: EUR 237.2m), of which EUR 203.5m (previous year: EUR 212.1m) went for the rental fleet.

D. Subsequent Events

No significant events occurred after the conclusion of the 2012 fiscal year that would have had a major impact on or jeopardized the Group's situation.

E. Opportunity and Risk Report

1. Risk Management

Being an internationally active corporate group, Zeppelin is confronted with various risks. ZEPPELIN GmbH meets current operational, market-related, and legal requirements with the aid of a risk management system that is continually being improved. Risk management is an integral part of the Group's business and decision-making processes. It serves on the one hand to identify, quantify, and report risks at an early stage, and on the other to support appropriate measures for preventing and containing existential risks.

Central to the risk management system are comprehensive planning and reporting functions to ensure that risks and all of their facets are captured. They ensure that all responsible individuals are involved in analyzing and evaluating risks and in developing and implementing countermeasures.

A risk reporting system was implemented in 2012 as part of the Group reporting system. It constitutes the basis for efficient, documented risk management.

In quarterly risk reports, risk factors in 12 categories are described in terms of their extent and likelihood of occurrence, analyzed, and reported alongside corresponding preventive measures. The development of these risks and preventive measures is monitored on a rolling basis for several quarters. In addition, since 2012 an ad hoc risk alarm process has ensured that appropriate countermeasures can be initiated without delay whenever substantial risks occur for the Group. A risk panel set up in 2011 makes sure that identified risks are adequately monitored and effective countermeasures taken. In order to assess future business risks even more comprehensively, in 2012 suitable early warning indicators for revealing potential negative impacts on the Group's assets, finances, and earnings were defined in collaboration with the Strategic Business Units.

In the year under review, the Group auditing department examined ZEPPELIN GmbH's system for early detection of risks, looking especially hard at its "risk report" and "ad hoc risk alarm" components, and concluded that it works as intended. It also audited Group Treasury, Zeppelin Systems Benelux NV in Genk, Belgium, Zeppelin Turkmenistan JV, and Zeppelin Rental GmbH & Co. KG, in addition to conducting various fraud and compliance checks, partly in collaboration with external partners.

2. Compliance

Compliance at Zeppelin is based on the conviction that social responsibility, observance of the law, and ethical conduct are essential for ensuring long-term business success. Complying with legal requirements, official regulations, and internal guidelines is a major part of Zeppelin's management and corporate culture.

The Zeppelin Group's code of conduct is the cornerstone of its compliance program. Employees can contact the corporate compliance officer or internal compliance organization via the Zeppelin website or a special e-mail address. Since mid-2009, an external lawyer has been available for confidential consultations, acting as a compliance ombudsman. The regular compliance training provided to employees was supplemented with an e-learning program in 2012.

The Group's compliance program has been strengthened by extending compliance management to the Strategic Business Units. The compliance officers responsible for implementing the program are specially trained for their roles.

3. Individual Risks

Macroeconomic and Industry-Specific Risks

Because ZEPPELIN GmbH and its subsidiaries are engaged in such a large number of countries, industries, and activities, they naturally face a wide range of macroeconomic and industry-specific risks. This diversification of risks has helped to drive the Zeppelin Group's growth in recent years.

Internationally, Zeppelin is one of the largest sellers of Caterpillar construction machines and engines, and is also expanding into the growing markets for power generation and storage and extraction of oil and gas. In Eastern Europe, it is selling agricultural and forestry equipment to tap opportunities in these sectors. Parts of

the construction and shipping industries are characterized by considerable risks of defaults on outstanding payments, which Zeppelin counters by professionally and effectively managing receivables and credit risks. Central management of foreign exchange and hedging of currency exchange risks by the Group's treasury department play an important role, especially in the CIS countries.

Most of the markets targeted by the Plant Engineering business unit are outside Germany. Zeppelin is therefore benefiting from the fast-growing worldwide demand for plastics and the investments that the chemical and plastics industries must make in order to satisfy it. In recent years, the SBU has been increasing its expertise and engineering capacities for serving rubber and tire manufacturers. By acquiring the Reimelt-Henschel Group in 2009, Zeppelin stepped up its work for the world's food, cosmetics, and pharmaceutical industries, whose markets are less volatile. To reduce del credere risks, down payments and collateral for further installments are agreed on. In order to protect itself against economic and political risks, Zeppelin takes advantage of German government-backed trade export credit guaranties.

Zeppelin's geographical diversification is reflected in the growing share of sales that the Group makes in countries outside Germany.

Performance-Related Risks

Zeppelin's manufacturing partners and suppliers responded to the continued rise in demand in 2012 by additionally expanding their capacities. Because the worldwide demand was less pronounced, however, the principal risks involved in providing products and services—namely in connection with the ability of manufacturing partners to deliver at all and on time—diminished in 2012. Supply bottlenecks only occurred sporadically. Moreover, the manufacturers stocked more machines with standardized configurations, which additionally improved availability. To improve the supply situation further, they planned orders while also taking into account dealers' current requirements and offers and increasing their production capacities.

To ensure its ability to supply ordered products, Zeppelin maintains sufficient stocks to offset supply bottlenecks and delays on the part of suppliers.

In addition, cross-country supply management at the Strategic Business Unit level and greater collaboration among Strategic Business Units have created additional possibilities for minimizing risks and optimizing inventories.

Personnel Risks

Attention continued to focus on promoting Zeppelin as an attractive employer in 2012, in order to offset the shortage of qualified specialists and managers. Demographic trends make it essential to take special measures to win and lastingly retain suitable employees. The lack of qualified potential young job candidates is clearly reflected in how much more difficult it has become to recruit apprentices and trainees. Zeppelin is proactively confronting this risk by stepping up its presence at recruiting fairs. It is also continuing its efforts to expand its network of training centers in Eastern Europe.

In order to fill positions for specialists and managers from its own ranks and cement the bonds between the company and young new hires at as early a stage as possible, Zeppelin extended its cooperative education activities in Germany. This included expanding the program that was initiated in 2011 with the Ravensburg University of Cooperative Education.

In order to clearly position itself as an attractive employer, Zeppelin identified its most important qualities in this area. These were then integrated in materials for marketing and recruiting, and personnel marketing activities were intensified.

Besides winning and retaining qualified employees, other critical factors for Zeppelin's success include correctly assigning and appropriately fostering them. Greater use has begun to be made of external management appraisals for filling important executive positions and revealing areas that are in need of development. Tailored measures and personnel development programs now provide effective support for top managers.

For adapting to market fluctuations, flexible working hour models have been installed; in addition to limited-term contracts, short working hours, and outsourcing of processes, they allow for a great deal of variability. Goal- and result-based remuneration components have been introduced for specialists and managers in the Group, thus providing greater incentives for them to perform while reducing risks at the same time.

Financial Risks

The Zeppelin Group's high equity ratio limits its financial risks. In 2012, it was 38.5 percent. Another EUR 101.5m of long-term pension accruals are also available to ZEPPELIN GmbH and its German subsidiaries.

The other sources of financing available to the Group include various types of borrowed capital. To ensure its financial flexibility, a syndicated five-year line of credit for EUR 500m was agreed on with five core banks in 2011. By pooling such a large volume at these core banks, it was possible to obtain significantly better terms. In addition, in order to spread its outside sources of capital more widely, the Group makes use of sales-linked supplier financing, bonded loans, sales financing via several specialized institutions, and an ABS (asset-backed securities) program. Extensive lines of credit are also available for sale-and-leaseback transactions, especially for financing the rental fleet.

The Group's long-term liabilities to banks rose in the 2012 fiscal year to EUR 259.8m, accounting for 77 percent of total bank liabilities (previous year: 70 percent) and 20 percent of net assets (previous year: 16 percent).

In accordance with the Group's policy of hedging about two-thirds of its average financial liabilities against interest rate risks, interest rate swaps were also arranged in 2012. The Group is exposed to currency risks as a result of its business activities in emerging and developing countries. To contain these risks, cash flows in other currencies from individual transactions or projects are hedged by currency forwards and futures. In addition, the Group limits currency risks by financing its subsidiaries in emerging and developing countries in the local currencies. For monitoring currency risks, in 2012 a limit system based on a value-at-risk approach was introduced; it is integrated in the Group-wide treasury management system.

In order to monitor and manage financial, interest rate, and currency risks better while increasing transparency in these areas, investments continued to be made to develop the Zeppelin treasury management system and implement it throughout the Group.

