

# Carl Zeiss Meditec Group Investor Presentation

Investor Relations



December 2024



**01** At a Glance

**02** Strategy

**03** Facts and Figures

**04** Outlook

**05** Appendix

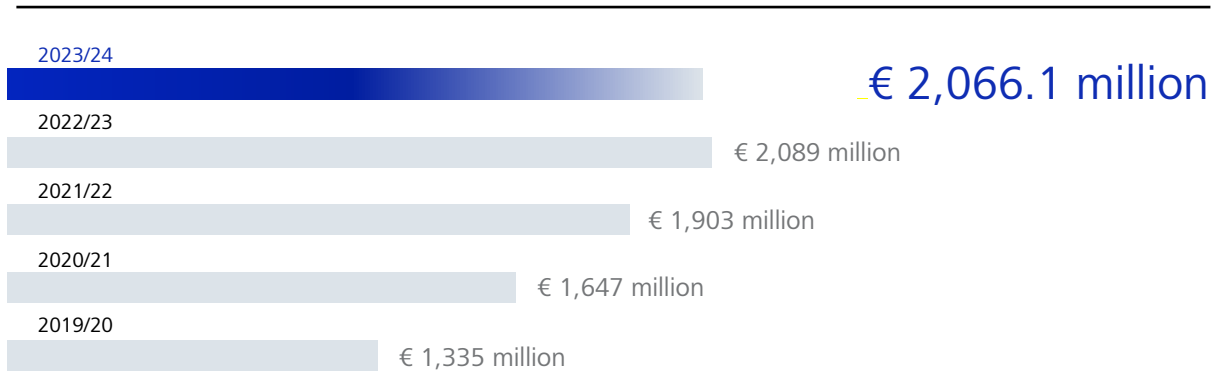


# Leading market position in Ophthalmology and Microsurgery

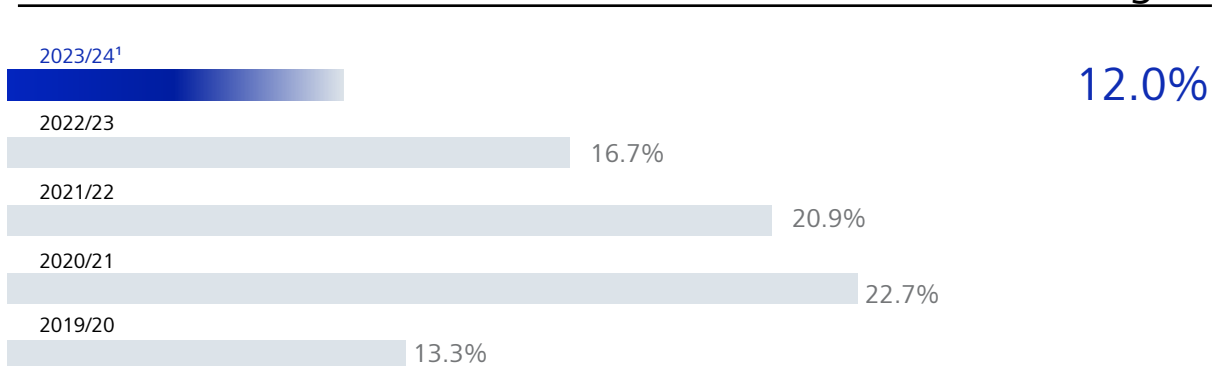
## Solid revenue development over last 5 years



### Total revenue



### EBIT margin

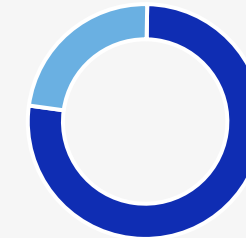


<sup>1</sup> 2023/24 EBITA margin at 12.0%, adjusted for amortization of PPA and impairment

### MCS

23%

of total revenue



### OPT

77%

of total revenue

Reporting date September 30, 2024

- Headquarters in Jena, Germany
- Around 5,730 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  
2  
3  
4  
5



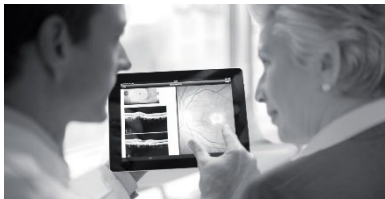
➤ Aging of the population and growing affluence  
**Continuously increasing volume of cataract surgeries**



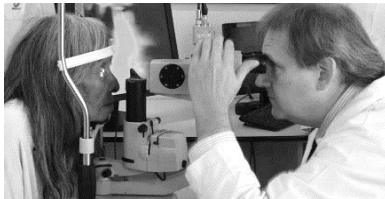
➤ Accelerating myopia and high myopia prevalence  
**Demand on premium vision quality**



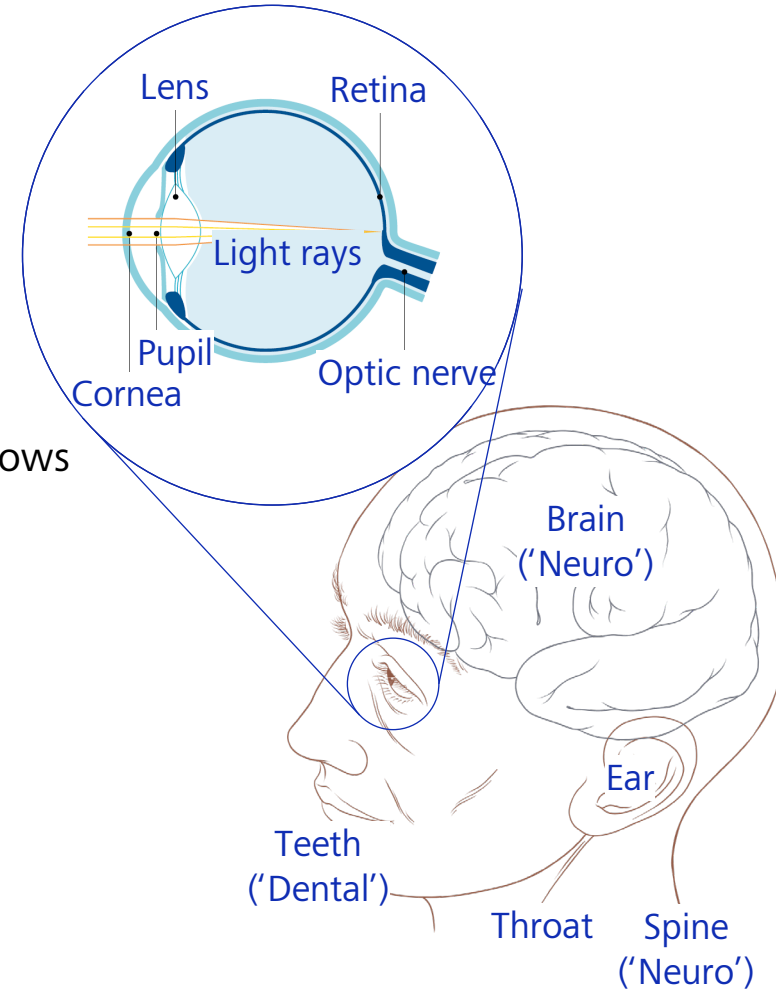
➤ Growing patient load requires more efficient workflows  
**Digitalization to re-shape healthcare**



➤ Increasing information access and awareness  
**Need to improve surgical treatment outcomes**

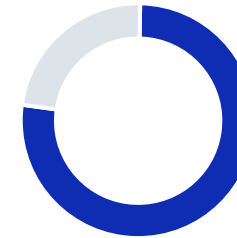
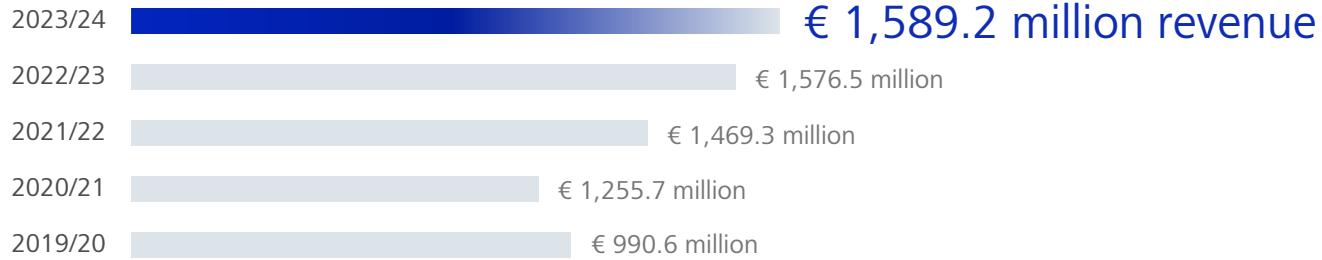


