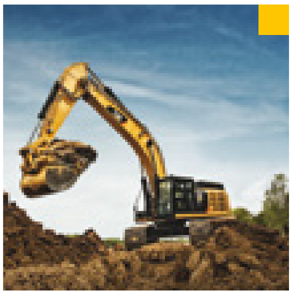
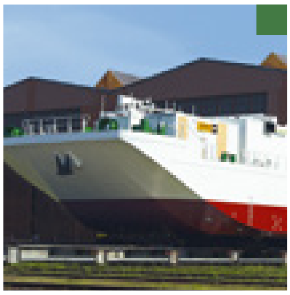
ZEPPELIN®
WE CREATE SOLUTIONS

ANNUAL REPORT

2014

www.zeppelin.com

ZEPPELIN AT A GLANCE

		2014	2013	2012	2011	2010
SALES						
Construction Equipment EU SBU	EURm	1,041	1,036	1,070	1,126	985
Construction Equipment CIS SBU	EURm	434	573	665	516	337
Rental SBU	EURm	348	290	288	254	222
Power Systems SBU	EURm	301	311	344	365	316
Plant Engineering SBU	EURm	266	299	282	234	249
Total for Zeppelin Group [1]	**EURm**	**2,301**	**2,434**	**2,550**	**2,429**	**2,046**
EMPLOYEES (AVERAGE FOR THE YEAR; INCLUDING TRAINEES)						
Construction Equipment EU SBU		2,616	2,661	2,687	2,660	2,597
Construction Equipment CIS SBU		1,810	1,733	1,491	1,211	964
Rental SBU		1,254	1,048	1,052	898	744
Power Systems SBU		776	773	750	716	657
Plant Engineering SBU		1,373	1,381	1,302	1,122	1,115
Total for Zeppelin Group [1]		**7,882**	**7,648**	**7,332**	**6,647**	**6,113**
FIXED ASSETS						
Additions	EURm	157.3	118.2	160.4	151.5	109.8
Changes in consolidated companies	EURm	1.5	0.1	-3.2	9.8	-
Depreciation	EURm	80.1	72.2	73.2	75.8	63.9
	% of additions	51	61	46	50	58
Thereof, rental assets						
Additions	EURm	108.9	63.4	102.9	98.3	71.3
Changes in consolidated companies	EURm	-	-	0.1	2.0	-
Depreciation	EURm	41.1	38.2	41.8	36.6	29.3
RESULT OF ORDINARY ACTIVITIES	EURm	81.8 [2]	80.5 [3]	98.4	85.7	26.2
NET CONSOLIDATED PROFITS OF GROUP	EURm	45.8	42.7	68.7	55.8	10.0
NET CASH FLOW	EURm	113.9	122.5	152.0	154.3	80.7
GROUP EQUITY	EURm	522.8	513.9	507.8	449.3	396.0
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	362.0	353.5	337.8	277.5	224.1
Minority interests	EURm	0.8	0.5	10.1	11.8	11.9

[1] incl. ZEPPELIN GmbH

[2] Without considering the negative effects of depreciating goodwill from separate financial statements and other depreciation from the allocation of the purchase price as part of the takeover of the project service business area from Streif Baulogistik GmbH

[3] Without considering negative effects of acquiring mining equipment activities from Caterpillar

SBU: Strategic Business Unit

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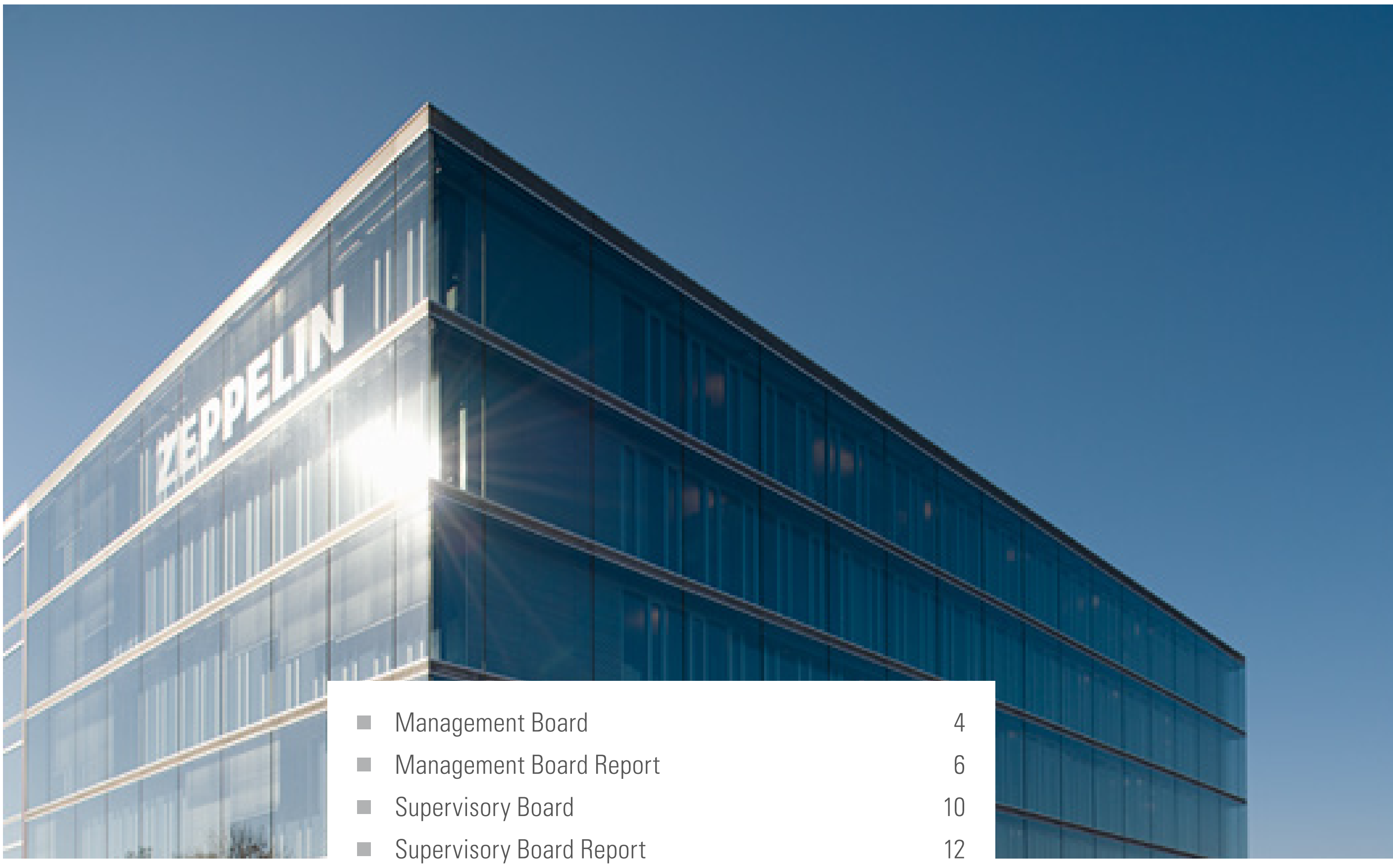

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PETER GERSTMANN
Chairman of the Management Board

Corporate Development, IT, Auditing, Corporate Communication; Plant Engineering and Construction Equipment CIS strategic business units

Diplom-Betriebswirt (roughly equivalent to MBA)

Member of the Management Board of ZEPPELIN GmbH since 2007 and Chairman since 2010

MICHAEL HEIDEMANN
Vice Chairman of the Management Board

Sales, Marketing, Service; Construction Equipment EU and Rental strategic business units

Industrial Manager

Member of the Management Board of ZEPPELIN GmbH since 2000 and Vice Chairman since 2010

Also a member of the Management Board of Zeppelin Baumaschinen GmbH since 1999, and Chairman since 2008

JÜRGEN-PHILIPP KNEPPER
Member of the Management Board

Personnel (Labor Director), Legal Affairs, Compliance; Power Systems strategic business unit

Lawyer

Member of the Management Board of ZEPPELIN GmbH since 2008

CHRISTIAN DUMMLER
Member of the Management Board

Finance, Controlling, Real Estate Management

Certified Banking Specialist

Member of the Management Board of ZEPPELIN GmbH since 2011

MANAGEMENT BOARD REPORT

Peter Gerstmann

In spite of the sometimes difficult market environment and the resulting impact on sales, the Zeppelin Group managed to increase its pretax profit for the 2014 fiscal year significantly compared with the previous year. Although the geopolitical situation in Russia and Ukraine led to a considerable decline in sales within that region for the Construction Equipment CIS, Rental, and Power Systems business units, the Construction Equipment EU business unit saw very positive growth. Through a number of strategic acquisitions, the Rental business unit more than compensated for the decline in sales in Russia, thereby increasing the volume of business considerably. The restructuring of the Plant Engineering business unit is largely complete and positive operating earnings were recorded again within the space of a year. Overall, our strategy of diversification coupled with our conservative financing and risk policies have ensured the stability and profitability of the business in what can only be described as a tricky and uncertain economic and geopolitical environment.

Zeppelin Group sales may have fallen to EUR 2.30b (previous year: EUR 2.43b), but this is attributable to the development of the Construction Equipment CIS and Plant Engineering business units. Meanwhile, its pretax profit increased to EUR 79.0m (previous year: EUR 77.3m). When the effects of amortizing goodwill and purchase price allocations are factored in, the posted pretax profit is EUR 71.6m (previous year: EUR 64.4m). During the course of the year under review, the Group had an average of 7,882 employees (including trainees).

In 2014, the Zeppelin Group continued to strengthen its market position within the various business areas. A competence center was established for the area of mining and this meant that the surface and underground mining equipment business acquired from Caterpillar could be integrated quickly and successfully.

As a result of Zeppelin's more intent focus on its core business and core competencies, the Group's cooperation with NACCO and the Sales department of Hyster forklifts virtually came to an end in 2014.

Over recent years, the Zeppelin Group has achieved more than a quarter of its total sales in Russia and the Ukraine. Consequently, it has been deeply affected by the Ukrainian crisis and the associated sanctions, which have led to a considerable decline in sales in both Russia and Ukraine. While Crimea and eastern Ukraine were rendered inaccessible as a result of the annexation and the armed conflict, the massive depreciation of the Russian ruble and the Ukrainian hryvnia caused customers to become extremely reticent about making purchases. The situation was also exacerbated by a credit squeeze at the local banks. In addition, Zeppelin took a double hit from the trade restrictions imposed by the USA and the EU because the sanctions led to a serious loss of trust on the part of customers, who no longer had any guarantee of a smooth supply of spare parts under the prevailing circumstances. Local and Asian

» Our strategy of diversification coupled with our conservative financing and risk policies have ensured the stability and profitability of the Zeppelin Group in what can only be described as a tricky and uncertain economic and geopolitical environment. «

competitors, in particular, were able to benefit from this situation. Nevertheless, Zeppelin still managed to achieve positive consolidated results within the sales territories in parts of Russia, Central Asia and Eastern Europe in 2014. A key factor in this regard was the stability of the customer service and spare parts business. Secondly, structural measures aimed at risk reduction and risk prevention were introduced in good time and capacity levels, costs, and investments were adjusted to reflect the situation. In spite of the uncertain market environment, the Zeppelin Group will continue to focus on reinforcing and expanding its market position in parts of Russia, Central Asia, and Eastern Europe.

In 2014, the Rental business unit took over the Project Services area from Streif Baulogistik GmbH and completed the retroactive takeover of BIS Blohm + Voss Inspection Service GmbH with effect from October 1, 2013. These acquisitions have significantly expanded the range of services offered in the areas of construction logistics, electrical construction site equipment, energy supply, space systems, and mobile materials testing.

In September 2014, the Power Systems business unit concluded an exclusive partnership agreement with the Norwegian company Optimarin AS on the sale of system solutions for treating ballast water on ships. In addition, the business unit still holds the rights of sale for gas generator sets from Caterpillar Energy Solutions GmbH.

Restructuring of the Plant Engineering business unit was largely completed during the 2014 fiscal year. Processes were optimized, core competencies were concentrated at the relevant production sites, and management levels were streamlined. Personnel numbers had to be adjusted and this was successfully achieved in a socially responsible manner without the need for compulsory redundancies.

2014 marked the 60th anniversary of the partnership between Zeppelin and Caterpillar. At a special ceremony at the Colosseum Theater in Essen, the two companies confirmed their intention to continue cooperating on the basis of trust and respect. Moreover, Caterpillar named the Zeppelin Group as its „Best European Sales and Service Partner“ for the second time in a row.

In 2014, Zeppelin launched a special campaign with the aim of positioning itself as an attractive employer. This was designed to strengthen its employer brand by issuing the employer promise of “Growing with Zeppelin”.

The outlook for 2015 is cautious. In view of the latest developments in Russia and Ukraine, the Zeppelin Group is not expecting to see any improvement in the general economic conditions within these countries and anticipates that the volume of business will continue to decline. The reticence to invest in shale gas exploration stemming from the movement in oil prices is hampering plant engineering projects in North America and Eastern Europe. In 2015, the raw materials production markets are set to remain static at low levels. By contrast, positive growth is expected within Europe as regards construction equipment and the energy sector. The need to invest in infrastructure and pressure from governments is bound to make this even more likely. Greater flexibility and the trend toward short-term rental mean that there is lots of potential for the Rental business unit. In the course of 2015, the Russian short-term rental business will be integrated into the existing sales and service organization, and streamlined as part of this process.

In 2015, the Zeppelin Group will focus, in particular, on further integrating its recent acquisitions and on increases in efficiency. It has set itself the clear goal of sustainably expanding its market position for the benefit of customers.

Despite the somewhat difficult market environment, the Zeppelin Group has succeeded in further strengthening its market position and has significantly increased its pretax profit in 2014 compared with the previous year thanks to the extraordinary commitment shown by its employees. On a strategic level, it has managed to build up specific business areas, thereby cushioning the blow dealt by crisis regions. In recognition of the extremely high level of dedication that this has demanded, we would like to officially thank our employees. We would also like to thank our customers for the confidence they have shown in us and our manufacturing partner Caterpillar for 60+ years of faithful cooperation. Finally, we also wish to extend our gratitude to our employee councils, the members of our Supervisory Board, and our shareholders for placing their trust in us and offering their support.

Garching near Munich, May 7, 2015

On behalf of the Management Board

Peter Gerstmann
Chairman of the Management Board of ZEPPELIN GmbH

SUPERVISORY BOARD

The Supervisory Board, constituted in accordance with 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
Partner in HAVER & BOECKER OHG

Dr. Werner Pöhlmann
Lawyer, Tax Adviser, Certified Public Accountant

Univ.-Prof. Dr.-Ing. Dr.-Ing. e. h. Dr. h. c. Dieter Spath
Chairman of the Board at WITTENSTEIN AG

Univ.-Prof. Dr. Dr. h. c. mult. Horst Wildemann
Chair for Business Studies, Management, Logistics, and
Manufacturing at Technische Universität München (TUM)

Employee Representatives

Heribert Hierholzer
Vice Chairman,
Production Foreman and Chairman of the General Employee Council of Zeppelin Systems GmbH

Manfred Enger
Service Technician, Zeppelin Baumaschinen GmbH

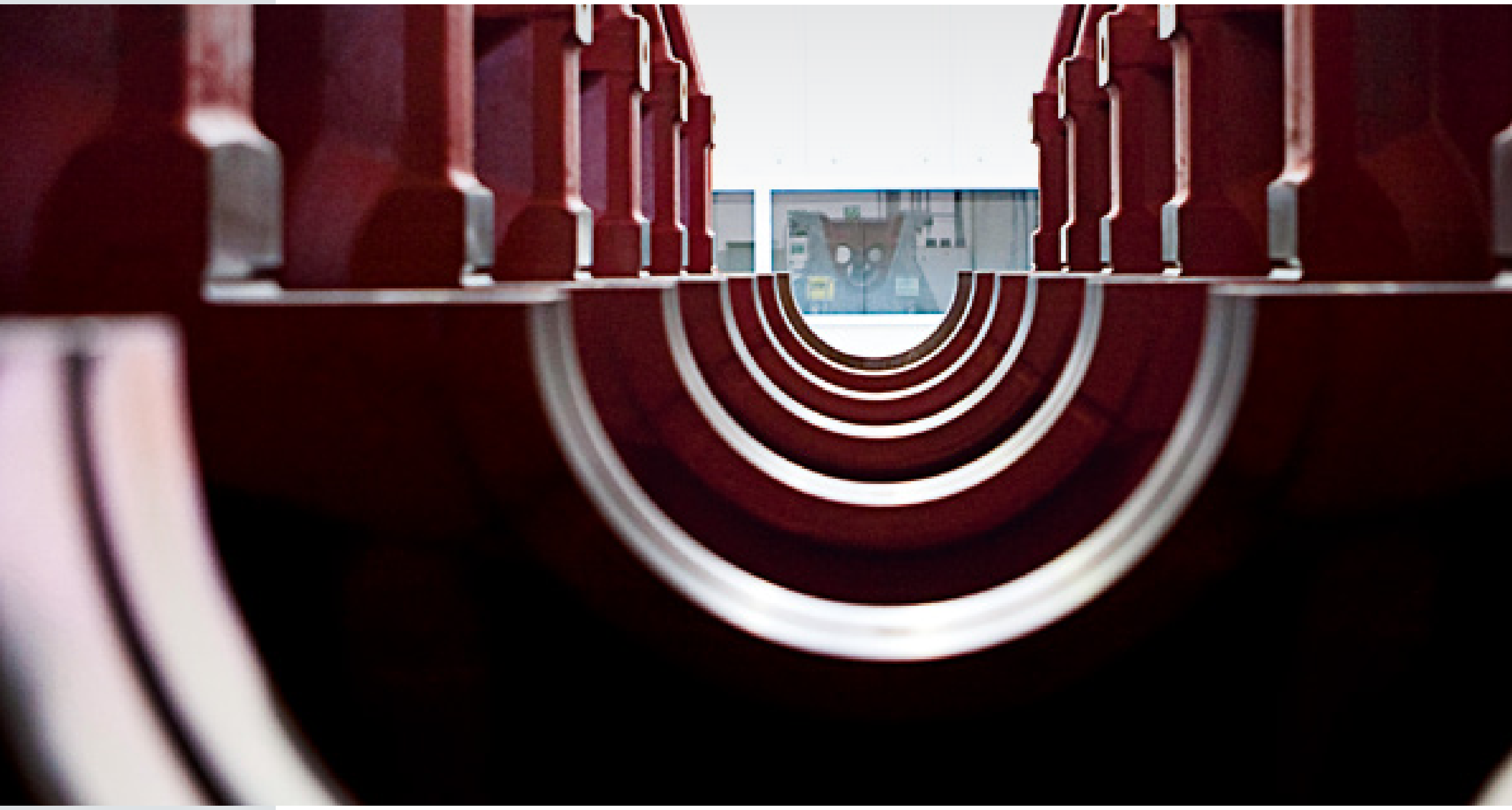
Roswita Feineis
Head of Personnel at ZEPPELIN GmbH and Zeppelin Baumaschinen GmbH, Management Representative

Ludwig Maier
Head of the Economics Section of the German Federation of Trade Unions (DGB), Bavarian Chapter

Ralph Misselwitz
Senior Field Service Representative,
Chairman of the General Employee Council of Zeppelin Baumaschinen GmbH,
Chairman of the Group Employee Council

Vincenzo Savarino
1st Authorized Representative of the Friedrichshafen/Upper Swabian Chapter of the IG Metall Trade Union

SUPERVISORY BOARD REPORT



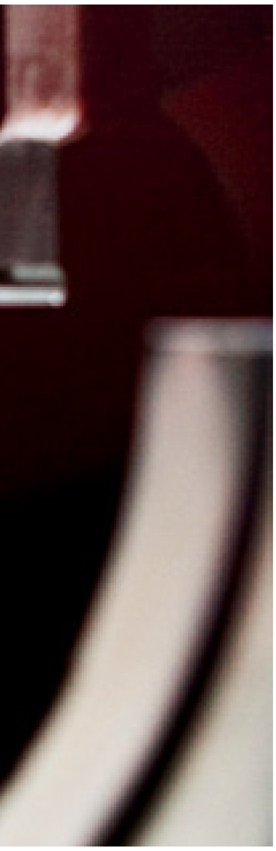
As in previous years, the Supervisory Board of ZEPPELIN GmbH properly complied with its duties and obligations in the 2014 fiscal year as dictated by law and the applicable articles of incorporation and rules of procedure.

Represented by its Chairman and Vice Chairman, the Supervisory Board made sure it had a firm and thorough grasp of all relevant aspects of the company's – and the Zeppelin Group's – development and performance by participating in regular meetings with the Management Board. In the 2014 fiscal year, there was a major focus on the geopolitical tensions in Russia and Ukraine as a result of the Ukraine conflict and its implications for the business activities of the Zeppelin Group. The Supervisory Board constantly sought information from the Management Board about what risk reduction and risk prevention measures were being introduced in relation to Russia and Ukraine, and what stage of implementation had been reached. Various scenarios were presented by the Management Board to show the possible and anticipated impact on the assets, finances, and profitability of the Zeppelin Group so that the issues could be deliberated at committee meetings.

In the wake of the restructuring process that began in 2013 and continued into 2014, another key focal point for ongoing information and advice was the development of the Plant Engineering business unit.

All members of the Supervisory Board received monthly Management Board Reports, which were supplemented by detailed written clarifications on a quarterly basis. These provided them with a complete and comprehensive picture of the Zeppelin Group's development and performance.

The Supervisory Board met four times to monitor and scrutinize the company's development/performance and the activities of the Management Board on the basis of documents; reports; presentations on the



company's strategy, plans, profitability, assets, and finances; as well as the quarterly risk and compliance reports. The annual corporate, investment, and financial plans were debated in detail.

Cooperation both within the Supervisory Board itself and between the Supervisory Board and the Management Board was characterized by intensive dialog and mutual trust. The Supervisory Board sees itself as a monitoring body with a duty to provide constructive criticism and, once again, it clearly lived up to this ideal in the 2014 fiscal year, as its members were proactive in raising various matters.