All Group companies once again recorded relatively low levels of defaults by external customers in 2012, totaling only EUR 3.5m or 0.14 percent of sales (previous year: EUR 3.8m or 0.16 percent). This confirmed the success of the steps taken to improve solvency checking and manage receivables and debt collection better. Risks were additionally reduced by collaborating extensively with sales financing companies, especially Caterpillar Financial Services, and insisting on down payments on projects and plants.

To protect itself against the financial consequences of large liability risks, which could result in having to pay substantial damages, the Group takes out insurance policies. Zeppelin bears limited risks itself. Special attention is paid to claims management and corresponding preventive measures. Within the scope of an international system for managing insurance, coverage is continually monitored and adjusted as required. In addition, insurance coverage was centrally coordinated and managed for the entire Group. The real estate investments being made in St. Petersburg and Moscow in Russia were safeguarded against political risks by obtaining German government-backed guarantees for direct investments in other countries.

4. Opportunities

The core components of all entrepreneurial activity are actively looking for opportunities, developing and utilizing resources, and creating and applying innovations while simultaneously weighing the associated risks. They therefore also define the management philosophy of ZEPPELIN GmbH and all of its subsidiaries.

Because Zeppelin holds exclusive rights to sell and service capital goods from major, mostly market-leading, suppliers, it is in a position to lastingly tap existing potentials in the relevant markets, achieving large and, in many cases, leading market shares. This applies especially to the countries of Eastern Europe, which have been profiting from the rapidly growing global demand for raw materials, energy, and agricultural products. But it also holds for important markets in the sectors of transportation (shipbuilding, locomotives) and power generation (stationary and mobile generators, cogeneration plants).

Caterpillar's acquisition of Bucyrus, which was finalized in 2011, has extended its product portfolio and thus also opened up new market opportunities for Zeppelin. The expansion of sales of advanced machine control and construction equipment management systems is also tapping into additional market potentials.

The acquisition by Caterpillar of MWM GmbH in Mannheim, Germany is also enabling Zeppelin to develop new markets and opportunities in the field of heat and power generation, especially in the fast-growing markets of Eastern Europe.

The business model of renting out leading-edge machines and equipment from prominent manufacturers, combined with forward-looking, innovative services for the rental sector and the market, constitutes another pillar of the Zeppelin Group's strategy for exploiting potentials.

Sales and service organizations in the relevant countries, most of which operate nationwide networks, leadership in nearly all local construction equipment markets, excellently trained staff, and a stable long-term financial base will enable Zeppelin to continue taking advantage of these opportunities in the future as well. Sales of spare parts and customer services also help to stabilize employment, profitability, and cash flow in the business models devoted to construction and agricultural equipment, lift trucks, engines, and rentals.

The Zeppelin Group's financial clout also allows it to win projects and business in challenging economic situations and volatile markets, and to systematically exploit opportunities by acquiring attractive companies to supplement and extend its offerings.

In view of the positive development of the Group's business operations and finances in 2012, Creditreform Rating AG has raised its rating from "A-" to "A".

5. Overall Risk Assessment

Risk management plays a very important role at Zeppelin: as a management tool, for identifying and influencing individual risks, and for seizing opportunities. Over the years, the Group has continually adjusted its risk management system to meet growing requirements while supplementing and extending it with new activities. The Group management accounting department and the risk panel established in 2011 continually monitor the risk reporting system and take steps to keep improving risk management, which is audited and assessed each year to ensure that it is being properly run.

No risks that could endanger the continued existence of ZEPPELIN GmbH or its subsidiaries appeared during the year under review, nor are any such risks discernible either now or in the future.

F. Forecast

The World Bank expects the world economy to lose momentum in 2013 and only expand by 2.4 percent. This is mainly because of sluggish economic recovery in the industrialized countries, austerity measures to combat the debt crisis, and high joblessness. It is anticipated that the German economy will pick up speed again and grow slightly during the further course of 2013. The economies of Spain, Italy, Portugal, and especially Greece are likely to continue contracting. The forecasts for Japan, the United States, and Latin America, among others, are cautious.

In the World Bank's estimation, the danger of a major financial crisis in the euro zone has been largely warded off. Confidence improved noticeably in Europe's markets in 2012, since the continent's countries and the European Central Bank took the right steps to bolster the common currency. However, as the recent events in Cyprus and the political situation in Italy show, the achieved stability must be regarded as fragile.

The assessments of how Zeppelin's core markets will develop vary. The outlook for the German construction industry (civil engineering, building construction, and road construction) for the first half of 2013 has improved significantly, although the market volume for new construction machines is expected to fall off slightly. The construction equipment markets of the Czech Republic and Slovak Republic are expected to continue shrinking; the situation is only expected to improve somewhat in Austria. The demand for new construction machines is expected to grow at a statelier pace in the CIS countries. The rental markets of Germany and Austria will probably remain roughly at the level of 2012, while the demand in the Czech Republic and Slovak Republic will probably tend to weaken. The Russian rental market has prospects of continued growth in 2013. Where engines are concerned, no improvement is in sight for the world's ship markets in 2013. By contrast, brisk demand is anticipated in the energy sector. Good market prospects are forecast for oil and gas applications, especially in Russia and the Czech Republic. Good possibilities for selling locomotive engines are expected in the Czech Republic and Ukraine. In the field of plant engineering, the forecasts for sales of plastics, rubber, and food machines in 2013 are in positive territory.

For the 2013 and 2014 fiscal years, the Zeppelin Group is targeting, at realistically but cautiously projected sales volumes of EUR 2.51b and EUR 2.65b, respectively, pretax earnings of EUR 80.0m and EUR 95.0m, respectively. The corresponding results after tax will be EUR 53.7m and EUR 66.2m, respectively. The expectation is that the return on capital employed (ROCE) will amount to 8.2 and 9.0 percent, respectively.

There are plans to expand the workforce, including trainees and apprentices, to a total of 7,719 in 2013 and 8,069 in 2014, in order to ensure future growth and a stronger focus on services.

Capital expenditures of about EUR 96.8m (not including additions to rental fleets) are planned for 2013. EUR 76.5m of investments are planned for the following year. They will predominantly be in operational and business equipment, as well as land and buildings. Another EUR 121.7m are to be invested in rental fleets in 2013, followed by EUR 128.2m in 2014.

The development of business at the Zeppelin Group's companies in the first two months of 2013 was mainly affected by unusually severe winter weather conditions in the most important markets, thus significantly depressing both sales and earnings overall.

The positive order situation of Zeppelin's companies in 2012 persisted in early 2013. As of the end of February 2013, the order backlog amounted to EUR 623.2m, down 5.7 percent from the level of February 2012.

The Group's sales revenues as of the end of February 2013 (EUR 251.0m) were EUR 77.6m or 23.6 percent less than for the corresponding period of the preceding year (EUR 328.6m). For seasonal reasons, the pretax operating result as of the end of February was still negative at EUR -21.1m. That was EUR 13.9m less than the year-earlier figure, which was also negative (EUR -7.2m).

The planning scenarios for 2013 give appropriate consideration to possible risks. The still unresolved debt crisis in Europe may negatively impact expectations.

