Creditreform Corporate Issuer Rating

Zeppelin GmbH

Summary

Creditreform Rating

Rating object	
Zeppelin GmbH	
Creditreform ID:	8210000013
Incorporation:	July 22, 1950
Based in:	Garching, Germany
Main (Industry):	Machinery trade and rental
CEO:	Matthias Benz, 54 years Christian Dummler, 61 years Alexandra Mebus, 48 years Marc de Groen, 61 years old

Rating objects:
Long-term Corporate Issuer Rating: Zeppelin GmbH

Rating information	
Corporate Issuer Rating: BBB+ / stable	Type: Update, Solicited, Public rating
LT LC Senior Unsecured Issues: n.r.	Short-term Rating: n.r.
Rating date: 29 August 2025	
Monitoring until: withdrawal of the rating	
Rating methodology: CRA "Corporate Ratings" CRA "Rating Criteria and Definitions"	
Rating history: www.creditreform-rating.de	

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Summary

Company

The Zeppelin Group is a leading European trading company for construction and agricultural machinery as well as engines for ships, CHP plants, locomotives, and other applications, which primarily distributes Caterpillar brand products as an authorized dealer. Its sales territory covers significant parts of Central, Northern, and Eastern Europe as well as Central Asia. In addition to new machines, the company also sells used machines, accessories, and spare parts, and offers a comprehensive range of services for these products. Other key areas of focus include the rental of machines and construction equipment and the provision of services related to construction site management. Finally, the Group is active in the field of plant engineering for high-quality bulk materials, where it occupies a leading international position. Following its partial withdrawal from Eastern Europe due to the war, the Group has significantly expanded its presence in Northern Europe through M&A. As a result of the largest acquisition in the company's history and the ongoing transformation process associated with it, the strategic business units (SBUs) and the Group's management structure were changed as of June 2025. In fiscal year 2024, the Group generated sales of EUR 3,819.6 million (2023: EUR 3,934.7 million) with 10,079 employees at the end of the year (2023: 9,995), EBIT of EUR 138.6 million (2023: EUR 183.6 million) and EAT of EUR 74.9 million (2023: EUR 100.1 million).

Rating result

With the downgrade of its rating from A- to BBB+, Zeppelin GmbH has been awarded a highly satisfactory credit rating. It is important to note that the results of our financial ratio analysis for the 2024 financial year showed a decline, mainly due to special factors, with key ratios gradually deteriorating over recent years. These include net total debt/EBITDA, the EBIT interest coverage ratio, Ratio of interest expense to total debt, and return on investment. The equity ratio increased due to retained earnings and a reduction in total assets. The decline in sales and earnings in key markets for construction machinery and mining equipment in Eastern Europe and Central Asia was offset by strong performance in the Power Systems segment, even though consolidated sales and EBT did not reach the previous year's level. Based on the business development to date and the forecast for 2025, as well as the acquisition-related increase in debt in the current fiscal year, we currently assume that the result of the financial analysis for the

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2025 fiscal year will, at best, confirm the 2024 result[1]. Together with the subdued economic sentiment and uncertainty regarding the recovery of the construction machinery market, high risks from (geo)political conflicts, the ongoing war in Ukraine, and increasing protectionism worldwide, as well as the burden on the Group from special factors and the challenges associated with the integration of the Pepp Group, the Group's largest acquisition to date, we have downgraded the rating. We also take into account the higher requirements for debt reduction and distributions, which, in the context of ongoing transformation processes, are weighing on earnings and liquidity in the short term but should have a positive effect in the medium to long term. In addition to external financing, the company is meeting its financial requirements by reducing its investment activities and implementing forward-looking cost efficiency measures in individual operational and administrative areas. Taking into account the available credit facilities and the remaining debt potential in accordance with the covenants, liquidity is at a sufficiently good level. The reduction in inventories and lower investment activity, particularly in rental assets[2], have been helpful in this regard, increasing cash flow from operating activities to EUR 294.2 million in 2024 (2023: EUR -9 million) and are expected to continue in 2025.

Outlook

The one-year outlook for the rating remains stable. Despite the downgrade, we largely expect Zeppelin to maintain and expand its established position and overcome the complex challenges it faces. This is based on the competitive product portfolio of Caterpillar, the world's leading construction equipment manufacturer, with Zeppelin occupying a leading position among its dealers. The stable outlook reflects the expectation that Zeppelin will increase profitability, manage operating cash flow, and at the same time reduce its debt ratio from 2026 onwards, so that key indicators should develop positively again in the medium term and the signs of this should become more pronounced over the course of the year.

In addition to the sluggish markets, we see the integration of the Pepp Group as a challenge. Based on the due diligence presented to us and the further measures, including personnel measures, as well as the fact that the acquisition essentially corresponds to the existing and well-established business and that business continuity is planned at the Pepp Group, we currently see no reason to change the outlook after the downgrade without waiting for the initial effects in this regard.

1 However, unless Zeppelin provides pro forma figures, a comparison with previous years will be difficult because the Pepp Group will not be included in the income statement and cash flow statement for the full financial year in the 2025 consolidated financial statements.

2 Zeppelin reports cash flows relating to the rental fleet in the operating section of the cash flow statement, which should be taken into account when making an assessment.

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Reference:

The relevant rating factors (key drivers) mentioned in this section are predominantly based on internal analyses, evaluations from the rating process, the derived valuations of the analysts participating in the rating and, if applicable, other rating committee members. The fundamental external sources used are specified in the sections "Regulatory requirements" and "Rules on the presentation of credit ratings and rating outlooks".

