Carl Zeiss Meditec Group
Investor Presentation

Investor Relations

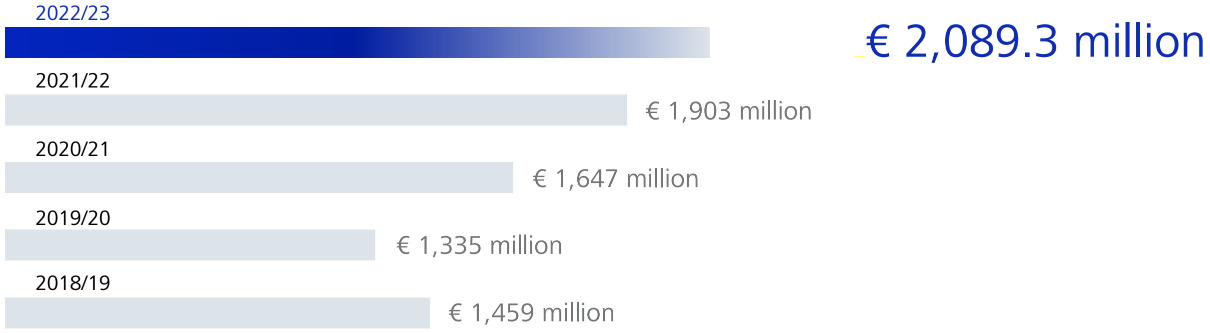
August 2024

Agenda

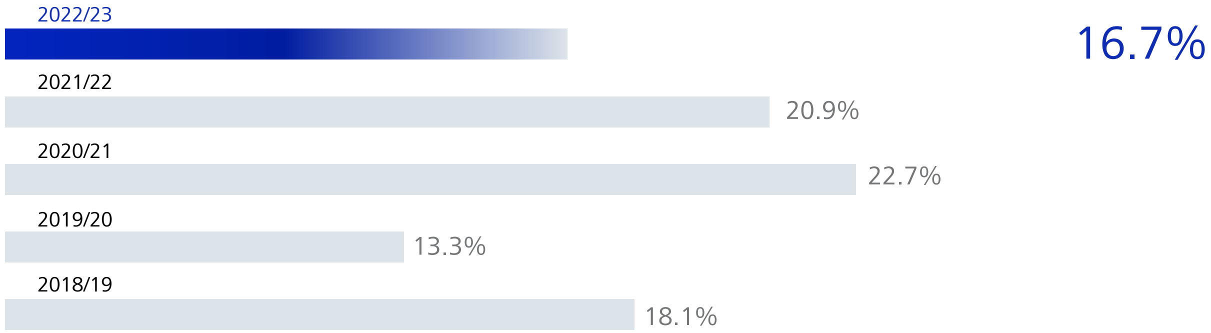
Leading market position in Ophthalmology and Microsurgery

Solid revenue development over last 5 years

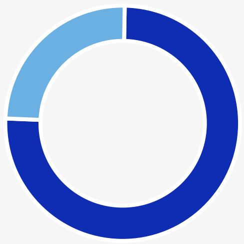
Total revenue



EBIT margin



MCS
25%
of total revenue



OPT
75%
of total revenue

Reporting date September 30, 2023

- Headquarters in Jena, Germany
- Around 4,823 employees worldwide
- Listed on the MDAX and TecDAX
- 59% of shares held by Carl Zeiss AG
- Leading market positions:
  #2 in Ophthalmology - #1 in Microsurgery

Our markets benefit from structural tailwinds

Attractive outlook for Medical Technology

1 

Aging of the population and growing affluence

Continuously increasing volume of cataract surgeries

2 

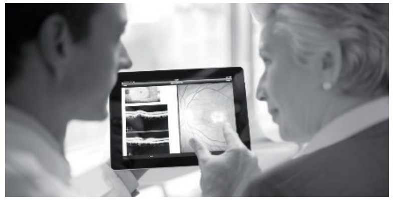
Accelerating myopia and high myopia prevalence

Demand on premium vision quality

3 

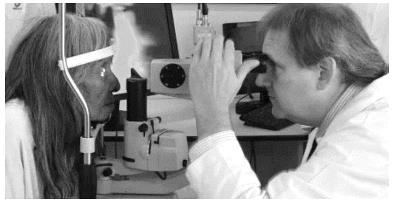
Growing patient load requires more efficient workflows

Digitalization to re-shape healthcare

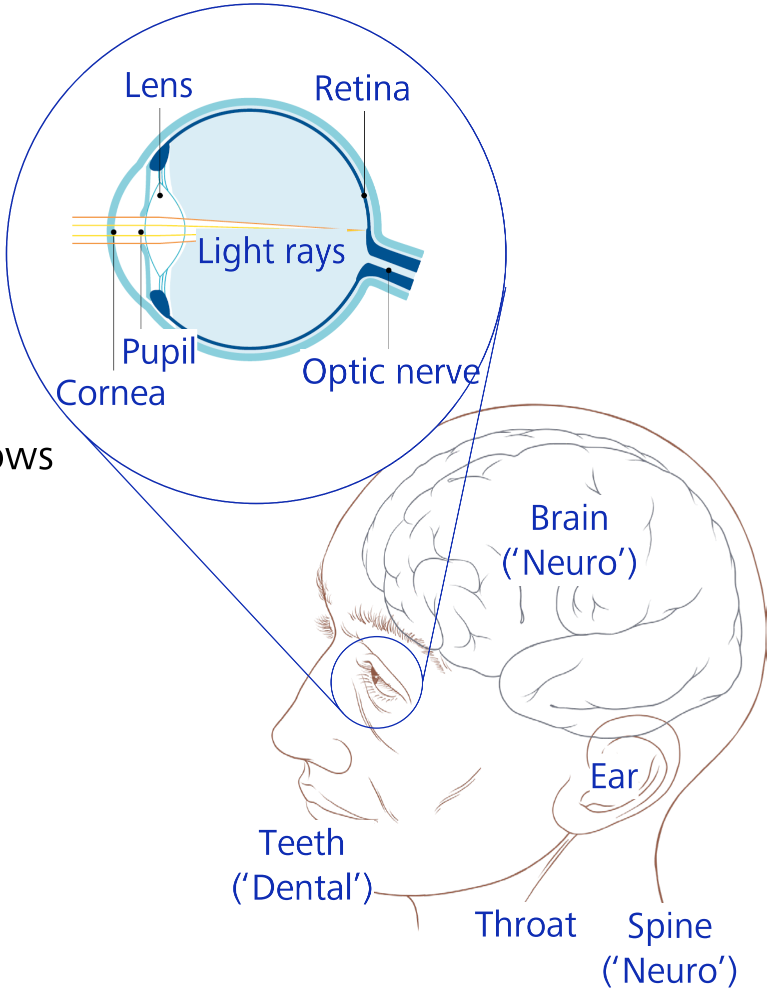
4 

Increasing information access and awareness

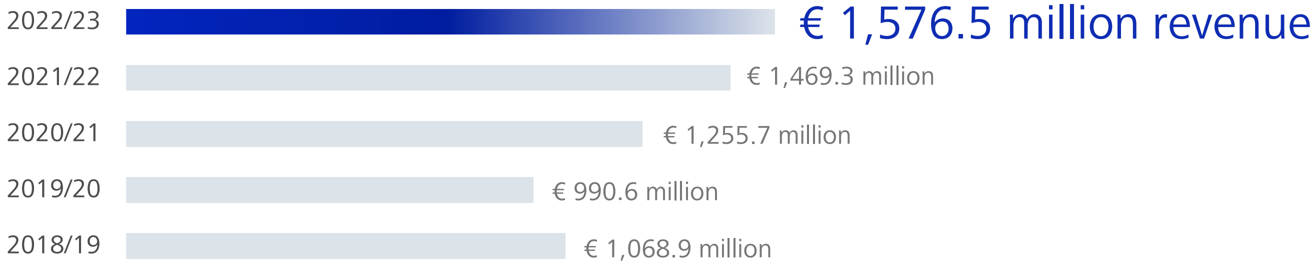
Need to improve surgical treatment outcomes