Friedrichshafen, Germany
March 30, 2013

The Management Board

Peter Gerstmann

Michael Heidemann

Christian Dummler

Jürgen-Philipp Knepper

Group Balance Sheet as of December 31, 2012

ASSETS		
EURk	Dec. 31, 2012	Dec. 31, 2011
A. FIXED ASSETS		
I. INTANGIBLE ASSETS		
1. Purchased industrial and intellectual property, similar rights and assets, and licenses for rights of these kinds	6,658	6,833
2. Goodwill	10,760	5,586
3. Down payments made	4,162	2,300
	21,580	14,719
II. PROPERTY, PLANT, AND EQUIPMENT		
1. Land, land rights, and buildings, including buildings on third-party land	179,892	172,286
2. Plant and machinery	10,610	7,331
3. Other operating and business equipment, furniture, and fixtures	40,541	30,735
4. Rental assets	173,412	149,410
5. Down payments made and assets under construction	11,497	11,190
	415,952	370,952
III. FINANCIAL ASSETS		
1. Investments in affiliated companies	11,756	23,330
2. Loans to affiliated companies	229	429
3. Participations	12,836	12,910
4. Securities held as fixed assets	197	160
5. Other loans	345	323
	25,363	37,152
	462,895	422,823
B. CURRENT ASSETS		
I. INVENTORIES		
1. Raw materials, consumables, and supplies	24,558	38,730
2. Work in progress	67,063	63,977
3. Finished goods and merchandise	419,881	368,987
4. Down payments made	28,007	44,604
5. Down payments received on orders	-56,814	-45,641
	482,695	470,657
II. RECEIVABLES AND OTHER ASSETS		
1. Trade receivables	272,776	255,871
2. Receivables from affiliated companies	6,942	9,479
3. Receivables from companies with which a participation relationship exists	6,436	4,562
4. Other assets	34,726	43,717
	320,880	313,629
III. CASH ON HAND, BANK BALANCES, CHECKS		
	42,289	73,679
	845,864	857,965
C. PREPAID EXPENSES	9,791	9,365
D. DEFERRED TAX ASSETS	884	385
E. NET PLAN ASSETS FOR POST-EMPLOYMENT BENEFITS	45	0
	1,319,479	1,290,538

EQUITY AND LIABILITIES		
EURk	Dec. 31, 2012	Dec. 31, 2011
A. EQUITY		
I. SUBSCRIBED CAPITAL	100,000	100,000
II. CAPITAL RESERVES	60,000	60,000
III. REVENUE RESERVES		
1. Reserve for shares of a controlling company	11,276	11,276
2. Other revenue reserves	326,496	266,262
	337,772	277,538
IV. MINORITY INTERESTS	10,074	11,802
	507,846	449,340
B. PROVISIONS		
1. Accruals for pensions and other post-employment benefits	101,509	100,218
2. Tax provisions	10,214	12,216
3. Other provisions	163,784	156,223
	275,507	268,657
C. LIABILITIES		
1. Liabilities to banks	337,514	294,752
2. Down payments received on orders	54,247	104,190
3. Trade payables	85,656	110,143
4. Liabilities to affiliated companies	133	148
5. Liabilities to companies with which a participation relationship exists	19	177
6. Other liabilities	50,699	54,237
	528,268	563,647
D. DEFERRED INCOME	1,346	1,822
E. DEFERRED TAX LIABILITIES	6,512	7,072
	1,319,479	1,290,538

GROUP INCOME STATEMENT FOR THE 2012 FISCAL YEAR

EURk	Jan. 1, 2012 to Dec. 31, 2012	Jan. 1, 2011 to Dec. 31, 2011
1. Revenues	2,549,695	2,428,798
2. Increase (+) / decrease (-) in finished goods and work in progress	-4,536	20,360
3. Other own work capitalized	968	587
4. Other operating income	76,040	84,342
	2,622,167	2,534,087
5. Cost of materials		
a) Cost of raw materials, consumables, supplies, and purchased merchandise	1,741,396	1,658,556
b) Cost of purchased services	90,500	123,958
	1,831,896	1,782,514
6. Personnel expenses		
a) Wages and salaries	322,998	301,614
b) Social security and other benefits	61,975	55,133
c) Pension costs	5,660	6,122
	390,633	362,869
7. Amortization, depreciation, and write-downs of intangible assets and property, plant, and equipment	31,448	28,673
8. Other operating expenses	248,130	244,461
	120,060	115,570
9. Income from participations	779	1,284
10. Income from other securities and loans classified as fixed financial assets	187	212
11. Other interest and similar income	3,755	3,528
12. Write-downs on financial assets and securities held as current assets	192	10,538
13. Interest and similar expenses	26,191	24,350
14. RESULT OF ORDINARY ACTIVITIES	98,398	85,706
15. Extraordinary income	5	0
16. Extraordinary expenses	4	1,634
17. EXTRAORDINARY RESULT	1	-1,634
18. Income taxes	26,814	25,999
19. Other taxes	2,904	2,239
20. NET GROUP INCOME	68,681	55,834
21. Income attributable to minority interests	-818	818
22. GROUP SHARE OF NET INCOME FOR THE YEAR	69,499	55,016
23. Allocation to Group's revenue reserves	-69,499	-55,016

GROUP CASH FLOW STATEMENT FOR THE 2012 FISCAL YEAR

EURk	2012	2011	Change
Net income/loss	68,681	55,834	12,847
Income taxes	26,814	25,999	815
Earnings before income taxes	95,495	81,833	13,662
BALANCE OF WRITE-DOWNS (+) / WRITE-UPS(-)			
Intangible assets	8,043	8,436	-393
Property, plant, and equipment excluding rented-out construction machinery	22,929	20,237	2,692
Rented-out construction machinery (fixed and current assets)	55,369	48,068	7,301
Financial assets	507	10,538	-10,031
Change in pension accruals (+increase)	450	3,627	-3,177
Change in long-term provisions (+increase)	844	1,761	-917
Unrealized currency exchange losses (+)/gains (-)	-32	4,034	-4,066
Other non-cash expenses (+) / income (-)	-4,772	1,727	-6,499
GROSS CASH FLOW	178,833	180,261	-1,428
Income taxes	-26,814	-25,999	-815
NET CASH FLOW	152,019	154,262	-2,243
Loss (+) / gain (-) resulting from disposals of fixed assets	487	-9,061	9,548
Decrease (+) / increase (-) in inventories	-19,954	-99,615	79,661
Decrease (+) / increase (-) in trade receivables	-13,661	-3,878	-9,783
Increase (-) / decrease (+) in other receivables and assets	12,151	4,899	7,252
Decrease (+) / increase (-) in trade payables and other liabilities	-90,727	50,610	-141,337
= CASH FLOW FROM OPERATING ACTIVITIES	40,315	97,217	-56,902
PAYMENTS (-) FOR INVESTMENTS IN			
Intangible assets	-6,692	-5,285	
Property, plant, and equipment excluding rental assets	-42,765	-32,160	
Rental assets (balance of payments received for disposals/payments for investments)	-65,845	-54,279	
Financial assets	-510	-12,281	
PAYMENTS RECEIVED (+) FOR DISPOSALS OF			
Intangible assets	10	1,095	
Property, plant, and equipment (excluding rental assets)	4,043	14,863	
Fixed financial assets	188	1,162	
= CASH FLOW FROM INVESTING ACTIVITIES	-111,571	-86,885	
Dividends to shareholders of ZEPPELIN GmbH	-7,000	0	
Dividends to minority interests	-995	-581	
Proceeds from long-term borrowing	126,801	69,383	
Repayment of long-term financial liabilities	-50,000	-17,200	
Repayment of short-term financial liabilities	-35,727	-100,753	
CASH FLOW FROM FINANCING ACTIVITIES	33,079	-49,151	
Change in cash and cash equivalents	-38,177	-38,819	
Cash and cash equivalents at start of fiscal year	73,679	112,554	
Consolidation group-related changes in cash and cash equivalents	6,752	0	
Exchange rate-related changes in cash and cash equivalents	35	-57	
= CASH AND CASH EQUIVALENTS AT END OF FISCAL YEAR	42,289	73,679	

Statement of Changes in the Group's Fixed Assets in Fiscal 2012

ACQUISITION AND PRODUCTION COSTS						
EURk	Jan. 1, 2012	Currency differences	Additions	Additions to consolidation group	Disposals	Reclassifications
I. INTANGIBLE ASSETS						
1. Purchased industrial and intellectual property, similar rights and assets, and licenses for rights of these kinds	31,660	223	3,143	94	-1,023	185
2. Goodwill	30,121	-1	9,127	849		
3. Down payments made	2,300		2,032			-170
	64,081	222	14,302	943	-1,023	15
II. PROPERTY, PLANT, AND EQUIPMENT						
1. Land, land rights, and buildings, including buildings on third-party land	278,362	468	7,740	1,464	-3,500	7,949
2. Plant and machinery	41,916	-255	3,124	5,244	-1,373	215
3. Other operating and business equipment, furniture, and fixtures	107,838	118	21,564	2,385	-6,369	722
4. Rental assets	238,015	1,615	102,862	81	-73,205	39
5. Down payments made and assets under construction	11,190	-33	10,338		-1,053	-8,945
	677,321	1,913	145,628	9,174	-85,500	-20
III. FINANCIAL ASSETS						
1. Investments in affiliated companies	25,207			-12,833	-247	
2. Loans to affiliated companies	4,795			-515		
3. Participations	26,035	129	250			
4. Securities held as fixed assets	160		2			35
5. Other loans	3,091		258	6	-188	
	59,288	129	510	-13,342	-435	35
	800,690	2,264	160,440	-3,225	-86,958	30

¹⁾ Settled against expenses for materials.