Excerpts from the financial key figures analysis 2024:

+ Improvement in equity ratio
+ Slight decline in total assets
+ Development of material expense ratio
+ Reduction in inventories
+ Reduction in debt

- Decline in sales
- Return on total capital
- Return on sales
- Net total debt / EBITDA adj.
- EBIT interest coverage
- Personnel expense ratio
- Interest expense to total debt

Relevant rating factors

Table 1: Financials I Source: Zeppelin GmbH Annual report 2024, standardized by CRA

Zeppelin GmbH Selected key figures from the financial analysis Basis: Annual report as of December 31 (IFRS, Group)	Structured key figures[3]			
	2021	2022	2023	2024
Revenue (million EUR)	3,695.6	3,838.2	3,934.7	3,819.6
EBITDA (EUR million)	426.9	418.0	470.6	447.5
EBIT (EUR million)	167.5	143.9	183.6	138.6
EAT (EUR million)	118.0	104.4	100.1	74.9
EAT after transfer (EUR million)	114.7	100.1	98.6	68.7
Total assets (EUR million)	2,832.5	3,126.9	3,487.3	3,440.1
Equity ratio (%)	32.68	32.82	30.64	32.60
Capital lock-up period (days)	14.85	22.34	15.39	18.02
Short-term capital lock-up (%)	7.89	12.09	10.12	10.97
Net total debt / EBITDA adj. (factor)	4.20	4.98	5.0	5.14
EBIT interest coverage (factor)	9.75	6.28	4.47	2.74
Ratio of Interest expense to total debt (%)	0.90	0.97	1.43	2.17
Return on investment (%)	4.63	3.68	3.75	3.14

General rating factors

General rating factors summarize the key issues which – according to the analysts as of the date of the rating – have a significant or long-term impact on the rating, whether positive (+) or negative (-).

+ Highly qualified management with experience in the industry
+ Above-average information sharing by our contacts
+ Long-standing premium partner of Caterpillar (CAT) with inherent advantages
+ Market-leading position in relevant target markets
+ Diversified product and service portfolio
+ Conservative and prudent financial policy and timely financing measures
+ Generally early identification of and preparation for future issues

– Increased economic and crisis sensitivity
– High intensity of competition
– Dependence on supplier CATEPILLAR with inherent disadvantages

Current rating factors

Current rating factors are the key factors which, in addition to the underlying rating factors, have an impact on the current rating.

+ Opportunities arising from the expansion of the market area through the takeover of the CAT dealership for the sales territories of the Netherlands and Norway, plus additional presence in other countries following the acquisition of Pepp Group BV from Pon Holdings
+ Continued strong sales situation in the engine business based on fundamental trends
+ Stabilization or expansion of market shares for key product groups in Germany
+ Further development of market perspectives and strategic business units, with expected adjustments and streamlining of the organizational structure

3 The CRA converts the original consolidated financial statements into a structured form for analytical purposes. For example, when calculating analytical equity, deferred tax assets, recognized goodwill (partial or complete), and internally generated intangible assets are deducted, and deferred tax liabilities are added. Net total debt takes into account all balance sheet liabilities. The key figures presented here therefore regularly deviate from the original values of the companies.

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+ Clear signs of liquidity-preserving behavior and measures to increase cost efficiency, with newly defined requirements for the future profitability of the business and resulting ongoing transformation (e.g., of plant construction)
+ Improved internal financing capacity in 2024 and, as expected, in 2025
+ Defined objective to reduce the increased debt resulting from the acquisition in the coming years
+ Solid rolling 12-month sales as of June 2025
+ Continued good risk and crisis management
+ Despite the deterioration in key figures, continued solid compliance with the financial covenants of the syndicated loan
+ Reduction of inventories; however, still not proceeding as planned

– Challenges in integrating Pepp Group BV and transforming the Zeppelin Group, with a significant increase in debt due to the M&A transaction and the new group as a whole not yet being consolidated
– Special events, some of which are due to external factors and some to internal factors, are placing an extraordinary strain on business and earnings
– Declining overall result of our financial ratio analysis with deterioration of key financial ratios and declining earnings quality in 2024, which could also be confirmed for the 2025 financial year due to special factors
– According to the company, temporarily higher expectations of the shareholder with regard to profit distributions
– Significantly lower sales figures in the Central European market for construction machinery compared to previous years
– Intensification of competition in Europe due to US customs policy
– Persistent difficult situation in Ukraine and Central Asia

Prospective rating factors are factors and possible events which – according to the analysts as of the date of the rating – would most likely have a stabilizing or positive effect (+), or a weakening or negative effect (-) on future ratings if they occurred. This is not an exhaustive list of possible future events with potential relevance for future ratings. Circumstances can arise that are not included in the list of prospective factors, whose effects are impossible to assess at the time of the rating, either because these effects are uncertain or because the underlying events are deemed unlikely to occur.

Prospective rating factors

+ Medium- to long-term sustainable improvement of financial and liquidity metrics through enhanced earnings quality and debt reduction, supported by overall profitable business growth across all SBUs in line with target profitability.
+ Proof of a successful integration of the Pepp Group, resulting in improved profitability and stronger coverage ratios through synergy effects
+ Sustainable improvement of market conditions and the geopolitical environment.

– Deterioration of our financial metrics, e.g., due to increased debt or as a result of consolidating the Pepp Group
– Insufficient profitability of corporate acquisitions and/or integration challenges
– Inadequate debt reduction and an equity ratio below 30%
– Deterioration of our liquidity analysis results
– Net total debt / EBITDA permanently above 5.00x or EBIT interest coverage below 2.50x
– Sustained economic downturn and rising (geo)political risks

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ESG factors are factors related to the environment, social issues, and corporate governance. For more information, please refer to the link under "Regulatory Requirements." CRA always takes ESG-related factors into account when assessing the rating object and discloses them if they have a significant impact on creditworthiness with an effect on the rating result or outlook.