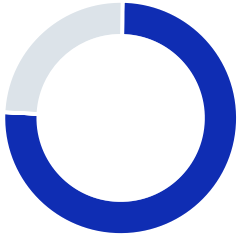
5 

Rising access to health care in RDEs



Ophthalmology
Advancing eye care - Every step of the way





OPT
75%
of total revenue

Reporting date September 30, 2023

Chronic Disease Mgmt

Market size[1]:
~ € 2.5bn

Ophthalmic diagnosis

Refractive Surgery

Market size[1]:
~ € 1.6bn

Corneal surgery for visual correction

Surgery Anterior Seg

Market size[1]:
~ € 6.8bn

Cataract treatment

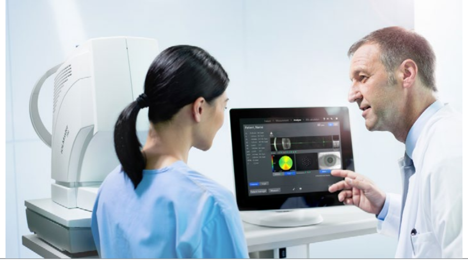
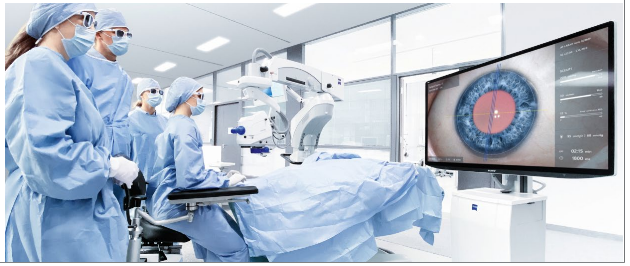
Surgery Posterior Seg

Market size[1]:
~ € 1.9bn

Retinal treatment

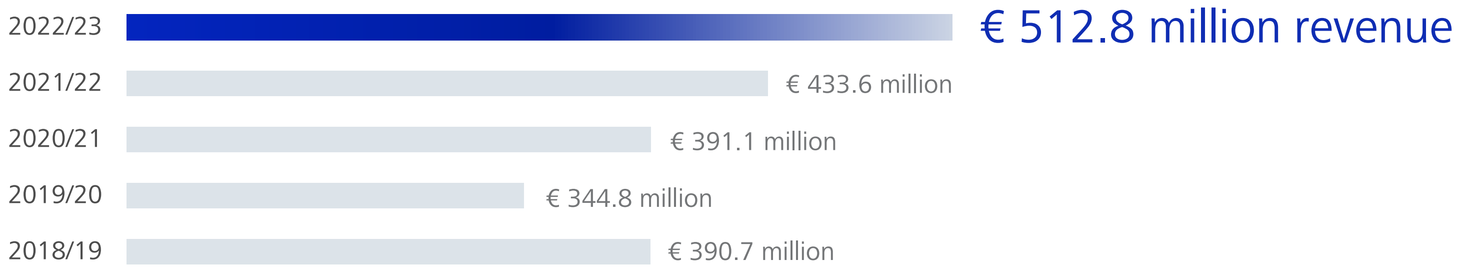
Customers: ophthalmologists, optometrists, ambulatory surgery centers, hospitals / eye clinics

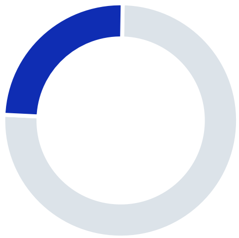


[1] CZM internal estimates

Microsurgery
Redefining surgical visualization





MCS
25%
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Reporting date September 30, 2023

Neuro / Spine

Visualization and treatment of Neuro / Spine

ENT / P&R

Visualization and treatment of ENT/ Plastic & Reconstructive

Dentistry

Visualization of Dentistry

Market size of surgical visualization[1]: > € 0.7bn; potential business field in treatment

Customers: clinics and hospitals, dental offices/clinics



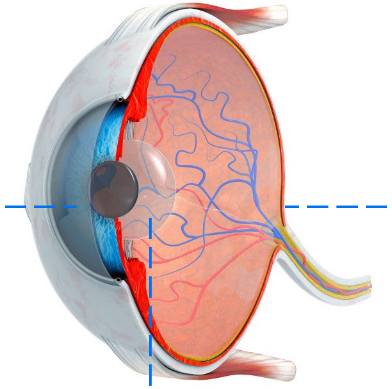


[1] CZM internal estimates

ZEISS has leading positions in most markets

Most advanced in Visualization at **Microsurgery**

ZEISS > 60%
LEICA
Haag-Streit
Olympus



Key position in **Chronic Disease Management**

ZEISS ~ 20%
Nikon
Haag-Streit
TOPCON
NIDEK

Top ranking in **Refractive Surgery**

ZEISS > 35%
J&JV
Ziemer
Alcon
STAAR
SCHWIND
B&L

Growing position in large **Surgery Anterior Seg**

ZEISS ~ 8%
J&JV
Hoya
Alcon
B&L

Leading offering in **Surgery Posterior Seg**

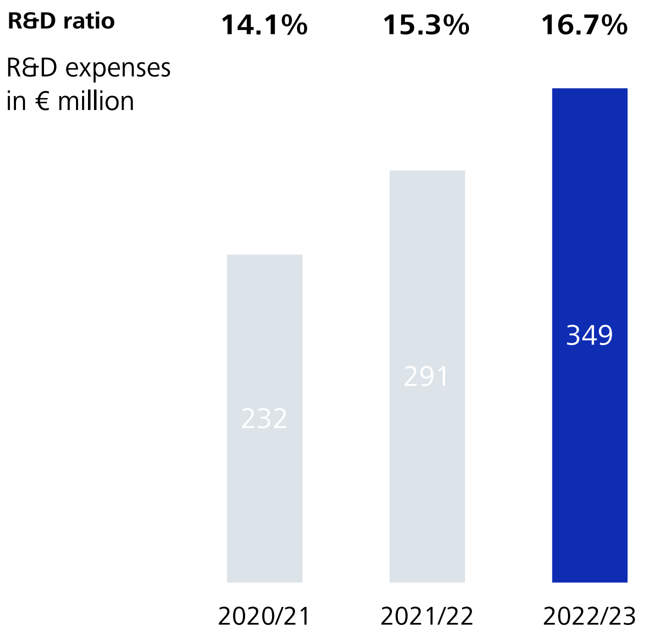
ZEISS ~ 15%
TOPCON
Alcon
B&L

Source: CZM internal estimates, Marketscope

Agenda

Technological leading - Strong position in key technologies and leading in market shaping innovation

ZEISS innovates to drive customer value through superior solutions.



High commitment to R&D investment resulting in technology leadership across our portfolio.