		DEPRECIATIONS							NET BOOK VALUES	
	Dec. 31, 2012	Jan. 1, 2012	Currency differences	Additions	Additions to consolidation group	Disposals	Reclassi- fications	Dec. 31, 2012	Dec. 31, 2012	Dec. 31, 2011
	34,282	24,827	152	3,597	46	-1,013	15	27,624	6,658	6,833
	40,096	24,535	13	4,446	342			29,336	10,760	5,586
	4,162								4,162	2,300
	78,540	49,362	165	8,043	388	-1,013	15	56,960	21,580	14,719
	292,483	106,076	-56	8,675	580	-2,686	2	112,591	179,892	172,286
	48,871	34,585	-157	2,205	2,644	-1,010	-6	38,261	10,610	7,331
	126,258	77,103	44	12,049	1,604	-5,174	91	85,717	40,541	30,735
	269,407	88,605	808	41,763 ¹⁾	7	-35,082	-106	95,995	173,412	149,410
	11,497								11,497	11,190
	748,516	306,369	639	64,692	4,835	-43,952	-19	332,564	415,952	370,952
	12,127	1,877			-1,259	-247		371	11,756	23,330
	4,280	4,366			-315			4,051	229	429
	26,414	13,125		453				13,578	12,836	12,910
	197								197	160
	3,167	2,768		54				2,822	345	323
	46,185	22,136		507	-1,574	-247		20,822	25,363	37,152
	873,241	377,867	804	73,242	3,649	-45,212	-4	410,346	462,895	422,823

Statement of Changes in Group Equity

PARENT COMPANY				
EURk	Subscribed capital	Capital reserves	Equity earned by Group	
JAN. 1, 2011	100,000	60,000	229,553	
Dividend payments				
Other changes			-204	
	100,000	60,000	229,349	
Net Group income			55,016	
Other Group results				
Total Group result			55,016	
DEC. 31, 2011	100,000	60,000	284,365	
JAN. 1, 2012	100,000	60,000	284,365	
Dividend payments			-7,000	
Other changes			-165	
	100,000	60,000	277,200	
Net Group income			69,499	
Other Group results				
Total Group result			69,499	
DEC. 31, 2012	100,000	60,000	346,699	

¹⁾ The reported sum includes EUR 23.646m of goodwill from capital consolidation.

			MINORITY INTERESTS				GROUP EQUITY
Other accumulated Group results		Equity	Minority interests	Other accumulated Group results	Equity		
Adjustment items from currency translation	Other non-operating transactions			Adjustment items from currency translation			
4,609	-10,084	384,078	10,148	1,732	11,880	395,958	
			-581		-581	-581	
		-204				-204	
4,609	-10,084	383,874	9,567	1,732	11,299	395,173	
		55,016	818		818	55,834	
-1,352		-1,352		-315	-315	-1,667	
-1,352		53,664	818	-315	503	54,167	
3,257	-10,084 ¹⁾	437,538	10,385	1,417	11,802	449,340	
3,257	-10,084	437,538	10,385	1,417	11,802	449,340	
		-7,000	-1,009		-1,009	-8,009	
		-165	-78		-78	-243	
3,257	-10,084	430,373	9,298	1,417	10,715	441,088	
		69,499	-818		-818	68,681	
-2,100		-2,100		177	177	-1,923	
-2,100		67,399	-818	177	-641	66,758	
1,157	-10,084 ¹⁾	497,772	8,480	1,594	10,074	507,846	

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE 2012 FISCAL YEAR

I. General

These Group financial statements have been prepared in accordance with Sections 290 ff. of the German Commercial Code (HGB). The figures in the Group financial statements are stated in thousands of euros.

The Group income statement is presented using the "nature of expense" method.

For greater clarity, these Group financial statements include notes indicating when figures are also included in other items, as well as detailed breakdowns.

II. Accounting and Valuation Methods

The financial statements of ZEPPELIN GmbH and the other included companies have been prepared according to consistent accounting and valuation principles.

Acquired intangible assets and property, plant, and equipment are recognized at cost and, when depreciable, reduced by systematic amortization and depreciation.

The customary useful life of intangible assets is generally assumed to be between three and five years. Amortization of the goodwill resulting from initial consolidation through December 31, 2009 is recorded on a straight-line basis over a period of five or 10 years. On the date (January 1, 2010) of the transition to the German Accounting Law Modernization Act (BilMoG), all goodwill had a remaining useful life of less than five years.

Tangible fixed assets have been reduced in value by systematically depreciating them based on their expected useful lives. Their useful lives are estimated based on the official depreciation (AfA) tables, since in general these accurately reflect the intensity of usage and loss of value of assets.

Asset additions made on or after January 1, 2010 are depreciated on a straight-line basis according to their history of use. Asset additions through December 31, 2009 are depreciated according to the declining-balance or straight-line method to the extent permitted by tax rules.

Low-value assets with a net individual value of up to EUR 150.00 have been fully depreciated, i.e. entered as expenses, in their year of acquisition, assuming that they were immediately disposed of. For individual assets with a net value of more than EUR 150.00 but less than EUR 1,000.00, for simplicity's sake it is standard practice under German accounting principles to aggregate them as compound items in commercial balance sheets. Each such compound item is subject to collective depreciation at a flat annual rate of 20 percent in the year of acquisition and the following four years.

The recognized rental assets are depreciated using the straight-line method according to their expected useful lives. Total depreciations of EUR 41.763m (previous year: EUR 36.574m) are included in the expenses for materials.

Shares in nonconsolidated affiliated companies and subsidiaries are recognized at the lower of cost and market value.

Loans and securities classified as fixed assets are recognized at cost value. Required depreciations are made to their lower market values as of the balance sheet date.

Raw materials, consumables, supplies, and merchandise included in the inventories are measured at the lower of cost or net realizable price. Work in progress is measured at production cost, while taking into account a proportionate share of material and product overheads and depreciation as well as directly attributable material, labor, and special costs. Adequate write-downs have been applied to the cost or market value, whichever is less, and to account for marketability risks. Interest on borrowed capital and general administrative costs have not been capitalized.

Adequate impairments have been recorded to account for all identifiable inventory risks due to above-average storage periods, reduced marketability, and lower replacement costs. Current rental assets are also subject to ongoing depreciation.

Receivables and other assets are recognized at their nominal values. Sufficient specific and general bad debt allowances have been made to account for existing default risks.

Under the generally accepted German accounting principles, provisions for meeting pension and other post-employment obligations are determined in accordance with the projected unit credit method using the "2005 G mortality tables" by Prof. Dr. Klaus Heubeck. An average market interest rate of 5.06 percent (previous year: 5.13 percent) has been used as the flat discount rate for a remaining term of 15 years in accordance with the German Regulation on Discounting of Provisions (RückAbzinsV). Expected salary and wage increases of 2.5 percent and expected pension increases of 1.0 percent have been taken into consideration. For companies outside Germany, the usual interest rates in the corresponding countries have been applied.

Making use of the option provided by Article 67, para. 1, sentence 1 of the German Law Introducing the German Commercial Code (EGHGB), 14/15 of the addition arising from the change in the accounting rules for provisions pursuant to Section 249, para. 1, sentence 1, Section 253, para. 1, sentence 2, and Section 253, para. 2, of the German Commercial Code were posted to expenses in the preceding year.

Provisions for taxes and other purposes account for all contingent liabilities and potential losses from pending transactions. They are recognized at the settlement values dictated by good business sense. Interest-bearing and non-interest-bearing provisions due to be liquidated in more than one year have been discounted at the average market interest rate. The average rate has been calculated on the basis of the seven years prior to the remaining term of each obligation.

The assets that are intended exclusively for meeting pension or comparable long-term post-employment obligations and are exempt from attachment by all other creditors (plan assets in the sense of Section 246, para. 2, sentence 2 of the German Commercial Code) have been netted against provisions at their fair value. To safeguard them for phased early retirement programs in the event of insolvency, they have been invested in shares in a money market fund and turned over to Commerzbank AG as their trustee.

Liabilities are recorded at their settlement value.