ESG-factors

CRA generally takes ESG factors (environment, social and governance) into account within its rating decisions. In the case of Zeppelin GmbH we have not identified any ESG factors with significant influence.

We consider Zeppelin to be well prepared and positioned in terms of sustainability, including with regard to CSR/CSRD metrics and EU taxonomy.

Zeppelin sees sustainable action as a basic prerequisite for securing long-term business success and competitiveness, which goes hand in hand with contributing to climate and environmental protection and assuming social responsibility. Zeppelin has been a member of the UN Global Compact since 2016 and takes economic, ecological, and sociocultural aspects into account in its business decisions. Sustainability is a key focus of the company's strategic orientation. Zeppelin has placed a new emphasis on customers and sustainable products and services. One of the Zeppelin Group's key goals is to achieve CO_2 neutrality in its ongoing business operations by 2030. In addition, new sustainability goals were set in 2021 to reduce freshwater consumption by 30% by 2030 and to avoid and reduce waste. The implementation of these ambitious sustainability goals currently still involves manageable investments. In 2024, these amounted to approximately EUR 7.7 million (2023: EUR 6.9 million).

Progress has been made in terms of energy and freshwater consumption as well as CO_2 emissions and has been defined for various parameters. Based on the developments presented to us, the Group is well on track to meet most of the targets it has set itself for 2027. Significant changes will result from the integration of the Peep Group, which is why this aspect will have to be redefined and reassessed in the future.

To reinforce the binding nature of the targets, Zeppelin also agreed sustainability-linked loan KPIs (green loan) when it extended and increased its existing syndicated loan agreement in July 2023. Depending on compliance with the sustainability targets, particularly the energy saving targets, these KPIs may have a positive or negative effect on the interest rate. The focus here is on achieving environmental targets.

The situation described in the last report, according to which Zeppelin was allegedly involved in a compliance case concerning the world's largest gold mine, Navoi Metals and Mining Company in Uzbekistan, has not, as assumed in the last rating, produced any further evidence of misconduct on the part of Zeppelin. We therefore continue to derive no rating-relevant factor in the ESG area from this.

This year has also seen major changes in the management of the first and second levels of leadership, which are mainly related to the acquisition of the Pepp Group and the transformation. Senior executives from Pon Holdings and the Pepp Group have taken on leadership positions on the Supervisory Board and in the management of the Zeppelin Group, which we consider sensible for professional and integrative reasons. We therefore consider the new appointments to management positions to be a neutral governance factor so far[4] , even though harmonious, goal-oriented cooperation and the leveraging of synergies still must prove themselves.

The Group's compliance department consistently reviews potential violations in accordance with the procedures described to us and on a case-by-case basis without prejudice. Auditing is

4 With regard to the governance factor, CRA generally assumes that the persons and structures involved are competent, reputable, and law-abiding, which has a neutral effect on the rating. In this respect, this factor can only have a negative impact on a rating.

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conducted stringently, and an internal control system has been established. Any measures necessary because of the audit procedures are derived and implemented as required.

Overall, various aspects relating to ESG factors remain to be observed, without this having any impact on the rating. In the future, ESG factors may influence our rating assessment, depending on the achievement of the company's self-imposed targets, credit clauses, and regulatory changes.

A general description for Creditreform Rating AG and a description valid for corporate ratings for understanding and assessing ESG factors in the credit rating process can be found here.

Please note:

The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

Best-case scenario: A-

In our best-case scenario for one year, we assume that the rating will be confirmed. We assume that Zeppelin will at best achieve a confirmation of our current assessment in terms of the results of our financial ratio analysis, respectively that it will not be possible to demonstrate a sustained improvement over the course of a year. We therefore do not anticipate any developments specific to the Group during this period that would justify an upgrade on an annual basis, without ruling out an improvement in the outlook. This is primarily due to the predominantly debt-financed acquisition and the need to demonstrate the sustainable profitability of the integration of the Pepp Group, as well as the challenging and challenging operating environment. For an upgrade, the Rental and Plant Construction products in particular, but also the core Construction Equipment product, must make a more positive contribution in terms of sales and earnings, and the restructuring of Plant Construction must be successful without other SGEs seeing a decline in their performance. In the medium term, this would also affect the machine population on the market, the size of which in turn is decisive for the high-margin aftersales business. We assume that, based on the interim reporting, business development will improve as a result of the efficiency improvement measures, with the expected confirmation of the results of our financial ratio analysis (also for 2026), as well as the planned release of liquidity from current assets in 2025, solid order intake and no further manifestation of exogenous risks.

Worst-case scenario: BBB

BBB's one-year scenario is based on concerns about the economic recovery, the construction equipment market, and sales opportunities in Eastern Europe and Central Asia, as well as potential difficulties in integrating the Pepp Group, which could delay Zeppelin's targeted profitability and debt reduction. As a result, the debt ratio would remain high or rise further in order to generate liquidity and meet higher shareholder requirements. This scenario assumes that the Zeppelin Group's profitability will decline due to deteriorating conditions and falling order intake, and that the lower level will remain in place for the time being. Therby, results of our financial ratio analysis show a corresponding deterioration in the outlook. A potential tightening of liquidity or extraordinary effects could also warrant a downgrade. Nevertheless, even in such a case, the convincing and currently transforming basic structures of the Zeppelin Group and the possibilities for releasing liquidity should come into play in order to avert any further impact on the rating. This is particularly true given that the Group has demonstrated its ability to act in difficult situations on several occasions in the past. We also consider this scenario to cover the realization of the risks remaining in the Eastern European and Central Asian markets.