➤ Rising access to health care in RDEs



# Ophthalmology

Advancing eye care - Every step of the way



**OPT**  
**77%**  
of total revenue

Reporting date September 30, 2024

## Chronic Disease Mgmt



Market size<sup>1</sup>:  
~ € 2.5bn

Ophthalmic diagnosis

## Refractive Surgery



Market size<sup>1</sup>:  
~ € 1.7bn

Corneal surgery for visual correction

## Surgery Anterior Seg



Market size<sup>1</sup>:  
~ € 7.5bn

Cataract treatment

## Surgery Posterior Seg



Market size<sup>1</sup>:  
~ € 2.0bn

Retinal treatment

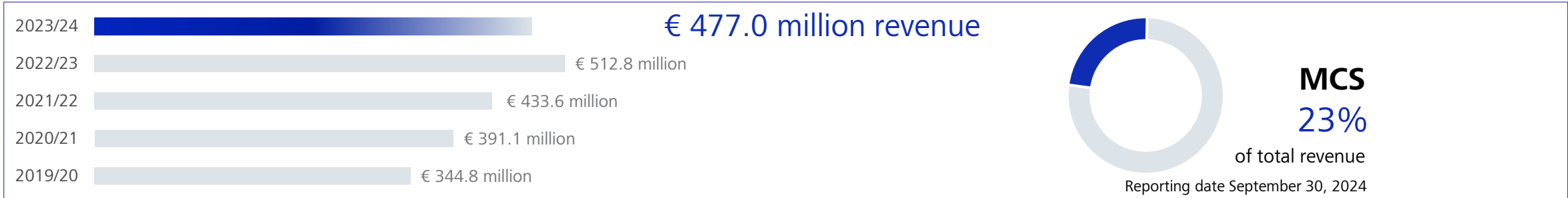
**Customers:** ophthalmologists, optometrists, ambulatory surgery centers, hospitals / eye clinics




<sup>1</sup> CZM internal estimates

# Microsurgery

## Redefining surgical visualization




### 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<sup>1</sup>: > € 0.7bn; potential business field in treatment

**Customers:** clinics and hospitals, dental offices/clinics

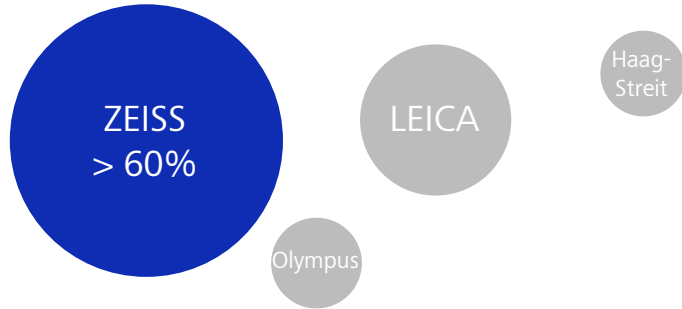


<sup>1</sup> CZM internal estimates

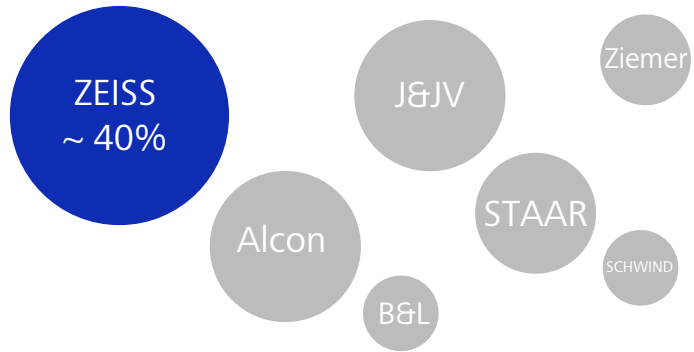
# ZEISS has leading positions in most markets



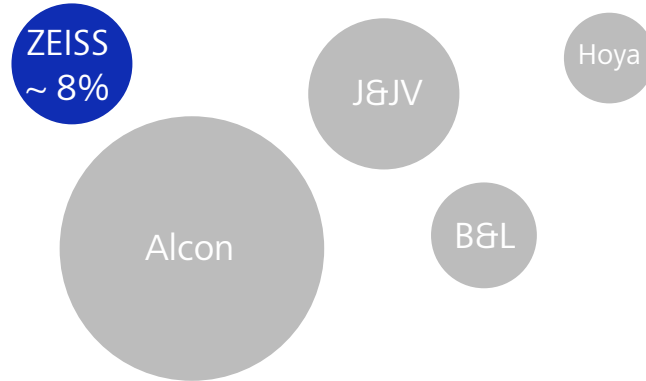
## Most advanced in Visualization at **Microsurgery**



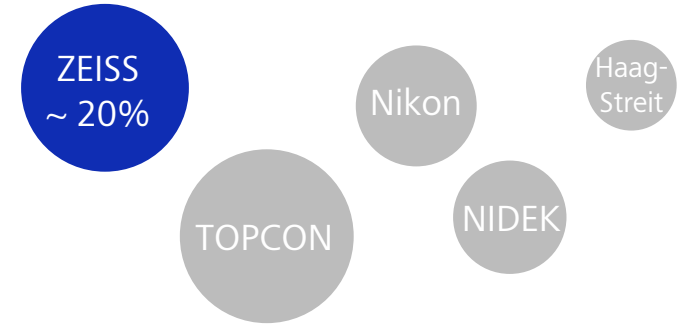
## Top ranking in **Refractive Surgery**



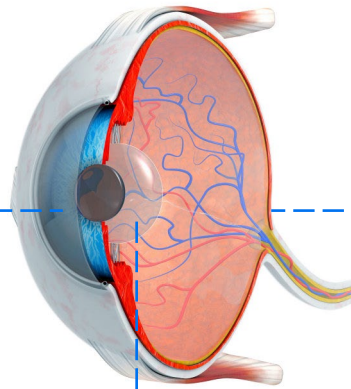
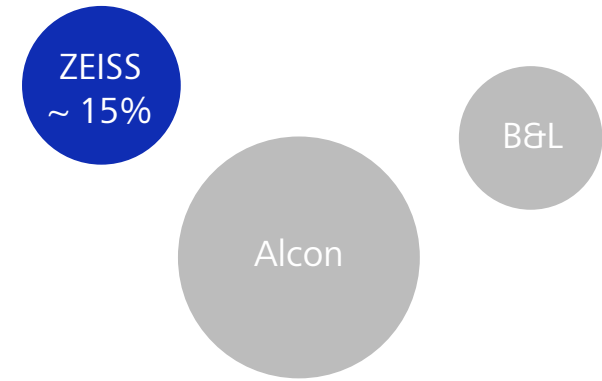
## Growing position in large **Surgery Anterior Seg**