For calculating taxes deferred because of temporary or permanent differences between the book values of assets, liabilities, deferred income, and prepaid expenses in accordance with commercial law and their tax valuations, or to tax losses carried forward, the amounts of the tax burden or relief are valued at the company-specific tax rates on the date when the differences are eliminated and are not discounted. Differences based on consolidation entries in accordance with Sections 300 to 307 of the German Commercial Code are also taken into account, but differences for the initial recognition of goodwill or negative goodwill from capital consolidation are not

considered. Deferred tax assets and liabilities are not offset against each other. Deferred taxes resulting from differences in the annual financial statements of consolidated companies are not capitalized, in accordance with the relevant disclosure option.

Where hedging relationships are designated in accordance with Section 254 of the German Commercial Code, the following accounting and valuation principles are applied: economic hedges are accounted for by designating hedging relationships. In cases in which it is possible to use either the “net hedge presentation method”, in which the offsetting changes in value from the hedged risk are not accounted for, or the “gross hedge presentation method”, in which the offsetting changes in value from the hedged risk of both the hedged item and the hedging instrument are accounted for, the net hedge presentation method is used. The offsetting positive and negative changes in value are recognized without affecting the income statement.

III. Consolidation Group

The group of consolidated companies comprises—in addition to ZEPPELIN GmbH—13 (previous year: 10) German and 29 (previous year: 24) foreign subsidiaries. For one included company (previous year: none), no figures at all are given pursuant to Section 313, para. 3, sentence 1 of the German Commercial Code.

The consolidation group comprises the following companies:

NAME AND LOCATION	Ownership share (%) ¹⁾
ZEPPELIN GmbH, Friedrichshafen	- ²⁾
Zeppelin Immobilien Russland OOO, Moscow, Russia	100.0 ⁸⁾
Zeppelin Baumaschinen GmbH, Garching near Munich	100.0
AT Baumaschinentechnik Beteiligungs GmbH, Munich	100.0 ³⁾
Zeppelin Struktur GmbH, Garching near Munich	100.0
Zeppelin Österreich GmbH, Fischamend near Vienna, Austria	100.0
Phoenix-Zeppelin, spol. sr.o., Modletice near Prague, Czech Republic	85.0
Phoenix Zeppelin, spol. sr.o., Banská Bystrica, Slovak Republic	85.0 ⁴⁾
Zeppelin Polska Sp. z o.o., Warsaw, Poland	85.0 ⁴⁾
Zeppelin Logistics Sp. z o.o., Warsaw, Poland	85.0 ⁵⁾
Phoenix-Zeppelin Ukraine TOW, Kiev, Ukraine	85.0 ⁴⁾
Zeppelin International AG, Steinhausen, Switzerland	100.0
Zeppelin Russland OOO, Moscow, Russia	100.0 ⁶⁾
PRIME Machinery OOO, Moscow, Russia (formerly Zeppelin AGRO OOO)	100.0 ⁶⁾
Zeppelin Ukraine TOW, Kiev, Ukraine	100.0 ⁶⁾
Zeppelin Turkmenistan JV, Ashgabat, Turkmenistan	100.0 ⁷⁾
Zeppelin Central Asia Machinery LLC, Tashkent, Uzbekistan	100.0 ⁷⁾
Zeppelin Tajikistan, Dushanbe, Tajikistan	100.0 ⁷⁾
Zeppelin Belarus OOO, Minsk, Belarus	100.0 ⁷⁾
Zeppelin Armenien LLC, Abovyan, Armenia	100.0 ⁷⁾
Zeppelin Rental GmbH & Co. KG, Garching near Munich	100.0
Zeppelin Rental Verwaltungs GmbH, Garching near Munich	100.0
Zeppelin Rental Russland GmbH, Garching near Munich	100.0 ⁸⁾
Zeppelin Rental Russland OOO, Moscow, Russia	100.0 ⁹⁾
Zeppelin Rental Österreich GmbH, Fischamend near Vienna, Austria	100.0 ¹⁰⁾
GSL Zeppelin GmbH, Hünxe	100.0 ¹⁰⁾

NAME AND LOCATION	Ownership share (%) ¹⁾
Fritz Berndt Verkehrstechnik GmbH, Cologne	100.0 ¹⁰⁾
Zeppelin Power Systems GmbH & Co. KG, Hamburg	100.0
Zeppelin Power Systems Verwaltungs GmbH, Hamburg	100.0
Zeppelin Power Systems Russland OOO, Moscow, Russia	100.0 ⁷⁾
Zeppelin Systems GmbH, Friedrichshafen	100.0
Zeppelin Reimelt GmbH, Rödermark	100.0 ¹¹⁾
Zeppelin Systems France S.A.R.L., Vénissieux Cedex, France	100.0 ¹²⁾
Zeppelin Systems USA Inc., Odessa, Florida, USA	100.0 ¹²⁾
Zeppelin Systems Benelux NV, Genk, Belgium	100.0 ¹³⁾
Zeppelin Systems Italy S.r.l., Milan, Italy	90.0 ¹¹⁾
Zeppelin Systems UK Limited, Nottingham, United Kingdom	100.0 ¹¹⁾
Zeppelin Systems Latin America Equipamentos Industriais Ltda., São Paulo, Brazil	100.0 ¹¹⁾
Zeppelin Systems China (Beijing) Co. Ltd., Beijing, China	100.0 ¹¹⁾
Zeppelin Systems China (Shanghai) Co. Ltd., Shanghai, China	60.0 ¹⁴⁾
Zeppelin Systems India Pvt. Ltd., Baroda, India	100.0 ¹¹⁾
Zeppelin Systems Singapore Pte. Ltd., Singapore	100.0 ¹¹⁾

Legend:

¹⁾ Directly and indirectly owned.

²⁾ Parent company.

³⁾ Shares held by Zeppelin Baumaschinen GmbH, Garching near Munich.

⁴⁾ Shares held by Phoenix-Zeppelin spol. sr.o., Modletice near Prague, Czech Republic.

⁵⁾ Shares held by Phoenix-Zeppelin spol. sr.o., Modletice near Prague, Czech Republic and Zeppelin Polska Sp. z o.o., Warsaw, Poland.

⁶⁾ Shares held by Zeppelin International AG, Steinhausen, Switzerland

⁷⁾ Shares held by Zeppelin International AG, Steinhausen, Switzerland and Zeppelin Russland OOO, Moscow, Russia.

⁸⁾ Shares held by ZEPPELIN GmbH, Friedrichshafen and Zeppelin Baumaschinen GmbH, Garching near Munich.

⁹⁾ Shares held by Zeppelin Rental Russland GmbH, Garching near Munich.

¹⁰⁾ Shares held by Zeppelin Rental GmbH & Co. KG, Garching near Munich.

¹¹⁾ Shares held by Zeppelin Systems GmbH, Friedrichshafen.

¹²⁾ Shares held by Zeppelin Reimelt GmbH, Rödermark.

¹³⁾ Shares held by Zeppelin Systems GmbH, Friedrichshafen and ZEPPELIN GmbH, Friedrichshafen.

¹⁴⁾ Shares held by Zeppelin Systems China (Beijing) Co. Ltd., , Beijing, China.

In the reporting year, Fritz Berndt Verkehrstechnik GmbH, Zeppelin Systems India Pvt. Ltd., Zeppelin Systems France S.A.R.L., and Zeppelin Systems China (Shanghai) Co. Ltd. in particular were consolidated for the first time.

In the reporting year, Zeppelin Strassenbautechnik GmbH was merged with GSL Zeppelin GmbH, which was then also included in the group of consolidated companies for the first time.

Two new companies were established and consolidated for the first time in the reporting year: Zeppelin Power Systems Russland OOO and Zeppelin Immobilien Russland OOO.

Three (previous year: eight) German and seven (previous year: 13) foreign companies with only a small business volume were not included in the Group financial statements pursuant to Section 296, para. 2 of the German Commercial Code. Overall, they are of negligible importance for meeting the requirement to present a true and fair picture of the Group's net assets, financial position, and operating results. The information required by Section 313, para. 2, no. 4 of the German Commercial Code is given in the table below. The information on three (prior year: three) unconsolidated companies has been completely omitted in accordance with Section 313, para. 3, sentence 1 of the German Commercial Code.