As in the previous year, we would like to point out that the contracts with the main supplier Caterpillar can be terminated at relatively short notice and therefore represent a potential or latent risk that would not be covered if the worst-case scenario were to materialize in full. Due to more than 70 years of successful cooperation and Zeppelin's increasing importance among CAT dealers, this risk should not be acute. The scenario also does not cover any further deterioration in (geo)political risks.

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Business development and outlook

The risks specifically affecting Zeppelin as a result of Russia's war of aggression against Ukraine remain latent but manageable in terms of rating. Zeppelin's regularly reported total exposure in the affected countries has fluctuated between approximately EUR 80 million and EUR 90 million over the past 18 months and has not decreased significantly. We continue to consider general risks arising from (geo)political conflicts and country risks to be relevant. In this context, in addition to the management's rapid response to crisis situations, the company's consistently proactive information policy remains helpful. Our very positive assessment of risk management and reporting, which is based on our experience in previous crisis situations, has not changed since then.

Overall, with a few exceptions, the (industry) economy of the primary and secondary sectors relevant to Zeppelin and the key markets, including civil engineering and infrastructure construction in Central Europe, the Swedish market in general, and the engine business, particularly in backup systems and data centres, as a whole declining to subdued, with no significant improvement in the current year, even though Zeppelin has recently recorded improved order intake figures.

Table 2: Business development of Zeppelin GmbH I Source: Zeppelin GmbH corporate presentation on the 2024 rating and consolidated financial statements, CRA's own presentation, standardizes

Zeppelin GmbH Group				
in EUR million	2023	2024	Δ	Δ %
Revenue	3,934.7	3,819.6	-115.1	-2.9
Gross profit	601.7	572.3	-29.4	-4.9
EBITDA	470.6	447.5	-23.1	-4.9
EBIT	183.6	138.6	-45.0	-24.5
EBT	153.8	107.7	-46.1	-30.0
EAT	100.1	74.9	-25.2	-25.2
Order intake	3,596	3,635	39.0	1.0
Order backlog	1,612	1,427	-185.0	-11.0

Table 3: Revenue by Strategic Business Unit I Source: Zeppelin GmbH corporate presentation on the 2024 rating and consolidated financial statements, CRA's own presentation

Revenues / EBT by SBU[5]								
in EUR million	2023		2024		Δ		Δ %	
	Revenue	EBT	Revenue	EBT	Revenue	EBT	Revenue	EBT
BDA	1,490	91.0	1,341	52.1	-149	-38.9	-10	-28.8
BIN	826	5.2	760	31.3	-66	26.4	-8	14.7
Rental	739	56.5	805	38.5	66	-18.1	9	-31.9
Power Systems	461	24.2	553	32.2	92	8.0	20	32.8
Plant engineering	519	15.2	472	9.7	-47	-5.5	-9	-36.3

This situation was reflected in consolidated sales for 2024, which fell for the first time in years to EUR 3.82 billion (2023: EUR 3.93 billion; -2.9%). However, it still exceeded the projections as

5 BDA = Construction Machinery Germany/Austria; BIN = Construction Machinery International

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of mid-2024. Nevertheless, the expectations from the original plan and the June 2024 forecast regarding earnings performance and profitability were not met—also due to extraordinary effects of a material magnitude—and the final earnings figures were ultimately significantly below those of 2023. Our analysis, according to which the Group's sales could temporarily decline compared to the record year of 2023 based on order intake data, has been confirmed and, according to the latest projections, is expected to remain valid for 2025 on a like-for-like basis.

Overall, the income statement reflects a level of profitability that leaves room for improvement relative to the current rating level, with consolidated EBT decreasing to EUR 107.7 million in 2024 (2023: EUR 153.8 million). This was also reflected in a low analytical return on sales relative to the previous rating level, based on EAT (EUR 74.9 million), of only 1.96% (2023: 2.54%), which, like other rating-relevant indicators mentioned above, had gradually deteriorated in recent years. In addition to the one-off effects of just under EUR 25 million described above, other operating income also included (accounting policy, non-operating) book gains on investment property in the amount of EUR 10.6 million, which offset write-offs of currency exchange differences in Russia in the amount of EUR 10.0 million, which served to reduce balance sheet risk. In addition, there were exchange rate gains from the financial result of EUR 1.1 million. Overall, the earnings situation in 2024 was less convincing in terms of the rating level. In addition, EUR 27.7 million of the consolidated net income attributable to shareholders was distributed in 2024, corresponding to a ratio of 27.7%. In addition, a further EUR 9.5 million was distributed to non-controlling shareholders. The distribution to the main shareholder on the 2024 result amounted to EUR 30 million. The corresponding increase in share capital by EUR 200 million to EUR 300 million from retained earnings has a positive signaling effect.

Overall, Zeppelin performed satisfactorily in comparison with the rest of the industry, given the circumstances, in that the company was able to gain market share in a generally recessive to stagnant market situation. This was offset by the release of liquidity from inventories and the sometimes-noticeable increases in profitability at the Power Systems and BIN strategic business units (SBUs) (see Table 3). We have observed in the past that the Group's diversification can cushion the effects of a negative economic or market development. Nevertheless, we view the repeated decline in the number of machines and engines sold, which fell by 15,611 units (-7.4%), critically insofar as they form the basis for future high-margin aftersales. With an order backlog of EUR 1,427.2 million at the end of 2024, down on the previous year, the Group's starting position for the current financial year was more subdued. However, order intake in the first half of 2025 rose by around 9% compared with the same period of the previous year, supported by the Bauma trade fair, which takes place every three years. In its presentation of business development in 2025, Zeppelin points to extraordinary expenses of around EUR 11 million incurred as a result. In this context, we expect partially offsetting effects on sales and earnings.