## Key position in **Chronic Disease Management**



## Leading offering in **Surgery Posterior Seg**



Source: CZM internal estimates, Marketscope

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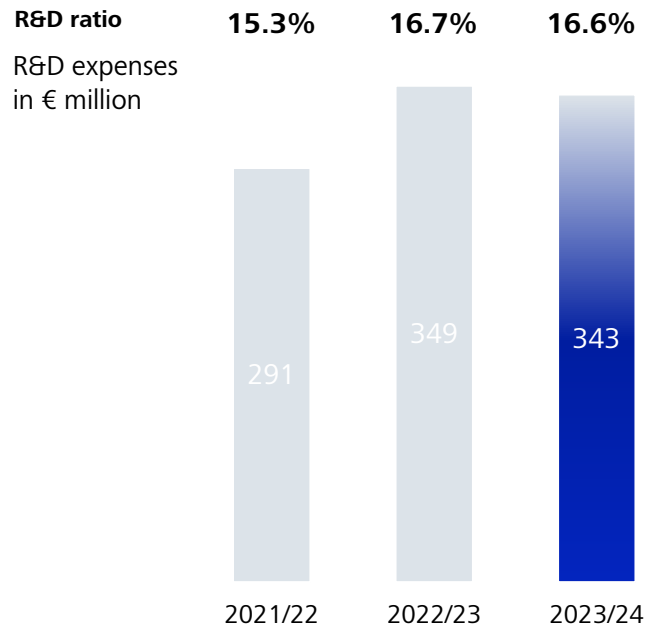




# Technological leading - Strong position in key technologies and leading in market shaping innovation



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

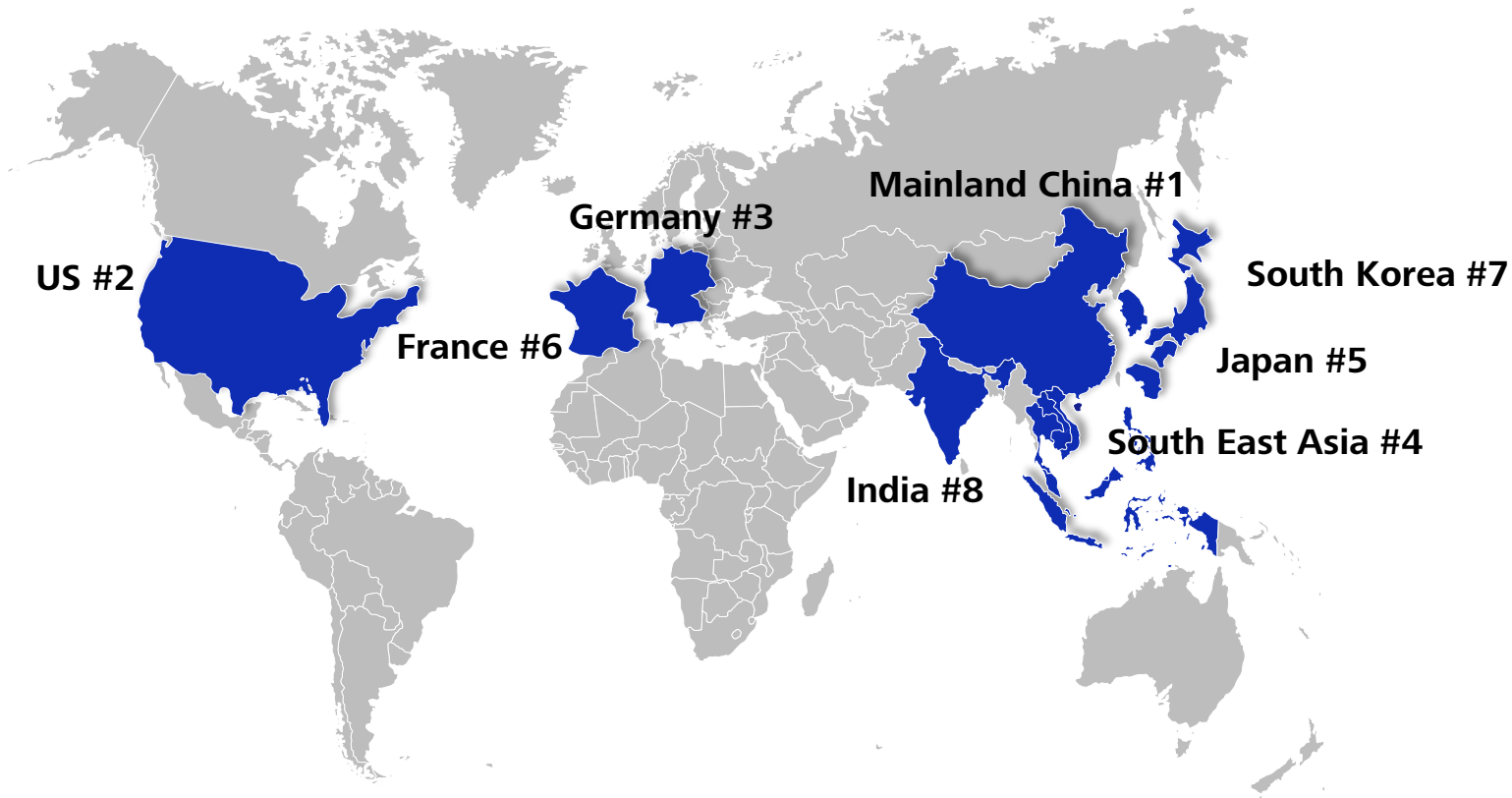
Integrated solutions supporting strong treatment outcomes and efficient workflows

### We integrate our products into systems

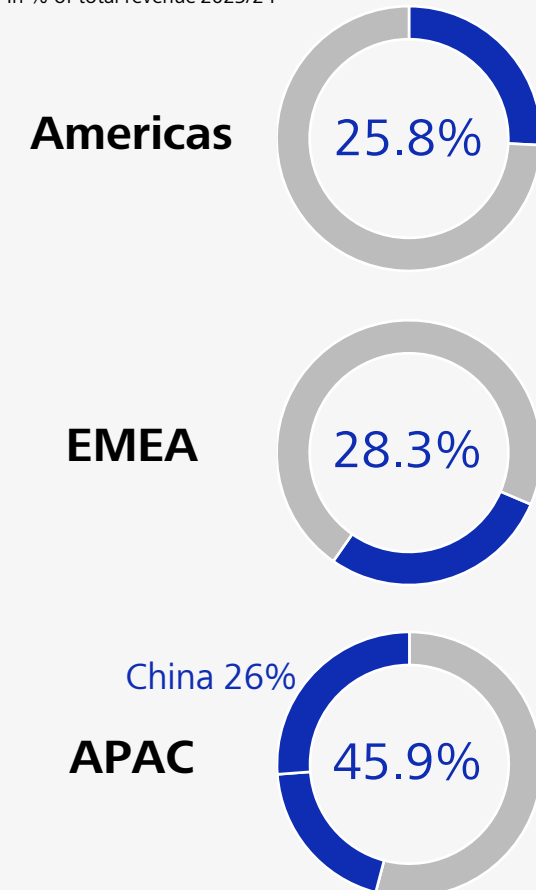
# Geographical distribution – Strongest revenue generation from APAC



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



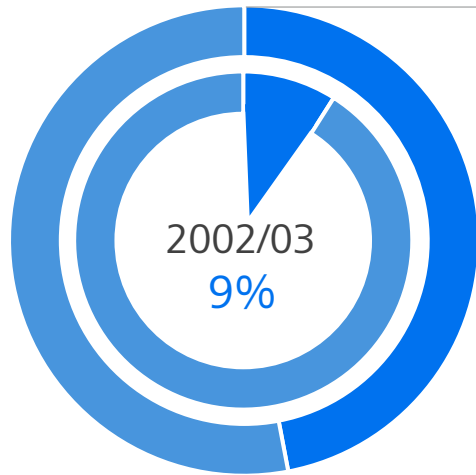
Carl Zeiss Meditec Group's regional split  
In % of total revenue 2023/24



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



Share of recurring revenue has advanced steadily over two decades



2023/24

**~47%**  
of total revenue  
of €2,066.1 million



- More recurring revenue has allowed for profitable growth and less cyclicity
- 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 47% in 2023/24 (+4 pps yoy owing to DORC consolidation)
- Key components of recurring revenue: Surgical consumables (e.g. intraocular lenses (IOLs), refractive treatment packs, OVDs, viscoelastics, phaco cassettes, drapes etc. ), software 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