1 **LEADING INNOVATION AND PUSHING THE BOUNDARIES OF TECHNOLOGY**
Shaping technological progress by turning state-of-the-art technology into superior applications

History of gold standards in optical technologies

2 **DEVELOPING WITH THE CUSTOMER**
Involving customers and key opinion leaders from an early stage - integrated into optical R&D network of the ZEISS Group

Application-driven development

3 **CONNECTIVITY & DATA MANAGEMENT**
Specific applications and workplaces to handle data and to support decision-making

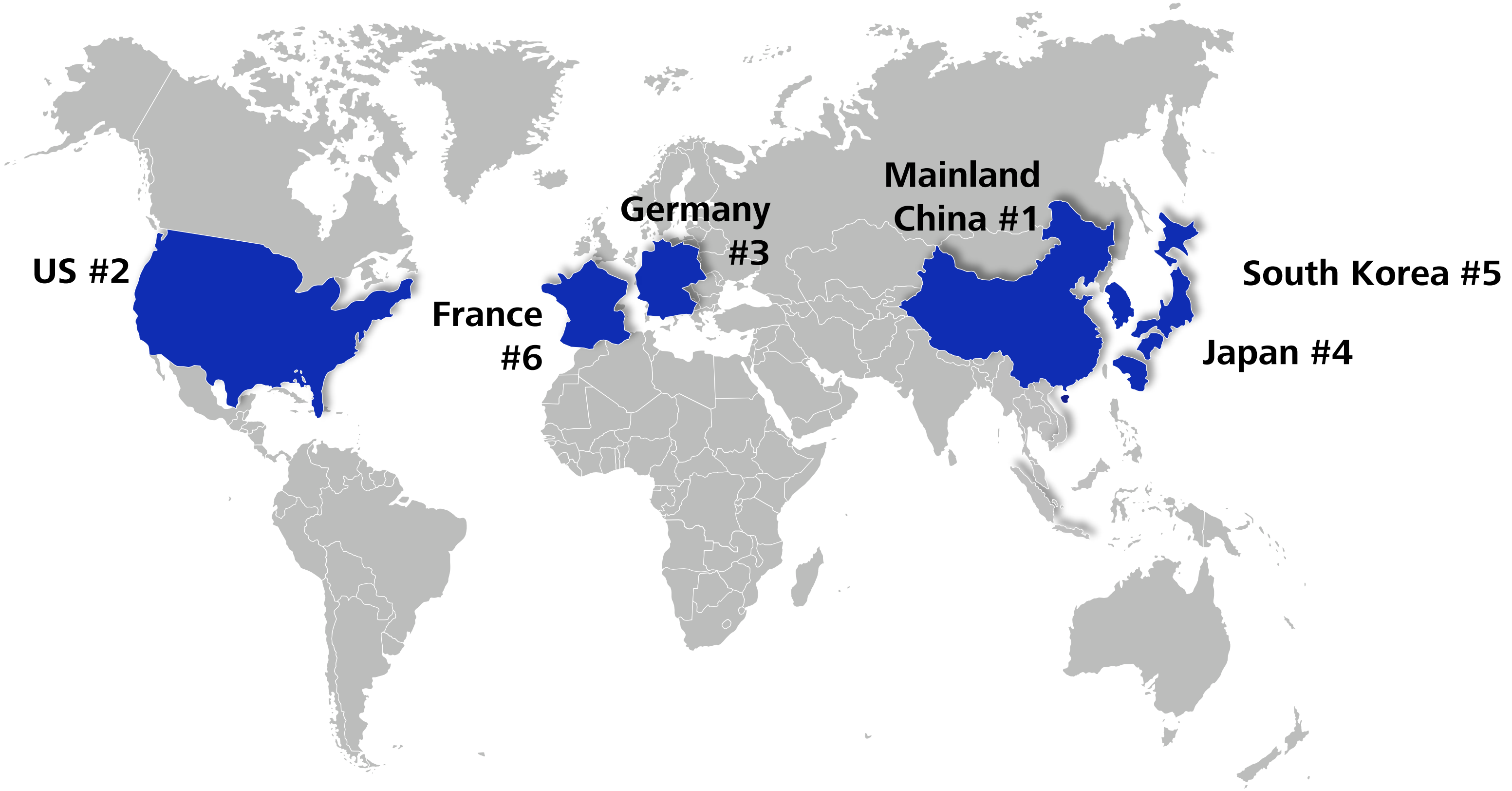
Lead the digitization of our business

4 **WORKFLOW- AND OUTCOME-DRIVEN SOLUTIONS**
Integrated solutions supporting strong treatment outcomes and efficient workflows

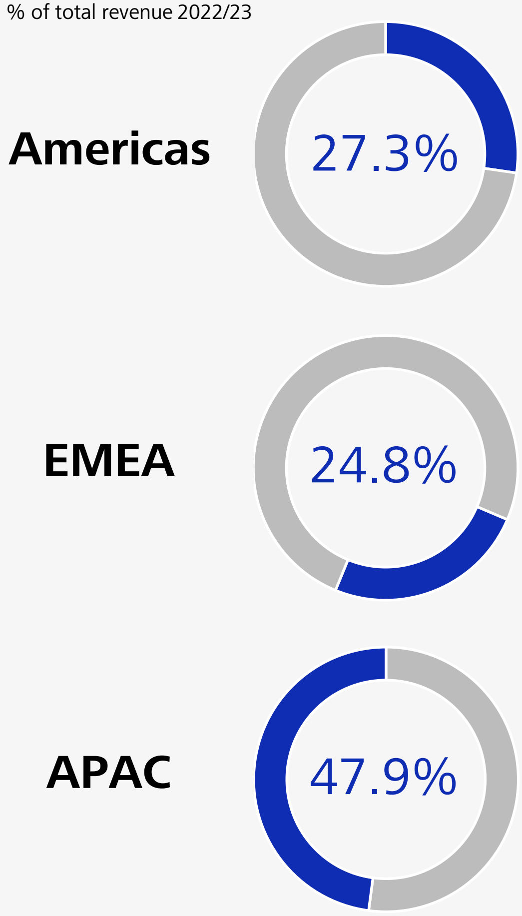
We integrate our products into systems

Geographical distribution - APAC has become the largest region

Carl Zeiss Meditec Group's largest markets in terms of revenue
Ranked by proportion of total revenue

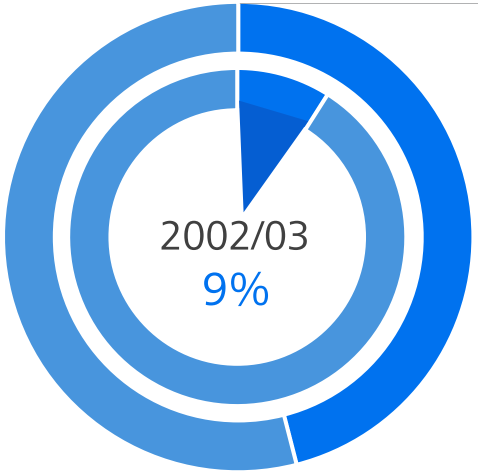


Carl Zeiss Meditec Group's regional split
In % of total revenue 2022/23



Favorable product mix - broad and diversified portfolio with growing share of recurring revenue

Share of recurring revenue has advanced steadily over two decades



2022/23

~43%
of total revenue
of €2,089.3 million

- More recurring revenue has allowed for profitable growth and less cyclicality
- We steadily broaden our service offering to complement our product offering and enhance the share of recurring revenue
- Recurring revenue has reached a level of around 43% in 2022/23 (-3 pps yoy)
- Key components of recurring revenue: Surgical consumables (e.g. intraocular lenses (IOLs), refractive treatment packs, OVDs, viscoelastics, phaco cassettes, drapes etc.) and service

Driving clinical outcome and efficiency improvement

…through workflow solutions built around anchor products

Devices

Reach sufficiently significant and relevant market standing in the core and earn "**right to expand**"

Workplaces

Strategically enter additional relevant workplaces and develop an **integrated value proposition**