We assess the arithmetic of the 2024 balance sheet as stable, similar to the previous year, with financial debt reduced on the one hand and individual ratios such as the asset coverage ratio and liquidity ratios slightly more subdued on the other. Zeppelin was able to free up liquidity of EUR 115 million by reducing inventories by the end of 2024, so that the significantly reduced total investments of EUR 323 million (2023: EUR 554 million) were comparatively moderate. To put this into perspective, it should be noted that the investments in 2023 included approximately EUR 118 million for the acquisition of Luna. However, Zeppelin was unable to achieve its ambitious targets of reducing inventories to EUR 649 million, with inventories standing at EUR 736 million, which had an impact on the financial result. Although inventory turnover improved from 3.0x to 3.4x, it remained below the historical values of >4.0. At EUR 495 million at the end of 2024 (2023: EUR 590 million), order backlog was at its lowest level in many years and still

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below pre-pandemic levels but rose again to EUR 610 million at the end of June 2025 in view of rising order intake.

Table 4: Business development of Zeppelin GmbH as of June 30, 2025, including projection for 2025 I Source: Zeppelin GmbH company presentation for rating, CRA's own representation

Zeppelin GmbH Group								
in EUR million	Is 06/2023	Actual 06/2024	Actual 06/2025	Plan 06/2025	Actual 2023	Actual 2024	HR 2025	Plan 2025
Revenue	1,865.3	1,729.9	1,769.3	1,761.9	3,934.7	3,819.6	3,700.0	3,700.0
Gross margin	*15.0*	*14.7*	*14.9*	*15.8*	*15.3*	*15.0*	*16.4*	*16.4*
EBIT	71.3	38.1	29.9	33.6	183.6	138.6	136.8	140.3
EBT	59.6	21.8	19.3	15.8	153.8	107.7	105.0	105.0
EBT margin	3.2	1.3	1.1	0.9	3.9	2.8	2.8	2.8
Order intake	1,815.0	1,852.0	2,017.0	1,786.0	3,596.0	3,635.0	3,656.0	3,670.0
Order book	1,900.0	1,735.0	1,675.0	1,645.0	1,612.0	1,427.0	1,383.0	1,391.0

The financial figures as of June 30, 2025, and the projections for the 2025 fiscal year of the Group (excluding Pepp Group B.V.) show little momentum compared to the previous year, which is in line with plans but significantly below the record figures of 2023 in terms of sales and earnings quality. The gross margin for the 2024 fiscal year remained below the June 2024 projection of 16.2%, at 15.0% and 15.6% on an adjusted basis. The EBT margin was also not achieved. In this respect, the Group unusually fell short of its communicated expectations for 2024, although this is also attributable to the special factors mentioned above, which were largely unknown at the time of the last rating. We note that the rolling 12-month revenue as of June 30, 2025, at just under EUR 3.9 billion, is a figure that could lead to Zeppelin exceeding its revenue projection again. Further information on this can be found in the short report on the economic situation of the Zeppelin Group as of July 2025. According to this report, sales and earnings performance improved as of July, even though management confirmed its projections for the full year with sales of EUR 3.7 billion and EBT of EUR 105.0 million.

At EUR 19.3 million, EBT for the first half of 2025 was lower than in the previous year (06/2024: EUR 21.8 million). Adjusted for negative special factors totaling EUR 19.3 million, which are expected to increase to EUR 35.3 million by the end of the year, the adjusted picture is significantly more positive. These extraordinary expenses consist in particular of Bauma, the Teibo project (M&A Pepp Group) and costs for structural adjustments. We take the special factors into account in such a way that we conclude that, despite the difficult conditions and the transformation costs, the operating business is largely stable in terms of fundamental factors, especially as structural improvements are to be expected within the Group.

The effects of the Pepp Group to be consolidated are largely known, even if the final consolidation effects remain to be seen. Since the Pepp Group had been performing well for several years at the time of the acquisition, Zeppelin carried out a qualified due diligence review, and key balance sheet figures and debt levels are known, we assume, based on a rough assessment, that the effects of the acquisition are covered by the current rating, but will at least fall within the range of the scenarios we have outlined for one year (see page 7).

We note positively that inventories at the end of June 2025 appear to be continuing to normalize at EUR 845 million (06/2024: EUR 952 million), even though they were seasonally higher than at the end of 2024. The volume of receivables amounting to EUR 527 million (06/2024: EUR 530 million) remained virtually stable. The impairment ratio was 6.8% at the end of the first half of

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2025 (06/2024: 7.4% or EUR 34 million), which is significant, although the age structure of receivables remained unchanged.

The economic development in 2026 remains difficult to predict and could be significantly influenced by (geo)political developments, either positively or negatively. Currently, no (significant) growth is expected for 2025 in the relevant German-speaking region as the main market.

In the course of the acquisition of the Peep Group, the Group has significantly increased its debt by expanding the volume of promissory note loans (PNL) from EUR 266 million to EUR 667 million as of June 2025. In terms of financial indicators, this has a dampening effect on the rating. On a positive note, we note the enlarged investor base and the fact that investor interest significantly exceeded the originally planned PNL volume of EUR 250 million with EUR 476 million, and that bridge financing for the M&A transaction was nevertheless concluded in advance as a precautionary measure, which speaks for the Group's ability to generate the necessary funds through external financing. In this respect, there was never a critical situation with regard to financing.