NAME AND LOCATION	Share (%)	Equity (EURk)	Result for year (EURk)
Zeppelin-Körös-Spedit Kft., Budapest, Hungary	42.5 ²⁾	183	35
SkySails Holding GmbH & Co. KG, Hamburg	4.0 ³⁾	30	-6 ⁶⁾
Zeppelin SkySails Sales & Service GmbH & Co. KG, Hamburg	75.04 ³⁾	25	-173 ⁷⁾
Zeppelin SkySails Sales & Service Verwaltungs GmbH, Hamburg	67.0 ³⁾	29	1 ⁷⁾
Reimelt UK Ltd., Enfield, United Kingdom	50.0 ⁴⁾	122	-3 ⁷⁾
Reimelt Ltda., São Paulo, Brazil	90.0 ⁴⁾	-609	1,235 ⁷⁾
Zeppelin Systems Korea Corporation, Gyeonggi-do, South Korea	100.0 ⁴⁾	149	624
Zeppelin Systems Hongkong Ltd., Hong Kong, China	100.0 ⁴⁾	6	-3 ⁷⁾
DIMA service for plant engineering sr.o., Bratislava, Slovak Republic	100.0 ⁵⁾	113	-17
Zeppelin Systems Gulf Co. Ltd., Al Jubail, Saudi Arabia	90.0 ⁵⁾	-304	-335 ⁷⁾

Legend:

¹⁾ Directly and directly owned.

²⁾ Shares (50%) held by Phoenix-Zeppelin spol. sr.o., Modletice near Prague, Czech Republic.

³⁾ Shares held by Zeppelin Power Systems GmbH & Co. KG, Hamburg.

⁴⁾ Shares held by Zeppelin Reimelt GmbH, Rödermark.

⁵⁾ Shares held by Zeppelin Systems GmbH, Friedrichshafen.

⁶⁾ Financial statements for the year ending on Dec. 31, 2010.

⁷⁾ Financial statements for the year ending on Dec. 31, 2011.

Other Participations

NAME AND LOCATION	Share (%) ¹⁾	Equity (EURk)	Result for year (EURk)
CZ LOKO a.s., Česká Třebová, Czech Republic	41.65 ²⁾	26,871	3,624
Energyst B.V., Breda, Netherlands	4.95	51,658	1,193 ³⁾

Legend:

¹⁾ Indirectly and directly.

²⁾ Shares held by Phoenix-Zeppelin spol. sr.o., Modletice near Prague, Czech Republic.

³⁾ Financial statements for the year ending on Dec. 12, 2011.

IV. Consolidation Principles

Until December 31, 2000, business agglomerations were consolidated using the book value method (Section 301, para. 1, sentence 2, no. 1 of the Germany Commercial Code) as of the date of acquisition or the date of a subsidiary's initial consolidation. A Brazilian subsidiary that was included in the Group financial statements for the first time in the 1998 fiscal year was consolidated using the revaluation method as of its date of acquisition (Section 301, para. 1, sentence 2, no. 2 of the Germany Commercial Code) in order to take advantage of this method, which was already part of the generally accepted German accounting principles for preparing financial statements, for consolidation purposes as well.

Acquisitions made since January 1, 2001 have been consolidated using the revaluation method as of the date of acquisition.

If, in connection with the initial consolidation of a subsidiary according to the book value method, the acquisition cost exceeded the fair value of the net assets acquired, this was allocated to individual assets of the

subsidiary that were worth more than their book values as stated in its financial statements. Any remaining discrepancy or, when applying the revaluation method, excess of acquisition cost over fair value of net assets acquired was treated as goodwill and amortized pursuant to Section 309, para. 1, sentence 1 of the Germany Commercial Code or offset against the Group's revenue reserves.

In 2012, three German companies and five foreign companies were consolidated for the first time.

Minority interests in equity and net income are accounted for in the balance sheet under "minority interests" and in the income statement under "net income for the year attributable to minority interests." The amount disclosed in the income statement under "net income for the year attributable to minority interests" (EUR -818k) is the result of offsetting income (EUR 253k; prior year: EUR 818k) against losses (EUR 1,071k; prior year: EUR 0k).

The other revenue reserves contain the accumulated results of the companies included in the Group financial statements, to the extent that they were not distributed, as well as consolidation entries affecting income. They also contain accumulated currency translation differences and, when exercising the option provided by Section 309, para. 1, sentence 3 of the German Commercial Code, goodwill offset without affecting the operating result and/or negative sums resulting from profit retention in connection with capital consolidations that are allocated to other revenue reserves, also without affecting the operating result.

The share of profits attributable to shareholders of ZEPPELIN GmbH in 2012 was allocated to other revenue reserves.

Receivables and liabilities between consolidated companies were eliminated in the course of consolidating their intercompany balances. Differences were recognized partly directly in the income statement and partly directly in equity.

Revenues and expenses between consolidated companies were offset against each other or reclassified.

Intercompany profits from inventories were eliminated.

V. Currency Translation

All assets and liabilities denominated in foreign currencies were translated at the mean spot exchange rate on the balance sheet date. For assets and liabilities due in more than one year, the realization principle (Section 298, para. 1 in conjunction with Section 252, para. 1, no. 4, 2nd half of sentence 2 of the German Commercial Code) and the historical cost principle (Section 298, para. 1 in conjunction with Section 253, para. 1, sentence 1 of the German Commercial Code) were applied.

The assets and liabilities given in the annual financial statements denominated in foreign currencies, with the exception of equity (subscribed capital, reserves, and profit carried forward at historical rates) were translated into euros at the mean spot exchange rate on the balance sheet date. The items in the income statement were translated into euros at the average exchange rate. The resulting translation difference is reported in Group equity in the reserves under the heading "adjustment item from currency translation."

VI. Notes to the Group Balance Sheet

Fixed Assets

The development of the individual fixed asset items is presented separately in the "Statement of Changes in the Group's Fixed Assets."

The intangible assets mainly consist of software, licenses and similar rights, and goodwill and similar assets.

As a consequence of the elimination of the old version of Section 308, para. 3 of the German Commercial code, it has been necessary to reverse transfers of special items containing a share of reserves and special depreciations made in earlier years under the German Law on Development Areas (Fördergebietgesetz). This required an additional EUR 469k to be depreciated in 2012. The associated adjustments to the book values of property, plant, and equipment result in additional write-downs of EUR 5,696k in subsequent years.

The shares in affiliated companies include shares in a controlling company, Luftschiffbau Zeppelin GmbH, Friedrichshafen, worth EUR 11.275m. The shares correspond to 10 percent of the subscribed capital of EUR 35.0m.

The participations include shares in two German companies and four foreign companies.

Receivables and Other Assets

The breakdown of assets with remaining times to maturity exceeding one year is as follows:

	Time to maturity > 1 year	Total
DEC. 31, 2012	EURk	EURk
Trade receivables	5,278	272,776
Receivables from affiliated companies	150	6,942
Receivables from companies with which a participation relationship exists	0	6,436
Other assets	632	34,726
	6,060	320,880

	Time to maturity > 1 year	Total
DEC. 31, 2011	EURk	EURk
Trade receivables	1,722	255,871
Receivables from affiliated companies	0	9,479
Receivables from companies with which a participation relationship exists	0	4,562
Other assets	396	43,717 ¹⁾
	2,118	313,629

¹⁾ Values for previous year adjusted

The receivables from affiliated companies include EUR 1,997k (previous year: EUR 5,319k) of receivables from the controlling company.

Prepaid expenses

The prepaid expenses include costs from nine (previous year: five) bonded loans amounting to a total of EUR 487k (previous year: EUR 125k) that were placed in the years 2007 through 2009 and 2012. The costs are being depreciated according to plan over the term of the loans. Also recorded are arrangement and participation fees amounting to EUR 1,797k (previous year: EUR 2,287k) that were paid when concluding the syndicated loan agreement in 2011, as well as prepayments for pensions (EUR 1,144k) and guarantees (EUR 1,622k).

Deferred Tax Assets

Deferred tax assets from consolidation entries are recognized. They are valued at average tax rates of 10 and 29 percent, respectively.

Excess of Plan Assets from Netting of Assets

For the fiscal year under review, obligations for phased early retirement programs were netted against assets that are designated exclusively for settling these obligations and are exempt from attachment by all other creditors (plan assets in the sense of Section 246, para. 2, sentence 2 of the German Commercial Code) pursuant to Section 298, para. 1 in conjunction with Section 246, para. 2, sentence 2 of the German Commercial Code. The netting resulted in an excess of plan assets of EUR 45k. No plan assets resulted in the previous year.