Workflows

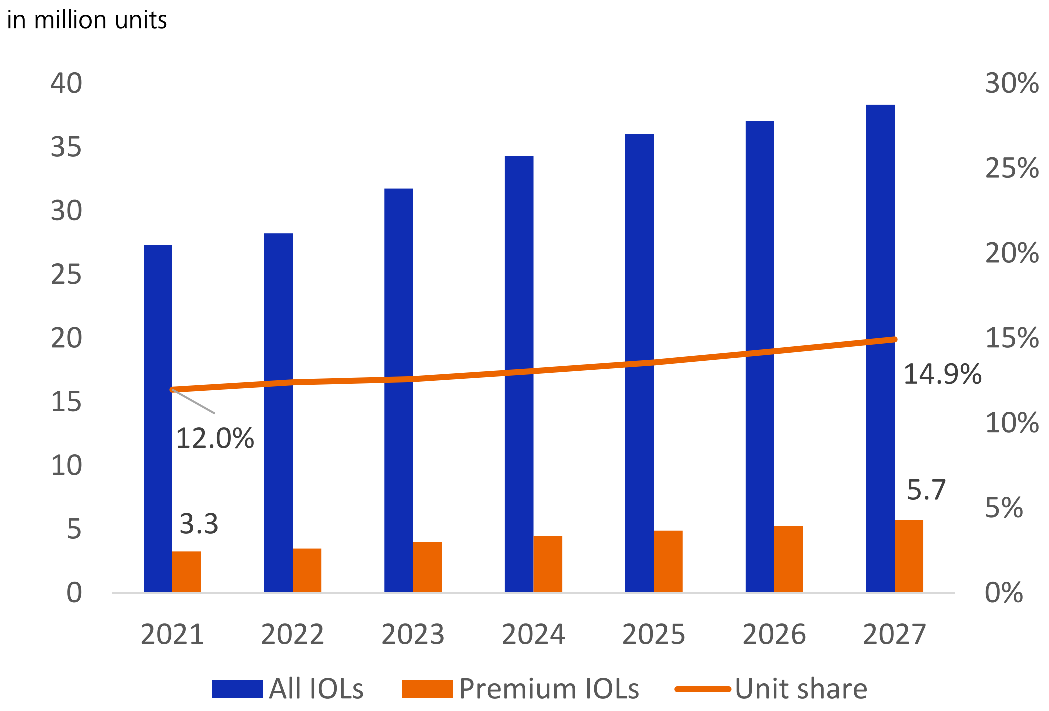
Establish as a full workflow player, capture high-value elements, **leverage position**

Pre-treatment | **Surgical Visualization** | **Instruments / Therapy** | **Implants** | Post-treatment

Example: ZEISS Tumor Workflow

IOL market - Cataract surgeries projected to grow strongly
Accelerating Premium IOL growth

Premium IOL trend until 2027



Premium IOLs include Bifocal, Trifocal, EDoF, Accomodating, Presbyopia correcting etc.

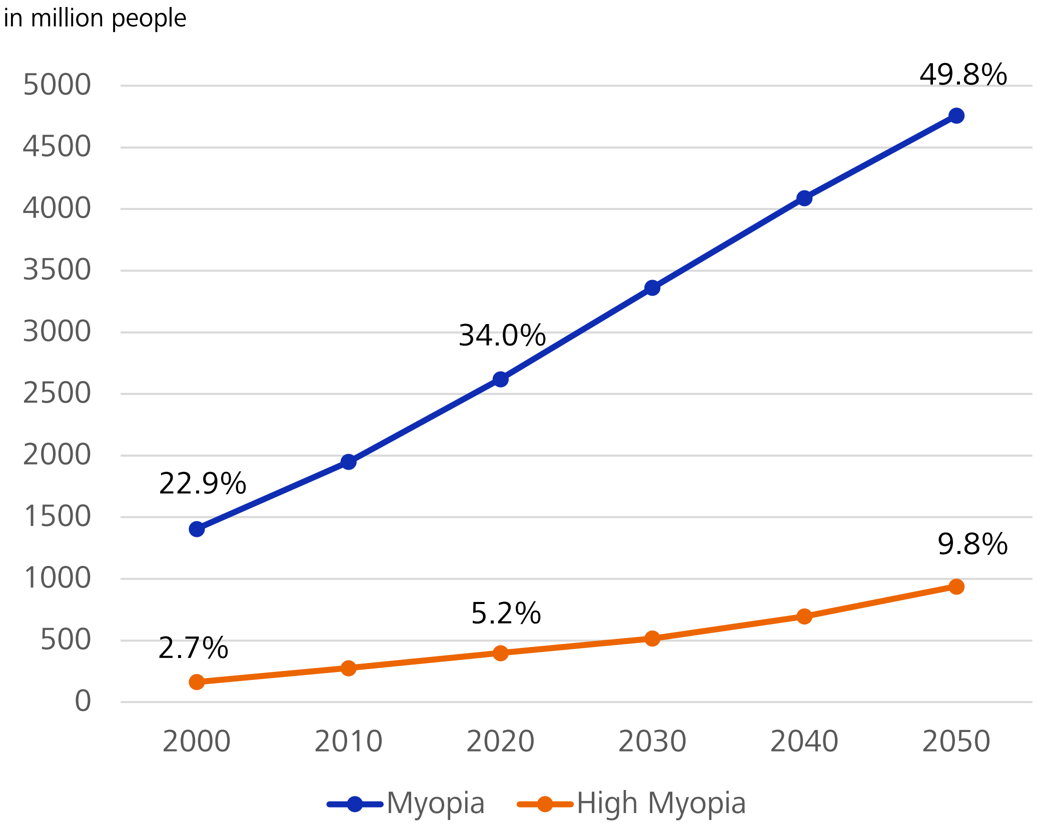
- Current cataract procedures around 25 m annually
- Market gradually recovered and is about to reach the pre-COVID level, catch-up of procedures anticipated to stretch out to further periods
- Premium IOL unit share (Premium IOL units / all IOL units) reached 12% while its revenue share reached 40% in 2021
- Growth to accelerate further: Premium IOL unit share to approach 15% while its revenue share to reach 48% in 2027
- Drivers: new innovations, technological improvement, higher awareness and adoption by patients, favorable health insurance provisions

Source: Marketscope 2022

Refractive market - Myopia prevalence to significantly expand

High myopia to grow at even more accelerated pace

Global myopia prevalence



Myopia rate	2020	2050
Asia Pacific, high income	53.4%	66.4%
North America, high income	42.1%	58.4%
Western Europe	36.7%	56.2%

- Myopia: -0.5D or less, high myopia: -5.0D or less
- Myopia and high myopia estimates suggest significant increases in prevalence globally
- Currently 1/3 of world population is myopic, 1/20 high-myopic; in 30 years around 1/2 of world population is myopic, 1/10 high-myopic
- High income regions with more accelerated trend

Source: Estimates by American Academy of Ophthalmology

ZEISS provides the most comprehensive diagnostic and surgical solution portfolio in eye care

		ZEISS	Alcon	Johnson&Johnson	B+L	TOPCON	HAAG-STREIT
Diagnostics	Routine Diagnostics	+				+	+
	Retinal Imaging	+				+	+
	Perimetry	+					+
	Biometry	+	+		(+)	+	+
Surgical	Therapeutic Laser	+	+				
	Refractive Laser	+	+	+	+		
	Surgical Microscopy	+	+		(+)	+	+
	Phaco & IOLs	+	+	+	+		
	Vitrectomy	+	+		+		

- ZEISS provides gold standard systems and solutions across eye diagnostics and surgery based on deep application know-how in optics and imaging.
- Connectivity of imaging and surgical devices used to support surgeons' quest for premium treatment outcomes and workflow efficiency.