According to projections, gross investments in 2025 (excluding the acquisition of the Pepp Group) will amount to EUR 294 million. This is offset primarily by depreciation and changes in provisions of EUR 190 million plus the cash inflow from working capital of EUR 95 million. After dividends to shareholders and minority shareholders of EUR 37 million, this calculation leaves EUR 62 million for debt repayment. This would not quite correspond to the amount that Zeppelin has set itself for annual debt reduction. In this context, Zeppelin points to additional liquidity-supporting working capital relief from its main supplier. Overall, compared to previous years and to the plan, management has ordered a temporary increase in investment discipline, which we consider to be sensible and necessary in the current situation of increased market uncertainty, higher debt, and higher distribution requirements in order not to burden the financial and liquidity situation. At the same time, since the end of 2022, lease financing has been developed from <EUR 300 million to >EUR 700 million as of June 2025 into a key component of the Group's financing.

Zeppelin has access to a long-term syndicated loan with six well-known banks for EUR 620 million plus a EUR 250 million “Aval-Linie” (bank guarantee facility) for ongoing financing, whereby utilization as of June 2025, together with additional bilateral lines, appeared uncritical. It is worth noting that cash holdings (cash at bank minus trapped cash) over the last six months of reporting periods were below the minimum holding of EUR 55 million communicated to us in the last rating, which is attributable to the safety cash requirements adjusted in line with an externally collected benchmark. The trapped cash in China, amounting to EUR 75.2 million as of June 2025, remains significant and is deducted from our liquidity considerations for rating purposes. Nevertheless, our calculation of cash sources vs. cash uses shows a solid surplus for the current fiscal year. The Group's liquidity position can therefore be assessed as satisfactory.

Zeppelin's longer-term maturity profile is balanced and secured by an extension option on the syndicated loan agreement (SLA) running until 2028. Zeppelin plans to renegotiate this line as early as next year. In this respect, the maturity profile does not initially contain any particular bullet risks. The following chart provides an overview, whereby the maturity amount of the SLA in 2028 represents the assumption of 50% utilization at the maturity date and the actual value at that time could deviate from this. Hedging transactions for currency risks have increased significantly recently as international business has grown.

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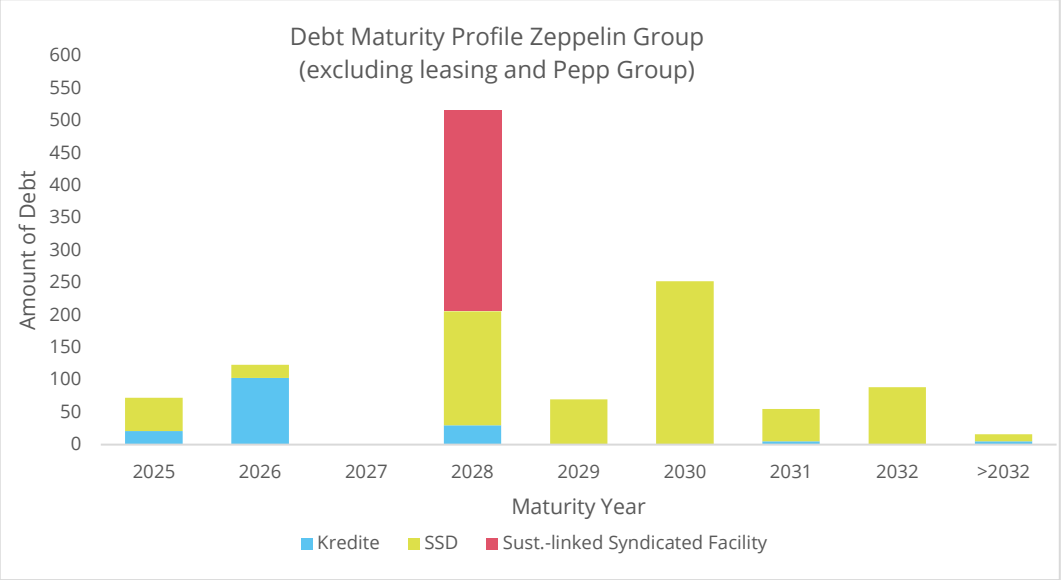
Diagram 1: Debt maturity profile Zeppelin Group I Source: Zeppelin GmbH, CRA own representation



In the financial and liquidity planning, a cash EoP of only EUR 93.8 million is expected as of December 2025 (2024: EUR 154.7 million), with the utilization of credit lines remaining high at just under 76% at the end of July (2024: 70%) and 75.5% in December 2025. Even though liquidity planning has always been very conservative, a significant amount of cash in cash and cash equivalents will be classified as trapped cash, which relativizes our otherwise uncritical assessment of liquidity.

With regard to the future group, it is worth noting that the Pepp Group has achieved significant revenue growth to around EUR 1.1 billion in recent years, with rising earnings quality, although the EBITDA margin was significantly below that of the Zeppelin Group, which seems to be partly explainable by different accounting standards. However, with a decline in revenue and earnings quality in the first half of 2025 compared to the previous year, this development remains to be monitored.

The Zeppelin Group's business development remains largely dependent on its long-standing contractual partners, in particular the supplier CATERPILLAR. The relationship involves certain opportunities, but also risks, challenges, and dependencies. A rough assessment of the CATERPILLAR Group's business development does not reveal any risks for Zeppelin that would affect its rating.