Following in-depth consultation with the Management Board, a number of projects and measures requiring the approval of the Supervisory Board (due to legislation, the articles of incorporation, or the Supervisory Board's rules of procedure) were agreed. These primarily concerned:

- The acquisition of the Project Services business area from Streif Baulogistik GmbH and the takeover of all shares in Streif Baulogistik Österreich GmbH and in BIS Blohm + Voss Inspection Service GmbH
- The establishment of Klickrent GmbH, along with the provision of all the necessary equipment, fittings, and fixtures through financial resources
- Adjustment of the plan for the 2014 fiscal year given the impact of the Ukrainian crisis on the business activities of the Zeppelin Group in parts of Russia, Central Asia, and Eastern Europe (but particularly Russia and Ukraine)
- Corporate actions at Group companies
- A number of changes within the Rental and Plant Engineering business units in line with company law
- The financial and investment plans for the 2015 fiscal year
- The appointment and reappointment of managing directors at Zeppelin GmbH and at its associated companies

The Supervisory Board deliberated on strategies and measures to enable more effective tapping of potentials and to ensure profitability and stability, particularly in light of the extremely volatile environment in Russia and Ukraine, where there is currently no prospect of growth. Essentially, these strategies and measures consisted of integrating and expanding the new business areas, recruiting and developing employees, and enhancing financial/risk/compliance management across the entire Group, as well as pushing ahead with the Group-wide projects that ran over into the 2014 fiscal year with a view to ensuring better communication and greater tapping of potentials across the Group.

Andreas Brand

The deliberations of the Supervisory Board also centered on the annual report detailing the extent to which recent acquisitions had been successfully integrated and how they were developing businesswise. The Supervisory Board also inquired into the status of key strategic projects of the Zeppelin Group, including the results of the 2014 Group Strategy meeting held in Málaga.

The work of the Supervisory Board in general and its scrutiny of the Management Board in particular did not reveal any grounds for criticism.

The personnel committee met four times to discuss important questions relating to the company's development and strategy, personnel issues, and succession planning for the Group's management.

The annual financial statements that were prepared by ZEPPELIN GmbH in compliance with the rules of the German Commercial Code, the management report on the company's situation, the Group Financial Statements, and the Group Management Report on the situation as of December 31, 2014 were all audited by the Munich branch of accountancy firm PricewaterhouseCoopers AG. The auditors, who were chosen to perform the final audits at the annual general shareholders' meeting on May 8, 2014 and were subsequently contracted by the Supervisory Board, presented an unqualified opinion in every case.

The annual financial statements, management reports, and auditors' reports were all submitted punctually to the Supervisory Board. Prior to the Supervisory Board's balance sheet meeting, the auditors met twice with members of the Supervisory Board to discuss the details and findings of the year-end audits. At the balance sheet meeting on May 7, 2015, the auditors informed the Supervisory Board about the focal points and principal findings of the audits. As contracted, the audits also covered the internal monitoring and risk management systems; the auditors concluded that they are free of flaws and that the internal monitoring, internal auditing, and risk management systems fully satisfy the relevant requirements.

The Supervisory Board examined and approved the annual financial statements, Group Financial Statements, management report, and Group Management Report submitted by the Management Board for 2014. The annual financial statements and Group Financial Statements as of December 31, 2014 prepared by ZEPPELIN GmbH were approved, thus making the annual financial statements official. The Supervisory Board also approved the Management Board's proposal regarding use of the balance-sheet profit.

The Supervisory Board would like to thank the Management Board, the workforce representatives, and all employees of the Zeppelin Group for their unwavering dedication, all their hard work, and the commitment they have shown during the 2014 fiscal year, which was dominated by the crisis in Ukraine and the effects of this. In light of the prevailing general conditions, all credit is due for the results achieved over the past fiscal year.

Friedrichshafen, May 7, 2015

On behalf of the Supervisory Board

Andreas Brand
Chairman


CAT

ZEPPELIN WORLDWIDE

Construction Equipment EU

Austria / Czech Republic / Germany / Hungary[1] / Poland[1] / Slovak Republic

Construction Equipment CIS

Armenia / Belarus / North West, Central and South Russia / Tajikistan / Turkmenistan / Ukraine / Uzbekistan

Rental

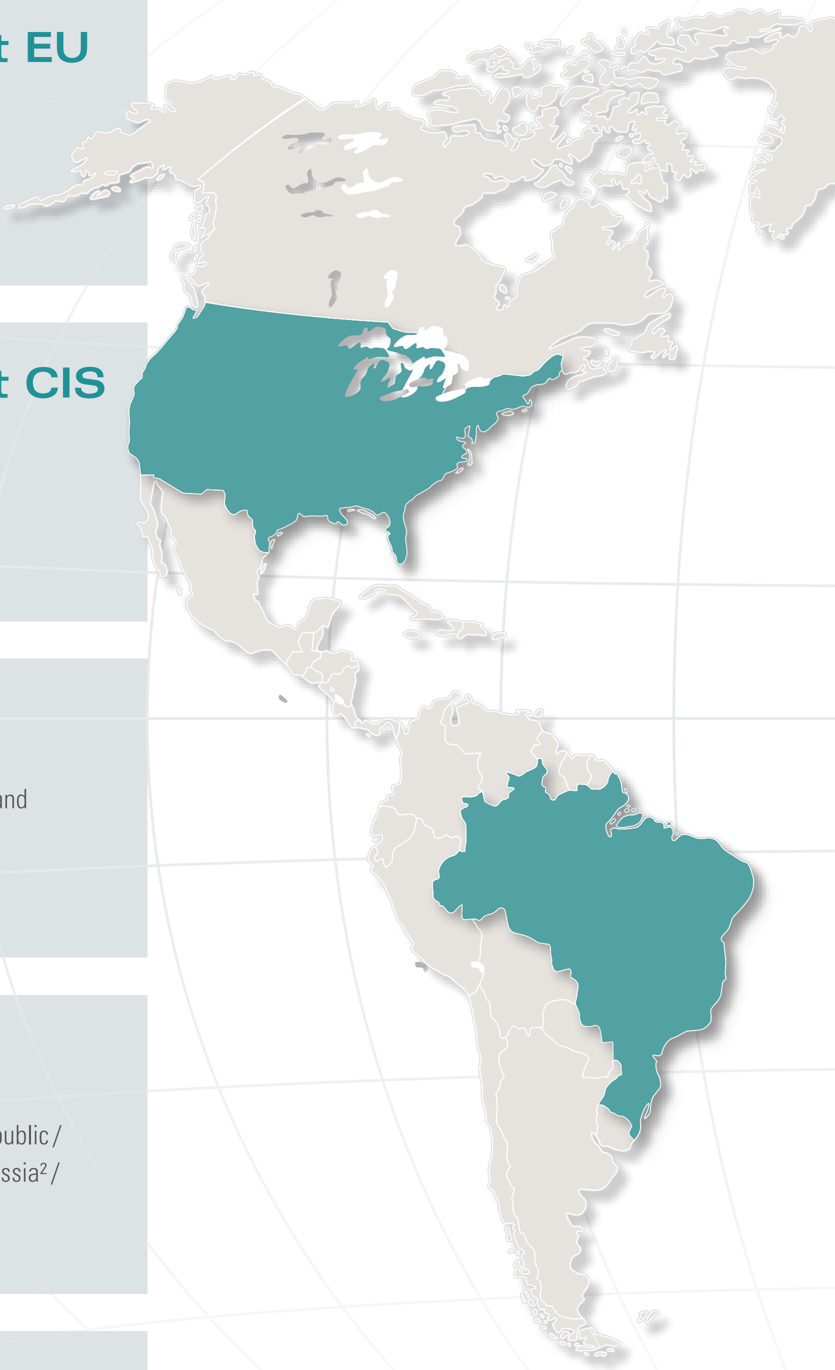
Austria / Czech Republic / Germany / North West, Central and South Russia / Slovak Republic

Power Systems

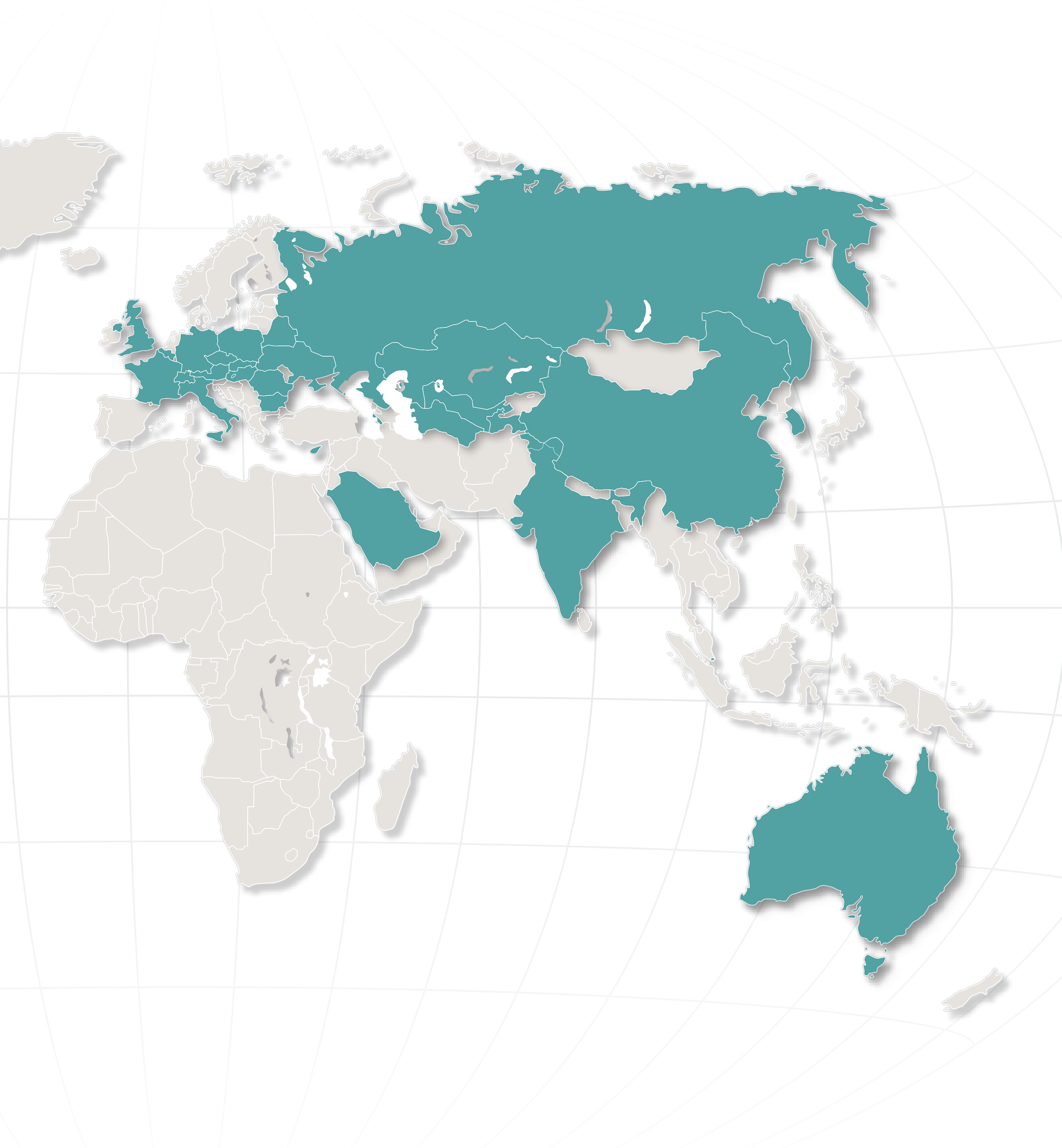
Armenia / Austria / Belarus / Bulgaria[2] / Cyprus[2] / Czech Republic / Germany / Hungary[2] / Kazakhstan[2] / Poland[2] / Romania[2] / Russia[2] / Slovak Republic / Switzerland[2] / Tajikistan / Turkmenistan / Ukraine / Uzbekistan

Plant Engineering

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



[1] Hyster forklifts only
[2] MaK engines only



The Zeppelin Group has 190 sites in 30 countries. The company is legally domiciled in Friedrichshafen with its headquaters located in Garching near Munich.

OVERVIEW OF THE ZEPPELIN GROUP

The Zeppelin Group provides solutions for the following areas: construction and agricultural equipment, rental equipment for the construction and industrial sectors, drives and energy, engineering, and plant engineering. The foundation-owned company has 190 sites in 30 countries. In the 2014 fiscal year, Zeppelin achieved a sales volume of EUR 2.30b, with more than 7,800 employees (including trainees) having contributed to this success.

The corporate roots of the Zeppelin Group can be traced back to the development of the airship by Count Zeppelin and the establishment of the Zeppelin Foundation in 1908, which to this day remains the sole (direct and indirect) shareholder of ZEPPELIN GmbH. ZEPPELIN GmbH – which is legally domiciled in Friedrichshafen and has its headquaters in Garching near Munich – functions as the management holding company for the Group.

The things that set Zeppelin apart are its high level of solutions competence, its excellent customer service, and its extensive range of products from internationally leading manufacturers. Our promise to customers is „We Create Solutions". Zeppelin employees see challenges as a springboard for developing solutions so that customers can do business successfully and increase their competitiveness.

The basis of all business operations is the GPS strategy with its three pillars of Growth, Performance, and Stability. These three aspects are kept in perfect balance and are the foundation of the company's success. The core objectives of the strategy – continuous growth, outstanding employee performance, and sustainable stability – determine what direction the Group will take.

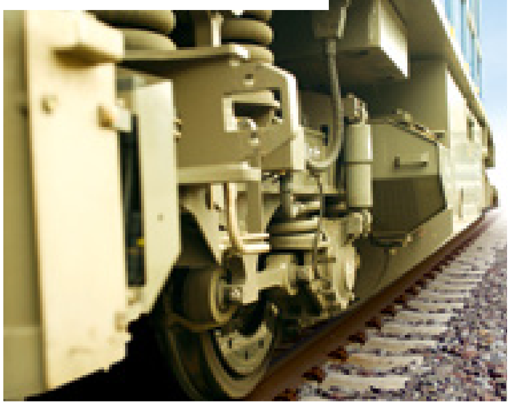
Group-wide collaboration at the Zeppelin Group relies on a Management holding company and five strategic business units: Construction Equipment EU, Construction Equipment CIS, Rental, Power Systems, and Plant Engineering. This structure makes it possible to centralize operations and gear the business models to the various markets and customers.

Construction Equipment EU
Sales and servicing of construction machines

Construction Equipment CIS
Sales and servicing of construction and agricultural equipment

Rental
Rental solutions for construction and industry

Power Systems
Drive, propulsion, traction, and energy systems



Plant Engineering
Engineering and plant engineering

GROUP HIGHLIGHTS IN 2014

Expanding our Solutions Competence

In 2014, the Zeppelin Group continued pursuing its strategy of growth. On April 1, 2014, the Rental business unit took over the Project Services business area from Streif Baulogistik GmbH and also completed the retroactive takeover of BIS Blohm + Voss Inspection Service GmbH with effect from October 1, 2013. These acquisitions are another step in the process of strengthening the solutions competence of the Zeppelin Group.

By acquiring the Project Services area from Streif Baulogistik GmbH, the Rental business unit was able to extend the portfolio in terms of modular room systems while at the same time increasing the service offering considerably. The new Energy Supply and Construction Site Logistics areas brought in additional expertise for the management of complex construction and industrial projects. Through the acquisition of BIS Blohm + Voss Inspection Service GmbH, the business unit extended its competence in the area of mobile materials testing and anticipates harnessing synergies with a view to strengthening and expanding the Industrial Services division.

Environmentally Friendly Ballast Water Treatment

In September 2014, the Power Systems business unit and Optimarin AS (Sandnes, Norway) signed an exclusive partnership agreement on the sale of system solutions for BWT (ballast water treatment). As a result, the business unit was able to expand the range of products and services for marine applications. The sales territory covers Germany and Poland along with parts of Russia, Central Asia, Eastern Europe, and the Caucasus.

Under the agreement, customers will benefit from tailored installation, retrofitting, and servicing solutions to ensure that their BWT systems conform to the imminent legal requirements. The IMO (International Maritime Organization) convention that is about to come into force stipulates the compulsory installation of BWT systems and will lead to increased demand for appropriate systems.

Underground Mining Competence Center

In December 2013, the Construction Equipment EU and CIS business units acquired the sales and servicing rights for Bucyrus surface and underground mining equipment from Caterpillar (a manufacturer that Caterpillar had itself acquired previously). With a view to concentrating knowledge centrally and pursuing new market opportunities, Zeppelin decided to set up its own competence center, which it went on to do successfully in 2014.

Despite a declining market and the tense geopolitical environment in Russia and Ukraine, the international team at the competence center still managed to achieve some initial success with orders for new machines in Germany and Ukraine. As far as expansion of its mining business is concerned, Zeppelin believes that the greatest long-term potential lies in Germany, the Czech Republic, Russia and Ukraine.

Comprehensive Range of Gas Engines

In October 2014, the Power Systems business unit extended its portfolio by adding the gas generator sets from Caterpillar Energy Solutions GmbH. Together, the new series cover a power range of 400 to 10,000 kWel and are suitable for use in regional and national energy supply systems. The target market includes energy supply companies; municipal utilities; and industrial applications within the pharmaceutical, chemical, and food industries as well as within the processing trade.

The CHP plant units offer high levels of energy efficiency and all kinds of options for utilizing waste heat. Consequently, they can be used to generate hot water and steam, and for industrial process heat and cooling.

MAJOR EVENTS FOR THE GROUP IN 2014

Renaming of Phoenix-Zeppelin

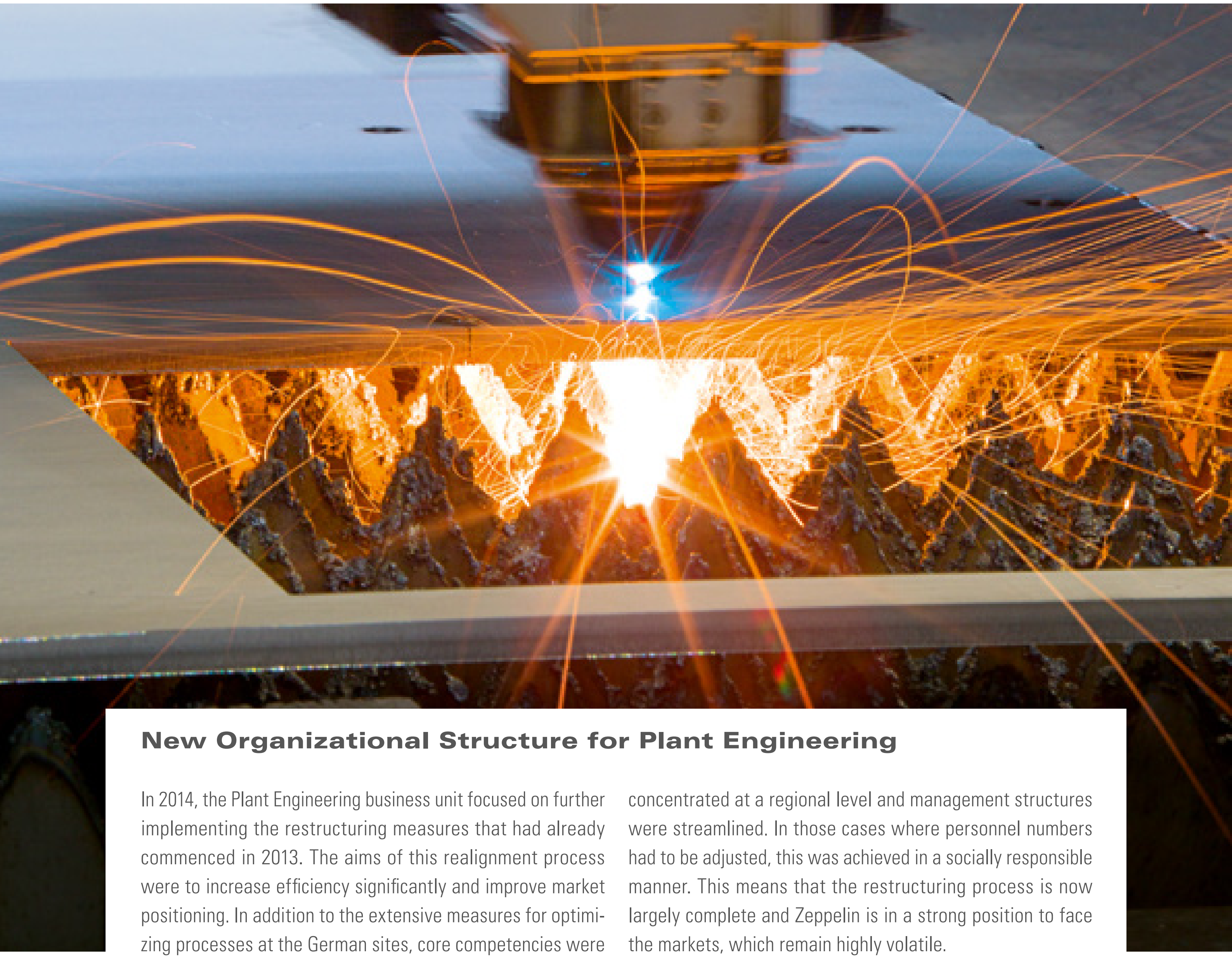
On June 1, 2014, the company formerly known as Phoenix-Zeppelin, spol. s.r.o., which covered the Czech and Slovak Republics, underwent a change of name, becoming Zeppelin CZ s.r.o. and Zeppelin SK s.r.o. in each of the two countries respectively. The shares of the minority shareholder were acquired in full as part of this process. The entities are to be aligned with the corporate design of the Zeppelin Group by mid-2015 to ensure a consistent corporate and brand identity.

Strengthening of the Zeppelin Employer Brand

With a view to raising its profile and positioning itself as an attractive employer in the eyes of employees and potential job applicants alike, the Zeppelin Group launched an employer branding campaign in 2014. Its key focus was the employer promise: „Growing with Zeppelin".