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Digital Supported Cataract Workflow

Integrated solutions to provide highest level of care

PART OF THE ZEISS MEDICAL ECOSYSTEM

ZEISS Cataract Workflow

Efficiency without compromise

Assess & educate

Obtaining deeper insights and engaging patients early on

ZEISS EYEGUIDE

ZEISS IOLMaster 700

ZEISS CIRRUS 6000

Plan

Streamlining pre-operative planning

ZEIS [illegible] place

ZEISS Digital Ordering Platform

Treat

Bringing surgical efficiency to the next level

ZEISS OPMI LUMERA

ZEISS QUATERA 700

ZEISS OPTIKIT

ZEISS CT LUCIA

ZEISS OVDs

Check

Enabling learning for future cases

ZEISS SL 800 &
ZEISS SL Imaging Solution

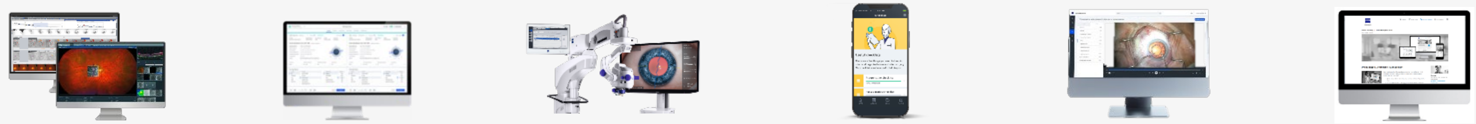
ZEISS Surgery Optimizer

ZEISS Medical Ecosystem

Connecting devices > Connecting data > Connecting applications

ZEISS Medical Ecosystem represents a fully integrated environment where a combination of devices, data platform, software applications and services enables our customers to improve efficiency and accuracy

3 DIGITAL APPLICATIONS



AI & ADVANCED ANALYTICS | CLINICAL PLANNING | PROCEDURE OPTIMIZATION | PATIENT ENGAGEMENT | EDUCATION | SERVICE & ORDERING

2 DATA PLATFORM

IN THE CLOUD
ZEISS HDP

ZEISS HEALTH DATA PLATFORM
Integrating, storing and managing data in a secure and compliant environment, retrievable from anywhere

LOCAL ONSITE
ZEISS FORUM

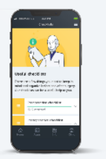
1 DEVICES

3rd PARTY DEVICES

ZEISS Medical Ecosystem
Digital Applications

Adding value beyond the devices - enabling customers to benefit from a streamlined workflow, improved clinical planning and algorithms designed to monitor performance and contribute to patient outcome quality

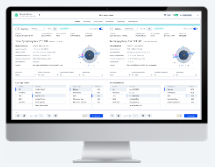
PATIENT SATISFACTION



ZEISS EYEGUIDE

- Facilitates patient education
- Aids in patient compliance
- Captures patient preferences

EFFICIENCY



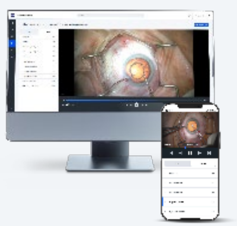
ZEISS VERACITY Surgery Planner / ZEISS EQ Workplace

- Reduces transcription errors by eliminating multiple data entry points

ZEISS VERACITY Surgery Planner / ZEISS EQ Workplace + ZEISS CALLISTO eye

- Reduces time in toric IOL workflow with markerless toric alignment in the surgical microscope

STANDARDIZATION OF PRACTICE



ZEISS Surgery Optimizer

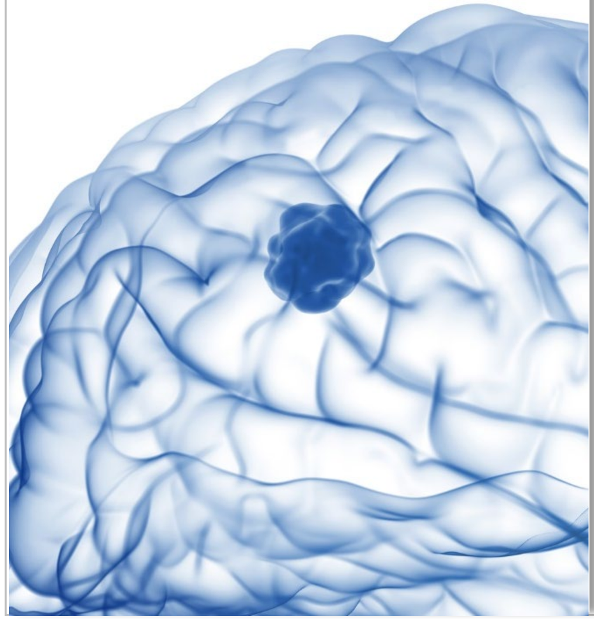
- Utilizes surgical videos to enable self-training & standardization of surgical techniques

Tumor Workflow

Integrated solutions to provide highest level of care

ZEISS
Tumor Workflow

Reconsidered brain tumor treatment standard, striving for the best possible treatment of patients.

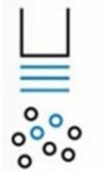


See.

Visualize of small and fluorescence-stained structures during tumor treatment.

ZEISS KINEVO 900

Check.



Enable real-time feedback on tissue microstructure through digital pathology consultation.

ZEISS CONVIVO

Treat.

Precisely target and intraoperatively irradiate the tumor cavity.

ZEISS INTRABEAM 600

Leading digital solutions beyond optical capabilities

Visual Certainty

Seamless Performance

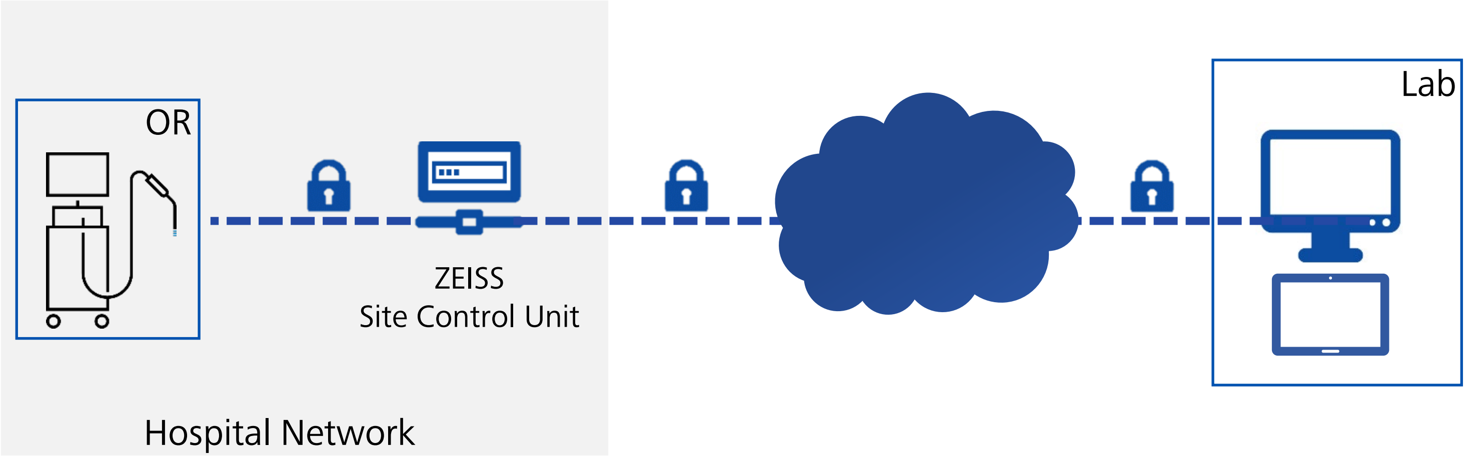
Integrated Connectivity

ZEISS Surgical Cloud and ZEISS Livestream

- Contemporary connections
- Simplify data management
- Facilitate collaboration and education