Due to the changes in top management at the first and second levels, some of which are measures to ensure the successful integration of the Pepp Group, we see good opportunities for the Group to increase the cost efficiency and profitability of its business in the medium term as planned, to implement the debt reduction as presented to us, and to still make the necessary investments while maintaining a stable liquidity situation. In addition to the high risks arising from exogenous factors and the shareholder's requirements, this could determine the development of the rating and outlook for the coming years. In principle, a payout ratio of 18% of annual earnings has been agreed with the shareholder, which we have always viewed positively from a rating perspective. In connection with the company's announcement of a temporary increase in the payout on 2024 earnings totaling EUR 30 million, with reduced profitability, which was partly due to a special distribution on the occasion of the company's 75th anniversary, but also likely due to the weaker economic and financial situation of its sister company ZF Friedrichshafen, this will have to be monitored in the future with regard to the rating level.

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Overall, based on reduced sales and taking special factors into account, we see Zeppelin's business performance as roughly stable. Nevertheless, we are taking the reasons cited, including lower profitability, the increase in debt, and the challenges ahead, as an opportunity to make a moderate adjustment to the rating this year.

Financial ratio analysis

Table 5: Financial key ratios |Source: Zeppelin GmbH annual report 2024, structured by CRA

Asset structure	2021	2022	2023	2024
Fixed asset intensity (%)	49.32	47.50	50.25	53.67
Asset turnover	1.35	1.29	1.19	1.10
Asset coverage ratio (%)	85.45	85.93	75.24	73.38
Liquid funds to total assets	7.46	5.02	5.25	4.55
Capital structure				
Equity ratio (%)	32.68	32.82	30.64	32.60
Short-term debt ratio (%)	31.95	37.31	30.01	31.96
Long-term debt ratio (%)	9.46	8.0	7.17	6.78
Capital lock-up period (in days)	14.85	22.34	15.39	18.02
Trade-accounts payable ratio (%)	5.31	7.51	4.76	5.48
Short-term capital lock-up (%)	7.89	12.09	9.83	10.97
Gearing	1.83	1.89	2.09	1.93
Leverage	3.17	3.05	3.16	3.16
Financial stability				
Cash flow margin (%)	9.42	8.43	8.77	8.28
Cash flow ROI (%)	12.29	10.35	9.90	9.19
Total debt / EBITDA adj.	4.73	5.38	5.41	5.51
Net total debt / EBITDA adj.	4.20	4.98	5.00	5.14
ROCE (%)	13.91	8.83	10.57	8.72
Total debt repayment period	4.84	10.81	5.19	4.02
Profitability				
Gross profit margin (%)	31.62	32.69	33.66	34.96
EBIT interest coverage	9.75	6.28	4.47	2.74
EBITDA interest coverage	24.58	18.02	11.33	8.53
Ratio of personnel costs to total costs (%)	18.73	19.42	20.00	21.24
Ratio of material costs to total costs (%)	68.38	67.31	66.34	65.04
Ratio of interest expenses to total debt (%)	95.53	96.33	95.43	96.46
Return on investment (%)	0.90	0.97	1.69	2.17
Return on equity (%)	4.63	3.68	3.75	3.14
Net profit margin (%)	13.71	10.69	9.55	6.84
Operating margin (%)	3.19	2.72	2.54	1.96
Liquidity				
Cash ratio (%)	23.36	13.46	17.50	14.24
Quick ratio (%)	86.83	64.0	78.98	74.87
Current ratio (%)	158.61	140.69	165.76	144.96

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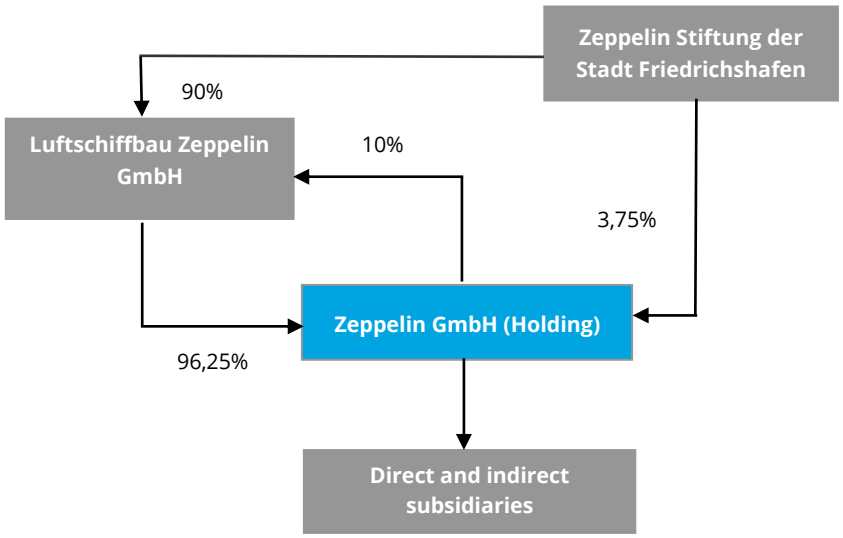
Appendix

The current corporate structure of Zeppelin GmbH is as follows:



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Rating history

The rating history is available under https://www.creditreform-rating.de/en/ratings/published-ratings.html.

Table 6: Corporate Issuer Rating of Zeppelin GmbH

Event	Rating created	Publication date	Result
Initial rating	23.05.2001	23.05.2001	A

The rating history is available under the following link.

Regulatory requirements

The rating[6] was not endorsed by Creditreform Rating AG (Article 4 (3) of the CRA-Regulation).