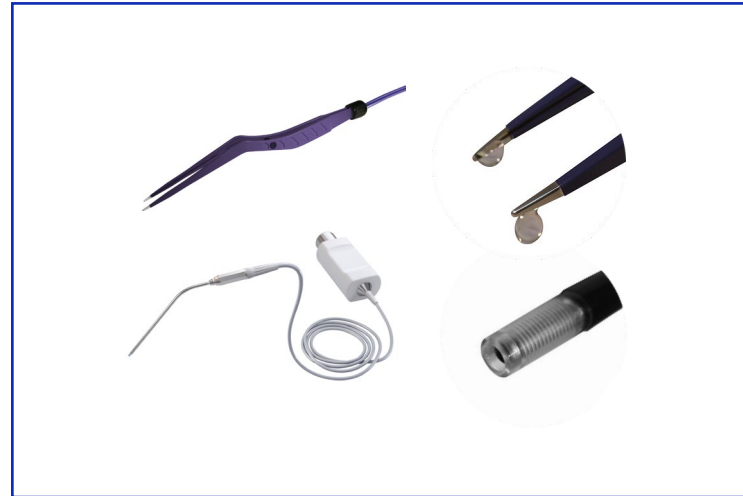


Strategically enter additional relevant workplaces and develop an **integrated value proposition**

## 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

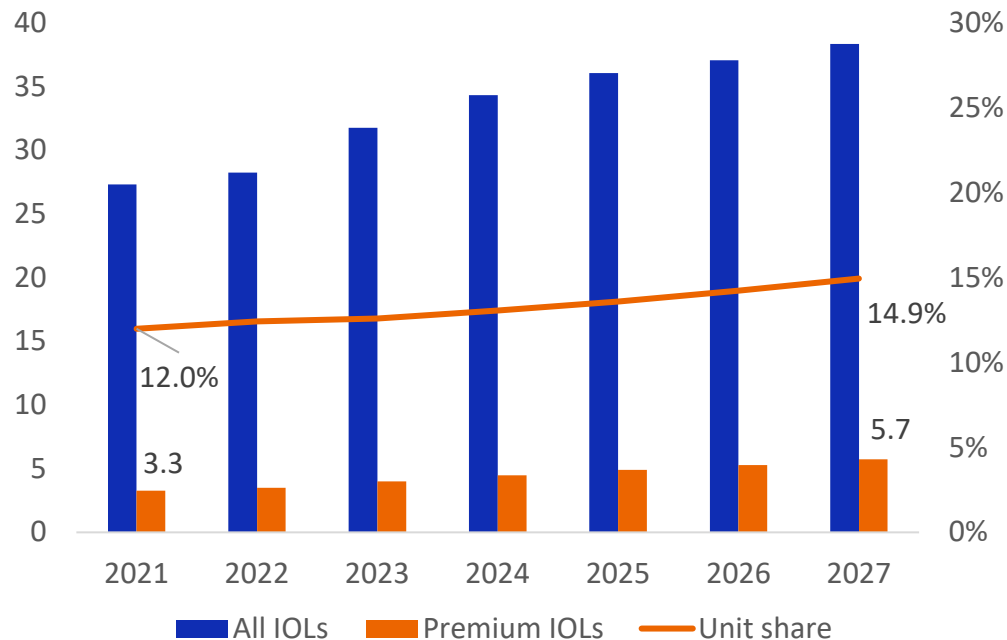


# IOL market - Cataract surgeries projected to grow strongly

## Accelerating Premium IOL growth

### Premium IOL trend until 2027

in million units



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

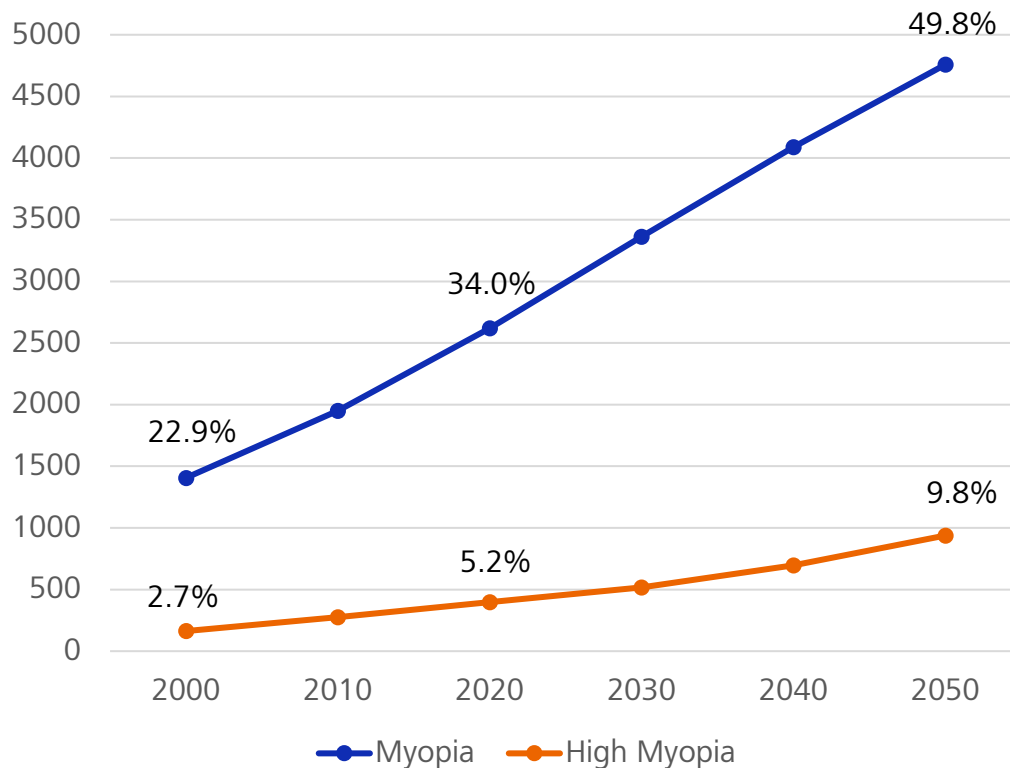
- Current cataract procedures around 25 m annually
- Market gradually recovered and is about to reach the pre-COVID level, catch-up of procedures anticipated to stretch out to further periods
- Premium IOL unit share (Premium IOL units / all IOL units) reached 12% while its revenue share reached 40% 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

# Refractive market - Myopia prevalence to significantly expand

## High myopia to grow at even more accelerated pace

### Global myopia prevalence

in million people



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



						
Diagnostics	Routine Diagnostics	+			+	+
	Retinal Imaging	+			+	+
	Perimetry	+				+
	Biometry	+	+		(+)	+
Surgical	Therapeutic Laser	+	+			
	Refractive Laser	+	+	+	+	
	Surgical Microscopy	+	+		(+)	+
	Phaco & IOLs	+	+	+	+	
	Vitreotomy	+	+		+	

- 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.

# 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



ZEISS Digital Ordering Platform



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



# 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



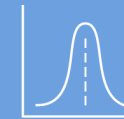
#### ZEISS VERACITY Surgery Planner / ZEISS EQ Workplace

- Reduces transcription errors by eliminating multiple data entry points

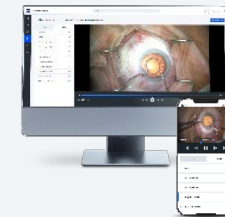


#### ZEISS VERACITY Surgery Planner / ZEISS EQ Workplace + ZEISS CALLISTO eye

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



### STANDARDIZATION OF PRACTICE



#### ZEISS Surgery Optimizer

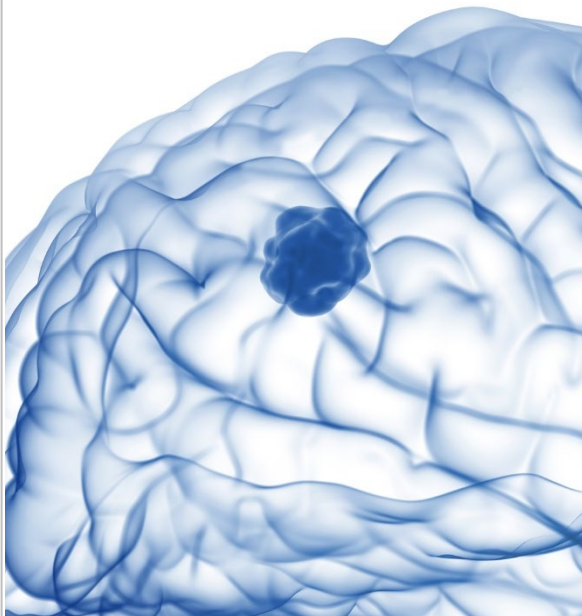
- Utilizes surgical videos to enable self-training & standardization of surgical techniques