Strong position with a durable competitive advantage

- Largest R&D team for surgical visualization
- Leading in bringing robotic and advanced video technology to microsurgery
- Close collaboration with customers



- Technology leadership
- Strong brand
- High customer loyalty
- High market share
- Long product lifecycles

Agenda

01 At a Glance

02 Strategy

03 Facts and Figures

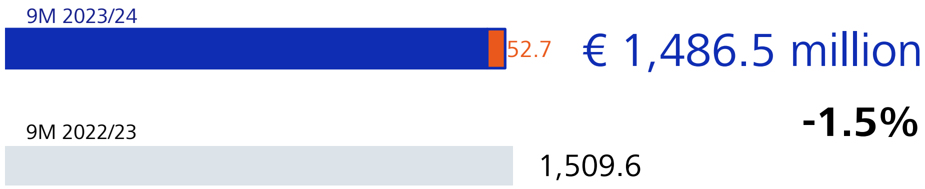
04 Outlook

05 Appendix

Continued headwind to revenue and profit in 9M 2023/24

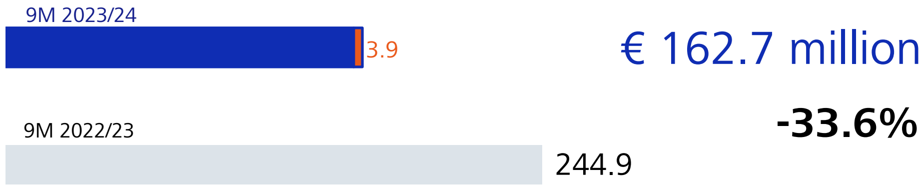
…amid restricted investment climate and weaker consumer sentiment

Revenue



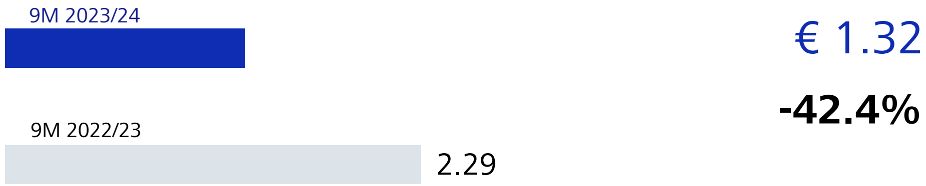
- FX-adj. revenue +0.1%
- DORC revenue contributed €52.7m in Q3, adjusted for DORC acquisition -5%
- Pressure on equipment revenue continues due to unchanged restrictive investment climate, especially in North America; consumables also below PY due to refractive treatment packs destocking (until March 2024) and slow start to summer peak season
- Book-to-bill ratio stabilized at slightly above 1 in Q3

EBIT



- EBIT margin at 10.9% (PY 16.2%)
- DORC EBIT at €3.9m in Q3; Adj. EBIT margin at 11.2% (PY 16.8%)
- Significant decline in EBIT due to slow revenue development and lack of operating leverage, weaker product mix arising from lower share of refractive treatment packs & delayed implementation of volume-based procurement of IOLs in China
- Strict cost control results in flat OpEx development, further cost reduction measures initiated for Q4 and FY 2024/25

EPS



- Lower earnings per share due to decline in EBIT, reduced FX hedging result and higher interest expenses

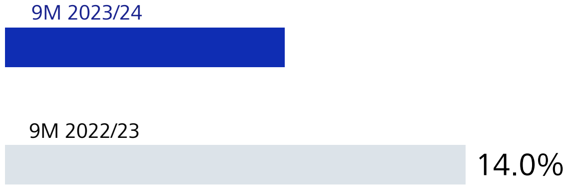
Ophthalmology
Lower margin caused by weak sales and soft consumables mix

Revenue

€ 1,143.0 million
-0.8%

- FX-adj. revenue growth of +0.7%
- Excl. DORC, revenue decline at -5.4%
- Weaker equipment revenue mainly from diagnostics and ophthalmic microscopes categories in North America
- Decline in Consumables, primarily caused by destocking of refractive consumables until March 2024 and slower start to the summer peak season in China

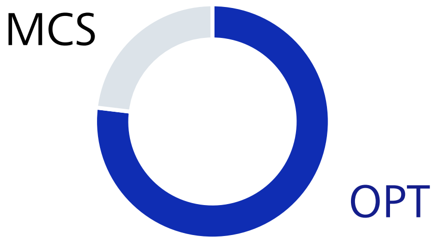
EBIT margin



8.5%
-5.5 pp

- EBIT margin significantly declined due to weaker consumables mix and missing operating leverage despite cost control measures
- DORC EBIT margin at 7.4% in Q3

Revenue Split



76.9%
of total revenue

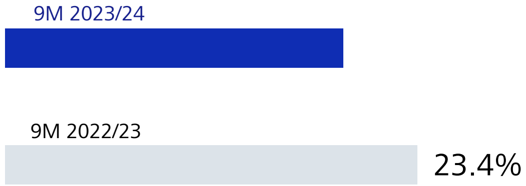
Microsurgery
Continued investment reluctance leads to weak top line and margin headwind

Revenue

€ 343.5 million
-3.9%

- FX-adj. revenue drop by -1.9%
- Weaker dental and neurosurgery business also affected by restricted investment climate on the part of various customer groups (especially North America)

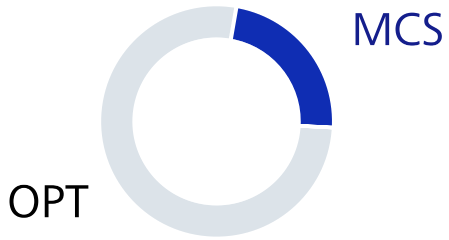
EBIT margin



19.2%
-4.2 pp

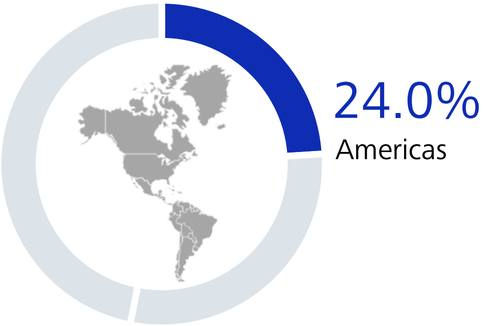
- Decline in EBIT margin primarily caused by lack of operating leverage
- OpEx almost flat through strict cost control measures

Revenue Split



23.1%
of total revenue

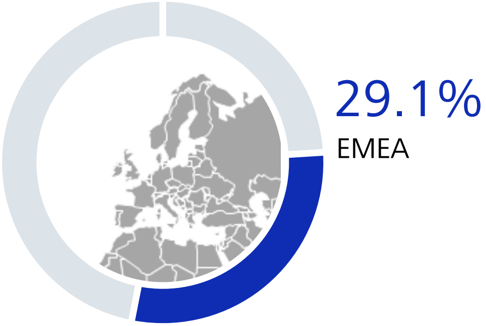
Regional development
EMEA profiting from order backlog, Americas performance remains under pressure



€ 356.9 million
-13.0%

Americas

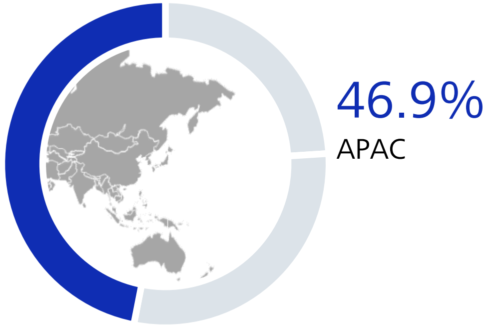
- FX-adj. revenue decrease of -11.9%
- Stagnant device business in US amid high-interest rates, low sales funnel conversion
- Q3 order entry slightly positive for first time during FY 2023/24