The campaign is designed to appeal to the target groups of school leavers, career entrants, and experienced professionals by conveying a specific message to each one based on the values of the Zeppelin Group. For instance, the message „Receive support" brings the Group's faith in the abilities of school leavers into focus, „Leave your footprint" emphasizes the drive of career entrants, and „Stay on course" speaks to experienced professionals and their desire to create. The overarching message „Overcome boundaries" applies to all the target groups and describes the internationality, open corporate culture, and diverse outlook of the Zeppelin Group.

As part of the campaign, a consistent identity had to be presented across all promotional/job advertisements, recruitment brochures, and job fairs. A new careers page was created at www.zeppelin-career.com as a way of supplementing the other efforts to strengthen the Zeppelin employer brand. As an initial step, the campaign was rolled out in Germany first.



New Organizational Structure for Plant Engineering

In 2014, the Plant Engineering business unit focused on further implementing the restructuring measures that had already commenced in 2013. The aims of this realignment process were to increase efficiency significantly and improve market positioning. In addition to the extensive measures for optimizing processes at the German sites, core competencies were concentrated at a regional level and management structures were streamlined. In those cases where personnel numbers had to be adjusted, this was achieved in a socially responsible manner. This means that the restructuring process is now largely complete and Zeppelin is in a strong position to face the markets, which remain highly volatile.

Impact of the Ukrainian Crisis on the Zeppelin Group

In 2014, the business activities of the Zeppelin Group were drastically affected by the crisis in Ukraine and the ensuing tensions between Russia and the USA/the EU. The sanctions imposed on Russia by the EU and the USA, the armed conflict in eastern Ukraine, the massive depreciation of the currency, and the deep recession all helped to suppress demand for primary products. As a result, sales within the individual submarkets were down by up to 60 % compared with the previous year. At the same time, the customer service and spare parts business remained stable, which meant that Zeppelin still managed to achieve positive consolidated results in 2014 within the sales territories in parts of Russia, Central Asia and Eastern Europe. This success is all down to the dedication of local employees, the strategic efforts to establish a large machine population that have borne fruit over recent years, and the risk reduction and risk prevention measures that were put in place at an early stage.

Review of 2014

With its clear focus on stability and increased performance, the Construction Equipment EU business unit enjoyed a very successful fiscal year in 2014. Demand for new construction equipment picked up. The German market for new construction equipment grew by 9.4 %, with most of the invested funds going into rented machinery. 2014 brought an end to the downward spiral of the construction equipment markets in the Czech and Slovak Republics. Initial signs of growth were also seen on the Austrian market for new construction equipment.

The used machines market likewise showed an improvement on the previous year and the spare parts area fared similarly well. Particular attention should be drawn to the impressive results achieved by the high-margin service business.

2014 marked the 60th anniversary of the partnership between Zeppelin and Caterpillar. At a special ceremony, the world's biggest manufacturer of construction equipment and engines confirmed that it intended to keep on working closely with its sales and service partner.

The Construction Equipment EU and CIS business units had already acquired the relevant sales and service rights from Caterpillar Global Mining back in 2013. In 2014, Zeppelin went on to set up its own competence center so that it could expand its business operations in the area of surface and underground mining equipment. As a result, all the company's mining expertise can be centralized and deepened with a view to strengthening the Group's position within the surface and underground mining sectors. In spite of the difficult market environment, the international team managed to achieve good results both with regard to service and the new machines business. In the long term, there is still a lot of potential to be unlocked from mines in Germany, the Czech Republic, Russia, and Ukraine.

Once again, Caterpillar named Zeppelin as its „Best European Sales and Service Partner", with the much coveted prize being awarded jointly to the Construction Equipment EU, Rental, and Power Systems business units. Contenders were graded on the basis of their market shares, customer satisfaction, and profitability. The Construction Equipment EU business unit also received special recognition for its success in the area of used machines.

In 2014, the Construction Equipment EU business unit put in an outstanding performance at trade fairs. At the NordBau traditional construction trade fair, it set a new record for the volume of orders taken by selling 212 new and used construction machines – plus attachments and equipment – with a total value of around EUR 17m. At steinexpo, the business unit unveiled the latest Caterpillar construction equipment technology for the gravel, sand, and natural stone industry at its 3,000 square meter stand. Here, it showcased the new large equipment from Caterpillar that meets the EU's Final Tier IV emission standards and has been designed with fuel efficiency in mind. At GaLaBau, the international trade fair for urban green and open spaces,

the business unit exhibited its range of gardening and landscaping products. The factors that went down particularly well with visitors at the IFAT recycling fair were its extensive portfolio and the comprehensive range of services (e.g., the modern VisionLink Fleet Management System).

Outlook for 2015

Toward the end of 2014, the mood within the German economy became slightly more subdued. Nevertheless, the renowned Munich-based ifo Institut still expects „the German economy to gather greater momentum" in 2015. This view is backed up by the latest drop in the value of the euro and the low price of oil. In Central Europe, research institutes are anticipating a moderate amount of economic growth. This should also have a positive impact on the construction equipment market.

With its extensive portfolio of products and services, the Construction Equipment EU business unit has exactly the right solutions for the demanding requirements of European customers. New and highly economical machines from Caterpillar coupled with excellent services from Zeppelin will provide a solid foundation for further strengthening our leading market position in Germany, Austria, and the Czech and Slovak Republics in 2015. We believe that the Zeppelin customer portal will increase online sales of spare parts and services. Increasing numbers of customers are taking advantage of the opportunity to access information around the clock and order their spare parts directly.

With new material handling machines in the form of Caterpillar wheel excavators and new medium-sized wheel loaders, the Construction Equipment EU business unit is all set for a market offensive in 2015 that is aimed at winning new customers in the recycling, forestry, and timber segments. This campaign will be backed up by innovative services, the Cat Product Link Fleet Management System, and custom financing and leasing offerings. In addition, Caterpillar Telehandlers for use in agriculture will be available through independent authorized dealers. By entering these new customer segments, we aim to create another mainstay for the business in addition to our principal customers from the construction and construction materials industry.

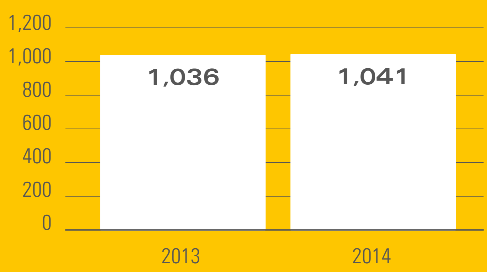
Construction Equipment EU

The Construction Equipment EU business unit is the leading seller and servicer of construction machines within Europe. Its product portfolio includes more than 200 different types of machine from Caterpillar, the global market leader. It provides customers with powerful earthmoving, materials extraction, demolition, recycling, and road construction equipment, as well as offering gardening and landscaping, agricultural and industrial machinery. The range of products is rounded off by special equipment for surface and underground mining applications. Thanks to the dense network of branches and central spare parts warehouse, customers can rest assured of short response and delivery times.

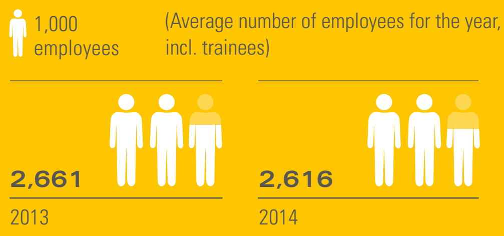
Facts and Figures

Sales in EURm

(Consolidated sales)



Employees



Review of 2014

In 2014, the Construction Equipment CIS business unit found itself operating in a difficult economic environment. The geopolitical tensions between Russia and Ukraine had an extremely negative impact on business activities in these two countries. The size of the market for new machines in Ukraine collapsed by 60 % and although the Russian market remained relatively stable during the first half-year, it subsequently plummeted by 30 %.

The sharp depreciation of the currencies in Russia and Ukraine significantly hampered the sales prospects of this business unit. The military conflict in eastern Ukraine and the sanctions imposed on Russia by the USA and the EU also had a detrimental effect on business performance. The new machines and agricultural machinery markets experienced a sharp decline and the mining equipment sector was affected by increasing price pressure and a reticence to invest due to the low prices of raw materials. Meanwhile, the customer service and spare parts business remained strong thanks to the business unit's ongoing cultivation of the market and its strategic focus.

In response to the politically and economically tense situation in Russia and Ukraine, the business unit wasted no time in putting risk reduction and risk prevention measures in place and quickly took action to secure profits and assets.

In Belarus, Armenia, Uzbekistan, Tajikistan, and Turkmenistan, business progressed largely as anticipated. A new service center was opened in Minsk (Belarus) with the aim of further stimulating business and increasing customer loyalty. The customer service and spare parts business performed extremely well in Armenia. Not only did market share increase considerably, but the highest standards of quality were implemented at the Armenian workshops. Increasingly, customers are not just having their Caterpillar machines serviced by Zeppelin but machines from other manufacturers as well. The strong customer focus and high level of service expertise gave the new and used machine business an impressive boost.

In recognition of its outstanding sales and service expertise, the Construction Equipment CIS business unit was the proud recipient of two Caterpillar awards: Silver Certification for Ukraine and – for the first time ever – Gold Certification for Russia.

Overall, the Construction Equipment CIS business unit managed to hold its ground well in this difficult environment thanks to the extreme dedication of its local

employees and its foresight in implementing measures at such an early stage. In spite of the circumstances, it still succeeded in achieving positive results.

Outlook for 2015

After years of growth, the Construction Equipment CIS business unit found itself faced with a difficult market environment in 2014. A further decline in the Russian and Ukrainian markets is anticipated for 2015 due to the worsening general macroeconomic conditions and the effects of the geopolitical tensions within the region. Therefore, the main focus of the 2015 fiscal year will be on purposeful market cultivation, on expanding service expertise, and on maintaining profitability while at the same time taking further action to prevent risks.

Belarus, Armenia, Uzbekistan, Tajikistan, and Turkmenistan are all making a stable contribution to the overall results of the Construction Equipment CIS business unit. In 2015, the business unit will focus intensively on further developing and consolidating its market position in these territories. In Belarus, the customer service and spare parts business is expected to grow significantly thanks to the new service center in Minsk. In every single one of the Central Asian countries, all the signs point toward stable growth within the private sector.

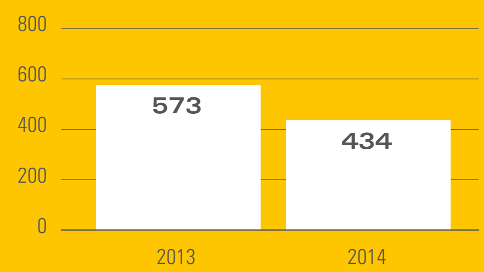
Because of the sanctions imposed by the EU and the USA, more and more Asian competitors were able to gain a foothold on the Russian market in 2014. Nevertheless, the business unit still managed to gain market share with regard to strategically important product lines, such as larger and medium-sized construction machines. It is predicted that other product lines will now follow suit. In addition to the sale of Cat-branded machinery, there will also be an emphasis on expanding the volume of business achieved with products from the Chinese manufacturer SEM. SEM is owned by Caterpillar and its machines are particularly in demand among small and medium-sized enterprises. Another important project for the 2015 fiscal year will be the ongoing expansion of the used machine business.

Construction Equipment CIS

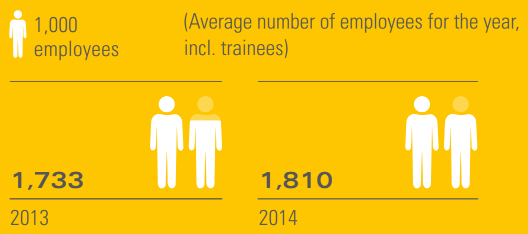
The Construction Equipment CIS business unit concentrates on the sale and servicing of construction machines in parts of Russia, Central Asia, and Eastern Europe. Its portfolio includes Caterpillar construction machines, special equipment for surface and underground mining, and large or special equipment for mines and quarries and the oil and gas industry. This extensive offering is supplemented by agricultural and forestry equipment from leading international manufacturers. With its series of in-house Component Rebuild Centers for the general overhaul of large components, the business unit is truly leading the way.

Facts and Figures

Sales in EURm (Consolidated sales)



Employees



Review of 2014

The Rental business unit enjoyed a very positive start to 2014 and steadily kept this up throughout the rest of the year. In Germany, Austria, and the Czech and Slovak Republics, it managed to increase sales significantly compared with the previous year. By contrast, business in Russia was severely affected by the Ukrainian crisis and the associated geopolitical tensions. A series of adjustment measures were introduced/implemented in response to these developments, such as the reduction in the size of the rental fleet.

On April 1, 2014, the Rental business unit acquired the Project Services business area from Streif Baulogistik GmbH and completed the retroactive takeover of BIS Blohm + Voss Inspection Service GmbH with effect from October 1, 2013. Through these acquisitions, which formed part of the growth strategy, the business unit has managed to expand the range of services in the areas of construction logistics, electrical construction site equipment, energy supply, space systems, and mobile materials testing. As a result, it has also succeeded in significantly enhancing its solutions competence. Throughout all project phases, customers benefit from tailored, integrated solutions.

Active fleet management and close cooperation between the countries of Central Europe helped bring about a further improvement in capacity utilization, thereby increasing efficiency. In addition, the Rental business unit was the first European rental business to introduce a computer-assisted mechanism for optimizing and controlling pricing.

With the aim of increasing customer loyalty and widening the sales channels, the Rental business unit continued with the expansion of its online business. As a result of the new startup called Klickrent, Zeppelin's very own marketplace for renting machinery and equipment went live in 2014. Klickrent acts as a broker by offering a platform with standardized processes and services to companies who have a temporary glut of underused machinery.

In addition, this business unit successfully launched an online customer portal and also opened a customer service center in Germany to deal effectively with customer inquiries and ensure greater availability.

The business unit enjoyed a highly successful run of exhibitions at GaLaBau (the international trade fair for urban green and open spaces), the NordBau construction trade fair, the DEUBAUKOM construction trade fair (where it was exhibiting for the first time) and the InfraTech civil engineering trade fair. Once again, the massive interest shown by visitors confirmed that the Rental business unit is catering perfectly to the latest industry requirements. The business unit is continually investing in machinery featuring the latest engine technology and intelligent control systems. For example, in 2014, the first construction machines with urea injection and Cat 2D Grade Control systems were introduced.

© Reiner Freese

Outlook for 2015

In 2015, the rental market in Central Europe is expected to continue growing at a constant rate. Despite signs of an economic pickup, the market environment will remain tough in Europe due to the ongoing geopolitical tensions. Nevertheless, the infrastructural measures that are to be implemented by specific countries and the energy turnaround should have a positive impact on business.

Through the acquisitions made in 2014, the Rental business unit is pushing ahead with the growth strategy and expanding the range of services. One of the key challenges in 2015 will be to ensure the successful integration of the new companies from an organizational and a cultural perspective in order to unlock all the additional potential and to strengthen our market position in the long term. Furthermore, it will be necessary to increase the efficiency of all the structures and processes that have grown so dynamically over recent years as a result of various acquisitions. There are plans to implement a number of measures (some of which are already being put into action), such as automated inventory management of the rental fleet and further development of the flexible pricing approach. The aim is to knit together all the business unit's operations much more fully for an even more highly focused market cultivation strategy.

Another major focal point for the future will be the acceleration of the online business. With its innovative solutions that are unique within the industry, the Rental business unit is widening the sales channels while at the same time increasing customer loyalty. In 2014, the new startup called Klickrent was launched and as a result of this Zeppelin's very own marketplace for renting machinery and equipment went live. This platform is to undergo further development in 2015 to create a service offering that enjoys a high level of acceptance and gives users – and the wider market – exactly what they want. In addition, work will be carried out on an online portal so that users can request the prices and check the availability of products from the Rental business unit's product range. Further development work will also be undertaken in respect of the www.streif-rent.de online rental portal, which – with its portfolio of small equipment, power generators, lighting equipment, and containers – is primarily aimed at the skilled trades sector.

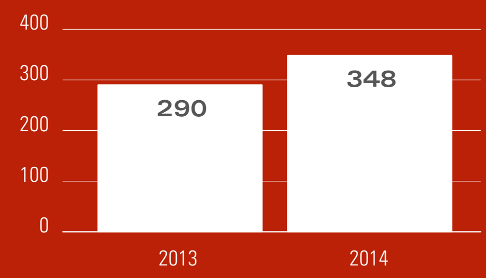
Rental

The Rental business unit offers tailored rental solutions and services for customers from the construction, industrial, plant engineering, skilled trade, public, gardening/landscaping, and events sectors. As a leading service provider, it offers construction equipment, temporary space and infrastructure solutions, traffic guidance systems, and inspection services, as well as solutions for fleet and project management, construction logistics, and energy supply. Its customers benefit from the latest technology, professional services, and comprehensive solutions expertise.

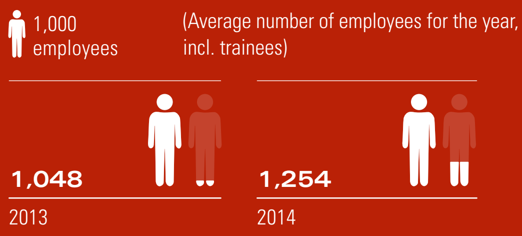
Facts and Figures

Sales in EURm

(Consolidated sales)



Employees



Review of 2014

In 2014, the Power Systems business unit found itself operating in a highly differentiated environment due to the wide variety of cultivated markets, countries, and application segments. Particular attention should be drawn to the positive developments seen in the energy area within Germany, where the energy turnaround boosted demand for highly efficient and flexible CHP plants. Project work within this area was also sustained at a high level within the sales territories in parts of Russia, Central Asia, and Eastern Europe (with the exception of Ukraine).

Although the oil and gas area initially showed positive signs of growth in 2014, it was severely hit by the geopolitical tensions in and around eastern Ukraine. The primary market of Russia was affected by a slowdown in economic growth, an associated reticence to invest, and the gradual sanctions imposed by the USA and the EU, which – in turn – resulted in numerous postponed and incomplete projects. Local project work in Ukraine was virtually brought to a standstill by the uncertainty of the market there. In light of all this, adjustment measures were implemented accordingly. In contrast, the market in the remaining sales territories saw slightly positive growth.

The rail vehicles division within the business unit met with mixed fortunes. While the OEM market remained in decline within Germany, it enjoyed a noticeable recovery in the Czech Republic. Within the sales territories in parts of Russia, Central Asia, and Eastern Europe, the engine replacement and new construction market developed well and offers good prospects for the future.

Within the industrial engines segment, engines meeting the latest Final Tier 4 emissions requirements were successfully incorporated into a large number of prototype projects in Germany and Austria. This has created a solid basis for the sustained sale of mass-produced engines in the future. As regards incoming orders and the project situation within the special ship building and offshore segment, developments were positive.

A pioneering cooperation agreement was concluded in the Marine area. As a result, the Power Systems business unit has become an exclusive partner of the Norwegian manufacturer Optimarin AS (Sandnes), meaning that from now on it will act as a distributor of system components, finished modules, and turnkey solutions for treating ballast water. This will ensure that customers are rapidly supplied with the tailor-made installation solutions they require to meet the forthcoming legal regulations. Furthermore, the business unit has expanded its offering by setting up its very own turbocharger workshop in Hamburg to provide a comprehensive repair and modification service for MaK engines featuring Napier turbochargers.

The Power Systems business unit also extended its portfolio in the energy area when, in fall 2014, Zeppelin joined the ranks of various other sales organizations by starting to offer gas generator sets from Caterpillar Energy Solutions GmbH with a power range of 400 to 10,000 kWel.

picture © Becker Marine Systems

Outlook for 2015

In 2015, the Power Systems business unit is expecting to see moderate growth, but with major variations between the different regions. The low oil price coupled with the geopolitical tensions between Russia and the USA/the EU will cause a slowdown in incoming orders. Overall, stable growth is anticipated in the relevant EU markets. There is still a lot of market potential within the sales territories in parts of Russia, Central Asia, and Eastern Europe, but given the current conditions this will be difficult – if not impossible – to tap.

In 2015, the Power Systems business unit will focus on major combined heat and power plant projects for computer centers and emergency power supply systems. The increasing use of electronic data processing and backup systems means that there is a great deal of potential in this area. In Germany, the energy turnaround will continue to have a positive impact on the CHP plant market. There will also be an emphasis on gas engines within the energy area. Due to the drop in gas prices, the trend toward self-generated electricity is set to continue, including within the sales territories in parts of Russia, Central Asia, and Eastern Europe. In the area of industrial engines, the Power Systems business unit expects to see sustained demand for Final Tier 4 applications in Germany and Austria and, in 2015, it will focus more intensively on package solutions and transmission applications. The business unit has also identified opportunities for growth within the Belarusian agricultural sector.

In the area of oil and gas, the geopolitical situation will continue to hamper business in Russia and to affect German OEMs. On the other hand, German OEMs are expected to see positive growth in terms of the market for special rail vehicles. In this regard, there is a clear trend toward the installation of smaller engines, as well as multi-engine and hybrid applications. Expectations concerning marine applications remain cautious, but further sales potential will open up during subsequent years thanks to the cooperation agreement signed with Optimarin AS (Sandnes). Similarly, the introduction of the ECA (Emission Control Area) directive for marine engines will act as a stimulus for LNG projects and the fitting of exhaust gas systems.

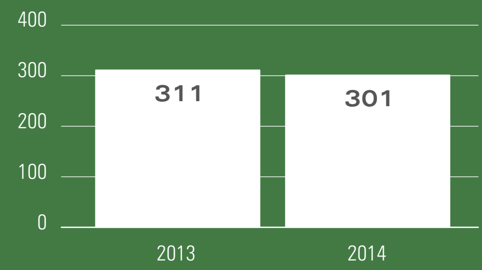
Power Systems

The Power Systems business unit is a leading provider in the areas of drives and energy, supplying highly efficient engines for all applications with a power range from 10 to 16,800 kW. Its portfolio includes diesel and gas engines, emergency power generating sets, power generators, complete systems for ship and locomotive propulsion, container solutions, and combined heat and power plants. Customers from the industrial, marine, rail, and oil and gas sectors benefit from its outstanding engineering expertise and reliable service, which is designed to ensure high levels of availability for plant and machinery.