# 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.

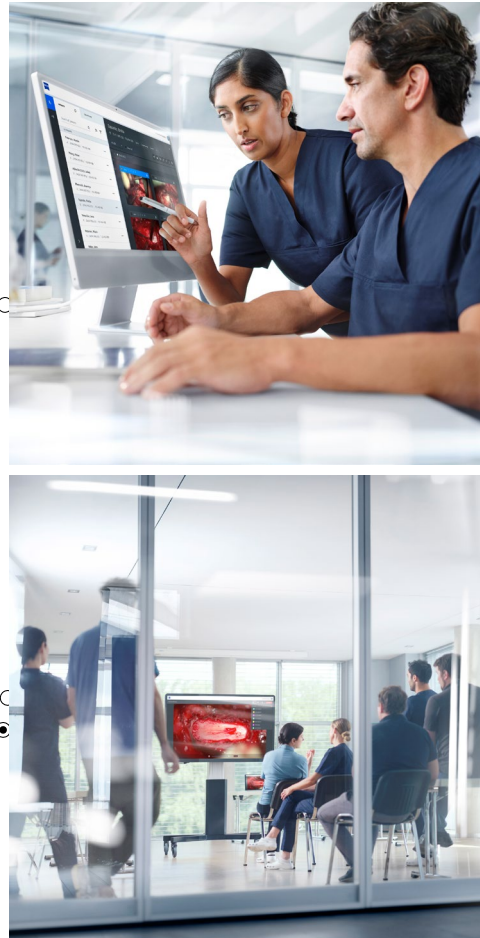
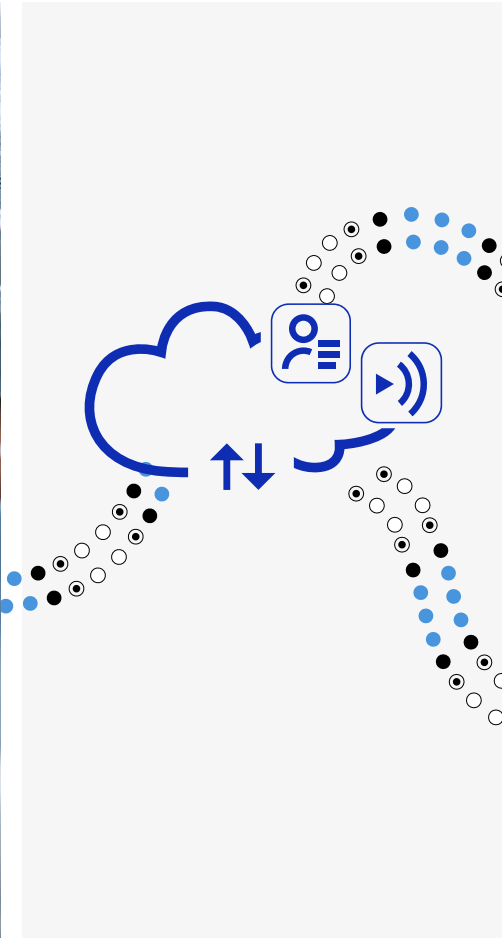


Precisely target and intraoperatively irradiate the tumor cavity.

ZEISS INTRABEAM 600



# Leading digital solutions beyond optical capabilities



- ✓ **Visual Certainty**
- ✓ **Seamless Performance**
- ✓ **Integrated Connectivity**

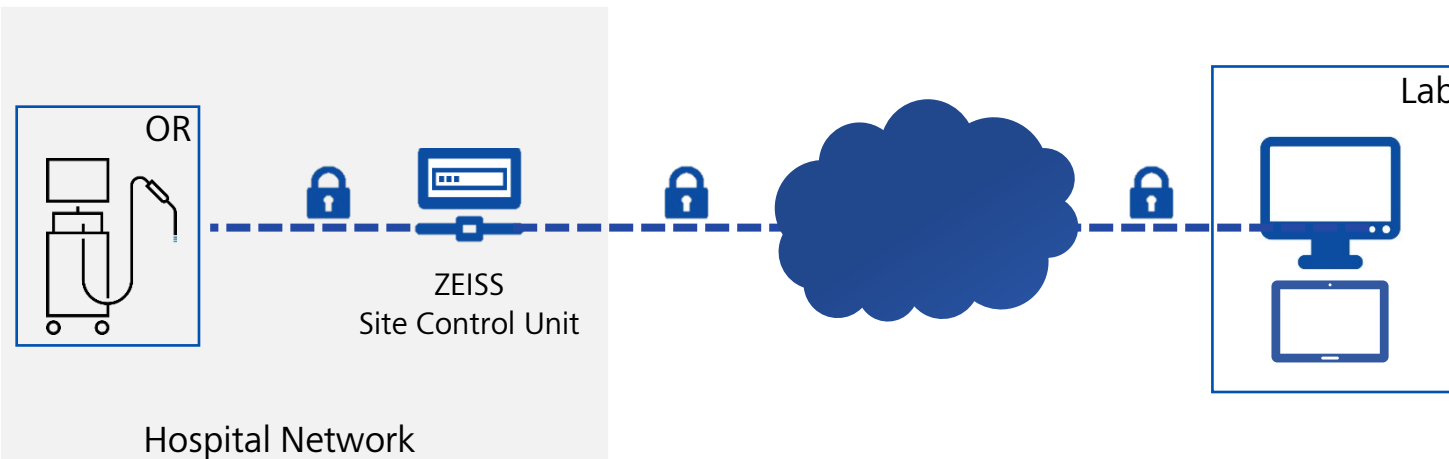
## **ZEISS Surgical Cloud and ZEISS Livestream**

- 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

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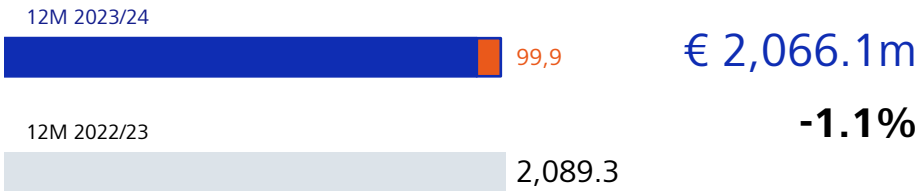


# Revenue at 12M 2023/24 slightly down – order entry stabilizing

Organic growth hit by restrictive investment climate, weak consumer sentiment

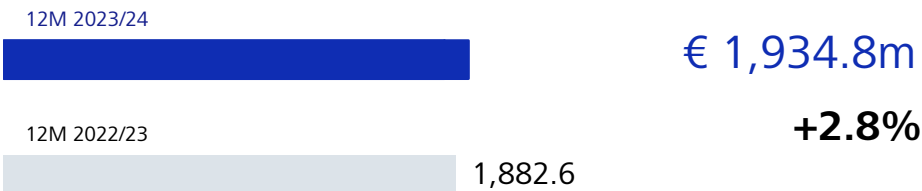


## Revenue



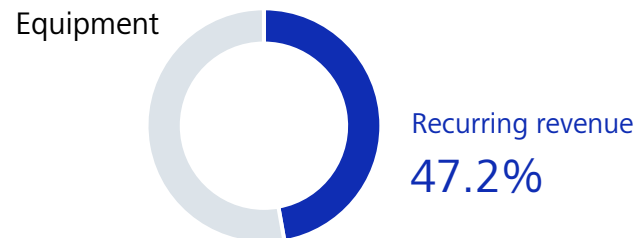
- FX-adj. revenue +0%
- DORC contributed €99.9m revenue in H2, FX- & acquisition-adjusted revenue declined by -4.8%
- Pressure on equipment sales continues amid restrictive investment climate
- Weaker refractive consumables due to destocking completion in H1 and weak main season in China