€ 432.2 million
+16.1%

EMEA

- FX-adj. revenue growth of +19.1%
- Solid growth in core markets such as IT, ES, FR



€ 697.5 million
-4.1%

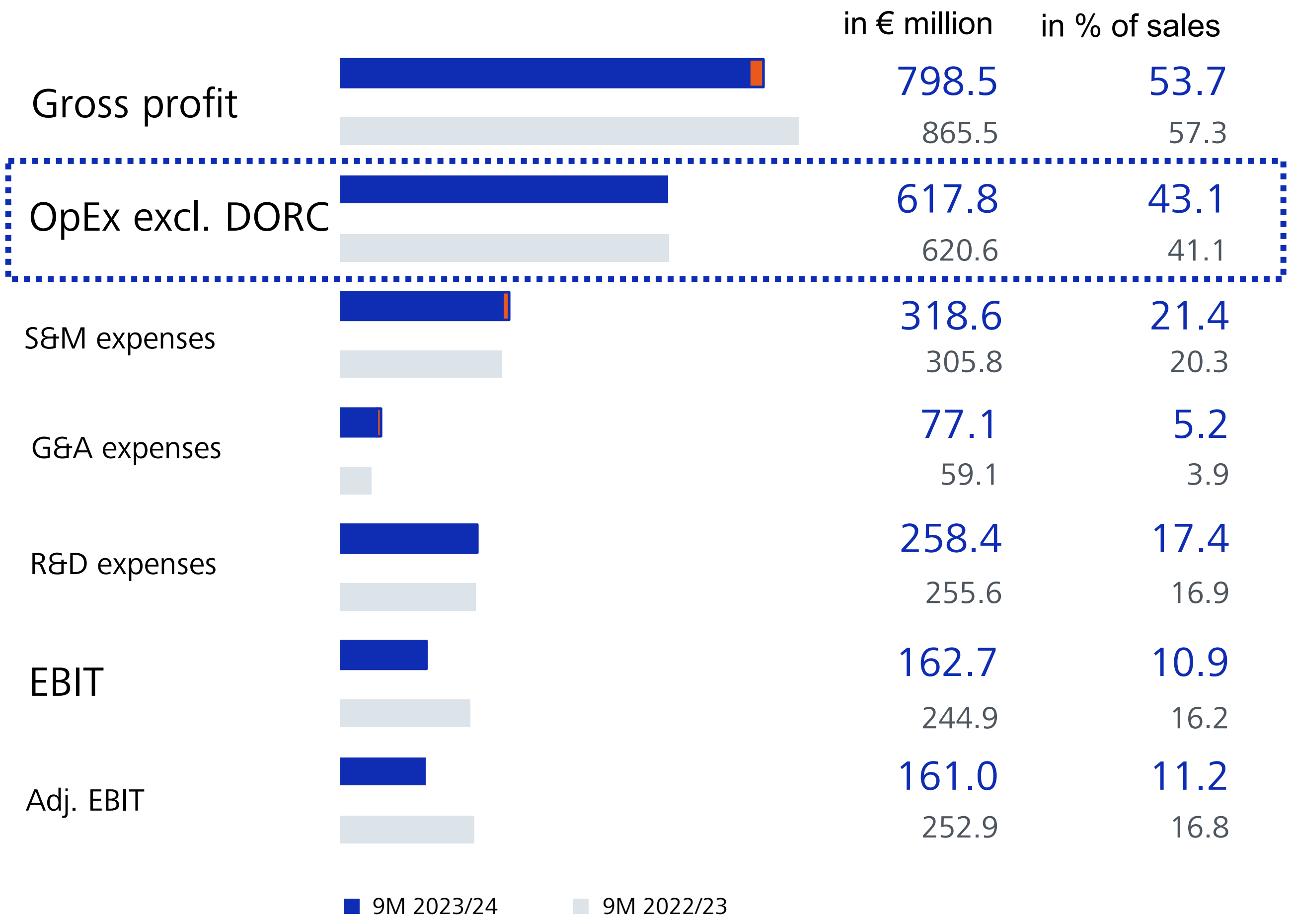
APAC

- FX-adj. revenue decline of -3.0%
- China trending sideways due to destocking effect (until March 2024) and delayed VBP implementation; weaker performance in Japan and South Korea
- Continued growth in India and Australia

P&L – Sideways underlying OpEx trend in 9M 2023/24

OpEx ratio higher due to weaker revenue trend and DORC integration

Income Statement



- Gross margin decline mainly due to less operating leverage, less favorable product mix caused by destocking of refractive consumables in Chinese sales channel until March 2024 as well as negative FX effects primarily from RMB, USD and JPY
- Without DORC consolidation and integration cost, OpEx broadly flat thanks to strict cost controls such as hiring freeze, reprioritization of R&D projects and S&M initiatives
- Higher OpEx ratios mainly due to weak revenue development and first-time consolidation of DORC
- Adj. EBIT excludes DORC related effects, Topcon and amortization on PPA

Adj. EBIT expanded to correct for first-time DORC consolidation & integration

Adjusted EBIT margin

	9M 2023/24 € million	9M 2022/23 € million	Change to PY %
EBIT	**162.7**	244.9	-33.6
./. Amortization on PPA*	**-7.5**	-8.0	-6.5
./. Other special items**	**+18.2**	-	-
./. DORC reported EBIT	**+3.9**	-	-
./. Cost of DORC integration	**-12.9**	-	-
Adjusted EBIT	**161.0**	252.9	-36.4
Adjusted EBIT in % of revenue	**11.2%**	16.8%	-5.6 pp

* Amortizations on intangible assets arising from the purchase price allocations (PPA) of around €7.5m (prior year: €8.0m), mainly in connection with the acquisitions of CZM Production LLC (formerly: Aaren Scientific, Inc.) in FY 2013/14, CZM Cataract Technology, Inc. (formerly: IanTECH, Inc.) in FY 2018/19 as well as Katalyst Surgical LLC and Kogent Surgical LLC in FY 2021/22.

** One-off gain from Topcon settlement

Agenda

Outlook for FY 2023/24 further quantified

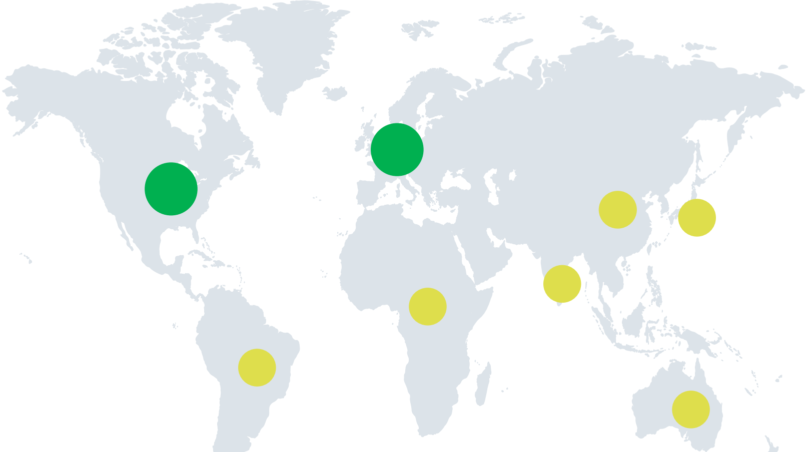
- Revenue of around **€2,000m** expected for FY 2023/24 (excluding DORC contribution of around €100m in H2 2023/24)
- Adj. EBIT expected to reach a range of around **€225m to €275m** (9M 2023/24 adj. EBIT at €161m adjusted for DORC EBIT, DORC integration cost, Topcon payment and amortization on PPA)
- Further measures to reduce costs in Sales & Marketing and Research & Development have been initiated
- Mid-term transformation initiatives launched in Operations, Commercial & Innovation - Target for FY 2024/25: savings of a low to mid double-digit million Euro amount excluding the DORC acquisition
- Mid-term EBIT margin should recover in the direction of a level of 20% with increasing share of consumables and supported by transformation initiatives