The present rating is, in the regulatory sense, a solicited rating, that is public. Creditreform Rating AG was mandated by Zeppelin GmbH to conduct a corporate issuer rating and monitoring of the company.

The rating is based on the analysis of quantitative and qualitative factors as well as the assessment of industry-relevant factors. The quantitative analysis refers to the consolidated financial statements for the years 2020 to 2023.

A management meeting did take place on 25 July 2024 in Garching with within the framework of the rating process with the participation of following persons:

- Matthias Benz (CEO, Chairman of the Management Board)
- Christian Dummler (CFO, Managing Director)
- Alexandra Mebus (Managing Director, Labor Director)
- Rolf Steinemann (Head of Group Treasury Center)
- Theresa Daxenberger (Consultant to the CFO)
- Other employees in the IT, Legal and ESG departments

The documents submitted and information gathered were sufficient to meet the requirements of Creditreform Rating AG's rating methodologies.

In addition to the documents from the previous years and the monitoring during the year, Zeppelin GmbH provided the following information as part of the update:

6 In these regulatory requirements the term "rating" is used in relation to all ratings issued by Creditreform Rating AG in connection to this report. This may concern several companies and their various issues.

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List of documents
Accounting and controlling
▪ Report on the audit of the 2024 consolidated financial statements ▪ Interim reports as of March 31, 2025 and June 30, 20245 ▪ Information to the Supervisory Board on the economic and financial performance as of July 31, 2025 ▪ 2025 forecast for the Zeppelin Group (as of June 2025) ▪ Multi-year plan of Zeppelin Group (as of 2024) ▪ Various-year plan-to-actual and prior-year-to actual comparisons ▪ Requested detail financial information
Finance
▪ Financing statement and various explanations regarding financial management and treasury ▪ Calculation and confirmation of compliance with existing covenants ▪ 2025 promissory note loan agreement ▪ Simulation of the SLA waiver
Additional documents
▪ Comprehensive Company Presentation July 2025 ▪ Sustainability Report 2024 ▪ Correspondence

The rating was conducted based on the following rating methodologies and the basic document.

Rating methodology	Version number	Date
Corporate Ratings	2.4	July 2022
Rating Criteria and Definitions	1.3	January 2018

The documents contain a description of the rating categories and a definition of default.

The rating was carried out by the following analysts:

Name	Function	Mail-Address
Christian Konieczny	Lead-analyst	C.Konieczny@creditreform-rating.de
Artur Kapica	Analyst	A.Kapica@creditreform-rating.de

The rating was approved by the following person (person approving credit ratings, PAC):

Name	Function	Mail-Address
Tobias Stroetges	PAC	T.Stroetges@creditreform-rating.de

On 29 August 2025, the analysts presented the rating to the rating committee and the rating was determined. The rating result was communicated to the company on 29 August 2025. There has not been a subsequent change to the rating. The rating report was provided to the company.

The rating will be monitored until Creditreform Rating AG withdraws the rating. The rating can be adjusted as part of the monitoring, if crucial assessment parameters change.

In 2011, Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on this registration, Creditreform Rating AG is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

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ESG-factors

You can find out whether ESG factors were relevant to the rating in the upper section of this rating report "Relevant rating factors".

A general valid description of Creditreform Rating AG, as well as a valid description of corporate ratings for understanding and assessing ESG factors in the context of the credit rating process, can be found here.

Conflict of interests

No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services are placed at the disposal or under the control of Creditreform Rating AG and who are directly involved in credit rating activities or in approving credit ratings and rating outlooks.

Creditreform Rating AG guarantees that the provision of ancillary services does not present conflicts of interest with its credit rating activities and discloses in the final rating reports any ancillary services provided for the rated entity or any related third party. The following ancillary services were provided for the rating entity or for third parties associated with the rated entity:

No ancillary services in the regulatory sense were carried out for this rating object.

For the complete list of provided rating and credit service ancillaries please refer to the Creditreform Rating AG's website.

Rules on the presentation of credit ratings and rating outlooks

The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our "Rating Committee Policy", all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity.

To prepare this credit rating, Creditreform Rating AG has used following substantially material sources:

Corporate issuer rating:

1. Annual report

2. Website

3. Internet research

There are no other attributes and limitations of the credit rating or rating outlook other than those displayed on the Creditreform Rating AG website. Furthermore, Creditreform Rating AG considers as satisfactory the quality and extent of information available on the rated entity. With respect to the rated entity, Creditreform Rating AG regarded available historical data as sufficient.

Between the time of disclosure of the credit rating to the rated entity and the public disclosure, no amendments were made to the credit rating.

The Basic Data Information Card indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In cases where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating report and indicates how the different methodologies or

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other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings and best-case scenario credit ratings are explained.

The date at which the credit rating was initially released for distribution and the date when it was last updated, including any rating outlooks, is indicated clearly and prominently in the Basic Data Information Card as a “rating action”; initial release is indicated as “initial rating”, other updates are indicated as an “update”, “upgrade” or “downgrade”, “not rated”, “confirmed”, “selective default” or “default”.

In the case of a rating outlook, the time horizon is provided during which a change in the credit rating is expected. This information is available within the Basic Data Information Card.

In accordance with Article 11 (2) EU-Regulation (EC) No 1060/2009, a registered or certified credit rating agency shall make available, in a central repository established by ESMA, information on its historical performance data including the rating transition frequency and information about credit ratings issued in the past and on their changes. Requested data are available at the ESMA website.

An explanatory statement of the meaning of Creditreform Rating AG’s default rates are available in the credit rating methodologies disclosed on the website.

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