Facts and Figures

Sales in EURm

(Consolidated sales)



Employees

1,000 employees

(Average number of employees for the year, incl. trainees)

773
2013

776
2014

Review of 2014

In 2014, the Plant Engineering business unit focused on the continued implementation of the restructuring measures that had already begun the previous year. The aims of this realignment process were to increase efficiency significantly and to ensure market positioning was more closely geared toward customer needs. In 2014, the core concern at the heart of the extensive measures was to complete the optimization of processes at the German sites. Where appropriate, this involved combining production facilities and centralizing core competencies. In turn, this led to optimization of the value chain. In addition, the management structure was streamlined to ensure shorter decision-making channels. In those cases where personnel numbers had to be adjusted, this was achieved in a socially responsible manner.

Back in February 2014, a matrix organizational structure was implemented based on the following market-/product-specific business areas: Polymer Plants (plants for plastics producers and shipping companies), Industrial Plants (plastic and rubber processing plants), Food (food preparation and processing plants), Key Components & Customer Services, and Mixing Technology. All operational processing activities across the various sites were centralized under the Operations area, which provides the various business areas with operational support. Commercial management tasks are handled centrally by the Commercial area.

The individual areas were faced with very different workloads in 2014. With their target markets of North and Central America, Southern Asia (from Iran to Myanmar), other parts of Asia, and Russia, the plastic, rubber, and food industries – in particular – were placed under considerable pressure due to the tense geopolitical situation in Russia and Ukraine.

In the Polymer Plants area, cautious investment led to a considerable slowdown in the market and a low volume of incoming orders. By contrast, the second half of the year brought a healthy volume of orders in China.

Despite the reluctance to invest during 2014, the Industrial Plants area maintained a good level of

project work with orders coming in from well-known tire manufacturers. Asia and the USA emerged as the strongest regional markets.

A high volume of incoming orders within the Food business area created a heavy workload for the engineering areas and those responsible for producing and assembling silos, filters, and components. New key customers were gained within this business area in 2014, offering good opportunities for greater expansion of this area in the future.

Outlook for 2015

In 2015, the Plant Engineering business unit expects to see a slight increase in sales and incoming orders compared with the previous year. It is predicted that the various market segments will develop in different ways. Although the drop in the price of crude oil means that a slowdown in the market is expected for the Polymer Plants area, good sales prospects are forecast for the Industrial Plants business area in spite of the reticence of the markets in Asia and North America. This is attributable to the favorable situation as regards projects for expanding production facilities within the plastics processing and tire manufacturing sectors. Within the Food segment, a small drop in demand is expected, because concentration within the industrial bakery sector and the associated investments seen in recent years have now peaked. In 2015, there will be greater cultivation of market segments such as hybrid applications and confectionery. As in previous years, the core markets will continue to consist of Europe, Southern Asia (from Iran to Myanmar), and North America.

The restructuring and integration process that was initiated with a view to restoring and sustaining the profitability of the Plant Engineering business unit was successfully completed in 2014. In 2015, the focus will be on further optimizing the processes along the entire value chain.

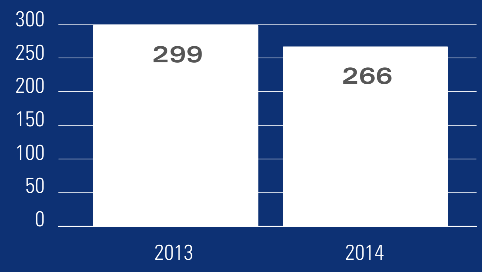
Plant Engineering

The Plant Engineering business unit is a leading handler of high-quality bulk materials. Customers from the plastics, rubber, tire, chemical, and food industries all benefit from its comprehensive expertise and wide range of services. This business unit is a one-stop shop for every imaginable service – from engineering, the production of proprietary components and control technology, and turnkey assembly right through to its comprehensive after-sales service.

Facts and Figures

Sales in EURm

(Consolidated sales)



Employees

1,000 employees

(Average number of employees for the year, incl. trainees)

1,381	1,373
2013	2014

GROUP MANAGEMENT REPORT AND GROUP FINANCIAL STATEMENTS

2014

GROUP MANAGEMENT REPORT FOR THE 2014 FISCAL YEAR

A. Business Activities of ZEPPELIN GmbH and the Group

The following management report is the combined management report and Group management report of ZEPPELIN GmbH. It presents the business performance of the Group and ZEPPELIN GmbH including the results for the fiscal year from January 1 to December 31, 2014 as well as the position of the Group and ZEPPELIN GmbH as at December 31, 2014. The management report of ZEPPELIN GmbH and of the Zeppelin Group were combined for the first time for the 2014 fiscal year.

Business performance of ZEPPELIN GmbH

The corporate purpose of ZEPPELIN GmbH comprises the holding of participations in companies with a net carrying amount of EUR 408.9m (previous year: EUR 382.9m), the management of land, buildings and technical equipment and their rental, particularly to affiliated companies (net carrying amount December 31, 2014: EUR 111.0m, previous year: EUR 107.3m) and the financing of affiliated companies. At the end of 2014, 53 people were employed (previous year: 56).

The shareholding structure of ZEPPELIN GmbH remained unchanged in 2014. Luftschiffbau Zeppelin GmbH holds 96.25 % and Zeppelin-Stiftung in Verwaltung der Stadt Friedrichshafen (foundation managed by the City of Friedrichshafen) holds 3.75 % of the subscribed capital of ZEPPELIN GmbH of EUR 100.0m.

The Supervisory Board consists of 12 members, who represent the shareholders and the employees in equal numbers in accordance with Section 7 of the German Codetermination Act.

Strategic Business Units of the Zeppelin Group

The Zeppelin Group is operationally and strategically managed via five strategic business units (SBUs). This organizational structure ensures its ability to focus on individual markets, customer groups, and product segments while managing activities across multiple countries and companies. The SBUs are Construction Equipment EU, Construction Equipment CIS, Rental, Power Systems, and Plant Engineering. Zeppelin's business activities include sales and servicing of Caterpillar construction machines, mining equipment, diesel engines, MaK marine engines, and agricultural and forestry equipment of the Case New Holland, AGCO, and Ponsse brands. In Germany and various countries of Central and Eastern Europe and Central Asia, Zeppelin is the sales partner of Caterpillar Inc. headquartered in Peoria, Illinois (USA). The other brands are sold in several Central and Eastern European countries. The Rental business unit rents out construction machines as well as a wide range of construction equipment, space systems, construction site and traffic guidance systems, aerial work platforms and lifts, and vehicles. It also offers an extensive range of services.

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

B. Business Report

1. Economic Conditions

Economic growth in the global economy lagged expectations in 2014. This is primarily attributable to the persistent economic weakness in the euro zone and more modest growth in emerging markets compared with recent years.[1] In 2014, global gross domestic product (GDP) grew by 3.3 % (previous year: 2.7 %). With growth of 1.3 % (previous year: 0.6 %), the euro zone's performance was comparatively subdued. Growth in Germany came to 1.4 % (previous year: 0.4 %). Apart from the economic risks in the euro zone, the ongoing conflict between Russia and the Ukraine and the trade sanctions associated therewith as well as other geopolitical risks are causing uncertainty. Economic activity in Russia is still depressed by the repercussions of the conflict with the Ukraine. Growth in 2014 can only be described as weak, at 0.2 % (previous year: 1.2 %). In the Ukraine, GDP fell sharply by 6.5 %.[2] Economic growth picked up year on year in the Czech Republic, the Slovak Republic and Poland (2.5 % / previous year: -1.5 %, 2.4 % / previous year: 0.9 % and 5.5 % / previous year: 1.4 % respectively). In China, economic growth of 7.5 % was achieved in 2014 (previous year: 7.7 %). In India, GDP increased by 6.7 % in 2014 (previous year: 5.0 %), while growth weakened in Brazil, at 1.8 %, compared with the previous year's figure of 2.5 %. Economic growth in the USA remained very buoyant in 2014, where GDP rose by 2.2 % (previous year: 1.7 %).

The dichotomy between economic growth in the industrialized countries is also reflected in monetary policy. While the USA is already making slight corrections to its very expansionary monetary policy course, the European Central Bank (ECB) has initiated a further extensive round of monetary easing. The key refinancing interest rate was cut to virtually zero (0.05 % p.a.) by the ECB at the beginning of September 2014 and a comprehensive bond purchase program was announced. In the USA, the key refinancing interest rate remains unchanged at the constantly low level of 0.25 % p.a.

The important currencies for the Zeppelin Group are the U.S. dollar (USD), the Russian ruble (RUB), and the Ukrainian hryvnia (UAH). The USD / EUR exchange rate was 1.36 at the start of the year. The euro appreciated to USD 1.38 up to April 2014 and then slid significantly to USD 1.21 at the end of 2014. Because of the economic and political developments in Russia and the Ukraine, both the Russian ruble and the Ukrainian hryvnia depreciated sharply in 2014. They ended the year at an exchange rate of 69.40 RUB / EUR (-54.3 % compared with the previous year) and at 18.99 UAH / EUR (-66.6 % compared with the previous year).

2. Market Development

In 2014, the markets of importance to the Zeppelin Group developed as follows:

Thanks to good weather and the strong first half of 2014, the German construction industry is enjoying a period of growth. Total sales by all businesses in the main construction trades increased by 4.8 % year on year. However, order intake is 7.4 % down on the previous year in nominal terms (8.5 % in real terms) but at a comparatively high level. Having stagnated in the previous year, investments in construction were positive again in 2014. The trend in housing construction remained positive, posting growth of 3.5 % year on year. The negative trend in commercial structural engineering was reversed with growth of 3.0 % in 2014. Construction investment in public civil

[1] Cf. International Economic Activity – Annual Report 2014 / 2015
[2] Cf. IMF International Monetary Fund October 2014

engineering and commercial civil engineering rose by 5.5 % and 2.5 % respectively. Total civil engineering grew by 4.1 % in 2014.

The overall German market for new construction machines comprised 25,998 units sold as of the end of 2014, well up by 9.4 % on the previous year (23,774 units) and slightly above the long-term average of 25,000 units. The retail market (i.e. sales to final customers) grew by 6.5 %, while the rental segment (i.e. first-time rentals of new machines by rental companies) grew by 15.5 %. In 2014, Zeppelin's German companies sold 4,143 units (retail and rental), which is 181 more new machines than in the previous year (3,962 units), meaning that it underperformed the market. This was due, in particular, to a reluctance to invest in the rental fleet. Overall market share has decreased slightly by 0.8 percentage points to 15.9 %. In the retail market, 89 new machines fewer were sold than in the previous year (3,470 machines), which led to a slight fall in market share to 19.6 %.

In the 2014 fiscal year, the market for earthmoving and road construction machines amounted to an estimated EUR 1.8b (previous year: EUR 1.7b). Compared with the previous year, the retail / rental split shifted to 66 / 34 in favor of the rental market (from 68 / 32 the previous year).

The withdrawal from the forklifts business area decided in 2013 was largely completed in 2014. Zeppelin will remain the authorized dealer for Hyster forklifts produced by the US NACCO Materials Handling Group in Poland and via a participation in Hungary.

The Austrian construction industry picked up somewhat again at the end of 2014. The index providing an assessment of its current situation has risen by six points. At 1,720 units, the market volume for new machines in Austria is slightly up on the previous year (1,695 units), with Zeppelin managing to maintain its market share, at 17.2 %, more or less (previous year: 17.5 %). In the Czech Republic, the construction industry grew by 2.3 % in real terms compared with the previous year. In this respect, structural engineering remained at the previous year's level while civil engineering rose by 7.5 %. Slovakian construction output fell by 6.2 % year on year, with civil engineering falling by 3.5 % and structural engineering by 7.3 %. The market for new construction machines expanded in both the Czech Republic (1,257 units; previous year: 980 units) and in the Slovak Republic (463 units; previous year: 304 units). In the Czech Republic, Zeppelin's market share was slightly down on the previous year, at 17.0 %, but increased slightly to 23.7 % (previous year: 22.1 %) in the Slovak Republic.

In 2014, the construction sector in Russia shrank by 6.6 % in total. In the Ukraine, the fall amounted to 21.7 % and volume in the Ukrainian mining sector fell by 13.7 %. In line with the general economic situation in CIS countries, but particularly because of the political crisis in Russia and the Ukraine, the market for new construction machines in these countries has slumped. However, in this difficult environment, Zeppelin has increased its market share by 1.4 % to 10 %.

Overall, the rental market in Germany remained stable in 2014. The European Rental Association reckons the market grew by 4.6 % in 2014. The markets in the Czech Republic and the Slovak Republic are also doing well. The current situation in Russia and the Ukraine has unsettled the market and had a sustained negative impact on the Russian rental business.

The German market for locomotives also remained weak in 2014. Nevertheless, Zeppelin reported good utilization of its capacity with existing orders for rail vehicles and series locomotives. The energy market is continuing to develop well as a result of Germany's shift in favor of renewable energy. The Group is involved in large numbers of cogeneration projects. An increase in order intake is boosting the global shipping markets. However, the situation facing German shipyards and shipping companies remains challenging because of a lack of financing models. The oil price and the associated investment in the development of new and expansion of existing oil and gas fields remains crucial to the development of the oil and gas industry. Most of the market in Russia is dominated by projects in the energy, oil and gas market. The dramatic slump in the Russian ruble, softening economic growth, the resultant reluctance to invest as well as the gradual impact of sanctions are leading to many projects being postponed and deals not being concluded. The current uncertain situation in the Ukraine is bringing project activity there virtually to a standstill.

German companies engaged in mechanical and plant engineering increased production by 0.7 % in the 2014 fiscal year and order intake by 3.0 %. While domestic demand was weaker, foreign orders rose sharply. In 2014, business development in the chemical industry lagged expectations according to the Verband der Chemischen Industrie (VCI), the industry federation. Both production and sales only posted growth of 1.5 %, which was attributable, in particular, to a lack of foreign orders with it proving impossible to compensate for falling export rates for Russia (-6.0 %) and the Ukraine (-20.0 %). Sales by German producers of plastics and rubber machines are expected to fall by 1.0 % in the 2014 fiscal year. Business development at manufacturers of food processing and packaging machines was satisfactory by and large in 2014. Order intake for food processing machines fell short of the previous year's figure by four percentage points, while order intake for packaging machines increased by 4.0 %.

3. Development of the Company's Business

Development of Revenues and Orders

The Zeppelin Group's strategic business units were largely unable to match the previous year's good figures because of unfavorable business conditions in some sectors as well as the geopolitical crisis in Russia and the Ukraine.

The Group's overall revenues in the year under review dropped by EUR 133m or 5.5 % to EUR 2.301b (previous year: EUR 2.434b). This was mainly due to the performance of the Construction Equipment CIS and Plant Engineering business units. As a result, the share of revenues made outside Germany fell to 46.7 % (previous year: 51.9 %).

The strategic business units of the Zeppelin Group that rent, sell, and service construction machines and engines saw their revenues decline by EUR 87.3m or 3.9 % in 2014. In this respect, the sales revenues of the Construction Equipment CIS business unit decreased by EUR 139.8m (-24.4 %) and of the Power Systems business unit by EUR 9.8m (-3.1 %). The geopolitical crisis in Russia and the Ukraine is having a significant impact on the Construction Equipment CIS business unit in particular. The sales revenues of the Rental business unit have increased by EUR 57.3m (+19.7 %) and those of the Construction Equipment EU business unit by EUR 5.0m (+0.5 %). Acquisitions contributed EUR 40.3m to growth in sales at the Rental business unit.

Revenues by Strategic Business Units

BREAKDOWN OF GROUP REVENUES (EURM)	2014	2013	CHANGE (%)
Construction Equipment EU SBU	1,041	1,036	0.5
Construction Equipment CIS SBU	434	573	-24
Rental SBU	348	290	20
Power Systems SBU	301	311	-3
Plant Engineering SBU	266	299	-11
ZEPPELIN GmbH Group (consolidated)	**2,301**	**2,434**	**-5**

In the 2014 fiscal year, a total of 15,699 machines and engines were sold, corresponding to a decline of 1,098 units or 7 % year on year. The breakdown was as follows: new construction machines down 225 units (-3 %), used construction machines down 114 units (-3 %), forklifts down 792 units (-32 %), and engines down 15 units (-1 %).

In the 2014 fiscal year, the Plant Engineering business unit posted a year on year fall in revenues of EUR 33.3m to EUR 265.6m (-11.2 %) compared with the previous year's figure of EUR 298.9m.

At EUR 2.3b, the total order intake of all Group companies was slightly down on the very good level of the previous year, namely EUR 2.4b. The order backlog at the end of the year amounted to EUR 507.0m (previous year: EUR 511.3m). The Plant Engineering business unit accounted for EUR 269.8m of the order backlog (previous year: EUR 256.2m).

Workforce

Personnel capacities in the Zeppelin Group have risen by 1.3 % at the end of 2014. At the end of 2014, it had 7,878 people employed, including 311 trainees (previous year: 7,774 / 294). The increase is attributable to the Rental business unit (+214 employees) and can largely be explained by the acquisition of the project service business area from Streif Baulogistik GmbH. By contrast, there were 93 fewer people employed in the Construction Equipment EU business unit and 22 fewer in the Plant Engineering business unit than in the previous year. At the end of the year under review, the foreign companies of the Zeppelin Group had 3,608 employees, corresponding to 45.8 % of the overall workforce (previous year: 47.2 %).

In 2014 as well, the high level of basic and advanced training of the Group's employees was a key focal point at technical and commercial courses, sales training, and programs to foster junior employees and extend the competencies of managers. The appropriate measures were developed and continued accordingly.

In 2014, attention was focused on strengthening the Zeppelin employer brand, which is why the Zeppelin Group has started the employer branding campaign in Germany initially. It will allow Zeppelin to boost its profile and to demonstrate its appeal as an employer to staff and possible applicants. The employer promise "Growing with Zeppelin" forms the heart of the campaign. A consistent image is also being adopted in image campaigns, job advertisements, personnel brochures and at job fairs.

Employees by Strategic Business Units

AT END OF YEAR	2014	2013	CHANGE (%)
Construction Equipment EU SBU	2,412	2,496	-3
Construction Equipment CIS SBU	1,777	1,777	0
Rental SBU	1,254	1,064	18
Power Systems SBU	761	753	1
Plant Engineering SBU	1,310	1,335	-2
Trainees in the Group	311	294	6
ZEPPELIN GmbH Group [1)]	**7,878**	**7,774**	**1**
Germany	4,269	4,104	4
Overseas	3,608	3,670	-2

[1)] incl. ZEPPELIN GmbH

Important Activities During the Year Under Review

The growing differentiation of international markets and the steadily increasing demands of customers are responded to by organizing the Zeppelin Group into strategic business units for managing its activities. The management responsibilities and personnel of the strategic business units are clearly defined, and the Zeppelin Group-level management process is institutionalized in a clearly designated Group Management Board.

In light of the difficult market environment and the crisis in the Ukraine and Russia, the focus at the Group strategy meeting in fall 2014 was on taking stock and the completion of strategic projects that have already commenced. In this connection, current issues were discussed and assessed, such as the effects of the crisis in Russia and the Ukraine on future business and how the integration of transacted acquisitions is progressing.

The navigation instruments defined for measuring the achievement of goals within the scope of the Zeppelin Group's GPS strategy (Growth, Performance, Stability) continued to be applied without any changes. Caterpillar's strategies continued to be pursued in 2014 in strong agreement with Zeppelin's own strategic orientation. Zeppelin also played a significant role in shaping Caterpillar's global "Across the Table" initiative. It was back in 1926 that the basic rules and prerequisites for working with dealers within the scope of "Across the Table" were laid down. The goal of this initiative has been to achieve better market coverage and improve Caterpillar's collaboration with its dealers in order to serve customers' interests.

By signing an agreement on January 29, 2014, Zeppelin Rental GmbH & Co. KG acquired 100 % of the shares in BIS Blohm + Voss Inspection Service GmbH effective October 1, 2013. The company will initially continue as an independent subsidiary of Zeppelin Rental GmbH & Co. KG under the name BIS Inspection Service GmbH and will offer inspection services, particularly in plant, power plant and utilities construction. It will also take on associated production controls and construction monitoring tasks in the preparation and review period. The company has a strong position in the market, particularly in northern Germany. With this acquisition, the Rental business unit is developing its expertise in materials testing.

In the year under review, Zeppelin Rental GmbH & Co. KG acquired the project service business area of Streif Baulogistik GmbH, a wholly-owned subsidiary of HOCHTIEF Solutions AG, through a combined asset and share deal. Zeppelin Rental GmbH & Co. KG established Zeppelin Streif Baulogistik GmbH for this purpose and used this company to acquire the project service business area as well as 100 % of the shares in Zeppelin Streif Baulogistik Österreich GmbH. The services offered by the project service business area include construction logistics, energy supply as well as temporary spatial and infrastructure solutions. The acquisition will allow the Rental business unit to expand its range of services significantly and is an ideal addition to the portfolio. The management of complex construction and industrial projects will be strengthened and extended and the construction logistics and project service area will be further expanded. The structure of the Rental business unit was streamlined through the retrospective (to March 1, 2014) merger of Zeppelin Streif Baulogistik GmbH with Zeppelin Industrial Services GmbH. The merged company was renamed Zeppelin Streif Baulogistik GmbH.

In July 2014, Zeppelin Rental GmbH & Co. KG concluded an agreement with Ramirent A / S to establish the joint venture Fehmarnbelt Solution Services A / S. The joint venture was approved by the antitrust authorities in January 2015. As a result, the skills and resources of two leading European rental service providers in supporting large construction sites have been pooled for the major international project "Fehmarn Belt Fixed Link". The wide range of services offered by Fehmarnbelt Solution Services A / S includes temporary spatial and infrastructure solutions, equipment rental, maintenance and servicing of construction sites, logistics planning and management, energy and climate solutions, facility management, access control, disposal and recycling, training etc. Fehmarnbelt Solution Services A / S will offer solutions for environmentally friendly construction and work in environmentally sensitive areas. The "Fehmarn Belt Fixed Link" will be the world's longest immersed tunnel for combined rail and road traffic. Construction of the project, which will cost EUR 6.2b, is scheduled to begin in June 2016 with completion by 2022.