Agenda

With DORC Acquisition, ZEISS will create a unique Retina Workflow

Highly complementary portfolio and regional setup

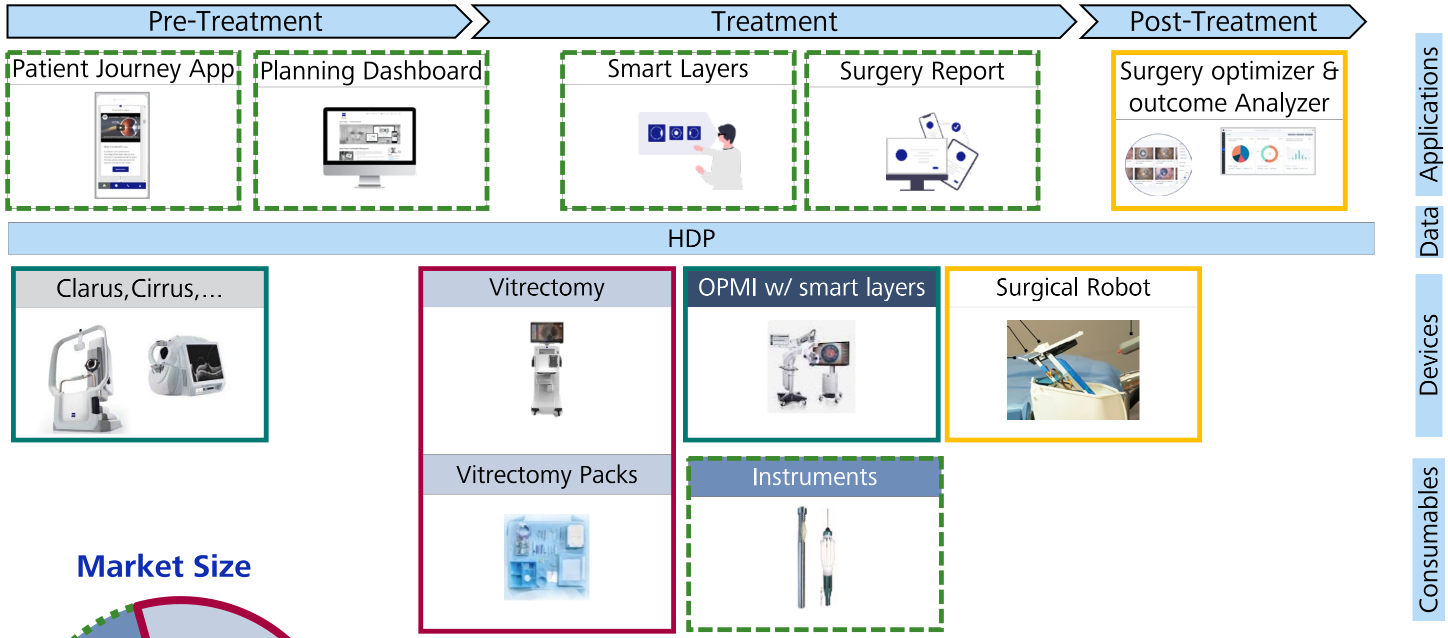
DORC global presence



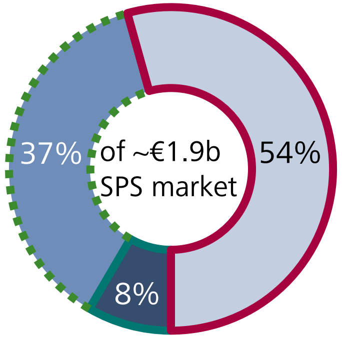
- Strong presence in North America and Western Europe
- Well established installed base operated by distributors

- Highly complementary portfolio and regional setup between ZEISS and DORC
- Cross-selling of IOLs, consumables and instruments
- Creation of full ZEISS Retina Workflow, connecting diagnostic devices, operating microscopes, vitrectomy, consumables and ZEISS Medical Ecosystem

Retina (Surgical Posterior Segment) Workflow



Market Size



- Surgical Scopes
- Disp. Instruments
- Vitrectomy

ZEISS Position

- Established
- Partially established
- Key Gap
- Future potential

Medical Technology is a deeply integrated core business for the ZEISS Group

Carl Zeiss Foundation
Heidenheim/Jena, Germany

100%

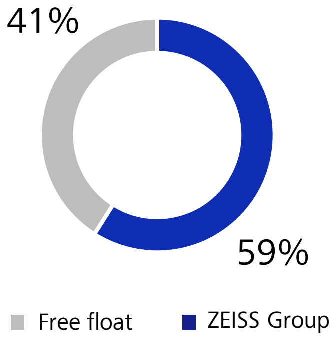
Carl Zeiss AG
Oberkochen, Germany
2022/23: € 10.1bn revenue

- Medical Technology
- Industrial Quality & Research
- Semiconductor Manufacturing Technology
- Consumer Markets

Shared Services
across the Zeiss Group

- Corporate Services (e.g. Treasury, Legal)
- Basic R&D
- Manufacturing
- Sales & Service Companies

Shareholder structure
of Carl Zeiss Meditec AG



- Carl Zeiss Foundation created in 1889 as sole stakeholder of Carl Zeiss AG. Statutory goal to promote natural science, engineering. Envisioned close partnership of industry and science.
- Areas of business for foundation company Carl Zeiss AG defined as optics, fine mechanics and optoelectronics.
- Commitment to sustainability: safeguarding the future by responsible management, fulfilling special responsibility toward employees and society.
- Carl Zeiss Meditec AG formally created in 2002 through merger of ZEISS Ophthalmic business with listed laser technology maker Asclepion Meditec AG (AFX) and strengthened by acquisition of Carl Zeiss' Surgical business in 2006.

ZEISS ophthalmic surgical solutions cover a patient's entire ocular lifecycle

Age

0 | 18 + | 40 | 45 | 65 | 85

Condition

- **Ametropia** (Myopia, Hyperopia, Astigmatism)
- **Presbyopia**
- **Cataract**
- **Retinopathy**

Solutions

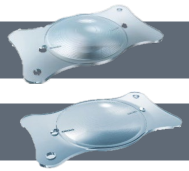
LVC

- Lenticule Extraction – **SMILE®**
- LASIK – **PRESBYOND®**
- PRK

IOLs

- Monofocal & Monofocal toric – **CT LUCIA ® / CT ASPHINA ® / CT SPHERIS ® / AT TORBI ®**
- EDoF – **AT LARA ® family**

- Multifocal (trifocal/bifocal) – **AT LISA ® & AT ELANA ® tri**



Vitrectomy

- EVA **NEXUS**™

Upcoming Events 2023/24

9 Feb. 2024
Publication of 3M Report and Analyst Conference

21 Mar. 2024
Annual General Meeting, virtual

8 May 2024
Publication of 6M Report and Analyst Conference

6 Aug. 2024
Publication of 9M Report and Analyst Conference

11 Dec. 2024
Publication of FY 2022/23 Annual Report and Analyst Conference

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ZEISS

Seeing beyond