## Order entry



- FX-adj. order entry +3.9%
- Ex DORC, order entry were -2.5%
- Incremental stabilization of order entry
- Normalization of order backlog after 12M at €282.9m

## Revenue Split



# Adj. EBIT margin well within lowered guidance range

Reported EBIT burdened by special effects related to DORC acquisition and CTI



## EBIT



- EBIT margin at 9.4% (PY 16.7%)
- Significant decline in EBIT due to slight revenue contraction and unfavorable product mix
- One-time impact in Q4 23/24 due to correction of CTI (former “lantech”) intangible assets
- Strict cost control results in OpEx ex DORC slightly below past year
- “Resilience” measures remain in place for FY 2024/25

## Adj. EBIT



- Adj. EBIT margin at 12.5% (PY 17.4%)
- Key adjustments for DORC related contribution and integration expenses, amortization of PPA of DORC and earlier acquisitions, impairment of intangible assets of CTI as well as one-off gain from Topcon

## EPS



- Lower earnings per share due to decline in EBIT, reduced FX hedging result and higher interest expenses despite positive effect from reduced contingent purchase price liabilities related to CTI acquisition

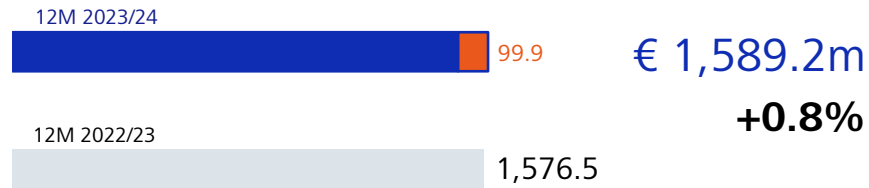


# Ophthalmology

Margin decline due to top-line weakness, mix change as well as special effects

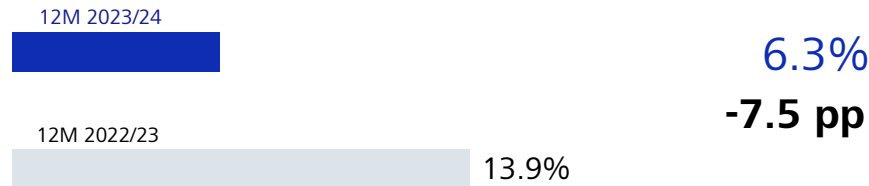


## Revenue



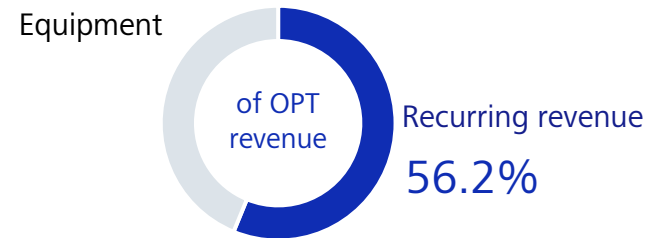
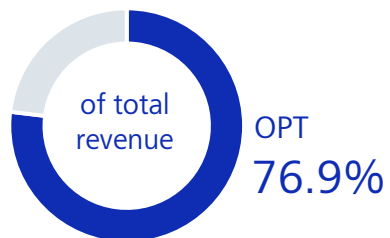
- FX-adj. revenue growth of +1.8%
- Ex. DORC, revenue declined by -5.5%
- Weaker equipment revenue mainly from diagnostics and ophthalmic microscope categories

## EBIT margin



- EBIT margin significantly declined mainly due to
  - Negative mix shift from underlying decline in consumables (ex DORC acquisition), primarily caused by destocking of refractive consumables in H1 and soft peak season in China
  - EBIT decline partially mitigated by “Resilience” cost control measures
  - Significant impact of CTI impairment in Q4 as well as DORC PPA-related effects

## Revenue Split



# Microsurgery

## Weak top line and product mix shift cause pressure on EBIT margin



### Revenue



€ 477.0  
-7.0%

- FX-adj. revenue decline of -5.6%
- Weak neurosurgery business impacted by restrictive investment climate, especially in North American market

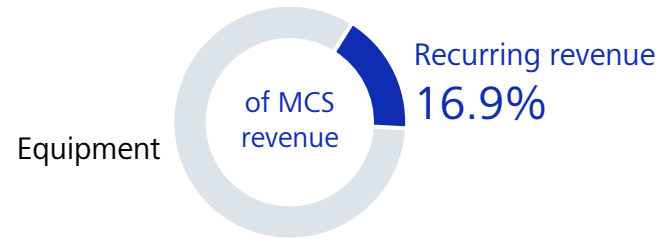
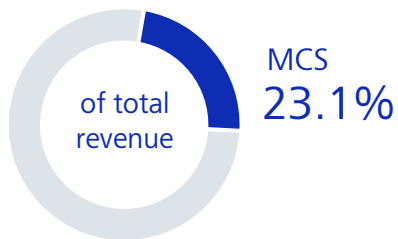
### EBIT margin



19.7%  
-5.5 pp

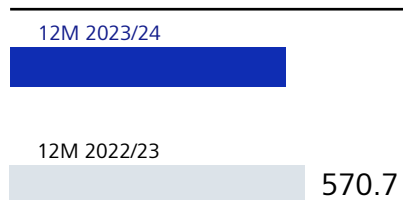
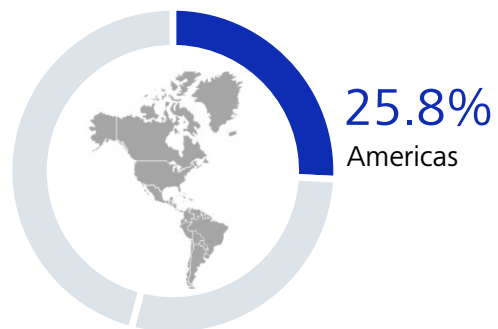
- Decline in EBIT margin due to weaker top line, negative mix shift with lower share of neurosurgical sales
- OpEx trending sideways due to strict "Resilience" cost control measures

### Revenue Split



# Regional development

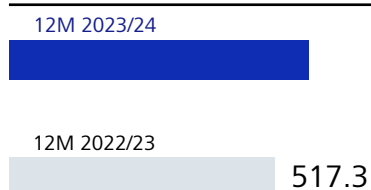
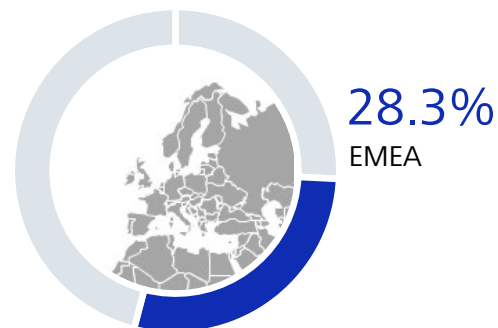
Strong backlog-driven growth in EMEA offset by headwinds in APAC, Americas



€ 532.9m  
-6.6%

## Americas

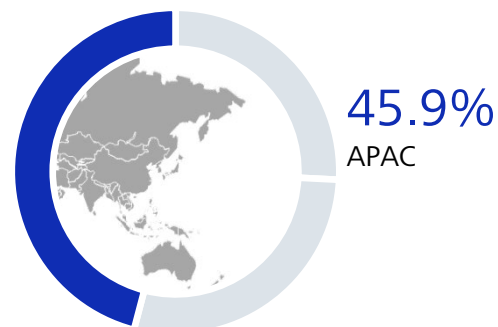
- FX-adj. revenue decrease of -5.4%
- Stagnant device business in US amid high financing cost environment
- Incremental improvement in order entry throughout the year



€ 584.3m  
+12.9%

## EMEA

- FX-adj. revenue growth of +14.3%
- Solid growth in core markets such as FR, IT, ES largely driven by strong deliveries out of equipment backlog
- Order trend slightly weakening throughout the year