Figures on netting according to Section 298, para. 1 in conjunction with Section 246, para. 2, sentence 2 of the German Commercial Code:

	EURk
Settlement value of netted liabilities	418
Acquisition cost of assets	475
Fair value of assets	463
Netted expenses/income	12

Equity

The reserve for shares of a controlling company concerns the ownership that ZEPPELIN GmbH holds in Luftschiffbau Zeppelin GmbH, Friedrichshafen. The other revenue reserves include the revenue reserves and net results of the affiliated companies belonging to the Group, as well as those of the parent company. The equity also includes amounts from offsetting other consolidation entries. The development of the individual Group equity items is presented separately in the "Statement of Changes in Group Equity." As at December 31, 2012, EUR 163,113k is available for distribution to the parent company's shareholders (net retained profits of the parent company).

Accruals for Pensions and Similar Obligations and Other Provisions

The other provisions are mainly for personnel costs (EUR 55,413k), warranty obligations (EUR 20,285k), outstanding invoices (EUR 39,910k), potential losses from pending transactions (EUR 11,445k), and obligations in connection with full-service contracts (EUR 10,203k).

Figures on netting according to Section 298, para. 1 in conjunction with Section 246, para. 2, sentence 2 of the German Commercial Code:

	EURk
Settlement value of netted liabilities	5,151
Acquisition cost of assets	4,446
Fair value of assets	4,446
Netted expenses	106
Netted income	1

Tax Provisions

In the fiscal year under review, tax provisions amounting to EUR 12,214k (previous year: EUR 12,216k) were formed. Because of a change in the disclosure requirements, deferred tax liabilities from December 31, 2011 are shown in a separate item.

Liabilities

Grouped by the time remaining until they come due, the breakdown of liabilities is as follows:

	Time remaining			Total
	< 1 year	1 to 5 years	> 5 years	
DEC. 31, 2012	EURk	EURk	EURk	EURk
Liabilities to banks	77,761 ¹⁾	233,253 ²⁾	26,500 ³⁾	337,514
Down payments received on orders	54,101	146	0	54,247
Trade payables	85,639	17	0	85,656
Liabilities to affiliated companies	133	0	0	133
Liabilities to companies with which a participation relationship exists	19	0	0	19
Other liabilities	49,536	1,043	120	50,699
	267,189	234,459	26,620	528,268

¹⁾ Includes liabilities from bonded loans of EUR 50.0m.

²⁾ Includes liabilities from bonded loans of EUR 131.0m.

³⁾ Includes liabilities from bonded loans of EUR 26.5m, thereof EUR 9.5m to insurers.

	Time remaining			Total
	< 1 year	1 to 5 years	> 5 years	
DEC. 31, 2011	EURk	EURk	EURk	EURk
Liabilities to banks	88,800	205,952	0	294,752
Down payments received on orders	104,190	0	0	104,190
Trade payables	109,710	433	0	110,143
Liabilities to affiliated companies	148	0	0	148
Liabilities to companies with which a participation relationship exists	177	0	0	177
Other liabilities	53,201	884	152	54,237
	356,226	207,269	152	563,647

Like in the preceding year, the liabilities do not include any to the controlling company.

Of the "other liabilities", EUR 22,375k (previous year: EUR 27,736k) are for taxes and EUR 2,043k (previous year: EUR 2,392k) for social security.

Deferred Income

Deferred income mainly concerns marketing services as well as other prepayments.

Deferred Tax Liabilities

Of these, EUR 4,492k (previous year: EUR 4,976k) consists of deferred taxes pursuant to Sec. 274, para. 1 of the German Commercial Code (deferred tax liabilities from separate financial statements) and EUR 2,020k of deferred tax liabilities from consolidation entries. They have been determined by applying average income tax rates of 10 and 29 percent, respectively.

Derivative Financial Instruments

The following table shows the breakdown of forward exchange contracts and interest rate swaps in the 2012 fiscal year:

Forward Exchange Contracts

Maturity	Currency	Transactions	Hedges	Exchange rates	Fair-value transactions (EURk)	Fair-value hedges (EURk)
Jan. 2013 to June 2014	TUSD	46,537	-46,537	Forward	-1,891	1,891
Jan. to May 2013	TRUB	1,788,749	-1,788,749	Forward	781	-781
Jan. to April 2013	TCZK	833,318	-833,318	Forward	323	-323
Feb. 2013	TPLN	15,243	-15,243	Forward	84	-84
Jan. 2013	TSGD	-2,507	2,507	Forward	27	-27
Sum of current values					-676	676

Interest rate swaps

Transactions	Hedging instruments	Maturities	Risk/type of hedging relationships	Included sums (EURk)	Amount of hedged risk (EURk)	Fair values (EURk)
Bonded loans; advance under syndicated multicurrency facility, rolled forward to end of swap; anticipated advance under syndicated multicurrency facility for refinancing maturing bonded loans	Payer, receiver, and base rate interest swap	July 2013 to August 2022	Risk of changing interest/microhedge	365,500	365,500	- 21,479 ¹⁾

¹⁾ Each interest rate swap and the corresponding transaction together constitute a hedging relationships. Compensatory changes in the cash flows of hedged items do not appear in the balance sheet.

Hedging Relations for Currency Hedges

The Zeppelin Group's activities expose it to currency exchange risks. Its policy is to limit or eliminate these risks by means of hedging transactions. Most of the required hedging activities are centrally conducted or coordinated by Group Treasury.

To hedge exchange rate risks in connection with monetary assets and liabilities arising from operating activities, currency hedging contracts are concluded (mostly in USD and RUB). They are individually assigned their fair values as of the balance sheet date. Because each such forward exchange contract and the corresponding transaction together constitute a hedging relationships, no provisions need to be formed to offset any negative valuations.

Hedging Relationships for Interest Rate Swaps

To guard against the risks associated with changing interest rates, interest rate swaps are agreed (payer, receiver, and base rate swaps). Each interest rate swap constitutes a hedging relationships together with the corresponding transaction.

With payer interest rate swaps, for each such swap ZEPPELIN GmbH receives from the banks a three-month Euro Interbank Offered Rate (Euribor) that takes effect two working days before the interest due date for the next three-month loan interest period. With receiver interest rate swaps, once a year the banks pay to ZEPPELIN GmbH a corresponding fixed sum and receive from ZEPPELIN GmbH the three-month Euribor on a quarterly basis. With base rate swaps, ZEPPELIN GmbH receives the six-month Euribor twice yearly and pays to the banks each quarter a sum indexed to the three-month Euribor.

The cash flows relating to a designated and hedged risk thus completely cancel each other out, because if the interest rate changes the hedged risk is always completely offset. The instrument's effectiveness is ensured based on the critical terms match method.

The same holds when retroactively determining past effectiveness, because all value-determining factors line up between the transactions and the hedging instrument. In these cases, it is impossible for any discrepancy in the hedging relationships to arise that would be relevant for accounting purposes.

VII. Notes to the Income Statements

The breakdown by categories of sales revenues is as follows:

2012	EURk
Earth movers (new)	923,174
Earth movers (used)	246,280
Rentals	175,253
Lift trucks, including rentals	82,658
Power systems, including rentals	212,178
Agricultural machinery, including rentals	56,543
Production plants	92,214
Processing plants and mixers	83,872
Systems for the food industry and liquids handling	56,108
Components, construction site equipment incl. rentals	32,709
Replacement parts	385,422
Aftersales service	185,016
Other	18,142
ZEPPELIN GmbH	126
	2,549,695

Sales in Germany accounted for 45.8 percent and sales in other countries for 54.2 percent.

Other operating income includes the following significant items:

Income from the reversal of provisions and accruals, income from returned deliveries, book gains from the disposal of fixed assets, gains from sale-and-leaseback transactions, reversal of valuation allowances, cost refunds, currency exchange gains, rent, and other services.

Other operating income also includes income relating to other periods of EUR 19,250k (previous year: EUR 15,381k), mainly from the reversal of provisions.

Income from currency translation amounting to EUR 778k (previous year: EUR 1,357k) in accordance with Section 256a of the German Commercial Code is also included.

The **other operating expenses** primarily consist of administrative expenses, operating, sales and distribution costs, additions allowances for liabilities, bad debts, exchange rate losses, and additions to provisions. This item also includes expenses for currency translation amounting to EUR 746k (previous year: EUR 5,391k) pursuant to Section 256a of the German Commercial Code.