Zeppelin Rental GmbH & Co. KG set up Klickrent GmbH in 2014. It is charting a new, innovative course with the introduction of a platform for the online rental of construction machines and equipment.

Building on the Group-wide strategy process, the focus for the **Construction Equipment EU business unit** was on a sustained improvement in operating efficiency in 2014. Promising potential sales and servicing were achieved in mining – as a consequence of the December 2013 acquisition of the sales and service business from Caterpillar Global Mining and the integration of new machines for surface and underground mining in the product portfolio. A competence center has also been founded to combine expertise across the Group and build upon the operational business in overground and underground mining. The provision of professional advice on using these products and sales support also led to a large order for new equipment for the coal mine in Ibbenbüren in addition to ongoing servicing business.

The Construction Equipment EU business unit was also extremely successful at presenting new products at a large number of trade fairs and exhibitions, such as IFAT, GaLaBau, steinexpo and NordBau, at which a new sales record was achieved, in 2014. The celebration of the 60-year partnership between Zeppelin and Caterpillar at the end of May 2014 was another highlight. Apart from the top management of Caterpillar and Zeppelin, around 1,500 guests made their way to the Colosseum Theater in Essen, to honor the two companies' shared achievements to date and to support the continuation of this successful partnership.

The positive performance of the Construction Equipment EU business unit was reflected yet again this year in the large number of awards. Accordingly, Zeppelin Baumaschinen GmbH was again honored as the "Best Caterpillar Sales and Service Organization in Europe" in a European competition arranged by Caterpillar. Apart from additional prizes for outstanding sales and service performance, two in-house developments were recognized. These are the customer app for online marketing and the individualized CRM app used in sales. Both applications are successful models for innovative, individually tailored solutions, which optimize the internal sales process and play a considerable role in fostering customer loyalty.

The **Construction Equipment CIS business unit** expanded its customer service capacity in the 2014 fiscal year. The Service Center in Minsk, Belarus, was completed and commissioned. Construction of the branch on the site purchased in St. Petersburg has not yet commenced because of the current uncertain political and economic situation in Russia, among other factors, and only the measures needed to maintain its value have been carried out. The decision on whether to start construction or not will be taken in the fall of 2015.

The existing dealership agreement with the agricultural machine producer Case New Holland, whose machines and spare parts are distributed by PRIME Machinery OOO in the agreed sales areas in Russia, was canceled at the end of 2014 effective July 2015. At present, the company is exploring the possibilities of working with various manufacturers of agricultural machinery in Russia. In addition to agricultural machinery, the control and fleet management system activities and SEM, Caterpillar's Chinese construction equipment brand, are covered by this company.

In December 2014, 99.97 % of the shares in Zeppelin Rental Russland OOO were acquired by Zeppelin International AG. The company plans to restructure the operational business in 2015 and to merge this company with Zeppelin Russland OOO.

The **Rental business unit** stepped up its cross-country collaboration in the 2014 fiscal year. In an expanded and unified fleet model, rental products are now managed and deployed as needed among Germany, Austria, the Czech Republic, and the Slovak Republic. This approach enables fuller use of the equipment. Rental business in the Czech Republic and the Slovak Republic developed very positively.

The fraught political and economic situation in Russia has made the market far more difficult for Zeppelin Rental Russland OOO. The effects of the reduction in investment, the increase in the cost of borrowing, the depreciation of the ruble and the sanctions imposed by the European Union and the USA are making business very difficult and depressing earnings. A series of countermeasures have been adopted to mitigate this situation.

Zeppelin Rental GmbH & Co. KG acquired two companies in 2014 and consequently expanded its portfolio, particularly in the area of services. On April 1, 2014, the newly established Zeppelin Streif Baulogistik GmbH acquired the project service business area and all the shares in Streif Baulogistik Österreich GmbH from Streif Baulogistik GmbH. BIS Inspection Service GmbH was also taken over from Blohm & Voss Shipyards GmbH in 2014.

In addition to the integration of these acquisitions, the business unit concentrated on projects to boost sales performance, to improve personnel development and training as well as to automate operational processes.

The **Power Systems business unit** operates in a widely divergent market environment. As a result of the shift in favor of renewable energy, the energy sector in Germany is enjoying a period of dramatic market growth. Following a boom in the completion of cogeneration plant projects in mid-2014, the project situation in Germany has stabilized at a high level. The unit is increasingly targeting industrial customers because of the positive conditions.

The high-volume industrial engines segment succeeded in placing engines with the latest emissions standard (Tier 4 final) in large numbers of prototype projects in Germany and Austria. Consequently, it has created the foundation for constant series production in future. With a few export-oriented customers, there were signs of a sharp fall in orders and purchases because of the sanctions imposed on Russia.

Despite the persistent problems in local shipbuilding, the business unit posted a positive performance in the river cruise ship segment. Projects for cruise ships, new ships, emergency diesel systems on large container ships as well as government and river cruise applications are also promising.

New solutions for the marine sector are also being offered. As a partner of the Norwegian manufacturing company Optimarin A / S, Power Systems has been selling individual system components, complete modules as well as turnkey solutions for regulating ballast water since the fall of 2014. Zeppelin has also been awarded co-marketing rights by Caterpillar Energy Solutions GmbH (formerly Motorenwerke Mannheim) since October 1, 2014.

The market in Eastern Europe is mainly determined by projects in the energy, oil and gas market. Prevailing conditions are having a very adverse impact on the project situation and are leading to substantial numbers of projects being postponed and deals not being concluded.

The expansion in the unit's infrastructure will continue with the completion of the new office building in Achim in the first quarter of 2015.

At the beginning of 2014, a comprehensive restructuring process was initiated at the German sites of the **Plant Engineering business unit** because of the unsatisfactory earnings situation. Key measures included the optimization of processes, the regional pooling of core competencies and streamlining management structures. Staff numbers were adjusted in a socially acceptable manner where necessary.

Overall, the successful restructuring program meant that the business unit succeeded in sharply reducing the previous year's loss in 2014 and returning to a positive operating result. The measures to be continued in 2015 should help the Plant Engineering business unit return to sustained, stable profits.

4. Results of Operations, Financial Position, Net Assets of the Zeppelin Group

The Zeppelin Group mainly judges its performance by means of three indicators: revenues, earnings before tax, and return on capital employed (ROCE).

The earnings, financial position and net assets of the Zeppelin Group were mainly affected by the geopolitical crisis in Russian and the Ukraine and its repercussions. The overall operating performance of the Zeppelin Group dropped by 5.1 % from the previous year. The net assets grew slightly by 0.4 %. The equity ratio stands at 40.7 % and has increased slightly on the previous year (40.1 %).

Results of Operations

Despite an increase in inventory, total operating performance dropped to EUR 2.323b (previous year: EUR 2.448b) because of the 5.5 % fall in revenues (EUR 2.301b, previous year: EUR 2.434b). Stocks grew to EUR 22.0m in 2014 (previous year: EUR 13.1m). Other operating income amounted to EUR 85.4m and was EUR 19.7m, or 30.0 %, up on the previous year (EUR 65.7m). This was mainly caused by increased currency exchange gains, the reversal of valuation allowances, cost refunds and credits.

The cost of materials decreased at a faster rate than total operating performance, namely by 6.7 % to EUR 1.620b (previous year: EUR 1.737b), causing costs for materials to drop to 69.7 % of the total operating performance (previous year: 71.0 %). The gross profit[3] therefore only edged down by EUR 7.9m (1.1 %) to EUR 702.9m (previous year: EUR 710.8m) despite a fall in total operating performance of EUR 124.5m.

Personnel expenses climbed by EUR 14.4m, or 3.5 %, to EUR 421.7m (previous year: EUR 407.2m). This was due to increasing personnel capacities mainly in connection with the acquisition of the project service business area from Streif Baulogistik GmbH. Personnel costs rose to 18.2 % of the total operating performance (previous year: 16.6 %).

Amortization of intangible assets and depreciation of property, plant, and equipment amounted to EUR 37.4m, or more than the previous year (EUR 33.0m). The depreciation on tangible assets for rentals (rental fleet) increased to EUR 41.1m (previous year: EUR 38.2m). It is included in the cost of materials.

Other operating expenses came to EUR 233.7m and are EUR 15.5m down on the previous year (previous year: EUR 249.2m). Sales-related costs fell by EUR 11.0m because of lower outgoing freight charges and customs duties as well as advertising costs, while administrative expenses decreased by EUR 6.1m. This was mainly because of lower consulting fees, travel expenses as well as rental and leasing costs. Operating expenses have risen by EUR 0.6m.

The financial result deteriorated by EUR 1.6m to EUR -21.0m (previous year: EUR -19.4m). The net interest result amounted to EUR -20.0m, EUR 0.8m below the previous year's figure of EUR -19.2m. Investment earnings decreased by EUR 0.8m to EUR -1.0m (previous year: EUR -0.2m), which was largely attributable to larger write-downs on financial assets (EUR +0.6m).

The Group's earnings from operations before tax rose to EUR 79.0m (previous year: EUR 77.3m). Considering the effects of writing down goodwill and the allocation of the purchase price, the Group's earnings before tax amounted to EUR 71.6m, exceeding the previous year's figure of EUR 64.4m. The net operating margin amounted to 3.4 % (previous year: 3.2 %). The return on assets from operations[4] before taxes came to 15.2 % (previous year: 15.1 %), while the comparable return on total capital[5] came to 8.1 % (previous year: 7.7 %). The ROCE reached 7.9 % (previous year: 7.9 %).

After deducting taxes on income and earnings of EUR 25.7m (previous year: EUR 21.7m), net income of EUR 45.8m (previous year: EUR 42.7m) was generated in the 2014 fiscal year. The 2014 tax ratio amounted to 36.0 % (previous year: 33.7 %) and was affected by the results of the tax audit covering the period from 2007 to 2010.

[3] Revenues plus changes in inventory and other own work capitalized minus the cost of materials
[4] Earnings before tax / (equity in previous year + equity in year under review) / 2
[5] (Earnings before tax + interest expenses) / (balance sheet total of previous year + balance sheet total of year under review) / 2

Result of Ordinary Operations by Strategic Business Units

BREAKDOWN OF GROUP RESULT (EURK)	2014 [1)]	2013 [2)]	CHANGE (%)
Construction Equipment EU SBU	35,526	29,642	20
Construction Equipment CIS SBU	23,703	38,681	-39
Rental SBU	21,636	15,910	36
Power Systems SBU	23,841	25,674	-7
Plant Engineering SBU	-5,092	-12,831	60
ZEPPELIN GmbH Group (consolidated)	**81,849**	**80,507**	**2**
Thereof, foreign companies	43,130	55,607	-22

[1)] Without considering the negative effects of depreciating goodwill from separate financial statements and other depreciation from the allocation of the purchase price as part of the takeover of the project service business area from Streif Baulogistik GmbH

[2)] Without considering negative effects of acquiring mining equipment activities from Caterpillar

Financial Position

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

Taking account of negative currency translation differences of EUR 26.9m (previous year: EUR -16.1m), the equity of the Zeppelin Group increased by EUR 8.9m to EUR 522.8m (previous year: EUR 513.9m) in 2014. With net assets rising by 0.4 % to EUR 1.285b, the equity ratio has increased slightly to 40.7 % (previous year: 40.1 %). As of the balance sheet date, the total long-term assets amounted to EUR 851.4m[6] (previous year: EUR 898.9m) – comprising equity (EUR 522.8m), pension accruals (EUR 104.0m) and other long-term provisions (EUR 18.2m) as well as liabilities to banks and insurance companies due to be liquidated in more than one year (EUR 206.5m) – and thus exceeded by EUR 397.6m (previous year: EUR 453.2m) the fixed assets and the portion of current assets that are tied up on a long-term basis, which together amounted to EUR 453.9m (previous year: EUR 445.7m). They therefore also covered 95.4 % of the Zeppelin Group's inventories. The increase in long-term assets is largely due to the decrease in liabilities to banks with a future benefit exceeding one year (EUR -67.6m).

The short-term provisions and liabilities at the end of the fiscal year amounted to EUR 424.4m (previous year: EUR 373.8m), up EUR 50.6m. They mostly consist of trade liabilities amounting to EUR 78.8m (previous year: EUR 75.5m), liabilities to banks amounting to EUR 80.2m (previous year: EUR 18.2m), tax and other provisions of EUR 152.2m (previous year: EUR 167.6m) as well as down payments received and other liabilities of EUR 112.6m (previous year: EUR 110.8m).

At the end of 2014, a syndicated credit facility that was originally taken out in 2011 and firmly pledged for five years was available to the Zeppelin Group as a major financing instrument. In September 2013, the syndicated credit facility was extended under identical terms until September 2018 and raised by EUR 25m to a total of EUR 525m. It is available for cash drawdowns (of up to EUR 400m, unchanged from the previous year) and for providing guarantees (up to EUR 125m, unchanged from the previous year). As of the end of 2014, 42.6 % (previous

[6] Increase of EUR 12.6m because of the change in the allocation of long-term other provisions compared with the previous year. Corresponding reduction in short-term other provisions.

year: 41 %) of it had been used (EUR 223.6m, thereof EUR 90.9m for guarantees). At the end of 2014, the Zeppelin Group also had access to other bank credit facilities amounting to about EUR 55m, of which EUR 0.9m had been used. As a further source of funding, an ABS (asset-backed securities) program comprising EUR 25m continues to be available.

In addition, the Zeppelin Group funds itself on a long-term basis by placing bonded loans. At the end of the year under review, the total volume of outstanding bonded loans amounted to EUR 150.5m. A bonded loan of EUR 7m that matured in mid-2014 was repaid. The Group also adhered in 2014 to the financial covenants that had been agreed and determined on the basis of its financial data in connection with the syndicated credit facility and bonded loans. In the fall of 2014, Creditreform Rating AG adjusted the rating of the Zeppelin Group from “A (watch)” to “BBB+” with a stable outlook. This is mainly due to the economic impact of the political conflict between the Ukraine and Russia, which had already led to the “watch” tag being applied in spring 2015 and the fact that the restructuring of the Plant Engineering business unit is not entirely complete.

The companies of the Construction Equipment EU and CIS and Power Systems strategic business units were able to continue taking advantage of extensive credit facilities from Caterpillar Financial Services and other sales financing and leasing institutions for financing their sales activities in Germany and elsewhere. The Group also uses the instrument of asset leasing for making large investments in its rental fleet and for financing vehicles and computer hardware and software.

In 2014, Zeppelin took the measures needed to fulfill the requirements of the EU’s EMIR regulation.

The additions to the Group’s assets of EUR 157.3m (including EUR 108.9m rental assets) were offset by depreciation of EUR 80.1m in the year under review (of which EUR 41.1m were on the rental fleet, contained in material expenses), which thus covered 51.0 % of the capital expenditures made (previous year: 61.1 %).

Development of Group Investments

EURK	2014	2013	2012	2011	2010
Intangible assets	14,886	14,461	14,302	8,796	2,308
Property, plant and equipment	139,475	99,580	145,628	130,416	95,983
Land and buildings	4,632	6,927	7,740	4,927	7,163
Plant and machinery, and operating and business equipment	15,120	20,767	24,688	15,920	10,579
Rental assets	108,929	63,405	102,862	98,255	71,256
Down payments made and assets under construction	10,794	8,481	10,338	11,314	6,985
Financial assets	2,900	4,167	510	12,280	11,523
Total investments [1)]	**157,261**	**118,208**	**160,440**	**151,492**	**109,814**
[1)] Additionally: changes to the group of consolidated companies	1,471	76	-3,225	9,847	0

The net cash flow of the Zeppelin Group dropped by EUR 8.6m, or 7.0 %, compared with the previous year to EUR 113.9m (previous year: EUR 122.5m). The cash flow ratio[7] was 4.9 % of revenues (previous year: 5.0 %).

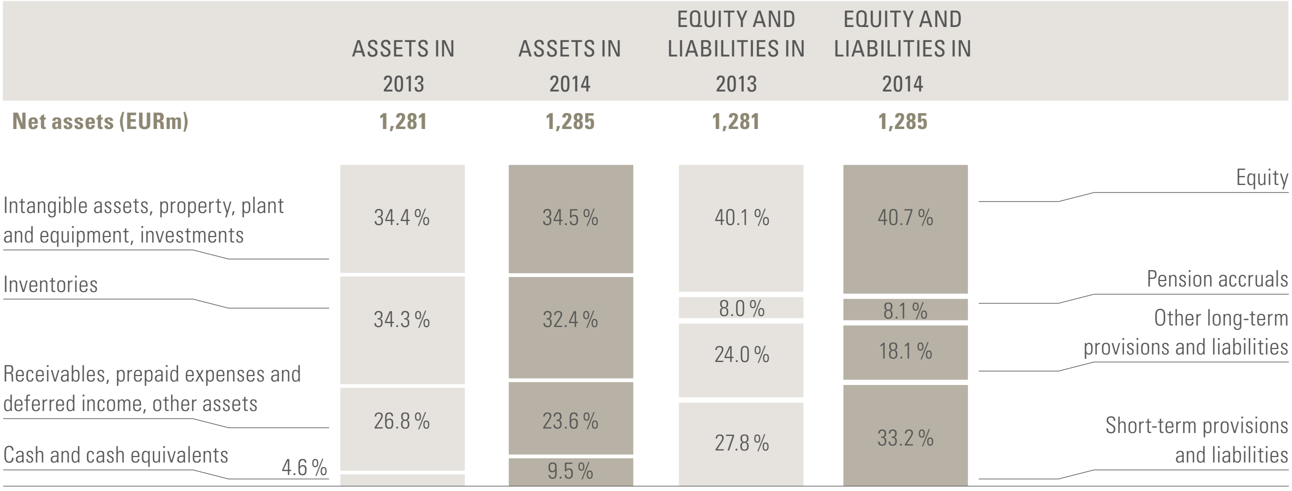
Net Assets

The net assets of the Zeppelin Group increased slightly in the 2014 fiscal year by EUR 4.6m (0.4 %) to EUR 1.29b (previous year: EUR 1.28b). This was based firstly on reducing inventories by EUR 22.9m (previous year: EUR 43.1m) and the fall in receivables and other assets of EUR 41.1m. Secondly, cash and cash equivalents have increased by EUR 64.1m (previous year: EUR 16.0m) and fixed assets by EUR 2.9m (previous year: decrease of EUR 22.9m).

The assets breakdown in the Group balance sheet did not change appreciably from the previous year. While the relative share of fixed assets (EUR 442.9m) is virtually unchanged, at 34.5 % (previous year: 34.4 %), the proportion of receivables and other assets (EUR 292.3m) has decreased to 22.7 % (previous year: 26.0 %) and the proportion of cash and cash equivalents (EUR 122.4m) increased to 9.5 % (previous year: 4.6 %).

[7] Net cash flow / revenues

Breakdown of Group Assets, Equity and Liabilities



The capital turnover worsened marginally to 1.8 p.a. (previous year: 1.9 p.a.) as a consequence of slightly lower revenues and a slight increase in net assets. The calculated collection period for trade receivables decreased slightly as of the balance sheet date to 41 days (previous year: 42 days).

Apart from the balance sheet assets, the companies of the Zeppelin Group leased assets (motor pool, computer hardware and software) and machines for the rental fleet for a total of EUR 279.7m (previous year: EUR 268.7m), of which EUR 244.2m (previous year: EUR 233.3m) went for the rental fleet.

Comparison of Current Situation with Forecast

The following table shows how the principal Group metrics deviated from the forecasts of 2013:

METRIC	FORECAST DEC. 31, 2014	VALUE ON DEC. 31, 2014	RELATIVE DEVIATION
Revenues	EUR 2.4 to 2.5b	EUR 2.3b	-4.2 % to -8.0 %
Earnings before tax (operational)	EUR 75.0 to 82.0m	EUR 79.0m	+5.3 % to -3.7 %
ROCE	8.2 %	7.9 %	-

Due to reduced sales of construction and mining machines and Power Systems applications, particularly in Russia and the Ukraine, as a result of the geopolitical crisis in these countries, revenues are lower than forecast. Operating earnings before tax are within the forecast range.

The net income of ZEPPELIN GmbH amounted to EUR 51.4m in 2014, exceeding the forecast of EUR 49.0m by EUR 2.4m.

5. Results of Operations, Financial Position, Net Assets of ZEPPELIN GmbH

Results of Operations

In 2014, ZEPPELIN GmbH's revenues increased by EUR 1.1m to EUR 23.6m (previous year: EUR 22.5m). Revenues mainly resulted from leasing property and buildings within the Group (EUR 15.9m) and services (EUR 6.0m).

Other operating income amounted to EUR 1.3m and have only changed slightly compared with the previous year (EUR 1.4m). Essentially, this figure comprises the reversal of provisions (EUR 0.5m), various charges passed on (EUR 0.4m) and the reimbursement of expenses (EUR 0.2m).

Investment earnings decreased by EUR 5.4m to EUR 55.6m (previous year: EUR 61.0m). The result of Zeppelin Power Systems GmbH & Co. KG (EUR 14.6m, previous year: EUR 15.3m) and of Zeppelin Rental GmbH & Co. KG (EUR 12.2m, previous year: EUR 13.7m) has declined year on year by EUR 0.7m and EUR 1.5m respectively. Zeppelin International AG distributed a dividend of EUR 21.1m in the fiscal year (previous year: EUR 29.5m), which largely accounts for the fall in investment earnings. The earnings from profit transfers (including fiscal entity tax allocations) of Zeppelin Baumaschinen GmbH rose by EUR 3.2m (EUR 26.1m, previous year: EUR 22.9m). Expenses from loss absorption have decreased by EUR 11.5m year on year due, in particular, to the reduction in the loss by Zeppelin Systems GmbH (EUR -8.2m, previous year: EUR -18.9m).

At EUR 11.9m, personnel expenses more or less match the level of the previous year (EUR 11.8m).

Amortization of intangible assets and depreciation of property, plant and equipment came to EUR 6.8m, having increased by EUR 0.4m compared with the previous year (EUR 6.4m). This is largely attributable to increased investment in buildings in recent years.