€ 949.0m  
-5.2%

## APAC

- FX-adj. revenue decline of -4.3%
- China decline due to destocking, delayed VBP implementation and softer refractive peak season; weaker performance as well in Japan and South Korea
- Positive trend in SEA, India and Australia

# P&L – Sideways underlying OpEx trend in 12M 2023/24

OpEx ratio higher due to weaker revenue and DORC integration



## Income Statement

	12M 2023/24	12M 2022/23	in €m	in % of sales
Rep. Gross profit			1,088.6	52.7
			1,205.8	57.7
Rep. OpEx			912.3	44.2
OpEx ex. DORC <sup>1</sup>			843.4	42.9
			853.3	40.8
S&M expenses			458.2	22.2
			420.3	20.1
G&A expenses			111.0	5.4
			83.8	4.0
R&D expenses			343.1	16.6
			349.3	16.7
Rep. EBIT			194.5	9.4
			348.1	16.7
Adj. EBIT			245.9	12.5
			362.9	17.4

- Gross margin decline due to CTI impairment, negative product mix with lower refractive consumables, VBP-related price reduction in IOLs in China, as well as negative FX effects primarily from RMB, USD and JPY
- Excluding DORC consolidation and integration cost, OpEx slightly lower thanks to strict cost controls mainly in the area of R&D and S&M expenses. Admin expenses higher due to DORC integration expenses.
- OpEx ratios still slightly higher due to weak revenue development

<sup>1</sup> OpEx excluding OpEx of DORC and integration cost of DORC

# EBITA and EBITA margin as key indicators for future reporting in light of DORC acquisition



## EBITA & adj. EBIT

	12M 2023/24 €m	12M 2022/23 €m	yoy %
<b>EBIT</b>	<b>194.5</b>	348.1	-44.1
./. Amortization of PPA*	-10.0	-10.5	-4.8
./. Amortization of PPA DORC	-13.0	-	-
./. Impairment CTI intangible assets	-31.5	-	-
<b>EBITA</b>	<b>248.9</b>	358.6	-30.6
<b>EBITA margin</b>	<b>12.0%</b>	17.2%	-5.2 pp
./. Other special items**	+18.1	-4.3	-
./. DORC integration and inventory step-up	-24.3	-	-
./. DORC reported EBIT	+9.1	-	-
<b>Adjusted EBIT</b>	<b>246.0</b>	362.9	-32.2
<b>Adjusted EBIT margin</b>	<b>12.5%</b>	17.4%	-4.9 pp

\* Regular amortizations on intangible assets arising from purchase price allocations (PPA) of former acquisitions

\*\* Topcon settlement in Q2 2023/24

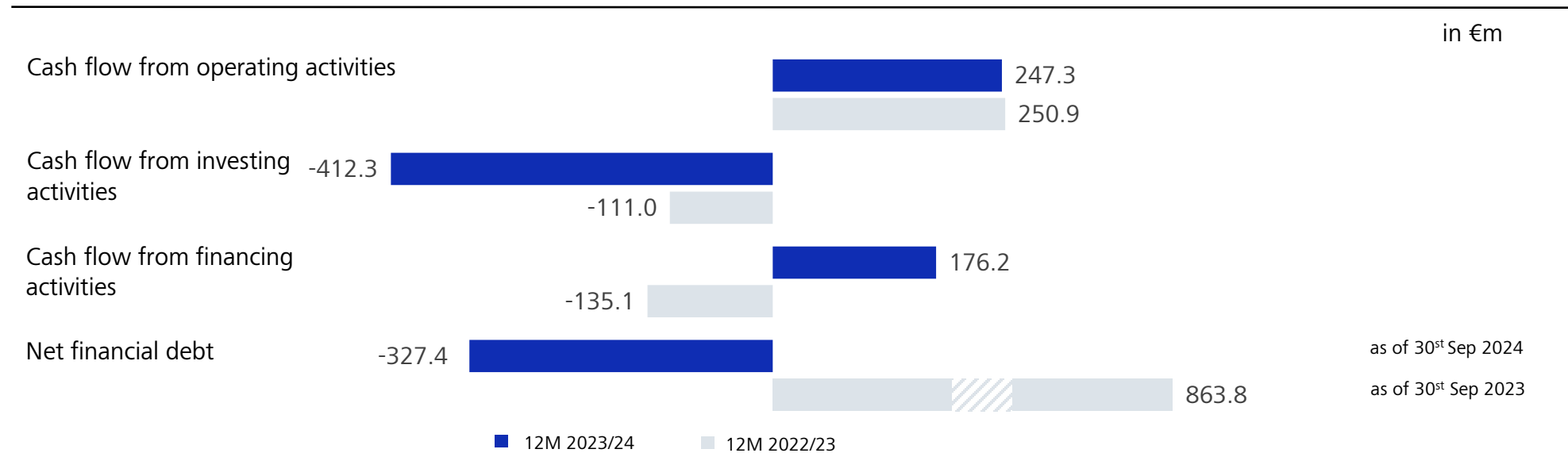
Future guidance will be mainly focusing on EBITA and include DORC contribution from FY 2024/25 onwards.

Adjusted EBIT will only contain irregular / one-time effects.

# Operating cash-flow roughly stable in difficult environment



## Cash flow statement



- **Operating cash flow** roughly stable y/y – profit decline partially compensated by efficient working capital management
- **Investing cash flow significantly** decreased – contains acquisition of DORC and higher CapEx ratio (tangible & intangible CapEx at 7.4% of revenue)
- Higher **Financing cash flow** from issuance of shareholder loan and share buyback
- **Net financial debt** at €-327.4m – mainly shareholder loan

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**01** At a Glance

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**02** Strategy

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**03** Facts and Figures

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**04** Outlook

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**05** Appendix

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- For 2024/25, we continue to anticipate a challenging global macroeconomic environment and do not expect a quick recovery in the investment climate for equipment, along with sustained pressure on consumer spending for elective procedures.
- Revenue is expected to return to moderate growth, supported by the recent stabilization in order intake and the full-year consolidation of DORC.
- EBITA and EBITA margin are expected stable to slightly higher in FY 2024/25.
- Cost containment measures will remain in effect to keep cost development roughly stable before the full-year consolidation of DORC.
- New product launches (such as KINEVO® 900 S and possible further VISUMAX® 800 approvals) provide additional upside potential throughout the year depending on timing of approvals & speed of ramp-up. Public stimulus measures for the consumer economy as well as medtech spending could provide further upside.
- A gradual increase in the EBITA margin is targeted in subsequent years, supported by increasing recurring revenues. Long-term sustainable potential for the EBITA margin is seen in the range of at least 16-20%.
- Expect weak revenue and EBITA trend to continue in Q1 2024/25, improve thereafter.