The **income from participations** includes EUR 9k (previous year: EUR 0) from affiliated companies.

None of the **income from other securities and loans of financial fixed assets** is from affiliated companies.

Of the **interest and similar expenses**, affiliated companies account for EUR 2k (previous year: EUR 0). The interest expenses include interest paid on provisions amounting to EUR 5,262k (previous year: EUR 5,357k).

The **income taxes** include deferred tax income of EUR 1,027k (previous year: deferred tax expenses of EUR 313k). For calculating the deferred taxes for the German companies, the corporate income tax rate of 15.0 percent applicable since January 1, 2008 has been applied. Factoring in the solidarity surcharge (5.5 percent) and trade tax (average multiplier of 366.0 percent), the average income tax rate is 29.0 percent.

In the preceding year, the **extraordinary expenses** included the effects on operating results of a change in how obligations relating to pension accruals and other provisions are valued, as a result of applying Articles 66 and 67, para. 1-5 of the Law Introducing the German Commercial Code (EGHGB). In the reporting year, there were no significant extraordinary revenues or expenses.

VIII. Notes on the Group Cash Flow Statement

The Group cash flow statement shows how the Group's cash and cash equivalents changed over the course of the fiscal year as a result of inflows and outflows. In accordance with German Accounting Standard (GAS) 2, cash flows are distinguished depending on whether they result from operating activities, investing activities, or financing activities.

The cash and cash equivalents shown in the cash flow statement comprise all of the liquid assets disclosed in the Group balance sheet, i.e., cash on hand, checks, and bank balances.

Cash flows from investing and financing activities are recorded on a payment basis. By contrast, cash flow from operating activities is derived indirectly from the Group's net income for the year. Changes in balance sheet items relating to operating activities are adjusted for currency translation effects and effects of initial consolidation or deconsolidation. The base value in the cash flow statement is translated to the Group's net income for the year as follows:

2012	EURk
Result before income tax	95,495
Income tax	26,814
	68,681

The total interest received in fiscal 2012 was EUR 3,755k and the total interest paid amounted to EUR 26,191k.

IX. Notes and Other Information

Contingent Liabilities and Other Financial Commitments

2012	EURk
1. GUARANTIES AND OTHER COMMITMENTS	
Installment plan and acceptance liabilities	7,782
Guarantees	57,822
	65,604
2. FINANCIAL COMMITMENTS	
Rental and leasing commitments	
Due in 2013	64,577
Due between 2014 and 2017	102,105
Due after 2017	1,458
Purchase commitments from investments	17,712
Repurchase agreements	76,345
Shared commitments	48,422
Commitments to make donations	7,566
Other commitments	477
	318,662

The shared liability for installment plan and acceptance liabilities mainly refers to the liability without recourse that ZEPPELIN GmbH has in connection with selling a subsidiary's installment plans to banks. In such a case, it assesses the subsidiary's asset, financial, and revenue situation as good and therefore does not expect any claims to be made.

The guarantees are for warranty obligations of subsidiaries that cannot be recognized as liabilities and for restructured contingent liabilities in connection with the syndicated loan agreement.

The risk of claims being made against these guarantees is considered low owing to the healthy asset, financial, and revenue situation of the subsidiaries concerned.

Off-Balance-Sheet Transactions

Sale-and-Leaseback Transactions

In our industry, it is usual to refinance rental business operations by concluding sale-and-leaseback agreements for movable assets (rental assets). In 2012, this practice freed up total liquid assets of EUR 104,146k (previous year: EUR 92,221k). Since lease payments encumber existing lines of credit in the future, this can negatively affect the Group's liquidity when the cash inflows of the rental business fluctuate due to slumps in demand, late payments, or increased default rates. In 2012, sale-and-leaseback agreements generated an operating result of EUR 1,881k (previous year: EUR 3,390k).

Factoring

Receivables for new and used machinery are sold to finance sales in the short term. The Factoring is an integral part of the range of financing measures available to manufacturing and trading companies. It takes the form of asset-backed financing involving the sale of a portfolio of receivables. The company doing the selling continues to administer the receivables in return for an appropriate fee. The receivables sold are no longer reported in the Group's financial statements.

The total volume of receivables sold for asset-backed financing amounted to EUR 11.5m as of December 31, 2012 (previous year: EUR 17.8m).

The resulting earlier influx of liquidity gives the Group greater latitude. At the same time, the improved liquidity situation improves its credit rating.

Audit Fees

The audit fees were as follows:

2012	EURk
Statutory audit	420
Other services	57
	477

The item "statutory audit" comprises the fees for auditing the annual and Group financial statements of ZEPPELIN GmbH and the separate annual financial statements of the Group's German companies included in the Group financial statements, as well as for reviewing of the reporting packages of several included foreign companies of the Group. The auditing fee for the Zeppelin Group amounts to a total of EUR 910k.

The item "other services" comprises the fees for ZEPPELIN GmbH and the Group's German companies that are included in the Group financial statements.

Figures on Personnel

The average numbers of employees during the year were:

2012	
Salaried employees	4,350
Wage earners	2,700
Trainees and apprentices	282
	7,332

Remuneration of Governing Bodies

ZEPPELIN GmbH awarded the following remuneration to its governing bodies in accordance with Sec. 314, para. 1, no. 6 of the German Commercial Code:

2012	EURk
Total remuneration for members of the Management Board	2,662
Total remuneration for members of the Supervisory Board	485
Total remuneration for former members of the Management and Supervisory Boards ¹⁾	425
Provisions for former members of the Management and Supervisory Boards	9,317

¹⁾ Including pensions amounting to EUR 425k

Other Notes

Six subsidiaries do not publish their annual financial statements in exercise of Section 264, para. 3 and Section 264b of the German Commercial Code:

Zeppelin Baumaschinen GmbH, Garching near Munich
 Zeppelin Systems GmbH, Friedrichshafen
 Zeppelin Reimelt GmbH, Rödermark
 Zeppelin Power Systems GmbH & Co. KG, Hamburg
 Zeppelin Rental GmbH & Co. KG, Garching near Munich
 Zeppelin Rental Russland GmbH, Garching near Munich

Friedrichshafen, March 30, 2013

The Management Board of ZEPPELIN GmbH

Peter Gerstmann

Michael Heidemann

Christian Dummler

Jürgen-Philipp Knepper

AUDITORS' STATEMENT

We have audited the consolidated financial statements prepared by ZEPPELIN GmbH, Friedrichshafen, comprising the balance sheet, the income statement, the notes to the fiscal statements, the cash flow statement, and the statement of changes in equity, together with the Group management report for the financial year from January 1 to December 31, 2012. It is the responsibility of the Company's managing directors to prepare the consolidated financial statements and Group management report in accordance with German commercial regulations. Our task is to submit an assessment of the consolidated financial statements and Group management report based on our audit. We have conducted our audit of the consolidated financial statements in accordance with Section 317 of the German Commercial Code and the generally accepted German principles for properly auditing financial statements as formulated by the Institute of Public Auditors in Germany (IDW). Those principles require us to plan and perform the audit in such a way as to detect with reasonable assurance any errors or violations that materially impinge upon how the consolidated financial statements and Group management report present the net assets, financial position, and operating results in consideration of the principles of proper accounting. In determining the audit procedure, we applied our knowledge of the Group's business activities and the economic and legal context in which it operates as well as expectations regarding possible errors. Within the scope of the audit, we evaluated the effectiveness of the internal system for monitoring the accounting and the evidence supporting the disclosures in the consolidated financial statements and the Group management report, for the most part by performing random checks. We also assessed the annual financial statements of the consolidated companies, how they were selected for consolidation, the accounting and consolidation principles applied, significant decisions made by the managing directors, and the overall presentation of the consolidated financial statements and Group management report. We are of the opinion that our audit provides a sufficiently sound basis for our evaluation.

Our audit has not revealed any grounds for criticism.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with the legal requirements and provide a faithful picture of the Group's assets, financial position, and earnings in accordance with the principles of proper accounting. The Group management report is consistent with the consolidated financial statements and overall accurately depicts the Group's position as well as its future opportunities and risks.

Munich, March 31, 2013

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Petra Justenhoven
Wirtschaftsprüfer
(German Public Auditor)

Alexander Winter
Wirtschaftsprüfer
(German Public Auditor)

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Annual reports and other information on Zeppelin are available on the Internet at **www.zeppelin.com**

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