At EUR 14.3m, other operating expenses have fallen by EUR 0.5m compared with the previous year (EUR 14.8m), which is mainly attributable to a fall in administrative expenses of EUR 0.4m to EUR 3.7m.

The net interest result – excluding income from loans classified as fixed financial assets – amounted to EUR -8.4m in 2014 and has improved by EUR 0.3m on the previous year.

Earnings before tax have risen to EUR 58.5m compared with the previous year's figure of EUR 48.5m, which is attributable, in particular, to the reduction in expenses from loss absorption.

Net income amounted to EUR 51.4m (previous year: EUR 43.5m). This figure includes taxes on income and earnings of EUR 7.1m (previous year: EUR 5.0m), which were affected by the results of the tax audit covering the period from 2007 to 2010.

A dividend of EUR 7.0m for the 2014 fiscal year will be proposed to the shareholders with the remaining net retained profits of EUR 234.1m being carried forward to new account.

Financial Position

The financial strategy is derived from the corporate purpose of ZEPPELIN GmbH (the holding of participations, rental of land, buildings and technical equipment owned by the company to affiliated companies and the financing of the Group). The long-term commitment of funds to property, plant and equipment and financial assets (70.3 % of assets) should correlate as far as possible with matching financing on the liabilities side of the balance sheet. Here, the creation of equity from retained profits is an important source of funding.

The equity of ZEPPELIN GmbH has increased to EUR 442.3m (previous year: EUR 400.9m) because of the net income for the year and amounts to 54.3 % of net assets (previous year: 50.3 %). The long-term funds come to EUR 236.9m (29.1 % of net assets) and consist of accruals for pensions (EUR 33.8m), liabilities to banks (EUR 203.0m)[8] as well as other liabilities (EUR 0.1m). Current funds consist of liabilities to banks (EUR 58.1m)[9], trade liabilities (EUR 2.2m), liabilities to affiliated companies (EUR 49.4m, mainly from investing affiliated companies' funds and cash-pooling) as well as other liabilities (EUR 13.9m).

ZEPPELIN GmbH invested EUR 35.8m in the 2014 fiscal year (previous year: EUR 37.0m). Of this figure, EUR 26.0m was attributable to financial assets (previous year: EUR 29.6m). Write-downs amounted to EUR 6.8m (previous year: EUR 6.4m). A total of EUR 9.4m was invested in property, plant and equipment.

Net Assets

The assets of ZEPPELIN GmbH mainly consist of participations amounting to EUR 408.9m (previous year: EUR 382.9m) as well as land, buildings and assets under construction of EUR 110.0m (previous year: EUR 106.3m). These assets therefore account for 63.7 % (previous year: 61.3 %) of net assets, which have increased to EUR 814.2m (previous year: EUR 797.5m). Receivables from affiliated companies have fallen by EUR 82.3m to EUR 145.3m (previous year: EUR 227.6m), which is due, among other factors, to switching the financing of companies in Russia to local bank loans. The long-term assets of EUR 573.6m (previous year: EUR 544.7m) were matched by long-term liabilities of 679.2m (previous year: EUR 706.8m) as of December 31, 2014. The latter consist of equity, accruals for pensions and long-term liabilities. Long-term asset coverage has fallen slightly from 129.8 % to 118.4 %.

Investment in property, plant and equipment amounted to EUR 9.4m (previous year: EUR 6.0m). Thereof, EUR 9.3m (previous year: EUR 5.9m) related to land, buildings, equipment and assets under construction, which are rented to investment companies. Essentially, these are investments with Zeppelin Power Systems GmbH & Co. KG (EUR 6.2m).

[8] This figure includes EUR 93.5m of bonded loans, of which EUR 9.5 million were subscribed in insurance companies.
[9] This figure includes EUR 57.0m of bonded loans.

C. Events Subsequent to the Balance Sheet Date

On January 12, 2015, the joint venture Fehmarnbelt Solution Services A / S between Ramirent A / S and Zeppelin Rental GmbH & Co. KG was approved by the antitrust authorities. Having been approved by the antitrust authorities, the joint venture is now optimally placed in the market environment with its broad portfolio of services. Construction of the "Fehmarn Belt Fixed Link" tunnel project is planned to start in June 2016.

A bonded loan of EUR 14.0m was repaid prematurely in February 2015. Additional bonded loans of EUR 12.5m and EUR 30.5m were extended until 2021 and 2022 respectively. A new bonded loan worth EUR 50m, which will mature in 2025, was also issued.

Apart from this, no other significant events occurred after the conclusion of the 2014 fiscal year that would have had a major impact on or jeopardized the Zeppelin Group's situation.

D. Opportunity and Risk Report

1. Risk Report

General Aspects

Being an internationally active corporate group, Zeppelin is confronted with various risks, in particular, macroeconomic and industry-specific risks, performance-related, personnel-related and financial risks. The risks presented below apply equally to ZEPPELIN GmbH and the Zeppelin Group.

Macroeconomic and Industry-Specific Risks

The macroeconomic and industry-specific risks are widely spread because of the broad range of countries, sectors and activities in which the Zeppelin Group operates.

Zeppelin is one of the largest dealers selling Caterpillar construction and mining equipment as well as engines. The dealership agreement between Caterpillar and Zeppelin can be terminated with six months' notice. In view of the decades-long successful collaboration between the two enterprises, there is no identifiable risk of this contractual constellation ending. Expansion in the growing markets for power generation and oil and gas extraction is continuing unabated. In the construction, energy and shipping industries, there is a risk of default on some receivables, which is countered by effective management of receivables and credits. Currency hedging activities and proactive currency management by the Group's treasury department are used to take account of existing currency risks, particularly in CIS countries.

Most of the target markets served by the Plant Engineering business unit are outside Germany. As a result of acquiring the Reimelt-Henschel Group in 2009, Zeppelin has stepped up its activities for global food, cosmetics, and pharmaceutical producers, which are less volatile markets. To reduce the risk of defaults on receivables, down payments and collateral are agreed. To protect itself against economic and political risks, Zeppelin takes advantage of German government-backed trade export credit guarantees.

Performance-Related Risks

The main risk to Zeppelin's performance is Caterpillar's ability to deliver on time. Availability was additionally improved by ordering more machines with standardized configurations from manufacturers. Sufficient stocks were held to compensate for supply bottlenecks and delays on the part of suppliers.

In addition, cross-country supply management at the strategic business unit level and increased collaboration between the units reduced risks further and continually optimized inventories.

Personnel Risks

In 2014, attention focused on the employer branding campaign, which initially started in Germany. "Growing with Zeppelin" is the promise that Zeppelin makes to its existing and potential employees with a newly designed employer brand. The "Grafensätze", which reflect the Group's values and culture, play an important role in the campaign and are used as messages for specific target groups. The messages are also disseminated outside the Group through a new careers page on the Internet as well as redesigned job advertisements and image campaigns.

To increase our attractiveness as an employer still further, occupational pension provision within the Group has also been expanded.

As a consequence of the employee survey, which was carried out in 2013, Group-wide, business unit-specific and decentralized action areas were defined and measures deduced therefrom. The results are reported to employees at regular intervals meaning that the great importance of this key organizational development tool is passed onto employees. The publication of Group-wide management guide also helped create a uniform understanding of management.

High achievers and employees with high potential received specific support and encouragement in 2014 through Group-wide development programs carried out at regular intervals.

To develop junior employees' commitment to the company at an early stage, the dual technical and commercial training program and the dual study program in collaboration with various colleges was stepped up.

A Human Resources report was prepared for the first time in the 2014 fiscal year. This report provides information on human resource management figures, the employee structure and the range of work involved in human resource management.

Financial risks

The Zeppelin Group's high equity ratio limits its financial risks. In 2014, this amounted to 40.7 %. Another EUR 104.0m of long-term pension accruals are also available to ZEPPELIN GmbH and its German subsidiaries.

The Zeppelin Group's financial leeway at any time is primarily ensured by the syndicated credit facility that was set up in 2011 and then extended by two years in 2013 to run until 2018. In addition, in order to spread its outside sources of capital more widely, the Group issues bonded loans and makes use of sales financing via several specialized institutions, and an ABS (asset-backed securities) program. Extensive credit facilities are also available for sale-and-leaseback transactions, especially for financing the rental fleet.

At EUR 203.0m, the proportion of long-term liabilities to banks in the Zeppelin Group 's long-term liabilities was deliberately reduced to 71.7 % (previous year: 93.7 %) in relation to total liabilities and to 15.8 % (previous year: 21.1 %) in relation to net assets. In this connection, all drawdowns under the syndicated credit facility are classified as long-term.

In accordance with the Zeppelin Group's financial strategy of hedging a large share of its average financial liabilities against interest rate risks, the Zeppelin Group also makes use of interest rate swaps. The Zeppelin Group's business activities in emerging markets and developing countries expose it to currency risks. To contain them, cash flows in other currencies from individual transactions or projects are hedged with currency forwards and futures. In addition, the Zeppelin Group limits currency risks by financing its subsidiaries in emerging economies and developing countries in local currencies and employing sophisticated asset management techniques. For monitoring currency risks, the Zeppelin Group operates a value-at-risk limit system that is integrated in the Group-wide treasury management system and continuously monitored with action areas being highlighted. The foreign currency limit was exceeded at times in 2014 because of the extreme volatility of the Russian ruble and the Ukrainian hryvnia but was rapidly brought back within the approved range using appropriate measures. The measures taken in totality and the strategic approach to foreign currency management limited the foreign currency losses in Russia and the Ukraine to a minimum despite the crisis in these countries.

To further improve interest rates, a ruble cash pool was implemented between three affiliated companies in Russia. The link between Zeppelin International AG and the USD cash pool run by ZEPPELIN GmbH was extended in 2014.

In 2014, all Group companies continued to experience relatively few defaults by external customers, amounting to EUR 2.5m or 0.11 % of sales (previous year: EUR 2.0m or 0.08 %) and once again confirming the success of the steps taken to improve solvency checking and manage receivables and debt collection better. Corresponding risks were prevented by collaborating extensively with sales financing companies and securing down payments from customers for 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 itself bears limited risks. Special attention is paid to claims management and associated preventive measures. Within the scope of an international insurance management system, coverage is continually monitored and adjusted as required. In addition, insurance coverage is centrally coordinated and managed for the entire Group. The real estate investments in Russia, which have been implemented in part but are largely suspended at present, were insured in 2012 against political risks by obtaining German government-backed guarantees for direct investments in other countries.

Risk Management System

As a company operating worldwide, the Zeppelin Group is exposed to various risks. The Zeppelin Group meets these risks and current operational, market-related, and legal requirements with a comprehensive risk management system, which was further enhanced in 2014. Risk management is an integral part of the Group's business and decision-making processes and serves to identify, quantify, and report risks at an early stage. Any risks identified are contained through appropriate measures and existential risks are prevented.

The core of the risk management system consists of comprehensive planning and reporting systems to make sure that risks are completely identified and captured. This ensures that all responsible individuals are involved in analyzing and evaluating risks and in developing and implementing countermeasures.

The quarterly reporting system comprises the assessment of the identified risks according to their magnitude and likelihood of occurrence based on 12 risk categories and documents the preventive countermeasures taken and their effectiveness over time. In addition, an ad hoc risk alarm process ensures that appropriate measures can be initiated without delay to counter substantial risks for the ZeppelinGroup. In addition to the processes and measures described, the risk panel established within the Group makes sure that all risks are monitored and effective preventive measures implemented.

In 2014, the Group auditing department carried out standard checks of five of the Group's operating companies: Zeppelin Baumaschinen GmbH, Zeppelin Rental GmbH & Co. KG, Zeppelin Belarus OOO, Zeppelin Power Systems GmbH & Co. KG and Zeppelin Systems GmbH. Eight follow-up checks were also performed, in addition to conducting additional fraud and compliance checks.

Assessment of Risk Categories

The above-mentioned 12 risk types are contained in the following four risk categories:

- Asset risks (inventories / stocks, receivables, risks to the rental fleet)
- Currency risks (currency transaction and translation risks)
- Contractual risks (risks of breach of contract, warranty risks, risks in connection with agreements with financing companies, so-called rental purchase options)
- Financial risks (order backlog risks, sales risks, fiscal risks, market-related earning risks, other risks)

A matrix is used to assess risks in terms of their probability of occurrence and their potential impacts on earnings. The definitions used are explained below.

Definitions

Degrees of Impact

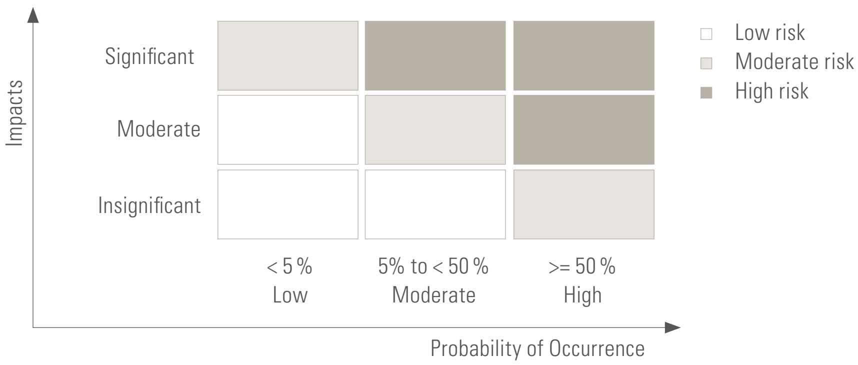
DEGREE OF IMPACT	DEFINITION OF IMPACT
Insignificant	Only insignificant, limited impacts on the earnings situation (net losses < EUR 10m[1])
Moderate	Some negative impacts on the earnings situation (net losses >= EUR 10m and < EUR 20m[1])
Significant	Considerable negative impacts on the earnings situation (net losses < EUR 20m[1])

1) Depending on risk category

Probability of Occurrence

PROBABILITY OF OCCURRENCE	DESCRIPTION
< 5 %	Low
5 % to < 50 %	Moderate
>= 50 %	High

Evaluation Matrix



Relative Importance of Risk Categories

RISK CATEGORY	RISK OF OCCURRING	IMPACT ON EARNINGS[1]	RISK ASSESSMENT
Asset risks	Moderate	Insignificant	Low
Currency risks	N/A	Moderate	Moderate / high
Contractual risks	Low	Insignificant	Low
Financial risks	Moderate	Insignificant	Low

1) Depending on risk category

Overall Assessment of the Risk Situation

The risk management system that has been implemented encompasses a large number of control mechanisms and is an integral component of business processes. The Group's management controlling department and risk panel continually monitor the risk reporting system and take steps to keep improving the quality of risk management, which is checked and assessed by the auditor each year to ensure that it is being properly and effectively practiced.

No risks that could endanger the continued existence of ZEPPELIN GmbH or its participations existed during the year under review, nor are any such risks now discernible for the future. Because of the deteriorating geopolitical and economic situation in Russia and the Ukraine, the Zeppelin Group has been adversely affected in the year under review. Zeppelin counters these factors with comprehensive measures to reduce and prevent risk, including measures to mitigate currency, inventory and sales risks. Based on current knowledge, the potential repercussions of this crisis are not regarded as an existential risk and the risk volume has already decreased substantially in the 2014 fiscal year.

2. Opportunities

Actively searching for opportunities, developing and utilizing resources, and creating and applying innovations while simultaneously weighing the associated risks are the core components of all entrepreneurial activity and thus also of that of ZEPPELIN GmbH and all of its subsidiaries. The goal is to strengthen and additionally expand Zeppelin's position as one of the leading providers of retail, service, and engineering services with above-average success.

Exclusive rights to sell and service capital goods from major, mostly market-leading, suppliers, enable Zeppelin to tap potential in the relevant markets even more effectively. Predominantly nationwide sales and service organizations in those countries, excellently trained, motivated, and loyal managers and staff, and a stable long-term financial base will enable Zeppelin to continue taking advantage of these opportunities in the future as well.

On December 1, 2013, the Construction Equipment EU and CIS business units acquired the sales and servicing rights from Caterpillar Global Mining. To build on the operational business in overground and underground mining equipment, Zeppelin founded its own competence center in 2014. An international team is to consistently press ahead with integrating the business and market cultivation. The competence center will allow the knowledge and expertise of mining experts in the company to be shared and developed with the aim of consolidating Zeppelin's position in underground and overground mining.

The withdrawal from the forklifts business area was largely implemented in 2014. As a result, the Construction Equipment EU business unit can focus its resources increasingly on the construction machine market. The profitable business of short-term forklift rentals has been the responsibility of the Rental business unit in Germany since December 1, 2013 and complements the conveying technology unit there.

In the Rental business unit, the portfolio was expanded with the acquisition of the project service business area from Streif Baulogistik GmbH and the acquisition of all shares in Streif Baulogistik Österreich GmbH and BIS Inspection Service GmbH by Zeppelin Rental GmbH & Co. KG. As a specialist for the logistical management of structural, civil and plant engineering projects, Zeppelin Streif Baulogistik GmbH takes on the organization of complete building sites and industrial projects. In addition to logistics, consulting and management, the range of services includes letting of mobile space solutions, as well as planning and implementation of energy supply concepts. The Hamburg-based company BIS Inspection Service GmbH offers a vast range of inspection services, particularly in plant, power plant and utilities construction. It has a strong position in the market, particularly in northern Germany, and has long-established customer relationships.

The Power Systems business unit is expanding its range of products and services for the marine sector. As a partner of the Norwegian manufacturing company Optimarin A / S, Power Systems is now selling individual system components, complete modules and turnkey solutions for regulating ballast water. A convention that has already been concluded provides for the compulsory retrofitting of corresponding ballast water regulation systems for a large number of ships and for new ships. Consequently, the course is set at the Power Systems business unit for developing new markets and leveraging potential.

3. Compliance

Compliance at Zeppelin is based on the conviction that social responsibility, observance of the law, and ethical conduct are essential for long-term business success. Complying with legal requirements, official regulations, and internal corporate guidelines is a key 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 Intranet or a special e-mail address. Alternatively, an external lawyer is available for confidential consultations, acting as a compliance ombudsman. The regular compliance classes provided to staff are supplemented by a multilingual compliance e-learning program, which was extended in 2014.

The Zeppelin Group's compliance program has been strengthened by introducing compliance management to the strategic business units. The compliance officers responsible for implementing the program continually receive special training to qualify them for their roles. The compliance officers responsible for the strategic business units have had their suitability for this role certified.

E. Forecast

The International Monetary Fund expects growth in GDP of 3.5 % for the global economy in 2015. Growth of around 1.8 % is forecast in the euro zone, meaning that the euro zone is likely to emerge from stagnation. In Germany, GDP is expected to grow by around 1.5 %. GDP is also expected to pick up once more in the other euro countries, with the exception of Cyprus and Slovenia, in 2015. The USA is enjoying a period of strong growth, meaning that GDP is expected to increase by 3.1 %. The World Bank expects economic output in Russia to fall by 2.9 % in 2015. A further fall in GDP of 4 % to 5 % is also assumed for the Ukraine. Economic growth of 2.5 % is expected for the Czech Republic and of 2.7 % for the Slovak Republic.[10] In the context of the conflict with the Ukraine, a range of sanctions has been imposed on Russia by the USA and the European Union, which will have as adverse an impact on Russia's economic growth as the low oil price, the massive depreciation in the national currency and capital flight abroad.

The European Central Bank will also keep to its policy of low interest rates in 2015 to stimulate the economy and keep prices stable. At the same time, it has started a substantial bond purchase program, which also includes sovereign bonds. The European Central Bank will buy bonds worth EUR 60b every month. The program will start in March 2015 and is to run until September 2016. The expectation is that interest rates in the USA will be raised again for the first time in nine years in 2015. Economic growth is trending sharply upwards and the labor market has recovered to levels last seen in the 1990s.

However, it should be noted overall that because of the large number of geopolitical conflicts, the still unresolved debt crisis in Europe as well as the two flash points, particularly in the Near and Middle East, volatility remains high and the resilience of the forecasts must be qualified somewhat.

Forecasts indicate that Zeppelin's core markets will develop in different ways in 2015. The business climate has deteriorated slightly in the main German construction trades, but remains at a very positive level. Slight growth of 2 % to 3 % is expected for the German construction equipment market in 2015. Forecasts indicate that the German rental market will be stable. A far smaller increase in construction investment is forecast in Austria for the 2015 fiscal year. Expectations for the construction equipment market in Austria match the level of the previous year in 2015. The expanding rental market has reached a critical size there with regard to the machine population. The construction industry in the Czech Republic is hoping that the market will pick up in 2015. Production in the construction industry in the Slovak Republic is expected to grow by 1.5 % in 2015. According to forecasts, rental markets in both countries are forecast to remain stable. Current forecasts indicate that the slump in the construction industry in Russia will continue in 2015. Because of the current geopolitical crisis and its repercussions, a marked fall in the market for new construction equipment is expected. The Russian rental market is very adversely affected by the economic and political conditions. The construction sector in the Ukraine is also experiencing a sharp downturn because of the general recession and the conflict with Russia. In line with the general economic situation in the countries of the CIS, the market for new construction equipment in these sales areas will continue to decline in 2015.

In the global shipping markets, companies are faced with the challenge of having to make structural adjustments to take account of changed market conditions in a difficult market environment. In the energy sector, development is supported by the federal government's long-term target – to increase power generation from combined heat and power from the current level of 16 % to 25 % by 2020. Engineering expertise is being developed to continue participating in the expanding market and to establish the System Solutions business area more firmly. The low

[10] Cf. IMF International Monetary Fund October 2014

oil price and the associated pressure on the profitability of American investments in shale gas extraction will, however, cast a substantial shadow over oil and gas extracting countries' willingness to invest. Consequently, the Plant Engineering business unit will continue to mark time.

In its outlook for 2015, the Association of German Companies Engaged in Mechanical and Plant Engineering confirms its forecast of 2.0 % growth and hopes that, as a result, production will exceed the threshold of EUR 200b for the first time. Among German producers of plastics and rubber machines, sales are expected to increase by around 4.0 % in 2015.