**01** At a Glance

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**05** Appendix

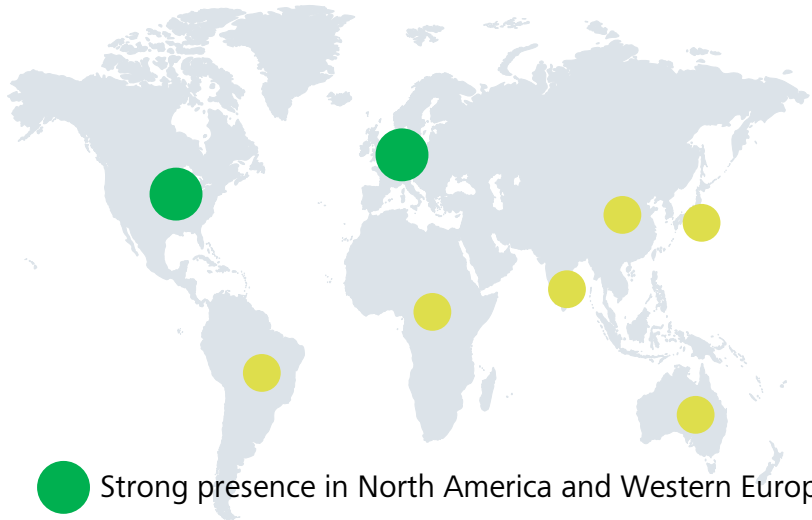


# With DORC Acquisition, ZEISS will create a unique Retina Workflow

## Highly complementary portfolio and regional setup



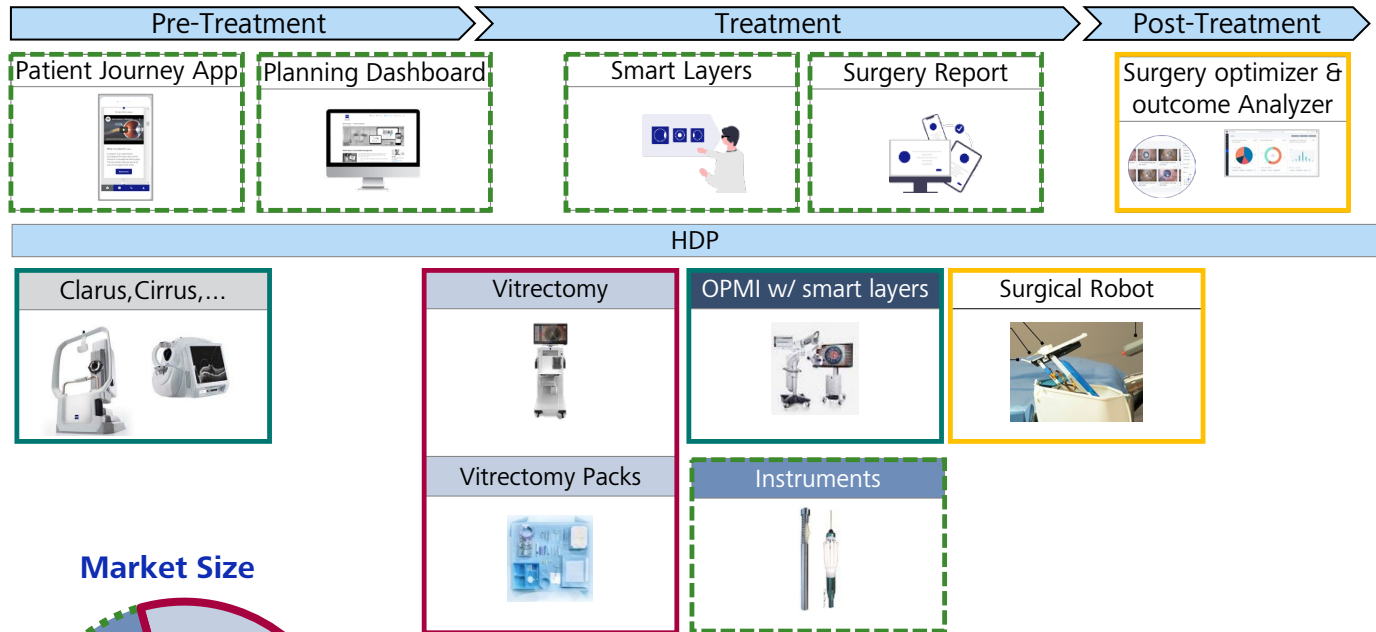
### DORC global presence



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

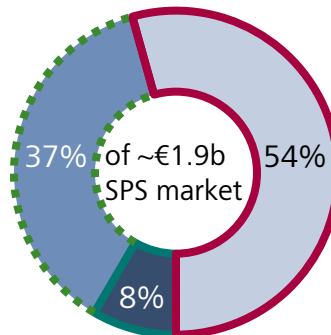
- Highly complementary portfolio and regional setup between ZEISS and DORC
- Cross-selling of IOLs, consumables and instruments
- Creation of full ZEISS Retina Workflow, connecting diagnostic devices, operating microscopes, vitrectomy, consumables and ZEISS Medical Ecosystem

### Retina (Surgical Posterior Segment) Workflow



Applications  
Data  
Devices  
Consumables

### Market Size



- Surgical Scopes
- Disp. Instruments
- Vitrectomy

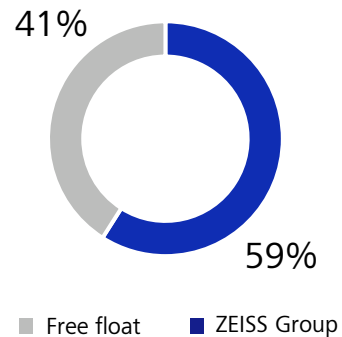
### ZEISS Position

- Established
- Key Gap
- Partially established
- Future potential

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

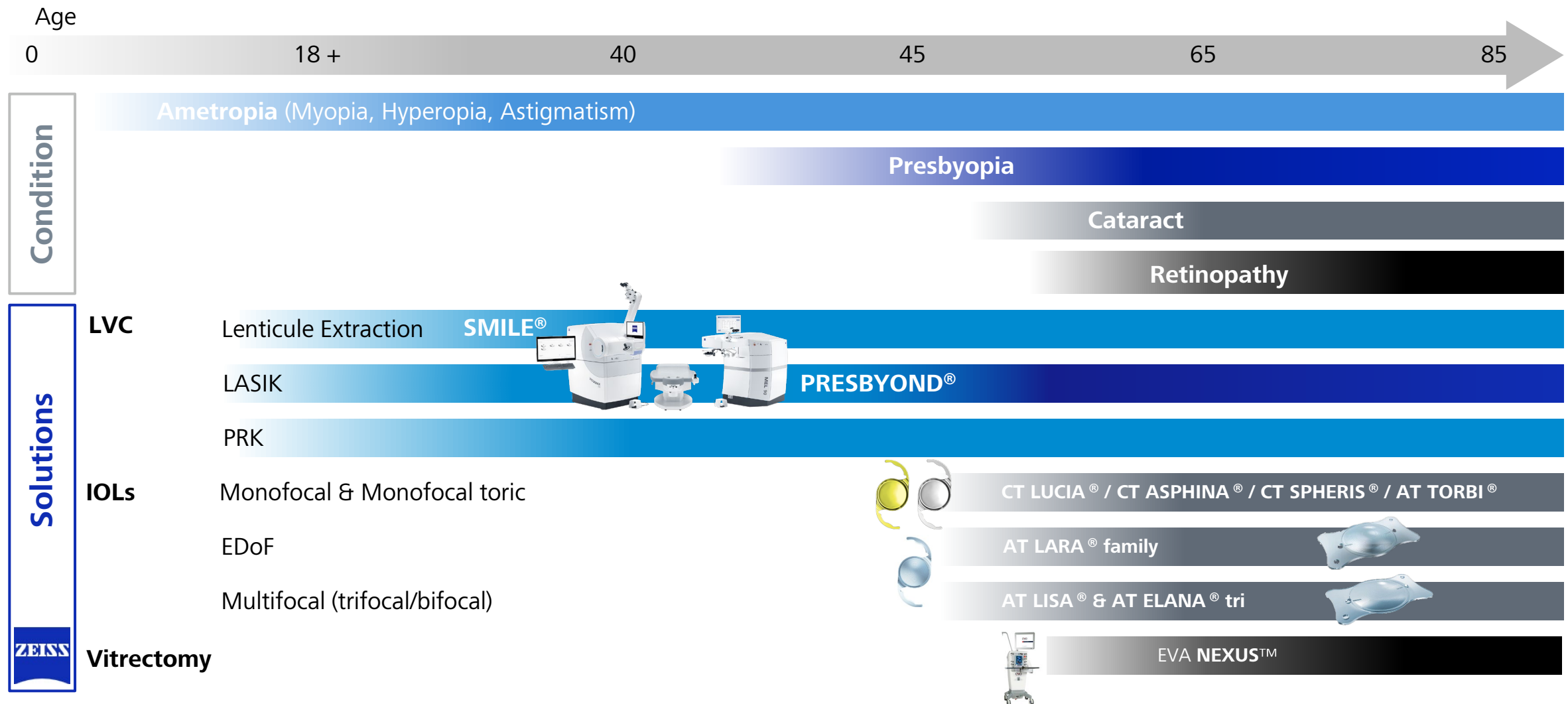


## Shareholder structure of Carl Zeiss Meditec AG



- 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



# Upcoming Events 2024/25





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Seeing beyond