In the Zeppelin Group, revenues of EUR 2.1 to 2.2b with earnings before tax of EUR 50.0 to 60.0m are forecast for the 2015 fiscal year. The return on capital employed (ROCE) is to reach 5.6 % to 6.3 %.

ZEPPELIN GmbH expects net income of EUR 40 to 46m for the 2015 fiscal year.

Personnel capacities including trainees are to be bolstered slightly from 7,878 to around 8,000 in 2015, which is due to initial consolidations in the Construction Equipment EU and Plant Engineering business units in particular. According to the investment plan for 2015, EUR 80.4m will be spent on measures (not counting rental fleets). The investments will mainly be in operating and business equipment, land, and buildings. An additional EUR 115.7m is to be invested in rental fleets, of which the vast majority will be attributable to replacement investments.

The continuing crisis in Russia and the Ukraine and its repercussions remains a risk factor for the development of the Zeppelin Group's business activities in 2015 as well. The economic prospects for Russia and the Ukraine are seen as very bleak and the Ukraine is totally dependent on financial aid from the International Monetary Fund and the European Union to avert national bankruptcy. Exchange control in the Ukraine is becoming more and more restrictive and the value of both the Russian ruble and the Ukrainian hryvnia is declining further. Future developments in these countries cannot be forecast with any reliability meaning that the Zeppelin Group in Russia and the Ukraine is operating correspondingly cautiously albeit with the clear intention of continuing its business activities.

The Zeppelin Group achieved revenues of EUR 236.2m in the first two months of the 2015 fiscal year, which is EUR 28.6m down on the previous year's level, although the comparative period was not yet affected by the crisis in Russia and the Ukraine. Of the fall in revenues, EUR 27.5m is attributable to the Construction Equipment CIS business unit. For seasonal reasons, earnings before tax are still negative and amount to EUR -19.4m (previous year: EUR -15.5m). The Construction Equipment EU and Power Systems business units are lagging behind the previous year due to the weather among other factors.

As of February 2015, order intake stood at EUR 328.5m and was consequently slightly down on the previous year (EUR 350.1m). Here, the Construction Equipment CIS business unit, in particular, failed to match the previous year's performance (-40.4 %), but the Plant Engineering business unit is also 32.1 % down on order intake in the previous year. By contrast, the Construction Equipment EU business unit has exceeded the previous year by 10.5 %.

The planning assumptions and scenarios for the 2015 fiscal year give appropriate consideration to possible risks. The uncertainty regarding future economic development in Russia and the Ukraine could have a further negative impact.

F. Proposed allocation of profits

The Management Board proposes distributing EUR 7.0m from the net retained profits of ZEPPELIN GmbH of EUR 241.1m and carrying EUR 234.1m forward to new account.

Friedrichshafen, March 27, 2015

The Management Board of ZEPPELIN GmbH

Peter Gerstmann   Michael Heidemann   Christian Dummler   Jürgen-Philipp Knepper

GROUP BALANCE SHEET AS OF DECEMBER 31, 2014

ASSETS EURK	DEC. 31, 2014	DEC. 31, 2013
A. FIXED ASSETS		
I. INTANGIBLE ASSETS		
1. Purchased industrial and intellectual property, similar rights and assets, and licenses for rights of these kinds	8,916	10,002
2. Goodwill	21,009	17,351
3. Down payments made	165	110
	30,089	**27,463**
II. PROPERTY, PLANT AND EQUIPMENT		
1. Land, land rights, and buildings, including buildings on third-party land	178,812	185,406
2. Plant and machinery	13,925	14,805
3. Other operating and business equipment, furniture, and fixtures	35,192	38,036
4. Rental assets	145,420	140,528
5. Down payments made and assets under construction	13,422	5,790
	386,772	**384,565**
III. FINANCIAL ASSETS		
1. Investments in affiliated companies	13,993	15,914
2. Loans to affiliated companies	1,155	229
3. Participations	10,381	11,367
4. Securities held as fixed assets	195	141
5. Other loans	297	311
	26,021	**27,962**
	442,882	**439,990**
B. CURRENT ASSETS		
I. INVENTORIES		
1. Raw materials, consumables and supplies	23,464	24,189
2. Work in progress	97,846	76,204
3. Finished goods and merchandise	349,444	367,232
4. Down payments made	19,153	20,750
5. Down payments received on orders	-73,288	-48,831
	416,619	**439,544**
II. RECEIVABLES AND OTHER ASSETS		
1. Trade receivables	257,586	278,502
2. Receivables from affiliated companies	8,972	11,786
3. Receivables from companies with which a participation relationship exists	3,798	7,156
4. Other assets	21,913	35,971
	292,269	**333,415**
III. CASH ON HAND, BANK BALANCES, CHECKS	122,402	58,288
	831,290	**831,247**
C. PREPAID EXPENSES	8,225	8,685
D. DEFERRED TAX ASSETS	1,041	567
E. NET PLAN ASSETS FOR POST-EMPLOYMENT BENEFITS	1,904	290
	1,285,343	**1,280,779**

EQUITY AND LIABILITIES EURK	DEC. 31, 2014	DEC. 31, 2013
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	350,722	342,201
	361,997	**353,477**
IV. MINORITY INTERESTS	797	466
	522,795	**513,943**
B. PROVISIONS		
1. Accruals for pensions and other post-employment benefits	104,002	102,400
2. Tax provisions	9,047	9,499
3. Other provisions	161,354	164,369
	274,404	**276,268**
C. LIABILITIES		
1. Liabilities to banks	283,223	288,878
2. Down payments received on orders	55,980	66,415
3. Trade payables	78,819	75,545
4. Liabilities to affiliated companies	498	1,616
5. Liabilities to companies with which a participation relationship exists	77	34
6. Other liabilities	60,020	50,011
	478,616	**482,499**
D. DEFERRED INCOME	1,966	1,535
E. DEFERRED TAX LIABILITIES	7,562	6,534
	1,285,343	**1,280,779**

GROUP INCOME STATEMENT FOR THE 2014 FISCAL YEAR

EURK	JAN. 1, 2014 TO DEC. 31, 2014	JAN. 1, 2013 TO DEC. 31, 2013
1. Revenues	2,300,744	2,434,108
2. Increase (+)/decrease (-) in finished goods and work in progress	22,035	13,067
3. Other own work capitalized	289	438
4. Other operating income	85,376	65,696
	2,408,444	**2,513,309**
5. Cost of materials		
a) Cost of raw materials, consumables, supplies, and purchased merchandise	1,489,048	1,595,869
b) Cost of purchased services	131,116	140,937
	1,620,164	**1,736,806**
6. Personnel expenses		
a) Wages and salaries	348,188	338,125
b) Social security and other benefits	67,034	63,732
c) Pension costs	6,461	5,393
	421,683	**407,250**
7. Amortization, depreciation, and write-downs of intangible assets and property, plant, and equipment	37,426	32,957
8. Other operating expenses	233,714	249,235
	95,458	**87,061**
9. Income from participations	631	754
10. Income from other securities and loans classified as fixed financial assets	14	16
11. Other interest and similar income	4,933	4,164
12. Write-downs on financial assets and securities held as current assets	1,596	977
13. Interest and similar expenses	24,978	23,395
14. Result of ordinary activities	**74,462**	**67,623**
15. Extraordinary income	0	0
16. Extraordinary expenses	0	5
17. Extraordinary result	**0**	**-5**
18. Income taxes	25,737	21,678
19. Other taxes	2,893	3,250
20. Net Group income	**45,831**	**42,690**
2.1 Income attributable to minority interests	312	28
22. Group share of income for the year	**45,519**	**42,662**
23. Allocation to Group's revenue reserves	-45,519	-42,662

GROUP CASH FLOW STATEMENT FOR THE 2014 FISCAL YEAR

EURK	2014	2013	CHANGE
Net income/loss	45,831	42,690	3,141
Income taxes	25,737	21,678	4,059
Earnings before income taxes	71,569	64,368	7,201
BALANCE OF WRITE-DOWNS (+)/WRITE-UPS (-)			
Intangible assets	12,138	8,083	4,055
Property, plant, and equipment excluding rented-out construction machinery	25,272	24,874	398
Rented-out construction machinery (fixed and current assets)	49,687	52,355	-2,668
Financial assets	1,596	977	618
Change in pension accruals (+ increase / - decrease)	1,602	856	746
Change in long-term provisions (+ increase / - decrease)	-6,938	-1,994	-4,944
Unrealized currency exchange losses (+) / gains (-)	-765	360	-1,125
Other non-cash expenses (+) / income (-)	-14,543	-5,736	-8,807
Gross cash flow	**139,617**	**144,143**	**-4,526**
Income taxes	-25,737	-21,678	-4,059
Net Cash Flow	**113,880**	**122,465**	**-8,585**
Loss (+) / gain (-) resulting from disposals of fixed assets	203	-586	789
Decrease (+) / increase (-) in inventories	15,235	29,330	-14,096
Decrease (+) / increase (-) in trade receivables	21,276	-5,512	26,789
Increase (-) / decrease (+) in other receivables and assets	18,247	-3,314	21,561
Decrease (+) / increase (-) in trade payables and other liabilities	5,469	109	5,360
= Cash flow from operating activities	**174,309**	**142,492**	**31,817**
PAYMENTS (-) FOR INVESTMENTS IN			
Intangible assets	-14,886	-14,461	
Property, plant, and equipment excluding rental assets	-30,546	-36,175	
Rental assets (balance of payments received for disposals/payments for investments)	-49,686	-6,297	
Financial assets	-2,900	-4,166	
PAYMENTS (-) RECEIVED (+) FOR DISPOSALS OF			
Intangible assets	2	0	
Property, plant, and equipment (excluding rental assets)	3,166	4,498	
Financial assets	353	155	
= Cash flow from investing activities	**-94,497**	**-56,446**	
Dividends to shareholders of ZEPPELIN GmbH	-10,000	-7,000	
Dividends / payments to minority interests	-714	-10,800	
Proceeds (+) from long-term borrowing	0	17,900	
Repayment (-) of long-term financial liabilities	-10,605	0	
Proceeds (+) / repayment (-) of short-term financial liabilities	4,950	-66,536	
Change in loan receivables / liabilities from / to affiliated companies	2,996	-1,693	
= Cash flow from financing activities	**-13,374**	**-68,129**	
Change in cash and cash equivalents	66,439	17,917	
Cash and cash equivalents at start of fiscal year	58,288	42,289	
Consolidation group-related changes in cash and cash equivalents	249	645	
Exchange rate-related changes in cash and cash equivalents	-2,574	-2,563	
= Cash and cash equivalents at end of fiscal year	**122,402**	**58,288**	

STATEMENT OF CHANGES IN THE GROUP'S FIXED ASSETS IN FISCAL 2014

	ACQUISITION AND PRODUCTION COSTS							
EURK	JAN. 1, 2014	CURRENCY DIFFERENCES	ADDI-TIONS	ADDITIONS TO CONSOLIDA-TION GROUP	DISPOS-ALS	DISPOSALS FROM CONSOL-IDATION GROUP	RECLASSIFI-CATIONS	DEC. 31, 2014
I. INTANGIBLE ASSETS								
1. Purchased industrial and intellectual property, similar rights and assets, and licenses for rights of these kinds	41,313	-2,426	4,439	5	-323		108	43,116
2. Goodwill	49,863	-20	10,283					60,125
3. Down payments made	110		164				-108	166
	91,286	**-2,447**	**14,886**	**5**	**-323**			**103,407**
II. PROPERTY, PLANT AND EQUIPMENT								
1. Land, land rights, and buildings, including buildings on third-party land	303,427	-3,568	4,632		-1,124		2,402	305,769
2. Plant and machinery	56,022	-2,308	3,128	165	-883	-118	-1,421	54,585
3. Other operating and business equipment, furniture, and fixtures	125,178	-8,896	11,992	4,822	-8,421	-47	1,816	126,443
4. Rental assets	242,882	-3,219	108,929		-99,705	-533	-347	248,008
5. Down payments made and assets under construction	5,856	-682	10,794		-30		-2,450	13,487
	733,365	**-18,674**	**139,475**	**4,987**	**-110,163**	**-699**		**748,292**
III. FINANCIAL ASSETS								
1. Investments in affiliated companies	16,641		1,823	-3,521	-222	762		15,482
2. Loans to affiliated companies	4,280		926					5,206
3. Participations	25,567	-53						25,515
4. Securities held as fixed assets	141		54					195
5. Other loans	3,133		97		-111			3,120
	49,762	**-53**	**2,900**	**-3,521**	**-334**	**762**		**49,518**
	874,413	**-21,174**	**157,261**	**1,471**	**-110,819**	**63**		**901,217**

[1] Settled against expenses for materials

DEPRECIATIONS								REINSTATED DEPRECIATIONS	NET BOOK VALUES	
JAN. 1, 2014	CURRENCY DIFFERENCES	ADDITIONS	ADDITIONS TO CONSOLIDATION GROUP	DISPOSALS	DISPOSALS FROM CONSOLIDATION GROUP	RECLASSIFICATIONS	DEC. 31, 2014	DEC. 31, 2014	DEC. 31, 2014	DEC. 31, 2013
31,311	-2,369	5,576	2	-321			34,200		8,916	10,002
32,512	44	6,561					39,117		21,009	17,351
							1	-1	165	110
63,823	**-2,325**	**12,137**	**2**	**-321**			**73,318**	**-1**	**30,089**	**27,463**
118,021	-80	9,517		-608		107	126,957		178,812	185,406
41,217	-1,278	2,848	88	-793	-95	-1,318	40,659	11	13,925	14,805
87,142	-5,314	12,923	2,367	-7,266	-27	1,432	91,251	6	35,192	38,036
102,354	-1,388	41,120[1)]		-38,864	-332	-222	102,588	81	145,420	140,528
66	-1						66		13,422	5,790
348,800	**-8,061**	**66,409**	**2,455**	**-47,532**	**-454**		**361,520**	**98**	**386,772**	**384,565**
727	100	662					1,489		13,993	15,914
4,051							4,051		1,155	229
14,200		933					15,134		10,381	11,367
									195	141
2,822							2,823		297	311
21,800	**100**	**1,596**					**23,496**		**26,021**	**27,962**
434,423	**-10,287**	**80,142**	**2,458**	**-47,852**	**-454**		**458,335**	**96**	**442,882**	**439,990**

STATEMENT OF CHANGES IN GROUP EQUITY IN FISCAL 2014

	PARENT COMPANY		
EURK	SUBSCRIBED CAPITAL	CAPITAL RESERVES	EQUITY EARNED BY GROUP
JAN. 1, 2013	100,000	60,000	346,699
Dividend payments			-7,000
Transactions with minority interests			
Other changes			
	100,000	**60,000**	**339,699**
Net Group income			42,662
Other Group results			
Total Group result			**42,662**
Dec. 31, 2013	**100,000**	**60,000**	**382,361**
JAN. 1, 2014	100,000	60,000	382,361
Dividend payments			-10,000
Initial consolidation			
	100,000	**60,000**	**372,361**
Net Group income			45,519
Other Group results			
Total Group result			**45,519**
Dec. 31, 2014	**100,000**	**60,000**	**417,880**

[1] The reported sum includes EUR 27,912k (previous year: EUR 27,730k) of goodwill from capital consolidation.

					MINORITY INTERESTS			GROUP EQUITY
	OTHER ACCUMULATED GROUP RESULTS				OTHER ACCUMULATED GROUP RESULTS			
	ADJUSTMENT ITEMS FROM CURRENCY TRANSLATION	OTHER NON-OPERATING TRANSACTIONS	EQUITY	MINORITY INTERESTS	ADJUSTMENT ITEMS FROM CURRENCY TRANSLATION	EQUITY		
	1,157	-10,084	497,772	8,480	1,594	10,074		507,846
			-7,000					-7,000
		-4,081	-4,081	-8,313	-1,130	-9,443		-13,524
		9	9					9
	1,157	**-14,156**	**486,700**	**167**	**464**	**631**		**487,331**
			42,662	28		28		42,690
	-15,885		-15,885		-193	-193		-16,078
	-15,885		**26,777**	**28**	**-193**	**-165**		**26,612**
	-14,728	**-14,156**	**513,477**	**195**	**271**	**466**		**513,943**
	-14,728	-14,156	513,477	195	271	466		513,943
			-10,000	-29		-29		-10,029
		-26	-26					-26
	-14,729	**-14,182**	**503,451**	**167**	**271**	**438**		**503,889**
			45,519	312		312		45,831
	-26,973		-26,973		48	48		-26,925
	-26,973		**18,546**	**312**	**48**	**359**		**18,906**
	-41,702	**-14,182** [1)]	**521,997**	**478**	**319**	**797**		**522,795**

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE 2014 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 (EURk).

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. Goodwill acquired since January 1, 2010 is amortized in principle on a straight-line basis over a period of five years.

Property, plant, and equipment 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 use and loss of value of assets.

Asset additions made on or after January 1, 2011 are depreciated on a straight-line basis according to their history of use. Asset additions through December 31, 2010 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 410.00 are fully depreciated, i.e. entered as expenses, in their year of acquisition, while assuming that they were immediately disposed of. Individual assets with a net value of more than EUR 410.00 are capitalized in their year of acquisition and depreciated over their expected useful lives.

The recognized assets designated for rental (rental fleet) are depreciated using the straight-line method over their expected useful lives. Total depreciations of EUR 41,120k (previous year: EUR 38,237k) are included in the cost of materials.

Shares in nonconsolidated affiliated companies and subsidiaries are recognized at cost value or their market value if lower.

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 cost value or the net achievable price if lower. Work in progress is measured at production cost, while taking into account a proportional 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 account for loss-free valuation and 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 associated with longer-than-average storage, reduced marketability, or lower replacements costs.

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, accruals for pensions and other post-employment benefits 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 4.54 % (previous year: 4.90 %) has been applied 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 % and expected pension increases of 1.0 % have been taken into account. For companies in countries other than Germany, the corresponding local interest rates have been applied.

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.

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 values. 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. Pension obligations were paid into a pension trust (CTA) within the framework of an asset purchase agreement. The pension trust was measured at fair value and netted against the pension accruals.

Liabilities are recorded at their settlement amount.

For calculating taxes deferred because of temporary or 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 one 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 – 12 (previous year: 11) German and 32 (previous year: 30) foreign subsidiaries. For 1 included company (previous year: 1), 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:

COMPANY NAME AND LOCATION	OWNERSHIP SHARE (%) [1]
ZEPPELIN GmbH, Friedrichshafen	- [2]
Zeppelin Immobilien Russland OOO, Moscow, Russia	100.0 [3]
Zeppelin Baumaschinen GmbH, Garching near Munich,	100.0
AT Baumaschinentechnik Beteiligungs GmbH, Munich	100.0 [4]
Zeppelin Struktur GmbH, Garching near Munich	100.0
Zeppelin Österreich GmbH, Fischamend near Vienna, Austria	100.0
Zeppelin Rental Österreich GmbH & Co. KG, Fischamend near Vienna, Austria	100.0 [5]
Zeppelin Rental Österreich GmbH, Fischamend near Vienna, Austria	100.0 [5]
Zeppelin CZ s.r.o., Modletice near Prague, Czech Republic	100.0
Zeppelin SK s.r.o., Banska Bystrica / Slovak Republic	100.0 [6]
Zeppelin Polska Sp. z o.o., Warsaw, Poland	100.0 [6]
Zeppelin Logistics Sp. z o.o., Warsaw, Poland	100.0 [7]
Zeppelin International AG, Steinhausen, Switzerland	100.0
Zeppelin Russland OOO, Moscow, Russia	100.0 [8]
PRIME Machinery OOO, Moscow, Russia	100.0 [8]
Zeppelin Ukraine TOV, Kiev, Ukraine	100.0 [8]
Zeppelin Turkmenistan JV, Ashgabat, Turkmenistan	100.0 [9]
Zeppelin Central Asia Machinery OOO, Tashkent / Uzbekistan	100.0 [9]
Zeppelin Tadschikistan OOO, Dushanbe, Tajikistan	100.0 [9]
Zeppelin Belarus OOO, Minsk, Belarus	100.0 [9]

COMPANY NAME AND LOCATION	OWNERSHIP SHARE (%) [1]
Zeppelin Armenien OOO, Abovyan, Armenia	100.0 [9]
Zeppelin Ukraine Technologies TOV, Donezk, Ukraine	100.0 [10]
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 [3]
Zeppelin Rental Russland OOO, Moscow, Russia	100.0 [11]
Zeppelin Streif Baulogistik GmbH, Friedrichshafen	100.0 [12]
Zeppelin Streif Baulogistik Österreich GmbH, Himberg near Vienna, Austria	100.0 [13]
Klickrent GmbH, Berlin	100.0 [12]
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 [9]
Zeppelin Systems GmbH, Friedrichshafen,	100.0
Zeppelin Systems France S.A.R.L., Vénissieux Cedex, France	100.0 [14]
Zeppelin Systems USA Inc., Odessa, Florida, USA	100.0 [14]
Zeppelin Systems Korea Corporation, Gyeonggi-do, Korea	100.0 [14]
Zeppelin Systems Benelux N.V., Genk, Belgium	100.0 [15]
Zeppelin Systems Italy S.r.l., Milan, Italy	90.0 [14]
Zeppelin Systems UK Limited, Nottingham, United Kingdom	100.0 [14]
Zeppelin Systems Latin America Equipamentos Industriais Ltda., São Paulo, Brazil	100.0 [16]
Zeppelin Systems China (Beijing) Co. Ltd., Beijing, China	100.0 [14]
Zeppelin Systems China (Shanghai) Co. Ltd., Shanghai, China	60.0 [17]
Zeppelin Systems India Pvt. Ltd., Vadodara, India	100.0 [14]
Zeppelin Systems Singapore Pte. Ltd., Singapore	100.0 [14]

[1] Directly and indirectly owned
[2] Parent company
[3] Shares held by ZEPPELIN GmbH, Friedrichshafen and Zeppelin Baumaschinen GmbH, Garching near Munich.
[4] Shares held via a trust agreement by Zeppelin Baumaschinen GmbH, Garching near Munich.
[5] Shares held by Zeppelin Österreich GmbH, Fischamend near Vienna, Austria.
[6] Shares held by Zeppelin CZ s.r.o., Modletice near Prague, Czech Republic.
[7] Shares held by Zeppelin CZ s.r.o., Modletice near Prague, Czech Republic, and Zeppelin Polska Sp. z o.o., Warsaw, Poland.
[8] Shares held by Zeppelin International AG, Steinhausen, Switzerland.
[9] Shares held by Zeppelin International AG, Steinhausen, Switzerland, and Zeppelin Russland OOO, Moscow, Russia.
[10] Shares held by Zeppelin International AG, Steinhausen, Switzerland, and Zeppelin Ukraine TOV, Kiev, Ukraine.
[11] Shares held by Zeppelin International AG, Steinhausen, Switzerland, and Zeppelin Rental Russland GmbH, Garching near Munich.
[12] Shares held by Zeppelin Rental GmbH & Co. KG, Garching near Munich.
[13] Shares held by Zeppelin Streif Baulogistik GmbH, Friedrichshafen.
[14] Shares held by Zeppelin Systems GmbH, Friedrichshafen.
[15] Shares held by Zeppelin Systems GmbH, Friedrichshafen, and ZEPPELIN GmbH, Friedrichshafen.
[16] Shares held by Zeppelin Systems USA Inc., Odessa, Florida, USA.
[17] Shares held by Zeppelin Systems China (Beijing) Co. Ltd., Beijing, China.

In the year under review, Zeppelin Streif Baulogistik Österreich GmbH, Klickrent GmbH and Zeppelin Ukraine Technologies TOV were consolidated for the first time.

In 2014, Zeppelin Rental Österreich GmbH & Co. KG was sold by Zeppelin Rental GmbH & Co. KG to Zeppelin Österreich GmbH and converted into a partnership. Zeppelin Rental Österreich GmbH was founded as the general partner of Zeppelin Rental Österreich GmbH & Co. KG in this connection and consolidated for the first time.

For the purposes of acquiring Streif Baulogistik GmbH's project service business area, Zeppelin Streif Baulogistik GmbH was founded in the year under review (asset deal). The company was merged with Zeppelin Industrial Services GmbH on March 1, 2014. The merged company was renamed Zeppelin Streif Baulogistik GmbH.

The shares in Zeppelin Rental Russland OOO (99.97 %) held by Zeppelin Rental Russland GmbH were sold on December 11, 2014 to Zeppelin International AG. The shares in Zeppelin Systems Latin America Equipamentos Industriais Ltda. were transferred in their entirety Zeppelin Systems USA Inc. by Zeppelin Systems GmbH in the year under review.

Phoenix-Zeppelin, spol. s.r.o. was renamed Zeppelin CZ s.r.o. and Phoenix Zeppelin, spol. s.r.o. was renamed Zeppelin SK s.r.o.

Phoenix-Zeppelin Ukraine TOV was deconsolidated on December 31, 2014. The intention is to sell the company in the 2015 fiscal year.

Four (previous year: three) German and seven (previous year: seven) 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 (previous year: three) unconsolidated companies has been completely omitted in accordance with Section 313, para. 3, sentence 1 of the German Commercial Code.

COMPANY NAME AND LOCATION	OWNERSHIP SHARE (%) [1]	EQUITY EURK	RESULT FOR YEAR EURK
Phoenix-Zeppelin Ukraine TOV, Kiev / Ukraine	100.0	-745	-348
Hyster-Körös-Spedit Kft., Budapest / Hungary	50.0	203	16
BIS Inspection Service GmbH, Hamburg	100.0	26	0 [2]
SkySails Holding GmbH & Co. KG, Hamburg	1.45	94	-6 [3]
Zeppelin SkySails Sales & Service GmbH & Co. KG, Hamburg	75.04	25	-76 [4]
Zeppelin SkySails Sales & Service Verwaltungs GmbH, Hamburg	67.0	31	1 [4]
Reimelt UK Ltd., Enfield / United Kingdom	50.0	0	0 [5]
Reimelt Ltda., São Paulo / Brazil	90.0	-466	0
Zeppelin Systems Hongkong Ltd., Hong Kong / China	100.0	0	0 [5]
DIMA service for plant engineering s.r.o., Bratislava / Slovak Republic	100.0	106	-7
Zeppelin Systems Gulf Co. Ltd., Al Jubail / Saudi Arabia	90.0	-3,192	-154

[1] Directly and indirectly owned

[2] Different fiscal year ending September 30, 2013; Profit/loss transfer agreement with Blohm+Voss Shipyards GmbH, canceled effective October 1, 2013; short financial year from October 1 to December 31, 2014 so that the fiscal year corresponds to the calendar year from 2015.

[3] Financial statements for the year ending on Dec. 31, 2012

[4] Financial statements for the year ending on Dec. 31, 2013

[5] Companies are being liquidated; financial statements were no longer prepared as at Dec. 31, 2014.

BIS Inspection Service GmbH was newly acquired in 2014. The company was not included in the group of consolidated companies in 2014, since the difference in its fiscal year meant that only a short financial year from October 1 to December 31, 2014 would have been included initially.

Zeppelin-Körös-Spedit Kft. was renamed Hyster-Körös-Spedit Kft. in 2014.

Other Participations

COMPANY NAME AND LOCATION	OWNERSHIP SHARE (%) [1]	EQUITY EURK [2]	RESULT FOR YEAR EURK [2]
CZ LOKO a.s., Česká Třebová / Czech Republic	49.0	27,015	2,385
Energyst B.V., Breda / Netherlands	4.5	77,884	5,421

[1] Directly and indirectly

[2] Financial statements for the year ending Dec. 31, 2014, provisional

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 German Commercial Code or offset against the Group's revenue reserves.

Minority interests in equity and net income are accounted for in the balance sheet under "minority interests" and in the income statement under "income attributable to minority interests." The amount disclosed in the income statement under "income attributable to minority interests" amounting to EUR 312k (previous year: EUR 28k) is the result of attributing profits to two minority shareholders.

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 that has been 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 2014 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.

Income 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 have been 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, clause 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 in the annual financial statements that are denominated in foreign currencies, with the exception of equity (subscribed capital, reserves, and profit carried forward at historical rates), have been translated into euros at the mean spot exchange rate on the balance sheet date. The items in the income statement have been translated into euros at the average exchange rate. The resulting translation difference is reported in Group equity in the reserves under the heading "adjustment items 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 eliminating the old version of Section 308, para. 3 from 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 (Fördergebietsgesetz). This required an additional EUR 469k to be depreciated in 2014. The associated adjustments to the book values of property, plant, and equipment result in additional write-downs of EUR 4,757k in subsequent years.

The shares in affiliated companies include shares in a controlling company, Luftschiffbau Zeppelin GmbH, Friedrichshafen, worth EUR 11,276k. The shares correspond to 10 % of the subscribed capital of EUR 35,000k.

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

Receivables and Other Assets

The breakdown of assets due to mature in more than one year is as follows:

DEC. 31, 2014	TIME TO MATURITY > 1 YEAR EURK	TOTAL EURK
Trade receivables	8,546	257,586
Receivables from affiliated companies	0	8,972
Receivables from companies with which a participation relationship exists	0	3,798
Other assets	2,466	21,913
	11,012	**292,269**

DEC. 31, 2013	TIME TO MATURITY > 1 YEAR EURK	TOTAL EURK
Trade receivables	4,959	278,502
Receivables from affiliated companies	0	11,786
Receivables from companies with which a participation relationship exists	0	7,156
Other assets	2,506 [1)]	35,971
	7,465	**333,415**

[1)] Previous year's figure adjusted

The receivables from affiliated companies include EUR 1k (previous year: EUR 2,000k) of receivables from the controlling company.

Prepaid Expenses

The prepaid expenses include costs from seven (previous year: eight) bonded loans amounting to a total of EUR 271k (previous year: EUR 372k) 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 1,605k (previous year: EUR 2,310k) that were paid when concluding the syndicated credit facility in 2011 and when extending and increasing it to EUR 25,000k in 2013, as well as prepayments for pensions (EUR 1,281k) and guarantees (EUR 1,164k).

Deferred Tax Assets

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

Net Plan Assets for Post-Employment Benefits

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 311k.

Pension obligations of Zeppelin Streif Baulogistik GmbH were assumed within the framework of an asset purchase agreement and were satisfied through a non-recurring payment of EUR 3,046k by the vendor and paid into a pension trust (CTA). After deducting fees, this pension trust was measured at EUR 3,040k as at December 31, 2014. It exceeds the pension accruals, which were measured at EUR 1,448k as at December 31, 2014, by EUR 1,593k, resulting in an excess of plan assets.

In total, the excess of plan assets amounts to EUR 1,904k (previous year: EUR 290k) in the 2014 fiscal year.

Netting figures 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	1,700
Acquisition cost of assets	3,609
Fair value of assets	3,602
Netted expenses	7
Netted income	90

Equity

The reserve for shares of a controlling company concerns ZEPPELIN GmbH's participation 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 of December 31, 2014, EUR 241,061k were available for distribution to the parent company's shareholders (net retained profits of the parent company).

Accruals for Pensions and Other Post-Employment Benefits as well as Other Provisions

The other provisions are mainly for personnel costs (EUR 59,805k; previous year: EUR 58,158k), warranty obligations (EUR 18,746k; previous year: EUR 16,797k), outstanding invoices (EUR 37,298k; previous year: EUR 46,509k), potential losses from pending transactions (EUR 9,611k; previous year: EUR 11,463k), and obligations in connection with full-service contracts (EUR 10,801k; previous year: EUR 10,393k).

Netting figures 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	3,543
Acquisition cost of assets	2,651
Fair value of assets	2,667
Netted expenses	16
Netted income	0

Tax Provisions

In the fiscal year under review, tax provisions amounting to EUR 9,047k (previous year: EUR 9,499k) were formed.

Liabilities

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

	TIME REMAINING			TOTAL
DEC. 31, 2014	< 1 YEAR	1 TO 5 YEARS	> 5 YEARS	
	EURK	EURK	EURK	EURK
Liabilities to banks	23,175	109,548	0	132,723
Liabilities from issuing bonded loans	57,000	89,000 [1]	4,500 [2]	150,500
Down payments received on orders	55,667	313	0	55,980
Trade payables	78,819	0	0	78,819
Liabilities to affiliated companies	498	0	0	498
Liabilities to companies with which a participation relationship exists	77	0	0	77
Other liabilities	56,926	3,033	60	60,020
	272,162	**201,894**	**4,560**	**478,616**

[1] Thereof, EUR 5,000k to insurance companies

[2] Thereof, EUR 4,500k to insurance companies

DEC. 31, 2013	TIME REMAINING < 1 YEAR	1 TO 5 YEARS	> 5 YEARS	TOTAL
	EURK	EURK	EURK	EURK
Liabilities to banks	11,225	120,153	0	131,378
Liabilities from issuing bonded loans	7,000	124,000	26,500 [3]	157,500
Down payments received on orders	64,357	2,058	0	66,415
Trade payables	75,545	0	0	75,545
Liabilities to affiliated companies	1,616	0	0	1,616
Liabilities to companies with which a participation relationship exists	34	0	0	34
Other liabilities	46,474	3,448	89	50,011
	206,251	**249,659**	**26,589**	**482,499**

[3] Thereof, EUR 9,500k to insurance companies

The liabilities to affiliated companies consist of EUR 142k (previous year: EUR 45k) to the controlling company.

Of the “other liabilities”, EUR 29,923k (previous year: EUR 25,357k) are for taxes and EUR 2,488k (previous year: EUR 1,925k) for social security.

Deferred Income

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

Deferred Tax Liabilities

Of these, EUR 4,123k (previous year: EUR 4,400k) consists of deferred taxes pursuant to Section 274, para. 1 of the German Commercial Code (deferred tax liabilities from separate financial statements) and EUR 3,439k (previous year: EUR 2,134k) of deferred tax liabilities from consolidation entries. They have been determined by applying average income tax rates of 10 % and 29 %, respectively.

Derivative Financial Instruments

Hedging Relationships for Currency Hedges

The Zeppelin Group's business activities expose it to currency exchange risks. Its policy is to limit or eliminate these risks by carrying out hedging transactions. Most of the required hedging activities are centrally performed or coordinated by the Group treasury department.

To hedge exchange rate risks in connection with monetary assets and liabilities arising from ongoing business activities, currency hedging contracts are concluded (mostly in USD, RUB, and CZK). 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 relationship, no provisions need to be formed to offset any negative valuations or ward off potential losses.

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

The same holds when retroactively determining past effectiveness, because all value-determining factors are consistent between the transactions and the hedging instrument. In these cases, no discrepancies of relevance for accounting purposes can arise in the hedging relationships.

MATURITIES	CURRENCY	NOMINAL TRANSACTIONS	NOMINAL FORWARD EXCHANGE CONTRACTS	FAIR VALUE DERIVATIVES EURK	RISK/HEDGING RELATIONSHIP TYPE
Jan. 2015 to June 2016	TUSD	72,138	-72,138	-1,151	Risk of exchange rate change / micro hedge
April 2015	TRUB	242,403	-242,403	2,214	
Jan. to Feb. 2015	TCZK	770,726	-770,726	107	
March 2015	TPLN	14,126	-14,126	33	
Jan. 2015	TGBP	-300	300	4	
Total fair values				**1,207**	

The hedged risk amounts to EUR 1,207k.

Hedging Relationships for Interest Rate Swaps

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

MATURITIES	NOMINAL TRANSACTIONS	NOMINAL FORWARD EXCHANGE CONTRACTS	FAIR VALUE DERIVATIVES EURK	RISK/HEDGING RELATIONSHIP TYPE
June 2016 to Aug. 2022	245,000	245,000	-12,278 [1)]	Risk of interest rate change/micro hedge

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

The hedged risk amounts to EUR -12,278k.

For each payer interest rate swap, ZEPPELIN GmbH receives from the banks a three-month Euro Interbank Offered Rate (Euribor) that takes effect two working days before the date on which the interest is due for the next three-month loan 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 a year and pays to the banks 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 using the "critical terms match" method.

The same holds when retroactively determining past effectiveness, because all value-determining factors are consistent between the transactions and the hedging instrument. In these cases, no discrepancies of relevance for accounting purposes can arise in the hedging relationships.

VII. Notes to the Income Statement

The breakdown by categories of **revenues** is as follows:

2014	EURK
Earthmoving equipment (new)	710,809
Earthmoving equipment (used)	242,930
Rentals	180,797
Forklifts, including rentals	61,287
Power systems, including rentals	169,559
Agricultural machinery, including rentals	19,055
Production plants	79,945
Processing plants and mixers	68,255
Systems for the food industry and liquids handling	63,613
Components, construction site equipment incl. rentals	39,137
Spare parts	411,143
Aftersales service	231,518
Other	22,549 [1]
ZEPPELIN GmbH	149
	2,300,744

[1] Thereof: EUR 6,877k from sales of Zeppelin Streif Baulogistik GmbH

Revenues in Germany accounted for 53.3 % (previous year: 48.1 %) and revenues in other countries for 46.7 % (previous year: 51.9 % of the total.

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, insurance compensation payments and compensation for damages.

Other operating income also includes income related to other periods amounting to EUR 25,457k (previous year: EUR 22,706k), mainly from the reversal of provisions and accruals.

Income from currency translations amounting to EUR 5,507k (previous year: EUR 1,092k) in accordance with Section 256a of the German Commercial Code is also included.

Other operating expenses primarily consist of administrative expenses, operating, sales and distribution costs, additions to write-downs for receivables, bad debts, currency exchange losses, and additions to provisions. This item also includes expenses for currency translation amounting to EUR 4,742k (previous year: EUR 1,451k) pursuant to Section 256a of the German Commercial Code.

Income from participations contains EUR 61k from affiliated companies (previous year: none).

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

Affiliated companies account for EUR 230k (previous year: EUR 178k) of **other interest and similar income**. The interest income includes EUR 107k (previous year: EUR 226k) on discount of provisions.

Affiliated companies account for EUR 1k (previous year: EUR 242k of **interest and similar expenses**. Interest expenses include accrued interest on provisions of EUR 5,444k (previous year: EUR 5,136k).

The **income taxes** include deferred tax expenses of EUR 158k (previous year: EUR 451k). For calculating the deferred taxes for the German companies, the corporate income tax rate of 15.0 % applicable since January 1, 2008 has been applied. Factoring in the solidarity surcharge (5.5 %) and trade tax (average multiplier of 379 %), the average income tax rate is 29.09 %.

The tax reconciliation statement reconciling the differences between expected and reported income tax expense was prepared for the first time as at December 31, 2014 and comprises the following:

	2014 EURK	2013 EURK
Earnings before tax	71,569	64,368
Expected tax rate	29.09%	29.09%
Expected income tax expense	**20,819**	**18,725**
Tax effects from different tax rates	-9,029	-10,963
Tax rebates / expenses from previous years	-331	725
Tax effects from adjustments of the commercial balance sheet to the tax balance sheet	798	2,685
Tax effects from non-deductible operating expenses, losses or losses carried forward	8,086	7,887
Tax effects from tax-neutral Group entries	5,805	3,372
Change in deferred taxes	-1,034	-561
Other tax effects	624	-192
Reported income tax expense	**25,737**	**21,678**

There were no significant extraordinary income or expenses in the year under review.

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.

The base value in the cash flow statement is translated to the Group's net income for the year as follows:

2014	EURK
Result before income tax	71,569
Income taxes	25,737
	45,831

The total interest received in fiscal 2014 was EUR 4,933k and the total interest paid amounted to EUR 24,978k. The net interest result therefore amounted to EUR -20,046.

IX. Notes and Other Information

Contingent Liabilities and Other Financial Commitments

	2014 EURK	2013 EURK
1. GUARANTEES AND OTHER COMMITMENTS		
Credit sale and acceptance liabilities	675	2,091
Guarantees	80,323	84,237
	80,998	**86,328**
2. FINANCIAL COMMITMENTS		
Rental and leasing commitments		
Due in 2015	73,188	76,178
Due between 2016 and 2019	84,232	93,062
Due after 2019	3,817	971
Purchase commitments from investments	73,477	82,033
Repurchase agreements	163,343	115,153
Shared commitments	67,252	53,201
Commitments to make donations	7,500	7,500
Other commitments	0	4
	472,808	**428,102**

The shared liability for credit sale and acceptance commitments mainly concerns a case in which ZEPPELIN GmbH is liable without recourse in connection with selling credit sale agreements of a subsidiary to banks. The subsidiary's asset, financial, and revenue situation is assessed as good, so there is no reason to expect that any claims will be made against the shared liability.

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

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

The repurchase obligations are contractually agreed pre-emptive tender rights of leasing companies mainly for construction equipment from sale-and-leaseback agreements to finance the rental fleet of Zeppelin Rental GmbH & Co. KG. The repurchase of rental fleet assets is a component of Zeppelin's business model and an essential basis of the Zeppelin Group's successful business involving second-hand machines.

The shared commitment obligations are to sales financing companies and relate to the residual obligations of customers of Zeppelin Baumaschinen GmbH from existing financing agreements, particularly for construction equipment on the balance sheet date. These residual obligations are matched by the market values of the construction equipment for which finance was provided of approximately EUR 57.3m. The risks from shared commitment obligations are classified as low in the vast majority of cases.

Off-Balance-Sheet Transactions

Sale-and-Leaseback Transactions

It is standard practice in Zeppelin's industry to refinance rental business operations by concluding sale-and-leaseback agreements for movable assets (rental assets). In 2014, this practice freed up total liquid assets of EUR 90,602k (previous year: EUR 99,560k). Since lease payments will 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 2014, sale-and-leaseback agreements generated an operating result of EUR 2,021k (previous year: EUR 2,181k).

Factoring

Receivables for new and used machinery are sold to finance sales in the short term. 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 selling company 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 15.4m as of December 31, 2014 (previous year: EUR 17.2m).

The resulting earlier influx of liquidity gives the Group greater latitude. At the same time, the improved liquidity situation improves its credit standing and the ratings it receives from rating agencies.

Audit Fees

The breakdown of the audit fees is as follows:

	2014 EURK	2013 EURK
Statutory audit	427	391
Tax consulting	15	0
Other services	111	140
	553	**531**

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 the reporting packages of several included foreign companies of the Group. The auditing fee for the Zeppelin Group amounts to a total of EUR 1,013k (previous year: EUR 942k).

The item "tax consulting" comprises the fees for tax consultancy services provided at ZEPPELIN GmbH.

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

Personnel

The Zeppelin Group's average numbers of employees during the year were:

	2014	2013
Sales, marketing	1,715	1,694
Machine operators	209	227
Service employees (spare parts and aftersales)	3,213	3,095
Engineering, order processing, materials management, logistics	852	838
Production, assembly, QM	615	549
Administration	994	967
Trainees and apprentices	285	277
	7,882	**7,648**

Remuneration of Governing Bodies

In the 2014 fiscal year, ZEPPELIN GmbH awarded the following sums to its governing bodies in accordance with Sec. 314, para. 1, no. 6 of the German Commercial Code:

2014	EURK
Total remuneration for members of the Management Board	2,617
Total remuneration for members of the Supervisory Board	458
Total remuneration for former members of the Management and Supervisory Boards	446
Pension provisions for former members of the Management and Supervisory Boards	7,408

Other Notes

The following five 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 Power Systems GmbH & Co. KG, Hamburg,
Zeppelin Rental GmbH & Co. KG, Garching near Munich
Zeppelin Rental Russland GmbH, Garching near Munich.

Friedrichshafen, March 27, 2015

The Management Board of ZEPPELIN GmbH

Peter Gerstmann   Michael Heidemann   Christian Dummler   Jürgen-Philipp Knepper

AUDITOR'S STATEMENT

We have audited the consolidated financial statements prepared by ZEPPELIN GmbH, Friedrichshafen – comprising the balance sheet, the income statement, the notes to the financial statements, the cash flow statement, and the statement of changes in equity – and the Group management report for the fiscal year from January 1 to December 31, 2014. 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, or 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, Germany, March 27, 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Petra Justenhoven	Klaus Schuster
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Zeppelin are available on the Internet at:
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This annual report was published in May 2015.
It is also available in German.

Agency
Söllner Communications AG, Munich, Germany